

Basel Committee on Banking Supervision

baselcommittee@bis.org

21 December 2010

EAPB general comments on the Basel Committee Range of Methodologies for Risk and Performance Alignment of Remuneration

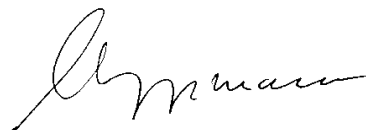
Dear Madam, dear Sir,

We welcome the opportunity to comment on the Range of Methodologies for Risk and Performance Alignment of Remuneration of the Basel Committee which provides a representative overview of the methods applied by banks. We especially welcome the proportionality principle which is key to consider the specificities of financial institutions with a promotional role.

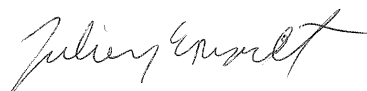
Although the report refers to the differences between institutions (see points 1.4.1 and 1.5.2 of the report) it does not differ between institutions with promotional objectives and commercial banks. We therefore urge supervisors to take into consideration the specificities of financial institutions with a promotional function with regard to remuneration/compensation schemes. Promotional financial institutions play an important role in the public economic development policies, where various profitability index numbers and indicators are not the first priorities. Therefore the business policy and internal indicators of such institutions may differ from that of commercial banks. They may include the fulfilment of social or other public interest objectives, which are not necessarily measurable.

Please do not hesitate to contact us, should you have any questions.

Kind regards,

A handwritten signature in black ink, appearing to read 'Schoppmann'.

Henning Schoppmann
EAPB

A handwritten signature in black ink, appearing to read 'Julien Ernoult'.

Julien Ernoult
EAPB