



Disclosure of Information on LPB Bank Remuneration Policy in 2021



Joint-stock company "LPB Bank" (hereinafter referred to as the Bank) was registered in the Republic of Latvia on 5 September 2008, unified registration No. 50103189561. The Bank's registered office is Brīvības iela 54, Rīga, LV-1011.

This information has been drafted in accordance with Financial and Capital Market Commission Regulation No. 154 of 16 November "Normative Regulations on Remuneration Policy and Practice" and in compliance with Article 450 of Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013.

Remuneration policy and practice

EU-REMA – Remuneration policy

In determining personnel remuneration, the Bank applies the principles of effectiveness, flexibility, fairness and transparency.

The Bank's Remuneration Policy (hereinafter referred to as the Policy) determines the core principles and components of the Bank's remuneration system, as well as the responsibilities and obligations of Bank Council, Board, Internal Control units and Human Resources Management Department in implementing the Policy.

The obligations and tasks of the Remuneration Committee are handled by the Council of the Bank. The fulfilment of tasks assigned to the Remuneration Committee of the Bank is included on the agendas of Council sessions and reviewed no less than once per year.

The Policy is approved by the Council of the Bank, which determines the authorisations of Bank structural divisions in matters of human resources management policy and the labour remuneration system at the Bank. The Policy is revised no less than once per year in order to ensure relevance and conformance to changes in the operation of the Bank or the external circumstances affecting Bank activities or following amendments to compliance laws, regulations and standards regulating the Policy.

The Bank's Remuneration Policy is equally applicable to all levels of Bank staff – including members of the Bank's Council, Board, Internal Control Unit staff, and other positions affecting the Bank's risk profile.

The remuneration payable to members of the Council of the Bank is determined by the shareholder of the Bank.

The remuneration payable to members of the Board, head of the Internal Audit Department and Internal Audit Department staff is determined by the Council of the Bank, also ensuring direct supervision of the remuneration payable to the heads of the Risk Control Department and the Compliance Control Department.

In determining the remuneration payable to employees, the following methods are applied in order:

- not to encourage excessive risk above the risk level determined in the Bank's Development Strategy;
- not to limit the liquidity of the Bank and its ability to reinforce equity, whether short or long term;
- to conform to the operational goals and values determined in the Bank's Development Strategy, e.g. corporate values and high standards of professional conduct and ethics and to ensure prevention of conflicts of interest;

- to provide equal pay to Employees performing equal or equivalent work, maintaining gender-neutral policy and practices;
- to prevent contradicting the interests of clients or depositors and other stakeholders;
- to prevent short-term gains through transactions that bear or produce a risk of money laundering, terrorism or proliferation financing.

The quality of life of Bank employees and employee motivation are accomplished by both monetary (e.g. remuneration and benefits) and non-monetary (e.g. training and qualification enhancement) means, as well as through career growth opportunities.

The principle of remuneration effectiveness is implemented by the Bank motivating staff to accomplish the Bank's goals and allocate resources in a rational manner.

The Bank's activities incorporate strict compliance with environmental, social and governance factors (ESG), i.e. the Bank maintains not only gender neutral labour remuneration and salary policies for its staff, but also satisfies other requirements for an equal attitude to personnel regardless of gender in aspects of employment, including personnel selection as part of the Bank's personnel selection procedures, training opportunities and professional career growth opportunities, with further benefits of both monetary and non-monetary nature.

The positions affecting the Bank's risk profile are evaluated and identified by the Council of the Bank, reviewing these no less than once per year.

The Bank has identified categories of positions whose professional activities have a substantial effect on risk profile:

- Members of the Council and Board of the Bank;
- Heads of internal control structural divisions, and employees of certain structural divisions;
- Employees ensuring the provision of investment services, in view of Financial Instrument Market Law Section 3 Paragraphs Four and Five.
- Heads of structural divisions performing corporate functions;
- heads of business structural divisions and project managers;
- the head and employees of the anti-money laundering, counter-terrorism and proliferation financing structural division;
- The head and employees of the structural division for payment card fraud prevention;
- Personal data protection officer;
- MiFID II officer;
- AML/CTPF and sanctions risk management information systems officer.

The suitability of the Policy to the operational specifics of the Bank, its impact on the Bank's risk profile, including impact on capital and liquidity, is evaluated no less than once per year, with the results and conclusions of the assessment reported to the Council of the Bank, which may introduce corrective measures as necessary in order to ensure that the Bank's Policy does not produce a negative impact on the overall risk profile of the Bank. An assessment of the suitability of the Policy is performed by the Bank's internal control function. The remuneration system implemented within the Bank only envisages a constant component of remuneration, without implementing a variable component dependent on operational performance.

The Bank did not have staff whose remuneration during the reporting year exceeded 1 million euros.

TEMPLATE EU REM1 - REMUNERATION AWARDED FOR THE FINANCIAL YEAR

		MB Supervisory function	MB Management function	Other senior management	Other identified staff
Fixed remuneration	Number of identified staff	5	5	-	72
	Total fixed remuneration	1 620	272 439	-	1 336 903
	Of which: cash-based	-	-	-	-
	(Not applicable in the EU)				
	Of which: shares or equivalent ownership interests	-	-	-	-
	Of which: share-linked instruments or equivalent non-cash instruments	-	-	-	-
	Of which: other instruments	-	-	-	-
	(Not applicable in the EU)				
	Of which: other forms	-	-	-	-
	(Not applicable in the EU)				
Variable remuneration	Number of identified staff	-	-	-	-
	Total variable remuneration	-	-	-	-
	Of which: cash-based	-	-	-	-
	Of which: deferred	-	-	-	-
	Of which: shares or equivalent ownership interests	-	-	-	-
	Of which: deferred	-	-	-	-
	Of which: share-linked instruments or equivalent non-cash instruments	-	-	-	-
	Of which: deferred	-	-	-	-
	Of which: other instruments	-	-	-	-
	Of which: deferred	-	-	-	-
	Of which: other forms	-	-	-	-
	Of which: deferred	-	-	-	-
	Total remuneration (2 + 10)		1 620	272 439	-

TEMPLATE EU REM2 - SPECIAL PAYMENTS TO STAFF WHOSE PROFESSIONAL ACTIVITIES HAVE A MATERIAL IMPACT ON INSTITUTIONS' RISK PROFILE (IDENTIFIED STAFF)

	MB Supervisory function	MB Management function	Other senior management	Other identified staff
Guaranteed variable remuneration awards				
Guaranteed variable remuneration awards - Number of identified staff	-	-	-	-
Guaranteed variable remuneration awards -Total amount	-	-	-	-
Of which guaranteed variable remuneration awards paid during the financial year, that are not taken into account in the bonus cap	-	-	-	-
Severance payments awarded in previous periods, that have been paid out during the financial year				
Severance payments awarded in previous periods, that have been paid out during the financial year - Number of identified staff	-	-	-	-
Severance payments awarded in previous periods, that have been paid out during the financial year - Total amount	-	-	-	-
Severance payments awarded during the financial year				
Severance payments awarded during the financial year - Number of identified staff	1	-	-	6
Severance payments awarded during the financial year - Total amount	-	-	-	-
Of which paid during the financial year	-	-	-	-
Of which deferred	-	-	-	-
Of which severance payments paid during the financial year, that are not taken into account in the bonus cap	-	-	-	-
Of which highest payment that has been awarded to a single person	-	-	-	-

TEMPLATE EU REM3 - DEFERRED REMUNERATION

Deferred and retained remuneration	Total amount of deferred remuneration awarded for previous performance periods	Of which due to vest in the financial year	Of which vesting in subsequent financial years	Amount of performance adjustment made in the financial year to deferred remuneration that was due to vest in the financial year	Amount of performance adjustment made in the financial year to deferred remuneration that was due to vest in future performance years	Total amount of adjustment during the financial year due to ex post implicit adjustments (i.e. changes of value of deferred remuneration due to the changes of prices of instruments)	Total amount of deferred remuneration awarded before the financial year actually paid out in the financial year	Total of amount of deferred remuneration awarded for previous performance period that has vested but is subject to retention periods
MB Supervisory function	-	-	-	-	-	-	-	-
Cash-based	-	-	-	-	-	-	-	-
Shares or equivalent ownership interests	-	-	-	-	-	-	-	-
Share-linked instruments or equivalent non-cash instruments	-	-	-	-	-	-	-	-
Other instruments	-	-	-	-	-	-	-	-
Other forms	-	-	-	-	-	-	-	-
MB Management function	-	-	-	-	-	-	-	-
Cash-based	-	-	-	-	-	-	-	-
Shares or equivalent ownership interests	-	-	-	-	-	-	-	-
Share-linked instruments or equivalent non-cash instruments	-	-	-	-	-	-	-	-
Other instruments	-	-	-	-	-	-	-	-
Other forms	-	-	-	-	-	-	-	-

Other senior management	-	-	-	-	-	-	-	-
Cash-based	-	-	-	-	-	-	-	-
Shares or equivalent ownership interests	-	-	-	-	-	-	-	-
Share-linked instruments or equivalent non-cash instruments	-	-	-	-	-	-	-	-
Other instruments	-	-	-	-	-	-	-	-
Other forms	-	-	-	-	-	-	-	-
Other identified staff	-	-	-	-	-	-	-	-
Cash-based	-	-	-	-	-	-	-	-
Shares or equivalent ownership interests	-	-	-	-	-	-	-	-
Share-linked instruments or equivalent non-cash instruments	-	-	-	-	-	-	-	-
Other instruments	-	-	-	-	-	-	-	-
Other forms	-	-	-	-	-	-	-	-
Total amount	-	-	-	-	-	-	-	-

TEMPLATE EU REM4 - REMUNERATION OF 1 MILLION EUR OR MORE PER YEAR

EUR	Identified staff that are high earners as set out in Article 450(i) CRR
1 000 000 to below 1 500 000	-
1 500 000 to below 2 000 000	-
2 000 000 to below 2 500 000	-
2 500 000 to below 3 000 000	-
3 000 000 to below 3 500 000	-
3 500 000 to below 4 000 000	-
4 000 000 to below 4 500 000	-
4 500 000 to below 5 000 000	-
5 000 000 to below 6 000 000	-
6 000 000 to below 7 000 000	-
7 000 000 to below 8 000 000	-
To be extended as appropriate, if further payment bands are needed.	

TEMPLATE EU REM5 - INFORMATION ON REMUNERATION OF STAFF WHOSE PROFESSIONAL ACTIVITIES HAVE A MATERIAL IMPACT ON INSTITUTIONS' RISK PROFILE (IDENTIFIED STAFF)

	Management body remuneration			Business areas						
	MB Supervisor y function	MB Management function	Total MB	Investment banking	Retail banking	Asset management	Corporate functions	Independent internal control functions	All other	Total
Total number of										82

identified staff										
Of which: members of the MB	5	5	10							
Of which: other senior management				1	1	1	9	8	2	
Of which: other identified staff				-	4	-	2	44	-	
Total remuneration of identified staff	1 620	272 439	274 059	35 269	107 602	14 640	258 464	873 807	47 120	
Of which: variable remuneration	-	-	-	-	-	-	-	-	-	
Of which: fixed remuneration	1 620	272 439	274 059	35 269	107 602	14 640	258 464	873 807	47 120	