Press Release

Nicosia, April 16, 2024

Group Financial Results for the year ended 31 December 2023

€39,4 million Profit for the year and 23,7% Capital Adequacy Ratio

Key Highlights

> Profit after tax before one-off costs at €39,4 million for the year 2023

> Profit after tax at €30,4 million compared with €12,2 million in 2022

> Significant organic capital generation; Total Capital ratio at 23,7% and 22,1% CET1 ratio

> Successful issuance of €34 million new MREL bonds in 2023; MREL ratio at 27,8%

> NPEs to loans reduced to 14,9% from 19,8% end of 2022, exclusively through organic reduction

> Cost to Income ratio reduced to 52,3% from 68,2% in 2022

> Return on Equity of 13,9% in 2023 vs. 6,2% in 2022

Aristidis Vourakis, AstroBank's Chief Executive Officer Statement:

"2023 has been a remarkable year for AstroBank. The systematic efforts during the last years, towards a focused business model, streamlined operations, and reshaping and derisking of our balance sheet, together with the favourable interest rate and macroeconomic environment, have supported delivering a strong financial performance.

The decisive management actions underpinned the transformation of the Bank into a strong and well capitalised banking institution, capable to deliver value to its customers and its shareholders. With regulatory capital of almost 24%, extensive presence across Cyprus and an updated digital offering, AstroBank stands to play a pivotal role, serving Cyprus entities and individual customers.

AstroBank has reported strong profitability for the year 2023 with Profit After Tax of €39,4 million excluding one-off costs (€30,4 million net profit after tax). Shareholders' Equity reached €234,1 million, while total capital adequacy ratio significantly strengthened to 23,7% through organic capital generation.

We remain committed to our Business Plan, which over the last years has resulted in substantial operational efficiencies, quality customer service and improved profitability."

Income Statement Analysis

AstroBank reported Profit After Tax of €30,4 million for 2023, representing an RoE of 13,9%, compared with €12,2 million and RoE of 6,2% for 2022.

The Group's Profit After Tax before non-recurring costs[1] for the year ended 31 December 2023 amounted to €39,4 million (2022: €21,7 million).

Total operating income increased to €97,2 million, up by 34%, compared with €72,7 million in 2022. The increase is largely due to net interest income, which increased to €74,8 million, up by 46% in 2023, reflecting the impact of the increased interest rate environment on the Bank's strong liquidity position. The net interest margin for 2023 was 3,0% (2022: 1,9%) supported by the rising interest rate environment.

Net fee and commission income and other non-interest income increased to €22,5 million compared with €21,5 million in 2022.

Total expenses were €50,9 million for year 2023, up by 2,8%, compared with €49,5 million for 2022.

Staff cost represents 53,2% of total expenses, reaching €27,1 million for 2023, up by 4,8% from €25,9 million in 2022, reflecting the annual increments stemming from the bank employees union collective agreement and the increased cost of living adjustment (COLA), partially offset by saving through the Voluntary Retirement Scheme (VRS). During 2023, the Group completed a VRS through which 55 full-time employees were approved to leave at a total cost of €7,0 million (2022: 16 employees at a total cost of €1,9 million). The number of permanent staff was 392 as at 31 December 2023 (2022: 443).

Other operating expenses for 2023 were €16,2 million, up by 1,8% from €15,9 million in 2022. Depreciation and amortisation was decreased to €3,3 million vs €3,7 million in 2022 and the special levy, contributions to Single Resolution Fund and other levies were €4,3 million (2022: €4,1 million).

The cost to income ratio decreased to 52,3% in 2023 compared with 68,2% in 2022, driven mainly by higher total income and the management's ongoing focus on efficiency and cost discipline.

Pre-provisions income arising mainly from core banking activities is improved in 2023 at €46,4 million from €23,1 million in 2022, an increase of 100,9%, driven mainly by the increase in net interest income.

Total impairment charges for 2023 amounted to €6,7 million compared with €3,7 million in 2022. The increase in 2023 is primarily due to higher loan impairment charges.

Balance sheet dynamics and capital position

The Group's total assets amounted to €2.725 million as at 31 December 2023 (31 December 2022: €2.726 million), remaining stable compared with the previous year.

Net loans decreased from €1.091 million as of December 31, 2022 to €933 million as of December 31, 2023 reflecting significant resolutions in the non-performing portfolio. Total new lending for the period reached around €90 million. Sustained new lending to companies and individuals in Cyprus reflects AstroBank's strong commitment to Cyprus economy and its strong financial position, which facilitates new business activity.

Customer deposits totaled €2.155 million as at 31 December 2023 (31 December 2022: €2.112 million), an increase of 2,0% and comprised of deposits in Euro and foreign currencies, mostly US Dollars and British Pounds.

[1] Non-recurring costs of €9,0 million, consisting of €7,0 million Voluntary Retirement Scheme Cost (VRS) and €1,9 million of Servicer's (ex Quant) amortisation cost acquired back in 2022.

As at 31 December 2023, funding from central banks amounted to €200 million (2022: €300 million), comprising solely of funding through the Targeted Longer-Term Refinancing Operations (TLTRO) III. The Bank proceeded with the repayment of €100 million of TLTRO III funding in September 2023 and by €100 million in March 2024.

Underpinned by common equity of €234,1 million, the Bank's capital adequacy ratio improved to 23,7% as at 31 December 2023, up from 18,0% in the previous year, due to internal capital generation through profitability and resolution of non-performing loans. Core Tier 1 ratio, consisting exclusively of common equity, stood at 22,1% as at 31 December 2023.

AstroBank's liquidity remained robust throughout the year, with a liquidity coverage ratio of 366% at the end of 2023 and a stable loan-to-deposit ratio of 43%.

The NPE ratio dropped to 14,9% as at 31 December 2023, down from 19,8% as of December 31, 2022, exclusively through organic resolutions. Provision coverage stood at 44,0% end of 2023 (2022: 46.1%).

Real Estate Owned Assets (REOs), direct and indirect[2], disposals reached €43 million, of which €33,7 million, represents direct sales. The cumulative sales over the last three years reached c.€150 million.

During 2023, capital ratios were significantly strengthened by the profit of the year and the decrease in risk weighted assets ("RWAs"), primarily due to the reduction of the NPEs and loan repayments. On 31 December 2023 the CET 1 and Total Capital ratios were at 22,1% and 23,7% respectively, compared with 16,5% and 18,0% end of 2022. The Bank's capital ratios are well above the minimum regulatory requirements.

As at 31 December 2023, the MREL ratio stood at 27,8%, meeting the final binding target of 26,0% set by the regulator, which is effective from 31 December 2024 and also takes into account the increase of Countercyclical Buffer by a further 0,5% in June 2024.

ESG and Digital Transformation

The Bank is committed to operate in an economically and socially sustainable manner. An ESG working plan has been established with significant improvements in the Governance Pillar and an expanding effort on the Environmental Pillar accompanying AstroBank's already strong Social Pillar commitment.

AstroBank's primary goals to increase energy efficiency and support customers in their green transition, offering an extensive suite of environmentally friendly loan products along with a plan to reduce scope 1, 2 and 3 emissions (including financed emissions) and full integration of the environmental agenda in the Bank's business model, form the core of the environmental pillar.

With the aim of remaining competitive and providing quality and efficient services to its customers, Astrobank continues to invest in technology and automation solutions. In November 2023, AstroBank launched a new Internet and Mobile Banking App providing an upgraded banking experience to its customers. Full digitisation of the Bank's card offering is expected to be completed mid-2024. Those initiatives accompany a range of digitisation and integration of internal processes extending client facing capacity. With the integrated new digital platforms and its 14 locations network, AstroBank aims to play a key role in the Cyprus banking sector.

Note:
Copies of the Audited Consolidated Financial Statements for the year ended 31 December 2023 are available at the Bank's Registered Office, located at 1 Spyrou Kyprianou Avenue, Nicosia, as well as on the Bank's website www.astrobank.com.

[2] Indirect sales represent disposal before onboarding.

Annex - Financial key highlights - extracts from Consolidated Financial Statements:

Key Financial Indicators	2023	2022	2021
	€mn	€mn	€mn
Net Interest Income	74,8	51,2	48,1
Fee Income	15,8	169	16,9
Other Income	6,7	4,6	9,1
Total Income	97,2	72,7	74,2
Operating Expenses	-50,9	-49,5	-56,1
Pre-Provision Income	46,4	23,1	18,0
Profit After Tax - excluding non-Recurring costs	39,4	21,7	3,9
Net Profit After Tax	30,4	12,2	3,3
Securities & Liquidity	1.582	1.411	1.658
Net Loans	933	1.091	1.137
Total Assets	2.725	2.726	3.018
Customer Deposits	2.155	2.112	2.192
Shareholders' Equity	234	204	190
Key Performance Indicators			
Net Interest Margin	3,0%	1,9%	1,8%
Fee and commission income / Total Income	16,2%	23,2%	22,8%
Cost / Income Ratio	53,2%	68,2%	77,8%
Common Equity Tier 1 Ratio	22,1%	16,5%	15,3%
Capital Adequacy Ratio	23,7%	18,0%	16,6%
NPE Ratio	14,9%	19,8%	25,6%
NPE Coverage Ratio	44,0%	46,1%	44,9%
Liquid Assets / Deposits	72,9%	66,3%	75,0%
Net Loans / Deposits	43,3%	51,6%	51,9%
Liquidity Coverage Ratio	366%	281%	260%
Return on Average Assets	1,1%	0,4%	0,1%
Return on Average Equity	13,9%	6,2%	1,7%