

**DISCLOSURE ON  
REMUNERATION  
POLICY 2025**



**I N D U S T R A**  
BANK

**A BANK THAT  
UNDERSTANDS  
ENTREPRENEURS.**

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## INTRODUCTION

The information has been prepared in accordance with Section 36.3 of the Credit Institution Law; the requirements laid down in Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms and amending Regulation (EU) No 648/2012, which establish the procedure for publishing information on the risks inherent in the activities of banks and investment firms, risk management objectives, methods and policies, own funds requirements and the internal capital adequacy assessment, as well as remuneration policy and practices; Bank of Latvia Regulation No 322 of 14 October 2024, Regulations on Remuneration Policy and Practices of Credit Institutions, and Bank of Latvia Regulation No 264 of 18 December 2023, Additional Requirements for the Disclosure of Material, Protected or Confidential Information by Credit Institutions.

The disclosure statement is provided at the level of the consolidation group. AS Industra Bank (hereinafter – the Bank) is the parent company of the consolidation group and is subject to disclosure requirements. Information on the composition of the consolidation group and the consolidation methods is presented in the 2025 Annual Report and has not changed since the publication of that report.

**A) INFORMATION ON THE BODIES THAT OVERSEE REMUNERATION.**

Overall implementation of the Personnel Remuneration Policy (hereinafter – the Policy) at the Bank is ensured by the Management Board and the Head of the Human Resources Department, in cooperation with each head of structural unit.

**The Bank's Supervisory Council** is responsible for the following in relation to remuneration policy and practices:

- defining the key principles of the Policy, approving the remuneration policy and overseeing its implementation;
- determining remuneration for members of the Bank's Management Board and for the head and employees of the internal audit function;
- directly overseeing the remuneration of senior officers or employees of the risk control and compliance control functions;
- reviewing the key principles of the Policy regularly, but at least once a year, to ensure their alignment with the Bank's current operations, taking into account its development strategy and the impact of external factors;
- establishing the procedure for carrying out reviews of whether the Bank's implementation of the Policy complies with the approved Policy, including determining which of the Bank's control functions regularly, but at least once a year, checks and assesses such compliance, and whether an independent external expert needs to be engaged;
- establishing the procedure for reporting to the Bank's Supervisory Council on observations and deficiencies identified during reviews and on the conclusions drawn, as well as on the suitability of the remuneration policy to the specifics of the Bank's operations and its impact on the Bank's risk profile and on the overall quality of risk, capital and liquidity management;
- providing the Bank's shareholders with information on remuneration policy and practices;
- approving, for each period, the Bank's objectives whose level of achievement affects the performance assessment of all Bank Staff, including the individual objectives of Management Board members, and defining guidelines for the variable component of remuneration and its payment, for example, the minimum overall level of objective achievement required to qualify for receipt of the variable component, etc.;
- assessing the actual level of achievement of the objectives set by the Bank and determining the total budget and amount of variable remuneration payable for each assessment period;
- providing recommendations to the Bank's Management Board on improving the remuneration system.

**The Bank's Management Board** is responsible for the following in relation to remuneration policy and practices:

- developing a remuneration policy in accordance with the key principles established by the Bank's Supervisory Council and developing, approving and implementing the related internal regulations, as well as reviewing them as necessary;
- informing officers and Employees about the indicators and methods used to assess their performance and determine the variable component of remuneration;
- ensuring that the Policy and the Bank's internal regulations on remuneration, including the assessment process and its results, are clear, documented and available to the extent necessary for the performance of functions or duties, or to the extent they apply to the relevant officer or Employee;
- documenting the remuneration determination and change-approval process and its results, and ensuring transparency in internal regulations;
- developing the Bank's objectives for each subsequent period and submitting proposals for approval by the Supervisory Council in a timely manner;
- approving, for the relevant period, objectives and tasks aligned with the Bank's objectives for the managers and structural units reporting to it, including defining precise criteria and measurements for assessing results;
- approving the fixed remuneration budget, list of positions and number of employees;
- approving the amount, structure and changes to remuneration for all Bank employees and the staff of its subsidiaries;
- implementing effective measures for managing conflicts of interest among Bank Staff;
- disclosing and publishing information on the Bank's remuneration policy and practices in accordance with the requirements of laws and regulations.

**Heads of structural units** are responsible, in relation to remuneration policy and practices, for effective performance management within their respective structural unit – monitoring and managing the achievement of objectives, tasks and plans at both individual and team level:

- regularly setting individual objectives for all Employees of the structural unit;
- carrying out regular and periodic performance assessments and, where necessary, adjusting tasks and planning the Employee's development;

- collecting and documenting data on Employee performance;
- regularly providing Employees with feedback on both work results and competency assessments, based on actions and facts demonstrated in the course of work.

**The Head of the Human Resources Department** is responsible for the following in relation to remuneration policy and practices:

- developing, improving and updating the Policy;
- continually updating all internal documents in the area of personnel remuneration;
- developing and maintaining the remuneration system, actively initiating and driving its continuous improvement in order to ensure the achievement of the Bank's development objectives;
- ensuring the Bank's participation in remuneration surveys;
- updating the list of positions influencing the Bank's risk profile in cooperation with the Chief Risk Officer.

The Bank's Chief Risk Officer is responsible for the following in relation to remuneration policy and practices:

- developing indicators used to adjust the calculation of the components forming variable remuneration or the aggregate amount of the components forming variable remuneration (pools of variable remuneration components), taking into account the requirements of laws and regulations;
- monitoring whether the Bank ensures that, when determining and awarding the variable component of remuneration or its elements, and when irrevocable rights to that component or its elements are acquired, the assessment of current and potential risks associated with the relevant area of activity is taken into account.

## **B) KEY FEATURES OF THE DESIGN OF THE REMUNERATION SYSTEM AND INFORMATION ON THE LINK BETWEEN REMUNERATION AND PERFORMANCE.**

In order to regulate the main principles for establishing the Bank's personnel management process, ensure the attraction of employees required for the Bank's business activities and successful development who will contribute to achieving strategic objectives, promote the efficiency of the Bank's operations, define common values and principles for personnel management, and establish the key principles of the remuneration system, including the motivation system, which support employee attraction and loyalty, motivate employees to use working time productively, strengthen the Bank's reputation as a good employer, and provide staff with work and development opportunities, the Bank has approved the Personnel Remuneration Policy. The Policy ensures a consistent approach and the use of common methods at Group level, including by defining the key principles of remuneration for positions influencing the risk profile. The Policy ensures the attraction and motivation of employees with appropriate qualifications, while not encouraging excessive risk-taking. The Policy:

- is consistent with and promotes prudent and effective risk management, while restricting risk-taking above the level of risk appetite set by the Bank;
- does not restrict the Bank's liquidity or its ability to strengthen its own funds in the short term and over the long term;
- is aligned with the Bank's values, including its corporate values and high standards of professional conduct and ethics, the Bank's long-term interests and the operational objectives set out in its development strategy, and ensures effective prevention of conflicts of interest;
- is based on equal pay for the Bank's officers and employees for equal work or work of equal value, ensuring a gender-neutral remuneration policy and its application in practice;
- does not conflict with the principles of protecting the interests of clients or depositors, or with the interests of other stakeholders;
- does not provide for guaranteed variable remuneration, as this is not consistent with prudent risk management or with the determination of variable remuneration based on performance, and does not include it in prospective remuneration plans. Guaranteed variable remuneration may be granted only by way of exception, in connection with the recruitment of a new officer or employee, no more than once and for no longer than the first year of employment, including within the consolidation group, while ensuring that this does not prevent the Bank from maintaining a sound and strong capital base;
- is documented and available at the Bank to all officers and employees, subject to internal regulations on confidentiality;
- provides that persons performing control functions are authorised to carry out the necessary checks, are functionally independent from the Bank's structural units that they supervise, and have their remuneration determined in line with the achievement of objectives set for the control functions, independently of the performance achieved in the areas of activity controlled by those functions.

The Bank undertakes to implement the Policy in a manner that does not encourage risk-taking above the level of risk appetite set in the Bank's strategy, and that supports the achievement of the operational objectives set out

in the Bank's development strategy in line with the Bank's values and long-term interests. The Bank does not allow guaranteed variable remuneration to be set.

The Bank ensures that, at least once a year, an independent assessment is carried out of the compliance of the implemented remuneration policy and its key principles, as approved by the Bank's Supervisory Council. The suitability of the remuneration policy and its key principles to the specifics of the Bank's operations is also assessed, taking into account the impact on the quality of the Bank's risk, capital and liquidity management and changes in external factors, including external laws and regulations.

The Bank, as the parent company of the consolidation group, ensures the necessary exchange of information with subsidiaries on the remuneration policy and the related internal regulations and decisions, so that the Bank, including as part of ensuring control functions, can assess the compliance of remuneration policy and practices with the requirements set at Group level.

### C) REMUNERATION SYSTEM FRAMEWORK.

The Bank's remuneration and motivation system is developed and maintained to promote the achievement of long-term objectives, taking into account compliance with the Bank's risk management policies and capital adequacy assessment.

In order to objectively assess Staff remuneration levels in the labour market and plan the development of the overall remuneration budget, for example the proportion of the variable component overall and at different position levels, comparison of the financial sector with the labour market as a whole, current benefits, etc., the Bank regularly participates in both sector-specific and cross-sector remuneration surveys.

The Bank ensures that:

- for positions influencing the risk profile, remuneration is determined in a manner that ensures practices consistent with and supportive of prudent and effective risk management, while not encouraging risk-taking above the level of acceptable risk set by the Bank;
- the remuneration of Employees performing internal control functions does not depend on the results of the activity being controlled;
- all decisions on the determination of remuneration, including for positions influencing the risk profile, are documented in a way that makes it possible to verify the accuracy of the calculation and the authority of the decision-makers.

The overall Remuneration structure that may be applied to the Bank's Staff consists of variable and fixed remuneration and additional benefits determined by the Bank for its staff in each calendar year.

**The fixed component of remuneration** (base salary) is specified in the employment contract and primarily reflects the professional experience and level of responsibility of the officer or Employee, as set out in the relevant officer's or Employee's job description, which forms an integral part of the employment contract.

**The variable component of remuneration** is an additional motivation system and comprises the part of remuneration that depends on the Bank's performance, as well as any other allowances and compensation paid in addition to the agreed fixed component of remuneration and reflecting performance that exceeds the requirements set out in the job description.

The Bank does not provide for the determination or receipt of guaranteed variable remuneration. The Bank applies a flexible remuneration policy in relation to variable remuneration, including the possibility of not paying it, for example in the event of deterioration in financial condition and solvency, taking into account considerations relating to ensuring long-term capital adequacy.

When determining variable remuneration, multi-year performance indicators are taken into account in the performance assessment to ensure that the assessment is based on long-term performance.

The Bank complies with the specific requirements applicable to the calculation of variable remuneration for positions influencing the risk profile, as set out in the FCMC Regulations on Remuneration Policy and Practices.

The following are used **to assess individual performance**:

- quantitative financial indicators characterising the volume of activity, such as income or turnover;
- non-financial qualitative indicators, such as:
  - compliance with and timely updating of internal regulations;
  - compliance in terms of documentation, client management or adherence to limits;
  - compliance with international professional standards and their implementation in practice;
  - compliance with customer service standards and other regulations governing relations with clients;
  - fair treatment of clients;

- client satisfaction.

To ensure that the performance assessment is based on long-term performance and is aligned with the Bank's business cycle and the risks inherent in its operations, when determining variable remuneration and assessing performance for a Bank Employee or Officer whose professional activities have a material impact on the Bank's risk profile, performance indicators are taken into account not only for the reporting period, but also for several years.

**For the purpose of determining variable remuneration**, the Bank uses multi-year performance indicators and ensures that the Staff involved are informed about:

- the procedure for determining variable remuneration;
- the criteria for assessing the performance to be achieved during the period;
- approval of results before irrevocable rights to variable remuneration are acquired;
- adjustments to variable remuneration, including remuneration for which irrevocable rights have not been acquired.

Performance is assessed using financial indicators calculated on the basis of accounting data, which include performance for previous periods rather than risks that may give rise to losses in future operating periods. Financial indicators are adjusted by taking into account:

- the assessment of current and potential risks associated with performance;
- the cost of capital and the costs of ensuring liquidity.

The following are taken into account when determining variable remuneration:

- an individual assessment of the performance of the officer or Employee;
- in combination with the performance assessment at the level of the relevant structural unit and with the overall performance results at the level of the Bank's consolidation group or on a sub-consolidated basis;
- as well as assessments by experts, for example the risk control function, regarding the sustainability of performance results.

The Bank develops indicators used to calculate and adjust the aggregate amount of variable remuneration or its components (pools of variable remuneration components), as well as other factors affecting the Bank's performance results.

The Bank ensures that, when determining and awarding the variable component of remuneration or its elements, and when irrevocable rights to that component or its elements are acquired, the assessment of current and potential risks associated with the relevant area of activity is taken into account.

#### **D) RATIO BETWEEN THE FIXED AND VARIABLE COMPONENTS OF REMUNERATION.**

In accordance with Article 4(1)(146) of Regulation (EU) No 575/2013, the Bank is not considered a large institution, and the average value of its assets at individual level over the previous four financial reporting years has not exceeded EUR 5 billion.

The Bank stipulates that the variable remuneration awarded for the reporting year to an Employee or officer whose professional activities have a material impact on the Bank's risk profile may not exceed 100% of fixed remuneration.

In exceptional cases, the Bank's Shareholders' Meeting may, by a separate decision, set variable remuneration for those Officers or Employees whose professional activities have a material impact on the Bank's risk profile at an amount that exceeds, but is no more than twice, the fixed remuneration set for the relevant Officer or Employee in the reporting year. The Bank's Shareholders' Meeting adopts such decisions in accordance with Section 34.3, Paragraph four of the Credit Institution Law, on the basis of a draft decision prepared by the Bank, which includes the grounds for setting such variable remuneration, specifies the number of relevant officers or employees, their positions and functions, and assesses the impact of the decision on the Bank's ability to maintain the amount of own funds necessary for its stable operation.

If the variable remuneration awarded in a year to an Employee or Officer whose professional activities have a material impact on the Bank's risk profile exceeds EUR 50,000 or constitutes more than one third of the total Remuneration for the previous full reporting year, the Bank applies a deferral procedure for variable remuneration, deferring 40% of the variable remuneration (or 60% of the variable remuneration if the variable component amounts to 100% or more of the fixed remuneration set for the officer or employee in the reporting year) for a period of at least four years, with the deferred part of variable remuneration paid gradually over that period.

In 2025, the Bank used both variable and fixed remuneration models for certain categories of employees, with both components of remuneration paid at the same time. The variable component was paid in cash.

## E) OVERVIEW OF EMPLOYEE REMUNERATION.

The information has been prepared in accordance with Bank of Latvia Regulation No 322 of 14 October 2024, Regulations on Remuneration Policy and Practices of Credit Institutions, and the requirements of Article 450 of Regulation (EU) No 575/2013.

## REMUNERATION AWARDED DURING THE FINANCIAL YEAR (IN WHOLE EUROS)

		a	b	c	d
		Management body – supervisory function	Management body – management function	Other senior management members	Other identified staff
1	Number of identified staff	9	7	0	18
2	Total fixed remuneration	426 172	743 925	0	1 070 153
3	Of which – cash	426 172	743 925	0	1 070 153
4	(not applicable in the EU)				
EU-4a	Of which – shares or equivalent ownership interests	-	-	-	-
5	Fixed remuneration	-	-	-	-
	Of which – share-linked instruments or equivalent non-cash instruments	-	-	-	-
EU-5x	Of which – other instruments	-	-	-	-
6	(not applicable in the EU)				
7	Of which – other forms	-	-	-	-
8	(not applicable in the EU)				
9	Number of identified staff	-	4	-	11
10	Total variable remuneration	-	207 700	-	69 661
11	Of which – cash	-	207 700	-	69 661
12	Of which – deferred	-	-	-	-
EU-13a	Of which – shares or equivalent ownership interests	-	-	-	-
EU-14a	Variable remuneration	-	-	-	-
EU-13b	Of which – share-linked instruments or equivalent non-cash instruments	-	-	-	-
EU-14b	Of which – deferred	-	-	-	-
EU-14x	Of which – other instruments	-	-	-	-
EU-14y	Of which – deferred	-	-	-	-
15	Of which – other forms	-	-	-	-
16	Of which – deferred	-	-	-	-
17	<b>Total remuneration (row 2 + row 10)</b>	<b>426 172</b>	<b>951 625</b>	<b>0</b>	<b>1 139 817</b>

## SPECIAL PAYMENTS TO EMPLOYEES WHOSE PROFESSIONAL ACTIVITIES HAVE A MATERIAL IMPACT ON THE INSTITUTION'S RISK PROFILE (IDENTIFIED STAFF)

To comply with the requirements of the General Data Protection Regulation (GDPR), certain information is not published (shown as NA in the template).

	a	b	c	d
	Management body – supervisory function	Management body – management function	Other senior management members	Other identified staff
Guaranteed variable remuneration awarded				
1 Guaranteed variable remuneration awarded – number of identified staff	-	-	-	-
2 Guaranteed variable remuneration awarded – total amount	-	-	-	-
3 Of this guaranteed variable remuneration awarded – remuneration paid during the financial year that is not taken into account in the bonus cap				
Severance payments awarded in previous periods and paid during the financial year				
4 Severance payments awarded in previous periods and paid during the financial year – number of identified staff	-	-	-	-
5 Severance payments awarded in previous periods and paid during the financial year – total amount	-	-	-	-
Severance payments awarded during the financial year				
6 Severance payments awarded during the financial year – number of identified staff	-	-	-	-
7 Severance payments awarded during the financial year – total amount	-	-	-	-
8 Of which paid during the financial year	-	-	-	-
9 Of which deferred	-	-	-	-
10 Of which severance payments paid during the financial year that are not taken into account in the bonus cap	-	-	-	-
11 Of which – the highest payment awarded to one person	-	-	-	-

## DEFERRED REMUNERATION.

	a	b	c	d	e	f	EU - g	EU - h
Deferred and retained remuneration	Total amount of deferred remuneration awarded for earlier performance periods	Of which – remuneration for which irrevocable rights were acquired in the financial year	Of which – remuneration for which irrevocable rights will be acquired in future financial years	Amount of deferred remuneration adjusted for performance during the financial year and for which irrevocable rights would have been acquired in the financial year	Amount of deferred remuneration adjusted for performance during the financial year and for which irrevocable rights would have been acquired in future performance years	Total amount adjusted during the financial year through ex post implicit adjustments (i.e. changes in the value of deferred remuneration due to changes in instrument prices)	Total amount of deferred remuneration awarded before the financial year and actually paid during the financial year	Total amount of deferred remuneration awarded for a previous performance period, for which irrevocable rights have been acquired but retention periods apply
1 Management body – supervisory function	-	-	-	-	-	-	-	-
2 Cash	-	-	-	-	-	-	-	-
3 Shares or equivalent ownership interests Share-linked instruments or equivalent	-	-	-	-	-	-	-	-
4 non-cash instruments	-	-	-	-	-	-	-	-
5 Other instruments	-	-	-	-	-	-	-	-
6 Other forms	-	-	-	-	-	-	-	-
7 Management body – management function	-	-	-	-	-	-	-	-
8 Cash	-	-	-	-	-	-	-	-
9 Shares or equivalent ownership interests Share-linked instruments or equivalent	-	-	-	-	-	-	-	-
10 non-cash instruments	-	-	-	-	-	-	-	-
11 Other instruments	-	-	-	-	-	-	-	-
12 Other forms	-	-	-	-	-	-	-	-
13 Other senior management members	-	-	-	-	-	-	-	-
14 Cash	-	-	-	-	-	-	-	-
15 Shares or equivalent ownership interests Share-linked instruments or equivalent	-	-	-	-	-	-	-	-
16 non-cash instruments	-	-	-	-	-	-	-	-
17 Other instruments	-	-	-	-	-	-	-	-
18 Other forms	-	-	-	-	-	-	-	-
19 Other identified staff	-	-	-	-	-	-	-	-
20 Cash	-	-	-	-	-	-	-	-
21 Shares or equivalent ownership interests Share-linked instruments or equivalent	-	-	-	-	-	-	-	-
22 non-cash instruments	-	-	-	-	-	-	-	-
23 Other instruments	-	-	-	-	-	-	-	-
24 Other forms	-	-	-	-	-	-	-	-
25 Total	-	-	-	-	-	-	-	-

PERSONS WHO RECEIVED REMUNERATION OF EUR 1 MILLION OR MORE DURING THE YEAR.

In accordance with point (i) of Article 450(1) of the CRR, the Bank had no employees whose Remuneration reached EUR 1 million or more per year; therefore, such information is not presented.

INFORMATION ON REMUNERATION OF EMPLOYEES WHOSE PROFESSIONAL ACTIVITIES HAVE A MATERIAL IMPACT ON THE INSTITUTION'S RISK PROFILE (IDENTIFIED STAFF, IN WHOLE EUROS)

	Remuneration of the management body			d	e	Business areas			h	i	j
	a	b	c			f	g				
	Management body – supervisory function	Management body – management function	Management body – total	Investment services	Retail banking	Asset management	Corporate functions	Independent internal control functions	All others	Total	
1 Total number of identified staff										34	
2 Of which – members of the management body	9	7	16								
3 Of which – other senior management members				-	-	-	-	-	-		
4 Of which – other identified staff				-	1	-	4	6	7		
5 Total remuneration of identified staff	426 172	951 625	1 377 797	-	64 300	-	266 935	303 708	504 841		
6 Of which – variable remuneration	-	207 700	207 700	-	6 636	-	23 600	4 500	34 925		
7 Of which – fixed remuneration	426 172	743 925	1 170 097	-	57 694	-	243 335	299 208	469 916		

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