BPCE SA

Report prepared in accordance with Article 266 of the Decree of November 3 relating to the internal control of companies in the banking, payment services and investment services sector, subject to the supervision of the Autorité de Contrôle Prudentiel et de Résolution (ACPR - the French Prudential Supervisory Authority for the Banking and Insurance Sector) – 2014

Staff pay policy and practices pursuant to Article L. 511-71 of the French Monetary and Financial Code

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

This pay policy upholds the principles of the pay policy applied on the 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 business line 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 achieve this, 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 agreement and their level of responsibility.

They receive a variable pay component, 25% of which is based on collective criteria (net income attributable to equity holders of the parent, BPCE SA expenses) and 75% of which is based on individual objectives determined on the basis of their position or entity.

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%.
They also benefit from a profit-sharing system, capped at 12% of payroll.

2. Decision-making procedure used to determine the pay policy

The Appointments and 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 and independent members.

The Committee is chaired by an independent member in compliance with the recommendations of the Corporate Governance Code for listed companies published June 16, 2013 by the French Private Companies Association (AFEP) and the French Business Confederation (MEDEF).

The members of the Committee cannot be corporate officers of BPCE, tied to BPCE or another Groupe BPCE company by an employment contract, or members of the Audit and Risk Committee.

Chaired by Maryse Aulagnon, Chairman and Chief Executive Officer of Affine and independent member, the Committee is also composed of the following members:

- Catherine Amin-Garde, Chairman of the Steering and Supervisory Board of Caisse d’Epargne Loire Drôme Ardèche
- Gérard Bellemont, Chairman of the Board of Directors of Banque Populaire Val de France
- Pierre Desvergnes, Chairman and Chief Executive Officer of CASDEN Banque Populaire
- Pierre Mackiewicz, Chairman of the Steering and Supervisory Board of Caisse d’Epargne Côte d’Azur

The Committee met four times to discuss pay in 2014.

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 attributed to the Head of Risk Management and Head of Compliance.

The Remuneration Committee expressed its view on the proposals of Executive Management concerning the "regulated population" and on the principles of the pay policy for this population.

3. Description of the pay policy

3.1 Composition of the regulation 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 Decree of November 3, 2014 relating to the internal control of companies in the banking, payment services and investment services sector, which are subject to the supervision of the Autorité de Contrôle Prudentiel et de Résolution, 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 the regulated population:
- are applicable to 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 and their immediate subordinates;
- the Heads of the following support functions: legal, finance, human resources, pay policy, information technology and economic analysis;
- the permanent members of the following finance and risk management committees:
  - Strategic Group ALM Committee,
  - Group Management and Accounting Standards and Methods and Oversight Committee,
  - Group Risk Management Committee,
  - BPCE SA Risk Management Committee,
  - Group Market Risk Management Committee,
  - Group Operational Risk Management Committee,
  - Group Credit Committee,
  - Group Watchlist and Provisions Committee,
  - Caisses d’Epargne Credit Risk Management Committee,
  - Banque Populaire Credit Risk Management Committee,

For all of these committees, members external to BPCE SA (directors) are identified based on their company;
- Employees who can commit at least €5 million or more;
- The Chairman of the Review and Validation Committee for New Groupe BPCE Products (CEVANOP);
- The managers of the above employees;
- Employees whose pay for 2013 (fixed + variable) was equal to or higher than €500,000;
- Employees whose pay for 2013 (fixed + variable) was among the top 0.3%. This figure was calculated on the basis of the consolidated headcount of BPCE SA + BPCE IOM, i.e. the top 15 earners;
- Employees whose pay for 2013 (fixed + variable) was greater than that of the lowest-paid member of the Executive Management Committee.

At the request of the Executive Management Committee, the Director of Group Funding and Investor Relations and the Director of the Central Institution/Subsidiaries and Group Operating Expenses were also added on account of their material impact on the institution's risk profile.

In total, 18 members of the Supervisory Board and 37 employees of BPCE SA (company directors and employees) were identified.

This list was approved by the Compliance Division and Risk Management Division. It was submitted to the Remuneration Committee.

3.2 General principles of the pay policy

It is advisable to make a distinction between three categories of employees within the regulated population:

The 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 as part of their mandate.

The Management Board and Deputy Chief Executive Officer, who constitute the Executive Management Committee

On the advice of the Remuneration Committee, the Supervisory Board decided not to modify the fixed or variable components of the pay awarded to the Chairman and members of the Management Board for 2014, i.e.:

- for the fixed component,
  - €550,000 for the Chairman of the Management Board (plus a maximum housing allowance of €60,000, which is currently not being paid to the Chairman of the Management Board),
  - €550,000 for the members of the Management Board, with the exception of Laurent Mignon, who receives no pay for his duties at BPCE SA.

- for the variable component,
  - for the Chairman of the Management Board, a target variable component of 150% (maximum 200% in the event of outperformance);

1 BPCE IOM and its credit institution subsidiaries have a combined balance sheet total of less than €10 billion. Consequently, the identification of risk takers for this scope is carried out at the level of BPCE SA by applying criteria to BPCE SA on a sub-consolidated basis.
- for the other members of the Management Board, a target variable component of 80% (maximum 100% in the event of outperformance).

Payment of the variable component for 2014 is subject to compliance with the ACP's requirements for the Group for 2014:

"Minimum Core Tier-1 capital of €35.8 billion, representing 9% of RWA at June 30, 2012 + the sovereign buffer at June 30, 2012 (EBA method)."

The objectives are assessed on quantitative criteria, representing 60% of variable pay, and on qualitative criteria, representing 40%.

- Quantitative criteria: Net income attributable to equity holders of the parent (30%), cost/income ratio (20%) and net banking income (10%). These criteria are restated to offset the impact of the revaluation of own debt.

- Qualitative criteria, representing 40%, with four criteria each worth 10%: Scarce Resources, Commercial Development, Governance and Human Resources.

The Deputy Chief Executive Officer’s variable component is determined in identical fashion to that of the members of the Management Board.

Other employees

Other employees receive fixed pay on the basis of their status ("K" or "HC" in the bank's collective agreement) and their level of responsibility.

Employees classified as "HC" are company directors and receive fixed pay of between €150,000 and €250,000, except for those who are members of the Executive Committee, for whom the pay range is from €200,000 to €300,000.

All receive a variable component under their contracts, with a maximum percentage of 20% to 30% for those classified as "K", 30% to 50% for company directors classified as "HC" (excluding members of the Executive Committee) and 40% to 60% for members of the Executive Committee.

In all cases, 25% of this variable component is based on collective objectives (net income attributable to equity holders of the parent, BPCE SA expenses) and 75% is based on individual objectives related to their position or entity.

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

3.3 Policy regarding the payment of variable pay to the regulated population

In accordance with Articles L. 511-71 to L. 511-85 of the French Monetary and Financial Code, the policy with regard to the payment of variable pay (schedule, percentage paid in shares, penalties) is as follows:

Proportionality

The rules governing the payment of variable pay apply only when the variable pay attributed is equal to or greater than the threshold of €100,000.
If the variable pay is equal to or greater than this threshold, the rules governing the payment of variable pay apply to the full variable pay amount.

**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.

In the event of death or retirement, the non-vested deferred portion vests immediately, net of any penalties.

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 equal to or greater than €500,000 and 70% if it is equal to or greater than €1,000,000.

**Payment in securities or equivalent instruments**

As BPCE SA is not a listed company, the deferred component of the 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 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. Only 2010 and the following fiscal years were used to calculate this average.

The indexing factor for the portions of the variable components awarded for 2011 and deferred to 2015 is 0.8503.

The indexing factor for the portions of the variable components awarded for 2012 and deferred to 2015 is 0.9795.

The indexing factor for the portions of the variable components awarded for 2013 and deferred to 2015 is 1.0705.

On account of the minimum additional retention 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**

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%.
4. Aggregate quantitative information

Table 1

Aggregate quantitative information on pay, broken down by area of activity

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>17.4</td>
<td>0.0</td>
<td>0.0</td>
<td>0.0</td>
<td>16.9</td>
<td>15.0</td>
<td>0.0</td>
<td>54.3</td>
</tr>
<tr>
<td>Fixed pay</td>
<td>€2,050,000</td>
<td>€609,602</td>
<td>€0</td>
<td>€0</td>
<td>€0</td>
<td>€3,985,357</td>
<td>€2,265,667</td>
<td>€0</td>
<td>€8,910,626</td>
</tr>
<tr>
<td>Variable pay</td>
<td>€2,090,924</td>
<td>€0</td>
<td>€0</td>
<td>€0</td>
<td>€0</td>
<td>€1,551,371</td>
<td>€550,940</td>
<td>€0</td>
<td>€4,193,235</td>
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<tr>
<td>Total</td>
<td>€4,140,924</td>
<td>€609,602</td>
<td>€0</td>
<td>€0</td>
<td>€0</td>
<td>€5,536,728</td>
<td>€2,816,607</td>
<td>€0</td>
<td>€13,103,861</td>
</tr>
</tbody>
</table>

(*) pro-rated data
Table 2

Aggregate quantitative information on pay, broken down for 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><strong>Headcount (*)</strong></td>
<td>22.4</td>
<td>31.9</td>
<td>54.3</td>
</tr>
<tr>
<td><strong>Total pay</strong></td>
<td>€4,750,526</td>
<td>€8,353,335</td>
<td>€13,103,861</td>
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<tr>
<td>- of which fixed pay</td>
<td>€2,659,602</td>
<td>€6,251,024</td>
<td>€8,910,626</td>
</tr>
<tr>
<td>- of which variable pay</td>
<td>€2,090,924</td>
<td>€2,102,311</td>
<td>€4,193,235</td>
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<tr>
<td>- of which non-deferred</td>
<td>€960,276</td>
<td>€1,633,647</td>
<td>€2,593,923</td>
</tr>
<tr>
<td>- of which cash</td>
<td>€960,276</td>
<td>€1,633,647</td>
<td>€2,593,923</td>
</tr>
<tr>
<td>- of which shares and equivalent instruments</td>
<td>€0</td>
<td>€0</td>
<td>€0</td>
</tr>
<tr>
<td>- of which other instruments</td>
<td>€0</td>
<td>€0</td>
<td>€0</td>
</tr>
<tr>
<td>- of which deferred</td>
<td>€1,130,648</td>
<td>€468,664</td>
<td>€1,599,312</td>
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<tr>
<td>- of which cash</td>
<td>€0</td>
<td>€0</td>
<td>€0</td>
</tr>
<tr>
<td>- of which shares and equivalent instruments</td>
<td>€1,130,648</td>
<td>€468,664</td>
<td>€1,599,312</td>
</tr>
<tr>
<td>- of which 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>€1,020,524</td>
<td>€196,511</td>
<td>€1,217,035</td>
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<tr>
<td>Amount of variable pay awarded for previous years and already vested (after reduction)</td>
<td>€819,497</td>
<td>€159,980</td>
<td>€979,477</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 granted</td>
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<td>€0</td>
<td>€0</td>
</tr>
<tr>
<td>Number of recipients of severance pay</td>
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<td>0</td>
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<tr>
<td>Highest severance pay granted</td>
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<td>€0</td>
</tr>
<tr>
<td>Signing bonuses</td>
<td>€0</td>
<td>€0</td>
<td>€0</td>
</tr>
<tr>
<td>Signing bonuses recipients</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
</tbody>
</table>

(*) pro-rated data
Table 3

For 2014, only one employee received total pay that exceeded €1 million. Furthermore, this pay was below €1,500,000.

5. Information on individuals

For 2014, total individual pay was as follows:

- Chairman of the Management Board: €1,401,858
- Every other member of the Management Board (with the exception of Laurent Mignon): €913,022
- Laurent Mignon: €0
- Head of Risk Management: €410,655
- Head of Compliance: €325,497