



ALPHA  
SERVICES AND HOLDINGS

# Remuneration Policy of the Members of the Board of Directors

2023

Adopted on:

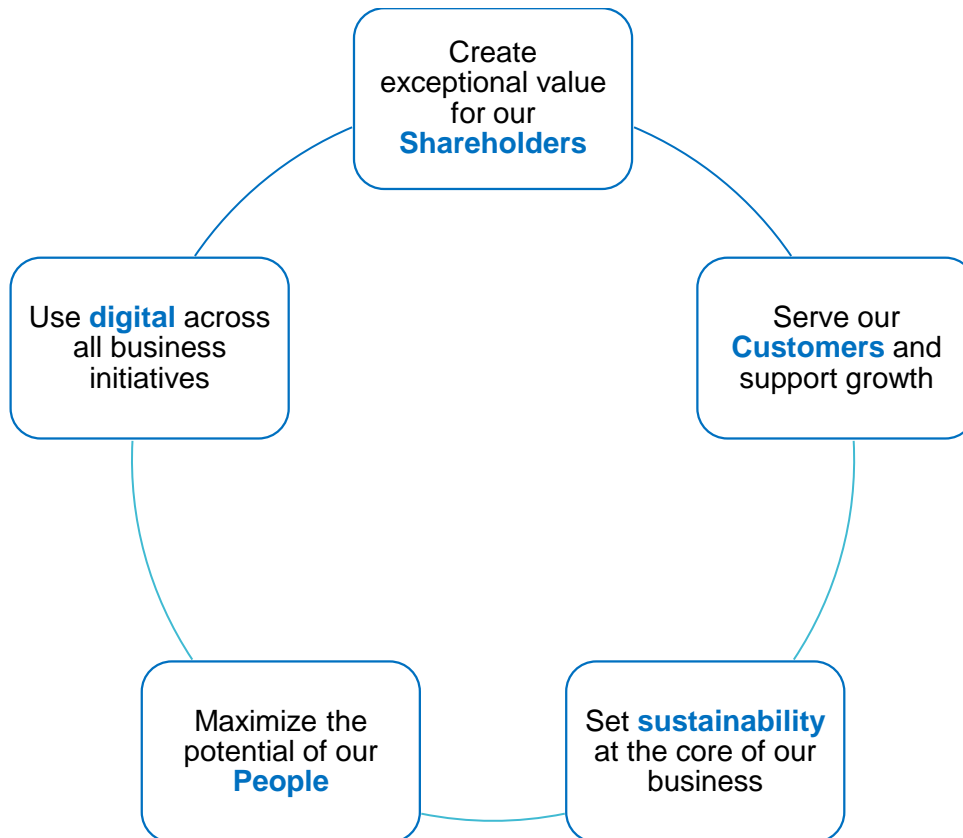
Effective date:



# 1. Introduction

Alpha Services And Holdings S.A. (the “Company”) has established a Remuneration Policy (the “Policy”) to describe the key components of the remuneration framework of the Members of the Company’s Board of Directors (the “BoD”), as per the provisions of articles 110 and 111 of Law 4548/2018 (the “Company Law”) which incorporated into Greek law the relevant provisions of the Shareholders Rights Directive (EU) 2017/828 amending Directive 2007/36/EC as regards the encouragement of long-term shareholder engagement. Apart from compliance with the provisions of the Company Law, the Policy’s objective is also to promote the sustainability and long-term prospects of the Company and its Subsidiaries’ (the “Group”) operations and to enhance transparency through the description of the remuneration framework of the Company’s BoD.

The Policy is subject to all applicable laws and regulations (“All Applicable Laws”) including the provisions of Law 4548/2018, Law 4261/2014 (including articles 84 to 88), Law 3864/2010 (to the extent applicable), Bank of Greece Executive Committee Act 178/5/2.10.2020, the European Banking Authority (EBA) Guidelines on sound remuneration policies, the relevant Collective Agreements (sectoral, enterprise level etc.) and the framework regulating the relationship of the Company and Alpha Bank S.A. (the “Bank”) with the Hellenic Financial Stability Fund, all as in force from time to time. Through appropriate compensation mechanisms, the Company aims to achieve its strategic objectives, such as indicatively the following:



## 2. Principles

To ensure competitiveness and effectiveness of remuneration as well as transparency, internal equity and alignment with business objectives, the Policy is defined by the following key pillars:



### Long-term value creation

The remuneration of the Members of the BoD ensures that the Company's long-term performance is aligned with market practices and the business strategy, while aiming to create value for the Shareholders and other Stakeholders.



### Risk management

The Policy discourages excessive risk-taking to avoid distorted incentives that could lead to any breach of law and jeopardize the Company's and its Group's viability. Additionally, it is adequately formulated to ensure the capital and liquidity levels needed to support all activities.



### Attraction and retention

The Company aims to attract, motivate and retain highly-skilled Executives, including Members of the BoD, while ensuring corporate governance, legal compliance and proper market conditions and promoting the Group's values, establishing a tight connection between pay and performance.



### Remuneration linked to performance evaluation

The performance-based elements of the variable remuneration are linked to Key Performance Indicators (KPIs) to ensure focus on the Business Plan objectives. All variable remuneration elements promote the long-term goals determined by the Company's and its Group's Strategy. The variable remuneration is compliant with applicable laws and regulations on acquiring and retaining shares (or other instruments).



### Diversity, Equity and Inclusion

The Policy advances a culture of inclusion based on equal opportunities and non-discrimination. It is gender-neutral, supports equal treatment, promotes inclusiveness and respects diversity in general.

The remuneration structure and practices for the Employees of the Company were considered when establishing the Policy. Consistent remuneration principles, such as:

- fair pay for respective levels of responsibility and performance;
- competitiveness based on market benchmarking;
- support of prudent risk-taking, and
- alignment with the long-term interests of all Stakeholders,

apply to both the Executive Members of the BoD and all other Group Employees. The methodology and practices applied as well as the remuneration trends are periodically reviewed by the Remuneration Committee and the BoD.

Further to the above principles and practices, the remuneration structure for the Executive Members also considers the wider impact on the overall performance of the Company and reflects the higher expectations with respect to their role.



On the basis of the above, the Policy contributes to the Company's business strategy, long-term interests and sustainability and is set to comply with the legal and regulatory framework, to align the interests between Shareholders and the Management and to create value for the benefit of all Stakeholders.

### 3. Scope of the Policy

In accordance with article 110 of the Company Law and the organizational structure of the Company and its Group, the Policy applies to the Members of the Company's BoD. The Articles of Incorporation of the Company may broaden the range of individuals to be covered by the Policy.

It is noted that since the BoD of the Company has the same composition as the BoD of the Bank, the Members of the BoD of the Company shall be paid solely by the Bank. Hence, any reference to the remuneration and/or benefits payable to the Members of the BoD of the Company applies to the relevant remuneration they receive as Members of the BoD of the Bank or as per the terms and conditions of their employment contracts with the Bank and the provisions of the applicable legislation.

### 4. Role of the Remuneration Committee

The Remuneration Committee ("RemCo") is one of the BoD Committees. The RemCo makes recommendations to the BoD on the Remuneration Policy of the Company and its Group.

#### 4.1. Duties and Responsibilities of the RemCo

The specific duties and responsibilities as well as the operation of the RemCo are set out in its Charter, which is posted on the Company's website (<https://www.alphaholdings.gr/en/corporate-governance/committees>).

#### 4.2 Remuneration Policy Governance

##### 4.2.1 Remuneration Policy Approval Process

The Remuneration Committee reviews the Remuneration Policy regularly to ensure, *inter alia*, the continuous alignment with its principles. The review shall consider shareholder feedback, including Shareholders' resolutions, and market developments across the sector.

Following its endorsement by the RemCo, the Policy is submitted to the BoD for approval and subsequently to the General Meeting of Shareholders. The result of the voting is binding. If the majority of valid votes are not cast in favor of the BoD proposal at the General Meeting of Shareholders, the Company will submit a new proposal at the following General Meeting of Shareholders. The existing Policy will remain in place until a new Policy is approved.



The Members of the BoD, in alignment with the respective legal and regulatory framework as well as with the provisions of the Company's Articles of Incorporation and the related Group policies for avoiding conflicts of interests, promptly notify the Company of any actual or potential conflicts of interests in which they may be involved and abstain from any deliberations and resolutions of the BoD regarding their own remuneration.

The Policy must be submitted for approval to the General Meeting of Shareholders at least every four (4) years and whenever a substantial change in the Policy occurs. This Policy was approved by the General Meeting of Shareholders of the Company dated xx.xx.2023 and will be in force for four (4) years unless a substantial change arises and requires its immediate revision. The Policy is published in the General Commercial Registry (GEMI) and remains posted on the Company's website for as long as it is in force.

#### 4.2.2 Remuneration Report

As per Law 4548/2018 (article 112), the Company shall draft and publish a clear and informative annual Remuneration Report, providing a comprehensive overview of the application of the Policy throughout the year, including the total remuneration received by the Members of the BoD in the previous financial year and the respective rationale. The Company's statutory auditors will check whether the Remuneration Report contains the information required by law.

The Remuneration Report shall be submitted to the General Meeting of Shareholders as a separate item of the Agenda. The vote of the Shareholders on the Remuneration Report shall be advisory. The BoD shall explain in the next Remuneration Report how the result of the vote by the General Meeting of Shareholders has been taken into account.

The Remuneration Report shall be available on the Company's website for a period of ten (10) years following the General Meeting of Shareholders. The Company may keep the Remuneration Report available on its website for a period longer than ten (10) years, provided that it no longer contains the personal data of the Members of the BoD and without prejudice to the provisions of the Regulation (EU) 2016/679 (GDPR).

#### 4.2.3 Temporary Exceptions

In accordance with the provisions of Law 4548/2018, in special circumstances the BoD may temporarily allow specific exceptions from the Policy, provided that:

- a written proposal is submitted to the BoD for approval, following a proposal by the Remuneration Committee;
- the proposed exemption refers to further remuneration, based on the exceptional performance of the Company on targets related to profitability and/or other business results, and will be disclosed in the Remuneration Report that will be submitted to the General Meeting of Shareholders the following accounting year;
- the exemption is necessary to serve the long-term interests and sustainability of the Company as a whole or to assure its viability.

## 5. Remuneration Elements

To cater for requirements provided by the legal and regulatory framework as well as for distinctive roles in the Group value creation, the Company provides the (Non-Executive and Executive) Members of the BoD with a different remuneration structure<sup>1</sup>:

Remuneration Element	Non-Executive Members	Executive Members
Fixed Remuneration (BoD Membership)	●	
Fixed Remuneration (salary)		●
Committee Membership/Meetings	●	
Expenses reimbursement	●	●
Benefits, including pension		●
Severance payment		●
Variable Pay		●

● - remuneration component is provided

In order to preserve market competitiveness, the overall target remuneration aims to be aligned with market data of selective peer Groups (European financial institutions as well as similar-size corporates operating in Greece).

### 5.1 Non-Executive Members

The Non-Executive BoD Members are elected by the General Meeting of Shareholders (the “GM”) for a term that cannot exceed the provisions of the applicable law and of the Company’s Articles of Incorporation.

Each Non-Executive Member of the BoD, including each Independent Non-Executive Member, receives a **fixed annual fee** solely for its participation in the BoD. The fixed annual fee takes into account the time devoted to the meetings of the BoD and the execution of duties assigned to the

<sup>1</sup> On 16.6.2022, Law 4941/2022 was enacted amending the provisions of Law 3864/2010 on the establishment of the HFSF. As per article 11 of Law 4941/2022 (amending article 10 par. 3 of Law 3864/2010):

(i) as long as the ratio of non-performing loans to total loans exceeds ten percent (10%) or, for the financial years referring up to 2022, the fixed remuneration of the chairman, the chief executive officer and the other members of the Board of Directors as well as those who hold the position or perform the duties of general director and their deputies may not exceed the total remuneration received by the Governor of the Bank of Greece; and

(ii) any additional variable remuneration (bonuses) of such persons shall be abolished throughout the duration of the restructuring plan of the credit institution submitted to the European Commission, in the context of the approval procedure for the capital assistance program and until its completion or as long as the ratio of non-performing loans to total loans exceeds ten percent (10%) or for the reference financial years up to 2022.

Similarly, for the period of participation of the credit institution in the capital enhancement program as set out in Article 7 of this Law, variable remuneration may only take the form of shares or stock options or other instruments within the meaning of articles 52 or 63 of Regulation (EU) No 575/2013, in accordance with article 86 of Law 4261/2014 (Government Gazette A 107/5.5.2014).



Member, according to the aforementioned Policy Principles. No variable compensation is received by the Non-Executive BoD Members and neither are they part of retirement plans, severance payment programs or performance incentives.

The remuneration of the Non-Executive Members is approved by the General Meeting of Shareholders after being endorsed by the BoD, further to a recommendation by the RemCo, as provided by law.

Depending on his/her position in the Company's and the Bank's BoD Committees, each Non-Executive Member, including each Independent Non-Executive Member, may receive an **additional annual fee** for his/her role (either as Chair or as a Member) in any such BoD Committee. This fee is reviewed annually, in accordance with the relevant legislative requirements, taking into consideration the time commitment and the active participation in the Committees. The relevant criteria for determining such an additional fee include, among others, whether the Non-Executive Member acts as Chair in the relevant BoD Committee, the number of BoD Committees in which a Non-Executive Member may participate, the nature of the BoD Committee, etc.

**Expenses**, such as travel and accommodation, in relation to BoD and Committee meetings and relevant costs are reimbursed as per the Expenses Policy for the Non-Executive Members, including each Independent Non-Executive Member, which is reviewed annually. Non-Executive BoD Members may be provided with a corporate mobile telephone for their role. The Chair may additionally be granted a corporate card for the related business expenses arising from discharging his/her duties. All such expenses are approved by the BoD, following a relevant endorsement by the RemCo, on an annual basis. Furthermore, all payments are subject, where applicable, to social security, income tax, special tax levy (STL) and stamp tax withholdings.



## 5.2 Executive Members

The Executive Members of the BoD are employed by the Bank with indefinite term contracts which provide for termination according to the applicable legislation. The payments to be agreed upon in case of termination (severance) are briefly described in the relevant paragraph. Moreover, the Executive Members of the BoD do not receive any remuneration for their participation in the BoD.

The remuneration of the Executive Members of the BoD consists of the following:

### 5.2.1 Fixed Remuneration

#### Fixed Remuneration (salary)

The salary, in compliance with the applicable law provisions, is determined according to international trends, evolving market conditions and the following: the position and internal grade, the duties, the level of responsibility and risk-taking, the skills required for the exercise of duties, the competence and the experience of the Executive Members of the BoD.

#### Corporate Benefits and Expenses

The Executive Members of the BoD are entitled to benefits and corporate expenses reimbursement, in line with market practices, which are determined by the Bank's Policies, as amended and updated from time to time, and are subject to the applicable legislation. The range of benefits to which they may be entitled includes but is not limited to: life and health insurance (relevant to inpatient and outpatient coverage), private defined-contribution savings plans, staff pricing on banking products (i.e. mortgage loans), corporate car, mobile, reimbursement of travel and business expenses, allowances related to children and childcare etc.

Additionally, aiming to harmonize pension-related benefits, a savings plan covering the Group Employees in Greece has been introduced. The Plan is governed by Directive (EU) 2016/2341 on the activities and supervision of institutions for occupational retirement provision (IORP II Directive, transposed into Greek legislation with Law 4680/2020) and operates under the supervision of the following regulatory authorities: the Ministry of Labour and Social Affairs, the National Actuarial Authority and the Hellenic Capital Market Commission.

The cost of the benefits is reviewed and approved by the BoD, following a recommendation by the RemCo, taking into consideration that the abovementioned benefits are granted at the discretion of the Bank, which maintains the right to modify or revoke them.





## 5.2.2 Variable Remuneration<sup>1</sup>

### 5.2.2.1 Variable Remuneration Elements

#### I. Performance Incentive Program

The applicable Performance Incentive Program has been designed with the key objective to act as a catalyst for the Company and the Bank to achieve and exceed their targets while incentivizing top performers in key areas and levels. The Program is performance-oriented and promotes the long-term targets of the Company and the Bank. It is based on the principle of equal treatment, facilitates collaboration among individuals and Divisions and encourages top performance and prudent risk management.

#### Performance metrics

The Performance Incentive Program of the Company is linked to Key Performance Indicators (KPIs) that may vary each year and are always subject to the BoD approval. The criteria/conditions which, if fulfilled, will lead to the payment of the variable remuneration are the following:

- Criteria for the Company's financial performance, which include but are not limited to, the achievement of specific financial targets, including KPIs relating to the Company's Business Plan as updated from time to time;
- Non-financial performance criteria that may relate, for example, to the compliance with the Company's risk-taking strategy or to the adherence to the risk management policy;
- Criteria linked with corporate social responsibility and/or wider ESG-related goals, related to the actions and initiatives that the Company may be developing;
- Criteria associating behaviors to the Values of the Group.

The performance of the Executive Members of the BoD is assessed through an annual evaluation process, which has been set to achieve clarity of performance objectives and to ensure their coherence and consistency with the business strategy. Their performance is depicted in a balanced scorecard that translates the Strategic Objectives and Values of the Company into operational goals, both quantitative and qualitative ones. More specifically, the balanced scorecard consists of the following:

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(i) as long as the ratio of non-performing loans to total loans exceeds ten percent (10%), or for the financial years referring up to 2022, the fixed remuneration of the chairman, the chief executive officer and the other members of the Board of Directors as well as those who hold the position or perform the duties of general director and their deputies may not exceed the total remuneration received by the Governor of the Bank of Greece; and

(ii) any additional variable remuneration (bonuses) of such persons shall be abolished throughout the duration of the restructuring plan of the credit institution submitted to the European Commission in the context of the approval procedure for the capital assistance program and until its completion or as long as the ratio of non-performing loans to total loans exceeds ten percent (10%) or for the reference financial years up to 2022.

Similarly, for the period of participation of the credit institution in the capital enhancement program as set out in Article 7 of this Law variable remuneration may only take the form of shares or stock options or other instruments within the meaning of Articles 52 or 63 of Regulation (EU) No 575/2013, in accordance with Article 86 of Law 4261/2014 (Government Gazette A 107/5.5.2014).

<b>Group Targets</b> (may weigh up to 30% of the total evaluation)	<b>Individual Targets</b>
Mainly <b>financial and operational performance metrics</b> at Group level, such as Profit After Tax, Economic Profit, Non-Performing Exposures (NPEs) stock, Income targets and Expenses targets.	<ul style="list-style-type: none"> <li>- <b>Quantitative KPIs</b> that measure the performance of each Member's achievement across the strategic pillars of the Bank, including metrics like: Overall Economic Performance (e.g. Earnings per Share, Earnings accretion, Return on Tangible Equity), Shareholder remuneration (e.g. dividends and distributions), Income/Fees, Operational Expenses, Asset Quality, Customer Satisfaction, Managerial Indexes, Transformation Targets, ESG-related Targets.</li> <li>- <b>Behaviors</b> linked to the <b>Values</b> of the Bank.</li> </ul>

## II. Retention Plan

Aiming at retaining highly-skilled Executive Members of the Board and Senior Executives, a retention plan has been considered that provides for awards in annual cycles. The plan is based on criteria, such as criticality of area of responsibility and position, completion of a predetermined period of service and other considerations by the Board of Directors. Payments under the retention plan would be subject to All Applicable Laws and, among others, require:

- the completion of a minimum period of service before the relevant award;
- the absence of any disciplinary or legal proceedings initiated by the Company, etc.

## III. Severance Payment

In addition to the above, the Bank may offer, at its sole discretion, a severance payment, as per the terms and conditions defined in the applicable "Senior Executives Severance Payment Policy". The Policy applies to consensual departures of Senior Executives, who depart as "good leavers" and enter into a Termination Agreement with the Bank. Cases of unilateral termination of the relevant employment agreement and/or retirement by the Senior Executive are excluded. Payments under the Policy are subject to All Applicable Laws.

## IV. Guaranteed variable remuneration

No guaranteed variable remuneration is included in the remuneration schemes, while it constitutes an exception applying to new Employees only and solely for the first year of employment, in accordance with the legal and regulatory framework.



### 5.2.2.2 Ratio between Variable and Fixed Remuneration

In order to determine the variable component of the remuneration, All Applicable Laws are observed, which currently stipulates that variable remuneration cannot exceed 100% of the fixed remuneration. However, upon the approval of the General Meeting of Shareholders, a higher amount can be determined, provided that it does not exceed 200% of the fixed remuneration.

### 5.2.2.3 Payout Structure

Variable remuneration, in accordance with article 86, par. 1, point (l) of Law 4261/2014, may be disbursed in the form of cash and share-linked or other equivalent non-cash instruments. Instruments constitute at least 50% of the payout. Instruments' percentages can be higher upon request of the Executive Members and are subject to the BoD approval, further to the RemCo recommendation.

The BoD is given the authority to determine the exact percentage of allocation between the Performance Incentive Program and the Retention Plan.

The allocation of shares (or of any other form of instruments) may take place through stock option plans or distribution of shares, in accordance with the applicable legal and regulatory framework.

## Share Schemes

### I. Stock Option Plan

A five-year period Stock Option Plan was established by the General Meeting of Shareholders in 2020, providing the beneficiaries (the Employees of the Company, including Executive BoD Members) with the option right to receive newly-issued, common, registered, voting, dematerialized shares of the Company. Subject to All Applicable Laws, the Plan is operated on the basis of a Regulation approved by the BoD of the Company. The purpose of the Plan is the payment of variable remuneration in kind to the beneficiaries for the purposes of aligning their long-term interests with those of the Company.

### II. Stock Award Plan

A Stock Award Plan has been introduced<sup>1</sup> providing for the free distribution of Company's common, registered, voting, dematerialized shares to beneficiaries (the Employees of the Company, including Executive BoD Members). Subject to All Applicable Laws, the Stock Award Plan is operated by the Board of Directors whilst its operation is supported by a Share Buyback Program introduced by the Company<sup>2</sup>. The purpose of the Plan is the payment of variable remuneration in kind to the beneficiaries for the purposes of aligning their long-term interests with those of the Company.

### 5.2.2.4 Payout allocation

Within the deferral schedule which applies to both types of Variable Remuneration, i.e. cash and instruments, the Bank takes into account the form in which the deferred Variable Remuneration is awarded and differentiates, where appropriate, among the deferral schedules, by varying these

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<sup>1</sup> Separate item of the 2023 OGM Agenda.

<sup>2</sup> Separate item of the 2023 OGM Agenda.



components for different categories of Material Risk Takers (MRTs), taking into consideration the “proportionality principle” as per article 86 par. 2 of Law 4261/2014 as well.

Specifically, regarding the Executive Members, up to 40% of the remuneration can be paid within the year in which the allocation has been determined and at least 60% of the awarded remuneration is deferred for five (5) years from the initial payout (payable on the relevant annual anniversaries). The above percentages can be adjusted by the BoD according to the applicable regulatory and legal framework.

Such deferred amount, however, is paid subject to the Executive Member still being an Employee of the Bank and/or the Company at the time of payment and vesting on a pro-rata basis following the above defined mix. Exception may be applied to an Employee whose employment agreement is terminated upon mutual consent and a termination agreement is signed with the Company, pursuant to the applicable legal and regulatory framework and the policies of the Company and its Group.

The amounts deferred can be made subject to additional long-term performance criteria, when the Company so considers.

Any instruments that are awarded will have a lock up period of one (1) year as of vesting. Any payments under the Policy shall be effectuated subject to all applicable laws.

### 5.2.2.5 Malus and Clawback

Without prejudice to the general principles of contract law and applicable labor law, the Bank can reduce the value of all or part of the non-vested variable remuneration (malus) in case it has exceptionally poor results, particularly with reference to performance or risk or other issues affecting its capital base or risk level and such situation is specific and linked to the Executive. Without prejudice to the legal and regulatory framework, such cases may include fraud or be loss incurring due to the Executive’s gross negligence or willful misconduct, when they significantly fail to meet appropriate standards of fitness and propriety, including contribution to regulatory sanctions or conduct with significant negative impact on the financial performance, the economic or regulatory capital base or risk management for the Institution or the respective Division. Malus is also applicable in cases where the Bank’s Resolution Plan has been triggered. To the extent curable, the BoD may decide to grant to the Executive part or all of the variable remuneration, in case the latter remedies the trigger for malus within a specified period, provided there is no adverse effect on the Bank.

Without prejudice to the general principles of contract law and applicable labor law, in cases of serious misconduct of the Executive, the variable component can be subject to clawback (i.e. obligation of the Executive to return any amount received/vested) of up to 100% of the awarded amount. Without prejudice to the legal and regulatory framework, such cases may include fraud or loss-incurring conduct, due to the Executive’s gross negligence or willful misconduct, when they significantly fail to meet appropriate standards of fitness and propriety, including breach of non-competition clauses. Clawback is also applicable in cases where the Bank’s Resolution Plan has been triggered. The Executive can seek to remedy the trigger for clawback within a specified period.

The variable remuneration framework is subject to review and approval by the BoD, following a recommendation of the RemCo, and it remains at the Bank’s discretion to modify or revoke it.