The Annual General Meeting, held on 19 May in La Défense and chaired by Frédéric Oudéa, was attended by 731 shareholders. Quorum was met at 54.66% (58.27% in 2014).

To better meet the expectations of our shareholders, 5,000 shareholders among them completed an online survey on issues that they wanted to see addressed as a priority, namely: the level of risk exposure, the Group’s financial solidity, its strategy and plans for growth. Chairman and Chief Executive Officer Frédéric Oudéa recognised these priorities as he talked about the strategic challenges facing the Group. Séverin Cabannes, Deputy Chief Executive Officer, then presented the results. Anthony Wyand, Vice-Chairman of the Board of Directors, described the new corporate governance: the position of Chief Executive Officer, which remains entrusted to Frédéric Oudéa, was separated from that of the Chairman of the Board of Directors, which is now under the responsibility of Lorenzo Bini Smaghi. Lastly, two new Directors, Barbara Daibard and Gérard Mestrallet, were introduced to the General Meeting.

All 14 proposed resolutions were adopted. The company will pay a cash dividend of €1.20 per share in 2014, up from €1.00 in 2013. The detachment of the dividend date was set at 26 May and it will be paid as from 28 May.

2014 was an important year for Société Générale, marked by its 150 year anniversary and the presentation of its strategic plan defining the bases for its growth. In 2015, the macroeconomic and financial environment remains unpredictable with, in particular, a tense geopolitical climate in the Ukraine and in the Middle East, a fragile situation in Greece and an economic slowdown in the major emerging countries. At the same time, the monetary policy stance of the central banks is still very accommodating. In Europe, the falling euro, energy prices and interest rates are all stimulating factors for the economy. Yet, eight years after the onset of the financial crisis, the highly restrictive regulatory environment has rendered the banking business more complex. Lastly, advances in digital technology have altered the behaviour of our clients.

Growth strategy
In response to these profound and enduring transformations, we reaffirm our ambition to be THE relationship-focused bank, a reference on its markets, close to its clients and chosen for the quality and commitment of its teams. This demanding long-term ambition is underpinned by three strategic priorities, all of which are crucial for generating growth.

This ambition first involves continuing to increase customer satisfaction; as a service company, this is a priority objective. This is primarily achieved through innovation, in which we are, and intend to remain, leaders.

Our growth will also rely on developing our businesses and
increasing our synergies. As we develop our areas of activity, we plan to ensure the right balance for our business lines and our presence in those geographical locations where we can make a difference and deliver value added. We plan to increase synergies that will promote additional growth, driven by sharing the same customer base among the different business lines. This will allow us to offer a full range of services to our clients: our ‘bancassurance’ business and the new private banking business model are good examples. In 2014, 28% of Group revenue was due to drawing on our synergies, well above the rate in 2011.

Lastly, Société Générale will make every effort to generate long-term profitability with a return on equity of 10%, which requires a high quality of performance and disciplined cost and risk management.

**Keeping our digital advantage**

The impact of digital technologies is far-reaching, especially for retail banking. The behaviour of our clients is changing and now many basic services are undertaken at a distance: 95% of bank transfers are now made via the Internet or on mobile device. Always within reach, mobile phones make possible an almost continuous relationship with our clients. Our branches will not disappear, but in the future there will be fewer of them.

In the long term, the transition to digital constitutes the main challenge facing banks in Europe. More than ever before, we must continue to innovate and maintain our lead. For our clients, we have just launched a newer, simpler banking app, which is more user-friendly and more personalised. Within the Group, we are rolling out our “Digital for All” programme, which includes access to new, collaborative IT tools and the distribution of 90,000 tablet computers to our employees.

Likewise, the buy-out of the minority shareholders of Boursorama is in line with this strategy. Our subsidiary is the online banking leader in France and offers a full range of digital services and is recording impressive growth: at the end of March of this year, Boursorama had 650,000 clients compared to 600,000 at the end of December and we are aiming for 1.5 million by 2020.

**Outlook for 2015**

Our priorities for 2015 are to carry on with what we have put in place so far and to build for the future. We plan to keep up the pace of transformation, a process which we began eight years ago. Our goal is to continue to generate profitable growth.

Turning to retail banking in France, we plan to capitalise on the dynamism of our networks to capture new clients and develop more synergies. International Retail Banking & Financial Services will continue to improve its financial performance. Finally, our goal for Global Banking and Investor Solutions is to achieve its fourth year of profitable growth, with, in particular, the continued integration of its brokerage business, Newedge.

Discipline and vigilance in the areas of cost control and risk management are strategic elements for remaining competitive and generating satisfactory profitability. At the same time, we hope to keep our Core Tier One capital ratio strong at 10% or more. Furthermore, we will continue to maintain a balance between funding our growth and paying dividends: 2014’s dividend of €1.20 corresponded to a payout rate of 40%, which we hope to raise to 50% in 2015 and 2016.

The banking sector has already experienced radical transformation and the process is not over. Société Générale will continue to adapt, drawing on the strength of its teams and its values: Team Spirit, Innovation, Responsibility and Commitment.

**Appointments**

**Barbara DALIBARD**

A telecommunications specialist, Barbara Dalibard began her career with France Télécom in 1982. In 1998, she became Managing Director of one of Alcatel-Lucent’s subsidiaries, Alcanet International. She then returned to Orange (formerly France Télécom) with responsibility for the “business” market and served as Vice-President of Orange Business Services. In 2010, Mrs Dalibard joined SNCF, where in 2014 she became Managing Director of travellers for the SNCF group. She is also a member of the Board of Directors of Eurostar International Limited and of the Supervisory Board of Michelin.

She was elected by the General Meeting with 99.10% of the votes and sits on the Board as an Independent Director.

**Gérard MESTRALLET**

After joining Compagnie Financière de Suez early in his career and later becoming Executive Director of Société Générale in Belgium, Gérard Mestrallet became Chairman and CEO of Compagnie de Suez in 1995, Chairman of the Management Board at Suez Lyonnaise des Eaux in June 1997 and then Chairman and Chief Executive Officer of Suez in 2001. He has been Chairman and Chief Executive Officer of GDF Suez since 2008. President of Paris Europlace, the professional body which promotes Paris as an international financial centre, Mr Mestrallet also serves as Chairman of the Board of Suez Environnement and member of the Siemens AG Supervisory Board.

He was elected with 75.96% of the vote and sits on the Board as an Independent Director.
What will be the impact of the separation of the offices of Chairman of the Board and Chief Executive Officer on the company’s operations and strategic decision-making?

In the making for more than two years, this change in governance, which took effect at the end of the General Meeting, satisfies the requirements applicable to European banks. It is also in line with the Group’s strategy as it makes a clearer distinction between operating functions and control functions.

The Board of Directors has responsibility for approving the strategic direction of the Group as determined by the General Management, ensuring its proper implementation and performing an annual review.

As such, our new Chairman, Lorenzo Bini Smaghi, is responsible for convening meetings of the Board of Directors, setting the Board’s agenda and ensuring the smooth operation of the Board’s committees (Audit and Internal Control, Risk, Appointments, etc.). He is the guarantor of good Group governance.

In addition, within the new European financial supervision system, the Chairman plays a central role through the quality of the relationships he maintains with the supervisory authorities. In cooperation with General Management, he may also represent the Group to the shareholders, clients and public authorities in order to increase its international prestige.

Meanwhile, the day-to-day operation of Société Générale and operational decision-making remains the responsibility of CEO Frédéric Oudéa, assisted by Deputy CEOs Séverin Cabannes and Bernardo Sanchez Incera. Important decisions, particularly decisions relating to the shareholders, will require the approval of the Board of Directors. More than an obligation, this strengthened governance arrangement represents an opportunity for Société Générale in an unpredictable world.

I’m unsure about the Group’s presence in Russia. Does Société Générale intend to remain there?

In the wake of the Ukrainian crisis and the fall in the price of oil, the Russian market is now experiencing severe hardship. Indeed, with its plunging currency and soaring interest rates, Russia is expected to go into recession this year.

Meanwhile, the Group reacted quickly by reducing its risk exposure, for instance by giving priority to funding in roubles and by significantly limiting loan origination. Admittedly, the local percentage of non-performing loans has now reached 8.5%.

However, about 85% of these risks are hedged via provisions, and our loan-to-deposit ratio is along the same lines.

Furthermore, Société Générale’s Russian subsidiaries enjoy substantial credibility as reflected in a high credit rating, which attracts depositors. As a result, our local subsidiaries have a favourable liquidity position.

This policy will be continued and supplemented by a cost-cutting programme. The situation is therefore under control. Lastly, we have been seeing signs of an economic improvement in Russia for the past few weeks.

Broadly speaking, Société Générale’s presence in Russia is part of a long-term approach. We are convinced that Western Europe and Russia will remain bound by common interests, cultural relationships and strong economic ties, such as in the energy sector. The Russian economy also has strong growth potential.

What are the consequences for the Group of the recent fall in interest rates?

In French Retail Banking, lower interest rates have led many individual customers to renegotiate their mortgages. More broadly, the most notable feature of the market is that both short-term and long-term interest rates are very low right now. Paradoxically, we are living in an environment of flat rate curves. This situation is not the best for French retail banks, whose activity can be summed up as taking in short-term deposits to allocate them to long-term lending.
However, we note that the downward trend in interest rates is beginning to reverse. The impact on net interest margin is also mitigated by higher credit volumes. Furthermore, in the first quarter of 2015, Société Générale confirmed the role of its insurance, private banking and corporate services activities as growth drivers. Retail Banking in France is expected to grow from 1% to 2% this year.

What is the response of Société Générale to new technology financial players, illustrated notably by the mobile payment service, Apple Pay?

Admittedly, new competitors are arriving on the market. Our strategy already takes account of the shift to digital, which is reflected in the mobile apps that we are offering our clients, our Boursorama online bank and the numerous partnerships forged with start-ups. Recently some of our Group executives visited Silicon Valley, the prestigious US technological centre. In addition, at Val-de-Fontenay just east of Paris, we have a new building where we will host our own technology hub. Société Générale is striving to remain among the leaders in digital banking.

What is the Group doing to protect itself against new threats, such as cyberattacks?

Cybercrime is one of the most serious operational risks facing the banking industry. As a precaution, the Group has set up a number of IT teams responsible for detecting suspected fraud and identifying and inspecting the flow of information leaving the bank. We are also among the first to have set up a dedicated monitoring team, on call 24 hours a day.

Each month, we have to deal with dozens of cyberattacks. The fight against cybercrime, to which we allocate about €100 million per year, is one of our daily priorities.

Are the tax deductions from the losses suffered by the Group due to the activities of Jérôme Kerviel being called into question?

So far Jérôme Kerviel’s criminal responsibility has been recognised by the judicial system. The current proceeding is taking place in the civil court and concerns the matter of damages. The Court of Cassation referred the case to the Court of Appeal of Versailles, which is expected to give a ruling. The outcome of the civil trial will have no impact on the tax status of the losses.

What is Société Générale’s exposure to the Greek risk?

Like many banks, we suffered losses on our sovereign Greek debt holdings in 2010. The Group has now completely eliminated its exposure to this type of asset. Currently, Société Générale is exposed to only about €300 million in Greek corporate debt. This risk would therefore appear to be very limited.