

**Corporate
Social
Responsibility
Report 2019**

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Abbreviations List

ACA	Associate Chartered Accountant
AML	Anti-Money Laundering
AstroBank, Bank	AstroBank Public Company Limited
ATM	Automated Teller Machine
BoD	Board of Directors
CBC	Central Bank of Cyprus
CEO	Chief Executive Officer
CFT	Combating the Financing of Terrorism
Covid-19	Coronavirus disease
CRR	Capital Requirements Regulation
CSR	Corporate Social Responsibility
EBA	European Banking Authority
ETYK	Cyprus Union of Bank Employees
ExCo	Executive Committee
GDPR	General Data Protection Regulation
GRI	Global Reporting Initiative



ICAEW	The Institute of Chartered Accountants in England and Wales
KPI	Key Performance Indicator
Kwh	Kilowatt
MOF	Ministry of Finance
MOH	Ministry of Health
NBG	National Bank of Greece
OCR	Overall Capital Requirements
P2G	Pillar 2 Guidance
Report	Corporate Social Responsibility Report 2019
sKash	Electronic Wallet for p2p (Peer to Peer) Transactions
SLA	Service Level Agreement
SME	Small and Medium-sized Enterprises
USA	United States of America
UK	United Kingdom
USB	USB Bank Plc
VAT	Value added Tax



1. About the Report





The Corporate Social Responsibility Report 2019 (the “Report”) covers the period from 1 January to 31 December 2019 (annual reporting cycle), unless otherwise stated, and is addressed to the stakeholders of AstroBank Public Company Limited (“AstroBank”, the “Bank”).

This is the first Corporate Social Responsibility Report issued by the Bank.

The Report has been prepared in accordance with the Global Reporting Initiative’s Sustainability Reporting Guidelines (GRI Standards): Core option. The index table for each of these standards are provided in the Appendix.

The aim of the Report is to present the strategy, activities / practices and results that the Bank has achieved during the reference year.

The content of the Report is based on the needs and expectations of the Bank’s key stakeholders as revealed from the value chain mapping and the materiality assessment exercises, carried out by the Bank.

Through these exercises, the Report meets the goal of transparency, providing accurate and comprehensive information to all stakeholder groups, regarding the Bank’s approach to economic, social and environmental issues.



1.2

Structure of the Report

The Report consists of three sections. The first section describes the Bank's commitment to sustainability, including the organisation's volunteering activity, values, ethics, and environmental culture. The second section provides general information on the Bank, including its activities, strategy, corporate governance, material changes affecting its size - such as mergers and acquisitions - as well as challenges and opportunities it has been faced with during the reporting period. The last section presents the topic-specific aspects of the Report, as per the materiality assessment: Society, Environment, Economy.

The Report has been posted on the Bank's website, in electronic form. Any suggestions and comments regarding the Report are welcome. For any feedback in relation to the Report and its contents you may contact:

Marketing & Product Development
AstroBank Public Company Limited
1 Spyrou Kyprianou Avenue, 1065 Nicosia, Cyprus



'Supporting the economy and the wellbeing of the society on the basis of a sustainable growth model, is one of our major goals'



Dear Stakeholders,

This past year was accompanied by a series of financial and societal challenges. At AstroBank, we immediately responded to these challenges with consistency and flexibility, recognising at the same time, the needs of this new era brought about by the pandemic.

Supporting the economy and the wellbeing of the society on the basis of a sustainable growth model, is one of our major goals. Always while protecting the health and safety of colleagues and clients interacting with the Bank.

It is within this context that as a responsible Organisation, we proceeded with the publication of our "Sustainability Report". The need for such a report proves that we are growing as a business, as an Organisation, and as an entity. Ever since the new investors took over in 2017 and AstroBank's commercial identity replaced its predecessor's – Piraeus Bank (Cyprus) – we made it our priority to create a modern and flexible Organisation that offers comprehensive financial solutions and high-quality services. We aspire to take advantage of every opportunity for growth that may arise, through the acquisition of smaller banks. Already, in 2019, we successfully absorbed USB Bank PLC.

All the changes that we have already made, the changes that are underway or planned for the future, as well as the new products and services we have launched, aim to make our services more efficient as well as trigger innovation. At the same time, they will also enable us to capture new business opportunities and cultivate a culture of cooperation and mutual respect between us and our clients. We always try to anticipate our customers' needs and help them better identify their preferences, before designing our services in a way that best meets their requirements.



Among other things, our strategy is shaped by our experience, our quality management and staff, and above all the provision of quality services and incentives to all interested parties. The key lies in the cultivation of a healthy culture, which are working on. A culture that is based on our principles and values: Respect, hard work, quality service and above all - in these difficult times - active contribution to society, in return for its trust.

And so, here it is, our first "Sustainability Report". A confirmation that we are growing, while continuing to care about our fellow citizens and country. Our Corporate Social Responsibility programme is a key pillar of our strategy, focusing mainly on the sectors of Society, Health, Education, Culture and Environment.

AstroBank's sustainable development is important as it is the main precondition to ensure economic balance and social prosperity. We believe that promoting socially responsible and sustainable investment strategies is paramount in the creation of healthy structures, which in turn favour sustainable development. Based on our philosophy as an Organisation, we are determined to turn this crisis into an opportunity in order to support the economy and society.

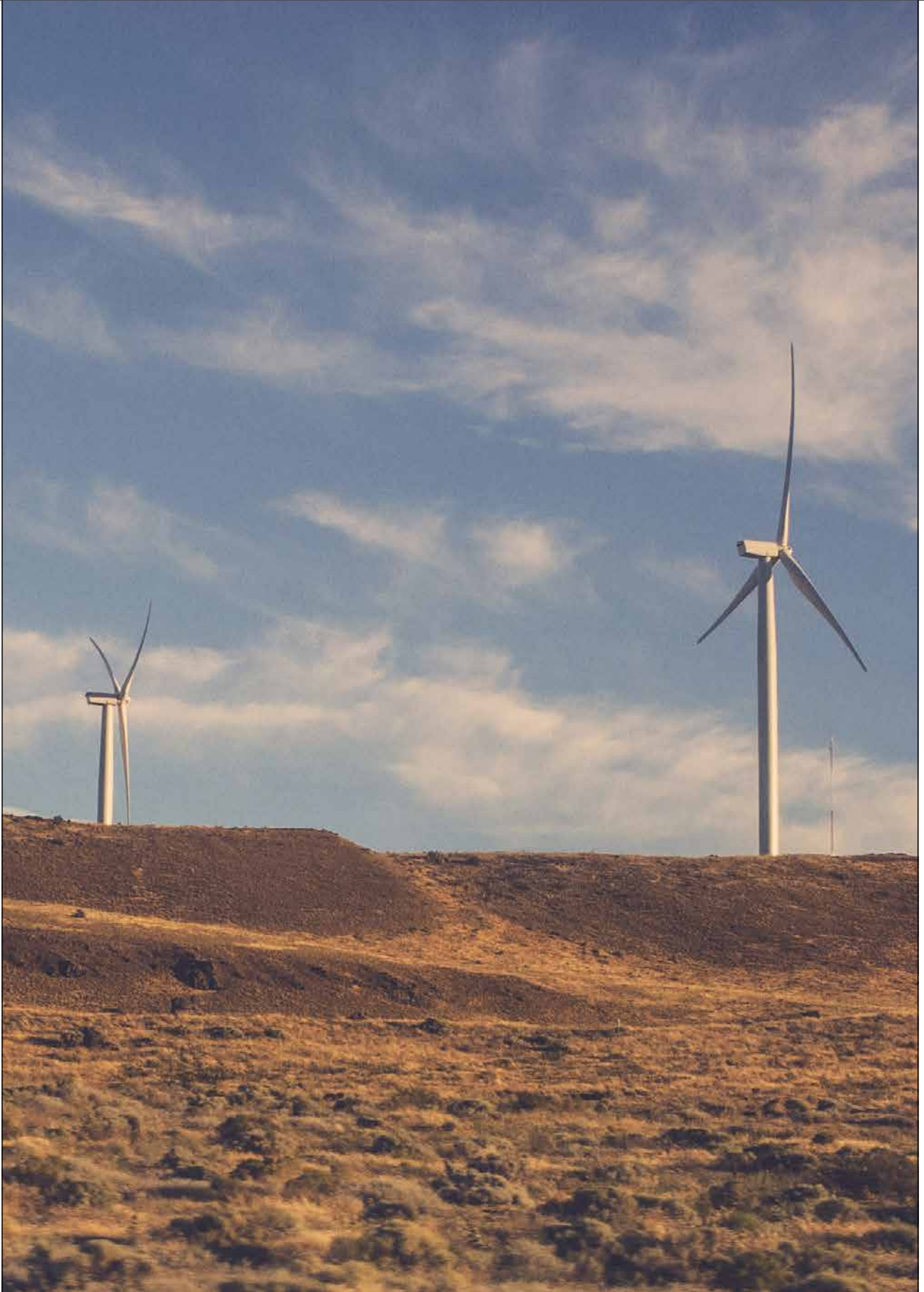


Aristidis Vourakis
Chief Executive Officer



2. Our Commitment to Sustainability





Our Bank is committed to operate in an economically, socially and environmentally-sustainable manner, prioritising the interests of its stakeholders.

For all of us here at AstroBank, Corporate Social Responsibility is an integral part of our culture, values and strategy, as well as our day-to-day operations.

Our vision is to work responsibly - as a socially active member of society. We want to reciprocate the trust placed in us by society, by taking part in collective actions that aim to create a better tomorrow. Our mission is focused on being a driving force for prosperity, by adding value to the lives of our employees, customers, partners, shareholders, national economy, society and fellow human beings.

We have been committed to this since 2008, when we first began operations on the island as Bank of Piraeus Cyprus.

Over a period of more than 10 years, we have been heavily investing in Corporate Social Responsibility, while always keeping our plans and initiatives up to date with the needs of society. We are continuously increasing our available resources, taking advantage of experiences gained over the years, while improving our plans in order to respond to the expectations and needs of Cypriot society, more efficiently.





Today, Corporate Social Responsibility, is an integral part of our overall strategy. Our plan:

01 —

Is implemented methodically

04 —

Is built on solid collaborations

02 —

Is committed to long-term goals

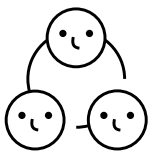
05 —

Promotes volunteerism, contribution and collective effort

03 —

Includes a number of sectors

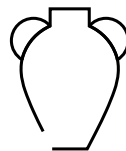
Our Corporate Social Responsibility actions focus on four main pillars:



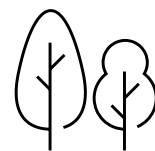
Society / Health



Education

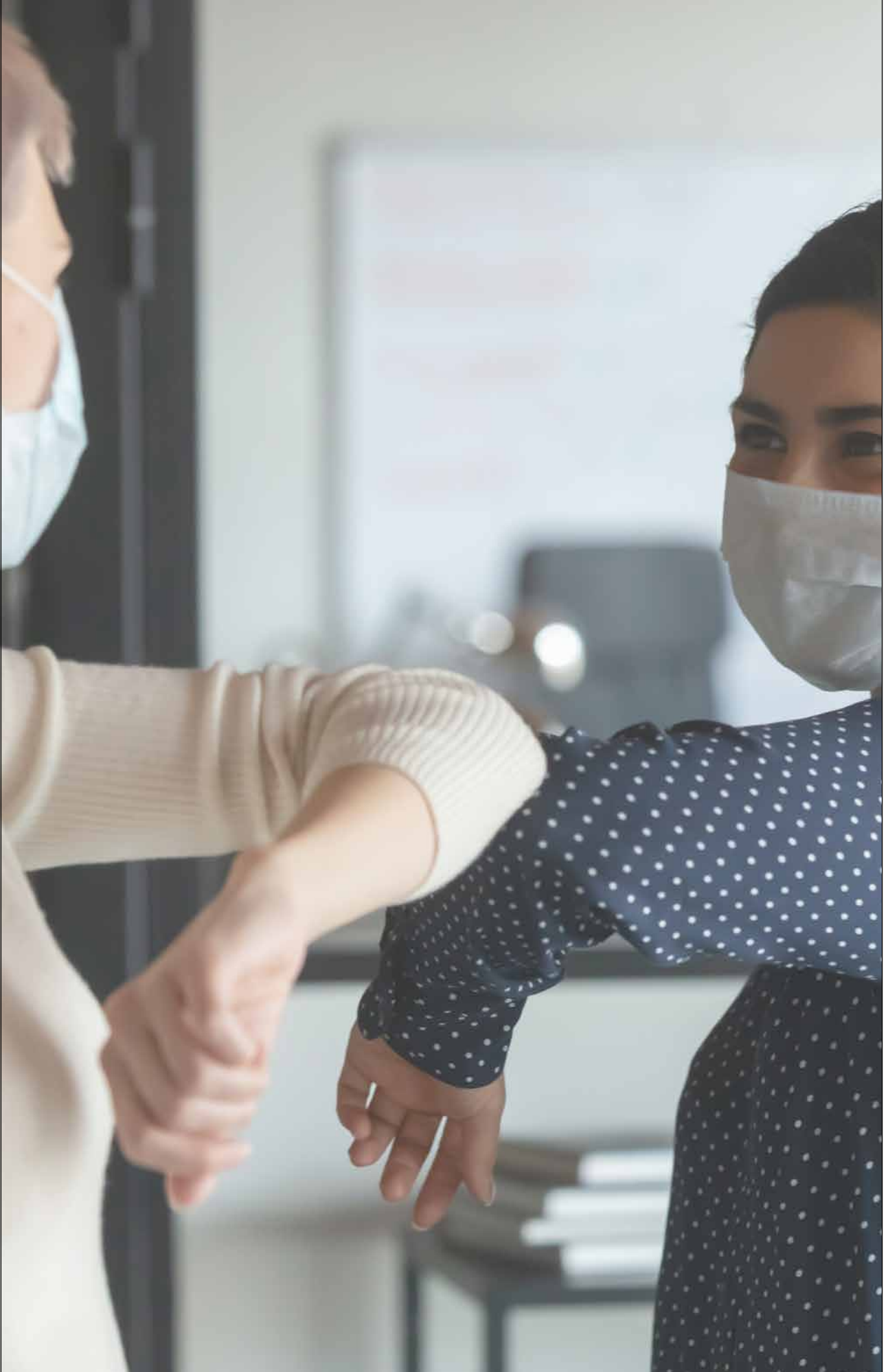


Culture



Environment





2.1 Our Contribution to Society & Our Volunteering Activity

In these challenging times, of great financial and social significance, helping society and meeting its specific needs has become just as important as our other activities.

For a society of solidarity

As part of this effort, we are actively supporting Europa Donna Cyprus, as a strategic partner. For 11 consecutive years, we have been co-organizing the Pink Silhouettes Walk, an initiative that aims to raise public awareness on matters related to Breast Cancer and empower women to fight this disease. Europa Donna Cyprus pioneered the introduction of the Population Control Programme in 2003 in Cyprus, aiming at early diagnosis and prevention. At the same time, in 2016 we sponsored the creation of the first Accredited Specialized Breast Centre in Cyprus, which offers free access to all women.

In 2019, Europa Donna Cyprus expanded its programmes and services to patients with gynaecological cancers, with particular emphasis on patients with ovarian cancer.

Apart from being strategic partners of Europa Donna Cyprus, we systematically sponsor and volunteer several non-governmental organisations, such as:

Red Cross Organization Cyprus

Cyprus Autistic Association

Cyprus Breastfeeding Organization

Vagoni Agapis

Alkionides

Sophia Foundation for Children

Cyprus Association "One dream, one wish"

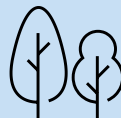




Education

Our aim is to support the new generation of this country, by providing children and young adults with the tools, as well as inspiration to change their lives for the best. In this framework, we have been collaborating with 'Junior Achievement Cyprus' since 2013, in order to promote entrepreneurship through experiential learning. We systematically support the activities of the organization that aims to inspire children to learn entrepreneurship skills. We support JA Cyprus by sponsoring their activities, as well as by becoming mentors to students interested in exploring and developing their entrepreneurial skills further. In addition to the above, AstroBank became the first Bank in Cyprus to offer the ACA certification, in cooperation with ICAEW - the Institute of Chartered Accountants in England and Wales.

Moreover, we offer scholarships to honour students of Cypriot universities.



Environment

We follow good practices, in order to minimize our carbon footprint. We support the adoption of environmentally friendly solutions. So far, we have contributed to this effort, by donating more than 350 recycling bins to Municipalities and Schools.

Moreover, through the programmes of JA Cyprus mentioned above, students are encouraged to innovate with environmentally friendly products.



Volunteering

Our people are the backbone of our Bank. Our employees have always been the driving force behind the organisation's Corporate Social Responsibility programmes.

As an organisation, we actively promote volunteerism as an integral part of our culture. Every year, more and more employees are participating in our Corporate Social Responsibility initiatives, dedicating their time, knowledge, creativity and effort to create a positive outcome for society.



Culture

We believe that access to culture is every citizen's right. Because of this, we support a number of cultural events in collaboration with municipalities and other non-profit organisations, such as concerts, music festivals, book publications and other.



AstroBank's reputation is our most valuable asset and staff members have a duty to uphold the principles and values which reflect the brand identity of the Bank:

High-quality and customer-focused service.

Integrity and professional conduct at all levels.

Strengthening customer relationships based on mutual benefit.

Demonstrating flexibility and searching for creative and innovative solutions.

Integrity, civility, immediate and personalised service and inventiveness.

Confidentiality, fairness, honesty and transparency in our transactions.

Compliance with the legal framework, internal regulations and instructions of the Management of the Bank.



Avoiding negative comments about the Bank's competitors, and instead promoting our Bank with positive arguments.

Passion for Excellence

- We constantly create and develop fruitful relationships with clients based on mutual profit.
- We always aim to offer excellent services.
- We develop competitive solutions, adding value to our clients.

Creating Value for our Shareholders

- Each of us makes a notable contribution to the Bank's profitability – whose improvement is the result of collective and consistent work – affecting both the Bank's revenues and expenses.
- We aim to secure the Bank against any risk, by complying with the legislation and our procedures in order to ensure a continuous and unhindered profitable course.

Market Position

- Astrobank's vision, strategic orientation and goals, are guidelines for all of us.
- We are constantly monitoring the ever-changing financial environment, in order to identify and exploit new opportunities and challenges.
- With a pioneering and creative spirit, we focus on innovative solutions while at the same time we improve ourselves, our teams and our organization.

Investing in People and Society

- We choose the best in the market, focusing on ethics, integrity, professionalism, skills and competence.
- We consistently invest in the continuous advancement, development and wellbeing of our employees.
- We contribute to society, while always trying to improve the environment, local society and culture, while offering support to those who need it.



The Bank's Code of Conduct outlines the standards of ethical conduct expected from each member of staff during work hours, as well as, after hours, taking into consideration that they reflect the image of the Bank.

The Code is an important tool that helps members of staff make the appropriate decisions during the daily performance of their duties. The Code is further supported and complemented by other Policies, Procedures, Manuals and Circulars.

The Code, as well as the various Policies, Procedures, Manuals and Circulars that are issued from time to time by the Bank,

are incorporated in their entirety, and constitute part of the employment contract of each member of staff.

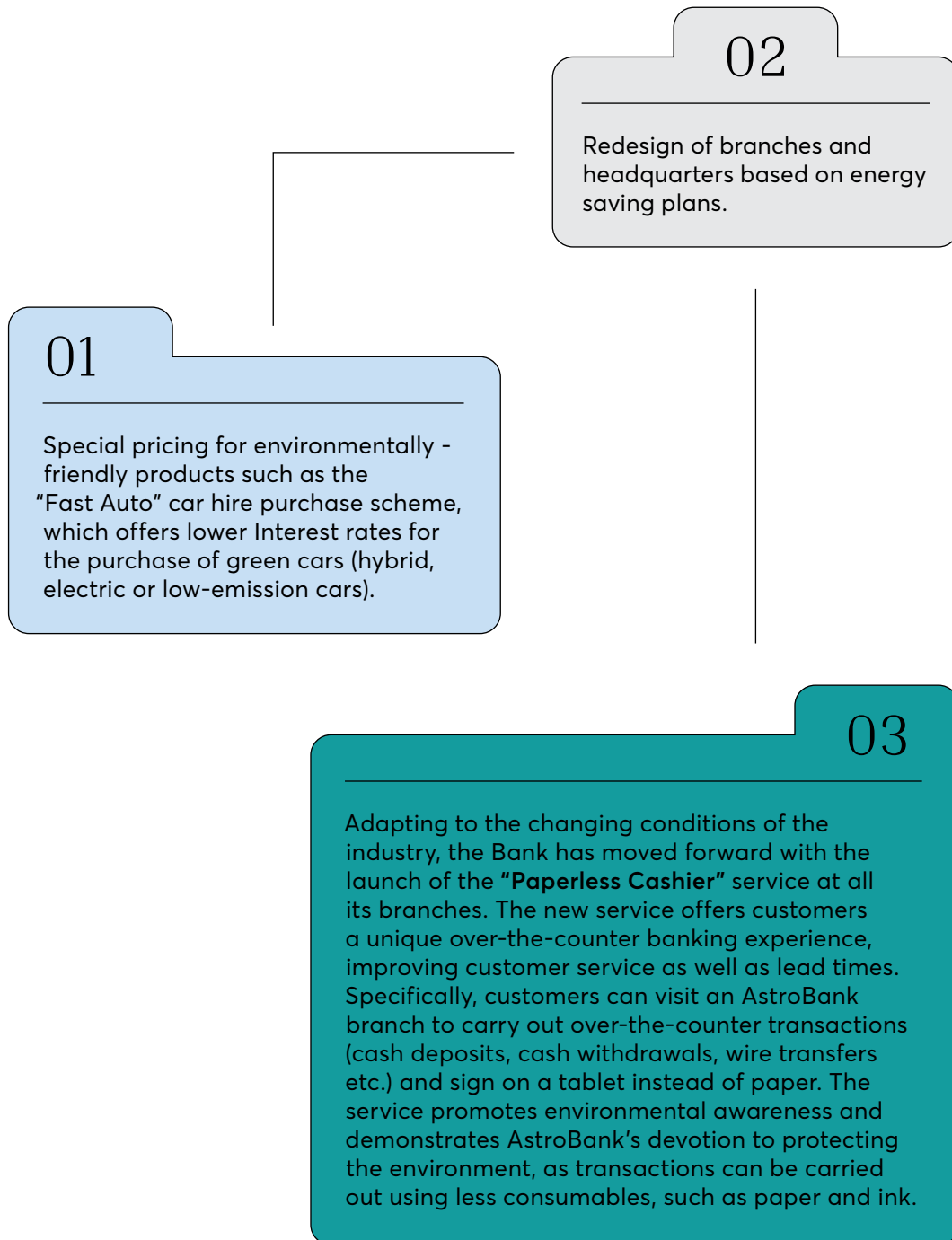
The Bank has also adopted a Disciplinary Code which outlines the various disciplinary actions available to the Bank, in that an employee is found, by means of a fair procedure, to have violated any part of the Bank's Code of Conduct.



2.4

Environmental Culture

Acknowledging the need to improve its environmental footprint, the Bank has proceeded with the following initiatives:



3. Business Overview





The Bank was incorporated in Cyprus as a private limited liability company (Reg. No. HE189515), in accordance with the provisions of the Cyprus Companies Law, Cap. 113.

The Bank's headquarters are located on 1 Spyrou Kyprianou avenue, Nicosia 1065, Cyprus

On 10 January 2020, the Bank's name changed from AstroBank Limited to AstroBank Public Company Limited.

In 2019, AstroBank maintained a network of 16 branches and business units across Cyprus, as well as representative offices in Moscow and Athens.



16 Branches throughout Cyprus

24-hour Service through our Call Centre (800 11 800 / from abroad +357 22575555) and Winbank

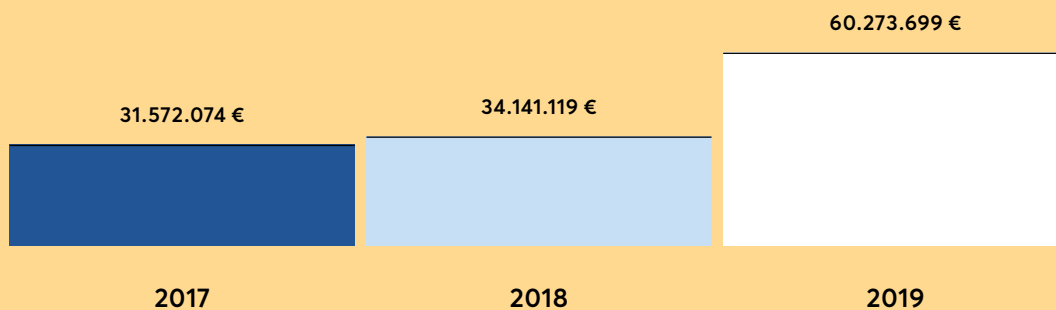
350 ATM in Cyprus including Euronet Worldwide's ATM Network in Cyprus

Following an agreement with the company Euronet Worldwide, AstroBank's debit cardholders gained access to Cyprus' biggest Automated Teller Machine (ATM) network at more than 350 service points across Cyprus, free of charge.

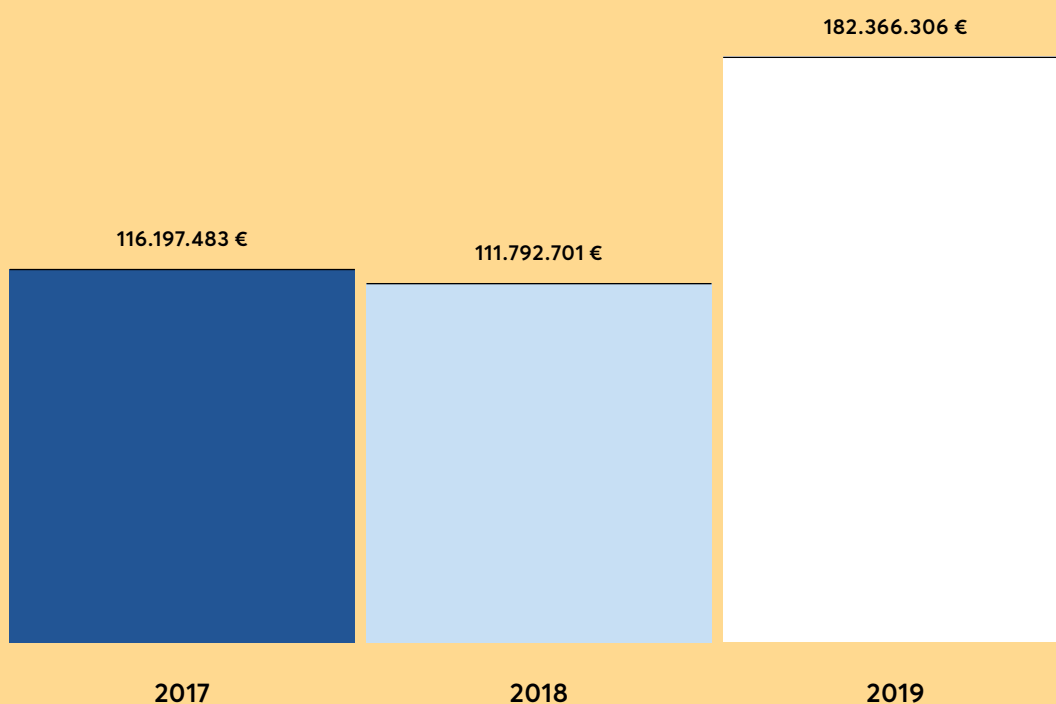
Additionally, Euronet ATMs support free cash withdrawals through AstroBank's "Instant Cash" service, which allows cash withdrawals without the use of a card.



Net Sales



Total Capitalisation (equals to equity) *Note



Note: The graph presents the total capitalisation of the Bank broken down in terms of debt and equity. Since debt was equal to zero during the reporting period, total capitalization equals to equity. Shareholders Equity is equal to a firm's total assets minus its total liabilities. It is the corporation's owners' residual claim on assets after debts have been paid.



3.1 Description of the Bank's Activities

AstroBank is a Cyprus licensed Banking Institution established in 2008 and operating under the supervision of the Central Bank of Cyprus.

AstroBank maintains a network of 16 branches and business units across Cyprus and is well-established in the local market, offering a comprehensive package of innovative and technologically advanced products and services, tailored to the needs of its local and international clientele.

AstroBank's operations are based on four pillars:

Retail

Corporate / SME / Shipping

Private Banking & Wealth Management

International Business Banking

Additional services:

Property management:
property subsidiaries are to hold, manage and dispose of property acquired by the Bank in debt settlements.

A separate subsidiary operates as an insurance broker.

With a view to improve its competitiveness and contribute to the country's business ecosystem, AstroBank invests in technology and innovation, constantly upgrading its services, promoting new products, exploring new business opportunities and cultivating a culture of cooperation and mutual respect with its clients. AstroBank aims to pursue higher levels of excellence, and claim a leading role in the Cypriot market and society. To this effect, as an active corporate organisation, AstroBank carries out various Corporate Social Responsibility initiatives, projects and programmes that respond to the needs of the society in which it operates.



Sustainable Growth

The Bank's strategy is focused on long-term growth (organic and by acquisition). Following the acquisition of USB Bank's business (completed on 18 January 2019), the Bank aims to increase its footprint in the lending market by utilizing its excess liquidity. This acquisition has significantly strengthened the Bank's position in the Cyprus market, allowing it to leverage the synergies it has created. Following the acquisition of USB Bank's business, the Group's strategic targets include the reduction of operating expenses as a proportion of income and the generation of synergistic cost savings. (economies of scale)

On 26 November 2019, AstroBank and the National Bank of Greece S.A ('NBG') signed an agreement under which the Bank agreed to acquire the entire share capital of NBG (Cyprus) Ltd (post carve-out of problematic loans) for a cash consideration of €38m (as adjusted depending on net asset value of NBG (Cyprus) Ltd's audited financial statements, as at the last calendar day of the month in which all conditions precedent have been fulfilled).

Technology and innovation

Well-aware of the ever-changing technological landscape and the clients' increasing expectations, AstroBank has always been a strong proponent of technology and innovation. As such, over the years, it has allocated a large portion of its resources to research and development, with a view to upgrade its offering and create innovative products and solutions that boost the organisation's competitiveness and in general create a flourishing business environment. At the same time, the Bank is always open to exploring new business opportunities, while cultivating a culture of cooperation and mutual respect with its clients.

To this end, AstroBank is strengthening its sales and support teams, and improving marketing and product development in order to ultimately promote easier, faster and more secure transactions through the web, gradually eliminating the need to physically visit the Bank's branches.

sKash

Our partner, sKash, is Cyprus' first "e-wallet", and a payment tool for the modern society; it provides clients with the opportunity to carry out their banking activities without any fuss. The user can pay, send and receive money on the go, all in one app. sKash's most important features are the following:

- Free Account opening with IBAN

- Pay on the go with your phone using your QR code or contactless international debit card, in Cyprus & abroad, in-store & online

- Instant cashback every time you pay with your sKash App or your sKash Mastercard in Cyprus or abroad, in-store or online

- Instantly pay your monthly utility bills, free of charge

- Transfer & receive money for free, to and from any person with a Cypriot mobile number

- Link all your bank accounts to the app

- Withdraw cash from more than 350 AstroBank and Euronet ATMs in Cyprus for free without using your card





Website

Our new corporate website was officially launched in April 2020. With a minimalistic look and feel, it is extremely user - friendly, since we wanted our website to be a Customer Contact Tool and not merely a simple gateway for information. A current or potential client can fill in a simple and quick form to request a call back in order to discuss in detail with one of our customer service experts. The website mainly provides detailed information about:

- The Bank and its Governance
- News & Announcements
- The Bank's products and service channels
- The Bank's branch and ATM network
- Gateway to internet Banking
- Expression of interest for products

Digital Banking

Via the AstroBank's digital banking channel, customers may carry out their transactions at their own convenience. With a full range of functionalities that cover both corporate and retail needs, AstroBank's internet & mobile Banking offers among others:

- Account/Loan/Cards information and transactions
- Fund transfers within the Bank and other Banks in Cyprus and abroad
- Cheques management
- Mass Payments and Payroll, Utility payments etc.
- Instant cash withdrawals without the use of a card

Branch & ATM Network

In our effort to improve customer service, we reached an agreement with Euronet Worldwide to provide AstroBank's customers with free cash withdrawals at more than 350 ATMs across the island.

Portfolio Management

At the same time, reducing our non-performing loans through customer restructuring, consensual debt settlement arrangements, debt-for-asset swaps, foreclosures and effective capital management, remains a top priority.

On that note, and according to market trends, the Bank reached an agreement on 31 December 2019, with Qualco Holdco Limited, for the sale to the latter of 74,9% of Trusset Asset Management Limited, a newly-formed company (owned 100% by the Bank), for the management of the Bank's portfolio of Non-Performing Exposures and Real Estate Owned Assets.



Our aim is to maintain a transparent and efficient corporate governance system and to determine the rules of sound and responsible administration in order to strengthen the confidence of shareholders, employees and customers towards the Bank.

Board of Directors (as at 31/12/2020)

The BoD is the supreme governing body and responsible with establishing the ethical standards and corporate values that shall guide the daily activities of the Bank for the BoD itself, the Executive Directors and the remaining employees of the Bank.

In this context, the BoD has approved and / or issued a Code of Conduct for Bank

Employees, a Code of Service, a Disciplinary Code, a Policy on Conflict of Interest, a Policy on Whistleblowing and the Procedure on Personal Complaints. Every staff member has the duty and obligation to strictly follow and comply with the provisions of the various Rules, Regulations and Policies that the Bank has adopted from time to time.

11 Directors in total
6 Independent Directors
3 Non-Executive Directors
2 Executive Directors





Shadi A. Karam
Independent Director – Chairperson

Maurice Sehnaoui
Non-Executive Director – Vice Chairperson

Aristidis Vourakis
Chief Executive Officer

George Appios
Executive Director

Bassam Najib Diab
Non-Executive Director

Hikmat Abou Zeid
Non-Executive Director

George Kourris
Senior Independent Director

Socrates Solomides
Independent Director

Andreas Vassiliou
Independent Director

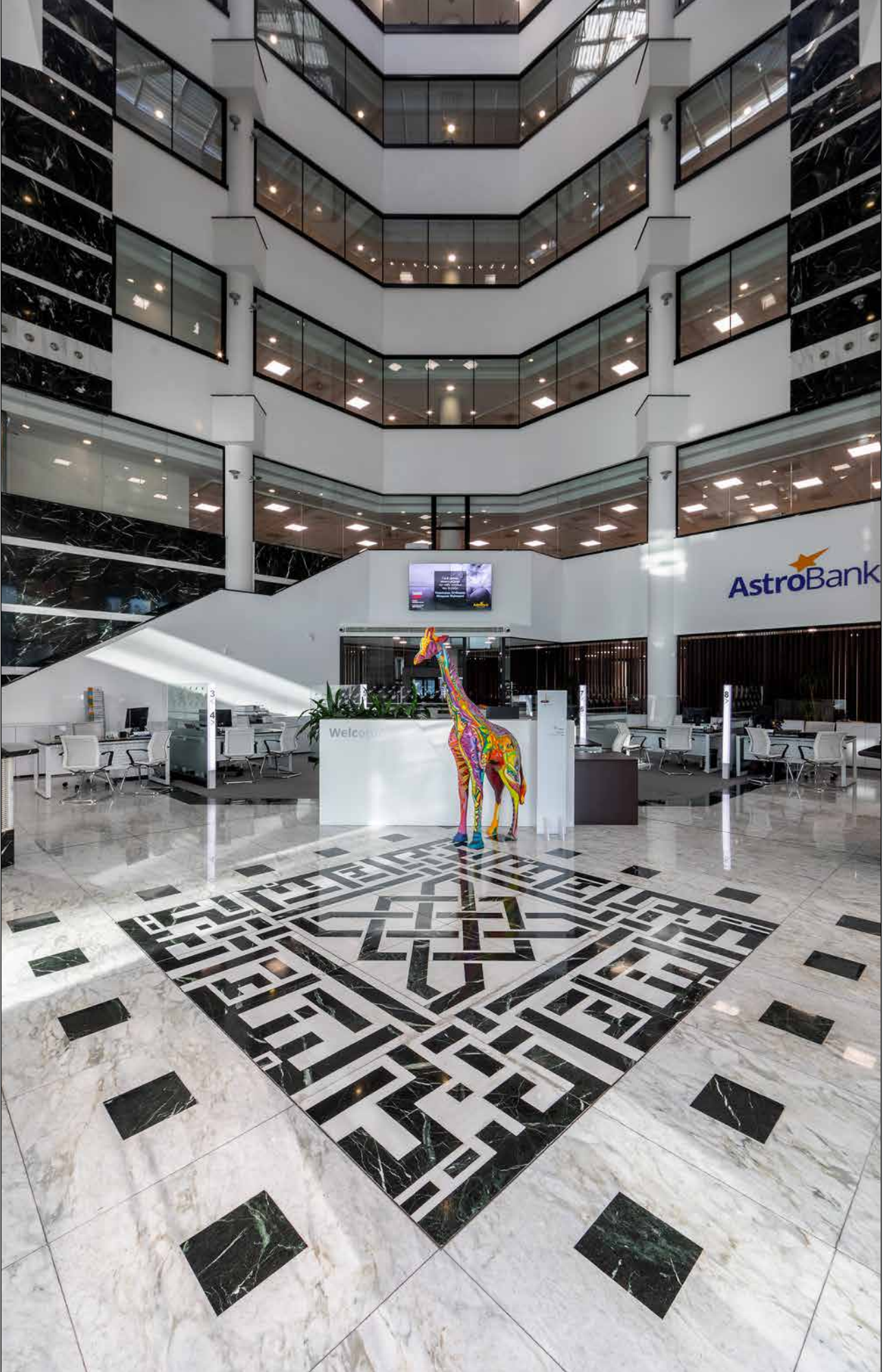
Maria Dionysiades
Independent Director

Costas Partassides
Independent Director

The Chairperson of the Board of Directors is an Independent Director and does not hold any executive duties within the Bank.

Note: Mr. Appios resigned in November 2020 with effect from 31/12/2020.





Board Committees

The Board of Directors is supported by four Committees established on the Board level, that aim to make its operations more effective by delegating Directors to focus on specialized areas and facilitate the Board's decision-making process.

Audit Committee:

The main responsibilities of the Audit Committee are:

To monitor and assess the adequacy and effectiveness of the Internal Control System.

To submit proposals for the resolution of any weaknesses in the Internal Control System.

To monitor the implementation of measures that have been decided by the Board of Directors.

To evaluate the work of the Internal Audit unit.

To submit proposals to the Board of Directors for the selection or replacement of the external auditors.

Risk Management Committee:

The main responsibilities of the Risk Management Committee are:

To develop the Bank's strategy regarding risk-taking and capital management.

To assess the adequacy of the Bank's risk management policy.

To evaluate the effectiveness of the Bank's Risk Management unit.

To submit proposals to the Board of Directors on relevant matters.

Nomination & Remuneration Committee:

The main responsibilities of the Nomination and Remuneration Committee are:

To develop, periodically review, and monitor the implementation of the Bank's remuneration policy.

To assess the composition and performance of the Board of Directors.

To submit proposals to the Board of Directors for the selection, renewal or replacement of Board Members.

Credit Committee:

The Committee meets whenever necessary and decisions are taken by a majority of votes.





**Executive Committee (ExCo)
as at 31/12/2019 (the committee was dissolved in September 2020)**

For the proper functioning of the Bank, the BoD delegates the management of the Bank to ExCo, which is chaired by the Managing Director.

ExCo's purpose is to assist its Chairman, the Bank's Managing Director and the senior management team in discharging their duties towards AstroBank's stakeholders. ExCo's scope covers the operations and activities of AstroBank and any of its subsidiaries with focus on economic, environmental, and social issues.

ExCo is responsible for making strategic decisions, except those that fall exclusively under the Board's mandate, including the implementation of the strategic directions that the Board defines from time to time.

In addition, ExCo promotes best practice corporate governance principles and structures ensuring that business is conducted in a fair, ethical, competent and professional manner by:

- Overseeing and promoting the development of an organisational structure that minimizes conflicts of interest and safeguards the efficient flow of business activities.

- Overseeing and promoting the development of policies and procedures, reflecting a coherent and strong governance and control framework.

- Ensuring clear lines of responsibility and a system of accountability and performance indicators, in all aspects of the Bank's operations.

Decision making process

Major Shareholders are represented in the Board of Directors and participate in the discussions and decision-making process of the Board / Committees.

Board / Committees to communicate and / or consult with actors both within and outside the Bank and report the outcome to the Board / Committee.

External Auditors are invited to participate and provide information / advise the Board of Directors / Committees on occasion. Where necessary, ExCo, the Heads of Control Functions, Senior Managers and / or other employees are instructed by the

At the instruction of the Board of Directors, Senior Managers are responsible for the development of strategies, policies and goals, which they must present to the Board of Directors for approval.





Nominating and selecting the highest governance body

The selection process for the highest governance body, the BoD, is based on the candidates' personal qualifications such as experience, skills and personal characteristics, including personal integrity and judgement. Our principles highlight the importance of independence, equality and diversity. The BoD is comprised of professionals and includes nine independent directors and one executive director (excluding the Chief Executive Officer and the Chairman).

The BoD is sufficiently diverse as regards age, gender and educational and professional background to reflect an adequately broad range of experiences and facilitate a variety of opinions and critical challenge, while also having adequate collective knowledge, skills and experience to be able to understand the institution's activities, including the main risks. The nomination and selection process is carried out by the Nomination and Remuneration Committee, which then presents its recommendations to the Board of Directors for approval/ratification.



We have a specific Policy of Assessment and Reassessment of the Fitness and Probity of the Board of Directors and Managers. This Policy sets out:

- (a) the procedures for the assessment and reassessment of the fitness and probity of the relevant persons;

- (b) the assessment criteria for the fitness and probity of the relevant persons;

- (c) the measures applicable in cases where members or managers are not fit or not proper;

- (d) the criteria rendering members of the management body independent (independence criteria).

The Nomination and Remuneration Committee of the Bank shall actively contribute to adopting appropriate criteria on the assessment of the fitness and probity of the relevant persons, in accordance with provisions of the Directive. During the assessment of the relevant persons, the Bank shall ensure that the relevant persons:

- (a) possess the necessary experience, expertise and knowledge to fulfil their responsibilities and functions;

- (b) that they act honestly, ethically and with integrity – characteristics which promote a culture of compliance with the regulatory environment governing the operations of the Bank.



Diversity Policy

The Bank recognizes and embraces the benefits of having a diverse Board to enhance the quality of its performance.

In order to encourage critical thinking and well-rounded opinions and decision making, the Bank strives to achieve diversity in the composition of its Board, especially with regard to academic background, professional experience, skills and competencies, age, gender and ethnic /racial origin.

The Nomination and Remuneration Committee sets targets in the Diversity Policy for a minimum participation based on age, gender etc. and, if endorsed by the Board, it prepares and approves an action plan describing the necessary actions needed to reach the targets.

The Committee recommends the approval of this target to the Board. The approved target is uploaded with other information on the Bank's webpage at the responsibility of the Secretary of the Board of Directors.

The Nomination and Remuneration Committee assesses periodically, and at least annually the structure, size, composition and performance of the Board and makes recommendations to the Board with regard to any changes. The Committee will discuss and agree every year on all measurable objectives for achieving diversity on the Board and recommend them to the Board for adoption.

If through monitoring any discrimination is identified, the Bank will take corrective action to eliminate it. At any given time, the Board may seek to improve one or more aspects of its diversity and measure progress accordingly. The Board's current target is to ensure that the proportion of women on the Board increases to 30% in the next six years.

In an effort to ensure that the under-represented gender has a minimum percentage representation in the Board, the Nomination and Remuneration Committee has set the following targets:





For the next three years the percentage of the under-represented gender will stand at 15%

The long-term objective (within the next six years) is to increase the percentage of the under-represented gender to 30%.

To ensure that the under-represented gender has a minimum percentage representation in the Board.

To determine how its representation rate will be increased.

That minimum representation percentage and the policy are made known to the public.



Independence criteria

Each Board member (independent or not) shall act with honesty, integrity and independence of mind to effectively assess and challenge the decisions of senior management where necessary, and to effectively oversee and monitor the management's decision-making.

Prior to appointing a Non-Executive and Independent member, the Bank shall ensure that the candidate member is independent in character and judgement and verify whether there are any conflicts of interest, relationships or circumstances which could affect or could appear to affect the candidate member's judgement.



The Board of Directors adopts suitable criteria in order to assess whether a member is independent. The minimum criteria that shall be satisfied by a candidate member are the following:

- (a) Has not served in the senior executive management of the Bank or its group and neither has his / her spouse and his / her spouse has not been a member of the management body of the Bank or its group at any time during the past five (5) years.
- (b) Does not himself / herself or his / her spouse, maintain or has maintained in the past three (3) years, a material business relationship with the Bank or its group either directly as a partner or substantive shareholder or as director or senior officer of an entity which maintains such a relationship.
- (c) In case of existing non-executive member of a Bank, he / she does not receive or has not received any material additional remuneration from the Bank or from its group apart from fees as a non-executive member. Additional remuneration includes the participation in share options or any other performance-related incentive or target granted to the candidate member. Additional remuneration does not include a fixed income from a retirement scheme, including post-dated income regarding previous services to the Bank or its group, provided that this income is not connected in any way with the continuation of these services.
- (d) Is not or has not been during the past three (3) years an external consultant or an external auditor or partner or senior officer (directly responsible for the affairs of the Bank) of external consultants or auditors of the Bank.
- (e) Does not have a relative in the senior executive management or who is a member of the Board of Directors of the Bank.
- (f) Does not have any other connection to the senior executive management or members of the management body of the Bank through any business relationship (for example, through common ownership, directly or indirectly, of 20% or more of voting rights or share capital of a company and / or through cross-directorships in a company, excluding non-profit organisations).
- (g) Does not hold, directly or indirectly, 5% or more of the share capital or voting rights, nor, in any way, represents a shareholder or has a relative who holds, directly or indirectly, 5% or more of the share capital or voting rights of the Bank. This criterion does not apply when the Bank is a subsidiary company of a credit institution, nor when the Bank received state aid.
- (h) Has not served a total term of over nine (9) years, either consecutive or not, on the management body of the Bank.





Conflicts of Interest

With regards to the treatment of (potential) conflict of interest of members of the BoD, members must disclose any conflict of interest and abstain from participating in the decision-making or voting on any matter where they may have a conflict of interest. If a conflict of interest is identified for an item on the agenda, then the member involved must abstain from the discussion and from voting for that particular item either in person or via proxy.

In addition, employees must avoid any actions that could lead to a conflict of interest. Any employee who has doubts about some of his/her action or believes that his / her personal interest conflicts or may conflict with those of the Bank, has an obligation to report it.

Whistleblowing process

If any illegality or irregularity or violation of the provisions of the Code of Conduct and / or the Service Code and / or internal regulations, procedures, instructions and manuals of the Bank, or unethical or suspicious practice by a colleague (including a hierarchically superior e.g. head of unit), comes to the attention of any member of staff, then the staff member who found out about the offence has an obligation to report it to the competent unit, depending on the nature and gravity of the action.

In the case of serious wrongdoings or economic irregularity, the staff member that discovered the infringement and or irregularity and / or illegality is obliged to inform the Head of Internal Audit Unit at an early stage. In respect to other kinds of serious irregularities and / or omissions and / or illegal and / or criminal acts and / or allegations about these, the staff member must inform the immediate

superior of the member of staff for whom there is suspicion or allegation, unless the head is directly involved, in which case the Human Resources Department must be informed.

If the misconduct is not included in the offences listed as serious in the "Disciplinary Code", it must be reported to the immediate supervisor. For the implementation of the above, the staff member will be given the opportunity to make an anonymous report, either through an anonymous telephone call or an anonymous letter or in any other way. Appropriate protection will be given to members of staff who file the report, provided that the misconduct is ascertained, but they do not wish to reveal their identity to the person they reported, provided that there is no obligation for such disclosure under any law and / or regulation and / or policy and / or practice and / or other code and / or procedure.



Ongoing training

All members of the BoD, especially the non-executive members receive targeted training for developing and/or refreshing their knowledge and skills. The members of the Board of Directors participate in training sessions, on matters of interest, new developments and general issues, as needs arise.

Examples of training sessions carried out in 2019:

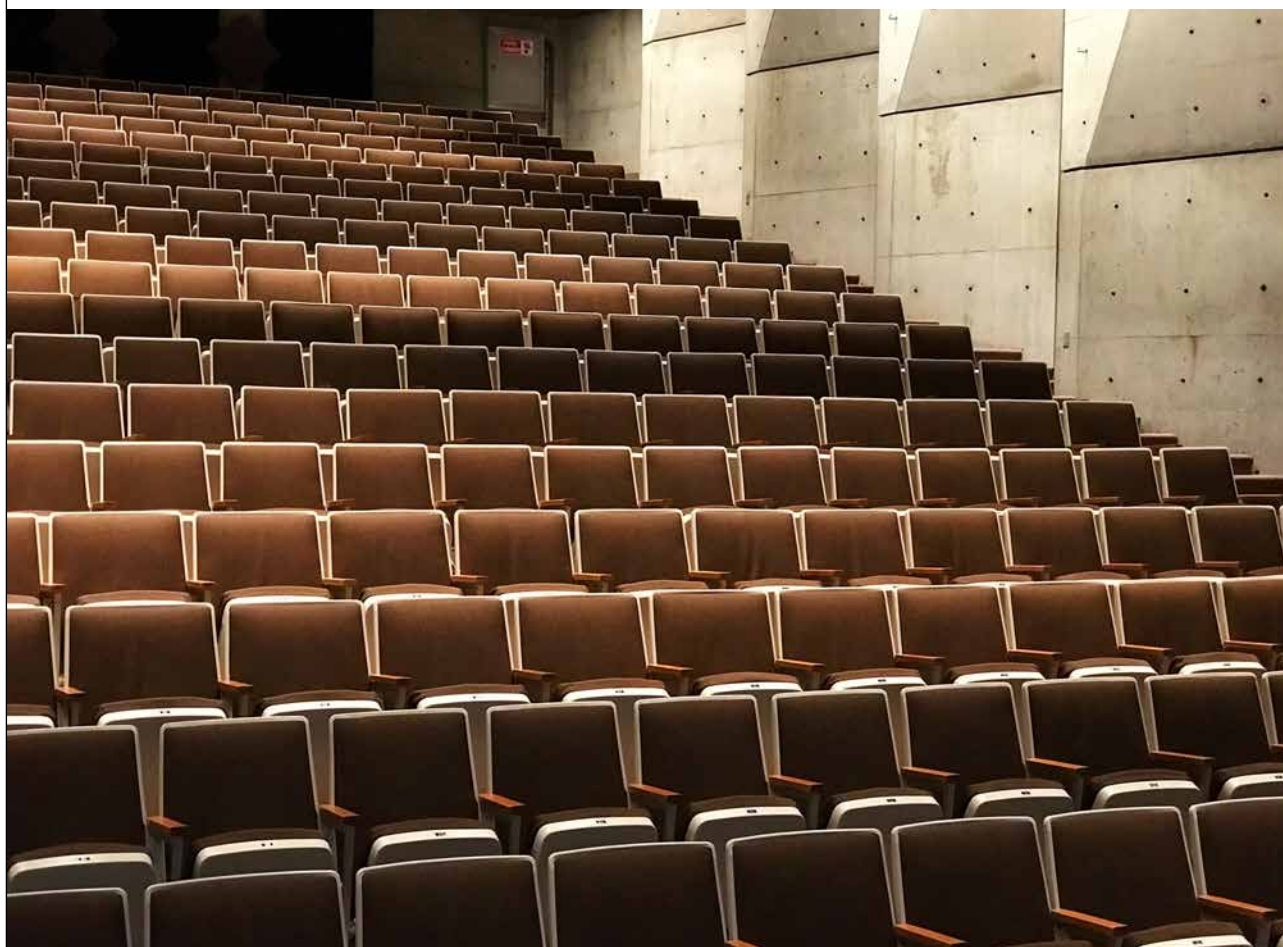
Forbearance, Non-Performing and Default criteria based on the EBA Guidelines, CBC Directive, CRR

Regulatory considerations in the banking sector (Governance)

The Compliance Function (including AML)

Regulatory Considerations in Banking (Risk Management)

Non-Executive Director Training



Performance evaluation

The following processes are followed for evaluating the highest governance body's performance with respect to governance of economic, environmental, and social topics:

- Annual assessments are performed of the Board of Directors as a Body, the BoD Chairperson, the individual members and the Committees. A report on the Chairperson's evaluation is submitted to the CBC.
- Annual self-assessments of the Board, its members and the Committees. The assessment of the Chairperson is carried out by the Non-Executive Directors of the Board.
- As part of the evaluation process, the non-executive members of the BoD regularly self-appraise their individual skills, knowledge and expertise, and determine whether further professional development would help them develop their expertise and fulfil their obligations.
- Every three years, the Bank appoints an independent external consultant (Audit Firm other than the Statutory Auditors) to perform a review and evaluation of the composition, efficiency and effectiveness of the management body and its committees.

Reporting process

Any highly important issue may be presented if deemed necessary by the Senior Management of the Bank, through the Secretary of the Board of Directors, who will present the issue to the Chairperson of the Board and obtain the necessary approval to include the relevant item in the Agenda of a Board meeting.

The Board of Directors, reviews and approves quarterly / Annual reports from the Control Functions, which are discussed during Board meetings in the presence of the Head of the Control Functions who provides all necessary information and/or clarifications required by the Board.



Remuneration Policy

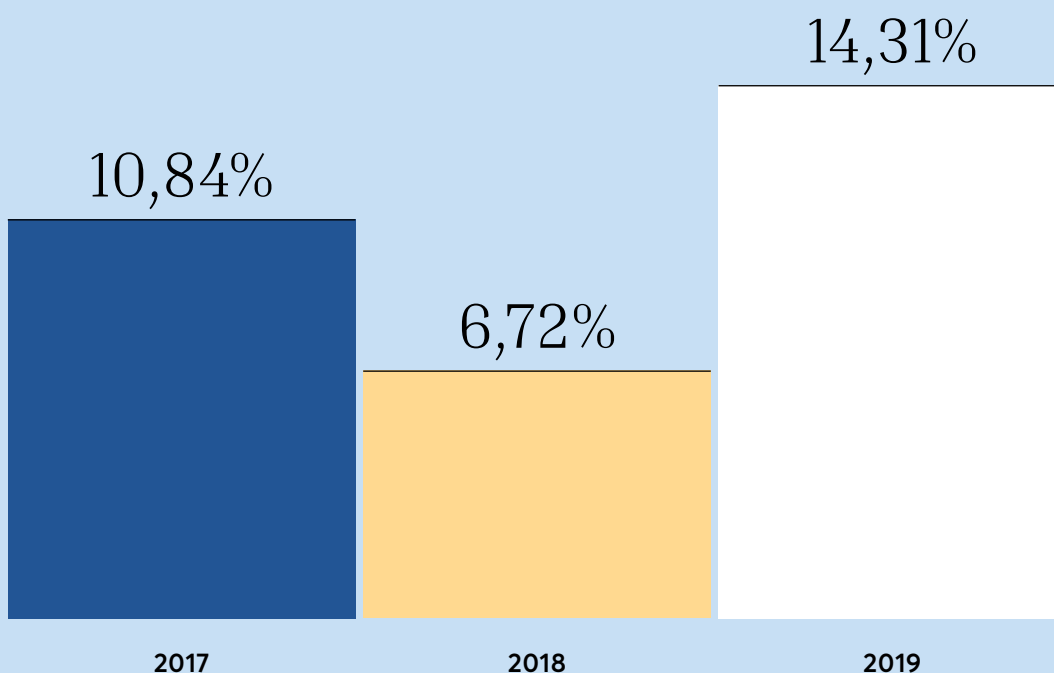
The Remuneration Policy of the Bank is consistent with the objectives of the Bank's business and risk strategy, corporate culture and values, long-term interests and the measures used to avoid conflicts of interest and should not encourage excessive risk-taking.

The Board of Directors adopts and periodically reviews the Remuneration Policy and is responsible for its implementation. The Nomination and Remuneration Committee of the Board annually reviews the Remuneration Policy and monitors its implementation.

The remuneration of the members of the Board of Directors is approved at the Annual General Meeting of the Shareholders of the Bank.

The Nomination and Remuneration Committee is responsible for setting out the Bank's policy on remuneration and other benefits received by the Executive Members of the Management of the Bank and the staff of the Bank in accordance with the relevant CBC Directive and taking into account where applicable, the Collective Agreements between AstroBank and the Cyprus Union of Bank Employees (ETYK).

Annual Compensation Ratio



Note:

The graph presents the ratio of the annual total compensation for the Bank's highest-paid individual to the median annual total compensation of all employees (excluding the highest-paid individual).

Annual Compensation Rates for 2017 and 2018 calculations do not include former USB staff. The Percentage increase in Annual Total compensation is calculated to 113% (2018-2019) and to -38% (2017-2018). The fluctuation results from the merge of the Bank with USB Bank Plc.



Internal Control Functions

Risk Management

The Bank places special emphasis on the effective monitoring of risk management with a view to maintain the stability and continuity of its operations. In this context, the Bank's competent bodies make sure to record and regularly re-evaluate its Operational Strategy as it comes to taking up, monitoring and handling risks and classifying transactions and clients by level of risk, setting the maximum acceptable exposure limits applicable each time in total for each type of risk and the further specialisation of each of the above limits, establishing limits for the termination of loss-making activities or other corrective actions.

Compliance

The Compliance Unit is an administratively independent unit responsible for the implementation of the policy adopted by the BoD to comply with the applicable legislative and regulatory framework. The mission of the Compliance Unit is to act pre-emptively in order to effectively address the risk of regulatory compliance. The Compliance Unit establishes, implements and maintains appropriate mechanisms and activities for promoting and maintaining a culture of corporate compliance and integrity within the institution.

Internal Audit

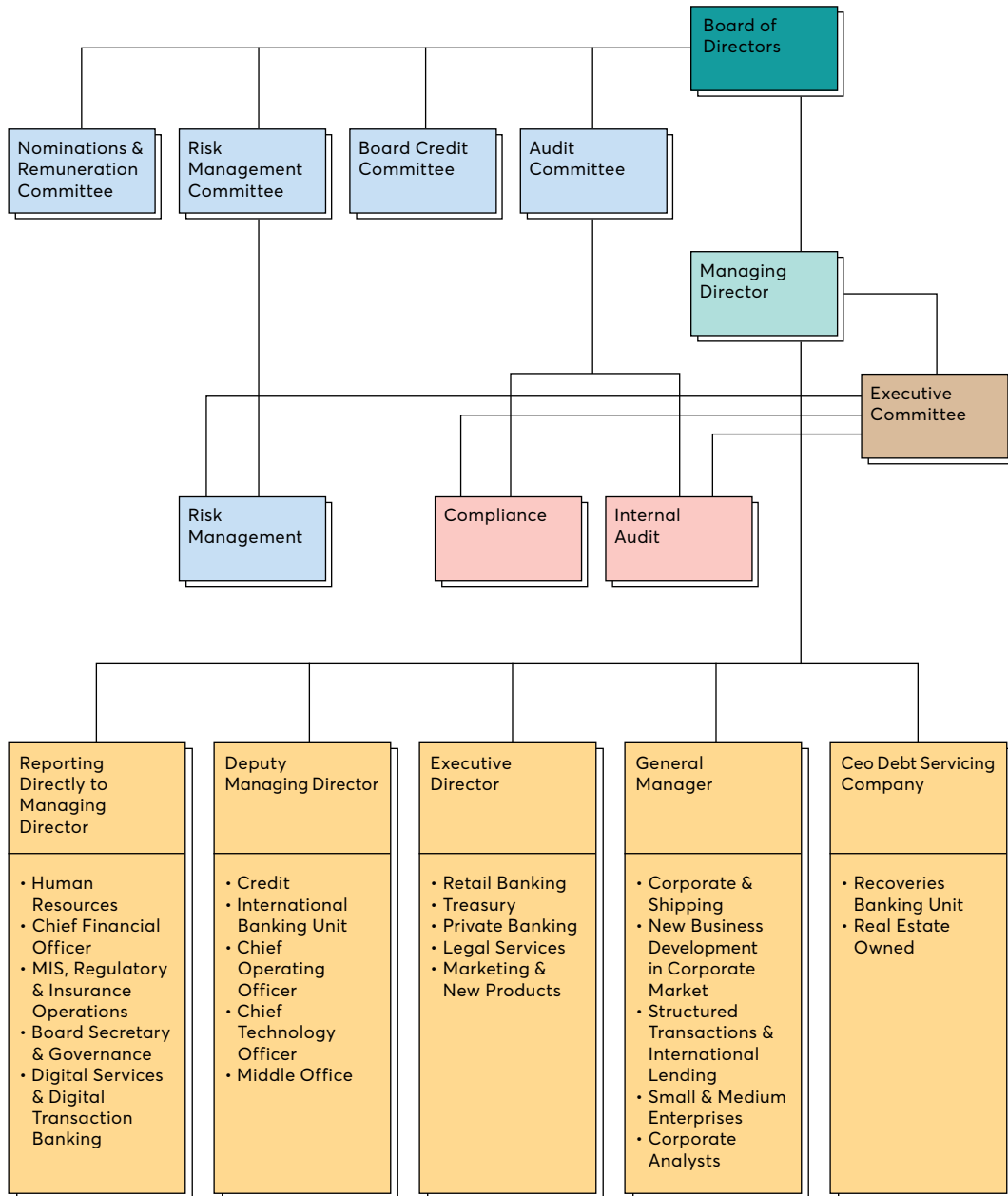
The Bank has established a strong Internal Audit Unit, which assesses the adequacy and effectiveness of the Internal Control System. The Internal Audit Unit is independent and its Head reports to the BoD of the Bank through the Audit Committee. The BoD members are ultimately responsible for maintaining the Internal Control System, the monitoring and evaluation of its adequacy and its effective implementation. The Internal Control System aims at effectively managing risks that threaten the Bank.

Information Security

The Bank pays special attention to the formulation and regular evaluation and update of its strategy regarding the formulation and continuous development of a framework of principles for the secure, efficient and smooth operation of its systems. The Bank also recognises the need for an emergency plan aimed at handling extraordinary operational issues and a recovery plan for potential disasters and has established a Business Continuity Plan in order to safeguard the continuity of its most critical operations. Additionally, the bank has a Disaster Recovery Plan, which applies in cases of disaster that may cause the prolonged closure of the bank's systems.



Governance and Organizational Structure (as at 31/12/2019)



3.4 Mergers and Acquisitions

During the reporting period, the Bank increased in size, through the following mergers:

Acquisition of USB Bank:

Through an agreement dated 31 July 2018, between the Bank and USB Bank PLC ('USB'), it was agreed that the Bank would acquire all the assets, liabilities and the banking business of USB, excluding only certain property assets, with a view to integrate it into its own business.

The agreement was completed on 18 January 2019, following the satisfaction of conditions precedent relating to regulatory approvals, the delivery of certain information (including externally audited Reference Accounts) by the seller, the seller's shareholder approval and the successful completion of the capital increase on the part of the Bank.

The acquisition of USB Bank's business resulted in the following benefits:

Strengthened the Bank's presence in the market.

Increased momentum and enhanced the capacity and potential of future organic growth.

The existence of substantial synergies relating to operating costs and revenue.

On 18 January 2019 AstroBank Limited finalised an agreement with USB Bank Plc for the acquisition of USB Bank's banking business (including its staff and excluding certain properties), in return for €40.2m. The transaction was financed by the Bank's own funds and supported by a capital increase of €54m, primarily from AstroBank's existing shareholders. Specifically, the Bank's Total Assets increased by approximately 50% to reach €2.3b, with Gross Loans reaching €1.2b and Customer Deposits reaching €2b.



Agreement of acquisition of NBG (Cyprus) Ltd:

On 26 November 2019 the Bank and the National Bank of Greece S.A ('NBG') signed an agreement under which the Bank would acquire the entire share capital of NBG (Cyprus) Ltd (post carve-out of problematic loans).

Agreement with Qualco Holdco Ltd:

The Bank, following an international competitive tender process, reached an agreement on 31 December 2019 with Qualco Holdco Limited ('Qualco'), for the sale to the latter of 74,9% of Trusset Asset Management Limited, a newly formed company, for the management of the AstroBank's portfolio of Non-Performing Exposures and Real Estate Owned Assets.

The Bank would retain 25,1% of Trusset Asset Management Limited. As part of the agreement to purchase this business from AstroBank, Trusset Asset Management Limited would employ a number of employees Who had to date been managing the specific portfolio of loans and Real Estate

Owned Assets. Furthermore, Trusset Asset Management Limited would purchase from the Bank all related IT licences, processes, products and the collective expertise and processes of the Bank for the management of the Non-Performing Exposures and the Real Estate Owned Assets.

These portfolios continue to reside on the Bank's balance sheet.

During the reporting period, no changes were made regarding the location of operation, share capital structure, maintenance, alteration operations, location of suppliers, the structure of the supply chain, or relationships with suppliers, including selection and termination.



The acquisition of USB Bank resulted in an integrated, more powerful and more competitive Bank, while it also created challenges such as:

Cultural differences

Creating a unified culture between AstroBank and former USB Bank employees was a significant challenge that was addressed in various ways, such as organising a series of seminars called "Five Star Services by AstroBank".

The seminars were held from February to September 2020 and participants were divided into groups according to the Branch roles. All retail banking employees attended for several days. The overall result was the creation of a common customer-centric culture among all retail employees.

An Employee Satisfaction Survey was conducted following the merger, in September 2019, in order to assess the level of satisfaction of the Bank's employees at all levels, determine the Bank's strong / weak areas and introduce improvements to achieve higher levels of performance and better business results, whilst also enhancing staff engagement. The survey was anonymous and confidential and was carried out by an independent consultant. The results were presented to Senior Managers and the Manager of each Department to be shared with their teams and develop action plans.





Communication with ex USB Bank Customers

A new Communication strategy and action plan were designed in order to avoid confusion and frustration for ex USB Bank clients, who had to change the way they did their day-to-day banking and at the same time, gain their trust for a new unified Bank.

In January 2019, a welcome letter was sent to clients accompanied by a leaflet of useful information about their service and the processing of their personal data. A series of letters with informative leaflets attached, were sent throughout the year (16/7/19 , 3/6/19, 30/9/19) informing clients on the major changes/conversions, regarding the operations of their accounts and the conduct of transactions after the transfer of their accounts to the systems of AstroBank (migration), aiming at a smooth transition and the continuation of the accounts' operations

(deposit accounts, facility accounts, credit cards, bank statements, chequebooks, direct debits and standing orders, remittances, internet banking).

At the same time communication tools such as the web sites, digital banking platforms and ATMs screens of the 2 banks informed clients on the next steps or provided guidance whether any actions were needed on the customers' part.

SMS messages (8/10/19), press releases to the media (9/10/19) and social media posts (8/10/19) were used just before the migration, in order to better inform clients about the changes.

This step-by-step communication helped reduce complaints, thus increasing the operational capacity of our branches.

Ensuring smooth operation after Migration

Many actions were completed to ensure the smooth transfer of customer data to AstroBank's systems and ensure that day-to-day operations continue as normal after the migration. Friday 11/10/19 was the last day when the bank operated under 2 operations and under 2 systems. As of Monday 14/10/19 (Migration date), the transfer of the accounts to AstroBank was completed and all operations performed through AstroBank's operational model.

All employees were given the same access to information. A series of arrangements were made to ensure the smooth operation of the branches and to make sure that all branches in the new integrated network, operated under the 'Branch in Branch' model.

ibank was replaced by Astrobank's e-banking platform and customers were transferred automatically to winbank with the same user code and password as before. Upon logging in the first time, they were prompted to change their credentials.

Despite the challenges, this merger has created opportunities to further increase our market share in the lending industry, while gaining considerable experience and knowledge by lending to specialised markets (photovoltaic parks, dairy products, etc.)



Compliance

The Compliance Unit of the Bank is constantly faced with challenges resulting from current affairs such as de-offshorization. Moreover, frequent leaks and publications on financial corruption (e.g., Laundromat in Russia, The Panama Papers, the Cyprus papers and investigating documentaries – the most recent being Al Jazeera's) create a constant need to increase anti-money laundering (AML) and Know Your Customer (KYC) checks on the Bank's customers and transactions. Amongst its' other responsibilities the Compliance Department is required to complete a number of reports at the request of local authorities, such as the CBC and the Ministry of Finance because of new tax treaties and reporting obligations. During the Covid-19 pandemic, International Organisations have advised that Compliance Departments should be particularly wary of financial crimes and especially online and phone scams.

Operational efficiency

Another challenge our organisation was faced with, was the lack of operational efficiency in specific Departments, which thereby hindered our loan expansion and business development targets. The serious bottlenecks that existed in 2019 and early 2020, resulted in frustration among customers. These issues were addressed by internal intradepartmental alignment groups, and unofficial SLA agreements were reached between departments. As a result, these delays have been significantly reduced, to less than half.

GDPR requirements

We are committed to protecting the privacy and security of any information we collect. Therefore, we have established and implemented security policies and procedures in order to properly process any personal data. At the same time, we established Data Protection mechanisms which fall under the authority of the Bank's Information Security Officer, while we also appointed a Data Protection Officer.

Our response to Covid-19 pandemic

Since day one of the outbreak of the pandemic, AstroBank has been proactive, taking every possible measure to protect both its staff and customers from Covid-19, while adhering to the guidelines of the Ministry of Health. We have drafted and implemented a comprehensive business continuity plan, keeping all our branches open, whilst ensuring the highest level of protection and safety.



A special crisis management team operates on an ongoing basis and takes immediate decisions based on the latest developments. Since the first measures taken by the government to curb the spread of the virus, we have implemented the following:

At our branches & premises

Reduced number of staff at our premises and branches. We set up functional technological infrastructure to facilitate "working from home" for up to 50% of our staff

Social distancing measures, as indicated by MoH (Ministry of Health), have been implemented for staff working from the office

The flow of customers entering our branches is monitored. Special floor stickers indicate the safe distance that should be left between queueing customers.

G4S staff monitors social distancing for customers waiting outside our branches

Protective glass screens at the counters prevent direct contact between our staff from customers

Branches are cleaned and disinfected regularly

Hand sanitizers are available throughout our premises and branches

All physical meetings have been replaced by online meetings

Between 8am and 10am, our branches are only serving individuals who belong to vulnerable groups and people aged 60 and above



A Loan Instalment Suspension Plan, according to the Decree

Immediately after the government's measures were announced and CBC and MOF issued relevant decrees, we announced the following:

- A payment holiday for all performing facilities, for the period between 30 March – 31 December. We were the first to establish a "no pressure" policy to avoid the overcrowding of applications and a retrospective online application mechanism. All other banks followed.

New Credit Card Scheme

- Moreover, given that the Loan Instalment Suspension Plan did not cover credit cards, and aware of our customers' liquidity needs, we were the first to announce additional liquidity in the market through a 10% temporary **increase on the limit of performing credit cards, up until 31 December 2020**, through an online application mechanism.

Contribution to society

In a bid to support the Ministry of Health's fight against the Covid-19 pandemic, AstroBank has secured 5,000 SWAB Test Kits worth €20,000 that were delivered to hospitals island-wide. Furthermore, AstroBank has secured four brand-new ventilators worth €25,000, which were delivered to the hospitals with the greatest need. At the same time, the Bank has distributed 1,000 face masks to all of its branches, providing added protection to staff and customers.

Contribution to the personnel

Acknowledging the crucial and vital role of our frontline, customer-facing employees, whose roles entailed a higher level of stress (and risk due to COVID-19), the bank decided to reward them with two one-off monthly grants of €250 each, in March and April 2020.

Use of digital channels

Free cash withdrawals from our ATMs and from 350+ ATMs of the Euronet network

Free issuance of debit cards

Free issuance of Internet Banking pins

sKash electronic wallet for p2p transactions

Increase of Contactless Card transaction limit without pin, from €20 to €50



Portfolio expansion

Following the aforementioned key targets & challenges and understanding the need to consistently improve and expand our portfolio, we have carried out the following:

- Internal and External seminars for ex-USB staff regarding ASB Corporate organization/procedures/methodologies/workflow/working environment.
- Permanent monitoring of Accounts from USB Bank PLC & RBU whose percentage of Expiries/Renewals were very high at the point of transfer. At the beginning of 2019, this percentage stood at 40%, while with very hard work we have managed to improve to below 20%.
- Achieving extremely high increase of portfolio limits through new disbursements, while restraining arrears/excesses.
- Enlarging & Presenting a Strong & Healthy Shipping portfolio, which currently stands at €100m.
- Providing relevant support to Corporate clients to overcome the challenge of Covid-19 as well as to preserve the quality of our portfolio.

Despite the various challenges, our Private Banking Unit achieved substantial growth in all the business metrics of its portfolio. Specifically it reported:

- An increase in AUMs by 163 million (80%)
- An Increase in its Investment portfolio by 163 million (133%) - market effect amounted to 13 million, while 150 million is fresh money by 2 RMs)
- An increased number of clients (91,24%)
- An increased number of investment clients (28%)
- Increase in revenues by 542K (74%)

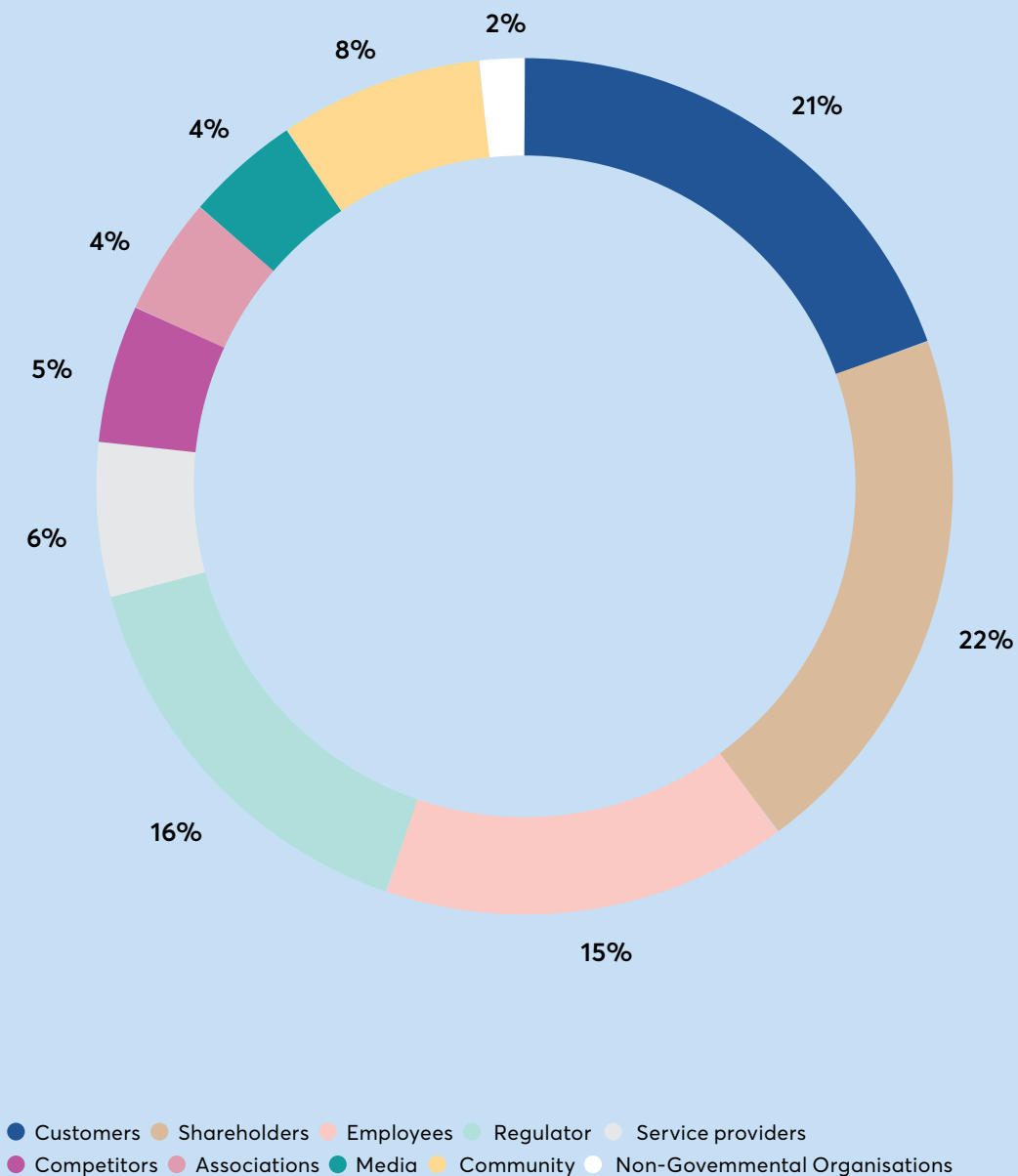
The IBU's primary target in 2019 was to achieve an increase in its total income and net profits, while at same time maintaining and improving its internal controls to ensure that the Bank's AML and Customer Acceptance Policies are strictly adhered to.

The IBU's total income, primarily consisting of interest and fee income, exhibited an increase of 21% as compared to 2018 (€8.900.769 in 2019 compared to €7.358.584 in 2018) which resulted in a 22% increase in net profits (€5.687.078 in 2019 compared to €4.658.689 in 2018).



3.6 Engaging Stakeholders

We care about our stakeholders and we aim to establish long-term relations. Our stakeholders make a significant contribution to the Bank's value chain. The key stakeholders of the Bank, as identified through the value chain mapping exercise performed, are presented below along with their estimated relative significance / impact on the Bank:



Customers

We constantly aim to meet or even exceed our customers' expectations. Customers and their needs are at the heart of our operations.

In order to gain insights into our customers' satisfaction, we run two surveys on an annual basis, with the assistance of an external consultant:

- Customer satisfaction survey: A market research by phone reaches a random sample of customers.
- Mystery shopping: Personal visits are performed to our branches from experienced and qualified employees and associates of our consultant, who are acting as customers in order to evaluate the customer experience.

The results are presented to the Bank and relevant corrections and improvements are made where necessary.

Customer Acceptance Policy

In line with the CBC AML/CFT Directive, the Bank issued the Customer Acceptance Policy and relevant procedures. In addition, we have established and implemented appropriate policies and procedures that apply to the entire Bank, in order to achieve the timely and continued compliance of the Bank with the current anti-money laundering ('AML') and combating the financing of terrorism ('CFT') regulatory framework. The goal is to ensure that the Bank complies to the applicable legal and regulatory framework that is in place to prevent the use of the financial system for money laundering and terrorist financing and in this respect prevent the Bank from being used for any illegal operations.

The Compliance Unit of the Bank adheres to a zero-tolerance policy towards money laundering, and the financing of terrorism. The same policy applies for breaches of the Bank's Code of Ethics and all compliance-related policies mentioned below.



Shareholders

- Holding M. Sehnaoui S.A.L. 4,938,061 20,90%
- Bassam Najib Diab 3,018,694 12,78%
- Piraeus Bank S.A. 2,490,000 10,54%
- WG Cyprus (Holding) SAL 2,263,337 9,58%
- Other 10,914,697 46,20%

The Issued Share Capital is €23,624,789 Ordinary Shares with a nominal value of €1 each (One vote for each Ordinary Share).

The Bank's Authorised Nominal Share Capital is €41,250,000, divided as follows:

- 40,000,000 Ordinary Shares with a nominal value of €1 each.
- 1,250,000 Preference Redeemable Convertible Shares with a nominal value of €1 each.

Employees

We are committed to investing in our workforce, since we consider our people to be our most important asset.

- Total number of employees: 581 (2019); 373 (2018); 381 (2017).

Note: The increase in the number of employees in Year 2019 was marked because of the merger/acquisition of USB Bank.

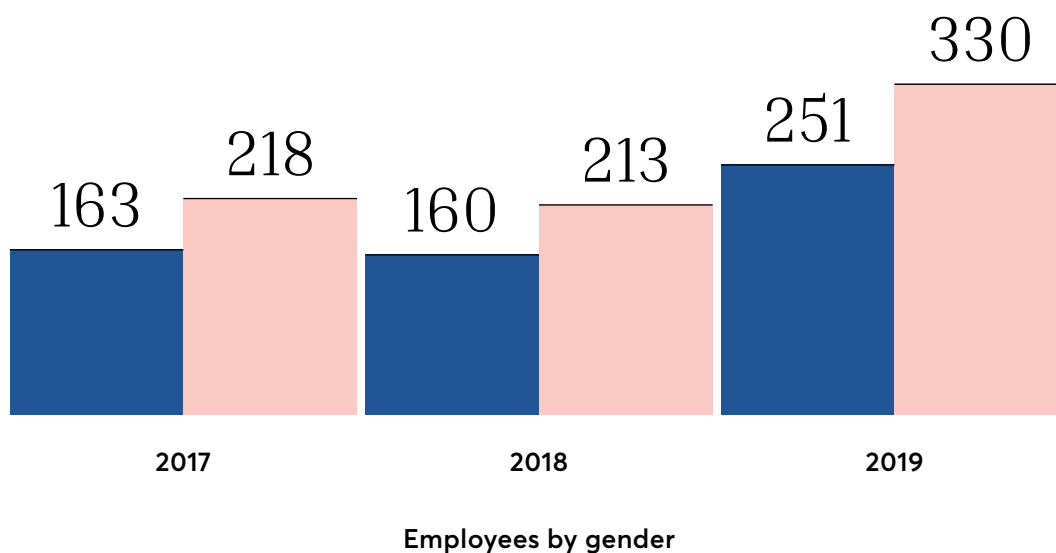
- Most of our employees are permanent: 95% (2019); 83% (2018); 83% (2017). No major variance exists between male and female employees by employment contract (permanent and temporary).

The benefits of the collective bargaining agreement with ETYK union apply to all employees, irrespective whether they are members of the union or not.

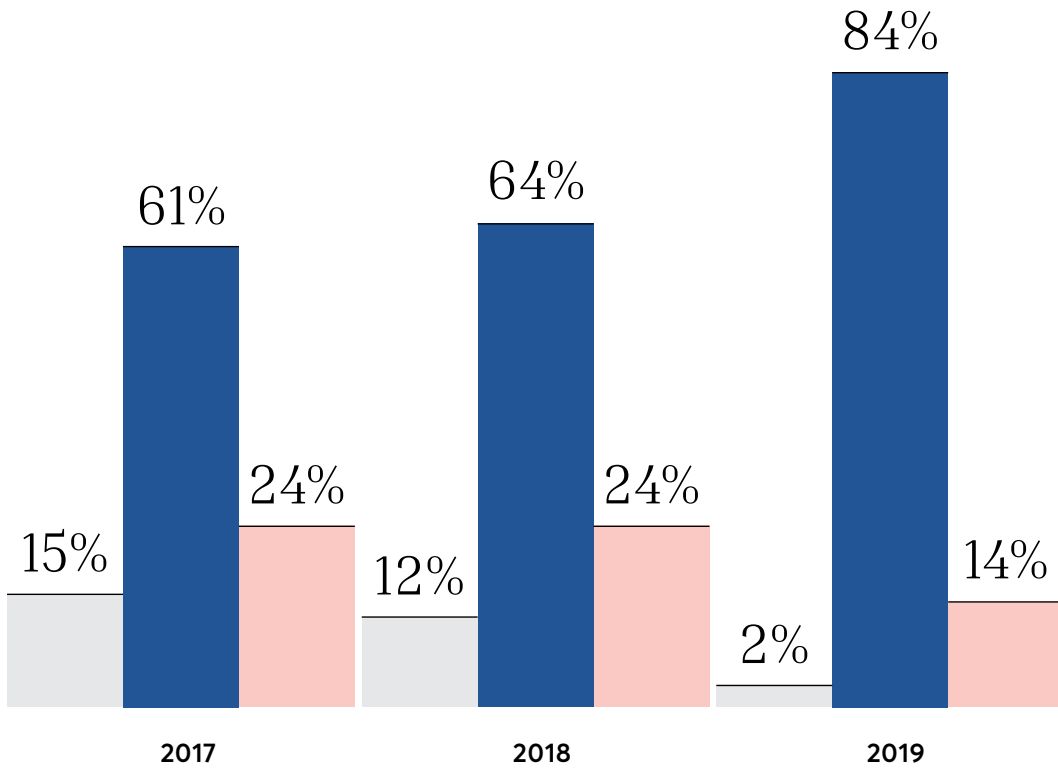
% of staff who were members of ETYK (paid contribution) as at 31/12 are as follows:

2019: 90.9%
2018: 79.1%
2017: 78.5%

● Male ● Female



● Under 30 ● Between 30–50 ● Over 50



Employees by age category



We acknowledge the need to reward the exceptional performance, commitment and dedication of our employees. To this end, in April 2019, we instituted a policy of providing one-off bonuses to eligible staff. Moreover, in July 2019, the Bank announced that a number of its

employees would be promoted. Since June 2013, the Bank has introduced the 'Employee Assistance Programme', which helps employees maintain their wellbeing in an increasingly complex environment and provides counselling on a 24-hour basis for personal and work-related problems.





Regulator

AstroBank is a Cyprus licensed Banking Institution established in 2008, which operates under the supervision of the Central Bank of Cyprus (CBC). As part of the supervision, the CBC may review the arrangements, strategies, processes and mechanisms the Bank implemented to comply with the regulatory requirements, ensuring that they sufficiently ensure sound management and coverage of risks.

Competitors

We value and respect our competitors and we consider Fair Competition a part of our culture. Competition increases our Bank's efficiency and productivity, as well as the overall satisfaction of our customers. Especially today, competition plays a significant role in technological innovations in the banking sector, while it offers the potential to improve efficiency through innovation and increase supply diversity, all the while creating a more competitive financial system.

Service providers

The Bank's service providers are selected through a standardised, clear and transparent internal procedure, which is followed to evaluate and approve tenders. The Procedure is fully harmonized with all GDPR and compliance rules, regulations, and directives, while it prevents any conflict of interest.

70 Types of Service Providers (including providers of professional services, legal services, marketing services, insurance services, consultation services, etc)

A total of about 310 Service Providers

From 9 Countries (including Cyprus, UK, Greece, Netherlands, Lebanon, Germany, Switzerland, Luxembourg, USA)

About €23,5m in 2019



Membership of associations

The Bank is actively involved in various initiatives relating to the economy, environment and society. More specifically, the Bank is a member of the following professional bodies:

Cyprus Employers and Industrialists Federation

Larnaka Chamber of Commerce and Industry

Cyprus International Business Association

The Financial Ombudsman of the Republic of Cyprus

Cyprus Investment Funds Association

Pafos Chamber of Commerce and Industry

Nicosia Chamber of Commerce and Industry

Association of Cyprus Banks

Cyprus Chamber of Commerce and Industry

CSR Cyprus

Media

The media help us maintain a channel of communication with our customers, i.e. through advertising campaigns and press releases, and contribute to our brand awareness. In addition, social media allow the Bank to interact directly with customers. Digital communication channels are used to inform customers about our products, new services, and many more.

Community

Our Bank is well-established in the local market, offering a comprehensive package of innovative and technologically-advanced products and services, tailored to the needs of the local community and clientele. In addition, through our volunteering activities and donations, we have established and maintain ongoing relationships with the local community.

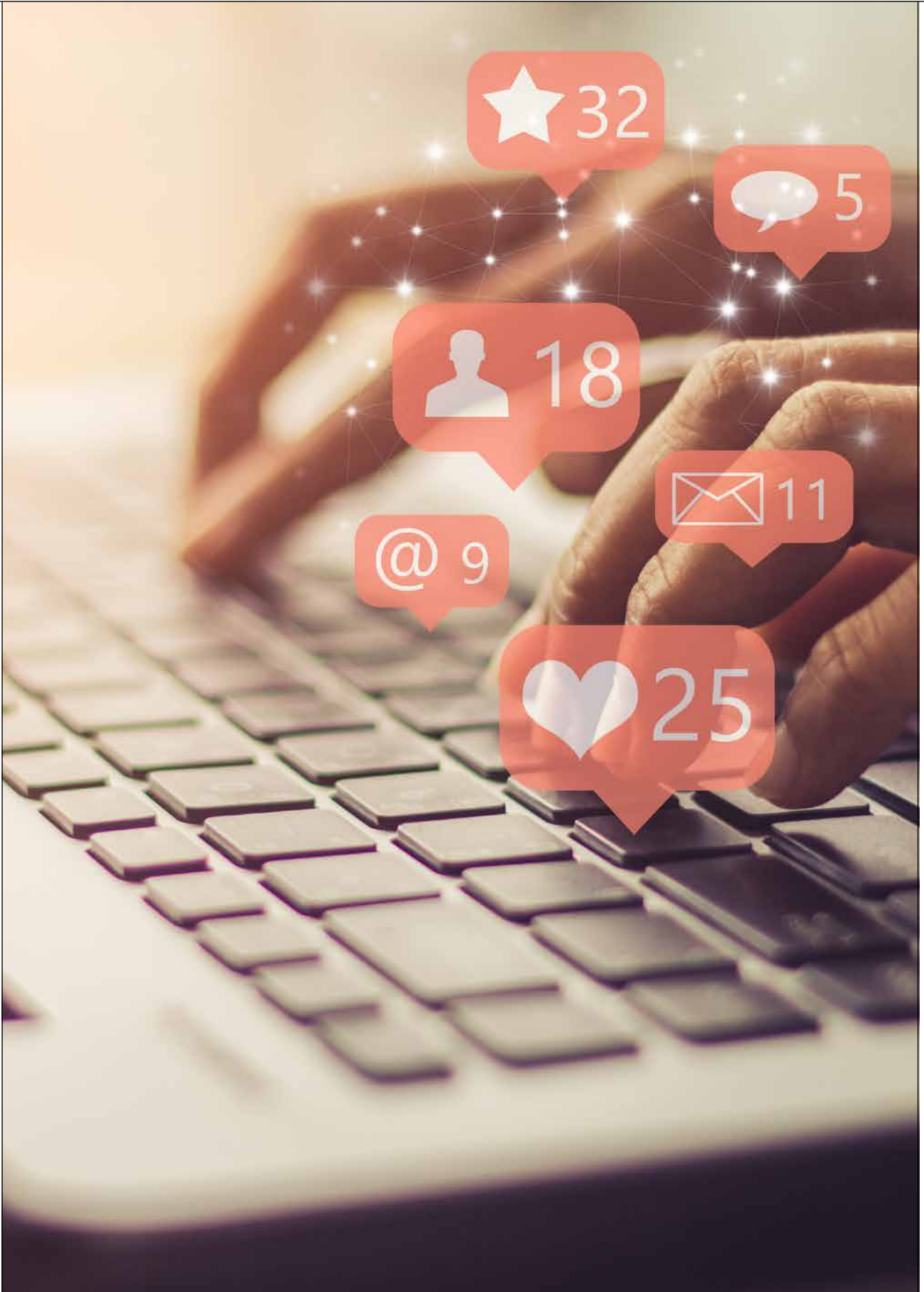
Non-Governmental Organisations

We systematically contribute to the actions of several civil society organizations through sponsorships and volunteering, including the Cyprus Red Cross Organization, Cyprus Autistic Association, Cyprus Breast Feeding Organization, Vagoni Agapis, Alkionides, Theotokos Foundation, Cyprus Association "One dream, one wish", etc.



4. Topic Specific Aspects





This Section of the Report presents topics that were identified as material for the Bank: Society, Environment, Economy. Specifically, the Bank carried out a materiality assessment, in order to determine and highlight certain material topics that are linked to the activities of the Bank. The topics used in this exercise are aligned with GRI Standards (GRI 200 - Economic, GRI 300 – Environmental, GRI 400 - Social).

As part of the materiality assessment, the Bank's key internal stakeholders completed a questionnaire, as representatives of the Control Functions and the Senior Management of the Bank. Because of pandemic-related restrictions and social distancing measures, a questionnaire replaced the workshop traditionally held.

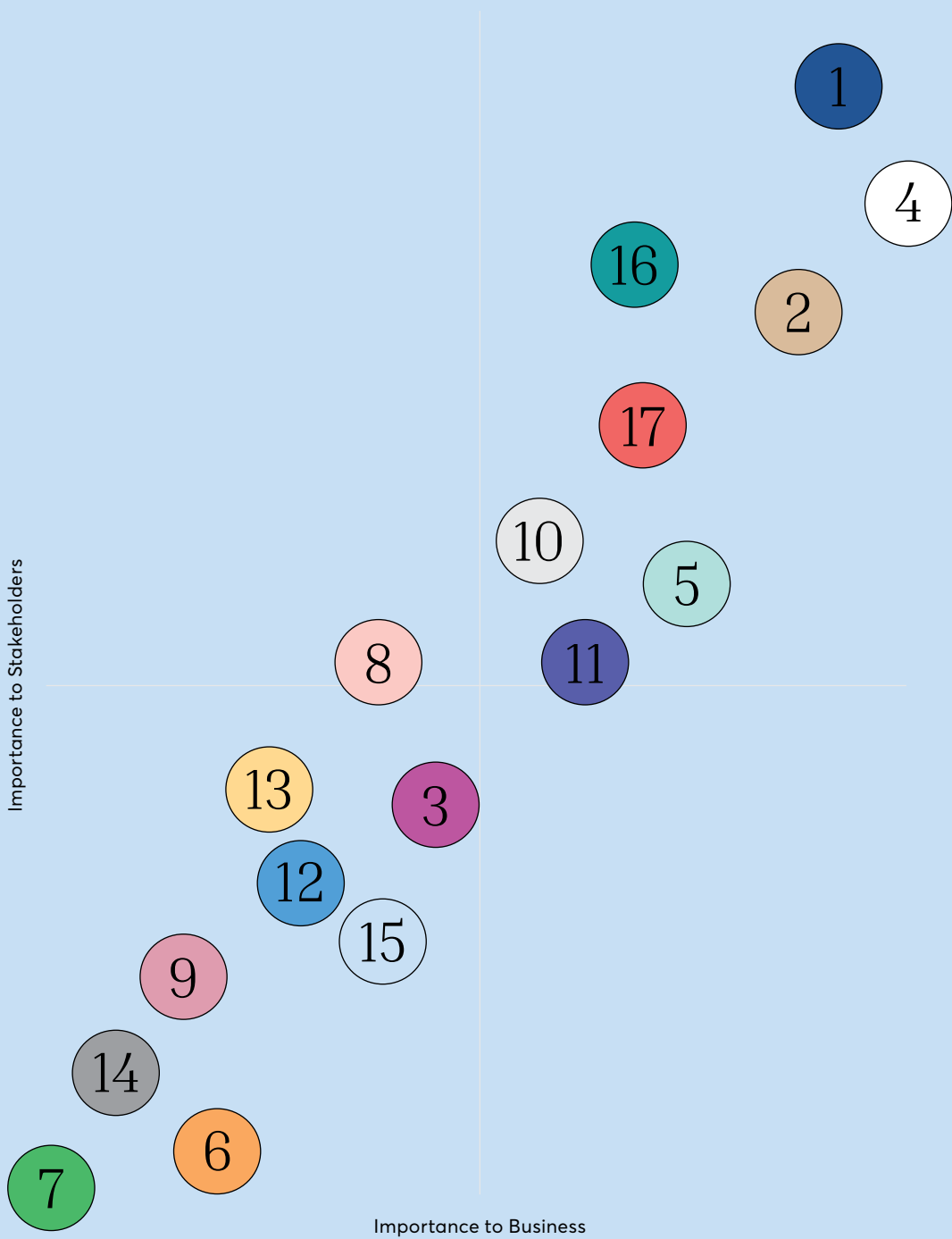
The participants were called to determine the materiality of each topic-specific standard and indicate the importance of certain issues, according to their opinion. The involvement of representatives of the Control Functions and the Bank's Senior Management, aimed to provide a comprehensive view of the various issues associated with the interests of its stakeholders.

The materiality assessment results were calculated based on the aggregated results of the questionnaires completed by each internal key stakeholder. The topic specific aspects presented in this Section of the Report are described as material, as per the materiality assessment exercise. The chart next page presents the most important topics selected, which are further analysed below.

The following topics were found to be ones that most affect the Bank's decision-making process: Economic Performance, Anti-Corruption, Customer Privacy and Market Presence.



Materiality Assessment



- 1 Economic Performance 2 Market Presence 3 Procurement Practices 4 Anti-corruption
- 5 Anti-competitive Behaviour 6 Energy 7 Environmental Compliance 8 Employment
- 9 Labour/ Management Relations 10 Occupational Health & Safety 11 Training & Education
- 12 Diversity & Equal Opportunity 13 Non-discrimination 14 Local Communities
- 15 Marketing & Labelling 16 Customer Privacy 17 Socioeconomic Compliance



Economic Performance (GRI 201)

KPI: 201-1 Direct economic value generated and distributed

Direct economic value generated

AstroBank has a dominant position in the Cyprus economy. The Bank maintains healthy liquidity levels, with a Liquidity Coverage Ratio of 324% as at 31 December 2019, well in excess of the regulatory minimum of 100%.

The primary objective of the Bank's capital management is to ensure compliance with the relevant regulatory capital requirements and maintain healthy capital adequacy ratios in order to support its growth and maximise value for its shareholders. As at 31 December 2019 the Bank's capital adequacy ratio stood at 13,4% and was in compliance with the regulatory minimum Overall Capital Requirement ('OCR') of 13,35% but below OCR including Pillar II Guidance ('P2G'). : "Following the capital increases effected post year end 2019 the Bank's estimated capital adequacy ratio exceeds the OCR including Pillar II Guidance ('P2G')."

Total assets amounted to €2.266.078.166 as at 31 December 2019 (31 December 2018: €1.397.464.740), marking an increase of 62,2%, which reflects the acquisition of the business of USB Bank.

Customer deposits stood at €2.007.425.085 on 31 December 2019 (31 December 2018: €1.220.425.492), recording a 64,5% increase, mainly due to the acquisition of the USB Bank business. They comprised of deposits in Euro and deposits in foreign currencies, mostly US Dollars and British pounds.

Gross loans (after the residual fair value adjustment on initial recognition) amounted to €1.158.072.576 as at 31 December 2019 compared to €759.741.111 as at 31 December 2018. On 31 December 2019, the Group net loans and advances to customers amounted to €997.890.657 (compared to €578.632.744 on 31 December 2018). Increase in gross and net loans relates mainly to the acquisition of USB Bank's business.

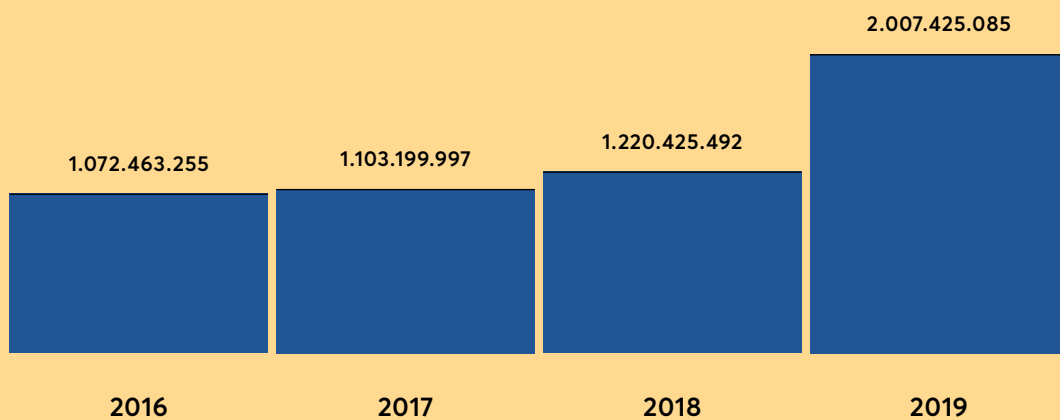
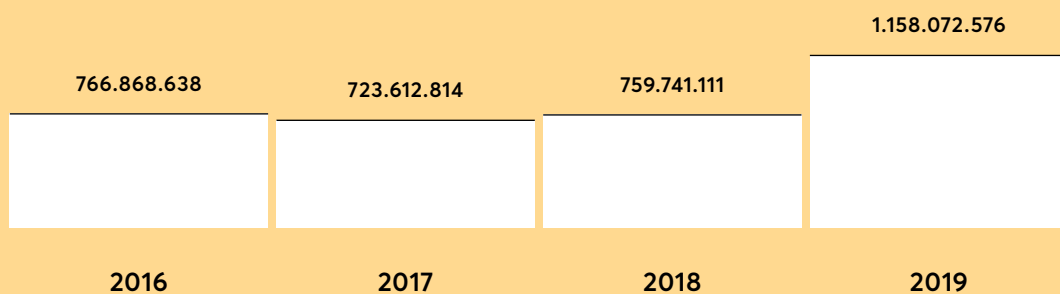
Profit before impairment losses on financial assets and non-financial assets for the year ended 31 December 2019 amounted to €30.957.676 compared to €9.304.472 in 2018 with the Profit for the year being €16.746.239 compared to a profit of €9.970.685 in 2018.



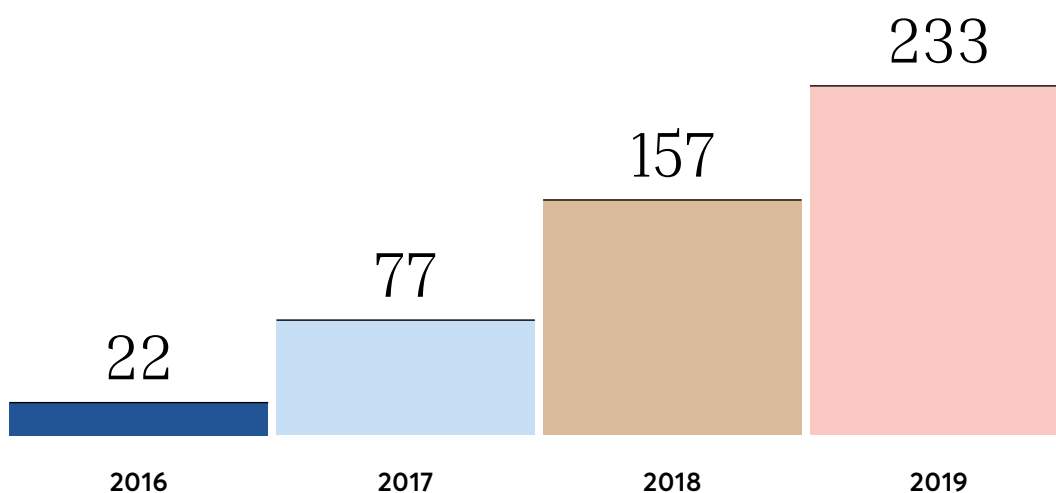
Financial results highlights

2019

Total Assets	2.266.078.166
Customer Deposits	2.007.425.085
Gross Loans to customers	1.158.072.576
Profit before provisions	30.957.676
Capital adequacy ratio	13,4%
Loans market share	3,9%
New lending (million/€)	233
Profit after tax	16.746.239

Customer deposits**Gross loans to customers**

New lending (in million)



Economic value distributed

Direct Economic Value Generated and Distributed

	2019	2018
Direct economic value generated:		
Revenues	66.212.243	40.465.884
Economic value distributed:		
Payments to providers of capital (Refer to Note 1)	5.938.544	6.324.765
Employee wages and benefits	31.564.228	19.203.142
Operating costs	15.073.425	10.924.490
Impairment losses	3.203.543	(285.789)
Payments to Government (Refer to Note 2)	6.866.266	4.048.816
Community investments	255.000	142.348
Economic value retained	3.311.237	108.111

Notes:

(1) Includes payments to depositors and other interest expense.

(2) Includes tax payments such as special levy and VAT.



Market Presence (GRI 202)

KPI: 202-2 Proportion of senior management hired from the local community

The Bank has a strong market presence in Cyprus and tends to support the local community. During the reporting period, nearly 100% of Senior Management at significant locations of operation were hired from the local community (with the exception of only 1 person per year, who was not hired from the local community).

Notes:

(1) Senior Management is defined as Managers reporting directly to the CEO / Executive Director.

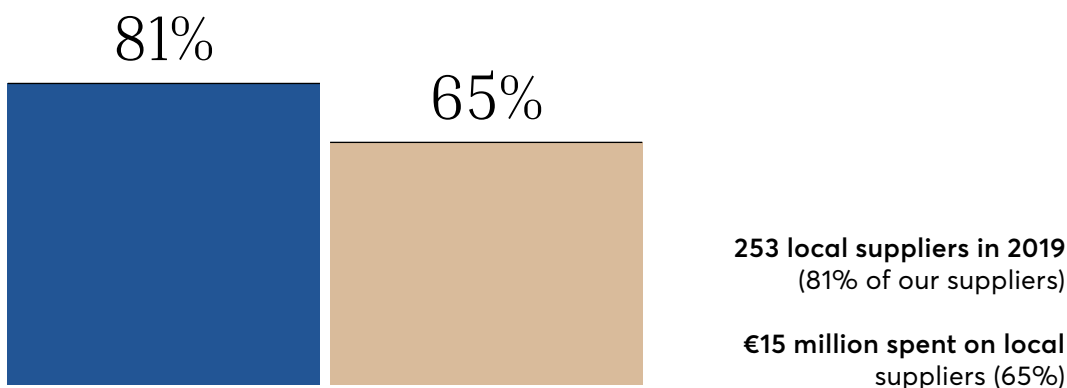
(2) Local refers to Cyprus.

(3) Significant locations of operation refer to the country's main regions: Nicosia, Limassol, Larnaca, Famagusta and Paphos.

Procurement Practices (GRI 204)

KPI: 204-1 Proportion of spending on local suppliers

We follow transparent and standardised procedures in selecting our suppliers, through the relevant procurement procedures and following the predefined approval line process. In addition, we try to support the local community and local suppliers. In 2019, 253 suppliers out of a total of 310 suppliers were local businesses (81%). It should be noted that a total of €15m was spent on local suppliers (65% of total amount spent on suppliers).



Note:

(1) Local refers to Cyprus.



Anti-corruption (GRI 205)

KPI: 205-2 Communication and training about anti-corruption policies and procedures

Our organisation follows a set of policies and procedures on anti-bribery and anti-corruption, which have been embedded in our culture. We adhere to a zero-tolerance policy towards bribery and corruption and we strive to promote transparency and integrity.

In addition, the Bank's employees received the following training on the topics of anti-bribery and anti-corruption, during the reporting period:

- 31 relevant seminars with 114 participants (32% of employees) were provided in 2017.
- 41 relevant seminars with 165 participants (43% of employees) were provided in 2018.
- 44 relevant seminars with 280 participants (31% of employees) were provided in 2019.

Anti-competitive Behaviour (GRI 206)

KPI: 206-1 Legal actions for anti-competitive behaviour, anti-trust, and monopoly practices

We value and respect our competitors and we promote the principle of fair competition. Our goal is to avoid and condemn any illegal actions, which, among others, may be linked to anti-competitive behaviour and monopoly practices. We have almost never had such an issue in the past, with the exception of one case against both ex-Piraeus Bank Cyprus and ex-USB Bank. AstroBank (former Piraeus Bank Cyprus) was dismissed from the case in 2017. Regarding ex-USB Bank (now AstroBank), the case is being handled.



4.2

Environment

Energy (GRI 302)

KPI: 302-1 Energy consumption within the organisation

Total energy consumption (Kwh): 1.539.270 (42% of the total consumption originated from the Head Office building).

Note: No information is available for the period 2017 – 2019. The consumption for 2020 is included above in order to provide an indication of the Bank's energy consumption level.

Environmental Compliance (GRI 307)

KPI: 307-1 Non-compliance with environmental laws and regulations

We are fully compliant with environmental laws and regulations and we aim to embed sustainability across our Bank's operations as well as in society. More specifically, we introduced several initiatives in order to provide eco-friendly services, such as the 'Eco FastAuto' financing scheme that provides customers with incentives to purchase a green car, offering them lower interest rates, and the recently launched 'Paperless cashier' service.

No fines were imposed to the Bank for not complying with environmental laws and regulations. In addition, the Bank has not identified any instances of non-compliance with environmental laws and regulations.



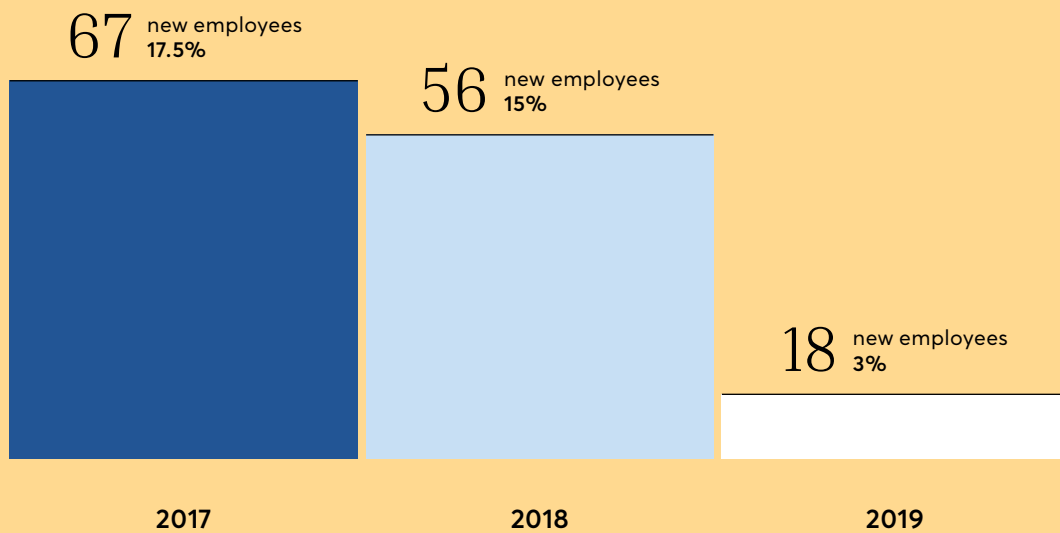
4.3

Society

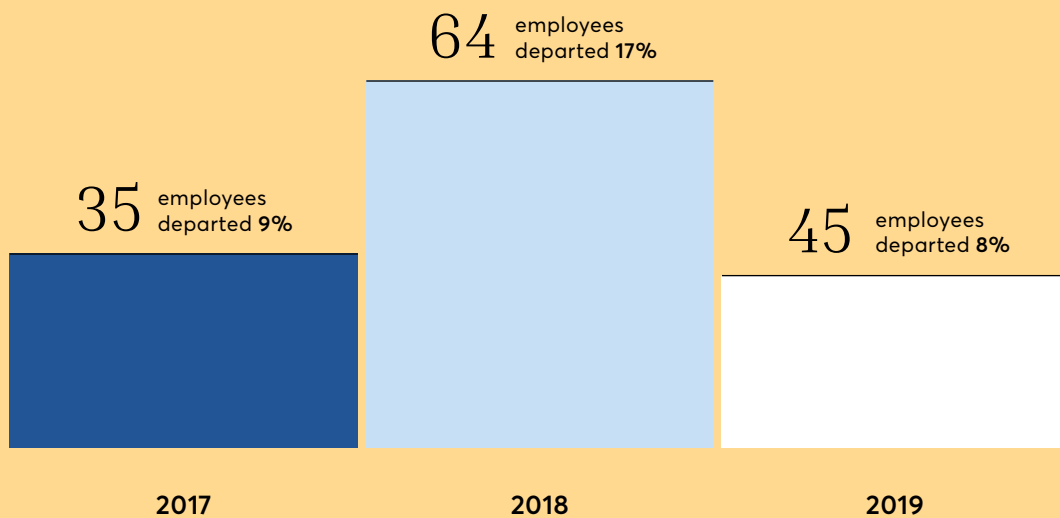
Employment (GRI 401)

KPI: 401-1 New employee hires and employee turnover

New employee hires



Employee turnover



Note: Information regarding age, gender and region is not available.



Labour / Management Relations (GRI 402)

KPI: 402-1 Minimum notice periods regarding operational changes

Employees and their representatives are given a minimum of 2-4 weeks' notice – on average depending on the significance of the operational change – prior to the implementation of significant operational changes that could substantially affect them.

A party seeking to modify a collective agreement should give the other party at least two months' notice, prior to the expiration of the agreement, of their intention to do so, accompanied by a list of claims and/or modifications. This may or may not be stipulated in the collective agreement but is the common practise followed as per the Industrial Relations Code.

Occupational Health and Safety (GRI 403)

KPI: 403-1 Occupational health and safety management system

The Bank's occupational health and safety management system is aligned with the Legal Framework requirements described below. The Legal Framework provides for the implementation of measures

that promote the health and safety of persons at work as well as other persons who may be affected by work activities. For this purpose, the Legal Framework contains general principles in relation to the prevention of occupational risks, the protection of health and safety, the elimination of the risk factors of accidents at work and occupational diseases, the prevention of major accidents and the limitation of the consequences of such accidents, the briefing, consultation, balanced participation, the tutoring or training of persons at work and their representatives as well as rules for the implementation of these general principles. The occupational health and safety management system covers the workers, activities, and workplaces of the Bank, as described below.

• **Workers:** All the job positions reflected in the Bank's organisational chart.

• **Activities:** All activities carried out within the Bank, including Cashiers, Office Work, IT, Maintenance Department, Messengers, Cleaners.

• **Workplaces:** All the facilities where the Bank's permanent or temporary staff of the Bank work from, including the Head Office, Business Centers, Branches, Offices, Warehouses.

Training and Education (GRI 404)

KPI: 404-1 Average hours of training per year per employee

2017: 8.140 total hours of training → 21 average hours of training per employee

2018: 9.518 total hours of training → 25,5 average hours of training per employee

2019: 9.464 total hours of training → 16 average hours of training per employee

Note: Information regarding gender and employee category is not available.

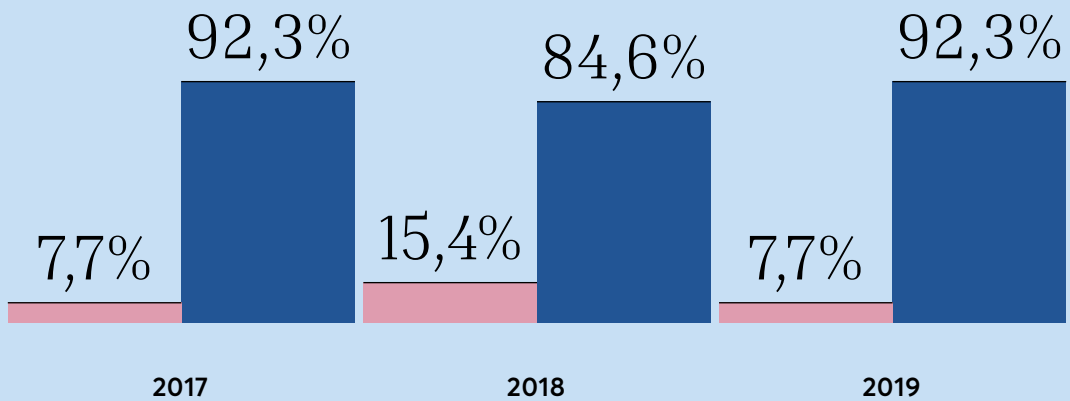


Diversity and Equal Opportunity (GRI 405)

KPI: 405-1 Diversity of governance bodies and employees

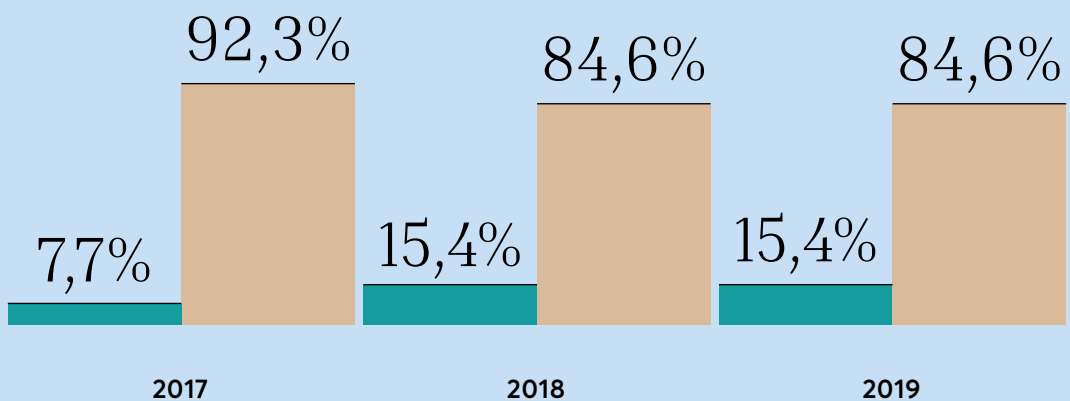
Gender Diversity in the Board of Directors:

● Male ● Female



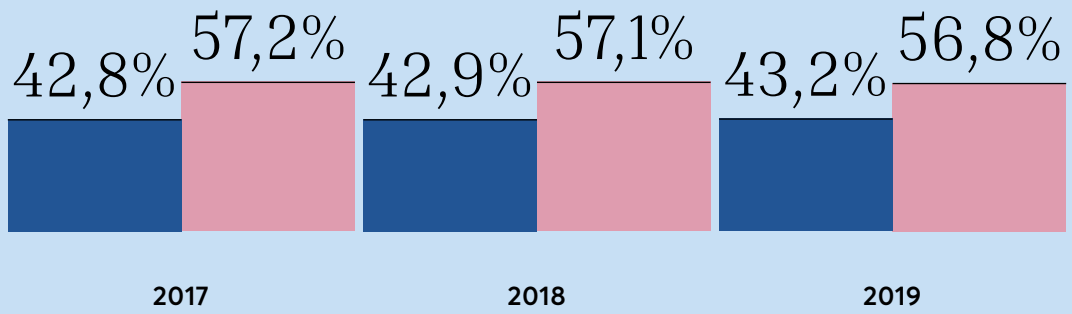
Age Diversity in the Board of Directors:

● 30-50 ● Over 50



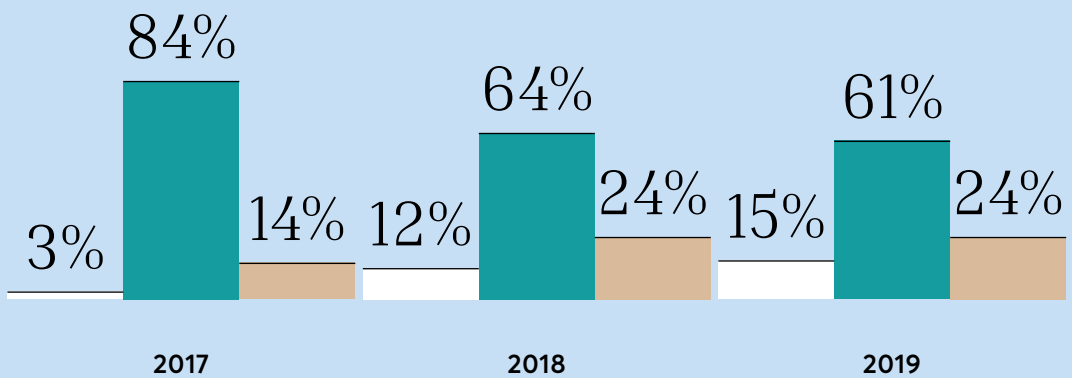
Gender Diversity per employee category:

● Male ● Female



Age Diversity per employee category:

● Under 30 ● 30-50 ● Over 50





Non-discrimination (GRI 406)

KPI: 406-1 Incidents of discrimination and corrective actions taken

There were no incidents of discrimination during the reporting period 2017 - 2019. Since its early years, the Bank has fostered an anti-discrimination culture and has promoted high ethical standards of behaviour among its staff.



Local Communities (GRI 413)

KPI: 413-1 Operations with local community engagement, impact assessments, and development programs

Our vision is to operate responsibly, as an active member of society, adding value to the community that we serve.

We support local suppliers and we have so far paid a total of approximately €15m to 253 local suppliers from 70 different industries.

Moreover, we have implemented good practices, in order to minimise our carbon footprint, while we support environmentally-friendly solutions being adopted by society. We have so far contributed to this effort, by donating more than 350 recycling bins to Municipalities and Schools.

Our aim is to support the new generation of this country, by providing children and young adults with the equipment as well as inspiration to change their lives for the best. Within this framework, we have been collaborating since 2013 with Junior

Achievement Cyprus, in order to promote entrepreneurship through learning.

We regularly support the actions of this organisation in order to encourage children to learn innovative entrepreneurship skills. We offer our support through sponsorships as well as through our staff becoming mentors to students interested in exploring and developing their entrepreneurial skills further.

In 2019, a total of €255.000 was allocated for donations and sponsorships. For example, for the last 11 years, we have been supporting the annual Pink Silhouettes March, in a collaboration with Europa Donna Cyprus. It is an initiative aiming to raise public awareness regarding Breast Cancer and empower women who are fighting this disease. Moreover, we systematically contribute to the actions of several civil society organisations through sponsorships and volunteering.



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Marketing and Labeling (GRI 417)

KPI: 417-2 Incidents of non-compliance concerning product and service information and labeling

The Bank follows a standardised procedure that includes steps for the design, approval, development and placement of a New Product/Service in the market (and/or any significant changes to existing Products/Services). It also describes the actions that need to be taken for the development of New Markets / Business, and / or for Exceptional Transactions.

No incidents of non-compliance with regulations and / or voluntary codes concerning product & service information and labelling were identified during the reporting period.

KPI: 417-3 Incidents of non-compliance concerning marketing communications

Our bank has always closely adhered to any compliance requirements, rules and regulations. As a result, the Bank has not faced any incidents of non-compliance with regulations that resulted in a fine, penalty or warning.

In 2019 "The Consumer Protection Service" conducted an inspection of the Banking system marketing communication methods by collecting advertisement material from every Bank (audio, video, printed advertisement etc.) Following examination they submitted a list of recommendations for improvement. All recommendations were taken into consideration by our Bank, with most of them being adopted.

Customer Privacy (GRI 418)

KPI: 418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data

Because the Bank has been operating in full compliance with all local, regional and international rules and regulations, it has faced a minor number of complaints, concerning breaches of customer privacy and losses of customer data.

No complaints were received in 2017 regarding customer privacy and customer data, while one complaint was received in 2018 and one in 2019. The cases were handled by the responsible department (DPO) and was resolved within a very short time, as per data protection legislation and rules. No case carried any penalty as these were technical errors (not a breach by way of cyber-attack or other malicious activity) and the affected data subjects were informed on time, according to data protection legislation and rules. Both cases are closed.

Socioeconomic Compliance (GRI 419)

KPI: 419-1 Non-compliance with laws and regulations in the social and economic area

The Bank has not identified or been made aware of any significant fines and non-monetary sanctions for non-compliance with laws and/or regulations in the social and economic area.



5. Appendix





Appendix I: Content Index

General Disclosures	Reference
1. Organisational profile	
Disclosure 102-1 Name of the organisation	1. About the Report; Introduction
Disclosure 102-2 Activities, brands, products, and services	3. Business Overview; Description of the Bank's activities
Disclosure 102-3 Location of headquarters	1. About the Report; Introduction
Disclosure 102-4 Location of operations	3. Business Overview
Disclosure 102-5 Ownership and legal form	3. Business Overview
Disclosure 102-6 Markets served	3. Business Overview
Disclosure 102-7 Scale of the organisation	3. Business Overview; Corporate Governance
Disclosure 102-8 Information on employees and other workers Disclosure	3. Business Overview; Engaging Stakeholders
Disclosure 102-9 Supply chain	3. Business Overview; Engaging Stakeholders
Disclosure 102-10 Significant changes to the organisation and its supply chain	3. Business Overview; Mergers and acquisitions
Disclosure 102-11 Precautionary Principle or approach	N/A
Disclosure 102-12 External initiatives	3. Business Overview; Engaging Stakeholders
Disclosure 102-13 Membership of associations	3. Business Overview; Engaging Stakeholders
2. Strategy	
Disclosure 102-14 Statement from senior decision-maker	1. About the Report; Message from the CEO
Disclosure 102-15 Key impacts, risks, and opportunities	3. Business Overview; Challenges and Opportunities
3. Ethics and integrity	
Disclosure 102-16 Values, principles, standards, and norms of behaviour	2. Our Commitment to Sustainability; Our values
Disclosure 102-17 Mechanisms for advice and concerns about ethics	3. Business Overview; Corporate Governance

4. Governance

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Disclosure 102-19 Delegating authority	3. Business Overview; Corporate Governance
Disclosure 102-20 Executive-level responsibility for economic, environmental, and social topics	3. Business Overview; Corporate Governance
Disclosure 102-21 Consulting stakeholders on economic, environmental, and social topics	3. Business Overview; Corporate Governance
Disclosure 102-22 Composition of the highest governance body and its committees	3. Business Overview; Corporate Governance
Disclosure 102-23 Chair of the highest governance body	3. Business Overview; Corporate Governance
Disclosure 102-24 Nominating and selecting the highest governance body	3. Business Overview; Corporate Governance
Disclosure 102-25 Conflicts of interest	3. Business Overview; Corporate Governance
Disclosure 102-26 Role of highest governance body in setting purpose, values, and strategy	3. Business Overview; Corporate Governance
Disclosure 102-27 Collective knowledge of highest governance body	3. Business Overview; Corporate Governance
Disclosure 102-28 Evaluating the highest governance body's performance	3. Business Overview; Corporate Governance
Disclosure 102-29 Identifying and managing economic, environmental, and social impacts	3. Business Overview; Corporate Governance
Disclosure 102-30 Effectiveness of risk management processes	3. Business Overview; Corporate Governance
Disclosure 102-31 Review of economic, environmental, and social topics	3. Business Overview; Corporate Governance
Disclosure 102-32 Highest governance body's role in sustainability reporting	3. Business Overview; Corporate Governance
Disclosure 102-33 Communicating critical concerns	3. Business Overview; Corporate Governance
Disclosure 102-34 Nature and total number of critical concerns	N/A



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Disclosure 102-35 Remuneration policies	3. Business Overview; Corporate Governance
Disclosure 102-36 Process for determining remuneration	3. Business Overview; Corporate Governance
Disclosure 102-37 Stakeholders' involvement in remuneration	3. Business Overview; Corporate Governance
Disclosure 102-38 Annual total compensation ratio	3. Business Overview; Corporate Governance
Disclosure 102-39 Percentage increase in annual total compensation ratio	3. Business Overview; Corporate Governance
5. Stakeholder engagement	
Disclosure 102-40 List of stakeholder groups	3. Business Overview; Engaging Stakeholders
Disclosure 102-41 Collective bargaining agreements	3. Business Overview; Engaging Stakeholders
Disclosure 102-42 Identifying and selecting stakeholders	3. Business Overview; Engaging Stakeholders
Disclosure 102-43 Approach to stakeholder engagement	3. Business Overview; Engaging Stakeholders
Disclosure 102-44 Key topics and concerns raised	3. Business Overview; Challenges and Opportunities
6. Reporting practice	
Disclosure 102-45 Entities included in the consolidated financial statements	The relevant information is excluded from the current report. Please refer to the Annual Financial Report of the year ended 31/12/19
Disclosure 102-46 Defining report content and topic Boundaries	4. Topic Specific Aspects
Disclosure 102-47 List of material topics	4. Topic Specific Aspects
Disclosure 102-48 Restatements of information	3. Business Overview; Mergers and Acquisitions
Disclosure 102-49 Changes in reporting	N/A

Disclosure 102-50 Reporting period	1. About the Report; Introduction
Disclosure 102-51 Date of most recent report	1. About the Report; Introduction
Disclosure 102-52 Reporting cycle	1. About the Report; Introduction
Disclosure 102-53 Contact point for questions regarding the report	1. About the Report; Introduction
Disclosure 102-54 Claims of reporting in accordance with the GRI Standards	1. About the Report; Introduction
Disclosure 102-55 GRI content index	5. Appendix; Appendix I: Content Index
Disclosure 102-56 External assurance	N/A
Topic Specific Disclosures	
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GRI 202 – Market Presence	4. Topic Specific Aspects; Economy
GRI 203 – Indirect Economic Impacts	4. Topic Specific Aspects; Economy
GRI 204 – Procurement Practices	4. Topic Specific Aspects; Economy
GRI 205 – Anti-corruption	4. Topic Specific Aspects; Economy
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GRI 413 – Local Communities	4. Topic Specific Aspects; Society
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GRI 418 – Customer Privacy	4. Topic Specific Aspects; Society
GRI 419 – Socioeconomic Compliance	4. Topic Specific Aspects; Society



