

Continued wins against financial crime

Cyprus:

Despite a lingering reputation that it inherited from past shortcomings, Cyprus has been successfully engaged in a protracted battle against Money Laundering. Even in the midst of an economic crisis, it has proactively

terminated accounts, lost profits and turnover and engaged in an aggressive clean-up campaign under the most stringent rules. In other words, a complete overhaul and transformation of its culture.

Recent Progress

Moneyval Report



The 2020 Moneyval Report on Cyprus, recognized the country's progress in combating money laundering and terrorism funding. Cyprus received a score of compliant or largely compliant on 37 of the 40 technical aspects of assessment, while just 3 were rated as partially compliant. The report has not revealed any weaknesses for the banking sector which scored excellent marks. A follow up report was issued in 2022, stating that further progress was made in improving the country's level of FATF standards.

Recognition from OECD



Cyprus is included in the OECD White List, of "Largely Compliant" jurisdictions, as per 2020 peer review.

Ahead of the curve: early adopter of CRS, FATCA and other rules



Since December 2013, Cyprus has implemented the strictest AML regulatory framework in Europe and since then, remains ahead of all EU regulatory developments in the area.

Cyprus has been cited as an **Early Adopter of CRS** (Common Reporting Standards) of OECD and is fully compliant with **FATCA** as well as DAC6.



Bank of Cyprus:

The Bank of Cyprus has engaged since the beginning of year 2014 in a very demanding and rigorous anti-financial crime remediation programme which has successfully been implemented in the following years. Today's compliance function of Bank of Cyprus, is a benchmark of excellence and it is fully aligned with US, EU and local regulatory frameworks.

Recent Progress

Eliminating Professional Intermediaries



1.601
Intermediaries in 2014

currently
0
Intermediaries

Customer Terminations and Rejections



25.909 customers terminated / suspended (*)
12.028 potential new customers rejected

exclusively on Compliance (KYC/AML) grounds in years 2015-2022.

(*) customers have multiple accounts.

Loss of turnover on own initiative



Estimated **€11.6 billion** as a result of terminations / suspensions in years 2015-2022.

Foregone net profits on own initiative



Estimated **€29.2 million** from customers terminated / suspended in years 2015-2022.

Proactive addressing of the war in Ukraine



Proactively and well before the eruption of the war in Ukraine, the Bank adopted revolutionary measures to effectively address the relevant risks. Given these proactive measures, the Bank's exposure to the various sanctions, was minimal.



International regulators and enhanced oversight



The systemic status of the Bank and its inclusion under the Single Supervisory Mechanism of the EU, as well as the listing in the LSE and the Bank's voluntary adoption of the 2018 UK code, reflects its persistent alignment with best international standards of Corporate Governance. BoC is now regulated by:

8
separate,
international & local
competent authorities

in

4
jurisdictions
(Cyprus, Ireland, the
UK and the EU)

Adoption of Best International Standards



Fully adheres to all relevant local, European, USA, UK and other regulatory frameworks.

Alerts



39K alerts generated on average every month in 2022 by the Bank's specialized AML system, demonstrating a proactive stance.

Reports to FIU



1.416 Internal Suspicious Activity Reports
1.307 FIU reports proactively filed since 2015

International Awards



- 2016 **Transparency International Award** for Best Practices, Initiatives and Actions to Reduce Corruption and/or increase Transparency in Cyprus.
- 2017, 2018, 2019 and 2020 **Best Corporate Governance Corporation (Cyprus) Award** by World Finance (UK).
- 2017, 2018 and 2019 the **Bank of the Year (Cyprus) Award**, of Corporate Insider's Business Excellence Awards (UK).
- 2020 **Special Recognition Award - Best Banking Governance Europe** by Ethical Boardroom magazine (UK).
- 2022 **Silver Winner of the Best Compliance Team Award** by International Compliance Association.

Recognition by international rating agencies



- The Institutional Shareholder Services (ISS), in 2021 rated the Bank's Corporate Governance & Ethics (as part of its overall ESG Corporate Rating) as B+ (2018: D+)
- The Morgan Stanley Capital International (MSCI), in 2021 rated the Bank's ESG as AA (2020: A)

USA and Bank of Cyprus



Major shareholders hailing from North America (USA and Canada), account for 12.31% of shareholding, as per notifications received from investors in accordance with the major holdings disclosure obligations pursuant to the Irish Transparency Rules and Regulations and as per latest update from the shareholders.