



NBG Directors' Remuneration Policy

July 2019

Table of Contents

1. | Introduction
2. | Purpose
3. | Scope
4. | Governance of the Policy
 - i. *Competent bodies*
 - ii. *Review*
 - iii. *Derogation*
5. | Directors Remuneration
 - 5.1. *General principles*
 - 5.2. *Components of Directors' Remuneration*
 - a. *Remuneration of Non-Executive directors (including the Board Chair)*
 - b. *Remuneration of Executive directors*
 - c. *Variable Remuneration*
6. | Directors' Contracts Provisions
7. | Conflicts of Interest
8. | Disclosures

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 present NBG Directors' Remuneration Policy (hereinafter "the Policy") to the Annual General Meeting of Shareholders, held on 31 July 2019, which approved the present Policy by 99.34% favourable votes.

The NBG Directors' 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 Commitments of the Hellenic Republic to the European Commission 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.

2. Purpose

The NBG Directors' Remuneration Policy sets out the general framework for the remuneration of the members of the Board of Directors, 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 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 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), 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 and Nominations Committee (CGNC). In discharging its duties, the Corporate Governance and Nominations Committee may cooperate with other Committees of the Board, if deemed necessary. Prior to its submission to the AGM, the Directors' Remuneration Policy is subject to consultation with the competent bodies according to Law 3864/2010, as in force.

The Group Corporate Governance Unit shall assist the Board of Directors and the CGNC in the development, review and implementation of the Policy. To that end, the Group Corporate Governance Unit may cooperate with other functions of the Bank, such as those competent for human resources, 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.

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, as currently and as long as it is in force), 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' 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 participations 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.
More specifically, the remuneration structure 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. Each Board member annual remuneration amount is determined based on the basic Board member fee, plus any further annual fee for their particular memberships, vice-chairmanships or chairmanships in Board Committees.
- **other fixed components, such as allowances,** in line with market practice, where the Bank covers Directors' reasonable expenses relating to performance of their duties as Board Members, including (indicatively) accommodation, travel expenses, meals etc.
- **health care insurance schemes,** taken out by the Bank, which pays the relevant premiums.

It is noted that currently, there are no active supplementary pension or early retirement schemes provided by the Bank to Non-Executive Directors.

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 on a monthly basis, 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 competitive. 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. It is noted that Executive Directors do not receive any additional remuneration for their participation as Board members.
- **other fixed components, such as allowances or remuneration in kind**, 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, including (indicatively) accommodation, travel expenses, meals, use of company car etc.
- **health care insurance schemes**, taken out by the Bank, which pays the relevant premiums.

It is noted that currently, there are no active supplementary pension or early retirement schemes provided by the Bank to Executive Directors.

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.

iii. Variable Remuneration

In accordance with the provisions of Law 3864/2010 (article 10 para 3), as currently in force and as long as this is applicable, no bonus is paid to Executive and Non-Executive Directors.

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. 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, and in line with the relevant provisions of the Group's Remuneration Policy applying to all Identified Staff.

Variable remuneration is awarded as per the provisions of the NBG Group Remuneration Policy applicable to the remaining Identified Staff members, 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.
- Remuneration payable under deferral arrangements shall vest no faster than on a pro-rata basis. In the case of a variable remuneration component of a particularly high amount, at least 60% of the amount shall be deferred.
- Payment of variable remuneration shall be suspended entirely or in part when the Bank is faced with issues in capital adequacy, liquidity, business continuity and the general 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 declining or 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. Currently, there are no active Stock Options Programs.

6. Directors' Contracts Provisions

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 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;
- early termination without compensation only on serious grounds;
- termination with compensation equal to the remuneration up to the time of maturity of the contract and with a maximum limit of 6 months pay.

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.

7. 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 interest for Board members, Senior Executives and other Related Parties of NBG, Directors 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.

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.

8. 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 Directors Remuneration Report, as per the provisions of Law 4548/2018, as in force. The NBG Group Corporate Governance & CSR Division is responsible for coordinating the collection of the data required for disclosures.