

APPENDIX 2

The **duties and responsibilities of the Audit Committee** are summed up in the following points:

Financial Statements and External Audit

- i. To monitor the establishment of appropriate accounting policies and practices, to review the financial reports and ensure the integrity, accuracy and reliability of the Bank's financial statements, financial information and submit recommendations when deemed necessary.
- ii. Assists the Board of Directors in reviewing, monitoring and approving the Bank's official announcements, regarding the financial performance and other disclosures.
- iii. Specifically, prior to submitting the financial statements to the Board of Directors for approval, to confirm:
 - Any changes in the way they were drawn up;
 - The areas that require specific judgment decisions.
 - Any important adjustments that arise.
 - Compliance with accounting principles, the legislation, and the rules of the local Stock Exchange.
- iv. To monitor and evaluate, on an annual basis, the adequacy and effectiveness of the Bank's Internal Audit System, based on the reports of the Internal Audit Division and the comments and observations of the external auditors and the competent Supervisory Authorities, and as required, the function of internal auditing, as regards the Bank's financial reporting, without breaching independence.
- v. To perform the oversight of financial reporting and to submit recommendations aimed at safeguarding its integrity.
- vi. To monitor the mandatory audit of its consolidated financial statements and in particular its performance, taking into account any findings and conclusions by the Central Bank of Cyprus.
- vii. To ensure the timely submission of the audited Financial Statements and to ensure the submission of the independent Audit Opinion of the external auditors to the Board of Directors, pursuant to the Laws currently in force.
- viii. To brief the Board of Directors on the results of the audits of the external auditors and to submit proposals for tackling any shortcomings identified.
- ix. To ensure receipt of and review the Management Report of the external auditors of the Bank, transmitting it with any observations to the Board of Directors, and any other report called for under the laws in effect.
- x. To ensure that the findings of the external auditors, following their audit of the Bank's financial statements, are discussed between the Bank and the external auditors.
- xi. To make sure that a reliable procedure is in place for preparing financial reports which is supported by the clearly defined roles and responsibilities of the Board of Directors, the Senior Management Executives and the approved auditor, and that that procedure has been approved by the Board of Directors.
- xii. To review the scope of the audit and the frequency of the mandatory audit of the annual or consolidated accounts.
- xiii. To brief the Board of Directors on the result of the mandatory audit and to explain how the mandatory audit contributed to the integrity of the financial reporting and what was the role of the Audit Committee in the procedure in question.
- xiv. To examine and monitor the independence of the approved auditors, pursuant to the provisions of the Auditors' Law.



- xv. To make sure of the preparation and implementation of an appropriate policy and procedure for safeguarding the independence of the approved auditor and that the specific policy and procedure was approved by the Board of Directors;
- xvi. To propose to the Bank's Board of Directors the appointment, remuneration, dismissal, compensation, terms of reference, replacement or alternation, and term of office of the approved statutory auditor and other external auditors of the Bank, pursuant to the relevant Regulatory and Legal provisions.
- xvii. To apply the relevant policy for assigning non-auditing services to an external statutory auditing firm.
- xviii. To have communication with the external auditors, particularly in connection with the findings of their audit. Communication with external auditors includes also meetings with all the Non-Executive Members of the Board of Directors, in order to review transactions with affiliated members and whether there are conflicts of interest.
- xix. To ensure the independent and impartial conduct of internal and external audits, pursuant to the provisions of the Auditors Law currently in force, and to ensure effective communication between the auditing teams and the Board of Directors.

Internal Audit

- i. To review the annual and multi-annual Audit Plan of the Internal Audit Division and any revisions made by it, and to suggest their approval by the Board of Directors.
- ii. To review and approve the Budget of the Internal Audit Division and to brief the Board of Directors with a view to its ratification.
- iii. To ensure that the Internal Audit Division has in place sufficient resources and the required position within the Bank.
- iv. To approve the Rules of Operation and Procedure of the Internal Audit Division, as well as any reviews thereof, periodically or annually, and to submit to the Board of Directors for ratification.
- v. Monitors the effectiveness of the Bank's systems for internal quality control and risk management.
- vi. To evaluate the work of the Internal Audit Division, including its independence, its planning procedure in connection with risk management, the quality and scope of the audits conducted and its audit reports, its procedures and audit systems, as well as the overall effectiveness of its operations. In addition, it shall evaluate, on an annual basis, the organisational structure, the staffing, the adequacy and effectiveness of the Internal Audit Division.
- vii. To conduct an annual appraisal of the Head of the Internal Audit Division and submit it to the Board of Directors and wherever it deems necessary. It may also make suggestions to the Board of Directors for the appointment or removal of the Head of the Division and agrees with the proposed remuneration, in cooperation with the Remuneration Committee.
- viii. To review and endorse the Head of Internal Audit's replacements list and intermediary successor and submits it to the Nominations, Corporate Governance and Sustainability Committee for approval, in accordance with the provisions of the Bank's "Policy regarding the Succession of the Members of the Board of Directors, Senior Managers and Key Function Holders - Succession Planning".
- ix. To ensure that the Head of the Internal Audit Division has direct access to the Board of Directors and shall not be removed from his/her position without the prior approval of the Board of Directors.
- x. To review the contents of the quarterly and annual reports on the activities of the Internal Audit Division and on the corrective measures for the adequate management of the important recommendations and comments referred to, in the Reports from the various



- audits (by internal auditors, external auditors, Supervisory Authorities, Tax Authorities, etc.) which should be submitted to the Board of Directors.
- xi. To ensure that every three years, an evaluation of the adequacy and effectiveness of the Bank's Internal Audit System is assigned to an external auditor - other than the Bank's approved auditor - who possesses the necessary technical knowhow to conduct the required evaluation, pursuant to best international practices and the requirements of the relevant Directive of the Central Bank of Cyprus.
 - Prior to the commencement of the evaluation, the Audit Committee determines the units and subsidiaries and the audit range that will be included in the scope of the evaluation. This shall be based on the principle of proportionality, as well as on other qualitative criteria. The scope of the assessment should be submitted in advance to the Central Bank.
 - xii. To review the auditors' Report in which they express their views in connection with the adequacy of the Internal Audit System, and to record the shortcomings/observations that were identified and their suggestions for corrective actions, and to brief the Board of Directors accordingly.
 - xiii. To ensure that the external auditors to whom the triennial external audit of the adequacy of the Internal Audit System is assigned, are changed after at least two successive evaluations.

Regulatory Compliance

- i. To evaluate the organisational structure, the staffing, as well as the work of the Compliance Division in connection with the effectiveness of the management of compliance risks, with a view to the timely, complete and ongoing compliance with the Regulatory Framework currently in force, through the quarterly reports of the Compliance Plan.
- ii. To advise the Board of Directors, based on the work of the Compliance Division and the external auditors, in connection with the adequacy and effectiveness of the business ethics framework and the compliance framework.
- iii. To review and approve the annual Plan of the Compliance Division.
- iv. The Audit Committee is responsible for the evaluation and monitoring of the independence, adequacy and effectiveness of the Division as well as the avoidance of conflicts of interest when exercising its responsibilities.
- v. The Board of Directors shall decide the appointment of each Chair of the Committee, as the person who shall be responsible for implementing the provisions of the Law on the Prevention and Combating of Money Laundering and the Directives, Circulars and Regulations issued by the Central Bank of Cyprus and/or other Supervisory Authorities, pursuant to the Law and any relevant acts of the European Union.
- vi. To evaluate within the first quarter of each year, the report of the Compliance Officer in connection with the adequacy and effectiveness of the procedures for managing the risks related to regulatory compliance and the annual risk assessment report for preventing Money Laundering.
- vii. To conduct an annual evaluation of the Head of the Compliance Division and to submit it to the Board of Directors. It may also make suggestions to the Board of Directors as to the appointment or removal of the Division Head and agrees with the proposed remuneration, in cooperation with the Remuneration Committee.
- viii. To review and endorse the Head of Compliance's replacements list and intermediary successor and submit it to the Nominations, Corporate Governance and Sustainability Committee for approval, in accordance with the provisions of the Bank's "Policy regarding



the Succession of the Members of the Board of Directors, Senior Managers and Key Function Holders - Succession Planning”.

- ix. To be responsible for the approval and oversight of the following policies/manuals:
- To approve the Rules of Procedure of the Compliance Division and to update it, when required, and submit it to the Board of Directors for ratification.
 - To review the Policy and Compliance Procedures Manual, in order to ensure the Bank's compliance with the Regulatory Framework currently in force, as well as the staff's compliance with the Bank's Code of Conduct and to suggest its approval by the Board of Directors.
 - To supervise the implementation of the Policy in a correct way, for the prevention and suppression of proceeds from crime/money laundering and the funding of terrorism.
 - To review on an annual basis the Policy and the practices and procedures in relation to conflicts of interest and dealings with affiliated persons, as these are defined by the statutory and Regulatory framework.
 - To ratify and suggest for approval by the Board of Directors the Policy and Procedures for Whistle-blowing in the case of serious irregularities, omissions or blameworthy actions that have come to the attention of the staff. It shall also be informed of the relevant reports and the results of investigations of reports by the competent Committee.

Other duties and responsibilities

- i. The Committee shall be informed, at least once a year concerning the objections of customers on issues of regulation/restructuring, regarding the decisions of the Disputes Resolution Committee and on how the procedure is progressing, based on the reports of the Disputes Resolution Committee. It shall also decide whether the Disputes Resolution Committee complies fully with the terms of reference based on which it operates and handles the complaints placed before it. It shall identify any gaps or shortcomings in the procedure for handling customers' complaints and inform the Board of Directors about any further actions it deems necessary.
- ii. The Committee shall supervise the Senior Management Executives and ensure that they are taking the necessary corrective measure in good time, in order to tackle audit shortcomings, non-compliance with the Bank's policies, the laws and Regulations, and any other shortcomings identified by the external auditors, the Internal Audit and Compliance Divisions and the Supervisory Authorities.
- iii. The Committee shall conduct self-evaluations on an annual basis and submit to the Board of Directors reports on its conclusions and suggestions for improvements and changes.
- iv. The Heads of the Internal Audit and Compliance Divisions shall report, through the Committee, to the Board of Directors on matters of their competence, as well as to the CEO on matters of administrative support.
- v. The Committee shall ensure the availability of funds in and out of the Bank which are required for supporting its work.
- vi. The Committee shall oversee the Bank's effort to foster a culture of ethics and discourage unethical behavior in all operational levels.
- vii. The Committee shall cooperate and communicate with the Risk Committee, in connection with the effective supervision of the limitation of certain basic risk and management areas, including climate risks and other risks related to the Environmental, Social and Governance areas and capital management and their effects of on the Internal Audit System.



ALPHA BANK

- viii. It shall submit its annual, and semi-annual Activity Reports to the Audit Committee of the Alpha Bank S.A..