

# Remuneration policy

## Remuneration policy

The Policy of Remuneration of Employees Holding Managerial posts in Bank Millennium Group operates in the Bank, and applies also to all of the Bank's subsidiaries. Based on it, due to regulatory requirements - Millennium Brokerage House and TFI Millennium developed their own policies, which strictly refer to the principles adopted by the Bank for the Group.

Base salaries in the Bank constitute the main component of remuneration and are shaped taking into account the scope of employee responsibility, complexity and type of tasks and information on market levels of remuneration at similar positions in institutions with a similar profile and scale of operation. Salaries are periodically verified.

Depending on the time horizon of work performance evaluation, variable components of remuneration are awarded as part of different bonus systems. All employees of the Bank Millennium Group are subject to bonus systems.

The Group makes every effort to ensure that the bonus mechanisms used, being adapted to the specific business objectives of particular units, take into account the best interests of the Clients.

The amount of bonus budgets allocated for bonus payments is determined depending on the level of execution of the total net profit plan of the Bank Millennium Group and - in the case of employees of business lines - execution of their business goals. Due to the good results of work in 2017, the average individual employee bonus level in the Bank Millennium Group increased compared to 2016 by 1.4 p.p. of basic salary, while the average basic salary increased by 4.2%.

Individual bonuses were awarded as part of the bonus pool based on the assessment of the quality of work and the degree of commitment to achieving the objectives set for employees.

The Bank Millennium Group attaches great importance to the proper formation of remuneration of people holding managerial positions - with care that decisions made against these employees encourage them to care for the Bank's long-term good and avoid excessive exposure to risk.

The remuneration policy for this group is described in more detail in the "Capital Adequacy, Risk and Remuneration Policy Report of Bank Millennium Capital Group in 2017".

The rules for granting the annual bonus pool for persons holding managerial positions are the same as in previous years: It is awarded after prior analysis of the Bank's situation in the scope of:

- Actual business results: Net Profit, Result on Banking Activity, Cost/Income ratio, ROE;
- Liquidity: Loans/Deposits ratio, value of liquid assets;
- Capital adequacy ratios versus the KNF reference level.

The Bank Millennium Group pursues a stable remuneration policy, in the last financial year no significant changes were introduced to it - constant monitoring of compliance of the applied solutions and incentive mechanisms with the MiFID2 regulations was introduced.

### Management Board Remuneration

The remuneration policy for Members of the Management Board also did not change compared to previous years. Determining the terms of contracts and remuneration for members of the Management Board is within the competence of the Supervisory Board. The Personnel Committee of the Supervisory Board determines and approves the remuneration components of Members of the Management Board of Bank Millennium, defines criteria and conditions for granting bonuses for each period.

They are awarded after analyzing the results taking into account financial criteria

- execution of the planned budgets and ratios for the activity area under management,
- comparison with competitors in the same segment of the market,
- market business criteria defined for the period;

as well as non-financial criteria, in particular:

- overall management quality in the area of responsibility,
- effective leadership and contribution to the Bank's development,
- management and supervision over the units in the area of responsibility.

The total remuneration of Members of the Management Board for performing this function in 2017 was PLN 8 935.4 thousand. Additionally, Members of the Board were paid part of an annual bonus for 2013, 2014, 2015 and 2016 years (in the form of cash and phantom shares) as well as additional benefits.

**Fixed remuneration for the membership of management board paid to Management Board Members in 2017 (in PLN thousand):**

Name	Period	Fixed Remuneration
Joao Bras Jorge	01.01.2017 - 31.12.2017	2 040.0
Fernando Bicho	01.01.2017 - 31.12.2017	1 618.0
Wojciech Haase	01.01.2017 - 31.12.2017	1 318.3
Andrzej Gliński	01.01.2017 - 31.12.2017	1 319.1
Maria Campos	01.01.2017 - 31.12.2017	1 320.0
Wojciech Rybak	01.01.2017 - 31.12.2017	1 320.0

**Additional benefits of Management Board Members in 2017 (in PLN thousand):**

Name	Period	Benefits
Joao Bras Jorge	01.01.2017 - 31.12.2017	1 142.6
Fernando Bicho	01.01.2017 - 31.12.2017	73.4
Wojciech Haase	01.01.2017 - 31.12.2017	14.9
Andrzej Gliński	01.01.2017 - 31.12.2017	25.1
Maria Campos	01.01.2017 - 31.12.2017	319.2
Wojciech Rybak	01.01.2017 - 31.12.2017	3.8

The additional benefits are mainly connected with accommodation of foreign members of the Management Board and healthcare benefits.

**Variable remuneration paid in 2017 to Management Board Members and to persons who performed this function in prior years (in PLN thousand):**

Name	Awards paid (for the years 2013, 2014, 2015 and 2016)	
	In cash	In phantom shares
Joao Bras Jorge	880.1	957.9
Fernando Bicho	638.3	695.0
Wojciech Haase	533.8	583.9
Andrzej Gliński	450.7	494.4
Maria Campos	533.8	583.9
Wojciech Rybak	175.0	205.7
Artur Klimczak	155.5	133.8
Michał Gajewski	33.2	39.8
Julianna Boniuk-Gorzelańczyk	117.6	101.4
Bogusław Kott	106.3	86.5

In the period from 01.01.2017 to 31.12.2017 a provision was established for annual bonus in the amount of PLN 8,940.00 thousand.

The decision to award variable remuneration to Management Board Members for 2017 shall be taken by the Supervisory Board Personnel Committee after approval of the Bank's results by the General Meeting of Shareholders.

The Supervisory Board Personnel Committee, when making a review of the Remuneration Policy, found that it supported development and safety of the Bank Millennium S.A. Capital Group and that the to-date practice of managing variable remuneration corresponded to targets set in the Policy. Flexibly managed bonus systems were supportive to business priorities adopted and reflected financial results achieved by Bank Millennium Group business lines.