

2013 Remuneration Trends:

PayWell, Financial Sector
TMS, Top Management

October 2013

PwC PayWell 2013 – Financial Sector

General information about

- **79 participants**
- Data effective as of **1 May 2013**
- **Moscow** and **59 cities** (including Saint Petersburg, Nizhny Novgorod, Samara, Rostov-on-Don, Krasnodar, Ekaterinburg, Omsk, Novosibirsk and others)
- Data collected for more than **900 jobs** representing 11 hierarchical levels **in Moscow** and about **100 jobs in regions**



Base pay

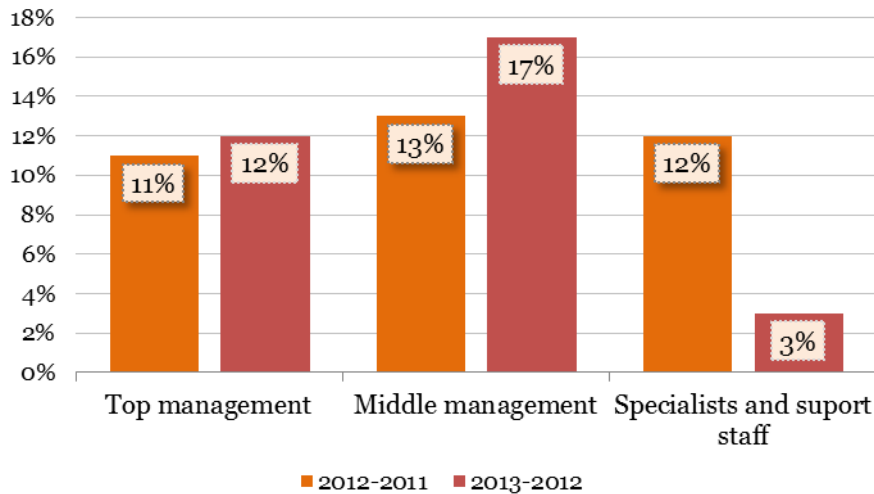
2013 PwC PayWell, Financial Sector

- The comparative analysis of actual compensation data received from 2012 and 2013 Surveys demonstrates an average base salary increase of 7%.
- Base Salary comparison by job levels showed that among middle management in 2013 base pay grew more compared to the previous year's data.

- Most of the job families demonstrated growth from 5% to 10%.
- Compared to the previous year's data, the growth range for most job functions is from 8% to 13%, so the spread between the lowest and the highest growth rate is less than the previous year's one.

Base pay growth by job family, Moscow Average growth – 7 %

Base pay trends



- Logistics and Procurement
- Security
- Human resources
- Debt collection
- Public relations
- Marketing
- Organisational development
- Government Relations
- Trading
- Corporate Banking
- Information technology
- Investment banking & Asset management
- Administration management
- Finance and accounting
- Operations
- Risk Management
- Retail services
- Corporate Credit
- Legal
- SME banking
- Branch network
- Retail sales
- Strategic planning and development

11-14%

5-10%

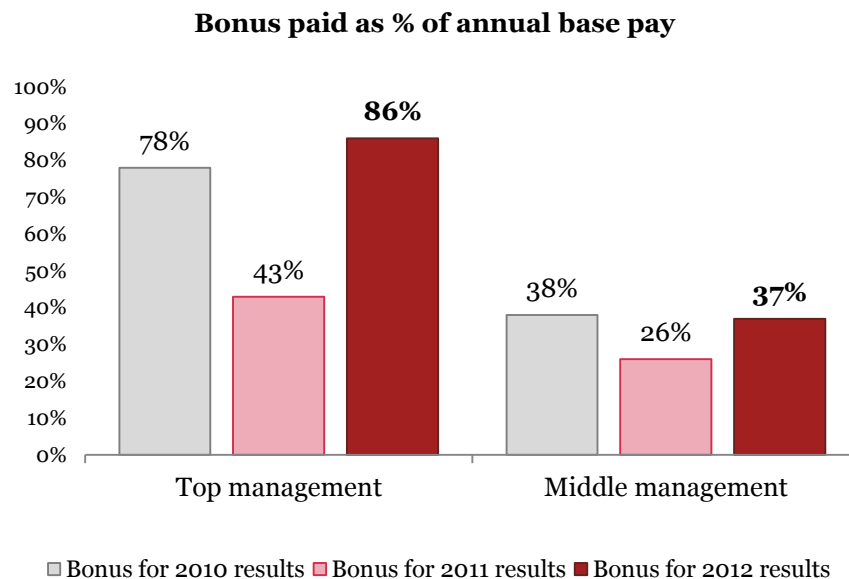
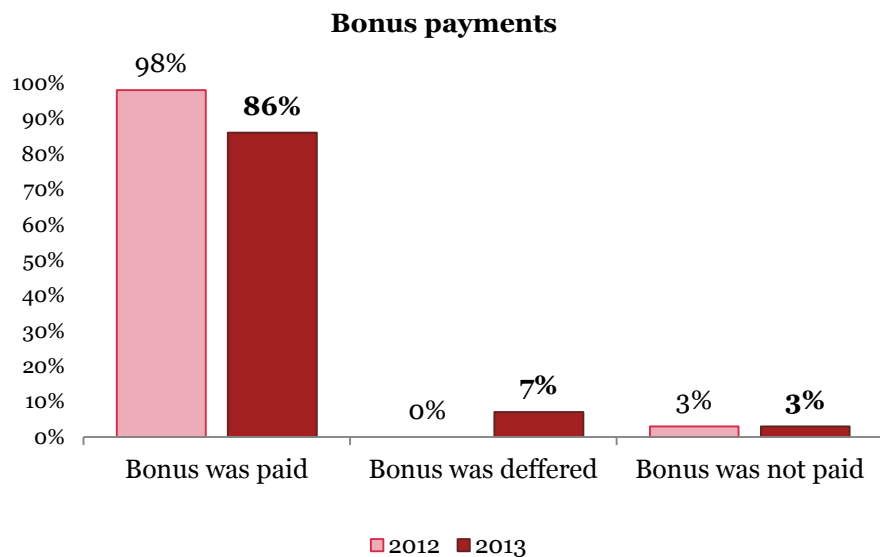
2-4%

Bonus payments

2013 PwC PayWell, Financial Sector

- 86% of banks paid bonuses for the 2012 year results.
- Only ¼ banks which paid bonuses this year, paid less than target amounts. Overall 2012 may be considered as a more successful year for most banks
- 3% of banks did not pay bonuses for the results of 2012, as the targets were not achieved
- 5 banks (7%) deferred payment of bonuses for the results of 2012

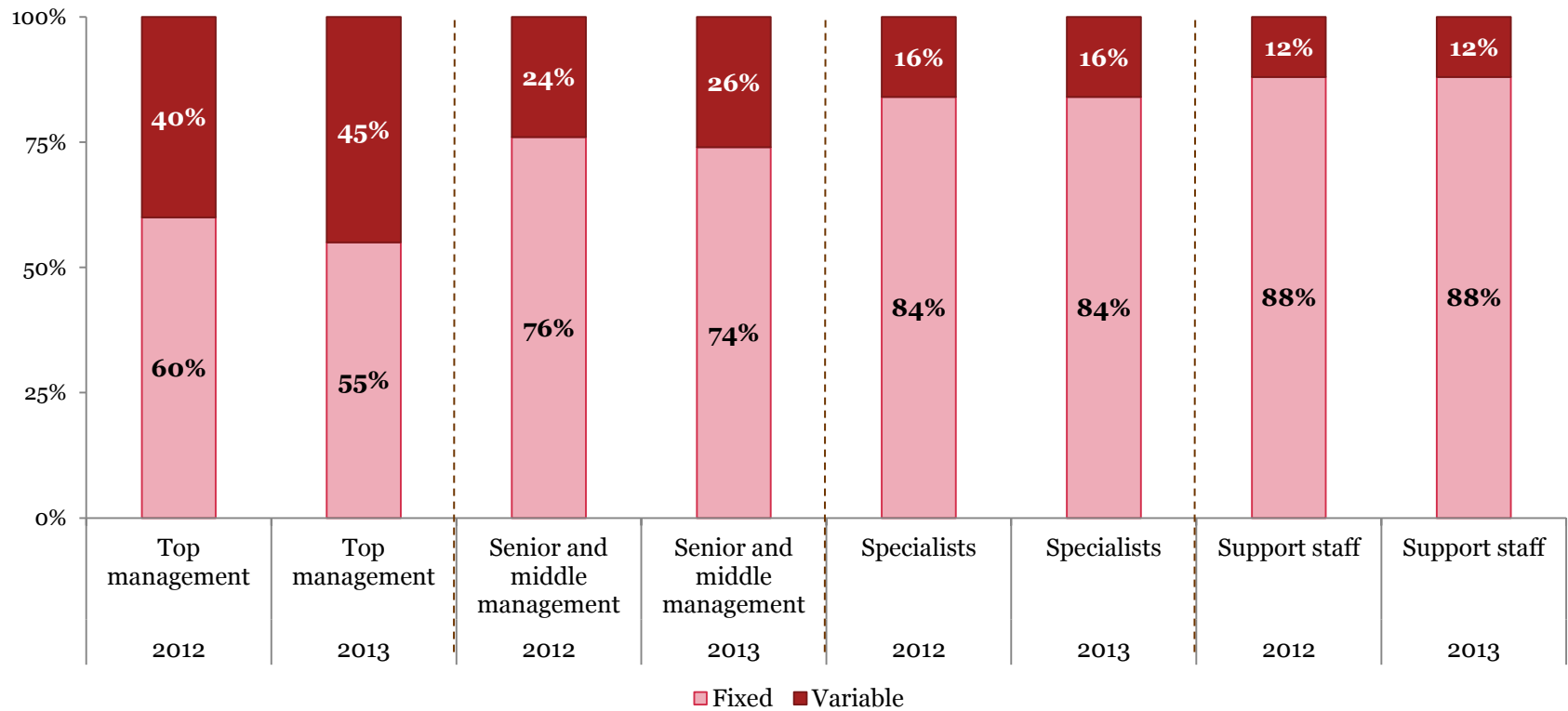
Amount of actual bonuses paid for 2012 results was higher than last year.



Compensation mix

2013 PwC PayWell, Financial Sector

Compensation mix dynamics (2013-2012)

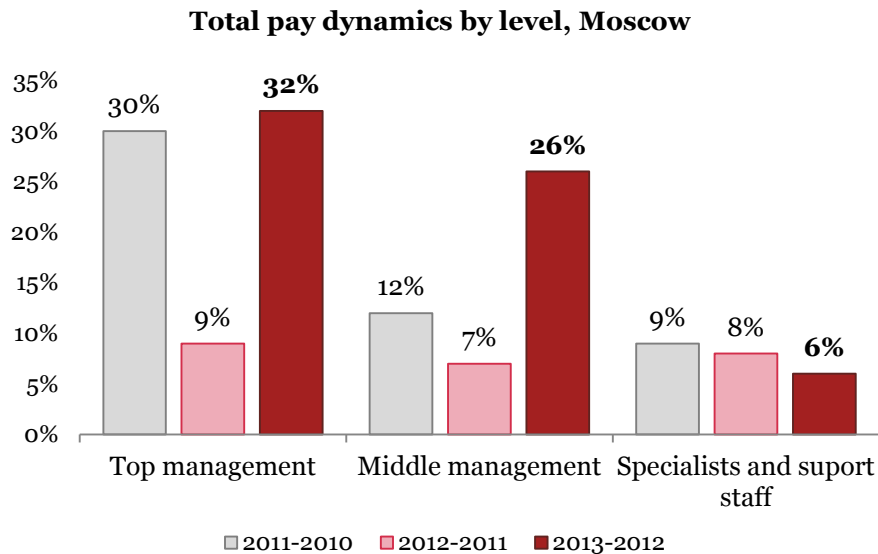


Total compensation

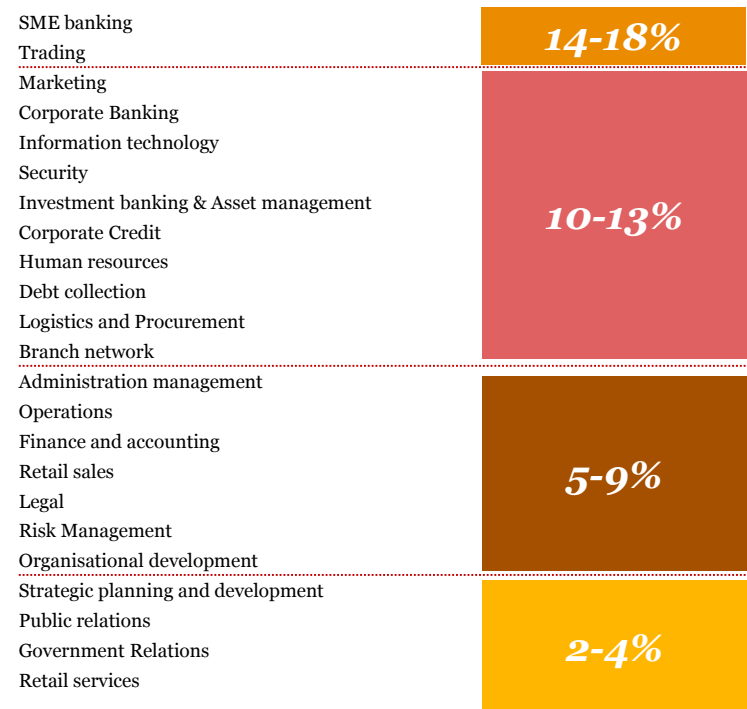
2013 PwC PayWell, Financial Sector

- An average increase in total compensation amounted to **10%**, which is **2% higher** than the previous year. As for base pay we can see that total compensation grew fastest for middle management due to the growth of bonuses.
- For a lot of banks 2012 was more successful than 2011, so the bonuses paid for 2012 results in most cases were higher. Due to this the total compensation grew more than the base pay

Total compensation



Total compensation growth by job family, Moscow Average growth – 10 %

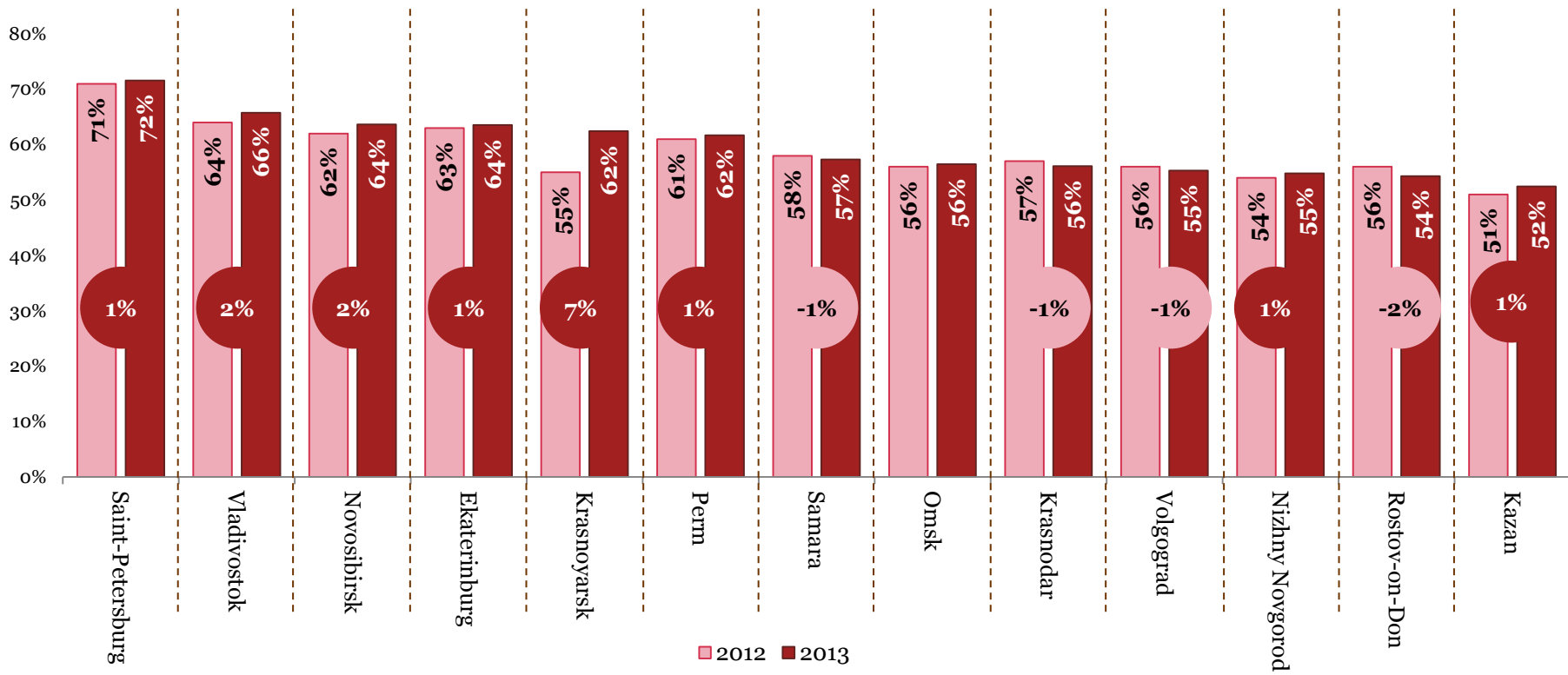


Regional data

2013 PwC PayWell, Financial Sector

Base pay level in all the cities compared to Moscow level has almost not changed in comparison to the last year.

Base pay in regions compared to Moscow (Moscow salary = 100%)

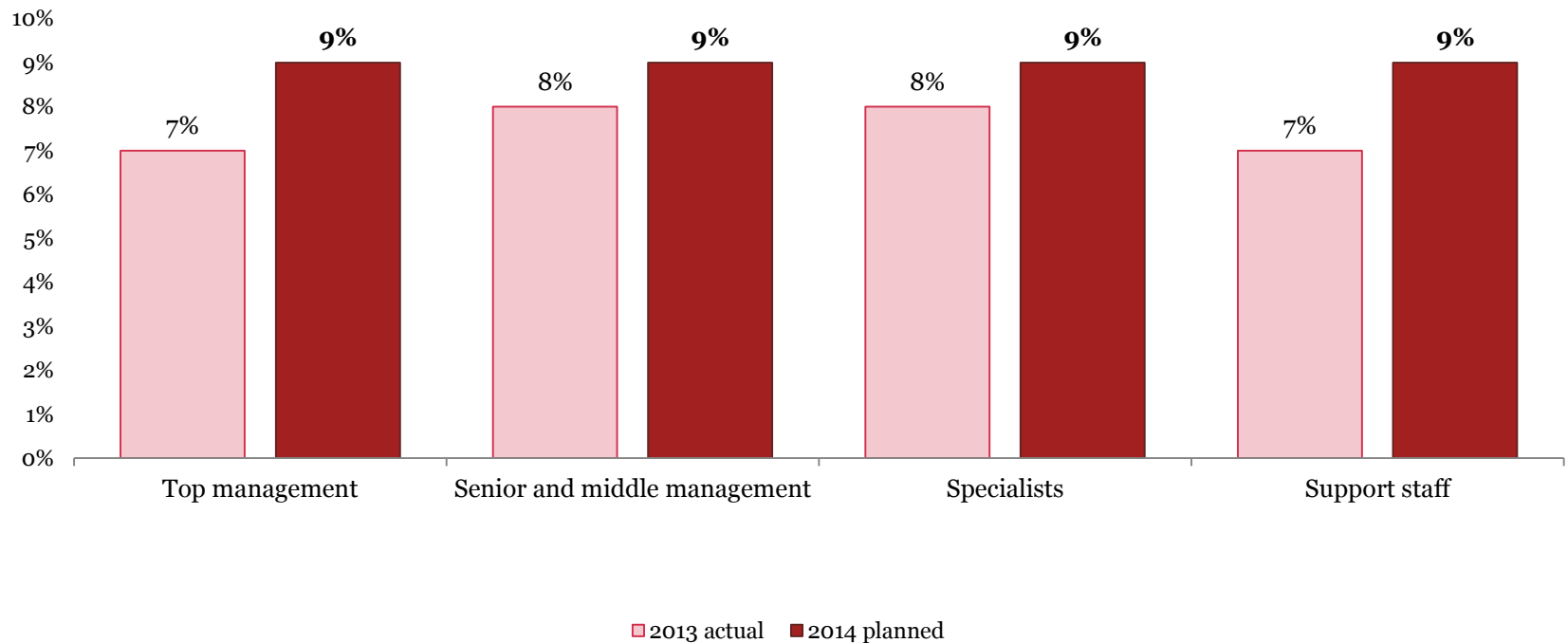


Salary increase forecast for 2013

2013 PwC PayWell, Financial Sector

- Actual salary review in n2013 corresponds to our salary increase forecast for 2013 (7-8%)
- Budgeted salary review for 2014 is 9% for all job categories

Actual and planned salary increase



Main tendencies of benefits and HR policies in 2013

- More and more banks begin to implement performance-based long-term incentive plans or adapt the existing plans to current market challenges: **35%** of banks had LTIPs in 2013 (either already implemented or at the stage of the development)
- Interest towards private pension plans is increasing: **16** companies **in 2013**, which is **3 companies** higher than **in 2012**
- Data on actual salary reviews collected from banks corresponds to the data that we calculated based on the actual salary information comparison – **7%**. **Forecast keeps for next year is 9%**

Top Management Survey

Top Management Compensation Survey 2013

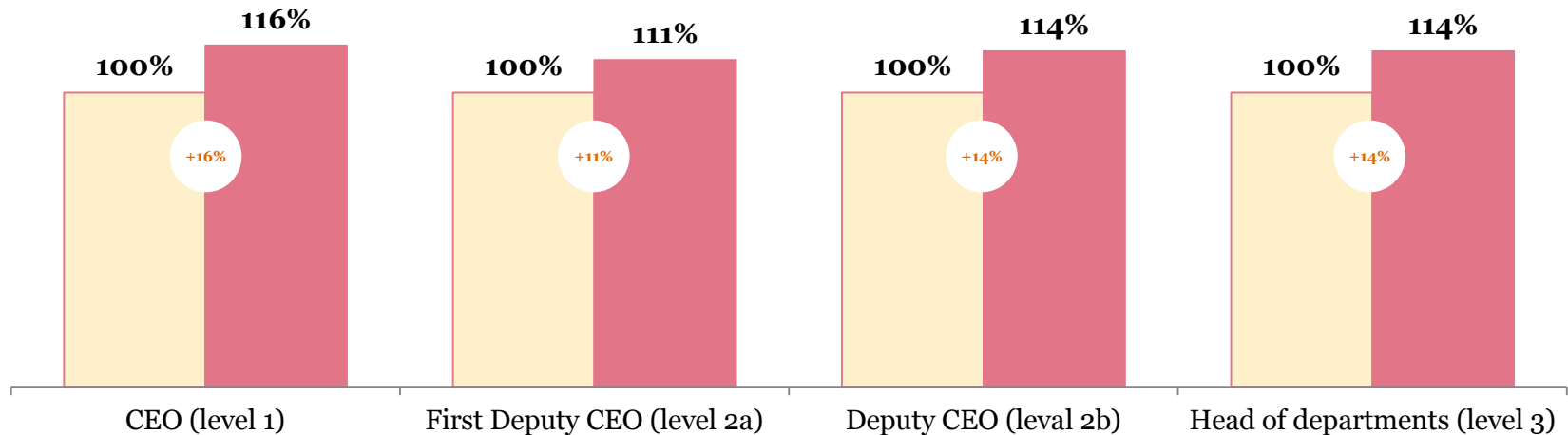
PwC Top Management Survey is an annual survey of top management compensation in the largest Russian companies. **96 companies** of various industries participated in the Survey 2013 (99 companies – in 2012)

The Survey studies the following **job levels and positions**:

- Level 1: General Director / CEO / Chairman of the Board
- Level 2a: First Deputy General Director/ First Deputy CEO / Senior Vice President
- Level 2b: Deputies of the General Director (CEO) who are members of the Board and supervise one or more business units
- Level 3: Heads of Business units (Line managers) in charge of general management of separate business units and subordinate to level-2 managers. In certain companies, managers holding this office (e.g. department director) may be subordinate to the CEO.

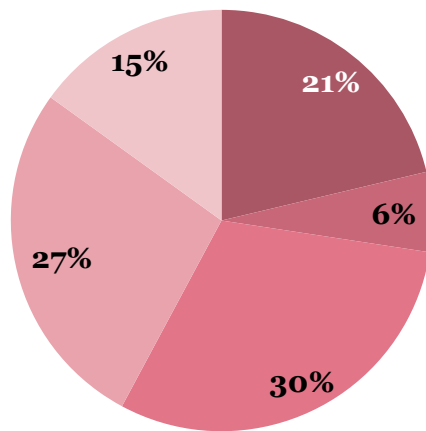
Base pay dynamics

- The analysis of actual data received from 2012 and 2013 Surveys demonstrates that **number of companies didn't increase base pay** of top managers
- Among the companies which increased base pay, an average **increase in base pay** amounted to **14%**

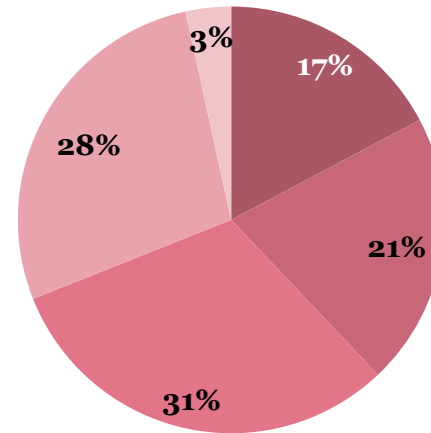


Long-term incentive plans

- 33% of companies* in 2012 and 27% - in 2013 have **long-term incentive plans** for their top managers
- The most common program types are **phantom shares/ options** and **long-term bonuses** based on KPIs



33 companies

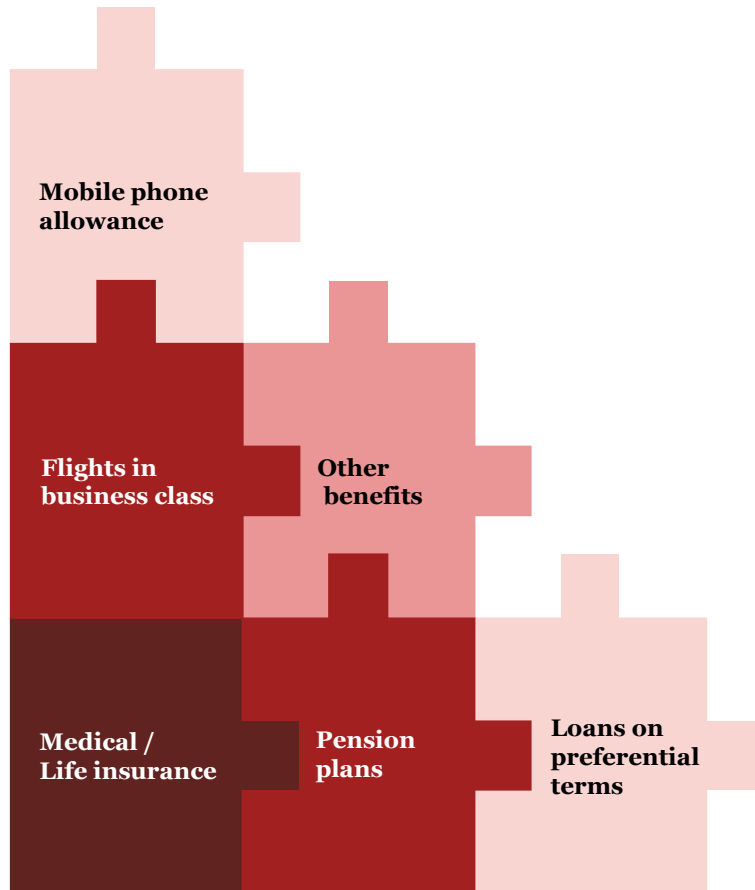


27 companies

- Share options
- Restricted shares
- Phantom shares/ options
- Long-term bonus
- Other

*Within the companies, who answered "yes" or "no" on relevant question (in 2012 among 96 companies, in 2013 - 94 companies)

Benefits: general overview



Most companies do not plan to introduce additional or cancel any kinds of benefits

- **27%** of responded companies provides **pension plans** to top managers: **48%** of companies provides plans with fixed contribution, **26%** - with defined payments
- **98%*** of companies provides **medical insurance**, 38% - **life/ accident insurance** for top managers. Mainly costs are fully covered by employers.
- **68%** of companies provides **corporate cars** to top managers
- **86%** of companies provides **flights in business class** all over the world
- **Mobile telecommunication services** are provided by **all responded participants**. Mostly employees are eligible for limited calls but 32% of companies provides top managers with unlimited phone calls
- **Preferential loans** are provided by 19 companies (21% of respondents)

* Within the companies, which answered on relevant question

This publication has been prepared for general guidance on matters of interest only, and does not constitute professional advice. You should not act upon the information contained in this publication without obtaining specific professional advice. No representation or warranty (express or implied) is given as to the accuracy or completeness of the information contained in this publication, and, to the extent permitted by law, PricewaterhouseCoopers Russia B.V., its members, employees and agents do not accept or assume any liability, responsibility or duty of care for any consequences of you or anyone else acting, or refraining to act, in reliance on the information contained in this publication or for any decision based on it.

© 2013 PricewaterhouseCoopers Russia B.V.. All rights reserved. In this document, "PwC" refers to PricewaterhouseCoopers Russia B.V. which is a member firm of PricewaterhouseCoopers International Limited, each member firm of which is a separate legal entity.