

SOCIETE GENERALE HONG KONG BRANCH

Financial Information Disclosure Statements  
For the year ended 31 December 2016

SOCIETE GENERALE HONG KONG BRANCH

FINANCIAL INFORMATION DISCLOSURE STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2016

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SOCIETE GENERALE HONG KONG BRANCH

SECTION A - HONG KONG BRANCH INFORMATION

PROFIT AND LOSS INFORMATION  
FOR THE YEAR ENDED 31 DECEMBER 2016

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	For the year ended	
	<u>31.12.2016</u>	<u>31.12.2015</u>
	HK\$'000	HK\$'000
	Unaudited	Unaudited
Interest income	1,682,950	1,627,206
Interest expense	(1,450,346)	(1,140,274)
Net interest income	232,604	486,932
Other operating income	2,098,389	1,624,635
Operating expenses	2,330,993	2,111,567
	(1,817,984)	(1,561,099)
Operating income before impairment allowance and loss from disposal of property and equipment	513,009	550,468
Provision of impairment allowances on loans and receivables	(31,593)	(28,219)
Net (loss)/profit from disposal of property and equipment	(29)	751
Profit before taxation	481,387	523,000
Income tax charge	(96,501)	(99,948)
Net profit	384,886	423,052

## SOCIETE GENERALE HONG KONG BRANCH

### SECTION A - HONG KONG BRANCH INFORMATION - continued

#### Branch activities

Societe Generale Hong Kong Branch ("the Branch") is a branch of Societe Generale ("the Bank"), a bank incorporated in France, and accordingly has no separate legal status or existence. The Branch is registered under the Hong Kong Banking Ordinance as a full licensed bank. During the year, the Branch was principally involved in lending, deposit taking activities, derivative trading activities, foreign exchange spot and forward market activities. As a result of an income growth arising from sales credit regarding market activities, gains on trading in foreign currencies, on other trading activities and on securities measured at fair value through profit and loss, the Branch had a positive performance for the year of 2016.

#### Details of profit and loss items

The details of key profit and loss items for the year ended 31 December 2016 and 2015 are as follows:

(i) Interest income and expense

	<u>For the year ended</u>	
	<u>31.12.2016</u>	<u>31.12.2015</u>
	HK\$'000	HK\$'000
Interest income was derived from:		
Swaps	5,838	3,842
Advances to customers	867,771	752,400
Loans and advances to banks and other financial institutions	809,341	870,964
	<u>1,682,950</u>	<u>1,627,206</u>
Interest expense was derived from:		
Swaps	6,837	5,315
Certificates of deposit	49,342	27,198
Deposits from customers	132,083	71,363
Deposits from banks and other financial institutions	1,262,084	1,036,398
	<u>1,450,346</u>	<u>1,140,274</u>

SOCIETE GENERALE HONG KONG BRANCH

SECTION A - HONG KONG BRANCH INFORMATION - continued

Details of profit and loss items - continued

(ii) Other operating income

	<u>For the year ended</u>	
	<u>31.12.2016</u>	<u>31.12.2015</u>
	<u>HK\$'000</u>	<u>HK\$'000</u>
Fees and commission income	222,444	214,196
Less: Fees and commission expenses	(52,871)	(36,149)
Net fees and commission income	169,573	178,047
Income from sales credit regarding market activities	433,819	406,190
Gains less losses arising from trading in foreign currencies	442,713	297,492
Gains less losses on securities measured at fair value through profit or loss	204,353	93,049
Gains less losses from other trading activities	523,099	436,820
Management fee from intercompany	322,735	212,175
Others	2,097	862
	<u>2,098,389</u>	<u>1,624,635</u>

(iii) Operating expenses

	<u>For the year ended</u>	
	<u>31.12.2016</u>	<u>31.12.2015</u>
	<u>HK\$'000</u>	<u>HK\$'000</u>
Salaries and other costs	1,153,298	1,039,163
Premises and equipment:		
Rental of office premises and staff quarters	102,688	97,803
Others	20,986	16,828
Depreciation charge	29,033	26,804
Auditors' remuneration	1,078	1,101
Share in Head Office Expenses	117,037	121,294
Other operating expenses	393,864	258,106
	<u>1,817,984</u>	<u>1,561,099</u>

SOCIETE GENERALE HONG KONG BRANCH

SECTION A - HONG KONG BRANCH INFORMATION - continued

BALANCE SHEET INFORMATION  
AT 31 DECEMBER 2016

	<u>31.12.2016</u> HK\$'000	<u>31.12.2015</u> HK\$'000
<b>ASSETS</b>		
Balances with banks	528,397	789,284
Placements with banks maturing between one and twelve months	861,496	1,202,688
Placements with banks maturing over twelve months	-	-
Balances with the Monetary Authority	255,784	28,940
Amount due from overseas offices of the Bank	108,850,729	179,541,802
Trade bills	2,315,288	3,561,385
Securities measured at fair value through profit and loss	29,571,180	8,399,993
Loans and receivables	40,439,232	34,788,108
Property and equipment	81,905	86,121
Other investments	24,022	20,403
Deferred tax assets	-	55,278
Total assets	<u>182,928,033</u>	<u>228,474,002</u>
<b>EQUITY AND LIABILITIES</b>		
Deposits and balances from banks	8,995,708	5,139,075
Deposits and balances from central banks and the Monetary Authority	30,841,351	27,347,209
Deposits from customers	16,712,646	60,849,227
Amount due to overseas offices of the Bank	95,772,165	127,624,981
Certificates of deposit issued	3,174,144	1,929,729
Other liabilities	27,861,951	6,400,789
Total liabilities	<u>183,357,965</u>	<u>229,291,010</u>
Reserves		
- Profit for the year/period	384,886	423,052
- Accumulated losses	(816,677)	(1,239,729)
- Revaluation reserve	1,859	(331)
Total equity and liabilities	<u>182,928,033</u>	<u>228,474,002</u>

SOCIETE GENERALE HONG KONG BRANCH

SECTION A - HONG KONG BRANCH INFORMATION - continued

ADDITIONAL BALANCE SHEET INFORMATION

(i) Loans and receivables	<u>31.12.2016</u> HK\$'000	<u>31.12.2015</u> HK\$'000
Loans and advances to customers	39,074,602	33,462,081
Individual impairment allowances for impaired assets against advances to customers	<u>(96,306)</u>	<u>(134,702)</u>
	38,978,296	33,327,379
Accrued interest and other accounts	<u>1,460,936</u>	<u>1,460,729</u>
	<u>40,439,232</u>	<u>34,788,108</u>

- (ii) At the instruction of the Bank, no collective impairment allowances to cover possible loan losses that are not separately identified are maintained in the Branch's accounts. Such impairment allowances are being made in the accounts of the Bank.

Where there is a risk that borrowers may not be able to honor a part or all of their liabilities or commitments, impairment allowances for specifically identified impaired assets are charged against income.

(iii) (a) Impaired loans and advances to customers:	<u>31.12.2016</u> HK\$'000	<u>31.12.2015</u> HK\$'000
Impaired advances to customers	257,075	559,800
As percentage of total advances to customers	0.66%	1.67%
Individual impairment allowances	<u>(96,306)</u>	<u>(134,702)</u>

Impaired advances to customers are those advances where objective evidence exists that full repayment of principal or interest is considered unlikely.

The individual impairment allowances are made after taking into account the value of collateral in respect of such advances. The value of collateral in respect of such advances is HK\$97,440,000 as at 31 December 2016 (31 December 2015: HK\$405,305,000).

SOCIETE GENERALE HONG KONG BRANCH

SECTION A - HONG KONG BRANCH INFORMATION - continued

ADDITIONAL BALANCE SHEET INFORMATION - continued

(b) Impairment allowances by geographical area:

The analysis of impairment allowances by geographical area, which is significant according to the location of the counterparties (constitutes 10% or more of the total individual impairment allowances), is as follows:

	<u>31.12.2016</u> HK\$'000	<u>31.12.2015</u> HK\$'000
- Australia	-	91,253
- Panama	52,453	17,403
- China	10,495	13,558
	<u>62,948</u>	<u>122,214</u>

(iv) Impaired loans and advances to banks and other financial institutions

There were no impaired loans and advances to banks and other financial institutions as at 31 December 2016 and 31 December 2015.

(v) Overdue and rescheduled loans and advances

(a) There were loans and advances to customers and banks which were overdue for more than one month as at 31 December 2016 and 31 December 2015.

	<u>31.12.2016</u>		<u>31.12.2015</u>	
	Overdue loans and advances to customers HK\$'000	Percentage of total loans and advances to customers %	Overdue loans and advances to customers HK\$'000	Percentage of total loans and advances to customers %
Loans and advances to customers which have been overdue for				
- more than 1 month but not more than 3 months	-	-	233,543	0.7
- more than 3 months but not more than 6 months	-	-	-	-
- more than 6 months but not more than one year	-	-	-	-
- more than one year	159,329	0.41	-	-



SOCIETE GENERALE HONG KONG BRANCH

ADDITIONAL BALANCE SHEET INFORMATION – continued

There were loans and advances to customers overdue for more than 1 year. Individual impairment has been provided for the loans and advances to customers which have been overdue for more than 1 year. The collateral held in respect of the overdue loans and advances to customers is nil (31 December 2015: HK\$168,944,000).

	<u>31.12.2016</u> HK\$'000	<u>31.12.2015</u> HK\$'000
Covered portion of total overdue loans and advances	-	124,717
Uncovered portion of total overdue loans and advances	159,329	108,826

(b) Overdue loans and advances by geographical area:

The analysis of overdue loans and advances by geographical area, which is significant according to the location of the counterparties (constitutes 10% or more of the total overdue loans and advances), is as follows:

	<u>31.12.2016</u> HK\$'000	<u>31.12.2015</u> HK\$'000
- Hong Kong	76,518	124,717
- China	82,811	108,826
	<u>159,329</u>	<u>233,543</u>

(c) There were no loans and advances to banks which were overdue for more than one month as at 31 December 2016 and 31 December 2015.

(d) There were rescheduled loans and advances to customers of HK\$82,811,000 as at 31 December 2016 (31 December 2015: Nil).

(e) There were no rescheduled loans and advances to banks as at 31 December 2016 and 31 December 2015.

(vi) Other assets overdue

There were no other assets overdue for more than three months as at 31 December 2016 and 31 December 2015.

(vii) No repossessed assets were held as of 31 December 2016 and 31 December 2015.

(viii) Deposits from customers

	<u>31.12.2016</u> HK\$'000	<u>31.12.2015</u> HK\$'000
Demand deposits and current accounts	6,044,680	45,286,232
Saving deposits	1,488,418	1,748,791
Time, call and notice deposits	9,179,548	13,814,204
	<u>16,712,646</u>	<u>60,849,227</u>

SOCIETE GENERALE HONG KONG BRANCH

SECTION A - HONG KONG BRANCH INFORMATION - continued

OFF-BALANCE-SHEET EXPOSURES

The following is a summary of the contractual or notional amounts of each significant class of off-balance-sheet exposure:

(i) Contingent liabilities and commitments

	<u>31.12.2016</u> HK\$'000	<u>31.12.2015</u> HK\$'000
Direct credit substitutes	599,553	933,511
Trade-related contingencies	1,400,817	4,314,312
Other commitments:		
- with an original maturity of under 1 year or are unconditionally cancellable	4,546,140	4,396,947
- with an original maturity of 1 year and over	2,372,319	2,858,204
Forward forward deposits placed	612,637	-
	<u>9,531,466</u>	<u>12,502,974</u>

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SOCIETE GENERALE HONG KONG BRANCH

SECTION A - HONG KONG BRANCH INFORMATION - continued

SUPPLEMENTARY TO DERIVATIVE TRANSACTIONS

(i) Derivatives	<u>31.12.2016</u> HK\$'000	<u>31.12.2015</u> HK\$'000
Exchange rate contracts		
- Forwards	81,137,122	104,398,245
- Swaps	5,395,672	13,021,450
	<u>86,532,794</u>	<u>117,419,695</u>
Interest rate contracts		
- Swaps	5,785,673	95,226
- Forward forward deposits accepted	8,619,483	19,723,088
	<u>14,405,156</u>	<u>19,818,314</u>
Equity option contracts	<u>38,196</u>	<u>56,975</u>
	<u>110,507,612</u>	<u>149,797,958</u>

The contractual or notional amounts of the above instruments indicate the volume of transactions outstanding as of the balance sheet date. They do not represent amounts at risk.

The fair values of the above off-balance sheet exposures after taking into account the effect of the valid bilateral netting agreement are as follows:

	<u>31.12.2016</u> HK\$'000	<u>31.12.2015</u> HK\$'000
Exchange rate contracts		
- Forwards	(32,174)	9,152
- Swaps	(418)	643
	<u>(32,592)</u>	<u>9,795</u>
Interest rate contracts		
- Swaps	2,311	2,643
Equity option contracts	<u>3,582</u>	<u>2,105</u>
	<u>5,893</u>	<u>4,748</u>

The amount of fair value which has taken into account the effect of the valid bilateral netting agreement is HK\$37,372,213 assets (31 December 2015: HK\$41,674,204 liabilities) for Forwards.

SOCIETE GENERALE HONG KONG BRANCH

SECTION A - HONG KONG BRANCH INFORMATION - continued

SEGMENTAL INFORMATION

(i) Loans and advances to customers by industry sectors

	<u>31.12.2016</u>		<u>31.12.2015</u>	
	Loans and advances to customers HK\$'000	Percentage of loans and advances secured by collateral %	Loans and advances to customers HK\$'000	Percentage of loans and advances secured by collateral %
Loans and advances for use in Hong Kong				
Industrial, commercial, and financial sectors				
- Manufacturing	-	-	232,506	-
- Electricity and gas	-	-	290,633	-
- Recreational activities	-	-	1,607,938	-
- Information technology	-	-	-	-
- Wholesale and retail trade	-	-	-	-
- Transport and transport equipment	358,393	100	717,921	100
- Financial concerns	279,454	-	1,214,972	-
- Others	10,124	-	338,513	-
	<u>647,971</u>	55	<u>4,402,483</u>	16
Trade finance	3,549,641	2	3,038,051	-
Loans and advances for use outside Hong Kong	<u>34,876,990</u>	7	<u>26,021,547</u>	5
Loan and advances to customers	<u><u>39,074,602</u></u>	7	<u><u>33,462,081</u></u>	6

The above analysis of loans and advances to customers by industry sectors is based on categories and definitions used by the Hong Kong Monetary Authority.

SOCIETE GENERALE HONG KONG BRANCH

SECTION A - HONG KONG BRANCH INFORMATION - continued

SEGMENTAL INFORMATION - continued

(ii) Loans and advances to customers by geographical area

The analysis of loans and advances to customers by geographical area, which is significant according to the location of the counterparties (constitutes 10% or more of the total advances to customers), is as follows:

	<u>31.12.2016</u> HK\$'000	<u>31.12.2015</u> HK\$'000
- Australia	15,395,177	9,863,121
- Hong Kong	7,065,870	9,381,564
- Others	16,613,555	14,217,396
	<u>39,074,602</u>	<u>33,462,081</u>

SOCIETE GENERALE HONG KONG BRANCH

SECTION A - HONG KONG BRANCH INFORMATION - continued

SEGMENTAL INFORMATION - continued

(iii) Non-bank Mainland exposures

The analysis of Mainland exposures to non-bank counterparties (being exposures which are material) as at 31 December 2016 and 31 December 2015 are as follows:

<u>In millions of HK\$</u>	<u>On-balance sheet exposure</u>	<u>Off-balance sheet exposure</u>	<u>Total</u>
As at 31 December 2016			
Central government, central government owned entities and their subsidiaries and joint ventures	7,581	1,491	9,072
Local governments, local government-owned entities and their subsidiaries and joint ventures	-	330	330
PRC nationals residing in Mainland China or other entities incorporated in Mainland China and their subsidiaries and joint ventures	4,757	342	5,099
Other entities of central governments	2,067	437	2,504
Entities incorporated outside Mainland China where the credit is granted for use in Mainland China	-	-	-
Other counterparties where the exposures are considered by the branch to be non-bank Mainland exposures	-	-	-
Total	<u>14,405</u>	<u>2,600</u>	<u>17,005</u>
Total assets after provision	182,928		
On balance sheet exposures as percentage of total assets	8%		

SOCIETE GENERALE HONG KONG BRANCH

SECTION A - HONG KONG BRANCH INFORMATION - continued

SEGMENTAL INFORMATION - continued

(iii) Non-bank Mainland exposures - continued

<u>In millions of HK\$</u>	<u>On-balance sheet exposure</u>	<u>Off-balance sheet exposure</u>	<u>Total</u>
As at 31 December 2015			
Central government, central government owned entities and their subsidiaries and joint ventures	10,603	5,072	15,675
Local governments, local government- owned entities and their subsidiaries and joint ventures	-	7	7
PRC nationals residing in Mainland China or other entities incorporated in Mainland China and their subsidiaries and joint ventures	5,282	323	5,605
PRC nationals residing outside Mainland China or entities incorporated outside Mainland China where the credit is granted For use in Mainland China	572	-	572
Other counterparties where the exposures are considered by the reporting institution to be non-bank Mainland China exposures	64	-	64
Total	<u>16,521</u>	<u>5,402</u>	<u>21,923</u>
Total assets after provision	228,474		
On balance sheet exposures as percentage of total assets	7%		

The analysis of non-bank mainland exposures is based on the categories of non-bank counterparties and the type of direct exposures with reference to the HKMA return 'Return of Mainland Activities', which includes mainland exposures extended by the Branch.

SOCIETE GENERALE HONG KONG BRANCH

SECTION A - HONG KONG BRANCH INFORMATION - continued

SEGMENTAL INFORMATION - continued

(iv) International claims

The following illustrates the major country or geographical segment breakdown of international claims (constitutes 10% or more of the total international claims after taking into account any recognized risk transfer) by types of counterparties:

In millions of HK\$

			<u>Non-bank private sector</u>			
	<u>Banks</u>	<u>Official sector</u>	<u>Non-bank financial institutions</u>	<u>Non-financial private sector</u>	<u>Others</u>	<u>Total</u>
As at 31 December 2016						
1. Developed countries	110,731	-	5,667	10,782	-	127,180
of which France	110,526	-	-	50	-	110,576
As at 31 December 2015						
1. Developed countries	182,161	-	2,137	6,759	-	191,057
of which France	181,737	-	-	53	-	181,790



## SOCIETE GENERALE HONG KONG BRANCH

### SECTION A - HONG KONG BRANCH INFORMATION - continued

#### CURRENCY RISK

The Branch does not have any discloseable currency risk exposure arising from option and structural positions. The currency risk arising from the Branch's operations for those individual currencies which each constitute more than 10% of the total net position in all foreign currencies is as follows:

#### Equivalent in millions of HK\$

As at 31 December 2016

	CNY	EUR	USD	Total
Spot assets	762	24,114	96,291	121,167
Spot liabilities	(4,651)	(16,000)	(96,085)	(116,736)
Forward purchases	19,358	1,733	42,355	63,446
Forward sales	(15,298)	(9,926)	(42,503)	(67,727)
Net long/(short) position	<u>171</u>	<u>(79)</u>	<u>58</u>	<u>150</u>

As at 31 December 2015

	CNY	EUR	JPY	USD	Total
Spot assets	1,241	13,817	11,794	144,381	171,233
Spot liabilities	(1,699)	(4,206)	(402)	(157,577)	(163,884)
Forward purchases	16,034	4,905	15,534	65,657	102,130
Forward sales	(15,614)	(14,554)	(26,917)	(52,397)	(109,482)
Net long/(short) position	<u>(38)</u>	<u>(38)</u>	<u>9</u>	<u>64</u>	<u>(3)</u>

#### LIQUIDITY

	<u>For the year ended</u>	
	<u>31.12.2016</u>	<u>31.12.2015</u>
	<u>HK\$'000</u>	<u>HK\$'000</u>
	<u>Unaudited</u>	<u>Unaudited</u>
Average liquidity maintenance ratio for the period	<u>65.98%</u>	<u>79.06%</u>

The adjusted liquidity maintenance ratio for the financial period is the arithmetic mean of each calendar month's average liquidity maintenance ratio as reported in the return relating to the liquidity position submitted by the Company to the Monetary Authority pursuant to section 63 of the Ordinance in respect of the reporting period.

## SOCIETE GENERALE HONG KONG BRANCH

### SECTION A – HONG KONG BRANCH INFORMATION - continued

#### LIQUIDITY – CONTINUED

##### Liquidity risk management

Liquidity risk is the risk that the Branch cannot meet its current contractual and contingent obligations. To manage liquidity risk, the Branch has established the liquidity risk management framework which is in line with the Group's framework and approved by the Branch's management. Such framework is documented in the Branch's liquidity risk management policy which is reviewed at least annually, and is consistent with the SG Group's liquidity management.

##### Liquidity Risk Management Governance in SG HK Branch ("SG HK")

###### ALCO

SG HK holds Asset & Liability Management Committee ("ALCO") on a monthly basis and liquidity topics are monitored via this ALCO. General objective of the ALCO is to monitor the structure and growth of balance sheet, review the structural risks and liquidity risk. SG HK ALCO also monitors the liquidity risk tolerance and liquidity targets. The ALCO is chaired by the Chief Executive of SG HK with representative from Treasury, Business Lines, Finance and Risk functions.

###### Treasury

Treasury function is responsible for operational management of SG HK's liquidity position, both in business as usual conditions and in crisis situation. The goals and objectives of the function are to provide funding to various business lines, ensure diversification of funding sources in SG HK with an optimized cost of liquidity, maintain adequate liquidity buffers to cover outflow in both normal and stress periods, ensure compliance of regulatory ratios and internal limits. Its activity is governed by Group Treasurer and dedicated mandate accompanied by limits set by Risk function and in the respect of the local liquidity framework set by the ALCO.

##### Liquidity Risk Monitoring in SG HK Branch ("SG HK")

###### Oversight

SG HK has implemented adequate governance and management information systems to ensure compliance with regulatory ratios and internal limits and has put in place the management oversight around these. For example, Liquidity Maintenance Ratio ("LMR") and liquidity gap are communicated to the senior management of SG HK on a daily basis.

###### Internal stress testing

The objective of internal stress testing is to ensure sufficient liquidity for the Branch under different adverse scenarios to ensure compliance with survival horizon established for SG HK and monitor adequate liquidity reserves over the medium term. SG HK has used the SG Group's assumptions and methodology for stress testing. The results of stress testing are communicated to the management of SG HK on a daily basis and reported to the ALCO.

###### Contingency Funding Plan ("CFP")

SG HK has its own CFP, which is reviewed annually, is approved by the ALCO and is communicated to the Group Treasurer.

SG HK's CFP defines the framework for monitoring liquidity indicators in accordance with the liquidity crisis framework of the SG Group. The CFP designs an appropriate escalation procedure based on Early Warning Indicators, defines criteria to trigger CFP and the management of liquidity crisis with proper governance for alternative funding source. In particular, the trigger of SG HK CFP is immediately communicated to the Group Treasurer.

## SOCIETE GENERALE HONG KONG BRANCH

### SECTION B – BANK INFORMATION (CONSOLIDATED BASIS)

The information set out below is based on the most recent consolidated accounts for the Bank as a whole as at 31 December 2016 and 31 December 2015.

#### PRUDENTIAL CAPITAL RATIO

	<u>31.12.2016</u>	<u>31.12.2015</u>
	%	%
Core Tier 1 ratio	11.8	10.9
Tier 1 ratio	14.8	13.5
Total capital ratio	<u>18.2</u>	<u>16.3</u>

The solvency ratio (Basel 2.5 solvency ratio) complies with the calculation methods established by the French Prudential Supervisory Authority. This ratio is based on the Bank's consolidated banking activities, thus eliminating the contributions of the insurance entities.

#### SHAREHOLDERS' FUND

	<u>31.12.2016</u>		<u>31.12.2015</u>	
	<u>EUR' billion</u>	<u>HK\$' billion equivalent</u>	<u>EUR' billion</u>	<u>HK\$' billion equivalent</u>
Aggregate amount of shareholders' fund	<u>62</u>	<u>505</u>	<u>59</u>	<u>500</u>

#### OTHER FINANCIAL INFORMATION

	<u>31.12.2016</u>		<u>31.12.2015</u>	
	<u>EUR' billion</u>	<u>HK\$' billion equivalent</u>	<u>EUR' billion</u>	<u>HK\$' billion equivalent</u>
Total assets	1,382	11,273	1,334	11,293
Total liabilities	1,317	10,737	1,272	10,762
Total advances to customers	427	3,478	405	3,430
Total customer deposits	<u>421</u>	<u>3,434</u>	<u>380</u>	<u>3,213</u>

	<u>31.12.2016</u>		<u>31.12.2015</u>	
	<u>EUR' billion</u>	<u>HK\$' billion equivalent</u>	<u>EUR' billion</u>	<u>HK\$' billion equivalent</u>
Pre-tax profit	<u>6.31</u>	<u>51</u>	<u>6.11</u>	<u>52</u>

SECTION C – REMUNERATION OF SENIOR MANAGEMENT

(i) Remuneration policy

As an overseas branch of Société Générale, Société Générale Hong Kong Branch follows the Remuneration Policy of Société Générale.

This Remuneration Policy fulfills all the Qualitative Disclosure requirements under the Supervisory Policy Manual module CG-5 issued by the Monetary Authority and entitled "Guideline on a Sound Remuneration System" ("SPM CG-5").

The below link provides access to the latest Remuneration Policy of Société Générale.  
[https://www.societegenerale.com/en/measuring-our-performance/information-and-publications/regulated\\_information#](https://www.societegenerale.com/en/measuring-our-performance/information-and-publications/regulated_information#)

The Policy is updated annually.

(ii) Quantitative Disclosure

The population considered as part of the Senior Management disclosure under the HKMA SPM CG-5 requirements includes those considered as Chief Executives, Alternative Chief Executives and Executive Officers of the SG Hong Kong Branch entity. Key Personnel are classified as Regulated Population. The regulated population covers all staff whose professional activities have a material impact on the Bank's risk profile, including employees exercising control functions. In total, there are 38 members.

Senior Management + Key Personnel combined  
 In HKD (using spot rate 31 Dec 2016)

	<u>Awards</u>	
	<u>Non deferred</u>	<u>Deferred</u>
Fixed Remuneration		
Cash Based	132,468,454	-
Shares/Share Linked	-	-
Variable Remuneration		
Cash Based	28,380,601	12,191,579
Shares/Share Linked	19,289,566	23,046,389

Senior Management + Key Personnel combined  
 In HKD (using spot rate 31 Dec 2015)

	<u>Awards</u>	
	<u>Non deferred</u>	<u>Deferred</u>
Fixed Remuneration		
Cash Based	98,482,012	-
Shares/Share Linked	-	-
Variable Remuneration		
Cash Based	20,730,780	10,586,130
Shares/Share Linked	14,734,776	20,682,299

STATEMENT OF COMPLIANCE

This is to confirm that the information in these disclosure statements for the year ended 31 December 2016 complies with the Banking (Disclosure) Rules and the additional guidance that aims to assist Authorised Institutions with their preparation of the financial disclosures in accordance with the requirements of the Rules and is not false or misleading in any material respect.



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David Abitbol  
CHIEF EXECUTIVE



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Joanne Lam Hoi Yin  
CHIEF ACCOUNTANT

27 March 2017

