



CORPORATE GOVERNANCE

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BNP PARIBAS | The bank for a changing world.

Corporate Governance



Paris

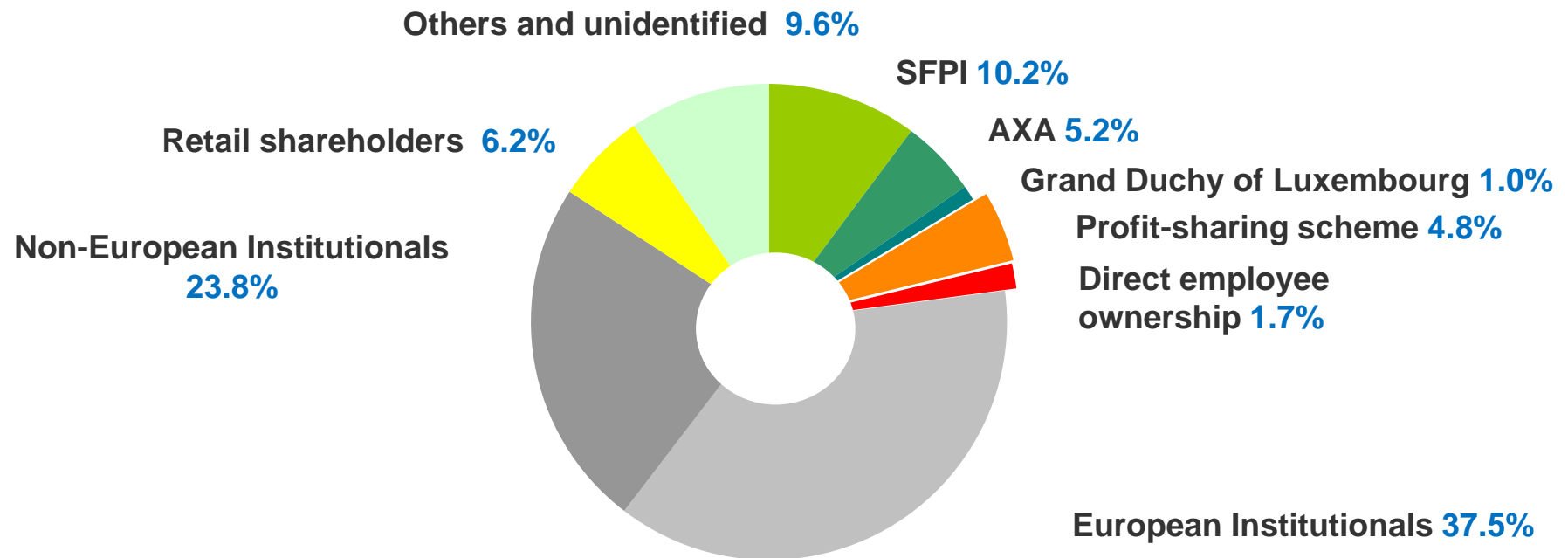
November 2012



Share ownership structure



Share ownership structure of BNP Paribas at 30 June 2012 (as % of capital)



- A very liquid security, included in all the leading indices
 - CAC 40 → DJ Euro Stoxx 50 → DJ Stoxx 50 → Global Titans
 - FTSE4GOOD → DJ SI World → ASPI Eurozone → Ethibel

Corporate governance

Best practices

- Separation of the functions of Chairman and CEO since 2003
- No member of the Executive Committee has sat on any of the Board Committees since 1997
- Audit Committee set up as soon as 1994, whose competencies were split :
 - Financial Statements Committee on the one hand
 - On the other hand, a Compliance, Risks and Internal Control Committee
- Undertaking by the Directors to surrender their office to the Board in the event of any significant change in their duties or powers
- Shareholders' protection: 1 share = 1 vote = 1 dividend
 - No double voting rights
 - No voting caps
- No anti-takeover or public exchange offer measures
- On-line voting before the General Meeting
- Immediate announcement of the outcome of the voting and of the composition of the quorum, after each General Meeting

Composition of the Board

Board of Directors after the 2012 AGM

- **14 directors appointed by the General Meeting**
 - For 3 years
 - Representing 5 nationalities
 - Including 11 “independent” directors, in accordance with the guidelines of the Board and the French stock market
 - Including 5 ladies (ie more than one third of directors elected by shareholders)
- **2 directors elected by the staff**
 - For 3 years
 - Not considered “independent” based on French stock market criteria, despite the method of their election

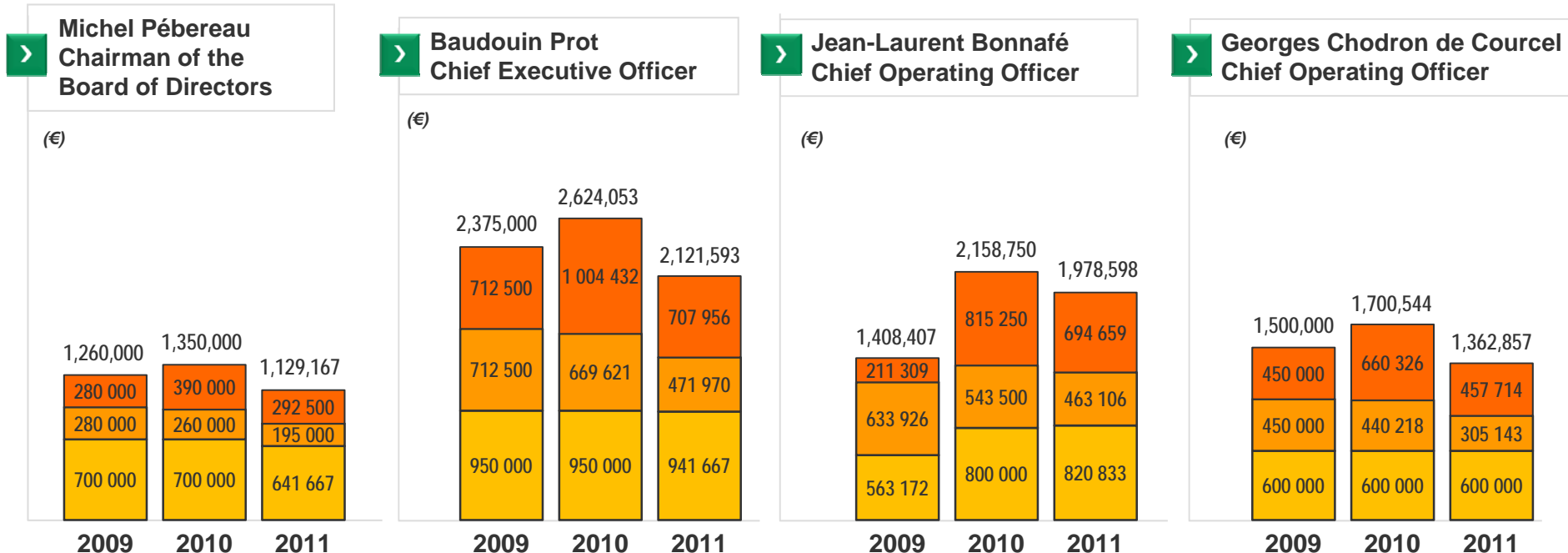


**Composition complies with stock market recommendations:
50% are independent directors**

Remuneration of corporate officers

(excluding Philippe Bordenave and François Villeroy de Galhau appointed on 1st December 2011)

■ Fixed
 ■ Variable cash
 ■ Variable deferred



Gross remuneration	2003	2004	2005	2006	2007	2008	2009	2010	2011
Group net income	100	124	156	194	208	80	155	209	161
Total remuneration	100	114	130	145	144	46	113	136	114
Variable remuneration	100	120	142	163	160	0	105	135	101
Average total remuneration	100	114	130	145	144	38	113	136	114

Income and remuneration of corporate officers (2003 = 100)

Rules for determining variable remuneration for 2012

- Quantitative criteria related to the Group's performance
 - Chairman
 - Growth in earnings per share relative to 2011
 - Chief Executive Officer (CEO) and Chief Operating Officers (COO)
 - Growth in earnings per share relative to 2011
 - Achievement of the Group gross operating profit target at constant perimeter
 - Growth in pre-tax net income and achievement of the gross operating profit targets of the core businesses (Chief Operating Officers)
- Criteria related to the risk and liquidity policy of BNP Paribas (CEO and COO)
 - Achievement of measurable pre-defined targets
- Qualitative criteria related to management performance
 - Capacities for anticipation, decision making and leadership employed for the benefit of the Group's strategy and its future
- 60% of the amount of remuneration determined according to these criteria will be deferred (40% for François Villeroy de Galhau)
- The amounts thus deferred will be:
 - spread over 2014, 2015 and 2016
 - subject to return on equity conditions
 - indexed for half of their amount on the share price

Situation of Jean-Laurent Bonnafé, Chief Executive Officer

- Jean-Laurent Bonnafé's employment contract has been terminated on 1 July 2012. With effect from that date, he no longer benefits from the provisions of the collective labour agreement or the company agreements applying to his status as an employee since 1 September 1993, with the exception of the common provisions regarding death and invalidity insurance and cover for healthcare expenses.
- He has no complementary pension arrangements other than those established for all BNP Paribas SA employees in accordance with Article 83 of the French General Tax Code (employer contribution €389 in 2011).
- To take account of this situation, and after carrying out comparative analyses, the Board of Directors has decided to set Jean-Laurent Bonnafé's fixed salary at €1,250,000 with effect from 1 July 2012.
- In the event of termination of his office as Chief Executive Officer, he would receive a severance payment in the terms provided by the law (regulated agreement) and the AFEP-MEDEF code of corporate governance.

Post-employment benefits

- **Golden parachutes**

With the possible exception of Jean-Laurent Bonnafé, Corporate officers receive no contractual compensation for the termination of their term of office

- **End-of-career compensation**

- Mr Baudouin Prot will receive when he retires, within the frame of a transaction duly authorised by the Board, a compensation of 150,000 euros for the end of its labour contract
- Messrs Jean-Laurent Bonnafé, Philippe Bordenave, Georges Chodron de Courcel and François Villeroy de Galhau should benefit, upon their retirement and depending on their original contractual situation, from the provisions applicable to employees of BNP Paribas SA

- **Pension scheme**

- Messrs Baudouin Prot and Georges Chodron de Courcel have a collective and conditional supplementary pension scheme in accordance with the provisions of the "Code de la Sécurité Sociale" (French Social Security Code)
- This scheme is based on the defined benefit schemes which were enjoyed by senior executives coming from BNP, Paribas and Compagnie Bancaire
- Subject to their presence in the Group at the time of retirement, the pensions that would be paid under this scheme would be calculated on the basis of the remuneration received in 1999 and 2000, without any possibility of subsequent vesting of rights
- The total pension amount (including compulsory schemes) may not represent more than 50% of the remuneration thus determined

Holding and retention of shares

Stock options and performance shares

- Corporate officers are obliged to retain, throughout their term of office, a number of shares acquired by exercising options.
This obligation is set at 50% of the net acquisition capital gain, and applies to the options allocated to Baudouin Prot and Georges Chodron de Courcel with effect from 1 January 2008 and to those allocated to Jean-Laurent Bonnafé, Philippe Bordenave and François Villeroy de Galhau subsequent to the date of their appointment as corporate officers.
- Throughout their term of office, corporate officers will be obliged to hold a minimum number of shares, set at 80,000 for Baudouin Prot and Jean-Laurent Bonnafé (not beyond 1 December 2014), 30,000 for Georges Chodron de Courcel and Philippe Bordenave and 20,000 for François Villeroy de Galhau (not beyond 1 December 2016).
- Neither Baudouin Prot, nor Jean-Laurent Bonnafé or Georges Chodron de Courcel received stock options or performance shares in 2010, 2011 or 2012. Neither Philippe Bordenave nor François Villeroy de Galhau, who have been corporate officers since 1 December 2011, received any allocation in 2012.

Long-term conditional compensation of corporate officers

- In 2012 the Board of Directors revised the long-term (five-year) conditional compensation plan which it had put in place in 2011, with a view to encouraging corporate officers to identify with the bank's long-term success.
- Main features of the plan:
 - No payment will be made in 2017 if the share price has not increased by at least 5% relative to 2012.
 - Even if the share price increases by more than 5%, the payment of any such compensation, and its amount, would be conditional upon the achievement of a certain annual level of performance relative to an index of banks in the euro zone.
 - The compensation would depend on the increase in the share price over the previous five years, but would vary less than proportionally with this increase, and be subject to a cap.
- The amounts granted are valued in accounting terms by an outside firm, at 34.5% of the reference compensation (maximum amount equal to the variable compensation granted in respect of 2011), which itself is appreciably less than that granted in the long-term conditional compensation plan of 2010.

Principles of variable remuneration of "regulated employees"(1/2)

- These principles are established and proposed by Group Human Resources in cooperation with the relevant business units, presented for approval to the "Compliance, Risks, Finance" Committee, then decided on by senior management in the Compensation Committee and presented to the Board of Directors which approve them
 - Procedures audited and checked by the Inspectorate General, whose report is submitted to the Compensation Committee
- The overall variable remuneration of market professionals takes into account, for each business unit concerned, all the components of profits and risk:
 - direct revenues, and direct and indirect costs allocated to the business unit;
 - internal cost of refinancing (including the real cost of liquidity);
 - risk provisioning;
 - return on capital employed.
- No guaranteed bonus, except in a recruitment context
 - limited to one year, and paid in the same conditions as the "non-guaranteed" remuneration (in particular with a deferred part)
- No guarantee of compensation for premature termination

Principles of variable remuneration of "regulated employees"(2/2)

- Payment
 - 486 M€ on the account of 2011 (-52% vs 2010) to 3,476 employees
 - 40% to 60% deferred
 - Half in cash and half in units indexed to the BNP Paribas share price, paid in cash following a lockup period
 - In 8 instalments from 2012 to 2015
 - Deferred part locked in by thirds over the three years following the year of the award, subject to performance conditions each year
 - If the performance conditions are not achieved in a financial year, the corresponding deferred annual fraction is lost ("penalty")
 - Payments decreased by 55.35 M€ in 2011 pursuant to that rule
- The variable remuneration awarded for a financial year may not exceed a multiple of the fixed remuneration paid the same year
 - Multiple set annually ex-ante
- Ban on hedging and insurance

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