



## Governance Structure of RCB Bank Ltd

The governance arrangements in the Bank ensure effective and prudent management in the best interest of the Bank's shareholders and depositors.

The composition of the Board of Directors of the Bank is in full compliance with the "Directive to Credit Institutions on Governance and Management Arrangements in Credit Institutions" (the "Corporate Governance Directive") of Central Bank of Cyprus. Specifically:

- The majority of the members of the Board of Directors are independent;
- Two members of the Board of Directors are executive members one of which is the Chief Executive Officer of the Bank;
- An independent member of the Board of Directors holds the position of the chairperson of the Board of Directors;
- A non-executive member of the Board of Directors holds the position of the vice chairperson of the Board of Directors.

Non-executive members of the Board of Directors hold meetings on their own or with the external auditors and/or the heads of the internal control functions as appropriate, without the presence of the executive members, at least on a semi-annual basis.

The Board of Directors, inter-alia, decides the strategy of the Bank and oversees its implementation, decides the ethical standards and corporate values of the Bank, sets and oversees the amounts, types and distribution of capital adequate to cover the risks of the institution, decides the risk appetite of the Bank, approves the Compliance Policy, establishes the Board of Directors Committees.

The following Board of Directors Committees have been established as required by the Corporate Governance Directive:

- Risk Committee;
- Nominations Committee;
- Remuneration Committee;
- Audit Committee.

The majority of members of each Committee are independent. Further, the Committees are composed of members of the Board of Directors who do not perform any executive functions in the Bank.

The Bank has in place a detailed Organizational structure with clear reporting lines safeguarding segregation of duties and the prevention of conflicts of interest.

The Senior Management of the Bank, inter-alia, oversees the operations of the Bank and ensures implementation of the strategy and decisions approved by the Board of Directors, provides the Board of Directors with recommendations for the review of the strategy, business objectives and major policies governing the operations of the Bank.

The control functions of the Bank comprise the Risk Management Department, the Compliance Department, the Information Security Unit and the Internal Audit Department ("Control Functions"). Control Functions are independent and report directly to the Board of Directors through their respective Board of Directors Committees.

The Bank has developed policies and procedures for all activities and products including procedures for the approval of new products.

A detailed "Employee Handbook" is in place.

A "Sanctions Task Force" has been created comprising the Chief Executive Officer, two Deputy Chief Executive Officers, the Head of Legal department and the Head of Compliance. The "Sanctions Task Force" has the overall responsibility for reviewing and implementing the Bank's obligations emanating from the various EU, USA, UN and other sanctions in force.

The Bank has introduced the “Procedure for Reporting including Anonymous Reporting” as expressly required by the Corporate Governance Directive. The Bank is committed in achieving high standards of service and a high level of ethical standards. To this end, the Bank encourages all members of staff to use the internal mechanisms made available to them for the purpose of reporting directly to the Audit Committee any malpractice or illegal acts or omissions or breach of security or any serious irregularities or legally sanctionable transactions or conflict of interest cases or any breach or violation of Bank’s internal procedures or of any reasonable suspicion relating to the above by its employees, ex-employees, members of the management and members of the Board of Directors.

The Governance Structure of the Bank is aimed at:

- Protecting the interests of the Bank’s shareholders, employees and clients and all stakeholders;
- Enhancing the efficiency of corporate governance, internal and compliance control;
- Preventing fraud;
- Creating an efficient mechanism for the Bank’s employees and management to discuss potential violations and conflicts of interest, risks inherent in the Bank’s business, as well as prospects for streamlining the Bank’s products and services.
- Preventing illegal behaviour of the Bank’s employees; illegal behaviour shall include:
  - Failure to comply with the Bank’s internal procedures or decisions of the Bank’s Board of Directors;
  - Failure to meet contractual obligations of the Bank to its clients or counterparties;
  - Fraudulent actions by employees, including the unduly use of insider or confidential information;
  - Abuse of position;
  - Financial violations;
  - Interaction with clients or counterparties in breach of the Bank’s internal regulations and agreements with such clients or counterparties;
  - Deliberate concealment of any of the above facts.