

Policy

Name: Remuneration Policy

Responsible Unit: Human Resources Department

Purpose: The Remuneration Policy is applicable to all Eurobank members of staff and covers their total remuneration. It aims to create a competitive remuneration framework in order to attract, engage and retain its employees.

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Applicable to: Eurobank Cyprus Ltd

Table of Contents

1. Introduction.....	1
2. Implementation at Group Level	2
3. Remuneration Policy Basic Principles	2
4. Remuneration Policy Adoption, Overview of Implementation and Revision	3
5. Individuals with Material Impact on the Bank’s Risk Profile	3
6. Categories of Remuneration	5
7. Variable Remuneration for “Identified Employees”	10
8. Benefits	12
9. Remuneration Approval Process.....	12
10. Disclosures.....	14
11. Appendices	14
12. References	14
13. Amendments Table	14
14. Table of Creation, Issuance and Approvals	15

1. Introduction

Eurobank Cyprus Ltd (the “Bank”) has established a Remuneration Policy that is applicable to all Bank employees and covers their total remuneration. The Remuneration Policy forms an integral part of the Bank’s corporate governance practice and is developed in accordance with its operational model, business strategy, objectives, long-term interests, and incorporates measures to avoid conflict of interest.

Also, the Remuneration Policy promotes sound and effective risk management and is consistent with the objectives of the Bank’s business and risk strategy, corporate culture and values, risk culture including with regard to environmental, social and governance (ESG) risk factors, long term interests of the Bank and the measures used to avoid conflicts of interest and should not encourage excessive risk-taking on behalf of the Bank. Changes of such objectives and measures are taken into account when updating the Remuneration Policy. The Bank ensures that remuneration practices are aligned with their overall risk appetite, taking into account all risks, including reputational risks and risks resulting from the mis-selling of products. The Bank also takes into account the long-term interests of shareholders.

Accordingly, the operating standards and mechanisms which have been adopted ensure that the levels of remuneration are directly linked to results and desired behaviours.

The Remuneration Policy has been drafted and is being implemented in accordance with the Central Bank of Cyprus Directive to Credit Institutions on Governance and Management Arrangements in Credit Institutions ('CBC Directive'), EBA Guidelines (EBA/2021/04) on sound Remuneration Policies under Directive 2013/36/EU, the Commission Delegated Regulation (EU) 2021/923, as well as the Tripartite Relationship Framework Agreement between the HFSF, Eurobank Ergasias Holdings S.A. and the Regulation (EU) 2019/2088 on sustainability-related disclosures in the financial services sector, as well as other elements of the pertinent regulatory framework.

The current Remuneration Policy supersedes, consolidates and replaces any other remuneration policy. There shall not be any exceptions to the Policy. Any legacy contracts should be aligned with the current Policy upon their renegotiation / renewal.

2. Implementation at Group Level

The basic principles and requirements of the current Remuneration Policy are aligned with the Eurobank S.A. ("Eurobank") Remuneration Policy in order to promote consistent application on a consolidated basis throughout the Eurobank Group (the "Group"), taking also into consideration any further obligation applied to the Bank.

The non-executive members of Eurobank's Board of Directors ("BoD") monitor the implementation of the Remuneration Policy at Group level.

3. Remuneration Policy Basic Principles

The Bank has established a competitive remuneration framework in order to attract, engage and retain its employees. The Remuneration Policy has been designed in order to be consistent with and to promote sound and effective risk management including sustainability risks. Its basic principles are to:

- The Remuneration policy is gender neutral.
- Safeguard that remuneration is sufficient to retain and attract executives with appropriate skill and experience.
- Monitor that internal equity between all Units is applied.
- Avoid excessive risk taking including with respect to direct and indirect sustainability risks.
- Link remuneration with long-term performance.

The continuous monitoring of market trends and best practices in domestic and global level ensures a competitive Remuneration Policy that is governed by transparency and internal equity.

Moreover, the Bank has adopted a remuneration framework the main objective of which is to provide a unified remuneration management approach within the Group and a common framework taking into consideration the need for flexibility in the decision making process and the diverse operational models of all units. The Bank promotes the integration of sustainability risk related factors into the remuneration policies.

The Bank's remuneration framework is based on a two dimensional grading structure for each position:

- Job Family, depending on the nature of business (for example IT, Finance).
- Band or grades which are linked to position requirements, range of responsibilities and professional experience.

The Bank's Band structure is set using a specific methodology, which evaluates each position based on 3 parameters:

- Know How

- Problem Solving
- Accountability

4. Remuneration Policy Adoption, Overview of Implementation and Revision

The non-executive members of the Bank's BoD approve and periodically review the Remuneration Policy and are responsible for overseeing its implementation.

The Remuneration Committee assists the non-executive members of the Bank's BoD regarding the drafting, revision and implementation of the Remuneration Policy and makes relevant recommendations.

The Remuneration Committee is established in such a way as to be able to offer specialised and independent advice regarding the Remuneration Policy and its implementation and the incentives created for managing corporate risk culture, capital and liquidity so that to contribute to safeguarding a sound capital base and does not lead to shortcomings in the Bank's liquidity.

The Remuneration Committee's objective and key responsibilities are determined by its Terms of Reference.

The drafting of the Remuneration Policy has taken into account the input provided by all competent control functions, Risk Management Unit, Compliance Division, Internal Audit Division, Human Resources Department, and Legal Services Division. More specifically:

- Human Resources Department participates and informs on the drawing up and the evaluation of the remuneration policy for the Bank, including the remuneration structure, remuneration levels and incentive schemes, in a way that would not only attract and retain the staff the Bank needs but also assures that the remuneration policy is aligned with the Bank's risk profile.
- Risk Management Unit assists and informs on the definition of suitable risk adjusted performance measures (including ex post adjustments) in assessing how the variable remuneration structure affects the risk profile and culture of the Bank and validates and assesses risk adjustment data.
- Compliance Division analyses how the remuneration policy affects the Bank's compliance with legislation, regulations, internal policies and risk culture and reports all identified compliance risks and issues of non-compliance to Board.
- Internal Audit Division carries out an independent review of the design, implementation and effects of the Bank's remuneration policies on its risk profile and the way these effects are managed in line with the regulatory framework.

The Remuneration Policy is accessible to all employees through the Bank's intranet site.

5. Individuals with Material Impact on the Bank's Risk Profile

The individuals who have a material impact on the Bank's risk profile ("identified employees") according to the EU Regulation 923/2021 are identified with respect to the following qualitative and quantitative criteria:

5.1 Criteria

(I) Qualitative Criteria

1. All members of the BoD and senior management;
2. Employees with managerial responsibility over the Bank's control functions or material business units;

3. Employees with managerial responsibility for:
 - (i) legal affairs;
 - (ii) the soundness of accounting policies and procedures;
 - (iii) finance, including taxation and budgeting;
 - (iv) performing economic analysis;
 - (v) the prevention of money laundering and terrorist financing;
 - (vi) human resources;
 - (vii) the development or implementation of the remuneration policy;
 - (viii) information technology;
 - (ix) information security;
 - (x) managing outsourcing arrangements of critical or important functions as referred to in Article 30(1) of Commission Delegated Regulation (EU) 2017/565(7);
4. Employees who are responsible for, or are members of Committees responsible for the management of a risk category other than credit risk and market risk:
 - (i) Counterparty Risk;
 - (ii) Residual Risk;
 - (iii) Concentration Risk;
 - (iv) Securitization Risk;
 - (v) Interest Risk arising from non – trading book activities;
 - (vi) Operational Risk;
 - (vii) Liquidity Risk;
 - (viii) Risk of excessive leverage.
5. With regard to credit risk exposures of a nominal amount per transaction which represents 0.5% of the Bank's Common Equity Tier 1 capital and at least € 5 million:
 - (i) Employees who have authority to take, approve or veto a decision on such credit risk exposures;
 - (ii) Employees who are voting members of a Committee which has the authority to take the decisions referred to in point (i) of this point (5);
6. Employees who individually or, as members of Committees, have authority to take, approve or veto a decision on transactions on the trading book which in aggregate meet one of the following thresholds:
 - (i) where the standardized approach is used, an own funds requirement for market risks which represents 0.5% or more of the Bank's Common Equity Tier 1 capital; or
 - (ii) where an internal model-based approach is approved for regulatory purposes, 5% or more of the Bank's internal value-at-risk limit for trading book exposures at a 99% ;
7. Employees who head a group of staff who have individual authorities to commit the Bank to transactions and either of the following conditions is met:
 - (i) the sum of those authorities equals or exceeds a threshold set out in point 5 (i) or point 6 (i);
 - (ii) where an internal model-based approach is approved for regulatory purposes those authorities amount to 5% or more of the Bank's internal value-at-risk limit for trading book exposures at 99%.
Where the Bank does not calculate a value-at-risk at the level of that employee the value-at-risk limits of employees under the management of this employee shall be added up;
8. Employees meet either of the following criteria with regard to decision on approving or vetoing the introduction of new products:
 - (i) Employees have authority to take such decisions;
 - (ii) Employees are voting members of Committees with authority to take such decisions.

(II) Quantitative Criteria

9. Employees entitled to significant remuneration in the proceeding financial year belong to a material business unit or have significant impact on the risk profile of a material business unit and have not been identified as per the above qualitative criteria provided that any of the following conditions are met:
 - (i) Employees' total remuneration is equal or greater than €750,000;

- (ii) Employees' total remuneration is within the 0.3 % of the employees, rounded up to the next higher integer, who have been awarded the highest total remuneration in the preceding financial year;
- (iii) Employees' total remuneration is equal to or greater than € 500,000 and equal to or greater than the average total remuneration of all members of the BoD and senior management belonging to the Qualitative Criteria (1)

5.2 Identification Process of the Employees with Material Impact on the Bank's Risk Profile

The identification process of the identified employees is based on the aforementioned qualitative and quantitative criteria as set out in Commission Delegated Regulation (EU) No 923/2021 and, where needed, additional criteria have been set by the Bank that reflect the levels of risk of different activities within the Bank and the impact of employees on the Bank's risk profile.

Employees that fall or are likely to fall under the criteria in Article 3 for a period of at least three months in a financial year are treated as identified employees.

The identification process of the identified employees is performed on an annual basis at Bank level as well as at Group level.

More specifically, the identification process is as follows:

- Group Human Resources General Division ("Group HR") finalizes the list of key assumptions to be used in the identification process of the identified employees.
- Group HR sends the list of assumptions to the Bank's HR Department ("HR").
- HR with the assistance of the relevant internal control functions (i.e. Legal, Compliance, Risk) validates the list of assumptions and verifies whether they are in line with applicable regulations or whether there must be some modifications.
- HR uses the final list of assumptions to proceed with the identification of the respective employees. If during this process HR identifies the need to deviate from the initial list of assumptions at individual level, then they should discuss these deviations with the control functions, Risk and Compliance, and justify each deviation.
- HR submits the list of assumptions together with the list of identified employees to Group HR for review and approval.
- HR submits the list of assumptions for subsequent review and approval to Remuneration Committee ("RemCo"). Any deviations should be properly documented and provided to RemCo.
- Following RemCo approval, the assumptions and the list of identified employees together with the respective local approval is sent to Group HR.
- Group HR consolidates all such data from all Subsidiaries in order to obtain the final approvals at Group Remuneration Committee level.

The records and the results of the identification process are kept by HR and Group Rewards Sector at Group level following Group reporting.

6. Categories of Remuneration

Remuneration plays a significant role in attracting and retaining talent whose contribution in the Bank's results is deemed critical. Remuneration mechanisms incorporate principles that take into account employees' skills and performance while supporting at the same time long term business objectives and are consistent with the principle

of equal pay for male, female and diverse employees for equal work or work of equal value in line with point 65 of Article 3(1) of Directive 2013/36/EU and Article 157 TFEU. Any form of discrimination, based on gender or otherwise is not tolerated. -

The Bank has developed a remuneration framework that is based on total remuneration ranges that differ among hierarchical levels and nature of business and on the basis of a gender neutrality, including identified employees. Total remuneration ranges are reviewed annually taking into consideration market trends and current legal requirements. To this end, data from Compensation and Benefits Surveys, provided from external consultants, is used as benchmark.

Variable remuneration for the members of the control functions

It should be noted that employees engaged in internal control functions are independent from the business units they oversee and have appropriate authority, and are remunerated in accordance with the achievement of the objectives linked to their functions, independent of the performance of the business areas they control.

The remuneration of the employees in the independent control functions is predominantly fixed, to reflect the nature of their responsibilities. The variable remuneration of control functions, i.e. Risk Management Unit, Compliance Division, Internal Audit Division and Information Security Division, is not based on the financial performance of the Units they monitor. On the other hand, the variable remuneration is based on simple and clear criteria formed on the basis of control objectives and to some extent on the performance of the Bank as a whole. For the payout amount in relation to the variable remuneration of the members of the control functions, the qualitative and quantitative criteria will be defined according to the KPIs framework to be established by the Bank (as referred in paragraph 6.3). The KPIs will take into account the principles of the requirements of the specific criteria for control functions as set out in Articles 232 and 233 of the EBA Guidelines on sound remuneration policies.

Employees' total remuneration consists of fixed and variable components.

6.1 Fixed Remuneration General Principles

Fixed remuneration is gender neutral, permanent, predetermined, non-discretionary, transparent and non-revocable. Fixed remuneration reflects primarily the relevant professional experience of the employee taking into account the educational level, experience, the degree of seniority, the level of expertise and skills, the constraints (e.g. social, economic, cultural or other relevant factors) and job experience and the position's functional requirements. In addition, fixed remuneration does not provide incentives for risk assumption and it is not subject to malus and clawback arrangements.

Individual increase proposals are based on market data and employee performance.

6.2 Separation Agreement Schemes

The Bank may provide separation agreement schemes for employees taking into consideration current legislation.

A minimum and maximum amount as well as other specific terms is each time determined for each Separation Agreement Scheme applied to employees.

6.3 Variable Remuneration General Principles

The Bank may provide variable remuneration in order to reward employee performance in alignment with unit and / or Bank performance taking into consideration the general principles set below.

The amount of variable remuneration awarded appropriately reflects to changes of the performance of the employees, the business unit and the Bank overall. In such variable remuneration schemes, the Bank specifies how the variable remuneration reacts to performance changes and the performance levels. This also includes performance levels where variable remuneration decreases down to zero.

As a result, it is upon Bank's discretion to award variable remuneration to employees as long as financial sustainability is maintained. The Bank has the right to partly or fully revoke the distribution of variable remuneration to its employees.

The total variable remuneration pool, as well as, the distribution parameters used for its allocation among different business units, should be determined after taking into consideration the following parameters:

- Eurobank's, the Bank's and business units' profitability.
- The cost of tied-up capital, which is associated to risks undertaken (credit, market, operational, liquidity, reputational and other risks) spread over a period of time, and is calculated based on the existing regulatory framework.
- Key developments in terms of credit risk, liquidity risk and market risk, which further adjust the Bank's total variable remuneration pool.
- Additional criteria for measuring the effectiveness and efficiency of employees, which include qualitative factors (qualifications, skills, compliance with Bank's policies contribution to the unit's performance, and personal competencies such as continuous improvement, customer orientation, team spirit, change leadership and people management) as well as factors related to the management of risks undertaken.

The variable remuneration pool allocated to each business unit, should be further adjusted through additional unit specific risk parameters (such as provisions from non-performing exposure, Value at Risk, credit, market & liquidity risk, losses incurred by fraud, etc.) thus stressing the importance of the prudent management of such risks.

In case that the Bank grants variable remuneration to its employees the appropriate risk alignment process should be followed as per the respective EBA Guidelines (EBA/2021/04) on sound Remuneration Policies under Directive 2013/36/ and specifically Article 225 whereby institutions should set and document both quantitative and qualitative criteria for individuals, business units and the institution, encompassing both financial and non- financial criteria. The above are taken into account as part of the KPIs framework to be established by the Bank. The Bank reserves the right to apply malus or clawback arrangements to the variable remuneration awarded to employees.

The remuneration guidelines differentiate between the requirements applicable to all employees and requirements applicable to identified employees. As identified employees have a higher impact on the risk profile it is appropriate that more stringent remuneration policies are applied. Consequently, in cases where variable remuneration is awarded to identified employees according to the EU Regulation 923/2021 additional requirements are applied to the variable remuneration amounts (*as described in Section "Variable Remuneration for Identified Employees"*).

6.4 Other Variable Remuneration Components

6.4.1 Guaranteed Variable Remuneration

The Bank may provide guaranteed variable remuneration which should be exceptional, occur only when hiring new staff and where the Bank has a sound and strong capital base and is limited to the first year of employment. Guaranteed variable remuneration can take several forms such as a 'guaranteed bonus', 'welcome bonus', 'sign-on bonus', 'minimum bonus', etc., and can be awarded either in cash or in instruments under the provisions of EBA RTS 2021/01.

The amount of guaranteed variable remuneration may not be included in the calculation of the ratio between the fixed and variable components of the total remuneration (as described in Section “Ratio Between Fixed and Variable Remuneration”) for the first performance period, where the guaranteed variable remuneration is awarded when hiring new staff before the first performance period starts.

As part of the arrangements guaranteeing this part of variable remuneration, the Bank may not apply the requirements on malus and clawback arrangements to guaranteed variable remuneration. In addition, the Bank may pay out the full amount in non-deferred cash.

6.4.2 Incentive Schemes

The Bank may provide incentive schemes addressed to employees aiming at:

- Supporting the goals of the organization by aligning employee goals with them;
- Motivating employees to increase individual / Unit performance;
- Improving retention; and
- Emphasizing the importance of teamwork in achieving Group goals.

It should be noted that incentive schemes parameters ensure that employees are not rewarded in a way that constitutes a conflict to the Bank’s Policy to protect its customers. More specifically, incentive schemes are designed to discourage risk taking that exceeds the tolerated risk of the Bank. Employees are not provided with incentives that would encourage them to propose to customers specific financial instruments instead of other instruments that would best serve the customers’ needs.

The Incentive Schemes’ payouts are directly linked to the Business Units’ profitability results (for example lending balances and profitability, liquidity, portfolio quality) or NPE’s reduction as well as operating expenses’ containment cascading down to the individuals’ targets and in line with the Bank’s principles on variable remuneration as stated in this document.

6.4.3 Retention Schemes

The Bank may provide retention schemes to retain employees.

The retention amount complies with the general principles on variable remuneration, including the ex post risk alignment, payment in instruments, deferral, retention, malus and clawback. Retention amounts are not based on performance, but on other conditions (i.e. the circumstance that the employee stays in the Bank for a predetermined period of time or until a certain event), therefore ex ante risk adjustments are not necessary.

The retention amount is not awarded to merely compensate for performance-related remuneration that is not paid due to insufficient performance or the Bank’s financial situation.

The Bank sets the retention period as a specific period of time or by defining an event when the retention condition is met, after which the retention amount is awarded.

The retention amount is taken into account within the calculation of the ratio between the variable and the fixed remuneration as variable remuneration (as described in Section “Ratio Between Fixed and Variable Remuneration”). The retention amount is taken into account either with an annual amount in each year of the retention period which is calculated on a linear pro rata basis independent of the fact that the full amount is awarded after the end of the retention period, or with the full amount when the retention condition is met. Where

the exact length of the retention period is not known upfront, the Bank sets and duly documents a period considering the situation and measures taken that justify the payment of a retention amount. The calculation of the ratio is based on the period set.

For awarded instruments (as described under paragraph 7.1) a retention period of at least one year is set. Longer periods are set in particular where ex post risk adjustments mainly rely on changes of the value of instruments which have been awarded. Where the deferral period is at least five years, a retention period for the deferred part of at least six months may be imposed for employees other than members of the BoD and senior management for whom a minimum retention period of one year should be applied.

6.4.4 Discretionary Pension Benefits

As a rule, discretionary pension benefits are not granted and in any case if they may be provided they should constitute a form of variable remuneration.

The Bank ensures that where an employee leaves the Bank or retires discretionary pension benefits are not paid without the consideration of the economic situation of the Bank or risks that have been taken by the employee which can affect the Bank in the long term.

As far as the identified employees are concerned the full amount of discretionary pension benefits is awarded as follows:

- when an identified employee leaves the Bank before retirement, the Bank holds the full amount of any discretionary pension benefits in instruments at least for a period of five years without the application of pro rata vesting;
- when an identified employee reaches retirement, a five-year retention period is applied to the full amount paid in instruments.

The Bank ensures that malus and clawback arrangements are applied in the same way to discretionary pension benefits as to other elements of variable remuneration.

6.5 Ratio Between Fixed and Variable Remuneration

Provided that variable remuneration is awarded to employees, the following rules should apply:

- The variable component cannot exceed 50% of the fixed component of the total remuneration.
- The Bank's Annual General Meeting 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 100% of the fixed component of the total remuneration for each individual and according to the process described as per CBC Directive. Any approval under the clauses of a higher ratio of 50% shall be carried out in accordance with the specific procedure of CBC Directive (par. 51).
- The effective ratio is calculated as the sum of all variable components of remuneration that have been awarded for the last performance year as set out in this Remuneration Policy, including amounts awarded for multi-year accrual periods, divided by the sum of fixed elements of remuneration awarded for the same performance year. For multiyear accrual periods that do not revolve annually, the Bank alternatively takes into account in each year of the performance period the maximum amount of variable remuneration that is awarded at the end of the performance period divided by the number of years of the performance period.
- The ratio between the variable and fixed remuneration components is set independent of any potential future ex post risk adjustments or fluctuation in the price of instruments.

7. Variable Remuneration for “Identified Employees”

For identified employees additional requirements to their variable remuneration awarded are applied according to L. 144(I)/2007 as in force which has incorporated the Directive 2013/36/EU as in force.

7.1 Deferral, Retention and Method of Payment Requirements

Variable remuneration of identified employees is applied in a manner that is appropriate to the Bank’s size, internal organization and the nature, scope and complexity of their activities.

More specifically, and applying the principle of proportionality and under the scope of a gradual normalization, variable remuneration up to the amount of € 30,000¹ is paid in cash and for any variable remuneration above this amount the following deferral requirements apply:

- a) for C-Suite Executives²:
- for variable remuneration between € 30,001 - € 40,000, 0% - 25% deferral is applied increasing proportionally;
 - for variable remuneration between € 40,001 - € 50,000, 25% - 40% deferral is applied increasing proportionally;
 - for variable remuneration between € 50,001 - € 150,000, 40% deferral is applied;
 - for variable remuneration between € 150,001 - € 350,000, 50% deferral is applied; and
 - for variable remuneration over € 350,001³, 60% deferral is applied;
- b) for the rest of the identified employees:
- for variable remuneration between € 30,001 - € 40,000, 0% - 25% deferral is applied increasing proportionally;
 - for variable remuneration between € 40,001 - € 50,000, 25% - 40% deferral is applied increasing proportionally;
 - for variable remuneration between € 50,001 - € 350,000, 40% deferral is applied; and
 - for variable remuneration over € 350,001, 60% deferral is applied.

The deferral amount is deferred over a period which is not less than four years, with the exception of the Board Members and / or Board Committee Members, the CEO, and the direct reports of the CEO who are also Executive Committee members, for which the deferral period is five years. In addition, the deferral amount vests no faster than on a pro-rata basis and is correctly aligned with the nature of the business, its risks and the activities of the employee concerned. The first deferred portion should not vest sooner than 12 months after the start of the deferral period. The deferral period ends when the awarded variable remuneration has vested or where the amount was reduced to zero as malus was applied.

Variable remuneration (deferred and non-deferred) is awarded or vests only if it is sustainable according to the financial situation of the Bank as a whole, and justified on the basis of the performance of the Bank, the business unit and the employee concerned. Without prejudice to the general principles of national contract and labour law,

¹ Any variable remuneration awarded that does not exceed the gross amount of € 30,000 is awarded in cash and is not subject to retention and deferral policies.

² C-Suite Executives are defined as the CEO, and the direct reports of the CEO who are also Executive Committee members.

³ An amount of € 350,000 and above is deemed to be variable remuneration of a “particularly high amount”.

the total variable remuneration shall generally be considerably contracted where subdued or negative financial performance of the Bank occurs, taking into account both current remuneration and reductions in payouts of amounts previously earned, including through malus or clawback arrangements.

Additionally, for any variable remuneration awarded that exceeds the amount of € 60,000, at least 50% of it should consist of a balance of the following:

- shares or equivalent ownership interests;
- where possible, other instruments within the meaning of Article 52 or 63 of Regulation (EU) No 575/2013 or other instruments which can be fully converted to Common Equity Tier 1 instruments or written down, that in each case adequately reflect the credit quality of the Bank as a going concern and are appropriate to be used for the purposes of variable remuneration in accordance to the relevant clauses of Regulation (EU) No 527/2014; and
- variable remuneration should not be paid through vehicles or methods that facilitate the non-compliance with L. 4261/2014 or Regulation (EU) No 575/2013.

Especially, applying the principle of proportionality and under the scope of a gradual normalization, for any variable remuneration between € 30,000 - € 60,000 the following balance is applied:

- for variable remuneration between € 30,001 - € 40,000, 100% - 75% is paid in cash decreasing proportionally;
- for variable remuneration between € 40,001 - € 50,000, 75% - 60% is paid in cash decreasing proportionally; and
- for variable remuneration between € 50,001 - € 60,000, 60% - 50% is paid in cash decreasing proportionally.

Moreover, if an identified employee receives incentive amounts from more than one scheme:

- In cases where the schemes are based on the achievement of differing goals and targets, the ceiling of €50,000, applies on the cumulative amount, above which there will be a deferred element.
- In cases where the incentive schemes are based on the achievement of the same goals and targets, the €50,000 ceiling applies to the cumulative amount.

Identified employees are required not to use personal hedging strategies or remuneration and liability- related insurance to undermine the risk alignment effects embedded in their remuneration arrangements.

7.2 Malus and Clawback Arrangements

The Bank is able to apply malus or clawback arrangements up to 100% of the total variable remuneration in accordance with Article 94 (n) of EU Directive 2013/36/ EE regardless of the method used for the payment, including deferral or retention arrangements.

When setting criteria for the application of malus and clawback in accordance with Article 94 (n) of EU Directive 2013/36/ EE, and a period during which malus or clawback will be applied is also set. This period at least covers deferral and retention periods. The criteria used are the following:

- evidence of misconduct or serious error by the employee (e.g. breach of code of conduct and other internal rules, especially concerning risks);
- whether the Bank and/or the business unit subsequently suffers a significant downturn in its financial performance (e.g. specific business indicators);
- whether the Bank and/or the business unit in which the employee works suffers a significant failure of risk management;

- significant increases in the Bank's or business unit's economic or regulatory capital base;
- any regulatory sanctions where the conduct of the employees contributed to the sanction.

Where malus can only be applied at the moment of vesting of the deferred payment, clawback on variable remuneration may be applied without prejudice to the general principles of national contract or labour law.

Malus and clawback arrangements lead to a reduction of the variable remuneration where appropriate. Under no circumstances should an explicit ex post risk adjustment lead to an increase of the initially awarded variable remuneration or, where malus or clawback was already applied in the past, to an increase of the reduced variable remuneration.

8. Benefits

The Bank may offer various benefits to its employees and their families in line with the approved Benefit's Policy. The Benefits' Policy (types of benefits, coverage, etc.) is approved by the Remuneration Committee following proposal by the HR.

9. Remuneration Approval Process

The process that is applied for the approval of the remuneration of all Bank employees is the following:

Employee Category	Remuneration Components	Proposal	Approval
Members of Board of Directors	Total Remuneration within the approved framework	Group COO & International Activities of Eurobank S.A. / Head of International Activities General Division of Eurobank S.A. / Group CHRO General Division	CEO of Eurobank S.A./ Country Remuneration Committee / Country BoD/ Pending final ratification by Annual General Meeting of Eurobank Cyprus Ltd.
Members of Board of Directors	Total Remuneration exceeding the approved framework	Group COO & International Activities of Eurobank S.A./ Head of International Activities General Division of Eurobank S.A./Group CHRO General Division/ Country Remuneration Committee/ Country Board	Remuneration Committee of Eurobank S.A. / Non Executive members of the BoD of Eurobank S.A. / Pending final ratification by Annual General Meeting of Eurobank Cyprus Ltd.
Executive Members of the Board	Total Remuneration	Group COO & International Activities of Eurobank S.A./ Head of International Activities General Division of Eurobank S.A. / Country Remuneration Committee / Country Board	Remuneration Committee of Eurobank S.A. / Non Executive members of the BoD of Eurobank S.A.
All employees	Total Remuneration framework	Group COO & International Activities of Eurobank S.A. / Head of International Activities General Division of Eurobank S.A. / Country Remuneration Committee/ Country Board	Remuneration Committee of Eurobank S.A.
Employees with Material Impact on the Bank's risk profile	Total Remuneration within the approved framework	Responsible Unit	Group COO & International Activities of Eurobank S.A. / Head of Group CHRO General Division / Head of International Activities General Division of Eurobank S.A. / Country CEO ⁽¹⁾
Employees with Material Impact on the Bank's risk profile	Total Remuneration exceeding the approved framework	Group COO & International Activities of Eurobank S.A. / Head of International Activities General Division of Eurobank S.A. / Group CHRO General Division / Country Remuneration Committee / Country Board	Remuneration Committee of Eurobank S.A.
Head of Information Security	Total Remuneration within the approved framework	Country CEO / Group COO & International Activities / Group CHRO General Division / Country Risk Committee	Country Remuneration Committee ⁽¹⁾
Head of Information Security	Total Remuneration exceeding the approved framework	Country CEO / Group COO & International Activities / Group CHRO General Division / Country Risk Committee / Country Remuneration Committee / Country Board	Remuneration Committee of Eurobank S.A.
Head of Risk Management	Total Remuneration within the approved framework	Country CEO / General Manager Group Risk / Group COO & International Activities of Eurobank S.A. / Head of International Activities General Division of Eurobank S.A. / Head of Group CHRO General Division / Country Risk Committee	Country Remuneration Committee ⁽¹⁾
Head of Risk Management	Total Remuneration exceeding the approved framework	General Manager Group Risk / Group COO & International Activities of Eurobank S.A. / Head of International Activities General Division of Eurobank S.A. / Country Risk Committee / Country Remuneration Committee / Country Board	Remuneration Committee of Eurobank S.A.
Head of Internal Audit & Head of Compliance	Total Remuneration within the approved framework	Country CEO / General Manager Group Audit or General Manager of Group Compliance / Group COO & International Activities of Eurobank S.A. / Head of International Activities General Division of Eurobank S.A. / Group CHRO General Division / Country Audit Committee	Country Remuneration Committee ⁽¹⁾
Head of Internal Audit & Head of Compliance	Total Remuneration exceeding the approved framework	General Manager Group Audit or General Manager of Group Compliance / Group COO & International Activities of Eurobank S.A. / Head of International Activities General Division of Eurobank S.A./ Country Audit Committee / Country Remuneration Committee / Country Board	Remuneration Committee of Eurobank S.A.
All other employees	Total Remuneration	Responsible Unit	Head of International Activities General Division of Eurobank S.A./ Country CEO / Country HR
All employees	Total performance related remuneration pool at Country level and its allocation among Business Units	Group COO & International Activities of Eurobank S.A. / Head of International Activities General Division of Eurobank S.A. / Country Remuneration Committee / Country Board	Remuneration Committee of Eurobank S.A. / Non Executive members of the BoD of Eurobank S.A.
All employees	Incentive Schemes	Group COO & International Activities of Eurobank S.A. / Head of International Activities General Division of Eurobank S.A. / Country Remuneration Committee / Country Board	Remuneration Committee of Eurobank S.A.
All employees	Retention Schemes	Group COO & International Activities of Eurobank S.A./ Head of International Activities General Division of Eurobank S.A. / Country Remuneration Committee / Country Board	Remuneration Committee of Eurobank S.A. / Non Executive members of the BoD of Eurobank S.A.
All employees	Separation Agreement Schemes	Group COO & International Activities of Eurobank S.A. / Head of International Activities General Division of Eurobank S.A. / Country Remuneration Committee / Country Board	Remuneration Committee of Eurobank S.A. / Non Executive members of the BoD of Eurobank S.A.
All employees	Social Benefits Policy	Country HR	Country Remuneration Committee
All employees	Separation Amount ⁽²⁾	Remuneration Committee Eurobank S.A.	Non Executive members of the BoD Eurobank S.A.

⁽¹⁾ The Remuneration Committee of Eurobank S.A. & the Country Remuneration Committee are informed ex post, on a quarterly basis, for the total remuneration adjustments for employees with material impact on the Bank's risk profile

⁽²⁾ In case that the employee's total remuneration is equal to or greater than € 500,000. The Remuneration Committee of Eurobank S.A. is informed ex post, on an annual basis, about the separation amounts paid to the Senior Executives, as defined at the ToR of the Committee as well as to the subsidiaries' senior managers at the level of the CEO minus 1.

10. Disclosures

The Bank will not make any separate disclosures other than what it is required to disclose to the Central Bank of Cyprus, regarding the remuneration policy, since relevant disclosures are made on a consolidated basis by the parent company, Eurobank S.A..

11. Appendices



12. References



13. Amendments Table



Version	Date	Change Description
1.0	15.12.2010	
2.0	11.07.2013	
3.0	3.07.2015	Alignment with the Group and the new CBC Directive
4.0	28.12.2017	Amendments on EBA Guidelines on sound Remuneration Policies under Articles 74(3) and 75(2) of Directive 2013/36/EU and disclosures under Article 450 of Regulation (EU) No 575/2013
5.0	7.12.2018	Amendments on EBA Guidelines on sound Remuneration Policies under Articles 74(3) and 75(2) of Directive 2013/36/EU and disclosures under Article 450 of Regulation (EU) No 575/2013
6.0	25.9.2020	Amendment of the deferral period for Board Members and / or Board Committee Members and increase of the minimum limit of any variable remuneration
7.0	24.9.2021	Amendments based on EBA Guidelines on sound Remuneration Policies under Articles 74(3) and 75(2) of Directive 2013/36/EU, disclosures under Article 450 of Regulation (EU) No 575/2013, the Regulation (EU) 2019/2088 on sustainability-related disclosures in the financial services sector and EU Regulation 2021/923. An addition, amendments effected for alignment with Group Remuneration Policy.
8.0	29.9.2022	Amendment of the Quantitative Criteria for the Individuals with Material Impact on the Bank's Risk Profile based on EBA Guidelines (EBA/2021/04) on sound Remuneration Policies under Directive 2013/36/EU, the Remuneration Approval Process, the threshold set with respect to variable remuneration payments subject to deferral arrangements and the amendment of the Deferral, Retention and Method of Payment Requirements.

14. Table of Creation, Issuance and Approvals



Unit	Authorized Personnel	Date
Created by: Human Resources Department		29.9.2022
Issued by: Human Resources Department		25.11.2022
Approved by: Board of Directors		25.11.2022