



ALPHA BANK

SENIOR EXECUTIVES SEVERANCE PAYMENT POLICY

NOVEMBER 2019

A. INTRODUCTION - PURPOSE

Subject to the terms and conditions hereof, the present Senior Executives and Managers Severance Payment Policy (hereinafter the “**Policy**”) applies to the Senior Executives and Managers of Alpha Bank (the “**Bank**”), as these are specifically defined for the purpose hereof.

The Policy has been designed on the basis of the need:

- to be aligned with market practices in the sector, in the context of healthy competition, as other Greek banks have already introduced severance payment policies for Senior Managers;
- to provide for a planned and timely succession among the key managerial roles within the defined perimeter and
- to develop an HR management tool applicable to the Senior Management of the Bank.

B. SCOPE OF APPLICATION

Subject to the terms and conditions hereof, the present Policy applies exclusively to the following categories of Senior Executives and Managers of the Bank (each the “**Senior Manager**”):

Members of the Bank’s General Management and Key Function Holders, namely the:

- CEO
- Deputy CEOs
- General Managers
- Executive General Managers
- Head of Internal Audit
- Head of Compliance

C. NATURE OF THE POLICY

1. **Voluntary Nature**: the Policy and any payment effected in its context is voluntary for the Bank (i.e. it is offered at the Bank’s discretion), does not constitute a common business practice of the Bank, and may be withdrawn at any time by way of a resolution of the General Meeting of Shareholders of the Bank.
2. **Discretionary Application**: the application of the present Policy to any Senior Manager and any payment hereunder, in accordance with and subject to the terms and conditions of this Policy [as set out in sections B to G (inclusive) hereof], is subjected to the discretion of the Bank. No Senior Manager is entitled to any payment under this Policy unless and until such Senior Manager enters into, but subject to the terms and conditions of, a Termination Agreement (as defined below).
3. **Voluntary or Involuntary Separation at the Bank’s Discretion**: for the avoidance of doubt the present Policy may be applied by the Bank, at its discretion, both to voluntary and involuntary separation arrangements with Senior Managers.

The present Policy is subject to all applicable laws including Law 4261/2014 and Law 4548/2018, the relevant Collective Agreements (sectoral, enterprise level etc.) and the regulatory and supervisory framework, all as in force from time to time.

D. TERMINATION AGREEMENT

The departure of a Senior Manager may be brought within the ambit of the present Policy only by the relevant Senior Manager and the Bank entering into an agreement for the termination of the relevant employment contract of the Senior Manager, as proposed by the Bank (the “**Termination Agreement**”), as follows:

Subject to the provisions of articles 99 et seq. (on related parties’ transactions) and 109 et seq. (on remuneration of the Board Members and General Managers) of Company Law 4548/2018 and to the comments made below:

1. **Termination Agreement for a Senior Manager (other than the CEO and/or an ExCo Member):** If the Termination Agreement concerns a Senior Manager other than the CEO and/or a Member of the Executive Committee of the Bank, then such Termination Agreement is prepared by the Legal Services Division at the instruction of the Executive Committee of the Bank (the “**ExCo**”), after having consulted with the Human Resources Division and received confirmation by the Compliance and Internal Audit Divisions that no findings have been identified for the specific Senior Manager. The Remuneration Committee (the “**RemCo**”) is informed of the execution of each Termination Agreement at its meeting immediately following any such execution.
2. **Termination Agreement for an ExCo Member:** If the Termination Agreement concerns an ExCo Member, then such Termination Agreement is prepared by the Legal Services Division at the instruction of the Chief Executive Officer (the “**CEO**”), after having consulted with the Human Resources Division and received confirmation by the Compliance and Internal Audit Divisions that no findings have been identified for such an ExCo Member. The Remuneration Committee (the “**RemCo**”) is informed of the execution of each Termination Agreement at its meeting immediately following any such execution.
3. **Termination Agreement for the CEO:** If the Termination Agreement concerns the CEO, then such Termination Agreement is prepared by the Legal Services Division at the instruction of the Chair of the Board of Directors, after having consulted with the Human Resources Division and received confirmation by the Compliance and Internal Audit Divisions that no findings have been identified for the CEO. Once finalized, and before its execution, the Termination Agreement for the CEO is submitted for endorsement by the RemCo and then, if endorsed by the RemCo, for approval by the Board of Directors. Once approved, the Termination Agreement is executed between the Bank and the CEO.

Any Termination Agreement should set out the terms and conditions under which any severance payment under this Policy should be offered to the Senior Manager, including that

- (i) the Senior Manager’s contract is not terminated for due cause attributable to such Senior Manager (indicatively, but not exhaustively: sub-par performance, fraud, violation of the Code of Ethics, disciplinary action, etc.);
- (ii) the Senior Manager leaves the Bank on “good terms” (including, without limitation, waives any and all existing or potential litigation against the Bank, including the right to challenge the Termination Agreement, cooperates fully in handover to his/her successor) and

- (iii) the Senior Manager continues to act professionally, observing the terms and conditions of the relevant Termination Agreement that govern the post-termination period (including, without limitation, any non-competition clauses, clawback due to any post-termination discovery of material mismanagement in risk-, audit- or HR-related issues, breach of confidential and non-disclosure provisions, etc.).

E. SEVERANCE PAYMENT

Any amount payable by the Bank under this Policy but subject to the terms and conditions of the relevant Termination Agreement shall be paid in cash. No such payment may exceed a total of 24 gross monthly salaries as severance payment.

In particular, depending on the years of the Senior Manager's continuous service in the Bank:

- Between 6 and up to 15 years: an amount of 18 gross monthly salaries is paid.
- Exceeding 16 years: an amount of 24 gross monthly salaries is paid.

The said severance payment

- ✓ is offset against any other compensation paid due to departure on the termination of the employment contract, as such compensation shall be set by applicable law, by the relevant Collective Labor Agreements and/or the Collective Labor Agreements at Bank level applicable in Greece or by Voluntary Separation Schemes/Exit Allowance Packages implemented at the same time or by a provision of an individual employment contract and
- ✓ is taxed in accordance with the applicable scale for severance payments and the tax amount is withheld from the Senior Manager's above-mentioned payment.

The aforementioned severance payment is compatible with the provisions of the regulatory framework in force, i.e.:

- ✓ It shall not have a material impact on the Institution's capital base,
- ✓ It is also taken into account in the audit verifying whether the annual ceiling (gross annual remuneration of the Governor of the Bank of Greece, Salary Cap) has been exceeded, with a time shift to the following years, if necessary,
- ✓ It is payable in a way which shall safeguard the interests of the Bank, as follows:
 - A. A substantial part, i.e. at least 40% thereof, shall be paid in annual installments of an equal amount within a period of three (3) years following the Senior Manager's departure,
 - B. It shall be subject to malus or clawback arrangements up to 100%, if the Senior Manager has committed a disciplinary offence and/or if the Senior Manager fails to comply with any confidentiality, non-disclosure and/or non-compete provision of the relevant employment and/or Termination Agreement.

In case of activation of the Bank's Recovery Plan, all future payments to the Senior Manager, including any non-paid advances, are automatically cancelled.

F. OTHER PROVISIONS

- Preferential interest rates on any existing fixed payment loans of the Senior Manager (including housing loans) continue to apply for the term of such loans, while such interest rates on existing revolving facilities (to include credit cards) will apply for one (1) year after departure, in accordance with the relevant provisions, on condition that the said products are performing. After the signing date of the departure agreement, no new loans may be disbursed at the preferential interest rate offered to serving Personnel.
- Any indemnity for legal costs and fees shall continue to apply subject to its terms and conditions.
- Debt repayment for the Bank's Retail Credit products in cases of large exposures. More specifically:
 - In the cases of Senior Managers with debts to the Bank ranging from Euro 300,000 to Euro 500,000, 30% of the net payable sum of the severance payment shall be disbursed for the repayment thereof;
 - In the cases of Senior Managers with debts to the Bank exceeding Euro 500,000, 50% of the net payable sum of the severance payment shall be disbursed for the repayment thereof.
- The Hospital Coverage policy provided through the Bank's Insurance Policy with the Company AXA Insurance shall be valid for two (2) years after departure from the Bank, according to the terms applicable for serving Personnel.

G. POLICY APPROVAL – MONITORING OF APPLICATION

- ✓ The Policy:
 - is submitted to the RemCo and is subsequently presented for approval by the Board of Directors,
 - is incorporated by reference in the Remuneration Policy of the Bank,
 - is communicated on its terms and conditions to the Senior Managers concerned through a personal letter by the Human Resources Division.
