

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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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 2018.

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 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 (Dz.U. 2017 poz. 637), 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/WE and repealing Directives 2006/48/WE and 2006/49/WE.
- 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.
- 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 2018, 4 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 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 2018 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 2018 to the employees covered by the Remuneration policy in 2018 and employees acquired as a result of merger with separate part of Raiffeisen Banko Polska S.A. (RBPL), whose job positions were identified in 2018 MRT. 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.

For one employee the remuneration paid in 2018 exceeded EUR 1.

Under no circumstances, compensation with deferred payment granted in 2018 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)	Including variable compensation in 2018 for exRBPL employees	no of persons
Support functions	64 267 264	53 053 334	301 655	1 157 685	600 903	2 072 640	7 081 047	187
SME and Corporate banking	21 620 692	17 998 830	0	0	101 110	471 006	3 049 746	
Personal Finance	2 083 762	1 980 219	0	0	13 363	30 390	59 790	
Retail and Business Banking	6 490 446	5 162 196	0	0	0	45 000	1 283 250	
CIB Banking	10 257 578	7 994 174	0	140 064	174 404	339 000	1 609 937	

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 BGŻ BNP Paribas S.A.

	Management Board	Persons other than Management Board
Compensation and benefits received (paid) in 2017	14 869 969	89 849 774
Including fixed compensation (paid in 2018)	11 687 084	74 501 667
Including variable compensation for 2014 (paid in 2018)	72 831	228 824
Including variable compensation for 2015 (paid in 2018)	995 168	302 581
Including variable compensation for 2016 (paid in 2019)	375 425	514 355
Including variable compensation for 2017 (paid in 2018)	1 739 460	1 218 576
Including variable compensation in 2018 for exRBPL employees	0	13 083 770
No of persons	12	175

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
benefits related with sign-on (paid) in 2018	36 887	0
the highest payment to one person in 2018	36 887	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
benefits related with the termination of the contract of employment (paid) in 2018	0	10 516 568
the highest payment to one person in 2018	0	3 230 676

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

Information on the variable compensation (PLN) for 2018 granted in 2019 to individuals covered by the Policy in 2018.

The value of the variable compensation, which is settled in financial instruments, was given in accordance with the valuation applicable in 2019*.

	Management Board	Persons other than Management Board
Variable compensation (bonuses and financial rewards), i.e. PLN gross amount awarded for 2018 after calculation of compensation granted in financial instruments	5 114 077	4 248 654
Value of the variable compensation in cash	2 557 039	2 373 192
Value of the variable compensation in financial instruments	2 557 039	2 104 327
Including the total value of the variable compensation in cash and in financial instruments, which is deferred to next years (from 2020)	2 045 631	1 875 462
Number of individuals	12	20

**excluding RBPL employees, for whom the bonus has not yet been determined*

Information on the value of deferred variable remuneration (PLN) for earlier years, i.e. granted for 2015, 2016 and 2017 (to persons covered by the), to be paid out in 2019-2022.

The value of the variable compensation, which is settled in financial instruments, was given in accordance with the valuation applicable in 2019.



	Management Board	Persons other than Management Board
Value of the total deferred variable compensation to be paid in 2019,	2 817 401	5 863 328
Value of the total deferred variable compensation to be paid in 2020-2022, (settled in cash and in financial instruments)	3 191 949	7 803 532

In 2018, 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).