



**NBG Directors' & Senior Managers'  
Remuneration Policy according to Law  
4548/2018**

June 2020

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## 1. Introduction

In accordance with Directive (EU) 2017/828 of the European Parliament and of the Council of 17 May 2017 amending Directive 2007/36/EC as regards the encouragement of long-term shareholder engagement, as this has been (partly) transposed into the Greek legal framework with Law 4548/2018 on Sociétés Anonymes, listed companies are required, among others, to establish a remuneration policy as regards directors and shareholders have the right to vote on the remuneration policy at the General Meeting.

Within this context, the Board of Directors, following proposal of the Corporate Governance and Nominations Committee, submitted the NBG Directors' Remuneration Policy (hereinafter "the Policy") to the Annual General Meeting of Shareholders, held on 31 July 2019, which approved the Policy by 99.34% favourable votes. Further on, the present Policy incorporates the amendments approved by the Annual General Meeting of Shareholders, held on 30 June 2020 (by 75.86% favourable votes).

The NBG Directors<sup>1</sup> & Senior Managers<sup>2</sup> Remuneration Policy shall be applicable for a period of four years, unless revised earlier or in cases of temporary derogations, in alignment with the relevant applicable provisions.

The present Policy has been designed, taking into account the regulatory framework to which the Bank is subject, and especially the following:

- Articles 110-114 of Law 4548/2018, as in force;
- Law 3864/2010, as in force, and the Relationship Framework Agreement between the Bank and the HFSF;
- the Bank of Greece Governor's Act 2577/2006, as lastly amended by BoG Executive Committee Act 158/1/10.05.2019;
- the Bank's Restructuring Plan, as lastly amended and approved in 2015 and the Commitments of the Hellenic Republic to the European Commission included therein, and the Communication from the European Commission on the application from 1 August 2013 of State aid rules to support measures in favour of banks in the context of the financial crisis (2013/C, 216/01);
- Directive (EU) 2019/878 amending Directive 2013/36/EU as regards exempted entities, financial holding companies, mixed financial holding companies, remuneration, supervisory measures and powers and capital conservation measures;
- Law 4261/2014, which transposed into Greek law Directive 2013/36/EU on access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms (CRD IV), which contains specific regulation concerning the remuneration systems of credit institutions with respect to the remuneration of certain employees with material impact on the institution's risk profile, among which members of the Board of Directors are included;
- the EBA Guidelines on sound remuneration policies (EBA/GL/2015/22), as well as other relevant EBA Guidelines, as appropriate.

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<sup>1</sup> Executives and Non-Executives Members of the BoD

<sup>2</sup> General Managers and Assistant General Managers

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## 2. Purpose

The NBG Directors' & Senior Managers' Remuneration Policy sets out the general framework for the remuneration of the members of the Board of Directors and Senior Managers, in accordance with the applicable legal and regulatory provisions, and in alignment with the principles set out in the NBG Group Remuneration Policy.

The present Policy aims especially at:

- ensuring compliance of the Bank with the current legal and regulatory framework;
- contributing to safeguarding the capital position of the Bank and Group;
- rewarding achievement of results on the basis of sound and responsible risk-assumption and discouraging excessive risk-taking;
- alignment between the interests of the Bank's employees and shareholders with sound risk management;
- focusing on the Group's long-term success and value for the Group through the attraction and retain of Directors and Senior Managers of the highest calibre;
- ensuring external competitiveness;
- offering shareholders and the market the highest level of transparency and clarity in the remuneration scheme applicable to Directors and Senior Managers, and ensuring transparency of the Bank and Group remuneration model.

This Policy contributes to the Bank's business strategy and long-term interests and sustainability in:

- being consistent with and promoting sound and effective risk management, and does not provide incentives to encourage excessive risk-taking above the NBG Group's approved risk appetite limits;
- providing a clear distinction between the criteria for determining remuneration components;
- including measures for the prevention of conflicts of interest;
- enhancing and supporting a culture where individuals are rewarded for the delivery of sustained target performance, taking into account the Bank's strategic objectives, as well as long-term value creation.

## 3. Scope

The present Policy covers the total remuneration awarded to all Board Directors (Executive and Non-Executive) and Senior Managers (namely, General Managers and Assistant General Managers), i.e. fixed and variable remuneration, including benefits, participation in Committees fees and other potential compensation.

## 4. Governance of the Policy

### *i. Competent bodies*

The present Policy is approved and reviewed by decision of the Bank's General Meeting of Shareholders, upon proposal of the Bank's Board of Directors (non-executive members), following recommendation of the Corporate Governance & Nominations Committee (CGNC) (in relation to the remuneration of Board members) and the Human Resources &

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Remuneration Committee (HRRC) (in relation to the remuneration of Senior Managers). In discharging their duties, the two Committees may cooperate with other Committees of the Board, if deemed necessary. Prior to its submission to the AGM, the Directors' and Senior Managers' Remuneration Policy is subject to consultation with the competent bodies according to Law 3864/2010, as in force.

The Group Corporate Governance Unit and the Group Human Resources Unit, each within its competencies, shall assist the Board of Directors, the CGNC and the HRRC in the development, review and implementation of the Policy. To that end, the aforementioned units may cooperate with other units of the Bank, such as those competent for risk and strategy, whenever deemed necessary.

## **ii. Review**

In accordance with the provisions of Law 4548/2018, the Policy shall be reviewed at every material change, and in any case it shall be effective for a period of up to four (4) years.

Should material changes occur, the Policy shall be submitted to the General Meeting for approval. In that case, the Board shall provide the General Meeting with a report, enclosing a complete description and explanation on all proposed changes in the Policy. The decision of the General Meeting shall describe how the Shareholders' opinions and votes on the Policy and the report were taken into consideration.

In case the General Meeting of Shareholders does not approve the proposed new policy, the Bank, as per the provisions of law, shall continue to pay remuneration to its Directors in accordance with the existing approved policy and shall submit a revised policy for approval at the following General Meeting.

## **iii. Derogation**

In accordance with the provisions of Law 4548/2018, in exceptional circumstances, the Bank may temporarily derogate from the present Policy, provided that:

- a written proposal is submitted to the Board of Directors for approval, following proposal of the Corporate Governance and Nominations Committee, and upon provision of the relevant consent by the HFSF;
- the proposed derogation refers to elements of the policy provided in Chapter 5;
- the derogation is necessary to serve the long-term interests and sustainability of the Bank as a whole or to assure its viability.

# **5. Directors' Remuneration**

## **5.1. General principles**

The remuneration structure that applies to the NBG Board of Directors distinguishes between non-executive and executive members. In all cases, the Remuneration Policy is based on equal pay for male and female directors for equal work or work of equal value, in alignment with the provisions of Directive (EU) 2019/878.

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In all cases, Board Directors remuneration is determined by the Bank's Annual General Meeting of Shareholders, upon recommendation of the Board of Directors (non-executive members), following proposal by the Corporate Governance and Nominations Committee. The Executive members do not attend or take part in the Committee meetings at which their remuneration is discussed and decided. Prior to its submission to the AGM, the remuneration proposal is subject to consultation with the competent bodies according to Law 3864/2010, as in force.

The remuneration proposal takes into consideration, among others, the general employment and payment conditions applying to the total of NBG staff, looking to ensure consistency, while also takes into account the differences in responsibilities and impact ability of each directorship position.

Remuneration arrangements are evaluated against benchmarking data of peers. Outside review/validation of the Remuneration Policy can be sought as may be deemed appropriate by the Corporate Governance and Nominations Committee from a well reputed specialized consulting company, which can be appointed in accordance with the provisions of the Corporate Governance Code and in line with the budget available.

Directors' remuneration is paid proportionally for as long as each member holds the corresponding position. New Directors that may be appointed during the term of this Policy shall be remunerated as provided herein and as per the relevant decisions of the General Meeting of Shareholders determining remuneration of Board members.

As long as the Bank is subject to the provisions of Law 3864/2010 (article 10 para 3) and the Bank's Restructuring Plan, as currently in force and as long as these are applicable, Directors' remuneration cannot exceed the total remuneration of the Governor of the Bank of Greece, while in any case remuneration shall be awarded in accordance with the provisions of the legal and regulatory framework, as this each time applies.

## ***5.2. Components of Directors' Total Remuneration***

### ***i. Remuneration of Non-Executive directors (including the Board Chair)***

The remuneration structure that applies to the NBG Non-Executive Directors is determined taking into account their duties, dedication and time commitment inherent to the role that they undertake, and consists of a fixed remuneration, which comprises the following elements:

- **Basic Board Member Remuneration:** an annual fixed amount in cash, for their participation as Board members, depending on the particular role of each director, namely as a Board Chairman, Vice Chairman, Senior Independent Director, Board member.
- **Additional – added to the basic – Remuneration per Board Committee (Chairmanship/Vice-chairmanship/membership):** an annual fixed amount in cash, for their participation to Board Committees, either as Chairs, Vice-chairs, or as members, which may give rise to different remunerations for each non-executive director, depending on the number of Committee memberships and the Chair/Vice-Chair positions held in each case. It is noted that the Committee Chairs/Vice-Chairs do not receive the committee member remuneration.

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More specifically, the particular remuneration component includes a basic Board member fee, a remuneration amount for membership per Board Committee, a remuneration amount for vice-chairmanship per Board Committee and a remuneration amount for chairmanship per Board Committee. .

- **expenses**, in line with market practice, where the Bank covers Directors' reasonable expenses relating to performance of their duties as Board Members, as per Bank's expenses policy.
- **benefits, such as health care insurance schemes**, taken out by the Bank, which pays the relevant premiums.

All remuneration payments are subject, where applicable, to social security, income tax, special tax levy (STL) and stamp tax withholdings.

It is noted that currently, there are no active supplementary pension or early retirement schemes provided by the Bank to Non-Executive Directors. No variable compensation is received by the Non-Executive BoD Members, neither are they part of retirement plans, severance payment programs or performance incentives.

#### *ii. Remuneration of Executive directors*

In accordance with best market practices, and aiming to provide a competitive level of remuneration that reflects skills, experience and time commitment, Executive Directors are compensated as follows:

- an **annual fixed amount in cash, awarded in accordance with the applicable legislation for the performance of their executive duties**, which reflects the individual's role, experience and responsibilities, taking also into account average increases of the remuneration of members of Senior Management (if any), as well as peer data, and is designed to attract and retain highly skilled and experienced individuals so as for the Bank to remain market competitiveness. This element of remuneration is not subject to performance metrics and is determined by the Corporate Governance and Nominations Committee within the limits approved by the Annual General Meeting of Shareholders, in accordance with the provisions of Law 3864/2010 and in alignment with RFA.

It is noted that Executive Directors do not receive any additional remuneration for their participation as Board members.

- **expenses**, in line with those that may be recognized to the Senior Management and in line with market practice, where the Bank covers Directors' reasonable expenses relating to performance of their duties, as per Bank's expenses policy.
- **benefits in kind**, in line with those that may be recognized to the Senior Management and in line with market practice, where the Bank may provide use of company car, life/health care insurance schemes taken out by the Bank, which pays the relevant premiums, as per Bank's benefits policy. Furthermore, the respective individuals (Executive Directors) are eligible for all benefits provided by the Bank's Collective Agreements.
- **A fixed amount paid** in case the employment contract is terminated by the employer in accordance with the labor legislation and the contractual terms. The Bank is not obliged to pay this fixed amount in case of fraud or misconduct. The employment contract provides for the payment of an amount of 12 gross monthly salaries, the payment of which is non discretionary, permanent, non revocable, non dependent on

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the Executive Director's performance or any other factors other than fulfilling the role of Executive Director. A period of gardening leave is defined as per Bank's policy. The above provisions are executed by the Human Resources Unit which proceed to all actions required, while the Compliance & Audit Units participate in the relevant process within their competencies, safeguarding that no incidence of fraud or misconduct is evident. The abovementioned payment should have the ratification of HRRC.

All remuneration payments are subject, where applicable, to social security, income tax, special tax levy (STL) and stamp tax withholdings.

The overall remuneration of each executive director will strive to be competitive in relation to the remuneration applied to equivalent positions in leading peer institutions, within the limits/restrictions set out by the applicable regulatory framework, and certainly not exceeding the total remuneration of the Governor of Bank of Greece.

## 6. Senior Managers' Remuneration

### 6.1. General provisions

The remuneration of Senior Managers (namely, General Managers and Assistant General Managers) is approved by the Board, following the recommendation of the HRRC upon proposal of the CEO. Particularly in relation to the remuneration of Senior Managers of the risk & control functions, namely the Group Chief Audit Executive, the Group Chief Compliance and Corporate Governance Officer, the Group Chief Risk Officer and the Group Chief Internal Controls Officer, the HRRC works closely with the Audit Committee and the Risk Committee, respectively, in order to consult before approving their remuneration, in accordance with the Committees' Charters.

The remuneration of Senior Managers is determined as provided for under the terms of their relevant contracts, taking into account the salaries of peers in the Greek and international banking and other sectors, as well as the Bank's financial position, risks undertaken and supervisory indicators, and within the approved by the Board relevant salary bands.

As long as the Bank is subject to the provisions of Law 3864/2010 (article 10 para 3) and the Bank's Restructuring Plan, as currently in force and as long as these are applicable, Senior Management remuneration cannot exceed the total remuneration of the Governor of the Bank of Greece, while in any case remuneration shall be awarded in accordance with the provisions of the legal and regulatory framework, as this each time applies.

### 6.2. Components of Senior Managers' Remuneration

The remuneration of Senior Managers is comprised as follows:

- an **annual fixed amount in cash, awarded in accordance with the applicable legislation, for the performance of their duties (salary)** which reflects the individual's role, experience and responsibilities, taking also into account peer data, and is designed to attract and retain highly skilled and experienced individuals so as for the Bank to remain market competitive. This element of remuneration is not subject to performance metrics and is determined by the Board of Directors, following proposal

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by the Human Resources and Remuneration Committee, in accordance with the consent given by HFSF and according to Law 3864/2010 as in force.

- **expenses**, in line with the Bank's policies and market practice, to ensure competitiveness and business effectiveness. In this context, the Bank covers Senior Managers' reasonable expenses relating to performance of their duties, as per Bank's Expenses policy.
- **benefits in kind**, in line with the Bank's policies and market practice, to ensure competitiveness and business effectiveness. In this context, the Bank offers benefits 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, such as use of company car, parking space, life/health care insurance schemes taken out by the Bank, which pays the relevant premiums, pension scheme (defined contribution savings plan), which may include the contributions of the employee as a percentage of his/her gross monthly salary, the Bank's contribution as a percentage of the employee's contributions, as well as how these contributions are invested, as per Bank's Benefits policy.
- **A fixed amount paid** in case the employment contract is terminated by the employer in accordance with the labor legislation and the contractual terms. The Bank is not obliged to pay this fixed amount in case of fraud or misconduct. The employment contract provides for the payment of an amount of 12 gross monthly salaries, the payment of which is non discretionary, permanent, non revocable, non dependent on the SM's performance or any other factors other than fulfilling the role of GM/AGM . A period of gardening leave is defined as per Bank's policy. The above provisions are executed by the Human Resources Unit which proceed to all actions required, while the Compliance & Audit Units participate in the relevant process within their competencies, safeguarding that no incidence of fraud or misconduct is evident. The abovementioned payment should have the ratification of HRRC.

All remuneration payments are subject, where applicable, to social security, income tax, special tax levy (STL) and stamp tax withholdings.

The overall remuneration of Senior Managers will strive to be competitive in relation to the remuneration applied to equivalent positions in leading peer institutions, within the limits/restrictions set out by the applicable regulatory framework and the decisions of the Board and certainly not exceeding the total remuneration of the Governor of Bank of Greece.

## 7. Variable Remuneration of Directors and Senior Managers

In accordance with the provisions of Law 3864/2010 (article 10 para 3) and the Bank's Restructuring Plan, as currently in force and as long as these are applicable, no bonus is paid to Executive and Non-Executive Directors, and Senior Managers.

Apart from the aforementioned restriction, in alignment with the applicable regulatory framework, variable remuneration shall only be paid subject to the Bank and Group overall financial standing and if justified according to the performance of the Director/Senior

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Manager. Variable remuneration should not limit the ability of the Bank to strengthen or put at risk the soundness its capital base.

Variable remuneration shall be determined through methods that take into account, among others, annual performance indicators (financial and non-financial), which take into account strategic priorities defined by the Board, as well as current and future risks, and the corresponding performance assessment in relation to targets achieved.

Variable remuneration is awarded by the Board, following proposal by the Corporate Governance and Nominations Committee (in the case of Board members), or by the Human Resources and Remuneration Committee (in the case of Senior Managers), in a manner compatible with effective risk management, and in alignment with the applicable regulatory framework, including among others the following:

- The variable component shall not exceed 100 % of the fixed component of the total remuneration for each individual. The General Meeting of Shareholders may approve a higher maximum level of the ratio between the fixed and variable components of remuneration, provided the overall level of the variable component shall not exceed 200 % of the fixed component of the total remuneration for each individual.
- Payment of at least 40% of variable remuneration shall be deferred for at least 3 to 5 years (or as otherwise provided in the applicable legal and regulatory framework), so as to align such remuneration with the nature and the risks involved in the Bank's activities.
- Payment of variable remuneration shall be suspended, entirely or in part, when the Bank faces issues in capital adequacy, liquidity, business continuity and the overall financial situation of the Bank and Group.
- Without prejudice to the provisions of the applicable regulatory and contractual framework, remuneration paid shall be reclaimed if the identified member contributed significantly to the subdued or negative financial performance and in cases of fraud or other conduct with intent or severe negligence which led to significant losses ("clawback").
- Without prejudice to the general regulatory provisions of labour law applicable, total variable remuneration is substantially reduced in the event that the financial performance of the Bank and Group is negative. In this event, current remuneration, as well as any reduction in payment of remuneration vested in the past, including malus, clawback or other arrangements, shall be taken into account.

In any case, variable remuneration shall be awarded in accordance with the provisions of the legal and regulatory framework, as this each time applies.

#### Stock options

In accordance with Law 4548/2018 Articles 113-114, pursuant to a General Meeting resolution a Stock Options/Stock Award Program may be launched for the Board Directors and Staff in the form of options to acquire shares of the Bank as per the terms of the resolution. The General Meeting resolution determines the maximum number of shares to be issued if the beneficiaries' stock options are exercised, which by law cannot exceed 1/10 of the Bank's existing shares, as well as the purchase price and the terms of allocation of the shares to the beneficiaries. Further on, the General Meeting of Shareholders may authorize the Bank's Board of Directors in order to proceed to all actions

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required and launch the relevant Program, once relevant legislative framework provides such possibility. The authorization of the General Meeting to the Board lasts five years from the relevant approval of the General Meeting.

As long as the Bank is subject to the provisions of Law 3864/2010 (article 10 para 3) and the Bank's Restructuring Plan, as currently in force and as long as these are applicable, no Stock Options Programs shall be launched.

## 8. Directors' and Senior Managers' Contracts Provisions

### 8.1. Directors' Contracts

The Chair of the Board and the Executive Directors enter into independent service contracts with the Bank, while the Non-Executive directors perform their duties as per their mandates.

The current contracts of the Chair of the Board and the Executive Directors have a three-year duration, similarly to the current BoD term, with the possibility of extension upon the condition that the Board's term is also extended, and include indicatively among others the following items:

- remuneration;
- scope of work: carrying out the duties assigned by the Board of Directors;
- evaluation of the services provided;
- life and accident insurance coverage at the expense of the Bank;
- confidentiality;
- avoidance of conflict of interest.

It is noted that remuneration levels may be readjusted according to decisions of the General Meeting and potential decrease of remuneration does not constitute a ground for termination of the contract with compensation.

### 8.2. Senior Managers' Contracts

The Senior Managers enter into open-ended duration contracts with the Bank, which include indicatively among others the following items:

- remuneration;
- scope of work: carrying out the duties assigned for the particular role;
- evaluation of the services provided;
- life and accident insurance coverage at the expense of the Bank;
- confidentiality;
- avoidance of conflict of interest.

## 9. Conflicts of Interest

The Board places particular emphasis on the elimination or minimization of any conflicts of interest that could have a negative impact on the Bank. To that end, and in alignment with provisions of the Bank's Articles of Association and the Policy for avoiding conflicts of

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interest for Board members, Senior Executives and other Related Parties of NBG, Directors and Senior Managers must:

- ▶ not engage in or facilitate any activity that competes with the economic interests of the Bank or that of an NBG Group company in a material way;
- ▶ disclose in a timely and adequate manner own interests that may arise from corporate transactions within their responsibility, and any other conflict of interests between them and the Bank or any affiliate thereof that may arise in the course of their duties; and
- ▶ abstain from voting on resolution of the Board regarding their own remuneration (*applicable to Directors only*).

Where identified, cases of conflict of interest are included in the Annual Report on Corporate Governance, which is included in the Bank's Annual Financial Statements.

## 10. Disclosures

The approved Remuneration Policy shall be disclosed at the Bank's website, free of charge, for as long as it is in force. The voting date and results of the General Meeting of Shareholders shall also be disclosed accordingly.

The Bank shall submit annually to the General Meeting of Shareholders the Remuneration Report, providing a comprehensive overview of the remuneration, including all benefits in whatever form, awarded or due during the most recent financial year to the persons within the scope of the Remuneration Policy, as per the provisions of Law 4548/2018, as in force. The Report shall contain the information prescribed in article 112 of Law 4548/2018, as in force, while the Remuneration Report shall also explain how the vote by the (previous) General Meeting of Shareholders has been taken into account. After the General Meeting of Shareholders and without prejudice to the provisions of Regulation (EU) 2016/679 (GDPR), the Remuneration Report is made publicly available on the Bank's website, free of charge, for a period of 10 years. The Bank's auditors shall check that the information required has been provided. The NBG Group Corporate Governance & CSR Division is responsible for coordinating the collection of the data required for disclosures.