



11 May 2011  
**SHAREHOLDERS' MEETING**  
Press Pack

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PRESS RELEASE

**Michel Pébereau announces that BNP Paribas' Board of Directors will be asked to approve the appointment of Baudouin Prot as Chairman and Jean-Laurent Bonnafé as Chief Executive Officer on 1<sup>st</sup> December 2011**

Pursuant to the requirements under Article 14 of the Group's Articles of Association and Memorandum, BNP Paribas' Board of Directors decided on 3 May 2011 to extend Michel Pébereau's term as Chairman until the General Shareholders' Meeting to be held in May 2012. At the Board meeting, Michel Pébereau and Baudouin Prot indicated that they believed it would be suitable to consider the 1st December as the date at which BNP Paribas' new management team would be taking up their positions. On this date, Michel Pébereau will step down from his position as Chairman of the Board of Directors; Baudouin Prot will replace him as Chairman and Jean-Laurent Bonnafé will become Chief Executive Officer.

Michel Pébereau made this information public, disclosing it to the shareholders at the General Shareholders' Meeting on 11 May 2011.

The separation of the positions of Chairman and Chief Executive Officer was made possible by an amendment of the Group's Articles of Association and Memorandum, approved by shareholders at the General Shareholders' Meeting on 31 May 2002. It was put into effect as of 1 June 2003 by Michel Pébereau, who was at that time Chairman and CEO of the Group. This organisation has been particularly successful in a large group like BNP Paribas with diversified business operations spread across the globe, especially with respect to representing the Group in its dealings with major clients and domestic and international authorities. It allows the Chief Executive Officer to benefit from the experience, counsel and guidance of the Chairman. It makes corporate governance smooth and facilitates the process of preparing senior executives for the top position. Baudouin Prot joined the company in 1983 and was made Chief Executive Officer in June 2003. Jean-Laurent Bonnafé joined the bank in 1993 and became Chief Operating Officer in September 2008.

Michel Pébereau, Chairman of BNP Paribas, said: *"I have devoted 18 years of my life to BNP Paribas, including 10 years as Chief Executive Officer and 8 years as Chairman. Being in the top leadership position during the bank's transformation and expansion, serving its customers and the economies of the countries in which we have a presence and creating value for our shareholders have been extraordinary challenges for me. I have always focussed on paving the way for the next generations. I am convinced that with Baudouin Prot and Jean-Laurent Bonnafé, two highly qualified and capable men at its helm, BNP Paribas has a very bright future indeed."*



### **About BNP Paribas**

BNP Paribas ([www.bnpparibas.com](http://www.bnpparibas.com)) is one of the strongest banks in the world\*. The Group has a presence in more than 80 countries and more than 200,000 employees, including more than 160,000 in Europe. It ranks highly in its three core activities: Retail Banking, Investment Solutions and Corporate & Investment Banking. In Europe, the Group has four domestic markets (Belgium, France, Italy and Luxembourg) and BNP Paribas Personal Finance is the leader in consumer lending. BNP Paribas is rolling out its integrated retail banking model across the Europe-Mediterranean zone and boasts a large network in the western part of the United States. In its Corporate & Investment Banking and Investment Solutions activities, BNP Paribas also enjoys top positions in Europe, a strong presence in the Americas and solid and fast-growing businesses in Asia.

\* Rated AA by Standard & Poor's i.e. 3rd rating level on a scale of 22.

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## Michel Pébereau's speech

The time has now come for me to reflect on the 18 years that I have had the pleasure to spend at this wonderful company called BNP Paribas, which, at the time of my arrival on 19 May 1993, was called the Banque Nationale de Paris.

For ten years I headed the company as Chairman and Chief Executive Officer. In May 2002, the BNP Paribas Annual General Meeting accepted my idea for a new governance structure separating the roles of Chairman and CEO. In May 2003, once the success of the merger between BNP and Paribas was assured, I announced, at the AGM my decision to propose that Baudouin Prot take over as CEO, while I limited my role to that of Group Chairman.

Today I would like to thank you for the confidence you placed in us by approving all the proposals each year that I laid before you on behalf of our Board of Directors and also to express my gratitude to our Directors for their efforts and their efficiency in the service of our Group, in both normal times and more difficult times. Without the support of all of you, our company would not have become what it is today.

It was back in May 1993 that I took over the leadership of the Banque Nationale de Paris. René Thomas, the then-Chairman, did me the honour of proposing me as his successor and steer the Bank through the announced privatisation.

In 1993, BNP was a typical state-owned bank. René Thomas succeeded in avoiding the errors which led to the collapse of Crédit Lyonnais and BNP's company culture embodied both a genuine loyalty to its clients and a basic sense of public service. The Bank was not, however, well-equipped for long-term survival in a competitive market. Its management methods were too rudimentary to ensure that the business and its risks were managed efficiently, and it lacked the organisation and procedures necessary for a major financial institution. The staff were very professional and showed determination but they had not been prepared for the enormous changes that were about to sweep through the banking world. We were faced with a huge challenge: how to ensure the long-term survival and the independence of this jewel of the economy, with its France-based decision-making structure; how to turn it into a high-performance financial services group providing quality service to its clients and one able to fulfil the ambitions of its shareholders; and how to take it forward into the era of competition all the while nurturing its ethical and human values?

The achievement of these ambitions can not be taken for granted. Moreover, in the business world, success cannot be taken for granted for ever. Nevertheless, for these last 18 years, the adventure that began as BNP and continued as BNP Paribas has been crowned with a success that we would not have dared to hope for and which has made our Bank one of Europe's leading businesses.

All this would have been impossible without exceptional efforts by the Bank's entire staff. I would like to express my admiration and gratitude to them all. It is

only because they were capable of adapting, day after day, to the necessary changes in each business area, in each function, at each workstation, that our plans came to fruition.

**1) First of all I'll say a few words about the part of the iceberg above water: the most visible strategic initiatives which have enabled us, starting with BNP, to build a European banking leader.**

1993, the year of the Maastricht Treaty: an essential step in the construction of the European Union. This Treaty, with its promise of a huge integrated market, created a wonderful opportunity to build a top-ranking international bank, but also opened up considerable risks for those banks that could not attain sufficient size.

On its own, BNP clearly did not have the necessary scale to meet the challenges posed by European enlargement and globalisation. Its independence was far from assured. To understand why, you only have to recall that BNP's market capitalisation was just one third that of Deutsche Bank, to say nothing of the major US financial institutions. To reassure those who were worried, I pointed out how robust our two partners were at that time - UAP, France's N°1 insurance company, and Dresdner Bank, the number two German bank. And yet, both of them are now gone, one after the other.

So, it was as essential to increase our size as it was to transform the business. As you know, several mergers that I proposed during the 1990s came to nothing, in particular the various solutions put forward to Suez - which was at that time a financial group with a large shareholding in Fortis - the attempted acquisition of CIC, where to our great surprise the government decided to hold a second round of bidding after BNP had won the first round. Our attempts at a merger of equals with Société Générale were no more successful than our discussions with Paribas and Crédit Lyonnais. During that time we explored, on a friendly basis, most of the feasible solutions within France. But in vain.

It was against this backdrop that I drew up, in response to Société Générale's proposal regarding Paribas, unprecedented plans to make a dual hostile takeover bid for both Société Générale and Paribas - the SBP Project. It was a risky bet. On top of which, my Executive Committee itself expressed divided views, although the Bank's Board of Directors were practically unanimous in their support for the initiative. The fact that we won the six-month-long takeover battle was testament to the wonderful support of all the men and women working at BNP, of its shareholders, especially AXA, and many of our partners and clients. The regulator did not authorise us to retain the 36% stake in Société Générale that its shareholders had ceded to us. So, without further ado, we devoted ourselves to creating BNP Paribas.

In strategic terms, we were at that point in a position to move to the next stage: to provide European clients with a bank that was commensurate with the European economic area and able to develop its business worldwide. And once again we began to explore some new ideas. I even held lengthy

conversations with the management of Fortis in 2001, but that was undoubtedly a somewhat premature move.

Since 2003, in the role of Chairman, I have supported the actions of Baudouin Prot, who has worked with consistency and determination to bring to fruition the European design that I set out for BNP Paribas. Alongside the Board of Directors, I strove, by implementing the full range of powers laid down in our statutes, to advise and assist our General Management through the recent financial crisis.

The way in which our Group came through the crisis shows that BNP Paribas has succeeded in putting into practice the vision which has guided us since the moment when BNP was privatised: to transform ourselves from being a traditional French bank into a European banking leader without yielding to the temptation to pursue unbridled growth unrelated to the Bank's true vocation, which is to serve and support its clients.

The impressive manner in which BNP Paribas held up during the crisis, coupled with the perseverance of its General Management, enabled the Bank to take a decisive step in 2009 with the acquisition of Fortis. This followed the significant milestone that we passed in 2006 with the takeover of Italian bank BNL.

Today, BNP Paribas is a European leader with global ambitions, its main decision-making structures in France and important competence centres in Belgium, the UK and Italy. Having been created at the time of the birth of the European single currency, BNP Paribas is one of the major banking groups in the eurozone, serving European businesses, with a local banking presence in four of the six founding member states of the European Union.

This is the result of vibrant organic growth coupled with well-chosen, controlled external expansion. The Group has succeeded in preserving the balance of activities first thought out eleven years ago: a good half of the business based on retail banking, 30% in finance and investment banking, and 15% focused on what we call today Investment Solutions.

**2) But a business enterprise does not only consist of a strategy, it's an organisation made up of people, a human community. I would like to spend a bit more time than is perhaps usual on the way we have developed this organisation and this community, which are the foundations on which the BNP Paribas of today is built.**

**a) Let's first look at the organisation.**

That BNP Paribas performed brilliantly not only during the years when euphoria reigned but also at a time when the crisis was demolishing so many of the old certainties, is due to the fact that our game plan was based from the very start based on a long-term business approach and an understanding of rigorous risk management, the fostering of team spirit and productivity improvements.

Risk management was certainly not the strong point of state-owned banks, but thanks to René Thomas, BNP was more prudent than many others. However,

from 1993 to 1995 the Bank's accounts were seriously impacted by various risk provisions: real estate, SMEs and the major projects, not forgetting the special staff pension scheme. This was a valuable experience and it brought home to the management the need to turn the Bank into an efficient risk-analysis, risk-management and risk control centre.

In order to achieve this, we put in place a department of specialists that was genuinely independent and I established the principle of the "dual view" on all risk-taking decisions – not only for lending decisions, even in the top echelons of the Bank, but also for the approval of market activity models. Segment committees are in place to analyse and limit the concentration of risk. Our permanent and periodic controls have been restructured and modernised.

To manage liquidity risk, we put in place, from the mid-90s, instruments enabling us to carry out real asset/liability management and we set up a centralised treasury management. The creation of BNP Paribas, and the advent of the unique skills brought by Dominique Hoenn and his teams from Paribas, enabled the Group to raise its game in this area. The work carried out at that time and carried on since is the main reason why we were among the banks worldwide least affected by the liquidity crisis that blew up in 2007 and very nearly became systemic.

I was careful to involve the Board in these – in, my view, essential – policies. We set up an Internal Risk Control Committee, distinct from the Accounting Committee, which is kept informed on risk policies and problems. From the very beginning, we set the risk/return ratio lower than our most ambitious competitors. This can reduce our results somewhat in euphoric times but it supports them strongly whenever a crisis arises.

But that has not stopped us from taking an entrepreneurial approach or from innovating. For this, we needed to create the right management tools and empower entrepreneurs at all levels.

The old state-owned BNP had virtually no management tools. Its accounting analysis system only really enabled the bank to keep track of income, while the allocation of operating costs was slow and cumbersome and the net profit was only worked out at Group consolidated level. So we had to build, from scratch, an accounting system with management indicators by business line and entity, first quarterly, then monthly – a huge piece of work which our financial teams accomplished.

At that point, we were able to turn each one of our business line heads, central function heads and even heads of entities into a real business manager. Entrepreneurs were gradually empowered throughout our French branch network and pushed the Group ahead of the competition in terms of quality, price and profitability. It is also real entrepreneurs who have transformed every one of our subsidiaries, through organic growth and sometimes through external growth; every one of our business lines in CIB and Investment Solutions into a European or global leader, and the productivity of every one of our functions.

These entrepreneurs have succeeded in fostering innovations, turning BNP Paribas into a pioneering bank as regards client-oriented organisation. Our multichannel retail banking service, our business centres, our local private banking centres are all good examples of this spirit.

We have created numerous positive synergies between the BNP and Paribas systems, even though their two cultures appeared to be dissimilar. We have combined BNP's high-quality client relations with Paribas' great capacity for product-creation so as to forge a Bank that seeks to move ever closer to its customers and their needs, which enabled us to steer well clear of the errors that brought on the recent crisis.

All these efforts have of course one central objective – to improve our results, which also called for great progress in terms of our productivity.

We saw it as a clear duty to the shareholders who placed their trust in us – especially at the time of the privatisation and the takeover battle – to improve profitability. Our first business plan, in 1993, set a modest target: to make a significant improvement by 1995 and to achieve a ROE of 10% as soon as possible. After that we set ambitious targets in this field under our successive multi-annual business plans. We reached every one of these targets. And this is basically because we took a rigorous approach to management. Cost control is a permanent objective, alongside risk control, as normal in business. We have never spared any efforts when it comes to investing in computerising our activities and integrating the latest information technology in each area. Very early on, we put in place tight controls on our purchasing and real estate policies. At each of our acquisitions, we set precise targets for achieving synergies and cost reductions, based on our merger model for BNP and Paribas, and each time we achieved greater savings than we had initially announced. Our operating ratio is a constant focus.

In 2008, at the height of the crisis, we recorded a net profit of 3 billion euros, a sum equivalent to half of BNP's market capitalisation at the time of its privatisation.

## **b) Now let us move on to our human community.**

BNP, and then BNP Paribas, have undergone constant transformation, but without disrupting our staff. The various teams have succeeded in forging a real community of men and women that embodies human values.

Our principles when it comes to managing human resources are quite simple: at collective level we practice transparency, engage in constant dialogue with the representatives of the workforce and keep to our commitments; at individual level, we reward merit.

At the time of the privatisation, we set out two clear principles. In order to restore profitability at BNP, we would need rigorous management, but also highly motivating management team. And the necessary staff reductions in



France would be achieved without involuntary lay-offs. These commitments were scrupulously fulfilled and we were also able to maintain those principles in practice during the merger of the two entities BNP and Paribas. By 2002, business growth enabled us to become once again a net creator of employment in France. To head a business that creates jobs for people as well as value for its shareholders is indeed one of the greatest joys that any company boss can ever experience.

From the very start, our labour relations have been based on transparency. On all subjects falling within its remit, notably results and plans, the Works Council discusses with management on the basis of the same documentation as the Board of Directors. The Works Council was able to follow the takeover battle at the time it was taking place, just as the Board did. So we have established a fruitful dialogue. The number of works agreements concluded rose from three in 1993 to 18 in 1999 and since the creation of BNP Paribas, this pace has been maintained.

We have always had specific agreements in place on share-purchases and incentivising our staff in France. While about 50% of the staff were not in favour of privatisation in 1992, by 1993 90% had become shareholders. Every year we have share-subscription and stock-option plans with a view to increasing our employees' shareholdings in the company, which today account for 5,8% of our capital.

I was, however, determined to preserve one of the traditions of state-owned companies: seats on the Board of Directors for staff representatives, elected from lists submitted by the trade unions. The two Directors who sit on our Board under this arrangement have continually approved the actions we have taken.

On an individual level our Group systematically applies the principle that merit will be recognised. That applies first during recruitment. We have dedicated teams who select new recruits on the basis of objective criteria, and they are not allowed to consider any recommendations from any of the Group's managers, even from the Chairman or the CEO, as a reason to depart from these criteria. The merit principle is of course also applied in all decisions regarding an individual's career progress or remuneration. This is the spirit which guided our decisions during the merger of BNP and Paribas. The principles we announced at that time, the principles of fairness, balance and transparency, were strictly adhered to. If necessary, every such decision could be explained. We met the demanding timetable set for the merger – 6 days, 6 weeks, 6 months – and this was of great value in convincing everyone of our determination to abide by the principles we had set out.

The creation of BNP Paribas gave us the opportunity to forge a genuinely new community. The first meeting of 80 senior managers who made up the new Group top management, in January 2000 in Rome, was devoted to setting out the basic values that would best match the identity of the new Group, taking into account the cultures of the two Houses that were being united. These values – creativity, responsiveness, ambition and commitment – plus our ethical principles remain, eleven years on, those of BNP Paribas today. Our logo, the

'taking flight' image, and our strapline "*The bank for a changing world*", proposed by Antoine Sire, are the concrete symbols of our identity, visible all over the world on our branch facades, in all our communication, and also of course on the courtside panels at major tennis tournaments, which makes a powerful contribution to our global brand recognition.

All our people are also involved in our Corporate Social Responsibility activities. It seemed to me absolutely appropriate that our origins as a state-owned enterprise should encourage us to become a socially-responsible enterprise. Our corporate philanthropy work took on a new dimension with the setting up of the BNP Paribas Foundation. We have forged a partnership with French micro-enterprise support organisation ADIE to assist unemployed people wishing to set up their own businesses, and with AFEV, a charity body which organises educational coaching by university students for children from underprivileged backgrounds. And your attendance at our AGMs has for several years helped to give impetus to philanthropy projects put forward by our staff. The success of the initiative begun by Baudouin Prot in 2005 to launch coordinated action in deprived neighbourhoods by current staff and retired employees of the Bank demonstrates our Group's commitment to our social responsibility policies.

Yes, we have a company culture here at BNP Paribas which the longest-serving colleagues have helped to create and which new recruits rarely hesitate to internalise before helping, in turn, to develop further. This is, without any doubt, one of the effects of a management approach which, from the very beginning, has been based on holding meetings and having discussions at all levels. Once a year, we hold a management meeting, the 'BNP Paribas Day', to analyse the results of the preceding year and explain the directions we're taking during the current year. Ten years ago, this meeting was attended by around a thousand managers, the majority of them French nationals. Today, it brings together 2,000 people who embody the international and multicultural dimension that our Group has taken on. This meeting is preceded at the start of every year, by a gathering of the 100 executives who make up the top management of our Group.

I think it is especially important that we have this kind of team spirit within our management team.

Since I joined BNP, I have been working with the management team that was set up by my predecessor. That team has been renewed, as some take their retirement, by promoting those who we believe are best prepared for the tasks.

In 1995, I decided to promote a number of managers who were around 45 years of age: Georges Chodron de Courcel, Vivien Levy-Garboua and Baudouin Prot became Chief Operating Officers and a short while later Philippe Bordenave became Chief Financial Officer.

Then came the merger, which I led with Dominique Hoenn and Baudouin Prot as Chief Operating Officers, involving an integration plan in which Jean-Laurent Bonnafé played a central role before I entrusted him with the responsibility for our branch network in France. And you, the shareholders, elected Baudouin Prot at your AGM to join the Board as a Director.

Our relations, and the relationships which we have had with the Members of the General Management Committees [till 1997] and of the Executive Committees [as from 1998] who rose to the top of the Bank's management structure, have always been based on team spirit. That means trust, respect and a willingness to listen, which enables everyone to express a view, to put forward ideas, to have a discussion. And it also means taking a demanding attitude and a critical approach to oneself, which are vital if one is to set an example to others.

One of my passions as part of my duties has always been to identify and train those people who seemed to me capable of carrying out their duties in such a manner in that they would be the appropriate people selected to succeed me. Eight years ago, I generated some surprise when, following my announcement to the Board of Directors, I came to the AGM and told you of my decision to lay down my duties as CEO and hand them over to Baudouin Prot. Events since then have shown that I was not mistaken in my judgement, or in the advice I gave the Board. Experience has shown the desirability of separating the two roles in an international bank as large as ours in a context where the economy is becoming ever more globalised and banking sector regulation is being tightened.

You will not therefore be surprised that I have chosen this AGM to announce my intention to resign the Chairmanship of the Board before the end of the renewed one-year period recently agreed and propose, as my successor, Baudouin Prot - who will lay down his duties as Chief Executive. With the agreement of the Board of Directors, we have made provision for these changes to take place on 1<sup>st</sup> December 2011, should the Board so decide.

Baudouin and I are convinced that the age at which we will have successively taken on our mandates as CEO (around 50 years of age) and then laid them down (around 60) is entirely appropriate for our Group. We also note that Jean-Laurent Bonnafé has amply demonstrated the extent of his talents in the successive roles which Baudouin Prot conferred on him - as CEO of BNL, then of Fortis and recently as Group Chief Operating Officer for all Retail Banking activities. Baudouin Prot and I, backed by the Board, believe therefore that Jean-Laurent Bonnafé is now ready to take on the heavy and demanding responsibility of Chief Executive of this great enterprise that our Group has become. And of course I am also convinced that Baudouin Prot, who performed so successfully as CEO of BNP Paribas during one of the most severe financial crises in history and drove our European expansion forward, possesses all the experience and vision necessary to take on the Chairmanship of the Group. And I have great confidence in the team which these two high-quality business leaders will build together.

These 18 years have given me the opportunity to experience the wonderful adventure of a company that took its destiny in its own hands, made the most of its strengths, overcame its handicaps and became a European banking industry champion. What I will always remember, above all, are the tremendous qualities of the people with whom I was called upon to work with and to lead during those years. The crisis has tarnished the overall image of the banks due to the unsound practices of some. At BNP Paribas, however, I have never come

across anyone who was not a credit to his or her profession. I have been extraordinarily fortunate to be able to share in the life of this wonderful community. There have been good days and difficult days, times of hope and of doubt, but the atmosphere was always friendly. On numerous occasions, I have also had the opportunity to meet clients and shareholders of BNP Paribas. Every one of these encounters gave me a lot of information but also a lot of pleasure. These 18 years, during which my heart beat has been in step with the life-pulse of our company, have been such happy years for me.

Before finishing, I would just like to tell you a little bit about my view of the job to which I have dedicated close to 25 years of my life, the job of bank chief.

A bank chief is first of all a businessman, whose task is to create wealth on behalf of his shareholders, his clients and his employees. But he is also a banker, which means that he has a role in the economy serving all the other actors in the economy, listening to their needs and trying to understand them. And last but not least, he is a person who possesses financial skills that have no meaning whatsoever unless they are applied to the service of customers. The most important of these skills is the ability to take risks which are proven to be reasonable through deep and transparent analysis. Finance is both indispensable for economic development and yet highly dangerous to the economy if it is in the hands of people who have lost all sight of ethical values. Regulation is indispensable if the sector is to avoid losing its way but even more important is supervision, which helps to ensure that every bank is working in the best interests of its customers and of the economy in which it is embedded.

Do I have any regrets from these years? Honestly, very few. However, there is one. It is that I was not able to make my voice heard in the early 2000s when the IASB set out to work on the systematic application of the concept of 'full fair market value', i.e. using instantaneous market value as the sole correct valuation. It's a technical subject that nobody was very interested in apart from the BNP accountancy teams. I however made strenuous efforts. But all in vain. With their accelerator effect, those accounting standards undoubtedly helped to transform the crisis from a problem in one segment of the US mortgage lending market, the 'subprime', into a general worldwide crisis of confidence.

The other question that people traditionally ask is, what is my fondest memory? In fact, each one of those tens of thousands of hours that I spent in the service of our Group leaves an equally fond memory. One of the most recent was the moment when Baudouin Prot outlined the Management Principles to me, drawn up by his Executive Committee. I asked him to make just one change in the detail, which the Committee then accepted. Focussing on the client, practising risk-aware entrepreneurship, caring for our people and leading by example – these principles have long been dear to me, and dear to us all. But they have now been formalised and translated in several languages so that they can be applied and passed on to all our staff worldwide, both current employees and those who will join us. The BNP Paribas Group will hold fast to its core values, and will be capable of staying ahead of the game in this changing world and leading the race in our globalised economy.

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## Baudouin Prot's speech

At this very important milestone in our Group's history, I would like to share with you my personal account of the outstanding work that Michel Pébereau achieved in transforming the organisation since he took the helm in 1993, as someone who witnessed his work first-hand.

It all began on 19 May 1993, nearly 18 years ago to the day when the head of BNP René Thomas, at that time, resigned from his position and suggested to the Administration of the day to name Michel Pébereau to succeed him. At the time, Michel was the CEO of CCF, a bank that he had privatised in 1987. I myself had joined BNP a decade earlier in July 1983 and still recall when Michel came on board very clearly. I still remember the day of his appointment: René Thomas introduced him to the Executive Management Committee at a meeting held in the Board room on 16 boulevard des Italiens, describing him as the most talented banker of his generation. Later events were to confirm this.

Michel successfully guided the Group through two critical phases—namely the privatisation of BNP in 1983 and the creation of BNP Paribas in 1999—making it into what it is today. Both were textbook successes. They both illustrate a combination of vision, intelligence and daring as well as the passion and drive that Michel brings to everything he does.

In 1993, the long-term future of BNP was in doubt in part because of its limited profitability. Given the situation, in July 1993, barely two months after he had arrived, Michel commenced the process of privatising the bank by writing personal letters directly to each of the bank's employees. In August 1993, unprecedented efforts were deployed to provide information to and marshal the support of the entire company.

Over a period of three weeks, 800 internal information meetings were organised and conducted by some forty senior management executives for the benefit of the bank's 40,000 employees all across France. Michel also went out to meet personally with the bank's customers at large meetings held in Paris and in the provinces, offering them the opportunity to become shareholders in their bank.

At this point, ladies and gentlemen, let me invite you all to walk down memory lane with me for a few moments as we watch a film made at that time by Jean-Paul Goude ahead of the privatisation.

And it was successful. On 28 October 1993, the first day the BNP share was listed on the stock market, 2,800,000 individual investors—including 1,650,000 of the bank's customers—participated in the initial public offering and became shareholders; the IPO was oversubscribed five times. And 92% of the employees decided to become shareholders. Lastly, the offering open to institutional investors was oversubscribed fifteen times. Then, on 14 December 1993, the shareholders of the

newly privatised BNP were invited to their first General Meeting. And so began the great adventure of the privatised BNP.

- Michel seized on the privatisation of the bank as an opportunity to formulate an ambitious corporate strategy and to implement a far-reaching plan to transform all aspects of the company. In order to do this, he convinced the employees to radically change the way that they worked. Working with staff, he overhauled the organisation, implemented modern work practices and introduced programmes designed to improve customer service, to better manage risks and to control costs. Changes were continually made to jobs and work practices. As a result, from 1993 to this day, the basic nature of half the jobs in France has changed.

Over this same period, some 10,000 new jobs were created, primarily in sales, marketing and customer relationship areas as well as management and supervisory positions. These new jobs offset job cuts as a result of information technology and organisational advances.

These changes were made as part of comprehensive strategic planning of human resources and a new approach to dialogue between management and labour, as attested by a threefold increase in the number of agreements the company has signed with the labour unions each year since that time.

- The creation of BNP Paribas was another milestone in our Group's history.

Early in 1999, BNP found itself caught off guard by the sudden public announcement of the merger between Société Générale and Paribas. It was then that Michel decided to make two unsolicited bids for Société Générale and Paribas, both of which were roughly the same size as BNP. Such a move was unprecedented in the history of both the French stock market and banking industry. I am not personally aware of any other examples. It reflects Michel's exceptional boldness and drive under truly extraordinary circumstances.

- Once this battle for stock market supremacy was over, BNP Paribas was created at the end of August 1999. Michel oversaw the merger of these two banks that had very different histories and corporate cultures that were poles apart. He went about it in stages: six days to set up the executive committee, six weeks to form taskforces on the merger and six months to implement the new organisation. From the outset, he made the deliberate decision to create a new company—one whose corporate culture, values and brand were inspired by the best of both banks. What emerged was BNP Paribas.
- It was in this same spirit that in January 2000, Michel invited the top 80 senior executives of the new Group to attend a seminar held in Rome to help define an action plan. As a result of this process, principles such as commitment, ambition, creativity and reactivity became the values that BNP Paribas encouraged both managers and employees, often from very different

backgrounds, to embody in the workplace. That was also when the new BNP Paribas brand and our now famous logo featuring stars in flight were unveiled.

These values encourage progress, growth and individual and collective responsibility. Together with the culture of risks, they are the hallmarks of BNP Paribas introduced by Michel first in his role as Chief Executive Officer, and then later as Chairman since 1<sup>st</sup> June 2003, when I took over as CEO. I have three graphs to show you that chart the performance of BNP and then BNP Paribas since 1993.

Revenues were multiplied by a factor of 2.8 over the 10 years from 1993 to 2003 and then they were again multiplied by 2.4 over 8 years between 2003 and 2010. Over an 18-year period, revenues were multiplied by a factor of 7.

Gross operating income grew even faster, as it was multiplied by 3.5 in the 10 years from 1993 to 2003 and grew 2.6 times over the 8 years from 2003 to 2010.

As for the Group's net income, it rocketed between 1993 and 2003. It was 1 billion French francs or 155 million euros in 1993. It increased 20-fold to 3,761 million euros in 2003 before doubling again between 2003 and 2010 despite the impact of the financial crisis.

For you, our shareholders, who are present here today, I would like to charter the Group's market capitalisation since 1993:

- In October 1993 when it was privatised, BNP was valued at 6.5 billion euros (converted in euros);
- By the end of 2003, it was valued at 45 billion euros, or 7 times more than its initial value;
- By the end of 2010, BNP Paribas' market capitalisation was 57 billion euros, or nearly 9 times higher than its initial value.
- Based on the share price at the closing of the market last Friday, the Group's capitalisation totalled 64.7 billion euros, or close to 10 times what it was when it was privatised.

The return on investment for shareholders who have held on to their shares since the company was privatised in October 1993 was 10.4% annually, assuming that their dividends were rolled over (TSR<sup>1</sup>) and their initial investment has been multiplied by a factor of 5.75. During the same period, BNP Paribas' stock performance, not including dividends, was nearly double that of the CAC 40 (+154% compared to +87%) and far greater than all the bank stocks in the eurozone (+154% compared to +27%).

These figures speak for themselves and they show how very far we have come since 1993.

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<sup>1</sup> Total shareholder return, also known as total return.

The Group's change in dimension is illustrated in part by the trend in its workforce during the same period, which is very telling:

- In 1993, the workforce in France was 42,290 employees, or 75% of the Group's total workforce that was 56,141.
- In 2003, the workforce in France was 52,600 strong (or growth of 10,000 over ten years), still accounting for close to 60% of the Group's total workforce which was 89,071.
- After taking over BNL in 2006 and Fortis in 2009, the Group now has 65,357 employees in France (a further growth of 13,000 compared to the number in 2003) but they now account for only one-third of the Group's global workforce which is now over 205,000 strong.

These figures illustrate the incredible expansion that first BNP and now BNP Paribas have undergone over this 18-year period and our Group's ever-growing global presence.

Having had the honour and pleasure to work day after day throughout the past 18 years alongside Michel, and to form a team with him, I would like to express, in front of all of you, my gratitude and my admiration.

Yes Michel, my dear friend and colleague, whilst the privatisation of BNP and the creation of BNP Paribas were both amazing adventures and outstanding achievements and whilst our Group now ranks among the world's foremost financial services groups, we owe these accomplishments in large part to your exceptional ability to lead and inspire.

You possess the rare talent to lead the people under your stewardship down paths untraveled: by defining clear strategies and making sure that people understand them, you empower them with the self-confidence to believe that they can change. That is how BNP was privatised and put on an even keel; that is how BNP Paribas was created and transformed into what it has become today.

This management style is a reflection of your fundamental values and your respect for others.

Your personal ethos and your exemplary dedication to serve the company and also, as we well know, outside of the company, to serve the common interests of the wider community are hallmarks of your exceptional personality.

Have worked alongside you Michel both day after day and year after year, I believe that I am in a rather unique position to fully appreciate the clairvoyance of your analyses and the exceptional energy with which you serve a cause when you deem it to be just and beneficial for the common good.

For all that, Michel, my dear friend and colleague, I would like to extend my warmest and sincerest gratitude to you on behalf of General Management, on behalf of all of the employees of BNP Paribas and, I believe I can speak for them, on behalf of all of our shareholders.



As for the future, Jean-Laurent Bonnafé is uniquely prepared and qualified to take over as the Chief Executive Officer of the Group.

Jean-Laurent joined BNP in 1993 and spent years building up his experience in the Group, and gaining a reputation for excellence during the course of the important assignments and increasing responsibilities that he was given: BNP' Strategy Division, the task of merging BNP and Paribas, head of our banking operations in France, head of BNL with responsibility for integrating the newly acquired Italian banking group, head of Fortis with responsibility for integrating the newly acquired Belgian banking group and head of BNP Paribas Fortis with responsibility for integrating it. Together, we selected his successor, Fabio Gallia, to take the helm of BNL and more recently we chose Max Jadot to replace him at the head of BNP Paribas Fortis.

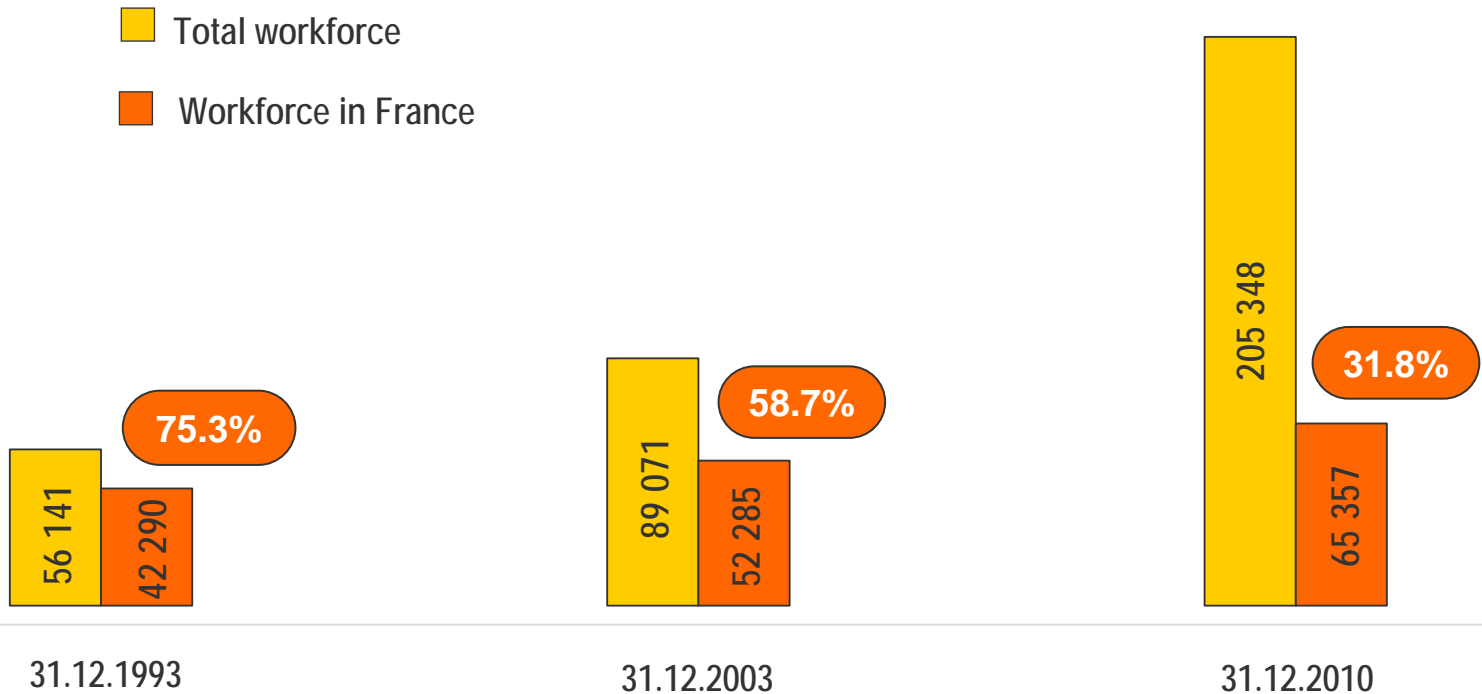
Jean-Laurent is a member of the Group's Executive Committee, was appointed Chief Operating Officer in 1<sup>st</sup> September 2008, and he has been a board member of BNP Paribas since 12 May 2010.

He therefore has the experience and qualifications necessary to Head the Management of the Group, when the time comes.

# BNP Paribas' Financial Performance from 1993 to 2010

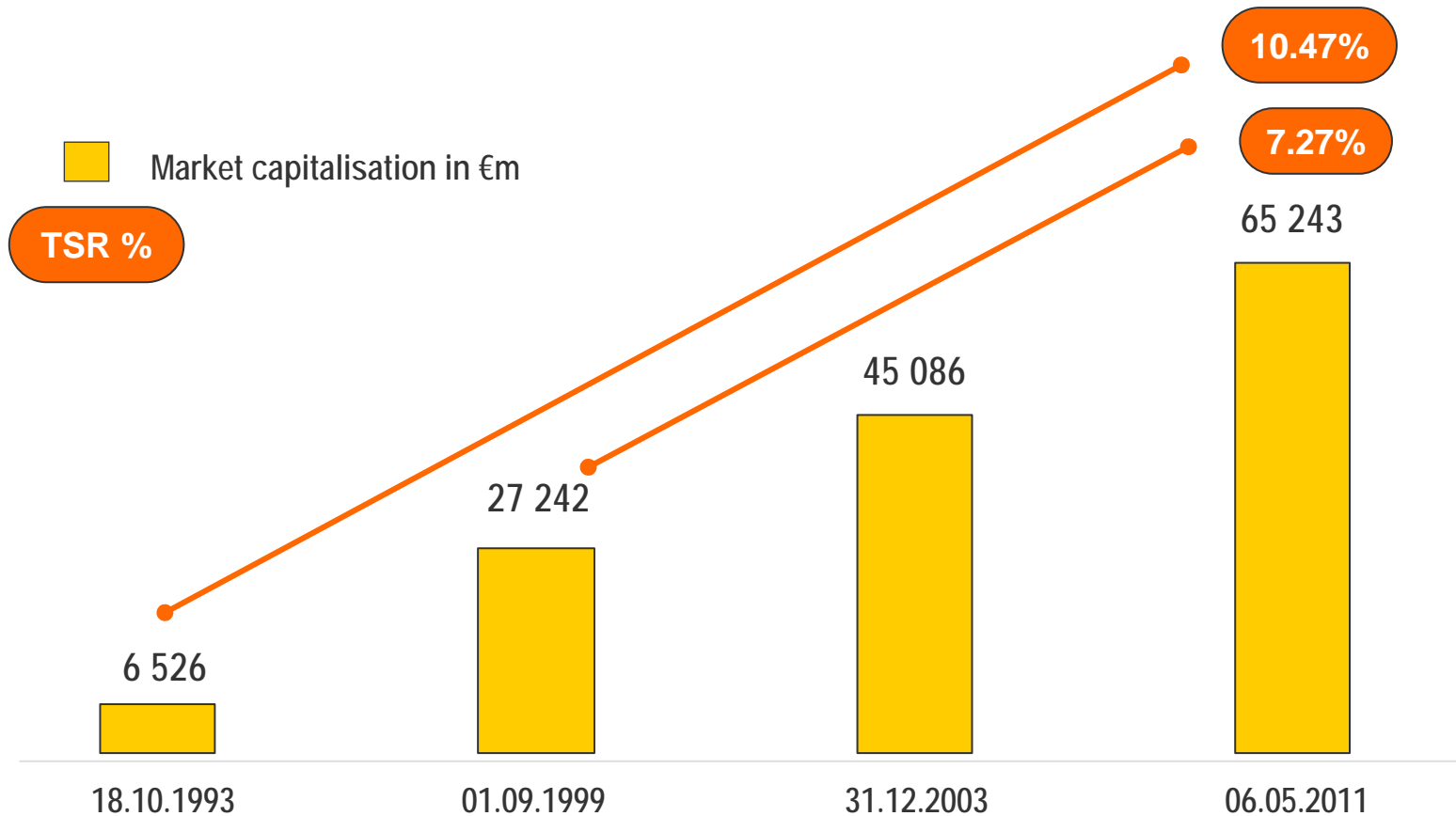
<i>In €m</i>	> 31/12/1993 (BNP)	> 31/12/2003	> 31/12/2010
● Revenues	6,353	17,935	43,880
● Gross operating income	1,899	6,650	17,363
● Cost of risk	(1,648)	(1,361)	(4,802)
● Net income (attributable to shareholders)	155	3,761	7,843
● Return on equity	2.2%	14.3%	12.3%
● Cost/income ratio	70.1%	62.9%	60.4%

# Evolution of BNP Paribas' Workforce from 1993 to 2010



> **Global expansion that also benefits France**

# BNP Paribas' Stock Market Performance Since 1993



**Initial investment multiplied by 5.75  
since the privatisation of BNP**



# BIOGRAPHY MICHEL PÉBEREAU

## EDUCATION AND START OF CAREER

Michel Pébereau graduated from the Ecole Polytechnique and l'ENA (National School of Administration). Following this prestigious education, he spent 15 years working at the Ministry of Economy and Finance, first in the Tax Inspectorate and then in the Treasury department. During this time, he also held various special advisory positions (1970-1974) working alongside Valéry Giscard d'Estaing and was Chief of Staff (1978-1980) under Finance Minister René Monory.

## BANKING CAREER

Michel Pébereau left the Civil Service to join the French bank, Crédit Commercial de France (CCF) in 1982. He successfully carried out the privatisation of two banks of which he became Chairman and Chief Executive Officer: the CCF (1986-1993) and then Banque Nationale de Paris (1993-2000). After a stock market battle lasting several months, BNP acquired Paribas in August 1999. He completed BNP's integration of Paribas and the BNP Paribas Group was born! From 2000 to 2003 Michel Pébereau was Chairman and Chief Executive Officer of the new Group. It was upon his initiative that the roles of Chairman and Chief Executive Officer were separated at BNP Paribas.

## CHAIRMAN OF BNP PARIBAS

Michel Pébereau has been Chairman of the BNP Paribas Group since 2003. He was Chairman of the European Banking Federation (EBF) from 2004 to 2008. He was also Chairman of the International Monetary Conference in 2004 and is a member of the International Consultative Committees of the US Federal Reserve Bank in New York, the Monetary Authority of Singapore and the International Business Leaders Advisory Council (IBLAC), Shanghai. He has been a Founding Member of the European Financial Round Table since 2001 and its Chairman since 2009.

Michel Pébereau was Senior Lecturer from 1968 to 1980 and then Professor from 1980 to 2000 (French Economic Policy) at the IEP (Paris Institute of Political Studies). He has been Chairman of IEP's Board of Directors since 1988.

## AWARDS AND HONOURS

In 2001, Michel Pébereau was named "Financier of the Year" by the ANDESE (French National Association of Doctors of Economics) and "Strategist of the Year" by La Tribune. In 2009, he was again named "Financier of the Year" along with Baudouin Prot.

In 2008, Michel Pébereau was promoted to the rank of Commander of the Legion of Honour.





# BIOGRAPHY BAUDOUIIN PROT

## EDUCATION AND EARLY CAREER

Baudouin Prot is an alumnus of the HEC Business School where he received an MBA in 1972 and the National School of Administration (ENA) from where he graduated in 1976. After graduating, Baudouin Prot joined the Tax Inspection Division where he worked for four years (1976-1980) before he was appointed Director General for Energy and Commodities at the Ministry of Industry, where he worked for three years (1980-1983).

## CAREER AT THE BANK

Baudouin Prot joined Banque Nationale de Paris (BNP) on 1 July 1983 as Deputy Manager of Banque Nationale de Paris Intercontinentale (BNPI), before taking over as head of the European Division in January 1985. He joined French Retail Banking in April 1987. He was Head of French Retail Banking from 1987 to 1996 and then became Deputy Managing Director in 1992. In 1996, he became Chief Operating Officer of BNP. Then, when BNP Paribas was created, he was named Chief Operating Officer. In May 2000, he was appointed a member of BNP Paribas' Board of Directors.

In May 2003, Michel Pébereau decided to separate the positions of Chairman and Chief Executive Officer. Baudouin Prot thus became Chief Executive Officer of BNP Paribas. Just after he was appointed, he found himself handling a very important corporate case—the rescue of Alstom—in which he played an instrumental role in formulating the bank's solution. In 2006, he rallied the support of his teams so that, in the space of a few days, BNP Paribas could seize an opportunity to take over BNL, a major banking group in Italy. In 2009, a 7-month period of uncertainty and in the middle of a financial crisis that BNP Paribas managed to withstand better than most of its peers, it stayed on course to complete its integration of Fortis Bank & BGL, successfully pulling off its plan to become a major player in Europe.

In 2005-2006 and in 2009-2010, Baudouin Prot served as Chairman of the French Banking Federation (FBF).

## AWARDS AND HONOURS

2006: He was named "Financier of the Year" for the successful integration of BNL. In 2009, he was again named "Financier of the Year" along with Michel Pébereau for successfully steering BNP Paribas through the financial crisis.

2007: Baudouin Prot was the recipient of the Foreign Policy Association award (USA) for Corporate Social Responsibility.

2009: He was named "Strategist of the Year" by the financial daily newspaper La Tribune for the integration of Fortis

2010: The magazine Institutional Investor named him Best European Banking CEO. He was named an Officer of the Legion of Honour.





## BIOGRAPHY

# JEAN-LAURENT BONNAFÉ

### EDUCATION AND EARLY CAREER

Jean-Laurent Bonnafé is an engineer by training and is an alumnus of the prestigious Ecole Polytechnique and Ecole des Mines engineering schools in Paris.

After graduating, Mr Bonnafé joined the Ministry of Industry, and then became a technical advisor to the Minister of Foreign Trade.

### CAREER AT THE BANK

Jean-Laurent Bonnafé joined BNP in 1993 in Large Corporations Division. In 1997, was appointed head of Strategy and Development. Mr Bonnafé led the post-merger and integration organisation for BNP Paribas following the merger with Paribas in 2000.

Jean-Laurent Bonnafé became a member of the BNP Paribas Executive Committee in 2002 and at the same time was appointed head of French Retail Banking for the Group. He was appointed Managing Director of BNL in 2006 following the merger with the BNP Paribas Group. In 2008 he was made Chief Operating Officer for BNP Paribas and appointed head of the Group's Retail Banking operations.

While continuing his other roles within the Group, Jean-Laurent Bonnafé was appointed Chief Executive Officer of Fortis Bank after the takeover in May 2009. In this position, he plays a fundamental part in the integration process between BNP Paribas and Fortis.

At the General Shareholders' Meeting held on 12 May 2010, Jean-Laurent Bonnafé was elected a member of the Board of Directors of the BNP Paribas Group. Furthermore, Mr Bonnafé is a Director of BNL, BNP Paribas Fortis, BNP Paribas Personal Finance and Carrefour.







## KEY MILESTONES

### KEY MILESTONES

- ➔ Since the beginning, the Group's customer-centric business model has been based on a balanced portfolio of activities, a rigorous risk management, and a real capacity to adapt.
- ➔ Resilience during the crisis helped the Group to win market share worldwide and to fulfil its European ambition which was part of the original plan.

### I – KEY DATES IN THE GROUP'S HISTORY

#### - 1993: Privatisation of Banque Nationale de Paris

Taking over from René Thomas, who had been at the helm of BNP since its nationalisation in 1982, Michel Pébereau left his position as Chairman and Chief Executive Officer of Crédit Commercial de France to take the reins of BNP in May 1993. He prepared for the privatisation of BNP (decided by the law of 19 July 1993) that was carried out in October. In the space of 10 days, the privatisation attracted 2.8 million subscriptions including more than 1.6 million from the bank's clients.

- 1998 : Acquisition of First Hawaiian Bank, which merged with Bank of the West, part of the listed holding company, BancWest.

#### - 1999: The stock market battle

Following the announcement on 1 February 1999 of merger plans between Paribas and Société Générale, BNP decided to launch two takeover bids on 9 March, one for Société Générale and one for Paribas. At the end of August, BNP held 37% of the capital and 32% of the voting rights of Société Générale and 65% of the capital and voting rights of Paribas. The authorities asked BNP to relinquish its shares in Société Générale. On 25 August, Michel Pébereau succeeded André Lévy-Lang as Chairman of the Executive Committee of Paribas.

#### - 2000 : The merger, the birth of the BNP Paribas Group, and the long-term corporate plan.

The Annual General Meeting held on 23 May 2000 approved the creation of the new BNP Paribas Group. With a net profit of €1,348 million and 76,000 employees in 83 countries, BNP Paribas immediately became a leader in France and in Europe. BNP Paribas' initial corporate plan already included the goal to become a "leading bank in Europe" whose expansion was underpinned by the following important areas:

- A dynamic organic growth strategy and opportunistic and measured M&A activity
- A strategy focusing on enhancing shareholder value
- A balanced growth model based on a diversified portfolio
- A cost-reduction policy
- An optimised risk management
- Code of ethics and sharing best practice

This long-term strategy factored in the long-term interests of the Group's shareholders, employees, clients and other stakeholders.

#### - 2001 - 2002: The Group continued to expand and successfully made the switchover to the euro:

- 2001 : Acquisition of the listed part of BancWest Corporation, and then United California Bank in the USA.
- 2002 : Creation of Cortal Consors, which became a European leader in online savings management following the acquisition of Consors.





- **2003: New management:** Baudouin Prot became CEO of BNP Paribas, while Michel Pébereau became Chairman of the Board of Directors, which defined the Group's strategies and ensured their smooth implementation.
- **2004-2006 : Organic and external growth continues**
  - **2004: Atis Real International joined forces with BNP Paribas Immobilier.**
  - Acquisition of **Community First Bankshares** strengthened the subsidiary **BancWest**, which became the 7th largest bank in Western USA.
  - **2005:** Acquisition of 50% of **Türk Ekonomi Bankasi (TEB)**, the 10th largest bank in Turkey.
  - **2006:** Acquisition of a majority stake in **UkrSibbank**, the 3rd largest bank in the Ukraine by assets.
- **2006-2011: BNP Paribas boasts four domestic markets in Europe**
  - **2006 :** Acquisition of the Italian bank **BNL (Banca Nazionale del Lavoro)** giving the Group a large European dimension. Created in 1913, BNL represented the 6th largest Italian bank. Italy became BNP Paribas' second domestic market in Europe.
  - **2007:** Cetelem and UCB merged their activities to create the business line **BNP Paribas Personal Finance**, the no.1 European and world leader in specialised credit.
  - **2008:** The beginning of an unprecedented crisis for the financial services industry. BNP Paribas demonstrated its financial strength. It was named "**2008 Global Bank of the Year**" by the magazine The Banker (Financial Times group).
  - **2009:** Acquisition of 75% of Fortis Bank and 25% of Fortis Insurance Belgium as well as 66% of BGL in Luxembourg. This event created a **major European banking group. BNP Paribas increased the number of its domestic markets to 4: Belgium, France, Italy and Luxembourg.**
  - **2011:** The "One Bank for Corporates" initiative strengthened the Group's European footprint and demonstrated its capacity to support companies and their subsidiaries in their pan-European expansion.

## II- BNP PARIBAS: VALUES AND CULTURE

### An economic responsibility

- BNP Paribas uses its capital, resources, and teams to finance the real economy while placing clients at the heart of its concerns.
- Risk control is an important pillar of BNP Paribas' organisation, its management and strategies.
- The risk management policy, defined in the 1999 corporate plan, has been continually pursued.
- A rigorous code of ethics is respected thanks to 2,000 deontologists in the Group.
- The evolution of the Group since 1993 demonstrates its responsibility towards shareholders.

### A committed corporate responsibility policy and a strong management culture

- A culture of openness and unity. Created as the collective project of a group of men and women who serve their clients and shareholders, "The bank for a changing world" adopted four corporate values from the outset which successfully embody the spirit of its actions: Responsiveness, Creativity, Commitment and Ambition. These values are represented in BNP Paribas' tagline, logo and also the «taking-flight» curve and 4 stars that symbolises strong momentum and progress.
- The Group is pursuing its long-term strategy which takes into account the interests of employees:
  - Collectively, a continuous and fruitful dialogue between management and the unions, enabling all parties to play their role in the company.
  - Individually, the respect, confidence and recognition of merit shape the Group's long-term policy of recruitment and career management.
- Diversity is one of BNP Paribas' strong commitments. Its Board of Directors boasts one of the highest number of women represented at this level in France. Its general management has taken on commitments to promote equal opportunities for men and women and to fight discrimination at the hiring level.
- Recently, this culture has been formally adopted in the Management Principles which are consistent with the Group's core values: Client Focus, Risk-Aware Entrepreneurship, People Care and Lead by Example.



## A social responsibility anchored in its corporate plan

- BNP Paribas' position in the social fabric can be seen through numerous initiatives, chiefly in the areas of micro-finance, social integration through education, or the backing of entrepreneurs. In 1993 a partnership was set up with ADIE, a business development association, to promote business creation. BNP Paribas is also one of the main partners of AFEV, a student association which provides tutoring for disadvantaged school children. Since 2005, BNP Paribas has supported the Neighbourhood Hope Project in inner cities particularly in Seine Saint Denis, a département in the North-East of Paris where it is the largest private employer.
- Cultural sponsorship, research and solidarity initiatives took on a new dimension with the creation of the BNP Paribas Foundation in 2000.
- CSR (Corporate Social Responsibility) initiatives, recognised by the inclusion of the BNP Paribas share in the leading SRI (Socially Responsible Investment) indices, concentrate largely on preserving the environment and fighting exclusion and discrimination.

