

# LETTER TO SHAREHOLDERS



# EDITORIAL



**SLAWOMIR KRUPA**  
*Chief Executive Officer*

Dear Shareholders,

A year ago, I shared with you how honoured I was to be appointed as Chief Executive Officer of our Group, and how proud I was to open up a new chapter in the history of Societe Generale. We presented our new strategic roadmap last September with an ambitious goal: to build an even more robust company and to create the conditions for sustainable performance for the Group and all our stakeholders. We reasserted the strategic priorities of our plan to strengthen our capital position, structurally improve our profitability, simplify our organisation, and maintain the highest standards in risk management.

To create the conditions for sustainable performance, we have embarked on a profound transformation of our model, with the commitment of our employees and the trust of our clients and shareholders.



**ANNETTE MESSEMER**

## Administrator Renewal

**Mrs. Annette Messemer**, Independent Director, Risk Committee member since 2020 and Compensation Committee member since 2023.

She was also part of the Internal Audit and Control Committee until 2023.

At the end of the General Meeting, **Mrs. Annette Messemer's** term of office was renewed for a further four years.

We posted strong performances again in Global Banking & Investor Solutions and International Retail Banking. We continued to roll out the new SG brand, created by the merger of the French networks.

We launched the joint brand Ayvens, the result of the merger of ALD and LeasePlan. We pursued growth at Boursobank. We entered into leading strategic partnerships, for example by creating Bernstein, a new global leader in equity research and cash equities, and by making new pledges to support the energy transition. Finally, we announced agreements to dispose of certain assets, allowing us to further simplify our business model and portfolio.

We are focused on executing our roadmap. We continue to move forward with determination and commitment, true to our 160-year tradition of serving our customers, to make their ideas and aspirations a reality.

I would like to thank you once again for trusting in our Group.



# ANNUAL GENERAL MEETING

**SOCIETE GENERALE'S ANNUAL GENERAL MEETING WAS HELD ON 22 MAY 2024 AND CHAIRED BY LORENZO BINI SMAGHI. QUORUM WAS MET AT 55.61%. ALL RESOLUTIONS ON THE AGENDA WERE APPROVED WITH PARTICULARLY HIGH APPROVAL RATES<sup>1</sup>, INCLUDING THE PAYMENT OF A CASH DIVIDEND OF €0.90 PER SHARE.**

In his opening message, Lorenzo Bini Smaghi mentioned the 160<sup>th</sup> anniversary of Societe Generale, which had a pivotal year in 2023 with the appointment of Slawomir Krupa as the new Chief Executive Officer in May and the unveiling of the Group's new strategic plan in September. The plan aims to make Societe Generale a robust and sustainable leading European bank with clear financial objectives. The Board of Directors will carefully monitor adherence to this roadmap. On behalf of the Board, Lorenzo Bini Smaghi reiterated his confidence in the ability of General Management and the Group's teams to implement the roadmap and deliver the expected results in 2024 and in the years to come.

The results for 2023 and the first quarter of 2024 were presented by Claire Dumas, Chief Financial Officer, followed by the statutory auditors. Then Slawomir Krupa, Chief Executive Officer, reviewed the Group's strategy. Pierre Palmieri, Deputy Chief Executive Officer, presented the Group's CSR and climate strategy.

Lorenzo Bini Smaghi then gave an update on corporate governance. There were several significant changes in governance in 2023, with a new General Management team appointed under the authority of Slawomir Krupa and the re-establishment of an Executive Committee.



The Board of Directors recorded the arrival of Béatrice Cossa-Dumurgier, Ulrika Ekman and Benoît de Ruffray, directors elected at the 2023 Annual General Meeting. Annette Messemer's term was renewed and Henri Poupart-Lafarge became Chair of the Nomination and Corporate Governance Committee. In addition, as the contracts of the statutory auditors Ernst & Young and Deloitte are about to expire, the Annual General Meeting appointed KPMG and PwC to replace them.

Jérôme Contamine, in his capacity as Chair of the Compensation Committee, concluded this topic by presenting the Group's compensation policy. An extensive Q&A session followed before moving on to the resolution votes.

## **AFTER A YEAR OF TRANSITION IN 2023, THE EXECUTION OF THE STRATEGIC PLAN WILL BRING ABOUT PERFORMANCE IMPROVEMENTS IN 2024**

From a financial perspective, 2023 was a year of transition mainly due to the consequences of inflation and a change in interest rate regime against a backdrop of economic slowdown, particularly on the French market. The Group's annual income amounted to €25.1bn in 2023, after a record 2022. The performances of Global Banking and Investor Solutions and International Retail Banking remained very solid.

<sup>1</sup> - Between 89.55% and 99.78%.

## General Meeting of 22 May 2024

Strong growth continued at BoursoBank. Ayvens saw its income increase by more than 15%. However, the sharp rise in interest rates hurt the net interest margin of French Retail Banking activities.

The growth in operating expenses was contained despite the inflationary environment, attesting to the focus on cost control. The division's cost/income ratio came out at 73.8% for 2023. The cost of risk remained very low at 17 basis points, demonstrating the quality of the Group's asset portfolio and prudent risk management.

Overall, net income was €2.5bn and the capital ratio stayed well above regulatory requirements, at 13.1% at the end of 2023.

Based on these results, the Group proposed to its shareholders a total payout of €1.25 per share, broken down into a cash dividend of €0.90 and a share buyback programme of approximately €280 million, i.e. approximately €0.35 per share.



Claire Dumas then shared the financial outlook for 2024, with the following targets:

- An expected increase in income of 5% or more compared with 2023;
- Improving operational efficiency through the execution of ongoing projects with a cost/income ratio target of less than 71%;
- Continued normalisation of the cost of risk to between 25 and 30 basis points;
- Return on tangible equity of more than 6%;
- Capital ratio (CET1) of approximately 13% at the end of 2024.

Lastly, with regard to Q1 2024 performance, Claire Dumas highlighted a solid revenue base of €6.6bn, driven by sales activity in Global Banking and Investor Solutions, International Retail Banking, and Mobility Services and Leasing businesses. The net interest margin continued to rebound in the first quarter in French Retail Banking, while financial fees rose sharply. BoursoBank continued to gain market share (460,000 additional new customers over the quarter). Costs were down 1.5% and the cost of risk was in line with expectations at 27 basis points. The results for the quarter were in line with expectations and confirm the Group's ability to meet its annual targets, including the capital ratio target, as it stood well above the regulatory threshold at 13.2% in Q1.

### A ROBUST AND SUSTAINABLE LEADING EUROPEAN BANK

Slawomir Krupa spoke again about the strategic overhaul of Societe Generale reflected in the new strategic plan, with the goal of being a leading European bank which

is more robust and a source of sustainable performance for shareholders, customers and employees, who are the Group's lifeblood.

Creating the conditions for sustainable performance for the Group requires clear and precise objectives:

- Strengthening capital amounts with a target capital ratio (CET1) of 13% by 2026. Gradually building up capital, quarter after quarter, is necessary to ensure the Bank's soundness in the event of potential shocks and uncertainties, which are becoming systemic in a constantly changing economic and geopolitical environment.
- Improving the Group's profitability gradually and structurally through major transformations of the model, such as the merger of the French Retail Banking networks and the merger of ALD and LeasePlan within Ayvens. This improvement also entails cost reduction. As such, a savings target of €1.7bn is set for 2026. It relies in particular on optimising IT resources, transforming head office functions and simplifying processes. All this will help improve the cost/income ratio, which is expected to be below 60% in 2026.
- Investing to prepare for the future, transform the Group and consolidate Societe Generale's strengths on the domestic market in Retail Banking, on key business franchises in Corporate and Investment Banking and in mobility, and through innovation and transformation projects. These investments amount to more than €7bn.

Slawomir Krupa emphasised how, over the past year, Societe Generale has embarked on unprecedented work in all its business lines at a sustained pace, applying a methodical and systematic approach. He highlighted the involvement of employees in this transformation effort, as well as the commitment of shareholders, through their support for the short-term distribution policy. All stakeholders are aligned on achieving the objectives set out in the roadmap, and the variable remuneration of the General Management is directly linked to share price performance.

Over the past year, the Group has acted on the commitments made for the period. There is still significant work to be carried out and major challenges to address, but the Group has charted a clear course and a path from which it does not deviate through the execution of its strategic plan.





## General Meeting of 22 May 2024

This is illustrated by the solid performances in Global Banking and Investor Solutions, the merger of the networks in France and the recovery of French Retail Banking activities, as well as the merger of ALD and LeasePlan in a context of stabilising margins.

Similarly, the disposal of activities such as Societe Generale Equipment Finance and Societe Generale Maroc, which stems from the strict application of the criteria of the strategic plan, is in line with the desire to simplify the model and the business portfolio, and to reduce cross-business costs. The disposals will add around 40 basis points of capital and free up approximately €10bn of liquidity once they are finalised. The business portfolio is managed according to specific criteria presented on Capital Markets Day: consistency with the ESG strategic positioning; positive and accretive contribution to profitability; significant synergies with the Group; limited exposure to extreme or exceptional risks; and leading franchises in attractive markets.

Slawomir Krupa also stressed the rapid development of BoursoBank, which has become a leading player in online banking with more than 6 million customers. He mentioned the importance of strategic partnerships with AllianceBernstein and Brookfield. Finally, he highlighted Societe Generale's unprecedented commitments to climate transition, with the Group's leadership position.

In conclusion, he reaffirmed the Group's determination to hold its strategic course to ensure sustainable long-term performance and to consolidate its position among leading European banks.



# CSR AND CLIMATE POLICY

**CSR IS AT THE HEART OF THE NEW GENERAL MANAGEMENT TEAM'S STRATEGIC ROADMAP. IT IS A CORE TENET OF THE STRATEGY OF EACH OF THE BUSINESS LINES, WHICH CONTRIBUTE TO SUSTAINABLE FINANCE AMBITIONS.**

The Group has committed to contributing €300 billion to sustainable financing over the period 2022-2025, which relates to environmental projects in renewable energy, sustainable mobility, sustainable buildings and low-carbon solutions. It also includes social infrastructure projects, particularly in the areas of healthcare access, social housing, and support for SMEs and local governments. At the end of 2023, the Group had already contributed more than €250bn to this target.

When the new strategic plan was presented in September 2023, the Group announced several measures aimed at strengthening its role in the transition to a sustainable world:

- The Group is accelerating the decarbonisation of its activities under the Net-Zero Banking Alliance initiative, by reducing its exposure to fossil fuels and investing in innovation. It is committed to reducing financing for oil and gas production (80% reduction between 2019 and 2030, with an intermediate step of a 50% reduction in 2025) and has launched

a €1bn investment fund to support transition players, green technologies and nature-based solutions.

- Societe Generale plays a role in building a sustainable future with its clients by developing integrated solutions with industrial and commercial partners around innovative ESG ecosystems. The Bank also works with its peers, the scientific community, start-ups and future transition champions.
- The Group also continues to reduce emissions related to its own operations (target of 50% reduction between 2019 and 2030), and to incorporate ESG issues into its strategic decisions, management tools and processes.

Pierre Palmieri, Deputy Chief Executive Officer, mentioned the training plan deployed within the Group, highlighting the Climate Fresk in which 30% of the workforce have participated. Business line adaptation continues and the teams of ESG experts have been reinforced with a view to working to decarbonise the loan portfolios.

On an operational level, the Group has launched a programme aimed at systematically integrating ESG issues into strategic decisions, management tools and processes. The Bank continues to make progress in addressing climate change risks, in particular, through appropriate governance. Thus, the Board of Directors plays an essential role in approving and supervising the strategic guidelines proposed by General Management, and its various bodies examine CSR issues. The Board of Directors is also assisted in its work by a non-voting member with specific expertise on energy transition topics. ESG criteria are included in the compensation policy for corporate officers and CSR targets make up 20% of their variable compensation.

The Group's CSR strategy is recognised externally, as evidenced by the extra-financial ratings and various awards obtained.

Beyond the climate, CSR encompasses many factors related to the impact of the Group's activities and the resulting risks.



It calls for a comprehensive approach to the environment around topics such as the preservation of biodiversity, access to water, and the integration of the circular economy into the commercial offer. A holistic approach is also required as a responsible employer promoting diversity, equity and inclusion. To better understand the complexity of these issues, an independent scientific advisory board has been set up to enhance the Group's ESG work. The advisory board will be chaired by Subra Suresh, a leading engineer, scientist and researcher.

Societe Generale was created 160 years ago to help develop trade and industry. Since then, from generation to generation, the Group has been able to support the major changes in our society. The Group's strategy will address contemporary challenges for a sustainable world while taking advantage of the opportunities arising from these changes and creating value for customers, employees and shareholders.



# QUESTIONS & ANSWERS

**Can you provide details on the planned changes to the dividend policy next year as well as the concrete benefits of the share buyback programme for individual shareholders?**

The Societe Generale strategic roadmap approved by the Board of Directors provides for a distribution of 40% to 50% of reported income. It also calls for a balance between cash dividend and share buybacks from 2024. The proposal for 2023 was to distribute €1.25 per share, comprising €0.90 in cash dividends and a share buyback programme of around €280 million, i.e. around €0.35 per share. The main objective of the share buyback is to reduce the number of shares outstanding and to support the Group's long-term valuation. Indeed, when a company's market valuation is below its net book value, there is a financial interest for long-term shareholders to distribute the results to a smaller number of shares. This breakdown between cash remuneration and share buybacks has no impact on the Group's shareholders' equity.

**Individual shareholders are committed to ensuring that Societe Generale remains French. In this respect, how do you feel about the recent statements made by the President of France?**

Societe Generale's General Management does not comment on statements made by public authorities, and certainly not when they relate to economic policy and European policy issues. Furthermore, the likelihood of cross-border banking consolidation in Europe appears very low for several reasons, in particular for regulatory and industrial reasons, given the difficulty of achieving synergies. Societe Generale's Management and Board of Directors are focused on strengthening the company and improving its capital position, profitability and performance.

**Why is the share price weak and what are the main strategy errors identified by Management?**

The strategy must be constantly updated to adapt to the environment in which



the company operates and to economic and regulatory realities. The changes that have occurred in the banking industry in the years since the financial crisis, even before Covid, have been extreme in both number and scope. The roadmap drawn up by General Management and supported by the Board is aimed primarily at strengthening the Bank's capital position and ensuring sustainable profitability. These priorities guide both strategic thinking and day-to-day actions. Only sustainable performance will deliver a higher share valuation.

**Could you provide us with details on Societe Generale's new asset management strategy through the launch of Bernstein?**

AllianceBernstein, a partner of Societe Generale, is a major company with approximately \$750bn in assets

under management. The joint venture they created, Bernstein, is not involved in asset management, but rather in research and cash equities. This work is vital to Societe Generale's market activities, as we diversify our revenues. Bernstein is both countercyclical and much more stable than asset management, as it is fee-based, and does not involve significant risk-taking. In addition, such equity research is essential for Corporate clients all over the world. It improves strategic dialogue with these clients and increases Investment Banking revenues.

**Can you explain the Hong Kong trading incident? Why did the enhanced security systems not detect this situation in the first place?**

The risk management and prevention systems identified the situation reported in the press. Societe Generale's Management

immediately responded with both disciplinary and operational actions to deal with this case, taking the exacting and uncompromising approach that characterises the risk management policy and code of conduct that apply to all employees, whether they operate in the markets or anywhere else in the Group.

### **How is the integration of LeasePlan into Ayvens advancing? Are the costs of integration in line with the initial plan?**

The integration of LeasePlan is proceeding according to plan. A key regulatory approval was granted in March, making the merger of the ALD and LeasePlan entities effective in 20 countries. In terms of synergies, the results are promising with €20m in synergies achieved in the first quarter out of the €120m expected for 2024, and the establishment of a common used vehicle sales platform that looks to be very efficient. The Group is confident in its ability to achieve the €440m in synergies expected by 2026.

### **Total's Mozambique LNG project is linked to a violent conflict in the sector that has resulted in numerous victims and human rights abuses. Will you refuse to support this project and the relaunch announced by TotalEnergies for the coming months?**

The financing for this project was initiated several years ago, and the Group intends to honour the contractual commitments made prior to the entry into force of its new sector policy in September 2023. This transaction is governed by the Equator Principles, which

are a set of rules derived from industry best practices in environmental and social analysis. The Group is keeping tabs on the project and changes in the local context, and to this end relies on the work of the project sponsors and independent experts. Societe Generale also remains attentive to stakeholders from civil society who share their own sources of information.

### **Why was there a 7% decrease in Net Banking Income compared to the previous year, and what are the specific problems encountered by French Retail Banking?**

The 2022 decline in indicators in the French Network is mainly due to the impact of the change in monetary policy, which was significant and swift and occurred in a context of rising inflation linked in particular to the war in Ukraine. This led to significant underperformance in the management of interest rate hedges and created imbalances in bank balance sheets in France. Certain mechanisms, such as the adjustment of the usury rate and the mechanical adjustment of the Livret A rate, also led to imbalances within the French Retail Banking business lines.

The complicated conditions encountered in 2023 further justify the plan to merge the Societe Generale and Crédit du Nord networks.

- This project is extremely ambitious, not only for customers, which it aims to support as closely as possible and over the long term, but also for the Group, since it involves its historical base and is founded on multiple synergies with all the business lines.

- This is an unprecedented project, unlike anything seen in recent years. It concerns 9 million customers, nearly 3 million of whom have switched to SG from Crédit du Nord.
- It is a multi-faceted endeavour with significant legal, regulatory, financial and IT implications.

This project is vital for employees and customers, and despite some irritants and change factors to be managed, its implementation has been impressive thanks to the unfailing engagement of the teams. This is an absolutely essential project for both Retail Banking and the Group.

### **Is the increase in net income due to lower asset provisions than last year, probably related to the withdrawal from the Russian market in 2023?**

The lack of impact from Russia actually explains the favourable trend in net income. On this matter, it is important to remember that the Group now steers its performance on the basis of published results and no longer on underlyings. Thus, the results are easier to read for shareholders, and changes in progress indicators in the implementation of the Group's roadmap are easier to observe.

### **Is Boursobank's business model robust enough to enable large-scale deployment?**

Boursobank demonstrated the profitability of its model in 2023, thanks to three key pillars:

- The increase in customer base, driven by the promise of a bank offering low-cost services and an excellent customer experience – a promise kept with impressive results in terms of onboarding;
- Customers who develop a genuine banking relationship with their bank and make extensive use of the services and products offered; and
- Good control of customer acquisition costs and operational costs.

### **Have you experienced any hacking or intrusion problems recently, particularly in online banking?**

Combating fraud, like all cybersecurity topics, is absolutely key, both for SG and for Boursobank. The Group devotes a lot of energy to this effort, by protecting its customers and monitoring their transactions.

### **Will Societe Generale publish the methodology underpinning its green finance strategy, including targets by sector, particularly in renewable energy, as some of its European counterparts have done?**

Details of financing by social and environmental issues are presented in the Universal Registration Document, updated in March 2024. The Bank is on track to exceed its sustainable finance targets, having already reached €250bn out of the €300bn of funding planned by 2025. Renewable financing targets are defined within the overall budget, but they are not made public.



**Despite gems such as BoursoBank and Ayvens, and despite a geographical reorientation and a refocusing on the business lines in which the Bank is the leader, Societe Generale's valuation does not reflect that of its French competitors. What are the reasons for this?**

Since 22 May 2023, the stock has risen by more than 17%, ahead of the CAC 40 average, but below the average growth of comparable European banks. These performances are affected by factors related to the French market and by internal issues on which the company is actively working as part of its strategic roadmap. The structural improvement in profitability, thanks to profound transformations, as well as the gradual and continuous strengthening of the capital and liquidity position will contribute to a revaluation of the stock.

**Societe Generale has made encouraging new commitments aimed at the fossil fuel industry. Are you ready to go further and commit to your sector policy, in particular to end unallocated bond issues that could benefit companies participating in fossil fuel expansion?**

It is not the Group's policy to exclude unallocated bond issues. The approach adopted by the Group in this area is already among the most ambitious in the industry. Relationships with clients in this sector have been disrupted, leading to the run-off management of outstanding loans.

In addition, restrictions have been put in place for clients in the energy sector, including the discontinuation of financing for new oil and gas fields. Societe Generale has developed an engagement approach with its clients in the energy sector with greater attention to their climate strategy.

**Are you considering an employee shareholding policy in subsidiaries such as BoursoBank and Ayvens to strengthen their sense of belonging?**

The employee share ownership policy is a key element of our commitment to our employees. Being an owner of the company you work for is essential to foster engagement, alignment with strategy and active participation in the company's success. We have re-established an annual plan for this purpose, and it is essential that the employees of the subsidiaries have the ability to participate in this shared adventure.



# NEWS

## SHARE PRICE

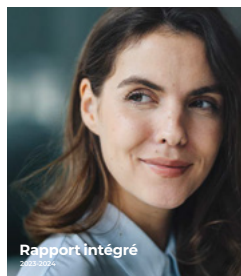
Societe Generale closing share price at 22/05/2024: **€26.60**



Rescaled to the Societe Generale share price at 23/05/2023. Source: Bloomberg

— Societe Generale — Euro Stoxx Banks — CAC 40

## FIND OUT MORE ABOUT SOCIETE GENERALE



This seventh edition of the Integrated Report presents Societe Generale's corporate purpose and strategic directions, values and strengths of the Group, its model of value creation and its commitment to generating positive impacts.

View the report on [www.societegenerale.com](http://www.societegenerale.com) soon

## SOCIETE GENERALE AND YOU

### Keeping you informed:

#### OUR PUBLICATIONS

Societe Generale publishes an e-newsletter for shareholders each semester, for the publication of its results, and another one dedicated to the synthesis of the General Meeting. Find all our publications in the Shareholders section of our website [investors.societegenerale.com/en](http://investors.societegenerale.com/en)

### Dialogue:

#### SHAREHOLDER MEETINGS

Societe Generale regularly meets with shareholders in Paris and around France and organises a variety of webconferences for the shareholders.

Check out the next dates on our website [monespaceactionnaire.societegenerale.com](http://monespaceactionnaire.societegenerale.com) (only in French)

## AGENDA


 **1 August 2024**  
Second-quarter and first half 2024 results

**31 October 2024**  
Third-quarter 2024 results


**6 February 2025**  
Fourth-quarter and full-year 2024 results

Societe Generale. A French limited company (Société anonyme) with share capital of €1,003,724,927.50 as of 17 November 2023 – 552 120 222 RCS Paris – Registered office: 29 bd Haussmann, Paris, France. N° ADEME: FR231725\_01YSGB. – Group Communication Division – Postal address: Societe Generale, 17 cours Valmy CS 50318 - 92972 Paris La Défense cedex – Head of Publication: Sławomir Krupa. – Creation and Production: Studio Societe Generale – Legal submission date: juin 2024 ISSN: 1258-8679 – © Photos: David Lebrun/Imageaste - Joel Saget - © 2016 Guillaume CHANSON Photographies - Junior Gonzalez - Getty Images.

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#### SHAREHOLDERS' CONSULTATIVE COMMITTEE

The Committee is made up of 12 individual shareholders changing regularly, and meeting. It meets twice a year and is an important moment for exchanging views with our shareholders. To find out more, visit the **Shareholders' Consultative Committee** page of our website.