

## **Remuneration policy at “Kapital Bank” OJSC**

The Remuneration policy of Kapital Bank OJSC is based on legal acts of the Republic of Azerbaijan, as well as on the Bank's rules, policies and procedures. The main purpose of this Policy is to establish and regulate the system of remuneration at Kapital Bank OJSC (hereinafter "Bank").

The bank's remuneration system is built on the following principles:

- Adequacy - the remuneration is adequate with the legislation of the Republic of Azerbaijan, international best practices and the Bank's strategy;
- Fairness - Fair payment for an employee with objective assessment based on properly measured key performance indicators.
- Balancing - motivated and performance-based compensation of all types of rewards and incentives for both individual and collective work;
- Efficiency - the cost of remuneration to the Bank must bring adequate efficiency;
- Compliance - the adequacy of the remuneration system to the labor market;

The remuneration system is one of the key components of the Bank's corporate governance mechanism and serves to achieve the following objectives:

- Ensuring compliance of the remuneration policy with the Bank's risk management guidelines;
- Increasing the Bank's competitiveness in the labor market;
- Ensuring compliance of the Bank with risk-oriented business activities;
- Increasing the efficiency of their employees during their labor activity;
- Increase the motivation among employees.

The competitiveness of the award system is based on the following principles:

- The Bank regularly analyzes the inflation and remuneration system's competitiveness, makes appropriate decisions, taking into account market dynamics and the Bank's financial capabilities.

- To assess the competitiveness of remuneration, the Bank conducts an assessment of the amount of salaries and material incentives.
- The Bank may pay a limited number of key employees and positions with an exceptional role in its development, above the average market value, and make other payments to the Bank in accordance with the labor market and internal labor policies.
- The award structure is regularly updated in accordance with changes in market conditions and financial position of the bank.
- In order to enhance the objectivity of the remuneration package, as well as to ensure the system's transparency within the Bank, the Bank is actively informing its employees about the basic principles of employee benefit policy, competitive advantages, and the methods and criteria used in calculating motivation.