

Corporate Responsibility Report 2019

Bank of Cyprus



Creating a Stronger,
Safer and
Future-focused
Bank

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Independent External Assurance
Statement

CEO Message: Beyond Banking



Responsible banking in a changing world

To all our Stakeholders,

As the world and Cyprus are coming to terms with the COVID-19 global pandemic we realise that the boundaries between businesses and society are becoming blurred. The more we realise that COVID-19 is first and foremost a health crisis, which is presenting an unprecedented external economic shock the more we comprehend that our purpose is to serve the Cypriot society and economy. Our role is not only to do a good job as bankers, but to move Beyond Banking as a key historical institution of the society in which we operate.

True to our values, Integrity, Reliability, Collaboration, Professionalism, Innovation, exceptional colleagues from all levels across the Bank, work ethically, with long-term and new partners to move forward and innovate with solutions and services that create a better Cyprus and a better world, for ourselves and for future generations. A big thank you is owed to our dedicated employees for their perseverance, diligence and dedication. Through the Business Continuity Pandemic Plan we closely monitor the health status of all our employees and especially those who continue to serve our customers through our branches in a vital way. Because the role of Bank of Cyprus is to function as the Bank for Cyprus and we honour this responsibility together.

Honouring its legacy, Bank of Cyprus brings together all its stakeholders to act with Corporate Responsibility and integrity, to plan, create and bequeath a positive impact. Our Sustainability obligations go beyond our core business, but we use our skills and knowledge on areas that are important to our stakeholders to generate and share value. Following the outbreak of COVID-19, we created #SupportCY, a support network for public services dealing with the emergency conditions of the pandemic. Businesses, non-governmental organisations, and civil society groups are now working together in a single platform to support public authorities and government agencies to respond to this huge and unprecedented struggle. Bank of Cyprus contributes financially and organisationally to this effort.

The 2019 Corporate Responsibility Report of Bank of Cyprus is our third report focusing exclusively on our Sustainability vision, approach, strategies and practical actions. The Report describes how we address Corporate Sustainability across our business, how we integrate Sustainability priorities into the business lines, the policies and guidelines we observe, and our main achievements. Far and foremost, it talks about how we embed Corporate Responsibility in our core business, how we create value for society at large.

Our 2019 Corporate Responsibility Report presents the clear pathway of our approach and the framework that we abide by in order to meet the expectations of all our stakeholders. Our Sustainability framework is based on the following distinct pillars:

- Governance, Integrity and Risk Management
- People
- Society
- Environment
- Responsible Services

In 2019, on behalf of all of us in Bank of Cyprus, I signed and endorsed the “CEOs Call to Action” for Sustainable Development in Europe and committed ourselves to taking actions to add value to society through a strong business purpose and ethics. We committed ourselves to adopting and implementing the 2030 United Nations Sustainable Development agenda and work effectively with our stakeholders to accelerate inclusive growth, to confront climate change and achieve sustainable development.

“Koino Kyprion” (Common of Cypriots) is and remains our foundation of responsible behaviour. We need to stay strong and stay safe as our society and economy need us more than ever. We will continue to play a vital role in supporting our economy and to make a difference in the betterment of our society.

Panicos Nicolaou
Chief Executive Officer

Corporate Responsibility Highlights

Corporate Governance and Management



Zero cases

of non-compliance related to environmental legislation

36.36%

women in the Board of Directors

54

Internal Audits carried out across Bank's operations

No substantiated complaints

concerning breaches of customer privacy or loss of customer data

100%

of employees attended a 30-minute e-learning session on Conflict of Interest

Our People



3,318 employees



1,997 Women
1,321 Men

1,000 approx.

staff volunteers supported our community initiatives



Silver Award in "Excellence in Workplace Well-being" category at the Cyprus HR Awards 2019

87.6%

coverage of all internal available job openings

12,484

training days

661

training events

Our Community



€899,000

to support social causes

40,700

patients treated at Bank of Cyprus Oncology Centre since 1998

2,183

new cancer patients treated in 2019 at Bank of Cyprus Oncology Centre

€539,290

raised through #stiMaxi campaign for the Cyprus Anti-Cancer Society

11.19%

increased funds raised through #stiMaxi campaign compared to 2018

30,000+

visitors to Bank of Cyprus Cultural Foundation events

Our Responsible Services



1,050

customer complaints
received

1,016

customer complaints
resolved across
all business lines

1,469

potential new customers
rejected exclusively for
compliance reasons

BOC Wallet App

Mobile contactless payments



New organisational
structure implemented

68%

of customers digitally
engaged

77%

of transactions
performed through
digital channels

Zero incidents

of non-compliance concerning
marketing communication
and service information

Our Enviroment



390,000 kg

 of paper recycled

ISO 50001

on Energy management
system for the
Data Centres

1,491,020 kWh

of energy savings

Participation in the

Business4Climate initiative

Our Response to COVID-19

First Quarter 2020 Update (as on April 30th, 2020)

The COVID-19 virus began to spread in Cyprus in March 2020 and created great uncertainty and disruption for people, businesses and communities. Bank of Cyprus, having a significant role and responsibility towards the Cyprus society set as its top priority to safeguard the health and well-being of its employees, to safely provide services to customers, to deal with the medium-term and long-term effects on the economy in general, and to support the society.

Protecting our employees and customers

The Bank has been in constant contact with the relevant authorities, coordinating and updating all its actions, and tailoring its response to the different circumstances and situations which its employees find themselves in. Through all available internal channels, the Bank informed and offered support to everyone. A range of special measures has been introduced for their protection. In order to protect both employees and

customers, the Bank has been urging its customers to limit their movements, per government guidelines. In this perspective, the Bank has encouraged its customers to shift to digital channels for most of their transactions, avoiding all physical presence in branches.

Providing service to our customers

Since the start of the COVID-19 outbreak, the Bank's focus has been to ensure that it can continue to provide consistent, competitive financing and transaction banking services to its customers, help them manage risk and maintain the integrity of the financial markets. A range of special measures has been introduced to support individuals and businesses. Measures included a payments holiday on existing loans, restructuring solutions, based on the latest Central Bank of Cyprus guidelines, new credit facilities to ensure customers remain viable going concerns as Cyprus comes out of the crisis, and other facilities.

Supporting our society

From the very first day, Bank of Cyprus, in partnership with the NGO Reaction, has launched the Network #SupportCY. As on April 30th, 2020, some 52 companies and organisations became members of the network and offered material support in the form of products and services in support of public services performing frontline duties during the Pandemic. This was done with the financial contribution of the Bank.



As on April 30th, 2020, the total amount of the support provided by #SupportCY surpassed €440,000

Support in the health sector was offered towards the Ministry of Health, to the Nicosia General Hospital, the Epidemiological Surveillance Unit, the Cyprus Institute of Genetics and Neurology, the national Blood Bank and the 1420 Call Centre of the Ambulance Service. Total contribution for health purposes, reached €64,000.

Through #SupportCy, Bank of Cyprus sprang into action immediately and in partnership with the Ministry of Labour, Welfare and Social Insurance, the Commissioner for Volunteerism, the Commissioner for the Development of Mountain Communities and NGO Reaction, has been supporting the mobile crews providing assistance to those in need. The Bank provided premises, infrastructure and operating costs to host the Coordination Centre. Furthermore, through the #SupportCY the following were offered: technical gear catering for the volunteers; vehicles and fuel to enable deliveries from the

Coordination Centre as well as security and weekly disinfection of the premises. Total contribution for welfare purposes, reached €116,000.

A total of 1,000 tablets have been offered to the Ministry of Education, Culture, Sport and Youth, to be distributed to pupils who lack the means to take online classes from home, while the launch of the "Polignosi", the first online encyclopedia in Cyprus (polignosi.com), served students and the broader public. As far as the arts and entertainment are concerned, the Bank's current partners, as well as new partners, have offered children creative and educational activities, by participating in the television show "Protoselido Junior" and also through social media. The total contribution for educational purposes, reached €260,000.

52
companies and
organisations
are part of the #SupportCY
as on April 30th, 2020

How We Create Value

Bank of Cyprus Public Company Limited (Bank of Cyprus or Bank) is part of the largest banking and financial services group in Cyprus which is comprised by Bank of Cyprus Holdings Public Limited Company, its subsidiary Bank of Cyprus and the Bank's subsidiaries. Founded in 1899

and headquartered in Nicosia, envisioned by the lawyer Ioannis Economides and doctor Antonios Theodotou, remains true to its vision of supporting the Cyprus economy.

Bank of Cyprus holds significant market share across all business segments and operates through

a total of 99 branches in Cyprus. Bank of Cyprus also has representative offices in Russia, Ukraine and China.

Corporate Responsibility is a source of competitive advantage, growth, and innovation but above all, a source of value creation.



Group Key Activities

- Banking
- Financial services
- Insurance services and management
- Disposal of property predominately acquired in exchange of debt



Value for Planet

- Minimising environmental footprint
- Investing in new sustainable projects
- Enhancing green lending and mitigating climate risk



Value for Society

- Supporting local communities through community investments
- Creating positive impact
- Supporting local supply chain
- Reputable and trustworthy brand



Value for Cyprus Economy

- Listed and trading on the London Stock Exchange and Cyprus Stock Exchange since 2017
- Leading international financial hub in Cyprus
- Highly correlated with the Cyprus economy and well positioned to capitalise on growth opportunities



Group Key Products and Services

- Retail Banking
- Corporate Banking
- International Banking
- Brokerage Services (CISCO)
- Commercial Banking
- Fund Management (BOC Asset Management Company)
- Finance
- Private Banking
- Custody & Depositary Services
- Factoring
- Investment Banking (CISCO)
- Life Insurance (EuroLife)
- General Insurance (General Insurance of Cyprus)



Where we Operate

- 99 branches in Cyprus
- Representative offices in Russia, Ukraine and China



How we are Governed

- Transparent Corporate Governance
- Solid risk management
- Strong leadership team



Value for Employees

- Supporting wellness and well-being
- Creating an inclusive and fair environment
- Retaining, engaging and growing exceptional talents
- Maintaining a culture of pride



Value for Clients

- Personal experiences based on trust
- On line services of advanced quality
- Modern digital channels
- Data Privacy and Security
- Integrity in communication

Our Corporate Responsibility Journey

1899

Establishment and operation of the Nicosia Savings Bank to fight usury

1922

Approval of employees' salary plan and welfare fund

1943

Adoption of the ancient Cypriot coin bearing the inscription "Koino Kyprion" (Common of Cypriots) as its emblem

1936

The first female employee hired by the Bank

1963

Recruitment of employees after taking written exams and encouragement for further studies

1942

The Bank supports the government to buy carob and raisins in order to deal with the exports' collapse resulting from World War II

1965

Employment for women members of Bank of Cyprus staff continues after marriage



1984

Establishment of the Bank of Cyprus Cultural Foundation

2015

Establishment of IDEA Innovation Center to assist start-ups and young businesses

1967

"Evlambios" (the Enlightened) operated in Bank of Cyprus, becomes the first electronic server in Cyprus. It also offers services to other Cypriot companies

1998

Establishment of the Bank of Cyprus Oncology Centre

2017

Development of the first Corporate Responsibility Report in line with the Global Reporting Initiative (GRI)

1974

Bank of Cyprus provides full salaries to employees affected by the Turkish invasion and supports society by writing off debts and by donating to the Relief Fund for Refugees

1999

Corporate volunteering concept officially introduced through supporting the Cyprus Anti-Cancer Society

1976

Employees Union agreement with the Bank for permanent employment after 12 months of service

2002

Establishment of the Bank of Cyprus Historical Archive

2013

Bank of Cyprus emerges strong from the banking crisis

2019

The CEO of the Bank, Panicos Nicolaou, signs the "CEOs Call to Action"

Vision

To create lifelong partnerships with our customers, guiding and supporting them in a changing world.

Mission

Our organisation exists to support our clients in the most important events of their lives as well as in their daily needs. To do this, we invest capital and effort to ensuring that our services are provided by top quality professionals at the cutting edge of technology and with sound and ethical practices. We will continue to be not only a systemic bank driving growth and shareholder value but also a key driver of progress in our community.

Values

Integrity: We are honest, ethical and fair

Reliability: We keep our promises and adhere to our word

Collaboration: We build lifelong partnerships and work together for our common future

Professionalism: We constantly enrich our skills and knowledge, keeping up to date with the developments in our industry

Innovation: We continuously move forward, innovating and improving

Governance, Management & Commitments



The Bank has been a long-standing institution providing the largest banking and financial services group in Cyprus. Within this context it remains focused on becoming a stronger, safer and more transparent institution, capable of supporting the local economy and leading the way in a new era of global opportunities.

COMMITTED TO SUSTAINABILITY

The Bank successfully continued its remediation and modernisation journey throughout 2019, as part of its commitment to Sustainability. Through this transformation the Bank is aiming to establish itself as a stronger, investable and future-fit institution for all stakeholders. The Bank improved

its risk profile and financial viability while improving its social and environmental approach and maximising its positive impact. Despite the fact that this transformation is not complete yet, its journey is reflected in the 2019 Corporate Responsibility Report and stakeholders can

notice the progress made in all key business areas that relate to the Bank's Sustainability performance. The new culture of values is the hallmark of the Bank's relationship with its shareholders, customers, regulators and other key stakeholders.

OWNERSHIP STRUCTURE AND LEGAL FORM

Bank of Cyprus is wholly owned by Bank of Cyprus Holdings Public Limited Company. Bank of Cyprus Holdings Public Limited Company was incorporated in the Republic of Ireland as a public limited company on July 11th, 2016, and it became the sole shareholder of Bank of Cyprus on January 18th, 2017. Bank of Cyprus Holdings Public Limited Company's shares

were admitted to listing and trading on the London Stock Exchange (LSE) and the Cyprus Stock Exchange (CSE) on January 19th, 2017.

The Bank of Cyprus Group comprises the Bank of Cyprus Holdings Public Limited Company, its subsidiary Bank of Cyprus and the subsidiaries of Bank of Cyprus.

The Bank of Cyprus Group is the leading banking and financial services group in Cyprus. It provides a wide range of financial products and services which include retail and commercial banking, international banking, finance, factoring, investment banking, brokerage, fund management, private banking, life and general insurance.

The Group's Total Assets amounted to €21.1 bn and Total Equity was €2.3 bn on December 31st, 2019.

2019 marks the third year of the dual listing of the share capital of Bank of Cyprus Holdings Public Limited Company on the LSE and the CSE. The Bank operates successfully within a complex

regulatory framework of a holding company which is registered in Ireland, is listed on two Stock Exchanges and is run by different rules and regulations.

The share capital of Bank of Cyprus Holdings Public Limited Company amounts to €44,619,993.30 divided into 446,199,933 ordinary shares of a nominal value of €0.10 each.

As per notifications received by April 2020 from investors in accordance with the major holdings disclosure obligations pursuant to the Irish Transparency Rules and Regulations, the investors holding shares and financial instruments* of 3% or more are:

Major holders of shares and financial instruments	Shares	Financial instruments*
Lamesa Investments Limited (affiliate of Renova Group)	9.27%	
Caius Capital LLP**	2.24%	5.65%
Morgan Stanley & Co. International plc	3.27%	2.02%
European Bank for Reconstruction and Development (EBRD)	5.02%	
Cyprus Popular Bank Public Co Ltd	4.81%	
Senvest Management LLC**	3.67%	
Eaton Vance **	3.46%	
TD Asset Management**	3.34%	
Other	64.92%	

*Financial instruments with similar economic effect according to Regulation 17(1)(b) of the Transparency (Directive 2004/109/EC) Regulations 2007 of Ireland as amended **As per latest update from the shareholders

CORPORATE GOVERNANCE STRUCTURE

Good governance generates mutual trust and engagement between the Bank and its stakeholders and ensures that the Bank is a modern, transparent, competitive and sustainable organisation. Sound corporate governance and corporate administration

guarantee a dynamic and effective communication between the Board, the management and the shareholders and therefore the successful implementation of the Bank's strategy.

The Board of Directors provides leadership of the Bank within a

framework of prudent and effective controls which enable risk assessment and management. At the same time, the Board sets the Bank's values and standards and ensures that the obligations the Bank has to its shareholders and other stakeholders are understood and met.

Board of Directors by Gender and Age



Women

Age 30-50: 1
Age 50+: 3



Men

Age 30-50: 2
Age 50+: 5



Total

Age 30-50: 3
Age 50+: 8

Board of Directors (31.12.2019)

Position	Name	Role
Chairman	Takis Arapoglou	Non-Executive Member
Vice Chairman	Maksim Goldman	Non-Executive Member
Member	Anat Bar-Gera*	Non-Executive Member
Member	Arne Berggren	Non-Executive Member
Member	Lyn Grobler	Non-Executive Member
Member	Paula Hadjisotiriou	Non-Executive Member
Member	Michael Heger	Non-Executive Member
Member	Panicos Nicolaou	Executive Member
Member	Christodoulos Patsalides	Executive Member
Member	Maria Philippou	Non-Executive Member
Member	Ioannis Zographakis	Non-Executive Member

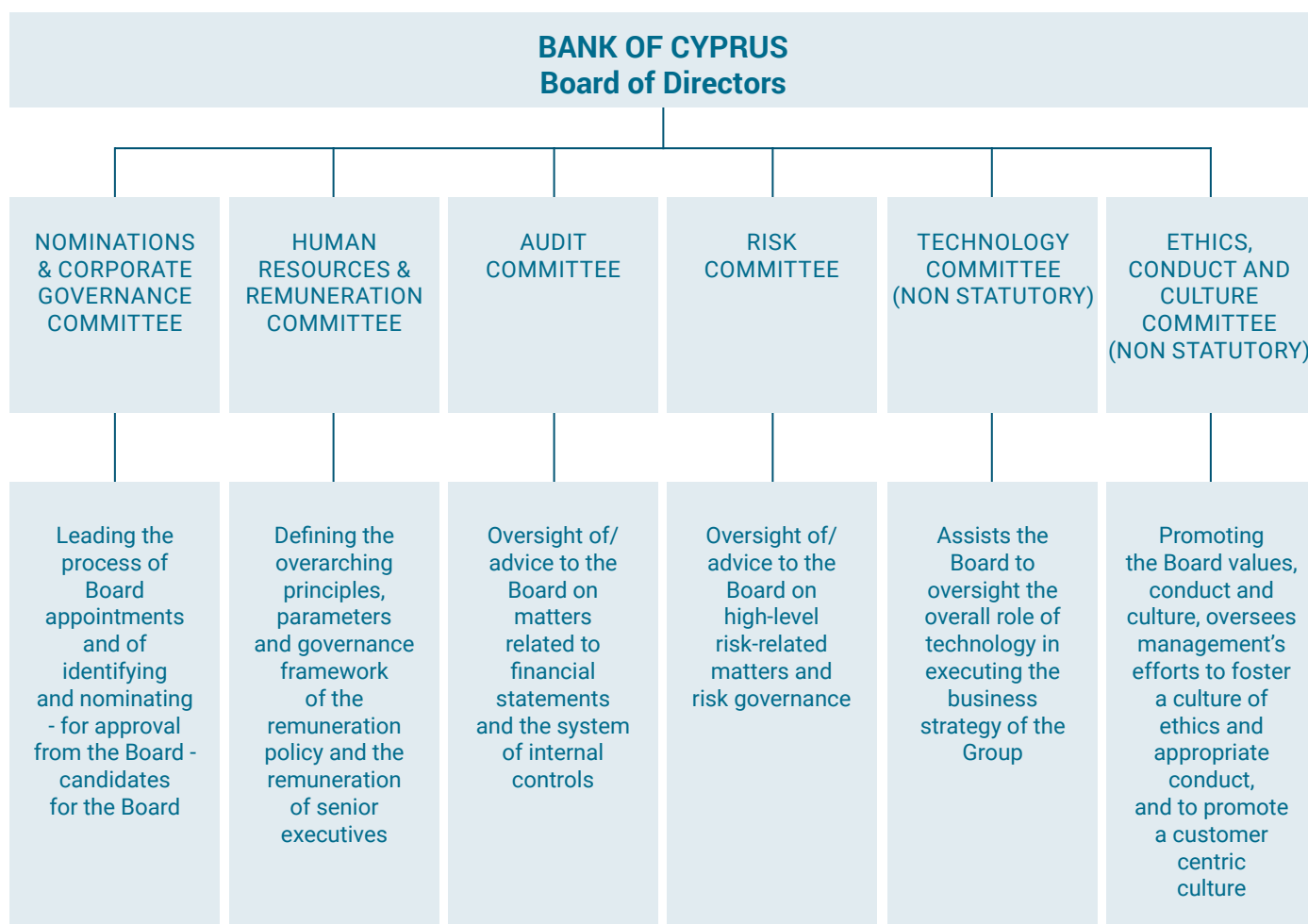
All the Terms of Reference of the Board Committees are uploaded to the Bank's website.

*Changes in the Board composition were announced on April 15th, 2020. These changes include the resignation of Mrs Bar-Gera as a Board member, and the appointment of Mr Nicos Sofianos as a Board Member. Information can be found on the Bank's website, [here](#).

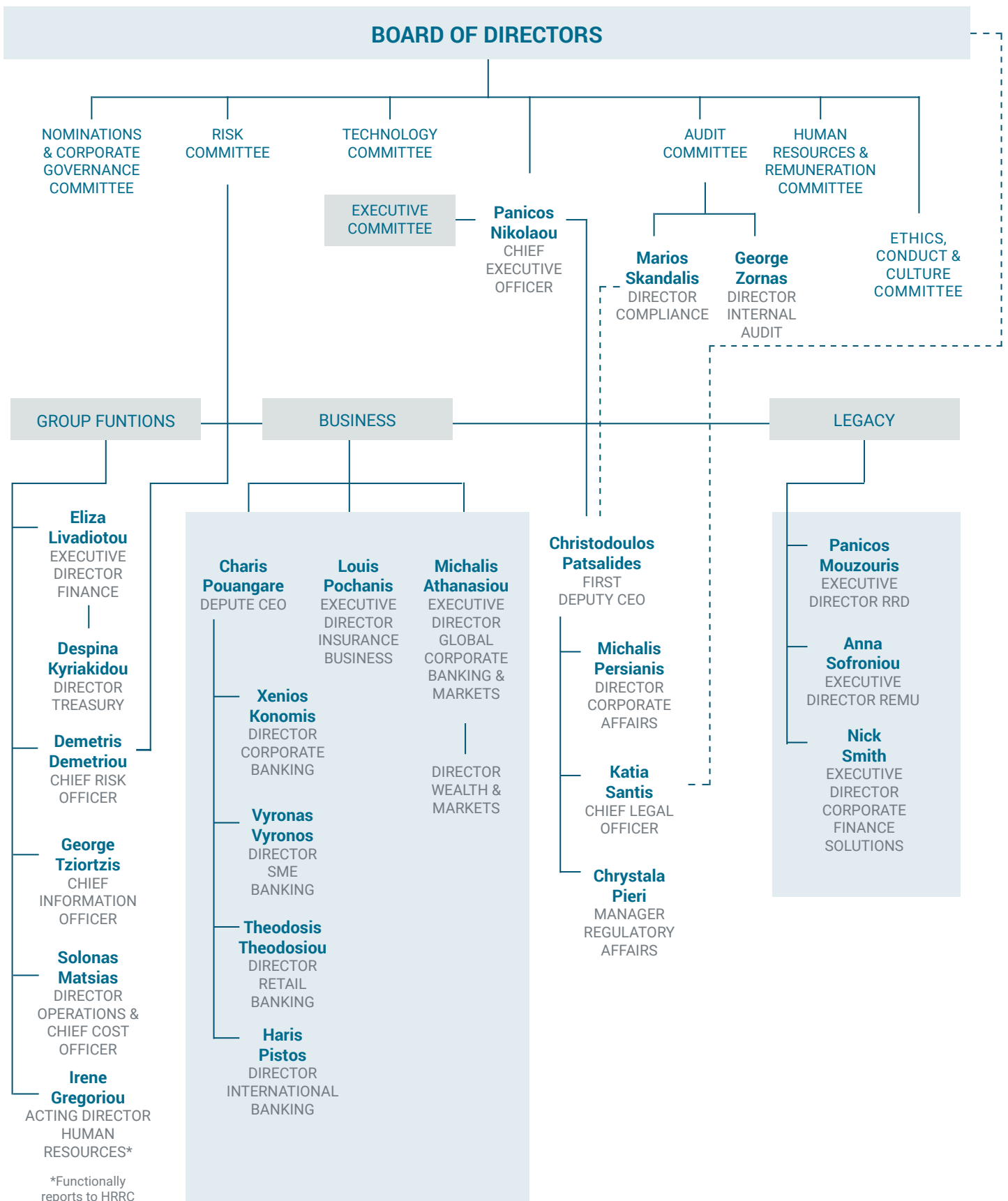
The Bank's Board of Directors is supported by six committees, which contribute to decision-making and set among other things the ethical framework in which the Bank operates.

Market presence	Number of people	Number of people with Cypriot nationality	%
Board of Directors	11	5	45
Leadership Team	21	20	95.2

The Bank has adopted best practices in corporate governance and corporate administration in order to achieve a dynamic and effective communication between the Board, the management and the shareholders, and hence responsible and superior performance.



The Ethics, Conduct and Culture Committee (ECCC) was established in 2019. The Committee focuses on supporting the Board in promoting its collective vision of values, conduct and culture and on providing oversight and approval of key ethics matters. It also focuses on overseeing the workings of the Disciplinary Committee, on decision-making about matters of conduct and reputational risk and on handling issues of Corporate Social Responsibility with the aim of building and maintaining the right risk, control, customer-centric and economic prosperity culture. Furthermore, its establishment ensures that certain key provisions of the revised UK Code and Guidance on Board Effectiveness are properly monitored and applied.



Bank of Cyprus is the leading publicly traded financial services and banking group in Cyprus and complies with the Corporate Governance Code of the Cyprus Stock Exchange and with the Directive on Governance and Management Arrangements of the

Central Bank of Cyprus. Moreover, the Bank elected to voluntarily abide by the 2018 revised UK Code of Corporate Governance as of January 1st, 2019. Bank of Cyprus continues to adhere to best practices on corporate governance.

Detailed information on the Corporate Governance framework, practices, policies and the Terms of Reference of the Board Committees can be found in the Annual Corporate Governance Report, which is available on the Bank's website.

ANTI-FINANCIAL CRIME

The Bank implements a zero-tolerance policy on money laundering, terrorism, financing and corruption and does not accept any violations of the relevant legislation nor breaches of the Bank's internal policies, procedures and its compliance framework. The Bank's Anti-Financial Crime

Framework and its Compliance Framework have been completely overhauled since 2014. The Bank sets the highest European industry standards for its current policies, procedures, monitoring and assurance activities.

Today the Bank of Cyprus' compliance function is of a world

class standard. It adheres amongst others to the principles of the US Patriot Act, Cypriot and EU law.

The Bank successfully led the Cyprus Image Campaign Project of the Association of Cyprus Banks over the last two years and actively participated to roadshows in the USA and Europe.

During 2019, for compliance reasons:

2,760 customer relationships terminated/suspended
1,469 potential new customers rejected

International clientele:
6% decrease compared to 2018
35% decrease compared to 2014

The terminations/suspensions correspond to:
€1.551 bn of estimated turnover (credit)
€6.768 mn of yearly profitability

REGULATORY COMPLIANCE

The Bank has been working hard to embed a transparent and modern set of values across the organisation. It maintains a robust regulatory compliance framework which is governed by the Group Compliance Policy. This policy is in alignment with the requirements of the relevant Central Bank of Cyprus Directive as well as with the European Banking Authority Guidelines on Internal Governance. The Compliance Division further issues and reviews annually 20 other regulatory compliance policies (four of these policies

relate to corporate governance and four of them to anti-financial crime) to ensure the compliance framework is updated and incorporates best practices in managing compliance risk.

Stakeholders can access all key policies that pertain to the governance and business practices of the Bank on the Bank of Cyprus website. All key policies are in alignment with the mission statement of the Compliance Division, which is as follows: "Effectively apply throughout the

Group a corporate culture of ethics characterised by high standards of integrity, transparency, confidentiality and regulatory compliance".

During 2019 Compliance Division updated its Compliance Risk Assessment and Audit Methodology which is used as a guide to all compliance audits. A network of 50 Local Compliance Officers facilitates the whole process and monitors the implementation of mitigating actions for all compliance findings.

The six Strategic Pillars of the Bank's Compliance:



INTERNAL AUDIT

The Bank has established a Three Lines of Defence model as a framework for effective risk management and control. According to this management model, the first line of defence is concerned with managing risks.

The second line of defence is concerned with developing and maintaining an effective risk and compliance framework to support management in the achievement of its business and strategic objectives. Internal Audit, the

third line of defence, provides independent assurance of the effectiveness of the system's internal controls, corporate governance and risk management processes.

During 2019 Internal Audit has performed scheduled audits in the following areas:

Category	No. of Audits	%
Quality	22	41% of scheduled audits
Regulatory Requirement	20	37% of scheduled audits
Quality-Information Systems	9	17% of scheduled audits
Health & Safety	3	5% of scheduled audits

MANAGING RISK

The primary mission of Risk Management is to incorporate explicit and robust risk management practices in all business areas ranging from the initial design of the Bank's business strategy to the sale of services and products to its customers.

This mission is fulfilled by adopting a shared approach to risk management and by implementing a sound, coherent and comprehensive Risk Management Framework. The Risk Management Framework lays the foundations for the identification, assessment, monitoring and controlling of risk within the Bank. Thus, the Bank improves the quality of service provided to customers and meets challenges in a structured way. The Framework sets forth clear roles, responsibilities and accountability for the management

of risk and facilitates the process of recommending the risk appetite to the Board through the Risk and the Executive Committees. It ensures that the Bank maintains an acceptable risk profile so that it can continuously adjust its strategy, business objectives and associated activities against a background of changing risk and uncertainty.

During 2019 the Group Risk Management Division has among others:

- performed a risk self-assessment to detect potential areas that need improvement and to implement action plans,
- engaged an outsourcing service provider and conducted a significant number of environmental and social impact studies for new lending applications as part of the Bank's Environmental and Social Policy,

- made system enhancements resulting in further reporting automation/improvements, additional controls and increased monitoring efficiency,
- reinforced the Fraud Risk Management framework through real-time automated solutions, which further tighten customer security,
- offered broad-reaching e-learning training on the basic concepts of Operational Risk Management,
- established a separate Credit Risk Control and Monitoring department charged with controlling and monitoring of credit risk, including the quality of loans after their approval,
- further update of policies, including the New Products/Services Management and the Reputational Risk Management Policy.

Critical & Material Risks

Capital & Earnings

Market Risk

Concentration Risk

Reputational Risk

Compliance Risk

Operational Risk

Credit Risk

Provisioning

Funding & Liquidity

Business Position

Information Security & Cyber Risk

MARKET ABUSE

Bank of Cyprus abides by the “Dealing Code”, which refers to the transactions in Bank of Cyprus financial instruments by the persons in possession of inside information. Twenty-three employees were recognised as New Insiders and completed an e-learning course on the subject

(15 training hours). Additionally, 61 employees attended an in-class seminar on Market Abuse Regulation (234 training hours). All the 2019 managers’ transactions were announced within the time frame defined by the regulatory framework. The Bank commits to the highest standards in order

to prevent market abuse and especially the insider dealing on the financial instruments issued by the listed companies which are its customers. A relevant procedure is followed with the aim of ensuring that the Bank further enhances its compliance with the EU Market Abuse Regulation.

CONFLICT OF INTEREST

Enhanced Conflict of Interest Policy focus on principles, procedures and arrangements for the prevention, identification, documentation, escalation and management of Conflict of Interest

and on compliance with the legal and regulatory framework. These principles are communicated by the Board down to all employees who are responsible for identifying and escalating potential Conflict of

Interest. Thus, potential conflicts are appropriately managed and resolved. In 2019 all employees attended a 30-minute e-learning session on Conflict of Interest.

RELATIONSHIPS WITH INVESTORS

As a publicly traded company, Bank of Cyprus Holdings Public Limited Company is accountable to its investors. The Bank of Cyprus Holdings Public Limited Company facilitates direct dialogue since it’s striving for the greatest possible transparency. It is also working towards integrating feedback in its corporate strategy. This was achieved through participation in conferences, private meetings, frequent conference calls and on-site visits and at least quarterly updates on the results or post-corporate transactions of great significance.

Especially during 2019 the significant changes in the top management of the Group, including the appointment of the new Chairman, the new CEO and the revision of the organisational structure with the appointment of

new Directors, called for more one to one and in-depth meetings with major shareholders and investors.

Key milestones in 2019 were:

- meetings with the top 11 active shareholders (holding about 30%) in New York, Toronto and London to introduce the new CEO,
- meetings between the Chairman, the Senior Independent Director, the CEO, the Finance Director and the Investor Relations Manager and 41, both existing and potential new investors in the UK, Prague and Athens,
- meetings and calls were offered for the first time between major shareholders and the Senior Independent Director as per the principles of good corporate governance. Several meetings were held in Cyprus, UK and the United States focusing on the

Groups’ financial results and strategy, aiming to help shareholders form investment decisions,

- in cooperation with the Compliance Division, the Bank of Cyprus Holdings performed a due diligence exercise amongst its new major (above 3%) shareholders, in order to identify their ultimate beneficial owners and take a more transparent view of the investors’ structure and investment profile,
- Bank of Cyprus Holdings increased the interaction with equity research analysts. HSBC initiated coverage of the stock, while KBW, Citibank, Wood and Co and Axia continued to cover the stock helping investors to better assess their current or potential investment.

CREDIT RATINGS AND SUSTAINABILITY INDICES

The Bank continues to manage the relationship with the Credit Rating Agencies in order to improve the rating of the Bank. The Bank is currently rated by Fitch Ratings, Moody's Investors Service, S&P Global Ratings and Capital Intelligence. In June 2019, Moody's Investors Service affirmed the Bank's long-term deposit rating of "B3" (positive outlook) and in July 2019, Standard and Poor's affirmed their long-term issuer

credit rating on the Bank of "B+" (stable outlook). In November 2019, Fitch Ratings affirmed their long-term issuer default rating of "B-" (positive outlook). In April 2020, Fitch Ratings revised their outlook to negative, reflecting the significant impact the outbreak of COVID-19 might have on the Cyprus economy and consequently the Bank.

In recent years, sector-specific Sustainability criteria are

increasingly considered in the investment decisions made by investors. Agencies and index providers offer insights into incorporating environmental, social and governance dimensions in the way the Bank operates. They also support the Bank in offering services and products that add value to its stakeholders.

As published on March 11th, 2020, the ISS-oekom Corporate Rating is "D+".

A Future-focused Bank



The Bank has invested in modern technology. It is also becoming more robust and has the agility to better support customer needs, align itself with best sector practice, mitigate operational risks and exceed regulation requirements. The new foundations have resulted in reduced operational costs, improved customer service and loyalty and generation of revenues.

ORGANISATIONAL RESTRUCTURING AND MODERNISATION OF SYSTEMS

A number of projects focusing on Continuous Improvement and Modernisation of Existing Systems were set up in accordance with the Group's digital transformation strategy. A series of automations, streamlining processes and organisational innovation initiatives resulted in improved customer services, internal efficiencies and savings. These are:

- organisational restructuring: merging departments and relocating all major departments to one building led to synergies and efficiencies and allowed significant delayering,
- document management and retention: revising the Retention Policy led to reducing the retention period of hard copies for non-personalised data from 20 years to 10 years and the retention period of hard copies for inactive customer files from 20 years to 12 years. About 100,000 boxes were destroyed in 2019 and 180,000 boxes are expected to be destroyed in 2020 as a result of reducing the retention periods. The successful scanning, archiving and destruction of documents in 25 branches represent a major milestone for the Bank in 2019,
- modernisation projects for Trade Services, Payments, Treasury Back Office, Wealth Management Back Office, Middle Office, Advances Execution and Cash Management. Installation of Cash Management Products CASH360 by the majority of retail shops in Nicosia Mall,
- introducing a new Friday working hours schedule for Treasury Back Office resulting in reducing the number of weekly shift days from five to four.

LEAN OPERATING MODEL

In 2019 the Bank carried a voluntary staff exit plan through to completion for 451 employees of Bank of Cyprus, in accordance with the Group's digital transformation strategy aimed at enhancing productivity and achieving a lean operating model and a lower cost base over time. The total number of employees was reduced by 11% according to this plan and following the closing of branches. The total cost is approximately estimated at €80 mn and has an estimated annual saving of approximately €28 mn or 13% of staff costs.

DIGITAL TRANSFORMATION

The Bank continues its Digital Transformation Programme which focuses on three strategic pillars:

- developing digital services and products that enhance customer experience,
- streamlining internal processes,
- introducing new ways of working to establish a modern workplace for its employees.

The adoption of digital products and services continues to grow and gain momentum. 77% of transactions involving deposits, cash withdrawals and transfers were conducted through digital channels.

Back Office Automation and Digitization

In order to support the Bank's Strategy for Digitization, the following projects are currently in progress to digitize and automate back-office functions:

- Automated Teller Cash Recycling Machines (TCRs): which act as vaults safely storing cash
- Scanners to reduce paper and increase operational efficiency
- Electronic signature pads (ePADs) to enhance customer experience
- New Card Management System
- New flexible and dynamic Payment System

68%
of customers
digitally engaged

77%
of transactions
conducted through
digital channels

INFORMATION SECURITY AND CYBERSECURITY

The Bank commits itself to protecting the interest of its stakeholders by incorporating a clearly defined Information Security strategy. During 2019 the Information Security Unit, introduced a number of initiatives to ensure that stakeholder data is properly safeguarded, up to market standards and in accordance with rigorous regulatory requirements. A mandatory security awareness programme runs on a quarterly basis for all Board Members, Executives and units' staff. Seven such training programmes run 21 times during the year for 12,866 participants.

7
training
programmes

12,866
participants

BUSINESS CONTINUITY PLAN

Business continuity risks are managed to ensure that the Bank has business resilience and continuity plans. They also ensure that the Bank operates on an ongoing basis and limits potential losses in the event of a severe business disruption. The Bank implements an approved Business Continuity Management Policy which establishes the framework for maintaining a sound Business Continuity Management System. The System clarifies the strategy for business continuity and confirms higher-level commitment to Business Resilience.

KEY FINANCIAL PERFORMANCE INDICATORS RELEVANT TO SUSTAINABILITY

Bank of Cyprus corporate, financial and social performance is highly dependent on the culture, history and economy of Cyprus. The Bank's ultimate objective is to provide great service to its customers, good returns to its shareholders and continuous value to society at large. The Bank focuses on a customer-centric and values-driven approach which applies to the Bank's governance, to its policies, procedures, voluntary commitments and accountability structures. All financial information on the value created by the Bank, is available on its Annual Report.

Key financial indicators relevant to Sustainability include:

€203,773 k staff costs

€76,641 k voluntary exit plan and other termination benefits

€27,199 k dividends paid to AT1 shareholders

€185,297 k payment to suppliers

€899 k corporate social responsibility expenses

€280 k donations and gifts

€4,788 k supervisory fees
(includes fees to Regulators)

Project Helix

In 2019 the Bank announced the completion of Project Helix, which refers to the sale of a portfolio of loans with a gross book value of €2.8 bn (of which €2.7 bn were related to non-performing loans). Upon completion, Project Helix resulted in a positive impact of c.140 bps on both the Group's CET1 and Total Capital ratios, mainly from the release of risk weighted assets as at June 30th, 2019. Project Helix had an overall net positive impact on the Group capital ratios of c.60 bps. Following the outbreak of COVID-19, the Group is now focused on arresting any potential asset quality deterioration. Once economic conditions normalise, the Group expects to resume its efforts to improve its asset quality position by seeking solutions, both organic and inorganic, to make the Bank a stronger and safer institution, capable of continuing to support the local economy.

NATIONAL AND INTERNATIONAL RECOGNITION

In 2019 a number of international and national agents recognised Bank of Cyprus for its operational excellence, innovative business approach and ongoing commitment to society.

Best Corporate Governance Corporation (Cyprus) Award by World Finance (UK) for the third consecutive year (2017, 2018 and 2019)

Bank of the Year (Cyprus) Award at Corporate Insider's Business Excellence Awards (UK) for the third consecutive year (2017, 2018 and 2019)

Best Private Bank in Cyprus 2019 by the Global Banking & Finance magazine for the third consecutive year (2017, 2018 and 2019)

Best Sub-Custodian Bank in Cyprus for 2019 by the Global Finance magazine (UK) for the sixth consecutive year (2014, 2015, 2016, 2017, 2018, 2019)

Best Foreign Exchange Provider in Cyprus 2020 by the Global Finance magazine in November 2019

Best Bank for Private Banking in Cyprus by the internationally reputable magazine "Euromoney" for the fourth consecutive year (2016, 2017, 2018, 2019)

World's Best Consumer Digital Bank in Cyprus by the Global Finance magazine in August 2019.

European Award - First place at the "European Enterprise Promotion Awards" for "Promoting the Entrepreneurial Spirit" for the IDEA Innovation Center

Platinum Award for "Cause Advocacy" for the Bank's initiative "Fight against Cancer" at the "Cyprus Responsible Business Awards 2019"

Gold Award for "Best CSR Initiative with Employees' Involvement" for "Fight against Cancer" at the "Cyprus HR Awards 2019"

Gold Award for "Excellence in Cooperation - Private/Public Partnership" at the "Cyprus Responsible Business Awards 2019" for the IDEA Innovation Center

Silver Award for "Excellence in Cooperation - Private/Local Community - Public Partnership" at the "Cyprus Responsible Business Awards 2019" for the Bank of Cyprus Oncology Centre

Silver Award for "Cause Advocacy" for its role in inspiring youth towards this path at the "Cyprus Responsible Business Awards 2019" for the IDEA Innovation Center

Silver Award for "Excellence in Workplace Well-being" at the "Cyprus HR Awards 2019", for the Bank's "Well at Work" programme

Bronze Award for "Long-Term Local/Regional Investment" by the "Cyprus Responsible Business Awards 2019" for the Bank of Cyprus Cultural Foundation

Bronze Award for "Employee Volunteering" for the Bank at the "Cyprus Responsible Business Awards 2019"

Recognition of the Legal Department in the publication "Legal 500's GC Powerlist: Greece and Cyprus Teams 2019" and of the Chief Legal Officer in the publication "Legal 500 GC Powerlist Greece & Cyprus 2018"

Prize for "Training of Bank Personnel on Safety and Health issues" by the Department of Labour Inspection, during the European Occupational Safety and Health Campaign 2018-2019

Most Active Bank in Cyprus in 2019, by the European Bank for Reconstruction and Development, relating to Trade Services

In 2019 Bank officials and experts were hosted and invited as chairs, presenters or contributors in distinguished national and international conferences and events, to share their insights, knowledge and experiences, including:

- Cybersecurity: Threats and Solutions Conference
- Cyprus Tourism Conference
- The Cyprus Headquartering and Funds Summit
- 4th International Investor Summit
- 5th International Funds Summit
- Business Leaders Summit
- Association of Certified Fraud Examiners (ACFE) Cyprus Conference
- The 9th Nicosia Economic Congress
- The 5th International Compliance Forum
- European Bank for Restructuring and Development (EBRD) Trade Forums
- The C5's 13th Annual Forum on Global Economic Sanctions
- The International Compliance Association (ICA) 11th Annual Conference
- ICC TASK Force on Guarantees

Leading speeches, keynotes, presentations and interviews of Bank officials focused on a diverse list of topics including:

- CyberSecurity in Cyprus
- The General Banking and Financial Services Environment in Cyprus
- Banking and Financial Services Panel: The Cyprus Funds Industry
- The Cyprus Funds Industry: State of Play and Growth Prospects
- Emerging terrorism related risks /Common typologies and red flags
- Due diligence on ownership structure of third parties
- Success Secrets in Leadership, Management, Corporate Ethics, Governance and Entrepreneurship
- Challenges in the new era of fighting Financial Crime
- Trade Finance in the Mediterranean Region
- The skills of the future compliance professional - is your job description changing?



Recognition for
operational
excellence

CERTIFICATIONS

Bank of Cyprus receives a number of certifications relevant to its core business, which guarantee the quality of its operations and the consistency of its services.

- Recertification of ISO 9001:2015 qualification on “Management of bank accounting books and records” for Registry and Central Archives departments as well as

- on “Cheque Clearance Center” for the Cheque Clearing department,
- ISO 50001 on Energy Management System for the two Data Centre.

MEMBERSHIPS

Bank of Cyprus actively participates in the public debate, mainly via acclaimed association and industry bodies, with the aim of continuously strengthening its relations with stakeholders. The Bank has been actively

involved in the establishment and operations of the Cyprus Chapter of the Association of Certified Fraud Examiners (ACFE), with three officials (including Internal Audit and Compliance Executives) sitting on the founding Board of

Directors of the Chapter. ACFE is the world’s largest anti-fraud organisation. Its mission is to reduce the incidence of fraud and white-collar crime and to assist the members with fraud detection and deterrence.

Bank of Cyprus is a member of the below-listed associations and organisations	Holds a place in the governing body	Participates in projects or committees	Provides significant funding beyond the regular subscription	Considers its involvement as a strategic priority
Cyprus Employers and Industrialists Federation	•			•
Association of Cyprus Banks	•	•		•
Cyprus Advertisers Association	•			•
Cyprus Chamber of Commerce and Industry				•
Limassol Chamber of Commerce and Industry				•
CSR Cyprus	•			•
Cyprus Marine Environment Protection Association (CYMEPA)	•			•
Association of Certified Fraud Examiners (ACFE)	•	•	•	•
Business Integrity Forum				•
Institute of Certified Public Accountants of Cyprus				•
Chartered Financial Analyst (CFA) Society Cyprus	•			•
Cyprus Organisation for Standardisation				•
Cyprus Association of Listed Entities (SYDEK)				•
International Advisory Board of the International Compliance Association (ICA)	•			•

Our Sustainability Approach



In line with a long tradition, starting with its inception in 1899, Bank of Cyprus remains focused on Sustainability, best practices and material positive impact on society. Both as a standard-setter and as a key introducer of progress and advancement, Bank of Cyprus remains dedicated to honour this legacy. The Bank's strategic approach to Sustainability has always had a clear focus and has been developing "Beyond Banking".

"CEOs CALL TO ACTION" FOR SUSTAINABLE DEVELOPMENT IN EUROPE

The initiative "CEOs Call to Action" undertaken by CSR Europe calls on European business leaders to commit themselves to taking actions to add value to society and sustainable performance through a strong business purpose and ethics.

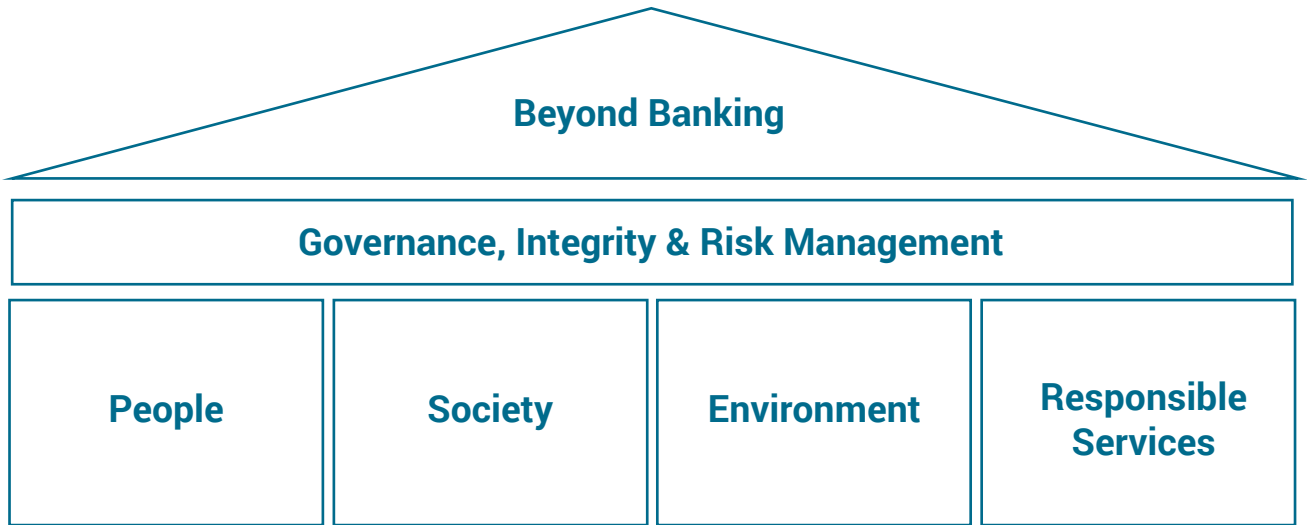
The initiative was endorsed in December by Bank of Cyprus CEO, Panicos Nicolaou, who commented on the signing of the agreement: "Every responsible organisation has a duty and an obligation to act with Corporate Responsibility leaving a positive social and environmental footprint on the society in which it operates. By signing this Agreement Bank of Cyprus reaffirms its commitment to its responsibility towards its community and the wider society, initiating, supporting and encouraging actions, projects and businesses in the interest of sustainable development and the well-being of citizens. The commitment goes beyond mere lip-service. As we have presented in our 2018 Corporate Responsibility Report, we demonstrate valuable work with measurable data, in line with international practices. This is why we are signing such an Agreement that supports actions for the well-being of EU citizens".



Together

**with other EU businesses
we will work for a stronger
Europe, for a better Cyprus**

COMMITTED TO SUSTAINABILITY: BEYOND BANKING



The Bank’s approach is based on the foundations of sound governance and ethics focusing on four key pillars: People, Society, Environment and Responsible Services. The 2019 Corporate Responsibility Report of Bank of Cyprus reflects the dedication to a legacy that started over 100 years ago, in 1899.

COMMITMENT TO THE SUSTAINABLE DEVELOPMENT GOALS



The 2030 Agenda for Sustainable Development, adopted by all United Nations Member States in 2015, provides a shared blueprint for peace and prosperity for people and the planet, now and into the future. At its heart are the 17 Sustainable Development Goals (SDGs), which are an urgent call for action by all countries in a global partnership.

Through its annual Corporate Responsibility Reports, the Bank presents its Sustainability journey, the way it makes an impact through the adoption of the United Nations Sustainable Development Goals (SDGs) and the 2030 Agenda for Sustainable Development.

As the environment in which the Bank operates is dynamic, the

Bank decided in 2019 to conduct an additional analysis based on two key components in order to identify:

- the risks originated by the Bank's operations and associated with people and the planet,
- the opportunities associated with its products and services for people and the environment.

The results of this analysis enabled the Bank to confirm the selection of the existing SDGs as presented in the 2018 Corporate Responsibility Report. The addition of three additional SDGs: SDG 9, SDG 16, SDG 17 was also decided with a view to maximising positive impacts and mitigating negative impacts.

Therefore, the SDGs adopted by the Bank, are:

- SDG 3: Good Health and Well-being
- SDG 4: Quality Education
- SDG 5: Gender Equality
- SDG 8: Decent Work and Economic Growth
- SDG 9: Industry, Innovation and Infrastructure
- SDG 10: Reduced Inequalities
- SDG 11: Sustainable Cities and Communities
- SDG 12: Responsible Consumption and Production
- SDG 13: Climate Action
- SDG 16: Peace, Justice and Strong Institutions
- SDG 17: Partnerships for the Goals



BANK OF CYPRUS STAKEHOLDERS

The activities of the Bank are interlinked with the interests of its stakeholders. The Bank acknowledges that it can only be successful if it remains true to its vision of supporting the economy of Cyprus and society at large. For Bank of Cyprus, stakeholders

are all those groups of people or people that have a vested interest in the Bank's strategies, decisions and actions and can be influenced or/and can influence its business activities. The Bank utilises a variety of means and opportunities (such as internet, intranet, local

and national events, surveys, formal and informal conversations) to engage meaningfully with its stakeholders and make sure it responds to their needs and expectations.

Stakeholders	Stakeholder Needs and Expectations	Engagement Channels	Frequency
Employees	<p>Achieve, measure, acknowledge and reward performance</p> <p>Transparent, interactive and timely communication with employees and provision of honest feedback</p> <p>Forming a caring working environment which satisfies employees' financial, healthcare and other needs</p> <p>Provision of opportunities for career advancement and lifelong learning and development</p> <p>Freedom of association and collective bargaining</p>	<p>Via personal and/or group meetings and presentations</p> <p>Internal portal and email announcements</p> <p>Internal Workshops</p> <p>Open Days</p> <p>Staff Opinion Survey</p> <p>Management Practices Survey</p> <p>Internal Customer Satisfaction Survey</p> <p>Yammer Internal Collaboration Tool</p>	Ongoing
Shareholders	<p>Publication of Annual and Interim financial results as well as publication and distribution of related announcements and presentations</p> <p>Publication of announcements in line with the Group's regulatory obligations and compliance with all the applicable legislation, rules and regulations as these emanate from the listing on the Cyprus Stock Exchange and the London Stock Exchange</p> <p>Deliver appropriate risk adjusted returns</p> <p>Transparency and equitable provision of information to all investors</p>	<p>Via the website and email</p> <p>Through announcements</p> <p>Annual and Extraordinary General Meetings</p> <p>Conference calls</p> <p>Meetings</p> <p>Roadshows</p>	<p>Quarterly (Financial Results)</p> <p>Ongoing</p>
Media	<p>Constant direct contact and honest cooperation</p> <p>Interviews, press releases</p> <p>Advertising campaigns</p>	<p>Via email</p> <p>Through personal meetings</p> <p>Through Press Conferences</p>	Ongoing

Stakeholder groups

<ul style="list-style-type: none"> • Employees • Shareholders • Credit and ESG Rating Agencies • Media • Customers 	<ul style="list-style-type: none"> • Suppliers/Business Associates • Bank of Cyprus Group and Subsidiaries of the Bank • Government and Local Government 	<ul style="list-style-type: none"> • Business Associations • Financial Sector and Peers • Regulators • Society and Local Communities
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Stakeholders	Stakeholder Needs and Expectations	Engagement Channels	Frequency
Customers	<p>Transparent financial conditions, reliability and honesty in transactions as far as products/services are concerned</p> <p>Pricing policy</p> <p>Offering flexibility so that products/ services satisfy customer needs</p> <p>Flexible procedures/Cutting through red tape</p> <p>Covering the financing needs of businesses and individuals</p> <p>Offering facilities/arrangement schemes for customers' debts</p> <p>Protection of consumers, personal data and banking secrecy</p>	<p>Via Bank's website</p> <p>By post (account statement with a promotional insert) if customers choose so</p> <p>Via telephone from one's personal banker</p> <p>Through media campaigns</p> <p>Through personal meetings</p> <p>Through skype or teleconference</p> <p>Through focus groups and surveys</p>	Ongoing
Suppliers/ Business Associates	<p>Further improvement in business relationships</p> <p>Constant contracts and cooperation</p> <p>Transparency and adequate assessment procedures in all areas of cooperation</p> <p>Generating business opportunities in the market and greatly contributing to the economy of cyprus</p>	<p>Business contracts</p> <p>Via telephone, email</p> <p>Personal meetings</p>	Ongoing
Community	<p>Support in the pillars of health and education through the Bank's Donations, Sponsorships and Partnerships Policy</p> <p>Respond to societal needs</p> <p>Volunteering</p>	<p>Via telephone, email</p> <p>Personal meetings</p> <p>Media campaigns</p> <p>Through focus groups and surveys</p>	Ongoing

DEFINING BANK OF CYPRUS PRIORITIES

As part of the 2019 Corporate Responsibility Report, Bank of Cyprus carried out an extensive assessment for the identification, prioritisation and validation of Bank's key (material) topics. This process has proved to be extremely important to the strategic direction, corporate decisions and engagement approaches of the Bank since it encapsulates the core of Sustainability. The Bank followed

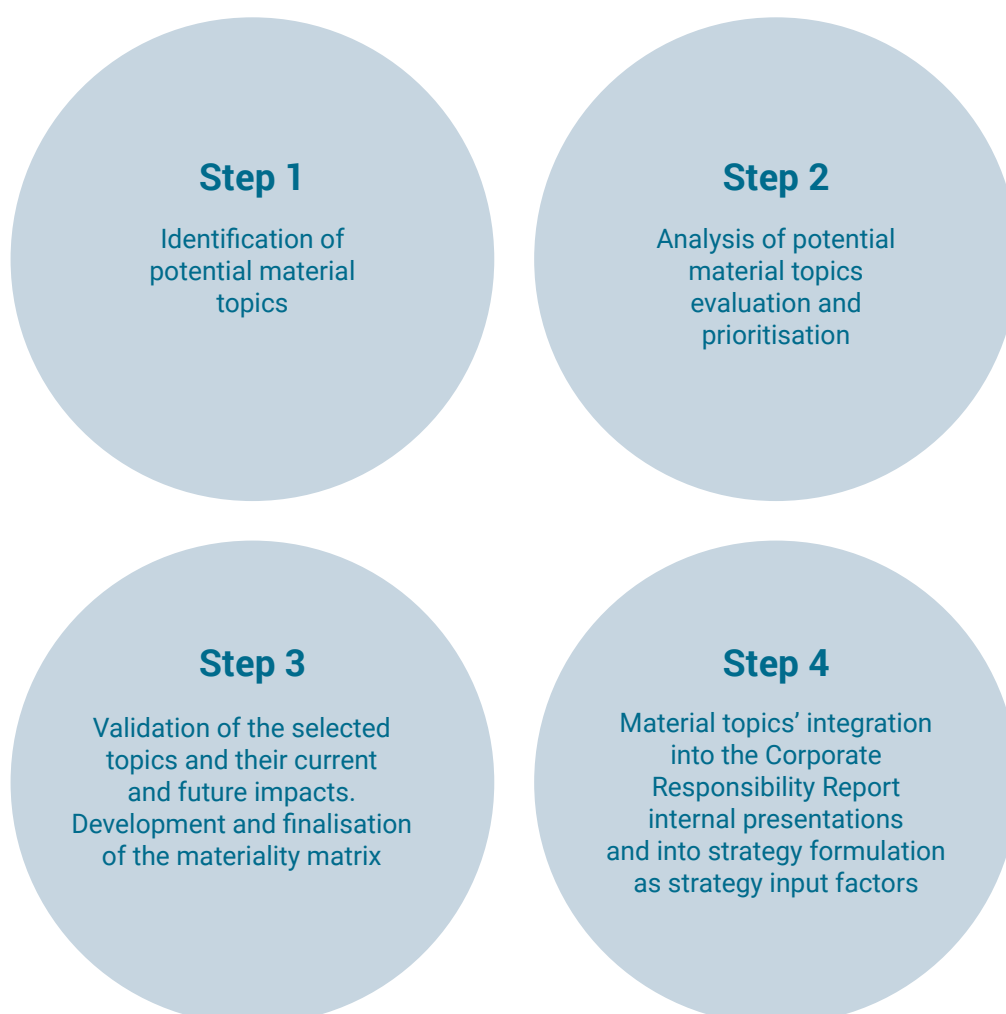
a four-step process.

Step 1 included market research, analysis of international standards, benchmarking and understanding of the internal and external environment of Bank of Cyprus. The analysis (Step 2) was conducted via interviews and surveys for top management executives, workshops and surveys for employees and surveys for external stakeholders including

customers, media representatives, suppliers/business associates, Non-Governmental Organisations (NGOs).

As part of the materiality process, the Bank verified its solid Corporate Responsibility Pillars, redefined its areas of focus and its material topics. The Bank mapped these topics taking into account the needs and expectations of its key stakeholders and the SDGs.

Four-step process

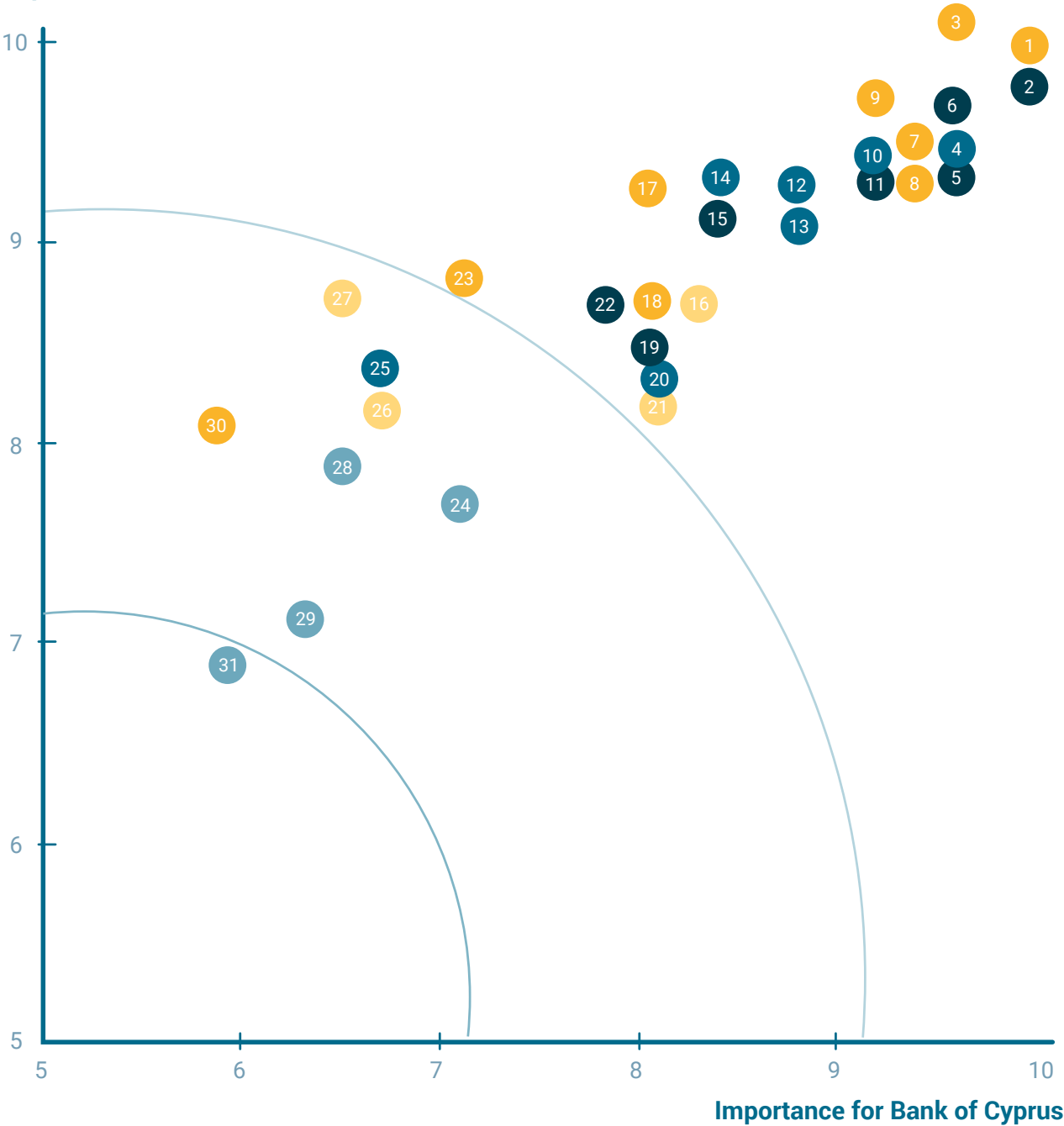


	Employees	Shareholders	Media	Customers	Suppliers/ Business Associates	Society and Local Communities	
Corporate Responsibility Pillars & Material Topics	Stakeholders & Aspect Boundaries						Contribution to the SGDs
Governance, Integrity & Risk Management							
Preventing Corruption and Financial Crime	●	●	●	●	●	●	<div><div>5 GENDER EQUALITY</div><div>8 DECENT WORK AND ECONOMIC GROWTH</div><div>12 RESPONSIBLE CONSUMPTION AND PRODUCTION</div><div>16 PEACE AND JUSTICE STRONG INSTITUTIONS</div><div>17 PARTNERSHIPS FOR THE GOALS</div></div>
Risk Management	●	●	●	●	●	●	
Economic Performance	●	●	●	●	●	●	
Regulatory Compliance	●	●	●	●	●	●	
Corporate Governance & Ethics	●	●	○	●	●	●	
Corporate Strategy & Investments	●	●	●	●	●	●	
Relations with Stakeholders & Partnerships	●	●	●	●	●	●	
Market Presence	●	●	●	●	●	●	
Financial Stability	●	●	●	●	●	●	
Responsible Services							
Cyber Security & Data Protection	●	●	○	●	●	○	<div><div>8 DECENT WORK AND ECONOMIC GROWTH</div><div>9 INDUSTRY, INNOVATION AND INFRASTRUCTURE</div><div>12 RESPONSIBLE CONSUMPTION AND PRODUCTION</div><div>16 PEACE AND JUSTICE STRONG INSTITUTIONS</div></div>
Innovation, Technology & Digital Transition	●	●	●	●	●	●	
Customer Service Quality & Satisfaction	●	●	○	●	●	●	
Responsible & Transparent Communication	●	●	●	●	●	●	
Responsible Banking	●	●	○	●	●	○	
Procurement Practices	●	●	○	●	●	●	
Financial Inclusion	●	●	○	●	●	○	
People							
Fair Working Environment	●	●	○	●	○	○	<div><div>3 GOOD HEALTH AND WELL-BEING</div><div>5 GENDER EQUALITY</div><div>8 DECENT WORK AND ECONOMIC GROWTH</div><div>10 REDUCED INEQUALITIES</div></div>
Diversity & Equal Opportunity	●	●	○	●	○	●	
Employment & Well-being	●	●	○	●	○	●	
Occupational Health & Safety	●	●	○	●	●	○	
Employee Development, Training & Education	●	●	○	●	●	○	
Volunteering	●	●	●	○	●	●	
Labour/Management Relations	●	●	○	○	○	○	
Society							
Financial Literacy	●	●	●	●	●	●	<div><div>3 GOOD HEALTH AND WELL-BEING</div><div>4 QUALITY EDUCATION</div><div>11 SUSTAINABLE CITIES AND COMMUNITIES</div><div>17 PARTNERSHIPS FOR THE GOALS</div></div>
Social Contribution	●	●	●	●	○	●	
Indirect Economic Impacts	○	●	○	●	○	●	
Local Communities	●	○	●	●	○	●	
Environment							
Energy Consumption	●	●	○	○	○	●	<div><div>12 RESPONSIBLE CONSUMPTION AND PRODUCTION</div><div>13 CLIMATE ACTION</div></div>
Environmental Investments	○	●	●	●	●	●	
Waste Management	●	●	○	●	○	●	
Emissions	●	●	○	○	○	●	

Material Topics

No.	MATERIAL TOPICS
1	Preventing Corruption and Financial Crime
2	Cyber Security and Data Protection
3	Risk Management
4	Fair Working Environment
5	Innovation, Technology and Digital Transition
6	Customer Service Quality and Satisfaction
7	Economic Performance
8	Regulatory Compliance
9	Corporate Governance and Ethics
10	Diversity and Equal Opportunity
11	Responsible and Transparent Communication
12	Employment and Well-being
13	Occupational Health and Safety
14	Employee Development, Training and Education
15	Responsible Banking
16	Social Contribution
17	Corporate Strategy and Investments
18	Relations with Stakeholders and Partnerships
19	Procurement Practices
20	Volunteering
21	Financial Literacy
22	Financial Inclusion
23	Financial Stability
24	Energy Consumption
25	Labour/Management Relations
26	Local Communities
27	Indirect Economic Impacts
28	Environmental Investments
29	Waste Management
30	Market Presence
31	Emissions

Importance for Stakeholders



Corporate Responsibility Pillars

- Responsible Services
- Governance Integrity and Risk Management
- People
- Society
- Environment

MANAGING CORPORATE RESPONSIBILITY

Managing Corporate Responsibility has been an integral part of the Bank of Cyprus identity. By developing internal structures that support and promote the role of Corporate Responsibility within the formal Bank structure, the Bank establishes corporate responsibility as an integral, visceral part of our daily operations. The Corporate Affairs Division is entrusted with managing Corporate Responsibility within the organisation.

It specifically:

- informs top management on new strategic initiatives, progress and results,
- manages all strategic collaborations under the health and education pillars,
- makes recommendations regarding necessary policies and procedures that refer to internal organisations, structure as well as products and services,
- proposes and implements the strategic Corporate Responsibility direction of the Bank,

- leads the development of the Corporate Responsibility Report,
- coordinates internal departments for volunteer initiatives,
- manages and trains the Bank's CSR (Corporate Social Responsibility) Liaisons,
- enhances Corporate Responsibility and Sustainability culture within the Bank.

CSR Liaisons

As mentioned above, the Bank has been credited with initiating a unique institution by the name of "CSR Liaisons". CSR Liaisons were set up organically, as the Bank acknowledged the need to decentralise the concept of Corporate Social Responsibility, to involve as many employees as possible and to increase awareness of volunteerism. Volunteerism was significantly affected by the economic crisis of 2013 and the ensuing social conditions after the depositor bail-in, therefore employees needed new motivation and incentives to embrace corporate volunteerism

once again. CSR Liaisons who are a group of colleagues set by the Director of each Division, play a key role in achieving this goal. Results from the last few years prove that through the CSR Liaisons, members of staff of each Division contribute more to a social cause of their choice as well as to the causes that the Bank officially supports.

Furthermore, CSR Liaisons assist in collecting all data, they give feedback and improve the content of the annual Corporate Responsibility Report of the Bank.

Overall CSR Liaisons:

- are focal points of topics pertaining to volunteering and Corporate Responsibility,
- facilitate data collection and are responsible for the quality and reliability of data and information of the Corporate Responsibility Report,
- enhance Corporate Responsibility culture within the Bank.

Our Responsible Services



Bank of Cyprus delivers on its strategic objectives to become a more resilient, safe and sustainable institution which supports continuously the development of the Cyprus economy and delivers stakeholder value through responsible operations, sustainable products and innovative services.

RESPONSIBLE PRODUCTS

As on December 31st, 2019, the Bank operates through a total of 99 branches in Cyprus. It has four Representative Offices in Beijing, Moscow, St. Petersburg and Kiev. The Representative Offices are not separate legal entities and operate within the framework of the licences issued by the local competent authorities as well as within the regulatory framework and policies of Bank of Cyprus.

The Bank's performance is mainly determined by its domestic banking business and its performance is closely correlated

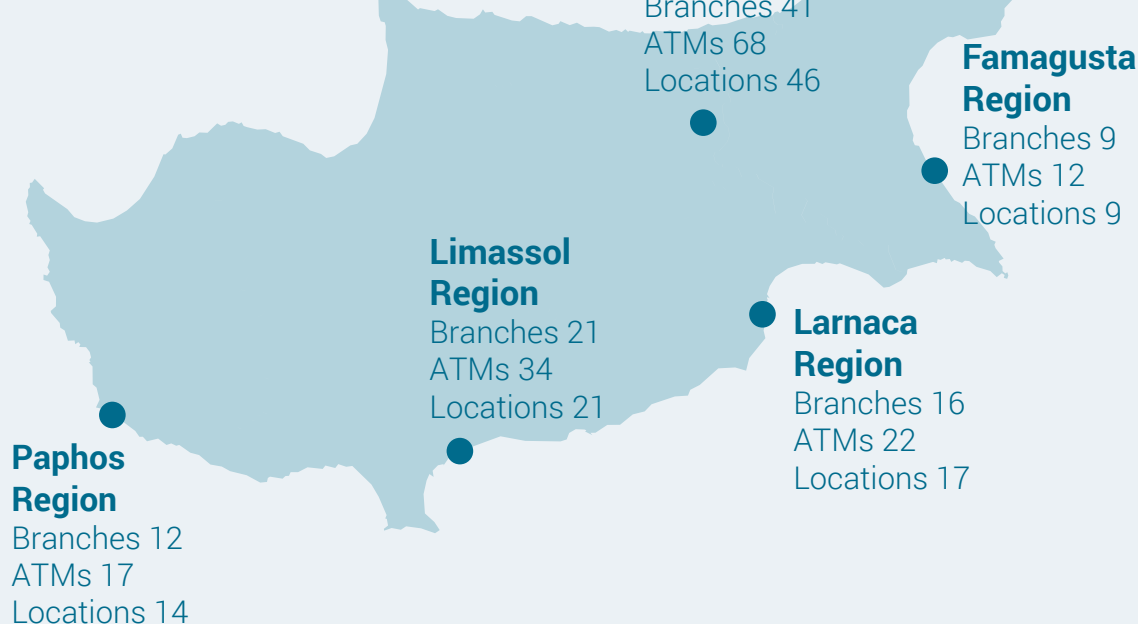
with the fate of the Cyprus economy. The country's improving economic conditions have direct benefits to the Bank's profitability.

In accordance with its risk appetite and the customers' money laundering and terrorist financing risk, the Bank prohibits the establishment of a business relationship with the following high-risk industries in case these are not regulated/registered by a European Economic Area (EEA) country or a third equivalent country: (a) Casinos, (b) Betting Houses, (c) Prize Competitions, (d)

Gambling/Betting online related services (software providers, payment processing services, card acquirers), (e) Financial Services, Investment Firms, Brokerage Firms or its licence has been withdrawn, (f) Banking or Insurance Institutions, (g) Precious metals/stones, (h) Pawn shops (i) Sporting / Hunting / Antique guns, (j) Internet Gaming other than electronic gambling and (k) Trading of art collection. The entire Group Customer Acceptance Policy is available on the Bank's website.

Our Responsible Services

Total: Branches 99
ATMs 153
Locations 107



687,666 Retail Banking customers
50,349 International Banking customers

12,991 SME Banking customers
4,415 Corporate Banking customers

1,179 Wealth & Markets customers
1,072 Global Corporate Banking customers

ENVIRONMENTAL AND SOCIAL POLICIES FOR LENDING

According to the Bank's Environmental and Social Policy, environmental and climate protection are among the crucial global challenges of our time. The Bank takes these concerns into account in every aspect of its business. The Bank commits itself to implementing certain policies and procedures focusing on environmental and social issues in its lending and insurance activities by specific criteria.

During 2019 the Group Risk Management Division engaged an outsourcing service provider

and conducted approximately 160 environmental and social impact studies on new lending applications, in accordance with the Bank's Environmental and Social Policy. In all cases, companies were found compliant with the legal requirements, however, there were weaknesses in the areas of Environmental and Social Policy (e.g. lack of environmental, safety and health policies). Nevertheless, the extent of these weaknesses would not lead to rejection.

Certain procedures for new lending have been embedded

into the Bank's policies. Under these procedures, credit applications are screened for negative environmental and social impact. Moreover, certain lending sectors which may have negative social aspects are considered undesirable. The Bank implements its Environmental and Social Policy for new loans (> €100,000) in cases of legal entities and mortgages for both legal entities and individuals. The assessments are evaluated by the approval authority which determines their next revisions.

CUSTOMER EXPERIENCE

Bank of Cyprus ensures that customers receive timely, professional and personalised service. During 2019, Corporate Banking organised with success its annual conference “Business Leaders Summit” in Nicosia which attracted approximately 700 attendees. It also organised two exclusive cocktail gatherings for corporate clients with around 850 attendees. Global Corporate Banking & Markets organised one exclusive cocktail event, in which around 150 clients and

consultants participated, as well as several meetings, lunches and presentations, in order to improve and develop the Bank’s relationships at all levels, its products and services. Premier Club customers enjoyed access to a number of events, including two music concerts and an opera and received a number of benefits and gifts, including a replica of a decorative medieval bowl as a Christmas gift from the Bank of Cyprus Cultural Foundation Agora shop. This gesture contributed to

enhancing customer relationships.

The Bank uses several tools to monitor the quality of the customer services, is carrying out various surveys involving –inter alia– a rolling poll (on a 48-week per year basis), focus groups, telephone interviews, targeted surveys, qualitative research and mystery shopping. Findings indicate that the quality of the Bank’s staff and of the Customer Service provided are key drivers of its advantage compared to its competition.


CUSTOMER COMPLAINTS

The Bank continues to enhance its complaint management framework via its Complaints Management Unit. The Complaints Management Unit ensures that the complaint management framework is in alignment with the requirements of the latest European Banking Authority Guidelines on Complaints-

Handling, Central Bank of Cyprus Governance Directive and any other related Legal Framework. Thus, it guarantees that complaints are resolved in a proper and timely manner. It also handles and monitors complaints, facilitates prompt complaint resolutions, recommends remedial actions that derive from the complaint root

cause analysis and facilitates the proper implementation of these actions. The relevant policy and procedure are published on the Bank of Cyprus website.

During 2019 the Bank received 1,050 customer complaints and resolved 1,016 in all lines of business within the Bank.



1,050
customer complaints
received

1,016
customer complaints
resolved

COMPETITION LAW COMPLIANCE MANUAL

The Bank implements the Competition Law Policy, the Competition Law Compliance Manual and the "Persons at Risk"

list. New "Persons at risk" receive the competition law manual, a relevant training and sign an undertaking on an annual basis.

They also sign a declaration/periodic report stating that they abide by the provisions of the relevant manual.

FOREIGN ACCOUNTS TAX COMPLIANCE ACT (FATCA) AND COMMON REPORTING STANDARD (CRS)

The trigger stage of the automatic exchange of information for the purpose of combatting tax evasion has been introduced by the USA through the implementation of FATCA since 2014. Similarly, the Organisation for Economic Co-

operation and Development (OECD) introduced the CRS in 2016. CRS was an international initiative that was based on the development of a single global standard for the automatic exchange of information between tax authorities. For these

purposes, the Bank implements the respective policy on the automatic exchange of financial and tax information and reports to the local tax authorities on an annual basis.

FINANCIAL INCLUSION AND ACCESSIBILITY

Key indicators to measure financial inclusion and accessibility by people with disabilities across Cyprus:



69
Branches



15
Buildings



58
ATMs

PAPERLESS SERVICES AND E-STATEMENTS

Following the best practices in the sector, the Bank urges its clients to replace paper account statements with electronic statements sent via email. E-Statements are part of the Bank's holistic approach to customer experience. By reducing waste and increasing customisation and speed of services, the Bank becomes more sustainable and ultimately improves customer satisfaction.

The Bank provides incentives to customers to switch to digital and

other paperless services via online services that are either cheaper than physical services or free of charge. Moreover, customers who use the ATMs of the Bank are offered the choice to view the balance of their account on the ATM screens instead of receiving a paper printout.

The usage of paper receipts for ATM transactions for deposits and withdrawals has decreased by 25% for 2019, compared to 2018.



2019
Paper used for
ATM transactions
reduced by: 25%

2018
Paper used for
ATM transactions
reduced by: 24%

DIGITAL CHANNELS

Bank of Cyprus offers its clients a variety of safe digital channels so that they can conduct most of their transactions without visiting a branch. Day-to-day transactions can be conducted round the clock via:

- internet banking,
- mobile banking,
- Quick Pay app,
- ATM.

Additionally, the Bank has developed the following applications for contactless transactions:

- Apple Pay app: for iOS devices,
- BOC Wallet app: for Android devices.

1bank Internet Banking

With 1bank Internet Banking and Mobile App customers can make all their banking transactions wherever they are 24/7. Customers can take full advantage of the reduced and/or free charges for transactions. The Internet Banking and Mobile App are offered free of charge both to personal customers and businesses.



**Internet banking
offers convenience
and 24/7 access**

The Bank's CEO, Panicos Nicolaou, addressing the Business Leaders Summit 2019 organised by Bank of Cyprus



NEW DIGITAL PRODUCTS AND FEATURES

The Bank is leading the way in establishing an open banking ecosystem in Cyprus. It's the first bank to launch the Payment Service Directive 2 Application Programming Interface (PSD2 APIs) in Cyprus. It also integrates with nine UK banks and one local bank allowing customers to view at the same time their integrated banks and Bank of Cyprus account balances and transactions via 1bank.

Various new products and features were introduced in recent years, such as:

- the launch of the new mobile app,
- several enhancements offering more flexibility to 1bank subscribers,
- the introduction of the 1bank Business-to-Business (B2B) APIs. These interfaces enable businesses to gain access to 1bank functionality directly through their own systems without the need to access the 1bank website,
- the introduction of the new Payments System,
- continuous improvement of existing systems resulting to numerous automations,

- the completion of Bloomberg and ICAP clean-up processes resulting in cost savings and efficiencies.

Several initiatives are in progress, including:

- enhancing digital channels to improve customer experience,
- automating internal end-to-end processes,
- introducing collaboration and knowledge sharing tools across the organisation,
- digital signatures.

DATA PROTECTION

The security, protection and privacy of personal data is important to the Bank in order to its business conduct fairly and lawfully.

The Bank implements a Data Protection Policy that outlines the principles of data privacy for its customers, suppliers, business partners and employees. It safeguards these principles by following relevant implementation and monitoring procedures.

The Bank commits itself to sustaining the clients' ability to have better control of their personal data and to exercise their rights as per the EU General Data Protection Regulation (GDPR) with regard to the way their personal data is collected, processed and secured. Therefore, apart from revising its Privacy Statement, which is available on the Bank's website the Bank

took further action to fully comply with the provisions of the GDPR that were enforced in May 2018. The Board of Directors and the senior management fully support the efforts to ensure GDPR compliance.

During 2019 there were no substantiated complaints concerning breaches of customer privacy or loss of customer data.

PRINCIPLES OF GOOD PRACTICE IN TREASURY

All dealing room employees abide by the Code of Conduct, as well as the Foreign Exchange Global Code which was developed by a partnership between central banks and market participants from 16

jurisdictions around the globe. It sets global principles of good practice in the foreign exchange market in order to provide a common set of guidelines which promotes integrity and effective

functioning of the wholesale foreign exchange market. In addition, treasury dealers are also certified by Cyprus Securities and Exchange Commission (CySEC).

MARKETS IN FINANCIAL INSTRUMENTS DIRECTIVE II

The Bank complies with the Markets in Financial Instruments Directive II (MiFID II). Within this context it has taken action to update procedures, policies and systems. This legislative framework has strengthened investor protection and improved

the functioning of financial markets making them more efficient, resilient and transparent. MiFID II was transposed into Cyprus national law by Law 87(I)/2017 which was enacted in January 2018. During 2019, a new code, the "BOC Group Code on

Personal Transactions (MiFID)" was issued and the related procedure has been revised in an effort to automate and simplify the implementation of Group MiFID Obligations on Personal Transactions Policy.

THE "ESTIA" SCHEME

The "Estia" scheme is a special once-off government scheme providing vulnerable borrowers with an opportunity to reset their financial obligations with the Bank, join an affordable repayment plan

and make a fresh start on a new basis. Its purpose is to deliver a socially acceptable and financially sustainable restructuring solution to vulnerable borrowers. The scheme was drawn up by the

Ministry of Finance and approved by the European Commission's Directorate-General for Competition.

SUPPLY CHAIN

Bank of Cyprus aims to develop healthy and mutually beneficial business relationships with its vendors and business partners. It acts with transparency, integrity, accountability focusing on fair competition throughout the procurement process. As described in the Group Procurement Policy which is available on the website, the Bank aims to establish mutually beneficial strategic partnerships and therefore follows certain principles and implements an

established process for vendor management and sourcing. Within this robust framework, the Bank successfully creates value for all vendors, especially local (Cypriot) vendors.

In 2019 the Bank cooperated with about 1,757 vendors and invested €185,297,840. The procurement budget currently invested in local (1,198) vendors amounts to €113,057,440 and to foreign (322) vendors amounts to €63,322,400. The Bank also paid €8,918,000

as rent to third parties. Payments exclude employee costs, trade subscriptions, Central Bank, ECB, single resolution, insurance policies.

1,198
local vendors

€113,057,440
procurement budget
invested to local
businesses

RESPONSIBLE COMMUNICATION AND MARKETING

Bank of Cyprus ensures that it complies with the principles/ codes of communications of various external bodies and internal departments in order to be responsible about its communication activities to the benefit of its customers and society in general. These bodies are:

External Bodies

- FED (Cyprus Advertising Regulation Organisation) controls the advertisements shown in Cyprus and ensures that these are legal, decent and honest, that they tell the truth

and they are created in a spirit of social responsibility. It also ensures that they are in line with the applicable law and follow the principles of fair competition

- Ministry of Energy, Trade and Industry – Department of Consumer Protection Service

Internal Departments

- Compliance Department
- Legal Department
- HR Department (Code of Conduct and Ethics)

The Bank maintains the Advertisements' Approval Procedure and the Internal Lobbying Procedure with regards to the transparency of participation in public policy making and lobbying activities.

All clients receive formal information related to terms, conditions and charges for every and any product they buy. Therefore, the Bank increases transparency and trust, enhances understanding of products and services, supports consumer rights, addresses expectations and promotes good and fair banking practices.

"Best CSR Initiative with Employees' Involvement" and "Excellence in Workplace Well-being" for Bank of Cyprus at the Cyprus HR Awards 2019



Our Society



Responsibility towards the communities in which the Bank operates, is based on the core belief that the mission of the Bank goes beyond its primary corporate role as a banking institution. The Bank aims to make a difference by elevating the Cyprus society and contributing to its continued socioeconomic development.

SOCIAL VALUE

As a banking institution, Bank of Cyprus is not limited to its legal obligations. It goes beyond just creating financial returns for selected stakeholders and it becomes the engine of sustainable growth in Cyprus.

Bank of Cyprus allocates financial, human and material resources to developing and implementing initiatives and to establishing and maintaining long-term partnerships. In 2019 the Bank supported over 200 NGOs, charity organisations, associations, municipalities, schools, sports federations and youth sports academies. The Bank's Donations, Sponsorships and Partnerships

Policy does not permit sponsoring any political party nor associations/ organisations directly or indirectly affiliated with any political party.

The Bank's approach to managing community activities is based on a two-pillar strategic approach focusing on improving positive impacts and welfare:

- **Health Pillar:** partnerships and initiatives to improve the living conditions of vulnerable groups and people in need,
- **Education Pillar:** partnerships and initiatives to promote learning, development and social welfare and to preserve local culture and history.

The ultimate aim of Bank of Cyprus is to maximise the value added created by its activities and contribute to the economic and social prosperity of the country. The Bank places great emphasis on the social product developed by its operations, which include investments, payroll, insurance contributions, payments to suppliers, and payment of taxes.

The Bank allocated €899 k as its social responsibility budget to support its social causes under the pillars of health and education.

HEALTH PILLAR

Bank of Cyprus Oncology Centre

The Bank of Cyprus Oncology Centre was founded in Nicosia in partnership with the Republic of Cyprus and began operation in 1998. This partnership is considered to be the biggest and most successful partnership between the public and the private sector to the benefit of cancer patients and the society at large in Cyprus.

The Bank of Cyprus Oncology Centre is the first hospital not only in Cyprus, but also in Greece to receive quality accreditation from Caspe Healthcare Knowledge Systems (CHKS), which is Europe's leading hospital accreditation organisation. The Centre ranks amongst the most distinguished hospitals in terms of operating and quality standards. Cyprus maintains one of the highest survival rates among OECD (Organisation for

Economic Co-operation and Development) countries, largely thanks to the Centre.

In 2019 the Bank's Group Internal Audit commenced performing the second annual audit of the Centre. The audit provides assurance to the Centre's Board of Directors in relation to the adequacy of the existing governance, risk management and internal control framework.

Key numbers for Bank of Cyprus Oncology Centre:



40,700 patients have been registered and have received treatment at the Centre since 1998



2,183 new cancer patients treated in 2019

treats about **60%** of diagnosed cases in Cyprus



233 medical and administrative staff

54 medical suppliers

156 other vendors

Cyprus Anti-Cancer Society

Bank of Cyprus and the Cyprus Anti-Cancer Society have a long-standing partnership. Since 1999 the Bank has been supporting the Society's efforts to raise public

awareness on cancer as well as its fundraising activities in order to maintain and upgrade its services and facilities. Bank of Cyprus and its volunteers provide extensive support to the annual event "Christodoula March" which takes

place during springtime. Through #stiMaxi (In the Fight Against Cancer), a campaign launched in 2016, the Bank invites everyone to "join the battle" and support the Cyprus Anti-Cancer Society.

2019 #stiMaxi Campaign Highlights



€539,290 raised

11.19% more funds compared to 2018

850+ employees volunteered in fundraising

Volunteers support generated c.€227,700



€31,200 raised by the "BOC Runners' Team" (a group of Bank of Cyprus' volunteers), which participated in local and international marathons

€36,500 raised by events organised by Bank of Cyprus' volunteers

€160,000 road fundraiser

En Ergo Programme

En Ergo programme, partially funded by Bank of Cyprus, has been managed, coordinated and supervised by the Cyprus Paraplegics Organisation since 2016, under the auspices of the Ministry of Labour, Welfare and Social Insurance. It aims to provide support and care to quadriplegic and paraplegic individuals in support of their independence in daily life. To support the needs of the programme, the carefully selected staff is heavily trained. It's positive to see that the programme creates new job opportunities. It ensures that the carers are suitable for providing excellent care service to its quadriplegic and paraplegic members and that its members are treated with confidentiality and respect. It is also funded by the European Structural Funds.

During 2019, En Ergo:

- employed more than 65 carers across Cyprus,
- offered more than 95,000 hours of care,
- empowered 80% of its carers to acquire the European Carer Card and register for relevant training seminars,
- had an on-call line daily from 12:00 until 24:00 to respond to additional needs,
- continued to offer specialised professional training and opportunities for personal development.

Folia Centre

The Bank continued to support Folia (Nest) Centre, which serves as a point of reference. Folia Centre is an information and

education centre for patients with rare disorders and their families.

As Bank of Cyprus is Folia Centre's main partner and sponsor, the Bank is proud to see the Centre grow, expand and develop since its inception. Folia Centre was established in 2017 in collaboration with the Cyprus Alliance For Rare Disorders and with the support of the Ministry of Health.

It currently provides approximately 60,000 patients and their families with information, support and education. During 2019 volunteers from the Bank staff assisted in various events and activities of Folia Centre.

Blood Donation Drives

In 2019 Bank of Cyprus ran two Pancyprrian Blood Donation Drives. The Bank partnered with its subsidiary EuroLife and NGO Reaction in order to support the Blood Bank of the Ministry of Health. The Blood Drives took place all over Cyprus and the call for participation reached not only existing but also new blood donors. Volunteers from the Bank staff offered their assistance and made sure that both Blood Drives were successful. 187 bottles were collected and approximately 561 people were saved or their lives were improved.



187

blood bottles collected

Fundraising for Mati

Immediately after the news of the devastating fire in Mati, in Greece on July 23rd, 2018, Bank of Cyprus launched a fundraising campaign and consequently opened a bank account in order to support the victims. The Ministry of Interior licensed Bank of Cyprus to fundraise for the fire victims until December 30th, 2018. The bank account was audited by an approved auditor in 2019.

The Bank aimed at making the best use of the money collected, to the benefit of the victims. In collaboration with NGO Reaction, and after extensive research and on-site meetings with local authorities during the first months of 2019, the Bank concluded in donating the amount of money to the following organisations: NGO "To Hamogelo tou Paidiou" (The Smile of the Child), "The Progress" Rafina Association, NGO Kouros Megaron, Nea Makri and Rafina Health Centres.



€347,564.73

collected and offered
to assist the Mati (Greece)
fire victims

EDUCATION PILLAR

Bank of Cyprus Cultural Foundation

Bank of Cyprus is a pioneer and a major benefactor in the cultural field. The old administrative building of the Bank of Cyprus, which is situated in the historical centre of Nicosia, houses the Bank of Cyprus Cultural Foundation, which was established in 1984.

Through a series of multifaceted activities, the Bank of Cyprus Cultural Foundation has become the centre of culture, art and creativity in Cyprus. The Foundation keeps six Cyprological collections, curates two museums, manages original archives donated by prestigious patrons and runs an annual programme of cultural events.

Educational programmes #deneinaisxoleio

2019 marked the 35th anniversary of the launching of the Bank of Cyprus Cultural Foundation educational programmes for children aged 4 to 18. New partnerships with acknowledged educational institutes and skilled animators materialised and a new series of eight new educational programmes were launched in 2019. Exciting activities involving archaeologists, writers, musicians and artists are examples of the Foundation's offerings. These activities encouraged children to socialise and introduced them to new sciences and crafts.



School year
Student visits

1,250 2019-2020

6,716 2018-2019

2,436 2017-2018



Attendance
(including students)

30,723 2019

27,000 2018

A view of the exhibition on World War II "1940 People and Images | Cyprus-Greece" at the Bank of Cyprus Cultural Foundation



Faneromeni 19

Faneromeni 19 Arts Festival is a celebration of arts and lasts four months. The festival has a multidimensional character and offers a unique approach to history and tradition in collaboration with Foreign Embassies in Cyprus, local and foreign artists.

Exhibition: 1940 | People and Images. Cyprus - Greece

The Bank of Cyprus Cultural Foundation and the Embassy of Greece held the exhibition "1940 | People and Images. Cyprus - Greece". The exhibition featured primary evidence drawn from historical research into the World War II period and also

included theatrical and musical performances as well as lectures and other related events. The exhibition included Dimitris Vattis' photography project "The War's Forgotten".

Exhibition Abroad - Cyprus: A Dynamic Island

The Bank of Cyprus Cultural Foundation displayed 11 artefacts in the exhibition "Cyprus: A Dynamic Island" of the Rijksmuseum Van Oudheden, in The Netherlands. This exhibition was about the remarkable story of Cyprus.



70,000+
Visitors

Poster of the exhibition "1940 People and Images | Cyprus-Greece" at the Bank of Cyprus Cultural Foundation



IDEA Innovation Center

IDEA Innovation Center is an incubator-accelerator for start-ups and an entrepreneurship hub for young Cypriot entrepreneurs. IDEA is the only non-profit, comprehensive organisation in Cyprus which forms a cluster of partnerships to support start-ups and innovative Small and Medium-sized Enterprises (SMEs). It educates teenagers, students, female entrepreneurs and all interested stakeholders in order to steer the nation's mindset and culture towards innovation and entrepreneurship. It has also influenced national policies to the benefit of the local innovation ecosystem through its direct cooperation and partnerships with the public and private sector. It cooperated closely with diplomatic missions home and abroad as well as with all universities in Cyprus. IDEA organised and/or funded a number of field trips, including the national delegation to the "DLD Innovation Festival" in Israel for the third time in 2019 and to the "Websummit" in Lisbon along with Research Promotion Foundation and Invest Cyprus, for the second time.

Start-up Areas of Business:

- wi-fi cloud solutions for businesses,
- online hobby and activity platform,
- mobile app for unifying loyalty schemes,
- online platform for disabled people,
- creating devices for people with disabilities,
- platform for creators,
- alternative gateway portal for payments,
- fintech solution for purchases in interest-free instalments,
- insect-protein producing technology farm for the animal feed industry.

In brief, IDEA's international acknowledgements in 2019 include:

- "Entrepreneurship as the Engine of Prosperity and Stability: Small Business Development" programme in USA by invitation from the State Department,
- "Me-Convention - SXSW" in Germany promoting Nicosia as a "Start-up City",
- "Europe-India Innovation Partnership" in India organised by the European Commission and the Republic of India.

2019 IDEA Highlights

124

applications from aspiring young entrepreneurs

15

start-ups admitted

9

new companies founded, in total 57

20+

entrepreneurs successfully completed the IDEA incubator and accelerator programme

30+

field specialists and business persons contributed as pro bono mentors

€58,000

per start-up in cash and services

4,000+

entrepreneurs educated until now

IMPACT THROUGH PARTNERSHIPS

NGO Reaction Cyprus

Reaction Cyprus is a Cypriot NGO that is active in the fields of youth development and well-being. It focuses on road safety, fighting youth delinquency, public and personal safety, protecting the environment, education, youth unemployment, sustainable development and social welfare. The Bank and Reaction have been working together for many years. In 2019 they held several joint actions, including:

- debates with political leaders, government ministers and other high profile personalities to the benefit of school students, in collaboration with the Ministry of Education,
- distribution of the funds raised in 2018 for the fire-stricken Mati area in Attica, Greece,

8

debates organised

1,600

students attended

- 250 parents trained at the First Aid School,
- 28 blood bottles offered to Greece as part of the operations of "Kyprou" Blood Bank in Greece,
- conducting friendly tyre checks in the highways, in collaboration with the Cyprus Police and the Ministry of Transport,

1,400

vehicles checked

- participation in the planning of the "Chara" (Joy) project at Christmas time. This long-term project was named after a huge teddy bear, Chara. In 2019 Chara sent positive messages and love to people working during Christmas holidays,
- training Bank and Reaction volunteers in search and rescue. Also training them in crisis management (teamwork and cooperation),
- national awareness campaign to prevent fire disasters, in collaboration with the Cyprus Fire Service and the Embassy of Greece in Cyprus,
- Reaction volunteers offered assistance and participated in the Bank's main charity event called #stiMaxi, to support the Cyprus Anti-Cancer Society in Nicosia, in collaboration with the Ambulance and Fire Services of Cyprus,

During March 2020, the partnership expanded to develop #SupportCY, a network of companies offering material to ministries, healthcare workers and other public services following the outbreak of the COVID-19 pandemic in Cyprus. #SupportCY has been able to provide material, equipment, services and emergency response to public services in real time as needs emerged by sourcing goods and services from the 52 (by 30 April 2020) businesses, organisations and NGOs participating in it.

TEDx UNIC

(University of Nicosia)

TED stands for "Technology, Entertainment, Design". TEDx is a grassroots initiative which was introduced in the spirit of TED's overall mission to research and discover "ideas worth spreading". By supporting TEDx the Bank identifies itself with values and traits such as innovation, entrepreneurship, social inclusion and social responsibility.

In 2019 Bank of Cyprus partnered again with TEDxUNIC and invited speakers and performers from all over the world. "Unbelievable" was the theme of the event which was held in front of 900 attendees, including 26 volunteers from the Bank (out of 50 volunteers) as well as crew and core team members.

- 1,500+ live streaming channels viewers,
- 10,000 TEDx videos views following the live event.

Goal sti Zoi

In 2019, the Bank renewed the partnership with the football player's charitable association, Goal sti Zoi (Goal in Life) aiming for "fair play" in football academies and the enablement of athletics for children with special needs, in schools. During Christmas, football players playing in the Cyprus League from various countries, sang a special edition of "Jingle Bells", focusing on diversity and love. Following the "Jingle All Together" campaign, the Bank donated €1,800 to Alkionides charitable association, matching the campaign's Facebook "clicks".

European Youth Parliament Cyprus

European Youth Parliament (EYP) is one of the largest European platforms for debate, intercultural dialogue, European Civic Education and exchange trips. The network operates in 40 European countries. In 2019 EYP Cyprus continued to encourage independent thinking and run initiatives for young people with the Bank's support. It also participated in the planning of five events which involved over 500 students/participants:

- preselection days of EYP Cyprus.
- EYP Day 2019,
- 5th Youth Summit,
- 13th National Session,
- training day of EYP Cyprus.

Student Internships

During 2019 the Bank offered internship opportunities to six students who were placed in the following departments:

- Press Office
- Marketing and Customer Experience
- Risk Analytics and Capital Risk
- CRM and Analytics
- Shipping Centre
- Information Technology

Student Awards

The Bank continued its partnership with the Cyprus Mathematical Society and the Cyprus Physicists Society and offered awards to participants in various competitions. The end-of-year

Mathematics Awards ceremony was hosted by the Bank in its headquarters in Nicosia.

The Bank was also a Youth Supporter of the 3rd Robotex Pancyprian Robotics Competition, which was organised by the Cyprus Computer Society.

More than 50 students received an honour by Bank of Cyprus for the "Action-Creativity-Social Contribution award", in collaboration with the Federation of Parents' Associations for Secondary and Technical Education in Nicosia. The ceremony took place at the Bank's Headquarters. This initiative is part of a programme that aims to promote volunteerism amongst students.

Student Awards



30
awards in Maths and
Physics competitions



50
students honoured
"Action - Creativity - Social
Contribution" Award



150
awards
at Robotex Cyprus
(co-sponsored by the Bank)

INTERNAL INITIATIVES

Apart from organising the annual fundraising event for the Cyprus Anti-Cancer Society and actively participating in it, employees are encouraged to be involved in various other smaller initiatives. Through these initiatives they support various NGOs and associations. Employees volunteered during working and non-working hours.

During 2019:

- Internal Audit Division organised charity breakfasts (30+ employees) and participated in charity dinners and tea afternoons to support the Cyprus Anti-Cancer Society, Alkionides charitable association and Koinotita Agiou Louca tou latrou
- Corporate Banking prepared and offered two breakfasts (over 100 participants) to support mainly Elpida Foundation for Children with Cancer
- Risk Management collected over €5,000 through charity bazaars to support charities of their choice: Cyprus Coeliac Association, Pancyprian Volunteerism Coordinative Council and the Cyprus Anti-Cancer Society
- Group Compliance Division volunteers collected over €1,000 through their initiative "Lemon Aid" to support the Cyprus Anti-Cancer Society
- Business Development and Transformation also supported the Cyprus Anti-Cancer Society by organising a Christmas bazaar
- Finance Division supported the Sophia for Children Foundation with charity bazaars organised by Group Treasury throughout the year, which raised around €9,000
- Legal Services supported financially the Autism Association in Limassol with over €1,300
- The Sporting Club of the Bank hosted charity events offering free venue, beverages, staff and discounts, for Elpida Foundation, Koinotita Agiou Louca tou latrou and the Alkionides charitable association.

Concert and honorary ceremony organised by the Bank in collaboration with the Blood Centre of the Ministry of Health to thank and honour blood donors



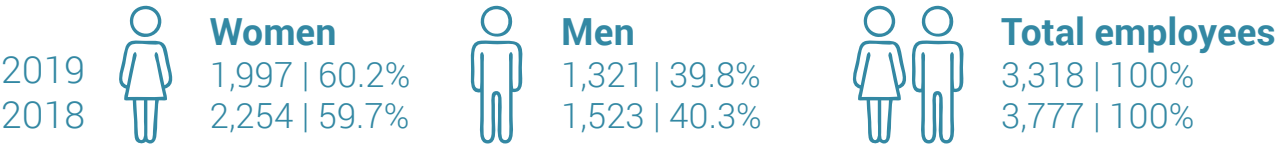
Our People



The Bank dedicates itself to building and nurturing a culture of safety, development and wellness for its people. The differentiation and competitive advantage of the Bank lies on the ethics, commitment and talent of its employees. Cyprus-wide survey findings indicate that the quality of staff and the quality of service provided are the two core strengths of the Bank compared to other financial institutions. The Bank commits itself to harmonising the needs of its people with the community expectations and the business requirements.

THE BANK AND ITS PEOPLE

Bank of Cyprus acknowledges its employees as its most valuable asset and as the key to achieving its Strategic Plan and objectives.



Employee breakdown by gender and age group	Under 25 age group	25–34 age group	35–44 age group	45–54 age group	Above 54 age group
Women	1	113	849	882	152
Men	1	51	381	697	191
TOTAL	2	164	1,230	1,579	343

Employee turnover	Under 25 age group	25-34 age group	35-44 age group	45-54 age group	Above 54 age group
Nicosia	11	55	56	99	108
Famagusta	2	1	2	5	4
Larnaca	-	3	6	14	8
Limassol	10	16	11	53	33
Paphos	2	1	5	18	9
TOTAL	25	76	80	189	162

Outgoing: 16.03%

Women	20	36	52	120	61
Men	5	40	28	69	101
TOTAL	25	76	80	189	162

Employees' average age



45 y/o.
Women



47 y/o.
Men

2019 Turnover analysis

Voluntary retirement	451	Other (death etc.)	2
Resignations	34	Retirement	3
End of contract	75		
TOTAL			565

Employee breakdown by gender and region	Women	Men	Total	%
Nicosia	1,320	902	2,222	67.0%
Famagusta	43	34	77	2.3%
Larnaca	146	104	250	7.5%
Limassol	367	211	578	17.4%
Paphos	121	70	191	5.8%
TOTAL	1,997	1,321	3,318	100%

Employee hires	Under 25 age group	25-34 age group	35-44 age group	45-54 age group	Above 54 age group
Nicosia	1	39	10	-	-
Famagusta	2	-	-	-	-
Larnaca	-	1	-	-	-
TOTAL	3	40	10	0	0

Incoming: 1.60%

Women	2	12	1	-	-
Men	1	28	9	-	-
TOTAL	3	40	10	0	0

Employee breakdown by job position	Number			%		
	Women	Men	Total	Women	Men	Total
Managers	234	371	605	38.7%	61.3%	100%
Non-Managers	1,763	950	2,713	65.0%	35.0%	100%
TOTAL	1,997	1,321	3,318			

Years of service	Number			%	
	Women	Men	Total	Women	Men
< 1 year	12	31	43	27.9%	72.1%
1–10 years	107	84	191	56.0%	44.0%
11–20 years	974	460	1,434	67.9%	32.1%
21–30 years	782	648	1,430	54.7%	45.3%
31–41 years	122	98	220	55.5%	44.5%
TOTAL	1,997	1,321	3,318	60.2%	39.8%

The right of association, including the right to trade unions and accession to them, is constitutionally guaranteed by article 21.2 and article 11 of the European Convention on Human Rights. These rights are also

reflected in the article 21 of the Constitution of the Republic of Cyprus (1960, amended 2013).

The Union of Banking Employees of Cyprus was registered as a trade union in 1956 and still

remains the sole representative of workers in the banking sector. Almost all employees of the Bank (97.6%) are members of the Cyprus Union of Bank Employees. A collective agreement is in place.

CORPORATE VOLUNTEERING

Corporate Volunteering is part of the Bank's culture. The Bank encourages employees to offer, to develop skills and abilities, to progress on a personal level, to collaborate as team members and work together to make a positive societal impact. Bank of Cyprus employees have a long track record in volunteerism in the community, proving that the values instilled in the culture of an organisation can only be its people very values.

One of the key achievements in the history of the Bank's employee volunteerism is the active participation, for 22 consecutive years, in a wide range of fundraising activities to support the Cyprus Anti-Cancer Society. Additionally, employees participate in a number of other social initiatives as described in the section dedicated to society.

The Corporate Social Responsibility Strategy includes clear volunteering targets per programme, which are monitored periodically to ensure that volunteering opportunities are offered and empowerment is encouraged. CSR Liaisons play a key role in the increased number of volunteers each year. In 2019 approximately 1,000 employees participated in various volunteering activities.

EMPLOYEES WELL-BEING

Bank of Cyprus recognizes that its employees are its most valuable resource and that their health and well-being is essential in achieving the Company's objectives. In 2019 the Bank introduced the "Well at Work" well-being programme, which is based on the following four key pillars:

- Physical Health
- Mental Health
- Social Health
- Financial Health

During 2019 the following programmes were conducted as part of the Mental and Physical Health pillars, in cooperation with external health professionals:

- Annual wellness check-up
- Mental health seminars
- Mindfulness seminars
- Employee Assistance Line (a telephone helpline which provides mental and physical health support for employees).



18 Mental Health in the Workplace Seminars

approx. 550 employees



Wellness Check-Up Days

70 employees



6 Mindfulness Seminars

110+ employees

"NEW START" PROGRAMME

The "New Start" programme is an employee outplacement assistance programme offered to employees who opted to leave the Bank through the Voluntary Exit

Plan. The programme falls under the "Well at Work" umbrella and was jointly set up by the Human Resources Division in cooperation with external partners.

COMMITMENT TO DIVERSITY AND EQUAL OPPORTUNITIES

Gender equality, diversity and inclusion are at the core of Bank of Cyprus, as it recognises both the benefits and the necessity of having an adequately diverse Board and workforce. It utilises training, policies, procedures and all tools available to ensure a culture based on merit and fairness. All decisions are based on objective criteria, including skills, ethics and experience irrespective of colour, race, nationality/ethnicity, disability, age, gender, religion,

sexual orientation, political opinion. Moreover, there is a policy of absolute zero tolerance against discrimination, harassment and bullying.

The Bank ensures that all employees receive equal opportunities through relevant practices that are implemented for employee selection and recruitment, training and development, performance assessment and rewards,

promotions and transfers. All policies and procedures are available to all employees through the internal portal. Key documents, including the Anti-Sexual Harassment Code of Practice and the Grievances Procedure, aim at the effective handling and therefore eventual elimination of any form of harassment, discrimination or unfair treatment. They ensure that all grievances are handled with the utmost respect and sensitivity.

1st Nationality (non Cypriot employees)		
Nationality	Number	% of other nationalities
Australian	2	2.11%
Austrian	1	1.05%
British	14	14.74%
Bulgarian	1	1.05%
Colombian	1	1.05%
Greek	68	71.58%
Moldavian	1	1.05%
Russian	4	4.21%
Ukrainian	2	2.11%
Yugoslavian	1	1.05%
TOTAL	95	100.00%

2nd Nationality (1st nationality - Cypriot employees)		
Nationality	Number	% of other nationalities
American	1	1.89%
Australian	6	11.32%
British	25	47.16%
Canadian	4	7.54%
German	1	1.89%
Greek	7	13.21%
Hungarian	1	1.89%
New Zealand	1	1.89%
Russian	1	1.89%
South African	5	9.43%
Swedish	1	1.89%
TOTAL	53	100.00%

All employees with young children are eligible for parental, unpaid leave as per the policies of the Bank. All female staff are legally entitled to maternity leave. In 2019, 79 women took maternity leave.

WHISTLEBLOWING AND RAISING CONCERNS

All employees are encouraged to raise concerns about practices or bad conduct. Internal Audit Division is handling the whistleblowing channels, assesses information received and whenever deemed

necessary, conducts investigations with strict confidentiality, integrity and professionalism. The chairperson of the Group Audit Committee is the Whistleblowing Champion. In 2019 the CEO of

the Bank sent an email to all employees encouraging them to speak up and reminding them the whistleblowing channels that are available.

Key procedure



GRIEVANCES

The Group operates develops a complaints/problems resolution process for employees with the aim of handling effectively and therefore eradicating any form

of discrimination or unequal treatment. In order to resolve properly and promptly staff issues/ complaints, cases are resolved hierarchically and if necessary,

can even reach the Personal Complaints Committee, which is the supreme body according to the approved policies and procedures.

INVESTING IN EMPLOYEE DEVELOPMENT

Bank of Cyprus commits itself to ensuring that all staff have access to learning and development opportunities which cultivate and/or develop the necessary competencies and right behaviours according to the Bank's strategic priorities. Learning and Development Department identifies and analyses the needs of the Bank across all functions and it draws up the annual training plan of the Bank ensuring that it is in alignment with the Bank's strategic objectives. Every employee has its individual learning and

development plan consisting of on-the-job activities, training participation and visits to other departments.

Performance Assessments

Bank of Cyprus aims at embedding a performance appraisal approach into its culture that is based on transparency, fairness and evidence. The main objectives of the performance appraisal process are to review through a two-way communication the performance achieved during the previous year and to agree on goals and

targets, assessment metrics and development areas (knowledge, skills and behaviours) for the next year. During the assessment procedure, each employee discusses and agrees with his/ her manager on their personal development plan which may refer to development of competencies and specific training needs.

The performance appraisals for 2018 were complete in 2019 and 97% of the employees received feedback through the annual appraisal process. Gender did not

affect score distribution since there was no differentiation in appraisal scores between female and male employees. Gender distribution: 61% female and 39% male employees.

- 98% of women completed their performance assessment (1,950 out of 1,997 women).
- 94% of men completed their performance assessment (1,236 out of 1,321 men).

Training Opportunities

The Human Resources Division draws up a training action plan at the beginning of each year based on the needs identified by each Divisional Director.



3,667
Unique
Attendees



40.1%
Men
training



59.9%
Women
training

661
training events
took place during 2019

Training Attendance by Employee Category	Attendees		
	Women	Men	Total
Board Members	8	10	18
Managers	3,205	5,045	8,250
Non-Managers	19,450	10,246	29,696
TOTAL	22,663	15,301	37,964

Training Attendance by Employee Category	Training Attendance (in hours)		
	Women	Men	Total
Board Members	4	5	9
Managers	8,025	13,264	21,289
Non-Managers	48,037	24,298	72,335
TOTAL	56,066	37,567	93,633

Training Attendance by Means of Delivery	Classroom	e-learning	Total
Training Hours	70,513	23,119	93,632
Training Days	9,402	3,083	12,484

Training on Anti-corruption and Corporate Governance	Training on Anti-corruption and Corporate Governance			Communication on Anti-corruption and Corporate Governance	
	Women	Men	Training Days	Women	Men
Board Members	4	7	1	4	7
Leadership Team	5	16	1	5	16

A total of 5 training sessions on anti-bribery and anti-corruption for 34 attendees were delivered in 2019.

Anti-Money Laundering Training includes:

- Advanced anti-money laundering for financial institutions
- Overview of 4th and 5th directives on anti-money laundering
- Anti-money laundering essentials for back office
- Anti-money laundering essentials for International Business Units
- Anti-money laundering preparation of Business Process Management applications for International Business Units
- Anti-money laundering regulation and updates
- Prevention of money laundering and terrorism financing and handling complaints

Training on Anti-Money Laundering and Prevention of Terrorism Financing

 **47,584**
training hours

 **1,011**
training days

Group Compliance Division volunteers collected over €1,000 through their "Lemon Aid" initiative to support the Cyprus Anti-Cancer Society



HEALTH AND SAFETY IN THE WORKPLACE

Bank of Cyprus' top priority is to safeguard responsibly and professionally the health and well-being of its employees, to provide safely services to customers. Corporate Security, Health and Safety Department, the Bank commits itself to monitoring systematically and upgrading the working conditions. The Safety Committee handles safety and health issues at the workplace. It takes preventive measures, investigates and deals with accidents and hazardous incidents, handles properly first-aid issues. All installations are assessed and inspected twice a year and risk assessments are conducted to address these inspections.

All branches are equipped with security doors and employees are trained on security and health issues so that both employees and customers are protected. There is also a close cooperation with the police department and the fire service.

Health and Safety Training includes:

- emergency first aid at work,
- first aid,
- health and safety for engineers and technicians,
- safety in the workplace.

24
evacuation drills nationwide
in emergency cases during
an earthquake, fire or other

70
defibrillators on the premises
for personnel and customers

180
employees
addressed threat incidents

45
threat incidents against
employees

Health and Safety Investments	In €
Maintenance and upgrades of buildings and infrastructure for safety issues	45,000
Medical equipment	19,000
Fire extinguishers and equipment	9,500

Training on Occupational Health & Safety

42
number of
training seminars

673
attendance

5,265
training
hours

150
internal inspections for health and safety
issues were carried out during 2019

INTERNAL COMMUNICATION

Bank of Cyprus values its relationship with its employees and recognises the need for a holistic communication programme that aims to build trust through integrity and transparency. It therefore invests in a range of communication channels that assist in making communication continuous and interactive whilst facilitating the simultaneous dissemination of information to all interested parties.

Internal Communication Channels

- Internal Portal: it is the Group's official communication tool and is revised regularly depending on employees' feedback and suggestions for improvements, redesign and upgrading.
- Corporate Social Collaboration Tool (Yammer): it was introduced on a pilot basis during 2019, with the aim of enhancing internal two-way communication and co-laboration between employees.
- Open Days: this initiative allows employees to discuss face-to-face any issues, thoughts and suggestions with their Director. During the last two years 54 such open days were organised for all staff members,

No. of Open Days organised

2018: 37

2019: 17

No. of employees attended

2018: 188

2019: 40

- CEO Corner: a specifically designed section on the internal portal, created in the context of the CEO's commitment towards frequent, regular and honest communication with employees. Employees can refer to this section in order to find CEO announcements, monthly quotes and news about the Bank. They can also send a message to the CEO via a specific email address, ask questions and raise matters of concern. In 2019, 13 emails were received.
- Book A Seat: the initiative provides employees with the opportunity to have a more direct contact with the CEO during an informal lunch. In 2019, 31 employees attended three lunches.
- Kill Bureaucracy: it refers to a series of workshops held with employees, aiming at identifying quick ways of tackling bureaucratic processes and practices. In 2019, four workshops were organised with the participation of approximately 100 employees. Employees can also send their suggestions via a specially created email address.

Empowering and Rewarding Behaviours and Accomplishments

- "Darewinners"/"Change Ambassadors": this initiative was introduced in November 2018. Approx. 900 employees joined voluntarily to act as opinion multipliers and spokespersons for change.
- "Extra Mile" scheme: it was introduced in June 2018 aiming at recognising and rewarding outstanding behaviours, actions

and a accomplishments, thus promoting collectively the attitudes, creativity and excellence of the Group. In the context of transparency, these awards were announced internally.



450
employees received
"Extra Mile" awards

Internal surveys

- Staff Opinion Survey (SOS): the Staff Opinion Survey runs on an annual basis and aims at assessing the levels of commitment and dedication of employees as well as identifying areas for focus and improvement in the future. Participation in 2019: 67% of total staff.
- Internal Customer Satisfaction Survey (ICSS): the Internal Customer Satisfaction Survey runs on a regular basis and offers employees the opportunity to evaluate the level of service they receive from various internal departments of the Bank.
- Management Practices Survey (MPS): is a bottom up evaluation where employees assess their managers.

An additional 360° survey is run for senior management positions (Directors and immediate subordinates) every 2 years. Internal Surveys provide valuable information which subsequently forms the basis of future corrective actions as well as new/revised practices and initiatives.

Internal Newsletters

- In 2019 Internal Audit published two digital newsletters on “Third Party Risk Management” and “Organisational Culture” to update employees, senior management, and the general public on current issues and

trends relating to the banking and finance industries,

- “Beyond Compliance” is the newsletter of the Compliance Division and was initiated in 2016. This newsletter is a tool which employees use to improve their understanding of the various

aspects of compliance, to keep up with all international and local compliance developments and to communicate with the Compliance Division. Four newsletters were issued in 2019.

Internal Audit members of staff deliver funds raised through internal volunteering activities to the Chief Executive Officer of the Cyprus Anti-Cancer Society



BENEFITS FOR EMPLOYEES

The collective agreement stipulates benefits such as life insurance, health care and provident fund.

Medical fund: €4.1 mn
GESY (NHS): €5.0 mn Life insurance: €1.4 mn
Some additional discretionary

benefits (cars/phones) are approved by the Bank.

The Group operates a defined-contribution retirement plan.

Sporting Club

Bank of Cyprus offers a fully equipped sports centre which

includes gym, outdoor pool, indoor and outdoor sports facilities for tennis, table tennis, squash, etc. The Bank offers all employees the opportunity to be entertained and at the same time it enhances the development of friendly relations and sportsmanship between the employees.

INTERNAL OPPORTUNITIES

“Internal Opportunities” is an internal procedure aiming at providing all employees with the opportunity to apply for internal

vacancies that are announced on the internal portal and thus enabling them to pursue their advancement in positions that

would be of interest to them. Successful candidates are announced on the internal portal on a regular basis.

Internal Opportunities 2019

105
positions
announced

889
applications
received

92 positions filled
(remaining 13 positions were filled through other internal processes or cancelled)

87.6%
jobs covered



Staff volunteers participating in the #stiMaxi fundraising event for the Cyprus Anti-Cancer Society

REWARD EVENTS

Reward events were organised by Retail Banking and SME Banking for all the winners of the annual contest (Aristeio 2019). They were planned for 13 winning branches, Business Centres and individual contributors. All the employees of the winning branches and Business Centres as well as the employees of the branches that won second and third place in the contest were invited to an

event celebrating their success. In 2019 a total of 13 events were organised by Retail Banking to honour excellent performance and facilitate teambuilding. Corporate Banking organised three more events to present 2018 results, strategic direction for 2019 and to announce the Corporate Run 2018 winners. Similarly, International Banking organised events throughout 2019

focusing on business direction, ways forward and strengthening relationships, as well as recognise to high performing employees and enhancing corporate culture. Additionally, an event was organised by Wealth & Markets with the aim of announcing the results and awarding the winners of the internal contest Wealth & Markets League of Champion 2018.

€31,200 raised by the Bank of Cyprus Runners Team, were delivered to the Cyprus Anti-Cancer Society during a small ceremony at the Bank's Headquarters



Our Environment



Being responsible requires that Bank of Cyprus identifies proactively its environmental footprint and manages its impact. It essentially means that Bank of Cyprus becomes an example of environmental risk mitigation and commits itself to educating and supporting partners and customers through its operating model and best practices.

COMMITTING TO A GREENER PLANET

Bank of Cyprus commits itself to environmental Sustainability. Policies and procedures are implemented to support the Bank in reducing as far as possible its impact on the environment. The Bank acknowledges certain key environmental impacts as a

priority. These impacts include electricity consumption of the buildings (head office and branches), paper consumption for operations and customer transactions, energy consumption of corporate vehicles, greenhouse gas emissions. The Bank is

improving its eco-efficiency with an array of measures, from efficient use of energy, water and paper, green Information Technology (IT), to video conferences instead of business trips.

EUROPEAN BUSINESS4CLIMATE

The European programme Business4Climate aims to make businesses commit themselves to a more active involvement in climate protection. This would mean reducing their greenhouse gas (GHG) emissions by 8% until 2030. The programme aims to provide

Cypriot businesses in all economic sectors, that do not participate in the European Emissions Trading System (EU-ETS), with the necessary tools for identifying greenhouse gas emissions from their activities. Its mission is to help them prepare a customised action plan to reduce their

emissions. So far 64 companies have signed the “Voluntary Commitment” for climate and have taken action. The project is funded by the Regional Innovation Scheme (RIS) Climate-KIC through the European Institute of Innovation and Technology (EIT).

EMISSIONS

In 2017 Bank of Cyprus signed the Declaration for Business4Climate initiative and completed the calculation of the greenhouse gas emissions from its activities. Setting this baseline indicates that the Bank commits itself to taking solid action in mitigating its environmental footprint and to identifying the operations prone to excessive use of natural resources.

Bank of Cyprus GHG Emissions (kg CO ₂ e)	2017 (Baseline for Business4Climate measurements)
Scope 1	
Processes/Machinery	22,760.83
Vehicles	377,990.47
Fugitive gases	238,723.97
Waste disposal	1,836,554.81
Scope 2	
Energy consumption in buildings	16,091,902.25
TOTAL	18,567,932.33
Methodology and tools used: Business4Climate "Baseline Emissions Inventory" Gases included: CO ₂ , CH ₄ , N ₂ O	

ENERGY MANAGEMENT

Bank of Cyprus developed an action plan for environmental investments following the energy audit which was conducted in 2017 and completed in 2018.

In 2019 the Technical Services department implemented a number of initiatives, which included:

- replacing mechanical equipment with new, more efficient equipment in three buildings. This replacement yielded savings of 383,977 kWh,
- development of the Building Management System (BMS) for more efficient management of the electromechanical equipment in six large buildings,
- preventive and scheduled maintenance of heating and air conditioning equipment,
- recertification with ISO50001 on Energy Management System for the two Data Centres of the Bank,
- replacing light bulbs with LED lamps in two buildings.

Investments focusing on energy savings: 2019 action plan	In €
Equipment upgrading and new systems	2,011,956
Management system	30,000
Standards and certifications	8,000
TOTAL	2,049,956




€2,049,956

Investment in energy-saving

Energy Consumption	2019			2018
	TOTAL	From renewable sources	From non-renewable sources	TOTAL
Electric energy (kWh)	20,120,420	151,336	19,969,084	21,611,440*
Diesel for heating (litres)	80,280			100,000

*Restatement of 2018 information

Comparing 2019 to 2018, savings of 1,491,020 kWh have been recorded nationwide following the above actions.

 **151,336 kWh**
savings from photovoltaic system
at Bank's premises

The photovoltaic system at the Bank's Information Technology building covers part of its electricity needs and contributes to savings



WASTE MANAGEMENT AND RECYCLING

In accordance with the Bank's environmental awareness policy and with its aim to reduce the impact on the environment and public health, the Bank has adopted a systematic approach to managing its resources. The Bank is focusing on resource use and end-of-life resource management in order to build a more resource

efficient and Sustainability-oriented culture. Information on respecting resources, reducing their use (e.g. paper) and recycling has been communicated to the Bank departments on an ongoing basis through the internal portal and targeted communication campaigns. A paper recycling programme is set up in all branches.

The Recycling Agreements which are in place since 2014 support the Bank to establish more efficient and innovative recycling methods that are in alignment with the Bank's policies in terms of operational risk and data protection.

Waste by Type and Disposal Method

Recycled	2019	2018	2017
Empty packaging of printing toners (laser, inkjet etc.) (pieces)	50	80	1,941
Metal (metal parts of old furniture, machinery etc.) (kg)*	22,350	1,178	1,160
Miscellaneous appliances-machines		9,800	1,512
Paper (kg)	390,000	735,000	4,770
Plastics, glass, wood, metal (kg)	11,155	3,070	3,305

*Metal is disclosed since 2019 as part of the category "Miscellaneous appliances-machines"

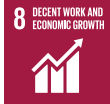



PAPERLESS PROGRAMME

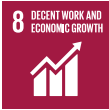



One of the main goals of the Bank is digitization and establishing a paperless environment. The Bank's portal hosts all its key documents, including circulars, announcements, policies, internal





requests and applications, system details, product and services details, tools, employees' assessment reports. This portal enables the transition to a paperless organisation. Moreover,

Diligent Boards (a Board Portal Software) is used at the Board of Directors and Executive Committees enabling safer paperless meetings.





Our Goals

Corporate Governance and Management				
Area	2019 Goal	2019 Main Achievement	2020 Goal	Relevant SDGs
Risk Management	<ul style="list-style-type: none"> • Enhance Bank's detection capabilities for data misuse • Facilitate risk and control management framework to be more robust and agile 	<ul style="list-style-type: none"> • Improved internal procedures to provide better coverage across Bank's operations • Improved capability of Data Loss Prevention system • Made improvements across the Fraud Risk Management System • Assigned a dedicated team responsible for security operations 	<ul style="list-style-type: none"> • Further strengthening of the IT department • Continue building confidence on security awareness • Improve risk and control management framework • Continue to streamline procedures for cost control, risk recording and anti-fraud management • Conduct training on Fraud Risk Awareness 	 
Restructuring	Facilitate Bank's restructuring process	Development and execution of voluntary exit plan	Manage new structures	
	Adhere to International Professional Practices Framework standards and guidelines promulgated by The Institute of Internal Auditors	Fully achieved	<ul style="list-style-type: none"> • Enhance the application of Root Cause Analysis • Ensure continuous staff development • Implement data analytics strategy 	
Communication with Stakeholder	Utilise International Standards	Core level GRI Standards Corporate Responsibility Report developed	Develop 4th Corporate Responsibility Report	



Our Responsible Services				
Area	2019 Goal	2019 Main Achievement	2020 Goal	Relevant SDGs
Increase customer satisfaction	Resolve customer complaints within the timeframe set by the Central Bank	Received 1,050 Customer Complaints and resolved 1,016, across all business lines	Maintain goal	   
Fight Corruption & Bribery	Maintain a “zero tolerance” approach to acts of bribery by any of our employees or any business partners	2,760 customer relationships were terminated/suspended and 1,469 potential new customers were rejected exclusively for compliance reasons	On going	
	Encourage Whistleblowing	Fully achieved	On going	
	Continue to prevail against money laundering	Fully achieved	On going	
New and innovative services	New goal	New goal	Open the first e-branches offering smart services and innovative technologies	
	New goal	New goal	Implement the concept of an innovative new branch	
	New goal	New goal	Develop further policies on “green lending” based on EBA Guidelines	

Our Society				
Area	2019 Goal	2019 Main Achievement	2020 Goal	Relevant SDGs
Contribute and support cancer patients and their families	Contribute and support cancer patients and their families	Maintain the Bank of Cyprus Oncology Centre’s top quality of services and treatments offered to cancer-patients	Ongoing	   
	Increase fundraising for the Cyprus Anticancer Society by 3%	Funds were increased by 11.19%	Increase fundraising for the Cyprus Anti-Cancer Society by 3%	
Make a difference by elevating the Cyprus society and contributing to its continued socio-economic development	Play an active and positive role in the Cyprus Society	Maintain and improve the support towards key NGOs and associations in the pillars of Health and Education	Maintain goal	

Our People

Area	2019 Goal	2019 Main Achievement	2020 Goal	Relevant SDGs
Training and development	Upgrade & modernise employees' skill-sets in order to remain relevant in a digital environment, work effectively in the future and stay in contention for in-demand and highly-specialised positions	Conducted 93,633 hours of training across all Bank's activities	Maintain goal	   
	Enhance employees' knowledge on Anti-Money Laundering procedures	<ul style="list-style-type: none"> • High level knowledge on Anti-Money Laundering procedures • Build employees' confidence 	Expand seminars on AML procedures	
	Train employees on Bank's systems	<ul style="list-style-type: none"> • High level knowledge on Bank's systems • Build employees' confidence 	Organise seminars and on the job training	
	Train employees on 1bank systems and procedures	Achieved satisfactory level of knowledge and enhanced team spirit	Organise seminars and on the job training	
	Proactive training courses on legislation changes	<ul style="list-style-type: none"> • Achieved readiness upon legislation changes • Maximise customer service provision upon legislation changes 	Maintain proactive spirit	
Encourage volunteerism	Increase of our volunteers and employees' engagement in supporting our community initiatives	1,000 staff volunteers supported our community initiatives	Increase number of staff volunteers	
Commitment to gender diversity	Target for 40% representation of the underrepresented gender on the Board by 2020	Achieved 36.36% women in the Board of Directors	Achieve target of 40%	
Internal communication	Introduce a corporate social collaboration tool to enhance internal communication	Pilot implementation of the corporate social collaboration tool (Yammer)	Launch Yammer across all Bank's operations	
Health & Safety	Conduct at least two inspections across all installations	<ul style="list-style-type: none"> • Followed the inspection program • Performed 24 evacuation exercises 	Maintain and improve Health and Safety rating	
	Organise training seminars on Health & Safety issues	Organised 5,265 hours of training on Health and Safety issues	Organise training seminars on Health & Safety issues	

Our Environment

Area	2019 Goal	2019 Main Achievement	2020 Goal	Relevant SDGs
Reduce environmental footprint	<ul style="list-style-type: none"> • Reduction of total energy consumption by 2% • Replace mechanical equipment with new, more efficient equipment • Install a Building Management System • Replace conventional light bulbs with LED in buildings and branches 	The actions implemented recorded 1,491,020 kWh of savings	<ul style="list-style-type: none"> • Continue the installation of LED lightings for the remaining buildings and branches • Implement the Bank's new strategy on Digitisation across all Divisions • Enhance "Paperless" programme across all Divisions 	 
	Reduction of CO2 emissions by 2%	Exact figures cannot be verified	Repeat goal	
	Boost recycling across Bank's operations	Achieved	Boost recycling across Bank's operations	
	Use of recycled paper	Achieved	Goal discontinued	
	Re certification with ISO50001 on Energy management system for the two Data Centres	Renewed ISO50001 on Energy management system	Renew certification	
Integrate environmental awareness in Bank culture	Educate staff on environmental issues and run activities to enhance this	Not achieved	Repeat goal	

Our Approach to Reporting

The Report

Bank of Cyprus is proud to present its 2019 Annual Corporate Responsibility Report, which covers the performance of Bank of Cyprus for the year 2019 (1/1/2019-31/12/2019). This Report has been produced to enhance the engagement between the Bank and its stakeholders, to underline the commitment undertaken by Bank of Cyprus to the principles of Sustainable Development and to inform about the Bank's strategy, approach, activities and their outcomes. Above all, it is a driver for transparency and accountability in our non-financial outcomes. The purpose of the Report is to present the social, governance, economic and environmental performance of the Bank in a concise and consistent manner. It focuses on those elements that are material to the Bank's stakeholders and enable them to make informed decisions regarding the Bank's ability to create long term, sustainable value.

Scope and Boundary

The Report covers the period from 1/1/2019 to 31/12/2019. The previous Report was referring to year 2018 from 1/1/2018 till 31/12/2018. The Bank has committed to communicate its activities through a Corporate Responsibility Report on an annual basis. The Report covers the activities of Bank of Cyprus in Cyprus and excludes any subsidiaries and connected parties in or outside Cyprus. References are made to the Bank of Cyprus

Holdings Group throughout the Report where needed.

International Standards

This Report has been prepared in accordance with the GRI Standards: Core option.

In preparing the content and the structure of the Report, the Bank has been guided by:

- The Social Responsibility ISO 26000 standard
- The United Nations Sustainable Development Goals
- The Ten Principles of the United Nations Global Compact
- The UNEPFI Principles for Responsible Banking
- Best practices of the sector at national and international level
- GRI G4 Sector Disclosures: Financial Services
- The Task Force on Climate related Financial Disclosures (TCFD) by the Financial Stability Board
- EU Non-Financial Reporting Directive (NFR Directive)

Information about the Corporate Governance, Policies and Annual Reports

Policies are available online at: <https://www.bankofcyprus.com/en-GB/who-we-are/corporate-governance/other-policies>

Vision, mission and values are available online at:

<https://www.bankofcyprus.com/en-GB/who-we-are/boc-at-a-glance/our-banks-new-culture-of-values>

Information on the Annual Corporate Governance Reports can

be found here:

<https://www.bankofcyprus.com/en-GB/who-we-are/corporate-governance/our-values/>

<https://www.bankofcyprus.com/en-GB/who-we-are/corporate-governance/governance-reports/>

Information on the Annual Reports can be found here:

<https://www.bankofcyprus.com/en-GB/investor-relations-new/reports-presentations/annual-report/>

External Assurance

Bank of Cyprus has adopted a combined framework for the financial and Corporate Responsibility Report, in a way that adds value to its stakeholders by improving the reliability of the information and the systems in place.

- The Annual Financial Statements have been validated by the Bank's responsible management, approved by the Audit Committee and Board of Directors and have been audited by the Bank's independent external auditors.
- Specific disclosures within the Corporate Responsibility Report have been externally assured by an independent body, The CSR Agency, who carried out a limited level assurance of the specific data, in accordance with the international standard AA1000. The Assurance statement can be found at the last section of this Report.

Support

The structure, content and analysis contained in the 2019 Corporate Responsibility Report was developed with the guidance and scientific support of Sustainability Knowledge Group (www.sustainabilityknowledgegroup.com).

Contribution

The 2019 Corporate Responsibility Report wouldn't have been possible without the valuable input of Directors, CSR Liaisons and all employees of the Bank who have contributed with comments, recommendations and data for development of this Report.

Coordination

The Sustainability & CSR Unit, under the Corporate Affairs Division of Bank of Cyprus is entrusted with the coordination of the process for the development of the Corporate Responsibility Report.

Your feedback is important to us.

We welcome your input and suggestions on our Corporate Responsibility Report through a number of channels:



Telephone:

Local: 80000800

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LinkedIn:

<https://www.linkedin.com/company/bank-of-cyprus>



Facebook:

<https://www.facebook.com/BankofCyprusOfficial>



Twitter:

https://twitter.com/BankofCyprus_



Instagram:

https://www.instagram.com/bank_of_cyprus



Letter:

Sustainability & CSR Unit
Corporate Affairs Division
Bank of Cyprus Headquarters
51 Stasinou Street,
2002 Nicosia, Cyprus

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	103-2 The management approach and its components	12, 13, 17, 19, 24, 25, 33, 90-93	
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GRI 201: Economic Performance 2016	201-1 Direct economic value generated and distributed	33 https://www.bankofcyprus.com/globalassets/investor-relations/annual-reports/english/20200429-boc-afr-2019_eng_final_signed.pdf	

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GRI 202: Market Presence 2016	202-2 Proportion of senior management hired from the local community	21	
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GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	42-47	
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GRI 203: Indirect Economic Impacts 2016	203-1 Infrastructure investments and services supported	62-66	
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GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	42-47	
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GRI 204: Procurement Practices 2016	204-1 Proportion of spending on local suppliers	57	
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GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	17, 42-47	
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GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	42-47	
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GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	42-47	
	103-2 The management approach and its components	12, 13, 17, 85, 86, 90-93	
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GRI 306: Effluents and Waste 2016	306-2 Waste by type and disposal method	88	
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GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	42-47	
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EMPLOYMENT			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	42-47	
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GRI 401: Employment 2016	401-1 New employee hires and employee turnover	72	
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GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	42-47	
	103-2 The management approach and its components	12, 13, 17, 71, 74, 79, 90-93	
	103-3 Evaluation of the management approach	22, 23, 79	
GRI 403: Occupational Health and Safety 2018	403-5 Worker training on occupational health and safety	79	
	403-6 Promotion of worker health	74	

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	103-2 The management approach and its components	12, 13, 17, 76, 90-93	
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GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	20, 71, 75	
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GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	42-47	
	103-2 The management approach and its components	12, 13, 17, 76, 90-93	
	103-3 Evaluation of the management approach	22, 23, 74, 76	
GRI 406: Non-discrimination 2016	406-1 Incidents of discrimination and corrective actions taken	74	
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GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	42-47	
	103-2 The management approach and its components	12, 13, 17, 61, 90-93	
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GRI 413: Local Communities 2016	413-1 Operations with local community engagement, impact assessments, and development programs	61-68	
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GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	42-47	
	103-2 The management approach and its components	12, 13, 17, 43, 90-93	
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GRI 417: Marketing and Labeling 2016	417-2 Incidents of non-compliance concerning product and service information and labeling	58	
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GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	42-47	
	103-2 The management approach and its components	12, 13, 17, 90-93	
	103-3 Evaluation of the management approach	22, 23, 56	
GRI 418: Customer Privacy 2016	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	56	
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GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	42-47	
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GRI 419: Socioeconomic Compliance 2016	419-1 Non-compliance with laws and regulations in the social and economic area	24	
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GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	42-47	
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	103-2 The management approach and its components	12, 13, 17, 56, 90-93	
	103-3 Evaluation of the management approach	22-27, 31-33	
CUSTOMER SERVICE QUALITY AND SATISFACTION			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	42-47	
	103-2 The management approach and its components	12, 13, 17, 31, 53, 90-93	
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GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	42-47	
	103-2 The management approach and its components	12, 13, 17, 20, 22, 90-93	
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GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	42-47	
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GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	42-47	
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GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	42-47	
	103-2 The management approach and its components	12, 13, 17, 90-93	
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GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	42-47	
	103-2 The management approach and its components	12, 13, 17, 33, 90-93	
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GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	42-47	
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	103-3 Evaluation of the management approach	22, 23, 86	

Independent External Assurance Statement

Engagement agreement

Bank of Cyprus Public Company Limited ("Bank of Cyprus" or "the Bank") engaged Responsabilitate Socială SRL ("The CSR Agency") to conduct an Independent Assurance for the 2019 Corporate Responsibility Report ("the Report"), covering the Bank's sustainability performance from 1/1/2019 to 31/12/2019.

The process is intended to provide all Bank of Cyprus stakeholders assurance on the accuracy, reliability and plausibility of a number of specific topics presented in the Report.

Competencies and independence of the assurance provider

The External Assurance Process was conducted by the assurance division experts of The CSR Agency, who have more than 20 years of combined experience in sustainability consultancy.

The CSR Agency is an independent, international consultancy company, providing sustainability services including training, reporting, assurance and strategy development. As part of the United Nations Global Compact Network, we built our entire business model incorporating the 10 principles of the UN Global Compact into our strategy, policies, procedures and partnerships.

Other than this current agreement, there was not, nor there is any other business relationship between Bank of Cyprus and The CSR Agency, or between Bank of Cyprus and any employee of The CSR Agency. Therefore, the entire process of External Assurance was conducted independently, with no risks of conflicts of interest.

Responsibilities

Bank of Cyprus

The 2019 Corporate Responsibility Report of Bank of Cyprus was fully prepared by the organisation's team in collaboration with Sustainability Knowledge Group, an external sustainability consultant.

All the information, data, assertions, disclosures and statements, as well as the processes of gathering information, maintaining records, implementing appropriate internal controls and other mechanisms that support and improve the sustainability reporting process presented in the Report, are solely the responsibility of the above-mentioned parties.

The CSR Agency

The main responsibilities of The CSR Agency were to plan and conduct the Assurance Process based on the AccountAbility standards, to provide key findings and conclusions concerning the accuracy and reliability of the selected sustainability information presented in the Report, as well as to check the Bank's adherence to the AccountAbility Principles.

Scope of the Assurance

The External Assurance Process was conducted based on the AA1000 AccountAbility Assurance Standard (AA1000AS, 2008)¹ with 2018 Addendum and the AA1000 AccountAbility Principles Standard (AA1000AP, 2018)².

A Moderate, Type 2 External Assurance of the Report was performed, evaluating the nature and extent of the Bank's adherence to the AccountAbility Principles, as well as the reliability of a set of selected sustainability performance indicators, as detailed in the Methodology section.

Procedures to gather sufficient evidence to support statements, values and figures for a balanced number of selected topics were undertaken. The process conducted and the evidence obtained should reduce the risk of being in error. However, it should be noted that this risk is not as low as in the case of a High Assurance level process.

The topics selected for evaluation were chosen as to cover all pillars of the Report, in order to provide balanced conclusions on the disclosed information regarding:

- Market Presence
- Indirect Economic Impacts
- Anti-corruption

¹ AA1000 Assurance Standard (AccountAbility, 2008) with 2018 Addendum presents the requirements of sustainability assurance. The document can be consulted here: <https://www.accountability.org/standards/>

² AA1000 Accountability Principles (AccountAbility, 2018) describes a framework for applying the four principles of accountability when measuring sustainability performance. The four principles are detailed below.

- Energy
- Employment
- Occupational Health and Safety
- Diversity and Equal Opportunity
- Local Communities
- Customer Privacy

Methodology

Due to the current worldwide crisis caused by the Coronavirus pandemic, all communications between The CSR Agency, Bank of Cyprus and external stakeholders were conducted via e-mail, conference calls and over the phone.

During the Assurance Process, the following were performed:

1. Interviews with the Sustainability Knowledge Group and Bank of Cyprus representatives to understand the reporting process and the methodology followed.
2. Interviews with stakeholders to verify the reliability of certain claims made in the Report.
3. Assessment of the sustainability reporting procedures, in order to check for consistency with the Global Reporting Initiative (GRI) Standards requirements.
4. Review of public reports and policies stated in the Report to check for consistency with the statements and assumptions made.
5. Verification of the accuracy of the calculations performed, by recalculating a sample of indicators based on the evidence documents received.
6. Feedback on the final content of the Report, as per the scope of the Assurance Process.
7. Examination of internal systems, in order to validate the integrity of the statements made in the Report.
8. Review of the Materiality Process and Results.
9. Collection and review of internal and external evidence received for each topic-specific disclosure, in order to check for accuracy.

Considering the Bank's sector of activity, the following GRI Standards topic-specific disclosures were selected for review:

- GRI 202-2: Proportion of senior management hired from the local community
- GRI 203-1: Infrastructure investments and services supported
- GRI 203-2: Significant indirect economic impacts
- GRI 205-2: Communication and training about anti-corruption policies and procedures
- GRI 302-1: Energy consumption within the organisation
- GRI 302-4: Reduction of energy consumption
- GRI 401-1: New employee hires and employee turnover
- GRI 401-3: Parental leave
- GRI 403-5: Worker training on occupational health and safety
- GRI 403-6: Promotion of worker health
- GRI 405-1: Diversity of governance bodies and employees
- GRI 413-1: Operations with local community engagement, impact assessments, and development programmes
- GRI 418-1: Substantiated complaints concerning breaches of customer privacy and losses of customer data

The activities realised for the scope of the Assurance Process included evaluation criteria as stated in the AA1000AP and AA1000AS Standards, as well as the GRI Standards Principles defining report quality and report content.

Limitations of the Assurance Process conducted

The Assurance Process conducted as per the scope of the Report included a moderate evaluation and analysis of the accuracy, reliability and plausibility of the information and topic-specific disclosures presented in the Report.

All the sampling, testing and reviewing of documents was conducted remotely, via e-mail, conference calls and by telephone, due to the travel and movement restrictions in place at this current time, caused by the Coronavirus pandemic.

Statements and other claims in the Report, presenting future plans, intentions, opinions or beliefs do not fall under the scope of the Assurance Process.

Any information or data related to previous reporting cycles were not the subject of this Assurance Process.

Any other topics than those included in the Scope of the Assurance section were not assessed.

Our engagement was limited to the English version of the Report. Therefore, in the event of any inconsistency in translation between the Greek and English versions, as far as our conclusions are concerned, the English version of the Report prevails.

Adherence to the AA1000 AccountAbility Principles: findings and conclusions

Inclusivity³

The Bank has a formalised stakeholder engagement process in place, both for the purpose of the Corporate Responsibility Report, and for continuous communication. 12 stakeholder groups were mapped and presented in the Report: Employees, Shareholders, Credit and ESG Rating Agencies, Media, Customers, Suppliers/Business Associates, Bank of Cyprus Group and Subsidiaries of the Bank, Government and Local Government, Business Associations, Financial Sector and Peers, Regulators, Society and Local Communities.

As part of the materiality assessment undertaken for the purpose of sustainability reporting, the Bank conducted workshops and surveys for employees and surveys for external stakeholders including customers, media representatives, suppliers/business associates, non-governmental organisations. Stakeholder needs and expectations were identified through the materiality assessment. The channels and frequency of the engagement processes were presented within the Report.

Outputs and results of the materiality analysis were used by the Bank to verify its Corporate Responsibility Pillars and to redefine its areas of focus and material topics included in the Report.

Materiality⁴

As part of the 2019 Corporate Responsibility Report, Bank of Cyprus performed an extensive assessment for the identification, prioritisation and validation of key material topics, using a four-step process. The assessment included market research, review of best practices of the sector at national and international level, analysis of international standards (The Social Responsibility ISO 26000 standard, The United Nations Sustainable Development Goals, The Ten Principles of the United Nations Global Compact, The UNEPFI Principles for Responsible Banking, GRI G4 Sector Disclosures: Financial Services and The Task Force on Climate-related Financial Disclosures by the Financial Stability Board), and benchmarking and understanding the internal and external environment of Bank of Cyprus, to determine the extended list of topics to be submitted for prioritisation to top-management and stakeholders.

The impact boundary for each topic is presented in the Report together with the Bank's contribution to the Sustainable Development Goals for each Corporate Responsibility Pillar, considering key stakeholder needs and expectations.

The most important topics are presented in the materiality matrix, in a user-friendly format, based on the GRI Standards recommendations.

Responsiveness⁵

Bank of Cyprus responds to stakeholder needs and expectations by addressing the identified material topics every year, in a balanced Corporate Responsibility Report, using the GRI methodology. This allows stakeholders to access recent information related to the Bank's sustainability strategy, performance and goals, and compare data from previous years, in order to make informed decisions based on the Bank's progress.

Impact⁶

For the first time, the Bank presented the key elements that contribute to value creation across its value chain (for clients, employees, Cypriot Economy, Planet and Cypriot Society) in the Report.

For the purpose of the 2019 Report, the Bank enhanced the role of the CSR Liaisons to include sustainability report responsibilities, thus engaging all Divisions in the reporting process and ensuring key cross-functional involvement.

For each material topic included in the Report, the Bank presented its impact boundaries and affected stakeholder groups. Bank of Cyprus measures its environmental, social and governmental outcomes and impacts, using qualitative and quantitative methods and subsequently communicates them.

The Bank utilises the sustainability reporting process to disclose information and impacts of implemented projects and initiatives.

Given the assessment and evaluation of internal processes, policies and procedures, as per the Assurance engagement, it can be stated that Bank of Cyprus reasonably meets the required adherence criteria of the AccountAbility Principles.

³ Inclusivity is actively identifying stakeholders and enabling their participation in establishing an organisation's material sustainability topics and developing a strategic response to them.

⁴ Materiality relates to identifying and prioritising the most relevant sustainability topics, taking into account the effect each topic has on an organisation and its stakeholders.

⁵ Responsiveness is an organisation's timely and relevant reaction to material sustainability topics and their related impacts.

⁶ Impact is the effect of behaviour, performance and/or outcomes, on the part of individuals or an organisation, on the economy, the environment, society, stakeholders or the organisation itself. For further information on the AccountAbility Principles, access: <https://www.accountability.org/standards/>

Key observations

The Bank adheres to a number of external sustainability initiatives, including the 2030 United Nations Sustainable Development Agenda and the "CEOs Call to Action", in order to strengthen its commitment to sustainable development and take actions to enhance its positive impact across the Cypriot society.

Throughout the Report, the Bank maps its contribution to the selected Sustainable Development Goals.

The Ethics, Conduct and Culture Committee (ECCC) was established in 2019. The ECCC oversees all matters regarding CSR and ethical issues, demonstrating the Bank's commitment to continuously improving its sustainability performance.

"CSR Liaisons" is an initiative with the purpose of decentralising the Corporate Responsibility concept. The CSR Liaisons comprise of a group of employees appointed by each Division Director, to help promote volunteering across the entire organisation. They also contribute to the development of the Corporate Responsibility Report by providing relevant content.

An extensive materiality assessment was conducted for the purpose of the Corporate Responsibility Report, in order to identify, prioritize and validate the Bank's key material topics. Internal and external stakeholders, including top-management executives were consulted as part of the materiality process.

As part of the reporting process, the Report was approved by the Executive Committee.

The Bank of Cyprus 2019 Corporate Responsibility Report follows the GRI Standards (Core option), the only international sustainability reporting standard.

Recommendations

The following recommendations have been issued by The CSR Agency to improve future sustainability reporting:

Bank of Cyprus to continue improving the quantitative information disclosed.

Bank of Cyprus to strengthen adherence to the GRI Standards by further explaining its direct and indirect involvement with each material topic and associated impact.

In order to provide an accurate overview of its positive social impact, Bank of Cyprus could consider adopting a formal social impact measurement methodology. International methodologies include Social Return on Investment (SROI) and Social Reporting Standard (SRS).

Bank of Cyprus to continue measuring its contribution and quantifying its impact to the Sustainable Development Goals.

Bank of Cyprus to ensure that all material topics are equally addressed throughout the Report. Financial Inclusion is a topic that could have been addressed in more depth in the Report.

Bank of Cyprus to develop a formal internal system to monitor employee volunteering.

Bank of Cyprus to continuously improve its commitment to sustainable development, by setting and communicating SMART goals for the highest-ranking material topics.

Bank of Cyprus to continue investing in a formal and transparent system to collect and validate ideas from employees and strategic partners, prior to developing internal and external initiatives.

Bank of Cyprus to design and implement sustainability projects and initiatives addressing specific material topics, considering their maturity, impact and priority.

Given the importance of sustainable finance, Bank of Cyprus to further disclose information on approved lending applications on the basis of positive social and environmental impact.

Bank of Cyprus to utilise available data collection tools to formalise and standardise the sustainability reporting process.

A comprehensive feedback report with specific findings and recommendations for improving the sustainability reporting process was developed by The CSR Agency and submitted to Bank of Cyprus management.

Based on the review of the Bank of Cyprus 2019 Corporate Responsibility Report, it can be concluded that a fair representation of data and information has been included in the Report. The selected sustainability performance and data statements are accurate, reliable and materially correct.

Andreea Ghiocel

on behalf of the Assurance Division

Responsabilitate Socială SRL (The CSR Agency)

May 19th, 2020



