SOCIETE GENERALE

A ROCK-SOLID AND SUSTAINABLE TOP TIER EUROPEAN BANK

PRESS RELEASE

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A FOCUSED STRATEGY FOR A SUSTAINABLE FUTURE

- **Be a rock-solid bank:** streamline business portfolio, enhance stewardship of capital, improve operational efficiency, maintain best-in-class risk management
- **Foster high performance sustainable businesses:** excel at what we do, lead in ESG, foster a culture of performance and accountability

2026 FINANCIAL TARGETS: SUSTAINABLE VALUE CREATION

- **CET 1 ratio at 13%** in 2026, under Basel IV
- **Average annual revenue growth between 0% and 2%** over 2022-2026
- **Cost-to-income ratio below 60%** in 2026
- **Return on tangible equity** (ROTE) **between 9% and 10%** in 2026
- **Payout ratio range between 40% and 50% of reported net income**[1], from 2023

REINFORCED ESG ACTIONS

- **A 80% reduction in upstream Oil & Gas exposure by 2030 vs. 2019**; **-**50% reduction by 2025 (vs. previous commitment of -20%)
- **EUR 1bn transition investment fund** with a focus on energy transition solutions and nature-based and impact-based projects supporting UN's Sustainable Development Goals

Slawomir Krupa, Chief Executive Officer of Societe Generale Group, commented:

"I am pleased to share our strategic vision, financial targets and our aspirations for the future of Societe Generale. Our 2026 Strategic Plan will deliver our ambition to be a rock-solid, top tier European bank, built on our strong foundations: trusted long-standing client relationships, talented and committed teams, innovative and distinctive value-added businesses and pioneering ESG leadership.

We will strengthen the Group by shaping a simplified business portfolio, while taking the right actions to build-up capital and increase flexibility, structurally improve our operating leverage and maintain our best-in-class risk management.

Our client-centered business platform and pioneering ESG franchise will bolster the performance of our business in a world of change and opportunities. We will accelerate the decarbonisation of our businesses and work closely with our clients and partners to maximize our positive impact at the forefront of the energy, environmental and social transition.

We will foster a culture of performance and accountability across the Group, powered by our talented and committed people, to ensure we deliver consistent performance and long-term value creation for all our stakeholders."

[1] After deduction of interest on deeply subordinated notes and undated subordinated notes, restated from non-cash items that have no impact on the CET 1 ratio

Societe Generale's Board of Directors, under the chairmanship of Lorenzo Bini Smaghi, met on 15 September 2023 and approved the Group's strategic plan and financial targets for 2026.

The plan is a focused strategy for a sustainable future built circa a clear roadmap with two areas of focus: be a **rock-solid bank** and foster **high performance, sustainable businesses**.

BE A ROCK-SOLID BANK

The first objective of the Group's strategy is to further strengthen the financial profile of the bank. Capital build-up will be a priority to increase the Group's flexibility and long-term competitiveness.

1. Enhance stewardship of capital

Societe Generale will build capital to a target CET 1 level of 13% in 2026 under Basel IV[2], with a minimum level based on a buffer of 200 basis points above requirements.

In addition to a disciplined business portfolio management, Societe Generale will use the following levers to achieve this target:

- Limited organic Risk Weighted Assets (RWA) growth below 1% per annum on average from 2024 to 2026 based on stricter capital allocation, Boursorama and ALD being the only beneficiaries;
- Proactive risk transfer of capital and development of capital partnerships;
- Increased capital generation through improved operational efficiency;
- A distribution policy with a payout ratio between 40% and 50% of reported net income[3] from 2023, with a balanced distribution mix between cash dividend and share buybacks from 2024. A distribution of excess capital will be considered once the CET 1 target is reached.

On top of the organic capital generation, the capital trajectory includes regulatory impacts (of which Basel IV for circa 85 basis points[2] and remaining regulatory impact in 2023 for circa 50 basis points), the impact of organic RWA growth and other impacts based on prudent assumptions on various items[4].

The Group phased-in CET1 ratio is expected above 12% in Q1 2025, around 13% at end 2025 and 13% at end 2026. The Group RWA should be above EUR 420bn at end 2026.

With this strict capital discipline, businesses will grow differently mainly through increased advisory and self-financed RWA growth within an **expected annual revenue growth of between 0% and 2% (CAGR 2022-2026)**.

2. Streamline business portfolio

Societe Generale will shape a consistent, simplified and integrated business model, anchored in the Group's core franchises.

This will be achieved by deploying strict portfolio management criteria: consistency with the ESG imperative, accretive to Group profitability, material Group synergies, limited exposure to tail-risks, and leading franchises in attractive markets.

3. Improve operational efficiency

In 2026, Societe Generale targets a cost-to-income ratio below 60% with linear improvement from 2024.

Driven by tangible levers already identified, the Group aims to reach gross savings of circa EUR 1.7bn by 2026 (vs. 2022), of which circa 40% will be of new gross savings. This includes the delivery of ongoing plans

[2] Basel IV impact estimated at circa 85bps from 01/01/2025 to 31/12/2026.
[3] After deduction of interest on deeply subordinated notes and undated subordinated notes, restated from non-cash exceptional items that have no impact on the CET 1 ratio.
[4] Including NPL backstop, rating migrations, other regulatory adjustments, M&A,…

(in particular the merger of the French networks and the savings synergies from the integration of LeasePlan), as well as an improvement in IT efficiency and a leaner organisation.

Leveraging on a platform-based strategy, the improvement in IT efficiency will represent circa EUR 0.6bn of the total gross savings while ensuring an improved business impact.

The decrease in cost-to-income between 2022 and 2026 will be driven by total expected gross savings for -600 basis points, the end of Single Resolution Funds (circa -300 basis point), the reduction of transformation charges (between -200 and -250 basis points), compensating the impact of inflation and other impacts (between +450 and +500 basis points).

These various projects will lead to circa EUR 1bn of transformation charges over 2024-2026, which will be borne by the businesses.

4. Maintain best-in-class risk management

On the back of a sound risk profile, Societe Generale expects a net cost of risk between 25 and 30 basis points over the 2024-2026 period, within a stable risk appetite.

The Group will maintain a clear and consistent credit risk management: prudent origination policy, diversification and low concentration risk, stable market risk appetite, and comprehensive tail-risk monitoring. The risk framework encompasses a holistic approach to risk management including environmental, social and non-financial risks.

FOSTER HIGH-PERFORMANCE, SUSTAINABLE BUSINESSES

The Group's strategy aims to foster high-performance, sustainable businesses in order to ensure a sustainable performance over time.

5. Excel at what we do

In a world of change, Societe Generale will capture client value thanks to a client-centered model.

The Group will benefit from the strong positioning of its franchises on megatrends to pursue long-term growth through solution-driven expert advisory and financing.

With clients at the center of the value creation process, **the Group intends to shape a simplified, integrated and synergetic business model,** bringing businesses closer together and boosting cross-selling.

The Group will **scale up its value proposition by combining in-house expertise and external partnerships**, providing cutting edge solution-driven expert advisory. Digital capabilities will be further developed supporting an increasing contribution of digital sales to the Group revenues, a lower cost-to-serve, and expected run-rate value creation from data and artificial intelligence of circa EUR 500m by 2026[5].

6. Lead in ESG

Societe Generale is accelerating its ESG ambitions to reinforce its leadership in the environmental transition and its contribution to the UN's Sustainable Development Goals.

Accelerate the decarbonisation of its businesses with new targets

The Group is committed to a process of aligning its financing with trajectories compatible with the objectives of carbon neutrality in 2050, starting with the most CO2-emitting activities, as defined by the Net Zero Banking Alliance (NZBA).

[5] Expected run rate value creation from Data/AI use cases.

Having largely completed its withdrawal from the thermal coal sector while achieving in advance its 2025 target to reduce by 20% its exposure to the upstream Oil & Gas sector, the Group sets new targets:

- Accelerate the reduction of upstream Oil & Gas exposure, reaching -80% by 2030 vs. 2019, with an intermediary 2025 step of -50% (vs. previous commitment of -20%);
- Stop providing financial products and services dedicated to upstream Oil & Gas greenfield projects[6];
- Phase-out exposure[7] on upstream Oil & Gas private pure players and reinforce engagement with energy sector clients, particularly on their climate strategy;
- New target on Oil & Gas financed GHG emissions of -70% by 2030 vs. 2019[8];
- New Cement sector target of -20% carbon emission intensity by 2030 vs. 2022;
- New Automotive sector[9] target of -51% carbon emission intensity by 2030 vs. 2021;
- Power target of -43% carbon emission intensity by 2030 vs. 2019 is confirmed, as well as the target for thermal coal to reduce exposure to zero by 2030 in EU and OECD countries, and by 2040 elsewhere;
- Confirmation of the Group's own account carbon footprint reduction of 50% from 2019 to 2030.

Investing in innovation

Societe Generale also announced the launch of a new EUR 1bn transition investment fund, including an equity component of EUR 0.7bn, to support the emergence of new actors and new technologies. The initiative will focus on energy transition, nature-based solutions and impact-driven opportunities which support the UN's Sustainable Development Goals.

Developing partnerships and launching new initiatives to generate more impact

- Create an independent scientific advisory board composed of experts covering climate, nature, social issues and sustainable development that will enrich the Group's ESG reflections, bringing long-term perspectives and scientific views;
- Explore new areas of cooperation with the International Finance Corporation (IFC), a member of the World Bank Group, in sustainable finance projects in emerging markets, building on our joint expertise, track-record as partners, and commitments toward the Sustainable Development Goals;
- Accelerate its philanthropic actions, notably through material increase of the Societe Generale Foundation's budget, to further support culture and education and professional integration. In addition, a new partnership is envisaged to contribute to biodiversity and ocean preservation.

7. Foster a culture of performance and accountability

Societe Generale is committed to being a responsible employer of choice and embedding a performance and accountability focused culture.

In addition to increasing its employee engagement score, the Group will also further strengthen its commitment to gender diversity, **allocating EUR 100m to reduce the pay gap and targeting more than 35% of women in senior leadership roles by 2026.**

To foster an ownership mindset, the Group will also **launch a yearly employee share program** aligning employee and shareholder interests[10].

[6] Effective as of 1st January 2024. The new sectoral policy detailing the modalities is available on Societe Generale's web page.
[7] Effective as of 1st January 2024.
[8] Oil and Gas absolute financed GHG Emissions on scope 1, 2 and 3 end use covering the broad value chain from upstream, midstream to downstream.
[9] Concerning the credit exposure to car manufacturers.
[10] Subject to general meeting of shareholders' approval.

The Group will have **simplified and clear reporting principles:**

- A focus on reported income as a fair representation of performance for both reporting and distribution;
- Normative return based on a 12% capital allocation;
- Increased allocation of Corporate Centre costs to businesses (incl. transformation costs);
- Data-based incentives with higher weight of cost and profitability targets.

As a consequence of the new strategy and, in particular, the increase from 11% to 12% of the normative capital allocated to businesses, two adjustments will be accounted: the impairment of the remaining part of the African, Mediterranean and Overseas activities, and the goodwill on Equipment Finance activities for a total amount circa EUR 340m[11] in Q3 23, and a provision of Deferred Tax Assets of circa EUR 270m[11] in 2023.

BUSINESS FOCUS

French Retail Banking aims to increase its client base to 17 million clients, while targeting a cost-to-income ratio below 60% with more revenues and lower cost base. This will be driven by the combination of higher efficiency of the French retail network and a higher contribution from Boursorama.

Long-term strategic goals:

- Be the #1 partner for corporates, wealthy & affluent clients and digital customers and a responsible provider for mass-market clients;
- Further strengthen the value proposition for clients with a best-in-class quality of service;
- Have the most efficient banking model;
- Develop a full range of ESG solutions (savings, financing and advisory).

The SG network will leverage on further integration with Insurance and Private Banking activities to maximize commercial synergies.

Boursorama, the leading digital bank in France, will accelerate further client acquisition to reach more than 8 million clients in 2026 in order to boost long term value. This strategic decision will incur a negative cumulated impact of circa -EUR 150m of gross operating income between 2023 and 2025. The Group sees substantial earnings potential with a positive net income above EUR 300m in 2026.

Global Banking and Investor Solutions (GBIS) will further reinforce the sustainability and profitability of its model. Societe Generale targets a cost-to-income ratio below 65% in 2026 based on a range of 1% to 2% annual average revenue growth for Financing & Advisory (2022 to 2026) and a revenue range between EUR 4.9bn and EUR 5.5bn for Global Markets.

Long-term strategic goals:

- Keep improving operating leverage;
- Decrease RWA intensity by developing an asset-light and advisory-driven model;
- Extract further value from integrated leading franchises;
- Remain the most innovative provider of ESG solutions;
- Be at the forefront of digital innovation (Digital Assets, AI).

While building on our positioning as a Tier 1 European wholesale player and trusted partner for clients, our recent partnerships with AllianceBernstein and Brookfield illustrate our capability to develop innovative pathways to further expand our client offering and grow our revenues differently.

[11] No impact on the 2023 distribution. Non audited figures.

International Retail, Mobility & Leasing Services

International Retail Banking will focus on the sustainability of returns with a return on equity above its cost of equity on a run-rate. For 2026, the Group targets a cost-to-income below 55%.

Long-term strategic goals:

- Build a more compact and efficient set-up;
- Maintain a best-in-class client experience thanks to the combination of expertise and digital capabilities;
- Be an ESG leader across Group's geographies;
- Ensure strict compliance and risk management.

Mobility & Leasing Services will leverage the full integration of LeasePlan by ALD to be a world leader within the mobility ecosystem. The Group aims to deliver a cost-to-income below 55% in 2026.

Long-term strategic goals:

- Provide an integrated offer from car finance to insurance;
- Be a key player in the decarbonisation in financing and leasing solutions;
- Be a ground-breaking tech leader in mobility services;
- Increase and maintain a sustainable high profitability.

ALD targets a +6% earning assets annual average growth from 2023 to 2026 with 50% Electric Vehicles in new contracts in 2026.

Overall, International Retail, Mobility & Leasing Services targets a cost-to-income below 55%.

OVERALL GROUP FINANCIAL TARGETS

The Group's strategic roadmap translates into the following financial targets:

- A rock-solid CET 1 Ratio at 13% in 2026 post Basel IV implementation;
- An average annual revenue growth between 0% and 2% (2022-2026);
- An increased operational efficiency with a cost to income ratio below 60% in 2026;
- A net cost of risk expected to be in a range between 25 and 30 basis points from 2024 to 2026;
- A Return On Tangible Equity between 9% and 10% in 2026;
- An LCR target above or equal 130% and a NSFR target above or equal 112% through the cycle;
- A target NPL ratio between 2.5% and 3% in 2026;
- A leverage ratio comprised between a range of 4% to 4.5% through the cycle;
- A MREL ratio above or equal to 30% of RWA through the cycle;
- Apply a sustainable distribution policy based on a payout ratio range between 40% and 50% of reported net income[12], with a balanced distribution mix between cash dividend and buybacks from 2024 onwards.

[12] After deduction of interest on deeply subordinated notes and undated subordinated notes, restated from non-cash items that have no impact on the CET 1 ratio.

Appendice: Breakdown of 2022 financial statement by pillars restated from new organisation[13]

(In EURm)	**2022**
Group	
Net Banking Income	**27,155**
Operating expenses	-17,994
Gross operating income	9,161
Net cost of risk	-1,647
Operating income	7,514
Net income from companies accounted for by the equity method	15
Net income from other assets	-3,290
Income tax	-1,483
Net income	2,756
Of which non-controlling interests	*931*
Group net income	**1,825**
Average allocated capital	55,282
Group ROE (after tax)	2.2%

(In EURm)	
French Retail Banking (including Insurance)	
Net Banking Income	**9,194**
Of which private banking	*1,414*
Operating expenses	-6,482
Gross operating income	2,712
Net cost of risk	-483
Operating income	2,229
Net income from companies accounted for by the equity method	8
Net income from other assets	57
Income tax	-593
Net income	1,701
Of which non-controlling interests	*1*
Group net income	**1,700**
Average allocated capital	15,698

(In EURm)	
Global Banking & Investor Solutions	
Net Banking Income	**10,082**
Operating expenses	-6,634
Gross operating income	3,448
Net cost of risk	-421
Operating income	3,027
Net income from companies accounted for by the equity method	6
Net income from other assets	6
Income tax	-576
Net income	2,463
Of which non-controlling interests	*36*
Group net income	**2,427**
Average allocated capital	16,179

(In EURm)

[13] NB : 2022 figures have been restated in compliance with IFRS 17 and IFRS 9 for insurance entities. Average allocated capital based on an allocation rate of 12% of risk weighted assets. These restatements are not audited.

International Retail, Mobility & Leasing Services	
Net Banking Income	**8,107**
Operating expenses	-3,930
Gross operating income	4,177
Net cost of risk	-705
Operating income	3,472
Net income from companies accounted for by the equity method	1
Net income from other assets	11
Income tax	-836
Net income	2,648
Of which non-controlling interests	723
Group net income	**1,925**
Average allocated capital	9,314

of which International Retail Banking	
Net Banking Income	**4,166**
Operating expenses	-2,357
Gross operating income	1,809
Net cost of risk	-464
Operating income	1,345
Net income from companies accounted for by the equity method	0
Net income from other assets	11
Income tax	-357
Net income	999
Of which non-controlling interests	*437*
Group net income	**562**
Average allocated capital	4,432

of which Mobility & Leasing Services	
Net Banking Income	**3,941**
Operating expenses	-1,573
Gross operating income	2,368
Net cost of risk	-241
Operating income	2,127
Net income from companies accounted for by the equity method	1
Net income from other assets	0
Income tax	-479
Net income	1,649
Of which non-controlling interests	*286*
Group net income	**1,363**
Average allocated capital	4,883

(In EURm)

Corporate Centre	
Net Banking Income	**-228**
Operating expenses	-948
Gross operating income	-1,176
Net cost of risk	-38
Operating income	-1,214
Net income from companies accounted for by the equity method	0
Net income from other assets	-3,364
Income tax	522
Net income	-4,056
Of which non-controlling interests	*171*
Group net income	**-4,227**

Press contacts:
Jean-Baptiste Froville_+33 1 58 98 68 00_ jean-baptiste.froville@socgen.com
Fanny Rouby_+33 1 57 29 11 12_ fanny.rouby@socgen.com

Societe Generale

Societe Generale is a top tier European Bank with 117,000 employees serving 25 million clients in more than 60 countries across the world. We have been supporting the development of our economies for nearly 160 years, providing our corporate, institutional, and individual clients with a wide array of value-added advisory and financial solutions. Our long-lasting and trusted relationships with the clients, our cutting-edge expertise, our unique innovation, our ESG capabilities and leading franchises are part of our DNA and serve our most essential objective - to deliver sustainable value creation for all our stakeholders.

The Group runs three complementary sets of businesses, embedding ESG offerings for all its clients:

- **French Retail Banking**, with leading retail bank SG and insurance franchise, premium private banking services, and the leading digital Bank Boursorama.
- **Global Banking and Investor Solutions**, a top tier wholesale bank offering tailored-made solutions with distinctive global leadership in Equity Derivatives, Structured Finance and ESG.
- **International Retail, Mobility & Leasing Services**, comprising well-established universal banks (in Czech Republic, Romania and several African countries), and ALD / LeasePlan, a global player in sustainable mobility.

Committed to building together with its clients a better and sustainable future, Societe Generale aims to be a leading partner in the environmental transition and sustainability overall. The Group is included in the principal socially responsible investment indices: DJSI (Europe), FTSE4Good (Global and Europe), Bloomberg Gender-Equality Index, Refinitiv Diversity and Inclusion Index, Euronext Vigeo (Europe and Eurozone), STOXX Global ESG Leaders indexes, and the MSCI Low Carbon Leaders Index (World and Europe).

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