

Annual Corporate Governance Report **2021**

Introduction

Part A

Sound corporate governance and corporate administration guarantee a dynamic and effective communication between the Board, the management and the shareholders and consequently the successful implementation of any institution's strategy. The Board of Directors (the 'Board') of the Bank of Cyprus Holdings Plc (the 'Company') views governance as the way it makes decisions and provides oversight in order to promote the Company's success for the long-term benefit of its shareholders and all other stakeholders. It aims to ensure on an ongoing basis that the Company is a modern, competitive and sustainable organisation and promotes the highest standards of integrity, transparency and accountability.

It has therefore been the policy of the Company to fully adhere to the Cyprus Stock Exchange Code ('CSE Code') and comply with all applicable corporate governance requirements. All provisions of the CSE Code have been incorporated in the Company's Corporate Governance Policy and all its principles are fully implemented. The established governance framework provides for systems of checks and controls required to drive accountability and effective decision making across the Company, together with its subsidiaries (the 'Group'), with appropriate policies and practices in place to ensure that the Board and its committees operate effectively. A key objective of the governance framework of the Group is to ensure compliance with applicable corporate governance requirements which in 2021 comprised of:

- The Central Bank of Cyprus ('CBC') Directive on Internal Governance of Credit Institutions (the 'CBC Directive on Internal Governance') (available on www.centralbank.cy);
- The European Banking Authority ('EBA') Guidelines on internal governance under Directive 2013/36/EU;
- The CSE Code (5th revised edition – January 2019) (available on www.cse.com.cy);
- The UK Corporate Governance Code 2018 published by the Financial Reporting Council in the UK (the 'UK Code' which is available on www.frc.org.uk);
- The Joint European Securities and Markets Authority ('ESMA') and EBA Guidelines on the assessment of the suitability of members of the management body ('The Joint Guidelines on Suitability');
- The CBC Directive on the assessment of the suitability of members of the management body and Key Function Holders (the 'CBC Directive on Suitability') (available on www.centralbank.cy).

Corporate governance principles are constantly evolving, and the Board is committed to monitoring and reviewing the Company's corporate governance framework accordingly through regular reviews and challenge.

Part B

The Company confirms that it has complied with the provisions of the CSE Code throughout 2021. The Company applies the provisions of the Code all through the Group. As at the date of this Report, all material subsidiary companies maintain an audit committee and a risk committee. The Report explains how the Company has applied the provisions of the CSE Code through year 2021. The Remuneration Policy Report follows on page 324.

The Directors further consider that the Company has complied with the provisions of the UK Code, other than as set out herein:

- The announcement of the voting results at the 2021 Annual General Meeting ('AGM') did not state as per provision 4 that the Board would be taking follow up action of the resolution which was voted against by more than 20% of shareholders, nor was there an update six months later of the actions taken to understand the viewpoint of the shareholders. However, discussions with dissenting shareholders did take place and the result, following the nomination by several investors, was the appointment of Mr. Iordanou to the Board. An update is included in this report in section 1.3 on page 287.
- The composition of the Human Resources & Remuneration Committee and the Risk Committee in 2021 did not meet provision 32 of the UK Code. By virtue of the CBC Directive on Suitability Mr. Goldman is considered as a non-independent non-executive director even though the Board believes that Mr. Goldman demonstrates independent judgement and challenge.
- Due to certain remuneration restrictions (such as no granting of variable pay) in place by the regulator, the Human Resources & Remuneration Committee and the Board are restricted in their ability to fully comply with provisions 35, 36,37 and 38.
- No engagement with the workforce has taken place to explain how executive remuneration aligns with wider company remuneration as per provision 41.
- The current status of pension arrangements is considered to be fair in light of the remuneration restrictions.

Introduction (continued)

Part B (continued)

The narrative that follows also covers how the Company has applied the principles, provisions and disclosure requirements set out in the UK Code.

The Board considers that the Group's governance arrangements are robust and include a clear organisational structure with well defined, transparent and consistent lines of responsibility which support the maintenance of a robust control environment. These governance arrangements also include consistent authority limits, reporting mechanisms to higher levels of management and the Board, as well as effective processes through which to identify, manage, monitor and report risks to which the Group is or might be exposed.

The Group has appropriate internal control mechanisms including sound administrative and accounting procedures, Information Technology ('IT') systems and controls.

In accordance with section 225 of the Irish Companies Act 2014, the Directors acknowledge that they are responsible for securing the Company's compliance with its relevant obligations (as defined in section 225(1)). The Directors confirm that a compliance statement has been drawn up setting out the Company's policies and that appropriate arrangements and structures have been put in place that are, in the Directors' opinion, designed to secure material compliance with the relevant obligations. The Board continually monitors and reviews internally, at least once a year, its governance framework and that of the Group's subsidiary companies (where applicable) through effective oversight.

1. Board of Directors

The Board derives its authority to act from the Articles of Association of the Company and the prevailing companies, stock exchange and banking laws, the directives of the CBC, as well as the CSE and UK Codes. The role of the Board and its committees is well described and analysed in the Board Manual that is annually reviewed and incorporates all responsibilities that emanate from the regulatory framework and best practices.

The Company is the sole shareholder of Bank of Cyprus PCL ('BOC PCL' or 'the Bank'). A common board and committee structure applies, with the same directors sitting on the Board of Directors of the Company and on the Board of Directors of BOC PCL and on the committees of each of the two Boards.

The Board has delegated authority to committees of the Board to support its oversight of risk and control. The committee terms of reference are reviewed annually by the relevant committees and by the Board and are available on the Group's website www.bankofcyprus.com.cy/group or by request to the Company Secretary.

Appropriate cross-membership of key Board committees, including between the Audit Committee ('AC') and the Risk Committee ('RC') and Human Resources and Remuneration Committee ('HRRC') and the Risk Committee, is ensured. The Nominations and Corporate Governance Committee ('NCGC') reviews the composition and purpose of the Board committees annually on behalf of the Board. Details of these committees are set out in section 5 of this report.

The minutes of all meetings of Board committees are circulated to all directors for information and are formally noted by the Board. Papers for all Board committee meetings are also made available to all directors, irrespective of membership. Where there might be a conflict of interest or issues of personal confidentiality, circulation of minutes and papers is restricted. The chairperson of each committee reports on matters discussed during committee meetings to the subsequent scheduled meeting of the Board.

1.1 The Role of the Board

The Board of Directors is collectively responsible for the long-term success of the Group, and is committed to effective leadership which contributes to wider society. The Board's role is to promote the Group's vision, values, culture and behaviour, within a framework of prudent and effective controls, which enables risk to be identified, assessed, measured and managed. The Board approves the Group Risk Framework on an annual basis and receives regular updates on the Group's risk environment and exposure to the Group's material risk types. Further information on risk management and the Board's role in the risk governance of the Group is set out in section 5.4 of this report on page 316.

1. Board of Directors (continued)

1.1 The Role of the Board (continued)

The Board is responsible for ensuring that management maintains an adequate and effective internal governance framework and internal control system, which includes a clear organisational structure and the smooth operation of independent risk management, regulatory compliance, internal control and ICT and security risk management functions with adequate powers and resources for the performance of their duties. Furthermore, the Board has the responsibility to present a fair, balanced and understandable assessment of the Company's position and prospects, including in relation to the annual and interim financial statements and other price-sensitive public reports and reports required by regulators and by law.

The Board sets the Group's strategic objectives and risk appetite to support the strategy; integrates sustainability into the way business is conducted; ensures that the necessary financial and human resources are in place for the Group to meet its objectives; ensures that the Group's purpose, values, strategy and culture are all aligned and reviews management performance in that regard. The Board also ensures that its obligations towards its shareholders and other stakeholders are understood and met. The Board recognises the need to be adaptable and flexible to respond to changing circumstances and emerging business priorities, whilst ensuring the continuous monitoring and oversight of core issues.

The Board is the decision-making body for all matters of importance because of their strategic, financial or reputational implications or consequences. A formal schedule of matters reserved for approval by the Board ensures that control of these key decisions is maintained by the Board. The schedule of matters reserved for the Board is reviewed at least annually to ensure that it remains relevant and to reflect any enhancements required under evolving corporate governance requirements and industry best practice. A full schedule of matters reserved for the Board can be found at www.bankofcyprus.com.cy/group.

Moreover, the Board is responsible for endorsing the appointment of individuals who may have a material impact on the risk profile of the Group. Their appropriateness for the role is monitored on an ongoing basis. The removal from office of the head of a 'control function' as defined in the CBC Directive on Internal Governance, is also subject to Board approval.

Stakeholders

Effective governance facilitates the delivery of the Company's Purpose and strategy, particularly in challenging times. The Board is committed, through the Group's governance model, to driving purpose-led decision-making and to delivering accountability to its stakeholders. Throughout the COVID-19 pandemic, the Board has focused on protecting the health and wellbeing of the workforce and supporting the Group customers, clients and other stakeholders, while ensuring that the Bank remains secure and resilient, both financially and operationally.

The purpose of the Bank of Cyprus is to continuously support the development of the Cyprus economy and society by going beyond banking; to deliver stakeholder value through responsible operations, sustainable products and innovative services by remaining a strong driving force of sustainable development in the country. Its mission is to support its customers through their daily needs and in the most important moments of their lives. It invests resources and effort to ensure that the Group's services are provided by leading professionals at the cutting edge of technology with ethics and integrity.

Good governance generates mutual trust and engagement between the Company and its stakeholders. Responding to the concerns of stakeholders is a key element of the Group's corporate responsibility and transparency projects and initiatives. The Group has identified, inter alia, the following key stakeholders: regulators, society, suppliers, customers, shareholders and employees.

The Board spends time engaging with relevant stakeholders, including employees, clients, investors and regulators to better understand their views and perspectives. The Board will continue to enhance the mechanism that ensures that the Group's stakeholders are given due regard and consideration as part of the Board's decision-making.

This section describes the ways the Board takes into account in its discussions and decision-making, the interests of stakeholders and the matters set out in section 172 of the Companies Act.

1. Board of Directors (continued)

1.1 The Role of the Board (continued)

Stakeholders (continued)

The Chairman, members of the Board, chairs of Board committees and members of Senior Management regularly meet with regulators including the Joint Supervisory Team ('JST'), the Central Bank of Cyprus ('CBC'), the European Central Bank ('ECB') and others. Discussions include regulation and supervision, risk governance and oversight, the future of the banking industry, climate-related and environmental risks, strategic challenges and rebuilding culture. The Board is regularly updated on these meetings. Management provides regular briefings to the Board on regulatory engagement and correspondence which ensures that the Board remains aware of regulatory expectations and areas of focus.

The Bank continues to operate successfully within a complex regulatory framework of a holding company which is registered in Ireland, listed on two Stock Exchanges and run by a number of rules and regulations. Its governance and management structures enable it to achieve present and future economic prosperity, environmental integrity and social equity across its value chain. The Bank has set up a robust governance structure to oversee its Environmental, Social and Governance ('ESG') agenda. Progress on the implementation and evolution of the Group's ESG strategy is monitored by the Sustainability Committee and the Board of Directors. The Sustainability Committee is a dedicated executive committee set up in early 2021 to oversee the ESG agenda of the Group, review the evolution of the Group's ESG strategy, monitor the development and implementation of the Group's ESG objectives and the embedding of ESG priorities in the Group's business targets.

Several policies have been updated, and this effort will continue in the coming years, as it will be conducive in streamlining operations and culture with the Bank's ESG ambition. At the same time, the Bank will intensify its support to its clients and communities in becoming increasingly sustainable and will respond to the heightened importance the Bank's investors and shareholders attach to ESG matters. The Bank has the commitment, the scale and the reach to deliver the desired change across Cyprus in the coming years. Environmentally friendly products have been launched, and the Bank will continue to enrich its products and services in line with its ESG Strategy and the Recovery and Resilience Plan for Cyprus.

The Company has adopted the United Nations 2030 Agenda, as represented by the Sustainable Development Goals (SDGs) for 2030, which provides a shared blueprint for peace and prosperity for people and the planet, now and into the future. The Group's management has decided that the Company should actively contribute to the achievement of the SDGs and work effectively with its stakeholders to accelerate inclusive growth, to confront climate change and achieve sustainable development. The Group has committed to becoming carbon neutral by 2030 and to have net zero emissions by 2050, whilst at the same time supporting its customers and communities in this transition. The Group has also committed to the following primary ESG targets, which reflect the pivotal role of ESG in the Bank's strategy:

- Steadily increase Green Asset Ratio
- Steadily increase Green Mortgage Ratio
- ≥30% women in Group's management bodies by 2030.

The Company participates in the European programme Business4Climate and commits to a more active involvement in climate protection. This means the reduction of greenhouse gas emission by 8% until 2030, through a customised action plan that includes policy implementation, measures and daily practices which contribute in mitigating the Group's environmental footprint.

The Bank is a valid member of the Business Integrity Forum (BIF) which is an internationally recognised forum of credible corporations that form this alliance with the purpose of supporting and promoting business ethics and integrity via the adoption of a specific framework of governance guidelines, conformity with which is validated on an annual basis.

1. Board of Directors (continued)

1.1 The Role of the Board (continued)

Stakeholders (continued)

True to its vision of services beyond banking, the Group in partnership with the Non-Governmental Organisation Reaction created SupportCy in 2020, a network of companies and organizations which supported the state mechanism and society in general in its fight against the pandemic of COVID-19. SupportCy became a legacy that will continue to offer, based on the collaborations and mutual support of its members. The total amount provided through SupportCy to society surpassed €650,000 while the network of companies and organizations grew to 130. SupportCy provides support to the Ministry of Health, the Ministry of Labour, Welfare and Social Insurance and the Ministry of Education.

More information on the initiatives of the Company with respect to its role in society can be found in the Corporate Sustainability Report on <https://www.bankofcyprus.com.cy/group/corporate-responsibility/our-sustainability-reports/>. SupportCy was a result of the strategy of the Group as approved by the Board in not only offering a sponsorship but rather through this network of partners providing support wherever needed in cooperation with the state mechanism.

At the centre of the Bank's leading social role lie its investments in the Bank of Cyprus Oncology Centre (with an overall investment of c.€70 mn since 1998, whilst 60% of diagnosed cancer cases in Cyprus are being treated at the Centre), the work of SupportCy network, the contribution of the Bank of Cyprus Cultural Centre in promoting the cultural heritage of the island, and the education of over 30 entrepreneurs and financial support of €60,000 provided via the IDEA Innovation Centre. Staff have continued to engage in voluntary initiatives to support charities, foundations and people in need.

The Bank maintains a Donations, Sponsorships and Partnership Policy which does not allow sponsorship of political parties or any associations or organisation related directly or indirectly to one.

The Company aims to develop healthy and mutually beneficial business relationships with its vendors and business partners. To this respect it has established a Vendor Management Unit, which operates according to the Sourcing Procurement and Vendor Management Policy approved by the Board, to ensure the prevalence of transparency, integrity, fair competition and accountability throughout the execution of the process of procurement. A structured assessment and due diligence is executed prior to selecting a supplier. The Group develops healthy partner-like relationships with major suppliers for regular consultation and procurement planning, leading to enhanced efficiencies as well as improved quality of purchased goods and services.

The Board continues to closely monitor developments in, and the effects of COVID-19 on both the global and Cypriot economy. Economic activity recovered strongly in 2021, driven by domestic demand as well as by external demand in the second half of the year, reflecting a strong recovery in tourist activity in the period. At the same time, the Group has continued its focus on providing support to its customers, staff and community.

Government support to businesses and households remained substantial in the year. Over the medium term, prospects remain positive aided also by the Recovery and Resilience Fund of Next Generation EU. The Bank's medium term strategic priorities are clear, with a renewed focus on growing revenues in a more capital efficient way, whilst striving for a leaner operating model. In addition, the Group continues to focus on further strengthening its asset quality, whilst maintaining a good capital position, in order to continue to play a vital role in supporting the recovery of the Cypriot economy. Delivery on the Bank's medium term strategic priorities is enabled by the Group's transformation plan. The Group aims to grow its high quality new lending, drive growth in niche areas for further market penetration and diversify through non-banking services, such as insurance and digital products.

The Group continues to work towards becoming a more customer centric organisation. The Board receives regular updates on progress against customer metrics from management. In addition, its understanding of customers' perspectives is informed by deep dives on customer themes through customer surveys and focus groups and through customer complaints. To further enhance the customer-centric focus of its strategy the Board was informed of the stock taking of customer experience issues encountered while servicing in branch channels, and the actions taken to resolve such issues.

1. Board of Directors (continued)

1.1 The Role of the Board (continued)

Stakeholders (continued)

The Bank of Cyprus' vision is to create lifelong partnerships with its customers, guiding and supporting them in a changing world. Its marketing slogan 'In every next move' indicates the commitment of the Bank to this respect. A transformation plan is in progress to enable modern banking by digitally transforming customer service, as well as internal operations. The transformation plan will enable delivery on the Group's strategic pillars, with key shifts focusing on a leaner and more efficient operating model, profitability and optimisation of the client service and distribution models with an emphasis on the customer. The benefits of this transformation are already enjoyed by the Bank's customers who have online access to banking services through their computer, tablets and mobile devices. In support of government guidelines to limit movements during the pandemic, the Bank encouraged its customers to shift to safe digital channels for most of their transactions, avoiding all physical presence in branches.

The Bank has embarked on a revolutionary development of Digital Onboarding of clients, which has improved customer experience and timeliness of service, but also contributes to the further de-risking of the Bank via the gradual termination of the professional intermediaries' channel and lastly supports the environmental integrity of the Bank.

The Group has very low appetite for threats and losses arising from cyber-attacks and information misuse. The security, protection and privacy of personal data are important to the Group. Securing Bank's information and systems has been one of the most significant priorities for the Board. Investments are thus made in terms of people to first, second and third lines of defence employing qualified security engineers, analysts and IT auditors. In addition, significant investments are made in innovative technology on a continuous basis (such as machine learning and artificial intelligence). Management support is at the highest possible level and there is direct independent reporting to the appropriate Board committees. In parallel all its security controls follow regulatory standards (GDPR, NIS, PSD2, PCI, SWIFT) and international best practices (such as ISO 27001).

Further, the Group maintains a zero-tolerance policy for money laundering and terrorism financing incidents and no violation of the relevant legislation or breach of the Group's internal policies, procedures and its compliance framework are permitted. The Board expects strict adherence to policies and procedures from every member of staff and this is reiterated in every meeting of the AC, through continuous refresher training sessions for Anti-Money Laundering ('AML') and through the Key Performance Indicators ('KPIs') of Local Compliance Officers at each unit of the Group.

The establishment in early 2021 of the Transformation Office to provide a holistic oversight and challenge of all transformation initiatives and programmes in order to materially improve performance and/or organisational effectiveness provides management and the Board with the ability to proactively identify any areas of challenge and competing priorities. This programme has impacted and continues to impact various facets of the Group's business model, affecting the structure of the Bank, given that the overriding objective is to simplify processes, make the most of synergies and knowledge-sharing, inter alia.

Moreover, significant changes are being implemented as per the Board's direction to enable a more modern and efficient workplace. New technologies and tools have been introduced that will significantly improve employee collaboration and knowledge sharing across the organisation. A series of automations, streamlining processes and organisational innovation initiatives resulted in improved customer services, internal efficiencies and savings, in accordance with the Group's strategy aimed at enhancing productivity and achieving a lean operating model and a lower cost base over time. BOC PCL has already begun the journey of transforming its branch network. The first model branch in Nicosia was launched in February 2021 while a second branch will be launched in Limassol in early 2022.

Next steps include the transition to the new renewed Internet Banking platform, while soon customers will be able to easily have an overall view of their finances. At the same time, new tools such as defining and managing budgets and opening of new lending products entirely through the Group's digital channels will soon be available to customers.

The Board is regularly updated through the HRRC on matters relating to employees. Staff members remain a key factor in achieving the Group's objectives. Further to the Board's direction that the Group maintains its high-performance culture, the Bank has continued to upgrade its staff's skill set by providing training and development opportunities to all staff, and capitalising on modern delivery methods.

1. Board of Directors (continued)

1.1 The Role of the Board (continued)

Stakeholders (continued)

In 2021, the Bank continued to place special emphasis on staff wellness offering seminars on Healthy Eating, Mental Health in the workplace and Financial Planning to 630 employees, through its 'Well at Work program'. The Group's commitment in safeguarding gender equality in the workplace has been translated into policies and practices over the years. In 2021, the Group received a Certificate by the Ministry of Labour, Welfare and Social Insurance for applying good practices for gender equality in the working environment.

The right of association including the right to trade unions and accession to them, is constitutionally guaranteed by article 21.2 and article 11 of the European Convention on Human Rights. These rights are also reflected in article 21 of the Constitution of the Republic of Cyprus (1960, amended 2013). The Union of Banking Employees of Cyprus was registered as a trade union in 1956 and still remains the sole representative of workers in the banking sector. Almost all employees of the Bank (97.6%) are members of the Cyprus Union of Bank Employees. A collective agreement is in place.

The Board has set the reshaping of the Bank's culture as a key strategic driver of value and success. The Ethics, Conduct & Culture Committee ('ECCC') works closely with the executive team to ensure a continued focus on the Group's culture, to achieve the Group's purpose, mission and vision and live up to the Group's Code of Ethics. The Committee together with the HRRC is working towards empowering the Group's existing engagement mechanisms between the Board and the workforce.

The Ethos Project under the auspices of the ECCC and the Chief of Staff was set up to bolster the culture of ethics and risk management for the better protection of employees, customers and the Group. The Bank developed an action plan focused on the cultivation of a healthy culture of ethics and risk management and the development of the important profiles of desirable behaviours that are required to help strengthen the genuine relationship of trust with the Group's customers, investors and regulators.

Short video clips, under the slogan 'I am the Bank' endorsed by the Board, were produced to raise awareness among staff about risks that should not be overlooked in their effort to best serve their clients, on which practices to avoid and which to cultivate. Both the Chief of Staff and the Chairman of the ECCC were involved in passing this message to staff.

The Board also reviews the results of the Pulse and Staff Opinion Surveys and how these are transformed into actions in response to staff feedback. The Group appointed more than 25 Health Champions across all its sectors who interviewed and discussed with all staff their perception relative to what needs to be done in the Group Organisational Health Index ('OHI'). The OHI focuses on – and simultaneously examines - all aspects of the Group's work culture as well as the way it operates as an organization. Action plans were set in place for all areas of focus identified.

The Board, through the AC reviews the effectiveness of the Whistleblowing Policy annually. Further to recommendation by the ECCC, the Board decided that whistleblowing should be encouraged for those cases where staff do not comply with regulations and act out of policy. Such instances should be part of the appraisal and a case for triggering disciplinary procedures.

The Group has improved its risk profile and financial viability while improving its social and environmental approach and maximising its positive impact. The Group's financial performance is highly correlated to the economic and operating conditions in Cyprus. The Group is a diversified, leading, financial and technology hub in Cyprus. It has delivered significant progress against its strategy announced in November 2020 and this, together with the solid growth outlook for the Cyprus economy, has allowed the Group to update its medium-term strategic targets with an increased focus on creating shareholder value. The Group now increases its medium-term return on tangible equity (ROTE) target to over 10%, providing the foundations for a return of dividend distributions, subject to performance and relevant approvals. The Group has continued to provide high-quality new loans via prudent underwriting standards. Growth in new lending in Cyprus has been focused on selected industries more in line with the Bank's target risk profile.

1. Board of Directors (continued)

1.1 The Role of the Board (continued)

Stakeholders (continued)

Significant deleveraging of the Cyprus economy of the past seven years is coming to an end. The Group aims to benefit from its strong market position; to help deploy the Cyprus Recovery and Resilience Fund; to grow shipping and international corporate lending with prudence; and to explore market opportunities in trades of performing loans in Cyprus. At the same time, it aims to support its customers in the transition to a sustainable future through, for example, the provision of environmentally friendly products.

Management is placing emphasis on diversifying income streams by optimising fee income from international transaction services, wealth management and insurance. The Group's insurance companies, EuroLife Ltd and General Insurance of Cyprus Ltd (GIC) operating in the sectors of life and general insurance respectively, are leading players in the insurance business in Cyprus, and have been providing a stable, recurring income, further diversifying the Group's income streams. Furthermore, there are initiatives underway to enhance revenues from the insurance business in the medium term. The Group currently has sustainable healthy profitability from its insurance business and it is aiming for further growth leveraging on the Bank's strong market share. Finally, the Group aims to introduce the Digital Economy Platform to generate new revenue sources over the medium term, leveraging on the Bank's market position, knowledge and digital infrastructure. The Platform aims to bring stakeholders together to drive opportunities in lifestyle banking and beyond.

Following the imposition of restrictive measures by the Council of the European Union and other jurisdictions against Russia and Belarus, and various Russian and Belarusian entities and individuals and although the Group's direct exposure to Russia, Ukraine or Belarus is limited, the crisis in Ukraine may have an adverse impact on the Cypriot economy, mainly due to a negative impact on the tourism and professional services sectors, increasing energy prices resulting in inflationary pressures, and disruptions to global supply chains. In the event that a significant decrease in the number and volume of transactions occur as a result of the crisis, this may adversely impact transactional net fee and commission income for the Group, particularly in international banking services. Overall, the Group expects limited impact from its direct exposure, while any indirect impact will depend on the duration and severity of the crisis and its impact on the Cypriot economy, which remains uncertain at this stage.

To facilitate the Board's understanding of the views of major shareholders, directors receive an investor relations update from management at all scheduled meetings of the Board. The content of this update includes market updates, details of recent investor interactions, share price and valuation analysis and share register analysis. The Company facilitates direct dialogue with investors since it is striving for the greatest possible transparency. It also works towards integrating feedback in its corporate strategy. This is achieved through participation in conferences, private meetings, virtual road shows, frequent conference calls and at least quarterly updates on the results of post-corporate transactions of great significance. The Chairperson and the Senior Independent Director ('SID') maintain direct contact with investors. The chairpersons of the committees make themselves available for questions at the AGM. The CEO, the Executive Director Finance & Legacy and the Manager Investor Relations engaged extensively in 2021 with existing shareholders and potential new investors during individual or group meetings and on roadshows and investor conferences.

The Board is closely monitoring the execution of the strategic plan and therefore regularly discusses progress against targets. The Board instils the right tone from the top; has set down the values of the Company i.e. integrity, transparency, accountability, confidentiality and sustainability and aims to embed them in every activity and operation of the Group. The Group is thus creating value for its customers, shareholders and employees.

Leadership

There is a clear separation between the role of the Chairperson who is responsible for the leadership and effectiveness of the Board, and the Chief Executive Officer ('CEO') who is responsible for the running of the Company's business. This clear division of responsibility is documented in the Board Manual and the Corporate Governance Policy which have been approved by the Board. The Corporate Governance Policy is available on the Group's website <https://www.bankofcyprus.com.cy/globalassets/who-we-are/our-governance/group-corporate-governance-policy.pdf>. The day to day operations of the Group have been delegated to management.

1. Board of Directors (continued)

1.1 The Role of the Board (continued)

Role of the Chairperson

The Chairperson oversees the Board's operation and effectiveness, including ensuring the agenda cover the key strategic items confronting the Group; sets the style and tone of Board discussions; encourages the active participation of members of the Board in the discussions and activities of the Board and sets clear expectations regarding the Group's culture, values and behaviour. The Chairperson also ensures that there is effective communication with shareholders and promotes compliance with corporate governance standards.

Role of Vice-Chairperson

The Vice-Chair provides support and guidance to the Chairperson as required and in coordination with the Chair, acts as an ambassador for the Board and Group in its relationship with regulators, employees and clients, and deputises the Chairperson at Board, general shareholder or other meetings when the Chair is unable to attend.

Role of Senior Independent Director

The Senior Independent Director (the 'SID') is available to shareholders and members of the Board if they have concerns that have not / cannot be dealt with through normal communication channels. He provides a sounding board for the Chairperson, as well as support to the Chairperson in delivering his objectives.

He chairs an executive session of the non-executive directors to assess the performance of the Chairperson as part of the annual evaluation of Board performance and takes responsibility for an orderly succession process for the Chairperson working closely with the NCGC. He also attends meetings with major shareholders to ensure that there is a balanced understanding of the issues and concerns that they may have.

Non-Executive Directors

Non-executive directors are responsible for monitoring executive activity and contributing to the development of strategy of the Company. They are not Company employees and do not participate in the daily management of the Group.

Their role is to constructively challenge management, to scrutinize the performance of senior management in meeting agreed goals and objectives and to monitor the reporting of the performance. Non-executive directors must also satisfy themselves on the integrity of financial information and that the systems of financial controls, compliance and risk management frameworks and the internal control framework are robust and defensible. The NEDs (including the Chairman and the Deputy Chairperson) bring independent challenge and judgement to the deliberations of the Board through their character, objectivity and integrity.

Regular meetings are held between the non-executive directors in the absence of the executive directors and at least once a year in the absence of the Chairperson.

Executive Directors

Executive Directors have executive functions in the Group in addition to their Board duties. The role of Executive Directors, led by the CEO, is to propose strategies to the Board and, following challenging Board scrutiny, to execute the agreed strategies to the highest possible standards.

The CEO is an employee of BOC PCL. The CEO's termination of employment is subject to six months' notice to that effect to be given to the executive director, without cause but at the sole discretion of BOC PCL. The Executive Director Finance & Legacy ('EDFL') is also an employee of BOC PCL and was appointed to the Board in October 2021. The EDFL's employment is mainly based on the provisions of the collective agreement in place, which provides for notice or compensation by BOC PCL based on years of service and for a four-month prior written notice by the executive director in the event of a voluntary resignation.

Role of the CEO

The CEO is responsible for the execution of the approved strategy and has ultimate executive responsibility for the Group's operations, performance and compliance. In his day-to-day management of the Group, as delegated by the Board, the CEO is supported with recommendations and advice from the Executive Committee ('ExCo') which he chairs. The CEO's service contract is reviewed at least every five years.

1. Board of Directors (continued)

1.1 The Role of the Board (continued)

1.1.1 Information and Support

The Board meets on a regular basis and has a formal schedule of matters for consideration which evolves based on business needs and which the Board formally reviews annually. Performance against delivery of the agreed key financial priorities is reviewed at every meeting with particular reference to the detailed Group management accounts. The CEO and the ED/FL comment on strategy, current business performance, the market, regulatory and other external developments at each meeting and present comparative data. The Board receives regular reports and presentations from other senior management on developments in the operations of the Group. The Board considers reports from each of the Board committees, while regular reports are also provided on the Group's risk appetite, top and emerging risks, risk management, credit exposures and the Group's loan portfolio, asset and liability management, liquidity, litigation, compliance and reputational issues.

Under the supervision of the Chairperson of the Board, the Company Secretary's responsibilities include facilitating the flow of information within the Board and its committees, between senior management and non-executive directors and between heads of internal control functions and non-executive directors, as well as facilitating the induction, development and evaluation of members of the Board.

All members of the Board have access to the advice and services of the Company Secretary and the Corporate Governance Compliance Officer (the 'CGCO') who can provide relevant information related to Board procedures and the CSE and UK Codes. The Company Secretary is responsible for ensuring that the directors are provided with relevant information on a timely basis to enable them to consider issues for decision and to discharge their oversight responsibilities. Both the appointment and removal of the Company Secretary is a matter for the Board as a whole.

The directors also have access to the advice of the Group external legal advisors and to independent professional advice at the Group's expense if and when required. Committees of the Board have similar access and are provided with sufficient resources to undertake their duties. The Company Secretary provides dedicated support for members of the Board on any matter relevant to the business on which they require advice separately from or additional to that available in the normal board process. All members of the Board benefit from directors' and officers' liability insurance in respect of legal actions against them.

Occasionally the Board holds deep dive sessions with key business lines to provide members with a deeper insight into key areas of strategic focus, enable better quality of debate and enhance knowledge. The deep dives usually include presentations and opportunity for discussion. In 2021, discussions took place on the Capital Plan, the Resolvability Plan and the MREL Compliance Plan, including discussions with the regulators. Other extensive discussions were on the initiatives to improve the risk culture of the Group, the ESG Strategy, the continued de-risking from NPE loans and the new organisational structure of management.

The key areas of focus in 2021 for the Board, inter alia, were:

Group Strategy	<ul style="list-style-type: none"> • Four-year business and capital plan; • Sale of a portfolio of Non-performing exposures/trades - Helix 2A&B; • Sale of a mixed portfolio of NPEs and REOs - Helix 3; • The progress of the Digital Economy Platform; • The Transformation programme; • Sustainability Strategy – Setting up of the Sustainability Committee; • The Bank's contribution to environmental integrity and social equity.
Regular Updates	<ul style="list-style-type: none"> • Group Performance Report; • Finance report, including budgets, forecasts and capital positions; • Risk report; • CEO's report; • Reports from chairpersons of committees; • Cost Management Progress.

1. Board of Directors (continued)

1.1 The Role of the Board (continued)

1.1.1 Information and Support (continued)

Business environment	<ul style="list-style-type: none"> • Cyprus economic development in light of the pandemic; • Pandemic Reforecast; • Monitoring of clients under Moratorium with any arrears; • Quarterly economic reports; • Investors and stakeholders' perspectives; • Market updates and share trading activity.
Financials	<ul style="list-style-type: none"> • 2020 full year results; • 2021 half-year results; • Impairments; • Minimum Requirement of own funds and Eligible Liabilities (MREL) Funding Plan; • Internal Capital Adequacy Assessment Process ('ICAAP') Report; • Internal Liquidity Adequacy Assessment process ('ILAAP') Report.
Business performance	<ul style="list-style-type: none"> • Review of business lines' strategies; • Review of the progress of non-performing loans' management; • Credit portfolio overview; • Tier 2 Repurchase and new issue; • Customer performance measurement framework; • Review of the performance of Corporate Finance projects.
Culture	<ul style="list-style-type: none"> • Risk and Compliance culture; • Talent Management updates.
Risk management	<ul style="list-style-type: none"> • Group Recovery Plan; • Pillar 3 Disclosures; • Group Risk Appetite Framework; • Progress of implementation of SREP recommendations; • Regulatory interactions; • Oversight of local subsidiaries; • Litigation.
Governance and regulatory compliance	<ul style="list-style-type: none"> • Board effectiveness and Chairman's performance reviews; • Chairman's remuneration; • Review and approval of various Group policies; • Conflicts of Interest management; • Non-financial reporting; • Appointment of key function holders; • Succession planning; • New streamlined organisational structure; • On-going supervisory dialogue and communication with regulatory authorities.

Strategy Development

The strategic objectives for the Group are to become a stronger, safer and a more efficient institution capable of supporting the recovery of the Cypriot economy and delivering appropriate shareholder returns in the medium term. The key pillars of the Group's strategy are to:

- Grow revenues in a more capital efficient way; by enhancing revenue generation via growth in performing book and less capital-intensive banking and financial services operations (Insurance and Digital Economy);
- Improve operating efficiency; by achieving leaner operations through digitisation and automation;
- Strengthen asset quality; maintaining high quality new lending, completing legacy de-risking, normalising cost of risk and reducing (other) impairments, whilst managing post pandemic NPE inflows;
- Enhance organisational resilience and ESG (Environmental, Social and Governance) agenda; by continuing to work towards building a forward-looking organisation with a clear strategy supported by effective corporate governance aligned with ESG agenda priorities.

1. Board of Directors (continued)

1.1 The Role of the Board (continued)

1.1.1 Information and Support (continued)

The Group has a clear strategy in place, leveraging on its strong customer base, its renewed customer trust, its market leadership position, and further developing digital knowledge and infrastructure, with a clear focus on creating shareholder value. The Group now increases its medium-term return on tangible equity (ROTE) target to over 10%, providing the foundations for a return of dividend distributions, subject to performance and relevant approvals.

Maintaining a strong capital base has been a key priority for management over the past few years and this remains equally important for the Group going forward. The Group's organic capital generation is to be supported by the improving Return on Tangible Equity (ROTE). Going forward, capital will be deployed for organic growth of the loan book, investment in the business, against regulatory impacts and one-off cost optimisation charges. Detailed information relating to strategy is set out in Strategy and Outlook of the Directors' Report of the 2021 Annual Financial Report on page 30.

1.2 Composition of the Board of Directors

As at 31 December 2021, the Board comprised of twelve members: the Group Chairman who was independent on appointment, two executive directors and nine non-executive directors. According to the provisions of the CBC Directive on Suitability eight of the non-executive directors are independent. The names and brief biographical details including each director's background, external directorships and whether these are executive or non-executive, experience and independent status are set out in section 4 of this report.

The Board considers that a Board size of 10-12 directors allows for a good balance between having the full range of skills and experience necessary on the Board and to populate its committees while retaining a sense of accountability by each director for Board decisions; to govern the business effectively, while enabling full and constructive participation by all directors given the size and operations of the Group and the time demands placed on the directors. The Board recognises the need to identify the best qualified and available people to serve on the Board. In accordance with the Board Nominations Policy, all appointments are made on merit against objective criteria (including skills and experience) with due regard for the benefits of diversity on the Board. The Board plans for its own renewal with the assistance of the NCGC which regularly reviews Board composition, tenure and ensures plans are in place for orderly succession to both the Board and Executive positions.

Both on an individual and a collective basis, the directors are considered to have the range of skills, understanding, experience and expertise necessary to ensure the effective leadership of the Group and that high corporate governance standards are maintained.

The NCGC ensures a formal, rigorous and transparent procedure when considering candidates for appointment to the Board and maintains continuous oversight of the Board's composition to ensure it remains appropriate and has regard for its purpose, culture, major business lines, risk profile and governance requirements.

The NCGC at least annually reviews the structure, size, and composition of the Board (including skills, knowledge, experience, independence and diversity) and recommends to the Board the skills and experience required to provide sound governance oversight. These include experience in banking, insurance, markets and regulatory environments, risk management, financial management, strategy development, technology and operations experience and knowledge of law, governance, compliance and audit. Assessing the skills profile of the Board ensures that the Board and committees comprise of members having an all-embracing perception of the Group's activities and the risks associated with them. The composition of the Board remains under continuous review and the NCGC maintains a constant focus on succession planning to ensure the continuation of a strong and diverse Board, which is appropriate to the Group's purpose and the industry within which it operates.

The Committee's succession planning process has regard for the impact of expected retirements of directors and the Group's desired culture and strategic direction. As part of the process, the Committee prepares a detailed role profile, based on its analysis of the skills and experience needs and selects, where appropriate, an experienced third-party professional search firm to facilitate the process. The search firm develops an appropriate pool of candidates and provides independent assessments of the candidates. The NCGC then works with that firm to shortlist candidates, conduct interviews/meetings (including meetings with members of the NCGC) and carry out comprehensive due diligence.

1. Board of Directors (continued)

1.2 Composition of the Board of Directors (continued)

The Committee follows the requirements of the Group Suitability Policy which is fully aligned with the CBC Directive on Suitability (and the Joint ESMA and EBA guidelines on the assessment of the suitability of members of the management body) and ensures a robust assessment of potential candidates which includes an interview by the NCGC and recommendation to the Board prior to the submission of suitability applications to the regulator for consideration.

In accordance with the Board Nominations Policy, the assessment and due diligence process is extensive and includes self-certification confirmations of probity and financial soundness as well as external checks involving a review of various publicly available sources. All potential candidates are assessed to ensure they have the ability to act with integrity, lead by example and promote the desired culture, which evidences a commitment to high standards and values. The process also involves the NCGC satisfying itself as to the candidate's ability to devote sufficient time to the role, his/her independence and suitability. At the same time the NCGC assesses and documents its consideration of possible conflicts of interest. Finally, an assessment of collective suitability is performed following which the NCGC makes recommendations to the Board, according to the provisions of the Joint Guidelines on Suitability.

Regulatory assessment and formal approval are required and given for all Board appointments.

The Group carries out a review of the ongoing suitability of Board members on an annual basis, whereby they are required to confirm any changes in their circumstances in respect of their compliance with the CBC Directive on Suitability. All changes in circumstances disclosed, are assessed and their materiality determined. Following the review of 2021, certain changes to directorships were reported. The Board concluded that each of the directors has the requisite standard of fitness, probity and financial soundness to perform his/her functions effectively and commits the necessary time for the execution of his/her duties.

1.2.1. Meetings of the Board of Directors

A yearly planner is prepared by the Company Secretary, with input from all Board members, to map out the flow of key items of business to the Board. The Group has a comprehensive and continuous agenda setting and escalation process in place to ensure that the Board has the right information at the right time and in the right format to enable the directors to make the right decisions. The Chairperson leads the process assisted by the Company Secretary.

The process ensures that sufficient time is being set aside for strategic discussions and business critical items. Matters may be added to agendas in response to external events, non-executive directors' requests and regulatory initiatives inter alia.

The Company Secretary is closely involved in preparing the schedule of all Board and committee meetings and the agendas for these meetings, in conjunction with the Chairperson, ensuring that relevant information is dispatched timely to all members of the Board.

Agendas and papers are circulated in a timely manner prior to each meeting and all members of the Board are informed in writing of forthcoming Board meetings to allow them adequate time to review the relevant information and enable them to fully discharge their duties. Meetings packs are typically uploaded a week in advance of the meetings and communicated to all members of the Board via a secure electronic Board portal to ensure they have sufficient time to review the matters which are to be discussed and to seek clarifications or any additional information they may require.

Generally, members of the senior management team and other senior management members are invited to attend part of the meetings to ensure effective interaction with the Board. Board meetings have certain standing items such as a report from the CEO and the EDFL on Group performance, reports from the chairs of committees and updates from other senior management members. In addition to formal meetings, the Board meets as necessary to consider matters of a time-sensitive nature. The Chairperson and the chairs of each committee ensure Board and committee meetings are structured to facilitate discussions.

Committee meetings are held prior to Board meetings with the chairperson of each committee then reporting matters discussed to the Board. Topics for deep dives or additional items are discussed when required and include business, governance and regulatory update.

1. Board of Directors (continued)

1.2 Composition of the Board of Directors (continued)

1.2.1. Meetings of the Board of Directors (continued)

During 2021 the Board held 14 meetings. Only one meeting was held in the physical presence of the members due to the continuing restrictions in travel and the measures in place to fight the pandemic. All other meetings were held through teleconferencing. Further details on the number of the meetings of the Board and its committees and attendance by individual directors are set out below. The offsite meeting was held in September 2021. During the year, the Chairperson and the non-executive directors met virtually, without the executive directors' present, to discuss a range of business matters.

The Board makes full use of technology such as teleconferencing, a Board portal and tablets in its meeting arrangements. This leads to greater flexibility, security and efficiency in Board paper distribution and meeting arrangements. Minutes and matters arising from the meetings are produced and circulated to the directors for review and feedback. Matters arising are followed up in subsequent meetings through relevant updates.

Board of Directors of BOCH 1/1/2021-31/12/2021

Name	Board of Directors	AC	HRRC	NCGC	RC
Efstratios Georgios Arapoglou (Chairman)	14/14			8/8	
Lyn Grobler (Vice-Chairperson)	14/14		11/11	8/8	
Arne Berggren	14/14	15/16		8/8*	
Maksim Goldman	13/14		10/11		24/25
Paula Hadjisotiriou	14/14	16/16			25/25
Michael Heger	14/14	15/16	11/11		
Constantine Iordanou ¹	1/1				
Eliza Livadiotou ²	2/2				
Panicos Nicolaou	14/14				
Maria Philippou	13/14		11/11	8/8	
Nicos Sofianos ³	10/10	12/12			20/20
Ioannis Zographakis	14/14	16/16			25/25
Total meetings⁴	14	16	11	8	25

1 Appointed on 29 November 2021

2 Appointed on 6 October 2021

3 Appointed on 26 February 2021

4 The number of Board meetings at BOC PCL level was 27 during the year 2021. The attendance of these meetings can be found on page 294.

1.2.2 Terms of Appointment, Retirement and Re-election of Directors

Non-executive directors are appointed for an initial three-year term and are typically expected to serve a further term of three years, assuming satisfactory performance and subject to the needs of the business, shareholder re-election and continuing suitability. The Board may invite directors to serve additional periods. A non-executive's term of office will not extend beyond 12 years in total. Any re-appointment beyond 6 cumulative years is considered on an annual basis and has regard for a number of factors including performance, independence, the need for progressive refreshing of the Board over the medium to long term and the best interest of the shareholders.

The Board may at any time appoint any person who is willing to act as director and who fulfils the criteria as these are determined in the Board Nominations Policy, either to fill a vacancy or as an addition to the existing Board, but the total number of directors should not exceed 13. Any director so appointed is subject to election at the AGM following his/her appointment. The NCGC considers, inter alia, whether a potential director is able to devote the requisite time and attention to the Company's affairs, prior to the Board's approval of the individual's appointment.

1. Board of Directors (continued)

1.2 Composition of the Board of Directors (continued)

1.2.2 Terms of Appointment, Retirement and Re-election of Directors (continued)

According to the Articles of Association of the Company, all directors retire each year and if eligible offer themselves for re-election. The following directors, being eligible, offered themselves for re-election and were elected at the AGM on 25 May 2021: Efstratios-Georgios Arapoglou, Arne Berggren, Maksim Goldman, Lyn Grobler, Paula Hadjisotiriou, Michael Heger, Panicos Nicolaou, Maria Philippou, Nicos Sofianos and Ioannis Zographakis. Eliza Livadiotou and Constantine Iordanou were also elected to the Board subject to ECB consent which was provided on 6 October 2021 and 29 November 2021 respectively. The 2021 AGM is scheduled for 20 May 2022, and in line with previous AGMs, all directors will retire from office at the date of the AGM and offer themselves for re-election.

The names of directors submitted for election or re-election are accompanied by sufficient biographical and other relevant information in the AGM documentation and are available on the Group's website to enable shareholders to take an informed decision.

1.2.3 Conflicts of interest

The Group Policy on Conflict of Interests focuses on principles, procedures and arrangements for the prevention, identification, documentation, escalation and management of actual, potential or perceived conflict of interests. The policy is reviewed and approved by the Board annually and is communicated throughout the Group. An enhanced procedure for Board members and senior management to self-assess potential conflict of interests annually was implemented in 2021.

The Board Manual documents procedures specifically relating to directors' conflict of interests, and sets out how these are to be identified, reported and managed to ensure that the directors act at all times in the best interests of the Company. The Board Manual is reviewed and approved by the Board, at least annually.

The Board has adopted a Dealing Code for transactions in the Company's securities by Persons Discharging Managerial Responsibilities (PDMRs). The Dealing Code complies with the European Market Abuse Regulation. All PDMRs have been informed of their obligations under the Dealing Code in writing. All directors have complied with the Dealing Code during 2021.

None of the directors had, during the year or at year end, a material interest, directly or indirectly in any contract of significance with the Group (See Note 50 of the Consolidated Financial Statements of Bank of Cyprus Holdings).

1.2.4 Time commitment

The NCGC ensures that individual Board directors have sufficient time to dedicate to their duties, having regard to applicable regulatory limits on the number of directorships which may be held by any individual director. The Board has determined the time commitment expected of non-executive directors to be 35-40 days per annum. Time devoted to the Group can be considerably more when serving on Board committees.

BOC PCL has been classified as a 'significant institution' under the European Union (Capital Requirements) Regulation 2014. The CBC Directive on Suitability which incorporates the provisions of Article 91 of the European Capital Requirements Directive ('CRD IV') on management bodies of credit institutions, determines that a director cannot hold more than one of the following combinations:

- One executive directorship with two non-executive directorships; or
- Four non-executive directorships.

Executive or non-executive directorships held within the same group, count as a single directorship. Directorships in organisations which do not pursue predominantly commercial objectives do not count for the purposes of the above guidelines.

The ECB which supervises BOC PCL following the European Union Regulation 468/2014 which established the framework for cooperation within the SSM between the ECB and national competent authorities may in exceptional cases and taking into consideration the nature and complexity of the business of the Group, authorise members of the Board to hold one additional directorship.

1. Board of Directors (continued)

1.2. Composition of the Board of Directors (continued)

1.2.4 Time commitment (continued)

In 2019 the ECB having assessed the Chairman's other directorships and the time committed to them, had granted permission to Mr. Arapoglou to hold one additional non-executive directorship given the very limited time commitment involved in that directorship. Mr. Arapoglou has demonstrated relevant commitment to his chairmanship and has fulfilled his responsibilities to the utmost. The executive session of the non-executive directors has highlighted this proven commitment of the Chairman. Moreover, the external Board Performance Evaluation, confirmed and highlighted the adequacy of the time commitment of the Chairman to the Bank. In May 2021 the Chairman stepped down from one of his appointments so that he now holds four non-executive directorships and as at today meets all regulatory obligations. Finally, all other directors were within the directorship limits set out for 'significant institutions'.

All newly appointed members of the Board are provided with a comprehensive letter of appointment detailing their responsibilities as directors, the terms of their appointment and the expected time commitment for the role. A copy of the standard terms and conditions of appointment of non-executive directors can be inspected during normal business hours by contacting the Company Secretary. Members of the Board are required to devote adequate time to the business of the Group which includes attendance at regular meetings and briefings, preparation time for meetings and visits to business units.

In addition, non-executive directors are normally required to sit on at least one Board committee, which involves the commitment of additional time.

Certain non-executive directors such as the Vice-Chair, the SID and committee chairpersons are required to allocate additional time in fulfilling those roles.

Before their appointment, directors disclose details of their other significant commitments along with a broad indication of the time committed to such appointments. The directors' positions on the management bodies of other companies are noted in their biographical details included in section 4 of this report. Such participation does not prevent them from devoting the necessary time and attention to their duties as members of the Board of the Company and is within the limits set by the CBC Directive on Suitability. Before accepting any external appointments, which may affect existing time commitment for the Board's business, approval must be obtained from the NCGC and depending on the nature of the proposed commitment, the Board must approve as well.

During 2021, all Directors complied with the Board process and sought approval in advance where required. All Directors are reminded of their obligation under the Board Manual when appointed to any external roles.

It was estimated that in 2021, each non-executive director spent at least 40 days on board-related duties. The Board considered the time commitment of all directors and concluded that each director devotes the requisite time for the effective performance of his/her duties as described in the Joint Guidelines on Suitability.

1.3 Board Balance and Independence

The NCGC and the Board determine the independence status of each director on appointment. In addition, the Board considers each individual against the criteria set out in the UK Code, the CSE Code, the CBC Directive on Suitability and the Joint Guidelines on Suitability. It also considers their contribution and conduct at Board meetings, including how they demonstrate objective judgement and independent thinking, annually, to ensure that the determination regarding independence remains appropriate.

In 2021 the Board considered the principles relating to independence and determined that eight out of nine Non-Executive Directors in office at 31 December 2021 were independent in character and judgement and free from any business or other relationships with the Group which could affect their judgement. Maksim Goldman, by virtue of his employment up to June 2018 by a corporation controlled by a significant shareholder in the Company, is not considered independent by reference to the provisions of the CBC Directive on Suitability. Mr. Goldman has always exhibited and continues to exhibit an independent character and judgement and the Board believes, based on his performance to date, that he too brings independent challenge and judgement to the deliberations of the Board. Discussions with dissenting shareholders to Mr. Goldman's election, led to the nomination and appointment of Mr. Iordanou to the Board.

1. Board of Directors (continued)

1.3 Board Balance and Independence (continued)

The Chairman, Mr. Arapoglou, was independent on appointment and continues to operate in a manner that is independent in character and remains objective in his opinions having no other relationship or circumstances to affect his judgement. He commits the appropriate time for the Group's business which is slightly more than the other non-executive directors, but his time commitment does not exceed 55 days per year. He has no other remuneration from the Group other than as Chairperson of the Board and chairperson of the NCGC.

The status of each director is presented in the biographical details in section 4 of this report.

A relevant 'Confirmation of Independence' based on the independence criteria of provision A.2.3 of the CSE Code is signed annually by each of the independent non-executive directors and is submitted to the CSE together with the Corporate Governance Report.

1.3.1 Directors' induction and ongoing development

On appointment, each director receives a full, formal induction plan, tailored to his or her specific requirements including committee membership. All incoming directors are provided on appointment with an information pack which includes, among others, the Board Manual, key legislation, directives and regulations and the Company's Articles of Association, to facilitate their understanding of how the Group operates and the key issues that it faces.

Meetings are arranged with senior management on Group and divisional strategy, deep dives on businesses, an overview of the Group's risk appetite and Group Risk Framework, corporate governance, internal control systems, regulatory environment, people strategies, technology and payments. Further, the Company Secretary under the supervision of the Chairperson develops programmes based on the directors' individual needs. A Policy on Induction and Training of Board members has been approved by the Board and can be found on the website.

Ongoing education is provided for the Board, informed by the effectiveness reviews of the Board and individual directors, as well as emerging external developments. Focused training of the Board is arranged in conjunction with scheduled Board meetings where information is provided to ensure that directors receive adequate insight into a particular area through presentations by Group business units and control functions and briefings with senior management. Dedicated training sessions also take place on particular issues (refer to table below for 2021 training schedule) usually identified by the directors themselves and the Company Secretary. A training schedule is prepared at the beginning of each year and directors are expected to attend accordingly.

Education and Development sessions* for the Board members during 2021
<ul style="list-style-type: none">• Info. Security Awareness Q1 2021• Conflict of Interest• Info. Security Awareness Q2 2021• Info. Security Awareness Q3 2021• MiFID II (part 2) 2021• AML Essentials 2021

*e-learning sessions

The training material is distributed to all directors regardless of attendance. In 2021, all training was in the form of e-learning sessions on an online platform with an assessment quiz at the end of the training session. The directors can access this at any time, and once the training is completed, it is recorded on the system to provide a full audit trail.

Directors are also offered the option of attending suitable external educational courses, events or conferences designed to provide an overview of current issues of relevance to directors. The Company Secretary ensures all directors are provided with relevant information on a timely basis to enable them to consider issues for decision-making and discharge of their oversight responsibilities.

1. Board of Directors (continued)

1.3 Board Balance and Independence (continued)

1.3.1 Directors' induction and ongoing development (continued)

In the performance of their roles, executive directors develop and refresh their skills and knowledge of the Group's business and operations through regular interactions, meetings and briefings with senior management and through presenting on the Group's business to investors and analysts. They remain abreast of developments affecting the financial services sector and banking by representing the Group's interests at conferences, advisory groups and other events and meetings with regulators and other authorities.

The Company Secretary provides the Board with comprehensive guidance on Board procedures and dedicated support for directors on any matter relevant to the business on which they require advice separately from or additional to that available in the normal board process.

1.3.2 Board Performance Evaluation

The Board annually reviews its effectiveness and that of its committees and individual members in order to enhance its operations. The objective of these evaluations is to review past performance with the aim of identifying efficiencies, opportunities for improvement and maximizing strengths, determining whether the Board or committee as a whole is effective in discharging its responsibilities and, in the case of individual directors, to determine whether each director continues to contribute effectively and to demonstrate commitment to the role.

The Board is subject to external evaluation every three years. The most recent external review begun in late 2020 and was completed in February 2021. The Board further conducted an internal evaluation in Spring 2021, led by the Chairman with the support of the NCGC and the CGCO. It included a review of the effectiveness of the Board, its committees and individual directors. The directors' views on a range of topics were sought including inter alia, strategy, performance, reporting, risk and control, Board composition and size, diversity, balance of skills, culture and dynamics, the Board's agenda; the quality and timeliness of information, training for directors etc. The review indicated an effective Board with a strong and diverse composition of experiences.

The Chairman met with directors on a one-to-one basis to discuss their individual performance taking into account their input, which was submitted in advance of the meetings. In each case, the Chairman assessed each director as fully effective in his or her role on the Board whose contributions continue to be important to the Company's long-term sustainable success while continuing to demonstrate independence of mind.

Executive directors' individual performance evaluation is assessed against particular KPIs set by the NCGC undertaken at the same time as the performance management process for all employees and includes self-assessment and a review and discussion by the NCGC, before final assessment by the Board.

The process in 2021 was as follows:

- All non-executive members of the Board were invited to complete online questionnaires to self-assess their own performance,
- The Chairman performed an assessment of all the non-executive members who were on the Board throughout 2020.
- The SID chaired an executive meeting of the non-executives in the absence of the Chairman to assess the performance of the Chairman.
- The Self-Assessment of each Committee by its members.

A consolidated report on the findings of the full evaluation process was presented to the Board. The outcome of the Board evaluation was positive, concluding that the effectiveness of the Board and its committees continued to be enhanced year on year. Each director was assessed as being effective, with all directors demonstrating commitment to their roles. The report was considered by the NCGC and collectively discussed by the Board. The recommendations were intended to enhance the Board process, although they were not material to the effectiveness of the Board. The Board accepted them and set up an action plan to incorporate those recommendations. Taking into account the evaluation report, the Board considers that the effective contribution of each of the individual directors and the Board as a whole is and continues to be important to the long-term sustainable success of the Group. The Board also concluded that all the members of the Board have appropriate qualifications; broad relevant experience; continue to be effective; and demonstrate continuing commitment to the role.

1. Board of Directors (continued)

1.3 Board Balance and Independence (continued)

1.3.2 Board Performance Evaluation (continued)

Key recommendations emanating from the internal assessment were aligned with the conclusions and recommendation recorded by the independent consultant as follows:

- The Board should continue to appoint new members to achieve a gradual renewal of the Board and its Committees without compromising any of the skills and expertise currently on the Board. The Board would benefit from another director with knowledge of IT or Digital Transformation or Cybersecurity, preferably a woman, in order to achieve its target of 40%.
- The focus of the Board should shift towards more oversight and less management support.
- There is room for the Board to further integrate sustainability concerns in its decision-making process and the development of its strategic plan.
- The Board has determined that the ECCC should address sustainability and ESG factors in earnest to support the Board in collaboration with the NCGC in its strategy development and decision-making.

The chairperson of each principal Board committee led the self-assessment process in respect of committee performance through discussion with all committee members. The effectiveness of each of the four principal committees was assessed as adequate. All non-executive directors provided feedback on their uptake of committee work performed and the results were satisfactory.

The Chairman's performance evaluation was carried out by the non-executive directors led by the SID and was based on a discussion during an executive session of the non-executive directors (without the Chairman). The Board concluded that Mr. Arapoglou continues to be a highly effective Chairperson who provides very strong leadership to the Board and maintains a right balance between oversight and providing advice to the CEO. Mr. Arapoglou combines extensive and relevant banking experience, inclusive leadership style and is open to new ideas. He exercises effective time management and exhibits a Growth mind-set. Areas for enhancement are his visibility within the Bank and the Cyprus market and ensuring more focused training for members on risk-related issues. The Board confirmed its continued support for Mr. Arapoglou.

The external Board Performance Evaluation concluded in February 2021 by Nestor Advisors Ltd, a company with no other connection to the Company, found the Board to be well-structured and composed. The Board has the skills and knowledge necessary for directing and controlling the Bank. The Board members are very well informed, have a thorough understanding of the Group's business and are probing in controlling management's work.

The basis for the execution of this engagement was the relevant provision of the CBC Directive on Internal Governance and the methodology which was followed included:

- Document review of relevant constitutional documents and Board documentation.
- Online questionnaire completed by each Board member.
- Individual interviews including with the Company Secretary, the Chief Risk Officer ('CRO'), Internal Audit Director ('IAD') and Director of Compliance.
- Meeting observation of several meetings at Board and Board Committee level.
- Gap analysis against UK Code.
- The firm's judgement, supervisory and best practice considerations.

Key recommendations emanating from the independent consultants were as follows:

- The Board should focus more on ESG matters;
- The Bank should strengthen its KPIs for senior management to include ESG-related targets;
- The strategy away-day should focus on the long-term vision of the Bank;
- The Board should explore ways in which to ensure that the workforce voice is heard on the Board;
- The monitoring of culture should become part of the Board's long-term strategy agenda.

Progress was made on areas for enhancement identified during the previous internal performance evaluation relating to more hands-on oversight of subsidiary objectives and business, ESG matters featuring on the Board agenda, renewal of the composition of the Board, lessons learned and a continued forward-looking focus on Group strategy.

1. Board of Directors (continued)

1.3 Board Balance and Independence (continued)

1.3.2 Board Performance Evaluation (continued)

The directors are aware that in case they have material concerns about the overall governance of the Group, these should be reported without delay to the Board and, if their concerns are not satisfactorily addressed, the directors should report these concerns to the CBC.

1.3.3 Interaction with principal subsidiaries

There are close interactions between the material subsidiary boards and the Group Board and their respective committees, including the requirement for appointments to material subsidiary boards to be approved by the Group Board. The chairs of the subsidiary audit and risk committees submit an annual report to the respective Group Board committees on the effectiveness of these subsidiaries and attend and present at the Group Board committees annually an account of the subsidiary board committees. The chairpersons of the Company's AC and RC are invited, respectively, to participate occasionally in the subsidiary audit and risk committee meetings as observers. In addition, the CGCO and other heads of control functions are invited to attend these meetings as observers. The NCGC annually reviews and approves the Corporate Governance Guidelines for Group Subsidiaries.

1.3.4 Loans to Directors and Other Transactions

Details of credit facilities to directors and other transactions with the Group are set out in Note 50 of the Consolidated Financial Statements for the year ended 31 December 2021.

It is hereby confirmed that the credit facilities to Company directors (and related parties) or to its subsidiary or associated company directors are granted in the normal course of the Company's business, under normal commercial and employment terms and with transparency. Furthermore, it is confirmed that all relevant cases of bank facilities to Company directors and its subsidiary company directors are forwarded for approval to the Board after the relevant proposal of the Risk Committee. The interested member of the Board is neither present nor participates in the procedure.

All members of the Board complied with the relevant provisions of the CSE Code and the Banking Law as at 31 December 2021.

2. Internal Controls

The Board is responsible for the adequacy and effectiveness of the system of internal controls, corporate governance and risk management framework of the Group. These ensure amongst others that:

- The governance framework is effective, monitored and periodically assessed;
- The compliance framework is appropriate;
- The integrity and internal controls of the accounting and financial reporting systems, as well as the compliance with relevant legal / supervisory requirements and reporting standards, are adequate;
- The information security framework for the protection of confidential information is appropriate;
- The process of taking appropriate steps to timely address any deficiencies is effective.

The system of internal controls, corporate governance and risk management framework have been designed in accordance with the nature, scale and complexity of the Group's operations, in order to provide reasonable but not absolute assurance against material misstatements, errors, losses, fraud or breaches of laws and regulations.

2. Internal Controls (continued)

The overall system of internal controls, corporate governance and risk management framework of the Group include amongst others:

- A transparent organisational structure with clear reporting lines to Senior Management and the Board;
- Board and executive committees with clear responsibilities;
- Three lines of defence model for the effective risk management and compliance across the Group;
- Formal policies and procedures;
- Monthly reporting by business lines to enable progress to be monitored, trends to be evaluated and variances to be acted upon;
- Monthly meetings of committees to review performance;
- Code of Ethics setting out the principles and expectations governing the behavior of all officers and employees;
- Code of Conduct setting out the standards expected of all officers and employees;
- Whistleblowing policy, including processes and procedures, to be followed for independent investigation of concerns raised by staff;
- Anti-Bribery policy in line with the UK regulatory guidance as well as with ISO37001;
- Conflicts of Interest policy;
- Quarterly representations by all Divisions of the Bank to the CEO on the effectiveness of the system of internal controls (policies, procedures and monitoring activities);
- Annual representations by all control functions of the Bank (Compliance, Risk, Information Security) to the CEO on effectiveness of the system of internal controls (policies, procedures, monitoring activities).

The Board confirms that, through the AC and the RC, it has conducted reviews for the year ended 31st December 2021, regarding the effectiveness of the Group's internal control and information systems, as well as in relation to the procedures used to ensure the accuracy, completeness and validity of the information provided to investors. The reviews covered all systems of internal controls, including financial, operational and compliance controls, as well as risk management systems.

In carrying out their reviews, the AC and RC receive regular business and operational risk assessments, regular reports from the Internal Audit Director, the Director of Compliance, the Chief Information Security Officer and the Chief Risk Officer, other internal memos and external audit reports, as well as regulatory reports.

The Board receives a confirmation on an annual basis by the CEO for the effectiveness of compliance, risk management and information security system of internal controls. Additionally, the Board, through the AC and RC, has received confirmation that executive management has taken or is taking the necessary actions to remedy all significant weaknesses identified through the operation of the Company's framework of internal controls, corporate governance and risk management processes and to continuously modify or enhance the system of internal controls, corporate governance and risk management framework as required by the Bank's current transformation.

Based on the internal audit work carried out in 2021, reasonable assurance is provided, with emphasis on specific matters, on the design adequacy and operating effectiveness of the Group's internal control framework, corporate governance and risk management processes, for managing significant risks, according to the risk appetite set by the Board of Directors. Emphasis is placed on the areas of Digitalisation, Information Systems and Data Governance, which require management's attention to further manage current, as well as any future, risk exposures.

Overall, the Board of Directors through its committees, has reviewed the effectiveness of the system of internal controls, corporate governance and risk management processes of the Group for the year ended 31st December 2021 and confirms their effectiveness either through the effective design and operation of controls or through mitigating factors that existed. The Board also confirms that it is not aware of any violation of the Cyprus Securities and Stock Exchange Laws and Regulations.

The Group's financial reporting process is controlled using documented accounting policies and procedures supported by instructions and guidance on reporting requirements, issued to all reporting entities within the Group in advance of each reporting period. The submission of financial information from each reporting entity is subject to sign off by the responsible financial officer.

2. Internal Controls (continued)

The internal control system also ensures that the integrity of the accounting and financial reporting systems, including financial and operational controls and compliance with legal and supervisory requirements and relevant standards, is adequate. The Group has in place an adequate financial statement closing process by which transactions and events reflected in the Group's accounting records are processed to produce the financial statements, related disclosures and other financial reports which relies either on the effective design and operation of controls or other mitigating factors where these were inefficient. Where from time-to-time areas of improvement are identified these become the focus of management's attention in order to resolve them and thus strengthen the procedures that are in place. Areas of improvement may include the formalisation of existing controls and the introduction of new information technology controls, as part of the Company's on-going digital journey.

The Annual Report and Interim Report prior to their submission to the Board are reviewed and approved by the ExCo. The Board, through the AC scrutinises and approves the financial statements, results, announcements and the Annual Report and ensures that appropriate disclosures have been made. Detailed papers are prepared for review and approval by the AC covering all accounting issues including presentations and disclosures. This governance process enables both management and the Board to challenge the Group's financial statements and other significant disclosures before their publication.

The Bank has developed an Integrated Risk Identification Framework which provides for the identification, evaluation and management of the principal risks faced by the Group. The Group is forward looking to ensure emerging risks are identified. The Key Risk Matrix is thus updated and is approved by the RC and the Board through the ICAAP process. The Board is responsible for determining the nature and extent of the principal risks the Group is willing to take in achieving its strategic objectives and ensuring the maintenance of an effective risk management and oversight process across the Group.

The Board approves the Group Risk Appetite Statement on an annual basis and receives regular updates on the Group's risk environment and exposure to the Group's material risk types through the Risk Report reviewed monthly. A consolidated risk report and risk appetite dashboard is regularly reviewed by the RC to ensure the risk profile and mitigating actions are satisfactory. The key risks with their mitigant actions are presented in Pillar 3 Disclosure Report.

The Board confirms that it carries out a robust assessment of both principal and emerging risks, including risks that might threaten the Group's business model, future performance, liquidity etc.

Business continuity risks are mitigated to ensure that the Bank has business resilience and continuity plans. They also ensure that the Bank operates on an on-going basis and limits potential losses in the event of a severe business disruption.

The Group's risk management and internal control systems are regularly reviewed by the Board and are consistent with the Guidance on Risk Management, Internal Control and Related Financial and Business Reporting issued by the Financial Reporting Council and compliant with the requirements of Capital Requirements Directive (CRD) IV. They have been in place for the year under review and up to the date of the approval of the annual report.

Detailed information relating to Group risk management is set out in Notes 45 to 48 of the Consolidated Financial Statements and the Additional Risk and Capital Management Disclosures section of the 2021 Annual Financial Report.

2.1 Going concern

The Directors have made an assessment of the Group's ability to continue as a going concern for a period of 12 months from the date of approval of the 2021 Consolidated Financial Statements. The Directors believe that the Group is taking all necessary measures to maintain its viability and the development of its business in the current economic environment. Detailed information relating to going concern is set out in Going Concern of the Directors' Report of the 2021 Annual Financial Report on page 32.

2. Internal Controls (continued)

2.2 Group Code of Conduct and Whistleblowing Policy

The Group has set out the standards that are expected from all employees and directors of the Group in a Code of Conduct along with guidance on how these standards should be applicable. The Code of Conduct and a dedicated Code of Ethics are publicly available on the Group's website.

The Group has a Whistleblowing Policy and relevant written procedure in place for all employees, including directors, which is in accordance with international practice. The policy is reviewed annually. Its general principles are:

- Concerns in good faith, about wrongdoing or malpractice can be raised in confidence without fear of victimisation, discrimination, disadvantage or dismissal;
- Procedures for the reporting of any matters of concern are clearly provided. The persons concerned must be able to bypass the main channels for whistleblowing if these prove inappropriate, and use the anonymous reporting line;
- Disclosures are managed in a timely, consistent and professional manner; and
- The appointment of the chairperson of the AC, an independent non-executive director as a Whistleblowing Champion with specific responsibilities.

The Board and CEO are committed to this policy, which encourages staff to raise concerns. Regular messages from the CEO to staff to speak up and e-learning sessions, are addressed to all staff and the Board of Directors to further increase awareness.

3. Other matters

The table below show attendance of the directors on the meetings of BOC PCL throughout 2021. One third of the directors retire each year and offer themselves for re-election.

Board of Directors of BOC PCL 1/1/2021-31/12/2021

Name	Board of Directors	AC	HRRC	NGCG	RC	AC/RC Joint	TC	ECCC
Efstratios-Georgios Arapoglou (Chairperson)	27/27			8/8				
Lyn Grobler (Vice-Chair)	26/27		11/11	8/8			7/7	
Maksim Goldman	26/27		10/11		27/29	7/7		6/6
Arne Berggren	25/27	15/16		8/8		7/7	7/7	
Paula Hadjisotiriou	26/27	16/16			28/29	7/7	6/7	
Michael Heger	27/27	15/16	11/11			7/7		5/6
Constantine Iordanou ¹	2/2						1/1	
Eliza Livadiotou ²	7/7							
Panicos Nicolaou	27/27							
Maria Philippou	26/27		11/11	8/8				5/6
Nicos Sofianos ³	21/22	12/12			24/24	5/5		
Ioannis Zographakis	27/27	16/16			29/29	7/7	7/7	6/6
Total meetings	27	16	11	8	29	7	7	6

1 – Appointed 29 November 2021

2 – Appointed 6 October 2021

3 – Appointed 26 February 2021

3.1 Company Secretary

The Board appointed Mrs Katia Santis as the Company Secretary.

3.2 Internal Audit Director

The Board appointed Mr. George Zornas as the Internal Audit Director.

3.3 Corporate Governance Compliance Officer

The Board appointed Mr. Marios Skandalis as CGCO.

4. Members of the Board of Directors

4.1 Non-Executive Directors

Efstratios-Georgios Arapoglou (Chairperson)

Mr. Arapoglou is an expert financial consultant. He has served as Chairperson and CEO of the National Bank of Greece Group, Chairperson of the Hellenic Banks Association, Member of the Board of Eurobank and has held senior management positions with Citibank and Chase Manhattan in the UK and with American Express in Greece. Currently, he is Chairperson of the Board of Titan Cement, an international cement company listed on the Athens Stock Exchange and of Tsakos Energy Navigation, a shipping company listed on the New York Stock Exchange.

Mr. Arapoglou holds an MSc in Finance and Management from the University of Brunel, London, a BSc in Naval Architecture and Ocean Engineering from the University of Glasgow and a BA in Mathematics and Physics from the University of Athens.

He has extensive experience in international capital markets and in corporate, commercial and investment banking in South East Europe, the UK, the Middle East and Africa.

Term of Office:

Appointed to the Board of BOC PCL and the Board in June 2019

External Appointment:

Chairperson of the Board of Tsakos Energy Navigation
Chairperson of the Board of Titan Cement SA
EFG Hermes Holding SAE

Independent:

Yes, on an ongoing basis.
(Mr. Arapoglou commits the appropriate time for the Group's business which does not exceed 55 days per year. He has no other remuneration from the Group other than as Chairperson of the Board and chairperson of the NCGC).

Committee Membership:

Chairperson of the Nominations and Corporate Governance Committee

Lyn Grobler (Vice-Chair)

Lyn Grobler is an experienced executive with a strong track-record in technology and IT roles. She was appointed Group Chief Information Officer (CIO) at Hyperion Insurance Group (now Howden Group Holdings) in 2016. Prior to this she was Vice President and CIO Corporate Functions at BP where she led the transformation of both the organisation and the digital landscape through introducing sustained change in process, capability and technology, having held a variety of roles across IT and global trading over 16 years. Before BP, she managed large scale global technology projects and strategies within banking and trading based in both London and South Africa.

She holds an HND in computer systems from Durban University in South Africa and a National Diploma in Electronic Data Processing from Cape Peninsula University (South Africa).

Mrs. Grobler has significant experience in IT and digital transformation and benefits from oversight experience in a number of external directorships.

Term of Office:

Appointed to the Board of BOC PCL and the Board in February 2017

External Appointment:

Chairwoman of the Board of Howden Group Services Ltd
Hx Group Ltd

Independent:

Yes

Committee Membership:

Chairperson of the Technology Committee
Member of the Human Resources & Remuneration Committee
Member of the Nominations & Corporate Governance Committee
Member of the Insurance Business Advisory Board

4. Members of the Board of Directors (continued)

4.1 Non-Executive Directors (continued)

Arne Berggren

Arne Berggren has been involved in corporate and bank restructurings, working for both the private sector as well as for international organisations since the early 90s, starting with Nordea during the Swedish financial crisis. This was followed by bank crises management and bank restructuring assignments in numerous countries in Latin America, Eastern Europe and Asia, and more recently during the financial crisis in the Baltics, Spain and Slovenia. He has been Head of Financial Restructuring and Recovery at Carnegie Investment Bank AB and Swedbank AB and as CEO of Swedcarrier AB he led the restructuring of parts of Swedish Rail.

Mr. Berggren has held numerous board positions in the financial and corporate sector, including a position on the Board of Directors at LBT Varlik Yönetim AS and DUTB Ltd.

He is a graduate of the University of Uppsala, Sweden and has postgraduate studies at the Universities of Amsterdam, Geneva and New York.

Arne Berggren has significant experience in corporate and bank restructurings, bank crises management and risk management and has extensive experience in oversight from a number of directorships.

Term of Office:

Appointed
to the Board of BOC PCL in November 2014
and the Board in October 2016

External Appointment:

Piraeus Bank Group
Chairman of TBC Bank Group PLC

Independent:

Yes

Committee Membership:

Member of the Audit Committee
Member of the Nominations & Corporate Governance
Committee
Member of Technology Committee

Maksim Goldman

Maksim Goldman is Director of Strategic Projects at AO Complexprom since June 2018 and is responsible for oversight of various projects and investments under management of the company. Previously, from July 2007 to May 2018 he was Director of Strategic Projects at Renova Group and had served as Deputy Chief Legal Officer of the Group, responsible for implementing the investment policy and support of key mergers and acquisitions transactions. From 2005 to 2007 he worked as Vice President and International Legal Counsel of OAO Sual-Holding, which was the management company for OAO 'SUAL', the second largest aluminium producer in Russia, and also participated in the creation of UC Rusal through combination of the assets of Sual-Holding, Rusal and Glencore. From 1999 to 2005 he worked as an associate at Chadbourne & Parke LLP in New York and in Moscow.

He holds a J.D. from the School of Law, University of California (Los Angeles). He also holds a Bachelor of Arts degree in History from the University of California (Los Angeles).

Mr. Goldman has extensive experience in investments, business development and strategy formation and benefits from oversight experience in a number of external directorships.

Term of Office:

Appointed
to the Board of BOC PCL in November 2014
and the Board in October 2016

External Appointment:

United Manganese of Kalahari Ltd

Independent:

No

Committee Membership:

Member of the Risk Committee
Member of the Human Resources & Remuneration Committee
Member of the Ethics, Conduct and Culture Committee

4. Members of the Board of Directors (continued)

4.1 Non-Executive Directors (continued)

Paula Hadjisotiriou

Paula Hadjisotiriou is an experienced executive with a long career in senior management roles in financial institutions. She started her accountancy career at Howard, Wade & Jacob before moving to Pricewaterhouse Coopers. Following a six-year tenor at the Latsis Group of Companies as Deputy General Manager of Internal Audit, she embarked on a career in banking, in Greece between 1990-2015, first with Eurobank Ergasias S.A as Group Chief Financial Officer and then with National Bank of Greece as Deputy Chief Executive Officer & Chief Financial Officer. Currently she serves as an advisor to the Latsis Group of Companies in the UK.

She is a Chartered Accountant (Institute of Chartered Accountants of England and Wales (ICAEW)).

Mrs. Hadjisotiriou has significant experience in financial institutions and benefits from oversight experience in a number of external directorships.

Term of Office:

Appointed to the Board of BOC PCL and the Board in August 2018

External Appointment:

Credit Suisse Bank (Europe) SA

Independent:

Yes

Committee Membership:

Member of the Audit Committee
Member of the Risk Committee
Member of the Technology Committee

Michael Heger

Michael Heger served as the general manager of finance and investment and as an independent senior advisor for S.I.F. International Holding S.A., Luxembourg at its representative office in Vienna until the end of 2021. Previously, from 2009-2012 he served as general manager and chief executive officer of Metal Trade Overseas AG in Zug, Switzerland.

He began his career in 1980 as a manager in export finance and legal affairs for Waagner-Biro AG in Vienna, Austria. Having spent two years at Waagner-Biro AG, he moved to UniCredit Bank Austria Group, where he held various management positions from 1982 to 2002. Between 2001 and 2002, he served as general manager and head of structured trade finance at Bank Austria AG. From 2002 to 2003, he served as the deputy general manager and head of International division for Raiffeisenlandesbank Niederosterreich-Wien AG. Dr Heger then joined MPH Management and Participation Holding S.A., a special purpose company for equity participation in commercial and industrial companies, financial institutions and in property developments as well as for financial and consulting services for domestic and international clients and commodity trading, as the general manager of finance and investment and head of the representative office from 2004-2009.

Dr Heger holds a doctorate in law from the University of Vienna and obtained a postgraduate degree in law from the College of Europe in Bruges, Belgium.

He has extensive banking experience having spent more than 20 years in various senior positions in UniCredit Bank Austria Group and has considerable strategic knowledge of industrial and commercial companies, financial institutions and property developments.

Term of Office:

Appointed to the Board of BOC PCL in June 2016 and the Board in October 2016

External Appointment:

None

Independent:

Yes

Committee Membership:

Member of the Audit Committee
Member of the Human Resources and Remuneration Committee
Member of the Ethics, Conduct and Culture Committee

4. Members of the Board of Directors (continued)

4.1 Non-Executive Directors (continued)

Constantine Iordanou

Constantine Iordanou has been Chairperson and Chief Executive Officer (CEO) of Arch Capital Group Limited, since August 2003 and Director since January 2002 (retired in September 2019). Before joining Arch as one of its founders in 2002, Mr Iordanou served in various capacities for Zurich Financial Services and its affiliates, including as Senior Executive Vice President of group operations and business development of Zurich Financial Services, President of Zurich-American Specialties Division, Chief Operating Officer and CEO of Zurich American, and CEO of Zurich North America. Before joining Zurich in March 1992, he was President of the commercial casualty division of the Berkshire Hathaway Group and Senior Vice President of American Home Insurance Company, a member of American International Group and until recently Vice-Chairperson of NIPD Genetics.

He holds an Aerospace Engineering degree from New York University.

Mr. Iordanou has significant experience in insurance business and benefits from oversight experience in a number of external directorships.

Term of Office:

Appointed to the Board of BOC PCL and the Board in November 2021

External Appointment:

Verisk Analytics
Vantage Group Holdings Ltd

Independent:

Yes

Committee Membership:

Member of the Technology Committee
Member of the Insurance Business Advisory Board

Maria Philippou (Chair of the Human Resources and Remuneration Committee)

Maria Philippou started her career as an HR Consultant with KPMG Greece, before moving to the Lambrakis Press Group as HR Generalist. Having spent three years with Eurobank Ergasias S.A as Compensation & Benefits Manager, in 2006 she moved to the Coca Cola Company Group, progressing through various roles such as Rewards Manager and HR Business & Strategic Partner and finally as Global Talent & Development Director until recently when she moved to Egon Zehnder.

She holds a degree in Business Administration from Nottingham Trent University and a Master of Science in Human Resources Management from Brunel University.

Mrs. Philippou is an experienced executive in human resources and brings valuable skills to the Board in people management.

Term of Office:

Appointed to the Board of BOC PCL and the Board in July 2018

External Appointment:

None

Independent:

Yes

Committee Membership:

Chairperson of the Human Resources & Remuneration Committee
Member of the Nominations & Corporate Governance Committee
Member of Ethics, Conduct and Culture Committee

4. Members of the Board of Directors (continued)

4.1 Non-Executive Directors (continued)

Nicos Sofianos (Chairperson of the Audit Committee)

Nicos Sofianos is a qualified Chartered Accountant, member of the Institute of Chartered Accountants in England and Wales (ICAEW) and a member of the Body of Certified Public Accountants of Greece (SOEL). He was a founding partner of Deloitte Greece and representative of the firm before the regulatory, supervisory and fiscal authorities in Greece. In 2016 he retired with 40 years of audit and broader professional experience.

He holds an Honours degree in Chemical Engineering with a major in Mathematical Modelling and Computer Simulation from the University of Manchester, UK.

Mr. Sofianos has extensive experience in the coordination of accounting, auditing, tax and consulting services rendered to a wide range of companies covering nearly all sectors of industry and in particular the financial services industry sector.

Term of Office:

Appointed to the Board of BOC PCL and the Board in February 2021

External Appointment:

DoValue Greece SA
Aegean Airlines
Arcela Investments Ltd

Independent:

Yes

Committee Membership:

Chairperson of the Audit Committee
Member of the Risk Committee

Ioannis Zographakis (Chairperson of the Risk Committee & Senior Independent Director)

Ioannis Zographakis started his career in 1990 with Citibank in Greece as a Management Associate for Europe, Middle East & Africa (EMEA). He then worked as the Deputy Treasurer and Treasurer for the Citibank Consumer Bank in Greece, before moving to the USA in 1996 as the Director of Finance for Citibank CitiMortgage. In 1997 he became the Financial Controller for Citigroup's Consumer Finance business in the US and then he served as the Director of Finance and Acting Chief Financial Officer for the Consumer Assets Division. From 1998 until 2004 he worked in the Student Loan Corporation (SLC), a Citigroup subsidiary and a New York Stock Exchange traded company. He started as the Chief Financial Officer, became the Chief Operations Officer and in 2001 he was named the Chief Executive Officer. In 2005 he moved back to Europe as Citibank's Consumer Lending Head for EMEA and Head of UK Retail Bank. In 2006, he took the position as Citibank's Retail Bank Head in Greece where he stayed until 2011, before moving back to Cyprus consulting on financial services when requested. He has been a Director for the Student Loan Corporation in the US, a Director for Tiresias (Greek Credit Bureau) and the Secretary of the Audit Committee, a Director and member of the Audit Committee for Diners Club Greece, the Vice-Chair of the Citi Insurance Brokerage Board in Greece and the Chair of the Investments and Insurance Supervisory Committee in Citibank Greece. He has also served as non-executive Director for the National Bank of Greece group during 2018-2019.

Mr. Zographakis holds an MBA from Carnegie Mellon University in the USA and a Bachelor's degree in civil engineering from Imperial College in London.

He has an extensive background in corporate governance, business restructuring, crisis management, finance, operation & technology in the banking industry, having spent more than 20 years in various senior operational and financial roles in Citibank in the US, UK and Greece and on the Board of a number of financial entities.

Term of Office:

Appointed to the Board of BOC PCL in September 2013 and the Board in October 2016

External Appointment:

A. Eternity Capital Management Ltd

Independent:

Yes

Committee Membership:

Chairperson of the Risk Committee
Chairperson of the Ethics, Conduct and Culture Committee
Member of the Audit Committee
Member of the Technology Committee

4. Members of the Board of Directors (continued)

4.2 Executive Directors

Panicos Nicolaou (CEO)

Panicos Nicolaou joined the Bank in 2001. He started his career serving at various positions mainly in the Corporate and Credit Risk departments. He was the Manager in the Restructuring and Recoveries Division from April 2014 until June 2016 where he undertook and effectively managed a large portfolio of corporate delinquent clients. From June 2016 until August 2019 he served as Director of Corporate Banking Division supervising the Corporate Banking Centres throughout Cyprus, the International Corporate Banking Centre & International Operations, as well as the Bank's Factoring Unit.

He holds a diploma (5-year degree) in Mechanical Engineering from National Technical University of Athens (Metsovio Polytechnic), Greece and an MSc in Mechanical and Industrial Engineering from University of Illinois at Urbana-Champaign, USA. He also holds a BSc in Financial Services from the School of Management, UMIST, UK, and is an Associate Member of the Chartered Institute of Bankers, Institute of Financial Services, UK since 2004.

He is an experienced financial services professional having served in a number of senior roles in the Group.

Term of Office:

Appointed to the Board of BOC PCL and the Board in September 2019

External Appointment:

Chairperson of the Association of Cyprus Banks
European Banking Federation

Independent:

No

Committee Membership:

None

Eliza Livadiotou (Executive Director Finance & Legacy)

Eliza Livadiotou began her career at the audit firm Arthur Andersen in Cambridge UK in 1995, where she qualified as a Chartered Accountant. In 1999 she returned to Cyprus and joined Bank of Cyprus, as Assistant to the Group Chief General Manager. In 2005 she moved to financial control where she held various roles in the areas of Group reporting, tax, strategy and corporate finance.

In December 2013, she was appointed as Chief Financial Officer and in 2016 as Finance Director. In October 2021 she was appointed as Executive Member of the Board of Directors. In January 2022 her duties were extended to include the management of the Legacy operations of the Group. In her current capacity she is responsible for Finance, Treasury, Strategy and Corporate Finance, Investor Relations, ESG, Real Estate Management, Restructuring & Recoveries, Regulatory Affairs, Procurement and Economic Research.

Mrs Livadiotou is a Member of Trustees of the Bank of Cyprus Oncology Centre. She is also a member of the Banking Committee of the Institute of Chartered Accountants of England and Wales since March 2021. She previously served as a member of the Financial Services Committee of the Institute of Certified Public Accountants of Cyprus (2006-2018) which she chaired 2014-2016.

Mrs Livadiotou holds and MA (Hons) in Economics from the University of Cambridge.

She has significant experience as a financial services professional.

Term of Office:

Appointed to the Board of BOC PCL and the Board in October 2021

External Appointment:

None

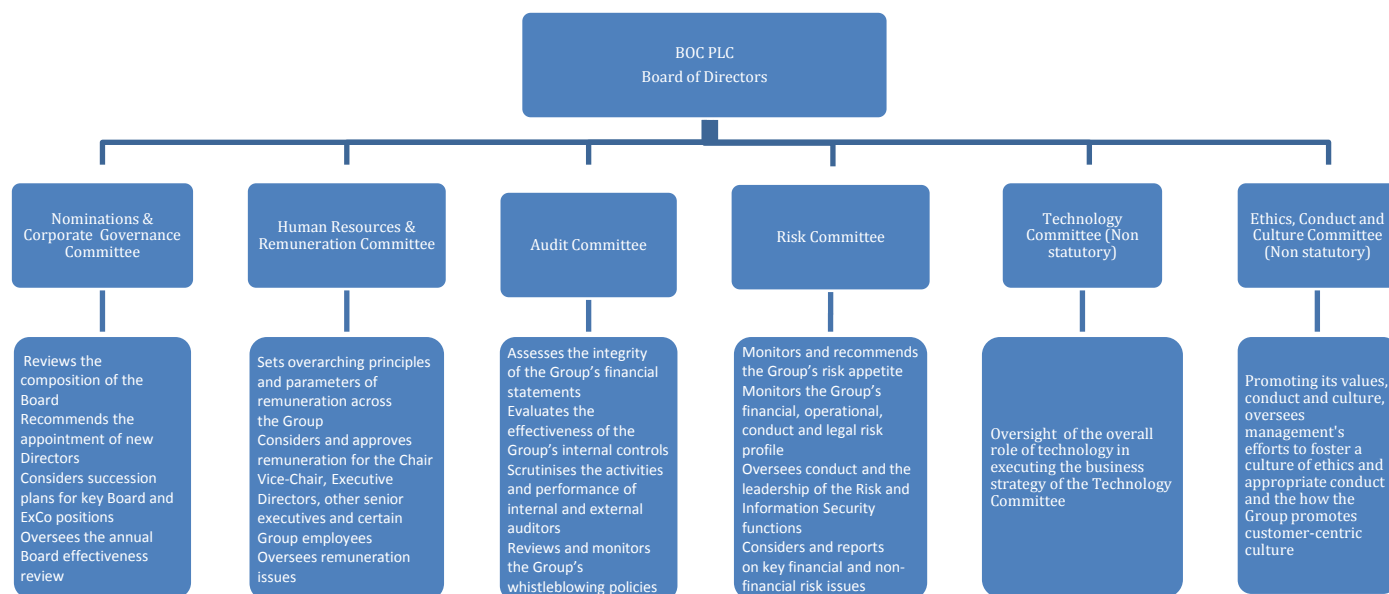
Independent:

No

Committee Membership:

None

5. Board Committees



The Board is assisted in the discharge of its duties by a number of Board committees whose purpose is to consider in greater depth than would be practicable at Board meetings, matters for which the Board retains responsibility. It is therefore crucial that effective linkages are in place between the committees and the Board as a whole given that it is impractical for all independent directors to be members of all the committees. Mechanisms are in place to facilitate these linkages including ensuring that there are no gaps or unnecessary duplication between the remit of each committee and appropriate cross-membership between committees where necessary. Alongside cross-membership the chairperson of each committee reports on matters discussed during committee meetings to the subsequent scheduled meeting of the Board. The minutes of all meetings of Board committees are circulated to all directors for information and formally noted by the Board. Papers for all Board committees are also made available to all directors, irrespective of membership. Such circulation of minutes and papers is restricted should there be a conflict of interest or issues of personal confidentiality.

The statutory committees are the Audit Committee ('AC'), the Risk Committee ('RC'), the Nominations and Corporate Governance Committee ('NCGC') and the Human Resources and Remuneration Committee ('HRRC'). Each committee operates under terms of reference approved by the Board. The core responsibilities of each committee are described in the table above. The remit of each committee is set out in brief in the table, and more information about the committees and their work can be found further below. The terms of reference of the committees are reviewed annually by the relevant committees and by the Board, are based on the relevant provisions of the CSE and UK Codes and the CBC Directive on Internal Governance (where applicable) and are available on the Group's website (www.bankofcyprus.com.cy/group) or by request to the Company Secretary.

In addition to the principal committees, the Board has in place a Technology Committee ('TC') which is mandated to drive the digital transformation of BOC PCL and an Ethics, Conduct and Culture Committee ('ECCC') to support it in promoting its collective vision of values, conduct and culture and to oversee management effort to foster a culture of ethics and appropriate conduct within the Group.

Each of the committees' structure facilitates open discussion and debate, with steps taken to ensure adequate time for members of the committees to consider proposals which are put forward. In carrying out their duties, Board committees are entitled to take independent professional advice, at the Group's expense, where deemed necessary or desirable by the committee members.

The overall responsibility for approving and monitoring the Group's strategy, risk appetite and policies for managing risks lies with the Board, which exercises this responsibility through two of its main committees, namely the RC and the AC.

5. Board Committees

5.1 Nominations and Corporate Governance Committee

As at 31 December 2021 the NCGC comprised of the Chairperson of the Board and three other independent non-executive directors. Its composition is fully compliant with the CSE Code, the UK Code and the CBC Directive on Internal Governance. The Chairperson of the Board chairs the Committee, except when the NCGC is dealing with the appointment of a successor to the role of Chairperson.

Biographical details, including each member's background, experience and independence status are set out in section 4 of this report.

The Committee met 8 times in 2021. The Chairperson and members of the Committee together with their attendance at meetings are shown below. The CEO attends meetings as appropriate. The NCGC meets annually with no management present.

Member attendance in NCGC meetings* in 2021:

Efstratios-Georgios Arapoglou (Chair)	8/8
Lyn Grobler	8/8
Arne Berggren	8/8
Maria Philippou	8/8

* The number of committee meetings at BOC PCL level were 8 during 2021. The attendance of these meetings can be found on page 294

The key responsibilities of the NCGC are set out in its terms of reference, which are available on the Group's website (www.bankofcyprus.com.cy/group) and are reviewed annually and approved by the Board.

The role of the Committee is to ensure that the Board is comprised of members who are best able to discharge the duties and responsibilities of directors and to support and advise the Board in relation to:

- Board recruitment (including regularly reviewing, reporting on and taking into account, when making further appointments, the composition and effectiveness of the Board);
- Considering and making recommendations to the Board in respect of the appointment of Key Function Holders other than heads of control functions; and
- Reviewing succession planning for directors and senior management, and overseeing the development of a diverse pipeline for succession.

The Committee also:

- keeps the Board's governance arrangements under review and makes appropriate recommendations to the Board to ensure that such arrangements are consistent with best corporate governance standards and practices in place;
- oversees subsidiary governance to ensure that appropriate and proportionate governance arrangements are in place for Group subsidiaries;
- provides oversight to the Group's sustainability strategy aimed at achieving present and future economic prosperity, environmental integrity and social equity for the Group and its stakeholders; and
- supports the Board in fulfilling its oversight responsibilities relating to the Bank's strategy and supports the development and implementation of the Strategic Plan.

The matters considered and the actions taken by the NCGC during the year are set out in the following table.

5. Board Committees (continued)

5.1 Nominations and Corporate Governance Committee (continued)

Matters considered and action taken by the NCGC in 2021

Board and committee size and composition	<ul style="list-style-type: none"> • Structure and composition of the Board; • Succession Planning; • Review of re-appointment of members. 	<ul style="list-style-type: none"> • A discussion on the composition of the Board especially around directors reaching the nine year limit for independence status. • Search for potential candidates of particular skillset.
Executive Succession Planning	<ul style="list-style-type: none"> • Succession Planning of CEO; • Approval of Material Risk Takers ('MRTs'); • Appointment of Key Function Holders. 	<ul style="list-style-type: none"> • A discussion on identifying suitable internal candidates. • A deep dive of executive succession planning for key roles was undertaken, which evidenced positive focus and development of key talent.
Annual Board effectiveness Review	<ul style="list-style-type: none"> • Annual Internal Board Performance Evaluation including Board committees and individual directors; • Review and discussion of External Board Evaluation; • Action Plan for implementing the recommendations of the 2021 Board evaluations. 	<ul style="list-style-type: none"> • The internal Board Performance Evaluation of 2021 reported a positive outcome with regard to the Committee's continued effectiveness. • The external report by Nestor Advisors Ltd cited how well-structured, composed and run the Board is and made several recommendations for further enhancing its effectiveness.
Disclosure & Governance	<ul style="list-style-type: none"> • Review and approval of revision to the Corporate Governance Framework of the Group; • Approval of the 2021 action plan for corporate governance compliance with best practices; • Review and recommendation for approval to the Board of the Group Corporate Governance Policies; • Review of the Annual Corporate Governance Report; • Review of the quarterly corporate governance reports; • Approval of the report on compliance with the CSE Code and the UK Code; • Committee Terms of Reference; • Discussion on the formation of a Technical Advisory Board. 	<ul style="list-style-type: none"> • Annual review of the Corporate Governance Framework, to incorporate requirements of recent regulatory developments. • A review of the Board Nominations Policy to ensure that targets set for 40% female representation on the Board are still appropriate and achievable. • The Committee approved changes to internal policies and its Terms of Reference that required revising to ensure continued compliance with all applicable corporate governance requirements and the newly issued CBC Directive on Internal Governance Oct 2021. • Given the importance of Digital Transformation for the Bank the NCGC discussed the possible formation of a Technical Advisory Board which will provide direction on what the Bank's vision of its future with regards to technology should be.
Independence and time commitments	<ul style="list-style-type: none"> • Review of: <ul style="list-style-type: none"> • Skills, knowledge and expertise; • Independence of non-executive members; • Review of potential conflicts of interest of directors; • Appointments to other directorships; • Attendance records and time commitment. 	<ul style="list-style-type: none"> • The NCGC assessed cases where directors of the Board and of the material subsidiaries were nominated for appointment to boards of third companies for possible conflict of interests, time commitment issues and limits to the number of directorships a director can hold at any time. • All non-executive directors remained independent as to character and judgement. All directors are considered to have appropriate roles including capabilities and skills. • During the annual performance evaluation each non-executive director and his/her ability to continue meeting their time commitments was assessed.

5. Board Committees (continued)

5.1 Nominations and Corporate Governance Committee (continued)

Matters considered and action taken by the NCGC in 2021 (continued)

Sustainability	<ul style="list-style-type: none"> • Review of ESG ratings by institutional investor advisory services and discussion on improving certain factors; • Approval of the Annual Sustainability Report. 	<ul style="list-style-type: none"> • Updated on the action plan of the Sustainability Committee and recommended approval of the sustainability strategy to the Board.
Subsidiary oversight	<ul style="list-style-type: none"> • Review and approval of the revision of the Corporate Governance Guidelines for Group Subsidiaries; • Approval of appointment of directors of subsidiaries to the boards of third entities. 	<ul style="list-style-type: none"> • Alignment of the corporate governance framework of the subsidiaries with that of the Group taking into consideration proportionality. • Appointment of a subsidiary NED to the board of a third entity and discussion of potential conflicts of interest.

As part of the process of succession planning and determining the appropriate range and mix of skills required to maintain an effective Board, Deloitte was appointed in early 2022 to assess the skillset of the Board against required and desirable Board competencies and provide recommendations for bridging any gap identified for an appropriate range and depth of skills and experience. More information will be reported in the 2022 Corporate Governance Report. The Committee continued to keep under review the structure, size and composition of the Board and its committees. In 2021 it devoted considerable time to succession planning and skillset requirements to bolster the Board's effectiveness, having regard to the need to address the strategy of the Bank for Digital Transformation. A scoping workshop was run with the external consultants who would assist in the search for potential candidates for the Board, by collecting a pool of individuals with appropriate characteristics and skillset, sufficient calibre and suitable for appointment to the Board as non-executive members to enhance the Board's overall effectiveness, facilitating the Board by acting with integrity, leading by example and promoting the desired customer-focused culture.

Having been delegated responsibility for oversight of the Group's sustainability strategy, the Committee received updates from the Sustainability Committee on the action plan in place and the strategy and recommended approval of the strategy to the Board.

The chairperson of the Committee reported to the Board after each meeting to ensure all directors were informed of the Committee's activities. The Committee's terms of reference can be found at www.bankofcyprus.com.cy/group.

The CEO and the CGCO are invited to attend meetings where the agenda items are relevant to them and their attendance is requested by the Committee. The Committee ensures plans are in place for the selection, appointment and orderly succession of executive directors and senior managers. The Group carries out a review of the ongoing suitability of ExCo members on an annual basis, whereby they are required to confirm any changes in their circumstances in respect of their compliance with the CBC Directive on Suitability. Any changes in circumstances disclosed are assessed and their materiality determined. Following the review of 2021, certain changes to directorships were reported. The Board concluded that each of the senior management members has the requisite standard of fitness, probity and financial soundness to perform his/her functions effectively.

The Committee keeps under review updates to corporate governance regulations and requirements and briefs the Board on their effective implementation. The Committee oversaw the 2020 internal review of the effectiveness of the Board and its Committees which concluded in March 2021 and the external review which concluded in February 2021.

5.1.1 Diversity

The Group recognises the benefits of having a diverse Board and workforce, creating a work environment where everyone has an opportunity to fully participate in creating business success, and where each person is valued for their distinctive skills, experiences and perspectives. In reviewing Board composition and identifying suitable candidates, the NCGC considers the benefits of all aspects of diversity including the skills identified as relevant to the business of the Group, industry experience, nationality, gender, age and other relevant qualities, in order to maintain an appropriate range and balance of skills, experience and background on the Board.

5. Board Committees (continued)

5.1 Nominations and Corporate Governance Committee (continued)

5.1.1 Diversity (continued)

All Board appointments are made on merit, in the context of the skills, experience, independence and knowledge which the Board as a whole is required to have to be effective and the diversity benefits each candidate can bring to the overall board composition.

The Group’s approach to Board diversity is set out in full in the Board Nominations Policy which can be found online at <https://www.bankofcyprus.com.cy/globalassets/who-we-are/our-governance/group-board-nominations-policy.pdf>. The Policy recognises that a truly diverse Board will include and make good use of the differences in skills, experience, background, race, gender and other distinctions brought by each director, with such differences being considered in determining the optimum composition of the Board.

Non-executive members of the Board possess a wide range of skills, knowledge and extensive experience acquired from executive and/or non-executive appointments as directors of other companies, that combine to provide independent perspective, insights and challenge needed to support good decision-making and effective board dynamics. The effectiveness of the Board depends on ensuring the right balance of directors with banking or financial services experience and broader commercial experience. Directors bring their individual knowledge, skills and experience to bear in discussions on the major challenges facing the Group. The participation of executives on the Board enhances the banking expertise of the Board and ensures that the Board is provided with direct, precise and up-to-date information about significant issues concerning the Group.

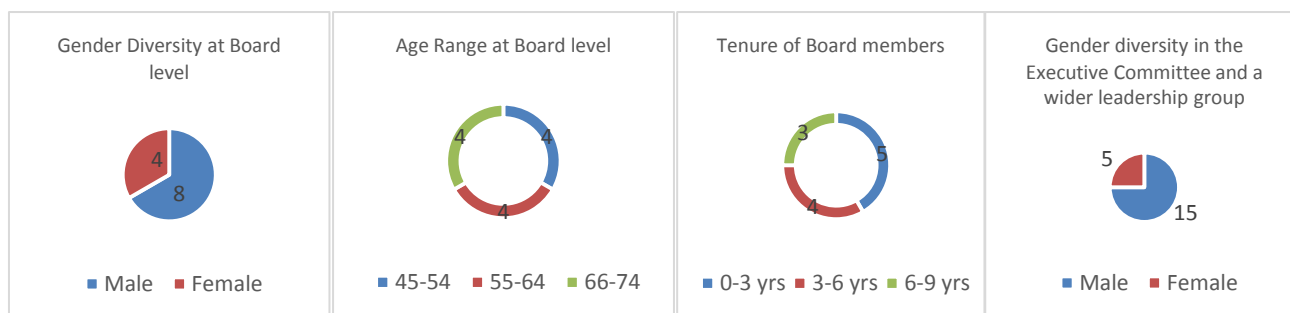
Following review in 2021, the NCGC determined that the skills profile of the Board, either academically or through professional experience was appropriate and relevant to the business of the Group including inter alia, banking, insurance, manufacturing, audit and accounting, economics, risk management, dealing with competent authorities, strategy and business models, legal and consultancy services, information technology and human resource management. The NCGC further recognised that a candidate with strong background in IT and or cybersecurity could enrich the Board composition given the strategic importance of digitisation of the Group.



5. Board Committees (continued)

5.1 Nominations and Corporate Governance Committee (continued)

5.1.1 Diversity (continued)



During 2021, the NCGC reviewed the Board Nominations Policy which aims to maintain diversity with appointments based on merit in the context of the skills and experience required. The Group was aiming to achieve and maintain 40% female representation and has been implementing an action plan approved by the NCGC describing all key intervening milestones leading to the accomplishment of this target. The changes in the composition of the Board in 2021 maintained diversity at 33.3%. The Board remains committed to achieving and maintaining its set target the earliest possible.

The Board also places high emphasis on ensuring the development of diversity in the senior management roles within the Group. A number of Group policies ensure unbiased career progression opportunities. The Code of Conduct similarly ensures equal opportunities to all members of staff and treats diversity with fairness and respect aiming to provide fair treatment for everyone at work. A primary ESG target approved under the ESG strategy by the Board is $\geq 30\%$ women in Group's management bodies by 2030.

5.2 Human Resources and Remuneration Committee

On 31 December 2021, the Committee comprised of three independent non-executive members and one non-independent non-executive member. Its composition complied with the requirements of the CSE Code, and the CBC Directive on Internal Governance, but not the UK Code which requires that all members are independent. The Board considers that at least one member of the Committee possesses appropriate knowledge and expertise on Human Resources ('HR') and remuneration issues and that the chair has at least one year prior committee experience.

The members of the Committee collectively possess appropriate knowledge, expertise and professional experience concerning remuneration policies and practices, risk management and control activities, including the mechanism for aligning the remuneration structure to the Group's risk and capital profile. The diverse backgrounds of the members of the Committee provide a balanced and independent view on remuneration matters.

In order to ensure that remuneration policies and procedures are consistent with effective risk management, there is common membership between the HRRC and the RC.

Biographical details, including each member's background, experience and independence status are set out in section 4 of this report.

The Committee held 11 meetings in 2021. The chair and members of the Committee together with their attendance at meetings are shown below. The CEO and the Chief of Staff were invited to attend meetings as appropriate.

5. Board Committees (continued)

5.2 Human Resources and Remuneration Committee (continued)

Member attendance in HRRC meetings* in 2021:

Maria Philippou (Chair)	11/11
Michael Heger	11/11
Lyn Grobler	11/11
Maksim Goldman	10/11

* The number of committee meetings at BOC PCL level were 11 during 2021. The attendance of these meetings can be found on page 294.

The key responsibilities of the HRRC are set out in its terms of reference, which are available on the Group's website (<https://www.bankofcyprus.com.cy/group/who-we-are/our-governance/group-committees/>) and are reviewed annually and approved by the Board.

The role of the Committee is:

- To oversee that the Group is equipped with the human capital at the right size and with the right skill mix necessary for the achievement of its strategic goals. It is imperative for the Group to employ the appropriate forward-looking, commercially minded, human resources that would promote digital transformation and continuous innovation;
- To oversee that the Group is equipped with the organisational capital to be able to effect continuous improvement and elicit the right behaviour which would lead to the desired outcome;
- To oversee that the Group is equipped with the information capital and the technology necessary to facilitate process improvements that will create a comparative advantage in the market;
- To regularly review, agree and recommend to the Board the over-arching principles and parameters of Compensation & Benefits policies across the Group and to exercise oversight for such issues;
- Within the over-arching principles and parameters recommended by the Committee and approved by the Board as referred to above, to review and set the remuneration arrangements of the executive directors of the Company, Senior Management and the Group Remuneration Policy, bearing in mind the EBA Guidelines on remuneration policies under CRD V of 2021, the CBC Directive on Internal Governance, the UK Code and any other applicable statutory or regulatory requirements.

The HRRC oversees the HR initiatives that foster employee engagement, such as the application of a holistic internal communication programme, the implementation of the 'Well-at-Work' initiative, an employee wellbeing / care programme and the application of fair and transparent recognition initiatives across the Group.

The HRRC holds delegated responsibility from the Board of Directors for the oversight of the Group-wide Remuneration Policy with specific reference to the senior management, heads of, and senior officers in, internal control functions and those employees whose activities have a material impact on the Group's risk profile. The HRRC is responsible for overseeing the annual review of the Group Remuneration Policy with input from the RC and relevant risk management functions which is then proposed to the Board for ratification. In addition, the Board, through the Committee, is ultimately responsible for monitoring the implementation of the Group Remuneration Policy.

The Group has been operating under a number of remuneration restrictions such as no granting of variable pay which cover all executive directors, senior management and employees. More information about the role of the Committee in respect of the Remuneration Policy can be found in the Remuneration Policy Report on page 324.

The remuneration of non-executive directors is determined by the Board following the recommendation of the Chairperson of the Board while the remuneration of the Chair and Vice-Chair is recommended by the HRRC. Both are subject to approval by the shareholders. No director is involved in decisions regarding his/her own remuneration.

The Committee exercises oversight of negotiations with the labour union in Cyprus and provides guidance and support to management. It advises the Board on the approval of the collective agreements and reviews the framework of industrial relations and collective agreements to ensure they are relevant to best practices and conducive to good performance.

5. Board Committees (continued)

5.2 Human Resources and Remuneration Committee (continued)

The Committee reviews any voluntary retirement / separation schemes for BOC PCL and material subsidiaries in cooperation with the Human Resources Division ('HRD') and succession planning for all divisions and subsidiaries for senior management throughout the Group. It also reviews the annual training plan as prepared by HRD and approved by the CEO and ensures that it creates and/or develops the right competencies and behaviours that are necessary for meeting the Group's strategic priorities.

The Committee reviews and approves the content of any resolutions submitted for approval at the general meeting of the shareholders. These resolutions are prepared by the Company Secretary in cooperation with the Group's legal advisers in accordance with Annex 3 of the CSE Code and concern possible plans for the compensation of members of the Board in the form of shares, share warrants or share options.

Matters considered and action taken by the HRRC in 2021

Annual Remuneration Review	<ul style="list-style-type: none"> • Annual review and approval of the Remuneration Policy; • NED remuneration survey; • Introduction of merit pay as a percentage of fixed salary to encourage high performance from 2022; • Salary proposals for key senior management. 	<ul style="list-style-type: none"> • Salary increases to key executive team members to align with market. • NED remuneration compared well with peer banks but Chairman remuneration was significantly lower. – Recommendation to the Board to increase the Chairman's remuneration. • Discussion took place on the framework of variable pay, but decision was postponed for later in 2022.
Disclosure and Governance	<ul style="list-style-type: none"> • Review of the Remuneration Policy Report in the Annual Report; • Review of the Terms of Reference of the Committee; • Monitoring of the development of payroll cost; • Review of a number of HR Policies; • Ask the Board. 	<ul style="list-style-type: none"> • The Report was reviewed and approved. • The Committee recommended amendments to its terms of reference to ensure continued compliance with evolving corporate governance requirements and compliance with the CBC Directive on Internal Governance. • A Board communication initiative with staff through emails. • The internal Board Performance Evaluation of 2021 reported a positive outcome with regard to the Committee's continued effectiveness.
Human Resources Review	<ul style="list-style-type: none"> • Monitoring of the Bank's headcount and payroll cost evolution as well as the external recruitment process; • Review of the targeted Voluntary Exit Plan ('VEP'); • The Disciplinary Code; • Review of Talent Management and Feedback from the Talent Committee; • Spans & Layers exercise; • Gender Pay Gap; • Specialised recruitments. 	<ul style="list-style-type: none"> • The Committee reviewed the Group's plan which continued to identify obsolete positions emanating from digital transformation efficiencies, closure of branches, sales of loans, etc. Consultation with the labour union took place to ensure its on-boarding with the targeted VEP. • The HR strategy in identifying, managing and mentoring talent was reviewed and discussed. • An initiative to reduce the layers of hierarchy for a more agile organisation and faster decision-making and more efficient management process. • An exercise to determine gender pay gap recorded mean and median gap of 14.5% and 9.9% respectively, indicating that women hold fewer senior positions but the Bank compares well with other banks. • Specialised recruitment, mostly for IT and Information Security positions for which no internal talent was identified.
Training	<ul style="list-style-type: none"> • Review of the training plan of staff for the year. 	<ul style="list-style-type: none"> • The training plan was reviewed to ensure it is appropriate and aligned to the strategy of the Group.
Engagement with Labour Union	<ul style="list-style-type: none"> • Close monitoring of the progress of the negotiations and recommendation to the Board for approval with regards to renewal of the Collective Agreement. 	<ul style="list-style-type: none"> • The Bank reached agreement with labour union representatives for the renewal of the collective agreement. Validation of the new grading system, promotions and resulting salary increases to staff.

5. Board Committees (continued)

5.2 Human Resources and Remuneration Committee (continued)

Matters considered and action taken by the HRRC in 2021 (continued)

<p>Performance Appraisal, Development and Succession</p>	<ul style="list-style-type: none"> • Review of the Performance Appraisal results and main findings; • 360^o Assessment of Senior Management; • Management Practices Survey; • Review of the Performance Appraisal Policy. 	<ul style="list-style-type: none"> • There is an appropriate process in place to assess the performance of staff and Senior Management. • The Board is informed of the Appraisal results when reviewing the succession plan. • Reviewed the findings of the Management Practices Survey whereby subordinates assess their managers across 12 management dimensions and managers self-assess - areas for focus are Managing Change and Motivation. • The Policy was reviewed and updated to include the active involvement of the Board in the appraisal process of Senior Management, from setting performance targets to appraising performance. • The Bank's Succession Plan was considered by the HRRC and the NCGC at a joint meeting.
<p>Human Resources Practices</p>	<ul style="list-style-type: none"> • HR Strategy; • HRD update Report (exit statistics, disciplinary cases, financial aid, care leave, vulnerable cases in view of pandemic); • Internal Customer Satisfaction Survey – Action plan; • Staff Opinion Survey; • Organisational Health Index (OHI); • Flexible Workplace Practices; • Covid-19 Pulse Survey; • Update on Risk Culture project; 	<ul style="list-style-type: none"> • Various initiatives introduced by HRD to align culture with strategy were reviewed and commented on by the Committee. • For high risk vulnerable employees who stayed at home as per governmental guidelines, the Bank agreed to top-up the government's allowance. • Action Plan to improve participation rate in the surveys. • A long-term approach in implementing remote working in parallel to the Transformation Project. • Well at Work website- a tailor-made web page, created in cooperation with the Bank's external medical partners, with a specialised section on COVID-19 that includes general advice, information, videos Q&As etc. • Ongoing project as part of the Bank's efforts of enhancing its risk and control culture.

Priorities for the HRRC in 2021 were the nurturing of internal communication with staff, the signing of the collective agreement, the digital learning programme for talent management and the Project Ethos with emphasis on enhancing risk and ethics culture.

The Board is informed through the HRRC on staff surveys and is updated on progress in implementing actions in response to staff feedback. An Organisational Health Index (OHI) Survey was run for the first time in 2021 and it will be repeated on an annual basis, aiming at evaluating the organisation's health while identifying areas of focus and improvement going forward. The Internal Customer Satisfaction Survey allows employees to evaluate the level of service they receive from various internal departments of the Bank. In 2021 several control and support functions were evaluated.

The Committee considered and recognised the strength of the mechanisms in place to engage with and hear from employees. Methods of gathering and documenting workforce views and considering how themes and viewpoints of the workforce would be presented to and considered by the Board for discussion and debate were assessed, to encourage a meaningful dialogue between the Board and the workforce on a timely basis. Further to the Ask the CEO initiative introduced in 2020, the initiative Ask the Board was introduced in August 2021 and there was modest use of the means to communicate directly with staff. Once staff recognise that their views are considered and actions are taken, more usage of this means of communication is expected. Internal communication is further encouraged through regular one-way communication from the Bank to employees through the employee portal, emails to all staff and the CEO corner to keep employees engaged.

5. Board Committees (continued)

5.2 Human Resources and Remuneration Committee (continued)

The Board agreed to adopt an alternate approach to the workforce engagement methods set out in the UK Code. The primary reason for taking a different approach is that there is regular interaction with the labour union which represents 97.7% of staff. Remuneration within the Group is based on collective agreements including remuneration of executive management except that of CEO which is a fixed term contract and there are restrictions on variable remuneration for all employees including executive directors. The Remuneration Policy covers all employees including executive directors.

The information from surveys, the whistleblowing process, other information reported from the Working Team on culture, disciplinary actions, grievances themes etc., were reported to and discussed by the HRRC and the ECCC before being reported to the Board. It is hereby confirmed that the workforce engagement method that the Board has settled on is through internal communication initiatives facilitated by the HRD and reported to the Board.

The Transformation Programme, initiated to further specialise, further modernise and reduce the Bank's operating costs, is of paramount importance in safeguarding the Bank's viability. Further reorganisation and the abolition of a number of jobs/positions in 2021 allowed the Group to proceed with a similar to 2020 targeted Voluntary Exit Plan ('VEP'). The VEP allowed 102 employees to depart smoothly, in receipt of a compensation.

Further information on the role of the Committee is presented in the Remuneration Policy Report, on page 324 of this report.

The chair of the Committee reported to the Board after each meeting to ensure all directors were fully informed of the Committee's activities.

5.3 Audit Committee

As at 31 December 2021, the AC comprised of five independent non-executive directors. The Board considers that the AC's members have an appropriate mix of skills and experience and have collectively recent financial experience and competence relevant to the banking and financial services sector in which the Group operates. The Board further believes that Nicos Sofianos, Ioannis Zographakis and Paula Hadjisotiriou have specialised knowledge and experience in the application of internal control procedures and accounting issues relevant to the Committee and have significant, recent and relevant financial experience and can be regarded as Audit Committee financial experts. The Committee's composition is fully compliant with the CSE Code, the UK Code and the CBC Directive on Internal Governance.

Biographical details, including each member's background, experience and independence status are set out in section 4 of this report.

The Executive Director Finance & Legacy, Internal Audit Director, Director of Compliance, the statutory auditors and the Company Secretary regularly attend the Committee meetings. As part of and in addition to each scheduled meeting the Committee held members-only meetings. The Committee held 16 meetings during 2021. The chairperson and members of the Committee together with their attendance at meetings are shown below. Nicos Sofianos, Ioannis Zographakis and Paula Hadjisotiriou are also members of the RC. Michael Heger is also a member of the HRRC. Such common membership facilitates effective governance across all finance and risk issues. Agendas are aligned and overlap of responsibilities is avoided.

Member attendance in AC meetings* in 2021:

Nicos Sofianos (Chair since 26 February 2021)	12/12
Ioannis Zographakis (Chair until 25 February 2021)	16/16
Arne Berggren	15/16
Paula Hadjisotiriou	16/16
Michael Heger	15/16

* The number of committee meetings at BOC PCL level were 16 during 2021. The attendance of these meetings can be found on page 294.

5. Board Committees (continued)

5.3 Audit Committee (continued)

The key responsibilities of the AC are set out in its terms of reference, which are available on the Group's website (www.bankofcyprus.com.cy/group) and are reviewed annually and approved by the Board.

The Committee, inter alia, is responsible for:

- The appropriateness and completeness of the Group's system of internal controls and information systems;
- Ensuring that the system of internal controls is adequately resourced;
- Monitoring the integrity of the Group's financial statements and related announcements (including significant financial reporting judgements contained in them) and the financial reporting process;
- Advising the Board on the accuracy and fairness of the annual reports and accounts;
- Monitoring the effectiveness and operations of the internal audit function and the compliance function;
- Overseeing all matters relating to the relationship between the Group and the external auditors;
- Monitoring the effectiveness of the Group's whistleblowing procedures;

and making recommendations to the Board on such matters.

The role of the Committee is fundamental to ensuring the integrity and accuracy of the Company's financial reporting. Good, open relationships between the Committee, the EDFL, the Internal Audit Director and the Director of Compliance as well as the external auditors, are essential to adding value to the organisation. This is achieved by holding management accountable for the implementation of all recommendations (internal and external). In addition to providing assurance within the governance and accountability structures of the Group, it is essential that the Committee contributes, delivers results and adds value to the Group.

The AC considered the results of the deep dives carried out on the availability and continuity of IT Services and the actions taken by the Bank on monitoring customers exiting the Covid-19 moratorium. Further the AC considered the following key significant accounting and other related issues in its review of the financial statements for the year ended 31 December 2021. In addressing these issues, the AC considered the appropriateness of management's judgements and estimates and where appropriate, discussed those judgements and estimates with the external auditors.

Matters considered and action taken by the AC in 2021

External Reporting	<ul style="list-style-type: none"> • Review and recommendation for approval of the annual and interim reporting; • Review and approval of the quarterly financial results; • Review and approval of the Group's existing accounting policies; • Endorsement of the going concern assessment for the purposes of the basis of preparation of the financial statements. 	<ul style="list-style-type: none"> • The AC considered management's assessment of the appropriateness of preparing the financial statements of the Group on a going concern basis. Matters considered in making this assessment included the performance of the Group, profitability projections, funding and capital plans under base and stress scenarios. • The considerations assessed by the AC in relation to the going concern assessment are also set out in Note 3 of the Consolidated Financial Statements.
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5. Board Committees (continued)

5.3 Audit Committee (continued)

Matters considered and action taken by the AC in 2021 (continued)

External Auditors	<ul style="list-style-type: none"> • Discussion of the results of the audit of the financial statements; • Evaluation of the independence of the external auditors; • Assessment through Audit Quality Indicators (AQI) of the effectiveness of the external audit process; • Approval of audit, tax compliance and other assurance fees for the year; • Approval of permissible non-audit services assigned to the auditors; • Update on the 2021 External Audit Plan. 	<ul style="list-style-type: none"> • The preparation of the financial statements requires management to make a number of judgments or assumptions that affect significant accounting estimates. The external auditor for each of these accounting estimates, have challenged the appropriateness of assumptions and judgements made by management, assessed the impact of adopting plausible alternative assumptions. • The AC assessed through the AQIs the effectiveness of the external auditors and recommended that the auditors enhance their reporting with regards to subsidiaries. • The external auditors presented their audit plan for the year ended 2021. • The external auditors presented their conclusions in relation to the significant estimates and judgements and discussed them with management. • The auditors as part of their audit approach in line with the prior year included testing of IT general controls where financial reporting controls relied on the specific IT systems in scope and provided updates on the prior year findings in this area. • Further follow-ups were provided on findings in other areas of the external audit. These will continue to be discussed along with management's actions.
Governance	<ul style="list-style-type: none"> • Review of the revised Terms of Reference of the AC; • Approval of the Corporate Governance Report; • Approval of the Directors' Compliance Statement; • Remuneration of senior officers of compliance and internal audit. 	<ul style="list-style-type: none"> • The Terms of Reference were revised to be in line with the CBC Directive on Internal Governance issued in Oct 2021. • The Board has delegated authority to the NCGC to draw up the Annual Corporate Governance Report, but the AC retains its duty to review and approve the Annual Corporate Governance Report. • Relevant clarifications were sought and the AC was satisfied with respect to the Annual Corporate Governance report and the Directors' Compliance Statement. • Following the signing of the collective agreement and the new grading system, the remuneration of certain senior officers of the two control functions was reviewed and recommended for approval.
Internal Audit	<ul style="list-style-type: none"> • Review of the Annual Audit Report; • Approval of the Internal Audit's (IA) Annual Audit Plan; • Review of the independence of the IA Division and the IA Director; • Assessment of the independence, adequacy and effectiveness of IA; • Appraisal of the IA Director; • Review of the Internal Audit Division Charter; • Approval of the IA budget; • Review of the IA quarterly activity reports; • Overview of the internal audit services; • IA staffing needs and skills Assessment; • Update on complaints received through the whistleblowing line; • External Quality Assessment process initiation. 	<ul style="list-style-type: none"> • The conclusions arising from the internal audit activity as described in the Annual Audit Report were discussed. • The adequacy, effectiveness and independence of the internal audit function was assessed as adequate and relevant confirmation was provided to the Board. • Investigation reports, internal audit report findings and recommendations were discussed as well as management's response and actions.

5. Board Committees (continued)

5.3 Audit Committee (continued)

Matters considered and action taken by the AC in 2021 (continued)

Compliance	<ul style="list-style-type: none"> • Review of the Group Financial Crime & Sanctions Compliance Department ('FCSCD') Annual Report; • Review of the Group FCSCD Risk Management Report; • Review of the Compliance Annual Report; • Review and approval of the CD Action Plan; • Review and approval of the Anti-Money Laundering ('AML') risk appetite statement and policies; • Consideration of major compliance issues and reports submitted to it by CD; • Review and approval of the various regulatory compliance policies; • Update on important forthcoming regulatory developments – 6th EU AML Directive; • OSI Audit of the ECB on Internal Governance and Risk Management of Compliance; • Report of the DPO; • Compliance Management System; • Appraisal of the Director Compliance; • Launching of digital KYC tool. 	<ul style="list-style-type: none"> • Data privacy issues and way forward discussed. • An in-depth presentation of the recently implemented Compliance Management System was made to the AC which discussed efficiencies, performance and the need to fully utilise the system. • The OSI findings and recommendations were discussed and actions were taken to enhance compliance activities.
Internal controls	<ul style="list-style-type: none"> • Annual review of the effectiveness of the Group's internal controls; • Review of the IT Action Plan to address audit findings; • Ongoing interaction with external auditors for exchange of information and evaluation in the context of use of the work of Internal Audit, as allowed by the International Standard on Auditing (ISA) 610 "Using the work of Internal Auditors". 	<ul style="list-style-type: none"> • Based on the work carried out in 2021, reasonable assurance is provided, with emphasis on specific matters, on the design, adequacy and operating effectiveness of the Group's internal control framework, corporate governance and risk management processes, for managing significant risks, according to the risk appetite set by the Board of Directors. Emphasis is placed on the areas of Digitalisation, Information Systems and Data Governance, current, as well as any future, risk exposures. • The progress of addressing IT audit findings was discussed with regard to availability and continuity of IT services.
Subsidiaries Oversight	<ul style="list-style-type: none"> • Reports by the audit committees of the two insurance companies – General Insurance Ltd and Eurolife. 	<ul style="list-style-type: none"> • The AC Chairman attended on a regular basis the AC meeting of the two insurance companies and provided guidance and advice on various matters discussed. • Discussion of issues faced by the two insurance companies. The AC recommended the insurance companies develop new or supplementary products with exclusive benefits to render them attractive to customers.

The Committee has exercised its authority delegated by the Board for ensuring the integrity of the Group's published financial statements, by discussing and challenging the judgements made by management and the assumptions and estimates on which they are based. The Committee on behalf of the Board reviewed the 2021 Group Annual Financial Report and the process by which the Group believes that the Annual Report taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's position and performance, business model and strategy. Following review, the Committee has advised the Board that such a statement can be made in the Annual Report (page 50).

A key activity for the Committee is the consideration of significant matters relating to the annual financial report, with key accounting judgements and disclosures subject to in depth discussion with management and the external auditors, PricewaterhouseCoopers ('PwC'). The Committee provides robust challenge to key judgements in advance of making a recommendation to the Board that all financial reports are considered to be a fair, balanced, and understandable assessment of the Group's financial position.

5. Board Committees (continued)

5.3 Audit Committee (continued)

The most significant judgements, estimates and assumptions in 2021 related to classification of financial instruments and the calculation of expected credit losses, the estimation of the net realisable value of stock of property and provisions relating to pending litigation, claims, regulatory and other matters. Economic activity recovered strongly in 2021 despite the uncertainties brought on by the pandemic. The Committee discussed the appropriateness of the three different economic scenarios used by the Group in the calculation of expected credit losses for loans and advances to customers. Further information is set out in Note 5 of the Consolidated Financial Statements.

The Committee considered for disclosure all material relevant issues that have concerned management and the Group statutory auditors during the year.

Management reporting to the Committee from across the business has provided the opportunity for the Committee to challenge, probe, discuss and seek assurances from management, enabling the Committee to provide an independent perspective. The AC considered among others, the following significant issues in its review of the financial statements for the year ended 31 December 2021. In addressing these issues, the Committee discussed key areas of management's judgements and estimates with the external auditors, PwC; particular areas for discussion included their findings/observations as part of their audit/review of the Group's financial statements, including inter alia, loan provisioning and impairment, going concern assessment, litigation and claim provisions and observations in relation to the Group's controls over Information Technology.

Specific matters considered by the Committee were: the effectiveness of the system of internal controls, financial reporting, the major findings of internal audits and investigations into control weaknesses and management's response. The AC has received confirmation that executive management has taken or is taking the necessary actions to remedy any failings or weaknesses identified through the operation of the Group's framework of controls and will continue to reassess and remediate further as needed.

The Committee has the responsibility for examining any significant transactions in any form, carried out by the Company and/or its subsidiary companies, where any member of the Board, CEO, senior executive officer, Secretary, auditor or large shareholder has, directly or indirectly, any significant interest. It ensures that these transactions are carried out within the framework of the Company's normal commercial practices (at arm's length).

The Committee received regular reports from the EDFL, the Internal Audit Director and the Director of Compliance who regularly attended the Committee's meetings. Reports were submitted to the Committee on internal control matters. The Committee has regular discussions with the external auditors, the Internal Audit Director and the Director of Compliance on various issues without the presence of the management.

Other responsibilities

The AC and the RC liaise closely and in joint committee meetings, review the appropriateness of and completeness of the system of internal controls, management's recommendations in respect of provisions for impairment of loans and advances and other impairment losses and charges as reported in the Group's financial statements. The AC is primarily responsible to review the manner and framework in which management ensures and monitors the adequacy of the nature, extent and effectiveness of internal controls system, including accounting control systems, thereby maintaining an effective system of internal controls.

The chairperson of the Committee holds the role of Whistleblower's Champion and has specific responsibility for the integrity, independence and effectiveness of the Group's policies and procedures on whistleblowing, including the procedures for protecting employees who raise concerns from possible discriminatory or retaliatory actions. He has also been named as the designated Board member responsible for the implementation of the AML Law and relevant Directives.

As a result of the Committee's work in 2021, assurance has been provided to the Board on the quality and appropriateness of the Group's financial reporting and on internal audit, compliance and regulatory matters, to continue to safeguard the interests of the Group's broader stakeholders.

5. Board Committees (continued)

5.3 Audit Committee (continued)

The Committee's performance during 2021 was assessed as part of the internal performance evaluation of the Board. The conclusion drawn was that the Committee is regarded as operating effectively and the Board takes assurance from the quality of the Committee's work. The chairperson of the Committee reported to the Board after each meeting to ensure all directors were fully informed of the Committee's activities.

It is noted that Eurolife Ltd and General Insurance Ltd also maintain an audit committee which reports to the AC on an annual basis. The AC chairman periodically attends meetings of these subsidiary audit committees and reports back to the AC and the Board.

5.3.1 Internal Audit & Compliance Divisions' effectiveness

The Internal Audit and Compliance Divisions report directly to the Board through the AC. They are organisationally independent of units with other executive functions and are not subordinated to any other unit of the Company, except the Director of Compliance who reports administratively to the CEO. The Committee's activities included the consideration of reports submitted by the Internal Audit and Compliance Divisions.

In monitoring the activities and effectiveness of Internal Audit Division, the Committee approved the annual audit plan and budget, including resources, and reviewed progress against the plan throughout the year.

The Committee received regular reports from Internal Audit on internal audit activities across the Group which outline details of the audit approach, management engagement and areas identified during audits for further strengthening across the Group's risk management and internal control framework. These reports cover matters of relevance to the Committee in assessing the effectiveness of the internal controls. Reports are rated based on the design adequacy and operating effectiveness of control environment, as well as management's control awareness of the risks facing their business area. In conjunction with Internal Audit reports, the Committee considers management's responses to, and the timeliness of the remediation of identified issues.

The Committee has satisfied itself that the Internal Audit Division was effective and adequately resourced through regular meetings held with and reports provided by the Internal Audit Director on internal audit issues, including the effectiveness and adequacy of resources. It also approved the engagement of consultants for the External Quality Assessment of the Internal Audit, as required by the IIA Standards every five years.

The Committee reviewed the internal audit planned activities for the following year. Management's responses to Internal Audit's findings and recommendations, as well as the implementation progress of recommendations provided in internal and external reports were reviewed and monitored. The monthly reports issued by the Internal Audit Director enable the Committee to focus discussion on specific areas of concern and to track remediation progress over time.

Regular reports are submitted by Compliance Division to the AC on matters relating to regulatory risk across the Group. The Committee also received reports from the Money Laundering Compliance Officer on the operation and the effectiveness of the systems and controls established by the Group to manage Financial Crime & Sanctions Compliance ('FCSC') risk. FCSC incorporates money laundering, terrorist financing, sanctions and bribery and corruption and is a key area of Committee focus. The remediation plan approved by the AC across the Group on customer due diligence is rigorously monitored. There is zero-tolerance on money laundering and terrorism financing incidents and no violations of the relevant legislation or breaches of the Group's internal policies, procedures and its compliance framework are permitted.

The Committee proposes to the Board the appointment, replacement, transfer or removal of the Internal Audit Director and the Director of Compliance. It submits a report to the Board on the assessment and monitoring of the independence, adequacy and effectiveness of Internal Audit and the Compliance Division.

Assurances have been sought and received by the Committee concerning the resourcing of the Internal Audit and Compliance functions.

5.3.2 Arrangements relating to the external auditors

The Committee oversees the relationship with the external auditors. During the year, the Committee considered PwC's terms of engagement, including remuneration, its independence, audit quality / performance, objectivity and considered the plans for the interim review and year-end audit.

5. Board Committees (continued)

5.3 Audit Committee (continued)

5.3.2 Arrangements relating to the external auditors (continued)

Appropriate safeguards are in place to protect the independence and objectivity of PwC. The Committee operates a Group Policy on the Provision of Non-Audit Services by the Group's statutory auditors in line with the EU Directive and the Auditors' Law to regulate the use of the statutory auditors for non-audit services. In order to ensure the objectivity and independence of the PwC, the policy formalises certain restrictions in the provision of non-audit services by PwC and requires that any engagement of the external auditors for services must be approved in advance by the Committee. Quarterly, details of approved non-audit services are presented to the Committee for review, including monitoring of the balance between audit and permissible non-audit services.

The AC is responsible for overseeing all matters relating to the relationship between the Group and its statutory auditors, including the external audit plan, terms of engagement, audit and non-audit fee arrangements, interim findings and audit finding reports.

The Group is committed to ensuring the independence and objectivity of the statutory auditors and on a semi-annual basis the AC formally reviews the effectiveness, independence and performance of the external auditors. The AC also reviews the external auditors' approach and strategy for the annual audit and audit findings.

The process for assessing the effectiveness of the audit process using AQIs, is supported by tailored questionnaires completed by the AC members and relevant senior management personnel. The responses received are collated and presented to the AC for discussion.

The external auditors do not provide internal audit services to the Group. The AC reviews annually a detailed analysis of the audit and non-audit fees relating to work done by the external auditors, to confirm their independence and refers this analysis to the Board. The External Recruitment Policy provides on hiring employees or former employees of the external auditor.

Information on fees paid in respect of audit and non-audit services, along with details of non-audit services provided during the year are set out in Note 15 of the Consolidated Financial Statements.

In accordance with the provisions of the European Directive on statutory audits and following a transparent and competitive tender process in 2017, the AC recommended to the Board the appointment of PricewaterhouseCoopers ('PwC') for accounting periods commencing 1 January 2019. The AGM held on 25 May 2021 considered the continuation in office of PwC as Auditors of the Company and authorised the Board to fix their remuneration.

The AC assessed the independence of the statutory auditors prior to the commencement of the audit period and continues to assess their independence on a six-monthly basis. The Committee concluded that it was satisfied with the independence, quality and performance of PwC in respect of the year ended 31 December 2021 and recommended that the Board propose PwC for reappointment for approval at the 2022 AGM. The lead partner for the audit engagement is Mr. Kevin Egan. PwC's term as statutory auditor ends in 2027. PwC's performance and independence shall be continuously reviewed and they shall remain subject to reappointment each year, pending the selection of a new audit firm ahead of their departure in 2027.

5.4 Risk Committee

The RC as at 31 December 2021 comprised of three independent non-executive directors and one non-independent non-executive director. The Board considers that the RC consists of directors who possess individually and collectively adequate knowledge, skills and expertise to fully understand and monitor the risk strategy and the risk appetite of the Group as well as its risk management and control practices. The Committee's composition is fully compliant with the CSE Code and the CBC Directive on Internal Governance but not the UK Code which requires every member to be independent.

Biographical details, including each member's background, experience and independence status, are set out in section 4 of this report.

The Committee held 25 meetings during 2021. The chairperson and members of the Committee together with their attendance at meetings are shown below.

5. Board Committees (continued)

5.4 Risk Committee (continued)

Member attendance in RC meetings* in 2021:

Ioannis Zographakis (Chair)	25/25
Maksim Goldman	24/25
Paula Hadjisotiriou	25/25
Nicos Sofianos	20/20

* The number of committee meetings at BOC PCL level were 29 during 2021. The attendance of these meetings can be found on page 294.

To ensure coordination with the work of the AC, Mr. Zographakis, Mrs Hadjisotiriou and Mr Sofianos are members of the AC. Mr. Goldman is also a member of the HRRC. Such common membership facilitates effective governance across all finance and risk issues. Agendas can be aligned and overlap of responsibilities can be avoided. There are regular joint meetings of the AC and RC to ensure there are no gaps in the oversight of internal controls and that any areas of significant overlap are appropriately addressed.

The main purpose of the Committee is to review, on behalf of the Board, the aggregate risk profile of the Group, including performance against risk appetite for all risk types and to ensure that both the risk profile and risk appetite remain appropriate. Specifically, it:

- Assists the Board in overseeing the implementation of the Group's risk strategy and the corresponding limits set;
- Identifies, assesses, controls and monitors financial / economic risks and non-financial risks (including operational, technological, tax, legal, reputational and compliance risks) which the Group faces in cooperation with the responsible Board Committees;
- Considers, challenges and recommends to the Board for approval the Group's overall Risk Appetite;
- Reviews the aggregated Risk Profile for the Group and performance against Risk Appetite and reports its conclusions to the Board;
- Identifies the potential impact of key issues and themes that may affect the Risk Profile of the Group;
- Ensures that the Group's overall Risk Profile and Risk Appetite remain appropriate given the evolving external environment, any key issues and themes impacting the Group and the internal control environment;
- Seeks to identify and assess future potential risks which, by virtue of their uncertainty, of low probability and unfamiliarity may not have been factored adequately into review by other Board Committees;
- Ensures effective and on-going monitoring and review of the Group's management or mitigation of risk, including the Group's control processes, training and culture, information and communication systems and processes for monitoring and reviewing their continuing effectiveness; and
- Ensures the effective management of all risks associated with outsourcing.

The Bank, like all other financial institutions, is exposed to risks, the most significant of which are credit risk, liquidity and funding risk, market risk, operational risk and property price risk. The Group monitors and manages these risks through various control mechanisms and reviews the mitigating actions proposed by management.

The Committee gives detailed consideration to existing and emerging risks, through a balanced agenda which ensures sufficient focus on standing areas of risk management through the Group Risk Framework, together with specific attention being given to those emerging risks which are considered to be of ongoing importance to the Group and its customers.

Emerging risks included areas such as transformation risk, data management, IT resilience and information security (including cyber security) and climate-related risks where the dynamic nature and significance of related risks and challenges continue to evolve.

5. Board Committees (continued)

5.4 Risk Committee (continued)

Key matters included:

- Recommending the Group’s risk appetite framework and Risk Appetite Statement. Considering breaches of risk appetite, remediation plans and required communications;
- Recommending policies for credit, market and liquidity risks and approving other key risk policies;
- Regularly assessing the Group’s overall risk profile and emerging risk themes, hearing directly from the Chief Risk Officer and regularly reviewing the risk report and risk appetite dashboard;
- Receiving reports on the Group’s operational and technology capability, including specific updates on cyber risk capability, IT resilience, IT Service Continuity Management and Data Management;
- Recommending the Group’s plan for managing NPEs, a key driver of managing legacy credit risk and reviewing the risk aspects of NPE sales;
- Recommending the 2021 ICAAP and ILAAP and Capital Plan.

Work has also been initiated and will continue into 2022, to determine the climate related and environmental risks the Bank is exposed to, so that these can be integrated into the existing risk taxonomy and risk registry of the Bank and inform its various business processes.

At each meeting, the RC reviews the risk report which identifies key issues and includes a view of the Group’s Risk Appetite Statement, as well as top and emerging risks. The Committee provides challenge and review to the Group’s regulatory submissions relating to capital management and liquidity adequacy assessments.

To ensure consistency of scope and approach by subsidiary company committees, the RC has established core terms of reference to guide subsidiary companies when adopting terms of reference for the non-executive risk committees. The Committee’s endorsement is required for any proposed material changes to subsidiary company risk committee terms of reference and for appointments to such committees.

Detailed information relating to Group Risk Management is set out in Notes 45 to 48 of the Consolidated Financial Statements and the Additional Risk and Capital Management Disclosures section of the 2021 Annual Financial Report.

The Committee identified the current and potential impact of key issues and themes on the Group’s risk profile and performed deep dive discussions in order to better understand and provide guidance to the management. Deep dive discussions concentrated on the new lending scorecard as well as the Information Security Operating Model and strategy forward. The Fraud Risk Assessment Framework was discussed at length. SREP results and data governance issues were also discussed in depth. Further the Committee discussed and approved or recommended for approval a number of restructurings and contractual or non-contractual write-offs.

The RC discussed and approved the RC calendar for 2021 and undertook the following key activities:

Matters considered and action taken by the RC in 2021

Risk Strategy and Management	<ul style="list-style-type: none"> • Risk Appetite Framework; • ICAAP/ILAAP/Risk Quantification; • Stress Test; • Capital Plan updates and MREL Funding Plan; • Charter and Budget of Risk Management Division; • Financial Plan Risk Assessment; • Trades for NPE portfolio. 	<ul style="list-style-type: none"> • Follow up of actions of Risk Appetite Framework and relevant indicators cascaded down to the business. • The stress test results were reviewed and the Bank performs similar to peers. • Review of sale transactions of NPE & REO portfolio. • Reviewed and challenged ICAAP and ILAAP scenarios and output.
Operational Risk	<ul style="list-style-type: none"> • Business continuity; • Third Party Risk Management; • Fraud Risk Management; • Risk Control Self-Assessment ('RCSA') process; • COVID-19 impact. 	<ul style="list-style-type: none"> • Some critical outsourcing to be reviewed by the RC. • Enhancements/Developments on RCSA & Risk Actions to further embed RCSAs into Line Business operations. • Review of the Fraud Risk Assessment Framework.

5. Board Committees (continued)

5.4 Risk Committee (continued)

Matters considered and action taken by the RC in 2021 (continued)

Governance	<ul style="list-style-type: none"> • Terms of Reference of the Committee and those of Credit Committees; • Review of the effectiveness of the Committee; • Appraisal of the Chief Risk Officer and the Information Security Manager; • Review of all policies. 	<ul style="list-style-type: none"> • Revision of RC Terms of Reference to align with CBC Directive on Internal Governance. • Reshaped the focus and priorities of the RC agenda.
Credit Risk Control & Monitoring	<ul style="list-style-type: none"> • Credit Portfolio overview; • Credit Exposures greater than €100m; • New lending scorecards; • Provisions for all quarters; • Credit Risk Control and Monitoring; <ul style="list-style-type: none"> - Review of portfolio under moratorium; - Performance of the NPE & Forborne Mechanism; - Staff Loans. 	<ul style="list-style-type: none"> • Focus on portfolio quality. • Revision of approval limits. • Covid solutions. • NPL plan on track. • Adjusted provisioning process to account for Covid.
Market / Liquidity Risk	<ul style="list-style-type: none"> • Credit Limits (counterparty & country); • Market Risk Limits; • Levels for Market Risk Related Limits. 	<ul style="list-style-type: none"> • Continuous monitoring of market developments on bonds exposure - especially on Cyprus government bonds.
Other Areas of Focus	<ul style="list-style-type: none"> • Shipping /Syndication Portfolio; • Recovery Plan & Playbook 2021; • REMU real estate portfolio; • RRD performance; • Property Risk; • Data Governance Framework. 	<ul style="list-style-type: none"> • Monitored progress, performance and quality of Shipping and syndicated lending portfolio. • Maintained oversight on data governance process. • Monitored disposal of Banks repossessed real estate portfolio.
Information Security	<ul style="list-style-type: none"> • Information Security Reports; • Information Security Risk Assessment Framework; • Risks Thresholds for better governance; • Security controls maturity/associated remediation program; • Data leakage and remote access governance; • Appointment of new Chief Information Security Officer. 	<ul style="list-style-type: none"> • Monitoring the redesigned KRIs to more effectively measure significant security pillars and optimise RAS thresholds. • Increase in the security control maturity score. • Monitoring of Information Security Incidents. • Monitoring of ICT regulations and Bank's progress. • Emphasis given on empowering InfoSec to better fulfil its role and provide added value to the Bank.
Regulatory communication	<ul style="list-style-type: none"> • Emphasis on quality reporting to the ECB; • Follow up of SREP and on-site inspections; • Review of regulatory Correspondence. 	<ul style="list-style-type: none"> • Maintaining close monitoring on regulatory matters.
Subsidiaries oversight	<ul style="list-style-type: none"> • The annual reports of the subsidiary risk committees of Eurolife & General Insurance Ltd. 	<ul style="list-style-type: none"> • The reports were reviewed and enhanced interaction with the two insurance subsidiaries will be set in place.

The chairperson of the Committee reported to the Board after each meeting to ensure all directors were fully informed of the Committee's activities.

5. Board Committees (continued)

5.5 Technology Committee

The Committee held 7 meetings during 2021 at BOC PCL level. The chairperson and members of the Committee together with their attendance at meetings are shown below.

Member attendance in TC meetings in 2021:

Lyn Grobler (Chair)	7/7
Ioannis Zographakis	7/7
Paula Hadjisotiriou	6/7
Arne Berggren	7/7
Constantine Iordanou	1/1

The purpose of the TC is to assist the Board of Directors in fulfilling its oversight responsibilities with respect to the overall role of technology in executing the business strategy of the Group including, but not limited to, major technology investment, technology strategy, operational performance, and technology trends that may affect the Group's client portfolio and/or affairs in general. The Committee has delegated authority by the Board of Directors and is responsible to:

- Review and approve the Group's technology planning and strategy within the overall strategy framework approved by the Board;
- Review and approve significant technology investments and expenditures as per the Committee and limit structures approved by the Board, provided they do not fall within the limits that are reserved for the Board;
- Monitor and evaluate existing and future trends in technology that may affect the Group's strategic plans, including monitoring of overall industry trends;
- Oversee the performance of the Group's technology operations including, among other things, project delivery, technical operations, technology architecture and the effectiveness of significant technology investments;
- Oversee the application of Information Security policies.

Notwithstanding the above, responsibility for the oversight of risks associated with technology, including risk assessment and risk management, remains with the RC.

The Committee monitored the progress of the digital transformation of the Bank and reviewed Key Performance Indicators focused on measuring the increase of usage of digital channels. Digital engagement stood at 77.7% towards year end compared to 73.9% the previous year. The projects running in the IT function were monitored to ensure they stayed within reasonable deadlines. Digital onboarding was initiated successfully. The Digital Transformation of the insurance subsidiaries was also reviewed and monitored on a six-monthly basis. 11 incidents of non-availability of systems were reported in 2021 of which 8 were considered major. The root cause was identified in all cases and mitigating actions were taken to avoid recurrence.

The Committee reviewed the Annual Information Security Report and was informed on the key challenges and the progress made on the InfoSec operating model. A joint meeting with the Audit and Risk Committees was held to review audit findings and relevant recommendations related to risk management of certain large projects.

The chairperson of the Committee reported to the Board after each meeting to ensure all directors were fully informed of the Committee's activities.

5.6 Ethics, Conduct and Culture Committee

The Committee held 6 meetings during 2021 at BOC PCL level. The chairperson and members of the Committee together with their attendance at meetings are shown below.

Member attendance in ECCC meetings in 2021:

Ioannis Zographakis (Chair)	6/6
Maria Philippou	5/6
Michael Heger	5/6
Maksim Goldman	6/6

5. Board Committees (continued)

5.6 Ethics, Conduct and Culture Committee (continued)

The role of the Committee is:

- To support the Board in promoting its collective vision of values, conduct and culture;
- To oversee management's efforts to foster a culture of ethics and appropriate conduct within the Group;
- To oversee the way the Group conducts business focusing on developing a customer-centric culture with an eye on profitability in all its operations;
- To oversee the Group's conduct in relation to its corporate and societal obligations, including setting the direction and policies for the Group's approach to customer and regulatory matters; and
- To oversee the framework for implementing ESG throughout the operations of the Bank and advise/coordinate accordingly with the NCGC and the Sustainability Committee.

The Committee focuses on providing oversight of key ethics matters and the workings of the Disciplinary Committee, on decision-making about matters of conduct and reputational risk and on handling issues of Corporate Social Responsibility with the aim of building and maintaining the right risk, control, customer-centric and economic prosperity culture.

The Committee monitored the progress of the initiative – 'Project Ethos' – which is expected to align organisational culture with strategic objectives. Under the guidance of the Committee several workstreams were created to redesign performance appraisals, enrich policies and procedures, create a risk culture dashboard and enhance the risk and control culture across the Group.

Communication with staff is continuous and includes messages, emails, short videos under the slogan 'I am the Bank' emphasising the expected behaviours and the traps to avoid. Data metrics have been devised to measure the risk culture of the Group. The Disciplinary Code was also updated and approved.

The Committee approved the Terms of Reference of the Sustainability Committee which will implement the ESG Strategy of the Group. This shift in strategy will provide transparency in all aspects of the Company's business, including its efforts for a positive impact on society and the environment, through the published Annual Corporate Responsibility Report. The Group's leading position should be used to drive the ESG agenda of the government and the economy in general, through initiatives and proposals to the government to improve on its Green deal.

The Committee monitored compliance with the Code of Conduct and reviewed disciplinary controls and measures of the Group as presented by HRD on an annual basis.

The chairperson of the Committee reported to the Board after each meeting to ensure all directors were fully informed of the Committee's activities.

6. Remuneration Policy Report

The Remuneration Policy Report was prepared by the Board following a proposal by the HRRC in accordance with Annex 1 of the CSE Code and the UK Code. It is presented in the 2021 Annual Financial Report of the Group, after the Corporate Governance Report. Information on the remuneration of the members of the Board for the year 2021 is disclosed in Note 50 of the Consolidated Financial Statements of the Group, as well as in the Remuneration Policy Report.

7. Shareholder Relations

A priority of the Group is to communicate with shareholders. The responsibilities of the Chairperson include ensuring effective communication with shareholders and ensuring that directors develop an understanding of the views of major investors. Investor Relations Department has primary responsibility for managing and developing the Group's external relationship with existing and potential institutional investors and analysts. The Chairperson, the SID, the CEO, the EDFL and the Manager Investor Relations engage extensively with existing shareholders and potential new investors during individual or group meetings and on roadshows and investor conferences. All meetings with shareholders are conducted in such a way as to ensure that price sensitive information is not divulged.

7. Shareholder Relations (continued)

Mrs Annita Pavlou, Manager Investor Relations Department, is the Investor Relations Officer, responsible for the communication between shareholders and the Group since 30 August 2016. Information concerning the Group is provided to shareholders, prospective investors, brokers and analysts in a prompt and unbiased manner free of charge.

The Group uses its website (www.bankofcyprus.com.cy/group) to provide shareholders and potential investors with recent and relevant financial information, including the annual, the mid-year financial report and quarterly results, announcements and presentations. The Investor Relations section of the Group's website is updated with all announcements published on the LSE and CSE as these are made. It also contains contact details for the Investor Relations Department.

Directors receive an investor relations update from management at all scheduled Board meetings. This update typically includes market updates, share price and valuation analysis, updates on analysts' reports and share register analysis.

One of the responsibilities of the Chairperson of the Board is to ensure that the views, issues and concerns of shareholders are effectively communicated to the Board and to ensure that directors develop an understanding of the views of major investors. The Board considered the views of major shareholders on company strategy and performance and assessed investor sentiment more broadly in conjunction with the Group's corporate brokers. The SID, Ioannis Zographakis, is available to shareholders if they have concerns that are not resolved through the normal communication channels.

All shareholders of the Company are treated on an equal basis. There are no shareholders with special control rights. Shareholders are promptly and accurately informed of any material changes regarding the Group, including its financial condition, financial results, ownership and governance.

Under the Irish Companies Act 2014, one or more members holding at least 3% of the issued share capital of the Company, representing at least 3% of the total voting rights of all the members who have a right to vote at the meeting to which the request for inclusion of the item relates, has the right to: (a) put an item on the agenda of the AGM provided that the item has been accompanied by stated grounds justifying its inclusion or a draft resolution to be adopted; and (b) to table a draft resolution for an item on the agenda of a general meeting. Such a request must have been received by the Company at least 42 days prior to the relevant meeting.

Any change or addition to the Articles of Association of the Company is only valid if approved by special resolution at a meeting of the shareholders.

Major shareholders do not have different voting rights from those of other shareholders. As at 31 December 2021, the Company has been advised of the following notifiable interest in the share capital of the Company:

• Lamesa Investments Limited	9.27%
• CarVal Investors	8.69%
• Caius Capital	7.96%*
• Senvest Management LLC	5.63%
• European Bank for Reconstruction and Development	5.02%
• Cyprus Popular Bank Public Co Ltd	4.81%
• Eaton Vance Management	3.69%

* Financial Instruments with similar economic effect according to Regulation 17(1)(b) of the Transparency (Directive 2004/1109/EC) Regulations 2007 of Ireland as amended.

In accordance with the Company's Constitution, at the Company's AGM in 2021:

- The Directors were authorised to allot up to an aggregate of 147,245,978 ordinary shares of €0.10 each; and a further 147,245,978 ordinary shares of €0.10 each in the case of a pre-emptive issue (as described in the notice for that general meeting);
- The Directors were authorised to issue and allot those shares as if the pre-emption provisions set out in section 1022 of the Companies Act 2014 are dis-applied in respect of:
 - (i) in the case of a pre-emptive issue, the aggregate number of ordinary shares of €0.10 each authorised to be issued pursuant to such issue (as described in the notice for that general meeting); and (ii) 22,309,997 ordinary shares of €0.10 otherwise that (i); and
 - a further 22,309,997 ordinary shares of €0.10 each for specified transactions.

7. Shareholder Relations (continued)

- The Directors were also authorised to issue, allot, grant options over or otherwise dispose of Additional Tier 1 ("**AT1 ECNs**") and ordinary shares pursuant to the conversion or exchange of AT1 ECNs provided that this be limited to the issue, allotment, grant of options over or other disposal of ordinary shares of an aggregate nominal amount €6,662,999 and of AT1 ECNs convertible or exchangeable into ordinary shares up to such maximum aggregate nominal amount and the pre-emption provisions set out in section 1022 of the Companies Act 2014 in respect of this authority were dis-applied.
- The Directors were also authorised to make purchases of up to 44,619,993 ordinary shares. Such purchases may be made only at price levels which the directors considered to be in the best interests of the shareholders generally, after taking into account the Company's overall financial position. In addition, the minimum price which may be paid for such shares shall not be less than the nominal value of the shares and the maximum price will be the higher of 105% of the average market price of such shares and the amount stipulated by Article 5(1) of the EU Market Abuse (Buyback and Stabilisation) Regulation.

The authority conferred in each of the above resolutions expires on the earlier of close of business on the date of the AGM of the Company or on 24 August 2022.

The AGM was held on 25 May 2021 at the Company's headquarters with shareholders having the ability to listen to the meeting by electronic means and the ability to vote by either submitting a proxy form in advance of the meeting or by using the electronic voting facility. The Chairperson of the Board (who is also the chair of the NCGC) and the chairpersons of the committees of the Board were present to hear the views of the shareholders and answer questions. As is the practice, all directors of the Board at the time of the AGM attended the AGM. At the 2020 AGM, separate resolutions were proposed on each substantially separate issue and voting was conducted by poll. To facilitate shareholder participation, electronic voting is available. Votes are taken by way of a poll to include all shareholder votes cast.

The results of every AGM of the Company including details of votes cast for and against on each resolution are posted on the Group's website (www.bankofcyprus.com.cy/group) and released to the London and Cyprus Stock Exchanges.

There was one resolution for which a negative vote of more than 20% was cast. However, given that the particular views of the shareholders on this matter were known and particular actions had previously been announced, there was no corresponding announcement following the announcement of the voting results.

The Board values the AGM as a key opportunity to meet shareholders. The 2021 AGM of the Company is scheduled to be held on 20 May 2022. Should circumstances and measures in place relative to the pandemic allow it, the whole Board is expected to attend and will be available to answer shareholders' questions.

Remuneration Policy Report for the year 2021

1. Introduction

In accordance with the provisions of the CSE Code published by the CSE (5th Edition (Revised) January 2019) and in particular Annex 1 of the CSE Code, the HRRC prepares the Annual Board of Directors' Remuneration Policy Report which is ratified by the Board and submitted to the shareholders' AGM as part of the Annual Report of the Group. The Board of Directors Remuneration Policy Report for the year 2021 was ratified by the Board on 29 March 2022.

The Bank of Cyprus Group's objective to attract, develop, motivate and retain high value professionals is considered fundamental in achieving the goals and objectives of the Group and ensuring that the right people are in the right roles whilst managing the Group's remuneration strategy and policies in a manner aligned with the interests of the Group's shareholders.

2. Human Resources and Remuneration Committee

The Committee's primary role is to ensure that staff members contribute to sustainable growth by staying ahead of challenges and opportunities.

The Group aims to review its remuneration policies and practices on an ongoing basis and amend them where necessary, in order to ensure that they are consistent with and promote sound and effective risk management.

Every year, the Committee proposes to the Board the Annual Remuneration Policy Report as part of the Annual Report of the Group, which is submitted to the shareholders' AGM. The Committee also reviews the related party transactions note (Note 50) of the Consolidated Financial Statements of the Group and the Remuneration Policy Report itself.

The composition of the Committee is described in section 5.2 of the Annual Corporate Governance Report on page 306.

2.1 Terms of Reference of the Human Resources and Remuneration Committee

The role of the Committee is described in detail in section 5.2. of the Annual Corporate Governance Report on page 306. In respect of remuneration the HRRC undertakes the following:

- To propose adequate remuneration considered necessary to attract and retain high value-adding professionals;
- To consider the remuneration arrangements of the executive directors of the Group, senior management and the Group Remuneration policy bearing in mind the European Banking Authority ('EBA') Guidelines on sound remuneration policies, the CBC Directive on Internal Governance, the CSE Code; the UK Code and any other applicable or regulatory requirements; and
- To review the implementation and effectiveness of the Remuneration Policy and ensure this is in compliance with the Remuneration Framework of the CBC Directive on Internal Governance.

The Committee ensures that internal control functions are involved in the design, review and implementation of the Remuneration Policy and that staff members who are involved in the design, review and implementation of the Remuneration Policy and practices have relevant expertise and are capable of forming independent judgement on the suitability of the Remuneration Policy and practices, including their suitability for risk management.

The Group's aim is to align its Remuneration Policy and human resources practices, with its business strategy, objectives, values and long-term interests of the Group and ensure that they are consistent with and promote sound and effective management of risk and long-term sustainable success and do not encourage excessive risk-taking.

The Policy aims to ensure the application of a fair, transparent and gender neutral pay management process that applies equally to all staff, aligns their remuneration with job value, individual performance and potential and takes into account market conditions. At the same time, the principles set out in the Policy aim to encourage responsible business conduct, fair treatment of customers and to avoid conflicts of interest.

In developing its Remuneration Policy, the Group takes into account the provisions that are included in the CSE Code, the UK Code, the CBC Directive on Internal Governance which came into effect in October 2021 and incorporates the requirements for Remuneration Policies included in the European Capital Requirements Directive ('CRD V'), the EBA Guidelines on sound remuneration policies issued in July 2021, MiFID II and other Guidance of the EU as well as regulatory restrictions currently pertinent to the banking sector and the Group in particular.

Remuneration Policy Report for the year 2021 (continued)

2. Human Resources and Remuneration Committee (continued)

2.1 Terms of Reference of the Human Resources and Remuneration Committee (continued)

The Committee reviews and approves the content of any resolutions submitted for approval at the AGM of the shareholders, which are prepared by the Company Secretary in cooperation with the Group's legal advisers in accordance with Annex 3 of the Code which may concern possible plans for the compensation of members of the Board in the form of shares, share warrants or share options.

Senior Management

The Committee jointly with NCGC approves remuneration packages of executive members of the Board, other senior management, heads of control functions and other staff reporting to Board committees, including salary, pension policy, option plans, and other types of compensation, recommended by the CEO or by the chairpersons of the Risk and Audit Committees (in the case of the heads of internal control functions) in consultation with the CEO and HRD.

The Committee reviews and approves appointments, transfers and dismissals of Group divisional directors, senior managers and subsidiaries' general managers (except heads of internal control functions), recommended by the CEO, and ensures that all contractual obligations are adhered to.

The chairperson of the Committee is available to shareholders in the AGM to answer any questions regarding the Remuneration Policy of the Group. Workforce engagement is described in section 5.2 of the Annual Corporate Governance Report.

3. Governance of Group Remuneration Policy

3.1 Principles of the CSE Code of Corporate Governance

Companies should implement official and transparent procedures for developing policies concerning the remuneration of executive directors and fixing the remuneration of each Board member separately. The level of remuneration should be sufficient to attract and retain talent required for the efficient operation of the Company. Part of the remuneration of executive directors should be determined in such a way as to link rewards to corporate and individual performance. Resolution, or any other authority allowing, variable pay should be linked to performance.

The Company's Corporate Governance Report includes a statement of the Remuneration Report and relevant criteria, as well as the total remuneration of the executive and non-executive members of the Board.

3.2 EBA Guidelines

The EBA Guidelines aim to ensure that an institution's remuneration policies and practices are consistent with and promote sound and effective risk management. The Group seeks to ensure it implements remuneration policies which are in compliance with regulatory guidelines, while at the same time operating under legal and regulatory constraints.

In accordance with EBA guidelines for identification of those employees whose professional activities are deemed to have a material impact on the Group's risk profile, the Group maintains a list of these employees known as Material Risk Takers which is reviewed and approved by the Board annually.

4. Remuneration

4.1 Remuneration of Non-executive Directors

The remuneration of non-executive directors is not linked to the profitability of the Group. It is related to the responsibilities and time devoted for Board meetings and decision-making for the governance of the Group, and for their participation in the committees of the Board and any participation in the boards of Group subsidiary companies. The shareholders' AGM held on 25 May 2021 approved the increase on the annual remuneration of the Chairman of the Board and the remuneration of the NCGC members. The remuneration of the remaining members remained at the same levels of remuneration as those approved by the shareholders' AGM on 26 May 2020.

Remuneration Policy Report for the year 2021 (continued)

4. Remuneration (continued)

The remuneration of non-executive directors is determined and approved by the Board. Neither the Chairperson nor any director participates in decisions relating to their own personal remuneration. The Committee proposes fees payable to the Chairperson and the Vice-Chair, while the Chairperson makes recommendations for the remuneration of the non-executive directors to the Board for approval by the AGM, considering the following factors:

- The time allocated and effort exerted by non-executive directors to meetings and decision-making in the management of the Group;
- The undertaken level of risk;
- The increased compliance and reporting requirements;
- The requirement not to link remuneration of non-executive directors to the profitability of the Group;
- The requirement that non-executive directors do not participate in the pension schemes of the Group;
- The requirement not to include variable remuneration or share options as remuneration of non-executive directors.

Neither the Chairperson nor any non-executive directors received any performance related remuneration. The remuneration of the non-executive directors is set out below:

Position	Annual Remuneration (€000)
Chairperson	180
Vice-Chair	80
Senior Independent Director	70
Non-Executive Members	45
Chairpersons	
Audit Committee	45
Risk Committee	45
Human Resources and Remuneration Committee	30
Nominations and Corporate Governance Committee	30
Technology Committee	30
Ethics, Conduct and Culture Committee	30
Membership	
Audit Committee	25
Risk Committee	25
Human Resources and Remuneration Committee	20
Technology Committee	20
Ethics, Conduct and Culture Committee	20
Nominations and Corporate Governance Committee	20

Additionally, the Group reimburses all directors for expenses incurred in the course of their duties.

Remuneration Policy Report for the year 2021 (continued)

4. Remuneration(continued)

4.1 Remuneration of Non-executive Directors (continued)

The non-executive directors have letters of appointment which can be inspected during normal business hours by contacting the Company Secretary.

4.2 Remuneration and Other Benefits of Executive Directors

The Committee jointly with the NCGC reviews and approves the remuneration packages vis-a-vis their performance. In line with the UK Code the following factors are also considered: clarity, simplicity, risk, predictability and proportionality and finally alignment to culture. The CEO is an employee of BOC PCL. The Executive Director Finance & Legacy ('EDFL') is also an employee of BOC PCL.

As executive directors do not receive any variable remuneration at all, by virtue of the restrictions currently in place, this makes their annual remuneration fully predictable.

Contracts of Employment

The remuneration (salary and bonus) of executive directors is set out in their employment contracts which have a maximum duration of five years, unless any of the executive directors is an appointed member of the senior management team, in which case the terms of employment are based on the provisions of the collective agreement in place, excluding the CEO.

The employment contract of the CEO is for a period of five years commencing on 1 September 2019.

The Group at present does not grant guaranteed variable remuneration or discretionary pension payments.

Service Termination Agreements

The employment contract of Panicos Nicolaou, CEO, includes a clause for termination, by service of six months' notice to that effect by either the executive director or BOC PCL without cause, BOC PCL also maintains the right to pay to the executive director six months' salary in lieu of notice for immediate termination. There is an initial locked-in period of three years during which no such notice may be served either by BOC PCL or the executive director unless there is a change of control of BOC PCL as this is defined in the service agreement whereupon the executive director may serve the notice and is further entitled to compensation as this is determined in the service agreement.

The terms of employment of Mrs Livadiotou, EDFL and executive member of the Board, are mainly based on the provisions of the collective agreement in place, which provide for notice or compensation by the BOC PCL based on years of service and for a four month prior written notice by the executive director, in the event of a voluntary resignation.

Bonus

No bonus was recommended by the Company's Board for executive directors for 2021.

Retirement Benefit Schemes

The CEO participates in a defined contribution plan largely on the same basis as other employees. The EDFL participates in a defined contribution plan on the same basis as other employees.

The main characteristics of the retirement benefit schemes are presented in Note 14 of the Consolidated Financial Statements for the year ended 2021.

Share Options

No share options were granted to the executive directors during 2021.

Other Benefits

Other benefits provided to the executive directors include other benefits provided to staff, medical fund contributions and life insurance. The relevant costs for the executive management are disclosed in Note 50 of the Consolidated Financial Statements for the year ended 2021.

Remuneration Policy Report for the year 2021 (continued)

5. Information Regarding the Remuneration of Directors for Year 2021

	Remuneration for services* €	Remuneration for participation in the Board of Directors and its Committees €	Total remuneration for services €	Remuneration and benefits from other Group companies €	Remuneration in the form of profit and/or bonus distribution €	Assessment of the value of benefits that are considered to form remuneration €	Total remuneration and benefits €	Annual contribution to retirement benefits €
Executive Directors								
Panicos Nicolaou	745.232		745.232			6.435	751.667	61,258
Eliza Livadiotou ¹	90.337	-	90.337	-	-	1,727	92,064	6.769
Non-Executive Directors								
Efstratios -Georgios Arapoglou		215.220	215.220				215.220	
Lyn Grobler		154.350	154.350				154.350	
Arne Berggren	-	113.190	113.190	-	-	-	113.190	-
Maksim Goldman	-	113.190	113.190	-	-	-	113.190	-
Paula Hadjisotiriou		118.335	118.335				118.335	
Michael Heger		113.190	113.190	-	-	-	113.190	-
Constantine Iordanou ²		6.047	6.047	-	-	-	6.047	-
Maria Philippou	-	118.335	118.335	-	-	-	118.335	-
Nicos Sofianos ³	-	99.669	99.669	-	-	-	99.669	-
Ioannis Zographakis	-	198.375	198.375	-	-	-	198.375	-
	835.569	1.249.901	2.085.470	-	-	8,162	2,093,632	68,027

* Includes employers' contributions excluding contributions to retirement benefits.

1- Appointed as Executive Director on 6 October 2021

2- Appointed on 29 November 2021

3- Appointed on 26 February 2021

Remuneration Policy Report for the year 2021 (continued)

5.1 Comparison of Directors' and Employees' remuneration

The following table provides information regarding the annual change in the total remuneration of members of the Group's Board of Directors, as compared with the Group performance as well as the average change in remuneration, on a full-time equivalent basis, of the employees, between 2020 and 2021.

Annual Change	Note	Percentage change in 2021	Percentage change in 2020
Directors' Remuneration-Executive Directors			
Panicos Nicolaou, CEO	1	41%	74%
Christodoulos Patsalides, First Deputy CEO	2	n/a	-14%
Eliza Livadiotou, Executive Director Finance & Legacy	3	38%	14%
Directors' Remuneration-Non-Executive Directors (NEDs)			
Efstratios-Georgios Arapoglou (Chairman)	4	40%	82%
Lyn Grobler	5	14%	48%
Arne Berggren		1%	-4%
Maksim Goldman	6	-3%	-5%
Paula Hadjisotiriou		8%	13%
Michael Heger		-3%	-4%
Constantine Iordanou	7	n/a	n/a
Maria Philippou		16%	54%
Nicos Sofianos	8	n/a	n/a
Ioannis Zographakis		-4%	30%
Anat Bar-Gera	9	n/a	-59%
Average remuneration on a full-time equivalent basis of employees			
Employees of the Group	10	3,7%	-13,4%
Company performance			
Operating profit as per Underlying basis		2.2%	-10.0%
Cost to Income Ratio excluding special levy on deposits and other levies/contributions	11	0 p.p.	+1 p.p.

Notes:

- Appointed on 1 September 2019 (including the remuneration as KMP)
- Resigned on 31 October 2020
- Appointed on 6 October 2021 (including the remuneration as KMP)
- Elected as Chairman on 14 May 2019
- Elected as Vice-Chairperson on 26 May 2020
- Resigned from Vice-Chairperson position on 26 May 2020
- Appointed on 29 November 2021
- Appointed on 26 February 2021
- Resigned on 26 May 2020
- Employees cost of the Group - as per FS (excluding Voluntary Staff Exit Plan (VEP)) (Note 14). The reduction in financial year 2020 compared to 2019 was due to the reduction of the number of employees following a large scale voluntary exit plan executed in 2019.
- Defined as total operating expense as per underlying basis (excluding other non-recurring items, VEP, Special levy on deposits and other levies/contributions and provisions for litigation, claims, regulatory and other matters) divided by total income