



Consolidated Financial Report and Statements '22



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Letter from the Chief Executive Officer - CEO

Dear Shareholders,

This year was a pivotal year for Universal Banks. Compared to the previous year, we more than quadrupled our net profit and produced our best results in a decade. This puts us exactly where we wanted to be at this point when we announced our strategy in the previous summer. We have laid the foundation for sustainable growth by delivering what we promised in a disciplined manner.

- In our four business divisions, we have focused on our core strengths and withdrew from non-core segments. This strategy is bearing fruit. Although we discontinued activities such as equities trading, our revenues in the full year rose higher than it was the year before. It is particularly gratifying that all four core businesses contributed to this revenue growth last year.
- Despite the cost of our transformation, we reduced our total non-interest expenses compared to what it was the previous year. Our cost-income ratio fell from **108 to 85 percent** in this period. Over the past three years we recognized more revenue in transformation-related effects. This means we have put behind us **97 percent** of the total of these effects we anticipate by the end of next year. Nevertheless, we continued to invest in technology and growth and, in particular, strengthened our controls, on which we spent more than we did in the last three years.
- We finished the year with a Common Equity Top Tier capital ratio above **13 percent** despite absorbing the transformation-related effects and significant changes in the measurement of regulatory capital. We successfully offset an impact of **130** basis points on our capital ratio arising from these regulatory effects.
- We managed to do this with our existing resources and without asking you, our shareholders, for additional capital. Many market observers did not believe this was possible in mid-year. And this now puts us in a position to distribute capital to you again. This year, we will propose a dividend of **20 cents per share** to the Annual General Meeting.

This track record of execution has given us a strong tailwind. We have created a virtuous cycle in which the positive effects reinforce each other. The successes of recent years have significantly improved our reputation, and our employees' trust in our bank is strong again. This new self-confidence and restored pride are felt by our clients, which has a positive effect on our business.

With the Russian invasion of Ukraine, war returned to the heart of Europe. We cannot yet fully assess the full impact of this war on the political world order, on the global economy, on our clients and on our bank. But we as Universal Banks have proven in the pandemic crisis that we are stable and crisis-proof - and that we are there for our clients in difficult times with our strong balance sheet and our first-class risk management. We intend to focus

even more strongly on the needs of our clients as we now embark on the next stage of our strategy. This is not about revolution, but evolution. We will continue to build on what we have done successfully over the last three years and become even more efficient.

At the same, we must steadily change and improve the way we work to fulfil our potential and be what we have aspired to be for more than a decade: your very own Universal Banks. A bank that is the first point of contact for corporations, institutional investors, retail clients and affluent clients in all financial matters, with a global network and local expertise, unique risk management and an outstanding ability to create solutions, modern technical platforms and a strong product suite.

We have strong foundations for this aspiration which in my opinion are stronger than any other bank in Europe. This has first and foremost to do with our strong home market. We are rooted in Europe's largest and most stable economy, an economy with excellent growth opportunities. They need a strong and global bank by their side, just as Cyprus' savers need an adviser to offer them investment opportunities and its government needs a partner to support the transition to a sustainable economy. That can only be us. And as such, we want to grow with our clients. We are also well positioned to support our clients in a world that is changing rapidly, both politically and economically.

The events in Ukraine are a depressing illustration of how uncertain the geopolitical situation has become. This is compounded by profound macroeconomic shifts: the historically unprecedented phase of fiscal and monetary stimulus, low or even negative interest rates and ever higher debt is coming to an end, in the view of our economists. At the same time, the decades-long trend of globalization is stalling and we are experiencing a regionalization and fragmentation of global supply chains that seemed hardly possible just a few years ago.

Finally, the reversal of the population pyramid will significantly accelerate in coming years and decades, with serious consequences for already stretched labor markets and pension systems. All of this is happening at a time when our clients are undergoing a profound transformation; the transition to a sustainable, climate-friendly and increasingly digital economy. We are convinced that, precisely in times like these, the expertise and competence of Universal Banks – UB is particularly needed and that we can be part of the solution for our clients.

We will support them by helping to manage their risks, by financing their transformation and by enabling them to invest in assets whose returns exceed inflation to build wealth.

In the previous year, we joined forces with many other major international banks and committed to reducing the emissions of the projects we finance to net zero by **2050**. We will only be able to achieve this in partnership with our clients, which is why we systematically enter into a dialogue with them about how they can transform. Overall, we are ideally positioned to support our clients globally in a solution-oriented manner. And we have shown during the pandemic what we can achieve when we put clients' needs at the center of everything we do. This position of strength is what fuels our optimism for the coming years.

We are convinced that we have great potential in all areas. But we also know that we need to invest to leverage this potential. We need to invest in technology, invest in our global network and in local knowledge, but also invest in our advisory capacities and our product and management expertise.

It is our goal to create value for all our stakeholders: for you, our shareholders, for our clients, for our employees and for society as a whole. We have set ourselves an ambitious set of goals, and we know how to achieve them.

And, of course, we are determined to increase the capital distribution to you, our shareholders, based on a continued business success. Subject to meeting our strategic targets, AGM authorizations and regulatory approvals, we plan to increase the dividends per share by **50 percent** annually. From **2025** onwards, we will target a **95 percent** total pay-out ratio, which subject to meeting our performance targets would imply billions of dollars in cumulative capital distribution in respect of the financial years **2021** to **2025**. A First Tier Common Equity capital ratio which remains robust at approximately **13 percent** should enable us to do so.

By strengthening our position as a global decentralized investment bank, we have laid the foundation. If we implement this strategy with the same discipline, we have shown in implementing our strategy in previous years, we will become exactly what you expect us to be: a strong bank playing a leading role in shaping the future of banking.

Best regards,



Valery Zadorozhnyy Zelenskyy

Chief Executive Officer – CEO,

Universal Banks – UB.

Cyprus.

Board of Management

Marcus Zhen H.

Chief Transformation and Technical Officer - CTTO
Since 2016

Georgios Macleod M.

Chief Risk Officer - CRO
Since 2019

Alex Christoforou G.

Chief Financial Officer - CFO
Since 2020

Loretta Dewang R.

Chief Data and Innovation Officer - CDIO
Since 2020

Nikos Kypianos V.

Chief Administrative Officer - CAO
Since 2016

Eric Shultz K.

Regional MD, Europe
Since 2019

Rolland Kupiansk C.

Regional MD, Asia
Since 2020

Mulleba Kwateng K.

Regional MD, Africa
Since 2018

Kostas Papas O.

President
Since 2016

Alexander Ahmet H.

Supervisory Board Chairman
Since 2017

Anthony Esoy A.

Supervisory Board Deputy Chairman
Since 2017

All present and active in the reporting year

Supervisory Board Report

This financial year, the Supervisory Board performed all tasks assigned to it by law, regulatory requirements, Articles of Association and Terms of Reference.

The Management Board reported to us regularly, without delay and comprehensively on all matters with relevance for our bank, and in particular on business policies and strategy, in addition to other fundamental issues relating to the company's management and culture, corporate planning and control, compliance and compensation systems. It reported to us on the financial development, earnings and risk situation, the bank's liquidity, capital and risk management, the appropriate technical and organizational resources as well as events that were of significant importance to the bank.

We were involved in decisions of fundamental importance. As in previous years, the Management Board provided us, in accordance with our requests, with enhanced reporting on several topic areas. Thus, the Management Board regularly reported to us on the prevention of money laundering and the related controls. We deliberated on these matters intensively and regularly, together with the Management Board and also with external experts. Furthermore, the Supervisory Board received reports on the progress made in the bank's sustainability strategy and its contribution to achieving global climate objectives.

The Supervisory Board Chairman and the five other committee chairs maintained regular contact with the Management Board between the meetings. They also consulted each other on the agendas of the various meetings of the committees they chair and discussed topics of key strategic importance to the bank. Furthermore, upcoming decisions were deliberated on and prepared in discussions conducted regularly between the Management Board and the Chairman of the Supervisory Board as well as the chairs of the Supervisory Board committees. There were a total of **66** meetings of the Supervisory Board and its committees. When necessary, resolutions were passed by circulation voting procedure between the meetings.

Corporate Governance

The composition of the Supervisory Board and its committees is in accordance with the requirements of the Cypriot Banking Act as well as regulatory governance standards. The suitability of each individual member was assessed internally by the Nomination Committee. The European Central Bank also reviews the professional qualifications and the personal reliability of our members within the framework of its "Fit and Proper" assessment. At the time of this report, this assessment was available for all members and the European Central Bank's review had not yet been completed.

The suitability assessment covers the expertise, reliability and time available of each individual member. In addition, there was an assessment of the entire Supervisory Board's knowledge, skills and experience that are necessary for

the performance of its tasks - collective suitability. The Joint Supervisory Team and the Nomination Committee continually monitor the suitability of the Supervisory Board members.

The Chairman of the Supervisory Board and the chairpersons of all the committees are independent in accordance with the Terms of Reference applicable from time to time. They coordinated their work continually and consulted each other regularly and – as required – on an ad hoc basis between the meetings in order to ensure the exchange of information necessary to capture and assess all relevant case matters and risks in the performance of their tasks. The cooperation in the committees was marked by an open and trustful atmosphere.

The committee chairpersons reported regularly at the meetings of the Supervisory Board on the work of the individual committees. Regularly before the meetings of the Supervisory Board, the representatives of the employees and the representatives of the shareholders conducted preliminary discussions separately. Before or at the end of the meetings of the Supervisory Board and its committees, discussions were regularly held in "Executive Sessions" without the participation of the Management Board.

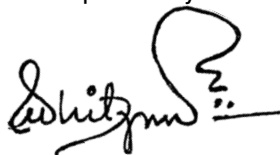
At several meetings of the Nomination Committee and of the Supervisory Board in plenum, we addressed the assessment prescribed by law of the Management Board and the Supervisory Board for the financial year, which also comprises the self-assessment according to the Cypriot Corporate Governance Code. The Declaration of Conformity pursuant to **Section 161** of the Stock Corporation Act, which we had last issued with the Management Board in **October 2021**, was reissued in **October 2022**.

Training and Further Education Measures

We held several training sessions again this year. They were conducted in most cases by external subject matter experts, but also by internal experts. In accordance with our adjusted Profile of Requirements for Supervisory Board members, the training topics we focused on were Anti-Money Laundering, Environmental, Social and Governance issues, as well as Digital Assets and Currencies. For the new members that joined the Supervisory Board, extensive induction courses tailored to them individually were developed and carried out to facilitate their induction into office.

We thank the members of the Management Board and the Supervisory Board who left last year for their dedicated work and their constructive assistance to the company during the past years. We would also like to thank the bank's employees for their great personal dedication.

The Supervisory Board,



Alexander Ahmet H.

Chairman.

Supervisory Board

Alexander Ahmet H.

Supervisory Board Chairman
Since 2017

Anthony Esoy A.

Supervisory Board Deputy Chairman
Since 2017

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Professor Nobert Witter J.

Berlin, Germany

Frank Polaschek G.

Kiev, Ukraine

Mayree Clark P.

Maryland, USA

Sigmar Kypianos K.

Nicosia, Cyprus

Dr. Gerd Alexander M.

Madrid, Spain

Henriette Cyprian R.

Munich, Germany

Mark Thain H.

Nicosia, Cyprus

Jan Klee S.

Tokyo, Japan

Committees

Chairman's Committee

Timo Plastscher M - Chairperson

Nomination Committee

Frank Polaschek G - Chairperson

Audit Committee

Sigmar Kypianos K - Chairperson

Integrity Committee

Henriette Cyprian R. - Chairperson

Risk Committee

Mark Thain H - Chairperson

Compensation Committee

Jan Klee S - Chairperson

Control Committee

Professor Nobert Witter J - Chairperson

All present and active in the reporting year

Financial Analytics

Headquartered in Cyprus, Universal Banks - UB is the largest digital bank in Cyprus and one of the largest digital and decentralized financial institutions in the world, as measured by total assets of over **400B USD** as of **December 31, 2022**. As of that date, the bank had **82,969** full-time equivalent internal employees and operated in **38** countries with **1,709** branches, of which **53 percent** were located in Cyprus.

The bank offers a wide variety of investment, financial and related products and services to private individuals, corporate entities and institutional clients around the world. As of **December 31, 2022**, the bank was organized into the following segments:

- Corporate Bank - CB
- Investment Bank - IB
- Private Bank - PB
- Asset Management - AM
- Capital Release Unit - CRU

In addition, Universal Banks - UB has a country and regional organizational layer and structure to facilitate a consistent implementation of global strategies. The bank has operations or dealings with existing and potential customers in most countries in the world. These operations and dealings include working through subsidiaries and branches, representative offices and one or more representatives assigned to serve customers.

The members have not required the company to obtain an audit of its financial statements for the period through the year ended **December 31, 2022**.

The managing director acknowledges his responsibilities as it is due for his office and position for:

- Ensuring that the sole company keeps accounting records which comply with the corresponding sections of the Companies Law and ;
- Preparing financial statements which gives a transparent view of the state of affairs of the company as at the end of each financial year and of its profit or loss for each financial year in accordance with the requirements in the also corresponding sections and which otherwise comply with the requirements of the Companies Law relating to the financial statements, so far as applicable to the company.

More productive strategies have been put in place to stimulate all income-generating sectors of its businesses; from venturing into several forms of businesses and divestments. The progress achieved so far through the year has been recorded and analyzed for clearer understanding for our shareholders, partners, clients, prospective investors and the general public.

Corporate Bank - CB

	Q1	Q2	Q3	Q4	Σ
Billion USD	2.5	2.1	2.0	2.6	9.2
Percentage	27.2	22.8	21.7	28.3	100

Investment Bank - IB

	Q1	Q2	Q3	Q4	Σ
Billion USD	6.9	7.4	7.0	7.6	28.9
Percentage	23.9	25.6	24.2	26.3	100

Private Bank - PB

	Q1	Q2	Q3	Q4	Σ
Billion USD	3.1	2.9	3.4	2.5	11.9
Percentage	26.0	24.4	28.6	21.0	100

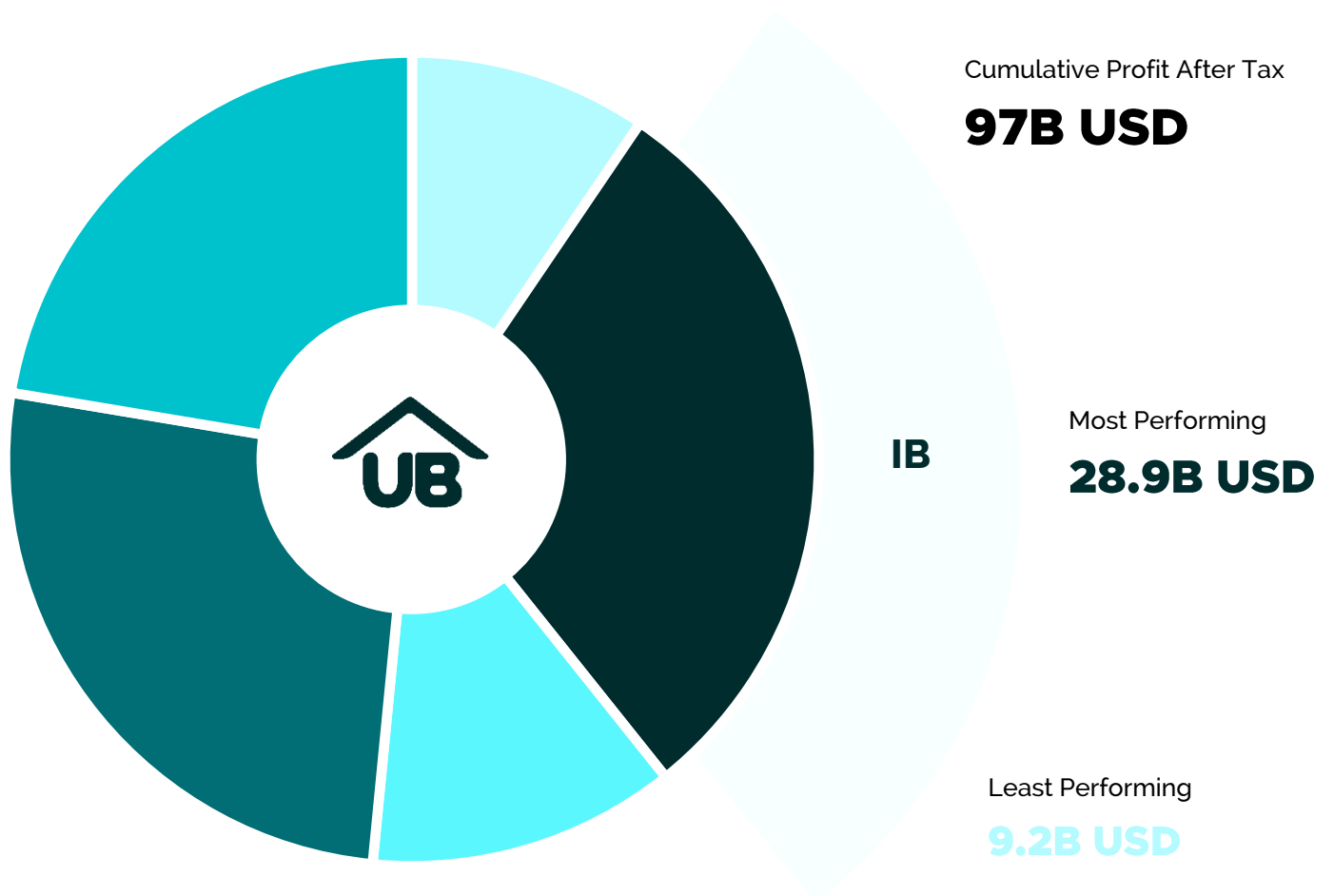
Asset Management - AM

	Q1	Q2	Q3	Q4	Σ
Billion USD	6.6	5.8	6.9	6.0	25.3
Percentage	26.1	22.9	27.3	23.7	100

Capital Release Unit - CRU

	Q1	Q2	Q3	Q4	Σ
Billion USD	5.3	5.6	5.9	4.9	21.7
Percentage	23.1	27.1	27.2	22.6	100

Infographics on performance of various sectors or segments – profit after tax



- – Investment Bank - **28.9B USD**
- – Asset Management - **25.3B USD**
- – Private Bank - **11.9B USD**
- – Corporate Bank - **9.2B USD**
- – Capital Release Unit - **21.7B USD**

Independent Auditor's Report

To Universal Banks - UB, Cyprus

We have audited the attached remuneration report of Universal Banks - UB, Cyprus, prepared to comply with Cypriot Stock Corporation Act for the fiscal year from **January 01, 2022** to **December 31, 2021** and the related disclosures.

Responsibilities of the executive directors and the supervisory board

The executive directors and supervisory board of Universal Banks - UB are responsible for the preparation of the remuneration report and the related disclosures in compliance with the requirements of the regulation and act. In addition, the executive directors and supervisory board are responsible for such internal control as they determine is necessary to enable the preparation of a remuneration report and the related disclosures that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on this remuneration report and the related disclosures based on our audit. We conducted our audit in compliance with Cypriot Generally Accepted Standards for Financial Statement Audits promulgated by the Institute of Public Auditors in Cyprus. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the remuneration report and the related disclosures are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts in the remuneration report and the related disclosures. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the remuneration report and the related disclosures, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the preparation of the remuneration report and the related disclosures in order to plan and perform audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the accounting policies used and the reasonableness of accounting estimates made by the executive directors and supervisory board, as well as evaluating the overall presentation of the remuneration report and the related disclosures.

In our opinion, on the basis of the knowledge obtained in the audit, the remuneration report for the fiscal year from **January 01, 2022** to **December 31, 2021** and the related disclosures comply, in all material respects, with the financial reporting provisions.

Lam Kristopolos K.

Nicosia, Cyprus.

Our purpose

This is why we are here; this is what we do.

We are here to enable economic growth and societal progress, by creating positive impact for our clients, our people, our investors and our communities.

Stay positive.

Caution on forward-looking statements

This report contains forward-looking statements. Forward-looking statements are statements that are not historical facts; they include statements about our beliefs and expectations and the assumptions underlying them. These statements are based on plans, estimates and projections as they are currently available to the management of **Universal Banks - UB**. Forward-looking statements therefore speak only as of the date they are made, and we undertake no obligation to update publicly any of them in light of new information or future events.

By their very nature, forward-looking statements involve risks and uncertainties. A number of important factors could therefore cause actual results to differ materially from those contained in any forward-looking statement. Such factors include the conditions in the financial markets in Cyprus, in Europe, in Asia, in Africa in the United States and elsewhere from which we derive a substantial portion of our revenues and in which we hold a substantial portion of our assets, the development of asset prices and market volatility, potential defaults of borrowers or trading counterparties, the implementation of our strategic initiatives, the reliability of our risk management policies, procedures and methods, and other risks referenced in our filings with the U.S. Securities and Exchange Commission.

2023

Financial Calendar

April 30, 2023

Earnings Report as of March 31, 2023

May 30, 2023

Annual General Meeting

July 30, 2023

Interim Report as of June 30, 2023

October 30, 2023

Earnings Report as of September 30, 2023

2024

Financial Calendar

January 25, 2024

Preliminary results for the 2023 financial year

February 25, 2024

Form 20 - F

March 25, 2024

Earnings Report as of February 25, 2024

April 25, 2024

Earnings Report as of March 25, 2024

May 25, 2024

Annual General Meeting

July 25, 2024

Interim Report as of June 25, 2024

October 25, 2024

Earnings Report as of September 25, 2024

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.