

## GROUP POLICY: Conflicts of interest

### 1. PURPOSE AND SCOPE OF POLICY

This policy establishes a framework for the prevention, identification, assessment, documentation, escalation, and effective management of conflicts of interest (COI) in compliance with the legal and regulatory requirements applicable to the BOC Group. Failure to identify, escalate, and appropriately manage actual or potential COI, as well as to comply with relevant rules, may expose the Group, the Board of Directors, and its employees to criticism, fines, penalties, increased indirect costs, and potential damage to the Group's reputation.

It applies to the Members of the Board, Senior Management, and all employees of the Group in every country the Group operates and to the Group's contractors, agents, and other Relevant Persons (see section 3 Definitions). All entities of the Group, as a minimum, meet the requirements of this Policy. In any country where the requirements of local legislation, directives or practices establish a higher standard, the corresponding Group Entity follows those standards.

### 2. ABBREVIATIONS

Within this Policy, the following abbreviations are used:

Abbreviation	Definition
AC	Audit Committee
BOD	Board of Directors
BR&CO	Business Risk & Compliance Officer
CEO	Chief Executive Officer
CD	Compliance Division
CLs	Compliance Liaisons
CMS	Compliance Management System (OneSumX)
COI	Conflicts of Interest
EBA	European Banking Authority
EU	European Union
ExCo	Executive Committee
KFHs	Key Function Holders
NCGC	Nominations & Corporate Governance Committee
PDMR	Persons Discharging Managerial Responsibilities

### 3. DEFINITION OF TERMS

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

#### 1. Bank

Means Bank of Cyprus Public Company Limited.

## 2. **Bank of Cyprus Group/the Bank/BoC Group/Group**

Means the Bank of Cyprus Holdings Public Limited Company, which is a public limited company, registered under Part 17 of the Companies Act 2014 of Ireland, the Bank, and its subsidiaries.

## 3. **Conflicts of Interest (COI)**

A conflict of interest (COI) arises when two or more people have competing interests, and a duty of care or trust exists between them. It can occur in any area of the Group's operations during the provision of services to a client, potentially favoring the interests of the Group, any relevant person, or another client, to the detriment of the first client. 'Interests' could be any benefit or potential benefit, whether personal or otherwise, of a financial or non-financial nature.

The examples below offer an indication; however, they are not considered as an exhaustive list of conflicts:

- a. economic interests, for instance, shares, other ownership rights and memberships, financial holdings and other economic interests in commercial customers, intellectual property rights, loans granted by the Bank to a company owned by staff, membership in a body or ownership of a body or entity with conflicting interests.
- b. personal or professional relationships with the owners of qualifying holdings in the BoC Group.
- c. personal or professional relationships with staff of the BoC Group or entities included within the scope of prudential consolidation, for instance, family relationships.
- d. other employment and previous employment within the recent past, for instance, five years.
- e. personal or professional relationships with relevant external stakeholders, for instance, being associated with material suppliers, consultants or other service providers.
- f. political influence or political relationships, and
- g. the acceptance of gifts with an emphasis that high-value gifts may pose a conflict of interest and are only be accepted following the Anti-Bribery and Corruption Policy's guidelines.

COI includes:

- a. Actual conflict - a real, existing conflict.
- b. Potential conflict - a situation that may result in a conflict.
- c. Perceived conflict - a situation that may appear to be a conflict, even if it is not the case.

## 4. **Chinese wall**

A "Chinese wall" is a metaphorical barrier within an organization designed to prevent the exchange of confidential or sensitive information between different divisions or departments. It ensures that employees on one side of the wall are not privy to the proprietary information held by their counterparts on the other side. By maintaining such a separation, various segments of the same company can operate independently and without conflict of interest, stemming from shared internal knowledge. The implementation of a Chinese wall is crucial in preserving the integrity of business operations, particularly in industries where information confidentiality is paramount.

## 5. **Clients**

The definition includes:

- a. existing clients.
- b. potential clients.
- c. past clients where fiduciary or other duties remain in place.

## 6. **Inside/ Confidential Information**

Information which has not been made public, relating directly or indirectly, to one or more issuers of financial instruments and which if it were made public would be likely to have a significant effect on the

prices of those financial instruments or on the price of related derivative financial instruments. This information includes any information that a reasonable investor may consider when making his/her investment decision. Regarding the persons who are charged with the execution of orders concerning financial instruments, confidential information is considered as the information provided by a client regarding pending orders, which are directly or indirectly related to one or more issuers of financial instruments and which if made public would be likely to have a significant effect on the prices of those financial instruments or on the price of related derivative financial instruments. To facilitate the implementation of this principle the Group has issued (a) the Securities Dealing Code and (b) the PDMR Securities Dealing Code.

## 7. **Key Function Holders**

Individuals within the BoC Group who hold significant responsibilities and are crucial to the company's operations. They comprise the Executive Committee, the heads of the control functions and the Outsourcing Officer.

## 8. **Personal Transactions as per MiFID**

Transactions in a financial instrument by or on behalf of a Relevant Person, where that Person is acting outside the scope of the activities he/she carries out in that capacity and the trade is carried out for the account of the Relevant person or any Person with whom he/she has family relationship or close links and the trade is forbidden under the Market Abuse framework or the trade results to the abuse or the improper disclosure of confidential / inside information or could be in breach of the legal obligations of the Group.

## 9. **Person Closely Associated 'PCA'**

PCA stands for a person closely associated with a Restricted Person. This includes:

- The spouse or civil partner of the Restricted Person.
- Their child or stepchild under 18 years old, who is not married and does not have a civil partner.
- A relative who has lived with the PDMR for at least one year at the time of the transaction in question. A legal entity like a company, trust, or partnership, which is managed by a Restricted Person or someone mentioned in the first three points, controlled by them, set up for their benefit, or has economic interests very similar to theirs.

## 10. **Person Discharging Managerial Responsibility**

As per Article 3(1)(25) of Market Abuse Regulation (MAR), a Person Discharging Managerial Responsibilities (PDMR) is a person who is:

- a member of the administrative, management or supervisory body of the issuer; or
- a senior executive who is not a member of those bodies, who has regular access to inside information relating directly or indirectly to that entity and power to take managerial decisions affecting the future developments and business prospects of that entity.

## 11. **Qualifying shareholder**

A shareholder who holds 10% or more of the shares and/or voting rights in the BoC Group or can obtain rights to appoint the (majority of) the management board or other means of providing significant influence over the management of the BoC Group.

## 12. **Related Party**

As per the Internal Governance Directive, it means:

- a. Spouse, partner as defined in the Civil Cohabitation Law of 2015, child, or parent of a member of the management body or

- b. A commercial entity in which a member of the management body or a close associate thereof referred to in a) above, has a shareholding of 5% or more of the capital or voting rights in that entity or in which such persons may exercise significant influence or in which such person hold senior management positions or are members of the management body.
- c. Other natural or legal persons associated with the member of the management body through a relationship of significant influence, exercised either by the member of the management body or by other natural or legal persons.

### 13. Relevant Persons

According to the Directive 2014/65/EU on markets in financial instruments, a Member of the management body, Manager, Employee, Partner or any person that is participating to the provision of Investment services and activities by the Group which due to his/her position or due to his /her participation to certain Group Services or due to his /her relationship with the Group has access to specific information that is not widely known and his/her involvement in such services may give rise to a conflict of interest.

### 14. Restricted Persons

As per Article 7 (1) of the Market Abuse Regulation, a Restricted person is a person who has access to inside information about a company due to his/her position, profession or relationship with the company.

### 15. Close friend

A close friend is a colleague with whom an employee maintains a strong personal relationship that goes beyond usual professional interactions which can potentially influence professional judgment and objectivity.

---

## 4. GENERAL PRINCIPLES

---

### 4.1 General Principles

BOC Group conducts its business according to the principle that it must manage COI fairly, both between itself and its clients and between one client and another.

Certain COIs are persistent and needs to be managed on an ongoing basis, while others may arise in relation to a single event that can usually be managed by one-off measures. In all circumstances, the interests of the Group are central to decisions taken.

### 4.2. Identification of COI

The Group sets procedures to identify the relationships, services, activities, or transactions in which COI may arise. These procedures cover relationships:

1. Between the BoC Group and its stakeholders, including:
    - a. Customers.
    - b. Shareholders.
    - c. Members of its management body (Executive and Non-Executive) (and family members);
    - d. Members of staff (and family members).
    - e. Significant business partners and other external stakeholders.
    - f. Other related parties, such as its parent undertaking or subsidiaries; and
  2. Between different clients of the BoC Group – All BoC Group stakeholders and especially Members of the management body, Senior Management and all Employees have a personal responsibility to disclose any COI and abstain (or take relevant measures) from a transaction that may involve a COI. This responsibility
-

is explicitly stated in the Code of Conduct (part of the Employee Handbook), the Corporate Governance Policy & Framework and other agreements with various stakeholders, service providers, suppliers etc.

3. Between staff – Further guidance can be found in the Bank's Code of Conduct

To assist in the identification of COI, **Appendix A** includes non-exhaustive lists of:

- a) Relationships where COI may arise and
- b) COI scenarios

#### 4.3. Management of COI

All COIs are managed pro-actively, promptly, and fairly. The Group utilizes various means (which may be used individually or in combination) to manage a COI including:

- a) Organizational arrangements (described in **Appendix C**)
- b) Disclosures designed to inform the affected parties of the COI and its likely impact on them; and
- c) Avoidance of the service, activity or matter giving rise to the COI where the COI cannot be prevented or managed effectively using other means.

Each Group entity ensures that there is periodic review of the adequacy of the Group's arrangements in relation to COI. All appropriate measures are taken to address any deficiencies, e.g., overreliance on disclosure of COI. This Policy is reviewed regularly, at least annually and/or whenever there is a notable change in the structure or activities of the Group, in the regulatory framework and/or whenever deemed necessary.

#### 4.4. Refusal to provide a service/disclosure to Clients.

Where the Group cannot prevent or successfully manage a COI situation:

- a) It is possible that the Group refuses to provide the requested service or
- b) Where confidentiality considerations permit, discloses the general nature and/or sources of COI as well as the risks to the client before undertaking the business. The disclosure is sufficiently detailed to enable the client to make an informed decision and the client's consent is obtained in writing.

#### 4.5. Breach of this Policy

Breach of this Policy is not tolerated and can lead to disciplinary measures.

Non-compliance issues are assessed according to their materiality and impact on the Group's reputation and relevant measures are put in place to consider the impact on the capital adequacy and liquidity of the Bank.

---

## 5. GOVERNANCE

---

### 5.1 Roles and Responsibilities

For the purpose of this policy, the following major roles and responsibilities have been identified:

<b>Board of Directors</b>	<ul style="list-style-type: none"> <li>• Approves the policy</li> <li>• Bears the ultimate responsibility for the effective implementation of this Policy and set the appropriate tone from the top.</li> </ul>
<b>Board members</b>	<ul style="list-style-type: none"> <li>• Act in the best interest of the Group and ensure that transactions between the Bank and/or other Group entities are generally undertaken only on an arm's length basis.</li> </ul>

	<ul style="list-style-type: none"> <li>Follow the review and consent process before they engage in certain activities such as serving on another entity's management body, to ensure such new engagement would not create COI.</li> <li>Refrain from holding directorships in competing institutions, unless they are within institutions that belong to the same institutional protection scheme<sup>1</sup>, credit institutions permanently affiliated to a central body<sup>2</sup>, or institutions within the scope of prudential consolidation.</li> <li>Disclose any loans and/or other transactions (e.g., factoring, leasing, property transactions, guarantees given etc.) with members of the management body and their related parties in accordance with the provisions of the Bank's Lending Policy and the Credit Committee's Terms of Reference.</li> </ul> <p>Regarding the procedures followed by the Board of Directors in relation to COI, the following apply:</p> <ul style="list-style-type: none"> <li><b>Disclosure of COI during board meetings:</b> Each Board member discloses any COI during meetings and board members abstain from participating in the decision-making and voting on any matter on which they may have a conflict of interest.</li> <li><b>Conflict of Interest Declaration:</b> Every six months (i.e., every December and June), the COI declaration is circulated to the Board members. The COI declaration is completed and signed by the Board members. Subsequently the duly completed and signed COI declaration is submitted to the Company Secretary.</li> <li><b>Ad-hoc COI</b> – Every Board member informs the Company Secretary in relation to any ad hoc COI in a timely manner and as soon as this arises.</li> </ul> <p><b>Perceived COIs:</b> Every Board member informs the Company Secretary of any perceived conflict in real time.</p> <p>COIs are escalated to the NCGC, which is responsible for considering them in accordance with their Roles and Responsibilities set out below (as per the ToR of the NCGC).</p>
<b>Audit Committee</b>	<ul style="list-style-type: none"> <li>Reviews and notes the policy and may provide some recommendations, if any, to the Board which bears responsibility for approval.</li> <li>Makes sure that sufficient, dependable, and secure internal procedures are in place to ensure that the Group complies with the policy.</li> <li>Monitors the effective implementation of the Policy via the Control Functions.</li> </ul>
<b>Audit Committee Chairperson</b>	Ensures that members with COI abstain from participating in the decision-making and voting on any matter on which they may have a conflict of interest.

<sup>1</sup> Article 113(7) of Regulation (EU) No 575/2013

<sup>2</sup> Article 10 of Regulation (EU) No 575/2013

<b>Nominations and Corporate Governance Committee</b>	<ul style="list-style-type: none"> <li>• Review and recommend the Policy for approval by the Board of Directors. Oversee the implementation of the Policy with regards to Board members and KFH.</li> <li>• Consider all other directorships of candidates and ensure they are within regulatory limits and assess as to potential conflict of interest.</li> <li>• Examine and make a recommendation to the BOD for approval in relation to the appointment of a member serving on the board of another entity, to ensure that any such Board memberships do not create a COI.</li> <li>• Consider and authorize situations in which a Director could have a direct or indirect interest that conflicts or possibly may conflict with the interests of the Group, to ensure that there is no conflict of interest.</li> <li>• In cases that a conflict of interest arises and cannot be authorized then the Committee decides on remedial actions to eliminate and/or manage such conflict.</li> </ul>
<b>Compliance Division</b>	<ul style="list-style-type: none"> <li>• Overall responsibility for the drafting and enforcing the policy.</li> <li>• Prepares and updates relevant procedures/circulars as required.</li> <li>• Reviews, assesses and monitors all conflicts recorded in the Compliance Management System on an ongoing basis.</li> <li>• Organizes and conducts relevant training for all staff and provides support and guidance in case of uncertainties with regards to COIs.</li> <li>• Carries out monitoring reviews to assess the effective implementation of the Policy and recommends corrective action where required.</li> </ul>
<b>Internal Audit Division</b>	<ul style="list-style-type: none"> <li>• Responsible for providing independent and objective assurance to the BoD, through the AC, and to management, by assessing the effectiveness of governance, risk management, and control processes related to this policy.</li> <li>• Informs AC of its findings and relevant recommendations.</li> </ul>
<b>Human Resources</b>	<ul style="list-style-type: none"> <li>• Incorporate anti-bribery and corruption principles into the Code of Conduct and Ethics.</li> <li>• Ensure proper COI controls are in place with regards to selecting and appointing new employees or selecting current employees (through the internal opportunities process) i.e. close personal or familial relationships of prospective candidates with existing members of staff are requested to be recorded, members of staff involved in recruitment and selection process (external or internal) that have close personal or familial relationships with an applicant declares this and avoid any involvement in the process and decision making);</li> <li>• Ensure proper COI controls are in place with regard to the performance appraisal process.</li> <li>• Design and implement disciplinary procedures where needed.</li> <li>• Monitor and/or manage cases of close personal or familial relations between members of staff (as recorded in ESS/MSS Fiori), as needed.</li> </ul>

<b>Line Managers</b>	<ul style="list-style-type: none"> <li>• Identify, mitigate and document COI in their area of responsibility, through the CMS.</li> <li>• Assess any COI reported to them to determine if a COI exists.</li> <li>• Determine in cooperation with the Compliance Division, the best way to resolve, manage or avoid the COI, including further escalation.</li> <li>• Review on an ongoing basis any reported COI to ensure these are being managed as determined.</li> <li>• Ensure that this Policy is followed throughout their divisions.</li> </ul>
<b>Senior Management</b>	<ul style="list-style-type: none"> <li>• Implement procedures and controls to identify, escalate and manage COI.</li> <li>• Encourage the appropriate culture which emphasizes the importance of ethical treatment of clients and fair handling of COI.</li> <li>• Raising awareness about Conflicts of Interest locally</li> </ul>
<b>Compliance Liaisons and Business Risk &amp; Control Officers</b>	<ul style="list-style-type: none"> <li>• Identify, assess, manage any conflicts as per Section IV of Appendix C of this policy and record them in the CMS for proper monitoring and analysis.</li> <li>• Record the offer or acceptance of gifts in the CMS as per the Anti-Bribery &amp; Corruption Group Policy and carry out an assessment of whether such gift creates an actual or potential conflict and record any conflict identified in the CMS.</li> <li>• If the risk arising from the conflict of interest identified after any controls implemented remains high, they are responsible to obtain risk acceptance for the risk according to the OC 099 Operational Risk.</li> </ul>
<b>Company Secretary</b>	<ul style="list-style-type: none"> <li>• Maintains the COI registry for Board members and KFH through the CMS.</li> <li>• Maintains COIs identified at Board committee meetings.</li> <li>• Informs the Chief Compliance Officer and the Corporate Governance Officer in relation to COIs.</li> <li>• Records the offer or acceptance of gifts for Board members in the CMS as per the Anti-Bribery &amp; Corruption Policy.</li> </ul>
<b>All staff</b>	<p>Staff are responsible for identifying and managing COI on an ongoing basis and:</p> <ul style="list-style-type: none"> <li>• Comply with this policy and relevant procedures.</li> <li>• Act with integrity and exercise good judgement and discretion in line with the Code of Conduct and Code of Ethics.</li> <li>• Avoid, whenever possible, situations giving rise to COI due to any of the following: <ul style="list-style-type: none"> <li>a. Personal financial interest.</li> <li>b. Family members or close personal relationships.</li> <li>c. Previous, current, or potential future involvement in an activity (whether in the Bank or externally).</li> </ul> </li> </ul>



	<p>d. Different roles and responsibilities at the Group which might compromise or otherwise call into question their judgement, ability to act objectively or properly discharge their duties and responsibilities owed to the Bank and/or clients, or otherwise give rise to the risk of reputational damage to the Bank including the risk of the appearance of impropriety around the manner in which business is awarded to or by the Bank or of the Bank having obtained an improper advantage or treatment.</p> <ul style="list-style-type: none"> <li>• Promptly notify their manager and the CL of their Division, who is responsible for recording the COI along with any existing controls and additional mitigating actions for the management of the COI in the CMS, of any matter that may result, or has already resulted in, a COI.</li> <li>• Record close personal or familial relations in ESS/MSS Fiori in a timely manner.</li> <li>• When participating in committees, disclose to the chairperson any COI and remove themselves from the decision-making process and not seek to influence such decisions any further.</li> <li>• Not be in supervisory, subordinate or controlling relationship with closely related persons.</li> <li>• No misuse information obtained in the course of working at the Bank.</li> <li>• Manage work related information based on the need-to-know principle.</li> <li>• Comply with applicable rules which require transactions and arrangement between the Bank and a Related Party to be carried out on an independent arms-length basis.</li> </ul>
--	--

## 5.2 Supporting Documentation

All relevant written communication (including self-assessment of the Board Members and KFH), acknowledgements, declarations, and any other material confirming compliance with the Conflict-of-Interest Policy are properly maintained and archived.

## 5.3 Reporting

All COI identified by CLs or Compliance Division across the Group are inputted into the CMS and relevant information is presented to the AC/ExCo quarterly. COI identified at management level and Board level are reported to the NCGC for decision-taking.

Conflicts identified during management committee meetings are recorded in COI registries and submitted once a year to the CD for review.

## 5.4 Legal Framework

This Policy is informed by the following legal and regulatory framework:

1. Directive to Credit Institutions on Internal Governance in Credit Institutions 2021.
2. The law which provides for the provision of investment services, the exercise of investment services, activities, the operation of regulated markets and other related matters Law 87/17.
3. Cyprus Securities and Stock Exchange Law 14(I)/93.

4. EU Regulation 596/2014 on Market Abuse and related implementing measures in the EU ("EU MAR")
5. Directive on the Assessment of the Suitability of members of the management body and key Function Holders 2020.
6. The Capital Requirements Directive (CRD) 2013/36/EU.
7. The Capital Requirements Regulation (EU) (CRR) 575/2013 and Regulation (EU) 2019/876.
8. EBA's Guidelines on internal governance under Directive 2013/36/EU dated July 2021.
9. Joint ESMA and EBA Guidelines on the assessment of the suitability of members of the management body dated July 2021 and
10. Any laws that relate to the management of COI.

---

## 6. EXCEPTION APPROVAL PROCESS

---

Not Applicable

---

## 7. IMPLEMENTATION PROCEDURES (KEY PROCESSES)

---

1. The CLs and BR&COs of each unit maintain the COI Registry by recording all COI identified in their area in the CMS along with the level of controls and any mitigating actions for the management of the conflict. The COI registry at Board level is maintained by the Company Secretary through the CMS.
2. CLs and BR&COs are responsible to assess whether gifts of high value give rise to a conflict of interest. If such a conflict exists, the gift is not accepted. More details are given in the Antibribery & Corruption Group Policy.
3. The Chairman's and Company Secretary's Office distributes self-assessment questionnaires to all Board Members and KFH semi - annually and collects the information for assessment and evaluation.
4. The Lending Policy sets the standards and effective guidelines to be used during the credit granting process and covers loans to the Board of Directors. The related procedures also apply.
5. COI identified at any committee meeting (Board or management level) are recorded in a COI registry by the secretary of the Committee and are available for review by CD.

## **Appendix A - Non-Exhaustive List of common types of what may be considered as COI**

Within a financial institution a COI may arise in a variety of situations. Possible areas include:

1. Investment services.
2. Corporate banking.
3. Personal accounts.
4. Loan Restructuring.
5. Sale of Loans.
6. Performance appraisals.
7. Interviews (internal or external).

### **Client-Related Conflicts**

COI relating to clients can be broadly described as scenarios where the BoC Group, an Employee or a third-party representative:

1. Might have a financial gain or might avoid financial damage at the expense of the client.
2. Has an interest in the outcome of a service provided to the client or of a transaction carried out on behalf of the client, which is different from the interest of the client in that outcome.
3. Has a financial or other incentive (e.g., a personal/familial relationship) to favor the interests of a client or group of clients at the expense of the interest of another client.
4. Carries on the same business as a client.
5. May receive from a person an inducement in relation to a service provided to the client in the form of monies, goods, or services, other than a standard commission or fee for that service (e.g., gifts, entertainment, or hospitality the cost of which is in excess of what is considered reasonable and accepted business practice).
6. Has a financial or other incentive to favor the sale of a particular product or service to a client which is not in the best interests of the client; and
7. An entity of the Group may provide investment advice or discretionary portfolio management services to its clients and the BoC Group may also recommend or sell products issued by itself or affiliated companies.

### **BoC Group-related conflicts**

COI relating to the BoC Group can be broadly described as scenarios where:

1. A member of staff or member of the Board (or Related Party) has an interest in the outcome of a particular activity or transaction that differs from the BoC Group's interest.
2. A member of staff or member of the Board (or Related Party) receives financial or other significant benefit as a result of the person's position in the BoC Group which is inappropriate in nature.
3. A member of staff or member of the Board has the opportunity to influence the BoC Group by granting business or making administrative or other material decisions in a manner that leads to personal gain or advantage for that person or a family member.
4. A member of staff or member of the Board (or Related Party) existing financial or other interest or previous engagement in a transaction or activity or relationship with another person, impairs or could impair his/her judgment or/and objectivity in carrying out his/her duties and responsibilities to the BoC Group.
5. A unit of the BoC Group favors its interest over another unit of the BoC Group which is inconsistent with the best interest of the BoC Group including in connection with the selection of vendors.

6. A COI arises in connection with a transaction or arrangement entered between the BoC Group and a material shareholder or between Group entities due to the close relationship between the parties.
7. Members of staff that were involved in the loan granting decision are also involved in a decision relating to the restructuring of that loan; and
8. When pursuing transactions or arrangements between the Group and a client or other stakeholder which could:
  - a. Run contrary to the Group's approved ESG strategy.
  - b. Promote short-term oriented undue ESG-related risk-taking including greenwashing and mis-selling of products.

### **Personal conflicts**

Such COI may be:

1. To encourage business transactions / dealings with a company where a close contact / relative holds an important position.
2. To be involved in a decision to recruit a family member / give loan to a family member / restructure a loan for a family member etc.
3. To have personal or professional relationship with external stakeholders e.g., to have second employment in a competitor / supplier /service provider/ close associate or previous employment within the last 5 years.
4. To hold investments in a company demanding a great deal of time which may interfere with professional responsibilities in the BOC Group
5. To have economic interests such as shares, other ownership rights and memberships, financial holdings and other economic interests in commercial customers, intellectual property rights as well as loans granted to a company owned by staff.
6. To have membership in a body or ownership of a body or entity with conflicting interests to the Group.
7. To have a current or past (within the previous 5 years) personal or professional relationship with the owners of qualifying holdings in the Group,
8. To have a current or past (within the previous 5 years) personal or professional relationship with other staff of the Group.
9. To have a current or past (within the previous 5 years) political influence or relationship.

## Appendix B - Description of organizational arrangements relating to Conflicts of Interest

### 1. Corporate Governance

The BoC Group maintains a corporate governance framework aligned with international standards and legal requirements. This is achieved through well defined, transparent, and consistent lines of responsibility and authority limits and clear reporting lines which are documented in the Corporate Governance Policy and Framework and its appendices.

All members of the management body and Key Function Holders are asked to self-assess semi-annually and submit their questionnaire to the Chairman's and Company Secretary's Office who share it with the Compliance Division. The Compliance Division prepares the annual Internal Board Performance Evaluation Report, part of which involves the review of these self-assessment questionnaires of Board members and updates its records accordingly. **Group entities**

Appropriate controls are in place to identify and manage COI among Group entities and other business entities related to the Group. Additionally, periodic reviews are performed on the adequacy of the system of internal controls.

The Group considers and balances the interests of all the subsidiaries, assessing how these interests contribute to the common purpose and interests of the Group as a whole.

### 2. Independence, separate supervision, and distinction of operations

The Group operates a clear structural segregation of business divisions and legal entities to allow for the independent running of businesses and to establish information barriers and takes organizational measures (including physical separation of certain units) to ensure separate supervision and distinction of its employees' operations to avoid possible COI.

Each business division reports to a Director on the Executive Committee who is responsible for overseeing and managing the business division.

The BoC Group also operates an internal control system underpinned by the Three Lines of Defense which is described in the Control Functions Common Operation Framework.

### 3. Executive/ Operational Bank Committees

Each Committee of the Bank is required to have terms of reference in place. These terms include the requirement for members of committees to consider potential COI when determining the composition of the committee and when considering the tasks and responsibilities of that Committee. All members of Committees disclose any COI and abstain from participating in the decision-making or from voting on any matter where they may have a COI.

- a. Prior to the commencement of any meeting of such committees the acting chairperson of the meeting is required to request that each participant, including himself/herself and the members of such committees, states clearly whether there is an interest or a COI or a potential COI and if so to take all relevant measures to mitigate the possibility of crystallization of any such potential COI.
- b. Members of these Committees make sure that they strictly adhere to the provisions of this Policy and declare such a perceived/potential COI when discussing an item. At the same time, the secretary of any of these Committee assesses, and the Chairperson of the Committee ensures / decides, depending on the cases to be discussed and the risk that each case entails (monetary or not), whether, to the best of their knowledge, the presence of a member may constitute a potential or perceived COI due to their role in which case the member leaves the room without participating in the discussion and the voting for that particular item either in person or via proxy.

In the case of Credit Committees and the ADC (Acquisitions Disposals Committee):

- a. any representative of a Line requesting the restructuring of a loan, can only present the case without participating in the voting process either in person or via proxy.
- b. if a committee member was involved, as a member of the deal team, in the original approval process of a loan and this loan was subsequently brought to the Credit Committee for any form of restructuring, then this member is not conflicted provided a) he or she declares their original involvement and that they have no interest or COI.
- c. a committee member who was in the original Committee that approved the loan and is also a committee member reviewing a subsequent restructuring of the same loan, is not conflicted provided he or she declares their original involvement and that they have no interest or COI-
- d. in the case of a single approving authority then any subsequent restructuring is approved by a different authority.

The above are recorded in the respective meeting minutes and the COI registry maintained by the Secretary of each Committee.

#### **4. Financing – credit applications**

The Directors, Senior Executive Management, and the BoC Group's employees (regardless of rank) do not engage in any way in the evaluation or handling of applications for financing where there is a COI between themselves and the BoC Group or between themselves and the BoC Group's customers/associates.

#### **5. COI and Outsourcing**

The BoC Group exercises appropriate due diligence when selecting outsourcing service providers, which includes the identification of any COI or potential COI due to the fact that the outsourcing service provider constitutes a group of connected people with:

- a. Any member of the Group's senior management or management body.
- b. The BoC Group's external auditors; or
- c. The BoC Group's external legal advisors.

#### **6. Sale of Loans**

The BoC Group has established appropriate measures to ensure that all possible COI that may arise from the sale of loan process are properly identified and managed, including any COI risks arising during the negotiations, before the agreement, during the process of transfer of accounts, resources etc. as well as after the completion of the agreement. Such measures include:

- a. All sale of loan transactions are conducted at arm's length, all internal control procedures to be followed, obtaining approvals from the Management Body etc.
- b. Members of the Management Body or Senior Staff refrain from holding directorships or other executive positions in institutions connected with the buyer. All cases are identified and properly managed and are handled at Management Body level e.g., if an exception is required.
- c. When the BoC Group takes the decision to initiate a sale of loan transaction a proper project governance structure is established considering all the provisions of this policy. This includes:
  - i. A steering committee to be established in the context of the required confidentiality and all members declare possible or actual COI and record them in the respective meeting minutes. External or conflicted people (i.e. persons that have declared a COI) cannot be permanent members of the committee and participate only by invitation.

- ii. A COI registry of all COI relating to the specific sale of loan transactions is maintained which includes relevant measures and controls.
- d. Possible or actual COI during the negotiations is declared by all parties to the other parties. This obligation is reflected in the clauses of all contractual agreements such as the sale agreement and the NDA agreements as well as in the after-sale services agreement if such an agreement exists.
- e. When the buyer or potential buyer wishes to contract with subcontractors (consultants, auditors, lawyers etc.) the consent of the BoC Group as to the contractors selected may be necessary to avoid possible COI. Also access to confidential privileged information to such parties are given with care and extra due diligence and following relevant BoC market abuse policy and procedures.
- f. In cases that there is an agreement for the operation of the accounts post sale, measures are in place to manage COI of sub-participation accounts and anticompetitive process, and communications are strictly avoided.
- g. In cases where the gradual transfer of a portfolio also involves the transfer of human resources, robust COI measures and a proper governance framework is put in place aiming at the early identification and mitigation of obvious, perceived, or potential COI. The framework is decided based on the circumstances of each case but, in general, it is expected to include measures such as the application of the cooling period, signing of NDAs etc.
- h. In cases where the sale of loans agreement provides for a potential temporary transfer of a member of staff, his/her responsibilities as an employee still apply.

## **Appendix C - Description of policies procedures, systems and controls relating to COI**

### **1. Related parties' transactions**

Adequate procedures have been established for transactions with related parties (including material shareholders), (e.g., requiring transactions to be conducted at arm's length, requiring that all relevant internal control procedures fully apply to such transactions, requiring binding consultative advice from independent members of the management body, requiring the approval by shareholders of the most relevant transactions and limiting exposure to such transactions).

### **2. Segregation of duties**

The Group ensures that conflicting activities or transactions are entrusted to different people. The Principle of Segregation of Duties is the basis upon which the roles in the Group are founded and is the principle by virtue of which each role maintains its boundaries and its independence precisely.

Each role in the BoC Group is precisely defined, acts freely, and independently expresses its opinion without being influenced by any expediency that may seek its own benefit or interest for the benefit of third parties.

### **3. Information Barriers and Chinese Walls**

The Group respects the confidentiality of information about its clients and complies with all applicable laws with respect to the handling of the information. Access to confidential information is restricted to those who "need to know" and is consistent with the legitimate interest of a client or the BoC Group.

The Group maintains information barriers also known as "Chinese Walls". Chinese Walls are put in place to restrict information flows between different areas of the BoC Group. The application of Chinese Walls provides the Group and its employees with the possibility to offer clients services without being affected by other information possessed by the Group which could result in COI that may harm the interest of a client.

### **4. Gifts and personal benefits**

The accepting and offering of gifts and other personal benefits (such as hospitality) is regulated by the relevant policies and procedures of the BoC Group (Code of Conduct & Anti-Bribery and Corruption policy). Members of staff are allowed to accept gifts of small value as per circular OE148. The responsible CL records in the CMS all gifts received and offered and any COIs arising. Gifts at Board level are recorded by the Company secretary.

### **5. Training and Communication**

The Group provides constant training and information in relation to matters of COI to build awareness around COI and develop the knowledge and understanding of employees and promote a culture of transparency.

### **6. Remuneration Policies**

The BoC Group recognizes that remuneration is a factor that may influence the conduct of Employees. The BoC Group has in place remuneration policies and procedures which set out appropriate governance to prevent remuneration structures which may incentivize an Employee to act contrary to their responsibilities, regulatory requirements, or the BoC Group's Code of Conduct. Remuneration policies for Group employees prohibit situations that give or potentially could give rise to COI, e.g., profit share, success fees etc.

### **7. Inducements and Research independence**

This Policy is read together with MiFID Conflicts of Interest Policy where inducements and research may create COI.

Research publications /recommendations are internally distributed exclusively at the same time as they are distributed to the clients.

### **8. Securities Dealing**

All Directors and Employees:



- a. Can engage in financial instrument transactions, for so long as these are allowed by the legislative and regulatory framework, as well as professional ethics and comply with the Securities Dealing Code or the PDMR Securities Dealing Code (as applicable) and relevant Group policies and procedures.
- b. Do not deal with any BOC securities if they are in possession of inside information relating, directly or indirectly to BOC securities and/or securities of the Group's customers, and which, if they were made public, would be likely to have a significant effect on the prices of these securities.
- c. "Restricted Persons" (as defined in the Securities Dealing Code) receive formal clearance before dealing in any Company Securities as per the Group-Wide Securities Dealing Code.
- d. PDMRs and PCAs receive formal clearance before dealing in any Company Securities as per the PDMR Securities Dealing Code.

Confidential information about the Group or other associated companies is not disclosed, except when required as part of employment duties.

## **9. Procedures at management body level**

COI that may impede the ability of members of the management body to take objective and impartial decisions that aim to fulfil the best interests of the Group are identified and managed. The Group takes into consideration that COI can have an impact on the independence of mind of members of the management body.

The Central Bank of Cyprus is informed where the Group has identified a COI that may impact the independence of mind of a member of the management body.

Any measures to mitigate such COI is documented, including the rationale for how effective they are to ensure objective decision-making.

All actual and potential COI individually and collectively, are adequately documented, communicated, and discussed, decided on and duly managed by the management body.

## **10. Key Function Holders (KFHs)**

The existence of Non-Performing Exposures (NPEs) of a key function holder, including its related parties, may raise doubts about the independent and impartial judgment of the KFH in the performance of his/her duties. Therefore, KFHs should not have non-performing loans at the time of their appointment.

The Group handles and rapidly eliminates cases where loans granted to a key function holder, including its related parties, have become non-performing loans following his/her appointment. Such cases are reported to the AC for monitoring and setting a clear timetable of normalization.

## **11. Vendors**

The BoC Group's Procurement policy governs the management of relationships with vendors and all employees are expected to comply with it.

The BoC Group ensures there are arrangements in place that prevent staff who are also active outside the Group from having inappropriate influence within the Group regarding conflicting activities.

All people are expected to recognize when they have, potentially have, or could be perceived as having, a COI. Officers consult the RCD if in doubt about what circumstances might create a COI.

## **12. External Valuers**

Every external Valuer to whom Valuations and Premises Department submits a request for valuation of properties to be used as collateral to credit applications, has to declare any possible COI such as having valued a property for a different credit institution in the recent past, or having close family/friendly relationship with the owners of the property etc.

### **13. COI recording**

The BoC Group records all its activities which have given or could potentially give rise to a COI as per circular OE.148. The members of staff involved, the type of COI and related mitigating measures taken are also recorded. The information contained within the CMS facilitates the effective identification, escalation and management and reporting of potential COI and provides a basis for accountability and monitoring and the implementation of this Policy.

### **14. Whistleblowing**

COI arise all the time, and there are many “grey areas” where it is often hard to discern whether there is a real or potential COI. The appearance or perception by others of a COI can often be as detrimental as a COI. It is therefore important that Group employees be alert to situations that could lead to COI. Promptly disclosing and dealing with any conflict is critical to avoiding potentially grave consequences for the effectiveness and integrity of the Group. It is emphasized that even if in doubt the possibility of a COI is reported.

The Group encourages its employees to report any activity that may violate this Policy. If any member of staff becomes aware that any conduct which has taken place is in breach of the provisions of this Policy, they have a duty to report it. Any such incidents are reported to a Supervisor/ Line Manager or via the Whistleblowing reporting channels. All staff members have a duty to report such concerns and incidents in accordance with the relevant provisions of the Code of Conduct and Code of Ethics of the Group and this Policy.

### **15. Escalation**

The Group operates internal escalation processes for COI by escalating timely through the CD to the management body any material COI for appropriate resolution. The CD submits a report to the NCGC or the AC accordingly, once it completes its own assessment whenever necessary for the resolution of any COI or may escalate to Internal Audit Division for further investigation.

### **16. Internal Transfers**

A conflict of interest may arise in cases of internal transfers where individuals who are transferred are called upon to oversee or make decisions related to their previous duties. Such cases may occur in transfers from front line to control functions. Indicative examples include transfers from:

- Business Lines to Sanctioning Services or Credit Risk,
- Treasury to Market Risk Services.

Prior to any such transfer, the Human Resources Division, in coordination with the Local Compliance Officer of the relevant area, should perform a conflict-of-interest assessment. Based on the outcome of this assessment, the decision should be made as to whether:

- (a) the transfer cannot take place; or
- (b) the transfer can potentially take place with certain mitigating measures; or
- (c) the transfer can take place without any restrictions; in case the conflict-of-interest assessment is clear.

## Appendix D - Guidance notes for Board Directors: Managing Conflicts of Interest and Duty

The purpose of this document is to provide guidance to the Members of the Board in effectively identifying conflicts of interest and conflicts of duty and how to handle them. This document is consistent with the Group Conflicts of Interest Policy. There are three categories of Conflicts of Interest and Conflicts of Duty. These are actual, potential, and perceived conflicts.

- Actual: A current conflict that exists with your private interests or duties.
- Potential: A potential conflict which may arise with your private interest or other duty.
- Perceived: The public could believe/perceive that your private interests or other duties may influence your performance as a board director.

### Conflict of Interest

A conflict of interest arises when your private interests influence, or are seen to influence, your decisions, or actions as a board director in a way affecting negatively your good judgement for the performance of your duties as Member of the Management Body. Private interests can be direct, such as your personal, family, professional, or business interests, or indirect, such as the interests of those connected to you.

Private interests can be Financial, Non-Financial or Consensual Personal Relationships.

### Examples of Private Interests

#### 1. Financial Interests

- A potential financial loss or gain for yourself or someone you know can create a conflict of interest.
- Financial conflicts can also arise from concessions, discounts, gifts, or hospitality.
- A board member uses non-public material information about the company to trade its stocks for personal gain. This practice is illegal and unethical as it gives the board member an unfair advantage over other investors.
- A board member approves a contract between the company and another business they own or have a significant financial interest in, without disclosing this relationship to the board. This can lead to decisions that benefit the individual at the expense of the company.
- Board members might engage in bribery or corruption linked to conflicts of interest, such as accepting kickbacks from suppliers in exchange for favorable contracts. This not only violates legal standards but also erodes trust in the management.
- A board member might push the company to enter into a transaction with a business owned by a relative or close friend without proper disclosure and approval from the board. This can lead to decisions that are not in the best interest of the company or its shareholders.

### **Case Study: Mary's Husband's Shares**

Mary is on the board of an arts center trust. Her husband holds shares in a performing arts company seeking to perform at the center. Mary declares this conflict and the board manages it by restricting her involvement in related decisions.

### **Case Study: John's Property**

John owns land that his board is considering purchasing. He declares his interest, and the board excludes him from related discussions and decisions.

## **2. Non-Financial Interests**

Personal feelings about another person or group can create a conflict of interest. Examples include:

- Family or friends.
- Personal contacts.
- Social, recreational, or cultural activities.

Examples:

Declaring associations with individuals or groups involved in unlawful activity is also important.

A director has a close relative who is a consultant, contractor or service provider of the Bank.

### **Case Study: Jack's Industry Connections**

Jack is on a hospital board and an ex-colleague bid for a tender. Jack declares this conflict and is removed from the tender process since his personal relationship with his ex-colleague has the capacity to compromise his impartiality when assessing the tenders.

### **Case Study: Kate's Brother-in-Law**

Kate's brother-in-law applies for a position at the resort where she's a board member. Kate declares her conflict and removes herself from the selection process since her capacity to impartially select a candidate could be reasonably hampered by her family relationship with one of the applicants.

## **3. Consensual Personal Relationships**

Personal relationships with individuals who could be affected by your role can create conflicts of interest.

### **Case Study: Peter and Quynh**

Peter, a board director, is in a relationship with Quynh, the CEO. This relationship is disclosed, and they seek guidance on managing the conflict.

More examples of conflicts of interest:

1. A director holds shares in a company that is in some form a competition with the Bank.
2. A director's company has provided services in the past to the Bank.

## **4. Conflict of Duty**

A conflict of duty arises when your duties as a board director conflict with duties to another public or private organization. This can happen if you hold multiple roles with competing priorities.

## **5. Conflict with a Public Organization**

### **Case Study: Emma's Dual Roles**

Emma is on the board of a local government educational organization and a federal government body. She declares this conflict, and the boards decide if she should be removed from involvement in related reviews.

## **6. Conflict with a Private Organization**

### **Case Study: Mark's Client**

Mark, a barrister and board member, has a client applying for a tender. He declares his interest and not be involved in the tender process. The board minutes records this disclosure and the board's decision that Mark is not to be involved in any way in the tender process.

## **7. Managing Conflicts of Interest and Duty**

### **Declaring a Conflict of Interest**

As a board director, you declare any conflict of interest or duty by informing the Company Secretary, who will update the COI register and declare interests related to agenda items at board/committee meetings. Moreover, special effort be made to complete in a diligent manner the bi-annual Conflicts of Interest Declarations and timely submission to the Company Secretary.

### **Using the Register in Board Meetings**

1. Confirm Your Interests: Ensure your interest in the register are correct.
2. Declare Interests on the Agenda: Declare any interest related to an agenda item.

### **Managing a Conflict of Interest**

The board, via the Company Secretary, has a duty to enforce a process to manage conflicts of interest. This process includes:

- Disclosure of interests at meetings
- Recording disclosures in the minutes
- Deciding how the conflict affects board duties.

### **Actions for Managing Conflicts**

- Record and Monitor: Record the conflict and monitor it.
- Restrict: Limit your involvement in the matter.
- Remove: Remove yourself from discussions or decision-making.
- Recruit: Appoint an independent third party to oversee the process.
- Relinquish or Resign: Recommend you relinquish the interest or resign if necessary.