



PANCRETA BANK

REMUNERATION COMMITTEE

1. General

The Remuneration Committee shall be constituted in such a way as, to be able to give a qualified and independent opinion on the remuneration policy and its implementation, as well as on the incentives created in the management of risks, capital and liquidity. It shall be responsible for the preparation of decisions on remuneration, including those having an impact on the risks assumed as well as their management. These decisions shall be taken by the Board of Directors.

The members of the Committee, including its Chairman, shall not hold parallel positions or positions, or engage in transactions that could be considered incompatible with the mission of the Committee.

2. Membership - Members

The term of office of the members of the Remuneration Committee is the same as that of the members of the Board of Directors (three years) and may be renewed indefinitely.

The Remuneration Committee is composed of three (3) non-executive members of the Board of Directors, the majority of whom are independent, appointed by the Board of Directors. The Chairman of the Committee shall be appointed by its members and must be an independent non-executive. Membership of the Committee does not preclude members from serving on other Board Committees.

The members of the Committee shall, collectively, have appropriate knowledge, expertise and professional experience with respect to remuneration policies and practices.

3. Operating Procedures

The Committee shall meet regularly, at least once a year, and in ad-hoc meetings, whenever necessary. Any persons (Officers, Employees, Consultants) invited by the Chairman of the Committee may participate in its meetings without a vote. Meetings of the Commission may also be held by videoconference.

A quorum, i.e., the presence of the Chairman and at least one of the members of the Committee, is required for meetings of the Committee. Decisions shall be taken upon the majority of the members present. In the case of meetings, in which, two persons are present, the President of the Commission shall have the casting vote in the event of a non-unanimous decision.

The Chairman shall appoint the Secretary of the Committee with the task of assisting in the preparation and distribution of the agenda items, recording and the electronic maintenance of the minutes, which shall be signed by the Chairman, the Members and the Secretary of the Committee. The signature of the Members may be replaced by an exchange of e-mails or any other electronic means.

The Chairman shall compile the agenda, the items on which, as well as the supporting documents, shall be brought to the attention of the Members within a reasonable time before the meeting.

The Committee shall inform the Board of the results of its work..



4. Key Responsibilities

The Remuneration Committee:

1. It is responsible for the preparation of decisions concerning remuneration taken by the non-executive members of the Board of Directors, including the fixed and variable remuneration of the executive members of the Board of Directors.
2. Supports and advises the non-executive members of the Board of Directors on the design of the Remuneration Policy.
3. Support the non-executive members of the Board of Directors with respect to the supervision, design, maintenance and evaluation of the Remuneration Policy, practices and procedures, as well as the compliance with the Remuneration Policy.
4. Review whether the current Remuneration Policy remains updated and, if necessary, make recommendations for changes.
5. Evaluate the possible appointment by the non-executive members of the Board of Directors of external advisors on remuneration matters to provide advice or support.
6. Ensure that information provided to shareholders on remuneration policies and practices, particularly in relation to proposed higher maximum ratios between Fixed and Variable Remuneration, is adequate.
7. Evaluate the mechanisms and systems put in place to ensure that the remuneration system takes due account of the levels of all types of risk, liquidity and capital and that the overall Remuneration Policy promotes and is consistent with sound and effective risk management and is in line with the business strategy, objectives, corporate culture, corporate values and long-term interests of the Bank.
8. Evaluates the achievement of performance targets and the need for risk-based ex-post adjustments, including the implementation of malus and reimbursement arrangements.
9. Examines various possible scenarios to test how the Policy and remuneration practices are affected by external and internal events and retrospectively reviews the criteria used to determine performance based on actual risk outcomes.
10. Make recommendations to the non-executive directors on the design of the remuneration package and the amounts of remuneration to be paid to senior management of the independent internal audit functions.

In addition, the Remuneration Committee:

- Has access to all data and information on the decision-making process of the non-executive directors regarding the design, implementation, supervision and evaluation of remuneration policies and practices.
- It has adequate financial resources and unrestricted access to all information and data of the independent internal audit functions, including risk management.
- Ensure appropriate involvement of the independent internal audit functions and other related functions (e.g., human resources management, legal services, strategic planning) in their respective areas of expertise and where appropriate, seek the assistance of external consultants.
- Liaise with other Committees composed of non-executive Directors whose activities may have an impact on the design and accurate functioning of remuneration policies and practices (e.g., Risk Management Committee, Audit Committee and Nomination Committee). It also provides adequate information to the Board members and, where appropriate, to the General Meeting on these activities.

It should be noted that the respective Committee's Rules of Procedure do not substitute those set out in the relevant legislative, regulatory and supervisory provisions, which in any case take precedence. Any revisions thereto shall be approved by the Board of Directors.