AstroBank Group

Interim Condensed Consolidated Financial Statements

For the six-month period ended 30 June 2024

Contents

Board of Directors and Executives as at 30 June 2024

Board of Directors AstroBank Public Company Limited	Michalis Sarris Independent Non-Executive Chairman
	Bassam Najib Diab Non-Executive Vice Chairman
	Maria Dionyssiades Independent Non-Executive Director
	William J. Gallagher Independent Non-Executive Director
	Costas Partassides Independent Non-Executive Director
	Yiangos Demetriou 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
Independent 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
Headquarters/Registered office	1 Spyrou Kyprianou Avenue CY-1065 Nicosia P O Box 25700 CY-1393 Nicosia Cyprus

The Interim Condensed Consolidated Financial Statements for the six-month period ended 30 June 2024 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 2024.

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 Condensed Interim Consolidated Financial Statements. The Bank provides banking and financial services through its branch network in Cyprus. As at 30 June 2024, the branch network included 15 branches.

Financial results

Interim Condensed Consolidated Income Statement

	Six months ended 30 June	
	2024	**2023**
	€000	**€000**
Interest income	52.976	43.957
Income similar to interest income	686	706
Interest expense	(14.567)	(8.793)
Net interest income	**39.095**	**35.870**
Fee and commission income	8.888	8.356
Fee and commission expense	(836)	(953)
Net fee and commission income	**8.052**	**7.403**
Other income	1.644	1.616
Net gain on financial instrument transactions	1.026	842
(Loss)/gain of financial assets measured at amortised cost	(122)	241
Total operating income	**49.695**	**45.972**
Staff expenses[1]	(13.176)	(13.801)
Other operating expenses[1]	(5.658)	(7.872)
Depreciation and amortisation	(1.633)	(1.692)
Special levy on deposits and other levies/contributions	(2.188)	(2.134)
Total operating expenses	**(22.655)**	**(25.499)**
Operating profit before impairment losses	**27.040**	**20.473**
Impairment losses on financial assets	(3.048)	(1.020)
Impairment losses on non-financial assets	(981)	-
Profit before tax	**23.011**	**19.453**
Income tax charge	(2.489)	(2.004)
Profit for the period before non-recurring items	**20.522**	**17.449**
One off/non-recurring items[2]	(982)	(6.393)
Profit for the period	**19.540**	**11.056**

[1] Excluding non-recurring items.
[2] Non-recurring items represent cost for the voluntary staff exit plan and servicer's settlement fees.

Financial results (continued)

Interim Condensed Consolidated Statement of Financial Position

	30 June 2024 €000	31 December 2023 €000
Assets		
Cash and balances with central banks	790.539	984.567
Placements with other banks	76.403	22.720
Derivative financial instruments	2.711	4.906
Financial assets at fair value through profit or loss	6.976	6.509
Financial assets at fair value through other comprehensive income	7.294	6.389
Debt securities at amortised cost	691.156	557.028
Loans and advances to customers	855.168	933.421
Investment in associate company	186	186
Other assets	23.507	22.750
Investment property	22.267	24.967
Stock of property	131.900	119.808
Property and equipment	30.782	31.911
Intangible assets	6.491	7.664
Deferred tax assets	2.071	2.082
Total assets	**2.647.451**	**2.724.908**
Liabilities		
Amounts due to other banks and deposits from banks	11.479	24.517
Funding from central banks	104.759	204.910
Derivative financial instruments	2.815	4.074
Deposits and other customer accounts	2.163.289	2.154.801
Subordinated liabilities	16.457	16.459
Debt securities in issue	34.015	32.746
Other liabilities	58.131	51.329
Deferred tax liabilities	1.848	1.971
Total liabilities	**2.392.793**	**2.490.807**
Total equity	**254.658**	**234.101**
Total equity and liabilities	**2.647.451**	**2.724.908**

Financial results (continued)

Key Performance Indicators[1]		30 June 2024	31 December 2023
Asset quality	NPE Ratio	11,1%	14,9%
	NPE Coverage Ratio	38,0%	44,0%
	Net NPEs	€62,1m	€84,3m
Capital & MREL	Common Equity Tier 1 (CET1) ratio (Transitional)	25,5%	22,1%
	Capital Adequacy Ratio (Transitional)	27,2%	23,7%
	MREL Ratio	31,5%	27,8%
Balance Sheet	Total Assets	€2.647m	€2.725m
	Net Loans and advances to customers	€855m	€933m
	Accumulated expected credit losses on loans and advances to customers	€45m	€74m
	Deposits and other customer accounts	€2.163m	€2.155m
Liquidity	Liquid assets/Deposits	72,3%	72,9%
	Net Loans/Deposits	39,5%	43,3%
	Liquidity Coverage Ratio	475%	366%

Key Performance Indicators[1]		30 June 2024	30 June 2023
Efficiency	Net interest margin (annualised)	3,2%	2,9%
	Fee and commission income /Total operating income	16,2%	16,1%
	Cost/Income	45,5%	55,8%
Profitability	Return on Average Assets (annualised)	1,5%	0,8%
	Return on Average Equity (annualised)	16,1%	10,7%

The financial information presented in the table above provides an overview of the Group's financial results for the six months ended 30 June 2024 and 30 June 2023 and states separately the one-off /non-recurring items in the Interim Condensed Consolidated Income Statement, representing the cost for the voluntary staff exit plan and the servicer's amortization cost, as management believes that this better reflects the true measurement of the performance of the Group. Certain figures in this Management Report have been rounded to the nearest million. 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 2024 is set out on pages 11 to 16.

[1] Definitions and explanations are stated on pages 51 to 52.

Financial performance overview

Income statement analysis

The Group's profit after tax before non-recurring items for the six-month period ended 30 June 2024 amounted to €20,5 million (30 June 2023: €17,4 million). The Group's profit after tax for the six-month period ended 30 June 2024 amounted to €19,5 million (30 June 2023: €11,1 million).

Net Interest Income
Net interest income (NII) for the six months ended 30 June 2024 was €39,1 million, up by 9% compared to €35,9 million for the six months ended 30 June 2023, as a result of higher interest rates and net effect on the loan book, liquid assets and funding costs.

The net interest margin for the period ended 30 June 2024 increased to 3,2% compared to 2,9% for the six months ended 30 June 2023, supported by the higher interest rate environment.

Non-interest income
Non-interest income for the six months ended 30 June 2024 amounted to €10,6 million (€10,1 million for the six months ended 30 June 2023) higher by 5% compared to 2023, comprising mainly of net fee and commission income of €8,1 million (€7,4 million for the six months ended 30 June 2023), net gain on financial instrument transactions of €1,0 million (€0,8 million for the six months ended 30 June 2023), loss from the derecognition of financial assets measured at amortised cost of €0,1 million (€0,2 million gain for the six months ended 30 June 2023) and other income of €1,6 million (€1,6 million for the six months ended 30 June 2023).

Net fee and commission income
Net fee and commission income for the six months ended 30 June 2024 amounted to €8,1 million (€7,4 million for the six months ended 30 June 2023), primarily due to higher loan related fees.

Net gain/(loss) on financial instrument transactions
Net gain on financial instrument transactions, amounted to €1,0 million compared to a gain of €0,8 million in 2023 primarily relates to net foreign exchange gains.

Other income
Other income for the six-month period ended 30 June 2024, amounted to €1,6 million in line with the six-month period ended 30 June 2023. 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 2024 were €22,7 million, compared to €25,5 million for the six months ended 30 June 2023 and decreased by 11,2%.

The staff costs (€13,2 million) represent 58,2% of total expenses, 25,0% to other operating expenses (€5,7 million), 9,7% to depreciation and amortisation expense (€1,6 million) and 9,3% (€2,2 million) to special levy, contributions to Single Resolution Fund and other levies. The decrease primarily results from the decrease in staff cost and other operating expenses analysed further below.

Staff costs
Staff costs of €13,2 million for the six months ended 30 June 2024 decreased by 4,5%, compared to €13,8 million in 2023 reflecting the impact of the previous year's voluntary redundancy savings which was partially netted off with annual increments stemming from the union collective agreement and the increased cost of living adjustment (COLA).

During the six months ended 30 June 2024, the Group had no voluntary staff exit plan. During 2023, the Group completed a voluntary staff exit plan through which 55 full-time employees (of which 35 by 30 June 2023) were approved to leave at a total cost of €7,0 million (of which €5,4 million was completed in the period ended 30 June 2023).

The number of persons employed by the Group as at 30 June 2024 was 391 on permanent basis and 26 on temporary basis (Six months ended 30 June 2023: 404 permanent and 21 temporary employees).

Financial performance overview (continued)

Income statement analysis (continued)

Other operating expenses
Other operating expenses mainly consist of information technology expenses, legal, professional and regulatory fees, property and other equipment maintenance costs and special levy on deposits as well as other levies/contributions.

Other operating expenses for the six months ended 30 June 2024 amounted to €5,7million (€7,9 million for the six months ended 30 June 2023), decreased by 28,2% compared to 2023. The decrease is mainly attributable to the decrease of legal fees and property maintenance costs.

The cost to income ratio for the six months ended 30 June 2024 was 45,5% compared to 58,8% for the six months ended 30 June 2023.

Profit before impairment losses
Pre-provisions income arising mainly from core banking activities amounted to €27,0 million in the six-month ended 30 June 2024 compared to €19,5 million in 2023, driven mainly by the increase in net interest income.

Impairment losses on financial assets and non-financial assets
The Group's impairment losses on financial assets amounted to a charge of €3 million for the six months ended 30 June 2024 compared to a €1 million charge for the six months ended 30 June 2023.

The impairment of financial assets comprised mainly the €3 million charge on customers' loan portfolio.

The Group's impairment losses on non-financial assets relate to impairment of stock of property (REOs) and amounted to €1,0 million for the six months ended 30 June 2024.

Taxation
The Group's tax charge for the six months ended 30 June 2024 amounted to €2,5 million (€2,0 million for the six months ended 30 June 2023).

Statement of financial position analysis

The Group's total assets amounted to €2.647 million as at 30 June 2024 (31 December 2023: €2.724 million), presenting a decrease of 2,8%. This decline is primarily attributable to the repayment of TLTRO and corresponding decrease in balances with central bank as well as reduction in net loans reflecting the resolutions in the non-performing portfolio, loan repayment and the controlled loan growth.

Funding from central banks
As at 30 June 2024, the funding from central banks amounted to €100 million (31 December 2023: €200 million), which relates to ECB funding, comprising solely of funding through the Targeted Longer-Term Refinancing Operations (TLTRO) III. The Bank proceeded with the repayment of €100 million TLTRO III on 27 March 2024.

Deposits
Customer deposits totaled €2.163 million at 30 June 2024 (31 December 2023: €2.155 million), presenting a decrease of approximately 0,4%. They comprised of deposits in Euro and foreign currencies, mostly US Dollars and British Pounds.

Deposits by type	30 June 2024 €m	% of total deposits	31 December 2023 €m	% of total deposits
Demand	988	45,7%	1.023	47,5%
Savings	337	15,5%	359	16,6%
Term	838	38,8%	773	35,9%
Total deposits	**2.163**	**100,0%**	**2.155**	**100,0%**

Customers deposits accounted for 90,4% of total liabilities on 30 June 2024, compared to 86,5% of total liabilities at 31 December 2023.

Statement of financial position analysis (continued)

Subordinated liabilities & Debt securities in issue
During the six month period ended 30 June 2024, there were no issuances or repayment of subordinated liabilities and debt securities in issue (Note 20).

Liquidity
As at and during the period ended 30 June 2024, the Bank was in compliance with the required prudential liquidity indicator of the European Central Bank. The Liquidity Coverage Ratio (LCR) stood at 475% compared to 366% at 31 December 2023, well above the minimum regulatory requirement of 100%. The liquidity surplus in LCR at 30 June 2024 amounted to €1,010 million (compared to €909 million at 31 December 2023).

At 30 June 2024, the Group Net Stable Funding Ratio (NSFR) stood at 206% (compared to 189% at 31 December 2023), well above the minimum regulatory requirement of 100%.

Loans and advances to customers
Gross loans totalled €899 million at 30 June 2024, compared to €996 million at 31 December 2023, decreased by 11%, with the Group's net loans and advances to customers totalled €855 million (compared to €933 million at 31 December 2023). The decrease in loans reflects the significant resolutions in the non-performing portfolio, early repayments of specific corporate loans and overall controlled loan growth.

Total new lending granted during the six month period ended 30 June 2024 reached approximately €58 million (31 December 2023: €92 million). The Group continued providing lending to creditworthy businesses and households, with focus on retail housing and secured lending.

The net loans to deposits ratio stood at 39,5% as at 30 June 2024 (31 December 2023: 43,3%).

Loan Portfolio Quality
Improving the Group's loan portfolio quality and reducing drastically the NPEs, whilst managing potential and new inflows, remains high priority for Management.

Non-Performing Exposures (NPEs) were reduced to €100 million as at 30 June 2024 compared to €150 million at 31 December 2023. NPEs account for 11,1% of gross loans as at 30 June 2024, compared to 14,8% at 31 December 2023, on the same basis. As at 30 June 2024 net NPEs were reduced to €62,1 million compared to €84,3 million at 31 December 2023.

The NPE provisions coverage ratio stands at 38,0% at 30 June 2024 (2023: 44,0%) mainly due to the reduction in the amount of the accumulated impairments due to approximately €36,1 million write-offs implemented in the six month period ended 2024 (2023: €58,7 million) and following classification of certain exposures into NPEs, fully secured by tangible collateral, which were assessed as unlikely to pay due to specific characteristics, even though they adhere to the regular repayment schedule and are expected to cure subject to meeting all exit criteria.

When taking into account tangible collateral, at fair value, NPEs are fully covered.

Stock of property (REOs)
During the six-month period ended 30 June 2024, the Group on-boarded €27 million (31 December 2023: €19 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 2024 the disposals reached €13,8 million (compared to €33,7 million in the year ended 31 December 2023). Property disposals are across all property classes, with over half of sales by value in the period ended 30 June 2024 relating to housing, agricultural and commercial land plot and residential buildings.

As at 30 June 2024, the Real Estate Owned Assets had a carrying value of €131,9 million compared to €119,8 million in 2023.

Statement of financial position analysis (continued)

Stock of property (REOs) (continued)

	30 June 2024	31 December 2023
Repossessed assets held by the Group	**€000**	**€000**
Opening balance	119.808	140.528
Transfer to investment properties	-	(2.704)
Transfer from PPE	-	124
On boarded during the period	26.860	18.923
Disposals	(13.787)	(33.736)
Impairment	(981)	(3.327)
Closing balance	**131.900**	**119.808**

Share capital
There were no changes to the authorised or issued share capital during the six-month period ended 30 June 2024. As at 30 June 2024, there were 23,6 million (2023: 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 paid during the six-month period ended 30 June 2024.

Capital
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 in order to support its growth and maximise the value for its shareholders.

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

	30 June 2024	31 December 2023
CET1	€244m	€221m
Tier 1	€244m	€221m
Total Capital	**€261m**	**€238m**
Risk weighted assets	**€960m**	**€1.008m**
Common Equity Tier 1 ratio	25,5%	22,1%
Tier 1 ratio	25,5%	22,1%
Total Capital Adequacy Ratio	27,2%	23,7%
Leverage Ratio	9,0%	7,9%

During the period 30 June 2024, the capital ratios were positively affected by the profit of the year and by the decrease in the risk weighted assets, primarily due to the reduction of the NPEs and repayment of loans. The Overall Capital adequacy ratio (transitional and fully loaded) stood at 27,2% as at 30 June 2024 and 23,7% as at 31 December 2023.

As at 30 June 2024, the minimum regulatory requirement for CET1 and TC stands at 10,3% and 15,5% respectively, including Pillar 2 Requirement (P2R) and Combined Buffers Requirements (CBR). The Bank is also subject to non-public guidance (P2G), under Pillar 2, in the form of CET1. The Bank's overall capital adequacy ratios are above the minimum regulatory requirements, including P2G.

Minimum Requirement for own funds and Eligible Liabilities (MREL)
Based on the final decision of April 2024 the minimum requirement for own funds and eligible liabilities (MREL) for the Bank is set at 22,3% of Total Risk Exposure Amount ("TREA") and 5,3% of Leverage ratio exposure ("LRE") and this must be met by 31 December 2024. As at 30 June 2024, the MREL ratio calculated at 31,5% of RWA or 11,1% of LRE (31 December 2023: 27,8% of RWA and 10,0% of LRE) and meets the final binding target set by the regulators of 26,0% of RWAs, including the combined buffer requirement applicable during the six-month period ended 30 June 2024.

Business Overview

Financial Performance
During the six months ended 30 June 2024, the Group's profit after tax reached €19,5m compared to €11,1m in 2023, primarily due to increase of net interest income as well as cost containment efforts despite the inflation pressure.

Overall, the Group achieved return on average equity of 16,1% for the six months ended 30 June 2024 (30 June 2023: 10,7%).

Favourable interest rate environment
Based on the Group's balance sheet structure, most of the interest-bearing assets are floating and facilitate growth in net interest income upon interest rates rise. The repricing of the loan portfolio, over half of which it is Euribor based, as well as the balances with Central Bank and Bank Placements, benefited from interest rate increases in 2023. The Group, considering the current downward interest rate environment, proactively is taking measures and actions to reduce net interest income sensitivity. Such actions mainly include investments purchase of fixed rate bonds, including reinvestment of existing portfolio maturities, which earn relatively lower than current market yields, into higher yielding bonds and entering into fixed interest rate swaps agreements.

Growing revenues in a more capital efficient way
The Group remains committed on growing revenues in a more capital efficient way and continues to provide high quality new lending, though due to the continuing interest rate rises in 2023, the demand for new loans slowed down in 2023. During the six month period ended 2024, new lending amounted to €58 million.

As at 30 June 2024, the fixed income portfolio of the Group amounted to €691 million, which represents 20,4% of total assets. The portfolio comprises of highly rated bonds with low average duration. Most of the fixed income portfolio is measured at amortised cost and therefore no fair value gains/losses are recognised in the Group's income statement or equity.

The Group remains focused to continue improving income through less capital consuming initiatives, such as increase fee and commission as well as other income, by increasing business volumes, transactions, payments, cards volumes, insurance and other.

Digital transformation
The Group remains focused on deepening the relationship with its customers. A transformation plan is under implementation aiming to modernise the day-to-day transactions of the customer and provide high quality service, while at the same time increase efficiencies within the organisation. During 2023, the Bank launched the new digital banking and mobile app, aiming to leverage its digital capabilities and allow for cross-selling opportunities. Despite the digitisation actions, the Group remains focused on serving the customer by maintaining its human interaction.

As part of its digital transformation process and other internal reorganisation, actions to streamline operations, develop automations and increase efficiencies, the Group has proceeded into voluntary staff exit plans in 2023 aiming to achieve future cost savings.

During the six-month period ended 2024 the Group continues the digital transformation journey.

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 capital and liquidity position of the Group and the current and future economic developments in order to make projections for future economic conditions of the environment in which it operates, taking also into consideration, the current and future operating environment (Note 4) and Group's Business Plan approved by the Board.

The main macroeconomic developments that could cause uncertainties regarding the application of this principle relate to the challenges on the evolution of inflation and its decline at the long-term target rate, that will also trigger the timing and pace of the interest rate cuts by the central banks. Management closely monitors the developments and the impact they may have on the Group's operations, business and financial performance, including liquidity and capital.

Going concern (continued)

Based on the above and taking into account:

- the capital position, enhanced significantly from organic capital generation over the last years, with Total capital adequacy and CET1 ratios of 27,2% and 25,5% respectively, well above minimum capital requirements;
- the liquidity position of the Bank with significant liquidity buffer and LCR ratio at 475%;
- the significant improvement in asset quality;
- 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 2024.

Environmental, Social, Governance (ESG) considerations
The Group 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 the ESG agenda.

In that context, the Group has established an ESG Steering Committee and an ESG Unit. The Committee's main responsibility is to assist the Board of Directors in overseeing the development and implementation of the Group's general strategy with respect to ESG matters. The Committee also recommends policies, practices and disclosures and advises the Board of Directors on the effective management of ESG risks. The Committee is composed of members of the Senior Management of the Group and is chaired by an Executive Director of the Board. The ESG Unit is responsible for the coordination and implementation of actions to achieve alignment with the Group's ESG strategy.

Within 2023 the Group has issued its third Corporate Sustainability Report for the year 2022, which is available on its website, highlighting the principles of transparency regarding its actions. The Report aims to present the strategy, activities, practices and results achieved, in the Pillars of Economic Performance, Environment, People and Society, within the context of a strong governance framework. The Group is in the process of issuing its Corporate Sustainability Report for the year 2023.

Board of Directors
The members of the Board of Directors of the Bank during the six-months period ended and on the date of this Management Report are listed on page 1. All Directors were members of the Board throughout the year ended and up to the date of this Management Report except as disclosed below.

On 16 April 2024, Mr Yiangos Demetriou was appointed as Independent Non-Executive Director.

The remuneration of the Board of Directors is disclosed in Note 27 of the Interim Condensed Consolidated Financial Statements.

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 2024.

By Order of the Board,

Aristidis Vourakis
Chief Executive Officer

9 August 2024

Interim Consolidated Income Statement
for the six-month period ended 30 June 2024

	Note	Six-month period ended 30 June 2024 €000	2023 €000
Interest income	6	52.976	43.957
Income similar to interest income	6	686	706
Interest expense	6	(14.567)	(8.793)
Net interest income		**39.095**	**35.870**
Fee and commission income		8.888	8.356
Fee and commission expense		(836)	(953)
Net fee and commission income		**8.052**	**7.403**
Other income		1.644	1.616
Net gain on financial instrument transactions		1.026	842
(Loss)/gain of financial assets measured at amortised cost		(122)	241
Total operating income		**49.695**	**45.972**
Staff expenses	7	(13.176)	(19.211)
Other operating expenses	8	(5.658)	(7.872)
Depreciation and amortisation		(2.615)	(2.675)
Special levy on deposits and other levies/contributions	8	(2.188)	(2.134)
Total operating expenses		**(23.637)**	**(31.892)**
Operating profit before impairment losses		**26.058**	**14.080**
Impairment losses on financial assets	9	(3.048)	(1.020)
Impairment losses on non-financial assets	9	(981)	-
Profit before tax		**22.029**	**13.060**
Taxation	10	(2.489)	(2.004)
Profit for the period		**19.540**	**11.056**

The notes on pages 17-49 form an integral part of the Interim Condensed Consolidated Financial Statements.

Interim Consolidated Income Statement
for the six-month period ended 30 June 2024

	Six-month period ended 30 June	
	2024	2023
	€000	€000
Profit for the period after tax	**19.540**	**11.056**
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 gain from change in fair value	1.017	10
Other comprehensive income for the year after tax	**1.017**	**10**
Total comprehensive income for the period	**20.557**	**11.066**

The notes on pages 17-49 form an integral part of the Interim Condensed Consolidated Financial Statements.

Interim Consolidated Income Statement
for the six-month period ended 30 June 2024

	Note	30 June 2024 €000	31 December 2023 €000
Assets			
Cash and balances with central banks	11	790.539	984.567
Placements with other banks		76.403	22.720
Derivative financial instruments		2.711	4.906
Financial assets at fair value through profit or loss	12	6.976	6.509
Financial assets at fair value through other comprehensive income	13	7.294	6.389
Debt securities at amortised cost	14	691.156	557.028
Loans and advances to customers	15	855.168	933.421
Investment in associate company		186	186
Other assets		23.507	22.750
Investment property		22.267	24.967
Stock of property	16	131.900	119.808
Property and equipment	17	30.782	31.911
Intangible assets		6.491	7.664
Deferred tax assets		2.071	2.082
Total assets		**2.647.451**	**2.724.908**
Liabilities			
Amounts due to other banks and deposits from banks		11.479	24.517
Funding from central banks	18	104.759	204.910
Derivative financial instruments		2.815	4.074
Deposits and other customer accounts	19	2.163.289	2.154.801
Subordinated liabilities	20	16.457	16.459
Debt securities in issue	20	34.015	32.746
Other liabilities		58.131	51.329
Deferred tax liabilities		1.848	1.971
Total liabilities		**2.392.793**	**2.490.807**
Equity			
Share capital	21	23.625	23.625
Share premium	21	155.383	155.383
Fair value reserves		3.332	2.316
Retained earnings and other reserves		72.318	52.777
Total equity		**254.658**	**234.101**
Total equity and liabilities		**2.647.451**	**2.724.908**

The notes on pages 17-49 form an integral part of the Interim Condensed Consolidated Financial Statements.

On 9 August 2024, 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 Styliadou	Chief Financial Officer

Interim Condensed Consolidated Statement of Changes in Equity
for the six-month period ended 30 June 2024

	Share Capital (Note 21) €000	Share Premium (Note 21) €000	Fair value Reserve €000	Retained earnings €000	Total €000
Balance at 1 January 2023	**23.625**	**155.383**	**2.270**	**22.398**	**203.676**
Total comprehensive income for the year					
Profit for the year	-	-	-	11.056	11.056
Other comprehensive income for the year	-	-	10	-	10
Total comprehensive income for the year	**-**	**-**	**10**	**11.056**	**11.066**
Balance as at 30 June 2023	**23.625**	**155.383**	**2.280**	**33.454**	**214.742**
Balance as at 31 December 2023/1 January 2024	**23.625**	**155.383**	**2.316**	**52.777**	**234.101**
Total comprehensive income for the period					
Profit for the period	-	-	-	19.540	19.540
Other comprehensive income for the period	-	-	1.017	-	1.017
Total comprehensive income for the period	**-**	**-**	**1.017**	**19.540**	**20.557**
Balance as at 30 June 2024	**23.625**	**155.383**	**3.333**	**72.317**	**254.658**

The notes on pages 17-49 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 2024

	Note	Six-month period ended 30 June 2024 €000	2023 €000
Cash flows from operating activities			
Profit for the period before tax		22.029	13.060
Adjustments for:			
Depreciation and amortisation		2.615	2.675
Profit on disposal of stock of property		(547)	(558)
Fair value (gain)/ loss on financial assets at fair value through profit or loss		(262)	(654)
Loss/(gain) on derecognition of financial assets measured at amortised cost	14	122	(241)
(Gain)/loss from revaluation of debt securities designated as fair value hedges		-	(98)
Impairment of stock of property		981	-
Finance lease interest		237	191
Foreign exchange difference on financial assets at fair value through profit or loss and at amortised cost		(3.252)	1.881
Amortisation of debt securities		(573)	198
Dividend income		(545)	(469)
Distribution from fund participation		-	(139)
Interest on funding from central banks and other banks	6	2.976	4.215
Interest on subordinated bond	6	652	651
Interest on debt securities		1.289	553
Provision for expected credit loss to cover credit risk on loans and advances to customers	9	3.064	931
(Reversal of)/provision for expected credit loss to cover credit risk on contractual commitments and guarantees	9	12	(80)
(Reversal of)/provision for expected credit loss to cover credit risk on other financial instruments	9	(28)	170
		28.770	**22.286**
Changes in:			
Loans and advances to customers (note 1 below)		48.328	57.509
Deposits from and amounts due to other banks and customer accounts		(4.583)	(52.986)
Mandatory deposits with the Central Bank of Cyprus		12.439	(3.826)
Stock of property		14.335	9.605
Other assets		(757)	(6.179)
Net position in derivative financial instruments		936	(409)
Other liabilities		4.372	(10.802)
Net cash generated from operating activities		**103.840**	**15.198**
Cash flows from investing activities			
Purchase of property and equipment		-	(701)
Purchase of intangible assets		(543)	(388)
Purchases of financial assets at fair value through profit and loss		(41.884)	(3.452)
Proceeds on disposal of financial assets at fair value through profit and loss		41.684	6.894
Proceeds on disposal of financial assets at fair value through other comprehensive income		110	-
Purchases of debt securities at amortised cost		(309.271)	(77.799)
Proceeds from disposal/redemption of debt securities at amortised cost		179.383	137.608
Proceeds from disposal of property and equipment		229	-
Proceeds from disposal of investment property		2.700	-
Proceeds from distribution from fund participation		-	139
Dividend received		543	469
Net cash (used in)/generated from investing activities		**(127.049)**	**62.770**

Interim Condensed Consolidated Statement of Cash Flows
for the six-month period ended 30 June 2024

	Notes	Six-month period ended 30 June 2024 €000	2023 €000
Cash flows from financing activities			
Repayment of funding from central banks		(100.000)	-
Interest on funding from central banks		(3.095)	-
Interest on debt securities in issue		(535)	-
Interest on subordinated bond		(651)	(555)
Repayment of debt securities in issue		-	(4.700)
Lease payments		(416)	(457)
Net cash used in financing activities		**(104.697)**	**(5.712)**
Net (decrease)/increase in cash and cash equivalents		**(127.906)**	**72.256**
Cash and cash equivalents			
At the beginning of the period		981.551	783.683
Net (decrease)/increase in cash and cash equivalents		(127.906)	72.256
At the end of the period	11	**853.645**	**855.939**

The notes on pages 17-49 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 €26.860 thousand (2023: €18.923 thousand) 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 during the six-month period continued to be the provision of banking and financial services, mainly through its branch network in Cyprus. As at 30 June 2024, the branch network included 15 branches.

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 2024 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. MATERIAL ACCOUNTING POLICY INFORMATION

2.1 Basis of preparation

The Interim Condensed Consolidated Financial Statements for the six-month period ended 30 June 2024 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 2023. 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 2024. 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 Interim Condensed 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. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

2.2 Accounting policies and 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 2023. The adoption of new and amended standards and interpretations as explained in Note 2.2.1 did not have an impact on the Group.

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

As from 1 January 2024, the Group adopted all the changes to International Financial Reporting Standards (IFRSs) as adopted by the EU which are relevant to its operations.

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 within twelve months after the reporting period. The amendments had no significant impact on the Group's Interim Condensed Consolidated Financial Statements.

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 had no significant 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 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 amendments had no significant impact on the Group's Interim Condensed Consolidated Financial Statements.

2. MATERIAL ACCOUNTING POLICY AND INFORMATION (continued)

2.3 Standards and Interpretations that are issued but not yet effective

2.3.1 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 2024 but not yet endorsed by the European Union.

IFRS 19 Subsidiaries without Public Accountability: Disclosures
The standard is effective for annual reporting periods beginning on or after January 1, 2027, with earlier application permitted. IFRS 19 allows eligible entities to elect to apply reduced disclosure requirements while still applying the recognition, measurement and presentation requirements in other IFRS accounting standards. Unless otherwise specified, eligible entities that elect to apply IFRS 19 will not need to apply the disclosure requirements in other IFRS accounting standards. An entity applying IFRS 19 is required to disclose that fact as part of its general IFRS accounting standards compliance statement. IFRS 19 requires an entity whose financial statements comply with IFRS accounting standards including IFRS 19 to make an explicit and unreserved statement of such compliance. The amendments have not yet been endorsed by the EU. The Group expects these amendments to have no significant impact on the Group’s Interim Condensed Consolidated Financial Statements.

IFRS 18 Presentation and Disclosure in Financial Statements
The standard is effective for annual reporting periods beginning on or after January 1, 2027, with earlier application permitted. IFRS 18 introduces new categories and subtotals in the statement of profit or loss. It also requires disclosure of management-defined performance measures (as defined) and includes new requirements for the location, aggregation and disaggregation of financial information. The amendments have not yet been endorsed by the EU. The Group is in the process of assessing the impact of IFRS18 on the Group’s Interim Condensed Consolidated Financial Statements.

2.3.2 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 2024. 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.

Amendments to the Classification and Measurement of Financial Instruments (Amendments to IFRS 9 and IFRS 7)
The amendments are effective for annual reporting periods beginning on or after January 1, 2026, with earlier application permitted. The amendments clarify (1) that a financial liability is derecognised on the ‘settlement date’, i.e., when the related obligation is discharged, cancelled, expires or the liability otherwise qualifies for derecognition. It also introduces an accounting policy option to derecognise financial liabilities that are settled through an electronic payment system before settlement date if certain conditions are met, (2) how to assess the contractual cash flow characteristics of financial assets that include environmental, social and governance (ESG)-linked features and other similar contingent features, (3) the treatment of non-recourse assets and contractually linked instruments. The amendments also require additional disclosures in IFRS 7 for financial assets and liabilities with contractual terms that reference a contingent event (including those that are ESG-linked), and equity instruments classified at fair value through other comprehensive income The publication of the amendments concludes the classification and measurement phase of the IASB’s post implementation review (PIR) of IFRS 9. The Group expects these amendments to have no significant impact on the Group’s Interim Condensed Consolidated Financial Statements.

2. MATERIAL ACCOUNTING POLICY AND INFORMATION (continued)

2.3 Standards and Interpretations that are issued but not yet effective(continued)

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

IAS 21 The Effects of Changes in Foreign Exchange Rates: Lack of Exchangeability (Amendments)
The amendments are effective for annual reporting periods beginning on or after January 1, 2025, with earlier application permitted. The amendments specify how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking. A currency is considered to be exchangeable into another currency when an entity is able to obtain the other currency within a time frame that allows for a normal administrative delay and through a market or exchange mechanism in which an exchange transaction would create enforceable rights and obligations. If a currency is not exchangeable into another currency, an entity is required to estimate the spot exchange rate at the measurement date. An entity's objective in estimating the spot exchange rate is to reflect the rate at which an orderly exchange transaction would take place at the measurement date between market participants under prevailing economic conditions. The amendments note that an entity can use an observable exchange rate without adjustment or another estimation technique. The Group expects these amendments to have no significant 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 capital and liquidity position of the Group and the current and future economic developments in order to make projections for future economic conditions of the environment in which it operates, taking also into consideration, the current and future operating environment (Note 4) and the Group's Business Plan approved by the Board.

The main macroeconomic developments that could cause uncertainties regarding the application of this principle relate to the challenges on the evolution of inflation and its decline at the long-term target rate, that will also trigger the timing and pace of the interest rate cuts by the central banks. Management closely monitors the developments and the impact they may have on the Group's operations, business and financial performance, including liquidity and capital.

Based on the above and taking into account:

- the capital position, enhanced significantly from organic capital generation over the last years, with Total capital adequacy and CET1 ratios of 27,2% and 25,5%, respectively, above minimum capital requirements;
- the liquidity position of the Bank with significant liquidity buffer and LCR ratio at 475%;
- the significant improvement in asset quality;
- 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 six-month period ended 30 June 2024.

4. OPERATING ENVIRONMENT

The Cypriot economy has proved to be resilient despite the challenging international environment and the geopolitical instability such as the war between Russia and Ukraine, the war in Israel which created instability in Middle East which increases uncertainty in the global and local economic environment. Cyprus Real GDP growth of 2,5% in 2023, was driven by domestic demand, in particular consumption, on the back of increasing employment and disposable incomes in an environment of decreasing inflation. In 2024 and 2025, real GDP is expected to grow by 2,8% and 2,9% respectively.

4. OPERATING ENVIRONMENT (continued)

Domestic demand is expected to continue, being the main driver for real GDP growth in 2024 and 2025, as automatic wage indexation for around half of the employees (covered by collective agreements in the public and private sector) holds up their purchasing power. Large investment projects in real estate, healthcare, transport and tourism, partly supported by the Recovery and Resilience Fund, are also expected to boost growth.

Tourist arrivals continued its rebound in 2023 with arrivals reaching 3.8 million visitors reflecting a remarkable 21,9% year on year increase, almost reaching pre-pandemic levels. Tourists arrivals for the first half of 2024 reached 1.7 million compared to 1.6 million in the corresponding period of 2023, recording an increase of 2,4%.

The unemployment rate decreased to 6,1%, down from 6,8% in 2022. Private consumption remained robust, supported by real wage increases and continued employment growth of 1,4% in 2023 and is set to continue increasing at a stable pace of around 1,4% annually in 2024 and 2025. Unemployment is forecasted to remain on its downward trajectory reaching 5,6% in 2024 and 5,4% in 2025.

The Harmonised Index of Consumer Prices (HICP) inflation is on a downward path and expected to decrease from 3,9% in 2023 to 2,4% in 2024 and continue decelerating to 2,1% in 2025. The decrease is expected to be driven primarily by the fall in energy and food prices.

The sovereign risk ratings of the Cypriot government have improved significantly in recent years, reflecting reduced banking sector risks, improved economic resilience, fiscal outperformance including significant improvements in debt dynamics. In May 2024, Moody's Ratings has upgraded the outlook on the Government of Cyprus to positive from stable, while also affirming the country's long-term credit rating at Baa2. In June 2024, Fitch Ratings has upgraded Cyprus long-term foreign currency issuer default rating to BBB+ from BBB and that the outlook at positive. In June 2024, S&P Global Ratings raised its long-term local and foreign currency sovereign ratings to BBB+ from BBB and that the outlook is positive.

The European Central Bank (ECB) decreased the three key ECB interest rates during the Governing Council meeting in June 2024. The ECB deposit facility rate now stands at 3,75%, compared to the 4,0% since September 2023. The recent market expectations are that the ECB will further cut interest rates in 2024 with further decrease in 2025 and as long as the long-term inflation target is achieved. Federal Reserve is expected to follow similar approach for US Dollar interest rates.

The future effects of the current economic environment are difficult to predict at this stage, therefore management's current expectations and estimates could differ from actual results. The management will continue to monitor the situation closely, taking all necessary measures to minimise the impact on its financial position and to manage the related risks.

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 6.13 of the annual consolidated financial statements for the year ended 31 December 2023.

5. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)

The calculation of ECLs requires management to apply significant judgment 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 judgments 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.

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 2023, the Cypriot economy has proved to be resilient despite the challenging international environment. environment and the geopolitical instability such as the war between Russia and Ukraine, the war in Israel which created instability in Middle East which increases uncertainty in the global and local economic environment. Cyprus Real GDP growth of 2,5% in 2023, was driven by domestic demand, in particular consumption, on the back of increasing employment and disposable incomes in an environment of decreasing inflation. In 2024 and 2025, real GDP is expected to grow by 2,8% and 2,9% respectively.

The Harmonised Index of Consumer Prices (HICP) inflation is on a downward path and expected to decrease from 3,9% in 2023 to 2,4% in 2024 and continue decelerating to 2,1% in 2025. The decrease is expected to be driven primarily by the fall in energy and food prices.

During the first six months of 2024, 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 2023.

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 2023.

5. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)

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

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.

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 2024 and 31 December 2023:

	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 2024 and 31 December 2023 respectively.

30 June 2024

Year	Scenario	Weight	Real GDP (% change)	Unemploy-ment rate (% of labour force)	Industrial production (average change %)	Residential Price Index (average change %)	Consumer Price Index (average change %)
2025	Baseline	50%	2,35%	5,81%	1,99%	7,98%	2,69%
	Optimistic	25%	3,63%	5,77%	1,51%	10,01%	2,75%
	Pessimistic	25%	-3,49%	9,85%	4,37%	-0,69%	2,19%
2026	Baseline	50%	1,65%	5,77%	1,66%	10,28%	2,82%
	Optimistic	25%	1,47%	5,54%	1,46%	10,12%	2,91%
	Pessimistic	25%	2,46%	9,55%	4.87%	5,49%	2,55%
2027	Baseline	50%	1,53%	5,68%	0,33%	11,99%	0,73%
	Optimistic	25%	1,43%	5,45%	0,32%	11,05%	0,75%
	Pessimistic	25%	3,61%	8,31%	0,93%	12,91%	0,65%

5. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)

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

Scenarios and macroeconomic factors (continued)

31 December 2023

Year	Scenario	Weight	Real GDP (% change)	Unemployment rate (% of labour force)	Industrial production (% change)	Residential Price Index (average change %)	Consumer Price Index (average change %)
2024	Baseline	50%	3,19%	6,08%	4,85%	3,70%	2,05%
	Optimistic	25%	4,53%	6,08%	6,77%	5,00%	2,25%
	Pessimistic	25%	-1,36%	8,80%	-1,72%	-1,10%	1,45%
2025	Baseline	50%	2,45%	6,00%	3,41%	6,38%	1,33%
	Optimistic	25%	2,80%	5,86%	3,60%	8,66%	1,48%
	Pessimistic	25%	-0,25%	10,22%	0,70%	-1,65%	0,35%
2026	Baseline	50%	1,65%	5,91%	2,02%	10,82%	1,61%
	Optimistic	25%	1,45%	5,65%	1,61%	11,17%	1,65%
	Pessimistic	25%	3,60%	9,11%	5,55%	9,28%	1,45%

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 2023: 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 2024	**Increase/(decrease) on provisions for impairment of loans and advances €000**
Increase in liquidation period by 1 year	1.246
Decrease in liquidation period by 1 year	(1.102)
Increase in collateral liquidation haircut by 5%	968
Decrease in collateral liquidation haircut by 5%	(765)
Change in the scenario weights (50% base/30% pessim. /20% opt.)	445
Change in the scenario weights (50% base/20% pessim. /30% opt.)	(445)

Change in key assumptions - 31 December 2023	**Increase/(decrease) on provisions for impairment of loans and advances €000**
Increase in liquidation period by 1 year	2.321
Decrease in liquidation period by 1 year	(1.872)
Increase in collateral liquidation haircut by 5%	2.235
Decrease in collateral liquidation haircut by 5%	(1.349)
Change in the scenario weights (50% base/30% pessim. /20% opt.)	826
Change in the scenario weights (50% base/20% pessim. /30% opt.)	(878)

Overlays
A management overlay was introduced 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 inflationary environment affecting the economy. The impact, following the management overlay, resulted into an additional provision on loans and advances of approximately €1,7 million.

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.

Stock of property is measured at the lower of cost and net realisable value. 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, the holding period of the asset applying an appropriate illiquidity discount 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.

Valuations are carried out on an annual basis by external valuers. However, quantitative thresholds are applied for the measurement of lower of cost and net realisable value of insignificant in value properties, where the Group reaffirms or adjust the value of the properties using external market analysis, external valuers' consultation, indexations and other reliable information.

5. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)

5.3 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.

6. NET INTEREST INCOME

	30 June 2024 €000	30 June 2023 €000
Interest income		
Financial assets at amortised cost:		
Loans and advances to customers	26.848	28.376
Debt securities	7.699	3.755
Placements with banks and central banks	18.429	11.787
Negative interest rates on customer deposits	-	21
Other receivables	-	18
	52.976	**43.957**
Income similar to interest income		
Debt securities at fair value through profit or loss	334	312
Derivative financial instruments	352	394
	686	**706**
Interest expense		
Customer deposits	(9.413)	(3.183)
Due to banks and central banks	(2.976)	(4.215)
Lease liabilities	(237)	(191)
Subordinated liabilities	(652)	(651)
Debt securities in issue	(1.289)	(553)
	(14.567)	**(8.793)**
Net interest income	**39.095**	**35.870**

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

7. STAFF EXPENSES

	30 June 2024 €000	30 June 2023 €000
Salaries	11.576	11.947
Social insurance and other contributions	762	757
Retirement benefit cost for defined contributions plans	802	833
Other staff expenses	36	264
	13.176	**13.801**
Voluntary redundancy costs	-	5.410
Total	**13.176**	**19.211**

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 thousand.

The Group operates a defined contribution plan which provides for employer contributions on the employee gross salary and employee contributions of 3%-10% of their gross salary. The Bank's contributions are expensed as incurred and are included in staff expenses. The Bank has no legal or constructive obligations to pay further contributions if the scheme does not hold sufficient assets to pay all employees benefits relating to employee service in the current and prior periods.

Based on the Collective Agreement, the employers' contributions to the Provident Fund for 2024 was set at 9% of the employees for the six months period ended 30 June 2024 and corresponding period of 2023.

The number of persons employed by the Group as at 30 June 2024 was 391 on permanent basis and 26 on temporary basis (Six months ended 30 June 2023: 404 permanent and 21 temporary employees).

8. OTHER OPERATING EXPENSES

	30 June 2024 €000	30 June 2023 €000
IT expenditure	1.582	1.570
Legal fees (Note 22)	42	1.375
Professional fees	803	1.049
Buildings and other assets' maintenance cost	466	652
Premises related expenses	468	822
Operational expenses	445	735
Regulatory fees	675	451
Insurance expenses	308	312
Other expenses	135	296
Directors' fees (Note 27)	209	244
Marketing expenses	428	235
Staff Related expenses	97	131
	5.658	**7.872**
Special levy on deposits on credit institutions in Cyprus	1.190	1.081
Deposit Guarantee Fund (DGF)	548	570
Contribution to Single Resolution Fund and other levies	450	483
Total Special levy on deposits and other levies/contributions	**2.188**	**2.134**

Legal fees include increased litigation costs for cases closed in 2023. Other expenses include credit card expenses, file storage expense, donations, municipality and stamp duties.

9. IMPAIRMENT LOSSES ON FINANCIAL ASSETS AND IMPAIRMENT OF NON-FINANCIAL ASSETS

	30 June 2024 €000	30 June 2023 €000
Impairment on financial assets		
Credit losses to cover credit risk on loans and advances		
Provision for expected credit losses to cover credit risk on loans and advances to customers	(5.052)	(882)
Provision for expected credit losses on loans and advances to customers due to write offs	(601)	(627)
Recoveries of loans and advances to customers previously written off	2.589	578
(Provision for)/Reversal of expected credit loss to cover credit risk on contractual commitments and guarantees	(12)	80
Credit losses of other financial instruments		
Reversal of/(provision for) expected credit losses to cover credit risk on other financial assets (Note 14)	28	(305)
Reversal of expected credit losses to cover credit risk on other receivables	-	136
	(3.048)	**(1.020)**
Impairment of non-financial assets		
Stock of property	(981)	-
	(981)	**-**

10. INCOME TAX

	30 June 2024 €000	30 June 2023 €000
Corporation tax	2.600	-
Deferred tax charge	(111)	2.004
	2.489	**2.004**

The Group is subject to income tax in Cyprus on taxable profits at the rate of 12,5% (2023: 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 2024 €000	30 June 2023 €000
Tax losses	-	2.450
Allowance for expected credit losses	110	(323)
Stock of property	(99)	-
Difference between capital allowances and depreciation	(122)	(123)
Total	**(111)**	**2.004**

11. CASH AND BALANCES WITH CENTRAL BANKS

	30 June 2024 €000	31 December 2023 €000
Cash	7.812	7.389
Mandatory deposits with Central Bank of Cyprus	13.297	25.736
Other balances with the Central Bank of Cyprus	764.589	946.970
Cheques to be cleared	4.841	4.472
Total	**790.539**	**984.567**

The Mandatory deposits and other balances with Central Bank of Cyprus credit ratings per Moody's, the international credit rating agency is Baa2 as at 30 June 2024 and 31 December 2023.

Balances with central banks include obligatory deposits for liquidity purposes which amount to €13.297 thousand (2023:25.736). The average balance of obligatory deposits that is maintained with the Central Bank was set at €22.004 thousand for the period of June to July 2024.

There was no significant ECL allowance on balances with central banks for the six-month period ended 30 June 2024 and year ended 31 December 2023.

	30 June 2024 €000	31 December 2023 €000
Cash and cash equivalents		
Cash	7.812	7.389
Other non-obligatory balances	764.589	946.970
Cheques to be cleared	4.841	4.472
Current accounts	76.403	22.720
	853.645	**981.551**

12. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	30 June 2024 €000	31 December 2023 €000
Trading debt securities (1)	4.738	4.292
Fund participation	-	131
Other debt securities (2)	1.304	1.331
Other investments (3)	934	755
	6.976	**6.509**
Movement:		
1 January	6.509	12.907
New assets acquired in the year	41.884	27.308
Assets derecognised or redeemed in the period/year	(41.684)	(34.135)
Changes in fair value/gain or loss on disposal	427	167
Interest accrued	(164)	216
Foreign exchange adjustments	4	46
Closing balance	**6.976**	**6.509**

(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 2024 amounts to €328 thousand (six-month period ended 30 June 2023: loss €20 thousand).

(2) Other debt securities comprised of perpetual bonds that based on the SPPI criteria, have been classified at FVTPL. Fair value gain of €56 thousand has been recognised in the interim condensed income statement.

(3) Other investments relate to equity investment. Fair value gain of €178 thousand (six-month period ended 30 June 2023: €68 thousand) has been recognised in the interim condensed income statement.

13. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	30 June 2024 €000	31 December 2023 €000
Equity shares		
Listed	6.307	5.918
Unlisted	987	471
	7.294	**6.389**

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 2024 and 31 December 2023 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 30 June 2024 and 31 December 2023 valued this investment using alternative valuation methods.

Dividend income for the six-month period ended 30 June 2024 amounted to €545 thousand (six-month period ended 30 June 2023: €471 thousand) has been recognised in other income.

14. DEBT SECURITIES AT AMORTISTED COST

	30 June 2024 €000	31 December 2023 €000
Securities classified at amortised cost		
Listed	691.442	557.342
12 month expected credit losses	(286)	(314)
	691.156	**557.028**
Listed on the Cyprus Stock Exchange	-	9.970
Listed on other stock exchanges	691.156	547.058
	691.156	**557.028**

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

During 2024, the Group recognised in the Interim Condensed Income Statement a loss of €122 thousand (six-month period ended 30 June 2023 gain of: €241 thousand) from the disposal of debt securities held at amortised cost. The Bank proceeded with the disposal as a measure, mainly, against credit risk deterioration of the debt securities.

The following table presents investments in debt securities by issuer type:

	30 June 2024 €000	31 December 2023 €000
Cyprus Government bonds and Cyprus Treasury Bills	208.194	210.488
Eurozone sovereign	279.844	148.744
Financial institutions	54.869	33.132
Other sovereign	148.249	164.664
	691.156	**557.028**

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 ended 30 June 2024 and year ended 31 December 2023.

An analysis of changes in the gross carrying amount and the corresponding ECLs for the six-month period ended 30 June 2024 is, as follows:

	Stage 1 €000	Stage 2 €000	Stage 3 €000	Total €000
Gross carrying amount as at 1 January 2024	557.342	-	-	557.342
New assets acquired in the period	309.271	-	-	309.271
Assets derecognised or redeemed in the period	(179.505)	-	-	(179.505)
Accrued interest	7.373	-	-	7.373
Foreign exchange adjustments	3.762	-	-	3.762
Interest received	(6.801)	-	-	(6.801)
Debt securities at amortised cost	**691.442**	**-**	**-**	**691.442**

	Stage 1 €000	Stage 2 €000	Stage 3 €000	Total €000
ECL allowance as at 1 January 2024	314	-	-	314
Increase in the ECL during the period	-	-	-	-
Assets derecognised or matured	(28)	-	-	(28)
ECL allowance	**286**	-	-	**286**

14. DEBT SECURITIES AT AMORTISED COST (continued)

An analysis of changes in the gross carrying amount and the corresponding ECLs for the year ended 31 December 2023 is as follows:

	Stage 1 €000	Stage 2 €000	Stage 3 €000	Total €000
Gross carrying amount as at 1 January 2023	585.534	-	-	585.534
New assets acquired in the year	252.110	-	-	252.110
Assets derecognised or redeemed in the year	(278.581)	-	-	(278.581)
Accrued interest	8.422	-	-	8.422
Fair value change due to hedging relationship	202	-	-	202
Foreign exchange adjustments	(3.697)	-	-	(3.697)
Interest received	(6.648)	-	-	(6.648)
Debt securities at amortised cost	**557.342**	**-**	**-**	**557.342**

	Stage 1 €000	Stage 2 €000	Stage 3 €000	Total €000
ECL allowance as at 1 January 2023	125	-	-	125
Increase in the ECL during the year	319	-	-	319
Assets derecognised or matured	(130)	-	-	(130)
ECL allowance	**314**	-	-	**314**

The following table presents investments in debt securities categorised according to the issuer's or country's rating for government guaranteed securities, as per the international credit rating agency, Moody's:

30 June 2024

Credit rating	EUR €000	USD €000	GBP €000	TOTAL €000
Credit rating Aaa	26.936	71.379	4.671	102.986
Credit rating Aa2	10.112	44.087	613	54.812
Credit rating A1	3.012	-	-	3.012
Credit rating A2	40.053	1.896	-	41.949
Credit rating A3	35.089	1.947	-	37.036
Credit rating Baa1	15.039	-	-	15.039
Credit rating Baa2	231.134	-	-	231.134
Credit rating Baa3	163.397	1.813	-	165.210
Credit rating Ba1	14.527	-	-	14.527
Credit rating Ba2	11.939	-	-	11.939
Credit rating Ba3	12.484	-	-	12.484
Credit rating B1	1.028	-	-	1.028
Total	**564.750**	**121.122**	**5.284**	**691.156**

14. DEBT SECURITIES AT AMORTISED COST (continued)

31 December 2023

Credit Rating	EUR €000	USD €000	GBP €000	TOTAL €000
Credit rating Aaa	4.837	95.194	4.435	104.466
Credit rating Aa2	-	17.762	-	17.762
Credit rating Aa3	-	32.544	-	32.544
Credit rating A1	1.000	-	-	1.000
Credit rating A2	34.389	-	-	34.389
Credit rating A3	31.921	1.764	621	34.306
Credit rating Baa1	5.881	-	-	5.881
Credit rating Baa2	211.718	-	-	211.718
Credit rating Baa3	91.591	-	-	91.591
Credit rating Ba1	11.714	-	-	11.714
Credit rating Ba2	4.848	-	-	4.848
Credit rating Ba3	6.809	-	-	6.809
Total	**404.708**	**147.264**	**5.056**	**557.028**

The following table presents investments in bond securities by country of issuer as at 30 June 2024 and 31 December 2023:

	30 June 2024 €000	31 December 2023 €000
Investments at amortised cost:		
Cyprus	233.629	223.168
Greece	68.709	10.418
Other Eurozone countries	168.509	141.128
Non-Eurozone countries	220.309	182.314
	691.156	**557.028**

15. LOANS AND ADVANCES TO CUSTOMERS

	30 June 2024 €000	31 December 2023 €000
Advances to individuals	292.568	321.368
Advances to legal entities:		
Large corporate entities and organisations	184.447	193.880
Small and medium size enterprises (SMEs)	422.791	492.098
Advances to customers – gross	**899.806**	**1.007.346**
Allowance for ECL	**(44.638)**	**(73.925)**
Advances to customers – net	**855.168**	**933.421**

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 €58.666 thousand (2023: €92.214 thousand). The total write-off amounts are €36.091 thousand (2023: €58.782 thousand).

15. LOANS AND ADVANCES TO CUSTOMERS (continued)

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

	Stage 1 €000	Stage 2 €000	Stage 3 €000	POCI €000	Total €000
Gross carrying amount					
1 January 2024	777.930	72.033	85.313	72.070	1.007.346
Reclassification	(8.956)	-		8.956	-
New assets originated or purchased	58.666	-	-	-	58.666
Transfer to Stage 1	8.157	(8.157)	-	-	-
Transfer to Stage 2	(21.783)	24.595	(2.812)	-	-
Transfer to Stage 3	(316)	(3.429)	3.745	-	-
Net movement during the year	(24.103)	101	146	(2.885)	(26.741)
Gross loans derecognised	(71.218)	(15.587)	(11.512)	(5.057)	(103.374)
Write-offs	-	-	(24.990)	(11.101)	(36.091)
At 30 June 2024	**718.377**	**69.556**	**49.890**	**61.983**	**899.806**

	Stage 1 €000	Stage 2 €000	Stage 3 €000	POCI €000	Total €000
Gross carrying amount					
1 January 2023	802.692	159.849	138.238	107.588	1.208.367
New assets originated or purchased	92.214	-	-	147	92.361
Transfer to Stage 1	100.342	(99.625)	(717)	-	-
Transfer to Stage 2	(19.107)	22.351	(3.244)	-	-
Transfer to Stage 3	(2.479)	(1.165)	3.644	-	-
Net movement during the year	(124.626)	(8.265)	(6.607)	(11.406)	(150.904)
Gross loans derecognised	(70.881)	(1.012)	(6.972)	(4.831)	(83.696)
Write-offs	(225)	(100)	(39.029)	(19.428)	(58.782)
At 31 December 2023	**777.930**	**72.033**	**85.313**	**72.070**	**1.007.346**

During the six months ended 30 June 2024, certain exposures, fully secured by tangible collateral, were assessed as unlikely to pay due to specific characteristics, even though they adhere to the regular repayment schedule and are expected to cure subject to meeting all exit criteria.

The allowance for ECL is decreased from €73.925 thousand at 31 December 2023 to €44.638 thousand at 30 June 2024. The decrease is primarily driven by the €38.038 thousand write offs (2023: €58.144 thousand) and to successful resolutions implemented during the year resulting in recoveries of expected credit losses.

30 June 2024

	Stage 1 €000	Stage 2 €000	Stage 3 €000	POCI €000	Total €000
ECL allowance					
1 January 2024	5.546	1.580	46.365	20.434	73.925
Interest not recognised in the income statement	-	-	1.677	605	2.282
Write-offs	-	-	(26.103)	(11.935)	(38.038)
Provision on new exposures granted	254	-	-	-	254
Derecognition	(375)	(191)	(366)	(873)	(1.805)
Transfer to Stage 1	155	(155)	-	-	-
Transfer to Stage 2	(323)	1010	(687)	-	-
Transfer to Stage 3	(13)	(128)	141	-	-
Change due to models and inputs	(587)	(522)	3.530	5.420	7.841
Foreign exchange difference and other movements	-	(6)	178	7	179
30 June 2024	**4.657**	**1.588**	**24.735**	**13.658**	**44.638**

15. LOANS AND ADVANCES TO CUSTOMERS (continued)

31 December 2023

	Stage 1 €000	Stage 2 €000	Stage 3 €000	POCI €000	Total €000
ECL allowance					
1 January 2023	4.414	2.244	78.509	32.533	117.700
Interest not recognised in the income statement	-	-	5.455	1.483	6.938
Write-offs	-	-	(39.409)	(18.735)	(58.144)
Provision on new exposures granted	464	3	-	-	467
Derecognition	(123)	(4)	(643)	(326)	(1.096)
Transfer to Stage 1	1.533	(1.297)	(236)	-	-
Transfer to Stage 2	(94)	799	(705)	-	-
Transfer to Stage 3	(91)	(273)	364	-	-
Change due to models and inputs	(554)	96	2.906	5.475	7.923
Foreign exchange difference and other movements	(3)	12	124	4	137
31 December 2023	**5.546**	**1.580**	**46.365**	**20.434**	**73.925**

15. LOANS AND ADVANCES TO CUSTOMERS (continued)

Table below presents a breakdown of Loans and Advances to Customers as at 30 June 2024 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	**70.870**	**-**	**-**	**-**	**112**	**-**	**-**	**-**
Other Financial Corporations	**29.791**	**56**	**-**	**-**	**792**	**25**	**-**	**-**
Non-financial Corporations	**493.310**	**54.530**	**41.830**	**30.094**	**24.317**	**19.840**	**15.228**	**14.613**
of which: Small and Medium-sized enterprises	374.255	45.574	41.830	30.094	22.994	19.795	15.228	14.613
of which: Loans collateralized by commercial Immovable property	257.087	24.821	26.054	20.223	13.363	10.795	10.326	9.959
Non-financial Corporations by sector								
Real estate activities	93.970	6.870	3.919	3.775	2.259	2.045	1.723	1.720
Wholesale and retail trade, repair of motor vehicles and motorcycles	90.725	7.852	5.144	4.987	5.014	3.956	2.826	2.798
Transportation & storage	62.459	439	419	419	213	3	3	3
Construction	61.638	16.819	9.946	9.329	6.382	5.356	3.244	3.212
Accommodation & food service activities	54.832	3.028	7.924	2.286	1.910	1.502	1.791	1.458
Manufacturing	36.065	1.153	570	570	810	259	-	-
Other Sectors	93.621	18.369	13.908	8.728	7.729	6.719	5.641	5.422
Households	**305.836**	**45.408**	**27.262**	**15.934**	**19.417**	**18.044**	**5.468**	**5.209**
of which: Loans collateralized by residential Immovable property	237.450	33.916	24.560	14.589	11.776	11.503	4.677	4.586
of which: Credit for consumption	54.320	15.918	5.147	2.931	8.268	7.211	715	567
Total	**899.807**	**99.994**	**69.092**	**46.028**	**44.638**	**37.909**	**20.696**	**19.822**

(1) Excluding 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 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	**69.176**	**-**	**-**	**-**	**76**	**-**	**-**	**-**
Other Financial Corporations	**65.255**	**352**	**-**	**-**	**932**	**38**	**-**	**-**
Non-financial Corporations	**542.871**	**78.003**	**67.204**	**39.488**	**32.672**	**27.722**	**12.067**	**11.219**
of which: Small and Medium-sized enterprises	423.759	78.003	67.204	39.488	31.116	27.722	12.067	11.219
of which: Loans collateralized by commercial Immovable property	327.969	40.468	52.880	26.437	13.392	10.385	7.603	6.783
Non-financial Corporations by sector								
Construction	74.554	24.571	12.721	11.927	9.338	8.554	2.789	2.766
Wholesale and retail trade	93.132	13.646	6.416	6.325	8.410	7.281	2.076	2.052
Accommodation and food service activities	86.583	9.249	27.145	7.474	2.612	1.978	1.278	1.097
Real estate activities	108.542	15.699	7.747	4.228	4.392	4.104	1.456	1.404
Water supply, sewerage and waste management	124	53	-	-	51	50	-	-
Other Sectors	179.936	14.785	13.175	9.534	7.869	5.755	4.468	3.900
Households	**330.044**	**72.109**	**29.930**	**19.257**	**40.245**	**38.412**	**6.752**	**5.956**
of which: Loans collateralized by residential Immovable property	250.989	46.999	26.738	17.247	21.356	20.702	5.280	4.835
of which: Credit for consumption	63.847	26.753	5.768	3.422	17.342	16.156	1.313	907
Total	**1.007.346**	**150.464**	**97.134**	**58.745**	**73.925**	**66.172**	**18.819**	**17.175**

(1) Excluding 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 2024 €000	31 December 2023 €000
1 January	119.808	140.528
Transfer to investment properties	-	(2.704)
Transfer from PPE	-	124
Additions	26.860	18.923
Disposals	(13.787)	(33.736)
Impairment (Note 9)	(981)	(3.327)
Closing balance	**131.900**	**119.808**

The Group in its normal course of business acquires properties in debt satisfaction ("REOs"), which are held either directly or by entities set up and controlled by the Group for the sole purpose of managing these properties with an intention to be disposed of. These properties are recognised in the Group's interim condensed consolidated financial statements as stock of property, reflecting the substance of these transactions.

The carrying amount of stock of property is determined as the lower of cost and net realisable value. Impairment is recognised if the net realisable value is below the cost of the stock of property. During the six-month period ended 30 June 2024 an impairment loss of €981 thousand (2023: €3.327 thousand) was recognised in 'Impairment of non-financial assets' in the consolidated income statement (Note 9).

At 30 June 2024 stock of property with a carrying amount of €97.162 thousand (31 December 2023: €95.800 thousand) is carried at approximately its fair value less costs to sell.

The stock of properties includes residential, offices and other commercial properties and industrial buildings and land (fields and plots).

During the six-month period ended 30 June 2024, the Group disposed repossessed assets of a total amount of €13,787 thousand (2023: €33,736 thousand) at a gain of €547 thousand (six-month period ended 30 June 2023: €556 thousand gain).

17. PROPERTY AND EQUIPMENT

	Right of use assets €000	Property €000	Equipment €000	Total €000
2024				
Net book value at 1 January	2.867	26.424	2.620	31.911
Additions	-	-	40	40
Write off/Disposals	(269)	-	-	(269)
Depreciation	(378)	(132)	(390)	(900)
Net book value at 30 June	**2.220**	**26.292**	**2.270**	**30.782**

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 2024 €000	31 December 2023 €000
Targeted Longer-Term Refinancing Operations (TLTRO III)	104.759	204.910
Total	**104.759**	**204.910**

As at 30 June 2024, the ECB funding was decreased to €100.000 thousand (2023: €200.000 thousand) following an early repayment of €100.000 thousand in March 2024 borrowed from various TLTRO III operations. The final repayment of €100.000 thousand is expected in September 2024.

As from 23 November 2022 onwards, the applicable interest rate would be indexed to the average applicable key ECB interest rates. 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 2024 and in 2023 from the above transactions are included in “Interest expense” in the Interim Condensed Consolidated Income Statement.

19. DEPOSITS AND OTHER CUSTOMER ACCOUNTS

Analysis by type of deposit

	30 June 2024 €000	31 December 2023 €000
Demand	988.327	1.022.345
Savings	336.563	359.144
Term	838.399	773.312
Total	**2.163.289**	**2.154.801**

20. DEBT SECURITIES IN ISSUE AND SUBORDINATED LIABILITIES

			30 June 2024		31December 2023	
			000	€000	000	€000
Subordinated liabilities	**Call option date**	**Contractual interest rate**	**Nominal Value**	**Carrying Value**	**Nominal Value**	**Carrying Value**
Subordinated Tier 2 Bonds	June -2025	8,00%	€16.404	16.457	€16.404	16.459
				16.457		**16.459**
Debt securities in issue - MREL qualified (Senior preferred bonds)						
Euro	January-2026	7,875%	€9.000	9.000	€9.000	9.305
USD	January-2026	9,00%	US$4.500	4.202	US$4.500	4.221
Euro	June-2025	6,50%	€8.200	8.771	€8.200	8.200
USD	June-2025	8,50%	US$12.200	12.042	US$12.200	11.020
				34.015		**32.746**

Subordinated liabilities

In June 2020, the Group issued a €16.404 thousand 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 Bank may redeem all of the Bonds on any Interest Payment Date following the fifth anniversary of the issuance date of the relevant Bond, subject to applicable regulatory consents.

Debt securities in issue – MREL qualified

In July 2023, the Bank issued €9.000 thousand and US$4.500 thousand 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 Bank 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 Bank's MREL requirements. The bonds are listed on the Emerging Companies Bonds Market of the Cyprus Stock Exchange.

In December 2023, the Bank issued €8.200 thousand and US$12.200 thousand senior preferred bonds. The Bonds were priced at par with a coupon of 6,5% and 8,5% per annum respectively, payable semi-annually. The Bonds mature in June 2026 (2,5 years from the issuance date). The Bank has the option to redeem the bonds in June 2025, 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 Bank's MREL requirements. The bonds are listed on the Emerging Companies Bonds Market of the Cyprus Stock Exchange.

21. SHARE CAPITAL AND SHARE PREMIUM

	Authorised share capital		Issued share capital	
	Number of shares	€000	Number of shares	€000
Ordinary shares	**40.000.000**	**40.000**	**23.624.789**	**179.008**

	Share Capital €000	Share Premium €000	Total €000
31 December 2023	**23.625**	**155.383**	**179.008**
30 June 2024	**23.625**	**155.383**	**179.008**

Authorised share capital

There were no changes to the authorised share capital during the period/ year ended 30 June 2024 and 31 December 2023.

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 2024 and 31 December 2023.

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.

	30 June 2024 €000	31 December 2023 €000
Contingent liabilities		
Credit guarantees	396	4.840
Letters of guarantees	54.310	58.461
	54.706	**63.301**
Commitments		
Unutilised limits	**123.135**	**127.918**
Total contingent liabilities and commitments	**177.841**	**191.219**

As at 30 June 2024 letters of guarantee of €10.876 thousand (31 December 2023: €13.600 thousand) had a maturity date beyond one year. The majority 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 2024 amounted to €610 thousand (2023: €1.200 thousand).

22. CONTINGENT LIABILITIES AND COMMITMENTS (continued)

Legal proceedings

The Group, in the ordinary course of business, is involved in various disputes and legal proceedings. The Group considers that none of these matters are material either individually or in aggregate and provisions have been made where: (a) there is a present obligation (legal or constructive) arising from past events, (b) the settlement of the obligation is expected to result in an outflow of resources embodying economic benefits, and (c) a reliable estimate of the amount of the obligation can be made. The Group has not disclosed an estimate of the potential financial effect on its contingent liabilities arising from these matters where it is not practicable to do so, or because it is too early or the outcome is too uncertain or, in cases where it is practicable, where disclosure could prejudice conduct of the matters. There are also situations where the Group may enter into a settlement agreements.

There are no material pending litigations. While the outcome of litigation proceedings are inherently uncertain, management believes that, based on the information available to it, appropriate provisions have been made in respect of legal proceedings and other matters as at 30 June 2024 and hence it is not believed that such matters, when concluded, will have a material impact upon the financial position of the Group. In line with the provisions of IAS37 'Provisions, Contingent Liabilities and Contingent Assets' some information required may not disclosed on the grounds that it can be expected to prejudice seriously the outcome of the litigation or the outcome of some cases of the Group.

23. GROUP COMPANIES

The subsidiary companies included in the Interim Condensed 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 2024 are listed below.

		Country of incorporation	Activities	Percentage
1	A.P.M. Control Company	Cyprus	Property holding	100%
2	A.P.M. Firstsum Company	Cyprus	Property holding	100%
3	Adanina Limited	Cyprus	Property holding	100%
4	Ailanthus Holding Limited	Cyprus	Property holding	100%
5	Amatorco Limited	Cyprus	Dormant	100%
6	Apomeli Ltd	Cyprus	Property holding	100%
7	Assong Holding Limited	Cyprus	Property holding	100%
8	AstroBank Insurance Agency Limited	Cyprus	Insurance brokerage	100%
9	Averrhoa Limited	Cyprus	Property holding	100%
10	Axalus Limited	Cyprus	Dormant	100%
11	Azulito Ventures Limited	Cyprus	Property holding	100%
12	Brawnido Ltd	Cyprus	Dormant	100%
13	Bushtron Holding Ltd	Cyprus	Property holding	100%
14	Callistem Holdings Ltd	Cyprus	Dormant	100%
15	Carbinor Consultants Ltd	Cyprus	Secretarial services to the Bank’s SPVs	100%
16	Catouna Ltd	Cyprus	Property holding	100%
17	Conaria Holding Limited	Cyprus	Property holding	100%
18	Dacibel Limited	Cyprus	Property holding	100%
19	Delaway Limited	Cyprus	Intermediate holding company	100%
20	Dremikol Ltd	Cyprus	Dormant	100%
21	Dusanic Holdings Limited	Cyprus	Intermediate holding company	100%
22	EMF Investors Limited	Cyprus	Dormant	100%

23. GROUP COMPANIES (continued)

		Country of incorporation	Activities	Percentage
23	Feelopie Holding Limited	Cyprus	Property holding	100%
24	Firstplatinum Company Ltd	Cyprus	Property holding	100%
25	Fralidom Ltd	Cyprus	Property holding	100%
26	Gianteto Limited	Cyprus	Property holding	100%
27	Imagetech Limited	Cyprus	Intermediate holding company	100%
28	J&P Kalamon	Cyprus	Dormant	100%
29	Jiboka Ltd	Cyprus	Property holding	100%
30	Kaihur Investment Limited	Cyprus	Dormant	100%
31	Kantadia Ventures Ltd	Cyprus	Property holding	100%
32	Katefors Ltd	Cyprus	Property holding	100%
33	Lewisia Holdings Limited	Cyprus	Intermediate holding company	100%
34	Macerio Limited	Cyprus	Property holding	100%
35	Mangum Holding Limited	Cyprus	Property holding	100%
36	Martisio Ltd	Cyprus	Property holding	100%
37	Meribas Limited	Cyprus	Director of the Bank's SPVs	100%
38	Meroskino Ltd	Cyprus	Property holding	100%
39	Naila Holdings Limited	Cyprus	Intermediate holding company	100%
40	Olcinia Holdings Limited	Cyprus	Intermediate holding company	100%
41	Olemo Limited	Cyprus	Property holding	100%
42	Openstar International	Cyprus	Property holding	100%
43	Osperus Holdings Ltd	Cyprus	Intermediate holding company	100%
44	Pandingmor Limited	Cyprus	Property holding under long term lease agreement	100%
45	Pelasela Ltd	Cyprus	Property holding	100%
46	Perekin Holdings Limited	Cyprus	Intermediate holding company	100%
47	Perequito Holdings Ltd	Cyprus	Intermediate holding company	100%
48	Pexofino Limited	Cyprus	Dormant	100%
49	Phelien Limited	Cyprus	Property holding	100%
50	Ramatary Limited	Cyprus	Property holding	100%
51	Raunaki Ltd	Cyprus	Property Holding	100%
52	Rimitaria Ltd	Cyprus	Property Holding	100%
53	Rockory Enterprises Ltd	Cyprus	Dormant	100%
54	Rowington Ventures Ltd	Cyprus	Property holding	100%
55	Sabatia Limited	Cyprus	Property holding	100%
56	Scaevola Ventrures Ltd	Cyprus	Property holding	100%

23. GROUP COMPANIES (continued)

		Country of incorporation	Activities	Percentage
57	Serianio Ltd	Cyprus	Property holding	100%
58	Serissa Holdings Limited	Cyprus	Intermediate holding company	100%
59	Sistemero Limited	Cyprus	Property holding	100%
60	Todero Limited	Cyprus	Property holding	100%
61	Tomentos Holdings Ltd	Cyprus	Property holding	100%
62	Viegiot Investments Ltd	Cyprus	Property holding	100%
63	Xepa Limited	Cyprus	Dormant	100%
64	Yurania Investments Ltd	Cyprus	Property holding	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 May 2021. In addition, certain provisions on MREL have been introduced in CRR II which also came into force on 27 June 2019 as part of the reform package and were immediately effective.

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

Total Capital Requirements	**30 June 2024 %**	**31 December 2023 %**
Pillar I – Total Capital Requirements	8,00%	8,00%
Pillar II – Total Capital Requirements	3,83%	3,83%
Total SREP Capital Requirements	**11,83%**	**11,83%**
Capital Combined Buffer Requirement (CBR)	2,50%	2,50%
Other systemically important (OSII)	0,25%	0,25%
Bank's Specific Countercyclical Buffer (CcyB)	0,92%	0,46%
Total Combined Buffers Requirement (CBR)	**3,67%**	**3,21%**
Overall Capital Requirements (OCR)	**15,50%**	**15,04%**

24. CAPITAL MANAGEMENT (continued)

CET1 Requirements	30 June 2024 %	31 December 2023 %
Pillar I – Total Capital Requirements	4,50%	4,50%
Pillar II – Total Capital Requirements	2,15%	2,15%
Total Combined Buffers Requirement (CBR)	3,67%	3,21%
Minimum CET1 Capital Requirements including CcyB	**10,32%**	**9,86%**

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 2024 €000	31 December 2023 €000
CET1	€244.290	€221.409
Tier 1	€244.290	€221.409
Total Capital	**€260.749**	**€237.868**
Risk weighted assets	**€959.568**	**€1.001.831**
Common Equity Tier 1 ratio	25,5%	22,1%
Tier 1 ratio	25,5%	22,1%
Total Capital Adequacy Ratio	27,2%	23,7%
Leverage Ratio	9,0%	7,9%

During the six-month period 30 June 2024, the capital ratios were positively affected by the profit for the period and by the decrease in the risk weighted assets, primarily due to the reduction of the NPEs and repayment of loans.

The Bank's capital position was in compliance with the minimum regulatory requirement, including P2G, throughout the reporting period and as at 31 December 2023.

As at 30 June 2024 the Leverage Ratio (transitional and fully loaded basis) of the Group was 9,0% compared to 7,9% as at 31 December 2023.

Minimum Requirement for own funds and Eligible Liabilities (MREL)
Based on the final decision of April 2024 the minimum requirement for own funds and eligible liabilities (MREL) for the Bank is set at 22,3% of Total Risk Exposure Amount ("TREA") and 5,3% of Leverage ratio exposure ("LRE") and this must be met by 31 December 2024. As at 30 June 2024, the MREL ratio calculated at 31,5% of RWA or 11,1% of LRE (31 December 2023: 27,8% of RWA and 10,0% of LRE) and meets the final binding target set by the regulators of 26,0% of RWAs, including the combined buffer requirement applicable as at 30 June 2024.

The ratios above include the reviewed profits by the external auditors for the six-months ended 30 June 2024.

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 Bank considers that the fair value of the Bonds as at 30 June 2024 and 31 December 2023 approximate their book value.

25. FAIR VALUE OF ASSETS AND LIABILITIES (continued)

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:

	Carrying amount €000	Total €000	Level 1 €000	Level 2 €000	Level 3 €000
30 June 2024					
Assets measured at fair value					
Financial assets at fair value through other comprehensive income	7.294	7.294	-	-	7.294
Financial assets at fair value through profit or loss	6.976	6.976	6.976	-	-
Derivative financial instruments	2.711	2.711	-	2.711	-
Investment property	22.267	22.267	-	-	22.267
Property and equipment	30.782	30.782	-	-	30.782
	70.030	**70.030**	**6.976**	**2.711**	**60.343**
Other financial assets not measured at fair value					
Cash and balances with central banks	790.539	790.539	-	790.539	-
Placements with other banks	76.403	76.403	-	76.403	-
Debt securities	691.156	667.880	667.880	-	-
Loans and advances to customers	855.168	859.142	-	-	859.142
Other assets	19.549	19.549	-	-	19.549
	2.432.815	**2.413.513**	667.880	**866.942**	**878.691**
Liabilities measured at fair value					
Derivative financial instruments	2.815	2.815	-	2.815	-
	2.815	**2.815**	**-**	**2.815**	**-**
Liabilities not measured at fair value					
Funding from central banks	104.759	104.759	-	104.759	-
Amounts due to other banks and deposits from banks	11.479	11.479	-	11.479	-
Deposits and other customer accounts	2.163.289	2.163.289	-	-	2.163.289
Other liabilities	58.132	58.132	-	-	58.132
Subordinated liabilities	16.457	16.457	-	-	16.457
Debt securities in issue	34.015	34.015	-	-	34.015
	2.388.131	**2.388.131**	**-**	**116.238**	**2.271.893**

There were no significant transfers between levels during the period.

25. FAIR VALUE OF ASSETS AND LIABILITIES (continued)

	Carrying Amount €000	Fair Value €000	Level 1 €000	Level 2 €000	Level 3 €000
31 December 2023					
Assets measured at fair value					
Financial assets at fair value through other comprehensive income	6.389	6.389	-	-	6.389
Financial assets at fair value through profit or loss	6.509	6.509	6.378	-	131
Derivative financial instruments	4.906	4.906	-	4.906	-
Investment property	24.967	24.967	-	-	24.967
Property and equipment	31.911	31.911	-	-	31.911
	74.682	**74.682**	**6.378**	**4.906**	**63.398**
Other financial assets not measured at fair value					
Cash and balances with central banks	984.567	984.567	-	984.567	-
Placements with other banks	22.720	22.720	-	22.720	-
Debt securities	557.028	534.242	534.242		-
Loans and advances to customers	933.421	942.010	-	-	942.010
Other assets	22.750	22.750	-	-	22.750
	2.520.486	**2.506.289**	**534.242**	**1.007.287**	**964.760**
Liabilities measured at fair value					
Derivative financial instruments	4.074	4.074	-	4.074	-
	4.074	**4.074**	**-**	**4.074**	**-**
Liabilities not measured at fair value					
Funding from central banks	204.910	204.910	-	204.910	-
Amounts due to other banks and deposits from banks	24.517	24.517	-	24.517	-
Deposits and other customer accounts	2.154.801	2.154.801	-	-	2.154.801
Other liabilities	51.329	51.329	-	-	51.329
Subordinated liabilities	16.459	16.459	-	-	16.459
Debt securities in issue	32.746	32.746	-	-	32.746
	2.484.762	**2.484.762**	**-**	**229.427**	**2.255.335**

There were no significant transfers between levels during the year.

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 2024

	FVTPL €000	FVOCI – Equity instruments €000	Amortised cost €000	Total carrying amount €000
Assets				
Balances with Central Bank	-	-	790.539	790.539
Placements with other banks	-	-	76.403	76.403
Derivative financial instruments	2.711	-	-	2.711
Loans and advances to customers	-	-	855.168	855.168
Investment securities:				
-Debt securities	6.043	-	691.156	697.199
-Equity securities	-	7.294	-	7.294
-Other investments	933	-	-	933
Other assets	-	-	23.507	23.507
Total financial assets	**9.687**	**7.294**	**2.436.773**	**2.453.754**
Liabilities				
Derivative financial instruments	2.814	-	-	2.814
Funding from Central Bank	-	-	104.759	104.759
Amounts due to other banks and deposits from banks	-	-	11.479	11.479
Deposits and other customer accounts	-	-	2.163.289	2.163.289
Other liabilities	-	-	58.132	58.132
Subordinated liabilities	-	-	16.457	16.457
Debt securities in issue	-	-	34.015	34.015
Total financial liabilities	**2.814**	**-**	**2.388.131**	**2.390.945**

31 December 2023

	FVTPL €000	FVOCI – Equity instruments €000	Amortised cost €000	Total carrying amount €000
Assets				
Balances with Central Bank	-	-	984.567	984.567
Placements with other banks	-	-	22.720	22.720
Derivative financial instruments	4.906	-	-	4.906
Loans and advances to customers	-	-	933.421	933.421
Investment securities:				
-Debt securities	5.623	-	557.028	562.651
-Equity securities	131	6.389	-	6.520
-Other investments	755	-	-	755
Other assets	-	-	22.750	22.750
Total financial assets	**11.415**	**6.389**	**2.520.486**	**2.538.290**
Liabilities				
Derivative financial instruments	4.074	-	-	4.074
Funding from Central Bank	-	-	204.910	204.910
Amounts due to other banks and deposits from banks	-	-	24.517	24.517
Deposits and other customer accounts	-	-	2.154.801	2.154.801
Other liabilities	-	-	51.315	51.315
Subordinated liabilities	-	-	16.459	16.459
Debt securities in issue	-	-	32.746	32.746
Total financial liabilities	**4.074**	**-**	**2.484.748**	**2.488.822**

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 sixteen senior personnel reporting directly to the CEO. The number of Key Management personnel as at 30 June 2024 was 16 (2023: 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 2024 and 31 December 2023. 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.

	30 June 2024 €000	31 December 2023 €000
Loans and advances	1.783	1.694
Interest income	35	66
Deposits	1.246	1.089
Interest expense	4	4
Other fees	32	64

As at 30 June 2024, there were contingent liabilities and commitments to Key Management personnel who were not Directors and their connected persons amounting to €100 thousand (31 December 2023: €100 thousand).

Remuneration of key management personnel of the Group

	30 June 2024 €000	30 June 2023 €000
Key management personnel remuneration:		
Salaries and other benefits and employer's contributions	1.291	1.068
Voluntary redundancy costs	-	200
Total	**1.291**	**1.268**

Non-executive Directors' remuneration

	30 June 2024 €000	30 June 2023 €000
Remuneration of Non-Executive Directors (Note 8)	**209**	**244**

28. EVENTS AFTER THE REPORTING PERIOD

No significant non-adjusting events have taken place since 30 June 2024.

Building a better working world

Ernst & Young Cyprus Ltd
10 Esperidon Street
1087 Nicosia
P.O. Box 21656
1511 Nicosia Cyprus

Tel: +357 2220 9999
Fax: +357 2220 9998
ey.com

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 2024, 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
9 August 2024

GLOSSARY AND DEFINITIONS

Name	Definition
Capital adequacy ratio (transitional)	Total capital base divided by Risk Weighted Assets.
CET1 ratio	Common Equity Tier 1 capital divided by Risk Weighted Assets.
Cost of risk	Impairment change for the period on loan portfolio divided by average gross loans.
Cost to income ratio	Total expenses (as defined excluding one-off expenses) divided by total 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	NPE 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 year divided by the simple average of total assets at each reporting date from the beginning of the year.
Return on average equity	Profit for the year divided by the simple average of total equity at each reporting date from the beginning of the year.