
BANK OF CYPRUS

Corporate Responsibility Report

2018

Bank of Cyprus



BANK OF CYPRUS

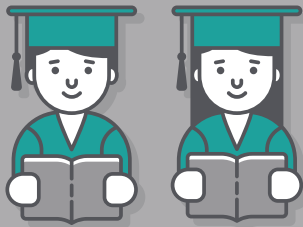
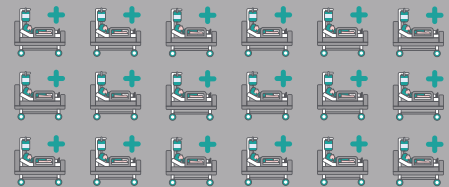
Corporate Responsibility Report

We play a key role and contribute to the growth of Cyprus economy as the largest banking and financial services group in Cyprus, with a long presence and tradition. We operate with transparency and remain consisted and committed to our customer, shareholders and employees, as well as to the Cypriot community.

2018 Key Indicators of Our Corporate Responsibility

Our Community

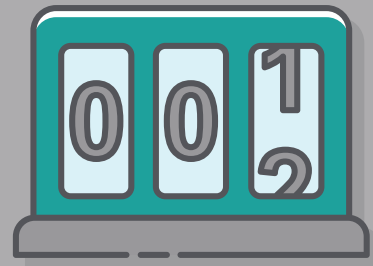
More than **2,300 new**
patients received treatment
at the Bank of Cyprus
Oncology Centre
(39,500+ in total since 1998)



We co-organised with NGO Reaction five debates between students and Cypriot leaders (the Minister of Energy, Commerce, Industry and Tourism, the Minister of the Interior, the Minister of Foreign Affairs, the Auditor General with the President of the Cyprus Integrity Forum) and four representatives of persons engaged in dangerous occupations

500+ students in total

Contributed to
€485,000 funds raised for
the Cyprus Anticancer Society
#stiMaxi



6,000+ children

visited the Bank of Cyprus Cultural Foundation to meet archaeologists, writers, musicians and artists and become actively involved in activities

Our People

850+



**staff volunteers
supported our
community
initiatives**

97%

**All employees attended
short e-learning seminars
and passed the relevant
assessment on regulatory
compliance topics like
Anti-Money Laundering,
General Data Protection
Regulation (GDPR), Conduct
Risk and Information Security**

We have completed

20,900+ hours of training

**on financial crime issues for
all members of our staff**



97% of our staff

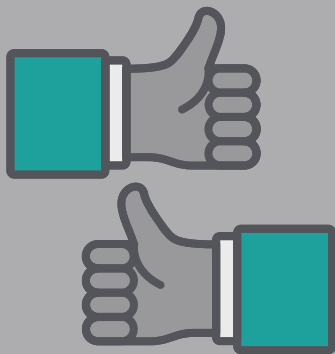
**participated in training
programmes**



Our Services

700+ professionals

attended the 3rd Business Leader Summit aiming at their personal training and the exchange of knowledge



3,092 customer relationships terminated/suspended and 1,467 potential new customers rejected exclusively for **compliance** reasons

Strict written instructions were sent by the Management to all employees asking them to set rigorous standards in Know Your Customer activities and to practically set the new culture of the Bank

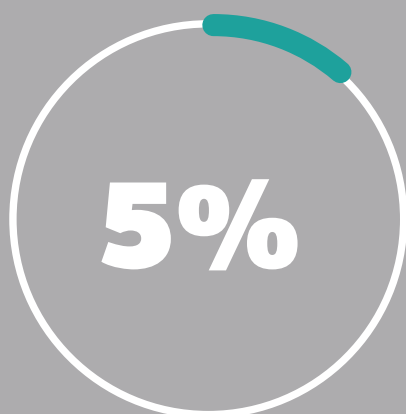


668

customer complaints concerning all lines of business within the bank were handled within the time frame set up by the competent authorities

Our Environment

Completion of the **Bank's premises energy audit** that commenced in 2017 with the findings being applied in 2019



5% estimated reduction in consumption due to replacement of existing lights with new more efficient LED in 12 buildings of the Bank

We recycled approximately **9,800+ kg** of miscellaneous appliances-machines



We recycled approximately

735,000 kg

of paper

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01

Bank of Cyprus and Corporate Responsibility

The Bank of Cyprus Corporate Responsibility Report offers a full and detailed information source to the Bank's stakeholders regarding its impact on environmental, social and employee issues.

Scope and reporting period

The scope of this report is the Bank's strategy and annual activities surrounding matters of Corporate Responsibility (reporting period 1.1.2018-31.12.2018) and to illustrate the commitment undertaken by Bank of Cyprus to the principles and strategy of Corporate Responsibility.

Implementation of the Global Reporting Initiative (GRI)

This Corporate Responsibility Report issued by Bank of Cyprus is based on the guidelines of the Global Reporting Initiative (GRI) and more specifically, on the GRI Standards version with the level Core (In Accordance-Core), globally the most acknowledged and demanding guidelines of their kind.

External Assurance Report

An External Assurance Report was conducted for the 2018 Bank of Cyprus Sustainability Report. The aim of the assurance process is to provide confirmation to the stakeholders of Bank

of Cyprus on the accuracy, the reliability and the objectivity of the information in the Sustainability Report and that the Sustainability Report contains all the material issues for Bank of Cyprus and for its key stakeholder groups. The 2018 Corporate Responsibility Report of Bank of Cyprus has been conducted by the Centre for Sustainability and Excellence (CSE) according to the GRI Standards reporting guidelines (In Accordance-Core) of the Global Reporting Initiative (GRI).

You can review our current performance in the "GRI Index" publication on the Bank's website <http://www.bankofcyprus.com/en-GB/our-responsibilities/csr-reports/>

Communication about the Report

For any clarifications regarding this Corporate Responsibility Report, please contact the Corporate Affairs Division, telephone: +357 22122304 or email: bankofcypruscsr@bankofcyprus.com.



02

Our Commitment to the Sustainable Development Goals

Bank of Cyprus has adopted the United Nations 2030 Agenda, as represented by the Sustainable Development Goals (SDGs) for 2030. The Bank's Management has decided that Bank of Cyprus should actively contribute to the achievement of the SDGs through promoting well-being in society, committing to protecting the environment and supporting employee development. The Bank's main priority is to achieve these goals by directly linking Bank of Cyprus Corporate Responsibility

strategy to the activities and challenges specific to the banking sector, and to all material aspects arising from this report. Bank of Cyprus has adopted and embedded in its strategy a specific business model to address the important issues surrounding Corporate Responsibility, as detailed in this Report. The Bank of Cyprus Corporate Responsibility Report covers four key strategic areas of Corporate Responsibility: Our Community, Our Services, Our People and Our Environment.

More information on the association of the Bank of Cyprus programmes and actions with the Sustainable Development Goals can be found in Appendix "GRI Index" on the Bank's website.

SUSTAINABLE DEVELOPMENT GOALS



03

“Koino Kyprion”: Beyond Banking

Bank of Cyprus is not merely the first and largest bank in Cyprus. We are a team of 4,000 fellow citizens, friends, relatives, neighbours of our clients. Our size and role as leaders, also entail a heavy responsibility toward our society and nation.

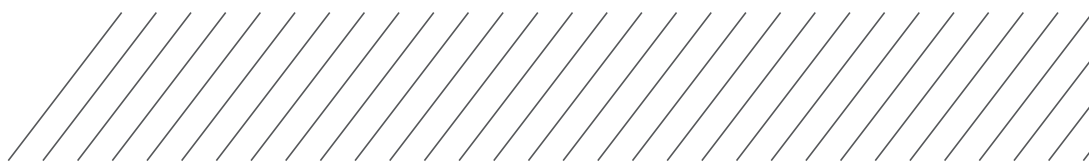
“Koino Kyprion”- Common of Cypriots - is and must be foremost in our thoughts in every decision we take, both as an organisation and as individuals in the service of this organisation. Our highest priority is to implement our financial and business goals as well as the digital transformation programme. Implementing these will make us stronger.

It will also enable us to become dependable and conscientious citizens of this country. Achieving social progress, sustainable development and a robust economy are all part of our mission.

The realisation of goals for the benefit of society, our clients, our colleagues and the environment can no longer be limited to isolated or one-off actions. Achieving these goals should be much more than that: it should be fully integrated into all our operations, our day-to-day business and, ultimately, it must become part of our DNA.



Panicos Nicolaou, Chief Executive Officer, Bank of Cyprus



The 2018 Corporate Responsibility Report, the second such report we have generated, provides all the useful and necessary information on the actions and initiatives undertaken in various areas, for the benefit of society. Issuing the Report also boosts transparency in relation to our role in protecting the environment, promoting equality and supporting vulnerable groups, as well as in other areas of corporate responsibility.

The Report traces the progress achieved in several areas, such as the environment and the objectives of the European Union's Business4Climate project to reduce greenhouse gas emissions, as well as the growth of volunteerism. Supporting innovation and entrepreneurship through products and initiatives such as IDEA, are likewise important priorities. The Report also highlights ongoing efforts in major projects and actions, such as the activities of the Bank of Cyprus Oncology Center and our Cultural Foundation. We are likewise building on our partnerships with non-governmental organisations.

All Bank of Cyprus employees are, and shall remain, at the beating heart of the drive to make our organisation better. That is why we strive to ensure that everyone has access to learning and personal development opportunities as well as equal opportunities for advancement.

Ultimately all our actions should be inspired by our slogan, "Koino Kyprion" - Common of Cypriots. For more than 12 decades, Bank of Cyprus has been much more than merely the first and largest bank in the country. Bank of Cyprus is an agent for innovation and change, a bulwark of Cypriot society.

Panicos Nicolaou

Chief Executive Officer, Bank of Cyprus



04

Our History

Newly under British rule in the latter part of the 19th century, Cypriots found themselves trapped in an underdeveloped economy with widespread loan sharking, endemic exploitation and lack of capital.

The Nicosia Savings Bank, envisioned by the lawyer Ioannis Economides and doctor Antonios Theodotou, was one of the first efforts to let loose the suppressed entrepreneurial spirit of Cypriots by supporting local businesses. In 1912, it became Bank of Cyprus.



Key Milestones in our History

- 1899 • Establishment and operation of the Nicosia Savings Bank.
- 1912 • Nicosia Savings Bank renamed “Bank of Cyprus” and registered as a public company.
- 1943 • Bank of Cyprus merges with banking institutions in other towns and expands throughout Cyprus. Ancient Cypriot coin bearing the inscription “Koino Kyprion” (Common of Cypriots) adopted as the Bank’s emblem.
- 1955 • Establishment of Bank of Cyprus (London).
- 1984 • Establishment of Bank of Cyprus Cultural Foundation.
- 1997 • Opening of the first branch of Bank of Cyprus in the United Kingdom.
- 1998 • Opening of the Bank of Cyprus Oncology Centre.
- 2013 • Placed under resolution from March 24 to July 30 following the Eurogroup decisions of March 2013 and the decrees issued by the Central Bank of Cyprus.
Recapitalisation and restructuring through Bail-in.
- 2014 • Share capital increase of €1 billion.
Appointment of a new Board of Directors chaired by Dr Josef Ackermann.
- 2016 • Completion of the deleveraging strategy through the disposing of non-core operations.
- 2017 • Final repayment of the Emergency Liquidity Assistance (ELA) amounting to €11.4 billion mostly acquired from Laiki Bank in mid-2013.
Issuance of Tier 2 Capital (€250 million).
Admission of the shares of the new holding company to the standard listing segment of the Official List of the United Kingdom Financial Conduct Authority, to trading on the Main Market for listed securities of the London Stock Exchange, to listing on the Cyprus Stock Exchange (CSE) and to trading on the Main market of the CSE.
- 2018 • Agreement for the sale of a portfolio of loans with a gross book value of €2.8 billion secured by a real estate collateral (known as “Project Helix”).
Agreement for the sale of its wholly owned subsidiary bank in the UK, Bank of Cyprus UK Limited and its subsidiary Bank of Cyprus Financial Services to Cynergy Capital Limited.

05

Bank of Cyprus Group

Founded in 1899 and headquartered in Nicosia, Bank of Cyprus is the largest banking and financial services group in Cyprus, with significant market shares across all business segments. Bank of Cyprus is at an advanced stage of its transformation, becoming a stronger, outcome-driven organisation. The Group has a total of 108 branches in Cyprus as well as representative offices in Russia, Ukraine and China.



During 2018 Bank of Cyprus was recognised in a number of prestigious Banking Sector Awards showcasing its dedication to continued improvement and excellence

- Best Corporate Governance Award (Cyprus) World Finance (UK).
- Bank of the Year Award (Cyprus), Corporate Insider's Business Excellence Awards.
- Best Private Bank in Cyprus, Global Finance magazine.
- Best Private Banking in Cyprus, Euromoney Survey 2018.
- Best Subcustodian Bank in Cyprus, Global Finance magazine.
- Most Active Bank in Cyprus, EBRD (European Bank for Restructuring and Development) relating to the Trade Services.
- The ISO 9001:2015 Certification on "Management of bank accounting books and records" for Registry and Central Archives departments
- The ISO 9001:2015 Check Clearance Center for the Cheque Clearing department
- The ISO 9001:2015 (revised) certification for International Banking (IB), the International Business Units (IBUs) and the International Lending Units (ILUs).
- Good Practice Competition (3rd place) organised by the Department of Labour Inspection for the process of selecting the best ergonomic staff seats.
- In the 2018 European Enterprise Promotion Awards, run by the European Commission, the Bank's initiative IDEA was declared the National Winner for Promoting the Entrepreneurial Spirit.

Our Commitment to a New Culture of Values

In 2014 Bank of Cyprus engaged in a very demanding and rigorous anti-financial crime remediation programme which was successfully implemented by the end of 2015.

Today the Bank of Cyprus compliance function is of a world class standard which amongst others adheres to the principles of the US Patriot Act, Cypriot and EU law.



By 2018 the implementation of this strict programme over the last four years has achieved the following results:

- A decrease of the international clientele portfolio by 31%.
- Termination of close to 82% of business relationships with professional customer introducing intermediaries (reduction from 1,601 to 287 intermediaries).
- The termination/suspension of 8,070 customer relationships solely on compliance/financial crime concerns corresponding to an estimated €4.5 billion of turnover and yearly profitability of €13.3 million.

The Group maintains a robust regulatory compliance framework which is governed by the Group Regulatory and Ethics Compliance Governance Policy. This policy is fully aligned with the requirements of the relevant Central Bank of Cyprus Directive as well as the European Banking Authority Guidelines on Internal Governance. The Compliance function has further issued and reviews annually 19 other regulatory compliance policies, four of which relate to corporate governance policies and four to anti-financial crime policies to ensure the compliance framework remains up-to-date and incorporates best practices in managing compliance risk.

Corporate Governance and other Group Policies are available online at <https://www.bankofcyprus.com/en-GB/who-we-are/corporate-governance/other-policies/>. The Group's Procurement Policy is available on the Bank's website in line with our transparency culture.

The Mission of Group Compliance Division is to effectively apply throughout the Group a corporate culture of ethics characterised by high standards of integrity, transparency, confidentiality and regulatory compliance.

Following the successful implementation of this uniquely robust framework, Bank of Cyprus received independent recognition of its proven spectacular transformation with the establishment of its new corporate culture of ethics, as detailed in the Awards, Honours and Certifications section.

This new culture of values for the Bank is the hallmark of its relationship with its shareholders, customers, regulators and other key stakeholders.

07

Our Corporate Governance

Good governance generates trust and engagement between a company and its stakeholders and contributes to the company's long term success. Accountability, integrity, transparency, fairness, equity, sustainability and ethics are all fundamental values of good governance. The Board of Directors of the Bank of Cyprus Holdings Plc is committed to the highest international standards of corporate governance and transparency and aims to ensure on an ongoing basis that the Company is a modern, transparent, competitive and sustainable organisation. Through sound corporate governance and corporate administration, the Bank achieves a dynamic and effective communication between the Board, management and shareholders, leading to the successful implementation of its strategy.

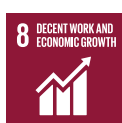
As the leading publicly-traded financial services and banking group in Cyprus, Bank of Cyprus complies with the Corporate Governance Code of the Cyprus Stock Exchange, as well as the Directive on Governance and Management Arrangements of the Central Bank of Cyprus. The Bank has also elected to apply the 2016 UK Code of Corporate Governance as well as the 2018 revised one and adheres to best practices on corporate governance.

The Board of Directors provides leadership of the Bank within a framework of prudent and effective controls which enable risk to be assessed and managed. At the same time, the Board sets the Bank's values and standards and ensures that its obligations towards its shareholders and other stakeholders are understood and met.

The Group publishes on its website the Annual Corporate Governance Reports.

More information on our Corporate Governance can be found in Appendix "GRI Index".

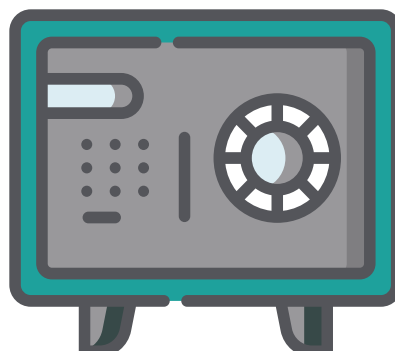




Financial Results 2018

The Group's Annual Report and Financial Results for the year ending 2018, can be found on the Bank of Cyprus website:

https://www.bankofcyprus.com/globalassets/investor-relations/press-releases/eng/20190328-auditedfy2018-financialresultsannouncement_eng_final.pdf



A close-up photograph showing a person's hands holding a small, shallow, woven basket made of light-colored straw. Inside the basket is a piece of black fabric with orange geometric patterns. The person holding the basket is wearing a white long-sleeved shirt and an orange wristband. In the foreground, the back of a young boy's head and shoulders are visible; he has dark, curly hair and is wearing a white t-shirt, looking towards the basket. The background is blurred, showing more woven baskets and wooden logs.

08

Our Stakeholders & Our Priorities

The relationship with the Group's stakeholders is a critical component of the drive towards sustained and sustainable growth. Responding to the concerns of stakeholders is a key element of the Group's Corporate Responsibility and Transparency projects and initiatives.



Based on the guidance of the Group's stakeholders through the Materiality Assessment, it was determined that the most important priority areas are:

- Occupational Health & Safety
- Customer Privacy
- Anti-corruption
- Local Communities
- Procurement Practices
- Socio-economic Compliance
- Diversity and Equal Opportunity
- Indirect economic impact
- Economic Performance
- Market Presence

- Waste Management
- Energy Consumption

Additionally, Bank of Cyprus understands the burden of its responsibility to promote technological and cultural change in the Cyprus market. As detailed in Section 11: Enhancing our Services, the Digital Transformation of the Bank aspires to influence the capital uptake in Cyprus and promote the Digital Economy across the island.

More information on the Methodology for selecting the Group's priorities (the Materiality Assessment) can be found in Appendix "GRI Index".

Our Community



The Bank of Cyprus remains a strong pillar of society and a key driver for sustainable growth in Cyprus. The Bank places special emphasis on the protection and support of social partners and society as a whole. In particular, it develops initiatives that aim to improve the living conditions of the more vulnerable groups of society, to support sustainable growth and to preserve local culture and history.

As reflected in its logo, “Koino Kyprion” (Common of Cypriots), the Bank undertakes sustainable support actions and shows particular concern for vulnerable social groups, and accordingly participates in efforts to enhance services related to health, education, and social welfare. It thereby contributes to the overall improvement of the everyday life of the society in which it operates.

The Community activities fall within the two pillars: Health and Education. During 2018, the Bank supported more than 300 NGOs, charity organisations, associations, municipalities, schools,

sports federations and sports academies with the amount of approximately €1 million.

The Bank provides support where:

- A compelling societal need exists.
- The said need is underserved.
- Serving societal needs is to the benefit of the Bank's stakeholders, including our community.



In April 2018, Bank of Cyprus run the #stiMaxi (Fight against Cancer) fundraising campaign and co-organised the 43rd “Christodoula March” with the Cyprus Anticancer Society



In July 2018, Bank of Cyprus staff volunteers and NGO Reaction volunteers visited and delivered medical supplies from Cyprus to the fire victims in Mati area, in Greece



The Bank of Cyprus Oncology Centre has been the flagship of our Community Support in the Health Pillar since 1998



In June 2018, the Wall Gallery Project, a giant display on the surrounding walls of the Bank of Cyprus Oncology Centre, was inaugurated hosting artworks for the patients and members of staff



HEALTH PILLAR

Main Partnerships and Actions

During 2018 Bank of Cyprus continued to actively support significant institutions in the area of Health improvement and society welfare through:

- Continued financial and other support to the Bank of Cyprus Oncology Centre.
- Renewing the contract for Medica group health insurance for children orphaned by tragic accidents (Helios, Sharm-el- Sheikh, Mari, Soleas forest fire).
- Coordinating the "Fight Against Cancer" campaign with the Cyprus Anticancer Society (Christodoula March) for the 21st consecutive year.
- Financially supporting the operation of the "En Ergo" Carers Training Programme for paraplegics in collaboration with the Ministry of Labour and the Cyprus Paraplegic Association.
- Repeating its partnering to provide financial and other medical support to families in need through the Nicosia Large Families Association, NGO Funraising, in Limassol and NGO Alkionides.
- Offering refurbished computers and other office equipment from the Bank's old stock to schools, associations and NGOs.

- Offering Christmas meals and gifts to the families of the Elpida Foundation for Children with Cancer & Leukemia.
- Repeating the partnership with NGO Funraising at the Children's Cultural Festival and Christmas charity events in Limassol and financially supporting the Funraising "Morfosis" Scholarship Fund.
- Collaborating with the Cyprus Blood Bank including blood donation drives and the honorary ceremony, for blood donors from all over the country.



Bank of Cyprus Oncology Centre

The Bank of Cyprus Oncology Centre was founded in Nicosia in partnership with the Republic of Cyprus and started offering services in 1998. The Centre has become the Nation's flagship in cancer treatment targeting some 60% of diagnosed cases in Cyprus. Cyprus maintains one of the highest survival rates among OECD (Organisation for Economic Co-operation and Development) countries thanks to the Centre. The Bank of Cyprus Oncology Centre is the first hospital in Cyprus and Greece to receive quality accreditation CHKS (Caspe Healthcare Knowledge Systems), Europe's leading hospital accreditation organisation. The Centre ranks amongst the most distinguished hospitals in terms of its operating and quality standards. This partnership of the Government with the Bank to create the Bank of Cyprus Oncology Centre is considered as the biggest and

most successful public-private partnership that has ever taken place in Cyprus, for the benefit of cancer patients and the society at large.

In December 2018, the Bank's Group Internal Audit commenced the annual audit of the Centre for the first time. The audit has provided assurance to the Centre's Board of Directors in relation to the adequacy of the existing governance, risk management and internal control framework.

Additionally, in 2018 the Centre completed 20 years of service to Cypriot society. The milestone was celebrated in a formal event at the Presidential Palace where the Government and the Bank praised all the employees for their service and gave their assurance for their continued support. Also, a short film was created addressing the experience of the employees and their stories at the Centre. The film highlighted the love and care that is given to the patients and their loved ones.

Furthermore, celebrating the 20 years of service, Bank of Cyprus in collaboration with the NGO ABR, launched the Wall Gallery Project. The Wall Gallery is a giant display structure placed on the surrounding walls of the Centre, that hosts photographs and illustrations for the patients and the members of staff to view and enjoy looking outside their window.

More than 2,300 new patients received treatment from the Bank of Cyprus Oncology Centre and more than 39,500 have been registered and received treatment at the Centre since 1998.



Cyprus Anticancer Society

Bank of Cyprus remains a longstanding partner of the Cyprus Anticancer Society, and since 1999 we have been supporting the society's efforts to raise public awareness about cancer, as well as raising funds to maintain and upgrade its services and facilities. The annual "Christodoula March" during April is strongly supported by Bank of Cyprus and its volunteers. Through #stimaxi (Fight Against Cancer) campaign that was originally launched in 2016, fellow citizens were invited to "join the battle" and support the Cyprus Anticancer Society.

In 2018, the campaign raised €485,000, (marking an increase of 2.7% on funds raised during 2017). More than 680 volunteers from the Bank's staff assisted in many ways in order to collect more funds for the cause. The Runners Team of Bank of Cyprus (a group of Bank of Cyprus' volunteers) participated in the Limassol Marathon while some of its members participated in the Athens Marathon as well, confirming the consistent presence of the Bank in volunteer activities. Within the framework of these events, an amount of €26,000 was raised and donated to the Cyprus Anticancer Society.



Folia Centre

The Bank continued its engagement as the main partner in the establishment and operation of the model Folia Centre ("Folia" means nest in Greek) a point of reference as well as a centre for information and education to patients with rare disorders and their families. The Centre, which began operating in 2017, was established in collaboration with the Cyprus Alliance For Rare Disorders and the support of the Ministry of Health. The decision to set up the Centre realises the dreams of some 60,000 patients and their families, as the Centre provides them with information, support and education. During the year, bank volunteers assisted in various events and activities.

Blood Donation Drives

In 2018, the Bank ran the pancyprian weeklong blood Donation Drive under the slogan, "What type are you? Someone needs your blood type.". The blood drive organised by Bank of Cyprus, took place in every city and the call for participation went out to existing but also new blood donors, members of the Group employees as well as the general public. The Bank's partners in the drive are the NGO Reaction and the Bank's subsidiary EuroLife, while staff volunteers offered their assistance. The blood drive was supported by the Blood Bank of the Ministry of Health.

En Ergo Programme

In 2016, following a request by the Cyprus Paraplegics Association and the Ministry of Labour, the Bank financially supported the pilot programme "Home care for individuals with disabilities" that trains and offers job positions to the unemployed, while supporting individuals with severe mobility problems. The project under the name "En Ergo" is partially funded by the European Union and its logistics are managed by the Cyprus Paraplegics Association.

Training started during the summer of 2017 and throughout 2018, where more than 70 people were trained and positioned as carers for paraplegic and quadriplegic persons. The results and comments from everyone involved in the programme were very positive and touching with more people interested in being trained in offering such an important service.



Volunteers including members of the Bank's staff at TEDx Limassol 2018 event



The Valitsa Project, an educational programme by Bank of Cyprus, presenting to students the financial history of Cyprus with the use of multimedia, was inaugurated in 2018



EDUCATION PILLAR

Main Partnerships and Actions

During 2018 Bank of Cyprus engaged in numerous initiatives supporting Education, Youth, New Entrepreneurship and highlighting Cyprus' strong heritage through:

- Continued successful support of start-ups through the IDEA Incubator.
- Co-organising debates with high-profile personalities through the Bank's partnership with NGO Reaction, with the participation of school students, in collaboration with the Ministry of Education.
- Renewing funding of the operating expenses of kitchens in six primary schools, within the framework of the "I cook, and I offer" programme run by NGO Sofia Foundation for Children.
- Repeating the successful partnership with NGO Goal sti Zoe (Goal in Life), a football player's charitable association, as Youth Supporter for football academies. Additionally, the partnership included the enablement of athletics for children with special needs.
- Awarding top students at the Pancyprian Mathematics Competitions, the Mathematical Olympiad and the Science Olympiad, as a Youth Supporter.
- Repeating the successful partnership with NGO ABR at the "Afrobanana Republic Festival" promoting creation and innovation.
- Repeating the successful partnership with the European Youth Parliament (EYP) Cyprus, as a Youth Supporter.
- Successfully partnering with CIM (Cyprus Institute of Marketing) through offering scholarships to top students in financial distress and co-organised seminars for start-ups and new small businesses, in collaboration with the Municipalities of Nicosia and Strovolos.
- Repeating the successful partnership with TEDx Limassol.
- Partnering with sport teams, federations and academies as their Youth Supporter.
- Offering support to more than 100 schools for teaching equipment and for pupils in need.
- Inaugurating the "Valitsa" (Suitcase) project, an educational programme for students, on the financial history of Cyprus, through the history of the Bank, with the use of multimedia, thereby confirming the longstanding parallels between the island and the financial organisation.



Bank of Cyprus Cultural Foundation

The Bank of Cyprus Cultural Foundation has developed a series of multi-faceted activities over the years, in order to become the centre of culture, art and creativity of Cyprus. It is housed in the old administrative building of the Bank of Cyprus, situated in the historical centre of Nicosia. The Foundation keeps six Cypriological collections, manages two museums and runs a yearly multifaceted programme of cultural events. Attendance for 2018 reached 27,000.



Educational programmes #deneinaisxoleio

For the 34th consecutive year, children visited the Bank of Cyprus Cultural Foundation to meet archaeologists, writers, musicians and artists and become actively involved in exciting activities. Under the title #deneinaisxoleio (this is not a school) the Cultural Foundation's educational programmes are addressed to children aged 4-18, with a view to socializing them, introducing them to new sciences and crafts, and actively engaging them in activities. Entering into new partnerships with acknowledged educational institutes and skilled animators, the Cultural Foundation launched a series of eight new educational programmes for the 2018 - 2019 school year, with the participation of 6,716 students.

Faneromeni 18

The Faneromeni 18 Arts Festival presented a varied programme featuring local and international participants. From mid-June to the end of September, the courtyard of the Cultural Foundation became the most vibrant nucleus of culture in the old city of Nicosia. The Foundation's museums and exhibitions remained open until midnight.



Moments at the Museum

The Bank of Cyprus Cultural Foundation, in the context of promoting the culture and history of Cyprus, continued the series of events entitled "Moments at the Museum", hosted at the Foundation's two museums. The aim is to give the public the opportunity to acquaint itself with the culture of Cyprus from a different perspective, gaining new experiences through contact with the exhibits of the Museum Collections. Musical performances, poetry nights, actions and much more took

place in the museums, laying the basis for a special journey into knowledge and interaction.



Culture means Business

In 2018 the Bank of Cyprus Cultural Foundation initiated an innovative new programme that combines culture with entrepreneurship. The programme discussed questions such as "How does culture blend with the entrepreneurial development? How can new technologies promote original proposals, ideas and initiatives that will enhance the synergy between entrepreneurship and culture?" Workshops and talks with the guidance of a trained group of scientists and specialists helped the audience to evolve their ideas into business models.



IDEA Innovation Centre

IDEA is an innovation centre and an incubator-accelerator for start-ups. It is the only comprehensive, non-profit and largest initiative in Cyprus, covering the whole spectrum of support to innovative Small and Medium-sized Enterprises (SMEs).

Specifically:

- It offers business support to entrepreneurs from the IDEA stage to the stage of sales and investment up to the stage of scaling up and expanding abroad.
- Subsequently, it creates new SME companies and new jobs every year.
- It educates teenagers, students, female entrepreneurs and all interested stakeholders in order to steer the nation's mindset and culture more towards innovation and entrepreneurship.
- It promotes Cyprus abroad by strengthening our innovation bond with Europe and neighbouring innovative nations.
- It encourages a culture of volunteerism and "giving back" to society by addressing the noble feelings of successful businesspersons and esteemed institutions.
- It advocates and practices social inclusion by offering opportunities to persons with disabilities and parents of infants.
- It instantiates the direct cooperation between the Public and Private sector by influencing policies, legislation and regulations for the benefit of the local innovation ecosystem.



Start-up teams from the Bank's IDEA Innovation Centre in DLD Tel Aviv Innovation Festival



The huge teddy bear Chara (Joy) 'visited' among other places the Presidential Palace and 'collected' wishes for the Makarios Children's Hospital

- It creates an investment culture by undertaking the initial investment risk by trusting aspiring entrepreneurs at their early stages of development and educates investors to create an internal angel investor network.
- It facilitates Financial Technology solutions and promotes Digital Transformation through its direct partnership with Bank of Cyprus.

2018 was another successful year for IDEA. So far, the innovation centre has supported 33 new start-ups, contributing to youth employment and to the Cypriot economy. As an Ambassador of Innovation, IDEA cooperated with 11 Embassies in Cyprus and abroad, with all the Cypriot Universities and Municipalities, and with all the Ministries that are involved in innovative entrepreneurship. IDEA's efforts were acknowledged at a European level as it was declared the National Winner for "Promoting the Entrepreneurial Spirit" in the 2018 European Enterprise Promotion Awards. In 2018, IDEA continued its tradition of promoting Cypriot start-ups abroad and implemented entrepreneurship-related field trips to Tel Aviv, Lisbon and Graz-Austria. Finally, it offered start-ups the opportunity to showcase and expand their operations, in the USA, while remaining Cypriot companies.



Partnership with NGO Reaction

NGO Reaction is a group of young people actively involved in community support, education and research. Within the

framework of the successful partnership, during 2018 the Bank participated in the following actions:

- Provision of healthcare equipment and necessities to residents in the fire-stricken Mati area in Attiki Greece during the summer of 2018. Following the establishment of a pancyprian fundraiser to support the residents of the fire-ravaged areas, volunteers from NGO Reaction and the Bank travelled to the region in order to offer assistance.
- Establishment of the First Aid School for parents.
- Reinforcement of the operations of "Kyprou" Blood Bank in Greece by launching an informative online campaign.
- Support towards the "Hippocrates" National Programme on safety and prevention of childhood accidents, in collaboration with the Ministry of Health.
- Co-organising of the "Chara" (Joy) project, during Christmas. A 5-day project with a huge teddy bear (Chara) that "visited" many places of interest (including the President of the Republic of Cyprus) and "collected" wishes for the Makarios Children's Hospital in Nicosia.
- Support for the national information programme undertaken by Reaction for conducting friendly tyre checks in the highways in collaboration with the Cyprus Police and the Ministry of Transport.
- Support training of Bank and NGO Reaction volunteers, offered by the Civil Defense, in the search and rescue of individuals.

- Participation and supporting of the awareness campaign for the prevention and treatment of heatstroke, in collaboration with the Ministry of Health.
- Supporting the participation of NGO Reaction in the "Signs of Love" Road Safety Programme, as well as the performance of a theatre play for children of kindergarten and primary schools.
- Supporting training of Bank and NGO Reaction volunteers on issues of teamwork and cooperation in crisis management.
- Embracing a supportive Alcohol Control Programme implemented by the Reaction Alcohol Control Mobile Unit in collaboration with the Ministry of Transport.
- Supporting of training in helping children in cases of mass casualty and emergencies conducted by the Dream Doctors Programme, in collaboration with the Embassy of Israel in Cyprus.
- Supporting the national awareness campaign for the prevention of fire disasters, in collaboration with the Cyprus Fire Service and the Embassy of Greece in Cyprus. The Bank responded with a team of volunteers and the NGO Reaction volunteers to a fire in Limassol.
- Participating with a team of Bank and NGO Reaction volunteers in the international search and rescue exercise "Argonaut" held at Larnaca Port, in collaboration with the British High Commission in Cyprus.
- NGO Reaction volunteers offered assistance and participated in the Bank's main charity event for the support of the Cyprus Anticancer Society in Nicosia, called "#stiMaxi", in collaboration with the Ambulance and Fire Services of Cyprus.

Partnership with NGO ABR

NGO ABR-Alternative Brains Rule is a group of young people involved in art and technology with the goal to develop the Cypriot creative alternative scene. As their "partner in innovation", Bank of Cyprus shares their vision for promoting innovation in the arts.

During the summer of 2018, the successful "Afrobanana Republic Festival" was held, a 2-day festival combining music, art and technology with families with small children being able to attend and enjoy various activities. Musical, theatrical and innovating activities took place inside the BOC (Bank of Cyprus) Kids Innovation Domes.

Powered TEDx Limassol

During 2018, the Bank powered one more highly successful TEDx event in Cyprus. TEDx stands for technology, entertainment, design, consisting of talks and performances from some of the most fascinating people on the planet. By supporting such events the Bank identifies itself with values

and traits such as innovation, entrepreneurship, social inclusion and social responsibility.

This year's partnership with TEDx Limassol brought to the stage of the Rialto Theatre speakers and performers from all over the world. The event's theme was based around the notion of happiness. The partnership enabled the Bank to create and disseminate a survey on how happy people are in Cyprus. The results were shared on stage at in front of a full theatre of 850 attendees; these included 50 volunteers (eight volunteers from Bank's staff) as well as crew and core team members. The event was further viewed live by an average of 500 users over our live stream channels that peaked at 700 viewers during various times of the day. All videos are uploaded on the TEDx channel where literally millions of subscribers can enjoy viewing them at leisure.

Partnership with EYP Cyprus

EYP (European Youth Parliament) is one of the largest European platforms for debate, intercultural dialogue, European Civic Education and exchange between young people in Europe. The network is present in 40 European countries, where thousands of young people are actively volunteering. EYP encourages independent thinking and initiatives for young people and facilitates the development of very important social and professional skills. During 2018, with the Bank's support, EYP Cyprus organised more than 8 events which involved more than 450 students/ participants.

Student Awards

Recognising the importance of awarding more than 300 students that focus on Maths and Science, in 2018 the Bank partnered with the Cyprus Mathematical Society and the Cyprus Physicists Society and offered awards to their various competitions, as well as hosted their end-of-year ceremonies at the Bank's Headquarters in Nicosia.

Moreover, the Bank was a Youth Supporter of the 2nd Robotex Pancyprian Robotics Competition which was successfully organised at the Sports Centre of the University of Cyprus. Robotex Cyprus 2018 was organised by the Cyprus Computer Society (CCS) with the University of Cyprus and the Youth Board of Cyprus as co-organisers. 871 people participated, students of all ages (elementary, secondary, high school and university), soldiers and adults interested in robotic technology. The challenges of the 2-day event, such as the impressive Maze solving, the exciting SUMO fights and the exhibition of robotics projects by people with disabilities attracted more than 4,000 visitors. At the awards ceremony in the crowded venue of the Bank of Cyprus, 125 people were awarded by the Minister of Transport, Communications and Works, while 200 people included the Cypriot mission that travelled to Estonia for the Robotex International held in November.

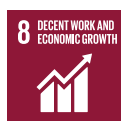


10

Our People

The Bank's employees are the most valuable asset of the Bank. It is through their hard work, patience and persistence that the Bank has achieved remarkable progress in its journey back to strength. Personal development, career options and employee wellness remain at the heart of the Bank's efforts to strengthen the relationship between staff and management.

The Bank maintains an open and transparent relationship with the Trade Union, in the context of its industrial obligations, for the benefit of the employees.



Bank of Cyprus employees abide by the Code of Conduct which is published on the Bank's internal Portal and is available to all. The Employee Code of Conduct sets out the framework within which all employees must operate.

It covers, among others, interpersonal relations in the workplace, sexual harassment, harassment and violence in the workplace, punishable acts, etc., as well as the continuous obligations of all directors and employees of the Bank of Cyprus Group and its subsidiaries regarding the possession of inside/privileged information about the Group and its customers or suppliers that are listed companies.

The Bank maintains mechanisms that provide assurance regarding the implementation and effectiveness of Group Policies relating to Anti-Bribery & Corruption, Conflict of Interest and Whistleblowing.



Equal Opportunities Policy

Bank of Cyprus supports equal opportunities as well as respect for diversity. The aim is to ensure that all employees receive fair and impartial treatment in the workplace. The Bank ensures that all employees receive equal opportunities through

relevant practices implemented on employee selection and recruitment, training and development, performance assessment and rewards, promotions, and transfers. Such practices are adopted and implemented irrespective of gender, age, religion, ethnicity or race, sexual orientation, physical abilities or political convictions.

"Internal Opportunities" is a procedure which was introduced in 2018 aiming at providing all employees with the opportunity to apply for internal vacancies that are announced on the Employee Portal and enable them to pursue their advancement in positions that may interest them. The application process for internal vacancies is automated, which contributes to improving the quality of service received by the employees.

Since the launch of the procedure in March 2018, a total of 68 jobs were announced and a total of 840 applications were received from 566 unique applicants (14% of total staff). In the context of transparency, successful candidates are announced on a monthly basis on the Employee Portal.

Moreover, the Bank has a Grievances Procedure in place aimed at the effective handling and eventual elimination of any form of discrimination or unfair treatment. All employee related grievances are handled with the utmost respect and sensitivity, in a way that does not raise any conflicts of interest in relation to the terms of employment, other Bank regulations or applicable legislation.



Occupation Health and Safety

Bank of Cyprus considers the health and safety of its employees as a primary concern. To this end, working conditions are systematically monitored and upgraded by



In June 2018, Bank of Cyprus staff volunteers donated blood during the weeklong Blood Donation Drive organised by the Bank and supported by the Blood Bank of the Ministry of Health



The Bank of Cyprus Runners Team participated in various Marathons and raised €26,000 from sponsorships and donations for the support of Cyprus Anticancer Society

the Corporate Security, Safety & Health Department. The Bank regularly carries out Evacuation Drills in all key buildings, while all premises throughout Cyprus undergo regular Security, Health and Safety inspections. Written risk assessments of branches are generated with a view to constantly improving working conditions.

Bank employees have received First Aid training, and defibrillators have been installed at around 80 points inside Bank premises, for use by both customers and employees. To reduce the risk of robbery, branches have been equipped with security doors. As part of the same objective, the Bank organises employee seminars on First Aid Awareness & Emergency Preparedness and response seminars and Security in the workplace.

Furthermore, in 2018 the Corporate Security, Safety & Health Department:

- Achieved 3rd prize in the Good Practice Competition organised by the Department of Labour Inspection for the process of selecting the best ergonomic staff seats.
- Trained 600 people in workplace seminars. Training will continue in 2019.
- Conducted 20 evacuation exercises nationwide on the actions to be taken in the cases of earthquake, fire and any other emergencies. In 2019 the evacuation exercises will be carried out in collaboration with the Police and the Fire Brigade in order to strengthen cooperation.
- Completed successfully the training of all staff on health and safety through e-learning sessions.
- Addressed 50 members of staff on threat incident situations.

Employee breakdown

59.7%

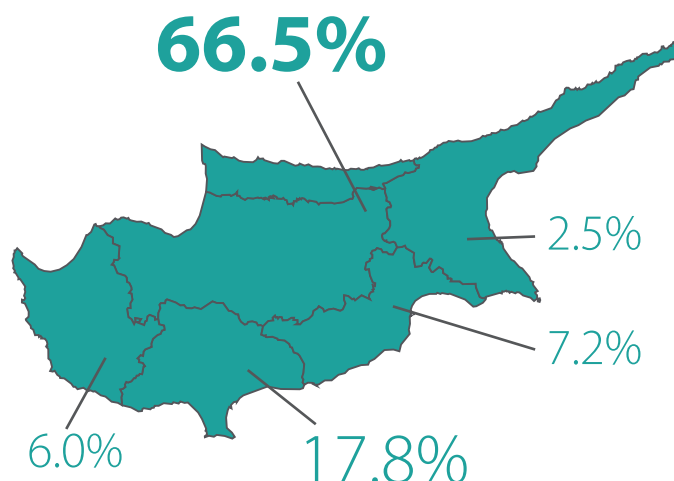


40.3%

	2018	%
Gender		
Female	2,254	59.7%
Male	1,523	40.3%

Employee breakdown

	2018	%
Region		
Nicosia	2,512	66.5%
Famagusta	94	2.5%
Larnaka	271	7.2%
Limassol	674	17.8%
Paphos	226	6.0%



Employee Wellbeing

As part of its commitment to Employee Wellbeing and quality of life, the Bank provides a Sports Centre. The Bank of Cyprus employees enjoy a fully-equipped sports centre, complete with a gym, outdoor swimming pool, indoor and outdoor sports facilities for tennis, table-tennis, squash, etc.

The venue is accessible to the Bank's employees for free, while specialised services and lessons are offered at low prices. The venue in Nicosia also includes restaurants and coffee shops, as well as event and lecture halls.

Internal Communication

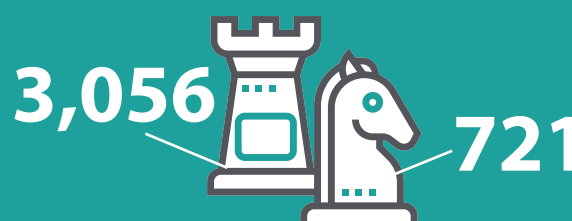
The Bank considers Internal Communication to be of utmost importance and invests in several internal communication initiatives.

- The Bank's Employee Portal is revised annually based on employees' feedback and suggestions for improvements, redesign and upgrading.
- Additional 2-way collaboration tools are also being considered with the aim of enabling employees to start a dialogue and provide their opinion.
- Additional initiatives have been introduced, such as the Open Day, where members of staff have the opportunity to discuss face-to-face any issues, thoughts and suggestions with their director.
- Employees also have the opportunity to provide feedback to managers through their participation in various surveys, such as the Management Practices Survey (MPS) and 360° evaluation of their supervisors.

- The Staff Opinion Survey is run on an annual basis, aiming at evaluating employee engagement and enablement levels while identifying areas of focus and improvement going forward.
- In 2018 the Bank introduced the concept of the Internal Customer Satisfaction Survey (ICSS) whereby employees are given the opportunity to evaluate the level of service they receive from various internal departments of the Bank.
- A series of workshops with staff were organised in 2018 one of the main ones being the "Kill Bureaucracy" workshop which aimed to identify ways of quickly tackling bureaucratic processes and practices.
- "Extra Mile" was introduced in June 2018 aiming at recognizing and rewarding outstanding behaviours, actions and accomplishments thus collectively promoting the attitudes, creativity and excellence of the Group. "Extra Miles" are announced internally for transparency purposes.
- "Darewinners" are "Change Ambassadors", Bank employees empowered to act as Opinion Multipliers and spokespersons of Change.

Employee breakdown

	2018	%
Job Position		
Managers	721	19.1%
Non Managers	3,056	80.9%





In April 2018, Bank of Cyprus staff volunteers organised various fundraising events for the Cyprus Anticancer Society



In June 2018, a formal event was organised at the Presidential Palace where the Government and the Bank praised more than 680 Bank of Cyprus employees for their participation in volunteering activities for the Cyprus Anticancer Society



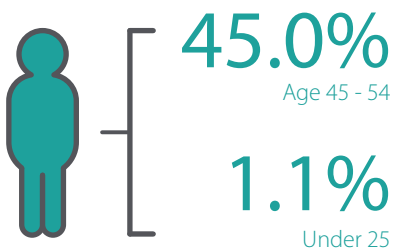
Training and Education

Bank of Cyprus recognises that its employees are the main key to achieving its strategic objectives. It is therefore committed to ensuring that all employees have access to learning and development opportunities which create and develop the relevant competencies, skills and right behaviours that are appropriate for meeting the Bank's specific strategic priorities.

In line with this, all Corporate and Sanctioning employees attended a rigorous, internationally accredited certification programme on lending that all passed successfully (5.6 training days per employee).

In 2018 the e-learning culture was further embedded accounting for 29% of total training. During 2018, all employees attended short e-learning seminars and passed the relevant assessment on regulatory compliance topics such as AML, GDPR, Conduct Risk, Information Security, Health and Safety, Credit topics including Collateral Valuation, Unlikely-to-Pay, as well as, Legal issues under Cyprus Law.

Employee breakdown



2018 %

Age Group

Under 25	40	1.1%
Age 25 - 34	278	7.4%
Age 35 - 44	1,357	35.9%
Age 45 - 54	1,699	45.0%
Above 54	403	10.7%

1,639
Age 21 - 30



79
Age <1

	2018	%
Years of Service Band		
< 1	79	2.1%
1 - 10	422	11.2%
11 - 20	1,415	37.5%
21 - 30	1,639	43.4%
31 - 41	222	5.9%



The Bank provides a fully equipped Sports Centre accessible to the employees and their families



All Bank employees have access to learning and development opportunities through seminars and training sessions

A total of 2,835 training days were allocated to financial crime issues for all Bank employees. Emphasis was given on personal and management development, with a group-wide change management programme on embracing change and with the launching of a comprehensive modular management/ leadership programme at all levels.

Training Programmes during 2018 covered the following themes:

- Operating Systems
- Technical Aspects
- Regulatory Compliance
- Personal Development

Employee Volunteerism

The Bank's values are guided by volunteerism and solidarity. The Bank of Cyprus employees have a long track record in volunteerism in the community.

They are encouraged to actively participate and engage with the Bank's various actions and initiatives, confirming that the values instilled in the culture of an organisation can only be the very values held by its people.

The Bank's flagship support towards the Cyprus Anticancer Society is also based on volunteer work by its employees. Additionally employees are encouraged to participate in corporate volunteering actions for the benefit of various other non-profitable organisations and associations.

The Corporate Social Responsibility Strategy includes clear volunteering targets per action. These are monitored periodically

to ensure that volunteering options, opportunities and encouragement continue.

During 2018 more than 850 members of the Bank's employees participated in various volunteering activities.

More information regarding our responsibilities towards Our People can be found in Appendix "GRI Index".

Employee training

 **9,224**
training days

29%
of training days vis e-learning 

 **97%**
of employees trained

Our Responsible Services



Integrity, transparency, accountability, confidentiality and sustainability are the core principles of every action of the Bank of Cyprus. In everything that it does, it is creating value for its customers, shareholders and employees.

The Bank continually strives to meet Environmental and Social challenges by:

- Considering all factors which affect the organisation, be it risk management or management strategies for alternative investments.
- Expanding the new procedures and criteria for the supply chain, ensuring a smooth and transparent process in the selection of suppliers.
- Adopting and upgrading supplier assessment and selection procedures in all areas of cooperation.
- Expanding the larger bidders' list by 10%.

Following the equity participation of the European Bank for Reconstruction and Development (EBRD) in the Bank's capital during 2014, and in view of its commitment to Environmental and Social (E&S) issues, the Bank is committed to applying certain environmental and social policies and procedures to its lending activities based on specific criteria. The key elements of these procedures are as follows:

- Screening of lending activities against any eligibility criteria and determining the level of E&S risk.
- Obtaining satisfactory assurance that customers comply, at a minimum, with national environmental, health, safety and labour regulations and standards.
- Conducting further due diligence as required on lending above a specified E&S risk level and including such findings in the overall lending decision making.
- Using contractual requirements (where required) to ensure customer compliance with national health and safety requirements, and any other actions (e.g. corrective action plan) to be taken by the customer to mitigate E&S risk.
- Monitoring E&S transactions throughout the life of the facility.
- Reporting to the EBRD on E&S issues on an annual basis.

Customer Personal Data Protection

The security, protection and privacy of personal data are important to the Group so as to conduct its business fairly and lawfully. The Bank implements a Group Data Protection Policy that outlines the principles for data privacy and these are fully supported with relevant implementation and monitoring procedures.

The Bank is committed to further preserving the clients' ability to have better control of their personal data and to pursue their rights under the EU General Data Protection Regulation (GDPR), in terms of how their personal data is collected, processed and secured. Therefore, apart from the publication of its Privacy Notice, the Bank actively took steps to fully comply with the provisions of the GDPR that came into force in May 2018. The Board of Directors and Senior Management fully support the efforts to ensure GDPR compliance.

Anti-financial Crime

The Bank maintains a zero-tolerance policy for money laundering and terrorism financing incidents and does not accept excuses for any violations of the relevant legislation or for breaches of the Bank's internal policies, procedures and its compliance framework.

The policies and procedures are in place to ensure that the Bank fulfils its legal, regulatory and societal obligations to protect the financial system.

Since 2014, the Bank's Anti-financial Crime Framework and its Compliance Framework have been completely overhauled. The Bank's current policies, procedures, monitoring and assurance activities are set at the highest industry standards in Europe.

Compliance is a culture and a mindset. Strict written instructions were sent in 2018 by the Chairman of the Board of Directors and the CEO to all employees asking them to set rigorous standards, both in Know Your Customer (KYC) activities and in evidencing the full implementation of the Bank's transaction monitoring standards, reiterating that any failure to meet these standards or poor results from Anti Money



Students at the debates organised in collaboration with NGO Reaction, questioned among others, the Auditor General and the President of the Cyprus Integrity Forum, on transparency and audit issues



Convenient and secure transactions through the 1bank services and mobile applications for the Bank's customers

Laundering (AML) / KYC onsite reviews will necessarily have repercussions on the performance evaluation of affected units and personnel.

Based on AML measures, during 2018 the Bank rejected 1,467 potential customers and suspended 3,092 customer relationships of which 2,619 have been terminated.

Conflict of Interest

Enhanced Conflict of Interest (COI) policies across the whole Group are communicated by the Board down to all employees. The Policy's main objective is to set out general principles in order to ensure that the Group has established implements and maintains effective COI procedures and arrangements for the prevention, identification, documentation, escalation and management of COI and to comply with the legal and regulatory framework. Every employee is responsible for identifying and escalating potential COI so that they may be appropriately managed and resolved.

Whistleblowing

By treating employees fairly and ethically, companies can also demonstrate their corporate social responsibility. Whistleblowing channels are maintained and all employees are encouraged to raise concerns about any practices or conduct across the Group. The Group Internal Audit Division is the key stakeholder of this process, by handling the whistleblowing channels and investigating any concerns raised anonymously and with strict confidentiality, integrity and professionalism.

Handling of Complaints

The Bank continues to enhance its complaint management framework, via the Complaints Management Unit (CMU) that was

established in March 2017. The CMU ensures that the complaint management framework is fully in line with the requirements of the latest European Banking Authority (EBA) Guidelines on Complaints-Handling for the Banking Sector and any other related Legal Framework, ensuring the resolution of complaints in a proper and timely manner. The CMU handles and monitors complaints, facilitates prompt complaint resolutions, recommends remedial actions that derive through the complaint root cause analysis, and facilitates the proper implementation of these actions. During 2018, CMU captured 668 customer complaints.

Markets Financial Instruments Directive II (MiFID II)

The Bank complies with the new legislation Markets Financial Instruments Directive II (MiFID II) and has taken necessary actions such as updating of procedures, policies and systems. MiFID II comprises both the revised Markets in Financial Instruments Directive (MiFID), 2014/65/EU, and the Markets in Financial Instruments Regulation (MiFIR), 600/2014. It aims, amongst others, to further strengthen investor protection. MiFID II broadens the scope of MiFID I to include more financial instruments and trading venues. It extends to market participants and activities not regulated under MiFID I for the purpose of strengthening the transparency framework, for better investor protection, and for addressing non-regulated investment sectors. The new legislative framework was transposed into Cyprus national law by Law 87(I)/2017 and it was enacted in January 2018.

ENHANCING OUR SERVICES

Throughout the year, the Bank engages in various activities in order to connect, communicate, educate and enhance the quality of the services provided by its branches and business

centres as detailed below. The promotion of the Digital Economy is key in this respect.

Consumer & SME Banking

The Director of the Consumer & Small and Medium-sized Enterprises (SME) Banking division conducted a presentation, to all employees of the Bank of Cyprus, twice during the year, which included the goals, and a discussion and presented results and various problems/procedures of the line.

Additionally, the Director conducted frequent visits, with Regional Directors, throughout the year, to branches and business centres. In order to improve the quality offered to customers, 4-5 times yearly regional meetings are organised between all the branch/business centres managers and their Regional Managers with the participation of the Director of Consumer & SME Banking, for the discussion of various issues.

Additionally, through various surveys (mystery visitor, mystery phone call survey, auditor visits, customer branch rating & surveys on customer general feedback) throughout the year, there is a target to improve the services provided, as well as the performance of employees. Employees, who excel in achieving their annual targets and the quality of the provided services, are rewarded at annual events.

Corporate Banking

The year began with the presentation by the Corporate Banking Director of the strategic objectives of the Directorate for the Year. In March, the Corporate Banking Division organised the Business Leader Summit for the 3rd consecutive year, with three prominent entrepreneurs from major sectors of the economy. Speakers shared the secrets of their success in the areas of leadership, management, corporate ethics, governance and entrepreneurship. More than 700 professionals attended this unique forum, aiming at their personal training and the exchange of knowledge. Other events, such as cocktails, breakfasts and dinners, were organised throughout the year in various cities, with the participation of entrepreneurs from all sectors of the economy. The aim is to maintain trust and transparency between the Bank and its clients.

During the first six months of the year, all employees of the Division attended a 5-day intensive seminar organised by the Bank in collaboration with Moody's, covering all stages of the credit process and granting certificates as all employees passed the relevant exam. Also announced in October, the new 1bank B2B APIs (Application Programming Interfaces) digital service, enables large businesses, through their own ERP (Enterprise Resource Planning) systems, to have direct access to the 1bank platform. Near the end of the year end a market survey was conducted to receive customer feedback, as the strategic goal is to continuously improve the quality of our customers' needs.

International Banking, Wealth & Markets

In a continued bid to improve the quality of service provided, the International Banking, Wealth & Markets Division conducted

throughout the year a quantitative survey aiming to improve the quality of the customer telephone service. It also conducted an annual Customer Satisfaction Survey aiming to improve the quality of products and services provided by getting customer general feedback.

The employees of this Division who excel in achieving their annual targets are rewarded in a special Awards Ceremony every year. Frequent staff meetings are organised to inform them about the Division's strategic objectives and progress as well as about the Bank's and Division's latest news with the scope of enhancing communication and transparency between Management and staff. Also, managers meetings have been organised throughout the year. Additionally, staff attended specialised internal and external ongoing trainings on Anti Money Laundering (AML) Risk management and other AML related issues (analysis of financial statements and tax structures).

Bank of Cyprus established its new Shipping Centre late in 2017 which is a part of the International Banking, Wealth & Markets Division. In May 2018 the Shipping Centre made a splash in Posidonia week in Athens by organising the successfully celebratory inaugural Posidonia Reception. Shipping has been important for Cyprus and its economy for centuries. In the past few years in particular, Cyprus has developed into one of the world's most important maritime centres, offering the highest quality ship-management, insurance, chartering and other services. Bank of Cyprus, the country's largest bank, has kept up with the times and has expanded its more traditional operational services and financial product to ship-financing.

The Bank's strategy is based on a counter-cyclical approach in entering at a low point of the shipping cycle. It is also an opportune time for new lenders, given the retraction of some of the larger established European shipping banks. However, the Bank takes a long-term view of the highly cyclical market and builds relationships that will withstand the test of time.

With the launch of Bank of Cyprus Asset Management Company (BOCAM) in January 2018, the Bank enhanced its product offering to funds. Over and above its traditional banking & investment services, Bank of Cyprus Wealth & Markets now offers a comprehensive range of specialised investment-related services to cater to the needs of market participants of the Cyprus fund industry including licensing, depositary, fund hosting services, fund management and execution for Undertakings for Collective Investment in Transferable Securities (UCITS) and Alternative Investment Funds (AIFs) as well as fund management companies. BOCAM also supports the work of the Cyprus Investment Funds Association (CIFA) by participating in and supporting a number of conferences in Cyprus.

Investor Relations

In 2018, Investor Relations' main objectives were substantially met. 2018 was the second year of the dual listing of the share capital of Bank of Cyprus Holdings Public Limited Company (BOC Holdings) on the London Stock Exchange (LSE) and the Cyprus



In October 2018, Bank of Cyprus sponsored the 9th Limassol Economic Forum and the Bank's Chairman, Dr J. Ackermann, was one of the prestigious speakers



In May 2018, Bank of Cyprus Shipping Centre participated in the Posidonia Week in Athens and organised the Posidonia Cocktail Reception

Stock Exchange (CSE). The Bank successfully managed to comply with a complex regulatory framework, arising from a holding company registered in Ireland, listed on two different Stock Exchanges, with different rules and regulations.

As a publicly listed company, the Bank of Cyprus is accountable to its investors. The Bank prioritises and engages its most important investors in a direct dialogue wherever possible and integrates feedback received into its strategies, striving for the greatest possible transparency.

During 2018, HSBC and KBW were appointed as the Bank's Corporate Brokers in order to assist in achieving one of the Bank's major objectives for the year, i.e. the enhancement of the relationship and engagement with its major shareholders and new potential investors.

In this respect, with the help of HSBC and KBW the Bank has managed to enhance its engagement with major shareholders, attending a number of conferences in UK, one-on-one meetings, both in Cyprus and in the UK, frequent communication through conference calls, on-site visits, at least quarterly updates about the results or post any significant corporate transaction. It has addressed all the questions, both from existing and potential new investors in a timely manner. In addition, meetings and calls were arranged for major shareholders with the Chairman, in line with the principles of good corporate governance. The Bank has provided further analysis in the Group's financial results' announcement and presentation, in order to help investors better understand the Group's financial results and strategy and assist them to make better informed investment decisions.

During November 2018, the Bank appointed external professionals to conduct an independent study about its reputation amongst its major shareholders. This study, amongst others, revealed that the Bank's Investor Relations (IR) team

is one of the Bank's strong points contributing to its good reputation. Investors are inevitably positive about the IR team and communication with investors more generally. Most of them feel that engagement with investors is proactive, comprehensive and that the Bank provides ready access to relevant information. Investors said that they have both formal and informal access to senior management and experts within the Bank and this is something that they value considerably.

In 2018, in cooperation with our Compliance department, the Bank also performed a due diligence exercise amongst its major shareholders with shareholdings above 3%, an exercise to identify their ultimate beneficial owners and have a more transparent view of our investor's structure and their investment profile.

The Bank increased the interaction with equity research analysts. During the year, KBW initiated coverage of the stock, while Citibank, Wood and Co., and Axia continued to cover the stock helping investors to better assess their current or potential investment.

The Bank continued to manage the relationship with the Credit Rating Agencies (CRAs) with the aim of improving the rating of the Bank. Currently, the Bank is rated by Fitch Ratings, Moody's Investors Service, S&P Global Ratings and Capital Intelligence. It held annual meetings with all the aforementioned CRAs and kept constantly updating them about the financial results and new developments in the Group.

In September 2018, Fitch Ratings affirmed their long-term issuer default rating of B- and revised the outlook to positive from stable. At the end of August 2018, Standard and Poor's upgraded their long-term issuer credit rating on the Bank to B+ from B and changed the outlook to stable from positive. In October 2018, Capital Intelligence upgraded their Foreign

Currency Long-Term rating to BB- and their financial strength rating to BB- and revised their outlook from positive to stable.

All the announcements were published on time and within the required legal timeframes. The Bank continued to maintain and update the Investor Relations website, always taking into account what has been adopted by market leaders and main competitors.

Group Risk Management

The Bank continuously enhances its Risk Management Framework, to further embed explicit and robust risk management practices into all areas of business processes, from the initial formulation of the Bank's business strategy, to the sale of services and products to its customers. For example, the Bank has embedded in its policies for new lending, certain procedures where credit applications are screened for negative environmental and social issues. In addition, certain lending sectors which may have negative social aspects are considered undesirable.

More specifically in 2018 the Bank has:

- Promoted further automation in its reporting and monitoring.
- Bolstered the existing strong system of internal controls.
- Achieved continuous and more rigorous monitoring of the implementation of risk mitigation activities.

As the Bank is being socially responsible, Group Risk monitors reputational risk and has reviewed and updated accordingly its Reputational Risk policy. Within this concept, Group Risk Division has developed a Conduct Risk e-learning seminar which 3,806 staff members attended.

Group Risk is also committed to blending CSR with the fundamentals of cybersecurity to protect the interest of its stakeholders by incorporating a clearly defined Information Security strategy. During 2018, Group Risk, through the Information Security Risk unit, has performed a number of initiatives to ensure stakeholder data is properly safeguarded and kept to acceptable market standards. In addition, Group Risk Division has developed an Anti-Fraud awareness e-learning seminar for all staff members, as well as developed an Information Security Awareness Programme which has been delivered to all Board Members, Executives and its staff.

Group Internal Audit

During 2018, Group Internal Audit (GIA) has contributed in various ways to the Bank's strategy on matters relating to Corporate Responsibility, since it recognises the importance of transparency and honesty in earning the public's trust. GIA has been actively involved in the establishment of the Cyprus Chapter of the Association of Certified Fraud Examiners (ACFE), with the Bank of Cyprus being the main sponsor and supporter of this initiative. ACFE is the world's largest

anti-fraud organisation and it is inspiring public confidence in the integrity and objectivity of the profession. The mission of the ACFE is to reduce the incidence of fraud and white-collar crime and to assist the members in fraud detection and deterrence.

The GIA Director and the Group Compliance Director, as well as two other officials of the Bank sit on the founding board of directors of the Chapter. Bank of Cyprus has a dominant role in supporting the vision of the ACFE and sharing knowledge and skills with its members for the prevention, control and detection of fraud incidents, while endorsing the fraud examination procedures in collaboration with local authorities.

During 2018, prior to the Bank of Cyprus Oncology Centre's first audit, GIA gave a presentation to its Board members and key management personnel as an introduction to the main steps of the internal audit process, including the benefits arising from internal audit reviews. The presentation also served as an opportunity for GIA to become acquainted with the Centre's top management. The first audit engagement took place in 2018. Several recommendations were made, aiming towards the improvement of the Centre's operational effectiveness, corporate governance arrangements and overall risk awareness of the Centre's management. The Centre has been included into GIA's audit universe, thus each year certain areas/processes of the Centre will be selected for review.

Digital Transformation

Digital Transformation is a key project that aims to provide cheaper, faster, simpler and safer solutions to the needs of customers, around the clock. As such, it is both a key element of the Bank's Customer Centricity drive and a central driver of our efforts to enhance the capital uptake of Cyprus as a whole. Bank of Cyprus in 2018 introduced a series of new services and products, such as:

- New Internet Banking designed to automatically adjust to all mobile devices, providing easy and enjoyable navigation
- New Mobile Banking application offering new digital experience for the Bank's customers
- QuickPay service for instant, easy and secure mobile payments from the mobile phone
- New Antamivi application for Bank's card users

These are priced lower than in-branch services. Bank of Cyprus is also actively engaged within the public sector in pushing the Digital Agenda of Cyprus, by providing expertise and infrastructure to quangos and governmental bodies. Examples include participating in the Ad Hoc Committee for the Development of a National Strategy for Blockchain and the development of Digital Signatures.

More information regarding our Services can be found in Appendix "GRI Index".

12

Our Environment



Being one of the largest organisations on the island, with offices and branches in all cities, Bank of Cyprus is fully aware of its responsibility to minimize the negative impact of its operations on the environment. The Bank is improving its eco-efficiency with an array of measures, from efficient use of energy, water and paper, including green Information Technology (IT), to replacing business trips with video conferences.

European Business4Climate

Based on a European Directive, Cyprus should reduce its greenhouse gas emissions by 24% by 2030. Within the framework of this effort, the Cyprus Employers and Industrialists Federation, the Cyprus University of Technology (project coordinator) and the Department of Environment of the Ministry of Agriculture, Rural Development and Environment, participate in the European programme Business4Climate, whose goal is to engage businesses in climate action by reducing greenhouse gas emissions by 8% by 2030.

The programme includes, among other things, developing a methodology for identifying greenhouse gas emissions, educating businesses on climate action and defining available and planned financing tools and projects. The project is funded by Climate-KIC through the European Innovation and Technology Institute (EIT) Regional Innovation Scheme. Participating companies commit themselves, through the signature of a relevant Declaration, to reducing greenhouse gas emissions through the adoption and implementation of policies, measures and day-to-day practices that will help reduce their carbon footprint.

Back-Office Automation & Digitization

In order to be able to support the Bank's Strategy for Digitization, the aim is to modernise the Back-Office Operation with continuous advancement of existing systems, the automation of manual procedures as well as the streamlining of procedures.

More specifically, the list of achievements includes:

- The launch of the "allNET customer portal" offered to our Trade Finance customers via 1bank, which is currently not offered by any other bank in the Cyprus market.
- The new Cash Management Products CASH360 installed at the customer's premises.
- Participation in Back Office Operation Forums held in Amsterdam, offering Operational Excellence, Digital Transformation to Back Offices, addressing issues of Regulatory Developments, GDPR and Robotic Changes.
- Participation in a Forum in Berlin, relating to Post Trade issues and mainly to the Regulatory environment.
- Compliance to MiFID II post transaction regulation and the in-house development for reporting.
- Compliance to European Market Infrastructure Regulation (EMIR) and the in-house development for reporting.
- Involvement in the implementation of the GDPR regulation with regards to the Bank's vendors.
- The ISO 9001:2015 qualification on "Management of bank accounting books and records" for Registry and Central Archives departments as well as the "Check Clearance Center" for the Cheque Clearing department,
- The implementation of Electronic Archiving of clients' documents which falls under the umbrella of the Paperless Office Project; it will assist with the Branch Redesign and the overall strategy of Digitization together with other initiatives that are also on the road map and will further add value to the business as well as enhance cost reduction.
- The Modernisation Projects for Trade Services, Payments, Treasury Back Office, Wealth Management Back Office, Middle Office, Advances Execution, and Chief Cashier.



Installation of a photovoltaic system at the Bank's Information Technology building to cover part of its electricity needs



The Bank is improving its eco-efficiency with an array of measures in its renovated branches (branch at Nicosia Mall)

- The Recycling Agreements that are in place since 2014, with a recorded volume of paper recycled during 2018 to be approximately 735,000 kg.
- Focus on employee satisfaction, by continuously improving the relationship between employees and management, promoting healthy communication and coordination at all levels through various initiatives including Open Door Policies at the Manager level, workshops, periodic staff meetings, continuous training and internal /external rotation, bonuses etc.
- The establishment of internal Quality Assurance Roles to ensure that sound quality controls and procedures are followed, relating to the review of internal procedures, operational risk issues, compliance and internal audit issues.

During 2018, it used on a pilot basis fully recycled photocopying paper, within the framework of the Bank's policy to enhance the environmental awareness of employees. Based on the positive results to date, it is estimated that recycled paper will be used in the future.

Furthermore, the following actions took place during 2018:

- Preventive and scheduled maintenance of heating and air conditioning equipment.
- Inspection of heating and air conditioning equipment by certified inspectors in order to identify possible weaknesses in their condition and operation that may result in poor energy efficiency. The findings are being evaluated in order to prepare an action plan.
- Completion of the Bank's premises energy audit that commenced in 2017. The findings of the audit are being evaluated and an action plan will be prepared in 2019. Implementation of actions, policies and practices is expected to begin at the end of the year.
- Installation and connection of 100 KW photovoltaics to cover part of the electricity needs of Information Technology building.
- Ongoing replacement of old air conditioning equipment using R22 gas, with new more efficient ones.
- The ISO 50001 is maintained across the two main data centres and has been renewed in 2018 after an inspection done by an authorised agency.
- Introduction of a central monitoring system of all the premises' electricity consumption, which is expected to be upgraded and completed in 2019.



Energy Saving and Carbon Emissions Reduction

Our key goal and strategic priority is to reduce as much as possible the impact of the Bank's business activities on the environment. One of the main impacts on the environment and climate change comes from buildings and Greenhouse gas emissions.

In 2018 the Bank measured the main sources of emissions and hopes to be in a position to show reductions in the coming years. Details are available in the Appendix GRI Index.

- Replacement of existing lights with new more efficient LED in 12 buildings in 2018 which has resulted in 5% estimated reduction in consumption.
- Use of Building Management Systems (BMS) to optimise operation of HVAC (Heating, Ventilation and Air Conditioning Systems).
- Monitoring and adjustment of heating, air conditioning and lighting systems parameters such as operation hours and temperature.
- Studies for the installation of photovoltaics at major buildings to identify suitable sites for implementation.



Waste Management

The Bank recognises the importance of waste resource management, and for that reason for several years Bank of Cyprus has had in place a paper recycling programme on all Bank premises.



Paperless Programme

The Bank's efforts to reduce its impact on natural resources and to minimize its waste stream include several activities and initiatives. During 2018, the upgraded internal portal encouraged employees to further reduce the use of paper in everyday transactions and tasks.

The portal hosts:

- Circulars
- Announcements
- Policies
- Internal requests and applications
- System details
- Product and services details
- Tools
- Employees' assessments

Customers are encouraged to use the Bank's innovative web and phone banking services, with significant results in reducing paper usage and operating costs. Through the "Stop Paper Statement" function, customers can stop receiving statements

Waste by type and disposal method

Recycled (in kgs)	2017	2018
Empty packaging of printing toners (laser, inkjet etc.)	1,941	80
Metal (metal parts of old furniture, machinery etc.)	1,160	1,178
Miscellaneous appliances-machines	1,512	9,800
Paper	4,770	735,000
Plastics, glass, wood, metal	3,305	3,070



for their accounts by mail, contributing to the protection of the environment and conservation of natural resources. The Bank has also introduced a new Fees and Commissions Schedule providing incentives to customers to switch to digital and other paperless services. The new Fees and Commissions provide online services which are either cheaper than physical services, or entirely free.

Additionally, 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 printout. Also Diligent Boards -a Board Meeting Software solution- is used at Board of Directors and Senior Management Committees, enabling safer and paperless meetings. The usage of paper receipts from our ATMs has been reduced by 24% since 2017.

E-statements

By replacing the hard copy bank statement which Bank of Cyprus customers receive every month by post with an e-statement, the Bank minimizes the use of paper and reduces the environmental impact of its production such as deforestation and wasteful energy and water consumption. With the e-statement service from 1bank, the Bank's customers have immediate digital access to their card accounts (credit and prepaid) from wherever they are, while they can also save their bank statements electronically and print them if necessary.

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External Assurance Report

The External Assurance Report was conducted by the Centre for Sustainability and Excellence (CSE) and refers to the 2018 Corporate Responsibility Report of Bank of Cyprus for the period between January 1st 2018 and December 31st 2018. The aim of the assurance process is to provide confirmation to the stakeholders of Bank of Cyprus for the accuracy, the reliability and the objectivity of the information in the sustainability report, and that the sustainability report contains all the material issues for Bank of Cyprus and for its key stakeholder groups. The 2018 Corporate Responsibility Report of Bank of Cyprus has been conducted according to the GRI STANDARDS reporting standards ("in-accordance core") of the Global Reporting Initiative (GRI).

Scope of Work

The scope of work contained the review of the activities described in the 2018 Corporate Responsibility Report, as well as the information and data about the sustainability performance of Bank of Cyprus during the reporting period. Specifically, it included:

1. Statements, information and performance data contained in the Report.
2. The process followed by the Bank of Cyprus for the determination of the material issues contained in the Report, and the management's approach towards these material issues.
3. Data and information contained in the Report according to the standards of the GRI STANDARDS reporting standards of the Global Reporting Initiative, as presented in the GRI Index Table.

The external assurance process was conducted according to the specifications of the internationally recognised assurance standard AA1000AS (2008). The scope of work was defined and agreed upon with the Bank of Cyprus to be a Type 2 moderate assurance.

General Conclusions

With respect to the scope of work, it was observed that:

- The description of the activities and performance of Bank of Cyprus during 2018, as well as the manner in which they have been described in the Report, is accurate.
- Bank of Cyprus complies with the principles of inclusivity, materiality and responsiveness of the AA1000 Assurance Standard.

In case of any future translations of the 2018 Corporate Responsibility Report, the English version of the Report will prevail with respect to our conclusions.

Main Observations and Proposals

Bank of Cyprus performed significant improvements in managing and presenting its sustainability performance during the reporting period, such as:

- The transition to the new GRI STANDARDS and the introduction of the Bank's commitment to the United Nations Sustainable Development Goals.



- The continued financial support towards the Bank of Cyprus Oncology Centre.
- The contribution of more than €485,000 funds raised for the Cyprus Anticancer Society #stiMaxi.
- More 850 staff volunteers supported the Bank's community initiatives.
- More than 8,000 hours of training on financial crime issues for all members of the Bank's staff.
- The 5% reduction of energy consumption and the recycling of more than 735,000 kg of paper.

With respect to the observations and the conclusions from the external assurance process, our main observations and suggestions for improving future sustainability reports, are:

- With respect to the principle of inclusivity, Bank of Cyprus should maintain and aim at further developing its stakeholder engagement and communication model.
- With respect to the principle of materiality, Bank of Cyprus should maintain the existing processes for the determination of the material issues and aim at further developing them, for example by increase the stakeholder groups participating in workshops for the determination of material issues.
- With respect to the principle of responsiveness, Bank of Cyprus should maintain and continue enhancing the existing approach about incorporating the expectations and needs of its key stakeholder groups into products, services and programmes it develops.
- Bank of Cyprus should continue, and aim at further expanding, the use of tools and innovative methodologies to monitor its sustainability performance.
- Due to the increasing importance of managing a sustainable supply chain, Bank of Cyprus should maintain and continue empowering the incorporation of its sustainability policies into its supply chain.

Findings and conclusions about the Principles

- Principle Of Inclusivity – how the key stakeholder groups were identified and how Bank of Cyprus communicated with them about issues related to sustainability. The communication activities with the stakeholders groups involved all the key stakeholder groups of Bank of Cyprus. Also, Bank of Cyprus has implemented the appropriate principles during the development of its approach towards sustainability.
- Principle Of Materiality – the process of evaluating the sustainability issues in order to select the material ones to be included in the report. The process Bank of Cyprus followed for determining the material sustainability issues provides a balanced representation of Bank of Cyprus corporate responsibility performance.
- Principle Of Responsiveness – how Bank of Cyprus responded to the issues that were of concern to the stakeholders and how this process is described in the Report. Bank of Cyprus has applied the principle of responsiveness during the selection of the issues to be included in the Report, as well as to the manner to which they are represented in the Report.
- Specific Performance Information. The quantitative data related to GRI indicators have been collected and presented in the Report with the best possible and commonly acceptable manner. Indicatively, during the assurance process the coverage by Bank of Cyprus of the following indicators was reviewed:
 - Data and information about the total number of employees, as well as the employee breakdown by region, position, gender, and years of employment.
 - Data and information about the Bank's total number of suppliers, and number of suppliers by type of service.
 - Data and information about the percentage of employees who are covered by collective bargaining agreements, and the percentage of employees who are trade union members.
 - Data and information about the percentage of senior management and members of the Board of Directors at significant locations of operations that are hired from the local community.

- Data and information about the proportion of spending on local suppliers.
- Data and information about the energy consumption within the organisation (diesel for heating, electricity consumption).
- Data and information about the waste management (recycling of toners, metals, paper, appliances-machines, plastics, glass, wood).
- Verification about the number of employees that received training in security awareness and emergency preparedness and response seminars.
- Data and information about the breakdown of senior management members by gender, age group and nationality.
- Verification of the number of NGOs supported and total amount of contribution.
- Verification that during the reporting period there were no substantiated complaints concerning breaches of customer privacy and losses of customer data.
- Verification of the number of complaints that were handled during the reporting year with regards to Financial Ombudsman.

Methodology

For conducting the external assurance, the following steps were followed:

- Review and analysis of the processes for identifying and communicating with the company's key stakeholder groups.
- Review and analysis of the process for identifying and determining the sustainability issues that were included in the Report.
- Conducted random reviews and analysis of data and information regarding the basic performance indicators of Bank of Cyprus. This specific review does not include an evaluation/ validation of the operational efficiency of the information systems that were used to collect and process data.

- Reviewed the information and supporting material that support the claims made in the Report.
- Reviewed the Report with respect the principles of the assurance standard and of the GRI STANDARDS reporting standards of the GRI in order to verify compliance to those principles.

Exceptions and Limitations

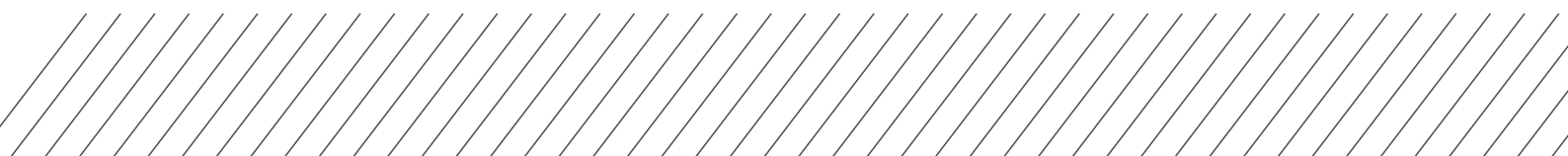
Information that relate to the following were not included in the assurance process:

- Activities outside the reporting period or the boundaries/scope of the Report.
- Statements about the positions of Bank of Cyprus.
- Financial data which were derived from the Annual Financial Report of Bank of Cyprus which is assured by an external financial auditor.
- Content of websites or tests by third parties.

Responsibilities of Bank of Cyprus and the External Assurance Provider

The preparation, presentation and the content of online versions of the Report is an exclusive responsibility of Bank of Cyprus. CSE's responsibility is to provide independent external assurance to the stakeholders about the accuracy, reliability and objectivity of the information contained in the Report, and to express a holistic opinion with respect to the scope of work as it is defined in the present assurance report.

CSE recognises the need for a thorough, transparent assurance process in order to ensure reliability, and act as a tool for improving the performance of Bank of Cyprus about the company's sustainability strategy and reporting. This is achieved by providing unbiased commentary, through the present assurance report, on the reporting process, and by making recommendations for further improvement.



Independence, Impartiality and Competence Statement of CSE

Independence, Impartiality and Competence Statement of CSE, and the external assurance team, confirmed to Bank of Cyprus that it has maintained its independence and objectivity and, specifically, that there were no incidents and no services provided that could influence its independence and objectivity. CSE's external assurance team has extensive international knowledge in providing assurance services, conducting audits and evaluations of issues and systems relating to the environment, the society, the employees, the recognition and communication of stakeholder groups, the determination and representation of material issues, and through the combined experience in this field, an excellent understanding of good practices in sustainability and in external assurance.

On behalf of the Assurance Team

Nikos Avlonas

CSE President



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Our Goals

Our Community

Goals 2018		Impact 2018	Goals 2019
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	Cyprus maintains one of the highest survival rates among OECD (Organisation for Economic Co-operation and Development) countries thanks to the Centre. The Centre ranks amongst the most distinguished hospitals in terms of its operating and quality standards with quality accreditation CHKS (Caspe Healthcare Knowledge Systems)	Maintain target
	Increase fundraising for the Cyprus Anticancer Society by 6%	Funds were increased by 2.7%	Increase fundraising for the Cyprus Anticancer Society by 3%
Play an active and positive role through our engagement in our community	Maintain and improve our support towards NGOs and associations in the pillars of Health and Education	In 2018, the Bank supported more than 400 legal entities, marking an increase of more than 165%	Maintain and improve our support towards key NGOs and associations in the pillars of Health and Education

Our People

Goals 2018		Impact 2018	Goals 2019
Training and development of our Employee	Increase e-learning to 40% of total employee training	E-Learning utilization reached 29% of total training days. The number of e-learning programmes was higher in 2018 however the duration of the seminars has been reduced thus affecting the 40% target	A "Skills Accelerator Programme" has been launched and our main goal in 2019 is to offer BOC staff the opportunity to upgrade & modernise their 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
Encourage volunteerism	Increase of our volunteers and employees' engagement in supporting our community initiatives	Target achieved. Almost 900 volunteers/members of staff	Increase our volunteers/ members of staff by 10%
Our commitment to gender diversity	Target for 40% representation of the underrepresented gender on the Board by 2020	Achieved diversity of 33.3%	Achieve target

Our Services

Goals 2018		Impact 2018	Goals 2019
Increase customer satisfaction	Resolve customer complaints within the timeframe set by the Central Bank	Target achieved	Maintain target
Fight Corruption & Bribery	Maintain a "zero tolerance" approach to acts of bribery by any of our employees or any business partners	3,092 customer relationships terminated/suspended for compliance reasons. 1,467 potential new customers rejected exclusively for compliance reasons. 146 Internal Suspicious Activity Reports. 163 FIU reports proactively filed	Maintain target Encourage Whistleblowing Continue to prevail against money laundering

Our Environment

Goals 2018		Impact 2018	Goals 2019
Reduce our environmental footprint	Reduction of total energy consumption by 2% Reduction of CO ₂ emissions by 2%	Exact figures cannot be verified	Reduction of total energy consumption by 2%. Reduction of CO ₂ emissions by 2%
	Maintain paper recycling numbers. The volume is expected to decline, within the Bank's Paperless Programme	Reduction of paper recycling amount by 85%	
Integration of environmental awareness in our internal culture	Apply the Bank's new strategy for Digitization and "Paperless" Programme to all Divisions	Application of "Paperless" Programme into a significant number of the Bank's operations	Educate staff on environmental issues and run activities to enhance this

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