

# Information on Remuneration Policy for persons having material impact on the risk profile of BGŻ BNP Paribas S.A.



**BGŻ BNP PARIBAS**

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świata**

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 below is presented information on Remuneration Policy for 2017.

The Bank applies the “Remuneration Policy for persons having material impact on the risk profile of BGŻ BNP Paribas S.A.”, “Regulation of Allocation And Payment of Variable Remuneration Components to Members of The Management Board of Bank BGŻ BNP Paribas S.A.” and “Regulation of Allocation And Payment of Variable Remuneration Components To Persons Having Material Impact On The Risk Profile Other Than Members of The Management Board of Bank BGŻ BNP Paribas S.A.” Above 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 Remuneration policy:

- The Remuneration Policy contribute to and supports an appropriate and effective risk management, ensure that Persons identified as having material impact on the Bank's Risk Profile are not encouraged to take excessive and inadequate risk.
- In relation to the remuneration rules for 2017 the Remuneration policy meet the requirements specified in the 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, Directive 2013/36/EU of the European Parliament and of the Council of 26 June 2013 on access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms, amending Directive 2002/87/EC and repealing Directives 2006/48/EC and 2006/49/EC and Regulation of the Minister of Economic Development and Finance of 6 March 2017 on the risk management system and the internal control system, remuneration policy and detailed conditions for estimation of internal capital by banks.
- 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;
- The Supervisory Board approves the Remuneration Policy and amendments to the Remuneration Policy and a periodic assessment of the implementation and application of the Policy. In 2017, 7 meetings of the Supervisory Board took place.
- Human Resources and Remuneration Committee supports the Supervisory Board in the Remuneration 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. In 2017 6 meetings of the Human Resources and Remuneration Committee took place.

- The amount of variable remuneration is determined on the basis of results of the Bank as a whole, results of organizational unit and individual performance.
- 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 Remuneration Policy, 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 instalments payable in arrears. In the case of particularly high level of variable remuneration (minimum PLN 2.000.000), 60% of the variable remuneration is deferred and it is possible to use longer than 3 years deferral period (not longer than 5 years) .
- The maximum amount of variable remuneration, including bonuses, amounts up to 100% of fixed remuneration.
- The individuals covered by the Remuneration 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 Remuneration Policy, excluding the obligatory assurances arising from specific law provisions.

### **Aggregate quantitative information for 2017 on the amount of compensation (PLN) paid to individuals covered by the Remuneration Policy.**

The information on compensation presented below includes the total of fixed and variable compensation, as well as benefits paid in 2017 to the employees covered by the Remuneration policy in 2017. The amounts presented below represent the remuneration paid for the whole year, regardless of the time of holding a position covered by the Remuneration Policy for persons having material impact on the risk profile of BGZ BNP Paribas S.A.

No employee was remunerated EUR 1 million or more.

Under no circumstances, compensation with deferred payment granted in 2017 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 2017	Including fixed compensation (paid in 2017)	Including variable compensation for 2013 (paid in 2017)	Including variable compensation for 2014 (paid in 2017)	Including variable compensation for 2015 (paid in 2017)	Including variable compensation for 2016 (paid in 2017)	No. of individuals
Support functions	21 327 762	13 040 916	247 312	766 475	660 022	6 613 038	35
Corporate and Transaction Banking	4 873 613	3 938 611	0	74 691	8 815	851 496	
Personal Finance	1 636 200	1 442 804	0	50 458	0	142 938	
Retail and Business Banking	2 484 875	1 601 379	0	269 351	221 112	393 034	
SME and Agro Banking	1 084 013	830 539	17 926	17 053	32 474	186 022	
CIB Banking	2 560 732	1 779 162	0	53 454	62 068	666 049	

The aggregate quantitative information (PLN) is presented below with separation of the Management Board Members and other persons having material impact on the risk profile of BGZ BNP Paribas S.A.

	Management Board	Persons
<b>Compensation and benefits received (paid) in 2017</b>	21 827 871	12 139 325
<b>Including fixed compensation (paid in 2017)</b>	13 662 536	8 970 874
<b>Including variable compensation for 2013 (paid in 2017)</b>	214 233	51 005
<b>Including variable compensation for 2014 (paid in 2017)</b>	833 639	397 843
<b>Including variable compensation for 2015 (paid in 2017)</b>	844 224	140 266
<b>Including variable compensation for 2016 (paid in 2017)</b>	6 273 239	2 579 338
<b>Number of individuals</b>	13	21



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 having material impact on the risk profile of BGŻ BNP Paribas S.A.

	Management Board	Persons other than Management Board
<b>benefits related with sign-on (paid) in 2017</b>	0	0
<b>the highest payment to one person in 2017</b>	0	0

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 having material impact on the risk profile of BGŻ BNP Paribas S.A.

	Management Board	Persons other than Management Board
<b>benefits related with the termination of the contract of employment (paid) in 2017</b>	3 445 506	258 000
<b>the highest payment to one person in 2017</b>	1 760 840	258 000

Three employees covered by the Remuneration Policy for persons having material impact on the risk profile of BGŻ BNP Paribas S.A received the benefits related with the termination of the contract of employment.

**Information on the variable compensation (PLN) for 2017 granted in 2018 to individuals covered by the *Policy* in 2017.**

The value of the variable compensation, which is settled in financial instruments, was given in accordance with the valuation applicable in 2018.

	Management Board	Persons other than Management Board
Variable compensation (bonuses and financial rewards), i.e. PLN gross amount awarded for 2017 after calculation of compensation granted in financial instruments	5 852 443	3 780 210
Value of the variable compensation in cash	2 926 221	1 890 105
Value of the variable compensation in financial instruments	2 926 221	1 890 105
<i>Including the total value of the variable compensation in cash and in financial instruments, which is deferred to next years (from 2019)</i>	2 340 977	1 512 084
Number of individuals	14	21

**Information on the value of deferred variable remuneration (PLN) for earlier years, i.e. granted for 2014, 2015 and 2016 (to persons covered by the), to be paid out in 2018-2021.**

The value of the variable compensation, which is settled in financial instruments, was given in accordance with the valuation applicable in 2018.

	<b>Management Board</b>	<b>Persons other than Management Board</b>
Value of the total deferred variable compensation to be paid in 2018, (settled in cash and in financial instruments)	4 722 811	1 440 247
Value of the total deferred variable compensation to be paid in 2018-2021, (settled in cash and in financial instruments)	3 928 111	1 449 372

In 2017, the list of employees, whose professional activity has an impact on Bank risk profile was prepared taking into account requirements of the Regulation of the Minister of Economic Development and Finance of 6 March 2017 on the risk management system and the internal control system, remuneration policy and detailed conditions for estimation of internal capital by banks and 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).