



**2016**

**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 BGŹ 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 8) below is presented information on remuneration *Policy* for 2016.

Pursuant to Resolution No. 258/2011 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 2016 8 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 at least two members. Human Resources and Remuneration Committee shall meet at least once a year and shall review the remuneration of persons covered by the *Policy*. In 2016 4 meetings of the Human Resources and Remuneration Committee 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 2016 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 2016 to the employees covered by the *Management Board Remuneration Policy* and *Remuneration Policy for all employees* in 2016. 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.

Under no circumstances, compensation with deferred payment granted in 2016 did not required revision based on results.

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

Area	Compensation and benefits received (paid) in 2016	Including fixed compensation (paid in 2016)	Including variable compensation for 2012 (paid in 2016)	Including variable compensation for 2013 (paid in 2016)	Including variable compensation for 2014 (paid in 2016)	Including variable compensation for 2015 (paid in 2016)	No. of individuals
Support functions	21 133 456	14 661 255	261 529	378 404	786 328	5 045 940	45
Corporate and Transaction Banking	5 735 962	4 394 749	20 464	126 199	226 281	968 269	
Personal Finance	3 216 248	2 335 850	18 248	114 779	114 994	632 378	
Retail and Business Banking	2 466 901	1 342 306	0	117 177	0	1 007 418	
SME and Agro Banking	1 068 460	871 340	11 969	18 008	17 100	150 043	
CIB Banking	2 331 275	1 779 194	0	9 314	0	542 767	

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

	Management Board	Other persons
<b>Compensation and benefits received (paid) in 2016</b>	<b>18 969 785</b>	<b>16 982 518</b>
<i>Including fixed compensation (paid in 2016)</i>	13 461 285	11 923 410
<i>Including variable compensation for 2012 (paid in 2016)</i>	247 348	64 862
<i>Including variable compensation for 2013 (paid in 2016)</i>	521 453	242 428
<i>Including variable compensation for 2014 (paid in 2016)</i>	151 644	993 059
<i>Including variable compensation for 2015 (paid in 2016)</i>	4 588 055	3 758 759
Number of individuals	13	32

The aggregate information regarding the payments associated with new sign-on (PLN) is presented below with separation of the Management Board Members and other persons.

	Management Board	Other persons
benefits related with sign-on (paid) in 2016	417 774	75 114
the highest payment to one person in 2016	364 000	75 114

Two of employees covered by the *Policy* received the benefits related with the sign-on and one employee covered by the *Remuneration Policy for other RT*.

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 and other persons.

	Management Board	Other persons
benefits related with the termination of the contract of employment (paid) in 2016	0	194 490
the highest payment to one person in 2016	0	194 490

One employee covered by the *Remuneration Policy for other RT* received the benefits related with the termination of the contract of employment.

### Information on the variable compensation (PLN) for 2016 granted in 2017 to individuals covered by the *Policy* in 2016.

The value of the variable compensation, which is settled in financial instruments, was given in accordance with the valuation applicable in 2017.

	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	4 815 453	3 792 997
Value of the variable compensation in cash	2 407 726	2 059 810
Value of the variable compensation in financial instruments	2 407 726	1 733 187
Including the total value of the variable compensation in cash and in financial instruments, which is deferred to next years (from 2017)	1 926 024	1 437 904
Number of individuals	13	28

**Information on the value of deferred variable remuneration (PLN) for earlier years, i.e. granted for 2013, 2014 and 2015 (to persons covered by the), to be paid out in 2017-2019.**

The value of the variable compensation, which is settled in financial instruments, was given in accordance with the valuation applicable in 2017.

	Management Board	Other persons
Value of the total deferred variable compensation to be paid in 2016, (settled in cash and in financial instruments)	2 787 364	1 436 118
Value of the total deferred variable compensation to be paid in 2017-2018, (settled in cash and in financial instruments)	4 700 431	1 058 358

In 2016, 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).