



Association of
Institutional Investors (API)

Research report on VTB Bank (PJSC)

as of 09/30/2016



RESEARCH LABORATORY FOR BUSINESS COMMUNICA-
TIONS, NATIONAL RESEARCH UNIVERSITY HIGHER
SCHOOL OF ECONOMICS

Capital structure

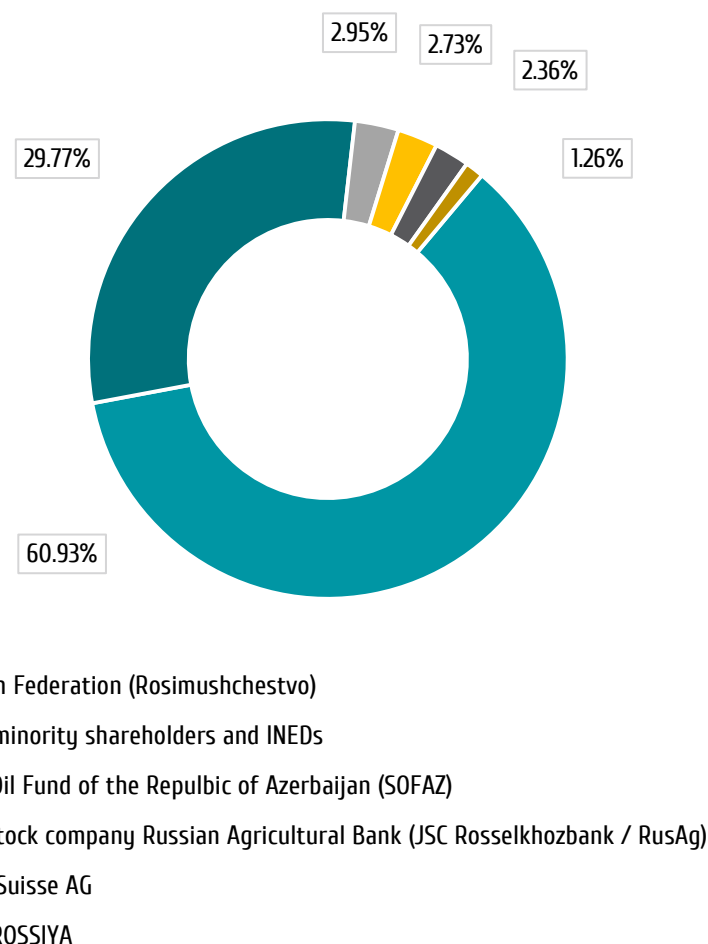
The controlling parcel of shares belongs to the Government whose effective voting stake (including the shareholding of a substantial shareholder controlled by it) is 63.66%. A mere 65.69% to 68.37% of the voting shareholders have participated in general shareholders meetings (GSMs) since 2015, the involvement of portfolio and institutional investors (taking into account the other substantial shareholders disclosed by VTB) in GSMs is extremely low. The passivity of minority shareholders negatively affects the Bank's corporate governance (CG).

According to Bloomberg (2014 and 2016 data), 5 shareholders with an ownership interest of more than 0.2% (Norges Bank, CREDIT SUISSE GROUP AG, ONEXIM HOLDINGS LTD, OLYBRIUS LIMITED, OTKRITIE HOLDINGS JSC) held 14.28% of the voting shares. Judging by the quorum at the recent GSMs, most of these shareholders stayed out of GSMs, even though the shareholding required for additional INED election is 6.1-6.3% for one, 13.8% for two INEDs.

According to the quarterly report, the package of quasi-treasury securities (0.11%) does not affect decision-making.

According to the Bank's Corporate Governance Code (CGC), the voting of such shares is inadmissible, but the charter does not authorize the SC to manage this package, including the possible prohibition to vote.

Breakdown of voting shares



Summary of CG practice

+

- The Bank's multi-level risk management system is highly appreciated by independent directors (INEDs);
- INEDs and other members of the Supervisory Council (SC) have a real capacity to influence decision-making (in 2015, 14 SC meetings (33%) were held in the form of joint attendance, the Committees have relatively broad powers);
- 4 of 11 SC members are independent directors (INEDs), according to the listing rules;¹
- The Supervisory Council:
 - regularly considers the long-term development program (6 of the 8 related issues considered since 2015 are meaningful), but forecasts under current conditions are actually made for a period of up to 3 years;
 - applies benchmarks in determining strategic priorities (the review covers local players, among others);
- The Remuneration and HR Committee has access to all top management motivation-related documents and the terms and conditions of the labor contracts, the SC relies on the Committee);
- Since 2015, the Bank has held 3 shareholder meetings, including 1 extraordinary meeting), which formalized most of the Russian 2014 Corporate Governance Code recommendations in the Bank's by-laws;
- Publication of monthly non-audited financial report under IFRS standards, including a breakdown by segments;
- The internal audit and the risk management are left to the purview of the Audit Committee (*which implies higher potential influence of the Committee*).

¹ according to materials disclosed by the Bank, there is a potential risk of the senior INED ceasing to be independent (the question of monitoring by the Remuneration and HR Committee and its competence)

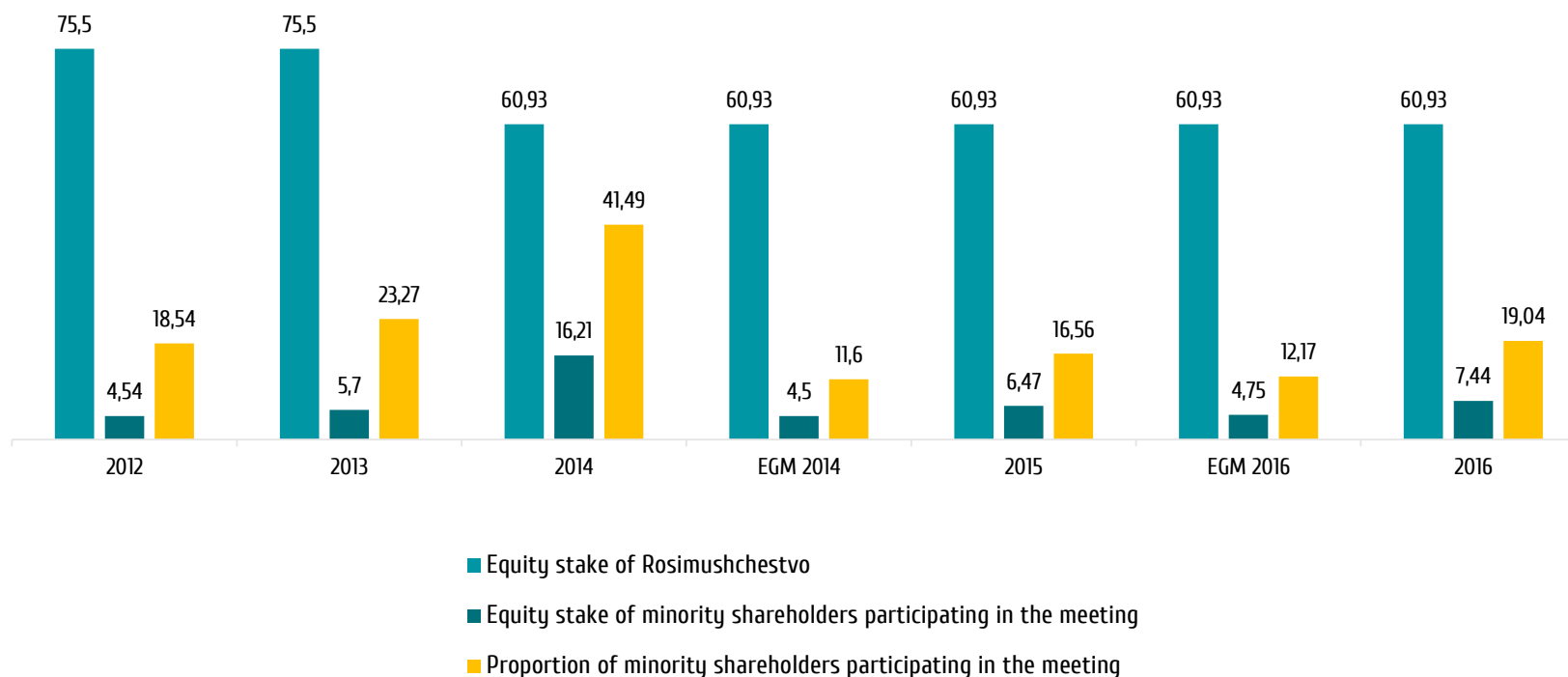
-

- Formal approach to information disclosure:
 - The terms of related party transactions approved by the SC are not disclosed (see the "Main conclusions" section),
 - No disclosure of the top management remuneration system (the proportions of fixed and variable parts, the long-term and short-term motivation components, the correlation between payments for the reporting period and the KPI achievement);
 - no information on individual voting by SC members;
 - the reports do not provide information on the performance (or its assessment by the Audit Committee) of the system warning of potential unfair actions of the Bank's employees and third parties and of other disturbances in the Bank's activities, including the practical role of the Audit Committee in obtaining information and monitoring the reaction to such warnings (except for compliance procedures);
- Insufficient activity of the SC committees. The Remuneration and HR Committee (RHRC) only conducted meetings in absentia in 2015 because of the Chairman's tight schedule; the Audit Committee is still unable, despite related discussions, to operate independently from the management in relations with the auditor (including participation in holding tenders, meetings with auditors without the management in attendance) and the internal audit department. Of special note is also the Chairman's perfect awareness and experience in best foreign practices;
- Insufficient involvement of INEDs and the HRRC in the process of preparing the list of candidates for election to the SC in the following corporate year;
- Negative investor perception of corporate governance quality on account of decisions made at the GSMs, by the SC and the management team in certain cases in the past, among other things.



General shareholders meeting: information disclosure, activity and rights of shareholders

Our review of the shareholders' participation in general shareholders meetings (GSMs) in the last 6 years shows that the shareholders' activity is extremely low, although this does not hamper decision-making on agenda items. 39 related-party transactions with a total limit of RUB 917.5 billion and USD 471 billion were considered at the AGMs in 2015 and 2016.



Information on VTB Bank's shareholders, according to Bloomberg data and information disclosure by the shareholders

Shareholder Name	Voting stake	Comment on voting
Russian Federation	60.93	No voting policy, Rosimushchestvo votes as instructed by the Government of Russia.
NORGES BANK	4.28	The shareholder did not vote at the AGMs in 2016 and 2015, according to information disclosure. The shareholder voted at the EGM on March 14, 2016. The shareholder discloses the voting policy and the way it actually votes. The bank has so far not nominated BoD/SC candidates in Russia, unlike other countries. Recommendations of proxy advisory firms are followed.
CREDIT SUISSE GROUP AG ¹	2.95	QIA generally votes on substantial assets only (in absolute and relative terms). Information on the shareholder's voting policy, if any, is not available.
REPUBLIC OF AZERBAIJAN	2.95	Voting policy is not available (not disclosed)
ONEXIM HOLDINGS LTD	2.43	Voting policy is not available (not disclosed)
OLYBRIUS LTD	2.36	Voting policy is not available (not disclosed)
OTKRITIE HOLDINGS JSC	1.77	Voting policy is not available (not disclosed)
BLACKROCK	0.49	The shareholder discloses both global corporate governance principles and regional approaches to voting and engagement with companies. Information on voting in the last corporate season is disclosed. The shareholder only disclosed non-voting at the VTB AGM on March 14, 2016. Recommendations of proxy advisory firms are followed. The shareholder does not nominate BoD/SC candidates but can support other shareholders' proposals if there is certainty about meeting shareholders' interests in the best way possible.
VANGUARD GROUP	0.2	The shareholder discloses its approaches to voting at GSmS as well as the way it voted in the last corporate season. For funds focused on investments in Russia, the shareholder only disclosed non-voting at the VTB AGM on March 14, 2016. The shareholder does not nominate BoD/SC candidates, but supports, according to the generally disclosed approaches to voting, the idea of nominating at least 20% of INEDs by a group of shareholders holding at least 3% of the company's shares in the preceding 3 years. The shareholder follows recommendations from proxy advisory firms.
BUSINESS FINANCE OOO	0.11	Voting policy is not available (not disclosed)
CAISSE DE DEPOT ET PLACEMENT DU QUEBEC	0.1	Probably, a nominal holder. The shareholder discloses the policy of exercising voting rights at public companies, as well as information on voting in the past 6 months. No information on participating in the VTB AGM in 2016 is available. The shareholder does not nominate candidates but is ready to support other shareholders' proposals as necessary.

¹ According to the *Vedomosti* (as of June 5, 2013), the ultimate beneficial owner is the QATAR Investment Authority (QIA)



Preparation for shareholders meetings

+

- materials related to GSMs are disclosed in the English and Russian languages 30 days prior to such a meeting, despite the absence of related requirements in the Bank's statutory documents (only in the Bank's CGC recommendations);
- GSM materials specify the persons proposing agenda items, candidates to the Supervisory Council and the Statutory Audit Commission, contain comparative tables of changes to draft documents regulating the activities of the Bank's bodies;
- According to The Bank's CGC, items may be put on the agenda and candidates included in the general list of nominees for the GSM, with minor flaws, at the shareholder's clearly expressed will;
- In 2015, the SC actually nominated an independent director (INED) proposing that the shareholders nominate him for a vacant position. Even though this practice is unprecedented and the management has played the key role in it, this case can lay a foundation for increasing the role of the SC in its formation.

-

- According to the survey of SC members, the SC Remuneration and HR Committee, unlike the management, sticks to a formal and rather passive approach to the assessment and preparation of the list of candidates for election to the SC for the following corporate season;
- The materials related to general shareholders meetings have the following drawbacks:
 - no information on the competitive external auditor selection process (terms and conditions, bidders, bids) and the role of the Audit Committee in the auditor assessment and selection process; information on the target and actual cost of audit services, as well as the cost of non-audit services provided by the auditor;
 - no rationale for the proposed profit distribution (for example, the benchmark used and/or consequences for the Bank's activity, taking into account regulatory restrictions and requirements, as well as the economic efficiency of investing profit in development). The only statement is that the retained earnings will be used "to ensure the bank's business";
 - the comparative tables of changes to draft documents proposed to the GSM for approval are only provided for the charter and the documents regulating the activities of the Bank's bodies; no table of changes is provided for the Regulation on remuneration and compensations paid to the SC members;
 - the SC position on separate agenda items is only disclosed to the extent of whether or not SC members expressed dissenting opinions.
- The charter and statutory documents *do not provide for the regulation of voting* quasi-treasury voting shares of the Bank.



Issue of preferred shares

In 2014-2015, the Bank privately placed preferred shares and type A preferred shares. The placement of preferred shares of different types creates uncertainty in respect of dividend rights carried by them, which is not recommended by the CG Code (p. 34).

That said, the shares were placed privately in favor of the Russian Federation and state corporation Deposit Insurance Agency as instructed by the Government of Russia and pursuant to federal laws; the placement improved the Bank's financial condition, while the voting power attributable to the transferred stock is below the related property contribution to the Bank's authorized capital; therefore, these decisions as such cannot be viewed as an example of bad corporate practice.

Our recommendation is to specify the exact value of dividend rights carried by such shares in the charter, according to the CG Code recommendations.

Main conclusions

The Bank has made substantial changes to its by-laws according to the plan of implementing the Russian 2014 Corporate Governance Code. The SC and the relevant committees have broad powers that have yet to be put into practice. Preparation for GSMs is adequate, although it is recommended that certain aspects be improved, including the following:

1. Ensure the involvement of independent directors in the preparation of proposals to shareholders concerning the drawing-up of the list of candidates to the SC for the following corporate season;
2. Formalize the power of the SC to determine the fee payable to the head of the internal audit department and to approve the internal audit department's budget and the list (determination criteria) of significant corporate actions;
3. Disclose material terms of related party transactions in the disclosure system and attachments to the annual reports. Where bank secrecy restrictions are applicable, only the fact of making (approving) the transaction is provided, with reference to the legal provision prohibiting the disclosure of the terms of transaction;
4. Disclose the detailed information on the terms of the contract with the external auditor, the candidate assessment and selection procedure and its results in GSM-related materials.



Supervisory Council: practical activity aspects

SC Chairman

*Alexey Ulyukaev***

(representing the Government of Russia), ex-Minister of Economic Development of the Russian Federation, no shareholding in the Bank;

Senior INED

Sergey Galitsky

Chairman of the Management Board, PJSC Magnit, no shareholding in the Bank;

Chairman of the Remuneration and HR Committee

*Sergey Dubinin**

(representing the Government of Russia) owns 0.00164% of the ordinary shares of the Bank (worth RUB 15.3 million^{**})

Chairman of the Audit Committee

*Yves Thibault de Silguy**

(INED), Vice President, VINCI, SAS (France), no shareholding in VTB;

*Valery Petrov**

(INED), Deputy Director General, Institute for Development of Financial Markets (IRFR), owns 0.00000008% of the Bank's shares (746 rubles^{**})

Shahmar Movsumov

(INED), Executive Director of the State Oil Fund of Azerbaijan, no shareholding in the Bank

** The API met with 1 INED and 2 current chairmen of committees (the Remuneration and HR Committee and the Audit Committee). Please find below the summary of SC members' comments including the API's expert opinion based on the results of these meetings. We appreciate the SC members' participation in the interview and believe that such annual meetings with the Bank's investors and shareholders are extremely useful for assessing the SC performance and making decisions on the voting for SC candidates at general meetings, among other things.*

*** as of September 30, 2016*



Supervisory Council: practical activity aspects

In the period under review (2015, 9 months of 2016), the SC held 42 meetings (2 meetings per month on average), 33% of them in the form of joint attendance.

39% of all the agenda items addressed were related-party transactions, with no amounts and counterparties to the related-party transactions disclosed.

In the period under review, the SC prioritized the following issues:

- long-term development program and related matters (8 issues considered);
- internal audit: activity plans/reports (6 issues);
- risk management: reports/regulations (5 issues);
- charity: reports/efficiency (5 issues);

95% of the matters were considered at physical meetings.

For strategic planning purposes, the SC and the management team consider the 3-year forecasting horizon with annual adjustments to subsequent forecasts. VTB group's strategy was shaped by the SC before the Government of Russia's instruction to adopt a long-term development program. The SC uses both international and Russian companies as key benchmarks when considering strategy-related matters, which enables it to factor in regional specifics.

It seems necessary to increase the SC's involvement in handling motivation issues, seeing as the relevant Committee did not hold a single physical meeting in 2015 (in 2016, a new Chairman of the Committee was elected).

The SC addressed systemic motivation issues and KPIs only 2 times (once at a physical meeting and once in absentia). The SC members and the Committee members have full access to the current top management motivation system-related documents and the terms and conditions of the labor contracts with the top managers. However, the meetings did not make clear how the Committee assesses the motivation system taking into account international experience and actual payments at peers, among other things.

We regard the monthly management statements submitted in the agreed form to the SC on the instructions of the SC Chairman as good practice.

Physical SC meetings are productive, the Chairman allows any participant to speak – although the main discussions take place at SC Committees.

Recommendations of Committees are followed, no cases of decision making contrary to the SC recommendations were mentioned.

The SC has found a reasonable balance between handling issues at physical meetings and in absentia; there is no shortage of physical meetings.

Voting "against" may be regarded as an exceptional case. In case of disagreement, the matter may be revisited by the relevant Committee or at the next SC meeting. Resolutions on related party transactions are usually passed unanimously.

SC members (including INEDs) proposed alternative draft resolutions several times, most likely as an exception. The Company has developed a standard practice of their prior discussion with the Company's executive bodies.

The senior INED is viewed by SC members as a novelty. The senior INED has additional responsibilities in the form of meetings with the Company's shareholders, but in this case, only with individuals. No practice of the senior INED or INEDs participating in road shows and other meetings with institutional investors exists at the company. In our view, the exceptionally heavy workload of the senior INED prevents him from effectively performing the senior INED functions, as indirectly proven by his refusal to meet with the API for this reason.

The practice of approving adjustments to KPIs one month before the reporting date / one quarter before the end of the reporting period etc. is not applicable.



Supervisory Council (SC): international and domestic practice, activity of VTB Bank's Supervisory Council

SC activity aspect	HSBC Holdings plc	Citigroup Inc.	Raiffeisen Bank International AG	BNP Paribas S.A.*	VTB Bank (PJSC)
INEDs/total number of SC members	18 of 21	14 of 16	16 of 16	7 + 2 (according to Supervisory Board's decision, employees of a controlled entity) of 14	4 of 11**
Participation in meetings of SC and committees in 2015	7 Supervisory Board (SB) meetings 7 meetings of Audit Committee 100% participation All meetings held in the form of joint attendance	20 SB meetings, 18 committee meetings >75% participation All meetings held in the form of joint attendance	6 SB meetings, participation >50% (general disclosure only) 2 Audit Committee meetings, 100% participation All meetings held in the form of joint attendance	11 SB meetings: 3 members missing 1 meeting, 1 member missing 2 meetings, 1 member missing 3 meetings. 12 meetings of committees: 1 non-attendance All meetings held in the form of joint attendance	28 meetings, no disclosure of participation broken down by meetings in the form of joint attendance /in absentia; 2 current SC members (including 1 INED) missed 8 and 10 meetings, respectively***, 16 Audit Committee meetings, including 4 physical meetings, 100% participation
Remuneration of SC members / actual payments based on 2015 performance	\$95K + \$45K to senior INED + \$50K/30K, \$40K/25K, \$25K/15K to Chair / member of SC Committee (depending on the committee). Actual: \$99K to \$524K, ca. \$200K per person on average	\$75K in cash, \$150K in deferred stock, \$500K to SB Chair, \$50K Audit Committee, \$35K other committees, \$25K for any extra committee. Actual: \$137K-500K	€70K to SB Chair, €60K to Deputy SB Chair, €50K to SB members. Actual: €50K-70K	€21 fixed component, €3K per meeting, €4.4K per out-of-schedule meeting, €4.2/4K to directors outside France, €5.7K to Chair of Committee, €2.7K to member of Committee for each meeting attended. Upper limit of €1.3 million for all SB members. Actual: €43K-90K	Basic component RUB 4,600K. (€64K based on the exchange rate of €1 = RUB 71.875), bonus payment of 30% for SC chairmanship, 20% for SC Committee chairmanship, 10% for SC committee membership. Actual: RUB 4.6 million -5.98 million (up to €83.2K). Commensurate with payments at Raiffeisen Bank, BNP Paribas

* 10.3% (the biggest share package) belongs to Belgium + 1% package belonging to Luxembourg.

** The current disclosure does not make clear how many meetings held in the form of joint attendance (8 meetings in 2015) the SC members missing the meetings in 2015 attended (one of them is an INED who chairs the Audit Committee)

***some of the EU residents that are SC members missed the meetings addressing, among others, sanction-related issues (according to the Bank's management)



Audit Committee (AC)

The AC is chaired by an INED.

AC members:

2 independent directors and 1 professional attorney (representing the Russian Federation).

The AC powers cover the whole scope of authority typical for an audit committee, including compliance; the AC competence description is even broader and in more detail than generally accepted, meeting the best international practice. Where necessary, the AC has the right to propose engaging external consultants, but has no power to decide on that at its own discretion. That said, the AC Chairman has not referred to that as a problem in fact.

According to the AC Chairman, the existing practices at the Committee are being enhanced towards the generally accepted European standards, but it will take time to ensure independent and more substantial engagement with external and internal auditors, including the assessment of their performance, selection of candidates and negotiation of financial terms and conditions. It also makes sense for the AC to consider providing AC members with independent access to the system warning of potential unfair actions of the Bank's employees and third parties and of other disturbances in the Bank's activities, including the possibility of outsourcing the reception, processing and rapid transmission of signals to the management team and the AC.

Remuneration and HR Committee (RHRC)

Most of the RHRC members are INEDs, but the Chairman represents the Russian Federation. This should be rather viewed as the least-evil solution, given the former Chairman's tight schedule and the absence of physical meetings in 2015.

The authority of the committee covers, among others, significant issues that should be addressed in detail:

- long-term management motivation linked to KPIs, application of a benchmark;
- performance assessment of the SC and committees, preparation of proposals for the SC composition, including involvement in negotiating it with major shareholders;
- monitoring the SC members' status of independence*.

**Case: Sergey Galitsky who serves as an INED at VTB Bank is simultaneously a sole executive body (CEO) and a beneficial owner of >5% of shares in Russia's retailer PJSC Magnit. Magnit is one of the Bank's borrowers, with current drawdown limits of RUB 46 billion. If the amount of current loan obligations exceeds 2% of the carrying value of consolidated assets as of the reporting date (RUB 8.08 billion on December 31, 2015), the INED is considered to be related to the Bank's major counterparty. In such cases of potential forfeiture of the INED status, the Committee should monitor compliance with the independence criteria and disclosure of information on such compliance.*



Essential CG aspects

External auditor

On March 18, 2015, VTB Bank made a competitive selection of auditors to conduct the mandatory annual audit of VTB Bank's statements in 2015 - 2019. Ernst & Young LLC (the Bank's auditor since 2003) won the bidding offering the best audit terms and conditions in terms of the contract price and the bidder qualification). The price of the contract amounted to *RUB 1.06 million (3.4% of the initial price)*. The reason behind the low price of the audit services is another open invitation to tender for the right to conclude a contract for quarterly review audits of interim condensed consolidated financial statements of the Bank under the IFRS standards as of 03/31/2015, 06/30/2015, 09/30/2015, with Ernst & Young LLC as the sole bidder and the price of services reaching RUB 75.664 million. Being aware of the problems associated with the evaluation of bids based on the price only, we believe that the Audit Committee (AC) should play the pivotal role in the auditor selection process so as to prevent a potential conflict of interest between the management team and the auditor, seeing as the management actually pays for the auditor's services. The AC is to ensure adequate rotation (replacement) of auditors and the required quality of audits by the counterparties.

We highlight the institutional investors' concern about the Big Four auditors discontinuing cooperation with quite a few major state-owned companies because of tendering procedures involving Russian bidders/auditors who can offer low prices while potentially compromising the quality of audits. Furthermore, while international auditors put their international brand and reputation on the line, Russian auditors do not feel such a barrier.

Dividend policy

In 2016, the SC approved and disclosed the Bank's a new dividend policy. The recommended amount of dividend payments is based on the Bank's consolidated 12-month financial result and is normally at least 25% of its consolidated IFRS net profit. It should be noted that the practice of dividend payments at foreign banks also assumes the mandatory aiming at the average industrial dividend payout and the use of a benchmark (this approach is not disclosed in the Bank's current dividend policy – our recommendation is to amend it).

Charity and social responsibility

The SC pays considerable attention to charity and social responsibility. In 2015, it addressed 5 related issues, including the optimization and improvement of the efficiency of charity and sponsorship-related expenses. In general, the SC members surveyed did not express any concern or suggest additional consideration of charity and social responsibility issues separately from the forecast of VTB Bank's financial results. The Bank discloses its corporate social responsibility policy and detailed annual social reports presenting the key sustainability performance results of VTB group. The reports, among others, contain tables of compliance with GRI (Global Reporting Initiative) Guidelines, information on the key projects implemented in the reporting year, including the financing of activities in various segments.

In 2015, the Group's charity expenses amounted to **RUB 3.6 billion**, including RUB 2.26 billion spent by the Bank. The Bank does not disclose its sponsorship expenses, despite the participation in numerous sponsorship programs.



Practice of dividend payments and charity expenses

	HSBC Holdings plc	Citigroup Inc.	Raiffeisen Bank International AG	BNP Paribas S.A.	VTB Bank (IFRS)	VTB Bank (RAS)
Payout ratio (the ratio of dividends to earnings), IFRS	75.23%	7.27%	13.33%	42.95%	309.28%	67.34%
Ratio of charity expenses and social investments to net profit, %	1.36%	0.45%	0.79%	0.58%	33.64%	7.33%

We recommend that the Bank consider disclosing its approaches to setting limits on charity and sponsorship spending.

Information disclosure

In relation to material facts and other investor-relevant information, the Bank follows the policy of complying with the minimum statutory disclosure standards. We believe that the SC should consider and implement best information disclosure practices increasing transparency of significant issues:

- description of the top management motivation system linked to the KPI achievement;
- material terms of the approved related-party transactions (except for mandatory disclosure cases). However, the existing "non-disclosure threshold" (1% of the assets or approximately RUB 94 billion) allows the Bank to avoid disclosing the terms of almost any related party transactions;
- the number of "for", "against" or "abstained" votes and individual voting in relation to disclosure of information on certain decisions made by the issuer's Board of Directors (Supervisory Council) in the form of a corporate action notice;
- additional materials for GSMs including comments and rationales (see above);
- information on related party transactions in the annual report or reference to such information in disclosure materials, stipulated by the information disclosure regulation.



Information disclosure practice

Information disclosure by VTB Bank: in 2015, the Management Board received **RUB 399 million** in remuneration (salaries, bonuses) against **RUB 1,597.6 million** in 2014. No information is available on the proportion between the fixed part and bonuses and on the type of remuneration (quarterly/annual/long-term). VTB's annual report discloses the KPIs related to implementation of the long-term development program, the specifics of this relation are not provided.

Investors make a point of having information on the motivation system (including the proportion between the fixed and variable components, the types of remuneration in terms of duration, the total payments and the estimate of future payment obligations, as well as the relation between the payments and the achievement of specific KPIs) disclosed by the Bank. In the Russian practice, this essential aspect of disclosure is underdeveloped, which ultimately prevents the monitoring of fundamental corporate governance system components. Approaches to the disclosure of information to shareholders are an absolute prerogative of the SC.

No on the long-term remuneration is not available either. The Bank discloses the shareholdings of the Management Board members.

Management Board member	Rounded-off value of share package as of September 30, 2016 (5 largest shareholdings)
Yuri Soloviev	RUB 170 million
Herbert Moos	RUB 97 million
Andrey Kostin (CEO)	RUB 17 million
Vasily Titov	RUB 10 million
Viktoria Vanurina	RUB 10 million

International management motivation disclosure practice, Bank vs. peers

Approximate ratio of the CEO remuneration (based on forecast, incl. shares) at VTB to peers in 2015*	HSBC Holdings plc	Citigroup Inc.	Raiffeisen Bank International AG	BNP Paribas S.A.
Fixed annual remuneration	48%	10%	75%	35%
Annual bonuses	26%	41%	25%	55%
Long-term component	26%	49%	0%	10%

* The peers also disclose total pension obligations in their statements in each case.

	HSBC Holdings plc	Citigroup Inc.	Raiffeisen Bank International AG	BNP Paribas S.A.
Disclosure, all payment, incl. in the form of stock, estimates of future payments	CEO/CF0/COO/CRO CEO: €1,250K in salaries; €1,700K in fixed supplement in the form of immediately distributed shares (obligation to hold shares for 5 years). €1,072K in bonuses, €1,969K in long-term remuneration in the form of shares	CEO/CF0, three heads of business segments CEO: \$1,500K in salaries, \$6,000K in bonuses. Long-term remuneration: \$4,500K in deferred shares, \$4,500K in Performance Share Units	All Managing Board members CEO: €1,108K in salaries, €364K in bonuses	CEO, CFO CEO: €1,250K in salaries, €1,950K in bonuses. Long-term remuneration in the form of shares: €340K
KPIs influencing the short-term (annual) variable remuneration component (incl. the fixed relative weight of the KPI, if any)	Pre-tax profit 15%, ROE 15%, marginal operating profit 15%, increase in dividend payments 15%, successful implementation of strategy 15%, meeting standards, including risk management and compliance 25%; observance of the HSBC Values policy: yes/no	Cost efficiency, net earnings attributable to shareholders, ROA, RCE (Return on Common Equity), 12-month TSR, 3-year cumulative TSR vs. 8 peers + Balanced Scorecard (case for CEO): earnings from current operations, cost efficiency across the Group, RTCE (Return on Tangible Common Equity), Core Return on Assets, excess in Risk Appetite Ratio	No disclosure	Changes in EPS 37.5%, gross operating profit 37.5%, qualitative estimates 25%: decision-making; quality of governance; a case of observance of ethical and social responsibility standards; others subject to a decision by HR & Remuneration Committee.
KPIs influencing the long-term variable remuneration component	Panel of long-term financial KPIs: 60% Financial KPIs: Relative TSR 33.3%, ROE 33.3%, cost efficiency 33.3%. KPIs associated with the achievement of risk and strategy implementation targets: 40%	See above + TSR-based adjustment for shares; target value is compared with median value at peers for 3 years	(Program terminated because of regulation, 60% of the shares are distributed) ROE, higher TSR compared with that of peers included in the DJ EURO STOXX Banks index over a period of 5 years	Annual stock price growth for 5 years compared with initial price, discount for stock price growth rate vs. the EURO STOXX Banks index
Long-term bonuses	Shares (in case of partial payment in cash subject to a decision by the HR & Remuneration Committee, shares account for at least 50% of the total long-term remuneration) Payment period: 3 years	Deferred shares kept for distribution (50%) + phantom shares (50%) (a total of 60% of annual bonus) + option (expired), payment period: 4 and 3 years	Not available	Money Payment period: 5 years

