1. Description of the pay policy in force at the company

This pay policy upholds the principles of the pay policy applied at Group level.

The pay policy for Groupe BPCE employees is a key instrument in the implementation of the Group’s strategy. It is intended to serve as an incentive and to be competitive in view of practices observed on the market (local and industry, across various activities) in order to attract talent and to retain and motivate employees.

It also aims to be fair so that equitable pay within the company for collective and individual performance is ensured.

The policy complies with regulations governing the banking and financial sector.

Surveys on pay are carried out regularly by specialized firms to verify that the various components of pay are in line with market practices and to launch any required remedial actions.

To this end, each Group company conducts an annual analysis and revision of individual pay and its development in view of performance and the fulfillment of objectives. Budgets for reassessments and pay equity adjustments, intended to ensure adherence to the principle of gender equality in the workplace, are implemented if deemed necessary.

BPCE SA’s salaried employees receive fixed pay based on their status as defined in the bank’s collective bargaining agreement and their level of responsibility.

They receive a variable pay component, which is based on targets determined on the basis of their position.

The variable component is capped at 8% of fixed pay, except for employees with a variable pay clause in their contracts. In such cases, variable pay is capped at 60%.

The target variable component for employee members of the Executive Management Committee is 80%. The variable component is capped at 100% for members of the BPCE Management Board1.

Employees also benefit from a profit-sharing system, the total amount of which is capped at 12% of the payroll.

1 Excluding the President of the BPCE SA Management Board.
2. **Decision-making procedure used to determine the pay policy**

The Remuneration Committee is composed of the Chairmen of the Boards of Directors of Banque Populaire banks, the Chairmen of the Steering and Supervisory Boards of Caisses d’Epargne, a Chief Executive Officer of a Banque Populaire bank, a Chairman of the Management Board of a Caisse d’Epargne, an employee representative on the Supervisory Board and an independent director.

The Committee is chaired by an independent director in compliance with the recommendations of the Corporate Governance Code for publicly-traded companies, amended in November 2015 by the French Private Companies Association (AFEP) and the French Business Confederation (MEDEF). The members of the Committee cannot be corporate officers of BPCE.

Chaired by Maryse Aulagnon, Chairman and Chief Executive Officer of Affine and an independent director, the Committee is also composed of the following members (as of December 31, 2016):

- Catherine Amin Garde, Chairman of the Steering and Supervisory Board of Caisse d’Epargne Loire Drôme Ardèche
- Astrid Boos, Chairman of the Steering and Supervisory Board of Caisse d’Epargne Alsace
- Pierre Desvergnes, Chairman of the Board of Directors of CASDEN Banque Populaire
- André Joffre, Chairman of the Board of Directors of Banque Populaire du Sud
- Didier Patault, Chairman of the Management Board of Caisse d’Epargne Ile-de-France
- Yves Gevin, Chief Executive Officer of Banque Populaire Rives de Paris
- Vincent Gontier, employee of NATIXIS

The Committee met six times in 2017.

It conducted a review of:
- the principles of the pay policies of the company and Group;
- pay, remuneration and benefits of any kind granted to the company’s corporate officers;
- pay granted to the Head of Risk Management and Head of Compliance.

The Remuneration Committee expressed its view on the proposals of Executive Management concerning “risk takers” and on the principles of the pay policy for this group of employees.

3. **Description of the pay policy**

**Composition of the regulated population ("risk takers")**

In accordance with Delegated EU Regulation No. 604/2014, Groupe BPCE companies are required to identify the categories of personnel whose professional activities have a material impact on the institution’s risk profile.

The Delegated Regulation establishes qualitative and quantitative criteria in this regard.

Articles 198 to 201 of the Ministerial Order of November 3, 2014 relating on internal control of companies in the banking, payment services and investment services sector and subject to the supervision of the ACPR establish the procedure for enforcing rules related to pay policy for entities according to their size and internal organization as well as the nature, scale and complexity of their activity.

Thus, within the Group, the criteria for identifying risk takers:
- are applicable to the Banque Populaire banks, Caisses d’Epargne, credit institutions, financing companies and investment firms with a balance sheet total above €10 billion on an individual, consolidated and sub-consolidated basis;
- are applicable to credit institutions, financing companies and investment firms with a balance sheet total under €10 billion, but only on the Group level;
- are not applicable to asset management companies, portfolio management companies, insurance companies or reinsurance companies;
- are applicable to other Group companies whose balance sheet total is above €10 billion or whose activities incur risks to the Group’s solvency or liquidity, but on a consolidated basis only.

For BPCE SA, a credit institution with a balance sheet total above €10 billion, the following were identified on the basis of the various criteria:

- the members of the Management Board;
- the members of the Supervisory Board;
- the members of the Executive Management Committee;
- the Heads of each of the three control functions, at the Group and BPCE SA levels, and their immediate subordinates;
- the Heads of the following support functions, at the Group and BPCE SA levels: legal, finance, budget, tax, human resources, pay policy, information technology and economic analysis;
- the permanent decision-making members, both sitting and alternate, of the following finance and risk management committees:
  - Group Strategic ALM Committee,
  - Group Accounting Standards and Methods and Oversight Committee,
  - Groupe BPCE Risk and Compliance Committee,
  - Group Watchlist and Provisions Committee,
  - Group Risk Management, Compliance and Permanent Control Standards and Methods Committee,
  - Group Non-Financial Risk Committee
  - Risk, Compliance and Permanent Control Committee - Groupe BPCE institutions,
  - BPCE SA Risk Management and Compliance Committee,
  - Caisse d’Epargne Credit Risk Management Committee,
  - Banque Populaire Credit Risk Management Committee,
  - Group Credit and Counterparty Committee,
  - Group Market Risk Management Committee,
  - Review and Validation Committee for New Groupe BPCE Products (CEVANOP).

For all of these committees, members external to BPCE SA are identified by company.

- Employees authorized to commit at least 0.5% of BPCE SA’s Common Equity Tier 1 capital, calculated on a consolidated basis;
- The managers of the above employees;
- The heads of BPCE SA’s internal SRAB/Volcker units;
- Employees whose pay awarded in 2016 (fixed + variable) was greater than or equal to €500,000;
- Employees whose pay awarded in 2016 (fixed + variable) was among the top 0.3%. This figure was calculated on the basis of the headcount of BPCE SA;
- Employees whose pay awarded in 2016 (fixed + variable) was above the to 10% of the pay granted to employees identified under qualitative criteria 1), 3), 5), 6), 8), 11), 12), 13) or 14) of the Delegated Regulation.
In total, 19 members of the Supervisory Board and 56 positions at BPCE SA (company directors and employees) were identified. Employees pro-rated by period (if position was taken or given up during the year) totaled 69.7.

This list was reviewed by the Group Risk Management, Compliance and Permanent Control Division. It was submitted for approval to the Executive Management Committee and presented to the Remuneration Committee.

**General principles of the pay policy**

There are three categories of employees within the regulated population:

**Members of the Supervisory Board**
Their pay is composed exclusively of attendance fees and (for the Chairman) a duty allowance, both of predetermined value. They do not receive any variable pay in respect of their office.

**Management Board and members of the Executive Management Committee**
On the advice of the Remuneration Committee, the Supervisory Board decided on February 9, 2017 to set the fixed pay awarded to Marguerite Bérard-Andrieu, Member of the Management Board, at €600,000 (including additional pay specifically related to the pension scheme subject to Article 82 of the French General Tax Code); the fixed and variable components of the pay awarded to the President and other members of the Management Board were not amended in 2017, i.e.:

**Fixed component:**
- €550,000 for the President of the Management Board (plus a maximum housing allowance of €60,000, which is currently not being paid to the President of the Management Board),
- €600,000 for Marguerite Bérard-Andrieu,
- €500,000 for the other members of the Management Board, with the exception of Laurent Mignon, who receives no pay for his duties at BPCE SA.

**Variable component:**
- for the President of the Management Board, a target variable component of 150% (maximum 200% if performance targets exceeded);
- for the other members of the Management Board, a target variable component of 80% (maximum 100% in if performance targets exceeded).

Variable pay for 2017 will be paid only if the following condition is met for fiscal year 2017: Group Basel 3 CET1 ratio (COREP regulatory view, i.e. using phase-in measures) of more than 9.79% at 31/12/2017; this percentage is equal to the minimum Pillar 2 Capital Guidance (P2G) set by the ECB in its letter of November 25, 2016.

The performance targets are assessed in accordance with quantitative criteria, representing 60% of variable pay, and on qualitative criteria, representing 40%.

- Quantitative criteria: Net income attributable to equity holders of the parent accounting for 30%, C/I ratio for 20% and NBI for 10%.

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2 Including 3 Natixis employees in charge of SRAB/Volcker units, seconded to BPCE SA, also identified as Natixis risk-takers.

3 The 3 Natixis employees in charge of SRAB/Volcker units and seconded to BPCE SA, and their pay, are recorded in the quantitative tables of the Natixis report.
Five qualitative criteria, representing 40%: 1) Sales Development/Coordination, 2) Human Resources, 3) Finance/Strategy and 4) Governance each accounting for 5%, and 5) Digital Transformation of the Banks and Information Systems for 20%.

The target variable component for the other members of the Executive Management Committee (Deputy CEO - Risk Management, Compliance and Permanent Control; CEO - Digital; CEO - Transformation and Operational Excellence) is 80% of their fixed pay (maximum 100% if performance targets exceeded). With the exception of the Deputy CEO - Risk Management, Compliance and Permanent Control, who has specific targets, the targets of the other members of the Executive Management Committee are aligned at 60% with the quantitative criteria applicable to the variable component of the Management Board.

Other employees belonging to the regulated population

These employees receive a variable component under their contracts, with a maximum percentage of 12% to 30% for those classified as “J” or "K," 25% to 50% for executive managers classified as "higher category" (excluding members of the Executive Committee) and 50% to 60% for members of the Executive Committee.

In all cases, the variable component is based on individual targets determined on the basis of their position or entity.

Ultimately, for all employees of BPCE SA, the variable component may not exceed 100% of fixed pay, with the exception of the President of the Management Board.

Pay policy for risk takers

Group standard

Groupe BPCE has implemented a pay policy for risk takers that complies with Articles L. 511-71 to L. 511-85 of the French Monetary and Financial Code.

This policy and the procedure for enforcing the regulation within the Group are covered by a Group standard, which was adopted by the BPCE Supervisory Board at its meeting of June 22, 2016. The standard is updated on a regular basis after an internal and independent assessment is conducted by the Group’s Inspection Générale division and internal audit.

Minimum capital threshold

The Group standard thus sets a minimum capital threshold that must be met for all Group risk takers to receive their variable components. For 2017, this threshold was the same as that applicable to the members of the BPCE SA Management Board (see above).
Consideration of the company’s financial position
Each year, before the awards are made, the BPCE SA Remuneration Committee considers whether the company’s financial position and the actual performance of the risks takers in its sub-consolidation scope are consistent with the award of variable components. Based on this review, it may propose a reduction in these variable components.

Reduction in variable pay in instances of bad behavior
Groupe BPCE also implemented a system of penalties for bad behavior that complies with the general framework set out in the standard. This general framework establishes three types of violations:
- Serious violation: impact above the serious incident threshold for the group (€300,000) – the percentage reduction may be as high as -10%;
- Material violation: impact above the material incident threshold for the Group (0.5% of the institution’s capital) – the percentage reduction may be as high as -100%;
- Failure to participate in mandatory regulatory training sessions: -5% per session.

The Penalty Committee observed that there were no penalties applicable to serious/material violations or failure to participate in mandatory training sessions for fiscal year 2017.

Consideration of SRAB and Volcker regulations
The systematic inclusion of the heads of the internal SRAB/Volcker units among risk takers also ensures that the pay policy for these employees complies with these specific regulations.

Lastly, the policy with regard to payment of variable pay has the following characteristics, when the amount of variable pay awarded is greater than or equal to the €100,000 threshold. These rules apply to all components of variable pay awarded.

Deferred and conditional payment of a portion of variable pay
The payment of a portion of the variable pay awarded for a fiscal year is deferred over time and conditional.
This payment is staggered over the three years that follow the year in which the variable pay was awarded, paid in one-third installments.

Amount of deferred variable pay
The percentage of deferred variable pay corresponds to 50%, increased to 60% if the variable component is greater than or equal to €500,000 and 70% if it is greater than or equal to €1,000,000.

Payment in securities or equivalent instruments
As BPCE SA is not a publicly-traded company, the deferred component of variable pay takes the form of cash indexed on the basis of an indicator representing the change in the value of Groupe BPCE shares.
The indicator used is ratio of net income attributable to equity holders of the parent, assessed as a rolling average over the last three calendar years preceding the year pay is awarded and the years it is paid.
The indexing factor for the portions of the variable components awarded for 2014 and deferred to 2018 is 1.2342.
The indexing factor for the portions of the variable components awarded for 2015 and deferred to 2018 is 1.1098.
The indexing factor for the portions of the variable components awarded for 2016 and deferred to 2018 is 0.9946.
On account of the minimum additional holding period required by regulation, the conditional payment of the deferred portion of the variable component for year N is paid, at the earliest, on October 1 of years N+2, N+3 and N+4.
Application of penalties to deferred portions
Pursuant to Article L. 511-83 of the French Monetary and Financial Code, the Supervisory Board ruled, acting on a proposal by the Remuneration Committee, that the deferred pay portion would be paid only if normative ROE for the Group's core businesses was greater than or equal to 4%.
### Aggregate quantitative information

#### Table 1

Aggregate quantitative information on pay, broken down by core business/function (*)

Article 450 g) of EU Regulation No. 575/2013

<table>
<thead>
<tr>
<th></th>
<th>Management body executive function</th>
<th>Management body supervisory function</th>
<th>Investment Banking</th>
<th>Retail Banking</th>
<th>Asset management</th>
<th>Support Functions</th>
<th>Independent Control Function</th>
<th>Other</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Headcount</td>
<td>5.0</td>
<td>18.5</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>19.9</td>
<td>26.3</td>
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<td>69.7</td>
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<tr>
<td>Fixed pay</td>
<td>€2,150,000</td>
<td>€964,177</td>
<td>€0</td>
<td>€0</td>
<td>€0</td>
<td>€4,760,220</td>
<td>€4,196,284</td>
<td>€0</td>
<td>€12,070,681</td>
</tr>
<tr>
<td>Variable pay</td>
<td>€2,366,020</td>
<td>€0</td>
<td>€0</td>
<td>€0</td>
<td>€0</td>
<td>€2,356,568</td>
<td>€1,376,149</td>
<td>€0</td>
<td>€6,089,737</td>
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<tr>
<td>Total pay</td>
<td>€4,516,020</td>
<td>€964,177</td>
<td>€0</td>
<td>€0</td>
<td>€0</td>
<td>€7,116,788</td>
<td>€5,572,433</td>
<td>€0</td>
<td>€18,169,418</td>
</tr>
</tbody>
</table>

(*) pro-rated data
Table 2
Aggregate quantitative information on pay, broken down by employee category (managers and staff members whose activities have a material impact on the institution’s risk profile) (*)
Article 450 h) of EU Regulation No. 575/2013

<table>
<thead>
<tr>
<th></th>
<th>Management body</th>
<th>Other</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Headcount</td>
<td>23.5</td>
<td>46.2</td>
<td>69.7</td>
</tr>
<tr>
<td>Total pay</td>
<td>€5,480,197</td>
<td>€12,689,221</td>
<td>€18,169,418</td>
</tr>
<tr>
<td>- o/w fixed pay</td>
<td>€3,114,177</td>
<td>€8,956,504</td>
<td>€12,070,681</td>
</tr>
<tr>
<td>- o/w variable pay</td>
<td>€2,366,020</td>
<td>€3,732,717</td>
<td>€6,098,737</td>
</tr>
<tr>
<td>- o/w non-deferred</td>
<td>€1,036,328</td>
<td>€2,718,993</td>
<td>€3,755,321</td>
</tr>
<tr>
<td>- o/w cash</td>
<td>€1,036,328</td>
<td>€2,718,993</td>
<td>€3,755,321</td>
</tr>
<tr>
<td>- o/w shares and share equivalents</td>
<td>€0</td>
<td>€0</td>
<td>€0</td>
</tr>
<tr>
<td>- o/w other instruments</td>
<td>€0</td>
<td>€0</td>
<td>€0</td>
</tr>
<tr>
<td>- of which deferred</td>
<td>€1,329,692</td>
<td>€1,013,724</td>
<td>€2,343,416</td>
</tr>
<tr>
<td>- o/w cash</td>
<td>€0</td>
<td>€0</td>
<td>€0</td>
</tr>
<tr>
<td>- o/w shares and share equivalents</td>
<td>€1,329,692</td>
<td>€1,013,724</td>
<td>€2,343,416</td>
</tr>
<tr>
<td>- o/w other instruments</td>
<td>€0</td>
<td>€0</td>
<td>€0</td>
</tr>
<tr>
<td>Amounts outstanding on variable pay awarded for previous years and not yet vested</td>
<td>€899,581</td>
<td>€470,534</td>
<td>€1,370,115</td>
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<tr>
<td>Amount of variable pay awarded for previous years and already vested (after reduction)</td>
<td>€1,005,595</td>
<td>€477,240</td>
<td>€1,482,835</td>
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<tr>
<td>- Value of reductions performed</td>
<td>€0</td>
<td>€0</td>
<td>€0</td>
</tr>
<tr>
<td>Severance pay awarded</td>
<td>€0</td>
<td>€0</td>
<td>€0</td>
</tr>
<tr>
<td>Number of severance pay recipients</td>
<td>0</td>
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<td>0</td>
</tr>
<tr>
<td>Highest severance pay awarded</td>
<td>€0</td>
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<td>€0</td>
</tr>
<tr>
<td>Signing bonuses</td>
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<td>€0</td>
<td>€0</td>
</tr>
<tr>
<td>Number of signing bonus recipients</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
</tbody>
</table>

(*) pro-rated data
Table 3 (pay in excess of €1 million)

For 2017, three employees received total pay (fixed + variable) that exceeded €1 million. Furthermore, this pay was below €1,500,000.