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2012 PwC PayWell Remuneration Trends in Financial Sector

8 November 2012

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2012 PwC PayWell in Financial Sector

General information

- **81 banks** and financial institutions
- Data effective as of **1 May 2012**
- **Moscow** and **47 cities** (including Saint Petersburg, Nizhny Novgorod, Samara, Rostov-on-Don, Krasnodar, Ekaterinburg, Omsk, Novosibirsk and others)
- Data collected for more than **756 jobs** representing 11 hierarchical levels **in Moscow** and about **98 jobs in regions**



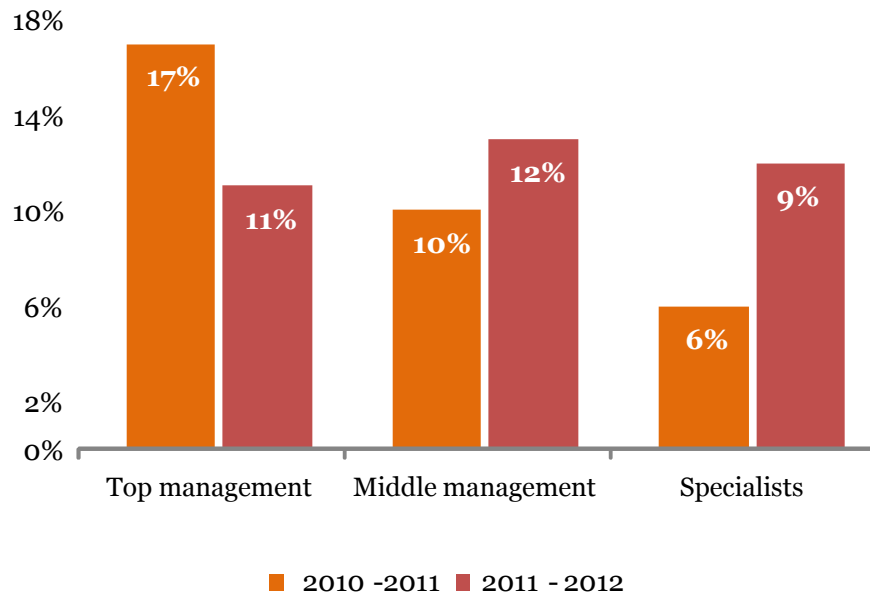
Base pay

2012 PwC PayWell, Financial Sector

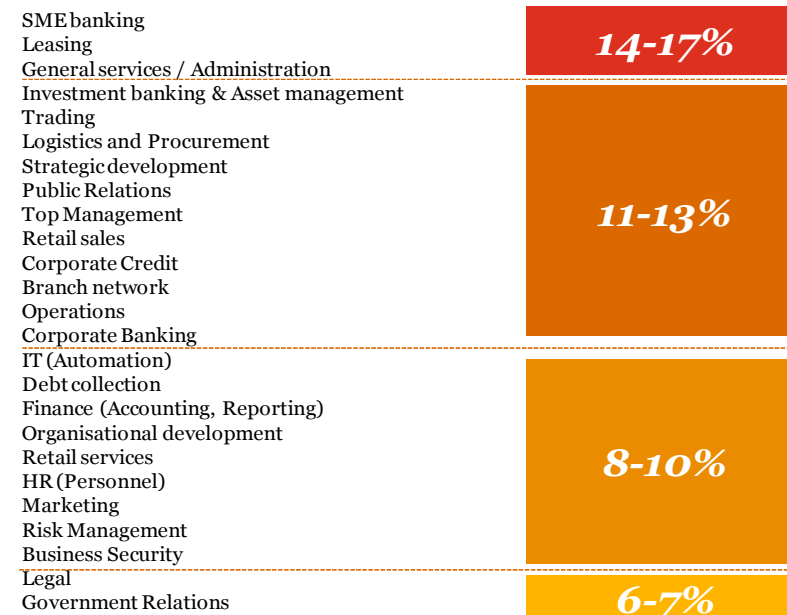
- The comparative analysis of actual compensation data received from 2011 and 2012 Surveys demonstrates an average base salary increase of **10%**.
- Base Salary comparison by job levels showed that among middle management and specialists in 2012 base pay grew more compared to the previous year's data.

- Significant growth in base salaries is observed in SME banking (**17%**).
- Most of the job families demonstrated growth from **8% to 13%**.
- Compared to the previous year's data, the growth range is from 6% to 17%, so the spread between the lowest and the highest growth rate is less than the previous year's one.

Base pay trends



Base pay growth by job family, Moscow Average growth – 10 %



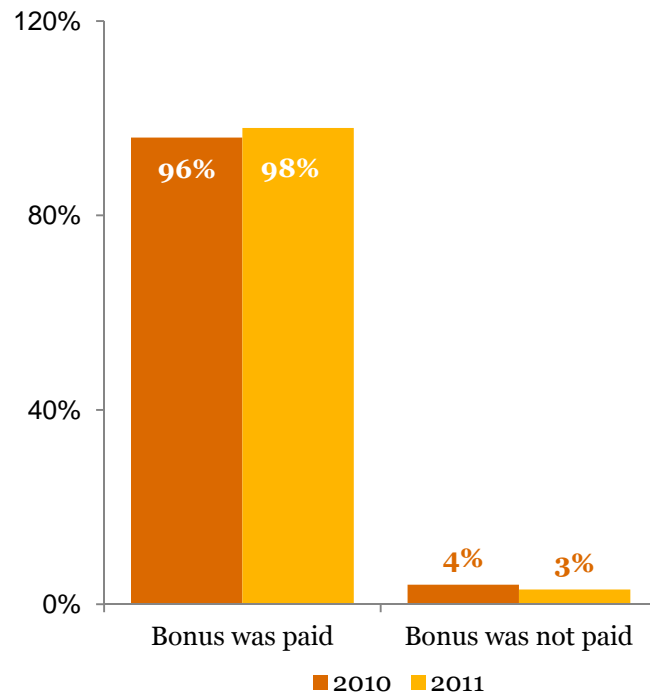
Bonus payments

2012 PwC PayWell, Financial Sector

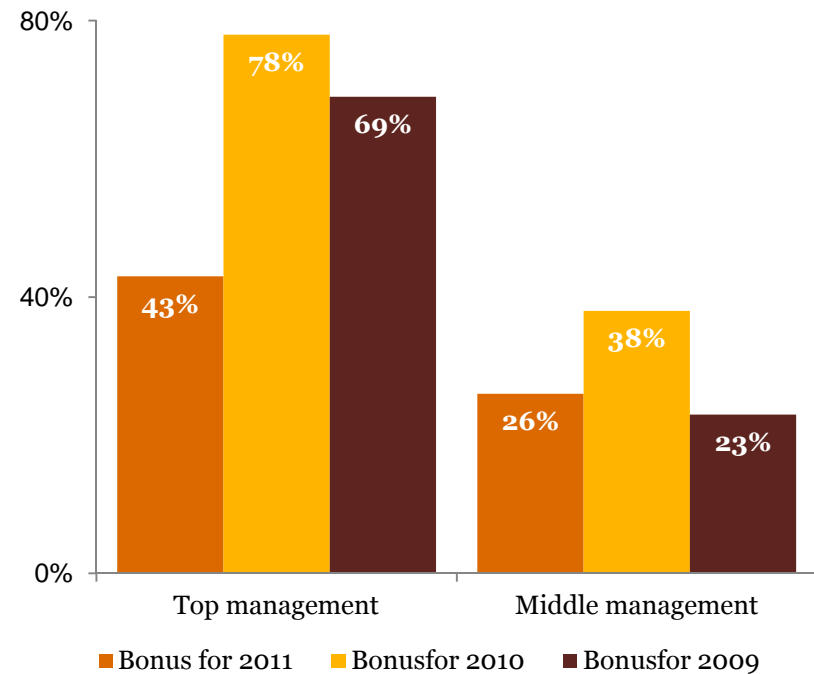
- Only 3% of banks canceled bonuses for the results of 2011
- Among the banks that paid bonuses, 87% of participants paid bonus at full target amount

Amount of actual bonuses paid for 2011 results was lower than last year.

Bonus paid out



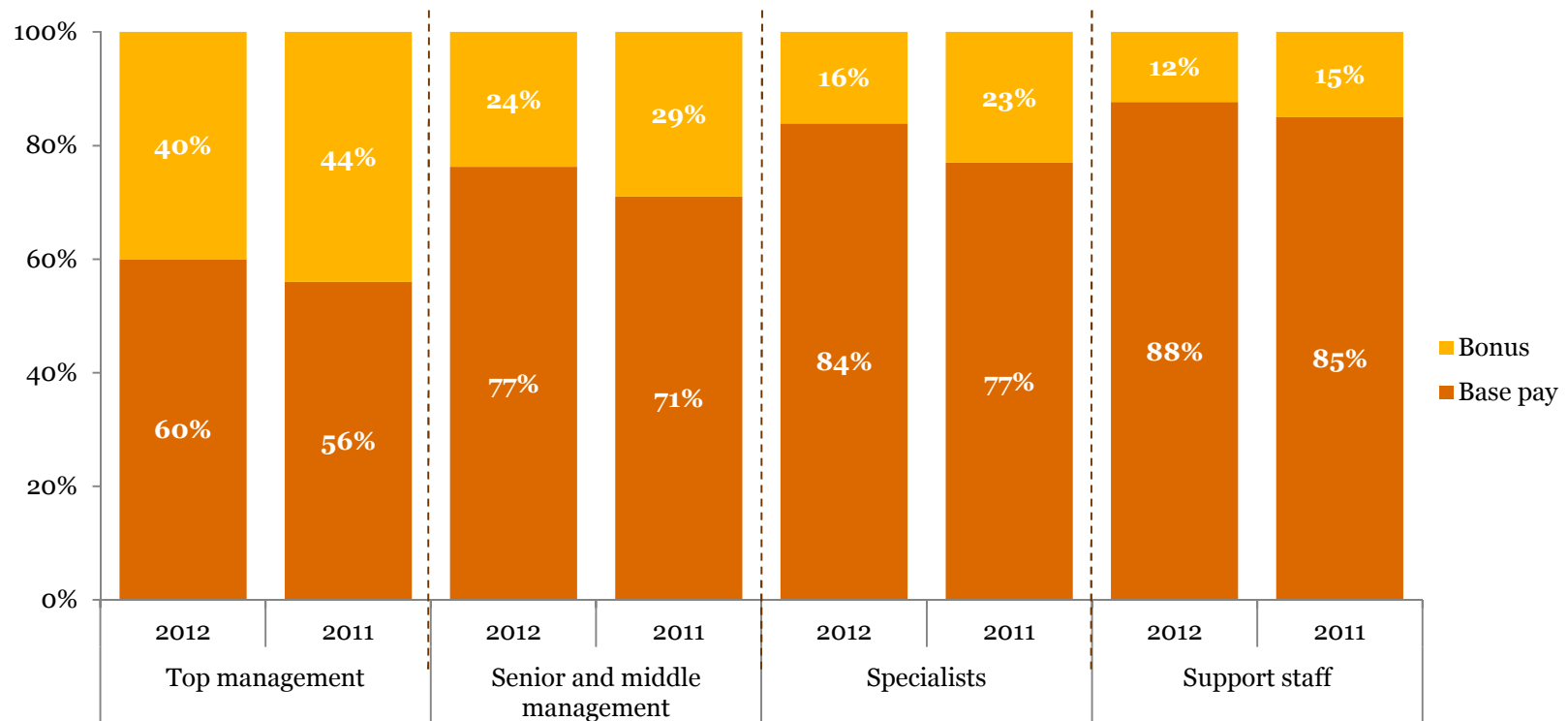
Bonus as a % of base pay



Compensation mix

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Compensation mix dynamics (2010-2011), actual pay

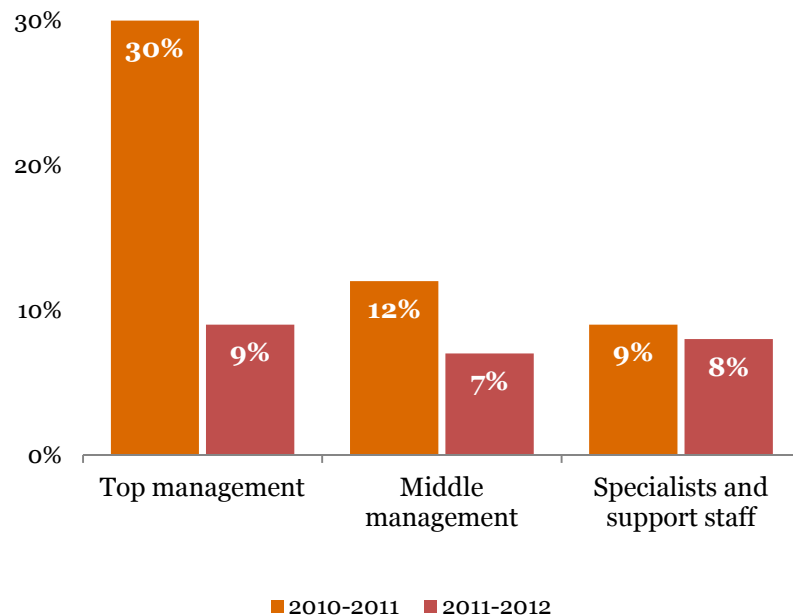


Total compensation

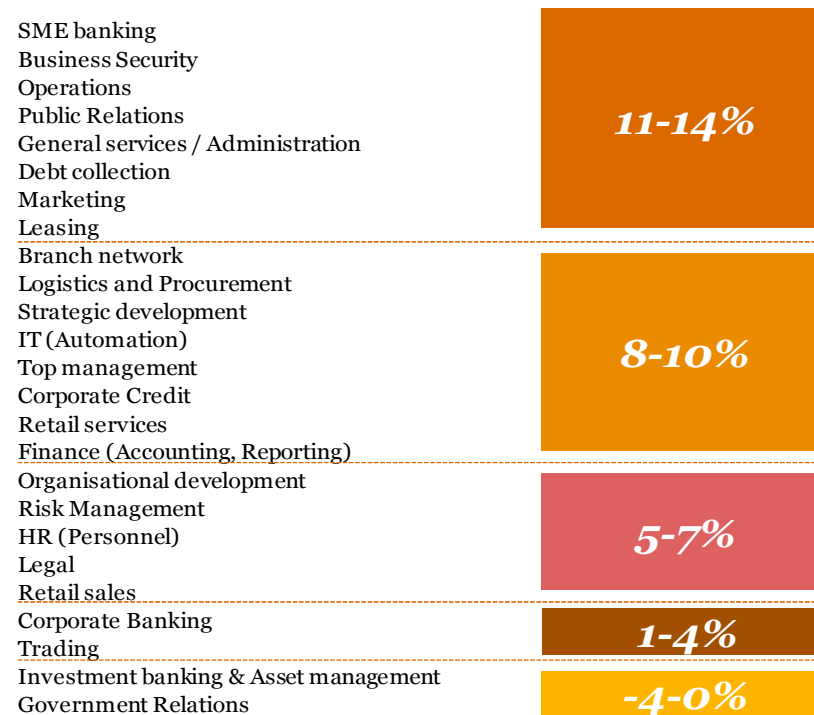
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- An average increase in total compensation amounted to **8%**, which is **3% lower** than the previous year
- Due to the fact that this year many banks have not paid bonuses to their corporate, investment and trading departments, or paid smaller amounts, the average amount of total compensation for these job families in some cases has even reduced in comparison to the prior year (from **-2 %to 4%**, depending on the job family).

Total compensation growth



Total compensation growth by job family, Moscow Average growth – 8 %

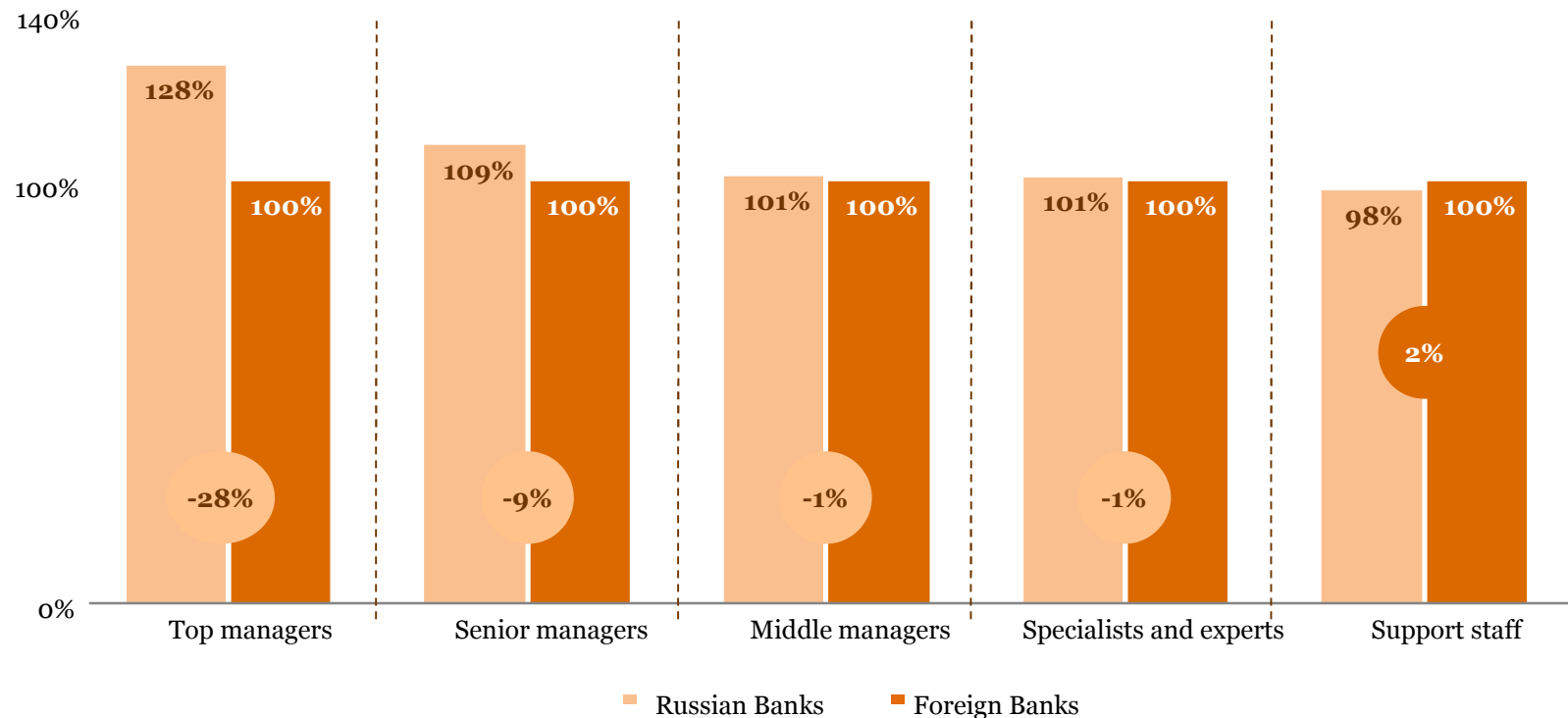


Russian vs Foreign banks remuneration

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- Similar to the trends observed in previous years, base pay of top and senior managers in Russian banks exceeds such base pay in foreign banks by more than **18%** on average.
- The difference between base pay of middle managers and specialists in Russian and foreign banks is reducing year by year. In 2012 such a difference amounts to only **2%**.

**Comparison of base pay: Russian banks vs. foreign banks in Moscow
(41 Russian banks vs. 39 foreign banks)**

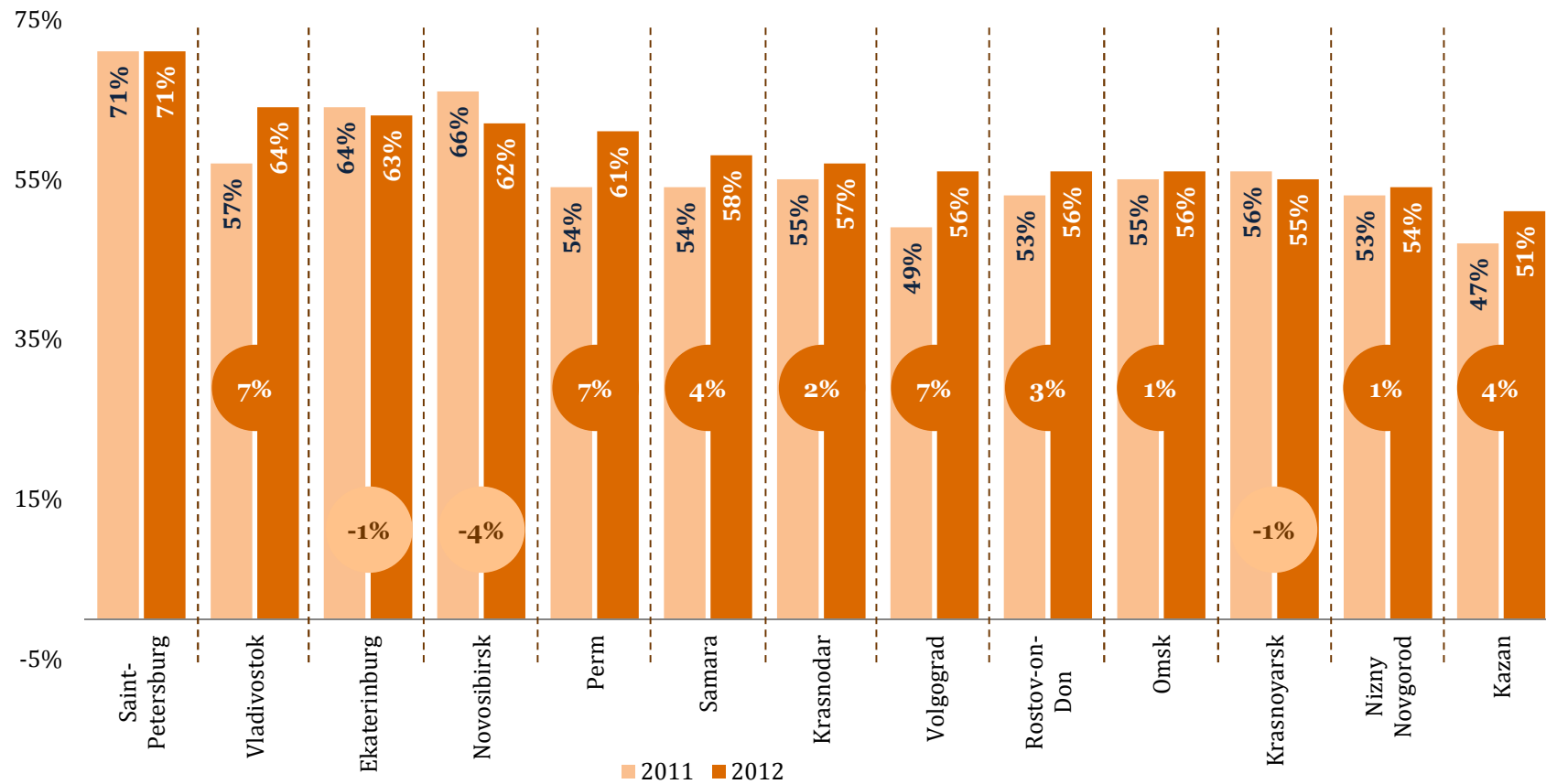


Regional data

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Base pay level in all the cities compared to Moscow level had minor changes in comparison to the last year.

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



Main tendencies of benefits and HR policies in 2012

- More and more banks begin to implement performance-based long-term incentive plans or adapt the existing plans to current market challenges: **21%** of banks had LTIPs in 2012 which is **6% above** than the previous year
- Interest towards private pension plans is decreasing: **13** companies **in 2012**, which is **2 companies** lower than **in 2011**
- Actual bonuses paid this year were in many cases lower, than in 2011: **this year** banks paid bonus to top and middle management of **35%** of the annual base pay compared to **58% last year**
- Data on actual salary reviews collected from the banks corresponds to the data that we calculated based on the actual salary information comparison – **10%.**

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