



Report on remuneration of the Members of the Management Board and Supervisory Board of BNP Paribas Bank Polska S.A. for 2021



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1. Introduction

This Report has been prepared in compliance with the regulations on remuneration in public companies, pursuant to Article 90g of the Act on Public Offering, Conditions Governing the Introduction of Financial Instruments to Organized Trading System, and on Public Companies of 29 July 2005.

On June 17, 2021, the Extraordinary General Meeting, by resolution No. 10, gave a positive opinion on the report on the remuneration of Members of the Supervisory Board and the Management Board for 2019 and 2020 presented by the Supervisory Board.

This Report is a comprehensive review of the remuneration due and received by individual members of the Management Board and Supervisory Board of BNP Paribas Bank Polska S.A. (hereinafter: "the Bank") in the year 2021, awarded in accordance with the Remuneration Policy for members of the Supervisory Board of the BNP Paribas Bank Polska S.A. and the Policy of Remuneration for Persons Having Material Impact on the risk profile of BNP Paribas Bank Polska S.A. (hereinafter: the "Remuneration Policy"). The Remuneration Policies in force at the Bank meet the requirements resulting from the provisions that entered into force in 2021, including, among others, from the Regulation of the Minister of Finance, Funds and Regional Policy on the risk management system and internal control system and remuneration policy in banks, dated June 8, 2021 and the Banking Law Act and the Directive (EU) 2019/878 of the European Parliament and of the Council of May 20 2019 (CRD V).

In order to ensure uniform and lawful conditions for the acquisition of the right to remuneration and its payment, the members of the Bank's Management Board and Supervisory Board are paid remuneration in observance of the principle of adequacy to the function performed, the scale of operations, the complexity of the organizational structure and the complexity of the Bank's activities. The remuneration of the members of the Management Board also takes into account the respective ratio of fixed remuneration to variable remuneration.

In 2021 the Bank did not deviate from the procedure for implementing or applying the Policy.



2. Total remuneration amount of the members of the Bank's Supervisory Board

Remuneration rules of Supervisory Board members are regulated by Remuneration Policy for the members of the Supervisory Board of the BNP Paribas Bank Polska S.A. adopted by Resolution No 9 of the Extraordinary General Meeting of Shareholders on 17th June 2021.

Remuneration of the Supervisory Board members is determined adequately to the function held and also to the scale of activity, complexity of the organizational structure and degree of complexity of the Bank's activity. The amount of remuneration for members of the Supervisory Board is determined by a resolution of the Bank's General Meeting.

The Bank does not grant or pay any variable remuneration or non-salary benefits to members of the Supervisory Board.

A Member of the Bank's Supervisory Board shall be entitled to a fixed monthly remuneration for each calendar month of performing his/her function in the Supervisory Board as well as to reimbursement of costs related to participation in the work of the Supervisory Board, in particular costs of travel, accommodation and meals, pursuant to the rules valid at the Bank. Remuneration is paid out to the Supervisory Board member irrespective of the frequency of meetings convention, independent of his/her attendance in the Supervisory Board meetings.

A Supervisory Board Member may resign from his/her remuneration.

A Member of the Supervisory Board who is at the same time employed in any entity of the BNP Paribas Group is not entitled to remuneration for performing the function of a member of the Bank's Supervisory Board.

Remuneration of the members of the Bank's Supervisory Board paid in 2021 is presented in the table below:

First name and surname	Date of function performance		Remuneration for work in the Supervisory Board ¹	For having previously served on the Management Board	
	from	from		Variable remuneration	Phantom shares buy-back
Lucyna Stańczak-Wuczyńska	01.01.2021	31.12.2021	365	-	-
Józef Wancer	01.01.2021	30.06.2021	350	-	-
Jean-Paul Sabet	01.01.2021	31.12.2021	21	-	-
Francois Benaroya	01.01.2021	31.12.2021	-	34	26
Jarosław Bauc	01.01.2021	31.12.2021	190	-	-
Małgorzata Chruściak	01.07.2021	31.12.2021	73	-	-
Géraldine Conti	01.07.2021	31.12.2021	-	-	-
Stefaan Decraene	01.01.2021	31.12.2021	-	-	-
Magdalena Dziewguć	01.01.2021	31.12.2021	153	-	-
Sofia Merlo	01.01.2021	24.03.2021	-	-	-
Vincent Metz	01.01.2021	31.12.2021	-	-	-
Piotr Mietkowski	01.01.2021	31.12.2021	-	-	-
Khatleen Pauwels	01.07.2021	31.12.2021	-	-	-
Stéphane Vermeire	01.01.2021	31.05.2021	-	-	-
Mariusz Warych	01.01.2021	31.12.2021	305	-	-
Total			1 475	34	26

¹ applies only to remuneration for work in the Supervisory Board.

3. Remuneration of members of the Bank's Management Board

a. Fixed remuneration

Fixed remuneration is paid with the frequency and in the amount specified in the employment contract, service contract or other contract of similar nature. Payment of fixed remuneration shall be obligatory, unless special circumstances occur, as provided for in the relevant agreement, internal document of the Bank or generally applicable legal regulations.

In particular, fixed remuneration shall be:

- a. monthly salary identified in the employment contract;
- b. additional allowances paid based on relevant provisions of the Labour Law.

The amount of fixed remuneration is intended to reflect the level of professional experience and seniority and does not provide an incentive to accept excessive risk and is therefore not linked to performance.

b. Variable remuneration

i. Compatibility of the variable remuneration with the adopted Remuneration Policy and its impact on the Bank's long-term performance

The purpose of the Remuneration Policy is to support correct and effective risk management in the Bank, to specify the basic rules according to which the remuneration of the members of the Bank's Management Board is allocated and paid, to encourage them to achieve their objectives by applying appropriate remuneration categories, including performance-related remuneration, and to ensure that the members of the Bank's Management Board are not encouraged to take excessive and inadequate risks.

The amount of the variable remuneration depends directly or indirectly on the performance (i.e. achievement of financial and non-financial objectives) of the members of the Management Board and the business performance of his/her business area and the Bank as a whole. The deferral of part of the remuneration and the payment of part of the remuneration in a financial instrument constitute a mechanism that links the members of the Management Board to the long-term performance and interest of the Bank. The amount of remuneration of the Board member supervising the Risk Area, in order to ensure adequate independence for the control function, is not dependent on the Bank's financial performance. Mechanisms to reduce the payment of awarded deferred remuneration due to events having a negative impact on its safe management and business performance also contribute to this objective.

ii. Terms and condition of the allocation and acquisition of the right to variable remuneration and payment thereof

Members of the Bank's Management Board can acquire the right to variable remuneration only based on and in line with the Remuneration Policy and the regulations/rules adopted on its basis.

A member of the Management Board shall acquire the right to variable remuneration and it shall be paid only if this does not adversely affect the financial situation of the entire Bank and is justified on the basis of the results of the Bank and the member of the Management Board concerned.

In particular, variable remuneration shall be:

- a. remuneration depending on performance, including non-pecuniary remuneration in the form of the Bank's Shares and remuneration in cash form;
- b. sign-on bonus;
- c. buy-out bonus;
- d. rewards;
- e. severance payments and similar benefits paid based on generally applicable law provisions.

Variable remuneration comprises a deferred part and a non-deferred part. At least 50% of the deferred part and non-deferred part of variable remuneration shall be granted in the form of a financial instrument namely Bank's shares (acquired through execution of rights arising from subscription warrants), while the remaining part of the deferred part and non-deferred part of variable remuneration shall be granted in cash. The deferred part of variable remuneration is split into equal parts, according to the number of years of the deferral period.

Variable remuneration in the annual amount not exceeding PLN equivalent of EUR 50.000 and one-third of total annual remuneration of the Management Board Member shall not be subject to deferral and shall be paid fully in cash. In the event of an allocation of variable remuneration exceeding above mentioned values than the variable remuneration shall subject to deferral. The deferral period lasts five years for Senior management, and at least four years and maximum five years for employees other than Senior management. In the event of an allocation of variable remuneration exceeding a particularly high amount, the deferred part shall not be lower than 60% of the variable remuneration.

With respect to the remuneration of the members of the Management Board, all final remuneration decisions, including decisions on the allocation of the variable remuneration, the vesting of the right to deferred variable remuneration and its payment, as well as the application of mechanisms to adjust this remuneration ex post, are at the discretion of the Supervisory Board (upon recommendation of the Remuneration Committee).

iii. Rules of allocation of variable remuneration

The amount of the variable remuneration shall be determined on the basis of the Bank's performance as a whole, the performance of the business area and the individual work performance, and shall be subject to change in line with such performance. It is also possible not to grant a member of the Management Board a variable remuneration.

The Bank's performance adopted to determine the variable remuneration takes into account:

- a. revenues;
- b. operating costs;
- c. Bank's cost of risk;
- d. tax load;
- e. cost to income (C/I) ratio and return on equity (ROE);
- f. cost of capital and liquidity risk in the long term.

The results of performance evaluation are referred to the level of budget execution of the Bank. The individual performance of the members of the Bank's Management Board is evaluated after the end of each year. Such an evaluation shall in particular take into consideration an annual compliance and risk management assessment performed in accordance with a separate procedure functioning at the Bank.

The individual allocation of variable remuneration and acquisition of the right to such remuneration in the full amount by members of the Bank's Management Board shall depend on receiving a score at a minimum adopted level for each year in each of the areas being assessed. Obtaining a lower score may lead to a reduction in the amount of the variable remuneration allocated or the variable remuneration to which the member of the Management Board ultimately acquires the right.

Members of the Bank's Management Board have the following categories of objectives:

- a. financial and non-financial;
- b. goals set for the Bank or goals set by the Bank for the business area of the Management Board member;
- c. other goals set by the Bank.

Objectives are set individually for each member of the Bank's Management Board, taking into account:

- a. adjustment of these goals to the Bank's risk profile;
- b. possibility of using risk adjustment mechanisms;
- c. principles of transparency and openness.

For members of the Bank's Management Board, the criteria are reviewed by the Remuneration Committee and approved by the Bank's Supervisory Board.

Criteria described above are used into approved KPIs for Board members for 2021, according to the table below.

KPI	CEO	CRO	Other Board members
ROE net	20%	-	20%
Bank strategic financial KPIs (Net profit, NBI, C/I)	30%	-	10%
Area/Business specific financial KPIs	-	35%	35%
Strategic & Non-financial KPIs	50%	35%	35%
Risk Area specific KPIs	-	30%	-

During the evaluation of the accomplishment of targets by members of the Bank's Management Board, the above categories of goals shall be taken into account, subject to the risk level related to their performance.

iv. Financial instruments granted or offered and the main conditions for exercising the rights from these instruments

The right to the variable remuneration in the form of the Bank's Shares is granted by giving subscription warrants to the Management Board member in the number corresponding to the number of shares which the Management Board member is entitled to acquire. The variable remuneration in the form of the Bank's shares is paid, i.e. the Bank's shares are acquired by way of exercising rights from subscription warrants, after the lapse of the retention period. The number of subscription warrants given to the Management Board member to enable them to exercise their right to acquire the Bank's shares which constitute a part of the variable remuneration, equals the number of the Bank's shares allocated to the Management Board member, i.e. one subscription warrant entitles to the acquisition of one share of the Bank. The shares will be acquired only for cash contributions, at the issue price corresponding to their nominal value and amounting to PLN 1 (one) per 1 (one) share.

The Management Board member can exercise the right from each acquired subscription warrant, until 30 September of a year after the lapse of the retention period. Rights from subscription warrants are exercised by way of a declaration addressed to the Bank under the rules determined in the Code of Commercial Partnerships and Companies.

The remuneration of the members of the Management Board granted and paid in the form of financial instruments – phantom shares /actual shares of the Bank – in 2021, is shown in the table below:

First name and surname	Year for which the variable remuneration was granted	Conversion price per instrument	Awarded (March 2021)	Exercised in 2021 ²	Exercising price	Instrument type
Przemysław Gdański	2017	64,68	216,34	216,33	48,32	phantom shares
	2018	50,49	1 459	1 459	48,32	phantom shares
	2019	67,31	3 745	7 489	46,11	warrants / shares
	2020	69,42	5 403	-	-	warrants / shares
Jean-Charles Aranda	2017	64,68	323,34	323,33	48,32	phantom shares
	2018	50,49	429	429,00	48,32	phantom shares
	2019	67,31	825	3 711	46,11	warrants / shares
	2020	69,42	1 513	-	-	warrants / shares
Andre Boulanger	2017	-	-	-	-	-
	2018	50,49	130	130	48,32	phantom shares
	2019	67,31	847	3 812	46,11	warrants / shares
	2020	69,42	2 282	-	-	warrants / shares
Przemysław Furlepa	2017	64,68	154,66	154,67	48,32	phantom shares
	2018	50,49	581	581	48,32	phantom shares
	2019	67,31	992	4 458	46,11	warrants / shares
	2020	69,42	1 730	-	-	warrants / shares
Wojciech Kemblowski	2017	64,68	920	920	48,32	phantom shares
	2018	50,49	661	661	48,32	phantom shares
	2019	67,31	1140	5 127	46,11	warrants / shares
	2020	69,42	2 055	-	-	warrants / shares
Kazimierz Łabno	2017	-	-	-	-	-
	2018	-	-	-	-	-
	2019	67,31	565	2 542	46,11	warrants / shares
	2020	69,42	1 297	-	-	warrants / shares
Volodymyr Radin	2017	-	-	-	-	phantom shares
	2018	-	-	-	-	phantom shares
	2019	67,31	137	614	46,11	warrants / shares
	2020	69,42	758,00	-	-	warrants / shares
Jerzy Śledziewski	2017	64,68	608	608	48,32	phantom shares
	2018	50,49	661	661	48,32	phantom shares
	2019	67,31	1129	5 083	46,11	warrants / shares
	2020	69,42	5 534	-	-	warrants / shares
Magdalena Nowicka³	-	-	-	-	-	-
Agnieszka Wolska³	-	-	-	-	-	-

² value of issued shares in accordance with the valuation from the actuarial report.

³ employed in 2021.

v. Options to prevent vesting of variable remuneration components or demanding return of variable remuneration

The variable remuneration is subject to assessment and adjustment mechanisms in order to adopt a risk profile appropriate to the Bank's long-term business strategy and to align the variable remuneration with the risk profile, the individual performance achieved and the Bank's performance, as well as to secure compliance with the rule of not rewarding poor performance. To this end, in accordance with the Remuneration Policy, the Bank applies ex ante and ex post mechanisms, including the malus mechanism (an adjustment mechanism applied to all or part of the variable remuneration, consisting in the possibility of withholding, reducing or denying the payment of the deferred part of the variable remuneration).

In 2021, no events were identified that could result in malus clauses being applied to any Management Board member.

The Remuneration Policy does not provide for the possibility of claiming back the variable remuneration components of the members of the Management Board. No such demand was filed during the period covered by this report.

c. Additional benefits

The members of the Management Board may be covered by the following additional benefits:

- a. life insurance;
- b. medical care package;
- c. employee capital plans (PPK);
- d. use of company car for business and private purposes;
- e. housing allowance;
- f. coverage or reimbursement of costs incurred in connection with the secondment to work in Poland;
- g. coverage of costs of private travel to the seconding country for the member of the Management Board and family members residing in Poland (at a specified frequency);
- h. coverage of costs of children's school attendance in Poland,
- i. one-off allowance related to the change of workplace;
- j. benefits to which individual Management Board members are entitled are set out in their employment contracts.

Additionally, the Bank covers the costs of the D&O insurance policy in order to protect the member of the Management Board against claims.

d. Total remuneration amount

The remuneration paid to the members of the Management Board consists of fixed remuneration, variable remuneration and additional benefits and is determined based on the objectives described in the Remuneration Policy.

Remuneration of the members of the Bank's Management Board paid in 2021 is presented in the table below⁴:

PLN thousand	Function performance term		Base remuneration	Variable remuneration paid in the year	Phantom shares buy-back	Issued shares ⁵	Additional benefits	Total	Ratio of the variable components of remuneration to the fixed component of remuneration	
	First name and surname	from								to
	Przemysław Gdański	01.01.2021	31.12.2021	2 132	886	81	345	147	3 591	62%
	Jean-Charles Aranda	01.01.2021	31.12.2021	985	294	36	171	260	1 746	51%
	André Boulanger	01.01.2021	31.12.2021	1 068	242	6	176	129	1 621	40%
	Przemysław Furlepa	01.01.2021	31.12.2021	1 080	286	36	206	214	1 822	49%
	Wojciech Kemblowski	01.01.2021	31.12.2021	1 045	392	76	236	107	1 856	67%
	Kazimierz Łabno	01.01.2021	31.12.2021	890	128	0	117	106	1 241	28%
	Magdalena Nowicka	01.01.2021	31.12.2021	960	0	0	0	83	1 043	-
	Volodymyr Radin	01.01.2021	31.12.2021	682	88	0	28	647	1 445	17%
	Jerzy Śledziewski⁶	01.01.2021	24.03.2021	852	336	61	234	476 ⁷	1 959	74%
	Agnieszka Wolska	01.09.2021	31.12.2021	340	0	0	0	80	420	-
	Total			10 034	2 652	296	1 513	2 249	16 744	-

⁴ remuneration paid to the members of the Management Board for the period of performing a function in the Board

⁵ value of issued shares in accordance with the valuation from the actuarial report

⁶ until the day of employment termination

⁷ including amounts connected to employment termination and equivalent for unused holiday

4. Pecuniary and non-pecuniary benefits for the immediate family members of the Bank's Supervisory Board members and Management Board members

No pecuniary or non-pecuniary benefits were granted or paid to the immediate family members of the Supervisory Board members in 2021.

All components of remuneration, which include benefits relating to the entire family of individual members of the Management Board, are included in the additional benefits shown in the Report section: *Remuneration of members of the Bank's Management Board*.

The Bank has granted pecuniary and non-pecuniary benefits⁸ to the immediate family members of the Company's Management Board members indicated below, the total amount of which is shown in the table below (in PLN thousand):

First name and surname	2021
Przemysław Gdański	5
Jean-Charles Aranda	106
Wojciech Kemblowski	1
Kazimierz Łabno	5
Volodymyr Radin	383
Agnieszka Wolska	1

⁸ cash and non-cash benefits include the financing of education and additional medical care.

5. Changes in average remuneration and basic financial results of BNP Paribas Bank Polska S.A. over the years 2016-2021

Remuneration for serving on the Supervisory Board in PLN thousand (excluding part of the remuneration for prior service on the Bank's Management Board):

PLN thousand	2016	2017	2018	2019	2020	2021
Average⁹	188	201	186	259	276	208
Variation compared to previous year	234%	7%	-7%	39%	7%	-25%

⁹ applies to the remuneration of all members of the Supervisory Board in a given reporting year receiving remuneration on this account.

Remuneration for performing the function of a member of the Management Board of the Bank in PLN thousand (includes remuneration for holding positions in the governing bodies of subsidiaries paid till 2016):

PLN thousand	2016 ¹¹	2017 ¹²	2018 ¹²	2019 ¹²	2020 ¹²	2021 ¹²
Average¹⁰	1 459	1 522	1 267	1 536	1 818	1 674
It's a change as compared to the previous year	8,5%	4,3%	-16,8%	21,3%	18,4%	-7,9%

¹⁰ applies to the remuneration of all members of the Management Board performing their function in the reporting year.

¹¹ all remuneration paid in a given year.

¹² remuneration paid for the time of serving on the Management Board.

Remuneration for employees who are not members of the Bank's Management and Supervisory Boards:

PLN thousand	2016	2017	2018	2019	2020	2021
Average¹³	71,6	73,8	79,7	82,2	88,4	93,7
Variation compared to previous year	-0,6%	3,1%	7,9%	3,2%	7,5%	6,0%

¹³ the product of 12 and the average base salary as at the last day of the year of persons who are employees as at the last day of the year, converted to full-time employment, without the Management Board and persons with less than 0.5 full-time working hours.

Financial results of the BNP Paribas Bank Polska S.A. Capital Group:

PLN million	2016	2017	2018	2019	2020	2021
Gross profit	175	454	469	873	1 111	616
Net profit	77	280	360	615	733	176
Cost/income (C/I) ratio	71,2%	62,3%	62,3%	64,2%	53,3%	52,9%
Total income	2 640	2 696	3 289	4 550	4 705	4 809
Total costs	-1 881	-1 681	-2 049	-2 922	-2 506	-2 544
Total assets	72 305	72 655	109 023	109 954	119 577	131 777

Financial results in 2021 were subject to significant pressure resulting from the gradual but dynamic process of materialization of legal risks related to the growing number of lawsuits from the portfolio of housing loans denominated mainly in CHF.

Detailed information on the financial results are contained in the 2021 annual financial reports.

6. Remuneration from entities belonging to the same group

Pursuant to the policy of the group, in 2021 members of the Bank's Management Board and Supervisory Board have not been granted and paid remuneration for performing their functions in entities belonging to BNP Paribas Bank Polska S.A. group.

7. Summary

This Report has been prepared in compliance with the regulations on remuneration in public companies, pursuant to Article 90g of the Act on Public Offering, Conditions Governing the Introduction of Financial Instruments to Organized Trading System, and on Public Companies of 29 July 2005 and with the Remuneration Policy for the members of the Supervisory Board of the BNP Paribas Bank Polska S.A. and the Policy of Remuneration for Persons Having Material Impact on the risk profile of BNP Paribas Bank Polska S.A.

This Report has been assessed by a statutory auditor with respect to information contained therein as required under Art. 90g sec. 1–5 and 8 of the Act on public trading.

