

POLICY: GROUP CORPORATE GOVERNANCE POLICY & FRAMEWORK

1. PURPOSE AND SCOPE OF POLICY

This Group Corporate Governance Policy (the “**Policy**”) sets out the Group’s corporate governance framework. All members of the Board and Senior Managers are required to comply with it on both an individual and on a collective basis to ensure the independence of the Board and its ability to effectively supervise management's operation of the Group.

The purpose of this Policy is to set the guidelines on corporate governance and afford transparency on the relevant arrangements throughout the Group with a view to maintaining strong leadership, a positive culture and robust risk management that encourages and reinforces behaviour that ensures Board Directors act to protect the long-term interests of the Group and its shareholders.

This Policy applies throughout the Group, to the members of the Board of Directors, Senior Management and other Key Function Holders, Material Risk Takers of the Bank, and its subsidiaries.

2. ABBREVIATIONS

Within this document, the following abbreviations are used:

Abbreviation	Definition
AC	Audit Committee
Bank	Bank of Cyprus Public Company Limited
BOCH	Bank of Cyprus Holdings Public Limited Company
Board Director	A member of the Board of Directors of the Bank and BOCH
CBC	Central Bank of Cyprus
CBC Directive	CBC Directive on Governance and Management Arrangements in Credit Institutions
CEO	Chief Executive Officer
CD	Compliance Division
CISO	Chief Information Security Officer
CSE Code	Corporate Governance Code of the CSE
CSE	Cyprus Stock Exchange
CySEC	Cyprus Securities and Exchange Commission
CRD	Directive 2013/36/EU of the European Parliament and of the Council on access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms, amending Directive 2002/87/EC and repealing Directives 2006/48/EC and 2006/49/EC (as amended)
CRO	Chief Risk Officer
CCO	Chief Compliance Officer
DTRs	UK Disclosure and Transparency Rules
EBA Governance Guidelines	The European Banking Authority's (“ EBA ”) Guidelines on internal governance under Directive 2013/36/EU (July 2021)

Group	BOCH and all of its subsidiaries (including the Bank)
Committee(s)	The committees of the Board of Directors of the Bank, which include the AC, RC, HRRC, NCGC and TC.
HRRC	Human Resources & Remuneration Committee
Joint Suitability Guidelines	Joint European Securities and Markets Authority and EBA Guidelines on the assessment of the suitability of members of the management body and key function holders under Directive 2013/36/EU and Directive 2014/65/EU (2 July 2021)
KFHs	Key Function Holders
IA	Internal Audit
Listing Rules	Listing Rules of the United Kingdom Listing Authority
MRTs	Material Risk Takers
NCGC	Nominations & Corporate Governance Committee
RC	Risk Committee
TC	Technology Committee
2018 UK Code	UK Corporate Governance Code

3. DEFINITION OF TERMS

For the purposes of this policy, the terms listed below have the following meaning:

1. **“Bank”** means Bank of Cyprus Public Company Limited.
2. **“BOCH”** means Bank of Cyprus Holdings Public Limited Company, which is a public limited company, registered under Part 17 of the Companies Act 2014 of Ireland.
3. **“Chair”** means the chairperson of the Board.
4. **“The Group”** means BOCH and its subsidiaries (including the Bank).
5. **“Board of Directors” or “Board”** is the members of the management body of the Bank and BOCH acting in its supervisory function and overseeing and monitoring management decision-making and the implementation of strategy.
6. **“Board Director”** is the member of the Board of Directors of the Bank and BOCH.
7. **“Heads of Internal Control Functions”** means the persons at the highest hierarchical level in charge of effectively managing the day-to-day operation of the independent risk management division, compliance division, internal audit division and information security.
8. **“Executive member”** means the position of member of the management body where a person is responsible for directing the activities of the credit institution through a relevant employment contract concluded with that credit institution.
9. **“Independent member”** means the person who is appointed as an independent member upon approval by the competent authority, having met the independence criteria set out in the Assessment of the Suitability of Members of the Management Body and Persons holding Key Positions in Licensed Credit institutions Directives of 2022.
10. **‘Key Function Holder’ is:**
 - a) The CEO.
 - b) The Deputy CEO.
 - c) All other members of the Executive Committee (**“ExCo”**).
 - d) All Heads of Control Functions (Compliance, Risk, Information Security, and Internal Audit).
 - e) AML Officer.
 - f) Outsourcing Officer.

11. **“Director” or “Member”** is a proposed or appointed member of the Board of Directors of the Bank and BOCH.
12. **“Senior Manager/Senior Management”** is a member of the executive team or a senior member of management (i.e. a Key Function Holder).
13. **“Material Risk Takers” (“MRTs”)** means staff whose professional activities have a material impact on the institution's risk profile as per Articles 3 & 4 of Commission Delegated Regulation 2021/2154. In the Group, MRT staff include the following positions:
 1. Executive members of the board of directors.
 2. All Divisional Directors that report to the CEO, Deputy CEO or to another ExCo member.
 3. General Managers of material subsidiaries (Eurolife, General Insurance Cyprus).
 4. Other key personnel whose total annual fixed remuneration exceeds €120.000 (currently n/a).
 5. Other risk takers (based on position and as defined by the Bank and approved by the NCGC, including members of credit committees and persons with open approval). Exceptionally for this category given the particular risk involved, approval takes place by the Risk Committee.

4. GENERAL PRINCIPLES

The Group complied fully with the following regulations:

1. The Central Bank of Cyprus (‘CBC’) Directive on Internal Governance of Credit Institutions (the “CBC Directive on Internal Governance”) (available on www.centralbank.cy), as amended.
2. The European Banking Authority (‘EBA’) Guidelines on internal governance under Directive 2013/36/EU, as amended.
3. The Cyprus Stock Exchange Code (5th revised edition – January 2019) (the “2019 CSE Code”) (available on www.cse.com.cy), as amended.
4. The UK Corporate Governance Code 2018 published by the Financial Reporting Council in the UK (the ‘2018 UK Code’ which is available on www.frc.org.uk).
5. 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’), as amended.
6. 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), and
7. The Companies Act 2014 of Ireland (as amended) (the ‘Irish Companies Act’).

The Group, in a demonstration of its commitments to upholding the highest standards of corporate governance and ethical conduct, voluntarily adheres to the provisions of the 2018 UK Code. Such voluntary adherence acts as a second protective layer relating to corporate governance matters.

Sound corporate governance policies are important for maintaining the confidence of stakeholders and creating shareholder value. Effective corporate governance ensures that the Board and Senior Managers are able to:

1. Interact effectively and deliver an agreed strategy.
2. Share a clear understanding of the related risk appetite.
3. Encourage a positive attitude towards risk control and compliance within the Group.
4. Establish a robust control framework to manage risk effectively across the business; and
5. Rely on management to be open and transparent in providing timely, accurate, complete, and relevant management information to facilitate decision-making in fulfilment of its duties and responsibilities.

The Board of Directors, management and staff of the Group shall comply with the provisions of this Policy which shall act as a guide to principles, actions, and responsible conduct.

The Policy in conjunction with the Articles of Association of BOCH and the Bank, and the Terms of Reference of the Board Committees forms part of the key high-level documents for governance of the Group and its operations and complements:

1. The Integrated Risk Identification Framework
2. The Risk Appetite, which sets out the level of risk which the Board is prepared to tolerate for the Group to achieve its business objectives; and
3. The Risk Management Division charter which describes the Risk Management Framework, which sets the approach to risk for the Group and defines the roles and responsibilities of members of staff and directors, executive and non-executive in identifying, measuring, and monitoring risk in order to maintain it within the appetite of the Group.

5. GOVERNANCE

5.1.1 Shareholder Structure

5.1.1.1 On 18 January 2017, BOCH became the sole shareholder of the Bank and its subsidiaries.

5.1.1.2 On 19 January 2017, BOCH was admitted to listing and trading on the London Stock Exchange ('LSE') and the CSE. BOCH has no shareholders with holdings above 10%.

5.1.1.3 A common Board and committee structure applies with the same Directors sitting on the Board of Directors of BOCH and on the Board of Directors of the Bank and on the Committees of each of the two Boards.

5.1.2 Shareholder Rights

5.1.2.1 The Board as a whole is responsible for ensuring that there is a satisfactory dialogue with shareholders based on the mutual understanding of objectives.

5.1.2.2 The Board shall use general meetings to communicate with investors and to encourage their participation and shall be transparent and fair in the conduct of the annual and extraordinary shareholders' meetings.

5.1.2.3 Accurate and timely information shall be made available to the shareholders to enable them to make sound judgments on all matters brought to their attention for consideration or approval.

5.1.2.4 The Group shall arrange for the Notice of the AGM and related papers to be sent to shareholders at least 20 working days before the meeting. For other general meetings this should be at least 14 clear days in advance, unless the meeting involves the passing of a special resolution in which case the notice period is at least 21 clear days.

5.1.2.5 At any general meeting, the Group shall propose a separate resolution on each substantially separate issue, and shall, in particular, propose a resolution at the AGM relating to the report and accounts. For each resolution, proxy appointment forms should provide shareholders with the option to direct their proxy to vote either for or against the resolution or to withhold their vote. The proxy form and any announcement of the results of a vote should make it clear that a vote 'withheld' is not a vote in law and will not be counted in the calculation of the proportion of the votes for and against the resolution. The Group shall ensure that all valid proxy appointments received for general meetings are properly recorded and counted.

5.1.2.6 For each resolution, BOCH should ensure that the following information on voting results is given at the meeting and made available as soon as reasonably practicable on a website which is maintained by or on behalf of BOCH.

1. the number of shares for which votes have been validly cast;
2. the proportion of the issued share capital of BOCH at close of business on the day before the meeting represented by those votes;
3. the total number of votes validly cast, and
4. the number of votes cast in favour of and against each resolution; and if counted, the number of abstentions.

5.1.2.7. A separate resolution is proposed at the Annual General Meeting for each substantially separate issue and, in particular, that a separate resolution is proposed relating to the report and accounts, the Remuneration Report and the Remuneration Policy (if applicable) i.e., usually approved every 3 years.

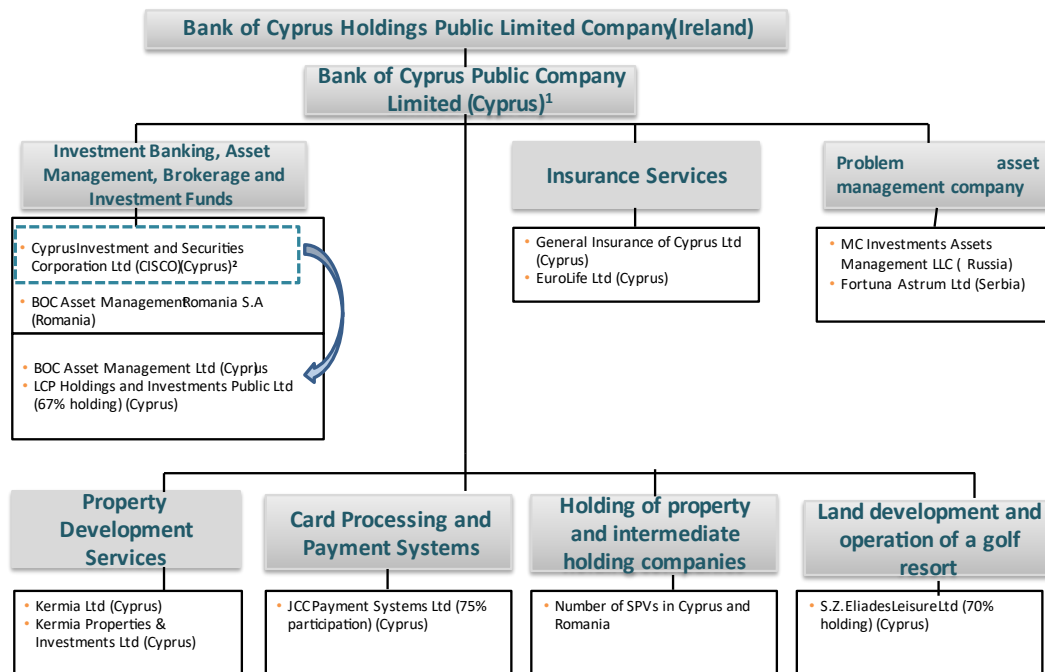
5.1.2.8. When 20% or more of votes have been cast against a resolution at any general meeting, the BOCH shall explain when announcing the results of voting what actions it intends to take to consult shareholders in order to understand the reasons behind the result. An update on the views received from shareholders and actions taken should be published no later than six months after the shareholder meeting. The Board should then provide a final summary in the annual report and, if applicable, in the explanatory notes to resolutions at the next shareholder meeting, on what impact the feedback has had on the decisions the board has taken and any actions or resolutions now proposed.

5.1.2.9. The Chairperson of the Board shall ensure that the CEO and the chairpersons of the AC, the HRRC and the NCGC are available to answer to questions at the Annual General Meeting, and that all Directors are invited to attend.

5.1.2.10. Proposals submitted to an Extraordinary General Meeting, or proposals considered to be of unusual nature, shall be adequately and clearly explained to shareholders, who should be given sufficient time before the date of the meeting to evaluate them (being at least 21 working days for AGMs and at least 14 working days for extra-ordinary general meetings). This also applies in cases where the proposals submitted to general meetings pertain to the assignment to the Board of Directors of the right to issue and grant shares at its absolute discretion.

5.1.2 Group Structure

The Bank is a significant credit institution for the purposes of the SSM Regulation and has been designated by the CBC as an "Other Systemically Important Institution" ("O-SII"). The Group is subject to joint supervision by the European Central Bank (the "ECB") and the CBC for the purposes of its prudential requirements. The ECB has approved BOCH's application for an exemption under Article 21a of CRD IV, such that it is not required to seek regulatory approval as a financial holding company under that Article.



¹All subsidiaries mentioned above are 100% unless otherwise stated

² Indirect shareholding in BOC Asset Management Ltd and LCP Holdings and Investments Public Limited

The Board is responsible to ensure that the legal, organizational, and operational structure of the Group is in line with its approved business and risk strategy and risk appetite. It is responsible for the approval of sound strategies and policies for the establishment of new structures, ensuring that the creation of many legal entities within the Group, their numbers and in particular, the interconnections and transactions between them shall not pose challenges for the design of its internal governance, and the effective management and oversight of the risks of the Group as a whole. It ensures that the Group is able to produce information on the Group in a timely manner, regarding the type, the characteristics, the organizational chart, the ownership structure and the businesses of each legal entity and the Bank complies with all supervisory reporting requirements on an individual, sub-consolidated and consolidated basis.

5.1.3 Composition & Functioning of the Board

5.1.3.1 Composition of the Board

According to the Articles of Association of BOCH, the Board is given the authority to determine the number of members which should be of sufficient size to meet the requirements of the business.

The Directors may elect a Chairperson and a Vice-Chairperson, both non-executive members of the Board, who hold their office until the next Annual General Meeting, unless the Board otherwise determines. If at any meeting the Chairperson or the Vice-Chairperson (who fulfils the roles and responsibilities of the Chairperson in the latter's absence) are not present at the time appointed for holding the meeting, the present Directors may choose one of their numbers to be Chairperson of the meeting.

At least two executive Directors are required to participate at Board meetings (but not more than 25% of the Directors rounded down), one of which must be the CEO. The majority of the members and the Chairperson should be independent non-executive members so that:

1. The assignment of multiple roles and duties to the same individual, which could result in over reliance on a person or a small group of people, is avoided.
2. Any material conflicts or interests are appropriately dealt with.

The Group has adopted the Director Independence Criteria as defined in the CSE Corporate Governance Code and the CBC Suitability Directive, as supplemented by the relationships and circumstances relevant to the independence determination as set out in the 2018 UK Code. The document which contains in detail the Directors' independence Criteria is hereto attached as Appendix 2. The Group has also adopted the factors for assessing Director independence as set out in the Joint Suitability Guidelines.

Directors may not appoint alternate Directors to represent them in their absence. Heads of control functions may not be appointed to the Board.

The Board must have and maintain both as individual Board Directors and collectively suitable experience, competencies, and personal qualities such as professionalism and integrity. It must have the appropriate balance of skills, experience, time commitment, independence, and knowledge of the Group to enable it to discharge its duties and responsibilities effectively. As per the Board Nominations and Diversity Policy, the Board and each of the board Committees (i.e. the AC, HRRC, NCGC, RC and AC) shall be sufficiently diverse in relation to age, gender, ethnicity, sexual orientation, disability or educational, professional and socio-economic backgrounds to reflect an adequately broad range of experiences and facilitate a variety of independent opinions and critical challenge. The Board has set its target of gender diversity to achieve and maintain 40% female representation, and that at least one of the following senior positions on the Board should be held by a woman: (a) the Chairperson; (b) the Chief Executive; (c) the Senior Independent Director; or (d) the Chief Financial Officer.

The Board appoints one of the independent non-executive Directors, being neither the Chairperson nor the Vice-Chairperson, to be the Senior Independent Director, who should be available to shareholders if they have concerns which have not been resolved through the normal channels.

The Senior Independent Director will chair the Board when considering the succession of the Chairperson and ensure an orderly succession process unless he/she is a candidate. In that case, the Director with the longest tenure on the Board of Directors will chair the meeting for the election of the Chairperson and Vice-Chairperson. This Director is considered the Chairperson of the meeting but does not have a secondary or casting vote.

All independent non-executive Directors have the right to be candidates for the role of Chairperson or Vice-Chairperson. Each non-executive Director can be a candidate for only one of the positions i.e. either the position of Chairperson or Vice-Chairperson. In the event that for a particular position only one candidacy is submitted, the specific candidate is considered as elected and no voting is necessary for the specific position.

The elections for the positions of Chairperson and Vice-Chairperson are conducted at the same time. The voting is conducted via secret ballot. The ballots for the election of the Chairperson and Vice-Chairperson are separate, and the names of the candidates are in alphabetical order.

Candidates are considered elected where they obtain more than 50% of valid votes. In the event that there are more than two candidates, and no candidate has obtained more than 50% of the votes, the voting is immediately repeated between the two candidates who obtained the most votes. In the event of a tie, the voting is immediately repeated between the tied candidates, and if they are tied again, a draw is conducted. A blank vote is considered void.

The Chairperson may serve in that position for a maximum of six cumulative years whether consecutive or not. This is also applicable for the Committee chairs.

It should be noted that the rotation of Board Directors is every year for BOCH and every three years from appointment in relation to the Bank.

5.1.3.2 Functioning of the Board

It is essential to the Board's strategy for success to follow good governance practices for its own work as a board and to provide effective oversight of competent, strong, and independent internal control functions which must support its work.

The primary role of the Board is to provide ethical leadership and promote the Group's vision, values, culture, and behaviour, within a framework of prudent and effective controls, which enables risk to be assessed and managed.

The Board must lead in establishing the tone and practices of good corporate governance at the top. It sets the Group's corporate values and high ethical standards of business conduct for itself and all members of the Group and ensures that its obligations to its shareholders and others are understood and met. Through its oversight, monitoring and review functions, the Board ensures the Group is being run in a sound and prudent manner on a going concern basis to fulfil its obligations to all majority and minority shareholders while upholding and protecting the interests of different constituencies. It should integrate sustainability into the way business is conducted and should ensure that it is embedded into the corporate governance framework, ensure that the necessary financial and human resources are in place for the Group to meet its objectives and should review management performance.

The Board must exercise objective, independent and solid judgment in all matters before it and in the best interests of the Group. It must maintain sound risk management and ensure the integrity of the accounting and financial reporting systems, including financial and operation controls and compliance with the law and relevant standards. The Board should constructively challenge and critically review propositions, explanations and information received when exercising its judgement and taking decisions.

The Board reviews the disclosure procedure and the announcements to the external interested parties and to the responsible authorities. The Board has a responsibility to present a fair, balanced, and understandable assessment of the position and prospects of BOCH, 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 defines, oversees and is accountable for the implementation of the governance arrangements including for the provision of investment services and activities and ancillary services and the segregation of duties and the prevention of conflicts of interest, in a manner that promotes the integrity of the market and the interest of the clients. Such arrangements shall ensure that the Board, defines, approves, and oversees the policies, procedures and the arrangements for the provision of services and activities taking into account the nature, scale and complexity of its business and all requirements the Bank and BOCH have to comply with, including remuneration, resources and the skills, knowledge and expertise of the staff providing investment services and activities.

The Board should be informed of the results of the business-wide ML/TF risk assessment; oversee and monitor the extent to which the AML/CTF policies and procedures are adequate and effective and take appropriate steps to ensure remedial measures are taken where necessary; at least once a year review the activity report of the AML/CTF compliance officer and obtain interim updates more frequently for activities that expose the Group to higher ML/TF risks; at least once a year, assess the effective functioning of the AML/CTF compliance function, by taking into account the conclusions of any AML/CTF related internal and/or external audits that may have been carried out, and the appropriateness of the human and technical resources allocated to the AML/CTF compliance officer.

In the process of the discharging their duties, the Board to discharge its obligations it should have access to the activity report of the AML/CTF compliance officer, the report of the internal audit function, the findings and

observations of external auditors, where applicable, as well as the findings of the competent authority, relevant communications with the Financial Intelligence Unit (MOKAS) and supervisory measures or sanctions imposed.

Decisions critical for the Group, especially in maintaining an effective organisational structure and internal control system or because of strategic, financial, or reputational implications or consequences, are taken at Board level (where appropriate, following consideration and recommendation from the relevant Committee of the Board).

Key responsibilities of the Board are:

1. To approve, oversee and review the implementation of the Group's long-term strategic objectives, and strategic policy of the Group.
2. To implement a process for the appointment of Board Directors, on merit and against objective criteria, who can add value and contribute independent judgement to the formulation of corporate strategies and policies within the objective of maintaining an appropriate balance of skills, experience, independence, and knowledge and ensuring progressive refreshing of the Board, having due regard to the Joint Suitability Guidelines.
3. To carry out arrangements aimed at ensuring that the individual and collective suitability assessment of the Board effectively at on-boarding and on an on-going basis (further detailed in the Board Induction and Training Policy for which the Board is responsible), that the composition and succession planning of the Board are appropriate, and that the Board performs its functions effectively. This includes overseeing the performance of Senior Management and Directors.
4. Establish and maintain cultural and behavioural practices throughout the Group.
5. To evaluate the Bank's actual operating and financial results against forecast results, in light of the Bank's business objectives, business strategy and business plans.
6. To establish arrangements that enable it to ensure that the management information presented is fair, balanced and understandable, and to ensure that the management information provided is of a standard such that it presents key risks to the Group in a clear and digestible way.
7. To set, approve and oversee the overall risk and compliance strategy, including the risk appetite OF BOCH and its risk management framework and measures to ensure that the Board devotes sufficient time to risk issues; It should allocate roles and responsibilities to its members and/or sub-committees for climate-related and environmental risks. This should also include a strategy for the management of Material Risk Takers.
8. To oversee capital, liquidity and funding management, the amounts, types, distribution of both internal and regulatory capital to adequately cover the risks of the Group. The Board shall establish appropriate and prudent capital management policies for BOCH.
9. To ensure that policies to identify conflicts of interest are developed and implemented and if these conflicts cannot be prevented, are appropriately managed. The Board should have formal, written conflicts of interest policy and an objective compliance process for implementing the policy.
10. To assess the governance structure periodically to ensure that it remains appropriate in light of growth, increased complexity etc.
11. To approve:
 1. Annual and three-year budgets and business plans.
 2. Significant capital expenditures.
 3. Unusual transactions.
 4. Mergers, acquisitions, and disposals of a significant part of the assets of BOCH.
 5. A selection and suitability assessment process for Key Function Holders.

6. Remuneration Policy following recommendation by the HRRC.
12. To decide whether to declare a 'Recovery Emergency Situation' following recommendation by the RC, decision for the execution of recovery options, delegation of authority to Crisis Management Response Committee to execute Recovery Options and notification of the competent authority.
13. To ensure that there is a satisfactory dialogue with shareholders and that General Meetings are used to communicate with investors and to encourage their participation.

The delegation of any other matters than those described to any of its committees (please see **Appendix 1**), does not under any circumstances discharge the obligations and responsibility of the Board in relation to these matters. For this reason, each Committee Chairperson will be responsible for presenting in summary to the Main Body of the Board the various decisions taken on matters delegated by it.

5.1.3.3 Board meetings

The Board meets sufficiently regularly to discharge its duties effectively. It is the standard policy of the Board of Directors to meet not less than 6 times a year.

Directors are expected to attend meetings of the shareholders of BOCH, Board meetings and meetings of Committees on which they serve, and to spend the time needed to prepare for and to meet as frequently as necessary to properly discharge their responsibilities.

A Director, and (on the request of a Director) the Secretary, may at any time, request a meeting of the Directors, after communicating with the Chairperson.

Questions arising at any meeting are decided by a majority of votes. In case of an equality of votes the Chairperson has a second or casting vote.

Proxy voting is permitted for absentees but not more than 1 proxy for each Director attending and Directors who vote by proxy are accountable for their proxy vote. (**Appendix 6**).

No other person is present unless formally invited to attend for a specific item on the agenda. Any such person is present only during the discussion of the specific item and leaves the meeting room immediately after, without participating in the decision-making process.

The Company Secretary keeps minutes of all General Meetings of BOCH and of all meetings of Directors and Committees. Any such minutes of any meeting, once signed by the Chairperson of such meeting, or by the Chairperson of the next succeeding meeting, are conclusive evidence. A resolution in writing signed by all the Directors is as valid and effective for all purposes as a resolution passed at a meeting of the Directors duly convened, held and constituted.

The minutes of all meetings of the Board of Directors and its Committees should accurately and in detail record the decisions taken and the issues material to the decisions. Minutes must be finalized not later than fifteen (15) business days following the meeting and formally approved by the next meeting and must record:

1. the time of the meeting, the location at which it is held, the attendees including invitees, physically and via electronic media;
2. the reasoning for inviting persons to attend the meeting, the relevant item(s) on the agenda and their views and/or opinions;
3. all items on the agenda and the respective discussions, decisions, voting results, opinions and views of the minority, as well as concerns not resolved; and
4. the statements recorded separately under the title 'Identification of interests or conflict of interest or potential interests or conflicts of interest'.

The final minutes of the meetings of the Board, of the AC and RC are submitted with the CBC, within one (1) month from the date of the meeting. In case a meeting of the management body does not take place within one (1) month, the minutes shall be approved by written procedure (as per the Articles of association of the Bank) by all members present at the meeting and shall be submitted to the competent authority within the specified time limit.

5.1.3.4 Quorum Requirements

As per the Articles of Association, 50% of the members of the Board rounded down plus 1 shall be a quorum unless otherwise determined. The Directors of the Board should aim to attend all meetings either in person or via telephone/ teleconferencing and every effort should be made at least once a year to hold one meeting with the physical presence of all Directors. The arrangement of attending scheduled or special meetings via teleconferencing must not be abused but used with caution. In relation to the Committees the following quorum requirements:

1. AC: The quorum for a meeting is two (2) members or 50% rounded up, whichever is the highest.
2. RC: The quorum for a meeting is two (2) members or 50% rounded up, whichever is the highest.
3. HRRC: The quorum for a meeting is 2 members or 50% rounded up, whichever is the highest.
4. NCGC: The quorum for a meeting is two (2) members or 50% rounded up, whichever is the highest.
5. Technology Committee: The quorum for a meeting is 2 members or 50% rounded up, whichever is the highest.

Directors are expected to attend at least 3/4 of Board and Committee meetings (regular and extraordinary) held in a fiscal year and any continuous absences not to exceed 2 in number.

Where a Director believes that he/she cannot fulfil the above minimum attendance requirements then he/she should notify the Board accordingly, giving his/her resignation from the relevant body.

Where a Director is not in a position to fulfil the above minimum attendance requirements because of force majeure reasons or illness then he/she notify the Chairperson as soon as possible who in turn will inform the Board of Directors. After examining each case, the Board may provide an exemption from the above regulation.

5.1.3.5 Agenda and Materials

The Chairperson in consultation with the Company Secretary shall establish the agenda for each Board meeting. Each Board Director is free to suggest items for inclusion on the agenda or to raise subjects that are not on the agenda for that meeting.

The Chairperson of the Board ensures that:

- 1) the agenda appropriately addresses the issues that require the Board's attention and keeps the Board focused on its primary oversight responsibilities;
- 2) the Board is proactive in setting its agenda; and
- 3) the members of the Board receive accurate, timely and clear information relevant to the matters on the agenda.

The Board has established a process by which Members can, for the purpose of better fulfilling their duties, have access to independent professional advice, if necessary. Such request should be in writing to the Company Secretary. The Secretary ensures that the request of the Member or Members is presented at a meeting of the Board of Directors. The request is accepted if it is supported by 1/3 of the Members of the Board.

Management has an obligation to provide the Board of Directors with timely, reliable, and accurate information, especially with regard to facts which changed or may change the prospects or financial condition

of BOCH and the Bank. In the event that such information volunteered by management is insufficient, the Members should make further enquiries. The Chairperson should ensure that all Members are suitably informed on issues arising during Board meetings.

All Members should also be informed in good time of any extraordinary meetings. The minutes of all meetings of the Board of Directors should accurately record the decisions taken and should be at the disposal of all Members the soonest possible after a meeting and definitely before the next Board meeting.

All Members shall have access to the services of the Company Secretary, who is responsible to the Board for ensuring the Board procedures are complied with.

5.1.3.6 Executive Sessions of Non-Executive Board Directors

The non-executive members of the Board will meet as needed and at least semi-annually in executive session with the external auditor and the Heads of internal audit, compliance, risk management and information security functions other than in meetings of the Audit and Risk Committees. These sessions will provide the opportunity to discuss topics and issues related to independent checks and balances that the non-executive members may deem appropriate.

The Senior Independent Director will chair meetings and executive sessions of the independent and non-executive Board Directors. The agenda of the meetings shall be determined by the Senior Independent Director in consultation with the other independent and non-executive Board Directors. He/she will communicate to the Board Chairperson and the executive members the results of the discussions and consensus reached at the meetings.

The non-executive members of the Board, under the leadership of the Senior Independent Director, will meet without the Chairperson at least annually to appraise the Chairperson and on such other occasions as are deemed appropriate.

5.1.3.7 Board and Board Directors' Effectiveness

The Board shall maintain, and periodically update, organisational rules, by-laws, or other similar documents setting out its organisation, rights, responsibilities, and key activities. The Board shall structure itself in terms of size, frequency of meetings and the use of Committees, so as to promote efficiency, sufficiently deep review of matters, and solid, critical challenge and discussion of issues.

Furthermore, the Chairperson of the Board shall be responsible for ensuring the assessment of performance of individual Board Directors, the Board as a whole and its Committees at least once a year and for preparing and submitting the evaluation report to the Board of Directors. The Chairperson shall have due regard to the Group Policy on the Suitability of Directors of the Management Body and Key Function Holders (the “**Group Suitability Policy**”).

Pursuant to the provisions of the CBC Governance Directive¹ at least every three years an independent external consultant performs an external review of the (i) composition and (ii) efficiency as well as (iii) effectiveness of the Board and its Committees having regard to the requirements of the CBC Governance Directive and the EBA Governance Guidelines, to bring an objective perspective and share leading industry practices. Such external advisors must be rotated after two consecutive appraisals.

The NCGC shall assess annually the structure, size, composition, performance, effectiveness, and diversity of the Board and submit recommendations and initiate the renewal and replacement processes of the Directors. The Committee shall also assess the skills, knowledge, and expertise of the Directors of the Board annually in accordance with the requirements of the EBA Governance Guidelines and Joint Suitability Guidelines.

¹ Article 16 of the CBC Governance Directive.

The evaluation process must cover the following:

1. Performance of the Board as a whole, of Committees and of individual Directors.
2. Contribution of the Board as a whole, of Committees and of individual Directors to:
 - 2.1. Developing the business objectives, risk appetite and strategies.
 - 2.2. Setting and overseeing the risk and compliance management frameworks.
 - 2.3. Establishing and maintaining consistent organizational and operational arrangements and internal control mechanisms.
3. Composition of the Board and its Committees.
4. Communication with management, shareholders, and competent authorities.
5. The roles of Chairperson, Company Secretary and Senior Independent Directors.
6. Time commitment of non-executive Board Directors and capacity to critically review information.
7. Evaluation of the suitability of each Board Director based on the applicable criteria of the Group Suitability Policy (**Appendix 13**) and in particular the independence of each independent Board Director.

5.1.3.7.1 Internal Annual Board Evaluation Process

The Internal Annual Board Evaluation Process encompasses the following:

1. Completion of the Self-Assessment questionnaires of each Committee by each Board Director.
2. Completion of the Self-Assessment for the collective performance of the Board by each Board Director.
3. Completion of the Self-Assessment of the Board participation by each Board Director.
4. Completion of the Chairman's assessment in relation to each individual non-executive Board Director.
5. Performance of re-assessment in relation to the suitability of each individual Board Director and the collective suitability of the Board performed by the Compliance Division.
6. Board Performance Evaluation Report submitted to the NCGC and the Board by the Compliance Division.

An important part of the Internal Annual Board Evaluation is the re-assessment in relation to the individual and collective suitability of the Board Directors. The re-assessment process involves the following steps:

1. Assessment of the Annual Declarations submitted by each Board Director (i.e. Conflicts of Interest Declaration, Declaration of Independence, Declaration of Changes) by the Compliance Division.
2. Preparation of a template, which contains various particular information in relation to each Board Director (directorships and other related parties, any other profession, any matter indicated in the Annual Declarations that needs to be discussed).
3. Performance of a thorough search on various financial crime databases to confirm that the reputation and integrity of the Board Director remains intact.
4. Performance of a virtual interview with each Board Director to reconfirm all the above and the valid status of the six suitability assessment criteria (i.e. Reputation, honesty, and integrity, adequate knowledge, skills, and experience, Conflicts of Interest, Independence, Time Commitment and Collective suitability).
5. Submission of a report to the NCGC in relation to the individual suitability of the Board Director and its impact on the collective suitability of the Board.

The Board annually obtains and reviews the report on the assessment of Board performance of the major subsidiary boards and takes appropriate action.

5.1.3.8 Knowledge, skills, and experience assessment matrix

- 5.1.3.8.1 The table that contains details in relation to the knowledge, skills, and experience of Directors has been further enhanced with the aim to achieve a detailed representation of the knowledge, skills, and experience of Board Directors.
- 5.1.3.8.2 The table contains details as to the (i) nature and (ii) depth of the skills and experience of each Board Director. Each Director shall proceed with the completion of the table and the relevant completed table in relation to each Board Director shall be submitted to the NCGC for approval every December.

5.1.3.9 Access to management

Board Directors shall have full and free access to Senior Management and other employees of the Group.

The Board invites attendants at Board meetings to provide inputs on specific Board agenda items, as the need arises. Such attendees exit the meeting at the point of the deliberations and decision making process of the Board.

5.1.3.10 Board Directors' Induction and Training

Members need to be well informed about the Group's operations, and the external environment in which the Bank and BOCH subsidiaries operate and should possess a deep knowledge of issues relevant to the Group's business.

The Group shall assist members to acquire, maintain and deepen their knowledge, skills, and familiarity with the Group in order to fulfil their responsibilities. Each new member is provided with written information about the Group and his/her duties and responsibilities as member and attends an induction course as per the Group Board Induction and Training Policy (**Appendix 5**). All members have access to seminars and presentations on aspects of the Group's business activities and opportunities to familiarise themselves with the Group's strategic plans, enterprise risks, group structure, compliance programs, Code of Conduct, and corporate governance arrangements. As part of this, Board Directors should avail themselves of opportunities to meet major shareholders. The Company Secretary shall prepare an annual training program for the Board Directors, which shall be submitted to the NCGC for approval. The Board and Key Function Holders require ongoing training sessions and a continued education program that keeps the Board and Key Function Holders fluent and up to date regarding rapidly developing topics, which helps Directors and Key Function Holders maintain the skills, knowledge and competence needed to effectively execute their responsibilities on an on-going basis. When circumstances arise that trigger re-assessment (which are expanded upon in the Group Suitability Policy), or if a person is deemed no longer suitable to be a member of the Board following re-assessment, the Board should be provided with training following such events (even if collective Board suitability remains intact). The reason for this training is so that the Board is refreshed and trained in relation to: (i) the expertise that was previously brought to the Board by an outgoing Director and therefore, any gaps identified in skills, knowledge, or expertise on the Board; and/or (ii) any shortcomings or gaps are identified following a re-assessment. In addition, individually tailored training session(s) will be implemented and provided to Board Directors and Key Function Holders to address any identified shortcomings.

5.1.3.11 Other Directorships

The NCGC will consider amongst other things, whether a potential member candidate fulfils the suitability criteria as these are described in the relevant CBC Suitability Directive and Joint Suitability Guidelines, and in the Group Suitability Policy and is able to devote the requisite time and attention to the Group's affairs, prior to the Board's approval of the individual's appointment.

The CBC Suitability Directive stipulates that a Board Director cannot hold more than one of the following combinations:

1. One executive directorship with two non-executive directorships.
2. Four non-executive directorships.

Certain multiple directorships count as a single directorship:

3. executive or non-executive directorships held within the same group.
4. executive or non-executive directorships held within:
 - 3.1. institutions which are members of the same institutional protection scheme, provided that the conditions set out in article 113 paragraph 7 of Regulation (EU) 575/2013 are fulfilled, or
 - 3.2. undertakings (including non-financial entities) in which the ACI holds a qualifying holding. Directorships in organisations which do not pursue predominantly commercial objectives shall not count for the purposes of the above guidelines.

Pursuant to the CBC Suitability Directive the CBC may, in exceptional circumstances and taking into consideration the nature and the complexity of the authorised credit institution's activities, authorise Board Directors to hold one additional non-executive directorship.

The Board also reviews cross-directorships to determine whether any common Board directorships impair the ability of the involved members to exercise independent judgement as Board Directors. No more than two members may sit on the same company Board without an assessment being carried out and the approval of the Board granted.

No member of the Board shall also be a member of the Board of Directors of an unaffiliated financial institution, without the prior approval of the Board.

5.1.3.12 Confidentiality

Every Board Director shall, prior to his/her appointment, make and sign a declaration of confidentiality pledging not to reveal or make known any of the matters which may come to his/her knowledge in relation to transactions of any member of the Group or the state of account of individuals and matters relating thereto, unless required by court of law or by any General Meeting of BOCH. This is without prejudice to each Board Director's statutory duty of confidentiality owed to the Group.

Board Directors shall observe the confidentiality of non-public information acquired by reason of their position as members even after the termination of their service. A sample Confidentiality Declaration is provided in Appendix 3.

5.1.3.13 Board Directors' compensation

The Board approves the overall remuneration policy of the Group (including for Executive Board Directors) as recommended by the HRRC, which must be aligned with the Group's capital and liquidity availability; the interests of its shareholders; does not encourage excessive risk taking and ensures an appropriate balance between fixed and performance-related, immediate, and deferred remuneration; and oversees its effective implementation. Non-executive Members are not included in the beneficiaries of performance related remunerations.

The remuneration of Board Directors in their capacity as such shall be approved by the shareholders at a General Meeting. Executive Members are not compensated in their capacity as members. In the case of

termination of appointment /employment contracts of executive Members notice periods should be set at one year or less.

1. The remuneration of the Chairperson and Vice Chairperson's as recommended by the HRRC; and
2. The remuneration of the non-executive Board Directors as recommended by the Chairperson are approved by the Board.

The remuneration of non-executive members in their capacity as members of the Committees of the Board, is determined by the Board itself and should be in accordance with the time they devote to the affairs of the relevant Committee(s) and the decision-making for the issues before them but should not be related to the short-term performance of the Group.

The annual reports and information statements of BOCH and the Bank shall include a clear, concise, and understandable disclosure of all compensation awarded to, earned by, paid to, or estimated to be paid to, directly or indirectly to all individuals serving as the CEO, and the Group's Executive Committee.

In the cases of members who receive Shares, Warrants, Rights, etc. as remuneration or their remuneration is related to the price of shares, this is subject to shareholders' approval through a resolution at a General Meeting prior to the adoption of the said schemes. Any acceptance thereof pertains to the scheme as a whole and not to each member individually.

Members are entitled to non-salary benefits and allowances in accordance with policies recommended by the HRRC and approved by the Board.

5.1.3.14 Number and Selection of Board Directors

As per the CBC Governance Directive the number of Board Directors shall not be less than seven (7) nor more than thirteen (13). The Group has adopted a formal, rigorous, and transparent procedure for the nomination, selection, re-appointment and succession of Members to the Board. The Board has approved to this effect the Board Nominations and Diversity Policy (Appendix 4).

The persons proposed for appointment to the post of non-executive Member should have, as a consequence of their professional capacity, specialized skills and/or knowledge in, for example, accounting, finance, banking, law, business administration, risk management including environmental and climate-related risks, to enhance the collective knowledge of the Board, and to have knowledge on financial matters, including understanding financial statements and financial ratios. Non-executive Members must disclose their other significant commitments before appointment, with a broad indication of the time involved.

Once a proposal for the appointment of a person as a non-executive Member is recommended by the NCGC and approved by the Board, the nominee should provide the supporting documentation and information outlined in detail in paragraph 5.2. of the Group Suitability Policy. Non-executive Member should undertake that they will have sufficient time to meet what is expected of them.

On appointment of a non-executive Member, the terms and conditions of that appointment must be available through the Company Secretary.

In relation to BOCH, non-executive Members are appointed for a specific term of three (3) years, (subject to annual re-election and shareholders' statutory power to remove), and their re-election should not be automatic. Newly appointed Members are subject to election by shareholders at the first annual general meeting after their appointment. A retiring Member is eligible for re-appointment for more terms (i.e. three (3) years). The total service of any Member in any Board of the Group should not exceed a maximum of twelve (12) cumulative years. In relation to the Bank, Non-Executive Directors are appointed for an initial term of three years and are subject to re-election every three years of their appointment.

In the context of determining whether to recommend to the Board that any incumbent member be submitted to the shareholders for re-election, the NCGC should also consider the results of the most recent self-

assessment of the Board and the Chairperson's evaluation of the individual member, the member's attendance record in meetings, participation in Board activities and overall contribution to the functioning of the Board.

New Members' appointments do not apply until the consent of the European Central Bank in relation to the appointment is received.

In relation to any proposal to shareholders to re-elect a Board Director, such proposal must be accompanied by sufficient biographical details and any other information to enable shareholders to take an informed decision on their election and explain why the Board believes that person should be re-elected.

5.1.3.15 Specific Duties and Responsibilities of Individual Board Directors

The non-executive Board Directors are required to scrutinise the performance of management in achieving agreed objectives and monitor the reporting of performance. They should constructively challenge and help develop proposals on strategy. They should satisfy themselves on the integrity of financial information and that financial controls and systems of risk management are robust and defensible. They (primarily through the HRRC) are responsible for determining appropriate levels of remuneration of executive Board Directors and have a prime role in appointing and removing executive Board Directors, and in succession planning.

A member of the Board shall conduct his/her business transactions with the Group fairly and ensure that personal interest does not bias Board decisions. Specific duties and responsibilities are as follows:

1. To devote the time and attention necessary to properly carry out his/her duties and responsibilities and acquire, maintain, and deepen his/her knowledge and skills to fulfil his/her responsibilities.
2. To act judiciously. Every member of the Board shall thoroughly evaluate the issues, ask questions, and seek amplifications and clarifications in relation to information provided by management or when necessary.
3. To contribute significantly to the decision-making process of the Board, to exercise diligence and to demonstrate proper skill and care in the performance of his/her duties.
4. To exercise independent judgment. A member shall view each problem objectively. When a disagreement with others occurs, he/she shall carefully evaluate the situation and state his/her position. In consequence, he/she shall support plans and ideas that he/she thinks are beneficial to BOCH.
5. To ensure his/her concerns about the direction of the Group that cannot be resolved are recorded in the Board meetings minutes.
6. To have a working knowledge of the statutory and regulatory requirements affecting the Group, including the contents of BOCH's Articles of Association, the requirements of the 2018 UK Code, the 2019 CSE Code, the Listing Rules, the DTRs, CBC, CySEC, CSE and, where applicable, the requirements of other regulatory agencies, such as the Irish Companies Law and, in particular, of the points pertaining to the position held by the Board Director.
7. To ensure the continuing soundness, effectiveness, and adequacy of the control environment of BOCH.
8. To act with honesty and loyalty and in the way which he/she considers, in good faith, would be most likely to promote the success of the Group for the benefit of all its shareholders as a whole and, in doing so, have due regard on the impact of Board decisions on all stakeholders such as the Bank's depositors, investors, borrowers and other clients in the general public, including (amongst other matters):
 - 8.1. The likely consequences of any decisions in the long term.
 - 8.2. The long-term interests of the Group's employees and the viability BOCH.
 - 8.3. The need to foster the Group's business relationships with suppliers, customers and others.
 - 8.4. The impact of the Group's operations on the community and the environment.
 - 8.5. The need of the Group to maintain a reputation for high standards of business conduct.

- 8.6. The need to act fairly between stakeholders of BOCH.
9. To have a clear understanding of the Group's governance arrangements and his/her role in them.
 10. To remain fit and proper for the position for the duration of his/her term and disclose to BOCH any matter that may result, or has resulted already, in a conflict of interest or in a non-compliance of the CBC Suitability Directive.
 11. Each member submits to the Company Secretary a statement (Declaration Notifying any Changes of Circumstances), at least once a year, clarifying whether there were any changes concerning him/herself that may be affecting or appear to be affecting the suitability of the member. This statement should be submitted in January of each year or earlier in the event of any changes relating to the criteria.²
 12. To conduct fair business transactions with BOCH and ensure that personal interest does not bias Board decisions.
 13. To declare any interest in any proposed transaction or arrangement involving a stakeholder or subsidiary company of the Group.
 14. To disclose details of any contract or business relationship that he/she may have with the BOCH and the Bank.
 15. To avoid situations where conflicts of interest or the appearance of conflicts of interest arise with regard to other Board Directors, any subsidiary companies of the Group, their clients or shareholders. A Conflicts of Interest declaration must be signed on appointment.
 16. To comply with and avoid any challenges that may arise under the Protection of Competition Law/Competition Law Compliance Manual and complete a report each year to this effect.
 17. To notify the CD of any personal transactions in financial instruments relating to the clients of the Group. The MiFID Code on Personal Transactions is sent by CD to each Member personally upon appointment, for their obligations as relevant persons and the procedures to follow to meet such obligations under the Markets in Financial Instruments Directive (MiFID);
 18. Not to accept benefits from third parties. To this effect each member must sign an annual declaration. A sample Anti-Bribery declaration is provided in Appendix 11.

Each Board Director (or person with whom the Board Director has a close relationship) must apply in writing and obtain pre-approval from the Chairperson of the Board (or from the executive member of the Board assigned by the Chairperson of the Board) before executing any transactions in relation to the securities of BOCH. The PDMR Securities Dealing Policy explaining the Market Abuse obligations is sent by GCD to each Member.

The Chairperson of the Board obtains pre-approval from the CEO.

In the event of a notifiable transaction on BoC securities, the person making the transaction must notify in writing the Compliance Division as soon as possible and in any event within one business day of the transaction date and the relevant Competent Authority (Central Bank of Ireland, the United Kingdom Financial Conduct Authority and the Cyprus Securities and Exchange Commission) within three business days of the transaction date, once a total cumulative threshold amount of €5.000 has been reached within a calendar year.

No approval can be provided to a Board Director (or a related party of the Board Director) to transact in the securities of BOCH during a closed period.

All Board Directors shall attend periodically a seminar on corporate governance conducted by the Corporate Governance Compliance Officer.

² Article 33(1) of the CBC Suitability Directive.

5.2. Independent Board Directors

As required by the CBC Suitability Directive, the 2018 UK Code and the 2019 CSE Code, the Board annually, must make a determination with respect to the independence status of each Director. The Board, after receiving the recommendation of the NCGC, determines whether each member is independent in character and judgment, and whether there are relationships or circumstances which are likely to affect, or could appear to affect, the member's judgment. The outcome of the evaluation is recorded in a report which refers to each independent non-executive Member separately with reference to and adequate documentation for each one of the independence criteria. Extracts of this report are included in the Board Performance Evaluation report and is submitted to the Board of Directors. Any corrective actions and changes necessary, emanating from the above report, should be completed within two months at the latest, from the submission date of the above report to the Board of Directors.

The independent non-executive Board Directors should:

1. maintain, under all circumstances, his/her independence of thought and opinion when analysing, deciding, and acting for the Bank.
2. not seek or accept any unreasonable advantages which could be considered as compromising his/her independence.
3. clearly express his/her opposition to any decisions of the Board of Directors which may harm the interests of the Bank.

The members who are considered independent must submit to the CSE with the Corporate Governance Report a signed declaration of independence confirming that they comply with the Code's Independence Criteria.

An independent non-executive Member who disagrees with any decision of the Board of Directors may notify the CBC, if it considers this to be appropriate. In the event that an independent non-executive Member decides to resign, he/she should address a letter, stating his/her reasons of resignation, to the Board of Directors, the Audit Committee, the external auditors of the Bank and BOCH and the competent supervisory authorities (the Central Bank of Cyprus and / or the Cyprus Securities and Exchange Commission).

The Directors' Independence Criteria are hereto attached as **Appendix 2**.

5.3. Executive members

At least two executive members are required to participate in the Board of Directors. They are responsible for proposing strategies to the Board and for executing the agreed strategies to the highest possible standards.

Their participation in the Board of Directors terminates if for whatever reason they are no longer members of the senior executive management.

Executive Members should not take on more than one non-executive directorship in a FTSE 100 company nor the chairmanship of such a company.

The Board delegates the responsibility for the day-to-day management of the Group to the CEO who is responsible for leading the Executive Members and for making and implementing operational decisions. The CEO is supported by the Group Executive Committee, which he/she chairs.

5.4 Non-Executive members

Non-executive Directors are responsible for monitoring executive activity and contributing to the development of strategies. Prior to appointment, candidates must satisfy themselves that they have the knowledge, skills, experience, and time to make a positive contribution to the Board. They should assume a primary role in the following areas:

1. Constructively challenge the existing strategy and contribute to the development of strategies of the Group;
2. Scrutinize the performance of Senior Management in meeting agreed goals and objectives and monitor the reporting of the performance;
3. 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;
4. Determine appropriate remuneration of executive Members (primarily through their role on the HRRC) and have a prime role in appointing, and (where necessary) removing, senior management and key personnel in internal control functions and in succession planning;
5. Provide objective views on resources, appointments, standards of conduct and have a prime role in establishing and overseeing the remuneration policy of the Group;
6. Uphold high standards on integrity and probity. They should support the Chairperson of the Board and executive Members in instilling the appropriate culture, values and behaviour in the operation of the Board;
7. Take steps to understand, and take into account, the views of shareholders and stakeholders;
8. Participate from time to time in meetings with shareholders, provided these are organised by the IR team of BOCH and in accordance with the Terms of Reference of the NCGC. Members will present on annual basis to the NCGC, details of all such meetings held;
9. Declare any conflicts of interest and abstain from the meeting during which the conflicted issue is under discussion.

As part of the evaluation process non-executive Members must regularly self-appraise their individual skills, knowledge and expertise and determine whether further professional development would help them develop their expertise and fulfil their obligations.

5.4. Independent Checks and Balances

BOCH supports the principle and regulatory mandate of checks and balances across the entire Group by observing the segregation of authorities and the independence of internal control functions. It has established the Three Line of Defense model as a framework for effective risk and compliance management and control. This framework defines the responsibilities in the management process of risk ensuring adequate segregation in the oversight and assurance of risk. In the context of good governance, the following roles are defined as follows:

5.4.1. Role of the Chairperson

There is a clear division of responsibilities at the head of the Bank and BOCH between the running of the Board and the executive responsibility for the running of the business of the Bank and BOCH. The roles of the Chairperson and the CEO are clearly separate and distinct from each other in order to achieve a balance of authority, clear accountability and capacity for independent decision making by the Board.

The Board Chairperson and the CEO collectively are responsible for the leadership of the Group. The Chairperson's primary responsibility is for leading the Board and ensuring its effectiveness (including the setting of strategy) while the CEO is responsible for running the Group's business with a view to delivering the strategy.

Independent Chairperson

The Board is committed to always having an independent Chairperson , who is an independent non-executive director of the Board (who is not a former CEO of the Group). The Chairperson plays a crucial role in the proper effective functioning of the Board.

The Board Chairperson creates the conditions for the effectiveness of the Board and its individual members, demonstrates the highest standards of integrity and probity, and sets clear expectations regarding the Group's culture, values and behaviour, and the style and tone of Board discussions.

The duties of the Chairperson include the following:

1. To contribute to an efficient flow of information, both within the Board and between the Board and its Committees and shall also be responsible for the effective overall functioning of the Board.
2. To provide leadership to the Board of Directors, and ensure the effective functioning of the Board on all aspects of its role, including by:
 - a. Demonstrating ethical leadership.
 - b. Holding frequent Board meetings.
 - c. Running the Board as an effective team.
 - d. Setting the agenda, taking into account the issues and concerns of all Board Directors and ensuring that priority is given to issues of strategic significance.
3. Ensuring that the Board Directors receive accurate, timely and clear information, to enable them to carry out the Board's management and supervisory functions.
4. Ensuring that the Board determines the nature and extent of the significant risks BOCH is willing to embrace in the implementation of its strategy.
5. Ensuring that the Board Directors have sufficient time to consider strategic complex or contentious and other critical issues and obtain answers to any questions or concerns they may have and are not faced with unrealistic deadlines for decision making. Where appropriate, arranging for informal meeting beforehand to enable thorough preparation for the Board discussion.
6. Encouraging the active participation of Board Directors.
7. Ensuring conflicts of interests are disclosed and members abstain from participating in the decision-making and voting on any matter on which they may have a conflict of interest;
8. Setting the style and tone of Board discussions to promote effective decision making and constructive debate;
9. Promoting a culture of openness and debate by facilitating the effective contribution of non-executive members in particular and ensuring constructive relations between executive (particularly the CEO) and non-executive Board Directors.
10. Being accessible to the CEO, and the rest of the Executive Members, for support, questions, challenge, and counsel.
11. Ensuring minutes are kept in accordance with regulatory requirements.
12. Regularly considering succession-planning of Board and senior management levels
13. Ensuring that the size and composition of the Board remain appropriate for the structure of the Group.
14. Acting on the results of Board evaluation, including by recognising the strengths and addressing the weakness of the Board and, where appropriate, proposing the appointment of new Members or seeking the resignation of Members.
15. Maintaining regular and effective lines of communication and information between the Board and senior management of the Bank.
16. Ensuring that the Board's Committees are properly structured with appropriate terms of reference.
17. With the assistance and advice of the Company Secretary and/or the Corporate Governance Compliance Officer, advising the Board on all governance matters and promoting high standards of corporate governance.
18. Ensuring that the Chairperson of the HRRC maintains contact as required with the principal shareholders of BOCH about remuneration.

19. Maintaining effective communication with supervisory authorities, shareholders and other stakeholders and ensuring that their views, issues and concerns are communicated to the Board as a whole.
20. Ensuring that newly appointed Board Directors participate in an induction programme and that the training and development needs of individual members as well as the Board as a whole (including their skills and knowledge of the business and activities, and regulatory environment of BOCH (including the Bank)) are met so as to ensure that Board Directors possess at all times sufficient knowledge and skills to perform their duties and role, on the Board and on its Committees.
21. Consulting with the Senior Independent Director on Board matters
22. Discussing governance and strategy with major shareholders
23. Arranging for the Chairperson of the AC, HRRC and NCGC to be available to answer questions at the AGM.
24. Establishing effective governance arrangements to ensure that Management Information System (MIS) of BOCH and the Bank is able to provide information necessary for resolution planning and execution on a timely basis.

5.4.2. Role of the Senior Independent Director

An independent non-executive Board Director (who is neither the Chairperson nor the Vice-chairperson) shall be appointed as the Senior Independent Director and he/she will be available to shareholders if they have concerns which have not been resolved through the normal channels.

The role of the Senior Independent Director must be set out in writing and include the following:

1. To provide a sounding board for the Chairperson of the Board, providing support for the Chairperson in the delivery of his/her duties.
2. To serve as an intermediary for the other members when necessary.
3. To attend sufficient meetings with a range of major shareholders to listen to their views in order to help develop the Board's balanced understanding of the issues and concerns of major shareholders.
4. Be available to shareholders if they have concerns that have failed to be resolved through the normal channels of Chairperson, the CEO, or other executive Members or for which such contact is inappropriate.
5. To chair a separate meeting of the non-executive Members (without the Chairperson of the Board present) at least annually to review the Chairperson's performance (taking into account the views of the executive Members). Minutes of the meetings should be kept by a non-executive Member and the Company Secretary should not be present.
6. To chair a meeting of the non-executive Members without the presence of the Chairperson to enable:
 - 6.1. the non-executive Members to relay to the Senior Independent Director any issues, concerns or observations they may have;
 - 6.2. the Senior Independent Director to relay to the non-executives Members his/her observations and any views he/she may have received from major shareholders after relevant briefing of the Chairperson; and
 - 6.3. To maintain a register of minutes of the executive sessions, which he/she hands on to the following Senior Independent Director when he/she steps down his/her position.
7. To chair the Board when considering the succession of the Chairperson and ensure an orderly succession process.
8. To work with the Chairperson and other Members and / or shareholders to resolve significant issues, including when:

- 8.1. there is a dispute between the Chairperson and the CEO;
- 8.2. shareholders or non-executive Members have expressed concerns that are not being addressed by the Chairperson or the CEO;
- 8.3. the strategy being followed by the Chairperson and the CEO is not supported by the entire Board;
- 8.4. the relationship between the Chairperson and the CEO is particularly close and decisions are being made without approval of the full Board; or
- 8.5. succession planning is being ignored.

5.4.3. Role of the CEO

In fulfilling his/her executive role, within the delegated authority vested in him by the Board, the CEO acts to:

1. Develop and present to the Board the strategy of the Group, medium- and long-term plans and recommend annual operating and capital expenditures budgets.
2. Report to the Board the monthly actual operating performance of the Group versus approved budgets and to the shareholders the state of affairs of BOCH and the Bank for the preceding year at the annual shareholders' meeting.
3. Make decisions on all matters affecting the operations, performance and strategy of the Group's business with the exception of those matters reserved for the Board.
4. Recommend and approve acquisitions, investments, divestments and major contracts in accordance with the authority levels approved by the Board.
5. Receive instructions from the Board and ensure full compliance; and
6. Explain the executive Members' views to the Board as a whole, indicating in a balanced way any divergence of views amongst the executive Members and senior management.
7. Accept accountability for the performance of the management team and the delivery of the strategy agreed by the Board.
8. Lead the senior management team in the day-to-day running of the business of BOCH and the Bank.
9. Set an example to the Group's employees and communicate to them the expectations of the Board in relation to the Group's culture, values, and behaviour.
10. Report to the Board the views of employees on issues of relevance to the business of the Group.
11. In conjunction with the Chairperson, represent the Group to clients, regulators, shareholders, financial industry, and the general public.

5.5. Governance Structure

In a group structure the Board of the parent company has the overall responsibility for adequate corporate governance across the Group. The Bank applies the provisions of this Policy on a Group basis, having a central Board of Directors which supervises, whether directly or through Committees incorporated for this purpose, all the operations of the Bank and its subsidiaries and affiliate companies.

The Board should take into account the material risks and issues that might affect both the Bank and BOCH as a whole and its subsidiaries. Adequate oversight should be exercised over the Bank and BOCH and its subsidiaries, while at the same time respecting the independent legal and governance responsibilities that might apply to the BOCH (including the Bank) and regulated subsidiaries. The nature, scale, and complexity of the different risks to which the Group and its subsidiaries are exposed should be taken into account.

The Board should ensure that enough resources are available for each subsidiary to meet Group standards and local governance standards and should have the means to monitor and ensure that each subsidiary complies with all applicable internal governance requirements. The Board should ensure that governance arrangements, processes and mechanisms are consistent and well-integrated on a consolidated and sub-consolidated basis.

Reporting lines should be clear and transparent especially where business lines do not match the legal structure of the Group.

The Board is responsible to set, approve and oversee the implementation of: an adequate and effective internal governance and internal controls framework that includes a clear organisational structure and well-functioning independent internal risk management, information security, compliance and audit functions that have sufficient authority, stature and resources to perform their functions; Arrangements aimed at ensuring the integrity of the accounting and financial reporting systems, including financial and operational controls and compliance with the law and relevant standards.

5.6. Committees

Under the Articles of Association, the Board may delegate all or any of its powers where appropriate to a Committee of Directors. For its proper and effective operation, the Board of Directors has established the following regulated Committees as a minimum:

1. Nomination & Corporate Governance Committee.
2. Human Resources and Remuneration Committee.
3. Audit Committee.
4. Risk Committee.

The Board has also established the Technology Committee with the aim 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. The Terms of Reference of all Committees, specifying their role and the authority delegated to them by the Board of Directors, is available to the main shareholders, stakeholders, and the Central Bank of Cyprus.

Each Committee reports directly to the Board. Subject to their availability, each non-executive member should serve at the most on two regulated Board Committees. Committee members and Chairs are appointed by the Board on the recommendation of the NCGC, after consultation with the individual members. Committee chairs and members are rotated at the recommendation of the NCGC.

On an annual basis, a statement drafted by each Committee regarding their composition, the number of their meetings and attendance over the year and their main activities is documented in the Corporate Governance Report.

The chairperson of each committee should be an independent member of the Board who is able to exercise objective judgement.

The Terms of Reference are reviewed regularly, and at least annually, by each Committee to ensure continued appropriateness; the reviews are documented and include, where necessary, recommendations to the Board of Directors on revisions. The terms of reference shall set forth the qualifications for committee membership, procedures for committee member appointment, committee structure and operations and reporting to the Board.

All of the Committees should have the appropriate balance of skills, experience, independence and knowledge of BOCH to enable them to discharge their respective duties and responsibilities effectively.

The value of ensuring that Committee membership is refreshed, and that undue reliance is not placed on particular individuals should be taken into account in deciding upon chairmanship and membership of Committees. Cross committee membership must ensure that no individual exercises excessive influence or control; in any case, a member of the Board of Directors must not be a member of more than 2 regulated Committees.

The Board of Directors must establish a process for the co-ordination and communication among its different Committees.

The key duties of the Board Committee Chairperson should include:

1. Provision of effective leadership to the Committee (e.g. promotes a team spirit, facilitates effective running of the Committee and constructive debates by Committee members etc.);
2. Effective chairmanship of meetings (e.g. effectively manages debates, encourages Committee members to challenge issues, ensures appropriate induction of the Committee appointees and ongoing training etc.); and
3. Reporting to the Board in an effective and high-quality manner.

The Chair of each Committee, in consultation with the committee members, shall determine the frequency and length of the committee meetings consistent with any requirements set forth in the Committee's charter. The Chair of each Committee, in consultation with the other Board Directors of the Committee and Senior Management shall develop the committee agenda. Each Committee shall annually establish a schedule of major topics to be discussed during the year.

Each Committee shall have the power to form a sub-committee or to otherwise delegate specific responsibilities as such committee sees fit and in compliance with applicable laws and regulations.

The Board may from time to time, establish or maintain additional Committees as necessary or appropriate. The Board shall ensure that all Committees are provided with sufficient resources to fulfil their duties.

5.6.1. Audit Committee

The Audit Committee (AC) monitors the integrity of financial reporting, monitors the effectiveness of the institution's internal quality control and risk management systems, oversees the establishment of accounting policies by BOCH, and provides oversight of the Group's compliance, internal and external audit functions. The AC must comprise at least three independent non-executive members. The Chairperson of the Committee must be independent and must have a strong understanding of internal control procedures and accounting issues relevant to the Committee. The Committee as a whole must have competence relevant to the sector in which the Group operates. The Chairperson of the Board of Directors may not be a member of the AC.

The AC is responsible for monitoring and assessing on an annual basis the adequacy and effectiveness of internal control and information systems, based on the reports from the Internal Audit, and observations and comments of external auditors and competent supervisory authorities and submitting proposals to the Board for addressing weaknesses identified.

The AC is responsible for overseeing that the Compliance Division and the Internal Audit Division have unfettered access and functional reporting line to the Committee.

The AC recommends to the Board and shareholders for their approval, the appointment, re-appointment, compensation, terms of engagement and substitution or rotation of external auditors, reviews and approves the audit scope and frequency. It receives key audit reports and liaises with external auditors in relation to their audit findings. It must ensure that Senior Management is taking necessary corrective actions in a timely manner to address control weaknesses, non-compliance with policies, laws and regulations and other problems identified by auditors.

The AC reviews and monitors the external auditor's independence and objectivity and the effectiveness of the audit process. It provides advice to the Board on whether the annual report and accounts are fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's position and performance, business model and strategy.

The responsibilities of the AC are described in detail in its Terms of Reference (**Appendix 9**). The Board has delegated authority to the Committee as referred to above (including such matters that may be considered and reviewed independently from the executive Board Director). However, the Board as a whole retains ultimate responsibility for the Group's approach to internal financial control and nothing in these Terms of Reference adjusts or limits such responsibility or should be interpreted as a departure from the principle of a unitary Board. Moreover, it should be clarified that it is the function of management to prepare the financial statements and of the external auditors to plan and conduct the statutory audit of the Group.

The AC shall conduct a self-assessment and report its conclusion and recommendations for improvements and changes to the Board.

5.6.2. Risk Committee

The Risk Committee (RC) plays a key role in setting the risk appetite and strategy of the Group and ensuring compliance with risk management strategy, policies and regulations. The RC is also responsible for the development of an internal risk management framework and its integration with the decision-making process of the Group and BOCH, covering the whole spectrum of the Group's activities and units as well as subsidiaries. The RC must advise and support the Board in its supervisory function regarding the monitoring of the institution's overall actual and future risk strategy and risk appetite, taking into account all types of risks, to ensure that they are in line with the business strategy, objectives, corporate culture and values of the institution.

The RC must consist entirely of independent non-executive members and must have appropriate knowledge, skills, and expertise to fully understand and monitor the risk strategy and the risk appetite of the institution and to embed stronger review and proactive challenge.

The Chairperson of the Board of Directors may not be a member of the RC. The chairperson of the RC may not chair any other statutory Committee. The Board Directors of the Committee should have, individually and collectively, the appropriate knowledge, skills, and expertise to fully understand and monitor the credit institution's risk strategy and risk policy, as well as risk management and control practices.

The RC is responsible for overseeing that the Group Risk Management Division and the Information Security function have unfettered access and functional reporting line to the Committee.

The responsibilities of the RC are described in detail in its Terms of Reference (**Appendix 10**). Although the Board delegates authority to the RC as referred to above (including such matters that may be considered and reviewed independently from the executive Board Directors), the Board as a whole retains ultimate responsibility for the risk management of the Group (including the assessment of applicable risks and setting the Group's risk appetite) and it should reach its own conclusions regarding the reports and recommendations it receives.

The Committee shall conduct a self-assessment and report its conclusion and recommendations for improvements and changes to the Board.

5.6.3. Nominations & Corporate Governance Committee

The Nominations & Corporate Governance Committee (NCGC) leads the process for Board appointments and (under the overall responsibility and supervision of the Chairperson) evaluation and plays a key role in assisting the Board to fulfil its responsibilities in relation to Board Directors' development and succession planning, and corporate governance policy and compliance. The NCGC must engage a broad set of qualities, competences, skills, and academic or professional qualifications when recruiting members and re-appointing existing members to ensure expertise and conformity with the regulatory requirements and for that purpose they must put in place a policy promoting diversity on the Board.

The NCGC must consist entirely of non-executive members of whom the majority must be independent members. The members of the Committee should individually and collectively possess appropriate knowledge, skills, and experience relevant to the candidate selection process and their suitability requirements.

The NCGC shall review BOCH's senior level organisational structure and management succession plan of BOCH, including succession planning for the internal control function heads of BOCH, at least once a year. The RC and the AC shall provide input to the NCGC on the succession planning for the control function heads that these Committees oversee.

Further the NCGC defines the Group's sustainability strategy aimed at achieving present and future economic prosperity, environmental integrity and social equity for the Group and its stakeholders.

The responsibilities of the NCGC are described in detail in its Terms of Reference (**Appendix 7**).

The Committee shall conduct a self-assessment and report its conclusion and recommendations for improvements and changes to the Board.

5.6.4. Human Resources & Remuneration Committee

The Board of Directors maintains a Human Resources and Remuneration Committee, which consists exclusively of independent non-executive Members to make recommendations to the Board of Directors, within agreed terms of reference, on the framework and level of Executive Member remuneration. The Human Resources & Remuneration Committee (HRRC) plays a key role in assisting the Board to fulfil its responsibilities including (in particular) by:

1. considering, recommending to the Board and keeping under review the overall policy for the remuneration of all officers and employees across the Group, making sure it is aligned with the Group's capital and liquidity availability and that practices are consistent with the risk appetite of the Group, prevent conflicts of interest and promote sound and effective risk management.
2. within that policy (as approved by the Board), setting the level and structure of remuneration of executive members, Senior Executive Management and other key personnel.
3. Overseeing the preparation of the annual Remuneration Report.

Within the overall remuneration policy referred to above (as recommended by the Committee and approved by the Board), the Committee is responsible for preparing decisions regarding remuneration, including those which have implications for the risk and risk management of the Group.

The Chairperson of the Board may also be a member of the Committee (but not the Chairperson) if he/she was considered independent on appointment. The Board Directors of the Committee should collectively possess appropriate knowledge, expertise and professional experience in remuneration policies and practices, risk management and control activities, in particular as regards the mechanism for aligning the remuneration structure with the risk and capital profile of the Group.

The responsibilities of the HRRC are described in detail in its Terms of Reference (**Appendix 8**).

The Committee shall conduct a self-assessment and report its conclusion and recommendations for improvements and changes to the Board.

5.6.5. Technology Committee

The Technology Committee (TC) drives the digital transformation of BOCH. It has 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 TC must consist entirely of non-executive members the majority of whom must be independent.

The TC focuses its attention to the following four main areas:

1. review and approval of the IT strategy including the digital transformation and any significant technology investments;
2. overview of operational matters;
3. monitoring trends in technology with the assistance of the selected IT Strategic Partner; and
4. playing a role in Information Security on the operational aspects of risks and other aspects identified by the RC and AC.

The responsibilities of the TC are described in detail in its Terms of Reference (**Appendix 10a**).

The Committee shall conduct a self-assessment and report its conclusion and recommendations for improvements and changes to the Board.

5.7. Conflicts of Interest and the Board

In relation to the Conflicts of Interest, the Board must:

1. Act in the best interest of the Group and must ensure that transactions between the Bank and/or other Group entities are generally undertaken only on an arm's length basis.
2. Follow the review and consent process before they engage in certain activities such as serving on another entity's management body, to ensure such new engagement would not create Conflicts of Interest.
3. Refrain from holding directorships in competing institutions, unless they are within institutions that belong to the same institutional protection scheme, credit institutions permanently affiliated to a central body, or institutions within the scope of prudential consolidation.
4. Disclose any loans and/or other transactions (e.g., factoring, leasing, property transactions, guarantees given etc.) with Board Directors and their related parties in accordance with the provisions of the Bank's Lending Policy and the Credit Committee's Terms of Reference.

Regarding the procedures followed for the Board of Directors in relation to COI, the following apply:

5. **Disclosure of Conflicts of Interest during Board meetings:** Each Board Director must disclose any Conflicts of Interest during meetings and Board Directors must abstain from participating in the decision-making and voting on any matter on which they may have a conflict of interest. The Chairperson must ensure that members with Conflicts of Interest abstain from participating in the decision-making and voting on any matter on which they may have a conflict of interest.
6. **Conflict of Interest Declaration:** Every six months (i.e. every December and June), the Conflicts of Interest declaration is circulated to the Board Directors. The Conflicts of Interest declaration must then be completed and signed by the Board Directors. Subsequently the duly completed and signed COI declaration is submitted to the Company Secretary.
7. **Ad-hoc Col:** Every Board member must inform the Company Secretary in relation to any ad hoc COI in a timely manner and as soon as this arises. The Company Secretary then proceeds with updating the Conflicts of Interest Registry on the CMS. The Chief Compliance Officer and the Corporate Governance Officer must be duly informed in relation to this Conflicts of Interest by the Company Secretary.

Conflicts of Interest must be escalated to the NCGC, which is responsible for considering them in accordance with their Roles and Responsibilities (as per the Terms of Reference of the NCGC).

b. Executive Committee

The purpose of the Executive Committee is to create a forum for the Senior Executives of the Bank to address a common agenda and to ensure a consistent set of priorities are managed across the Group.

The Committee is responsible for the following matters:

1. Consider the overall financial performance and progress of the Group per line of business, including the Group’s liquidity position, the NPE progress, the REMU portfolio.
2. Consider the market conditions and strategic initiatives.
3. Monitor the recovery and early warning indicators and assesses the need to escalate for further action to the BRC and the Board.
4. Consider the Risk Report.
5. Consider and approve budgets, business strategies/Risk strategy to be presented to the Board for approval.
6. Consider and endorse the Group’s Risk Appetite Framework.
7. Consider and approve the Bank’s Capital Plan to be presented to BRC and the Board for approval.
8. Consider the Compliance Reports/Matters and progress.
9. Consider the Internal Audit Reports/Matters and progress.
10. Consider the HR/People Management/Matters and progress.
11. Consider the Corporate Affairs Report/Matters and progress.
12. Approve all matters escalated to ExCo within its delegated authorities and / or recommend matters requiring escalation to the Board.
13. Consider all other matters escalated for discussion by any member of the ExCo or any other Committee/Forum.
14. Monitor the Board and Board Committees pending decision lists.
15. Note the minutes of the Acquisition & Disposal Committee (ADC).
16. Note the minutes of the Group Asset & Liability Committee (ALCO).
17. Note the minutes of the Regulatory Steering Group (RSG).
18. Note the minutes of the Business Development Committee (BDC).

5.8. Key Function Holders

5.8.1. Role of the Chief Compliance Officer

The Compliance Division provides independent oversight of compliance with laws, regulations, guidelines, and internal rules relevant to the activities of the Group in the jurisdictions in which it operates.

The CCO shall be appointed or replaced with prior approval from the Board. On termination of the CCO’s services the CBC must be informed. The CCO shall report functionally to the AC and administratively to the CEO.

The CCO shall have commensurate skills and expertise to provide appropriate guidance and direction to BOCH on the development, implementation, and maintenance of the appropriate compliance standards.

The role of the Chief Compliance Officer includes the following:

1. Oversee, coordinate, monitor and facilitate compliance with existing laws, rules and regulations through the implementation of the Bank’s compliance system and program in accordance with the requirements of the CBC and other regulatory authorities, including but not limited to the identification and control of compliance risks, prudential reporting obligations as well as compliance training.
2. Track and evaluate all new regulations or amendments to existing regulatory issuances and disseminate these immediately to the implementing units for their information and action.

3. Monitor compliance with the Group Market Abuse Policy, the Group Market Abuse Framework, the PDMR Securities Dealing Policy and the Group Wide Securities Dealing Policy.
4. Initiate requests for policy pronouncements or revisions to ensure new regulations are made part of the policies and procedures of BOCH and the Bank.
5. Provide guidance, advisories, and training to employees on significant laws and regulations.
6. Report to Senior Management and to the Board on significant compliance issues.
7. Liaise with the regulatory authorities and appear before their bodies upon summons to clarify matters related to the compliance system; and
8. Annually prepare a report to the CBC on the compliance of the Bank with the Central Bank's Directives.
9. Ensure compliance of the credit institution in accordance with its requirements of the Prevention and Suppression of Money Laundering Activities Law of 2007.

Further to the above, the CCO advises the Board, through the Chairperson, on all matters of corporate governance. In relation to matters of corporate governance, the CCO should:

10. review the effectiveness and adequacy of the Corporate Governance Policy and Framework and make appropriate recommendations to the NCGC.
11. lead the assessment, on an annual basis, of the structure, size, and composition of the Board and of each Board committee and make appropriate recommendations to the NCGC.
12. prepare a report based on the findings of the evaluation of the performance of the Board and make appropriate recommendations to the Board NCGC.
13. conduct an annual assessment of the independence of each independent non-executive member in coordination with the NCGC and report its findings to the NCGC.
14. assess, on an annual basis, the skills, knowledge, and experience of the Board Directors and submit results to the NCGC for approval.
15. monitor compliance of the Group with the (i) Corporate Governance Policy and Framework, (ii) Board Nominations and Diversity Policy and the (iii) Group Policy on the suitability of members of the management body and Key Function Holders, and make appropriate recommendations to the NCGC.
16. review the Terms of Reference of the Committees of the Board at least annually and make appropriate recommendations to the NCGC.
17. lead the process of the preparation of the Annual Corporate Governance Report in coordination with the NCGC.
18. review fitness and probity criteria and overall individual and collective suitability of nominated Board Directors and Key Function Holders and make recommendations to the NCGC for approval by the Board.

5.8.2. Role of the Chief Risk Officer

The Bank's Risk Management Division ensures that all material risks are identified, measured, and properly reported. The Division is actively involved in elaborating the institution's risk strategy and in all material risk management decisions.

The CRO shall be appointed or replaced with prior approval from the Board of Directors. On termination of the CRO's services the CBC must be informed. The Board shall also ensure the independence of the CRO by providing him with direct access to the Board and the RC without any impediment.

The CRO shall be independent from executive functions, business line responsibilities, operations and revenue generating functions. The CRO reports directly to the RC and administratively to the CEO.

The role of the CRO includes the following (list is not exhaustive):

1. Ensure the Group promptly identifies all risks;

2. Assist the RC, Board of Directors and Senior Management to establish and communicate the Bank's risk management objectives and direction;
3. Assist the Board RC and Senior Management to develop and communicate management policies;
4. Facilitate in the identification, measurement, monitoring, reporting and control of credit risks, market and liquidity risks and operational risks;
5. Monitor and assess decisions to accept particular risks whether these are consistent with Board approved policies on risk tolerance and the effectiveness of the corresponding risk mitigation measures;
6. Report to Senior Management, the RC and the Board the results of the assessment and monitoring of risk exposures;
7. Have sufficient expertise and operating experience enabling the challenging of decisions that affect the institution's exposure to risk;
8. Annually prepare a report to the CBC presenting key issues and developments within the Group and review of the main risk areas;
9. Submit as necessary reports to the Board and relevant Committees and attending their meetings to present these reports and provide additional information and/or classification or assistance on managing the issues raised;
10. Be involved in the preparation of any changes to the institution's strategy, risk appetite framework and risk limits;
11. Prepare and recommend the Group's risk appetite to the Board through the Risk Committee;
12. Develop, operate and maintain a comprehensive risk management framework to monitor and manage the risk profile of the Group against the approved risk appetite and provide accurate and timely risk reporting to Senior Management, the RC and the Board of Directors;
13. Oversee the effectiveness of the implementation of the Group's Risk Management policies; and
14. Review and recommend appropriate limits for all identified risks.

5.8.3. Role of the Chief Information Security Officer

The Information Security function is responsible and accountable for the development and implementation of the information security strategy and framework.

The CISO shall be appointed or replaced with prior approval from the Board of Directors. On termination of the CISO's services the CBC must be informed. The Board shall also ensure the independence of the CISO by providing him with direct access to the Board and the RC without any impediment.

The role of the CISO includes the following (list is not exhaustive):

1. Design, develop, manage, monitor, and provide support as and when required to deliver a Group Information Security Strategy.
2. Developing and implementing an Information Security Management System (policy, standards, frameworks, methodologies) in line with the organisation management activities.
3. Oversee the dissemination and implementation of the information security program institution-wide;
4. Definition, creation, amendment and communication of policies to relevant parties and to assure enforcement and compliance to said policies.
5. Develop and implement an information security risk assessment and management program in line with the Group's Risk Management Framework.

6. Cooperate with all stakeholders for the effective implementation of security principles in their policies/procedures.
7. Monitor compliance with information security policies, standards, guidelines, processes and procedures.

The CISO must submit an annual report to the Board, through the RC which will include among other things a summary of the most important information security risks the institution faces at the time of reporting and a list of all important information security incidents and corrective actions taken to prevent recurrence.

A. Role of the Head of Internal Audit function

BOCH shall have in place an independent Audit Function, through which the Board, Senior Management and shareholders of BOCH may be provided with reasonable assurance that its key organisational and procedural controls are effective, appropriate, and complied with.

The Head of Internal Audit shall be appointed or replaced with prior approval from the Board of Directors. On termination of the Head of Internal Audit's services the CBC must be informed.

The Board shall appoint a Head of Internal Audit to carry out the audit function and shall require the Head of Internal Audit to report to the AC that will allow the internal audit function to fulfil its responsibilities without impediment.

The role of the Head of Internal Audit function includes the following:

1. Develop and implement an effective annual internal audit program to be approved by the AC that covers the entire operations of BOCH including subsidiaries and affiliates;
2. Submit to the AC an annual report on the performance of Internal Audit activities, responsibilities, and performance relative to the audit plans and strategies as approved by the Committee including significant risk exposures, control issues and such matters as may be needed or requested by Board of Directors and Senior Management;
3. Conduct an independent assessment of the adequacy and effectiveness of management and IT control frameworks, risk management and governance processes of all units of BOCH including subsidiaries and affiliates;
4. Monitor the resolution of internal control weaknesses noted during the examination with the end view of mitigating risks and strengthening the control environment;
5. Examine and analyse the organisational structure, checks and balances, methods of operations and use of human and physical resources to reveal defects in order to prevent fraud or irregularities; and
6. Certify that the conduct of auditing activities is in accordance with the International Standards on the Professional Practice of Internal Auditing.

5.8.3.1. Other Key Functions

A. Role of External Auditor

The External Auditor shall be appointed by the shareholders at the Annual General Meeting. The appointment is subject to approval by the CBC and the maximum consecutive engagement duration is 9 years. The External Auditor is tasked to conduct an independent audit of the Group's financial statements and render an opinion thereof based on the results of the audit. In performing this task its role includes the following:

1. Update its understanding of the Group's internal accounting controls and reporting processes;
2. Perform an overall audit risk assessment process to determine management's area of concerns and to identify audit risks and focus areas;

3. Present an audit plan to the Board AC in relation to the Groups' audit requirement;
4. Review internal audit work and findings to assess their impact on the audit of the financial statements;
5. Perform tests of transactions of the Group including assessment of the soundness and reasonableness of estimates and assumptions used in the recorded financial information;
6. Provide updates, advice and assistance on accounting standards and regulatory pronouncements;
7. Review the Group's compliance with accounting standards and regulatory requirements;
8. Report to management, the AC, the Board of Directors and the shareholders on the results of the audit; and
9. Meet with the non-executive Board Directors to discuss issues of concern.

B. Role of Company Secretary

The Company Secretary (CS) is an officer of BOCH. The CS shall work and deal fairly and objectively with all the constituencies of the Group, namely the Board, Senior Management, shareholders and other stakeholders. The CS should preferably have the legal skills of a chief legal officer and adequate administrative and interpersonal skills.

The duties and responsibilities of the CS shall include the following:

1. To ensure the Board and its Committees (of both the Bank and BOCH) are constituted and function in compliance with internal rules, the Articles of Association of BOCH, the Policy, CBC Governance Directive, the CBC Suitability Directive and the 2018 UK Code and other applicable legal and supervisory requirements;
2. To ensure that the meetings of the NCGC are held in accordance with the Terms of Reference;
3. To act as a source of information and advice to Board Directors and facilitate the flow of information within the Board and its Committees, between Senior Management and non-executive members and between Heads of internal control functions and non-executive members;
4. To ensure that all Board and Committee procedures are followed and that applicable regulations are complied with:
 - 3.1. By being closely involved in preparing the schedule of all Board and Committee meetings;
 - 3.2. By preparing the agendas for these meetings in conjunction with the Chairperson ensuring matters which require the attention or action of the Board or a committee are included in the items of the agendas; and
 - 3.3. By ensuring that relevant information is dispatched timely to all Board Directors to enable them to prepare adequately for these meetings.
4. To ensure minutes are kept in accordance with regulatory requirements; i.e.:
 - 4.1. Express explicitly, in a separate paragraph, his/her assessment as to whether the meeting had been held in compliance with internal rules and regulations of the Board, the provisions of the CBC Directive and other applicable and supervisory requirements;
 - 4.2. Ensure minutes are circulated, finalised and approved in a timely manner by all members present at the meeting;
 - 4.3. Ensure finalised minutes are distributed in a timely manner to all recipients;
 - 4.4. Ensure decisions taken are properly communicated, pursue follow up actions and report on matters arising.
5. To communicate the composition of Board Committees to the Central Bank within 1 month of set up or of change of composition.
6. To submit finalized minutes of the Audit & Risk Committees to the Central Bank within 1 month.

7. To inform the Central Bank immediately should any recommendation be made to shareholders to increase the variable component of remuneration above 50% explaining the reasons why.
8. To inform the Central Bank immediately of the shareholders decision regarding this percentage.
9. To maintain the Conflicts of Interest Register and the Gifts Register for the Board.
10. To inform the CBC of any amendments to the Articles of Association.
11. To provide access to independent professional advice at the expense of the Group and the BOCH as required.
12. To provide support to the Board in overseeing succession and rotation of tasks of non-executive bodyboard Directors.
13. To ensure compliance with Listing Rules and the Transparency Directive.
14. To arrange induction programmes for all Board Directors which provide a full, formal, and tailored introduction to the Group and to their duties and responsibilities. Documentation of material provided is archived by the Company Secretary.
15. To assist the Chairperson in assessing and meeting the training needs of Board Directors and ensure that there is an ongoing programme to keep members well informed of developments in BOCH and in respect of matters relevant to their responsibilities generally.
16. To maintain a registry of all trainings of the Board.
17. To facilitate trainings of the Board on their duties and responsibilities in relation to the overall corporate governance framework of the Board.
18. To maintain a Conflicts of Interest Registry relating to the Board.
19. To ensure that the functioning of the Board, its committees and its Board Directors fully comply with the overall corporate governance framework as recorded in the relevant corporate governance policies.
20. Monitoring the effective execution and follow up of the two-year succession plan of the Board.
21. To maintain at all times a details procedural manual, which reflects all provisions of the Corporate Governance Policies in place.

Care must be taken when appointing a Company Secretary to avoid any conflicts of interest.

The Company Secretary may delegate his/her tasks to a third person (nominee Secretary) provided there is no conflict of interest, and the Company Secretary checks and signs paperwork and remains responsible and accountable for the outcomes of the delegation. This delegation may not be to Heads of the internal control functions.

C. Chief Financial Officer

The Chief Financial Officer is responsible for the design of the Group's strategy and supervision of its implementation and the preparation of the Group's business plans and budgets: He/she is responsible for:

1. Oversight of the financial control function.
2. Preparation of the management accounts and financial statements.
3. Implementation and adherence to internal controls in relation to financial reporting and preparation of the financial results with a view to preserving the integrity and completeness of financial data.
4. Supervision and implementation of the Group's corporate finance strategy (disposals, mergers, acquisitions, etc.)

8. Supervision of the preparation of the financial results of the Group for the purposes of both management and shareholders, including investor relations communication and presentations released to the market.
9. Oversight of regulatory reporting.
10. Design and implementation of the Group's capital and funding plan.
11. Tax Planning.
12. Cost control.
13. Payments.
14. Supervision of the management of the Group's liquid assets, liquidity risk and market risk.
15. Oversight of the relationship with the external auditors and other financial advisors working with the Finance function.

D. Outsourcing Officer

The Outsourcing Officer reports directly to the competent authorities for the Outsourcing Function. He/she is responsible for activities such as:

1. Ensuring that the outsourcing process is conducted by each department/unit according to the policy and procedures and in line with the regulatory requirements,
2. Determining whether an outsourced activity is considered to be critical/important or not,
3. Ensuring that a comprehensive outsourcing risk management procedure is established,
4. Ensuring that a risk assessment has been appropriately carried out for each activity to be outsourced,
5. Acting as a central point for liaising with the competent authorities for outsourcing issues and provides all necessary information requested by them, and
6. Preparing reports with the services or activities outsourced during the year with special emphasis to the outsourced activities or services that are considered to be critical or important.

5.1.6. Internal Controls

The Group complies with the regulatory guidelines for corporate governance and has established the Three Line of Defence model as a framework for effective risk and compliance management and control. This framework defines the responsibilities in the management process of risk ensuring adequate segregation in the oversight and assurance of risk.

Directors at least annually, conduct a review of the effectiveness of the internal control systems of BOCH as well as of the procedures used to confirm the accuracy, completeness and validity of the information provided to investors and make sure to report/ certify this in the Corporate Governance Report. The review covers all systems of internal control, including financial and operational systems, as well as compliance systems and systems for the management of risks, which threaten the attainment of the objects of BOCH.

The Board has delegated authority to AC and the RC in respect of certain functions.

The role of the AC is to review and monitor among other things:

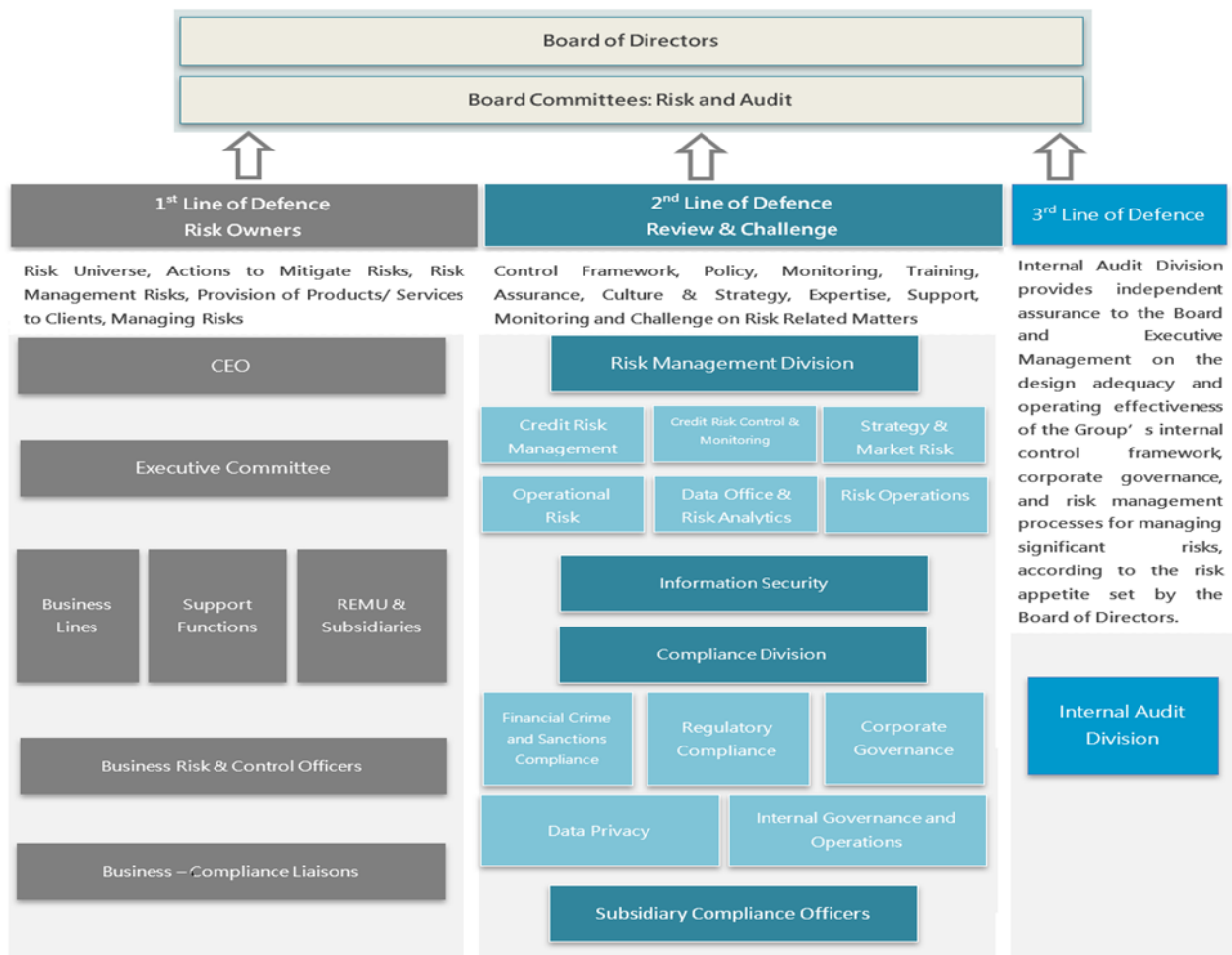
- The Group's system of internal controls
- The integrity of the Group's financial statements and related announcements (including significant financial reporting judgements contained in them).
- The effectiveness of the internal audit function and the external audit process
- The Group's relationship with the external auditors

The role of the RC is among other things to:

- Identify, assess, control and monitor financial/ economic risks and non-financial risk (including operational, technological, tax, legal, reputational, compliance, climate related and environmental) which the Group faces.
- Ensure 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.

The Group’s external statutory auditors are forbidden from providing Internal Audit services to the Group. The Group assigns to an external auditor (other than the statutory auditor) once every three years the assessment of the adequacy and the effectiveness of its internal control framework both on a consolidated and on an individual basis. Such appointed auditors should be rotated after two consecutive sessions.

5.1.6.1 Three lines of defence



The Bank has established the Three Lines of Defence model as a framework for effective risk management and control. In this model management, which is the first line, is responsible for managing risks. The second line, being the risk management units of the Bank (i.e. the Risk Management Division, the Compliance Division (Including the Subsidiaries’ Compliance Officers), is responsible for developing and maintaining an effective risk and compliance framework to support management in the delivery of its business and strategic objectives. The Internal Audit Division, as the third line, provides independent assurance over the effectiveness of the risk management framework and governance. The diagram below outlines the three-lines of defence structure.

5.1.6.5 Control functions

Control functions within BOC Group as defined in the Governance Directive are:

- Compliance function, including the DPO and the AMLCO;
- Risk Management function, including the Group Outsourcing Officer, the Chief Data Officer, the Fraud Risk Management, Third-Party Risk Management, Business Continuity Risk Management and Insurance Risk Management;
- Information Security function; and
- Internal Audit Division which acts as the third line of defence.

5.1.6.5.1. Interaction between control functions

There is coordination among the separate lines of defence to foster efficiency and effectiveness. Specifically:

1. Control functions' management meet at regular intervals (quarterly) in order to assess and propose areas for further enhancement of co-operation and communication amongst them as well as for exploring advantages of synergies and avoiding duplicate work.
2. Control function heads meet post quarterly meetings to finalise decisions.
3. Internal Audit reviews the effectiveness of risk management processes of the other three control functions as well as their monitoring activities.
4. Control functions share knowledge and information to assist all functions in better accomplishing their roles in an efficient manner. For instance:
 - 4.1. The Compliance function informs Risk Management function of any compliance related findings.
 - 4.2. The DPO works closely with Information Security function to coordinate for better protection of personal data.
 - 4.3. Review and audit reports, as well as other second line reviews are shared among the four control functions for any findings that directly concern them.
 - 4.4. IS works closely with Compliance to meet all IS relevant regulation.
 - 4.5. Operational Risk has the overall responsibility to ensure that the ORM framework is applied consistently across all risk areas.
 - 4.6. Internal Audit communicates its conclusions arising from risk-based engagements to Risk Management and Compliance functions, upon issuance of the final audit reports.
 - 4.7. The control functions (apart from IA) participate in the Risk Control Self-Assessment (RCSA) process to ensure that the risks are recorded and assessed correctly by the business.
 - 4.8. The control functions (apart from IA) ensure that the identified risks relating to their respective risk areas are correctly reflected in the Bank's risk registry (i.e. RCMS).
 - 4.9. Any critical incidents identified, from all control functions (including data leakage and fraud) which require further investigation are escalated to Internal Audit for further assessment.
 - 4.10. The implementation progress of findings (both internal and external), as well as actions arising from risks identified through the RCSA, are consolidated in a single report, which is submitted on a monthly basis to the Executive Committee and on a quarterly basis to the Audit Committee and the regulator.

5.1.7. Organisational structure

5.1.7.1. Business Banking Division

The Business Banking Division comprises of four main sub-divisions: Retail, Corporate &SME, International Banking and Wealth Services.

1.Consumer Banking

Consumer Banking has a great number of natural person customers and legal entity customers representing the largest single customer segment for the Bank. These customers are serviced by a network of retail branches situated in key towns and regions of Cyprus and digitally, via the Bank's online service or the Bank's mobile app.

Through Consumer Banking, the Bank offers a wide range of traditional and online consumer products and services to its customers in Cyprus, including various types of accounts, overdraft facilities, loans (mortgages, student loans, personal loans and business loans, including environmentally friendly housing/business renovation and energy loans), hire purchase financing services (primarily for new and used cars, including environmentally friendly car hire purchase), finance cards (including credit, debit and prepaid cards), e-loans and mobile banking facilities.

Most of the Bank's consumer lending takes the form of mortgage loans, overdraft facilities and credit cards to which predetermined credit limits apply, personal loans and hire purchase financing facilities.

2.Corporate & SME Banking

The Corporate Sector serves approximately a few hundred corporate groups comprising over 1,700 companies, and close to a hundred large corporate Cypriot groups operating in Cyprus and abroad. Corporate Banking operates through dedicated domestic Corporate Banking centres and a factoring services unit.

The Bank offers corporate customers a wide range of products and services, including overdraft facilities, factoring services, term loans, asset finance or hire purchase facilities, project financing, savings accounts, notice accounts, sight accounts, fixed term deposits, specialised deposit schemes, trade financing products (such as short-term import finance), letters of guarantee, documentary credits, bills for collection, negotiation of foreign bills, spot and forward contracts in foreign exchange, specialised trade finance schemes (in cooperation with the EIB and EBRD), corporate finance advisory services together with The Cyprus Investment and Securities Corporation Limited ("**CISCO**") and cash management services.

Most of the Bank's corporate lending takes the form of interest-bearing secured loans with rates which vary according to each customer's credit risk profile. Maturities of corporate loans in the Bank's portfolio typically range from a period of less than one year to fifteen years depending on the nature and purpose of the facility. In general, security is required in the form of fixed or floating charges on the assets of the borrower, mortgages over real property, pledges of shares, cash collateral and personal and/or corporate guarantees.

The SME Sector has a large number of customers serviced by a network of 10 dedicated SME business centres in key Cypriot towns.

The Bank offers SMEs a range of services and products, including overdraft facilities, fixed maturity loans, invoice discounting and bills discounting, stock financing, domestic factoring and import and export factoring, trade finance, hire purchase financing and leasing, deposit accounts, savings accounts, notice accounts and spot and forward contracts in foreign exchange. The Bank also provides letters of credit and letters of guarantee.

Most of the Bank's SME lending takes the form of secured loans and overdraft accounts with pre-agreed and approved credit limits.

The Bank also assists its SME customers on their financial business planning, taking into account their banking activity, financial performance ratios and prospects both on a one-to-one basis and as a group. The Bank participates in initiatives to encourage lending to SMEs and was the first bank in Cyprus to partner with national and supra-national organisations to provide financing to SMEs, such as the European Investment Fund, the European Investment Bank ("EIB") and the Cyprus Entrepreneurship Fund.

3. International Banking

Ukraine (Kiev): The office remains open however services are limited due to the existing situation. Customers are being served by a colleague in Kiev, who is in communication with the units in Cyprus.

China (Beijing): The Bank is in the process of terminating its activities, in accordance with relevant Board decision. The whole process is complex and will take some time to complete. It is expected that the office will be closed by the first quarter of 2024.

Russia (Moscow & St. Petersburg): The Bank is in the process of terminating the activities of the two offices in Russia, in accordance with relevant Board decision. The whole process is complex and will take some time to complete. It is expected that both offices will be closed by the end of 2024.

5.1.7.2. Insurance Operations

The Group provides insurance services through two wholly owned subsidiaries, EuroLife and Genikes Insurance.

- **EuroLife - Life Insurance**

EuroLife offers a range of unit-linked protection and savings products as well as a number of supplementary benefits including disability and critical illness cover. EuroLife distributes its products through a network of tied agents and through the Bank's branch network.

- **Genikes Insurance - Non-life Insurance**

Genikes Insurance offers insurance cover under the primary non-life insurance business classes. Genikes Insurance offers its products through the Bank's branch network, by direct channels, digital channels and through agents.

5.1.7.3. Loan and Asset Restructuring, Recoveries and Disposals

The Group's Restructuring and Recoveries Division (the "RRD"), Real Estate Management Unit (the "REMU") and Corporate Finance Solutions division are focused on addressing and restructuring the Group's portfolio of delinquent loans and real estate assets.

- **Restructuring and Recoveries Division**

The RRD is comprised of independent, centralised and specialised restructuring units through which the Group aims to manage its exposure to borrowers in distress and arrears across all customer segments, and to reduce the level of delinquent loans.

- **Real Estate Management Unit**

The Bank has established REMU which is dedicated to the on-boarding, management and disposal of the Bank's real estate assets. The main objectives of REMU are to accelerate the recovery process for the Bank and to more effectively monetise the Group's real estate assets and portfolios, primarily consisting of assets in Cyprus.

Some legacy properties in Greece and Romania are also monetised through REMU. In addition, REMU provides ongoing support and guidance to management and related operational teams and units of the Bank with regards to consensual property repossessions.

5.1.7.4. Information Technology

- 5.1.7.4.1. The Group's IT division provides a critical function focusing on running the day-to-day operations of the technology systems of the Bank covering all layers (data centres, infrastructure, hardware, software, business applications, digital channel services, etc.), supporting all business functions and users, transforming and securing the technology base and infrastructure of the Bank and delivering technology projects and compliance changes to systems.
- 5.1.7.4.2. The Group has set out a clearly defined digital transformation strategy, with the aim of enhancing the customers' digital experience, improving IT proficiency by adopting a "digital mindset" and transforming internal processes to increase efficiency. Among other things, the digital transformation includes the following initiatives and changes:
1. an agile technology foundation infrastructure to support new digital platforms.
 2. an advanced business process management platform.
 3. advanced data analytics and big data capabilities.
 4. a new customer relationship management (CRM) system and unified front-end platform.
 5. a new internet-based channels solutions for internet and mobile applications; and
 6. self-service machines within branches.

5.1.7.5. Outsourcing arrangements

The Group has outsourced certain services to data processing companies.

5.1.7.5.1. Standards of Business Conduct and Ethical Behaviour

The Group is committed to the highest standards of ethical business behaviour. The Board has adopted the Bank of Cyprus Code of Conduct which applies to all members, managers and employees of the Bank and its subsidiaries.

The Code of Conduct outlines the Bank's rules and expectations regarding proper business conduct and ethical behaviour of members, officers and employees of the Bank and its subsidiaries, including:

1. Following the law wherever the Bank does business.
2. Avoiding putting themselves or the Bank in a conflict of interest.
3. Conducting themselves honestly and with integrity.
4. Respecting confidentiality, and protecting the integrity and security of assets, communications information, and transactions.
5. Treating everyone fairly, equitably, and professionally – whether customers, suppliers or service providers, employees or others who deal with the Bank, and
6. Honouring the Bank's commitments to the communities in which it operates.
7. Upholding suitability criteria for all relevant persons as per the Group Policy on the Suitability of Members of the Management Body, Key Function Holders, and other Material Risk Takers to ensure robust risk management processes.

The Board shall obtain reasonable assurance that there is an ongoing appropriate and effective process in place for ensuring adherence to the Bank of Cyprus Code of Conduct. Global compliance reports shall be submitted to the AC on such compliance, noting any instances or material deviation from the standards together with any corrective action taken. The Bank promotes a strong compliance culture by strictly enforcing the BOC Code of Conduct and by taking decisive disciplinary action where warranted.

The Group's vision is to create lifelong partnerships with our customers, guiding and supporting them to a changing world.

The Group's mission is to support our clients in their most important events of their life and in their daily needs. The Group invests capital and effort to ensuring that our services are provided by top quality professionals at the cutting edge technology and with sound and ethical practices. We will continue to be not only a systemic bank driving growth and shareholder value but also a key driver of progress in our community.

The Group's values are:

1. **Integrity:** We are honest, ethical, and fair,
2. **Reliability:** We keep our promises and adhere to our word
3. **Collaboration:** We build lifelong partnerships and work together for our common future
4. **Professionalism:** we constantly enrich our skills and knowledge, keeping up to date with the developments in our industry
5. **Innovation:** We continuously move forward, innovating and improving

The Group has instituted a Group Conflicts of interest Policy (**Appendix 12**), and Anti-Bribery Policy and a Whistleblowing Policy to which every member of staff and member of the management body must adhere to. The Group Whistleblowing Policy is expected to encourage all staff members to bring to the notice of the Group any issue involving compromise and/or violation of ethical norms, legal or regulatory provisions and any conduct that may be illegal, unacceptable or improper. It also aims to ensure that the rights of any person reporting such incidents are respected, and effective procedures are in place, that protect and support anonymity and confidentiality.

5.2 Supporting Documentation

The Group Corporate Governance Policy shall be perpetually available for scrutiny by any shareholder of the Bank and BOCH, always and without exception.

The Board and management of the Bank shall ensure the dissemination of this Policy to all employees of BOCH including subsidiaries and affiliates to ensure their awareness of the corporate governance policies and practices of BOCH and to enjoin them to comply thereto at all times.

The Board of Directors should maintain a good level of communication with the shareholders, and the Chairperson should ensure that all Board Directors are made aware of the shareholders' major issues and concerns.

A summary of this Policy's key principles and provisions is available on the Group's official website.

A list of Appendices forming part of the Framework is found in Annex I below.

5.3 Reporting

The essence of good corporate governance is transparency. The Bank commits to meet all disclosure requirements as mandated by regulators within the prescribed period at all times.

All material information, both financial and non-financial, about the Bank that may adversely affect its viability, or the interests of the shareholders shall be publicly and timely disclosed.

All such information shall be disclosed through the appropriate disclosure mechanisms including under the CSE, submissions to the CySEC, the Market Abuse Regulation, the Listing rules and the DTRs.

6. EXCEPTION APPROVAL PROCESS

6.1. Issue Escalation

The Chairperson of the Board and the CEO will ultimately decide if a matter requires the attention of the Board between regularly scheduled meetings and if so, whether the Board or a Board Committee needs to be informed about or be involved in the decision-making process concerning the issue that has arisen.

The decision as to whether or not to escalate an issue to the Board's attention and/or a committee between regularly scheduled meetings is a matter of business and/or legal judgment on the part of Senior Management as well as the Chairperson and the CEO, the Vice-Chairperson and the Deputy CEO, Chief Legal Officer and Company Secretary. This determination will take into consideration the following, among other factors:

1. The materiality or significance of the issue to BOCH, its reputation, risk appetite framework overall operations or strategic direction, considering both qualitative and quantitative measures;
2. Prior Board discussion and decision-making on the matter;
3. Existing authorities given to management in respect of the subject-matter; and
4. The necessity for the Board's involvement in the matter prior to the next scheduled meeting.

Examples of issues that may be escalated to the Board or a committee for decision-making in between meetings could include the following:

5. Strategic acquisitions or transactions;
6. A requirement to issue securities;
7. Changes in executive management;
8. Material misstatements in prior financial statements which would reflect a material weakness in the internal controls of BOCH;
9. A requirement to issue an announcement regarding a price sensitive matter; and
10. Significant write-down or other events which would significantly impact the assets, liabilities, and earnings of BOCH on a consolidated basis.

Examples of issues that may be escalated to the Board or a committee for informational purposes only in between meetings could include the following:

11. Correspondence from regulators;
12. Information pertaining to potential transactions;
13. Press releases or other information pertaining to announced transactions; and
14. Media articles concerning the Group.

In determining the necessity for and extent of Board and Committee involvement, Senior Management must assess if the issue being considered has been delegated to a committee as part of its mandate or pursuant to a prior Board resolution. Where a matter may be properly addressed by the RC, the AC or another Board Committee as opposed to the Full Board, then it will be put before that Committee at a specially called meeting. Where a matter cannot be considered by the RC, the AC or another Board Committee, then a full Board meeting will be called.

The CSE may impose a fine on the Group for every year that it violates the 2019 CSE Code.

7. IMPLEMENTATION PROCEDURES (KEY PROCESSES)

This Policy shall be subject to at least an annual review by the NCGC and the Board.

List of Appendices

1. Matters Reserved for the Board.
2. Director Independence Criteria.
3. Confidentiality Declaration.
4. Group Board Nominations Policy.
- 4a. Conflicts of Interest Declaration.
5. Board Induction and Training Policy.
6. Proxy.
7. Group Nomination and Corporate Governance Committee Terms of Reference.
8. Group Human Resources and Remuneration Committee Terms of Reference.
9. Group Audit Committee Terms of Reference.
10. Group Risk Committee Terms of Reference.
- 10a. Group Technology Committee Terms of Reference.
11. Anti-Bribery Declaration.
12. Group Conflicts of Interest Policy.
13. Group Policy on the Suitability of Members of the Management Body and Key Function Holders.

