

17 April 2020

**Statement of the Polish Financial Supervision Authority
on variable components of remuneration at banks and insurance undertakings**

Considering the statements of the European Banking Authority of 31 March 2020¹ and the European Insurance and Occupational Pensions Authority of 2 April 2020² on the expected measures to be taken by banks and insurance undertakings in response to the COVID-19 pandemic, including measures connected with the distribution of variable components of remuneration, and considering the current situation in Poland following the announcement of a state of pandemic, the related potential economic consequences and their expected impact on the banking and insurance sectors, the Polish supervisory authority expects banks and insurance undertakings to adopt a conservative approach to the distribution of variable components of remuneration.

The supervisory authority reiterates that it is important that banks and insurance undertakings maintain a solid capital base to ensure they can respond to the economic impact of COVID-19 effectively. For that reason the supervisory authority expects banks and insurance undertakings to review their policies and practices on remuneration and awards in terms of prudent capital management and to limit any activity that might weaken their capital base. For banks, it is particularly important in terms of using the capital released as a result of waiver of the systemic risk buffer that aimed to prevent a decrease in availability of credit for the economy.

In view of the foregoing, the supervisory authority expects that the variable portion of remuneration to be disbursed by banks and insurance undertakings will be set at a conservative level.

To ensure an appropriate response to the risk associated with COVID-19, the supervisory authority believes that the disbursement of a significant portion of the variable remuneration could be postponed for a period longer than initially anticipated. Also, a larger than planned portion of variable remuneration could be disbursed in equity instruments.

Similarly, as regards disbursement of a postponed component of remuneration allocated in previous years, which under the law has now become payable, the supervisory authority expects banks and insurance undertakings to consider the possibility of its further postponement (the extension of the postponement period) and the disbursement of a significant portion of it in equity instruments.

¹ [Statement on dividends distribution, share buybacks and variable remuneration](#)

² [Statement on dividends distribution and variable remuneration policies in the context of COVID-19](#)