

SOCIETE GENERALE HONG KONG BRANCH

Financial Information Disclosure Statements
For the year ended 31 December 2017

SOCIETE GENERALE HONG KONG BRANCH

FINANCIAL INFORMATION DISCLOSURE STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

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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 2017

	For the year ended	
	31.12.2017	31.12.2016
	HK\$'000	HK\$'000
	Unaudited	Unaudited
Interest income	1,970,907	1,682,950
Interest expense	(1,876,592)	(1,450,346)
Net interest income	94,315	232,604
Other operating income	2,327,544	2,098,389
	<u>2,421,859</u>	<u>2,330,993</u>
Operating expenses	(1,881,213)	(1,817,984)
Operating income before impairment allowance and loss from disposal of property and equipment	540,646	513,009
Provision of impairment allowances on loans and receivables	(77,446)	(31,593)
Provision of impairment allowances on other assets	(156)	-
Net (loss)/profit from disposal of property and equipment	553	(29)
	<u>463,597</u>	<u>481,387</u>
Income tax charge	(70,338)	(96,501)
Net profit	<u>393,259</u>	<u>384,886</u>

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. The Branch had a positive performance derived from the core operating activities for the year of 2017.

Details of profit and loss items

The details of key profit and loss items for the year ended 31 December 2017 and 2016 are as follows:

(i) Interest income and expense

	<u>For the year ended</u>	
	<u>31.12.2017</u>	<u>31.12.2016</u>
	<u>HK\$'000</u>	<u>HK\$'000</u>
Interest income was derived from:		
Swaps	7,152	5,838
Advances to customers	1,079,240	867,771
Loans and advances to banks and other financial institutions	884,515	809,341
	<u>1,970,907</u>	<u>1,682,950</u>
Interest expense was derived from:		
Swaps	8,374	6,837
Certificates of deposit	50,783	49,342
Deposits from customers	140,053	132,083
Deposits from banks and other financial institutions	1,677,382	1,262,084
	<u>1,876,592</u>	<u>1,450,346</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>31.12.2017</u>	<u>31.12.2016</u>
	<u>HK\$'000</u>	<u>HK\$'000</u>
Fees and commission income	216,634	222,444
Less: Fees and commission expenses	(15,257)	(52,871)
Net fees and commission income	<u>201,377</u>	<u>169,573</u>
Gains less losses arising from trading in foreign currencies	1,008,709	442,713
Gains less losses on securities measured at fair value through profit or loss	92,757	204,353
Gains less losses on non-trading investments	1,103	-
Gains less losses from other trading activities	869,372	523,099
Other income from intercompany management fee, sales credit and other activities	<u>154,226</u>	<u>758,651</u>
	<u><u>2,327,544</u></u>	<u><u>2,098,389</u></u>

(iii) Operating expenses

	<u>For the year ended</u>	
	<u>31.12.2017</u>	<u>31.12.2016</u>
	<u>HK\$'000</u>	<u>HK\$'000</u>
Salaries and other costs	1,174,826	1,153,298
Premises and equipment:		
Rental of office premises and staff quarters	108,244	102,688
Others	19,421	20,986
Depreciation charge	32,868	29,033
Auditors' remuneration	1,202	1,078
Share in Head Office Expenses	152,745	117,037
Other operating expenses	<u>391,907</u>	<u>393,864</u>
	<u><u>1,881,213</u></u>	<u><u>1,817,984</u></u>

SOCIETE GENERALE HONG KONG BRANCH

SECTION A - HONG KONG BRANCH INFORMATION - continued

BALANCE SHEET INFORMATION
AT 31 DECEMBER 2017

	<u>31.12.2017</u> HK\$'000	<u>31.12.2016</u> HK\$'000
ASSETS		
Balances with banks	2,390,225	528,397
Placements with banks maturing between one and twelve months	2,854,978	861,496
Balances with the Monetary Authority	276,513	255,784
Amount due from overseas offices of the Bank	112,280,689	108,850,729
Trade bills	3,297,356	2,315,288
Securities measured at fair value through profit and loss	16,275,808	29,571,180
Loans and receivables	48,985,854	40,439,232
Property and equipment	90,734	81,905
Other investments	25,146	24,022
Total assets	<u>186,477,303</u>	<u>182,928,033</u>
EQUITY AND LIABILITIES		
Deposits and balances from banks	2,762,273	8,995,708
Deposits and balances from central banks and the Monetary Authority	27,429,052	30,841,351
Deposits from customers	17,341,348	16,712,646
Amount due to overseas offices of the Bank	123,769,116	95,772,165
Certificates of deposit issued	1,033,547	3,174,144
Other liabilities	14,180,644	27,861,951
Total liabilities	<u>186,515,980</u>	<u>183,357,965</u>
Reserves		
- Profit for the year/period	393,259	384,886
- Accumulated losses	(431,792)	(816,677)
- Revaluation reserve	(144)	1,859
Total equity and liabilities	<u>186,477,303</u>	<u>182,928,033</u>

SOCIETE GENERALE HONG KONG BRANCH

SECTION A - HONG KONG BRANCH INFORMATION - continued

ADDITIONAL BALANCE SHEET INFORMATION

(i) Loans and receivables	<u>31.12.2017</u> HK\$'000	<u>31.12.2016</u> HK\$'000
Loans and advances to customers	47,058,404	39,074,602
Individual impairment allowances for impaired assets against advances to customers	(174,502)	(96,306)
	<u>46,883,902</u>	<u>38,978,296</u>
Accrued interest and other accounts	2,101,952	1,460,936
	<u>48,985,854</u>	<u>40,439,232</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>31.12.2017</u> HK\$'000	<u>31.12.2016</u> HK\$'000
Impaired advances to customers	548,243	257,075
As percentage of total advances to customers	1.17%	0.66%
Individual impairment allowances	(174,502)	(96,306)

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\$627,145,000 as at 31 December 2017 (31 December 2016: HK\$97,440,000).

- (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>31.12.2017</u> HK\$'000	<u>31.12.2016</u> HK\$'000
- Panama	45,240	52,453
- Marshall Islands	25,046	-
- China	5,580	10,495
- Hong Kong	98,636	33,358
	<u>174,502</u>	<u>96,306</u>

SOCIETE GENERALE HONG KONG BRANCH

SECTION A - HONG KONG BRANCH INFORMATION - continued

ADDITIONAL BALANCE SHEET INFORMATION - continued

(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 2017 and 31 December 2016.

(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 2017 and 31 December 2016.

	<u>31.12.2017</u>		<u>31.12.2016</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	-	-	-	-
- more than 3 months but not more than 6 months	-	-	-	-
- more than 6 months but not more than one year	-	-	-	-
- more than one year	116,620	0.25	159,329	0.41

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 HK\$nil as at 31 December 2017 (31 December 2016: HK\$nil).

	<u>31.12.2017</u> HK\$'000	<u>31.12.2016</u> HK\$'000
Covered portion of total overdue loans and advances	-	-
Uncovered portion of total overdue loans and advances	116,620	159,329

SOCIETE GENERALE HONG KONG BRANCH

SECTION A - HONG KONG BRANCH INFORMATION - continued

ADDITIONAL BALANCE SHEET INFORMATION - continued

(v) Overdue and rescheduled loans and advances - continued

(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>31.12.2017</u> HK\$'000	<u>31.12.2016</u> HK\$'000
- Hong Kong	25,987	76,518
- China	45,393	82,811
- Panama	45,240	-
	<u>116,620</u>	<u>159,329</u>

(c) There were no loans and advances to banks which were overdue for more than one month as at 31 December 2017 and 31 December 2016.

(d) There were rescheduled loans and advances to customers of HK\$45,393,000 as at 31 December 2017 (31 December 2016: HK\$82,811,000).

(e) There were no rescheduled loans and advances to banks as at 31 December 2017 and 31 December 2016.

(vi) Other assets overdue

There were no other assets overdue for more than three months as at 31 December 2017 and 31 December 2016.

(vii) No repossessed assets were held as of 31 December 2017 and 31 December 2016.

(viii) Deposits from customers

	<u>31.12.2017</u> HK\$'000	<u>31.12.2016</u> HK\$'000
Demand deposits and current accounts	7,091,162	6,044,680
Saving deposits	2,009,492	1,488,418
Time, call and notice deposits	8,240,694	9,179,548
	<u>17,341,348</u>	<u>16,712,646</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>31.12.2017</u> HK\$'000	<u>31.12.2016</u> HK\$'000
Direct credit substitutes	639,095	599,553
Trade-related contingencies	2,857,518	1,400,817
Other commitments:		
- with an original maturity of under 1 year or are unconditionally cancellable	5,310,807	4,546,140
- with an original maturity of 1 year and over	2,713,319	2,372,319
Forward forward deposits placed	2,150,537	612,637
	<u>13,671,276</u>	<u>9,531,466</u>

SOCIETE GENERALE HONG KONG BRANCH

SECTION A - HONG KONG BRANCH INFORMATION - continued

SUPPLEMENTARY TO DERIVATIVE TRANSACTIONS

(i) Derivatives	31.12.2017	31.12.2016
	HK\$'000	HK\$'000
Exchange rate contracts		
- Forwards	93,028,205	81,137,122
- Swaps	4,135,051	5,395,672
	<u>97,163,256</u>	<u>86,532,794</u>
Interest rate contracts		
- Swaps	21,457,225	5,785,673
- Forward forward deposits accepted	17,458,340	8,619,483
	<u>38,915,565</u>	<u>14,405,156</u>
Equity option contracts	46,185	38,196
	<u>149,796,282</u>	<u>110,507,612</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:

	31.12.2017	31.12.2016
	HK\$'000	HK\$'000
Exchange rate contracts		
- Forwards	25,965	(32,174)
- Swaps	2,782	(418)
	<u>28,747</u>	<u>(32,592)</u>
Interest rate contracts		
- Swaps	5,327	2,311
Equity option contracts	2,725	3,582
	<u>8,052</u>	<u>5,893</u>

The amount of fair value which has taken into account the effect of the valid bilateral netting agreement is HK\$75,428,382 liabilities (31 December 2016: HK\$37,372,213 assets) 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>31.12.2017</u>		<u>31.12.2016</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	7,698	-	-	-
- Electricity and gas	-	-	-	-
- Recreational activities	-	-	-	-
- Information technology	914,343	-	-	-
- Wholesale and retail trade	-	-	-	-
- Transport and transport equipment	303,041	100	358,393	100
- Financial concerns	357,023	-	279,454	-
- Others	-	-	10,124	-
	<u>1,582,105</u>	19	<u>647,971</u>	55
Trade finance	1,666,311	6	3,549,641	2
Loans and advances for use outside Hong Kong	<u>43,809,988</u>	5	<u>34,876,990</u>	7
Loan and advances to customers	<u><u>47,058,404</u></u>	5	<u><u>39,074,602</u></u>	7

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.

(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>31.12.2017</u>	<u>31.12.2016</u>
	HK\$'000	HK\$'000
- Australia	19,103,317	15,395,177
- Hong Kong	9,847,607	7,065,870
- Others	18,107,480	16,613,555
	<u><u>47,058,404</u></u>	<u><u>39,074,602</u></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 2017 and 31 December 2016 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 2017			
Central government, central government owned entities and their subsidiaries and joint ventures	8,673	1,625	10,298
Local governments, local government- owned entities and their subsidiaries and joint ventures	-	37	37
PRC nationals residing in Mainland China or other entities incorporated in Mainland China and their subsidiaries and joint ventures	5,527	1,677	7,204
Other entities of central governments	1,710	665	2,375
Other entities of local governments	140	-	140
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 China exposures	-	-	-
Total	<u>16,050</u>	<u>4,004</u>	<u>20,054</u>
Total assets after provision	186,477		
On balance sheet exposures as percentage of total assets	9%		

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 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 China 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%		

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 2017						
1. Developed countries	114,515	-	8,582	14,212	-	137,309
of which Australia	8	-	8,509	10,527	-	19,044
of which France	114,233	-	-	29	-	114,262
2. Developing Asia and Pacific	6,817	36	23	10,755	-	17,631
As at 31 December 2016						
1. Developed countries	110,731	-	5,667	10,782	-	127,180
of which France	110,526	-	-	50	-	110,576

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 2017

	EUR	USD	Total
Spot assets	41,853	85,108	126,961
Spot liabilities	(31,799)	(90,083)	(121,882)
Forward purchases	7,528	49,362	56,890
Forward sales	(17,692)	(44,216)	(61,908)
Net long/(short) position	<u>(110)</u>	<u>171</u>	<u>61</u>

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>

LIQUIDITY

	For the year ended	
	<u>31.12.2017</u>	<u>31.12.2016</u>
	HK\$'000	HK\$'000
	Unaudited	Unaudited
Average liquidity maintenance ratio for the period	<u>59.74%</u>	<u>65.98%</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 2017 and 31 December 2016.

PRUDENTIAL CAPITAL RATIO

	<u>31.12.2017</u>	<u>31.12.2016</u>
	%	%
Core Tier 1 ratio	11.6	11.8
Tier 1 ratio	14.0	14.8
Total capital ratio	<u>17.1</u>	<u>18.2</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>31.12.2017</u>		<u>31.12.2016</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>59</u>	<u>555</u>	<u>62</u>	<u>505</u>

OTHER FINANCIAL INFORMATION

	<u>31.12.2017</u>		<u>31.12.2016</u>	
	<u>EUR' billion</u>	<u>HK\$' billion equivalent</u>	<u>EUR' billion</u>	<u>HK\$' billion equivalent</u>
Total assets	1,275	11,919	1,354	11,043
Total liabilities	1,211	11,321	1,289	10,513
Total advances to customers	425	3,973	427	3,478
Total customer deposits	<u>411</u>	<u>3,842</u>	<u>421</u>	<u>3,434</u>

	<u>31.12.2017</u>		<u>31.12.2016</u>	
	<u>EUR' billion</u>	<u>HK\$' billion equivalent</u>	<u>EUR' billion</u>	<u>HK\$' billion equivalent</u>
Pre-tax profit	<u>5.14</u>	<u>48</u>	<u>6.31</u>	<u>51</u>

SOCIETE GENERALE HONG KONG BRANCH

SECTION C - REMUNERATION OF SENIOR MANAGEMENT

(i) Remuneration policy

As an overseas branch of the Bank, the Branch follows the Remuneration Policy of the Bank.

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 the Bank.

<http://www.societegenerale.com/en/measuring-our-performance/information-and-publications/registration-documents>

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 Branch. 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 43 members.

Senior Management + Key Personnel combined
In HKD (using spot rate 31 Dec 2017)

	<u>Awards</u>	
	<u>Non deferred</u>	<u>Deferred</u>
Fixed Remuneration		
Cash Based	134,542,524	-
Shares/Share Linked	-	-
Variable Remuneration		
Cash Based	30,659,042	12,252,170
Shares/Share Linked	22,865,948	26,042,227

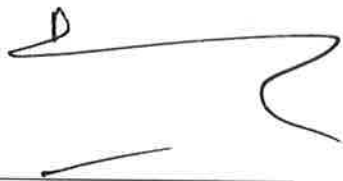
Senior Management + Key Personnel combined
In HKD (using spot rate 31 Dec 2016)

	<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

SOCIETE GENERALE HONG KONG BRANCH

STATEMENT OF COMPLIANCE

This is to confirm that the information in these disclosure statements for the year ended 31 December 2017 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.



David Abitbol
CHIEF EXECUTIVE



Joanne Lam Hoi Yin
CHIEF ACCOUNTANT

26 March 2018