

APPENDIX 1

The **duties and responsibilities of the Board of Directors** are summarized in the following points:

Setting and oversight of strategy

To set, oversee and review the implementation of the Bank's business goals as well as its strategies for achieving these goals, including risk management strategies, internal capital plans, and the Bank's budget, having in mind the need to safeguard the solvency and long-term economic interests of the Bank as well as the interests of depositors, Shareholders and other stakeholders.

To ensure that the Bank has planning measures in place for achieving its business goals and strategies. Such planning measures ensure that:

- (i) The Bank's Code of Business Conduct and corporate values are reflected in its business goals and strategies.
- (ii) The roles of the Heads of the Risk, Treasury and Financial Services Divisions are appropriately and clearly differentiated as regards the development of strategies.

When formulating its strategies, the Board of Directors:

- (i) Sets priorities for fulfilling the Bank's immediate as well as future business goals.
- (ii) Defines the risk appetite, by formulating in writing a statement regarding its risk appetite and risk limits, pursuant to the relevant provisions of the Directive of the Central Bank of Cyprus currently in force on Regulations for Governance and Management Arrangements and their successive and graduated implementation at the Bank.
- (iii) Ensures the establishment and approves the Bank's digital resilience strategy, including the determination of an appropriate level of Information and Communication Technologies (ICT) risk tolerance.
- (iv) Evaluates on an ongoing basis and based on alternative scenarios, pursuant to the provisions of the Directive of the Central Bank of Cyprus currently in force on Regulations for Governance and Management Arrangements, the amounts, types and allocation of internal capital and liquid assets and approves the capital and funding for plans and budgets proportionate to the type and size of the Bank's activities, its risk appetite, digital operational resilience needs, and estimated financial results.

Ensures that the Bank possesses an effective procedure for informing and updating its staff on a continuous basis regarding the Bank's strategies that are related to their duties, in a clear manner.

Establishes a procedure for reviewing business goals and strategies on a regular basis, at least twice a year.

Establishes procedures for evaluating whether the Bank is operating within its approved strategies. For this purpose, the Board of Directors sets and communicates to the Senior Management Executives clear and objective performance targets and measures, which relate both to the Bank and to the Senior Management Executives.

Informs and provides the staff members, with up-to-date information regarding the Bank's strategies and policies with clarity, transparency and consistency. The information provided to the staff, should be at least at the level of hierarchy required to perform their duties. Such information may be provided through written guidelines, manuals or other means.

Establishment and supervision of Bank's structure

The Board of Directors must know and understand fully the legal, organisational and operational structure of the Bank ('Know your Structure') and the way in which the various

components of the structure complete each other and interact, recognise its limitations, assess the dangers that might arise as a result of the limitations and complexity of the structure, and guide its development in a way that ensures that the Bank's structure:

- (i) Is justified and in line with the Bank's approved business strategy, risk strategy and risk appetite.
- (ii) Is effective and does not involve undue or inappropriate complexity for transparency purposes, which impedes the ability of the Board of Directors to oversee and manage effectively the risks faced by the Bank, or the ability of the Central Bank of Cyprus to exercise effective supervision over the Bank.

The Board of Directors sees to it that there is in place an organisational and operational structure that is suitable and transparent for the Bank and is equipped with a written description. The structure must promote and prove the effective and prudent management of the Bank at an individual, sub-consolidated and consolidated level.

It approves the organisational structure and the competencies, strategies and policies for establishing new structures and ensures that these policies and structures are notified to the Central Bank of Cyprus. It must also be ensured that, in case of operation through special purpose entities or other similar structures or in jurisdictions that prevent transparency or do not fulfil international banking standards:

- (i) Such structures and activities shall be acceptable only when the related risks are identified, duly assessed and it is ensured that all these risks can be suitably managed or alleviated.
- (ii) These structures and activities shall be subject to the appropriate limits.
- (iii) The structures and their objectives, as well as the activities and relationships among the entities, must be understandable.
- (iv) The need for carrying on activities through such structures shall be evaluated periodically.
- (v) The possible consequences resulting from important changes in structure shall be evaluated, with regard to the robustness of the Bank's organisational structure. Should any weaknesses become apparent, the Board of Directors must immediately proceed to all necessary adjustments.
- (vi) The number of entities, the links and transactions between them must not raise obstacles in the design of the Bank's internal governance or the effective management and supervision of risks.
- (vii) The Bank's structure and, where applicable, the structures within the Group must be clear, efficient and transparent for the staff, the Shareholders and other stakeholders of the Bank, as well as for the Central Bank of Cyprus.

The Board of Directors ensures that sound and effective measures and systems are in place for the production and exchange of information between and within the various Units of the Bank.

The Board of Directors shall ensure that all flows of important information related to the business operations of the Bank, the special structures and the Parent Group, is substantiated and placed at the disposal of the Board of Directors, the Audit Departments and the Supervisory Authorities (including information concerning the approval and maintenance of special purpose entities or related structures or jurisdictions that impede transparency or do not fulfil international banking standards).

Complex structures and non-standard or non-transparent activities.

Understands the composition of the Bank's structures and their purpose, as well as the specific risks associated with them and ensures the proper involvement of the functions of the internal audit system.

It approves the Bank's structures, only if their purpose is clearly stated and understood and if the Board of Directors is satisfied that all significant risks, including reputational risks, have been identified, that all risks can be effectively managed and appropriately reported, and that

effective supervision has been ensured. The more complex and non-transparent the organizational and operational structure and the greater the risks, the more enhanced the supervision of the structure by the Board of Directors should be.

It ensures that appropriate measures are taken, to avoid or reduce the risks of the activities carried out within the Bank's structures. In this context, the Board of Directors safeguards, among other things, that:

- i. The Bank has adequate policies, procedures and documented processes for the review, regulatory compliance, approval and risk management of such activities, whilst taking into account the implications for the Group's organizational and operational structure, risk profile and reputational risk.
- ii. The Bank is required to consolidate, as well as the internal and external auditors that have access to information regarding these activities and their risks, and such information is submitted to the Board of Directors under its Supervisory Function and to the Central Bank.
- iii. The Bank periodically assesses the ongoing need to maintain its structures.

When the Bank establishes several legal entities within the Group, the Board of Directors ensures that their number and, in particular, the interconnections and transactions between them, should not raise obstacles to internal governance planning, as well as effective management and supervision of the risks faced by the Group as a whole.

Regulation and supervision of the allocation of responsibilities and powers

The Board of Directors shall ensure that there are in place clear lines of responsibility and accountability throughout the Bank, including affiliated entities and other persons acting on behalf of the Bank under contract, which must be in line with the Bank's operational structure.

It shall ensure the existence of a clear and substantiated allocation of roles, responsibilities and powers of the Board of Directors and its Committees as bodies and the Members of the Board of Directors as persons, the Senior Management Executives and Audit Departments, pursuant to the provisions of the Business of Credit Institutions Law and the relevant Directives of the Central Bank of Cyprus, in such a way that:

- (i) The allocation of roles, responsibilities and powers promotes the substantive separation of the supervisory and administrative functions.
- (ii) It is clear who holds which roles, responsibilities and powers.
- (iii) If the responsibilities have been allocated to more than one department of the Bank, the way in which these responsibilities are divided or allocated among the departments in question, must be appropriate and clearly documented.
- (iv) The Bank's activities and affairs must be capable of being adequately monitored and controlled by the Board of Directors and the Senior Management Executives.
- (v) A record is kept of the arrangements for allocating responsibilities and powers for seven years after the date on which it is replaced by a more updated record.

It shall ensure that the allocation of responsibilities to each Member of the Board of Directors duly takes into consideration whether that Member possesses the technical knowhow and degree of independence and objectivity required to perform the duties assigned to him/her.

As part of compliance with the principles of BCBS 239, the Board of Directors has appointed one of its Members to be responsible for overseeing the implementation of the Data Governance Framework and the quality of data, in accordance with the requirements of the supervisory authorities.

In the Board of Directors, no single Member or small group of Members shall hold a dominant position, in order to ensure a suitable system of checks and balances, in the decision-making process.

The Board of Directors shall inquire and make sure that the Members of the Board of Directors are able to devote the necessary time for the work of the Committees. If a Member of the Committee is not in a position to devote sufficient time to take part in the Committee meetings, the Board of Directors must replace that Member with another, who does have the necessary time, experience and knowhow.

The Committees support the supervisory work of the Board of Directors in specific areas and facilitate the development and implementation of a framework of good internal governance. The allocation of responsibilities to the Committees in no way relieves the Board of Directors, in its supervisory capacity, from the collective performance of its duties and responsibilities.

The Board of Directors shall ensure that the heads of the Audit Departments possess the necessary powers to perform their duties and have direct access to the Board of Directors.

Definition, supervision and succession of basic functions

The Board of Directors establishes and oversees the policies for the selection of new Members of the Board of Directors and the continuation of the term of office of current Members, pursuant to the relevant provisions of the Directives of the Central Bank of Cyprus currently in force. It also ensures that the distribution of responsibilities to each Member of the Board of Directors, takes into account whether each Member has the expertise and the degree of independence and objectivity required, to perform the duties assigned to him. The Board of Directors establishes suitable practices and procedures for the monitoring and periodical review of the following:

- (i) The adequacy and suitability of the size and composition of the Board of Directors.
- (ii) The relevant knowhow and skills of the Members of each Committee and their ability to devote sufficient time to the Committee.
- (iii) The ability and suitability of the current Members pursuant to the relevant provisions of the Directives of the Central Bank of Cyprus currently in force.

Checks and ensures the ability of the Committees' Members to allocate the necessary time for their participation in the Committees. Where a Member of a Committee is unable to devote sufficient time to attend Committee meetings, the Board of Directors shall replace such Member with another Member who has the necessary time, experience and expertise.

Establishes and oversees the policies for the selection, development and replacement (employment or promotion) of the Senior Management Executives including the Heads of the Audit Departments pursuant to the provisions of the Directives of the Central Bank of Cyprus on the Assessment of the Suitability of the Members of the Management Body and Key Function Holders of Authorised Credit Institutions and the Directive of the Central Bank of Cyprus on Governance and Management Arrangements currently in force.

Establishes suitable practices and procedures for the monitoring and periodical review of the following:

- (i) The adequacy and effectiveness both of the Senior Management Executives themselves and the general administrative structure.
- (ii) The suitability of the Senior Management Executives, pursuant to the provisions of the Directive of the Central Bank of Cyprus on the Assessment of the Suitability of the Members of the Management Body and Key Function Holders of Authorised Credit Institutions, currently in force.
- (iii) The independence and objectivity of the Heads of the Audit Departments. These persons must not have direct responsibilities in the business Units and support Units which they themselves monitor and audit.

Establishes, approves and supervises the following:

- i. The arrangements that aim to ensure the effective process of the individual and collective suitability assessment of the Members of the Board of Directors., as well as the suitability assessment of the composition and succession planning of the Board of Directors, and the effective exercise of the duties of the Board of Directors.
- ii. The process of selecting and evaluating the suitability of Key Function Holders.

The Board of Directors sees to it that the internal Policy for the selection and evaluation of the suitability of Members of the Board of Directors or Key Function Holders in the Bank, which is approved by the Board of Directors, is submitted to the Central Bank of Cyprus and it is confirmed that in case of material amendments to the policy, the Bank shall submit the revised Policy to the Central Bank of Cyprus, within a month from the date of its approval by the Board of Directors

Approves and periodically scrutinises the Staff Appointments, Internal Movements and Promotions Policy.

Supervision of Senior Management Executives

Pursuant to the provisions of the Policy on the Assessment of the Abilities and Suitability of the Senior Administrative and Senior Management Executives, the Board of Directors shall, through its Committees, assess only the Heads of the Audit Departments.

The Board of Directors is responsible for overseeing and supervising the Senior Management Executives and for establishing suitable policies, practices and procedures which secure that the Senior Management Executives perform their roles and responsibilities correctly pursuant to the Regulatory Framework:

- (i) Holds regular meetings with the Senior Management Executives.
- (ii) Asks questions and examines critically the explanations and information provided by the Senior Management Executives.
- (iii) Sets the performance targets for the Senior Management Executives pursuant to the long-term goals, strategy, and economic conditions of the Bank, and monitors the performance of the Senior Management Executives in connection with these targets.

The matter of the selection and evaluation of the rest of the Bank's executives come within the competence of the Human Resources Division, pursuant to the Bank's internal Regulations.

Tackling non-compliance with the policies and procedures of the Board of Directors

The Board of Directors approves and implements an appropriate policy for monitoring compliance with its policies, procedures and proceedings.

The Board of Directors approves and implements an effective mechanism for the provision of instructions and the assignment of responsibilities for:

- (i) Evaluating the reasons for non-compliance.
- (ii) Initiating, requiring, implementing and monitoring the effectiveness of corrective measures.
- (iii) Documenting the whole process and the result of the process.

Any non-compliance shall be reported without delay to the Central Bank of Cyprus and in any case:

- (i) Within one month from the date on which a case of non-compliance was identified, the procedure followed and the persons involved in the resolution of such cases of non-compliance.

- (ii) Within two months from the date on which the case of non-compliance was identified, the corrective measures taken to tackle these cases of non-compliance.

Establishment and oversight of the Code of Business Conduct and the procedure of warning messages

The Board of Directors shall give the example of leadership with a view to the shaping of professional and responsible conduct throughout the Bank.

It shall see to it that there are in place substantiated and clear policies, processes and procedures for:

- (i) Establishing and periodically scrutinising the Code of Business Conduct and corporate values.
- (ii) Monitoring and submitting reports in connection with compliance with these established standards and corporate values.
- (iii) Reducing the risks to which the Bank is exposed, particularly operating risks and reputational risks, which could have significant adverse consequences on the viability and profitability of the Bank.
- (iv) Establishing the principles and examples of acceptable and unacceptable behaviours that are connected in particular with incorrect financial reporting and the commission of economic and financial crime.
- (v) Ensuring compliance with legislative and regulatory requirements and internal policies, so that the staff conduct themselves with honesty and integrity and perform their duties with due skill, care and diligence.
- (vi) Ensuring that the staff are informed of the internal and external disciplinary measures, legal actions and sanctions that could result from the commission of offences and unacceptable behaviour.

It shall ensure that the Bank has in place suitable procedures for issuing timely internal warnings which will enable the staff to notify potential or actual infringements of internal or regulatory requirements or their concerns regarding possible irregularities within the Bank through a specific, independent and autonomous reporting channel, without fear of punitive measures or other consequences, pursuant to the Directive of the Central Bank of Cyprus on Governance and Management Arrangements.

Oversees the following of the ethical and professional standards by the staff. It may approve and implement the Bank's standards established at Group level or common standards issued by associations or other related organizations.

Approval and periodic review of criteria for organising and managing risks

The Board of Directors approves and periodically reviews strategies and policies for undertaking, managing, monitoring and alleviating the risks to which the Bank is or could be exposed, including those caused by the macroeconomic environment in which it conducts its activities.

It shall devote time to assessing matters of risk. It shall participate actively and ensure that sufficient resources are dedicated for managing all important risks that are examined in the local and European Regulatory Frameworks, as well as for valuing the assets, the use of external credit ratings, and internal paradigms in connection with such risks. The Bank shall introduce reporting channels in the Board of Directors, which will cover all significant risks and risk management policies, as well as changes to them.

It shall have the chief responsibility for establishing, monitoring and evaluating the Bank's risk management culture pursuant to the relevant provisions of the Directive of the Central Bank of Cyprus currently in force on Regulations for Governance and Administration, in such a way as to ensure common understanding and awareness of the risks, encourage expression, discussion and referral of worries/concerns in connection with the existence of risks to the appropriate reporting and decision-making levels, and render employees, at all levels of

responsibility, accountable for their actions which lead to the undertaking of risks by the Bank. At the same time, the Board of Directors shall give the example of leadership by formulating with clarity the underlying values of the risk management culture and ensuring that the conduct of the Board of Directors reflects these values.

It shall establish and oversee the implementation of the framework of the risk appetite, pursuant to the relevant provisions of the Directive of the Central Bank of Cyprus currently in force on Regulations for Governance and Management Arrangements. To this end, the Board of Directors shall:

- (i) Adopt and control the implementation of a documented statement on the risk appetite.
- (ii) Evaluate the risk appetite during discussions on strategy, including decisions related to mergers, acquisitions and the development of business activities or products.
- (iii) Review and monitor on a regular basis the actual risk levels as against the approved levels of risk undertaking, including quality risk parameters that are not easily measured.
- (iv) Make sure that mechanisms are in place that safeguard the effective management of significantly adverse risk exposures, and, where necessary, lowering the risks, particularly those that are close to the risk taking limits that have been set.

It shall also follow and comply with the obligations cited in the Bank's Risk Appetite Framework Document, currently in force.

It shall ensure that the Bank possesses a suitable risk management framework, taking into account the business model, the complexity of the Bank's activities and its size, which shall be incorporated in the Bank's risk management culture and is in line with the relevant provisions of the Directive of the Central Bank of Cyprus currently in force on Regulations for Governance and Management Arrangements. The Board of Directors shall participate actively and ensure that:

- (i) The risk management goals, the basic risk management principles and the assignment of risk management responsibilities in all the Bank's departments are clear, documented, and in line with the business goals and strategies.
- (ii) External evaluations are not used exclusively or mechanistically in order to assess risks, but a suitable capability is also developed for assessing internal risks, according to the nature, scale and complexity of the Bank's activities.
- (iii) Risk management is supported by an adequate and reliable information management system that allows risks to be identified, measured, assessed and reported precisely and in good time.
- (iv) Important changes to the risk management system are documented and subject to approval by the Board of Directors.
- (v) The development of new markets, products and services offered to customers by the Bank and important changes in existing markets, products and services are governed by a documented policy of approval of new products, pursuant to the relevant provisions of the Directive of the Central Bank of Cyprus currently in force on Regulations for Governance and Management Arrangements.
- (vi) The risk management framework is reviewed regularly in order to ensure that any gaps and shortcomings are identified and the necessary amendments and improvements are made in a timely manner.

Ensures that the Bank complies with the requirements of Regulation (EU) 2022/2554, as well as any other applicable regulatory framework relating to digital operational resilience. This includes oversight of ICT risk management, monitoring of cybersecurity incidents, governance of relationships with third-party technology providers, and the conduct of business continuity and recovery testing. The Board of Directors ensures that the Bank's policies and procedures align with the obligations of the Regulation and are integrated into the broader risk management and corporate governance framework.

The Board of Directors shall adopt and implement a policy in connection with the contents, form and frequency of the reports it expects to receive from the Senior Management Executives and Audit Departments regarding risk management issues and other matters.



It shall ensure that the Bank evaluates the need for the use of internal methods for calculating equity requirements according to the nature and complexity of exposures and its internal organisation.

It shall see to the establishment of an appropriate internal environment that ensures that all executives, at all hierarchical levels of the Bank, comprehend both the nature of each risk that is related to the activities in which they participate or oversee and the need to tackle such risks effectively, and recognise the importance of the auditing procedures and facilitate their implementation.

Establishes, approves and oversees the implementation of the amounts, categories and distribution of both internal capital and regulatory capital, in order to adequately cover the Bank's risks and the targets for the liquidity management of the Bank.

It monitors the adjustment to the methodology of calculating expected credit losses and approves the provisions on a quarterly basis.

It monitors the development and updating of credit risk models, the development and implementation of the relevant governance framework for credit risk models, and approves the results of the validation of credit risk models.

The Board of Directors, among others, has the overall responsibility for the Bank and approves the Bank's strategic objectives, risk strategy, including the risk appetite for IRRBB, and internal governance. The Board of Directors, oversees and is accountable for the implementation of the governance arrangements within the Bank that ensure effective and prudent management of the Bank. The BoD bears the ultimate responsibility for the oversight of the IRRBB framework, the institution's risk appetite framework and the approval of the corresponding policies and methodologies.

Specifies, where judged necessary, the taking of corrective measures in the Stress Test Governance Framework of the suggestions submitted by the Risk Committee based on the results of the stress tests. It has the ultimate responsibility for ensuring the successful execution of a Stress Test. The Board is able to undertake effective discussions with supervisions in the context of stress test included in the ICAAP/ILAAP and regulatory stress test.

Access to information and resources by the Board of Directors when exercising supervision

The Board of Directors shall ensure that while exercising its supervisory responsibilities, it has adequate access to resources and information concerning its duties and the risks faced by the Bank and if required and deemed useful, access to special external advisors. It defines the framework and the appropriate and transparent procedures for the said access, the appropriate and transparent procedures that allow its Members to communicate individually and directly with the Senior Management and/or members of the Bank's staff, during the exercise of their supervisory responsibilities as Members of the Board of Directors and/or its Committees.

When exercising its supervisory responsibilities, the Board of Directors and the competent Risk Committee, specify the type, quantity, form and frequency of the information they need to receive in connection with risk matters. In order to contribute to the establishment of sound policies and practices regarding remuneration, the Risk Committee, subject to the duties of the Bank's Remuneration Committee, shall examine whether the incentives provided by the remuneration system take into account the risk, capital, liquidity and timeframe of revenues.

Provision of Investment Services

The Board of Directors shall define, oversee and be responsible for the implementation of the regulations governing the provision of investment services, which safeguard the effective and

prudent governance of the Bank, including the separation of duties and the avoidance of conflicts of interest, in such a way as to promote market stability and the interests of the Bank's customers. Specifically, the Board of Directors shall:

- i. Establish the Business Policies and Strategy for the Provisions of Investment Services.
- ii. Approve the services, products and the market targeted by the Bank.
- iii. Establish the way of managing sales of services outside the target market.
- iv. Oversee and monitor the decision-making process.

The Board of Directors shall establish, approve and oversee:

- i. The organisation of the Bank for the provision of investment services, the conduct of investment activities and the provision of associated services, including the skills, knowledge and experience required for the staff, resources, procedures, and regulations for the provision of services and activities by the Bank, taking into account the nature, scale, and complexity of its activities and the requirements with which the Bank must comply.
- ii. The policy regarding the services, activities, products and operations offered or provided subject to the Bank's tolerable level of risk and the characteristics and needs of the customers of the Bank to whom they will be offered or provided.
- iii. The remuneration policy for the staff engaged in the provision of investment services to the customers, in order to ensure responsible professional conduct and fair treatment of the customers, as well as the avoidance of conflicts of interest in their relationships with the customers.

In addition, the Board of Directors shall monitor and scrutinise the policies and procedures in connection with the recording of the Bank's telephone conversations and electronic communications.

The Board of Directors shall monitor and from time to time evaluate the adequacy and implementation of the Bank's strategic goals with regard to the provision of investment services, the exercise of investment activities and the provision of associated services, the effectiveness of the Bank's governance regulations and the adequacy of policies related to the provision of services to customers and shall take the necessary steps to tackle any problems.

The Members of the Board of Directors shall have adequate access to the information and documents required for the supervision and monitoring of the Management's decision-making process.

Regulatory Compliance

The Board of Directors must be familiar with the regulatory environment in which the Bank is active and ensure that the Bank has in place a suitable framework for regulatory compliance pursuant to the relevant provisions of the Directive of the Central Bank of Cyprus currently in force on Regulations for Governance and Management Arrangements and maintains an effective and productive relationship with the competent Supervisory Authorities.

It shall approve the Compliance Policy of the Bank and evaluate at least once a year the degree of effectiveness of the Bank's management of the regulatory compliance risk.

The Board of Directors shall decide on the appointment of each Chair of the Board of Directors's Audit Committee, as the responsible Member who will bear responsibility for implementation of the provisions of the Prevention and Suppression of Money Laundering Law (hereinafter the 'Law') and the Directives, Circulars and regulations issued by the Central Bank and/or any other Supervisory Authority, pursuant to the Law and any relevant acts of the European Union.

Monitors the Bank's compliance with Regulation (EU) 2022/2554 (DORA), as well as any other applicable regulatory framework, in collaboration with the Regulatory Compliance Division, and ensures the integration of the Regulation's requirements into the Bank's policies and procedures.

The Board of Directors shall appoint and dismiss the Head of the Compliance Division.

Design and implementation of a sound internal audit framework

The Board of Directors shall ensure that the Bank has in place a suitable internal audit framework pursuant to the relevant provisions of the Directive of the Central Bank of Cyprus currently in force on Regulations for Governance and Management Arrangements, and shall make sure that:

- (i) The design of the internal audit systems and the composition of the Audit Departments are suitable for the size and complexity of the Bank, and these Departments operate effectively.
- (ii) The appropriate audits are in place for every important business procedure and related risks and obligations.
- (iii) All audits and procedures, including approval procedures, are documented adequately and communicated to the competent staff who will execute and audit them.
- (iv) The staff is accountable for the effective implementation of the audits and procedures in the framework of their duties.
- (v) At least two members of staff are involved directly or indirectly in every activity of the Audit Department until its completion.
- (vi) Only the appropriately authorised staff have access to the Bank's assets, accounting records, and confidential information in general.
- (vii) Capable persons are appointed to the Audit Departments.
- (viii) The Audit Departments participate, in an advisory role, in the establishing of new procedures.
- (ix) The Internal Audit Division has competency for conducting evaluations of the risk management framework, the compliance frameworks and the internal audit framework.
- (x) At least once every three years, the evaluation of the adequacy and effectiveness of the internal audit framework is assigned to an external auditor other than the Bank's authorised auditor, who must possess the necessary knowhow to conduct the required evaluation, pursuant to the relevant provisions of the Directive of the Central Bank of Cyprus currently in force on Regulations for Governance and Management Arrangements.
- (xi) The Board of Directors approves and periodically reviews the Bank's ICT internal audit programmes and ICT controls, as well as any significant changes thereto, in accordance with the requirements of Article 5, paragraph 2(f) of Regulation (EU) 2022/2554 on Digital Operational Resilience (DORA), and any other applicable regulatory framework governing digital operational resilience and ICT risk management.

The Board of Directors shall ensure that the operations of the internal audit system are independent from the business sectors which they are auditing, among other things, as regards the appropriate separation of duties and that they have in place the appropriate financial and human resources, as well as the powers required for the effective performance of their role. The reporting channels and allocation of responsibilities, particularly among persons who hold key positions in the Bank must be clear, fully delimited, consistent, binding in nature, and duly documented.

Establishment and oversight of remuneration policy and practices

Taking into account the relevant recommendations and decisions of the Remuneration Committee, the Board of Directors shall adopt, periodically evaluates and approves the Remuneration Policy pursuant to the relevant provisions of the Directive of the Central Bank

of Cyprus currently in force on Regulations for Governance and Management Arrangements and shall oversee its effective implementation.

It evaluates and approves the key function holders' remunerations and suggests to the General Meeting the approval of the Board Member's remunerations.

Taking into account the relevant recommendations and decisions of the Remuneration Committee, the Board of Directors shall ensure that the policy and practices are in line with the Bank's/Group's risk appetite, prevent conflicts of interest and promote the sound and effective risk management.

Outsourcing to third parties

The Board of Directors shall approve and review on a regular basis, at least every three (3) years, the Bank's policy for outsourcing work and shall oversee its implementation. Outsourcing shall be planned and implemented in accordance with the framework of principles for outsourcing work, which is described in the relevant provisions of the Directive of the Central Bank of Cyprus currently in force on Regulations for Governance and Management Arrangements.

The Board of Directors ensures that the Bank complies with the requirements of Article 28 of Regulation (EU) 2022/2554 (DORA), as well as any other applicable regulatory framework, with regard to the oversight of third-party ICT service providers. This includes the assessment of the criticality of such relationships, the management of outsourcing risks, and the ability to terminate contracts in cases of non-compliance.

It ensures the implementation of reporting channels, through the Bank's Outsourcing Officer, that allow it to be duly informed about arrangements entered into with third-party ICT service providers regarding the use of ICT services, as well as any planned material changes related to such providers.

The Report of the Outsourcing Officer shall be submitted to the Board of Directors on an annual basis, for information purposes.

Safeguarding of reliable and transparent financial reports

The Board of Directors shall be informed about the Bank's overall activity, financial and risk situation, taking into account the economic environment, as well as the decisions taken that have a major impact on the Bank's business activity.

The Board of Directors shall safeguard the integrity of the systems of accounting and financial reporting, including financial and operational controls and compliance with the regulatory and supervisory authorities and related standards.

The Board of Directors, shall ensure that a reliable procedure is in place for preparing financial reports, which is supported by the clearly defined roles and powers of the Board of Director, administrative audits and the authorised auditor.

The Board of Directors, shall approve and oversee the effective implementation of these systems and controls, in order to ensure that the Bank's financial reports present an accurate picture of the financial state and profitability of the Bank, pursuant to International Financial Reporting Standards.

The Board of Directors, shall approve the annual and periodic Financial Statements.

The Board of Directors shall also promote and maintain an effective relationship with the Bank's approved auditor, ensuring that:



- (i) The terms of involvement of the approved auditor are clear and appropriate for the scope of the audit and the resources required for conducting the audit and specify the amount of fees that will be paid.
- (ii) The approved auditor undertakes a specific responsibility, pursuant to the terms of assignment of the audit, for conducting the mandatory audit in accordance with international auditing standards currently in force.
- (iii) There are in place suitable policies and procedures to ensure the independence of the approved auditor.
- (iv) There is adequate dialogue with the approved auditor in connection with the scope and timeframe of the audit in order to ensure that he/she has an understanding of the issues related to the risks, information concerning the Bank's operating environment that are related to the audit, as well as any areas regarding which the Board of Directors requests an audit by the approved auditor, either as part of the assigned audit or as an extension thereof.
- (v) Regular meetings are held between the Board of Directors and the approved auditor in the course of the audit, including meetings without the presence of management executives.
- (vi) The finding of the external auditor are used in a timely and effective manner in order to resolve any shortcomings.

Ensuring the implementation of suitable policies for the security of information, personal data, standards and procedures

The Board of Directors shall ensure that the Bank has in place a suitable information security framework for the protection of the Bank's data and information, confidential and otherwise. To this end, the Board of Directors shall:

- i. Approve and periodically review the Bank's Information Security Policy. The Information Security Policy must express the Bank's principles and obligations, and record the directions and goals for the effective management, protection and distribution of all information in the Bank's possession, in electronic form, printed form or otherwise.
- ii. Approve and periodically review the Personal Data Protection Policy.
- iii. Ensure that the appropriate sections of the Information Security Policy and the Personal Data Protection Policy are communicated to Bank's senior management executives and staff in accordance with their duties and responsibilities.
- iv. Ensure that the Bank has established a suitable management structure for overseeing the security of operational information and personal data.
- v. Review reports in connection with the effectiveness of the information security programme.
- vi. Approves, oversees, and periodically reviews the implementation of the Bank's ICT business continuity policy, as well as the ICT incident response and recovery plans, in accordance with the requirements of Article 5(2)(e) of Regulation (EU) 2022/2554 (DORA) and any other applicable regulatory framework. The objective is to ensure the resilience of critical ICT functions against disruptions and threats, thereby safeguarding the uninterrupted provision of the Bank's services.
- vii. Approves and oversees the implementation of mechanisms for monitoring and reporting ICT-related incidents, as well as the integration of findings into information security improvement processes.

Ongoing monitoring and evaluation of the governance framework

The Board of Directors shall monitor and periodically review the effectiveness of the Bank's governance regulations and shall take appropriate measures to tackle any shortcomings. The internal governance framework is updated taking into account the principle of proportionality. In case of any material changes affecting the Bank, a more thorough review shall be carried out.

Ensures that the Bank's governance arrangements incorporate the requirements of Regulation (EU) 2022/2554 (DORA), as well as any other applicable regulatory framework, including ICT risk management mechanisms, operational resilience, and oversight of critical ICT functions.

Owing to the fact that the Bank is a member of a Group and is a subsidiary company, the Board of Directors shall implement the governance regulations, procedures and mechanisms which were developed at Group level, unless legal and supervisory requirements in the Republic or matters of proportionality prescribe otherwise. Within this framework, the Board of Directors shall evaluate any governance decisions at Group level or practices in order to ensure the following, and submit suggestions to the competent Units of the Group:

- i. They are not in breach of the provisions of Regulation (EU) No. 575/2013 of the European Parliament and Council on prudential requirements for credit institutions and investment firms, the Business of Credit Institutions Law and the Directives of the Central Bank which are issued under the Law and where applicable, other legislative acts or standards.
- ii. They are not detrimental to:
 - 1) The proper and prudent management of the Bank.
 - 2) The financial soundness of the Bank.
 - 3) The legitimate interests of the Bank's stakeholders.

Additionally, as subsidiary of a Group, the Board of Directors approves and implements on the individual level the group-wide governance policies established at the consolidated or sub-consolidated level, in a manner that complies with all specific requirements under EU and national law.

The Board of Directors shall approve the Code of Corporate Governance and its Appendices.

It shall submit its annual and semi-annual Activity Reports to the Board of Directors of Alpha Bank S.A.

It shall approve changes in the composition of Committees of the Board of Directors and any changes that arise concerning the Members and the Chair.

Issues related to the fields of Environment, Society and Governance (ESG)

The Board of Directors aims at ensuring a business model and governance arrangements including a risk management framework, which takes into account all risks, including environmental, social and governance risks (ESG). The Bank shall consider that the aforementioned risks may lead to supervisory risks, including credit risk, for instance, through risk factors related to the transition to a sustainable economy or through external, natural, climate-related events affecting debtors, the market, liquidity, but also related to operational and reputational risks, such as social and governance factors in the context of outsourcing..

Such risks include, legal risks under contract law and labor law, risks related to possible human rights violations, or ESG risk factors, which can affect the country, in which the service provider is located and its ability to provide services at the agreed service levels.

Monitoring of non performing exposures

In cooperation with the Divisions/Bodies of the Bank and the Risk Committee:

- i. The Board of Directors shall at regular intervals and at least on a six month basis, evaluate and approve the Arrears Management Strategy for the Wholesale and Retail Banking Sectors and the basic assumptions and estimations and shall submit the revised strategy to the Central Bank of Cyprus.
- ii. Approve the annual Budget, the Business Plans and goals of the Arrears Sector Divisions.

- iii. Be informed regarding the management of exposures in Arrears.
- iv. Approve proposals for depreciation and proposals for the sale of portfolios of Exposures in Arrears, in connection with the Business Feasibility and the link to the Business Plan and the Budget of the Arrears Management Sectors.

The Board of Directors shall comply with the relevant guidelines of the European Central Bank and the Central Bank of Cyprus, which prescribe the measures, procedures and best practices that must be followed by the banks in the framework of tackling the problem of non-performing loans.

In particular, the Board of Directors shall monitor the work of the Risk Committee in connection with implementation of the following:

- i. Reviewing at regular intervals and approval on an annual basis of the framework for managing and tackling non-performing loans.
- ii. Monitoring the implementation of the above framework.
- iii. Defining the management priorities (including quantitative targets) and targets in connection with the activities and work to manage non-performing loans.
- iv. Periodic monitoring (at least every three months) of the progress of work in connection with the goals and fundamental principles specified in the framework of the management of non-performing loans.
- v. Establishing appropriate procedures which will be submitted for decisions in connection with the management of non-performing loans.
- vi. Approving policies in the framework of the management of non-performing loans and ensuring that these policies are fully understood by the Bank's staff.
- vii. Ensuring the adequacy of internal audits of management procedures in connection with the aforementioned framework (in particular the classification of non-performing loans, provisions, valuations, and the feasibility of restructuring).
- viii. Ensuring that the Bank's management executives who are responsible for the management framework for non-performing loans, possess the necessary experience and skills.

Monitoring and approval of Credit Facilities

Pursuant to the relevant Guidelines of the Central Bank of Cyprus, the Board of Directors shall be responsible for the periodic review of the strategy for Credit Risk as well as for approving, directly or indirectly through an authorised Committee, any new significant credit activity.

In the framework of compliance with these guidelines, the Board of Directors' Committee for the Approval of Credit Facilities was established with a view to evaluating and making decisions in connection with proposals for granting credit based on the relevant provisions of the Rules of Procedure of that Committee.

It is provided that new proposals for credit which do not come within the approval limits of the Board of Directors' Committee, shall be evaluated by the competent Credit Facilities Approval executives Boards of the country and the Group, which shall have absolute competence/responsibility and authority to make the required decisions in the framework of exercising their own responsibilities and their terms of reference, on the basis of the Acts of their composition and organisation currently in force.

Compliance with the Directive of the Central Bank of Cyprus regarding procedures for granting new credit facilities and reviewing existing ones

Pursuant to the provisions of the Directive in question in connection with credit facilities, the Bank's Board of Directors shall ensure that:



- i. The provisions of that Directive are incorporated in the internal instructions, policies and procedures of the Bank and communicated in a transparent and clear manner to all members of staff who deal directly with activities covered by that Directive.
- ii. There are in place appropriate procedures for evaluating the borrower's ability to respond to his/her obligations that stem from existing and new credit agreements, that such procedures are reviewed at regular intervals and that updated records of these procedures are kept.
- iii. The policies and procedures for monitoring credit facilities are proportionate to the level and complexity of these credit facilities.
- iv. The members of staff who are involved in procedures for granting and reviewing credit facilities are sufficient in number at the level of permanently employed personnel and suitably trained and experienced, in order to be in a position to implement appropriately the provisions of the Directive in question.
- v. The ICT systems facilitate and support the effective implementation of the procedures for granting and reviewing credit facilities, as these are provided in the credit policy of the Bank and in the Directive.
- vi. The policy for granting and reviewing credit facilities and the implementation of the provisions of the Directive in question, constitute part of the regular auditing programme of the Bank's Internal Audit Division;
- vii. The implementation of the provisions of the Directive forms part of the regular audit programme of the Bank's external auditors.

Conflict of Interests Policy

The Board of Directors is responsible for establishing, approving and overseeing the implementation and maintenance of effective policies aiming at:

- i. In identifying, assessing, managing and limiting or preventing actual and potential conflicts of interest at Bank level, that may arise. For instance, due to the Bank's different activities and roles, due to the different institutions falling within the scope of prudential consolidation or due to the different business lines or units within the Bank or in regards with the external stakeholders – Conflict of Interest Policy at credit institutional level.
- ii. To identify, assess, manage and limit or prevent actual and potential conflicts between the interests of the Bank and the private interests of staff Members, including Members of the Board of Directors, which could adversely affect the performance of their duties and responsibilities. – Conflict of Interest Policy for staff.