

**SUMMARY OF REMUNERATION POLICY IN UK'S FIVE BIGGEST BANKS – BASED ON 31 DECEMBER 2016 ANNUAL REPORTS**

	Barclays	HSBC	Lloyds Bank	Royal Bank of Scotland	Standard Chartered
Index	FTSE 100	FTSE 100	FTSE 100	FTSE 100	FTSE 100
Policy date	2017	2016	2017	2017	2016
Year-end date	31/12/2016	31/12/2016	31/12/2016	31/12/2016	31/12/2016
Total income (million)	£21,451	\$59,836	£39,611	£3,882	\$14,060
Profit before tax (million)	£3,230	\$7,112	£4,238	£-4,202 (loss)	\$409
Market capitalisation (million)	£38,859	£129,689	£49,640	£29,487	£24,666
Total staff numbers	86,305	246,933	80,418	82,400	86,693
CEO total remuneration (million)	£4.233	£5.675	£5.541	£3.493	£3.392
Salaries	No longer receive salaries but instead, combined with fixed allowance to produce fixed pay.	Frozen in 2017, CEO £1.25m.	CEO £1.22m. Rate increased to reference rate which was the plan over last few years.	CEO £1m. Maximum possible increase in the course of the policy is 15% over 3 years.	CEO £1,15m unchanged from previous year.
Fixed allowances	Fixed allowances combined with salaries to produced fixed pay of £2.35m for CEO and £1.65m for finance director (increase of £100,000 on prior year for FD). Fixed for 3 years and paid 50% in cash and 50% in shares which are delivered quarterly over 5 years – 20% each year.	Trading shares released over 5 years in equal tranches. Levels frozen in 2017. Range between zero for the chairman up to £1.7m for CEO.	Fixed allowances paid in shares over 5 years and released 20% each year. Rates unchanged and range between £497,000 to £900,000.	Fixed allowance released every 3 years and not 5 years. Value is 100% of salary.	Paid in shares and released over 5 years. Range in value from £519,000 for finance director up to £1,15m for CEO.

Benefits	Private medical cover, annual health check, life and ill-health income protection, car cash allowance and use of company vehicle and driver when required for business purposes.	Medical insurance, income protection insurance, health assessment, life assurance, club membership, tax return assistance, car benefit and travel assistance, tax due on benefits.	Benefits include company car or cash allowance, private medical insurance, life insurance plus benefits via flexible benefits scheme worth 4% of salary.	Benefits include a company car, private medical cover, life assurance and critical illness insurance. Currently cost is £26,250	Benefits include car and use of a vehicle and driver for business purposes.
Pensions	Pension allowances on change the current directors but for new hires will be reduced to 10% of fixed pay. Current directors receive £396,000 (CEO - 33%) and £200,000 (finance director - 25%).	Reduce cash in lieu of pension from 50% of salary to 30% for current executive directors.	Pension can be defined contribution or cash supplement with CEO receiving allowance of 50% of salary and other directors 25%. In future maximum will be 25% of salary.	Pension allowances for new directors reduced from 35% to 25% of salary. Existing directors still receive 35%	Pension allowance unchanged from previous year at 40% of salary. If new director appointed then allowance levels will be reviewed.
Annual bonuses	Maximum is 80% of total fixed pay and paid in deferred cash and shares.	214% of salary in 2017.	Maximum is 140% of salary for CEO and 100% for other directors in 2017. Expected value is 30% of maximum.	No bonus scheme for directors.	80% of fixed remuneration in 2017.
Deferred bonus	CEO has 70% bonus deferred, finance director 60% which will vest in equal tranches between 3rd and 7th anniversary of award. Percentage deferred varies according to amount received with thresholds at £0.5m and £1m.	Delivered 100% shares and subject to a minimum six month retention period with discretion to lengthen it and apply deferral to a proportion of the award	Over 60% of all variable remuneration is deferred with 40% released in 1st year following award, 40% in 2nd year and the remaining 20% in 3rd year. Holding period of 1 year after vesting.	N/A	50% of bonuses deferred in shares.

Bonus performance targets	Broadened approach to strategic non-financial measures while retaining key financial ones into both bonus scheme and LTIP. 5 targets including profit, CET 1 ratio, cost/income ratio, strategic/non-financial and personal targets.	Profit before tax, capital management, delivering cost savings, reduced group RWAs, strategic growth, global standards including risk and compliance, personal targets.	Underlying profit, balance scorecard and risk with strategic multiplier (simplified in year for clear line of sight).	N/A	Targets include total income, operating profit, customer deposits and RoE plus CET 1 underpin (total 50%) and 50% strategic measures with personal performance being considered.
LTIPs	Maximum is 120% of total fixed pay.	Maximum is 320% of salary.	New scheme in 2016 maximum of 300% of salary and 400% in exceptional circumstances.	Maximum long-term incentive award reduced by around 40% for CEO and by 30% finance director. Maximum is 175% of salary for CEO and 200% of salary for finance director.	Subject to the 200% fixed pay regulatory limit. Vary the relative proportions of bonus and LTIP in different years.
LTIP vesting	Performance over 3 years and vest in equal tranches between 3rd and 7th anniversary of award.	Performance over 3 years and 7-year deferral period.	Performance over 3 years and 20% released over the next 5 years. Proportion released in year 4 is held for a further 2 years and amount released in year 5 held for 1 year with the remaining tranches held for 6 months.	Performance measured over 3 years with vesting equally in years 3 to 7.	Performance over 3 years and vesting in the following 4 years.
LTIP award levels	120% of fixed pay in 2017.	319% of salary in 2017.	300% of salary for CEO, 275% for other directors in 2017.	175% of salary for CEO and 200% finance director in 2017.	120% of fixed remuneration in 2017, 160% of fixed remuneration for 2016 performance year.

LTIP performance targets	5 targets including RoTE, CET 1 ratio, cost/income ratio, strategic/non-financial and risk scorecard.	Average return on equity, cost efficiency, relative TSR, global standards including risk and compliance, strategy.	Absolute TSR, economic profit, cost/income ratio and strategic measures. Weights are 30%, 25%, 10% and 35%.	Targets change to ones that directors have more control over and new pre-grant condition in year prior to awards introduced. Targets include finance, risk and operations, customers and people. Risk and control and stakeholder perception underpins will apply. Last awards of old LTIP used targets of economic profit, relative TSR, CET 1 ratios and customer/people/net promoter score.	A third each: RoE; relative TSR; strategic measures.
Bonus and LTIP holding periods	In line with regulations – 1 year in 2017 performance year.	On vesting bonus and LTIP shares must be held for minimum of 1 year.	Bonuses shares must be held for 1 year from vesting.	LTIP's must be held for 12 months after vesting.	Holding period of 1 year for annual bonuses.
Post-termination shareholding	A new requirement to hold shares for 2 years post-termination.	None.	None.	Due to long deferred periods post-employment shareholding requirement not considered necessary.	None.
CEO scenarios (min / target / max)	£2.91m / £5.66m / £8.41m	£3.325m / £6.65m / £9.975m (2015 accounts)	£2.831m / £5.173m / £8.199m	£2.376m / £3.776m / £4.126m	£2.94m / £6.375m / £8.66m

Recruitment	Incentive award limit is 200% of total fixed pay but buyouts can be made to compensate for forfeited remuneration subject to PRA rules.	Few details.	Buyouts permitted and information on interim recruits on a short-term basis and if the chairman needed to take on executive responsibilities. Greater detail on treatment of incentives if an executive is recruited partway through the year.	Buyouts permitted but will seek to minimise these and no sign-on awards or other payments on joining. New appointees receive a lower pension allowance value – 25% salary to bring the rate more in line with other employees.	Buyouts permitted and new CEO received £6.5m in 2015.
Departures	Previously notice period from company/director: 12 months/6 months but now equalised at 6 months for both.	Few details.	Very good table on termination conditions – with 33 scenarios.	Good leavers' LTIP awards will NOT be pro-rated under new policy.	Exercised discretion in the year to treat outgoing director as a good leaver.
Shareholding requirements	Requirement increased to 200% of fixed pay plus pension within 5 years (equivalent to 457% of salary for CEO, previously 400%).	400% for CEO, 300% for other directors including finance director and 100% for chairman. Unchanged from 2016.	Previously requirement expressed as a percentage of fixed share award and salary but changed to just salary. 350% of salary for CEO and 250% other directors. Overall the requirement is unchanged.	Shareholding requirements increased from 250% to 400% of salary for CEO and from 125% to 250% for finance director. Company estimates that the CEO will need 5 years to meet the 400% requirement.	CEO required to hold 250,000 shares and finance director 150,000 within a reasonable timeframe.
Malus and clawback	Malus and clawback for between 7 and 10 years. Collective adjustment to incentive pool made in 2016 reducing amount by £150m due to specific material risk and conduct events.	Malus and clawback for between 7 and 10 years. In 2016, exercised discretion and reduced target leading to lower bonus payment.	Malus and clawback for between 7 and 10 years for incentive schemes.	Clawback extended to 10 years.	Clawback of up to 10 years.
Incentive pool	Group incentive pool steadily declined from £3,484m in 2010 to £1,533m in 2016. Part of the reduction in the	Employee compensation and benefits was \$19,900m in 2015 and \$18,065m in 2016.	No information specifically but single figure outcomes approximately 35% lower in 2016 than 2015.	Group bonus pool fallen from £373m in 2015 to £343m in 2016. In addition, maximum opportunity for both CEO	Incentive pool fell from \$1,425m in 2012 to \$1,039m in 2016.

	incentive pool in 2014 was due to the introduction of fixed allowances – level in 2014 was £1,860m.			and finance director will reduce significantly under the new policy – between 17% and 20% overall. Over the longer term the pool has reduced from £1,375m in 2010 to £343m in 2016.	
High earners	364 Barclays Group employees earned over £1m.	363 material risk takers earned over €1m (Euros).	58 people earning over £1m.	87 staff earned over €1m (Euros).	139 people and over €1m (Euros).
Policy statements of note	More simplified and transparent approach to remuneration more closely aligned to the company's remuneration philosophy. Also addresses recent regulatory developments, in particular the requirement to defer bonuses and long-term incentive plan awards for a period up to 7 years	New policy in 2016 reflecting feedback from shareholders, especially with the introduction of long-term incentive with 3-year performance period and 7-year deferral.	To ensure the remuneration arrangements support the purpose of helping Britain prosper and aligning the group's aim of becoming the best bank for customers that's delivering superior and sustainable returns for shareholders. Review intended to simplify and update the report principles that apply across the group to support strategic priorities.	In developing the new policy the company decided to adopt an alternative LTIP construct that reduced the maximum quantum but had performance assessment on factors that the executive would reasonably be expected to achieve. In addition, it has pre-grant performance conditions.	New scheme in 2016 and in 2017 there will be no change to fixed remuneration but the transition to the variable remuneration model approved by shareholders in 2016 will be completed, with a maximum of 80 per cent of fixed remuneration delivered in annual incentives and a maximum of 120 per cent of fixed remuneration delivered in an LTIP.
Remuneration consultant costs	£48,000	£168,150	£416,200	£214,706	£142,070
NED chair rate	£800,000	N/A	£728,280	£750,000	£1,250,000
Basic NED rate	£80,000	£95,000	£76,500	£80,000	£100,000

**Source:** Company accounts/E-reward Summit Executive Database.

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