

## 1. PURPOSE AND SCOPE OF POLICY

The Group is committed to ensuring that persons appointed to the Management Body, the Executive Committee or other key function holder positions are suitable to hold office. This document sets out:

- the criteria for the assessment and re-assessment of the suitability of assessed persons;
- the appropriate process for assessments of assessed person positions;
- the measures to be taken in cases where assessed persons are not suitable; and
- the criteria for Members of the Management Body to qualify as independent.

The Policy sets in writing the Group’s strategy in selecting and recruiting suitable persons to an assessed position on a continuous basis. This is in line with the Code of Ethics, professional and ethical values, the culture and long-term interests of the Group. As part of the governance framework of the Group it serves the purpose of providing for its prudent, effective and robust risk management, in a manner that promotes the integrity of the market and the interest of clients.

This Policy applies throughout the Group, to all persons who hold, or are to be appointed or elected to, an assessed person position of the Bank and its subsidiaries.

The Policy should be read and applied in conjunction with other Group Policies (e.g. Nominations Policy, Induction and Training Policy, Recruitment Policy etc)

## 2. ABBREVIATIONS

Within this document, the following abbreviations are used:

Abbreviation	Definition
BOD	Board of Directors
BRC	Board Risk Committee
CBC	Central Bank of Cyprus
CD	Compliance Division
CEO	Chief Executive Officer
CFO	Chief Financial Officer
CySEC	Cyprus Securities and Exchange Commission
DPO	Data Protection Officer
EBA	European Banking Authority
ECB	European Central Bank
ESG	Environmental, Social, Governance
EU	European Union
GDPR	General Data Protection Regulation
ICT	Information & Communication Technology
MRT	Material Risk Takers
NCGC	Nominations & Corporate Governance Committee
NPEs	Non-Performing Exposures
ORM	Operational Risk Management
PSD2	Payment Systems Directive 2
SLA	Service Level Agreement

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### 3. DEFINITION OF TERMS

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

1. **“Bank of Cyprus Group/BoC Group”**  
Means the Bank of Cyprus Ltd and its subsidiaries.
2. **“Assessed person” is:**
  - A member of the Management Body (Board of Directors);
  - A Key Function Holder
  - A person with an open approval or a member of a credit committee
3. **“Member” is a proposed or appointed member of the Management Body of the Group.**
4. **“Key Function Holder” is:**
  - CEO
  - Deputy CEO
  - All members of the ExCo
  - All Heads of Control Functions (Compliance, Risk, Information Security, and Internal Audit)
  - AML Officer
  - Outsourcing Officer
5. **“Material Risk Takers (MRTs)”** is staff whose professional activities have a material impact on the institution's risk profile as per art. 3 & 4 of Delegated Regulation 604/2014. In the Group, MRT staff include the following positions:
  - Executive Members of the Board of Directors,
  - All Divisional Directors that report to the CEO, D-CEO or to another ExCo member.
  - Heads of control functions that report to Board Committees
  - General Managers of material subsidiaries (Eurolife, General Insurance Cyprus).
  - Other key personnel whose total annual fixed remuneration exceeds €120.000 (currently n/a).
  - 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.
6. **“Suitability”** is the degree to which an individual is deemed to have good repute and to have, individually and collectively with other individuals, adequate knowledge, skills and experience to perform his/her duties. Suitability also covers the honesty, integrity and independence of mind of each individual and his/her ability to commit sufficient time to perform his/her duties.

### 4. GENERAL PRINCIPLES

In brief the responsibilities of the Group in relation to the legal and regulatory framework are:

- To make the initial and continuous assessment of the suitability of assessed persons on an individual basis and collectively.
- To ensure that the NCGC assesses the suitability of nominated Members on the basis of the criteria set out herein as well as in the Group Board Nominations Policy and the Group’s ESG Strategy.

- To ensure that assessed persons have sufficient knowledge, skills, experience, and specialisation for the discharge of their duties and responsibilities (*see Appendix A Part 2*).
- To ensure that the assessed persons are of sufficiently good repute and act in honesty, reliability and integrity, characteristics which promote the culture of compliance in an organisation. Members of the management body should also possess and independence of mind to effectively assess and challenge the decisions of ExCo. (*see Appendix A Part 1*).
- To ensure that Members and other assessed persons live in an orderly economic situation and their exposures are performing throughout tenure and are in compliance with the Assessment of the Suitability of members of the management body and key function holders Directive 2022 (*see Appendix A Part 3*)
- To ensure that Members are able to commit sufficient time to perform their functions.
- To ensure that sufficient human and financial resources are dedicated for induction and on-going training of members of the Management Body.
- To set down the measures implemented when assessed persons are not considered fit and proper.

The suitability assessment is mandatory before the appointment and the information that a position is assessed must be specified in the job description of key function holders and other assessed persons.

The NCGC shall set the criteria and adopt the necessary internal policies for the assessment of the suitability of assessed person in accordance with the provisions of the Assessment of the Suitability of Members of the Management Body and Key Function Holders of Credit Institutions Directive (the CBC Directive) taking into account diversity as per the Group Board Nominations and the Group's ESG strategy. The Committee shall adopt an appropriate succession plan for the members of the Management Body, taking into account inter alia, the expiry of each member's term of office to avoid multiple members being replaced at the same time.

#### 4.1. Criteria to determine if an assessed person is suitable General criteria

A person must fully satisfy the following suitability criteria to be considered suitable to hold an assessed person position:

- **Reputation, honesty and integrity:** Assessed persons must be of high personal integrity and ethical behaviour and must inspire trust.
- **Previous experience:** Assessed persons must have adequate experience and a successful career in their line of business. They must be able to produce relevant references as to such previous positions that satisfy this requirement.

Areas of experience and experience required by the assessed persons are also evaluated against the “experience” criterion as per Appendix A.

- **Independence of mind:** To assess whether Members and heads of internal control functions have the ability to form their own, sound, objective and independent opinion> Members should be able to express their judgement on all issues tackled by the Board of Directors, without undue influence from other persons the following must be considered:
  - a) The necessary behavioral skills including:
    - Courage, conviction and strength to effectively assess and challenge the proposed decisions of other members of the Management Body
    - Ability to ask questions to the executives; and
    - Ability to resist ‘group think’
  - b) Conflicts of interest to an extent that would impede their ability to perform their duties independently and objectively in accordance with the Group Conflict of interest Policy.
- **No conflicts of interest:** The Group shall ensure that assessed persons have no professional capacities that are incompatible with the role they are being assessed for, and that their personal, business and/or professional interests are not in conflict with the interests of the Group, according to the Group’s Code of Conduct, the Group Policy on Conflicts of Interest and the CBC Directive on Internal Governance.

All financial (including NPEs) and non-financial interests that could create potential conflict of interest should be disclosed prior to the assessed person’s assessment.

Should a person be assessed as unsuitable for a particular assessed person position as a result of a lack of competence for that position or because of a conflict of interest that applies to the duties of that position, the person may still be suitable for another assessed person position as different competencies may apply to that position.

Notwithstanding the suitability criteria, it remains a matter for the Board to make the final decision as to whether or not a person is suitable to hold an assessed person position.

This decision is subject to the CBC/ECB’s powers to disqualify a person from holding an assessed person position or directing that they be not appointed or removed from a position.

#### 4.2 Process for suitability assessments and reassessments

Generally, assessments of a person’s suitability for an assessed person position must be conducted:

- Before the person is appointed
- After their appointment:
  - Where there are concerns regarding the suitability of the individual;
  - In the event of a material impact on the reputation of the individual;
  - As part of the review of the internal governance arrangements by the management body;
  - In any event that can otherwise materially affect the suitability of the individual, including any NPEs;
  - When there are reasonable grounds for suspecting money laundering and terrorist financing activities by the Bank and especially in cases where appropriate internal control mechanisms have not been established
  - Where the Bank has substantially modified its operations or business model thus increasing its exposure to the risk of money laundering and terrorist financing.
- When re-appointing Members, if the requirements of the position have changed or if the Member is appointed to a different position within the Management Body
- On an on-going basis.

Key function holder positions must be regularly reviewed, at least once a year and upon any structural change of the organization or new fact, and in particular:

- When applying for an authorisation.
- When appointing new key function holders, including as a result of a direct or indirect acquisition or increase in a qualifying holding in the Bank.

By January 31st each year, assessed persons will provide the Company Secretary with a declaration notifying any changes as to their compliance with the provisions of the Suitability Directive.

The Group will also carry out a suitability assessment if a person is replacing a key function holder or the CEO when the latter is unable to perform his/her duties and the period of absence exceeds 6 months (or in case of unexpected absence). The assessment of the replacement must be submitted within 10 days of assumption of the position. In the event of replacement of the CEO, the successor must be a person who has been approved by the competent authorities as a holder of a key function which he/she held immediately before the replacement.

#### **4.2.1 Collective suitability of the Management Body**

The collective suitability of the Management Body must be assessed or re-assessed in particular:

- a) When material changes to the composition of the Management Body occur including:
  - Appointment of new Members, including as a result of a direct or indirect acquisition or increase of a qualifying holding in the Bank;
  - Re-appointment of Members, when the requirements of the position have changed or when the Members are appointed to a different position within the Management Body;
  - When there are reasonable grounds of suspecting money laundering and/or terrorist financing activities;
  - Where the Bank has substantially modified its operations or business model thus increasing its exposure to the risk of money laundering and terrorist financing;
  - When appointed or re-appointed Members cease to be members of the Management Body.
- b) When there is a material change to the Group's business model, risk appetite or strategy or structure at individual or group level;

- c) As part of the review of the internal governance arrangements by the Management Body;
- d) In any event that can otherwise materially affect the collective suitability of the Management Body;
- e) On an on-going basis.

When re-assessing the collective suitability of the members, assessments must focus on the relevant changes in the Group's business activities, strategies and risk profile and in the distribution of duties within the management body and their effect on the required collective knowledge, skills and experience of the management body

The members must collectively be able to take appropriate decisions considering the business model, risk appetite, strategy and markets in which the Group operates, as well as to make material monitoring and criticism against the decision of executives. Individual candidates with strong knowledge in specific areas may compensate deficits of other candidates in these areas. However, any weakness in the composition of the Management Body or its Committees does not necessarily lead to the conclusion that a member is not suitable.

The Group will assess the collective suitability of the members of the management body using a suitability matrix as per Annex I of the Joint EBA & ESMA Guidelines on the assessment of the suitability of members of the management body and key function holders (EBA/GL/2021/06). The Board as a whole, must adequately understand the sectors for which the members are collectively responsible, and to have the required skills in order to exercise actual management and supervision of the Group, especially in matters of its business activity and the major risks connected thereto, the strategic planning, the financial statements, the compliance with the legislative and regulatory frameworks, the understanding of the corporate governance framework, the ability to recognize and manage risks, the impact of technology on its activity, and issues related to the environment, social responsibility, governance (ESG) , within the framework of the Group's strategic plans etc.

It will be a condition of continuing appointment that the candidate provides his/her consent for this information to be gathered and used by the Group for the purpose of the assessment. The consent must also include consent for the information to be provided to the CBC/ECB or CySEC if necessary.

#### 4.2.2 When an assessed person is no longer suitable

If the Bank's assessment or re-assessment of an individual concludes that the person is not suitable to be appointed, then that person shall not be appointed or if already appointed must be replaced. If the Bank's assessment or re-assessment identifies easily remediable shortcoming in the individual's knowledge, skills experience, appropriate corrective measures are to be taken to overcome those shortcomings in a timely manner.

If the Bank's assessment or re-assessment concludes that the Management Body is not collectively suitable then the Bank must take appropriate corrective measures in a timely manner.

If a Member's exposures become non-performing then his/her appointment is immediately terminated.

Appropriate measures might include but are not limited to:

- a) A replacement of Member or Members;
- b) Adjustment of responsibilities between Members; and
- c) Training of individual members or the Management Body as a whole to ensure that its collective knowledge and experience is sufficient.

If any assessed person becomes aware of any matter which may prevent the person from continuing to be assessed as a suitable person, he/she must immediately notify the CD or the Chairman of the Board who with the assistance of the Company Secretary will arrange for a new suitability assessment to be carried out.

The Group Whistleblowing Policy on disclosure of matters of concern includes reporting on issues that may be relevant to the suitability of a person to hold an assessed person position. The Group must investigate any information reported in accordance with the said Policy and ensure that all of the protections and immunities for reporting persons set out in that policy are applied.

#### **Monitoring and review**

This Policy is monitored as to its application principally by the CD and the NCGC. The Policy will be reviewed and approved by the NCGC at least annually.

#### **Privacy**

In carrying out a suitability assessment, personal information (including sensitive information) about an applicant or employee may be collected. Each person must provide the Group with all information and documentation that the Group reasonably requests (including evidence of sound financial standing (including exposures of their connected parties)), and any other information that may be relevant for the purpose of completing a suitability assessment for assessed person positions.

The person to whom the information applies, may in accordance with Law providing for the Protection of Natural Persons with regard to the Processing of Personal Data and for the Free Movement of such Data of 2018 (Law 125(I)/2018), gain access to the information by contacting the CD.

If personal information (including sensitive information) is collected it will be used to:

- Assess a person's suitability;
- Comply with legislative and regulatory requirements;
- Perform administrative functions including risk management, record keeping, archiving, staff training; and

- Manage the Group’s rights and obligations under its license;
- Expenses for mobile devices should be budgeted by the CIO or his delegate.

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## 5 GOVERNANCE

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### 5.2 Roles and Responsibilities

Board of Directors	<p>The application of this Policy and the assessment of the fitness and probity of assessed persons is the responsibility of the Board. However, the Board may, in accordance with this Policy, delegate all or some of its functions to a committee of the Board or to particular officers or employees of the Group.</p> <p>The Board is committed to ensuring that each person who holds an assessed person position has the appropriate skills and experience in line with the role that he/she holds and will make all final determinations and provide approval for appointments to the Board and to key function holder positions.</p>
NCGC	<p>The NCGC has the ultimate responsibility for</p> <ul style="list-style-type: none"> <li>• Approving suitability criteria (in cases of Heads of control functions the respective Committee provides approval)</li> <li>• Making recommendations for nominations to the Board and key function holder positions</li> <li>• Assessments of Board nominees and key function holders</li> <li>• Re-assessments of Board members and key function holders</li> <li>• Collective suitability of the members of the management body</li> <li>• Annually reviewing the key function holder positions and MRTs</li> </ul> <p>With the assistance of the CD and the Company Secretary, it is responsible for providing the necessary supporting evidence for the recommendation to the Board on these matters. Furthermore, the Committee must implement a framework to achieve and maintain diversity in the Board within a reasonable amount of time, and the Group’s ESG Strategy as well as a framework for the sound and appropriate recruitment process for the nomination, selection, reappointment and succession of the members.</p> <p>The Committee must ensure that the shareholders are informed in good time through the Bank’s website and through printed form during the Annual General Meeting with regard to:</p> <ul style="list-style-type: none"> <li>• The requirements of the position</li> <li>• The profile of the candidate</li> <li>• The fact that the appointment is subject to the approval of the CBC/ECB.</li> </ul>
AC & RC	<p>Ultimate responsibility for making recommendations to the Board for the appointment of Heads of control functions and for approving suitability criteria.</p>
NCGC/HRRC	<p>The NCGC and the HRRC meet together once a year for the review of the succession planning for key function holders, the review of their performance, the review of the</p>



	organizational structure of the Bank and any appointments to KFH positions making relevant recommendations to the Board for approval.
CEO	<p>The CEO with the assistance of the Human Resources Division has a significant input on the succession plans.</p> <p>Annually makes recommendations for appointments, performance, succession plans of key function holders and the organizational structure and submits to the Board of Directors for approval through the Joint NCGC/HRRC.</p>
Company Secretary	<p>The Company Secretary must act as a source of information and advice to members of the Management Body and facilitate the flow of information within the Management Body and its committees, between senior management and non-executive directors and between Heads of internal control functions and non-executive directors. Among other duties he/she must:</p> <ul style="list-style-type: none"> <li>• Arrange induction programmes for non-executive Directors, assist the Chairperson in assessing and meeting the training needs of members</li> <li>• Assist the Chairperson in the annual evaluation of individual members</li> <li>• Provide sufficient information to shareholders for the election of director, including: <ul style="list-style-type: none"> <li>○ A description of the individual’s qualifications, experiences and competences</li> <li>○ A description of the roles and responsibilities for that particular vacancy</li> <li>○ Time commitment expected</li> <li>○ An explanation why the Board considers the appointment of that individual appropriate</li> </ul> </li> <li>• Liaise/cooperate with CD</li> <li>• Keep an updated record of all subsidiary boards</li> </ul>
CD	<p>The CD is responsible to ensure that all individuals and committees who have a responsibility under this Policy fulfill their responsibilities in a timely and diligent manner by:</p> <ul style="list-style-type: none"> <li>• Ensuring that appropriate fit and proper assessments are carried out for each assessed person.</li> <li>• Gathering information for assessments in relation to existing assessed persons or candidates for appointment to the Management Body.</li> <li>• Making submissions about any matters that are relevant to a particular assessment of an assessed person’s suitability and ensuring that the appropriate reporting to the relevant supervisory authorities is completed.</li> <li>• Following up any queries or clarifications requested by the authorities.</li> <li>• Maintaining an archive of all submissions to regulators and supervisory bodies.</li> <li>• Ensuring that matters relating to this Policy are brought to the attention of the NCGC.</li> <li>• Ensuring that the Group takes all reasonable steps to protect the information and documents collected for fit and proper assessments from misuse, unauthorized access, modification or disclosure.</li> <li>• Maintaining records of the suitability assessments on an individual and collective basis for the predefined period.</li> <li>• Reporting to the CBC by the 31<sup>st</sup> of July on the composition of the Board, its committees and the composition of the boards of subsidiary companies as at 30<sup>th</sup> June annually.</li> </ul>

	<p>The CD also:</p> <ul style="list-style-type: none"> <li>• Checks the plausibility of the information provided by the assessed person and if necessary, carries out its own investigation (internet, press archives etc).</li> <li>• Reviews and revises the Policy at least annually and/ or more frequently whenever there is a significant change in the legislation and / or regulation</li> <li>• Monitors on an ongoing basis the exposures of Members of the management body, KFH and other MRTs</li> </ul>
Human Resource Division	<ul style="list-style-type: none"> <li>• Keeps and maintains updated records of all assessed person positions and assessed persons in the Group, in addition to details of the competencies and training required for each assessed person position.</li> <li>• Gathers information for assessments in relation to new key function holder positions; and</li> <li>• Provides assistance to the CEO for succession planning purposes.</li> </ul>
Internal Audit	<p>Internal Audit includes this policy as an area of the Risk &amp; Audit Universe and as such it is subject to a risk assessment, as part of the annual audit plan. Audits relevant to the Suitability of Members of the Management Body and Key Function Holders are included in IA's Annual Audit Plan, based on risk assessment and relevant regulatory requirements.</p>
Risk Management	<p>Assesses and appoints persons holding open approvals and persons sitting on Credit Committees.</p>
All assessed persons	<p>All must adhere to the rules of this policy.</p>

### 5.3 Supporting Documentation

#### **Information to be provided by any assessed person**

- 1) CBC Questionnaire
- 2) A current CV including position held and key area of responsibility, the number of subordinates, the activities and size of the employer etc.
- 3) A certified copy of current passport/id\*
- 4) Certified copies of academic qualifications\*
- 5) Certified copies of professional qualifications\*
- 6) Recent Original Police Report from the police authorities of country of residence (if this is not provided a criminal background check from relevant agencies could serve purpose)
- 7) Recent certificate of non-bankruptcy or confirmation from internal means/channels (e.g. ARTEMIS system)
- 8) Two personal references. Ensure that one of the references is from the most recent employer.
- 9) Consent to Personal Data Processing (for the Bank's KYC purposes)
- 10) Related Parties declaration

Additionally, candidate members of the Management Body must also provide the following:

- 11) Declaration as per Articles of Association (article 92)
- 12) Declaration as per art. 2.13 of the Irish Companies Act 2014
- 13) Confidentiality declaration
- 14) Conflict of Interest declaration
- 15) CSE Independence declaration

- 0) CSE Annex 18
- 1) MiFID declaration
- 2) Market Abuse declaration

*\*Certified by lawyer or Apostille or by the Head of Legal Services in BOC Group*

The CD performs a preliminary assessment of any assessed person and submits a report to the NCGC. Once the NCGC recommends the appointment to the Board, then the above information is collected by the CD which then submits the assessment report to the CBC.

## 5.4 Reporting

The Management Body must ensure that in consultation with the Company Secretary, the Group complies with all reporting requirements. This responsibility is delegated to the CD.

The Bank must inform the CBC without delay:

- of any shortcomings identified concerning any Members and the Management Body's collective composition.
- for any termination of appointment of a key function holder explaining the reasons why.
- when any Non-Executive Member or member of a subsidiary board exceeds the exposures limits set by the Banking Law.

The information must include the measures taken or envisaged to remedy those shortcomings and the timeline for implementation.

Should the CBC decide that the measures taken are insufficient it may enforce appropriate corrective measures.

Notification must be made to CBC within 7 days of any change in the above information as it pertains to an assessed person, or for any new appointment.

In the case of a non-scheduled departure of a Member or Key Function Holder, that person must notify on the day of his/her departure or soon thereafter the CBC explaining the reasons for his/her departure.

By the 31<sup>st</sup> of July of each year a list of all assessed persons as of June 30th is notified to the CBC.

This Policy must be submitted to the CBC once approved by the Management Body. Should there be significant modifications to the Policy the updated Policy is submitted to the CBC within a month from the day of the approval of the updated version.

## 5.5 Legal & Other Framework

The legal framework is governed by/includes:

- Business of Credit Institutions Law of 1997 as amended ("Banking Law").
- The Assessment of Suitability of members of the Management Body and Key Function Holders of Credit Institutions Directive 2022 issued by the CBC "the CBC Directive".
- The Joint ESMA and EBA Guidelines on the assessment of the suitability of members of the management body and key function holders (EBA/GL/2021/06) under Directive 2013/26/EU and Directive 2014/65/EU.

- The ECB guide to fit and proper assessments 2021.
- Directive 2013/36/EU on access to the activity of credit institutions and the prudential supervisions of credit institutions and investment firms (CRD IV).
- Directive 2014/65/EU on markets in financial instruments.
- The Internal Governance Directive of Credit Institutions 2021 issued by the CBC.

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## 6 EXCEPTION APPROVAL PROCESS

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By way of exception, assessment of individuals and collective suitability may be carried out after the appointment of a member in any of the following cases provided this is duly justified:

- When at the Annual General Meeting of shareholders, the shareholders nominate candidates and elect board members who have not been proposed by the Group
- When the performance of a full suitability assessment prior to the appointment of a Member would disrupt the proper functioning of the Board, including when the need to replace members arises suddenly or unexpectedly.

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## 7 IMPLEMENTATION PROCEDURES (KEY PROCESSES)

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- The NCGC nominates Members of the management body as per the ***Group Board Nominations Policy***.
- Key Function Holders are appointed as per the ***HR Recruitment Policy***.
- Members of Credit Committees and staff given open approvals are appointed as *per Circular on the Granting, Re-assessment and Termination of Approving Limits*.

## Appendix A

### Factors to consider when assessing the fitness and probity of assessed persons

#### Part 1

A person is considered to be of good repute if there is no evidence to suggest otherwise and no reason to have reasonable doubt about his/her repute. On the opposite end, a person shall not be considered to be of good repute, if his/her personal or business conduct gives rise to any material doubt about his/her ability to ensure the sound and prudent management of the Group.

When considering the reputation and integrity of a person the following circumstances are to be considered as particularly serious and as such damaging to the personal reliability of the candidate.

1. *Legal/regulatory proceedings (as these are described in para. 74 & 75 of the EBA Guidelines, including in reference to offences as per the AML Law of 2007)*
2. *Fulfillment of professional standards (as these are described in para. 77 of the EBA Guidelines)*
3. *Orderly economic situation (as these are described in para. 76 of the EBA Guidelines)*

Whether the economic situation of a candidate can be considered to be orderly or not shall be evaluated based on data with regard to the existence of insolvency proceedings and the ability of the candidate to fulfil his/her financial obligations.

- For persons appointed to Credit Committees or given approval limits that they meet the eligibility criteria of Risk Management i.e.
  - Personal accounts do not present arrears /excesses > 30dpd or arrears /excesses >€2.500, both in BOC and other Financial Institutions
  - Staff Account Management Department does not have information that the person is a strategic defaulter or constantly presents arrears /excesses on his personal accounts.

Non-executive Members or members of other subsidiary boards must not have exposures (including those of their connected parties) of more than €200k (excluding housing loans that are fully collateralized) as per the Suitability Directive.

#### Part 2

When evaluating the experience, skills and knowledge of potential assessed persons the Group will consider and assess:

- The role and duties of the position and the required capabilities;
- The knowledge and skills attained through education, training and practice;
- The practical and professional experience gained in previous positions; and
- The knowledge and skills acquired and demonstrated by the professional conduct of the assessed person.

Assessment of experience, skills and knowledge will depend on a number of factors. Such factors will include but not be limited to:

- The person's character, competence and suitability relative to the duties involved, including whether the person:
  - Possesses the necessary skills, knowledge, expertise, diligence and soundness of judgment to undertake and fulfill the particular duties and responsibilities of the particular position, (including understanding the risks of money laundering and terrorist financing);

- The level and object of the individual’s education and whether it is relevant to the banking or financial sector or other relevant sectors such as economics, law, accounting, auditing, administration, financial regulation information technology and quantitative methods may in general be considered as relevant to banking and financial services;
- Studies equivalent to a university degree or a recognized professional qualification relevant to financial matters and an adequate knowledge of the banking or financial sector;
- Knowledge in the fields:
  - a)** Banking/Financial markets,
  - b)** Legal requirements and Regulatory framework conditions,
  - c)** Strategic planning and corporate management,
  - d)** Risk management,
  - e)** Understanding of how banks work and of the risks involved in their activities,
  - f)** Company organization, governance and control,
  - g)** Accounting/ auditing,
  - h)** The assessment of the effectiveness of the Bank’s arrangements, ensuring effective governance, oversight and controls,
  - i)** Climate related, environmental, social and governance risks,
  - j)** Interpretation of bank key figures,
- Adequate professional experience in corporate management or supervisory and control functions.

Experience is assessed on the below presumptions based on certain thresholds:

- CEO:10 years of recent practical experience in fields related to banking or financial services a significant proportion of which in senior level management positions;
- Other executive members: five years of recent practical experience in senior level management positions in fields related to banking or financial services;
- Chairperson of the management body: 10 years of recent relevant practical experience a significant proportion of which in senior level management positions and significant theoretical knowledge of banking or a similar relevant field;
- Non-executive member: Three years of recent relevant practical experience in senior level management positions, including theoretical banking knowledge.

## Appendix B

Below is a non-exhaustive list of relevant skills, referred to above, that the Bank should consider using when performing its suitability assessments:

- **Authenticity:** is consistent in word and deed and behaves in accordance with own stated values and beliefs. Openly communicates his or her intentions, ideas and feelings, encourages an environment of openness and honesty, and correctly informs the supervisor about the actual situation, at the same time acknowledging risks and problems.
- **Language:** is able to communicate orally in a structured and conventional way and write in the national language or the working language of the institution's location.
- **Decisiveness:** takes timely and well-informed decisions by acting promptly or by committing to a particular course of action, for example by expressing his or her views and not procrastinating.
- **Communication:** is capable of conveying a message in an understandable and acceptable manner, and in an appropriate form. Focuses on providing and obtaining clarity and transparency and encourages active feedback.
- **Judgement:** is capable of weighing up data and different courses of action and coming to a logical conclusion. Examines, recognises and understands the essential elements and issues. Has the breadth of vision to look beyond his or her own area of responsibility, especially when dealing with problems that may jeopardise the continuity of the undertaking.
- **Customer and quality-oriented:** focuses on providing quality and, wherever possible, finding ways of improving this. Specifically, this means withholding consent from the development and marketing of products and services and to capital expenditure, e.g. on products, office buildings or holdings, in circumstances where he or she is unable to gauge the risks properly owing to a lack of understanding of the architecture, principles or basic assumptions. Identifies and studies the wishes and needs of customers, ensures that customers run no unnecessary risks and arranges for the provision of correct, complete and balanced information to customers.
- **Leadership:** provides direction and guidance to a group, develops and maintains teamwork, motivates and encourages the available human resources and ensures that members of staff have the professional competence to achieve a particular goal. Is receptive to criticism and provides scope for critical debate.
- **Loyalty:** identifies with the undertaking and has a sense of involvement. Shows that he or she can devote sufficient time to the job and can discharge his or her duties properly, defends the interests of the undertaking and operates objectively and critically. Recognises and anticipates potential conflicts of personal and business interest.
- **External awareness:** monitors developments, power bases and attitudes within the undertaking. Is well-informed on relevant financial, economic, social and other developments at national and international level that may affect the undertaking and also on the interests of stakeholders and is able to put this information to effective use.
- **Negotiating:** identifies and reveals common interests in a manner designed to build consensus, while pursuing the negotiation objectives.
- **Persuasive:** is capable of influencing the views of others by exercising persuasive powers and using natural authority and tact. Is a strong personality and capable of standing firm.
- **Teamwork:** is aware of the group interest and makes a contribution to the common result; able to function as part of a team.

- **Strategic acumen:** is capable of developing a realistic vision of future developments and translating this into long-term objectives, for example by applying scenario analysis. In doing so, takes proper account of risks that the undertaking is exposed to and takes appropriate measures to control them.
- **Stress resistance:** is resilient and able to perform consistently even when under great pressure and in times of uncertainty.
- **Sense of responsibility:** understands internal and external interests, evaluates them carefully and renders account for them. Has the capacity to learn and realises that his or her actions affect the interests of stakeholders.
- **Chairing meetings:** is capable of chairing meetings efficiently and effectively and creating an open atmosphere that encourages everyone to participate on an equal footing; is aware of other people's duties and responsibilities.

### Independence criteria

A member is regarded as not being independent if he/she meets one or more of the Independence criteria (Appendix 2 of the Board of Directors Manual). The mere fact of meeting one or more situations does not immediately disqualify a person from being independent. In such a case the Bank must be able to demonstrate to the CBC why the member can be considered independent.

Where a person, who possesses the post of an independent member, does not satisfy or seem to satisfy any of the independence criteria due to some developments, then the management body shall address the issue immediately and proceed with the necessary remedial measures, including removing the said member from the management body or re-determining his/her role in the management body and/or appointing a new independent member within a month from the date the independence criteria are not satisfied.