

## **CORPORATE GOVERNANCE CODE**



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## **1. INTRODUCTION**

Corporate Governance is defined as the system of management, organisation and auditing of a company and the allocation of duties and responsibilities. The ultimate goal of Corporate Governance is to ensure transparency, to safeguard the appropriate levels of independence in the Board of Directors in its decision-making as well as the alignment of the long-term interests of the company with the interests of its Shareholders and other Stakeholders.

Alpha Bank Cyprus Ltd (hereinafter the 'Bank') as part of the Alpha Bank Group complies with the principles/provisions of the Hellenic Corporate Governance Code of the Hellenic Corporate Governance Council that has been adopted by the Group and the relevant Regulatory Framework with a view to the correct implementation of the corporate governance framework. The Bank aims at a powerful governance framework which fulfils its purpose and responds to the expectations of the Shareholders, Customers, and Supervisory Authorities, enhancing its reputation and improving its long-term economic value.

The Bank's Board of Directors is the competent body for implementing the framework for good governance with the objective of the long-term success of the Bank. This Corporate Governance Code (the 'Code') defines the framework and guidelines for governance of the Bank. The Code shall be uploaded onto the Bank's website, following the consent of the Board of Directors. At its regular revisions, the Bank shall take into account the relevant amendments to local and European Laws, Regulations, and international best practices for corporate governance currently in force, as well as any recommendations made by the Supervisory Authorities to the Bank.

## **2. CORPORATE VALUES**

### **2.1 Principles**

The principles governing the Bank's approach to governance are transparency, responsibility, accountability and fairness.

#### Transparency

Transparency and full access to information are essential for building trust both inside the Bank and towards the Shareholders and other Stakeholders, on whom depends the long-term stability and development of the Bank. The Board of Directors ensures that the organisation of the Bank, as well as its procedures and systems enable those in charge of decision-making to have access to the best, accurate, timely and usable information connected with the decisions they have to take and with their management powers. The Board of Directors also ensures that the Financial Statements and the Annual Financial Report, as well as the annual Corporate Governance Report and other important publishable data are of the highest quality and are put together and published on the basis of current laws and regulations.

#### Responsibility

The Board of Directors recognises that it bears overall responsibility for the management and control of the Bank, including responsibility for developing strategy and ensuring the balanced undertaking of risks, with a view to promoting the stability, development and security of the Bank. In this framework, the Board is responsible for taking basic strategic decisions and ensuring a suitable control environment that includes delegating powers and responsibilities to the appropriate levels within the Organisation.

The Alpha Bank Group expects the Members of the Board of Directors and all the Officers and Employees of the Bank and its subsidiaries, to demonstrate loyalty to the Bank and the Group, to act exclusively with the aim of the corporate interest, to avoid conflicts of

interest and to carry out their duties and obligations with due skill, care and diligence and with respect for the values of the Bank.

#### Accountability

The Board of Directors renders the Senior Executives of the Bank responsible for the responsibilities and duties delegated to them, including the daily management of the Bank's operations. In the exercise of its duties, the Board of Directors reports to the Bank's Shareholders. The Board of Directors also ensures that the Bank is fully accountable to the Supervisory Authorities, in all areas that require regulatory supervision and oversight.

#### Fairness

The Board of Directors ensures that the decision-making and reporting mechanisms are fair and that all Stakeholders, including the Shareholders, Employees, and above all the Bank's customers are treated fairly and equitably. Fairness is the common value that preserves the cohesion of the Network and governs the organisation of the Bank.

## 2.2 Undertakings

The Bank and the Group to which it belongs, base their business activities on the following basic undertakings:

**Towards the customers**, the Group priority is to serve their individual and business needs, by providing high quality services, such as:

- Protection of Customers' confidential information.
- Protection of personal data through appropriate and secure management.
- Provision of clear information in connection with the services and products offered, regardless of the provision network.
- Transparency in the promotion of its services throughout its relationship with the Customers.
- Careful dealing with complaints, and measurement of customer satisfaction.
- Protection of customers' legitimate interests.
- Creation of a suitable organisational structure and appropriate policies and procedures in order to avoid conflicts of interest.
- Implementation of appropriate policies and procedures to ensure adequate controls against corruption, infringements of anti-monopoly rules, abusive contractual terms, the use of privileged information for its own benefit, conflicts of interest, money laundering, bribery and the fabrication of misleading financial data and information.

**Towards the Shareholders**, the Bank's firm undertaking is to:

- Yield profits for their investment.
- Provide clear information in connection with their rights and obligations.
- Provide transparency in connection with the Group's financial performance, General Meetings, increases of share capital and the communication of information, pursuant to the legislation.
- Provide information in a direct and continuous manner regarding the Groups' Corporate Governance policies through ongoing communication and dialogue.

- Implement best corporate governance practices and policies that create high standards of ethical conduct.
- Promote the long-term interests of the Group.

**Towards the staff**, the Group undertakes to:

- Ensure high quality working conditions, opportunities for development and fair pay, on the basis of value and equal treatment, without discrimination.
- Respect and promote diversity (as regards age, gender, ethnic origin, religion, disability/special needs, sexual orientation, etc.).
- Provide ongoing education and training.
- Provide a healthy and safe working environment and help employees to achieve a work-life balance, recognising the importance of this balance for their well-being and productivity.
- Respect human rights and forbid all forms of social exclusion, exhibiting zero tolerance for bullying and all forms of harassment.

### **2.3 Code of Conduct and Ethics**

The Bank implements best practices, which promote effective corporate governance and correct individual conduct in the framework of a high level of ethics. The Code of Ethics is aimed at:

- The Members of the Board of Directors of the Bank and the Group's Companies.
- The General Managers, Senior Management Executives and employees of the Group.
- Third parties doing business with the Alpha Bank Group.
- The advisors of the Bank and the Groups' Companies.

All the activities of the Bank and the Groups' Companies have as their ultimate aim the development and financial prosperity of the Group, and they are governed by principles decreed by ethics and the law, such as:

- Integrity and honesty.
- Objectivity and independence.
- Discretion and confidentiality.
- Disciplined and rational undertaking of risks.
- Transparency.

The Group's Employees:

- Shall be informed about the Code of Ethics and must follow it strictly and avoid any actions that do not accord with it.
- Shall be informed about the Staff Manual that covers matters such as the Employees' general duties, confidentiality, their conduct outside the Bank, discussions on political views, the publication of articles, the creation of personal debt and gambling and must comply with these.
- Shall comply with the policy forbidding receipt of direct or indirect gifts for performing their duties or for obtaining other advantages or benefits.

- Are able to report possible breaches of the Code of Ethics in accordance with the procedures described in the Whistleblowing Policy.

Any possible breach of the Code of Ethics shall be examined in accordance with the legal framework currently in force and the Staff Manual, and may lead to disciplinary action, pursuant to the Group's Policies.

In addition, the Bank implements the Code of Banking Conduct of the Association of Cyprus Banks, of which it is a member.

#### **2.4 Conflict of interest Policy**

The Bank implements and maintains an Avoidance of Conflict of interest Policy, which prescribes the rules, standards and principles of professional ethics with a view to identifying, evaluating, managing and limiting or preventing actual or potential situations of conflicts of interest, which might arise in the framework of the provision of products and services, based on the implementation of the provisions of the Regulatory Framework and best practices.

The objective of the Policy is to:

- Prevent situations of conflicts of interest, which could prove damaging or have a negative impact on the interests of existing or potential customers.
- Prevent situations of conflicts of interest between the Bank and personal interests of the staff members, including the members of the Board of Directors, that could adversely affect their duties and responsibilities.
- Implement and operate control mechanisms, which will render impossible access on unauthorised officers to information the use of which could lead to a situation of conflicts of interest.

#### **2.5 Whistleblowing Policy and Procedures**

In the framework of its commitment to ensure the highest levels of ethical and professional conduct and zero tolerance of illegal or inappropriate actions which damage its reputation and prestige, the Bank adopts an appropriate policy of whistleblowing and reporting improper and/or other blameworthy acts, which is described in the Whistleblowing Policy and Procedures.

The procedure for submitting reports:

- Concerns the entire Staff, Customers, as well as anyone who provides supplementary Services to the Bank, based on the Staff Manual and the Bank's relevant Circulars.
- Aims at strengthening transparency, which encourages the reporting of incidents that raise suspicions of serious breaches of the Bank's procedures and policies, as well as at disclosing fraud, corruption, coercion, or other violations.
- Reports are addressed to the Head of the Compliance Division and the Chairman of the Report Evaluations through the communication networks described in the Policy.

The basic principle of the Policy is to protect anonymity and the principle of confidentiality of the personal data of the persons submitting reports of this kind and, if they are Bank employees, to ensure that their current position or future professional development, is not jeopardised. The Bank shall ensure that the person submitting the report, as well as the person about whom the report is made, are suitably protected from any possible negative effects and that they are not targeted in any way.



### **3. BOARD OF DIRECTORS**

#### **3.1 Preamble**

The Board of Directors has the final and general responsibility for the internal governance of the Bank. It prescribes, oversees and accounts at all times for the implementation of the rules of governance that ensure the effective and prudent management of the Bank, including the separation of responsibilities and the prevention of conflicting interests.

The Board of Directors is responsible for ensuring that it possesses the appropriate skills, knowledge, diversity and experience required in order to perform its role effectively. The primary obligation and duty of the Board of Directors is to set the strategic goals of the Bank as well as to ensure the ongoing protection of the Bank's long-term economic value and to protect its corporate interests in general.

The Board of Directors reviews in a constructive way and evaluates with a critical spirit the proposals, explanations and information when it makes its decisions. In addition, it receives thorough reports and information on a regular basis and when required, without any undue delay, with relevant data for the assessment of a situation, risks and developments that might affect or could affect the Bank.

Because the Bank is part of a Group and is a subsidiary of that Group, the Board of Directors evaluates any practices or governance decisions made at Group level and submits suggestions to the competent Units of the Group, in order to ensure that:

- They are not in breach of the provisions of Regulation (EU) no. 575/2013 of the European Parliament and Council in connection with the requirements for prudential supervision for credit institutions and investment firms, the Business of Credit Institutions Law and the Directives issued pursuant to the Law, and, where applicable, other legislative acts or standards or Directives of the Central Bank of Cyprus.
- They are not detrimental to the correct and prudent management of the Bank, its economic robustness and the legitimate interests of the Bank's stakeholders.

#### **3.2 Size and composition of the Board of Directors**

The size and composition of the Board of Directors are determined taking into account the size, complexity of the Bank as well as the Principle of Proportionality. The Board of Directors is composed of at least seven (7) and no more than thirteen (13) Members. It consists of the Chair, Deputy Chair and Members. The General Meeting is informed and adopts the decisions of the Board of Directors in connection with the appointment of its Members.

The majority of the Members, as well as the Chairman of the Board of Directors, must be Independent.

The Executive Members are at least two in number and no more than 25% of the total number of Members of the Board of Directors rounded down, one of whom must be the CEO/Managing Director.

The Board of Directors must be adequately diversified as regards age, gender, educational and professional background, in order to reflect an adequately broad spectrum of experience and knowledge and facilitate the formulation of a variety of independent views and critical thinking.

The Heads of the Internal Audit Functions, cannot be appointed as Members of the Board of Directors.

The Members of the Board of Directors, as a whole, shall possess the necessary knowledge, skills and experience for exercising their duties, as well as an understanding of the Bank's activities, including the main risks.

In the Board of Directors it shall be ensured that there is effective interaction between its supervisory and executive functions through the exchange of sufficient information, so that each function is able to perform its role.

The Members of the Board of Directors may not nominate alternate Members to replace them.

### **3.3 Duties of Members of the Board of Directors**

The Members of the Board of Directors shall participate actively in the business strategy of the Bank and must be in a position to formulate their own, documented, objective and independent positions and decisions in order to fulfil their individual and collective roles. Consequently, all Members of the Board of Directors shall:

- (i) Ensure that they have full knowledge of the governance regulation of the Bank and their role in this framework.
- (ii) Ensure that they have a good understanding of the operations of the Bank, including those areas for which they are not personally responsible, but are collectively accountable.
- (iii) Devote sufficient time to perform the duties relating to the Bank and prepare for meetings of the Board of Directors.
- (iv) Act with honesty, integrity and independent will, in order to assess and question the decisions of the Senior Management Executives, whenever necessary, and to oversee effectively and monitor the decisions taken by management.
- (v) Not use their position for the acquisition of personal gain or to cause any harm to the Bank.
- (vi) Make known to the Bank any matter that leads or could lead to a conflict of interest or non-compliance with the requirements of any Directives of the Central Bank of Cyprus currently in force.
- (vii) Ensure that any concerns regarding the management of the Bank which cannot be resolved, are recorded in the minutes of the meetings of the Board of Directors
- (viii) Possess and enhance the appropriate knowledge and skills in order to ensure that they are adequate for the performance of their obligations.
- (ix) Have a good reputation and maintain it always by their correct actions and conduct.

The Members of the Board of Directors, particularly the Non-Executive Members:

- (i) Shall receive targeted training in order to develop and expand their knowledge and skills.
- (ii) Shall have access to the advice and services of the Secretary of the Board of Directors and the Secretariat Division of the Bank.

#### **3.3.1 Chair and Deputy Chair**

The Chair and Deputy Chair are elected by the Board of Directors. The office of Chair is held by an Independent Non-Executive Member. If the Board of Directors should deem it expedient to appoint a Deputy Chair, the office of Deputy Chair shall be held by a Non-Executive Member and shall undertake the roles and competencies of the Chair in case of the latter's absence.

The main competencies of the Chair of the Board of Directors include:

- (i) To ensure the effective operation of the Board of Directors.
- (ii) To ensure the suitability of the size and composition of the Board of Directors, in light of current conditions at the Bank, and pursuant to the applicable requirements of governance.

- (iii) To ensure effective communication with the Supervisory Authorities and the stakeholders.
- (iv) To contribute to the clear allocation of duties among the Members.

The Chair presides over the meetings of the Board of Directors and sees to:

- (i) The regular convening of meetings of the Board of Directors.
- (ii) Setting agenda of the meetings of the Board of Directors with the support of the Secretary of the Board of Directors and ensures its early distribution to the members of the Board of Directors, along with all the relevant supporting material.
- (iii) The decisions of the Board of Directors are made based on adequate information and are duly justified and ensure the timely receipt of the relevant documents and information prior to the meeting.
- (iv) The timely receipt by all Members of the Board of Directors of well-defined information, in order to allow the Members to perform, as a whole, their administrative and supervisory duties.
- (v) Encouraging and promoting open discussions and the active participation of the Members, in a critical spirit, ensuring that diverging views are expressed in a way that promotes constructive discussion and effective decision-making.
- (vi) Guide the Board of Directors, to contribute in order to ensure the efficient flow of information, both within the Board of Directors and between the Board of Directors and its Committees.

The clear distribution of duties within the Members of the Board of Directors, in order to ensure an efficient flow of information among them, thus to provide the Members with the opportunity to contribute constructively to the discussions and to exercise their right to vote on a proper basis and after sufficient information.

- (vii) Communicating any conflicting interests and abstention of Members from decision-making or voting in connection with any matter regarding which they have or potentially/possible to have conflict of interests.
- (viii) Documentation of meeting's minutes.
- (ix) That it undertakes any other responsibility that might be assigned to him/her by the Board of Directors.

The Chair ensures effective communication with the Supervisory Authorities and stakeholders. In this framework, the Chair:

- (i) Maintains contact with the Central Bank of Cyprus and other Supervisory Authorities and forms an understanding of the views and concerns of the Bank's major Shareholders.
- (ii) Sees to it that the views and concerns of the Central Bank of Cyprus and other Supervisory Authorities and the major Shareholders are communicated in their entirety to the Board of Directors.

The Chair sees to the effective development and evaluation of the performance and the effective contribution of the Members of the Board of Directors as follows:

- (i) Sees to it that the Members of the Board of Directors possess the required knowledge and skills for performing their duties.
- (ii) Sees to it that the new Members of the Board of Directors participate in a comprehensive and tailor-made induction programme, which is prepared by the Secretary of the Board of Directors.
- (iii) Sees that the appraisal of the Board of Directors, its Committees and each Member of the Board of Directors is carried out as provided and undertakes actions depending on the results of the appraisals.

### **3.3.2 Executive Members**

The Executive Members of the Board of Directors are those Members that have a contract of employment with the Bank and perform the duties of a Manager. They manage everyday

business and represent the Bank in the areas of their responsibility and participate throughout the deliberations, decision-making and other activities of the Board of Directors.

The Executive Members are responsible for submitting suggestions of strategy to the Board of Directors and for executing and implementing the decisions and strategies adopted by the Board of Directors, to the best extent possible.

### **3.3.3 Non-Executive Members**

The Non-Executive Members are responsible for monitoring the actions of the Senior Management Executives and contribute to the development of the Bank's strategies.

In this framework, the Non-Executive Members of the Board of Directors must:

- (i) Play a primary role in consolidating the appropriate business spirit in the Bank, acting within a framework of prudent and effective controls which will ensure the assessment and management of risks.
- (ii) Confirm that financial data is correct.
- (iii) Have a central role, in cooperation with the Parent company (which is the sole Shareholder) in the appointment and, where necessary, the removal of Senior Management Executives and executives in key positions in the Audit Departments and, in planning the succession of these employees.
- (iv) Have a primary role in the implementation and oversight of the Remuneration Policy which is contained in the Directive of the Central Bank of Cyprus on Governance and Management Arrangements currently in force.
- (v) Ensure the existence of the necessary financial resources, human resources and standards of conduct required for the Bank, with a view to the achievement of the Bank's targets, and evaluate the performance of Management.
- (vi) Set the values and standards of the Bank and see to it that its obligations to its Shareholders and other Stakeholders are understood and achieved.

The Non-Executive Members must be fully knowledgeable about the business and the external environment in which the Bank operates and have knowledge of the matters that are related to banking business. Before his/her appointment, each Non-Executive Member must ask for a comprehensive and specialised briefing on the business of the Bank.

The Non-Executive Members hold meetings:

- (i) To evaluate the Chair's performance without his/her presence at least once a year.
- (ii) To examine questions of conflicts of interest between the Bank and the Executive Members, as provided by the relevant regulatory Framework as well as by the Bank's Conflict of interest Policy, at least once a year.
- (iii) To examine questions related to the work of the Board of Directors whenever deemed useful.
- (iv) With the external auditors and/or the Heads of the Audit Department, as the case may be, at least every three months.

### **3.3.4 Independent Non-Executive Members**

An Independent Member is a Non-Executive Member who has no relationship or link present or past with the Bank or the General Management or the Board of Directors of the Bank, which could influence the objective and balanced judgment and affect his/her ability to make decisions independently.

Prior to the appointment of an Independent Non-Executive Member, the Board of Directors must ensure that the candidate Member is of an independent character and possesses independent thinking, opinion and will, satisfying all the criteria for independence as defined in the Bank's internal Policy, based on the Directive of the Central Bank of Cyprus on the Assessment of the Suitability of Members of the Management Body and key function holders of Authorised Credit Institutions of 2020 and 2022, currently in force.

The independence criteria meet the terms and conditions of the institutional framework currently in force and are in line with, and take into account, international best practice.

An Independent Non-Executive Member of the Board of Directors plays an important role in enhancing the effectiveness of checks and balances within the Bank, through the improvement of the supervision of the decision-making by Management, and by ensuring that:

- i. The interests of all stakeholders are duly taken into account in the framework of discussions and decision-making by the Board of Directors.
- ii. No isolated or small group of Members dominates the decision-making process.
- iii. Conflicts of interest between the Bank, its business Units, other entities coming under the accounting scope of the implementation of consolidation and external stakeholders, including customers, constitute a matter to be tackled appropriately.

An Independent Non-Executive Member who disagrees with any decision of the Board of Directors, may, if he/she should deem appropriate, inform the Central Bank of Cyprus of such disagreement. Should the Independent Non-Executive Member decide to submit his/her resignation, that Member must send a letter to that effect to the Board of Directors and the competent Supervisory Authorities stating the reasons for the resignation.

If any person holding the post of an Independent Non-Executive Member does not fulfil or appear to fulfil any of the independence criteria, the Board of Directors shall deal with the matter immediately, and shall proceed to take the necessary corrective measures, including removal of the said Member from the Board of Directors or redefinition of the Member's role in the Board of Directors and/or the appointment of a new Independent Non-Executive Member. The length of time for implementation of all the necessary corrective measures must not exceed one month. The Member in question must be relieved of his/her duties as an Independent Non-Executive Member of the Board of Directors from the date on which it is identified that the independence criteria have not been complied with.

All the material changes mentioned above, shall be communicated to the Central Bank, pursuant to the provisions of the relevant Directive of the Central Bank of Cyprus, particularly when they concern suitability criteria, independence criteria and sufficient time for exercising the duties of the Members of the Board of Directors, within seven calendar days from the date of their submission to the Secretary of the Board of Directors.

### **3.3.5 Senior Independent Member**

The Board of Directors shall appoint one of its Independent Non-Executive Members (who does not hold the office of Chair or Deputy Chair) to act as Senior Independent Member.

The Senior Independent Member shall act as a point of contact between the Board of Directors and the Shareholders and other Stakeholders in connection with concerns that could not be resolved or should not be resolved through the usual channels of communications with the Chair of the Board of Directors or the Senior Management executives.

The Senior Independent Member sees to it that the Board of Directors has a balanced understanding of the most important issues that interest or concern the Shareholders.

The Senior Independent Member shall preside over the annual meeting of the Non-Executive Members of the Board of Directors, without the presence of the Chair, in order to appraise the Chair's performance. In addition, the Senior Independent Member shall preside over the Board of Directors when discussing the question of the succession of the Chair of the Board of Directors and shall ensure that the succession process runs smoothly.

### 3.4 Secretary of Board of Directors

The Secretary shall be appointed by the Board of Directors and may be relieved of his/her duties or replaced at any time, at the discretion of the Board of Directors. When appointing the Secretary, any conflict of interest must be avoided. The Assistant Secretary shall take over the roles and responsibilities of the Secretary in case of the latter's absence.

The Secretary may assign duties to third parties, as long as there is no conflict of interest, but the Secretary shall inspect and sign the relevant minutes and documents and remains responsible and accountable for the results of the assignment. The Secretary may not assign his/her duties to the Heads of the Audit Departments.

The Secretary is responsible for facilitating the operation of the Board of Directors and its Committees, as follows:

- (i) Ensures that the Board of Directors and its Committees have been set up and operate pursuant to the internal rules and regulations of the Board of Directors, the provisions of the Directive of the Central Bank of Cyprus currently in force on the Regulation of Governance and Administration and other applicable legal and supervisory requirements.
- (ii) Draws up the annual timetable and schedule of work of the Board of Directors in order to obtain the approval of the Chair and the Board of Directors.
- (iii) Ensures that there is an adequate flow of information to the Board of Directors and its Committees, between the Senior Management Executives and the Heads of the Audit Departments and the Non-Executive Members.
- (iv) Ensures that, if necessary, the Non-Executive Members have access to independent professional advice at the Bank's expense.
- (v) Provides support to the Board of Directors for setting a succession plan and supervising the succession and alternation of duties of the Non-Executive Members of the Board of Directors.
- (vi) Sees to it that the minutes of the meetings of the Board of Directors and its Committees are kept properly, pursuant to the requirements of the Directive of the Central Bank of Cyprus currently in force on Governance and Management Arrangements.
- (vii) The Secretary participates in the preparation of the order of business of all the meetings of the Board of Directors and the Committees. For this purpose:
  - I. In cooperation with the Chair of the Board of Directors the Secretary draws up the Agenda of the regular meetings of the Board of Directors and its Committees, making sure that the matters that require the attention of the Board of Directors are included in the agenda.
  - II. Ensures that the relevant information is sent in good time to the Members of the Board of Directors, so that they can prepare adequately for these meetings.

The Secretary is also responsible for facilitating the development and appraisal of the Members of the Board of Directors. Among other things, the Secretary:

- (i) Sees to the organisation of induction programmes for the new Non-Executive Members of the Board of Directors in order to assist their entry into the Bank's Board of Directors.
- (ii) Assists the Chair in assessing and satisfying the training needs of the Members of the Board of Directors and ensures that there is an ongoing programme providing good information to the Members with regard to developments in the Bank and issues related to their responsibilities in general. The Secretary is also responsible for organising the various educational programmes.

### **3.5 Organisation and Operation of the Board of Directors**

#### **3.5.1 Meetings of Board of Directors**

The Board of Directors holds regular meetings for the adequate and effective performance of its duties. Every possible effort is made to hold regular meetings of the Board of Directors with the physical presence of all its Members.

At the beginning of each calendar year, the Board of Directors draws up a preliminary timetable and schedule of work for the regular meetings throughout the year. The Board of Directors may continually revise the programme of work, based on the developments.

The invitation, the items on the agenda as well as all accompanying materials are sent to the Members of the Board of Directors at least three (3) business days before the date fixed for the meeting. Accompanying material that concerns specific items on the agenda may be submitted, by exception, in a time shorter than the three business days before the meeting, at the discretion of the Chair of the Board of Directors or when urgent circumstances or developments so dictate.

The following procedure shall be followed for coordination and communication among the various Committees:

- (i) The Members of the Board of Directors shall be notified of the schedule of meetings of the Board of Directors and its Committees.
- (ii) The agenda and relevant material concerning the meetings of the Committees of the Board of Directors are sent and cc'd to all the Members of the Board of Directors. A specific workflow is followed as adopted at a meeting of the Board of Directors.
- (iii) When the meeting of the Committees is over, the Chair of each Committee shall inform the Board of Directors of the proceedings of the Committee, at the next meeting of the Board of Directors.
- (iv) In the framework of finalising the minutes of the meetings of the Board of Directors and its Committees, the minutes of the Committees shall be distributed among all the Members of the Board of Directors.

A quorum is formed when 50% of the Members rounded down, plus one Member, are present. In any case, the number of Members present, either in person or through video conference/tele-conference may not be smaller than three, unless a circular is issued by the Central Bank that provides otherwise. The rule for participation via video conference/tele-conference must not be over-used, but must be used with care by the Member or the Board of Directors, ensuring that at least 50% of the Board of Directors plus one Member, are present in person at all regular meetings, unless a circular is issued by the Central Bank that provides otherwise.

The Members of the Board of Directors may not be absent from the meetings of the Board of Directors for more than two successive meetings, or 25% of annual meetings, unless a circular is issued by the Central Bank that provides otherwise.

Each Member has power to appoint another Member to vote on behalf of the Member making the appointment at a specific meeting of the Board of Directors or one of its Committees, from which the Member making the appointment will be absent. Voting by proxy shall be limited to one Member who is attending the meeting and Members voting by proxy are accountable for the vote of their authorised representative.

In the meetings of the Board of Directors, it is prohibited to attend as observers, persons who have been nominated by the Bank for the position of Member of the Board of Directors, for which the decision by the competent authority is pending.

Provided that the person performing the duties of temporary Deputy CEO, may attend the meetings of the Board of Directors, only upon a relevant invitation of the Board of Directors, for specific issues and for specific reasons related to his executive duties. The person in question is not present at the part of the meetings, concerning the discussions and decision-making of the Board of Directors.

Regarding matters raised at any meeting, a decision is made by a majority of the Members present or duly represented, if applicable. In case of a tied vote, the Chair shall have a casting vote.

The Members of the Board of Directors have the right to request from the competent executive management, any information they deem necessary for the performance of their duties and obligations. Such requests are promoted, when required, through the Secretary of the Board of Directors. In order to have an appropriate system of checks and balances in place, the Board's decision-making process shall not be dominated by a single Member or a small subset of its Members.

The Board of Directors may make use of independent advisers at the Bank's expense, if this is thought necessary for the performance of their duties. In this framework, the Non-Executive Members may propose to the Chair the appointment of external advisers with specialised knowledge of the particular matter that concerns the Members.

### **3.5.2 Meetings' Minutes**

For every meeting of the Board of Directors, minutes are kept by the Secretary of the Board of Directors.

The minutes record:

- (i) The time of the meeting, the place where it is held, the persons present, including any guests, present in person or through electronic means.
- (ii) The reasons for inviting persons to attend the meeting, the relevant item in the agenda and their positions and views.
- (iii) All the items on the agenda, the corresponding discussions, decisions, results of voting, opinions and views of the minority (if any), as well as any concerns that have not been resolved.
- (iv) Declarations by Members in connection with any conflicts of interest (these are recorded separately under the title 'recognition of interests or conflicts of interest or potential interests').
- (v) The views of the Secretary as to whether the meeting had been held in accordance with the internal rules and regulations of the Board of Directors, the provisions of the aforementioned Directive and other applicable regulatory and supervisory requirements.

In connection with the minutes, the Secretary shall, inter alia:

- i. See to the circulation of a draft, the finalisation and approval of the minutes in due time by all the Members who were present at the meeting.
- ii. See to the distribution of the final minutes in due time to all recipients.
- iii. The minutes must be finalised no later than fifteen business days after the meeting, approved at the next meeting and signed by the Chair and the Secretary of the Board of Directors.
- iv. Issue extracts from the minutes of the Board of Directors, where necessary.
- v. Ensure that the decisions made are suitably communicated, acts for the implementation of subsequent actions and report the matters that could arise in the Board of Directors.  
In the event that a meeting of the Board of Directors is not held within the period of one (1) month, the minutes shall be approved by a written procedure by all



Members present at the meeting and shall be submitted within the specified time limit to the Central Bank.

### **3.5.3 Handling of conflicts of interest**

The Board of Directors shall ensure that there is recorded and followed procedure for examining or approving the participation of its Members in specific activities, such as participation in a Board of Directors of a different entity, so that any such participation does not create a conflict of interest.

It is required that the Members of the Board of Directors make known any conflict of interest and abstain from the decision-making process or from voting in connection with any matter where they might have a conflict of interest. Consequently:

- (i) Prior to the commencement of any meeting, the person chairing the meeting must read out the items on the agenda, one by one, and ask each Member, including him/herself, declare clearly whether or not they have a conflict of interest or a potential interest.
- (ii) On completion of the procedure mentioned above, the Chair shall invite all the Members participating in the meeting to submit their comments in connection with the declarations that were made.
- (iii) If a conflict of interest is identified in connection with an item of business, the Member concerned must abstain (in person or through an authorised representative) from the discussion and the vote on that item.

The Board of Directors shall approve and implement a set procedure as to the manner with which it will deal with any non-compliance with the policies, practices and procedures in connection with conflicts of interest. Non-compliance must be notified immediately to the Central Bank of Cyprus.

It shall also make sure that the General Management and staff implement appropriate policies for identifying, deterring, properly managing, and disclosing, as the case may be, possible conflicts of interest among activities. These policies must, inter alia, ensure that the Bank's business activities which could potentially lead to a conflict of interest, are conducted independently from each other (creating, for example, suitable 'information barriers' between the various activities and specifying separate lines of reporting and internal audits).

### **3.6 Nomination of candidates, selection and succession of Members of the Board of Directors**

The Board of Directors shall approve and the Bank shall implement a suitable policy for the selection and appointment of suitable candidates, the re-appointment and succession of the Members of the Board of Directors, which includes at least the following:

- (i) A description of the independence criteria, the required abilities, skills, and academic or professional qualifications for ensuring adequate technical knowhow and compliance with the requirements of the relevant Directives of the Central Bank of Cyprus currently in force.
- (ii) The requirement that, prior to the appointment of new members, candidates confirm that they possess the knowledge, skills, experience and time to contribute positively to the Board of Directors.
- (iii) The requirement that the Nominations, Corporate Governance and Sustainability Committee draw up for the Board of Directors a report stating how it reached its conclusion for nominating the candidates to fill the vacant posts on the Board of Directors.
- (iv) The obligation to inform and provide adequate information to the Shareholders regarding the selection of a person as a Member of the Board of Directors, including:



- I. A description of the qualifications, experience, and abilities of the Member.
  - II. A description of the roles and duties of the specific vacant position.
  - III. The expected length of time for the commitment.
  - IV. An explanation of the reasons that the appointment of the specific Member was deemed suitable.
- (v) The length of the term of office of the Executive, Non-Executive, as well as Independent Non-Executive Members of the Board of Directors.
- (vi) A suitable plan of succession of its Members, which will take into account, among other things, the date on which the term of office of each Member will end, in order to avoid the simultaneous replacement of many Members.

In case of the scheduled or unscheduled departure of a Member, the Bank shall set in motion the process contained in the internal Policy in connection with the succession plan for Members of the Board of Directors, Senior Management Executives and Key Function Holders. In case of the unscheduled and sudden departure of a Member of the Board of Directors, the Board of Directors shall operate with one fewer member until the receipt of an official briefing from the European Central Bank that it does not object to the appointment of a new Member to the Board of Directors.

The longest terms of office that a person may serve in the office of Chair of the Board of Directors and a Committee, Non-Executive Member, Independent Non-Executive Member and Executive Member, have been determined by ordinary resolution at the Bank's General Meeting, in conjunction with the provisions of the relevant Directives of the Central Bank of Cyprus currently in force. The maximum terms of office are as follows:

- i. A Member may serve as Chair of the Board of Directors for up to six years, whether or not these are consecutive.
- ii. A Member may serve as Chair of a Committee of the Board of Directors for up to four years, whether or not these are consecutive.
- iii. There is no time limit to the length of office and the maximum number of years in total that a person may serve as Executive Member.
- iv. A Member may serve as Independent Non-Executive Member for up to nine years, including appointments to any of the Boards of Directors of the Alpha Bank Group.
- v. A Member may serve as Non-Executive Member for up to twelve years, including appointments to any of the Boards of Directors of the Alpha Bank Group.
- vi. The length of each term of office of the Non-Executive Members is four years with the possibility of renewing for a further four years each time (up to a maximum total time of service of 12 years).
- vii. There is no time limit to the length of office and the maximum number of years in total that a person may serve as Member of a Committee.

The Members of the Board of Directors are subject to re-election at the Annual General Meeting, every 3 years from the date of their appointment.

The Members shall not cease to be liable for their role and responsibilities for the duration of their tenure as Members of the Board of Directors.

The Members of the Board of Directors may not hold more than one of the following combination of offices in boards of directors at the same time:

- (a) One office of executive member and two offices of non-executive member;
- (b) Four offices of non-executive member, excluding offices in a board of directors of organisations whose prime objective is not commercial (e.g. charities and other not-for-profit organisations, companies that have been incorporated with the sole object of the private financial interests of the Member or members of his/her family).

Offices of a member of a board of directors within the same Group are counted as one office of a member of a board of directors.

If an office of a member of a board of directors includes both executive and non-executive powers at the same time, this office must be counted as the office of an executive member of a board of directors.

### **3.7 Appraisal of Board of Directors**

The Board of Directors shall see to it that the Bank possesses a suitable recorded Methodology and Procedure for appraising the performance of the Board of Directors as a whole, each Committee and each Member of the Board of Directors separately, at least once a year. The appraisal procedure shall cover at least, inter alia, the following:

- (i) The performance of the Board of Directors as a whole, each Committee and each Member separately.
- (ii) The contribution of the Board of Directors as a whole, based on its obligations that stem from the Regulatory Framework, the Committees and each Member separately.
- (iii) The composition of the Board of Directors and its Committees.
- (iv) Its communication with Management, the Shareholders, and the Competent Authorities.
- (v) The role of the Chair, Secretary, and the Senior Independent Member of the Board of Directors.
- (vi) The self-appraisal of the individual skills, knowledge, and experience of all the Members, and a record of the areas in which, in their view, they require more development and enhancement.
- (vii) The time commitment of the Non-Executive Members and their ability to examine information critically.
- (viii) The appraisal of the suitability of each Member, individually, based on the criteria of each relevant Directive of the Central Bank of Cyprus currently in force.

Following the appraisal of the Board of Directors, a plan of action is approved in order to tackle issues that might need improvement. The Board of Directors shall monitor the action plan.

The Board of Directors shall see to it that at least every three years, the composition, performance and effectiveness of the Board of Directors and its Committees, is examined and evaluated by an independent external consultant, based on the relevant regulatory Framework.

### **3.8 Duties and powers of the Board of Directors**

The duties and powers of the Board of Directors are defined in detail in a separate Bank document, for internal use, with the aim of distinguishing between the duties of the management (executive) function and the supervisory (non-executive) function. The Members shall have full knowledge of the structure and responsibilities of the Board of Directors, as well as the allocation of duties among the various functions of the Board of Directors and its Committees.

It is understood that the Bank's Board of Directors, as a subsidiary of the Alpha Bank Group, processes its duties in cooperation and consultation with the Group.

### **3.9 Remuneration of Members of the Board of Directors**

The remuneration of the Non-Executive Members of the Board of Directors shall be approved by the Bank's Remuneration Committee.

The structure and amount of remuneration of the Non-Executive Members of the Board of Directors, is aimed at strengthening the long-term economic value of the Bank, achieving its long-term strategic goals and promoting the interests of the Bank and its Shareholders.

The Executive Members of the Board of Directors do not receive remuneration for their participation in the Board of Directors of Alpha Bank and/or the Boards of Directors of Companies of its Group.

The Non-Executive Members of the Board of Directors receive a fixed fee. In addition, fixed fees are set based on the Member's capacity as Chair or Member of a Committee and as Chair of the Board of Directors.

## **4. COMMITTEES OF BOARD OF DIRECTORS**

### **4.1 Preamble**

The Board of Directors has an obligation to set up a permanent Risk Committee, an Audit Committee, a Nominations Corporate Governance and Sustainability Committee and a Remuneration Committee, which must operate pursuant to the Directive of the Central Bank of Cyprus currently in force in connection with the Governance and Management Arrangements and the relevant requirements of other relevant laws. It is understood that, the Banks also set up an Audit Committee in accordance with the provisions of the Auditors Law. The Bank, if deemed necessary, may also set up other Committees, such as, ethics, conduct, regulatory compliance and/or Anti-Money Laundering Committees.

The Committees interact with each other in an appropriate manner and shall inform the Board of Directors of their proceedings in the framework of the regular meetings of the Board of Directors and on an extraordinary basis whenever deemed necessary. In addition, the Board of Directors and its Committees, in the exercise of its supervisory function, shall have adequate access to resources and information relevant to their duties.

The Committees shall support the supervisory function in specific areas and facilitate the development and implementation of a sound internal governance framework. The delegation of responsibilities to the Committees, does not in any way release the Board of Directors from collectively fulfilling its duties and responsibilities.

The tasks and responsibilities of the Risk, Audit, Remuneration and Nominations Corporate Governance and Sustainability Committees, shall not be delegated to another Committee, except in the case where a joint Committee has been established.

### **4.2 Composition of Committees**

The Committees shall be composed of no less than three Members, who are appointed by the Board of Directors. They are composed of Members of the Board of Directors who do not perform executive duties at the Bank and the majority (over 50%) must be Independent Non-Executive Members.

The Members of each Committee may not participate in more than two Committees and hold any other positions or perform transactions that could be considered as conflicting with the Committee's terms of reference.

Considering the size of the Board of Directors and the number of the Independent Non-Executive Members, the Bank shall ensure that participation in more than one Committee, safeguards that no Member exerts too much influence or control over them.

The Bank examines the occasional rotation of the Chairmen and Members of the Committees, taking into account the specific experience, knowledge and skills that are individual and collectively required for those Committees.

The Committees of the Board of Directors shall also comply with the following as regards their composition:

- i. Include a majority of Independent Non-Executive Members and chaired by an Independent Non-Executive Member.
- ii. The Chair of the Board of Directors may not be a Member of the Audit Committee.
- iii. The Chair of the Risk Committee is an Independent Non-Executive Member and may not exercise the duties of the Chair of the Board of Directors or any other Committee of the Board of Directors at the same time.
- iv. The Chair of the Audit Committee must possess specialised knowledge and experience in connection with the implementation of accounting principles and the procedures for internal audits.
- v. The Members of the Audit Committee must possess, as a whole, recent and relevant practical experience in the sector of financial markets or professional experience linked directly to the activities of financial markets.
- vi. The Members of the Risk Committee must possess the appropriate knowledge, skills and experience in order to comprehend fully and monitor the Bank's risk strategy and risk appetite.
- vii. The Chairman of the Nominations, Corporate Governance and Sustainability Committee is an Independent Non-Executive Member. The Members of the Committee shall have, individually and collectively, appropriate knowledge, skills and expertise regarding the candidate selection process and suitability requirements.
- viii. In relation to the Remuneration Committee, in the event that there is no sufficient number of qualified Independent Non-Executive Members, the Bank applies other measures within the scope of the Remuneration Policy in order to reduce conflicts of interest in decision-making on remuneration issues.

#### **4.3 Organisation and Operation of the Committees of the Board of Directors**

The Committees shall meet at least on a quarterly basis or more frequently and as circumstances dictate.

The role of the Chairman of the Board of Directors, as well as that of the Chairman of each Committee of the Board of Directors, applies on a pro rata basis. The obligations to hold the meetings of the Board of Directors and to observe the minutes, is also applied proportionally to the Committees of the Board of Directors.

In particular, in connection with drawing up the schedule of the Committees' regular meetings, the following are taken into account:

- i. The critical dates for publishing information on the basis of the Directives of the Supervisory Authorities.
- ii. The provisions of the Regulatory and internal Framework in connection with the contents, form and frequency of reports.

In the framework of the meetings, the Chair of each Committee:

- i. Convenes regular meetings of the Committee, as well as extraordinary meetings, if any Member considers this necessary.
- ii. Ensures that no person (including other Members of the Board of Directors) is present except for the Committee Members, unless such person has been invited officially to attend for a specific item on the agenda. Any such person is able to attend only during the discussion of the particular item and shall depart from the meeting room before the decision-making process.
- iii. The Committee shall invite to its meetings any other officers of the Bank, when it considers that their knowledge is necessary for the better conduct of its business and the effective performance of its duties and compliance with its terms of reference.

The Heads of the Audit Departments shall appear before the corresponding Committee at least on a quarterly basis, in order to brief it on the work of its Sector, for the quarter in question.

A quorum is formed in the Committees when at their meetings a number of Members equal to 50% plus one Member, rounded down, is present, provided that in all cases, the number of Members attending either in person or through video conference/tele-conference, may not be smaller than three.

The Members may not be absent from Committee meetings for more than two consecutive meetings or twenty five per cent (25%) of the annual meetings.

The Members of the Committees shall participate in an open and critical discussion during the meetings, in the context of which different opinions are discussed in a constructive way. Any Committee Member may ask to have their view recorded in the Minutes.

The Audit Committee shall convene and hold, without the presence of the Executive Members, regular meetings, at least on a half-yearly basis, at which external auditors and/or the heads of the Audit Departments may be present, as circumstances dictate.

The following shall apply during the decision-making process:

- i. Decisions at meetings are taken by majority. In case of a tied vote, the Chair of the Committee shall have a casting vote.
- ii. In case of the absence of the Chair, the most senior of the Independent Non-Executive Members present shall preside over the meeting.
- iii. Each Member has power to appoint another Member to vote on behalf of the Member making the appointment at a specific meeting of the Committee, from which the Member making the appointment will be absent. Voting by proxy shall be limited to one Member who is attending the meeting, and Members voting by proxy are accountable for the vote of their authorised representative.

#### **4.4 Audit Committee**

The objective of the Audit Committee is to monitor and evaluate the adequacy and effectiveness of the Bank's internal audit system and to brief the Board of Directors on the taking of measures to improve it.

In particular, the Committee monitors, on an annual basis, the framework and operation of Internal Audits, Regulatory Compliance, ICT systems and Security of Information, as well as the framework of business ethics, based on the reports of the Internal Audit Division and the observations and comments of the external Auditors and competent Supervisory Authorities, and submits to the Board of Directors suggestions and proposals for tackling any shortcomings in the above systems, which it has identified.

The Committee ensures the independence of auditors, as well as the independent and impartial conduct of internal and external audits and effective communication between the auditing teams and the Board of Directors.

##### **4.4.1 Duties and Responsibilities of Audit Committee**

The duties and responsibilities of the Audit Committee are defined in detail in a separate Bank document, for internal use.

The Audit Committee of the Bank, as a subsidiary of the Alpha Bank Group, processes its duties in cooperation and consultation with the Group.

#### **4.5 Risk Committee**

The objective of the Risk Committee is to evaluate, shape and monitor the implementation of the strategy and policies of the Group and the Bank, to advise and support the Board of Directors with regard to the identification and effective management of all the Bank's risks.

The Risk Committee has access to all relevant information and data required for the exercise of its role, including information and data from the relevant Divisions.

The Committee shall develop and monitor the adequacy and effectiveness of the framework and operation of Risk Management, as well as the Division responsible for the Information Technology and Communications (ICT) and Security Risk and ensure compliance with the requirements of the local and European Regulatory Framework.

In particular, it evaluates the adequacy of provisions and the effectiveness of strategies and policies in connection with the maintenance, on a continuous basis, of sufficient funds, types and distribution of internal funds and own funds for covering the risks undertaken and recommends their approval to the Board of Directors.

The Committee shall oversee the implementation of effective measures to limit risks and correctional measures, in cooperation with the Audit Committee, accordingly.

##### **4.5.1 Duties and Responsibilities of Risk Committee**

The duties and responsibilities of the Risk Committee are defined in detail in a separate Bank document, for internal use.

The Risk Committee of the Bank, as a subsidiary of Alpha Bank Group, processes its duties in cooperation and consultation with the Group.

#### **4.6 Nominations Corporate Governance and Sustainability Committee**

The objective of the Nominations, Corporate Governance and Sustainability Committee, is to ensure that the composition, structure and operation of the Board of Directors meet all the requirements of the relevant Legal and regulatory Framework and are harmonised with the provisions of the Bank's Articles of Association and the principles of corporate governance currently in force.

The Committee's main task is to ensure the selection of candidates to be Members of the Board of Directors and holders of key positions, through an effective and transparent procedure, to gather and evaluate data on persons who, based on their qualifications and the needs of the Bank, are considered suitable for appointment and to submit suggestions to that end to the Board of Directors for a decision to be taken.

The Committee adopts a broad spectrum of qualifications and skills upon the selection/appointment of Members and the re-appointment of existing Members to the Board of Directors and to this end, it implements a policy that promotes a suitable level of differentiation within the Board of Directors. At the same time, it creates the necessary conditions to ensure a smooth succession and the maintenance of the appropriate balance, diversity, skills, knowledge and experience of the Board of Directors, in accordance with the relevant policies and procedures of the Board of Directors.

The Committee seeks the implementation of the corporate governance international best practices and the mechanisms for the adequate control and balancing throughout the Bank, taking into account the Group's principles and values and the legal requirements, with a view to increasing the Bank's long-term value.

In addition, the Committee seeks to implement the standards related to the Environmental, Social and Governance (ESG) sectors, in accordance with the relevant regulatory framework

and the relevant best practices, thus strengthening the long-term commitment of the Bank to create value in terms of its sustainable development.

#### **4.6.1 Duties and Responsibilities of the Nominations, Corporate Governance and Sustainability Committee**

The duties and responsibilities of the Nominations, Corporate Governance and Sustainability Committee are defined in detail in a separate Bank document, for internal use.

The Nominations, Corporate Governance and Sustainability Committee of the Bank, as a subsidiary of Alpha Bank Group, processes its duties in cooperation and consultation with the Group.

#### **4.7 Remuneration Committee**

The objective of the Remuneration Committee, is to exercise competent and independent judgment on the Bank's remuneration practices taking into consideration the Bank's risk, capital and liquidity and the likelihood and to make fair, balanced and sound judgments with regard to the remuneration of individuals who hold key positions across the Bank. The Committee develops reviews and monitors the implementation of the Bank's Remuneration Policy ensuring that is aligned with the Bank's and the Group's strategic objectives and values, advising the Board of Directors regarding the planning or/and updating and monitoring of the implementation of Remuneration Policy and practices and compliance therewith.

##### **4.7.1 Duties and Responsibilities of the Remuneration Committee**

The duties and responsibilities of the Remuneration Committee are defined in detail in a separate Bank document, for internal use.

The Remuneration Committee of the Bank, as a subsidiary of the Alpha Bank Group, processes its duties in cooperation and consultation with the Group.

### **5. GENERAL MEETING OF SHAREHOLDERS**

The General Meeting of the Shareholders is the supreme Body of the Bank and may decide on every corporate case, pursuant to the underlying law. The legal decisions of the General Meeting are binding on dissenter and absentee Shareholders as well. The Board of Directors may decide to refer a particular matter within its responsibility to the General Meeting of the Shareholders.

The sole powers of the General Meeting of the Shareholders include, without limitation to them, the following:

- (i) To amend the Articles of Association, including decisions to increase or decrease its share capital, the payment of dividends and capitalisation of profits.
- (ii) To elect the Members of the Board of Directors, to allocate the capacity of each Member, to decide on the composition of the Committees of the Board of Directors and the terms of office of the Chairs of the Committees and the Chair, Non-Executive, Executive and Senior Non-Executive Members of the Board of Directors.
- (iii) To appoint external auditors and to set their fees.
- (iv) To approve the Annual Financial Statements and to allocate the Bank's annual profits.
- (v) To decide on the merging, winding-up, dissolution or closure of the Bank and the transfer-assignment of the Bank's shares.
- (vi) To appoint liquidators.
- (vii) To resolve any other issues provided for by the Regulatory Framework and the Bank's articles of Association.



## **6. STRUCTURE OF GOVERNANCE**

### **6.1 Operational Structure**

The smooth operation is safeguarded through the procedures and policies of the Bank which are contained in the Internal Rules (Rules of Procedure, circulars and policies, etc.) adopting the rules of the relevant Regulatory Framework. The organisational format and basic structure of the Bank is set by the Organogram, which is published in the Bank's official website. The Organogram presents the operational structure and hierarchy of the Divisions, Branches and Units. Specifically, the Organogram includes the Bank's Divisions which are divided into sectors, according to their supervision, as follows:

- (i) The Divisions supervised by the CEO.
- (ii) The Divisions supervised by the Chief Operations Officer (COO).
- (iii) The Divisions supervised by the Chief Risk Officer (CRO).
- (iv) The Divisions supervised by the Chief Business Development Officer.
- (v) The Divisions supervised by the Executive Arrears Advisor.

The smooth and effective operation of the Bank, the shaping of a single strategy and policy implemented by the Divisions, the obligations for the Bank's executives and the staff, the coordination of activities, the maintenance of a single direction and method of operation, the mutual briefing of the Divisions and Subsidiaries where required, are safeguarded by the Board and Committees of the Bank. They are established through Decisions of the Board of Directors or/and by Acts of the General Management, Boards, and/or permanent or temporary Committees that decide on specific areas of activities and for tackling specific issues (organisational, technical and others) which are referred to them.

### **6.2 Management Committees**

#### **6.2.1 Executive and Operations Committee (ExCo)**

The Executive and Operations Committee, operates as a collective body. The composition of the Executive and Operations Committee is determined by a General Management Act and their duties and powers are defined in the Bank's Rules of Procedure.

Indicatively, the Committee's main competencies include, without being limited to these: the examination of the business planning and policy of the Bank, the preparation of the business plan, with a view to submitting them to the Board of Directors for approval, the approval of the action plan, the budget and balance sheet of each Division. It also approves and decides the policy for the development of Networks and other business, in all sectors, the establishment, renaming, abolition and redistribution of competencies of the Divisions following suggestions by the competent Head of Sector. It also makes suggestions regarding the Bank's Human Resources and Promotion Policy.

#### **6.2.2 Assets and Liabilities Committee (ALCO)**

The composition of the Assets and Liabilities Committee (ALCO) are determined by a General Management Act.

Indicatively, the Committee's main competencies include, without being limited to these: the supervision of the implementation of the policy and procedures for tackling market and liquidity risks in the framework of the Directives of the Group and the Supervisory Authorities, policy and position limits in connection with market and liquidity risks, stress test scenarios in connection with market and liquidity risks; approves the interest rate policy, the structure of investment portfolios and the total market, interest rate and liquidity limits.

#### **6.2.3 Credit Risk Committee**

The composition and competencies of the Credit Risk Committee are defined by a General Management Act.

The Committee's objective is to evaluate the adequacy and effectiveness of the Bank's credit risk management framework as well as to make decisions regarding the identification and implementation of the required corrective actions aimed at limiting exposure to such risks and to mitigate any effects therefrom.

### **6.3 Key Function Holders and Duties**

#### **6.3.1 Managing Director (CEO)**

The CEO is the Member of the Board of Directors, who is responsible for managing and coordinating the overall business activities of the Bank. He/she possesses adequate technical knowhow with a view to the effective management of the Bank's activities. The CEO's obligations include duties as an Executive Member of the Board of Directors. The CEO is also responsible for the sectors under his/her supervision according on the Bank's Organogram and plans, coordinates and controls the effectiveness of those sectors.

#### **6.3.2 Chief Operations Officer (COO)**

The COO represents and commits the Bank and safeguards its organisational and operational effectiveness. He/she is responsible for the effective organisation and supervision of the activities and operations of the Operations Divisions (in accordance with the Bank's Organogram) and sees to their contribution to compliance with the strategic and business goals of the Bank. The COO's obligations include duties as an Executive Member of the Board of Directors.

#### **6.3.3 Chief Risk Officer (CRO)**

The Chief Risk Officer represents and commits the Bank and safeguards the adequacy of the risk management system and is responsible for the effective organisation and oversight of the activities and operations of the sector of his/her responsibility (pursuant to the Bank's Organogram) for managing credit risk, market and liquidity risks, interest rate risk and operational risk.

#### **6.3.4 Head of Internal Audit Division**

The Head of Internal Audit Division ensures the implementation of the Group's Internal Audit policy, procedures and practices, pursuant to best auditing practices, internal audit standards, and the Regulatory Framework currently in force, for evaluating the adequacy and improving the Internal Audit System. He/she comes organically under the CEO and reports matters of his/her responsibility to the Board of Directors, through the Audit Committee.

#### **6.3.5 Head of Compliance Division**

The Head of Compliance Division is responsible for managing compliance with the Regulatory Framework. He/she is responsible for recording and evaluating, on an annual basis, the AML risks and the taking of measures through additions and changes to the system and procedures implemented. He/she comes organically under the CEO and reports matters of his/her responsibility to the Board of Directors, through the Audit Committee.

#### **6.3.6 Head of Information Security and Personal Data Protection Division**

The Head of Information Security and Personal Data Protection Division is responsible for implementing the provisions of the Group's Information Security Framework and the Directives on the matter from the Central Bank of Cyprus and the Group's Personal Data Protection Policy as well as Information Technology and Communications (ICT) and Security Risk of the Bank. He/she comes organically under the CEO and reports matters of his/her responsibility to the Board of Directors, through the Risk Committee.

### **6.3.7 Head of Human Resources Division**

The Head of Human Resources Division is responsible for designing, developing and implementing an effective policy and procedures on matters of human resources, with the aim of achieving the Bank's strategic goals. He/she reports directly to the CEO.

### **6.3.8 Head of Financial Services Division**

The Head of Financial Services Division is mainly responsible for the financial management of the Bank, the structure and form of the accounting IT system, the correct display and control of transactions in the Bank's account books, the drawing up of financial statements and the monitoring of the Bank's tax affairs. He/she reports directly to the CEO.

## **7. INTERNAL AUDIT FRAMEWORK**

The Board of Directors shall certify that the Bank possesses a suitable Internal Audit Framework. The effectiveness and adequacy of the internal audit system shall be monitored every year by the Board of Directors and the Board of Directors' Audit and Risk Committees, and relevant report is submitted to the Central Bank of Cyprus, within a reasonable period of time and in consultation with the Central Bank. In the framework of monitoring the system, the Audit and Risk Committees shall regularly receive Reports from the Audit Departments which they examine and then submit to the Board of Directors.

### **7.1 Internal Audit Division**

The Internal Audit Division is an independent Unit, it possesses adequate powers, prestige and resources for exercising its duties and is responsible for Internal Audits at the Bank. The Division conducts audits regarding the adequacy and effectiveness of the Internal Audit System of the Bank and its subsidiaries, pursuant to the provisions of the Regulatory Framework, and investigates in depth cases in connection with which there are indications that the Bank's interests are harmed. It also monitors the implementation and effectiveness of the corrective measures contained in the reports of audits of every kind (internal auditors, external auditors, Supervisory Authorities, Tax Authorities, etc.)

### **7.2 Compliance Division**

The Compliance Division is responsible for identifying, evaluating and managing the risks to which the Bank and the Group are likely to be exposed, as a result of its failure to comply with the Regulatory Framework in force (regulatory risk). It therefore gathers, records, elaborates and interprets the Regulatory Framework on an ongoing basis, monitors coming changes and records any deviations from the requirements and obligations that arise for the Bank and the Companies of the Group, in order to evaluate their impact in good time, take the appropriate measures for implementing the actions required for compliance and to safeguard the Bank's interests and reputation.

### **7.3 Risk Management Sector**

The Risk Divisions and the Department for the Ratification of Models for Managing Credit Risks are responsible for risk management, which includes a broad spectrum of policies and procedures related to undertaking, assessing, monitoring and managing the various risks that impact upon the Bank's activities. Particular emphasis is placed both on faithfully following the relevant Regulatory Framework and the overall, management of the various forms of risk, as well as defining acceptable levels of undertaking risks when making business decisions and setting strategic and business goals.

### **7.4 Information Security and Personal Data Protection of Division**

The Information Security and Personal Data Protection of Division is responsible for carrying out activities related to the security of information and protection of personal data. The Division is also responsible for implementing the Group's Information Security Framework and

Personal Data Protection Framework, which contain all the principles, rules and procedures relating to information and personal data protection security. It evaluates the recommendations of the Audit Division relating to matters of its competence and sees to their implementation, through undertaking the necessary actions and securing the necessary approvals.

## **8. FINAL PROVISIONS**

The Code of Corporate Governance shall be reviewed at least once a year, in order to ensure the continued suitability of its contents.

Within the framework of the reviewing of the Code, whenever deemed necessary, amendments are adopted in connection with new practices, supervisory or other regulatory obligations, including organisational restructurings, amendments of current Directives of the Central Bank of Cyprus or the issue of new Directives, or any amendments to the Legislative and regulatory Framework currently in force.

The Code was reviewed and approved by the Board of Directors pursuant to the provisions of the current legislation and was published on the Bank's website ([www.alphabank.com.cy](http://www.alphabank.com.cy)).