



## **Remuneration Committee**

---

**of  
Eurobank S.A.  
TERMS OF REFERENCE  
March 2020**

**TABLE OF CONTENTS**

1. INTRODUCTION .....	3
2. PURPOSE .....	3
3. KEY TASKS & RESPONSIBILITIES .....	4
4. MEMBERSHIPS .....	8
5. MEETINGS.....	9
6. REPORTING RESPONSIBILITIES .....	10
7. PERFORMANCE EVALUATION .....	10

## 1. INTRODUCTION

The Remuneration Committee (hereinafter the “Committee” or “RemCo”) of Eurobank S.A. (hereinafter “Bank” or “Eurobank”) is a Board Committee established by the Board of Directors (hereinafter “BoD” or “Board”) of Eurobank.

The Committee is authorized by the Bank’s BoD to have unfettered access to:

- Reports of consultative nature issued by Management Committees, Group Internal Audit, Group Compliance, Group Risk Management and external consultants, which have been issued independently from the consultative reports of the Key Management Personnel<sup>1</sup> and are not provided on their behalf;
- All data and information concerning the decision making process of the Non-Executive Directors of the Bank’s BoD on the remuneration policies and practices design and implementation, oversight and review; and
- All data and information from Group Internal Audit, Group Compliance and Group Risk Management.

In connection with its duties, the Committee is authorized by the Bank’s BoD to use any forms of resources that it considers appropriate and to obtain any external legal or other professional advice, provided that no conflict of interest arises. To that effect, the Committee shall receive appropriate funding.

These Terms of Reference (ToR) are drafted in accordance with international best practices and the applicable legal and regulatory framework (such as Law 4261/2014, Law 3864/2010, Bank’s of Greece Executive Committee’s Act 158/1/10.05.2019 and the Relationship Framework Agreement (RFA) between the Hellenic Financial Stability Fund (HFSF) and Eurobank).

The ToR are approved by the Bank’s BoD and reviewed once every two (2) years and revised if necessary, unless significant changes in the role, responsibilities, organization and / or regulatory requirements necessitate earlier revision. The revised ToR are approved as stated above.

## 2. PURPOSE

The Bank’s BoD has delegated to the Committee the responsibilities:

- a) To provide specialized and independent advice for matters relating to remuneration policy and its implementation at Bank and Group level and for the incentives created while managing risks, capital and liquidity;
- b) To safeguard the proper exercise of its duties and responsibilities, the efficient alignment of the personnel’s remuneration with the risks the Bank undertakes and manages and the required alignment between the Bank and the Group (as Group is defined the Bank and its subsidiaries); and
- c) To approve or propose for approval all exposures of Key Management Personnel and their relatives (spouses, children, siblings).

<sup>1</sup> Key Management Personnel are: Bank’s Executive and Non-Executive BoD members, Executive Board (ExBo) members, General Managers non-members of the ExBo and the Heads of Group Internal Audit, Group Compliance, Group Risk Management.

The Committee, in carrying out its duties, is accountable to the Bank's BoD.

### 3. KEY TASKS & RESPONSIBILITIES

Key Tasks and Responsibilities of the Committee are:

1. To inform, advise and support the Non-Executive Directors of the Bank's BoD regarding the design, revision and implementation of the remuneration policy, both at Bank and and its subsidiaries. More specifically:
  - a. To ensure that there is a clear, well documented and transparent Bank and Group remuneration policy in place, approved as required by the applicable legal and regulatory framework;
  - b. To periodically review and make recommendations to the Non-Executive Directors of the Bank's BoD for the remuneration policy, both at Bank and Group level;
  - c. To ensure compliance of the remuneration policy and its application with current laws and regulations. Compliance with L.4261/2014 and Bank of Greece Governor's Act 2650/2012 should be disclosed in the Annual Report on Corporate Governance;
  - d. To ensure the appropriate input is provided by all competent units both at Bank and/or Group level (Group Internal Audit, Group Compliance, Group Risk Management, Group Human Resources, Group Strategy) in the design, revision and proper application of the remuneration policy;
  - e. To assess the mechanisms and systems adopted to ensure that the remuneration system properly takes into account all types of risks, liquidity and capital levels and that the overall remuneration policy is consistent with and promotes sound and effective risk management and is in line with the Bank's business strategy, objectives, corporate culture and values and long-term interests;
  - f. To collaborate with BoD Committees (Audit Committee, Nomination Committee and Board Risk Committee) both at Bank and Group level and Management Committees whose activities might have an impact on the design and proper functioning of the remuneration policy and practices;
  - g. To receive and assess, at least annually, the findings and proposals for potential revision of the remuneration policy, issued by Group Internal Audit, in the light of preventing the creation of incentives for taking excessive risk or other inconsistencies with the Bank's objectives;
  - h. To propose corrective measures in case the remuneration policy is not implemented or there are deviations from its proper application both at Bank and Group level;
  - i. To review and assess, at least annually, the implementation of the remuneration policy both at Bank and Group level; and

- j. To ensure that the remuneration of the Bank's Key Management Personnel is evaluated against benchmarking data of peers. The Committee may seek outside review/validation of the remuneration policy from a well reputed specialized consulting company who has been approved by the Non-Executive Directors of the Bank's BoD.
2. To propose to the Non-Executive Directors of the Bank's BoD for their approval:
  - a. the total performance – related remuneration pool of the Group and its allocation among Business Units / Subsidiaries. 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;
  - b. The annual bonuses of the Bank's Senior Executives<sup>2</sup>; and
  - c. The annual bonuses for subsidiaries' BoD members and for the subsidiaries' senior managers at the level of the CEO minus 1 (along with a comparator analysis based on local market data, subject to availability).
3. To propose :
  - a) To the Bank's BoD for approval the BoD fees for the Non-Executive Directors of the Bank's BoD and BoD Committees, and any amendments thereof (pending final approval by the Bank's General Assembly);
  - b) To the Bank's Non-Executive Directors any fixed remuneration (new or adjusted) for the Executive Directors of the Bank's BoD; and
  - c) To the Bank's Non-Executive Directors any variable remuneration for the Executive Directors of the Bank's BoD (pending final approval by the Bank's General Assembly).
4. To propose to the Non-Executive Directors of the Bank's BoD for their approval the Key Performance Indicators (KPIs) relevant to the remuneration of the Bank's CEO and evaluate the CEO's performance in light of these KPIs.
5. For the total remuneration framework and 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:

---

<sup>2</sup> For the purposes of the specific clause as Senior Executives are defined the: CEO, Deputy CEO, General Managers as well as all members of Eurobank's Executive Board (ExBo) irrespective of their hierarchical level in the Bank or their job title and regardless of whether they will maintain their ExBo membership in the future.

- a) To propose to the Non-Executive Directors of the Bank's BoD for their approval the Bank's total remuneration framework; and
  - b) To approve the Group subsidiaries' remuneration framework.
6. To propose to the Non-Executive Directors of the Bank's BoD for their approval any exceptions from the Bank's approved total remuneration framework regarding Material Risk Takers<sup>3</sup>.
7. To review, on an annual basis, the total remuneration adjustments within the Bank's approved total remuneration framework for Material Risk Takers.
8. Regarding the identification of Material Risk Takers:
- a. To approve the identification process as part of the Remuneration Policy;
  - b. To oversee the identification process and ensure that the assessment for the identification of Material Risk Takers is properly made in accordance with the relevant applicable legal and regulatory framework<sup>4</sup>;
  - c. To approve any material exemptions from or changes to the adopted identification process and carefully consider and monitor their effect; and
  - d. To oversee and approve any exclusion of Material Risk Takers in accordance with article 4(2) of Regulation (EU) No 604/2014.
9. For the Heads of Group Internal Audit, Group Compliance and Group Risk Management:
- a) To approve any remuneration adjustments within the approved total remuneration framework; and
  - b) To propose to the Non-Executive Directors of the Bank's BoD for their approval any exceptions from the approved total remuneration framework.
- In any case, the Committee will act for the Heads of Group Internal Audit and Group Compliance after consulting with Eurobank's Audit Committee, while for the Chief Risk Officer the Committee will act after consulting with the Eurobank's Board Risk Committee.
10. For the remuneration of the subsidiaries' BoD members (pending final ratification by the subsidiaries' General Assemblies):

<sup>3</sup> Material Risk Takers are employees having a material impact on the Bank's risk profile in accordance with Directive 2013/36/EU, Commission Delegated Regulation (EU) No 604/2014 and EBA Guidelines (EBA/GL/2015/22).

<sup>4</sup> Directive 2013/36/EU, Commission Delegated Regulation (EU) No 604/2014 and EBA Guidelines (EBA/GL/2015/22).

- a) To propose to the Bank's BoD for approval the Board Directors' remuneration related to their participation to the subsidiaries' BoD and BoD committees (excluding Group employees), falling outside the remuneration ranges as provided for in the Group Subsidiary Board Remuneration Policy, as well as any other exceptions to the said Policy.
  - b) To review on an annual basis an analytical report regarding the implementation of the Group Subsidiary Board Remuneration Policy throughout the Group during the previous year and the RemCo's Chairman submits the said report to the Bank's BoD.
  - c) To approve any remuneration (new or adjusted) for the executive directors of the subsidiaries' BoD within the subsidiaries' remuneration framework.
  - d) To propose to the Bank's BoD for approval any remuneration (new or adjusted) for the executive directors of the subsidiaries' BoD outside the subsidiaries' remuneration framework.
11. To approve any exceptions from the subsidiaries' approved total remuneration framework regarding the Material Risk Takers.
  12. To review, on a quarterly basis, the total remuneration adjustments within the subsidiaries' approved total remuneration framework for Material Risk Takers.
  13. For the exposures of the Key Management Personnel and their relatives (spouses, children, siblings), excluding RemCo members whose exposures are approved by the Bank's BoD, to ensure that the exposures granted and their terms are compliant with current laws and regulations and:
    - a) To approve all such exposures up to € 1 million except from any consumer product requests up to € 10 thousand (irrespective of their total exposure) which are approved by the Top Management Lending Committee; and
    - b) To propose to the Non-Executive Directors of the Bank's BoD for their approval any such exposures which are equal or exceed € 1 million.
  14. To approve the benefits policy of the Bank.
  15. To approve any incentive scheme, both at Bank and Group level.
  16. To propose to the Non-Executive Directors of the Bank's BoD for their approval any retention scheme, both at Bank and Group level.
  17. To propose to the Non-Executive Directors of the Bank's BoD for their approval any separation scheme, both

at Bank and Group level.

18. With regards to the Bank's Separation Policy:

- a. To propose to the Non-Executive Directors of the Bank's BoD for approval the Bank's Separation Policy (pending final approval by the Bank's General Assembly for any change to its provisions applicable specifically to the Executive Directors of the BoD);
- b. To propose to the Non-Executive Directors of the Bank's BoD for approval any severance payments to the Bank's CEO;
- c. To be informed on a bi-annual ex-post basis through a report for any severance payment to Senior Executives, as they are defined in the Bank's Separation Policy.

19. With regard to the Board and Board Committees' Attendance Policy:

- a) To propose to the Bank's BoD its approval and any revisions thereof; and
- b) To review its implementation on an annual basis.

20. To approve any remuneration disclosures that the Bank is obliged to publish according to the applicable legal and regulatory framework.

21. To provide, when appropriate, adequate information to the General Assembly regarding its activities.

22. To review the Committee's annual plan, referring to the annual schedule of the Committee's meetings and the allocation of the main agenda items to each meeting.

In performing its duties, the Committee shall, to the extent possible and on an ongoing basis, take into account the long-term interests of the shareholders, investors and other stakeholders in the Bank, focusing on the long term prudent and sound management of the Bank and the prevention or minimization of any conflicts of interest that might arise.

#### 4. MEMBERSHIPS

1. The Committee members should not exceed 40% (rounded to the nearest integer) of total BoD members of the Bank (excluding the HFSF Representative) with a minimum of three (3) members.
2. The Committee members should have collectively appropriate knowledge, expertise and professional experience concerning remuneration policies and practices, risk management and control activities, namely with regard to the mechanism for aligning the remuneration structure to institutions' risk and capital profiles.



3. At least one member should have adequate expertise and professional experience in risk management and audit activities mainly in alignment of remuneration policy with the risk and capital profiles of the Bank.
4. On Nomination Committee's proposal, the Committee members, including the Chairperson and the Vice-Chairperson, shall be appointed by the Bank's BoD, in accordance with the applicable legal and regulatory requirements as well as the internal procedures followed by the Bank. All Committee members are Non-Executive Directors of the Bank's BoD while the majority of the members (excluding the HFSF Representative), including the Chairman, are Independent Non-Executive Directors. According to the RFA, the HFSF representative to the Bank's BoD must be a member of the Committee.
5. The tenure of the Committee members coincides with the tenure of the Bank's BoD, with the option to renew their appointment, but in any case the service in the Committee should not be more than twelve (12) years in total.
6. The members of the Committee are not allowed to hold positions and conduct transactions through which a conflict regarding the Committee's mission might arise. The members of the Committee can participate in other BoD Committees.

## 5. MEETINGS

1. Meetings shall be held as required, but not less than twice a year.
2. The Committee is in quorum and meets validly when half of its members plus one are present or represented<sup>5</sup>, provided that no less than three (3) Committee members, including the Chairperson or the Vice Chairperson, are present. In determining the number of members for the quorum, fractions, if any, will not be counted.
3. Only members of the Committee have the right to attend Committee meetings. However, other individuals such as the Chief Executive Officer, the Head of Group Human Resources and external advisors may be invited to attend for all or part of any meeting, as and when appropriate and necessary. In any case, no individual shall be present when his/her own remuneration is being considered.
4. Members may attend the meetings by video or audio conference while mandatory minimum attendance should be achieved as described in the Board and Board Committees' Attendance Policy. In particular, each Board member is expected to achieve mandatory minimum attendance to the Board and Board Committees where he participates of not less than 85% every calendar year, while individual meetings up to 15% can be missed only if a valid excuse is provided.
5. Decisions of the 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 Committee shall have the casting vote. The drawing up and signing of minutes by circulation by all the members of the Committee or their representatives is equal to a decision of the Committee, even if no

<sup>5</sup> Each member of the Committee may validly represent only one of the other Committee members. Representation in the Committee may not be entrusted to persons other than the members thereof.

meeting has preceded.

6. The HFSF Observer in the Committee shall act as an Observer and will have no voting right.
7. The agendas together with the relevant materials shall be sent to the Committee members and the HFSF Observer, by written notice at least five (5) calendar days prior to the meetings.
8. The Chairperson updates the BoD members on the material matters covered by the Committee during the previous period at the quarterly meetings of the BoD.
9. The BoD shall be informed whenever a decision of the Committee is not reached unanimously.
10. The Committee appoints its Secretary who reports to the Group Company Secretariat and cooperates with the Chairperson of the Committee. The Secretary is responsible to minute the proceedings and resolutions of all Committee meetings, including the names of those present and in attendance, issue true copies/extracts of the Committee's minutes and notify the responsible managers regarding the Committee's decisions that are relevant to them or on which they need to take action. In case of non-unanimous decisions, the views of the minority should also be minuted.
11. The minutes and the decisions shall be submitted to the HFSF Representative as soon as they are finalized but no later than ten (10) calendar days after the meeting. Additionally, after their finalization, the minutes shall be signed by all Committee members.
12. Once approved, minutes shall be available to all Board members through the software application of the Committee's meetings support (Diligent Boards).

## 6. REPORTING RESPONSIBILITIES

- Internally to the Bank's BoD.
- Externally to the General Assembly.

## 7. PERFORMANCE EVALUATION

The Committee's performance is evaluated according to the provisions of the Board and Board Committees Evaluation Policy of the Bank. In order to perform their role effectively, the Committee members need to maintain and develop their skills and knowledge.