



## **1. Remuneration Policy (Art. 450 CRR)**

### **1.1. General information about remuneration policy (a)**

VTBD's remuneration policy is defined and supervised by the Supervisory Board.

VTBD's remuneration policy is generally based on the parent company's remuneration policy, except insofar as it conflicts with local statutory provisions.

### **1.2. Link between pay and performance (b)**

There is a clear and direct link between business performance and the award of variable compensation for management board members and bank employees, as explained in greater detail below.

### **1.3. Key features of the remuneration system (c)**

The remuneration policy largely rests on the following principles:

- There is to be a reasonable relationship between fixed and variable remuneration (bonus). Fixed remuneration is to be high enough to allow a flexible and unrestricted bonus policy. The bank may also opt to dispense with variable remuneration entirely.
- Variable remuneration is designed to motivate employees to improve long-term performance and is not to provide incentives to undergo undesirable or irresponsible risks.
- The total amount of variable remuneration paid by the bank must not jeopardize its liquidity situation or capital adequacy.
- Bonuses are awarded based on 3 components in particular: the bank's overall results, the employee's function and the employee's individual performance.
- The amount of variable remuneration also depends on the employee's function and level in the hierarchy, with a maximum bonus in effect for each category. The payment of bonuses in excess of the maximum bonus for the relevant category must be approved in advance by the remuneration committee of the Supervisory Board.
- The maximum bonus for Management Board members and employees is generally between 60% and 100% of the employee's fixed salary. Bonuses may exceed this threshold and may be as high as 200% of fixed salary in case of Management Board bonuses in accordance with the applicable statutory provisions.
- Employees with supervisory functions are paid regardless of the performance of the business segments they supervise.
- Guaranteed variable remuneration may only be awarded in exceptional cases, in connection with the hiring of new employees, and is limited to the first year.
- Special and stricter requirements apply when awarding bonuses to certain categories of employees.



- In accordance with VTBD's internal remuneration policy, at least 40% of the bonus amount, or at least 60% for certain categories of employees, is deferred over a period of 3 years.
- Certain rules apply for the payout of deferred bonuses, so that deferred bonuses may only be paid out under certain conditions.
- In addition, malus and clawback agreements have been reached with certain categories of employees which allow the bank to claw back bonuses in certain cases, up to the total amount of the bonus.

#### 1.4. **Ratio between fixed and variable remuneration (d)**

Ratios between fixed and variable remuneration are set for five functional employee groups. The ratios are shown in the table below.

Function	Front Office	Back Office
Department Head	100%	80%
Clerk	80%	60%
Management Board Member	100%	(200%)

These limits represent the maximum variable remuneration for the relevant employee groups, which most employees will not reach.

A higher variable remuneration component (up to 100% of fixed salary) may be paid in exceptional cases, but must be documented and approved separately.

Variable remuneration components for management board members which exceed 100% of fixed remuneration require the prior consent of VTB Bank (Germany)'s Supervisory Board.

#### 1.5. **Performance criteria for the award of variable remuneration components (e)**

- Variable remuneration is not paid out in the form of non-cash instruments to certain categories of employees since VTBD is wholly owned by VTB Bank (Austria) AG and does not hold any marketable shares or similar instruments.
- Variable remuneration components are awarded based on certain performance and/or risk criteria of the company as a whole, individual business segments and employee's individual performance.

#### 1.6. **Main parameters and basic principles for variable remuneration components and other non-cash benefits (f)**

The main parameters are presented in the above sections. 3

### 1.7 Quantitative information on remuneration (g through j)

The table below shows the total remuneration for "identified staff." "Identified staff" includes the Management Board and all bank executives.

<b>Total remuneration of "Identified staff 2016", amounts in TEUR</b>	
<b>Total remuneration</b>	4,835
Fixed remuneration	3,407
Variable remuneration	1,427
Number of beneficiaries	22
<b>Variable Remuneration</b>	
Cash	1,427
Shares	
Share-linked instruments	
Other types	
<b>Outstanding deferred remuneration</b>	
Vested	
Unvested	
<b>Deferred remuneration</b>	
Awarded	
Paid out	
Reduced through performance adjustments	
<b>Sign-on payments</b>	
Number of beneficiaries	
<b>Severance payments</b>	
Number of beneficiaries	
Highest payment to a single person	