



**On 18 May 2016, 620 shareholders attended Societe Generale’s Annual General Meeting in Paris-La Défense. Chaired by Lorenzo Bini Smaghi, quorum was established at 56.97%, compared to 54.66% in 2015.**

Lorenzo Bini Smaghi opened the meeting by explaining the Group’s new corporate governance, introduced last year. Under the new structure, the position of Chairman of the Board of Directors, held by Lorenzo Bini Smaghi, has been separated from that of Chief Executive Officer, held by Frédéric Oudéa. The meeting provided the occasion to explain the Group’s strategy, the challenges it faces and its growth prospects. Séverin Cabannes and Bernardo

Sanchez Incera, Deputy Chief Executive Officers respectively, spoke about the Group’s results for 2015 and the French Retail Banking transformation plan. Jean-Bernard Lévy, Chairman of the Compensation Committee, explained the Group’s policy in this area.

To be able to better meet our shareholders’ expectations, before the meeting Societe Generale asked over 5,000 shareholders to complete an online survey.

All the resolutions proposed by the Board were adopted, including the renewal of Nathalie Rachou’s term as a Director and the appointment of two new Directors, Juan Maria Nin Genova and Emmanuel Roman. The cash dividend per share for 2015 was set at €2, up from €1.20 in 2014. The detachment of the dividend was set at 25 May and the dividend was paid as of 27 May.

## “Robust performance and a business model that creates value.”

The business environment was uncertain in 2015, marked by geopolitical tensions, limited economic growth, continued accommodative monetary policies from central banks, very low or negative interest rates and ongoing regulatory uncertainties. In these challenging conditions, the resilience of the Group’s business model has been confirmed once again.

Societe Generale has a solid balance sheet in terms of capital ratios, liquidity and the quality of our assets.

### **A diversified model adapted to new challenges**

Our business model, with its focus on a diverse range of activities, geographical presence and sources of revenue, is well-

suited to this environment. The Group’s three core businesses each generate around one-third of its revenues. French Retail Banking has three complementary brands: Societe Generale, Crédit du Nord and Boursorama. In 2015 these three brands showed very strong commercial activity and opened 300,000 new accounts. Boursorama

continued its expansion, and had over 800,000 customers at the end of March 2016.

Our second core business, International Retail Banking and Financial Services, is our main growth driver and its profitability is improving. Societe Generale is benefiting in particular from dynamic markets in Africa and Central and Eastern Europe, as well as from the development of financial services.

Our third core business, Global Banking and Investor Solutions, will continue its transformation and pursue its efforts to reduce costs, enhance risk management and adjust its business model. We already have one of the best performances in Europe in these activities, are well positioned in relation to our competitors and can further increase our market share.

In 2015 we also continued to develop synergies between our businesses, which allows us to grow our revenues while also giving our clients full access to all of our areas of expertise.

### **The transformation is under way**

Over the past five years, we have improved the coherence of our business model, disposing of 70 activities and acquiring 27. Beyond this reorganisation of our portfolio of activities, we will continue the in-depth transformation of each of our businesses and of the Group as a whole. At the end of 2015 we announced a major transformation of French Retail Banking (see *opposite*). This includes a five-year programme with the development of an omni-channel distribution model, the optimisation of the branch network and our support functions, and the target of 2 million customers for Boursorama by 2020. International Retail Banking and Financial Services is also undertaking important transformations, with the

optimisation of all Retail Banking platforms, the harmonisation of processes, a review of organisational structures and, of course, digital initiatives. Global Banking and Investor Solutions will also change and significant transformations are under way in terms of activities, products and services. Our central functions are also evolving - efforts are being made to optimise their organisation and staff are being equipped with digital and collaborative working tools. Around fifty innovation projects are underway across our businesses. We have reviewed 600 start-ups and are constantly building relationships with the digital world.

### **A strong corporate culture**

To make this wide-sweeping transformation a success we need the support of our staff, of our teams. As such, we have put in place a "Leadership Model" based on our four shared values in the service of our clients: team spirit, innovation, responsibility and commitment. We have also begun an intensive programme to enhance compliance and conduct, because loyal and transparent behaviour towards customers and compliance with regulations are at the very centre of the relationship of trust we want to build with our customers, employees and shareholders.

### **Outlook for 2016**

Following on from the solid performance achieved in 2015, we will continue to create value for our shareholders in 2016. Despite the uncertain business environment, Societe Generale will execute the final stages of our strategic plan for 2014-2016 with dedication and discipline. The Group will pursue the major transformations that are under way in each of our business lines, drawing on our capacity to adapt.

## **Transformation of French Retail Banking: a new relationship model**

We are living in a world where digital technologies have changed society and transformed our daily lives, with the proliferation of mobile technologies, smartphones, tablets, social media, big data, an explosion in computing power with the cloud, among others examples. Societe Generale is transforming the organisation of its French Retail Banking activities to accompany its customers' changing behaviour and new expectations. 86% of contact with customers is already made electronically. The objective is to create an omni-channel distribution model that allows customers to choose when and how they contact us - using a mobile app, in a branch, via our website, etc. We aim to reduce the number of everyday transactions currently carried in our branches, so that the time spent in them is devoted to value-added activities, advising and serving customers. The Societe Generale retail banking network is set to change, with a 20% reduction in the number of branches by 2020, and a shift towards larger branches.

At the same time we are transforming our back office operations by increasing automation and digitisation. This will have two main consequences: improving the quality and security of transactions, and reducing processing costs.

# Questions from the shareholders



➤ **What are Societe Generale's growth drivers in an environment of low and even negative interest rates?**

The core business set to grow the most is International Retail Banking and Financial Services. In international retail banking, we are present in countries with higher interest rates and better growth prospects than the euro zone. We are also expanding in specialised financial services, which are experiencing strong growth levels. For example, we rank among the leaders in financial services for businesses and in vehicle leasing and fleet management. Our Global Banking and Investor Solutions activities should also grow in line with global growth. A number of players are withdrawing from these activities and we can increase our market share. There is strong demand in this area, for example in infrastructure financing.

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THE CORE BUSINESS  
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➤ **How do you view the emergence of the high-tech financial start-ups known as FinTechs? Are they competitors or pioneers to be followed?**

We see their development as an opportunity, allowing us to transform our relationships with our clients, upgrade our operational systems and change the way we work together within the Group. We are very involved in partnerships with innovative technology start-ups. We have a pragmatic approach. We are in relation with over 600 FinTechs. In some cases, we test their

solutions while in others, we finance their growth through investment funds or by taking a direct stake in their capital.

➤ **Doesn't the development of digital banking dehumanise client relations?**

The potential contradiction between the development of digital technologies and personal relationships is at the very centre of the transformation of our banking model. We want to bring together the best of both worlds and, in particular, we want to ensure that all the possibilities of relationships based on information and communication that digital technologies offer allow us enhance the personal relationships we have with our customers. The two approaches complement each other in terms of renewing relationships with our clients. Digital technologies also free our staff from tasks that offer no added value, allowing them to concentrate on their advisory role.

➤ **Why are you now undertaking a major transformation of the Societe Generale network in France, with the closure of administrative centres and branches?**

While taking all the necessary support measures, we are anticipating unavoidable change. Today, we are building services and structures suited to our customers' behaviour. We are fully aware of the changes that this transformation implies for our employees. But it is by taking steps today that we will be able to continue to grow tomorrow and meet our customers' expectations. If we don't take the initiative now, it will certainly be much more difficult in five or ten years' time. We want to take action as a socially-responsible company.

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TODAY, WE ARE  
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➤ **What are you doing to improve cybersecurity and limit the risk of computer failure?**

With the development of new technologies, the threat of cybercrime has become one of the principal operational risks facing banks. Cybercrime is not new, but it is gaining ground. We need to be extremely vigilant.

We run the risk of fraud, as well as the risk of a leak of important data or of computer failure, which do not necessarily involve fraud. To counter this kind of risk, our aim is to always be one step ahead. We have hundreds of people in the Group working constantly to detect and prevent all types of attack.

As for the risk that our IT systems fail or become unavailable, we have been fully aware of this risk for a long time. We address it mainly by measuring the resilience of our IT systems. We also measure their availability rate and have extremely rigorous requirements in this area.

➤ **Societe Generale was named in the Panama Papers affair. What can you tell us about this?**

The fight against tax fraud and evasion is a constant preoccupation for Societe Generale group and its teams around the world. Since 2009, countries and their governments have stepped up their cooperation to better organise and coordinate their efforts, and laws have changed considerably in each country. Societe Generale has taken a very proactive approach with a series of initiatives and commitments. For example, in 2010 we introduced a fiscal code of conduct that was approved by the Board of Directors. We respect the regulations, in particular anti-money laundering rules, and have significantly upgraded our compliance and control systems. Governments and the general public are right to be demanding about the

fight against tax avoidance. Societe Generale is fully committed to continuing to make an active contribution to these efforts.

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WE ALSO SET A  
GOAL OF DOUBLING  
OUR FINANCING OF  
RENEWABLE ENERGIES

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➤ **What is your policy in terms of financing coal-fired power plants?**

In 2015, we supported the initiatives taken during the COP 21 Climate Conference and made a number of commitments to reduce our financing activities for coal-fired power plants. We also set a goal of doubling our financing of renewable energies. We have announced our principles and strive to adhere to them at all times.

➤ **Why did you sell your holding in Amundi, the asset management subsidiary you set up with Crédit Agricole in 2010?**

Amundi is a great success story of the French financial sector. We did a great job with Crédit Agricole. As part of the Group's policy to reallocate capital, we decided to sell our stake while keeping in place the business agreements we had signed with Amundi and our networks. This generated capital gains and enhanced our core Tier 1 Ratio without having any impact whatsoever on our clients for the next five years.