AstroBank Group

Interim Condensed Consolidated Financial Statements

For the six-month period ended 30 June 2023

Contents

Board of Directors and Executives as at 30 June 2023

Board of Directors AstroBank Public Company Limited	Michalis Sarris Independent Non-Executive Chairman
	Andreas Vassiliou Non-Executive Vice Chairman
	Bassam Najib Diab Non-Executive Director
	Maria Dionyssiades Independent Non-Executive Director
	William J. Gallagher Independent Non-Executive Director
	Costas Partassides Independent Non-Executive Director
	Aristidis Vourakis Executive Director, Chief Executive Officer
	Evi Rossidou Antoniadou Executive Director
Company Secretary	Maria Venizelou Head of Legal Services and Corporate Governance
Statutory Auditors	Ernst and Young Cyprus Ltd Jean Nouvel Tower 6 Stasinou Avenue 1060 Nicosia Cyprus
Legal advisors	Chrysostomides Advocates and Legal consultants L. Papaphilippou & Co. LLC
Registered office	1 Spyrou Kyprianou Avenue CY-1065 Nicosia P O Box 25700 CY-1393 Nicosia Cyprus

Interim Management Report

The Interim Condensed Consolidated Financial Statements for the six-month period ended 30 June 2023 relate to AstroBank Public Company Limited ("the Bank") together with its subsidiaries (together "the Group"). The Bank was the holding company of the Group as at 30 June 2023.

Incorporation, activities and branch network

The Bank was incorporated in Cyprus on 29 December 2006 as a private limited liability company (Reg. No. HE189515), in accordance with the provisions of the Cyprus Companies Law, Cap. 113. The registered office of the Bank is located at 1 Spyrou Kyprianou Avenue, CY-1065 Nicosia. The subsidiaries of the Group were incorporated in Cyprus in accordance with the provisions of the Cyprus Companies Law, Cap. 113.

The principal activities of the Bank during the period continued to be the provision of banking and financial services. The principal activities of the subsidiaries, which are unchanged from last year are the holding, administration and disposal of property acquired by the Bank in debt satisfaction. A separate subsidiary is used as an insurance broker. The Group companies are set out in Note 23 to the Interim Condensed Consolidated Financial Statements. The Bank provides banking and financial services through its branch network in Cyprus. As at 30 June 2023, the branch network included 14 branches.

Financial results

Interim Condensed Consolidated Income Statement

	Six months ended 30 June	
	2023	**2022**
	€	**€**
Interest income	43.956.866	25.194.903
Other interest income	705.638	211.642
Interest expense	(8.792.836)	(2.224.388)
Net interest income	**35.869.668**	**23.182.157**
Fee and commission income	8.356.397	8.915.704
Fee and commission expense	(952.577)	(1.366.171)
Net fee and commission income	**7.403.820**	**7.549.533**
Other income	1.616.137	1.528.614
Gain on financial instrument transactions and disposal of subsidiaries and associates	842.686	413.481
Gain on derecognition of financial assets measured at amortised cost	241.050	116.323
Total operating income	**45.973.361**	**32.790.108**
Staff expenses[1]	(13.800.475)	(12.554.161)
Other operating expenses[1]	(8.093.592)	(6.857.754)
Depreciation and amortisation	(2.675.015)	(1.814.300)
Special levy on deposits and other levies/contributions	(2.133.534)	(2.017.912)
Total operating expenses	**(26.702.616)**	**(23.244.127)**
Operating profit before impairment losses	**19.270.745**	**9.545.981**
Impairment losses on financial assets	(800.096)	(1.872.762)
Profit before share of results of associate	**18.470.649**	**7.673.219**
Share of profit of associate, net of taxation	-	450.833
Profit before tax	**18.470.649**	**8.124.052**
Taxation	(2.003.916)	(600.000)
Profit for the period before non-recurring items	**16.466.733**	**7.524.052**
One off / Non-recurring items[2]	(5.410.236)	(5.191.619)
Profit for the period	**11.056.497**	**2.332.433**

1 Excluding non-recurring items.

2 Including cost for the voluntary staff exit plan and servicer's administration fees.

Financial results (continued)

Interim Condensed Consolidated Statement of Financial Position

	30 June 2023 €	31 December 2022 €
Assets		
Cash and balances with central banks	849.649.232	782.631.481
Placements with other banks	31.008.031	21.943.349
Derivative financial instruments	1.692.692	1.304.888
Financial assets at fair value through profit or loss	10.056.476	12.906.793
Financial assets at fair value through other comprehensive income	6.404.840	6.394.636
Debt securities	523.617.644	585.409.143
Loans and advances to customers	1.024.223.251	1.090.666.751
Investment in associate company	186.000	186.000
Other assets	23.493.571	17.730.362
Investment property	19.850.251	19.850.251
Stock of property	139.481.362	140.527.900
Property and equipment	32.583.925	32.898.135
Intangible assets	8.235.944	9.507.570
Deferred tax assets	2.065.527	4.192.346
Total assets	**2.672.548.746**	**2.726.149.605**
Liabilities		
Amounts due to other banks and deposits from banks	12.132.923	13.133.697
Funding from central banks	300.680.976	296.501.809
Derivative financial instruments	118.693	139.615
Deposits and other customer accounts	2.059.963.259	2.111.912.429
Subordinated liabilities	16.156.071	16.462.910
Debt securities in issue	17.081.659	21.379.468
Other liabilities	47.497.537	58.645.847
Deferred tax liabilities	4.174.202	4.297.106
Total liabilities	**2.457.805.320**	**2.522.472.881**
Total equity	**214.743.426**	**203.676.724**
Total equity and liabilities	**2.672.548.746**	**2.726.149.605**

Financial results (continued)

Key Performance Indicators,[1]		**30 June 2023**	**31 December 2022**
Asset quality	NPE Ratio	16,4%	19,5%
	NPE Coverage Ratio	44,6%	45,0%
	Net NPEs	€101,6m	€128,9m
Capital[1]	Common Equity Tier 1 (CET1) ratio (Transitional)	18,86%	16,54%
	Capital Adequacy Ratio (Transitional)	20,35%	17,96%
Balance Sheet	Total Assets	€2.673m	€2.726m
	Net Loans and advances to customers	€1.024m	€1.091m
	Accumulated expected credit losses on loans and advances to customers	€91m	€112m
	Deposits and other customer accounts	€2.060m	€2.112m
Liquidity	Liquid assets /Deposits	68,6%	66,3%
	Net Loans /Deposits	49,7%	51,6%
	Liquidity Coverage Ratio	309%	281%

		Six-months ended	
		30 June 2023	**30 June 2022**
Efficiency	Net interest margin (annualised)	2,94%	1,77%
	Fee and commission income /Total income	16,1%	23,0%
	Cost /Income	58,4%	71,1%
Profitability	Return on Average Assets (annualised)	0,8%	0,2%
	Return on Average Equity (annualised)	10,7%	2,4%

The financial information presented above provides an overview of the Group's financial results for the six months ended 30 June 2023 on the 'underlying basis' stating separately the exceptional one-off non-recurring items in the Interim Condensed Consolidated Income Statement, regarding the cost for the voluntary staff exit plan and the servicer's administration fees for the six-month period ended 30 June 2022, as the management believes that this reflects better the true measurement of the performance of the Group. Certain figures in this Management report have been rounded in million to present them more clearly. The above KPI measures were selected by management for measure of own performance, but they are not defined by IFRS.

The primary statements of the Group for the period ended 30 June 2023 is set out on pages 10 to 15.

[1] Definitions and explanations are stated on pages 53-54.
[1] As at 30 June 2023, the minimum regulatory requirement for CET1 and TC stands at 9,40% and 14,58% respectively.

Financial performance overview

Income statement analysis

The Group's profit after tax before non-recurring items for the six-month period ended 30 June 2023 amounted to €16,5 million (30 June 2022: €7,5 million). The Group's profit after tax for the six-month period ended 30 June 2023 amounted to €11,1 million (30 June 2022: €2,3 million).

Net Interest Income
Net interest income (NII) for the six months ended 30 June 2023 was €35,9 million, up by 54,7% compared to €23,2 million for the six months ended 30 June 2022, reflecting the impact of higher interest rates on the loan book and liquid assets.

The net interest margin for the period ended 30 June 2023 was 2,94% (1,77% for the six months ended 30 June 2022) supported by the rising interest rate environment.

Non-interest income
Non-interest income for the six months ended 30 June 2023 amounted to €10,1 million (€9,6 million for the six months ended 30 June 2022) higher by 5,2% compared to 2022, comprising mainly net fee and commission income of €7,4 million (€7,5 million for the six months ended 30 June 2022), net gains on financial instrument transactions and disposal of subsidiaries and associates of €0,8 million (€0,4 million for the six months ended 30 June 2022), gains from the derecognition of financial assets measured at amortised cost of €0,2 million (€0,1 million for the six months ended 30 June 2022) and other income of €1,6 million (€1,5 million for the six months ended 30 June 2022).

Net fee and commission income
Net fee and commission income for the six months ended 30 June 2023 amounted to €7,4 million, (€7,5 million for the six months ended 30 June 2022) which remained broadly stable compared to 2022.

Other income
Other income for the six-month period ended 30 June 2023, amounted to €1,6 million compared to €1,5 million in 2022 registering an increase of 5,7%. Other income relates primarily to rental income, dividend from equity investments and profit from disposal of stock of properties.

Expenses
Total expenses for the six months ended 30 June 2023 were €26,7 million, compared to €23,2 million for the six months ended 30 June 2022 and increased by 15,1%.

The staff costs (€13,8 million) represent 51,7% of total expenses, 30,3% to other operating expenses (€8,1 million), 10,0% to depreciation and amortisation expense (€2,7 million) and 8,0% (€2,1 million) to special levy, contributions to Single Resolution Fund and other levies. The increase primarily results from the increase in staff cost and the increase due to the amortisation of intangible analysed further below.

Staff costs
Staff costs of €13,8 million for the six months ended 30 June 2023 increased by 9,5%, compared to €12,6 million in 2022 reflecting the annual increments stemming from the union collective agreement and the increased cost of living adjustment (COLA).

During 2023, the Group completed a voluntary staff exit plan through which 35 full-time employees were approved to leave at a total cost of €5,4 million (3 full-time employees at a total cost of €0,3 million for the six months ended 30 June 2022).

The number of persons employed by the Group as at 30 June 2023 was 404 on permanent basis and 21 on temporary basis (Six months ended 30 June 2022: 424 permanent and 18 temporary employees).

Other operating expenses
Other operating expenses mainly consist of information technology expenses, professional and regulatory fees, buildings and other assets' maintenance costs and special levy on deposits and other levies/contributions.

Other operating expenses for the six months ended 30 June 2023 amounted to €8,1 million (€6,9 million for the six months ended 30 June 2022), which remained broadly stable compared to 2022.

The cost to income ratio for the six months ended 30 June 2023 was 58,4% compared to 71,1% for the six months ended 30 June 2022.

Financial performance overview (continued)

Income statement analysis (continued)

Profit from ordinary operations before impairment losses
Pre-provisions income arising mainly from core banking activities is improved in 2023 at €19,3 million from €9,5 million in 2022. The increase is mainly driven by the increase in the net interest income.

Impairment on financial assets
The Group's impairment losses on financial assets amounted to a charge of €0,8 million for the six months ended 30 June 2023 compared to a €1,9 million charge for the six months ended 30 June 2022.

The impairment of financial assets comprised mainly the €0,6 million charge on customer`s loan portfolio and €0,3 million impairment charge on the portfolio of debt securities.

Taxation
The Group's tax charge for the six months ended 30 June 2023 amounted to €2,0 million (€0,6 million for the six months ended 30 June 2022).

One off / Non-recurring items
Total One off / Non-recurring items for the six months ended 30 June 2023 were €5,4 million and relate to voluntary redundancy costs (€5,2 million for the six months ended 30 June 2022 primarily relate to servicer administration fees).

Statement of financial position analysis

The Group's total assets amounted to €2.672,5 million as at 30 June 2023 (31 December 2022: €2.726,1 million), presenting a decrease of 2,0%. This decline is primarily attributable to the reduction in net loans reflecting the resolutions in the non-performing portfolio and the controlled loan growth.

Funding from central banks
As at 30 June 2023, the funding from central banks amounted to €300 million (2022: €300 million), which relates to ECB funding, comprising solely of funding through the Targeted Longer-Term Refinancing Operations (TLTRO) III.

Deposits
Customer deposits totaled €2.059,9 million at 30 June 2023 (31 December 2022: €2.111,9 million), presenting a decrease of approximately 2,5%. They comprised of deposits in Euro and foreign currencies, mostly US Dollars and British Pounds.

Deposits by type	**30 June 2023 €m**	**% of total deposits**	**31 December 2022 €m**	**% of total deposits**
Demand	1.026,8	49,8%	€1.181,3	55,9%
Savings	378,2	18,4%	€402,3	19,1%
Term	654,9	31,8%	€528,3	25,0%
Total deposits	**2.059,9**	**100%**	**2.111,9**	**100,0%**

Customers deposits accounted for 83,8% of total liabilities at 30 June 2023, compared to 83,7% of total liabilities at 31 December 2022.

Subordinated liabilities
As at 30 June 2023, the carrying amount of the Group's subordinated liabilities (including accrued interest) amounted to €16,2 million, and relate to unsecured subordinated Tier 2 bonds.

The Bond was priced at par with a coupon of 8% per annum, payable quarterly. The Bond matures in June 2030 (ten years from the issuance date). The Bank may redeem all the Bonds on any Interest Payment Date following the fifth anniversary of the issuance date of the relevant Bond in December 2025, subject to applicable regulatory consents.

Statement of financial position analysis (continued)

Debt securities in issue – MREL qualified
In December 2021, the Group issued €1,2 million and US$2,1 million senior preferred bonds with maturity of 2 years from the issuance date. The Bonds were priced at par with a coupon of 2,25% and 3,0% per annum respectively, payable annually. The Group has proceeded with the exercise of the option and early redeemed the bonds in December 2022.

In December 2022, the Group issued €5,2 million and US$9,8 million senior preferred bonds. The Bonds were priced at par with a coupon of 6,50% and 8,50% per annum respectively, payable annually. The Bonds mature in December 2024 (two years from the issuance date). The Group has the option to redeem the bonds early in December 2023, subject to applicable regulatory consents. The bonds comply with the criteria for the minimum requirement for own funds and eligible liabilities (MREL) and contribute towards Group's MREL requirements. The bonds are listed on the Cyprus Stock Exchange market.

In July 2023, the Group issued €9,0 million and US$4,5 million senior preferred bonds. The Bonds were priced at par with a coupon of 7,875% and 9,0% per annum respectively, payable annually. The Bonds mature in January 2027 (3,5 years from the issuance date). The Group has the option to redeem the bonds in January 2026, subject to applicable regulatory consents. The bonds comply with the criteria for the minimum requirement for own funds and eligible liabilities (MREL) and contribute towards Group's MREL requirements. The bonds will be listed on the Cyrus Stock exchange.

As at 30 June 2023 the MREL ratio stood at 22,52% (31 December 2022: 19,21%)

Liquidity
As at and during the period ended 30 June 2023, the Bank was in compliance with the required prudential liquidity indicator of the European Central Bank. The Liquidity Coverage Ratio (LCR) stood at 309% compared to 281% at 31 December 2022, well above the minimum regulatory requirement of 100%. The liquidity surplus in LCR at 30 June 2023 amounted to €654 million (compared to €626 million at 31 December 2022).

Aa at 30 June 2023, the Group Net Stable Funding Ratio (NSFR) stood at 163% (compared to 165% at 31 December 2022), well above the minimum regulatory requirement of 100%.

Loans and advances to customers
Gross loans totaled €1.115,2 million at 30 June 2023, compared to €1.203,1 million at 31 December 2022, decreased by 7,3%, with the Group's net loans and advances to customers totaled €1.024,2 million (compared to €1.090,7 million at 31 December 2022). The decrease in gross and net loans reflects the resolutions in the non-performing portfolio and the controlled loan growth.

Total new lending granted during the six months period ended 30 June 2023 reached approximately €38,8 million (2022: €165 million). The Group continued providing lending to creditworthy businesses and households, with focus on retail housing and secured lending to be capital efficient.

The net loans to deposits ratio stood at 49,7% as at 30 June 2023 (31 December 2022: 51,6%).

Loan Portfolio Quality
Improving the Group's loan portfolio quality remains high priority for the Management. The Group's priorities include maintaining high quality new lending and normalising the cost of risk, drastically reducing the portfolio of NPEs whilst managing potential and new inflows during the inflationary period and the rising interest rate environment.

Non-Performing Exposures (NPEs) were reduced to €183,3 million as at 30 June 2023 compared to €234,5 million at 31 December 2022. NPEs account for 16,4% of gross loans as at 30 June 2023, compared to 19,5% at 31 December 2022.

Net NPEs were reduced to €101,6 million as at 30 June 2023 compared to €128,9 million at 31 December 2022.

The NPE coverage ratio at 44,6% at 30 June 2023, compared to 45,0% at 31 December 2022. During the six months period ended 30 June 2023 the accumulated impairments were reduced by approximately €27,6 million write-offs implemented in the first six months of 2023 (2022: €62,7 million). When taking into account tangible collateral, at fair value, NPEs are fully covered.

Statement of financial position analysis (continued)

Stock of property (REOs)
During the six-month period ended 30 June 2023, the Group on-boarded €8,0 million (31 December 2022: €43,1 million) of assets via the execution of debt for asset swaps and foreclosures.

The Group also focuses on the disposal of on-boarded properties. During the six-month period ended 30 June 2023 the Group's completed disposals of REOs reached €9,1 million (2022: compared to €33,4 million). Notable momentum in the sale activity exists with significant pipeline for completion in the second half of 2023.

During the six-month period ended 30 June 2023, the Group disposed repossessed assets of a total amount of €9.049.250 (2022: €33.433.680) at a gain of €555.971 (six-month period ended 30 June 2022: €476.822 gain). Property disposals are across all property classes, with over half of sales (by value) in the period ended 30 June 2023 relating to housing land plot and residential buildings.

As at 30 June 2023, the REOs had a carrying value of €139,5 million compared to €140,5 million on 31 December 2022.

	30 June 2023	31 December 2022
Repossessed assets held by the Group	**€**	**€**
Opening balance 1 January 2023/2022	140.527.900	131.791.212
On boarded during the six-month period/year	8.002.712	43.063.370
Disposals during the six-month period/year	(9.049.250)	(33.433.680)
Impairment during the six-month period/year	-	(893.002)
Closing balance	**139.481.362**	**140.527.900**

Share capital
There were no changes to the authorised or issued share capital during the six-month period ended 30 June 2023. As at 30 June 2023, there were 23,6 million (2022: 23,6 million) issued ordinary shares with a nominal value of €1 each.

The share capital and share premium amounted to €23,6 million and €155,4 million respectively. Share premium is net of capital raising costs of €0,8 million.

Dividend
No dividends were declared or paid during the six-month period ended 30 June 2023.

Capital base
The primary objective of the Bank's capital management is to ensure compliance with the relevant regulatory capital requirements and maintenance of healthy capital adequacy ratios to support its growth and maximise the value for its shareholders.

During the six-month period ended 30 June 2023 and as at 30 June 2023 the Bank maintains an overall capital adequacy ratio above the minimum regulatory requirements. The Overall Capital adequacy ratio (transitional) stood at 20,35% as at 30 June 2023 (17,96% as at 31 December 2022) and on a fully loaded basis stood at 20,24% (17,79% as at 31 December 2022). The ratios, as at 30 June 2023, include the profit for the six months of 2023, as reviewed by the external auditors.

The capital ratios as at the reporting date on a transitional basis are presented below:

	30 June 2023 %	31 December 2022 %
Common Equity Tier 1 ratio (CET1)	18,86%	16,54%
Tier 1 ratio	18,86%	16,54%
Total Capital Adequacy Ratio	20,35%	17,96%

The ratio was positively affected by the profits of the period, as well as by the decrease in the risk weighted assets primarily due to decrease of NPEs and the controlled loan growth.

The risk weighted assets as at 30 June 2023 amounted to €1.086 million and €1.156 million as at 31 December 2022).

Environmental, Social, Governance (ESG) considerations
The Bank is committed to operate in an economically, socially and environmentally sustainable manner, and considers it of utmost importance to adopt the necessary changes in order to align its strategy and operations with the key areas of an ESG agenda. In 2022, the Bank has established an ESG working plan with purpose to address regulatory expectations and incorporate ESG factors on key areas. The working plan has been approved by the Board of Directors.

In support of the implementation of its ESG agenda, the Bank has established an ESG Unit, responsible for the coordination and implementation of actions to achieve alignment with the Bank's ESG strategy. An ESG Steering Committee has also been established, with main responsibility to assist the Board of Directors in overseeing the development and implementation of the Bank's general strategy with respect to ESG matters.

The Bank's 2022 Corporate Sustainability Report will be issued within 2023 and will present the Bank's ESG strategy, activities, practices and results achieved during the reference year.

Going concern
The Board of Directors and the Management have made an assessment of the Group's ability to continue as a going concern for a period of 12 months from the date of approval of these Interim Condensed Consolidated Financial Statements.

The Board of Directors and Management, in making their assessment, have given particular attention to the regulatory requirements relating to capital and liquidity and the current economic developments in order to make projections for future economic conditions of the environment in which it operates taking also into consideration, the Group's Business Plan approved by the Board as well as updated reforecasts considering latest developments and the operating environment (as set out in Note 4 'Operating environment').

The main macroeconomic developments that could cause uncertainties regarding the application of this principle relate to the challenges from elevated inflation combined with the rising interest rate environment. Management closely monitors the developments and the impact they may have on the Group's operations, businesses and financial performance, including liquidity and capital usage.

Based on the above and taking into account:

- the capital position, with CET1 and Total Capital Adequacy ratios of 18,86% and 20,35% respectively, well above minimum capital requirements;
- the ample liquidity position of the Bank with significant liquidity buffer and LCR ratio at 309%;
- the efficient resolution of the non-Performing loans and the drastic improvement of the NPL ratio;
- the close monitoring of the lending portfolio under the current operating environment.

The Bank concluded that there are no material uncertainties which could cast significant doubt over the Bank's ability to continue as a going concern for at least the next 12 months from the date of approval of the Interim Condensed Consolidated Financial Statements for the period ended 30 June 2023.

Events after the reporting date
The events after the reporting date are disclosed in Note 28 to the Interim Condensed Consolidated Financial Statements for the six-month period ended 30 June 2023.

By Order of the Board,

Aristidis Vourakis
Chief Executive Officer

27 September 2023

Interim Condensed Consolidated Income Statement for the six-month period ended 30 June 2023

	Note	Six-month period ended 30 June 2023 €	2022 €
Interest income	6	43.956.866	25.194.903
Other interest income	6	705.638	211.642
Interest expense	6	(8.792.836)	(2.224.388)
Net interest income		**35.869.668**	**23.182.157**
Fee and commission income		8.356.397	8.915.704
Fee and commission expense		(952.577)	(1.366.171)
Net fee and commission income		**7.403.820**	**7.549.533**
Other income		1.616.137	1.528.614
Gain on financial instrument transactions and disposal of subsidiaries and associates		842.686	413.481
Gain on derecognition of financial assets measured at amortised cost		241.050	116.323
Total operating income		**45.973.361**	**32.790.108**
Staff expenses	7	(19.210.711)	(12.884.161)
Other operating expenses	8	(8.093.592)	(11.719.373)
Depreciation and amortisation		(2.675.015)	(1.814.300)
Special levy on deposits and other levies/contributions	8	(2.133.534)	(2.017.912)
Total operating expenses		**(32.112.852)**	**(28.435.746)**
Operating profit before impairment losses		**13.860.509**	**4.354.362**
Impairment losses on financial assets	9	(800.096)	(1.872.762)
Profit before share of results of associate		**13.060.413**	**2.481.600**
Share of profit of associate, net of taxation	8	-	450.833
Profit before tax		**13.060.413**	**2.932.433**
Taxation	10	(2.003.916)	(600.000)
Profit for the period		**11.056.497**	**2.332.433**
Attributable to:			
Owners of the Bank		11.056.497	2.298.104
Non-controlling interests		-	34.329
Profit for the period		**11.056.497**	**2.332.433**

The notes on pages 16-51 form an integral part of the Interim Condensed Consolidated Financial Statements.

Interim Condensed Consolidated Statement of Comprehensive Income for the six-month period ended 30 June 2023

	Six-month period ended 30 June 2023 €	2022 €
Profit for the period after tax	**11.056.497**	**2.332.433**
Other comprehensive income:		
Items that will not be reclassified in the income statement		
Fair value reserve (equity instruments)		
Equity investments at fair value through other comprehensive income (FVOCI) – net change in fair value	10.205	-
Total comprehensive income for the period	**10.205**	**-**
Attributable to:		
Owners of the Bank	11.066.702	2.298.104
Non-controlling interests	-	34.329
Total comprehensive income for the period	**11.066.702**	**2.332.433**

The notes on pages 16-51 form an integral part of the Interim Condensed Consolidated Financial Statements.

Interim Condensed Consolidated Statement of Financial Position at 30 June 2023

	Note	30 June 2023 €	31 December 2022 €
Assets			
Cash and balances with central banks	11	849.649.232	782.631.481
Placements with other banks		31.008.031	21.943.349
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Investment property		19.850.251	19.850.251
Stock of property	16	139.481.362	140.527.900
Property and equipment	17	32.583.925	32.898.135
Intangible assets		8.235.944	9.507.570
Deferred tax assets		2.065.527	4.192.346
Total assets		**2.672.548.746**	**2.726.149.605**
Liabilities			
Amounts due to other banks and deposits from banks		12.132.923	13.133.697
Funding from central banks	18	300.680.976	296.501.809
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Other liabilities		47.497.537	58.645.847
Deferred tax liabilities		4.174.202	4.297.106
Total liabilities		**2.457.805.320**	**2.522.472.881**
Equity			
Share capital	21	23.624.789	23.624.789
Share premium	21	155.383.361	155.383.361
Fair value reserve		2.280.438	2.270.233
Retained earnings and other reserves		33.454.838	22.398.341
Total equity		**214.743.426**	**203.676.724**
Total equity and liabilities		**2.672.548.746**	**2.726.149.605**

The notes on pages 16-51 form an integral part of the Interim Condensed Consolidated Financial Statements.

On 27 September 2023, the Board of Directors of AstroBank Public Company Limited approved these Interim Condensed Consolidated Financial Statements for issue.

Mr. Michalis Sarris — Chairman

Mr. Aristidis Vourakis — Chief Executive Officer

Mrs. Popi Stylianou — Acting Chief Financial Officer

Interim Condensed Consolidated Statement of Changes in Equity for the six-month period ended 30 June 2023

	Share Capital (Note 21) €	Share Premium (Note 21) €	Fair value Reserve €	Retained earnings €	Total €	Non-controlling interests €	Total Equity €
Balance at 1 January 2022	**23.624.789**	**155.383.361**	**1.080.728**	**10.349.746**	**190.438.624**	**3.092.467**	**193.531.091**
Total comprehensive income for the period							
Profit for the period	-	-	-	2.298.104	2.298.104	34.329	2.332.433
Total comprehensive income for the period	**-**	**-**	**-**	**2.298.104**	**2.298.104**	**34.329**	**2.332.433**
Special defence contribution on deemed dividend distribution	-	-	-	(133.487)	(133.487)	-	(133.487)
Transactions with shareholders	**-**	**-**	**-**	**(133.487)**	**(133.487)**	**-**	**(133.487)**
Balance as at 30 June 2022	**23.624.789**	**155.383.361**	**1.080.728**	**12.514.363**	**192.603.241**	**3.126.796**	**195.730.037**
Balance at 1 January 2023	**23.624.789**	**155.383.361**	**2.270.233**	**22.398.341**	**203.676.724**	**-**	**203.676.724**
Total comprehensive income for the period							
Profit for the period	-	-	-	11.056.497	11.056.497	-	11.056.497
Other comprehensive income for the period	-	-	10.205	-	10.205	-	10.205
Total comprehensive income for the period	**-**	**-**	**10.205**	**11.056.497**	**11.066.702**	**-**	**11.066.702**
Balance as at 30 June 2023	**23.624.789**	**155.383.361**	**2.280.438**	**33.454.838**	**214.743.426**	**-**	**214.743.426**

The notes on pages 16-51 form an integral part of the Interim Condensed Consolidated Financial Statements.

Interim Condensed Consolidated Statement of Cash Flows for the six-month period ended 30 June 2023

	Note	Six-month period ended 30 June 2023 €	2022 €
Cash flows from operating activities			
Profit for the period before tax		13.060.413	2.932.433
Adjustments for:			
Depreciation and amortisation		2.675.015	1.814.300
Profit on disposal of stock of property		(555.971)	(476.822)
Fair value (gain)/ loss on financial assets at fair value through profit or loss		(653.947)	199.942
Loss on derecognition of financial assets measured at amortised cost	14	(241.050)	(116.323)
Share of gain of associate company		-	(450.833)
(Gain)/ loss from revaluation of debt securities designated as fair value hedges		(97.733)	907.502
Finance lease interest		190.544	185.247
Foreign exchange difference on financial assets at fair value through profit or loss and at amortised cost		1.880.673	(10.886.637)
Amortisation of debt securities		197.610	4.085.133
Dividend income		(471.161)	(468.233)
Distribution from fund participation		(139.408)	(322.825)
Interest on funding from central banks and other banks	6	4.215.116	(2.488.889)
Interest on subordinated bond	6	650.608	650.608
Provision for expected credit loss to cover credit risk on loans and advances to customers	9	710.461	1.663.476
(Reversal of)/ provision for expected credit loss to cover credit risk on contractual commitments and guarantees	9	(79.888)	261.750
Provision for/ (reversal of) expected credit loss to cover credit risk on other financial instruments	9	169.523	(52.462)
		21.510.805	**(2.562.633)**
Changes in:			
Loans and advances to customers (note 1 below)		57.730.328	8.615.540
Deposits from and amounts due to other banks and customer accounts		(52.985.893)	(43.336.888)
Mandatory deposits with the Central Bank of Cyprus		(3.825.949)	1.501.119
Other assets		(5.625.461)	(159.366)
Net position in derivative financial instruments		(408.726)	(1.385.983)
Other liabilities		(10.801.939)	(40.814.096)
Net cash generated from/ (used in) operating activities		**5.593.165**	**(78.142.307)**
Cash flows from investing activities			
Purchase of property and equipment		(700.683)	(72.240)
Purchase of intangible assets		(388.495)	(509.122)
Purchases of financial assets at fair value through profit and loss		(3.452.419)	-
Proceeds on disposal of financial assets at fair value through profit and loss		6.894.056	-
Purchases of debt securities at amortised cost		(77.798.670)	(368.658.413)
Proceeds from disposal/ redemption of debt securities at amortised cost		137.607.938	391.310.277
Proceeds from disposal of stock of property		9.605.221	11.638.362
Proceeds from distribution from fund participation		139.408	322.825
Dividend received		469.249	308.233
Acquisition of subsidiary		-	(3.283.034)
Net cash generated from investing activities		**72.375.605**	**31.056.888**

Interim Condensed Consolidated Statement of Cash Flows for the six-month period ended 30 June 2023

	Notes	Six-month period ended 30 June 2023 €	2022 €
Cash flows from financing activities			
Repayment of funding from central banks		-	(200.000.000)
Interest on funding from central banks		-	3.525.087
Interest on subordinated bond		(555.256)	(485.549)
Repayment of debt securities in issue		(4.700.000)	-
Lease payments		(457.030)	(671.588)
Net cash generated used in financing activities		**(5.712.286)**	**(197.632.050)**
Net increase/ (decrease) in cash and cash equivalents		**72.256.484**	**(244.717.469)**
Cash and cash equivalents			
At the beginning of the period		783.683.365	677.363.928
Net increase/ (decrease) in cash and cash equivalents		72.256.484	(244.717.469)
At the end of the period	11	**855.939.849**	**432.646.459**

The notes on pages 16-51 form an integral part of the Interim Condensed Consolidated Financial Statements.

(1) Non-cash transactions from operating activities

During the period the Group acquired property for the amount of €8,0 million (2022: €43,1 million) via the execution of debt for asset swaps as settlement for loan repayments. These are not included in cash flows from operating activities as they do not constitute cash movements.

1. CORPORATE INFORMATION

Country of incorporation

AstroBank Public Company Limited (the "Bank") was incorporated in Cyprus on 29 December 2006 as a private limited liability company (Reg. No. HE189515), in accordance with the provisions of the Cyprus Companies Law, Cap. 113. The registered office of the Bank is located at 1, Spyrou Kyprianou Street, CY-1065 Nicosia. AstroBank Group (the "Group") comprises of the Bank and its subsidiaries.

The subsidiaries of the Group were incorporated in Cyprus in accordance with the provisions of the Cyprus Companies Law, Cap. 113.

Principal activities

The principal activities of the Bank continued to be the provision of banking and financial services.

The principal activities of the subsidiaries are the holding, administration and disposal of property acquired by the Bank in debt satisfaction. A separate subsidiary is used as an insurance broker.

Unaudited consolidated financial statements

The Interim Condensed Consolidated Financial Statements ("Financial Statements") for the six-month period ended 30 June 2023 have not been audited by the external auditors of the Group.

The external auditors of the Group, Ernst & Young Cyprus Limited have conducted a review in accordance with the International Standard on Review Engagements 2410 "Review of Interim Financial Information performed by the Independent Auditor of the Entity" issued by the International Auditing and Assurance Standards Board.

2. BASIS OF PREPARATION AND CHANGES TO THE GROUP'S ACCOUNTING POLICIES

2.1 Basis of preparation

The Interim Condensed Consolidated Financial Statements for the six-month period ended 30 June 2023 have been prepared in accordance with International Accounting Standard (IAS) 34 "Interim Financial Reporting" as adopted by the European Union (EU) and should be read in conjunction with the latest annual financial statements for the year ended 31 December 2022. The Financial Statements do not include all of the information required for a complete set of IFRS financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance since the latest annual financial statements.

Going concern
The Interim Condensed Consolidated Financial Statements have been prepared on a going concern basis following Board of Directors and Management assessment of the Group's ability to continue as a going concern for a period of 12 months from the date of approval of these consolidated financial statements.

Basis of consolidation
The Interim Condensed Consolidated Financial Statements comprise the financial statements of the Bank and its subsidiaries as at 30 June 2023. The financial reporting information of the subsidiaries are prepared as of the same reporting date as that of the Bank. When necessary, adjustments are made to the financial information of subsidiaries to bring their accounting policies in line with the Bank's accounting policies.

Presentation of the Consolidated Financial Statements
The Consolidated Financial Statements are presented in Euro (€), which is the functional currency of the Group and all amounts are rounded to the nearest thousand, except when otherwise indicated. A dot is used to separate thousands and a comma is used to separate decimals.

2. BASIS OF PREPARATION AND CHANGES TO THE GROUP'S ACCOUNTING POLICIES (continued)

2.2 Changes in accounting policies, presentation and disclosures

The accounting policies adopted in the preparation of the Interim Condensed Consolidated Financial Statements are consistent with those followed in the preparation of the Group's annual Consolidated Financial Statements for the year ended 31 December 2022, except for the adoption of new and amended standards and interpretations as explained in Note 2.2.1.

2.2.1 Adoption of new and revised International Financial Reporting Standards (IFRSs) and interpretations

As from 1 January 2023, the Group adopted all the changes to International Financial Reporting Standards (IFRSs) as adopted by the EU which are relevant to its operations.

IFRS 17: Insurance Contracts
The standard is effective for annual periods beginning on or after 1 January 2023 with earlier application permitted, provided the entity also applies IFRS 9 Financial Instruments on or before the date it first applies IFRS 17. This is a comprehensive new accounting standard for insurance contracts, covering recognition and measurement, presentation and disclosure. IFRS 17 applies to all types of insurance contracts issued, as well as to certain guarantees and financial instruments with discretional participation contracts. The company/group does not issue contracts in scope of IFRS 17; therefore, its application does not have an impact on the company's/group's financial performance, financial position or cash flows. The standard and its amendments had no impact on the Group's Interim Condensed Consolidated Financial Statements.

IAS 8 Accounting policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates (Amendments)
The amendments become effective for annual reporting periods beginning on or after January 1, 2023 with earlier application permitted and apply to changes in accounting policies and changes in accounting estimates that occur on or after the start of that period. The amendments introduce a new definition of accounting estimates, defined as monetary amounts in financial statements that are subject to measurement uncertainty, if they do not result from a correction of prior period error. Also, the amendments clarify what changes in accounting estimates are and how these differ from changes in accounting policies and corrections of errors. The amendments had no significant impact on the Group's Interim Condensed Consolidated Financial Statements.

IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2: Disclosure of Accounting policies (Amendments)
The Amendments are effective for annual periods beginning on or after January 1, 2023 with earlier application permitted. The amendments provide guidance on the application of materiality judgements to accounting policy disclosures. In particular, the amendments to IAS 1 replace the requirement to disclose 'significant' accounting policies with a requirement to disclose 'material' accounting policies. Also, guidance and illustrative examples are added in the Practice Statement to assist in the application of the materiality concept when making judgements about accounting policy disclosures. We will assess the impact as part of the preparation of our annual financial statements for the year ending 31 December 2023

IAS 12 Income taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments)
The amendments are effective for annual periods beginning on or after January 1, 2023 with earlier application permitted. The amendments narrow the scope of and provide further clarity on the initial recognition exception under IAS 12 and specify how companies should account for deferred tax related to assets and liabilities arising from a single transaction, such as leases and decommissioning obligations. The amendments clarify that where payments that settle a liability are deductible for tax purposes, it is a matter of judgement, having considered the applicable tax law, whether such deductions are attributable for tax purposes to the liability or to the related asset component. Under the amendments, the initial recognition exception does not apply to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences. It only applies if the recognition of a lease asset and lease liability (or decommissioning liability and decommissioning asset component) give rise to taxable and deductible temporary differences that are not equal. The amendments had no impact on the Group's Interim Condensed Consolidated Financial Statements because it is outside the scope of Pillar Two Mode Rules.

2. BASIS OF PREPARATION AND CHANGES TO THE GROUP'S ACCOUNTING POLICIES (continued)

2.2 Changes in accounting policies, presentation and disclosures (continued)

2.2.2 Amendments issued, effective but not yet endorsed by the European Union

The following Amendments to Standards and Interpretations have been issued by International Accounting Standards Board ("IASB"), are effective for annual periods beginning on 1 January 2023 but not yet endorsed by the European Union.

IAS 12 Income taxes: International Tax Reform - Pillar Two Model Rules (Amendments)
The amendments are effective immediately upon issuance, but certain disclosure requirements are effective later. The Organisation for Economic Co-operation and Development's (OECD) published the Pillar Two model rules in December 2021 to ensure that large multinational companies would be subject to a minimum 15% tax rate. On 23 May 2023, the IASB issued International Tax Reform—Pillar Two Model Rules – Amendments to IAS 12. The amendments introduce a mandatory temporary exception to the accounting for deferred taxes arising from the jurisdictional implementation of the Pillar Two model rules and disclosure requirements for affected entities on the potential exposure to Pillar Two income taxes. The Amendments require, for periods in which Pillar Two legislation is (substantively) enacted but not yet effective, disclosure of known or reasonably estimable information that helps users of financial statements understand the entity's exposure arising from Pillar Two income taxes. To comply with these requirements, an entity is required to disclose qualitative and quantitative information about its exposure to Pillar Two income taxes at the end of the reporting period.

The disclosure of the current tax expense related to Pillar Two income taxes and the disclosures in relation to periods before the legislation is effective are required for annual reporting periods beginning on or after 1 January 2023 but are not required for any interim period ending on or before 31 December 2023. The Group expects these amendments to have no impact on the Group's Interim Condensed Consolidated Financial Statements.

2.2.3 Standards, Amendments and interpretation issued but not yet effective and not early adopted

The following Standards, Amendments to Standards and Interpretations have been issued by International Accounting Standards Board ("IASB") but are not yet effective for annual periods beginning on 1 January 2023. Those which may be relevant to the Group are set out below. The Group does not plan to adopt these Standards, Amendments and Interpretations early.

IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current (Amendments)
The amendments are effective for annual reporting periods beginning on or after January 1, 2024, with earlier application permitted, and will need to be applied retrospectively in accordance with IAS 8. The objective of the amendments is to clarify the principles in IAS 1 for the classification of liabilities as either current or non-current. The amendments clarify the meaning of a right to defer settlement, the requirement for this right to exist at the end of the reporting period, that management intent does not affect current or non-current classification, that options by the counterparty that could result in settlement by the transfer of the entity's own equity instruments do not affect current or non-current classification. Also, the amendments specify that only covenants with which an entity must comply on or before the reporting date will affect a liability's classification. Additional disclosures are also required for non-current liabilities arising from loan arrangements that are subject to covenants to be complied with within twelve months after the reporting period. The amendments have not yet been endorsed by the EU. The Group expects these amendments to have no impact on the Group's Interim Condensed Consolidated Financial Statements.

2. BASIS OF PREPARATION AND CHANGES TO THE GROUP'S ACCOUNTING POLICIES (continued)

2.2 Changes in accounting policies, presentation and disclosures (continued)

2.2.3 Standards, Amendments and interpretation issued but not yet effective and not early adopted (continued)

IFRS 16 Leases: Lease Liability in a Sale and Leaseback (amendments)
The amendments are effective for annual reporting periods beginning on or after January 1, 2024, with earlier application permitted. The amendments are intended to improve the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction in IFRS 16, while it does not change the accounting for leases unrelated to sale and leaseback transactions. In particular, the seller-lessee determines 'lease payments' or 'revised lease payments' in such a way that the seller-lessee would not recognise any amount of the gain or loss that relates to the right of use it retains. Applying these requirements does not prevent the seller-lessee from recognising, in profit or loss, any gain or loss relating to the partial or full termination of a lease. A seller-lessee applies the amendment retrospectively in accordance with IAS 8 to sale and leaseback transactions entered into after the date of initial application, being the beginning of the annual reporting period in which an entity first applied IFRS 16. The amendments have not yet been endorsed by the EU. The Group expects these amendments to have no impact on the Group's Interim Condensed Consolidated Financial Statements.

IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments Disclosure - Supplier Finance Arrangements (Amendments)
The amendments are effective for annual reporting periods beginning on or after January 1, 2024, with earlier application permitted. The amendments supplement requirements already in IFRS and require an entity to disclose the terms and conditions of supplier finance arrangements. Additionally, entities are required to disclose at the beginning and end of reporting period the carrying amounts of supplier finance arrangement financial liabilities and the line items in which those liabilities are presented as well as the carrying amounts of financial liabilities and line items, for which the finance providers have already settled the corresponding trade payables. Entities should also disclose the type and effect of non-cash changes in the carrying amounts of supplier finance arrangement financial liabilities, which prevent the carrying amounts of the financial liabilities from being comparable. Furthermore, the amendments require an entity to disclose as at the beginning and end of the reporting period the range of payment due dates for financial liabilities owed to the finance providers and for comparable trade payables that are not part of those arrangements. The amendments have not yet been endorsed by the EU. The Group expects these amendments to have no impact on the Group's Interim Condensed Consolidated Financial Statements.

Amendment in IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The amendments address an acknowledged inconsistency between the requirements in IFRS 10 and those in IAS 28, in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The main consequence of the amendments is that a full gain or loss is recognized when a transaction involves a business (whether it is housed in a subsidiary or not). A partial gain or loss is recognized when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary. In December 2015 the IASB postponed the effective date of this amendment indefinitely pending the outcome of its research project on the equity method of accounting. The amendments have not yet been endorsed by the EU. The Group expects this amendment to have no impact on the Group's Interim Condensed Consolidated Financial Statements.

3. GOING CONCERN

The Board of Directors and Management have made an assessment of the Group's ability to continue as a going concern for a period of 12 months from the date of approval of these Interim Condensed Consolidated Financial Statements.

The Board of Directors and Management, in making their assessment, have given particular attention to the regulatory requirements relating to capital and liquidity and the current economic developments in order to make projections for future economic conditions of the environment in which it operates taking also into consideration, the Group's Business Plan approved by the Board as well as updated reforecasts considering latest developments and the operating environment (as set out in Note 4 'Operating environment').

The main macroeconomic developments that could cause uncertainties regarding the application of this principle relate to the challenges from elevated inflation combined with the rising interest rate environment. Management closely monitors the developments and the impact they may have on the Group's operations, businesses and financial performance, including liquidity and capital usage.

Based on the above and taking into account:

- the capital position, with CET1 and Total Capital Adequacy ratios of 18,86% and 20,35% respectively, well above minimum capital requirements;
- the ample liquidity position of the Bank with significant liquidity buffer and LCR ratio at 309%;
- the efficient resolution of the non-Performing loans and the drastic improvement of the NPL ratio;
- the close monitoring of the lending portfolio under the current operating environment.

The Bank concluded that there are no material uncertainties which could cast significant doubt over the Bank's ability to continue as a going concern for at least the next 12 months from the date of approval of the Interim Condensed Consolidated Financial Statements for the period ended 30 June 2023.

4. OPERATING ENVIRONMENT

The Cypriot economy has proved to be resilient despite the challenging international environment. Following robust growth of 5,6% in 2022, economic activity is expected to slow down to 2,3% and 2,7% in 2023 and 2024 respectively amid persistent inflationary pressures and rising interest rates. The GDP growth rate in real terms during the second quarter of 2023 is positive and it is estimated at 2,1% over the corresponding quarter of 2022. The preliminary General Government fiscal results, as per the Statistical Service of Cyprus, indicate a surplus of 1,5% of GDP for the period of January-July 2023, compared to a surplus of 0,4% of GDP in corresponding period of 2022.

Inflation in Cyprus, after its peak of 8,1% in 2022, is set to abate as global energy prices moderate and supply chain disruptions ease. Inflation is expected to abate to 3,8% for the whole of 2023.

According to the Cyprus Statistical Service, during the second quarter of 2023 the number of unemployed persons amounted to 29.367 and the unemployment rate stood at 5,9% of the labor force in comparison to 32.903 persons (6,8%) in the corresponding quarter of 2022.

The arrivals of tourists reached 523.718 in July 2023 recording an increase of 15,2% year on year. For the period of January to July 2023, arrivals of tourists reached 2.137.408, recording an increase of 27,5% compared to the corresponding period of 2022.

The Federal Reserve in the United States started raising rates in March 2022. The USD dollar interest rate currently stands at 5,25%-5,50%. The European Central Bank (ECB) began raising interest rates in July 2022 and continued raising interest rates in 2023. At the most recent Governing Council meeting held on 14 September 2023, the ECB raised the deposit rate facility by 25 basis points to 4,00%.

4. OPERATING ENVIRONMENT (continued)

The sovereign risk ratings of the Cypriot government have improved significantly in recent years, reflecting risk reduction in the banking sector, improved economic resilience, including Covid-19 pandemic and consistent fiscal performance. NPEs in the Cyprus banking sector were €2,2 billion or 9% of gross loans at the end of April 2023.

In June 2023, Fitch Ratings has affirmed Cyprus' Long-Term Foreign-Currency Issuer Default Rating at BBB with a Stable Outlook.

In March 2023, DBRS confirmed the Republic of Cyprus' Long-Term Foreign and Local Currency Issuer Ratings at BBB (low) and maintained the trend Stable.

In September 2022, S&P Global Ratings upgraded Cyprus' investment grade rating of BBB and has changed the outlook from positive to stable. The credit rating was later reviewed and affirmed in March 2023.

In August 2022, Moody's Investors Service affirmed the Government of Cyprus' long-term issuer and senior unsecured ratings to Ba1 and changed the outlook from stable to positive. The ratings and positive outlook were affirmed in June 2023.

5. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of the Interim Condensed Consolidated Financial Statements requires Management to make use of the use of estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosures of contingent obligations and liabilities at the balance sheet date and the reported amounts of income and expenses during the period of reporting. Despite the fact that these assumptions are based on the best possible knowledge of the Group's Management and the Board of Directors regarding current conditions and activities, actual results may eventually differ from those estimates.

Accounting estimates and judgements are reviewed and evaluated on an ongoing basis and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The assessment of these factors determine the basis under which judgement is being applied in connection with accounting principles affecting the value of assets and liabilities which are not immediately apparent from other sources.

The significant estimates and judgments that are deemed critical to the Group's results and financial position are set out below. All the information and disclosures relating to the accounting estimates and judgments are disclosed in Notes 6.1 to 6.12 of the annual consolidated financial statements for the year ended 31 December 2022.

The calculation of ECLs requires management to apply significant judgement and make estimates and assumptions. Changes to these estimates and assumptions can result in significant changes to the timing and amount of ECLs to be recognised. The Group's calculations are outputs of models, of underlying assumptions on the choice of variable inputs and their interdependencies. Elements of ECL models that are considered accounting judgements and estimates include:

5.1 Calculation of expected credit losses (ECLs)

Assessment of significant increase in credit risk (SICR)
The Group assesses whether significant increase in credit risk has occurred since initial recognition using staging criteria and qualitative information in certain cases. The determination of the relevant thresholds to determine whether the significant increase in credit risk has occurred, involves management judgement. The relevant thresholds are set, monitored and updated by the Group's Management and endorsed by the Group Provisions Committee.

Determination of probability of default (PD)
Determining the probability of default (PD) includes estimates and the use of Management judgment in order to assess and adjust accordingly the historical information which determine the parameters and the measurement of ECL as at the reporting date.

5. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)

5.1 Calculation of expected credit losses (ECLs) (continued)

Scenarios and macroeconomic factors
The Group determines the ECL, which is a probability-weighted amount, by evaluating a range of possible outcomes. Management uses forward-looking scenarios and assesses the suitability of weights used. These are based on Management's assumptions taking into account macroeconomic, market and other factors. Changes in these assumptions and in the external factors could significantly impact ECL. Qualitative adjustments or overlays are occasionally made when inputs calculated do not capture all the characteristics of the market or when macroeconomic variables have extreme values that do not correspond to those applied by other Banks in the market. These are reviewed and adjusted if considered necessary by the Group's Management and endorsed by the Group Provisions Committee.

During the first six months of 2023, the Group updated its forward-looking scenarios, factoring in updated macroeconomic assumptions and other monetary and fiscal developments at the national and the EU level.

The Group uses three different economic scenarios. For Stage 3 customers, the calculation of individually assessed provisions is the weighted average of three scenarios: base (50% weight), pessimistic (25% weight) and optimistic (25% weight). For collectively assessed customers the calculation is also the weighted average of three scenarios: base, adverse and optimistic. Similar assumptions have been applied for the year ended 31 December 2022.

Under the pessimistic scenario operational cash flows are decreased by 25%, applied haircuts on real estate collaterals are increased by 10% and the timing of recovery of collaterals is increased by 1 year against the base case scenario. Under the optimistic scenario no increase was applied to operational cash flows, applied haircuts are decreased by 5% and the timing of recovery of collaterals is decreased by 1 year against the base case scenario. Assumptions used in estimating expected future cash flows (including cash flows that may result from the realisation of collateral) reflect current and expected future economic conditions. Similar assumptions have been applied for the year ended 31 December 2022.

Under all scenarios, selling costs are assumed to be 4% of the recoverable amount of real estate collaterals and are additional to the liquidation haircuts applied to collateral values.

For cases that the foreclosure or debt to asset swap ("DFAS") process is assessed to be the most relevant strategy. No haircut is applied as the Bank uses the expected foreclosure/DFAS value based on the specific facts of each case. The corresponding haircuts for the pessimistic scenario are increased by 10% and for the optimistic scenario are decreased by 5%.

The open market values of real estate collaterals are indexed from the valuation report date to the impairment test reference date, using the latest available property price indices by the CBC.

In addition, a forward-looking indexation is applied in the collateral prices for estimating the future open market value at the time of liquidation and are capped to 0% in case of any future projected increase for all scenarios and to all loans and advances to customers, whereas any future projected decrease is taken into account.

5. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)

5.1 Calculation of expected credit losses (ECLs) (continued)

Scenarios and macroeconomic factors (continued)

For all real estate collaterals, the following haircuts were applied to the indexed open market values as at 30 June 2023 and 31 December 2022:

	Average haircut for urban locations	Average haircut for rural locations
Residential Real Estate (Completed)	7%	13%
Residential Land	14%	19%
Commercial Real Estate (Completed)	14%	21%
Commercial Land	16%	21%
Other Land, Agriculture & Protection Zone Real Estate	31%	31%
Semi-completed Real Estate (residential & commercial)	18%	21%
Special-use Real Estate (i.e. Hotels, shopping malls)	9%	15%

The above average haircuts are applied by reference to the location of each collateral.

The table below indicates the most significant macroeconomic variables as well as the scenario weights used by the Group as at 30 June 2023 and 31 December 2022 respectively.

30 June 2023

Year	Scenario	Weight	Real GDP (% change)	Unemployment-rate (% of labour force)	Industrial production (average change %)	Residential Price Index (average change %)	Consumer Price Index (average change %)
2024	Baseline	50%	2,92%	6,73%	3,00%	6,79%	3,63%
	Optimistic	25%	4,20%	6,69%	4,56%	9,07%	3,55%
	Pessimistic	25%	-2,95%	10,79%	-4,57%	-0,20%	0,66%
2025	Baseline	50%	2,54%	6,52%	2,32%	11,43%	3,36%
	Optimistic	25%	2,36%	6,30%	1,85%	12,95%	3,31%
	Pessimistic	25%	3,36%	10,37%	4,65%	2,77%	2,31%
2026	Baseline	50%	1,70%	6,38%	1,64%	15,54%	3,20%
	Optimistic	25%	1,61%	6,14%	1,46%	15,28%	3,21%
	Pessimistic	25%	3,79%	9,07%	4,75%	8,52%	2,84%
2027	Baseline	50%	1,51%	6,26%	1,46%	16,80%	3,08%
	Optimistic	25%	1,51%	6,12%	1,44%	16,80%	3,07%
	Pessimistic	25%	2,76%	8,20%	2,95%	13,08%	2,96%

5. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)

5.1 Calculation of expected credit losses (ECLs) (continued)

Scenarios and macroeconomic factors (continued)

31 December 2022

Year	Scenario	Weight	Real GDP (% change)	Unemployment-rate (% of labour force)	Industrial production (average change %)	Residential Price Index (average change %)	Consumer Price Index (average change %)
2023	Baseline	50%	2,05%	7,75%	-0,48%	6,06%	4,21%
	Optimistic	25%	3,38%	7,75%	1,17%	7,39%	4,27%
	Pessimistic	25%	-2,44%	10,47%	-6,16%	2,96%	1,69%
2024	Baseline	50%	3.07%	7,29%	3,04%	5,94%	2,24%
	Optimistic	25%	3,43%	7,14%	3,21%	8,21%	2,13%
	Pessimistic	25%	0,36%	11,54%	0,55%	-1,41%	0,05%
2025	Baseline	50%	2,72%	6,91%	2,50%	8,62%	2,02%
	Optimistic	25%	2,52%	6,66%	2,14%	8,96%	2,02%
	Pessimistic	25%	4,69%	10,18%	5,69%	2,77%	1,60%
2026	Baseline	50%	1,42%	6,65%	1,22%	10,57%	2,08%
	Optimistic	25%	1,40%	6,44%	1,17%	10,43%	2,07%
	Pessimistic	25%	3,29%	8,92%	3,56%	7,33%	1,83%

Overlays
A management overlay was introduced in the first semester of 2023 by applying a post model adjustment in the collectively assessed performing population. The post model adjustment applied, resulted in an increase in the coverage ratios of the stage 1 and stage 2 populations in response to the high inflation environment affecting the economy. The impact, following the management overlay, resulted into an additional provision on loans and advances of €3,5 million.

Assessment of loss given default
A factor for the estimation of LGD is the timing and net recoverable amount from repossession or realisation of collaterals which mainly comprise real estate assets.

Assumptions have been made about the future changes in property values, as well as the timing for the realisation of collateral, taxes and expenses on the repossession and subsequent sale of the collateral as well as any other applicable haircuts. Indexation has been used to estimate updated market values of properties, while assumptions were made on the basis of a macroeconomic scenario for future changes in property prices and are capped accordingly in case of any future projected increase, whereas any future projected decrease is taken into consideration.

The timing of recovery from real estate collaterals used in the collectively assessed provisions calculation for loans and advances to customers has been estimated to be on average six years under the baseline scenario (31 December 2022: average of six years).

For the calculation of individually assessed provisions, the timing of recovery of collaterals as well as the haircuts used are based on the specific facts and circumstances of each case. Judgement may also be exercised over staging during the individual assessment. Any changes in these assumptions or difference between assumptions made and actual results could result in significant changes in the amount of required credit losses on loans and advances.

For the calculation of expected credit loss on the value of loans and advances to customers, judgment is involved regarding the amount and timing of estimated future cash flows. The estimated future cash flows include any expected cash flows from the borrower's operations, any other sources of funds and the expected proceeds from the liquidation of collateral, where applicable. The timing of these cash flows is estimated on a case-by-case basis.

5. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)

5.1 Calculation of expected credit losses (ECLs) (continued)

Sensitivity analysis
For the purposes of providing an indication of the change in accumulated impairment losses on loans and advances, the Bank has performed sensitivity analysis on certain assumptions used in the loan provisioning methodology. The impact on the provisions for impairment of loans and advances is presented below:

Change in key assumptions- 30 June 2023	**Increase/(decrease) on provisions for impairment of loans and advances € million**
Increase in liquidation period by 1 year	2,4
Decrease in liquidation period by 1 year	(1,5)
Increase in collateral liquidation haircut by 5%	1,1
Decrease in collateral liquidation haircut by 5%	(1,1)
Change in the scenario weights (50% base/30% pess. /20% opti.)	3,3
Change in the scenario weights (50% base/20% pess. /30% opti.)	(2,7)

Change in key assumptions- 31 December 2022	**Increase/(decrease) on provisions for impairment of loans and advances €million**
Increase in liquidation period by 1 year	4,2
Decrease in liquidation period by 1 year	(3,4)
Increase in collateral liquidation haircut by 5%	3,7
Decrease in collateral liquidation haircut by 5%	(2,2)
Change in the scenario weights (50% base/30% pess. /20% opti.)	1,5
Change in the scenario weights (50% base/20% pess. /30% opti.)	(1,5)

5.2 Income taxes

Significant estimates are required in determining the provision for income tax. For specific transactions and calculations the ultimate tax determination is uncertain. The Group recognises liabilities for anticipated tax issues based on estimates of whether additional taxes may become due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the current tax and deferred tax provisions in the affected period.

Judgment is required to assess the expected value of uncertain tax positions that are incorporated into the estimate of income and deferred tax and the assessment of the related probabilities, including in relation to the interpretation of tax laws and the assessment of the related probabilities. Where the final tax is different from the amounts initially recognised in the consolidated income statement, such differences will impact the income tax expense, the tax liabilities and deferred tax assets or liabilities of the period in which the final tax is agreed with the relevant tax authorities.

5.3 Net realisable value of stock of property

Stock of property is measured at the lower of cost and net realisable value where cost is based on carrying amount of the debt settled and NRV is the estimated selling price less the estimated costs to sell. The net realisable value is determined through valuation techniques, requiring significant judgement, which take into account all available reference points such as, expert valuation reports, current market conditions and any other relevant parameters. Selling expenses are always considered and deducted from the realisable value. Depending on the value of the underlying asset and available market information, the determination of costs to sell may require professional judgement which involves a large degree of uncertainty due to the relatively low level of market activity.

The policy of the Group is to carry out valuations of its stock of property every year.

5. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)

5.4 Leases

Determination of the lease term
The Group applies judgement in evaluating whether it is reasonably certain to exercise options to renew. In determining the lease term, Management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. A re-assessment is performed if a significant event or a significant change in circumstances that is within its control and affects its ability to exercise (or not to exercise) the option to renew (e.g a change in business strategy).

Determination of the incremental borrowing rate
For the measurement of the present value of the future lease payments, the Group estimates the incremental borrowing rate specific to each leased asset or portfolio of lease assets given that the interest rate implicit in the lease cannot be readily determined.

The incremental borrowing rate is based on the yield of covered bonds issued by comparable European banks and which was adjusted upwards for difference in country risk, the lack of liquidity in the Cypriot market (and hence low marketability of any covered bonds that the Group may issue), the relatively small size of the Bank, as well as the potentially lower credit rating that agencies would assign to the Group's issued debt, compared to the credit rating associated with the selected covered bonds. The resulting yield curve was considered to reflect the Group's incremental borrowing rate.

5.5 Provisions for pending litigation, claims, regulatory and other matters

Judgement is required in determining whether a present obligation exists and in estimating the probability, timing, and amount of any outflows. Provisions for pending litigation, claims, regulatory and other matters usually require a higher degree of judgement than other types of provisions. For a detailed description of the nature of uncertainties and assumptions and the effect on the amount and timing of pending litigation, claims, regulatory and other matters refer to Note 22.

5.6 Deferred tax assets

Deferred tax assets are recognised by the Group in respect of tax losses to the extent that is probable that future taxable profits will be available against which the losses can be utilised. Judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits as supported by the Group's Business plans, together with future tax planning strategies. These variables have been established on the basis of significant management judgement and are subject to uncertainty. It is possible that the actual future events could be different from the assumptions made resulting in a material adjustment to the carrying amount of deferred tax assets.

6. NET INTEREST INCOME

	30 June 2023 €	30 June 2022 €
Interest income		
Financial assets at amortised cost:		
Loans and advances to customers	28.375.587	19.201.945
Debt securities	3.755.058	2.355.692
Placements with banks and central banks	11.786.956	100.381
Negative interest rates on customer deposits	21.591	1.047.996
Other receivables	17.674	-
Negative interest on funding from central banks	-	2.488.889
Total interest income	**43.956.866**	**25.194.903**
Income similar to interest income		
Debt securities at fair value through profit or loss	312.300	7.686
Derivative financial instruments	393.338	203.956
Total other interest income	**705.638**	**211.642**
Interest expense		
Customer deposits	(3.183.838)	(437.400)
Due to banks and central banks	(4.215.116)	(94.018)
Lease liabilities	(190.544)	(185.246)
Negative interest on placements with Central Bank and other banks	-	(857.116)
Subordinated liabilities	(650.608)	(650.608)
Debt securities in issue	(552.730)	-
Total interest expense	**(8.792.836)**	**(2.224.388)**
Net interest income	**35.869.668**	**23.182.157**

The Group is operating only in Cyprus by providing banking and financial services.

7. STAFF EXPENSES

	30 June 2023 €	30 June 2022 €
Salaries	11.946.687	10.773.149
Social insurance and other contributions	756.770	685.854
Retirement benefit cost for defined contributions plans	832.579	675.246
Other staff expenses	264.439	419.912
	13.800.475	**12.554.161**
Voluntary redundancy costs	5.410.236	330.000
Total	**19.210.711**	**12.884.161**

During the six-month period ended 30 June 2023, the Group completed a voluntary staff exit plan through which 35 full-time employees were approved to leave at a total cost of €5.410.236 (Six months ended 30 June 2022: 3 full-time employees at a total cost of €330.000).

Based on the Collective Agreement, the employers' contributions to the Provident Fund for 2023 was set at 9% for the six months period ended 30 June 2023 (8% for the six-month period ended 30 June 2022) of the employees' gross salaries. This plan is managed by an Administrative Committee appointed by the members.

The number of persons employed by the Group as at 30 June 2023 was 404 on permanent basis and 21 on temporary basis (Six months ended 30 June 2022: 424 permanent and 18 temporary employees).

8. OTHER OPERATING EXPENSES

	30 June 2023 €	30 June 2022 €
IT expenditure	1.569.889	1.805.445
Legal fees	1.374.899	175.645
Professional fees	1.049.371	983.455
Buildings and other assets' maintenance cost	871.074	501.378
Premises related expenses	822.340	590.421
Operational expenses	734.478	632.446
Regulatory fees	451.216	1.112.403
Insurance expenses	311.626	371.766
Other expenses	297.959	195.446
Directors' fees (Note 27)	244.069	186.343
Marketing expenses	234.245	230.787
Staff Related expenses	132.426	72.219
	8.093.592	**6.857.754**
Servicer's administration fees	-	4.861.619
Total operating expenses	**8.093.592**	**11.719.373**
Special levy on deposits on credit institutions in Cyprus	1.081.430	1.098.587
Deposit Guarantee Fund (DGF)	569.500	419.414
Contribution to Single Resolution Fund and other levies	482.604	499.911
Total Special levy on deposits and other levies/contributions	**2.133.534**	**2.017.912**

Other expenses include credit card expenses, file storage expense, donations, municipality and stamp duties.

Legal fees for the six-month period ended 30 June 2023 include charge of €1,2 million for a pending arbitration. The regulatory fees for the six-month period ended 30 June 2022 include a CBC fine of €0,7 million for breach of certain AML regulations.

On 5 October 2022, the Bank acquired back the ex-Quant business. With the execution of the agreement, the Servicing Agreement ("SLA") and the Business Services Agreement ("RSLA") were terminated, and the employees of ex-Quant were transferred to the Bank. Transactions between the former associate company ex-Quant and the Group recognised in the income statement for the period ended 30 June 2022:

	30 June 2022 €
Servicer`s administration fees	(4.861.619)
Share of results of associate company net of taxation	450.833

9. IMPAIRMENT LOSSES ON FINANCIAL ASSETS

	30 June 2023 €	30 June 2022 €
Impairment on financial assets		
Credit losses to cover credit risk on loans and advances		
Provision for expected credit loss to cover credit risk on loans and advances to customers	(787.330)	(3.434.054)
(Provision for)/ reversal of expected credit loss on loans and advances to customers due to write offs	(1.051.751)	227.654
Recoveries of loans and advances to customers previously written off	1.128.620	1.542.924
Reversal of/ (provision for) expected credit loss to cover credit risk on contractual commitments and guarantees	79.888	(261.750)
Credit losses of other financial instruments		
(Provision for)/ reversal of expected credit losses to cover credit risk on other financial assets (Note 14)	(305.358)	111.841
Reversal of/ (provision for) expected credit losses to cover credit risk on other receivables	135.835	(59.377)
Total impairment on financial assets	**(800.096)**	**(1.872.762)**

10. INCOME TAX

	30 June 2023 €	30 June 2022 €
Corporation tax	-	600.000
Deferred tax charge	2.003.916	-
	2.003.916	**600.000**

The Group is subject to income tax in Cyprus on taxable profits at the rate of 12,5% (2022: 12,5%).

Brought forward tax losses may be utilised over five years.

The deferred tax charge in the Income Statement relates to temporary differences as follows:

	30 June 2023 €	30 June 2022 €
Tax losses	2.450.000	-
Allowance for expected credit losses	(323.181)	-
Difference between capital allowances and depreciation	(122.903)	-
Total	**2.003.916**	**-**

11. CASH AND BALANCES WITH CENTRAL BANKS

	30 June 2023 €	31 December 2022 €
Cash	7.098.574	6.801.664
Mandatory deposits with Central Bank of Cyprus	24.717.414	20.891.465
Other balances with the Central Bank of Cyprus	814.379.168	747.716.399
Cheques to be cleared	3.454.076	7.221.953
Total	**849.649.232**	**782.631.481**

There was no ECL allowance on balances with central banks for the six-month period ended 30 June 2023 and year ended 31 December 2022.

	30 June 2023 €	31 December 2022 €
Cash and cash equivalents		
Cash	7.098.574	6.801.664
Other non-obligatory balances	814.379.168	747.716.399
Cheques to be cleared	3.454.076	7.221.953
Current accounts	31.008.031	21.943.349
	855.939.849	**783.683.365**

12. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	30 June 2023 €	31 December 2022 €
Trading debt securities (1)	8.377.711	9.999.718
Debt securities (2)	202.299	-
Fund participation (3)	715.843	2.214.976
Other investments (4)	760.623	692.099
	10.056.476	**12.906.793**
Movement:		
1 January	12.906.793	12.022.732
New assets acquired in the period	3.452.419	6.915.907
Assets derecognised or redeemed in the period	(6.894.056)	(4.387.546)
Changes in fair value/ gain or loss on disposal	90.120	(2.220.779)
Interest accrued	563.827	254.015
Foreign exchange (loss)/ gain	(62.627)	322.464
Closing balance	**10.056.476**	**12.906.793**

(1) Trading debt securities comprise of corporate bonds acquired principally for the purpose of selling or repurchasing them in the near term. The net gain on disposal of the trading debt securities for the six-month period ended 30 June 2023 amounts to €19.949 (six-month period ended 30 June 2022: loss €207.629)

(2) Debt securities comprised of perpetual bonds, that based on the SPPI criteria, have been classified at FVTPL. Fair value gain of €1.647 has been recognised in the Income Statement.

(3) Fund participation relates to an investment of US$10m in PMOF Special Situations Private Credit Fund. During 2023, the Group received capital repayments amounting to €1,8 million (2022: €3,5 million). The fund participation, considering the SPPI criteria, is classified at FVTPL. Distribution income amounting to €139.408 has been received and recognised in 2023 in Other Income (six-month period ended 30 June 2022: €322.825).

4) Other investments relate to 672 shares in VISA Inc. Series C Convertible participating preferred stock and 21 shares of Series A Convertible participating preferred Stock. Fair value gain of €68.524 has been recognised in the income statement.

13. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	30 June 2023 €	31 December 2022 €
Equity shares		
Listed	5.917.289	5.917.289
Unlisted	487.551	477.347
	6.404.840	**6.394.636**

The Company irrevocably made the election to classify its equity investments as equity investments at FVOCI on the basis that these are not held for trading. Their carrying value at 30 June 2023 and 31 December 2022 is equal to their fair value.

Listed equity investments at FVOCI comprise of the investment in the share capital of Atlantic Insurance Company Limited (ATL) which is listed in the Cyprus Stock Exchange. The Group's Management believes that the price of the share is not representative as the shares of the company are not traded in an active market and therefore at 31 December 2022 valued this investment using alternative valuation methods. The Bank as at 31 December 2022 obtained an external independent professional valuation report based on a discounted cash flow methodology. The Bank's management believes that the fair value of the investment remained stable throughout the six-month period ended 30 June 2023.

Dividend income for the six-month period ended 30 June 2023 amounted to €471.161 (six-month period ended 30 June 2022: €468.233) has been recognised in other income.

14. DEBT SECURITIES

	30 June 2023 €	31 December 2022 €
Securities classified at amortised cost		
Listed	524.047.699	585.533.840
12 month expected credit losses	(430.055)	(124.697)
	523.617.644	**585.409.143**
Listed on the Cyprus Stock Exchange	5.860.894	28.963.740
Listed on other stock exchanges	517.756.750	556.445.403
	523.617.644	**585.409.143**

The Group has proceeded to invest in debt securities, as part of its investing strategy which mainly related to the acquisition of Eurozone Sovereigns and supranational and Cyprus Government bonds.

During 2023, the Group recognised in the Income Statement a loss of €241.050 (six-month period ended 30 June 2022: €116.323) from the disposal of €10,0 million debt securities held at amortised cost. The Bank proceeded to the disposal, as a measure for the management, mainly of the credit risk on the debt securities portfolio.

The following table presents investments in bond securities by issuer type as at 30 June 2023 and 31 December 2022:

	30 June 2023 €	31 December 2022 €
Cyprus Government bonds and Cyprus Treasury Bills	260.277.791	263.657.079
Greek Government Bonds	10.443.020	43.349.892
Eurozone sovereign	124.447.558	136.028.883
Corporate bonds	29.859.729	17.431.035
Non-Eurozone sovereign and supranationals	98.589.546	124.942.254
Supranational bonds	**523.617.644**	**585.409.143**

14. DEBT SECURITIES (continued)

Certain debt securities classified at amortised cost are pledged as collateral for funding from central banks.

There were no reclassifications of investments during the period/ year ended 30 June 2023 and 31 December 2022.

An analysis of changes in the gross carrying amount and the corresponding ECLs for the six-month period ended 30 June 2023 is, as follows:

	Stage 1 €	Stage 2 €	Stage 3 €	Total €
Gross carrying amount as at 1 January 2023	585.533.840	-	-	585.533.840
New assets acquired in the period	77.798.670	-	-	77.798.670
Assets derecognised or redeemed in the period	(137.366.888)	-	-	(137.366.888)
Accrued interest	3.755.057	-	-	3.755.057
Fair value due to hedging relationship	97.733	-	-	97.733
Foreign exchange adjustments	(1.818.046)	-	-	(1.818.046)
Interest received	(3.952.667)	-	-	(3.952.667)
Debt securities at amortised cost as at 30 June 2023	**524.047.699**	**-**	**-**	**524.047.699**

	Stage 1 €	Stage 2 €	Stage 3 €	Total €
ECL allowance as at 1 January 2023	124.697	-	-	124.697
Increase in the ECL during the period	311.274	-	-	311.274
Assets derecognised or matured	(5.916)	-	-	(5.916)
ECL allowance as at 30 June 2023	**430.055**	-	-	**430.055**

An analysis of changes in the gross carrying amount and the corresponding ECLs for the year ended 31 December 2022 is as follows:

	Stage 1 €	Stage 2 €	Stage 3 €	Total €
Gross carrying amount as at 1 January 2022	940.216.954	-	-	940.216.954
New assets acquired in the year	549.685.075	-	-	549.685.075
Assets derecognised or redeemed in the year	(907.513.718)	-	-	(907.513.718)
Accrued interest	5.615.358	-	-	5.615.358
Fair value due to hedging relationship	(1.314.665)	-	-	(1.314.665)
Foreign exchange adjustments	9.082.749	-	-	9.082.749
Interest received	(10.237.913)	-	-	(10.237.913)
Debt securities at amortised cost as at 31 December 2022	**585.533.840**	**-**	**-**	**585.533.840**

	Stage 1 €	Stage 2 €	Stage 3 €	Total €
ECL allowance as at 1 January 2022	325.213	-	-	325.213
Increase in the ECL during the year	107.490	-	-	107.490
Assets derecognised or matured	(308.006)	-	-	(308.006)
ECL allowance as at 31 December 2022	**124.697**	**-**	**-**	**124.697**

The following table presents investments in bond securities categorised according to Moody's international credit rating agency credit ratings as at 30 June 2023 and 31 December 2022. For the bonds that are not Moody's rated, the Moody's equivalent rating of either S&P and Fitch is applied and for the bonds which are unrated by all credit rating agencies the country's rating for government guaranteed securities is presented.

14. DEBT SECURITIES (continued)

30 June 2023

Credit rating	EUR €	USD €	GBP €	TOTAL €
Credit rating Aaa	4.825.322	23.577.691	-	28.403.013
Credit rating Aa2	-	39.428.162	-	39.428.162
Credit rating Aa3	-	33.527.913	-	33.527.913
Credit rating A1	999.742	-	-	999.742
Credit rating A2	27.480.704	-	-	27.480.704
Credit rating A3	25.708.673	1.787.955	609.515	28.106.143
Credit rating Baa1	4.852.110	-	-	4.852.110
Credit rating Baa2	200.037	-	-	200.037
Credit rating Baa3	75.293.497	-	-	75.293.497
Credit rating Ba1	262.787.495	-	-	262.787.495
Credit rating Ba3	16.141.002	-	-	16.141.002
Credit rating B1	6.397.826	-	-	6.397.826
	424.686.408	**98.321.721**	**609.515**	**523.617.644**

31 December 2022

Credit rating	EUR €	USD €	TOTAL €
Credit rating Aaa	4.813.648	42.623.201	47.436.849
Credit rating Aa2	-	40.165.051	40.165.051
Credit rating Aa3	-	42.049.164	42.049.164
Credit rating A1	999.563	-	999.563
Credit rating A2	26.732.429	-	26.732.429
Credit rating A3	23.063.312	-	23.063.312
Credit rating Baa1	15.041.429	-	15.041.429
Credit rating Baa3	74.986.265	-	74.986.265
Credit rating Ba1	292.323.314	-	292.323.314
Credit rating Ba3	17.286.653	-	17.286.653
Credit rating B1	5.325.114	-	5.325.114
	460.571.727	**124.837.416**	**585.409.143**

The following table presents investments in bond securities by type of issuer as at 30 June 2023 and 31 December 2022:

	30 June 2023 €	31 December 2022 €
Investments amortised cost:		
Sovereign	493.757.915	567.978.108
Non-sovereign	29.859.729	17.431.035
	523.617.644	**585.409.143**

The following table presents investments in bond securities by country of issuer as at 30 June 2023 and 31 December 2022:

	30 June 2023 €	31 December 2022 €
Investments at amortised cost:		
Cyprus	272.373.598	268.982.193
Greece	10.443.020	43.349.892
Other Eurozone countries	116.233.757	114.756.339
Non-Eurozone countries	124.567.269	158.320.719
	523.617.644	**585.409.143**

15. LOANS AND ADVANCES TO CUSTOMERS

	30 June 2023 €	31 December 2022 €
Advances to individuals	335.045.093	355.666.545
Advances to legal entities:		
Large corporate entities and organisations	190.094.233	200.940.982
Small and medium size enterprises (SMEs)	590.096.063	646.505.132
Advances to customers – gross	**1.115.235.389**	**1.203.112.659**
Allowance for ECL	**(91.012.138)**	**(112.445.908)**
Advances to customers – net	**1.024.223.251**	**1.090.666.751**

Gross loans comprise of gross loans and advances to customers measured at amortised cost. The amount of new originations in the period/year net of derecognitions and other movements is €35,2m (2022: €126,8m). The contractual write-offs of loans and advances during the period/year are €51,9m (2022: €100,7m). The equivalent write-off amount excluding the residual fair value adjustment on initial recognition is €27,7m (2022: €62,9m).

An analysis of changes in the gross carrying amount and the corresponding ECL allowances is presented below.

	Stage 1 €	Stage 2 €	Stage 3 €	POCI €	Total €
Gross carrying amount					
1 January 2023	802.691.843	159.848.259	138.238.223	102.334.334	1.203.112.659
New assets originated or purchased	35.204.990	-	-	147.475	35.352.465
Transfer to Stage 1	39.520.924	(39.520.924)	-	-	-
Transfer to Stage 2	(11.929.395)	15.154.727	(3.225.332)	-	-
Transfer to Stage 3	(183.438)	(537.792)	721.230	-	-
Net movement during the period	(23.826.199)	(4.736.723)	(540.785)	(4.486.496)	(33.590.203)
Gross loans derecognised	(45.059.686)	(839.750)	(12.156.154)	(3.871.348)	(61.926.938)
Write-offs	(67.575)	(116.995)	(20.491.909)	(7.036.115)	(27.712.594)
30 June 2023	**796.351.464**	**129.250.802**	**102.545.273**	**87.087.850**	**1.115.235.389**

	Stage 1 €	Stage 2 €	Stage 3 €	POCI €	Total €
Gross carrying amount					
1 January 2022	790.564.790	169.284.643	194.730.608	143.145.485	1.297.725.526
New assets originated or purchased	126.815.822	-	-	6.029.817	132.845.639
Transfer to Stage 1	22.154.030	(21.024.489)	(1.129.541)	-	-
Transfer to Stage 2	(28.414.847)	32.421.006	(4.006.159)	-	-
Transfer to Stage 3	(12.925.262)	(2.248.399)	15.173.661	-	-
Net movement during the year	(26.115.825)	(13.779.815)	5.780.622	(7.788.814)	(41.903.832)
Gross loans derecognised	(69.202.985)	(4.798.402)	(22.395.881)	(26.298.554)	(122.695.822)
Write-offs	(183.880)	(6.285)	(49.915.087)	(12.753.600)	(62.858.852)
31 December 2022	**802.691.843**	**159.848.259**	**138.238.223**	**102.334.334**	**1.203.112.659**

15. LOANS AND ADVANCES TO CUSTOMERS (continued)

The allowance for ECL is decreased from €112,5m at 31 December 2022 to €91,0m at 30 June 2023.The decrease is primarily driven by the €27,6m write offs (2022: €62,7m) and to successful resolutions implemented during the period/year resulting in recoveries of expected credit losses. The decrease is partially offset by the increase due to the discount unwinding relating to Stage 3 and the revaluation of underlying real estate collaterals.

30 June 2023

	Stage 1 €	Stage 2 €	Stage 3 €	POCI €	Total €
ECL allowance					
1 January 2023	4.414.742	2.243.208	78.508.789	27.279.169	112.445.908
Interest not recognised in the income statement	-	-	3.012.570	713.362	3.725.932
Write-offs	-	-	(20.930.765)	(6.620.612)	(27.551.377)
Provision on new exposures granted	293.960	-	-	1.475	295.435
Derecognition	(123.351)	(3.575)	(642.729)	8.039	(761.616)
Transfer to Stage 1	993.606	(972.915)	(20.691)	-	-
Transfer to Stage 2	(53.816)	723.738	(669.922)	-	-
Transfer to Stage 3	(12.394)	(135.225)	147.619	-	-
Change due to models and inputs	1.815.738	(48.568)	672.538	345.366	2.785.074
Foreign exchange difference and other movement	2.728	(3)	68.246	1.811	72.782
30 June 2023	**7.331.213**	**1.806.660**	**60.145.655**	**21.728.610**	**91.012.138**

31 December 2022

	Stage 1 €	Stage 2 €	Stage 3 €	POCI €	Total €
ECL allowance					
1 January 2022	6.161.118	4.713.256	116.948.922	32.991.412	160.814.708
Interest not recognised in the income statement	-	-	7.953.974	1.898.277	9.852.251
Write-offs	-	-	(50.615.724)	(12.046.088)	(62.661.812)
Provision on new exposures granted	741.356	-	-	539.676	1.281.032
Derecognition	(226.417)	(30.497)	(2.541.205)	1.508.682	(1.289.437)
Transfer to Stage 1	1.471.036	(1.343.082)	(127.954)	-	-
Transfer to Stage 2	(322.667)	608.066	(285.399)	-	-
Transfer to Stage 3	(66.946)	(988.245)	1.055.191	-	-
Change due to models and inputs	(3.352.595)	(716.290)	5.676.616	2.404.214	4.011.945
Foreign exchange difference and other movement	9.857	-	444.368	(17.004)	437.221
31 December 2022	**4.414.742**	**2.243.208**	**78.508.789**	**27.279.169**	**112.445.908**

15. LOANS AND ADVANCES TO CUSTOMERS (continued)

Table below presents a breakdown of Loans and Advances to Customers as at 30 June 2023 in accordance with the EBA standards.

	Gross Loans and Advances to Customers				Accumulated Impairment, accumulated changes in fair value due to credit risk and provisions			
			Of which with Forbearance measures				Of which with Forbearance measures	
	Gross carrying amount	Of which Non-Performing	Gross carrying amount of Loans with Forbearance measures	Of which Non-Performing	Cumulative Impairment Losses	Of which Non-Performing	Cumulative Impairment Losses of Loans with Forbearance measures	Of which Non-Performing
	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000
General Governments	**12.462**	**-**	**-**	**-**	**69**	**-**	**-**	**-**
Other Financial Corporations	**116.280**	**2.101**	**-**	**-**	**1.936**	**1.276**	**-**	**-**
Non-financial Corporations	**644.934**	**99.136**	**103.435**	**41.817**	**43.667**	**36.552**	**8.806**	**7.839**
of which: Small and Medium-sized enterprises	479.869	99.136	103.435	41.817	41.339	36.545	8.806	7.839
of which: Loans collateralized by commercial Immovable property	359.017	43.696	68.087	26.310	12.188	8.321	4.902	3.962
Non-financial Corporations by sector								
Construction	91.804	39.552	33.848	12.655	19.213	18.156	1.883	1.882
Wholesale and retail trade	99.412	14.926	6.483	6.389	8.951	7.533	1.570	1.548
Accommodation and food service activities	106.263	11.428	39.632	8.457	1.903	840	483	115
Real estate activities	110.520	16.500	9.343	4.141	4.443	3.691	851	777
Water supply, sewerage and waste management	54.323	50	-	-	48	48	-	-
Other Sectors	182.611	16.680	14.129	10.175	9.108	6.285	4.020	3.516
Households	**341.559**	**82.082**	**27.125**	**18.192**	**45.340**	**43.910**	**5.202**	**5.128**
of which: Loans collateralized by residential Immovable property	246.141	48.521	24.059	15.874	20.153	19.793	3.905	3.866
of which: Credit for consumption	70.167	30.007	4.669	3.112	17.921	16.922	424	471
Total	**1.115.235**	**183.319**	**130.560**	**60.009**	**91.012**	**81.738**	**14.008**	**12.967**

(1) Non-including loans and advances to central banks and credit institution
(2) The analysis shown in lines ‘non-financial corporations’ and ‘households’ is non-additive across all categories as certain customers could be in both categories.

15. LOANS AND ADVANCES TO CUSTOMERS (continued)

Table below presents a breakdown of Loans and Advances to Customers as at 31 December 2022 in accordance with the EBA standards.

	Gross Loans and Advances to Customers				Accumulated Impairment, accumulated changes in fair value due to credit risk and provisions			
			Of which with Forbearance measures				Of which with Forbearance measures	
	Gross carrying amount €'000	Of which Non-Performing €'000	Gross carrying amount of Loans with Forbearance measures €'000	Of which Non-Performing €'000	Cumulative Impairment Losses €'000	Of which Non-Performing €'000	Cumulative Impairment Losses of Loans with Forbearance measures €'000	Of which Non-Performing €'000
General Governments	**12.513**	**-**	**-**	**-**	**40**	**-**	**-**	**-**
Other Financial Corporations	**64.176**	**2.270**	**-**	**-**	**1.855**	**1.424**	**-**	**-**
Non-financial Corporations	**763.838**	**124.274**	**143.801**	**46.480**	**52.718**	**47.342**	**9.516**	**8.156**
of which: Small and Medium-sized enterprises	576.627	123.962	129.461	46.168	50.753	47.335	9.348	8.149
of which: Loans collateralized by commercial Immovable property	398.815	65.085	104.538	33.500	19.082	16.265	5.344	4.324
Non-financial Corporations by sector								
Construction	101.407	47.832	44.147	16.469	19.711	19.128	2.372	2.335
Wholesale and retail trade	108.116	18.553	7.260	4.659	10.692	9.902	1.568	768
Accommodation and food service activities	124.502	12.191	68.179	8.781	2.182	1.259	644	119
Real estate activities	113.637	19.592	8.321	4.658	4.664	4.211	888	768
Water supply, sewerage and waste management	54.975	47	-	-	45	45	-	-
Other Sectors	261.200	26.059	15.894	11.913	15.424	12.797	4.044	4.166
Households	**362.586**	**107.935**	**29.585**	**23.730**	**57.833**	**56.779**	**6.765**	**6.635**
of which: Loans collateralized by residential Immovable property	256.360	66.622	24.487	19.427	28.376	28.156	4.567	4.498
of which: Credit for consumption	75.882	34.938	5.647	4.827	19.141	18.498	624	737
Total	**1.203.113**	**234.479**	**173.386**	**70.210**	**112.446**	**105.545**	**16.281**	**14.791**

(1) Non-including loans and advances to central banks and credit institutions
(2) The analysis shown in lines 'non-financial corporations' and 'households' is non-additive across all categories as certain customers could be in both categories.

16. STOCK OF PROPERTY

	30 June 2023 €	31 December 2022 €
1 January	140.527.900	131.791.212
Additions	8.002.712	43.063.370
Disposals	(9.049.250)	(33.433.680)
Impairment	-	(893.002)
Closing balance	**139.481.362**	**140.527.900**

At 30 June 2023 stock of property with a carrying amount of €108.292.392 (31 December 2022: €113.300.502) is carried at approximately its fair value less costs to sell.

During the six-month period ended 30 June 2023, the Group disposed repossessed assets of a total amount of €9.049.250 (2022: €33.433.680) at a gain of €555.971 (six-month period ended 30 June 2022: €476.822 gain).

Valuations are performed once every year at year end based on the Bank's policy.

Considering the movement in prices in the real estate market during the six-month period ended 30 June 2023 and the particularities of the Bank`s real estate portfolio, including those classified as stock of properties and investment properties, the Group's Management estimated that the overall open market values of the Bank`s real estate portfolio remained relatively stable since the year ended 31 December 2022. This can be supported by idiosyncratic factors such as the properties' locations, their zoning, their distinct features and their present condition.

17. PROPERTY AND EQUIPMENT

	Right of use assets	Property €	Equipment €	Total €
2023				
Net book value at 1 January	3.025.884	26.813.800	3.058.451	32.898.135
Additions	267.008	-	452.813	719.821
Contract modification	-	-	(5.719)	(5.719)
Write off/Disposals	(13.419)	-	-	(13.419)
Depreciation	(360.722)	(132.885)	(521.286)	(1.014.893)
Net book value at 30 June	**2.918.751**	**26.680.915**	**2.984.259**	**32.583.925**

18. FUNDING FROM CENTRAL BANKS

Funding from central banks comprises funding from the ECB under Eurosystem monetary policy operations as set out in the table below:

	30 June 2023 €	31 December 2022 €
Targeted Longer-Term Refinancing Operations (TLTRO III)	**300.680.976**	**296.501.809**

As at 30 June 2023, the ECB funding was €300 million (31 December 2022: €300 million) borrowed from various TLTRO III operations.

18. FUNDING FROM CENTRAL BANKS (continued)

From 23 November 2022, interest rate on all remaining TLTRO III operations to be indexed to average applicable key ECB interest rates from that date onward.

The ECB during its October 2022 meeting announced that from 23 November 2022 onwards, the applicable interest rate would be indexed to the average applicable key ECB interest rates from that date onward. The maturity of TLTRO III is three years from the settlement of each operation, but there is an option available to early repay or reduce the amounts borrowed before their respective final maturity.

Interest expense in 2023 and interest income in 2022 from the above transactions are included in "Interest expense" and "Interest income" respectively in the Interim Condensed Consolidated Income Statement.

19. DEPOSITS AND OTHER CUSTOMER ACCOUNTS

Analysis by type of deposit

	30 June 2023 €	31 December 2022 €
Demand	1.026.810.642	1.181.270.723
Savings	378.248.223	402.314.044
Term	654.904.394	528.327.662
Total	**2.059.963.259**	**2.111.912.429**

20. DEBT SECURITIES IN ISSUE AND SUBORDINATED LIABILITIES

		30 June 2023		31 December 2022	
		€	€	€	€
Subordinated liabilities	**Contractual interest rate**	**Nominal Value**	**Carrying Value**	**Nominal Value**	**Carrying Value**
Subordinated Tier 2 Bonds	8,00%	16.403.595	16.156.071	16.403.595	16.462.910
		16.403.595	**16.156.071**	**16.403.595**	**16.462.910**
Debt securities in issue – MREL qualified					
Senior preferred bonds – Euro	6,50%	5.200.000	5.369.000	5.200.000	5.200.000
Senior preferred bonds- USD	8,50%	9.028.929	9.412.659	9.179.468	9.179.468
		14.228.929	**14.781.659**	**14.379.468**	**14.379.468**
Debt securities in issue					
Senior preferred bonds – Euro	0% up to Call Date	2.300.000	2.300.000	7.000.000	7.000.000
		2.300.000	**2.300.000**	**7.000.000**	**7.000.000**
Total debt securities in issue		**16.528.929**	**17.081.659**	**21.379.468**	**21.379.468**

Subordinated liabilities

In June 2020, the Group issued a €16,4 million unsecured and subordinated Tier 2 Bond. The Bond was priced at par with a coupon of 8% per annum, payable quarterly. The Bond matures in June 2030 (ten years from the issuance date). The Group may redeem all the Bonds on any Interest Payment Date following the fifth anniversary of the issuance date of the relevant Bond, subject to applicable regulatory consents.

20. DEBT SECURITIES IN ISSUE AND SUBORDINATED LIABILITIES (continued)

Debt securities in issue – MREL qualified

In December 2021, the Group issued €1,2 million and US$2,1 million senior preferred bonds with maturity of 2 years from the issuance date. The Bonds were priced at par with a coupon of 2,25% and 3,0% per annum respectively, payable annually. The Group has proceeded with the exercise of the option and early redeemed the bonds in December 2022.

In December 2022, the Group issued €5,2 million and US$9,8 million senior preferred bonds. The Bonds were priced at par with a coupon of 6,50% and 8,50% per annum respectively, payable annually. The Bonds mature in December 2024 (two years from the issuance date). The Group has the option to redeem the bonds early in December 2023, subject to applicable regulatory consents. The bonds comply with the criteria for the minimum requirement for own funds and eligible liabilities (MREL) and contribute towards Group's MREL requirements. The bonds are listed on the Cyprus Stock Exchange market.

In July 2023, the Group issued €9,0 million and US$4,5 million senior preferred bonds. The Bonds were priced at par with a coupon of 7,875% and 9,0% per annum respectively, payable annually. The Bonds mature in January 2027 (3,5 years from the issuance date). The Group has the option to redeem the bonds in January 2026, subject to applicable regulatory consents. The bonds comply with the criteria for the minimum requirement for own funds and eligible liabilities (MREL) and contribute towards Group's MREL requirements. The bonds will be listed on the Cyrus Stock exchange.

Debt securities in issue

In October 2022, as part of the total consideration for the acquisition of ex-Quant business, the Group issued three different senior preferred bonds aggregated to EUR7,0 million. The bonds were priced at par with zero coupon up to the Call date and resettable thereafter at 12% per annum until the maturity date. The bonds mature in February 2024, June 2024 and October 2024. The Group has the option to redeem the bonds at the Call Date. In February and June 2023, the Group proceeded with exercising the option to early redeem the bonds with original maturity in February and June 2024 for a total amount of €4,7 million.

The bonds do not comply with the criteria for the minimum requirement for own funds and eligible liabilities (MREL).

The Bank considers that the fair value of the Bonds as at 30 June 2023 and 31 December 2022 approximate their book value.

21. SHARE CAPITAL AND SHARE PREMIUM

	Authorised share capital		Issued share capital	
	Number of shares	**€**	**Number of shares**	**€**
Ordinary shares	**40.000.000**	**40.000.000**	**23.624.789**	**179.008.150**

	Share Capital €	Share Premium €	Total €
1 January 2022	23.624.789	155.383.361	179.008.150
31 December 2022	**23.624.789**	**155.383.361**	**179.008.150**
1 January 2023	23.624.789	155.383.361	179.008.150
30 June 2023	**23.624.789**	**155.383.361**	**179.008.150**

21. SHARE CAPITAL AND SHARE PREMIUM (continued)

Authorised share capital

There were no changes to the authorised share capital during the period/ year ended 30 June 2023 and 31 December 2022.

Issued share capital and share premium

All issued ordinary shares carry the same rights.

There were no changes to the issued share capital during the period/ year ended 30 June 2023 and 31 December 2022.

22. CONTINGENT LIABILITIES AND COMMITMENTS

Credit – related financial instruments

Credit-related financial instruments include commitments relating to credit guarantees and letters of guarantee, issued in order to meet the financial requirements of the Group's customers. The credit risk on these transactions corresponds to the total contract amount. However, the majority of these facilities are offset by corresponding commitments by third parties.

Undrawn loan commitments and letters of credits are commitments under which, over the duration of the commitment the Group is required to provide a loan with pre-specified terms to the customer. Performance Guarantees are accounted for under IFRS 9.

	30 June 2023 €	**31 December 2022 €**
Contingent liabilities		
Credit guarantees	3.601.833	1.968.091
Letters of guarantees	57.184.289	54.810.166
	60.786.122	**56.778.257**
Commitments		
Unutilised limits	**125.463.727**	**135.278.656**
Total contingent liabilities and commitments	**186.249.849**	**192.056.913**

As at 30 June 2023 letters of guarantee of €17.137.676 (31 December 2022: €16.815.640) had a maturity date beyond one year. The aggregate amount of credit guarantees had a maturity date within one year. The amounts are interest free and are presented at their book value since the effect of discounting is not significant.

Capital commitments

Commitments for IT expenditure as at 30 June 2023 amounted to €404.075 (2022: €982.771).

Legal proceedings

As at 30 June 2023 there were pending arbitration proceedings as well as litigations against the Group in connection with its activities. While the outcome of these matters is inherently uncertain, Group's Management believes that, based on the information available to it, appropriate provisions have been made in respect of legal proceedings, arbitrations and regulatory matters as at 30 June 2023 and hence it is not believed that such matters, when concluded, will have a material impact upon the financial position of the Group. Any provision recognised does not constitute an admission of wrongdoing or legal liability.

22. CONTINGENT LIABILITIES AND COMMITMENTS (continued)

Legal proceedings (continued)

Set off of receivables with deposits
Case concerns a set off a receivable against a deposit. The Bank allege that the Defendants wrongly proceeded to a set off against plaintiffs' pledged deposit and claim the same amount back. A court judgment has been issued against the Bank for the amount of the claim and the Bank has filed an appeal which has not yet been fixed for hearing.

Claims relating to execution of transactions
Pending actions against the Bank where the Plaintiffs allege that the Bank has wrongly proceeded with and/or utilized and/or disposed of amount of money held by/on behalf of its customer, in breach of the Bank's duty of care and trust.

Competition Law case which was transferred with the acquisition of USB Bank business
After the issuance of a decision by the Competition Committee, against USB and other Banks imposing a fine for an infringement of Competition, the USB along with other Bank's fined as well proceeded with filing of an Appeal against such decision at the Administrative Court. The Administrative Court accepted the appeal of all Banks for the reason put forward by the Banks in the Appeal namely the composition of the Competition Authority Committee. The Committee proceeded with filing of an appeal at the Supreme Court which is still pending and not fixed for hearing yet. In case the Supreme Court decides in favour of the Appellant (i.e., the Competition Authority) the whole case will have to return for adjudication by the Administrative Court. If the Supreme Court rejects the appeal then the case will be considered as closed and therefore the Bank will not be called to pay any amount of money.

Agreement with NBG (Cyprus) Ltd
A Share and Purchase Agreement ("SPA") has been signed on the 26th of November 2019 between AstroBank and National Bank of Greece for the sale of the 100% stake of National Bank of Greece (Cyprus) Ltd.

The deadline for completion ("Long Stop Date") has expired and therefore AstroBank has terminated the SPA in accordance with the terms and provisions thereof. An arbitration proceeding commenced in relation to the amount deposited by AstroBank to National Bank of Greece (Cyprus) Ltd of €3,8 million as part of the SPA. The Arbitration has been completed on the 30th of March 2023 and it is expected that the final arbitration award will be issued by the end of 2023.

Employment litigation
Former employees of the Bank have instituted claims for unlawful dismissal against the Group. This case is still in its preliminary stages.

Classification of loans as non-performing
The case concerns the Bank's classification of two granted loans as non-performing whilst the plaintiffs allege that they stopped making payments due to force "majeure reasons", and in particular due to the capital restrictions imposed in Lebanon.

In addition, the plaintiffs also allege that they have paid the debt before the Lebanese Courts pursuant to an application filed to that effect before the Department of Execution of Beirut. This procedure was blocked by the Bank before the Lebanese courts pursuant to a court judgment issued by the Lebanese courts in favour of the Bank, however the Plaintiffs filed an opposition to revert the aforestated court decision, the hearing of which is still pending.

Letters of guarantees
There are two pending court actions against the Bank in respect of letters of guarantee issued as security for the issuance of title deeds provided as mortgaged for facilities granted. The total sum of the claim is for an amount of €362.095 plus interest and costs.

23. GROUP COMPANIES

The subsidiary companies included in the consolidated financial statements of the Group, their country of incorporation, their activities and the percentage of share capital held by the Bank as at 30 June 2023 are listed below.

		Country of incorporation	Activities	Percentage
1	Carbinor Consultants Limited	Cyprus	Secretarial services to the Bank's SPVs	100%
2	Meribas Limited	Cyprus	Director of the Bank's SPVs	100%
3	Pandingmor Limited	Cyprus	Property holding under long term lease agreement	100%
4	A.P.M. Control Company Ltd	Cyprus	Property holding	100%
5	A.P.M. Firstsun Company Ltd	Cyprus	Property holding	100%
6	Adanina Limited	Cyprus	Property holding	100%
7	Adflikton Investments Limited	Cyprus	Property holding	100%
8	Ailanthus Holdings Limited	Cyprus	Property holding	100%
9	Altexpono Limited	Cyprus	Property holding	100%
10	Amatorco Limited	Cyprus	Property holding	100%
11	Assong Holding Limited	Cyprus	Property holding	100%
12	Averrhoa Limited	Cyprus	Property holding	100%
13	Azulito Ventures Limited	Cyprus	Property holding	100%
14	Bakkens Limited	Cyprus	Property holding	100%
15	Bushtron Holdings Limited	Cyprus	Property holding	100%
16	Callistem Holdings Limited	Cyprus	Property holding	100%
17	Conaria Holdings Limited	Cyprus	Property holding	100%
18	Costpleo Investments Limited	Cyprus	Property holding	100%
19	Crantenia Ventures Limited	Cyprus	Property holding	100%
20	Dacibel Limited	Cyprus	Property holding	100%
21	Feelopie Holding Limited	Cyprus	Property holding	100%
22	Firstplatinum Company Ltd	Cyprus	Property holding	100%
23	Gianteto Limited	Cyprus	Property holding	100%
24	J&P Kalamon Limited	Cyprus	Property holding	100%
25	Kantadia Ventures Limited	Cyprus	Property holding	100%
26	Macerio Limited	Cyprus	Property holding	100%
27	Mangum Holding Limited	Cyprus	Property holding	100%
28	Olemo Limited	Cyprus	Property holding	100%
29	Openstar International Company Ltd	Cyprus	Property holding	100%
30	Pexofino Limited	Cyprus	Property holding	100%
31	Raunaki Ltd	Cyprus	Property holding	100%
32	Rowington Ventures Limited	Cyprus	Property holding	100%
33	Sabatia Limited	Cyprus	Property holding	100%
34	Scaevola Ventures Limited	Cyprus	Property holding	100%
35	Serdetto Limited	Cyprus	Property holding	100%
36	Shortia Limited	Cyprus	Property holding	100%
37	Sistemero Limited	Cyprus	Property holding	100%

23. GROUP COMPANIES (continued)

		Country of incorporation	Activities	Percentage
38	Spiritia Limited	Cyprus	Property holding	100%
39	Tipuana Ventures Limited	Cyprus	Property holding	100%
40	Todero Limited	Cyprus	Property holding	100%
41	Tomentos Holdings Limited	Cyprus	Property holding	100%
42	Viegiot Investments Limited	Cyprus	Property holding	100%
43	Xepa Company Limited	Cyprus	Property holding	100%
44	Yurania Investments Limited	Cyprus	Property holding	100%
45	Delaway Limited	Cyprus	Intermediate holding company	100%
46	Dusanic Holdings Limited	Cyprus	Intermediate holding company	100%
47	Imagetech Limited	Cyprus	Intermediate holding company	100%
48	Lewisia Holdings Limited	Cyprus	Intermediate holding company	100%
49	Naila Holdings Limited	Cyprus	Intermediate holding company	100%
50	Olcinia Holdings Limited	Cyprus	Intermediate holding company	100%
51	Osperus Holdings Limited	Cyprus	Intermediate holding company	100%
52	Perekin Holdings Limited	Cyprus	Intermediate holding company	100%
53	Perequito Holdings Limited	Cyprus	Intermediate holding company	100%
54	Serissa Holdings Limited	Cyprus	Intermediate holding company	100%
55	AstroBank Insurance Agency Limited	Cyprus	Insurance brokerage	100%
56	Apomeli Ltd	Cyprus	Dormant	100%
57	Axalus Limited	Cyprus	Dormant	100%
58	Brawnido Ltd	Cyprus	Dormant	100%
59	Catouna Ltd	Cyprus	Dormant	100%
60	Chrynoa Ltd (“ex-Quant”)	Cyprus	Dormant	100%
61	Dremikol Ltd	Cyprus	Dormant	100%
62	EMF Investors Limited	Cyprus	Dormant	100%
63	Fralidom Ltd	Cyprus	Dormant	100%
64	Jiboka Limited	Cyprus	Dormant	100%
65	Kaihur Investment Limited	Cyprus	Dormant	100%
66	Katefors Ltd	Cyprus	Dormant	100%
67	Pelasela Ltd	Cyprus	Dormant	100%
68	Phelien Limited	Cyprus	Dormant	100%
69	Ramatary Limited	Cyprus	Dormant	100%
70	Rimitaria Limited	Cyprus	Dormant	100%
71	Rockory Enterprises Limited	Cyprus	Dormant	100%
72	Serianio Limited	Cyprus	Dormant	100%

24. CAPITAL MANAGEMENT

The main objective of the Group's capital management function is to ensure compliance with the relevant supervisory capital requirements and to maintain healthy capital adequacy ratios which can support the Company's growth and safeguard the interests of its shareholders and all other stakeholders.

Regulatory framework overview

The Central Bank of Cyprus (CBC), as part of its supervisory role, has adopted the recommendations of the Basel Committee and the European Directives on banking supervisory matters. The Basel III Framework known as Capital Requirement Regulation ("CRR") No 575/2013 Capital Requirement Directive IV ("CRD IV") as amended by Regulation (EU) 2019/876 (the "CRR II") and Directive (EU) 2019/878 (the "CRD V") respectively, establishes the prudential requirements for capital, liquidity and leverage that entities need to abide. CRD V governs access to deposit-taking activities, internal governance arrangements including remuneration, board composition and transparency.

With regards to the Bank Recovery and Resolution Directive (BRRD) this requires EU credit institutions and certain investment firms to maintain a minimum requirement for own funds and eligible liabilities (MREL), subject to the provisions of the Commission Delegated Regulation (EU) 2016/1450. On 27 June 2019, the BRRD II came into effect as part of the reform package for strengthening the resilience and resolvability of European banks and this was transposed and implemented in Cyprus law in early May 2021.

The table below presents the regulatory capital requirements, as at each reporting period:

Overall Capital Requirements (OCR)	**30 June 2023 %**	**31 December 2022 %**
Pillar I – Total Capital Requirements	8,00%	8,00%
Pillar II – Total Capital Requirements	3,83%	2,85%
Capital Combined Buffer Requirement (CBR)	2,75%	2,75%
Total Overall Capital Requirements (OCR)	**14,58%**	**13,60%**

Minimum CET1 Regulatory Capital Requirements	**30 June 2023 %**	**31 December 2022 %**
Pillar I – Total Capital Requirements	4,50%	4,50%
Pillar II – Total Capital Requirements	2,15%	1,60%
Capital Combined Buffer Requirement (CBR)	2,75%	2,75%
Total Minimum CET1 Capital Requirements	**9,40%**	**8,85%**

Further to the above, the CBC requires the Bank to maintain Pillar II Guidance ('P2G') in the form of CET1.

The Bank is subject to minimum Leverage ratio requirement of 3%. The leverage ratio is calculated as the Tier 1 Capital divided by the Bank's total exposure on a transitional and on a fully loaded basis.

The table below presents the actual ratios, on a transitional basis, as at each reporting period:

	30 June 2023	**31 December 2022**
CET1	€205m	€191m
Tier 1	€205m	€191m
Total Capital	**€221m**	**€208m**
Risk weighted assets	**€1.086m**	**€1.156m**
Common Equity Tier 1 ratio	18,86%	16,54%
Tier 1 ratio	18,86%	16,54%
Total Capital Adequacy Ratio	20,35%	17,96%
Leverage Ratio	7,51%	6,86%

24. CAPITAL MANAGEMENT (continued)

As at 30 June 2023, Overall Capital adequacy ratio and the Common Equity Tier 1 ratio on a fully load basis stood at 20,24% and 18,75% respectively (17,79% and 16,37% as at 31 December 2022).

The Bank's capital position was in compliance with the minimum regulatory requirement, including P2G, throughout the reporting period and as at 30 June 2023.

Based on the transitional definition, as at 30 June 2023 the Leverage Ratio of the Group was 7,51% compared to 6,86% as at 31 December 2022. The fully phased in Leverage Ratio was 7,48%.

Based on the final decision dated 24th May 2023, the minimum requirement for own funds and eligible liabilities (MREL) requirement for the Bank is set at 20,86% of Total Risk Exposure Amount ("TREA") and 5,33% of Leverage ratio exposure ("LRE") and this must be met by 31s December 2025. Furthermore, the Bank must comply with an intermediate requirement of 12,57% of TREAs and 5,31% of LRE as from 1 January 2022. As at 30 June 2023, the MREL ratio calculated stood at 22,52% of risk weighted assets ("RWAs") and at 8,97% of LRE compared to 19,21% of RWAs and at 7,97% of LRE as at 31 December 2022.

The ratios above include the reviewed profits by the external auditors for the six months ended 30 June 2023.

25. FAIR VALUE OF ASSETS AND LIABILITIES

Fair value represents the amount at which an asset could be exchanged, or a liability settled, in an arm's length transaction. Some differences may arise between the carrying value and the fair value. The definition of fair value assumes that the Group will continue its normal operations without any intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms which would bring about losses to the Group. Generally accepted methods of determining fair value include reference to quoted market prices and transactions for similar financial instruments.

The Group uses the following hierarchy to classify and disclose fair value:

Level 1: investments measured at fair value using quoted prices in active markets for similar investments;

Level 2: investments measured at fair value using valuation models in which all elements that significantly influence fair value are based on observable market data either directly (i.e. as prices) or indirectly (i.e. derived from prices);

Level 3: investments measured at fair value using valuation models in which elements that significantly influence fair value are not based on observable market data.

The following table presents the fair value measurement hierarchy of the Group's assets and liabilities recorded at fair value or for which fair value is disclosed, by level of the fair value hierarchy:

25. FAIR VALUE OF ASSETS AND LIABILITIES (continued)

	Carrying amount €	Fair Value €	Level 1 €	Level 2 €	Level 3 €
30 June 2023					
Assets measured at fair value					
Financial assets at fair value through other comprehensive income	6.404.840	6.404.840	-	-	6.404.840
Financial assets at fair value through profit or loss	10.056.476	10.056.476	9.340.633	-	715.843
Derivative financial instruments	1.692.692	1.692.692	-	1.692.692	-
Investment property	19.850.251	19.850.251	-	-	19.850.251
Property and equipment	32.583.925	32.583.925	-	-	32.583.925
	70.588.184	**70.588.184**	**9.340.633**	**1.692.692**	**59.554.859**
Other financial assets not measured at fair value					
Cash and balances with central banks	849.649.232	849.649.232	-	849.649.232	-
Placements with other banks	31.008.031	31.008.031	-	31.008.031	-
Debt securities	523.617.644	487.907.941	487.907.941	-	-
Loans and advances to customers	1.024.223.251	1.024.223.251	-	-	1.024.223.251
Other assets	23.493.571	23.493.571	-	-	23.493.571
	2.451.997.729	**2.416.282.026**	**487.907.941**	**880.657.263**	**1.047.716.822**
Liabilities measured at fair value					
Derivative financial instruments	118.693	118.693	-	118.693	-
	118.693	**118.693**	**-**	**118.693**	**-**
Liabilities not measured at fair value					
Funding from central banks	300.680.976	300.680.976	-	300.680.976	-
Amounts due to other banks and deposits from banks	12.132.923	12.132.923	-	12.132.923	-
Deposits and other customer accounts	2.059.963.259	2.059.963.259	-	-	2.059.963.259
Other liabilities	47.497.537	47.497.537	-	-	47.497.537
Subordinated liabilities	16.156.071	16.156.071	-	-	16.156.071
Debt securities in issue	17.081.659	17.081.659	-	-	17.081.659
	2.453.512.425	**2.453.512.425**	**-**	**312.813.899**	**2.140.698.526**

There were no significant transfers between levels during the period.

25. FAIR VALUE OF ASSETS AND LIABILITIES (continued)

	Carrying amount €	Fair Value €	Level 1 €	Level 2 €	Level 3 €
31 December 2022					
Assets measured at fair value					
Financial assets at fair value through other comprehensive income	6.394.636	6.394.636	-	-	6.394.636
Financial assets at fair value through profit or loss	12.906.793	12.906.793	10.691.817	-	2.214.976
Derivative financial instruments	1.304.888	1.304.888	-	1.304.888	-
Investment property	19.850.251	19.850.251	-	-	19.850.251
Property and equipment	32.898.135	32.898.135	-	-	32.898.135
	73.354.703	**73.354.703**	**10.691.817**	**1.304.888**	**61.357.998**
Other financial assets not measured at fair value					
Cash and balances with central banks	782.631.481	782.631.481	-	782.631.481	-
Placements with other banks	21.943.349	21.943.349	-	21.943.349	-
Debt securities	585.409.143	541.833.099	541.833.099		-
Loans and advances to customers	1.090.666.751	1.090.666.751	-	-	1.090.666.751
Other assets	17.730.362	17.730.362	-	-	17.730.362
	2.498.381.086	**2.454.805.042**	**541.833.099**	**804.574.830**	**1.108.397.113**
Liabilities measured at fair value					
Derivative financial instruments	139.615	139.615	-	139.615	-
	139.615	**139.615**	**-**	**139.615**	**-**
Liabilities not measured at fair value					
Funding from central banks	296.501.809	296.501.809	-	296.501.809	-
Amounts due to other banks and deposits from banks	13.133.697	13.133.697	-	13.133.697	-
Deposits and other customer accounts	2.111.912.429	2.111.912.429	-	-	2.111.912.429
Other liabilities	58.645.847	58.645.847	-	-	58.645.847
Subordinated liabilities	16.462.910	16.462.910	-	-	16.462.910
Debt securities in issue	21.379.468	21.379.468	-	-	21.379.468
	2.518.036.160	**2.518.036.160**	**-**	**309.635.506**	**2.208.400.654**

There were no significant transfers between levels during the year.

25. FAIR VALUE OF ASSETS AND LIABILITIES (continued)

The fair value of financial instruments traded in active markets is based on quoted market prices at the reporting date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in Level 1. Instruments included in Level 1 comprise of Government and corporate bonds listed in Stock Exchanges and classified at fair value through profit or loss.

The fair value of financial instruments that are not traded in an active market (for example equity instruments not listed in an active market) is determined using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in Level 2.

26. FINANCIAL ASSETS AND FINANCIAL LIABILITIES

30 June 2023

	FVTPL €	FVOCI –Equity instruments €	Amortised cost €	Total carrying amount €
Assets				
Balances with central banks	-	-	849.649.232	849.649.232
Placements with other banks	-	-	31.008.031	31.008.031
Derivative financial instruments	1.692.692	-	-	1.692.692
Loans and advances to customers	-	-	1.024.223.251	1.024.223.251
Investment securities:				
-Debt securities	8.580.010	-	523.617.644	532.197.654
-Equity securities	715.843	6.404.840	-	7.120.683
-Other investments	760.623	-	-	760.623
Other assets	-	-	23.493.571	23.493.571
Total financial assets	**11.749.168**	**6.404.840**	**2.451.991.729**	**2.470.145.737**
Liabilities				
Derivative financial instruments	118.693	-	-	118.693
Funding from central banks	-	-	300.680.976	300.680.976
Amounts due to other banks and deposits from banks	-	-	12.132.923	12.132.923
Deposits and other customer accounts	-	-	2.059.963.259	2.059.963.259
Other liabilities	-	-	47.497.537	47.497.537
Subordinated liabilities			16.156.071	16.156.071
Debt securities in issue	-	-	17.081.659	17.081.659
Total financial liabilities	**118.693**	**-**	**2.453.512.425**	**2.453.631.118**

26. FINANCIAL ASSETS AND FINANCIAL LIABILITIES (continued)

31 December 2022

	FVTPL €	FVOCI –Equity instruments €	Amortised cost €	Total carrying amount €
Assets				
Balances with central banks	-	-	782.631.481	782.631.481
Placements with other banks	-	-	21.943.349	21.943.349
Derivative financial instruments	1.304.888	-	-	1.304.888
Loans and advances to customers	-	-	1.090.666.751	1.090.666.751
Investment securities:				
-Debt securities	9.999.718	-	585.409.143	595.408.861
-Equity securities	2.214.976	6.394.636	-	8.609.612
-Other investments	692.099	-	-	692.099
Other assets	-	-	17.730.362	17.730.362
Total financial assets	**14.211.681**	**6.394.636**	**2.498.381.086**	**2.518.987.403**
Liabilities				
Derivative financial instruments	139.615	-	-	139.615
Funding from central banks	-	-	296.501.809	296.501.809
Amounts due to other banks and deposits from banks	-	-	13.133.697	13.133.697
Deposits and other customer accounts	-	-	2.111.912.429	2.111.912.429
Other liabilities	-	-	58.645.847	58.645.847
Subordinated liabilities			16.462.910	16.462.910
Debt securities in issue	-	-	21.379.468	21.379.468
Total financial liabilities	**139.615**	**-**	**2.518.036.160**	**2.518.175.775**

27. RELATED PARTY TRANSACTIONS

The Group is owned by a number of investors, none of whom, has a direct or indirect controlling interest on the Group.

Key management personnel

Key Management personnel are those persons who have the authority and the responsibility for the planning, management and control of the Banks' operations, directly or indirectly.

The Group according to the provisions of IAS 24 considers as Key Management personnel a team of fourteen senior personnel reporting directly to the CEO. The number of Key Management personnel as at 30 June 2023 was 13 (2022: 16).

Connected persons include spouses, dependent children, as well as companies in which key management personnel hold, directly or indirectly, at least 10% of the voting rights during a General meeting.

The table below presents transactions and balances with the key management personnel and board members, and connected persons as at 30 June 2023 and 31 December 2022. The table does not include period end balances of members of the Board of Directors and key management personnel and their connected persons who resigned during the period. Interest income and expense is disclosed for the period during which they were members of the Board of Directors or served as key management personnel.

27. RELATED PARTY TRANSACTIONS (continued)

	30 June 2023 €	31 December 2022 €
Loans and advances	1.654.481	1.656.251
Interest income	29.332	33.088
Deposits	1.121.358	1.294.907
Negative Interest on deposits	(456)	(221)
Other fees	36.903	73.086

As at 30 June 2023, there were contingent liabilities and commitments to Key Management personnel who were not Directors and their connected persons amounting to €102.555 (31 December 2022: €104.260).

Remuneration of key management personnel of the Group

	30 June 2023 €	30 June 2022 €
Key management personnel remuneration: Salaries and other benefits and employer's contributions	1.067.730	1.081.776
Voluntary redundancy costs	200.000	-
Total	**1.267.730**	**1.081.776**

Non-executive Directors' remuneration

	30 June 2023 €	30 June 2022 €
Remuneration of Non-Executive Directors (Note 8)	**244.069**	**186.343**

28. EVENTS AFTER THE REPORTING PERIOD

Debt securities in issue – MREL qualified
In July 2023, the Group issued €9.000.000 and US$4.500.000 senior preferred bonds. The Bonds were priced at par with a coupon of 7,875% and 9,0% per annum respectively, payable annually. The Bonds mature in January 2027 (3,5 years from the issuance date). The Group has the option to redeem the bonds early in January 2026, subject to applicable regulatory consents. The bonds comply with the criteria for the minimum requirement for own funds and eligible liabilities (MREL) and contribute towards Group's MREL requirements.

Potential acquisition of Cyprus Development Bank ("CDB")
Initial discussions have taken place between the Group and CDB concerning a potential acquisition which will be subject to corporate, shareholders and regulatory approvals.

Other than the above, no other significant non-adjusting events have taken place since 30 June 2023.

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Report on review of Interim Condensed Consolidated Financial Information

To the Board of Directors of AstroBank Public Company Limited

Introduction

We have reviewed the interim condensed consolidated financial statements of AstroBank Public Company Limited (the 'Bank') and its subsidiaries (together with the Bank, the 'Group'), which comprise the interim consolidated statement of financial position as at 30 June 2023, the interim consolidated income statement, interim consolidated statement of comprehensive income, interim consolidated statement of changes in equity and interim consolidated statement of cash flows for the six-month period then ended, as well as the selected explanatory notes (the 'Interim Condensed Consolidated Financial Information'). Management is responsible for the preparation and presentation of this Interim Condensed Consolidated Financial Information in accordance with the International Financial Reporting Standards as endorsed by the European Union and applicable to interim financial reporting (International Accounting Standard 34 Interim Financial Reporting ('IAS 34')). Our responsibility is to express a conclusion on this Interim Condensed Consolidated Financial Information based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity'. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that this Interim Condensed Consolidated Financial Information is not prepared, in all material respects, in accordance with IAS 34.

Nicolas Pavlou
Certified Public Accountant and Registered Auditor
for and on behalf of
Ernst & Young Cyprus Limited
Certified Public Accountants and Registered Auditors

Nicosia, 27 September 2023

GLOSSARY AND DEFINITIONS

Name	Definition
Capital adequacy ratio (transitional)	Total capital divided by Risk Weighted Assets.
CET1 ratio	Common Equity Tier 1 capital divided by Risk Weighted Assets.
Cost to income ratio	Total expenses (as defined) divided by total income (as defined excluding non-recurring income).
Gross Loans and advances to customers	Gross Loans comprise of gross loans and advances to customers measured at amortised cost after the residual fair value adjustment on initial recognition and before deducting accumulated impairment losses. Gross loans are reported after the residual fair value adjustment on initial recognition relating mainly to loans acquired from USB Bank (calculated as the difference between the outstanding contractual amount and the fair value of loans acquired).
Gross Loans with forbearance measures	Forborne Exposures (EBA definition).
Liquid assets	Consist of Cash and balances with central banks, placements with other banks, net loans and advances, investments in debt securities at amortised cost and debt securities at fair value through profit or loss. For calculating the average of the liquid assets, the Group uses the arithmetic average of total liquid assets at each reporting date from the beginning of the year.
Liquidity Coverage ratio (LCR)	Is the sum of high-quality liquid assets over the expected net liquidity outflows during the next 30 days, as these net outflows are specified under a stress scenario. At times of stress, institutions may use their liquid assets to cover their net liquidity outflows.
Net fee and commission income	Fee and commission income less fee and commission expense.
Net gains on financial instrument transactions and disposal of subsidiaries and associates	Consist of gain on disposal and revaluation of foreign currencies, gain on disposal and revaluation of debt securities and other financial instruments, surplus on revaluation of equity and other securities, changes in the fair value of financial instruments in fair value hedges and gain on disposal of associates and subsidiaries.
Net interest income	Interest income less interest expense.
Net Interest Margin ratio (NIM)	Net interest income divided by the average liquid assets.
Net loans	Net loans and advances to customers comprise gross loans (as defined) net of allowance for expected loan credit losses (excluding allowance for expected credit losses on off-balance sheet exposures disclosed on the balance sheet within other liabilities).
Net loans to deposits ratio	Net loans and advances to customers (as defined) divided by deposits and other customer accounts.
Non-interest income	Consist of net fee and commission income, other income and net gains on financial instrument transactions.
NPEs	Gross non-performing exposures as per applicable EBA definition (new EBA definition was applicable as at 1 January 2021).
NPE ratio	NPES gross loans and advances after fair value adjustment divided by gross loans and advances after value adjustment.
NPE provision coverage ratio	Expected credit losses on NPES divided by NPES after residual fair value adjustment on initial recognition.
OCI	Other Comprehensive Income
Other income	Consist of dividend income, gain from disposal of stock of property and other sundry income.
Total income	Consist of net interest income, net fee and commission income, other income and net gains on financial instrument transactions.

GLOSSARY AND DEFINITIONS (continued)

Name	Definition
Total expenses	Consist of staff expenses (excluding voluntary redundancy costs), depreciation and amortisation, Special levy, contributions to Single Resolution Fund and other levies and other operating expenses.
Return on average assets	Profit for the period divided by the arithmetic average of total assets at each reporting date from the beginning of the period.
Return on average equity	Profit for the period divided by the arithmetic average of total equity at each reporting date from the beginning of the period.