**APPEALS PROCESS**

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1 June 2015

# Dispute Resolution Procedure

Since 30/09/2013, the Bank has established an independent internal appeals process in order to handle appeals/complaints of borrowers regarding restructurings of loan obligations in accordance with the provisions of the "Arrears Management Directive of 2015" (the "Directive").

The Bank places great importance in ensuring that the expectations of its customers are met and therefore any appeals/complaints will be examined in an effective, efficient, timely and impartial manner in accordance with the Bank's Appeals Process.

# Appeals Committee

The Bank has established an Appeals Committee (the "Committee") which is responsible for examining appeals/complaints of borrowers regarding restructurings of loan obligations.

The Committee is composed by three members at senior management level. Both the members of the Committee and the Committee are independent of the credit origination, monitoring and restructuring management processes in order to handle borrowers' appeals and complaints with respect to restructuring impartially and without any conflict of interest.

# Objective of the Committee

The Committee's objective is to reach a fair compromising solution between the client and the Bank and to avoid recourse to other lengthy procedures (including, among others, legal proceedings).

The Committee shall ensure that all possible amicable resolutions to the customer's appeal/complaint are examined and shall act as a customer friendly body, before deciding on any recourse to other bodies or other independent authorities.

The Committee shall act independently and impartially, keeping customer information and customer data and cases under investigation confidential.

# Deadlines for submitting appeals / complaints

In case the Bank reaches a positive decision on the restructuring, the borrower who wish to submit an appeal to the Committee must do so within one month from the date of receipt of the Bank's offer letter.

In case the Bank reaches a negative restructuring decision, the borrower shall have the right to request a review by the Committee within one month from the date of receipt of the Bank's letter concerning its negative decision.

# How to submit appeals/complaints

Customers must submit their appeal in writing by completing the Appeal / Complaint Form, which is attached, and which is available at all Branches as well as on the Bank's website (www.cdb.com.cy), by:

* a registered mail or courier to the following address:

Dispute Resolution Committee

Leof. Arch. Makariou III 50

P.O.Box 21415

1508 Nicosia, Cyprus

* delivering it in person to the Bank's Offices or Branches,
* fax to 22-846604,
* email to comres@cdb.com.cy

Please note that oral or anonymous appeals will not be dealt with by the Committee.

The client, together with the Appeal / Complaint Form, must submit to the Bank all necessary supporting information and documentation required for review, such as correspondence with the Bank, information submitted to the Bank during the examination of the restructuring, legal documents, financial statements, etc.

# Point of contact

Customers who submitted an appeal to the Bank may communicate with the Chairman of the Committee until the Committee decides on the appeal. The Chairman's contact details are:

Stella Avraam

Address: Leof. Arch. Makariou III 50, P.C. 21415, 1508 Nicosia, Cyprus

Tel: 22-846500

Fax: 22-846604

Email: comres@cdb. com. cy

# Time limits

The Committee is responsible for:

* providing, in writing, the borrower with an official acknowledgement of the appeal, which may not be latter than 21 days from the date of receipt of the complaint; and
* an official decision regarding the appeal, which may not be more than two months from date of receipt of appeal.

# Examination of an appeal/complaint

The handling of appeals by the Committee shall, in each case, include:

* Whether the Bank, in relation to the restructuring under examination, has acted in accordance with the Code (for borrowers falling under the Code) and that its decisions and handling comply with the Directive.
* If the proposed restructuring solution is rejected by the borrower, the Committee must investigate whether the solution proposed by the Bank was appropriate and compatible for the borrower's case, otherwise recommend for re-examination by the Bank for the forming of another proposed restructuring solution .
* In case of refusal by the Bank for restructuring due to the fact that no sustainable restructuring solution was found, the conducting by the Committee of reassessment of the borrower and ensuring that indeed no other restructuring solution exists.

The Committee during the examination of the appeal shall consider all elements relevant to the restructuring including the following:

* The report and analysis prepared by the Bank for the restructuring as well as all the information and documents held by the Bank relating to the relevant restructuring;
* The reason for the customer's appeal as well as all documents and information provided by the customer;
* The various repayment plans studied by the Bank and whether they are consistent with the client's repayment capability;
* The client's financial statements and forecasts for the coming years;
* The collateral that exists and any new collateral;
* Legal documents.

The Committee may request any other clarifications or additional information (such as mortgage valuations, revised repayment plans, etc.) from the Department that handled the client's restructuring as well as any additional information or clarifications from the client.

The committee has the right to invite the borrower who filed the appeal for a face-to-face meeting as well as the obligation to meet with the borrower should he or she requests so.

The Committee may request information or advice from any other department of the Bank or an external associate on matters which it considers require further examination and specialized knowledge.

# Meetings and decisions of the Committee

The Appeals Committee will meet and examine the appeals as soon as possible after submission of the appeal. For the Committee meetings the presence of all three members is required. The Committee will do its utmost to ensure that its decisions are unanimous. If it is not possible to reach a unanimous decision, the decision will be taken by majority vote.

The Committee is seeking and proposing alternative solutions with the aim to reach a fair compromising solution for both parties. The Committee may itself propose a solution to the client and, in more complex cases, request by the Banking Department reassessment of the case. Any decisions should be taken within the predetermined timeframes referred to in paragraph 7.

The decisions of the Committee as well as the justification of those decisions should be clearly recorded in the minutes of the Committee, which shall be archived in accordance with paragraph 12.

# Disclosure of the Bank’s Appeals Process

The Bank's policies and procedures regarding appeals, the appeals procedure for borrowers and the operation of the Appeals Committee will be published on the Bank's website (www.cdb.com.cy) and will be communicated to borrowers at the beginning of the restructuring process.

# Monitor procedures and decisions

The Internal Audit Department shall assess the proper implementation of the appeal procedures as well as whether the decisions and the modus operandi of the Appeals Committee are in line with the Code of Conduct of the Central Bank of Cyprus on the Handling of Borrowers in Financial Difficulties on a half-yearly basis. The Internal Audit Department will prepare a relevant report to the Bank's Management for evaluation and for taking the necessary corrective measures, where necessary.

# Archiving System

The Appeal Committee will be responsible for the archiving of all appeals as well as all supporting documentation that has been examined by the Committee. For this reason, the Committee will keep a register of appeals, in which copies of the appeals and supporting documentation will be available in numerical order. The Committee will also keep a record of the dates of receipt of appeals as well as of the written notification of customers. The Committee will keep records for at least 6 years after the termination of the relationship with the borrower.

# Communication with the Central Bank of Cyprus

The Bank shall periodically and at least on an annual basis, communicate the progress of the appeals process to the Central Bank of Cyprus, including the submission of a summary report of the appeals examined and the corresponding decisions taken of the Bank's Appeal Committee.