



**ALPHA  
SERVICES AND HOLDINGS**

**REMUNERATION POLICY OF THE MEMBERS OF THE  
BOARD OF DIRECTORS**

**as per the provisions of Law 4548/2018**

**JULY 2021**

## 1. INTRODUCTION

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

The Policy is in compliance with the applicable legal framework, including the framework regulating the Company’s and the ALPHA BANK S.A. (hereinafter referred to as “**Bank**”) relationship with the Hellenic Financial Stability Fund (for so long as the Bank falls within the ambit of its provisions).

In addition, the Policy takes into consideration the provisions of the Company’s Articles of Incorporation, the Company’s Corporate Governance Code, the Group’s applicable policies and the average remuneration on a full-time equivalent basis of the Group’s employees.

## 2. PRINCIPLES

The key pillars of the Policy are formed so as to promote the business strategy, the sustainability and the long-term interests of the Company and its Group. These are:

<ul style="list-style-type: none"><li>▪ <b><i>Long-term value creation.</i></b></li></ul> <p>The aim of the Policy is to ensure that the remuneration of the Members of the BoD takes into consideration market dynamics and strives to continue creating value for Shareholders, Officers and other stakeholders.</p>	<ul style="list-style-type: none"><li>▪ <b><i>Attraction and retention of Officers</i></b></li></ul> <p>The Company strives to attract, motivate and retain highly skilled Officers in the long term, while ensuring due corporate governance and promoting the Group’s values. In order to preserve competitiveness, the remuneration seeks to be aligned with market dynamics.</p>
<ul style="list-style-type: none"><li>▪ <b><i>Risk management.</i></b></li></ul> <p>The Policy ensures a proper alignment in place for appropriate risk undertaking, thus discouraging excessive risk taking which is detrimental to proper and prudent risk</p>	<ul style="list-style-type: none"><li>▪ <b><i>Remuneration linked to performance evaluation.</i></b></li></ul> <p>The remuneration scheme consists of both fixed and variable components within a performance management framework, assuring clarity, coherence and consistency with the Company’s</p>

management. The performance management framework offers incentives for distinguished results without encouraging excessive, particularly short-term, risk undertaking. The Policy is adequately formed in order to observe the capital and liquidity levels needed to support all activities and to avoid distorted incentives that could lead to breach of law and jeopardize the Company's and its Group's viability.

strategy, while encouraging and rewarding distinguished performance. The level of fixed pay is established on the basis of fair remuneration for the needs of each position, taking into account the level of responsibility as well as the knowledge, the expertise and the experience required to deliver upon expectations and it is in compliance with the labor law provisions, while also considering the financial condition of the Company and supporting its longer-term interests. Variable remuneration is linked to key performance indicators. It is established to provide a balance, so as to ensure there is focus on the business plan objectives as well as on the long-term goals determined by the Company's and its Group's strategy as at times in force. It respects the applicable legal constraints on acquiring and retaining shares (or other instruments) and is thus aligned to the long-term performance and sustainability of the Company and its Shareholders.

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 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 Board of Directors.

Any reference in the Policy to Executive Members of the BoD shall apply to any position of General Manager or Deputy General Manager in the meaning of paragraph 1 of Article 110 of the Company Law, if any.

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 with 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 (“**RC**”) is one of the BoD Committees. The RC makes recommendations to the BoD on the Remuneration Policy of the Company and its Group.

The scope of the RC is, among others, to

- Ensure that the Policy:
  - Is consistent with the values, culture, business strategy, risk appetite and strategic objectives of the Company and its Group;
  - Aligns the interests of the Company’s Executive leadership and Management with the long-term interests of the Company and its Shareholders, taking into consideration the interests of all the other stakeholders of the Company;
  - Promotes effective risk management;
  - Outlines a clear and transparent process for the determination of remuneration within the Company and its Group;
  - Maintains a fair and competitive variable remuneration program for the Company, within the framework of the law.
  - Complies with the applicable legislation and regulations.
- Make fair, balanced and sound judgments on remuneration issues across the Company and its Group.

The RC reviews the Policy and submits it to the BoD, recommending its approval.

Once endorsed by the BoD, the Policy is submitted to the Shareholders’ GM. The result of the voting is binding. If the majority of valid votes is not cast in favor of the proposal at the Shareholders’ GM, the Company will submit a new proposal at the following Shareholders’ GM. The pre-existing policy will remain in place until a new policy is approved.

## 5. REMUNERATION

### 5.1 NON-EXECUTIVE MEMBERS

The Non-Executive BoD Members are elected by the General Meeting (“**GM**”) for a term that cannot exceed the provisions of the applicable law and of the Company’s Articles of Incorporation (currently four (4) years).

Each Non-Executive Member of the BoD, including each Non-Executive Independent 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 Member. No variable compensation is received by the Non-Executive BoD Members, neither are they part of retirement plans, severance payment programs or performance incentives.

The remuneration of the Non-Executive Members is approved by the Bank’s Shareholders’ GM after being endorsed by the BoD, further to recommendation by the Remuneration Committee (“**RC**”), as provided by law.

Depending on its position in the Company’s and the Bank’s BoD Committees, each Non-Executive Member, including each Non-Executive Independent Member, may receive an additional annual fee for his/her role (either as Chair or as a Member) in any such BoD Committee, which cannot exceed a threshold set by the BoD and is reviewed yearly, 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 Non-Executive Independent Member, which is reviewed yearly. Non-Executive BoD Members may be granted from time to time with a corporate mobile telephone for their role. The Chair may additionally be granted with a corporate card for the related business expenses in discharging his/her duties. All such expenses are approved by the BoD, following a relevant endorsement by the RC, 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 in positions of Senior Executives (hereinafter referred to as “**Executive Members of the BoD**” or “**Executives**”) with indefinite term contracts which provide for termination according to the applicable legislation. The Executive Members of the BoD do not receive any remuneration for their participation in the BoD.

The remuneration of the Executive Members is effectuated as per the terms and conditions of their employment contracts and the provisions of the applicable legislative and regulatory framework.

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

### **5.2.1 Fixed Remuneration**

For the determination of the salary, in line with the applicable law provisions, the position, 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, are taken into consideration along with international trends, evolving market conditions and local market benchmarking..

### **5.2.2 Corporate Benefits**

The Executive Members of the BoD are entitled to benefits and corporate expenses determined by the Bank's applicable policies and subject to the applicable legislation.

The benefits include standard benefits applicable to all Personnel (indicatively, collective health insurance policy, mortgage loans on terms available to Bank Employees, collective insurance savings plan, aid for disabled child, etc.).

The Executive Members of the BoD receive further benefits and corporate expenses that are granted depending on the level of the position and in order to cover the operational needs of particular positions, exclusively and for the time period these positions are held. These include a corporate credit card; a corporate mobile telephone; a corporate car; fuel expenses; an annual health check-up; hospital expenses coverage through a specific health program, as well as a defined contribution savings plan, (including, among others, a contribution by the Employee as a percentage of his/her gross monthly salary, a contribution by the Bank as a percentage of the Employees contribution and the manner of the investment of such contributions).

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

### **5.2.3 Variable Remuneration**

The proper application of a variable remuneration policy is considered a necessary tool for human resources management and for attracting and/or retaining Executives, contributing significantly to the achievement of a long-term business plan.

The variable component of the total compensation of the Executive Members of the BoD is discretionary and refers to a performance reward (bonus) or other reward schemes that may vary per year.

Variable remuneration is linked to Key Performance Indicators. It is set to provide a balance, so as to ensure there is focus on the business plan objectives as well as on long-term goals determined by the Company's strategy as at times in force, whilst discouraging excessive risk-taking.

#### ➤ **Amount and form**

In order to determine the variable component of the remuneration, all provisions of the applicable law are observed, which currently provides that variable remuneration cannot exceed 100% of the fixed remuneration. However, upon the Shareholders' GM approval, a higher amount can be determined, provided it does not exceed 200% of the fixed remuneration. Also, in accordance with the provisions of Law 3864/2010 (for so long as the Bank falls within the ambit of its provisions), the annual accumulated remuneration of the Executive Members of the BoD must not exceed the remuneration of the Governor of the Bank of Greece and the Members of the BoD are not currently entitled to receive variable remuneration, including earnings based on shares. Upon any amendment of the relevant provisions, the Policy will be revised accordingly.

The form of the variable remuneration can be in cash or shares or equivalent instruments or other means available in the framework of the applicable legislation or optional retirement benefits. The allocation of shares (or other form of instruments) may take place either through stock option plans or distribution of shares or as otherwise provided by law. There is no guaranteed variable remuneration with the exception of a sign on bonus, applying to newly hired Officers and solely for the first year of employment (Law 4261/5.5.2014).

#### ➤ **Performance**

Variable remuneration has been designed with the key objectives of acting as a catalyst for the Company and the Bank to achieve and exceed its targets and incentivize top performers in key areas and levels. So, it is performance-oriented and geared towards the operational and long-term targets of the Company and the Bank. The scheme is transparent, with clearly defined quantitative and measurable criteria, but also embracing the recognition of excellence, which is not captured by quantitative measures.

It is based on the principle of equal treatment, facilitates collaboration among individuals and Divisions and encourages top performance.

The performance for Executive Members of the BoD is a weighted combination of (a) the performance of the Divisions they supervise and (b) the overall performance of the Company and the Bank, which is based on the overall budget achievement, including critical projects' implementation as well as the Company's and the Bank's regulatory compliance, stakeholder perception and relative market performance. Apart from the criteria attached to basic Key Performance Indicators, qualitative criteria are also considered (such as team and talent management, driving business

results, leadership, partnership, driving change and instituting best practice across the organization, etc.).

#### ➤ **Payout allocation**

After the variable remuneration award amount is determined, it is to be allocated as a mix of cash and instruments. Instruments (in the form of shares or in other form as to be at times determined) constitute at least 50% of the payout. Instruments' percentages can be higher upon request of the Executive and are subject to BoD approval, further to the RC recommendation. The cash component can be substituted by a pension contribution. Up to 60% of the remuneration can be paid within the year in which the allocation has been determined and at least 40% of the awarded remuneration is deferred for five (5) years from the initial payout (payable on the relevant annual anniversaries). Such deferred amount, however, is paid subject to the Executive still being an Employee of the Bank and/or the Company at the time of payment and vests on a pro-rata basis consisting of cash (or pension contribution as above) and instruments following the above defined mix. Any instruments that are awarded should have a lock-up period of one (1) year as of vesting. For the part of the bonus awarded in shares, the number of shares is calculated based on the awarded amount divided by the 30-day average price at the time of the award. Subsequently, the appropriate numbers of shares are paid-out either upfront or upon the planned vesting periods. Any payments under the Policy shall be effectuated subject to all applicable laws.

#### ➤ **Malus and Clawback**

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 in 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. Such cases may include fraud or loss incurred due to the Executive's gross negligence or willful misconduct, when they significantly failed to meet appropriate standards of fitness and propriety, including contribution to regulatory sanctions or conduct with significant negative impact for the financial performance, the economic or regulatory capital base or risk management for the institution or their 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 to the Bank.

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. Such cases may include fraud or loss-making conduct, due to the Executive's gross negligence or willful misconduct, when they significantly failed 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 RC and remains subject to the Bank's discretion to modify or revoke it.

#### **5.2.4 Other arrangements**

The term of the Executive's agreements may be either of indefinite duration or a fixed term agreement.

The termination (including relevant notice periods) is as per the applicable legislation. The relevant compensation for termination is paid as provided for by the applicable legislation.

##### **➤ Severance payment**

In addition to the above, the Bank applies, at its sole discretion, to Executives a severance payment, as per the terms and conditions defined in the Bank's "Senior Executives Severance Payment Policy". The plan covers, at the discretion of the Bank, cases of both voluntary and involuntary termination of the relevant agreement.

Such severance plan comprises a severance payment of up to 24 gross monthly salaries depending on the period of service of the Executive (i.e., provided that they have been engaged by the Bank for at least 6 years (i) up to 18 gross monthly salaries for an up to 15-year continuous service and (ii) up to 24 gross monthly salaries for continuous service exceeding 15 years. The amount is payable as follows: up to 60% is paid after the execution of the relevant agreement and the remaining (at least 40% of the relevant amount) is paid in three equal annual installments at the annual anniversary of the execution of the termination agreement. Non-compete clauses may be included in the relevant termination agreement. The severance amount is subject to malus or clawback agreements in case of disciplinary offence. In case the Bank's Recovery Plan is triggered, any future payments are cancelled. The severance payment is taxed as per applicable law provisions and is offset against any other compensation by law. As part of the severance plan, the Bank may determine, *inter alia*, the period where favorable interest terms may apply, the amount of the severance that can be offset against debts of the Executives towards the Bank and the time period during which the health care plan may remain in force.

## ➤ **Legal Proceedings Indemnification**

In line with customary market practice, the Bank, as per its Directors and Officers Insurance, undertakes to indemnify the Members of the BoD in the event of their involvement in any proceeding (civil, criminal or administrative) (jointly the “**Legal Proceedings**”) in the context of the services provided by them to the Bank, against any reasonable legal costs and fees in preparing or defending any such Legal Proceedings, unless such Legal Proceedings are caused by a BoD Member’s fault and, furthermore, provided that the BoD Member was acting within his/her area of responsibility and competence and not against the law or the interests of the Bank. Such indemnification may be offered by a decision of the Board of Directors.

## **6. REMUNERATION POLICY APPROVAL PROCESS AND UPDATES**

### **6.1 Policy Approval Process**

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 has been approved by the General Meeting of Shareholders of the Company dated [XXX] 2021 and will be in force for four (4) years unless a substantial change in the Policy arises and requires its immediate revision.

The Policy is published in the General Commercial Registry and remains posted on the Company's website for as long as it is in force.

### **6.2 Remuneration Report**

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

The Remuneration Report shall be submitted to the Shareholders’ GM 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 Shareholders’ GM 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 GM. 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 EU General Data Protection Framework.

### **6.3 Policy Review**

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

At the expiration of the Policy (or sooner in case there is a material change in the circumstances on the basis of which the Policy was drafted), the Policy shall be updated and resubmitted to the Shareholders' GM for approval.

### **6.4 Temporary Exception**

In special circumstances, the BoD may temporarily allow specific exceptions from the Policy. Relevant payments will be implemented under the condition that the BoD, following a respective recommendation by the RC, has confirmed that they are to the benefit of the Company and assure the latter's viability and long-term interests. Subject to the applicable law at the time, such exceptions may include a further bonus based on 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 Shareholders' GM the following accounting year.