

# **Relationship Framework Agreement**

**Between the Republic of Cyprus and  
The Cooperative Central Bank Ltd**

**29 May 2015**

THIS AMENDED RELATIONSHIP FRAMEWORK AGREEMENT is dated 29 May 2015 and entered between the following parties:

1. **The Republic of Cyprus** represented by **Mr Harris Georgiades** (the **Minister of Finance**).
2. **Cooperative Central Bank Ltd**, a credit institution incorporated and operating under the laws of the Republic of Cyprus, with registered seat at 8 Gregoris Afxentiou Street, 1096, Nicosia, legally represented by **Mr Nicholas Hadjiyiannis**, (the "**Bank**").

The Amended Relationship Framework Agreement will replace the Relationship Framework Agreement dated 5 December 2013.

### **Preamble**

- a) The Bank has received capital support by the Republic of Cyprus in accordance with the provisions of the Ministerial Decree for the recapitalisation of Cooperative Central Bank / Central Body issued on 4 October 2013 and 29 January 2014. The Republic of Cyprus has become the majority shareholder of the Bank with full voting rights.
- b) The participation percentage of the CCB in the ownership structure of each Cooperative Credit Institution is 99% irrespective of the participation percentage of the Republic in the ownership structure of the CCB and remains unchanged for the entire period during which the Republic participates in the ownership structure of the CCB. The remaining 1% of the participation in the ownership structure and the voting rights of each CCI will belong to its existing shareholders.
- c) The Management Unit has the legal duty according to the Establishment and Operation of a Management Unit for the Participation of the Republic of Cyprus in the Ownership Structure of Credit Institutions Laws of 2013, as may be amended and in force (a) to manage on a commercial basis the participation of the Republic of Cyprus as shareholder in the ownership structure of the Bank, (b) to observe and apply in cooperation with the Central Bank of Cyprus the provisions of the Restructuring of Credit Institutions Laws of 2011 as amended from time to time or replaced and of the decrees issued by the Minister of Finance under the above laws (c) to ensure the maximum return of the participation of the Republic of Cyprus as shareholder in the ownership structure of the Bank, (d) to empower the ability of the Bank to operate as a going concern, (e) to ensure the compliance with state aid rules set by the European Commission, (f) to execute according to the authorization of the Minister of Finance any duties or powers provided under the Restructuring of Credit Institutions Laws of 2011 (g), to observe the management of the Bank's investments in a manner that protects the value of its investments (h) to ensure that the Bank operates on market terms, (i) to ensure that in due time the Bank returns to private ownership in an open and transparent manner (j) to ensure the Bank's compliance with the Restructuring Plan.
- d) The CCB should be in full compliance with the provisions of the Central Bank of Cyprus Law, the Business of Credit Institutions Law and all relating Regulations or Directives issued by the Central Bank of Cyprus, as these are amended or replaced.
- e) The signing of this amended Relationship Framework Agreement (the "**Agreement**" or the "**Relationship Framework Agreement**") has been approved by the Bank's Board of Directors resolution of **8 May 2015**.

IT IS NOW THEREFORE AGREED as follows:

## 1. Interpretation

### 1.1. Definitions

The following terms used in this Agreement and not otherwise defined shall have the meaning indicated below:

**Action Plan** means the Bank's action plan referred to in the update MoU following the fifth TROIKA review, as each time amended, extended or revised with the Management Unit consent in accordance with Clause 3.5 of this Agreement.

**ALCO** means the Bank's asset-liability committee.

**Bank** means the Cooperative Central Bank.

**Bank's Executive Committee** means the Executive Committee which is established according to the Bank's Articles of Association and/or other Bank's internal documents.

**Bank Group** means the Bank and the entities that are included (fully or through the equity method) in the Bank's consolidated financial statements.

**Board** means the board of directors of the Bank.

**Board Committees** shall mean the following Bank's board committees: audit committee, risk committee, remuneration committee, nomination and corporate governance committee, restructuring committee individually or together.

**By Laws** means the By Laws of the Bank, as each time applicable, including any amendments thereto.

**CEO** means the chief executive officer of the Bank.

**Charter Documents** means the By Laws, the Bank's Internal Regulation and the Bank's Corporate Governance Code.

**Committees** shall mean the Board Committees, the Executive Committee, the ALCO Committee, the Strategic Planning Group and the Sub-committees.

**Connected Borrowers** shall mean those defined as such in the Commitments on corporate governance and commercial operations undertaken by the Bank.

**Consent Request** means the request submitted by the Bank for Minister of Finance approval according to the process described in Clause 3.4.

**General Assembly** means the general assembly of shareholders of the Bank.

**In writing or written** shall mean by letter or fax or email.

**Law or legislation** shall mean any Cyprus, European or international applicable law, rule, regulation, convention, directive, legislative decree, ministerial decree, ministerial decision, acts of the ministerial council, Acts of the Governor of the Central Bank of Cyprus, decisions of the European Commission; as well as any other act of any legislative, regulatory, administrative body, as amended and each time in force.



**Material Litigations** means any litigation in which the Bank is involved that the Management Unit will define as material in accordance with Clause 5 of this Agreement.

**Proceedings** means any litigation as well as all material developments or other legal proceedings, including arbitration or other forms of alternative dispute resolution procedure, insolvency processes, administrative request for resolution of dispute before competent authorities.

**Restructuring Plan** means the Bank's restructuring plan as each time amended, extended or revised with the Management Unit consent in accordance with Clause 3.5 of this Agreement.

**Strategic Planning Group** means the Bank's strategic planning group committee.

**Sub-committees** shall mean the Bank's Credit Committee and ALCO, individually or together.

## 1.2. Construction

a) In this Agreement, unless the contrary intention appears, a reference to:

- i. an **amendment** includes a supplement, extension (whether of maturity or otherwise), restatement, re-enactment or replacement (however fundamental and whether or not more onerous) and **amended** will be construed accordingly;
- ii. an **authorisation** includes an authorisation, consent, approval, resolution, permit, licence, exemption, filing, registration or notarisation;
- iii. **disposal** means a sale, transfer, concession, assignment, grant, lease, licence, declaration of trust or other disposal, whether voluntary or involuntary, or similar and dispose will be construed accordingly;
- iv. **indebtedness** includes any obligation (whether incurred as principal or as surety and whether present or future, actual or contingent) for the payment or repayment of money;
- v. a **person** includes any individual, firm, company, corporation, unincorporated association or body (including a partnership, trust, fund, joint venture or consortium), government, state, agency, organisation or other entity whether or not having separate legal personality;
- vi. a default being **outstanding** means that it has not been remedied within the remedy period provided in accordance with Clause 8.4. of this Agreement or waived;
- vii. a law or a provision of law is a reference to that provision as extended, applied, amended or re-enacted and includes any subordinate legislation;

b) A party to this Agreement or any other person includes its successors in title, permitted assigns and permitted transferees.

c) If there is any conflict between the terms of this Agreement and the Charter Documents, this Agreement will prevail between the Parties.

## 2. General Principles of Relationship

2.1. This Agreement determines covenants governing the relationship between the Bank and the Management Unit and the matters related with, amongst others, (a) the corporate governance of the Bank, (b) the development and approval of the Restructuring Plan, (c) the material obligations of the Restructuring Plan, (d)

the Action Plan, (e) the monitoring of the implementation of the Restructuring Plan and the Action Plan, (f) the Bank's ensuing risk profile, (g) the Management Unit consent for Material Matters (as defined in Clause 3.5a of this Agreement), and (h) the handling of Material Litigation and Proceedings concerning the Bank.

2.2. Subject to this Agreement, the applicable Law and the Charter Documents, the Bank's decision making bodies will continue to determine independently, amongst others, the Bank's commercial strategy and policy (including business plans and budgets) in compliance with the Restructuring Plan and the Action Plan and the decisions on the day-to-day operation of the Bank will continue to rest with the Bank's competent bodies and officers, as the case may be, in accordance with their statutory, legal and fiduciary responsibilities.

2.3. The Bank shall furnish the Management Unit with all information and data concerning the Bank Group and related matters in order for the Management Unit to safeguard the State investment, monitor the Bank's implementation of the Restructuring Plan and the Action Plan and to exercise its statutory and contractual rights and fulfill its statutory obligations. To that end the Bank shall cooperate effectively and the Head of the Management Unit and the Bank's Executive Committee members shall meet at least once per quarter and the Bank's management and the Management Unit officers shall meet at least once per month. More specifically the Bank shall send at least the following data and information on a consolidated and solo basis:

Daily Statements / Data:

- (a) Fluctuations in deposits and loans.
- (b) Liquidity Status.

Monthly Statements / Data

- (a) Progress report on the NPLs which will include among other details (number and loan amount) on the fluctuation of Non-Performing Loans (NPLs) and 90 days past due , inflows from loans, loan restructuring, loan write-offs.
- (b) New Loans.
- (c) Progress report on the implementation of the Action Plan.
- (d) Management Accounts.
- (e) Level of employment and the payroll broken-down in salaries and overtime at the CCB and CCI level on a solo basis.

Quarterly Statements / Data:

- (a) Progress Report on the implementation of the Restructuring Plan (Monitoring Tables)
- (b) Key Performance Indicators (KPIs).
- (c) Quarterly Management Accounts.

Annual Statements / Data:

- (a) Annual Audited Accounts.
- (b) Annual Budgets.

2.4. The Management Unit shall:

- a) Ensure that there is no cross-directorship or transfer of sensitive commercial non-publicly available information regarding the Bank by Management Unit and to any other credit institution in which the State has a stake.
- b) Manage and maintain its interest in the Bank separately from the management of its interests in other credit institutions.



- c) Not exercise its rights in the Bank and any other rights held in any other credit institution in a manner which would aim at prevention, restriction, distortion of competition or an abuse of dominant position.
- d) Ensure that, in exercising their rights, the Management Unit shall respect the Bank's business.
- e) Ensure autonomy and independence in the decision making of the Bank in compliance with the Restructuring Plan and act according to the terms of the Law and this Agreement.

2.5. This Agreement will be reviewed periodically and revised as needed.

2.6. The rights provided to the Management Unit by this Relationship Framework Agreement are supplemental to any other rights provided to the Management Unit by applicable Law and the Ministerial Decree.

### 3. The Bank's Governance

#### 3.1. General

- a) The Bank shall each time adopt and apply a corporate governance structure that ensures the implementation of this Agreement compliant at any time with the requirements of the Law the Restructuring Plan and the Action Plan.
- b) The bank shall each time adopt and apply the provisions of the CBC Directive to Credit Institutions on Governance and Management Arrangements in Credit Institutions of 2014, or as subsequently amended or replaced, which inter alia defines the duties and responsibilities of the members of the Board of Directors and its Committees.
- c) The Bank shall each time adopt and apply a Bank Group policy governing relations of the Bank Group with Connected Borrowers and shall provide a copy to the Management Unit within fifteen (15) days from signing or any amendment of this Agreement.
- d) The Bank shall provide to the Management Unit any related documents and data in order to ensure the effective monitoring of the Restructuring Plan and the Action Plan and to effectively allow the Management Unit to perform its statutory role.
- e) The Bank will inform in writing the Management Unit as soon as it receives any proposal from third parties for the acquisition of the Bank, or part of its business (including any of its assets subject to the definition of Material Matters of Clause 3.5 of this Agreement).

#### 3.2. General Assembly

- a) The Management Unit representing the Republic of Cyprus as majority shareholder has full voting rights at the General Assembly.
- b) At least eight (8) days prior to the annual General Assembly or any extraordinary General Assembly, the Bank shall send to the Management Unit respectively the agenda, the annual financial statements, if relevant, and the respective reports of the Board and auditors or any supporting document and information necessary for the Management Unit to be prepared and exercise its voting rights in the

General Assembly. The Management Unit may request clarifications or further information. The Bank will provide in writing any clarifications or further information requested by the Management Unit within three (3) days from receipt of the request and if less days are left for the General Assembly, not later than the day before the date of the General Assembly.

### 3.3. The Board

The Board:

- i. Is responsible for the prudent management of the Bank and for delivering the objectives in the agreed Restructuring Plan and Action Plan and for taking any action necessary to that effect.
- ii. BoD has the overall responsibility for the Bank, including approving and overseeing the implementation of the bank's strategic objectives, risk strategy, corporate governance and corporate values. The BoD is also responsible for providing oversight of senior management.
- iii. The BoD is responsible for appointing the CCB executive board members, CCI board members and the CCB and CCI's senior management team; reviewing and approving the organisational structure at the CCI level, including agreed and future mergers; as well as defining the future role of the CCB and its relationship with the CCIs.
- iv. BoD should respect the distinction between the board's responsibilities for direction setting, oversight and control, and management's responsibilities to run the business, including the distinction of the supervisory authorities of the Chairperson of the BoD and the executive authorities of the Chief Executive Officer.
- v. BoD should review and approve the bank's risk strategy at least on an annual basis, subsequent to the recommendation and approval from the Board Risk Committee (BRC), and ensure that it is consistent with the bank's overall business strategy, capital plan, funding plan, restructuring plan and budget.
- vi. BoD should challenge the management, discussing all strategic proposals, key risk policies, and major operational issues.
- vii. BoD should ensure that rigorous and robust processes are in place to monitor organisational compliance with the agreed strategy and risk appetite and with all applicable laws and regulations.
- viii. BoD should regularly monitor (at least on a monthly basis) that the CEO and the Executive Committee pursue the bank's business and risk strategy effectively.
- ix. BoD should receive and discuss at least on a monthly basis comprehensive risk reports covering all the main risks and providing an overview of the key changes in the credit institutions risk profile vs risk targets and risk appetite.
- x. BoD should review and have approval rights to any strategic decisions, involving mergers & acquisitions or the creation of special purpose vehicles/entities (SPV), following the relevant proposal by the Board Risk Committee.
- xi. Is responsible to the Management Unit for monitoring and ensuring full compliance with this Relationship Framework Agreement by the relevant bodies, officers and employees of the Bank and



for taking all the necessary measures for the enforceability of the Management Unit rights.

- xii. Oversees the appropriateness and the implementation of the Bank's policies and procedures regarding the lending decisions and the pricing of loans or other commercial policies within the normal course of business or operations.
- xiii. Shall take all corporate or other actions to ensure that this Agreement is implemented by the Bank, including any amendments required to the Bank's Corporate Governance Code and the convocation of the General Assembly for any necessary amendments to the By Laws.
- xiv. Shall inform the Management Unit on the activities and decisions of the Board and to that end it shall notify to the Management Unit the dates of the Board meetings and the agendas of the meetings. More specifically, the agendas together with the relevant material and supporting documents should be sent to the Management Unit by written notice at least three (3) business days prior to the Board meeting. If the agenda and/or the supporting material or documents are not sent in time and unless an emergency case unforeseeable by the Bank exists, the Management Unit will be entitled to request a postponement of the Board meeting which shall be resumed after three (3) business days. The Board shall submit to the Management Unit the decisions and minutes of the Board meetings as soon as finalized but not later than two (2) business days after the next Board meeting. A representative of the Management Unit will participate as an observer, without voting rights, at the Board meetings.
- xv. Shall inform the Management Unit on the activities and decisions of the Board Committees and to that end it shall notify to the Management Unit the dates of the Board Committees meetings and the agendas with the relevant materials and supporting documents, in due time, of the meetings. A representative of the Management Unit can participate as an observer, without voting rights, at the Board Committees. The non-participation of the representatives of the Management Unit does not affect in any way the realization of the meeting and the decision making.

### **3.4. Key corporate governance principles**

#### **3.4.1 Board of Directors (BoD) composition**

- a) BoD must comprise of 11 members, of which the majority will be non-executive independent members.
- b) The Chairperson of the BoD should be a non-executive and independent member and should not serve as Chairperson of any Board Committee.
- c) The Vice-Chairperson of the BoD should be a non-executive and independent member and should not serve as Chairperson of either the Board's Risk or Audit Committees.
- d) An independent member of the BoD is appointed senior independent member of the BoD. It is provided that the senior independent member of the BoD must not hold the position of the chairperson or the vice-chairperson.
- e) The members of the BoD should be approved by and fit the general criteria defined by the Central Bank of Cyprus, have an appropriate mix of financial services or commercial banking experience and sufficient time to adequately oversee the operations of the bank. The members should have solid financial management



or/and accounting or/and auditing or/and risk & capital management experience. BoD members should also have an understanding of the legal and regulatory banking requirements.

### 3.4.2 Board Committees

The Bank should disclose the charters and composition (names of the members) of all Board of Director's Committees in its Annual Report. Cross committee membership must ensure that no individual exercises excessive influence or control; in any case, a member of the BoD must not be member of more than two (2) of the committees referred to in paragraphs (a) to (d).

#### a) Board Risk Committee (BRC)

- i. BRC members should not exceed 5 BoD members with a minimum of 4 members. The majority of the BRC members should be independent and non-executive.
- ii. At least one third of the members (rounded to the nearest integer) of the Board Risk Committee (BRC) with a minimum of 2 members should be independent non-executive.
- iii. The Chairperson of the BRC should not also serve as the Chairperson of the Board's Audit Committee and should be independent non-executive with solid experience in commercial banking and preferably risk and capital management, as well as, be familiar with local and international regulatory framework.

#### b) Audit Committee (AC)

- i. AC members should not exceed 5 BoD members with a minimum of 4 members.
- ii. The Chairperson of the AC should not also serve as the Chairperson of the Board's Risk Committee and should be independent non-executive with solid experience in financial management, accounting and auditing.
- iii. All members of the AC should be non-executive, while 75% (rounded to the nearest integer) of the members should be independent non-executive.
- iv. The majority of the AC members should have competence in auditing and/or accounting.

#### c) Remuneration Committee (RNC)

- i. RNC members should not exceed 5 BoD members with a minimum of 4 members.
- ii. All members of the RNC should be non-executive, while the majority of the members including the Chairperson should be independent non-executive.
- iii. At least one member of the RNC should have adequate expertise and professional experience in risk management and audit activities mainly in alignment of remuneration policy with the risk and capital profile of the supervised institution.

#### d) Nomination and Corporate Governance Committee (NCGC)

- i. NCGC members should not exceed 5 BoD members with a minimum of 4 members.

- ii. All members of the NCGC should be non-executive, while the Chairperson and the majority of the member should be independent non- executive.
  - iii. A detailed BoD nominees' selection criteria policy should be in place and disclosed in the corporate governance declaration.
  - iv. Test of independence of BoD members is delegated to the committee and documented as appropriate.
- e) **Restructuring Committee (RC)**
- i. RC members should not exceed 5BoD members with a minimum of 4 members.
  - ii. The Chairperson of the RC should not also serve as the Chairperson of the Board's Risk Committee and Board Audit Committee and should be independent non-executive with solid experience in restructuring, financial management, accounting and auditing.
  - iii. All members of the AC should be non-executive, while the majority of the members should be independent non-executive.

### 3.5 Material matters subject to Management Unit consent

- a) The Bank must receive according to the process described in Clause 3.5 (b) of this Agreement the prior written consent of the Management Unit for the matters defined below ("**Material Matters**"):
- i. The Restructuring Plan and any amendment, extension or revision to the Restructuring Plan.
  - ii. The Action Plan and any amendment, extension or revision to the Action Plan.
  - iii. The recruitment of new employees at the CCB and CCIs on a solo basis.
  - iv. Any material decisions and transactions that divert from the Restructuring Plan and the Action Plan or would endanger the implementation of the Restructuring Plan and the Action Plan. Any actions and decisions as far as they are compliant with the agreed Restructuring Plan and Action Plan would not require a prior consent of the Management Unit.
  - v. The Bank Group risk and capital strategy and any changes thereto especially in risk appetite, in so far as required in order to ensure compliance with the Restructuring Plan and the Action Plan.
  - vi. The Bank Group policy governing relations of the bank Group with Connected Borrowers and any amendment, extension, revision or deviation thereof.
  - vii. Any Bank Group reorganizations, transformations, including mergers, restructurings, or capital decreases or increases, including those to be resolved by the Board, should such



power exists in the articles of association of the Bank Group. Especially with regards to the case of increases the prior consent of the Management Unit is required in case the increase exceeds the minimum amount between €50 million and the Bank Group's Risk Weighted Assets multiplied by the minimum regulatory required Core Tier I ratio (currently set at 9%) multiplied by 1%.

- viii. Any matter, issue, action, decision or event that is likely to create reputational issues for the Bank Group and/or the Management Unit.
- b) For the purpose of obtaining the Management Unit' prior written consent as per Clause 3.5 (a) of this Agreement, the Bank shall address to the Management Unit a consent request in writing (the "**Consent Request**") clearly marked as such. The Bank shall provide to the Management Unit all relevant information and material in the Bank's power or possession at the same time as it submits a Consent Request (the "**Relevant Information**"). The Relevant Information to be furnished by the Bank shall be at least the information that is available and used by the Board and/or senior management of the Bank to consider the matter that is the subject of the Consent Request. Any request of the Management Unit for further information shall be submitted to the Bank in writing by the Management Unit. Exceptionally, the Management Unit may require Relevant Information from a third party, such as the Central Bank of Cyprus, other State bodies or advisors. The Management Unit will notify the Bank when Relevant Information from a third party has been requested and indicate the expected time-frame for receipt of the Relevant Information from the third party.
- c) The external auditor of the Bank will provide to the Management Unit on a quarterly basis a certificate of compliance of the Bank with the requirements of this Clause and verifying that prior written consent has been requested from the Minister of Finance and the Management Unit for all Material Matters.

#### 4. The Restructuring Plan and the monitoring of Bank's implementation thereof

The Bank's undertakings:

- a) The Board and the CEO are responsible for developing the Restructuring Plan and recommending appropriate revisions. The Board is also responsible for ensuring that the necessary financial and human resources are put in place for the Bank Group to implement the agreed Restructuring Plan.
- b) The Restructuring Plan shall as a minimum satisfy the requirements of the Official Journal of the European Union 2009/C 195/04 document ("Commission communication on the return to viability and the assessment of restructuring measures in the financial sector in the current crisis under the State aid rules", 19.08.2009) and any requirements set by the European Commission. Moreover, the Restructuring Plan should reflect and include the Group's Risk and Capital Strategy of the Bank Group.
- c) The Restructuring Plan will be submitted to the Management Unit for review and approval. The Management Unit has the right to request modifications before it approves the Restructuring Plan which will then be submitted, through the Ministry of Finance, to the European Commission for approval.
- d) The Board has the responsibility for implementation of the Restructuring Plan that has been approved by the European Commission. In that context, the Management Unit will not interfere in the day-to-

day operational and commercial matters, or in taking decisions which are within the ordinary course of the Bank's business.

- e) The Bank shall ensure full compliance with any Commitments.
- f) The Bank has the responsibility to publish quarterly reports describing the progress with the implementation of the restructuring plan. These reports will contain a set of key performance indicators or any other requirements set by the Central Bank of Cyprus.
- g) For any adverse variation in actual performance or in the Board's view regarding the outlook for the Bank (including as a result of re-forecasting), relative to the base and adverse scenario of the Restructuring Plan, it is recommended that the Board submit its recommended corrective strategic actions to the Management Unit for its views.
- h) The Bank shall provide to the Management Unit promptly the latest and accurate financial, risk and business information of the Bank Group in order to ensure that all key financial, risk and business data pertinent to the progress of the Restructuring Plan and the Bank's performance against approved objectives can be reviewed and monitored on a timely, regular and appropriate basis.
- i) The Bank shall inform the Management Unit immediately and in writing of any failure, or anticipated failure to meet the objectives of the Restructuring Plan.

## **5. Material Litigation Proceedings**

**5.1.** The Bank will annually provide to the Management Unit the Bank's legal counsel's letters addressed to the Bank's statutory auditors describing all pending litigation and Proceedings of the Bank Group by identifying the material ones to the Bank's opinion. The Management Unit is entitled to request further information with regards to the pending cases and it will select from all the cases pending those that it considers Material Litigations.

**5.2.** The Bank shall promptly inform the Management Unit of any actual or prospective Proceedings by or against the Bank and the Bank Group which may materially affect the Bank.

## **6. Notices, communications and Parties representatives**

**6.1.** Except if otherwise provided in this Agreement or communicated in writing by the Management Unit to the Bank, and except for all matters and information concerning the participation in the Board of Directors which shall be communicated to the Management Unit Representatives, the Management Unit will assign up to two of its officers as the contact person for the implementation of this Agreement and the communication between the parties.

**6.2.** For the efficient implementation of this Agreement and the communication between the parties, the Bank will assign the appropriate Bank's employee(s) as the contact person(s).

**6.3.** The parties will communicate in writing to each other the contact person(s) as above within ten (10) days from signing of this Agreement.



## 7. Term and termination

This Agreement shall come into effect upon the date of its signing by the parties and will remain in force for as long as the Republic of Cyprus is a shareholder of the Bank even as a minority shareholder.

## 8. Miscellaneous

### 8.1. Consent

Where consent is required by the Management Unit (other than consent of the Minister of Finance and the Management Unit Representatives), it shall not be deemed to have been given merely by virtue of attendance by the Management Unit (through the Minister of Finance and the Management Unit Representatives, observers, advisors or others) at Board's, Committees' or other meetings and such attendance or consent or refusal of consent does not create any liability for the Management Unit acting reasonably in good faith.

Only explicit consent issued by or on behalf of the Management Unit in writing shall satisfy the requirement of the Bank to obtain a relevant consent.

### 8.2. Confidentiality

The Bank and the Management Unit shall, and shall cause their directors, officers, employees, agents, representatives, advisors and independent contractors to keep confidential all confidential and proprietary information and all confidential facts relating to the business and affairs of the Bank, as well as sensitive personal data of the Bank's or Management Unit officers (the "**Confidential Information**"), to take all the necessary precautions and to restrict the use of such Confidential Information in any manner that is not within the scope of this Agreement. The foregoing shall not preclude the Bank and the Management Unit from disclosing such Confidential Information where such disclosure is required by applicable Law. Management Unit confidentiality obligation shall not apply vis-à-vis the Central Bank of Cyprus, the European Commission, the European Central Bank, and the European Stability Mechanism and in accordance with the same, the representatives of the European Commission, the European Central Bank and the European Stability Mechanism are bound by the confidentiality commitments provided for in their respective regulations.

### 8.3. Representation

Each Party warrants that the persons signing on its behalf are duly authorized, empowered and qualified to execute this Agreement. The execution and delivery of this Agreement has been duly authorized by all necessary action. This Agreement is valid, binding and enforceable between the parties.

### 8.4. Default

If the Bank breaches or defaults in performing or complying with or fails to perform or comply with any of its obligations or any of the terms of this Agreement, the Management Unit shall be entitled to give the Bank a default notice specifying such breach, default or failure and in the case of a breach, default or failure capable of remedy, stipulating a period during which such breach, default or failure shall be remedied. In case of default or outstanding default in case a remedy period has been provided by the Management Unit, Management Unit shall have all the rights and remedies under this Agreement and the Law.

### 8.5. Amendments

Any provision of this Agreement may be amended or waived only in writing by authorized signatories of the Parties.

8.6. Waiver

Waiver shall be explicit and in writing and no failure or delay the Management Unit in exercising any right, power or privilege hereunder shall operate as waiver thereof, nor will any single or partial exercise thereof preclude any other or further exercise thereof or the exercise of any other right, power or privilege.

8.7. Governing Law

This Agreement shall be construed and governed by Cyprus Law.

8.8. Dispute Resolution

Any dispute, disagreement or difference in relation with the interpretation or the enforcement of this Agreement or the extent of the rights and obligations that derive from it will be settled by arbitration in accordance with the rules of arbitration of the Cyprus Code of Civil Procedure. For carrying out the arbitration, each party appoints its arbitrator. The two arbitrators appoint the Umpire by a joint decision. In case they disagree, the President of the Supreme Civil Court is defined as Umpire or his substitute in case he is barred, or denies the appointment. In case that the parties haven't appointed an arbitrator, as well as in any other case, the provisions of the Cyprus Code of Civil Procedure referring to arbitration, apply.

The arbitration will take place in Nicosia in the Greek language. The arbitration decision is final and irrevocable and cannot be appealed by any legal means. The contracting parties exclude any right of petition or re- course in general to any court and more specifically for any legal matters during the arbitration procedure and thereafter. The expenses for any arbitration will be borne by the defeated party and they will be adjudicated by the Arbitration Court, which can also allocate them among the parties depending on the outcome of the trial.

8.9. Further assurances

The Bank will sign such further documents, cause such meeting to be held, adopt such resolutions, and do and perform and cause to be done such further acts and things as may be necessary in order to give full effect to this Agreement and every provision hereof.

8.10. Titles and Headings

The headings contained in this Agreement are for reference purposes only and will not affect the meaning or interpretation of this Agreement.

8.11. Severability

If any provision of this Agreement is declared by any court of competent jurisdiction to be illegal, void or unenforceable, all other provisions of this Agreement will not be affected and will remain in full force and effect.

8.12. Counterparts

This Agreement was executed by each party in two originals in the English language, each of which shall constitute an original instrument.

8.13. Disclaimer

It is explicitly agreed and understood between the parties that any other rights provided by the applicable Law

*(Handwritten signatures and scribbles at the bottom of the page)*



as each time in force shall be in addition to the rights provided herein and shall apply in favor of the Parties notwithstanding the provisions set out in this Agreement.

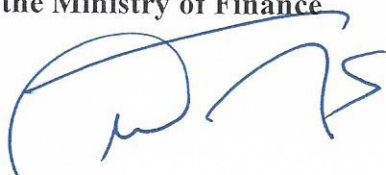
**FOR THE REPUBLIC OF CYPRUS**

1. Minister of Finance



Mr Harris Georgiades

2. Permanent Secretary of the Ministry of Finance



Mr Christos Patsalides

3. Head of the Management Unit



Mr Dionyssios Dionysiou

Nicosia, 29 May 2015

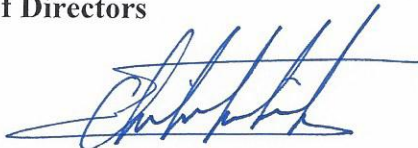
**FOR THE COOPERATIVE CENTRAL BANK LTD**

1. Chairperson of the Board of Directors



Mr Nicholas Hadjiyiannis

2. Vice-Chairperson of the Board of Directors



Mr Charalambos Christodoulides

3. Chief Executive Officer



Mr Marios Clerides

Nicosia, 29 May 2015