

## REMUNERATION DISCLOSURES 2015

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## 1. INTRODUCTION

Eurobank Ergasias S.A. (“Bank”) has established a Remuneration Policy that is applicable to all Bank employees and covers their total remuneration. The Remuneration Policy forms an integral part of the Bank’s corporate governance practice and is developed in accordance to its operational model, business strategy, objectives, long-term interests of the Bank as well as the long-term value creation for shareholders and incorporates measures to avoid conflict of interest.

Also, the Remuneration Policy is consistent with and promotes sound and effective risk management and does not encourage excessive risk-taking on behalf of the Bank.

Accordingly, the operating standards and mechanisms which have been adopted ensure that the levels of remuneration are directly linked to results and desired behaviours.

The Remuneration Policy has been drafted and is being implemented also in accordance to L. 4261/2014, which has incorporated to the Greek Law the Directive (EU) 2013/36.

For as long as the Bank participates in the government plan for enhancing liquidity and receives capital support from the Hellenic Financial Stability Fund, it shall also comply to the restrictions regarding remuneration as per the respective laws 3723/2008 and 3864/2010.

The current Remuneration Policy supersedes, consolidates and replaces any other remuneration policy. There shall not be any exceptions to the Policy. Any legacy contracts would be aligned with the current Policy upon their renegotiation / renewal.

## 2. IMPLEMENTATION AT GROUP LEVEL

The basic principles and requirements of the current Remuneration Policy are incorporated into the Remuneration Policies of all Bank’s subsidiaries in Greece and abroad, taking into consideration possible stricter local regulations.

The non- executive members of the Bank’s Board of Directors (“BoD”) monitor the implementation of the Remuneration Policy at Group level.

The subsidiary companies which are significant in terms of size and internal organization or due to the nature, scope and complexity of their activities, establish a Remuneration Committee.

## 3. REMUNERATION POLICY BASIC PRINCIPLES

The Bank has established a competitive remuneration framework in order to attract, engage and retain its employees. Its basic principles are to:

- ↳ Safeguard that remuneration is sufficient to retain and attract executives with appropriate skill and experience;
- ↳ Monitor that internal equity between Business Units is applied;
- ↳ Avoid excessive risk taking;
- ↳ Link remuneration with long-term performance.

The continuous monitoring of market trends and best practices in domestic and global level ensures a competitive Remuneration Policy that is governed by transparency and internal equity.

Moreover, the Bank's organizational structure provides a unified remuneration management approach within the Group and a common framework taking into consideration the need for flexibility in the decision making process and the diverse operational models of the business units.

The Bank has adopted a remuneration framework based on a two dimensional grading structure for each position:

- ↳ Job Family, depending on the nature of business (for example IT, Finance);
- ↳ Grade, which is linked to position requirements, range of responsibilities and professional experience.

The Bank's grading structure is set using a specific methodology, which evaluates each position based on 3 parameters:

- ↳ Know How;
- ↳ Problem Solving;
- ↳ Accountability.

#### **4. REMUNERATION POLICY ADOPTION, OVERVIEW OF IMPLEMENTATION AND REVISION**

The non-executive members of the BoD approve and periodically review the Remuneration Policy and are responsible for overseeing its implementation.

The Remuneration Committee assists the non-executive members of the BoD regarding the drafting, revision and implementation of the Remuneration Policy and makes relevant recommendations.

The Remuneration Committee is established in such a way as to be able to offer specialised and independent advice regarding the Remuneration Policy and its implementation and the incentives created for managing risk, capital and liquidity. To this end, the Bank's Remuneration Committee consists of up to 5 non-executive BoD members, the majority of whom, including its Chairman, are independent.

The Remuneration Committee's objective and key responsibilities are determined by its Terms of Reference. The Remuneration Committee's key responsibilities are:

- To inform, advise and support the Non-Executive Directors of the BoD regarding the design, revision and implementation of the remuneration policy both at Bank and Group level;
- To propose to the Non-Executive Directors of the BoD for their approval, the total performance – related remuneration pool of the Group and its allocation among Business Units / companies;
- To propose to the Non-Executive Directors of the BoD the remuneration of the members of the BoD;
- To propose to the Non-Executive Directors of the BoD for their approval the Bank's total remuneration framework taking into consideration the market trends as well as the current laws and regulations;
- To propose to the Non-Executive Directors of the BoD for their approval any exceptions from the approved total remuneration framework regarding employees whose activities have a material impact on the Bank's risk profile;
- For the Heads of Group Internal Audit, Group Compliance and Group Risk Management:
  - To approve any remuneration adjustments within the approved total remuneration framework;
  - To propose to the Non-Executive Directors of the BoD for their approval any exceptions from the approved total remuneration framework;

In any case, the Remuneration Committee will act for the Heads of Group Internal Audit and Group Compliance after consulting with the Audit Committee, while for the Chief Risk Officer the Committee will act after consulting with the Board Risk Committee;

- To approve the remuneration of the BoD members and the CEOs of all subsidiaries;
- To consider and recommend to the Non-Executive Directors of the BoD any payment or compensation commitment to be made to an Executive member of the BoD on termination of his/her office;
- To approve all exposures of key management personnel (excluding Remuneration Committee members whose exposures are approved by the Non-Executive Directors of the BoD) and ensure that the exposures granted and their terms are compliant with current laws and regulations;
- To provide, when appropriate, adequate information to the General Assembly regarding its activities.

While executing its duties, the Remuneration Committee shall, to the extent possible, and on an ongoing basis, take into account the long-term interests of shareholders, investors and other stakeholders in the Bank as well as the public interest, promote sound and prudent management and prevent or minimize any conflicts of interest that might arise.

During 2015, the Remuneration Committee held 13 meetings.

For the drafting of the Remuneration Policy, the Remuneration Committee collaborates with BoD Committees (Risk Committee and Audit Committee) in case that their activities might have an impact on the design and proper functioning of the Remuneration Policy and practices as well as ensures that the appropriate input is provided by Group Risk Management, Group Compliance, Group Internal Audit, Group Human Resources and Group Strategy Units.

The implementation of the Remuneration Policy is subject to annual internal audit review from the Group Internal Audit Unit. Internal Audit's findings and proposals for potential revision of the Remuneration Policy are reported to the Remuneration Committee.

The Remuneration Policy is accessible to all employees through the Bank's intranet site.

## **5. EMPLOYEES WITH MATERIAL IMPACT ON THE BANK'S RISK PROFILE**

The employees who have a material impact on the Bank's risk profile according to the EU Regulation 604/2014 are the following:

1. Executive Directors of the BoD;
2. Non-Executive Directors of the BoD;
3. Senior Managers:
  - (i) Members of Executive Board (ExBo) of the Bank;
  - (ii) General Managers;
  - (iii) Legal Counsel;
4. Heads of the following:
  - (i) Group Risk Management;
  - (ii) Group Internal Audit;
  - (iii) Group Compliance;
5. Heads of Risk Management within material business units ("material business unit" is the unit as defined in the Article 3 of EU Regulation 604/2014);

6. Heads of material business units;
7. Employees that have managerial responsibility in one of the units referred to in point (4) or in a material business unit and report directly to the Heads of points (4) or (5);
8. Employees that have managerial responsibility and report directly to the Heads of material business units;
9. Heads of the following:
  - (i) Group Finance;
  - (ii) Group Human Resources;
  - (iii) Group IT;
  - (iv) Economic Analysis and Financial Markets Research;
10. Employees who are responsible for, or are members of Committees responsible for the management of a risk category other than credit risk and market risk:
  - (i) Counterparty Risk;
  - (ii) Residual Risk;
  - (iii) Concentration Risk;
  - (iv) Securitization Risk;
  - (v) Interest Risk arising from non – trading book activities;
  - (vi) Operational Risk;
  - (vii) Liquidity Risk;
  - (viii) Risk of excessive leverage;
11. With regard to credit risk exposures of a nominal amount per transaction which represents 0.5% of the Bank's Common Equity Tier 1 capital and at least € 5 million:
  - (i) Employees who are responsible for initiating credit proposals or structuring credit products which can result in such credit risk exposures; or
  - (ii) Employees who have authority to take, approve or veto a decision on such credit risk exposures; or
  - (iii) Employees who are members of Committees to take the decisions referred to in points (i) or (ii);
12. Employees who individually or, as members of Committees, have authority to take, approve or veto a decision on transactions on the trading book which in aggregate meet one of the following thresholds:
  - (i) where the standardized approach is used, an own funds requirement for market risks which represents 0.5% or more of the Bank's Common Equity Tier 1 capital; or
  - (ii) where an internal model-based approach is approved for regulatory purposes, 5% or more of the Bank's internal value-at-risk limit for trading book exposures at a 99% ;
13. Employees with managerial responsibility for a group of employees who have individual authorities to commit the Bank to transactions and either of the following conditions is met:
  - (i) the sum of those authorities equals or exceeds a threshold set out in point 11(i), point 11(ii) or point 12(i);
  - (ii) where an internal model-based approach is approved for regulatory purposes those authorities amount to 5 % or more of the Bank's internal value-at-risk limit for trading book exposures at a 99%. Where the Bank does not calculate a value-at-risk at the level of that employee the value-at-risk limits of personnel under the management of this employee shall be added up;

14. Employees who have the authority or, are members of Committees that have the authority to approve or veto the introduction of new products;
15. Employees who have managerial responsibility for employees who meet one of the criteria set out in points (1) to (14);
16. Employees who have a material impact on the Bank's risk profile whose:
  - (i) total remuneration was more than € 500.000 in the preceding year;
  - (ii) total remuneration is within the 0.3 % of the employees, rounded up to the next integer, who have been awarded the highest total remuneration in the preceding financial year;
  - (iii) total remuneration was in the preceding financial year equal to or greater than the lowest total remuneration awarded in that financial year to an employee who meets any of the criteria in points (1), (3), (5), (6), (8), (11), (12), (13) or (14);

Point 16(iii) does not include the following employee categories:

- (i) employees who only carry out professional activities and have authorities in a business unit which is not a material business unit; or
- (ii) employees who have no material impact on the risk profile of a material business unit through the professional activities carried out.

## 6. REMUNERATION COMPONENTS

Remuneration plays a significant role in attracting and retaining talent whose contribution in the Bank's results is deemed critical. Remuneration mechanisms incorporate principles that take into account employees' skills and performance while supporting at the same time long term business objectives.

Employees' total remuneration consists of **fixed and variable components**.

The Bank has developed a remuneration framework that is based on total remuneration ranges that differ among hierarchical levels and nature of business. Total remuneration ranges are reviewed annually taking into consideration market trends and current legal requirements. To this end, data from Compensation and Benefits Surveys, provided from external consultants, is used as benchmark.

It should be noted that employees engaged in control functions are independent from the business units they oversee, have appropriate authority, and are remunerated in accordance with the achievement of the objectives linked to their functions, independent of the performance of the business areas they control.

The Remuneration Committee is responsible for the preparation of decisions regarding remuneration, including those which have implications for the risk and risk management of the Bank. When preparing such decisions, the Remuneration Committee shall take into account the long-term interests of shareholders, investors and other stakeholders in the Bank as well as the public interest.

**Fixed remuneration** reflects the educational level, experience, accountability, position evaluation in comparison with peers, and the position's functional requirements.

Salary and other fixed remuneration elements, paid by the Bank and its subsidiaries, represent significant proportion of total remuneration.

Individual increases proposals are based on market data and employee performance.

Moreover, the Bank may provide separation agreement schemes for employees taking into consideration the current legislation.

**Variable remuneration** is designed to ensure total remuneration competitiveness and to reward employee performance in alignment with unit and / or Bank performance taking into consideration the general principles set below.

It is upon Bank's discretion to award variable remuneration to employees as long as financial sustainability is maintained. The Bank has the right to partly or fully revoke the distribution of variable remuneration to its employees. In any case and for as long as the Bank benefits from exceptional government intervention, the following principles shall apply:

- ✦ variable remuneration is strictly limited as a percentage of net revenue when it is not obviously consistent with the maintenance of a sound capital base and timely exit from government support;
- ✦ no variable remuneration is awarded to the Executive members of the BoD unless justified. The remuneration of the Non-Executive members of the BoD is fixed in order to avoid potential conflict of interest. In any case, for as long as the Bank participates in the government plan for enhancing liquidity and receives capital support from the Hellenic Financial Stability Fund, it shall also comply to the restrictions regarding remuneration as per the respective laws 3723/2008 and 3864/2010.

The variable component cannot exceed 100 % of the fixed component of the total remuneration. The Bank's Annual General Meeting may approve a higher maximum level of the ratio between the fixed and variable components of remuneration provided the overall level of the variable component shall not exceed 200 % of the fixed component of the total remuneration for each individual and according to the process described under the clauses of L. 4261/2014.

The total variable remuneration pool, as well as, the distribution parameters used for its allocation among different business units, are determined after taking into consideration the following parameters:

- ✦ The Bank's and business units' profitability;
- ✦ The cost of tied-up capital which is associated to risks undertaken (credit risk, market risk, operational risk) spread over a period of time, and is calculated based on the regulatory framework;
- ✦ Key developments in terms of credit risk, liquidity risk, market risk which further adjust the Bank's total variable remuneration pool;
- ✦ Additional criteria for measuring the effectiveness and efficiency of employees which include qualitative factors (qualifications, skills, contribution to the unit's performance, and personal competencies such as business thinking, continuous improvement, initiative, adaptability, customer orientation, team spirit and people management) as well as factors related to the management of risks undertaken.

The variable remuneration pool allocated to each business unit, is further adjusted through additional unit specific risk parameters (such as provisions from non performing loans, Value at Risk, credit, market & liquidity risk, losses incurred by fraud, etc.) thus stressing the importance of the prudent management of such risks.

Provided that variable remuneration<sup>1</sup> is awarded to employees, the following rules should apply:

- ✦ At least 50% of the variable remuneration awarded consists of a balance of the following:
  - shares or equivalent ownership interests;
  - where possible, other instruments within the meaning of Article 52 or 63 of Regulation (EU) No 575/2013 or other instruments which can be fully converted to Common Equity Tier 1 instruments or written down, that in each case adequately reflect the credit quality of the Bank as a going concern and are appropriate to be used for the purposes of variable remuneration in accordance to the relevant clauses of Regulation (EU) No 527/2014;

The instruments referred to above, shall be subject to an appropriate retention policy designed to align incentives with the longer-term interests of the Bank;

<sup>1</sup> In the case of employees who do not have a material impact on the Bank's risk profile, any variable remuneration awarded that does not exceed the amount of € 10.000 is not subject to retention and deferral policies.

- ↳ At least 40% of the variable remuneration awarded is deferred over a period which is not less than three to five years, vests no faster than on a pro-rata basis and is correctly aligned with the nature of the business, its risks and the activities of the employee in question. In case of variable remuneration component of a particularly high amount, at least 60% of the amount shall be deferred;
- ↳ Variable remuneration (deferred and non deferred) is awarded or vests only if it is sustainable according to the financial situation of the Bank as a whole, and justified on the basis of the performance of the Bank, the business unit and the individual concerned. Without prejudice to the general principles of national contract and labour law, the total variable remuneration shall generally be considerably contracted where subdued or negative financial performance of the Bank occurs, taking into account both current remuneration and reductions in payouts of amounts previously earned, including through malus or clawback arrangements;
- ↳ Additionally, up to 100 % of the total variable remuneration shall be subject to malus or clawback arrangements if the employee:
  - participated in or was responsible for conduct which resulted in significant losses to the Bank;
  - failed to meet appropriate standards of fitness and propriety;
- ↳ Guaranteed variable remuneration is exceptional, occurs only when hiring new staff and where the Bank has a sound and strong capital base and is limited to the first year of employment;
- ↳ Employees are required not to use personal hedging strategies or remuneration- and liability- related insurance to undermine the risk alignment effects embedded in their remuneration arrangements;
- ↳ Variable remuneration is not paid through vehicles or methods that facilitate the non-compliance with L. 4261/2014 or Regulation (EU) No 575/2013;
- ↳ Payments relating to the early termination of a contract reflect performance achieved over time and do not reward failure or misconduct;
- ↳ Remuneration packages relating to compensation or buy out from contracts in previous employment must align with the long-term interests of the Bank including retention, deferral, performance and clawback arrangements;
- ↳ The Bank may provide retention schemes to employees taking into consideration the current legislation.

Additionally, the Bank has in place incentive schemes addressed to employees who do not have a material impact on the Bank's risk profile, such as the employees in the Branch Network and Europhone Banking. These schemes are not subject to retention or deferral policies while their main aim is to further incentivize sales teams and provide additional motives for the increase in the production volumes of rescheduling requests.

It should be noted that variable remuneration and incentive schemes parameters ensure that employees are not rewarded in a way that constitutes a conflict to the Bank's duty to act to the best interest of its customers. More specifically, employees are not provided with incentives that would encourage them to propose to customers specific financial instruments in lieu of other instruments that would best serve the customers' needs.

The pension policy is in line with the business strategy, objectives, values and long-term interests of the Bank. If the employee leaves the Bank before retirement, discretionary pension benefits shall be held by the Bank for a period of five years in the form of instruments referred to above. Where an employee reaches retirement, discretionary pension benefits shall be paid to the employee in the form of instruments referred above subject to a five-year retention period.

## 7. BENEFITS

The Bank offers various benefits to its employees and their families. The benefits' policy (types of benefits, coverage, etc.) is approved by the Remuneration Committee following proposal by the Group Human Resources General Division.

## 8. REMUNERATION APPROVAL PROCESS

The process that is applied for the approval of the remuneration of all Bank employees is the following:

Employee Category	Remuneration Components	Proposal	Approval
Members of the Board of Directors	Total Remuneration	Remuneration Committee / BoD	Annual General Meeting
All employees	Total Remuneration framework	Remuneration Committee	Non Executive members of the BoD
Employees with material impact on the Bank's risk profile <sup>(1)</sup>	Total Remuneration within the approved framework	Responsible Unit	CEO / Responsible ExBo member / Human Resources General Manager <sup>(2)</sup>
Employees with material impact on the Bank's risk profile <sup>(1)</sup>	Total Remuneration exceeding the approved framework	Remuneration Committee	Non Executive members of the BoD
Head of Group Risk Management	Total Remuneration within the approved framework	Management / Risk Committee	Remuneration Committee
Head of Group Risk Management	Total Remuneration exceeding the approved framework	Management / Risk Committee / Remuneration Committee	Non Executive members of the BoD
Head of Internal Audit Group & Head of Compliance & Regulatory Requests	Total Remuneration within the approved framework	Management / Audit Committee	Remuneration Committee
Head of Internal Audit Group & Head of Compliance & Regulatory Requests	Total Remuneration exceeding the approved framework	Management / Audit Committee / Remuneration Committee	Non Executive members of the BoD
All other employees	Total Remuneration	Responsible Unit	CEO / Responsible ExBo member / Human Resources General Manager
All employees	Total performance related remuneration pool for the Group and its allocation among Business units / subsidiary companies	Remuneration Committee	Non Executive members of the BoD
All employees	Retention Schemes	Remuneration Committee	Non Executive members of the BoD
All employees	Separation Agreement Schemes	Remuneration Committee	Non Executive members of the BoD

<sup>(1)</sup> Executive Board (ExBo) members, General Managers and the Legal Counsel are also included.

<sup>(2)</sup> The Remuneration Committee is informed ex post, on an annual basis, for the total remuneration adjustments for employees with material impact on the Bank's risk profile

## 9. DISCLOSURES

In order to ensure adequate transparency to the market of the remuneration structures and the associated risks, the Bank discloses in a designated space in its official website, detailed information on the remuneration policies, practices and, for reasons of confidentiality, aggregated amounts for those members of staff whose professional activities have a material impact on the risk profile of the Bank, and publishes accordingly all information as per current legislation.

The following tables depict the remuneration of the employees who have a material impact on the Bank's / Group's risk profile:

### 2015 Bank Data

	Non-Executive Members of the BoD	Executive Members of the BoD	Investment Banking	Retail Banking	Asset Management	Corporate Functions	Independent Control Functions	All Other
<b>Members of the BoD</b>	9	3						
<b>Identified Staff – Total</b>			11	125	24	22	18	11
<i>Identified Staff – Senior Management</i>				5	2	4	3	2
<b>Total Fixed Remuneration (€ thousand)</b>	611	1,039	1,255	13,375	2,851	3,634	3,198	1,972
<i>Fixed Remuneration (€ thousand) of Senior Management</i>				1,400	641	1,183	903	600
<b>Total Variable Remuneration Cash (€ thousand)</b>				12.5				
<i>Variable Remuneration (€ thousand) of Senior Management</i>								

## 2015 Group Data

	Non-Executive Members of the BoD	Executive Members of the BoD	Investment Banking	Retail Banking	Asset Management	Corporate Functions	Independent Control Functions	All Other
<b>Members of the BoD</b>	27	44						
<b>Identified Staff – Total</b>			28	175	37	53	45	29
<i>Identified Staff – Senior Management</i>			1	6	4	6	3	11
<b>Total Fixed Remuneration (€ thousand)</b>	1,353	7,117	2,724	17,351	4,095	5,712	4,847	3,538
<i>Fixed Remuneration (€ thousand) of Senior Management</i>			94	1,544	954	1,621	903	1,363
<b>Total Variable Remuneration Cash (€ thousand)</b>				12.5				
<i>Variable Remuneration (€ thousand) of Senior Management</i>								

<sup>(\*)</sup> It should be noted that the subsidiaries Grivalia Properties R.E.I.C. and Hellenic Post Credit S.A. are not included in 2015 Group Data.

## Notes on Disclosures 2015

- ↳ There was no variable remuneration in the form of shares or other instruments for the aforementioned employees in both tables.
- ↳ Employer's contributions to the Private Pension Scheme and the additional taxable income deriving from the use of a company car are also included under the fixed remuneration.
- ↳ Incentive Schemes granted to front line employees are reported under the variable remuneration component.
- ↳ The following table depicts the disaggregated remuneration of the persons who effectively direct the business of the Bank:

<b>Position</b>	<b>Fixed Remuneration (€ thousand)</b>
CEO	355
Two (2) Executive Board Members	684

- ↳ The Bank paid the amount of € 3,3 m to 60 employees as severance payment. The maximum amount paid was € 150 k.