

GROUP POLICY ON THE SUITABILITY OF MEMBERS OF THE MANAGEMENT BODY AND KEY FUNCTION HOLDERS

1. PURPOSE AND SCOPE OF POLICY

The Group Policy on the Suitability of Members of the Management Body and Key Function Holders (the “**Policy**”) aims to ensure that Members of the Management Body and Key Function Holders meet specified standards of fitness and probity in accordance with the Directive to Authorised Credit Institutions on the Assessment of the Suitability of members of the management body and key function holders (the “**CBC Suitability Directive**”). This is so the individual has the necessary qualifications, skills, experience, and probity (that is, the individual is honest, fair, and ethical).

The Group is committed to ensuring that members of the Management Body, the ExCo or other Key Function Holder Positions/Assessed Person Positions are suitable to hold office. This document sets out:

1. the criteria for the assessment and re-assessment of the suitability of Assessed Persons and the collective suitability of the Assessed Persons and the collective suitability of the Management Body.
2. the appropriate process for assessments of Assessed Person.
3. the measures to be taken in cases where Assessed Persons are not suitable, and
4. the criteria for Members to qualify as independent.

The Policy sets in writing the Group’s strategy in selecting and recruiting suitable persons to Assessed Person Positions on a continuous basis. This is in line with the Group’s Code of Ethics, professional and ethical values, the culture, and long-term interests of the Group. As part of the governance framework of the Group it serves the purpose of providing for its prudent, effective, and robust risk management, in a manner that promotes the integrity of the market and the interest of clients.

This Policy applies throughout the Group, to all persons who hold, or are to be appointed or elected to, an Assessed Person Position of the Bank and its subsidiaries and shall be implemented on a consistent basis across the Group (considering any differences between national laws and regulatory requirements).

2. ABBREVIATIONS

Within this document, the following abbreviations are used:

Abbreviation	Definition
AC	The Audit Committee of the Bank.
ACI	Authorised Credit Institution.
Bank	Bank of Cyprus Holdings Public Limited Company (“ BOCH ”) and its subsidiary Bank of Cyprus PCL.
CBC	Central Bank of Cyprus.



CBC Governance Directive	CBC Internal Governance of Credit Institutions Directive of 2021.
CBC Suitability Directive	Directive on the Assessment of Suitability of the Members of the Management Body and Key Function Holders of Authorised Credit Institutions of 2022.
Compliance Division	The Compliance Division of the Bank.
CEO	The Chief Executive Officer of the Bank.
CFO	The Chief Financial Officer of the Bank.
CSE	Cyprus Stock Exchange.
CRD	Capital Requirements Directive (CRD), Directive 2013/36/EU of the European Parliament and of the Council of 26 June 2013 on access to the activity of credit institutions and the prudential supervision of credit institutions, amending Directive 2002/87/EC and repealing Directives 2006/48/EC and 2006/49/EC.
EBA	European Banking Authority.
ECB	European Central Bank.
ESG	Environmental, Social, Governance.
EU	European Union.
ExCo	Executive Committee of the Bank.
HRRC	Human Resources and Resources Committee of the Bank.
MRT	Material Risk Takers.
NCGC	Nominations and Corporate Governance Committee of the Bank.
NPEs	Non-Performing Exposures.
RC	Risk Committee of the Bank.
Joint Guidelines	Joint ESMA and EBA Guidelines on the assessment of the suitability of members of the management body and key function holders under Directive 2013/36/EU and Directive 2014/65/EU (EBA/GL/2017/12).

3. DEFINITION OF TERMS

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

1. **“Bank”** means the Bank of Cyprus Holdings Public Limited Company (BOCH), which is a public limited company, registered under Part 17 of the Companies Act 2014 together with its subsidiary Bank of Cyprus PCL.
2. **“Bank of Cyprus Group / the Group”** means the Bank and its subsidiaries.
3. **“Assessed Person”** includes:

1. a Member;
2. a Key Function Holder; and
3. a person with an open approval or a member of a credit committee.

and “**Assessed Person Position**” shall be construed accordingly.

4. “**Company Secretary**” means the persons who form part of the Bank’s company secretarial team (as may change from time to time) in accordance with Article 171 of the Cyprus Companies Law, Cap. 113.
5. “**Management Body**” is the Bank’s management body or the management body of any Group subsidiary subject to suitability requirements under other the national laws. The management body has ultimate and overall responsibility for the credit institution and defines, oversees and is accountable for the implementation of the governance arrangements within the credit institution that ensure effective and prudent management of the credit institution, including segregation of responsibilities and prevention of conflicting interests.
6. “**Member**” is a proposed or appointed member of the Management Body.
7. “**Key Function Holder**” means persons who have significant influence over the direction of the institution, but who are not Members or the CEO, including:
 1. the Deputy CEO (“**D-CEO**”).
 2. CFO.
 3. all other members of the ExCo.
 4. all heads of internal control functions (i.e. Compliance, Risk, Information Security, and Internal Audit) (each a “**Control Function Head**”).
 5. the AML Officer; and
 6. the Outsourcing Officer.

and a “**Key Function Holder Position**” shall be construed accordingly.

8. “**Material Risk Takers / MRTs**” are staff whose professional activities have a material impact on the institution's risk profile as per articles 5 & 6 of Commission Delegated Regulation (EU) 2021/923. In the Group, MRTs include the following positions:
 - a) Executive members of the Management Body.
 - b) All divisional directors that report to the CEO, D-CEO or to another member of the ExCo.
 - c) Control Function Heads that report to Management Body committees.
 - d) General managers of material subsidiaries (Eurolife and General Insurance Cyprus).
 - e) Other key personnel whose total annual fixed remuneration exceeds €120,000 (currently n/a), and
 - f) Other risk takers (based on position and as defined by the Bank and approved by the NCGC, including members of credit committees and persons with open approval). Exceptionally for this category given the particular risk involved approval takes place by the RC.

9. **“Suitability”** is the degree to which an individual is deemed to have good reputation and to have, individually and collectively with other individuals, adequate knowledge, skills, and experience to perform his/her duties. Suitability also covers the honesty, integrity, and independence of mind of each individual and his/her ability to commit sufficient time to perform his/her duties.

4. GENERAL PRINCIPLES

4.1. Assessment of the suitability by the Bank

In brief, the responsibilities of the Group in relation to the legal and regulatory framework include:

1. The initial and ongoing assessment of the individual suitability of Members is carried out, without prejudice to the assessment carried out by competent authorities for supervisory purposes.
2. Ensuring at all times, the individual suitability of the Members, in particular:
 - 2.1. when material changes¹ to the composition of the Management Body occur, including:
 - 2.1.1. when appointing new members of the Management Body, including as a result of a direct or indirect acquisition or increase of a qualifying holding in an ACI. This assessment should be limited to newly appointed Members.
 - 2.1.2. when re-appointing Members, if the requirements of the position have changed or if the member is appointed to a different position within the Management Body. This assessment should be limited to the Members whose position has changed and to the analysis of the relevant aspects, considering any additional requirements for the position.
 - 2.2. On an ongoing basis.
3. Assess whether the Assessed Persons:
 - 3.1. are of sufficiently good reputation.
 - 3.2. possess sufficient knowledge, skills, and experience to perform their duties.
 - 3.3. have the ability to act with honesty, integrity and independence of mind to effectively assess and challenge the decisions of the key function holders where necessary, as well as to effectively oversee and monitor the decisions made by the senior management.
 - 3.4. are able to commit sufficient time to perform their functions, whether or not the limitation of directorships is being complied with.
3. to make the initial and continuous assessment of the suitability of Assessed Persons on an individual basis and collectively.
4. all Members should have independence of mind regardless of the institution’s size, internal organisation and the nature, scope and complexity of its activities and the duties and responsibilities of the specific position, including memberships held in committees of the Management Body.
5. to ensure that the NCGC assesses the suitability of nominated Members on the basis of the criteria set out herein as well as in the Board Nominations and Diversity Policy and the Group’s ESG Strategy.
6. to ensure that Assessed Persons are of sufficiently good reputation and act in honesty, reliability and integrity, characteristics which promote the culture of compliance in an organisation.

¹ Material changes are the changes referred to in Articles 5(2)(b)(i) - (ii) and 6(2)(b) of the CBC Suitability Directive.

- Members should also possess an independence of mind to effectively assess and challenge the decisions of ExCo (see Appendix A).
7. to ensure that Assessed Persons have sufficient knowledge, skills, experience, and specialisation for the discharge of their duties and responsibilities (see Appendix A).
 8. to ensure that Members and other Assessed Persons live in an orderly economic situation and their exposures are performing throughout tenure and are in compliance with the CBC Suitability Directive.
 9. to ensure that Members are able to commit sufficient time to perform their functions.
 10. to ensure that sufficient human and financial resources are dedicated for induction and on-going training of members of the Management Body and in accordance with the Group's Induction and Training Policy.
 11. to set down the measures implemented when Assessed Persons are not considered fit and proper; and
 12. to ensure the assessment and review of the overall composition of the committees of the Management Body is undertaken in accordance with the Joint Guidelines and that the committees are adequate at all times. For the avoidance of doubt, it is noted that this review and assessment is not carried out under this Policy but in accordance with the requirements of the Board Nominations and Diversity Policy.

The suitability assessment is mandatory before the appointment of the Assessed Person and the information that a position is assessed must be specified in the job description of Key Function Holders and other Assessed Persons.

The NCGC shall set the criteria and adopt the necessary internal policies for the assessment of the suitability of Assessed Person in accordance with the provisions of the CBC Suitability Directive taking into account diversity requirements of the Joint Guidelines and in accordance with the provisions of the Board Nominations and Diversity Policy. The NCGC adopts an appropriate succession plan for the Members, taking into account, *inter alia*, the expiry of each Member's term of office to avoid multiple Members being replaced at the same time.

4.2. Criteria to determine the Suitability of the Assessed Person

The suitability, fitness and probity of members of Assessed Persons is assessed against six criteria: (i) reputation, honesty, and integrity; (ii) adequate knowledge, skills, and experience; (iii) conflicts of interest, (iv) independence of mind; (v) time commitment; and (vi) collective suitability. A person must satisfy this suitability criteria to be considered suitable to be an Assessed Person.

1. **Reputation, honesty, and integrity:** Assessed Persons must at all times be of sufficiently good repute, honesty and of high personal integrity and display ethical behaviour. An Assessed Person is considered to be of good repute if there are no objective and demonstrable grounds to suggest otherwise, in particular taking into account the relevant available information on the factors and situations listed in this section. An Assessed Person is not considered of good repute if their personal or business conduct gives rise to any material doubt about their ability to ensure the sound and prudent management of the institution. Without prejudice to any fundamental rights, relevant criminal or administrative records are considered for the assessment of good repute, honesty, and integrity. In case of a conviction or indictment, the type of conviction or indictment, the role of the

individual involved, the penalty received, the phase of the process reached, the evidential weight of the findings and any rehabilitation measures that have taken effect must be considered. The surrounding circumstances, including mitigating factors, the seriousness of any relevant offence or administrative or supervisory action, the time elapsed since the offence, the Assessed Person's conduct since the offence or action, and the relevance of the offence or action to the appointee's role are considered. Any relevant criminal or administrative records are taken into account, having regard to periods of limitation in force in the national law.

2. **Adequate knowledge, skills, and experience:** Assessed Persons must have up-to-date and sufficient knowledge, skills, and experience to fulfil their functions (which can be attained through education, training and/or practice/previous roles). This also includes an appropriate understanding of those areas for which an individual member is not directly responsible, but still is collectively accountable together with the other members of the Management Body. The Bank is primarily responsible for selecting and nominating appointees who fulfil these minimum requirements for sufficient knowledge, skills, and experience.

The term "experience" covers practical and theoretical aspects and includes skills and knowledge. Both theoretical knowledge attained through education and training and practical experience gained in previous occupations is considered. All Assessed Persons must have basic theoretical banking knowledge which may be gained through practical experience or through training.

Areas of experience and experience required by the Assessed Persons are also evaluated against the "experience" criterion as per Appendix A. Training is also provided to Assessed Persons in accordance with the Joint Guidelines and the Group's Induction and Training Policy.

3. **Conflicts of Interest:** Conflicts of interest in fit and proper assessments relating to Assessed Persons pertain to situations where the person's personal, financial, or other interests might compromise, or appear to compromise, their ability to act in the best interests of the company. Such conflicts can undermine the integrity and effectiveness of the Assessed Person or the Management Body's decision-making process. For example, a director who has significant financial investments in a competing company might be inclined, even subconsciously, to make decisions that favour that company rather than the one they represent.

Likewise, close personal relationships with vendors or customers can raise questions about a director's objectivity in negotiating contracts or making strategic decisions. Ensuring that the Members of the Management Body and Assessed Persons are fit and proper is essential to maintain stakeholder trust and the ethical governance of an organization. Addressing potential conflicts of interest is a foundational aspect of this assessment.

The Group shall ensure that Assessed Persons have no professional capacities that are incompatible with the role they are being assessed for, and that their personal, business and/or professional interests are not in conflict with the interests of the Group, according to the Group's Code of Conduct, the Group Policy on Conflicts of Interest, and the requirements in the CBC Governance Directive as well as the Joint Guidelines.

All financial (including NPEs) and non-financial interests that could create actual or potential conflict of interests should be disclosed prior to the Assessed Person's assessment (including any conflicts of interest which might arise due to any competing interests of Assessed Person's close relatives or positions of political influence).

4. **Independence:** When assessing the independence of mind, the Bank should assess whether the Assessed Person:
- (a) Has the necessary behavioural skills, including: (i) courage, conviction, and strength to effectively assess and challenge the proposed decisions of other Members; (ii) being able to ask questions to the members of the Management Body in its management function; and (iii) being able to resist 'groupthink'.
 - (b) Has any conflicts of interest to an extent that would impede their ability to perform their duties independently and objectively.

The Assessed Person should be able to make their own sound, objective, and independent decisions. This means they need to act with independence of mind, which is determined by their character and behaviour. Independence of mind can be affected by conflicts of interest. The Group shall ensure that when assessing "independence of mind" and the required behavioural skills of a Member, it will take into account their past and ongoing behaviour, in particular within the Group.

5. **Time Commitment:** Assessed Persons must be able to commit sufficient time to perform their role and functions within the Bank. The acceptable time commitment for each Assessed Person is assessed on a case-by-case basis, taking the principle of proportionality into account. The time an Assessed Person can commit to their functions is affected by several factors, such as the following in the case of a Member:
- (a) the number of directorships held;
 - (b) the size and the context of the entities where directorships are held and the nature, scale, and complexity of their activities;
 - (c) the place or country where the entities are based;
 - (d) and other professional or personal commitments and circumstances.

As the holding of multiple directorships is an important factor, which may affect time commitment, the CRD and the CBC Suitability Directive set a limit on the number of "directorships", which may be held by a member of the Management Body in a significant institution. Therefore, in addition to the requirement to commit sufficient time to perform their functions, members of the Management Body must comply with the limitation of directorships set out in Article 91(3) of the CRD and Article 8(9)(1) of the CBC Suitability Directive.

In particular, Members of the Management Body shall not hold more than one of the following combinations of directorships at the same time: (a) one executive directorship with two non-executive directorships, or (b) four non-executive directorships.

The overall assessment of time commitment of Members of the Management Body is referred to as the qualitative assessment, while the counting of directorships as envisaged by the CRD, and the CBC Suitability Directive is referred to as the quantitative assessment. Both aspects are taken into account when assessing the time commitment of members of the Management Body.

6. **Collective suitability:** The Management Body as a whole must possess adequate collective knowledge, skills and experience to be able to understand the Bank’s activities, including the main risks. The collective suitability requirement means that the Bank is responsible for appointing a Management Body that is suitable and has the adequate collective knowledge, skills, and experience necessary for the prudent and effective management of the institution. There should be a sufficient number of members with knowledge in each area to enable effective discussions and challenges to be made and robust decisions to be taken. The members of the Management Body should collectively have the skills to present their views and to influence the decision-making process within the Management Body. This requires the Bank to ensure both the individual suitability of the members of the Management Body and their collective suitability through the composition of the Management Body as a whole.

4.2.1. Diversity and Internal Group Targets:

In addition to the above criteria and in accordance with the Joint Guidelines, when a person is being considered as appropriate an Assessed Person position, the NCGC takes into account the educational and professional background, gender, age and geographical provenance and any other diversity requirements, objectives or targets of the Group (as set out in the Board Nominations and Diversity Policy). In particular, the Board Nominations and Diversity Policy contains a section titled “Measurable Objectives” in relation to Gender Diversity; a target has been set to maintain at least 40% female representation on the Management Body. The changes in the composition of the Management Body in 2022 increased diversity at 40%. The Management Body remains committed to maintaining its set target.

Should a person be assessed as unsuitable for a particular Assessed Person Position as a result of a lack of competence for that position or because of a conflict of interest that applies to the duties of that position, the person may still be suitable for another Assessed Person Position as different competencies may apply to that position.

Notwithstanding the suitability criteria, it remains a matter for the Management Body to make the final decision as to whether or not a person is suitable to hold an Assessed Person Position.

This decision is subject to the CBC/ECB’s powers to disqualify a person from holding an Assessed Person Position or directing that they be not appointed or removed from such a position. The Compliance Division Procedures Manual Corporate Governance Compliance Unit underpinning this Policy sets out in more detail how this assessment is documented and the communication channel with the competent authorities. These procedures can be found in the Compliance Division Procedures Manual Corporate Governance Compliance Unit.

4.3. Process for suitability assessment

4.3.1. Members of the Management Body:

The Management Body decides in relation to the need for the appointment of new Members of the Management Body whether to fill a skills gap or to replace a retiring director and assigns the issue to the NCGC. The NCGC leads the process for Management Body appointments and makes recommendations to the Management Body. The Chairman requests from the Compliance Division to conduct extensive research on the Assessed Person. Following the extensive search and assessment, a relevant report is submitted to the NCGC for recommendation to the Management Body for approval. The memo contains a detailed assessment of the criteria mentioned in section 4.2. above. Based on the assessment the NCGC proceeds with recommending the Assessed Person to the Management Body for approval. The nomination process is described in detail in the Nominations and Diversity Policy of the Bank.

4.3.2. Key Function Holders

In relation to the appointment of Key Function Holders, and in particular regarding external recruitments the Executive Director People & Change prepares and submits a memo requesting approval for the recruitment of a Key Function Holder from the Management Body through the HRRC. The Executive Director People & Change as well as the CEO or respective committee (in case of appointment of Heads of Control Functions) clearly identify the suitability criteria, as these stem from the job description, required in relation to the Key Function Holder in question. Subsequently, an assessment of potential candidates' application against the suitability criteria in accordance with the job responsibilities takes place and a shortlist of candidates is prepared. The Executive Director People & Change in collaboration with the CEO or the respective committee in case of Heads of Control Functions carries out the latter step. A series of interviews are conducted in relation to shortlisted candidates², and once the decision is made in relation to the successful candidate the Compliance Division performs the suitability assessment in accordance with the criteria set out in section 4.2. above. The Compliance Division conducts the required searches and submits a memo to the NCGC or the respective Committee for Heads of Control Function for recommendation to the Management Body for approval.

² For Heads of Control Functions the interviews are conducted by the Executive Director People & Change as well as the AC (when considering candidates for appointment as Director Internal Audit and Chief Compliance Office) or the RC (when considering candidates for appointment as Chief Risk Officer, Chief Information Security Officer). In relation to the rest of the Key Function Holders the Executive Director People & Change and the CEO or their delegate as well as the NCGC conduct the interview.

4.4. Situations that lead to a fit and proper assessment other than new initial appointments

4.4.1. Members of the Management Body

4.4.1.1. Material changes in the composition of the Management Body:

The composition of the Management Body does not remain static. A re-assessment of the suitability must be performed when there is a material change in the composition of the Management Body³. The term material change refers to the below circumstances:

1. when material changes to the composition of the Management Body occur, including:
 - (i) when appointing new members of the Management Body, including as a result of a direct or indirect acquisition or increase of a qualifying holding in the Bank. This assessment should be limited to newly appointed Members.
 - (ii) when re-appointing Members of the Management Body, if the requirements of the position have changed or if the member is appointed to a different position within the Management Body. This assessment should be limited to the Members whose position has changed and to the analysis of the relevant aspects, taking into account any additional requirements for the position.
 - (iii) When appointed or reappointed members case to be Members of the Management Body.
2. when there is a material change to the Bank's business model, risk appetite or strategy or structure at individual or group level.

Further to the above, a re-assessment of the suitability should take place an ongoing basis and at least annually.

4.4.1.2. **The collective suitability of Members of the Management Body should be re-assessed in the following cases:**

1. when there is a material change to the Bank's business model, risk appetite or strategy or structure at individual or group level.
2. as part of the review of the internal governance arrangements by the Management Body.
3. in any event that can otherwise materially affect the collective suitability of the Management Body.
4. where there are reasonable grounds to suspect that money laundering or terrorist financing has been or is being committed or attempted or there is an increased risk thereof in connection with that ACI and in particular in situations where information available suggests that the Bank:
 - (i) has not implemented appropriate internal control or oversight mechanisms to monitor and mitigate money laundering/terrorist financing risks, such as those

³ Articles 5(2)(b) and 6(2)(b) of the CBC Suitability Directive.

- identified in on-site or off-site inspection findings, as part of the supervisory dialogue or the imposition of sanctions.
- (ii) was found to be in breach of its anti-money laundering and countering the financing of terrorism obligations in the home or host Member State or in a third country.
 - (iii) has materially changed its business activities or business model, resulting in a significant increase in its exposure to the risk of money laundering / terrorist financing.

Where re-assessments of the collective suitability are performed, the Bank should focus their assessment on the relevant changes in the Bank's business activities, strategies, and risk profile and in the distribution of duties within the Management Body and their effect on the required collective knowledge, skills, and experience of the Management Body.

The Bank will assess the composition of the Management Body in its management and supervisory functions separately. This assessment will provide a comparison between the actual composition of the Management Body, its actual collective knowledge, skills and experience, and the required collective suitability of it.

The Members must collectively be able to take appropriate decisions considering the business model, risk appetite, strategy, and markets in which the Group operates, and the main risks facing the Bank, as well as to make material monitoring and criticism against the decision of executives. Individual candidates with strong knowledge in specific areas may compensate deficits of other candidates in these areas. However, any weakness in the composition of the Management Body or its committees does not necessarily lead to the conclusion that a member is not suitable.

The Group will assess the collective suitability of the Members of the Management Body in accordance with Article 91(7) of the CRD and using a suitability matrix as per Annex I of the Joint Guidelines. The Management Body as a whole, must have managerial skills and experience and adequately understand the sectors (local and global) for which the Members are collectively responsible, and to have the required skills in order to exercise actual management and supervision of the Group, especially in matters of its business activity and the major risks connected thereto (including risks in group structures), the strategic planning, the financial statements and financial reporting, the compliance with the legislative and regulatory frameworks, internal audit, understanding of money laundering and terrorist financing risks, the understanding of the corporate governance framework, the ability to recognise and manage risks, the impact of information technology and security on its activity, and issues related to ESG, within the framework of the Group's strategic plans etc. In addition, the Management Body in its supervisory function should collectively be able to effectively challenge and monitor decisions made by the Management Body in its management function.

The ongoing monitoring of the collective suitability of the Management Body will focus on whether the individual Member or the Members collectively remain suitable, taking into account the individual or collective performance and the relevant situation or event which caused a re-assessment and the impact it has on the actual or required suitability.

It will be a condition of continuing appointment that the candidate provides his/her consent for this information to be gathered and used by the Group for the purpose of the assessment. The consent must also include consent for the information to be provided to the CBC/ECB or CySEC if necessary.

4.4.2. Key Function Holders

Key Function Holders must be regularly reviewed, at least once a year and upon any structural change of the organization or new fact, and in particular:

1. when applying for an authorization; and
2. when appointing new Key Function Holders, including as a result of a direct or indirect acquisition or increase in a qualifying holding in the Bank.

4.4.3. Submission of additional information

The Bank asks each Member of the Management Body and Key Function Holder to sign an annual statement, whereby notifying the Bank of any changes as to their compliance with the provisions of the CBC Suitability Directive referred to as the Declarations of Changes⁴. The statement must be submitted to the Company Secretary by 31st January each year. The competent authorities may examine such statements during their supervisory inspections of the Bank.

The Bank shall notify the CBC of all material changes regarding the compliance of members of the Management Body and Key Function Holders with the provisions of the CBC Suitability Directive, especially when they concern the criteria of fitness and suitability, the criteria of independence and sufficient time commitment for the exercise of their duties, within seven (7) calendar days from the date of their submission to the Company Secretary.

4.5. Re-assessment in the ambit of the annual Board Performance Evaluation

4.5.1. As part of the annual Board Performance Evaluation, which is performed in accordance with Article 16 of the CBC Governance Directive, a re-assessment of the individual and collective suitability of the Members of the management body is performed. This procedure includes, *inter alia*, the re-assessment of the criteria set out in section 4.2. of this Policy.

4.5.2. Interviews with each Member of the Management Body are also conducted. During the interviews all areas in relation to the suitability of members as outlined in section 4.2. are touched upon.

4.5.3. Additionally, a thorough search is conducted by the Compliance Division on various financial crime databases to ensure that the reputation of the members of the management body remains intact.

4.5.4. A report in relation to the re-assessment of each member of the management body is submitted to the NCGC for recommendation (by the NCGC) to the Board for approval.

⁴ Article 33 of the CBC Suitability Directive.

4.6. When an Assessed Person is no longer suitable

If the Bank's assessment or re-assessment of an individual Member of the Management Body concludes that the person is not suitable (or that the Management Body is not collectively suitable), the relevant Member of the Management Body and the relevant competent authority (e.g. the CBC) must be informed without delay (including about the measures proposed or taken by the Bank to remedy the situation).

If a person is deemed not suitable, then that person shall not be appointed or if already appointed must be replaced (unless the Bank determines that one of the measures set out below is appropriate). The Bank should also inform shareholders about the assessment made and the need to appoint different Members of the Management Body.

If the Bank's assessment or re-assessment identifies easily remediable shortcoming in the individual's knowledge (other than in relation to the criteria of reputation, honesty, and integrity), skills experience, appropriate corrective measures are to be taken to overcome those shortcomings and improve their skills and knowledge in a timely manner.

If the Bank's assessment or re-assessment concludes that the Management Body is not collectively suitable then the Bank must take appropriate corrective measures in a timely manner.

If a Member's exposures become non-performing then his/her appointment is immediately terminated. Appropriate measures might include but are not limited to:

- a) replacing the Member or Members in question.
- b) adjusting of responsibilities between Members.
- c) training of individual members of the Management Body and/or the Management Body as a whole to ensure that its collective knowledge and experience is sufficient (and that lessons learned from previous instances of unsuitability are appropriately addressed in future by the Management Body and individuals), and
- d) measures to mitigate conflicts of interest.
- e) If an assessment by a competent authority is also required, the Bank may take other alternative measures (e.g. by applying a probation period or a suspensive condition in the employment contract or by appointing acting heads) so it may remove the person from the position if the competent authority deems the person as not being suitable for the position.

If any Assessed Person becomes aware of any matter which may prevent the person from continuing to be assessed as a suitable person, he/she must immediately notify the Compliance Division or the Chairman, who, with the assistance of the Company Secretary, will arrange for a new suitability assessment to be carried out.

This also applies to Key Function Holders and the Bank must inform the relevant competent authority about the Control Function Heads and the CFO, where they are not part of the Management Body.

The Group Whistleblowing Policy on disclosure of matters of concern includes reporting on issues that may be relevant to the suitability of a person to hold an Assessed Person Position. The Group must

investigate any information reported in accordance with the said Policy and ensure that all of the protections and immunities for reporting persons set out in that policy are applied.

4.7. Monitoring and review

This Policy is monitored as to its application principally by the Compliance Division and the NCGC. The Policy will be reviewed and approved by the Management Body at least annually.

4.8. Privacy

In carrying out a suitability assessment, personal information (including sensitive information) about an applicant or employee may be collected. Each person must provide the Group with all information and documentation that the Group reasonably requests (including evidence of sound financial standing (including exposures of their connected parties), and any other information that may be relevant for the purpose of completing a suitability assessment for Assessed Person Positions, in accordance with the requirements set out in the provisions of the CBC Suitability Directive.

The person to whom the information applies, may in accordance with Law Providing for the Protection of Natural Persons with regard to the Processing of Personal Data and for the Free Movement of such Data of 2018 (Law 125(I)/2018), gain access to the information by contacting the Compliance Division.

If personal information (including sensitive information) is collected it will be used to:

1. assess a person's suitability.
2. comply with legislative and regulatory requirements.
3. perform administrative functions including risk management, record keeping, archiving, staff training.
4. manage the Group's rights and obligations under its license; and
5. expenses for mobile devices should be budgeted by the Chief Information Officer or his delegate.

5. GOVERNANCE

5.1. Roles and Responsibilities

<p>Management Body</p>	<p>Bears the ultimate responsibility for the effective implementation of this Policy and setting the right tone from the top. The Management Body is committed to ensuring that each person who holds an Assessed Person position has the appropriate skills and experience in line with the role that he/she holds and will make all final determinations and provide approval for appointments to the Management Body and to Key Function Holder Positions.</p>
<p>NCGC</p>	<p>The NCGC has the ultimate responsibility for:</p> <ol style="list-style-type: none"> 1. approving suitability criteria (in cases of Control Function Heads, the respective committee provides approval). 2. ensuring that assessments of nominees of the Management Body and Key Function Holders are carried out by the Compliance Division. 3. ensuring that re-assessments of members of the Management Body and Key Function Holders are carried out by the Compliance Division. 4. considering any recommendations and information provided by the Compliance Division on nominees and existing Management Body Members and Key Function Holders. 5. making recommendations for nominations to Key Function Holder Positions to the Management Body. 6. collective suitability of the Members, and 7. annually reviewing the Key Function Holder Positions and MRTs. <p>With the assistance of the Compliance Division and the Company Secretary, the NCGC is responsible for providing the necessary supporting evidence for the recommendation to the Management Body on these matters. Furthermore, the NCGC must implement a framework to achieve and maintain diversity within the Management Body (e.g., based on such aspects as educational and professional background, age, gender, and geographical provenance) within a reasonable amount of time, and the Group’s ESG Strategy as well as a framework for the sound and appropriate recruitment process for the nomination, selection, reappointment, and succession of the Members.</p> <p>The NCGC must ensure that the shareholders are informed in good time through the Bank’s website and through printed form during the Annual General Meeting about:</p> <ol style="list-style-type: none"> 8. the requirements of the position. 9. the profile of the candidate, and
<p>AC & RC</p>	<p>Ultimate responsibility for making recommendations to the Management Body for the appointment of Control Function Heads and for approving suitability</p>

NCGC/HRRC	The NCGC and the HRRC meet together once a year for the review of the succession planning for Key Function Holders, the review of their performance, the review of the organizational structure of the Group and any appointments to Key Function Holder Positions making relevant recommendations to the Management Body for approval.
CEO	<p>The CEO with the assistance of the Human Resources Division has a significant input on the succession plans.</p> <p>Annually makes recommendations for appointments, performance, succession plans of Key Function Holders and the organizational structure and submits to the Management Body for approval through the Joint NCGC/HRRC.</p>
Company Secretary	<p>The Company Secretary must act as a source of information and provide advice to Members and facilitate the flow of information within the Management Body and its committees, between senior management and non-executive directors and between Control Function Heads and non-executive directors. Among other duties he/she must:</p> <ol style="list-style-type: none"> 1. arrange induction programs for non-executive directors, assist the Chairperson in assessing and meeting the training needs of Members in accordance with the Group's Induction and Training Policy. 2. assist the Chairperson in the annual evaluation of individual Members. 3. provide sufficient information to shareholders for the election of director, including: <ol style="list-style-type: none"> (a) a description of the individual's qualifications, experiences, and competences. (b) a description of the roles and responsibilities for that vacancy. (c) time commitment expected; and (d) an explanation why the Management Body considers appropriate the appointment of that individual. 4. liaise/cooperate with the Compliance Division; and 5. keep an updated record of all subsidiary boards.

Compliance Division	<p>The Compliance Division is responsible to ensure that all individuals and committees who have a responsibility under this Policy fulfil their responsibilities in a timely and diligent manner by:</p> <ol style="list-style-type: none"> 1. ensuring that appropriate fit and proper assessments are carried out for each Assessed Person. 2. gathering information for assessments in relation to existing Assessed Persons or candidates for appointment to the Management Body. 3. making submissions about any matters that are relevant to a particular assessment of an Assessed Person's suitability and ensuring that the appropriate reporting to the relevant supervisory authorities is completed. 4. following up any queries or clarifications requested by the authorities. 5. maintaining an archive of all submissions to regulators and supervisory bodies. 6. ensuring that matters relating to this Policy are brought to the attention of the NCGC. 7. ensuring that the Group takes all reasonable steps to protect the information and documents collected for fit and proper assessments from misuse, unauthorized access, modification or disclosure. 8. maintaining records of the suitability assessments on an individual and collective basis for the predefined period; and <p>reporting to the CBC by the 31st of July on the composition of the Management Body, its committees and the composition of the boards of subsidiary companies as at 30th June annually.</p> <p>The Compliance Division also:</p> <ol style="list-style-type: none"> 1. checks the plausibility of the information provided by the Assessed Person and if necessary, carries out its own investigation (internet, press archives etc.); 2. reviews and revises the Policy at least annually and/ or more frequently whenever there is a significant change in the legislation and / or regulation; and
Human Resource Division	<p>The Human Resource Division:</p> <ol style="list-style-type: none"> 1. keeps and maintains updated records of all Assessed Person Positions and Assessed Persons in the Group, in addition to details of the competencies and training required for each Assessed Person Position. 2. keeps and maintains the Group's Induction and Training Policy and provides training to all Assessed Persons in accordance with that policy; 3. gathers information for assessments in relation to new Key Function Holder Positions; and 4. provides assistance to the CEO for succession planning purposes.
Internal Audit	<p>Internal Audit includes this policy as an area of the Risk & Audit Universe and as such it is subject to a risk assessment, as part of the annual audit plan. Audits relevant to the Suitability of Members and Key Function Holders are included in IA's Annual Audit Plan, based on risk assessment and relevant regulatory requirements.</p>

Risk Management	Assesses and appoints persons holding open approvals and persons sitting on Credit Committees.
Executive Director of People and Change	The Executive Director of People and Change is responsible for the Human Resources Division, the Legal Services Division, the CEO Office, the Transformation Office, and the Corporate Affairs department. The role of the Executive Director of People and Change is in relation to the appointment of KFH. In particular regarding external recruitments the Executive Director of People and Change prepares and submits a memo requesting approval for the recruitment of a KFH from the Management Body through the HRRC.
All Assessed Persons	All must adhere to the rules of this Policy.

5.2. Supporting Documentation

5.2.1. Personal details and details on the institution and the function concerned:

1. Personal individual details including full name, name at birth if different, gender, place and date of birth, address and contact details, nationality, and personal identification number or copy of ID⁵ card or equivalent.
2. Details of the position for which the assessment is sought, whether the management body position is executive or non-executive, or if the position is for a key function holder. This also includes the following details:
 - 2.1 the letter of appointment, contract, offer of employment or drafts thereof, as applicable.
 - 2.2 minutes of the decision of the Management Body.
 - 2.3 suitability assessment report/memo.
 - 2.4 the planned start date and duration of mandate.
 - 2.5 the expected time commitment for the position as accepted by the individual.
 - 2.6 description of the individual’s key duties and responsibilities.
 - 2.7 if the person is replacing someone, the name of this person.
 - 2.8 a list of reference persons including contact information, preferably for employers in the banking or financial sector, including full name, institution, position, telephone number, email address, nature of the professional relationship and whether or not any nonprofessional relationship exists or existed with this individual.

5.2.2. The Suitability assessment/memo by the Bank includes:

1. details of the result of any assessment of the suitability of the individual performed by the Compliance Division.
2. an assessment of the suitability criteria set out in section 4.2. above.

⁵ ID and/or passport must be certified by a lawyer or by the Head of Legal Services of the Bank.

5.2.3. Knowledge, skills, and experience:

1. Curriculum vitae, which contains details of education and professional experience (including professional experience, academic qualifications⁶, and other relevant training), including the name and nature of all organisations for which the individual has worked, and the nature and duration of the functions performed, in particular highlighting any activities within the scope of the position sought (banking and/or management experience).
2. Details of the training plan imposed, which includes the content, the provider, and the date by which the training plan will be completed.

5.3. Reputation, honesty, integrity

1. Criminal records and relevant information on criminal investigations and proceedings, relevant civil and administrative cases, and disciplinary actions (including disqualification as a company director, bankruptcy, insolvency and similar procedures) especially through an official certificate or any reliable source of information concerning the absence of criminal conviction, investigations and proceedings (e.g. third-party investigation, testimony made by a lawyer or a notary established in the EU).
2. Statement of whether criminal proceedings are pending or whether or not the person or any organisation managed by him or her has been involved as a debtor in insolvency proceedings or a comparable proceeding.
3. Information concerning the following:
 - 3.1. investigations, enforcement proceedings, or sanctions by a supervisory authority in which the individual has been directly or indirectly involved.
 - 3.2. refusal of registration, authorisation, membership, or a licence to carry out a trade, business or profession, or the withdrawal, revocation or termination of registration, authorisation, membership or a licence, or expulsion by a regulatory or government body or by a professional body or association.
 - 3.3. dismissal from employment or a position of trust, fiduciary relationship, or similar situation, or having been asked to resign from employment in such a position (excluding redundancies).
 - 3.4. whether or not an assessment of reputation of the individual as an acquirer or a person who directs the business of an institution has already been conducted by another competent authority (including the identity of that authority, the date of the assessment and evidence of the outcome of this assessment) and the consent of the individual where required to seek such information to be able to process and use the provided information for the suitability assessment, and

⁶ Academic Qualifications must be certified by a lawyer or by the Head of Legal Services of the Bank.

- 3.5. whether or not any previous assessment of the individual by an authority from another, non-financial, sector has already been conducted (including the identity of that authority and evidence of the outcome of this assessment).

5.4. Financial and non-financial interests

1. All financial and non-financial interests that could create potential conflicts of interest should be disclosed, including but not limited to:
 - 1.1. description of any financial (e.g. loans, shareholdings) and non-financial interests or relationships (e.g. close relations such as a spouse, registered partner, cohabitant, child, parent or other relation with whom the person shares living accommodation) between the individual and his or her close relatives (or any company that the individual is closely connected with) and the institution, its parent or subsidiaries, or any person holding a qualifying holding in such an institution, including any members of those institutions or key function holders.
 - 1.2. whether or not the individual conducts any business or has any commercial relationship (or has had over the past two years) with any of the above listed institutions or persons or is involved in any legal proceedings with those institutions or persons.
 - 1.3. whether or not the individual and his or her close relatives have any competing interests with the institution, its parent, or subsidiaries.
 - 1.4. whether or not the individual is being proposed on behalf of any one significant shareholder.
 - 1.5. any financial obligations to the institution, its parent, or its subsidiaries (excluding performing mortgages negotiated at arm's length).
 - 1.6. any positions of political influence (nationally or locally) held over the past two years.

If a material conflict of interest is identified, the institution should provide a statement on how this conflict has been satisfactorily mitigated or remedied including a reference to the relevant parts of the institution's conflict of interest policy or any bespoke conflict management or mitigation arrangements.

5.5. Time commitment

1. All relevant and necessary details should be provided to show that the individual has sufficient time to commit to the mandate including:
 - 1.1. information about the minimum time that will be devoted to the performance of the person's functions within the institution (annual and monthly indications).
 - 1.2. a list of the predominantly commercial mandates that the individual holds including whether the privileged counting.
 - 1.3. where the privileged counting rules apply, an explanation of any synergies that exist between the companies.

- 1.4. a list of those mandates which are pursuing predominantly non-commercial activities or are set up for the sole purposes of managing the economic interests of the individual.
- 1.5. the size of the companies or organisations where those mandates are held including for example, total assets, whether the company is listed, and number of employees.
- 1.6. a list of any additional responsibilities associated with those mandates (such as the chair of a committee).
- 1.7. estimated time in days per year dedicated to each mandate.
- 1.8. number of meetings per year dedicated to each mandate.

5.6. Collective knowledge, skills, and experience

1. The Bank assesses the collective knowledge, skills, and experience through a combination of qualitative and quantitative criteria. The Bank provides a list of the names of the members of the Management Body and their respective knowledge, skills, and experience.
2. The Bank provides a statement regarding its overall assessment of the collective suitability of the Management Body as a whole, including a statement on how the individual is to be situated in the overall suitability of the management body (i.e. following an assessment using the suitability matrix⁷). This includes a description of how the overall composition of the Management Body reflects an adequately broad range of experience and the identification of any gaps or weaknesses and the measures imposed to address these.
3. Any and all other relevant information should be submitted as part of the application.

5.7. Declarations/Consents

1. Consent to Personal Data Processing (for the Bank's KYC purposes); and
2. Declaration as per Article 93 of the Bank's Articles of Association.
3. Declaration as per Section 231 of the Irish Companies Act 2014 (if applicable)\ Confidentiality Declaration.
4. Conflict of Interest declaration.
5. Cyprus Stock Exchange Independence declaration.
6. CSE Annex 18.
7. MiFID declaration.
8. Market Abuse declaration.

⁷ The Suitability Matrix is in accordance with the Joint Guidelines on suitability.

5.8. Reporting

The Management Body must ensure that in consultation with the Company Secretary, the Group complies with all reporting requirements. This responsibility is delegated to the Compliance Division.

The Bank must inform the CBC without delay:

1. of any shortcomings identified concerning any individual Member and in the Management Body's collective composition.
2. for any termination of appointment of a Key Function Holder, explaining the reasons why; and
3. when any non-executive Member or member of a subsidiary board exceeds the exposures, limits set by the Banking Law.

The information must include the measures taken or envisaged to remedy those shortcomings and the timeline for implementation. Should the CBC decide that the measures taken are insufficient it may enforce appropriate corrective measures. Notification must be made to CBC within 7 days of any change in the above information as it pertains to an Assessed Person, or for any new appointment.

In the case of a non-scheduled departure of a Member of the Management Body or Key Function Holder, that person must notify on the day of his/her departure or soon thereafter the CBC explaining the reasons for his/her departure.

By the 31st of July of each year a list of all Assessed Persons as of June 30th is notified to the CBC.

This Policy must be submitted to the CBC once approved by the Management Body. Should there be significant modifications to the Policy the updated Policy is submitted to the CBC within a month from the day of the approval of the updated version.

6. EXCEPTION APPROVAL PROCESS

By way of exception, assessment of individuals and collective suitability may be carried out after the appointment of a Member of the Management Body in any of the following cases provided this is duly justified:

1. when at the Annual General Meeting of shareholders, the shareholders nominate candidates and elect Members who have not been proposed by the Group; and
2. when the performance of a full suitability assessment prior to the appointment of a Member of the Management Body would disrupt the proper functioning of the Management Body, including when the need to replace Members arises suddenly or unexpectedly (e.g., in the case of the death of a Member).

7. IMPLEMENTATION PROCEDURES (KEY PROCESSES)

1. The NCGC nominates Members as per the Board Nominations and Diversity Policy.
2. Key Function Holders are appointed as per the HR Recruitment Policy.
3. Members of Credit Committees and staff given open approvals are appointed as per Circular on the Granting, Re-assessment, and Termination of Approving Limits.

Factors to consider when assessing the fitness and probity of Assessed Persons

1. Knowledge, skills, and Experience:

For the purposes of assessing a Member's theoretical banking experience, the level and profile of the Member's education, which should relate to banking and financial services or other relevant areas (mainly banking and finance, economics, law, administration, financial regulation, information and technology, financial analysis and quantitative methods), are taken into particular account. Practical experience is assessed based on previous positions held, considering the length of service, the size of the entity, responsibilities held, number of subordinates, the nature of the activities carried out, the actual relevance of experience gained.

Basic theoretical experience covering the following areas is expected (although for some positions it can be obtained through specific training):

- a. banking and financial markets.
- b. regulatory framework and legal requirements
- c. strategic planning, and the understanding of a credit institution's business strategy or business plan and implementation thereof; risk management (identifying, assessing, monitoring, controlling, and mitigating the main types of risk of a credit institution) including experience directly related to the responsibilities of the Member.
- d. accounting and auditing.
- e. assessing the effectiveness of a credit institution's arrangements, ensuring effective governance, oversight, and controls, and
- f. interpreting a credit institution's financial information, identifying key issues based on this information and appropriate controls and measures.
- g. CEO: 10 years of recent practical experience in fields related to banking or financial services a significant proportion of which in senior level management positions.
- h. other executive Members: five years of recent practical experience in senior level management positions in fields related to banking or financial services.
- i. chairperson of the Management Body: 10 years of recent relevant practical experience a significant proportion of which in senior level management positions and significant theoretical knowledge of banking or a similar relevant field.
- j. non-executive Members: Three years of recent relevant practical experience in senior level management positions, including theoretical banking knowledge.

2. Reputation, honesty, and integrity:

An Assessed Person will be considered to be of good repute if there is no evidence to suggest otherwise and no reason to have reasonable doubt about his or her good repute. If the personal or business conduct of an appointee gives rise to any doubt about his or her ability to ensure the sound and prudent management of the credit institution, the supervised entity and/or the appointee should inform the competent authority, who will assess the materiality of the circumstances. When considering the reputation and integrity of a person the following circumstances are to be considered as particularly serious and as such damaging to the personal reliability of the candidate.

2.1. Pending Legal/regulatory proceedings (the legal proceedings check covers the last 10 years):

Pending – as well as concluded – criminal or administrative proceedings, or other analogous regulatory proceedings, may have an impact on the reputation of the appointee and the supervised entity, even if the Assessed Person is (being) appointed in a state other than the one in which the relevant events occurred. Notwithstanding the fact that criminal or administrative proceedings are the responsibility of the relevant judicial or administrative authority, the very fact that an individual is – or has been – subject to proceedings is relevant to propriety. Concluded proceedings will have an impact if the decision goes against the Assessed Person. Although the competent authority will accept the decision of the judicial authority in concluded proceedings, the underlying circumstances of the proceedings may still be relevant for the assessment of any impact on reputation, even if the judicial authority rules in favour of the Assessed Person.

In particular, the following convictions or ongoing prosecutions for a criminal offence should be taken into consideration:

- (i) offences under the laws governing banking, financial, securities, insurance activities, or concerning securities markets or financial or payment instruments, including laws on money laundering and terrorism financing or any of the predicate offences as per the AML Law of 2007, corruption, market manipulation, or insider dealing and usury; ii. offences of dishonesty, fraud, or other financial crime.
- (ii) tax offences, whether committed directly or indirectly, including through unlawful or banned dividend arbitrage schemes.
- (iii) other offences under legislation relating to companies, bankruptcy, insolvency, or consumer protection.

2.2. Orderly economic situation: The following situations relating to the past and present business performance and financial soundness of a member of the management body should be considered, with regard to their potential impact on the member's reputation, integrity and honesty:

- 2.2.1. being a defaulting debtor (e.g. having negative records at a reliable credit bureau if available).
- 2.2.2. financial and business performance of entities owned or directed by the member or in which the member had or has significant share or influence with special consideration

given to any bankruptcy and winding-up proceedings and whether or not and how the member has contributed to the situation that led to the proceedings.

- 2.2.3. declaration of personal bankruptcy; and d. without prejudice to the presumption of innocence, civil lawsuits, administrative or criminal proceedings, large investments or exposures and loans taken out, insofar as they can have a significant impact on the financial soundness of the member or entities owned or directed by him or her, or in which the member has a significant share.

Further to the above, ongoing investigations should be considered when resulting from judicial or administrative procedures or other analogous regulatory investigations without prejudice to fundamental individual rights. For persons appointed to Credit Committees or given approval limits that they meet the eligibility criteria of Risk Management i.e.: Personal accounts do not present arrears /excesses > 30dps or arrears /excesses >€2.500, both in BOC and other Financial Institutions. Non-executive Members or members of other subsidiary boards must not have exposures (including those of their connected parties) of more than €200,000 (excluding housing loans that are fully collateralized) as per the CBC Suitability Directive.

2.3. Fulfilment of professional standards:

The following factors are considered in the assessment of reputation, honesty, and integrity:

- 2.3.1 any evidence that the person has not been transparent, open, and cooperative in his or her dealings with competent authorities.
- 2.3.2 refusal, revocation, withdrawal or expulsion of any registration, authorisation, membership, or licence to carry out a trade, business, or profession.
- 2.3.3 the reasons for any dismissal from employment or from any position of trust, fiduciary relationship, or similar situation, or for having been asked to resign from employment in such a position.
- 2.3.4 disqualification by any relevant competent authority from acting as a member of the management body, including persons who effectively direct the business of an entity, and
- 2.3.5 any other evidence or serious allegation based on relevant, credible, and reliable information that suggests that the person acts in a manner that is not in line with high standards of conduct.

3. Sufficient time commitment of a Member of the Management Body:

In the assessment of sufficient time commitment of a Member, the Bank considers the following:

- 3.1.** the number of directorships in financial and non-financial companies held by that Member at the same time, taking into account possible synergies when they are held within the same group, including when acting on behalf of a legal person or as an alternate of a member of the management body.
- 3.2.** the size, nature, scope, and complexity of the activities of the entity where the member holds a directorship and, in particular, whether or not the entity is a non-EU entity.

- 3.3.** the member’s geographical presence and the travel time required for the role; d. the number of meetings scheduled for the management body.
- 3.4.** the directorships in organisations which do not pursue predominantly commercial objectives held by that member at the same time.
- 3.5.** any necessary meetings to be held, in particular, with competent authorities or other internal or external stakeholders outside the management body’s formal meeting schedule.
- 3.6.** the nature of the specific position and the responsibilities of the member, including specific roles such as CEO, chairperson, or chair or member of a committee, whether the member holds an executive or non-executive position, and the need of that member to attend meetings in the companies listed in point (1) and in the Bank.
- 3.7.** other external professional or political activities, and any other functions and relevant activities, both within and outside the financial sector and both within and outside the EU.
- 3.8.** the necessary induction and training.
- 3.9.** any other relevant duties of the member that institutions consider to be necessary to consider when carrying out the assessment of sufficient time commitment of a member.

The roles, duties and required capabilities of the various positions within the Management Body and the expected time commitment required for each position, also taking into account the need to devote sufficient time for induction and training. Members of the Management Body are made aware of the expected time commitment required to spend on his or her duties.

In additional to the above, members must comply with the limitation of directorships⁸ i.e. four non-executive directorships and one executive directorship with two non-executive directorship. For the purposes of the latter, the following shall count as a single directorship:

1. executive or non-executive directorships held within the same group, or
2. executive or non-executive directorships held within:
 - a. institutions which are members of the same institutional protection scheme, provided that the conditions set out in Article 113 paragraph 7 of Regulation (EU) 575/2013 are fulfilled, or
 - b. undertakings (including non-financial entities) in which the Bank holds a qualifying holding.
3. Where a directorship involves at the same time executive and non-executive responsibilities, the directorship should count as an executive directorship.

Directorships held in entities which do not pursue predominantly commercial objectives must not be counted when calculating the number of directorships⁹. However, such activities should be considered when assessing the time commitment of the concerned member. Entities which do not pursue predominantly commercial objectives include, inter alia, (i) charities, (ii) other not-for-profit organisations, and (iii) companies that are set up for the sole purpose of managing the private economic interests of members of the management body or their family members, provided that they do not require day-to-day management by the member of the management body.

⁸ Article 91(3) of the CRD and Article 8(9)(1) of the CBC Suitability Directive.

⁹ Article 9(8) of the CBC Suitability Directive.

4. **Collective Suitability:**

- 4.1. The Management Body should collectively be able to understand the Bank's activities, including the main risks.
- 4.2. The Members of the Management Body should collectively be able to take appropriate decisions considering the business model, risk appetite, strategy, and markets in which the institution operates.
- 4.3. All areas of knowledge required for the Bank's business activities should be covered by the Management Body collectively with sufficient expertise among Members of the Management Body. There should be a sufficient number of Members with knowledge in each area to allow a discussion of decisions to be made. The Members of the Management Body should collectively have the skills to present their views and to influence the decision-making process within the Management Body.
- 4.4. The composition of the Management Body should reflect the knowledge, skills, and experience necessary to fulfil its responsibilities. This includes that the Management Body collectively has an appropriate understanding of those areas for which the members are collectively accountable, and the skills to effectively manage and oversee the Bank, including the following aspects:
 - 4.4.1. the business of the institution and main risks related to it.
 - 4.4.2. each of the material activities of the institution.
 - 4.4.3. relevant areas of sectoral/financial competence, including financial and capital markets, solvency, and models, environmental, governance and social risks and risk factors.
 - 4.4.4. financial accounting and reporting.
 - 4.4.5. risk management, compliance, and internal audit.
 - 4.4.6. information technology and security.
 - 4.4.7. local, regional, and global markets, where applicable.
 - 4.4.8. the legal and regulatory environment.
 - 4.4.9. managerial skills and experience.
 - 4.4.10. the ability to plan strategically.
 - 4.4.11. the management of (inter)national groups and risks related to group structures, where applicable.

5. **Independence:**

When assessing the independence of mind, the Bank assesses the necessary behavioural skills, including:

- 1.1. courage, conviction, and strength to effectively assess and challenge the proposed decisions of other Members of the Management Body.
- 1.2. being able to ask questions of the Members of the Management Body in its management function. and
- 1.3. being able to resist groupthink.
- 1.4. the presence of absence of conflicts of interest to an extent that would impede their ability to perform their duties independently and objectively.

When assessing the required behavioural skills of a Member, his or her past and ongoing behaviour, in particular within the institution, should be taken into account.

6. Conflict of Interest

- 6.1. When assessing the existence of conflicts of interest, the Bank should identify actual or potential conflicts of interest in accordance with the Group's Conflicts of Interest Policy and assess their materiality.
- 6.2. At least the following situations that could create actual or potential conflicts of interests should be considered:
 - 6.2.1. economic interests (e.g. shares, other ownership rights and memberships, holdings and other economic interests in commercial customers, intellectual property rights, loans granted by the institution to a company owned by members of the management body).
 - 6.2.2. personal or professional relationships with the owners of qualifying holdings in the institution.
 - 6.2.3. personal or professional relationships with staff of the institution or entities included within the scope of prudential consolidation (e.g. close family relationships).
 - 6.2.4. other employments and previous employments within the recent past (e.g. five years);
 - 6.2.5. personal or professional relationships with relevant external stakeholders (e.g. being associated with material suppliers, consultancies or other service providers).
 - 6.2.6. membership in a body or ownership of a body or entity with conflicting interests.
 - 6.2.7. political influence or political relationships.
 - 6.2.8. all actual and potential conflicts of interest at Management Body level should be adequately communicated, discussed, documented, decided on and duly managed by the management body (i.e. the necessary mitigating measures should be taken).

A member of the Management Body should declare if any conflict of interest is present and abstain from voting on any such matter.

Skillset

This is the non-exhaustive list of relevant skills, as per the Joint Guidelines that are considered when performing their suitability assessments:

1. **Authenticity:** is consistent in word and deed and behaves in accordance with own stated values and beliefs. Openly communicates his or her intentions, ideas, and feelings, encourages an environment of openness and honesty, and correctly informs the supervisor about the actual situation, at the same time acknowledging risks and problems.
2. **Language:** communicates orally in a structured and conventional way and write in the national language or the working language of the institution's location.
3. **Decisiveness:** takes timely and well-informed decisions by acting promptly or by committing to a particular course of action, for example by expressing his or her views and not procrastinating.
4. **Communication:** is capable of conveying a message in an understandable and acceptable manner, and in an appropriate form. Focuses on providing and obtaining clarity and transparency and encourages active feedback.
5. **Judgement:** is capable of weighing up data and different courses of action and coming to a logical conclusion. Examines, recognises and understands the essential elements and issues. Has the breadth of vision to look beyond his or her own area of responsibility, especially when dealing with problems that may jeopardise the continuity of the undertaking.
6. **Customer and quality-oriented:** focuses on providing quality and, wherever possible, finding ways of improving this. Specifically, this means withholding consent from the development and marketing of products and services and to capital expenditure, e.g. on products, office buildings or holdings, in circumstances where he or she is unable to gauge the risks properly owing to a lack of understanding of the architecture, principles or basic assumptions. Identifies and studies the wishes and needs of customers, ensures that customers run no unnecessary risks and arranges for the provision of correct, complete, and balanced information to customers.
7. **Leadership:** provides direction and guidance to a group, develops, and maintains teamwork, motivates, and encourages the available human resources and ensures that members of staff have the professional competence to achieve a particular goal. Is receptive to criticism and provides scope for critical debate.
8. **Loyalty:** identifies with the undertaking and has a sense of involvement. Shows that he or she can devote sufficient time to the job and can discharge his or her duties properly, defends the interests of the undertaking and operates objectively and critically. Recognises and anticipates potential conflicts of personal and business interest.
9. **External awareness:** monitors developments, power bases and attitudes within the undertaking. Is well informed on relevant financial, economic, social, and other developments at national and

international level that may affect the undertaking and also on the interests of stakeholders and is able to put this information to effective use.

10. **Negotiating:** identifies and reveals common interests in a manner designed to build consensus, while pursuing the negotiation objectives.
11. **Persuasive:** is capable of influencing the views of others by exercising persuasive powers and using natural authority and tact. Is a strong personality and capable of standing firm.
12. **Teamwork:** is aware of the group interest and makes a contribution to the common result; able to function as part of a team.
13. **Strategic acumen:** is capable of developing a realistic vision of future developments and translating this into long-term objectives, for example by applying scenario analysis. In doing so, takes proper account of risks that the undertaking is exposed to and takes appropriate measures to control them.
14. **Stress resistance:** is resilient and able to perform consistently even when under great pressure and in times of uncertainty.
15. **Sense of responsibility:** understands internal and external interests, evaluates them carefully and renders account for them. Has the capacity to learn and realises that his or her actions affect the interests of stakeholders.
16. **Chairing meetings:** is capable of chairing meetings efficiently and effectively and creating an open atmosphere that encourages everyone to participate on an equal footing; is aware of other people's duties and responsibilities.