



## **Societe Generale's Annual General Meeting was held on 23 May 2017 in Paris - La Défense. The quorum was met at a record level of 60.60% compared to 56.97% in 2016.**

Lorenzo Bini Smaghi, Chairman of the Board of Directors, opened the meeting. Séverin Cabannes, Deputy Chief Executive Officer, then presented the results of Societe Generale's good commercial and financial performances in 2016 before Frédéric Oudéa, the Group's Chief Executive Officer, laid out the longer-term strategy.

Lorenzo Bini Smaghi then provided an update on corporate governance, followed by Jean-Bernard Lévy, in his role as Chairman of the Compensation Committee, who presented the Group's policy in this area.

The Annual General Meeting approved all resolutions proposed by the Board of Directors, in particular the renewal of the terms of office of Alexandra Schaapveld and

Jean-Bernard Levy as Directors, the appointment of William Connelly and Lubomira Rochet as new Directors, as well as senior management compensation ("Say on Pay"). The company will pay a cash dividend of €2.20 per share for 2016, up 10% from €2.00 in 2015. The detachment of the dividend was set at 31 May 2017 and the dividend will be paid as of 2 June 2017.

## **“Ready for a new phase of development”**

### **2016: another year of progress**

In 2016, Societe Generale continued its transformation, and posted good commercial and financial performances. Retail Banking in France demonstrated, yet again, its strong commercial momentum, with 400,000 new individual customers and 4,000 business customers. The Group remains highly committed to the funding of the economy in France, with average outstanding loans climbing 2.9%. Despite these

good commercial performances, financial results suffered from the low interest rate environment, with Net Banking Income down 2% for Retail Banking in France.

In International Retail Banking & Financial Services, Net Banking Income was up 2.6%. This growth underlines a recovery in International Banking, in particular in Russia and Romania. In terms of Financial Services to Corporates, Societe Generale Equipment Finance confirmed its position of

European leader, ALD established its number one position in Europe and the Insurance business line confirmed its growth.

Third strategic pillar: Global Banking and Investor Solutions posted revenue of €9.3 billion for 2016. Global Markets and Investor Services revenue was stable, Financing and Advisory businesses held firm and Asset Management and Private Banking was in a period of transition with the acquisition and integration of Kleinwort Benson.

### 2017-2018: transition followed by differentiation

In terms of our past direction and upcoming challenges, we reiterate the relevance of our balanced and diversified business model which creates synergies and pools costs.

2017 is set to be a year of transition. Almost ten years since the beginning of the financial crisis, we are about to embark in a new phase in the history of the European banking sector and for Societe Generale. Between 2008 and 2012, like several other European banks, we managed a series of systemic and specific crises. We then entered a period of remediation (adjustment of our business model, regulatory adaptation, settlement of disputes, etc.). This phase will come to an end in a few quarters for the majority of our European peers. We will then enter a phase of differentiation. Our bank is ready, with the launch of a certain number of initiatives to prepare for the future, and we are all set to pursue our growth and transformation strategy.

### Three major collective challenges

The first challenge is the path taken by the eurozone, in which we are a key player. In a continental Europe faced with Brexit, the eurozone will need to adapt its financial, banking and capital market services accordingly. It will need strong European players. Against this backdrop, the strong and long-term presence of retail banking in eurozone neighbouring countries (Central and Eastern Europe, Russia, Africa) makes sense, especially as the latter will continue to strengthen its economic ties with these countries. We have a particularly important long-term role to play in contributing to the development of the African continent.

The second challenge is the major change in our customers' expectations, notably with the effects of new technologies, and in particular mobile technologies. Digital transformation is our key challenge for the next five to ten years.

We must be prepared to adapt but also to take advantage of the opportunities. Quality of service coupled with outstanding value for money will allow us to win and retain our customers - both individual and business - while maintaining their trust.



The third challenge is stricter requirements in terms of responsibility. Ten years on from the financial crisis, it is crucial that we are able to differentiate ourselves in the way in which we carry out our work, in both our business lines and beyond. We have already taken very clear positions in terms of the environment, with a very concrete contribution to COP 21 objectives. We have also made strong social commitments to be a responsible and attractive employer. Moreover, the Societe Generale Foundation, which is committed to professional integration, has just celebrated its tenth anniversary.

### A strategy of differentiation to continue our growth

Our differentiation strategy will contribute to these three challenges in a positive manner. It is all about making a difference and being indispensable for our customers. Our objective is to achieve sustainable and profitable growth.

In concrete terms, all of our business lines will need to adapt, in particular Retail Banking in France, online banking (Boursorama is targeting at least 2 million customers by 2020) and retail banking abroad (in particular Africa). The IPO of ALD Automotive aims to explore a new area of activity.

We are striving to achieve a pioneering spirit in our business lines and distinguish ourselves through our ability to innovate.

This also entails being a benchmark bank in terms of CSR and distinguishing ourselves through our managerial agility. We are currently introducing a new organisation, with collective objectives and new methods which improve synergies and favour innovation. Our Culture & Conduct programme will be a strong driver, steering our teams through this transformation.

I hope that each and every member of staff will feel involved and committed to this transformation. We will also introduce a global employee share-ownership plan to coincide with the strategic plan which we will present on 28 November.

We are very excited to be preparing this new phase and are convinced that our bank of tomorrow will be the envy of our staff, our shareholders and our customers.



## Questions from the shareholders

► **Faced with the growing use of online banking services, the arrival of new players and the inevitable decline in customer visits to branches, how does Societe Generale plan to maintain a personal and close relationship with its clients?**

We're in the middle of a digital revolution that has had a massive impact on all service industries, mainly because it has simplified day-to-day banking operations. This is an excellent opportunity for us to improve our efficiency. It is also an opportunity for new competitors or new entrants who may be interested in banking. Our job is to improve our processing capacities and the quality of the transactions we carry out for our clients. Simultaneously, technologies will enable us to improve the quality of our interactions with the client and personalise our offer and our relationship.

All of the effort we're putting into transforming our Retail Banking networks is aimed at keeping the best of the human side, in order

to maintain a direct and personal relationship when our clients need advice while also taking the best of digital technologies, which improve the quality of transactions and enable more personalised offers.

“OUR TARGET IS  
€10BN INVESTED  
IN RENEWABLE ENERGIES  
BY 2020”

► **What environmental commitments has Societe Generale made? How is the bank helping its clients to reduce their energy consumption?**

We have made firm commitments, fully in line with the COP 21 conclusions, specifically in terms of environment-friendly financing and we're encouraging our clients to move in this direction. Last year, we financed all of the major offshore windfarm projects in Europe, for a total investment in renewable energies of around €1.2bn.

We also issued green bonds (bonds backed by green financing). We are fully committed to energy transition. Our target is €10bn invested in renewable energies by 2020. In terms of supporting our clients, we're focusing on giving advice and raising awareness. Last year, we organised a 2-day seminar with our institutional investors, who are very concerned about Socially Responsible Investment issues.

► **How do you see Boursorama's prospects for development?**

Boursorama has already become a major player on the French online banking market, with over a million customers. Between 2016 and 2017, the number of customers increased by 30%, mostly thanks to recommendations by existing clients. Because they're satisfied with the quality of the service they receive, these customers recommend opening a Boursorama account to friends and family. This is the Societe Generale group's spearhead in French retail banking in terms of customer acquisition. Boursorama's ambition is to have at least 2 million customers by 2020.

➤ **What is Societe Generale's ethical policy in particular with regard to opening branches and agencies in tax havens?**

We are in full compliance with all of the rules relating to money laundering and tax fraud. In all of the territories where we have private banking activities, in particular, we will have automatic information exchanges.

A large number of countries have signed up to this 2-wave project: a first wave in which countries will transmit information in 2016 and 2017, and a second wave in which this information will, from 2017, be shared and automatically transmitted to the tax authorities of the countries in question in 2018. Since the end of 2009-2010, cooperation among countries has improved considerably and we have also improved the way we operate in this area.

➤ **How is Societe Generale planning to stand up to Google, Apple, Facebook and Amazon (GAFA) who have suddenly arrived on the banking services scene, specifically payment means?**

GAFA are among the new entrants in the payments area, a highly competitive area because it can be used to collect data. Accordingly, we have to be very vigilant. Remember that in the area of payments, security is a vital issue.

In terms of security, we are the co-promoters, in France, of the Paylib secure transactions system. We are also the first institution worldwide to issue a crypto dynamic card whose number changes every hour.

This card provides total security. So we can hold our heads high when comparing ourselves to GAFA.

➤ **What is Societe Generale doing to anticipate possible disparities in future regulation between the USA and Europe?**

Balance in terms of regulation is a key issue for our global business lines in which competition is international, especially when facing the US banks which are particularly powerful. We must take great care to ensure that we are not at a disadvantage in this international competition, especially given that, on the US side, there appears to be a desire to relax the rules.

“ WE CAN HOLD OUR HEADS HIGH WHEN COMPARING OURSELVES TO GOOGLE, APPLE, FACEBOOK AND AMAZON ”

➤ **What existing disputes does the Group still have to settle? What is the level of risk for these disputes? What is the timetable for their resolution?**

There are basically three potential disputes with the regulators: the accusation of corruption for investments made by Libyan sovereign funds, the accusation concerning IBOR rates fixing and the dollar denominated transfers to countries on the sanctions list drawn up by the US authorities. It is still difficult to measure the precise level of the risk of these disputes. We are trying to measure it as closely as possible and we are setting aside provisions in this regard. Similarly, it is very difficult to have a clear view of the timetable for resolution, which doesn't depend on us. We'd like to put these matters behind us as quickly as possible so that in 2018, we can focus 100% on the major structural transformations that await us.



Watch the video of the General Meeting on [www.societegenerale.com](http://www.societegenerale.com)