



# **Remuneration**

## Policy

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## 1. Legal framework

This document describes the Remuneration Policy (the “Policy”) of Anadolubank Nederland N.V. (“the Bank”). This Policy is in line with our strategy and risk appetite, objectives and core values, complying with the applicable rules, laws and regulations including, without limitation, the Dutch Banking Code, the Capital Requirements Regulation (CRR II), the Capital Requirements Directive (CRD V), the EBA Guidelines on sound remuneration policies under CRD (EBA/GL/2021/04), Articles 1:111 to 1:130 of the Financial Supervision Act (Wet op het financieel toezicht, Wft) and the Regulation on Sound Remuneration Policies (Regeling beheerst beloningsbeleid Wft 2021, Rbb), as amended from time to time (hereafter referred to as “Remuneration Regulations”).

The Policy also complies with the Best Practices provisions of the Dutch Corporate Governance Code 2022 (DCGC). Although the DCGC does not apply directly to Anadolubank due to its non-listed status in the Netherlands and the because Anadolubank does not state in its annual reports that it voluntarily applies the DCGC, the principles and best practice provisions from the DCGC however are still of importance for The Bank, because they are generally considered as an industry standard on how to govern in a prudent manner.

## 2. Scope

This Policy applies to all staff of The Bank. This means that this Policy applies to all individuals that work under the responsibility of the Bank, which does not only include employees but may also include contractors, self-employed staff and temporary workers. The rules which apply solely to the Identified Staff (**Appendix I**) are indicated.

## 3. Principles

This Policy concerns the Bank and it reflects and supports the business plan, strategy, objectives, values and long-term interests of the Bank. It facilitates the achievement of the strategic, collective and individual targets that apply within the Bank.

The Policy corresponds to sound and effective risk management and it will not encourage taking risks that are not acceptable to the Bank. It takes into account the long-term interests of the customers, staff members, shareholders, other stakeholders and the Bank.

In light of the above, this Policy takes into account the following key principles:

- ▶ Remuneration within the Bank shall correspond with its function in the financial sector and its role in society by facilitating sustainable economic growth, sound risk management, and taking into account the long-term interests of its stakeholders (including, but not limited to, clients, employees and shareholders).
- ▶ This Policy is in accordance with solid and effective risk management and does not encourage taking more risks than acceptable to the Bank. As such, performance criteria for variable remuneration do not provide for incentives to take irresponsible risks and

are designed to avoid any possible conflict of interest between staff members and customers.

- ▶ Variable remuneration is based on predetermined performance criteria to which a performance cycle applies. The performance criteria are based at least for 50% on nonfinancial criteria.
- ▶ Variable remuneration is awarded only if this is acceptable given the financial position of the Bank.
- ▶ Variable remuneration is awarded only if this is justified in view of the performance and behavior of the relevant staff member.
- ▶ This Policy strives to remunerate all staff members equally for equal work of equal value, irrespective of their gender.
- ▶ This Policy promotes a sound and effective risk management culture that protects the value of the investment portfolios of the Bank and its clients. Anadolubank is currently setting up a sustainability policy that takes into account the sustainability risks to which the Bank and its customers are exposed. Sustainability risks are defined as environmental, social or governance events or conditions that, if they occur, could cause an actual or a potential material negative impact on the value of investments. The sustainability policy of the Bank will be implemented in the near future, subject to approval of the Management Board. It is envisaged that after implementation of the sustainability policy, sustainability risks shall explicitly form part of the risk management policy and practices within the Bank just as any other forms of risks. As a result, the structure of the remuneration within the Bank shall not encourage excessive risk-taking with respect to sustainability risks and will be linked to the ex-ante and ex-post risk assessments.

## 4. Governance

Different bodies and functions that have an important role in the determination, implementation and control of the Policy are the following:

### 4.1. The Management Board

The Management Board adopts this Policy for all staff members and other individuals working under the responsibility of the Bank. The Management Board is also responsible for the implementation and evaluation of this Policy.

The Management Board will present a remuneration proposal annually to the Supervisory Board. The remuneration proposals for the Head of Risk Management department, Head of Internal Audit and Head of Compliance department require the prior approval of the Supervisory Board as well, to ensure transparency and independence.

### 4.2. The Supervisory Board

The Supervisory Board approves this Policy and oversees its implementation by the Management

Board. The Supervisory Board monitors the implementation, adherence to and evaluation of the Policy.

The Supervisory Board of the Bank will not establish a separate Remuneration Committee. Instead, the Supervisory Board may appoint at least one of its members, on proposal by the Chairman, to include remuneration within his tasks to support the Supervisory Board. The Supervisory Board, however, assumes at the same time final responsibility and verifies that this Policy complies with the principles of restrained remuneration.

A Supervisory Board Charter is available with respect to the composition, tasks and responsibilities, appointment of members and the required expertise and knowledge of the Supervisory Board and its individual members. The assignment of controlling this Policy will be executed in accordance with the internal governance framework, including the Supervisory Board Charter.

The Chairman of the Supervisory Board nor a former member of the Management Board of the Bank, nor a Supervisory Board member who is a member of the Management Board of another listed company will be appointed with the task to support the Supervisory Board regarding the Remuneration issues.

#### **4.3. Supervisory Board responsibility for Remuneration**

The Supervisory Board responsibility for Remuneration consists of:

- a) Ensuring that variable remuneration is in line with the Policy adopted and more particularly that it complies with the Remuneration Regulations.
- b) Approving the proposal of the Managing Board for the determination of the Identified Staff (see Appendix I).
- c) Approving the remuneration proposal of the Managing Board for Control Functions.
- d) approving any material exemptions for individual staff members and assessing and approving deviations from or changes to this Policy and carefully considering and monitoring their effects.
- e) Transparency on evaluation, discussion and approving possible substantial retention packages, exit packages and on boarding packages. To establish if they fit within this Policy and are not excessive.
- f) Preparing an analysis of the possible impact of the variable remuneration components and how they may affect the remuneration of the Management Board members, before determining the remuneration of individual Management Board members.
- g) Deciding on the remuneration of the individual members of the Management Board; such decision shall be in line with this Policy.

In executing its responsibility, the Supervisory Board may be assisted by the manager responsible for HR or seek external advice/comparisons.

#### **4.4. Control functions**

Internal Audit, Risk Management and Compliance (Control Functions) are involved in the annual risk analysis of this Policy, as these Control Functions are independent from the business units they oversee and have appropriate authority to advise the Management Board and the Supervisory Board. These Control Functions act in joint cooperation with respect to the set-up, execution, evaluation and required amendments to this Policy. Adequate processes (see points 4.4.1., 4.4.2. and 4.4.3.) are implemented for this within the Bank, including an escalation procedure towards the Supervisory Board.

The remuneration of Control Functions is sufficient to attract, acquire and retain qualified key personnel. Performance criteria are mainly linked to their respective roles, functions, responsibilities and independent of the performance or the financial results of the business or the business unit which is monitored or controlled by the individual Control Function staff member.

The remuneration proposals for the Head of Risk Management department, Head of Internal Audit and Head of Compliance department require the prior evaluation and approval of the Supervisory Board.

##### **4.4.1. Management Board**

Management Board will establish every year whether, and if so to what extent, the realized financial and non-financial performance criteria for staff need to be adjusted, taking into account the size, internal organization and nature of the activities of the Bank.

Also, Management Board will determine if, in case of variable payments, the total amount is in line with the established solvency and liquidity requirements of the Bank as published in the ICAAP and ILAAP reports.

##### **4.4.2. Compliance**

Compliance will notify if there are changes in regulations to establish that the Policy complies with the current regulations.

##### **4.4.3. Internal Audit**

Internal Audit will perform an annual audit on the adherence to this Policy. Any deviations identified are to be reported to the Supervisory Board members.

#### **4.5. Remuneration consultant**

If the Supervisory Board wishes to make use of external remuneration consultants in carrying out its duties, it shall verify that the consultant concerned is not conflicted by providing advice to the Management Board members.

#### **4.6. Meetings**

The subject of remuneration will be on the agenda of the Supervisory Board as often as it needs to. This policy will be reviewed annually. The Supervisory Board will discuss this Policy at least once a year.

#### **4.7. Conflicts**

The provisions in this Policy are complementary to the rules and regulations applicable to the Supervisory Board under Dutch law, the Articles of Association of the Bank and/or the internal policies and procedures of the Bank. In the event of conflicts arising between the provisions of this Policy and the Articles of Association of the Bank and/or the Remuneration Regulations, the latter will prevail.

In the event one or more provisions of this Policy are or become invalid, this shall not affect the validity of the remaining provisions. The Supervisory Board will direct the Management Board to update this Policy to include the changes in the Remuneration Regulations.

### **5. Types of remuneration**

This Policy relates to the fixed and variable remuneration of staff, meaning all forms of payments and benefits made directly by, or indirectly, but on behalf of the Bank in exchange for (employment) services rendered by staff, which includes but may not be limited to salaries, fringe benefits, bonuses, other fees, cost remuneration, severance payments which are contractually agreed upon and discretionary pension benefits (if any).

All remuneration components are either fixed remuneration or variable remuneration. Remuneration is considered as fixed remuneration where the conditions for its award and its amount:

- ▶ are based on pre-determined criteria;
- ▶ are non-discretionary reflecting the level of professional experience and seniority of staff;
- ▶ are transparent with respect to the individual amount awarded to the individual staff member;
- ▶ are permanent, i.e. maintained over a period tied to the specific role and organisational responsibilities;
- ▶ are non-revocable; the permanent amount is only changed via collective bargaining or following renegotiation in line with national criteria on wage setting;
- ▶ cannot be reduced, suspended or cancelled by the Bank;
- ▶ do not provide incentives for risk assumption; and
- ▶ do not depend on performance.

Variable remuneration is all remuneration that is not fixed remuneration.

## 6. Remuneration Principles

### 6.1. General principles

When awarding variable remuneration, the Bank takes into account the following general principles:

- ▶ The awarding of variable remuneration is at the sole discretion of the Bank and will only take place if it does not limit the ability of the Bank to maintain a sound capital base in the long term.
- ▶ Anadolubank takes into account the (long-term) interests of its stakeholders when awarding variable remuneration;
- ▶ No variable remuneration will be awarded that provides an incentive to staff to recommend a particular financial instrument to a client;
- ▶ Anadolubank will only award guaranteed variable remuneration in exceptional circumstances and where this is in accordance with applicable laws (see section 6.3 below);
- ▶ All awards of variable remuneration are always subject to malus- and clawback arrangements and can be reduced to zero where and when necessary (see section 6.4 and 6.6 below); and
- ▶ Variable remuneration is not paid through vehicles or methods which aim at or effectively lead to non-compliance with the remuneration requirements.

### 6.2. Maximum variable remuneration amount

When the Bank awards variable remuneration, it will at all times ensure that there is a proper balance between fixed remuneration and variable remuneration, taking into account the statutory maximum cap for variable remuneration under Dutch law. As a general rule, the variable remuneration amount shall never exceed 20% of the fixed remuneration per annum.

However, in exceptional cases the Bank may decide to award a higher variable remuneration up to 100% of the fixed remuneration per annum, in particular to staff who mainly work in the Netherlands and whose employment conditions do not exclusively follow from a collective labour agreement (CLA), provided that the Bank will never award variable remuneration in excess of 20% of the fixed remuneration per annum to staff in Control Functions and to staff who are in direct contact with consumers. In addition, the average ratio between the fixed and variable remuneration of all staff mainly working in the Netherlands shall never exceed 20% on average (see article 1:121, section 2 Wft). When the Bank awards variable remuneration in excess of 20% of the fixed remuneration per annum to staff who mainly work in the Netherlands, it will notify the competent regulator -upon request, in accordance with article 1:120, section 4 Wft.

Every award of variable remuneration is always made at the discretion of the Bank and never gives any right to a subsequent award of variable remuneration.



### 6.3. Guaranteed variable remuneration

As a general rule, the granting of guaranteed variable remuneration does not occur within the Bank.

An exception may however be made in the form of a sign-on bonus when hiring new staff members. In accordance with the applicable Remuneration Regulations, the Bank will only award a sign-on bonus if the following conditions are met:

- ▶ The sign-on bonus is awarded in view of the start of employment of the individual staff member;
- ▶ The sign-on bonus is awarded in the first year of employment; and
- ▶ a sign-on-bonus will only be awarded on the condition that the Bank has a sound and strong capital base.

Like all variable remuneration, sign-on bonuses are at all times subject to ex-post risk adjustment. (see section 6.6 below). Sign-on bonuses do not have to be taken into account when determining the ratio between fixed and variable remuneration as meant in section 6.2 above. .

In exceptional cases, the Bank may award a buy-out arrangement to new staff. A buy-out arrangement is where the Bank offers compensation for a loss of deferred variable remuneration at the previous employer. A buy-out arrangement can never be higher than the value of the loss in variable remuneration at the previous employer and cannot have more favourable terms and conditions. A buy-out arrangement has to comply with the same conditions as a sign-on bonus (see above) and should at all times comply with the Remuneration Regulations.

### 6.4. Ex-ante risk assessment

The total variable remuneration amount is paid or vests only if it is sustainable based on a combination of the assessment of:

- ▶ The overall results of the Bank;
- ▶ The performance of the business unit concerned; and
- ▶ The performance of the individual as evidenced by an objective performance appraisal based on SMART objectives.

The following elements, which are not limitative, may prevent variable remuneration in total or partially:

- ▶ The conduct of the individual or the business unit is contradicting the values and codes of conduct or any other policies of the Bank;
- ▶ Other forms of unacceptable behavior by the individual staff member;
- ▶ Unacceptable risks have been taken;
- ▶ Involvement of the individual or business unit in integrity and compliance issues;
- ▶ The nature and scope of operational risk incidents.

The assessment takes place in a multiyear framework on the basis of pre-determined performance conditions at the level of the individual staff member, the business unit concerned and the Bank. Individual performance will be assessed based on annual performance assessments and takes into account current and future risks. The applicable performance conditions will consist for at least 50% of non-financial performance conditions.

## **6.5. Method of payment**

### **6.5.1. Payment in cash**

For Identified Staff, the Bank is normally obliged to defer at least 40% of every award of variable remuneration and to pay out at least 50% of every award of variable remuneration in the form of financial instruments. However, the Bank can rely on the exemption as set out in article 94, section 3 of CRD V. This means that the Bank is not required to defer part of the variable remuneration and to pay out part of the variable remuneration in the form of financial instruments. Given its relatively small size and the additional financial and administrative burden of applying the deferral rules and the rules on payment in the form of financial instruments, the Bank has decided to not apply these rules. This means that all awards of variable remuneration are fully paid upfront and in cash. By way of exception, the Bank can in exceptional cases decide to defer part of the variable remuneration where this is considered prudent in view of the associated risks.

Anadolubank will reassess every year whether it can rely on the abovementioned exemption in article 94, section 3 CRD V and will subsequently decide whether it wants to rely on this exemption.

### **6.5.2 Certainty of payments**

Payment of variable remuneration is at the full and sole discretion of the Bank.

### **6.5.3. Monetary/Goods Payments**

Variable Remuneration is not paid through vehicles or methods that facilitate the avoidance of the requirements of this Policy and are solely made in a fully transparent manner.

## **6.6 Ex-post risk assessment (Malus/ Claw back)**

Up to 100% of the total variable remuneration shall be subject to Malus (where part of the variable remuneration is deferred) or Claw back arrangements. Malus means that (part of) the deferred part of variable remuneration is reduced and Claw back means that (part of) variable remuneration that is already paid is recovered from the individual staff member. For every award of variable remuneration, staff members will be required to agree with a separate claw back statement (as laid down in the Award Letter sent to the relevant staff members).

Anadolubank will in the following situations reduce (malus) or recover (claw back) up to 100% of the awarded variable remuneration:

- ▶ The staff member has failed to meet appropriate standards of fitness and trustworthiness; for example where there is evidence of misbehavior (e.g. discrimination, bullying and sexual or other harassment), fraud, misleading

information, involvement in criminal activities or breach of the Bank's Code of Conduct or other internal policies.

- ▶ The staff member participated in, or was responsible for, conduct which resulted in significant losses to the Bank; for example failure of risk management, conduct as a result whereof the Bank is subject to regulatory, tax or other fines or penalties or conduct as a result whereof the Bank is involved in a lawsuit.
- ▶ Payment of the award of variable remuneration would be unacceptable according to the principles of reasonableness and fairness, for example in case of a significant increase in the economic or regulatory capital base.
- ▶ The award of variable remuneration was made on the basis of incorrect information relating to the achievement of the performance conditions; for example, when the personal performance of the staff member was assessed incorrectly, when the financial performance of the Bank or the business unit concerned was less positive as originally thought or when the staff member in hindsight did not meet certain performance conditions.

If one of the above situations occurs, the Bank will as a general rule reduce or claw back the entire award of variable remuneration (i.e. reduce to zero). By way of exception, the Bank can decide to reduce and/or claw back part of the award of variable remuneration, but only where reducing or clawing back the entire award is considered unreasonable in view of the interests of the staff member, the Bank and all of its stakeholders.

## 6.7. Severance payments

Under exceptional circumstances the Bank may award a severance payment to a staff member whose employment is terminated at the initiative of the Bank. In this respect, the following general principles apply:

- ▶ Severance payments must be exceptional and in compliance with this Policy and the Remuneration Regulations and may never be of excessive nature.
- ▶ Severance payments will only be awarded if the employment agreement of the staff member is terminated at the initiative of the Bank. No severance payment is awarded if the employment agreement is terminated at the initiative of the staff member, unless this is the result of seriously imputable acts or failures by the Bank.
- ▶ Severance payments may not be a 'reward for failure'. This means that no severance payment will be awarded in situations where the conduct of the staff member is considered as a form of failure, for example if the conduct of the staff member qualifies as seriously culpable behavior (article 1:125, section 1, under b Wft, if there is a situation of failure of the Bank and the staff member is considered as a daily policymaker (article 1:125, section 1, under Wft) or when the staff member no longer meets the standards of fitness and propriety.
- ▶ Any severance payment is linked to the staff member's performance achieved over time.

- ▶ As a general rule, the amount of the severance payment will be based on the transitional allowance (Dutch: *transitievergoeding*) as prescribed by Dutch law. However, the actual amount of the severance payment will be decided upon on a case-by-case basis and may exceed the transitional allowance if deemed appropriate and necessary by the Bank. A severance payment will in principle not exceed one annual fixed salary. In exceptional circumstances that justify a higher severance payment, the severance payment may in any event not exceed two years of fixed salary. For daily policymakers within the meaning of the Wft, the severance payment will in any event not exceed one annual fixed salary (article 1:125, section 2 Wft). The latter does not apply in case a (cantonal) judge will oblige the Bank to award a higher severance payment.
- ▶ The severance payment will be subject to a risk adjustment prior to payment and will be approved by the Supervisory Board based on a proposal by the Supervisory Board member(s) with assigned responsibility for remuneration matters before payment.
- ▶ In case the Bank is obliged to reduce the maximum amount of severance payment based on changed legislation, the new maximum shall apply for the individual without the Bank having the obligation to pay additional remuneration to the individual employee.

## 6.8. No personal hedging allowed

Staff members are not allowed to use personal hedging strategies or remuneration- and liability related insurance to undermine the risk alignment effects embedded in their remuneration arrangements. Any insurance policy applied or that is applicable to cover for personal indemnification of Board Members of the Bank for liabilities when performing their duties and tasks is not considered as a personal hedging strategy or remuneration- and liability-related insurance to undermine the risk alignment effects.

## 7. Disclosure

This Policy shall be described in the 'Remuneration' chapter of the Bank Nederland N.V.'s annual report and published on the Bank's corporate website. It shall be disclosed how many employees receives a remuneration of EUR 1 million or more ('high earners'), together with the business department they work for, and the total amount of variable remuneration granted to employees during the financial year. It shall also pay attention to the relationship between remuneration and the social function of the the Bank.

The exemption in Article 450 (2) of CRR II applies and the Bank is not required to include the quantitative information on remuneration of identified staff since the Bank does not qualify as a large institution within the meaning of CRR II. In taking measures to comply with the remuneration principles, the Bank complies in a way and to the extent that is appropriate with its size, internal organization and the nature, scope and complexity of its activities.

## 8. Changes

This Policy replaces and takes precedence over all other written or unwritten policies relating to remuneration within the Bank.

In the event the provisions of (employment) contracts shall require to be amended as a result of the adoption of this Policy, proper procedures will be carried out in order to effect such amendments. In the case of any discrepancies between any individual employment documentation and this Policy, this Policy shall prevail.

This Policy can be unilaterally amended with approval of the Supervisory Board. In the event of changes to the Remuneration Regulations, this Policy will be adjusted accordingly. In the event of any discrepancy between this Policy and the Remuneration Regulations, the Remuneration Regulations shall prevail and the provisions of this Policy shall to the maximum extent possible be interpreted in accordance with the Remuneration Regulations.

Any material deviations from this Policy should at all times be in accordance with the Remuneration Regulations and require prior approval from the Supervisory Board.

## Appendix I – Identified Staff

Anadolubank determines Identified Staff on the basis of the criteria laid down in the latest version of the Commission Delegated Regulation (EU) 2021/923. At the Bank, Identified Staff is structured as follows:

### Senior management

All staff members in senior management positions qualify as Identified Staff, unless they have no impact whatsoever on management or control functions. The members of the Supervisory Board also qualify as Identified Staff. The below list summarizes which positions qualify as Identified Staff within the Bank.

Category Members
Supervisory Board Members
Management Board Members
Head of Internal Audit Department
Head of Compliance Department
Head of Risk Management Department
All the Department Heads reporting to Management Board