Bank of Cyprus

COMPLIANCE DIVISION CHARTER

Abbreviations:

Abbreviation	Explanation
AC	Audit Committee
CCO	Chief Compliance Officer
CD	Compliance Division
CEO	Chief Executive Officer
CL	Compliance Liaison
KPI	Key Performance Indicator
RCA	Risk Control Awareness
SCO	Subsidiary Compliance Officer

Document History

S/N	Policy / Framework Name	Division
1	Compliance Division Charter – V1.0 – 29/6/2020	Compliance Division
2	Compliance Division Charter – V2.0 - 30/08/2021	Compliance Division
3	Compliance Division Charter - V3.0 - 24/01/2022	Compliance Division
4	Compliance Division Charter – V4.0 – 24/10/2023	Compliance Division
5	Compliance Division Charter – V5.0 – 15/05/2024	Compliance Division

1. Introduction

The Compliance Division is a key component of a financial organization's second line of defence for managing compliance risks. Its responsibility is to ensure that the organization operates with integrity, adheres to applicable laws, regulations, and the highest ethical standards.

This Charter describes the framework for managing compliance within the Bank of Cyprus Group ("organization"), as approved by the Board Audit Committee. Any deviation requires the approval of the Board Audit Committee.

2. Compliance Division Mission & Objectives

The mission of the Compliance Division is to achieve a holistic alignment between business goals and compliance requirements synchronizing its principles with the principal values of the organization, be people-centred, responsive, be a catalyst for growth, be a role model through its trustworthiness and provide assistance and guidance to every business sector of the organization in order for them to incorporate the Compliance Division's vision, strategy and principles into their culture and daily operations.

The Compliance Division objectives include but are not limited to establishing, implementing, and maintaining an appropriate compliance framework set by the Compliance Policy and supported by the compliance program, mechanisms, policies, and procedures.

A. Regulatory framework

Identify and maintain a registry with all compliance obligations including compliance with laws, primary legislation, directives, rules, and standards issued by legislators and supervisors, market conventions, codes of practice promoted by industry associations etc., assess the possible impact on the organization of any changes in the legal or regulatory environment, and facilitate and monitor the implementation of actions to ensure timely and effective compliance with regulatory obligations.

B. Risk identification, assessment, monitoring

Carry out compliance risk assessment to identify and ensure proactive management, report and where necessary escalate compliance risks, perform compliance reviews in accordance with the relevant methodology, identify compliance weaknesses and risks, make recommendations for mitigating such risks, report the findings and follow up the timely implementation of mitigating actions, leverage data and analytics to enhance its ability to carry out its monitoring activities and meet its strategic objectives, and provide annual assurance to the CEO as to the effectiveness of compliance policies, procedures and monitoring activities highlighting any significant compliance issues and risks.

The compliance identification process covers the following areas of compliance:

i. the institution's code of business conduct and corporate values;
ii. prudential laws and regulations;
iii. arrangements for the prevention of money laundering and terrorist financing;
iv. arrangements for the provision of investment services and activities;
v. tax laws that are relevant to the structuring of banking products or customer advice;

vi. other regulations applicable to institutions such as regulations on consumer rights, data protection and competition;
vii. accounting and auditing requirements;
viii. business standards and best practices such as on:
    a. market conduct;
    b. managing conflicts of interest;
    c. treating customers fairly and ensuring the suitability of advice to customers.

C. Compliance culture - raising awareness

Encourage the growth of a corporate culture within the organization that is centered on integrity, and ethical values based on a thorough understanding of every relevant regulation, national and international standards, best practices, compliance risks, and how these risks are managed in accordance with the organization's values, code of ethics, and conduct code, raise awareness and ensure the compliance culture is appropriately disseminated at all hierarchical levels by developing policies and processes, provide training for all staff on compliance and responsibilities stemming from that, assist, support and advise the Board of Directors and/or its Committees, the Senior Management, and other staff in fulfilling their responsibilities to manage compliance risks by using a risk-based approach to align business objectives with the organization's risks appetite, offer guidance about the creation of new markets and significant adjustments to existing ones, as well as compliance needs, risks, and controls regarding new projects, products, services, processes, and other issues.

D. Compliance Reporting

Submit periodic and ad hoc reports to the Audit Committee on matters relating to its purpose, authority, responsibility, and performance in relation to the Compliance Division's programme as these are reflected in its annual Action Plan that include information on compliance regulatory or internal developments, significant compliance risks or control issues or breaches and incidents identified during compliance reviews etc and recommendations on how to mitigate such risks. Periodic reports may also be submitted to competent authorities as per regulatory requirements.

E. Specific Objectives

Specific objectives to each department of the Compliance Division are:

1. Prevention of Money Laundering, Local and International Sanctions

Ensure compliance with the Prevention and Suppression of Money Laundering Activities Law and the Central Bank of Cyprus directives and circulars for the prevention of money laundering and terrorist financing, as well as the CBC Sanctions Directive, as these are amended from time to time.

2. Data Privacy

Ensure compliance with the General Data Privacy Regulation and relevant European and local directives and guidelines issued from time to time.

3. Corporate Governance

The Chief Compliance Officer is also appointed as the Company's Corporate Governance Officer (a role provided in the Cyprus Stock Exchange Code) and as part of this role the CCO reports directly to the Nominations and Corporate Governance Committee. The relevant responsibilities are described in the Corporate Governance Policy.

3. Risk Culture

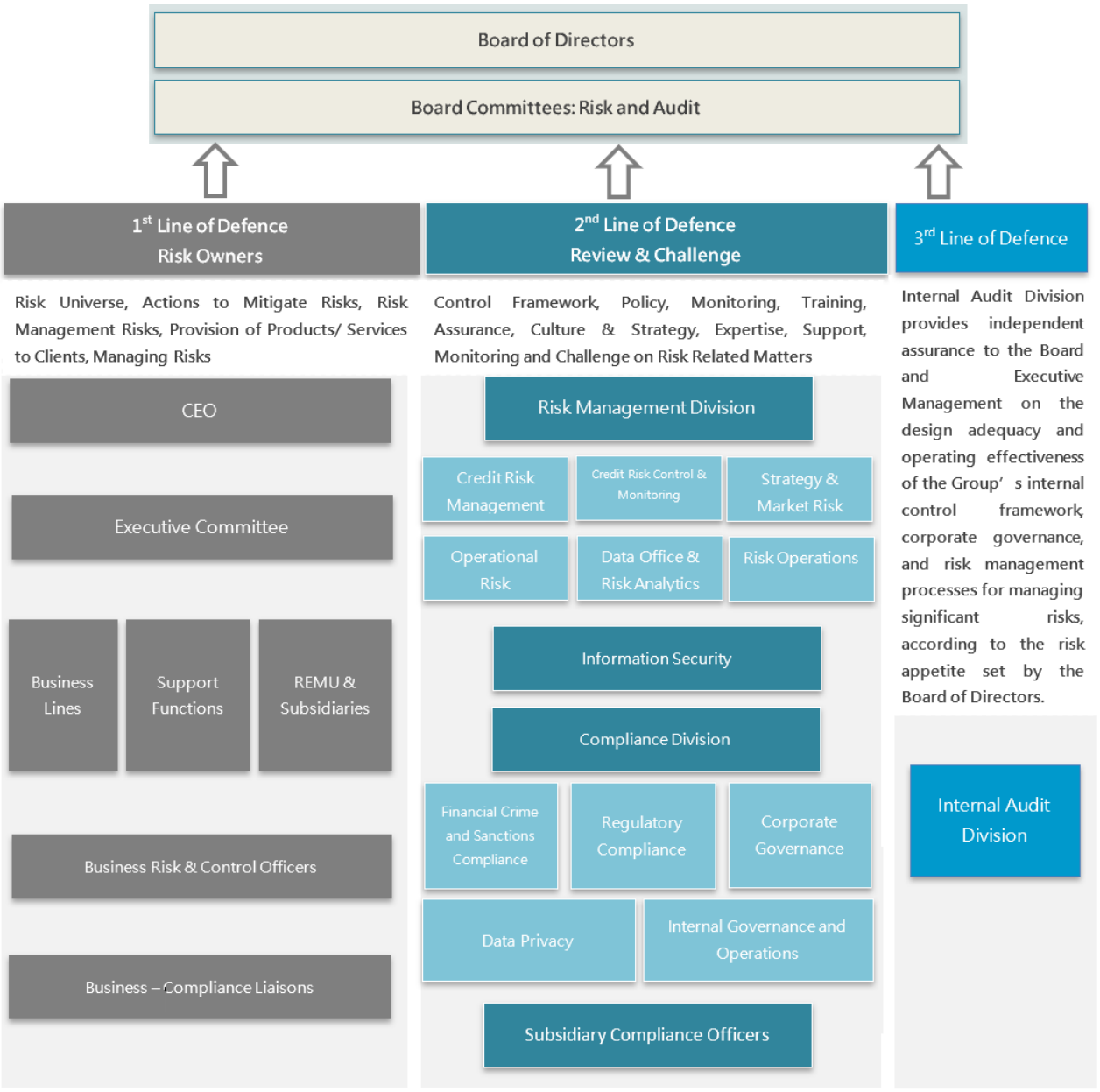
Risk culture "encompasses the general awareness, attitudes and behaviours of an organisation's staff towards risk", and covers organisational values, norms, beliefs, and habits related to risk. It is also a key indicator of how successfully an organisation's risk management policies and practices have been adopted by their workforce.

Towards enhancing the compliance risk culture, the Compliance Division applies the following strategy:

i. Apply proactive actions –Risks are emerging all the time and being compliant is no longer enough; the division applies a proactive approach that uses constant and consistent re-evaluation and redesigning of existing compliance processes, thresholds, rules, and response programmes, aiming to ensure that the organisation always stays up to date on current and future risks.
ii. Raise awareness through communication and training – Staff sometimes don't realise the compliance risk impact of their actions; consistent communication and training regarding compliance risk management processes are very important. The division provides frequent, detailed compliance risk training for employees which not only heightens their understanding of the various risks that the organization is exposed to, but it also equips them with the right tools to monitor and respond appropriately. Furthermore, it ensures that risk management is always top-of-mind and reinforces the formation of good risk-related work habits in employees.
iii. Invest in compliance risk management technology – Invest in automations that will assist in mitigating compliance risks.

4. Independence and Authority

BOC 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 Business Risk & Control Officers and the Business – Compliance Liaisons are assigned in business areas of significant compliance risk and specialization that require enhanced compliance oversight, knowledge, and expertise with the role of promoting and sustaining a corporate culture of risk and compliance within the business area in accordance with the guidance received by the Compliance Division/Control Functions. As part of the 1st line of defence, they assist their management with enforcing regulations, handling compliance-related issues, implementing controls, and adhering to group compliance guidelines.

The Compliance Division's independent status is formalised and communicated through this Charter.

i. The Compliance Division is independent from the organisation's business activities and Support Units it monitors and controls, as well as from the other Control Divisions and the remuneration of the division's staff is not linked to the performance of the activities monitored/controlled by the Compliance Division.

ii. The Chief Compliance Officer reports to the Audit Committee and for administrative matters, reports to the CEO. This latter line of reporting is administrative in nature and has nothing to do with the Compliance Division's oversight to avoid jeopardizing its independence and responsibilities towards the Audit Committee.
iii. The performance appraisal of the Chief Compliance Officer is performed by the Chairman of the Audit Committee with input from the CEO further to their daily administrative relationship, and it is subsequently submitted to the management body.
iv. The Audit Committee annually reviews and assesses the independence, adequacy, and effectiveness of the Compliance Division. In this respect, a declaration of the organisational independence of the Compliance Division is being submitted to the Audit Committee to be considered together with the annual performance appraisal of the Chief Compliance Officer.
v. The annual compliance programme is reviewed and approved by the Audit Committee.
vi. The Chief Compliance Officer submits papers directly to Committees and where applicable, are copied to the CEO or the Executive Committee. To this end, the policies issued by the Compliance Division are approved by the Audit Committee or the Nominations and Corporate Governance Committee, or the joint Audit and Risk Committee.
vii. The Compliance Division has the right and obligation to report its findings and assessments directly to the Board of Directors and its Committees, independent from senior management.
viii. The Compliance Division budget is approved by the Audit Committee which ensures that it is sufficiently flexible to adapt to variation in response to developments.
ix. The Audit Committee is responsible to ensure that the Compliance Division has the appropriate financial and human resources as well as powers to effectively perform its role.

To carry out efficiently the duties relating to compliance:

i. The Compliance Division staff and the Local Compliance Offices (LCOs) are authorized to communicate with any member of the staff and to have unrestricted access to all documents, files, and other data required to perform their duties and all employees of the organization must help by providing the requested information.
ii. The organisation must ensure that staff in the Compliance Division have access to the right data systems, assistance, and internal and external information to carry out their duties.
iii. The organisation must ensure that when in need, the Compliance Division may have access to expert advice and assistance from external service providers when there is lack of knowledge, skills, resources or other competencies needed following the organizations procedures.
iv. The CCO has the right to attend, as observer, any internal meeting at the organisation as he/she deems appropriate in order to carry out his/her duties.

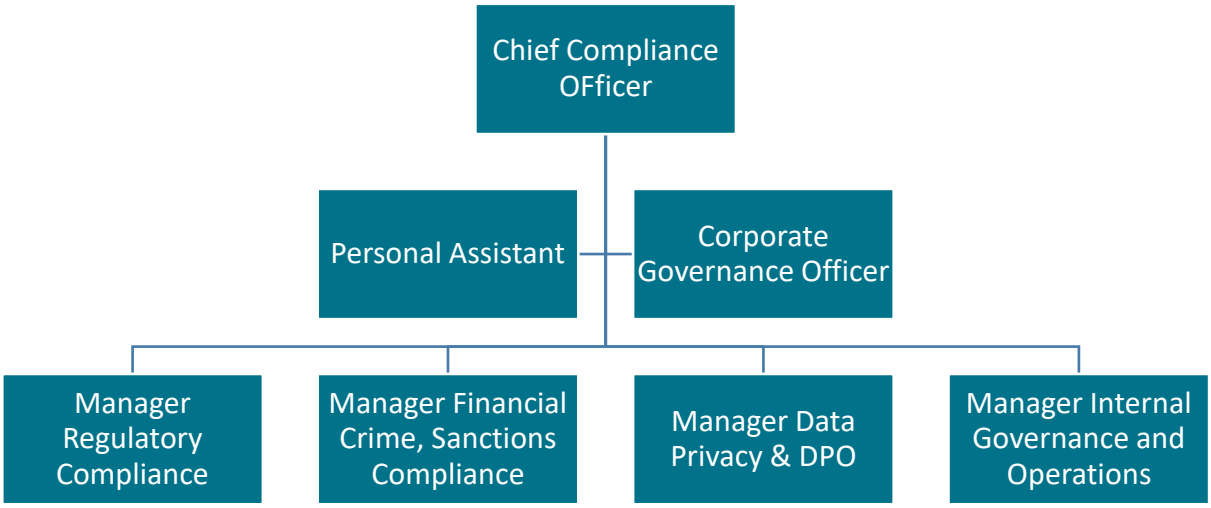
5. Oversight Framework for the Subsidiary Compliance Officers

As part of the obligations stemming from the Internal Governance of Credit Institutions Directive 2021 and the EBA GL/2017/11, and in line with the importance that the organization places on monitoring, managing and controlling the compliance risks across the organization including its subsidiaries (CISCO, Eurolife, General Insurance and Jinius), the Compliance Division is mandated to oversee the Subsidiaries' Compliance Officers (SCOs), who act as an impartial second line of defense at the subsidiaries and ensure that the subsidiaries adhere to this Charter and carry out their compliance duties effectively. Please refer to Appendix 1 of this Charter for the oversight framework of the Subsidiaries' Compliance Officers.

6. Organisational Structure

The Compliance Division is headed/led by the Chief Compliance Officer who is appointed by the Board of Directors further to the recommendation of the Audit Committee and subject to the prior written approval of the Central Bank of Cyprus; the removal of the Chief Compliance Officer is decided by the Board of Directors further to the recommendation of the Audit Committee.

The Compliance Division's structure is shown below:



Where:

i. The Manager Financial Crime & Sanctions Compliance Department reporting to the Compliance Director, is the appointed Anti Money Laundering Compliance Officer of the Bank, a role provided in the relevant legislation. She plans and supervises the implementation of the Group's compliance strategy in matters of Financial Crime (Anti-Money Laundering and Financing of Terrorism (AML/CFT) and Financial Sanctions) in order to ensure that the Group complies with the legislation, the instructions of the Central Bank of Cyprus (CBC) , European Union (EU), international practices and international sanctions.

ii. The Manager Data Privacy Department & DPO reporting to the Compliance Director is the appointed Data Privacy Officer, a role provided in the relevant legislation. She contributes to the formulation/design of the privacy compliance strategy and oversees the implementation of the Bank's and Group's Privacy strategy to ensure compliance with local, European, and international regulations and practices. She also acts as a Personal Data Protection Officer as defined by the regulatory framework according to which he acts as a point of contact with the Office of the Personal Data Protection Commissioner as well as ensures the effective management of related risks.

iii. The Manager Regulatory Compliance reporting to the Compliance Director, contributes to the formulation/design of the Group's governance, markets and Regulatory Compliance strategy and oversees its implementation to ensure that the Group complies with local, European, and international regulations and practices governing the Group.

iv. The Manager Internal Governance and Operations is responsible to provide support to the Director of the Compliance Division in the organization, coordination and setting of priorities, so that all a administrative and operational matters concerning the Compliance Division are handled, monitored and processed in a timely manner, in order to ensure the proper functioning of the Division.

v. The Corporate Governance Officer ensures the strict adherence of the Group and the Board of Directors with the corporate governance directives and regulations.

7. Responsibility and Accountability of the Chief Compliance Officer

The Chief Compliance Officer is responsible to:

i. Ensure the objectivity and independence of the compliance Division.
ii. Acquire human resources with sufficient qualifications and skills to ensure the competence of the compliance Division to carry out its tasks and responsibilities.
iii. Continually assess and monitor the skills necessary to carry out the division's duties to the required level.
iv. Ensure the appropriate ongoing training of staff of the Compliance Division to carry out the increasing diversity of tasks because of the introduction of new products and processes, changes to regulations or professional standards and other developments in the financial sector.
v. Stay up to date on appropriate compliance procedures and pertinent guidelines for compliance-related matters.
vi. Promptly inform the heads of other internal control Divisions of any findings relating to them.
vii. Submit reports to the Board and relevant committees and attend their meetings to present the said reports and provide additional information and/or clarification or assistance on managing the issues raised.
viii. Prepare and deliver to newly appointed members of the Board, in coordination with the secretary of the management body, an induction seminar adequately covering the respective areas of responsibilities of the compliance Division with references to the responsibilities of the Board and the requirements of the regulatory framework.
ix. Express an opinion on the selection as well as the fitness of the persons in charge of the compliance departments of subsidiaries in Cyprus and abroad as well as foreign branches and the appointed SCOs as mentioned above.
x. Update the Competent Authority of any significant findings on, or developments that came to his/her attention that have material impact on, the institution's risk profile and of any significant changes in the structure and Divisions of the compliance Division.
xi. Hold meetings with the Competent Authority at any time Competent Authority may require, discussing the scope and coverage of the work of the Compliance Division, its risk analysis, findings and recommendations.
xii. Receive all reports, information and communication sent by the Regulatory Authorities which include findings or comments in relation to the responsibilities of Compliance Division.
xiii. Have direct access to the Board and its Committees, to raise concerns or warnings as deemed appropriate when the institution is or may be affected by specific developments and / or in the event of specific risk developments affecting or likely to affect the institution.
xiv. Attend on a regular basis and at least quarterly, the Audit Committee meetings to present compliance and data privacy matters and the Nominations and Corporate Governance Committee meetings for corporate governance matters, without the presence of executive members of the Board.
xv. Attend the material Subsidiaries' Audit Committee meetings (GIC, Eurolife and Jinius) on an occasional basis, and may also attend the meetings of the Board of the subsidiaries, in his capacity as the Group's appointed Corporate Governance Compliance Officer, as an Observer by Invitation, to assess the

effectiveness of Subsidiaries Board's functioning as part of the subsidiary's overall corporate governance framework. The Chief Compliance Officer is invited to all the subsidiary Board meetings.

xvi. Escalate to the Bank's AC, any matter that he deems necessary that potentially compromises the effectiveness of the overall compliance oversight of any of the Subsidiaries.

8. Frameworks, Policies and Processes

The Compliance Division maintains several policies/frameworks such as the:

i. Compliance Risk Appetite Statement
ii. Prevention of Money Laundering and Terrorism Financing Policy
iii. Sanctions Policy
iv. Customer Acceptance Policy
v. Corporate Governance Guidelines for Group Subsidiaries
vi. Board Nominations and Diversity Policy
vii. Corporate Governance Policy & Framework
viii. Corporate Governance of BOC Executive Committees Policy
ix. Suitability of Members of the Management Body and Key Function Holders Policy
x. Board of Directors Induction and Training Policy
xi. Compliance Division Charter
xii. Compliance Division Reviews Methodology
xiii. Compliance Division Quality Reviews Methodology
xiv. Control Functions Common Operational Framework
xv. Competition Law Compliance Policy
xvi. Compliance Policy
xvii. Customer Complaints Management Policy
xviii. Market Abuse Policy
xix. Financial Tax Exchange Information Policy
xx. Whistleblowing Policy
xxi. Coordination and Communication with Authorities Policy
xxii. MiFID Policies (13)
xxiii. Anti-bribery and Corruption Policy
xxiv. Treating Customers Fairly Policy
xxv. Conflicts of Interest Policy
xxvi. Personal Data Protection Compliance Policy

9. Professional Standards

Both at the parent and subsidiary levels, the Compliance Division needs to have qualified employees. Every member of the compliance team needs to receive ongoing training on compliance-related topics. Ideally, they should also hold accreditations related to compliance, such as those for lawyers, Certified Global Sanctions Specialists (CGSS), Certified Money Laundering Specialists (CAMS), ICA Professional Qualifications on ML, CySEC Advanced Compliance Certification, project managers, data analytics etc.

10. Support from external service providers

The Compliance Division seeks advice and consultancy support from outside service providers as needed.

11. Compliance Division relation with other Control Divisions

The relationship between Control Divisions (Compliance Division, Internal Audit Division, Risk Management Division, and Information Security Division) is described in the 'Control Functions Common Operational Framework'.

Appendix 1: Oversight framework of Subsidiary Compliance Officers

1. PURPOSE AND SCOPE OF THE FRAMEWORK

This framework of Subsidiary Compliance Officers aims to emphasize the importance that BOC Group places on monitoring, managing, and controlling the compliance risks across the organization including its subsidiaries (CISCO, Eurolife, General Insurance, and Jinius). Because of this obligation, the Compliance Division is mandated to oversee the Subsidiaries' Compliance Officers of the Group, who act as an impartial second line of defence at the Subsidiary and ensure that the subsidiaries adhere to this Framework and carry out their compliance duties effectively. Based on the Internal Governance of Credit Institutions Directive 2021, Article 72(11) "Credit institutions shall ensure that their compliance monitoring processes and procedures are regularly submitted to the staff appointed as regulatory compliance officers in large business units, branches and subsidiaries in the Republic and abroad to carry out regulatory compliance tasks, in order to assist such staff in carrying out their compliance duties". EBA GL/2017/11, para 67, provides that the internal control functions are independent of the business lines they control, including that there is an adequate segregation of duties and that they have the appropriate financial and human resources as well as powers to effectively perform their role (please refer to section 2 below). This framework should be read in conjunction with the Group Compliance Policy and the Corporate Governance Guidelines for Group Subsidiaries Policy.

2. INDEPENDENCE OF SCOs AND THEIR REPORTING LINE

BOC subsidiaries have formally autonomous Compliance Functions, and the Subsidiary Compliance Officers are independent from the business activities they control. They are appointed by the Board of Directors of the Subsidiary further to the recommendation of the Audit Committee of the Subsidiary and the agreement of the Compliance Division. Their appointment is subject to the prior approval of the relevant competent authority, where applicable. The removal of the SCOs is decided by the Board of the Subsidiary further to the recommendation of the Audit Committee of the Subsidiary.

Based on this obligation, each subsidiary appoints its own Compliance Officer who reports on a regular basis to the Compliance Division regarding their compliance action plans and activities, risks, and findings; they are responsible to update their Risk Map, handle regulatory change developments and update issues and actions assigned to them through the Compliance Management System.

The SCO's report directly to the Audit Committee of the Subsidiary and submit to it a report on a quarterly basis with copies being sent to the General Manager of the Subsidiary and the Compliance Division. The report covers, as a minimum, the following:

i. New regulatory developments and key compliance issues and measures/actions taken to implement them during the reporting period.
ii. Information on the adequacy and effectiveness of the Subsidiary's policies and procedures.
iii. Yearly Action plan progress and any deviations/delays from the action plan and or targets set.
iv. On-site inspections or desk-based reviews performed by the Compliance Function, key findings identified, and actions taken to address identified risks.
v. Significant compliance issues, risks, incidents that have occurred since the last report.
vi. Overview of material correspondence with competent authorities.

As part of the organization's Compliance Division's oversight obligation, SCOs are responsible for:

i. Submitting quarterly and annual reports detailing their activities, which should include updates on major regulatory projects, training on compliance issues, findings from onsite reviews and investigations, and mitigation measures taken for compliance risks. It should also include information on key compliance issues and the steps taken to implement them after conducting a risk assessment. Finally, it should include issues for local management and recommendations.
ii. Performing the gap analysis of new or amended regulations assigned to them by the Compliance Division, identifying the compliance obligations stemming from these regulations, assessing the impact on the Subsidiary's processes, procedures, and operations, and ensuring that mitigation actions are implemented for compliance with relevant laws and regulations.
iii. Supporting their management to carry out their responsibilities for compliance with regulatory changes, addressing compliance issues and implementing controls in adherence to compliance principles.
iv. Identifying, measuring, monitoring, and reporting regulatory risks and ensuring compliance with internal and external requirements within the Subsidiary.
v. Completing all other tasks through the Compliance Risks/Findings Management and Repository Software, re: analysing, assessing, and managing daily regulatory feeds assigned by Compliance Division, monitoring issues, and pending actions, developing, and maintaining the Subsidiary regulatory risk map, identifying existing mitigating controls, introducing additional controls, monitoring mitigating actions, maintaining the regulatory reporting diary, regulatory incidents, conflicts of interests and gifts registries.
vi. Facilitating the dissemination of compliance culture within the Subsidiary as per the guidance received by the Compliance Division.

For matters of administration, SCOs refer to the Subsidiary's General Manager but this does not relate to any form of overseeing of the Subsidiary's Compliance Function by the General Manager, which would potentially compromise the SCOs independence.

3. OVERSIGHT OF SCOs BY COMPLIANCE DIVISION

The oversight of the SCOs by the Compliance Division, ensures that the Subsidiary' Compliance Function is effective and efficient and fully aligned with the compliance strategy of the organization. To ensure this, the Compliance Division:

i. Oversights and challenges the regulatory risks identified by the SCOs through the gap analysis of new or amended regulations, assessments of new or amended processes and procedures, project assessments, new or amended product/services assessments and any other ad-hoc assessments with regulatory impact such as new operating models, reorganisations etc, to ensure that compliance risks within the Subsidiary are managed effectively and recommends additional controls and corrective actions, where needed.
ii. Oversees the compliance risk assessment process followed by the SCOs and monitors the implementation of mitigating actions for the management of identified risks.
iii. Performs periodic onsite/offsite compliance assurance reviews for assessing the implementation of organization-wide compliance policies and procedures by the Subsidiary.

iv. Provides constructive support and feedback on an ongoing basis to perform their duties independently, effectively, and efficiently.

v. Ensures that the SCOs have enough competency to facilitate the implementation of the organization-wide policies / procedures /guidelines in their area of work.

vi. Organises and provides training in specialized areas as needed and ongoing guidance and support to the SCOs to remain qualified on an ongoing basis and carry out their duties effectively.

vii. Ensures that the SCOs facilitate the dissemination of compliance culture within their company with the objective of raising awareness and ensuring that each member of staff within the Subsidiary understands the regulatory framework associated with his/her duties and the associated compliance risks on a proactive basis.

viii. Reviews and assesses the Subsidiaries' internal compliance policies and procedures, follows up deficiencies and, where necessary, provides recommendations for amendments.

ix. Assesses the SCOs periodic reports to identify any gaps in relation to their content.

x. Ensures that the SCO's activities are set out in a compliance programme which is reviewed by the Compliance Division to identify any areas of enhancement. The SCO's action plans are monitored on their progress on a quarterly basis by the Compliance Division to ensure timely completion of actions and effective management of regulatory risks.

xi. Oversees the Subsidiary complaints process and utilises customer complaints as a source of relevant information in the context of its general monitoring responsibilities.

xii. Cooperates and exchanges information with other internal control and risk management Divisions on compliance matters of Subsidiaries, assesses any regulatory incidents identified by the SCOs and monitors any mitigating actions to avoid reoccurrence and manage the risk.

xiii. Has constant communication with the SCOs and encourages them to escalate and discuss with the Compliance Division any areas of concern.

xiv. Ensures that the SCOs assessments on new products and procedures comply with the current legal environment and business standards and any known changes to legislation, regulations, supervisory requirements, and business standards.

xv. Ensures that the SCOs maintain their independence at all times and that they report their findings and assessments directly to the Subsidiary Audit Committee independent from Senior management.

xvi. Ensures that the SCOs are invited to the Subsidiary Audit Committee meetings (or combined Audit/Risk Committee meetings, where applicable) on a regular basis and at least once a year and report to the Audit Committee of the Subsidiary, on compliance issues, on a quarterly basis.

xvii. Ensures that the Compliance Division is invited to attend all the Subsidiaries Audit Committee's meetings (or combined Audit/Risk Committee meetings, where applicable). In this respect, the Manager Regulatory Compliance attends all the Subsidiaries Audit Committee's meetings (or combined Audit/Risk Committee meetings, where applicable) as an Observer by Invitation. Based on the nature of their duties, the Manager Financial Crime &Sanctions, the Manager Data Privacy & DPO and the Corporate Governance Officer attend only if a topic related to their function is discussed.

xviii. Reports to the Bank Audit Committee the subsidiary's compliance risks through the quarterly/ monthly / yearly reporting.

xix. Contributes to the Subsidiaries Compliance Officers' Performance Appraisal that cover both their KPIs for compliance duties as well as their competencies. In case the Subsidiary Audit Committee's appraisal score is not in alignment with the one provided by the Compliance Division, then a meeting is held with the Chief Compliance Officer and the Subsidiary's AC Chair to resolve the issue, with the

Subsidiary AC's Chair bearing the final decision. SCO is invited to discuss the performance appraisal with the CCO prior to its submission to the Chair of the Subsidiary AC.

Appendix 2 – CLs and SCOs Appraisal Process

1. Definitions

1. **KPI Thresholds:** The minimum time required by the Compliance Liaison and the Subsidiary Compliance Officer to perform the compliance duties assigned to him/her by Compliance Division.
2. **Grading Thresholds:** The range of scores used by both Compliance Division and the management of the Compliance Liaison to assess the KPI "CLs duties" or the range of scores used by both Compliance Division and the Chair of the Audit Committee of the Subsidiary to assess the KPI "SCOs duties".
3. **Grading Weight:** The weight that the Compliance Division's grading bears on the overall appraisal grading of the Compliance Liaison and the Subsidiary Compliance Officer (i.e., 40% - 60% rule for CLs and 100% for SCOs).
4. **KPI "SCO duties":** Duties assigned to Subsidiary Compliance Officers by Compliance Division.
5. **KPI "CL duties":** Duties assigned to Compliance Liaisons by Compliance Division.

2. CLs appraisal procedure

The CLs' appraisal procedure is a four steps process with predefined thresholds and grading scores:

a. KPI Thresholds

Step 1 - Identify and record the KPI "CLs duties" thresholds in the CLs performance appraisal.

1. The KPI "CLs duties" thresholds refer to the minimum time required by the CL to perform the compliance duties assigned to him/her by Compliance Division.
2. These thresholds vary from 10% to 100% depending on the department of the Bank to which the CL belongs, and the risks his/her area face e.g., for high-risk areas such as Treasury the thresholds are increased. Lower thresholds are assigned to CLs of indirectly support functions such as HR and control functions, as the regulatory duties assigned to them by Compliance Division (e.g., new regulations for gap analysis) are not increased to the extent assigned to business lines and Subsidiaries and the time required to perform such duties is much lower. The KPI percentage is agreed between the Compliance Division and the manager of the CL and is communicated to the CL with his/her assignment letter provided by RCD upon his/her assignment as CL.
3. A detailed table on the way these thresholds are defined is presented below:

Table of KPI Thresholds

Category	Subsidiaries and others	Front	Support	Control and other Support
Category Definition	This category includes CLs who have increased regulatory duties, as described in their role and position. Moreover, it includes the SCOs who are the appointed compliance officers of subsidiaries thus making their role more critical.	This category includes the CLs of the departments who are involved with external stakeholders such as customers, shareholders, investors etc.	This category includes the CLs of the departments who support front lines, and their regulatory duties are exposed to considerable risks.	This category includes the CLs of control functions and departments who support front lines but may not have considerable compliance responsibilities or they are not exposed to

Category	Subsidiaries and others	Front	Support	Control and other Support
				significant considerable risk
Examples of departments to be included in each category	CISCO, Eurolife, General Insurance of Cyprus, Jinius, Group Treasury etc.	All Retail Regions, International Departments, Restructuring and Recoveries Division, Investor Relations, Corporate Banking including Factors etc.	Human Resources Division, Finance Division, Information Technology Services, Group Procurement etc.	Payments department, Technical Services, Operational risk, Central Operations etc.
KPI thresholds	50% minimum as their main role is to act as Subsidiary Compliance Officers/Compliance Liaisons.	40% minimum due to the increased compliance issues they have to face	30% minimum	10% minimum

The KPI's minimum thresholds are applied at Divisional level. If more than one person is assigned as CL within the same Division the minimum threshold of each one of the CLs may be lower than the minimum required for this specific KPI.

Exemptions from CD's assessment procedure & reporting:

i. Where the time required by the CLs to perform the compliance duties assigned to them by Compliance Division is less than 10% of their time, these are exempted from CD's assessment procedure and reporting, as their duties are limited. These liaisons have been renamed Secondary Compliance Liaisons.
ii. Compliance Liaisons who are assigned at a Subsidiary Company of the Group to assist the Subsidiary Compliance Officers to perform their duties, are exempted from CD's assessment procedure. These liaisons have been renamed to Assistant Subsidiary Compliance Officers.

b. Grading Thresholds

Step 2-Assess the KPI "CLs duties"/ "SCOs duties".

The grading thresholds 1-5 are used by both Compliance Division and the management of the CL to assess the KPI "CLs duties". The grading thresholds are fully aligned with the grading scale used by HRD for annual assessment procedure:

1. Grade 1 - needs important improvement to perform his/her duties.
2. Grade 2 - needs improvement to perform his/her duties.
3. Grade 3 - satisfies the requirements of his/her position.
4. Grade 4 - better than required.
5. Grade 5 - always better than required.

c. Grading Weight

Step 3-Apply the 40%-60% rule.

1. Grading weight is the weight that the Compliance Division's grading bears on the overall appraisal grading of the CL.
2. The grading weight for Compliance Division is always 40%.
3. The grading weight for CLs manager is always 60% to reflect the primary role of CL to assist the management of his/her area to manage compliance risk (see indicative example in section 4).
4. Once both the Compliance Division score (an integer from 1 to 5) and the CL manager are recorded in the Fiori system, an automated calculation gives the CL's score, which is the total of CD score (an integer from 1 to 5) weighted by 40% and the CLs manager weighted by 60%.
5. Section 4 explains the Compliance Division methodology in place to assess the KPI score recorded in the HRD Fiori system.

d. Record the KPI score in HRD system

Step 4 -Record CL score in HRD performance appraisal system

The score derived from HRD Fiori system is converted to an integer and recorded in the HRD appraisal system by the manager of the CL, using the grading scale 1-5 with relevant justification in comments.

3. SCOs appraisal procedure

The procedure appraisal for SCOs in relation to their compliance duties is performed out of the HRD system in a manual way using excel spreadsheets that calculate the overall grading, according to the KPIs shown in Tables A1-KPIs assessed by Compliance Division (for SCOs that do not have a managerial position) and A2 -KPIs assessed by Compliance Division (for SCOs who have a managerial position) below.

Table B1-Competencies assessed by Compliance Division (for SCOs that do not have a managerial position) and Table B2- Competencies assessed by Compliance Division (for SCOs with managerial role) are fully aligned with the competencies used by HRD as per the annual assessment procedure of BOC staff. Competencies for SCOs with managerial positions slightly differ from the ones who have the role of the officer.

The appraisal for both the SCO's compliance KPIs and competences are assessed by Compliance Division and submitted to the Chairman of the AC of the Subsidiary for his/her own assessment. The assessment of the Chairman of the AC is provided by the SCO to Compliance Division and/or HR which is the responsible to record the assessment in the HR appraisal system. In the case of SCOs, the 40%-60% rule is not applicable as the Subsidiary's AC Chair performs an overall appraisal (100%).

In cases where the SCO performs additional duties other than those of the compliance officer (e.g. acts also as the subsidiary legal consultant etc.) the minimum KPI threshold for the time allocated to perform his/her compliance duties shall always be 50%. If the SCO has a managerial position,20% of the overall 50% appraisal threshold will be allocated to predefined Risk Control Awareness (RCA)KPI.

Table A1-KPIs assessed by Compliance Division (for SCOs that do not have a managerial position) as per the table of KPI Thresholds above

KPIs	Weight
Risk/Control/Awareness	20,00%
Quality of deliverables	25,00%
Timely Response	30,00%
Sufficient Knowledge to perform assigned duties	25,00%

Table A2-KPIs assessed by Compliance Division (for SCOs who have a managerial position) as per the table of KPI Thresholds above

KPIs additional to the predefined **Risk Control Awareness (RCA)KPI (20% of the total appraisal score)**	Weight
Quality of deliverables	40,00%
Timely Response	30,00%
Sufficient Knowledge to perform assigned duties	30,00%

Table B1- Competencies assessed by Compliance Division Competencies (for SCOs that do not have a managerial role)

Competencies	Weight
Deciding & Initiating Action	15,00%
Managing Work	15,00%
Effective Communication	15,00%
Customer Focus	15,00%
Collaboration	15,00%
Self-Development & Adaptability	15,00%
Risk/Control Awareness	10,00%

Table B2- Competencies assessed by Compliance Division (for SCOs with managerial role)

Competencies	Weight
Deciding & Initiating Action	12,85%
Managing Work	12,85%
Impactful Communication	12,85%
Customer Focus	12,85%
Collaboration	12,85%
Self-Development & Entrepreneurship	12,85%
Managing Others	12,85%
Risk/Control Awareness	10,00%

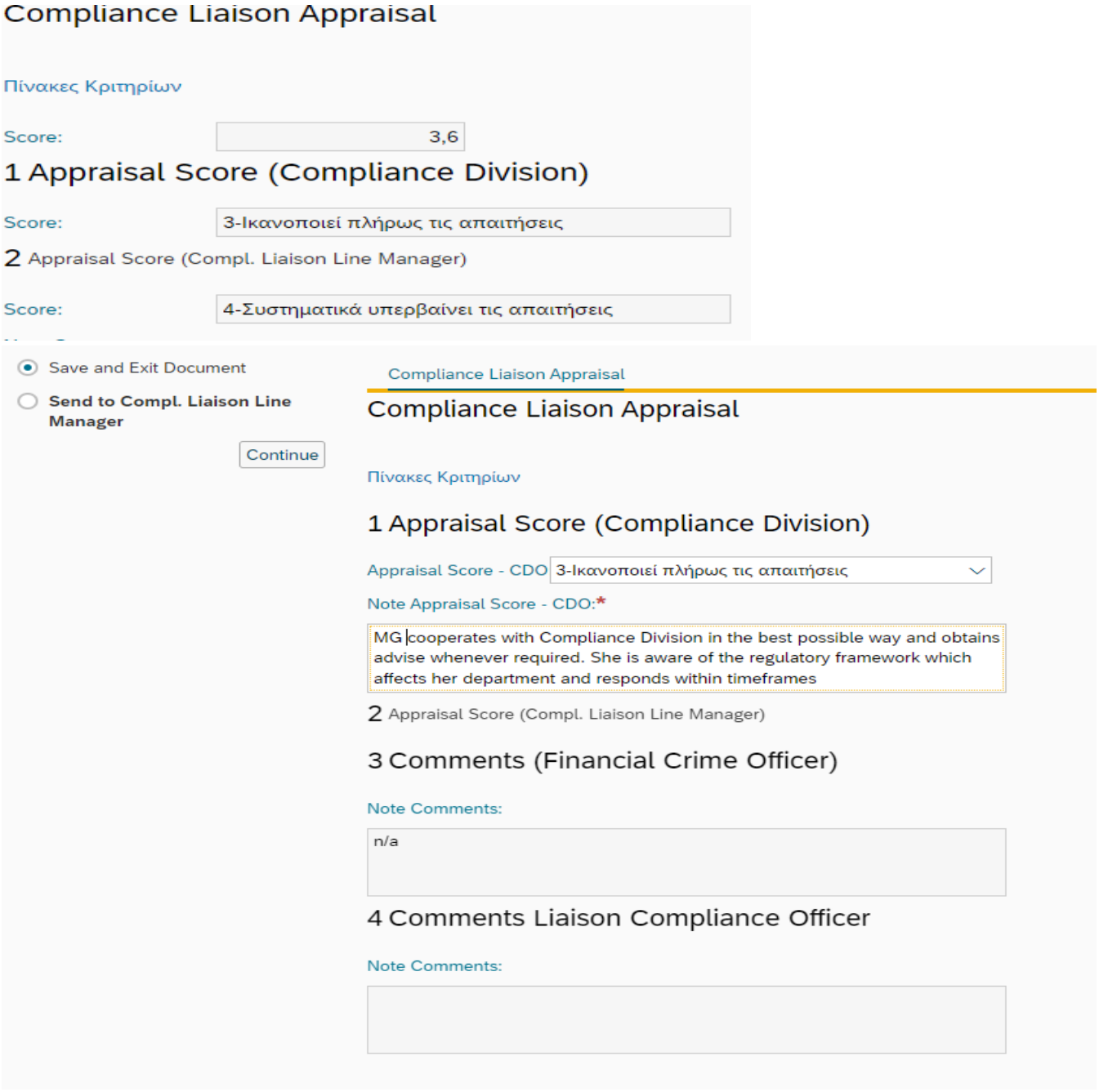
4. Examples

Indicative example of a CL's annual appraisal- How the KPI "CLs duties" is reflected in the CL's annual appraisal

A	B	C	D	E
KPI Name	Description	Weight	KPI score	
Καθοδήγηση ομάδας εξυπηρέτησης μετόχων	Οργανώνει, συντονίζει, καθοδηγεί και ελέγχει τις διοικητικές εργασίες του Τμήματος που αφορούν κατόχους Παραστατικών Δικαιωμάτων, υφιστάμενους και παλαιούς μετόχους. Αντικατάσταση των μελών της ομάδας σε απουσία και των δύο.	25,00	3	
Recovery Plan + Resolution Plan	Συμμετοχή στην ετοιμασία Recovery και Resolution Plan σύμφωνα με την ΕΚΤ και SRB. Μελέτη, περιγραφή διαδικασίας και χαρακτηριστικών των επιλογών βελτίωσης των δεικτών της Τράπεζας μέσω αύξησης κεφαλαίου και διαδικασίας εφαρμογής resolution plan αντίστοιχα.	20,00	3	
Εκτέλεση καθηκόντων ΤΛΣ	Εκτέλεση καθηκόντων ΤΛΣ και εφαρμογή του Σχεδίου Δράσης για την υπηρεσία για το έτος 2021	10,00	3	
Επιθεώρηση όρων συμφωνιών τμήματος	Επιθεώρηση των όρων όλων των συμφωνιών του τμήματος σαν εταιρία εισηγμένη στο LSE και CSE για διασφάλιση συμμόρφωσης με τη νέα νομοθεσία GDPR (συνεργασία τόσο με εσωτερικούς, όσο και με εξωτερικούς νομικούς συμβούλους, με Compliance και DPO της Τράπεζας). Προετοιμασία και παρουσίαση αιτημάτων σε Cost Forum και Tender's Commitee	10,00	3	
Legal liaison IR	Επίλυση όλων των νομικών θεμάτων που απαιτούν νομική συμβουλή, μέσω καταχώρησης των ερωτημάτων στο σύστημα και συζητήσεων με legal και άλλα τυχόν αρμόδια τμήματα	10,00	4	
Ανακοινώσεις και Παρουσιάσεις	Βοηθά στην ετοιμασία και δημοσιοποίηση (σε Χρηματιστήρια, εποπτικές αρχές και στην ιστοσελίδα του Συγκροτήματος) των σχετικών ανακοινώσεων και παρουσιάσεων τόσο των οικονομικών αποτελεσμάτων του Συγκροτήματος, όσο και άλλων πληροφοριών, σύμφωνα με τις συνεχείς υποχρεώσεις του Συγκροτήματος ως εκδότης τίτλων που είναι εισηγμένοι σε Χρηματιστήρια, με στόχο την παροχή έγκυρης και έγκαιρης πληροφόρησης σε όλα τα ενδιαφερόμενα μέρη (επενδυτές, αναλυτές, επόπτες) για τη χρηματοοικονομική επίδοση και τους στρατηγικούς στόχους του Συγκροτήματος	15,00	4	
Συμμετοχή στην ομάδα εργασίας για Lone S	Ελεγχος υποχρεώσεων σε σχέση με την πιθανή δημόσια πρόταση από Lone Star, ετοιμασία ανακοινώσεων, μετάφραση, δημοσίευση, συντονισμός με εξωτερικούς νομικούς συμβούλος σε κύπρο και Ιρλανδία	10,00	3	

Indicative example -How the appraisal score and comments of Compliance Division are recorded in Fiori System

The 40%-60% rule



In the example above Compliance Division assessed the KPI "CL duties" with 3 and the CL line manager assessed the same KPI with 4. Applying the 40%-60% rule, the overall appraisal grading (final score) in Fiori system is 3.6 calculated as follows: **3,6=3X40%+4x60%**

5. Compliance Division methodology to get the score of the KPI "CLs duties"

The detailed assessment of the CL by the Compliance Division, to calculate the overall appraisal grading (the overall score) that will be recorded in the HRD Fiori system for KPI "CLs duties", is performed outside the system with the use of excel spreadsheets that calculate the overall grading according to the predefined weighted assessment criteria shown in Table A-Criteria used by Compliance Division below.

Table B-CL Appraisal Planner is the main tool used by the Compliance Division to justify its score for each one of the criteria of table A and it is completed for each one of the CLs. It entails predefined parameters according to the importance given by Compliance Division for each one of the criteria set in table A_ Criteria used by Compliance Division.

Table A -Criteria used by Compliance Division

Assessment Criteria	Weight
Cooperation and Communication with Compliance Division	30%
Monitoring and Review of Compliance Issues	20%
Quality of Materials Submitted/Results of Compliance Reviews (onsite/ offsite/ thematic)	20%
Timely Response / Number of revised deadlines	20%
Knowledge	10%

Table B-CL Appraisal Planner

KPI "CLs duties"	**Name of CL:**		
Criteria	**Parameters**	**Comments**	**Grade**
Cooperation and Communication with Compliance Division (30%)	Brings up issues for consultation and informs CD about compliance incidents	CL has close cooperation with Compliance Division and informs it on any compliance incidents affect her Division	4
	Agrees the main compliance actions of the department with CD	CL submitted her action plan for 2023 to Compliance Division for review. For any further actions there is an ongoing communication with Compliance Division	
	Uses the RCD compliance management system_OneSumX	CL is familiar with the system and use it when needed	
	Assists for compliance reviews	CL assists Compliance Division with its reviews and performs her own reviews as part of the Governance &Compliance team of her Division	
Monitoring and Review of Compliance Issues (20%)	Maintains through OneSumX the COI & Gift Registry	CL maintains the COI & Gift Registry	3
	Monitors departmental action plan in relation to compliance matters	CL monitors departmental action plan and informs Compliance Division for its assistance and guidance when needed	
	Pro-actively assists with the analysis and incorporation of main compliance obligations to the procedures of his/her Department/Division	As part of the Governance &Compliance team of her division one of its main responsibilities is to review and revise the procedures of her Division	
	Promotes compliance Culture	CL is in close cooperation with the management team of her division to create an environment in which everyone can say and do the right thing	

KPI "CLs duties"	Name of CL:		
Criteria	**Parameters**	**Comments**	**Grade**
Quality of Material Submitted (20%)	Provides meaningful Annual Reports	CL provides meaningful Annual Reports	3
	Makes quality recommendations	CL's recommendations are valid and helpful for her line of business	
	Submits quality information for review	CL submits quality information for review	
Timely Response (20%)	Submits Yearly Reports on time	CL submits yearly reports on time	3
	Closes case assignments/issues & actions on time	CL closes case assignments/issues and actions on time	
	Completes risk assessment and records mitigating actions through the system on time (where applicable)	CL completes risk assessment and records mitigation actions through the system on time	
	Records and handles compliance incidents on time	CL records and handles compliance incidents on time	
	Attends trainings timely	CL attends trainings timely	
	Submits the information requested by CD on time	CL submits the information requested on time	
Knowledge (10%)	Shows understanding of issues	CL has deep knowledge of the issues related to her department and she is the expert of her Division on compliance issues	3
	Studies and is aware of internal policies and procedures which affect his/her department	CL is well informed and aware of the policies and procedures	
	Studies new regulatory framework, provides update to the staff of his/her department and assists in gap analysis and implementation of compliance provisions	CL studies regulatory framework, identifies gaps and with the assistance of Compliance Division proceeds with corrective actions	

An excel spreadsheet is used to calculate the score that will be recorded in the HRD Fiori system. The overall score is the summation of each one of the weighted assessment criteria. The criteria are assessed using a grading scale from 1 to 5. The score inserted in Fiori system is an integer from 1-5 and is justified by relevant comments.

Indicative example -How the criteria of the KPI "CLs duties" are assessed.

CL Name	Cooperation and Communication with Compliance Division 30%	Monitoring and Review of Compliance Issues 20%	Quality of Materials Submitted 20%	Timely Response 20%	Knowledge 10%	AML (if applicable)	Overall Score	Fiori Score 1-5	Comments
	4	3	3	3	3	--	3,3	3	She cooperates with Compliance Division in the best possible way and obtains advise whenever required. She is aware of the regulatory framework which affects her department and responds within timeframes

The score 3,3 calculated as follows: **3,3=4x30%+3X20%+3x20%+3x20%+3x10%**

The same procedure is followed by the FCSCD in case the CL has AML related duties. In such case the overall score of Compliance Division is the average of the scores provided by FCSCD and RCD. In case the CL has no AML related duties the responsible FCSCD officer records in the Fiori system not applicable(n/a).