

**Report of the Board of Directors on Corporate Governance for the
year 2018**

Attached announcement dated 25 April 2019.

Attachments:

1. **Announcement**
2. **Report of the Board of Directors on Corporate Governance for the year 2018**

Non Regulated

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HELLENIC BANK

25th April 2019

ANNOUNCEMENT

Subject: Report of the Board of Directors on Corporate Governance for the year 2018

Please find attached the Report of the Board of Directors of Hellenic Bank Public Company Limited on Corporate Governance for the year 2018.

HELLENIC BANK PUBLIC COMPANY LTD

HELLENIC BANK PUBLIC COMPANY LIMITED

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HELLENIC BANK

Report of the Board of Directors on Corporate Governance for the year 2018

INTRODUCTION

The Board of Directors of Hellenic Bank Public Company Limited (“the Company” or “the Bank”) fully adopted the Code of Corporate Governance, which was published by the Cyprus Stock Exchange (5th revised edition – January 2019), hereinafter referred to as “the Code”. In compliance with the provisions included in the Code’s introduction, the Board of Directors of the Company (“the Board” or “BOD”) incorporates the present Report on Corporate Governance in the Company’s 2018 Annual Report.

PART A

The Company states that the full implementation of the Code’s principles constitutes the Company’s policy and that it had already taken the initiative of applying many of these principles well before the establishment of the Code. The Board believes that good corporate governance, based on the Code, in conjunction with the terms of reference and the practices followed by the various Board Committees, constitutes a fundamental factor in achieving the corporate goal of maximising shareholder value. The Board acknowledges that there is an on-going process of formulating principles of corporate governance based on both international and local conditions. As such, the Board continually follows a policy of reviewing and readjusting the various aspects of corporate governance accordingly.

PART B

The Company confirms that it has complied with the provisions of the Code.

The Company applies the provisions of the Code throughout the Group of Companies to which it belongs i.e. and to its subsidiary companies through Committees of the Company or the subsidiary companies. As at the date of this Report all significant subsidiary companies maintain an Audit Committee and a Risk Management Committee as shown in paragraph (13) (Board Committees) below.

In light of the above, the following confirmations and reports are made:

Board of Directors

The Company is governed and controlled by the Board of Directors, which operates on the basis of the Code, the relevant Companies, Stock Exchange and Business of Credit Institutions Laws and the Company’s Articles of Association.

The Board of Directors sets the strategic aims of the group of Hellenic Bank (“the Group”) and ensures that the necessary financial and human resources are in place to meet the strategic and operational objectives of the Group.

The Board of Directors has the overall responsibility for:

- Setting and overseeing the values and standards of the Group.
- Setting and overseeing the business model of the Group.
- Maintaining effective systems and controls to ensure effective operation of the Group and compliance with applicable laws and regulations.
- Setting the framework and policy for effective governance and oversight of the Group.
- Monitoring business performance against the strategic objectives, risk appetite and expected standards.

The BoD is responsible for ensuring that Board and Committees composition and organization are appropriate.

The Bank’s Corporate Governance Framework includes a list of matters reserved for the Board. Such matters include, inter alia, setting of the Group’s overall strategy and targets, approval of the annual budget, approval of capital and funding plans, decisions relating to the capital structure of the Company, decisions on important matters and material transactions, transactions with Board Members and Senior Executives or major shareholders, appointment or removal of the Chief Executive Officer, matters concerning the composition and organization of the Board and Board Committees, governance matters, etc.

On 31st December 2018, the Board was composed of eleven non-Executive Directors and two Executive Directors, being sufficiently diversified in terms of age, gender, educational and professional background in order to reflect a sufficiently wide range of experiences and facilitate the extraction of a variety of independent opinions and critical challenges. The Board’s composition as at 31st December 2018, as well as the changes in the composition and distribution of responsibilities of the Board throughout the year and up to the date of the present Report, appear in the Directors’ Report for the year 2018.

During 2018, the Board of Directors held fifty meetings, the majority of which were special meetings (thirty one) due to the acquisition of certain assets and liabilities from the ex Cyprus Cooperative Bank Limited, completed on 3rd September 2018. Two of the abovementioned Board meetings were held without the presence of the Executive Directors. In accordance with the provisions of the Directive to Credit Institutions on Governance and Management Arrangements in Credit Institutions of 2014 of the Central Bank of Cyprus (“the Governance Directive”), one of the abovementioned meetings was held without the presence of the former Chairwoman (Chairperson of the Board until 24th May 2017) and without the presence of the Executive Directors, was chaired by the Senior Independent Director and its purpose was to assess the performance of the former Chairwoman of the Board of Directors. Another one of the abovementioned meetings was held without the presence of the previous Chairman (fulfilling the duties of the Chairperson of the Board from 24th May 2017 to 11th July 2018) and without the presence of the Executive Directors, was chaired by an independent Director and its purpose was to assess the performance of the previous Chairman of the Board of Directors. The overall attendance record at the 2018 Board meetings, scheduled and special, was 94%.

It is ensured that all Members of the Board are duly informed in writing of forthcoming Board meetings and all necessary documentation related to the meeting is provided, so that they have sufficient time to review it. The participation of the Board Members in other boards is such, so as, to allow them to devote the necessary time and attention to their duties as Members of the Board of the Company.

There is a clear division of responsibilities between the Chairperson of the Board of Directors and the Chief Executive Officer.

The Chairperson of the Board of Directors leads and manages the Board of Directors in a manner such as to ensure that it discharges its legal and regulatory responsibilities fully and effectively. The primary role of the Chairperson of the Board of Directors is to ensure that the Board of Directors is organized and operates properly and efficiently, to promote the required team spirit to the Board of Directors, to promote high standards of corporate governance and probity and to ensure that appropriate management information is provided to the Board to enable it to discharge its management and supervisory roles.

The Chief Executive Officer, under the delegated authority from the Board of Directors, has the responsibility for the day-to-day running of the Group, leads and directs the implementation of the Group strategy, which is determined by the Board of Directors and ensures that the Group's activities are executed in line with the performance targets set by the Board of Directors, the Laws, Regulations and Group Policies. The Chief Executive Officer of the Group is accountable to the Board of Directors.

The Board of Directors appoints an Independent Director as the Senior Independent Director. The Senior Independent Director is available to shareholders if they have concerns, which have failed to be resolved through normal communication channels. In addition, the Senior Independent Director, at least annually, chairs a meeting with the Non-Executive Directors without the Chairperson present, in order to appraise the performance of the Chairperson.

The Company Secretary and the Executive Officer ensuring compliance with the Code of Corporate Governance provide information and advisory services to the Members of the Board related to board procedures and the Code.

(1) Independent Non-Executive Directors in 2018

Based on the provisions of the Code and for the purposes of this Report, the following are the Independent Non-Executive Directors in 2018:

- Youssef A. Nasr, Chairperson (elected on 11th July 2018)
- Dr Evripides A. Polykarpou, Senior Independent Director (fulfilling the duties of the Chairperson of the Board from 24th May 2017 until 11th July 2018)
- Irena A. Georgiadou
- Lambros Papadopoulos (until 11th July 2018)*
- Marianna Pantelidou Neophytou**
- David Whalen Bonanno**
- Christodoulos A. Hadjistavris**
- Andreas Christofides

- Andrew Charles Wynn
- Stephen John Albutt
- Demetrios Efstathiou.

A relevant “Confirmation of Independence” based on the minimum independence criteria in accordance with provision A.2.3. of the Code is signed by each of the Independent Non-Executive Directors and is submitted to the Cyprus Stock Exchange together with the present Report on Corporate Governance.

(2) Non-Independent Non-Executive Directors in 2018

- Marinos S. Yannopoulos, Vice Chairman.

Upon the appointment of Mr Marinos S. Yannopoulos as Chief Executive Officer on 9 September 2014, a position which he held until 8th January 2015, the independence criterion A.2.3.(d) – employee of the Company within the last five years - of the Code was not fulfilled and therefore, from 9th September 2014, Mr Marinos S. Yannopoulos is no longer considered to hold the position of Independent Non-Executive Director of the Company.

(3) Executive Directors in 2018

- Ioannis A. Matsis, Executive Director / Chief Executive Officer
- Lars Kramer, Executive Director.

At least 50% of the Board of Directors (excluding the Chairperson) consists of Independent Non-Executive Directors.

(4) Chief Executive Officer

- Ioannis A. Matsis.

Notes:

* Mr Lambros Papadopoulos withdrew his candidacy for re-election as Member of the Board of Directors at the Annual General Meeting of the Shareholders held on 11th July 2018, for personal reasons and to focus on other executive and non-executive duties.

**Under the independence criteria listed in the Directive on the Assessment of the Fitness and Probity of the Members of the Management Body and Managers of Authorised Credit Institutions of 2014 of the Central Bank of Cyprus, which differ from those of the Corporate Governance Code, Mrs Marianna Pantelidou Neophytou, Mr Christodoulos A. Hadjistavris and Mr David Whalen Bonanno are not independent.

(5) Application of best possible practices of Corporate and Internal Governance in the Company

Directors' Induction and Ongoing Development

All newly appointed Board Members receive an induction and training. They receive an induction information pack, participate in an induction programme and have the opportunity to meet with senior officers of the Bank, be briefed by them and participate in introductory presentations.

In addition, the Chairperson of the Board, with the assistance of the Company Secretary, must ensure that Members of the Board possess at all times sufficient knowledge and skills to perform their duties and that their education and development needs are addressed on a continuing basis. For this purpose, at the beginning of each year, a Board annual training schedule is prepared, which includes specialised programmes covering technical matters and matters for the development of business and personal skills. In addition, depending on the responsibilities and personal training needs of each Board Member, they are given the opportunity to participate in specialised induction programmes and seminars that relate to their responsibilities as Members of Board Committees.

Evaluation of Performance of the Board of Directors

Pursuant to the provisions of the Governance Directive and best practices on Corporate Governance, the Board performs an assessment of the Board of Directors and its Committees at least on an annual basis.

In addition, in accordance with the Governance Directive, the Bank must assign at least every three years the review and evaluation of the composition, efficiency and effectiveness of the Board and its Committees to an independent external consultant. Both the internal and external evaluations are submitted to the Central Bank of Cyprus.

The Bank has established policies and procedures that govern the evaluation of the performance of the Board and its Committees.

In the first quarter of 2019 the Board of Directors performed the annual evaluation of the Board and its Committees for 2018.

The first external evaluation by external advisors was conducted in June 2015. An external evaluation was also conducted by external advisors in the first quarter of 2018.

The Board's Chairperson ensures that a clear improvement plan is put in place, which includes clear actions to address the development areas and it is regularly monitored by the Board.

The results of each annual self-assessment and the progress on the implementation of the actions in the improvement plan will constitute the basis for a review in the following year.

Corporate Governance Framework

The Bank has established a Corporate Governance Framework purporting to provide a comprehensive document, which clearly sets out the Company's corporate governance arrangements.

The Corporate Governance Framework provides information on the structures, responsibilities and processes established that ensure proper and effective management and oversight of the Company's affairs.

The Company's corporate governance policies purport to ensure the independence of the Board of Directors and its ability to effectively supervise Management's orderly operation of the Company. The policies are reviewed annually and in accordance with changing regulation and emerging best practice information.

The Corporate Governance Framework is reviewed at least annually.

Approval, Revision and Review of Policies, Frameworks and Charters

During 2018 and 2019 until the date of this Report, taking into account the provisions of the Governance Directive and within the framework of the continuous efforts of the Company to improve its Corporate Governance, the Board has approved or revised or reviewed, inter alia, the following Policies and/or Frameworks and/or Charters:

- Corporate Governance Framework
- Self-Assessment and External Evaluation (Board's Chairperson, Board Committees and Board Members) Policy
- Board Nomination, Evaluation, Selection, Succession and Ongoing Assessment Policy
- Remuneration Policy
- Code of Business Conduct and Ethics
- Anti-Bribery & Corruption Policy
- Anti-Money Laundering, Counter-Terrorism Financing & Economic Sanctions Policy
- Conflicts of Interest Policy
- Whistleblowing Policy
- Market Abuse Policy
- Compliance Charter and Framework
- Compliance Policy
- Internal Audit Charter
- Data Protection Policy
- Risk Management Charter
- Risk Appetite Framework
- Risk Appetite Statement

- Liquidity and Funding Risk Management Framework
- Market Risk Management Framework
- Enterprise Risk Management Framework
- Credit Risk Management Framework
- Operational Risk Management Framework
- Credit Policy – various Chapters
- Information Security Charter
- Information Security Policy
- Vendor and Outsourcing Management Policy
- Customer Acceptance Policy
- Investment Framework
- Products & Services Management Policy
- Product Governance Policy for Investment Products
- Various policies related to the MiFID II Directive / legislation
- Data Governance Policy
- Write Off: Debt Forgiveness and Write Down Policy

The Chairperson of the Board of Directors, the Chief Executive Officer, the Company Secretary and the Executive Officer ensuring compliance with the Corporate Governance Code confirm that compliance with the relevant laws, regulations and directives, the implementation of best practices of corporate governance within the Company and the application of an adequate and transparent framework of internal governance are amongst the priorities of the Bank.

Percentages of Major Shareholders as at 31 December 2018 and 19 April 2019

The percentage of the Shareholders holding more than five per cent of the Company's issued share capital as at 31 December 2018 were as follows:

THIRD POINT HELLENIC RECOVERY FUND LP	26,20%
WARGAMING GROUP LIMITED	24,92%
DEMETRA INVESTMENT PUBLIC LTD	10,05%
BANK OF CYPRUS PUBLIC CO LTD – OMNIBUS ACCOUNT (NR) (Concerned the participation of the EBRD)	5,37%

There followed a successful share capital increase through (i) a Rights Issue of up to €100.031.254,40 and (ii) a Private Placement of €50.000.000,40, approved by the Extraordinary General Meeting of the Shareholders held on 22nd August 2018.

Hence, the percentage of the Shareholders holding more than five per cent of the Company's issued share capital as at 17 April 2019 were as follows:

WARGAMING GROUP LIMITED	20,61%
DEMETRA INVESTMENT PUBLIC LTD	18,42%
POPPY SARL	17,30%
THIRD POINT HELLENIC RECOVERY FUND LP	12,59%
FUNDS MANAGED BY 7Q FINANCIAL SERVICES LTD	8,90%

(6) Remuneration Policy Report

The Remuneration Policy Report was prepared by the Board of Directors following a proposal by the Remuneration Committee in accordance with Appendix 1 of the Code. It is presented after the present Board of Directors' Report on Corporate Governance. The Remuneration Policy Report will be presented to the Annual General Meeting of the Shareholders for approval.

Information on the remuneration / fees of the Members of the Board of Directors and the Executive Directors for the year 2018 is disclosed in the notes to the Accounts contained in this Annual Report (Note 41) as well as in the Remuneration Policy Report itself.

(7) Going Concern

The Board of Directors states that the Company intends to continue to operate on a going concern basis for the next twelve months.

(8) System of Internal Control

The Board of Directors has ensured that the Bank maintained an effective System of Internal Control in 2018. The adequacy and effectiveness of the System of Internal Control is reviewed by the Board at least annually. The review covers all systems of internal control, including financial and operational systems, as well as compliance systems and systems for the management of risks that threaten the attainment of the Group's objectives.

To meet this requirement, procedures have been designed for safeguarding the Group's assets for maintaining proper accounting records and for ensuring the accuracy, completeness and validity of the information provided to the Group's stakeholders. These procedures can only provide reasonable but not absolute assurance against material misstatement, errors, losses, fraud or breaches of laws and regulations.

In this context, all Group operational management units are suitably staffed and responsible for the introduction and operation of appropriate control systems according to their respective business and responsibilities. Within this framework, the above- mentioned management units:

- Operate on the basis of a specific organisational structure and allocation of responsibilities;

- Prepare and monitor the implementation of the strategic and business plans and annual budgets;
- Follow written procedures, receive and disseminate information and advice through circulars and training programmes;
- Adopt a policy of adequate segregation of duties in order to avoid potential conflict(s) of interest wherever this is deemed necessary;
- Apply, at branch level, performance evaluation and measurement models based on specific targets;
- Are supported by appropriate software and hardware systems;
- Are subject to regular internal and external audits.

The effectiveness of the System of Internal Control is reviewed on a more regular basis by the Audit and Risk Management Committees through regular reports to the Board. In carrying out their reviews, the Audit and Risk Management Committees receive reports on internal controls, both financial and non-financial, internal audit reports, external audit reports and regulatory reports. In addition, since 3rd September 2018, the Committees receive special / ad hoc reports and/or updates on the integration work taking place in relation to the acquisition of certain assets and liabilities from the ex Cyprus Cooperative Bank Limited, to ensure that the effectiveness of the System of Internal Control is duly preserved.

The Executive Management of the Group is responsible for addressing weaknesses arising out of these reviews and for ensuring that mitigating actions are implemented within an appropriate and agreed timetable.

The Internal Audit Unit reports directly to the Audit Committee and the Board of Directors itself. It consists of 52 persons and is headed by Mrs Niki Nicolaidou-Hadjixenophontos (B.Sc. Honours in Financial Services, M.B.A., A.C.I.B., F.C.C.A.).

The following audit assignments have been outsourced in 2018 to external audit firms:

- (a) Audit of the Insurance subsidiary companies of the Group (Pancyprian Insurance and Hellenic Alico Life),
- (b) Audit of operating and database systems,
- (c) Audit of the Ship Finance Unit.

(9) Confirmation in Accordance with the Provision C.2.1. of the Code

In relation to paragraph (8) above (System of Internal Control), the Members of the Board of Directors confirm that they have reviewed the adequacy of the systems of internal control of the Company as well as the procedures for verification of correctness, accuracy and validity of information disseminated to investors.

The Board also confirms that, to its knowledge, no violation in the Stock Exchange Legislation and Regulations has occurred, except in cases already reported to the relevant authorities (where this applies).

(10) External Auditors – Provision C.2.2. of the Code

In 2018 Messrs KPMG, External Auditors of the Company, offered non-audit services e.g. tax services, general and specialised advisory services, review of various returns, training seminars, etc. Their objectivity and independence are ensured in the following ways:

- (a) Non-auditing services are offered by different companies / departments of the KPMG Group in accordance with the professional code of certified accountants / auditors (“Chinese Walls”).
- (b) The KPMG team that carries out the external audit of the Company does not participate in offering any other services except auditing.
- (c) The offer of non-audit services by the External Auditors is monitored by the Audit Committee in a manner which, aims to ensure that their objectivity and independence are not compromised.

Messrs KPMG have confirmed in writing to the Company that the offering of the abovementioned services does not affect their independence and objectivity. The External Auditors do not offer internal audit services to the Company.

(11) Credit Facilities to Directors

Information as to credit facilities provided to Company Directors (and related parties) is to be found in the relevant notes to the Financial Statements contained within the present Annual Report (Note 41). It is confirmed that credit facilities to Company Directors (and related parties) or to its subsidiary or associated company Directors are granted in the normal course of the Company’s business, under normal commercial and employment terms and with transparency. Furthermore, it is confirmed that all relevant cases of Bank facilities to Company Directors and its subsidiary company Directors are forwarded for approval to the Board, after the relevant proposal of the Board’s Audit Committee. The interested Member of the Board is neither present nor participates in the procedure.

(12) Executive Officer ensuring compliance with the Code of Corporate Governance

The Company has appointed Mrs Maria Vovides-Iliescu, Assistant Company Secretary, as Executive Officer ensuring compliance with the Code of Corporate Governance.

(13) Board Committees

The following Board Committees operate within the Company:

(a) Audit Committee

Chairperson: Dr Evripides A. Polykarpou (from 20th August 2018)
Lambros Papadopoulos (until 11th July 2018)

Members: Christodoulos A. Hadjistavris (until 20th August 2018)
Andreas Christofides (until 20th August 2018)
Stephen John Albutt
Irena A. Georgiadou
Marianna Pantelidou Neophytou (from 20th August 2018).

(b) Remuneration Committee

Chairperson: Stephen John Albutt (Chairman from 20th August 2018)
Dr Evripides A. Polykarpou (until 20th August 2018)

Members: David Whalen Bonanno
Christodoulos A. Hadjistavris
Lambros Papadopoulos (until 11th July 2018)
Irena A. Georgiadou (from 20th August 2018)
Andrew Charles Wynn (from 20th August 2018).

(c) Nominations / Internal Governance Committee

Chairperson: Youssef A. Nasr (from 20th August 2018)
Irena A. Georgiadou (until 20th August 2018)

Members: Marianna Pantelidou Neophytou
David Whalen Bonanno
Dr Evripides A. Polykarpou
Demetrios Efstathiou.

(d) Risk Management Committee

Chairperson: Andrew Charles Wynn

Members: Marianna Pantelidou Neophytou (until 20th August 2018)
Marinos S. Yannopoulos
Andreas Christofides
Demetrios Efstathiou
Christodoulos A. Hadjistavris (from 20th August 2018).

(e) Integration Committee

Chairperson: Irena A. Georgiadou (from 20th August 2018)

Members: Marinos S. Yannopoulos (from 20th August 2018)
Andreas Christofides (from 20th August 2018).

The terms of reference of the above Committees (except the temporary / ad hoc Integration Committee) are based both on the relevant provisions of the Code pertaining to them and the relevant guiding Directives of the Central Bank of Cyprus. They are published in paragraph 14 below while those of the Remuneration Committee are included in the Remuneration Policy Report. Within the framework of the provisions of the Code concerning relations with shareholders, the Chairpersons of these Committees are available to answer any questions at the Annual General Meeting, at which all shareholders are encouraged to participate. The Chairpersons and Members of the Committees periodically submit reports or proposals to the Board of Directors following meetings of the corresponding Committees, depending on the subjects being addressed.

The **Audit Committee** meets before the announcement of the quarterly results, to monitor the integrity, accuracy and reliability of the Group's quarterly and annual financial reporting process and Financial Statements as well as any formal announcements relating to the Group's financial performance, to assess the adequacy of the provisions in line with accounting policies and standards and to monitor the establishment of accounting policies and practices, paying particular attention to (i) changes to critical accounting policies and practices, (ii) decisions requiring a significant element of judgement and (iii) unusual transactions and how these are disclosed. It then proceeds with the relevant suggestions to the Board of Directors through a detailed memo.

The Audit Committee submits proposals to the Board regarding the appointment, compensation, terms and scope of engagement and substitution or rotation of the approved

Auditor and other external Auditors of the Group. The Committee monitors and ensures the independence and effectiveness of the Auditors and oversees the relationship between them and the Group.

The Audit Committee also meets (without the presence of Members of the Executive Management, unless the Audit Committee deems their attendance necessary, but with the presence of the Control Functions that report to it) to review matters that are within its responsibility and terms of reference, especially in relation to the design, operation, adequacy and effectiveness of the Systems of Internal Control and Compliance. The Committee makes recommendations or suggestions to the Board on issues under its jurisdiction.

The Audit Committee assesses and monitors the independence, adequacy and effectiveness of the Internal Audit and Compliance Functions.

It is noted that Pancyprian Insurance Ltd and Hellenic Alico Life Insurance Company Ltd also maintain an Audit Committee.

During 2018, the Audit Committee held eighteen meetings, one of which was held jointly with the Risk Management Committee.

The Committee's Chairperson has university degrees in Business Administration (B.Sc. in Business, M.B.A. in Financial Management). He has extensive senior executive and/or non-executive experience, amongst others, in development of systems and processes, budget development and control, purchasing and logistics, quality assurance, corporate governance and compliance, having served as a Compliance Officer. The rest of the Committee Members are Chartered Accountants - Members of the Institute of Chartered Accountants in England and Wales.

The **Risk Management Committee** assists the Board of Directors in fulfilling its responsibilities and obligations concerning the identification, measurement, monitoring and effective management of all the Group's risks (including but not limited to credit, interest-rates, operational, market, liquidity, foreign exchange, reputation, capital and other risks). Amongst other duties, the Committee prepares and submits proposals for approval to the Board concerning the principles, framework, policies and risk appetite in relation to undertaking and managing all forms of risk and the use of capital that corresponds to the business objectives of the Company, the Group and/or each subsidiary company separately. The Committee's mission includes promoting a culture of risk awareness and appropriate risk undertaking across the Group and assisting the Board of Directors in overseeing the effective implementation of the Risk Appetite Framework and Strategy.

It is noted that Pancyprian Insurance Ltd and Hellenic Alico Life Insurance Company Ltd also maintain a Risk Management Committee.

The Risk Management Committee meets whenever necessary and at least every month. During 2018, the Committee held eighteen meetings, one of which was held jointly with the Audit Committee.

The **Remuneration Committee** defines and recommends for approval by the Board of Directors the Remuneration Policy, including pensions and variable compensation and the Remuneration Principles of the Group, which are aligned to the Group's strategic objectives and values. The Committee meets whenever it is necessary to fix or review the remuneration of Executive and non-Executive Members of the Board of Directors, the Company Secretary, the Chief Executive Officer, the Officers reporting directly to the Chief Executive Officer and the

Heads of the Control Functions. After considering all relevant parameters and data, it makes relevant recommendations to the Board for making decisions, in the absence of the Executive Member(s) of the Board or other Officers involved. It is also engaged in reviewing and making proposals on the remuneration of the Executive and non-Executive Members of the Board of Directors of the subsidiaries or associated companies of the Group.

The Committee's suggestions and the Group's Remuneration Policy take into consideration the relevant responsibilities, workload, qualifications, know-how, academic background, experience, individual performance, remuneration of comparable positions in the market, especially in areas where the Group is active, remuneration at other levels in the Group as well as non-financial criteria e.g. compliance with applicable rules and procedures. The Committee's aim is to attract and retain good quality officers at Executive and General Management levels, in order to better serve the interests of the Group as well as those of its Shareholders and other stakeholders.

The Remuneration Committee proposes to the Board of Directors the Annual Remuneration Policy Report, as part of the Annual Report of the Company, which is submitted to the Annual General Meeting of the Shareholders for approval. The Committee also reviews and approves the Disclosure of Information regarding the Annual Remuneration of the Directors, which is prepared by Human Resources for inclusion in the notes to the annual accounts of the Company and the Remuneration Policy Report itself.

During 2018, the Remuneration Committee held two meetings.

The **Nominations / Internal Governance Committee** is engaged in selecting fit and proper individuals for appointment as Board Members of the Company or its subsidiaries or associated companies of the Group or any other company in which the Company has the right to appoint Members of the Board, either for positions extraordinarily vacated or after the retirement of Board Members. The Committee then submits its suggestion(s) to the Board of Directors for reaching a relevant decision. The new Members of the Board undergo a detailed induction programme. The Committee also has the responsibility of implementing the Group's policies on Internal Governance as well as to oversee the Board's Evaluation and Succession Plan. The Nominations / Internal Governance Committee meets whenever issues within its competency arise.

During 2018, the Nominations / Internal Governance Committee held five meetings.

Following the acquisition of certain assets and liabilities from the ex Cyprus Cooperative Bank Limited, the Board of Directors decided to establish a temporary / ad hoc Integration Committee of the Board as from 1st August 2018. The **Integration Committee** has been established to ensure the effective oversight and input of the Board of Directors in smoothly implementing the integration plan of the acquired business into that of the Bank. It is anticipated that the Integration Committee will be operational for a period of up to 18 months.

The Integration Committee meets whenever necessary and at least twice every month. During 2018, since its establishment, the Committee held eight meetings.

(14) Terms of Reference of the Board of Directors' Committees (except the Remuneration Committee and the temporary / ad hoc Integration Committee)

Terms of Reference of the Audit Committee

1. Establishment / Mission

The Audit Committee was established to fulfil the following mission in relation to Hellenic Bank Public Company Limited ('the Company' or 'the Bank' or 'the Group'):

The primary mission of the Committee is to ensure compliance with all required laws and regulations including but not limited to the requirements of the Business of Credit Institutions Laws, the relevant Central Bank of Cyprus' and European Central Bank's Directives and requirements and the Cyprus Stock Exchange's Code of Corporate Governance, in relation to Internal Audit and Compliance.

The Audit Committee reviews and challenges, where necessary, Group policies, practices, controls and actions and judgement of the management team that contribute to the sound management and conduct of the operations and activities of the Company.

The Committee is responsible for assisting the Board of Directors ('the Board') in the effective monitoring of the activities and operations of the Group.

In order to accomplish its mission, the Committee has under its direct monitoring and control the Internal Audit Unit, which is independent of the Executive Management and accountable to the Committee. Also, the Compliance Unit reports quarterly to the Committee on matters related to the adequacy and effectiveness of the Compliance Framework and the Framework for Business Conduct.

The Committee has adequate access to the Internal Control Functions and with the approval of the Board, it obtains independent professional advice whenever it deems this necessary.

2. Composition and Term-in-Office of Members of the Audit Committee

The Board appoints at least three and up to seven non-Executive Directors as Members of the Committee. The majority of the Members of the Committee must be independent non-Executive Members of the Board.

The Audit Committee as a whole should have:

- (a) Recent and relevant practical experience in the area of financial markets or professional experience directly linked to financial markets activity and
- (b) Knowledge of the Group's broader business environment, including information systems, technology, compliance and internal audit.

Members of the Committee must not hold any other posts or positions or conduct transactions which could be considered to be in conflict with the Terms of Reference of the Committee.

Members of the Committee cannot participate in more than two (2) committees, including the Audit Committee.

The Chairperson of the Committee shall be independent and have specialist knowledge and experience in the application of accounting principles and internal control processes and will be appointed by the Board.

The Chairperson of the Board shall not be a Member of the Audit Committee.

The term-in-office of the Members of the Committee is decided by the Board.

3. Meetings of the Committee

The Committee holds meetings, at least quarterly, which, where appropriate, must coincide with important financial reporting dates. In emergency or crisis situations, the Committee may convene via teleconferencing for decision-taking. The next integral number of one half of the Members comprises a quorum.

The Committee invites regularly to its meetings the Head of the Internal Audit Unit, the Head of the Compliance Unit and any officers of the Group, whose opinion it considers necessary for the best conduct of its duties and compliance.

The Chairperson of the Committee must ensure that no other person is present, including other Members of the Board, unless formally invited to attend for a specific item(s) on the agenda. Any such person is present only during the discussion of the specific item and leaves the meeting room immediately after, without any participation in the decision-making process.

The Company Secretariat must be closely involved in the preparation of the meeting's agenda and ensure it is distributed, including supporting papers where relevant, at least three (3) business days in advance of the meeting.

The Committee reports regularly to the Board and the Company Secretariat ensures that minutes of the Committee's meetings and decisions are kept in accordance with Paragraph 7(4) of the Governance and Management Arrangements Directive of 2014 of the Central Bank of Cyprus, which it circulates to the Board.

The Committee liaises and holds meetings with the external Auditors frequently to discuss matters arising from their audit findings.

4. Decision-making Process

4.1 The Committee is authorized by the Board to:

- (a) Investigate any activity within its Terms of Reference,
- (b) Seek any information and clarifications from any employee of the Company. All employees are required to co-operate with any request made by this Committee.

4.2 The decisions of the Committee are taken by majority voting. In the event of an equality of votes, the Chairperson of the meeting shall not have a second or casting vote and the item in discussion must be escalated to the Board of Directors.

5. Duties and Responsibilities

The duties and responsibilities of the Committee are the following:

5.1 Financial Statements

- 5.1.1 It monitors the integrity, accuracy and reliability of the Group's quarterly and annual financial reporting process and Financial Statements, as well as any formal announcements relating to the Group's financial performance.
- 5.1.2 It assesses the adequacy of the provisions in line with applicable accounting policies and standards and submits a relevant report to the Board of Directors and the Risk Management Committee on a quarterly basis.
- 5.1.3 It monitors the establishment of applicable accounting policies and practices, paying particular attention to the following:
 - (a) Changes to critical accounting policies and practices,
 - (b) Decisions requiring a significant element of judgement,
 - (c) Unusual transactions and how these are disclosed.
- 5.1.4 It monitors the effectiveness of the internal quality control and risk management systems as well as internal audit in relation to the Group's quarterly and annual financial reporting.

5.2 External Audit

- 5.2.1 It submits proposals to the Board regarding the appointment, compensation, terms and scope of engagement and substitution or rotation of the approved Auditor and other external Auditors of the Group. It is responsible for any selection procedure run and complying with all the regulatory requirements in relation to such procedures.
- 5.2.2 It monitors and ensures the independence and effectiveness of the Auditors, including:
 - (a) Seeking from the Auditors information about the policies and procedures for maintaining independence and compliance with relevant requirements, at least on an annual basis.
 - (b) Seeking reassurance that the Auditors and their staff have no family, financial, employment or business relationship with the Company (other than in the normal course of business).
 - (c) Discussing with the Auditors the threats to independence and applicable safeguards as well as the key issues related to independence in the Auditors' Additional Report to the Audit Committee and mitigation actions.
 - (d) Taking account of the Audit Firm's Partners rotation policy.
 - (e) Overseeing the Auditors' compliance with the reporting requirements in relation to the Audit Report and the Auditors' Additional Report to the Audit Committee.
 - (f) Monitoring the history of new key management staff joining the Group in relation to previous employment by the incumbent Auditors.
- 5.2.3 It oversees the relationship between the Group and its Auditors.

- 5.2.4 It evaluates the extent and effectiveness of the audits and examines ways to better coordinate the audit effort to ensure complete coverage, avoidance of overlapping work and the best use of available audit resources (cost effectiveness).
- 5.2.5 It monitors the Statutory Audit of the Annual Financial Statements, taking into account any findings or conclusions of the Cyprus Public Audit Oversight Board.
- 5.2.6 It informs the Board of the outcome of the Statutory Audit, explaining its contribution to the integrity of the Group Financial Statements.
- 5.2.7 It evaluates the statements made / matters identified in the Audit Report and the Auditors' Additional Report to the Audit Committee.
- 5.2.8 It evaluates the comments and proposals of the Auditors with regard to the management of the Group, the preparation and presentation of its Financial Statements and the monitoring of their application.
- 5.2.9 It is responsible for the oversight of permissible non-audit services ('NAS') to the Bank and its subsidiary or affiliated companies by their Auditors, taking into account the nature of the services offered, the threats to their independence and the safeguards applied.
- 5.2.10 The Committee Members must satisfy themselves that the NAS provided by the Auditors do not compromise the Auditors' independence. Factors that the Committee Members should consider include:
- (a) The level of fees paid for the provision of NAS as a proportion of total fees paid to the Auditors. The Committee is informed quarterly by Finance and the Auditors about the nature, extent and fees of NAS or other advisory assignments of the Auditors.
 - (b) Regarding the NAS provided, the aim is to maintain the balance between objectivity and the value added by the NAS at Group level.
 - (c) In the case where NAS are offered to a subsidiary or affiliated company of the Bank and the volume is such that it downgrades the objectivity of their audits, the Committee informs the corresponding Committee (where it exists) of the subsidiary company or its Board of Directors.
 - (d) The Auditors must provide a written confirmation of independence for all NAS, approved by the appropriate authority within the external audit firm (typically the principal engagement partner).
- 5.2.11 It is responsible for approving the NAS provided by the Auditors, ensuring that the NAS are non-prohibited and ensuring the Auditors' independence by monitoring the volume, nature and fees of NAS. All requests for approval of NAS provided by the Auditors are submitted to the Committee through Finance.
- 5.2.12 It prepares annually a report in which the audit services and NAS are recorded by category, time and fees paid to the Auditors. This report is submitted to the Board, along with the relevant comments of the Committee.

5.3 Internal Audit

- 5.3.1 It approves and evaluates the Internal Audit Charter.

- 5.3.2 The Internal Audit Unit submits its annual audit plan and budget to the Audit Committee for review and approval, ensuring appropriate coverage, prioritisation and flexibility to adapt to variations in response to developments. Any changes that are likely to be made to the audit plan or the budget during the year must also be approved by the Committee.
- 5.3.3 It submits to the Board its recommendations on the appointment and replacement of the Head of the Internal Audit Unit.
- 5.3.4 It assesses, on an annual basis, the performance of the Head of the Internal Audit Unit and submits his/her annual appraisal to the Board.
- 5.3.5 It assesses and monitors the independence, adequacy and effectiveness of the Internal Audit Unit.
- 5.3.6 It monitors and assesses, on an annual basis, the adequacy and effectiveness of the Group's internal control systems and information systems, based on reports of the Internal Audit Unit and the observations and comments of the external Auditors and the competent supervisory authorities.
- 5.3.7 It reviews the quarterly and annual reports submitted by the Chief Internal Auditor, which are subsequently submitted to the Board.
- 5.3.8 It submits to the Board reports regarding the following:
- (a) Proposals for addressing any weaknesses of the internal control systems and information systems, which have been identified based on reports of the Internal Audit Unit and the observations and comments of the external Auditors and the competent supervisory authorities.
 - (b) Matters relating to the independence and smooth execution of the audit work carried out by the Internal Audit Unit.
- 5.3.9 (a) It confirms that the Company assigns the assessment of the adequacy of the Internal Control System, on an individual and consolidated base, to external Auditors who have the necessary experience.
- (b) It evaluates the findings of the above assessment and proposes corrective measures to the Board.
- 5.3.10 It ensures that the Internal Audit Unit has adequate resources and appropriate standing within the Company.

5.4 Compliance

- 5.4.1 It assesses and monitors the independence, adequacy and effectiveness of the Compliance Unit.
- 5.4.2 It submits to the Board its recommendations on the appointment and replacement of the Head of the Compliance Unit.
- 5.4.3 It assesses, on an annual basis, the performance of the Head of the Compliance Unit and submits his/her annual appraisal to the Board.

- 5.4.4 It advises the Board, drawing on the work of the Compliance Unit, on the adequacy and effectiveness of the Framework for Business Conduct.
- 5.4.5 It advises the Board, drawing on the work of the Compliance Unit and external Auditors, on the adequacy and effectiveness of the Compliance Framework (including the Compliance Monitoring Programme and Compliance Policies). Anti-Money Laundering Compliance is not included therein but it is the direct responsibility of the Board to monitor.
- 5.4.6 The Compliance Unit submits its annual Compliance action plan / programme and budget to the Audit Committee for approval, ensuring that they are sufficiently flexible to adapt to variations in response to developments.
- 5.4.7 It reviews the quarterly and annual compliance reports submitted by the Head of the Compliance Unit, which are subsequently submitted to the Board. The annual reports of the Money Laundering Compliance Officer are submitted directly to the Board.
- 5.4.8 It ensures that the Compliance Unit has adequate resources.

5.5 Miscellaneous Issues

- 5.5.1 It assigns to the Internal Audit Unit or to independent experts, following the authorisation of the Board, the investigation of any matters which fall within its mission and responsibilities.
- 5.5.2 It requests information from Management on the significant risks to which the Group is exposed; it evaluates the measures taken by the Management and the Board to minimise these risks and submits its recommendations for the improvement of those measures.
- 5.5.3 It investigates any other important data, information or facts that concern and influence the performance and operation of the Company or its compliance with the laws and regulations that govern it.
- 5.5.4 It oversees that Senior Management takes the necessary corrective actions in a timely manner to address control weaknesses, non-compliance with policies, laws and regulations and other weaknesses identified by external Auditors, the Internal Audit and Compliance Units and the supervisory authorities.
- 5.5.5 Following a decision of the Audit Committee, the Chairperson of the Audit Committee convenes a joint meeting with the Members of the Audit Committee of a subsidiary company to discuss and study any matters concerning that company as may be deemed necessary.
- 5.5.6 The Committee has the responsibility for examining any significant transactions, of any nature, carried out by the Bank and/or its subsidiary companies, in which a Member of the Board, the Chief Executive Officer, a Senior Executive, the Company Secretary, the Auditor or a major shareholder of the Company (who directly or indirectly holds more than 5% of the issued share capital of the Company or its voting rights) has, directly or indirectly, any significant interest, so as to ensure that these transactions are carried out within the framework of the Company's normal commercial practices (at arm's length).

The above definition includes the Members of the Board of subsidiary companies.

- 5.5.7 It prepares, with the assistance of the Executive Officer responsible for ensuring compliance with the Corporate Governance Code, the Report of the Board of Directors on Corporate Governance to be included in the Group's Annual Report.
- 5.5.8 It handles any eponymous or anonymous reports by employees, submitted in the context of the Group's formal relevant policy.
- 5.5.9 It assesses the adequacy and effectiveness of the appeals process, based on reports of the Appeals Committee, and of the Appeals Committee itself. It identifies any weaknesses or gaps in the loans restructuring process and it subsequently informs the Management and the Board on further action as it considers necessary.
- 5.5.10 It carries out a self-assessment and reports to the Board its conclusions and recommendations for improvements and changes in relation to the structure, the responsibilities and the work of the Committee.
- 5.5.11 The Chairperson of the Committee will be available for personal, telephone, electronic or written communication, upon request of the Company's shareholders, regarding issues concerning the work of the Committee. He/She will also be available to answer any questions raised during the Annual General Meeting or any other informative meeting of the Company's shareholders.
- 5.5.12 Information regarding the structure and work of the Committee will also be included in the Annual Corporate Governance Report of the Board of Directors of Hellenic Bank Public Company Limited.

6. Validity and Amendments of the Terms of Reference

The Terms of Reference are reviewed regularly, at least annually, to ensure continuing appropriateness. The reviews must be documented and include, where necessary, recommendations to the Board on revisions so as to reflect any new practices that may be adopted by the Group. These may include organisational restructuring, Directives of the Central Bank of Cyprus, amendments in the relevant legislation, new Directives of the Securities and Exchange Commission or new Regulations of the Cyprus Stock Exchange which are added to the Code.

7. Code of Corporate Governance

Notwithstanding the above, the Audit Committee will function strictly within the framework of the relevant provisions of the Code of Corporate Governance, as determined in Chapter C of the Code.

Terms of Reference of the Risk Management Committee of the Board of Directors

1. Establishment / Mission

The Board Risk Management Committee ('BRMC') of Hellenic Bank Public Company Limited ('the Company' or 'the Bank' or 'the Group') was established to fulfil the following mission:

- 1.1 Set a well-defined and clearly communicated strategy for risk management and information security throughout the Group and embedding of the Risk Appetite Framework ('RAF');
- 1.2 Promote and embed a culture of risk / information security awareness and appropriate risk taking across the Group and assist the Management Body of the Bank in implementing the strategy;
- 1.3 Promote risk-informed decision making across the Group;
- 1.4 Ensure compliance with all required laws and regulations including but not limited to the requirements of the Business of Credit Institutions Laws, the relevant Central Bank of Cyprus' and European Central Bank's Directives and requirements, and the Cyprus Stock Exchange's Code of Corporate Governance in relation to Risk Management and Information Security;
- 1.5 Periodically review the Bank's Enterprise Risk Management Framework and the Information Security Framework (Policy);
- 1.6 Ensure that the Risk Management and Information Security Functions fulfill their responsibilities and obligations concerning the identification, measurement, monitoring and effective management of all Group risks.

2. Composition of the Risk Management Committee

The Committee is appointed by the Board of Directors ('BoD' or 'Board') and consists of three to seven non-Executive Directors with sufficient knowledge and experience in the Risk Management sector. The majority of the Members of the Committee must be independent non-Executive Members of the Board.

Members of the Risk Management Committee can be members of only one other Board Committee.

The Chairperson of the Committee is appointed by the Board.

The term-in-office of the Members of the Committee is decided by the Board.

The Board can, during the term-in-office of the Committee: (a) replace any Member of the Committee, including the Chairperson and (b) fill positions in the Committee which are vacated for any reason.

Committee Members shall not hold any other posts or positions or conduct transactions which could be considered to be in conflict with the Terms of Reference of the Committee.

Committee Members shall have appropriate knowledge, skills and expertise to fully understand and monitor the risk strategy and the risk appetite of the Company.

3. Meetings / Decision-making Process of the Risk Management Committee

The Committee shall meet whenever necessary and at least twice every quarter. In emergency or crisis situations, the Committee may convene via teleconferencing for decision-taking. A Committee resolution in writing signed or approved by email, text message, fax or any other means of transmission (i.e. Diligent) by ALL Committee

Members shall be valid and effectual as if it had been passed at a meeting of the Committee duly convened and held.

The majority of Committee Members shall comprise a quorum. A majority of Committee Members shall be considered to be the next integral number of one half of the Members. A decision of the Committee may be adopted by the majority of attending Committee Members. In the case of a tie, the Chairperson shall not have a second or casting vote and the item in discussion must be escalated to the Board of Directors.

The Company Secretariat must be closely involved in the preparation of the meeting's agenda and ensure it is distributed, including any supporting papers where relevant, at least three (3) business days in advance of the meeting.

The Company Secretariat must ensure minutes of the Committee's meetings and decisions are kept in accordance with Paragraph 7(4) of the Governance and Management Arrangements Directive of 2014 of the Central Bank of Cyprus and circulate them to the Board. In addition, the Company Secretariat must send the approved Committee minutes to the Central Bank of Cyprus within one month of the meeting date in accordance with the requirements of the Governance Directive.

The Company Secretariat works in close cooperation with Enterprise Risk Management & Governance Unit to coordinate: (i) the submission of support material and information to the Risk Management Committee and (ii) the communication between the Risk Management Committee and relevant stakeholders.

The Committee has the approval of the Board to obtain independent professional advice whenever it deems this necessary.

The Committee may formally invite to any of its meetings, for a specific item or items on the agenda, any person who may contribute towards that specific item. Such person is present only during the discussion of the specific item and leaves the meeting room immediately after without any participation in the decision making process.

4. Duties and Responsibilities of the Risk Management Committee

The Committee shall carry out the duties set out below:

Frameworks and Policies

4.1 Define and submit for periodic review, prior to Board approval:

- 4.1.1 The principles which should govern risk management as set out by the Enterprise Risk Management Framework ('ERMF'), the framework for undertaking all forms of risk, and the risk frameworks covering individual risks;
- 4.1.2 The principles which should be considered in the recruitment of employees, the selection of vendors, the development of products, services, and processes as well as in the implementation and operation of information systems and information processing facilities as set out by the Information Security Framework and the Information Security Policy itself;
- 4.1.3 The appropriate allocation of capital across the various divisions of the Group that would enable the Company, Group and/or each subsidiary separately to

achieve their business objectives, in accordance to the Strategic Plan of the Group, and within the constraints and guidelines laid out in the Capital Plan and in the Risk Appetite Framework and Statement;

4.1.4 The policies of the Group with regard to the limits and pricing of undertaking Group risks;

4.1.5 All other risk related policies cascading from ERMF and the risk frameworks.

4.2 Cultivate an internal environment of risk management, information security, appropriate risk taking and control, that will govern the business decision-making processes across the activities and Units of the Group and its subsidiaries and which will be consistent with the Board's communicated Business Strategy and Risk Appetite Statement.

Risk Appetite / Risk Strategy

4.3 Advise and develop recommendations for the Board on the Group's overall current and future risk appetite and ensure it remains consistent with the Bank's short and long-term strategy, business and capital plans, risk capacity as well as compensation programs; taking into account relevant legal and regulatory requirements.

4.4 Assist the Board in overseeing the effective implementation of the risk appetite framework and strategy by senior management including:

- (i) The development of mechanisms to ensure material exposures that are close to or exceed approved risk limits are managed and, where necessary, mitigated in an effective and timely manner;
- (ii) The identification and escalation of breaches in risk limits and of material risk exposures in a timely manner;
- (iii) Submitting proposals and recommendations for corrective actions whenever weaknesses are identified in implementing the risk strategy;
- (iv) Embedding attitudes around risk taking, management and control in line with the Board's communicated Strategy and Risk Appetite Statement.

4.5 Review whether prices, terms and conditions of liabilities and assets offered to clients take fully into account the Company's business model and risk strategy. Where prices do not properly reflect risks in accordance with the business model and risk strategy, the Committee shall require that management prepare a remedy plan for BRMC examination and review for presentation to the Board.

Capital Management

4.6 Review and recommend to the Board for approval relevant regulatory submissions after review and approval at Executive Level such as the Group's Internal Capital Adequacy Assessment Process ('ICAAP'), the Group's Stress Testing Process and the Group's Recovery Plan.

4.7 Approve the methodology, assumptions and parameters used for the calculation of the provisions by the Risk Management Function.

Liquidity Management

- 4.8 Review and recommend to the Board for approval relevant regulatory submissions and returns after review and approval at Executive Level such as the Group's Internal Liquidity Adequacy Assessment Process ('ILAAP') and the Group's Liquidity Contingency Plan.

Risk Data Aggregation and Reporting

- 4.9 Oversee the implementation of the Basel Risk Data Aggregation and Risk Reporting Principles and in particular review the Framework for Risk Data Aggregation and Reporting.

Pillar 3 Disclosures

- 4.10 Review and recommend to the Board for approval the Group's Compliance Policy to the Pillar 3 disclosure requirements as per CRR / CRD IV.
- 4.11 Review and endorse statements in relation to financial and operational risk made in the risk management section of the Pillar 3 Disclosures.

Remuneration

- 4.12 Review whether incentives provided by the remuneration system take into consideration risk, capital, liquidity and the likelihood and timing of earnings.

Control Functions

- 4.13 Assess and monitor the independence, adequacy and effectiveness of the Risk Management and Information Security Functions, including carrying out the annual appraisal of the Chief Risk Officer and Head of Information Security and submit the relevant reports to the Board.
- 4.14 Submit to the Board recommendations for the appointment or removal of the Heads of the Risk Management and Information Security Functions.
- 4.15 Advise the Board, drawing on the work of the Audit Committee, Risk Management Function, Information Security Function and External Auditors, on:
- (i) the adequacy and effectiveness of the risk management and information security frameworks and propose improvements where necessary;
 - (ii) the adequacy and robustness of information and communication systems to enable identification, measurement, assessment and reporting of risk in a timely and accurate manner and ensure the adequate protection of the Company's confidential and proprietary information;
 - (iii) the adequacy of provisions and effectiveness of strategies and policies with respect to maintaining, on an ongoing basis, amounts, types and distribution of both internal capital and own funds, adequate to cover the risks of the Company.
- 4.16 Review and approve the budgets of the Risk Management and Information Security Functions, ensuring that they are sufficiently flexible to adapt to variations in response to developments.

Risk Management and Information Security Information

4.17 Determine the nature, the amount, the format and the frequency of the information which it is to receive on the risk situation of the Company and for each type of risk and each business unit. The Committee must:

- (i) approve metrics or a process to satisfy itself that the risk reports and information it receives are accurate, comprehensive and depict an appropriate view of the Company's risk profile;
- (ii) ensure that risk parameters and risk models developed and used to quantify them are subject to periodic independent validation.

4.18 Review the Group's risk profile in relation to its strategy and risk appetite and monitor material risks, key risk trends, concentrations and exposures by considering and evaluating:

- (i) the quarterly reports submitted by the Chief Risk Officer within two months from the end of each quarter and inform the Board accordingly;
- (ii) the half-year report submitted by the Head of Information Security within two months from the end of the first half-year and inform the Board accordingly;
- (iii) the annual reports submitted by the Heads of the Risk Management and Information Security Functions within two months from the end of each year and submit these to the Board, accompanied by the Committee's assessment of the reports;
- (iv) the relevant reports prepared by Internal Audit Unit, subsidiary Boards and/or Risk Committees and the Regulators and oversee that corrective measures are implemented where these are necessary;
- (v) the monthly Risk Management Information Report ('Risk MIR') by 22nd of the month following each calendar month end.

4.19 Promote the development of relevant Early Warning Indicators.

Evaluation of Risks

4.20 The Committee reviews the evaluation and recommendations of the Risk Management Function related to the involvement of the Group in new markets, new companies or business ventures and submit its respective recommendations to the Board.

4.21 The Committee shall periodically and at least on a six-monthly basis evaluate the Arrears Management Strategy and its underlying hypothesis and assumptions and submit the revised strategy to the CBC as well as ensure appropriate control mechanisms to effectively manage NPE and Forborne loans.

4.22 The Risk Management Committee shall work with the Audit Committee of the Board to ensure that a global view is taken in the management of risk.

Committee Governance

4.23 The Committee shall review its Terms of Reference regularly, at least annually, to ensure continuing appropriateness. The reviews must be documented and include, where necessary, recommendations to the Board on revisions.

4.24 The Committee shall conduct a self-assessment and report its conclusions and recommendations for improvements and changes to the Board.

4.25 The Chairperson of the Committee shall be available for personal, telephone, electronic or written communication, which shareholders of the Company may request, regarding issues concerning the work of the Committee. The Chairperson shall also be available to answer any questions during the Annual General Meeting or any meeting for the purposes of briefing the shareholders of the Company. Information concerning the structure and work of the Committee will also be given in the Annual Corporate Governance Report of the Board of Directors of Hellenic Bank Public Company Limited.

Terms of Reference of the Nominations / Internal Governance Committee

1. Role of the Nominations / Internal Governance Committee

The Nominations / Internal Governance Committee is primarily responsible to prepare proposals for the Board of Directors ('the Board') regarding the selection of individuals for nomination as Members of its Board or the Boards of subsidiary or associated companies of the Group or of any other company in which Hellenic Bank Public Company Limited ('the Company') has the right to appoint any member of the board, either to fill extraordinarily vacated or vacant seats or after the retirement of a Member in accordance with the retirement policy due to age.

In addition, the Committee is responsible to prepare proposals for the Board regarding the selection of the Chief Executive Officer ('CEO') of the Company or its subsidiary companies or associated companies of the Group or any other company in which the Company has the right to appoint a CEO or the appointment of any Executive member of the board of directors of the Company or the board of directors of any of its subsidiary companies. The Committee is also responsible for the development, implementation and oversight of policies of internal governance arrangements within the Group.

The Committee also ensures that the Company complies with the requirements of the Business of Credit Institutions Laws, the relevant Central Bank of Cyprus' Directives and the Cyprus Stock Exchange's Code of Corporate Governance.

2. Composition of the Nominations / Internal Governance Committee

The Committee is appointed by the Board and consists of three to six exclusively non-Executive Directors. The majority of the Members of the Committee must be independent non-Executive Members of the Board.

Members of the Nominations / Internal Governance Committee can be members of only one other Board Committee.

The Chairperson of the Committee is appointed by the Board.

The term-in-office of the Members of the Committee is decided by the Board.

Committee Members shall not hold any other posts or positions or conduct transactions which could be considered to be in conflict with the Terms of Reference of the Committee.

3. Meetings / Decision-making Process of the Nominations / Internal Governance Committee

The Committee shall meet whenever necessary and at least on a quarterly basis. The Committee may convene via teleconferencing for decision-taking. A Committee resolution in writing signed or approved by email, text message, fax or any other means of transmission (i.e. Diligent) by ALL Committee Members shall be valid and effectual as if it had been passed at a meeting of the Committee duly convened and held.

The majority of Committee Members shall comprise a quorum. A majority of Committee Members shall be considered to be the next integral number of one half of the Members.

The decisions of the Committee are taken by majority voting. In the event of an equality of votes, the Chairperson of the meeting shall not have a second or casting vote and the item in discussion must be escalated to the Board of Directors.

The Company Secretariat must be closely involved in the preparation of the meeting's agenda and ensure it is distributed, including any supporting papers where relevant, at least three (3) business days in advance of the meeting.

The Company Secretariat must ensure minutes of the Committee's meetings and decisions are kept in accordance with Paragraph 7(4) of the Governance and Management Arrangements Directive of 2014 of the Central Bank of Cyprus and circulate them to the Board.

The Committee has the approval of the Board to obtain independent professional advice whenever it deems this necessary.

The Committee may formally invite to any of its meetings, for a specific item or items on the agenda, any person who may contribute towards that specific item. Such person is present only during the discussion of the specific item and leaves the meeting room immediately after without any participation in the decision-making process.

4. Duties and Responsibilities of the Nominations / Internal Governance Committee

The Committee shall carry out the duties set out below for the Company and its subsidiaries:

Board Evaluation

- 4.1 Assess at least annually, the structure, size, composition and performance of the Board and make recommendation with regard to any changes to the Board.
- 4.2 Evaluate regularly and at least annually, the skills, knowledge, experience, diversity and expertise of Members of the Board of Directors and those of the Group's subsidiary companies, individually and collectively, reporting accordingly to the Board.
- 4.3 Assign at least every three (3) years the review and evaluation of the composition, efficiency and effectiveness of the Board and its Committees to an independent external consultant to bring an objective perspective and share leading industry practices.

Board Succession Plans

- 4.4 Review periodically and at least annually, succession plans for the Board to ensure on the one hand that successions occur smoothly and an appropriate balance of diversity, skills and experience is maintained, and on the other hand the progressive renewal of the Board, reporting accordingly to the Board.

Policies

- 4.5 Define, for the approval by the Board, and periodically review policies for:
- (a) Appointment of Board Members, including the necessary qualifications that an individual should possess in order to serve as a member of the Board of Directors of any of the Group's companies and
 - (b) Board diversity, including a target representation of the underrepresented gender and how to reach and maintain this target.
- 4.6 Review periodically and at least annually, the policy for selection, development, appointment and replacement of senior management and Heads of Group Control Functions and make recommendations to the Board.
- 4.7 Review periodically the policy for recruitment, rotation and promotion of staff, reporting accordingly to the Board of the Company.

Board and CEO Appointments

- 4.8 Identify, evaluate and recommend, for the approval by the Board, candidates to fill vacancies in the board of directors of the Company or the boards of its subsidiary or associated companies or of any other company in which the Company has the right to appoint any member to its board of directors.

In identifying candidates the Committee shall:

- a) Consider candidates from a wide range of backgrounds;
 - b) Pay due regard to the Fitness and Probity requirements and
 - c) Consider candidates on merit and against objective criteria, as defined in the relevant policy, with due regard to the benefits of diversity, taking care that appointees will have sufficient time to devote to the position.
- 4.9 Identify, evaluate and recommend, for the approval by the Board, candidates for the position of the CEO of the Company or its subsidiary companies or any other company in which the Bank has the right to appoint and/or recommend the CEO.
- 4.10 In its recommendation to the Board to appoint a candidate as Director or CEO, the Committee shall provide a full rationale of how it arrived at its decision. In addition the relevant discussions and accompanying justification for selecting / rejecting proposed candidates will be appropriately documented in the minutes of the Committee.
- 4.11 Prior to the appointment of a Director, the proposed appointee shall be required by the Nominations / Internal Governance Committee to disclose any other business

interests that may result in a conflict of interest and be required to report any future business interests that could result in a conflict of interest.

4.12 The Committee is responsible for:

- (a) assessing whether any interests or relationships declared by Members of the Board present an actual or potential conflict of interest and
- (b) approving Members of the Board's requests related to directorships with other companies or intra-Group.

Appointment of the Direct Reports to the CEO

4.13 Evaluate and recommend, for the approval by the Board, the appointment of the direct Reports to the CEO, following a relevant recommendation by the CEO.

Fitness and Probity

4.14 The Committee shall reassess the fitness and probity of members and managers, on the basis of the assessment criteria included in the Directive on the Assessment of Fitness and Probity of Members of the Management Body and Managers of Authorised Credit Institutions of 2014 of the Central Bank of Cyprus, when events make reassessment necessary in order to verify the ongoing fitness and probity of the person in question, and taking into account the relevant provisions of the Directive on Governance Arrangements and Management of 2014. Reassessment may be limited to examining whether the person remains fit and proper taking into account the relevant event that has occurred.

4.15 If at any given time, persons who hold the post of an independent Director do not satisfy or seem not to satisfy any of the independence criteria due to developments, then the Nominations / Internal Governance Committee must address the issue immediately and proceed with a relevant recommendation to the Board as to the issue and as to the necessary remedial measures, including removing the said Member from the Board or redefining his/her role in the Board and/or appointing a new independent Director. The time period for implementing all necessary remedial measures should not exceed one (1) month. The said Member should be released from any of his/her duties as an independent Member of the Board from the date the non-compliance with the independence criteria is identified.

Control Functions

4.16 Review periodically, and at least annually, in collaboration with the Audit and Risk Management Committees, the composition, authority and independence of the Group Control Functions, reporting accordingly to the Board of the Company.

4.17 Following a relevant recommendation by the Audit Committee or Risk Management Committee accordingly, evaluate and recommend for the approval by the Board, the appointment of the Heads of Internal Control Functions.

Internal Governance Arrangements

4.18 Ensure effective internal governance arrangements are in place and evaluate the extent of compliance with the policies of internal governance as approved by the Board.

Committee Governance

4.19 The Committee shall review its Terms of Reference regularly, at least annually, to ensure continuing appropriateness. The reviews must be documented and include, where necessary, recommendations to the Board on revisions.

4.20 The Committee shall conduct a self-assessment and report its conclusions and recommendations for improvements and changes to the Board.

Annual General Meeting

4.21 The Chairperson of the Committee shall be available for personal, telephone, electronic or written communication, which shareholders of the Company may request, regarding issues concerning the work of the Committee. He/She shall also be available to answer any questions during the Annual General Meeting or any meeting for the purposes of briefing the shareholders of the Company. Information concerning the structure and work of the Committee shall also be given in the Annual Corporate Governance Report of the Board of Directors of Hellenic Bank Public Company Limited.

Reporting to the Central Bank of Cyprus

4.22 The Annual Evaluation Reports referred to in Paragraphs 4.1, 4.2, 4.3 and 4.11 shall be submitted to the Central Bank of Cyprus within three (3) months of the end of every year.

Job Descriptions

4.23 The Committee shall review and approve, where this is deemed necessary, the Job Description (roles, responsibilities, main duties, powers, etc.) of the Executive Members of the Board, the Chief Executive Officer, his/her direct reports and the Heads of the Control Functions.

5. Code of Corporate Governance

It is understood that the Nominations / Internal Governance Committee will operate strictly within the framework of the relevant provisions of the Code of Corporate Governance, as determined in Chapter A of the Code.

(15) Part D of the Code which refers to the Relations of the Company with its Shareholders

The Board of Directors of the Company utilises the occasions of the announcements of financial results, as well as of the Annual General Meeting of the Shareholders itself for organising analytical presentations of the Financial Statements. These are usually undertaken by the Chief Financial Officer and the Company's Executive Management for the benefit of shareholders, financial analysts, members of the Stock Exchange and representatives of the media.

Regarding the Annual General Meeting, the Company takes into consideration the relevant provisions of the legislation, the Company's Articles of Association and the Code.

Mr Constantinos Pittalis, Manager Investor Relations, has been appointed as Investor Relations Officer (tel. 22500794, e-mail: ir@hellenicbank.com), responsible for the communication between shareholders and the Company. Information concerning the Group is provided to shareholders, prospective investors, analysts and brokers in a prompt and unbiased manner.

(16) Rotating Directors eligible for Re-Election

Members of the Board retire on a rotating basis or retire according to the relevant provisions of the Company's Articles of Association and the relevant provisions of the Companies Law and the Code (at least every three years). The retiring Directors, who are eligible and will offer themselves for re-election at the Annual General Meeting of the Shareholders on 26th June 2019, are the following (brief curriculum vitae included):

(a) Stephen John Albutt

Born in 1968. Graduated from Wesley College in Perth, Australia and studied for a Bachelor of Commerce Degree at the University of Western Australia. A Chartered Accountant – member of the Institute of Chartered Accountants in England and Wales since 1994.

Commenced his career in 1989 at the international audit and financial advisory firm Arthur Andersen in Perth. He was transferred to London in the Andersen Financial Markets Division later that year, where he undertook audit and advisory work for various clients. In 1996, he joined investment bank BZW in London and Tokyo, as Manager Finance Global Projects before moving on to J Henry Schroder in London in 1997 as Manager in the Structured Products Team. In 2000, following Citi's acquisition of J Henry Schroder, he joined Citigroup Global Markets in London in the Corporate Equity Derivatives Team, where he established the European margin loan business and the synthetic convertible business. In 2007, he joined Morgan Stanley in Hong Kong, as Executive Director / Head of Structured Equity, establishing the Structured Equity Team in Asia within Investment Banking. Subsequently, in 2010, he joined Citigroup Global Markets in Hong Kong as Co-Head of Equity Structured Solutions, Asia Pacific, where he built Citi's structured equity franchise in Asia. He moved back to England in 2014 to pursue personal interests.

Was appointed Member of the Board of Directors of Hellenic Bank on 21 September 2016. He is the Chairman of the Remuneration Committee of the Bank's Board of Directors and a Member of the Audit Committee of the Bank's Board of Directors.

(b) Ioannis A. Matsis

Born in 1969. Graduated from the English School in Nicosia and studied Chemical Engineering (B.A., M.Eng.) at the University of Cambridge in the United Kingdom.

Between 2008 and April 2017 he was a Partner of Point Nine Limited, which he co-founded in 2008. Point Nine Ltd provides middle and back office outsourcing services and financial software to financial institutions in Europe and the United States of America.

He started his career in January 1994 at ING Barings. Between 1994 and 2008, he worked in the City of London. He was a Managing Director, Global Head of Structured Trading of Mizuho International plc from May 2003 until March 2008, where he built and managed the Structuring

and Trading team for credit, interest rate and foreign derivative products. Between June 1997 and May 2003, he was Managing Director, Global Head of Credit Derivative Group at ING Barings. Between September 1996 and June 1997, he was a Vice-President, Structured Products Group at Chase Manhattan.

He was appointed as a Member of the Board of Directors of Hellenic Bank on 24 December 2013. He was the Chairman of the Risk Management Committee and he was also a Member of the Nominations / Internal Governance Committee of the Bank's Board of Directors.

He was appointed Executive Member of the Board of Directors of Hellenic Bank and Chief Executive Officer of the Group on 24 April 2017.

(c) Marianna Pantelidou Neophytou

Born in 1972. Graduated from the First Kykkos Lyceum in Nicosia and studied Economics at the University of Manchester in the United Kingdom. A Chartered Accountant – member of the Institute of Chartered Accountants in England and Wales. In her early career, she has worked for six years at the international audit and financial advisory firm Arthur Andersen in London and Boston, in the Financial Markets and the Asset Management Divisions respectively. Her clients included large international investment banks and asset managers.

She then joined the international credit rating agency Thomson Financial Bankwatch (acquired by Fitch Ratings), where she served as Vice President and was responsible for assessing banks and banking systems in Russia, South Africa, Greece and Cyprus.

In 1999 she became Manager, Investor Relations and then Manager, Group Strategy in the Bank of Cyprus. In 2012, she set up her own practice as a financial consultant in the private sector and she has advised the Ministry of Finance in banking sector issues following the Eurogroup decisions of March 2013. She has served as a member of the Council of Economic Advisors to the President of the Republic of Cyprus from April 2013 to August 2014.

At end-November 2013 she joined Wargaming Group Ltd and has served in a wide spectrum of posts. Today she serves in the post of Chief of Staff to the company's CEO.

She was appointed Member of the Board of Directors of Hellenic Bank on 24 December 2013. She is a Member of the Audit and Nominations / Internal Governance Committees of the Bank's Board of Directors.

(d) Dr Evripides A. Polykarpou

Born in 1962. Graduated from the Technical School in Nicosia and studied Business Administration at the University of Colorado, Denver (B.Sc.) and at the National University, San Diego (M.B.A. in Financial Management) in the United States. He holds a Doctoral Degree in Educational Administration from the University of Middlesex (UK).

He served as a member of the Board of Directors of various public companies and as a member of the Board of the Cyprus Securities and Exchange Commission (2011-2013). He has been a faculty member of Cyprus College / European University since 1989. At the same institution, he has served in various management positions and in 2007 was appointed as Director of Administration and Human Resources. He has participated in several research and other projects funded by the European Union, the United Nations and local institutions. From September 2013 to August 2017 he was the Chief Operating Officer for the MENA region of Laureate International Universities.

He was elected Member of the Board of Directors of Hellenic Bank on 28 May 2014 and appointed Senior Independent Director on 27 January 2015. From 24 May 2017 to 11 July 2018, he was fulfilling the duties of the Chairperson of the Board of Directors of the Bank. He is the Chairman of the Audit Committee of the Bank's Board of Directors and a Member of the Nominations / Internal Governance Committee of the Bank's Board of Directors.

Nicosia, 24 April 2019

HELLENIC BANK PUBLIC COMPANY LIMITED

Remuneration Policy Report for the year 2018

INTRODUCTION

The Board of Directors of Hellenic Bank Public Company Limited (“the Company” or the “Bank”), in compliance with the provisions of the Code of Corporate Governance, published by the Cyprus Stock Exchange (5th revised edition - January 2019) and particularly Appendix 1 of the Code, incorporates the present Remuneration Policy Report in the Company’s 2018 Annual Report. The Company’s 2018 Annual Report is published in the Company’s website.

REMUNERATION COMMITTEE

The primary role of the Committee is to define and recommend for approval by the Board of Directors the Remuneration Policy and the Remuneration Principles of the Group that are aligned to the Group’s strategic objectives and values. The Committee meets whenever it is necessary to fix or review the remuneration of Executive and non-Executive Members of the Board of Directors (“the Board”), the Chief Executive Officer, the Company Secretary, the Officers reporting directly to the Chief Executive Officer and the Heads of the Control Functions. After considering all relevant parameters and data, it makes relevant recommendations to the Board for making decisions, in the absence of the Executive Member(s) of the Board involved or other Officers involved. It is also engaged in reviewing and making proposals on the remuneration of the Executive and non-Executive Members of the Board of Directors of the subsidiaries or associated companies of the Group. The Committee’s suggestions and the Group’s Remuneration Policy take into consideration the relevant responsibilities, workload, qualifications, know-how, academic background, experience, individual performance, remuneration of comparable positions in the market, especially in areas where the Group is active, remuneration at other levels in the Group as well as, non-financial criteria e.g. compliance with applicable rules and procedures. The Committee’s aim is to attract and retain good quality officers at Executive and General Management levels in order to better serve the interests of the Group as well as those of its Shareholders and other stakeholders.

Each year, the Remuneration Committee proposes to the Board of Directors the Annual Remuneration Policy Report, as part of the Annual Report of the Company, which is submitted to the Annual General Meeting of the Shareholders for approval. The Committee also reviews and approves the Disclosure of Information regarding the Annual Remuneration of the Directors, which is prepared by Human Resources for inclusion in the notes to the annual accounts of the Company and the Remuneration Policy Report itself.

The composition of the Remuneration Committee during 2018 and until the date of this Report is as follows:

Chairperson: Stephen John Albutt (Chairman from 20th August 2018)
Evripides A. Polykarpou (until 20th August 2018)

Members: David Whalen Bonanno
Christodoulos A. Hadjistavris
Lambros Papadopoulos (until 11th July 2018)
Irena A. Georgiadou (from 20th August 2018)
Andrew Charles Wynn (from 20th August 2018).

The terms of reference of the Remuneration Committee appear below:

Terms of Reference of the Remuneration Committee

1. Role of the Remuneration Committee

The Remuneration Committee was established to ensure that Hellenic Bank Public Company Limited (“the Company”) complies with the requirements of the Business of Credit Institutions Laws, the relevant Central Bank of Cyprus’ Directives and the Cyprus Stock Exchange’s Code of Corporate Governance and is responsible for the evaluation of proposals regarding remuneration matters, including those proposals which have an implication on the risk and risk management of the Group.

The primary role of the Committee is to define and recommend for approval by the Board of Directors of the Company (“the Board”) the Remuneration Policy, including pensions and variable compensation, and the Remuneration Principles for the Group that are aligned to the Group’s strategic objectives and values. Also, the Committee prepares proposals for the approval by the Board on the remuneration packages, including retirement and other benefits, of Executive and non-Executive Members of the Board or the Boards of Subsidiaries, the Company Secretary, as well as of the Chief Executive Officer, his/her direct reports and the Heads of the Control Functions (Key Function Holders).

2. Composition of the Remuneration Committee

The Committee is appointed by the Board and consists of three to six exclusively non-Executive Directors who shall exercise competent and independent judgment on remuneration policies and practices. The majority of the Members of the Committee must be independent non-Executive Members of the Board.

Members of the Remuneration Committee can be members of only one other Board Committee.

The Chairperson of the Committee is appointed by the Board.

The term-in-office of the Members of the Committee is decided by the Board.

Committee Members shall not hold any other posts or positions or conduct transactions which could be considered to be in conflict with the Terms of Reference of the Committee.

3. Meetings / Decision-making Process of the Remuneration Committee

The Committee shall meet whenever necessary and at least twice a year.

The majority of Committee Members shall comprise a quorum. A majority of Committee Members shall be considered to be the next integral number of one half of the Members. The decisions of the Committee are taken by majority voting. In the event of an equality of votes, the Chairperson of the meeting shall not have a second or casting vote and the item in discussion must be escalated to the Board of Directors.

The Company Secretariat must be closely involved in the preparation of the meeting’s agenda and ensures it is distributed, including any supporting papers, where relevant, at least three (3) business days in advance of the meeting.

The Company Secretariat must ensure minutes of the Committee's meetings and decisions are kept in accordance with Paragraph 7(4) of the Governance and Management Arrangements Directive of 2014 of the Central Bank of Cyprus and circulate them to the Board.

The Committee has the approval of the Board to obtain independent professional advice whenever it deems this necessary.

The Committee may formally invite to any of its meetings, for a specific item or items on the agenda, any person who may contribute towards that specific item. Such person is present only during the discussion of the specific item and leaves the meeting room immediately after without any participation in the decision-making process.

4. Duties and Responsibilities of the Remuneration Committee

Remuneration Framework

4.1 The Committee shall submit to the Board, within terms of reference agreed upon and without the presence of the party interested in their evaluation, proposals concerning the framework and level of remuneration (including fixed pay, performance-related pay, bonuses, pension rights and any compensation payments, share options, etc.) of Executive and non-Executive Members of the board of the Company or its subsidiary companies, the Company Secretary, the Chief Executive Officer of the Company or its subsidiary companies, his/her direct reports and the Heads of the Control Functions (Key Function Holders).

The Committee will take into consideration factors such as the relevant responsibilities, workload, qualifications, know-how, academic background, experience, individual performance, remuneration of comparable positions in the market, especially in areas where the Group is active, remuneration in other levels of the Group and non-financial criteria e.g. compliance with applicable rules and procedures. It will also consider the need to attract and retain the most suitable Directors (Executive and non-Executive) / Senior Executives in the Company.

4.2 During the formulation of the above-mentioned proposals, the Committee should take care so that:

- (a) these proposals are consistent with the relevant legal and regulatory requirements and
- (b) the performance-related systems:
 - should not extend any benefits before the gains expected by the Company materialise in a satisfactory degree
 - should not include non-Executive Members of the Board among the beneficiaries
 - should specify targets and evaluation criteria so that the remuneration of the Company Executives is properly aligned with the long-term interests of the shareholders, investors, other stakeholders and the public interest, the Company's business objectives and strategies with a view of delivering

sustainable value and maintaining a sound capital base, always within the risk framework of the Company.

- 4.3 During the preparation of its proposals, the Committee shall provide the opportunity to the Chairperson and the Chief Executive Officer to express an opinion with regard to its proposals concerning the salaries of other Executive Board Members. It should also have access to professional advice, both internal and external.

Remuneration Policy

- 4.4. The Committee shall assist the Board in fulfilling its duty in ensuring that the remuneration policy and practices are consistent with the risk appetite of the Company, prevent conflicts of interest and promote sound and effective risk management.
- 4.5 The Committee shall ensure that staff members, who are involved in the design, review and implementation of the remuneration policies and practices, have relevant expertise and are capable of forming independent judgment on the suitability of the remuneration policies and practices, including their suitability for risk management. Independent external advice may also be sought.
- 4.6 The Committee shall assist, through relevant studies / proposals, the Board in fulfilling its duties in approving and periodically reviewing the Principles that govern the Group Remuneration Policy and the Policy itself and in overseeing the latter's implementation.
- 4.7. The Committee shall ensure that Internal Control Functions are involved in the design, review and implementation of the Remuneration Policy.
- 4.8. In addition to setting the Remuneration Policy, the Committee shall:
- a. Determine and periodically review target and measures to be applied for variable compensation, liaising with the Risk Management Committee of the Board and
 - b. Set budget for annual staff increases.
- 4.9. The Committee shall be actively involved in the identification process of staff whose professional activities have a material impact on the Bank's risk profile, in line with its responsibilities for the preparation of decisions regarding remuneration. In doing so, the Remuneration Committee has delegated the preparation of the list of Identified Staff to the Risk Management Unit, with the support of Human Resources.
- 4.10. The Committee shall ensure that the Remuneration Policy and Practices are subject to a central and independent review by the Internal Audit Unit at least on an annual basis.

Remuneration of Non-Executive Members of the Board

- 4.11 In relation to the level of remuneration of the non-Executive Members of the Board, the Committee shall take the following into consideration:
- a. The available time that the Members have to prepare for attending meetings,

- b. The responsibilities assumed by each Member,
- c. The non-correlation of remuneration to the profitability of the Company and
- d. The non-participation in any insurance or pension plan.

The proposal of the Remuneration Committee will be submitted by the Board to the Shareholders' General Meeting for approval.

Readjustment of Benefits

- 4.12 The Committee shall submit to the Board proposals for the determination of each readjustment of benefits of the Members of the Board, the Chief Executive Officer and his/her direct reports, being sensitive to the terms of remuneration and conditions of employment at other levels of the Group.

External Advice

- 4.13 The Committee shall, when using the services of a consultant to obtain information on market standards for remuneration systems, ensure that this consultant does not also give advice to the Human Resources Department or the Executive Members of the Board.

Control Functions

- 4.14 The Committee reviews the remuneration of the Heads of the Control Functions for submission to the Board for its approval, following the recommendations of the Committees of the Board, as per reporting lines of the Control Functions.

The remuneration of employees in Control Functions is predominantly fixed, to reflect the nature of their responsibilities.

In this respect, the maximum award for variable pay for members of Control Functions has been set at 50% of annual basic salary.

In addition, the remuneration of these employees is linked to the performance of their Functions and is not dependent on the performance of the units they are tasked with controlling, to avoid any conflict of interest.

Key Function Holders

- 4.15 Remuneration is reviewed and agreed by the Remuneration Committee for submission to the Board for its approval, following input from the Risk Management Unit (where required).

The Chief Executive Officer makes recommendations to the Remuneration Committee regarding the remuneration of Key Function Holders, other than members of the Control Functions, the Company Secretary and Executive Members of the Board.

The Committees of the Board, as per the reporting lines of the Control Functions, make recommendations to the Remuneration Committee regarding the remuneration of Heads and Senior Staff (if deemed appropriate) of the Control Functions.

Remuneration Reports / Statements

- 4.16 The Committee shall prepare, for submission to the Board, the Annual Remuneration Policy Report, which will comprise part of or be attached to the Annual Report of the Company.
- 4.17 The Committee shall review and approve the Annual Remuneration Statement, prepared by Group Human Resources for inclusion in the Company's annual Accounts or in the notes to the annual Accounts, in accordance with Appendix 2 of the Code of Corporate Governance and the relevant Cyprus Central Bank's Directives / Guidelines.
- 4.18 The Committee shall review and approve the content of any resolutions submitted for approval at the General Meeting of the shareholders, which will be prepared by the Company Secretariat in cooperation with the Group's Legal Advisors, in accordance with Appendix 3 of the Code of Corporate Governance, and concern possible plans for the remuneration of Executive Members of the Board in the form of shares, share warrants or share options and of any resolutions submitted for approval at the General Meeting of the shareholders, which will be prepared by the Company Secretariat in cooperation with the Group's Legal Advisors concerning possible plans for remuneration of employees of the Group in the form of shares, share warrants or share options.

Committee Governance

- 4.19 The Committee shall review its Terms of Reference at least annually, to ensure continuing appropriateness. The reviews must be documented and include, where necessary, recommendations to the Board on revisions.
- 4.20 The Committee shall conduct a self-assessment and report its conclusions and recommendations for improvements and changes to the Board.

Annual General Meeting

- 4.21 The Chairperson of the Committee shall be available for personal, telephone, electronic or written communication, which shareholders of the Company may request, regarding issues concerning the work of the Committee. He/She will also be available to answer any questions during the Annual General Meeting or any meeting for the purposes of briefing shareholders of the Company. Information concerning the structure and work of the Committee will also be given in the Annual Corporate Governance Report of the Board of Directors of Hellenic Bank Public Company Limited.

5. Code of Corporate Governance

It is understood that the Remuneration Committee will act strictly within the framework of the relevant provisions of the Code of Corporate Governance, as determined in Chapter B of the Code.

DIRECTORS' REMUNERATION POLICY

The Remuneration Policy for the Directors of the Company remains the same as it was when approved in the Annual General Meeting of the Shareholders held on 11th July 2018, as shown below. A relevant proposal will be submitted by the Board of Directors to the Annual General Meeting of the Shareholders for approval.

The remuneration of the Members of the Board of Directors for the year 2018 was fixed as follows:

- (i) Chairperson: €140.000
- (ii) Vice-Chairperson: €50.000
- (iii) Senior Independent Director: €50.000
- (iv) Board Members: €45.000.

Furthermore, the remuneration of the Members of the following Committees of the Board of Directors for the year 2018 was fixed as follows:

- (i) Chairperson of the Audit Committee: €45.000
- (ii) Chairperson of the Risk Management Committee: €45.000
- (iii) Chairperson of the Remuneration Committee: €15.000
- (iv) Chairperson of the Nominations / Internal Governance Committee: €15.000
- (v) Member of the Audit Committee: €20.000
- (vi) Member of the Risk Management Committee: €20.000
- (vii) Member of the Remuneration Committee: €10.000
- (viii) Member of the Nominations / Internal Governance Committee: €10.000.

In relation to the Integration Committee of the Board of Directors, which has been formed to ensure the effective oversight and input of the Board in smoothly implementing the integration plan relating to the acquisition of certain assets and liabilities from the ex Cyprus Cooperative Bank Limited, the remuneration of the Committee's Chairperson and Members was fixed in the Extraordinary General Meeting of the Shareholders held on 22nd August 2018 as follows: (i) Chairperson of the Integration Committee: €45.000 per year; (ii) for each member of the Integration Committee: €20.000 per year.

In addition, according to Article 88 of the Company's Articles of Association, the Board of Directors may also be paid all travelling, hotel and other expenses properly incurred by them in attending and returning from meetings of the Directors or in connection with the business of the Company.

The Remuneration Policy for the Directors of the Company recognises the significant increase in the responsibilities undertaken and the workload of the Board of Directors, as well as of its Committees, arising due to the increased regulatory requirements, the time commitment required by the Members of the Board of Directors to devote to the Company for Board matters and for matters of the Board's Committees, the substantial risks based on the conditions prevailing in the financial environment that the Group is operating and the desire to attract and retain Board Members with high qualifications, know-how, experience, academic background and performance.

REMUNERATION POLICY FOR THE EXECUTIVE DIRECTOR / CHIEF EXECUTIVE OFFICER

Mr Ioannis A. Matsis, a Non-Executive Director of the Company, was appointed Executive Member of the Board of Directors of Hellenic Bank and Chief Executive Officer of the Group on 24th April 2017.

Mr Matsis is rewarded with a remuneration package based on a contract of employment, the terms of which take into account the relevant provisions of the existing Code of Corporate Governance published by the Cyprus Stock Exchange, the Central Bank of Cyprus' Governance Directive, the European Banking Authority Guidelines on Sound Remuneration Policies that came into force on 1st January 2017 and the Group's Remuneration Policy. The remuneration package includes a non-variable annual salary and variable remuneration.

The non-variable annual salary is paid monthly and takes into consideration his knowledge, experience, academic background, expertise and leadership skills. In addition, it takes into consideration the offered services, the time devoted to the Group and the scope of undertaken responsibilities, the benefits and remuneration of officials in corresponding positions in other comparable organisations and the market at the specific moment in time when the contract was prepared. The remuneration package also includes fringe benefits such as participation in a Medical Plan and Accident-related dental coverage Plan for the employee and his family, life and permanent disability insurance and accident cover whilst on the Company's business as per the Company's policy, use of a company car, payment by the Company of all expenses in connection with such use and driver.

In addition, the employment contract of Mr. Matsis provides that he might be entitled to be paid additional variable performance-related remuneration upon the signing of a relevant Schedule to his Employment Agreement. The variable remuneration will be in line with the provisions of the Group's Remuneration Policy, applicable legislation, the regulations of the Central Bank of Cyprus ("CBC") and/or the European Central Bank ("ECB"), the Governance Directive issued by the Central Bank of Cyprus and the Corporate Governance Code published by the Cyprus Stock Exchange.

In relation to the variable remuneration of the Executive Director / Chief Executive Officer, the following Resolutions were approved at the Annual General Meeting of the Shareholders of the Company, held on 24th May 2017:

"(A) THAT the Board of Directors (or a duly authorised Committee of the Board of Directors) be and is hereby authorised to exercise all powers of the Bank to issue and allot to the Chief Executive Officer of the Bank (the "Chief Executive Officer") up to €200.000 worth of ordinary shares of the Bank of nominal value of €0,50 (the "New Shares") for every twelve months of his employment as Chief Executive Officer, as the Board of Directors (or a duly authorised Committee of the Board of Directors) may, in its sole and unfettered discretion determine; provided that:

- (i) such New Shares shall form part of the Chief Executive Officer's variable remuneration package;
- (ii) the issue of such New Shares will be based upon such performance criteria as the Board of Directors (or a duly authorised Committee of the Board of Directors) of the Bank may, from time to time, determine and the New Shares shall be issued in a manner which is consistent with the provisions of the Directive issued by the

Central Bank of Cyprus to Credit Institutions on Governance and Management Arrangements of 2014, as the same may be amended from time to time;

- (iii) the issue price per New Share shall be equal to the higher of (a) the nominal value per New Share and (b) its market price or its fair value on the date of its award (as set out in the European Banking Authority Guidelines on Sound Remuneration Policies, as the same may be amended or replaced from time to time) to the Chief Executive Officer; and
- (iv) this authority shall expire on the date being five years from and including the date of approval of this resolution unless extended by the General Meeting of the Bank.

(B) THAT any pre-emptive and other rights the Bank's Shareholders may have by operation of law and/or pursuant to the Articles of Association of the Bank and/or otherwise in connection with the authority conferred on the Board of Directors (or a duly authorised Committee of the Board of Directors) for the issue and allotment of shares in the Bank as contemplated in resolution 6(A) above or the issue of shares in the Bank pursuant to such authority be and are hereby irrevocably and unconditionally waived."

Mr Matsis' contract has a five-year duration and can be renewed for a further period of five years if the Company provides to the Employee a written request to renew the agreement at least twelve months prior to its expiry and he accepts such request. In such case, the contract would be renewed on the same terms other than salary, which will be re-negotiated between the parties.

In the event the five-year term of the Executive Director's / Chief Executive Officer's Agreement is completed and the Agreement is not renewed, the employment will be lawfully terminated and the Company will pay the Employee all remuneration, including, without limitation, the annual salary, additional remuneration and fringe benefits the Employee enjoyed during his employment. Any benefits that have not vested at the time of termination will be paid by the Company to the Employee when they vest and become payable.

If the Employment Agreement is terminated by the Company during the first three years of the Employee's employment; or in the event of demotion of the Employee from the position of CEO, for any reason (except due to his disability), including, without limitation, due to sale of the Company or merger or change of its shareholding or structure or due to redundancy that result to such demotion from the position of CEO, within the first three years of his employment, the Employee shall be entitled to (a) notice, the period of which shall be determined in accordance with Law 24/1967; (b) such shares and other benefits to which the Employee would be entitled under the Company's policies and procedures and/or Remuneration Policy (any benefits that have not vested at the time of termination will be paid by the Company to the Employee when they vest and become payable); and (c) an amount equivalent to three Annual Salaries less any Annual Salaries already received including any salary received during notice period (in effect the Company guarantees to the Employee that he would be put in the position as if he has worked and was paid the annual salary for three full years).

In the event the Agreement is terminated by the Company after the third anniversary of the employment and prior to its expiry, for any lawful reason requiring that the Company gives the Employee notice to terminate the employment according to Law 24/1967, the Company will give the Employee six months' paid notice, unless a longer notice is required under applicable law, in which case such longer notice shall be given.

In the event the Agreement is terminated by the Company prior to its expiry following (i) a decision by the CBC or ECB of the Employee's unfitness pursuant to relevant directives and/or laws and/or regulations; or (ii) where the Employee ceases to be a Member of the Board due to the conviction of a serious criminal offence for which the Employee is sentenced to imprisonment (including a suspended sentence), the Company may terminate the employment forthwith and no notice will be provided to the Employee unless if the decision by the CBC or ECB of the Employee's unfitness provides for a notice period such notice period will be provided by the Company to the Employee.

In the event the Agreement is terminated by the Employee for any reason prior to its expiry, the Employee will give the Company six months' notice. If the Company elects to stop the employment of the Employee prior to the expiry of the six-month period, it will be obligated to remunerate the Employee fully until the end of the six-month period.

REMUNERATION POLICY FOR THE EXECUTIVE DIRECTOR

Mr Lars Kramer, who is the Chief Financial Officer of the Group since 3rd April 2017, was appointed as an Executive Member of the Board of Directors of the Bank with effect from 10th July 2017.

Under his contract of employment, Mr Kramer is rewarded with a remuneration package based on a contract of employment, the terms of which take into account the relevant provisions of the existing Code of Corporate Governance published by the Cyprus Stock Exchange, the CBC Governance Directive, the European Banking Authority Guidelines on Sound Remuneration Policies that came into force on 1st January 2017 and the Group's Remuneration Policy. The remuneration package includes a non-variable annual salary and variable remuneration.

The non-variable annual salary is paid monthly and takes into consideration his knowledge, extensive experience in senior Finance-related positions in a large multinational organisation, academic background, expertise and management skills. In addition, it takes into consideration the offered services, the time devoted to the Group and the scope of undertaken responsibilities, the benefits and remuneration of officials in corresponding positions in other comparable organisations and the market at the specific moment in time when the contract was prepared.

The Company does not make any contributions towards a retirement plan nor provides for the Employee with insurance, medical cover or company vehicle.

In addition, the Executive Director / Chief Financial Officer will be an "Eligible Employee" for the purposes of the long-term incentive plan being put in place by the Company as such plan was approved by the Company's Annual General Meeting of the Shareholders in May 2016. The plan being put in place has been approved for a period of five years and it includes the potential of making awards up to a maximum of 100% of an Eligible Employee's base salary. The making of and amount of any such award is subject to the Company's discretion.

The variable remuneration under the plan will be in line with the provisions of the Group's Remuneration Policy, applicable legislation, the regulations of the Central Bank of Cyprus and/or the European Central Bank, the CBC Governance Directive, the European Banking Authority Guidelines on Sound Remuneration Policies and the Corporate Governance Code published by the Cyprus Stock Exchange.

The Executive Director / Chief Financial Officer's contract is not for a fixed term duration and it can be terminated (i) by the Employee providing three month's written notice; (ii) the Company providing six month's written notice.

The Employment Agreement may be terminated at any time during the employment term by the Company pursuant to the Termination of Employment Law, Law 24/1967 as amended from time to time and in line with Company's relevant policy and Central Bank of Cyprus' Directives.

The changes in the cumulative retirement benefits of the Executive Directors for the year are disclosed in Note 41 to the Accounts contained in this Annual Report.

REMUNERATION POLICY

For the determination of the variable remuneration of the Executive Members of the Board of Directors, the Board, on the basis of the recommendations of the Remuneration Committee, takes into account:

- (a) The Group results, taking into account the financial conditions of the market in which these results were achieved and the risks assumed;
- (b) The performance of the Executive and the Division(s) under his/her responsibility, bearing in mind both financial and non-financial criteria such as compliance with the Bank's risk appetite, procedures and policies; and
- (c) The long-term interests of the Group.

The Remuneration Policy for the Executive and Non-Executive Members of the Board was codified for the first time in the Group's Remuneration Policy, which was approved by the Board of Directors, following a proposal by the Remuneration Committee on 25th February 2010, on the basis of the provisions of the amending Directive of the Central Bank of Cyprus "Framework of Principles of Operation and Criteria of Assessment of Banks' Organisational Structure, Internal Governance and Internal Control Systems" (2009).

The Remuneration Policy for the Executive and Non-Executive Members of the Board was amended and incorporated in the Group's Remuneration Policy, which was approved by the Board of Directors as recommended by the Remuneration Committee on 28th February 2012, based on the revision of the 3rd edition of the Corporate Governance Code as published by the Cyprus Stock Exchange in March 2011. Further amendment followed based on the Directive of the Central Bank of Cyprus for the "Calculation of the Capital Requirements and Large Exposures of Banks of 2006 to 2011" and the Guidelines of the Committee of European Banking Supervisors (European Banking Authority) on Remuneration Policies and Practices, which was approved by the Board of Directors as recommended by the Remuneration Committee on 5th November 2012. Further amendment of the Group's Remuneration Policy followed on 6th November 2014 and 9th June 2015, based on the provisions of the Central Bank Directive on "Governance and Management Arrangements in Credit Institutions" of 2014, Articles 3 and 4 of Regulation (EU) No. 604/2014 and the 4th Edition of the Corporate Governance Code published by the Cyprus Stock Exchange (4th revised edition – April 2014). The Group's Remuneration Policy was extensively revised in December 2018 based on the revision of the European Banking Authority Guidelines on Sound Remuneration Policies under Articles 74(3) and 75(2) of Directive 2013/36/EU and disclosures under Article 450 of Regulation (EU) No 575/2013, effective as at 1st January 2017. The revised Policy was

approved by the Board of Directors, following the recommendation of the Remuneration Committee, on 14th December 2018.

The Group's Remuneration Policy is reviewed annually by the Board of Directors, further to recommendation by the Remuneration Committee, in order to ensure that it is in line with the Group's prevailing strategic targets and to prevent the introduction of incentives that lead to excessive risk assumption or conflicts of interest. The Policy is also evaluated in order to determine whether it corresponds to the prevailing conditions of the market and the Group and whether these justify the Policy's review. The review is conducted with the participation of the Risk Management Unit, the Compliance Unit and other Head Office Units. The Group's Remuneration Policy is audited annually by the Internal Audit Unit.

Related to the Remuneration Policy for the Executive and Non-Executive Members of the Board and Senior Managers for 2018 is the disclosure of information in the notes to the Accounts included in this Annual Report (Note 41) as well as the analytical Disclosure of Information Regarding the Remuneration of the Directors for the year 2018 shown below.

The Board of Directors submits this Remuneration Policy Report to the Annual General Meeting of the Shareholders and unanimously recommends its approval.

Nicosia, 24 April 2019

DISCLOSURE OF INFORMATION REGARDING THE REMUNERATION OF DIRECTORS FOR THE YEAR 2018

	Remuneration for services €	Remuneration for participation in the Board of Directors and its Committees €	Total remuneration for services €	Remuneration and benefits from companies of the same Group of companies €	Remuneration in the form of profit and/or bonus distribution €	Assessment of the value of the benefits that are considered to form remuneration €	Total remuneration and benefits €	Annual increase in the total retirement benefits €	Consideration for terminating the contract of employment €
Executive Directors									
Ioannis A. Matsis	485.000	45.000	530.000	0	0	20.154	550.154	0	0
Lars Kramer	452.900	45.000	497.900	0	0	0	497.900	0	0
	937.900	90.000	1.027.900	0	0	20.154	1.048.054	0	0
Non-Executive Directors									
Youssef A. Nasr	0	72.247	72.247	0	0	0	72.247	0	0
Irena A. Georgiadou	0	94.685	94.685	0	0	0	94.685	0	0
Marinos S. Yannopoulos	0	77.343	77.343	0	0	0	77.343	0	0
Dr Evripides A. Polykarpou	0	133.110	133.110	0	0	0	133.110	0	0
Marianna Pantelidou Neophytou	0	75.000	75.000	0	0	0	75.000	0	0
David Whalen Bonanno	0	65.000	65.000	0	0	0	65.000	0	0
Christodoulos A. Hadjistavris	0	75.000	75.000	9.000	0	0	84.000	0	0
Andreas Christofides	0	85.000	85.000	0	0	0	85.000	0	0
Lambros Papadopoulos	0	52.603	52.603	0	0	0	52.603	0	0
Andrew Charles Wynn	0	93.671	93.671	0	0	0	93.671	0	0
Stephen John Albutt	0	76.836	76.836	0	0	0	76.836	0	0
Demetrios Efstathiou	0	75.000	75.000	9.000	0	0	84.000	0	0
	0	975.495	975.495	18.000	0	0	993.495	0	0
Total	937.900	1.065.495	2.003.395	18.000	0	20.154	2.041.549	0	0