SOCIETE GENERALE

A French corporation with share capital of EUR 1,009,380,011.25
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FIRST UPDATE

TO THE

2016 PILLAR 3

2015 RISK REPORT

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UPDATE OF THE 2016 PILLAR 3 BY CHAPTER

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1 - Chapter 3 - Capital management and adequacy

1.1 Chapter 3.3 – Regulatory capital

1.1.1 Regulatory capital – update of the 2016 Pillar 3 page 28

During the first quarter of 2016, Societe Generale did not issue any subordinated bond but redeemed at first call date the Additional Tier 1 bond implemented in February 2009 for USD 450 M and the Tier 2 bond implemented in February 2004 for EUR 114 M.

1.1.2 Evolution of prudential capital ratios at 31st March 2016 – update of the 2016 Pillar 3 page 29

Table 6 : Regulatory capital and CRR/CRD4 solvency ratios – Fully loaded

(In EUR bn)	31st Mar. 2015	31st Mar. 2016
Shareholders' equity Group share	**57,2**	**59,0**
Deeply subordinated notes*	(9,4)	(8,8)
Undated subordinated notes*	(0,4)	(0,4)
Dividend to be paid & interest on subordinated notes	(1,6)	(2,2)
Goodwill and intangible	(6,6)	(6,0)
Non controlling Interests	2,7	(2,5)
Deductions and regulatory adjustments	(4,7)	(5,1)
Common Equity Tier 1 Capital	**37,2**	**39,1**
Additional Tier 1 capital	8,7	8 ,9
Tier 1 Capital	**45,9**	**48,1**
Tier 2 capital	**7,1**	**9,6**
Total capital (Tier 1 + Tier 2)	**53,0**	**57,7**
Total risk-weighted assets	**370**	**351**
Common Equity Tier 1 Ratio	**10,1%**	**11,1%**
Tier 1 Ratio	**12,4%**	**13,7%**
Total Capital Ratio	**14,3%**	**16,4%**
Financial conglomerate ratio	**>100%**	**>100%**

Ratios based on the CRR/CDR4 rules as published on 26th June 2013, including Danish compromise for insurance.
* Excluding issue premiums on deeply subordinated notes and on undated subordinated notes

The implementation of the countercyclical buffer at March 31, 2016 had no impact on the capital charge.

1.2 Chapter 3.4 – Regulatory requirements

1.2.1 Evolution of RWA at 31st March 2016 – update of the 2016 Pillar 3 page 32

Table 10 (at 31st March 2016) : RWA by pillar and risk type

(In EUR bn) at 31st March 2016	Credit	Market	Operational	Total 31st Mar. 2016	Total 31st Dec. 2015
French Retail Banking	91.3	0.1	4.8	96.1	96.7
International Retail Banking and Financial Services	98.2	0.0	7.5	105.7	105.5
Global Banking and Investor Solutions	87.3	17.7	28.3	133.2	138.2
Corporate Centre	12.2	0.6	3.3	16.1	16.4
Group	**289.0**	**18.4**	**43.9**	**351.2**	**353.7**

1.3 Chapter 3.6 – Leverage ratio management

1.3.1 Leverage ratio at 31st March 2016 – update of the 2016 Pillar 3 page 34

Table CCR fully loaded leverage ratio(1)

(In EUR bn)	31st Mar. 2016	31st Dec.2015
Tier 1 Capital	**48.1**	**48.1**
Total prudential balance sheet(2)	**1,260**	1,229
Adjustement related to derivatives exposures	**-122**	-90
Adjustement related to securities financing transactions*	**-25**	-25
Off-balance sheet (loan and guarantee commitments)	**90**	90
Technical and prudential adjustments (Tier 1 capital prudential deductions)	**-10**	-10
Leverage exposure	**1,193**	**1,195**
CRR leverage ratio	**4,0%**	**4,0%**

(1) Pro forma fully loaded based on CRR rules taking into account the leverage ratio delegated act adopted in October 2014 by the European Commission . See Methodology Section 5
(2) The prudential balance sheet corresponds to the IFRS balance sheet less entities accounted for through the equity method (mainly insurance subsidiaries)
* Securities financing transactions : repos, reverse repos, securities lending and borrowing and other similar transactions

2 - Chapter 4 – Credit risks

2.1 Chapter 4.8 – Credit risk: quantitative information

2.1.1 Doubtful loans coverage ratio – update of the 2016 Pillar 3 page 65

Table 24 : Doubtful loans coverage ratio

(In EUR bn)	**31st Mar. 2015**	**31st Dec. 2015**	**31st Mar. 2016**
Gross book outstandings *	444.4	458.7	464.7
Doubtful loans *	24.5	23.3	23.4
Gross doubtful loans ratio *	**5.5%**	**5.1%**	**5.0%**
Specific provisions *	13.6	13.2	13.3
Portfolio-based provisions	1.3	1.4	1.4
Gross doubtful loans coverage ratio (Overall provisions/doubtful loans)	**61%**	**63%**	**63%**
Legacy assets gross book outstandings	4.2	2.7	2.7
Doubtful loans	2.4	1.3	1.3
Gross non performing loans ratio	**58%**	**50%**	**48%**
Specific provisions	2.1	1.2	1.1
Gross doubtful loans coverage ratio	**89%**	**87%**	**87%**
Group gross non performing loans ratio	**6.0%**	**5.3%**	**5.3%**
Group gross doubtful loans coverage ratio	**63%**	**64%**	**64%**

* Excluding legacy assets. Customer loans, deposits at banks and loans due from banks leasing and lease assets

2.2 Chapter 4.9 – Credit risk: additional quantitative information

2.2.1 Credit risk exposure – update of the 2016 Pillar 3 page 65

Table 28 : Credit risk exposure, exposure at default (EAD) and risk-weighted assets (RWA) by approach and exposure class – Update

	31st December 2015										
	Global portfolio										
	IRB			Standard			Total			Average [1]	
(In EUR m)	**Exposure**	**EAD**	**RWA**	**Exposure**	**EAD**	**RWA**	**Exposure**	**EAD**	**RWA**	**Exposure**	**RWA**
Exposure Class											
Sovereign	173,165	169,253	5,849	11,043	11,002	10,538	184,209	180,255	16,387	179,414	16,461
Institutions	55,749	51,048	10,596	49,072	48,248	5,652	104,821	99,296	16,249	105,734	16,584
Corporates	316,913	235,400	108,962	89,508	65,750	55,240	406,421	301,150	164,201	409,966	162,314
Retail	144,891	143,955	28,982	51,933	45,733	26,601	196,825	189,688	55,582	193,916	56,589
Securitisation	17,263	17,248	1,576	52	43	289	17,315	17,291	1,865	18,064	1,940
TOTAL	**707,982**	**616,903**	**155,965**	**201,608**	**170,776**	**98,319**	**909,590**	**787,679**	**254,284**	**907,093**	**253,888**

[1] *The average exposure and RWA are determined by aggregating the total gross exposure and RWA at the end of the last four quarters and dividing the result by 4.*

3 - Chapter 5 – Securitisation

3.1 Chapter 5.6 – Prudential treatment of securitisation positions

3.1.1 Regulatory capital requirements – update of the 2016 Pillar 3 page 99

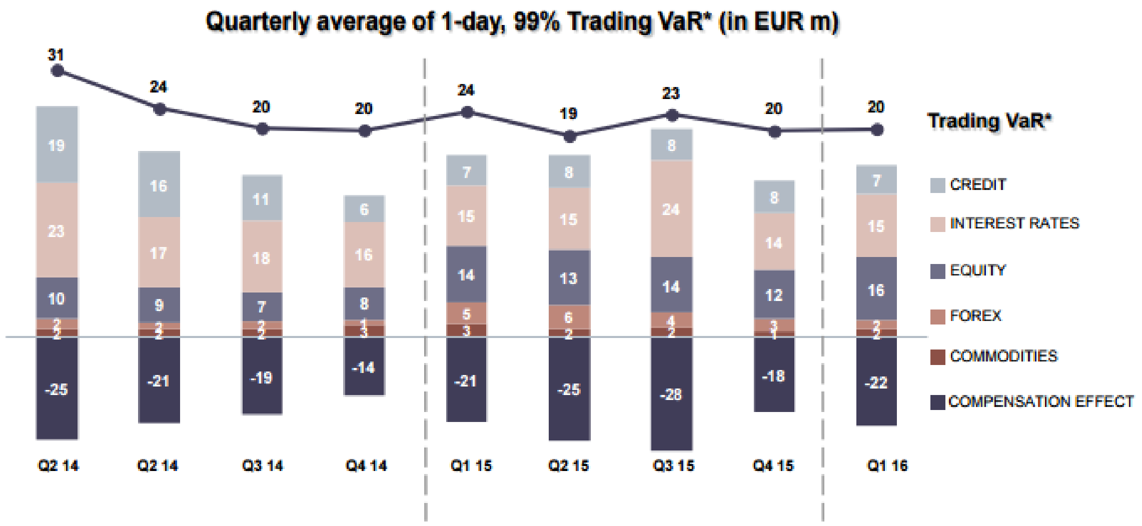
Table 55 : Aggregate amounts of securitised exposures retained or purchased in the banking book by approach and risk weight band – Update

(In EUR m)	Exposure at Default (EAD)(1)				Capital requirements			
	Securitisation		Re-Securitisation		Securitisation		Re-Securitisation	
Pondération	31 Dec.2015	31 Dec.2014	31 Dec.2015	31 Dec.2014	31 Dec.2015	31 Dec.2014	31 Dec.2015	31 Dec.2014
6 to 10%	712	610	0	0	4	4	0	0
12 to 18%	378	853	0	0	4	8	0	0
20 to 35%	128	195	48	2	2	5	1	0
40 to 75%	67	96	116	578	3	6	2	4
100%	61	29	0	353	5	2	0	1
150 to 250%	0	0	336	387	0	0	3	13
>250 and <425%	12	0	0	0	3	0	0	0
>425% and <850%	0	9	0	0	0	5	0	0
RBA method	**1,358**	**1,793**	**500**	**1,320**	**21**	**30**	**5**	**18**
IAA method	14,200	10,421	0	0	97	77	0	0
Supervisory Formula Approach	270	593	0	0	3	5	0	0
1,250%/Capital deductions	148	162	772	793	31	32	40	46
Total IRB approach	**15,976**	**12,969**	**1,272**	**2,113**	**152**	**114**	**45**	**46**
100% weighting	0	0	0	0	0	0	0	0
RBA approach	0	0	0	0	0	0	0	0
Transparency method	43	47	0	0	23	30	0	0
Total standardised approach	**43**	**47**	**0**	**0**	**23**	**30**	**0**	**0**
Total banking book	**16,019**	**13,016**	**1,272**	**2,113**	**175**	**174**	**45**	**64**

(1) 1250%-weighted EAD, Re-securitisation EAD and EAD in RBA method correspond exclusively to fully impaired positions display here gross for EUR 849 m (EUR 876 m in 2014).

4.1 Chapter 6.4 – 99% Value at Risk (VaR)

4.1.1 Breakdown by risk factor of trading VaR – change in quarterly average – update of the 2016 Pillar 3 page 106



Since January 1, 2008, the perimeter for credit VaR have excluded positions on hybrid CDOs, which are now accounted for prudentially in the banking book.

4.1.2 Stressed VaR – update of the 2016 Pillar 3 page 106

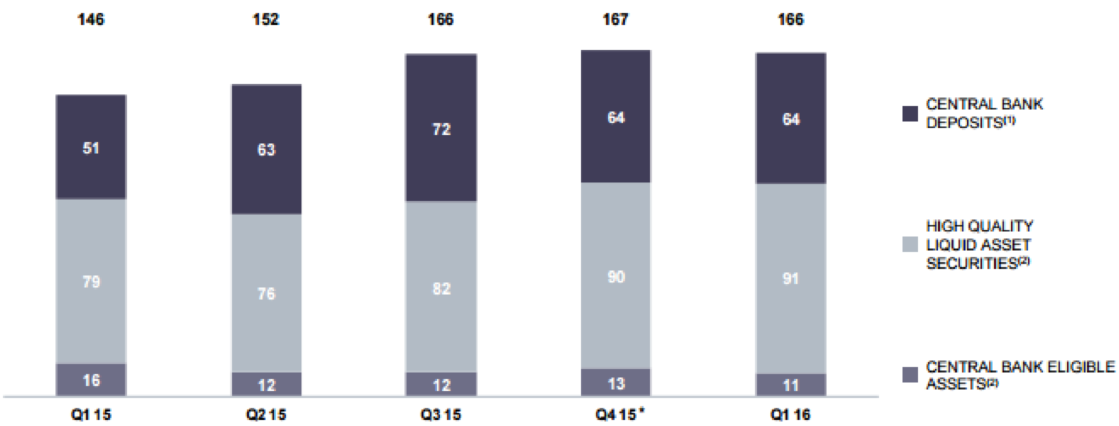
Stressed VAR** (1 day, 99%, in EUR m	Q1 14	Q2 14	Q3 14	Q4 14	Q1 15
Minimum	65	50	42	56	45
Maximum	107	95	98	95	82
Average	82	68	62	75	62

5 - Chapter 9 – Liquidity risk

5.1 Chapter 9.5 – Liquidity reserve

5.1.1 Liquidity reserve — update of the 2016 Pillar 3 page 132

Liquid asset buffer (in EUR bn)



- Liquidity Coverage Ratio at 139% on average in Q1 16

(1) Excluding mandatory reserves
(2) Unencumbered, net of haircuts
* Data adjusted vs. published data at Q4 15 – High quality liquid asset securities previously at EUR 92bn

6 - Chapter 10 – Compliance, reputational and legal risks

6.1 Chapter 10.2 – Risks and litigation

The Group reviews in detail every quarter the disputes presenting a significant risk.

- Societe Generale, along with other financial institutions, has been named as a defendant in two putative class actions in the US District Court in Manhattan brought by purchasers or sellers of Euroyen derivative contracts on the Chicago Mercantile Exchange ("CME"), and purchasers of over-the-counter derivative contracts, respectively, who allege that their instruments were traded or transacted at artificial levels due to alleged manipulation of Yen LIBOR and Euroyen TIBOR rates. On 8th October 2015, the court denied a motion filed by the California State Teachers' Retirement System ("CalSTRS") to intervene as plaintiff in the exchange-based case. CalSTRS has appealed that decision to the US Court of Appeals for the Second Circuit. On 29th February 2016, exchange-based plaintiffs filed their Third Amended Complaint adding CEA claims for an extended putative class period against all defendants. Answers to the Third Amended Complaint and any motions to dismiss the additional CEA claims are due in May 2016. Motions to dismiss the over-the- counter plaintiffs' claims have been filed.

  On 4th December 2013, the European Commission issued a decision further to its investigation into the EURIBOR rate, that provides for the payment by Societe Generale of an amount of EUR 445.9 million in relation to events that occurred between March 2006 and May 2008. Societe Generale has filed an appeal with the Luxembourg Court regarding the method used to determine the value of the sales that served as a basis for the calculation of the fine. On 6th April 2016, Societe Generale obtained a EUR 218 million discount on the fine after having withdrawn its appeal. The fine therefore decreased from EUR 445.9 million to EUR 227.72 million, and SG will receive, in addition to the reimbursement of the capital, interests calculated by the Commission.

- Societe Generale, along with several other financial institutions, has been named as a defendant in a putative class action alleging violations of US antitrust laws and the Commodity Exchange Act in connection with foreign exchange spot and derivatives trading. The action is brought by persons or entities that transacted in certain over-the-counter and exchange-traded foreign exchange instruments. The litigation is pending in the US District Court in Manhattan. Societe Generale's motion to dismiss on jurisdictional grounds was denied. A separate motion to dismiss on substantive grounds remains pending. Societe Generale and certain subsidiaries, along with other financial institutions, have also been named as defendants in two putative class actions in Canada (in Ontario Superior Court in Toronto and Quebec Superior Court in Quebec City) involving similar claims.

7 - Remuneration

7.1 Summary

The objective of the remuneration policy implemented by the Group is to attract, motivate and retain employees in the long term, while ensuring an appropriate management of risks and compliance. With respect to the Chief Executive Officers, it is furthermore aimed at rewarding the implementation of the Group's long-term strategy in the interests of its shareholders, its clients and its employees.

CORPORATE GOVERNANCE OF REMUNERATION POLICY

The governance applied by the Group ensures an exhaustive and independent review of the remuneration policy, through:

- An annual review of remuneration, which is coordinated by the Human Resources Division and involves the Bank's control functions, in successive stages of validation up to the level of General Management;
- A ultimate validation of this policy, including principles, budgets and individual allocations of the highest remunerations, for all the Core Businesses and Central Divisions, by the Board of Directors after review by the Compensation Committee.

This remuneration policy has been established in compliance with relevant regulations, in particular the European Directive 2013/36/UE, published on 26 June 2013 (hereinafter - "CRD IV") and its transposition in France via Order n°2014-158 of 20 February 2014, for the staff members exerting a significant impact on the Group's risk profile (hereinafter "regulated population"). It is subject to regular review:

- Externally by the various supervisory bodies;
- Internally through an independent review by the Internal Audit Division.

In addition, with respect to the Chief Executive Officers, it respects the recommendations of the AFEP-MEDEF Corporate Governance Code.

GROUP'S POLICY AND PRINCIPLES WITH REGARD TO REMUNERATION

In addition to the constraints imposed by CRD III, the CRD IV, which applies since 2014, includes provisions for:

- A definition of the regulated population, based on regulatory technical standards developed by the European Banking Authority (EBA) in the Delegated Regulation (EU) No 604/2014;
- A cap on the variable component of remuneration of this regulated population, which cannot exceed the fixed component, with the possibility for the Annual General Shareholders' Meeting to approve a higher maximum ratio of up to 2:1 between variable and fixed components.

In 2014, the Group completed the implementation of the CRD IV requirements through:

- The definition of the regulated population in line with the Delegated Regulation (EU) No 604/2014;
- Obtaining an approval from the Annual General Meeting of 20 May 2014 for a maximum ratio of 2:1 between variable and fixed components of remuneration for the regulated population and ensuring that all beneficiaries comply with this maximum ratio.

° **The 2015 regulated population was defined, as in 2014, on the basis of the identification criteria specified in the EBA regulatory technical standards** (level of responsibility, impact in terms of risk exposure and level of total remuneration). On the basis of these criteria, **the regulated population for 2015 included 676 staff (excluding the Chief Executive Officers)**, compared with 550 in 2014.
This increase is mainly due to the Group's decision not to request exemptions of some employees identified only by their level of total remuneration but who do not take major risks when excising their function. It is also due, to a lesser extent, to the organizational changes which took place in 2015.

° **The approach in terms of the determination and structure of variable remuneration for the regulated population is in continuity with that applied in previous years and remains compliant with the CRD IV requirements**. The key principles are as follows:

> **The variable remuneration pools are determined by business line on the basis of**:
- **the financial results** after taking into account the risks, the Finance Division ensuring that the total amount of variable remuneration does not undermine the Group's capacity to meet its objectives in terms of capital requirements;
- **qualitative factors** such as market practices, conditions under which activities are carried out and risk management, through an independent appraisal process performed by the Risk and Compliance Divisions, essentially for the Global Banking and Investor Solutions and International Banking and Financial Services activities.

> **The allocation of individual variable takes into account annual individual appraisal based on the achievement of quantitative and qualitative objectives known to the employee**, further complemented by an evaluation on risk management and compliance[1] carried out by the Risk and Compliance Divisions.

> **A variable remuneration structure is compliant with regulations, including**:
- a non vested component subject to continued employment, minimum performance conditions and appropriate management of risks and compliance, which vests over three years on a pro-rata basis, with a deferral rate of **at least 40% and up to 70% for the highest variable remunerations**;
- the award of **at least 50% in the form of Société Générale shares or share equivalents** (representing 50% of the vested component and two thirds of the non vested component).

As a result**, the part of variable remuneration that is immediately paid out in cash is capped at 30% and can go down to 15% for the highest variable remunerations**. The share equivalents, in addition, are subject to a retention period of at least six months.

Starting from 2014, the variable compensation arrangements for the Group Executive Committee and the Management Committee impose more stringent rules as compared to those applicable to other regulated staff, and are aligned with the scheme applied to the Chief Executive Officers (cf. below). The non-vested component of their variable remuneration is deferred over five years, including a part deferred in one third over three years as described above, and a part in the form of long-term incentive vesting after five years, attributed in the form of Société Générale shares or share equivalents and subject to performance conditions depending on the relative performance of Société Générale share.

° In compliance with regulation, **Société Générale's General Annual Meeting which took place on 20 May 2014 approved the increase of the ratio between variable and fixed components of remuneration to 200% for all the Group regulated population**. This decision will remain in force until reconsidered by the General Meeting.

° **The variable remuneration pool awarded to the regulated population with respect to 2015 was 244 M€ and total variable and fixed remuneration amounted to 490 M€.** The resulting average remuneration is down as compared to that 2014, by -12% in terms of the variable component and by -6%, in terms of total fixed and variable remuneration[2], at constant exchange rate:

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1 All reference in this report to compliance includes the notion of reputational risk.
2 Excluding severance pay

2015	Group Total
Regulated population	676
Total Remuneration	490,1
of which Fixed remuneration	246,0
of which Variable remuneration	244,1
% of instruments	57%
% of deferred	49%
average ratio of variable / fixed	102%

Data excluding Executive Officers

7.2 Preamble

This document was drafted in application of Articles L511-71 to L511-88 of the French Monetary and Financial Code, as amended by the Ordinance n°2014-158 of 20 February 2014 which modified the regulatory requirements concerning the remuneration of staff whose activities are likely to have a significant impact on the risk profile of credit institutions and investment firms. Ordinance n°2014-158 of 20 February 2014 (complemented by the Decree n°2014-1315 and the Order relative to internal control, both dated 3 November 2014) transposed into the French law the remuneration provisions of the European Directive 2013/36/EU of 26 June 2013 (hereinafter - “CRD IV”).

PART 1. CORPORATE GOVERNANCE OF REMUNERATION POLICY

The Group’s remuneration policy is reviewed every year. It is defined by General Management, on a proposal of the Group Human Resources Division. The Board of Directors approves this policy, after examining the Compensation Committee’s recommendation.

The Group’s remuneration policy, in particular with regard to the categories of staff whose activities have a significant impact on the Group’s risk profile (hereinafter “regulated staff”), is applied to Société Générale as well as the entities it controls, in France and throughout the world. The policy applied to the regulated staff is adapted outside France in order to comply with local regulations. The Group’s rules are prevalent, except when local regulations are more stringent.

The definition of this policy draws on analysis of the market context and compensation surveys carried out by external consultants (e.g. Aon-Hewitt/MacLagan, Towers Watson, Mercer, PricewaterhouseCoopers), notably with regard to the categories of employees that belong to the regulated population.

1.1 The composition and the role of the Compensation Committee

As of 31 December 2015, the Compensation Committee is composed of four members, including three independent directors. Lorenzo Bini Smaghi, Chairman of the Board of Directors, participated in all the sessions of the Compensation Committee, starting from the date of his appointment.

The Compensation Committee includes the following directors:

Jean-Bernard LEVY, Chairman and Chief Executive Officer of EDF: Independent Director, President of the Compensation Committee, Member of the Nomination and Corporate Governance Committee.

Gérard MESTRALLET, Chairman and Chief Executive Officer of ENGIE: Independent Director, President of the Nomination and Corporate Governance Committee, Member of the Compensation Committee.

Michel CICUREL, Chairman of Michel Cicurel Consulting: Independent Director, Member of the Compensation Committee and the Nomination and Corporate Governance Committee.

France HOUSSAYE, Mass Affluent Market Manager in Rouen branch: Director elected by employees, Member of the Compensation Committee.

The main missions of the Compensation Committee are defined in Section 3 on corporate governance of the 2016 Registration Document.

The Compensation Committee reports its findings to the Board of Directors. It carries out the same tasks for the Group companies supervised by the French Prudential Supervisory Authority (hereinafter "ACPR") on a consolidated or sub-consolidated basis.

More specifically, the Compensation Committee met seven times during the remuneration review process spanning the period 2015 - 2016. During these meetings, the Committee prepared the Board's decisions with respect to the following issues:

Chief Executive Officers	- Status and remuneration of Chief Executive Officers; - Appraisal of qualitative and quantitative performance with respect to 2015 of Chief Executive Officers and discussion with the other Directors of the Group - Review of annual objectives set with respect to 2016 for Chief Executive Officers proposed to the Board	April 2015 December 2015 January 2016 February 2016 March 2016
Regulation	- Verification that Group remuneration policies comply with regulations, in particular those covering the regulated population (payment structure and terms) - Review of changes in regulations with regard to remuneration and regulators' requirements	April 2015 July 2015 December 2015 January 2016 February 2016
Group remuneration policy	- Verification that remuneration policy is in line with the Company's risk management policy and the objectives set in terms of capital requirements - Review of the extent to which risks and compliance are taken into account in the variable remuneration policy - Proposal put to the Board with respect to performance share plans - Review of the fulfilment of the performance conditions applicable to deferred remuneration and long term incentives of the Group	October 2015 December 2015 February 2016 March 2016

The Compensation Committee specifically ensured during the last period that the remuneration policy takes into account the risks generated by the businesses, and that employees comply with the risk-management policies and professional norms, and consulted with the Risks Committee on the issue.

1.2 Internal governance of remuneration within the Group

The annual process conducted to review individual situations (fixed salary and, when relevant, variable remuneration and/or performance shares) is coordinated by the Group Human Resources Division following various validation stages at the level of subsidiaries/business lines, Core Businesses and Central Divisions, the Group Human Resources Division and General Management and finally the Supervisory Board upon the recommendation from the Compensation Committee. The final validation covers policy and budgets for the whole Group, as well as individual allocations for the key positions and the highest levels of remuneration, with the Group Human Resources Division ensuring the consistency of the overall process and documenting the final validation stage at Group level. Legal and regulatory obligations in force in entities in France and in entities and countries outside France are taken into account in this process.

Moreover, General Management has defined, in addition to the annual process conducted to review individual situations, a system for the governance and delegation of remuneration decisions which applies to the entire Group. Above certain thresholds and under certain conditions, decisions relating to remuneration, which can be taken in various situations of human resources management (recruitment, functional or geographical mobility, promotion, departure,…) require validation by the Group Human Resources Division or General Management. These delegation rules are notified to Core Businesses and Central Divisions that subsequently apply them at their level.

1.3 The role of control functions

In compliance with the rules concerning bank remuneration policies and practices defined within the framework of the European CRD IV Directive and transposed into French law via notably Ordinance n°2014-1158 of 20 February 2014, **the control functions, including in particular the Risk Division, the Compliance Department and the Finance Division, are involved in the process of reviewing the Group's variable remunerations and, more specifically, those of the CRD IV regulated population.**

Control functions intervene in particular at the following key stages:

- The Group Human Resources Division identifies the regulated population, both in terms of the covered perimeter of activities as well as covered positions, in cooperation with the Risk Division and the Compliance Department (cf. 2.2 below);
- The Finance Division validates the methodology used for setting variable remuneration pools, notably for Global Banking and Investor Solutions, ensuring that the various kinds of risk have been taken into consideration, and furthermore checking that the total amount of variable remuneration does not hinder the Group's capacity to build up its capital base (cf. 2.3.1.1 below);
- The Risk Division and the Compliance Department assess risk and compliance management essentially by the sub-business lines of Global Banking and Investor Solutions and by those of International Banking and Financial Services (cf. 2.3.1.1 below), and give their opinion about the manner in which regulated staff take these aspects into account (cf. 2.3.1.2), leading to an adjustment of variable remuneration pools and individual awards in consideration of these assessments;
- The Finance Division takes part in the process of defining deferred remuneration schemes (structure, performance conditions and malus clauses) (cf. 2.3.2 and 2.3.3).

The independence of these control functions is guaranteed by direct reporting to the Group's General Management. Moreover, as with all Group support functions, these functions are compensated through variable remuneration pools determined according to the Group's overall performance, independently of the results of the activities they control. The allocation of these variable remuneration pools is based on the extent to which objectives specific to their function are met.

This governance system ensures that remuneration decisions are made independently and objectively. The process is reviewed *ex post* by the Internal Audit Division.

PART 2. GROUP REMUNERATION POLICIES AND PRINCIPLES

The aim of the Group's remuneration policy is to enhance the efficiency of remuneration as a tool for attracting and retaining employees who contribute to the long term success of the company while ensuring that employees manage risks in an appropriate manner and comply with regulations. This policy is based on principles common to the whole Group, which are then implemented by each business line and geographic area in which the Group operates, taking into account the market practices.

Remuneration includes a fixed component that rewards the capacity to hold a position in a satisfactory manner through the employee's displaying the required skills and, when relevant, a variable component that aims to reward collective and individual performance, depending on objectives defined at the beginning of the year and conditional on results, the context and also the behaviour displayed to meet said objectives, according to standards shared by the entire Group.

Employees whose variable remuneration award is below a certain level may also benefit from a long term incentive award in the form of performance shares. The corresponding pools of LTI are mainly dedicated to employees who have been identified as strategic talents, key resources and top performers.

The Group's remuneration policy is defined in a manner that avoids providing incentives that may result in situations of a conflict of interests between employees and clients. The governance principles and rules governing remuneration are set out in the Group's normative documentation concerning the management of conflicts of interest.

2.1 Conformance of the Group remuneration policy with regulatory requirements

In defining its remuneration policy, Société Générale Group undertakes to comply with all the applicable regulations, notably:

- Directive 2013/36/UE of the European Parliament and of the Council of 26 June 2013, transposed in the Monetary and Financial Code by Ordinance n° 2014-158 of 20 February 2014 (hereinafter - "CRD IV");
- Directive 2011/61/EU of the European Parliament and of the Council of 8 June 2011, transposed in the Monetary and Financial Code by Ordinance n° 2013-676, and Directive 2014/91/EU of the European Parliament and of the Council of 23 July 2014, transposed in the Monetary and Financial Code by Ordinance n°2016-312 of 17 March 2016 (hereinafter - "Directives AIFMD and UCITS V");
- Law n° 2013-672 of 26 July 2013 on separation and regulation of banking activities (hereinafter - "French Banking Law");
- The rule enacted by Section 13 of the Bank Holding Company Act, implementing Section 619 of Dodd–Frank Wall Street Reform and Consumer Protection Act (hereinafter - "Volcker Rule");
- Directive 2004/39/EC of the European Parliament and of the Council of 21 April 2004 on markets in financial instruments, transposed in the Monetary and Financial Code by Ordinance n° 2007-544 of 12 April 2007 (hereinafter - "MIFID");
- Directive 2009/138/EC of the European Parliament and of the Council of 25 November 2009, transposed in the Insurance Code by Ordinance n° 2015-378 of 2 April 2015 (hereinafter - "Solvency II").

The main provisions of the regulations above regarding remunerations are as follows:

- The CRD IV, targeting credit institutions' and investment firms' worldwide activities, imposes constraints on the variable remuneration structure of employees considered as assuming significant risks (hereinafter - "CRD IV regulated staff"), including notably to defer a part of the variable compensation and to pay a part of the variable compensation in the form of financial instruments indexed on the long-term interests of the bank, as well as a cap on the variable compensation as a multiple of fixed compensation;
- Directives AIFMD and UCITS V, applicable to asset management firms' worldwide activities, impose constraints on the variable remuneration structure of employees identified as assuming significant risks (hereinafter - "AIFMD and UCITS V regulated staff"), including notably a requirement to defer a part of the variable compensation and to pay a part of the variable compensation in the form of financial instruments which reflect the performance of the funds under management;
- The French Banking Law, targeting worldwide market and treasury operations, requires the Group to isolate in a separate subsidiary proprietary trading operations not linked to client activities and to ensure determination of the remuneration of the market operators in consistency with the organizational rules and internal functioning of activities, so that the remuneration does not encourage risk-taking without link to the pre-defined objectives;
- The Volcker Rule, applicable to the worldwide scope of market operators, prohibits certain proprietary activities and requires that the compensation arrangements do not incentivize the activities prohibited by the Rule nor excessive or impudent risk-taking;
- MIFID, implemented with the objective to protect the markets, and concerning employees providing investment and related services to clients in the EU / EEA, requires that the compensation arrangements encourage responsible professional behavior towards clients and help avoid conflict of interest;
- Solvency II, applicable to insurance and reinsurance companies of the EU / EEA, requires setting remuneration policy compliant with the company strategy and with risk-management objectives, incorporating measures aimed at avoiding conflict of interest, promoting sound and efficient risk management, and not encouraging risk-taking exceeding the risk tolerance limit of the entity. The

Directive recommends a balance between the fixed and variable remuneration components and requires that a substantial part of the variable of the employees having significant impact on the risk profile of the entity be deferred over time.

The remuneration policy of Société Générale Group incorporates the different constraints listed above in the following manner:

> Ex-ante, taking into account risks while defining variable envelopes and individual allocations (cf. 2.3.1):
  - for the entire Group, applying quantitative financial indicators factoring in risks and also qualitative indicators in the definition of variable envelopes and, at individual level, including objectives related to risks and compliance management and to taking into account client interests and client satisfaction;
  - in addition, within Global Banking and Investor Solutions (GBIS) and International Banking and Financial Services (IBFS), conducting independent annual evaluations by Risks and Compliance divisions regarding risks and compliance management by entities / activities which have a major impact on the Group's risks profile and by employees regulated in the sense of the CRD IV, AIFMD, UCITS V operating in these entities / activities.

Via the mechanisms described above, absence of direct link between commercial performance and variable remuneration is ensured.

> Ex-post, taking into account risks in the deferred variable compensation schemes (cf. 2.3.2 and 2.3.3):
  - CRD IV regulated staff are subject to the following constraints: deferral of 40% minimum of the attributed variable over three to five years vesting on pro-rata temporis basis, starting from a certain amount of variable; attribution of 50% minimum of the variable in the form of financial instruments; non-vested part subject to presence and performance conditions, as well as to appropriate management of risks and compliance;
  - staff regulated under AIFMD and UCITS V are subject to similar constraints as imposed by the CRD IV in terms of deferral rate and period, payment of variable in instruments and conditions applicable to the non-vested part;
  - beyond the scope of staff regulated under CRD IV, AIFMD and UCITS V, the employees of Global Banking and Investor Solutions and those of the Central Divisions are subject to the following remuneration provisions: above a certain threshold, variable deferred on progressive rate over three years vesting on pro-rata temporis basis and paid in the form of financial instruments; non-vested part subject to the same vesting conditions as for CRD IV regulated staff.

Assessments carried out internally and externally demonstrate that the Group's remuneration policy complies with regulatory requirements.

Internally, the Group's remuneration policy is reviewed regularly and independently by the Internal Audit Division since 2010.
The latest review carried out in 2015 covered the remuneration policy applied for 2014 to the regulated population. The Internal Audit Division concluded that the risk of non-compliance of the Group's remuneration policy was properly managed, both from the point of view of governance of the overall process and of the respect of the quantitative and qualitative rules applied to the variable remunerations awarded for the performance year 2014. Pursuant to this review, four new recommendations were issued, all of which have already been implemented. Notably, the remuneration of all of the regulated staff from the former brokerage subsidiary Newedge, which passed under the control of Société Générale during 2014, is in full conformance with the CRD IV starting from the performance year 2015.

In addition, the Group's remuneration policy is regularly reviewed by external supervisory bodies (ACPR, ECB, EBA, Federal Reserve,...).

2.2 Perimeter of the regulated population in 2015

In continuity with the previous financial years and in line with regulations, the regulated staff scope covers all employees whose professional activities have a material impact on the Bank's risk profile, including employees exercising control functions.

In 2014, the methodology of determination of the Group regulated staff, reviewed to take into account the final version of the EBA regulatory technical standards, included in the Regulation (EU) 604/2014, led to the identification of 550 staff members (excluding Chief Executive Officers).

In 2015, the scope of the regulated staff was updated on the basis of the same regulatory technical standards which include:

- Qualitative criteria linked to the function held and the level of responsibility;
- Criteria linked to impact in terms of risk exposure based on limits of authority for credit risk and market risk, within the thresholds fixed by the EBA;
- A level of total fixed and variable remuneration, including long term incentive awards (LTI).

On this basis, the perimeter of the 2015 regulated staff includes:

- The Group's three **Chief Executive Officers** – Frédéric Oudéa, Séverin Cabannes and Bernardo Sanchez Incera - 3 persons;
- **The members of the Board of Directors** - 13 persons;
- **The members of the Group Executive Committee and Management Committee**, which includes the Heads of the main business lines and subsidiaries of the Group, as well as the Heads of control and support functions for the Group (risks, compliance, internal audit, finance, legal and taxation, human resources, information technology) - 57 persons;
- **Key staff members in charge of control functions or support functions** at Group level and who are not members of the aforementioned bodies - 22 persons
- **Within the "material business units"[3], the main operational managers** (members of the executive committees of activities or subsidiaries) **and managers responsible for control functions**, who are not already identified by the above criteria - 193 persons;
- **Staff having credit authorisations and/or responsible for market risk limits exceeding materiality thresholds** at Group level, as defined by the EBA, and who are not already identified by the above criteria - 104 persons;
- **Material risk takers whose total remuneration for 2014 exceeds the 500 K€ threshold defined by the EBA** and who are not already identified by the above criteria, which concerns a limited number of profiles within financing and investment banking who have essential skills for the development of certain Group activities and some key employees who achieved exceptional performance during the last financial year - 287 persons.

In fine, the 2015 regulated staff comprised 679 staff members (including the three Chief Executive Officers).

The increase of the number of regulated staff between 2014 and 2015 is explained essentially by the fact that the Group decided to forego the possibility to exempt some employees identified solely by their total remuneration but not having significant impact on the risks. The new process of approval of the exemption requests introduced by the European Central Bank (ECB) in the end of 2015 led to a degree of formalisation and a validation schedule which are incompatible with the Group's operational constraints. To a lesser extent, the increase of the number of regulated staff is due to reorganisations which impacted some activities of Global Banking and Investor Solutions.

The perimeter of the population will more generally be reviewed every year to take into account changes in terms of internal organisation and remuneration levels.

In addition, 217 staff members (including 33 already identified at the Group level) **have been identified as regulated within seven subsidiaries of the Group** located within the European Economic Area. These entities must apply **on individual basis** the CRD IV Directive as they are considered significant entities in their respective countries:

- 58 in Crédit du Nord in France;
- 15 in Société Générale Bank and Trust (SGBT) in Luxemburg;
- 23 in Société Générale Securities Services (SGSS) Spa in Italy;
- 7 in SG Private Banking in Belgium;
- 72 in Komercni Banka in Czech Republic;
- 26 in Banque Roumaine de Développement (BRD) in Romania;

3 The « material business units » as defined by the EBA regulatory standards are the activities (subsidiaries, businesses) within the Group which represent at least 2% of the Group's internal capital.

- 16 in Eurobank in Poland[4].

2.3 2015 Group variable remuneration policy

Allocation of variable remuneration is not contractual, it depends on both individual and collective performance and takes into account previously defined quantitative and qualitative criteria, integrating risks. It also takes into consideration the economic, social, and competitive context. In order to avoid any conflicts of interest, variable remuneration is not directly or solely linked to the amount of revenues generated.

In addition, for several categories of employees (staff regulated under CRD IV, AIFMD, UCITS V; all employees within Global Banking and Investor Solutions and Central Divisions beyond a certain threshold), **a significant portion of variable remuneration is deferred over three years and subject to presence and performance conditions of the business line and/or activity concerned**. As such, when performance conditions are not met, the deferred component of variable remuneration is partially or fully forfeited. **Furthermore, any excessive risk taking or any behaviour deemed unacceptable by General Management may result in a reduction or total forfeiture of this deferred component**. Finally, the variable remuneration of the CRD IV regulated staff is capped at two times the fixed remuneration.

2.3.1 Link between variable remuneration and performance and alignment of variable remuneration with risk within the Group (ex ante)

2.3.1.1 Determination of variable remuneration pools

The variable remuneration pools within Global Banking and Investor Solutions are calculated for the main activities on the basis of the normalised net profit of the activity, integrating all costs and risks inherent to the activities (liquidity; counterparty; market; operational; legal; non compliance; capital - cf. detail in the table below)

Variable remuneration pools are set by business line, at a global level, in order to ensure financial solidarity between the various activities and avoid conflicts of interest.
Part of the variable remuneration pool of each business line is allocated to a transversal pool that is used to finance variable remuneration for activities still in their development stage and support functions (operations, information technology,…).
The methodology used to take these items into account has been approved by the Finance Division and then by the Board of Directors based on the recommendations of the Compensation Committee. It complies with the relevant regulatory requirements.

Within Retail Banking in France and International Banking and Financial Services, the variable remuneration pools are determined notably on the basis of the evolution of the operating income, which includes the different costs and risks inherent to the activities of these Core Businesses.

For Central Divisions, the evolution of variable remuneration pools is in large part correlated to that of the Group's operating income. This is notably the case for control functions which are all integrated to the Central Divisions and for which variable remuneration pools are determined independently of the results of the business activities they control.

For all Core Businesses and Central Divisions, the setting of the pools, as well as their allocation to businesses/entities, depends on the aforementioned quantitative factors but also on several qualitative factors, which include:

- Market practices in terms of remuneration;
- General conditions in the markets in which the results were generated;

4 In 2015, the regulated staff of Eurobank was identified on the basis of internal criteria, the CRD IV not being transposed yet in the local legislation.

- Elements which may have impacted temporarily the business performance;
- The stage of maturity of the activity;

In addition, the Risk Division and the Compliance Department carry out an independent assessment of businesses/entities having a significant impact on the Group's risk profile, essentially within Global Banking and Investor Solutions and International Banking and Financial Services.
Each business/entity is assessed by the Risk Division with respect to the way it manages counterparty risks, market risks and operational risks and by the Compliance Department with respect to managing non-compliance risk. Thus, the assessment made by the Risk and Compliance experts on the collective management of risks has a weighting effect on the manner in which variable remuneration pools are allocated between businesses/entities.

For the Group's senior managers (Chief Executive Officers, Group Executive Committee and Management Committee), variable remuneration is not based on a collective pool but is determined individually on the basis of the Group's financial results, the results of the business activity they supervise, the extent to which they have met their specific qualitative and quantitative objectives and taking into account market practices as reported by remuneration surveys.

Moreover, the Finance Division includes the global proposed variable remuneration pool at Group level in the budget forecasts that are used as a basis to project regulatory capital ratios. In this respect, variable remuneration is taken into account alongside other factors in capital planning and in terms of its adequacy with respect to the objectives set by the Bank. **General Management reserves the right, at its sole discretion, to re-calibrate variable remuneration pools if they limit the Bank's capacity to maintain the level of capital required to meet the target prudential ratios.**

2.3.1.2 Individual allocation of variable remuneration

The individual allocations of variable remuneration components take into account, for the entire Group, an annual individual performance appraisal based on the achievement of quantitative and qualitative objectives.

By consequence, there is no direct or automatic link between the commercial and financial results of an individual employee and his or her level of variable remuneration insofar as employees are assessed on their results, those of their activity and the way in which said results were achieved.

The objectives set are in accordance with the SMART method (the objectives are Specific, Measurable, Accessible, Realistic and fixed within a Timeframe). This means that the objectives are clearly identified and can be assessed by indicators that are known to the employee.

The qualitative objectives are tailored to the individual employee, in relation to the employee's professional activity and adapted to the position held. These objectives include the quality of risk management, the means used and behaviours displayed to achieve results such as cooperation, teamwork and human resources management, as well as the management of clients' interests and satisfaction. Such qualitative objectives are listed in a common reference document that is used throughout the Group.

In addition to the individual appraisal carried out by line managers, the Risk Division and the Compliance Department independently assess staff regulated under the CRD IV, AIFMD and UCITS V, essentially within Global Banking and Investor Solutions and International Banking and Financial Services. They review in particular:

- Risk awareness, technical expertise and risk management, as well as respect of policies and procedures related to risk management;
- Compliance with regulations and internal procedures, as well as the extent to which they are transparent *vis-à-vis* the clients with respect to products and associated risks;
- The quality of the interactions between the employees concerned and the Risk Division and the Compliance Department (transparency, pro-activity, completeness of information,…).

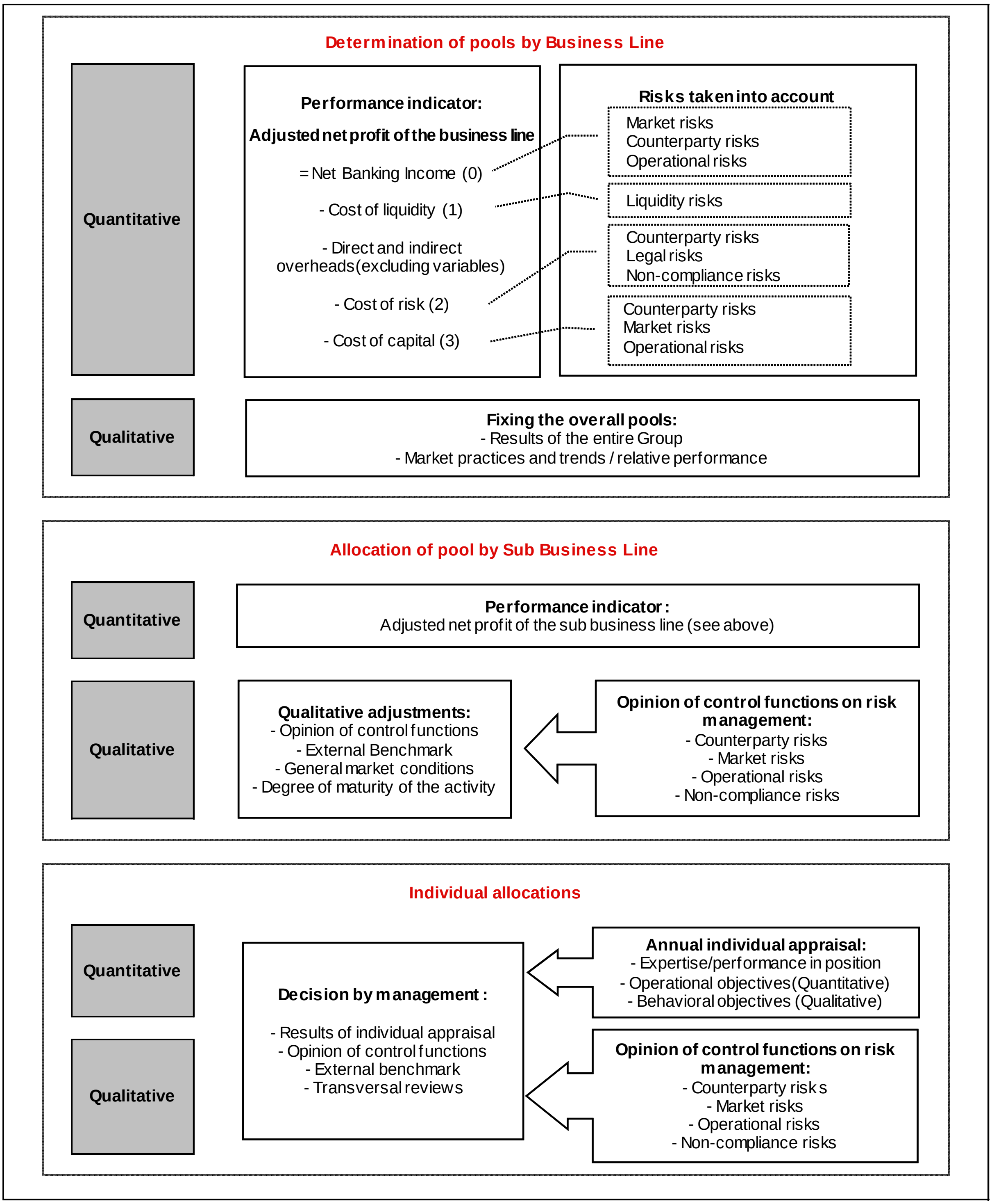
Since 2015, the Risk Division and the Compliance Department confirm, within the framework of the same exercise, whether employees in charge of Volcker desks that conduct trading activities relying on market-making, risk mitigating hedging or underwriting exemptions from the Volcker Rule (including those who are also regulated in the sense of CRD IV) comply with the activity mandate and whether there were any major incidents related to risk-taking.

In addition to the above, the Risk Division and the Compliance Department may extend the scope of evaluated employees beyond the staff regulated under the CRD IV, AIFMD and UCITS V and the Volcker Desk Heads, if considered appropriate.

The senior management of the relevant Core Businesses, General Management and the Group Human Resources Division take the conclusions from the Risk Division and the Compliance Department into consideration when approving the overall variable remuneration pools and the way in which they are allocated at an individual level. The proposed individual awards are adjusted downwards in the event of a negative appraisal by the Risk Division and/or the Compliance Department.
The whole process is documented by the Group Human Resources Division and its conclusions are submitted for approval to the Compensation Committee. The employees concerned are informed that their position is considered regulated and are subject to specific objectives related to risk management and compliance.

In addition to all above elements, the competitive environment of the labour market is taken into account by participating in remuneration surveys (performed by type of business and geographic area), which provide insight into the remuneration levels practiced by the Bank's main competitors.
Lastly, the Group conducts transversal reviews for comparable job functions, to ensure consistency of remuneration between the various Group activities and to facilitate internal mobility.

Taking into account performance and risks ex ante within Global Banking and Investor Solutions



(0) : °The market risks and market losses are included at the level of the NBI through the trading results.
°The counterparty risks linked to market operations are also taken into account in the NBI, through the Credit Value Adjustment (CVA) and the Debt Value Adjustment (DVA).
°The operational risks and losses are also included at the NBI level.

(1) : The cost of liquidity is taken into account: °For financing activities, through the net interest margin
°For the derivatives market instruments: through the Funding Value Adjustment (FVA)
In both cases, the Group's refinancing cost at market conditions is taken into account. An additional charge is also taken into account to provide for liquidity requirements over a period of one month in stress conditions ("buffer").

(2) : The net cost of risk includes counterparty risks in the following manner:
°For financing activities : losses expected over a one-year period on the portfolio + 10% of the accounting provisions for risks for the reporting year
°For private banking, asset management and investor services: accounting provisions for risks for the reporting year
The cost of risk also integrates the provisions for litigation risks and non-compliance risks.

(3) :The cost of capital corresponds to the rate of return on capital, applied to normative equity calculated under Basel 3, that is [(10% * average Risk Weighed Assets/RWA) + complementary own funds]. The RWA take into account counterparty, market and operational risks.

2.3.2 Payout process for variable remuneration

2.3.2.1 CRD IV regulated staff

The structure of the variable remuneration awarded to CRD IV regulated staff for the 2015 performance year includes, in compliance with regulation, above a threshold of 100 K€:

- **A non-vested component** subject to presence and performance conditions, as well as appropriate management of risks and compliance, **vested over a period of three years on a pro-rata basis, with a deferral rate of at least 40% and which may rise up to 70% for the highest variable remuneration levels**;
- **A payment of more than 50% in shares or share equivalents Société Générale**, that is 50% of the vested component and two-thirds of the non-vested component.

Accordingly, the part paid immediately in cash is capped at 30%. It can even go down to 15% for the highest variable remunerations.

More precisely, the variable remuneration scheme of CRD IV regulated staff is structured as follows (cf. table below):

- A vested, non-deferred part paid in cash in March of the year following the close of the financial year;
- A vested part deferred in the form of share equivalents, for which the final amount paid to the employee depends on the Société Générale share price at the end of the non-transferability period;
- A non-vested deferred cash part (which is not indexed to the share price) on one instalment conditional on the employee remaining in the Bank and dependent on the performance and risk alignment criteria described hereafter in 2.3.4;
- A non-vested part deferred in Société Générale shares or share equivalents on two instalments[5] for which vesting is conditional on the employee remaining employed by the Bank and dependent on the conditions described in section 2.3.4 and the final value depending on the Société Générale share price at the end of the non-transferability period.

The non-transferability period is at least six months for instruments indexed to the Société Générale share price.

All payments corresponding to instalments in shares or share equivalents, made after the non-transferability period, will be increased by the value of the dividend paid during the non-transferability period, if applicable.

All employees receiving deferred variable remuneration are prohibited from using hedging or insurance strategies during both the vesting period and the non-transferability period.

In accordance with the policy applied for the Chief Executive Officers, the variable remuneration structure of the members of the Group Executive Committee and Management Committee, whose all members are regulated under CRD IV, is more constraining. The non-vested component of their variable remuneration is deferred over five years[6], out of which a part over three years pro rata temporis as mentioned above and a part under a long term incentive plan which vests after five years, awarded in Société Générale shares or share equivalents[5] and subject to conditions depending on the relative performance of the Société Générale share.

2.3.2.2 AIFMD and UCITS V regulated staff

The employees working within asset management and who are regulated under AIFMD and UCITS V are subject to a variable remuneration scheme equivalent to that described above for CRD IV

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[5] Within a new legislative framework which concerns performance shares, introduced during the summer of 2015 by the Growth, Economic Activity and Equal Economic Opportunities Law (hereinafter “the Macron Law”), the installments of non-vested variable remuneration awarded in instruments should be attributed to French tax residents in the form of Société Générale shares, instead of equivalent shares as attributed before. This change of instruments remains subject to the approval of Société Générale shareholders during the next General Meeting scheduled on 18 May 2016.

[6] Except for a few members of these committees located in specific geographies who have to comply with local constraints

regulated staff, the instruments awarded being though, in compliance with AIFMD and UCITS V regulations, indexed to a basket of managed funds instead of being linked to the value of the Société Générale share.

2.3.2.3 Other staff whose variable remuneration is partly deferred

Beyond staff regulated under CRD IV, AIFMD and UCITS V, the variable remuneration of staff within Global Banking and Investor Solutions and Central Divisions is also subject, when it exceeds 100 K€, **to a deferred payment** on progressive rate over three years vesting on pro-rata temporis basis, with a first instalment in cash and the two following ones in shares or equivalent shares[5]. The non-vested part is subject to the same vesting conditions as for CRD IV regulated staff.

By way of reminder, the Group ceased to grant stock options since 2011.

Structure of variable remuneration attributed for 2015 (excluding Chief Executive Officers)

Categories of employees	Fixed remuneration	Variable remuneration					
			Definitive payment/allocation deferred over time				
		Vested component		Non-vested component			
				40% to 70% of variable remuneration			
Group Senior Executives (Group Executive Committee)	Fixed salary	Cash 50% upfront	Share equivalents (1) 50% deferred	Deferred cash 20% deferred	Deferred cash 20% deferred	Shares or Share equivalents (1) (2) 20% deferred	Shares or Share equivalents (1) (2) 40% deferred
Date of availability/payment		*March 2016*	*October 2016**	*March 2017**	*March 2018**	*October 2019**	*October 2021**
				40% to 70% of variable remuneration			
Group Senior Executives (Group Management Committee)	Fixed salary	Cash 50% upfront	Share equivalents (1) 50% deferred	Deferred cash 25% deferred	Deferred cash 25% deferred	Shares or Share equivalents (1) (2) 25% deferred	Shares or Share equivalents (1) (2) 25% deferred
Date of availability/payment		*March 2016*	*October 2016**	*March 2017**	*March 2018**	*October 2019**	*October 2021**
				40% to 70% of variable remuneration			
CRD IV Regulated employees Variable remuneration > 100 K€	Fixed salary	Cash 50% upfront	Share equivalents (1) 50% deferred	Deferred cash 33% deferred	Shares or Share equivalents (1) (2) 33% deferred	Shares or Share equivalents (1) (2) 33% deferred	
Date of availability/payment		*March 2016*	*October 2016**	*March 2017**	*October 2018**	*October 2019**	
				40% to 70% of variable remuneration			
AIFMD / UCITS V Regulated employees Variable remuneration > 100 K€	Fixed salary	Cash 50% upfront	Instruments indexed on the performance of a basket of funds (1) 50% deferred	Deferred cash 33% deferred	Instruments indexed on the performance of a basket of funds (1) 33% deferred	Instruments indexed on the performance of a basket of funds (1) 33% deferred	
Date of availability/payment		*March 2016*	*October 2016**	*March 2017**	*October 2018**	*October 2019**	
				% depends on level of variable			
Other employees subject to Group deferral plan (3): Variable remuneration > 100 K€	Fixed salary	Cash 100% upfront		Deferred cash 33% deferred	Shares or Share equivalents (1) (2) 33% deferred	Shares or Share equivalents (1) (2) 33% deferred	
Date of availability/payment		*March 2016*		*March 2017**	*October 2018**	*October 2019**	

**Date of availability/payment, taking into account the post-vesting retention period (at least 6 months for shares and share equivalents)*

(1) Installments in instruments remain subject to the potential application of the individual forfeiture (malus) clause during the retention period

(2) Shares for French tax residents, on condition of approval of the General Meeting of 18 May 2016 / Share equivalents for non-French tax residents

(3) Employees in Global Banking and Investor Solutions and in the Group's Central Divisions

2.3.3 Performance conditions and risk alignment of deferred variable remuneration (ex post)

For all staff whose variable remuneration is partly deferred, the vesting of the deferred variable remuneration component depends entirely on both (i) the fulfilment of a performance condition and (ii) appropriate management of risks and compliance.
Performance conditions are tailored according to the division and activity. **If a minimum performance level is not met every year, non-vested variable remuneration is partially or entirely forfeited** (malus principle mentioned in Article L 511-83 of the Financial and Monetary Code).

Performance thresholds are set by the Finance Division and are approved by the Board of Directors.

Performance conditions are set according to the level of responsibility and are increasingly demanding in line with the beneficiary's hierarchical level. Société Générale senior executives are subject to specific performance conditions, in line with the objectives set out in the Group's strategic plan.

The performance conditions applied to deferred remuneration, by managerial layer, are summarised in the following table:

Managerial layer	Vesting in March 2017	Vesting in March 2018	Vesting in March 2019	Vesting in March 2021
	Cash	Cash	Shares or Share equivalents with non-transferability period	Shares or Share equivalents with non-transferability period
Group Executive Committee and Management Committee — Businesses	2016 Operating income of perimeter of supervision	2017 Operating income of perimeter of supervision	2018 Operating income of perimeter of supervision	Annualised relative TSR (*) between 2015 and 2020
Group Executive Committee and Management Committee — Central Divisions	Group Net Income 2016 + Core Tier One at 31/12/2016	Group Net Income 2017 + Core Tier One at 31/12/2017	Group Net Income 2018 + Core Tier One at 31/12/2018	Annualised relative TSR (*) between 2015 and 2020

Managerial layer		Vesting in March 2017	Vesting in March 2018	Vesting in March 2019
		Cash	Shares or Share equivalents with non-transferability period	Shares or Share equivalents with non-transferability period
Other employees with a non-vested deferred component including regulated staff	GBIS (**)	Operating income 2016	Operating income 2017	Operating income 2018
	Other business and Central Divisions	Group Net Income 2016	Group Net Income 2017	Group Net Income 2018

(*) TSR: Total Shareholder Return

(**) GBIS: Global Banking and Investor Solutions

Note: the panel of banks used to calculate the TSR includes, in addition to Société Générale: Barclays, BBVA, BNP Paribas, Crédit Agricole, Crédit Suisse, Deutsche Bank, Intesa Sanpaolo, Nordea, Santander, UBS and Unicredit.

In addition, any excessive risk taking or any behaviour deemed unacceptable by General Management may result in these deferred remuneration components being reduced or forfeited.

2.3.4 Ratio between variable and fixed remuneration for CRD IV regulated staff

The CRD IV Directive introduced a cap on the variable component of remuneration, which cannot exceed the fixed component, with the possibility for the Annual General Shareholders' Meeting to approve a higher maximum ratio of up to 2:1 between variable and fixed components.

In accordance with the regulation and more specifically with Ordinance n°2014-158 of 20 February 2014 which transposed this Directive, **the Annual General Meeting of 20 May 2014 approved a maximum ratio of 2:1 between variable and fixed components of remuneration for the members of the CRD IV Group regulated population**. This decision will remain in force until reconsidered by the General Meeting.

Each regulated staff is compliant with this maximum ratio. For the members of the Group Executive Committee and Management Committee, who are beneficiaries of a long term incentive plan vesting after five years and awarded in Société Générale shares or share equivalents, the faculty given by the Ordinance n°2014-518 of 20 February 2014 to apply a discount rate to the part of the variable remuneration awarded in instruments and deferred for at least five years has been applied to compute the ratio between variable and fixed components.

2.3.5 The 2015 variable remuneration pool of the CRD IV regulated staff

The variable remuneration pool awarded to the CRD IV regulated staff with respect to 2015 was 244 M€ and total variable and fixed remuneration amounted to 490 M€. This pool leads to a downside of average remuneration, by -12% for the variable component[7] and by -6% in terms of total fixed and variable remuneration, at constant exchange rate, as compared to average remuneration of 2014 CRD IV regulated staff. This is due to the broadening of this population, due to inclusion of staff with lower average levels of remuneration, and to the decrease of the variable remuneration awarded to CRD IV regulated staff within Global Banking and Investor Solutions, accounting for the major part of the scope.

2.3.6 Policy concerning guaranteed remuneration

For all Group employees, awarding a guaranteed variable remuneration in the context of hiring a new employee is:

- Strictly limited to one year (in compliance with CRD IV);
- Subject to the terms of the deferred variable remuneration scheme applicable for the given financial year.

2.3.7 Severance payments

[7] Excluding severance pay

Discretionary payments (i.e. payments in excess of severance payments set by law or a collective bargaining agreement due under the binding provisions of labour law), linked to the early termination of an employment contract or the early rescinding of a mandate, are not under any circumstances set contractually in advance (e.g. golden parachutes are strictly forbidden). They are determined at the time the employee leaves the Bank, by taking into account the beneficiary's performances, assessed in the light of the collective performances of the activity the employee belongs to as well as the performances of the Group as a whole.

PART 3. REMUNERATION OF CHIEF EXECUTIVE OFFICERS

The remuneration of the Chief Executive Officers complies with the CRD IV and its transposition in France. It also respects the recommendations made by the AFEP-MEDEF Corporate Governance Code. Accordingly, the Board of Directors defines the remuneration of the Chief Executive Officers, on a proposal of the Compensation Committee (cf. 1.1. above). The remuneration policy applied to the Chief Executive Officers is detailed in Chapter 3 of the 2016 Registration Document on the Corporate governance.

PART 4. INFORMATION ABOUT REMUNERATION FOR FINANCIAL YEAR 2015

4.1 The regulated population (individuals whose professional activities have a material impact on the risk profile of the company) excluding Chief Executive Officers

A. Remuneration awarded for the financial year (in MEUR):

	Group Total	Supervisory Council	Executive Committee	Markets activity	Financing and Advisory	GBIS - Others	Retail Banking	Control and Support Functions
Regulated population	676	13	10	321	181	32	39	80
Total Remuneration	490,1	1,1	11,9	249,9	151,7	20,0	20,3	35,1
of which Fixed remuneration	246,0	1,1[3]	4,5	136,0	67,1	9,9	10,0	17,3
of which Variable remuneration [1]	244,1		7,4	113,9	84,6	10,1	10,3	17,8
Variable remuneration [1]								
of which upfront part	126,2		3,0	58,0	43,9	5,2	5,7	10,4
including cash	66,8		1,5	30,3	23,5	2,7	3,0	5,7
including instruments[2]	59,4		1,5	27,7	20,4	2,5	2,7	4,7
of which deferred part	117,9		4,4	55,9	40,7	4,9	4,6	7,4
including cash	41,6		1,8	18,8	14,4	2,0	1,9	2,7
including instruments	76,3		2,6	37,1	26,3	2,9	2,7	4,7

(1) Payable in four instalments between March 2016 and October 2021

(2) During the retention period, remaining subject to the potential application of the individual and collective forfeiture condition

(3) The amount is inclusive of the remuneration received by Mr.Bini Smaghi before his nomination as Chairman of the Board of Directors on 19th May 2015. It includes the attendance fees and the amount of 120 000 € attributed within the framework of regulatory agreement on service provision signed on 31st July 2014. The amount paid on this basis in 2014 is equal to 80 000 €.

B. **Deferred variable remuneration :**

a. Summary of the relevant deferred variable plans by instalment and by vehicle (except those applicable to Executive Committee and Management Committee):

Instalment	2013	2014	2015	2016	2017	2018	2019
Plan 2012	50% Cash 50% Share Equiv.	Cash	Share Equiv.	Share Equiv.			
Plan 2013		50% Cash 50% Share Equiv.	Cash	Share Equiv.	Share Equiv.		
Plan 2014			50% Cash 50% Share Equiv.	Cash	Share Equiv.	Share Equiv.	
Plan 2015				50% Cash 50% Share Equiv.	Cash	Shares or Share Equiv.	Shares or Share Equiv.

Share Equiv. : Société Générale Share Equivalents are paid out in their cash value after at least a 6 month retention period

Shares: Société Générale performance shares with a vesting period of at least 2 years followed by a retention period of 2 years for fiscal residents of France

b. Outstanding deferred variable remuneration

The amount of outstanding deferred remuneration corresponds this year to the outstanding deferred variable remuneration awarded with respect to 2014, 2013, 2012, 2011 and 2009.

Amounts of conditional deferred remuneration in MEUR (1)

With respect to 2015 financial year	With respect to prior financial years
177,3 (2)	134,9

(1) Expressed as value at award date
(2) Including vested instruments, subject to retention period of six months, during which the appropriate management of risks and compliance condition applies.

All outstanding deferred variable remuneration is exposed to possible explicit adjustments (performance conditions and clause concerning appropriate management of risks and compliance) and/or implicit adjustments (indexed on share price).

c. <u>Deferred variable remuneration paid out or reduced through performance adjustments for the financial year:</u>

Year of award	Amount of deferred remuneration vested in €m - Value at award (1)	Amount of deferred remuneration reduced through performance adjustments (2)	Amount of deferred remuneration vested in €m - Value at time of vesting/of payment (1) (3)
2014	82,1		73,9
2013	50,5		36,9
2012	54,6		70,1
2011	0,7	0,27 (4)	0,7
2009	0,1	0,05 (5)	0,05

(1) Including vested instruments, subject to retention period of six months to one year, during which the appropriate management of risks and compliance condition applies.
(2) The amount of deferred remuneration reduced corresponds to explicit adjustments (performance conditions not met). The balance of the difference between the amount of deferred variable remuneration in value at award and in value at the time of vesting/payment is due to implicit adjustments (the variation of the SG share value).
(3) Amounts valuated at the share value defined in March 2016.
(4) 8.426 performance shares awarded as part of the 2011 plan were forfeited, due to the performance condition not being met.
(5) 1.475 performance shares awarded as part of the 2009 plan were forfeited, due to the performance conditions not being met.

C. <u>Sign-on and severance payments made during the financial year:</u>

Total amount of severance payments made and number of beneficiaries		Sign-on payments made and number of beneficiaries	
Amount paid out in €m (1)	Number of beneficiaries	Amount paid out in €m	Number of beneficiaries
4,3	4	0	0

(1) The highest individual severance payment made during 2015 was 1,3 M€.

D. Severance awards:

Amount of severance payments awarded during the financial year	
Total amount	Number of beneficiaries
0	0
Highest such award	
0	

4.2. Chief Executive Officers

Chief Executive Officers in the financial year 2015 were Messrs Bini Smaghi (starting from 19th May 2015), Oudéa, Cabannes and Sanchez Incera.

The remuneration of Chief Executive Officers was subject to a specific disclosure following the Board of Directors meeting held on 10th February 2016 that approved the variable remuneration awards for 2015.

A. Remuneration awarded for the financial year (in MEUR):

Number of beneficiaries	4
Total Remuneration	8,4
of which Fixed remuneration (1)	3,5
of which Variable remuneration (2)	4,9
Variable remuneration	
of which upfront part	1,2
including cash	0,6
including instruments	0,6
of which deferred part	3,8
including cash	0,6
including instruments	3,2

Note :

(1) The amount is inclusive of the remuneration of Mr. Bini Smaghi as Chairman of the Board of Directors since his nomination on 19th May 2015. The remuneration awarded before 19th May 2015 for his Director function is included in the table provided under 4.1.A.
(2) The amounts are inclusive of long term incentive plan attributed for 2015 in February 2016.

B. Deferred variable remuneration :

a. Outstanding deferred variable remuneration

The amount of outstanding deferred remuneration corresponds this year to the outstanding deferred variable remuneration awarded with respect to 2014, 2013 and 2012.

Amounts of conditional deferred remuneration in MEUR [1]

With respect to 2015 financial year	With respect to prior financial years
4,3	6,1

(1) Expressed as value at award date

Note: These amounts include the long term incentives awarded for 2012, 2013 and 2014.

b. Deferred conditional remuneration paid out or reduced through performance adjustments for the financial year[1]:

Year of award	Amount of deferred remuneration vested in MEUR Value at award	Amount of deferred remuneration reduced through performance adjustments	Amount of deferred remuneration vested in MEUR Value at time of vesting/of payment
2014	0,8	0	0,7
2013	0,5	0	0,4
2012	1,6	0,5 [2]	3,1

(1) Including vested instruments, subject to retention period of one year, during which the individual and collective forfeiture condition applies.

(2) 14.612 performance shares awarded for 2012 were forfeited, due to the performance condition not being met.

Sign-on and severance payments made during the financial year:

Total amount of severance payments made and number of beneficiaries		Sign-on payments made and number of beneficiaries	
Amount paid out in MEUR	*7.2.1.1.1 Number of beneficiaries*	Amount paid out in MEUR	*7.2.1.1.2 Number of beneficiaries*
0	0	0	0

Severance awards:

Amount of severance payments awarded during the financial year

Total amount	Number of beneficiaries
0	0
Highest such award	
0	

4.3. Global remuneration equal or above 1 M€

Number of regulated staff (including Chief Executive Officers) whose global remuneration granted for 2015 is equal to or above 1 M€

Remuneration bracket, M€	Headcount
[1 - 1,5[	77
[1,5 - 2[	21
[2 -2,5[	11
[2,5 - 3[	5
[3 - 3,5[	2
[3,5 - 4[	1
[4 - 4,5[	1
Total	**118**

Among the 118 beneficiaries of global remuneration equal to or above 1 M€, 85 are located outside France and 33 in France.

8 - Appendix

8.1 Cross reference table of risk and Pillar 3 report

CRD1/CRR article	Theme	Risk and Pillar 3 report reference (except reference to the Registration Document)	Page in Risk and Pillar 3 report	1st update of Risk and Pillar 3 report	Page in the Registration Document
90 (CRD4)	Return on assets	Key risks indicators	2		
435 (CRR)	0. Risk management objectives and policies	3.1 Corporate governance structure and main bodies +			64
		2 Governance and risk management organisation	5		
436 (a)(b)	1. Scope of application	3 Capital management and adequacy Tables 1 and 2	24-25		
		+ Note 8.4 to the consolidated financial statement			367
436 (c)(d)(e) (CRR)	1. Scope of application	Information not published for confidentiality reasons			
437 (CRR)	2. Own funds	3 Capital management and adequacy (and SG website - Capital instruments)	23		
438 (CRR)	3. Capital requirements	3 Capital management and adequacy	31		
439 (CRR)	4. Exposure to counterparty credit risk	4 Credit risks	45		
440 (CRR)	5. Capital buffers	3 Capital management and adequacy	23		
441 (CRR)	6. Indicators of global systemic importance	SG website - Informations and publications section/			
442 (CRR)	7. Credit risk adjustments	4 Credit risks	45	6	
443 (CRR)	8. Unencumbered assets	9 Liquidity risk	130		
444 (CRR)	9. Use of ECAIs	5 Securitisation	89		
445 (CRR)	10. Exposure to market risk	6 Market risks	103		
446 (CRR)	11. Operational risk	7 Operational risks	113		
447 (CRR)	12. Exposures in equities not included in the	11 Equity risk	147		
448 (CRR)	13. Exposure to interest rate risk on position	8 Structural interest rate and exchange rate risks	121		
449 (CRR)	14. Exposure to securitisation positions	5 Securitisation	89	8	
450 (CRR)	15. Remuneration policy	First update of the Risk report		12	
451 (CRR)	16. Leverage	3 Capital management and adequacy	39		
452 (CRR)	17. Use of the IRB Approach to credit risk	4 Credit risks	54		
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454 (CRR)	19. Use of the Advanced Measurement App	7 Operational risks	113		
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