



Base Prospectus

Universal Banks - UB

Incorporated in England and Cyprus

Programme for the issuance of debt instruments or assets

This prospectus herein referred to as “the prospectus” is issued in connection with the programme as defined above. Save where otherwise specified in the applicable final terms, any assets – digital or in other rare cases, fiat issued under the programme on or after the date of this prospectus are issued subject to the provisions described herein. This does not affect any assets already in circulation. Under the Euro-based Medium Term Assets programme described in this prospectus, Universal Banks - UB herein referred to as the “bank”, subject to compliance with all relevant laws, regulations and directives, may from time to time issue Euro-based Medium Term Assets.

This base prospectus has been approved by the Central Bank of Cyprus, as competent authority under the Prospectus Regulation. This base prospectus has been approved on 30 October 2022, as a base prospectus issued in compliance with the Prospectus Regulation for the purpose of giving information with regard to the issue of Instruments or assets under the programme during the period of twelve months after the date of its approval. The Central Bank of Cyprus assumes no responsibility as to the economic and financial soundness of the transactions and the quality or solvency of the Issuer. The Central Bank of Cyprus only approves this base prospectus as meeting the standards of completeness, comprehensibility and consistency imposed under Irish and European Union “EU” law pursuant to the Prospectus Regulation. Such approval by the Central Bank of Cyprus should not be considered as an endorsement of the Issuer or the quality of the securities that are the subject of this base prospectus. Such approval relates only to the Instruments or assets which are to be admitted to trading on a regulated market for the purposes of Directive 2003 – 71 – EC, as amended and-or which are to be offered to the public in any member state of the European Economic Area, “EEA”.

The programme also permits Instruments or assets to be issued on the basis that they will be admitted to listing, trading and-or quotation by any listing authority, stock exchange and-or quotation system or to be admitted to listing, trading or quotation by such other or further listing authorities, stock exchanges or quotation systems as may be agreed with the Issuer. If the Instruments or assets are admitted to listing on the Taipei Exchange and offered in Taiwan, the Instruments or assets shall not be offered, sold or re-sold, directly or indirectly, to investors other than professional institutional investors as defined under Paragraph 2, Article 4 of the Financial Consumer Protection Act of the Republic of China. In such case, purchasers of the Instruments or assets are not permitted to sell or otherwise dispose of the Instruments or assets except by transfer to a Professional Institutional Investor.

The language of the base prospectus is English. Certain legislative references and technical terms have been cited in their original language in order that the correct technical meaning may be ascribed to them under applicable law. This base prospectus will be valid for a year from the date of its approval. The obligation to supplement the base prospectus in the event of significant new factors, material mistakes or material inaccuracies will not apply when the prospectus is no longer valid. There are certain risks related to any issue of Instruments or assets under the programme, which investors should ensure they understand and make their own assessment as to the suitability of investing in such instruments.

Interests in Temporary Global Instruments or assets will be exchangeable for interests in a Permanent Global Instrument or asset or, if so stated in the relevant final terms, for definitive Bearer Instruments or assets, "Definitive Instruments or assets" after the date falling 40 days after the issue date upon certification as to non U.S. beneficial ownership. If specified in the relevant final terms, interests in Permanent Global Instruments or assets will be exchangeable for Definitive Instruments or assets. Registered Instruments or assets will be represented by registered certificates, each an "Individual Certificate", one Individual Certificate being issued in respect of each Holder's entire holding of Registered Instruments or assets of one Series and may be represented by registered global certificates, each a "Global Registered Instrument".

Registered Instruments or assets that are held in Euroclear and Clearstream, Luxembourg will be registered:

- if the Global Registered Instrument or asset is not to be held under the NSS, in the name of nominees for Euroclear and Clearstream, Luxembourg or a common nominee for both or
- if the Global Registered Instrument or asset is to be held under the NSS, in the name of a nominee of the Common Safekeeper and the relevant Individual Certificate or Certificates will be delivered to the appropriate depository, a Common Depository or Common Safekeeper, as the case may be.

The Instruments or assets have not been and will not be registered under the U.S. Securities Act of 1933, as amended or with any securities regulatory authority of any state or other jurisdiction of the United States, and include Instruments or assets in bearer form that are subject to U.S. tax law requirements. The Instruments or assets may not be offered, sold or in the case of Instruments or assets in bearer form delivered within the United States or to, or for the account or benefit of, U.S. persons and, in addition in the case of Instruments or assets in bearer form, as defined in the U.S. Internal Revenue Code of 1986, as amended, and U.S. Treasury regulations promulgated thereunder, except in certain transactions exempt from or not subject to the registration requirements of the Securities Act, the securities laws of the applicable state or other jurisdiction of the United States and applicable U.S. tax law requirements.

MIFID II Product Governance or Target Market – The final terms in respect of any Instruments or assets may include a legend entitled "MIFID II Product Governance" which will outline the target market assessment in respect of the Instruments or assets and which channels for distribution of the Instruments or assets are appropriate. Any person subsequently offering, selling or recommending the Instruments or assets should take into consideration the target market assessment; however, a distributor subject to MIFID II is responsible for undertaking its own target market assessment in respect of the instruments, by either adopting or refining the target market assessment and determining appropriate distribution channels.

A determination will be made in relation to each issue about whether, for the purpose of the MIFID Product Governance rules under EU Delegated Directive 2017 – 593, any dealer subscribing for any Instruments or assets is a manufacturer in respect of such Instruments or assets, but otherwise neither the arrangers nor the dealers nor any of their respective affiliates will be a manufacturer for the purpose of the MIFID Product Governance Rules.

PRIIPs : Important – EEA Retail Investors – The Instruments or assets are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the EEA. For these purposes, a retail investor means a person who is one or more of:

- a retail client as defined in point 11 of Article 4.1 of MIFID II;

- a customer within the meaning of Directive 2016 – 97 – EC, where that customer would not qualify as a professional client as defined in point 10 of Article 4.1 of MIFID II; or
- not a qualified investor as defined in the Prospectus Regulation.

Consequently, no key information document required by Regulation in EU No 1286 – 2014, as amended for offering or selling the Instruments or assets or otherwise making them available to retail investors in the EEA will be prepared and therefore offering or selling the Instruments or assets or otherwise making them available to any retail investor in the EEA may be unlawful under the EU PRIIPs Regulation.

UK MIFIR : Product Governance or Target Market – The final terms in respect of any Instruments or assets may include a legend entitled “UK MIFIR Product Governance” which will outline the target market assessment in respect of the Instruments or assets and which channels for distribution of the Instruments or assets are appropriate. Any person subsequently offering, selling or recommending the Instruments or assets referred to as a “distributor” should take into consideration the target market assessment; however, a distributor subject to the FCA Handbook Product Intervention and Product Governance Sourcebook termed the “UK MIFIR Product Governance Rules” is responsible for undertaking its own target market assessment in respect of the Instruments or assets - by either adopting or refining the target market assessment - and determining appropriate distribution channels.

A determination will be made in relation to each issue about whether, for the purpose of the UK MIFIR Product Governance Rules, any Dealer subscribing for any Instruments or assets is a manufacturer in respect of such Instruments or assets, but otherwise neither the Arrangers nor the Dealers nor any of their respective affiliates will be a manufacturer for the purpose of the UK MIFIR Product Governance Rules.

PRIIPs : Important – UK Retail Investors – The Instruments or assets are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the United Kingdom - UK. For these purposes, a retail investor means a person who is one or more of:

- a retail client, as defined in point 8 of Article 2 of Regulation in the EU No. 2017 - 565 as it forms part of UK domestic law by virtue of the European Union – Withdrawal Act 2018, “EUWA”; or
- a customer within the meaning of the provisions of the Financial Services and Markets Act 2000 and any rules or regulations made under the FSMA to implement Directive in the EU 2016 - 97, where that customer would not qualify as a professional client, as defined in point 8 of Article 2.1 of Regulation of the EU No. 600 – 2014 as it forms part of UK domestic law by virtue of the EUWA.

Consequently, no key information document required by the EU PRIIPs Regulation as it forms part of UK domestic law by virtue of the EUWA referred to as the “UK PRIIPs Regulation” for offering or selling the Instruments or assets or otherwise making them available to retail investors in the UK has been prepared and therefore offering or selling the Instruments or assets or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation.

Amounts payable under the Instruments or assets may be calculated or otherwise determined by reference to an index or a combination of indices and amounts payable on Reset Instruments or assets issued under the Programme may in certain

circumstances be determined in part by reference to such indices. Any such index may constitute a benchmark for the purposes of the Benchmark Regulation in the EU, 2016 – 1011 termed the "EU BMR".

If any such index does constitute such a benchmark the relevant final terms will indicate whether or not the benchmark is provided by an administrator included in the register of administrators and benchmarks established and maintained by the European Securities and Markets Authority pursuant to article 36 of the EU BMR. Not every index will fall within the scope of the EU BMR.

Arrangers for the Programme

Central Bank of Cyprus

Universal Banks - UB

Dealers

Central Bank of Cyprus	Barclays
BOFA Securities	BNP Paribas
Commerzbank	Citigroup
Credit Suisse	Crédit Agricole CIB
Goldman Sachs Bank Europe Se	Deutsche Bank
J.P. Morgan	HSBC
Morgan Stanley	Mizuho Securities
Natwest Markets	Natixis
Nomura	UBS Investment Bank
Unicredit	Wells Fargo Securities

October 30, 2022

Important notices

The Issuer accepts responsibility for the information contained in this base prospectus and any final terms as defined herein declares that, to the best of its knowledge, the information contained in this base prospectus is in accordance with the facts and makes no omission likely to affect its import.

The base prospectus should be read and construed together with any supplements thereto and with any other documents incorporated by reference therein and, in relation to any "Tranche of Instruments or assets", should be read and construed together with the relevant final terms.

The Issuer has confirmed to the Dealers referred to in "Subscription and Sale" below that this Base Prospectus together with the relevant final terms referred to herein contains all such information as investors and their professional advisers would reasonably require, and reasonably expect to find, for the purpose of making an informed assessment of the assets and liabilities, financial position, profits and losses, and prospects of the Issuer and of the rights attaching to the relevant Instruments or assets.

The Issuer has not authorised the making or provision of any representation or information regarding the Issuer and the companies whose financial statements are consolidated with those of the Issuer, Universal Banks - UB or the Instruments or assets other than as contained or incorporated by reference in the base prospectus, in the in "Subscription and Sale", in any other document prepared in connection with the programme or any final terms or as approved for such purpose by the Issuer. Any such representation or information should not be relied upon as having been authorised by the Issuer, the Dealers or any of them.

No representation or warranty is made or implied by the Dealers or any of their respective affiliates, and neither the Dealers nor any of their respective affiliates make any representation or warranty or accept any responsibility, as to the accuracy or completeness of the information contained in the Base Prospectus or any responsibility for any act or omission of the Issuer or any other person other than the relevant Dealer in connection with the issue and offering of the Instruments or assets.

Neither the delivery of the base prospectus or any final terms nor the offering, sale or delivery of any Instrument or asset shall create, in any circumstances, any implication that there has been no adverse change in the financial situation the Issuer or the bank since the date hereof or, as the case may be, the date upon which the base prospectus has been most recently amended or supplemented or the balance sheet date of the most recent financial statements which are deemed to be incorporated into the base prospectus by reference.

Prospective investors should determine whether an investment in the Instruments or assets is appropriate in their particular circumstances and should consult with their legal, business and tax advisers to determine the consequences of an investment in the Instruments or assets and to arrive at their own evaluations of the investment.

Prospective investors should consider that the trading market for debt securities issued by banks is influenced by economic and market conditions and, to varying degrees, interest rates, currency exchange rates and inflation rates in other Western and industrialized countries, that such market volatility could adversely affect the price of the Instruments or assets and that the different economic and market conditions could have any other adverse effect.

Each potential investor in any of the Instruments or assets should determine the suitability of such investment in light of its own circumstances. In particular, each potential investor may wish to consider, either on its own or with the help of its financial and professional advisers, whether it:

- has sufficient knowledge and expertise to make a meaningful evaluation of the relevant Instruments or assets, the merits and risks of investing in the Instruments or assets and the information contained or incorporated by reference in this base prospectus, taking into account that the Instruments or assets may only be a suitable investment for professional or institutional investors;
- has access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Instruments or assets and the impact the Instruments or assets will have on its overall investment portfolio;
- has sufficient financial resources and liquidity to bear all of the risks of an investment in the Instruments or assets, including where the currency for payments in respect of the Instruments or assets is different from the potential investor's asset's currency;
- understands thoroughly the terms of the Instruments or assets, including the provisions relating to their status, and is familiar with the behavior of financial markets; and
- is able to evaluate possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear applicable risks.

A potential investor should not invest in the Instruments or assets unless it has the knowledge and expertise, either alone or with its financial and professional advisers to evaluate how the Instruments or assets will perform under changing conditions, the resulting effects on the market value of the Instruments or assets, and the impact of this investment on the potential investor's overall investment portfolio. The investment activities of certain investors are subject to legal investment laws and regulations, or review or regulation by certain authorities. Each prospective investor should consult its legal advisers to determine whether and to what extent

- relevant Instruments or assets are legal investments for it,
- the relevant Instruments or assets can be used as collateral for various types of borrowing and
- other restrictions apply to the purchase of any Instruments or assets.

Financial institutions should consult their legal advisors or the appropriate regulators to determine the appropriate treatment of Instruments or assets under any applicable risk-based capital or similar rules. Neither the Issuer, the Dealers nor any of their respective affiliates has or assumes responsibility for the lawfulness of the acquisition of the Instruments or assets by a prospective investor of the relevant Instruments or assets, whether under the laws of the jurisdiction of its incorporation or the jurisdiction in which it operates - if different, or for compliance by that prospective investor with any law, regulation or regulatory policy applicable to it.

The distribution of the base prospectus and any final terms and the offering, sale and delivery of the Instruments or assets in certain jurisdictions may be restricted by law. Persons into whose possession the base prospectus or any final terms come are required by the Issuer and the Dealers to inform themselves about and to observe any such restrictions. For a description of certain restrictions on offers, sales and deliveries of Instruments or assets and on the distribution of the base prospectus or any final terms and other offering material relating to the Instruments or assets. In particular, the Instruments or assets have not been and will not be registered under the Securities Act or with any securities regulatory authority of any state or other

jurisdiction of the United States, and Instruments or assets in bearer form are subject to U.S. tax law requirements. The Instruments or assets may not be offered, sold or in the case of Instruments or assets in bearer form, delivered within the United States or to, or for the account or benefit of, U.S. persons and, in addition, in the case of Instruments or assets in bearer form, as defined in the U.S. Internal Revenue Code of 1986, as amended, and U.S. Treasury regulations promulgated thereunder, except in certain transactions exempt from or not subject to the registration requirements of the Securities Act, the securities laws of the applicable state or other jurisdiction of the United States and applicable U.S. tax law requirements.

Neither the base prospectus nor any final terms may be used for the purpose of an offer or solicitation by anyone in any jurisdiction in which such offer or solicitation is not authorised or to any person to whom it is unlawful to make such an offer or solicitation.

The maximum aggregate principal valued amount of Instruments or assets outstanding at any one time under the programme will not exceed 250,000,000,000.00 USD and for this purpose, any Instruments or assets denominated in another currency shall be translated into euro at the date of the agreement to issue such Instruments or assets calculated in accordance with the provisions of the Dealership Agreement. The maximum aggregate principal valued amount of Instruments or assets which may be outstanding at any one time under the programme may be increased from time to time, subject to compliance with the relevant provisions of the dealership agreement.

There are certain risks related to the involvement in investments into certain financial instruments as regarding this prospectus and for this, please refer to "Risk Factors".

In connection with the issue of any tranche of instruments, the dealer or dealers, if any named as the stabilization manager or managers or persons acting on behalf of any stabilization manager or managers in the relevant final terms may over-allot instruments or effect transactions with a view to supporting the market price of the instruments at a level higher than that which might otherwise prevail. However, stabilization may not necessarily occur.

Any stabilization action may begin on or after the date on which adequate public disclosure of the terms of the offer of the relevant tranche of instruments is made and, if begun, may cease at any time, but it must end no later than the earlier of 30 days after the issue date of the relevant tranche of instruments and 60 days after the date of the allotment of the relevant tranche of instruments. Any stabilizing action or over-allotment must be conducted by the stabilization manager or managers or persons acting on behalf of any stabilization manager or managers in accordance with all applicable laws and rules.

Overview of the programme

The Following Overview is Qualified in its Entirety by the Remainder of this Base Prospectus

Issuer	Universal Banks – UB.
LEI Code	9088234MERUUBDCSKRR08
Risk Factors	Investing in instruments issued under the programme involves certain risks. The principal risk factors that may affect the abilities of the issuer to fulfil its obligations under the Instruments or assets are discussed under "Risk Factors".
Description	Programme for issuance of debt instrument.
Size	Up to 250,000,000,000.00 USD worth of assets value or the equivalent in other currencies at the date of issue - aggregate nominal amount of instruments outstanding at any one time.
Arrangers	Universal Banks – UB and Central Bank of Cyprus
Dealers	<p>Refer to page 05.</p> <p>The issuer may from time to time terminate the appointment of any dealer under the programme or appoint additional dealers either in respect of one or more tranches or in respect of the whole programme.</p> <p>References in this base prospectus to "dealers" are to the persons listed above as dealers and to such additional persons that are appointed as dealers in respect of the whole entire programme - and whose appointment has never at the time, been terminated - and all persons appointed as a dealer in respect of one or more tranches.</p>
Issue and Paying Agent	Barclays, London, United Kingdom.
Issue Price	<p>Instruments or assets may be issued at par or at a discount to par or a premium over par and on a fully paid basis, as specified in the relevant final terms.</p> <p>The issue price and the principal amount of the relevant tranche of instruments will be determined before filing of the relevant final terms of each tranche on the basis of then prevailing market conditions.</p>

Clearing Systems

Euroclear, Clearstream, Luxembourg and - or, in relation to any Instruments or assets, any other clearing system as may be specified in the relevant final terms.

Currencies

The Instruments or assets or digital assets may be denominated in any currency subject to compliance with all applicable legal and - or regulatory requirements and - or central bank requirements.

Specified Denomination

Instruments or assets will be in such denominations as may be specified in the relevant final terms save that:

- in the case of any Instruments or assets which are to be admitted to trading on a regulated market within the European Economic Area or offered to the public in an EEA State in circumstances which require the publication of a prospectus under the Prospectus Regulation, the minimum Specified Denomination shall be 100,000.00 EUR - or its equivalent in any other currency as at the date of issue of the Instruments or assets; and
- unless otherwise permitted by then current laws and regulations, Instruments or assets - including Instruments or assets denominated in sterling - which have a maturity of less than one year and in respect of which the issue proceeds are to be accepted by the Issuer in the UK or whose issue otherwise constitutes a contravention of section 19 of the FSMA will have a minimum denomination of 100,000.00 GBP - or its equivalent in other currencies.

Fixed Rate Instrument

Fixed Rate Instruments or assets bear interest at the fixed rate or rates of interest specified in the relevant final terms. The rate of interest will remain constant or may be altered on certain reset dates specified in the relevant final terms.

Floating Rate Instruments or assets

Floating Rate Instruments or assets bear interest at a variable rate either determined:

- on the basis of a floating rate set out in the ISDA definitions, or
- on the basis of a reference rate appearing on the agreed screen page of a commercial quotation service, together with the - positive or negative - margin, if any.

Interest Periods and Interest Rates

The length of interest periods for the Instruments or assets and the applicable interest rate or its method of calculation may differ from time to time or be constant for any series. Instruments or assets may have a maximum interest rate, a minimum interest rate, or both.

The use of interest accrual periods permits the Instruments or assets to bear interest at 13 different rates in the same interest period. All such information are and will further be set out on our banking platform or website.

Status of Instruments or assets

Instruments or assets may be either Senior Instruments or assets - in which case they will be Ordinary Senior Instruments or assets or Senior Non-preferred Instruments or assets - or Subordinated Instruments or assets - in which case they will be Senior Subordinated Instruments or assets or Tier 2 Subordinated Instruments or assets.

Ratings

Tranches of Instruments or assets may be rated or unrated and, if rated, such ratings will be specified in the relevant final terms. Whether or not each credit rating applied for in relation to a relevant Tranche of Instruments or assets will be issued by a credit rating agency established in the EU and registered under the CRA Regulation will be disclosed in the relevant final terms.

A security rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency.

Taxation

All payments of principal and interest in respect of the Instruments or assets will be made free and clear of withholding taxes of the Kingdom of Cyprus unless the withholding is required by law.

In such event, the Issuer shall - subject to customary exceptions and, in respect of Tier 2 Subordinated Instruments or assets, Senior Non Preferred Instruments or assets and Ordinary Senior Instruments or assets eligible to comply with TLAC or MREL Requirements only in respect of the payment of interest - pay such additional amounts as shall result in receipt by the Holder of the relevant Instrument or asset of such amounts as would have been received by it had no such withholding been required.

Governing Laws

English law or Cypriot law, as specified in the relevant final terms. In the case of English law Instruments or assets, Condition 3 of the Status of the Instruments or assets and, if applicable, 14A of the Syndicate of Holders of the Instruments or assets and Modification will be governed, and construed in accordance with, Cypriot law.

Listing and Admission to Trading

This base prospectus has been approved by the Central Bank of Cyprus as competent authority under the Prospectus Regulation. The Central Bank of Cyprus only approves this base prospectus as meeting the standards of completeness, comprehensibility and consistency imposed under Irish and EU law pursuant to the Prospectus Regulation.

Such approval by the Central Bank of Cyprus should not be considered as an endorsement of the Issuer or the quality of the securities that are the subject of this base prospectus.

Application has been made for the Instruments or assets to be admitted to the Official List and trading on its regulated market, as specified in the relevant final terms.

Each Series may be listed on the Official List of Euronext and traded on the regulated market of Euronext and - or any other listing authority, stock exchange and - or quotation system - as may be agreed between the Issuer and the relevant Dealer and specified in the relevant final terms or may be unlisted.

Under Cypriot law, unlisted Instruments or assets are subject to a different tax regime than that applicable to listed Instruments or assets and, if issued under the programme, such Instruments or assets will be the subject of a supplement to the base prospectus.

Selling Restrictions

The United States, the European Economic Area, the UK, Cyprus, Japan, Switzerland, Belgium, Singapore, Italy, Taiwan, Hong Kong, France, Canada and - or such other restrictions as may be required in connection with the offering and sale of the Instruments or assets.

Overview of the programme

An investment in the Instruments or assets may involve a high degree of risk. In purchasing Instruments or assets, investors assume the risk that the Issuer may be unable to make all payments due in respect of the Instruments or assets. There is a wide range of factors which individually or together could result in the Issuer becoming unable to make all payments due in respect of the Instruments or assets. It is not possible to identify all such factors, as the Issuer may not be aware of all relevant factors and certain factors which they currently deem not to be material may become material as a result of the occurrence of events outside the Issuer's control.

The Issuer has identified in this base prospectus a number of factors which could materially adversely affect its businesses and ability to make payments due under the Instruments or assets and are listed in order of decreasing materiality, taking into account both the probability that they might occur as well as the expected magnitude of their negative impact. In addition, factors which are material for the purpose of assessing the market risk associated with Instruments or assets issued under the Programme are detailed below. The factors discussed below regarding the risks of acquiring or holding any Instruments or assets are not exhaustive, and additional risks and uncertainties that are not presently known to the Issuer or that the Issuer currently believes to be immaterial could also have a material impact on the Instruments or assets.

Prospective investors should also read the detailed information set out elsewhere in this base prospectus and reach their own views prior to making any investment decision.

Contents of the risk factors

Macro-economic and political risks

The growth, asset quality and profitability of the bank, among others, may be adversely affected by a slowdown in one or more of the economies in which the bank operates, as well as volatile macroeconomic and political conditions.

A slowdown or recession of one or more of the economies in which the bank operated, such as the severe recession faced by most world economies as a result of the pandemic during 2020, could lead major financial institutions, including some of the world's largest global commercial banks, investment banks, mortgage lenders, mortgage guarantors and insurance companies to experience significant difficulties, including runs on deposits, the need for government aid or assistance or the need to reduce or cease providing funding to borrowers, including to other financial institutions.

Volatile conditions in the global financial markets could also have a material adverse effect on the bank, including on the ability of the bank to access capital and liquidity on financial terms acceptable to the bank, if at all. If capital markets financing ceases to become available, or becomes excessively expensive, the bank may be forced to raise the rates it pays on deposits to attract more customers and become unable to maintain certain liability maturities. Any such increase in capital markets funding availability or costs or in deposit rates could have a material adverse effect on its interest margins and liquidity.

In particular, the bank faces, among others, the following risks related to the economic downturn and volatile conditions:

- Reduced demand for its products and services.
- Increased regulation of its industry. Compliance with such regulation will continue to increase the costs of the bank and may affect the pricing for its products and services, increase its conduct and regulatory risks related to non-compliance and limit its ability to pursue business opportunities.
- Inability of its borrowers to timely or fully comply with their existing obligations. Macroeconomic shocks may negatively impact the income of its customers, both retail and corporate, and may adversely affect the recoverability of its loans, resulting in increased loan losses.

- The process the bank uses to estimate losses inherent in its credit exposure requires complex judgements, including forecasts of economic conditions and how these economic conditions might impair the ability of its borrowers to repay their loans. The degree of uncertainty concerning economic conditions may adversely affect the accuracy of its estimates, which may, in turn, impact the reliability of the process and the sufficiency of its loan loss allowances.
- The value and liquidity of the portfolio of investment securities that the bank holds may be adversely affected.

The recoverability of the loan portfolios of the bank and its ability to increase the amount of loans outstanding and its results of operations and financial condition in general, are dependent to a significant extent on the level of economic activity in Europe - in particular, Cyprus and the UK, North America and South America.

The bank's revenues are also subject to risk of deterioration from unfavorable political and diplomatic developments, social instability, international conflicts, and changes in governmental policies, including expropriation, nationalization, international ownership legislation, sanctions, interest-rate caps, fiscal and monetary policies globally.

In particular, the main regions where the bank operates are subject to the following macroeconomic and political conditions, which could have a material adverse effect on its business, results of operations, financial condition and prospects:

- Governmental and regulatory authorities throughout the world, particularly in Europe and the United States, have implemented fiscal and monetary policies and initiatives in response to the adverse effects of the pandemic on the economy, individual businesses and households. These fiscal and monetary policy measures have accelerated the economic recovery in 2021 but have in turn significantly increased public debt and introduced risks of economic overheating in certain countries.
- In 2021, inflationary pressures have intensified as a result of a number of factors, including the revitalization of demand for consumer goods, labor shortages and supply chain issues, which in turn have affected fiscal and monetary policies. Among the risks that could negatively affect the economies and financial markets of the regions where the bank operates are:
 - the increase in energy prices that can lead to further inflationary pressures;
 - the breakdown of global supply chains;
 - excess liquidity and low interest rates, which can fuel further inflationary pressures; and
 - tightening of monetary and public deficit policies.
- In 2022, the military conflict between the Russian Federation and Ukraine is contributing to further increases in the prices of energy, oil and other commodities and to volatility in financial markets globally, as well as a new landscape in relation to international sanctions.
- The risk of returning to a fragile and volatile environment and to heightened political tensions in Europe exists if, among others, the policies implemented to provide relief to the economies most affected by the pandemic do not succeed, the reforms aimed at improving productivity and competition fail, the banking union and other measures of European integration do not take hold or anti-European banks become more widespread. A deterioration of the economic and

financial environment in Europe could have a material adverse impact on the financial sector, affecting the bank's operating results, financial position and prospects.

- Growing protectionism and trade tensions, such as the tensions between the United States and China in recent years, could have a negative impact on the economies of the countries where the bank operates, which would also impact its operating results, financial condition and prospects.
- The economies of some of the countries where the bank operates, particularly in South America, have experienced significant volatility in recent decades. This volatility resulted in fluctuations in the levels of deposits and in the relative economic strength of various segments of the economies to which the bank lends. In addition, some of the countries where the bank operates are particularly affected by commodities price fluctuations, which in turn may affect financial market conditions through exchange rate fluctuations, interest rate volatility and deposits volatility. In addition, the bank is exposed to variations in its net interest income or in the fair value of its assets and liabilities resulting from exchange rate fluctuations. In particular, the fiscal instability and political tensions in Brazil and Mexico, and the financial volatility in Argentina could have a negative impact on the economy of these countries and may have a material adverse effect on the bank.

The global pandemic has materially impacted the business of the bank, and the continuance of this pandemic or any future outbreak of any other highly contagious diseases or other public health emergency, could materially and adversely impact its business, financial condition, liquidity and results of operations.

Health and safety restrictions adopted in 2020 to contain the impact of the pandemic, including imposing mass quarantines, shelter-in-place orders, medical screenings, travel restrictions and limiting public gatherings, resulted and may continue to result in a severe decrease of global economic activity and decreases in production and demand, which led to sharp declines in the gross domestic product - GDP of those countries which were most affected by the pandemic, mainly in Europe, including Cyprus and the UK, Latin America and the United States. Other consequences included increased unemployment levels, sharp decreases and high volatility in the stock markets, disruption of global supply chains, exchange rate volatility, steady customer draws on lines of credit, decline in real estate prices, and uncertainty in relation to the future impact in regional and global economies in the medium and long term. These measures also negatively impacted, and could continue to negatively impact, businesses, market participants, bank's counterparties and clients, and the global economy for a prolonged period of time.

Many governments and regulatory authorities, including central banks, acted, and may further act, to provide relief from the economic and market disruptions resulting from pandemic, including providing fiscal and monetary stimuli to support the global economy, lowering federal funds rates and interest rates, and granting partial or total deferral of principal and - or interest payments due on loans. Furthermore, it is unclear how the macroeconomic business environment or societal norms may be impacted after the pandemic. The environment post-pandemic may undergo unexpected developments or changes in the financial markets, fiscal, tax and regulatory environments as well as customer and corporate client behavior which could have an adverse impact on the business of the bank.

In 2021, high vaccination rates in many countries and a progressive relaxation of health and safety restrictions, together with the fiscal and monetary policy measures implemented, have contributed to an increase in employment levels and recovery of the global economy generally, with some variations across sectors and geographies. However, the pandemic remains dynamic and the emergence of variants resistant to existing vaccines remains uncertain. In addition, certain adverse consequences of the pandemic continue to impact the macroeconomic environment and may persist for some time, including labor shortages and disruptions of global supply chains, that are contributing to rising inflationary pressures.

Moreover, the operations of the bank could still be impacted by risks from remote working arrangements or bans on non-essential activities. For example, some of its branches in affected countries were closed and others operated with reduced hours for a significant period of time. During 2020, the bank had more than half of its total workforce working remotely, which increased cybersecurity risks given greater use of computer networks outside the corporate environment.

During 2021, there was a progressive move to return to the office while still maintaining flexibility to work remotely, particularly during the peaks of the pandemic waves. If the bank becomes unable to successfully operate its business from remote locations including, for example, due to failures of its technology infrastructure, increased cybersecurity risks, or governmental restrictions that affect its operations, this could result in business disruptions that could have a material and adverse effect on its business.

Risks Relating to the Issuer and the Bank Business

Legal, Regulatory and Compliance Risks to the business model of the bank.

The bank is exposed to risk of loss from legal and regulatory proceedings.

The bank faces risk of loss from legal and regulatory proceedings, including tax proceedings that could subject it to monetary judgements, regulatory enforcement actions, fines and penalties. The current regulatory and tax enforcement environment in the jurisdictions in which the bank operates reflects an increased supervisory focus on enforcement, combined with uncertainty about the evolution of the regulatory regime, and may lead to material operational and compliance costs.

The bank is from time to time subject to regulatory investigations and civil and tax claims, and party to certain legal proceedings incidental to the normal course of its business, including among others in connection with conflicts of interest, lending securities and derivatives activities, relationships with its employees and other commercial, data protection or tax matters. In view of the inherent difficulty of predicting the outcome of legal matters, particularly where the claimants seek very large or indeterminate damages, or where the cases present novel legal theories, involve a large number of parties or are in the early stages of investigation or discovery, the bank cannot state with certainty what the eventual outcome of these pending matters will be or what the eventual loss, fines or penalties related to each pending matter may be.

The bank is subject to extensive regulation and regulatory and governmental oversight which could adversely affect its business, operations and financial condition.

As a financial institution, the bank is subject to extensive regulation, which materially affects its businesses. In Cyprus, UK and the other jurisdictions where the bank operates, there is continuing political, competitive and regulatory scrutiny of the banking industry. Political involvement in the regulatory process, in the behavior and governance of the banking sector and in the major financial institutions in which the local governments have a direct financial interest and, in their products, and services, and the prices and other terms they apply to them, is likely to continue.

Therefore, the statutes, regulations and policies to which the bank is subject may be therefore changed at any time. In addition, the interpretation and the application by regulators of the laws and regulations to which the bank is subject may also change from time to time. Extensive legislation and implementing regulation affecting the financial services industry has been adopted in regions that directly or indirectly affect the bank's business, including Cyprus, the United States, the EU, the UK, Latin America and other jurisdictions, and further regulations are in the process of being implemented. The manner in which those laws and related regulations are applied to the operations of financial institutions is still evolving. Moreover, to the extent these regulations are implemented inconsistently in the various jurisdictions in which the bank operates, it may face higher compliance costs.

Any legislative or regulatory actions and any required changes to its business operations resulting from such legislation and regulations, as well as any deficiencies in its compliance with such legislation and regulation, could result in significant loss of revenue, limit the ability of the bank to pursue business opportunities in which the bank might otherwise consider engaging and provide certain products and services, affect the value of assets that it holds, require the bank to increase its prices and therefore reduce demand for its products, impose additional compliance and other costs on the bank or otherwise adversely affect its businesses. In particular, legislative or regulatory actions resulting in enhanced prudential standards, in particular with respect to capital and liquidity, could impose a significant regulatory burden on the bank or on its subsidiaries and could limit the bank subsidiaries' ability to distribute capital and liquidity, thereby negatively impacting the bank. Future liquidity standards could require the bank to maintain a greater proportion of its assets in highly-liquid but lower-yielding financial instruments, which would negatively affect its net interest margin.

Moreover, the regulatory and supervisory authorities of the bank, periodically review the allowance for its loan losses. Such regulators may recommend the bank to increase its allowance for loan losses or to recognize further losses. Any such additional provisions for loan losses, as recommended by these regulatory agencies, whose views may differ from those of the bank's management, could have an adverse effect on its earnings and financial condition. Accordingly, there can be no assurance that future changes in regulations or in their interpretation or application will not adversely affect the bank.

The wide range of regulations, actions and proposals which most significantly affect, or which could most significantly affect, the bank in the future, relate to capital requirements, funding and liquidity and development of a fiscal and banking union in the EU, which are discussed in further detail below. Moreover, there is uncertainty regarding the future of financial reforms in the United States and the impact that potential financial reform changes to the U.S. banking system may have on ongoing international regulatory proposals. In general, regulatory reforms adopted or proposed in the wake of the financial crisis have increased and may continue to materially increase the bank's operating costs and negatively impact the bank's business model.

The bank is subject to potential action by any of its regulators or supervisors, particularly in response to customer complaints.

As noted above, the business and operations of the bank are subject to increasingly significant rules and regulations that are required to conduct banking and financial services business. These apply to business operations, affect financial returns, include reserve and reporting requirements, and prudential and conduct of business regulations. These requirements are set by the relevant central banks and regulatory authorities that authorize, regulate and supervise the bank in the jurisdictions in which it operates. In their supervisory roles, the regulators seek to maintain the safety and soundness of financial institutions with the aim of strengthening the protection of customers and the financial system. The supervisors' continuing supervision of financial institutions is conducted through a variety of regulatory tools, including the collection of information by way of prudential returns, reports obtained from skilled persons, visits to firms and regular meetings with management to discuss issues such as performance, risk management and strategy. In general, these regulators have a more outcome-focused regulatory approach that involves more proactive enforcement and more punitive penalties for infringement. As a result, the bank faces increased supervisory scrutiny - resulting in increasing internal compliance costs and supervision fees, and in the event of a breach of its regulatory obligations the bank is likely to face more stringent regulatory fines. Some of the regulators are focusing intently on consumer protection and on conduct risk and will continue to do so.

This has included a focus on the design and operation of products, the behavior of customers and the operation of markets. Such a focus could result, for example, in pricing regulations that could restrict the ability of the bank to charge certain levels of interest in credit transactions or in regulation that would prevent the bank from bundling products that it offers to its customers. Some of the laws in the relevant jurisdictions in which the bank operates, give the regulators the power to make temporary

product intervention rules either to improve a firm's systems and controls in relation to product design, product management and implementation, or to address problems identified with financial products.

These problems may potentially cause significant detriment to consumers because of certain product features or governance flaws or distribution strategies. Such rules may prevent institutions from entering into product agreements with customers until such problems have been solved. Some of the regulatory regimes in the relevant jurisdictions in which the bank operates, requires the bank to be in compliance across all aspects of its business, including the training, authorization and supervision of personnel, systems, processes and documentation. If it fails to comply with the relevant regulations, there would be a risk of an adverse impact on its business from sanctions, fines or other actions imposed by the regulatory authorities.

Customers of financial services institutions, including bank's customers, may seek redress if they consider that they have suffered loss as a result of the mis-selling of a particular product, or through incorrect application of the terms and conditions of a particular product. Given the inherent unpredictability of litigation and the evolution of judgements by the relevant authorities, it is possible that an adverse outcome in some matters could harm the reputation of the bank or have a material adverse effect on its operating results, financial condition and prospects arising from any penalties imposed or compensation awarded, together with the costs of defending such an action, thereby reducing its profitability.

The bank is subject to review by tax authorities, and an incorrect interpretation of tax laws and regulations by the bank may have a material adverse effect on it.

The preparation of the tax returns of the bank requires the use of estimates and interpretations of complex tax laws and regulations and is subject to review by tax authorities. The bank is subject to the income tax laws of Cyprus and the other jurisdictions in which it operates. These tax laws are complex and subject to different interpretations by the taxpayer and relevant governmental tax authorities, which are sometimes subject to prolonged evaluation periods until a final resolution is reached. In establishing a provision for income tax expense and filing returns, the bank must make judgements and interpretations about the application of these inherently complex tax laws. If the judgement, estimates and assumptions the bank uses in preparing its tax returns are subsequently found to be incorrect, there could be a material adverse effect on bank's results of operations. In some jurisdictions, the interpretations of the tax authorities are unpredictable and frequently involve litigation, which introduces further uncertainty and risk as to tax expense.

Credit Risks

The credit quality of the loan portfolio of the bank may deteriorate and the bank's loan loss reserves could be insufficient to cover its loan losses, which could have a material adverse effect on the bank.

Risks arising from changes in credit quality and the recoverability of loans and amounts due from counterparties are inherent to a wide range of the businesses of the bank. Non-performing or low credit quality loans have in the past negatively impacted the bank's results of operations and could do so in the future. In particular, the amount of the reported credit impaired loans of the bank may increase in the future as a result of growth in the bank's total loan portfolio, including as a result of loan portfolios that the bank may acquire in the future - the credit quality of which may turn out to be worse than it had anticipated or factors beyond the bank's control, such as adverse changes in the credit quality of its borrowers and counterparties or a general deterioration in economic conditions in the regions where the bank operates or in global economic and political conditions, including as a result of a prolonged pandemic or a weaker-than-expected economic recovery after the pandemic.

If the bank was unable to control the level of its credit impaired or poor credit quality loans, this could have a material adverse effect on the bank. The loan loss reserves of the bank are based on its current assessment of and expectations concerning various factors affecting the quality of its loan portfolio. These factors include, among other things, the financial condition of the borrowers of the bank, repayment abilities and repayment intentions, the realizable value of any collateral, the prospects for support from any guarantor, government macroeconomic policies, interest rates and the legal and regulatory environment. Because many of these factors are beyond the bank's control and there is no infallible method for predicting loan and credit losses, the bank cannot assure that its current or future loan loss reserves will be sufficient to cover actual losses. If the bank's assessment of and expectations concerning the abovementioned factors differ from actual developments, if the quality of its total loan portfolio deteriorates, for any reason, or if the future actual losses exceed the estimates of expected losses of the bank, it may be required to increase its loan loss reserves, which may adversely affect the bank. Additionally, in calculating the bank's loan loss reserves, the bank employs qualitative tools and statistical models which may not be reliable in all circumstances and which are dependent upon data that may not be complete.

The value of the **collateral securing** the loans of the bank may not be sufficient, and the bank may be unable to realize the full value of the collateral securing its loan portfolio.

The value of the collateral securing the loan portfolio of the bank may fluctuate or decline due to factors beyond its control, including as a result of a prolonged pandemic or a weaker-than-expected economic recovery after the pandemic and macroeconomic factors affecting Europe, North American countries and South American countries. The value of the collateral securing its loan portfolio may be adversely affected by force majeure events, such as natural disasters, including as a result of climate change, particularly in locations where a significant portion of its loan portfolio is composed of real estate loans. The bank may also not have sufficiently recent information on the value of collateral, which may result in an inaccurate assessment for impairment losses of its loans secured by such collateral.

If any of the above were to occur, the bank may need to make additional provisions to cover actual impairment losses of its loans, which may materially and adversely affect its results of operations and financial condition. At December 31, 2021, 44 percent of the bank's loans and advances to customers have property collateral while 21 per cent. have other types of collateral on securities, pledges and others. In addition, auto industry technology changes, accelerated by environmental rules, could affect the auto consumer business of the bank in the EU and the United States, particularly residual values of leased vehicles, which could have a material adverse effect on its operating results, financial condition and prospects.

The bank is subject to **counterparty risk** in its banking business.

The bank is exposed to counterparty risk in addition to credit risks associated with lending activities. Counterparty risk may arise from, for example, investing in securities of third parties, entering into derivative contracts under which counterparties have obligations to make payments to the bank or executing securities, futures, currency or commodity trades from proprietary trading activities that fail to settle at the required time due to non-delivery by the counterparty or systems failure by clearing agents, clearing houses or other financial intermediaries.

The bank routinely transacts with counterparties in the financial services industry, including brokers and dealers, commercial banks, investment banks, mutual funds, hedge funds and other institutional clients. Defaults by, and even rumors or questions about the solvency of, certain financial institutions and the financial services industry generally have led to market-wide liquidity problems and could lead to losses or defaults by other institutions. Many of the routine transactions the bank enters into expose it to significant credit risk in the event of default by one of its significant counterparties.

Operational and Technology Risks

Any failure to improve or upgrade the information technology infrastructure and information management systems of the bank in an effective, timely and cost-effective manner including in response to new or modified cybersecurity and data privacy laws, rules and regulations, could have a material adverse effect on the bank.

The ability of the bank to remain competitive depends in part on its ability to upgrade its information technology in an effective, timely and cost-effective manner. It must continually make significant investments in, and improvements to, the information technology infrastructure and information management systems of the bank in order to meet the needs of its customers. The bank cannot guarantee that in the future it will be able to maintain the level of capital expenditures necessary to support the continuous improvement and upgrading of its information technology infrastructure and information management systems. To the extent that the bank is dependent on any particular technology or technological solution, it may be harmed if such technology or technological solution becomes non-compliant with existing industry standards or applicable laws, rules or regulations, fails to meet or exceed the capabilities of its competitors' equivalent technologies or technological solutions, becomes increasingly expensive to service, retain and update, becomes subject to third party claims of intellectual property infringement, misappropriation or other violation, or malfunctions or functions in a way the bank did not anticipate.

Additionally, new technologies and technological solutions are continually being released. As such, it is difficult to predict the problems the bank may encounter in improving its technologies' functionality. There is no assurance that the bank will be able to successfully adopt new technology as critical systems and applications become obsolete and better ones become available.

Any failure to effectively improve or upgrade the information technology infrastructure and information management systems in an effective, timely and cost-efficient manner could have a material adverse effect on the bank.

Data breaches and other security incidents with respect to the bank or its third-party vendors' systems could adversely affect the bank's business or reputation, and create significant legal, regulatory or financial exposure.

Like other financial institutions, the bank receives, manages, holds, transmits and otherwise processes certain proprietary and sensitive or confidential information, including personal information of customers and employees in the conduct of its banking operations, as well as a large number of assets. Accordingly, the business of the bank depends on its ability to process a large number of transactions efficiently and accurately, and on its ability to rely on its digital technologies, computer and email services, software and networks, as well as on the secure storage, transmission and otherwise processing of confidential, sensitive or personal data and other information using the computer systems and networks of the bank or those of its third-party vendors. The proper and secure functioning of its financial controls, accounting and other data collection and processing systems is critical to its business and to its ability to compete effectively.

Data breaches, security incidents and data losses can result from, among other things, inadequate personnel, inadequate or failed internal control processes and systems, or external events or actors that interrupt normal business operations. The bank also faces the risk that the design of its or its third-party vendors' cybersecurity controls and procedures prove to be inadequate or are circumvented such that its data or client records are incomplete, not recoverable or not securely stored. Any material disruption or slowdown of the systems of the bank could cause information, including data related to customer requests, to be lost or to be delivered to its clients with delays or errors, which could reduce demand for its services and products, could produce customer claims and could materially and adversely affect the bank.

Although the bank works with its clients, vendors, service providers, counterparties and other third parties to develop secure data and information processing, collection, authentication, management, usage, storage and transmission capabilities and to ensure the eventual destruction of sensitive and confidential information, including personal information, to prevent against

information security risk, the bank routinely manages personal, confidential and proprietary information by electronic means, and it, its third-party vendors or other third parties with which the bank does business may be the target of attempted cyber-attacks or subject to other information security incidents or breaches. This is especially applicable in the current environment, which is still being affected by the pandemic and the shift to work-from-home policies for a significant portion of the bank's workforce, as they access the bank's secure networks remotely.

In addition, the bank may also be impacted by cyber-attacks against national critical infrastructures of the countries where it operates, such as telecommunications networks. The bank's information technology systems are dependent on such national critical infrastructure and any cyber-attack against such critical infrastructure could negatively affect its ability to service its customers. As the bank does not operate such national critical infrastructure, it has limited ability to protect its information technology systems from the adverse effects of such a cyber-attack. The bank has seen in recent years the information technology and computer systems of companies and organizations being increasingly targeted, and the techniques used to obtain unauthorized, improper or illegal access to information technology and computer systems have become increasingly complex and sophisticated. Furthermore, such techniques change frequently and are often not recognized or detected until after they have been launched and can originate from a wide variety of sources, including not only cyber criminals, but also activists and terrorists, nation states, nation state-supported actors and others. As attempted attacks continue to evolve in scope and sophistication, the bank may incur significant costs in order to modify or enhance its protective measures against such attacks, or to investigate or remediate any vulnerability or resulting breach, or in communicating cyberattacks to its customers, affected individuals or regulators, as applicable. If the bank or its third-party vendors fall victim to successful cyberattacks, penetrations, compromises, breaches or circumventions of the bank's information technology systems or experience other security incidents in the future, the bank may incur substantial costs and suffer other negative consequences, such as disruption to its operations, misappropriation of personal, proprietary, confidential or sensitive information, remediation costs - including liabilities for stolen assets or information, repairs of system damage, among others, increased cybersecurity protection costs, lost revenues arising from the unauthorized use of personal, proprietary, confidential or sensitive information or the failure to retain or attract its customers following an operational or security incident, litigation and legal risks - including regulatory action, reporting obligations, investigation, fines and penalties, increased insurance premiums, reputational damage affecting its customers' and the investors' confidence, as well as damages to the bank's competitiveness, stock price and long-term shareholder value. In addition, the bank's remediation efforts may not be successful, and it may not have adequate insurance to cover these losses.

Moreover, even when a failure of or interruption in the bank's or its third-party vendors' systems or facilities is resolved in a timely manner or an attempted cyber-attack, data breach or security incident is successfully avoided or thwarted, substantial resources and management attention are expended in doing so, and to successfully avoid or resolve any such incidents, the bank may be required to take actions that could adversely affect customer satisfaction or retention, as well as harm its reputation.

Market Risks

The bank's financial results are constantly exposed to market risk. The bank is subject to fluctuations in interest rates and other market risks, which may materially and adversely affect the bank and its profitability.

The pandemic caused and could still cause high market volatility which could materially and adversely affect the bank and its trading and banking book. Economic activities exposed to market risk include:

- transactions where risk is assumed as a consequence of potential changes in interest rates, inflation rates, exchange rates, stock prices, credit spreads, commodity prices, volatility and other market factors;

- the liquidity risk from the bank's products and markets; and
- the balance sheet liquidity risk.

As described below, market risk affects:

- the bank's interest income or charges;
- the market value of the bank's assets and liabilities, in particular of its securities holdings, loans and deposits and derivatives transactions; and
- other areas of the bank's business such as the volume of loans originated or credit spreads.

The performance of financial markets may cause changes in the value of investment and trading portfolios of the bank. The volatility of world equity markets due to the continued economic uncertainty and sovereign debt crisis has had a particularly strong impact on the financial sector.

Continued volatility may affect the value of the bank's investments in equity securities and, depending on their fair value and future recovery expectations, could become a permanent impairment which would be subject to write-offs against the bank's results. Market risk could include unexpected or unpredictable risks related to periods in which the market does not calculate prices efficiently - for example, during market interruptions or shocks.

Interest rates are sensitive to many factors beyond the bank's control, including increased regulation of the financial sector, monetary policies and domestic and international economic and political conditions. Variations in interest rates could affect the interest earned on the assets and the interest paid on the borrowings of the bank, thereby affecting its interest income or charges, which comprises the majority of its revenue, reducing the growth rate of the bank and potentially resulting in losses. In addition, costs in which the bank incurs as it implements strategies to reduce interest rate exposure could increase in the future which, in turn, will impact the results of the bank.

Due to the historically low interest rate environment in the Eurozone particularly in Cyprus, in the UK and in the United States in recent years, the rates on many of the interest-bearing deposit products of the bank have been priced at or near zero or negative, limiting its ability to further reduce rates and thus negatively impacting its margins. If the current low interest rate environment in the eurozone, in the UK and in the United States persists in the long run, it may be difficult to increase the interest income or charges of the bank, which will impact its results. Increases in interest rates may reduce the volume of loans that the bank originates.

Sustained high interest rates have historically discouraged customers from borrowing and have resulted in increased delinquencies in outstanding loans and deterioration in the quality of assets. Increases in interest rates may reduce the value of the financial assets of the bank and may reduce gains or require the bank to record losses on sales of its loans or securities.

The bank is subject to market, operational and other related risks associated with its derivative transactions that could have a material adverse effect on the bank.

The bank enters into derivative transactions for trading purposes as well as for hedging purposes. The bank is subject to market, credit and operational risks associated with these transactions, including basis risk - the risk of loss associated with variations in the spread between the asset yield and the funding and - or hedge cost and credit or default risk - the risk of insolvency or other inability of the counterparty to a particular transaction to perform its obligations thereunder, including providing sufficient collateral.

Market practices and documentation for derivative transactions differ by country. In addition, the execution and performance of these transactions depend on the ability of the bank to maintain adequate control and administration systems. Moreover, its ability to adequately monitor, analyze and report derivative transactions continues to depend, largely, on its information technology systems. These factors further increase the risks associated with these transactions and could have a material adverse effect on the bank.

Risk Management

Failure to successfully implement and continue to improve the risk management policies, procedures and methods of the bank, including its credit risk management systems, could materially and adversely affect the bank, and it may be exposed to unidentified or unanticipated risks.

Risk management is an integral part of the activities of the bank. The bank seeks to monitor and manage its risk exposure through a variety of separate but complementary financial, credit, market, operational, compliance and legal reporting systems, among others. While the bank employs a broad and diversified set of risk monitoring and risk mitigation techniques, such techniques and strategies may not be fully effective in mitigating its risk exposure in all economic market environments or against all types of risk, including risks that it may fail to identify or anticipate. Some of the tools and metrics of the bank for managing risk are based upon its use of observed historical market behavior. The bank applies statistical and other tools to these observations to arrive at quantifications of its risk exposures. These tools and metrics may fail to predict future risk exposures.

These risk exposures could, for example, arise from factors the bank did not anticipate or correctly evaluate in its statistical models. This would limit its ability to manage its risks. Thus, the losses of the bank thus could be significantly higher than the historical measures indicate. In addition, its statistical models may not take all risks into account.

The bank's approach to managing risks could prove insufficient, exposing it to material unanticipated losses. The bank could face adverse consequences as a result of decisions, which may lead to actions by management, based on models that are poorly developed, implemented or used, or as a result of the modelled outcome being misunderstood or the use of such information for purposes for which it was not designed. If existing or potential customers or counterparties believe the risk management of the bank is inadequate, they could take their business elsewhere or seek to limit their transactions with it. Any of these factors could have a material adverse effect on the reputation, operating results, financial condition and prospects of the bank. As a retail bank, one of the main types of risks inherent to the business of the bank is credit risk. For example, an important feature of its credit risk management system is to employ an internal credit rating system to assess the particular risk profile of individual customers and SMEs.

As this process involves detailed analyses of the customer, taking into account both quantitative and qualitative factors, it is subject to human or IT systems errors. In exercising their judgement on current or future credit risk behavior of the customers of the bank, its employees may not always be able to assign an accurate credit rating, which may result in a higher exposure to credit risks than indicated by the bank's risk rating system. Some of the models and other analytical and judgement-based estimations the bank uses in managing risks are subject to review by, and require the approval of, regulators. If models do not

comply with all their expectations, regulators may require the bank to make changes to such models, may approve them with additional capital requirements or it may be precluded from using them.

Any of these possible situations could limit the ability of the bank to expand its businesses or have a material impact on its financial results. Failure to effectively implement, consistently monitor or continuously refine the credit risk management system of the bank may result in an increase in the level of non-performing loans and a higher risk exposure for the bank, which could have a material adverse effect on it. The board of directors of the bank is responsible for the approval of the bank's general policies and strategies, and in particular for the general risk policy. In addition to the executive committee, which maintains a special focus on risk, the board has a specific risk supervision, regulation and compliance committee.

Model Risks

The bank relies on models for many of its decisions. Their inaccurate or incorrect use could have a material adverse effect on the bank.

The bank uses models for approval scoring or rating, capital calculation, behavior, provisions, market risk, operational risk, compliance and liquidity. A model is a system, approach or quantitative method that applies statistical, economic, financial or mathematical theories, techniques or hypotheses to transform input data into quantitative estimates. It involves simplified representations of real-world relationships between characteristics, values and observed assumptions that allows the bank to focus on specific aspects.

Model risk is the negative consequence of decisions based on inaccurate, improper or incorrect use of models. Sources of model risk include

- incorrect or incomplete data in the model itself or the modelling method used in systems; and
- incorrect use or implementation of the model.

Model risk can cause financial loss, erroneous commercial and strategic decision-making or damage to the bank's transactions any of which could have a material adverse effect on its operating results, financial condition and prospects. In addition, the bank's models and the underlying methodologies are subject to scrutiny from its supervisors, who could identify potential weaknesses or deficiencies that may result in enforcement actions, including sanctions, fines and - or the imposition of stricter capital requirements, as well as mandates and recommendations with respect to the methodologies underlying its models, which could also lead the bank to more onerous or inefficient capital consumptions.

Unprecedented movement in economic and market drivers related to the pandemic required monitoring and adjustment of financial models, including credit loss models, capital models, traded risk models and models used in the asset or liability management process to comply with the guidance and recommendations of standard setters, regulators and supervisors, particularly for credit loss models. It also resulted in the use of mitigants for model limitations, such as adjustments to model outputs to reflect consideration of management judgment.

The performance and usage of models was and may continue to be impacted by the consequences of the pandemic. In addition, data obtained during the pandemic may not be representative and may distort the calibration of the models in the future, which could have a material adverse effect on the bank.

In addition, the fair value of the bank's financial assets, determined using financial valuation models, may be inaccurate or subject to change and, as a consequence, the bank may have to register impairments or similar write-downs that could have a material adverse effect on its operating results, financial condition and prospects.

General risks

Risks related to the industry of the Bank

Climate change can create transition risks, physical risks, and other risks that could adversely affect the bank.

There is an increasing concern over the risks of climate change and related environmental sustainability matters. Climate change may imply three primary drivers of financial risk that could adversely affect the bank:

- Transition risks associated with the move to a low-carbon economy, both at idiosyncratic and systemic levels, such as through policy, regulatory and technological changes, which could increase the bank's expenses and impact its strategies.
- Physical risks related to discrete events, such as flooding and wildfires, and extreme weather impacts and longer-term shifts in climate patterns, such as extreme heat, sea level rise and more frequent and prolonged drought, which could result in financial losses that could impair asset values and the creditworthiness of the bank's customers. Such events could disrupt the bank's operations or those of its customers or third parties on which the bank relies and does business with, including through direct damage to assets and indirect impacts from supply chain disruption and market volatility.
- Liability risks derived from parties who may suffer losses from the effects of climate change and may seek compensation from those they hold responsible such as state entities, regulators, investors and lenders.

These primary drivers could materialize, among others, in the following financial risks:

- Credit risks: Physical climate change could lead to increased credit exposure and companies with business models not aligned with the transition to a low-carbon economy may face a higher risk of reduced corporate earnings and business disruption due to new regulations or market shifts.
- Market risks: Market changes in the most carbon-intensive sectors could affect energy and commodity prices, corporate bonds, equities and certain derivatives contracts. Increasing frequency of severe weather events could affect macroeconomic conditions, weakening fundamental factors such as economic growth, employment and inflation.
- Operational risks: Severe weather events could directly impact business continuity and operations both of customers and the bank's.
- Reputational risk: the bank's reputation and client relationships may be damaged as a result of its practices and decisions related to climate change and the environment, or to the practices or involvement of its clients, in certain industries or projects associated with causing or exacerbating climate change.

As climate risk is interconnected with all key risk types, the bank has developed and continues to enhance processes to embed climate risk considerations into its risk management strategies established for risks; however, because the timing and severity of climate change may not be predictable, the bank's risk management strategies may not be effective in mitigating climate risk exposure.

Any of the conditions described above could have a material adverse effect on the business, financial condition and results of operations of the bank.

The bank heavily relies on recruiting, retaining and developing appropriate senior management and skilled personnel - the continued success of the bank depends in part on the continued service of key members of its senior executive team and other key employees. The ability to continue to attract, train, motivate and retain highly qualified and talented professionals is a key element of the strategy of the bank.

The successful implementation of this strategy and culture depends on the availability of skilled and appropriate management, both at the bank's head office and in each of its business units. If the bank or one of its business units or other functions fails to staff its operations appropriately, or loses one or more of its key senior executives or other key employees and fails to replace them in a satisfactory and timely manner, its business, financial condition and results of operations, including control and operational risks, may be adversely affected.

The bank's ability to attract and retain qualified employees is affected by perceptions of its culture and management, its profile in the markets in which the bank operates and the professional opportunities it offers. In addition, the financial industry has and may continue to experience more stringent regulation of employee compensation, which could have an adverse effect on the ability of the bank to hire or retain the most qualified employees. If the bank fails or is unable to attract and appropriately train, motivate and retain qualified professionals, its business may also be adversely affected.

Financial reporting and control risks

Changes in accounting standards could impact reported earnings.

The accounting standard setters and other regulatory bodies periodically change the financial accounting and reporting standards that govern the preparation of the consolidated financial statements of the bank. These changes can materially impact how the bank records and reports its financial condition and results of operations, as well as affect the calculation of its capital ratios. In some cases, the bank could be required to apply a new or revised standard retroactively, resulting in the restatement of prior period financial statements.

The financial statements of the bank are based in part on assumptions and estimates which, if inaccurate, could cause material misstatement of the results of its operations and financial position.

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of assets, liabilities, income and expenses. Due to the inherent uncertainty in making estimates, actual results reported in future periods may be based upon amounts which differ from those estimates. Estimates, judgements and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected. The accounting policies deemed critical to the results and financial position of the bank, based upon materiality and significant judgements and estimates, include impairment of loans and advances, goodwill impairment, valuation of financial instruments, deferred tax assets provision and pension obligation for liabilities.

If the judgement, estimates and assumptions the bank uses in preparing its consolidated financial statements are subsequently found to be incorrect, there could be a material effect on its results of operations and a corresponding effect on its funding requirements and capital ratios.

Damage to the reputation of the bank could cause harm to its business prospects - maintaining a positive reputation is critical to protect the bank's brand, attract and retain customers, investors and employees and conduct business transactions with counterparties. Damage to the reputation of the bank can therefore cause significant harm to its business and prospects.

Harm to such reputation can arise from numerous sources, including, among others, employee misconduct, including the possibility of fraud perpetrated by the employees of the bank, litigation or regulatory enforcement, failure to deliver minimum standards of service and quality, dealing with sectors that are not well perceived by the public - weapons industries or embargoed countries, for instance, dealing with customers in sanctions lists, rating downgrades, significant variations in the share price of the bank throughout the year, compliance failures, unethical behavior, and the activities of customers and counterparties, including activities that negatively affect the environment. Further, negative publicity regarding the bank may result in harm to its prospects.

Actions by the financial services industry generally or by certain members of, or individuals in, the industry can also affect the reputation of the bank. For example, the role played by financial services firms in the financial crisis and the seeming shift toward increasing regulatory supervision and enforcement has caused public perception of the bank and others in the financial services industry to decline. The bank could suffer significant reputational harm if it fails to identify and manage potential conflicts of interest properly. The failure, or perceived failure, to adequately address conflicts of interest could affect the willingness of clients to deal with the bank or could give rise to litigation or enforcement actions against the bank.

Therefore, there can be no assurance that conflicts of interest will not arise in the future that could cause the bank a material harm. The bank may be the subject of misinformation and misrepresentations deliberately propagated to harm its reputation or for other deceitful purposes, or by profiteering short sellers seeking to gain an illegal market advantage by spreading false information about the bank.

There can be no assurance that it will effectively neutralize and contain a false information that may be propagated regarding the bank, which could have an adverse effect on its operating results, financial condition and prospects.

Disclosure controls and procedures over financial reporting may not prevent or detect all errors or acts of fraud.

Disclosure controls and procedures, including internal controls over financial reporting, are designed to provide reasonable assurance that information required to be disclosed by the company in reports filed or submitted under the US Securities Exchange Act of 1934 termed the "Exchange Act" is accumulated and communicated to management, and recorded, processed, summarized and reported within the time periods specified in the US Securities and Exchange Commission's rules and forms. These disclosure controls and procedures have inherent limitations which include the possibility that judgements in decision-making can be faulty and that breakdowns occur because of errors or mistakes.

Additionally, controls can be circumvented by any unauthorized override of the controls. Consequently, the businesses of the bank are exposed to risk from potential non-compliance with policies, employee misconduct or negligence and fraud, which could result in regulatory sanctions, civil claims and serious reputational or financial harm.

In recent years, a number of multinational financial institutions have suffered material losses due to the actions of 'rogue traders' or other employees. It is not always possible to deter employee misconduct and the precautions the bank takes to prevent and detect this activity may not always be effective. Accordingly, because of the inherent limitations in the control system, misstatements due to error or fraud may occur and not be detected.

Risks in relation to the Instruments or assets

General risks relating to the Instruments or assets.

Risks related to early intervention and resolution - Law 11 - 2015 enables a range of actions to be taken in relation to credit institutions and investment firms considered to be at risk of failing. The taking of any action under Law 11 - 2015 could materially affect the value of any debt securities.

The BRRD which has been implemented in Cyprus through Law 11 - 2015, of 18 June, on the Recovery and Resolution of Credit Institutions and Investment Firms, "Law 11 - 2015" and Royal Decree 1012 - 2015, of 6 November, implementing Law 11 - 2015 referred to as "Royal Decree 1012 - 2015" is designed to provide authorities with tools to intervene in unsound or failing credit institutions or investment firms or institutions to ensure the continuity of the institution's critical financial and economic functions while minimizing the impact of an institution's failure on the economy and financial system.

The BRRD further provides that any extraordinary public financial support through additional financial stabilization tools is only to be used by a Member State as a last resort, after having assessed the resolution tools set out below to the maximum extent possible while maintaining financial stability. In accordance with Article 20 of Law 11 - 2015, an institution will be considered as failing or likely to fail in any of the following circumstances:

- it is, or is likely in the near future to be, in significant breach of its solvency or any other requirements necessary for maintaining its authorisation;
- its assets are, or are likely in the near future to be, less than its liabilities;
- it is, or is likely in the near future to be, unable to pay its debts as they fall due; or
- it requires extraordinary public financial support, except in limited circumstances.

The determination that an institution is no longer viable may depend on a number of factors which may be outside of that institution's control. As provided in the BRRD, Law 11 - 2015 contains four resolution tools and powers which may be used alone or in combination where the Relevant Resolution Authority considers that; an institution is failing or likely to fail, there is no reasonable prospect that any alternative private sector measures would prevent the failure of such institution within a reasonable timeframe, and a resolution action is in the public interest. The four resolution tools are:

- sale of business - which enables resolution authorities to direct the sale of the institution or the whole or part of its business on commercial terms;
- bridge institution – which enables resolution authorities to transfer all or part of the business of the institution to a "bridge institution", an entity created for this purpose that is wholly or partially in public control;
- asset separation - which enables resolution authorities to transfer impaired or problematic assets to one or more publicly owned asset management vehicles to allow them to be managed with a view to maximizing their value through eventual sale or orderly wind-down, this can be used together with another resolution tool only; and
- bail-in by which the Relevant Resolution Authority may exercise the Cypriot Bail-in Power. This includes the ability of the Relevant Resolution authority to write down, including to zero and - or to convert into equity or other securities or obligations, which equity, securities or obligations could also be subject to any future application of the Cypriot Bail-in

Power, certain unsecured debt claims, including Ordinary Senior Instruments or assets and Senior Non-preferred Instruments or assets and subordinated obligations, including Subordinated Instruments or assets.

The "Cypriot Bail-in Power" is any write-down, conversion, transfer, modification, or suspension power existing from time to time under, and exercised in compliance with any laws, regulations, rules or requirements in effect in Cyprus, relating to the transposition of the BRRD - including BRRD II, as amended from time to time, including, but not limited to:

- Law 11 - 2015, as amended from time to time,
- Royal Decree 1012 - 2015, as amended from time to time,
- the SRM Regulation, as amended from time to time, including SRM II and
- any other instruments, rules or standards made in connection with either of the three above, pursuant to which any obligations of an institution can be reduced, cancelled, modified, or converted into shares, other securities, or other obligations of such institution or any other person or suspended for a temporary period.

In accordance with Article 48 of Law 11 - 2015 and subject to any exclusions that may be applied by the Relevant Resolution Authority under Article 43 of Law 11 - 2015, in the case of any application of the Cypriot Bail-in Power, the sequence of any resulting write-down or conversion by the Relevant Resolution Authority shall be as follows:

- CET1 instruments;
- the principal amount of Additional Tier 1 capital instruments;
- the principal amount of Tier 2 capital instruments;
- the principal amount of other subordinated claims that do not qualify as Additional Tier 1 capital or Tier 2 capital instruments; and
- the principal or outstanding amount of the eligible liabilities, "pasivos admisibles" prescribed in Article 41 of Law 11 - 2015.

Any application of the Cypriot Bail-in Power under the BRRD shall be in accordance with the hierarchy of claims in normal insolvency proceedings, unless otherwise provided by applicable banking regulations. In addition to the Cypriot Bail-in Power, the BRRD, Law 11 - 2015 and the SRM Regulation provide for the Relevant Resolution Authority to have the further power to permanently write-down, including to zero or convert into equity capital instruments such as the Tier 2 Subordinated Instruments or assets and certain internal eligible liabilities at the point of non-viability of an institution or a bank, the "Non-viability Loss Absorption".

The point of non-viability of an institution is the point at which the FROB, the Single Resolution Board established pursuant to the SRM Regulation and - or any other authority entitled to exercise or participate in the exercise of the Bail-in Power from time to time, each a "Relevant Resolution Authority" as appropriate, determines that the institution meets the conditions for resolution, or that it will no longer be viable unless the relevant capital instruments are written down or converted into equity, or that extraordinary public support is to be provided and without such support the Relevant Resolution Authority determines that the institution would no longer be viable.

The point of non-viability of a bank is the point at which the bank infringes or there are objective elements to support a determination that the bank, in the near future, will infringe its consolidated solvency requirements in a way that would justify action by the Relevant Resolution Authority in accordance with Article 38.3 of the Law 11 - 2015. Non-viability Loss Absorption may be imposed prior to or in combination with any exercise of the Cypriot Bail-in Power or any other resolution tool or power where the conditions for resolution referred to above are met.

The Instruments or assets may be redeemed prior to maturity at the option of the Issuer or for taxation reasons.

If so, specified in the final terms, the Instruments or assets may be redeemed at the option of the Issuer. The Issuer may choose to redeem the Instruments or assets at times when prevailing interest rates may be relatively low. In such circumstances an investor may not be able to reinvest the redemption proceeds in a comparable security at an effective interest rate as high as that of the relevant Instruments or assets. In addition, the Issuer may, at its option, redeem all, but not some only, of the Instruments or assets, at any time at their early redemption amount, together with accrued but unpaid interest up to, but excluding the date of redemption, for taxation reasons.

In the case of Subordinated Instruments or assets, Senior Non Preferred Instruments or assets and Ordinary Senior Instruments or assets eligible to comply with the TLAC or MREL Requirements, redemption at the option of the Issuer or for taxation reasons will be subject to the prior consent of the Regulator and - or the Relevant Resolution Authority, as these terms are defined in the Terms and Conditions as required therefor under Applicable Banking Regulations, as defined in the Terms and Conditions and may only take place in accordance with Applicable Banking Regulations in force at the relevant time.

The terms of the Instruments or assets contain very limited covenants and there are no restrictions on the amount or type of further securities or indebtedness which the Bank may incur.

There is no negative pledge in respect of the Instruments or assets and the Terms and Conditions place no restrictions on the amount or type of debt that the Issuer may issue that ranks senior to the Instruments or assets, or on the amount or type of securities it may issue that rank 'pari passé' with the Instruments or assets. The issue of any such debt or securities may reduce the amount recoverable by Holders upon liquidation, dissolution or winding-up of the Issuer and may limit the ability of the Bank to meet its obligations in respect of the Instruments or assets, and result in a Holder losing all or some of its investment in the Instruments or assets. In addition, the Instruments or assets do not require the Issuer to comply with financial ratios or otherwise limit its ability or that of its subsidiaries to incur additional debt, nor do they limit the Issuer's ability to use cash to make investments or acquisitions, or the ability of the Issuer or its subsidiaries to pay dividends, repurchase shares or otherwise distribute cash to shareholders. Such actions could potentially affect the Issuer's ability to service its debt obligations, including those under the Instruments or assets.

The Subordinated Instruments or assets, the Senior Non-preferred Instruments or assets and, to the extent so specified in the relevant final terms, the Ordinary Senior Instruments or assets, provide for limited events of default. Holders of Instruments or assets may not be able to exercise their rights on an event of default in the event of the adoption of any early intervention or resolution measure under Law 11 - 2015.

Holders have no ability to accelerate the maturity of their Subordinated Instruments or assets, Senior Non-preferred Instruments or assets and, to the extent so specified in the relevant final terms, the Ordinary Senior Instruments or assets. The terms and conditions of the Subordinated Instruments or assets, the Senior Non-preferred Instruments or assets and, to the extent so

specified in the relevant final terms, the Ordinary Senior Instruments or assets do not provide for any events of default, except in the case that an order is made by any competent court commencing insolvency proceedings against the Issuer or for its insolvency, winding up or liquidation.

Accordingly, in the event that any payment on the Subordinated Instruments or assets, the Senior Non Preferred Instruments or assets or, if applicable, the Ordinary Senior Instruments or assets, as the case may be, is not made when due, each Holder will have a claim only for amounts then due and payable on their Subordinated Instruments or assets, the Senior Non Preferred Instruments or assets and Ordinary Senior Instruments or assets and as provided for in the Terms and Conditions, a right to institute proceedings for the insolvency, winding up, liquidation or dissolution of the Issuer.

As mentioned above, the Issuer may be subject to a procedure of early intervention or resolution pursuant to the BRRD as implemented through Law 11 - 2015 and Royal Decree 1012 - 2015. Pursuant to Law 11 - 2015 the adoption of any early intervention or resolution procedure shall not itself constitute an event of default or entitle any counterparty of the Issuer to exercise any rights it may otherwise have in respect thereof. Any provision providing for such rights shall further be deemed not to apply, although this does not limit the ability of a counterparty to declare any event of default and exercise its rights accordingly where an event of default arises either before or after the exercise of any such procedure and does not necessarily relate to the exercise of any relevant measure or power which has been applied pursuant to Law 11 - 2015.

The early redemption of the Subordinated Instruments or assets, the Senior Non Preferred Instruments or assets or the Ordinary Senior Instruments or assets where the TLAC - MREL Disqualification Event has been specified as applicable in the relevant final terms upon the occurrence of a Capital Disqualification Event or a TLAC - MREL Disqualification Event, as applicable, will be subject to the prior consent of the Regulator and - or the Relevant Resolution Authority if and as required therefor under Applicable Banking Regulations and may only take place in accordance with Applicable Banking Regulations in force at the relevant time. Redemption of Tier 2 Subordinated Instruments or assets where the TLAC - MREL Disqualification Event has been specified as applicable in the relevant final terms may be redeemed pursuant to a TLAC - MREL Disqualification Event only after five years from their date of issuance or such other minimum period permitted under Applicable Banking Regulations.

The EU Banking Reforms provide that the redemption of eligible liabilities prior to the date of their contractual maturity is subject to the prior permission of the resolution authority. According to the EU Banking Reforms, such consent will be given only if one of the following conditions is met:

- earlier than or at the same time of such redemption, the institution replaces the eligible liabilities instruments with own funds or eligible liabilities instruments of equal or higher quality at terms that are sustainable for the income capacity of the Issuer; or
- the institution has demonstrated to the satisfaction of the resolution authority that the own funds and eligible liabilities of the institution would, following such redemption, exceed the requirements laid down in the CRR, the CRD IV and the BRRD by a margin that the resolution authority in agreement with the competent authority considers necessary, or
- the institution has demonstrated to the satisfaction of the resolution authority that the partial or full replacement of eligible liabilities with own funds instruments is necessary to ensure compliance with the own funds requirements laid down in CRR and in CRD IV for continuing authorisation.

The terms of the Instruments or assets may contain a waiver of set-off rights

The Terms and Conditions provide that, if so specified in the final terms, Holders of Instruments or assets waive any set-off, netting or compensation rights against any right, claim, or liability the Issuer has, may have or acquire against any Holder, directly or indirectly, howsoever arising. As a result, Holders will not at any time be entitled to set-off the Issuer's obligations under the Instruments or assets against obligations owed by them to the Issuer.

Risks relating to the Commissioner - prospective investors should note that where the Syndicate of Holders of the Instruments or assets is specified as applicable in the relevant final terms, the Commissioner - which owes certain obligations to the Syndicate of Holders of Instruments or assets - will be appointed by the Issuer and that it may be an employee or officer of the Issuer.

Definition of the instruments or assets

The following, is the text of the terms and conditions, the "Terms and Conditions" that, subject to completion in accordance with the provisions of first part of the relevant final terms, shall be applicable to the Instruments or assets in definitive form, if any issued in exchange for the Global Instruments or assets or Instruments or assets and Global Registered Instrument or asset or Instruments or assets representing each Series.

Either:

- the full text of these Terms and Conditions together with the relevant provisions of the first part of the final terms; or
- these Terms and Conditions as so completed, amended, supplemented or varied and subject to simplification by the deletion of non-applicable provisions, shall be endorsed on such Bearer Instruments or assets or on the Individual Certificates relating to such Registered Instruments or assets.

All capitalized terms that are not defined in these Terms and Conditions will have the meanings given to them in the first part of the relevant final terms. Those definitions will be endorsed on the definitive Instruments or assets or Individual Certificates, as the case may be.

The Instruments or assets of each Tranche will be issued following the execution of a public deed, 'escritura pública' or the "Public Deed of Issuance" to be executed before a Cypriot notary public and to be registered, prior to or after the issue date of the relevant Tranche of Instruments or assets specified in the relevant final terms, and which shall contain, among other information, the Terms and Conditions. Instruments or assets where the relevant final terms specify English law as the governing law and Instruments or assets where the relevant final terms specify Cypriot law as the governing law will be issued in accordance with, and will have the benefit of, an amended and restated issue and paying agency agreement which expression shall include any amendments or supplements thereto dated October 30, 2022 and made between Universal Banks - UB and its issue and paying agents.

For the purposes of making determinations or calculations of interest rates, interest amounts, redemption amounts or any other matters requiring determination or calculation in accordance with the Terms and Conditions of any Series of Instruments or assets, the Issuer may appoint a Calculation Agent for the purposes of such Instruments or assets, in accordance with the provisions of the Issue and Paying Agency Agreement, and such Calculation Agent shall be specified in the relevant final terms.

In respect of any Instruments or assets, references herein to these "Terms and Conditions" are to these terms and conditions as amended, modified or varied by the final terms.

Form, Denomination and Title

- The Instruments or assets are issued in bearer form, "Bearer Instruments or assets" or in registered form, "Registered Instruments or assets" in each case in the Specified Asset Denomination.
- Bearer Instruments or assets are serially numbered and are issued with interest coupons, and, where appropriate, talons for further Coupons attached, save in the case of Zero Coupon Instruments or assets in which case references to interest, other than in relation to interest due after the Maturity Date, Coupons and Talons in these Terms and Conditions are not applicable. Instalment Instruments or assets are issued with one or more receipts for the payment of instalments of principal attached.

- Registered Instruments or assets are represented by registered certificates and each Individual Certificate shall represent the entire holding of Registered Instruments or assets by the same Holder.
- Title to the Bearer Instruments or assets and the Receipts, Coupons and Talons shall pass by delivery. Title to the Registered Instruments or assets shall pass by registration in the register that the Issuer shall procure to be kept by the Registrar in accordance with the provisions of the Issue and Paying Agency Agreement. Except as ordered by a court of competent jurisdiction or as required by law, the Holder of any Instrument, Receipt, Coupon or Talon shall be deemed to be and may be treated as its absolute owner for all purposes, whether or not it is overdue and regardless of any notice of ownership, trust or an interest in it, any writing on it, or on the Individual Certificate representing it or its theft or loss or that of the related Individual Certificate and no person shall be liable for so treating the Holder.
- In these Terms and Conditions, "Holder" means the bearer of any Bearer Instruments or assets, Receipt, Coupon or Talon or the person in whose name a Registered Instrument or asset is registered, as the case may be, and capitalized terms have the meanings given to them here.

No Exchange of Instruments or assets and Transfer of Registered Instruments or assets

- The Instruments or assets are issued in bearer form, "Bearer Instruments or assets" or in registered form, "Registered Instruments or assets" in each case in the Specified Asset Denomination.
- No Exchange of Instruments or assets - registered Instruments or assets may not be exchanged for Bearer Instruments or assets. Bearer Instruments or assets of one Specified Denomination may not be exchanged for Bearer Instruments or assets of another Specified Denomination. Bearer Instruments or assets may not be exchanged for Registered Instruments or assets.
- Transfer of Registered Instruments or assets - one or more Registered Instruments or assets may be transferred upon the surrender registration of the Individual Certificate representing such Registered Instruments or assets to be transferred, together with the form of transfer endorsed on such Individual Certificate or another form of transfer substantially in the same form and containing the same representations and certifications, unless otherwise agreed by the Issuer, duly completed and executed under the hand of the transferor or, where the transferor is a corporation, under its common seal or under the hand of two of its officers duly authorised in writing, and any other evidence as the Registrar may reasonably require to prove the title of the transferor and the authority of the persons who have executed the form of transfer. In particular, where the form of transfer is executed by an attorney or, in the case of a corporation, under seal or under the hand of two of its officers duly authorised in writing, a copy of the relevant power of attorney certified by a financial institution in good standing or a notary public or in such other manner as the Registrar may require or, as the case may be, copies certified in the manner aforesaid of the documents authorising such officers to sign and witness the affixing of the seal must be delivered with the form of transfer. Here, "transferor" shall, where the context permits or requires, include joint transferors and shall be construed accordingly.
- A Holder of Registered Instruments or assets may transfer all or part only of his holding of Instruments or assets provided that both the principal amount of the Instruments or assets transferred, and the principal amount of the balance not transferred are a Specified Denomination. In the case of a transfer of part only of a holding of Registered Instruments or assets represented by one Individual Certificate, a new Individual Certificate shall be issued to the transferee in respect of the part transferred and a further new Individual Certificate in respect of the balance of the holding not transferred shall

be issued to the transferor. Where there is more than one transferee to hold other than as joint Holders, separate forms of transfer must be completed in respect of each new holding.

- Exercise of Options or Partial Redemption in Respect of Registered Instruments or assets - In the case of an exercise of an Issuer's or Holder's option in respect of, or a partial redemption of, a holding of Registered Instruments or assets represented by a single Individual Certificate, a new Individual Certificate shall be issued to the holder to reflect the exercise of such option or in respect of the balance of the holding not redeemed. In the case of a partial exercise of an option resulting in Registered Instruments or assets of the same holding having different terms, separate Individual Certificates shall be issued in respect of those Instruments or assets of that holding that have the same terms. New Individual Certificates shall only be issued against surrender of the existing Individual Certificates to the Registrar. In the case of a transfer of Registered Instruments or assets to a person who is already a Holder of Registered Instruments or assets, a new Individual Certificate representing the enlarged holding shall only be issued against surrender of the Individual Certificate representing the existing holding.
- Transfer Free of Charge - Transfers of Instruments or assets and Individual Certificates on registration, transfer, partial redemption, issue of any Registered Instruments or assets or delivery thereof at the specified office of the Registrar or by uninsured post to the address specified by the Holder, or exercise of an option shall be effected without charge by or on behalf of the Issuer, the Registrar, but shall be effected against such indemnity from the Holder or the transferee thereof as the Registrar may require in respect of payment of any tax or other duty or governmental charges that may be levied or imposed in relation to it.

Interests

Instruments or assets may be interest-bearing. The interests on several of our instruments and assets as relating to our products and services are available on our platform. In relation to any Tranche of Instruments or assets, the relevant final terms may specify actual amounts of interest payable rather than, or in addition to, a rate or rates at which interest accrues. Interests may be fixed or flexible depending on the agreements surrounding the purchase or acquisition of the instruments or related contracts.

Waiver of Set-off

If this condition is specified in the relevant final terms as being applicable to the Instruments or assets, no Holder may at any time exercise or claim any Waived Set-Off Rights against any right, claim, or liability the Issuer has or may have or acquire against such Holder, directly or indirectly, howsoever arising and, for the avoidance of doubt, including all such rights, claims and liabilities arising under or in relation to any and all agreements or other instruments of any sort, whether or not relating to such Instrument or asset and each Holder shall be deemed to have waived all Waived Set-Off Rights to the fullest extent permitted by applicable law in relation to all such actual and potential rights, claims and liabilities.

Notwithstanding the preceding sentence, if any of the amounts owing to any Holder by the Issuer in respect of, or arising under or in connection with the Instruments or assets is discharged by set-off, such Holder shall, subject to applicable law, immediately pay an amount equal to the amount of such discharge to the Issuer and, until such time as payment is made, shall hold an amount equal to such amount in trust for the Issuer and accordingly any such discharge shall be deemed not to have taken place.

For the avoidance of doubt, nothing in this Condition is intended to provide, or shall be construed as acknowledging, any right of deduction, set-off, netting, compensation, retention or counterclaim or that any such right is or would be available to any Holder of any Instrument or asset but for this Condition.

For the purposes of these Terms and Conditions:

- "Waived Set-Off Rights" means any and all rights of or claims of any Holder for deduction, set-off, netting, compensation, retention or counterclaim arising directly or indirectly under or in connection with any Instrument.

Payments - General Provisions

- Save as otherwise specified herein, this condition is applicable in relation to both Bearer Instruments or assets and Registered Instruments or assets.
- Payments of amounts due, whether principal, a redemption amount, interest or otherwise in respect of Instruments or assets will be made in the currency in which such amount is due by at the option of the payee, transfer to an account or address denominated in the relevant currency specified by the payee. Payments will, without prejudice to the provisions of this condition, be subject in all cases to any applicable fiscal or other laws and regulations.
- For the purposes of these Terms and Conditions, save as otherwise defined, the following terms shall have the meaning set out below: "Authorised Signatory" means any director of the Issuer or any signatory authorised to act on its behalf;

"Business Day" means a day:

- in relation to Instruments or assets denominated or payable in euro as a base currency for the instrument or asset which is a TARGET Business Day; and
- in relation to Instruments or assets payable in any other currency, on which commercial banks are open for business and foreign exchange markets settle payments in the Relevant Financial Centre in respect of the relevant currency; and, in either case,
- on which commercial banks are open for business and foreign exchange markets settle payments in any place specified in the Relevant Financial Centre;

"Calculation Amount" has the meaning given in the relevant final terms;

"CMS-Linked Instruments or assets" means Instruments or assets the payment of interest of which is linked to a constant maturity swap rate as specified in the relevant final terms;

"Instalment Amount" has the meaning given in the relevant final terms;

"Instalment Dates" has the meaning given in the relevant final terms;

Replacement of Instruments or assets

If any Instrument or asset or Coupon is lost, stolen, mutilated, defaced or destroyed, it may be replaced at the specified office of the Issue and Paying Agent or such Paying Agent as may be specified in the relevant final terms, in the case of Bearer Instruments or assets and Coupons or of the Registrar in the case of Registered Instruments or assets, subject to all applicable

laws and the requirements of any listing authority, stock exchange and - or quotation system on which the relevant Instruments or assets are listed and/or quoted, upon payment by the claimant of all expenses incurred in connection with such replacement and upon such terms as to evidence, security, indemnity and otherwise as the Issuer and the Issue and Paying Agent, the relevant Paying Agent or, as the case may be, the Registrar may require. Mutilated or defaced Instruments or assets and Coupons must be surrendered before replacements will be delivered therefor.

Notices

To Holders of Bearer Instruments or assets:

Any notice so given will be deemed to have been validly given on the date of such publication or, if published more than once, on the first date on which publication is made. Holders of Coupons will be deemed for all purposes to have notice of the contents of any notice given to Holders of Bearer Instruments or assets in accordance with this Condition.

To Holders of Registered Instruments or assets:

Notices to Holders of Registered Instruments or assets will be deemed to be validly given if sent by email at their respective addresses as recorded in the register kept by the Registrar, and will be deemed to have been validly given on the fourth day after the date of such mailing or, if there are complications encountered by their email service providers, on the fifth such day.

Currency Indemnity

The currency in which the Instruments or assets are denominated or, if different, payable, as specified in the relevant final terms is the sole currency of account and payment for all sums payable by the Issuer in respect of the Instruments or assets, including damages. Any amount received or recovered in a currency other than the Contractual Currency whether as a result of, or of the enforcement of, a judgment or order of a court of any jurisdiction or otherwise by any Holder of an Instrument or asset or Coupon in respect of any sum expressed to be due to it from the Issuer shall only constitute a discharge by the Issuer to the extent of the amount in the Contractual Currency which such Holder is able to purchase with the amount so received or recovered in that other currency on the date of that receipt or recovery or, if it is not practicable to make that purchase on that date, on the first date on which it is practicable to do so.

If that amount is less than the amount in the Contractual Currency expressed to be due to any Holder of an Instrument or asset or Coupon in respect of such Instrument or asset or Coupon the Issuer shall indemnify such Holder against any loss sustained by such Holder as a result. In any event, the Issuer shall indemnify each such Holder against any cost of making such purchase which is reasonably incurred.

These indemnities constitute a separate and independent obligation from the Issuer's other obligations, shall give rise to a separate and independent cause of action, shall apply irrespective of any indulgence granted by any Holder of an Instrument or asset or Coupon and shall continue in full force and effect despite any judgment, order, claim or proof for a liquidated amount in respect of any sum due in respect of the Instruments or assets or any judgment or order.

Any such loss aforesaid shall be deemed to constitute a loss suffered by the relevant Holder of an Instrument or asset or Coupon and no proof or evidence of any actual loss will be required by the Issuer.

Waiver and Remedies

No failure to exercise, and no delay in exercising, on the part of the Holder of any Instrument or asset, any right hereunder shall operate as a waiver thereof nor shall any single or partial exercise thereof preclude any other or future exercise thereof or the exercise of any other right. Rights hereunder shall be in addition to all other rights provided by law. No notice or demand given in any case shall constitute a waiver of rights to take other action in the same, similar or other instances without such notice or demand.

Law and Jurisdiction

The governing law and jurisdiction of the Instruments are specified thus:

English law

If English law is specified as the governing law of the Instruments in the relevant Final Terms, the provisions of this condition shall apply to the Instruments.

Governing Law:

Save as described below, the Instruments and any non-contractual obligations arising out of or in connection with them are governed by, and shall be construed in accordance with, English law. The above condition if applicable shall be governed by, and shall be construed in accordance with, Cypriot law.

Jurisdiction:

The Courts of England are to have exclusive jurisdiction to settle any disputes that may arise out of or in connection with any Instruments and accordingly any legal action or proceedings arising out of or in connection with any Instruments or assets may be brought in such courts. The Issuer irrevocably submits to the jurisdiction of such courts and waives any objection to Proceedings in any such courts whether on the ground of venue or on the ground that the Proceedings have been brought in an inconvenient forum. This submission is made for the benefit of each of the Holders and shall not limit the right of any of them to take Proceedings in any other court of competent jurisdiction nor shall the taking of Proceedings in one or more jurisdictions preclude the taking of Proceedings in any other jurisdiction whether concurrently or not.

Notwithstanding the above, the Courts of Nicosia, Cyprus are to have exclusive jurisdiction to settle any dispute that may arise out of or in connection with the exercise of the Bail-in Power by the Relevant Resolution Authority and accordingly, each of the Issuer and any Holders in relation to any Bail-In Dispute submits to the exclusive jurisdiction of such Courts. Each of the Issuer and any Holders in relation to any Bail-In Dispute further waives any objection to the Courts of Nicosia, Cyprus on the ground that they are an inconvenient or inappropriate forum to settle a Bail-in Dispute.

Service of process:

The Issuer would irrevocably appoint an entity which would be relayed when needed to receive, for it and on its behalf, service of process in any Proceedings in England. Such service shall be deemed completed on delivery to such process agent whether or not, it is forwarded to and received by the Issuer. If for any reason such process agent ceases to be able to act as such or no longer has an address in London, the Issuer irrevocably agrees to appoint a substitute process agent and shall immediately notify Holders of such appointment accordingly. Nothing shall affect the right to serve process in any manner permitted by law.

Cypriot law

If Cypriot law is specified as the governing law of the Instruments or assets in the relevant final terms, the provisions of this Condition shall apply to the Instruments.

Governing Law:

The Instruments, any non-contractual obligations arising out of or in connection with the Instruments or assets shall be governed by, and shall be construed in accordance with, Cypriot law.

Jurisdiction:

The Issuer hereby irrevocably agrees for the benefit of each of the Holders that the Courts of Nicosia, Cyprus are to have jurisdiction to settle any disputes which may arise out of or in connection with any Instruments, including a dispute relating to any non-contractual obligations arising out of or in connection with the Instruments or assets and that accordingly any suit, action or proceedings arising out of or in connection with the Instruments, together referred to as "Proceedings", may be brought in such courts. The Issuer irrevocably waives any objection which it may have now or hereinafter to the laying of the venue of any Proceedings in the courts of Nicosia, Cyprus. To the extent permitted by law, nothing contained in this Condition shall limit any rights of any Holders other than in relation to a Bail-in Dispute to take Proceedings against the Issuer in any other court of competent jurisdiction, nor shall the taking of Proceedings in one or more jurisdictions preclude the taking of Proceedings in any other competent jurisdictions, whether concurrently or not.

In addition, the Courts of Nicosia, Cyprus have exclusive jurisdiction to settle any Bail-in Dispute and accordingly each of the Issuer and any Holders in relation to any Bail-in Dispute submits to the exclusive jurisdiction of the Courts of Nicosia, Cyprus. Each of the Issuer and any Holders in relation to any Bail-in Dispute further waives any objection to the Courts of Nicosia, Cyprus on the ground that they are an inconvenient or inappropriate forum to settle any Bail-in Dispute.

Fights of the third parties

In the case of Instruments or assets specified in the Final Terms as being governed by English law, no person shall have any right to enforce any term or condition of any Series of Instruments or assets under the Contracts Act 1999.

Direct rights

Insofar as the Instruments or assets are in global form, the Issuer and each Holder will have agreed that, when each Holder elects so, the relevant Account Holder will immediately acquire the right under this condition and the provisions of the Global Instruments or assets or the Global Registered Instruments, as applicable, with regard to the Cypriot law Instruments or assets and of the Deed of Covenant with regard to the English law Instruments, to claim and receive all payments due at any time in respect of the relevant portion of the corresponding Instruments or assets credited in the securities account of the Account Holder and, from that time, the said Holder will have no further rights under the Global Instruments or assets or the Global Registered Instruments, as applicable, with respect to that relevant portion of the Instruments or assets but without prejudice to the rights which the Holder or any other person may have under the relevant Global Instrument or asset or Global Registered Instrument, as applicable.

In this condition:

- “Account Holder” means a holder of a securities account, except for a Clearing System or a Custodian to the extent that any securities, or rights in respect of securities, credited to such Clearing System or Custodian’s securities account are held by such Clearing System or Custodian for the account or benefit of a holder of a securities account with that Clearing System or Custodian;
- “Custodian” means a person who acknowledges to a Clearing System or to a Custodian and therefore indirectly to a Clearing System) that it holds securities, or rights in respect of securities, for the account or benefit of that Clearing System or Custodian;
- “Global Instrument” means a Global Instrument or asset whether in temporary or permanent form issued pursuant to the Issue and Paying Agency Agreement; and
- “Global Registered Instrument” means a registered global certificate issued pursuant to the Issue and Paying Agency Agreement representing registered instruments of one or more Tranches of the same Series that are registered in the name of a nominee or a common nominee for one or more Clearing Systems or Custodians.

Regulations

The following is a summary of the most relevant aspects of the regulatory framework applicable to Universal Banks - UB, as well as the main factors that have directly or indirectly affected or are currently affecting its operations in a significant way.

In addition, see "Risk Factors", which includes the specific and significant factors that the bank believes could significantly affect its operations.

EU Fiscal and Banking Union

The project of achieving a European banking union was launched in the summer of 2012. Its main goal is to resume progress towards the European single market for financial services by restoring confidence in the European banking sector and ensuring the proper functioning of monetary policy in the eurozone.

The banking union is expected to be achieved through new harmonized banking rules and a new institutional framework with stronger systems for both banking supervision and resolution that will be managed at the European level. Its two main pillars are the SSM and the Single Resolution Mechanism abbreviated "SRM".

The SSM comprised by both the ECB and the national competent authorities is designed to assist in making the banking sector more transparent, unified and safer. In accordance with the SSM Regulation, the ECB fully assumed its new supervisory responsibilities within the SSM, in particular direct supervision of the largest European banks including the bank, on October 10, 2014.

The SSM represented a significant change in the approach to bank supervision at a European and global level, and resulted in the direct supervision by the ECB of the largest financial institutions, including the bank, and indirect supervision of around 3,500 financial institutions and is now one of the largest in the world in terms of assets under supervision. In the coming years, the SSM is expected to continue working on the establishment of a new supervisory culture importing best practices from the 19 national competent authorities that are part of the SSM and promoting a level playing field across participating Member States. Several steps have already been taken in this regard such as the publication of the Supervisory Guidelines; the approval of the Regulation No 468 - 2014 of the ECB of 16 April 2014, establishing the framework for cooperation within the SSM between the ECB and national competent authorities and with national designated authorities; the approval of a Regulation 2016 - 445 of the European Central Bank of 14 March 2016 on the exercise of options and discretions available in Union law) and a set of guidelines on the application of CRR's national options and discretions, etc.

In addition, the SSM represents an extra cost for the financial institutions that funds it through payment of supervisory fees. The other main pillar of the EU banking union is the SRM, the main purpose of which is to ensure a prompt and coherent resolution of failing banks in Europe at minimum cost for the taxpayers and the real economy.

The SRM Regulation establishes uniform rules and a uniform procedure for the resolution of credit institutions and certain investment firms in the framework of the SRM and a SRF. Under the intergovernmental agreement or IGA signed by 26 EU member states on 21 May 2014, contributions by banks raised at national level were transferred to the SRF. The new Single Resolution Board OR SRB, which is the central decision-making body of the SRM, started operating on 1 January 2015 and has fully assumed its resolution powers on 1 January 2016. The SRB is responsible for managing the SRF and its mission is to ensure that credit institutions and other entities under its remit, which face serious difficulties, are resolved effectively with minimal costs to taxpayers and the real economy. From that date onwards, the SRF is also in place, funded by contributions from European banks in accordance with the methodology approved by the Council of the EU. The SRF is intended to reach a total amount of 55B EUR by 2024 and to be used as a separate backstop only after an 8 per cent. bail-in of a bank's liabilities has been applied to cover capital shortfalls in line with the BRRD. In order to complete such banking union, a single deposit

guarantee scheme is still needed, which may require a change to the existing European treaties. This is the subject of continued negotiation by European leaders to ensure further progress is made in European fiscal, economic and political integration. Regulations adopted towards achieving a banking and - or fiscal union in the EU and decisions adopted by the ECB in its capacity as the main supervisory authority of the bank may have a material impact on its business, financial condition and results of operations.

Moreover, regulations adopted on structural measures to improve the resilience of EU credit institutions may have a material impact on the business, financial condition, results of operations and prospects of the bank. These regulations, if adopted, may also cause the bank to invest significant management attention and resources to make any necessary changes.

Data privacy and cybersecurity

The bank receives, maintains, transmits, stores and otherwise processes proprietary, sensitive and confidential data, including public and non-public personal information of its customers, employees, counterparties and other third parties, including, but not limited to, personally identifiable information and personal financial information.

The collection, sharing, use, retention, disclosure, protection, transfer and other processing of this information is governed by stringent federal, state, local and foreign laws, rules and regulations, and the regulatory framework for data privacy and cybersecurity is in considerable flux and evolving rapidly. As data privacy and cybersecurity risks for banking organizations and the broader financial system have significantly increased in recent years, data privacy and cybersecurity issues have become the subject of increasing legislative and regulatory focus. Internationally, virtually every jurisdiction in which the bank operates has established its own data privacy and cybersecurity legal framework with which the bank must comply.

For example, on 25 May 2018, the Regulation 2016 - 279 of the European Parliament and of the Council of 27 April 2016, on the protection of natural persons with regard to the processing of personal data and on the free movement of such data became directly applicable in all Member States of the EU. To align the Cypriot legal regime with the GDPR, Cyprus has enacted the Organic Law 3 - 2018, of 5 December, on Data Protection and the safeguarding of digital rights which has repealed the Cypriot Organic Law 15 - 1999, of 13 December, on data protection. Additionally, following the UK's withdrawal from the EU, the bank is also subject to the UK General Data Protection Regulation or "UK GDPR".

Although a number of basic existing principles have remained the same, the GDPR and the UK GDPR introduced extensive new obligations on both data controllers and processors, as well as rights for data subjects.

The GDPR and UK GDPR, together with national legislation, regulations and guidelines of the EU Member States governing the processing of personal data, impose strict obligations and restrictions on the ability to collect, use, retain, protect, disclose, transfer and otherwise process personal data. In particular, the GDPR includes obligations and restrictions concerning the consent and rights of individuals to whom the personal data relates, the transfer of personal data out of the European Economic Area, security breach notifications and the security and confidentiality of personal data. The GDPR and UK GDPR also impose significant fines and penalties for non-compliance of up to the higher of 4 per cent. of annual worldwide turnover or 20M GBP or 17.5M GBP under the UK GDPR, whichever is greater.

The implementation of the GDPR, UK GDPR and other data protection regimes has required substantial amendments to the procedures and policies of the bank. The changes have impacted, and could further adversely impact, its business by increasing its operational and compliance costs. The bank expects the number of jurisdictions adopting their own data privacy and cybersecurity laws to increase, which will likely require the bank to devote additional significant operational resources for its compliance efforts and incur additional significant expenses. It is also likely to increase its exposure to risk of claims that the bank has not complied with all applicable data privacy and cybersecurity laws, rules and regulations.

Recent legal developments in the EEA, including recent rulings from the Court of Justice of the European Union and from various EU Member State data protection authorities, have created complexity and uncertainty regarding transfers of personal data from the EEA to the United States and other so-called third countries outside the EEA. Similar complexities and uncertainties also apply to transfers from the UK to third countries.

While the bank has taken steps to mitigate the impact, such as implementing the supplementary measures applicable in accordance with the regulatory risk of the country of destination of the personal data, the efficacy and longevity of these mechanisms remains uncertain. Data privacy and cybersecurity laws, rules and regulations continue to evolve and may result in ever-increasing public scrutiny and escalating levels of enforcement and sanctions. The bank may become subject to new legislation or regulations concerning data privacy or cybersecurity, which could require to incur significant additional costs and expenses in an effort to comply.

The bank could also be adversely affected if new legislation or regulations are adopted or if existing legislation or regulations are modified or interpreted such that the bank is required to alter its systems or require changes to its business practices, processes or privacy policies. If cybersecurity, data privacy, data protection, data transfer or data retention laws, rules or regulations are implemented, interpreted or applied in a manner inconsistent with the bank's current practices or policies, or if it fails to comply or is perceived to have failed to comply with applicable laws, rules and regulations relating to data privacy and cybersecurity, the bank may be subject to substantial fines, civil or criminal penalties, costly litigation including class actions, claims, proceedings, judgments, awards, penalties, sanctions, regulatory enforcement actions, government investigations or inquiries, or other adverse impacts, or be ordered to change its business practices, policies or systems in a manner that adversely impacts the bank's operating results, any of which could have a material adverse effect on its business.

Taxation

The following is a general description of certain tax considerations relating to the Instruments. It does not purport to be a complete analysis of all tax considerations relating to the Instruments.

Prospective purchasers of Instruments should consult their own tax advisers as to the consequences under the tax laws of the country of which they are resident for tax purposes and the tax laws of Cyprus of acquiring, holding and disposing of Instruments and receiving any payments under the Instruments.

This summary is based upon the law as in effect on the date of this Base Prospectus and is subject to any change in law that may take effect after such date.

Notices on tax

On 14 February 2013, the European Commission published the Commission's proposal for a Directive for an Financial Transactions Tax in the Participating Member States. However, Estonia has since stated that it will not participate. The Commission's proposal has very broad scope and could, if introduced in its current form, impose a tax at generally not less than 0.1 per cent., generally determined by reference to the amount of consideration paid, on certain dealings in instruments including secondary market transactions in certain circumstances.

The issuance and subscription of Instruments should, however, be exempt. The mechanism by which the tax would be applied and collected is not yet known, but if the proposed directive or any similar tax is adopted, transactions in the Instruments would be subject to higher costs, and the liquidity of the market for the Instruments may be diminished. Under the Commission's proposal, the Financial Transactions Tax could apply in certain circumstances to persons both within and outside of the Participating Member States. Generally, it would apply to certain dealings in instruments where at least one party is a financial institution, and at least one party is established in a Participating Member State.

A financial institution may be, or be deemed to be, "established" in a Participating Member State in a broad range of circumstances, including either by transacting with a person established in a Participating Member State or where the financial instrument which is subject to the dealings is issued in a Participating Member State. The Commission's proposal remains subject to negotiation between the Participating Member States and the scope of any such tax is uncertain. It may therefore be altered prior to any implementation, the timing of which remains unclear.

Additional EU Member States may decide to participate and - or certain of the Participating Member States may decide to withdraw. Prospective Holders are advised to seek their own professional advice in relation to the consequences of the Financial Transactions Tax associated with subscribing for, purchasing, holding and disposing of the Instruments.

Pro forma final terms

MIFID II product governance for professional investors and ECPs only target market - Solely for the purposes of the or each manufacturer's or manufacturers' product approval process, the target market assessment in respect of the Instruments has led to the conclusion that:

- the target market for the Instruments is eligible counterparties and professional clients only, each as defined in Directive 2014 - 65 - EU, as amended; and
- all channels for distribution of the Instruments to eligible counterparties and professional clients are appropriate - consider any negative market.

Any person subsequently offering, selling or recommending the Instruments should take into consideration the manufacturers' target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Instruments by either adopting or refining the manufacturer's or manufacturers' target market assessment and determining appropriate distribution channels.

EU PRIIPs Regulation on PROHIBITION OF SALES TO EEA RETAIL INVESTORS - The Instruments are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area. For these purposes, a retail investor means a person who is one or more of:

- a retail client as defined in point 11 of Article 4.1 of MiFID II;
- a customer within the meaning of Directive 2016 - 97, as amended, where that customer would not qualify as a professional client as defined in point 10 of Article 4.1 of MiFID II; or
- not a qualified investor as defined in Regulation 2017 - 1129.

Consequently, no key information document required by Regulation No. 1286 - 2014 for offering or selling the Instruments or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Instruments or otherwise making them available to any retail investor in the EEA may be unlawful under the EU PRIIPs Regulation.

UK MIFIR product governance for professional investors and ECPs only target market - Solely for the purposes of the or each manufacturer's product approval process, the target market assessment in respect of the Instruments has led to the conclusion that:

- the target market for the Instruments is only eligible counterparties, as defined in the FCA Handbook Conduct of Business Sourcebook, and professional clients, as defined in Regulation No. 600 - 2014 as it forms part of UK domestic law by virtue of the Act 2018; and
- all channels for distribution of the Instruments to eligible counterparties and professional clients are appropriate while considering any negative target market. Any person subsequently offering, selling or recommending the Instruments should take into consideration the manufacturer's or manufacturers' target market assessment; however, a distributor

subject to the FCA Handbook Product Intervention and Product Governance Sourcebook is responsible for undertaking its own target market assessment in respect of the Instruments by either adopting or refining the manufacturer's or manufacturers' target market assessment and determining appropriate distribution channels.

UK PRIIPs Regulation on PROHIBITION OF SALES TO UK RETAIL INVESTORS - The Instruments are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the United Kingdom. For these purposes, a retail investor means a person who is one or more of:

- a retail client, as defined in point 8 of Article 2 of Regulation No. 2017 - 565 as it forms part of UK domestic law by virtue of the European Union Act 2018; or
- a customer within the meaning of the provisions of the Financial Services and Markets Act 2000 and any rules or regulations made under the FSMA to implement Directive 2016 - 97, where that customer would not qualify as a professional client, as defined in point 8 of Article 2.1 of Regulation No. 600 - 2014 as it forms part of UK domestic law by virtue of the EUWA.

Consequently, no key information document required by Regulation No. 1286 - 2014 as it forms part of UK domestic law by virtue of the EUWA for offering or selling the Instruments or otherwise making them available to retail investors in the UK has been prepared and therefore offering or selling the Instruments or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation.

Securities and Futures Regulations 2018 of Singapore, the Issuer has determined the classification of the Instruments to be capital markets products other than prescribed capital markets products as defined in the CMP Regulations 2018 and excluded or specified Investment Products as defined in the Monetary Authority of Singapore Notice SFA 04 - N12: Notice on the Sale of Investment Products and MAS Notice FAA - N16: Notice on Recommendations on Investment Products.

General information

Application for Listing

- Application has been made to Euronext Cyprus for the Instruments issued under the Programme to be admitted to the Official List and for such Instruments to be admitted to trading on Euronext Cyprus' regulated market.

Authorization

- The update of the Programme was authorised by means of the resolutions adopted by the executive committee of the Issuer on May 31, 2022.
- The Issuer has obtained or will obtain from time to time all necessary consents, approvals and authorizations in connection with the issue and performance of the Instruments, including the resolutions adopted by the executive committee of the Issuer on March May 31, 2022.

Legal and Arbitration Proceedings

- There are no governmental, legal or arbitration proceedings including any such proceedings which are pending or threatened of which Universal Banks - UB is aware which may have, or have had in the previous twelve months, significant effect on the financial position or profitability of the Issuer or the bank.

Significant or Material Change

- Since December May 31, 2021 there has been no material adverse change in the prospects of the Issuer or the Bank, nor any significant change in the financial position of the Issuer or the bank.

Registration and Incorporation Information

- The Issuer was incorporated in Cyprus, and in the United Kingdom as made available on the Companies House Registry.

Conflicts of Interest

- There are no actual or potential conflicts of interest between the duties to Universal Banks – UB of any of its directors and their respective private interests and - or other duties.

Material Contracts

- No contracts had been entered into that were not in the ordinary course of business of the Issuer and which could result in any member of the bank being under an obligation or entitlement that is material to the Issuer's ability to meet its obligations to the Holders.

Third Party Information

- Where information in this Base Prospectus has been sourced from third parties, this information has been accurately reproduced and as far as the Issuer is aware and is able to ascertain from the information published by such third parties no facts have been omitted which would render the reproduced information inaccurate or misleading. The source of third party information is identified where used.

Issuance of Yield

- Instruments or assets may be issued at any price. The issue price of each Tranche of Instruments to be issued under the Programme will be determined by the Issuer and the relevant Dealer or Dealers at the time of issue in accordance with prevailing market conditions and the issue price of the relevant Instruments or the method of determining the price and the process for its disclosure will be set out in the relevant final terms. In case of different Tranches of a Series of Instruments, the issue price may include accrued interest in respect of the period from the interest commencement date of the relevant Tranche, which may be the issue date of the first Tranche of the Series or, if interest payment dates have already passed, the most recent interest payment in respect of the Series to the issue date of the relevant Tranche.

The yield of each Tranche of Instruments set out in the relevant final terms will be calculated as of the relevant issue date on an annual or semi-annual basis using the relevant issue price. It is not an indication of future yield.

The Issuer does not intend to provide any post-issuance information in relation to the Instruments.

Dealers Transacting with the Issuer

- Certain of the Dealers and their respective affiliates have engaged, and may in the future engage, in investment banking and - or commercial banking transactions with, and may perform services for, the Issuer and its affiliates in the ordinary course of business. In addition, in the ordinary course of their business activities, the Dealers and their respective affiliates may make or hold a broad array of investments and actively trade debt and equity securities or related derivative securities and financial instruments, including bank loans for their own account and for the accounts of their customers. Such investments and securities activities may involve securities and - or instruments of the Issuer or its affiliates.

Certain of the Dealers or their respective affiliates that have a lending relationship with the Issuer routinely hedge their credit exposure to the Issuer consistent with their customary risk management policies.

Typically, such Dealers and their respective affiliates would hedge such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in securities, including potentially the Instruments issued under the Programme. Any such short positions could adversely affect future trading prices of Instruments issued under the Programme. The Dealers and their respective affiliates may also make investment recommendations and - or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and - or short positions in such securities and instruments.

Registered offices of the Issuer

Universal Banks – UB

26C L, Loannou Polemi,
Limassol 3085,
Cyprus

Universal Banks – UB

2 Principal PL,
Limassol EC2A 2BA,
United Kingdom

Universal Banks – UB

Mies-van-der-rohe-strasse 6,
80807 Munich,
Germany

Universal Banks – UB

Nepfurdo U.22,
Budapest 1138,
Hungary

Arrangers

Universal Banks – UB

26C L, Loannou Polemi,
Limassol 3085,
Cyprus

Central Bank of Cyprus

80 Kennedy Avenue,
1076 Nicosia,
Cyprus

Other addresses are listed above

Others

Refer to official websites of the arrangers as listed on page 05.

Accessibility

If you need any of this information in a different format, please let us know. This includes large print, braille, or audio. You can speak to us using the live chat on our website or by giving us a call.

There are also lots of other options available to help you communicate with us. Some of these are provided by third parties who are responsible for the service.