



European Merchant Bank UAB

Remuneration Policy

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I. *PURPOSE AND OBJECTIVES*

- 1.1. The purpose of this Remuneration Policy (the “Policy”) is to define core principles and policy of remuneration of employees of the European Merchant Bank (the “Bank”). The Policy establishes the basic principles of remuneration in order to reward sustainable long-term value creation in line with the interests of shareholders, investors, and customers to enable the Bank to attract, retain and train talented employees.
- 1.2. The Supervisory Board approves and oversees the implementation of the Policy.
- 1.3. The Management Board implements the Policy according to powers delegated by the Supervisory Board.
- 1.4. The remuneration principles governed by the Policy apply to all employees of the Bank.

II. *REMUNERATION PRINCIPLES*

- 2.1. The Bank’s remuneration scheme consists of the following:
 - 2.1.1. fixed remuneration component,
 - 2.1.2. benefits,
 - 2.1.3. one-time bonus payments.
- 2.2. Fixed remuneration is monthly salary determined in the employment contract which in each case reflects the level of the employee’s professional experience, role, responsibilities set by the job description and role charter, principle of remuneration, specific knowledge, skills and competences, the salary budget opportunities. Fixed remuneration is not related to performance.
- 2.3. Benefits may be granted to employees as a long-term or short-term benefits or allowances that may be received by the employees. Benefits are considered as part of the fixed remuneration and in addition, are intended to encourage employee's involvement, loyalty, forming the employer’s distinctiveness, increasing its attractiveness, helping to achieve better performance and to provide a competitive overall reward package. Benefits apply regardless of the individual performance of the employees and are irrevocable for the validity of the benefits provided term of office and/or as long as the employee occupies a certain role to which the specific benefit is assigned.
- 2.4. One-time bonuses might be paid at the initiative and discretion of the employer to motivate the employees without any link to any performance criteria (i.e., new year bonus).
- 2.5. There is no variable remuneration and deferred remuneration in the Bank.

III. *OVERTIME PRINCIPLES*

- 3.1. For overtime work, like a day off that was not required by the work Schedule, on a holiday, work at night, the specific payment rates shall be established according to article 144 of the Labour Code of the Republic of Lithuania.

IV. *ROLES AND RESPONSIBILITIES*

- 4.1. Supervisory Board is authorized to:
 - 4.1.1. Approve list of “Risk Taker” positions (Appendix 1) upon submission from Management Board,
 - 4.1.2. Approve annual remuneration budget,
 - 4.1.3. Approve payment of and total amount of one-off bonus,
 - 4.1.4. Approve one-off bonus amount for Management Board, Head of Internal Audit and Internal Control Officer.
 - 4.1.5. Approve Key Performance indicators (“KPI’s”) for Management Board members.
- 4.2. Audit Committee is authorized to approve KPIs for Head of Internal Audit and Internal Control Officer.
- 4.3. Management Board is authorized to:
 - 4.3.1. Determine salary ranges for each employee level or delegate this authority to CEO,
 - 4.3.2. Determine distribution of annual remuneration budget or delegate this authority to CEO,
 - 4.3.3. Determine one-off bonus amount of CEO (this cannot be delegated),
 - 4.3.4. Approve internal procedures and processes for Policy implementation.
- 4.4. CEO is authorized to
 - 4.4.1. Determine individual one-off bonus amounts of all employees under the delegation given by Management Board (except for own),
 - 4.4.2. Approve Key Performance Indicators (“KPI”s) of employees except for Management Board members, Head of Internal Audit and Internal Control Officer.
- 4.5. The Management Board is responsible for implementation of the Remuneration Policy and approval of respective internal procedures.
- 4.6. The Finance Department coordinates the implementation of the Remuneration Policy within the Bank.

V. *DISCLOSURES*

- 5.1. Disclosures regulated under article 450 of the Regulation EU No. 575/2013 dated 26 June 2013 on Prudential Requirements for Credit Institutions and Investment firms should be published on Bank’s web site under “Corporate Governance” section until 30 April of each year by HR Department based on closing figures of previous financial year.

VI. *REMUNERATION POLICY MANAGEMENT AND CONTROL*

- 6.1. Management Board reviews and submits suggestion to update Policy to Supervisory Board once a year.
- 6.2. The Internal Audit of the Bank must check the implementation of the Policy principles at least once a year.
- 6.3. If amended, the Policy is submitted to the Bank of Lithuania every year before 31 March of the current year.

- 6.4. The Bank must submit the information about the Employees whose professional activity and/or decisions made may have a significant impact on the Bank's risk profile to the supervisory institution within 5 business days after such amendments are approved by the Bank.
- 6.5. The Board must ensure that internal regulations and applicable documents adhere to the Policy.

Appendix 1 - LIST OF POSITIONS OF THE RISK TAKERS

1. Supervisory Board members
2. Management Board members
3. Credit Committee members.

The following positions are risk takers regardless of being a member of above boards & committees:

Chief Executive Officer,

Deputy Chief Executive Officer,

Chief Financial Officer,

Head of Capital Markets & Treasury, Head of Treasury, Treasury Manager,

Chief Risk Officer,

Head of Internal Audit,

Internal Control Officer/Manager.

Appendix 2 - DISCLOSURES

The disclosure in Appendix 2 must be updated until 30 April of each year.

As of 14 March 2022,

- 1) The Bank has 16 risk takers.
- 2) The average salary of the risk takers is gross Eur 6949 (six thousand, nine hundred, forty-nine euros).