



## **BANK OF CYPRUS HOLDINGS PUBLIC LIMITED COMPANY**

*(incorporated and registered in Ireland under the Companies Act 2014 of Ireland with registered number 585903)*

## **BANK OF CYPRUS PUBLIC COMPANY LIMITED**

*(incorporated in Cyprus as a limited liability company under the Cyprus Companies Law, Cap.113, Registered in Cyprus under no. 165)*

**€4,000,000,000**

### **Euro Medium Term Note Programme**

Under the Euro Medium Term Note Programme described in this Offering Circular (the "**Programme**"), each of Bank of Cyprus Holdings Public Limited Company ("**BOCH**") and Bank of Cyprus Public Company Limited (the "**Bank**" and, together with BOCH, the "**Issuers**" and each an "**Issuer**" and references herein to the "**relevant Issuer**" shall be to the Issuer of the relevant Notes), subject to compliance with all relevant laws, regulations and directives, may from time to time issue Euro Medium Term Notes (the "**Notes**"). Notes that may be issued under the Programme include (i) Notes issued on an unsubordinated basis and which rank as described in Condition 3(a) ("**Senior Preferred Notes**"); (ii) Notes issued on an unsubordinated basis and which rank as described in Condition 3(b) ("**Senior Non-Preferred Notes**"); and (iii) Notes issued on a subordinated basis and which rank as described in Condition 3(c) ("**Tier 2 Capital Notes**"), as indicated in the applicable Pricing Supplement (as defined below). Senior Preferred Notes may be issued by either BOCH or the Bank. Senior Non-Preferred Notes may only be issued by the Bank. Tier 2 Capital Notes may only be issued by BOCH. The aggregate nominal amount of Notes outstanding will not at any time exceed €4,000,000,000 (or the equivalent in other currencies), subject to increase as described herein.

Application has been made to the Luxembourg Stock Exchange (the "**Luxembourg Stock Exchange**") in its capacity as market operator of the Euro MTF Market of the Luxembourg Stock Exchange (the "**Euro MTF Market**") under Part IV of the Luxembourg Act dated 16 July 2019 relating to prospectuses for securities (*loi relative aux prospectus pour valeurs mobilières*) (as amended) (the "**Luxembourg Act**") to have Notes issued under the Programme admitted to trading on the Euro MTF Market and listed on the official list of the Luxembourg Stock Exchange (the "**Official List**") for a period of 12 months from the date of this Offering Circular. The Euro MTF Market is not a regulated market pursuant to the provisions of Directive 2014/65/EU (as amended) ("**MiFID II**") but is subject to the supervision of the financial sector and exchange regulator, the *Commission de Surveillance de Secteur Financier*. This Offering Circular constitutes a base prospectus for the purpose of the Luxembourg Act. Notice of the aggregate nominal amount of Notes, interest (if any) payable in respect of Notes, the issue price of Notes and certain other information, including any other terms and conditions not contained herein, which is applicable to each Tranche (as defined under "*Terms and Conditions of the Notes*") of Notes will be set forth in a pricing supplement (the "**Pricing Supplement**") which, with respect to Notes to be admitted to trading on the Euro MTF Market, will be delivered to the Luxembourg Stock Exchange on or before the date of issue of the Notes of such Tranche and published in accordance with the rules and regulations of the Luxembourg Stock Exchange, as amended from time to time. This Offering Circular and any supplement thereto will be available on the website of the Luxembourg Stock Exchange ([www.bourse.lu](http://www.bourse.lu)). References in this Offering Circular to Notes being "**listed**" (and all related references) shall mean that such Notes are intended to be admitted to listing on the Official List and admitted to trading on the Euro MTF Market. Notes issued pursuant to the Programme may be listed on such other or further stock exchange(s) as may be agreed between the relevant Issuer and the relevant Dealer(s). In addition, unlisted Notes may be issued pursuant to the Programme. The applicable Pricing Supplement in respect of the issue of any Notes will specify whether Notes will be listed on the Luxembourg Stock Exchange (and/or on any other stock exchange).

The Notes of each Series (as defined under "*Terms and Conditions of the Notes*") in bearer form will be represented on issue by a temporary global note in bearer form, without interest coupons (each a "**temporary Global Note**") or a permanent global note in bearer form, without interest coupons (each a "**permanent Global Note**" and, together with the temporary Global Notes, the "**Global Notes**"). Notes in registered form will be represented by registered certificates (each a "**Certificate**"), one Certificate being issued in respect of each Noteholder's entire holding of Registered Notes (as defined below) of one Series and may be represented by a Global Certificate (as defined below). If the Global Notes are stated in the applicable Pricing Supplement to be issued in new global note ("**NGN**") form, the Global Notes will be delivered on or prior to the original issue date of the relevant Tranche to a common safekeeper (the "**Common Safekeeper**") for Euroclear Bank SA/NV ("**Euroclear**") and Clearstream Banking S.A. ("**Clearstream, Luxembourg**"). If a Global Certificate is held under the New Safekeeping Structure (the "**NSS**"), the Global Certificate will be delivered on or prior to the original issue date of the relevant Tranche to a Common Safekeeper for Euroclear and Clearstream, Luxembourg.

Global Notes which are not issued in NGN form ("**Classic Global Notes**" or "**CGNs**") and Global Certificates which are not held under the NSS will be deposited on the issue date of the relevant Tranche either with (a) a common depositary on behalf of Euroclear and Clearstream, Luxembourg (the "**Common Depositary**") or (b) such other clearing system as agreed between the relevant Issuer and the relevant Dealer(s). Interests in temporary Global Notes will be exchangeable for interests in permanent Global Notes, or if so stated in the applicable Pricing Supplement, definitive Notes ("**Definitive Notes**"), after the date falling 40 days after the completion of the distribution of such Tranche upon certification as to non-U.S. beneficial ownership. Interests in permanent Global Notes will be exchangeable for Definitive Notes in whole but not in part as described under "*Summary of Provisions Relating to the Notes while in Global Form*". Notes of each Tranche of each Series to be issued in registered form ("**Registered Notes**") and which are sold in an "offshore transaction" within the meaning of Regulation S under the U.S. Securities Act of 1933 (as amended) (the "**Securities Act**") will initially be represented by a permanent registered global certificate (each a "**Global Certificate**"), without interest coupons, which may be deposited on the issue date (a) in the case of a Tranche intended to be cleared through Euroclear and/or Clearstream, Luxembourg, with a common depositary on behalf of Euroclear and Clearstream, Luxembourg and (b) in the case of a Tranche intended to be cleared through a clearing system other than or in addition to Euroclear and/or Clearstream, Luxembourg, or delivered outside a clearing system, as agreed between the relevant Issuer and the relevant Dealer(s).

Beneficial interests in Global Certificates held by Euroclear and Clearstream, Luxembourg will be shown on and transfers thereof will be effected only through, records maintained by Euroclear and Clearstream, Luxembourg and their participants. The provisions governing the exchange of interests in the Global Notes and in each Global Certificate are described in "*Summary of Provisions Relating to the Notes while in Global Form*".

Tranches of Notes to be issued under the Programme may be rated or unrated. Where a Tranche of Notes is to be rated, such rating will not necessarily be the same as the rating assigned to the Notes already issued, any rating assigned to the Programme or to any rating assigned to the relevant Issuer. Where a Tranche of Notes is rated, the applicable rating(s) will be specified in the applicable Pricing Supplement. In addition, the applicable Pricing Supplement will disclose whether or not a rating in relation to the relevant Tranche of Notes will be treated as having been issued by: (a) a credit rating agency established in the European Union (the "**EU**") and registered under Regulation (EC) No. 1060/2009 (as amended, the "**CRA Regulation**"); (b) a credit rating agency established in a country outside the EU, in circumstances in which either (i) the relevant credit rating is endorsed by a credit rating agency established in the EU and registered under the CRA Regulation, or (ii) the relevant country is the subject of an equivalence decision by the European Commission and the credit rating agency is certified in accordance with the CRA Regulation; (c) a credit rating agency established in the UK and registered under Regulation (EC) No. 1060/2009 as it forms part of United Kingdom ("**UK**") domestic law by virtue of the European Union (Withdrawal) Act 2018 (as amended, the "**EUWA**") (the "**UK CRA Regulation**"); or (d) a credit rating agency established in a country other than the UK, in circumstances in which either (i) the relevant credit rating is endorsed by a credit rating agency established in the UK and registered under the UK CRA Regulation, or (ii) the relevant country is the subject of an equivalence decision by the UK and the credit rating agency is certified in accordance with the UK CRA Regulation. The CRA Regulation and the UK CRA Regulation impose restrictions on the use of ratings for regulatory purposes by certain investors, as described in "*Risk Factors*" herein. **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.** The issue price and the amount of the relevant Notes will be determined, before filing of the applicable Pricing Supplement of each Tranche, based on then prevailing market conditions.

## **ARRANGER**

**BofA Securities**

## **DEALERS**

**BofA Securities**

**Barclays**

**Credit Suisse**

**Goldman Sachs Bank Europe SE**

**J.P. Morgan**

**Bank of Cyprus**

**Citigroup**

**Deutsche Bank**

**HSBC**

## IMPORTANT INFORMATION

*This Offering Circular does not comprise a base prospectus for the purposes of Article 8 of the Prospectus Regulation. When used in this Offering Circular, "Prospectus Regulation" means Regulation (EU) 2017/1129 (as amended). This Offering Circular has been prepared for the purpose of giving information with regard to each Issuer, the subsidiaries and affiliates of BOCH taken as a whole (the "Group") and the Notes which, according to the particular nature of the relevant Issuer and the Notes, is necessary to enable investors to make an informed assessment of the assets and liabilities, financial position, profit and losses and prospects of the relevant Issuer.*

*Each Issuer accepts responsibility for the information contained in this Offering Circular. To the best of the knowledge of each Issuer (having taken all reasonable care to ensure that such is the case) the information contained in this Offering Circular is in accordance with the facts and does not omit anything likely to affect the import of such information.*

*This Offering Circular is to be read in conjunction with all documents which are incorporated herein by reference (see "Documents Incorporated by Reference").*

No person has been authorised to give any information or to make any representation other than those contained in this Offering Circular in connection with the issue or sale of the Notes and, if given or made, such information or representation must not be relied upon as having been authorised by either of the Issuers or any of the Dealers or the Arranger (as defined in "General Description of the Programme"). Neither the delivery of this Offering Circular nor any sale made in connection herewith shall, under any circumstances, create any implication that there has been no change in the affairs of the Issuers or the Group since the date hereof or the date upon which this Offering Circular has been most recently amended or supplemented or that there has been no adverse change in the financial position of the Issuers or the Group since the date hereof or the date upon which this Offering Circular has been most recently amended or supplemented or that any other information supplied in connection with the Programme is correct as of any time subsequent to the date on which it is supplied or, if different, the date indicated in the document containing the same.

In the case of any Notes issued under the Programme, the minimum specified denomination shall be €100,000 (or its equivalent in any other currency as at the date of issue of such Notes).

The distribution of this Offering Circular and the offering or sale of the Notes in certain jurisdictions may be restricted by law. Persons into whose possession this Offering Circular comes are required by the Issuers, the Dealers and the Arranger to inform themselves about and to observe any such restriction. The Notes have not been and will not be registered under the Securities Act or any U.S. State securities laws and may not be offered or sold in the United States or to, or for the account or the benefit of, U.S. persons as defined in Regulation S under the Securities Act unless an exemption from the registration requirements of the Securities Act is available and in accordance with all applicable securities laws of any state of the United States and any other jurisdiction.

This Offering Circular does not constitute an offer of, or an invitation by or on behalf of the Issuers or the Dealers to subscribe for, or purchase, any Notes.

Any investment in the Notes does not have the status of a bank deposit and is not within the scope of the deposit protection scheme operated by the Central Bank of Ireland or by the Central Bank of Cyprus.

To the fullest extent permitted by law, none of the Dealers or the Arranger accepts any responsibility for the contents of this Offering Circular or for any other statement, made or purported to be made by the Arranger or a Dealer or on its behalf in connection with the Issuers or the issue and offering of the Notes. The Arranger and each Dealer accordingly disclaims all and any liability whether arising in tort or contract or otherwise (save as referred to above) which it might otherwise have in respect of this Offering Circular or any such statement. None of the Dealers or the Arranger makes any representation,

express or implied, or asserts any responsibility, with respect to the accuracy or completeness of any of the information in this Offering Circular. Neither this Offering Circular nor any other financial statements incorporated or referred to herein are intended to provide the basis of any credit or other evaluation and should not be considered as a recommendation by any of the Issuers, the Arranger or the Dealers that any recipient of this Offering Circular or any other financial statements should purchase the Notes. Each potential purchaser of Notes should determine for itself the relevance of the information contained in this Offering Circular and its purchase of Notes should be based upon such investigation as it deems necessary. None of the Dealers or the Arranger undertakes to review the financial condition or affairs of the Issuers during the life of the arrangements contemplated by this Offering Circular nor to advise any investor or potential investor in the Notes of any information coming to the attention of any of the Dealers or the Arranger.

**Important – EEA Retail Investors** – If the applicable Pricing Supplement in respect of the issue of any Notes includes a legend entitled "*Prohibition of Sales to EEA Retail Investors*", the Notes 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 (the "**EEA**"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of MiFID II; or (ii) a customer within the meaning of Directive (EU) 2016/97 (the "**Insurance Distribution Directive**"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II. Consequently no key information document required by Regulation (EU) No. 1286/2014 (as amended) (the "**PRIIPs Regulation**") for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

**Important – UK Retail Investors** – If the applicable Pricing Supplement in respect of the issue of any Notes includes a legend entitled "*Prohibition of Sales to UK Retail Investors*", the Notes 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 UK. For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of UK domestic law by virtue of the EUWA; or (ii) a customer within the meaning of the provisions of the Financial Services and Markets Act 2000 (as amended, the "**FSMA**") and any rules or regulations made under the FSMA to implement the Insurance Distribution Directive, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of UK domestic law by virtue of the EUWA ("**UK MiFIR**"). Consequently no key information document required by the PRIIPs Regulation as it forms part of UK domestic law by virtue of the EUWA (the "**UK PRIIPs Regulation**") for offering or selling the Notes or otherwise making them available to retail investors in the UK has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation.

**MiFID II product governance / target market** – The applicable Pricing Supplement in respect of the issue of any Notes may include a legend entitled "*MiFID II Product Governance*" which will outline the target market assessment in respect of the Notes and which channels for distribution of the Notes are appropriate. Any person subsequently offering, selling or recommending the Notes (a "**distributor**") 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 Notes (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 Product Governance rules under EU Delegated Directive 2017/593 (the "**MiFID II Product Governance Rules**"), any Dealer subscribing for any Notes is a manufacturer in respect of such Notes, but otherwise neither the Arranger nor the Dealers nor any of their respective affiliates will be a manufacturer for the purpose of the MiFID II Product Governance Rules.

**UK MiFIR product governance / target market** – The applicable Pricing Supplement in respect of the issue of any Notes may include a legend entitled "*UK MiFIR Product Governance*" which will outline the target market assessment in respect of the Notes and which channels for distribution of the Notes are appropriate. Any distributor should take into consideration the target market assessment; however, a distributor subject to the FCA Handbook Product Intervention and Product Governance Sourcebook (the "**UK MiFIR Product Governance Rules**") is responsible for undertaking its own target market assessment in respect of the Notes (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 Notes is a manufacturer in respect of such Notes, but otherwise neither the Arranger nor the Dealers nor any of their respective affiliates will be a manufacturer for the purpose of the UK MiFIR Product Governance Rules.

**Product Classification pursuant to Section 309B of the Securities and Futures Act (Chapter 289) of Singapore** – The applicable Pricing Supplement in respect of the issue of any Notes may include a legend entitled "*Singapore SFA Product Classification*" which will state the product classification of the Notes pursuant to section 309B(1) of the Securities and Futures Act (Chapter 289) of Singapore, as modified or amended from time to time (the "**SFA**"). The relevant Issuer will make a determination in relation to each issue under the Programme of the classification of the Notes being offered for the purposes of section 309B(1)(a). Any such legend included on the applicable Pricing Supplement will constitute notice to each of the "relevant persons" for the purpose of section 309B(1)(c) of the SFA.

In connection with the issue of any Tranche of Notes, the Dealer or Dealers (if any) named as the stabilising manager(s) (the "**Stabilising Manager(s)**") (or persons acting on behalf of any Stabilising Manager(s)) in the applicable Pricing Supplement may over-allot Notes or effect transactions with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail. However, stabilisation may not necessarily occur. Any stabilisation action may begin on or after the date on which adequate public disclosure of the terms of the offer of the relevant Tranche 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 and 60 days after the date of the allotment of the relevant Tranche. Any stabilisation action or over-allotment shall be conducted by the relevant Stabilising Manager(s) (or person(s) acting on behalf of any Stabilising Manager(s)) in accordance with all applicable laws and rules.

In this Offering Circular, unless otherwise specified or the context otherwise requires, references to "**Cyprus**" are to the Republic of Cyprus, references to "**euro**" and "**€**" are to the single currency introduced at the start of the third stage of European economic and monetary union pursuant to the Treaty establishing the European Community as amended by the Treaty on the European Union and the Treaty of Amsterdam, references to "**USD**" or "**U.S.\$**" are to U.S. dollars and references to "**GBP**" or "**sterling**" are to pounds sterling. In this Offering Circular, unless the contrary intention appears, a reference to a law or a provision of a law is a reference to that law or provision as extended, amended or re-enacted.

This Offering Circular contains certain forward-looking statements which can usually be identified by terms used such as 'expect', 'should be', 'will be' and similar expressions or variations thereof or their negative variations, but their absence does not mean that a statement is not forward-looking. Examples of forward-looking statements include, but are not limited to, statements relating to the Group's near term and longer term future capital requirements and ratios, intentions, beliefs or current expectations and projections about the Group's future results of operations, financial condition, expected impairment charges, the level of the Group's assets, liquidity, performance, prospects, anticipated growth, provisions, impairments, business strategies and opportunities. By their nature, forward-looking statements involve risk and uncertainty because they relate to events, and depend upon circumstances, that will or may occur in the future. Factors that could cause actual business, strategy and/or results to

differ materially from the plans, objectives, expectations, estimates and intentions expressed in such forward-looking statements made by the Group include, but are not limited to: general economic and political conditions in Cyprus and other EU Member States, interest rate and foreign exchange fluctuations, legislative, fiscal and regulatory developments and information technology, litigation and other operational risks. Should any one or more of these or other factors materialise, or should any underlying assumptions prove to be incorrect, the actual results or events could differ materially from those currently being anticipated as reflected in such forward looking statements. The forward-looking statements made in this Offering Circular are only applicable as from the date of publication of this Offering Circular. Except as required by any applicable law or regulation, the Group expressly disclaims any obligation or undertaking to release publicly any updates or revisions to any forward looking statement contained in this Offering Circular to reflect any change in the Group's expectations or any change in events, conditions or circumstances on which any statement is based.

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## PRESENTATION OF FINANCIAL AND OTHER INFORMATION

### General

The Bank's audited consolidated financial statements as at and for the year ended 31 December 2020 (including comparative information for the year ended 31 December 2019) (the "**Bank Consolidated 2020 Audited Financial Statements**") and the Bank's audited individual financial statements as at and for the year ended 31 December 2020 (including comparative information for the year ended 31 December 2019) (the "**Bank Individual 2020 Audited Financial Statements**" and, together with the Bank Consolidated 2020 Audited Financial Statements, the "**Bank 2020 Audited Financial Statements**") and the Bank's audited consolidated financial statements as at and for the year ended 31 December 2019 (including comparative information for the year ended 31 December 2018) (the "**Bank Consolidated 2019 Audited Financial Statements**") and the Bank's audited individual financial statements as at and for the year ended 31 December 2019 (including comparative information for the year ended 31 December 2018) (the "**Bank Individual 2019 Audited Financial Statements**" and, together with the Bank Consolidated 2019 Audited Financial Statements, the "**Bank 2019 Audited Financial Statements**" and, together with the Bank 2020 Audited Financial Statements, the "**Bank Audited Financial Statements**") were prepared in accordance with International Financial Reporting Standards as adopted by the EU ("**IFRS**") and with the requirements of the Cyprus Companies Law, Cap. 113.

BOCH's consolidated condensed interim financial statements as at and for the period ended 30 June 2021 (the "**BOCH Consolidated 2021 Interim Financial Statements**") were prepared in accordance with International Accounting Standards ("**IAS**") applicable to interim financial reporting as adopted by the EU (IAS 34 "Interim Financial Reporting", the standard of IFRS applicable to the preparation of interim financial statements).

BOCH's audited consolidated financial statements as at and for the year ended 31 December 2020 (including comparative information for the year ended 31 December 2019) (the "**BOCH Consolidated 2020 Audited Financial Statements**") and BOCH's audited consolidated financial statements as at and for the year ended 31 December 2019 (including comparative information for the year ended 31 December 2018) (the "**BOCH Consolidated 2019 Audited Financial Statements**" and, together with the BOCH Consolidated 2020 Audited Financial Statements, the "**BOCH Consolidated Audited Financial Statements**") were prepared in accordance with IFRS and with those parts of the Companies Act 2014 applicable to companies reporting under IFRS. The BOCH Consolidated Audited Financial Statements and the Bank Audited Financial Statements are together referred to as the "**Audited Financial Statements**".

The Audited Financial Statements and the BOCH Consolidated 2021 Interim Financial Statements, in each case, together with their accompanying notes and independent auditor's report, are incorporated by reference into this Offering Circular and should be read in conjunction with their accompanying notes.

In accordance with the EU Regulation on audit reform of public interest entities and its implications relating to the mandatory rotation of external auditors, on recommendation from the Audit Committee, on 27 June 2017 the Board of Directors of BOCH approved the appointment of PricewaterhouseCoopers ("**PwC Ireland**") and PricewaterhouseCoopers Limited ("**PwC Cyprus**") as the external auditors of the Group and the Bank, respectively, for accounting periods commencing on 1 January 2019.

PwC Cyprus was appointed by the shareholders of the Bank in an extraordinary general meeting on 2 April 2019 as the external auditor of the Group for accounting periods commencing on 1 January 2019.

The Bank Audited Financial Statements were audited by PwC Cyprus and the BOCH Consolidated Audited Financial Statements were audited by PwC Ireland. PwC Ireland conducted a review in accordance with the International Standard on Review Engagements (UK and Ireland) 2410 'Review of



Interim Financial Information performed by the Independent Auditor of the Entity' in respect of the BOCH Consolidated 2021 Interim Financial Statements.

Unless otherwise stated in this Offering Circular, financial information in relation to the Group referred to in, or incorporated by reference in, this Offering Circular has been extracted or derived without material adjustment from the Audited Financial Statements or the BOCH Consolidated 2021 Interim Financial Statements, as applicable, or has been extracted or derived from those of the Group's accounting records and its financial reporting and management systems that have been used to prepare that financial information.

### **Non-IFRS information and other statistics**

This Offering Circular also presents or incorporates by reference certain financial measures that are not measures defined under IFRS, including regulatory capital, risk weighted assets, funding and other risk measures as well as non-IFRS performance measures (alternative performance measures). In addition, this Offering Circular presents or incorporates by reference certain other operational statistics that are not measures of financial performance under IFRS. No non-IFRS information should be considered as an alternative to any IFRS financial measure. Such measures, as defined by the Group, may not be comparable to other similarly described measures used by other companies, as non-IFRS measures are not uniformly defined and other companies may calculate them in a different manner from the Group. The Group believes that these non-IFRS measures are important aids to understanding the Group's performance, operations and capital position.

In this Offering Circular and the information incorporated by reference herein, these non-IFRS performance measures have the definitions as set out in the "*Definitions and explanations on Alternative Performance Measures Disclosures*" section of the Group Annual Financial Report 2020 (as defined in the "*Documents Incorporated by Reference*" section of this Offering Circular), which is incorporated by reference into this Offering Circular.

### **Comparability of Financial Information**

In the BOCH Consolidated 2021 Interim Financial Statements, reclassifications to and restatements of 2020 comparative information were made to certain of the notes to conform to the presentation of financial information for 2021.

For a full description of the reclassifications and restatements, please refer to note "*Summary of significant accounting policies, Basis of preparation, Comparative information*", in the accompanying notes to the BOCH Consolidated 2021 Interim Financial Statements included in the Group Interim Financial Report 2021 (as defined in the "*Documents Incorporated by Reference*" section of this Offering Circular), which is incorporated by reference in this Offering Circular.

In each of the BOCH Consolidated 2020 Audited Financial Statements and the Bank 2020 Audited Financial Statements, reclassifications to and restatements of 2019 comparative information were made to certain of the notes to conform to the presentation of financial information for 2020. For a full description of the reclassifications and restatements please refer to note "*Summary of significant accounting policies, Comparative information*" in the accompanying notes to the BOCH Consolidated 2020 Audited Financial Statements included in the Group Annual Financial Report 2020 and the accompanying notes to the Bank Consolidated 2020 Audited Financial Statements included in the Bank Annual Financial Report 2020 (as defined in the "*Documents Incorporated by Reference*" section of this Offering Circular), as applicable, each of which is incorporated by reference in this Offering Circular.

Such reclassifications and restatements did not have an impact on the financial results for the period ended 30 June 2021 or the 2020 financial year or on the equity of the Group for the period ended 30 June 2021 or the Group and the Bank as at the end of the 2020 financial year.

## **Rounding and negative amounts**

Certain figures contained in, or incorporated by reference in, this Offering Circular, including financial, statistical and operating information, have been subject to rounding adjustments. Accordingly, figures shown for the same category presented in different tables may vary slightly, and figures shown as totals in certain tables may not be an exact arithmetic aggregation of the figures which precede them. In addition, certain percentages in this Offering Circular have been calculated using rounded figures.

Negative amounts in, or incorporated by reference in, this Offering Circular are shown between brackets or otherwise indicated by the surrounding text (such as describing such amount as "negative").

## **Market and Industry Information and Other Data**

All references to market share, market data, industry statistics and industry forecasts in, or incorporated by reference in, this Offering Circular consist of estimates compiled by industry professionals, competitors, organisations or analysts of publicly available information, including governmental sources, or of the Group's own knowledge of its sales and markets. Certain statements made in, or incorporated by reference in, this Offering Circular are based on the Group's own proprietary information, insights, opinions or estimates, and not on any third-party or independent source; these statements contain words such as 'the Group believes', 'the Group expects', 'the Group sees', and as such do not purport to cite, refer to or summarise any third-party or independent source and should not be so read.

Industry publications and governmental statistics generally state that their information is obtained from sources believed to be reliable but that the accuracy and completeness of such information is not guaranteed and that the projections they contain are based on a number of significant assumptions.

Although the Group believes these sources to be reliable, the Group does not have access to the information, methodology and other bases for such information and has not independently verified the information. Where third-party information has been sourced in this Offering Circular or in information incorporated by reference herein, the source of such information has been identified. The information in, or incorporated by reference in, this Offering Circular that has been sourced from third parties has been accurately reproduced with reference to these sources in the relevant paragraphs and, as far as the Group is aware and able to ascertain from the information published by that third party, no facts have been omitted that would render the reproduced information inaccurate or misleading.

The Group makes certain statements in this Offering Circular or in information incorporated by reference herein regarding its competitive and market position. The Group believes these statements to be true, based on market data and industry statistics, but the Group has not independently verified the information. The Group cannot guarantee that a third party using different methods to assemble, analyse or compute market data or public disclosure from competitors would obtain or generate the same results. In addition, the Group's competitors may define their markets and their own relative positions in such markets differently than the Group does and may also define various components of their business and operating results in a manner which makes such figures non-comparable with the Group's.

All references to a "branch" or "branches" in this Offering Circular or in information incorporated by reference herein denote a place or places where the Group has a physical presence and do not necessarily denote that the Group either maintains a retail branch or provides counter or other client services at such location.

## **References to Laws, Rules and Regulations**

Unless otherwise specified, all references in this Offering Circular, or in any information incorporated by reference herein, to any treaty, law, regulation, directive or rules are to it or them as amended or re-enacted from time and time and in force as of the date of this Offering Circular.

## **OFFERING CIRCULAR SUPPLEMENT**

The Issuers have given an undertaking to the Dealers that if at any time during the duration of the Programme there is a significant new factor, material mistake or material inaccuracy relating to information contained in this Offering Circular which is capable of affecting the assessment of any Notes and whose inclusion in this Offering Circular or removal is necessary for the purpose of allowing an investor to make an informed assessment of the assets and liabilities, financial position, profits and losses and prospects of the relevant Issuer and the rights attaching to the Notes, the Issuers shall prepare a supplement to this Offering Circular or publish a replacement Offering Circular for use in connection with any subsequent offering of the Notes and shall supply to each Dealer such number of copies of such supplement hereto as such Dealer may reasonably request.

## RISK FACTORS

*Investing in the Notes involves risk. You should carefully consider the risk factors set out below and all other information contained in this Offering Circular, including the Group's and the BOC Group's (as defined below) financial statements and the related notes, before making any investment decision regarding the Notes. The risks and uncertainties described below are those currently known and specific to the Group or the banking industry that the Group believes are relevant to an investment in the Notes. If any of these risks or uncertainties materialises, the Group's financial condition or results of operations could suffer. Some of the risks described below would, in the event that they were to materialise, specifically affect the Bank. However, events that would materially and adversely affect the Bank will likely also materially and adversely affect the Group as a whole. Moreover, the risks and uncertainties described below may not be the only ones faced by the Group. Additional risks not currently known to the Group or that the Group now deems immaterial may also adversely affect the Group and any investment in the Notes.*

### **CERTAIN ISSUES OF NOTES INVOLVE A HIGH DEGREE OF RISK AND YOU SHOULD BE PREPARED TO SUSTAIN A LOSS OF ALL OR PART OF YOUR INVESTMENT.**

*Words and expressions defined in "Terms and Conditions of the Notes" below (or elsewhere in this Offering Circular) have the same meanings in this section.*

*Financial information disclosed as at and for the years ended 31 December 2020 and 31 December 2019 relates to both the Group and to the Bank and its consolidated subsidiaries (the "BOC Group"), whereas financial information as at and for the six months ended 30 June 2021 and 30 June 2020 relates only to the Group. The information as at and for the six months ended 30 June 2020 has been extracted from the comparative information set out in the Group Interim Financial Report 2021 (as defined in the "Documents Incorporated by Reference" section of this Offering Circular), which is incorporated by reference in this Offering Circular.*

## RISKS FACTORS RELATING TO THE GROUP

### **Risks Relating to Asset Quality, Provisions and Capital**

***The Group's financial condition and prospects are materially affected by its ability to reduce the high level of NPEs in its existing portfolio and the price at which it is able to dispose of these NPEs***

The Group's loans and advances to customers (net of provisions and residual fair value adjustment on initial recognition for loans and advances to customers measured at amortised cost and changes in fair value for loans and advances to customers measured at fair value through profit or loss) declined from €10.7 billion as at 31 December 2019 to €9.9 billion as at 31 December 2020 and €10.0 billion as at 30 June 2021. The Group's Non-Performing Exposure ("NPE") ratio was 14.6<sup>1</sup> per cent. of gross loans<sup>2</sup> as at 30 June 2021 following completion of Project Helix 2 (as defined below). The Group continues to work towards decreasing the NPEs on the balance sheet. See "*Recent Developments: Helix 3*".

Notwithstanding the significant reduction in the total of the Group's NPEs since their peak in 2014, NPEs continue to comprise a significant proportion of the Group's loan portfolio and require a significant portion of the Bank's capital to be held against them. Accordingly, the Group's ability to provide new loans to grow its loan portfolio remains dependent on the reduction of NPEs. Whilst the

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<sup>1</sup>The NPE ratio is calculated as: the NPEs (as defined in the section entitled "*Definitions and explanations of Alternative Performance Measures Disclosures*" of the Group Interim Financial Report 2021 which is incorporated by reference in this Offering Circular) divided by gross loans (as defined below).

<sup>2</sup>Gross loans are comprised of: (i) gross loans and advances to customers measured at amortised cost before the residual fair value adjustment on initial recognition (including loans and advances to customers classified as non-current assets held for sale) and (ii) loans and advances to customers classified and measured at fair value through profit or loss adjusted for the aggregate fair value adjustment, as defined in the section entitled "*Definitions and explanations of Alternative Performance Measures Disclosures*" of the Group Interim Financial Report 2021 which is incorporated by reference in this Offering Circular.

reduction in NPEs to date has been effected by portfolio sales and organic reductions there can be no assurance that the Group will be able to continue the reduction in the level of its NPEs at the current rate. In particular, the Group's ability to reduce the level of its NPEs is significantly dependent on its ability to restructure, collect and/or rehabilitate these loans. Furthermore, while any further sale of NPEs or portfolios of NPEs by the Group would reduce the level of its NPEs and may result in a reduction in provisions held against them, the sale may potentially result in a loss being recorded, which could have a material adverse effect on the Group's results for the relevant financial period and the Group's capital position in the longer term. See "*Description of the Group – Key loan portfolio disposals*".

***As a significant proportion of the Group's loan portfolio is secured primarily by mortgages over Cypriot real estate and the Group has a significant portfolio of real estate in Cyprus, mainly as a result of the enforcement of loan collateral and debt-for-asset swaps, the Group's business, financial condition, results of operations and prospects are materially affected by changes in the demand for, and prices of, Cypriot real estate***

The Group has substantial exposure to the Cypriot real estate market as the majority of its NPE portfolio is secured by mortgages over real estate in Cyprus. As at 30 June 2021, mortgages over real estate collateral accounted for 84.6 per cent. of the total collateral held by the Group with respect to its on-balance sheet exposure. The total carrying value of the Group's Cypriot real estate assets resulting from the enforcement of loan collateral or from debt-for-asset swaps amounted to €1.4 billion as at 30 June 2021. As at 30 June 2021, 13.0 per cent. of the Group's real estate assets were residential buildings, 22.0 per cent. were commercial buildings, 37.0 per cent. were land and another 18.7 per cent. was concentrated in golf resort properties. Accordingly, the Group's business, financial condition, results of operations and prospects would be materially affected by changes in the demand for, and prices of, Cypriot real estate.

In the years following the 2013 recession, the real estate market in Cyprus stabilised and has experienced signs of positive recovery since 2015. In particular, in 2016 and 2017, the value of sales contracts increased significantly across all districts in Cyprus, stabilising at high levels in 2018 and 2019. The depth of this increase in real estate transactions is mostly evident in the number of sale contracts filed at the Department of Lands and Surveys ("**DLS**"), which has seen year-on-year increases between 2013 and 2019 inclusive (cumulatively to over 150 per cent.). Additionally, in 2020 property sales in Cyprus totalled 8,000 transactions, recording an annual increase of 23.0 per cent. compared to 2019. This increasing trend was also evident in the first half of 2021, during which the DLS recorded an additional 37.0 per cent. increase over the same period of 2020.

In the event that the performance of the Cypriot real estate market stalls and/or real estate prices decline, the Group's ability to restructure NPEs secured by Cypriot real estate would be adversely affected and the corresponding decline in the recovery value of real estate assets held as collateral could lead to higher impairment provisions for the Group. In relation to real estate over which the Group has obtained control, the Group could also incur ongoing costs to maintain the value of its real estate portfolio in Cyprus. Any material failure by the Group to sell its real estate assets could result in the continuation of all ongoing operational and maintenance costs. More importantly, any material decline in Cypriot real estate prices could result in a write-down in the carrying value of the Group's real estate assets. Any such write-down in value of, and/or material failure to sell, the Group's real estate assets could have a material adverse effect on the profitability and capitalisation of the Group. In particular, the Group may have to increase its impairment/write-down in value on its real estate assets as a result of any deteriorations in asset valuations and/or requests by the European Central Bank (the "**ECB**") to do so or increase capital held against such properties.

The Group's ability to realise the value of its real estate portfolio is dependent on a number of external factors over which the Group has no control, such as foreign investor demand (which has historically been a material source of demand for Cypriot real estate), the availability of capital gains tax relief in Cyprus for purchases of real estate in connection with debt restructurings and government policies with

respect to real estate investment requirements for Cypriot citizenship and residency. Accordingly, any slowing of foreign financing, any reduction or termination of tax and other incentives by the Government and/or an oversupply of new properties resulting from the growth in housing construction could result in a decline in the prices or demand for Cypriot real estate and any declines in the prices or demand for Cypriot real estate could have a material adverse effect on the Group's business, financial condition, results of operations, prospects and capital position.

***Increases in new provisions could materially adversely affect the Group's financial condition and results of operations***

In connection with its lending activities, the Group provides for loan losses and advances to customers, which are recorded in its profit and loss account. As at 30 June 2021, the Group's provision for expected credit losses of loans and advances to customers at amortised cost was €0.7 billion, excluding residual fair value adjustment on initial recognition and provision for off-balance sheet exposures. The Group's overall level of provisions is based on its assessment of expected credit losses which are calculated using exposures at default (which represents the expected exposure in the event of a default), loss given default (which takes into account historical losses, collateral realisation and cash recovery rates, collateral value and the time value of money) and probability of default. The calculation of expected credit losses is based on three-weighted scenarios measuring the expected cash flow shortfalls, discounted at an approximation to the effective interest rate as calculated at initial recognition. See "*Calculation of expected credit losses*" in the notes accompanying the BOCH Consolidated 2021 Interim Financial Statements, which are incorporated by reference in this Offering Circular.

As a result of deteriorating economic conditions, changes in regulatory or accounting requirements or other causes and considerations, the Group's lending businesses may have to increase their provisions for loan losses in the future. In particular, the Group may have to increase its provisions as a result of any increases in its NPEs, deteriorations in asset valuations and/or requests by the ECB to do so.

Any significant increase in provisions for loan losses or a significant change in the Group's estimate of the risk of loss inherent in its portfolio of non-impaired loans, as well as the occurrence of loan losses in excess of the related provisions, may have a material adverse effect on the Group's business, financial condition, results of operations and capital position.

***The Group is subject to ECB supervision which may result in requests that it increase its loan provisions or impairments of stock of properties, raise additional capital or result in increased costs***

As described in "*Regulatory Framework and Supervision – Supervision of the Group*", the Bank and the Group are subject to joint supervision by the ECB and the CBC for the purposes of their prudential requirements. The Bank is further regulated and supervised by the CBC with respect to matters not within the ECB's supervisory remit under the SSM Regulation. Accordingly, the Group's compliance with prudential requirements is significantly dependent on the ECB's and CBC's interpretations and decisions in relation to these requirements.

The CRR, among other things, defines the minimum capital requirements and the CRD IV Directive defines the combined buffer requirements for EU institutions. In addition, the CRD IV Directive provides that competent authorities regularly carry out the Supervisory Review and Evaluation Process ("**SREP**"), to assess and measure risks not covered, or not fully covered, under Pillar 1 and determine additional capital and liquidity requirements (Pillar 2 requirements). The SREP is conducted under the lead of the ECB. The SREP decision is tailored to each bank's individual profile.

Furthermore, on 20 March 2017, the ECB published its final "Guidance to banks on non-performing loans", which clarifies supervisory expectations regarding the identification, management, measurement and write-off of non-performing loans ("**NPLs**") in the context of existing regulations, directives and guidelines. On 15 March 2018, the ECB launched the final addendum to the aforementioned ECB guidance on NPLs, which supplements such guidance by specifying the ECB's

supervisory expectations when assessing a bank's levels of prudential provisions for NPEs and reinforces the guidance with regards to fostering timely provisioning and write off practices, and may be amended from time to time. On 14 March 2018, the European Commission presented a package of measures to tackle high NPL ratios in Europe.

On 31 October 2018, the European Banking Authority published its final guidelines on management of non-performing and forborne exposures (the "**EBA Guidelines**"). The EBA Guidelines require institutions to establish NPE reduction strategies and introduce governance and operational requirements to support them. The EBA Guidelines specify sound risk management practices for credit institutions in their management of NPEs and forborne exposures, including requirements on NPE reduction strategies, governance and operations of NPE workout framework, internal control framework and monitoring and to have in place policies for timely impairments and write-offs.

The ECB, as the Group's competent authority, has power, among others, to request changes in the provisioning policy, impairment methodology of stock of properties, or treatment of items in terms of own funds requirements, for the purposes of CRD IV and CRD V, as well as requirements in relation to capital and liquidity. Accordingly, loan provisioning, additional capital and other requirements, whether based on an interpretation of current rules or the application of new rules or guidance, could be imposed on the Group as a result of these supervisory processes. Any such requirements could lead to, amongst other things, increased costs for the Group, limitations on the Bank's capacity to lend and further restructuring of the Group which could have a material adverse effect on the business, financial condition, results of operations and prospects of the Group.

The ECB, as part of its supervisory role, completed an on-site inspection and review on the value of the Group's foreclosed assets with a reference date 30 June 2019. The findings led to a prudential charge which will decrease based on the Bank's progress in disposing of the properties in scope. The amount has been directly deducted from the Group's own funds resulting in a decrease in the Group's Common Equity Tier 1 ("**CET 1**") ratio by approximately 44 basis points as at 30 June 2021.

***The Group may not be allowed to continue to recognise certain deferred tax assets as regulatory capital or as an asset, which may have an adverse effect on its operating results and financial condition***

Legislative amendments (the "**DTA Law Amendments**") allowing for the conversion of specific deferred tax assets ("**DTA**") into deferred tax credits ("**DTC**") were adopted in Cyprus in March 2019. The DTA Law Amendments resulted in an improved regulatory capital treatment for the Group's DTAs. As at 30 June 2021, the Group had DTAs satisfying the requirements of the DTA Law Amendments in an amount equal to €0.3 billion (compared to €0.3 billion as at 31 December 2020). The Group currently includes DTAs in calculating the Group's capital and capital adequacy ratios. Under applicable capital requirements regulations, DTAs recognised for IFRS purposes and which rely on future profitability and arise from taxable and deductible temporary differences between the tax base and the carrying amount of an asset or a liability of a credit institution and that exceed certain thresholds must be deducted from an entity's CET 1 capital.

If the regulations governing the use of DTCs as part of the Group's regulatory capital change, the Group's capital base and consequently its capital ratios may be adversely affected. There can be no assurance that any final interpretation of the DTA Law Amendments described above will not change.

Furthermore, the European Commission has raised concerns in connection with the DTA Law Amendments and that the treatment of tax losses pursuant to the DTA Law Amendments could amount to state aid.

The Group understands that the Cypriot government, in response to concerns raised by the European Commission, is considering amending the DTA Law Amendments by potentially including the requirement for an additional fee over and above the current 1.5 per cent. annual guarantee fee payable in order to maintain the conversion of DTAs into DTCs. The Group estimates that such increased fees

could fluctuate annually and could amount to up to €5.3 million per year (for each applicable tax year in scope, i.e. since 2018). In this respect, the Group has recognised an amount of €3.5 million and €12.5 million during the year ended 31 December 2020 and 2019 respectively, to bring the total amount provided for the period 2018 to 2020 to €15.9 million, being the maximum expected increased amount for these years.

## **Risks Relating to the Cypriot, European and Global Economies and the Financial Markets**

### **Macroeconomic Risks and COVID-19 Consequences**

Cyprus is a small and very open economy, highly dependent on its export services, particularly tourism and business services. As such, Cyprus remains vulnerable to its external environment and susceptible to exogenous shocks. This vulnerability is compounded by a relatively undiversified goods export base, high reliance on external demand and a deterioration in domestic macroeconomic indicators, primarily the steep increase in public debt and the widening of the current account deficit as a consequence of the COVID-19 pandemic.

#### ***The external post-pandemic environment harbours additional risks***

The global economy, underpinned by large monetary accommodation and continued generous fiscal support, is recovering briskly from the deep, pandemic-induced recession in 2020. However, global risk factors remain and may potentially impact on the business environment and the performance and outlook of the Cyprus economy. The main global risks include: the escalating geopolitical tensions between the United States and China; the elevated inflationary pressures prevalent in 2021 and their consequential impact for monetary policies; and the persisting threat of new variants of COVID-19. Any of these risks or a combination thereof could adversely affect the external environment in which Cyprus operates.

The US and China are in a geopolitical competition that underpins restrictions on trade, technology, and investment and which may have long-term and sustained implications. It has also led to the formation of new collaborations between countries such as the AUKUS pact between Australia, the UK, and the US, to counter China. This geopolitical rivalry may threaten a fragmentation where countries may be forced to take sides. This may impact on technological innovation, lead to sanctions, and increase uncertainty in global trade and investment.

There is a risk of monetary tightening if current inflationary pressures prove to be more than transitory. The prevalent view amongst central bankers is that inflation pressures, which are becoming more widespread as the economy recovers, will be brief. Inflation pressures reflect shortages induced by pandemic-related supply chain disruptions amidst faster rising aggregate demand. Whilst these pressures will pass as supply and demand forces eventually rebalance, what is less certain is the medium-term impact of the massive rise in money supply globally as a result of excessively accommodative monetary policies. If global inflation accelerates for these or other reasons, central banks may be forced to remove their accommodative monetary policies and revert to tightening, a development that will lead to higher interest rates.

Inflationary pressures in the emerging world have already led a number of countries (including Brazil and Russia) raising interest rates in 2021. Where sovereigns have grown increasingly leveraged as a result of the pandemic, the normalisation of interest rates will lead to higher service costs for governments thus necessitating a reversion to fiscal consolidation setting back the process of economic recovery in those countries. More importantly, the potential for US bond yields to rise faster than now expected, could raise emerging market risk premiums which will reduce capital flows. In the countries with vulnerable external positions, bond sell offs could trigger currency and debt crises.

One of the main risks for the global recovery is that new and more aggressive variants of COVID-19 prove resistant to current vaccines, e.g. the Delta variant. This may lead to a perpetual cycle of having to update vaccines regularly and eventually the virus becomes resistant to them. In this case, COVID-



19 will continue to disrupt supply chains, underpinning rising shortages and escalating inflation pressures.

Should the external environment in which the Group operates deteriorate as a result of any of the above or other factors, this could have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

***In the domestic economy the macroeconomic environment has deteriorated as a result of the COVID-19 pandemic and the mitigating measures that were implemented affected public finances***

Despite its high dependence on tourism, Cyprus weathered the pandemic crisis better than the EU on average, and better than was initially anticipated. Cyprus' GDP contracted by 5.2 per cent. in 2020 compared with a contraction of 5.9 per cent. in the EU as a whole. This performance was supported by an extensive fiscal support programme in addition to the measures taken by the ECB to ascertain the smooth flow of liquidity in the European economy and avoid fragmentation in bond markets. Cyprus' better-than-average performance was also due to the fact that its economy is less exposed to industry compared to the EU average and has a larger exposure to non-tourist sectors that did relatively well and were growth-neutral in 2020, including information and communications, professional services, public administration, education and health.

However, the measures taken to mitigate the impact of the pandemic took a toll on public finances. The budget turned deeply negative in 2020, at 5.7 per cent. of GDP from a surplus position in 2019, and it is expected to improve only marginally in 2021, as support measures continue. The total debt of the general government rose to 115.3 per cent. of GDP in 2020 from 91.1 per cent. in 2019. This large stock of public debt weighs negatively on Cyprus' sovereign credit assessment, especially as global risk factors are also more heightened.

An ultra-loose monetary policy from the ECB keeps funding costs low, supporting debt sustainability and ensuring sufficient bank access to liquidity. Cyprus also has a favourable debt structure with a fairly long maturity of eight years, which reduces refinancing risks. The EU's recovery and resilience funds provides added support that will aid the country in its green and digital transitions. However, the large stock of public debt limits policy space and exposes the country to the risk of monetary instability in the euro area.

Being highly reliant on tourism, services exports dropped steeply in 2020, exposing vulnerabilities in the current account. A high reliance on imports of goods leaves a funding gap when services exports drop as they did in 2020 and the current account deficit widened to 11.5 per cent. of GDP compared with a deficit of 6.1 per cent. of GDP in 2020. In addition, the income accounts feature large and chronic deficits, reflecting a structural weakness.

The current-account deficit is expected to shrink gradually from 2022 onwards as services earnings recover—offsetting stronger domestic demand—and as EU recovery funds are credited in the secondary income account. However, the current account deficit is anticipated to remain larger than pre-pandemic levels until 2023, owing in part to strong import receipt growth linked to the EU investment plans, which will weigh on the trade balance.

In the banking sector, much has been achieved since the 2012-14 financial crisis. Banks have reduced their foreign exposures and deleveraged their balance sheets significantly; the regulatory framework and prudential oversight has been strengthened; a new resolution and bankruptcy framework has been implemented; and the non-performing exposures ratio has dropped steeply from 47.5 per cent. at 31 December 2014, to 17.4 per cent. at 31 July 2021, with a coverage ratio of 50.6 per cent.

The reduction notwithstanding, the non-performing ratio is particularly elevated, and the banking sector remains vulnerable to renewed instability from the economic impact of the coronavirus pandemic. Since the outbreak of the COVID-19 pandemic in early 2020, the Group has experienced a decline in its

activity. For example, the granting of new loans to individuals was reduced since the beginning of the state of emergency and periods of confinement decreed in Cyprus. Furthermore, income derived from fees and commissions has decreased due to a lower volume of transactions. In addition, the Group faces various risks, such as an increased risk of deterioration in the value of its assets (including financial instruments valued at fair value, which may suffer significant fluctuations) and of securities held for liquidity reasons, a possible significant increase in NPEs and loan provisions and a negative impact on the Group's cost of financing and on its access to financing (especially in an environment where credit ratings are affected), all of which stem from the ongoing disruption caused by the COVID-19 pandemic.

The eventual withdrawal of extraordinary support provided by national governments is expected to impact credit quality and potentially lead to credit losses. Although the Group is well capitalised, it remains vulnerable as a significant portion of its lending is in sectors exposed to disruption resulting from the pandemic. Credit risk is expected to increase going forward. Profitability, which is already low for European banks generally, is expected to decrease further which will impair the ability of banks to generate capital internally at a time when more capital might be needed given the overall economic situation.

All of these factors have adversely affected, and are expected to continue to affect, the Group's results. Furthermore, the Group may be adversely affected by the measures adopted by regulatory authorities in the banking sector, including but not limited to, recent reductions in reference interest rates, the adoption of moratorium measures for bank customers as, post the moratorium period, the Group may experience increases in NPEs and loan provisions.

***Economic conditions in Cyprus have had, and may continue to have, a material adverse effect on the Group's business, financial condition, results of operations and prospects***

The Group's business and performance are materially dependent on the economic conditions in, and future economic prospects of, Cyprus where the Group's operations and earnings are predominantly based and generated. As at 30 June 2021, 99.5 per cent. and 99.9 per cent. of the Group's total assets and total liabilities, respectively, and 98.1 per cent. of the Group's total revenue<sup>3</sup>, were derived from operations in Cyprus. As one of the largest deposit-taking institutions and providers of loans in Cyprus, the Group's assets and liabilities are mostly comprised of loans to, and deposits from, Cypriot businesses and households which, in turn, are materially affected by economic conditions in Cyprus.

The outlook on credit assessment for the next couple of years is stable, under a baseline scenario. Economic recovery is expected to advance at a good pace, and public finances to improve with the deficit narrowing and public debt declining in relation to GDP. Funding costs can be expected to remain low as the ECB's accommodative policies will persist. Real GDP is expected to increase by 5.5 per cent. in 2021 and by 4.0 per cent. in 2022 according to the Ministry of Finance, which is a more upbeat outlook compared with the summer forecasts of the European Commission.

Political uncertainty in Cyprus remains elevated because of the continued de facto division of the island and because of tensions in the eastern Mediterranean over conflict with Turkey regarding the delimiting of economic zones and off-shore exploration activities.

Should the Cypriot economy deteriorate as a result of any of the above or other factors, this could have a material adverse effect on the Group's business, financial condition, results of operations and prospects. In particular, the value of the Group's assets (a significant proportion of which is comprised of the Bank's domestic loan portfolio) and the ability of its clients and counterparties to meet their financial obligations, could be adversely affected and could cause loan impairment charges to rise and

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<sup>3</sup> Total revenue includes net interest income, net fee and commission income, net foreign exchange gains, net gains on financial instrument transactions, insurance income net of claims and commissions, net gains/(losses) from revaluation and disposal of investment properties, net gains/(losses) on disposal of stock of property and other income.

fee and commission income and interest income to reduce or cause the Group to incur further mark-to-market losses.

## **Funding and Liquidity Risks**

*The Group is dependent on customer deposits and central bank funding for liquidity and any difficulties in securing these sources of liquidity may materially adversely affect the Group's business, financial condition, results of operations and prospects*

In managing its liquidity risk, the Group is dependent on external sources of funding, through deposits, interbank loans and wholesale markets, as well as central banks, such as the ECB. The ability of the Group to access these funding sources on favourable economic terms, or at all in circumstances where the Group's financial condition and/or the Cypriot economy substantially deteriorates, is subject to a variety of factors, including a number of factors outside of its control, such as liquidity constraints, general market conditions and the level of confidence in the Cypriot banking system and the Bank.

Currently, the Group's two principal sources of funds are customer deposits, particularly retail deposits, and central bank funding. As at 30 June 2021, customer deposits and ECB funding represented 80.7 per cent. and 14.3 per cent., respectively, of the Group's funding.<sup>4</sup>

The availability of ongoing funding from customer deposits is subject to factors such as depositors' concerns relating to the economy in general, the financial services industry and the Group specifically, and any significant deterioration in economic conditions in Cyprus (including as a result of the COVID-19 pandemic). Any of these factors separately or in combination could lead to a sustained reduction in the Group's ability to access customer deposit funding on appropriate terms in the future.

In addition, the low interest rate environment over the last few years resulted in deposits becoming progressively more short-term, increasing liquidity risk.

Access to central bank funding may not always be available. In the event that there is a significant reduction or elimination in the liquidity support provided by governments and central authorities, the Group may encounter increased difficulties in procuring liquidity in the market and/or higher costs for procurement of such liquidity, thereby adversely affecting its business, financial condition or results of operations. In addition, such funding is subject to funding provision rules. The amount of available funding is tied to the value of the collateral the Group provides, including the market value of retained covered bonds, as well as the value of the Group's loan and bond portfolios, which may also decline in value. If the value of the Group's assets declines, then the amount of funding the Bank can obtain from these facilities may be reduced. If securities or other assets that are currently used by the Bank as collateral were no longer eligible to serve as collateral for central bank funding, this may negatively impact the Bank's ability to raise funding as well as funding costs.

If there is a material decrease in the Group's customer deposits and/or the Group is unable to obtain the necessary liquidity from central banks, the Group may not be able to maintain its current levels of funding without disposing of a number of the Group's assets at a discount or having to raise additional funding through other sources at high cost.

In addition, in such circumstances the Bank may become subject to restrictive measures and capital controls by the Cypriot Government and/or other measures taken with respect to the Bank under the Bank Recovery and Resolution Directive regime pursuant to Directive 2014/59/EU, as amended by Directive (EU) 2019/879 ("**BRRD II**", and together with Directive 2014/59/EU, "**BRRD**") and Regulation 806/2014/EU (the "**SRM Regulation**") (see "*Regulatory Framework and Supervision – Principal Financial Services Regulatory Requirements – Bank Recovery and Resolution*"), which,

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<sup>4</sup> Group funding constitutes deposits by banks, funding from central banks, customer deposits, senior notes and subordinated loan stock.

individually or together, could have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

***The Group's ability to enter into transactions with other financial institutions and access the international capital markets may be limited depending on its credit rating and risk profile***

The Bank routinely transacts with counterparties in the financial services industry, including brokers and dealers, commercial banks, investment banks and other institutional clients. Sovereign credit pressures may weigh on Cypriot financial institutions, limiting their funding operations and weakening their capital adequacy by reducing the market value of their sovereign and other fixed income holdings. These liquidity and capital concerns may potentially adversely affect inter-institutional financial transactions in general. In particular, as a Cypriot financial institution, in such circumstances the Bank's ability to enter into what would have been routine transactions with international counterparties may be adversely affected as a result of such counterparties' concerns as to the credit risk they would be taking with respect to the Bank. In the event of a deterioration of credit markets as a result of any future deterioration in the sovereign credit outlook and the credit outlook for Cypriot financial institutions the Group's credit rating and risk profile may require higher amounts of collateral, particularly cash collateral, to secure its transactions with international counterparties or adversely affect the Group's ability to enter into transactions or access the international capital markets for funding. An increase in the costs of such transactions may have an adverse effect on the Group's ability to hedge its foreign currency and other market risk exposures and to manage its funding and liquidity reserves. While credit market conditions have improved and counterparties have re-opened lines of credit with the Bank, which is now centrally clearing interest rate swaps transactions, there may be a risk that the credit situation may deteriorate as a result of any future deterioration in the sovereign credit outlook and the credit outlook for Cypriot financial institutions.

## **Market Risks**

***Risk of fluctuation of prevailing securities prices***

The Group can be adversely affected by changes in the market price of securities (mainly debt securities) and funds that it holds. As at 30 June 2021, the Group had a €2.2 billion portfolio of investments in debt and equity securities and funds and investments pledged as collateral. Changes in the price of securities that are classified as investments at fair value through profit and loss affect the profit of the Group whereas changes in the value of securities classified as "held to collect and sell" affect the equity of the Group. The Group maintains significant holdings of Cyprus government bonds classified as "held to collect and sell", thus any tightening or widening of the spread on these bonds will positively or negatively impact the Group's reserves, respectively. As at 30 June 2021, the Group held €0.8 billion of Cyprus government bonds of which €0.4 billion are classified as "held to collect and sell". The rest are classified as "held to collect". In addition, the Group's insurance and investment businesses are subject to the risk of negative price adjustments in the value of debt and equity securities and funds held in their investment portfolios.

***Risk that ECB actions intended to support liquidity and the economy overall may be insufficient or be discontinued.***

In the past, the ECB and the European Council have taken actions with the aim of reducing the risk of contagion in the Eurozone and beyond and improving economic and financial stability. Notwithstanding these measures, a significant number of financial institutions throughout Europe have substantial exposures to sovereign debt issued by Eurozone (and other) nations, which may be under financial stress. Should any of those nations default on their debt, or experience a significant widening of credit spreads, major financial institutions and banking systems throughout Europe could be adversely affected, with wider possible adverse consequences for global financial market conditions.

During 2020 the ECB put in place a set of monetary policy and banking supervision measures to mitigate the impact of the COVID-19 pandemic on the euro area economy and to support all European citizens. In particular, the €1,850 billion pandemic emergency purchase programme ("**PEPP**") aims to lower borrowing costs and increase lending in the euro area. The ECB will terminate net asset purchases under the PEPP once it judges that the COVID-19 crisis phase is over, but in any case, not before the end of March 2022. The maturing principal payments from securities purchased under the PEPP will be reinvested until at least the end of 2023. The PEPP programme complements the asset purchase programmes that have been in place since 2014.

On 21 July 2020, the EU agreed on a €750 billion recovery effort to help the EU tackle the crisis caused by the pandemic. Alongside the recovery package, the EU agreed on a €1,074.3 billion long-term EU budget for 2021-2027. Among other things, the budget will support investment in the digital and green transitions.

The risk of returning to a fragile and volatile environment exists if current ECB policies in place are quickly reversed, the reforms aimed at improving productivity and competition do not progress, the closing of the banking union and other measures of integration are not deepened or anti-European groups succeed. There could also be an adverse impact on the price of securities the Group holds, as a result of reduced demand/increase in supply.

***A prolonged period of low market interest rates or changes in interest rates may negatively affect the Group's net interest income and have other adverse consequences***

Interest rates are highly sensitive to many factors beyond the Group's control, including monetary policies and domestic and international economic and political conditions. There is a risk that future events may alter the interest rate environment.

Since the global financial crisis in 2008, the Eurozone, the ECB and the national central banks have adopted monetary easing policies which have exerted downward pressure on interest rates and yield curves. This has resulted in interest rates at historical lows that have contributed to a reduction in the Group's net interest income and net interest margin. This has been exacerbated by the COVID-19 pandemic which has also resulted in reductions in reference rates across many currencies including the euro, and such low levels of (and in some cases negative) rates are expected to continue in the short term, albeit with an expectation that rates will begin to rise over the medium term. These factors have to date limited the Group's ability to increase its net interest income as a result of the Bank's inability to decrease interest rates on customer deposits and accounts below zero per cent. As a measure to partially cover the impact of negative market rates, the Bank introduced a liquidity fee, which is currently applied on legal entity euro deposits (above a threshold per customer, which is currently set at €100,000), subject to certain exceptions. There can be no assurance that interest rates will not fall further or as to when (or if) they will rise again and a continued environment of low interest rates will continue to limit the Group's ability to increase its net interest income and/or retain customer deposits.

Rising or falling interest rates may, in either case, have a material impact on the Group's income and balance sheet. Changes in market interest rates may affect the interest rates the Group charges on its interest-earning assets differently from the way that it may affect the interest rates it pays on its interest-bearing liabilities, which could reduce the Group's net interest income. In addition, different types of assets and liabilities may be linked to different interest reference rates which may expose the Group to basis risk. Accordingly, changes in interest rates or a failure to manage its basis risk effectively may have a material adverse effect on the business, financial condition and results of operations of the Group. In the case of an increase in interest rates, competitive pressures and/or fixed rates in existing loan commitments or facilities may restrict the Group's ability to increase lending rates. Rising interest rates may also result in an increase in the Group's allowance for the impairment of loans and advances to customers if customers cannot refinance in a higher interest rate environment, thereby potentially increasing the Group's NPEs. See also "*Macroeconomic Risks and COVID-19 Consequences*" above.

## **Business Risks**

### ***The Group's businesses are conducted in a highly competitive environment***

The Group faces significant competition from domestic banks, international banks and financial technology (fintech) companies operating in Cyprus and in other parts of Europe, particularly in relation to its lending and wealth management businesses.

The Group continues to invest in its digital transformation strategy in order to safeguard its market position from the competition and at the same time remains ready to explore opportunities that may arise to form strategic alliances that complement its strategy.

Some of the foreign banks operating in Cyprus may have more resources than the Bank and have focused their operations to cater for domestic retail, SME and corporate clients, as well as international clients. Moreover, with respect to international clients, Cyprus as a country competes with other low tax jurisdictions focused on the provision of financial services. If the Bank is unable to successfully compete with other institutions, these competitive pressures may have an adverse effect on the Group's business, financial condition and results of operations.

### ***The Group's ability to grow its business and maintain its competitive position depends, in part, on the success of new operations, products and services and the implementation of its digital transformation strategy***

The Group intends to continue to explore and pursue opportunities to strengthen and grow its business generally. This includes the implementation of its digital transformation strategy.

The success of the Group's business, financial condition, results of operations, prospects and competitive position in general depends, in part, on the success of new products and services offered to clients, including the shifts to digitalisation pursuant to the Group's implementation of its digital transformation strategy. For more detail on the Group's digital transformation strategy, see "*Description of the Group–Information Technology*". However, the Group cannot guarantee that these new platforms and systems and the new products and services to be provided and supported by them will be successful once they are offered or that they will be successful in the future. In addition, clients' needs or desires may change over time, and such changes may render these products and services obsolete, outdated or unattractive.

The Group's success is also dependent on its ability to anticipate and leverage new and existing technologies for new products and services. The pace of technological change is rapid and, if the Group fails to employ technologies desired by clients before its competitors (particularly international competitors) do so, or if it fails to execute targeted strategic technology initiatives on time or on budget, its business, financial condition, results of operations and prospects could be materially adversely affected. In addition, if the Group cannot respond in a timely fashion to the changing needs of its clients, it may lose clients, which could in turn materially adversely affect its financial condition, results of operations, prospects and competitive position.

Furthermore, the Group intends to employ new and existing technology to optimise its operations in order to effect cost reductions and thus increase its profit margins. If the Group cannot execute these changes in a timely fashion it could materially adversely affect its financial condition, results of operations, prospects and competitive position.

Accordingly, if the Group's strategies are not implemented successfully, or if the Group's strategies do not yield the anticipated benefits or lead to unforeseen liabilities, or if the Group is unable to successfully launch new products or services, improve offerings or pursue other business opportunities in time or at all in Cyprus, this could have a material adverse effect on the Group's business, results of operations, financial condition and prospects.

### ***The Group is exposed to insurance and reinsurance risks***

The Group, through its subsidiaries EuroLife Ltd ("**EuroLife**") and General Insurance of Cyprus Ltd ("**Genikes Insurance**"), provides life insurance and non-life insurance, respectively, and is exposed to certain risks particular to these businesses. For a portfolio of life insurance contracts, the principal risk is that the actual claims and benefit payments exceed the carrying amount of insurance liabilities. The risk of a non-life insurance contract derives from the uncertainty of the amount and time of occurrence of a claim, such as natural disasters which are unpredictable both in terms of occurrence and scale. In addition, liabilities which stem from claims that have occurred in the past but have not been fully settled could turn out to be higher than expected. In particular, liability insurance claims may often take years to settle and may result in higher settlement or court costs than anticipated.

Insurance events are unpredictable and the actual number and amount of claims and benefits will vary from year to year from the estimate established using actuarial and statistical techniques. Accordingly, the level of insurance risk is determined by the frequency of the claims, the severity and the evolution of claims from one year to another.

In addition, although reinsurance arrangements mitigate insurance risk, the Group's insurance subsidiaries are not completely relieved of their direct obligations to their policyholders and a credit exposure exists to the extent that any reinsurer is unable to meet its contractual obligations.

The Group is also exposed to insurance risk through its loan collateral: customers assign their life policies to the Bank and thus the Bank has a risk of reduced collateral in case the insurance company fails to fulfil its obligations. Moreover, collateral is insured for fire and other risks and there is again a risk of reduced collateral value in case an adverse event occurs and the insurance company cannot pay according to its contract cover.

### ***The Group is exposed to risks related to climate change, either directly through its physical assets, costs and operations, or indirectly, through its financial relationships with its customers***

There are two main types of risks related to climate change:

- (i) transition risks, which can arise from the process of adjustment towards a low-carbon economy in response to the implementation of energy policies or technological changes; and
- (ii) physical risks, which result from the direct impact of climate change on people and property driven by changes in the frequency and severity of extreme weather events, as well as chronic climate factors such as temperature, precipitation and sea level rise.

In addition, liability risks may arise from both categories of risk. They stem from legal claims the Group may face from parties who have suffered climate change related losses and seek to recover those losses from banks they deem responsible.

Climate related risks are varied and include, but are not limited to, the risk of declines in asset values, including real estate, credit risk associated with loans and other credit exposures to customers, risks related to the disruption of business activity, for both the Group and its customers, as well as regulatory risk.

The Group has initiated a project to identify and assess climate related risks but failure to embed these risks into its risk management framework so that they can be appropriately measured, managed, and disclosed or failure to adapt its strategy and business model to the changing regulatory requirements, could have an adverse impact on the Group's results of operations, financial condition and prospects.

Furthermore, inadequately managing or disclosing climate-related risk, could also result in potential reputational damage, customer dissatisfaction or loss of investor confidence.

## **Operational Risks**

### **Conduct and Reputational Risks**

*Potential attacks on the Group's systems or failures or deficiencies in the Group's procedures, systems and security or those of third parties to which the Group is exposed could have a significant adverse impact on the Group's business, financial condition and results of operations, and could be detrimental for its reputation*

The Group's activities depend to a large extent on its ability to process and report effectively and precisely on a high volume of highly complex operations with numerous and diverse products and services (by their nature, generally ephemeral), in different currencies and subject to different regulatory regimes. Therefore, it relies on highly sophisticated information technology ("IT") systems for data transmission, processing and storage. However, IT systems are susceptible to various problems, such as hardware and software malfunctions, cyberattacks and physical damage to IT centres. The Group's exposure to these risks (in particular, cyber security risks) has increased significantly in recent years due to the Group's implementation of its digital strategy. Any attack, failure or deficiency in the Group's systems could, among other things, lead to the misappropriation of funds of the Group's clients or the Group itself and to the unauthorised disclosure, destruction or use of confidential information, as well as preventing the normal operation of the Group, and impairing its ability to provide services and carry out its internal management. In addition, any attack, failure or deficiency, or failure to detect and react to such attacks in a timely manner, could result in the loss of customers and business opportunities, damage to computers and systems, violation of regulations regarding data protection and/or other regulations, exposure to litigation, fines, sanctions or interventions, loss of confidence in the Group's security measures, damage to its reputation, reimbursements and compensation, and additional regulatory compliance expenses, which could have a significant adverse impact on the Group's business, financial condition and results of operations. The Group is required to continuously spend significant additional resources to keep enhancing its detection and prevention systems, procedures and controls framework. Even so, the Group may not be able to anticipate or prevent all possible vulnerabilities, nor to implement preventive measures that are effective or sufficient, as cyberattacks have been rising in volume as well as in intensity and sophistication.

Customers and other third parties to which the Group is significantly exposed, including the Group's service providers (such as data processing companies to which the Group has outsourced certain services), face similar risks. Any attack, failure or deficiency that may affect such third parties could, among other things, adversely affect the Group's ability to carry out operations or provide services to its clients or result in the unauthorised disclosure, destruction or use of confidential information. Furthermore, the Group may not be aware of such an attack, failure or deficiency in time, which could limit its ability to react. Moreover, as a result of the increasing consolidation, interdependence and complexity of financial institutions and technological systems, an attack, failure or deficiency that significantly degrades, eliminates or compromises the systems or data of one or more financial institutions could have a significant impact on its counterparts or other market participants, including the Group.

#### ***The Group is exposed to conduct risk***

Conduct risk corresponds to risks arising from the way in which the Group and its employees conduct themselves and includes matters such as how customers are treated, organisational culture (in particular, the way in which the Group's senior management affects the ethical conduct of employees), corporate governance, employee remuneration and conflicts of interest. The Group is also required to comply with certain conduct-of-business rules and certain corporate governance rules issued by the Cyprus



Stock Exchange ("CSE"), Cyprus Securities and Exchange Commission ("CySEC"), the CBC and the UK Financial Conduct Authority (the "FCA") and any failure to comply with these rules could result in significant penalties.

Any failure to identify, manage and control these conduct risks or correct any deficiencies could result in a material adverse effect on the Group's reputation, business, financial conditions, results of operations and prospects.

### ***The Group is subject to reputational risk***

Reputational risks may arise from past, present or potential failures in corporate governance or management practices that could lead to a misconduct event. The reputation of the Group may also be impacted by any fraudulent activity or litigation against the Group as well as from negative media or press coverage. Failure to appropriately manage reputational risks may reduce, directly or indirectly, the attractiveness of the Group to stakeholders, including depositors, borrowers and other customers, and may lead to negative publicity, loss of revenue, litigation, higher scrutiny and/or intervention from regulators, regulatory or legislative action, loss of existing or potential client business and difficulties in recruiting and retaining talent. Sustained damage arising from conduct and reputation risks could have a materially negative impact on the Group's operations and the value of the Group's franchise, which could have a material negative impact on the Group's financial condition and prospects.

### ***The Group is exposed to the risk of fraud and illegal activities***

The Group is subject to rules and regulations related to money laundering, anti-bribery, terrorism financing and fraud. Compliance with anti-money laundering, anti-bribery, anti-terrorist financing and anti-fraud rules entails significant cost and effort, including obtaining information from clients and other third parties. Non-compliance with these rules may have serious consequences, including adverse legal and reputational consequences. Although the Group has anti-money laundering, anti-bribery, counter-terrorism financing and anti-fraud policies and procedures which aim to ensure compliance with applicable legislation and strive for zero tolerance of any violations, it may not always be successful in identifying all instances of suspicious activity, fraud or human error and, therefore, may not be able to comply at all times with all rules applicable to money laundering, anti-bribery, terrorism financing and fraud as extended to the whole Group and applied to its employees in all circumstances. As a general statement, a violation, or even any suspicion of a violation, of any of these rules may have serious legal and financial consequences, which could have a material adverse effect on a financial institution's reputation, business, results of operations, financial condition and prospects.

## **Regulatory and Legal Risks**

### ***The Group is exposed to various forms of legal risk***

The Group may, from time to time, become involved in legal, regulatory or arbitration proceedings or investigations which may affect its operations and results. Legal risk arises from pending or potential legal or arbitration proceedings and regulatory investigations against the Group which has resulted, and may continue to result, in significant provisions and expenses incurred by the Group.

In the ordinary course of business, the Group is subject to enquiries and examinations, requests for information, disclosure orders, audits, investigations by police authorities, regulators, supervising authorities and legal proceedings, relating to the suitability and adequacy of advice given to clients or the absence of advice, lending and pricing practices, selling and disclosure requirements, record keeping, filings and a variety of other matters. Other matters include, among other things, the provision of warranties and indemnities related to the disposal of certain operations of the Group. As part of the process of disposing of certain of its operations the Group has provided various representations, warranties and indemnities to buyers. These relate to, among other things, the ownership of assets

(including loans) being sold, the validity of collateral arrangements, tax exposures and other matters agreed with the relevant buyers. As a result, the Group may be obliged to compensate buyers in the event of a valid claim with respect to any such representations, warranties and indemnities. In addition, the Bank, as a result of the deterioration of the Cypriot economy and banking sector in 2012 and the subsequent restructuring of the Bank in 2013 as a result of the Cypriot bail-in decrees, is subject to a large number of proceedings and investigations that either precede or result from the events that occurred during the period of the bail-in decrees. Most proceedings of significance relate to matters arising during the period prior to the issue of the bail-in decrees.

For a description of proceedings in which the Group is involved see "*Pending Litigation, claims, regulatory and other matters*" contained in the notes accompanying the BOCH Consolidated 2021 Interim Financial Statements, which are incorporated by reference in this Offering Circular.

If the Group is unsuccessful in defending itself against these claims or appealing against the fines and penalties being imposed on it, or it has failed to take sufficient provisions against legal proceedings that are decided unfavourably with respect to the Group, these claims or legal proceedings could have a material adverse effect on its financial condition and reputation. Furthermore, in the event that legal issues are not properly dealt with by the Group, these may give rise to the unenforceability of contracts with customers, legal actions against the Group, adverse judgments and an adverse impact on the reputation of the Group. All these events may disrupt the operations of the Group, possibly reducing the Group's equity and profits.

***The Group's business and operations are subject to extensive regulation and supervision and can be negatively affected by its non-compliance with regulatory requirements and by regulatory and governmental developments***

The Group conducts its businesses subject to ongoing regulation and associated regulatory risks, including the effects of changes in the laws, regulations, policies, voluntary codes of practice and interpretations. This is particularly the case in the current market environment, which is experiencing increased levels of government and regulatory intervention in the financial sector, which the Group expects to continue for the foreseeable future. Future changes in regulation, fiscal or other policies are unpredictable and beyond the control of the Group and could materially adversely affect the Group's business, financial condition, results of operations and prospects.

The Group's operations are contingent upon licences issued by financial authorities in the countries in which the Group operates. Violations of rules and regulations, whether intentional or unintentional, may lead to the withdrawal of some of the Group's licences or the imposition of financial or other penalties. The imposition of significant penalties, the revocation of licences for any member of the Group or the taking of any other significant regulatory measure against any member of the Group could have a material adverse effect on the Group's reputation, business, results of operations, financial condition and prospects.

The Group is subject to supervision by the ECB and the CBC regarding, among other things, capital adequacy, liquidity and solvency. Certain of the Group's subsidiaries and operations are subject to the supervision of other local supervisory authorities. Increased regulatory intervention may lead to requests from regulators to carry out wide-ranging reviews. The Group is unable to predict what regulatory changes may be imposed in the future as a result of regulatory initiatives in the EU and elsewhere or by the ECB, the CBC and other supervisory authorities including the Central Bank of Ireland and/or the FCA (as a result of the listing of BOCH's shares on the London Stock Exchange). If the Group is required to make additional provisions or to increase its reserves as a result of potential regulatory changes, this could adversely affect the results of operations of the Group.

For a summary of some of the key financial services regulations that most significantly affect the Group, see "*Regulatory Framework and Supervision—Principal Financial Services Regulatory Requirements*" below.

***The Group is required to maintain a minimum level of own funds and eligible liabilities and the relevant resolution authorities have wide powers to impose resolution measures on members of the Group, which could materially adversely affect the Group and its unsecured creditors***

The BRRD has been fully implemented in Ireland and in Cyprus (see "*Regulatory Framework and Supervision—Principal Financial Services Regulatory Requirements—Bank Recovery and Resolution*"). Under the BRRD regime, certain authorities in the EU are provided with wide resolution powers and tools intended to manage the failure of an institution in an orderly way and ensure the continuity of essential services.

In addition to the bail-in tool which is available for an institution in resolution, the BRRD provides the relevant resolution authority with pre-resolution powers to permanently write down or convert into equity capital instruments and other eligible liabilities of the financial institution (including CET 1 instruments (which includes ordinary shares), additional Tier 1 instruments, Tier 2 instruments (such as Tier 2 Capital Notes), Senior Preferred Notes and Senior Non-Preferred Notes), at the point of non-viability of the institution and before any other resolution action is taken, with losses taken in accordance with the priority of claims under normal insolvency proceedings (non-viability loss absorption), as further described under "*Regulatory Framework and Supervision—Principal Financial Services Regulatory Requirements—Bank Recovery and Resolution*" below. Credit institutions to which the BRRD applies that are subsidiaries of other credit institutions to which the BRRD applies may be subject to independent resolution action by their national resolution authorities in addition to those taken by the resolution authority supervising the parent entity. Any such measures could have a material adverse effect on BOCH and/or the Bank, including their respective shareholders and unsecured creditors.

Additionally, as described in "*Regulatory Framework and Supervision – Principal Financial Services Regulatory Requirements – Minimum requirement for own funds and eligible liabilities*", the Bank, as a Cypriot credit institution, must maintain a minimum level of own funds and eligible liabilities (the "**MREL requirement**") in relation to risk weighted assets and "total exposure measure". The MREL requirement was set at (i) 23.32 per cent. of risk weighted assets and (ii) 5.91 per cent of the Bank's "total exposure measure", as determined in accordance with Articles 429 and 429a of the CRR for purposes of the calculation of its leverage ratio (the "**Leverage Ratio Exposure**" or "**LRE**"). The MREL requirement must be met by 31 December 2025. Furthermore, the Bank must comply by 1 January 2022 with an interim requirement of 14.94 per cent. of risk weighted assets and 5.91 per cent. of LRE. The own funds used by the Bank to meet the combined buffer requirement will not be eligible to meet its MREL requirements expressed in terms of risk weighted assets. The MREL requirement for the Bank is subject to annual review and potential changes by the resolution authorities. Such changes may include, among other things, the determination of the length of the final compliance period, the level of interim targets and subordination requirements.

If the Bank is required to meet a particular MREL requirement within a short timeframe or a time frame shorter than the one expected and/or its MREL requirement is high or higher than expected, this could adversely affect the Bank's ability to comply with the Single Resolution Board's ("**SRB**") requirements or could result in the Bank issuing instruments that count towards its MREL requirement at high costs, which could adversely affect the Bank's business, financial condition, results of operations and prospects. Furthermore, where economic conditions are such that the Bank's access to the international capital markets is limited, the Bank might not be able to issue instruments that count towards its MREL requirement and, as a result, might not be able to comply with the SRB's requirements.

The 2016 Banking Reform Package provides that breaches of MREL requirements are dealt with by the relevant competent authorities in consultation with each other through their powers to address or remove obstacles to resolution, the exercise of their supervisory powers and their power to impose early action measures, administrative sanctions and other administrative measures, including restrictions on certain discretionary payments. See "*Regulatory Framework and Supervision – Principal Financial Services Regulatory Requirements – Minimum requirement for own funds and eligible liabilities*".

Additionally, failure to comply with the capital requirements may result in the implementation of early action measures or, ultimately, resolution measures by the relevant resolution authorities.

See also "*Risk Factors Relating to the Notes Generally – Any Notes may be subjected in the future to the bail-in resolution tool by the competent resolution authority, which may result in their write-down in full*" and "*Risk Factors Relating to the Notes Generally – The Notes may be subject to loss absorption on any application of the general bail-in tool or at the point of non-viability of the relevant Issuer*".

#### ***Certain actions of the Group are restricted by its regulators***

In the 2019 ECB decision following its SREP (the "**SREP 2019 decision as amended in April 2020**"), which remains in force as no SREP decision was issued for the 2020 SREP cycle, the ECB imposed a number of operating restrictions on BOCH, the Bank and the Group, including prohibiting the distribution of dividends by BOCH or the Bank and restricting variable remuneration of Group employees to 10 per cent. of consolidated net revenues of BOCH for the business year for which the variable remuneration is committed to be paid or paid. The ECB also requires the Bank to obtain the prior approval of the ECB before providing capital or funding to any subsidiary. These restrictions may prevent the Group from undertaking actions that are otherwise in the best interests of the Group. Notwithstanding the ECB's SREP decisions, the distribution of dividends by the Bank and/or the payment by the Bank or BOCH (as applicable) of coupons on outstanding Additional Tier 1 capital securities, may also be restricted by applicable law or regulation, for example due to the requirement to maintain adequate regulatory capital, including the requirement to have available sufficient distributable items and remain in compliance with the applicable capital buffers under the prudential capital adequacy framework. See "*Regulatory Framework and Supervision*" below. If the ECB or CBC imposes additional requirements or restrictions or fail to lift these restrictions in time as anticipated, the Group's business, financial condition, results of operations or prospects could be adversely affected.

#### ***The Group is exposed to risks in relation to compliance with anti-corruption laws and the imposition of economic sanctions programmes against certain countries, citizens and entities***

The Group is required to comply with the laws and regulations of various jurisdictions where it conducts operations. In particular, the Group's operations are subject to various anti-corruption laws, as well as economic sanction programmes, including those administered by the United Nations and the EU, as well as those of the United States Department of Treasury's Office for Foreign Assets Control. The anti-corruption laws generally prohibit providing anything of value for the purposes of obtaining or retaining business or securing any improper business advantage. As part of its business, the Group may deal with entities whose employees are considered government officials. In addition, economic sanctions programmes restrict the Group's business dealings with certain sanctioned countries, individuals and entities.

Although the Group has internal policies and procedures and several monitoring measures designed to ensure compliance with applicable anti-corruption laws and sanctions regulations, these policies and procedures cannot provide complete assurance that the Group's employees, directors, officers, partners, agents, service providers or introducers will not take actions in violation of its policies and procedures (or otherwise in violation of the relevant anti-corruption laws and sanctions regulations) for which the Bank or they may be ultimately held responsible. Litigation or investigations relating to alleged or suspected violations of anti-corruption laws and sanctions regulations could lead to financial penalties being imposed on the Group, limits being placed on the Group's activities, the Group's authorisations and licenses being revoked, damage to the Group's reputation and other consequences that could have a material adverse effect on the Group's business, results of operations, financial condition and prospects. Further, violations of anti-corruption laws and sanctions regulations could be costly.

## RISK FACTORS RELATING TO THE NOTES GENERALLY

*Any Notes may be subjected in the future to the bail-in resolution tool by the competent resolution authority, which may result in their write-down in full*

The transposition of the BRRD into Irish law by virtue of the European Union (Bank Recovery and Resolution) Regulations 2015 (as amended) (the "**Irish BRRD Regulations**") and into Cypriot law by virtue of Resolution Law (22(I)/2016) (as amended) (the "**Resolution Law**"), and by amending the Business of Credit Institutions Laws, Law 66(I)/1997 (as amended, the "**Banking Law**"), granted increased powers to the relevant resolution authorities in Ireland (the Central Bank of Ireland) and Cyprus (the Central Bank of Cyprus), for the imposition of resolution measures to failing credit institutions. Both BOCH and the Bank are subject to the single resolution mechanism ("**SRM**") under Regulation (EU) 806/2014 (the "**SRM Regulation**"). Under the SRM, a single resolution process applies to all banks established in EU Member States that are subject to the single supervisory mechanism under Council Regulation (EU) No. 1024/2013 (the "**SSM Regulation**"), and the process is co-ordinated by the SRB. The SRB is the resolution authority in respect of the Group, and acts as the group level resolution authority for the Group.

Resolution measures available include the bail-in tool, through which a credit institution subjected to resolution may be recapitalised either by way of the permanent write-down or the conversion of some or all of its liabilities (including Notes issued under the Programme) into common shares. Any such shares issued upon any such conversion into equity may also be subject to future cancellation, transfer or dilution. The bail-in tool may be imposed either as a sole resolution measure or in combination with any of the other resolution tools that may be used by the relevant resolution authority.

Any Notes issued under the Programme may be subject to the exercise of such resolution measures. Exercise of such measures could involve, *inter alia*: transferring the relevant Notes to another entity notwithstanding any restrictions on transfer; delisting the relevant Notes; amending or altering the maturity of the relevant Notes; amending or altering the date on which interest becomes payable under the relevant Notes, including by suspending payments under for a temporary period; rendering unenforceable any right to terminate or accelerate the Notes that would be triggered by exercise of the resolution measures; and converting the relevant Notes into common shares. In a worst-case scenario, the value of such Notes (or, following a conversion, common shares) may be written down to zero.

The circumstances in which the relevant resolution authority may exercise the bail-in tool or other resolution tools are uncertain and such uncertainty may have an impact on the value of the Notes

The conditions in which a credit institution may be subject to resolution and the application of the relevant powers of the competent resolution authority are set out in article 32 of the BRRD, Regulation 62 of the Irish BRRD Regulations and Article 42 of the Resolution Law (as applicable). Such conditions include the determination by the relevant resolution authority that: (a) the credit institution is failing or is likely to fail; (b) no reasonable prospect exists that any alternative private sector measures (including the write-down) would prevent the failure; and (c) a resolution action is necessary in the public interest.

Such conditions, however, are not further specified in the applicable law and very limited guidance and precedent as to their application exists so their satisfaction is left to the determination and discretion of the relevant competent resolution authority. Such uncertainty may impact on the market perception as to whether a credit institution meets such conditions and as such it may be subjected to resolution tools. This may have a material adverse impact on the present value of the Notes and other listed securities of the Issuers.

In addition, if any bail-in action is taken, interested parties, such as creditors or shareholders, may raise legal challenges. The taking of any action under the BRRD in relation to either of the Issuers, or the suggestion of the exercise of any action, could materially adversely affect the rights of Noteholders, the

price or value of their investment in the Notes and/or the ability of the relevant Issuer to satisfy its obligations under any Notes. If any litigation arises or is threatened in relation to bail-in actions this may further negatively affect liquidity and increase the price volatility of the Issuers' securities (including the Notes).

***The Notes may be subject to loss absorption on any application of the general bail-in tool or at the point of non-viability of the relevant Issuer***

The BRRD contemplates that Senior Preferred Notes, Senior Non-Preferred Notes and Tier 2 Capital Notes may be subject to non-viability loss absorption in addition to the application of the general bail-in tool. Accordingly, at the point of non-viability of the relevant Issuer, the Notes may be written down and/or converted into shares. See "*Regulatory Framework and Supervision*" below.

***The Notes may be less liquid and more volatile than Notes issued by other issuers***

The Notes may be less liquid than those of other major issuers elsewhere in Europe and the United States. Consequently, holders of the Notes may face difficulties in disposing of their Notes, especially in large blocks. The value of the Notes may be adversely affected by sales of Notes or the perception that such sales could occur.

***The price of the Notes may be volatile***

The market price of the Notes may be subject to wide fluctuations in response to numerous factors, many of which are beyond the control of the Issuers. These factors include, but are not limited to, the following:

- fluctuations in the Group's results;
- changes in the rating agencies' credit ratings of the Issuers or the Group;
- allegations made, or proceedings against, either Issuer and/or against any of the current or former members of the Board of Directors of either Issuer and/or senior management team of any member of the Group;
- political instability or military conflict in Cyprus or abroad; and
- the general state of the international capital markets.

In addition, international capital markets, in general, have experienced significant volatility over the last few years, including during the financial crisis that occurred after 2007/2008 and in response to the ongoing financial crisis caused by the COVID-19 pandemic. Such market fluctuations may adversely affect the market price of the Notes regardless of the actual performance and prospects of the relevant Issuer.

***Notes may not be a suitable investment for all investors***

Each potential investor in any Notes must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor should:

- (i) have sufficient knowledge and experience to make a meaningful evaluation of the relevant Notes, the merits and risks of investing in the relevant Notes and the information contained or incorporated by reference in this Offering Circular or any applicable supplement;

- (ii) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the relevant Notes and the impact such investment will have on its overall investment portfolio;
- (iii) have sufficient financial resources and liquidity to bear all of the risks of an investment in the relevant Notes, including where principal or interest is payable in one or more currencies, or where the currency for principal or interest payments is different from the potential investor's currency;
- (iv) understand thoroughly the terms of the relevant Notes and be familiar with the behaviour of any relevant indices and financial markets; and
- (v) be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

Some Notes are complex financial instruments and such instruments may be purchased as a way to reduce risk or enhance yield with an understood, measured, appropriate addition of risk to their overall portfolios. A potential investor should not invest in Notes which are complex financial instruments unless it has the expertise (either alone or with the help of a financial adviser) to evaluate how the Notes will perform under changing conditions, the resulting effects on the value of such Notes and the impact this investment will have on the potential investor's overall investment portfolio.

#### ***Risks relating to the UK's withdrawal from the EU***

The UK left the EU on 31 January 2020. Pursuant to a withdrawal agreement entered into between the UK and the EU, a transitional period applied from the date of the withdrawal of the UK from the EU to 31 December 2020, during which EU law continued to apply to the UK (the "**Brexit Transition Period**").

The Notes are subject to the jurisdiction of English courts. The position in respect of the enforcement of English court judgments in Ireland and Cyprus has been impacted by the UK's departure from the EU and presents a potential risk. The Recast Brussels Regulation (Regulation (EU) No. 1215/2012 of the European Parliament and of the Council of 12 December 2012 (the "**Recast Regulation**")) no longer applies to the UK (and to English court judgments). Further, the UK is no longer a party to the Lugano Convention under which judgments from the courts of contracting states (currently the EU Member States, plus Switzerland, Iceland and Norway) are recognised and enforced in other contracting states.

The withdrawal agreement provides that judgments (including money judgments and costs orders, but also injunctions and some interim orders) issued by English courts in proceedings instituted before the end of the transition period (i.e. before 31 December 2020) will continue to be recognised and enforced in the EU pursuant to the Recast Regulation, subject to the provisions of the Recast Regulation.

The Recast Regulation will not apply to judgments issued by English courts in proceedings instituted after the end of the transition period (i.e. after 31 December 2020). The only aspect of the European enforcement regime that still applies to the enforcement of English judgments issued by English courts in proceedings instituted after the end of the transition period in EU states is the Hague Convention on Choice of Court Agreements (the "**Hague Convention**"). The Hague Convention only applies to judgments of courts of contracting states designated in exclusive choice of court agreements and there are limitations and uncertainties as to its scope. Unlike the Recast Regulation, it does not apply to certain protective measures. If the Hague Convention does not apply, which will be the case in respect of the Notes since the Notes do not contain an exclusive choice of court agreement, enforcement of an English court judgment would be determined in accordance with the relevant member state's domestic law and subject to any limitations under that law.

In its White Paper from July 2018, the UK Government stated that it would seek to participate in the Lugano Convention on leaving the EU, which would mean English judgments would continue to be recognised and enforced in contracting states. In the same White Paper, the UK Government also stated it would seek a new bilateral agreement with the remaining EU Member States concerning cooperation in the area of civil justice including arrangements for the continued mutual recognition and enforcement of judgments. However, in a document dated 27 February 2020 entitled "Our Approach to the Future Relationship with the EU", the UK Government referred only to the Hague Convention and the Lugano Convention. The UK had applied to accede to the Lugano Convention, but the EU recently notified the parties to the Lugano Convention that it is not in a position to invite the UK to accede to the Lugano Convention.

As a consequence of this, two situations must be distinguished in terms of enforcing a civil or commercial judgment of an English court (an "**English Judgment**") in Cyprus or Ireland:

The first situation is where the Hague Convention applies. In this situation a final English Judgment against the relevant Issuer will be enforceable in Ireland or, as applicable, Cyprus subject to the applicable enforcement proceedings provided for in the Hague Convention.

The second situation is where the Hague Convention does not apply, for example in relation to asymmetrical jurisdiction clauses such as that contained in Condition 17, the Trust Deed and the Notes. In this situation the position in relation to enforcement of a final English Judgment against the relevant Issuer in Ireland and Cyprus is as follows.

In the case of Cyprus, the judgment against the relevant Issuer will be enforceable in Cyprus subject to the rules on recognition and enforcement of judgments in Cyprus as laid down in The Foreign Judgments (Reciprocal Enforcement) Law Cap.10 (as amended) ("**Cap.10**"). Pursuant to the provisions of Cap.10, courts will authorise the enforcement in Cyprus of the judgment of the English court, unless the Cypriot court considers that any of the following apply (in which case, enforcement may be refused):

- the English Judgment has been wholly satisfied;
- the English Judgment cannot be enforced by execution in England;
- the enforcement of the English Judgment would be contrary to public policy in Cyprus;
- the judgment debtor had not received notice of the original proceedings in England in sufficient time to enable him to defend the proceedings and did not appear;
- the English court had no jurisdiction in the circumstances of the case;
- the English Judgment was obtained by fraud;
- the rights under the English judgment are not attributable to the person who is seeking its registration and enforcement; or
- the matter in dispute in the proceedings in England had previously to the date of the English Judgment been the subject of a final and conclusive judgment by a court having jurisdiction in the matter.

In the case of Ireland, an English Judgment against the relevant Issuer will be enforced by the courts of Ireland if the following general requirements are met:

- the judgment is for a definite sum;



- the English court must have had jurisdiction in relation to the particular defendant (i.e. relevant Issuer) according to Irish conflict of law rules (the submission to jurisdiction by the relevant Issuer would satisfy this rule); and
- the judgment must be final and conclusive and the decree must be final.

In addition, the courts of Ireland may refuse to enforce an English Judgment if:

- the judgment was obtained by fraud;
- the enforcement of the judgment in Ireland would be contrary to natural or constitutional justice;
- the judgment is contrary to Irish public policy or involves certain foreign laws which will not be enforced in Ireland; or
- jurisdiction cannot be obtained by the courts of Ireland over the judgment debtors in the enforcement proceedings by personal service in Ireland or outside Ireland under Order 11 of the Superior Courts Rules

Accordingly, enforcing an English Judgment against the Issuer in Cyprus or Ireland will require the completion of potentially more burdensome proceedings (with a less certain outcome) compared to the situation prior to the end of the Brexit Transition Period.

## **RISK FACTORS RELATING TO THE STRUCTURE OF A PARTICULAR ISSUE OF NOTES**

A wide range of Notes may be issued under the Programme. A number of these Notes may have features which contain particular risks for potential investors. Set out below is a description of certain such features:

### ***Claims of holders of Notes issued by BOCH will be structurally subordinated to the prior claims of the Bank's third party creditors, including holders of Notes issued by the Bank***

BOCH is a holding company. BOCH has and will have no significant assets other than loans to, and equity ownership of, the Bank. It is anticipated that the net proceeds of the issue of any Notes issued by BOCH will be on-lent to the Bank. Accordingly, in a winding-up of the Bank, BOCH's right to participate in the assets of the Bank will depend upon the ranking of BOCH's claims under any loans to the Bank according to the ordinary hierarchy of claims in insolvency. The holders of Notes issued by BOCH will have no right to proceed against the assets of the Bank directly.

BOCH may also suffer losses if any of its loans to, or equity investment in, the Bank are subject to resolution measures as a result of the implementation of the BRRD. See "*Any Notes may be subjected in the future to the bail-in resolution tool by the competent resolution authority, which may result in their write-down in full*" above and "*Regulatory Framework and Supervision*" below.

### ***Claims of Noteholders in respect of Tier 2 Capital Notes are subordinated***

BOCH may issue Tier 2 Capital Notes which will constitute unsecured and subordinated debt obligations of BOCH and which will rank as described in Condition 3(c).

BOCH may issue other obligations that rank or are expressed to rank senior to the Tier 2 Capital Notes or *pari passu* with the Tier 2 Capital Notes. In the event of an insolvency or winding up of BOCH, BOCH will be required to pay: (i) any unsubordinated creditors of BOCH; (ii) any obligations of BOCH not qualifying as Additional Tier 1 Capital or Tier 2 Capital (each as defined in the Terms and Conditions of the Notes) of BOCH and which by law and/or their terms rank senior to BOCH's obligations under the Tier 2 Capital Notes; and (iii) any other subordinated obligations which by law

and/or their terms, and to the extent permitted by the laws of Ireland and the Capital Regulations, rank senior to the BOCH's obligations under the Tier 2 Capital Notes, in full before it can make any payments on the Tier 2 Capital Notes. If this occurs, BOCH may not have enough assets remaining after these payments are made to pay any amounts due under the Tier 2 Capital Notes.

In addition, Article 48(7) of the BRRD has been implemented in Ireland under a new subsection 1A of Section 1428A of the Companies Act, which requires that claims resulting from an instrument the whole or part of which is recognised as an own funds item shall rank lower than any claim that does not result from such an instrument. This could, in certain circumstances, affect the ranking of certain Notes, in particular, Tier 2 Capital Notes. The ranking of any Tier 2 Capital Notes which are issued and which cease in full to be eligible to qualify for inclusion in the own funds of BOCH or the Group ("**No Longer Eligible Tier 2 Notes**") would likely be adjusted under this new subsection, such that they rank ahead of other Tier 2 Capital Notes the whole or part of which continue to qualify as own funds of BOCH or the Group. In such case, in a winding-up of BOCH, the claims of holders of Tier 2 Capital Notes issued by it which qualify (in whole or in part) as own funds of BOCH or the Group may be subordinated to claims of holders of its No Longer Eligible Tier 2 Notes (if any), and accordingly any recovery of amounts in respect of such qualifying Tier 2 Capital Notes in a winding-up or resolution of BOCH may be adversely affected.

To the extent BOCH has assets remaining after paying its creditors who rank senior to the Tier 2 Capital Notes, payments relating to: (a) all other obligations of BOCH qualifying (or which at issue qualified) as Tier 2 Capital (or which would so qualify but for any applicable limitation on the amount of such capital); and (b) any other subordinated obligations which by law and/or their terms, and to the extent permitted by the laws of Ireland and the Capital Regulations that rank *pari passu* with the Tier 2 Capital Notes (being together for the purposes of this paragraph, the "**Pari Passu Creditors**") may, if there are insufficient assets to satisfy the claims of all of the Pari Passu Creditors, further reduce the assets available to pay amounts due under the Tier 2 Capital Notes on an insolvency or winding up of BOCH.

Although Tier 2 Capital Notes may pay a higher rate of interest than comparable Notes which are not subordinated, there is a significant risk that an investor in Tier 2 Capital Notes will lose all or some of its investment in the event that BOCH becomes insolvent.

See also "*Risk Factors Relating to the Notes Generally – The Notes may be subject to loss absorption on any application of the general bail-in tool or at the point of non-viability of the relevant Issuer*" above.

### ***Limited enforcement rights***

Noteholders have no ability to accelerate the maturity of their Notes other than (subject to certain exceptions) in the event of the commencement of the winding-up of the relevant Issuer.

The only remedies against the relevant Issuer available to the Trustee or any Noteholder for recovery of amounts owing in respect of, or arising under, any Notes will be: (i) the institution of proceedings for the winding-up of the relevant Issuer; or (ii) the institution of proceedings to enforce the obligation, condition or provision binding on the relevant Issuer under the Trust Deed or the Notes. As such, the remedies available to holders of the Notes are more limited than those typically available to holders of the most senior ranking securities, which may make it difficult for Noteholders to take enforcement action against the relevant Issuer.

In addition, the relevant Issuer may be subject to a procedure of early intervention or resolution pursuant to the BRRD (as implemented in Ireland or Cyprus, as the case may be). The adoption of any early intervention or resolution procedure shall not itself constitute an event of default or entitle any counterparty of the relevant Issuer to exercise any rights it may otherwise have in respect thereof. Moreover, any enforcement by a Noteholder of its rights under the Notes following the adoption of any

early intervention or any resolution procedure will be subject to the relevant provisions of the BRRD, the Irish BRRD Regulations (if applicable) and the Resolution Law (if applicable), including the resolution tools and powers referred to therein. Any such claims made by Noteholders will consequently be limited by the application of any measures pursuant to the provisions of the BRRD, the Irish BRRD Regulations (if applicable) and the Resolution Law (if applicable). There can be no assurance that the taking of any such action would not adversely affect the rights of Noteholders, the price or value of their investment in the Notes and/or the ability of the relevant Issuer to satisfy its obligations under the Notes and the enforcement by a Noteholder of any rights it may otherwise have may be limited in these circumstances.

***The Bank's obligations under Senior Non-Preferred Notes rank junior to Senior Creditors of the Bank (to Senior Non-Preferred Notes)***

As described under Condition 3(b), the payment obligations of the Bank in respect of Senior Non-Preferred Notes issued by it will be unsubordinated. However, as provided in Condition 3(b), the rights of the holders of any Senior Non-Preferred Notes will rank junior to present and future obligations of the Bank in respect of Senior Creditors of the Bank (to Senior Non-Preferred Notes).

Although Senior Non-Preferred Notes may pay a higher rate of interest than comparable Notes which benefit from a higher or preferential ranking, there is a real (and more probable) risk that an investor in Senior Non-Preferred Notes will lose all or some of its investment should the Bank become insolvent.

***Notes subject to optional redemption by the relevant Issuer***

An optional redemption feature (including, for the avoidance of doubt, any redemption of the Notes: (i) for taxation reasons pursuant to Condition 5(c); (ii) on an Optional Redemption Date pursuant to Condition 5(d); (iii) in the case of Senior Preferred Notes and Senior Non-Preferred Notes, upon the occurrence of an MREL Disqualification Event pursuant to Condition 5(e); and (iv) in the case of Tier 2 Capital Notes, upon the occurrence of a Capital Event pursuant to Condition 5(f)) is likely to limit the market value of Notes. During any period when the relevant Issuer may elect to redeem Notes, or during which there is an actual or perceived increased likelihood that the relevant Issuer may elect to redeem the Notes, the market value of those Notes generally will not rise substantially above the price at which they can be redeemed. This also may be true prior to any redemption period.

Whilst this should not be construed as an indication that any Notes would or might be redeemed or repurchased by the relevant Issuer otherwise than in accordance with their contractual terms and, in any event, in compliance with applicable regulatory requirements, an issuer of debt securities might generally be expected to seek to redeem such securities when its then current cost of borrowing is lower than the interest rate payable on such securities. At those times, an investor generally would not be able to reinvest the redemption proceeds at an effective interest rate as high as the interest rate on the relevant securities being redeemed and may only be able to do so at a significantly lower rate. Potential investors in the Notes should consider potential reinvestment risk in light of other investments which might be available at the relevant time.

***Early redemption, purchase or substitution, variation or modification of the Notes may be restricted***

Any early redemption or purchase or substitution or variation or modification of the Notes would be subject to (i) the relevant Issuer giving notice to the Relevant Resolution Authority (in the case of Senior Preferred Notes or Senior Non-Preferred Notes) or the Competent Authority (in the case of Tier 2 Capital Notes) and such Relevant Resolution Authority or Competent Authority (as the case may be) granting prior permission to redeem or purchase or substitute or vary or modify the relevant Notes, in each case to the extent and in the manner required by, in the case of Senior Preferred Notes and Senior Non-Preferred Notes, the MREL Requirements, and in the case of Tier 2 Capital Notes, the Capital Regulations, and (ii) compliance by the relevant Issuer with any alternative or additional pre-conditions

to redemption or purchase or substitution or variation or modification, as applicable, as set out in, in the case of Senior Preferred Notes and Senior Non-Preferred Notes, the MREL Requirements, and in the case of Tier 2 Notes, the Capital Regulations, in each case as provided in Condition 5(i) and Condition 5(j), as applicable.

As any early redemption, purchase, substitution, variation or modification of any such Notes would be subject to the prior permission of the Relevant Resolution Authority or the Competent Authority (as applicable), the outcome may not necessarily reflect the commercial intention of the relevant Issuer or the commercial expectations of the holders of those Notes and this may have an adverse impact on the market value of the relevant Notes. This should not be construed as an indication that any Notes would or might be redeemed or repurchased by the relevant Issuer otherwise than in accordance with their contractual terms and, in any event, in compliance with applicable regulatory requirements.

### ***Substitution or variation of Notes***

If an MREL Disqualification Event or Capital Event or any of the events described in Condition 5(c) has occurred (in each case to the extent applicable to the relevant Notes), or in order to ensure the effectiveness and enforceability of Condition 18, then the relevant Issuer may, subject as provided in Conditions 5(i), 5(j) and 5(k) of the Notes (as applicable) and without the need for any consent of the Noteholders or the Couponholders, substitute all (but not some only) of the Notes for, or vary the terms of the Notes so that the Notes remain or become (as appropriate) Qualifying Senior Preferred Notes, Qualifying Senior Non-Preferred Notes or Qualifying Tier 2 Capital Notes.

No assurance can be given as to whether any of these changes will negatively affect any particular holder. In addition, the tax and stamp duty consequences of holding such substituted or varied Notes could be different for some categories of Noteholders from the tax and stamp duty consequences for them of holding such Notes prior to such substitution or variation. There can also be no assurance that the terms of any Qualifying Senior Preferred Notes, Qualifying Senior Non-Preferred Notes or Qualifying Tier 2 Capital Notes, as the case may be, will be viewed by the market as equally favourable to Noteholders, or that such Notes will trade at prices that are equal to the prices at which the Notes would have traded on the basis of their original terms.

### ***Waiver of set-off***

The Conditions of the Notes require that each Noteholder unconditionally and irrevocably waives any right of set-off, netting, counterclaim, abatement or other similar remedy which it might otherwise have, under the laws of any jurisdiction, in respect of its holding of such Note. To the extent that any set-off takes place, Noteholders are required under the Conditions of the Notes immediately to transfer the relevant amount to the relevant Issuer.

### ***Limitation on gross-up obligation***

The relevant Issuer's obligation to pay additional amounts in respect of any withholding tax or deduction in respect of taxes under the terms of the Notes applies only to payments of interest due and paid under the Notes and not to payments of principal. As such, the relevant Issuer would not be required to pay any additional amounts under the terms of the Notes to the extent any withholding or deduction applied to payments of principal. Accordingly, if any such withholding tax or deduction were to apply to any payments of principal under the Notes, Noteholders may receive less than the full amount due under the Notes, and the market value of the Notes may be adversely affected. Noteholders should note that principal for these purposes will include any payments of premium.

***The regulation and reform of "benchmarks" may adversely affect the value of Notes linked to or referencing such "benchmarks"***

Interest rates and indices which are deemed to be "benchmarks" (including EURIBOR) are the subject of recent national and international regulatory guidance and proposals for reform. Some of these reforms are already effective whilst others are still to be implemented. These reforms may cause such benchmarks to perform differently than in the past, to disappear entirely, or have other consequences which cannot be predicted. Any such consequence could have a material adverse effect on any Notes linked to or referencing such a "benchmark". Regulation (EU) 2016/1011 (as amended) (the "**Benchmarks Regulation**") was published in the Official Journal of the EU on 29 June 2016 and applies to the provision of benchmarks, the contribution of input data to a benchmark and the use of a benchmark within the EU. The Benchmarks Regulation, as it forms part of UK domestic law by virtue of the EUWA (the "**UK BMR**"), applies to the provision of benchmarks, the contribution of input data to a benchmark and the use of a benchmark within the UK.

The Benchmarks Regulation and the UK BMR could have a material impact on any Notes linked to or referencing a "benchmark", in particular, if the methodology or other terms of the "benchmark" are changed in order to comply with the requirements of the Benchmarks Regulation or UK BMR. Such changes could, among other things, have the effect of reducing, increasing or otherwise affecting the volatility of the published rate or level of the "benchmark".

More broadly, any of the international or national reforms, or the general increased regulatory scrutiny of "benchmarks", could increase the costs and risks of administering or otherwise participating in the setting of a "benchmark" and complying with any such regulations or requirements. Such factors may have the following effects on certain "benchmarks" (including EURIBOR): (i) discourage market participants from continuing to administer or contribute to the "benchmark"; (ii) trigger changes in the rules or methodologies used in the "benchmark"; or (iii) lead to the disappearance of the "benchmark". Any of the above changes or any other consequential changes as a result of international or national reforms or other initiatives or investigations, could have a material adverse effect on the value of and return on any Notes linked to or referencing a "benchmark".

Investors should consult their own independent advisers and make their own assessment about the potential risks imposed by the Benchmarks Regulation and UK BMR reforms in making any investment decision with respect to any Notes linked to or referencing a "benchmark".

***Future discontinuance of a benchmark may adversely affect the value of Floating Rate Notes and/or Fixed Rate Reset Notes which reference or are linked to that benchmark***

Investors should be aware that, if a benchmark were discontinued or otherwise unavailable, the rate of interest on Floating Rate Notes (in respect of which Screen Rate Determination has been specified as applicable in the applicable Pricing Supplement) and Fixed Rate Reset Notes which reference or are linked to that benchmark will be determined for the relevant period by the relevant fallback provisions applicable to such Notes. The Conditions provide for certain fallback arrangements in the event that a relevant benchmark (including any page on which such benchmark may be published (or any successor service)) ceases to be available.

If the circumstances described in the preceding paragraph occur, (i) in the case of Floating Rate Notes in respect of which Screen Rate Determination is specified in the applicable Pricing Supplement as the manner in which the rate of interest is to be determined and (ii) in the case of Fixed Rate Reset Notes, such fallback arrangements will include the possibility that the relevant rate of interest (or, as applicable, component thereof) could be set or, as the case may be, determined by reference to a Successor Reference Rate or an Alternative Reference Rate (as applicable) determined by an Independent Adviser or, if the relevant Issuer is unable to appoint an Independent Adviser or the Independent Adviser appointed by the relevant Issuer fails to make such determination, the relevant Issuer. An Adjustment

Spread shall be determined by the relevant Independent Adviser or the relevant Issuer (as applicable) and shall be applied to such Successor Reference Rate or Alternative Reference Rate, as the case may be.

In addition, the relevant Independent Adviser or the relevant Issuer (as applicable) may also determine (acting in good faith and in a commercially reasonable manner) that other amendments to the Conditions of the relevant Notes are necessary in order to follow market practice in relation to the relevant Successor Reference Rate or Alternative Reference Rate (as applicable) and to ensure the proper operation of the relevant Successor Reference Rate or Alternative Reference Rate (as applicable).

No consent of the Noteholders shall be required in connection with effecting any relevant Successor Reference Rate or Alternative Reference Rate (as applicable) or any other related adjustments and/or amendments described above.

In certain circumstances, the ultimate fallback rate of interest for a particular Interest Period or Reset Period (as applicable) may result in the rate of interest for the last preceding Interest Period or Reset Period (as applicable) being used. This may result in the effective application of a fixed rate for Floating Rate Notes or Fixed Rate Reset Notes (as applicable) based on the rate which was last observed on the Relevant Screen Page for the purposes of determining the rate of interest in respect of an Interest Period or a Reset Period (as applicable). In addition, due to the uncertainty concerning the availability of Successor Reference Rates and Alternative Reference Rates and the involvement of an Independent Adviser, the relevant fallback provisions may not operate as intended at the relevant time.

Any such consequences could have a material adverse effect on the value of and return on any such Notes. Moreover, any of the above matters or any other significant change to the setting or existence of any relevant rate could affect the ability of the relevant Issuer to meet its obligations under the relevant Floating Rate Notes or Fixed Rate Reset Notes or could have a material adverse effect on the value or liquidity of, and the amount payable under, the Floating Rate Notes or Fixed Rate Reset Notes. Investors should note that the relevant Independent Adviser or the relevant Issuer (as applicable) will have discretion to adjust the relevant Successor Reference Rate or Alternative Reference Rate (as applicable) in the circumstances described above by the application of an Adjustment Spread. Any such adjustment could have unexpected commercial consequences and there can be no assurance that, due to the particular circumstances of each Noteholder, any such adjustment will be favourable to each Noteholder.

In addition, potential investors should also note that:

- (i) no Successor Reference Rate or Alternative Reference Rate (as applicable) will be adopted, and no other amendments to the terms of the Notes will be made if, and to the extent that, in the determination of the relevant Issuer, the same could reasonably be expected to prejudice the qualification of the relevant Notes as (a) in the case of Tier 2 Capital Notes, Tier 2 Capital of BOCH and/or the Group, and (b) in the case of Senior Non-Preferred Notes or Senior Preferred Notes, MREL Eligible Liabilities (for example, if such amendment could be considered as the introduction of an incentive to redeem the relevant Notes); and/or
- (ii) in the case of Senior Non-Preferred Notes and Senior Preferred Notes only, no Successor Reference Rate or Alternative Reference Rate (as applicable) will be adopted, and no other amendments to the terms of the Notes will be made if, and to the extent that, in the determination of the relevant Issuer, the same could reasonably be expected to result in the Competent Authority and/or the Relevant Resolution Authority treating the next Interest Payment Date or Reset Date, as the case may be, as the effective maturity of the Notes, rather than the relevant Maturity Date.

Investors should consider all of these matters when making their investment decision with respect to the relevant Floating Rate Notes or Fixed Rate Reset Notes.

### ***Fixed Rate Reset Notes***

Fixed Rate Reset Notes will initially bear interest at the relevant Initial Rate of Interest until (but excluding) the relevant First Reset Date. On the relevant First Reset Date, the relevant Second Reset Date (if applicable) and each relevant Subsequent Reset Date (if any) thereafter, the interest rate will be reset to the sum of the relevant Mid-Swap Rate and the Relevant Reset Margin as determined by the relevant Calculation Agent on the relevant Reset Determination Date (each such interest rate, a "**Subsequent Reset Rate of Interest**"). The Subsequent Reset Rate of Interest for any Reset Period could be less than the relevant Initial Rate of Interest or the relevant Subsequent Reset Rate of Interest for prior Reset Periods and could affect the market value of an investment in the relevant Fixed Rate Reset Notes.

### ***Fixed/Floating Rate Notes***

Fixed/Floating Rate Notes bear interest at a rate that converts from a fixed rate to a floating rate, or from a floating rate to a fixed rate. Such a feature to convert the interest basis, and any conversion of the interest basis, may affect the secondary market in, and the market value of, such Notes as the change of interest basis may result in a lower interest return for Noteholders. Where the Notes convert from a fixed rate to a floating rate, the spread on the Fixed/Floating Rate Notes may be less favourable than then prevailing spreads on comparable Floating Rate Notes tied to the same reference rate. In addition, the new floating rate at any time may be lower than the rates on other Notes. Where the Notes convert from a floating rate to a fixed rate, the fixed rate may be lower than then prevailing rates on those Notes and could affect the market value of an investment in the relevant Notes.

### ***Notes issued at a substantial discount or premium***

The market values of securities issued at a substantial discount (such as Zero Coupon Notes) or premium to their nominal amount tend to fluctuate more in relation to general changes in interest rates than do prices for conventional interest-bearing securities. Generally, the longer the remaining term of the securities, the greater the price volatility as compared to conventional interest-bearing securities with comparable maturities.

### ***Modification and waivers***

The Terms and Conditions of the Notes contain provisions for calling meetings (including meetings held by way of video or audio conference call) of Noteholders to consider and vote upon matters affecting their interests generally, or to pass resolutions in writing or through the use of electronic consents. These provisions permit defined majorities to bind all Noteholders including Noteholders who did not attend and vote at the relevant meeting or, as the case may be, did not sign the written resolution or give their consent electronically, and including those Noteholders who voted in a manner contrary to the majority.

The Terms and Conditions of the Notes also provide that the Trustee may, subject to Condition 5(i) or 5(j) (as applicable), without the consent of Noteholders and without regard to the interests of particular Noteholders, agree to (i) any modification of any of the provisions of the Trust Deed that is of a formal, minor or technical nature or is made to correct a manifest or proven error or to comply with mandatory provisions of law, provided that in such case the relevant Issuer procures (at the relevant Issuer's expense) the delivery of a legal opinion or legal opinions addressed to the Trustee in form and content reasonably acceptable to the Trustee relating to such compliance with mandatory provisions of law from reputable and independent counsel reasonably acceptable to the Trustee or (ii) any other modification (except as mentioned in the Trust Deed), and any waiver or authorisation of any breach or proposed breach, of any of the provisions of the Trust Deed that is in the opinion of the Trustee not materially

prejudicial to the interests of the Noteholders. Any such modification, authorisation or waiver shall be binding on the Noteholders and the Couponholders and, if the Trustee so requires, such modification shall be notified to the Noteholders as soon as practicable thereafter.

### ***Substitution of the relevant Issuer***

The Terms and Conditions of the Notes also provide that, subject to satisfaction of the requirements set out in clause 14.2 of the Trust Deed, Condition 5(i) or Condition 5(j) (as applicable) and Condition 10(c), upon request in writing by the relevant Issuer, the Trustee shall, without the consent of the Noteholders or Couponholders, agree to the substitution of any Successor in Business of the relevant Issuer, any Subsidiary of the relevant Issuer (which, in the case of Notes issued by BOCH, may be the Bank), or any Eligible Holding Company of the relevant Issuer (each as defined in the Terms and Conditions of the Notes) in place of the relevant Issuer (or of any previous substitute) as the principal debtor under the Trust Deed and in respect of any Series of Notes and any Coupons and/or Talons relating thereto.

Following a substitution pursuant to clause 14.2(a) of the Trust Deed and the Terms and Conditions, the Trustee may also agree, subject to Condition 5(i) or Condition 5(j) (as applicable) but without the consent of the Noteholders or the Couponholders, to a change of law governing the relevant Notes, Coupons, and Talons (or any condition thereof), provided that such change would not in the opinion of the Trustee be materially prejudicial to the interests of the relevant Noteholders. The Trust Deed further provides that a change in the governing law of Condition 3 or Condition 18 of any Series of Notes to the law of the jurisdiction of incorporation of the substituted obligor, in connection with any such substitution shall be deemed not to be prejudicial to the interests of the relevant Noteholders.

Accordingly, if the relevant requirements set out in clause 14.2 of the Trust Deed are satisfied Noteholders will have no ability to prevent any such substitution. In certain circumstances, including in relation to the substitution of an Eligible Holding Company as issuer of any Series of Notes, the relevant Issuer will not be required to provide a guarantee of the new substituted obligor's obligations under the Notes. In those circumstances, holders of any such Notes will, following any such substitution of an Eligible Holding Company, be effectively subordinated to the claims of direct creditors of the relevant Issuer. Such a substitution may adversely affect, or remove, the rights of Noteholders to make claims against the relevant Issuer, including in relation to breaches of the obligations under the Notes, affect the rating given to those Notes and potentially therefore the market price of such Notes and potentially adversely affect the amounts Noteholders are entitled to recover in the event of the insolvency of the relevant Issuer.

### ***Reliance on Euroclear and Clearstream, Luxembourg procedures***

Notes issued under the Programme will be represented on issue by one or more Global Notes or Global Certificates that may be deposited with a common depositary or common safekeeper for Euroclear and Clearstream, Luxembourg. Except in the circumstances described in each Global Note or Global Certificate, investors will not be entitled to receive Notes in definitive form. Each of Euroclear and Clearstream, Luxembourg and their respective direct and indirect participants will maintain records of the beneficial interests in each Global Note or Global Certificate held through it. While the Notes are represented by a Global Note or a Global Certificate, investors will be able to trade their beneficial interests only through the relevant clearing systems and their respective participants.

While the Notes are represented by Global Notes or Global Certificates, the relevant Issuer will discharge its payment obligation under the Notes by making payments through the relevant clearing systems. A holder of a beneficial interest in a Global Note or a Global Certificate must rely on the procedures of the relevant clearing system and its participants to receive payments under the Notes. The relevant Issuer has no responsibility or liability for the records relating to, or payments made in respect of, beneficial interests in any Global Note or Global Certificate.



Holders of beneficial interests in a Global Note or a Global Certificate will not have a direct right to vote in respect of the Notes so represented. Instead, such holders will be permitted to act only to the extent that they are enabled by the relevant clearing system and its participants to appoint appropriate proxies.

### ***Change of law***

The Terms and Conditions of the Notes are based on English law (or, in the case of Conditions 3 and 18, the laws of Ireland (where the relevant Issuer is BOCH) or the laws of Cyprus (where the relevant Issuer is the Bank)) in effect as at the date of issue of the relevant Notes. No assurance can be given as to the impact of any possible judicial decision or change to such laws or administrative practice in such jurisdictions after the date of issue of the relevant Notes.

### ***Bearer Notes where denominations involve integral multiples***

In relation to any issue of Notes in bearer form which have denominations consisting of a minimum Specified Denomination (as defined in the Terms and Conditions of the Notes) plus one or more higher integral multiples of another smaller amount, it is possible that the Notes may be traded in amounts in excess of the minimum Specified Denomination that are not integral multiples of such minimum Specified Denomination. In such a case a Noteholder who, as a result of trading such amounts, holds an amount which is less than the minimum Specified Denomination in their account with the relevant clearing system would not be able to sell the remainder of such holding without first purchasing a principal amount of Notes at or in excess of the minimum Specified Denomination such that its holding amounts to a Specified Denomination. Further, a Noteholder who, as a result of trading such amounts, holds an amount which is less than the minimum Specified Denomination in their account with the relevant clearing system at the relevant time may not receive a definitive Note in respect of such holding (should definitive Notes be printed) and would need to purchase a principal amount of Notes at or in excess of the minimum Specified Denomination such that their holding amounts to a Specified Denomination.

If definitive Notes are issued, holders should be aware that definitive Notes which have a denomination that is not an integral multiple of the minimum Specified Denomination may be illiquid and difficult to trade.

## **RISK FACTORS RELATING TO THE MARKET GENERALLY**

Set out below is a brief description of certain market risks, including liquidity risk, exchange rate risk, interest rate risk and credit risk:

### ***The secondary market generally***

Notes may have no established trading market when issued, and one may never develop. If a market does develop, it may not be liquid. Therefore, investors may not be able to sell their Notes easily or at prices that will provide them with a yield comparable to similar investments that have a developed secondary market. This is particularly the case should the relevant Issuer be in financial distress, which may result in any sale of the Notes having to be at a substantial discount to their principal amount, or for Notes that are especially sensitive to interest rate, currency or market risks, are designed for specific investment objectives or strategies or have been structured to meet the investment requirements of limited categories of investors. Generally, these types of Notes would have a more limited secondary market and more price volatility than conventional debt securities. Illiquidity may have a severe adverse effect on the market value of Notes.

Furthermore, although application has been made for the Notes issued under the Programme to be admitted to trading on the Luxembourg Stock Exchange's Euro MTF Market, there is no assurance that such application will be accepted, that any particular Tranche of Notes will be so admitted or that an

active trading market will develop. Accordingly, there is no assurance as to the development or liquidity of any trading market for any particular Tranche of Notes.

The Notes have not been, and will not be, registered under the Securities Act or any other applicable securities laws and they are subject to certain restrictions on the resale and other transfer thereof as set forth under "*Subscription and Sale*".

### ***Liquidity risks***

Generally weak global credit market conditions could contribute to a lack of liquidity in the secondary market for instruments similar to the Notes.

A failure of the market for securities similar to the Notes to recover from these conditions could adversely affect the market value of the Notes.

### ***Difference between the Notes and bank deposits***

An investment in the Notes may give rise to higher yields than a bank deposit. However, an investment in the Notes carries risks which are very different from the risks associated with a bank deposit, with the higher yield of the Notes generally attributable to the greater risks associated with investment in the Notes. Holders may lose all or some of their investment in the Notes.

The Notes are expected to be less liquid than bank deposits. Bank deposits are generally repayable on demand, or with notice from the depositors, whereas holders of the Notes have no ability to require early repayment of their investment. Furthermore, although the Notes are transferable, the Notes may have no established trading market when issued, and one may never develop. See "*The secondary market generally*".

### ***Exchange rate risks and exchange controls***

The relevant Issuer will pay principal and interest on the Notes in the Specified Currency. This presents certain risks relating to currency conversions if an investor's financial activities are denominated principally in a currency or currency unit (the "**Investor's Currency**") other than the Specified Currency. Such risks include the risk that exchange rates may significantly change (including changes due to devaluation of the Specified Currency or revaluation of the Investor's Currency) and the risk that authorities with jurisdiction over the Investor's Currency may impose or modify exchange controls. An appreciation in the value of the Investor's Currency relative to the Specified Currency would decrease (1) the Investor's Currency equivalent yield on the Notes, (2) the Investor's Currency equivalent value of the principal payable on the Notes and (3) the Investor's Currency equivalent market value of the Notes.

Governmental and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable exchange rate. As a result, investors may receive less interest or principal than expected, or no interest or principal.

### ***Interest rate risks***

Investment in Fixed Rate Notes involves the risk that subsequent changes in market interest rates may adversely affect the value of Fixed Rate Notes. Investment in Floating Rate Notes involves the risk that subsequent changes in market interest rates may adversely affect the value of periodic interest payments on such Floating Rate Notes.

## ***Credit ratings***

One or more independent credit rating agencies may assign credit ratings to an issue of Notes. The ratings may not reflect the potential impact of all risks related to structure, market, additional factors discussed above, and other factors that may affect the value of the Notes. A credit rating is not a recommendation to buy, sell or hold securities and may be revised or withdrawn by the rating agency at any time.

In addition, rating agencies may assign unsolicited ratings to the Notes. In such circumstances, there can be no assurance that the unsolicited rating(s) will not be lower than the comparable solicited ratings assigned to the Notes, which could adversely affect the market value and liquidity of the Notes.

In general (and subject to certain conditions and, where applicable, certain transitional arrangements), EU regulated investors are restricted under the CRA Regulation from using credit ratings for regulatory purposes unless such ratings are issued by (a) a credit rating agency established in the EU and registered under the CRA Regulation (and such registration has not been withdrawn or suspended); or (b) a credit rating agency established in a country outside the EU, in circumstances in which either (i) the relevant credit rating is endorsed by a credit rating agency established in the EU and registered under the CRA Regulation (and such endorsement has not been withdrawn), or (ii) the relevant country is the subject of an equivalence decision by the European Commission and the credit rating agency is certified in accordance with the CRA Regulation (and such certification has not been suspended). In addition, in general (and subject to certain conditions and, where applicable, certain transitional arrangements), UK regulated investors are restricted under the UK CRA Regulation from using credit ratings for regulatory purposes unless such ratings are issued by (a) a credit rating agency established in the UK and registered under the UK CRA Regulation (and such registration has not been withdrawn or suspended); or (b) a credit rating agency established in a country other than the UK, in circumstances in which either (i) the relevant credit rating is endorsed by a credit rating agency established in the UK and registered under the UK CRA Regulation (and such endorsement has not been withdrawn), or (ii) the relevant country is the subject of an equivalence decision by the UK and the credit rating agency is certified in accordance with the UK CRA Regulation (and such certification has not been suspended).

If any applicable requirements of the CRA Regulation or the UK CRA Regulation are not, or cease to be, satisfied with regard to any rating of the Notes, EU regulated investors or, as applicable, UK regulated investors may not be able to use such rating for regulatory purposes and the Notes may have a different regulatory treatment for such investors. This may result in EU regulated investors or UK regulated investors, as applicable, being unable to acquire, or being obliged to sell, the Notes; and this may impact the value of the Notes and any secondary market. The list of registered and certified rating agencies published by the European Securities and Markets Authority on its website in accordance with the CRA Regulation, and the list of registered and certified rating agencies published by the FCA on its website in accordance with the UK CRA Regulation, are not conclusive evidence of the status of any such rating agency, as there may be a delay between certain supervisory measures being taken against a relevant rating agency and the relevant list being updated.

Certain information with respect to the credit rating agencies and ratings if a Tranche of Notes is rated will be disclosed in the applicable Pricing Supplement.

## ***Legal investment considerations may restrict certain investments***

The investment activities of certain investors are subject to legal investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent (1) Notes are legal investments for it, (2) Notes can be used as collateral for various types of borrowing and (3) other restrictions apply to its purchase or pledge of any Notes. Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of Notes under any applicable risk-based capital or similar rules.

## DOCUMENTS INCORPORATED BY REFERENCE

This Offering Circular should be read and construed in conjunction with (which are together the "**Documents Incorporated by Reference**"):

- (a) the following sections of the Group's Interim Financial Report 2021 (the "**Group Interim Financial Report 2021**"):
  - (i) Interim Management Report on pages 3 to 31 inclusive;
  - (ii) the Consolidated Condensed Interim Financial Statements together with their accompanying notes and the independent auditor's review report thereon on pages 32 to 123 inclusive;
  - (iii) the Additional Risk and Capital Management Disclosures on pages 124 to 143 inclusive; and
  - (iv) the Definitions and explanations on Alternative Performance Measures Disclosures on pages 144 to 155 inclusive;
- (b) the following sections contained in the Group's 2020 Annual Financial Report (the "**Group Annual Financial Report 2020**"):
  - (i) the Directors' Report on pages 3 to 44 inclusive;
  - (ii) the Consolidated Financial Statements together with their accompanying notes and the independent auditor's report thereon on pages 45 to 251 inclusive;
  - (iii) the Additional Risk and Capital Management Disclosures on pages 330 to 354 inclusive; and
  - (iv) the Definitions and explanations on Alternative Performance Measures Disclosures on pages 355 to 365 inclusive;
- (c) the following sections contained in the Group's 2019 Annual Financial Report (the "**Group Annual Financial Report 2019**") and, together with the Group Annual Financial Report 2020, the "**Group Annual Financial Reports**"):
  - (i) the Directors' Report on pages 3 to 50 inclusive;
  - (ii) the Consolidated Financial Statements together with their accompanying notes and the independent auditor's report thereon on pages 51 to 299 inclusive;
  - (iii) the Additional Risk and Capital Management Disclosures on pages 370 to 390 inclusive; and
  - (iv) the Definitions and explanations on Alternative Performance Measures Disclosures on pages 391 to 401 inclusive;
- (d) the following sections contained in the Bank's Annual Financial Report 2020 (the "**Bank Annual Financial Report 2020**"):
  - (i) the Management Report on pages 3 to 37 inclusive;
  - (ii) the Consolidated Financial Statements of the Bank together with their accompanying notes and the independent auditor's report thereon on pages 38 to 242 inclusive;

- (iii) the Financial Statements of the Bank together with their accompanying notes and the independent auditor's report thereon, as set out on pages 243 to 410 inclusive; and
  - (iv) the Definitions and explanations on Alternative Performance Measures Disclosures on pages 411 to 421 inclusive;
- (e) the following sections contained in the Bank's Annual Financial Report 2019 (the "**Bank Annual Financial Report 2019**"):
- (i) the Management Report on pages 3 to 44 inclusive;
  - (ii) the Consolidated Financial Statements of the Bank together with their accompanying notes and the independent auditor's report thereon on pages 45 to 292 inclusive;
  - (iii) the Financial Statements of the Bank together with their accompanying notes and the independent auditor's report thereon, as set out on pages 293 to 482 inclusive; and
  - (iv) the Definitions and explanations on Alternative Performance Measures Disclosures on pages 483 to 493 inclusive;
- (f) the Group's Interim Pillar 3 disclosures for the six months ended 30 June 2021;
- (g) the Group's Pillar 3 disclosures for the year ended 31 December 2020;
- (h) the following information contained on the following pages of the Group's presentation of the group financial results for the six months ended 30 June 2021 (the "**2021 Financial Results Presentation**"):
- (i) the table at the top right-hand side of the slide "*New lending of €894 mn in 1H2021, up 30% yoy*" as set out on page 6;
  - (ii) the chart "*Performing loans under expired payment deferrals of €4.94 bn*" including related footnotes as set out on the centre of the slide "*Strong performance of moratorium portfolio continues, 8 months after deferral expiry*" as set out on page 7;
  - (iii) the slide "*Private individuals loan portfolio, highly collateralised*" including the related footnotes as set out on page 8
  - (iv) the slide "*Business portfolio well diversified, with high quality collateral*" including the related footnotes as set out on page 9;
  - (v) the slide "*Portfolio exposure to businesses most impacted by COVID-19*" including the related footnotes as set out on page 10;
  - (vi) the slide "*Drivers of NIM*" including the related footnotes as set out on page 14;
  - (vii) the slide "*Profitable Life Insurance business with further opportunities to grow*" including the related footnotes as set out on page 16;
  - (viii) the slide "*Profitable Non-Life Insurance business with further opportunities to grow*" including the related footnotes as set out on page 17;
  - (ix) the slide "*CET1 at 14.2% and total capital ratio of 19.2%*" including the related footnotes as set out on page 22;
  - (x) the chart at the right-hand side of slide "*Deposits at €16.8 bn up 3% qoq and significant liquidity surplus of €5.7 bn*" including the related footnotes as set out on page 23;

- (xi) the slide "*NPE ratio at 14.6%, following completion of Helix 2; Coverage at 60%*" including the related footnotes as set out on page 26;
  - (xii) the chart on the bottom left hand side of the slide "*Cost of risk of 52 bps for 2Q2021*" as set out on page 30;
  - (xiii) the slide "*REMU: Asset disposal strategy tackles both value and volume of assets*" including the related footnotes as set out on page 31;
  - (xiv) the slide "*Decomposition of payment deferrals*" including the related footnotes as set out on page 45;
  - (xv) the slide "*Asset Quality - NPE analysis*" including the related footnotes as set out on page 49;
  - (xvi) the slide "*Analysis of gross loans and NPE ratio by Economic activity*" as set out on page 50; and
  - (xvii) the sub-heading at the top left of the slide "*REMU – the engine for dealing with foreclosed assets*" as set out on page 54; and
- (i) the first seven paragraphs on page 2 and footnotes 1 and 2 on page 3 only of the Group's press release "*Agreement for sale of a portfolio of Non Performing Loans*" dated 15 November 2021.

Each of the above documents has been previously published or is being published simultaneously with this Offering Circular and has been filed with the Luxembourg Stock Exchange. Such documents shall be incorporated by reference in and form part of this Offering Circular, save that any statement contained in a document which is incorporated by reference herein shall be modified or superseded for the purpose of this Offering Circular to the extent that a statement contained herein modifies or supersedes such earlier statement (whether expressly, by implication or otherwise). Any statement so modified or superseded shall not, except as so modified or superseded, constitute a part of this Offering Circular.

Copies of documents incorporated by reference in this Offering Circular may be obtained from (i) the registered office of each Issuer, and/or (ii) the website of the Luxembourg Stock Exchange ([www.bourse.lu](http://www.bourse.lu)).

The table below sets out the relevant page references for the BOCH Consolidated Audited Financial Statements contained in the Group Annual Financial Reports and the BOCH Consolidated 2021 Interim Financial Statements set out in the Group Interim Financial Report 2021. Any information not listed in the cross reference list below but included in the documents incorporated by reference herein is given for information purposes only.

Any other information incorporated by reference that is not included in the cross-reference list below is considered to be additional information to be disclosed to investors rather than information required by the Luxembourg Stock Exchange.

***BOCH Consolidated 2021 Interim Financial Statements***

	<b>Reference</b>
	<b>Group Interim Financial Report 2021</b>
	<b>Page</b>
Interim Consolidated Income Statement	33
Interim Consolidated Statement of Comprehensive Income	34
Interim Consolidated Balance Sheet	35
Interim Consolidated Statement of Changes in Equity	36–37
Interim Consolidated Statement of Cash Flows	38–39
Notes to the Consolidated Condensed Interim Financial Statements	40–121
Independent review Report to BOCH	122–123

	<b>Reference</b>	
	<b>Group Annual Financial Report 2020</b>	<b>Group Annual Financial Report 2019</b>
	<b>Page</b>	<b>Page</b>
<i>BOCH Consolidated Audited Financial Statements</i>		
Consolidated Income Statement.....	47	53
Consolidated Statement of Comprehensive Income	48	54
Consolidated Balance Sheet.....	49	55
Consolidated Statement of Changes in Equity.....	50-51	56–57
Consolidated Statement of Cash Flows .....	52	58
Notes to the Audited Financial Statements .....	53–240	59–288
Independent Auditor's Report on the Audited Financial Statements .....	241–251	289–299

## GENERAL DESCRIPTION OF THE PROGRAMME

*The following general description does not purport to be complete and is taken from, and is qualified in its entirety by, the remainder of this Offering Circular and, in relation to the terms and conditions of any particular Tranche of Notes, the applicable Pricing Supplement. Words and expressions defined in "Terms and Conditions of the Notes" below shall have the same meanings in this general description. The relevant Issuer may agree with any Dealer that Notes may be issued in a form other than that contemplated in "Terms and Conditions of the Notes" herein, in which event (in the case of listed Notes only) a supplement to this Offering Circular, if appropriate, will be made available which will describe the effect of the agreement reached in relation to such Notes.*

*The following general description is qualified in its entirety by the remainder of this Offering Circular.*

<b>Issuers</b>	Bank of Cyprus Holdings Public Limited Company Bank of Cyprus Public Company Limited
<b>Issuer Legal Entity Identifier (LEI)</b>	Bank of Cyprus Holdings Public Limited Company: 635400L14KNHZXPUM19 Bank of Cyprus Public Company Limited: PQ0RAP85KK9Z75ONZW93
<b>Description</b>	Euro Medium Term Note Programme
<b>Size</b>	Up to €4,000,000,000 (or the equivalent in other currencies at the date of issue) aggregate nominal amount of Notes outstanding at any one time. The Issuers may increase the amount of the Programme in accordance with the terms of the Dealer Agreement.
<b>Arranger</b>	BofA Securities Europe SA
<b>Dealers</b>	Bank of Cyprus Public Company Limited Barclays Bank Ireland PLC BofA Securities Europe SA Citigroup Global Markets Europe AG Citigroup Global Markets Limited Credit Suisse Bank (Europe), S.A. Deutsche Bank Aktiengesellschaft Goldman Sachs Bank Europe SE HSBC Continental Europe J.P. Morgan AG J.P. Morgan Securities plc

The Issuers 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. References in this Offering Circular to "**Permanent Dealers**" are to the persons listed above as Dealers and to such additional persons that are appointed as dealers in



respect of the whole Programme (and whose appointment has not been terminated) and references to "**Dealers**" are to all Permanent Dealers and all persons appointed as a dealer in respect of one or more Tranches.

**Trustee**

Deutsche Trustee Company Limited

**Issuing and Paying Agent and Calculation Agent**

Deutsche Bank AG, London Branch

**Method of Issue**

The Notes will be issued on a syndicated or non-syndicated basis. The Notes will be issued in Series having one or more issue dates and on terms otherwise identical (or identical other than in respect of the first payment of interest), the Notes of each Series being intended to be interchangeable with all other Notes of that Series. Each Series may be issued in Tranches on the same or different issue dates. The specific terms of each Tranche (which will be completed, where necessary, with the relevant terms and conditions and, save in respect of the issue date, issue price, first payment of interest and nominal amount of the Tranche, will be identical to the terms of other Tranches of the same Series) will be completed in the applicable Pricing Supplement.

**Issue Price**

Notes may be issued at their nominal amount or at a discount or premium to their nominal amount.

**Form of Notes**

Notes to be issued under the Programme will be either (i) Senior Preferred Notes, (ii) Senior Non-Preferred Notes or (iii) Tier 2 Capital Notes, as indicated in the applicable Pricing Supplement. Senior Preferred Notes may be issued by either of the Issuers. Senior Non-Preferred Notes may only be issued by the Bank. Tier 2 Capital Notes may only be issued by BOCH. See "*Terms and Conditions of the Notes – Status*".

The Notes may be issued in bearer form only ("**Bearer Notes**"), in bearer form exchangeable for Registered Notes ("**Exchangeable Bearer Notes**") or in registered form only ("**Registered Notes**"). Each Tranche of Bearer Notes and Exchangeable Bearer Notes will be represented on issue by a temporary Global Note if (i) definitive Notes are to be made available to Noteholders following the expiry of 40 days after their issue date or (ii) such Notes have an initial maturity of more than one year and are being issued in compliance with the D Rules (as defined in "*Selling Restrictions*" below), otherwise such Tranche will be represented by a permanent Global Note. Registered Notes will be represented by Certificates, one Certificate being issued in respect of each Noteholder's entire holding of Registered Notes of one Series. Certificates representing Registered Notes that are registered in the name of a

nominee for one or more clearing systems are referred to as "**Global Certificates**".

### **Clearing Systems**

Euroclear and Clearstream, Luxembourg or as otherwise specified in the applicable Pricing Supplement.

### **Initial Delivery of Notes**

On or before the issue date for each Tranche, if the relevant Global Note is a NGN, or the relevant Global Certificate is held under the NSS, the Global Note or Global Certificate will be delivered to a Common Safekeeper for Euroclear and Clearstream, Luxembourg. On or before the issue date for each Tranche if the relevant Global Note is a CGN or the relevant Global Certificate is not held under the NSS, the Global Note representing Bearer Notes or Exchangeable Bearer Notes or the Global Certificate representing Registered Notes may (or, in the case of Notes listed on the Luxembourg Stock Exchange, shall) be deposited with a common depositary for Euroclear and Clearstream, Luxembourg. Global Notes or Global Certificates relating to Notes that are not listed on the Luxembourg Stock Exchange may also be deposited with any other clearing system or may be delivered outside any clearing system provided that the method of such delivery has been agreed in advance by the relevant Issuer, the Issuing and Paying Agent, the Trustee and the relevant Dealer(s). Registered Notes that are to be credited to one or more clearing systems on issue will be registered in the name of nominees or a common nominee for such clearing systems.

### **Currencies**

Subject to compliance with all relevant laws, regulations and directives, Notes may be issued in any currency agreed between the relevant Issuer and the relevant Dealer(s).

### **Maturities**

Subject to compliance with all relevant laws, regulations and directives (and as set out below), Notes may be issued with any maturity.

*Any Notes issued by BOCH under the Programme must have a maturity date falling more than one year after the date of issue of such Notes.*

*Tier 2 Capital Notes must have a maturity date falling at least five years after the date of issue of such Tier 2 Capital Notes.*

### **Specified Denomination**

Definitive Notes will be in such denominations as may be specified in the applicable Pricing Supplement, provided that the minimum specified denomination for any Notes issued under the Programme shall be €100,000 (or its equivalent in any other currency as at the date of issue of such Notes).

### **Fixed Rate Notes**

Fixed Rate Notes will bear interest at a fixed rate of interest, which will be payable in arrear on the date or dates in each year specified in the applicable Pricing Supplement.

### **Fixed Rate Reset Notes**

Fixed Rate Reset Notes will have reset provisions pursuant to which the relevant Notes will, in respect of an initial period, bear interest at an initial fixed rate of interest specified in the applicable Pricing Supplement. Thereafter, the fixed rate of interest will, subject as provided below under "*Benchmark Replacement*", be reset on one or more date(s) by reference to a Mid-Market Swap Rate for the relevant Specified Currency, and for a period equal to the Reset Period, as adjusted for any Relevant Reset Margin, in each case as may be specified in the applicable Pricing Supplement.

Interest on Fixed Rate Reset Notes will be payable in arrear on the date or dates in each year specified in the applicable Pricing Supplement.

### **Floating Rate Notes**

Floating Rate Notes will bear interest determined separately for each Series as follows:

- (i) on the same basis as the floating rate under a notional interest rate swap transaction in the relevant Specified Currency governed by an agreement incorporating either the 2006 ISDA Definitions (as published by the International Swaps and Derivatives Association, Inc. ("**ISDA**"), and as amended and updated as at the Issue Date of the first Tranche of the Notes of the relevant Series), or the latest version of the 2021 ISDA Interest Rate Derivatives Definitions (as published by ISDA as at the Issue Date of the first Tranche of the Notes of the relevant Series), as specified in the applicable Pricing Supplement; or
- (ii) subject as provided below under "*Benchmark Replacement*", by reference to EURIBOR as adjusted for any applicable margin.

Interest periods will be specified in the applicable Pricing Supplement.

### **Benchmark Replacement**

If, in respect of any Floating Rate Notes (where Screen Determination is specified as being applicable in the applicable Pricing Supplement) or Fixed Rate Reset Notes, a Benchmark Event occurs, the provisions of Condition 4(j) will apply to the determination of the Rate of Interest for such Notes.

### **Zero Coupon Notes**

Zero Coupon Notes may be issued at their nominal amount or at a discount to it and will not bear interest.

<b>Interest Periods and Interest Rates</b>	The length of the interest periods for the Notes and the applicable interest rate or its method of calculation may differ from time to time or be constant for any Series. Notes may have a maximum interest rate, a minimum interest rate, or both. The use of interest accrual periods permits the Notes to bear interest at different rates in the same interest period. All such information will be set out in the applicable Pricing Supplement.
<b>Redemption</b>	The applicable Pricing Supplement will specify the basis for calculating the redemption amounts payable.
<b>Optional Redemption (other than as provided in "Early Redemption" below)</b>	The Pricing Supplement issued in respect of each issue of Notes will state whether such Notes may, subject to certain conditions, be redeemed prior to their stated maturity at the option of the relevant Issuer (either in whole or in part) and, if so, the terms applicable to such redemption.
<b>Early Redemption</b>	<p>Except as provided above under "<i>Optional Redemption (other than as provided in "Early Redemption" below)</i>", Notes will be redeemable at the option of the relevant Issuer prior to maturity, subject to certain conditions, only: (i) in the case of Senior Preferred Notes and Senior Non-Preferred Notes, for taxation reasons and/or upon the occurrence of an MREL Disqualification Event; and (ii) in the case of Tier 2 Capital Notes, for taxation reasons and/or upon the occurrence of a Capital Event. See "<i>Terms and Conditions of the Notes – Redemption, Purchase and Options</i>".</p> <p>Prior to their stated maturity, Notes may only be redeemed by the relevant Issuer with the permission of the Competent Authority or Relevant Resolution Authority (as applicable and if required) and otherwise in accordance with applicable Capital Regulations or MREL Requirements (as the case may be).</p>
<b>Substitution and Variation of Notes</b>	If (i) with respect to any Series of Senior Preferred Notes or Senior Non-Preferred Notes, an MREL Disqualification Event has occurred, (ii) with respect to any Series of Tier 2 Capital Notes, a Capital Event has occurred or (iii) with respect to any Notes, any of the events described in Condition 5(c) has occurred or in order to ensure the effectiveness and enforceability of Condition 18, then the relevant Issuer may, subject as provided in Condition 5(i) or 5(j) (as applicable), substitute all (but not some only) of the Notes for, or vary the terms of the Notes so that the Notes remain or become, Qualifying Senior Preferred Notes, Qualifying Senior Non-Preferred Notes or Qualifying Tier 2 Capital Notes, as applicable.
<b>Substitution of relevant Issuer</b>	Subject to certain conditions and satisfaction of requirements set out in the Trust Deed, upon request in

writing by the relevant Issuer, the Trustee shall, without the consent of the Noteholders or Couponholders, agree to the substitution of any Successor in Business of the relevant Issuer, any Subsidiary of the relevant Issuer, or any Eligible Holding Company of the relevant Issuer in place of the relevant Issuer (or of any previous substitute) as the principal debtor under the Trust Deed and in respect of any Series of Notes and any Coupons and/or Talons relating thereto. See "*Terms and Conditions of the Notes – Meetings of Noteholders, Modification, Waiver and Substitution – Substitution*".

**Negative Pledge**

No Notes issued under the Programme will be subject to a negative pledge provision.

**Ratings**

Tranches of Notes may be rated or unrated. Where a Tranche of Notes is rated such rating will be specified in the applicable Pricing Supplement. A 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.

**Withholding Tax**

All payments of principal and interest in respect of the Notes and the Coupons will be made free and clear of, and without withholding or deduction for, any taxes of a Relevant Jurisdiction, unless such withholding or deduction is required by law. In that event, in the case of a payment of interest only, the relevant Issuer shall, subject to certain customary exceptions, pay such additional amounts as shall result in the Noteholders and Couponholders receiving such amounts as they would have received in respect of the Notes had no such withholding or deduction, all as described in "*Terms and Conditions of the Notes – Taxation*".

**Governing Law**

English law, save for Conditions 3 and 18 which will be governed by the laws of Ireland (if the relevant Issuer is BOCH) or Cyprus (if the relevant Issuer is the Bank).

**Approval and Listing and Admission to Trading**

Application has been made to the Luxembourg Stock Exchange for Notes issued under the Programme to be admitted to trading on the Euro MTF Market and to be admitted to listing on the Official List of the Luxembourg Stock Exchange or as otherwise specified in the applicable Pricing Supplement and references to "**listing**" shall be construed accordingly. As specified in the applicable Pricing Supplement, a Series of Notes may be unlisted.

**Selling Restrictions**

The United States, the EEA, the UK, Ireland, Cyprus, Switzerland and Singapore and such other restrictions as may be required in connection with the offering and sale of a particular Tranche of Notes. See "*Subscription and Sale*".

Each Issuer is Category 2 for the purposes of Regulation S under the Securities Act.

The Bearer Notes will be issued in compliance with U.S. Treas. Reg. §1.163-5(c)(2)(i)(D) (the "**D Rules**") unless (i) the applicable Pricing Supplement states that Notes are issued in compliance with U.S. Treas. Reg. §1.163-5(c)(2)(i)(C) (the "**C Rules**") or (ii) the Notes are issued other than in compliance with the D Rules or the C Rules but in circumstances in which the Notes will not constitute "registration required obligations" under the United States Tax Equity and Fiscal Responsibility Act of 1982 ("**TEFRA**"), which circumstances will be referred to in the applicable Pricing Supplement as a transaction to which TEFRA is not applicable.

**MiFID II Product Governance**

The Pricing Supplement in respect of any Notes may include a legend entitled "*MiFID II Product Governance*" which will outline the target market assessment in respect of the Notes and which channels for distribution of the Notes are appropriate.

**UK MiFIR Product Governance**

The Pricing Supplement in respect of any Notes may include a legend entitled "*UK MiFIR Product Governance*" which will outline the target market assessment in respect of the Notes and which channels for distribution of the Notes are appropriate.

## TERMS AND CONDITIONS OF THE NOTES

*The following is the text of the terms and conditions that, subject to completion and as supplemented in accordance with the provisions of Part A of the relevant Pricing Supplement, shall be applicable to the Notes in definitive form (if any) issued in exchange for the Global Note(s) representing each Series. The full text of these terms and conditions together with the relevant provisions of Part A of the Pricing Supplement shall be endorsed on such Bearer Notes or on the Certificates relating to such Registered Notes. Accordingly, references in these terms and conditions to provisions "specified hereon" or "specified as such hereon" shall be to the provisions endorsed on the face of the relevant Note or Certificate or set out in the relevant Pricing Supplement (as applicable). The relevant Pricing Supplement may specify other terms and conditions which shall, to the extent so specified or to the extent inconsistent with these terms and conditions, replace or modify these terms and conditions for the purposes of the relevant Notes. All capitalised terms that are not defined in these Conditions will have the meanings given to them in Part A of the relevant Pricing Supplement. Those definitions will be endorsed on the definitive Notes or Certificates, as the case may be. Unless the context otherwise requires, references in these Conditions to "Notes" are to the Notes of one Series only, not to all Notes that may be issued under the Programme.*

This Note is one of a Series (as defined below) of Notes issued by Bank of Cyprus Public Company Limited (the "**Bank**") or Bank of Cyprus Holdings Public Limited Company ("**BOCH**" and, together with the Bank, the "**Issuers**" and each an "**Issuer**") as specified hereon and constituted by an amended and restated Trust Deed (as further amended or supplemented as at the date of issue of the Notes (the "**Issue Date**"), the "**Trust Deed**") dated 16 November 2021 between the Issuers and Deutsche Trustee Company Limited (the "**Trustee**", which expression shall include all persons for the time being the trustee or trustees under the Trust Deed) as trustee for the Noteholders (as defined below). These terms and conditions (the "**Conditions**" and references herein to a numbered Condition shall be construed accordingly) include summaries of, and are subject to, the detailed provisions of the Trust Deed, which includes the form of the Bearer Notes, Certificates, Coupons and Talons referred to below. An amended and restated Agency Agreement (as further amended or supplemented as at the Issue Date, the "**Agency Agreement**") dated 18 November 2020 has been entered into in relation to the Notes between the Issuers, the Trustee, Deutsche Bank AG, London Branch as initial issuing and paying agent and the other agents named in it. The issuing and paying agent, the paying agents, the registrar, the transfer agents and the calculation agent(s) for the time being (if any) are referred to below respectively as the "**Issuing and Paying Agent**", the "**Paying Agents**" (which expression shall include the Issuing and Paying Agent), the "**Registrar**", the "**Transfer Agents**" (which expression shall include the Registrar) and the "**Calculation Agent(s)**". Copies of the Trust Deed and the Agency Agreement are available for inspection during usual business hours at the principal office of the Trustee (presently at Winchester House, 1 Great Winchester Street, London EC2N 2DB) and at the specified offices of the Paying Agents and the Transfer Agents.

The Noteholders, the holders of the interest coupons (the "**Coupons**") relating to interest bearing Notes in bearer form and, where applicable in the case of such Notes, talons for further Coupons (the "**Talons**") (the "**Couponholders**") are entitled to the benefit of, are bound by, and are deemed to have notice of, all the provisions of the Trust Deed and are deemed to have notice of those provisions applicable to them of the Agency Agreement. Any reference herein to Coupons shall, unless the context otherwise requires, be deemed to include a reference to Talons.

As used in these Conditions, "**Tranche**" means Notes which are identical in all respects (including as to listing and admission to trading) and "**Series**" means a Tranche of Notes together with any further Tranche or Tranches of Notes which (a) are expressed to be consolidated and form a single series therewith and (b) have the same terms and conditions or terms and conditions which are the same in all respects save for the amount and date of the first payment of interest thereon and the date from which interest starts to accrue.

## 1 Form, Denomination and Title

The Notes are issued in bearer form ("**Bearer Notes**", which expression includes Notes that are specified to be Exchangeable Bearer Notes), in registered form ("**Registered Notes**") or in bearer form exchangeable for Registered Notes ("**Exchangeable Bearer Notes**") in each case in the Specified Denomination(s) specified hereon; provided that the minimum Specified Denomination shall be €100,000 (or its equivalent in any other currency as at the date of issue of the Notes).

*Where Exchangeable Bearer Notes are issued, the Registered Notes for which they are exchangeable shall have the same Specified Denomination(s).*

This Note is a Senior Preferred Note, a Senior Non-Preferred Note or a Tier 2 Capital Note, as specified hereon. Senior Preferred Notes may be issued by either the Bank or BOCH. Senior Non-Preferred Notes may only be issued by the Bank. Tier 2 Capital Notes may only be issued by BOCH.

This Note is a Fixed Rate Note, a Fixed Rate Reset Note, a Floating Rate Note, a Zero Coupon Note or a combination of any of the foregoing or any other kind of Note, depending upon the Interest Basis shown hereon.

Bearer Notes are serially numbered and are issued with Coupons (and, where appropriate, a Talon) attached, save in the case of Zero Coupon Notes in which case references to interest (other than in relation to interest due after the Maturity Date), Coupons and Talons in these Conditions are not applicable.

Registered Notes are represented by registered certificates ("**Certificates**") and, save as provided in Condition 2(c), each Certificate shall represent the entire holding of Registered Notes by the same holder.

Title to the Bearer Notes and the Coupons and Talons shall pass by delivery. Title to the Registered Notes shall pass by registration in the register that the relevant Issuer shall procure to be kept by the Registrar (and, for as long as it is required under Irish law that a register be held in the Republic of Ireland in respect of Notes issued by BOCH, in a duplicate register held in the Republic of Ireland at the order of the Registrar) in accordance with the provisions of the Agency Agreement (the "**Register**"). Except as ordered by a court of competent jurisdiction or as required by law, the holder (as defined below) of any Note, 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 Certificate representing it) or its theft or loss (or that of the related Certificate) and no person shall be liable for so treating the holder.

In these Conditions, "**Noteholder**" means the bearer of any Bearer Note or the person in whose name a Registered Note is registered (as the case may be), "**holder**" (in relation to a Note, Coupon or Talon) means the bearer of any Bearer Note, Coupon or Talon or the person in whose name a Registered Note is registered (as the case may be) and capitalised terms have the meanings given to them hereon, the absence of any such meaning indicating that such term is not applicable to the Notes.

## 2 Exchanges of Exchangeable Bearer Notes and Transfers of Registered Notes

### (a) Exchange of Exchangeable Bearer Notes

Subject as provided in Condition 2(f), Exchangeable Bearer Notes may be exchanged for the same nominal amount of Registered Notes at the request in writing of the relevant Noteholder



and upon surrender of each Exchangeable Bearer Note to be exchanged, together with all unmatured Coupons and Talons relating to it, at the specified office of any Transfer Agent; provided, however, that where an Exchangeable Bearer Note is surrendered for exchange after the Record Date (as defined in Condition 6(b)) for any payment of interest, the Coupon in respect of that payment of interest need not be surrendered with it. Registered Notes may not be exchanged for Bearer Notes. Bearer Notes of one Specified Denomination may not be exchanged for Bearer Notes of another Specified Denomination. Bearer Notes that are not Exchangeable Bearer Notes may not be exchanged for Registered Notes.

(b) *Transfer of Registered Notes*

One or more Registered Notes may be transferred upon the surrender (at the specified office of the Registrar or any Transfer Agent) of the Certificate representing such Registered Notes to be transferred, together with the form of transfer endorsed on such Certificate (or another form of transfer substantially in the same form and containing the same representations and certifications (if any), unless otherwise agreed by the relevant Issuer), duly completed and executed and any other evidence as the Registrar or Transfer Agent may reasonably require. In the case of a transfer of part only of a holding of Registered Notes represented by one Certificate, a new Certificate shall be issued to the transferee in respect of the part transferred and a further new Certificate in respect of the balance of the holding not transferred shall be issued to the transferor. All transfers of Notes and entries on the Register will be made subject to the detailed regulations concerning transfers of Notes scheduled to the Agency Agreement. The regulations may be changed by the relevant Issuer, with the prior written approval of the Registrar and the Trustee. A copy of the current regulations will be made available by the Registrar to any Noteholder upon request.

(c) *Exercise of Options or Partial Redemption in Respect of Registered Notes*

In the case of an exercise of an option by the relevant Issuer in respect of, or a partial redemption of, a holding of Registered Notes represented by a single Certificate, a new 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 Notes of the same holding having different terms, separate Certificates shall be issued in respect of those Notes of that holding that have the same terms. New Certificates shall only be issued against surrender of the existing Certificates to the Registrar or any Transfer Agent. In the case of a transfer of Registered Notes to a person who is already a holder of Registered Notes, a new Certificate representing the enlarged holding shall only be issued against surrender of the Certificate representing the existing holding.

(d) *Delivery of New Certificates*

Each new Certificate to be issued pursuant to Conditions 2(a), 2(b) or 2(c) shall be available for delivery within three business days of receipt of the request for exchange or form of transfer and surrender of the Certificate for exchange. Delivery of the new Certificate(s) shall be made at the specified office of the Transfer Agent or of the Registrar (as the case may be) to whom delivery or surrender of such request for exchange or form of transfer and Certificate shall have been made or, at the option of the holder making such delivery or surrender as aforesaid and as specified in the relevant request for exchange, form of transfer or otherwise in writing, be mailed by uninsured post at the risk of the holder entitled to the new Certificate to such address as may be so specified, unless such holder requests otherwise and pays in advance to the relevant Transfer Agent the costs of such other method of delivery and/or such insurance as it may specify. In this Condition 2(d), "**business day**" means a day, other than a Saturday or Sunday, on which banks are open for business in the place of the specified office of the relevant Transfer Agent or the Registrar (as the case may be).

(e) *Exchange Free of Charge*

Exchange and transfer of Notes and Certificates on registration, transfer, exercise of an option or partial redemption shall be effected without charge by or on behalf of the relevant Issuer, the Registrar or the Transfer Agents, but upon payment of any tax or other governmental charges that may be imposed in relation to it (or the giving of such indemnity as the Registrar or the relevant Transfer Agent may require).

(f) *Closed Periods*

No Noteholder may require the transfer of a Registered Note to be registered or an Exchangeable Bearer Note to be exchanged for one or more Registered Note(s) (i) during the period of 15 days ending on the due date for redemption of that Note, (ii) during the period of 15 days prior to any date on which Notes may be called for redemption by the relevant Issuer at its option pursuant to Condition 5, (iii) after any such Note has been called for redemption or (iv) during the period of seven days ending on (and including) any Record Date. An Exchangeable Bearer Note called for redemption may, however, be exchanged for one or more Registered Note(s) in respect of which the Certificate is simultaneously surrendered not later than the relevant Record Date.

### **3 Status**

(a) *Status of Senior Preferred Notes; No Set-off*

- (i) This Condition 3(a) only applies to Notes which are specified hereon as being Senior Preferred Notes.
- (ii) The Senior Preferred Notes and any Coupons relating to them constitute direct, unconditional, unsubordinated and unsecured obligations of the relevant Issuer and shall at all times rank:
  - (A) *pari passu* and without any preference among themselves;
  - (B) save for such obligations as may be preferred (with a higher ranking) in terms of ranking compared with the Notes by mandatory provisions of applicable legislation, at least pari passu with all other unsecured and unsubordinated obligations of the relevant Issuer, present and future; and
  - (C) senior to Issuer Junior Liabilities (to Senior Preferred).
- (iii) Subject to applicable law, no holder of any Senior Preferred Notes may exercise or claim any right of set-off in respect of any amount owed to it by the relevant Issuer arising under or in connection with the Senior Preferred Notes, any Coupons related thereto or the Trust Deed, and each holder shall, by virtue of its subscription, purchase or holding of any Senior Preferred Note, be deemed to have waived irrevocably all such rights of set-off. To the extent that any set-off takes place, whether by operation of law or otherwise, between: (x) any amount owed by the relevant Issuer to a holder arising under or in connection with the Senior Preferred Notes, any Coupons related thereto or the Trust Deed; and (y) any amount owed to the relevant Issuer by such holder, such holder shall hold such amounts on trust for the relevant Issuer and will immediately transfer such amount which is set off to the relevant Issuer or, in the event of its winding-up or dissolution, the administrator or other relevant insolvency official of the relevant Issuer, to be held on trust for or on behalf of the Senior Creditors of the Issuer (to Senior Preferred) (as defined below).

- (iv) In these Conditions:

**"Issuer Junior Liabilities (to Senior Preferred)"** means all present and future claims in respect of any obligations of the relevant Issuer which rank or which are expressed by their terms to rank junior to the Senior Preferred Notes, and to the extent permitted by the laws of Ireland (in the case of Senior Preferred Notes issued by BOCH) or the Republic of Cyprus (in the case of Senior Preferred Notes issued by the Bank), as the case may be, and the Capital Regulations, including (without limitation) in respect of (i) (in the case of Notes issued by the Bank only) any Senior Non-Preferred Liabilities (as defined below), (ii) (in the case of Notes issued by the Bank only) any Subordinated Debt Instruments (as defined below), (iii) any Tier 2 Capital issued by the relevant Issuer (and all other present and future unsecured obligations of the relevant Issuer which rank or which are expressed by their terms to rank *pari passu* with any Tier 2 Capital issued by the relevant Issuer), (iv) any Additional Tier 1 Capital issued by the relevant Issuer (and all other present and future unsecured obligations of the relevant Issuer which rank or which are expressed by their terms to rank *pari passu* with any Additional Tier 1 Capital issued by the relevant Issuer) and (v) the share capital of the relevant Issuer.

A reference to "**obligations**" includes any direct or indirect obligations of the relevant Issuer and whether by way of guarantee, indemnity, other contractual support agreement or otherwise and regardless of name or designation, and any non-contractual obligations arising out of or in connection therewith.

**"Senior Creditors of the Issuer (to Senior Preferred)"** means all creditors of the relevant Issuer who are unsubordinated creditors of the relevant Issuer and whose claims rank or are expressed by their terms to rank in priority (including creditors in respect of obligations that may rank higher in priority by mandatory provisions of applicable law to the claims of the holders of Senior Preferred Notes (whether only in the winding-up of the relevant Issuer or otherwise).

**"Senior Non-Preferred Liabilities"** means (in the case of Notes issued by the Bank only) any present and future claims in respect of unsubordinated and unsecured obligations of the Bank which meet the requirements of the provisions of section 33O (2)(h) of the Business of Credit Institutions Law, Law 66(I)/1997 of Cyprus (as amended).

**"Subordinated Debt Instruments"** means (in the case of Notes issued by the Bank only) any present and future claims in respect of subordinated obligations of the Bank which meet the requirements of the provisions of section 33O (2)(i) of the Business of Credit Institutions Law, Law 66(I)/1997 of Cyprus (as amended).

(b) *Status of Senior Non-Preferred Notes; No Set-off*

- (i) This Condition 3(b) only applies to Notes issued by the Bank which are specified hereon as being Senior Non-Preferred Notes.
- (ii) The Senior Non-Preferred Notes and any Coupons relating to them are intended to constitute Senior Non-Preferred Liabilities and constitute direct, unconditional, unsubordinated and unsecured obligations of the Bank which will at all times rank:
- (A) *pari passu* and without any preference among themselves;
- (B) *pari passu* with all other Senior Non-Preferred Liabilities;

- (C) senior to Bank Junior Liabilities (to Senior Non-Preferred) (as defined below);  
and
  - (D) junior to present and future obligations of the Bank in respect of Senior Creditors of the Bank (to Senior Non-Preferred Notes).
- (iii) Subject to applicable law, no holder may exercise or claim any right of set-off in respect of any amount owed to it by the Bank arising under or in connection with the Senior Non-Preferred Notes, any Coupons related thereto or the Trust Deed, and each holder shall, by virtue of its subscription, purchase or holding of any Senior Non-Preferred Note, be deemed to have waived irrevocably all such rights of set-off. To the extent that any set-off takes place, whether by operation of law or otherwise, between: (x) any amount owed by the Bank to a holder arising under or in connection with the Senior Non-Preferred Notes, any Coupons related thereto or the Trust Deed; and (y) any amount owed to the Bank by such holder, such holder shall hold such amount on trust for the Bank and will immediately transfer such amount which is set off to the Bank or, in the event of its winding-up or dissolution, the administrator or other relevant insolvency official of the Bank, to be held on trust for or on behalf of the Senior Creditors of the Bank (to Senior Non-Preferred Notes).
- (iv) In these Conditions:

**"Bank Junior Liabilities (to Senior Non-Preferred)"** means any present and future claims in respect of obligations of the Bank which rank or which are expressed by their terms to rank junior to the Senior Non-Preferred Notes, and to the extent permitted by the laws of the Republic of Cyprus and the Capital Regulations, including (without limitation) in respect of (i) any Subordinated Debt Instruments, (ii) any Tier 2 Capital issued by the Bank (and all other present and future unsecured obligations of the Bank which rank or which are expressed by their terms to rank *pari passu* with any Tier 2 Capital issued by the Bank), (iii) any Additional Tier 1 Capital issued by the Bank (and all other present and future unsecured obligations of the Bank which rank or which are expressed by their terms to rank *pari passu* with any Additional Tier 1 Capital issued by the Bank) and (iv) the share capital of the Bank.

**"Senior Creditors of the Bank (to Senior Non-Preferred Notes)"** means creditors of the Bank whose claims rank or which are expressed by their terms to rank in priority to the claims of the holders of any Senior Non-Preferred Notes, including (without limitation) any Senior Creditors of the Issuer (to Senior Preferred), the holders of any Senior Preferred Notes issued by the Bank and creditors who are, as at the Issue Date of the first Tranche of the Notes, creditors in respect of excluded liabilities of the Bank pursuant to Article 72a(2) of the CRR.

(c) *Status of Tier 2 Capital Notes; No Set-off*

- (i) This Condition 3(c) only applies to Notes issued by BOCH which are specified hereon as being Tier 2 Capital Notes.
- (ii) Subject to any mandatory provisions of law, the Tier 2 Capital Notes and any Coupons relating to them constitute direct, unsecured and subordinated obligations of BOCH and shall at all times rank *pari passu* and without any preference among themselves. The rights of the holders of the Tier 2 Capital Notes and any Coupons relating to them are subordinated on a winding-up as provided in paragraph (iii) below and in the Trust Deed.

- (iii) If at any time that BOCH is insolvent an order is made or an effective resolution is passed for the winding-up of BOCH, the claims of the holders of the Tier 2 Capital Notes and any Coupons relating to them shall rank:
- (A) senior to Junior Liabilities (to Tier 2 Capital);
  - (B) pari passu and without any preference among themselves;
  - (C) pari passu with all other Tier 2 Capital Liabilities; and
  - (D) junior to present and future obligations of BOCH in respect of the Senior Creditors of BOCH (to Tier 2 Capital).
- (iv) Subject to applicable law, no holder may exercise or claim any right of set-off in respect of any amount owed to it by BOCH arising under or in connection with the Tier 2 Capital Notes, any Coupons related thereto or the Trust Deed, and each holder shall, by virtue of its subscription, purchase or holding of any Tier 2 Capital Note, be deemed to have waived irrevocably all such rights of set-off. To the extent that any set-off takes place, whether by operation of law or otherwise, between: (x) any amount owed by BOCH to a holder arising under or in connection with the Tier 2 Capital Notes, any Coupons related thereto or the Trust Deed; and (y) any amount owed to BOCH by such holder, such holder shall hold such amount on trust for BOCH and will immediately transfer such amount which is set off to BOCH or, in the event of its winding-up or dissolution, the administrator or other relevant insolvency official of BOCH, to be held on trust for or on behalf of the Senior Creditors of BOCH (to Tier 2 Capital).
- (v) In these Conditions:

**"Junior Liabilities (to Tier 2 Capital)"** means (i) any claims in respect of obligations of BOCH qualifying (or which at issue qualified) as Additional Tier 1 Capital of BOCH (or which would so qualify but for any applicable limitation on the amount of such capital); (ii) any other subordinated obligations which by law and/or by their terms, and to the extent permitted by the laws of the Republic of Ireland and the Capital Regulations, rank junior to BOCH's obligations under the Tier 2 Capital Notes; and (iii) all classes of share capital of BOCH.

**"Senior Creditors of BOCH (to Tier 2 Capital)"** means (i) any unsubordinated creditors of BOCH; (ii) any obligations of BOCH not qualifying as Additional Tier 1 Capital or Tier 2 Capital of BOCH and which by law and/or their terms rank senior to BOCH's obligations under the Tier 2 Capital Notes; and (iii) any other subordinated obligations which by law and/or by their terms, and to the extent permitted by the laws of the Republic of Ireland and the Capital Regulations, rank senior to BOCH's obligations under the Tier 2 Capital Notes.

**"Tier 2 Capital Liabilities"** means (i) any claims in respect of obligations of BOCH qualifying (or which at issue qualified) as Tier 2 Capital of BOCH (or which would so qualify but for any applicable limitation on the amount of such capital); and (ii) any other subordinated obligations which by law and/or by their terms, and to the extent permitted by the laws of the Republic of Ireland and the Capital Regulations, rank *pari passu* with BOCH's obligations under the Tier 2 Capital Notes.

#### 4 Interest and other Calculations

(a) *Interest on Fixed Rate Notes*

- (i) *Application:* This Condition 4(a) shall only apply if and to the extent that Fixed Rate Note Provisions is specified hereon as being applicable to one or more Interest Period(s).
- (ii) *Accrual of Interest:* Each Fixed Rate Note bears interest on its outstanding nominal amount from (and including) the Interest Commencement Date at the rate per annum (expressed as a percentage) equal to the Rate of Interest, such interest being payable in arrear on each Interest Payment Date. The amount of interest payable shall be determined in accordance with Condition 4(g).

(b) *Interest on Fixed Rate Reset Notes*

- (i) *Application:* This Condition 4(b) shall only apply if and to the extent that Fixed Rate Reset Note Provisions is specified hereon as being applicable to one or more Interest Period(s).
- (ii) *Accrual of Interest:* Each Fixed Rate Reset Note bears interest on its outstanding nominal amount (unless a Benchmark Event has occurred, in which case the First Reset Rate of Interest and/or any Subsequent Reset Rate of Interest (as applicable) shall be determined pursuant to and in accordance with Condition 4(j)):
  - (A) from (and including) the Interest Commencement Date to (but excluding) the First Reset Date, at the rate per annum (expressed as a percentage) equal to the Initial Rate of Interest;
  - (B) for the First Reset Period, at the rate per annum (expressed as a percentage) equal to the First Reset Rate of Interest; and
  - (C) for each Subsequent Reset Period falling thereafter (if any), at the rate per annum (expressed as a percentage) equal to the relevant Subsequent Reset Rate of Interest,

such interest being payable, in each case, in arrear on each Interest Payment Date. The amount of interest payable shall be determined in accordance with Condition 4(g).

Save as otherwise provided herein, the provisions applicable to Fixed Rate Notes shall apply to Fixed Rate Reset Notes.

(iii) *Fallbacks:*

Subject to Condition 4(j), if on any Reset Determination Date the Relevant Screen Page is not available or the Mid-Swap Rate does not appear on the Relevant Screen Page as of the Relevant Time on such Reset Determination Date, the Rate of Interest applicable to the Notes in respect of each Interest Period falling in the relevant Reset Period will be determined by the Calculation Agent on the following basis:

- (A) the relevant Issuer, in consultation with the Calculation Agent, shall request each of the Reset Reference Banks to provide the Calculation Agent with its Mid-Market Swap Rate Quotation as at approximately the Relevant Time on the Reset Determination Date in question;

- (B) if at least three of the Reset Reference Banks provide the Calculation Agent with Mid-Market Swap Rate Quotations, the First Reset Rate of Interest or the Subsequent Reset Rate of Interest (as applicable) for the relevant Reset Period will be equal to the sum (converted, if applicable, as set out in Condition 4(b)(iv)) of (x) the arithmetic mean (rounded, if necessary, to the nearest 0.001 per cent. (0.0005 per cent. being rounded upwards)) of the relevant quotations provided, eliminating the highest quotation (or, in the event of equality, one of the highest) and the lowest (or, in the event of equality, one of the lowest) and (y) the Relevant Reset Margin, all as determined by the Calculation Agent;
- (C) if only two relevant quotations are provided, the First Reset Rate of Interest or the Subsequent Reset Rate of Interest (as applicable) for the relevant Reset Period will be equal to the sum (converted, if applicable, as set out in Condition 4(b)(iv)) of (x) the arithmetic mean (rounded as aforesaid) of the relevant quotations provided and (y) the Relevant Reset Margin, all as determined by the Calculation Agent;
- (D) if only one relevant quotation is provided, the First Reset Rate of Interest or the Subsequent Reset Rate of Interest (as applicable) for the relevant Reset Period will be equal to the sum (converted, if applicable, as set out in Condition 4(b)(iv)) of (x) the relevant quotation provided and (y) the Relevant Reset Margin, all as determined by the Calculation Agent; and
- (E) if none of the Reset Reference Banks provides the Calculation Agent with a Mid-Market Swap Rate Quotation as provided in the foregoing provisions of this Condition 4(b), the First Reset Rate of Interest or the Subsequent Reset Rate of Interest (as applicable) will be equal to the sum (converted, if applicable, as set out in Condition 4(b)(iv)) of (x) the Mid-Swap Rate determined on the last preceding Reset Determination Date and (y) the Relevant Reset Margin or, in the case of the first Reset Determination Date, the First Reset Rate of Interest will be equal to the sum (converted, if applicable, as set out in Condition 4(b)(iv)) of:
  - (1) if Initial Mid-Swap Rate Final Fallback is specified hereon as being applicable, (i) the Initial Mid-Swap Rate and (ii) the Relevant Reset Margin;
  - (2) if Reset Period Maturity Initial Mid-Swap Rate Final Fallback is specified hereon as being applicable, (i) the Reset Period Maturity Initial Mid-Swap Rate and (ii) the Relevant Reset Margin; or
  - (3) if Last Observable Mid-Swap Rate Final Fallback is specified hereon as being applicable, (i) the last observable rate for swaps in the Specified Currency with a term equal to the relevant Reset Period which appears on the Relevant Screen Page and (ii) the Relevant Reset Margin,

all as determined by the Calculation Agent.

- (iv) *Mid-Swap Rate Conversion*: This Condition 4(b)(iv) is only applicable if Mid-Swap Rate Conversion is specified hereon as being applicable. If Mid-Swap Rate Conversion is so specified as being applicable, the First Reset Rate of Interest and, if applicable, each Subsequent Reset Rate of Interest will be converted from the Original Mid-Swap Rate Basis specified hereon to a basis which matches the per annum frequency of

Interest Payment Dates in respect of the Notes during the relevant Reset Period (such calculation to be determined by the relevant Issuer in conjunction with a leading financial institution selected by it).

(c) *Interest on Floating Rate Notes*

- (i) *Application:* This Condition 4(c) shall only apply if and to the extent that Floating Rate Note Provisions is specified hereon as being applicable to one or more Interest Period(s).
- (ii) *Interest Payment Dates:* Each Floating Rate Note bears interest on its outstanding nominal amount from (and including) the Interest Commencement Date at the rate per annum (expressed as a percentage) equal to the Rate of Interest, such interest being payable in arrear on each Interest Payment Date. The amount of interest payable shall be determined in accordance with Condition 4(g). Such Interest Payment Date(s) is/are either shown hereon as Specified Interest Payment Dates or, if no Specified Interest Payment Date(s) is/are shown hereon, "**Interest Payment Date**" shall mean each date which falls the number of months or other period shown hereon as the Interest Period after the preceding Interest Payment Date or, in the case of the first Interest Payment Date, after the Interest Commencement Date.
- (iii) *Business Day Convention:* If any date referred to in these Conditions that is specified to be subject to adjustment in accordance with a Business Day Convention would otherwise fall on a day that is not a Business Day, then, if the Business Day Convention specified is (A) the Floating Rate Business Day Convention, such date shall be postponed to the next day that is a Business Day unless it would thereby fall into the next calendar month, in which event (x) such date shall be brought forward to the immediately preceding Business Day and (y) each subsequent such date shall be the last Business Day of the month in which such date would have fallen had it not been subject to adjustment, (B) the Following Business Day Convention, such date shall be postponed to the next day that is a Business Day, (C) the Modified Following Business Day Convention, such date shall be postponed to the next day that is a Business Day unless it would thereby fall into the next calendar month, in which event such date shall be brought forward to the immediately preceding Business Day or (D) the Preceding Business Day Convention, such date shall be brought forward to the immediately preceding Business Day.
- (iv) *Rate of Interest for Floating Rate Notes:* The Rate of Interest in respect of Floating Rate Notes for each Interest Accrual Period shall be determined in the manner specified hereon and the provisions below relating to either ISDA Determination or Screen Rate Determination shall apply, depending upon which is specified hereon (unless (I) Screen Rate Determination is specified hereon as the manner in which the Rate of Interest is to be determined and (II) a Benchmark Event has occurred, in which case the relevant Rate of Interest shall be determined pursuant to and in accordance with Condition 4(j)).

(A) ISDA Determination

Where ISDA Determination is specified hereon as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Accrual Period shall be determined by the Calculation Agent as a rate equal to the relevant ISDA Rate. For the purposes of this sub-paragraph (A), "**ISDA Rate**" for an Interest Accrual Period means a rate equal to the Floating Rate that would be determined by the Calculation Agent under a Swap Transaction



under the terms of an agreement incorporating the ISDA Definitions and under which:

- (1) the Floating Rate Option is as specified hereon;
- (2) the Designated Maturity is a period specified hereon; and
- (3) the relevant Reset Date is the first day of that Interest Accrual Period unless otherwise specified hereon.

For the purposes of this sub-paragraph (A), "**Floating Rate**", "**Calculation Agent**", "**Floating Rate Option**", "**Designated Maturity**", "**Reset Date**" and "**Swap Transaction**" have the meanings given to those terms in the ISDA Definitions.

(B) Screen Rate Determination

- (x) Where Screen Rate Determination is specified hereon as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Accrual Period will, subject to Condition 4(j) and subject as provided below, be either:

- (1) the offered quotation; or
- (2) the arithmetic mean of the offered quotations,

(expressed as a percentage rate per annum) for the Reference Rate which appears or appear, as the case may be, on the Relevant Screen Page as at 11.00 a.m. (Brussels time) on the Interest Determination Date in question as determined by the Calculation Agent. If five or more of such offered quotations are available on the Relevant Screen Page, the highest (or, if there is more than one such highest quotation, one only of such quotations) and the lowest (or, if there is more than one such lowest quotation, one only of such quotations) shall be disregarded by the Calculation Agent for the purpose of determining the arithmetic mean of such offered quotations.

- (y) Subject to Condition 4(j), if the Relevant Screen Page is not available or if, sub-paragraph (x)(1) applies and no such offered quotation appears on the Page at the Relevant Screen Page or if sub-paragraph (x)(2) above applies and fewer than three such offered quotations appear on the Relevant Screen Page in each case as at the time specified above, subject as provided below, the Reference Banks Agent shall request the principal Euro-zone office of each of the Reference Banks to provide the Reference Banks Agent with its offered quotation (expressed as a percentage rate per annum) for the Reference Rate at approximately 11.00 a.m. (Brussels time) on the Interest Determination Date in question. If two or more of the Reference Banks provide the Reference Banks Agent with such offered quotations, the Rate of Interest for such Interest Accrual Period shall be the arithmetic mean of such offered quotations as determined by the Reference Banks Agent.

- (z) If paragraph (y) above applies and the Reference Banks Agent determines that fewer than two Reference Banks are providing offered

quotations, subject as provided below, the Rate of Interest shall be the arithmetic mean, as determined by the Reference Banks Agent, of the rates per annum (expressed as a percentage) as communicated to (and at the request of) the Reference Banks Agent by the Reference Banks or any two or more of them, at which such banks were offered at approximately 11.00 a.m. (Brussels time) on the relevant Interest Determination Date deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate by leading banks in the Euro-zone inter-bank market or, if fewer than two of the Reference Banks provide the Reference Banks Agent with such offered rates, the offered rate for deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate, or the arithmetic mean of the offered rates for deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate, at which at approximately 11.00 a.m. (Brussels time) on the relevant Interest Determination Date, any one or more banks (which bank or banks is or are in the opinion of the relevant Issuer suitable for such purpose) informs the Reference Banks Agent it is quoting to leading banks in the Euro-zone inter-bank market, provided that, if the Rate of Interest cannot be determined in accordance with the foregoing provisions of this paragraph, the Rate of Interest shall be determined as at the last preceding Interest Determination Date (though substituting, where a different Margin or Maximum or Minimum Rate of Interest is to be applied to the relevant Interest Accrual Period from that which applied to the last preceding Interest Accrual Period, the Margin or Maximum or Minimum Rate of Interest relating to the relevant Interest Accrual Period, in place of the Margin or Maximum or Minimum Rate of Interest relating to that last preceding Interest Accrual Period).

(C) *Linear Interpolation*

Where Linear Interpolation is specified hereon as applicable in respect of an Interest Accrual Period, the Rate of Interest for such Interest Accrual Period shall, subject to Condition 4(j) (if applicable), be calculated by the Calculation Agent by straight line linear interpolation by reference to two rates based on the relevant Reference Rate (where Screen Rate Determination is specified hereon as applicable) or the relevant Floating Rate Option (where ISDA Determination is specified hereon as applicable), one of which shall be determined as if the Applicable Maturity were the period of time for which rates are available next shorter than the length of the relevant Interest Accrual Period and the other of which shall be determined as if the Applicable Maturity were the period of time for which rates are available next longer than the length of the relevant Interest Accrual Period provided however that if there is no rate available for the period of time next shorter or, as the case may be, next longer, then the Calculation Agent shall determine such rate at such time and by reference to such sources as the relevant Issuer determines appropriate.

(d) *Zero Coupon Notes*

- (i) This Condition 4(d) shall only apply if and to the extent that Zero Coupon Note Provisions is specified hereon as being applicable.

- (ii) Where a Note the Interest Basis of which is specified hereon to be Zero Coupon is repayable prior to the Maturity Date and is not paid when due, the amount due and payable prior to the Maturity Date shall be the Early Redemption Amount of such Note (as described in Condition 5(b)(i)). As from the Maturity Date, the Rate of Interest for any overdue principal of such a Note shall be a rate per annum (expressed as a percentage) equal to the Amortisation Yield (as described in Condition 5(b)(i)).

(e) *Accrual of Interest*

Interest shall cease to accrue on each Note on the due date for redemption unless, upon due presentation, payment is improperly withheld or refused, in which event interest shall continue to accrue (both before and after judgment) at the Rate of Interest in the manner provided in this Condition 4 to the Relevant Date (as defined in Condition 7).

(f) *Margin, Maximum/Minimum Rates of Interest and Redemption Amounts and Rounding*

- (i) If any Margin is specified hereon (either (x) generally, or (y) in relation to one or more Interest Accrual Periods), an adjustment shall be made to all Rates of Interest, in the case of (x), or the Rates of Interest for the specified Interest Accrual Periods, in the case of (y), calculated in accordance with Condition 4(c) above by adding (if a positive number) or subtracting the absolute value (if a negative number) of such Margin, subject always to the next paragraph.
- (ii) If any Maximum or Minimum Rate of Interest or Redemption Amount is specified hereon, then any Rate of Interest or Redemption Amount shall be subject to such maximum or minimum, as the case may be.
- (iii) For the purposes of any calculations required pursuant to these Conditions (unless otherwise specified), (x) all percentages resulting from such calculations shall be rounded, if necessary, to the nearest one hundred-thousandth of a percentage point (with 0.000005 of a percentage point being rounded up), (y) all figures shall be rounded to seven significant figures (provided that if the eighth significant figure is a 5 or greater, the seventh significant shall be rounded up) and (z) all currency amounts that fall due and payable shall be rounded to the nearest unit of such currency (with half a unit being rounded up), save in the case of yen, which shall be rounded down to the nearest yen. For these purposes "**unit**" means the lowest amount of such currency that is available as legal tender in the countries of such currency.

(g) *Calculations*

The amount of interest payable per Calculation Amount in respect of any Note for any Interest Accrual Period shall be equal to the product of the Rate of Interest, the Calculation Amount specified hereon and the Day Count Fraction for such Interest Accrual Period, unless an Interest Amount (or a formula for its calculation) is applicable to such Interest Accrual Period, in which case the amount of interest payable per Calculation Amount in respect of such Note for such Interest Accrual Period shall equal such Interest Amount (or be calculated in accordance with such formula). Where any Interest Period comprises two or more Interest Accrual Periods, the amount of interest payable per Calculation Amount in respect of such Interest Period shall be the sum of the Interest Amounts payable in respect of each of those Interest Accrual Periods. In respect of any other period for which interest is required to be calculated, the provisions above shall apply save that the Day Count Fraction shall be for the period for which interest is required to be calculated.

(h) *Determination and Publication of Rates of Interest, Interest Amounts, Final Redemption Amounts, Early Redemption Amounts and Optional Redemption Amounts*

The Calculation Agent or the Reference Banks Agent, as the case may be, shall, subject to Condition 4(j) (if applicable), as soon as practicable on each Interest Determination Date or Reset Determination Date (as applicable), or such other time on such date as the Calculation Agent or the Reference Banks Agent, as the case may be, may be required to calculate any rate or amount, obtain any quotation or make any determination or calculation, determine such rate and calculate the Interest Amounts for the relevant Interest Accrual Period, calculate the Final Redemption Amount, Early Redemption Amount or Optional Redemption Amount, obtain such quotation or make such determination or calculation, as the case may be, and cause the Rate of Interest and the Interest Amounts for each Interest Accrual Period and the relevant Interest Payment Date and, if required to be calculated, the Final Redemption Amount, Early Redemption Amount or any Optional Redemption Amount to be notified to the Trustee, the relevant Issuer, each of the Paying Agents, the Noteholders, any other Calculation Agent appointed in respect of the Notes that is to make a further calculation upon receipt of such information and, if the Notes are listed on a stock exchange and the rules of such exchange or other relevant authority so require, such exchange or other relevant authority as soon as possible after their determination but in no event later than (i) the commencement of the relevant Interest Period, if determined prior to such time, in the case of notification to such exchange of a Rate of Interest and Interest Amount, or (ii) in all other cases, the fourth Business Day after such determination. Where any Interest Payment Date or Interest Period Date is subject to adjustment pursuant to this Condition 4, the Interest Amounts and the Interest Payment Date so published may subsequently be amended (or appropriate alternative arrangements made with the consent of the Trustee by way of adjustment) without notice in the event of an extension or shortening of the Interest Period. If the Notes become due and payable under Condition 9, the accrued interest and the Rate of Interest payable in respect of the Notes shall nevertheless continue to be calculated as previously in accordance with this Condition but no publication of the Rate of Interest or the Interest Amount so calculated need be made unless the Trustee otherwise requires. The determination of any rate or amount, the obtaining of each quotation and the making of each determination or calculation by the Calculation Agent(s) or the Reference Banks Agent, as the case may be, or (as provided in Condition 4(j) (if applicable)) an Independent Adviser shall (in the absence of manifest error) be final and binding upon all parties and (subject as aforesaid) no liability will attach to the Calculation Agent, the Reference Banks Agent or such Independent Adviser in connection with the exercise or non-exercise by it of its powers, duties and discretions for such purposes.

(i) *Calculation Agent*

The relevant Issuer shall procure that there shall at all times be one or more Calculation Agents if provision is made for them hereon and for so long as any Note is outstanding (as defined in the Trust Deed). Where more than one Calculation Agent is appointed in respect of the Notes, references in these Conditions to the Calculation Agent shall be construed as each Calculation Agent performing its respective duties under these Conditions. If the Calculation Agent is unable or unwilling to act as such or if the Calculation Agent fails duly to establish the Rate of Interest for an Interest Accrual Period or to calculate any Interest Amount, Final Redemption Amount, Early Redemption Amount or Optional Redemption Amount, as the case may be, or to comply with any other requirement, the relevant Issuer shall (with the prior approval of the Trustee) appoint a leading bank or financial institution engaged in the interbank market (or, if appropriate, money, swap or over-the-counter index options market) that is most closely connected with the calculation or determination to be made by the Calculation Agent (acting through its principal London office or any other office actively involved in such market) to act as such in its place. The Calculation Agent may not resign its duties without a successor having been appointed as aforesaid.

(j) *Benchmark Replacement*

If: (I) the Notes are Fixed Rate Reset Notes; or (II) the Notes are Floating Rate Notes and Screen Rate Determination is specified hereon as the manner in which the Rate of Interest is to be determined, then the provisions of this Condition 4(j) shall apply.

If, notwithstanding the provisions of Condition 4(b) or Condition 4(c), as applicable, the relevant Issuer determines that a Benchmark Event has occurred when any Rate of Interest (or component thereof) remains to be determined by reference to an Original Reference Rate, then the following provisions shall apply to the Notes:

(i) the relevant Issuer shall use reasonable endeavours, as soon as reasonably practicable, to appoint an Independent Adviser to determine:

(A) a Successor Reference Rate; or

(B) if such Independent Adviser fails so to determine a Successor Reference Rate, an Alternative Reference Rate,

and, in each case, an Adjustment Spread (in any such case, acting in good faith and in a commercially reasonable manner) no later than the relevant IA Determination Cut-off Date for the purposes of determining the Rate of Interest (or the relevant component part thereof) for all relevant future payments of interest on the Notes for which the Rate of Interest (or the relevant component part thereof) was otherwise to be determined by references to such Original Reference Rate (subject to the subsequent operation of, and adjustment as provided in, this Condition 4(j));

(ii) if the relevant Issuer is unable to appoint an Independent Adviser, or the Independent Adviser appointed by the relevant Issuer fails to determine a Successor Reference Rate or an Alternative Reference Rate (as applicable) prior to the relevant IA Determination Cut-off Date, the relevant Issuer (acting in good faith and in a commercially reasonable manner) may determine:

(A) a Successor Reference Rate; or

(B) if the relevant Issuer fails so to determine a Successor Reference Rate, an Alternative Reference Rate,

and, in each case, an Adjustment Spread no later than the Issuer Determination Cut-off Date, for the purposes of determining the Rate of Interest (or the relevant component part thereof) for all relevant future payments of interest on the Notes for which the Rate of Interest (or the relevant component part thereof) was otherwise to be determined by reference to such Original Reference Rate (subject to the subsequent operation of, and adjustment as provided in, this Condition 4(j)). Without prejudice to the definitions thereof, for the purposes of determining any Alternative Reference Rate and the relevant Adjustment Spread, the relevant Issuer will take into account any relevant and applicable market precedents as well as any published guidance from relevant associations involved in the establishment of market standards and/or protocols in the international debt capital markets;

(iii) if a Successor Reference Rate or, failing which, an Alternative Reference Rate (as applicable) and, in either case, an Adjustment Spread is determined by the relevant

Independent Adviser or the relevant Issuer (as applicable) in accordance with this Condition 4(j):

- (A) such Successor Reference Rate or Alternative Reference Rate (as applicable) shall subsequently be used in place of the relevant Original Reference Rate to determine the Rate of Interest (or the relevant component part thereof) for all relevant future payments of interest on the Notes for which the Rate of Interest (or the relevant component part thereof) was otherwise to be determined by reference to the relevant Original Reference Rate (subject to the subsequent operation of, and adjustment as provided in, this Condition 4(j));
- (B) such Adjustment Spread shall be applied to such Successor Reference Rate or Alternative Reference Rate (as the case may be) for all such relevant future payments of interest on the Notes (subject to the subsequent operation of, and adjustment as provided in, this Condition 4(j)); and
- (C) the relevant Independent Adviser or the relevant Issuer (as applicable) (acting in good faith and in a commercially reasonable manner) may in its discretion specify:
  - (1) changes to these Conditions, the Trust Deed and the Agency Agreement in order to follow market practice in relation to such Successor Reference Rate or Alternative Reference Rate (as applicable), including, but not limited to, (1) the Business Centre(s), the definition of "Business Day", the Business Day Convention, the Day Count Fraction, the Determination Date(s), the Interest Determination Date(s), the Interest Period(s), the Interest Period Date, the Mid-Swap Floating Leg Maturity, the Mid-Swap Rate, the Original Mid-Swap Rate Basis, the Reference Banks, the Reference Rate, the Relevant Screen Page, the Relevant Time, the Reset Determination Date(s) and/or the Specified Interest Payment Dates applicable to the Notes and (2) the method for determining the fallback to the Rate of Interest in relation to the Notes if such Successor Reference Rate or Alternative Reference Rate (as applicable) is not available; and
  - (2) any other changes which the relevant Independent Adviser or the relevant Issuer (as applicable) determines are reasonably necessary to ensure the proper operation and comparability to the relevant Original Reference Rate of such Successor Reference Rate or Alternative Reference Rate (as applicable),

which changes shall apply to the Notes for all relevant future payments of interest on the Notes for which the Rate of Interest (or the relevant component part thereof) was otherwise to be determined by reference to the relevant Original Reference Rate (subject to the subsequent operation of, and adjustment as provided in, this Condition 4(j)); and

- (D) promptly following the determination of any Successor Reference Rate or Alternative Reference Rate (as applicable) and the relevant Adjustment Spread, the relevant Issuer shall give notice thereof and of any changes (and the effective date thereof) pursuant to Condition 4(j)(iii)(C) to the Trustee, the Issuing and Paying Agent, the Calculation Agent and the Noteholders in accordance with Condition 15.

Each of the Trustee, the Issuing and Paying Agent and any other parties to the Trust Deed or the Agency Agreement (as the case may be) shall, at the direction and expense of the relevant Issuer, use its reasonable endeavours to effect such consequential amendments to the Trust Deed, the Agency Agreement and these Conditions as may be required in order to give effect to the application of this Condition 4(j). No consent of the Noteholders shall be required in connection with effecting the relevant Successor Reference Rate or Alternative Reference Rate (as applicable) and, in either case, the relevant Adjustment Spread as described in this Condition 4(j) or such other relevant changes pursuant to Condition 4(j)(iii)(C), including for the execution of any documents or the taking of other steps by the relevant Issuer or any of the parties to the Trust Deed or the Agency Agreement.

If a Successor Reference Rate or an Alternative Reference Rate and/or, in either case, an Adjustment Spread is not determined pursuant to the operation of this Condition 4(j) prior to the relevant Issuer Determination Cut-off Date, then the Rate of Interest for the next relevant Interest Period (in the case of Floating Rate Notes) or Reset Period (in the case of Fixed Rate Reset Notes) shall be determined by reference to the fallback provisions of Condition 4(b) or Condition 4(c), as the case may be. For the avoidance of doubt, this paragraph shall apply to the relevant next succeeding Interest Period (in the case of Floating Rate Notes) or Reset Period (in the case of Fixed Rate Reset Notes) only and any subsequent Interest Periods or Reset Periods (as applicable) are subject to the subsequent operation of, and to adjustment as provided in, this Condition 4(j).

Notwithstanding any other provision of this Condition 4(j), each of the Trustee and the Issuing and Paying Agent shall not be obliged to concur with the relevant Issuer or the relevant Independent Adviser in respect of any changes or amendments as contemplated under this Condition 4(j) which, in the sole opinion of the Trustee or the Issuing and Paying Agent, as the case may be, would have the effect of (i) exposing it to any additional liability (or, in the case of the Trustee, any liability against which it has not been indemnified and/or secured and/or prefunded to its satisfaction) or (ii) increasing its obligations or duties, or decreasing its rights, powers, authorisations, discretions, indemnification or protections in the Trust Deed, the Agency Agreement and/or these Conditions.

Notwithstanding any other provision of this Condition 4(j), if in the Issuing and Paying Agent or Calculation Agent's opinion there is any uncertainty in making any determination or calculation under this Condition 4(j), the Issuing and Paying Agent or the Calculation Agent, as the case may be, shall promptly notify the relevant Issuer and/or the relevant Independent Adviser thereof and the relevant Issuer shall direct the Issuing and Paying Agent or the Calculation Agent, as the case may be, in writing as to which course of action to adopt. If the Issuing and Paying Agent or the Calculation Agent, as the case may be, is not promptly provided with such direction, or is otherwise unable to make such calculation or determination for any reason, it shall notify the relevant Issuer and/or the relevant Independent Adviser (as the case may be) thereof and the Issuing and Paying Agent or the Calculation Agent, as the case may be, shall be under no obligation to make such calculation or determination and shall not incur any liability for not doing so.

For the avoidance of doubt, neither the Trustee, nor the Issuing and Paying Agent nor the Calculation Agent shall be obliged to monitor or enquire as to whether a Benchmark Event has occurred or have any liability in respect thereto.

Notwithstanding any other provision of this Condition 4(j), any amendment of these Conditions, the Trust Deed or the Agency Agreement pursuant to this Condition 4(j) shall be subject to, in the case of Senior Preferred Notes or Senior Non-Preferred Notes, Condition 5(i) or, in the case of Tier 2 Capital Notes, Condition 5(j) and no Successor Reference Rate or Alternative Reference Rate (as applicable) will be adopted, and no other amendments to the

terms of the Notes, the Trust Deed or the Agency Agreement will be made pursuant to this Condition 4(j), if and to the extent that, in the determination of the relevant Issuer, the same could reasonably be expected to:

- (i) prejudice the qualification of the Notes as (a) in the case of Tier 2 Capital Notes, Tier 2 Capital of BOCH and/or the Group or (b) in the case of Senior Non-Preferred Notes or Senior Preferred Notes, MREL Eligible Liabilities; and/or
- (ii) in the case of Senior Non-Preferred Notes and Senior Preferred Notes only, result in the Competent Authority and/or the Relevant Resolution Authority treating the next Interest Payment Date or Reset Date, as the case may be, as the effective date for maturity of the Notes, rather than the relevant Maturity Date.

## 5 Redemption, Purchase and Options

### (a) Final Redemption

Unless previously redeemed, purchased and cancelled or substituted, in each case, as provided in this Condition 5, each Note shall be finally redeemed on the Maturity Date specified hereon at its Final Redemption Amount (which, unless otherwise provided hereon, is its nominal amount).

### (b) Early Redemption

#### (i) Zero Coupon Notes:

- (A) The Early Redemption Amount payable in respect of any Zero Coupon Note, upon redemption of such Note pursuant to this Condition 5 or upon it becoming due and payable as provided in Condition 9 shall be the Amortised Face Amount (calculated as provided below) of such Note unless otherwise specified hereon.
- (B) Subject to the provisions of sub-paragraph (C) below, the "**Amortised Face Amount**" of any such Note shall be the scheduled Final Redemption Amount of such Note on the Maturity Date discounted at a rate per annum (expressed as a percentage) equal to the Amortisation Yield (which, if none is shown hereon, shall be such rate as would produce an Amortised Face Amount equal to the issue price of the Notes if they were discounted back to the issue price of the first Tranche of the Notes on the Issue Date) compounded annually.
- (C) If the Early Redemption Amount payable in respect of any such Note upon its redemption pursuant to Condition 5(c) or upon it becoming due and payable as provided in Condition 9 is not paid when due, the Early Redemption Amount due and payable in respect of such Note shall be the Amortised Face Amount of such Note as defined in sub-paragraph (B) above, except that such sub-paragraph shall have effect as though the date on which the Note becomes due and payable were the Relevant Date. The calculation of the Amortised Face Amount in accordance with this sub-paragraph shall continue to be made (both before and after judgment) until the Relevant Date, unless the Relevant Date falls on or after the Maturity Date, in which case the amount due and payable shall be the scheduled Final Redemption Amount of such Note on the Maturity Date together with any interest that may accrue in accordance with Condition 4(c).



Where such calculation is to be made for a period of less than one year, it shall be made on the basis of the Day Count Fraction shown hereon.

- (ii) Other Notes: The Early Redemption Amount payable in respect of any Note (other than Notes described in (i) above), upon redemption of such Note pursuant to this Condition 5 or upon it becoming due and payable as provided in Condition 9, shall be the Final Redemption Amount unless otherwise specified hereon.

(c) *Redemption for Taxation Reasons*

Subject to, in the case of Senior Preferred Notes or Senior Non-Preferred Notes, Condition 5(i) below or, in the case of Tier 2 Capital Notes, Condition 5(j) below, the Notes may be redeemed at the option of the relevant Issuer in whole, but not in part, on any Interest Payment Date (if this Note is a Floating Rate Note) or at any time (if this Note is not a Floating Rate Note), on giving not less than 15 nor more than 60 days' notice to the Trustee, the Issuing and Paying Agent and, in accordance with Condition 15, the Noteholders (which notice shall be irrevocable) at their Early Redemption Amount (as described in Condition 5(b) above) (together with interest accrued to (but excluding) the date fixed for redemption) if:

- (A) the relevant Issuer satisfies the Trustee immediately before the giving of such notice that:
  - (1) it has or will become obliged to pay Additional Amounts as described under Condition 7; or
  - (2) (in the case of Tier 2 Capital Notes only) BOCH would not be entitled to claim a deduction in computing taxation liabilities in the Relevant Tax Jurisdiction in respect of any payment of interest to be made on the next Interest Payment Date or the value of such deduction to BOCH would be reduced,

in each case as a result of any change in, or amendment to, the laws or regulations of the Relevant Tax Jurisdiction or any authority therein or thereof having power to tax, or any change in the application or official interpretation of such laws or regulations, including a decision of any court or tribunal, which change or amendment becomes effective on or after the Issue Date of the last Tranche of the Notes; and

- (B) such obligation or loss of entitlement, as the case may be, cannot be avoided by the relevant Issuer taking reasonable measures available to it; and
- (C) (in the case of Tier 2 Capital Notes only) BOCH satisfies the Competent Authority that such change in tax treatment of the Notes is material and was not reasonably foreseeable at the time of their issuance,

provided that (in the case of (A)(1) above) no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the relevant Issuer would be obliged to pay such Additional Amounts were a payment in respect of the Notes then due.

(d) *Redemption at the Option of the Relevant Issuer*

- (i) Subject to, in the case of Senior Preferred Notes or Senior Non-Preferred Notes, Condition 5(i) below or, in the case of Tier 2 Capital Notes, Condition 5(j) below, if Call Option is specified hereon, the relevant Issuer may, on giving not less than 15 nor more than 30 days' irrevocable notice to the Trustee, the Issuing and Paying Agent and, in accordance with Condition 15, the Noteholders (or such other notice period as may be specified hereon) redeem all or, if so provided, some of the Notes on any Optional

Redemption Date. Any such redemption of Notes shall be at their Optional Redemption Amount (which may be the Early Redemption Amount (as described in Condition 5(b) above)) together with interest accrued to (but excluding) the date fixed for redemption. Any such redemption or exercise must relate to Notes of a nominal amount at least equal to the Minimum Redemption Amount to be redeemed specified hereon and no greater than the Maximum Redemption Amount to be redeemed specified hereon.

- (ii) All Notes in respect of which any such notice is given shall be redeemed on the date specified in such notice in accordance with this Condition.
- (iii) In the case of a partial redemption, the notice to Noteholders shall also contain the certificate numbers of the Notes to be redeemed, which shall have been drawn in such place as the Trustee may approve and in such manner as it deems appropriate, subject to compliance with any applicable laws and stock exchange or other relevant authority requirements.

(e) *Redemption Upon the Occurrence of an MREL Disqualification Event*

- (i) This Condition 5(e) shall only apply to Notes specified hereon as being Senior Preferred Notes or Senior Non-Preferred Notes and references to "Notes" and "Noteholders" shall be construed accordingly.
- (ii) Subject to Condition 5(i) below, if an MREL Disqualification Event occurs, the Notes may be redeemed at the option of the relevant Issuer in whole, but not in part, at the relevant Early Redemption Amount (as described in Condition 5(b)), together with any accrued but unpaid interest to (but excluding) the date fixed for redemption, provided that relevant Issuer provides not less than 15 days' nor more than 60 days' prior notice to the Trustee, the Issuing and Paying Agent and, in accordance with Condition 15, the Noteholders (such notice being irrevocable) specifying the date fixed for such redemption.

(f) *Redemption Upon the Occurrence of a Capital Event*

- (i) This Condition 5(f) shall only apply to Notes specified hereon as being Tier 2 Capital Notes, and references to "Notes" and "Noteholders" shall be construed accordingly.
- (ii) Subject to Condition 5(j) below, if a Capital Event occurs, the Notes may be redeemed at the option of BOCH in whole, but not in part, at the relevant Early Redemption Amount (as described in Condition 5(b)), together with any accrued but unpaid interest to (but excluding) the date fixed for redemption, provided that BOCH provides not less than 15 days' nor more than 60 days' prior notice to the Trustee, the Issuing and Paying Agent and, in accordance with Condition 15, the Noteholders (such notice being irrevocable) specifying the date fixed for such redemption.

(g) *Purchases*

Subject to, in the case of Senior Preferred Notes or Senior Non-Preferred Notes, Condition 5(i) below or, in the case of Tier 2 Capital Notes, Condition 5(j) below, the relevant Issuer and any of its Subsidiaries may purchase Notes at any price in the open market or otherwise and provided that all unmatured Coupons and unexchanged Talons relating thereto are attached thereto or surrendered therewith.

(h) *Cancellation*

All Notes purchased by or on behalf of the relevant Issuer or any of its Subsidiaries may, at the option of the relevant Issuer, be held, reissued or resold or be surrendered for cancellation. In the case of Bearer Notes, any cancellation will be effected by the relevant Issuer surrendering each such Note together with all unmatured Coupons and all unexchanged Talons to the Issuing and Paying Agent and, in the case of Registered Notes, by the relevant Issuer surrendering the Certificate representing such Notes to the Registrar. In each case, if so surrendered, such Notes shall be cancelled forthwith (together with all unmatured Coupons and unexchanged Talons attached thereto or surrendered therewith). Any Notes so surrendered for cancellation may not be reissued or resold and the obligations of the relevant Issuer in respect of any such Notes shall be discharged.

(i) *Conditions to Redemption, Purchase, Substitution and Variation of Senior Preferred Notes and Senior Non-Preferred Notes*

- (i) This Condition 5(i) only applies to Notes which are specified hereon as being Senior Preferred Notes or Senior Non-Preferred Notes, and references to "Notes" and "Noteholders" shall be construed accordingly.
- (ii) Any redemption or purchase of Notes in accordance with Condition 5(c), Condition 5(d), Condition 5(e) or Condition 5(g) above is subject to:
  - (A) the relevant Issuer giving notice to the Relevant Resolution Authority and the Relevant Resolution Authority granting prior permission to redeem or purchase the Notes (in each case to the extent, and in the manner, then required by the MREL Requirements); and
  - (B) compliance by the relevant Issuer with any alternative or additional pre-conditions to redemption or purchase, as applicable, set out in the MREL Requirements (including any requirements applicable to such redemption or purchase due to the qualification of the Notes at such time or previously, as the case may be, as eligible liabilities to meet the MREL Requirements).
- (iii) To the extent required by the MREL Requirements (including any requirements applicable to the modification, substitution or variation of the Notes due to the qualification of the Notes at such time or previously, as the case may be, as eligible liabilities available to meet the MREL Requirements), any substitution or variation in accordance with Condition 5(k) or any modification (other than any modification which is made to correct a manifest error) of these Conditions, the Trust Deed or the Notes (as the case may be), or substitution of the relevant Issuer as principal debtor under the Notes or the Trust Deed, in each case pursuant to Condition 10), will only be permitted if the relevant Issuer has first given notice to the Relevant Resolution Authority of such substitution, variation or modification (as the case may be), and the Relevant Resolution Authority has not objected to such substitution, variation or modification (as the case may be). A certificate signed by two Directors of the relevant Issuer confirming that the requirements set out above are met, shall be treated by the relevant Issuer, the Trustee, the holders and all other interested parties as correct, conclusive and sufficient evidence thereof, in which event such certificate shall be conclusive and binding on Noteholders and Couponholders and the Trustee shall be entitled to rely on such certificate without liability or enquiry to any person.

- (iv) In addition, before the publication of any notice of redemption pursuant to Condition 5(c) or Condition 5(e), the relevant Issuer shall deliver to the Trustee a certificate signed by two Directors of the relevant Issuer stating that:
- (A) in the case of a redemption pursuant to Condition 5(c), the obligation referred to in such Condition cannot be avoided by the relevant Issuer taking reasonable measures available to it; or
  - (B) in the case of a redemption under Condition 5(e), the relevant circumstance referred to under such Condition has occurred,

and such certificate shall be treated by the relevant Issuer, the Trustee, the holders and all other interested parties as correct, conclusive and sufficient evidence thereof and satisfaction of the relevant conditions precedent, in which event it shall be conclusive and binding on Noteholders and Couponholders and the Trustee shall be entitled to rely on such certificate without liability or enquiry to any person. All Notes in respect of which any such notice is given shall be redeemed on the date specified in such notice in accordance with this Condition 5.

(j) *Conditions to Redemption, Purchase, Substitution and Variation of Tier 2 Capital Notes*

- (i) This Condition 5(j) only applies to Notes which are specified hereon as being Tier 2 Capital Notes, and references to "Notes" and "Noteholders" shall be construed accordingly.
- (ii) Any redemption or purchase of Notes in accordance with Condition 5(c), Condition 5(d), Condition 5(f) or Condition 5(g) above is subject to:
  - (A) BOCH giving notice to the Competent Authority and the Competent Authority granting prior permission to redeem or purchase the Notes (in each case to the extent, and in the manner, then required by the Capital Regulations); and
  - (B) compliance by BOCH with any alternative or additional pre-conditions to redemption or purchase, as applicable, set out in the Capital Regulations.
- (iii) To the extent required by the Capital Regulations, any substitution or variation in accordance with Condition 5(k) or any modification (other than any modification which is made to correct a manifest error) of these Conditions, the Trust Deed or the Notes (as the case may be), or substitution of BOCH as principal debtor under the Notes or the Trust Deed, in each case pursuant to Condition 10, will only be permitted if BOCH has first given notice to the Competent Authority of such substitution, variation or modification (as the case may be), and the Competent Authority has not objected to such substitution, variation or modification (as the case may be). A certificate signed by two Directors of BOCH confirming that such requirements are met, shall be treated by BOCH, the Trustee, the holders and all other interested parties as correct, conclusive and sufficient evidence thereof, in which event such certificate shall be conclusive and binding on Noteholders and Couponholders and the Trustee shall be entitled to rely on such certificate without liability or enquiry to any person.

(iv) In addition, before the publication of any notice of redemption pursuant to Condition 5(c) or Condition 5(f), BOCH shall deliver to the Trustee a certificate signed by two Directors of BOCH stating that:

(A) in the case of a redemption pursuant to Condition 5(c), the obligation or loss of entitlement, as applicable, referred to in such Condition cannot be avoided by BOCH taking reasonable measures available to it; or

(B) in the case of a redemption under Condition 5(f), the relevant circumstance referred to under such Condition has occurred,

and such certificate shall be treated by BOCH, the Trustee, the holders and all other interested parties as correct, conclusive and sufficient evidence thereof and satisfaction of the relevant conditions precedent, in which event it shall be conclusive and binding on Noteholders and Couponholders and the Trustee shall be entitled to rely on such certificate without liability or enquiry to any person. All Notes in respect of which any such notice is given shall be redeemed on the date specified in such notice in accordance with this Condition 5.

(v) For the avoidance of doubt, the Capital Regulations currently include the requirements outlined in Articles 77 and 78(4) of the CRR.

(k) *Substitution and Variation*

(i) With respect to:

(A) any Series of Senior Preferred Notes or Senior Non-Preferred Notes, if at any time an MREL Disqualification Event has occurred; or

(B) any Series of Tier 2 Capital Notes, if at any time a Capital Event has occurred; or

(C) any Series of Notes, if at any time any of the events described in Condition 5(c) has occurred and is continuing or in order to ensure the effectiveness and enforceability of Condition 18,

the relevant Issuer may, subject to, in the case of Senior Preferred Notes or Senior Non-Preferred Notes, compliance with Condition 5(i) or, in the case of Tier 2 Capital Notes, compliance with Condition 5(j) (without any requirement for the consent or approval of the holders of the Notes) and having given not less than 15 nor more than 60 days' notice to the holders of the Notes in accordance with Condition 15, at any time either (x) substitute all (but not some only) of the Notes, or (y) vary the terms of the Notes (including, without limitation, changing the governing law of Condition 18), so that the Notes remain or, as appropriate, become, Qualifying Senior Preferred Notes, Qualifying Senior Non-Preferred Notes or Qualifying Tier 2 Capital Notes, as applicable; provided, in any such case, that such variation or substitution does not itself give rise to any right of the relevant Issuer to redeem the varied or substituted Notes.

A certificate signed by two Directors of the relevant Issuer confirming that the requirements set out above and in the definition of Qualifying Senior Preferred Notes, Qualifying Senior Non-Preferred Notes or Qualifying Tier 2 Capital Notes, as applicable, are met shall be treated by the relevant Issuer, the Trustee, the holders and all other interested parties as correct, conclusive and sufficient evidence thereof, in which event such certificate shall be conclusive and binding on Noteholders and

Couponholders and the Trustee shall be entitled to rely on such certificate without liability or enquiry to any person.

- (ii) In connection with any substitution or variation in accordance with this Condition 5(k), the relevant Issuer shall comply with the rules of any stock exchange on which the Notes are for the time being listed or admitted to trading.
- (iii) In these Conditions:

**"Qualifying Senior Non-Preferred Notes"** means securities issued by the Bank that:

- (A) other than in respect of the effectiveness and enforceability of Condition 18 (including, without limitation, changing its governing law), have terms not materially less favourable to holders of the relevant Series of Senior Non-Preferred Notes as a class (as reasonably determined by the Bank) than the terms of the relevant Series of Senior Non-Preferred Notes and they shall also: (I) contain terms which will result in such securities being eligible to count towards fulfilment of the Bank's and/or the Group's (as applicable) MREL Eligible Liabilities under applicable MREL Requirements; (II) have a ranking at least equal to that of the relevant Series of Senior Non-Preferred Notes; (III) have at least the same interest rate and the same Interest Payment Dates as those from time to time applying to the relevant Series of Senior Non-Preferred Notes; (IV) have the same redemption rights and obligations as the relevant Series of Senior Non-Preferred Notes; (V) preserve any existing rights under the relevant Series of Senior Non-Preferred Notes to accrued interest; (VI) do not contain terms which provide for interest cancellation or deferral; (VII) do not contain terms providing for loss absorption through principal write-down or conversion to ordinary shares (but without prejudice to any acknowledgement of statutory resolution powers substantially similar to Condition 18); and (VIII) in the event the relevant Series of Senior Non-Preferred Notes had a published rating solicited by the relevant Issuer from one or more Rating Agencies immediately prior to their substitution or variation, benefit from (or will, as announced by each such Rating Agency, benefit from) an equal or higher published rating from each such Rating Agency as that which applied to the Notes, unless any downgrade is solely attributable to a change to the governing law of Condition 18 in order to ensure the effectiveness and enforceability of Condition 18; and
- (B) are listed on a recognised stock exchange if the relevant Series of Senior Non-Preferred Notes were listed on a recognised stock exchange immediately prior to such variation or substitution.

**"Qualifying Senior Preferred Notes"** means securities issued by the relevant Issuer that:

- (A) other than in respect of the effectiveness and enforceability of Condition 18 (including, without limitation, changing its governing law), have terms not materially less favourable to holders of the relevant Series of Senior Preferred Notes as a class (as reasonably determined by the relevant Issuer) than the terms of the relevant Series of Senior Preferred Notes and they shall also (I) contain terms which will result in such securities being eligible to count towards fulfilment of the relevant Issuer's and/or the Group's (as applicable) MREL Eligible Liabilities under applicable MREL Requirements; (II) have a ranking at least equal to that of the relevant Series of Senior Preferred Notes;

(III) have at least the same interest rate and the same Interest Payment Dates as those from time to time applying to the relevant Series of Senior Preferred Notes; (IV) have the same redemption rights and obligations as the relevant Series of Senior Preferred Notes; (V) preserve any existing rights under the relevant Series of Senior Preferred Notes to accrued interest; (VI) do not contain terms which provide for interest cancellation or deferral; (VII) do not contain terms providing for loss absorption through principal write-down or conversion to ordinary shares (but without prejudice to any acknowledgement of statutory resolution powers substantially similar to Condition 18); and (VIII) in the event the relevant Series of Senior Preferred Notes had a published rating solicited by the relevant Issuer from one or more Rating Agencies immediately prior to their substitution or variation, benefit from (or will, as announced by each such Rating Agency, benefit from) an equal or higher published rating from each such Rating Agency as that which applied to the Notes, unless any downgrade is solely attributable to a change to the governing law of Condition 18 in order to ensure the effectiveness and enforceability of Condition 18; and

- (B) are listed on a recognised stock exchange if the relevant Series of Senior Preferred Notes were listed on a recognised stock exchange immediately prior to such variation or substitution.

**"Qualifying Tier 2 Capital Notes"** means securities issued by BOCH that:

- (A) other than in respect of the effectiveness and enforceability of Condition 18 (including, without limitation, changing its governing law), have terms not materially less favourable to holders of the relevant Series of Tier 2 Capital Notes as a class (as reasonably determined by BOCH) than the terms of the relevant Series of Tier 2 Capital Notes and they shall also (I) comply with the then-current requirements of the Capital Regulations in relation to Tier 2 Capital, (II) have a ranking at least equal to that of the relevant Series of Tier 2 Capital Notes; (III) have at least the same interest rate and the same Interest Payment Dates as those from time to time applying to the relevant Series of Tier 2 Capital Notes; (IV) have the same redemption rights and obligations as the relevant Series of Tier 2 Capital Notes; (V) preserve any existing rights under the relevant Series of Tier 2 Capital Notes to accrued interest; (VI) do not contain terms which provide for interest cancellation or deferral other than as provided in Condition 3(c); (VII) do not contain terms providing for loss absorption through principal write-down or conversion to ordinary shares (but without prejudice to any acknowledgement of statutory resolution powers substantially similar to Condition 18); and (VIII) in the event the relevant Series of Tier 2 Capital Notes had a published rating solicited by the relevant Issuer from one or more Rating Agencies immediately prior to their substitution or variation, benefit from (or will, as announced by each such Rating Agency, benefit from) an equal or higher published rating from each such Rating Agency as that which applied to the Notes, unless any downgrade is solely attributable to a change to the governing law of Condition 18 in order to ensure the effectiveness and enforceability of Condition 18; and
- (B) are listed on a recognised stock exchange if the relevant Series of Tier 2 Capital Notes were listed on a recognised stock exchange immediately prior to such variation or substitution.

**"Rating Agency"** means Fitch Ratings Ltd., Moody's Investors Service Cyprus Ltd., S&P Global Ratings Europe Limited or any other rating agency appointed by the

relevant Issuer to provide a credit rating in respect of the Notes and, in each case, any of its successors or affiliates.

(l) **Trustee role on redemption, substitution or variation; Trustee not obliged to monitor**

Subject to receipt by it of the certificate referred to in Condition 5(k), the Trustee shall (at the expense of the relevant Issuer) use its reasonable endeavours to co-operate with the relevant Issuer (including, but not limited to, entering into such documents or deeds as may be necessary) to give effect to substitution or variation of the Notes for or into Qualifying Senior Preferred Notes, Qualifying Senior Non-Preferred Notes or Qualifying Tier 2 Capital Notes, in each case as applicable, pursuant to Condition 5(k) provided that the Trustee shall not be obliged to co-operate in or agree to any such substitution or variation of the terms if the securities into which the Notes are to be substituted or are to be varied or if the co-operation in such substitution or variation imposes, in the Trustee's opinion, more onerous obligations upon it or exposes it to additional duties or liabilities or reduces its protections and/or amends its rights. If the Trustee does not so co-operate or agree as provided above, the Issuer may, subject as provided above, redeem the Notes as provided above.

The Trustee shall not be under any duty to monitor whether any event or circumstance has happened or exists for the purposes of this Condition 5 and will not be responsible to Noteholders for any loss arising from any failure by it to do so. Unless and until the Trustee has express notice of the occurrence of any event or circumstance within this Condition 5 it shall be entitled to assume that no such event or circumstance exists.

## **6 Payments and Talons**

(a) *Bearer Notes*

Payments of principal and interest in respect of Bearer Notes shall, subject as mentioned below, be made against presentation and surrender of the relevant Notes (in the case of all payments of principal and, in the case of interest, as specified in Condition 6(f)(v)) or Coupons (in the case of interest, save as specified in Condition 6(f)(ii)), as the case may be, at the specified office of any Paying Agent outside the United States by transfer to an account denominated in such currency with a bank in the principal financial centre for such currency or, in the case of euro, in a city in which banks have access to the TARGET System.

(b) *Registered Notes*

- (i) Payments of principal in respect of Registered Notes shall be made against presentation and surrender of the relevant Certificates at the specified office of any of the Transfer Agents or of the Registrar and in the manner provided in paragraph (ii) below.
- (ii) Interest on Registered Notes shall be paid to the person shown on the Register at the close of business on the fifteenth day before the due date for payment thereof (the "**Record Date**"). Payments of interest on each Registered Note shall be made in the relevant currency and to the holder (or to the first named of joint holders) of such Note by transfer to an account in the relevant currency maintained by the payee with a bank as described in Condition 6(a).

(c) *Payments in the United States*

Notwithstanding the foregoing, if any Bearer Notes are denominated in U.S. dollars, payments in respect thereof may be made at the specified office of any Paying Agent in New York City in the same manner as aforesaid if (i) the relevant Issuer shall have appointed Paying Agents with specified offices outside the United States with the reasonable expectation that such



Paying Agents would be able to make payment of the amounts on the Notes in the manner provided above when due, (ii) payment in full of such amounts at all such offices is illegal or effectively precluded by exchange controls or other similar restrictions on payment or receipt of such amounts and (iii) such payment is then permitted by United States law, without involving, in the opinion of the relevant Issuer, any adverse tax consequence to the relevant Issuer.

(d) *Payments subject to Fiscal Laws*

Save as provided in Condition 7, all payments will be subject in all cases to any other applicable fiscal or other laws, regulations and directives in the place of payment or other laws and regulations to which the relevant Issuer agrees to be subject and the relevant Issuer will not be liable for any taxes or duties of whatever nature imposed or levied by such laws, regulations, directives or agreement. No commission or expenses shall be charged to the Noteholders or Couponholders in respect of such payments. In addition, all payments will be subject to any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code, as amended (the "**Code**") or otherwise imposed pursuant to Sections 1471 through 1474 of the Code, any regulations or agreements thereunder, any official interpretations thereof, or (without prejudice to the provisions of Condition 7) any law, rule or regulation implementing an intergovernmental approach thereto.

(e) *Appointment of Agents*

The Issuing and Paying Agent, the Paying Agents, the Registrar, the Transfer Agents and the Calculation Agent initially appointed by the relevant Issuer and their respective specified offices are listed below. The Issuing and Paying Agent, the Paying Agents, the Registrar, the Transfer Agents and the Calculation Agent act solely as agents of the relevant Issuer and do not assume any obligation or relationship of agency or trust for or with any Noteholder or Couponholder. The relevant Issuer reserves the right at any time with the approval of the Trustee to vary or terminate the appointment of the Issuing and Paying Agent, any other Paying Agent, the Registrar, any Transfer Agent or the Calculation Agent(s) and to appoint additional or other Paying Agents or Transfer Agents, provided that the relevant Issuer shall at all times maintain (i) an Issuing and Paying Agent, (ii) a Registrar in relation to Registered Notes, (iii) a Transfer Agent in relation to Registered Notes, (iv) one or more Calculation Agent(s) where these Conditions so require, (v) Paying Agents having specified offices in at least two major European cities, and (vi) such other agents as may be required by any other stock exchange on which the Notes may be listed in each case, as approved by the Trustee.

In addition, the relevant Issuer shall forthwith appoint a Paying Agent in New York City in respect of any Bearer Notes denominated in U.S. dollars in the circumstances described in paragraph (c) above. Notice of any such change or any change of any specified office shall promptly be given to the Noteholders. If any additional Paying Agents are appointed in connection with any Series, the names of such Paying Agents will be specified hereon.

(f) *Unmatured Coupons and unexchanged Talons:*

- (i) Upon the due date for redemption of Bearer Notes which comprise Fixed Rate Notes, they should be surrendered for payment together with all unexpired Coupons (if any) relating thereto, failing which an amount equal to the face value of each missing unexpired Coupon (or, in the case of payment not being made in full, that proportion of the amount of such missing unexpired Coupon that the sum of principal so paid bears to the total principal due) shall be deducted from the Final Redemption Amount, Early Redemption Amount or Optional Redemption Amount, as the case may be, due for payment. Any amount so deducted shall be paid in the manner mentioned above

against surrender of such missing Coupon within a period of 10 years from the Relevant Date for the payment of such principal (whether or not such Coupon has become void pursuant to Condition 8).

- (ii) Upon the due date for redemption of any Bearer Note comprising a Floating Rate Note or a Fixed Rate Reset Note, unmatured Coupons relating to such Note (whether or not attached) shall become void and no payment shall be made in respect of them.
- (iii) Upon the due date for redemption of any Bearer Note, any unexchanged Talon relating to such Note (whether or not attached) shall become void and no Coupon shall be delivered in respect of such Talon.
- (iv) Where any Bearer Note that provides that the relative unmatured Coupons are not to become void upon the due date for redemption of those Notes is presented for redemption without all unmatured Coupons, and where any Bearer Note is presented for redemption without any unexchanged Talon relating to it, redemption shall be made only against the provision of such indemnity as the relevant Issuer may require.
- (v) If the due date for redemption of any Note is not a due date for payment of interest, interest accrued from the preceding due date for payment of interest or the Interest Commencement Date, as the case may be, shall only be payable against presentation (and surrender if appropriate) of the relevant Bearer Note or Certificate representing it, as the case may be. Interest accrued on a Note that only bears interest after its Maturity Date shall be payable on redemption of such Note against presentation of the relevant Note or Certificate representing it, as the case may be.

(g) *Talons*

On or after the Interest Payment Date for the final Coupon forming part of a Coupon sheet issued in respect of any Bearer Note, the Talon forming part of such Coupon sheet may be surrendered at the specified office of the Issuing and Paying Agent in exchange for a further Coupon sheet (and if necessary another Talon for a further Coupon sheet) (but excluding any Coupons that may have become void pursuant to Condition 8).

(h) *Non-Business Days*

If any date for payment in respect of any Note or Coupon is not a business day, the holder shall not be entitled to payment until the next following business day nor to any interest or other sum in respect of such postponed payment. In this paragraph, "**business day**" means a day (other than a Saturday or a Sunday) on which banks and foreign exchange markets settle payments and are open for general business (including dealings in foreign exchange and foreign currency deposits) in the relevant place of presentation, in such jurisdictions as shall be specified as "**Financial Centres**" hereon and:

- (i) (in the case of a payment in a currency other than euro) where payment is to be made by transfer to an account maintained with a bank in the relevant currency, on which foreign exchange transactions may be carried on in the relevant currency in the principal financial centre of the country of such currency; or
- (ii) (in the case of a payment in euro) which is a TARGET Business Day; or
- (iii) (in the case of payment in Australian dollars or New Zealand dollars) a business day in Melbourne or Auckland, respectively).

## 7 Taxation

- (i) All payments of principal and interest by or on behalf of the relevant Issuer in respect of the Notes and the Coupons shall be made free and clear of, and without withholding or deduction for, any taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by the Relevant Tax Jurisdiction or any authority therein or thereof having power to tax, unless such withholding or deduction is required by law. In that event, in the case of a payment of interest only, the relevant Issuer shall pay such additional amounts ("**Additional Amounts**") as shall result in receipt by the Noteholders and Couponholders of such amounts as would have been received by them had no such withholding or deduction been required, except that no such Additional Amounts shall be payable with respect to any Note or Coupon:
- (A) *Other connection:* to, or to a third party on behalf of, a holder who is liable to such taxes, duties, assessments or governmental charges in respect of such Note or Coupon by reason of their having some connection with the Relevant Tax Jurisdiction other than the mere holding of the Note or Coupon; or
- (B) *Presentation more than 30 days after the Relevant Date:* presented (or in respect of which the Certificate representing it is presented) for payment more than 30 days after the Relevant Date except to the extent that the holder of it would have been entitled to such Additional Amounts on presenting it for payment on the thirtieth day.
- (ii) As used in these Conditions, "**Relevant Date**" in respect of any Note or Coupon means the date on which payment in respect of it first becomes due or (if any amount of the money payable is improperly withheld or refused) the date on which payment in full of the amount outstanding is made or (if earlier) the date seven days after that on which notice is duly given to the Noteholders that, upon further presentation of the Note (or relative Certificate) or Coupon being made in accordance with these Conditions, such payment will be made, provided that payment is in fact made upon such presentation. References in these Conditions and the Trust Deed to (x) "**principal**" shall be deemed to include any premium payable in respect of the Notes on Final Redemption Amounts, Early Redemption Amounts, Optional Redemption Amounts, Amortised Face Amounts and all other amounts in the nature of principal payable pursuant to Condition 5, (y) "**interest**" shall be deemed to include all Interest Amounts and all other amounts payable pursuant to Condition 4 and (z) "**interest**" shall be deemed to include any Additional Amounts that may be payable under this Condition or any undertaking given in addition to or in substitution for it under the Trust Deed.
- (iii) Notwithstanding the foregoing provisions of this Condition 7, any payments by the relevant Issuer will be paid net of any withholding or deduction imposed pursuant to an agreement described in Section 1471(b) of the Code, or otherwise imposed pursuant to Sections 1471 through 1474 of the Code, any regulations or agreements thereunder, any official interpretations thereof, or any fiscal or regulatory legislation, rules or practices adopted pursuant to an intergovernmental agreement entered in connection with the implementation of Sections 1471 through 1474 of the Code, and no additional amounts will be required to be paid on account of any such deduction or withholding.

## 8 Prescription

Claims against the relevant Issuer for payment in respect of the Notes and Coupons (which, for this purpose, shall not include Talons) shall be prescribed and become void unless made within

10 years (in the case of principal) or five years (in the case of interest) from the appropriate Relevant Date in respect of them.

## 9 Enforcement

- (i) *Non-Payment*: if the relevant Issuer shall not make payment of any principal or any interest in respect of the Notes for a period of 10 days or more after the due date for the same (which failure to make payment shall constitute *prima facie* evidence of the relevant Issuer's inability to make such payment), the Trustee, having given prior written notice thereof to the relevant Issuer where reasonably practicable, at its discretion may, and if so requested in writing by the holders of at least 25 per cent. in nominal amount of the Notes then outstanding (as defined in the Trust Deed) or as directed by an Extraordinary Resolution of the Noteholders shall, (subject in each case to it first being indemnified and/or secured and/or pre-funded to its satisfaction) institute proceedings in the Republic of Cyprus (if the Issuer is the Bank) or the Republic of Ireland (if the Issuer is BOCH) (but not, in either case, elsewhere) for the winding-up of the relevant Issuer and prove in such winding-up, provided that if, during the 10 days following receipt by it of the Trustee's notice as aforesaid, it satisfies the Trustee that such sums were not paid in order to comply with a mandatory law, regulation or order of any court of competent jurisdiction, the Trustee shall not be entitled to institute any such proceedings for the winding-up of the relevant Issuer. Where there is doubt as to the validity or applicability of any such law, regulation or order, provided that the relevant Issuer acts on the advice given to it during such 10-day period by independent legal advisers approved by the Trustee (such approval not to be unreasonably withheld or delayed), the Trustee shall not be entitled to institute any proceedings for the winding-up of the relevant Issuer as aforesaid.
- (ii) *Enforcement Proceedings*: the Trustee at its discretion may, and if so requested in writing by the holders of at least 25 per cent. in nominal amount of the Notes then outstanding (as defined in the Trust Deed) or as directed by an Extraordinary Resolution of the Noteholders shall, (subject in each case to it first being indemnified and/or secured and/or pre-funded to its satisfaction) institute such proceedings against the relevant Issuer as it may think fit to enforce any obligation, condition or provision binding on the relevant Issuer under the Trust Deed or the Notes (other than any obligation for payment of any principal or interest in respect of the Notes or Coupons) provided that the relevant Issuer shall not by virtue of any such proceedings be obliged to pay any sum or sums representing principal or interest in respect of the Notes or Coupons sooner than the same would otherwise have been payable by it.
- (iii) *Winding-up*: in the event of the commencement of the winding-up of the relevant Issuer (except in any such case a winding-up for the purpose of a reconstruction or amalgamation or the substitution in place of the relevant Issuer of a Successor in Business (as defined in the Trust Deed) the terms of which have previously been approved in writing by the Trustee or by an Extraordinary Resolution (as defined in the Trust Deed) of the Noteholders), the Trustee at its discretion may, and if so requested in writing by the holders of at least 25 per cent. in nominal amount of the Notes then outstanding (as defined in the Trust Deed) or as directed by an Extraordinary Resolution of the Noteholders shall, (subject in each case to it first being indemnified and/or secured and/or pre-funded to its satisfaction) (A) give notice to the relevant Issuer that the Notes are due and repayable immediately (and the Notes shall thereby become so due and repayable) at their nominal amount together with accrued interest and any additional amounts as provided in the Trust Deed and (B) prove in the winding-up of the relevant Issuer.

- (iv) *No Other Remedy*: other than as referred to in this Condition 9, no other remedy shall be available to the Trustee or the Noteholders or Couponholders, whether for the recovery of amounts owing in respect of the Notes or under the Trust Deed or in respect of any breach by the relevant Issuer of any of its other obligations under or in respect of the Notes or under the Trust Deed.

## **10 Meetings of Noteholders, Modification, Waiver and Substitution**

### *(a) Meetings of Noteholders*

The Trust Deed contains provisions for convening meetings of Noteholders (including meetings held by way of video or audio conference call) to consider any matter affecting their interests, including the sanctioning by Extraordinary Resolution (as defined in the Trust Deed) of a modification of any of these Conditions or any provisions of the Trust Deed. Such a meeting may be convened by Noteholders holding not less than 10 per cent. in nominal amount of the Notes for the time being outstanding. The quorum for any meeting convened to consider an Extraordinary Resolution shall be two or more persons holding or representing a clear majority in nominal amount of the Notes for the time being outstanding, or at any adjourned meeting two or more persons being or representing Noteholders whatever the nominal amount of the Notes held or represented, unless the business of such meeting includes consideration of proposals, *inter alia*, (i) to amend the dates of maturity or redemption of the Notes or any date for payment of interest or Interest Amounts on the Notes, (ii) to reduce or cancel the nominal amount of or any premium payable on redemption of, the Notes, (iii) to reduce the rate or rates of interest in respect of the Notes or to vary the method or basis of calculating the rate or rates of interest or the basis for calculating any Interest Amount in respect of the Notes, (iv) if a Minimum and/or a Maximum Rate of Interest or Redemption Amount is shown hereon, to reduce any such Minimum and/or Maximum, (v) to vary any method of, or basis for, calculating the Final Redemption Amount, the Early Redemption Amount or the Optional Redemption Amount, including the method of calculating the Amortised Face Amount, (vi) to vary the currency or currencies of payment or denomination of the Notes, (vii) to take any steps that as specified hereon may only be taken following approval by an Extraordinary Resolution to which the special quorum provisions apply, or (viii) to modify the provisions concerning the quorum required at any meeting of Noteholders or the majority required to pass the Extraordinary Resolution, in which case the necessary quorum shall be two or more persons holding or representing not less than 75 per cent. or at any adjourned meeting not less than 25 per cent. in nominal amount of the Notes for the time being outstanding. Any Extraordinary Resolution duly passed shall be binding on Noteholders (whether or not they were present at the meeting at which such resolution was passed) and on all Couponholders.

The Trust Deed provides that a resolution in writing signed by or on behalf of the holders of not less than 75 per cent. in nominal amount of the Notes outstanding shall for all purposes be as valid and effective as an Extraordinary Resolution passed at a meeting of Noteholders duly convened and held. Such a resolution in writing may be contained in one document or several documents in the same form, each signed by or on behalf of one or more Noteholders.

### *(b) Modifications*

- (i) Subject to, in the case of Senior Preferred Notes or Senior Non-Preferred Notes, Condition 5(i) or, in the case of Tier 2 Capital Notes, Condition 5(j), the Trustee may agree, without the consent of the Noteholders or Couponholders, to (i) any modification of any of the provisions of the Trust Deed that is of a formal, minor or technical nature or is made to correct a manifest or proven error or to comply with mandatory provisions of law, provided that in such case the relevant Issuer procures (at the relevant Issuer's expense) the delivery of a legal opinion or legal opinions addressed to the Trustee in

form and content reasonably acceptable to the Trustee relating to such compliance with mandatory provisions of law from reputable and independent counsel reasonably acceptable to the Trustee, and (ii) any other modification (except as mentioned in the Trust Deed), and any waiver or authorisation of any breach or proposed breach, of any of the provisions of the Trust Deed that is in the opinion of the Trustee not materially prejudicial to the interests of the Noteholders. Any such modification, authorisation or waiver shall be binding on the Noteholders and the Couponholders and, if the Trustee so requires, such modification shall be notified to the Noteholders as soon as practicable thereafter.

- (ii) Subject to, in the case of Senior Preferred Notes or Senior Non-Preferred Notes, Condition 5(i) or, in the case of Tier 2 Capital Notes, Condition 5(j), the Trustee shall, without the consent or sanction of any of the Noteholders or Couponholders, at any time and from time to time concur with the relevant Issuer, to any modification to the Trust Deed, the Agency Agreement and these Conditions made pursuant to Condition 4(j).

When implementing any modification pursuant to this Condition 10(b)(ii):

- (A) the Trustee shall not consider the interests of the Noteholders or Couponholders and shall act and rely solely and without investigation or liability on the direction and certification of the relevant Issuer in accordance with Condition 4(j) and shall not be liable to the Noteholders, Couponholders or any other person for so acting or relying, irrespective of whether any such modification is or may be materially prejudicial to the interests of any such person; and
- (B) the Trustee shall not be obliged to agree to any modification which, in the sole opinion of the Trustee would have the effect of (i) exposing the Trustee to any liability against which it has not been indemnified and/or secured and/or pre-funded to its satisfaction or (ii) increasing the obligations or duties, or decreasing the rights, powers, authorisations, discretions, indemnification or protections, of the Trustee under these presents.

The agreement or approval of the Noteholders shall not be required in the case of any variation of these Conditions required to be made in the circumstances described in Condition 4(j) and Condition 5(k).

Notwithstanding the foregoing, any modification (other than a modification which is made to correct a manifest error) of the Notes, these Conditions, the Agency Agreement or the Trust Deed will be subject to, in the case of Senior Preferred Notes or Senior Non-Preferred Notes, Condition 5(i) or, in the case of Tier 2 Capital Notes, Condition 5(j).

(c) *Substitution*

Subject to satisfaction of the requirements set out in clause 14.2 of the Trust Deed and, in the case of Senior Preferred Notes or Senior Non-Preferred Notes, Condition 5(i) or, in the case of Tier 2 Capital Notes, Condition 5(j), upon request in writing by the relevant Issuer, the Trustee shall, without the consent of the Noteholders or Couponholders, agree to the substitution of any Successor in Business of the relevant Issuer, any Subsidiary of the relevant Issuer, or any Eligible Holding Company of the relevant Issuer (the "**Substituted Obligor**") in place of the relevant Issuer (or of any previous substitute under clause 14.2 of the Trust Deed) as the principal debtor under the Trust Deed and in respect of any Series of Notes and any Coupons and/or Talons relating thereto. Following a substitution pursuant to clause 14.2(a) of the Trust

Deed and this Condition, the Trustee may also agree, subject to, in the case of Senior Preferred Notes or Senior Non-Preferred Notes, Condition 5(i) or, in the case of Tier 2 Capital Notes, Condition 5(j), but without the consent of the Noteholders or the Couponholders, to a change of the law governing the Notes, Coupons, and Talons (or any Condition thereof), provided that such change is not in the opinion of the Trustee materially prejudicial to the interests of the Noteholders. The Trust Deed provides that a change in the governing law of Condition 3 and Condition 18 of any Series of Notes to the law of the jurisdiction of incorporation of the Substituted Obligor in connection with any such substitution shall be deemed not to be prejudicial to the interests of the Noteholders.

(d) *Entitlement of the Trustee*

In connection with the exercise of its functions (including but not limited to those referred to in this Condition) the Trustee shall have regard to the interests of the Noteholders as a class and shall not have regard to the consequences of such exercise for individual Noteholders or Couponholders and the Trustee shall not be entitled to require, nor shall any Noteholder or Couponholder be entitled to claim, from the relevant Issuer any indemnification or payment in respect of any tax consequence of any such exercise upon individual Noteholders or Couponholders.

## **11 Indemnification of the Trustee**

The Trust Deed contains provisions for the indemnification of the Trustee and for its relief from responsibility, including provisions relieving it from taking action unless indemnified and/or secured and/or prefunded to its satisfaction.

The Trust Deed provides that, when determining whether an indemnity or any security or pre-funding is satisfactory to it, the Trustee shall be entitled to evaluate its risk in any given circumstance by considering the worst-case scenario.

The Trustee may rely without enquiry or liability to Noteholders on a report, certificate or opinion of any Auditors (as defined in the Trust Deed), an investment bank, a bank, a firm of lawyers or other expert, whether or not addressed to it and whether their liability in relation thereto is limited (by its terms or by any engagement letter relating thereto entered into by the Trustee or in any other manner) by reference to a monetary cap or other limit on liability. The Trustee may accept and shall be entitled to rely on any such report, opinion or certificate and, if it does so, such report, opinion, or certificate shall be binding on the Issuer, the Trustee and the Noteholders.

The Trustee is entitled to enter into business transactions with the Issuers and any entity related to either of the Issuers without accounting for any profit.

## **12 Regulatory Clearance**

Wherever in these Conditions and/or the Trust Deed there is a requirement for the relevant Issuer to notify the Competent Authority or the Relevant Resolution Authority (as the case may be) of any redemption, purchase, substitution, variation or modification (as the case may be), the Trustee shall be entitled to assume without enquiry that the Competent Authority or the Relevant Resolution Authority (as the case may be) has been so notified and that (if applicable) the Competent Authority or the Relevant Resolution Authority (as the case may be) has not objected to such redemption, purchase, substitution, variation or modification (as the case may be) unless notified in writing to the contrary by the relevant Issuer.

### **13 Replacement of Notes, Certificates Coupons and Talons**

If a Note, Certificate, Coupon or Talon is lost, stolen, mutilated, defaced or destroyed, it may be replaced, subject to applicable laws, regulations and stock exchange or other relevant authority regulations, at the specified office of the Issuing and Paying Agent (in the case of Bearer Notes, Coupons or Talons) and of the Registrar (in the case of Certificates) or such other Paying Agent or Transfer Agent, as the case may be, as may from time to time be designated by the relevant Issuer for the purpose and notice of whose designation is given to Noteholders, in each case on payment by the claimant of the fees and costs incurred in connection therewith and on such terms as to evidence, security and indemnity (which may provide, *inter alia*, that if the allegedly lost, stolen or destroyed Note, Certificate, Coupon or Talon is subsequently presented for payment or, as the case may be, for exchange for further Coupons, there shall be paid to the relevant Issuer on demand the amount payable by the relevant Issuer in respect of such Notes, Certificates, Coupons or further Coupons) and otherwise as the relevant Issuer may require. Mutilated or defaced Notes, Certificates, Coupons or Talons must be surrendered before replacements will be issued.

### **14 Further Issues**

The relevant Issuer may from time to time without the consent of the Noteholders or Couponholders create and issue further securities either having the same terms and conditions as the Notes in all respects (or in all respects except for the first payment of interest on them) and so that such further issue shall be consolidated and form a single series with the outstanding securities of any Series (including the Notes) or upon such terms as the relevant Issuer may determine at the time of their issue. References in these Conditions to the Notes include (unless the context requires otherwise) any other securities issued pursuant to this Condition and forming a single series with the Notes. Any further securities forming a single series with the outstanding securities of any Series (including the Notes) constituted by the Trust Deed or any deed supplemental to it shall, and any other securities may (with the consent of the Trustee), be constituted by the Trust Deed. The Trust Deed contains provisions for convening a single meeting of the Noteholders and the holders of securities of other Series where the Trustee so decides.

### **15 Notices**

Notices to the holders of Registered Notes shall be mailed to them at their respective addresses in the Register and deemed to have been given on the fourth weekday (being a day other than a Saturday or a Sunday) after the date of mailing. Notices to the holders of Bearer Notes shall be valid if published in a daily newspaper of general circulation in London (which is expected to be the *Financial Times*) and so long as the Notes are listed on the Luxembourg Stock Exchange and the rules of that exchange so require, on the website of the Luxembourg Stock Exchange ([www.bourse.lu](http://www.bourse.lu)) or in a daily newspaper with general circulation in Luxembourg (which is expected to be the *Luxemburger Wort*). If in the opinion of the Trustee any such publication is not practicable, notice shall be validly given if published in another leading daily English language newspaper with general circulation in Europe. Any such notice shall be deemed to have been given on the date of such publication or, if published more than once or on different dates, on the first date on which publication is made, as provided above.

Couponholders shall be deemed for all purposes to have notice of the contents of any notice given to the holders of Bearer Notes in accordance with this Condition.



## **16 Contracts (Rights Of Third Parties) Act 1999**

No person shall have any right to enforce any term or condition of the Notes under the Contracts (Rights of Third Parties) Act 1999 but this shall not affect any right or remedy which exists or is available apart from such Act.

## **17 Governing Law and Jurisdiction**

### *(a) Governing Law*

The Trust Deed, the Notes the Coupons and the Talons and any non-contractual obligation arising out of or in connection with them are governed by, and shall be construed in accordance with, English law, save for Conditions 3 and 18, which shall be governed by the laws of the Republic of Cyprus (where the Issuer is the Bank) or the laws of the Republic of Ireland (where the Issuer is BOCH).

### *(b) Jurisdiction*

The courts of England are to have jurisdiction to settle any disputes that may arise out of or in connection with the Trust Deed or any Notes, Coupons or Talons and accordingly any legal action or proceedings arising out of or in connection with the Trust Deed or any Notes, Coupons or Talons ("**Proceedings**") may be brought in such courts. The Issuers have in the Trust Deed irrevocably submitted to the jurisdiction of such courts.

### *(c) Service of Process*

Each Issuer has irrevocably appointed Law Debenture Corporate Services Limited of 8th Floor, 100 Bishopsgate, London EC2N 4AG, United Kingdom as its agent in England to receive, for it and on its behalf, service of process in any Proceedings in England.

## **18 Acknowledgement of Statutory Loss Absorption Powers**

Notwithstanding and to the exclusion of any other term of the Notes or the Trust Deed, or any other agreements, arrangements or understanding between any of the parties thereto or between the relevant Issuer and any Noteholder (which, for the purposes of this Condition 18, includes each holder of a beneficial interest in the Notes), the Trustee has in the Trust Deed acknowledged, accepted, and agreed, and each Noteholder by its subscription and/or purchase and holding of the Notes will be deemed to acknowledge, accept, and agree, that any liability arising under the Notes or the Trust Deed may be subject to the exercise of Statutory Loss Absorption Powers by the Relevant Resolution Authority and acknowledges, accepts, consents to and agrees to be bound by:

- (a) the effect of the exercise of any Statutory Loss Absorption Powers by the Relevant Resolution Authority, which exercise (without limitation) may include and result in any of the following, or a combination thereof:
  - (i) the reduction of all, or a portion, of the Relevant Amounts in respect of the Notes on a permanent basis;
  - (ii) the conversion of all, or a portion, of the Relevant Amounts in respect of the Notes into shares, other securities or other obligations of the relevant Issuer or another person, and the issue to or conferral on the Noteholder of such shares, securities or obligations, including by means of an amendment, modification or variation of the terms of the Notes, in which case the Noteholder agrees to

accept in lieu of its rights under the Notes any such shares, securities or other obligations of the relevant Issuer or another person;

- (iii) the cancellation of the Notes or the Relevant Amounts in respect of the Notes; and
  - (iv) the amendment or alteration of the maturity date of the Notes or the amendment of the amount of interest payable on the Notes, or the date on which interest becomes payable, including by suspending payment for a temporary period; and
- (b) the variation of the terms of the Notes and/or the Trust Deed, as deemed necessary, to give effect to the exercise of any Statutory Loss Absorption Powers by the Relevant Resolution Authority.

Upon the relevant Issuer being informed and notified by the Relevant Resolution Authority of the actual exercise of any Statutory Loss Absorption Power with respect to the Notes, the relevant Issuer shall without delay notify the Trustee and the Noteholders in accordance with Condition 15. Any delay or failure by the relevant Issuer to give notice shall not affect the validity and enforceability of the Statutory Loss Absorption Power nor the effects on the Notes described in this Condition 18.

The exercise of any Statutory Loss Absorption Power by the Relevant Resolution Authority with respect to the Notes shall not constitute an event as described in Condition 9 and the Conditions of the Notes shall continue to apply in relation to the residual nominal amount of, or outstanding amount payable with respect to, the Notes, subject to any modification of the amount of interest payable to reflect the reduction of the nominal amount, and any further modification of the terms that the Relevant Resolution Authority may decide in accordance with applicable laws and regulations relating to the resolution of credit institutions, investment firms and/or members of the Group incorporated in the relevant Member State or, if appropriate, third country (not or no longer being a Member State).

Each Noteholder also acknowledges and agrees that this provision is exhaustive on the matters described herein to the exclusion of any other agreements, arrangements or understandings relating to the application of any Statutory Loss Absorption Power to the Notes.

## 19 Definitions

In these Conditions, unless the context otherwise requires, the following defined terms shall have the meanings set out below:

**"Additional Tier 1 Capital"** means Additional Tier 1 Capital for the purposes of the Capital Regulations.

**"Adjustment Spread"** means either (a) a spread (which may be positive, negative or zero) or (b) a formula or methodology for calculating a spread, in either case which is to be applied to the relevant Successor Reference Rate or Alternative Reference Rate (as applicable) and is the spread, formula or methodology which:

- (i) in the case of a Successor Reference Rate, is formally recommended in relation to the replacement of the relevant Original Reference Rate with the relevant Successor Reference Rate by any Relevant Nominating Body; or
- (ii) in the case of an Alternative Reference Rate or (where (i) above does not apply) in the case of a Successor Reference Rate, the relevant Independent Adviser or the relevant

Issuer (as applicable) determines is recognised or acknowledged as being in customary market usage in international debt capital markets transactions which reference the relevant Original Reference Rate, where such rate has been replaced by such Successor Reference Rate or such Alternative Reference Rate (as applicable); or

- (iii) in the case of an Alternative Reference Rate (where (ii) above does not apply) or in the case of a Successor Reference Rate (where neither (i) nor (ii) above applies), the relevant Independent Adviser or the relevant Issuer (as applicable) determines is recognised or acknowledged as being the industry standard for over-the-counter derivative transactions which reference the Original Reference Rate, where such rate has been replaced by such Alternative Reference Rate or such Successor Reference Rate (as applicable).

If the relevant Independent Adviser or the relevant Issuer (as applicable) determines that none of (i), (ii) and (iii) above applies, the Adjustment Spread shall be deemed to be zero.

**"Alternative Reference Rate"** means the rate that the relevant Independent Adviser or the relevant Issuer (as applicable) determines has replaced the relevant Original Reference Rate in customary market usage in the international debt capital markets for the purposes of determining rates of interest (or the relevant component part thereof) in respect of debt securities denominated in the Specified Currency and of a comparable duration:

- (i) in the case of Floating Rate Notes, to the relevant Interest Periods; or
- (ii) in the case of Fixed Rate Reset Notes, to the relevant Reset Periods,

or, in any case, if such Independent Adviser or the relevant Issuer (as applicable) determines that there is no such rate, such other rate as such Independent Adviser or the relevant Issuer (as applicable) determines in its discretion is most comparable to the relevant Original Reference Rate.

**"Applicable Maturity"** means: (i) in relation to Screen Rate Determination, the period of time designated in the Reference Rate, and (ii) in relation to ISDA Determination, the Designated Maturity.

**"Assets"** means the unconsolidated gross assets of the relevant Issuer, as shown in its latest published audited balance sheet, but adjusted for subsequent events, all in such manner as the board of directors of the relevant Issuer may determine.

**"Benchmark Event"** means, with respect to an Original Reference Rate:

- (i) such Original Reference Rate ceasing to be published for at least five Business Days or ceasing to exist or be administered; or
- (ii) the later of (1) the making of a public statement by the administrator of such Original Reference Rate that it will, on or before a specified date, cease publishing such Original Reference Rate permanently or indefinitely (in circumstances where no successor administrator has been appointed that will continue publication of such Original Reference Rate) and (2) the date falling six months prior to the specified date referred to in (ii)(1); or
- (iii) the making of a public statement by the supervisor of the administrator of such Original Reference Rate that such Original Reference Rate has been permanently or indefinitely discontinued; or

- (iv) the later of (1) the making of a public statement by the supervisor of the administrator of such Original Reference Rate that such Original Reference Rate will, on or before a specified date, be permanently or indefinitely discontinued and (2) the date falling six months prior to the specified date referred to in (iv)(1); or
- (v) the later of (1) the making of a public statement by the supervisor of the administrator of such Original Reference Rate that means such Original Reference Rate will be prohibited from being used on or before a specified date and (2) the date falling six months prior to the specified date referred to in (v)(1); or
- (vi) it has or will prior to the next Interest Determination Date or Reset Determination Date (as applicable) become unlawful for the relevant Issuer, the Issuing and Paying Agent, the Calculation Agent or any other party specified in the applicable Final Terms as being responsible for calculating the Rate of Interest to calculate any payments due to be made to any Noteholders using such Original Reference Rate; or
- (vii) the later of (1) the making of a public statement by the supervisor of the administrator of such Original Reference Rate announcing that such Original Reference Rate will, on or before a specified date, no longer be representative of an underlying market or may, on or before a specified date, no longer be used and (2) the date falling six months prior to the specified date referred to in (vii)(1).

**"BRRD"** means Directive 2014/59/EU, as amended by Directive (EU) 2019/879, and as may be further amended or replaced from time to time.

**"Business Day"** means:

- (i) in the case of a currency other than euro, a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets settle payments in the principal financial centre for such currency; and/or
- (ii) in the case of euro, a day on which the TARGET System is operating (a **"TARGET Business Day"**); and/or
- (iii) if the currency is Australian dollars or New Zealand dollars, a business day in Melbourne or Auckland, respectively; and/or
- (iv) in the case of a currency and/or one or more Business Centres a day (other than a Saturday or a Sunday) on which commercial banks and foreign exchange markets settle payments in such currency in the Business Centre(s) or, if no currency is indicated, generally in each of the Business Centres.

**"Capital Event"** means, at any time, on or after the Issue Date of the last Tranche of the relevant Series of Tier 2 Capital Notes, a change in the regulatory classification of such Notes that results or would be likely to result in (i) the exclusion of such Notes in whole or, to the extent not prohibited by the Capital Regulations, in part, from the Tier 2 Capital of BOCH and/or the Group on a consolidated basis; and/or (ii) their reclassification, in whole or, to the extent not prohibited by the Capital Regulations, in part, as a lower quality form of regulatory capital of BOCH and/or the Group on a consolidated basis, in each case other than where such exclusion or, as the case may be, reclassification is only as a result of any applicable limitation on such capital, and provided that (a) the Competent Authority considers that such change in the regulatory classification of such Notes is sufficiently certain and (b) BOCH satisfies the Competent Authority that such exclusion or regulatory reclassification of such Notes (as applicable) was not reasonably foreseeable at the time of their issuance.

**"Capital Regulations"** means at any time the laws, regulations, requirements, guidelines and policies relating to capital adequacy, resolution and/or solvency applicable to the relevant Issuer including, without limitation to the generality of the foregoing, the BRRD, CRD IV and those regulations, requirements, guidelines and policies of the Competent Authority relating to capital adequacy, resolution and/or solvency then in effect in the Republic of Cyprus (whether or not such requirements, guidelines or policies have the force of law and whether or not they are applied generally or specifically to the relevant Issuer or the Group).

**"Competent Authority"** means the European Central Bank in conjunction with the Central Bank of Cyprus or such other successor authority or authorities having primary bank supervisory authority with respect to prudential oversight and supervision of the relevant Issuer and/or the Group.

**"CRD IV"** means any or any combination of the CRD IV Directive, the CRR, and any CRD IV Implementing Measures, all as amended or supplemented from time to time.

**"CRD IV Directive"** means Directive 2013/36/EU of the European Parliament and of the Council of 26 June 2013, as amended by Directive (EU) 2019/878 of 20 May 2019 and as may be further amended or replaced from time to time.

**"CRD IV Implementing Measures"** means any regulatory capital rules implementing the CRD IV Directive or the CRR which may from time to time be introduced, including, but not limited to, delegated or implementing acts (regulatory technical standards) adopted by the European Commission, national laws and regulations, and regulations and guidelines issued by the Competent Authority, the European Banking Authority or any other relevant authority, which are applicable to the relevant Issuer (on a stand-alone basis) or the Group (on a consolidated basis) and which prescribe the requirements to be fulfilled by financial instruments for inclusion in the regulatory capital of the relevant Issuer (on a stand-alone or consolidated basis).

**"CRR"** means Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 on the prudential requirements for credit institutions and investment firms and amending Regulation (EU) No 648/2012, as amended by Regulation (EU) 2019/876 of 20 May 2019 as regards the leverage ratio, the net stable funding ratio, requirements for own funds and eligible liabilities, counterparty credit risk, market risk, exposures to central counterparties, exposures to collective investment undertakings, large exposures, reporting and disclosure requirements and as may be further amended or replaced from time to time.

**"Day Count Fraction"** means, in respect of the calculation of an amount of interest on any Note for any period of time (from and including the first day of such period to but excluding the last) (whether or not constituting an Interest Period or an Interest Accrual Period, the **"Calculation Period"**):

- (i) if **"Actual/Actual"** or **"Actual/Actual-ISDA"** is specified hereon, the actual number of days in the Calculation Period divided by 365 (or, if any portion of that Calculation Period falls in a leap year, the sum of (A) the actual number of days in that portion of the Calculation Period falling in a leap year divided by 366 and (B) the actual number of days in that portion of the Calculation Period falling in a non-leap year divided by 365);
- (ii) if **"Actual/365 (Sterling)"** is specified hereon, the actual number of days in the Calculation Period divided by 365 or, in the case of an Interest Payment Date falling in a leap year, 366;

- (iii) if "**Actual/365 (Fixed)**" is specified hereon, the actual number of days in the Calculation Period divided by 365;
- (iv) if "**Actual/360**" is specified hereon, the actual number of days in the Calculation Period divided by 360;
- (v) if "**30/360**", "**360/360**" or "**Bond Basis**" is specified hereon, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1) + [30 \times (M_2 - M_1)] + (D_2 - D_1)]}{360}$$

where:

"Y<sub>1</sub>" is the year, expressed as a number, in which the first day of the Calculation Period falls;

"Y<sub>2</sub>" is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"M<sub>1</sub>" is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

"M<sub>2</sub>" is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"D<sub>1</sub>" is the first calendar day, expressed as a number, of the Calculation Period, unless such number would be 31, in which case D<sub>1</sub> will be 30; and

"D<sub>2</sub>" is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless such number would be 31 and D<sub>1</sub> is greater than 29, in which case D<sub>2</sub> will be 30;

- (vi) if "**30E/360**" or "**Eurobond Basis**" is specified hereon, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1) + [30 \times (M_2 - M_1)] + (D_2 - D_1)]}{360}$$

where:

"Y<sub>1</sub>" is the year, expressed as a number, in which the first day of the Calculation Period falls;

"Y<sub>2</sub>" is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"M<sub>1</sub>" is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

"M<sub>2</sub>" is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"D<sub>1</sub>" is the first calendar day, expressed as a number, of the Calculation Period, unless such number would be 31, in which case D<sub>1</sub> will be 30; and

"D<sub>2</sub>" is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless such number would be 31, in which case D<sub>2</sub> will be 30;

- (vii) if "**30E/360 (ISDA)**" is specified hereon, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1) + [30 \times (M_2 - M_1)] + (D_2 - D_1)]}{360}$$

where:

"Y<sub>1</sub>" is the year, expressed as a number, in which the first day of the Calculation Period falls;

"Y<sub>2</sub>" is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"M<sub>1</sub>" is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

"M<sub>2</sub>" is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"D<sub>1</sub>" is the first calendar day, expressed as a number, of the Calculation Period, unless (i) that day is the last day of February or (ii) such number would be 31, in which case D<sub>1</sub> will be 30; and

"D<sub>2</sub>" is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless (i) that day is the last day of February but not the Maturity Date or (ii) such number would be 31, in which case D<sub>2</sub> will be 30;

- (viii) if "**Actual/Actual-ICMA**" is specified hereon:

- (a) if the Calculation Period is equal to or shorter than the Determination Period during which it falls, the number of days in the Calculation Period divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Periods normally ending in any year; and
- (b) if the Calculation Period is longer than one Determination Period, the sum of:
- (x) the number of days in such Calculation Period falling in the Determination Period in which it begins divided by the product of (1) the number of days in such Determination Period and (2) the number of Determination Periods normally ending in any year; and
- (y) the number of days in such Calculation Period falling in the next Determination Period divided by the product of (1) the number of days in such Determination Period and (2) the number of Determination Periods normally ending in any year,

where:

"**Determination Date**" means the date(s) specified as such hereon or, if none is so specified, the Interest Payment Date(s); and

**"Determination Period"** means the period from and including a Determination Date in any year to but excluding the next Determination Date.

**"Eligible Holding Company"** means a limited liability company incorporated in a member state of the European Economic Area: (a) that directly or indirectly, legally and/or beneficially owns all of the ordinary shares of the relevant Issuer; (b) that is consolidated with the relevant Issuer in the consolidated financial statements prepared by the group of companies of which it and the relevant Issuer are members; (c) that is the parent financial holding company of the relevant Issuer for the purposes of the CRR and is subject to supervision of the Competent Authority on a consolidated basis for the purposes of determining own funds requirements pursuant to the Capital Regulations; and (d) whose ordinary shares are admitted to listing on the official list of the United Kingdom Financial Conduct Authority and admitted to trading on the London Stock Exchange plc's main market for listed securities and/or otherwise admitted to trading on a regulated market within the European Economic Area for the purposes of Directive 2014/65/EU (as amended).

**"Euro-zone"** means the region comprised of member states of the European Union that adopt the single currency in accordance with the Treaty establishing the European Community, as amended.

**"First Reset Date"** means the date specified as such hereon.

**"First Reset Margin"** means the margin specified as such hereon.

**"First Reset Period"** means the period from (and including) the First Reset Date to (but excluding) the Second Reset Date or, if no such Second Reset Date is specified hereon, the Maturity Date.

**"First Reset Rate of Interest"** means, in respect of the First Reset Period and subject to Condition 4(b), the rate of interest determined by the Calculation Agent on the relevant Reset Determination Date as the sum of the relevant Mid-Swap Rate and the First Reset Margin.

**"Group"** means the relevant Issuer and its consolidated Subsidiaries.

**"IA Determination Cut-off Date"** means:

- (i) in the case of Floating Rate Notes, in any Interest Period, the date that falls on the fifth Business Day prior to the Interest Determination Date relating to the next succeeding Interest Period; or
- (ii) in the case of Fixed Rate Reset Notes, in any Reset Period, the date that falls on the fifth Business Day prior to the Reset Determination Date relating to the next succeeding Reset Period.

**"Independent Adviser"** means an independent financial institution of international repute or other independent financial adviser experienced in the international debt capital markets, in each case appointed by the relevant Issuer at its own expense.

**"Initial Mid-Swap Rate"** means the rate specified as such hereon.

**"Initial Rate of Interest"** means the rate specified as such hereon.

**"Interest Accrual Period"** means the period beginning on (and including) the Interest Commencement Date and ending on (but excluding) the first Interest Period Date and each



successive period beginning on (and including) an Interest Period Date and ending on (but excluding) the next succeeding Interest Period Date.

**"Interest Amount"** means:

- (i) in respect of an Interest Accrual Period, the amount of interest payable per Calculation Amount for that Interest Accrual Period and which, in the case of Fixed Rate Notes, and unless otherwise specified hereon, shall mean the Fixed Coupon Amount or Broken Amount, specified hereon as being payable on the Interest Payment Date ending the Interest Period of which such Interest Accrual Period forms part; and
- (ii) in respect of any other period, the amount of interest payable per Calculation Amount for that period.

**"Interest Commencement Date"** means the Issue Date or such other date as may be specified hereon.

**"Interest Determination Date"** means, with respect to a Rate of Interest and Interest Accrual Period, the date specified as such hereon or, if none is so specified, (i) the first day of such Interest Accrual Period if the Specified Currency is sterling or (ii) the day falling two Business Days in London for the Specified Currency prior to the first day of such Interest Accrual Period if the Specified Currency is neither sterling nor euro or (iii) the day falling two TARGET Business Days prior to the first day of such Interest Accrual Period if the Specified Currency is euro.

**"Interest Period"** means the period beginning on (and including) the Interest Commencement Date and ending on (but excluding) the first Interest Payment Date and each successive period beginning on (and including) an Interest Payment Date and ending on (but excluding) the next succeeding Interest Payment Date unless otherwise specified hereon.

**"Interest Period Date"** means each Interest Payment Date unless otherwise specified hereon.

**"ISDA Definitions"** means (i) if "2006 ISDA Definitions" is specified hereon, the 2006 ISDA Definitions, as published by the International Swaps and Derivatives Association, Inc. ("**ISDA**"), and as amended and updated as at the Issue Date of the first Tranche of the Notes; or (ii) if "2021 ISDA Definitions" is specified hereon, the latest version of the 2021 ISDA Interest Rate Derivatives Definitions as published by ISDA as at the Issue Date of the first Tranche of the Notes.

**"Issuer Determination Cut-off Date"** means:

- (i) in the case of Floating Rate Notes, in any Interest Period, the date that falls on the third Business Day prior to the Interest Determination Date relating to the next succeeding Interest Period; or
- (ii) in the case of Fixed Rate Reset Notes, in any Reset Period, the date that falls on the third Business Day prior to the Reset Determination Date relating to the next succeeding Reset Period.

**"Mid-Market Swap Rate"** means for any Reset Period the arithmetic mean of the bid and offered rates for the fixed leg payable with a frequency equivalent to the Original Mid-Swap Rate Basis (calculated on the day count basis customary for fixed rate payments in the Specified Currency as determined by the Calculation Agent) of a fixed-for-floating interest rate swap transaction in the Specified Currency which transaction (i) has a term equal to the relevant Reset Period and commencing on the relevant Reset Date, (ii) is in an amount that is representative for a single transaction in the relevant market at the relevant time with an acknowledged dealer of good credit in the swap market and (iii) has a floating leg based on the Mid-Swap Floating Leg Benchmark Rate for the Mid-Swap Floating Leg Maturity (calculated on the day count basis customary for floating rate payments in the Specified Currency as determined by the Calculation Agent).

**"Mid-Market Swap Rate Quotation"** means a quotation (expressed as a percentage rate per annum) for the relevant Mid-Market Swap Rate.

**"Mid-Swap Floating Leg Benchmark Rate"** means EURIBOR (if the Specified Currency is euro) or (in the case of any other Specified Currency) the benchmark rate most closely connected with such Specified Currency and selected by the relevant Issuer in its discretion after consultation with the Calculation Agent.

**"Mid-Swap Floating Leg Maturity"** means the maturity duration specified as such hereon.

**"Mid-Swap Rate"** means, in relation to a Reset Determination Date and subject to Condition 4(b), either:

- (i) if Single Mid-Swap Rate is specified hereon, the rate for swaps in the Specified Currency:
  - (a) with a term equal to the relevant Reset Period; and
  - (b) commencing on the relevant Reset Date; or
- (ii) if Mean Mid-Swap Rate is specified hereon, the arithmetic mean (expressed as a percentage rate per annum and rounded, if necessary, to the nearest 0.001 per cent. (0.0005 per cent. being rounded upwards)) of the bid and offered swap rate quotations for swaps in the Specified Currency:
  - (a) with a term equal to the relevant Reset Period; and
  - (b) commencing on the relevant Reset Date,

in either case, which appears on the Relevant Screen Page as at approximately the Relevant Time on the relevant Reset Determination Date, all as determined by the Calculation Agent.

**"MREL Disqualification Event"** means, at any time, on or after the Issue Date of the last Tranche of the relevant Series of Senior Preferred Notes or Senior Non-Preferred Notes, as the case may be, all or part of the aggregate outstanding nominal amount of such Series of Notes are, or (in the opinion of the relevant Issuer, the Competent Authority and/or the Relevant Resolution Authority) are likely to be, excluded fully or partially from the MREL Eligible Liabilities of the relevant Issuer and/or the Group; provided that an MREL Disqualification Event shall not occur where (a) the exclusion of such Series of Senior Preferred Notes or Senior Non-Preferred Notes, as the case may be, from availability to meet the MREL Requirements is due to (i) the remaining maturity of such Notes being less than any period prescribed thereunder, or (ii) the Notes being repurchased by or on behalf of the relevant Issuer or any of its Subsidiaries or (b) the exclusion of all or some of a Series of Senior Preferred Notes from

availability to meet the MREL Requirements is solely due to (i) such Senior Preferred Notes failing to meet a requirement in relation to their ranking on insolvency of the relevant Issuer or (ii) there being insufficient headroom for such Senior Preferred Notes within a prescribed exception to the otherwise applicable general requirements for eligible liabilities, if any.

**"MREL Eligible Liabilities"** means "eligible liabilities" (or any equivalent or successor term) which are available to meet any MREL Requirements.

**"MREL Requirements"** means, at any time, the laws, regulations, requirements, guidelines, rules, standards and policies relating to minimum requirements for own funds and eligible liabilities and/or loss-absorbing capacity instruments applicable to the relevant Issuer and/or the Group at such time, including, without limitation to the generality of the foregoing, any delegated or implementing acts (such as regulatory technical standards) adopted by the European Commission and any regulations, requirements, guidelines, rules, standards and policies relating to minimum requirements for own funds and eligible liabilities and/or loss absorbing capacity instruments adopted by the Republic of Cyprus, the Competent Authority or the Relevant Resolution Authority from time to time (whether or not such requirements, guidelines or policies are applied generally or specifically to relevant Issuer and/or the Group), as any of the preceding laws, regulations, requirements, guidelines, rules, standards, policies or interpretations may be amended, supplemented, superseded or replaced from time to time.

**"Original Mid-Swap Rate Basis"** means the basis reference period specified as such hereon.

**"Original Reference Rate"** means the originally-specified reference rate of the Notes used to determine the relevant Rate of Interest (or any component part thereof) in respect of any Interest Period(s) or Reset Period(s) (provided that if, following one or more Benchmark Events, such originally specified reference rate of the Notes (or any Successor Reference Rate or Alternative Reference Rate which has replaced it) has been replaced by a (or a further) Successor Reference Rate or Alternative Reference Rate and a Benchmark Event subsequently occurs in respect of such Successor Reference Rate or Alternative Reference Rate, the term "Original Reference Rate" shall include any such Successor Reference Rate or Alternative Reference Rate).

**"Rate of Interest"** means the rate of interest (expressed as a percentage per annum) payable from time to time in respect of this Note and that is either specified or calculated in accordance with the provisions hereon and references to the "Rate of Interest" shall include, *inter alia*, the Initial Rate of Interest, the First Reset Rate of Interest and the Subsequent Rate of Interest, as applicable.

**"Reference Banks"** means the principal Euro-zone office of four major banks in the Euro-zone inter-bank market, selected by the relevant Issuer in consultation with the Calculation Agent or as specified hereon.

**"Reference Banks Agent"** means an independent investment bank, commercial bank or stockbroker appointed by the relevant Issuer.

**"Reference Rate"** means the rate specified as such hereon.

**"Relevant Amounts"** means the outstanding nominal amount of the Notes, together with any accrued but unpaid interest and Additional Amounts due on the Notes pursuant to Condition 7. References to such amounts will include amounts that have become due and payable, but which have not been paid, prior to the exercise of any Statutory Loss Absorption Powers by the Relevant Resolution Authority.

**"Relevant Nominating Body"** means, in respect of an Original Reference Rate:

- (i) the central bank for the currency to which such Original Reference Rate relates, or any central bank or other supervisory authority which is responsible for supervising the administrator of such Original Reference Rate; or
- (ii) any working group or committee sponsored by, chaired or co-chaired by or constituted at the request of (a) the central bank for the currency to which such Original Reference Rate relates, (b) any central bank or other supervisory authority which is responsible for supervising the administrator of such Original Reference Rate, (c) a group of the aforementioned central banks or other supervisory authorities, or (d) the Financial Stability Board or any part thereof.

**"Relevant Tax Jurisdiction"** means the Republic of Cyprus or (save for the purposes of the redemption event described in Condition 5(c)(A)(2)) if the relevant Issuer is, or becomes, subject generally to the taxing jurisdiction of a territory or any authority of or in that territory with power to tax other than the Republic of Cyprus, such other taxing jurisdiction.

**"Relevant Reset Margin"** means, in respect of a Reset Period, whichever of the First Reset Margin or the Subsequent Reset Margin is applicable for the purpose of determining the Rate of Interest in respect of such Reset Period.

**"Relevant Resolution Authority"** means any resolution authority from time to time with the ability to exercise or participate in the exercise of any Statutory Loss Absorption Powers in relation to the relevant Issuer.

**"Relevant Screen Page"** means such page, section, caption, column or other part of a particular information service as may be specified hereon (or any successor or replacement page, section, caption, column or other part of a particular information service).

**"Relevant Time"** means the time specified as such hereon.

**"Reset Date"** means the First Reset Date, the Second Reset Date and each Subsequent Reset Date (as applicable).

**"Reset Determination Date"** means, in respect of a Reset Period, the date specified as such hereon or, if none is so specified, (i) the first day of such Reset Period if the Specified Currency is sterling or (ii) the day falling two Business Days in London for the Specified Currency prior to the first day of such Reset Period if the Specified Currency is neither sterling nor euro or (iii) the day falling two TARGET Business Days prior to the first day of such Reset Period if the Specified Currency is euro.

**"Reset Period"** means the First Reset Period or a Subsequent Reset Period, as the case may be.

**"Reset Period Maturity Initial Mid-Swap Rate"** means the rate specified as such hereon.

**"Reset Reference Banks"** means the principal office in the principal financial centre of the Specified Currency of five major banks in the swap, money, securities or other market most closely connected with the relevant Mid-Swap Rate as selected by the relevant Issuer, in consultation with the Calculation Agent, in its discretion.

**"Second Reset Date"** means the date specified as such hereon.

**"Specified Currency"** means the currency specified as such hereon or, if none is specified, the currency in which the Notes are denominated.

**"Statutory Loss Absorption Powers"** means any write-down, conversion, transfer, modification, suspension or similar or related power existing from time to time under, and exercised in compliance with, any laws, regulations, rules or requirements applicable to the relevant Issuer, relating to (i) the transposition of the BRRD and (ii) the instruments, rules and standards created thereunder, pursuant to which any obligation of the relevant Issuer (or any affiliate of the relevant Issuer) can be reduced, cancelled, modified, or converted into shares, other securities or other obligations of the relevant Issuer or any other person (or suspended for a temporary period).

**"Subsequent Reset Date"** means the date or dates specified as such hereon.

**"Subsequent Reset Margin"** means the margin specified as such hereon.

**"Subsequent Reset Period"** means the period from (and including) the Second Reset Date to (but excluding) the next Subsequent Reset Date, and each successive period from (and including) a Subsequent Reset Date to (but excluding) the next succeeding Subsequent Reset Date or the Maturity Date, as the case may be.

**"Subsequent Reset Rate of Interest"** means in respect of any Subsequent Reset Period and subject to Condition 4(b), the rate of interest determined by the Calculation Agent on the relevant Reset Determination Date as the sum of the relevant Mid-Swap Rate and the relevant Subsequent Reset Margin.

**"Subsidiary"** means, at any particular time, in respect of a company or corporation, any company or corporation:

- (i) more than half the issued equity share capital of which, or more than half the issued share capital carrying voting rights of which, is beneficially owned, directly or indirectly, by the first mentioned company or corporation; or
- (ii) which is a subsidiary of another subsidiary of the first mentioned company or corporation.

**"Successor Reference Rate"** means the rate that the relevant Independent Adviser determines is a successor to or replacement of the Reference Rate which is formally recommended by any Relevant Nominating Body.

**"TARGET System"** means the Trans-European Automated Real-Time Gross Settlement Express Transfer (known as TARGET2) System which was launched on 19 November 2007 or any successor thereto.

**"Tier 2 Capital"** means Tier 2 Capital for the purposes of the Capital Regulations.

**"Unsubordinated Creditors"** means creditors of the relevant Issuer who are unsubordinated depositors or other unsubordinated creditors of the relevant Issuer.

**"Unsubordinated Liabilities"** means the unconsolidated gross liabilities of the relevant Issuer (other than liabilities to persons who are not, or are trustees for persons who are not, Unsubordinated Creditors) all as shown by the latest published audited balance sheet of the relevant Issuer, but adjusted for contingent liabilities and for subsequent events, all in such manner as the board of directors of the relevant Issuer, the Auditors (as defined in the Trust Deed) of the relevant Issuer or the liquidator of the relevant Issuer (as the case may be) may determine.

## SUMMARY OF PROVISIONS RELATING TO THE NOTES WHILE IN GLOBAL FORM

### Initial Issue of Notes

If the Global Notes or the Global Certificates are stated in the applicable Pricing Supplement to be issued in NGN form or to be held under the NSS (as the case may be) the Global Notes or the Global Certificates will be delivered on or prior to the original issue date of the Tranche to a Common Safekeeper. Depositing the Global Notes or the Global Certificates with the Common Safekeeper does not necessarily mean that the Notes will be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem either upon issue, or at any or all times during their life. Such recognition will depend upon satisfaction of the Eurosystem eligibility criteria.

Global Notes which are issued in CGN form and Global Certificates which are not held under the NSS may be delivered on or prior to the original issue date of the Tranche to a Common Depository.

If the Global Note is a CGN, upon the initial deposit of a Global Note with the Common Depository or registration of Registered Notes in the name of any nominee for Euroclear and Clearstream, Luxembourg and delivery of the relative Global Certificate to the Common Depository, Euroclear or Clearstream, Luxembourg will credit each subscriber with a nominal amount of Notes equal to the nominal amount thereof for which it has subscribed and paid. If the Global Note is a NGN, the nominal amount of the Notes shall be the aggregate amount from time to time entered in the records of Euroclear or Clearstream, Luxembourg. The records of such clearing system shall be conclusive evidence of the nominal amount of Notes represented by the Global Note and a statement issued by such clearing system at any time shall be conclusive evidence of the records of the relevant clearing system at that time.

Notes that are initially deposited with the Common Depository may also be credited to the accounts of subscribers with (if indicated in the applicable Pricing Supplement) other clearing systems through direct or indirect accounts with Euroclear and Clearstream, Luxembourg held by such other clearing systems. Conversely, Notes that are initially deposited with any other clearing system may similarly be credited to the accounts of subscribers with Euroclear, Clearstream, Luxembourg or other clearing systems.

### Relationship of Accountholders with Clearing Systems

Each of the persons shown in the records of Euroclear, Clearstream, Luxembourg or any other permitted clearing system (the "**Alternative Clearing System**") as the holder of a Note represented by a Global Note or a Global Certificate must look solely to Euroclear, Clearstream, Luxembourg or any such Alternative Clearing System (as the case may be) for their share of each payment made by the relevant Issuer to the bearer of such Global Note or the holder of the underlying Registered Notes, as the case may be, and in relation to all other rights arising under the Global Notes or Global Certificates, subject to and in accordance with the respective rules and procedures of Euroclear, Clearstream, Luxembourg or such Alternative Clearing System (as the case may be). Such persons shall have no claim directly against the relevant Issuer in respect of payments due on the Notes for so long as the Notes are represented by such Global Note or Global Certificate and such obligations of the relevant Issuer will be discharged by payment to the bearer of such Global Note or the holder of the underlying Registered Notes, as the case may be, in respect of each amount so paid.

## Exchange

### *Temporary Global Notes*

Each temporary Global Note will be exchangeable, free of charge to the holder, on or after its Exchange Date:

- (i) if the applicable Pricing Supplement indicates that such Global Note is issued in compliance with the C Rules or in a transaction to which TEFRA is not applicable (as to which, see "*General Description of the Programme – Selling Restrictions*"), in whole, but not in part, for the Definitive Notes defined and described below; and
- (ii) otherwise, in whole or in part upon certification as to non-U.S. beneficial ownership in the form set out in the Agency Agreement for interests in a permanent Global Note or, if so provided in the applicable Pricing Supplement, for Definitive Notes.

Each temporary Global Note that is also an Exchangeable Bearer Note will be exchangeable for Registered Notes in accordance with the Conditions in addition to any permanent Global Note or Definitive Notes for which it may be exchangeable and, before its Exchange Date, will also be exchangeable in whole or in part for Registered Notes only.

### *Permanent Global Notes*

Each permanent Global Note will be exchangeable, free of charge to the holder, on or after its Exchange Date in whole but not, except as provided under "*Partial Exchange of Permanent Global Notes*", in part for Definitive Notes or, in the case of (i) below, Registered Notes:

- (i) if the permanent Global Note is an Exchangeable Bearer Note, by the holder giving notice to the Issuing and Paying Agent of its election to exchange the whole or a part of such Global Note for Registered Notes; and
- (ii) otherwise, if the permanent Global Note is held on behalf of Euroclear or Clearstream, Luxembourg or an Alternative Clearing System and any such clearing system is closed for business for a continuous period of 14 days (other than by reason of holidays, statutory or otherwise) or announces an intention permanently to cease business or in fact does so.

In the event that a Global Note is exchanged for Definitive Notes, such Definitive Notes shall be issued in Specified Denomination(s) only. A Noteholder who holds a nominal amount of less than the minimum Specified Denomination will not receive a definitive Note in respect of such holding and would need to purchase a nominal amount of Notes such that it holds an amount equal to one or more Specified Denominations.

### *Global Certificates*

If the Pricing Supplement states that the Notes are to be represented by a Global Certificate on issue, the following will apply in respect of transfers of Notes held in Euroclear or Clearstream, Luxembourg or an Alternative Clearing System. These provisions will not prevent the trading of interests in the Notes within a clearing system whilst they are held on behalf of such clearing system, but will limit the circumstances in which the Notes may be withdrawn from the relevant clearing system.

Transfers of the holding of Notes represented by any Global Certificate pursuant to Condition 2(b) may only be made in part:

- (i) if the relevant clearing system is closed for business for a continuous period of 14 days (other than by reason of holidays, statutory or otherwise) or announces an intention permanently to cease business or does in fact do so; or
- (ii) with the consent of the relevant Issuer,

provided that, in the case of the first transfer of part of a holding pursuant to (i) or (ii) above, the registered holder has given the Registrar not less than 30 days' notice at its specified office of the registered holder's intention to effect such transfer.

#### *Partial Exchange of Permanent Global Notes*

For so long as a permanent Global Note is held on behalf of a clearing system and the rules of that clearing system permit, such permanent Global Note will be exchangeable in part on one or more occasions for Registered Notes if the permanent Global Note is an Exchangeable Bearer Note and the part submitted for exchange is to be exchanged for Registered Notes.

#### *Delivery of Notes*

If the Global Note is a CGN, on or after any due date for exchange, the holder of a Global Note may, in the case of an exchange in whole, surrender such Global Note or, in the case of a partial exchange, present it for endorsement to or to the order of the Issuing and Paying Agent. In exchange for any Global Note, or the part thereof to be exchanged, the relevant Issuer will (i) in the case of a temporary Global Note exchangeable for a permanent Global Note, deliver, or procure the delivery of, a permanent Global Note in an aggregate nominal amount equal to that of the whole or that part of a temporary Global Note that is being exchanged or, in the case of a subsequent exchange, endorse, or procure the endorsement of, a permanent Global Note to reflect such exchange or (ii) in the case of a Global Note exchangeable for Definitive Notes or Registered Notes, deliver, or procure the delivery of, an equal aggregate nominal amount of duly executed and authenticated Definitive Notes and/or Certificates, as the case may be or if the Global Note is a NGN, the relevant Issuer will procure that details of such exchange be entered *pro rata* in the records of the relevant clearing system. Global Notes and Definitive Notes will be delivered outside the United States and its possessions. In this Offering Circular, "**Definitive Notes**" means, in relation to any Global Note, the definitive Bearer Notes for which such Global Note may be exchanged (if appropriate, having attached to them all Coupons in respect of interest that have not already been paid on the Global Note and a Talon). Definitive Notes will be security printed and Certificates will be printed in accordance with any applicable legal and stock exchange requirements in or substantially in the form set out in the Schedules to the Trust Deed. On exchange in full of each permanent Global Note, the relevant Issuer will, if the holder so requests, procure that it is cancelled and returned to the holder together with the relevant Definitive Notes.

#### *Exchange Date*

"**Exchange Date**" means, in relation to a temporary Global Note, the day falling after the expiry of 40 days after its issue date and, in relation to a permanent Global Note, a day falling not less than 60 days, or in the case of an exchange for Registered Notes five days after that on which the notice requiring exchange is given and on which banks are open for business in the city in which the specified office of the Issuing and Paying Agent is located and in the city in which the relevant clearing system is located.



### *Amendment to Conditions*

The temporary Global Notes, permanent Global Notes and Global Certificates contain provisions that apply to the Notes that they represent, some of which modify the effect of the Conditions of the Notes set out in this Offering Circular. The following is a summary of certain of those provisions:

#### *Payments*

No payment falling due after the Exchange Date will be made on any Global Note unless exchange for an interest in a permanent Global Note or for Definitive Notes or Registered Notes is improperly withheld or refused. Payments on any temporary Global Note issued in compliance with the D Rules before the Exchange Date will only be made against presentation of certification as to non-U.S. beneficial ownership in the form set out in the Agency Agreement. All payments in respect of Notes represented by a Global Note in CGN form will be made against presentation for endorsement and, if no further payment falls to be made in respect of the Notes, surrender of that Global Note to or to the order of the Issuing and Paying Agent or such other Paying Agent as shall have been notified to the Noteholders for such purpose. For the purposes of any payments made in respect of a Global Note, the relevant place of presentation shall be disregarded in the definition of "business day" set out in Condition 6(h). If the Global Note is a CGN, a record of each payment so made will be endorsed on each Global Note, which endorsement will be prima facie evidence that such payment has been made in respect of the Notes. If the Global Note is a NGN or if the Global Certificate is held under the NSS, the relevant Issuer shall procure that details of each such payment shall be entered *pro rata* in the records of the relevant clearing system and in the case of payments of principal, the nominal amount of the Notes recorded in the records of the relevant clearing system and represented by the Global Note or the Global Certificate will be reduced accordingly. Payments under the NGN will be made to its holder. Each payment so made will discharge the relevant Issuer's obligations in respect thereof. Any failure to make the entries in the records of the relevant clearing system shall not affect such discharge.

All payments in respect of the Notes represented by a Global Certificate will be made to, or to the order of, the person whose name is entered on the Register at the close of business on the record date which shall be on the Clearing System Business Day immediately prior to the date for payment, where "**Clearing System Business Day**" means Monday to Friday inclusive except 1 January and 25 December.

#### *Prescription*

Claims against the relevant Issuer in respect of Notes that are represented by a permanent Global Note will become void unless it is presented for payment within a period of 10 years (in the case of principal) and five years (in the case of interest) from the appropriate Relevant Date (as defined in Condition 7).

#### *Meetings*

The holder of a permanent Global Note or of the Notes represented by a Global Certificate shall (unless such permanent Global Note or Global Certificate represents only one Note) be treated as being two persons for the purposes of any quorum requirements of a meeting of Noteholders and, at any such meeting, the holder of a permanent Global Note shall be treated as having one vote in respect of each integral currency unit of the Specified Currency of the Notes. (All holders of Registered Notes are entitled to one vote in respect of each integral currency unit of the Specified Currency of the Notes comprising such Noteholder's holding, whether or not represented by a Global Certificate.)

#### *Cancellation*

Cancellation of any Note represented by a permanent Global Note that is required by the Conditions to be cancelled (other than upon its redemption) will be effected by reduction in the nominal amount of the relevant permanent Global Note on its presentation to or to the order of the Issuing and Paying

Agent for endorsement in the relevant schedule of such permanent Global Note, whereupon the nominal amount thereof shall be reduced for all purposes by the amount so cancelled and endorsed.

#### *Purchase*

Notes represented by a permanent Global Note may only be purchased by the relevant Issuer or any of its subsidiaries if they are purchased together with the rights to receive all future payments of interest thereon.

#### *Relevant Issuer's Option*

Any option of the relevant Issuer provided for in the Conditions of any Notes while such Notes are represented by a permanent Global Note shall be exercised by the relevant Issuer giving notice to the Noteholders within the time limits set out in and containing the information required by the Conditions, except that the notice shall not be required to contain the serial numbers of Notes drawn in the case of a partial exercise of an option and accordingly no drawing of Notes shall be required. In the event that any option of the relevant Issuer is exercised in respect of some but not all of the Notes of any Series, the rights of accountholders with a clearing system in respect of the Notes will be governed by the standard procedures of Euroclear, Clearstream, Luxembourg (to be reflected in the records of Euroclear and Clearstream, Luxembourg as either a pool factor or a reduction in nominal amount, at their discretion) or any other Alternative Clearing System (as the case may be).

#### *NGN nominal amount*

Where the Global Note is a NGN, the relevant Issuer shall procure that any exchange, payment, cancellation, exercise of any option or any right under the Notes, as the case may be, in addition to the circumstances set out above shall be entered in the records of the relevant clearing systems and upon any such entry being made, in respect of payments of principal, the nominal amount of the Notes represented by such Global Note shall be adjusted accordingly.

#### *Trustee's Powers*

In considering the interests of Noteholders while any Global Note is held on behalf of, or Registered Notes are registered in the name of any nominee for, a clearing system, the Trustee may have regard to any information provided to it by such clearing system or its operator as to the identity (either individually or by category) of its accountholders with entitlements to such Global Note or Registered Notes and may consider such interests as if such accountholders were the holders of the Notes represented by such Global Note or Global Certificate.

#### *Notices*

So long as any Notes are represented by a Global Note or a Global Certificate and such Global Note or Global Certificate is held on behalf of a clearing system, notices to the holders of Notes of that Series may be given by delivery of the relevant notice to that clearing system for communication by it to entitled accountholders in substitution for publication as required by the Conditions or by delivery of the relevant notice to the holder of the Global Note, except that so long as the Notes are listed on the Luxembourg Stock Exchange and the rules of that exchange so require, notices shall also be published either on the website of the Luxembourg Stock Exchange ([www.bourse.lu](http://www.bourse.lu)) or in a leading newspaper having general circulation in Luxembourg (which is expected to be the *Luxemburger Wort*).

### *Electronic Consent and Written Resolution*

While any Global Note is held on behalf of, or any Global Certificate is registered in the name of any nominee for, a clearing system, then:

- (a) approval of a resolution proposed by the relevant Issuer or the Trustee (as the case may be) given by way of electronic consents communicated through the electronic communications systems of the relevant clearing system(s) in accordance with their operating rules and procedures by or on behalf of the holders of not less than 75 per cent. in nominal amount of the Notes outstanding (an "**Electronic Consent**" as defined in the Trust Deed) shall, for all purposes (including matters that would otherwise require a special quorum resolution), take effect as an Extraordinary Resolution passed at a meeting of Noteholders duly convened and held, and shall be binding on all Noteholders and holders of Coupons and Talons whether or not they participated in such Electronic Consent; and
- (b) where Electronic Consent is not being sought, for the purpose of determining whether a Written Resolution (as defined in the Trust Deed) has been validly passed, the relevant Issuer and the Trustee shall be entitled to rely on consent or instructions given in writing directly to the relevant Issuer and/or the Trustee, as the case may be, by accountholders in the relevant clearing system(s) with entitlements to such Global Note or Global Certificate or, where the accountholders hold any such entitlement on behalf of another person, on written consent from or written instruction by the person for whom such entitlement is ultimately beneficially held, whether such beneficiary holds directly with the accountholder or via one or more intermediaries and provided that, in each case, the relevant Issuer and the Trustee have obtained commercially reasonable evidence to ascertain the validity of such holding and have taken reasonable steps to ensure that such holding does not alter following the giving of such consent or instruction and prior to the effecting of such amendment. Any resolution passed in such manner shall be binding on all Noteholders and Couponholders, even if the relevant consent or instruction proves to be defective. As used in this paragraph, "**commercially reasonable evidence**" includes any certificate or other document issued by Euroclear, Clearstream, Luxembourg or any other relevant clearing system, and/or issued by an accountholder of them or an intermediary in a holding chain, in relation to the holding of interests in the Notes. Any such certificate or other document shall, in the absence of manifest error, be conclusive and binding for all purposes. Any such certificate or other document may comprise any form of statement or print out of electronic records provided by the relevant clearing system (including Euroclear's EUCLID or Clearstream, Luxembourg's CreationOnline system) in accordance with its usual procedures and in which the accountholder of a particular principal or nominal amount of the Notes is clearly identified together with the amount of such holding. Neither the relevant Issuer nor the Trustee shall be liable to any person by reason of having accepted as valid or not having rejected any certificate or other document to such effect purporting to be issued by any such person and subsequently found to be forged or not authentic.

## **USE OF PROCEEDS**

The net proceeds of any Tier 2 Capital Notes or Senior Preferred Notes issued by BOCH will be on-lent by BOCH to the Bank. Subject as aforesaid, the net proceeds of each issue of Notes will be used for general funding purposes. If, in respect of any particular issue, there is a particular identified ultimate use of proceeds, this will be stated in the applicable Pricing Supplement.

## DESCRIPTION OF THE GROUP

*Financial information that is disclosed as at and for the years ended 31 December 2020 and 31 December 2019 and that refers to the Group relates to both the Group and to the BOC Group, whereas financial information as at and for the six months ended 30 June 2021 and 30 June 2020 relates only to the Group, unless otherwise stated. The information as at and for the six months ended 30 June 2020 has been extracted from the comparative information set out in the Group Interim Financial Report 2021, which is incorporated by reference in this Offering Circular.*

### **BOCH**

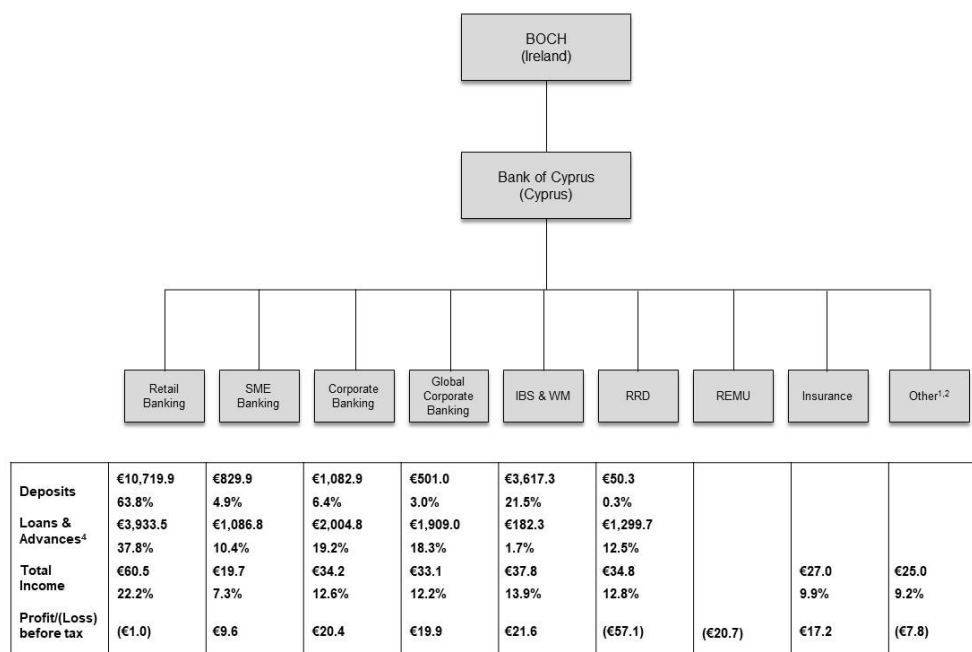
BOCH was incorporated in Ireland on 11 July 2016, as a public limited company, under the Companies Act 2014 of Ireland with registered number 585903. The registered office of BOCH is located at 10 Earlsfort Terrace, Dublin 2, D02 T380, Ireland.

On 18 January 2017, BOCH became the holding company of the Group. BOCH is listed on the standard segment of the London Stock Exchange plc's Main Market for listed securities and on the Main Market of the Cyprus Stock Exchange.

### **The Bank**

The Bank is a public company limited by shares incorporated on 31 December 1943 with registered number HE 165 and was the holding company of the Group until 18 January 2017 when it became a wholly owned subsidiary of BOCH. The principal legislation under which the Bank operates is the Cyprus Companies Law, Cap 113 (as amended from time to time), and the Banking Law. The registered office of the Bank is located at the Group headquarters at 51 Stassinou Street, Ayia Paraskevi, Strovolos, 2002 Nicosia, Cyprus. As at 30 June 2021, the Bank's issued share capital comprised 9,597,944,533 fully paid-up ordinary shares of a nominal value of €0.10 each, 9,597,944,527 of which are held by BOCH, with the balance of six shares being held by various nominee entities.

The general structure of the Group as at 30 June 2021 is as shown below:



Notes:

- 1 As from 2021, the results of the overseas activities of the Group, namely Greece, Romania and Russia, which were previously grouped together and presented into segment 'Overseas', are now presented within segment 'Other', given the size of these operations which are in a run-down mode in the last years.
- 2 Includes group and head office functions such as treasury, finance, risk management, compliance, legal, corporate affairs and human resources as well other subsidiary companies in Cyprus (excluding the insurance subsidiaries, property companies under REMU and subsidiary companies under Wealth) as well as the overseas activities of the Group.
- 3 EUR figures are given to the million Euro.
- 4 Loans and advances to customers after residual fair value adjustment on initial recognition

## Overview of the Group

The Group is a leading full-service banking and financial services group in Cyprus. The Group provides a wide range of financial products and services which include retail and commercial banking, finance, factoring, investment banking, brokerage, fund management, private banking, life and non-life insurance as well as the management and disposal of property predominantly acquired in exchange of debt. As at 30 June 2021, based on the Central Bank of Cyprus's ("CBC") data, the Bank was the largest bank in Cyprus based on loans and deposits, with a market share of loans of 39.1 per cent. and a market share of deposits of 34.6 per cent. The Group operates, as at the date of this Offering Circular, primarily through its 90 branches in Cyprus, of which 10 operate as cash offices. In addition, there are 10 unmanned branches in Cyprus. The Group also has limited presence abroad through its representative offices in Russia, Ukraine and China. The Group also provides 24-hour online, mobile and telephone banking to its customers. As at 30 June 2021, the Group employed 3,558 staff worldwide.

The Group's total income for the year ended 31 December 2020 and the six months ended 30 June 2021 was €0.6 billion and €0.3 billion, respectively. As at 30 June 2021, the Group's total assets, total liabilities and total equity were €24.2 billion (compared to €21.5 billion as at 31 December 2020 and €21.1 billion as at 31 December 2019), €22.1 billion (compared to €19.4 billion as at 31 December 2020 and €18.8 billion as at 31 December 2019) and €2.1 billion (compared to €2.1 billion as at 31 December 2020 and €2.3 billion as at 31 December 2019), respectively. As the largest deposit-taking institution and provider of loans in Cyprus, the Group's assets are mostly comprised of loans to businesses and

households in Cyprus. As at 30 June 2021, gross loans<sup>5</sup> in Cyprus amounted to €10.7 billion, being 99.5 per cent. of total gross loans and advances to customers.

*Gross loans and advances to customers analysis by business line*

The following tables summarise the Group's gross loans and advances to customers measured at amortised cost and the Group's gross loans and advances to customers classified as held for sale, after residual fair value adjustments on initial recognition by business line under which its customers are managed, in each case as at the dates indicated:

	<b>30 June</b>	<b>31 December</b>	
	<b>(unaudited)</b>	<b>(audited)</b>	
	<b>2021</b>	<b>2020</b>	<b>2019<sup>7</sup></b>
	<b>(€'000)</b>	<b>(restated)<sup>6</sup></b>	<b>(€'000)</b>
<b>Gross loans and advances to customers by business line</b>			
Corporate .....	2,004,768	1,954,131	1,974,815
Global Corporate .....	1,909,045	1,897,058	1,899,749
SMEs .....	1,086,814	1,094,453	1,110,304
Retail			
— housing.....	3,040,286	2,955,777	2,792,687
— consumer, credit cards and other .....	893,234	889,457	895,844
Restructuring			
— corporate .....	92,223	171,017	321,125
— SMEs.....	88,930	100,151	317,277
— retail housing.....	110,415	149,420	350,534
— retail other .....	58,484	79,964	179,045
Recoveries			
— corporate .....	56,728	36,177	90,607
— SMEs.....	76,317	75,214	433,578
— retail housing.....	468,083	485,062	844,657
— retail other .....	348,617	345,840	633,531
International banking services .....	136,383	135,338	133,652
Wealth management .....	45,889	31,544	30,741
<b>Total .....</b>	<b>10,416,216</b>	<b>10,400,603</b>	<b>12,008,146</b>

	<b>30 June</b>	<b>31 December</b>	
	<b>(unaudited)<sup>8</sup></b>	<b>(audited)</b>	
	<b>2021</b>	<b>2020</b>	<b>2019<sup>7</sup></b>
	<b>(€'000)</b>	<b>(restated)<sup>6</sup></b>	<b>(€'000)</b>
<b>Gross loans and advances to customers held for sale by business line</b>			
Corporate .....	-	-	710
SMEs .....	-	3	5
Retail			

<sup>5</sup> Gross loans are comprised of: (i) gross loans and advances to customers measured at amortised cost after the residual fair value adjustment on initial recognition (including loans and advances to customers classified as non-current assets held for sale) and (ii) loans and advances to customers classified and measured at fair value through profit or loss adjusted for the aggregate fair value adjustment.

<sup>6</sup> Following a reorganisation of the RRD portfolio in early 2021 (mainly of terminated exposures), certain loans were reclassified within the "Restructuring" and "Recoveries" business lines. As a result, 31 December 2020 figures have been restated to be presented consistently with 30 June 2021 information.

<sup>7</sup> Comparative information for 2019 has not been restated to be presented consistently with 30 June 2021 information.

<sup>8</sup> There were no loans and advances to customers held for sale as at 30 June 2021 in light of the completion of Project Helix 2, in connection with which loans and advances to customers had been classified as held for sale as at 30 December 2020.

	<b>30 June</b> <b>(unaudited)<sup>8</sup></b>	<b>31 December</b> <b>(audited)</b>	
	<b>2021</b> <b>(€'000)</b>	<b>2020</b> <b>(restated)<sup>6</sup></b>	
		<b>2020</b> <b>(€'000)</b>	<b>2019<sup>7</sup></b> <b>(€'000)</b>
<b>Gross loans and advances to customers held for sale by business line</b>			
— housing.....	-	40	-
— consumer, credit cards and other .....	-	23	330
<b>Restructuring</b>			
— corporate .....	-	64,957	7,618
— SMEs.....	-	85,322	1,155
— retail housing.....	-	68,452	1,127
— retail other.....	-	29,380	40,112
<b>Recoveries</b>			
— corporate .....	-	86,113	17,640
— SMEs.....	-	376,944	20,691
— retail housing.....	-	342,618	4,752
— retail other.....	-	287,403	79,674
International banking services .....	-	-	67
<b>Total .....</b>	<b>-</b>	<b>1,341,255</b>	<b>173,881</b>

Loans and advances to customers classified and measured at fair value through profit or loss amounted to €0.3 billion as at 30 June 2021.

#### *Customer deposits*

Customer deposits remain the Group's primary source of funding. Customer deposits accounted for 69.4 per cent. of total assets at 30 June 2021, compared with 76.8 per cent. and 79.0 per cent. of total assets as at 31 December 2020 and 2019 respectively.

The following tables summarise the Group's customer deposits by type and geographical area at the dates indicated (deposits by geographical area are based on the country of origin of the deposit):

	<b>30 June</b> <b>(unaudited)</b>	<b>31 December</b> <b>(audited)</b>	
	<b>2021</b> <b>(€'000)</b>	<b>2020</b> <b>(€'000)</b>	
		<b>2020</b> <b>(€'000)</b>	<b>2019</b> <b>(€'000)</b>
<b>Customer deposits</b>			
<i>By type of deposit</i>			
Demand.....	8,525,496	8,149,688	7,595,231
Savings.....	2,188,574	1,970,975	1,567,344
Time or notice .....	6,087,181	6,412,549	7,528,956
<b>Total .....</b>	<b>16,801,251</b>	<b>16,533,212</b>	<b>16,691,531</b>
<i>By geographical area</i>			
Cyprus.....	16,801,251	16,533,212	16,691,531

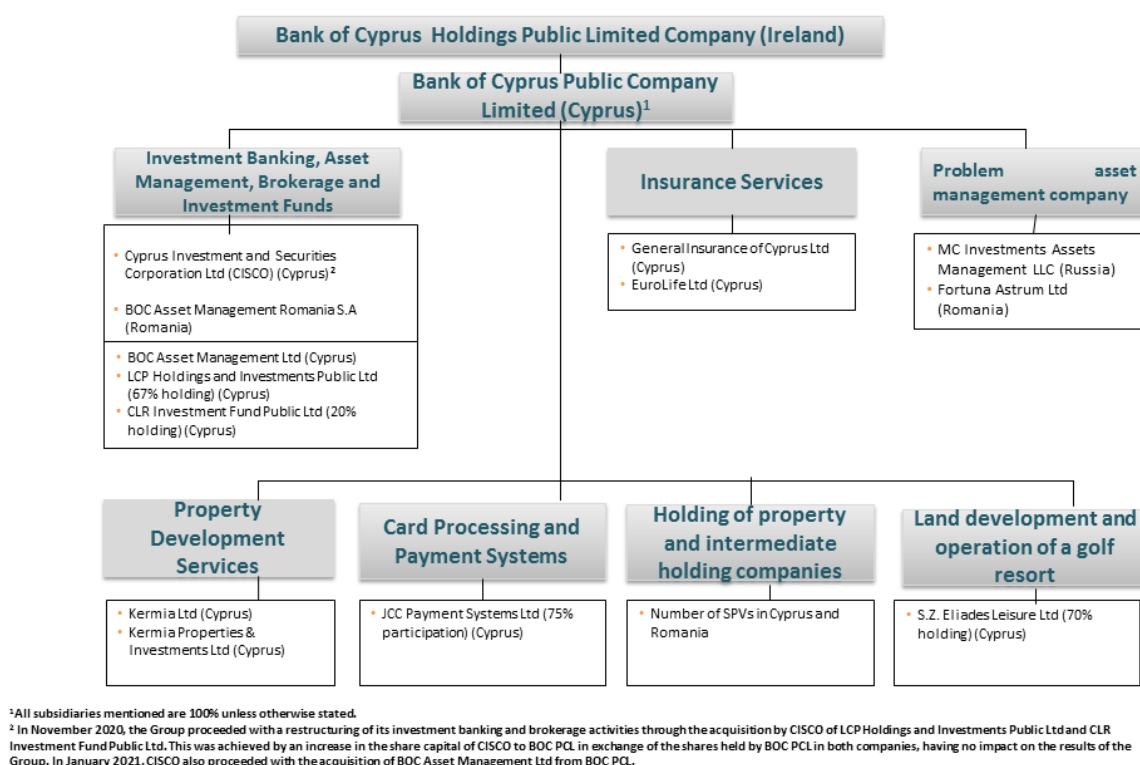
#### **Competitive Strengths and Strategies**

Please refer to the sections entitled "Operating Environment", "Business Overview" and "Strategy and Outlook" within the Interim Management Report in the Group Interim Financial Report 2021, which is incorporated by reference in this Offering Circular.



## Group Legal and Organisational Structure

The structure chart below sets out the key operating subsidiaries of the Group as at 30 June 2021:



## BUSINESS LINES

### *Business Banking Division*

The Business Banking Division is comprised of four sub-divisions: Retail, SME, Corporate and International Banking. The Bank was the largest provider of loans and advances in Cyprus as at 30 June 2021 based on CBC data, if loans and advances to customers serviced by the Global Corporate Banking and Markets division are included in the calculation.

The Business Banking Division had 1,680 employees as at 30 June 2021.

### *Retail Banking*

As at 30 June 2021, the Retail Banking division ("**Retail Banking**") had approximately 657,000 natural person customers and 32,000 legal entity customers representing the largest single customer segment for the Bank. These customers are serviced by a network of retail branches situated in key towns and regions of Cyprus and digitally, via the Bank's online service or the Bank's mobile app.

As at 30 June 2021, Retail Banking accounted for deposits of €10.7 billion, comprising 63.8 per cent. of the Group's total deposits, providing a significant source of funding and liquidity for the Group. Retail Banking accounted for gross loans and advances to customers of €3.9 billion, which comprised 36.7 per cent. of the Group's total gross loans (as defined above in footnote 5). As at 30 June 2021, Retail Banking contributed 22.2 per cent. (compared to 28.4 per cent. as at 30 June 2020) of the Group's

total revenue, 64.0 per cent. of which was comprised of net interest income on loans and advances to customers (compared to 75.6 per cent. as at 30 June 2020). Retail Banking accounted for 25.4 per cent. of the Group's net interest income and 24.8 per cent. of the Group's total net fee and commission income as at 30 June 2021 (compared to 37.4 per cent. and 27.1 per cent., respectively, as at 30 June 2020).

Through Retail Banking, the Bank offers a wide range of traditional and online consumer products and services to its customers in Cyprus, including various types of accounts, overdraft facilities, loans (mortgages, student loans, personal loans and business loans for micro businesses, including environmentally friendly housing/business renovation and energy loans), hire purchase financing services (primarily for new and used cars, including environmentally friendly car hire purchase), finance cards (including credit, debit and prepaid cards), e-loans and mobile banking facilities.

Most of the Bank's consumer lending takes the form of mortgage loans, overdraft facilities and credit cards to which predetermined credit limits apply, personal loans and hire purchase financing facilities.

As at 30 June 2021, mortgage loans represented 77.3 per cent. of Retail Banking's loans and advances to customers.

### *SME Banking*

As at 30 June 2021, the SME banking division ("**SME Banking**") had approximately 12,500 customers serviced by a network of 11 dedicated SME business centres in key Cypriot towns.

As at 30 June 2021, SME Banking accounted for deposits of €0.8 billion, which represented 4.9 per cent. of the Group's total deposits and for gross loans and advances to customers of €1.1 billion, which comprised 10.1 per cent. of the Group's total gross loans (as defined above in footnote 5). As at 30 June 2021, SME Banking contributed 7.3 per cent. (compared to 7.5 per cent. as at 30 June 2020) of the Group's total revenue, 76.3 per cent. of which was comprised of net interest income on loans and advances to customers (compared to 80.8 per cent. as at 30 June 2020). SME Banking accounted for 9.9 per cent. of the Group's net interest income and 5.3 per cent. of the Group's total net fee and commission income as at 30 June 2021 (compared to 10.5 per cent. and 5.5 per cent., respectively, as at 30 June 2020).

The Bank offers SMEs a range of services and products, including overdraft facilities, fixed maturity loans, invoice discounting and bills discounting, stock financing, domestic factoring and import and export factoring, trade finance, hire purchase financing and leasing, deposit accounts, savings accounts, notice accounts and spot and forward contracts in foreign exchange. The Bank also provides letters of credit and letters of guarantee.

Most of the Bank's SME lending takes the form of secured loans and overdraft accounts with pre-agreed and approved credit limits.

The Bank also assists its SME customers on their financial business planning, taking into account their banking activity, financial performance ratios and prospects both on a one-to-one basis and as a group. The Bank participates in initiatives to encourage lending to SMEs and was the first bank in Cyprus to partner with national and supra-national organisations to provide financing to SMEs, such as the European Investment Fund, the European Investment Bank ("**EIB**") and the Cyprus Entrepreneurship Fund.

### *Corporate Banking*

As at 30 June 2021, the corporate banking division of the Bank ("**Corporate Banking**") served approximately 300 corporate groups comprising over 1,800 companies. Corporate Banking operates through dedicated domestic Corporate Banking centres and a factoring services unit.

As at 30 June 2021, the Corporate Banking sub-division accounted for deposits of €1.1 billion, which represented 6.4 per cent. of the Group's total deposits and for gross loans and advances to customers of €2.0 billion, which represented 18.7 per cent. of the Group's total gross loans (as defined above in footnote 5). As at 30 June 2021, Corporate Banking contributed 12.6 per cent. (compared to 12.6 per cent. as at 30 June 2020) of the Group's total revenue, 79.1 per cent. of which was comprised of net interest income on loans and advances to customers (compared to 84.0 per cent. as at 30 June 2020). Corporate Banking accounted for 17.8 per cent. of the Group's net interest income and 8.3 per cent. of the Group's total net fee and commission income as at 30 June 2021 (compared to 18.5 per cent. and 7.9 per cent., respectively, as at 30 June 2020).

The Bank offers corporate customers a wide range of products and services, including overdraft facilities, factoring services, term loans, asset finance or hire purchase facilities, project financing, savings accounts, notice accounts, sight accounts, fixed term deposits, trade financing products (such as short-term import finance), letters of guarantee, documentary credits, bills for collection, negotiation of foreign bills, spot and forward contracts in foreign exchange, together with The Cyprus Investment and Securities Corporation Limited ("**CISCO**") corporate finance advisory services and cash management services.

Most of the Bank's corporate lending takes the form of interest-bearing secured loans with rates which vary according to each customer's credit risk profile. Maturities of corporate loans in the Bank's portfolio typically range from a period of less than one year to fifteen years depending on the nature and purpose of the facility. In general, security is required in the form of fixed or floating charges on the assets of the borrower, mortgages over real property, pledges of shares, cash collateral and personal and/or corporate guarantees.

#### *International Banking*

International Banking ("**IB**") specialises in the offering of banking services in Cyprus to the international corporate and non-resident individual customers of the Bank, particularly international business companies whose ownership and business activities lie outside of Cyprus. Facing challenges unique from those faced by Retail Banking, SME Banking and Corporate Banking, IB has focused on providing efficient transaction services and customer service in order to increase customer retention and fee income. As part of the wider drive by the Bank to maintain corporate governance standards and the nature of IB's business with international customers, IB has a dedicated anti-money laundering ("**AML**") quality and control department in order to enhance "know-your-customer" and other compliance procedures and controls.

IB operates eight international business units and two international lending units in Cyprus, as at 30 June 2021. IB also manages the Group's four representative offices outside of Cyprus (two in Russia and one in each of Ukraine and China), which support business relations through marketing activities and provision of information about Cyprus and the Bank. The Bank has long-standing arrangements with professional intermediaries who are an important source of customer referrals for IB.

IB is a significant source of funding and liquidity for the Group, and the majority of deposits originated through IB are from entities and individuals residing in Greece, Russia and other Central and Eastern European countries such as Ukraine. As at 30 June 2021, IB accounted for deposits of €3.3 billion, which represented 19.4 per cent. of the Group's total deposits and for gross loans and advances to customers of €0.1 billion, representing 1.3 per cent. of the Group's total gross loans (as defined above in footnote 5).

IB's revenue is derived primarily from fee and commission income generated from international payments, account maintenance fees, foreign exchange transactions and card-related transactions, as well as interest income. As at 30 June 2021, IB contributed 12.4 per cent. (compared to 12.8 per cent. as at 30 June 2020) of the Group's total revenue, 79.7 per cent. of which was comprised of net fee and

commission income and 12.3 per cent. of which was comprised of net interest income (compared to 63.9 per cent. and 28.3 per cent., respectively, as at 30 June 2020). IB accounted for 32.0 per cent. of the Group's total net fee and commission income and 2.7 per cent. of the Group's net interest income as at 30 June 2021 (compared to 33.4 per cent. and 6.3 per cent., respectively, as at 30 June 2020).

## **Global Corporate Banking and Markets**

The Global Corporate Banking and Markets division ("**GCB&M**") is a division that aims to grow and exploit operational and revenue synergies across the Group, supporting a diverse range of clients through specialised lending, investment banking, brokerage, asset management, hedging and investment services. GCB&M has four subdivisions: Large Corporate Banking; Project Finance & Loan Syndication ("**PFLS**"); International Corporate Banking & International Operations ("**IO**"); and Shipping and Wealth & Markets ("**W&M**").

As at 30 June 2021, GCB&M accounted for deposits of €0.5 billion, representing 3.0 per cent. of the Group's total deposits and for gross loans and advances to customers of €2.1 billion (of which €1.9 billion comprised loans and advances to customers at amortised cost and €0.2 billion loans and advances to customers at fair value through profit or loss adjusted for the aggregate fair value adjustment), which represented 19.8 per cent. of the Group's total gross loans (as defined above in footnote 5). As at 30 June 2021, GCB&M contributed 12.2 per cent. (compared to 15.4 per cent. as at 30 June 2020) of the Group's total revenue, 83.8 per cent. of which was comprised of net interest income on loans and advances to customers (compared to 80.8 per cent. as at 30 June 2020). GCB&M accounted for 18.2 per cent. of the Group's net interest income and 6.4 per cent. of the Group's total net fee and commission income as at 30 June 2021 (compared to 21.7 per cent. and 6.7 per cent., respectively, as at 30 June 2020).

### *Large Corporate Banking*

The Large Corporate Banking sub-division specialises in offering a complete range of financial services to large corporates in Cyprus. The Bank acts as the financial partner to approximately 93 large corporate Cypriot groups operating in Cyprus and abroad. Solutions offered are tailored to satisfy the relevant customer's financing needs, enabling customers to achieve their business goals. Corporate customers are offered a wide range of products and services, including overdraft facilities, factoring services, term loans, asset financing, hire purchase facilities, project financing, fixed term deposits and specialised deposit schemes, trade finance products, spot and forward contracts in foreign exchange, specialised trade finance schemes (in cooperation with the EIB and EBRD), corporate finance advisory services (together with CISCO), wealth management and private banking services and cash management solutions.

### *Project Finance & Loan Syndication*

PFLS has been part of the GCB&M division since September 2019, following an internal reorganisation. The sub-division's mandate is to lead and support corporate banking centres with large and complex project finance projects and to act as arranger or participant in local syndicated loan transactions and to develop and monitor participations in large international loan syndication transactions arranged by international banks with a geographic emphasis in Europe, the Middle East and Africa.

### *International Corporate Banking and International Operations*

The International Corporate Banking sub-division ("**ICB**") supports international companies in their expansion and operations in Cyprus through foreign direct investment as well as supporting large Cypriot and international groups operating from Cyprus in their expansion overseas. ICB specialises in large international cross border and multi-jurisdictional transactions utilising the expertise of its team and the complete range of financial services and products offered by the Bank. It aims to support Cypriot

groups in their expansion overseas and Greek/Cypriot origin groups in their business endeavours in Cyprus and across Europe. It provides diversification to the Group, both in terms of risk and income as well as geography and sector while helping to expand the Group's customer base. Additionally, it provides support and works closely with project finance and loan syndication teams, as well as the corporate team utilising synergies to add value to the customers and the Group.

### *International Operations*

IO manages and downsizes the Group's remaining assets and exposures in jurisdictions outside of Cyprus, including the Group's residual exposures in Russia, Serbia and Romania (which are further described below). In doing so, IO defines manages, assesses, negotiates, selects and implements strategic objectives in relation to the international operations and assets of the Group, and acts as the liaison between the Group's operations and divisions in Cyprus and the international operations' local management of assets or subsidiaries concerned.

The banking operations of the Group in Romania were officially terminated in January 2019 with the completion of the deregistration formalities for the Bank's Romanian branch. In order to facilitate the branch's deregistration, outstanding amounts in respect of the loan portfolio of the Romanian branch were transferred to Cyprus. A small local team is managing the portfolio with IO in Cyprus. After successfully recovering approximately €0.5 billion during the preceding years, IO is working on deleveraging the remaining NPE portfolio of the Group's Romanian branch, its properties and leasing loans, the Romanian branch's portfolio with RRD (as defined below) and various properties in Romania with REMU (as defined below).

In Russia, through its local Russian subsidiary, MC Investment and Asset Management Company, the Group holds a residual portfolio of Russian-originated loans and repossessed properties. The Bank actively manages the higher value loans and properties for collection, while the remaining part of the portfolio is managed by a local servicing company.

The following table summarises the Group's remaining non-core overseas net exposures (including both on-balance sheet and off-balance sheet exposures) at the dates indicated:

	<u>30 June</u>	<u>31 December</u>	<u>31 December</u>
	<b>2021</b>	<b>2020</b>	<b>2019</b>
	<b>(unaudited)</b>	<b>(audited)</b>	<b>(audited)</b>
	<b>(€'million)</b>	<b>(€'million)</b>	<b>(€'million)</b>
Greece .....	109	121	139
Romania .....	19	21	25
Russia.....	6	10	19
<b>Total</b> .....	<b>134</b>	<b>152</b>	<b>183</b>

### *Wealth and Markets*

The W&M sub-division's goal is to leverage the Group's extensive branch and customer network to expand investment and hedging related products among the Bank's current customers and to target potential new customers. W&M's assets under management include customer deposits and assets of the customers which are under execution, advisory or discretionary management of W&M. Income is derived from fees and commissions from the provision of investment products and services, the provision of foreign exchange services, as well as interest income. Services provided by W&M are managed by two different entities, namely, the Bank, which oversees the provision of institutional wealth, private banking, global markets and custody/depository services, and one wholly-owned subsidiary of the Bank: CISCO, which provides brokerage and investment banking services. BOC Asset Management ("**BOCAM**") is a wholly owned subsidiary of CISCO which is responsible for

discretionary portfolio management for Institutional and Private Clients, the management of alternative investment funds, the investment advisory services for institutional clients and fund hosting services.

### *Global Markets*

The Global Markets unit services the diverse clientele of the Bank by providing high quality execution services across multiple asset classes that include forex, equities, fixed income and mutual funds. The Global Markets sub-division also provides liability management solutions that include foreign exchange and interest rate hedging solutions utilising various derivative instruments, as well as margin trading and yield enhancement structured solutions.

### *Custody & Depositary*

The Custody & Depositary unit provides depositary services for collective investment schemes such as UCITS and alternative investment funds ("AIFs"), assuming the duties of cash monitoring, safekeeping of financial instruments and other assets and oversight duties under the relevant applicable legislations. Assets under management currently amount to €0.3 billion, which are expected to increase due to the expansion of such investment funds in the Cypriot market.

### *The Cyprus Investment and Securities Corporation Limited*

CISCO was established in 1982 by the International Finance Corporation of the World Bank and Cyprus Development Bank as the first investment and securities house in Cyprus. Since 1988, CISCO has been a wholly-owned subsidiary of the Group. CISCO provides a range of specialised financial services encompassing investment banking and brokerage services. CISCO is regulated by Cyprus Securities and Exchange Commission ("CySEC") as a Cyprus Investment Firm and is a member of the Cyprus Stock Exchange ("CSE") and a remote member of the Athens Stock Exchange. CISCO held an approximately 38 per cent. market share of brokerage activities on the CSE in 2020.

### *BOCAM*

BOCAM was established in 2016 as a UCITS management company regulated by CySEC and has been fully operational since December 2017. BOCAM offers a broad spectrum of investment products and services to private and institutional clients in Cyprus. It provides management, administration and safekeeping services to units in UCITS and discretionary portfolio management services, management of AIFs, investment advisory services and fund hosting services.

### *Shipping*

In September 2017, the Group launched a new Shipping Centre, based in Limassol. The Shipping Centre aims to develop relationships with selected Cypriot and Greek shipping companies, with a focus on the provision of shipping financing for ocean-going cargo vessels. As at 30 June 2021 the gross book value of the shipping finance portfolio stood at €0.2 billion (USD 0.2 billion). Recognising the needs of the shipping community and opportunities for synergies, the Shipping Centre aims to promote ancillary business opportunities within the Bank and offers a complete range of services to its clients, including operational banking, hedging and market solutions, wealth management and private banking services.

## **Insurance Operations**

The Group provides insurance through two wholly-owned subsidiaries, EuroLife and Genikes Insurance. As at 30 June 2021, insurance services accounted for 9.9 per cent. of the Group's total revenue.

EuroLife and Genikes Insurance are leaders in Cyprus in the life insurance and non-life insurance sectors, respectively. According to the Insurance Association of Cyprus, EuroLife generated 28.2 per

cent. of total premiums generated, ranking first in the life insurance market in Cyprus in 2020 and Genikes Insurance ranked second with a 12.6 per cent. market share of premiums generated in the non-life insurance market in Cyprus.<sup>9</sup>

EuroLife and Genikes Insurance leverage the extensive branch network and customer base of the Bank to promote insurance products and services with a focus on high quality of service and on maintaining margins in the competitive market through sound underwriting and claims-handling. In addition, they aim to increase market share through a wider product and service offering.

#### *EuroLife - Life Insurance*

EuroLife offers a range of unit-linked protection and savings products as well as a number of supplementary benefits including disability and critical illness cover. EuroLife distributes its products through a network of tied agents and through the Bank's branch network.

Following the sale of the Group's Greek banking operations to Piraeus Bank in 2013, EuroLife's branch in Greece, Kyprou Zois, is currently operated as a run-off business.

#### *Genikes Insurance - Non-life Insurance*

Genikes Insurance offers insurance cover under the primary non-life insurance business classes. Genikes Insurance offers its products through the Bank's branch network, by direct channels, digital channels and through agents.

Following the sale of the Group's Greek banking operations to Piraeus Bank in 2013, Genikes Insurance's branch in Greece, Kyprou Asfalistiki, is currently operated as a run-off business.

### **Loan and Asset Restructuring, Recoveries and Disposals**

The Group's Restructuring and Recoveries Division (the "**RRD**"), Real Estate Management Unit (the "**REMU**") and Corporate Finance Solutions division are focused on addressing and restructuring the Group's portfolio of delinquent loans and real estate assets.

The following table shows the share of total gross loan exposure and NPEs as a percentage of the Group's total exposure by geography (which refers to the country where loans are being managed), as at the dates indicated:

	<b>30 June (unaudited)</b>		<b>31 December (audited)</b>			
	<b>2021</b>		<b>2020</b>		<b>2019</b>	
	<b>Gross</b>	<b>NPE</b>	<b>Gross</b>	<b>NPE</b>	<b>Gross</b>	<b>NPE</b>
Cyprus.....	99%	97%	99%	98%	99%	98%
Other countries*.....	1%	3%	1%	2%	1%	2%
<b>Total</b> .....	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

\* "Other countries" include Russia, Greece and Romania.

The following table sets forth the total amount of gross loans and advances to customers measured at amortised cost after residual fair value adjustment on initial recognition (excluding loans and advance

<sup>9</sup> Source: Annual Statistics 2020 as published by the Insurance Association of Cyprus.

to customers classified as non-current assets held for sale) by business line under which its customers are managed, as at the dates indicated:

	30 June (unaudited)		31 December (audited)			
	2021		2020		2019	
	Business line** € billion	RRD division € billion	Business line** € billion	RRD division € billion	Business line** € billion	RRD division € billion
Corporate .....	2.0	0.1	2.0	0.2	2.0	0.4
Global Corporate.....	1.9	-	1.9	-	1.9	-
SMEs.....	1.1	0.2	1.1	0.2	1.1	0.8
Retail housing* .....	3.0	0.6	3.0	0.6	2.8	1.2
Retail, consumer, credit cards and other* .....	0.9	0.4	0.9	0.4	0.9	0.9
IB,W&M.....	0.2	-	0.2	-	0.2	-
<b>Total .....</b>	<b>9.1</b>	<b>1.3</b>	<b>9.1</b>	<b>1.4</b>	<b>8.9</b>	<b>3.3</b>

\* "Retail housing" and "retail other" loans are separated for credit risk reporting purposes due to the different risk profile of the products.

\*\* Analysis of loans and advances to customers by business line of the Bank, other than Restructuring and Recoveries business lines which are shown as total under a separate column 'RRD'

Loans and advances to customers classified and measured at fair value through profit or loss, after any fair value adjustment, under the Corporate RRD business line, amounted to €0.1 billion as at 30 June 2021.

### ***Restructuring and Recoveries Division***

The RRD is comprised of independent, centralised and specialised restructuring units through which the Group aims to manage its exposure to borrowers in distress and arrears across all customer segments, and to reduce the level of delinquent loans. As at 30 June 2021, the RRD was staffed by 285 full-time employees who were focused mainly on debt recovery.

Tackling the quality of the Group's loan portfolio remains a top priority for the Group's management. The Group continues to make steady progress across all asset quality metrics. In 2021, an internal reorganisation of the RRD was implemented to separate management of the retained NPE portfolio and the NPE portfolio that will be included in potential NPE transactions.

#### ***RRD Structure***

RRD focuses on the collection, restructuring and recovery of non-performing loans or loans in distress, and is organised as follows:

- ***Corporate management units:*** All corporate exposures to mid-market businesses are managed by corporate management teams.
- ***SME management units:*** The units focus on smaller, owner-managed businesses through teams located across Cyprus.
- ***Retail management units:*** The units focus on consumer loans, comprised of housing secured on borrowers' and consumer lending (as for example, car loans and credit cards).



- *"Estia" units:* The Estia units focus on the resolution of loans secured on borrowers' primary residences, as per the Cypriot government's scheme.
- *Special Enforcement Management unit:* The unit supports other units within RRD by providing specialised enforcement management services, including the operation of legal and property enforcement services. A proposal and credit assessment unit for terminated accounts is also housed within this unit.
- *Other supporting departments:* The strategy and operations department analyses and defines delinquent portfolio segments based on the status of borrowers and the size of exposures and is also in charge of monitoring the performance of loan portfolios under management by RRD.

### *Restructuring tools*

Taking into consideration current economic circumstances and financial difficulties facing borrowers, RRD employs a series of restructuring tools tailored for the individual borrower and aimed at providing the borrower with the ability to, either partially or fully, service the debt or refinance the loan. Restructuring tools may be short-term and/or long-term in nature, and are seldom used in isolation. Retail and SME exposures are most commonly restructured with payment rescheduling, whereas larger corporate exposures are often restructured using more complex techniques such as mezzanine financings and accelerated consensual foreclosures.

In addition to traditional restructuring solutions, RRD continues to explore and employ various structured solutions, such as loan portfolio sales or securitisations, as a way to accelerate NPE reduction. See "*Corporate Finance Solutions ("CFS")*" below.

### *Watch Forum*

Through the Group's Watch Forum Committee which, is chaired by the CEO and comprised of representatives from RRD, the Group's Risk Management Division and the relevant banking divisions, RRD works closely with Retail and SME Banking and GCB&M to monitor customers to identify those that might potentially be transferred from the relevant banking division to RRD, or from RRD back to the relevant banking division in each case based on criteria described in the relevant Watch Forum policy. The Watch Forum Committee meets quarterly.

### ***Real Estate Management Unit***

In December 2015, the Bank established REMU as a separate division dedicated to the on-boarding, management and disposal of the Bank's real estate assets. The main objectives of REMU are to accelerate the recovery process for the Bank and to more effectively monetise the Group's real estate assets and portfolios, primarily consisting of assets in Cyprus. Some legacy properties in Greece and Romania are also monetised through REMU. In addition, REMU provides ongoing support and guidance to management and related operational teams and units of the Bank with regards to consensual property repossessions.

Over time, REMU's focus has transitioned from on-boarding assets resulting from debt for asset swaps towards the disposal of such assets. As at 30 June 2021, REMU held assets with a carrying value of €1.4 billion (€1,318 million in Cyprus; €80 million in Greece; €6 million in Romania). Since inception, REMU managed to complete the sale of over 2,463 assets for a total value of over €1.43 billion.

Please also refer to the section "*Group Financial results – Underlying Basis – Balance Sheet Analysis – Real Estate Management Unit (REMU)*" set out in the Group Interim Financial Report 2021, which is incorporated by reference in this Offering Circular.

## ***Corporate Finance Solutions ("CFS")***

CFS is a division created following a Group reorganisation in late 2019. CFS's focuses on identifying, designing, organising and executing corporate finance solutions. This includes exploring strategies to further accelerate de-risking including NPE and real estate owned portfolio sales. CFS is responsible for the oversight of and the implementation of the Bank's current strategic focus on the reduction of NPEs via portfolio sales and related transactions, with a view to transforming the Bank into a stronger and safer institution.

## ***Information Technology***

The Group's IT division provides a critical function focusing on running the day-to-day operations of the technology systems of the Bank covering all layers (data centres, infrastructure, hardware, software, business applications, digital channel services, etc.), supporting all business functions and users, transforming and securing the technology base and infrastructure of the Bank and delivering technology projects and compliance changes to systems.

The Group has set out a clearly defined digital transformation strategy, with the aim of enhancing the customers' digital experience, improving IT proficiency by adopting a "digital mindset" and transforming internal processes to increase efficiency. Among other things, the digital transformation programme includes, the following initiatives and changes:

- an agile technology foundation infrastructure to support new digital platforms;
- an advanced business process management platform;
- advanced data analytics and big data capabilities;
- a new advanced campaign management system;
- a new customer relationship management (CRM) system and unified front-end platform;
- a new internet-based channels solutions for internet and mobile applications;
- self-service machines within branches; and
- a five-year core modernisation programme to replace key legacy business applications.

Global Finance magazine has recognised the Bank as "The Best Corporate/Institutional Digital Bank in Cyprus" for the second consecutive year and "The Best Consumer Digital Bank in Cyprus" for the third consecutive year.

## **The Group's Strategy**

For a discussion on the Group's strategy see the sections "*Business Overview*" and "*Strategy and Outlook*" in the Group Interim Financial Report 2021, which is incorporated by reference in this Offering Circular.

## **Implications from the Outbreak of COVID-19**

For a description of the impact of the COVID-19 pandemic on the Group. See the section "*Business Overview – COVID-19 impact*" in the Group Interim Financial Report 2021, which is incorporated by reference in this Offering Circular.

## Key loan portfolio disposals

In August 2018, following a competitive sale process, the Group reached an agreement for the sale of a portfolio of loans with a gross book value of €2.8 billion as at 30 June 2018 (of which €2.7 billion related to NPEs) secured by real estate collateral (known as "**Project Helix**"). Project Helix was the first NPE portfolio disposal by the Group and represented a significant milestone in the Group's strategy of improving asset quality through the reduction of NPEs. The sale was completed in June 2019.

In August 2020, the Group reached agreement for the sale of a portfolio of loans with gross book value of €898 million as at 30 June 2020 (of which €886 million relates to NPEs), known as "Project Helix 2 Portfolio A". In January 2021 the Group reached agreement for the sale of an additional portfolio of loans with gross book value of €545 million as at 30 September 2020 (of which €529 million relates to NPEs) known as "Project Helix 2 Portfolio B". In June 2021, the Group completed the disposal of Project Helix 2 (Portfolios A and B), with a total gross book value of €1,331 million on completion (of which €1,305 million relates to NPEs), secured over real estate collateral, to funds affiliated with Pacific Investment Management Company LLC, the agreements for which were announced on 3 August 2020 and 18 January 2021.

The consideration for the sale amounts to €560 million, of which €165 million was received in cash by completion. The remaining amount is payable in four instalments up to December 2025 without any conditions attached. The consideration reflects adjustments resulting from, *inter alia*, loan repayments received on the portfolios since the reference date of 30 September 2019. The consideration can be increased through an earnout arrangement, depending on the performance of each of the portfolios.

The capital impact of Project Helix 2 on the Group's CET 1 ratio during the second quarter of 2021 was an increase of approximately 20 basis points compared to the position as of 30 June 2020, of which approximately 10 basis points arises on completion. Post completion, the transaction is expected to have an additional positive capital impact of approximately 64 basis points on the Group's CET 1 ratio on the basis of 30 June 2021 figures, upon the full payment of the deferred consideration and without taking into consideration any positive impact from the earnout, making the transaction overall capital accretive.

Project Helix 2 is a significant milestone in the Group's strategy of improving asset quality through the reduction of NPEs. The completion of Project Helix 2 (Portfolios A and B) reduces the Group's NPE ratio by approximately 9 percentage points. Since the peak in 2014, the stock of NPEs has been reduced by €13.4 billion or 89 per cent. as of 30 June 2021 and the NPE ratio by 48.3 percentage points, from 62.9 per cent. to 14.6 per cent.

See "*Group Financial Results on underlying Basis- Balance Sheet Analysis – Capital Base – Project Helix 2*" in the Group Interim Financial Report 2021, which is incorporated by reference in this Offering Circular.

In November 2021, BOCH reached an agreement with funds affiliated with Pacific Investment Management Company LLC ("**PIMCO**"), for the sale of a portfolio of NPLs (the "**Helix 3 Portfolio**") with a gross book value of €577 million<sup>10</sup> and real estate properties with a book value of €121 million<sup>11</sup> ("**Helix 3**"). See "*Recent Developments: Helix 3*".

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<sup>10</sup> Based on the Group Financial Results for the six months ended 30 June 2021

<sup>11</sup> Based on the Group Financial Results for the six months ended 30 June 2021

## MANAGEMENT OF THE GROUP

### Board of Directors

The Board of Directors of BOCH (the "**Board of Directors**") is currently composed of ten non-executive directors, all of whom are independent, and two executive directors. The Board of Directors sets the Group's long-term objectives and strategy and seeks to ensure that the necessary financial and human resources are in place for the Group to achieve such objectives and strategy. The Board of Directors also sets the Group's values and standards, ensures it communicates with shareholders, identifies risks, approves the risk appetite and monitors risk management and internal control systems.

### BOCH's Board Committees

The terms of reference of each of the committees of the Board of Directors are based on the relevant provisions of the UK Corporate Governance Code, the CSE Corporate Governance Code and applicable law. The various committees of the Board comprise the following:

- *Audit Committee* — The role of the Audit Committee includes: oversight of the system of internal controls (including reviewing its effectiveness); monitoring the integrity of the Group's financial statements and related announcements; monitoring the effectiveness of the internal audit function; responsibility for oversight, terms of engagement and remuneration of the external auditor, including advising the Board of Directors in relation to the appointment, re-appointment and (if necessary) removal of the external auditors, reviewing and monitoring the external auditor's independence and objectivity and the effectiveness of the external audit process; reviewing the Group's accounting policies and practices; reviewing the effectiveness of the Group's whistle blowing procedures; monitoring the effectiveness of the compliance function; and making recommendations to the Board of Directors on all such matters..
- *Human Resources and Remuneration Committee ("HRRC")* —The HRRC is responsible for the development and periodic review of the Group remuneration policy, which is proposed to the Board of Directors for approval, and for monitoring its implementation. The HRRC sets the remuneration of the executive directors and recommends and monitors the remuneration of other senior management. Every year, the HRRC will propose to the Board of Directors the annual remuneration policy as part of the annual report of the Group, which is submitted to BOCH's annual general meeting for approval. The HRRC also reviews the related party transactions note to the audited consolidated financial statements of the Group and the annual remuneration policy report itself. Furthermore, it oversees human resources related initiatives that foster employee engagement and ensures adequate training programmes to develop the right competencies to meet the Group's strategic priorities.
- *Nominations and Corporate Governance Committee ("NCGC")* — The role of the NCGC is to support and advise the Board of Directors in relation to recruitment to the Board of Directors, the induction and development of its members and succession planning. The NCGC evaluates the effectiveness of the Board of Directors, including its structure, size, diversity (including in relation to gender), composition and performance, on an annual basis and submits any recommendations to the Board of Directors. The NCGC also oversees the adoption of appropriate internal policies on the assessment of the fitness and probity of members of the Group Executive Committee, other senior managers and heads of internal control functions. The NCGC keeps the Board of Directors' governance arrangement under review and makes appropriate recommendations to the Board of Directors to ensure that the Group's arrangements are consistent with best practice corporate governance standards. The NCGC regularly reviews the Group board diversity policy, including to determine whether to set any measurable targets and (if any targets are set), to determine the extent to which such targets have been achieved. It

also defines the Group's sustainability strategy aimed at achieving economic prosperity, environmental integrity and social equity for the Group and its stakeholders.

- *Risk Committee* — The Risk Committee is responsible for advising the Board of Directors on high level risk related matters and risk governance and for non-executive oversight of risk management and internal controls (other than financial reporting). The main purpose of the Risk Committee is to review, on behalf of the Board of Directors, the aggregate risk profile of the Group, including performance against risk appetite for all risk types and to ensure that both the risk profile and risk appetite remain appropriate. Specifically the Risk Committee: advises the Board of Directors on risk appetite and alignment with strategy; monitors the effectiveness of the Group's risk management and internal controls systems except from financial reporting and compliance internal control systems; monitors the Group's risk appetite and risk profile against key performance/risk indicators as set out in the Group's risk appetite statement; identifies the potential impact of key issues and themes that may impact the risk profile of the Group; ensures that the Group's overall risk profile and risk appetite remain appropriate given the external environment, any key issues and themes impacting the Group and the internal control environment; seeks to identify and assess future potential risks which, by virtue of their uncertainty, low probability and unfamiliarity may not have been factored adequately into review by other board committees; advises the Board of Directors on alignment of remuneration with risk appetite (through advice to the HRRC); and advises the Board of Directors on risks associated with proposed strategic acquisitions and disposals. The Risk Committee has the responsibility for the oversight of Operational and Information Security risks.
- *Technology Committee* — The Technology Committee assists the Board of Directors in fulfilling its oversight responsibilities with respect to the overall role of technology in executing the business strategy of the Group including, but not limited to, major technology investment, technology strategy, operational performance, information security and technology trends that may affect the Group's client portfolio and/or affairs in general.
- *Ethics, Conduct and Culture Committee ("ECCC")* — The ECCC provides oversight and approval of key ethics matters, oversees the workings of the Disciplinary Committee, decides on matters of conduct and reputational risk and handles issues of corporate social responsibility with an aim of setting and maintaining the right risk, control, customer-centric and economic prosperity culture.

### Members of the Boards of Directors of BOCH and the Bank

The business address of each of the directors in their capacity as members of the Board of Directors is 51 Stassinou Street, Ay. Paraskevi, Strovolos, 2002 Nicosia, Cyprus.

All members of the Board of Directors of BOCH are directors of the Bank, and vice versa.

The present members of the Boards of Directors and their external positions are as follows:

<b>Name</b>	<b>Position</b>	<b>Committee Membership</b>	<b>Directorships and other offices</b>
Efstratios-Georgios (Takis) Arapoglou	Chairman and Independent Director	Chairperson of the NCGC	Board of Tsakos Energy Navigation (Chairman)

<b>Name</b>	<b>Position</b>	<b>Committee Membership</b>	<b>Directorships and other offices</b>
			Board of Titan Cement SA (Chairman)
			EFG Hermes Holding SAE
Lyn Grobler	Vice-chairperson and Independent Director	Chairperson of Technology Committee; Member of the NCGC; and the HRRC	Board of Hx Group Ltd
			Board of Howden Group Services Ltd (Chairperson)
Panicos Nicolaou	Group Chief Executive Officer and Executive Director		Board of Directors of the Association of Cyprus Banks (Chairman)
			Board of the European Banking Federation
Eliza Livadiotou	Executive Director Finance and Executive Director		Board of Trustees of the Bank of Cyprus Cyprus Medical Foundation
			Board of the Cyprus Oncology Centre
Arne Berggren	Independent Director	Member of the Audit Committee; NCGC; and the Technology Committee	Eusticon AB Pireaus Bank Group TBC Bank Group PLC
Nicos Sofianos	Independent Director	Chairperson of the Audit Committee; Member of the Risk Committee	DoValue S.A Aegean Airlines S.A Arcela Investments Ltd
Maksim Goldman	Non-executive Director	Member of the Risk Committee; HRRC; and the ECCC	Stentex S.a.r.l United Manganese of Kalahari Ltd

<b>Name</b>	<b>Position</b>	<b>Committee Membership</b>	<b>Directorships and other offices</b>
Paula Hadjisotiriou	Independent Director	Member of the Audit Committee; Risk Committee; and the Technology Committee	
Michael Heger	Independent Director	Member of the HRRC; Audit Committee; and the ECCC	
Maria Philippou	Independent Director	Chairperson of the HRRC; member of the NCGC; and the ECCC	
Ioannis Zographakis	Senior Independent Director	Member of the Audit Committee; Chairman of the Risk Committee; Chairman of the ECCC; and member of the Technology Committee	A. Eternity Capital Management Ltd

The Board of Directors of each of BOCH and the Bank has decided to appoint Constantine Iordanou as a non-executive member of each Board. The appointment is subject to ECB approval and is therefore not yet effective.

### **Executive Committee**

The executive committee consists of the following persons:

<b>Name</b>	<b>Position</b>
Panicos Nicolaou .....	Group Chief Executive Officer
Eliza Livadiotou.....	Executive Director, Finance
Demetris Th. Demetriou .....	Chief Risk Officer
Charis Pouangare .....	Deputy Chief Executive Officer
Michalis Athanasiou .....	Executive Director, Global Corporate Banking and Markets
Louis Pochanis .....	Executive Director, Insurance Business
Anna Sofroniou.....	Executive Director, Real Estate Management Unit
Nicolas Scott Smith .....	Executive Director, Corporate Finance Solutions

The Board of Directors of each of BOCH and the Bank has decided to appoint Demetris Chr. Demetriou as Acting Executive Director, Restructuring Recoveries Division. The appointment is subject to ECB approval and is therefore not yet effective.



## REGULATORY FRAMEWORK AND SUPERVISION

### The Regulatory Framework

The Bank is a Cypriot credit institution. BOCH is not a regulated credit institution in either Ireland or Cyprus. The Bank and BOCH operate under, and are required to comply with, applicable EU financial services directives and regulations, as implemented (where relevant) pursuant to applicable local laws.

The following summarises some of the key regulations that most significantly affect the Group. Such regulations are subject to change and, unless otherwise specified, this summary states only the position as of the date of this Offering Circular.

### *The Single Supervisory Mechanism and the Single Resolution Mechanism*

As part of the initiative for a European banking union, Council Regulation (EU) No. 1024/2013 (the "**SSM Regulation**") established a single supervisory mechanism ("**SSM**") pursuant to which the European Central Bank ("**ECB**") has been assigned key prudential supervisory tasks for credit institutions in the Eurozone and other EU Member States that participate in the SSM (together with the Member States of the Eurozone, "**participating SSM Member States**"), with other supervisory functions being assigned to national competent authorities ("**NCAs**") of participating SSM Member States.

The ECB exercises its prudential supervisory responsibilities under the SSM Regulation in cooperation with the NCAs in the participating SSM Member States. The relevant NCA in Cyprus is the Central Bank of Cyprus (the "**CBC**"). The relevant NCA in Ireland is the Central Bank of Ireland (the "**CBI**"). NCAs continue to be responsible for supervisory matters not conferred on the ECB, such as conduct of business, consumer protection<sup>12</sup>, money laundering, payment services, and the regulation of branches of third country banks.

The EU has also established a single resolution mechanism ("**SRM**") under the SRM Regulation. Under the SRM, a single resolution process applies to all banks established in participating SSM Member States, with such process being co-ordinated by the Single Resolution Board ("**SRB**") and a single resolution fund ("**SRF**"). The SRB is the resolution authority in respect of the Group and acts as the group-level resolution authority for the Group.

The SRM Regulation is closely connected with the BRRD. See "*– Bank Recovery and Resolution*" below). For banks within the scope of the SSM, the SRB effectively takes on the role of the relevant national resolution authority established under the BRRD (which, in the case of the Group, is the CBC).

### *Supervision of the Group*

The Bank is a significant credit institution for the purposes of the SSM Regulation and has been designated by the CBC as an "Other Systemically Important Institution" ("**O-SII**") See "*– Implementation of CRD IV in Cyprus*" below. The Group is subject to joint supervision by the ECB and the CBC for the purposes of its prudential requirements. The Bank is further regulated and supervised by the CBC with respect to matters not within the ECB's supervisory remit under the SSM Regulation. BOCH has applied to the ECB for an exemption under Article 21a of CRD IV, such that

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<sup>12</sup> In Cyprus, pursuant to a recently enacted consumer protection legislation, the consumer protection service has been granted additional powers regarding the supervision of businesses during their transactions with consumers, conducting of self-initiated investigations for possible breaches and the imposition of administrative fines. Additionally, Cypriot consumer protection legislation gives to a consumer, whose financial interests have been affected, the direct right to bring a claim against a business for breach of any section of the relevant legislation and demand, *inter alia*, the payment of compensation and/or the rescission of the contract as a remedy and/or the restoration and/or rehabilitation of the damage that the consumer has suffered.

(for so long as it continues to satisfy the applicable conditions) it will not be required to seek regulatory approval as a financial holding company under that Article.

BOCH and the Bank are also regulated by the Cyprus Securities and Exchange Commission ("**CySEC**") in its capacity as the supervisory authority for the operation of the Cyprus Stock Exchange ("**CSE**") and control of issuers of securities listed on the CSE. In addition, some members of the Group are also regulated on a standalone basis by CySEC in its capacity as the relevant supervisory authority for the operation of MiFID investment services/UCITS activities, while the two insurance entities of the Group are regulated by the Superintendent of Insurance in Cyprus for insurance services. CISCO is licenced by CySEC as an investment firm under MiFID and another member of the Group, BOCAM, is licenced by CySEC as an asset management company under Council Directive 2009/65/EC, as amended (i.e. the UCITS Directive).

BOCH's shares are admitted to the standard listing segment of the Official List of the FCA and to trading on the London Stock Exchange plc's main market for listed securities and also to listing on the CSE and to trading on the Main Market of the CSE. As a result, BOCH is subject to supervision by the following competent authorities:

- the CSE in relation to its compliance with the applicable provisions of Cyprus's Securities and Stock Exchange Laws 1993 (as amended) and Regulatory Decision for the Depositary Interests Regulations (Regulatory Administrative Acts) (RAA 396/2016, 397/2016 and 408/2006) and the CSE's Regulatory Decisions Act 379/2014 (as amended);
- the CBI in relation to compliance with the Transparency Directive (Directive 2004/109/EC) Regulations 2007 (as amended) and the Central Bank (Investment Market Conduct) Rules 2019 (which, together, implement the Transparency Directive (Directive 2004/109/EC) in Ireland) and MAR and the European Union (Market Abuse) Regulations 2016 (which implements *inter alia* certain aspects of Market Abuse Regulation (EU) No 596/2014 ("**MAR**") and associated delegated acts in Ireland);
- CySEC in relation to its compliance with MAR and Cyprus' Takeover Bids Law L. 41(I)/2007 (which implements the Takeover Directive (Directive 2004/25/EC) in Cyprus) (as amended); and
- The FCA in relation to its compliance with MAR as it forms part of UK domestic law pursuant to the EUWA and the applicable provisions of the FCA's Listing Rules and Disclosure Guidance and Transparency Rules.

### ***Consolidated Prudential Supervision of Group***

The ECB is responsible for the prudential supervision of the Group and the Bank.

As part of its supervisory role under the SSM Regulation, the ECB conducts its SREP and onsite inspections of the Group. The SREP is a holistic assessment of, amongst other things, the Group's business model, strategy, internal governance and institution-wide control arrangements, risks to capital and adequacy of capital to cover these risks and risks to liquidity and adequacy of liquidity to cover these risks. The objective of the SREP is for the ECB to form an up-to-date supervisory view of the Group's risks, viability and sustainability, which in turn forms the basis for supervisory measures and dialogue with the Group. Additional capital and other requirements can be imposed on the Group as a result of the SREP and onsite inspection processes, including revisions to the level of Pillar 2 add-ons, as described in further detail below. These are point in time assessments and, accordingly, decisions with respect to capital and other requirements are subject to change over time.

## *Other Regulators of Group Regulated Entities*

For regulatory matters unrelated to the Group's capital requirements, the Bank's regulated branches and subsidiaries are supervised by regulators in their respective jurisdictions and are subject to local laws, directions, regulations and guidelines in respect of their regulated activities.

## **Principal Financial Services Regulatory Requirements**

### *Regulatory Capital Requirements*

#### *EU Capital Requirements Directive/Regulation*

In December 2010, the Basel Committee on Banking Supervision ("**BCBS**") issued two prudential framework documents ("*Basel III: A global regulatory framework for more resilient credit institutions and banking systems*" and "*Basel III: International framework for liquidity risk measurement, standards and monitoring*") which comprise the Basel III capital and liquidity reform package ("**Basel III**"). The Basel III documents were revised in June 2011 and further post-crisis regulatory reforms were endorsed by the BCBS in December 2017.

The Basel III framework was initially transposed into EU law by Directive 2013/36/EU on access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms ("**CRD IV**") and Regulation (EU) No 575/2013 on prudential requirements for credit institutions and investment firms (the "**CRR**", and together with CRD IV, "**CRD IV/CRR**"). CRD IV/CRR apply in both Ireland and Cyprus and apply to both BOCH and the Bank.

The CRD IV and CRR have been recently amended following the adoption of a comprehensive reform package first announced by the European Commission in November 2016 (together with amendments made to the BRRD and the SRM Regulation, the "**2016 Banking Reform Package**") by:

- Directive (EU) 2019/878 amending CRD IV as regards exempted entities, financial holding companies, mixed financial holding companies, remuneration, supervisory measures and powers and capital conservation measures ("**CRD V**"). Ireland and Cyprus transposed and implemented CRD V in law in early May 2021; and
- Regulation (EU) 2019/876 amending the CRR as regards the leverage ratio, the net stable funding ratio, requirements for own funds and eligible liabilities, counterparty credit risk, market risk, exposures to central counterparties, exposures to collective investment undertakings, large exposures, reporting and disclosure requirements ("**CRR II**"). CRR II largely applies from 28 June 2021.

Key amendments made by CRD V and CRR II include, among others, the following:

- *Binding leverage ratio*<sup>13</sup>. CRR II has imposed a binding leverage ratio requirement of 3 per cent. of Tier 1 capital that all firms subject to the CRR must meet in addition to their risk-based requirements. The national authorities are permitted to impose higher measures. An additional leverage ratio buffer will also apply to global systemically important institutions ("**G-SIIs**"). No member of the Group is a G-SII.
- *Net stable funding ratio*. CRR II contains measures introducing a binding net stable funding ratio ("**NSFR**") that requires credit institutions and systemic investment firms to finance their long-term activities with stable sources of funding. The NSFR is the amount of stable funding available to a bank relative to the required amount of stable funding. CRR II requires institutions to maintain a ratio of at least 100 per cent. on an ongoing basis.

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<sup>13</sup> This amendment shall apply from 1 January 2022.

- *Market Risk.* CRR II implements the Basel Committee's Fundamental Review of the Trading Book ("**FRTB**"), which introduces significant changes to internal model-based approaches and a revised "standardised approach".
- *Counterparty credit risk.* CRR II implements the new Basel standardised approach to counterparty credit risk. The new approach is more risk sensitive, providing better recognition of hedging, netting, diversification and collateral than the existing methods for calculating the exposure value of derivative transactions under the CRR framework.
- *Large exposures.* CRR II limits the capital that can be taken into account to calculate the large exposures limit to Tier 1 capital. In addition, the exposure limit will be reduced to 15 per cent. (from 25 per cent.) for exposures between global systemically important banks ("**G-SIBs**"). The Bank is not a G-SIB.
- *Total Loss Absorbing Capacity.* CRR II implements the Financial Stability Board's standard on total loss absorbing capacity ("**TLAC**") as a Pillar 1 requirement for G-SIBs. The Group is not subject to such TLAC related requirements, but see "*Minimum requirements for own funds and eligible liabilities*" below.
- *Stacking Order.* CRD V introduces certain amendments in order to clarify the hierarchy or order of priority of own funds and eligible liabilities among the "Pillar 1" minimum solvency requirements, the "Pillar 2" additional own funds solvency requirements, the MREL (as defined below) requirements and the "combined buffer requirement" (referred to as the "stacking order").

Some important points of CRD IV/CRR framework include:

- *Quality and Quantity of Capital.* CRD IV/CRR sets out the definition of regulatory capital and its components for credit institutions and investment firms (together "**CRD IV Firms**"). It also prescribes a minimum CET 1 capital ratio of 4.5 per cent. and Tier 1 capital ratio of 6.0 per cent., together with a requirement for Additional Tier 1 capital instruments to have a mechanism that requires them to be written-off on the occurrence of certain triggering events (e.g. in the event of a bail-in of a CRD IV Firm);
- *Capital Conservation Buffer.* In addition to the minimum CET 1 capital ratio and Tier 1 capital ratio, CRD IV Firms are required to hold an additional buffer consisting of common equity and amounting to 2.5 per cent. of risk weighted assets as a form of capital conservation buffer to absorb losses in stress periods. Depletion of the capital conservation buffer will trigger limitations on the payment of dividends, distributions on capital instruments and compensation;
- *Systemic Risk Buffer.* EU Member States may at their discretion also require an additional buffer against systemic risk in order to prevent and mitigate systemic or macroprudential risks not covered by CRD IV/CRR. The systemic risk buffer has been implemented into Irish law as part of Ireland's transposition of CRD V, and the CBI designated as the authority responsible for setting it in Ireland. In its Financial Stability Review 2021 (issued in June 2021) the CBI confirmed that it does not intend to begin any phase-in of this systemic risk buffer in 2021. In Cyprus, this additional buffer against systemic risk is applied based on the CBC's Macroprudential Policy as implemented by the Macroprudential Oversight of Institutions Law 2015 (6(I)/2015);
- *Deductions from CET 1 capital.* CRD IV/CRR prescribes the items that should be deducted from regulatory capital. Most of the prescribed items relate to and are deductible from the CET 1 capital component;

- *Countercyclical Buffer.* To protect the banking sector from excess aggregate credit growth, CRD IV/CRR gives EU Member States the right to require an additional buffer consisting of CET 1 capital of up to 2.5 per cent. of risk weighted assets to be imposed during periods of excess credit growth according to national circumstances. The countercyclical buffer became fully effective on 1 January 2019 and is currently set at zero in both Ireland and Cyprus;
- *Other Systemically Important Institutions ("O-SIIs") Buffer:* Responsible authorities of Member States are required by CRDIV/CRR to identify institutions authorised within their jurisdictions that should be designated as O-SIIs due to their systemic importance. The CBC has designated the Bank as an O-SII and set an O-SII buffer requirement of 2 per cent. of the Bank's risk weighted assets, to be phased in gradually. See "*Implementation of CRD IV in Cyprus*" below.
- *Central Counterparties ("CCPs").* The CRD IV/CRR framework brought into effect certain new capital requirements applying to exposures to CCPs. The CRD IV/CRR regime distinguishes between capital requirements applying to CCP clearing members (which are required to take into account both default fund and trade exposures) and capital requirements applying to the clients of those clearing members (which are simply required to take into account trade exposures, including initial and variation margin payments). The own funds requirements for exposures to CCPs that have been authorised or recognised in accordance with the European Market Infrastructure Regulation (Regulation (EU) 648/2012) ("**EMIR**") ("**Qualifying CCPs**") are substantially lower than the own funds requirements imposed on exposures to other CCPs and uncleared bilateral transactions. In its capacity as a client of a clearing member of any CCP, the Bank would be required to calculate its trade exposures for cleared transactions in accordance with the CRD IV/CRR bilateral framework, other than in the case of transactions which are cleared by a Qualifying CCP and which meet certain defined conditions, in which case a 2 per cent. or 4 per cent. risk weighting would apply to the exposure value;
- *Asset Value Correlation Multiplier for Large Financial Institutions.* CRD IV/CRR increases risk weights on certain exposures to financial institutions; in particular, a multiplier of 1.25 is applied to the calculation of risk weighted exposure amounts for exposures to "large financial sector entities" and "unregulated financial entities" (as defined in the CRR);
- *Counterparty Credit Risk.* CRD IV/CRR seeks to raise counterparty credit risk management standards in a number of areas, including for the treatment of so-called "wrong-way risk" (i.e., cases where the exposure increases when the credit quality of the counterparty deteriorates). By way of an example, CRD IV/CRR imposes a capital charge for potential mark-to-market losses associated with a deterioration in the creditworthiness of a counterparty and the calculation of expected positive exposure by taking into account stressed parameters;
- *Leverage Ratio.* CRD IV/CRR introduced a leverage ratio to protect against the risks often attributed to risk models and related reporting and disclosure requirements, requiring firms to submit to their NCA all necessary information on the leverage ratio and its components and, since 1 January 2015, to disclose information on the leverage ratio publicly. Under the 2016 Banking Reform Package, the leverage ratio has become a binding (Pillar 1) measure of Tier 1 capital of at least 3.0 per cent. of non-risk-weighted assets. As at 30 June 2021, the Group's leverage ratio stood at 7.8 per cent. of non-risk-weighted assets;
- *Systemically Important Institutions.* As a general matter, systemically important CRD IV Firms are required to have loss-absorbing capacity beyond the minimum standards. Under CRD IV/CRR, as amended by the 2016 Banking Reform Package, G-SIIs will, and other systemically important institutions may, be required to maintain a buffer of a specified percentage, taking into account the criteria for their identification as a systemically important credit institution.

That buffer must consist of and be supplemental to CET 1 capital. This does not apply to the Group as no member of the Group is a G-SII;

- *Liquidity Requirements.* CRD IV/CRR contains high level provisions relating to liquidity coverage requirements and the imposition of a liquidity coverage ratio (the "**LCR**"). Those provisions are supplemented by Commission Delegated Regulation (EU) 2015/61 which prescribed the criteria for liquid assets and methods of calculation as from 1 October 2015 and Commission Implementing Regulation (EU) 2016/322 which prescribed supervisory reporting requirements and applied from 10 September 2016. CRD IV/CRR also contains provisions relating to net stable funding requirements ("**NSF Requirements**").

The LCR is the ratio (expressed as a percentage) of a CRD IV Firm's liquidity buffer to its net liquidity outflows over a 30 calendar day stress period. The 2016 Banking Reform Package contains specific mandates for the EBA to develop draft regulatory or implementing technical standards as well as guidelines and reports related to the liquidity coverage ratio and leverage ratio in order to enhance regulatory harmonisation in the EU. The NSF Requirements (as proposed under Basel III) prescribe the amount of longer-term stable funding that must be held by a CRD IV Firm based on liquidity risk factors assigned to assets and off-balance sheet liquidity exposures. Under CRD IV/CRR the European Commission was required to produce a legislative proposal on the NSF Requirements if appropriate (taking into account relevant reports prepared by the EBA). As described above, the 2016 Banking Reform Package contains binding NSF Requirements designed to prevent overreliance by banks on short-term funding raised in wholesale markets to finance their long-term commitments. The NSF is set at a minimum level of 100 per cent. As at 30 June 2021, the Group's LCR stood at 303 per cent.; and

- *Prudential Reporting.* The implementing technical standards for supervisory reporting establish rules on prudential reporting laid down in CRD IV/CRR and set out the content and format of data to be reported by credit institutions to their respective NCAs. The scope of the reporting requirements extends to reporting on the following items:
  - (i) own funds;
  - (ii) financial information, including "FINREP" reporting for IFRS credit institutions;
  - (iii) real estate losses;
  - (iv) large exposures;
  - (v) leverage ratio;
  - (vi) liquidity coverage ratio; and
  - (vii) liquidity net stable funding ratio.

Among other things, CRD IV established a "Pillar 1" minimum capital requirement and increased the level of capital required through the "combined buffer requirement" that institutions have been required to comply with since 2016. The "combined buffer requirement" introduced various new capital buffers (as described above), including the capital conservation buffer, the G-SIB buffer, the O-SII buffer, the institution-specific countercyclical buffer and a systemic risk buffer (a buffer to prevent systemic or macroprudential risks). The "combined buffer requirement" applies in addition to the minimum "Pillar 1" capital requirements and must be satisfied with CET1 capital.

Furthermore, Article 104 of CRD IV (as amended by CRD V) and Article 16 of the SSM Regulation also contemplate the possibility that the supervisory authorities may require credit institutions to observe capital requirements exceeding the "Pillar 1" minimum capital requirements and the "combined

buffer requirement" by establishing "Pillar 2" capital requirements (which, with respect to other requirements, are above the "Pillar 1" requirements and below the "combined buffer requirement"), in order to cover additional risks to those already covered by the "Pillar 1" minimum capital requirements or to address macroprudential matters (although the 2016 Banking Reform Package provides that the new "Pillar 2" capital requirements should be used only to address microprudential considerations). CRD V also distinguishes between "Pillar 2" capital requirements ("**P2R**") and "Pillar 2" capital guidance ("**P2G**"), with only P2R being mandatory requirements. Notwithstanding the foregoing, CRD V provides that besides other measures, supervisory authorities are entitled to impose further P2R when an institution repeatedly fails to follow the P2G previously imposed.

The ECB is required, under the SSM Framework Regulation, to carry out the SREP of the Issuer and the Group at least on an annual basis. On 19 July 2018, the EBA published its final guidelines intended to further enhance risk management by institutions and the convergence of supervision with respect to the SREP. These guidelines focus on stress testing, particularly to determine P2G and the level of interest rate risk.

The ECB announced on 12 March 2020, in response to the ongoing COVID-19 pandemic, that it would allow banks to use Additional Tier 1 capital and Tier 2 capital instruments partially to meet their P2R. This measure, introduced by CRD V, was initially due to be implemented in 2021. In particular, the composition of capital instruments to meet the P2R shall be made up in the form of 56.3 per cent. of CET 1 capital and 75.0 per cent. of Tier 1 capital, as a minimum. Consequently, all additional "Pillar 2" own funds requirements that the ECB may impose on the Bank and/or the Group under the SREP will require the Bank and/or the Group to maintain capital levels higher than the "Pillar 2" minimum capital requirement. See also "*Solvency of the Group*" below.

For details regarding other recent developments on the Group's capital, please see "*Recent Developments: impact on own funds and eligible liabilities*" below.

As part of evaluating its compliance with the CRD IV/CRR capital and liquidity requirements, the Group is required to have in place sound, effective and comprehensive strategies and processes to assess and maintain on an ongoing basis the amounts, types and distribution of internal capital that it considers adequate to cover the nature and level of the risks to which it is or might be exposed. This is referred to as the Internal Capital Adequacy Assessment Process ("**ICAAP**"). CRD IV also requires CRD IV Firms to have in place an Internal Liquidity Adequacy Assessment Process ("**ILAAP**") through which they are required to evaluate their liquidity risk management processes and improve them if necessary. The maintenance of adequate capital and liquidity is necessary for the Group's financial stability. When reliable, ICAAPs and ILAAPs can provide substantial input into the determination of the SREP capital and liquidity requirements. Accordingly, if internal processes are not sufficiently efficient, this may result in higher than strictly necessary required capital and liquidity levels and increased costs. The ICAAP is subject to regular internal review to ensure that it remains comprehensive and proportionate to the nature, scale and complexity of the activities of the Group. While the Group has established and maintains its ICAAP, these strategies and processes incorporate assumptions, judgements and estimates that may change over time. The Group continues to seek to enhance its ICAAP on an ongoing basis. The ILAAP is subject to regular internal review as specified in the Bank's relevant policies. There is particular emphasis on liquidity stress testing and evaluation of material changes (internal or external) that may have an impact on ILAAP as well as close monitoring of all ILAAP limits and indicators. There is an ongoing effort to enhance the Bank's ILAAP.

Although the CRR and CRR II are directly applicable in each Member State they leave a number of important interpretational issues to be resolved through technical standards some of which are still being produced, and leave certain other matters to the discretion of the NCA in each Member State. The BCBS also continues to propose initiatives that could further increase Cyprus' reserve requirement for banks.

In addition, CRD IV/CRR allows for the ECB to assume certain supervisory responsibilities formerly handled by national regulators. The ECB may interpret CRD IV/CRR or exercise discretion accorded to the NCA under CRD IV/CRR in a different manner than national regulators. The manner in which new concepts and requirements under the 2016 Banking Reform Package will be applied to the Group also remains uncertain. Although it is difficult to predict with certainty the impact of the full implementation of the 2016 Banking Reform Package as transposed into Cypriot law, it may lead to an increase in the Group and the Bank's capital/liquidity requirements and capital/liquidity costs (see "*Risk Factors—Risks Relating to Asset Quality, Provisions and Capital—The Group is subject to ECB supervision which may result in requests that it increase its loan provisions or impairments of stock of properties, raise additional capital or result in increased costs*").

On 20 March 2017, the ECB published its final guidance to banks on non-performing loans, as supplemented by the publication of an addendum to such guidance in March 2018 (the "**March 2018 Addendum**"). The guidance addresses NPEs, as well as foreclosed assets, and also touches on performing exposures with an elevated risk of becoming NPEs, such as "watch-list" exposures and performing forbore exposures. The guidance recommends the implementation of strategies for NPE reduction and provides a set of guidelines, recommendations and best practices regarding governance, operational, reporting and technical aspects of the NPE management process. The Bank's policies and procedures have been modified or enhanced in order to address any possible gaps identified and to satisfy the requirements of the guidance.

The March 2018 Addendum supplements the qualitative NPE guidance and specified the ECB's supervisory expectations for prudent levels of provisions for new NPEs.

In addition, as indicated in a press release dated 22 August 2019, the ECB has decided to revise its supervisory expectations for prudential provisioning of new NPEs specified in the March 2018 Addendum. The decision was made after taking into account the adoption of Regulation (EU) 2019/630, which outlines the Pillar 1 treatment for NPEs.

In order to make the treatment of NPEs more consistent, the following changes have been made to the supervisory expectations communicated in the March 2018 Addendum:

- the scope of the ECB's supervisory expectations for new NPEs will be limited to NPEs arising from loans originated before 26 April 2019, which are not subject to Pillar 1 NPE treatment;
- NPEs arising from loans originated from 26 April 2019 onwards will be subject to Pillar 1 treatment, with the ECB paying close attention to the risks arising from them; and
- the relevant prudential provisioning time frames, the progressive path to full implementation and the split of secured exposures, as well as the treatment of NPEs guaranteed or insured by an official export credit agency, have been aligned with the Pillar 1 treatment of NPEs set out in the EU regulation.

All other aspects, including specific circumstances, which may make prudential provisioning expectations inappropriate for a specific portfolio/exposure, remain as described in the March 2018 Addendum. Supervisory expectations for the stock of NPEs (i.e. loans classified as NPEs as at 31 March 2018) remain unchanged, as communicated in the SREP letters sent to banks and in the press release of July 2018.

#### *Implementation of CRD IV and CRD V in Cyprus*

In August 2014, the CBC issued a directive on Governance and Management Arrangements transposing certain aspects of CRD IV into Cypriot law. Such directive was replaced by a new Governance directive issued by the CBC in October 2021, in light of, among other things, the CRD V provisions.



On 30 January 2015, the Macroprudential Supervision of Institutions Law of 2015 (the "**Macroprudential Supervision Law**") and a law amending the Banking Law were introduced in order to harmonise the Banking Law with, and otherwise implement, the provisions of CRD IV in Cyprus. The Macroprudential Supervision Law and the Banking Law have been recently amended to transpose into Cypriot law the provisions of CRD V.

Key amendments to the Banking Law included, among others, the following:

- the strengthening of banks' governance processes, including the encouragement of the use of internal models to calculate capital requirements;
- providing the CBC with the authority to impose specific liquidity requirements to address liquidity risks and the imposition of an additional requirement of own funds in cases where the CBC finds that certain conditions (which are set out in the Banking Law) exist, and the guidance to be issued by CBC as regards additional own funds should be institution specific;
- imposing an obligation on banks to take the necessary measures at an early stage to address any actual or potential failure by them to meet the requirements of CRR, the Macroprudential Supervision Law or the Banking Law;
- the establishment of mechanisms by the CBC and banks to encourage the reporting of breaches of the Banking Law and CRR;
- increasing the sanctions for non-compliance with shareholding restrictions on the holding of shares in an authorised credit institution in Cyprus, such as the CBC's authority to publicly announce any such non-compliance, impose administrative fines of up to €5,000,000 on individuals, of up to 10.0 per cent. of the total annual net turnover in the case of a legal person, and of up to double the amount of the benefit derived from the breach where that benefit can be determined;
- setting a capital conservation buffer of CET 1 capital equal to 2.5 per cent. of banks' total risk exposure amount; and
- introducing the concept of financial holding companies, mixed financial holding companies and G-SIIs, and the relevant thresholds for being considered as such.

The Macroprudential Supervision Law principally provides for:

- the identification of systemically important institutions (as to which see below); and
- the CBC, as the macroprudential supervisory authority, to have the power to establish the requirements for the capital buffers to be held by banks, such as the countercyclical capital buffer, systemic risk buffer, buffers for systemically important institutions, buffers for other systemically important institutions and reserves for changes in macro or systemic risk.

Under the current regulatory framework, credit institutions operating in Cyprus (such as the Bank) are required to, among other things:

- comply with the capital adequacy ratios determined by the ECB and/or CBC;
- observe the liquidity ratios prescribed by CRD IV/CRR;
- comply with certain concentration ratios determined by the ECB and/or CBC;
- maintain efficient internal control, compliance and risk management systems and procedures;

- adopt a remuneration policy and set up a remuneration committee of the board of directors;
- submit to the ECB and/or CBC periodic reports and statements;
- assess the suitability of members of the management body and key function holders;
- prepare and submit a recovery plan;
- disclose data regarding the credit institution's financial position and the risk management policy;
- provide the ECB and/or CBC with such further information as they may require;
- in connection with certain operations or activities, notify or request the prior approval of the ECB and/or CBC, in each case in accordance with the applicable laws of Cyprus, the SSM Regulation and the relevant acts, decisions and circulars of the ECB and/or CBC; and
- permit the ECB and/or CBC to conduct audits and inspect books and records of the credit institution, in accordance with Cypriot law and the SSM Regulation.

If a credit institution breaches any law or regulation falling within the scope of the supervisory power attributed to the CBC, the CBC (where applicable, in coordination with the ECB) is empowered to, among other things:

- require the relevant credit institution to take appropriate measures to remedy the breach or to restrict its operations by imposing conditions on its licence (which may include, requiring the relevant credit institution to take certain actions or refrain from taking certain actions, imposing limitations on the acceptance (and solicitation) of deposits, the granting of credit or the making of investments, prohibiting the entering into of certain transactions, requiring the removal of corporate officers, requiring the holding of own funds in excess of prescribed levels and requiring the implementation of policies on the treatment of certain assets and risk);
- impose fines;
- assume control of, and carry on in the credit institution's name, the business of the credit institution, for so long as the CBC considers necessary;
- demand the increase of a credit institution's share capital;
- demand that dividends be limited or withheld; and
- revoke the licence of the credit institution where the breach cannot be remedied and place it in a state of special liquidation (i.e., where a court application is made for liquidation on an ex-parte basis where services performed by the relevant credit institution concern the public interest).

Under the Macroprudential Supervision Law, the CBC is the responsible authority for the designation of banks in Cyprus that are O-SIIs and for the setting of the O-SII buffer requirement for such entities. The Bank has been designated as an O-SII by the CBC and the O-SII buffer currently set by the CBC for the Bank is 2 per cent. This buffer is being phased-in gradually, having started from 1 January 2019 at 0.5 per cent. and increasing by 0.5 per cent. every year thereafter, until being fully implemented. In April 2020, in response to the COVID-19 pandemic, the CBC decided to delay the phasing-in of the O-SII buffer on 1 January 2021 and 1 January 2022 by 12 months. Consequently, the O-SII buffer will be fully phased-in on 1 January 2023, instead of 1 January 2022 as originally required.

## ***Bank Recovery and Resolution***

The BRRD was introduced with the stated aim of providing supervisory authorities with common tools and powers to address banking crises pre-emptively in order to ensure the continuity of in-scope institutions' critical financial and economic functions whilst safeguarding financial stability and minimising taxpayers' exposure to losses.

In 2017 the European Commission proposed reforms to the BRRD in order to, amongst other things, implement in the EU the Financial Stability Board's TLAC standard by adapting the existing regime relating to MREL and to adjust the manner in which firms' MREL requirement is to be calculated. Such changes were contained in BRRD II. BRRD II was published in the Official Journal of the EU on 7 June 2019 and entered into force on 27 June 2019. BRRD II was required to have been transposed into national law by 28 December 2020 with national regulators having until 1 January 2024 at the latest to impose full MREL requirements on firms. BRRD II was transposed and implemented in Cyprus law in early May 2021. The SRB will assess the need for any extension of the target deadline beyond 1 January 2024 for individual banks on a case-by-case basis, where justified and appropriate.

Key amendments made by BRRD II include the following:

- *New MREL regime.* BRRD II replaces the existing MREL requirements in Article 45 of the BRRD with a revised regime set out in new Articles 45 to 45m, designed to align the existing MREL requirements with the TLAC standard as adopted by CRR II. In particular, BRRD II aligns the measurement metrics for MREL with the external TLAC requirement for G-SIBs as set out in CRR II. See "*– Minimum requirement for own funds and eligible liabilities*" below.
- *Group resolution plans.* BRRD II introduces the concepts of 'resolution entities' and 'resolution groups' which derive from the same terms used in the Financial Stability Board's TLAC standard. BRRD II amends the requirements in Article 12 of BRRD on resolution plans to require the identification for each group of the relevant resolution entities and the resolution groups. BRRD II requires a group which comprises of more than one resolution group to set out the resolution actions for the resolution entities of each resolution group and the implications of those actions on both other group entities belonging to the same resolution group and other resolution groups. See "*– Minimum requirement for own funds and eligible liabilities*" below.
- *Power to prohibit certain distributions.* BRRD II provides resolution authorities with the power to impose a maximum distributable amount ("**MDA**") restriction on a firm, where it has insufficient resources to meet its combined buffer requirement, in addition to its MREL requirements.
- *Moratorium powers.* BRRD II introduces a moratorium power on banks' liabilities, set out in new Article 33a of the BRRD. Resolution authorities will have the power to suspend payment or delivery obligations regarding any contract to which a BRRD institution or a BRRD entity is a party, once the relevant institution is deemed to be 'failing or likely to fail' and certain specified conditions are satisfied, including the absence of immediately available private sector measure that would prevent the failure of the institution.
- *Contractual recognition of bail-in.* BRRD II amends Article 55 of the BRRD to address the scenario where it is impracticable for BRRD institutions or BRRD entities to include contractual recognition clauses in liability contracts governed by third country law.
- *Contractual recognition of resolution stay power.* BRRD II introduces a requirement for BRRD institutions and BRRD entities to include clauses in financial contracts governed by third country law recognising the stay powers of resolution authorities.

In addition, the BRRD was amended in December 2017 by Directive (EU) 2017/2399 (the "**Insolvency Hierarchy Directive**") regarding the ranking of unsecured debt instruments in the insolvency hierarchy, which amended Article 108 of the BRRD with the aim to harmonise national laws on insolvency and recovery and resolution of credit institutions and investment firms by creating a new credit class of "non-preferred" senior debt that should only be bailed-in after junior ranking instruments but before other senior liabilities.

#### *Implementation of the BRRD*

The BRRD (in its original form) was fully transposed into Cypriot law by the Resolution Law which replaced the previous Cypriot resolution regime for credit institutions and other institutions under the Resolution of Credit and Other Institutions Law of 2013.

The BRRD (in its original form) was transposed into Irish law by the European Union (Bank Recovery and Resolution) Regulations 2015.

The Insolvency Hierarchy Directive was transposed into Cypriot law by Law 80 (i)/2019 of 29 May 2019 modifying section 33O of the Banking Law and was transposed into Irish law by the European Union (Bank Recovery and Resolution) Regulations 2019.

BRRD II was transposed into Irish law by the European Union (Bank Recovery and Resolution) (Amendment) Regulations 2020 and into Cyprus law by Law 96(I)/2021, which amends the Resolution Law and Law 94(I)/2021, which amends the Banking Law.

The BRRD applies to banks of all sizes and consists of three pillars – preparatory and preventative measures, early intervention, and resolution tools and powers:

- *Preparatory and preventative measures.* Institutions subject to the BRRD are required to prepare recovery plans and the relevant resolution authorities are required to prepare resolution plans for the relevant institutions based on the information provided by them.
- *Early supervisory intervention.* The relevant resolutions authorities are granted powers to take early action to address emerging problems. These powers include requiring an institution to implement its recovery plan and replacing existing management with a special manager to restore the institution's financial situation.
- *Resolution.* The relevant resolution authorities are granted resolution powers and tools intended to ensure the continuity of essential services and to manage the failure of an institution in an orderly way.

The BRRD establishes common parameters for triggering the application of resolution tools and powers. The conditions that have to be met before resolution authorities take a resolution action in relation to a credit institution are: (a) the relevant resolution authority determines that the institution is failing or is likely to fail; (b) there is no reasonable prospect that any alternative private sector or supervisory action taken would prevent the failure of the institution within a reasonable timeframe; and (c) resolution action is necessary in the public interest. When the trigger conditions for resolution are satisfied, the BRRD, as implemented by applicable local law, provides a set of resolution tools that resolution authorities have the power to apply singly or in conjunction.

The resolution tools are the following:

- *Sale of business.* Resolution authorities may effect a sale of the institution, in whole or in part, on commercial terms, without requiring the consent of the shareholders or complying with other procedural or other requirements.

- *Bridge Institution.* Resolution authorities may transfer all or part of the business of an institution to a publicly controlled entity. The operations of a bridge institution are temporary, the aim being to sell the business to the private sector when market conditions are appropriate.
- *Asset Separation.* Resolution authorities may transfer impaired or problem assets to an asset management vehicle to allow them to be managed and worked out over time.
- *Bail-In.* Resolution authorities may write down and cancel the claims of shareholders and unsecured creditors of a failing institution and/or convert such claims into equity, thereby diluting the holdings of pre-resolution shareholders (the "**Bail-in Tool**").

In the event that an entity is in a resolution situation, the Bail-in Tool is understood to mean any write-down, conversion, transfer, modification, or suspension power existing from time to time under: (i) any law, regulation, rule or requirement applicable from time to time in Cyprus or, as applicable, Ireland, relating to the transposition or development of the BRRD (as amended, replaced or supplemented from time to time), including, but not limited to the Resolution Law or the Irish BRRD Regulations, as applicable, and the SRM Regulation, each as amended, replaced or supplemented from time to time; or (ii) any other law, regulation, rule or requirement applicable from time to time in Cyprus or, as applicable, Ireland pursuant to which (a) obligations or liabilities of banks, investment firms or other financial institutions or their affiliates can be reduced, cancelled, modified, transferred or converted into shares, other securities, or other obligations of such persons or any other person (or suspended for a temporary period or permanently) or (b) any right in a contract governing such obligations may be deemed to have been exercised.

Following implementation of the Insolvency Hierarchy Directive, in the event of any application of the Bail-in Tool, any resulting write-down or conversion by the relevant resolution authority will be carried out in the following sequence: (i) CET 1 capital items; (ii) the principal amount of Additional Tier 1 capital instruments; (iii) the principal amount of Tier 2 capital instruments; (iv) the principal amount of other subordinated claims other than Additional Tier 1 capital or Tier 2 capital instruments (including claims under section 33O (2)(i) of the Banking Law) in accordance with the hierarchy of claims in normal insolvency proceedings in conjunction with write down pursuant to (i) to (iii); and (v) the principal or outstanding amount of the remaining eligible liabilities in the order of the hierarchy of claims in normal insolvency proceedings (with claims in respect of Senior Non-Preferred Notes ranking junior to all other senior claims of the Issuer (including Senior Preferred Notes)).

In addition to the Bail-in Tool resolution authorities have the further power to permanently write-down or convert into equity capital instruments such as the Tier 2 Capital Notes at the point of non-viability (and, pursuant to BRRD II and Regulation (EU) 2019/877 (the "**SRM Regulation II**"), certain eligible liabilities and instruments including Senior Non-Preferred Notes and Senior Preferred Notes) ("**Non-Viability Loss Absorption**" and, together with the Bail-in Tool, the "**Statutory Loss-Absorption Powers**") of an entity. Any write-down or conversion must follow the same insolvency hierarchy as described above. The point of non-viability of an entity is the point at which the relevant resolution authority determines that the entity meets the conditions for resolution or will no longer be viable unless the relevant capital instruments or eligible liabilities are written down or converted into equity or 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 group is the point at which the group infringes or there are objective elements to support a determination that the group, in the near future, will infringe its consolidated solvency requirements in a way that would justify action by the relevant resolution authority. Non-Viability Loss Absorption may be imposed prior to or in combination with any exercise of the Bail-in Tool or any other resolution tool or power (where the conditions for resolution referred to above are met) or in combination with such exercise in respect of all eligible liabilities.

In addition, the EBA has published certain technical regulatory standards and technical implementation standards to be adopted by the European Commission, in addition to other guidelines. These standards and guidelines could potentially be relevant in determining when or how the relevant resolution authority may exercise the Bail-in Tool and/or impose a Non-Viability Loss Absorption. These include guidelines on the treatment of shareholders when applying the Statutory Loss Absorption Powers, as well as on the rate for converting debt into shares or other securities or debentures in the application of the Statutory Loss Absorption Powers.

To the extent that any resulting treatment of a holder of Notes issued by BOCH or the Bank pursuant to the exercise of the Bail-in Tool is less favourable than would have been the case under such hierarchy in normal insolvency proceedings, a holder of such affected Notes would have a right to compensation under the BRRD and the SRM Regulation based on an independent valuation of the institution, in accordance with Article 32 of the Resolution Law and the SRM Regulation, together with any other compensation provided for in any applicable law. However, if the treatment of a creditor following a Non-Viability Loss Absorption is less favourable than it would have been under ordinary insolvency proceedings, it is uncertain whether such creditor would be entitled to the compensation provided for in the BRRD and the SRM Regulation.

The European Commission has proposed further amendments to BRRD and the SRM Regulation (as well as related amendments to EU legislation on deposit guarantee schemes), indicating that it would adopt legislative proposals in the fourth quarter of 2021 to effect such amendments. The scope and effect of any amendments that may be made are not yet known.

#### ***Minimum requirement for own funds and eligible liabilities***

The BRRD prescribes that banks hold a minimum level of own funds and eligible liabilities in relation to total liabilities known as "MREL". Pursuant to Commission Delegated Regulation (EU) 2016/1450 of 23 May 2016 (the "**MREL Delegated Regulation**"), the level of own funds and eligible liabilities required under MREL will be set by the relevant resolution authority, in agreement with the competent authority, for each bank (and/or group) based on, among other things, the criteria set out in Article 45c(1) of the BRRD, including the systemic importance of the institution. Eligible liabilities may be senior or subordinated, provided that, among other requirements, they have a remaining maturity of at least one year and, if governed by a non-EU law, they must be able to be written down or converted by the resolution authority of a Member State under that law or through contractual provisions. With a view to complying with the requirement of BRRD that MREL-eligible liabilities should not be subject to set-off, the Cyprus Ministry of Finance prepared a draft law amending the Banking Law in order to explicitly exclude own funds and liabilities which are MREL-eligible from the application of mandatory set-off imposed by the insolvency framework in Cyprus. The draft law is currently at the Attorney General's Office for legal vetting before it is submitted to the Cyprus Parliament.

Following the application of CRR II, an institution's eligible liabilities will consist of its eligible liability items (as defined in CRR II) after a number of mandatory deductions. In order to be considered as eligible liabilities, instruments must meet the requirements set out in Article 72b of the CRR, which includes a requirement for those instruments to rank below liabilities excluded under Article 72a(2) of the CRR. The new class of "non-preferred" senior debt created following the implementation of the Insolvency Hierarchy Directive (such as Senior Non-Preferred Notes issued by the Bank) is expected to facilitate compliance with such MREL requirements. CRR II also provides some exemptions which could allow outstanding senior debt instruments to be used to comply with MREL. However, there is uncertainty insofar as such eligibility is concerned and how the regulations and exemptions provided for in the 2016 Banking Reform Package are to be interpreted and applied.

The Bank is the Group's relevant resolution entity for MREL purposes.

In April 2021, the Bank received formal notification from the CBC of the final decision of the SRB for the Bank's binding MREL requirement. The MREL requirement was set at (i) 23.32 per cent. of risk weighted assets and (ii) 5.91 per cent of the Bank's "total exposure measure", as determined in accordance with Articles 429 and 429a of the CRR for purposes of the calculation of its LRE. The MREL requirement must be met by 31 December 2025. Furthermore, the Bank must comply by 1 January 2022 with an interim requirement of 14.94 per cent. of risk weighted assets and 5.91 per cent. of LRE. The own funds used by the Bank to meet the combined buffer requirement will not be eligible to meet its MREL requirements expressed in terms of risk weighted assets. The above requirements replace those that were previously applicable. The Bank must comply with the MREL requirement at the BOC Group level.

In June 2021, the Bank executed its inaugural MREL transaction issuing €300 million of senior preferred notes. The notes comply with the criteria for MREL and contribute towards the Bank's MREL requirements.

The MREL ratio of the Bank as at 30 June 2021, calculated according to the SRB's eligibility criteria currently in effect and based on the Bank's internal estimate, stood at 18.5 per cent. of risk weighted assets and 10.2 per cent. of LRE. The MREL ratio expressed as a percentage of risk weighted assets does not include capital used to meet the combined buffer requirement, currently at 3.5 per cent. and expected to increase to 4.0 per cent. on 1 January 2022.

If the SRB considers that there may be any obstacles to resolvability by the Bank and/or the Group, a higher MREL could be imposed.

The 2016 Banking Reform Package provides that a bank's MREL breach is dealt with by the competent authorities in consultation with one another through their powers to address or remove obstacles to resolution, the exercise of their supervisory powers and their power to impose early action measures, administrative sanctions and other administrative measures. If there were a deficit in the level of an entity's eligible own funds and liabilities, and that entity's own funds were contributing to meeting the "combined buffer requirement", these own funds would automatically go toward meeting the MREL of such entity and would cease to be applied in order to comply with its "combined buffer requirement", which could lead to the entity failing to comply with its "combined buffer requirement". This could involve triggering the MDA calculation leading to restrictions on the making of discretionary payments. Therefore, with the entry into force of the 2016 Banking Reform Package, the Bank will have to fully comply with its "combined buffer requirement", in addition to its MREL, to ensure that it can make certain discretionary payments. See also "*Solvency of the Group*" below: at the date of this Offering Circular both BOCH and the Bank are currently prohibited from distributing equity dividends (however, such prohibition does not apply to coupons on Additional Tier 1 capital instruments).

The 2016 Banking Reform Package provides for the amendment of a number of aspects of the MREL framework to align it with the TLAC standards included in the Financial Stability Board's November 2015 TLAC Principles and Term Sheet. To maintain coherence between the MREL rules applicable to G-SIBs and those applicable to non-G-SIBs, BRRD II also provides for a number of changes to the MREL rules applicable to non-G-SIBs, such as the Bank. While the 2016 Banking Reform Package provides for minimum harmonised or "Pillar 1" MRELs for G-SIBs, in the case of non-G-SIBs such as the Bank they provide that MRELs will be imposed on a bank-specific basis. For G-SIBs, the 2016 Banking Reform Package provides that a supplementary or "Pillar 2" MRELs may be further imposed on a bank-specific basis. The 2016 Banking Reform Package further provides for the resolution authorities to give guidance to institutions to have own funds and eligible liabilities in excess of the requisite levels for certain purposes.

### ***Further proposed amendments to CRR, CRD IV and BRRD***

In October 2021, the European Commission adopted legislative proposals for further amendments to CRR, CRD IV and the BRRD (the "**2021 Banking Package**"). Amongst other things, the 2021 Banking Package would implement certain elements of Basel III that have not yet been transposed into EU law. The 2021 Banking Package includes:

- a proposal for a Regulation (sometimes known as "CRR III") to make amendments to CRR with regard to (amongst other things) requirements on credit risk, credit valuation adjustment risk, operational risk, market risk and the output floor;
- a proposal for a Directive (sometimes known as "CRD VI") to make amendments to CRD IV with regard to (amongst other things) requirements on supervisory powers, sanctions, third-country branches and ESG risks; and
- a proposal for a Regulation to make amendments to CRR and the BRRD with regard to (amongst other things) requirements on the prudential treatment of G-SII groups with a multiple point of entry resolution strategy and a methodology for the indirect subscription of instruments eligible for meeting the MREL requirements.

The 2021 Banking Package is subject to amendment in the course of the EU's legislative process; and its scope and terms may change prior to its implementation. In addition, in the case of the proposed amendments to CRD IV and the BRRD, their terms and effect will depend, in part, on how they are transposed in each member state. As a general matter, it is likely to be several years until the 2021 Banking Package begins to be implemented; and certain measures are expected to be subject to transitional arrangements or to be phased in over time. Accordingly, it is currently not possible to predict the potential impact of the 2021 Banking Package on the Bank, BOCH or the Group. See "*Risk Factors—Regulatory and Legal Risks—The Group's business and operations are subject to extensive regulation and supervision and can be negatively affected by its non-compliance with regulatory requirements and by regulatory and governmental developments*".

### **Legal Framework response to COVID-19 Pandemic**

#### ***Emergency Measures under the Financial Institutions and Supervisory Authorities Law of 2020 (Law 33(I)/2020)***

In response to the COVID-19 pandemic, on 29 March 2020 the Cypriot Parliament adopted the Emergency Measures under the Financial Institutions and Supervisory Authorities Law of 2020 (Law 33(I)/2020) (the "**COVID Law**"), pursuant to which the Council of Ministers was authorised to take emergency measures in order to safeguard the financial stability of Cyprus. Exercising powers provided under Article 5 of the COVID Law, the Minister of Finance issued three Decrees (namely, Decree R.A.A 134/2020 of 30 March 2020 revised by Decree R.A.A 195/2020 of 7 May 2020 and Decree R.A.A 7/2021 of 15 January 2021). Consistent with related EBA and CBC guidance, the Decrees provided for, amongst other things, the establishment of moratoria on loan and interest payments on various types of loans (including those to individuals and corporate borrowers) (provided that the relevant borrowers apply through a written declaration stating that they have been affected by the COVID-19 pandemic) and the imposition of 9-month payment holidays for loans (covering both interest payments and capital repayments), covering fixed term loans, overdrafts, factoring and credit cards. The measures under the COVID Law described above applied to neither BOCH nor the Bank's obligations in respect of any Notes issued by it under the Programme. The measures provided for under these Decrees have now lapsed.



## ***Law on the Issuance of Government Guarantees to Credit Institutions for the Granting of Loans to Businesses and Self-Employed (Law 110(I)/2021)***

On 22 April 2021, the Cypriot Parliament adopted the Law on the Issuance of Government Guarantees to Credit Institutions for the Granting of Loans to Businesses and Self-Employed (Law 110(I)/2021), pursuant to which the Minister of Finance is able to issue government guarantees to credit institutions, in order for the credit institutions to grant new low-cost loans to self-employed and/or companies, which were not facing financial difficulties on 31 December 2019, but were then facing such financial difficulties due to COVID-19 pandemic. Government guarantees were granted until 31 December 2021, however Law 110(I)/2021 has been amended by Law 160(I)/2021, which, among other things, extended the period for the granting of government guarantees until the Communication from the European Commission entitled 'Temporary Framework for State aid measures to support the economy in the current COVID-19 outbreak', as amended, ceases to apply, provided that such extension shall not go beyond 31 March 2022.

### ***Solvency of the Group***

Based on the final 2019 SREP decision received in December 2019, the Group's minimum phased-in CET 1 capital ratio was set at 11.0 per cent. (comprising a 4.5 per cent. Pillar 1 requirement, a 3.0 per cent. P2R (in the form of CET 1 capital), a capital conservation buffer of 2.5 per cent. (fully phased-in as of 1 January 2019) and an O-SII buffer of 1.0 per cent.) and the overall total capital requirement at 14.5 per cent., comprising an 8.0 per cent. Pillar 1 requirement (of which up to 1.5 per cent. can be in the form of Additional Tier 1 capital and up to 2.0 per cent. in the form of Tier 2 capital), a 3.0 per cent. P2R (in the form of CET 1 capital), a capital conservation buffer of 2.5 per cent. and an O-SII buffer of 1.0 per cent. The ECB has also provided non-public guidance for an additional Pillar 2 CET 1 capital buffer. Pillar 2 add-on capital requirements derive from the context of the SREP, which is a point in time assessment, and are therefore subject to change over time. The final 2019 SREP decision became effective on 1 January 2020. Following the COVID-19 outbreak and related announcements by the EBA, the Bank received an amendment to the 2019 SREP decision, effective 12 March 2020, reducing the Group's minimum phased-in CET 1 capital ratio to 9.7 per cent. (comprising a 4.5 per cent. Pillar 1 requirement, a 1.7 per cent. P2R, a capital conservation buffer of 2.5 per cent. and an O-SII buffer of 1.0 per cent.), following the frontloading of the new rules on the P2R composition, to allow banks to use Additional Tier 1 capital and Tier 2 capital to meet P2R and not only by CET 1 capital, initially scheduled to come into effect in January 2021. Please see further below under "*Recent Developments: impact on own funds and eligible liabilities*". In addition, the EBA final guidelines on SREP and supervisory stress testing and the SSM's 2018 SREP methodology provide that own funds held for the purposes of P2G cannot be used to meet any other capital requirements (Pillar 1, Pillar 2 requirements or the combined buffer requirement), and therefore cannot be used twice. In line with the final 2019 SREP decision, these new provisions became effective from 1 January 2020. The above minimum ratios apply to both the Group and the Bank.

### ***Total capital<sup>14</sup>***

Set out below are the Group's and the Bank's (on a solo basis) solvency data (phased-in Basel III, IFRS 9 and CRR Article 468 transitional), in each case in accordance with the regulations applicable on each of the dates stated. See also the Group's "*Additional Risk and Capital Management Disclosures*", which is incorporated by reference in this Offering Circular.

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<sup>14</sup> All financial and regulatory information and ratios in this section relate to the Group only and should not be construed as references that relate to the Bank and its consolidated subsidiaries unless indicated otherwise.

<b>Regulatory capital</b>	<b>Group</b>		
	30 June 2021 <sup>15</sup>	31 December 2020 <sup>16</sup>	31 December 2019 <sup>16</sup>
	€000	€000	€000
Transitional Common Equity Tier 1 (CET1) <sup>17,18</sup>	1,571,421	1,722,751	1,909,049
Transitional Additional Tier 1 capital (AT1)	220,000	220,000	220,000
Tier 2 capital (T2)	332,544	192,248	189,955
<b>Transitional total regulatory capital</b>	<b>2,123,965</b>	<b>2,134,999</b>	<b>2,319,004</b>
Risk weighted assets – credit risk <sup>19</sup>	9,916,278	10,504,937	11,547,303
Risk weighted assets – market risk	-	-	-
Risk weighted assets – operational risk	1,131,438	1,131,438	1,342,700
<b>Total risk weighted assets</b>	<b>11,047,716</b>	<b>11,636,375</b>	<b>12,890,003</b>
	%	%	%
Transitional Common Equity Tier 1 ratio	14.2	14.8	14.8
<b>Transitional total capital ratio</b>	<b>19.2</b>	<b>18.3</b>	<b>18.0</b>

<b>Fully loaded</b>	<b>Group</b>		
	30 June 2021 <sup>20</sup>	31 December 2020 <sup>20</sup>	31 December 2019 <sup>21</sup>
	%	%	%
Common Equity Tier 1 ratio	12.9	12.9	13.1
Total capital ratio	18.0	16.7	16.5

<b>Regulatory capital</b>	<b>The Bank</b>		
	30 June 2021 <sup>15</sup>	31 December 2020 <sup>16</sup>	31 December 2019 <sup>16</sup>
	€000	€000	€000
Transitional Common Equity Tier 1 (CET1) <sup>22, 23</sup>	1,535,261	1,688,296	1,869,105
Transitional Additional Tier 1 capital (AT1)	220,000	220,000	220,000
Tier 2 capital (T2)	343,343	250,000	250,000

<sup>15</sup> For 30 June 2021, as per the Group Interim Financial Report 2021 (Additional Risk and Capital Management Disclosures).

<sup>16</sup> For 31 December 2019 and 31 December 2020, as per the relevant Group Annual Financial Report (Additional Risk and Capital Management Disclosures) and Pillar 3 Disclosures for the respective years.

<sup>17</sup> CET1 includes regulatory deductions, comprising among others intangible assets amounting to €27,675 thousand, €27,171 thousand and €51,204 thousand as at 30 June 2021, 31 December 2020 and 31 December 2019 respectively. As at 30 June 2021 an amount of €17,930 thousand is considered prudently valued for CRR purposes and it is not deducted from CET1 (31 December 2020: €21,985 thousand).

<sup>18</sup> Following the Regulation (EU) 2016/445 of the ECB of 14 March 2016 on the exercise of options and discretions available in Union law (ECB/2016/4), the deferred tax asset was phasing-in for 5 years, with effect as from the reporting of 31 December 2016, and fully phased-in on 1 January 2019.

<sup>19</sup> Includes Credit Valuation Adjustments (CVA).

<sup>20</sup> IFRS 9 and CRR Article 468 fully loaded.

<sup>21</sup> IFRS 9 fully loaded.

<sup>22</sup> CET1 includes regulatory deductions.

<sup>23</sup> Following the Regulation (EU) 2016/445 of the ECB of 14 March 2016 on the exercise of options and discretions available in Union law (ECB/2016/4), the deferred tax asset was phasing-in for 5 years, with effect as from the reporting of 31 December 2016, and fully phased-in on 1 January 2019.

<b>Transitional total regulatory capital</b>	2,098,604	2,158,296	<b>2,339,105</b>
Risk weighted assets – credit risk <sup>24</sup>	9,933,961	10,516,023	11,518,932
Risk weighted assets – market risk	-	-	-
Risk weighted assets – operational risk	1,078,575	1,078,575	1,255,875
<b>Total risk weighted assets</b>	<b>11,012,536</b>	<b>11,594,598</b>	<b>12,774,807</b>
	%	%	%
Transitional Common Equity Tier 1 ratio	13.9	14.6	14.6
<b>Transitional total capital ratio</b>	<b>19.1</b>	<b>18.6</b>	<b>18.3</b>

Fully loaded	The Bank		
	30 June 2021 <sup>20</sup>	31 December 2020 <sup>20</sup>	31 December 2019 <sup>21</sup>
	%	%	%
Common Equity Tier 1 ratio	12.6	12.7	12.9
Total capital ratio	17.8	16.8	16.6

Such ratios exceed the applicable regulatory requirements described above, but there can be no assurance that the total capital requirements imposed on the Bank and/or the Group from time to time may not be higher than the levels of capital available at such point in time. There can also be no assurance as to the result of any future SREP carried out by the ECB and whether this will impose any further "Pillar 2" additional own funds requirements on the Bank and/or the Group.

Based on prior SREP decisions, BOCH and the Bank have been subject to a prohibition on the making of equity dividend distributions and therefore no dividends were declared or paid during 2020, 2019 and 2018. Following the 2019 SREP decision as amended in April 2020, BOCH and the Bank remain prohibited from distributing equity dividends. This prohibition does not apply if the distribution is made via the issuance of new ordinary shares which are eligible as CET 1 capital to existing shareholders. No prohibition applies to the payment of coupons on any Additional Tier 1 capital instruments issued by BOCH or the Bank.

For further discussions on the Group's capital, please see the section entitled "*Group Financial Results on the underlying Basis – Balance Sheet Analysis – Capital Base*" in the Group Interim Financial Report 2021, which is incorporated by reference herein.

### Recent Developments: impact on own funds and eligible liabilities<sup>25</sup>

As at 30 June 2021, the Group's total equity excluding non-controlling interests totalled €2.0 billion, compared to €2.1 billion at 31 March 2021 and €2.1 billion at 31 December 2020. Shareholders' equity totalled €1.8 billion as at 30 June 2021, compared to €1.8 billion and €1.8 billion as at 31 March 2021 and 31 December 2020, respectively. The Group's CET 1 ratio on a transitional basis stood at 14.2 per cent. as at 30 June 2021, compared to 14.4 per cent. and 14.8 per cent. as at 31 March 2021 and 31 December 2020, respectively.

During the second quarter of 2020 the Group's CET 1 ratio was negatively affected mainly by the prudential charge relating to the Group's foreclosed assets (see below), the cost relating to the tender process for the Existing T2 Notes (as defined below) and provisions and impairments, and was

<sup>24</sup> Includes Credit Valuation Adjustments (CVA).

<sup>25</sup> All financial and regulatory information and ratios in this section relate to the Group only and should not be construed as references that relate to the Bank and its consolidated subsidiaries unless indicated otherwise.

positively affected by the pre-provision income, the impact of the completion of Project Helix 2 and the decrease in risk-weighted assets.

The Group has elected to apply the EU transitional arrangements for regulatory capital purposes (EU Regulation 2017/2395) resulting in the impact on the impairment amount from the initial application of IFRS 9 on the capital ratios being phased in gradually. The amount added each year decreases based on a weighting factor until the impact of IFRS 9 is fully absorbed back to CET 1 at the end of a five-year period. The impact on the Group's capital position for the financial year ended 31 December 2019 was 15 per cent. of the impact on the impairment amounts from the initial application of IFRS 9, increasing to 30 per cent. (cumulative) for the financial year ended 31 December 2020 and 50 per cent. (cumulative) for 2021. In June 2020, Regulation (EU) 2020/873 regarding certain adjustments in response to the COVID-19 pandemic, came into force, extending the IFRS 9 transitional arrangements for the IFRS 9 dynamic component and introducing further relief measures to CET 1.

The Group's CET 1 ratio on a fully loaded basis (including the full impact of IFRS 9 and CRR Article 468) amounted to 12.9 per cent. as at 30 June 2021, compared to 13.1 per cent. and 12.9 per cent. as at 31 March 2021 and 31 December 2020, respectively.

As at 30 June 2021, the total capital ratio stood at 19.2 per cent., compared to 18.0 per cent. and 18.4 per cent. as at 31 March 2021 and 31 December 2020, respectively.

The Group's total capital ratio on a fully loaded basis (including the full impact of IFRS 9 and fully phasing out the benefit of the temporary treatment provided by CRR Article 468) amounted to 18.0 per cent. as at 30 June 2021, compared to 16.9 per cent. and 16.7 per cent. as at 31 March 2021 and 31 December 2020, respectively.

In the context of ECB's capital easing measures for COVID-19, in April 2020 the Bank received an amendment to the December 2019 SREP decision effective as of 12 March 2020, reducing the Group's minimum phased-in CET 1 capital ratio to 9.7 per cent. (comprising a 4.5 per cent. Pillar 1 requirement, a 1.7 per cent. P2R, a capital conservation buffer of 2.5 per cent. and an O-SII buffer of 1.0 per cent.), following the frontloading of the new rules on the P2R composition, to allow banks to use Additional Tier 1 capital and Tier 2 capital to meet P2R and not only by CET 1 capital, initially scheduled to come into effect in January 2021. The total SREP capital requirement remains unchanged at 14.5 per cent. In November 2020, the Group received confirmation from the ECB according to which no SREP decision would be issued for the 2020 SREP cycle and the 2019 SREP decision would remain in force, leaving the Group's capital and other requirements established by the SREP 2019 decision as amended in April 2020. The SREP decision for the 2021 SREP cycle is expected in December 2021. This may result in changes to the capital requirements as provided for in the 2019 SREP decision the potential impact of which is described in *"The Group is subject to ECB supervision which may result in requests that it increase its loan provisions or impairments of stock of properties, raise additional capital or result in increased costs"*.

In April 2020, the CBC decided to delay the phasing-in (0.5 per cent.) of the O-SII buffer on 1 January 2021 and 1 January 2022 by 12 months. Consequently, the O-SII buffer will be fully phased-in on 1 January 2023, instead of 1 January 2022 as originally required.

Moreover, in June 2020 Regulation (EU) 2020/873 came into force, which provides for certain amendments in response to the COVID-19 pandemic, bringing forward some of the capital relieving measures that were due to come into force at a later stage and introducing modifications as part of the wider efforts of competent authorities to provide the support necessary to institutions. The main adjustments that had an impact on the Group's capital ratio relate to accelerating the implementation of the new SME discount factor under CRR II in June 2020 instead of June 2021 (resulting in lower RWAs), extending the IFRS 9 transitional arrangements and introducing further relief measures to CET 1 capital allowing the Group fully to add back to CET 1 capital any increase in expected credit losses

recognised in 2020 and 2021 for non-credit impaired loans and phasing this in from 2022 and advancing the application of prudential treatment of software assets as amended by CRR II (which came into force in December 2020). In addition, the amendments introduce temporary treatment of unrealised gains and losses on exposures to central governments, to regional governments or to local authorities measured at fair value through other comprehensive income, which was implemented by the Group in the third quarter of 2020. Lastly, finalisation of changes on the application of prudential treatment of software assets as amended by CRR II has been implemented, advancing the implementation to the final quarter of 2020 instead of 2021. For further discussions on the recent amendments introduced by Regulation (EU) 2020/873 and the impact on the Group's capital, please see the section entitled "*Additional Risk and Capital Management Disclosures–Capital Management*" in the Group Interim Financial Report 2021, which is incorporated by reference in this Offering Circular.

The Bank, having obtained approval from its shareholders, the ECB and the Court of Cyprus, implemented a capital reduction process on 21 October 2020, which resulted in the reclassification of €619 million of the Bank's share premium balance as distributable reserves, which were available for distribution to its shareholders. Such reduction of capital did not have any impact on regulatory capital or the total equity position of the Bank or the Group. Similarly, BOCH implemented a share premium reduction in November 2020 (following the passing of the shareholder resolution, ECB permission and the confirmation of the Irish High Court) which resulted in the reclassification of €700 million of BOCH's share premium balance as distributable reserves. Such capital reduction did not have any impact on the regulatory capital of the Group or the total equity position of BOCH or the Group. The distributable reserves provide the basis for the calculation of distributable items under the CRR. Under the CRR, coupons on Additional Tier 1 capital instruments may only be funded from distributable items recognised in the audited full year financial statements.

The ECB, as part of its supervisory role, has completed an onsite inspection and review on the value of the Group's foreclosed assets with a reference date of 30 June 2019. The findings led to a prudential charge which will decrease based on the Bank's progress in disposing the properties in scope. The amount has been directly deducted from the Group's own funds resulting in a decrease in the Group's CET 1 ratio by approximately 44 basis points as at 30 June 2021.

In April 2021, BOCH issued €300 million unsecured and subordinated Tier 2 Capital Notes (the "**New T2 Notes**") and immediately after, BOCH and the Bank entered into an agreement pursuant to which BOCH on-lent to the Bank the entire €300 million proceeds of the issue of the New T2 Notes on terms substantially identical to the terms and conditions of the New T2 Notes.

At the same time, the Bank invited the holders of its €250 million Fixed Rate Reset Tier 2 Capital Notes due January 2027 (the "**Existing T2 Notes**") to tender their Existing T2 Notes for purchase by the Bank. As a result, a cost of €12 million was recorded in the income statement in the second quarter 2021 and resulting in a negative impact of 11 basis points on the Group's CET 1 ratio as at 30 June 2021. Existing T2 Notes of €43 million in aggregate nominal amount remain outstanding as at 30 June 2021.

The issuance of the New T2 Notes has resulted in the increase of the Group's Total Capital ratio by approximately 123 basis points as at 30 June 2021, including approximately 29 basis points relating to the outstanding Existing T2 Notes. The Existing T2 Notes are redeemable at the option of the Bank (subject to applicable regulatory consents) in January 2022.

In June 2021, the Bank executed its inaugural MREL transaction issuing €300 million of senior preferred notes (the "**SP Notes**"). The SP Notes were priced at par with a fixed coupon of 2.50 per cent. per annum, payable annually in arrear and resettable on 24 June 2026. The maturity date of the SP Notes is 24 June 2027 and the Bank may, at its discretion, redeem the SP Notes on 24 June 2026, subject to meeting certain conditions as specified in the applicable terms and conditions, including applicable regulatory consents. The SP Notes comply with the criteria for MREL and contribute towards the Bank's MREL requirements.

The on-lending of the proceeds of the New T2 Notes to the Bank, the repurchase by the Bank of certain Existing T2 Notes and the issuance by the Bank of the SP Notes are together referred to as the "**2021 Funding Transactions**".

The MREL ratio of the Bank as at 30 June 2021, calculated according to the SRB's eligibility criteria currently in effect and based on the Bank's internal estimate, stood at 18.53 per cent. of risk weighted assets and at 10.17 per cent. of LRE.

The issuance of the SP Notes contributed to the Bank's MREL ratio as a percentage of risk weighted assets as at 30 June 2021 by approximately 272 basis points. The Bank's MREL ratio as at 30 June 2021 includes 39 basis points relating to the Existing T2 Notes of €43 million that remain outstanding as at 30 June 2021 and are redeemable at the option of the Bank (subject to applicable regulatory consents) in January 2022.

### **Recent Developments: Helix 3**

In November 2021, BOCH reached an agreement with funds affiliated with PIMCO, for the sale of a portfolio of NPLs with a gross book value of €577 million<sup>26</sup>, as well as real estate properties with a book value of €121 million<sup>27</sup>. The Helix 3 Portfolio has a contractual balance of €993 million<sup>28</sup> and it comprises approximately 20,000 loans, mainly to retail clients. At completion, the Bank will receive gross cash consideration of approximately €385 million.

Helix 3 represents another milestone in the delivery of one of the Group's core strategic objectives of improving asset quality through the reduction of NPEs. Pro forma for this transaction, the Group's NPE ratio will be in single digits.

Helix 3 reduces the stock of NPEs by 36 per cent.<sup>29</sup> and the properties by 9 per cent.<sup>30</sup>. On a pro forma basis, in the first nine months of 2021 the Group's NPE stock reduced by €2.2 billion<sup>31</sup> to €0.9 billion<sup>32</sup> and the NPE ratio to 8.6 per cent.<sup>33</sup>, including Helix 3, Helix 2 and organic reductions.

Overall, by completion, the Helix 3 is expected to have a total positive impact of 66 basis points<sup>34</sup> on the Group's CET 1 ratio and approximately €21 million on the Group's income statement (in each case based on the Group Financial Results for the six months ended 30 June 2021). The impact of Helix 3 on the Group's income statement for the third quarter of 2021 is a net profit of approximately €10 million and a positive impact of 7 basis points<sup>35</sup> on the Group's CET 1 ratio. The completion of Helix 3 is currently estimated to occur in the first half of 2022 and remains subject to a number of conditions, including customary regulatory and other approvals.

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<sup>26</sup> Based on the Group Financial Results for the six months ended 30 June 2021

<sup>27</sup> Based on the Group Financial Results for the six months ended 30 June 2021

<sup>28</sup> As at the reference date of 31 May 2021

<sup>29</sup> Based on the Group Financial Results for the six months ended 30 June 2021

<sup>30</sup> Based on the Group Financial Results for the six months ended 30 June 2021

<sup>31</sup> Based on the Group Financial Results for the six months ended 30 June 2021

<sup>32</sup> Based on the Group Financial Results for the six months ended 30 June 2021

<sup>33</sup> Based on the Group Financial Results for the six months ended 30 June 2021

<sup>34</sup> Based on the Group Financial Results for the six months ended 30 June 2021

<sup>35</sup> Based on the Group Financial Results for the six months ended 30 June 2021

## TAXATION

### **Ireland Taxation**

*The following is a summary of the principal Irish tax consequences for individuals and companies of ownership of the Notes issued by BOCH based on the laws and practice of the Irish Revenue Commissioners currently in force in Ireland and may be subject to change. The summary does not constitute tax or legal advice and the comments below are of a general nature only. Prospective investors in the Notes should consult their professional advisers on the tax implications of the purchase, holding, redemption or sale of the Notes and the receipt of interest thereon under the laws of their country of residence, citizenship or domicile.*

#### **Stamp Duty**

No Irish stamp duty will be payable on the issue of the Notes.

The transfer of a bearer instrument which is passed by delivery should not give rise to stamp duty.

The transfer on sale or gift of Notes by written document or by electronic transfer effected through an approved or recognised relevant system as provided for in the Companies Act 1990 (Uncertificated Securities) Regulations 1996 is liable to stamp duty at the rate of 1 per cent. of the consideration passing or market value, if higher. However, an exemption from stamp duty is available for certain transfers of loan capital of a company.

This exemption should be available on such transfer or gift of Notes issued by BOCH where the following four conditions are satisfied:

- (i) the Notes do not carry a right of conversion into shares of an Irish incorporated company;
- (ii) the Notes do not carry rights similar to those attaching to shares, including voting rights, entitlement to a share of profits or a share in surplus on liquidation of the Issuer;
- (iii) the Notes are issued for a price which is not less than 90 per cent. of the nominal value of the Notes; and
- (iv) the Notes do not carry a right to a sum in respect of repayment or interest which is related to certain movements in an index or indices (based wholly or partly and directly or indirectly on stocks or marketable securities) specified in any document relating to the Notes.

### **Cyprus Taxation**

*The following is a general description of certain tax aspects of the Notes under Cypriot law as at the date of this Offering Circular and does not purport to be a comprehensive description of all tax aspects relating to the Notes. Prospective investors should consult their tax and other professional advisers as to the specific tax consequences of acquiring, holding and disposing of the Notes.*

#### **Income Tax**

##### *Residence*

Generally, income tax is levied in Cyprus on the worldwide income of persons considered to be tax resident in Cyprus. With certain exceptions, persons who are not resident in Cyprus and who do not carry on a business in Cyprus are not subject to Cypriot income tax.

For the purposes of establishing residency under the provisions of the Income Tax Law 118(I)/2002 (as amended) (the "**Income Tax Law**"), a person is regarded as resident for tax purposes in Cyprus where:

- in the case of a natural person, that person is present in Cyprus for at least 183 days in the tax year (reduced to 60 days if certain conditions are met); and
- in the case of a company, the company's management and control is exercised in Cyprus.

The tax year for the purpose of the Income Tax Law coincides with the calendar year.

### ***Interest Income***

#### *Non-Cyprus Tax Residents*

Persons (both natural and legal) who are not tax resident for tax purposes in Cyprus pursuant to the provisions of the Income Tax Law should not be liable to any charge to income tax or to the special contribution for defence tax ("**SDC**").

In addition, individuals who are not tax resident for tax purposes in Cyprus pursuant to the provisions of the General Healthcare System Law ("**GHS Law**"), should not be liable for General Healthcare System contributions ("**GHS**").

#### *Cyprus tax resident individuals*

Under the provisions of the Income Tax Law, an individual who is tax resident in Cyprus and who receives or is credited with interest, is exempt from income tax, but is subject to 30 per cent. withholding pursuant to the provisions of the Special Contribution for the Defence Fund of the Republic Law, Law 117(I) of 2002 (as amended) (the "**SCDF Law**").

In July 2015, the SCDF law was amended so that an individual will now be subject to SDC if he/she is a resident of Cyprus for tax purposes and is also considered to be domiciled in Cyprus. The key amendments are as follows:

- With the introduction of "non-domicile" or "non-dom" rules, a Cyprus tax resident individual who is not domiciled in Cyprus be exempt from tax under the SCDF Law on any interest income regardless of whether such income is derived from sources within Cyprus and regardless of whether such income is remitted to a bank account or economically used in Cyprus.
- The term "domiciled in Cyprus" is defined in the law as an individual who has a Cypriot domicile of origin in accordance with the Wills and Succession Law, Cap 195 (the "**Wills and Succession Law**") (i.e. the domicile of the father at the time of birth) but it does not include:
  - (i) an individual who has obtained and maintained a domicile of choice outside Cyprus in accordance with the Wills and Succession Law, provided that such an individual has not been a tax resident of Cyprus for a period of 20 consecutive years preceding the tax year; or
  - (ii) an individual who has not been a tax resident of Cyprus for a period of 20 consecutive years prior to the introduction of the law.

Notwithstanding the exceptions in (i) and (ii) above (and notwithstanding a person's domicile of origin), an individual who has been a tax resident of Cyprus (in accordance with the Income Tax Law) for at least 17 years out of the last 20 years prior to the relevant tax year, will be considered to be "domiciled in Cyprus" and as such potentially be subject to SDC regardless of his/her domicile of origin.



The interest received by or credited to an individual who is a tax resident in Cyprus, irrespective of whether they are domiciled or non-domiciled is subject to withholding pursuant to the provisions of the GHS Law.

#### *Cyprus tax resident companies*

The interest received or credited by a resident company is subject to:

- (a) 12.5 per cent. pursuant to the provisions of the Income Tax Law, provided that this interest is derived from the ordinary carrying on of its business or closely connected with the carrying on of its business; or
- (b) 30 per cent. pursuant to the provisions of the SCDF Law, if that interest is not derived from the ordinary carrying on of its business and is not closely connected with the carrying on of its business.

#### *Cyprus tax residents individuals and companies*

Withholding in respect of SDC on interest payments, as described above, is not applicable to the Notes, since the Cyprus Tax Department confirmed to the Issuers by way of a tax ruling dated 26 October 2021 that:

- (a) there is no obligation for the Issuers to withhold SDC upon payment of interest to the Noteholders;
- (b) there is no obligation for the Issuers to collect the deduction exemption declaration from Noteholders; and
- (c) in case of Cypriot domiciled Noteholders (as the term is defined in the SDC Law) or Cypriot tax resident companies, it is the sole responsibility of such individual or company to pay the SDC on the interest income via self-assessment.

Withholding in respect of GHS on interest payments, as described above, is not applicable to the Notes, since the Cyprus Tax Department confirmed to the Issuers by way of a tax ruling dated 26 October 2021 that:

- (a) there is no obligation for the Issuers to withhold GHS upon payment of interest to the Noteholders; and
- (b) in case of Cypriot domiciled Noteholders (as the term is defined in the Cypriot Income Tax Law) it is the sole responsibility of the individual to pay GHS on the interest income via self-assessment.

#### ***Stamp Duty***

The Stamp Duty Law provides that:

"(1) every instrument specified in the First Schedule shall be chargeable with duty of the amount specified in the said Schedule as the proper duty therefor respectively if it relates to any asset situated in the Republic or to matters or things which shall be performed or done in the Republic irrespective of the place where the document is made".

Furthermore, pursuant to the Stamp Duty Law, the First Schedule thereto provides a stamp duty of 0.15 per cent. for amounts from €5,001 up to €170,000 and 0.2 per cent. for amounts above €170,000 with a maximum flat stamp duty of €20,000.00.

The issue of the Notes may be liable to stamp duty. If so chargeable, stamp duty of €20,000.00 will be payable by the Bank.

So long as the Notes are listed on the Official List and are cleared through Euroclear and Clearstream, Luxembourg, sales or transfers of the Notes (whether effected by residents or non-residents of Cyprus) will not attract stamp duty in Cyprus.

### ***Profit from the Disposal of the Notes***

Any gains derived from the disposal of the Notes by a Cyprus resident natural person or legal entity is exempt from income tax in Cyprus.

Any gains from the disposal of the Notes is not subject to Cyprus income tax, irrespective of trading nature of the gain, the number of Notes held or the period for which the Notes were held. Any gain is also outside the scope of application of the Capital Gains Tax Law 1980-2002 (as amended).

### ***Payments to Non-Cooperative Jurisdictions or Low-Tax Jurisdictions***

It is proposed that a withholding tax of 30 per cent. will be introduced by Cyprus on interest paid to recipients resident or incorporated in countries which are included in Annex I of the EU list of non-cooperative jurisdictions on tax matters or to recipients who are resident or incorporated in a low-tax jurisdiction. The Cyprus Parliament is yet to confirm or approve this proposal.

As at the date of this Offering Circular, the countries on the EU list of non-cooperative jurisdictions are American Samoa, Fiji, Guam, Palau, Panama, Samoa, Trinidad and Tobago, US Virgin Islands and Vanuatu.

It is expected that the above withholding in relation to the non-cooperative jurisdictions will not apply in cases where the interest paid to a non-Cyprus tax resident legal person relates to interest from securities listed on any recognised stock exchange such as the Luxembourg Stock Exchange. The Bank presently understands that the intention is not to apply such withholding tax in respect of payments of interest on listed securities. However, this has not been confirmed. It is also unclear whether a similar exemption would apply in respect of payments of interest on securities listed on any recognised stock exchange to persons who are resident or incorporated in low-tax jurisdictions. As no drafts of the legislation have yet been published (and the Cypriot legislation is likely to be a transposition of an EU directive), it is not possible to predict accurately when and how this proposal may be implemented, including how it would relate to payments on Notes held in Euroclear and Clearstream, Luxembourg. Prospective investors in any Notes are recommended to take their own tax advice.

### **FATCA Withholding**

Pursuant to certain provisions of the U.S. Internal Revenue Code of 1986, commonly known as FATCA, a "foreign financial institution" may be required to withhold on certain payments it makes ("**foreign passthru payments**") to persons that fail to meet certain certification, reporting, or related requirements. Each of the Issuers may be a foreign financial institution for these purposes. A number of jurisdictions (including Cyprus and Ireland) have entered into, or have agreed in substance to, intergovernmental agreements with the United States to implement FATCA ("**IGAs**"), which modify the way in which FATCA applies in their jurisdictions. Under the provisions of IGAs as currently in effect, a foreign financial institution in an IGA jurisdiction would generally not be required to withhold under FATCA or an IGA from payments that it makes. Certain aspects of the application of the FATCA provisions and IGAs to instruments such as the Notes, including whether withholding would ever be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Notes, are uncertain and may be subject to change. Even if withholding would be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Notes, such withholding would not apply prior to the date that is two years after the date on which final regulations defining the term "foreign

passthru payments" are published in the U.S. Federal Register and Notes characterised as debt (or which are not otherwise characterised as equity and have a fixed term) for U.S. federal tax purposes that are issued on or prior to the date that is six months after the date on which final regulations defining "foreign passthru payments" are filed with the U.S. Federal Register generally would be "grandfathered" for purposes of FATCA withholding unless materially modified after such date (including by reason of a substitution of an Issuer). However, if additional notes (as described under "*Terms and Conditions of the Notes—Further Issues*") that are not distinguishable from previously issued Notes are issued after the expiration of the grandfathering period and are subject to withholding under FATCA, then withholding agents may treat all Notes, including the Notes offered prior to the expiration of the grandfathering period, as subject to withholding under FATCA. Holders should consult their own tax advisors regarding how these rules may apply to their investment in the Notes. In the event any withholding would be required pursuant to FATCA or an IGA with respect to payments on the Notes, no person will be required to pay additional amounts as a result of the withholding.

## **Luxembourg Taxation**

The following information is of a general nature only and is based on the laws presently in force in Luxembourg, though it is not intended to be, nor should it be construed to be, legal or tax advice. The information contained within this section is limited to Luxembourg withholding tax issues and prospective investors in the Notes should therefore consult their own professional advisers as to the effects of state, local or foreign laws, including Luxembourg tax law, to which they may be subject.

Please be aware that the residence concept used under the respective headings below applies for Luxembourg income tax assessment purposes only. Any reference in the present section to a withholding tax or a tax of a similar nature, or to any other concepts, refers to Luxembourg tax law and/or concepts only.

### *Withholding Tax*

#### (i) **Non-resident holders of Notes**

Under Luxembourg general tax laws currently in force, there is no withholding tax on payments of principal, premium or interest made to non-resident holders of Notes, nor on accrued but unpaid interest in respect of the Notes, nor is any Luxembourg withholding tax payable upon redemption or repurchase of the Notes held by non-resident holders of Notes.

#### (ii) **Resident holders of Notes**

Under Luxembourg general tax laws currently in force and subject to the law of 23 December 2005 (as amended) (the "**Relibi Law**") mentioned below, there is no withholding tax on payments of principal, premium or interest made to Luxembourg resident holders of Notes, nor on accrued but unpaid interest in respect of Notes, nor is any Luxembourg withholding tax payable upon redemption or repurchase of Notes held by Luxembourg resident holders of Notes.

Under the Relibi Law payments of interest or similar income made or ascribed by a paying agent established in Luxembourg to an individual beneficial owner who is a resident of Luxembourg will be subject to a withholding tax of 20 per cent. Such withholding tax will be in full discharge of income tax if the beneficial owner is an individual acting in the course of the management of his/her private wealth. Responsibility for the withholding of the tax will be assumed by the Luxembourg paying agent. Accordingly, payments of interest under the Notes coming within the scope of the Relibi Law will be subject to a withholding tax at a rate of 20 per cent.

## **The proposed financial transactions tax ("FTT")**

On 14 February 2013, the European Commission published a proposal (the "**Commission's Proposal**") for a Directive for a common FTT in Belgium, Germany, Estonia, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia (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, apply to certain dealings in the Notes (including secondary market transactions) in certain circumstances. Primary market transactions referred to in Article 5(c) of Regulation (EC) No 1287/2006 are expected to be exempt.

Under the Commission's Proposal, the FTT could apply in certain circumstances to persons both within and outside of the participating Member States. Generally, it would apply to certain dealings in the Notes 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 (a) by transacting with a person established in a participating Member State or (b) where the financial instrument which is subject to the dealings is issued in a participating Member State.

However, the FTT proposal remains subject to negotiation between the participating Member States and the scope of any such tax is uncertain. Additional EU Member States may decide to participate.

Prospective holders of the Notes are advised to seek their own professional advice in relation to the FTT.

## SUBSCRIPTION AND SALE

### Summary of Dealer Agreement

Subject to the terms and on the conditions contained in an amended and restated dealer agreement dated 16 November 2021 (the "**Dealer Agreement**") between the Issuers, the Permanent Dealers (as defined therein) and the Arranger (as defined therein), the Notes will be offered on a continuous basis by the Issuers to the Permanent Dealers. However, each Issuer has reserved the right to sell Notes directly on its own behalf to Dealers that are not Permanent Dealers. The Notes may be resold at prevailing market prices, or at prices related thereto, at the time of such resale, as determined by the relevant Dealer. The Notes may also be sold by the relevant Issuer through the Dealers, acting as agents of the relevant Issuer. The Dealer Agreement also provides for Notes to be issued in syndicated Tranches that are jointly and severally underwritten by two or more Dealers.

The relevant Issuer will pay each relevant Dealer a commission as agreed between them in respect of Notes subscribed by it. The Issuers have agreed to reimburse the Arranger for its expenses incurred in connection with the update of the Programme and the Dealers for certain of their activities in connection with the Programme. The commissions in respect of an issue of Notes on a syndicated basis will be stated in the applicable Pricing Supplement.

The Issuers have agreed jointly and severally to indemnify the Dealers against certain liabilities in connection with the offer and sale of the Notes. The Dealer Agreement entitles the Dealers to terminate any agreement that they make to subscribe Notes in certain circumstances prior to payment for such Notes being made to the relevant Issuer.

### Selling Restrictions

#### *United States*

The Notes have not been and will not be registered under the Securities Act or the securities laws of any state or other jurisdiction of the United States and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons, except in certain transactions exempt from the registration requirements of the Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

Bearer Notes are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a United States person, except in certain transactions permitted by U.S. Treasury regulations. Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code of 1986 and Treasury regulations promulgated thereunder. The applicable Pricing Supplement will identify whether the C Rules or D Rules apply or whether TEFRA is not applicable.

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it will not offer, sell or, in the case of Bearer Notes, deliver Notes (i) as part of their distribution at any time or (ii) otherwise until 40 days after the completion of the distribution of all Notes of the Tranche of which such Notes are a part, within the United States or to, or for the account or benefit of, U.S. persons, except in accordance with Regulation S of the Securities Act. Each Dealer has further agreed, and each further Dealer appointed under the Programme will be required to agree, that it will send to each dealer to which it sells Notes during the distribution compliance period a confirmation or other notice setting out the restrictions on offers and sales of the Notes within the United States or to, or for the account or benefit of, U.S. persons. Terms used in the preceding sentence have the meanings given to them by Regulation S under the Securities Act.

In addition, until 40 days after the commencement of the offering of any identifiable tranche of Notes, an offer or sale of Notes within the United States by any dealer (whether or not participating in the

offering of such tranche of Notes) may violate the registration requirements of the Securities Act if such offer or sale is made otherwise than in accordance with an available exemption from registration under the Securities Act.

### ***Prohibition of Sales to EEA Retail Investors***

Unless the applicable Pricing Supplement in respect of the issue of any Notes specifies "Prohibition of Sales to EEA Retail Investors" as "Not Applicable", each Dealer has represented and agreed and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes which are the subject of the offering contemplated by this Offering Circular as completed by the Pricing Supplement in relation thereto to any retail investor in the EEA. For the purposes of this provision the expression "**retail investor**" means a person who is one (or more) of the following:

- (i) a retail client as defined in point (11) of Article 4(1) of MiFID II; or
- (ii) a customer within the meaning of the Insurance Distribution Directive, where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II.

### ***United Kingdom***

#### ***Prohibition of Sales to UK Retail Investors***

Unless the applicable Pricing Supplement in respect of the issue of any Notes specifies "Prohibition of Sales to UK Retail Investors" as "Not Applicable", each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes which are the subject of the offering contemplated by this Offering Circular as completed by the Pricing Supplement in relation thereto to any retail investor in the UK. For the purposes of this provision the expression "**retail investor**" means a person who is one (or more) of the following:

- (a) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of UK domestic law by virtue of the EUWA; or
- (b) a customer within the meaning of the provisions of the FSMA and any rules or regulations made under the FSMA to implement the Insurance Distribution Directive, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of UK MiFIR.

#### ***Other regulatory restrictions***

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that:

- (i) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of any Notes in circumstances in which Section 21(1) of the FSMA does not apply to the relevant Issuer; and
- (ii) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Notes in, from or otherwise involving the UK.

## *Ireland*

Each Dealer has represented, warranted and undertaken, and each further Dealer appointed under the Programme will be required to represent, warrant and undertake, that:

- (i) it will not underwrite the issue of, or place the Notes, otherwise than in conformity with the provisions of the European Union (Markets in Financial Instruments) Regulation 2017 (as amended, the "**MiFID II Regulations**"), including Regulation 5 (Requirement for Authorisation (and certain provisions concerning MTFs and OTFs)) thereof or any codes of conduct made under the MiFID II Regulations and the provisions of the Investor Compensation Act 1998 (as amended);
- (ii) it will not underwrite the issue of, or place, the Notes, otherwise than in conformity with the provisions of the Companies Act 2014 (as amended, the "**Companies Act**"), the Central Bank Acts 1942 to 2018 (as amended) and any codes of practice made under Section 117(1) of the Central Bank Act 1989 (as amended);
- (iii) it will not underwrite the issue of, or place, or do anything in Ireland with respect to the Notes otherwise than in conformity with the provisions of the Prospectus Regulation, the European Union (Prospectus) Regulations 2019 and any rules and guidance issued by the Central Bank of Ireland (the "**Central Bank**") under Section 1363 of the Companies Act; and
- (iv) it will not underwrite the issue of, place or otherwise act in Ireland with respect to the Notes, otherwise than in conformity with the provisions of the Market Abuse Regulation (EU) 596/2014 (as amended), the European Union (Market Abuse) Regulations 2016 (as amended) and any rules and guidance issued by the Central Bank under Section 1370 of the Companies Act.

## *Cyprus*

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that:

- (a) it has not made and will not make an offer for sale or sell any Notes to any person within Cyprus other than to qualified investors within the meaning of the Prospectus Regulation and the Public Offer and Prospectus Law, Law 114(I)/2005 (as amended or replaced from time to time) (if applicable) or to other persons to whom such an offer may be lawfully made pursuant to the provisions of the Prospectus Regulation;
- (b) it has complied and will continue to comply with all applicable provisions of the Prospectus Regulation with respect to anything done by it in relation to the Notes in, from or otherwise involving Cyprus;
- (c) it has complied and will continue to comply with the provisions of the Investment Services and Activities and Regulated Markets Law (Law 87(I)/2017 which transposed into Cyprus legislation MiFID II, effective as from 3 January 2018) (as amended or replaced from time to time) with respect to any offer or sale of the Notes in Cyprus;
- (d) it has complied and will continue to comply and act in Cyprus, with respect to the Notes, in conformity with the provisions of the Market Abuse Regulation (Regulation (EU) 596/2014) (as amended); and
- (e) it has complied and will continue to comply with the Cyprus Market Abuse Law (Law 102(I)/2016) (as amended or replaced from time to time).

## *Switzerland*

Each Dealer has acknowledged and each further Dealer appointed under the Programme will be required to acknowledge that this Offering Circular is not intended to constitute an offer or solicitation to purchase or invest in the Notes. Each Dealer has represented and agreed and each further Dealer appointed under the Programme will be required to represent and agree that the Notes may not be publicly offered, directly or indirectly, in Switzerland within the meaning of the Swiss Financial Services Act (the "**FinSA**") and no application has or will be made to admit the Notes to trading on any trading venue (exchange or multilateral trading facility) in Switzerland. Each Dealer has acknowledged and each further Dealer appointed under the Programme will be required to acknowledge that neither this Offering Circular nor any other offering or marketing material relating to the Notes constitutes a prospectus pursuant to the FinSA, and neither this Offering Circular nor any other offering or marketing material relating to the Notes may be publicly distributed or otherwise made publicly available in Switzerland.

## *Singapore*

Each Dealer has acknowledged, and each further Dealer appointed under the Programme will be required to acknowledge, that this Offering Circular has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, each Dealer has represented, warranted and agreed, and each further Dealer appointed under the Programme will be required to represent, warrant and agree, that it has not offered or sold any Notes or caused the Notes to be made the subject of an invitation for subscription or purchase and will not offer or sell any Notes or cause the Notes to be made the subject of an invitation for subscription or purchase, and has not circulated or distributed, nor will it circulate or distribute, this Offering Circular or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Notes, whether directly or indirectly, to any person in Singapore other than (i) to an institutional investor (as defined in Section 4A of the SFA pursuant to Section 274 of the SFA, (ii) to a relevant person (as defined in Section 275(2) of the SFA) pursuant to Section 275(1) of the SFA, or any person pursuant to Section 275(1A) of the SFA, and in accordance with the conditions specified in Section 275 of the SFA, or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the Notes are subscribed or purchased under Section 275 of the SFA by a relevant person which is:

- (a) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or
- (b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

securities or securities-based derivatives contracts (each term as defined in Section 2(1) of the SFA) of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the Notes pursuant to an offer made under Section 275 of the SFA except:

1. to an institutional investor or to a relevant person, or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(i)(B) of the SFA;
2. where no consideration is or will be given for the transfer;
3. where the transfer is by operation of law;
4. as specified in Section 276(7) of the SFA; or



5. as specified in Regulation 37A of the Securities and Futures (Offers of Investments) (Securities and Securities-based Derivatives Contracts) Regulations 2018 of Singapore.

***General***

These selling restrictions may be modified by the agreement of the relevant Issuer(s) and the relevant Dealer(s) following a change in a relevant law, regulation or directive. Any such modification will be set out in the Pricing Supplement issued in respect of the issue of Notes to which it relates or in a supplement to this Offering Circular.

Neither of the Issuers nor any Dealers makes any representation that any action has been taken in any jurisdiction that would permit a public offering of any of the Notes, or possession or distribution of the Offering Circular or any other offering material or any Pricing Supplement, in any country or jurisdiction where action for that purpose is required.

Each Dealer has agreed that it will, to the best of its knowledge, comply with all relevant laws, regulations and directives in each jurisdiction in which it purchases, offers, sells or delivers Notes or has in its possession or distributes the Offering Circular, any other offering material or any Pricing Supplement and neither the Issuers nor any other Dealer shall have responsibility therefor.

## FORM OF PRICING SUPPLEMENT

**[PROHIBITION OF SALES TO EEA RETAIL INVESTORS** – The Notes 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 (the "EEA"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended) ("MiFID II"); or (ii) or a customer within the meaning of Directive (EU) 2016/97, where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II. Consequently no key information document required by Regulation (EU) No. 1286/2014 (as amended) (the "PRIIPs Regulation") for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.]

**[PROHIBITION OF SALES TO UK RETAIL INVESTORS** – The Notes 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 (the "UK"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of UK domestic law by virtue of the European Union (Withdrawal) Act 2018 (as amended, the "EUWA"); or (ii) a customer within the meaning of the provisions of the Financial Services and Markets Act 2000 (as amended, the "FSMA") and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of UK domestic law by virtue of the EUWA. Consequently no key information document required by Regulation (EU) No 1286/2014 as it forms part of UK domestic law by virtue of the EUWA (the "UK PRIIPs Regulation") for offering or selling the Notes or otherwise making them available to retail investors in the UK has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation.]

**[MiFID II product governance / target market** – *[appropriate target market legend to be included]*]

**[UK MiFIR product governance / target market** – *[appropriate target market legend to be included]*]

**[Singapore SFA Product Classification:** In connection with Section 309B of the Securities and Futures Act (Chapter 289) of Singapore, as modified or amended from time to time (the "SFA") and the Securities and Futures (Capital Markets Products) Regulations 2018 of Singapore (the "CMP Regulations 2018") the Issuer has determined, and hereby notifies all relevant persons (as defined in Section 309A(1) of the SFA), that the Notes are [*prescribed capital markets products*]/[*capital markets products other than prescribed capital markets products*] (as defined in the CMP Regulations 2018) and [*Excluded Investment Products*]/[*Specified Investment Products*] (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).]

**Pricing Supplement dated [●]**

**NO PROSPECTUS IS REQUIRED IN ACCORDANCE WITH THE PROSPECTUS REGULATION (AS DEFINED BELOW) FOR THE ISSUE OF NOTES DESCRIBED BELOW.**

**[BANK OF CYPRUS HOLDINGS PUBLIC LIMITED COMPANY/BANK OF CYPRUS PUBLIC COMPANY LIMITED] (the "Issuer")**

**Legal entity identifier (LEI): [635400L14KNHZXPUM19/PQ0RAP85KK9Z75ONZW93]**

Issue of [Aggregate Nominal Amount of Tranche] [Title of Notes]

under the **€4,000,000,000 Euro Medium Term Note Programme**

**PART A– CONTRACTUAL TERMS**

Any person making or intending to make an offer of the Notes may only do so in circumstances in which no obligation arises for the Issuer or any Dealer to publish a prospectus pursuant to Article 8 of Regulation (EU) 2017/1129 (as amended, the "**Prospectus Regulation**") or to supplement a prospectus pursuant to Article 23 of the Prospectus Regulation, in each case, in relation to such offer.

This document constitutes the Pricing Supplement for the Notes described herein. This document must be read in conjunction with the Offering Circular dated 16 November 2021 [as supplemented by the supplement[s] dated [date[s]]] (the "**Offering Circular**"). Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of this Pricing Supplement and the Offering Circular. Copies of the Offering Circular may be obtained from [address].

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions (the "**Conditions**") set forth in the Offering Circular.

*[Include whichever of the following apply or specify as "Not Applicable". Note that the numbering should remain as set out below, even if "Not Applicable" is indicated for individual paragraphs (in which case the sub-paragraphs of the paragraphs which are not applicable can be deleted). Italics denote guidance for completing the Pricing Supplement.]*

- |   |       |  |   |
|---|-------|--|---|
| 1 | (i)   | Series Number:   | [●]   |
|   | (ii)  | Tranche Number:  | [●]   |
|   | (iii) | Date on which the Notes will be consolidated and form a single Series: | [Not Applicable/The Notes shall be consolidated, form a single series and be interchangeable for trading purposes with the [insert description of the Series] on [insert date/the Issue Date/exchange of the Temporary Global Note for interests in the Permanent Global Note, as referred to in paragraph 22 below [which is expected to occur on or about [insert date]]].] |
| 2 |       | Specified Currency or Currencies:                                      | [●]   |
| 3 |       | Aggregate Nominal Amount:  | [●]   |
|   | (i)   | Series:  | [●]   |
|   | (ii)  | Tranche:   | [●]   |
| 4 |       | Issue Price:   | [●] per cent. of the Aggregate Nominal Amount [plus accrued interest from [insert date] (if applicable)]  |
| 5 |       | Net proceeds of issue:   | [●]   |
| 6 | (i)   | Specified Denominations:   | [●]   |

*(Note – where multiple denominations above €100,000 (or equivalent) are being used the following sample wording should be followed:*

*[€100,000] and integral multiples of [€1,000] in excess thereof [up to and including [€199,000], No notes in definitive form will be issued with a denomination above [€199,000] ])*

- (ii) Calculation Amount: [●]
- (If only one Specified Denomination, insert the Specified Denomination. If more than one Specified Denomination, insert the highest common factor). (Note: There must be a common factor in the case of two or more Specified Denominations)*
- 7 [(i) Issue Date: [●]
- [(ii) Interest Commencement Date: [[●]/Issue Date/Not Applicable]
- (N.B. An Interest Commencement Date will not be relevant for certain Notes, for example Zero Coupon Notes)*
- 8 Maturity Date: [●]
- (Specify date or (for Floating Rate Notes) Interest Payment Date falling in or nearest to the relevant month and year. Any Notes issued by BOCH under the Programme must have a maturity date falling more than one year after the date of issue of such Notes. In the case of Tier 2 Capital Notes, the maturity date must be such to enable it to be an eligible liability for the purposes of the relevant regulations)*
- 9 Interest Basis: [[●] per cent. Fixed Rate]  
[Fixed Rate Reset Notes]  
[[●] month [EURIBOR] ] +/- [●] per cent. Floating Rate]  
[Zero Coupon]
- (See paragraph 15/16/17/18 below)*
- 10 Redemption/Payment Basis: Subject to any purchase and cancellation or early redemption, the Notes will be redeemed on the Maturity Date at 100 per cent. of their nominal amount.
- 11 Change of Interest Basis: [For the period from (and including) the Interest Commencement Date, up to (but excluding) [date] paragraph [15/16/17] applies and for the period from (and including) [date], up to (and including) the Maturity Date, paragraph [15/16/17] applies]/[Not Applicable]
- 12 Call Option: [Issuer Call/Not Applicable]

[See paragraph 19 below]

13 [Date [Board] approval for issuance of Notes obtained: [●]

*(N.B Only relevant where Board (or similar) authorisation is required for the particular tranche of Notes)*

14 Status of the Notes: [Senior Preferred Notes/Senior Non-Preferred Notes/Tier 2 Capital Notes]

#### **PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE**

**15 Fixed Rate Note Provisions** [Applicable/Not Applicable]

*(If not applicable, delete the remaining subparagraphs of this paragraph)*

(i) Rate[(s)] of Interest: [●] per cent. per annum payable [annually/semi-annually/quarterly/monthly] in arrear on each Interest Payment Date

(ii) Interest Payment Date(s): [●] in each year from and including [●], up to and including [●]

(iii) Fixed Coupon Amount[(s)]: [●] per Calculation Amount

(iv) Broken Amount(s): [[●] per Calculation Amount, payable on the Interest Payment Date falling [in/on] [●]]/[Not Applicable]

(v) Day Count Fraction: [Actual/Actual / Actual/Actual-ISDA / Actual/365 (Sterling) / Actual/365 (Fixed) / Actual/360 / 30/360 / 360/360 / Bond Basis / 30E/360 / Eurobond Basis / 30E/360 (ISDA) / Actual/Actual-ICMA]

(vi) [Determination Dates: [[●] in each year]/[Not Applicable]

*(Insert regular interest payment dates, ignoring issue date or maturity date in the case of a long or short first or last coupon. N.B. only relevant where Day Count Fraction is Actual/Actual-ICMA)*

**16 Fixed Rate Reset Note Provisions** [Applicable/Not Applicable]

(i) Initial Rate of Interest: [●] per cent. per annum [payable [annually/semi-annually/quarterly] in arrear on each Interest Payment Date]

(ii) Interest Payment Date(s): [[●] in each year from and including [●], up to and including [●]]

- (iii) Fixed Coupon Amount to (but excluding) the First Reset Date: [●] per Calculation Amount
- (iv) Broken Amount(s): [[●] per Calculation Amount payable on the Interest Payment Date falling [in/on] [●]][Not Applicable]
- (v) Day Count Fraction: [Actual/Actual / Actual/Actual-ISDA / Actual/365 (Sterling) / Actual/365 (Fixed) / Actual/360 / 30/360 / 360/360 / Bond Basis / 30E/360 / Eurobond Basis / 30E/360 (ISDA) / Actual/Actual-ICMA]
- (vi) [Determination Dates: [[●] in each year]/[Not Applicable]
- (Insert regular interest payment dates, ignoring issue date or maturity date in the case of a long or short first or last coupon. N.B. only relevant where Day Count Fraction is Actual/Actual-ICMA)*
- (vii) Reset Determination Date(s): [[●] in each year][Not Applicable]
- (viii) First Reset Date: [●]
- (ix) Second Reset Date: [●]/[Not Applicable]
- (x) Subsequent Reset Date(s): [●] [and [●]]/[Not Applicable]
- (xi) Mid-Swap Rate: [Single Mid-Swap Rate/Mean Mid-Swap Rate]
- (xii) Mid-Swap Rate Conversion: [Applicable/Not Applicable]
- (xiii) Original Mid-Swap Rate Basis: [Annual/Semi-annual/Quarterly/Monthly]
- (xiv) First Reset Margin: [+/-][●] per cent. per annum
- (xv) Subsequent Reset Margin: [+/-][●] per cent. per annum
- (xvi) Relevant Screen Page: [●]
- (xvii) Relevant Time: [●]
- (xviii) Mid-Swap Floating Leg Maturity: [●]
- (xix) Initial Mid-Swap Rate Final Fallback: [Applicable/Not Applicable]
- Initial Mid-Swap Rate: [●] per cent. per annum (quoted on [annual/semi-annual basis])

(xx) Reset Period Maturity [Applicable/Not Applicable]  
Initial Mid-Swap Rate  
Final Fallback:

– Reset Period  per cent.  
Maturity Initial  
Mid-Swap Rate:

(xxi) Last Observable Mid-Swap [Applicable/Not Applicable]  
Rate Final Fallback:

**17 Floating Rate Note Provisions** [Applicable/Not Applicable]

*(If not applicable, delete the remaining sub-paragraphs of this paragraph)*

(i) Interest Period(s): [, subject to adjustment in accordance with the Business Day Convention set out in (v) below/, not subject to any adjustment[, as the Business Day Convention in (v) below is specified to be Not Applicable]]

(ii) Specified Interest Payment  in each year[, subject to adjustment in accordance Dates: with the Business Day Convention set out in (v) below/, not subject to any adjustment[, as the Business Day Convention in (v) below is specified to be Not Applicable]]

(iii) Interest Period Date: [Not Applicable]/ in each year[, subject to adjustment in accordance with the Business Day Convention set out in (v) below/, not subject to any adjustment[, as the Business Day Convention in (v) below is specified to be Not Applicable]]

(iv) First Interest Payment   
Date:

(v) Business Day Convention: [Floating Rate Business Day Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention][Not Applicable]

(vi) Business Centre(s):

(vii) Manner in which the  [Screen Rate Determination/ISDA Determination]  
Rate(s) of Interest is/are to  
be determined:

(viii) Party responsible for   
calculating the Rate(s) of  
Interest and/or Interest  
Amount(s) (if not the  
Calculation Agent):

- (ix) Screen Rate [Applicable/Not Applicable]  
Determination:
- –Reference Rate: [[●] month [EURIBOR]]
  - Interest Determination Date(s): [●]
  - Relevant Screen Page: [●]
  - Reference Banks: [●]
- (x) ISDA Determination: [Applicable/Not Applicable]
- ISDA Definitions: [2006 Definitions/2021 Definitions]
  - Floating Rate Option: [●]
  - Designated Maturity: [●]
  - Reset Date: [●]
- (xi) Linear Interpolation [Not Applicable/Applicable – the Rate of Interest for the [long/short] [first/last] Interest Period shall be calculated using Linear Interpolation (*specify for each short or long interest period*)]
- (xii) Margin(s): [+/-][●] per cent. per annum
- (xiii) Minimum Rate of Interest: [[●] per cent. per annum/Not Applicable]
- (xiv) Maximum Rate of Interest: [[●] per cent. per annum/Not Applicable]
- (xv) Day Count Fraction: [Actual/Actual / Actual/Actual-ISDA / Actual/365 (Sterling) / Actual/365 (Fixed) / Actual/360 / 30/360 / 360/360 / Bond Basis / 30E/360 / Eurobond Basis / 30E/360 (ISDA) / Actual/Actual-ICMA]

**18 Zero Coupon Note Provisions** [Applicable/Not Applicable]

*(If not applicable, delete the remaining subparagraphs of this paragraph)*

- (i) Amortisation Yield: [●] per cent. per annum
- (ii) [Day Count Fraction in relation to Early Redemption Amounts: [Actual/Actual / Actual/Actual-ISDA / Actual/365 (Sterling) / Actual/365 (Fixed) / Actual/360 / 30/360 / 360/360 / Bond Basis / 30E/360 / Eurobond Basis / 30E/360 (ISDA) / Actual/Actual-ICMA]



## PROVISIONS RELATING TO REDEMPTION

- 19 Call Option** [Applicable/Not Applicable]
- (If not applicable, delete the remaining subparagraphs of this paragraph)*
- (i) Optional Redemption Date(s): [●]
- (ii) Optional Redemption Amount(s) of each Note and method, if any, of calculation of such amount(s): [[●] per Calculation Amount]/[Condition 5(b) applies]
- (iii) If redeemable in part:
- (a) Minimum Redemption Amount: [[●] per Calculation Amount/Not Applicable]
- (b) Maximum Redemption Amount: [[●] per Calculation Amount/Not Applicable]
- (iv) Notice period: Minimum period: [●] days  
Maximum period: [●] days
- 20 Final Redemption Amount of each Note** [●] per Calculation Amount
- 21 Early Redemption Amount**
- Early Redemption Amount(s) per Calculation Amount payable on redemption for taxation reasons, upon the occurrence of an MREL Disqualification Event (if applicable), upon the occurrence of a Capital Event (if applicable) or on other early redemption: [●] per Calculation Amount

## GENERAL PROVISIONS APPLICABLE TO THE NOTES

- 22 Form of Notes:** **Bearer Notes:**
- [Temporary Global Note exchangeable for a Permanent Global Note which is exchangeable for Definitive Notes in the limited circumstances specified in the Permanent Global Note]

[Temporary Global Note exchangeable for Definitive Notes in accordance with its terms]

[Permanent Global Note exchangeable for Definitive Notes in the limited circumstances specified in the Permanent Global Note]

**[Registered Notes:**

Global Certificate registered in the name of a nominee for a common depositary for Euroclear and Clearstream, Luxembourg/a common safekeeper for Euroclear and Clearstream, Luxembourg (that is held under the New Safekeeping Structure (NSS)]

- 23 [New Global Note] / [Notes held under the New Safekeeping System]: [Yes][No]
- 24 Financial Centre(s) or other special provisions relating to payment dates: [Not Applicable/give details. Note that this paragraph relates to the date of payment, and not the end dates of interest periods for the purposes of calculating the amount of interest, to which sub-paragraph 17(vi) relates]
- 25 Talons for future Coupons to be attached to Definitive Notes (and dates on which such Talons mature): [No/Yes. As the Notes have more than 27 coupon payments, talons may be required if, on exchange into definitive form, more than 27 coupon payments are still to be made.]

**THIRD PARTY INFORMATION**

[[*Relevant third party information*] has been extracted from [*specify source*]. The Issuer confirms that such information has been accurately reproduced and that, so far as it is aware, and is able to ascertain from information published by [*specify source*], no facts have been omitted which would render the reproduced information inaccurate or misleading.]

Signed on behalf of the Issuer

By: \_\_\_\_\_  
Duly authorised

## PART B – OTHER INFORMATION

### 1 LISTING AND ADMISSION TO TRADING

- (i) Listing: [Official List of the Luxembourg Stock Exchange/other (*specify*)/None]
- (ii) Admission to trading: [Application [has been/will be/is expected to be] made by the Issuer (or on its behalf) for the Notes to be admitted to trading on [the Euro MTF market of the Luxembourg Stock Exchange] [*specify*] with effect from [●]] [Not Applicable]

*(Where documenting a fungible issue need to indicate that original Notes are already admitted to trading.)*

### 2 RATINGS

Ratings: [The Notes to be issued [have been/are expected to be/have not been] rated]]:

[*insert details*] by [*insert legal name of the relevant credit rating agency(ies)*]

[*Relevant rating agency*] is established in the [European Union/United Kingdom] and is registered under Regulation (EC) No. 1060/2009 (as amended)[ as it forms part of United Kingdom domestic law by virtue of the European Union (Withdrawal) Act 2018] (the "[UK ]**CRA Regulation**").]

*(Repeat as necessary and amend depending on status of relevant rating agency.)*

*(The above disclosure should reflect the rating allocated to Notes of the type being issued under the Programme generally or, where the issue has been specifically rated, that rating.)*

### 3 INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE ISSUE/OFFER

*(Need to include a description of any interest, including conflicting ones, that is material to the issue/offer, detailing the persons involved and the nature of the interest. May be satisfied by the inclusion of the statement:)*

[Save for any fees payable to the [Managers/Dealers], so far as the Issuer is aware, no person involved in the offer of the Notes has an interest material to the offer. The [Managers/Dealers] and their affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform other services for, the Issuer and its affiliates in the ordinary course of business. (*Amend as appropriate if there are other interests*)]

4 **REASONS FOR THE OFFER**

[[i] Reasons for the offer: [See ["*Use of Proceeds*"] in the Offering Circular/[●]]

5 **[FIXED RATE NOTES AND FIXED RATE RESET NOTES ONLY – YIELD**

Indication of yield: [●] per cent.]

6 **OPERATIONAL INFORMATION**

ISIN: [●]

Common Code: [●]

CFI: [[●], as updated as set out on the website of the Association of National Numbering Agencies (ANNA) or alternatively sourced from the responsible National Numbering Agency that assigned the ISIN/Not Applicable/Not Available]

FISN: [[●], as updated as set out on the website of the Association of National Numbering Agencies (ANNA) or alternatively sourced from the responsible National Numbering Agency that assigned the ISIN/Not Applicable/Not Available]

Any clearing system(s) other than Euroclear Bank SA/NV and Clearstream Banking S.A. and the relevant identification number(s): [Not Applicable/*give name(s) and number(s) and address(s)*]

Delivery: Delivery [against/free of] payment

Names and addresses of initial Paying Agent(s): [●]

Names and addresses of additional Paying Agent(s) (if any): [●]

[Names (and addresses) of Calculation Agent(s): [Deutsche Bank AG, London Branch, Winchester House, 1 Great Winchester Street, London EC2N 2DB, United Kingdom]/[Specify other]

Intended to be held in a manner which would allow Eurosystem eligibility: [Yes. Note that the designation "yes" simply means that the Notes are intended upon issue to be deposited with one of the ICSDs as common safekeeper [(and registered in the name of a nominee of one of the ICSDs acting as common safekeeper)] (*include this text for registered notes*) and does not necessarily mean that the Notes will be recognised as eligible collateral for Eurosystem monetary policy and intra day credit operations by the Eurosystem either upon issue or at any or all times during their life. Such recognition will depend upon the ECB being satisfied that Eurosystem eligibility criteria have been met.] /

[No. Whilst the designation is specified as "no" at the date of these Pricing Supplement, should the Eurosystem eligibility criteria be amended in the future such that the Notes are capable of meeting them the Notes may then be deposited with one of the ICSDs as common safekeeper [(and registered in the name of a nominee of one of the ICSDs acting as common safekeeper) (*include this text for registered notes*). Note that this does not necessarily mean that the Notes will then be recognised as eligible collateral for Eurosystem monetary policy and intra day credit operations by the Eurosystem at any time during their life. Such recognition will depend upon the ECB being satisfied that Eurosystem eligibility criteria have been met.]

## 7 DISTRIBUTION

- (i) Method of distribution: [Syndicated/Non-syndicated]
- (ii) If syndicated:
  - (A) Names of Managers: [Not Applicable/*give names*]
  - (B) Stabilisation Manager(s) (if any): [Not Applicable/*give names*]
- (iii) If non-syndicated, name of Dealer: [Not Applicable/*give name*]
- (iv) U.S. Selling Restrictions: [Reg. S Compliance Category 2; TEFRA C/TEFRA D/TEFRA not applicable]
- (v) Prohibition of Sales to EEA Retail Investors: [Applicable/Not Applicable]
- (vi) Prohibition of Sales to UK Retail Investors: [Applicable/Not Applicable]

## GENERAL INFORMATION

### Listing:

- (1) Application has been made to the Luxembourg Stock Exchange for Notes issued under the Programme to be admitted to the Official List and to be admitted to trading on the Euro MTF Market for a period of 12 months from the date of this Offering Circular.

### Approvals and consents:

- (2) The Bank has obtained all necessary consents, approvals and authorisations in Cyprus in connection with the establishment of the Programme. The establishment of the Programme was authorised by resolution of the Board of Directors passed on 4 September 2003. The resolution of the Board of Directors passed on 4 September 2003, authorising the establishment and subsequent updates of the Programme, was amended by resolutions of the Board of Directors passed on 24 May 2005 and on 9 March 2006. The update and increase in the size of the Programme from €1,500,000,000 to €2,000,000,000 was authorised by a resolution of the Board of Directors passed on 12 April 2007, the update and increase in the size of the Programme from €2,000,000,000 to €4,000,000,000 was authorised by a resolution of the Board of Directors passed on 14 February 2008 and the addition of BOCH as an Issuer, was authorised by a resolution of the Board of Directors of each of BOCH and the Bank on 25 September 2020. The update of the Programme through, amongst other things, the publication of this Offering Circular, was authorised by a resolution of the Board of Directors of each of BOCH and the Bank on 28 September 2021.

### No significant change:

- (3) (i) Save for the agreement reached on Helix 3 as disclosed in "*Recent Developments: Helix 3*", there has been no significant change in the financial or trading position of the Group since 30 June 2021 and (ii) there has been no material adverse change in the prospects of the Group since 31 December 2020.
- (4) (i) Save for the completion of Project Helix 2 as disclosed in "*Description of the Group – Key loan portfolio disposals*", the 2021 Funding Transactions as disclosed in "*Recent Developments: impact on own funds and eligible liabilities*" and the agreement reached on Helix 3 as disclosed in "*Recent Developments: Helix 3*", there has been no significant change in the financial or trading position of the Bank or the BOC Group since 31 December 2020 and (ii) there has been no material adverse change in the prospects of the Bank or the BOC Group since 31 December 2020.

### Litigation:

- (5) Save as set out below, the Group is not and has not been involved in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Group is aware) during the 12 months preceding the date of this Offering Circular which may have or have had in the recent past significant effects on the financial position or profitability of the Group.

The Group in the ordinary course of business is subject to enquiries and examinations, requests for information, disclosure orders, audits, investigations by policy authorities, regulators, supervising authorities and legal proceedings relating to the suitability and adequacy of advice given to clients or the absence of advice, lending and pricing practices, selling and disclosure requirements, record keeping, filings and a variety of other matters. In addition, as a result of the deterioration of the Cypriot economy and banking sector in 2012 and the subsequent restructuring of the Bank in 2013 as a result of the bail-in decrees, the Bank is subject to a large

number of proceedings and investigations that either precede, or result from the events that occurred during the period of the bail-in decrees. Most proceedings of significance relate to matters arising during the period prior to the issue of the bail-in decrees.

For a description of material pending litigation and claims, see the section entitled "*Pending litigation, claims, regulatory and other matters*" contained in the notes accompanying the BOCH Consolidated 2021 Interim Financial Statements included in the Group Interim Financial Report 2021, which is incorporated by reference in this Offering Circular.

**Third party information:**

- (6) Where information in this Offering Circular has been sourced from third parties this information has been accurately reproduced and as far as the Issuers are aware and are 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.

**US legends for Bearer Notes:**

- (7) Each Bearer Note having a maturity of more than one year, Coupon and Talon will bear the following legend: "Any United States person who holds this obligation will be subject to limitations under the United States income tax laws, including the limitations provided in Sections 165(j) and 1287(a) of the Internal Revenue Code".

**Clearance and Settlement:**

- (8) Notes have been accepted for clearance through the Euroclear and Clearstream, Luxembourg systems. The Common Code, the International Securities Identification Number ("**ISIN**") and (where applicable) the identification number for any other relevant clearing system for each Series of Notes will be set out in the applicable Pricing Supplement.

The address of Euroclear is 1 Boulevard du Roi Albert II, B-1210 Brussels, Belgium and the address of Clearstream, Luxembourg is 42 Avenue JF Kennedy, L-1855 Luxembourg. The address of any alternative clearing system will be specified in the applicable Pricing Supplement.

**Issue price and post-issuance reporting:**

- (9) The issue price and the amount of the relevant Notes will be determined, before filing of the applicable Pricing Supplement of each Tranche, based on the prevailing market conditions. The relevant Issuer will not provide any post-issuance information, except if required by any applicable laws and regulations.

**Documents available:**

- (10) For so long as any Notes shall be outstanding or the Programme remains in effect, copies of the following documents may be inspected during normal business hours at, and copies of the documents specified at (iv) and (v) below are available free of charge from, the specified offices of each of the Paying Agents:
- (i) the Trust Deed (which includes the form of the Global Notes, the definitive Bearer Notes, the Certificates, the Coupons and the Talons);
  - (ii) the Agency Agreement;

- (iii) the Constitution of BOCH and the Memorandum and Articles of Association of the Bank;
- (iv) the Documents Incorporated by Reference;
- (v) the most recently available audited consolidated annual financial statements of the Group, in each case together with the audit reports prepared in connection therewith, and the most recently available unaudited interim condensed consolidated financial statements (if any) of the Group;
- (vi) a copy of this Offering Circular together with any supplement to this Offering Circular; and
- (vii) all reports, letters and other documents, balance sheets, historical financial information, valuations and statements by any expert any part of which is extracted or referred to in this Offering Circular.

This Offering Circular will be published on the website of the Luxembourg Stock Exchange ([www.bourse.lu](http://www.bourse.lu)).

#### **Independent Auditors:**

- (11) PwC Ireland, member of the Institute of Chartered Accountants in Ireland, audited, and rendered an unqualified audit report on, the financial statements of the Group as at and for the years ended 31 December 2019 and 31 December 2020. PwC Cyprus, member of the Institute of Certified Public Accountants of Cyprus, audited, and rendered an unqualified audit report on, the financial statements of the Bank and the BOC Group as at and for the years ended 31 December 2019 and 31 December 2020.

#### **Yield for Notes:**

- (12) The yield of any Fixed Rate Notes and any Fixed Rate Reset Notes will be included in the applicable Pricing Supplement. The yield will be calculated at the relevant Issue Date and on the basis of the relevant Issue Price and (in the case of Fixed Rate Reset Notes) the relevant Initial Rate of Interest. It will not be an indication of future yield.

#### **Dealers transacting with the Issuers:**

- (13) Certain of the Dealers and their affiliates may have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform services for, the Issuers and their respective affiliates in the ordinary course of business. Certain of the Dealers and their affiliates may have positions, deal or make markets in the Notes issued under the Programme, related derivatives and reference obligations, including (but not limited to) entering into hedging strategies on behalf of the Issuers and their respective affiliates, investor clients, or as principal in order to manage their exposure, their general market risk, or other trading activities.

In addition, in the ordinary course of their business activities, the Dealers and their 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 Issuers or their respective affiliates. Some of the Dealers or their affiliates that have a lending relationship with the Issuers routinely hedge their credit exposure to the Issuers consistent with their customary risk management policies. Typically, such Dealers and their 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 Notes issued under the Programme. Any such short positions could adversely affect future trading prices of Notes issued under the Programme. The Dealers and their 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.

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