

**GROUP POLICY: REGULATORY COORDINATION & COMMUNICATION WITH COMPETENT AUTHORITIES**

**1. PURPOSE AND SCOPE OF POLICY**

The Bank of Cyprus Public Company Ltd and its subsidiaries (BoC Group) operate in a constantly changing and demanding regulatory and supervisory environment. As per the Group Risk Appetite Statement, the BoC Group ensures that it adopts all regulatory, legal and compliance developments in a proportionate way that satisfies the requirements of the regime in a pragmatic, cost-effective manner and maintains a zero tolerance for regulatory fines. Consequently, non-compliance to regulatory obligations immediately triggers mitigation/rectification actions.

The purpose of this policy is to define the guidelines, as well as the procedures and organizational responsibilities for timely and properly identification, communication, assignment, implementation, and monitoring of all new or amended regulatory, legal and compliance developments within the BoC Group, so as to:

1. Ensure:
  - a. Effective control over the implementation of the policy.
  - b. Time efficiency on all related processes.
2. Enable BoC Group’s employees to work effectively wherever and whenever to improve their working environment and be more productive and efficient.

This policy relates solely to the BoC Group’s obligations to be following the regulatory framework in which it operates. Requirements dictated by the Competent Authorities either through on-site and off-site reviews or through direct requests to the BoC Group for clarifications and / or further information are not covered under this policy. These are handled under the Regulatory Affairs framework published on the employee portal (Knowledge Centre > Group Policies > Regulatory Affairs Department).

All BoC Group entities, as a minimum, meet the requirements set out in this policy.

**2. ABBREVIATIONS**

Within this document, the following abbreviations are used:

Abbreviation	Definition
ACB	Association of Cyprus Banks
CBC	Central Bank of Cyprus
CD	Compliance Division
CL	Compliance Liaison
CRAM	Compliance Risk Assessment Methodology
CSIRT	Computer Security Incident Response Team
FCA	Financial Conduct Authority
OD	Organization Department
PCI	Payment Card Industry

Abbreviation	Definition
Q&A	Questions and Answers
RAD	Regulatory Affairs Department
RCD	Regulatory Compliance Department
RSG	Regulatory Steering Group
SCO	Subsidiary Compliance Officer
ToR	Terms of Reference
Bank	Bank of Cyprus Public Company Ltd
BoC Group	Bank of Cyprus Public Company Ltd and its subsidiaries
ATHX	Athens Stock Exchange
HCMC	Hellenic Capital Markets Commission

### 3. DEFINITION OF TERMS

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

#### 1. Bank of Cyprus Group/BoC Group

Means the Bank of Cyprus Ltd and its subsidiaries.

#### 2. Competent Authorities

All the Regulatory / Supervisory bodies that impact the Group operations through oversight or obligation to comply with their regulatory framework etc (please refer to Appendix A).

#### 3. Compliance Matrix

An updated register of the new and existing Regulatory Framework that affects the BoC Group and its subsidiaries. It is maintained by Compliance Division and identifies in cooperation with the respective BoC Group's departments /subsidiaries, the compliance obligations emanating from the Regulatory Framework and provides information on pending issues and necessary actions for them to comply.

#### 4. Owner of the regulatory framework

The Division/Department that is responsible to co-ordinate and monitor the actions to comply with the specific regulatory framework either by itself or through a project team, depending on the nature and complexity of the regulatory framework under consideration. If only one Division/Department is identified as Responsible or mostly affected, it is designated as both Owner and Responsible for implementation. When multiple Divisions/Departments are affected, the Division/Departments with the most expertise and final decision-making authority is assigned as the Owner. The Owner is responsible for performing gap analysis, implementing actions, and managing identified gaps. All of the stakeholders namely both the Owner and the Responsible Departments (**also known as Action Owners**) receive relevant regulatory updates for review and assessment on an ongoing basis.

The Owner has the ultimate responsibility for planning , executing, and following up the implementation of the actions needed to comply with the regulatory framework , in a complete and quality assured manner. All mitigating actions are recorded in the compliance management system and updated accordingly until completion. Action statuses include 'proposed' and 'completed'. It is noted that upon completion of the actions, for monitoring of the action completion process, the 'completed' status can only be assigned by the CD. CD escalates to RSG through RAD any issues that may arise regarding the implementation of action plans.

**5. Responsible Division/Department (Action Owner)**

The Division/Department responsible for timely and effective implementation of tasks assigned by the Owner, in relation to a regulatory framework, in a complete and quality assured manner. The Responsible Division/Department (Action Owner) drafts and follows up on action plans and regularly report progress to the Owner and relevant project team (if any). The CL of the Responsible Division/Department (Action Owner)

is the person which reports the progress to Compliance Division on an on-going basis through the compliance management system.

**6. Regulatory Framework**

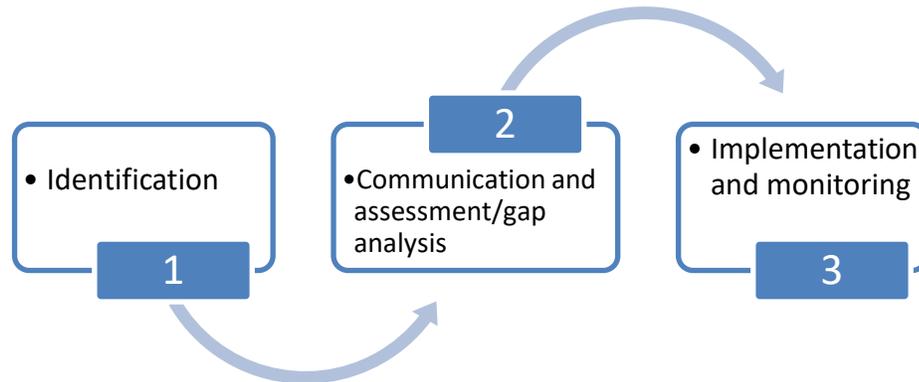
Means laws, rules, directives, regulations, codes of conduct and standards of good practice that apply within the BoC Group.

**7. Regulatory Obligation**

For the purposes of this document, a Regulatory Obligation refers to any obligation or project that originates as a result of changes effected from time to time to the regulatory framework issued from any of the Competent Authorities shown in Appendix A of this document.

**4. GENERAL PRINCIPLES**

**A. GENERAL PRINCIPLES FOR MONITORING NEW REGULATORY DEVELOPMENTS:**



**Identification**

- a. CD is responsible to ensure that necessary mechanisms and tools are in place for the proper, frequent, and pre-emptive monitoring of all sources of new compliance developments. RCD is the owner of the compliance management system (OneSumX) which receives daily live regulatory updates/alerts with regards to banking, securities, and insurance activities across multiple jurisdictions for new or amended laws and regulations, Q&As, speeches and reports issued by Competed Authorities. The alerts are assessed centrally by CD and assigned to responsible CLs or SCOs in case they affect any of the subsidiaries, for the initiation of the gap analysis process and the risk assessment and monitoring process, in case of deficiencies with the new or amended regulation.
- b. Any other sources of information onthe regulatory framework , and regulatory standards and/or any amendments/clarifications to these, are properly identified (via participation to associations,

subscriptions, emails etc.) and registered manually by the CD in the compliance management system for proper handling and assignment to CLs or SCOs for risk assessment, management and follow up of any identified gaps to ensure compliance with the regulatory framework.

- c. Additionally, specialized departments involved with the regulatory framework inform CD on new or proposed regulations/legislations/ developments etc. that may come to their attention and may have an impact on the BoC Group.
- d. A list of all Competent Authorities is maintained and updated accordingly by the CD and RAD.
- e. A central point of communication exists for all Competent Authorities to establish a common mode of communication and a common point of reference for receiving new regulatory developments. CD and RAD are both identified as the central point of conduct with the Competent Authorities. A common email address has been set up for this purpose with RAD having the responsibility to assess, allocate and monitor the correspondence.
- f. All internal control functions, legal, corporate affairs and other specialized departments affected, cooperate closely so that the obligations that arise by changes in the regulatory framework are properly and timely implemented, in a complete and quality assured manner.
- g. The Compliance Chart is maintained, developed, and updated through the compliance management system, OneSumX, on a real time basis, upon the introduction of new or amended law, regulation, or directive. Each new regulatory framework is added in the regulations library and linked to the appropriate framework from the risk library.

The Compliance Chart includes all the regulatory framework affecting the activities of the BoC Group.

**1. Communication & receipt of new regulatory developments and assessment**

- a. Regulatory framework RCD, following its initial assessment of the new regulatory framework, decides the ownership of the new regulatory obligation and informs the relevant CL through the compliance management system. The CL proceeds to initiate the gap analysis assessment with the assistance where necessary from RCD, through the system, so to identify any actions needed to ensure that the BoC Group is complying with the new or amended law / regulation/directive and set up an action plan with mitigating actions for compliance with it in case deficiencies are identified.
- b. If the Owner cannot be easily identified (i.e., in the case of bank wide regulations), or if a dispute arises as to the ownership, CD re-assesses the issue and provide a final opinion. If the dispute is not resolved, RAD presents the regulatory obligation to the RSG, to identify the Owner .

**2. Existing regulatory framework (no major amendments):** If the Owner is known or can be easily identified, RCD informs the relevant CL/SCO through the compliance management system.

**3. Clarifications issued on directives / Q&As:** CD and/or other specialized Units that are involved with compliance with the regulatory framework proceed to seek through relevant links to Competent Authorities sites additional clarifications, Q&As from Competent Authorities etc., issued on laws, directives, and regulations.

Identification and notification is completed within a reasonable period and never exceeds the timeframe set by the Competent Authorities.

**4. Implementation and monitoring**



- a. The Owner of the regulatory framework, has the ultimate responsibility for its implementation, and ensures:
  - i. Completeness of the required actions.
  - ii. Validity and accuracy of any information provided (by applying all relevant operational controls).
  - iii. Timely completion of actions.
  - iv. Adherence to approval procedures as per the BoC Group's governance processes.
- b. CD provides oversight and challenge with regards to proper implementation to ensure adherence with the new regulatory framework.
- c. If needed, the Owner liaises and involves any other support Divisions/Departments (e.g., Legal Services, Organisation, IT) or other control functions (Risk, Information Security, or Internal Audit), that may consider as necessary for the implementation of the regulatory framework.
- d. Implementation of the BoC Group's obligations to comply with new / amended regulatory framework, may require the setup of a regulatory project whereby, a Project Manager / Co-ordinator is assigned by the Owner Director for the implementation of the action plan or prepare a Project Definition Document, providing the specific deliverables and target dates for implementation. For large regulatory projects, a separate Steering Committee might be set up to follow and monitor the implementation and quality assurance of the deliverables. CD has participation in the Steering Committee and the Project Management team and reviews and assesses the project requirements.
- e. High level action plans for significant regulatory framework, once approved by the Owner Director /regulatory project Steering Committee (if any), are submitted to RAD and RCD. All actions are recorded in OneSumX to assist RCD to monitor progress on an ongoing basis through the system (CL or SCO updates accordingly the system). Any issues in implementation are escalated by RCD through its reporting to RAD.
- f. Action plans may require the participation of the relevant CL or other support units and clearly identify responsibilities, resources involved and timeframes.
- g. Whereby the implementation of the regulatory framework requires the involvement of IT; a process has been established whereby the regulatory / compliance issues are confirmed as such by RAD or CD respectively.

**B. GENERAL PRINCIPLES FOR MONITORING REGULATORY REPORTS:**

On-going reports to Competent Authorities, include financial and / or other data provided by Divisions / Departments to Competent Authorities on a regular basis and incorporate: (a) external reporting to Competent Authorities and (b) internal reporting from Divisions / Departments to BOD or Board committees that arises from regulatory obligations.

A Reporting Diary with all the reporting requirements of the BoC Group is maintained through OneSumX and alerts are sent to relevant Owners to remind them to submit the required report.

Ongoing monitoring of implementation / submission of regular reports to Competent Authorities and obligations resulting from the implementation of changes in the regulatory framework are incorporated

in the monitoring procedures of CLs or SCOs and the validity and accuracy of these reports are reviewed and confirmed by the owner.

## 5. GOVERNANCE

### Roles and Responsibilities

For this Policy, the following major Roles & Responsibilities have been identified:

#### 5.1 Roles and Responsibilities

<b>Board of Directors</b>	Approves the Policy. Bears the ultimate responsibility for the effective implementation of the Policy and for setting the right tone from the top.
<b>Audit Committee</b>	Reviews and notes the policy and may provide some recommendations, if any, to the Board which bears responsibility for approval. Makes sure that sufficient, dependable, and secure internal procedures are in place to ensure that the BoC Group complies with the policy. Monitors the effective implementation of the Policy via the Control Functions
<b>ExCo</b>	Reviews the Policy prior to submission to the AC. Ensures that it is effectively embedded throughout the BoC Group's operations.
<b>Risk Management Division</b>	Reviews and assesses the compliance risks addressed in the policy, ensuring that the risks undertaken are within the Bank's risk appetite.
<b>Internal Audit Division</b>	Responsible for providing independent and objective assurance to the BoD, through the AC, and to management, by assessing the effectiveness of governance, risk management, and control processes related to this policy. Informs AC of its findings and relevant recommendations.
<b>Compliance Division</b>	<ul style="list-style-type: none"> <li>• Overall responsibility for the drafting and enforcing the policy.</li> <li>• Prepares and updates relevant procedures/circulars as required.</li> <li>• Organizes and conducts relevant training for all staff.</li> <li>• Carries out monitoring reviews to assess the effective implementation of the Policy and recommends corrective action where required.</li> </ul>
<b>Regulatory Affairs Department</b>	<ul style="list-style-type: none"> <li>• Acts as the primary central point of contact along with the CD, with the Competent Authorities. Receives all regulatory communication and all requirements dictated by the Competent Authorities either through direct requests to the BoC Group for clarifications and / or further information or, through on-site / off-site regulatory reviews, records and distributes and subsequently monitors progress through regular reports from the Owners.</li> <li>• Ensures timely, qualitative, and consistent completion of responses to regulatory obligations and requirements advising business units if needed, and reports to RSG.</li> </ul>

	<ul style="list-style-type: none"> <li>Establishes an escalation process for RAD to report any delays affecting the overall implementation of regulatory requirements and obligations to the RSG.</li> </ul>
<b>Regulatory Steering Group</b>	<ul style="list-style-type: none"> <li>The RSG is a forum for Senior Executives of the Bank, chaired by the CEO which is informed of all regulatory / supervisory matters.</li> <li>RSG has the ultimate responsibility for overall oversight on all regulatory matters' traffic and ensures that mechanisms are in place for consistent and professional communication and completion of tasks within the set target date and it also oversees the regulatory requirements progress based on reports provided by RAD.</li> <li>RSG oversees regulatory obligations emanating from regulatory framework projects / gap analyses etc. through updates brought to it by CD through RAD.</li> </ul>

## 5.2 Relationship with Banking and other related associations

The BoC Group participates in many associations. The major one is the Association of Cyprus Banks. The ACB engages in the following activities:

1. Represents the interests of its members when banking regulations are being processed by governmental bodies and pursues policies to ensure a healthy banking sector.
2. Enhances the cooperation between member banks and assists with the formulation of collective agreements concerning financial policies and banking practices.
3. Reviews national banking legislation and government decisions, evaluates the impact of their implementation, and establishes common positions on behalf of its members.
4. Cooperates with local authorities to improve the institutional framework governing the practice and development of financial and banking activities in line with the European Union rules and practices.
5. Helps to restore consumer trust and confidence, especially following the effects of the financial crisis.
6. Encourage banks achieve growth. Supports competition and digital innovation for the benefit of both banks and customers.
7. Supports actions for the training and education of bank employees by developing and organizing educational seminars on subjects that affect the local banking and financial sector.
8. Provide financial educational programs, both in schools and beyond, aiming at enhancing public awareness about economic concepts and financial matters.
9. Promotes the role and involvement of the banking sector to the economic, cultural, and social development of the country.

For better coordination and communication, with the ACB, a Liaison Officer is assigned to act as the main point of contact between the BoC Group and the Association. The liaison's main duty is to develop and maintain constructive relationships with the ACB and the ACB Committees and to ensure that correct and aligned communication between the Senior Management and the ACB and with other government officials and other bodies.

The Banking Association Liaison liaises with bank officials and other stakeholders, about the various matters that arise and are dealt within the Association and monitors the timely response to the Association’s queries. The liaison maintains relevant electronic records of the communication received and the actions planned. Additionally, the ACB Liaison is in constant communication with RAD to provide updates to the RSG regarding the main issues handled by ACB and the parliamentary committees. The ACB Liaison retains an updated list of all committees of the Association and of the assigned committee specialist members. A copy of the list is provided to CD and RAD and any other party on request.

### **5.3 Supporting Documentation**

Relevant Terms of Reference, identified roles and responsibilities of the various sectors involved (i.e., CD, RAD, RSG, etc.) and supporting procedural frameworks are documented separately:

1. OC 210 ACB circular which describes in detail the communication with the ACB.
2. Regulatory Affairs framework which defines the general principles, guidelines, and processes to ensure the BoC Group meets and conforms to all regulatory requirements in a complete and qualitative way within the target dates set is uploaded on employee portal(Home > Knowledge Centre > Group Policies > Regulatory Affairs Department) for easy reference purposes.

---

## **6. EXCEPTION APPROVAL PROCESS**

---

No exceptions can be given from adhering to this policy.

---

## **7. IMPLEMENTATION PROCEDURES (KEY PROCESSES)**

---

RCD and RAD revises all relevant procedures accordingly, so as to ensure alignment with this policy.

## Appendix A

### Central Point of Communication

#### **A. Competent Authorities and other Bodies**

For Local and European Competent Authorities and other Bodies as stated in A1 and A2 below, the central point of communication is the CD and the RAD, except for:

1. Police, and Office of the Director of Corporate Enforcement (ODCE) where the central point of communication is the Company Secretary Office and Arthur Cox.
2. Department of Antiquities where the central point of communication is the BOC Cultural Foundation.

#### **A1. Local Competent Authorities and other Cyprus Bodies**

1. Cyprus House of Parliament
2. Central Bank of Cyprus
3. Central Bank of Cyprus –Resolution Authority
4. Government Bodies (e.g., Ministry of Finance, Ministry of Energy, Commerce, Industry & Tourism)
5. Financial Ombudsman
6. Commission for the Protection of Competition
7. Commissioner for Consumer Protection
8. Office of Electronic Communications & Postal Regulations
9. Cyprus Stock Exchange Digital Security Authority and National CSIRT
10. Registrar of Companies and Official Receiver
11. Commissioner for Administration and Protection of Human Rights
12. Environmental Commissioner
13. Cyprus Securities & Exchange Commission
14. The Superintendent of Insurance
15. Digital Security Authority
16. Cyprus Tax Authority
17. Cyprus Gazette ( Ministry of Finance)
18. Commissioner for Personal Data Protection

#### **A2. European Authorities and other European Bodies**

1. European Commission
2. European Insurance and Occupational Pensions Authority (EIOPA)
3. European Securities and Markets Authority (ESMA)
4. European Data Protection Board/Supervisor (EDPB)
5. European Union Agency for Cybersecurity (ENISA)
6. Joint Committee of the European Supervisory Authorities
7. European Central Bank / Single Supervisory Mechanism
8. European Banking Authority
9. European Council
10. Single Resolution Board
11. Central Bank of Ireland



12. Athens Stock Exchange
13. Hellenic Capital Markets Commission
14. Companies Registration Office Ireland
15. Irish Auditing and Accounting Supervisory Authority
16. PCI Security Standards Council
17. Central Bank of Ireland
18. Irish Government
19. Financial Reporting Council
20. Insurance Companies Control Service (Greece)

**B. Associations**

For the Association of Cyprus Banks, the central point of communication is the Association Liaison. RAD and CD are secondary points of contact.