Press Release

# Group Financial Results

**for full year to December 31, 2021.**

**Return to proﬁtability with solid capital position.**

**Key Highlights**

* Full year 2021 proﬁt after tax of €3.3 million as opposed to a loss of €18 million in 2020.
* Pre-provision income of €18 million reﬂecting the new organisational structure of the Bank and focused business eﬀorts.
* Improved capital position with total capital ratio of 16.58% as of December 31, 2021, vs. 15.02% in December 2020;
* Accelerated balance sheet derisking with NPE ratio reducing from 30.3% as of December 31, 2020 to 25.6% as of December 31, 2021, and 24% as of March 31, 2022. Sale of REOs of c. €29 million in 2021.

##  Macroeconomic Background

The impact of the Covid-19 pandemic on the economy of Cyprus has been signiﬁcant and continued in 2021, however, the second wave, though more aggressive in terms of the surge of infections has not led to signiﬁcant restrictions (i.e. lockdowns) in the economic activity. Services Sectors, including tourism, ﬁnancial services and real estate, which are considered as the backbone of the Cyprus economy, accounting for nearly 80 percent of GDP, have been directly aﬀected however, by the end of 2021 the real GDP returned to a positive growth that allowed further normalization that beneﬁted the economic activity.

AstroBank operated always in line with Government guidelines and managed to maintain its operating model, while at the same time serve its customers and provide any support necessary to overcome these unprecedented times. In 2022 being the full year that the tourism industry will operate without material disruptions due to COVID, ﬁrst time since 2019, AstroBank is optimistic on the full return to proﬁtability of its hospitality sector clients.

The outbreak of the war in Ukraine has brought about new economic challenges. AstroBank has not direct credit exposure to Ukraine and the Russian Federation and as such no direct impact on its portfolio is expected. The loan portfolio has been analysed further for indirect exposures, primarily relating to the hospitality sector, where it is expected that the strong rebound post COVID will at least partially oﬀset tourism ﬂows from Ukraine and Russia.

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##  Balance Sheet Dynamics and Business Activity

Total assets of AstroBank as of December 31, 2021 reached €3,018 million vs. €2,833 million. The increase reﬂects continuous increase in deposits to €2,191 million vs. €2,106 million as of December 31, 2020. Loan balances increased from €1,100 million as of December 31, 2020 to €1,137 million as of December 31, 2021. The mild growth reﬂected is due to signiﬁcant repayments during the year and acceleration of NPE resolutions oﬀsetting the signiﬁcant new loan origination.

More speciﬁcally AstroBank continued its strong presence in the market with signiﬁcant new loan origination almost exclusively focused on the Cyprus market. During the year AstroBank advanced new loans of c.

€240 million split by c. 1/3 retail, with focus on mortgages beneﬁting from the government interest subsidy scheme and 2/3 SME qualifying loans.

Improved volumes have also been recorded in oﬀ-balance sheet assets where AstroBank maintains a strong private banking oﬀering.

Capital adequacy ratio of AstroBank improved organically during the year from 15.01% to 16.58%. The improvement reﬂects internal capital generation through proﬁtability and reallocation of capital commitments on assets. Core Tier 1 ratio, consisting of common equity, stood as of December 31, 2021 at 15.31%.

Liquidity of AstroBank remained strong during the years with LCR ratio of 260% at the end of 2021 as opposed to 246% as at December 2020. Net Loans to deposits ratio remained essentially stable at 52%. AstroBank as of December 31, 2021 maintained liquidity and treasury assets of €1,643 million also reﬂecting the European Central Bank long term reﬁnancing operations.

##  Income Statements and Profitability

Net interest income (NII) for the year ended 31 December 2021 was €48,1 million, decreased by 3,2% compared to €49,7 million for the year ended 31 December 2020. The decrease was mainly driven by the lower investment income from bond maturities, lower income from non-performing loans (signiﬁcant resolutions) and the full year cost from Tier II bonds issued during 2020. The decrease is partially oﬀset by the increased interest income from new loan production, the ongoing reductions in the average cost of deposits and the negative interest rates on funding from Central Banks.

Net fee and commission income for 2021 amounted to €16,9 million, compared to €14,4 million for 2020 driven mainly from the introduction of higher fees and commission from the revised transaction tariﬀ eﬀective from June 2021.

Total operating expenses reduced to €56.7 million in 2021 from €78.6 million in 2020. Considering the increased cost of the Servicer (€5.5 million additional charge in 2021) and the cost of the Voluntary Retirement Scheme in 2020 (€17 million) overall operating expenses reduced by €10.3 million.

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Pre – Provision Income amounted to €18.1 million as opposed to an €8.8 million loss in 2020. 78% was from core activities while 22% from special transactions.

Proﬁt after Tax amounted to €3.3 million compared to a loss of €18.1 million in 2020 (mainly due to the completion of a Voluntary Retirement Scheme with a total cost of €17 million).

2021 was a year of transformation with key focus on cost eﬀectiveness and process optimisation. Key achievements included:

### Eﬃcient performance of AstroBank with reduced headcount;

* **Returned to proﬁtability with strong Capital Base;**
* **Continuous organisational improvement with strong progress in IT systems integration and projects roll-out;**
* **Continuous investment in people;**
* **Progress on NPE resolutions and REO sales.**

AstroBanks’ 3-year plan is focused on the development of aﬄuent retail client base and mid-market corporate loan book, continuous cost eﬃciencies through operational improvements and acceleration of NPE resolutions and REO sales.

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| **Other key highlights:** |
| **Key Performance Indicators 2021 2020** |
| **Asset quality** | NPE Ratio | 25,6% | 30,3% |
| NPE Coverage Ratio | 44,9% | 43,9% |
| **Capital** | Capital Adequacy Ratio (Transitional) | 16,58% | 15,01% |
| **Balance Sheet** | Total Assets | €3.018m | €2.833m |
| Net Loans and advances to customers | €1.137m | €1.100m |
| Accumulated expected credit losses on loans and advances to customers | €161m | €183m |
| Deposits and other customer accounts | €2.191m | €2.106m |
| **Liquidity** | Liquid assets / Deposits | 75,0% | 71,7% |
| Net Loans/Deposits | 51,9% | 52,3% |
| Liquidity Coverage Ratio | 260% | 246% |
| **Eﬃciency** | Net interest margin | 1,8% | 2,1% |
| Fee and commission income/ Total income | 22,8% | 17,6% |
| Cost/ Income | 77,8% | 88,6% |
| **Proﬁtability** | Return on Average Assets | 0,1% | (0,7%) |
| Return on Average Equity | 1,7% | (9,8%) |

### Nicosia, 25th May 2022

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