

Information on Management Board Remuneration Policy and Remuneration Policy for all employees, which covers employees in managerial positions, having a significant impact on the risk profile of Bank BGŻ BNP Paribas SA



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In order to fulfill obligation of providing information arising from Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms and amending Regulation (EU) No 648/2012 and Resolution No. 385/2008 of the Polish Financial Supervision Authority (as amended) on detailed rules and methods of publication of qualitative and quantitative information on capital adequacy by banks and the scope of published information (KNF Official Journal, no 8, item 39) below is presented information on remuneration *Policy* for 2015.

Pursuant to Resolution No. 259/2011 of the Polish Financial Supervision Authority (KNF) dated 4 October 2011 regarding detailed rules governing the risk management system and internal control system, detailed conditions of estimation by banks of internal capital and review of the internal capital estimation and maintenance process, likewise rules of determination of the policy governing variable components of remuneration paid to bank managers - the *Management Board Remuneration Policy* and *Remuneration Policy for all employees* (hereinafter, the *Management Board Remuneration Policy* or the *Policy*), which covers employees in managerial positions, having a significant impact on the risk profile of BGZ BNP Paribas SA (hereinafter, the *Remuneration Policy for other RT*) are applicable at the Bank.

Those documents constitutes a document superior towards other documents at the Bank regarding compensation policy and rules applicable to employees whose professional activity has a significant influence on the Bank's risk profile.

The basic assumptions of the *Management Board Remuneration Policy* and *Remuneration Policy for other RT* include:

- The Remuneration Policies contribute to and supports an appropriate and effective risk management, discourages from assuming excessive risk beyond the Bank's risk appetite accepted by the Supervisory Board, and put a strong emphasis on risk control and maintenance of a sound capital base.
- Remuneration policies meet the requirements specified in the Resolution of the Financial Supervision Authority and the Directive CRDIV. Variable remuneration is not paid with the use of structures or methods aimed at avoiding the application of the principles of the Remuneration Policy and applicable laws and regulations;
- *Policy* supports the correct and effective risk management, does not encourage excessive risk-taking beyond approved by the Supervisory Board of the Bank's risk appetite and supports the implementation of business strategies and reduces the conflict of interest. Every year the review and update of the list of persons covered by the *Policy* is carried out. In 2015 11 meetings of the Supervisory Board took place.
- Human Resources and Remuneration Committee supports the Supervisory Board in the *Policy* approval process and assess its implementation and application in the Bank issue opinions and recommendations on the remuneration of Board members. Human Resources and Remuneration Committee consists of two members, including the Chairman of the Supervisory Board. Human Resources and Remuneration Committee shall meet at least once a year and shall review the remuneration of persons covered by the *Policy*. In 2015 1 meeting of the Supervisory Board took place.



- The amount of variable remuneration is determined on the basis of the individual results and the results of the whole Bank, including the impact of risk on these results. Variable remuneration is awarded on the basis of both financial and non-financial criteria.
- Non-deferred part of variable remuneration is payable after assessment of the level of achievement of the objectives for individual employees identified as having an impact on the risk profile of the Bank for the given period of evaluation and determination of the base value of the variable remuneration. The deferred part of variable remuneration is paid after the end of each annual accounting period falling during the deferral period and the determination of a revised base amount of variable compensation. The amount of deferred variable remuneration is determined taking into account the circumstances specified in the Policies, causing a reduction of the amount or the impossibility of acquiring the right to a deferred variable remuneration.
- At least 50% of variable remuneration, is an incentive to the special care of the long-term welfare of the Bank by linking the value of the variable remuneration with financial instruments.
- At least 40% of the variable remuneration is paid after the end of the assessment period, for which this remuneration is receivable, the payment shall be made no earlier than three years in equal annual installments payable in arrears. In the case of particularly high level of variable remuneration, which is determined each year by the Human Resources and Remuneration Committee, 60% of the variable remuneration is paid under mentioned terms and conditions.
- The maximum amount of variable remuneration, including bonuses, amounts up to 100% of fixed remuneration.
- The individuals covered by the *Policy* are obliged not to use their own hedging strategies or assurances with respect to their compensation and responsibility, which would neutralize the measures taken with respect to the individuals under the *Policy*, excluding the obligatory assurances arising from specific law provisions.

Aggregate quantitative information for 2015 on the amount of compensation (PLN) paid to individuals covered by the *Management Board Remuneration Policy* and *Remuneration Policy for all employees*.

The information on compensation presented below includes the total of fixed and variable compensation, as well as benefits paid in 2015 to the employees covered by the *Management Board Remuneration Policy* and *Remuneration Policy for all employees* in 2015. The amounts presented below represent the remuneration paid for the whole year, regardless of the time of performing the function in the Management Board or holding a position covered by the *Remuneration Policy for the remaining RT*.

No employee was remunerated EUR 1 million or more. None of the people covered by the *Management Board Remuneration Policy* receive allowance for new employees.

Under no circumstances, compensation with deferred payment granted in 2015 did not required revision based on results. Four of employees covered by the *Policy* received the benefits related with the termination of the contract of employment, and 6 of employees covered by the *Remuneration Policy for other RT*.

The aggregate quantitative information (PLN) is presented below, broken down by business lines.

Area	Compensation and benefits received (paid) in 2015	Including variable compensation for 2012 (paid in 2015)	Including variable compensation for 2013 (paid in 2015)	Including variable compensation for 2014 (paid in 2015)	Number of individuals
Support functions	29 471 215	336 278	1 374 419	4 008 725	61
Corporate and Transaction Banking	5 341 047	26 055	53 867	383 012	
Personal Finance	1 755 000	23 233	24 956	125 872	
Retail and Business Banking	3 403 320	11 145	249 136	797 448	
SME and Agro Banking	1 428 133	22 151	70 897	200 108	
CIB Banking	2 524 746	49 736	91 623	175 244	

The aggregate quantitative information (PLN) is presented below with separation of the Management Board Members and other persons.

	Management Board	Other persons
Compensation and benefits received (paid) in 2015	24 215 750	19 707 711
Including variable compensation for 2012 (paid in 2015)	148 750	319 848
Including variable compensation for 2013 (paid in 2015)	1 161 097	703 801
Including variable compensation for 2014 (paid in 2015)	3 267 592	2 422 817
Number of individuals	18	43

The aggregate information regarding the payments associated with the termination of the employment agreement (PLN) is presented below with separation of the Management Board Members.

	Management Board	Other persons
Benefits related with the termination of the contract of employment (paid) in 2015	3 223 668	781 025
The highest payment to one person in 2015	1 059 000	297 825

Information on the variable compensation (PLN) for 2015 granted in 2016 to individuals covered by the *Policy* in 2015.

The value of the variable compensation, which is settled in financial instruments, was given in accordance with the valuation applicable in 2016.

	Management Board	Other persons
Variable compensation (bonuses and financial rewards), i.e. PLN gross amount awarded for 2015 after calculation of compensation granted in financial instruments	6 215 659	2 115 689
Value of the variable compensation in cash	3 650 309	1 356 371
Value of the variable compensation in financial instruments	2 565 350	759 318
<i>Including the total value of the variable compensation in cash and in financial instruments, which is deferred to next years (from 2017)</i>	3 137 456	607 283
Number of individuals	12	34

Information on the value of deferred variable remuneration (PLN) for earlier years, i.e. granted for 2012, 2013 and 2014 (to persons covered by the), to be paid out in 2016-2018.

The value of the variable compensation, which is settled in financial instruments, was given in accordance with the valuation applicable in 2016.

	Management Board	Other persons
Value of the total deferred variable compensation to be paid in 2016, (settled in cash and in financial instruments)	1 737 373	1 173 230
Value of the total deferred variable compensation to be paid in 2017-2018, (settled in cash and in financial instruments)	4 035 600	1 370 655

In 2015, the list of employees, whose professional activity has an impact on Bank risk profile was prepared taking into account requirements of Commission Delegated Regulation (EU) No 604/2014 of 4 March 2014 supplementing Directive 2013/36/EU of the European Parliament and of the Council with regard to regulatory technical standards with respect to qualitative and appropriate quantitative criteria to identify categories of staff whose professional activities have a material impact on an institution's risk profile (Official Journal of the European Union dated on 6 June 2014).