



**EUROBANK ERGASIAS S.A.**

**CORPORATE GOVERNANCE CODE  
AND PRACTICES**

28 March 2017

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**SECTION A: Introduction**

The Corporate Governance Code and Practices (the Code) describes the main corporate governance principles and practices adopted by Eurobank Ergasias SA (the Bank) and its subsidiaries (collectively Eurobank or the Group). The Code is in compliance with the Greek legislation and is based on the international best practices on corporate governance as well as the Bank's contractual obligations to the Hellenic Financial Stability Fund (HFSF), focusing on the sustainable success of Eurobank over the longer term.

The Code is approved by the Board of Directors (Board). The responsibility for ensuring the Code is up-to-date rests with the Group Company Secretariat. The Board, following clearance by the Audit Committee, reviews and approves the contents of the Code once a year.

**SECTION B: Board of Directors****B.1 The Role of the Board of Directors****Main Principle**

The Bank is headed by a Board which is collectively responsible for the long-term success of the Bank. The Board exercises its responsibilities effectively and in accordance with the Greek legislation, international best practices and the Bank's contractual obligations to HFSF.

The Board's role is to provide entrepreneurial leadership to the Group within a framework of prudent and effective controls which enables risk to be assessed and managed. The Board sets the Group's strategic aims, ensures that the necessary financial and human resources are in place for the Group to meet its objectives and reviews management performance. The Board sets the Group's values and standards and ensures that its obligations to its shareholders and others are understood and met. All Directors must act in what they consider to be the best interests of the Group, consistent with their statutory duties.

**Practice**

B.1.1 According to the Bank's Articles of Association, the Board may consist of three (3) to twenty (20) members, while, under the Relationship Framework Agreement (RFA) between the Bank and the HFSF, this range has been specifically set to be between seven (7) and fifteen (15) members (including the representatives of the Greek State and the HFSF). In addition, according to the RFA, (a) the number of the Board members must be odd, (b) the majority of its members should be Non-Executives while at least half of them (rounded to the nearest integer) and no less than three (3) members of non-executives, excluding the representatives of the Greek State and the HFSF, should be independent as per the provisions of Law 3016/2002 on corporate governance and the European Commission Recommendation 2005/162/EC and (c) the Board should include at least two (2) Executive members. Furthermore, according to the 2016 HFSF's assessment of individual Board members and key findings and recommendations on governance improvement, as per the relevant provisions of Law 3864/2010 (HFSF Law), the target size of Board members has been set to thirteen (13) with the following structure: (a) three (3) Executives at maximum, (b) three (3) Non-Executives at maximum, (c) at least five (5) independent Non-Executives of which at least three (3) Experts as defined in Law 4346/2015 and HFSF's relevant criteria, (d) one (1) Greek State representative and (e) one (1) HFSF representative.

Executive Directors have responsibility for the day-to-day management and control of Eurobank. Non-Executive Directors are responsible for the overall promotion and safeguarding of Eurobank's interests.

The principal duties and responsibilities of the Board are to:

- review, guide, and approve the strategy, major plans of action, risk policy, business and restructuring plans, set performance objectives, monitor performance, oversee and approve major capital expenditures, acquisitions, divestitures and formation of new entities including creation of special purpose vehicles
- approve the annual budget and monitor its implementation on a quarterly basis
- approve the three-years business plan
- review and approve at least annually risk strategy and risk appetite and ensure that it is consistent with the Bank's overall business strategy, capital plan, funding plan, restructuring plan and budget
- receive and discuss at least on a quarterly basis comprehensive risk reports covering all the main risks and providing an overview of the key changes in the risk profile versus risk targets and risk appetite
- develop and deliver the objectives in the agreed restructuring plan under recapitalization Law 3864/2010 and for taking any action necessary to that effect
- provide oversight to senior management

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- approve corporate governance practices and corporate values and monitor their effectiveness making changes as needed
- approve the risk and capital strategy and regularly monitor that the Chief Executive Officer (CEO) and the Executive Board pursue its implementation effectively
- approve the organization chart and any amendments
- approve Board and Board Committees related policies and other Group or Bank policies as required by legal or regulatory requirements or internal processes
- approve material on & off balance sheet credit transactions including restructuring and write-offs with related parties as these are defined by the Bank of Greece (BoG) Governor's Act 2651/2012 and IAS 24, and in accordance with the Bank's Related Parties Credit Approval Policy
- ensure that rigorous and robust processes are in place to monitor organizational compliance with the agreed strategy and risk appetite and with all applicable laws and regulations
- select, compensate, monitor and, when necessary, replace key executives and oversee succession planning
- align key executive and board remuneration with the longer term interests of Eurobank and its shareholders
- ensure a formal and transparent board nomination and election process
- monitor, manage and approve where required potential conflicts of interest of management, board members and shareholders, including misuse of corporate assets and abuse in related party transactions
- ensure that a clearly defined policy governing relations with connected borrowers exists and oversee its implementation
- ensure the integrity of accounting and financial reporting systems, including the independent audit, and that appropriate systems of control are in place, in particular, systems for risk management, financial and operational control, and compliance with the law and relevant standards
- assisted by the Board Risk Committee, review and monitor on a regular basis the Non-Performing Loans (NPL) and Non-Performing Exposures (NPE) performance against set targets
- oversee the process of disclosure and communications
- determine the appropriate level of remuneration of the Board and Board Committees' members, both at Bank and Group level, pending final ratification by the respective General Assemblies.

The Board, according to its Articles of Association, may assign the exercise of the whole or part of its powers to one or more persons, members of the Board, employees of the Bank or third parties, by determining the extent of the assigned powers, always in compliance with the provisions of the current legislation.

The Board meets regularly every quarter and on an ad hoc basis, whenever the Articles of Association, the law or the Bank's needs necessitate it, given at least three (3) business days' notice. Submissions to the Board are circulated together with the agenda. Board meetings minutes are kept by the Secretary of the Board, approved at subsequent Board Meetings and signed by all Directors present.

B.1.2 The Board is assisted in carrying out its duties by Board Committees. The Board delegates some of its responsibilities to such Board Committees and approves their mandate and composition, save for the composition of the Audit Committee whose members are appointed by the General Meeting. The Board receives regular and ad hoc reports from the Audit Committee, Board Risk Committee, Nomination Committee, Remuneration Committee and Strategic Planning Committee and assesses their performance as per the provisions of the Bank's Board and Board Committees Evaluation Policy. The structure of the Board and Board Committees' membership as well as the members who are appointed as the risk and financial/audit experts are fully described in the Corporate Governance Statement which is included in Bank's Directors Report which also sets out the number of meetings, of the Board and its Committees and overall attendance by Directors. The Board Committees' Terms of Reference and composition are available on the Bank's website.

B.1.3 Eurobank has arranged appropriate insurance cover in respect of legal action against its Directors.

## **B.2 Division of Responsibilities**

### **Main Principle**

There is a clear division of responsibilities at the head of the Bank between the proper operation of the Board and the day-to-day management and control of Eurobank business.

### **Practice**

The roles of Chairman and CEO are not exercised by the same person.

### **B.3 The Chairman**

#### **Main Principle**

The Chairman is responsible for leadership of the Board ensuring its effectiveness on all aspects of its role, overseeing its proper operation.

The Chairman should always be a Non-Executive Director and should not serve as Chairman of either the Board Risk or Audit Committees.

Following decision by the relevant corporate bodies, the Chairman is appointed in the Board Committees as deemed appropriate. Additionally, the Chairman attends, as required, Management Committees as established by the CEO.

The Chairman is responsible for setting the Board's agenda and ensuring that adequate time is available for discussion of all agenda items, in particular strategic issues. He promotes a culture of openness and debate by facilitating the effective contribution of Non-Executive Directors in particular, ensures constructive relations between Executive and Non-Executive Directors and encourages challenge on the Board. In addition, he ensures that the Directors receive accurate, timely and clear information. The Chairman is also responsible for continuous and clear communication with the representatives of the Ministry of Finance, the HFSF, the Single Supervisory Mechanism (SSM) and BoG. Finally, the Chairman is available should shareholders raise any issues.

### **B.4 Non-Executive Directors**

#### **Main Principle**

Non-Executive Directors are responsible for the overall promotion and safeguarding of the Bank's interests. The main duties of the Non-Executive Directors performed either within the Board or through Board Committees, are to:

- constructively challenge and contribute to the development of strategy
- monitor the reporting of performance
- scrutinise the performance of management in meeting agreed goals and objectives
- ensure that financial information is accurate and that financial controls and systems of risk management are robust and defensible
- determine the appropriate level of remuneration of Executive Directors
- support executives in their leadership of the business while monitoring their conduct
- oversee CEO's and Executives' performance
- approve and revise the principles of the remuneration policy both at Bank and Group level and oversee its implementation (see also par. E.2.1).

#### **Practice**

Where they consider it necessary, the Independent Non-Executive Directors should submit, to the ordinary or extraordinary Shareholders' General Meetings of Eurobank, their own reports on a specific subject, either individually or together.

### **B.5 Non-Executive Director representing the Greek State**

#### **Main Principle**

Eurobank participates in the Greek State program to support liquidity in the Greek economy under Law 3723/2008. Following the Bank's accession to the provisions of Law 3723/2008 for the participation of the Bank to the Greek State Bank Support Program, a share capital increase with the issuance of 345,500,000 non-voting preference shares took place. The entire share capital increase was covered by the Greek State through the contribution of equal value government bonds.

#### Rights under L. 3723/2008

The preference shares confer upon the Greek State the following privileges:

1. the right to collect a fixed return as specified in par. 3. article 1, Law 3723/2008, as in force and in article 5 of the Bank's Articles of Association
2. the right to vote in the Special Meeting of preferred shareholders in the circumstances provided by Law 2190/1920
3. the right to appoint to the Board of Directors its representative

4. The right to preferential reimbursement, in priority to all other shareholders and *pari passu* with the HFSF, from the proceeds of the Bank's liquidation, in the event the Bank is liquidated.

The Greek State representative has the right to:

1. veto (i) resolutions of strategic character; (ii) resolutions which materially alter the legal or financial situation of the Bank and require approval by the General Meeting of the ordinary shareholders; or (iii) resolutions related to the distribution of dividends and the remuneration policy concerning the Board members and the Bank's general managers and their deputies, pursuant to a relevant decision of the Minister of Finance or in the event such representative considers that the resolution may jeopardise the interests of the Bank's depositors or materially affect the solvency and the orderly operation of the Bank
2. attend the General Meeting of the ordinary shareholders and veto the discussion and resolutions of the abovementioned issues
3. have free access to the Bank's books and records for the purposes of Law 3723/2008.

## **B.6 Non-Executive Director representing the HFSF**

### **Main Principle**

According to the provisions of HFSF Law, as in force, the HFSF has appointed one (1) representative to the Board (Representative) as a Non-Executive member whose rights derive from HFSF Law and the RFA signed between the Bank and HFSF according to the provisions of the aforementioned Law.

The RFA regulates, among others, (a) the corporate governance of the Bank, (b) the Restructuring Plan and its monitoring, (c) the monitoring of the implementation of the Bank's NPL management framework and of the Bank's performance on NPL resolution. Furthermore it deals with (d) the Material Obligations and the switch to full voting rights, (e) the monitoring of Bank's actual risk profile against the approved Risk and Capital Strategy (f) the HFSF's prior written consent for the Bank's Group Risk and Capital Strategy and for the Bank's Group Strategy, Policy and Governance regarding the management of its arrears and non-performing loans, and (g) the duties, rights and obligations of HFSF's Representative in the Board.

The RFA and the applicable HFSF Law do not preclude, reduce or impair the Bank's management to continue to determine independently, among others, the Bank's commercial strategy and policy in compliance with the restructuring plan and the decisions on the day-to-day operations.

### Rights under HFSF Law

HFSF has:

- restricted voting rights in the Bank's General Meetings; under this framework, the HFSF exercises its full voting rights in the General Meetings only for decisions concerning the amendments of the Bank's Articles of Association, including the increase or reduction of the capital or the corresponding authorization to the Board, the mergers, divisions, conversions, revivals, extension of term or dissolution of the Bank, the transfer of assets (including the sale of subsidiaries), or any other issue requiring increased majority as provided for in the Law 2190/1920
- the right to be represented with one (1) member in the Board of Directors
- the right to preferential reimbursement, in priority to all other shareholders and *pari passu* with the Greek State as preference shareholder under Law 3723/2008, from the proceeds of the Bank's liquidation, in the event the Bank is liquidated
- free access to the Bank's books and records for the purposes of HFSF Law, with executives or consultants of its choice
- the responsibility to perform, assisted by an independent consultant of international reputation, evaluation of the Bank's corporate governance framework, Board and Committees, as well as their members, in accordance with HFSF Law provisions
- the right to approve the Restructuring Plan or any amendment on it before its submission by the Ministry of Finance to the European Commission for approval. HFSF also monitors and reviews the performance of the Restructuring Plan's implementation
- the right to assess and propose improvements and amendments to the Bank's corporate governance .

HFSF's representative has the right to:

- request the convocation of the Shareholders' General Meeting
- request the convocation of the Board
- veto any resolution of the Board (i) related to dividend distributions, the remuneration policy and the additional compensation (bonus) of Board members, of General Managers or of those to whom the duties of a General Manager have been assigned as well as of their deputies (ii) which may jeopardise depositors' interests or materially affect liquidity, solvency or, in general, the prudent and orderly operation of the Bank (such as business strategy and

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asset/liability management etc.) or (iii) concerning corporate actions resulting in the amendments of the Bank's Articles of Association, including the increase or reduction of the capital or the corresponding authorization to the Board, the mergers, divisions, conversions, revivals, extension of term or dissolution of the Bank, the transfer of assets (including the sale of subsidiaries), or any other issue requiring increased majority as provided for in the Law 2190/1920 which may materially impact HFSF's participation in the Bank's share capital

- request the postponement of a Board meeting or the discussion of any item for up to three (3) business days so as to receive HFSF's Executive Board's instructions
- approve the Chief Financial Officer (CFO) of the Bank.

In exercising these rights, the HFSF representative should take into account the business autonomy of the Bank.

*Rights under RFA, additional to the rights provided for in HFSF Law*

HFSF has the right to:

- appoint a representative as member in Audit, Board Risk, Nomination and Remuneration Committees
- appoint an observer in the Board and in the Audit, Board Risk, Nomination and Remuneration Committees with no voting rights
- review the annual Board and the Board Committees' self-assessment for the purpose of identifying weaknesses and improving working methods and effectiveness
- monitor the implementation of the Bank's non-performing loan management framework and of the Bank's performance on non-performing loans resolution.

HFSF's representative has the right to:

- participate in the Audit, Board Risk, Remuneration and Nomination Committees
- request the convocation of the Board Committees he participates
- include items on the agenda of the General Meetings, the Board and the Audit, Board Risk, Nomination and Remuneration Committees meetings
- request the postponement of a Board meeting, in case the notification for the date of a Board meeting, including the agenda and the relevant material, data or information and all supporting documents with respect to the items of the agenda, are not sent at least three (3) business days prior to the Board meeting
- request an adjournment of any Board meeting or the discussion of any item up to three (3) business days, if it finds that the material, data or information and the supporting documents submitted to the HFSF pursuant to the items of the agenda of the forthcoming Board meeting are not sufficient
- veto any decision related to any other veto right each time provided by the HFSF Law .

## **SECTION C: Effectiveness**

### **C.1 The Composition of the Board**

#### **Main Principle**

The Board and its Committees have the appropriate balance of skills, experience, independence and knowledge to enable them to discharge their respective duties and responsibilities effectively.

The Board has a sufficient size ensuring that the requirements of the business can be met; changes to the Board's composition and its Committees can be managed without undue disruption. Decisions are taken following discussions which exhaust the issues to the satisfaction of all Directors present.

The Board in deciding chairmanship and membership of its Committees ensures membership's refreshment and that no undue reliance is placed on particular individuals.

No one other than the Committee Chairman and members is entitled to be present at a meeting of the Board Risk, Nomination, Audit, or Remuneration Committee, but others may attend at the invitation of the Committee Chairman.

As of 22 February 2013, the Monitoring Trustee appointed by the European Commission (DG Competition) may attend any meeting.

As of 1 February 2016, and following the provisions of the RFA the HFSF appointed an observer, with no voting rights, in the Bank's Board and the Audit, Board Risk, Nomination and Remuneration Committees.

#### **Practice**

C.1.1 The General Meeting appoints the Board members, and determines their term of office.

C.1.2 The Bank presents in the annual financial report the Board membership, identifying each Independent Non-Executive Director. The Nomination Committee considers which members qualify as Independent Non-Executive Directors and in this consideration applies independence criteria under local regulations (L.3016/2002) and European Commission's recommendation 2005/162/EC.

The Nomination Committee is also responsible to review semi-annually the independence of Non-Executive Directors and make recommendations to the Board with regard to any changes it considers appropriate. The review of the independence of the Non-Executive Board members should be documented as appropriate.

### **C.2 Appointments to the Board-Role of Nomination Committee**

#### **Main Principle**

The Bank has a formal, rigorous and transparent procedure for the appointment of new Directors to the Board. The Board, with the support of the Nomination Committee which acts in an advisory capacity, is responsible for initiating, guiding and coordinating the nomination process, with no prejudice to shareholders' rights. The Board reviews candidates proposed by the Nomination Committee and decides on the candidates to be submitted to the General Meeting for their election. In overseeing the nomination process, the Nomination Committee ensures that there is adequate, step-wise succession planning for Board members so as to maintain an appropriate level of continuity and organizational memory at Board level.

#### **Practice**

C.2.1 The Nomination Committee's<sup>1</sup> members should not exceed 40% (rounded to the nearest integer) of total Board members (excluding the HFSF and the Greek State Representatives) with a minimum of three (3) members. One (1) of the members should be the HFSF Representative. The HFSF also appoints an observer in the Nomination Committee, in line with the provisions of the RFA. The Nomination Committee members shall be selected on the basis of their competence and experience on relevant issues and should fulfil the additional criteria set by the relevant legal and

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<sup>1</sup> The Terms of Reference of the Committee and short biographical details of its members may be found at the Bank's website ([www.eurobank.gr](http://www.eurobank.gr))

regulatory provisions derived from the HFSF Law. The members shall be appointed by the Board including the Chairperson and the Vice Chairperson, in accordance with the legal and regulatory framework where applicable. The tenure of the members coincides with the tenure of the Board of Directors, with the option to renew their appointment, but in any case the service in the Nomination Committee should not be more than twelve (12) years in total. All members are Non-Executive Directors while the majority of the members (excluding the HFSF and Greek State Representatives), including the Chairperson, should be Independent Non-Executive Directors.

C.2.2 The Nomination Committee is in quorum and meets validly when half of its members plus one (1) are present or represented (fractions, if any, are not counted), provided that no less than three (3) members, including the Chairperson or the Vice Chairperson, are present. Decisions of the Nomination Committee shall be validly taken by an absolute majority of the members who are present and represented. In case of a tie, the Chairperson and in case of his/her absence the Vice Chairperson of the Nomination Committee shall have the casting vote. No individual is present when his/her own succession is being considered. The Chairperson updates the Board members on the material matters covered by the Nomination Committee during the previous period at the quarterly meetings of the Board. The Board shall be informed whenever a decision of the Nomination Committee is not reached unanimously. In case of non-unanimous decisions, the views of the minority should be also minuted. The Nomination Committee appoints its Secretary who reports to the Group Company Secretariat and cooperates with the Chairperson of the Nomination Committee and the Group Human Resources General Manager. The Secretary is responsible to minute the proceedings and resolutions of all Nomination Committee's meetings, including the action plans and follow ups for assignments.

C.2.3 The Nomination Committee, at least annually, has the responsibility to assess the structure, size, composition and performance of the Board and make recommendations to the Board with regard to any changes it considers appropriate. At least annually the Committee conducts its own self-assessment and reviews its performance and terms of reference. Any changes in the terms of reference are submitted to the Board for approval.

C.2.4 The Nomination Committee, at least annually, assesses the knowledge, skills, experience and contribution of individual Board members and of the Board collectively and reports to the Board accordingly.

The Nomination Committee reviews at least annually and recommends for approval to the Board the Board Nomination Policy. It also identifies and recommends, for the approval of the Board or the General Meeting, where required, candidates as members of the Board, including the current Board members at the conclusion of their specified term of office, taking into consideration the Board Nomination Policy. The Nomination Committee at each Board appointment reviews the composition of the Board Committees and proposes their membership to the Board for approval save for the composition of the Audit Committee, whose members are appointed by the General Meeting following relevant proposal by the Board.

Moreover, the Nomination Committee ratifies the appointment of senior executives, excluding the Heads of Group Internal Audit and Group Compliance who are appointed by the Audit Committee and the Chief Risk Officer who is appointed by the Board Risk Committee, following in both cases consultation with the Nomination Committee. The appointment of the Chief Financial Officer is subject to HFSF's representative approval. The Nomination Committee consults with the Audit Committee and the Chairperson of the Board, regarding the Audit Committee's proposal to the Board for the appointment of the Anti-Money Laundering Officer of the Bank. Also, the Nomination Committee reviews the succession planning for the senior executives and informs the Board accordingly.

Additionally, the Nomination Committee decides on a target for the representation of the underrepresented gender in the Board, prepares a Board of Directors Diversity Policy on how to meet this target and recommends it to the Board for approval.

The Nomination Committee, also, ratifies the composition and members of the Committees established by the CEO.

Furthermore, the Nomination Committee ratifies the selection of candidates as members of the Board of Directors of Group's subsidiaries, prior to their election.

Finally, in performing its duties, the Nomination Committee considers actual or potential conflicts of interest of the Board members and assesses the need for escalation to the Board, and shall, to the extent possible and on an ongoing basis, take into account the need to ensure that the Board's decision making is not dominated by any one individual or small group of individuals in a manner that is detrimental to the interests of the Bank. In any case, the Committee should take under consideration the legal and regulatory framework.

C.2.5 The Bank's Directors Report, in its Corporate Governance Statement, describes Nomination Committee's work during the previous year.

### **C.3 Commitment**

#### **Main Principle**

All Bank Directors allocate sufficient time to undertake the role to which they have been appointed.

#### **Practice**

C.3.1 The Chairperson dedicates appropriate time to fulfil his duties to the Board.

C.3.2 When the Nomination Committee recommends candidates to fill Board vacancies it ensures that they have sufficient time to effectively discharge their responsibilities as Directors, including regularly attending and participating in meetings of the Board and its Committees.

Annually, the Nomination Committee reviews the Directors' other significant commitments and directorships outside the Group and assesses the need for escalation to the Board.

C.3.3 All Board members are committed to devoting significant time to the Board.

The Nomination Committee monitors quarterly the attendance of the Directors to the Board and its Committees and assesses the need for escalation to the Board in case that the mandatory minimum attendance of 85% for individual members is not achieved. Individual meetings (up to 15%) can be missed only if a valid excuse is provided.

C.3.4 Directors are entitled to manage their own affairs in privacy. However, their work must be carried out in an environment which is free from any suggestion of improper influence. Those providing information must be confident that it will be properly handled and conflicts of interest must be identified immediately and be properly managed. Directors must take steps to ensure that any conflict of interest which they may be subject to does not affect a decision taken by the Bank.

Directors, beyond their legal obligations, are therefore expected to inform the Chairperson of the Nomination Committee for any personal or business interests which might influence their judgment or which could be perceived to do so.

C.3.5 The Directors shall not hold more than one (1) of the following combinations of directorships at the same time:

- a) one (1) executive directorship and two (2) non-executive directorships;
- b) four (4) non-executive directorships.

Bank of Greece as the competent authority may authorize Board members to hold one additional non-executive directorship.

### **C.4 Development**

#### **Main Principle**

All Bank Directors receive a formal induction on joining the Board and regularly update and refresh their skills and knowledge.

#### **Practice**

All Directors on appointment receive a full and formal Induction Program whose main objectives are to (a) communicate the Bank's vision and culture, (b) to communicate practical procedural duties, (c) to reduce the time taken for an individual to become productive in its duties, d) to assimilate an individual as a welcome member of the Board, e) to ensure retention of individuals for future periods, f) to become familiar with the Bank's organizational structure and g) to give new Directors an understanding of Bank's business and strategy and the markets in which it operates, a link with the Bank's people and an understanding of its main relationships. Board members in the context of their induction program are also informed on their obligations under the local regulations and the Board's procedures.

Furthermore, given that the Bank acknowledges the need to provide resources for developing and refreshing the knowledge and skills of the Directors, has developed a Continuous Professional Development program for Directors,

whose objectives are to (a) ensure Directors have sufficient skills and ability to be effective in their role, (b) communicate challenges and changes within the business environment effectively to Directors, (c) improve Board effectiveness and, through this, corporate profitability and (d) support Directors in their personal development.

The Chairperson attends Management Committees as required and ensures that Directors receive necessary updates on the Bank's activities on an on-going basis.

## **C.5 Information and Support**

### **Main Principle**

The Board is supplied in a timely manner with information in a form and of a quality appropriate to enable it to discharge its duties.

Under the direction of the Chairperson, the Board's Secretary's responsibilities include ensuring good information flows within the Board and its Committees and between senior management and Non-Executive Directors, as well as facilitating induction and assisting with professional development of Board members, as required.

### **Practice**

C.5.1 The Chairperson, through the Secretary to the Board, ensures that the Directors receive accurate, timely and clear information. Management has an obligation to provide such information and Directors seek clarifications or amplification where necessary.

C.5.2 The Secretary of the Board and Group Company Secretariat support the Board on all governance matters.

C.5.3 The Board ensures that Directors, especially Non-Executive, have access to independent professional advice at the Group's expense when they judge it necessary to discharge their responsibilities as Directors. Committees are provided with sufficient resources to undertake their duties and are empowered to seek independent, professional advice whenever required.

C.5.4 All Directors have access to the advice and services of the Group Company Secretary, who is responsible to the Board for ensuring that Board procedures are complied with. Both the appointment and removal of the Board Secretary are matters for the Board as a whole.

## **C.6 Evaluation**

### **Main Principle**

The Nomination Committee undertakes annually a formal evaluation of the Board's performance.

### **Practice**

The Nomination Committee undertakes, annually a performance evaluation of the Board, assessing the knowledge, skills and experience of individual Directors and of the Board collectively and reports to the Board accordingly. To this end, the Board Chairperson conducts the assessment of individual Board members' contributions to the Board, presents the results to the Nomination Committee and agrees the areas of improvement with individual Board members. The Board acts on the results of the evaluation by recognising the strengths and addressing the weaknesses. Additionally, the Board takes note of the self-evaluation reports of the Board Committees.

## **C.7 Re-election**

### **Main Principle**

The Bank's Annual General Meeting (AGM) appoints the whole Board and decides its term of office, in compliance with the provisions of Law.

**Practice**

The Nomination Committee identifies and recommends to the Board for appointment by the General Meeting, at the conclusion of the Board's tenure, candidates as members of the Board for a specific term of office, including any reappointment of Directors or the appointment of new candidates.

Biographical details and any other relevant information are provided on the Bank's website to enable shareholders to take an informed decision on their election.

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## **SECTION D: Accountability**

### **D.1 Financial and Business Reporting**

#### **Main Principle**

The Directors present a fair, balanced, detailed and understandable assessment of Eurobank's position and prospects.

The Board's responsibility to present a fair, balanced and understandable assessment extends to interim and other price-sensitive public reports and reports to regulators as well as to information required to be presented by statutory requirements.

The Board establishes arrangements that enable it to ensure that the information presented is fair, balanced and understandable.

#### **Practice**

D.1.1 The Directors provide a statement regarding the compliance of annual and semi-annual financial statements with applicable accounting standards and the fair presentation of financial position and results of Eurobank. In addition, the annual report of the Directors includes a fair review of the development, the performance and the position of the Bank and the Group, together with a description of the principal risks and uncertainties they face. Additionally, the Board provides, through its annual and semi-annual reports, financial results review, business outlook and risks, going concern considerations, as well as any other relevant information to shareholders required by applicable laws and corporate governance standards.

Furthermore, the auditors provide a statement regarding their reporting responsibilities on the financial statements.

D.1.2 The Bank provides on a quarterly basis a presentation of financial results and an analysis of performance highlights.

### **D.2 Risk Management and Internal Control**

#### **Main Principle**

The Board approves strategic risk management decisions (e.g. risk appetite, balance sheet profile and risk management structure) and monitors the quantitative and qualitative aspects of all material risks including but not limited to credit, market, liquidity and operational risks.

The Board determines annually the nature and extent of the significant risks it considers appropriate for the Bank to assume in order to pursue its strategic objectives and determines the capital required to support the risk profile of its balance sheet and its business operations going forward. The Board has established a system of internal controls that is based on international best practice and is designed to provide reasonable assurance regarding the achievement of objectives in the following categories:

- efficient and effective operations
- reliability and completeness of financial and management information
- compliance with applicable laws and regulations
- full adherence to regulatory and supervisory requirements.

#### **Practice**

D.2.1 The Board has delegated its Risk Management and Internal Control responsibilities to the Board Risk and Audit Committees respectively, who report to the Board on a regular basis.

D.2.2 According to best practices, coordination between the Audit and Board Risk Committees is achieved through a certain degree of cross-membership between the two Committees. This cross-membership extends to the respective Committee Chairpersons as well. Additionally, all Board members may attend both Committees' meetings at their discretion.

D.2.3 The Board Risk and Audit Committees following respective approval by the Board, submit to the BoG the following documents:

- Internal Audit's annual assessment of the internal control systems

- Audit Committee's annual report on the evaluation of Internal Audit's assessment of the internal control systems,
- Audit Committee's annual assessment reports on Compliance's Annual Report as well as on Compliance's Annual report on Anti-money laundering and combating the financing of terrorism issues, and
- Group Chief Risk Officer Annual Report

### **D.3 Audit Committee and Auditors**

#### **Main Principle**

The primary function of the Audit Committee<sup>2</sup> is to assist the Board in discharging its oversight responsibilities primarily relating to:

- the review of the adequacy of the Internal Control and Risk Management systems and the compliance with rules and regulations monitoring process
- the review of the financial reporting process and satisfaction as to the integrity of the Bank's Financial Statements.
- the External Auditors' selection, performance and independence
- the effectiveness and performance of the Internal Audit and of the Compliance function.

#### **Practice**

D.3.1 The General Meeting following a proposal by the Board appoints the Audit Committee members, among the members of the Board, for a term of three (3) years with the option to renew their appointment for four (4) more terms. The Chairperson and the Vice Chairperson are appointed by the Board. The Audit Committee members should not exceed 40% (rounded to the nearest integer) of the total Board members (excluding the HFSF and the Greek State Representatives) with a minimum of three (3) members. All its members should be Non-Executive, 75% of whom (excluding the HFSF and the Greek State Representatives and rounded to the nearest integer) should be Independent. One (1) of the members should be the HFSF Representative. The HFSF also appoints an observer in the Audit Committee, in line with the provisions of the RFA. The Chairperson of the Audit Committee, an Independent Non-Executive Director, has extensive knowledge and experience in accounting and auditing issues, should fulfil the additional criteria set by the relevant legal and regulatory provisions derived from the HFSF Law and the RFA and should not serve as a Chairperson to the Bank's Board or to its Board Risk Committee. Audit Committee members should have relevant financial experience in at least one of the following matters: finance, audit, accounting and/or banking.

D.3.2 The Audit Committee's meeting is effective when the majority of the members are present or represented, provided that at least two members are in attendance. The Chairperson or the Vice Chairperson must be one (1) of the participating members. The Audit Committee resolutions require a majority vote. In case of a tie of votes, the Chairperson has the casting vote. The Board is informed whenever a decision of the Audit Committee is not reached unanimously.

D.3.3 The Audit Committee appoints its Secretary, who reports to the Group Company Secretariat and cooperates with the Chairperson of the Committee and the Group Chief Audit Executive as well as the Head of Group Compliance. The Secretary is responsible to minute the proceedings and resolutions of all Audit Committee's meetings, including the action plans and follow ups for assignments.

D.3.4 The main duties and responsibilities of the Audit Committee as set out in its written terms of reference, are to:

- review the financial statements to be published, including significant financial reporting judgements contained in them
- review the internal control and risk management systems and the compliance with rules and regulations
- monitor and review the effectiveness of the internal audit and compliance functions
- make recommendations to the Board, for it to put to the shareholders for their approval in the General Meeting, in relation to the appointment, remuneration and terms of engagement of the external auditor
- review and monitor the effectiveness of the audit process, taking into consideration relevant professional and regulatory requirements
- develop and implement policy on the engagement of the external auditor to supply non-audit services taking into account relevant ethical guidance regarding the provision of non-audit services by the external audit firm
- consider any issues pertaining to the external auditors' independence and objectivity (including the provision of non-audit services), to communicate the result to the Board and to recommend, appropriate action. In doing so, the Committee receives annual confirmation from the external auditors regarding their independence.

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<sup>2</sup> The Terms of Reference of the Committee and short biographical details of its members may be found at the Bank's website ([www.eurobank.gr](http://www.eurobank.gr))

D.3.5 The Audit Committee recommends to the Board the approval of the Financial Statements and Annual report, following review, analysis and discussion with Management and with external auditors.

D.3.6 The Audit Committee assesses the confidential procedures established by Management for employees to submit complaints and comments regarding compliance with the applicable-legislation, internal regulations and proper practices (whistle blowing). Care is taken to ensure the protection of the whistle-blower.

D.3.7 The Audit Committee:

- ensures that the Internal Audit and Compliance functions are independent, adequately organized, have unrestricted access to any pertinent information and operate efficiently and effectively
- proposes to the Board the appointment, replacement or dismissal of the Internal Audit Director and Head of Compliance & Regulatory Requests Division and periodically assesses their performance as well as their remuneration together with the Remuneration Committee
- approves the Terms of Reference and Activity Plans of the Internal Audit and Compliance functions
- has primary responsibility for making a recommendation on the appointment, reappointment and removal of the external auditor. For this purpose the Audit Committee annually assesses the performance and independence of the External Auditors
- every four (4) years puts in periodic tender the Group's auditors, according to the approved by the Audit Committee External Auditors Tendering Policy & Procedure.

D.3.8 The Bank's Directors Report, in its Corporate Governance Statement, provides an overview of the Audit Committee's work in discharging its responsibilities during the previous year, including the Committee's work in relation to the financial statements, the effectiveness of the external audit process and the objectivity and independence of the Bank's external auditors.

## **D.4 Board Risk Committee**

### **Main Principle**

The Board Risk Committee<sup>3</sup> (BRC) decides on strategic risk management issues/aspects and is in charge of monitoring the quantitative and qualitative aspects of all material risks, including but not limited to credit, market, liquidity and operational risks.

### **Practice**

D.4.1 The Board Risk Committee members, including the Chairperson and the Vice Chairperson, are appointed by the Board in accordance with the legal and regulatory framework where applicable. Their tenure coincides with the tenure of the Board, with the option to renew their appointment, but in any case the membership in the BRC should not be more than twelve (12) years in total. The BRC members should not exceed 40% (rounded to the nearest integer) of the total Board members (excluding the HFSF and the Greek State Representatives) with a minimum of three (3) members. All BRC members should be Non-Executive while at least one third (1/3) of the members (excluding the HFSF and the Greek State Representatives and rounded to the nearest integer) should be Independent Non-Executive. One (1) member should be the HFSF Representative. The HFSF also appoints an observer, in line with the RFA provisions. The Chairperson of the BRC should not serve as the Chairperson to the Bank's Board or to its Audit Committee and should be an Independent Non-Executive with a solid experience in commercial banking and risk as well as Non-Performing Loans management, and is familiar with local as well as international regulatory framework and should fulfil the additional criteria set by the relevant legal and regulatory provisions derived from the HFSF Law and the RFA.

D.4.2 The BRC meets at least on a monthly basis, and reports to the Board, on a quarterly basis. Quorum requires the majority of members (half plus one) to be present or represented, provided that no less than three (3) Committee members are present. The Chairperson or the Vice Chairperson must be one of the participating members. In determining the number of members for the quorum, fractions, if any, will not be counted. The BRC resolutions require a majority vote of the members who are present or represented. In case of a tie, the Chairperson and in case of his/her absence the Vice Chairperson has the casting vote. The Board is informed whenever a decision of the BRC is not reached unanimously. In case of non-unanimous decisions, the views of the minority should be also minuted. The Chairperson of the BRC may invite other executives of the Group or external advisors or experts, as deemed appropriate.

The BRC appoints its Secretary, who reports to the Group Company Secretariat and cooperates with the Chairperson of

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<sup>3</sup> The Terms of Reference of the Committee and short biographical details of its members may be found at the Bank's website ([www.eurobank.gr](http://www.eurobank.gr))

the Committee and the Group Chief Risk Officer. The Secretary is responsible to minute the proceedings and resolutions of all BRC meetings, including the action plans and follow ups for assignments.

D.4.3 The main duties and responsibilities of the Board Risk Committee as set out in its written terms of reference, are to:

- ensure that the Bank has a well-defined Group risk and capital strategy and risk appetite framework. The Bank's risk appetite should be articulated via a set of quantitative and qualitative statements for specific risk categories, including liquidity risk and specific tolerance levels (by portfolio, sector, geography, credit rating etc.)
- ensure that the Bank's risk appetite is clearly communicated throughout the Bank and forms the basis on which risk policies and risk limits are established at Group and Regional level
- review and recommend to the Board the Bank's risk strategy and risk appetite, including an assessment of the appropriateness of the Bank's business/restructuring plan in the context of risk appetite, on an annual basis or more frequently, as required
- review and propose to the Board any strategic decisions, involving mergers and acquisitions or the creation of special purpose vehicles/entities (SPV)
- review, at least, on a monthly basis the Bank's risk profile vs. the Bank's risk appetite criteria, based on reports prepared by Group Risk Management General Division (in cooperation with the Single Supervisory Mechanism Office)
- ensure that the Bank has the appropriate methodologies, modeling tools, data sources, IT systems and competent staff to assess (a) the impact on asset quality under different macroeconomic and market assumptions and (b) the risks that such changes may pose to the financial stability of the Bank
- ensure that there are appropriate oversight mechanisms and controls for the monitoring and effective management of "troubled assets" so as to include:
  - Non-performing exposures (NPEs) and Non-Performing Loans (NPLs)
  - Exposures which have been written-off for accounting purposes but for which the Bank still pursues partial or full recovery through legal action
- review, and approve the annual Internal Capital Adequacy Assessment Process (ICAAP) report and the Internal Liquidity Adequacy Assessment Process (ILAAP) report prepared by the Group Risk Management Division in cooperation with the Group Finance and which are submitted to the Board of Directors, to the SSM and to the BoG
- ensure that the Risk Governance principles are fully compliant with regulatory and supervisory requirements
- review any overrides to the policy governing relations with Connected Borrowers, as monitored and reported by the Group Risk Management General Division
- ensure that stress tests are performed at least on an annual basis with respect to credit, market and liquidity risks and that relevant techniques are applied for operational risk
- ensure that there is adequate risk focus on all aspects of operational risk and that there are appropriate oversight mechanisms and controls for their monitoring and effective management
- review and approve the Group Chief Risk Officer's annual report (prepared in accordance with relevant requirements of BoG Governor's Act 2577/9.3.2006) submitted to Executive Board, Board, Single Supervisory Mechanism and Bank of Greece
- keep the Board and the Audit Committee updated on important relevant risk matters and, to propose to the Board corrective actions in case the Committee identifies that the risk strategy is not implemented.

D.4.4 The Bank's Directors Report, in its Corporate Governance Statement, describes Board Risk Committee's work during the previous year.

## **D.5 Strategic Planning Committee**

### **Main Principle**

The SPC's<sup>4</sup> purpose is to:

- Assist the Board's Executive Officers in planning, developing and implementing the Group's Strategy
- Recommend to the Board certain initiatives in relation to the Group's strategy.

### **Practice**

D.5.1 The SPC members are appointed by the Board, on the recommendation of its Chairperson, following the proposal by the Nomination Committee. The Committee's members are appointed for a term of office of three (3) years that can

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<sup>4</sup> The Terms of Reference of the Committee and short biographical details of its members may be found at the Bank's website ([www.eurobank.gr](http://www.eurobank.gr))

be renewed up to three (3) times. The Committee consists by at least five (5) members who may be, besides the Chairperson and the CEO, of Board's Executive members and Senior Executive Officers.

D.5.2 The Committee has a quorum and duly convenes if half of its members plus one (including the Chairperson or the CEO) are present. Decisions shall be validly taken by simple majority vote of members present. In case of a tie of votes the Chairperson (or in his absence the CEO) has the casting vote. The Board shall be informed whenever a decision of the Committee is not reached unanimously. The opinion of the minority should be recorded in the meeting's minutes.

D.5.3 The key tasks and responsibilities of the SPC as set out in its terms of reference, are to:

- ensure that the Group develops a well-defined planned medium term strategy in line with the Board's guidance and its approved business and restructuring plan
- review, within the framework of which the Executive Board draws up the annual budget, the business plan and the restructuring plan, the key objectives and goals contained therein and review major business initiatives, before their submission for approval to the Board.
- review, analyze and deliberate issues concerning the Group's strategic choices (e.g. strategic partnerships, share capital increase, issuing convertibles and/or launching debt issuance programs, mergers, acquisitions or disposals, the formation of joint ventures, creation or dissolution of special purpose vehicles, dividend distribution and other major investments or disinvestments by the Group etc.), ensuring these being in line with the approved Groups strategy. The SPC shall formulate relevant proposals to the Board if:
  - a) the issue under discussion exceeds € 40 million, while for lower amounts approval will be provided by the Executive Board
  - b) a decision of the Board is obligatory by Law or by the Bank's contractual commitments
  - c) it is deemed necessary by the SPC, taking into account the complexity and nature of the strategic choices under discussion
- maintain and take all necessary actions on regulatory and internal capital required to cover all types of risks (incl. strategic and reputational risks, as well as other non-quantifiable risks) and to ensure that capital requirements are met at all times
- review and evaluate all major Group's initiatives aiming at transforming the business and operating model
- monitor on a regular basis the strategic and the key performance indicators of the Group, including the segmental view
- review and, as needed, make proposals to the Board on all other issues of strategic importance to the Group.

The SPC meets bi-weekly or ad hoc when necessary. The SPC appoints its Secretary who prepares the minutes of all its meetings. The SPC reports to the Board on a quarterly basis and as required.

## **SECTION E: Remuneration**

### **E.1 The Level and Components of Remuneration**

#### **Main Principle**

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.

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

- safeguard that the compensation is sufficient to retain and attract executives with appropriate skills and experience
- monitor that internal equity between business units is applied
- avoid excessive risk behaviour
- link compensation with long-term performance.

The continuous monitoring of market trends and best practices creates a competitive remuneration policy that is transparent and promotes internal equity.

#### **Practice**

E.1.1 Following a proposal from the Remuneration Committee, the remuneration of all Directors is determined by the Directors of the Board, subject to the approval of the General Meeting of Shareholders.

According to Eurobank's remuneration policy, at least 40% of the variable remuneration awarded is deferred over a period which is not less than three (3) to five (5) 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.

At least 50% of the variable remuneration awarded consists of shares or equivalent ownership interests and where possible, other instruments within the meaning of Article 52 or 63 of Regulation (EU) No 575/2013. 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. Any equity remuneration related scheme is approved by the General Meeting. Variable remuneration (deferred and non-deferred) is paid 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.

Moreover the provisions of the Law 4261/2014 are also applied.

For as long as the Bank participates in the government program 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.

E.1.2 The remuneration of the Non-Executive Directors is fixed in order to avoid potential conflict of interest.

E.1.3 Under Greek Company Law, the appointment of a Director may be revoked at any time without notice by the General Meeting.

E.1.4 In order to ensure adequate transparency to the market of the remuneration structures and the associated risks, the Bank discloses in its website [www.eurobank.gr](http://www.eurobank.gr), detailed information on the remuneration policies, practices and, for confidentiality reasons, 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.

## **E.2 Procedure**

### **Main Principle**

The remuneration policy and its revisions are approved by the Non-Executive Directors following the recommendations from the Remuneration Committee.

The implementation of the remuneration policy is subject to annual internal audit review from the Internal Audit Unit.

### **Practice**

E.2.1 The Non-Executive Directors have the responsibility to approve and periodically review Bank's remuneration policy and oversee its implementation at Group level.

In particular the Non-Executive Directors have the following responsibilities regarding remuneration:

- to approve the remuneration policy and its revisions
- to ensure compliance of the remuneration policy and its application with current laws and regulations;
- to approve the total performance – related remuneration pool of the Group and its allocation among Business Units / subsidiaries;
- to approve the goals and objectives relevant to the CEO remuneration and evaluate the CEO's performance in light of these goals and objectives;
- to approve the Bank's total remuneration framework taking into consideration (i) the market trends as well as the current laws and regulations, and (ii) that the remuneration of internal control functions' (i.e. risk management, internal audit, compliance, financial control) employees is not linked to the performance of the business units they control;
- to approve any exceptions from the Bank's approved total remuneration framework regarding employees whose activities have a material impact on the Bank's risk profile;
- to approve any exceptions from the approved total remuneration framework for the Heads of Group Internal Audit, Group Compliance and Group Risk Management;
- to approve any exceptions from the approved Subsidiary Board remuneration policy of the remuneration of the Subsidiary Board Directors and the CEOs;
- to approve any payment or compensation commitment to be made to an executive member of the Board on termination of his/her office both at Bank and Group level;
- to approve all exposures of Remuneration Committee members as well as any exposures which are equal or exceed € 1 million of key management personnel and ensure that the exposures granted and their terms are compliant with current laws and regulations. No member of the Remuneration Committee is present when his exposure is being considered
- to approve any retention scheme, both at Bank and Group level;
- to approve any separation scheme, both at Bank and Group level;
- to provide, when appropriate, adequate information to the General Meeting regarding their activities, with the assistance of the Remuneration Committee.

E.2.2 The Board has delegated to the Remuneration Committee the responsibility to provide specialized and independent advice for matters relating to remuneration policy, and its implementation at Bank and Group level. The Remuneration Committee members should not exceed 40% (rounded to the nearest integer) of total BoD members (excluding the HFSF and the Greek State Representatives) with a minimum of three (3) members. One (1) member should be the HFSF Representative. The HFSF also appoints an observer in the Remuneration Committee, in line with the provisions of the new RFA. At least one member should have adequate expertise and professional experience in risk management and audit activities mainly in alignment with the remuneration policy with the risk and capital profiles of the Bank, while all members should fulfil the additional criteria set by the relevant legal and regulatory provisions derived from the HFSF Law. The members shall be appointed by the Board, including the Chairperson and the Vice Chairperson, in accordance with legal and regulatory requirements where applicable. The tenure of the members coincides with the tenure of the Board of Directors, with the option to renew their appointment, but in any case the service in the Remuneration Committee should not be more than twelve (12) years in total. All members are Non-Executive Directors while the majority of the members (excluding the HFSF and Greek State Representatives) are Independent Non-Executive Directors.

E.2.3 The Committee is in quorum and meets validly when half of its members plus one (1) are present or represented (fractions, if any, are not counted), provided that no less than three (3) Committee members, including the Chairperson or the Vice Chairperson, are present. Decisions of the Committee shall be validly taken by an absolute majority of the members who are present or represented. In case of non-unanimous decisions, the views of the minority should be also minuted. In case of a tie, the Chairperson and in case of his/her absence the Vice Chairperson of the Committee shall

have the casting vote. No individual is present when his/her own remuneration is being considered. In carrying out its duties, the Committee is accountable to the Board

E.2.4 The main role and responsibilities of the Remuneration Committee as set out in its written terms of reference which provide details on the purpose, authority, duties and responsibilities, are to:

- inform, advise and support the Non-Executive Directors of the Board regarding the design, revision and the implementation of the remuneration policy both at Bank and Group level
- ensure that the Bank and Group remuneration policy is clear, well documented and transparent as well as to ensure compliance of the remuneration policy and its application with current laws and regulations
- propose to the Non-Executive Directors of the Board for their approval the total performance – related remuneration pool of the Group and its allocation among Business Units / Companies. In this respect, the Committee ensures that the total performance – related remuneration pool of the Group incorporates risk adjusted performance targets and a proper balance between short-term and long-term performance is achieved
- propose to the Board the remuneration policy for the members of the Board and Board Committees, both at Bank and Group level, pending final ratification by the respective General Assemblies
- propose to the Non-Executive Directors of the Board for their approval the Bank's total remuneration framework and to approve the Group Subsidiaries' remuneration framework taking into consideration the market trends as well as the current laws and regulations and that the remuneration of internal control functions' (i.e. risk management, internal audit, compliance, financial control) employees is not linked to the performance of the business units they control
- propose to the Non-Executive Directors of the Board for their approval any exceptions from the Bank's 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 and to propose to the Non-Executive Directors of the Board for their approval any exceptions from the approved total remuneration framework. In any case, the Committee acts for the Heads of Group Internal Audit and Group Compliance after consulting with the Audit Committee, while for the Chief Risk Officer after consulting with the Board Risk Committee.
- propose to the Non-Executive Directors of the Board for their approval any exceptions from the approved total remuneration framework.
- approve any remuneration within the approved Subsidiary Board and Board remuneration policy and propose to the Non-Executive Directors of the Board for their approval any exceptions from the approved Subsidiary Board and Board remuneration policy regarding the remuneration of the Subsidiary Board Directors and the CEOs
- consider and recommend to the Non-Executive Directors of the Board for their approval any payment or compensation commitment to be made to an executive member of the Board on termination of his/her office, both at Bank and Group level
- for the exposures of key management personnel (excluding Remuneration Committee members whose exposures are approved by the Non-Executive Directors of the Board) to ensure that the exposures granted and their terms are compliant with current laws and regulations and to approve all such exposures up to € 1 million and to propose to the Non-Executive Directors of the Board for their approval any such exposures which are equal or exceed € 1 million
- approve the benefits policy of the Bank, any incentive scheme, both at Bank and Group level and propose to the Non-Executive Directors of the Board for their approval any retention scheme or any separation scheme, both at Bank and Group level
- provide, when appropriate, adequate information regarding its activities to the General Meeting.

In performing 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.

E.2.5. The Bank's Directors Report, in its Corporate Governance Statement, describes Remuneration Committee's work during the previous year.

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## **SECTION F: Relations with Shareholders**

### **F.1 Dialogue with Shareholders**

#### **Main Principle**

Eurobank is actively facilitating communication between Management and shareholders. The Board as a whole has responsibility for ensuring that a satisfactory dialogue with shareholders takes place.

Whilst recognising that most shareholders' contact is with the CEO and CFO, the Chairperson ensures that all Directors are made aware of their major shareholders' issues and concerns. The Board is kept in touch with shareholders' opinion in whatever ways are most practical and efficient.

#### **Practice**

F.1.1 Eurobank is actively facilitating interactive communication between the Management and the shareholders, through the following mechanisms:

- The Board's proposals to the General Meeting are accompanied by detailed explanations available on the website to enable an informed and constructive discussion of the issues at the General Meeting
- Through the Investors Information Services Division and Investor Relations Division, all shareholders are able to address issues to Management either physically or by e-mail or by telephone and submit their proposals
- Roadshows and meetings enable institutional investors to maintain contact with Management, through the Investor Relations Division
- Provide its shareholders with the following capabilities through its website:
  - Shareholders' frequently asked questions: the Investor's Information Services Division gives uniform answers to frequently asked questions by the shareholders on the same subject
  - Electronic updates and alerts: interested parties who complete the "Electronic Updates Form" can receive timely alerts about the information they are interested in, specifying the exact web page where this information will be posted.

### **F.2 Constructive use of the General Meeting**

#### **Main Principle**

The Board uses the General Meeting to communicate with shareholders and to encourage their participation.

#### **Practice**

F.2.1 The shareholders are called to express their opinions on the issues under review, during an open discussion. Any shareholder may request the Board to provide the General Meeting with specific information regarding Bank's business, to the extent that this is useful for the actual assessment of the items on the agenda. Shareholders representing 5% of the paid-up share capital may require the Board to include additional items on the General Meeting's agenda or publish alternative draft resolutions for items already included in the agenda. Shareholders representing 20% of the paid-up share capital may require the Board to provide the General Meeting with information about the course of the Bank's affairs and financial situation.

F.2.2 At any General Meeting, the Bank proposes a separate resolution on each substantially separate issue, and especially, proposes a resolution at the Annual General Meeting relating to the annual financial statements. For each resolution, proxy forms provide shareholders with the option to direct their proxy to vote either for, against or to abstain.

F.2.3 Eurobank ensures that all valid proxy appointments received for General Meetings are properly recorded and counted. Voting is always by ballot. For each resolution the Bank ensures that the following information is made available, within five (5) days after the General Meeting, on its website:

- the number of shares casting valid votes
- the percentage of share capital represented by these votes
- the total number of valid votes
- the number of votes for or against each resolution
- the number of shares in respect of which the vote was abstained.

F.2.4 Board and Board Committees' members are available to answer questions at the Annual General Meeting.

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F.2.5 The Board arranges for the Notice of the General Meeting and related papers to be available to shareholders at least 20 calendar days before the meeting.