

LETTER TO SHAREHOLDERS

Contents



An innovative and digital bank

90%

of contacts with our clients in France take place via digital channels

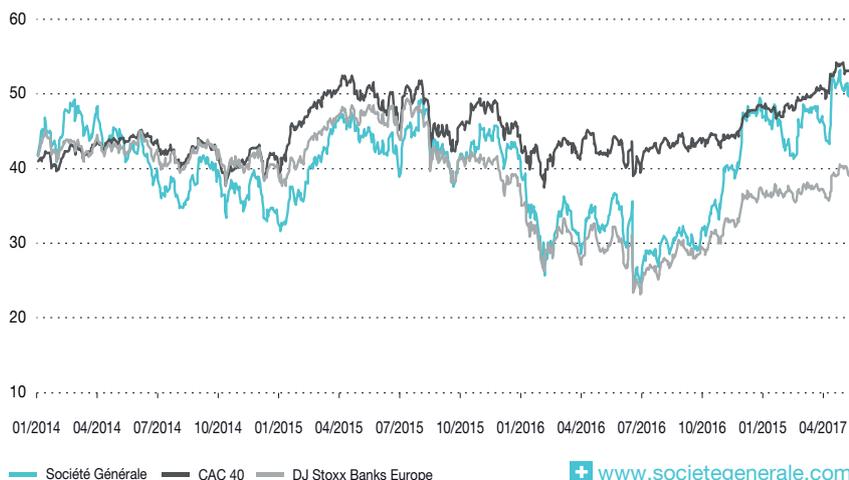
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The Share

Closing price of a single Societe Generale share at 23/05/2017: €50.00



Analyst Ratings

Morgan Stanley	➔	Buy	59.80
Citi	➔	Buy	56.00
JP Morgan	➔	Buy	55.00
Exane	➔	Buy	53.00
Barclays	➔	Neutral	50.00
UBS	➔	Neutral	48.00
Kepler Chevreux	➔	Neutral	54.50

Bloomberg consensus at 19 May 2017:

**39% buy,
55% neutral,
6% sell.**

Average target price: €52.5.

Selection of market opinions and target prices for Societe Generale shares taken from the most recent research.

Diary

2 August 2017

Publication of the second quarter and first semester 2017 results

3 November 2017

Publication of the third quarter and nine month 2017 results

23 and 24 November 2017

Actionaria exposition, Paris, France

28 November 2017

Investor Day: presentation of the strategic plan

4 and 7 December 2017

Meeting with shareholders in Lille and Bordeaux, France

How to contact us?



The "shareholders" app for smartphones and tablet computers



The corporate website:
www.societegenerale.com/mon-espace-actionnaire



The email address: societegenerale@relations-actionnaires.com



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We are committed to maintaining close ties with our shareholders

Dear shareholders,

As you know, our Group attaches great importance to maintaining regular dialogue with you via multiple channels. We provide omni-channel communication options that allow you to share your ideas with us throughout the year, whether at face-to-face shareholders' meetings or events organised for members of our Club, via our mobile app or the area of our corporate website dedicated to shareholders, or by calling our toll-free number.

Providing transparent, informative and regular communication is key to preserving our trust-based relationship with shareholders. If you wish to become more involved in the life of the Group, we encourage you to contact the shareholder relations service to apply to join our Consultative Committee, which will be partially renewed in the fall. Finally, allow me to take this opportunity, following the General Meeting, to thank you once again for your loyalty.



Philippe Heim,
Group Chief Financial Officer

Appointments - Board members



William CONNELLY

Mr. Connelly is a graduate of Georgetown University in Washington, USA. From 1980 to 1990, he was a banker at Chase Manhattan Bank in the United States, Spain and the United Kingdom.

From 1990 to 1999, Mr. Connelly worked at Barings then ING Barings as Head of Mergers and Acquisitions in Spain and subsequently Head of Corporate Finance for Western Europe.

From 1999 to 2016, he performed various functions in the Investment Banking division at ING and ended his career as Global Head of Corporate and Investment Banking and a member of the Executive Committee.

He was elected for four years by the General Meeting with 99.20% of the votes and sits on the Board as a Director.



Lubomira ROCHET

Ms. Rochet is a graduate of the *Ecole Normale Supérieure* and *Sciences Po* in France, and of the College of Europe in Bruges.

From 2003 to 2007, she was Head of Strategy at Sogeti (Capgemini). From 2008 to 2010, Ms. Rochet was Head of Innovation and Startups in France at Microsoft.

She joined Valtech in 2010 and became Chief Executive Officer in 2012. Since 2014, Ms. Rochet has been Chief Digital Officer and a member of the Executive Committee of L'Oréal.

She was elected for four years by the General Meeting with 99.24% of the votes and sits on the Board as a Director.



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

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90%

of contacts with our clients in France take place via digital channels



BOURSORAMA BANQUE

100% online subscription with a 30% increase in clients in 1 year

SHAREHOLDER RELATIONS DIGITAL AWARD 2016 WINNER

of the 6th awards ceremony organised by *Les Echos* and *Investir/Le Journal des Finances*

A SPIRIT OF INNOVATION IN ALL OUR BUSINESSES AND LOCATIONS

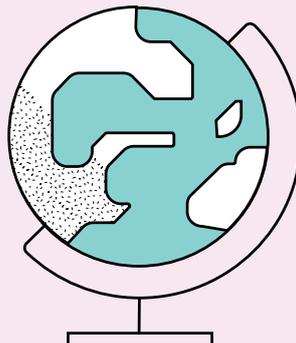
Africa Innovation Lab, Senegal

Le Plateau: a dedicated workspace for start-ups at The Dunes, the Group's new technology hub in France

Partnerships with leading French Tech players (Liberté Living Lab, Le Tank and SenseCube)

Partnership with the FinTech Innovation Lab in the United Kingdom

Catalyst accelerator programme in India



Mobile devices are the

1st

point of entry for clients of Societe Generale in France

1st

European bank to integrate Facebook Messenger in its app

€1.5bn

invested in digital and information technology in French Retail Banking by 2020



SG BUSINESS & COMMUNITIES

Internal social business network

61,000 staff users
Nearly 3,000 communities
Over 216,000 contents



Cybersecurity: innovation at its purest

Given the sophistication of digital attacks, Societe Generale has made cybersecurity a central focus in order to protect its customers, their data, and its Information Systems. Questions for Thierry Olivier, Head of Information Systems Security for Societe Generale Group, on cybersecurity issues in an age when banks are undergoing a digital transformation.



► What are the main cybersecurity issues for banks?

Cybercrime has brought with it four major risks. The oldest risk relates to the availability of our information systems.

However, it is essential that our customers can access their online banking services anytime, anywhere, on any device (ATAWAD). Next came external fraud, which targets customer-facing infrastructure (online banking sites, apps, etc.), and internal fraud, which targets the bank's internal systems. Finally, information leaks: theft of data, even limited in scope, may lead to us losing the trust of our customers, both individuals and businesses.

► In light of these threats, what actions have been taken by Societe Generale?

Societe Generale is constantly investing in order to better protect its customers' assets and transactions. We ensure data security and adherence to bank secrecy. We take action in five areas: The security of applications and the security of all customer data, whether personal or banking related; strengthening the security we offer to our customers (with tools

that are both reliable and easy-to-use), and building awareness and providing guidance to our customers as well as our employees, because nearly 90% of attacks worldwide take place through the company's own staff.

For example, as soon as there is a non-compliant transaction – a user who normally logs in during the daytime is seen doing so in the middle of the night – an alert is reported to our SOC (Security Operating Center) which monitors how all computing infrastructure and applications are being used, 24/7.

► How do customers experience this? Could you give us examples of solutions offered by Societe Generale?

One of our leading solutions is the dynamic security code, on the back of the bank card. This is a built-in digital screen that displays a new code every hour, making it impossible to reuse the data. In six months, nearly 100,000 of our customers have already adopted this solution. We also offer software to make the customer's own area on our website more secure: Trusteer, which helps the user ensure that the site he or she is viewing is not a fake site that has stolen Societe Generale's identity. Another example is Secure Access, a solution dedicated to businesses that secures the authentication and validation of orders (payments or deposits).

Bigger, stronger: working alongside entrepreneurs

Between 9 January and 21 April, Societe Generale provided support to the BFM Business “Bigger, stronger” campaign by offering strategic expertise and advice on financing for corporate development.

As part of this “Bigger, stronger” initiative, exclusive programmes were scheduled during the presidential campaign: special interventions and programmes were notably shown throughout the operation on Good Morning Business.

The goal: to urge all economic players in France to focus on the vital subject of company size. “Our companies are too small, we want bigger, stronger companies for a bigger, stronger French economy” points out Stéphane Soumier of BFM Business.

Societe Generale took the opportunity to speak during this campaign to:

- explain how company size poses a major challenge;
- inspire entrepreneurs by highlighting success stories;
- accompany players looking to grow their company by pointing out key areas for action.



Solidarity-based finance is central to Societe Generale's engagement and its clients



To meet the growing interest of its clients in solidarity-based activities, Societe Generale is offering various possibilities to support charities, help young business creators and engage in environmentally-friendly initiatives.

In 2016, Societe Generale offered its first innovative new product as part of the Bank's Positive Impact Financing approach, accessible to individual clients: SG Formule Durable.

Through the charity and entrepreneur credit card collections, environment business cards, the solidarity-based savings service, the Filigrane loyalty programme and the SG Solidarité fund, Societe Generale paid more than €1.8 million to 49 partner associations in 2016.

In the area of charity credit card collections, Société Générale Maroc (SGMA) continues to offer its SOS Villages d'Enfants card which helps the association to finance schooling for children from disadvantaged areas. At the end of 2016, SGMA had subscriptions to more than 1,800 cards, through which nearly €10,000 (MAD109,200) was paid to the association.



SOCIETE GENERALE. French limited company, capital stock: €1,009,641,917.50
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**BUILDING TEAM SPIRIT
TOGETHER**