

INFORMATION

Dear shareholders,

You will find here below a brief description of the process followed by the Compensation Committee then by the Board of Directors of BNP Paribas, that led to their decision to propose to the May 17 AGM, an 18% increase in the fixed remuneration of Jean-Laurent Bonnafé, Chief Executive Officer.

As a reminder, this fixed remuneration has been **stable over the last 6 years**, the revision **that occurred in 2016** having moreover been implemented (to comply with new rules of the European Banking Authority) in the context of a package restructuring **with an unchanged (since 2012) global amount**.

As far as the present proposal is concerned, the Directors first examined the benchmark of 9 banks (including BNPP), which are the "usual set of peers" with which market participants and clients compare BNPP. This list (please see **Appendix 1**) includes:

- Institutions from the Euro Area (and therefore under the rule of the limitation of the variable pay to a maximum of two times the fixed remuneration - *what could rather trigger, all things being equal, a lower fixed part of the remuneration and therefore makes our benchmark all the more stringent*),
- as well as registered in countries outside of the European Union; it doesn't include any North-American Institution.

All in all, the benchmark here proposed is made of the **main competitors** of BNP Paribas.

At 1,562 k€ gross, the fixed pay of the CEO of BNPP for 2021 **ranks 7th** in this list which includes data on the fixed compensation of the CEOs of the peer group for 2020, the latest statistics available when the Board examined the question. For comparison purposes, BNP Paribas achieved for the FY2021 the **2nd highest net profit** and currently occupies also **the 2nd place in terms of market capitalization**.

After an 18% increase, with a "new" fixed remuneration set at 1,843 k€ gross from 2022 on:

- Jean-Laurent Bonnafé **would always rank 7th** as the figures show,
- his fixed remuneration would remain significantly lower than the 2020 average (2,470 k€) and median (2,634 k€) of said peer group (excluding BNPP), i.e. **still a discount of respectively 25% and 30%**.

Taking into consideration the sole 6 banks from the Eurozone, the average fixed remuneration (excluding BNPP) would be 2,296 k€, meaning that:

- BNPP **ranks 5th out of 7** (excluding UBS because of a change of CEO in 2020, but his fixed pay was more for 2019 than the average computed above), **with a 32% discount**,
- after the proposed 18% increase, **BNP Paribas would still rank 5th out of 7, with a 19,7% discount**.

The mere observation of the magnitude of the gap separating the level of Jean-Laurent Bonnafé's fixed compensation from the average and the median of the benchmark led the Compensation Committee and the Board to waive to consider this peer group: the "catch-up jump" would have been too large.

It thus seemed more legitimate to base the proposal to readjust the fixed compensation of the Chief Executive Officer on the **evolution of the compensation of all BNP Paribas SA employees in France**, which was assessed at **18,5% from 2016** (again, the last increase in the CEO's fixed remuneration) **to 2021**. Considering, among others, the achievements of the Bank, the intention of the Board is to have, from 2022 on, the fixed salary of its first Manager **not disconnected** from the past evolution of the one of the general workforce.

If we chose to consider **the total remuneration** of the average BNPP staff rather than the fixed part "only", **the time gap to consider would then be from 2012 and not from 2016**, since, as reminded at the beginning of this note, the last increase was implemented in the context of a package restructuring **with an unchanged (since 2012) global amount**. In this case, **the variation of the average global pay is 70,677/59,044 = 19,7%**¹ between 2012 and 2020, i.e. **larger than the 18% proposed, from 2022 on, for the CEO** (please see **Appendix 2**).

¹ Sources: BNPP SA social reports : https://invest.bnpparibas/document/bilan-social-2020_page_20;
https://invest.bnpparibas/document/bilan-social-16_page_18; https://invest.bnpparibas/en/document/bilan-social-1_page_16

BENCHMARK: FIXED COMPENSATION OF THE PANEL (RESTATED FROM COVID 19 DECISIONS)

		Remuneration for FY2018	Remuneration for FY2019	Remuneration for FY2020
<i>in k€</i>		Fixed Remuneration	Fixed Remuneration	Fixed Remuneration
BNP PARIBAS		1,562	1,562	1,562
Panel European Banks	BARCLAYS	2,647	2,647	2,647
	BBVA	1,965	2,179	2,179
	CREDIT AGRICOLE	1,025	1,100	1,100
	DEUTSCHE BANK	3,291	3,400	3,400
	HSBC	2,802		3,341
	INTESA	2,600	2,620	2,620
	SANTANDER	3,176	3,176	3,176
	SOCIETE GENERALE	1,300	1,300	1,300
	UBS**	2,334	2,334	
	<i>Average (excluding BNPP & CEO change)</i>		<i>2,349</i>	<i>2,345</i>
<i>Median (excluding BNPP & CEO change)</i>		<i>2,600</i>	<i>2,477</i>	<i>2,634</i>

Covid decisions
CEO change

COVID 19 DECISIONS

- **Barclays:** For the 2020 financial year, reduction of the fixed compensation by 1/3 over 6 months
- **Deutsche Bank:** For the 2020 financial year, waiver of one month's fixed salary



After taking into account the 18% increase in the fixed compensation of the Chief Executive Officer, BNP Paribas' ranking* compared to its European peers remains unchanged

* Based on 2018, 2019 and 2020 fixed compensation data



BNP PARIBAS

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REMINDER OF INDICATOR 21 OF THE SOCIAL REPORTS OF BNP PARIBAS SA



21 | RÉMUNÉRATIONS ET CHARGES SOCIALES ET FISCALES PAYÉES DANS L'ANNÉE (en Millions d'euros)

	2012
TOTAL DES CHARGES DE PERSONNEL	1365
« Salaires et traitements »	21842
Rémunérations fixes y compris prime salariale et prime de forfait (avant retenues)	1722
Revenues (maladie, maternité, temps à la carte...)	478
Indemnités diverses et heures supplémentaires	970
Rémunérations variables	3058
Sous total « Salaires et traitements »	27884
Abonnement et frais de gestion	459
« Charges sociales »	800,8
« Charges fiscales »	238,2
« Intéressement et Participation » (galaement au titre de l'exercice précédent)	241,6
Effectif moyen mensuel en Métropole (y compris Monte-Carlo)	48.897
Salaires et traitement, moyenne par salarié en € (« Salaires et traitements » / Effectif moyen mensuel)	57270
Rémunération moyenne d'un salarié (revenu) en €	59194
Moyenne des charges patronales par collaborateur en €	28738
Rapport des Charges Sociales et Fiscales sur le total des charges de personnel	327
Charge salariale globale (Total des charges de personnel / Valeur Ajoutée)	382

Average fixed remuneration paid in 2012:
1,7732ME / 40,627 = 43,846 euros

Average fixed remuneration paid in 2020:
1,9464ME / 35,925 = 54,180 euros

	2016
TOTAL DES CHARGES DE PERSONNEL	3729,0
« Salaires et traitements »	2227,5
Rémunérations fixes y compris prime salariale et prime de forfait (avant retenues)	1809,8
Revenues (maladie, maternité, temps à la carte...)	467
Indemnités diverses et heures supplémentaires	864
Rémunérations variables*	3331
Sous total « Salaires et traitements »	21881
Abonnement et frais de gestion (hors charges et taxes afférentes)**	473
« Charges sociales »	953,9
« Charges fiscales »	297,0
« Intéressement et Participation » (galaement au titre de l'exercice précédent)	244,5
Effectif moyen mensuel en métropole (y compris Monte-Carlo)	38.3250
Salaires et traitement, moyenne par salarié en € (« Salaires et traitements » / Effectif moyen mensuel)	56810
Rémunération moyenne d'un salarié (revenu) en € (y compris intéressement, Participation)	64431,0
Moyenne des charges patronales par collaborateur en €	32780,0
Rapport des charges sociales et fiscales sur le total des charges de personnel	37
Charge salariale globale (Total des charges de personnel / Valeur Ajoutée)	29

Average fixed remuneration paid in 2016:
1,8073ME / 38,326 = 47,156 euros

*Sources: BNP SA social reports

https://invest.bnpparibas/document/bilan-social-2020, page 20; https://invest.bnpparibas/document/bilan-social-16, page 18; https://invest.bnpparibas/en/document/bilan-social-4, page 16