Societe Generale’s Annual General Meeting was held on 23 May 2018 in Paris - La Défense. The quorum was 51.3%.

Lorenzo Bini Smaghi, Chairman of the Board of Directors, opened the meeting by presenting the new General Management team that will support Frédéric Oudéa, Chief Executive Officer, following the departure of Didier Valet on 14 March regarding the management of a specific legal matter in the US (the details of which long preceded his appointment as Deputy CEO at Societe Generale) as well as that of Bernardo Sanchez Incera. This new team comprises four Deputy CEOs - Diony Lebot, Philippe Aymerich, Philippe Heim, and Séverin Cabannes - with varied expertise and complementary career experience.

This change is in line with the Group’s aim to better meet its customers’ expectations by adopting a simpler and more agile organisational structure.

The Annual General Meeting was an opportunity to present Societe Generale’s results and its strategy. After Séverin Cabannes, Deputy CEO, presented the 2017 and Q1 2018 results, Frédéric Oudéa laid out the Group’s longer-term strategy. The Group’s CSR (Corporate Social Responsibility) strategy, structured around six key priorities, was presented through a film. Gérard Mestrallet, Chairman of the Nomination Committee, 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, including the four-year extension of Lorenzo Bini Smaghi’s term as Chairman and the appointment of Diane Côté and Jérôme Contamine as new Directors. The company will pay a cash dividend of €2.20 per share for 2017; the dividend will be paid as of 1 June 2018.

A trusted partner for our customers

Solid results in a complicated environment

In 2017, Societe Generale confirmed its strong commercial momentum, generating a 0.5% increase in underlying net banking income. This indicator was affected by an exceptional element - the civil resolution of the dispute with the Libyan Investment Authority - which led to the recognition of a €963 million expense. Operating expenses included an exceptional item of €390 million for the acceleration of the French networks’ transformation. After restatement for this element, underlying operating expenses rose by 1.5% in 2017. Underlying Group net income stood at €4.5 billion, up 8% compared with the previous year, and underlying net earnings per share stood at €5.03.

In French Retail Banking, the year was marked by the acceleration of our transformation plan.
Net banking income for this activity was down 3.2% in 2017: the strong commercial momentum that resulted in an increase in commission income did not fully offset the fall in net interest rate margins due to the low-rate environment. This led to a wave of renegotiations of property loans to individual customers.

International Retail Banking and Financial Services activity benefited from excellent commercial momentum. Net banking income picked up significantly (by 6.6% compared with 2016), with dynamic loan origination, dynamic deposit inflows and a robust performance by insurance activities. The division made a record contribution to Group net income (£2 billion) and a nearly 18% return on equity.

Finally, in Global Banking and Investor Solutions, net banking income was down 4.5% compared with the previous year. Global Markets and Investor Services, while penalised by low volatility, was resilient and gained market share in all regions and asset classes. Financing and Advisory businesses were down slightly, in particular due to a weak demand for hedging activities. Asset and wealth management were down, notably due to our continued international refocusing. Underlying operating expenses were down 2.3% thanks to effective control of costs and of the net cost of risk.

Societe Generale’s financial structure remained solid in 2017. The Group’s ratios comply with all regulatory requirements, and our payout policy has continued to grow since 2012. The dividend of €2.20 euros was approved.

### Contributing to positive transformations in the world

The next ten years will witness a profound industrial transformation. First and foremost, the period will be marked by the continued emergence of new technologies. Moreover, the regulatory framework is particularly strict in Europe.

A third element to consider involves the transformation of our companies, especially with regard to the fight against climate change and the development of new mobilities. We have the capacity to contribute to this effort, for example, by financing renewable energies and by developing clean cars in our vehicle fleets. Finally, the European banking landscape is still developing. This gradual development will offer long-term opportunities.

Societe Generale is historically a French bank; it was established in Europe, where it now earns two thirds of its revenue.

Societe Generale will continue to develop its activities with its close neighbours (Central and Eastern Europe, Russia and Africa): supporting large corporates and institutional investors on the one hand, and retail banking activities on the other.

In the United States and Asia, the Group has decided to concentrate on Global Banking. It was against this backdrop that the Group defined its long-term vision and its three-year strategic plan.

In line with our original goal of promoting the development of commerce and industry, Societe Generale is committed to contributing to the positive transformations of our economies and our corporate landscape.

### Transforming to grow

To generate profitable and sustainable growth, we must remain a trusted partner for our customers, and successfully carry out our digital transformation. The winners in this transformation will be the most agile and reactive companies, and Societe Generale aims to hold a strong position in the coming race among European leaders.

In the shorter term, management has identified five key priorities for the next three years:

- increasing revenue by more than 3% per year from 2016 to 2020,
- continuing the digital transformation,
- maintaining strict cost control,
- completing the group’s refocusing,
- reaching the highest standards in terms of conduct and a culture of responsibility.

On this point, the Group has three past disputes to settle*. Two of these (Ibor market indices, Libyan case) are the subject of extremely active discussions, the goal being to reach an agreement very shortly. Regarding the third dispute with the OFAC (transactions in dollars with countries under US embargo), discussions have also been initiated with the aim of reaching an agreement in the coming weeks or months.

Finally, Societe Generale implemented a new organisational structure last year, with 17 “business units” supported by 10 “service units”. This organisational structure aims to change our way of working. New appointments have also been made to the General Management team. This team is responsible for making strong strategic choices, supporting the operational and functional entities in deploying their strategies, overseeing new talent and representing the Group to our customers and all our stakeholders.

* A communication relating to these litigations was announced on 4 June.
What is the impact of the widespread use of digital services on customer satisfaction and the digital transformation of branches?

Relationships and expertise are the two pillars of the banking profession. From this perspective, the Group already offers a very broad range of solutions, from its advisors and specialists, to its call centres and various types of branches.

New technologies - in both digital and artificial intelligence - only add to this range of tools. The key to success will be to understand how to use the right tools at the right time, based on the customer’s needs and expectations, to ensure that their experience remains fluid and secure.

When it comes to the digital transformation of branches, we respect all our customers equally. We want to welcome our customers in the best conditions possible. This is why we’re boosting our efforts in these areas in a number of branches. Customer reception at branches, professionalism and advisors’ customer relations skills are absolutely essential to the Group’s success. New technologies are only one aspect of a range of services in which human interaction plays a crucial role. At the same time, it’s a fact that customers of French banks are less and less likely to go into branches. We are adapting to these changing practices.

Other acquisitions are now being considered. Innovation is an extremely vast field, which the Group promotes both internally and externally. An ambitious initiative was recently launched within the Group, encouraging employees to create their own internal startups.

Societe Generale is also developing collaborations with external startups of all kinds; for example, in 2017, the Group acquired a stake in the share capital of the startup TagPay to develop our mobile money solution in Africa, under the YUP brand.

How has Societe Generale’s relationship with FinTechs evolved since the acquisition of Fiduceo?

Societe Generale is clearly open to working in partnership with FinTechs. Fiduceo allows the Group to offer an aggregation tool across all its retail networks.

What role does Russia play in your growth strategy?

Russia is a key region for Societe Generale; our presence and first operations there date back to the 1890s. We have a long-standing commitment to the country.
Russia is one of the most populated countries in Europe; it is wealthy and shows strong potential. The Group has made significant efforts to transform its approach there, to the extent that profitability rose to 10% last year.

The sanctions imposed on Russia by American and European authorities in 2014 have been increased - in particular by the United States - since April. Societe Generale has adopted an approach that allows it to refrain from operating with persons identified by name under these sanctions. The Group can now operate in the country while respecting sanctions and continuing to support its customers.

As one of the leaders in the European banking sector in terms of climate initiatives, how does Societe Generale manage risks related to maritime transport, a sector that is often forgotten but that contributes significantly to global warming?

For several years, the Group has had a CSR policy in place for the maritime transport sector, aimed at supporting the energy transition.

Thus, in 2017, it became the first financial institution to join the SEA/LNG coalition, which aims primarily to replace the use of fuel, in particular high-sulphur fuel, by a transition energy: liquefied natural gas. At the end of 2017, Societe Generale was the first bank to structure the financing of a liquefied natural gas ferry with the European Investment Bank.

The Group is deeply committed to this issue, and it will remain just as committed as transition technologies continue to change.

As the Group plan to stop supporting companies that continue to build coal-fired plants?

Societe Generale was one of the first international banks to make strong and specific commitments regarding the financing of carbon-based projects. During the COP 21 in December 2015, Societe Generale committed to keeping its practices in line with the goal of limiting global warming to 2°C by 2020, as defined by the International Energy Agency. At end 2017, carbon represented 20% of the energy mix financed by Societe Generale, and renewable energy represented 41%. The Group plans to continue in this direction.

In December 2017, the bank also decided to strengthen its financial commitment through a €100 billion contribution to financing the energy transition between 2016 and 2020.

Why not offer both cash and stock dividends, and allow shareholders to choose?

The dividend is increasing along with the Group’s results. The reference payout ratio was set at 50%. The stock payment option was not retained due to its dilutive effect. As for the loyalty dividend, the ECB has not authorised it for banking institutions.

What is ALD’s position regarding diesel?

Diesel is the most common form of energy in the ALD fleet due to the use of high-kilometre vehicles, which has historically made it an economically attractive option for customers. It should be noted that, unlike the vehicles in the general public fleet, those operated by ALD meet the most recent technical standards.

More broadly, ALD has implemented a plan to transition to non-diesel engine power, and to electric vehicles in particular. This plan focuses on all aspects of our activity. We aim to work with our customers to identify the optimal solution for vehicle use, and to bring about a gradual shift to alternative energies. The result is a significant decrease in the use of diesel in ALD deliveries (- 8 points between end 2016 and end 2017, a trend that will continue in 2018 and beyond).