

Corporate Sustainability

Report 2022

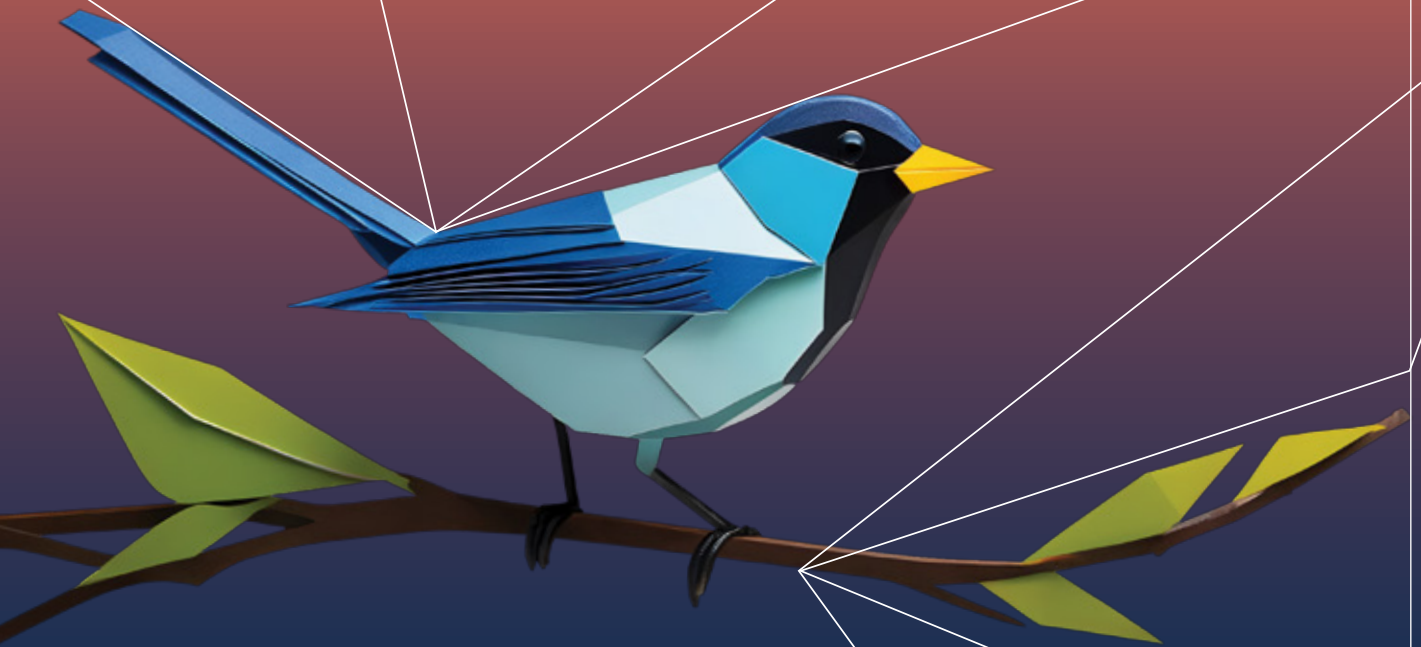


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About the Report

The Corporate Sustainability Report 2022 (the “Report”) covers the period from 1 January to 31 December 2022, unless otherwise stated, and is addressed to the stakeholders of AstroBank Public Company Limited (“AstroBank”, the “Bank”).

The aim of the Report is to present the strategy, activities, practices and results that the Bank has achieved during the reference year, in the wider context of sustainable development.

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 clear, accurate, unbiased and comprehensive information to all stakeholder groups, regarding the Bank’s approach to economic, social and environmental issues, including its impact on human rights.

The ESG Unit has prepared the Report and has ensured that all material topics were covered. The Report has been reviewed and approved by the Bank’s Board of Directors. The Report has been prepared in reference to the GRI Standards (2021 update). The index table for each of these standards is provided in the Appendix.

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:

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Message from the CEO

*AstroBank intends
to play a pivotal role
in this process
[transition to a more
sustainable future]
by leading the way in
sustainable initiatives
while making a
difference for the
society we live
and work in.*



Dear Stakeholder,

In September 2023, Moody's Investors Service (Moody's) upgraded Cyprus to investment grade; while the agency, in this Credit Rating Report, includes commentary reflective of a progressively institutionalized capacity competently responding to system shocks, Moody's also notes that the country's Environmental, Social & Governance (ESG) Impact Score indicates an ongoing harming exposure unto environmental risks.

It's becoming clearer yet that a transition to a greener economy, and by extension a sustainable society, is the right path towards ensuring better quality of living standards. According to reinsurer SwissRe, the world economy stands to lose up to 12.5% of GDP by 2050, or \$53 trillion of economic output, if no, or minimal, action is taken on climate change to help prevent, address, or remedy environmental disasters. Quantifying the costs of climate change shows the urgent need to act more quickly and proactively, against a backdrop of worldwide complex challenges. This call to action brings about an opportunity in making the business cycle dynamic, collaborative, transparent to accentuate resiliency of economic activity.

As a key pillar of the Cyprus economy and budding ecosystem, AstroBank has remained steadfast in its commitment to responsibly respond to emerging local and sovereign priorities, from business practice and environmental stewardship to colleague and community positive experience and societal impact.



In support of the implementation of its ESG agenda, in 2022 the Bank established an ESG Steering Committee as well as an ESG Unit. The Committee's main responsibility is to assist the Board of Directors in overseeing the development and implementation of the general strategy with respect to ESG matters.

As part of our ESG plan, we are taking action to estimate the Scope 1 and Scope 2 greenhouse gas (GHG) emissions relating to own operations while designing a strategy for their reduction, including for example the agreement for the purchase of electricity produced from Renewable Energy Sources (RES) and installation of a photovoltaic system at our Head Office building. We also plan to estimate our value chain Scope 3 GHG emissions, including financed emissions, and design and implement a strategy for their reduction.

Moreover, we will integrate climate risk considerations in our risk management framework and procedures. We are already in the process of incorporating the assessment of climate-related matters in our loan origination and credit assessment processes.

In 2022 alone we designed and launched three environmentally friendly lending products, addressed to individuals and businesses who want to improve the energy efficiency of their homes or company buildings. We also offer reduced interest rates for the purchase of hybrid and electric vehicles while our credit and debit cards are 95% biodegradable. Furthermore, we were one of the first banks in Cyprus that funded large RES projects.

We systematically support non-governmental organizations and organize social responsibility events, often with the participation of our employees. We are especially proud of our 14th year of continuing support to Europa Donna Cyprus, an organization that provides support services to patients with breast cancer and raises public awareness, contributing to better tools for prevention and earlier diagnosis rates.

We remain invested in the continuous development of our employees, through interactive, quality training sessions being offered across the Bank via traditional and modern delivery methods.

In 2022, we introduced the 'We Care' initiative as part of the Bank's actions to support a better work-life balance for its people. The initiative includes 26 weeks fully paid maternity leave (even before mandated by the parliament), three weeks fully paid paternity leave, educational leave, gift vouchers for new parents, access to a virtual wellness platform, and paid care-leave, to name but a few.

Sound corporate governance is a critical component of responsible businesses. Transparency, credibility and accountability are the fundamental tenets guiding AstroBank in the pursuit of its vision. They reflect our corporate values and serve to strengthen the confidence of our shareholders, staff, and customers in our organization's journey.

The transition to a more sustainable future will require concerted action in the years to come. Banks will be important drivers of growth and AstroBank intends to play a pivotal role in this process by leading the way in sustainable initiatives while making a difference for the society we live and work in.

Aristidis Vourakis
Chief Executive Officer
Nicosia, November 2023



Who We Are

Making it Happen





AstroBank Public Company Limited was incorporated in Cyprus on 29 December 2006 as a private limited liability company (Reg. No. HE189515), in accordance with the provisions of the Cyprus Companies Law, Cap. 113 and is operating under the supervision of the Central Bank of Cyprus. The registered office of the Bank is located at 1 Spyrou Kyprianou Avenue, CY-1065 Nicosia. The subsidiaries of the Group were incorporated in Cyprus in accordance with the provisions of the Cyprus Companies Law, Cap. 113.



The principal activities of the Bank during the year continued to be the provision of banking and financial services. The principal activities of the property subsidiaries are the holding, administration and disposal of property acquired by the Bank in debt satisfaction. A separate subsidiary operates as an insurance agency.

The Bank provides banking and financial services through its branch network, digital channels and ATMs.

AstroBank's operations are based on four pillars:

- Retail
- Corporate, SME and Shipping
- Private Banking and Wealth Management
- International Business Banking

The Bank provides lending to creditworthy businesses with focus in the sectors of manufacturing, health and education, renewable energy and hotel and accommodation. The lending provided to households is focused on retail housing and secured lending.

AstroBank's Service Centres

Retail Branches	14
ATMs	14
Service Centres for large corporate companies	3
Shipping Unit	1
Service Centres for SMEs	1
Private Banking Service Centres	1
International Business Services Service Centres	5

Correction: In the 2021 report, the number of service centres for International Business Services was reported as five instead of three.



Additional Acquisitions:

- On 5 October 2022, the Bank and Qualco Fin Ltd ("Qualco") entered into an agreement whereby the Group acquired back 74.9% of the issued share capital of ex-Quant. With the execution of the agreement, 29 permanent employees were transferred to the Bank. The acquisition's strategic rationale revolves around the following factors:
 - the existence of substantial synergies relating to operating costs and better utilization of employees
 - taxes payable on the servicing fees, representing a significant opportunity cost for the Bank
- On 26 November 2019 the Bank and the National Bank of Greece S.A ('NBG') signed a Share Sale and Purchase Agreement (SPA) under which the Bank would acquire the entire share capital of National Bank of Greece (Cyprus) Ltd. The deadline for completion has expired and therefore AstroBank has terminated the SPA in accordance with the relevant terms and provisions. An arbitration proceeding commenced in relation to the amount deposited by AstroBank to National Bank of Greece (Cyprus) Ltd as part of the SPA. The arbitration has been completed in March 2023 and the written closing statements were submitted in April 2023. It is expected that the final arbitration award will be issued before the end of 2023.

Our Values

We earn the trust of our customers, regulators, investors and each other by always acting with integrity and holding ourselves to high standards. We aim to develop and invest on building long-term relationships with our customers. Our employees, as the Bank's brand ambassadors, have a duty to uphold the principles and values which reflect our brand identity.



Our Strategy

Sustainable Growth

Our strategy is focused on long-term growth (organic and by acquisition). To achieve this, we aim at taking into consideration the environmental, social and governance impact in our strategic planning and execution of banking operations and business activities, and harmonizing three core elements: economic growth, social inclusion and environmental protection.

Capital Optimization

The primary objective of our capital management is to ensure compliance with the relevant regulatory capital requirements and maintain healthy capital adequacy ratios, in order to support growth and maximise value for our shareholders.

Asset Management

Our assetmanagement strategy is focused on three elements: 1. expanding our portfolio to include healthy, viable facilities, 2. reducing our non-performing loans through customer restructuring, consensual debt settlement arrangements, debt-for-asset swaps and foreclosures and 3. disposing our on-boarded properties.

Technology and Innovation

Well-aware of the ever-changing technological landscape and the customers' increasing expectations, we have always been a strong advocate of technology and innovation. As such, we are allocating a large portion of our resources to research and development, with a view to upgrade our offering and create innovative products and solutions.

Memberships

We are actively involved in various initiatives relating to the economy, the environment and society. More specifically, we are a member of the following professional bodies:

Cyprus Employers and Industrialists Federation

Cyprus International Business Association

The Financial Ombudsman of the Republic of Cyprus

Cyprus Investment Funds Association

Association of Cyprus Banks

Cyprus Chamber of Commerce and Industry

Pafos Chamber of Commerce and Industry

Nicosia Chamber of Commerce and Industry

Larnaka Chamber of Commerce and Industry

Limassol Chamber of Commerce and Industry

CSR Cyprus



Financial Overview

Making it Happen



Economic Performance

As per the IMF's World Outlook Update issued in January 2023, the global fight against inflation, Russia's war in Ukraine, and a resurgence of COVID-19 in China weighed on global economic activity in 2022, while the first two factors will continue to do so in 2023.

The crisis in Ukraine had a negative impact on the Cypriot economy, mainly arising from the tourism and professional services sectors and increasing energy prices. During 2022 the performance of the tourism sector was strong despite the loss of tourist arrivals from Russia and Ukraine due to the easing of the Covid traveling restrictions. Additionally, Cyprus has no energy dependence on Russia.

In September 2023, after almost 12 years, Moody's Investors Service (Moody's) upgraded Cyprus to investment grade. In this Credit Rating Report, the credit rating agency noted that 'the banking sector continues to strengthen in light of a decrease in leverage and improved credit profiles of Cypriot banks'. Moreover, they note that they expect a further, gradual deleveraging of the banking system and improved liquidity and capital ratios to be sustained over the next couple of years.

AstroBank has maintained its strong position in the Cyprus economy with healthy liquidity levels. Its Liquidity Coverage Ratio of 281% was well in excess of the regulatory minimum of 100%.

The primary objective of the Bank's capital management that was to ensure compliance with the relevant regulatory capital requirements and maintain healthy capital adequacy ratios in order to support its growth, has been achieved. The Bank's capital adequacy ratio was 17.96%, above the regulatory minimum Overall Capital Requirement ('OCR') of 13.60% and above the OCR including Pillar II Guidance ('P2G'). Moreover, loans to deposits ratio improved from 59% in 2021 to 57% in 2022.



Financial Results Highlights (€m)

	2020	2021	2022
Total Assets	2,833	3,018	2,726
Customer Deposits	2,106	2,191	2,112
Gross Loans to Customers	1,283	1,298	1,203
Profit before Provisions	2.9	17.3	13.6
Capital Adequacy Ratio	15.01%	16.58%	17.96%
Loans Market Share	4%	5%	5%
New Lending	200	240	165
(Loss)/Profit after Tax	-18.1	3.3	12.2
Liquidity Coverage Ratio	246%	260%	281%
Regulatory minimum Overall Capital Requirement (OCR)	13.6%	13.6%	13.6%

€2,726m

Total Assets

€1,203m

Loans
to Customers

€165m

New Lending

€2,112m

Customer Deposits

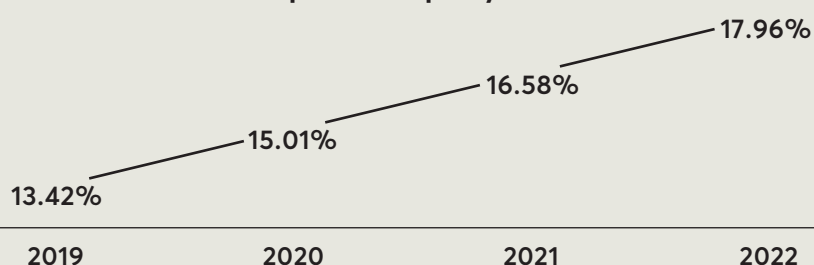
€13.6m

Profit before
Provisions

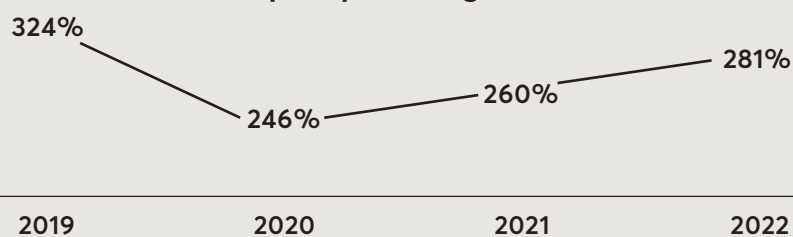
€12.2m

Profit
for the Year

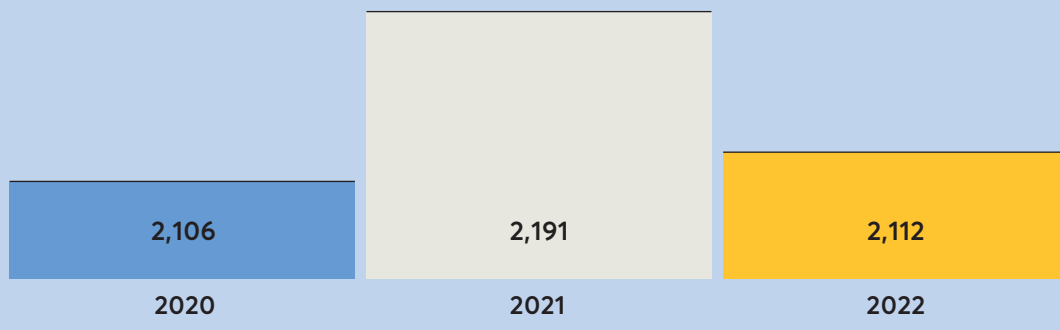
Capital Adequacy Ratio



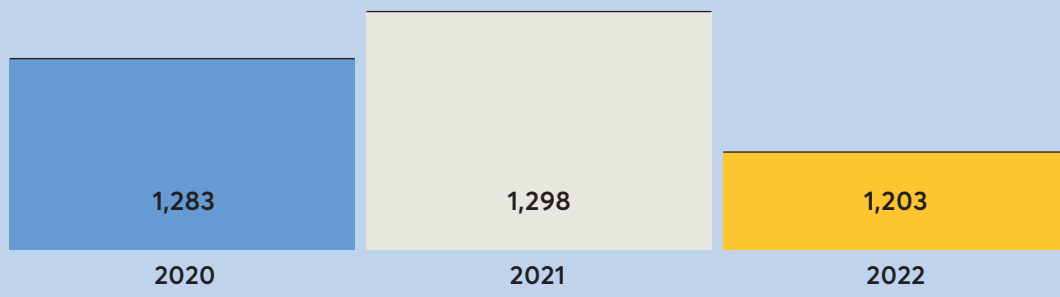
Liquidity Coverage Ratio



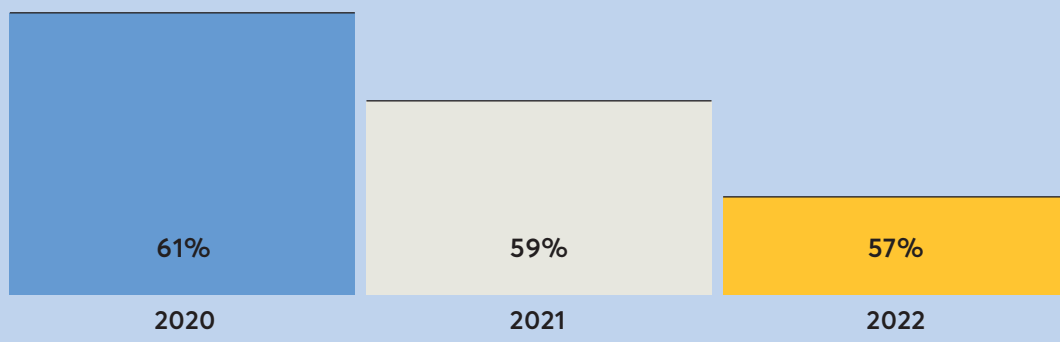
Customer Deposits (€m)



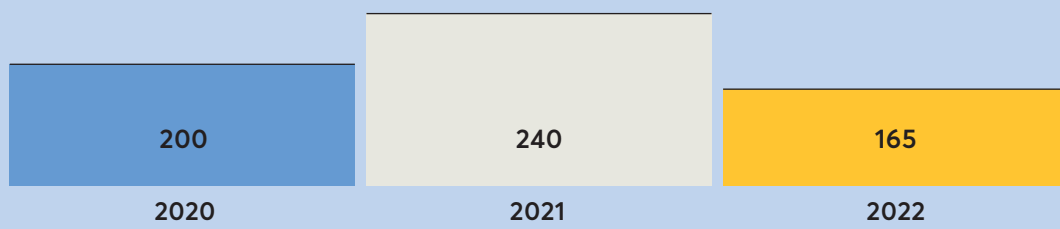
Gross Loans to Customers (€m)



Loans to Deposits (%)



New Lending (€m)



Direct Economic Value Generated and Distributed (€m)

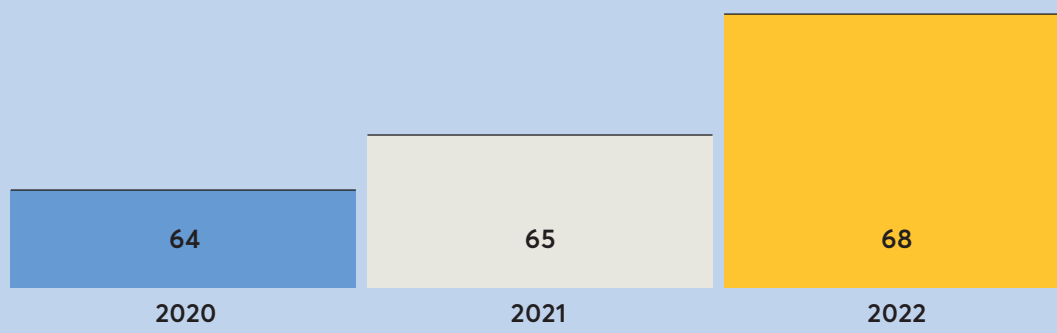
	2020	2021	2022
Direct economic value generated:			
Revenues	70	72	75
Economic value distributed:			
Payments to providers of capital <i>(Refer to Note 1)</i>	(3)	(5)	(4)
Employee wages and benefits	(34)	(26)	(26)
Operating costs	(20)	(22)	(24)
Impairment losses	(20)	(10)	(3)
Payments to Government <i>(Refer to Note 2)</i>	(5)	(5)	(5)
Community investments	(0,4)	(0,2)	(0,2)
Economic value retained	(12)	4	13

Notes:

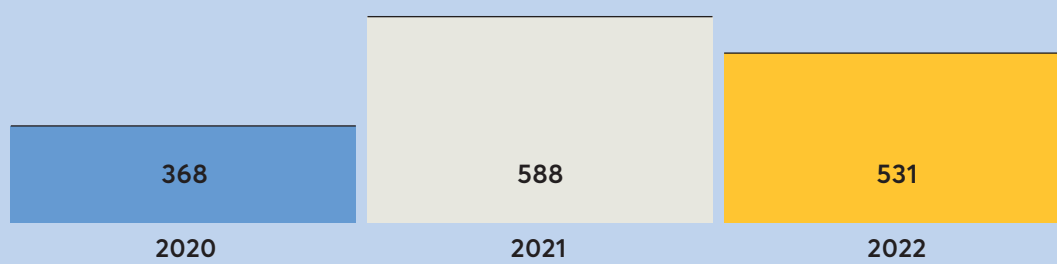
(1) Includes payments to depositors and other interest expense.

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

Net Sales (€m)



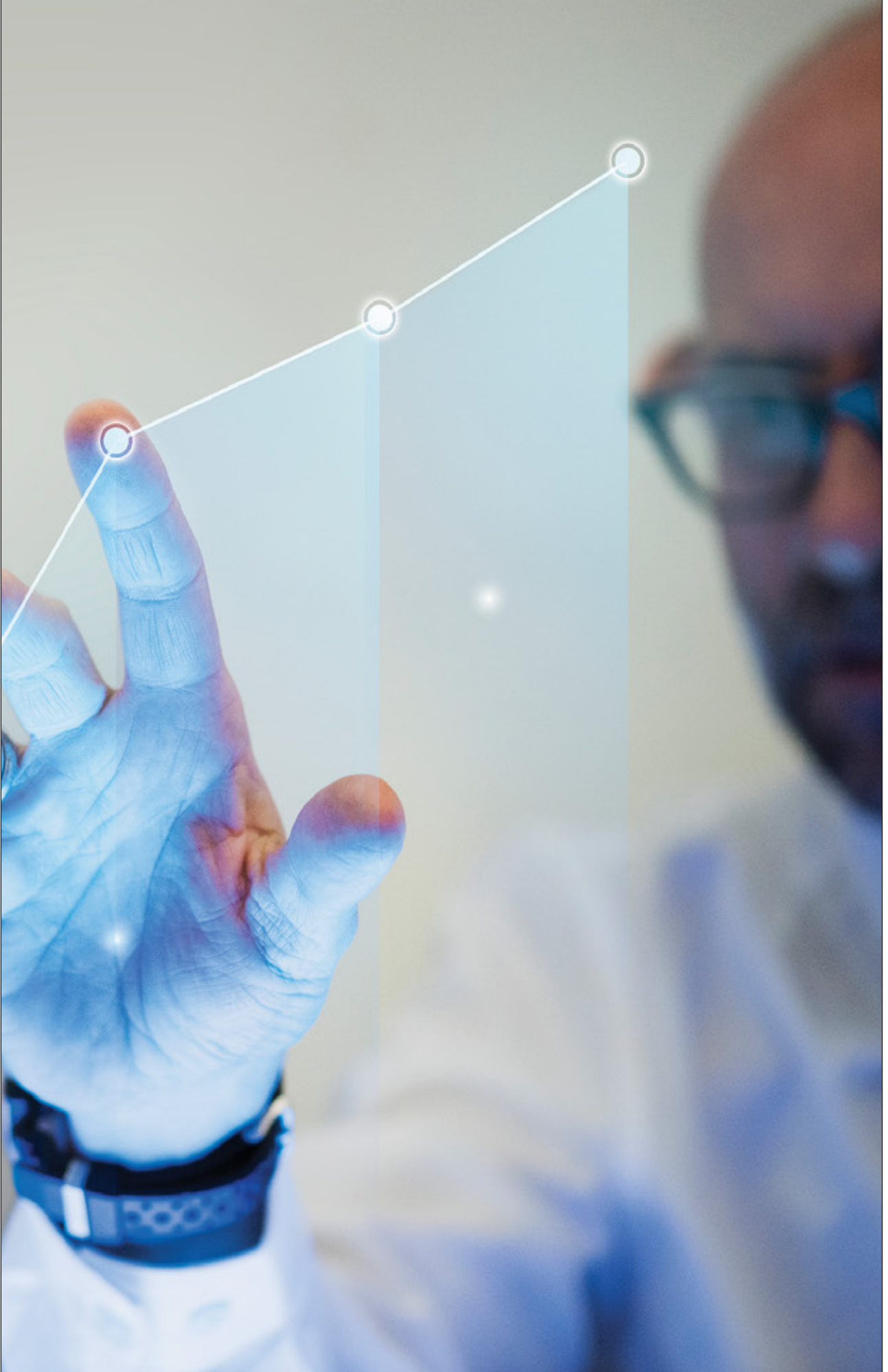
Assets Under Management (€m)



Note:

Assets Under Management include €83 million in deposits for 2020 and 2021 and €80 million in deposits for 2022. These are also included in customer deposits.





Our Business

AstroBank's operations are based on four pillars: Retail, Corporate, SME and Shipping, Private Banking and Wealth Management and International Business Banking.

Retail Division

In 2022, the Retail Division focused at maintaining a healthy loan portfolio, despite the increase of the lending rates.

- > €73 million of new credit facilities were disbursed in 2022. 53% of the new facilities were used for the purchase or construction of a primary residence.
- > Fee and commission income increased by 27.5% compared to 2021.
- > At the end of 2022, gross loans at amortised cost increased to €265 million (2021: €232 million) and deposits had a decrease to €1.25 billion (2021: €1.26 billion).

Corporate, SME and Shipping Division

The Corporate, SME and Shipping Division continued to provide fully integrated business solutions and excellent customer service to its customers, consisting of large corporate customers and medium and small-sized enterprises.

- > In 2022, Corporate, SME and Shipping Division shifted to a more customer-centric operating model by defining strategies for each customer segment.
- > Green lending was promoted, taking advantage of opportunities to finance the transition to a green economy. Total lending for the construction and development of Photovoltaic Parks amounted to €13.4 million.
- > At the end of 2022, gross loans at amortised cost decreased to €727.4 million (2021: €752.5 million) and deposits decreased to €118 million (2021: €134.4 million).

International Business Division

The International Banking Division focused on expanding its business on targeted market segments in line with its low-risk policy, fully harmonized with the stricter international AML standards.

- > In 2022 the Division successfully completed a major project towards downsizing, de-risking and optimizing the Bank's international clientele.
- > A new customer-centric structure was adopted, where all customers were assigned to five Business Centres, each specializing in a different market segment and dedicated to offer excellence in quality of service via expert knowledge on the specifics of each market.
- > For 2022 total income (primarily consisting of fee income) increased to €9.3 million (2021: €8.6 million).

Private Banking

The Russian-Ukraine war and the decrease in value of all Russian securities did not leave the Bank's investment portfolio unaffected. Despite the challenges, Private Banking continued to offer quality services, through innovative ideas and products, combined with a constant focus on building long-term relationships of mutual trust with clients.

As a recognition of these best practises, AstroBank received the Best Private Bank – Cyprus award at the Global Private Banking Innovation Awards 2023.

- > In 2022, Assets Under Management decreased to €531 million (2021: €588 million).
- > The investment portfolio decreased to €451 million (2021: €505 million).
- > Moreover, the Unit continued to include several ESG funds and securities in the investment product list available to clients.



Our Materiality and ESG Performance

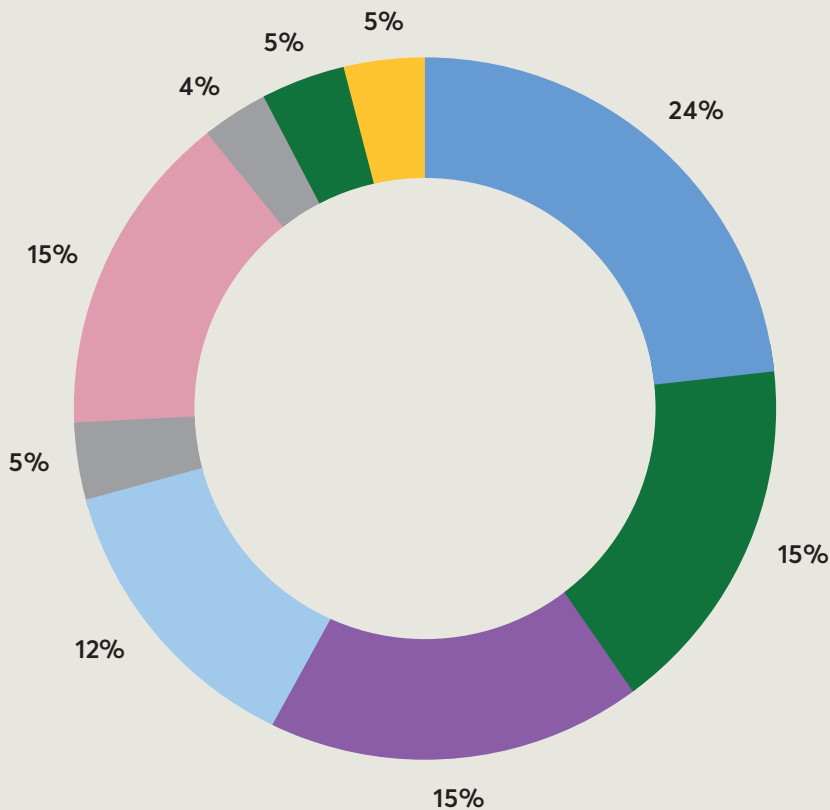
Making it Happen





Engaging with Our Stakeholders

As part of our sustainability approach, we aim to establish long-term, strong relationships of trust with all our stakeholders. The key stakeholders of the Bank, as identified through the value chain mapping exercise performed, are presented below along with their estimated relative significance and impact on the Bank:



● Customers ● Shareholders ● Employees ● Regulators and Government
● Suppliers and Service Providers ● Board of Directors ● Media



To be able to actively meet the expectations, concerns and issues we believe are important for our stakeholders, we promote an ongoing dialogue with them through various communication channels.

STAKEHOLDER GROUP	NEEDS / EXPECTATIONS	MEANS OF COMMUNICATION	FREQUENCY
Customers	Customer service, provision of products and services with transparency, responsible information, personal data protection	-Retail branch network -Expert Advisors in all Business Lines -24/7 call centre -Corporate Website -Social media channels -Complaints Procedure	<i>Ongoing</i>
Shareholders	Reporting of accurate, timely and complete information on the Bank's annual and semi-annual financial results Return on investment	-Annual General Meetings and Extraordinary General Meetings of Shareholders -Investor Relations Section of Corporate Website -Annual and semi-annual Financial Report and disclosures -Press Releases	<i>Ongoing</i>
Employees	Issues concerning the Bank, training and development of skills, equal opportunity, fair pay, safety and well-being, work-life balance, labour rights	-Appraisals and mid-year review of performance -Training sessions -Social events -Informative emails, newsletters and intranet -Participation in volunteer actions	<i>Ongoing</i>
Regulators and Government	Compliance with the supervisory and regulatory framework	-Provision of data and information, reports and action plans -Meetings, -Through regulations, directives and circulars -Participation in consultations	<i>Ongoing</i>
Suppliers and Service Providers	Cooperation based on transparent procedures and criteria to achieve mutually beneficial agreements	-Supplier evaluation procedure -Meetings -Consistent payments -Providing information about the Bank's Procurement Procedure	<i>Ongoing</i>
Business Community	Mutual cooperation, promoting new businesses based on specified criteria and transparent procedures	-Press releases -Meetings -Open communication channels with professional associations and chambers of commerce -Forums, summits	<i>Ongoing</i>



STAKEHOLDER GROUP	NEEDS / EXPECTATIONS	MEANS OF COMMUNICATION	FREQUENCY
Community	Support of actions with a social impact	-Requests processed with consistency -Participation in volunteer actions and support for organisations and associations in the form of sponsorships and donations -Press Releases -Social media	<i>Ongoing</i>
Media	Cooperation to ensure optimum presentation of the Bank's actions, social initiatives, products and services	-Media monitoring -Press meetings	<i>Ongoing</i>

Materiality Assessment

The materiality assessment is carried out by the Bank, to identify its actual and potential impacts, assess their significance and determine and highlight material topics that are linked to the activities of the Bank.

For this process, we follow the Global Reporting Initiative (GRI) Standards that have been updated with effect January 2023. The new disclosures require that companies report on several aspects of their company value chain and governance, as well as their materiality process, including assessment of actual and potential impacts, stakeholder engagement and prioritisation of topics, and a description of how the defined material topics are managed.

The Bank performed the process for the identification of its most material aspects, which was completed in four phases:

1. Understanding the organization's context

We started by creating an initial, high-level overview of our activities and business relationships, the sustainability context in which these occur, and an overview of our stakeholders. This provided critical information for the next phase: identifying our actual and potential impacts.

2. Identification of actual and potential impacts

The second phase included identification of our actual and potential impacts on the economy, environment, and people, including impacts on human rights, across the organization's activities and business relationships. For this, the results of the GRI materiality analysis conducted for the purposes of the 2021 Sustainability Report were taken into account, as well as financial audits, assessment of our loan portfolio and occupational health and safety inspections.



3. Assessing the significance of impacts

For the assessment of impacts, key internal stakeholders from all functions and departments of the Bank, completed a questionnaire where they were called to determine the significance of positive and negative impacts, taking into consideration specific criteria defined by the GRI.

4. Prioritization of the most significant impacts for reporting

The final list of material impact areas was reviewed and validated by the Senior Management of the Bank. The identified and prioritized material impact areas for 2022 are presented in the table below.

The management of these material impacts by the Bank is analyzed within this Report.

Pillar	Material Topics	Positive Impacts		Negative Impacts	
		Financed	Operational	Financed	Operational
Environmental	Climate stability	•	•	•	•
	Circularity			•	•
Social	Financial health and inclusion	•	•	•	•
	Training and education	•	•		
	Health, safety and well-being	•	•		
	Contribution to society (CSR)	•	•		
Governance	Business ethics		•		•
	Data privacy		•		•



Alignment with the UN Sustainable Development Goals (SDGs)

The 17 Sustainable Development Goals were set up in 2015 by the United Nations General Assembly, as a call-to-action for people worldwide to address five critical areas of importance by 2030: people, planet, prosperity, peace, and partnership. Governments, non-governmental organizations and companies pledged to make the goals a success. However, eight years from their launch, little progress has been made. The SDG Progress Report released in April 2023 shows that just 12% of the Sustainable Development Goal targets are on track.

Financial institutions play a leading role in SDG implementation. By using their resources to promote economic and social development in virtually every field they can accelerate the development of sustainable finance and sustainability in general.

As such, we are working towards embedding and integrating the SDGs into our strategy and defining sustainable development actions and goals, taking these into consideration and aiming to contribute to their achievement.



Our ESG Strategy and Goals

Our priority is to manage our impact on environmental and social issues effectively, while maintaining a sound corporate governance framework. We aim to embed key ESG principles in our own operations and products and to transform into an organization that supports and guides the entities we finance through this transition.

ESG Steering Committee

In support of the implementation of our ESG agenda, in 2022 we established an ESG Steering Committee as well as an ESG Unit. The Committee's main responsibility is to assist the Board of Directors in overseeing the development and implementation of the Bank's general strategy with respect to ESG matters.

Role and Responsibilities

- To consider and recommend policies, practices, and disclosures that conform with the Bank's ESG strategy.
- To advise the Board of Directors on the effective management of climate related risks.
- To advise the Board of Directors on ESG matters in ensuring sustainable growth of the Bank, within the framework of the Bank's policies.
- To oversee the Bank's reporting and disclosures with respect to ESG matters.
- To assist in overseeing internal and external communications regarding the Bank's position or approach to ESG matters.
- To consider current and emerging ESG matters that may affect the business, operations, performance or public image of the Bank.
- To put systems in place, as deemed necessary and appropriate, to monitor ESG matters.
- To pre-approve the Annual Corporate Sustainability Report prior to its submission to the CEO and Board of Directors for approval.

ESG Unit











The ESG Unit is responsible for the coordination and implementation of actions to achieve alignment with the Bank's ESG strategy.

Role and Responsibilities




- To collaborate closely with internal teams and the ESG Steering Committee to develop an integrated and coordinated corporate sustainability strategy.
- To manage the planning, designing, pricing, positioning and market launch of green products/schemes.
- To manage the annual sustainability report development, including running the materiality assessment process, coordinating data collection across departments, project managing the effort with internal teams and drafting the report.
- To manage execution of reporting, including coordinating data collection across departments and project managing the effort.
- To research and evaluate evolving ESG trends, legislation, standards and disclosures; assist with development of policy recommendations; pursue preparedness within the Bank for ESG regulations and supervisory requirements.
- To develop and deliver internal training sessions and material to enable awareness.
- To prepare material and reports for actions and projects completed to the ESG Steering Committee and/or the Board of Directors.

An ESG working plan was established, with the purpose to address regulatory expectations and align the Bank's strategy and operations with the ESG Principles towards sustainability. The working plan has been approved by the Board of Directors and its implementation is monitored jointly by the BoD and the ESG Steering Committee.



PILLAR	OUR GOALS FOR THE FUTURE	TARGETS	2022 ACTIONS
Environment    	Increase energy efficiency	Measurement of Scope 1, 2 and 3 Greenhouse Gas (GHG) emissions and target setting for their reduction <hr/> Reduction of total energy consumption	<i>Purchase of electricity from RES PV system in HQ building</i>
	Support customers in their green transition	Increase of green lending	<i>Three new green products were launched, for individuals and businesses, for the upgrade of energy efficiency of homes and buildings</i>
People and Society      	Supporting local community	Continue to support society with donations and sponsorships (CSR actions)	<i>Strategic partner of Europa Donna Cyprus, Gold sponsor for Radiomathonios Donations and Sponsorships to many other NGOs</i>
	Employee wellbeing	Further enhance the 'We Care' initiative with purpose to improve employees work-life balance, offering tangible benefits	<i>Increase in maternity and paternity leave, wedding and educational leave, paid care-leave, vouchers for new parents, access to virtual wellness platform</i>
	Diversity and inclusion	Increase of the members of the under-represented gender in the Board of Directors	<i>Increase of the participation of the under-represented gender to 25%</i>
	Increasing employee awareness	Sustainability-related seminars to all members of staff to raise awareness and incorporate sustainability in our corporate culture	<i>240 training hours on ESG matters to members of staff Circulation of first issue of ESG newsletter and pamphlet with ecologic tips Dedicated ESG section in intranet</i>



PILLAR	OUR GOALS FOR THE FUTURE	TARGETS	2022 ACTIONS
Economy   	Invest in the Bank's digitalization Transform into a sustainable, resilient Bank	Upgrade internal and external systems and processes, improving efficiency and security and reducing risks Create resilient internal frameworks by adhering to ESG frameworks	<i>Various internal applications developed to streamline internal processes</i> <i>Establishment of 3-year action plan for the management of climate related and environmental risks</i> <i>Incorporation of ESG risks in Risk Management Framework</i>



Environmental Review

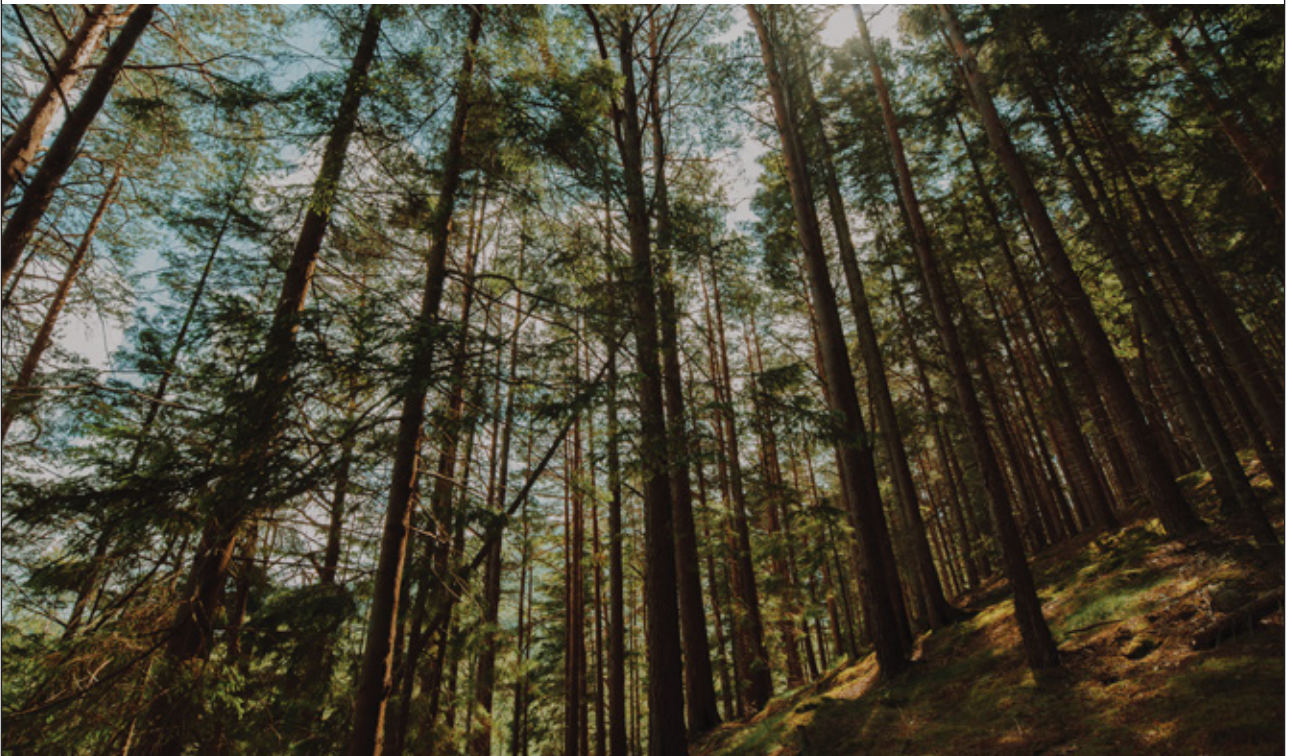
Making it Happen



Fighting climate change and protecting the environment have become pressing matters over the recent years, as impacts related to these are evident globally, in sectors such as human health, ecosystems, agriculture and food safety.

As an organisation, we recognise climate change as the defining issue of our time.

Consequently, our environmental goal for the years to come is to monitor our performance and minimise our carbon footprint by setting specific targets, raising awareness within our stakeholder groups, and designing and developing projects to protect the environment and improve the use of natural resources. Moreover, we remain fully compliant with environmental laws and regulations, and we aim to embed sustainability across our Bank's operations.



Climate Stability

Our Impacts

Impacts on climate stability are created through specific products that address climate change, through energy use, energy reduction and efficiency initiatives in the Bank's supply chain and operations.

Our impacts	Financed	Operational
Positive	Financing activities of specific sectors such as generation of renewable energy create actual and potential positive impacts on climate stability.	Installing PV system in HQ building, promoting the rational use of lighting in the Bank's buildings, purchasing electricity from RES.
Negative	Financing activities of certain sectors (i.e., manufacture of plastic products, sale of automotive fuel) with actual negative impacts to climate stability.	Creation of Scope 1, 2 and 3 Greenhouse Gas (GHG) emissions (excluding financed) due to the Bank's operations across its value chain.

Greenhouse Gas (GHG) Emissions

Greenhouse gas emissions from human activities strengthen the greenhouse effect, contributing to climate change. Most direct emissions are carbon dioxide (CO₂) from burning fossil fuels, as well as methane (CH₄) and nitrous oxide (N₂O).

The Bank produces emissions directly, from its own operations and indirectly, from the purchase of energy and through its value chain. Calculating our GHG emissions is the first step towards understanding our contribution to climate change and thus, taking action to reduce these.

Scope 1, 2, 3 GHG Emissions

The following parameters are used for the measurement of our carbon footprint:

- **Scope 1 GHG emissions:** These include GHG emissions produced directly from the Bank's owned sources, such as fuel, refrigerants, and emissions from combustion in boilers, as well as emissions from fleet vehicles.
- **Scope 2 GHG emissions:** These include GHG emissions produced indirectly by the Bank, from purchased energy, such as electricity.
- **Scope 3 GHG emissions:** These include all indirect GHG emissions that occur in the value chain of the Bank, including business travel, employee commute, and financed emissions.

The Bank has estimated its Scope 1 and Scope 2 GHG emissions relating to own operations for 2022 and is planning to develop an action plan for their reduction. Scope 3 GHG emissions, including financed emissions, will also be estimated in 2023 and a strategy for their reduction will also be designed and implemented. The Bank has used the GHG Protocol Methodology for the estimation of Scope 1 and Scope 2 GHG emissions.

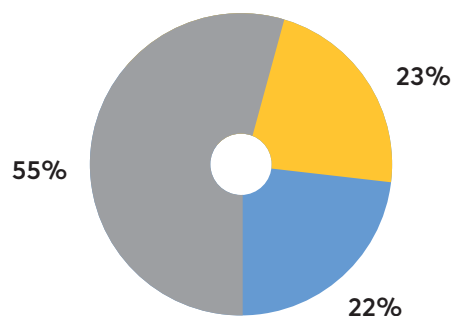


Scope 1: Direct GHG Emissions	TCO ₂ e
Stationary combustion	44.76
Mobile combustion	43.28
Fugitive emissions	106.10
Total Scope 1: Direct GHG Emissions	194.14

Notes:

1. The gases included in the calculations are CO₂, CH₄ and N₂O
2. The calculation includes premises located in Cyprus.
3. GWP AR5 was used for the calculations.
4. The base year for the estimation of GHG Emissions is 2022, when the Bank initiated its decarbonization actions. Thus, data for 2020 and 2021 are not available.
5. Stationary combustions
 - i) Emission factor from Defra, assuming 'Diesel (average biofuel blend)' fuel, was used.
6. Mobile combustions
 - i) Relevant GHG Protocol emission factor applicable to the type of fuel and vehicle category was used.
7. Fugitive emissions
 - i) Refrigerant capacity and type of refrigerant was not available for all buildings. The 'Screening Method' was utilised in line with Defra's guidance, assuming an annual leakage rate for A/C units. Maximum annual leakage rate was used.
 - ii) Where equipment information was not available, the emissions have been estimated based on the average emissions per square meter associated with the equipment where actual data was available.
 - iii) Refrigerators and fire extinguishers are excluded.

Scope 1: Direct GHG Emissions



● Stationary combustion ● Mobile combustion ● Fugitive emissions

Scope 2: Indirect GHG Emissions	TCO ₂ e
Purchased electricity	1070.91
Total Scope 2: Indirect GHG Emissions	1070.91

Notes:

1. The gases included in the calculations are CO₂
2. The calculation includes premises located in Cyprus.
3. Electricity consumption was multiplied with appropriate emission factor sources by Electricity Authority of Cyprus (EAC) website.
4. The base year for the estimation of GHG Emissions is 2022, when the Bank initiated its decarbonization actions. Thus, data for 2020 and 2021 are not available.

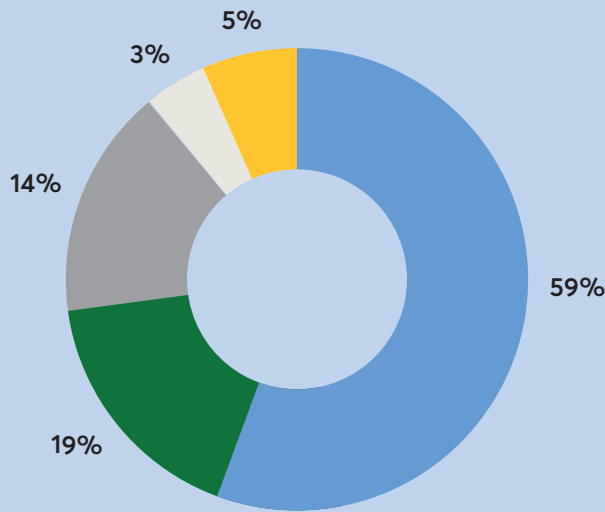


Acknowledging the need to monitor and control our energy consumption, we have also performed energy audits in 14 of our office buildings, for the improvement of the energy performance of branches and headquarters.

Electricity

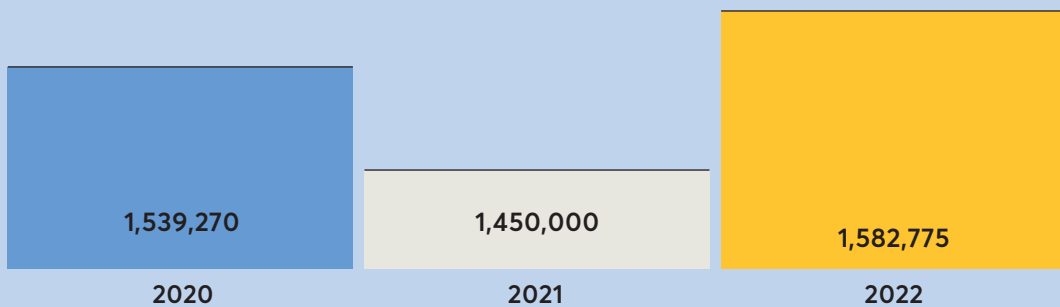
Our total energy consumption is mainly due to the consumption of electricity in the Bank's branches and buildings. Heating, ventilation and air-conditioning systems consume the highest percentage of electricity (59%) followed by the Bank's electronic equipment (19%).

Main Sources of Electricity Usage



- Heating / Ventilation / Air-Conditioning
- Electronic Equipment
- Lighting Fixtures
- Kitchen Equipment
- Other

Electricity Consumption from Non-renewable Energy Sources (in kWh)

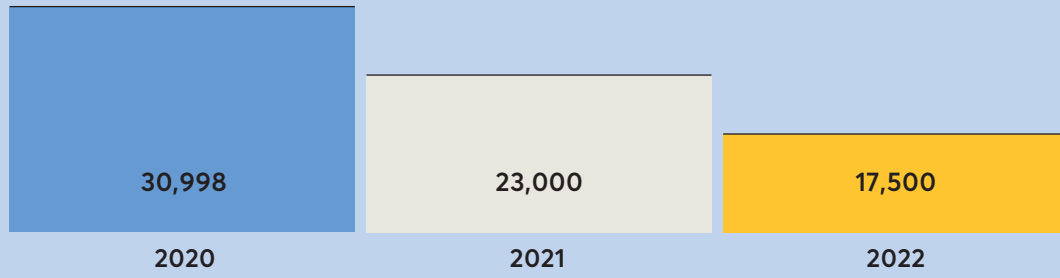


The electricity consumption of the Bank is currently only from non-renewable energy sources. 70% of the total consumption in 2022 originated from the Head Office building and the building located in Engomi. It is expected that from 2023 onwards, the consumption from non-renewable energy sources will decrease significantly, with the installation of photovoltaic systems in the Head Office building, the purchase of energy from renewable energy sources and no longer using the building located in Engomi for own use.

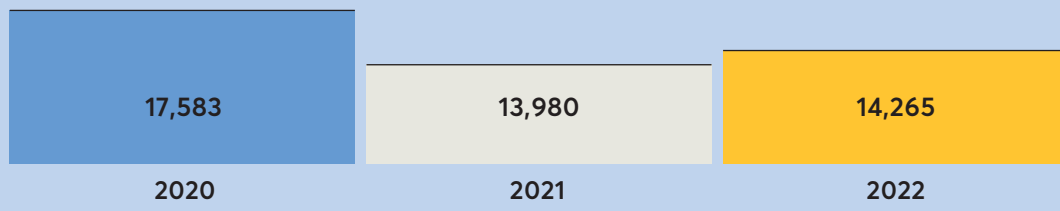


Fuel

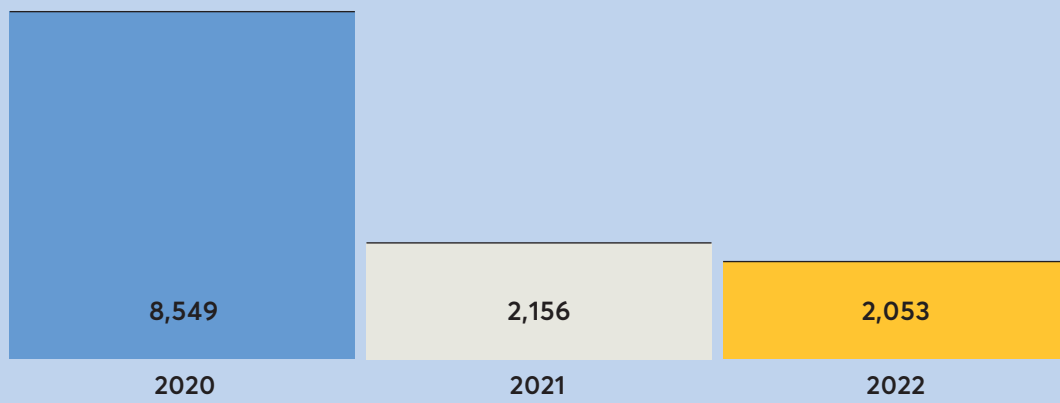
Diesel for Heating (in litres)



Owned Vehicles - Diesel (in litres)



Owned Vehicles - Petrol (in litres)



Note:

Number of vehicles decreased from 27 in 2020 to 18 in 2021 and 2022. 17 of the vehicles are diesel-powered and one is petrol-powered.

Corrections from previous Report: In the Report of 2021, diesel consumption for heating and diesel for owned vehicles were not accurate for the years 2020 and 2021. The correct amounts are as presented in the current Report.



Financing Renewable Energy Projects

Using renewable energy sources, provides environmental and economic benefits such as generating energy that does not produce greenhouse gas emissions, diversifying energy supply and creating economic development.

By financing renewable energy projects, we support energy transition and at the same time, decarbonise our portfolio.

In 2022, we financed the construction and development of 14 Photovoltaic Parks with total capacity of 17,8MW. The total new lending amounted to €13.4 million.

	2020	2021	2022	Total
Number of Financed Projects	16	14	14	44
Total MW	34,8	30,8	17,8	83,4
Amount Financed (€m)	32.4	20	13.4	65.8

€65.8 million
in financing
of renewable
energy projects
in 2020-2022



Green Energy Group Project
Ayios Ioannis Maloundas, Nicosia District



Bioland Power Project
Menogeia Village, Larnaca District



Bioland Power Project
Marki Village, Nicosia District



Environmentally Friendly Products

Focused on our commitment to support activities that will raise awareness and reinforce the protection of the environment, we have launched a series of environmentally friendly products and services. These aim to support customers in their transition towards a greener economy, by upgrading the energy efficiency of their homes and businesses and reducing their consumption of energy from non-renewable energy sources.

Ecologic Lending Products

In 2022 we designed and launched three environmentally friendly lending products, under the brand name 'EcoLogic':

- **EcoLogic home:** for house renovations with purpose to improve the energy efficiency of the primary or holiday home of the customer to category A or B
- **EcoLogic consumer:** for the purchase of photovoltaic and other energy-saving systems
- **EcoLogic Business:** addressed to companies that wish to upgrade the energy efficiency of their office buildings and supplementary to the relevant scheme under the Recovery and Resilience Plan of Cyprus.
- We also offer the **EcoLogic FastAuto** (launched in 2019) for the purchase of electric or hybrid vehicles.

Biodegradable Cards

Our upgraded range of cards that were launched at the end of 2021 are 95% biodegradable, aiming to reduce waste by removing significant quantities of plastic which would otherwise end up in the ecosystem. Moreover, the front of our cards portrays delicate ecosystems, endangered species as well as solutions that promote sustainability.

*Four
Environmentally-friendly
lending products*

Our aim is to continue supporting our customers in their transition towards sustainability, by launching products and services aligned with our ESG Strategy and the Recovery and Resilience Plan of Cyprus.

Recovery and Resilience Plan of Cyprus

The Covid-19 pandemic uncovered the necessity to build stronger, more resilient economies and the European Union has taken various initiatives towards that direction. One of them is the Recovery and Resilience Facility (RRF) that was created under Next Generation EU, the EU's landmark instrument for recovery from the pandemic. The aim of the RRF is to support member states into making their economies and societies more sustainable and prepared for the green and digital transitions.

The RRF is also crucial for implementing the REPowerEU plan – the Commission's response to the socio-economic hardships and global energy market disruption caused by Russia's invasion of Ukraine.

Cyprus is set to receive €1.2 billion in total over the lifetime of the plan, with €1 billion provided in grants and €200 million in loans, allocated in 75 investments and 58 reforms, for reinforcing economic and social resilience. 41% of the funding is intended for green transition and 23% for digital transition.



Investment in Renewable Energy Sources (RES)

Purchase of Electricity from RES

Committed to reducing our greenhouse gas emissions from non-renewable energy sources, we have entered into an agreement with a vendor for the purchase of electricity generated from Photovoltaic Parks.

Three office buildings have been connected and powered by renewable energy sources within 2022, and it is planned to include all the Bank's buildings in the network within 2023.

Installation of PV System and EV Charger in Our Head Office Building

The installation of a Photovoltaic System in our Head Office building with 23 kWh capacity will be completed within 2023. It is expected that it will cover a significant part of the building's energy consumption and contribute towards reducing our environmental footprint.

An electric vehicle charger will also be installed within 2023 in the parking space of our Head Office Building, to accommodate customers and employees.

Circularity

Our Impacts

Impacts on circularity are created through operational activities focused on waste management and the efficient use of non-renewable resources.

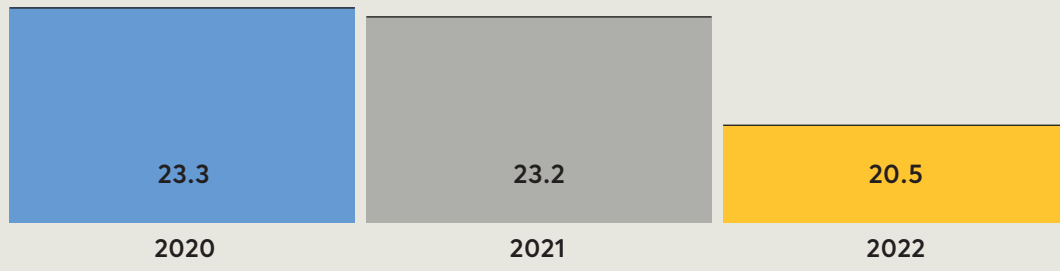
Our impacts	Financed	Operational
Positive	No financing activities with positive impacts on efficient waste management.	Recycling of electronic and office equipment, recycling of paper and reduction of paper consumption, increase of waste diverted from disposal and directed to recycling.
Negative	Financing activities of certain sectors (i.e., rental and operating of own or leased real estate) with actual negative impacts on the ability to manage and reduce waste.	Use of non-renewable materials (i.e., plastic) and offices supplies (i.e., printer consumables, paper). Production of hazardous waste (PCs, monitors, printers, etc.) which is diverted to disposal.



Paper Use and Recycling

Our efforts focus on reducing our paper consumption within the organisation, by encouraging double-sided printing and printing email correspondence only when it is necessary. Moreover, coloured printing is discouraged. This effort will be enhanced within the next years, through raising awareness with various internal campaigns, training our employees on environmental issues and communication of targets and achievements.

Paper Consumption per Employee (500pcs package)



Paperless Cashier

The Paperless Cashier service was launched in 2020 and offers customers the option to carry out their over-the-counter transactions by signing digitally on a signature pad, instead on paper. The digitally signed transaction is sent to the customer's personal email, which also enables the customer to store it on their computer or mobile phone for easier retrieval in the future. The service was upgraded in 2022 to allow the attachment of supporting documents as an integral part of cash transactions, bringing significant benefits in terms of saving time and costs on printing and scanning.

Online Statements

As part of the process of reducing our paper consumption, we switched all our monthly paper statements of credit cards, current and savings accounts, to online statements. Customers who are subscribers to our electronic banking service can safely view their monthly account statements online, any time and on any device.

Branch-IT Service

Via the electronic banking portal, customers have the option to safely upload specific documents required by the Bank and avoid being physically present at branches, as well as the printing of documents.

Recycling

Paper is not discarded in common bins but collected in appropriate recycling bins. We have a total of 30 recycling bins in our branches and offices with capacity 20 liters each, that are collected by licensed contractors and sent for recycling on a monthly basis.

Christmas Gifts from Recycled Materials

Our Christmas wishes to customers and associates were once again in electronic form. Our wishes were accompanied by a paper weight that was made with recycled materials collected by our volunteers, during the cleaning of the Amathounta beach.



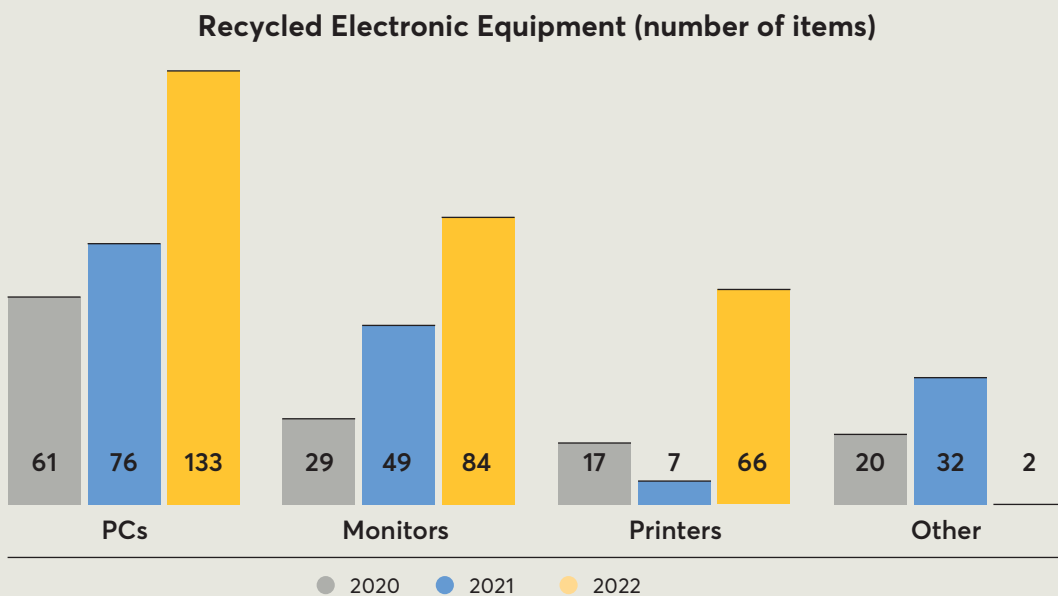
Waste Management and Recycling

As the safe disposal of batteries, toner cartridges and other types of solid waste prevents the risk of polluting both the soil and water with heavy metals and other hazardous substances, we make every possible effort to recycle and/or redirect these. Depending on type, waste is collected in the appropriate bins or at designated areas, to be delivered to licensed waste management contractors.

We have a 'Pay as you Print' agreement with a vendor, meaning that Multifunction Peripheral devices are delivered to the Bank on a need basis. The vendor also manages the recycling of the consumables (toner cartridges and other parts).

Our goal is to continue expanding our recycling programmes in order to ensure the safe management of all outgoing recyclable materials.

Electronic equipment such as monitors and printers that are decommissioned, are safely disposed, through recycling.



900 kg
*recycled electronic
equipment*



Socioeconomic Review

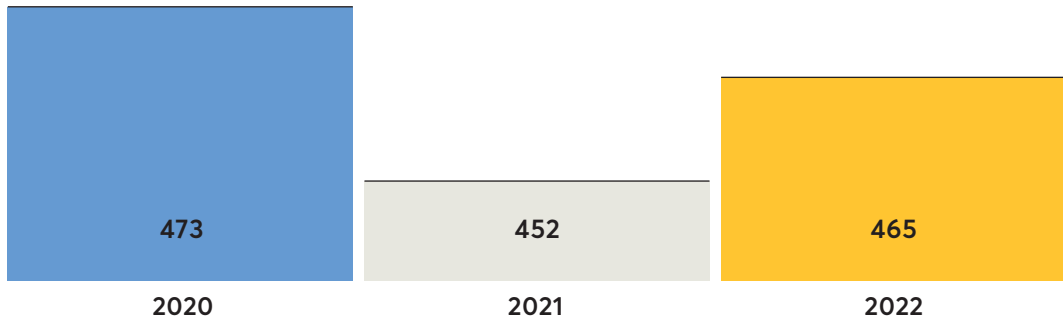
Making it Happen



Our People

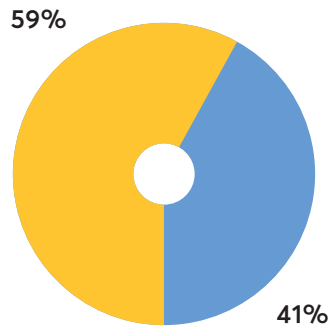
We are committed to investing in our workforce, since we consider our people to be our most important asset. In 2022, we implemented a series of actions in support of our employees' growth and professional development, as well as initiatives to improve work-life balance and promote well-being.

Number of Employees



During 2022, the Bank completed a Voluntary Retirement Scheme which 16 permanent employees opted to take. In October 2022, with the execution of the agreement for the acquisition of ex-Quant business, 29 permanent employees were transferred to the Bank.

Our People in Numbers

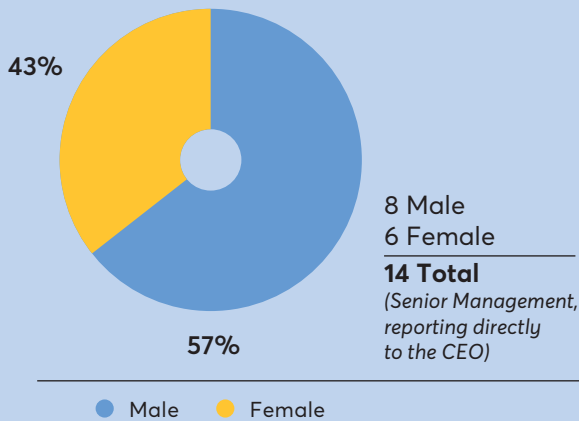


● Male ● Female

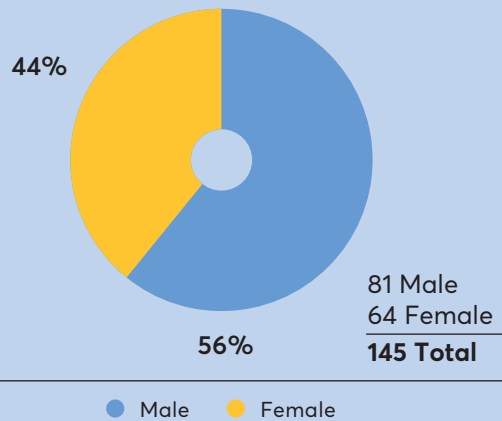
87%
*employees with a University
or College degree or
a professional title*



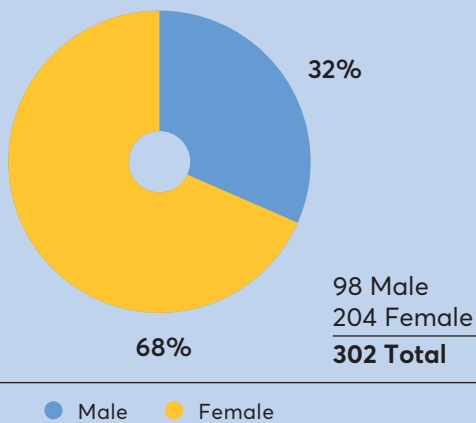
Senior Management



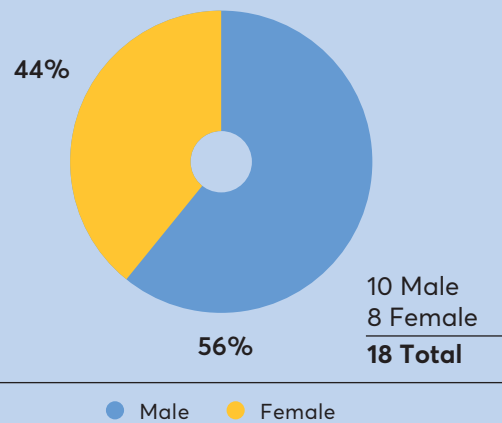
People Managers



Non-managers



Employees with Non-permanent Employment Contracts



59% of the total permanent employees are female, however females only account for 43% of the senior management (reporting directly to the CEO). As we believe that gender diversity is a success factor for team performance, we remain focused on achieving a gender balance in senior positions.

83% of female and 91% of male employees have a University or College degree or a professional title.

97% of our employees are permanent and all our employees are full-time.

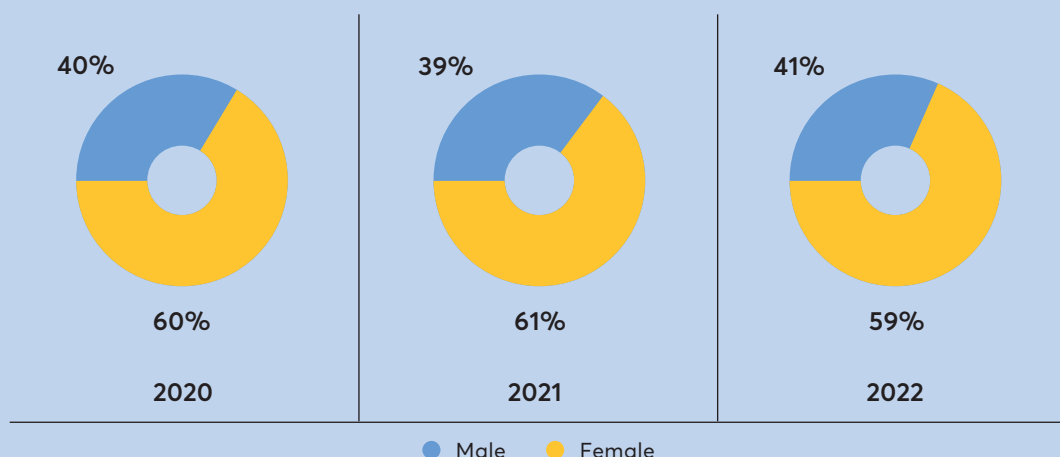
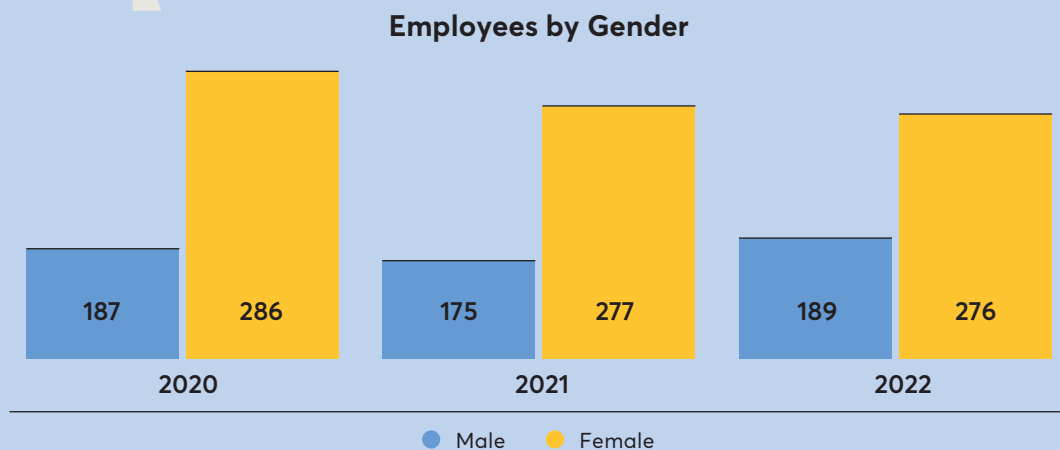
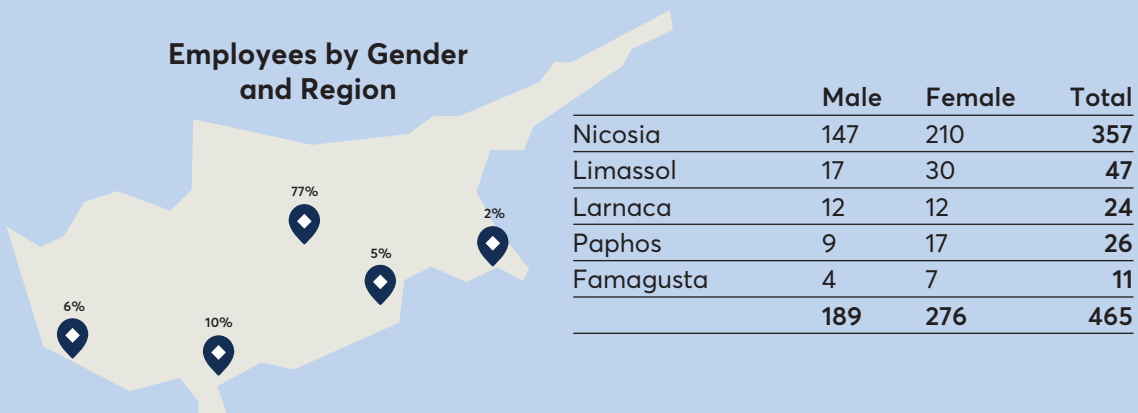
Notes:

1. People managers includes Heads, Managers, Supervisors, Team leaders and any other role that has subordinates.
2. Numbers are reported in head count, as at 31 December 2022.



Diversity and Equal Opportunity

The Bank implements high standards of professionalism and policies against discrimination and exclusion, aiming at an open work environment for all, with respect to diversity and individual rights. Diversity within the organisation leads to a broader range of experience, knowledge, skills and values and facilitates independent opinions and constructive challenging in the decision-making process. The Bank believes in equal opportunities and is committed to creating a fair environment, where people can succeed regardless of gender, age, ethnicity, disability, religion, sexual orientation or cultural background. The Bank has fostered and promotes an anti-discrimination culture and has promoted high ethical standards of behaviour among its employees. For the period 2018-2022, there were no reported incidents of discrimination.



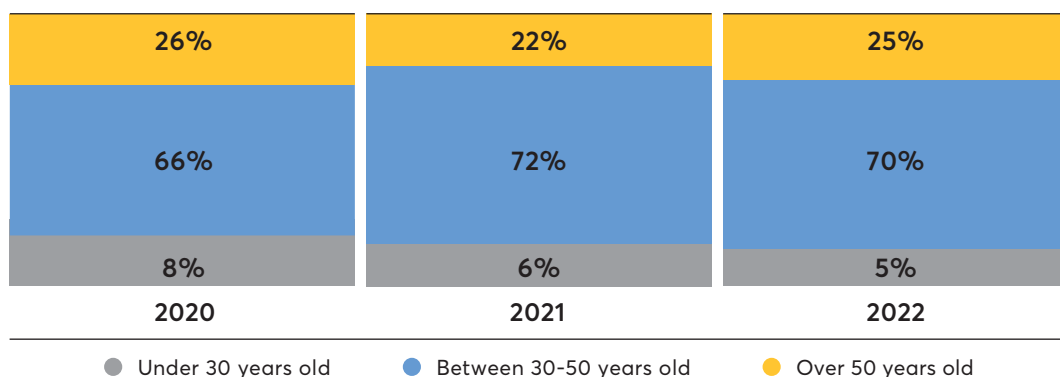
Employees by Employment Status, Gender, and Region

		Nicosia	Limassol	Larnaca	Paphos	Famagusta	Total
Full-time	Male	138	16	12	9	4	179
	Female	202	30	12	17	7	268
Permanent		340	46	24	26	11	447
Part-time	Male						0
	Female						0
Non-permanent		0	0	0	0	0	0
Non-permanent	Male	9	1				10
	Female	8					8
Total		17	1	0	0	0	18
Total		357	47	24	26	11	465

Employees by Age Group, Gender and Region

		Under 30 years old	Between 30-50 years old	Over 50 years old	Total
Male	Nicosia	9	89	49	147
	Limassol	0	12	5	17
	Larnaca	0	7	5	12
	Paphos	0	6	3	9
	Famagusta	0	4	0	4
Female	Nicosia	12	155	43	210
	Limassol	3	22	5	30
	Larnaca	0	9	3	12
	Paphos	0	14	3	17
	Famagusta	0	6	1	7
Total		24	324	117	465

Employees by Age Group



Employees by Employee Level and Region

	Nicosia	Limassol	Larnaca	Paphos	Famagusta	Total
People Managers	118	14	6	5	2	145
Non-managers	222	32	18	21	9	302
Non-permanent Employees	17	1				18
Total	357	47	24	26	11	465

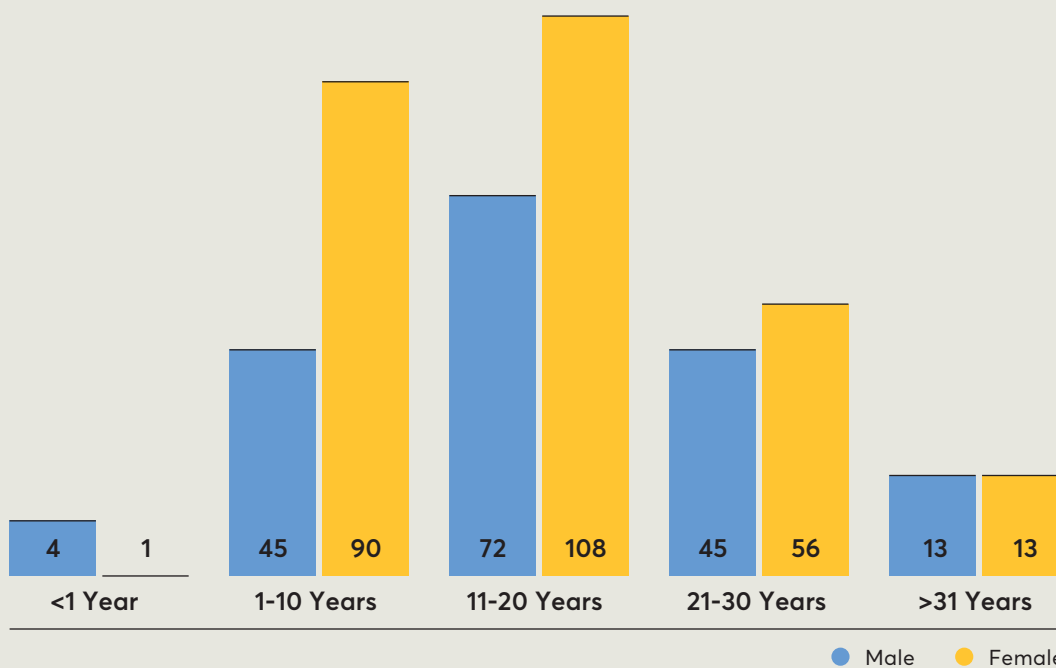
Employees by Employee Level and Age Group

	Under 30 years old	Between 30-50 years old	Over 50 years old	Total
People Managers	1	105	39	145
Non-managers	17	209	76	302
Non-permanent Employees	6	9	3	18
Total	24	323	118	465

Note:

Information on 2021 is not available. Comparative information will be disclosed going forward

Employees by Years of Service



Note:

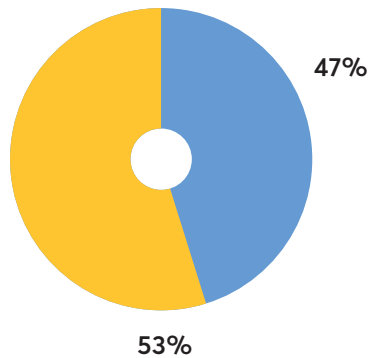
Employees with non-permanent contracts are not included



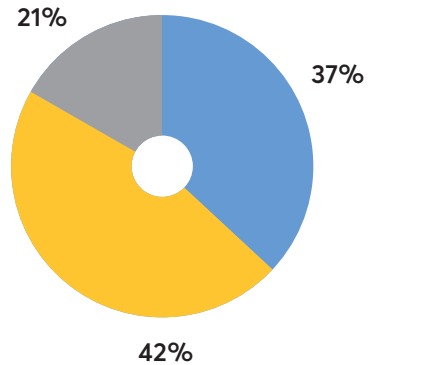
New Employee Hires

	Under 30 years old	Between 30-50 years old	Over 50 years old	Total	
Male	Nicosia	4	8	3	15
	Limassol		1	1	2
	Larnaca				0
	Paphos				0
	Famagusta	1			1
	Total	5	9	4	18
	Female	Nicosia	8	5	2
Limassol			2	2	4
Larnaca		1			1
Paphos					0
Famagusta					0
Total		9	7	4	20
Total		14	16	8	38

New Employee Hires by Gender



New Employee Hires by Age Group



● Male ● Female ● Under 30 years old ● Between 30-50 years old ● Over 50 years old

The above numbers do not include the 29 employees transferred to the Bank with the execution of the agreement with Qualco Fin Ltd.

The Bank has a positive market presence in Cyprus and tends to support the local community. During the reporting period, 100% of Senior Management at significant locations of operation were hired from the local community.

Notes:

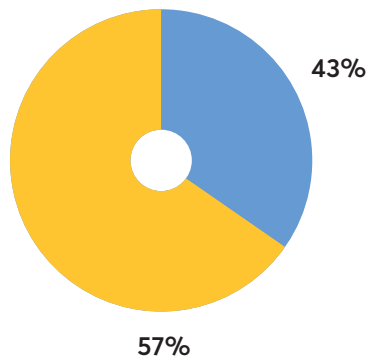
1. Senior Management is defined as Managers reporting directly to the CEO.
2. Local refers to Cyprus.
3. Significant locations of operation refer to the country's main regions: Nicosia, Limassol, Larnaca, Famagusta and Paphos.



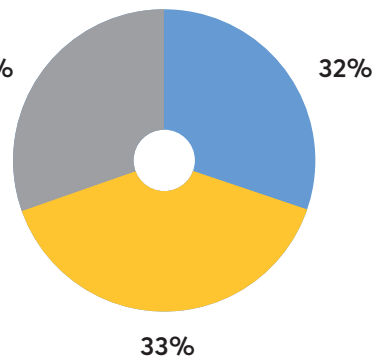
Employee Turnover

	Under 30 years old	Between 30-50 years old	Over 50 years old		
Male	Nicosia	5	7	10	22
	Limassol				0
	Larnaca				0
	Paphos				0
	Famagusta	1			1
	Total	6	7	10	23
	Female	Nicosia	11	10	7
Limassol			1	2	3
Larnaca					0
Paphos					0
Famagusta					0
Total		11	11	9	31
Total		17	18	19	54

Employee Turnover by Gender



Employee Turnover by Age Group



● Male ● Female ● Under 30 years old ● Between 30-50 years old ● Over 50 years old



Support at Work

Training and Education

Our Impacts

Our people's development strategy is centred on training and education. It offers empowerment to employees to evolve constantly, in the rapidly changing world of employment, and at the same time keep abreast of the constant changes in rules and regulations. This is achieved with high quality training sessions being offered across the Bank via traditional and modern delivery methods.

Our impacts	Financed	Operational
Positive	Financing activities of certain sectors (i.e., higher education, educational support services) create a direct actual positive impact on training and education.	Upskilling and creation of employment opportunities. Annual performance assessments.
Negative	Financing activities do not create any negative impact on training and education.	Operating activities do not create any negative impact on training and education.

Launch of Learning Module in SAP Success Factors

In 2022, an online learning platform, the 'Learning' module of SAP Success Factors was launched. Through this module, the Bank offers a range of high-quality specialist training courses designed to meet employee-specific needs in all the areas of Banking as well as courses for personal and professional development. Employees have access to study material in the form of presentations and short videos at their own time and pace.

Training Sessions

- 74 sessions were delivered in-class or online (webinars), with 828 attendees.
- 134 e-learning seminars were provided, with the participation of 2018 employees.

Average Training Hours, by Gender			Average Training Hours per Employee	
	2021	2022	2020	2021
Male	13	16	10	12
Female	11	17	17	17
Total Average Hours	12	17		

Note:
Average training hours for non-permanent employees were not available for 2021-22. They will be available for 2023.

208
courses delivered

2,846
participants

17
average training
hours per employee



ESG Training

During 2022 and as part of the Bank's training strategy to increase awareness around ESG matters, it has facilitated attendance to relevant external seminars and training courses as well as organised internal training sessions for the members of the Senior Management and employees. 240 hours of training were delivered to 82 participants (excluding the Board of Directors).

Training sessions on the Bank's new EcoLogic products were delivered to the business lines. Specifically, 72 hours of training were delivered to 143 participants.

Members of the Senior Management and ESG Unit employees also participated in various conferences and forums that revolved around sustainability.

Raising ESG Awareness

The Bank issued its first ESG newsletter in 2022. This will circulate on a quarterly basis and will include updates on ESG matters, the Bank's latest news on its sustainability journey, as well as issues around Cyprus' transition towards economic growth and sustainable development.

A separate pamphlet, providing ecologic tips to reduce our carbon footprint at work has also circulated within the members of staff. In addition, a dedicated ESG section was created in the Bank's internal portal.



Anti-bribery and Corruption Seminars

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

32 sessions, with 334 participants were provided in 2022 on the topics of anti-bribery and anti-

corruption. Moreover, 2 sessions were delivered to 430 participants on anti-money laundering.

Credit School

The Bank's Credit School is designed to offer employees in-depth training on the loan origination process, credit policies and practises and relevant regulatory framework. The courses are delivered by experienced employees, from various positions.



Internal Opportunities

The Bank meets staffing needs by offering existing employees the opportunity to advance their careers. In 2022, 20 applications were received internally, (8 male, 12 female) and six positions were filled (3 male, 3 female).

Human Resources Business Partner (HRBP)

The HRBP role was established in 2021 and involves a holistic management of Human Resources issues for all departments in relation to HR's specialization areas, such as staffing, training, performance management, employee satisfaction, rewards, employee relations. The HRBP is responsible for providing guidance and aligning business objectives through the establishment of trust relationships within the members of the staff and Heads of the Departments and Divisions that result in increasing productivity and building morale.

Improving Communication and Employee Experience

The SAP SuccessFactors application that was launched in 2021 helps improve communication across the Bank and increases user autonomy and mobility. Specifically, through the available options, which are accessible 24/7 onsite and via all smart devices, users can:



- Access their personal profile and their colleagues' work contact details
- Enter and manage leave requests and their personal details through an easy to navigate process
- Access a modern performance management platform, provide ongoing feedback and set development goals.

The Bank's intranet portal keeps employees up to date on important strategic, business and HR-related issues. It also includes a 'share your thoughts' section to facilitate communication within the Bank and prompting employees to share their thoughts and suggestions in any aspect.

Performance Assessment

New Human Capital Management System

Continuing to invest in our people's growth, in 2021 we launched the SAP SuccessFactors System, creating a one-stop shop for all employee needs and allowing an even more user-friendly experience and 24/7 access. SAP Success Factors is a complete, cloud-based Human Capital Management (HCM) system that covers and simplifies core HR processes, including a variety of modules such as Performance and Learning module.

Appraisal and Development Plan

With the launch of SAP SuccessFactors, we provided our employees with the opportunity to set individual job related and developmental objectives which were aligned with those of their department's as well as the Bank's. Individual objectives are directly linked to the person's job description and to the Key Performance Indicators of the role.

Performance

Employee performance is evaluated on the extent to which quantitative and qualitative objectives are realized. Through the Performance module, both employees and managers can monitor and manage performance goals in real time, 24/7, through all smart devices, while they are also able to provide instant feedback, regarding goals, strengths and development areas throughout the year, keeping employees engaged and building productive, thriving teams.

Employees who received performance and career development review:

	2021			2022		
	Male	Female	Total	Male	Female	Total
Permanent Employees	161	262	423	179	268	447
Non-permanent Employees			13	10	8	18
Total	161	262	436	189	276	465

**Numbers don't include the CEO*

100%
*of employees received
performance and career
development review*



Health, Safety and Wellbeing

Our Impacts

Impacts on health, safety and wellbeing are created through specific products and services that affect the ability of the stakeholders to live in a state of physical, mental and social well-being.

Our impacts	Financed	Operational
Positive	Financing activities of certain sectors (i.e., manufacture of pharmaceuticals, hospitals, other health services) create an actual positive impact on health and safety.	Providing a safe and supportive workplace, protecting against occupational risk and preventing any injuries. Supporting employees' well-being and work-life balance.
Negative	Financing activities of certain sectors (i.e., mining and quarrying) create an actual negative impact on the ability of the stakeholders to live in a state of physical, mental and social well-being.	Negative impacts created as a result of potential work-related injuries and illnesses.

Health and Safety

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 non-permanent staff of the Bank work from, including the Head Office, Business Centres, Branches, Offices, Warehouses.

The Bank has established Health and Safety Committees at all premises and regions. The committees:

- Organise joint actions of the employer and employees to ensure compliance with the requirements of the occupational safety and health regulations
- Organise inspections of working conditions (every three months) and occupational safety and health at workplaces
- Inform employees of the results of these inspections
- Collect proposals subject to the section of the collective agreement on occupational safety and health.



There is also a designated Health and Safety Officer who deals exclusively and full-time with occupational safety and health issues in accordance with the provisions of the Cyprus Safety and Health at Work legislation.

The Bank has the following prevention and support mechanisms in place, to efficiently deal with any personal problems or emergencies:

- First-aid and occupational health and safety training
- Evacuation and emergency response drills at all the Bank buildings

In 2022

- The Health and Safety Officer of the Bank participated in various health and safety training sessions including first-aid, defibrillator use and harmful factors in the workplace, for 121 hours in total
- One evacuation drill was completed with the participation of 180 employees
- Zero serious or non-serious work-related injuries recorded

Health Insurance Benefits

All employees (permanent and non-permanent) are covered under a Life Insurance Scheme with maximum insurance coverage equal to 60 gross salaries. They are also covered under an Accident Insurance Scheme.

Employees also remain insured under the TY-ETYK Medical Scheme which complements the Government Health Care Scheme (GESY) and supports serious medical and urgent conditions.

Freedom of Association and Collective Bargaining

All employees have the irrevocable right to organise themselves in trade unions. In Cyprus there is only one banking union, the Cyprus Union of Banking Employees (ETYK). 97% of our employees are members of ETYK. The Union's elected representatives are consulted in matters that relate to employment and working conditions and participate in Internal Committees that handle employee issues (Disciplinary, Appeals, Grievances). The Bank commits to informing, consulting, and nego-

tiating, whenever needed, with employee representatives during decision making processes.

In December 2021, the Bank reached an agreement with the Cyprus Union of Bank employees for the renewal of the collective agreement for the year 2022. The agreement relates to certain changes including the introduction of a new performance-related pay component as part of the annual salary increase. All permanent employees are covered by the provisions of the Collective Agreement.

In reference to operational changes in collective agreements, a party seeking to modify a collective agreement is obligated to 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 practice followed as per the Industrial Relations Code. Employees are given a minimum of two to four 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.

Supporting Our Employees and their Families

We continued to provide towards the well-being of our employees and their families, through a series of supportive actions. In 2022, the 'We Care' initiative was launched in 2022, as part of the Bank's actions to support a better work-life balance for its employees. It provides, inter alia, gift vouchers for new parents, marriage leave, access to a virtual wellness platform, paid care-leave, working from home arrangements and more.

Leave Benefits

Maternity and Paternity leave

Our employees enjoy the full benefits emanating from the relevant legislation, in relation to their maternity and paternity leave rights.



Moreover, in the Collective Agreement between the Bank and the Cyprus Union of Banking Employees that was renewed at the end of 2021, it was agreed that maternity leave is extended to six months, (the Bank offered this prior to being officially passed as legislation by the Cyprus Parliament), and paternity leave to three weeks with full salary compensation.

Maternity and Paternity Leaves 2022

- 8 female
- 9 male
- 100% returned to work upon the completion of the leave

Parental Leave

Any parent can receive unpaid parental leave up to 18 weeks, for the purpose of caring and raising their child, following birth or adoption. In 2022, no parental leave was requested.

Care Leave

The Bank can grant paid care leave to an employee acting as a carer for a child or close family member, in the event of a serious illness. 16 days of care leave were granted in 2022.

Marriage Leave

Employees getting married receive an additional three days of annual leave as a wedding gift from the Bank. Nine days of marriage leave were granted in 2022.

Compassionate Leave

Employees are allowed an annual leave day for the funeral of a close family member. 25 days of compassionate leave were granted in 2022.

Other Leave Benefits

These include force majeure leave, for reasons having to do with accident or illness of a close family member, educational leave for exams in reference to bachelor's, master's degree or other qualifications and trade Union leave, for the participation in trade union seminars.

Gift Voucher to New Parents

New parents receive a gift voucher to support them with the expenses of a new child. In 2022, €1,000 was granted in gift vouchers.

Children's First Day of School

Parents with children at pre-school, 1st and 2nd grade of elementary school are provided with flexible working hours so they can escort their children on their first day of school without the additional stress of making it to work on time.

'The Coach' Virtual Wellness Platform

Access to the Premium Video-On-Demand platform was offered to our employees and their families, providing fitness, dance, yoga, pilates and self-defense classes and the opportunity to practise these from the comfort of their homes.

Talks

Acknowledging the importance of wellbeing in the workplace, a series of wellness programs was initiated, under the umbrella TALKS, providing our employees with tools for their personal development and self-improvement. The program includes online seminars, podcasts and flyers. During 2022, four online seminars were delivered around the subjects of work-life balance and improving mental health and nine flyers were distributed.

Team-building Activities

Summer Staff Party

Our summer staff party took place in July, kicking off the summer season. Our employees had the opportunity to meet in a relaxed atmosphere, enjoy good food and music and meet with colleagues from across Cyprus.

Kids Christmas Party

Our employees' children were all invited to a Christmas party filled with activities, music and surprises. NGOs were also invited to sell their products.



Hiking Group

Our hiking group meets regularly, exploring trails throughout Cyprus and sharing adventures.

Shooting Team

The Bank's shooting team meet regularly for training purposes and participates in various shooting events. In 2022 they participated in the Shooting Championship 2022 along with all commercial Banks in Cyprus.

Christmas Carols

Children's choirs from four different primary schools sung Christmas carols in the lobby of the Head Office building, spreading joy and holiday spirit.

Employee Assistance Programme

The 'Employee Assistance Programme' that was introduced in 2013 provides counselling to employees for personal and work-related problems. The following complimentary services are offered to employees and family members:

- 24/7 Support line: the line offers unlimited counseling and guidance, provided by trained professionals for the management of personal/family or work matters, to employees and family members. The calls are anonymous and strictly confidential.
- Counselling services: The employees and their family members also have the option to have one-to-one counselling sessions with an experienced professional.

Remote Working Arrangements

192 employees (41%) worked from home within 2022, in various instances.

Credit Facilities

Employees enjoy discounted rates for the Bank's products and services. In 2022, the balances of employee loans that enjoyed discounted rates were €16.4 million.

Supporting Our Employees who opted for the Voluntary Retirement Scheme

The Bank provides the following benefits to our employees who opted to take the VRS during the past 3 years:

- Offers overage and pays contributions for existing members of TY-ETYK Medical Scheme as well as their existing dependents for a period of two years from their departure date or until the member reaches the age of 65
- Special Tariff Scheme Benefits continue to apply, regarding transactions effected through their AstroBank account for the next five years, or until the member reaches the age of 65
- Coverage under the Life Insurance Scheme, for a period of two years from departure date or until they reach the age of 65
- Existing discounted pricing in loans (as provided in the applicable Collective Agreement) remains as is for a period of five years from departure date or until they reach the age of 65

*Six months
maternity leave*

*Three weeks
paternity leave*



Our Customers

We pride ourselves to be a customer-centric Bank. Our customers are the core of our business, and it is our top priority to offer them high quality services, professional customer service, security and fraud protection.

Customer Privacy and Protection

Our Impacts

Data breaches, digital fraud, cyber-security attacks and compromised customer data are all becoming more common as people become more reliant on technology and the use of digital channels to conduct financial transaction is constantly expanding. Information security and data protection continues to be one of our top priorities. The actual or potential use of stakeholders' personal data in an unauthorized manner create negative impacts on data privacy.

Our impacts	Financed	Operational
Positive	Financing activities do not create any positive impact on data privacy.	Operational activities do not create any positive impact on data privacy.
Negative	Financing activities do not create any negative impact on data privacy.	The stakeholders' accessibility to the right of personal privacy.

Information Security

One of our defence lines is the Information Security Department, which reports directly to the Board Risk Management Committee. The mission of the department is to manage the part of the business risk that derives from the dependency that our organization (like all modern Organizations) has on Information and Information Systems and allowing them to fully take advantage of today's interconnected economy.

In 2022, the Bank:

- Continued to ensure its compliance with the evolving regulatory and legal requirements.
- Performed a series of enhancements on its applications to improve its security posture.
- Upgraded the ATMs network to minimize its security exposure.
- Implemented an email gateway solution to strengthen the mechanisms of prevention, detection, and response to email-based threats.
- Performed a SWIFT security review to ensure compliance with SWIFT Security Controls Framework.
- Performed internal and external penetration tests, along with technical vulnerability assessments, to identify exploitable vulnerabilities.
- Continued to cooperate and share intelligence and knowledge with its peers, the Central Bank of Cyprus, the Association of Cyprus Banks, the Police Cyber Crime Division, and the National Computer Security Incident Response Team of Cyprus.

Zero
*Successful cyberattacks
in 2021-2022*



During 2022 the department has communicated with members of staff throughout the year, with informative emails on security matters. One online Security Awareness Training session were performed, with the participation of 412 employees.

Customers receive regular informative SMS's and notifications through the internet banking platform, the Bank's corporate website and social media.

In 2022 two successful fraudulent transactions were executed against customers of the Bank. The Bank incurred no direct loss, but these resulted to a total loss for our customers of €6.300. The Bank reported the incidents to the competent authorities for further investigation and possible actions against fraudsters and instructed customers to report these to the local competent authorities.

Customer Privacy

The Bank has adopted and has been operating in full compliance with all regulations, directives and laws on the protection of natural persons with regard to the processing of personal data and on the free movement of such data (GDPR) and has appointed a Data Protection Officer (DPO) who reports directly to the CEO of the Bank.

So far, the Bank has faced a minor number of complaints, concerning breaches of customer privacy and losses of customer data. In 2022, no substantiated complaints were received by customers. Moreover, no substantiated complaints were received from regulatory bodies.

The Bank communicates information on how to protect customer privacy, to all members of staff, through email, to all Bank's customers via SMS, as well as through notifications in the Bank's corporate website and internet banking portal. There were also 2 seminars conducted on matters of data protection, attended by 426 members of staff.



Enhancing Accessibility and Financial Inclusion

Our Impacts

Financial health and inclusion impacts are created through products and services offered; these include the stakeholders' ability to enjoy financial stability, afford homeownership and create wealth.

Our impacts	Financed	Operational
Positive	Financing activities of certain sectors (i.e., rental and operation of own or leased real estate, buying and selling of own real estate) create a direct actual positive impact on the accessibility of financial services.	Digital banking for remote access to services. ATMs across the island with free cash withdrawals. Branches accessible to disabled persons.
Negative	Financing activities of certain sectors create an actual negative impact on accessibility to finance.	Negative impact linked with the potential closure of the Bank's branches.

Payment Accounts with Basic Features

We have been offering our customers the option to open a payment account with basic features, since 2020. The account provides individuals access to banking, including free over the counter services, access to ATMs and cash withdrawals that are free of charge, access to online banking and other services.

Branch and ATM Access

We provide access to free cash withdrawals across the island, including remote areas, from our ATMs and from more than 330 ATMs of the Euronet Worldwide network.

Our Premises

93% of our branches are fully accessible for disabled persons and persons with reduced mobility. It is our goal to make all our premises fully accessible by the end of 2023.

Customer Service

With customer service being at the centre of our activities, we continue to improve our products and services while at the same time adhering to the relevant rules and regulations and providing transparent information to our customers.

Responsible Information and Communication

As part of our responsible customer information policy, we aim at providing comprehensive information to every customer, so as to communicate our products and services in a transparent manner.



Before carrying out any transactions with the Bank, or any requests for products and services, customers may refer to the Basic Terms and Conditions governing the relationship between the customer and the Bank as well as the Tariff Guide that includes all Bank's charges for every product and service provided. Both documents are available online and through the branch network. Customers also obtain detailed information about the features of a credit facility they may be interested in, through the special pre-contractual agreements, through the Bank's branch network.

A Marketing and Promotional Activities procedure ensures compliant advertising and covers the issue of fair advertising, in order to comply with the provisions of the relevant legislations which govern this matter. A Procedure on Social Media and Alternative Advertising Channels Management, for the management of material, posts and messages published, is also in place. The Bank has also established a Policy on Transaction Transparency and Management of Customer Complaints that sets the framework on how to properly inform its customers about the nature and characteristics of the products and services it offers, as well as about the terms and conditions generally applicable to banking transactions.

Responsible Development of Products

The Bank follows a standardised procedure that includes steps for the design, approval, development and placement of new products and services in the market (and/or any significant changes to existing products and services). It also describes the actions that need to be taken for the development of new markets, business, and for exceptional transactions. The process is also regulated by the Bank's New Product Approval Policy (NPAP) which is aligned with the relevant EBA Guidelines.

The approving Authority for new products and services (and significant changes to existing ones) is the Assets and Liabilities Committee (ALCO). Prior to the submission of a new product to ALCO for approval, the assessment and documented opinion of at least the following departments with respect to their areas of responsibility is necessary:

Risk Management, Compliance, Legal Services, Finance, Credit, Organisation & Methods, IT, Human Resources, MiFID II Governance Function (for MiFID II related services) and Business Lines relevant to the product/service.

The assessments address the following main issues: product rationale and fit within the existing product range, product features, product eligibility criteria and conditionalities, pricing models and profitability, target market, negative target market, distribution channels, consistency with the risk strategy and risk appetite of the Bank, the impact on liquidity and capital adequacy, risk appetite limits and profitability, regulatory compliance, legal matters, accounting implications, availability of adequate human resources with knowledge and expertise to understand and manage the associated risks, material changes to related IT systems and processes, dependence on third parties, material changes to related processes, identity of the business unit and individuals responsible, product testing and discontinuation and exit strategies.

The product owners supervise the smooth and successful placement of the Product in the market taking any corrective measures, where necessary. During 2022, we did not have incidents of non-compliance concerning product and service information and labelling.

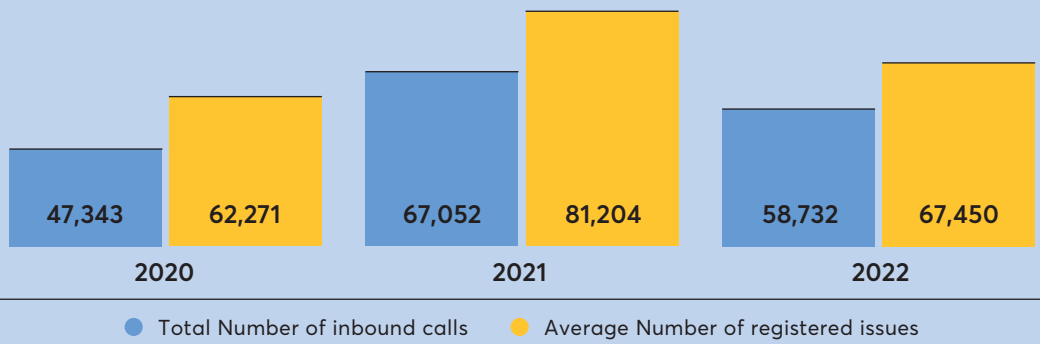
Call Centre

Our Call Centre is available 24 hours a day, 7 days a week.

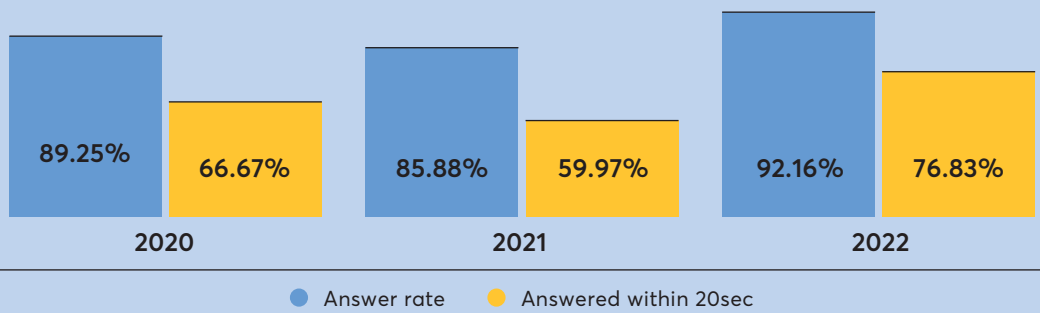
- 92% of all incoming calls were answered in 2022, in comparison to 86% in 2021.
- 77% of the calls were answered within the first 20 seconds with the average speed to answer at 29 seconds.
- The Call Centre also handles emails that are sent from customers and non-customers of the Bank. In 2022, 4,200 emails were received and handled.



Calls Handled by Call Centre



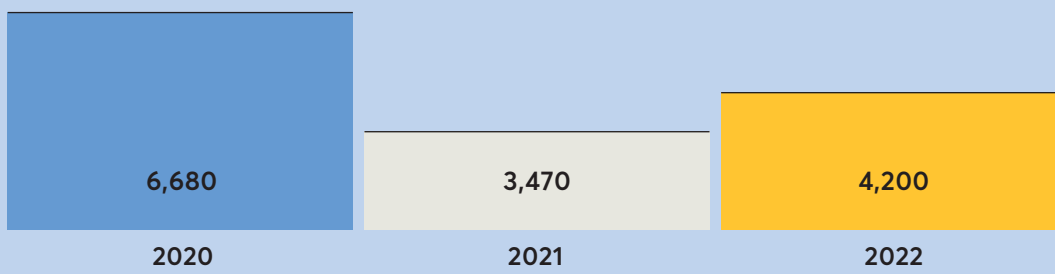
Answer Rate



58,732
incoming calls

67,450
issues handled

Number of Emails Handled

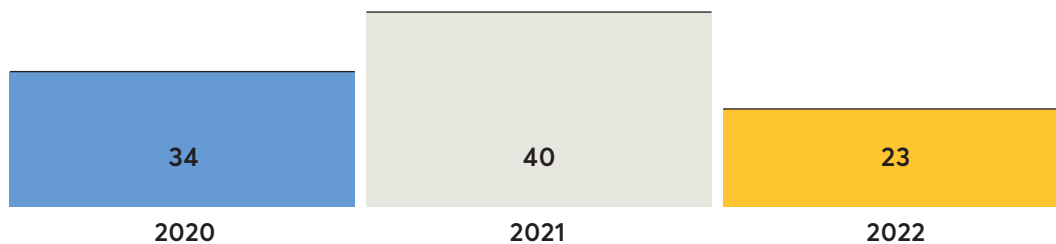


Complaints Procedure

The Bank has in place a complaints procedure and is committed to handling all grievances in a timely, accurate, discreet and respectful manner. The Bank has committed to respond within a period of 10 days from receipt and in the event that more time is needed to investigate the claim, the customer is informed accordingly with an interim letter.

In 2022, the Bank has received 23 complaints. All were resolved by the end of the year.

Customer Complaints Received



Complaints 2022	# of complaints
Pending from 2021	0
New received in 2022	23
Completed in 2022	23
Pending end of 2022	0

Areas of concern	# of complaints
Customer Service Behavior	3
Data protection / GDPR	1
Loan charges / calculations	1
Fees charged	1
Banking services	6
Reasons for rejection of account opening / closing	6
sKash	2
Customer review	3
Total	23

Our Society

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, giving back to society 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.



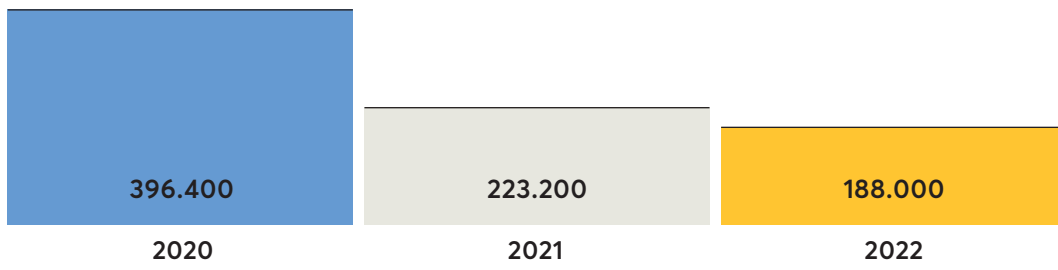
Our Social Responsibility (CSR) Initiatives

Our Impacts

Our vision is to operate responsibly, as an active member of society, adding value to the community that we serve and operate in. In these challenging times, of great financial and social significance, helping society and meeting its specific needs is just as important as our other activities.

Our impacts	Financed	Operational
Positive	Financing activities of certain sectors create actual positive impacts to society.	CSR activities create positive impacts for people and communities.
Negative	Financing activities do not create any negative impact on CSR initiatives.	Operating activities do not create any negative impact on CSR initiatives.

Donations and Sponsorships (€)



€808,000
donations and
sponsorships in 2020-2022

13 Years
Strategic partner
of Europa Donna Cyprus

Europa Donna Cyprus

We continue to actively support Europa Donna Cyprus, as a strategic partner. For 13 consecutive years, we have been co-organizing the Pink Silhouettes March, 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. 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.

Europa Donna Cyprus's 18th march sent the message that all those who have experienced cancer have "The Right to be Forgotten", the right to move on with their lives, without discrimination, with access to insurance coverage and financial benefits. Hundreds of people, including representatives of the Bank and other organized groups, participated to share a message of hope, strength, and life.



Radiomathonios 2022

In 2022, we were also the proud Gold Sponsor of one of the country's leading charity events, Radiomathonios 2022, which celebrated 31 years of contribution to Cypriot society.

In yet another initiative to give back to society, the Bank supported Radiomathonios financially, but also through the voluntary work of its employees, who are always willing to contribute to any effort that aims to improve the lives of their fellow citizens.

Having "The Power of Love" as its main message, the event was the more important due to the protracted crisis faced by the world, which disproportionately affects vulnerable groups of the population and especially children with health problems.

Other CSR Initiatives

We also systematically sponsor and volunteer with several non-governmental organisations, such as the Cyprus Red Cross Society, Vagoni Agapis, Alkionides Charity, Telethon and the Cyprus anti-cancer society. We also support the Cyprus Autistic Association, the Cyprus Association "One dream, one wish", the Association "Mora Thavmata" and the Association "Goal sti zoi".

As a long-term supporter of the Cyprus Autistic Association, we actively participate in initiatives aimed at raising awareness among the public for the needs of people with autism and their families, contributing to their social acceptance and integration. Every year, hundreds of buildings across the planet are lit up in blue and participate in the "Light It Up Blue" initiative. Within this context and for the 11th year, AstroBank's Head Offices on Spyrou Kyprianou Avenue was lit up in blue.

Continuing our yearly tradition, we also offered awards and grants to honour students of universities in Cyprus.

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.

Blood Donation

Our employees participated in a voluntary blood donation drive that was held in locations all over Cyprus. As part of its long-standing collaboration with the Blood Bank of the Ministry of Health, the Bank's employees and management embraced this initiative by participating for yet another year.

Aid to Ukraine

Humanitarian aid in the form of food collection from the Bank's employees and Management was provided to Ukraine, following the commencement of the Russian-Ukrainian war.

Beach-cleaning Activities

Our volunteers participated in the cleaning of Amathounta beach in October and Larnaca Salt Lake in May. The plastic materials collected during the cleaning of Amathounta beach were upcycled to make a paper weight that was our symbolic Christmas gift to associates.

Education

Our aim is to support the new generation, by providing children and young adults with the tools, as well as inspiration to change their lives for the best. In this framework, our employees volunteer in the following activities of 'Junior Achievement Cyprus':

- **Meet your Mentor:** Our employees become business mentors to students interested in exploring their entrepreneurial skills through experiential learning. Participants learn how to take a business idea from concept to reality and have hands-on experience of running a real business. In doing so, student companies have the guidance of their teacher and the support of their business mentor who is their link to the real business world.
- **Economics for Success:** An interactive educational programme aimed at 3rd grade Gymnasium students. Our employees present modules that provide students with practical information about personal finance and the importance of identifying education and career goals based on the student's skills, interests and values.



Our Suppliers and Vendors

We follow transparent and standardised procedures in selecting our suppliers, through the relevant procurement procedures and following a predefined evaluation and approval process.

The evaluation of each supplier is based on the assessment of their professional behaviour with regards to the quality with which they meet the technical and operational requirements set by the Bank, the organizational structure, the qualitative and quantitative competence of staff and the operational capabilities in relation to geographic distributions. Moreover, their economic behaviour in terms of long-term financial viability, the impact of their contracts with the Bank on their turnover and the competitiveness of their pricing policy are also important elements in the assessment of existing and prospective vendors.

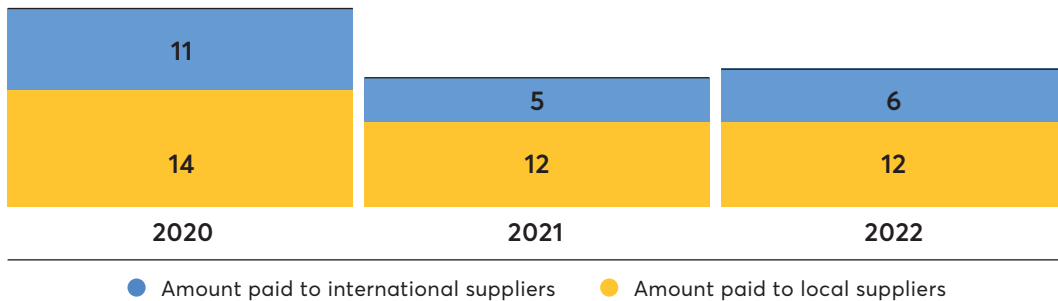
The Bank's suppliers are selected through a standardised, clear and transparent internal procedure, which is followed to evaluate and approve tenders. The Procedure is fully har-

monized with all GDPR and compliance rules, regulations, and directives, while it prevents any conflict of interest.

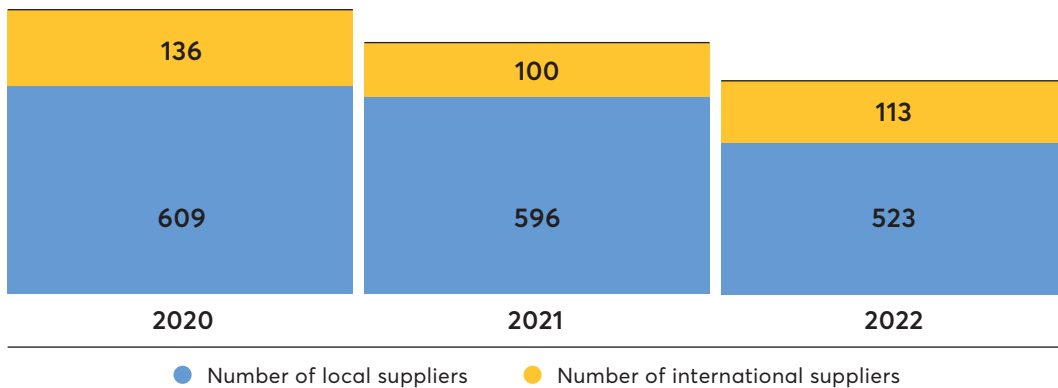
- In 2022 we have paid €18 million in total to approximately 636 suppliers.
- A total of approximately €12 million (66%) was paid to 523 local suppliers (82%) from 75 different industries.
- 75 types of suppliers, including providers of professional services, legal services, marketing services, insurance services and consultation services.
- From 9 different countries: Cyprus, UK, Greece, Netherlands, Lebanon, Germany, Switzerland, Luxembourg and USA.

€48 million
Paid to local suppliers
in 2020-2022

Amounts Paid to Suppliers (€m)



Suppliers



Note:
Local refers to Cyprus.



Digital Innovation

Our aim is to promote easier, faster and more secure transactions through the web, gradually eliminating the need to physically visit the Bank's branches. A transformation plan is already in progress aiming to modernize the day-to-day transactions of the customer with the Bank while at the same time building efficiencies within the organization.

Digital Banking

Our customers carry out their transactions at their own convenience, via our digital banking channel. Our internet and mobile Banking offer a full range of functionalities that cover both corporate and retail needs.

In 2023, a new technologically upgraded platform will replace the existing one. The new mobile App will be available on the main mobile platforms such as Android & iOS. The Pilot Phase is scheduled for June 2023, with a small number of users. Full functionality is expected to be delivered to our customers by October 2023.

70,366
internet
banking
subscribers

134,788
average number
of logins per
month

ATM Network

Our ATMs offer a full range of functionalities and are located in central locations all over Cyprus. Our customers also have access to free cash withdrawals, from more than 330 Euronet Worldwide ATMs across the island.

239,971
ATM
transactions

5,151
cheque deposits
through ATMs

Social Media Channels

The Bank maintains official accounts on Instagram, Facebook and LinkedIn. The accounts enable us to share important information in real time and address customer enquiries and feedback in a convenient and accessible manner.

Online Appointment

At a time when technology has become an integral part of daily life, the online appointment scheduling system simplifies banking even further. It helps save time from waiting in lines at the branch, as every meeting can be scheduled online in advance. Customers can make use of these appointments to discuss with the Bank's specialised staff their needs in reference to lending facilities, insurance products and other banking solutions.

Streamlining Internal Processes

New internal applications were developed to help users save time and effort in day-to-day operations and decrease costs. These include:

- A new customer service application to be used by the vendor that will manage the call centre operations in 2023
- A new operations workflow application that offers the possibility of collaboration between various departments of the Bank and is expected to replace, for certain tasks, communication via e-mail
- The credit pipeline tool: Creation and generation of the customer's Personal Financial Statement as well as automatic creation of the application for new credit facilities
- New umbrella screen: Creation of a unified screen and database with access to Bank's systems from the same screen



Governance Review

Making it Happen

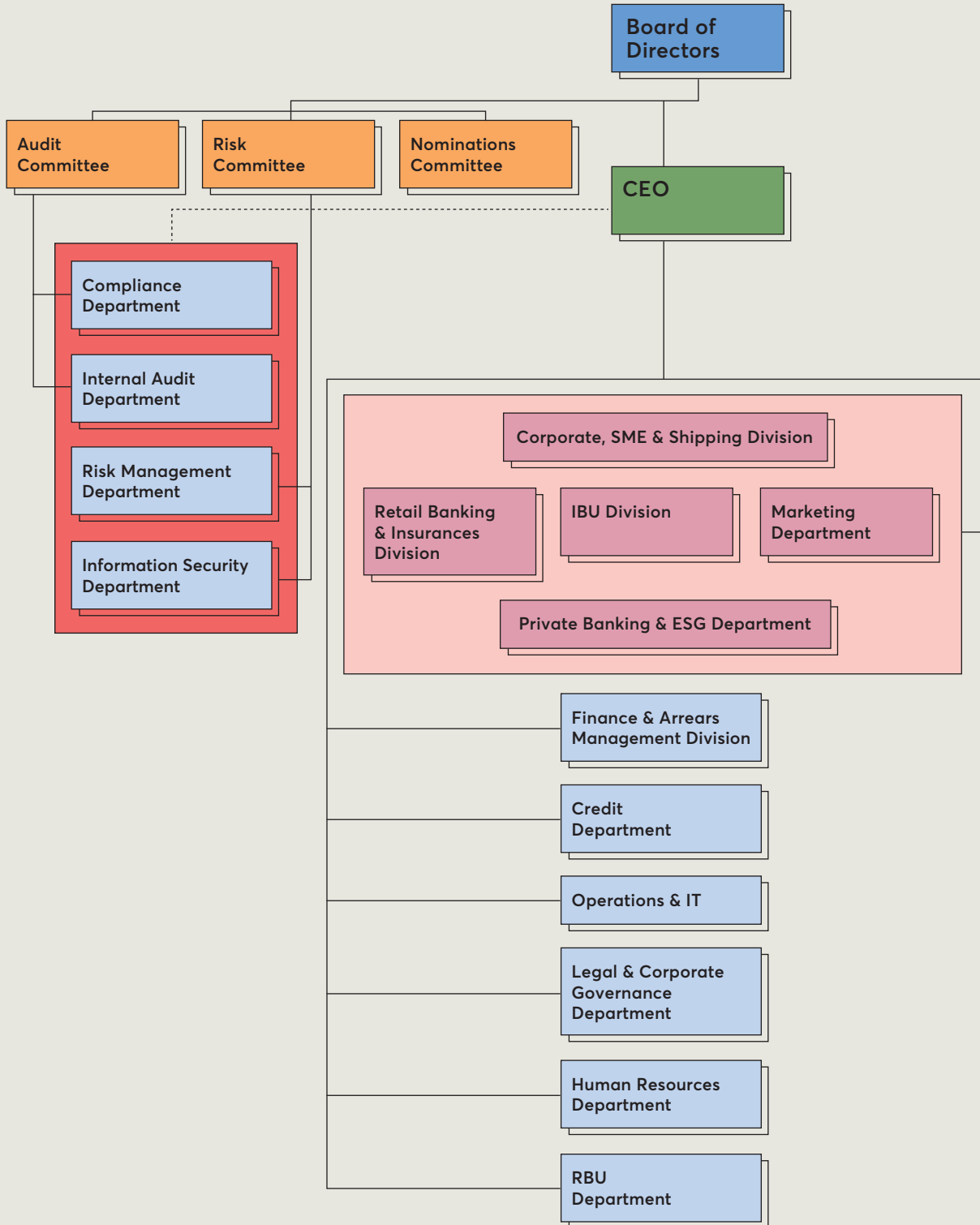


Transparency, credibility, accountability and security are the fundamental corporate governance principles in the contemporary corporate environment. These principles provide the framework for the achievement of the Bank's objectives, reflect the Bank's values and safeguard the interests of the shareholders.

The Internal Regulation on Corporate Governance, which is binding on the instruments of the Bank, incorporates all relative legislative provisions as well as the framework of its internal supervision and management. The aim of the Regulation is to provide transparency and efficiency to the current 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.



Our Organizational Structure



Our Board of Directors

The Board of Directors is the supreme governing body and responsible with establishing the ethical standards and corporate values that guide the daily activities of the Bank, for the BoD itself, the Senior Management and the remaining employees of the Bank. In this context, the BoD has approved 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.

The Chief Executive Officer is the highest management body and has executive functions.

Composition of Board of Directors as at 31 December 2022.

Position	Name	Independence Status	Notes
Chairperson	Michalakis Sarris (Non-Executive Director)	Independent	
Vice-Chairperson	Andreas Vasiliou (Non-Executive Director)	Independent	From 20 October 2022
Executive Director	Aristidis Vourakis (Chief Executive Officer)	Non-independent	
Executive Director	Evi Rossidou Antoniadou	Non-independent	From 15 June 2022
Non-Executive Director	Bassam Najib Diab	Non-Independent	
Non-Executive Director	Maria Dionysiades	Independent	
Non-Executive Director	Costas Partassides	Independent	
Non-Executive Director	William J. Gallagher	Independent	From 5 August 2022

- The Chairperson of the Board of Directors is an Independent Director and does not hold any executive duties within the Bank.
- On 19 July 2022, the Board of Directors accepted the resignation of Mr. Maurice Sehnaoui as Non-Executive Vice Chairman.
- On 20 October 2022, Mr. Andreas Vassiliou, an Independent Non-Executive Director, was appointed as Non-Executive Vice Chairman. As of 29 April 2023, he is non-Independent.
- Mrs. Evi Rossidou Antoniadou was appointed as Executive Director on 15 June 2022.
- Mr William J. Gallagher was appointed as Independent Non-Executive Director on 5 August 2022.

**25% female
participation
in the BoD**



Our Committees

The Board Committees

The BoD has the primary responsibility for internal governance at all times and defines, oversees and is accountable for the implementation of governance arrangements that ensure effective and prudent management of the Bank, including the segregation of duties and the prevention of conflicts of interest. In this respect, the BoD is responsible for approving and overseeing the implementation of the Bank's strategic objectives, risk strategy and internal governance. Additionally, the BoD ensures the integrity of the accounting and financial reporting systems, including financial and operational controls and compliance with the law and relevant standards.

The Board of Directors is supported by three 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.

Composition of Board Committees as at 31.12.22	Audit Committee	Risk Management Committee	Nomination and Remuneration Committee
Chairperson	Costas Partassides	Maria Dionysiades	Andreas Vasiliou (appointed on 27 January 2022)
Members	Maria Dionysiades William J. Gallagher (appointed on 20 September 2022)	Andreas Vasiliou Costas Partassides	Michalakis Sarris Bassam Najib Diab (Chairperson until 26 January 2022)
Composition	Male: 2 Female: 1 30-50: 1 >50: 2	Male: 2 Female: 1 30-50: 1 >50: 2	Male: 3 Female: 0 30-50: 0 >50: 3

Audit Committee

The members of the Committee have recent and relevant practical experience in the area of financial markets or professional experience directly linked to financial services activity and knowledge of the Bank's broader business environment, including information systems and technology.

The main responsibilities of the Audit Committee are:

- To monitor and evaluate the process for preparing the annual and interim financial statements of the Bank, according to the Accounting Standards, prior to their submission to the BoD for approval, in order to ascertain the integrity, accuracy and reliability of the information contained therein
- To assist in the financial reporting process and the integrity of the Bank's financial statements and any formal announcements relating to the institution's financial performance and other disclosures
- To develop and implement a policy on the engagement of External Auditors to supply audit and non-audit services for the Bank, taking into account the relevant legislation
- To monitor and assess the adequacy and effectiveness of the Internal Control System and Information Systems



- To evaluate the work of the Internal Audit Unit and the Compliance Department
- To approve the Code of Conduct of the Bank and any amendments made to it and ensure that is available to all members of staff
- To monitor the Bank's whistleblowing procedures by which the employees may, in confidence and with anonymity, raise concerns

Risk Management Committee

The Committee members have, individually and collectively, appropriate knowledge, skills and expertise in order to fully understand and monitor the risk strategy and the risk-taking policy of the Bank, as well as the risk management and control practices.

The main responsibilities of the Risk Management Committee are:

- To advise and support the BoD on the monitoring of the Bank's overall actual and future risk appetite and strategy, taking into account all types of risks, to ensure that they are in line with the business strategy, objectives, corporate culture and values of the Bank
- To oversee the implementation of the strategies for capital and liquidity management as well as for all other relevant risks
- To provide advice on the appointment of external consultants that the BoD may decide to engage for advice or support
- To review and provide input on the Internal Capital Adequacy Assessment Process (ICAAP), the Internal Liquidity Adequacy Assessment Process (ILAAP) and on the Pillar III Disclosure reports and recommend them to the BoD for approval
- To monitor the Arrears Management Strategy
- To review and provide input on the Recovery Plan and Business Plan and recommend them to the BoD for approval
- To examine whether incentives provided by the remuneration policies and practices take into consideration the Bank's risk, capital, liquidity and the likelihood and timing of earnings
- To review the quarterly and annual reports of the Risk Management Unit and the annual reports of the Information Security Department and recommend the annual report to the BoD for approval
- To assess and monitor the independence, adequacy and effectiveness of the Risk Management Unit and the Information Security Department and advise the BoD accordingly
- To assess and monitor the adequacy and effectiveness of the information security framework which, ensures the protection of the Bank's confidential and proprietary information

Nomination and Remuneration Committee

The members of the Committee have collectively appropriate knowledge, expertise and professional experience concerning remuneration policies and practices, risk management and control activities, namely with regard to the mechanism for aligning the remuneration structure to the Bank's risk and capital profiles. They also have, individually and collectively, appropriate knowledge, skills and expertise concerning the selection process and suitability requirements.

The main responsibilities of the Nomination and Remuneration Committee are:

- To propose, prepare and submit to the Board of Directors an assessment of each individual recommended to succeed the Chairperson of the BoD or the CEO in case of resignation, retirement or permanent incapacity to perform their duties for any reason during their term in office
- To decide on the members of the BoD to be appointed as Chairperson, Vice-Chairperson, Senior Independent Director, the AML Responsible Board Member and the composition of the Board Committees and recommend them to the Board for approval



- To evaluate annually the skills, knowledge and expertise of individual members of the BoD and the BoD collectively
- To examine issues related to planning the succession to ensure that successions within the Board occur smoothly; an appropriate balance of diversity, skills and experience is maintained; and ensure the progressive renewal of the Board and report to the Board accordingly
- To review, in cooperation with the Audit and Risk Management Committees, the composition, powers and independence of the Internal Control Functions and report to the Board accordingly
- To assess the suitability of Key Function Holders and recommend their appointment to the Board of Directors for approval
- To develop, periodically review, and monitor the implementation of the Bank's remuneration policy
- To prepare decisions regarding remuneration, including those which have implications for the risk and risk management of the Bank, and which are to be taken by the Board of Directors
- To review, approve and recommend to the Board for approval, the following policies: (a) Remuneration Policy (b) A policy on the nomination, selection, development, appointment and succession of the members of the Board of Directors and the Key Function Holders of the Bank; (c) A policy promoting diversity on the Board of Directors; and (d) A policy for recruitment, rotation and promotion of members of staff.

The Management Committees

The Bank is also supported by a number of internal executive and administrative committees that contribute to the efficient operation of the organization.

ESG Steering Committee

The ESG Steering Committee was established in May 2022. The Committee's main responsibility is to assist the Board of Directors in overseeing the development and implementation of the Bank's general strategy with respect to ESG matters. The Committee also recommends policies, practices, and disclosures that conform with the strategy and advises the Board of Directors on the effective management of ESG risks. The Committee is composed of members of the Senior Management of the Bank and is chaired by an Executive Director of the Board. Within 2022, four meetings of the Committee were held.

Assets and Liabilities Committee (ALCO)

The ALCO manages the balance sheet of the Bank from both a risk and a business perspective and oversees the implementation the directives set forth. The committee ensures that business opportunities identified and pursued by business lines fall within safe limits and parameters.

Provisioning Committee

The mission of the Committee is to approve individual and collective Expected Credit Loss provisions prepared in accordance with applicable International Accounting Standards, EBA/ECB Guidelines and the Bank's internal Policies and Procedures, as presented by the Finance Department and Risk Management Department.



IT Steering Committee

The main purpose of the Committee is to monitor and provide guidance for (a) the implementation of the Bank's IT and Information Security Strategy as communicated by the BoD, (b) the implementation of the Policies approved by the BoD relevant to the Security and Integrity of the IT systems and data and (c) the implementation of best practices regarding IT and Information Security Governance.

Appeals Committee

The Appeals Committee, that was established under the Arrears Management Directive, has as its mission to review each borrower's appeal thoroughly, fairly and objectively and to ensure that the borrower's restructuring request has been fairly handled within the Code Framework, so that a compromising solution may be reached between the borrower and the Bank and legal proceedings may be avoided to the maximum possible extent.

Crisis Management Committee

The Crisis Management Committee is responsible for the recommendation of preventive measures and monitors that all control measures and containment steps have been implemented.

Disciplinary Committee

The Disciplinary Code defines the procedures, rules and measures to be followed in cases where a member of the Bank staff commits a disciplinary offence.

Disciplinary Appeals Committee¹

Employees being disciplined have the right to appeal against the decision of the Disciplinary Committee.

Personal Complaints Committee¹

The Personal Complaints Procedure defines the mechanism for the handling of any problem that is created at the workplace (Health and Safety) or results from labor relations (e.g. harassment, threats, etc.) or any other complaint that the staff would like to raise.

Promotions Appeals Committee¹

The object of the Promotions Appeals Committee is to examine objections raised by members of the Bank's staff after the completion of the promotion's procedure and their announcement.

Credit Committees

The Bank has established Credit Committees that are responsible for the decision-making on credit related issues.

¹The Disciplinary Committee, Disciplinary Appeals Committee and Personal Complaints Committee all consist of three members appointed by the Bank and two by the Cyprus Union of Bank Employees (ETVK). The Promotions Appeals Committee consists of two members appointed by the Bank and one by ETVK.



How We are Governed

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. The selection criteria also include reputation and honesty. Our principles highlight the importance of independence, equality and diversity.

The BoD is sufficiently diverse as regards age 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.

The Bank's Policy on the Assessment of the Suitability of Members of the Management Body and Key Function Holders of the Bank:

- (a) Explains in detail the procedures applied by the Bank for the assessment of the suitability, ongoing monitoring and reassessment of their suitability and provides the corrective measures applied in cases where such person is not deemed suitable;
- (b) Sets out the criteria to be used in the assessment of the suitability of the Members of the Management Body of the Bank and the Key Function Holders;
- (c) Sets the requirements for the induction and training of the Members of the Management Body.

The Nomination and Remuneration Committee of the Bank actively contributes to adopting appropriate criteria on the assessment of the Suitability of Members of the Management Body and Key Function Holders of the Bank. The Committee also ensures that the individual and collective suitability assessments of the Members of the Management Body are carried out prior to their appointment.

During the assessment of the members, the Committee ensures that they meet the following criteria:

- (a) sufficient time commitment;
- (b) compliance with the limitation of the number of directorships held as described in the Suitability Directive;
- (c) possess sufficient knowledge, skills and experience to fulfil their responsibilities and functions;
- (d) they are of good reputation, and they act honestly, ethically and with integrity—characteristics which promote a culture of compliance with the regulatory environment governing the operations of the Bank
- (e) they have independence of mind.

Independence Criteria

Each Board member (independent or otherwise) has the responsibility to 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 ensures that the candidate member is independent in character and judgement and verifies 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 must be satisfied by a candidate member are described in the Directive on the Assessment of Suitability of the Members of the Management Body and Key Function Holders of Authorised Credit Institutions of 2020.



Induction and Training

The Bank provides sufficient human and financial resources for the induction and training of Members of the Management Body, on an individual and collective basis, to assist Members to maintain and deepen the knowledge and skills needed to fulfil their responsibilities and to ensure that each Member is suitable and meets the requirements for their role. The objectives of the induction and training are to facilitate their clear understanding of the Bank's structure, business model, risk profile and governance arrangements, and their role as Members of the Management Body. Furthermore, the induction and training aim to provide general as well as individually tailored training programmes. Training also promotes their awareness regarding the benefits of diversity in the Management Body and the Bank.

All members of the BoD, especially the non-executive members receive targeted training for developing as well as refreshing their knowledge and skills. The areas in which training is required are identified by the Chairperson, by taking into consideration legal and regulatory developments, governance changes, strategic changes, new products and other relevant changes as well as during the annual evaluation of the individual Members by the Committee.

Within 2022, the following ESG-related training sessions were carried out by external associates.

- **Sustainability, The Future of Business:** this provided an overview of the challenges, benefits and opportunities that businesses face, the upcoming legislations and directives around ESG, proposed approaches, tools and methodologies as well as the role of the BoD in ESG matters.
- **ESG in the Banking Sector:** this provided updates to ESG developments, underpinning the way which financial institutions are approaching their role in combatting sustainability challenges.

Other training sessions carried out in 2022 included:

- Classification of Forborne, non-Performing and Defaulted Exposures
- Digital IT Strategy
- Economic Sanctions
- Internal Control Framework and Internal Audit
- The Compliance Function and Developments
- Information Security Department Framework and Security Awareness Training 2022
- Risk Management Framework and Regulatory considerations in Banking
- Anti-Money Laundering (AML) regulations and updates

Decision-making Process

The Board takes decisions on a majority basis with each Director having one vote. External Auditors are invited as needed to participate and provide information/advise the Board of Directors/Committees.

Where necessary, the Heads of Control Functions, Senior Managers and/or other employees are instructed by the Board/Committees to communicate and/or consult with stakeholders both within and outside the Bank and report the outcome to the Board/Committee.

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.



Diversity in The Board of Directors

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.

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 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.

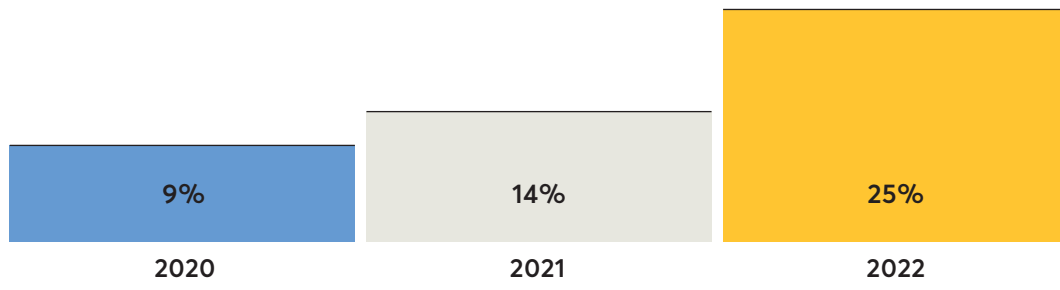
The Bank aims at an appropriate representation of all genders within the Board and therefore the current target is to ensure that the proportion of women – currently being the under-represented gender – on the Board increases to 33% by 2026.

The issue of diversity is not limited to gender. Educational and professional background, age and geographical provenance are also important aspects of the composition of the Board. The educational and professional backgrounds of the Members are also adequately diverse.

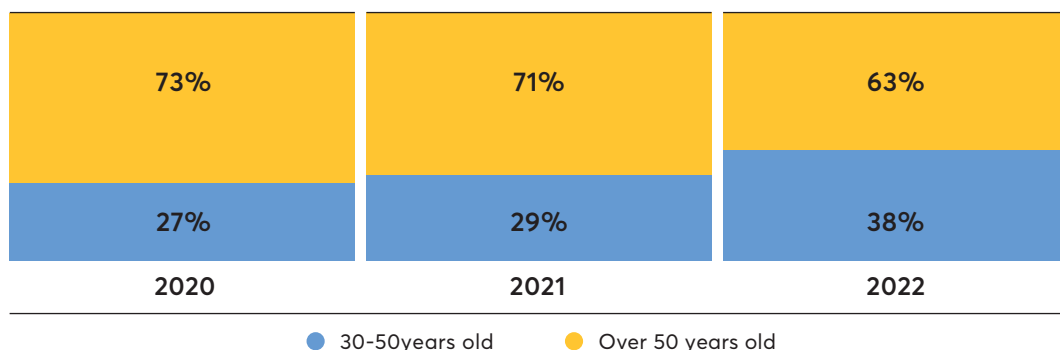
Regarding age, the Committee's target is to have Members that are not all in the same decade of their lives. In any case, they are in the range of 35-80 years old.

When it comes to geographical provenance, the Members represent all the regions where the main business of the Bank is carried out. Matching business areas and the geographical provenance of Members of the Board, helps the Board take into account the cultural values and the legal and market specificities relevant to those areas.

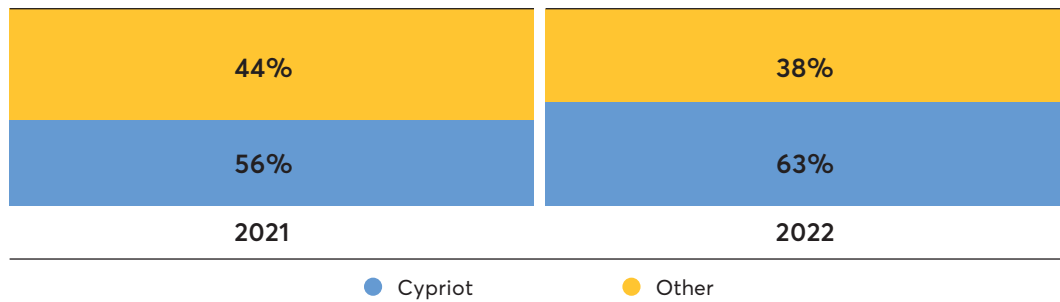
Female Representation on the Board of Directors



Board of Directors, by Age



Board of Directors, by Nationality



Performance Evaluation

The Chairperson of the BoD ensures that an evaluation of the BoD, its committees and members of the BoD individually is carried out at least annually and acts on the results of such evaluations by recognizing the strengths and addressing the weaknesses of the BoD.

The following processes are followed for evaluating the highest governance body's performance:

- 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 as well as an evaluation of the BoD as a whole are submitted to the CBC.
- Annual self-assessments of the Committees.
- 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. The latest review was performed in April 2023.

Reporting Process

Any highly important issue may be presented to the BoD, if deemed necessary by the Senior Management of the Bank. The Secretary of the Board of Directors 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 annual reports from the Control Functions, which are discussed during Board meetings.

The annual reports are first presented to the respective Committees and the Head of the respective Control Function is present at the meeting and provides all necessary information and clarifications required by the Board. The Control Functions also submit Quarterly reports to the BoD Committees.

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 Senior Management 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 Total Compensation for the Organization's Highest Paid Individual

2020	2021	2022
€674,083	€390,000	€390,000

Median Annual Total Compensation for all Employees (excluding the highest paid individual/CEO)

2020	2021	2022
€38,485.09	€39,680.42	€39,499.20

Annual Total Compensation Ratio

2020	2021	2022
17.51%	9.83%	9.87%

Change on the Annual Total Compensation Ratio

2020	2021	2022
3.74%	89.77%	0.0%

Notes

1. Data have been extracted from the Bank's POCKET Payroll System.
2. Only permanent employees are included.
3. The annual total compensation ratio was calculated using the formula: annual total compensation ratio for the Bank's highest-paid individual to the median annual total compensation for all employees (excluding the highest paid individual).
4. The percentage change in annual total compensation was calculated using the formula: Percentage increase in annual total compensation for the Bank's highest-paid individual to the median percentage increase in annual total compensation for all employees (excluding the highest-paid individual).

Our Business Ethics

Our Impacts

Business ethics has been identified as a priority issue that can significantly impact both the Bank's and the stakeholders' operations. For this reason, it is of primary concern for our employees to act with honesty and a high sense of responsibility, and to ensure safeguarding of the information under their responsibility. To reinforce this, the Bank enforces policies to combat corruption, effectively manage conflicts of interest and outline the standards of ethical conduct expected from each member of staff.

Our impacts	Financed	Operational
Positive	Financing activities of certain sectors (i.e., construction of roads) create both actual and potential positive impacts on accessibility to productive work.	Policies and procedures that cover anti-bribery and corruption, anti-harassment, conflicts of interest, whistleblowing as well as a Code of Conduct and Ethics.
Negative	Financing activities of certain sectors create potential negative impacts.	Potential negative impacts are linked to loss of reputation and trust, monetary fines and legal prosecution.



Our Code of Conduct and Ethics

The Code of Conduct and Ethics highlights the importance the Bank attaches to integrating principles in the way we behave as individuals and the way we conduct business. The Code is addressed to every employee, irrespective of level or job description. It is further supported and complemented by other Policies, Procedures, Manuals and Circulars and altogether 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 the event that an employee is found, by means of a fair procedure, to have violated any part of the Bank's Code of Conduct.

Our Zero Tolerance Commitments

The Bank is committed to show zero tolerance in the violation of any of the following:

Diversity, Equity and Inclusion

Equal opportunities, the consistent, fair and unbiased treatment of all human beings and the development of the right conditions that reinforce and respect diversity, ensure dignity in the working environment and the broader context of society. We are committed in fostering a culture of diversity, equity and inclusion and appropriate principles are integrated in our policies and practises. We welcome and embrace multiple viewpoints within the organisation and take initiatives towards forming a diverse working environment, inclusive and responsive to different groups.

Anti-bribery and Corruption

One of the Bank's core principles is the commitment to integrity and professional conduct across all levels as well as confidentiality, honesty and transparency in transactions. The Bank's Anti-Bribery and Corruption Policy embodies these principles and applies a zero-tolerance approach to acts of bribery and corruption by any of its employees or business partners.

Within 2022

- Zero incidents of corruption
- Zero incidents in which employees were dismissed or disciplined for corruption
- Zero incidents where contracts with business partners were terminated or not renewed due to violations related to corruption
- Zero public legal cases regarding corruption were brought against the Bank or its employees

Anti-harassment

We have a zero-tolerance approach for any type of harassment, bullying or victimisation on any grounds. This includes any behaviour that is unwelcome by the recipient which has as its purpose or result the violation of the dignity of a person, particularly when it is creating an intimidating, hostile, degrading, humiliating or aggressive environment. Employee complaints are handled with discretion and confidentiality and in the event that a disciplinary offence is substantiated, a penalty is imposed by the Disciplinary Committee of the Bank.

Whistleblowing Process

A Whistleblowing policy and procedure are in place and aim to enhance the enforcement of the Bank's framework, by laying down the minimum standards, providing for a high level of protection of persons reporting breaches of the Bank's framework. The policy ensures an independent reporting mechanism for anonymous reporting of unethical conduct and the confidential treatment of the reported incidents. The most important principle of the policy is the protection of the anonymity and confidentiality of the persons and especially the employees who submit such reports, as well as the assurance that the employees will be protected against reprisal. Within 2022, no whistleblowing reports were submitted.



Conflicts of Interest

Conflicts of interest may arise when the personal, business or financial interests of an employee deviate from the interests of the Bank or key stakeholders. The Bank understands, identifies, manages and prevents situations that may lead to conflicts of interest. To that end, a Conflicts of Interest policy is in place in order to identify and manage situations that may lead to actual, potential or perceived conflicts of interest entailing a risk of damage to its customers' interests.

With regards to the treatment of conflict of interest of members of the Board of Directors (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.

Our Internal Control Functions

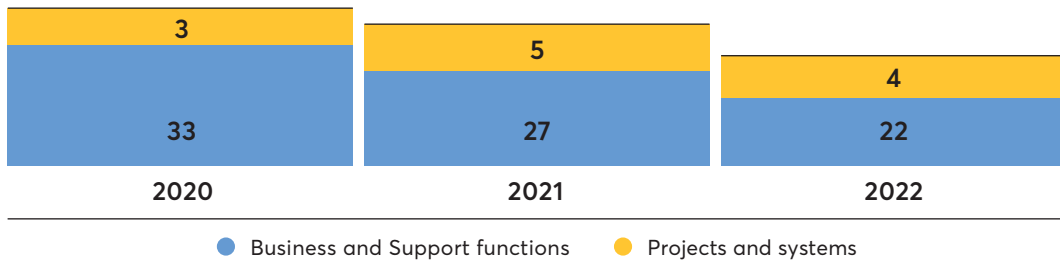
Internal Audit

The Bank has established a strong Internal Audit Department, which assesses the adequacy and effectiveness of the Internal Control System. The Internal Audit Department 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 and ensures:

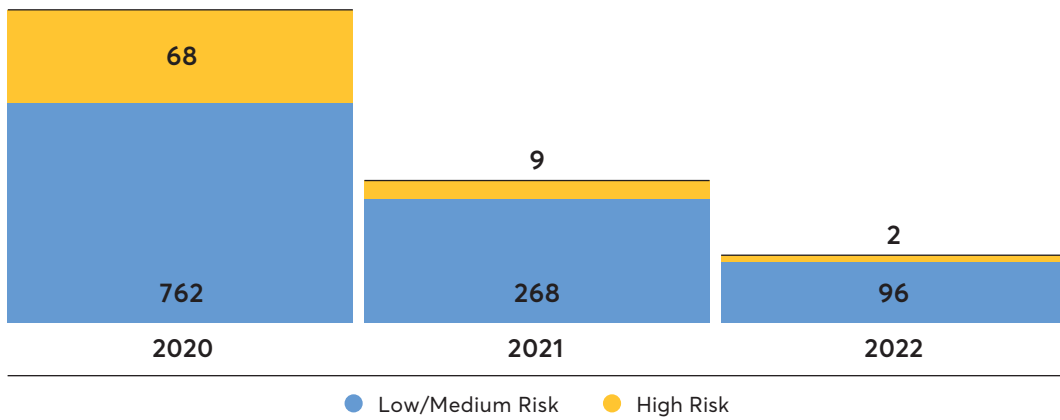
- Effective and efficient operation
- Prudent conduct of business activities
- Reliability of reported internal and external information
- Sound administrative and accounting procedures
- Compliance with laws/regulations and internal rules



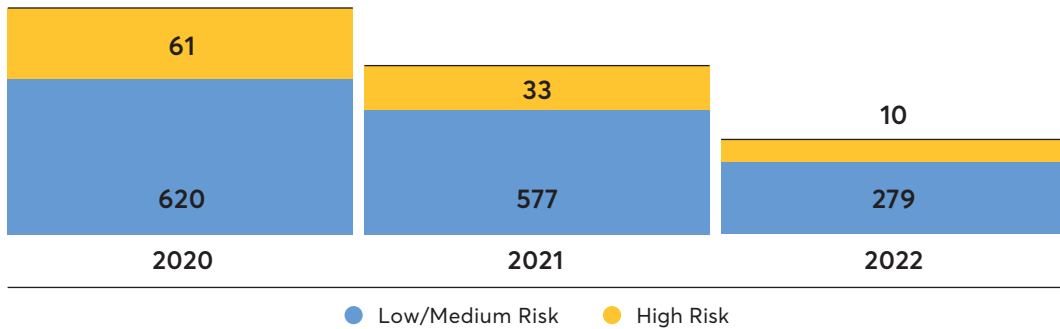
Number of Audits



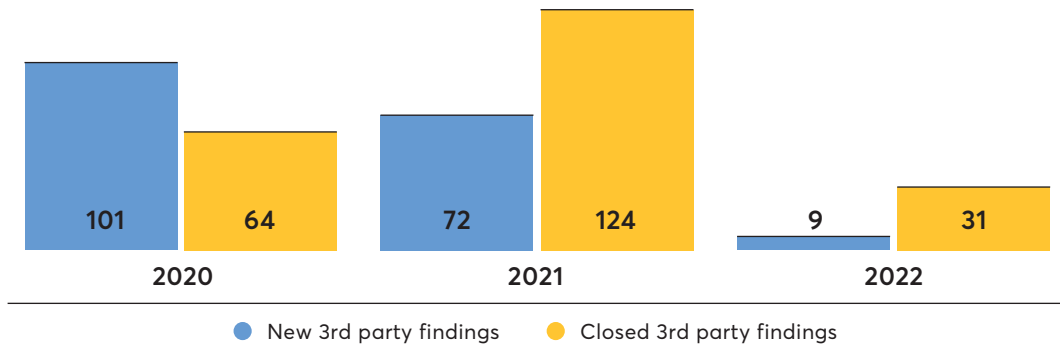
New Findings



Resolved Findings



3rd Party Findings



Notes:

1. New findings include findings identified in the reference year
2. Resolved findings include new and brought forward findings closed during the reference year



Compliance Department

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

The Bank adheres to a zero-tolerance policy towards money laundering and the financing of terrorism, and the Compliance Department ensures that the Bank is in compliance with the current anti-money laundering ('AML') and combating the financing of terrorism ('CFT') regulatory framework. The Bank is constantly faced with challenges resulting from current affairs (the Russia-Ukraine war), frequent paper leaks and publications on financial corruption (e.g., The Russian Laundromat and The Panama Papers), as well as investigative documentaries (the most recent being Al Jazeera's Cyprus Papers) that create a constant need to increase anti-money laundering (AML) and Know Your Customer (KYC) controls on the Bank's customers and transactions.

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.

The Risk Management Framework identifies and defines the following Principal Risks: credit risk, solvency risk, market risk, liquidity risk, operational risk, reputational risk, country risk, concentration risk, strategic risk, and other risks.

The Risk Management Framework was updated in 2022 to include Sustainability (ESG) risks in the material categories of risk that derive from its operations. These focus on the potential effect an organization's stakeholders (such as customers, outsourcing suppliers, employees etc.) have on the Bank and in reverse the impact that the Bank may have on its stakeholders and the environment due to its activities.

An Operational Risk Management Framework (which is fully aligned with the Bank's Risk Management Framework) is also in place.

The Risk Appetite Framework defines the level of risk we are prepared to accept across the different risk types, taking into consideration varying levels of financial and operational stress.

Information Security

The Bank pays special attention to the formulation and regular evaluation and update of its strategy, regarding the 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.



Appendix I

Content Index

GRI STANDARD	DISCLOSURE NUMBER	DISCLOSURE TITLE	SECTION	PAGE NUMBER(S)
<i>Reporting in reference to the GRI Standards</i>				
FOUNDATION				
GRI 1:	N/A	Requirement 8: Statement of use	About the Report	4
FOUNDATION 2021	N/A	Requirement 7: Publish a GRI content index	Appendix I: Content index	88
GENERAL DISCLOSURES				
THE ORGANIZATION AND ITS REPORTING PRACTICES				
GRI 2:	2-1	Organizational details	Who we are	8
GENERAL DISCLOSURES 2021	2-2	Entities included in the organization's sustainability reporting	Who we are	8
	2-3	Reporting period, frequency and contact point	About the Report	4
	2-4	Restatements of information	Restatements of information is clearly stated within the Report, when applicable.	
	2-5	External assurance	No external assurance	
ACTIVITIES AND WORKERS				
	2-6	Activities, value chain and other business relationships	Who we are Our Suppliers and Vendors	8 68
	2-7	Employees	Our People	46
	2-8	Workers who are not employees	Total number of workers who are not employees as at 31 December 2022 amounted to 13 (4 male, 9 female) and include cleaning and security services providers	
GOVERNANCE				
	2-9	Governance structure and composition	Our Organizational Structure Our Board of Directors Our Committees	73 74 75
	2-10	Nomination and selection of the highest governance body	How we are governed, Nominating and selecting the highest governance body	79 79
	2-11	Chair of the highest governance body	Our Board of Directors	74
	2-12	Role of the highest governance body in overseeing the management of impacts	Materiality Assessment Our Committees	26 75
	2-13	Delegation of responsibility for managing impacts	How we are governed Materiality Assessment Our Committees	79 26 75
	2-14	Role of the highest governance body in sustainability reporting	About the Report Materiality Assessment	4 26
	2-15	Conflicts of interest	Conflicts of interest How we are governed	85 79



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			GOVERNANCE cont.	
			Our Business Ethics	83
2-16		Communication of critical concerns	The Management Committees	77
			Complaints procedure	65
2-17		Collective knowledge of the highest governance body	How we are governed,	79
			Induction and training	80
2-18		Evaluation of the performance of the highest governance body	How we are governed,	79
			Performance evaluation	82
2-19		Remuneration policies	How we are governed,	79
			Remuneration policy	82
2-20		Process to determine remuneration	How we are governed,	79
			Remuneration policy	82
2-21		Annual total compensation ratio	Remuneration policy	82
2-22		Statement on sustainable development strategy	Message from the CEO	6
			Our Business Ethics	83
2-23		Policy commitments	Materiality Assessment	26
			Our ESG Strategy and goals	29
			Our Business Ethics	83
2-24		Embedding policy commitments	Diversity and equal opportunity	48
			Training and education	53
			Health, safety and wellbeing	56
			How we are governed	79
			Our internal control functions	85
			Climate stability	35
			Circularity	41
2-25		Processes to remediate negative impacts	Training and education	53
			Health, safety and wellbeing	56
			Our Social Responsibility Initiatives	66
			Enhancing accessibility and financial inclusion	62
			Customer privacy and protection	60
			Our Business ethics	83
2-26		Mechanisms for seeking advice and raising concerns	Whistleblowing Process	84
			Customer complaints	65
			The Management Committees	77
2-27		Compliance with laws and regulations	<i>Please refer to note 38, Contingent Liabilities and Commitments, of the Annual Financial Report 2022 (page 94)</i>	
2-28		Membership associations	Memberships	13
			STAKEHOLDER ENGAGEMENT	
2-29		2-29: Approach to stakeholder engagement	Engaging with our stakeholders	24
2-30		2-30: Collective bargaining agreements	Freedom of association and collective bargaining	57

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GRI STANDARD	DISCLOSURE NUMBER	DISCLOSURE TITLE	SECTION	PAGE NUMBER(S)
MATERIAL TOPICS				
GRI 3: MATERIAL TOPICS 2021	3-1	Process to determine material topics	Materiality assessment	26
	3-2	List of material topics	Materiality assessment	26
CLIMATE STABILITY				
GRI 3: MATERIAL TOPICS 2021	3-3	Management of material topics	Materiality assessment	26
			Climate stability	35
GRI 302: ENERGY 2016	302-1	Energy consumption within the organization	Energy consumption	35
GRI 305: EMISSIONS 2016	305-1	Direct (Scope 1) GHG emissions	Climate stability	35
	305-2	Energy indirect (Scope 2) GHG emissions	Climate stability	35
CIRCULARITY				
GRI 3: MATERIAL TOPICS 2021	3-3	Management of material topics	Materiality assessment	26
			Circularity	41
GRI 306: WASTE 2020	306-3	Waste generated	Circularity	41
FINANCIAL HEALTH AND INCLUSION				
GRI 3: MATERIAL TOPICS 2021	3-3	Management of material topics	Materiality assessment	26
			Enhancing accessibility and financial inclusion	62
ASB		Internal indicators	Enhancing accessibility and financial inclusion	62
TRAINING AND EDUCATION				
GRI 3: MATERIAL TOPICS 2021	3-3	Management of material topics	Materiality assessment	26
			Training and education	53
GRI 404: TRAINING AND EDUCATION 2016	404-1	Average hours of training per year per employee	Training and education	53
	404-2	Programs for upgrading employee skills and transition assistance programs	Training and education	53
	404-3	Percentage of employees receiving regular performance and career development reviews	Performance assessment	55



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GRI STANDARD	DISCLOSURE NUMBER	DISCLOSURE TITLE	SECTION	PAGE NUMBER(S)
HEALTH, SAFETY AND WELLBEING				
GRI 3: MATERIAL TOPICS 2021	3-3	Management of material topics	Materiality assessment	26
			Health, safety and wellbeing	56
GRI 403: OCCUPATIONAL HEALTH AND SAFETY 2018	403-1	Occupational health and safety management system	Health and safety	56
	403-5	Worker training on occupational health and safety	Health and safety	56
	403-9	Work-related injuries	Health and safety	56
CONTRIBUTION TO SOCIETY				
GRI 3: MATERIAL TOPICS 2021	3-3	Management of material topics	Materiality assessment	26
			Our Social Responsibility Initiatives	66
GRI 203: INDIRECT ECONOMIC IMPACTS 2016	203-2	Significant indirect economic impacts	Our Social Responsibility Initiatives	66
			Our suppliers and vendors	68
			Our action plan for the future	29
GRI 202: MARKET PRESENCE 2016	202-2	Proportion of senior management hired from the local community	Diversity and equal opportunity	48
BUSINESS ETHICS				
GRI 3: MATERIAL TOPICS 2021	3-3	Management of material topics	Materiality assessment	26
			Our Business Ethics	83
GRI 205: ANTI-CORRUPTION 2016	205-2	Communication and training about anti-corruption policies and procedures	Our Business Ethics	83
			Training and education	53
	205-3	Confirmed incidents of corruption and actions taken	Our Business Ethics	83
GRI 206: ANTI-COMPETITIVE BEHAVIOR 2019	206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	<i>Please refer to note 38, Contingent Liabilities and Commitments of the Annual Financial Report 2021 (page 88)</i>	
GRI 406: NON-DISCRIMINATION 2016	406-1	Incidents of discrimination and corrective actions taken	Diversity and equal opportunity	48
DATA PRIVACY				
GRI 3: MATERIAL TOPICS 2021	3-3	Management of material topics	Materiality assessment	26
			Customer privacy and protection	60
GRI 418: CUSTOMER PRIVACY 2016	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	Customer privacy and protection	60

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GRI STANDARD	DISCLOSURE NUMBER	DISCLOSURE TITLE	SECTION	PAGE NUMBER(S)
ADDITIONAL TOPICS				
PROCUREMENT PRACTISES				
GRI 204: PROCUREMENT PRACTICES 2016	204-1	Proportion of spending on local suppliers	Our suppliers and vendors	68
EMPLOYMENT				
GRI 401: EMPLOYMENT 2016	401-1	New employee hires and employee turnover	New employee hires	51
			Employee turnover	52
	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	Supporting our employees and their families	57
	401-3	Parental leave	Supporting our employees and their families	57
LABOUR/MANAGEMENT RELATIONS				
GRI 402: LABOUR / MANAGEMENT RELATIONS 2016	402-1	Minimum notice periods regarding operational changes	Freedom of association and collective bargaining	57
DIVERSITY AND EQUAL OPPORTUNITY				
GRI 405: DIVERSITY AND EQUAL OPPORTUNITY 2016	405-1	Diversity of governance bodies and employees	Diversity and equal opportunity	48
			Diversity in the Board of Directors	81
LOCAL COMMUNITIES				
GRI 413: LOCAL COMMUNITIES 2016	413-1	Operations with local community engagement, impact assessments, and development programs	Our society	65
			Our suppliers and vendors	68
MARKETING AND LABELLING				
GRI 417: MARKETING AND LABELLING 2016	417-1	Requirements for product and service information and labeling	Responsible information and communication	62
			Responsible development of products	63
			Responsible development of products	63
	417-2	Incidents of non-compliance concerning product and service information and labeling	Responsible development of products	63
	417-3	Incidents of non-compliance concerning marketing communications	Responsible information and communication	62



Abbreviations

ACA	Associate Chartered Accountant
ACCA	Associate Chartered Certified Accountant
ALCO	Assets and Liabilities Committee
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
CFA	Chartered Financial Analyst
CFT	Combating the Financing of Terrorism
CISO	Chief Information Security Officer
Covid-19	Coronavirus disease
CRR	Capital Requirements Regulation
CSR	Corporate Sustainability Report
DPO	Data Protection Officer
EBA	European Banking Authority
ECB	European Central Bank
ESG	Environmental, Social, Governance
ETYK	Cyprus Union of Bank Employees
GDPR	General Data Protection Regulation
GHS (GESY)	General Healthcare System
GRI	Global Reporting Initiative
IMF	International Monetary Fund
KwH	Kilowatt
MW	Megawatt
NBG	National Bank of Greece
OCR	Overall Capital Requirements
P2G	Pillar 2 Guidance
Report	Corporate Sustainability Report 2022
RES	Renewable Energy Sources
RRF	Recovery and Resilience Facility
SDGs	Sustainable Development Goals
SME	Small and Medium Enterprises Unit
USA	United States of America
UK	United Kingdom
TY-ETYK	Medical Scheme of the Cyprus Union of Bank Employees
VAT	Value Added Tax
VRS	Voluntary Retirement Scheme

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