ANNOUNCEMENT

Preliminary Group Financial Results for the year ended 31 December 2023

23 February 2024

Hellenic Bank Public Company Ltd ("Hellenic Bank") profile

Headquartered in Nicosia (Cyprus), Hellenic Bank is the second largest financial institution in Cyprus and offers a wide range of banking and financial services, which include financial, investment and insurance services, custodian and factoring services as well as management and disposal of properties acquired in debt satisfaction. As at 31 December 2023, its network included 53 branches, including cash offices, and 156 ATMs in Cyprus. As at 31 December 2023, the Group's Total Assets and Total equity amounted to €20.062 million and €1.506 million, respectively. The Group comprised of Hellenic Bank Public Company Limited and its subsidiary companies.

PRELIMINARY HIGHLIGHTS – FY2023 GROUP FINANCIAL RESULTS

OPERATING ENVIRONMENT

- **Domestic economy on positive track,** despite increased geopolitical risk and challenges in EU economies
- **Operating environment still challenging, reflecting higher interest rates** and inflation above long-term average

STRATEGY

- **Updated Strategic Plan[1], with revised MTTs,** to drive the Bank forward, focusing on **sustainable growth and efficiency**, through enhancement of **customer service, digitalization** and **sustainability**
- **Retail focused,** with a solid customer base and **major market shares in households** (37% in deposits and 33% in loans)
- **FY2023 new lending of €1.204 million**, up 2% YoY, in line with the annual MTT target set

ASSET QUALITY

- **NPE ratio[2,3] reduced to 2,5%,** with NPE provision coverage[2,3] at 41% and Net NPEs collateral coverage[2,3] at 139%
- **99,7% of new lending** exposures post 2018 **are performing**

PERFORMANCE[4]

- **4Q2023 NII of €156,6 million up 9% QoQ and FY2023 NII of €536,3 million up 78% YoY,** benefitting from rising interest rates and liquid balance sheet, mainly driven by CB placements
- **FY2023 Cost to income ratio[5] of 34%** driven by higher NII and lower staff costs due to December 2022 VEES
- **4Q2023 Profit of €124,8 million and FY2023 Profit of €365,4 million,** including €20,7 million gain on derecognition of APS Debt Servicer; **FY2023 ROTE of 27%[6]; TBVPS up 35% in FY2023**

CAPITAL & FUNDING

- **Regulatory Total Capital ratio** and **CET 1 ratio of 25,0%[7] and 19,5%[7]; pro forma capital ratios rise to 28,4%[8] and 22,8%[8],** respectively, significantly above minimum capital requirements
- **Pro forma MREL to TREA ratio at 30,7%[8]**, well above the December 2025 final binding MREL requirement[9]
- **Long term deposit rating upgraded to investment grade** by Moody's in October 2023 and Fitch Ratings in November 2023
- Ample liquidity, with an **LCR of 542%** and with €5,8 billion placed at the ECB[10], benefiting the Bank from higher interest rates

SHAREHOLDER DEVELOPMENTS[11]

- Eurobank has agreed to acquire additional holdings of 26,1% which, subject to regulatory approvals, will increase its holding to 55,3% and, as per Cyprus Takeover Bids Law 41(I)/2007, Eurobank will then have to immediately proceed to a mandatory tender offer for the remaining shares

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[1] The Strategic Plan and the MTT relate to the Group on a standalone basis and do not take into account the potential impact from any developments regarding the Bank's shareholding.
[2] Pro forma for HFS portfolio.
[3] Excluding the NPEs covered by the APS agreement.
[4] On 1 January 2023, the Group adopted IFRS 17 "Insurance contracts" which replaced IFRS 4 "Insurance contracts". Comparative information for 2022 presented throughout this Announcement is on a restated basis unless otherwise stated. Further information is provided in Section 1.2.7 of this Announcement.
[5] Adjusted for the Deposit Guarantee Scheme contribution and Special Levy.
[6] Excluding the gain on derecognition of disposal group classified as held for sale.
[7] Including 6M2023 reviewed profits, following permission granted by the Supervisory Authorities as per the regulatory reporting submission.
[8] Including 6M2023 reviewed profits, following permission granted by the Supervisory Authorities as per the regulatory reporting submission, as well as 2H2023 unaudited profits for which the Bank has not yet obtained permission from Supervisory Authorities.
[9] Based on the final notification received from the SRB in January 2024.
[10] Excluding TLTRO of €2,3 billion.
[11] Refer to Section 5 "Other matters" on sub-section "Eurobank share purchase agreements".

Statement by the Group’s Interim Chief Executive Officer Mr. Antonis Rouvas

Commenting on the Group’s financial results for the year ended 31 December 2023, **Mr. Antonis Rouvas, the Group’s Interim Chief Executive Officer**, stated:

In 2023, Hellenic Bank proved its resilience, delivering solid results despite challenges and uncertainty rising mainly from the geopolitical and economic environment.

We managed to deliver an enviable set of financial results with a profit for the year of €365 million mainly due to higher interest income arising primarily from Central Bank placements and debt securities, as well as lower total expenses following the 2022 Voluntary Early Exit Scheme (VEES). This confirms the progress made on several fronts, inclusive of our transformation towards a client centric and technology driven bank.

The resilience of our business model was also acknowledged by international rating agencies, with both Moody's and Fitch upgrading the Bank's long-term deposit ratings to Baa3 and BBB-, respectively, placing it at investment grade for the first time since the 2013 crisis. Moreover, the decision of one of the largest financial organizations in Greece to invest in Hellenic Bank, constitutes a vote of confidence in our business model and franchise and as a result in our country’s economy.

New lending during 2023 reached €1,2 billion, up 2% YoY, marking another record year for Hellenic Bank. Financing sectors such as health, education, energy, ICT, shipping, hospitality and transportation remain a high priority to us, contributing to the competitiveness and productivity of the economy. Net interest income reached €536 million, up 78% YoY, while non-interest income for 2023 amounted to €128 million, up by 26% YoY. With a pro forma total Capital Ratio of 28,4%, well above the regulatory requirements, and ample liquidity (Liquidity Coverage Ratio of 542%), we are well positioned and fully committed to continue supporting our retail and business customers in the future.

At the same time, we remain watchful of potential risks that could adversely affect the Bank's performance, due to the challenging economic and operational environment and elevated geopolitical risks.

Further reduction of our NPE’s ratio remains a top priority for us. Although non-performing loans were mostly shifted outside the banking sector, the level of problem loans in Cyprus remains one of the highest in Europe, limiting the sovereign credit ratings of the country. We welcome the ‘Mortgage to Rent’ scheme which is a favourable arrangement safeguarding housing for vulnerable households and we reiterate our commitment to supporting our vulnerable customers.

Other highlights of 2023 include:

- *Project Starlight was completed as planned. The transaction has significantly de-risked the Bank’s balance sheet by around €0,7 billion, with the NPE ratio, excluding the NPEs covered by the Asset Protection Scheme, reduced to a low 2,5% in December 2023.*
- *MREL Tier 2 Subordinated Notes of €200 million were issued at 10,25% in March 2023.*

In 2023, our transformation journey, to address structural challenges and unleash hidden potential remained on track. Decisive steps were taken towards digitalization, further enhancing our digital channels offering a lending product online, as well as streamlining the network of branches, processes, and cost management.

Reaffirming our commitment that corporate responsibility, sustainability, and green growth are fundamental pillars of the overall operation of Hellenic Bank, the revised ESG Strategy became integral part of the Bank's Strategic Plan, incorporating specific objectives at all levels of our operations. Our goal is to further enhance the profile of our loan book through healthy growth with a strong focus on ESG (Environmental, Social and Governance).

I sincerely want to thank our Board of Directors and our shareholders for the continuous support and assure them that the Hellenic Bank team remains fully committed to achieving its goals and strategic objectives. Also, I am very thankful and proud of my colleagues who remain focused and committed towards supporting our customers, executing our demanding transformation plan, and continuing to create value for all stakeholders.

PERFORMANCE HIGHLIGHTS

Income Statement highlights (€million)	FY2023	FY2022 IFRS 17[12]	Δ YoY	4Q2023	3Q2023	Δ QoQ	2Q2023	1Q2023
Net interest income	536,3	300,9	+78%	156,6	144,3	+9%	127,3	108,1
Non-interest income	128,0	101,5	+26%	42,6	27,4	+55%	31,2	26,8
Total net income	664,3	402,4	+65%	199,2	171,7	+16%	158,5	134,9
Total expenses	(259,1)	(342,5)	-24%	(65,3)	(67,8)	-4%	(61,7)	(64,3)
Restructuring costs	-	(70,9)	-100%	-	-	-	-	-
Profit before net gains/(losses) on derecognition of financial assets measured at amortised cost and (impairment losses)/reversal of impairment losses	405,2	59,9	+577%	133,9	104,0	+29%	96,8	70,6
(Impairment losses)/reversal of impairment losses on financial instruments and non-financial assets	(16,4)	(25,0)	-34%	(0,3)	(6,8)	-96%	4,5	(13,8)
Taxation	(47,4)	(10,2)	+366%	(11,1)	(16,2)	-32%	(12,4)	(7,6)
Profit for the year/period from continuing operations	346,3	29,3	+1.083%	124,8	80,4	+55%	90,5	50,5
Profit/(loss) for the year/period from discontinued operations	19,2	(7,5)	-357%	-	-	-	-	19,2
Profit for the year/period	365,4	21,8	+1.575%	124,8	80,4	+55%	90,5	69,7

Alternative Performance Indicators (APIs)[13,14]	FY2023	FY2022 IFRS 17[12]	Δ YoY	4Q2023	3Q2023	Δ QoQ	2Q2023	1Q2023
Net Interest Margin (annualised) (%)	2,75%	1,60%	+115 bps	3,22%	2,95%	+26 bps	2,60%	2,22%
Cost to income ratio (%)	39,0%	85,1%	-46,1 p.p.	32,8%	39,5%	-6,7 p.p.	38,9%	47,7%
Cost of risk (%)	0,14%	-0,01%	+15 bps	-0,33%	0,82%	-115 bps	-0,06%	0,12%
Return on tangible equity (ROTE) (annualised) (%)	28,7%	2,0%	+26,7 p.p.	35,8%	25,0%	+10,8 p.p.	30,2%	24,9%
Basic earnings per share (€ cent)	88,5	5,3	83,2	30,2	19,5	10,7	21,9	16,9

Financial Position highlights (€million)	31.12.2023[15]	31.12.2022[12,15]	Δ
Gross Loans	6.162	6.223	-1%
Gross Non-Performing Loans	460	610	-25%
Accumulated impairment losses on Loans	138	190	-27%
Net Loans	6.024	6.033	-0%
Investment assets	13.622	13.281	+3%
Of which: Cash and balances with Central Banks and placements with other banks	*8.505*	*8.749*	*-3%*
Of which: Investments in debt securities	*4.985*	*4.424*	*+13%*
Net Loans held for sale	3	192	-98%
Total assets	20.062	19.965	+0%
Customer deposits and other customer accounts	15.315	15.928	-4%
Equity attributable to shareholders of the parent company	1.506	1.130	+33%

Alternative Performance Indicators (APIs)[13,14]	31.12.2023[15]	31.12.2022[12,15]	Δ
NPE ratio %	7,5%	9,8%	-2,3 p.p.
NPE ratio (excl. APS-NPEs) %	2,5%	3,6%	-1,1 p.p.
NPEs provision coverage ratio (%)	30%	31%	-1,1 p.p.
Net NPEs collateral coverage (%)	126%	120%	+5,6 p.p.
Net loans to deposits ratio (%)	39,3%	37,9%	+1,5 p.p.
Tangible Book Value per Share (TBVPS) (€)	3,54	2,63	+35%

p.p. = percentage points, bps = basis points, 100 basis points (bps) = 1 p.p.

[12] On 1 January 2023, the Group adopted IFRS 17 “Insurance contracts” which replaced IFRS 4 “Insurance contracts”. IFRS 17 requires the Group to apply this standard retrospectively. As a result, comparative information (financial data, ratios and metrics) for 2022 presented throughout this Announcement is on a restated basis unless otherwise stated. Further information on the IFRS 17 transition impact is provided in Section 1.2.7 of this Announcement.
[13] For the definitions of APIs refer to Appendix D.
[14] Reconciliations of the APIs with the preliminary reported financial results calculated and presented in accordance with IFRSs, are disclosed in Appendix C of this Announcement.
[15] Pro forma for HFS portfolio.

PERFORMANCE HIGHLIGHTS

Capital Ratios	31.12.2023 (regulatory)[16]	31.12.2023 (pro forma)[17]	31.12.2022	Δ
CET 1 ratio (%)	19,48%	22,84%	18,28%	+456 bps
Tier 1 ratio (%)	21,65%	25,01%	20,57%	+444 bps
Total Capital ratio (%)	25,00%	28,37%	20,57%	+780 bps
Risk Weighted Assets (RWAs) (€million)	5.968	5.968	5.674	+5,2%
Leverage ratio (%)	6,21%	7,17%	5,69%	+148 bps

Liquidity Ratios	31.12.2023[18]	31.12.2022	Δ
Liquidity Coverage Ratio (LCR) (%)	542%	444%	+9.802 bps
Net Stable Funding ratio (NSFR) (%)	217%	184%	+3.300 bps

bps = basis points, 100 basis points (bps) = 1 p.p.

[16] Including 6M2023 reviewed profits, following permission granted by the Supervisory Authorities as per the regulatory reporting submission.
[17] Including 6M2023 reviewed profits, following permission granted by the Supervisory Authorities as per the regulatory reporting submission, as well as 2H2023 unaudited profits for which the Bank has not yet obtained permission from Supervisory Authorities.
[18] As per the regulatory reporting submission.

FINANCIAL RESULTS

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1. ANALYSIS OF THE FINANCIAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2023

On 1 January 2023, the Group adopted IFRS 17 “Insurance contracts” which replaced IFRS 4 “Insurance contracts”. Comparative information for 2022 presented throughout this Announcement is on a restated basis unless otherwise stated. Further information on IFRS 17 is provided in Section 1.2.7 IFRS 17 (Insurance Contracts).

1.1 Income Statement Analysis

Net interest income

Net interest income (NII) for FY2023 amounted to €536,3 million, up by 78% compared to €300,9 million for FY2022.

The increase in NII was mainly driven by the increase in interest income from placements with Central Banks, other banks and debt securities, following the ongoing increases in the ECB key interest rates, partially offset by higher expense on loan capital. The NII benefit from the TLTROs[19] borrowing of c.€17,4 million recognised in FY2022 ceased to exist as from November 2022, following the change in the TLTRO terms introduced by the ECB.

Interest income from the loan portfolio is higher mainly due to the increase of lending base rates, partially offset by the forgone interest income on the loan portfolio following the completion of Project Starlight in March 2023. Also, interest income for FY2023 reflects of the full impact of the acquisition of part of the performing loan portfolio from RCB Bank during 2022.

The interest expense on loan capital totalling to €39,2 million in FY2023 (FY2022: €7,7 million) is higher and specifically relates to the interest expense from the issuance of MREL eligible instruments[20] and interest expense on CCS 1 and CCS 2 securities[21].

Net interest income for 4Q2023 amounted to €156,6 million and recorded an increase of 9% compared to €144,3 million in 3Q2023. The increase QoQ was mainly driven by higher interest income from loan portfolio, placements with Central Banks and debt securities.

Net interest margin (NIM) for FY2023 amounted to 2,75% compared to 1,60% for FY2022, positively impacted by the increase in NII due to the increasing interest rate environment, as explained above, despite the increase in the average interest-bearing assets. The increase in the average interest-bearing assets during FY2023 was driven mainly by the increase in the cash and balances with Central Banks mostly as a result of the proceeds received from the completion of Project Starlight, the issuance of Tier 2 Subordinated Notes and the level of customer deposits during 4Q2022, as well as the increase in debt securities.

NIM for 4Q2023 amounted to 3,22% compared to 2,95% in 3Q2023 positively impacted by the increase in net interest income in 4Q2023, as explained above.

Adjusting for the TLTROs borrowing of €2,3 billion, removing the TLTRO from the average interest-bearing assets, **NIM** for FY2023 increases to 3,12%, while for FY2022 the adjusted **NIM,** removing also the respective benefit recognised during FY2022 in NII increases to 1,72%. The adjusted **NIM** for 4Q2023 and 3Q2023 increases to 3,66% and 3,35%, respectively.

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[19] Refer to Section 1.2.1 “Funding and Liquidity” on sub-section “Funding by Central Banks”.
[20] Refer to Section 1.2.6 “Bank Recovery and Resolution Directive (BRRD)”.
[21] As per the Bank’s announcement on 29 November 2022 of its decision to commence the coupon payments of the Contingent Capital Securities CCS 1 and CCS 2.

Non-interest income

Non-interest income for FY2023 amounted to €128,0 million (comprising net fee and commission income of €72,8 million, net gains on disposal and revaluation of foreign currencies and financial instruments of €14,6 million, net income from insurance operations of €14,3 million and other income of €26,2 million), up by 26% YoY compared to €101,5 million in FY2022. The increase was mainly driven by higher net gains on disposal and revaluation of foreign currencies and financial instruments and other income, while the increase in net fee and commission income was partially offset by the decrease in net income from insurance operations.

Net gains on disposal and revaluation of foreign currencies and financial instruments amounted to €14,6 million for FY2023 (comprising net gains on foreign currencies of €7,3 million and net gains on disposal and revaluation of financial instruments of €7,3 million), compared to net gains of €0,5 million for FY2022.

The net increase in net gains on disposal and revaluation of foreign currencies and financial instruments for FY2023 of €14,1 million compared to FY2022, was mainly due to net revaluation gains incurred in FY2023 (€8,1 million) as opposed to net revaluation losses on financial instruments incurred in FY2022 (€6,7 million) driven by the favourable market conditions during FY2023. These net revaluation gains were partially offset by the net losses on disposal of financial instruments in FY2023, mainly relating to the disposal of Credit Suisse bonds of €0,9 million held by the insurance companies of the Group incurred in 1Q2023.

Net fee and commission income amounted €72,8 million for FY2023 and increased by 6% YoY compared to €68,7 million in FY2022. The increase was mainly due to higher banking fees and commissions, as a result of higher credit related fees and other banking commissions.

Net income from insurance operations amounted to €14,3 million for FY2023 compared to €18,6 million in FY2022, decreasing by 23% YoY. The net insurance service result[22] decreased during FY2023, attributable to the increase in net expenses from reinsurance contracts held primarily due to lower profit commissions from reinsurers and lower recoverable incurred claims, partially offset by higher insurance service revenue. This decrease was also negatively affected by the increase in insurance finance expenses incurred during FY2023, as a result of the changes in interest rates and yield curves, despite the higher return of the underlying assets, as explained above.

Other income for FY2023 amounted to €26,2 million and increased by 92% compared to €13,6 million in FY2022, mainly due to the favourable outcome of a disputed amount of c.€3,0 million from KEDIPES as well as an amount of c.€8,5 million relating to the recovery of VAT on common expenses relating to prior years, following the recent approval obtained by the Tax Department on the method used by the Bank, both included in sundry income.

Total net income for FY2023 amounted to €664,3 million, up by 65% compared to €402,4 million in FY2022, driven mainly by the increase in net interest income, net gains on disposal and revaluation of foreign currencies and financial instruments and other income, as explained above.

Non-interest income for 4Q2023 amounted to €42,6 million (comprising net fee and commission income of €18,5 million, net gains on disposal and revaluation of foreign currencies and financial instruments of €7,5 million, net income from insurance operations of €1,3 million and other income of €15,3 million), up by 55% QoQ compared to €27,4 million in 3Q2023. The increase relates mainly to higher net gains on disposal and revaluation of foreign currencies and financial instruments and other income, partially offset by lower net income from insurance operations.

Net gains on disposal and revaluation of foreign currencies and financial instruments amounted to €7,5 million for 4Q2023 (comprising net gains on foreign currencies of €1,8 million and net gains on financial instruments of €5,7 million) and increased significantly QoQ compared to €0,8 million in 3Q2023, primarily relating to net revaluation gains on financial instruments incurred in 4Q2023 as opposed to net revaluation losses incurred in 3Q2023, driven mainly by the volatility in equities market.

[22] Net insurance service result excludes the return on the underlying assets backing insurance liabilities and relates only to the net income from insurance contracts issued and reinsurance contracts held.

Net fee and commission income for 4Q2023 amounted €18,5 million and increased by 5% compared to €17,7 million in 3Q2023, mainly due to higher banking fees and commissions as a result of higher ledger fees due to seasonality.

Net income from insurance operations amounted to €1,3 million for 4Q2023 compared to €3,7 million in 3Q2023. The QoQ decrease of 65% was driven primarily by the decrease in net insurance service result[22] attributable to the higher claims on the non-Life insurance business and higher net expense from reinsurance contracts held for both Life and non-Life insurance business.

Other income for 4Q2023 amounted to €15,3 million and increased significantly compared to €5,2 million in 3Q2023, mainly due to a non-recurring amount of c.€8,5 million relating to the recovery of VAT on common expenses relating to prior years included in sundry income in 4Q2023 as explained above, as well as higher net gains from the disposal of stock of property and dividend income.

Total net income for 4Q2023 amounted to €199,2 million, up by 16% QoQ, compared to €171,7 million for 3Q2023, mainly driven by the increase in net interest income and other income, as explained above.

Expenses

Total expenses for FY2023 amounted to €259,1 million, down by 24% YoY compared to €342,5 million for FY2022, mainly driven by the **restructuring costs** recognised during FY2022. Additionally, during FY2023 total expenses have decreased further mainly due to lower **staff costs,** partially offset by higher **administrative and other expenses. Total expenses** for 4Q2023 amounted to €65,3 million, lower by 4% QoQ compared to €67,8 million in 3Q2023, mainly driven by lower **administrative and other expenses.**

Staff costs

Staff costs for FY2023 amounted to €119,3 million, down by 16% compared to €141,7 million for FY2022 and accounted for 46% of the Group's total expenses (FY2022[23]: 52%).

The main drivers for the reduction in Staff costs is the decrease in the number of staff employed by the Group during FY2023, as a result of the Voluntary Early Exit Scheme (VEES) which took place in 4Q2022. Also, during FY2022 a payment has been made in relation to the re-instatement of ex-Cooperative Credit Institutions' (ex-CCI) employees' salaries to 2013 levels, effective from 1 January 2019. This was partially offset by the higher COLA and salary increments applicable for each employee as per the expired Collective Agreement paid by the Group during FY2023.

On 31 December 2023, the number of staff employed by the Group was 2.256 (31 December 2022: 2.398). Out of the total number of staff employed by the Group, 2.200 employees were permanent staff and 56 were temporary staff (31 December 2022: 2.349 permanent staff, 49 temporary staff).

Staff costs for 4Q2023 amounted to €29,4 million and remained at similar levels compared to €29,2 million in 3Q2023.

Additionally, **Staff costs** of APS Cyprus, until the date of its disposal, amounting to €1,3 million for FY2023 compared to €6,4 million in FY2022, were presented under discontinued operations.

[23] Excluding restructuring costs.

Administrative and other expenses

Administrative and other expenses for FY2023 amounted to €117,4 million and increased by 11% compared to €105,9 million in FY2022. The increase was mainly driven by the increase in the Servicer's administration fees, due to the management and success fees of APS Cyprus being eliminated on consolidation for the corresponding prior period when the entity was a subsidiary. Additionally, the increase in covered deposits during FY2022 lead to the increase in Special Levy on Credit Institutions and Deposit Guarantee Scheme (DGS) contribution. The DGS contribution was also affected by the revised methodology for calculating contributions to the Deposit Guarantee Fund (DGF) as publicly available on the CBC's website.

The Bank is subject to the contribution to Deposit Guarantee Fund (DGF) on a semi-annual basis from 2020 and until 3 July 2024. The total contribution for FY2023 was set at €8,0 million (FY2022: €5,8 million) and it was charged in administrative and other expenses in 1Q2023 (€3,9 million) and 3Q2023 (€4,2 million).

Administrative and other expenses for 4Q2023 amounted to €30,4 million and compared to €33,0 million in 3Q2023 recorded a decrease of 8%. The decrease was mainly due to the DGS contribution charged in 3Q2023 for the second half of 2023, partially offset by higher Consultancy and other professional services fees and Transformation costs[24].

Additionally, **administrative and other expenses** of APS Cyprus amounting to €0,2 million for FY2023 compared to €1,0 million in FY2022 were presented under discontinued operations.

The **cost to income ratio** for FY2023 was 39% compared to 85% for FY2022, whereas for 4Q2023 the **cost to income ratio** was 33% compared to 39% for 3Q2023. The YoY decrease was driven by higher total net income as well as lower total expenses, mainly due to the restructuring costs incurred in FY2023. The QoQ decrease was mainly due to higher total net income.

The adjusted **cost to income ratio,** adjusting for the Special Levy, DGS Contribution, Transformation costs[24] and Restructuring costs is decreased to 33% and 59% for FY2023[25] and FY2022 respectively, whereas for 4Q2023 the adjusted **cost to income ratio** amounted to 29%[25,26] (3Q2023[25]: 33%). The YoY and QoQ decreases were driven mainly by the increase in total net income.

Restructuring costs

Restructuring costs represented the Group's Voluntary Early Exit Scheme (VEES) and other related costs amounting to €70,9 million for FY2022.

On 29 November 2022, the Bank announced the successful completion of a Voluntary Early Exit Scheme (the "Scheme"), in line with the Bank's strategy to reduce its operating costs and achieve sustainable profitability. The Scheme was offered to employees of the Bank and its subsidiaries to voluntary exit from the Group in consideration for an ex-gratia amount. The total number of employees of the Group that were approved to participate in the Scheme were 446 (c.16% of the Group's employees) of which 394 employees had their employment terminated during 4Q2022 while the remaining terminated their employment contract during 1Q2023. The annual payroll cost of these employees is around €30 million, with the respective saving commencing from 2023, notwithstanding any salary increases for the remaining staff.

[24] Transformation costs comprise mainly fees to external advisors in relation to: (i) the disposal of assets held for sale and the acquisition of part of the performing loan portfolio from RCB Bank (ii) the Transformation of the Bank as per the Strategic Plan.
[25] Restructuring costs were Nil.
[26] 4Q2023 DGS contribution was Nil.

Impairment losses on financial instruments and non-financial assets

Impairment losses on financial instruments

The charge for impairment losses on financial instruments amounted to €7,2 million for FY2023 compared to €18,2 million for FY2022.

The impairment losses on the loan portfolio have remained relatively stable in FY2023 compared to FY2022. The most significant impact during the FY2023 was the update of the LGD models to reflect the Bank's expectation on how NPLs will be resolved going forward primarily relating to retail secured loans and 12-month ECL booked on new lending. This impairment charge was partially offset by releases from the update of IFRS 9 PD model and resolutions executed above book value. The update of IFRS 9 PD model reflected the latest macroeconomic projections[27] and the EURIBOR/Bank's base rate projections, as well as the latest available data on both individually and collectively assessed loan portfolio.

Additionally as at 3Q2023, the probability weights for each macroeconomic scenario (Baseline, Optimistic and Pessimistic scenario) used for IFRS 9 purposes[27] were rebalanced back to the pre-conflict levels (from 50%-20%-30% to 50%-25%-25% for Baseline, Optimistic and Pessimistic scenario respectively) and remained unchanged during 4Q2023. Since FY2022, uncertainties are gradually reducing following the start of the Russian-Ukraine conflict, the high inflation rates are gradually returning back to lower levels, key economic sectors are stabilising and labour market is performing well, as unemployment is continuously dropping approaching levels of almost full employment.

Impairment losses on other financial assets incurred in FY2023 related mainly to the APS indemnification asset and claims receivable from KEDIPES, as well as impairment losses on other receivables. These were mainly driven by the normal activity of the perimeter, as well as from the negative impact from the update of the impairment model parameters, the impact of dispute resolution with KEDIPES and data quality corrections.

For the estimation of FY2022 impairment losses, the Bank had changed its macroeconomic forecasts compared to the year-end 2021, following the expectations of improved macroeconomic conditions in relation to the COVID-19 pandemic. Taking into consideration the increased uncertainty in the economy due to the Russia-Ukraine crisis and the surge in inflation, the probability weights for each macroeconomic scenario (Baseline, Optimistic and Pessimistic scenario) used for IFRS 9 purposes[27] were rebalanced for FY2022. The charge of impairment losses in FY2022 was the result of the update of the IFRS 9 LGD and PD models to take into account the anticipated increases in defaults on the EURIBOR based loan portfolio from the increase in ECB interest rates. This was partially offset by the release of impairment losses during FY2022 mainly as a result of the IFRS 9 PD models updating to reflect the latest macroeconomic projections and the scenario weights for each macroeconomic scenario used for IFRS 9 purposes[27] applicable during FY2022. Additionally, following the in-principal agreement for the resolution of the disputed matters, both the APS indemnification asset and the amount receivable have been adjusted with a corresponding charge of impairment losses on other financial assets in FY2022.

The **release of impairment losses on financial instruments** for 4Q2023 amounted to €3,1 million compared to **charge for impairment losses** of €5,5 million for 3Q2023. The impairment releases incurred during 4Q2023 were mainly driven from the update of the IFRS 9 PD and LGD model, as explained above, as well as from settlements above book value. Additionally, impairment losses on other financial assets incurred in 4Q2023 related mainly to the APS indemnification asset and impairment losses on other receivables, as explained above.

The **cost of risk** for FY2023 and FY2022 amounted to 0,14% and -0,01% respectively, whereas for 4Q2023 the **cost of risk** amounted -0,33% (3Q2023: 0,82%). Adjusting for the cash flows re-estimation of the APS indemnification asset, the **adjusted cost of risk** for FY2023 and FY2022 amounted to 0,24% and 0,20% respectively, whereas for 4Q2023 the ratio amounted to -0,05% (3Q2023: 0,51%).

[27] As presented in Tables in Section 2 "Economic Environment" on sub-section "Forward looking information".

Impairment losses on non-financial assets

Impairment losses on non-financial assets for FY2023 amounted to €9,2 million and increased by 35% compared to €6,8 million in FY2022. Impairment losses on non-financial assets include mainly an amount of €8,1 million (FY2022: €6,8 million) impairment losses of stock of property resulting from the reassessment of the net realisable value (NRV) of the REOs portfolio, in accordance with the Group's policies.

Impairment losses on non-financial assets for FY2023 also include impairment losses of property, plant and equipment (PPE) of €1,1 million (FY2022: Nil) following the revaluation of land and buildings during FY2023 carried out by qualified valuers by applying valuation methodologies recommended by the internationally accepted valuation standards.

Impairment losses on non-financial assets for 4Q2023 amounted to €3,4 million and increased significantly compared to €1,3 million in 3Q2023, mainly driven by higher impairment losses of stock of property and PPE, as explained above.

In FY2022, **a negative goodwill** of €4,8 million was recognised in the Income Statement as a result of the acquisition of part of the performing loan portfolio business (Tranche A and Tranche B) from RCB Bank, representing the difference between the fair value of the consideration payable and the net fair value of the identifiable assets acquired and the liabilities assumed.

Profit before taxation from continuing operations for FY2023 amounted to €393,6 million compared to €39,4 million for FY2022. The main drivers for the increase were the higher total net income and lower total expenses, mainly due to the restructuring costs incurred in FY2022.

Profit before taxation from continuing operations for 4Q2023 amounted to €135,9 million compared to €96,7 million for 3Q2023. The main drivers for the increase were mainly the higher total net income and reversal of impairment losses and lower administrative expenses incurred in 4Q2023.

Profit for the period from discontinued operations for FY2023 amounted to €19,2 million and consists of the gain on disposal of APS Cyprus following the completion of Project Starlight of €20,7 million (FY2022: Nil) and the loss for the period of APS Cyprus up to disposal of €1,6 million (FY2022: €7,5 million loss).

Taxation for FY2023 amounted to a tax charge of €47,4 million (FY2022: €10,2 million), which includes a current tax charge of €47,7 million on taxable profits (FY2022: €10,1 million) and a deferred tax credit of €0,3 million (FY2022: €0,1 million deferred tax charge).

The tax charge for 4Q2023 amounted to €11,1 million (3Q2023: €16,2 million) and includes a current tax charge of €13,9 million on taxable profits (3Q2023: €14,2 million) and a deferred tax credit of €2,8 million (3Q2023: €2,0 million deferred tax charge).

Profit attributable to the shareholders of the parent company for FY2023 amounted to €365,4 million compared to €21,8 million for FY2022. Return on Tangible Equity (ROTE) amounted to 28,7% for FY2023 compared to 2,0% for FY2022.

Profit attributable to the shareholders of the parent company for 4Q2023 amounted to €124,8 million, reflecting a ROTE of 35,8%, compared to €80,4 million for 3Q2023 (ROTE of 25,0%).

1.2 Statement of Financial Position Analysis

As at 31 December 2023, the Group's **total assets** amounted to €20,1 billion compared to €20,0 billion as at 31 December 2022 and remained at similar levels.

The increase in investments in debt securities and placements with other banks was partially offset by the decrease in assets and disposal group held for sale, following the completion of Project Starlight, and the decrease in balances with Central banks. The decrease in balances with Central Banks was the result of the reduction in customer deposits, partially offset by the proceeds received from the completion of Project Starlight and the issuance of Tier 2 Subordinated Notes. These available funds were mainly utilised to increase the Group's investments in debt securities and placements with other banks.

1.2.1 Funding and Liquidity

Funding

Customer deposits amounted to €15,3 billion as at 31 December 2023, compared to €15,5 billion as at 30 September 2023 and €15,9 billion as at 31 December 2022, decreasing by 1% in 4Q2023 and by 4% since the 2022 year end.

They comprised €14,3 billion deposits in Euro (30 September 2023: €14,4 billion and 31 December 2022: €14,7 billion) and €1,0 billion deposits in foreign currencies (30 September 2023: €1,1 billion and 31 December 2022: €1,2 billion), mostly in US Dollars. The Group has a primarily retail customer deposit base and c.70% of total customer deposits are protected under the deposit guarantee scheme.

The Bank's **deposits market share**[28] stood at 29,4% as at 31 December 2023, compared to 29,8% as at 30 September 2023 and 30,7% as at 31 December 2022. **Deposits' market share** as at 31 December 2023 consists of 37,3% Households deposits (30 September 2023: 37,8% and 31 December 2022: 38,4%) and 19,8% Non-financial corporations deposits (30 September 2023: 20,4% and 31 December 2022: 21,1%).

The net loans to deposits ratio stood at 39,4% as 31 December 2023, compared to 39,2% as at 30 September 2023 and 39,1% as at 31 December 2022. Pro forma for HFS portfolio the **net loans to deposits ratio** is reduced to 39,3% and 37,9% as at 31 December 2023 and 31 December 2022, respectively.

Funding by Central banks amounted to €2,3 billion as at 31 December 2023 and remained at the same level compared to 30 September 2023 and 31 December 2022.

In June 2021, given the favourable borrowing terms and despite the comfortable liquidity position, the Bank participated in the 8th series of the TLTROs III by borrowing an amount of €2,3 billion. The borrowing is for a 3 years duration (26 June 2024) and the Bank has the option to repay (partially or fully) on a quarterly basis starting from June 2022 onwards. It is noted that the European Central Bank (ECB) has decided to amend the favourable borrowing terms of the TLTRO as from 23 November 2022 by setting the borrowing rate equal to the average applicable ECB Deposit Facility Rate from that date onward.

Loan capital amounted to €442 million, including accrued interest, as at 31 December 2023 compared to €434 million as at 30 September 2023 and €232 million as at 31 December 2022. The increase in loan capital since the year end 2022 relates to the issuance of Tier 2 Subordinated Notes of €200 million in March 2023. For more information, please refer to Section 1.2.6 "Bank Recovery and Resolution Directive (BRRD)".

Liquidity

The CRD/CRR sets forth the guidelines for calculating liquidity measures such as the Liquidity Coverage Requirement Ratio (LCR) and the Net Stable Funding Ratio (NSFR). As at 31 December 2023, the Group was in compliance with all regulatory liquidity requirements.

[28] Source: Central Bank of Cyprus (CBC) and Hellenic Bank.

The Group's LCR stood at 542% as at 31 December 2023, compared to 506% as at 30 September 2023 and 444% as at 31 December 2022, which is above the minimum regulatory limit of 100%. The liquidity surplus in LCR as at 31 December 2023 amounted to €7,4 billion, compared to €7,1 billion as at 30 September 2023 and €6,8 billion as at 31 December 2022. The LCR ratio as at 31 December 2023 adjusted with the full TLTRO repayment decreases to c.517%.

The Group's NSFR stood at 217% as at 31 December 2023, compared to 203% as at 30 September 2023 and 184% as at 31 December 2022. This is considerably higher than the minimum regulatory requirement of 100%. The NSFR liquidity surplus for 31 December 2023 reached €8,1 billion and has decreased marginally compared to €8,2 billion as at 30 September 2023 but it's still higher than the €7,8 billion as at 31 December 2022.

Additional information on liquidity requirements will be provided in the Pillar III disclosures for the year ended 31 December 2023, which will be available on the Bank's website Pillar III Disclosures (hellenicbank.com) (Investor Relations).

1.2.2 Loans

The Group's **gross loans** amounted to €6.166 million as at 31 December 2023[29], compared to €6.213 million as at 30 September 2023 and €6.963 million as at 31 December 2022[29], reducing by 11% since the year end 2022 mainly as a result of the completion of Project Starlight[30].

Pro forma for HFS portfolio, **gross loans** amounted to €6.162 million as at 31 December 2023 compared to **gross loans** of €6.223 million as at 31 December 2022 and remained stable, as repayments continue to offset new lending.

As at 31 December 2023, the Group's **net loans and advances to customers[31]** amounted to €6.024 million (30 September 2023: €6.067 million) compared to **net loans and advances to customers[31]** of €6.033 million as at 31 December 2022, remaining at similar levels since year end.

Additionally, as at 31 December 2023, **net loans and advances to customers** of €3 million were **classified as held for sale** in accordance with IFRS 5, compared to €192 million as at 31 December 2022. The significant decrease in **net loans and advances to customers classified as held for sale** is mainly due to the completion of Project Starlight[30].

The Bank's **loan market share[32]** as at 31 December 2023 was 25,8% (30 September 2023: 25,6% and 31 December 2022: 27,7%) and consists of 32,9% Household loans (30 September 2023: 32,7% and 31 December 2022: 34,7%) and 21,8% Non-financial corporations loans (30 September 2023: 21,9% and 31 December 2022: 24,6%).

Total new lending implemented during FY2023 totalled €1.204 million, of which €219 million relates to total green new lending[33] representing 18% of the total new lending of the Bank, recording an increase of 2% compared to new lending of €1.179 million for FY2022. **Total new lending** implemented during 4Q2023 reached €304 million, compared to new lending implemented during 3Q2023 of €254 million. New lending in FY2023 comprised of €463 million of retail loans (of which €343 million were housing loans), €358 million of corporate loans, €165 million of commercial loans and €218 million of shipping and international credit loans[34]. The Bank continued providing lending to creditworthy businesses and households while at the same time focusing on managing early arrears and avoiding new NPLs.

[29] Including HFS portfolio.
[30] Refer to Section 1.2.3 "Loan Portfolio Quality".
[31] Excluding HFS portfolio.
[32] Source: Central Bank of Cyprus (CBC) and Hellenic Bank.
[33] Main categories being green buildings, renewable energy, public transport and green cars. For the Bank's Green Lending definition refer to Appendix D "Glossary and Definitions".
[34] Including IBUs.

1.2.3 Loan Portfolio Quality

As part of its ongoing NPE deleveraging efforts, the Bank completed the sale of a non-performing portfolio with gross carrying amount €0,7 billion in 1Q2023 as part of the Project Starlight. Furthermore, a NPE portfolio with gross carrying amount of €4 million has been classified as a disposal group held for sale in 4Q2023. **References to pro forma figures and APIs disclosed throughout this Announcement as at 31 December 2023 and 31 December 2022** refer to the NPE portfolio classified as a disposal group held for sale, which was excluded. Where figures are provided on a pro forma basis, this is stated and referred to as “Pro forma for held for sale” or “Pro forma for HFS”. Where figures and APIs disclosed are provided on a different basis, this is stated.

Project Starlight

On 30 March 2023, the Bank announced the completion of Project Starlight, the agreement for which was announced on 11 April 2022.

Project Starlight refers to the sale of a non-performing exposures (“NPE”) portfolio and the sale of APS Debt Servicing Cyprus Ltd (the “APS Debt Servicer”). This was a package transaction involving (a) the securitisation of c. €1,4 billion[35] NPEs (the “Starlight Portfolio”) at 31 December 2022 and (b) the sale of the Bank’s servicing platform, APS Debt Servicer, to Themis Portfolio Management Ltd (an indirect subsidiary of Oxalis Holding S.A.R.L. (“Oxalis”) which is an entity managed and advised by Pacific Investment Management Company LLC (“PIMCO”)), and (c) a long term exclusive servicing agreement for the management of the residual NPE portfolio of the Bank and any additional future defaults that might arise (the “Transaction”).

Project Starlight has significantly de-risked the Bank’s statement of financial position by reducing its NPE ratio to 2,5% as at 31 December 2023[36] from 13,5% as at 31 December 2022[36], excluding the NPEs covered by the APS agreement. This allows the Bank to normalize its cost of risk as well as to benefit from the interest income stemming from the 66,7% retention of the Senior Note.

The completion of Project Starlight had a positive capital impact of c.70 bps on the Group’s CET1 ratio, reflecting the portfolio deconsolidation, the Bank’s investments in the Senior Note and the Mezzanine Note of €100,9 million[37,38] and the gain relating to the sale of APS Debt Servicer (€20,7 million).

Out of the total consideration of €37 million for the sale of APS Debt Servicer, €4,5 million have been received from APS Debt Servicer in the form of dividends, before the completion date. On completion, a cash consideration of €27,5 million was received and recognised. The remaining €5,0 million, comprising deferred consideration linked with the achievement of certain targets has not been recognised, as it is not expected that the set targets will be achieved.

Through the servicing agreement for the management of the Bank’s residual NPE portfolio as well as any future NPE formation, the Bank expects to achieve further NPE deleveraging from its partnership with PIMCO given the latter’s long-standing experience and track record in the NPE sector in Europe.

Non-performing exposures reduction

The Group’s **non-performing exposures (NPEs) as defined by the European Banking Authority (EBA)** amounted to €464 million as at 31 December 2023, compared to €487 million as at 30 September 2023 and €1.335 million as at 31 December 2022, decreasing by 5% in 4Q2023 and by 65% since year end (NPEs excluding NPEs covered by the APS agreement amounted to €0,2 billion as at 31 December 2023 and as at 30 September 2023 and €1,0 billion 31 December 2022).

The reduction of NPEs during FY2023 was mainly driven by the completion of Project Starlight as well as non-contractual write offs[39] executed in 3Q2023 of c.€50 million.

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[35] €1,4 billion of Total Contractual Amount and €0,8 billion of Gross Book Value (“GBV”), including properties acquired for satisfaction of debt.
[36] Excluding HFS portfolio.
[37] €100,9 million NBV as at 31 December 2023 classified at amortised cost.
[38] Based on the RWA amount as at 30 March 2023, Starlight completion date.
[39] The Bank performs non-contractual write offs on the gross carrying amount of NPEs where there is a very low probability of recovery based on available security and recovery strategy being pursued.

Pro forma for HFS portfolio, NPEs were reduced further to €460 million as at 31 December 2023 and €610 million as at 31 December 2022, (NPEs excluding NPEs covered by the APS agreement amounted to €0,2 billion as at 31 December 2023 and 31 December 2022).

Terminated loans included in NPEs amounted to €281 million as at 31 December 2023 (30 September 2023: €293 million and 31 December 2022: €1.003 million). Gross loans with forbearance measures amounted to €404 million as at 31 December 2023 (30 September 2023: €429 million and 31 December 2022: €859 million). Pro forma for HFS portfolio, terminated loans included in NPEs amounted to €276 million as at 31 December 2023 (31 December 2022: €341 million) and gross loans with forbearance measures amounted to €400 million as at 31 December 2023 (31 December 2022: €584 million).

The stock of property[40], which is mostly from customers' debt settlement, amounted to €100,4 million as at 31 December 2023, compared to €110,2 million as at 30 September 2023 and to €130,5 million as at 31 December 2022 (whereas €15,0 million are classified as assets held for sale as at 31 December 2022). The movement in the balance of stock of property from customers' debt settlement for FY2023 included mainly additions of €2,2 million[41] and disposals of €24,3 million[41]. During FY2023, stock of property held for sale as at 31 December 2022 was disposed as part of the completion of Project Starlight.

The Group's **NPE ratio** as at 31 December 2023 was 7,5% (30 September 2023: 7,8%, compared to 19,2% as at 31 December 2022). The ratio excluding the NPEs covered by the APS agreement as at 31 December 2023 was 2,6% (30 September 2023: 2,7% and 31 December 2022: 13,5%). The reduction in FY2023 is mainly due to the completion of Project Starlight. **Pro forma for HFS portfolio, the NPE ratio** was reduced to 7,5% as at 31 December 2023 (31 December 2022: 9,8%), while the NPE ratio excluding the NPEs covered by the APS agreement was 2,5% as at 31 December 2023 (31 December 2022: 3,6%).

The net NPEs to total assets ratio as at 31 December 2023 stood at 1,6% (30 September 2023: 1,7% and 31 December 2022: 3,0%), while the **net NPEs to total assets ratio** excluding the NPEs covered by the APS agreement as at 31 December 2023 stood at 0,5% (30 September 2023: 0,5% and 31 December 2022: 1,4%). **Pro forma for HFS portfolio, the net NPEs to total assets ratio** was 1,6% as at 31 December 2023 (31 December 2022: 2,1%), while the **net NPEs to total assets ratio** excluding the NPEs covered by the APS agreement was 0,5% as at 31 December 2023 and 31 December 2022.

Total accumulated impairment losses

The Group's **total accumulated impairment losses** amounted to €139 million as at 31 December 2023[42] (30 September 2023: €146 million and 31 December 2022[42]: €738 million) and represented 2,2% of the total gross loans (30 September 2023: 2,4% and 31 December 2022: 10,6%). Total accumulated impairment losses over gross loans excluding the loans covered by the APS agreement was 1,8% as at 31 December 2023 (30 September 2023: 1,9% and 31 December 2022: 12,1%).

Pro forma for HFS portfolio total accumulated impairment losses over gross loans, the ratio was 2,2% as at 31 December 2023 (31 December 2022: 3,0%), while excluding the loans covered by the APS agreement the ratio was 1,8% as at 31 December 2023 (31 December 2022: 2,7%). The reduction in FY2023 is mainly due to the completion of Project Starlight.

The Group's **NPEs provision coverage ratio** stood at 30% as at 31 December 2023 (30 September 2023: 30% and 31 December 2022: 55%), while excluding the NPEs covered by the APS agreement, the ratio is adjusted to 40% as at 31 December 2023 (30 September 2023: 45% and 31 December 2022: 70%).

Pro forma for HFS portfolio the **NPEs provision coverage ratio** was 30% as at 31 December 2023 (31 December 2022: 31%), while excluding the NPEs covered by the APS agreement the ratio was 41% as at 31 December 2023 (31 December 2022: 51%). The decrease in **NPEs provision coverage ratio** during FY2023 was mainly due non-contractual write offs[39] executed in 3Q2023 of c.€50 million[43].

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[40] Excluding stock of property classified as held for sale.
[41] Book value.
[42] Including HFS portfolio.
[43] Gross Book Value.

Taking into account tangible collaterals[44] the **net NPEs collateral coverage ratio** stood at 126% as at 31 December 2023 (30 September 2023: 127% and 31 December 2022: 157%), while excluding the NPEs covered by the APS agreement and the corresponding tangible collateral and provisions of the NPEs covered by the APS agreement, the ratio is adjusted to 139% as at 31 December 2023 (30 September 2023: 152% and 31 December 2022: 211%). Pro forma for HFS portfolio the ratio remained at 126% as at 31 December 2023 (31 December 2022: 120%), while excluding the NPEs covered by the APS agreement the ratio remained at 139% as at 31 December 2023 (31 December 2022: 152%).

1.2.4 Investment Assets

Investment assets comprise of cash and balances with Central Banks, placements with other banks, investments in debt securities and investments in equity securities and collective investment units. Total investment assets have increased by 3% compared to 31 December 2022. **The carrying value of investment assets** amounted to €13.622 million as at 31 December 2023 (30 September 2023: €13.544 million and 31 December 2022: €13.281 million) and represented 68% of the Group's total assets (30 September 2023: 68% and 31 December 2022: 67%).

The Group's cash and balances with Central Banks and placements with other banks amounted to €8.505 million as at 31 December 2023 (30 September 2023: €8.423 million and 31 December 2022: €8.749 million). Most foreign currency placements were with P-1 rated banks. Cash and balances with Central Banks and placements with other banks have decreased by 3% since year end.

The Group's investments in debt securities amounted to €4.985 million as at 31 December 2023 (30 September 2023: €5.002 million and 31 December 2022: €4.424 million), up by 13% and represented 25% of total assets (30 September 2023: 25% and 31 December 2022: 22%). The net increase was mainly due to acquisitions of debt securities partially offset by maturities and disposals of debt securities during FY2023. The Group's investments in debt securities comprised mainly high-grade investments in financial institutions senior unsecured bonds, covered bonds, RMBS (Residential Mortgage-Backed Security), CLOs (Collateralised Loan Obligations), sovereign bonds including CGB (Cyprus Government Bonds), supranational bonds and High Yield Corporate bonds through discretionary Asset Manager mandates.

As at 31 December 2023, investments in financial institutions and securitisations represent 47% and 20% of the Group's investments in debt securities respectively (30 September 2023: 47% and 21% respectively, 31 December 2022: 46% and 17% respectively).

The CGBs[45] held by the Group as at 31 December 2023 amounted to €570 million (30 September 2023: €545 million) and decreased by 28% compared to €790 million as at 31 December 2022, mainly due to maturities and disposals. Out of the total CGB held by the Group as at 31 December 2023, €66 million will mature within a period of less than 1 year, €246 million will mature within 1 and 5 years and the remaining €259 million will mature within 5 and 10 years.

[44] Based on open market values (capped at client exposure).
[45] Republic of Cyprus is being rated as Baa2 by Moody's, BBB by Fitch, BBB by S&P as at 30 September 2023, based on the data published by the Public Debt Management Office of the Ministry of Finance.

1.2.5 Capital Management

The objective of the Bank's capital and leverage policy is to maintain sufficient capital and leverage levels and ratios by complying with the legal and regulatory framework requirements as well as any internal capital buffers set while safeguarding the best interests of shareholders and supporting the Group's business strategy.

Throughout this Announcement, **the capital ratios, leverage ratio and MREL ratio[46] as at 31 December 2023,** include interim reviewed profits for the six-month period ended 30 June 2023 following permission granted by the Supervisory Authorities, in accordance with the ECB Decision (EU) 2015/656 on the conditions under which credit institutions are permitted to include interim or year-end profits in CET1 capital in accordance with Article 26(2) of the CRR. These ratios are referred to as "regulatory ratios" and have been calculated in accordance with the legal framework in relation to the CRR capital requirements. The ratios which include unaudited profits for the second half of 2023, for which the Bank has not yet obtained the abovementioned permission, are referred to as "pro forma ratios".

The position of the Group and the Bank's regulatory capital, risk weighted assets, capital ratios and leverage ratio, **on an IFRS 9 transitional basis**[47], as at the reporting date, **which are above the minimum regulatory requirements**, is presented below:

Regulatory capital	**The Group**			**The Bank**		
	31.12.2023 (regulatory)[48]	**31.12.2023 (pro forma)[49]**	**31.12.2022[50]**	**31.12.2023 (regulatory)[48]**	**31.12.2023 (pro forma)[49]**	**31.12.2022[50]**
	€ million	**€ million**	**€ million**	**€ million**	**€ million**	**€ million**
Own funds						
Common Equity Tier 1 (CET 1)	**1.162**	**1.363**	1.037	**1.159**	**1.359**	1.034
Additional Tier 1 (AT1)	**130**	**130**	130	**130**	**130**	130
Tier 1 (T1)	**1.292**	**1.493**	1.167	**1.289**	**1.489**	1.164
Tier 2 (T2)	**200**	**200**	--	**200**	**200**	--
Total regulatory capital	**1.492**	**1.693**	1.167	**1.489**	**1.689**	1.164
Risk weighted assets						
Credit risk	**5.087**	**5.087**	4.968	**5.093**	**5.093**	4.986
Market risk	**1**	**1**	1	**1**	**1**	1
Operational risk	**877**	**877**	699	**881**	**881**	703
Total risk exposure amount for credit valuation adjustments (CVA)	**4**	**4**	6	**4**	**4**	6
Total risk weighted assets	**5.968**	**5.968**	5.674	**5.978**	**5.978**	5.695

Note: Numbers may not add up due to rounding.

	The Group			**The Bank**		
	31.12.2023 (regulatory)[48]	**31.12.2023 (pro forma)[49]**	**31.12.2022[50]**	**31.12.2023 (regulatory)[48]**	**31.12.2023 (pro forma)[49]**	**31.12.2022[50]**
	%	**%**	**%**	**%**	**%**	**%**
Total Capital ratio	**25,00%**	**28,37%**	20,57%	**24,91%**	**28,25%**	20,44%
Tier 1 ratio	**21,65%**	**25,01%**	20,57%	**21,56%**	**24,91%**	20,44%
Common Equity Tier 1 (CET 1) ratio	**19,48%**	**22,84%**	18,28%	**19,39%**	**22,74%**	18,16%
Leverage ratio	**6,21%**	**7,17%**	5,69%	**6,19%**	**7,15%**	5,67%

The Group's regulatory Total capital ratio[48] has increased to 25,00% by 443 bps compared to 31 December 2022 (on an IFRS 9 transitional basis), mainly due to the inclusion of interim reviewed profits for the 6M2023 and the issuance of Tier 2 Subordinated Notes[46] during the 1Q2023. Including unaudited profits for the 2H2023, the Group's pro forma Total capital ratio[49] increased further to 28,37%.

[46] Refer to Section 1.2.6 "Bank Recovery and Resolution Directive (BRRD)".
[47] The Group has elected to apply Regulation (EU) 2017/2395 issued amending Regulation (EU) No 575/2013, as regards transitional arrangements for mitigating the impact of the introduction of IFRS 9, where a portion of the impact of expected credit losses provisions was added back to CET 1 capital allowing for a transitional period of five years until full impact by 1 January 2023. As per Regulation (EU) 2020/873 issued, effective from June 2020 IFRS 9 transitional arrangements have been extended by 2 years (i.e. up until 31 December 2024), where post 1 January 2020 expected credit losses on Stages 1 and 2 exposures are added back in CET 1 capital in a phased-out period of five years. As at 31 December 2023, the Bank had no such expected credit losses.
[48] As per the regulatory reporting submission, for which 6M2023 reviewed profits are included, following permission granted by the Supervisory Authorities.
[49] As per the regulatory reporting submission, for which 6M2023 reviewed profits are included, following permission granted by the Supervisory Authorities, as well as 2H2023 unaudited profits for which the Bank has not yet obtained permission from Supervisory Authorities.
[50] As per 2022 Annual Report and Pillar III disclosures for the year ended 31 December 2022.

The Group's regulatory CET 1 ratio[49] increased to 19,48% compared to 31 December 2022 (on an IFRS 9 transitional basis), primarily due to the increase in CET1 capital despite the increase in RWA. Including unaudited profits for the 2H2023, the Group's pro forma CET 1 ratio[49] increased further to 22,84%.

Specifically, the increase in the Group's regulatory CET 1 ratio by 120 bps is further analysed below:

i) net increase in CET1 capital (effect of 239 bps increase) mainly due to:
  - interim reviewed profits for the 6M2023 (effect of 310 bps increase, of which 37 bps resulted from the completion of Project Starlight and c.10 bps resulted from dividend income receivable from the initial application of IFRS 17),
  - net increase in accumulated other comprehensive income (effect of 11 basis points increase), mainly due to the positive revaluation of land and buildings of the Bank, as prudentially adjusted for regulatory capital purposes,
  - the decrease in goodwill deductible from CET1 (effect of 4 bps increase) due to the derecognition of Goodwill arising on consolidation of APS Cyprus as a result of the completion of Project Starlight,
  - the change in prudential provision for NPEs[51] deductible from CET 1 (effect of 58 bps decrease),
  - the full phasing-in of IFRS 9 transitional arrangements added back to CET 1 on 1 January 2023, as per Regulation (EU) 2017/2395[47] (effect of 25 bps decrease),

ii) overall increase in total RWAs (effect of 119 bps decrease), primarily due to:
  - the increase in operational RWAs due to higher net interest income and non-interest income during the year (effect of 72 bps decrease),
  - the net increase in credit RWAs (net effect of 48 bps decrease) mainly due to:
    - ❖ the net increase of net funded exposures mainly due to the phasing-in of IFRS 9 transitional arrangements on 1 January 2023 and new lending, which exceeded repayments, as well as the net increase in investments in debt securities, mostly covered bonds, corporate bonds and securitisations (total effect of c.100 bps decrease),
    - ❖ the net decrease in credit RWAs resulting from the completion of Project Starlight, which reflects the sale of the NPE portfolio, the sale of APS Cyprus and the Bank's investments in Senior and Mezzanine Notes[52] (total effect of c.40 bps increase),
    - ❖ the decrease in credit RWAs resulting from the netting of the deferred tax asset against the deferred tax liability in line with the presentation of these items within the Financial Statements, in accordance with the conditions of CRR Article 38 (3) (effect of c.10 bps increase).

Including unaudited profits for the 2H2023, the Group's pro forma CET1 ratio[49] increases further by 336 bps, bringing the total increase in CET1 ratio to 456 bps.

The capital ratios and leverage ratio of the Group and the Bank as at the reporting date, **on an IFRS 9 fully loaded basis[47]**, which are above the minimum regulatory requirements, are presented below:

	The Group			The Bank		
	31.12.2023 (regulatory)[48]	31.12.2023 (pro forma)[49]	31.12.2022[50]	31.12.2023 (regulatory)[48]	31.12.2023 (pro forma)[49]	31.12.2022[50]
	%	%	%	%	%	%
Total Capital ratio	**25,00%**	**28,37%**	20,37%	**24,91%**	**28,25%**	20,24%
Tier 1 ratio	**21,65%**	**25,01%**	20,37%	**21,56%**	**24,91%**	20,24%
Common Equity Tier 1 (CET 1) ratio	**19,48%**	**22,84%**	18,08%	**19,39%**	**22,74%**	17,96%
Leverage ratio	**6,21%**	**7,17%**	5,61%	**6,19%**	**7,15%**	5,59%

The Group's regulatory Total Capital ratio[48], on an IFRS 9 fully loaded basis, has increased by 463 bps compared to 31 December 2022, while the Group's pro forma Total Capital ratio[49] has increased by 800 bps.

Similarly, the Group's regulatory CET 1 ratio[48], on an IFRS 9 fully loaded basis, has increased by 140 bps compared to 31 December 2022, while the Group's pro forma CET 1 ratio[49] has increased by 476 bps.

[51] As per Regulation (EU) 2019/630 issued, amending Regulation (EU) No 575/2013 as regards to minimum loss coverage for non-performing exposures and as per ECB Addendum to NPL Guidance (2018) and minimum provision coverages for legacy defaulters communicated via SREP assessment.
[52] Based on the RWA amount as at 31 December 2023.

Minimum Capital requirements

The phased-in minimum regulatory capital requirements (phase-in) of the Group and the Bank are presented in the table set out below. In addition to the capital requirements disclosed below, the ECB has provided on a consolidated basis, a non-public Pillar II capital guidance (P2G) to be made up entirely of CET 1 capital.

	Notes	1 January 2024[53] (%)	31.12.2023[54] (%)	2022[55] (%)
Pillar I				
CET 1		4,50	4,50	4,50
AT 1		1,50	1,50	1,50
Tier 1		6,00	6,00	6,00
Tier 2		2,00	2,00	2,00
Total Capital Requirement – Pillar I		**8,00**	**8,00**	**8,00**
Pillar II				
CET 1		1,94	1,94	1,94
AT 1		0,65	0,65	0,65
Tier 1		2,59	2,59	2,59
Tier 2		0,86	0,86	0,86
Total Capital Requirement – Pillar II		**3,45**	**3,45**	**3,45**
Combined buffer requirement (CBR)				
Capital Conservation Buffer (CCoB)[56]		2,50	2,50	2,50
Countercyclical Capital Buffer (CCyB)	1	c.0,50[57]	0,53	--
Other Systematically Important Institutions Buffer (O-SII)	2	1,25	1,00	0,875
		4,25	**4,03**	**3,375**
Minimum CET 1 Regulatory Requirement		**10,69**	**10,47**	**9,815**
Minimum Tier 1 Regulatory Requirement		**12,84**	**12,62**	**11,965**
Minimum Total Capital Regulatory Requirement		**15,70**	**15,48**	**14,825**

1. Countercyclical Capital buffer (CCyB)

- In accordance with the provisions of the Macroprudential Oversight of Institutions Law of 2015 (as amended), the CCyB rate is reassessed on a quarterly basis, adjusted if necessary and published in the macroprudential policy decisions by the CBC.
- The CCyB rate for the risk weighted exposures in the Republic of Cyprus, where most of the Bank's exposures are located, was set by CBC at 0,5% as at 31 December 2023, effective from 30 November 2023, and at 0% for the year 2022.
- Therefore, the CCyB for the Group as at 31 December 2023 has been calculated at approximately 0,53%.
- On 30 November 2022, the CBC, following the revised methodology described in its macroprudential policy and consultation with the ECB, decided to increase the CCyB rate for the risk weighted exposures in the Republic of Cyprus of each licensed credit institution incorporated in the Republic, from 0% to 0,5%. The new rate of 0,5% was applicable from 30 November 2023.
- In June 2023, the CBC announced its decision to raise the CCyB rate from 0,5% to 1,0%, with effect as from 2 June 2024.
- In December 2023, the CBC announced that is deemed appropriate to maintain the CCyB rate at 1%, which is the rate adopted as per the latest decision of the CBC dated 2 June 2023.
- Therefore, based on the above the CCyB for the Group is expected to increase further and accordingly the minimum regulatory capital requirements.

[53] As per 2023 final SREP letter, the new capital requirements are effective from 1 January 2024.
[54] As per 2022 final SREP letter, the new capital requirements were effective from 1 April 2023.
[55] As per 2021 final SREP letter, the new capital requirements were effective from 1 March 2022.
[56] The CCoB buffer was fully phased-in on 1 January 2019 at 2,50%.
[57] Assuming that all the Bank's exposures are located in the Republic of Cyprus. Effective from 2 June 2024, the CCyB rate for the risk weighted exposures in the Republic of Cyprus increases from 0,50% to 1% and accordingly the minimum capital requirements.

2. Other Systematically Important Institutions (O-SII) buffer

- In accordance with the provisions of the above Law, the CBC as the designated national macroprudential authority, is also responsible for the designation of Other Systemically Important Institutions (O-SIIs) and for the setting of the O-SII buffer requirement for these institutions, on an annual basis.
- Based on these provisions, the Bank has been designated as an O-SII and the O-SII buffer rate was set at 1% since November 2021, effectively from 1 January 2022. The O-SII buffer rate remained at 1% as from 1 January 2023.
- The O-SII buffer was phased in gradually with application starting from 1 January 2019.
- The O-SII buffer for the Bank was 0,875% as at 31 December 2022 and was fully phased-in on 1 January 2023 at 1%.
- In October 2023, the CBC concluded its annual reassessment for the designation of credit institutions that meet the definition of O-SII institutions and the setting of O-SII buffer to be observed by each institution. As per CBC circular received, the O-SII buffer rate of the Bank has been revised to 1,50% and is phased-in in two equal annual increases, to 1,25% effective from 1 January 2024 and to 1,50% effective from 1 January 2025.
- Therefore, based on the above the O-SII buffer rate of the Group is expected to increase further and accordingly the minimum regulatory capital requirements.

Supervisory Review and Evaluation Process

The final 2023 SREP Decision, dated 30 November 2023, was based on the supervisory review and evaluation process (SREP) conducted by the ECB with a reference date of 31 December 2022, and any other relevant information provided after that date. The SREP was conducted pursuant to Article 4(1)(f) of the SSM Regulation[58] and national legislation transposing Articles 73, 86, 97, 104a, 104b, 105 and 113 of the CRD considering the EBA SREP Guidelines. The Decision also considered the results of the supervisory stress test conducted in 2023.

The 2023 SREP requirements are effective from 1 January 2024.

Similarly, the 2022 SREP Decision, dated 14 June 2023, was based on the SREP conducted by the ECB with a reference date of 31 December 2021, and any other relevant information provided after that date. The SREP was conducted pursuant to Article 4(1)(f) of the SSM Regulation[58] considering the EBA SREP Guidelines. The Decision also considered the supervisory stress test (on climate risk) conducted in 2022. The 2022 SREP requirements were effective from 1 April 2023.

The 2022 SREP Decision has been superseded with effect from 1 January 2024 and the requirements set out in the 2022 SREP Decision ceased to apply on that date, unless otherwise stipulated within the 2023 SREP letter.

The Group is required to maintain as per 2023 SREP, on a consolidated basis, a **Total SREP Capital ratio requirement of 11,45%** (2022 SREP: 11,45%), which includes:

- the minimum Pillar I own funds requirements of 8% in accordance with Article 92(1) of the CRR (of which up to 1,5% can be met with Additional Tier 1 Capital and up to 2% with Tier 2 Capital) and
- an own funds Pillar II requirement of 3,45% (2022 SREP: 3,45%) required to be held in excess of the minimum own fund requirement (P2R to be held in the form of 56,25% of CET 1 capital and 75% of Tier 1 capital).

The Group is also required to maintain, **on 1 January 2024,** on a consolidated basis, a minimum phased-in **Total Capital ratio requirement of 15,70%, while as at 31 December 2023** a minimum phased-in **Total Capital ratio requirement of 15,48%**, which includes the phased-in combined buffer requirement, which for both years 2024 and 2023 comprises the CCoB of 2,5%[56] which has to be made up with CET 1 capital, the O-SII buffer of 1,25%, which is applicable as of 1 January 2024 as explained above (31 December 2023: 1%) and the CCyB of approximately 0,50%[59] (31 December 2023: c.0,53%).

[58] Regulation (EU) No 1024/2013.
[59] Assuming that all the Bank's exposures are located in the Republic of Cyprus.

From 2 June 2024, the Total Capital ratio minimum requirement is expected to increase further by c.0.50%[59] as a result of the increase in the CCyB, as explained above.

Based on the final 2023 SREP letter, the Pillar II requirement effective from 1 January 2024 has remained unchanged at 3,45%.

In addition to the above, the ECB has provided on a consolidated basis, a non-public Pillar II capital guidance (P2G) ratio to be made up entirely of CET1 capital. Based on the final 2023 SREP Decision, the P2G effective from 1 January 2024 has decreased compared to the previous level, which was applicable from 1 April 2023 as per final 2022 SREP Decision.

As per the final 2023 SREP Decision, as well as the final 2022 SREP Decision the Bank shall obtain the ECB's approval prior to making any distribution to its shareholders.

Taking the above into consideration, **on 1 January 2024**, the Group's minimum phased-in **Total Capital ratio[60], Tier 1 and CET 1 ratios[60], are set at 15,70% (31 December 2023[61]: 15,48%), 12,84% (31 December 2023[61]: 12,62%) and 10,69% (31 December 2023[61]: 10,47%)** respectively[62].

The Group's capital ratios remain above the minimum SREP requirements.

Leverage Ratio

The Group and the Bank is also subject to a 3% Pillar I Leverage ratio requirement.

During the year ended 31 December 2023, the Group's regulatory Leverage ratio[48] on an IFRS 9 transitional basis has increased to 6,21% (Bank: 6,19%) by 52 bps compared to 31 December 2022, which continues to be above the minimum leverage ratio requirement set at 3%. Including unaudited profits for the second half of 2023, the Group's pro forma Leverage ratio[49] increases further to 7,17% (Bank: 7,15%).

The increase in Tier 1 capital was the main reason for the increase in the Group's regulatory Leverage ratio, as well as the increase in "Leverage ratio total exposure measure". The increase in Tier 1 capital was the result of the main drivers for the change in CET 1 capital as explained above.

The main reasons for the increase in "Leverage ratio total exposure measure" were the phasing-in of IFRS 9 transitional arrangements on 1 January 2023, the change in the Group's total assets *(as explained in Section 1.2)*, as well as the increase in off balance sheet exposures (loan commitments and financial guarantees) due to new lending.

Additional information on regulatory capital will be provided in the Pillar III disclosures for the year ended 31 December 2023, which will be available on the Bank's website: Pillar III Disclosures (hellenicbank.com) (Investor Relations).

[60] Based on CBR calculated at c.4,25%.
[61] Based on CBR of 4,03% as at 31 December 2023.
[62] Excluding P2G.

1.2.6 Bank Recovery and Resolution Directive (BRRD)

Minimum requirement for own funds and eligible liabilities (MREL)

The Bank, within the framework of the Bank Recovery and Resolution Directive (BRRD), is subject to the minimum requirement for own funds and eligible liabilities (MREL). The framework, which entered into effect on 1 January 2016, provides authorities with a credible set of tools to intervene sufficiently early and quickly in an unsound or failing institution so as to ensure the continuity of the institution's critical financial and economic functions, while minimising the impact of an institution's failure on the economy and financial system. This is achieved by requiring banks to have a funding structure with a certain proportion of liabilities that can be written off or converted into equity in the event of a bank failure (that is: "bailed in"). Such liabilities, in combination with equity, are known as MREL.

On 27 June 2019, as part of the reform package for strengthening the resilience and resolvability of European banks, the BRRD II came into effect and it has recently been transposed into National Law. Further to the above, 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 took immediate effect.

In January 2024, the Bank received notification from the Single Resolution Board (SRB) of its final decision for the binding minimum requirement for own funds and eligible liabilities (MREL) for the Group. Accordingly, the MREL target was set at 25,17% of total risk exposure amount (TREA), plus combined buffer requirement (CBR) while the MREL target of leverage ratio exposure (LRE) was set at 5,91%, both to be met by 31 December 2025. No MREL subordination requirement has been communicated to the Bank.

Furthermore, the Bank must continue to meet MREL requirements equal to 16,57% of TREA and 5,91% of LRE that were set as intermediate targets in the previous resolution planning cycle for 1 January 2022. The own funds used by the Bank to meet the combined buffer requirement (CBR) will not be eligible to meet its MREL requirements expressed in terms of risk weighted assets.

Taking into consideration the applicable CBR requirements as at 31 December 2023, the intermediate binding target for MREL requirements resulted to 20,6%[63] and the final target to 29,2%[63,64] of TREA to be met by 31 December 2025. These are expected to increase further following the increase of the CCyB rate for the risk weighted exposures in the Republic of Cyprus to 1% with effect as from 2 June 2024. Additionally, these will increase further following the increase of the O-SII buffer rate to 1,25% effective from 1 January 2024 and to 1,50% effective from 1 January 2025, taking the MREL requirements for the final target to 30,17%[64,65].

The Group's regulatory MREL ratio[66] as at 31 December 2023, was 27,3% of TREA and 7,8% of LRE. Including unaudited profits for the 2H2023, the Group's pro forma MREL ratio[67] as at 31 December 2023 was 30,7% of TREA and 8,8% of LRE, well above the final binding MREL requirement of 31 December 2025[64,65].

The Bank has established a Euro Medium Term Note (EMTN) program of a €1,5 billion size to issue MREL. In July 2022 the Bank issued €100 million Senior Preferred Notes (the "SP Notes"), priced at par with a fixed coupon of 9% per annum, payable annually in arrears. The maturity date of the SP Notes is 15 July 2025 and are callable at par on 15 July 2024 (3NC2).

In March 2023 the Bank successfully priced a new €200 million Tier 2 Subordinated Notes (the "T2 Notes"), issued at par with a fixed coupon of 10,25% per annum. The T2 Notes mature on 14 June 2033 and are callable at par for a 3-month period commencing on 14 March 2028 (10,25NC5,25).

Future MREL issuances will depend on the progress of the Bank's strategic/transformation plan, its financial performance, its capital position and any MREL requirement changes by the SRB. The instrument, size, duration and timing of issuance, will be subject to market conditions, investor interest and relevant advisor feedback.

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63 Based on CBR of 4,03% as at 31 December 2023.
64 Based on the final decision of the SRB received from Central Bank of Cyprus in January 2024.
65 Based on CBR calculated at c.5,00% as at 31 December 2025.
66 As per the regulatory reporting submission, for which 6M2023 reviewed profits are included, following permission granted by the Supervisory Authorities.
67 As per the regulatory reporting submission, for which 6M2023 reviewed profits are included, following permission granted by the Supervisory Authorities, as well as 2H2023 unaudited profits for which the Bank has not yet obtained permission from Supervisory Authorities.

1.2.7 Adoption of IFRS 17 (Insurance Contracts)

IFRS 17, which replaces IFRS 4 “Insurance Contracts” for annual periods beginning on or after 1 January 2023 and as required by the Standards, the Group has restated comparative information retrospectively from 1 January 2022. The new standard introduces new profit emergence patterns and requires insurance liabilities to be measured at a current fulfilment value aiming to a more uniform measurement and presentation approach for all insurance contracts.

A. Summary of significant accounting policies

For the significant accounting policies applied under IFRS 17 refer to Note 4.3. “Insurance contracts” in the Interim Condensed Consolidated Financial Statements for the six-month period ended 30 June 2023.

B. Transition application

The Group Insurance subsidiaries adopted IFRS 17 retrospectively, applying alternative transition methods where the full retrospective approach was impracticable.
The full retrospective approach was applied to:

- Non-life groups of insurance contracts and reinsurance contracts
- Life groups of insurance and reinsurance contracts with short-term coverage period not extending beyond one year

The fair value approach was applied to:

- Life groups of insurance and reinsurance contracts containing contracts with long-term coverage period extending beyond one year

For the full retrospective approach, the insurance subsidiaries identified, recognized and measured each group of insurance contracts and any assets for insurance acquisition cash flows as if IFRS 17 had always applied, any previously reported balances that would not have existed if IFRS 17 had always been applied have been derecognised and the resulting net difference was recognised in equity. It was concluded that reasonable and supportable information that was necessary to apply the full retrospective approach was available.

For the fair value approach, the groups of insurance and reinsurance contracts on transition date, 1 January 2022, were measured at fair value, any existing balances that would not exist had IFRS 17 applied have been derecognised and the resulting net difference was recognised in equity. For these groups of insurance and reinsurance contracts, in the absence of complete set of data, it was impracticable to apply the full retrospective approach.

On transition on 1 January 2022, the Group’s total equity increased by €11,6 million, being an amount of €12,0 million positive impact from the Life-Insurance subsidiary and €0,4 million negative impact from the Non-Life insurance subsidiary. For the year ended 31 December 2022, the impact on the Group’s Total Equity as at 31 December 2022 as reported under IFRS 4 has increased by €9,2 million as restated under IFRS 17, being an amount of €8,6 million positive impact from the Life-Insurance subsidiary and €0,6 million positive impact from the Non-Life insurance subsidiary. The impact is analysed as follows:

IFRS 17 Transition impact (€ million)	As at 1 January 2022	As at 31 December 2022
IFRS 4 Total Equity	**1.106**	**1.120**
IFRS 4 Equity attributable to shareholders of the parent company	**1.106**	**1.120**
Contractual service margin (CSM)	(6)	(11)
Removal of IFRS 4 assets and liabilities and recording of IFRS 17 fulfilment cash flows and risk adjustment	20	21
Tax effect	(2)	(1)
Total impact of IFRS 17 restatements	**12**	**9**
IFRS 17 Equity attributable to shareholders of the parent company	**1.118**	**1.129**
IFRS 17 Total Equity	**1.118**	**1.129**

The impact of the initial application of IFRS 17 enabled the declaration and payment of a dividend amounting to €6,0 million from the Life-Insurance subsidiary, which increased the Group’s regulatory capital and enhanced the CET 1 ratio as at 31 December 2023 by c.10 bps.

C. Transition impact on the Consolidated Balance Sheet as at 31 December 2022

The adjustments to the Group's balance sheet as at 31 December 2022 arising on the adoption of IFRS 17 are presented below:

€ million	As initially reported	IFRS 17 adjustments	As restated
Assets			
Cash and balances with Central Banks	8.468	-	8.468
Placements with other banks	281	-	281
Loans and advances to customers	6.033	-	6.033
Debt securities	4.424	-	4.424
Equity securities and collective investment units	107	-	107
Property, plant and equipment	167	-	167
Stock of property	131	-	131
Intangible assets	44	-	44
Tax receivable	4	1	5
Assets and disposal group held for sale	210	-	210
Other assets	89	(19)	70
Reinsurance contract assets	30	(6)	24
Total assets	**19.988**	**(24)**	**19.964**
Liabilities			
Deposits by banks	108	-	108
Funding by Central Banks	2.278	-	2.278
Customer deposits and other customer accounts	15.928	-	15.928
Tax payable	5	1	6
Deferred tax liability	9	1	10
Liabilities and disposal group held for sale	2	-	2
Other liabilities	198	1	199
Insurance contract liabilities	108	(36)	72
Loan capital	232	-	232
Total liabilities	**18.868**	**(33)**	**18.835**
Equity			
Share capital	206	-	206
Reserves	914	9	923
Equity attributable to shareholders of the parent company	**1.120**	**9**	**1.129**
Total equity	**1.120**	**9**	**1.129**
Total liabilities and equity	**19.988**	**(24)**	**19.964**

Transition drivers

IFRS 4 assets and liabilities were derecognised on transition and replaced with IFRS 17 insurance assets and liabilities. Insurance contracts are measured as the total of the fulfilment cash flows and the contractual service margin (CSM).

The Contractual Service Margin (CSM) is a component of the overall carrying amount of the group of insurance contracts representing the unearned profit that the Insurance subsidiaries have deferred and will recognise over the coverage period of the insurance contract services.

Deferred tax asset/liability was recognised on the temporary differences between the IFRS 17 assets and liabilities carrying amounts and their corresponding tax bases.

D. Transition impact on the Consolidated Income Statement

The Consolidated Income Statement for the year ended 31 December 2022 as restated for IFRS 17 and as reported under IFRS 4 is presented below:

€ million	For the year ended 31 December 2022		
	As initially reported	IFRS 17 adjustments	As restated
Turnover	**465,7**	**(14,2)**	**451,5**
Continuing Operations			
Interest income	341,4	0,1	341,4
Interest expense	(40,6)	0,0	(40,6)
Net interest income	**300,8**	**0,1**	**300,9**
Fee and commission income	82,6	(5,4)	77,2
Fee and commission expense	(10,9)	2,4	(8,5)
Net fee and commission income	**71,7**	**(3,0)**	**68,7**
Net gains/(losses) on disposal and revaluation of foreign currencies and financial instruments	2,7	(2,2)	0,5
Net income from insurance operations	25,5	(6,9)	18,6
Other income	13,4	0,2	13,6
Total net income	**414,1**	**(11,8)**	**402,4**
Staff costs	(147,2)	5,5	(141,7)
Restructuring costs	(70,9)	-	(70,9)
Depreciation and amortisation	(24,7)	0,7	(24,0)
Administrative and other expenses	(108,4)	2,5	(105,9)
Total expenses	**(351,2)**	**8,7**	**(342,5)**
Profit/(loss) before net losses on derecognition of financial assets measured at amortised cost and impairment losses	**62,9**	**(3,1)**	**59,9**
Net losses on derecognition of financial assets measured at amortised cost	(0,2)	-	(0,2)
Impairment losses on financial instruments	(18,5)	0,3	(18,2)
Impairment losses on non-financial assets	(6,8)	-	(6,8)
Profit/(loss) before negative goodwill	**37,4**	**(2,7)**	**34,7**
Negative goodwill	4,8	-	4,8
Profit/(loss) before taxation	**42,2**	**(2,7)**	**39,4**
Taxation	(10,5)	0,4	(10,2)
Profit/(loss) for the year from continuing operations	**31,6**	**(2,4)**	**29,3**
Discontinued Operations			
Loss for the year from discontinued operations	(7,5)	-	(7,5)
Profit/(loss) for the year	**24,2**	**(2,4)**	**21,8**
Profit/(loss) attributable to:			
Shareholders of the parent company from continuing operations	31,6	(2,4)	29,3
Shareholders of the parent company from discontinued operations	(7,5)	-	(7,5)
Non-controlling interests	0,0	-	0,0
Profit/(loss) for the year	**24,2**	**(2,4)**	**21,8**

Note: Numbers may not add up due to rounding.

E. Analysis of new insurance line items included in the Consolidated Income Statement

€ million	Year ended 31 December	
	2023	2022 as restated
Insurance service revenue	63,8	61,0
Insurance service expenses	(32,5)	(32,0)
Insurance service result from insurance contracts issued	**31,3**	**28,9**
Allocation of reinsurance premium	(24,2)	(24,4)
Amounts recoverable from reinsurers for incurred claims	10,0	12,8
Net expense from reinsurance contracts held	**(14,2)**	**(11,6)**
Net Insurance Service Result	**17,1**	**17,3**
Insurance finance (expense)/income	(2,9)	2,0
Reinsurance finance (expense)/income	0,2	(0,7)
Net insurance finance (expense)/income	**(2,7)**	**1,3**
Net income from insurance operations	**14,3**	**18,6**

2. ECONOMIC ENVIRONMENT

The current economic environment is significantly affected by external geopolitical shocks. The ongoing Russia-Ukraine conflict, that started in February 2022 and the Middle East crisis that started in October 2023 created consequences that are felt at the global and local economy. The effect of these shocks moderates the expectations of a continued strong GDP expansion that started in Cyprus, at least in the short-term. The signs of the effect were reflected on the elevated inflation rates and changes in the monetary policy. Despite the effect of these shocks, the Cyprus economy in 2023 showed again its resilience to external shocks.

The data published by the Cyprus Statistical Service for the nine months of 2023 indicate that the economy growth rate reached 2,5%. During the first quarter of 2023, economic growth reached 3,2% and during the second and third quarter reached 2,2% compared to the same quarters in 2022. The positive GDP growth rate was mainly attributed to the sectors "Hotels and Restaurants", "Transport and Storage", "Wholesale and Retail Trade, Repair of Motor Vehicles", "Arts, Entertainment and Recreation", "Other Service Activities".

Fears on the extend of the conflicts, continue to imply downside risks to the economy in the short term. The Bank expects GDP to expand by 2,75% in 2024, and improve to 3,00% in 2024, and 3,25% in 2026 continuing the recovery that Cyprus economy experienced during 2023. In the medium term, real economic activity is expected to be supported by the funds available under EU's Resilience and Recovery Facility (RRF) where Cyprus is set to receive €1,2 billion between 2021-2026. The funds of the facility aim to achieve the transition to a green economy and the digital transformation of the Cypriot Economy. The Bank, under the initiative for the adoption of Environmental, Social and Governance (ESG) principles, has started the integration of these principles in its operations that will support at the same time the initiatives developed under the European Facility for Recovery and Resilience.

The analysis of the high frequency data for key sectors of the economy provides encouraging signs for the short-term outlook of the economy and its resilience to the external shocks that affected the global economy since the start of the Russia-Ukraine conflict and the crisis in Middle East.

At the first nine months of 2023, unemployment decreased to 6,2% showing a small improvement compared to the first nine months of 2022 where unemployment stood at 6,7%. The overall reduction is driven by the second and third labour market performance. In the second quarter of 2023 unemployment was 5,9% compared 6,8% in the second quarter of 2022. In the third quarter of 2023 unemployment was 5,8% compared to 6,8% during the third quarter of 2022. Based on the seasonally adjusted data that showing the trend of unemployment rate, the average number of registered unemployed during 2023 was 12.708 persons compared to 13.583, thus decreasing by 6%. At the same time, the job vacancy rate remained above normal levels at an average of 2,9% during the first three quarters of 2023.

Inflation during 2023 continue to abate after peaking in 2022 due to soaring energy and commodity prices. Headline inflation during 2023 increased by 3,9% compared to 2022, whilst inflation during 2022 increased by 8,1% compared to 2021. The de-escalation of inflation is mainly driven by lowering energy prices. Energy inflation in 2023 decreased by 1,5% compared to 2022, whilst inflation during 2022 increased by 32% compared to 2021. Inflation is expected to drop further during 2024. The Bank forecast for 2024 is that inflation will drop to 2,75%. The preliminary data already published for 2024 support this view. Inflation in January 2024 dropped to 2,0% (compared to 6,8% in January 2023).

Tourism sector is gradually recovering towards its pre-pandemic levels. During 2023, tourist arrivals reached 3,85 million exhibiting an increase of 20% compared to 2022. This performance is comparable to the record year arrivals of 2019 when arrivals reached 3,98 million tourists (just 3% above compared to 2023).

In the banking sector, total non-performing exposures at the end of November 2023 were €2,0 billion or 8,3% of gross loans compared to 17,7% at the end of 2020, while the coverage ratio in November 2023 reached 51,0% compared to 47,5% at the end of 2022.

2. ECONOMIC ENVIRONMENT (CONTINUED)

The sovereign risk ratings of the Cyprus Government improved considerably in recent years reflecting improvements in economic resilience and consistent fiscal outperformance. The Republic of Cyprus is currently rated at an investment grade rating of BBB by S&P, BBB by Fitch and at Baa2 by Moody's.

The fiscal position in 2023 continues to be positive with the budget remaining in surplus. Between Jan.-Nov. 2023 fiscal accounts of General Government indicate a surplus of €1.000,7 million (3,4% of GDP) compared to a surplus of €636,8 million (2,3% of GDP) during Jan.-Nov. 2022. The debt to GDP ratio reached 88,2% at the end of 2022 from 103,2% the year before and is expected to follow a downward trend and fall to 63,0% by the end of 2026, on the assumption that debt servicing costs will remain low.

Geopolitical Instabilities and their effect to Cyprus Economy

The Cyprus economy during 2023 continued exhibiting positive growth and stability in the labour market and inflation rate de-escalating to lower levels compared to 2022. Though in 2024, the Russia-Ukraine conflict and the unfolding events in Middle East puts the Cyprus economy at risk which will create some significant challenges going forward. This is particularly relevant for household finances and sentiment due to the elevated inflation rates and significant sectors of the economy such as the Hotel and Accommodation section (which in the past years has exhibited increased reliance from inflow of Russian tourists) and the Services sector.

The recent Middle East crisis that started during October add to current global economic uncertainty. At present its difficult to determine the exact effects of the conflict, which depends on its duration and if neighbouring countries will be involved in the crisis. The possible channels of impact include: (1) a reduction (even complete annihilation) in tourism inflows of Israel during next year tourist season, (2) reappearance of inflationary pressures due to higher energy prices and higher imported products cost due to increased cost of insuring the movement of goods, (3) slowing down of foreign direct investment in Cyprus from Israeli owned firms and (4) discretionary household spending (e.g. purchase of luxury items and services) that could lead into a reduction of total consumption impact at some extent economic growth.

The IFRS 9 scenario weights have been re-weighted for the first time in 1Q2022 due to the outbreak of Russian-Ukraine conflict as a result of the anticipated challenges it was expected to pose to the Cyprus economic particularly for the Hotel and Accommodation sector in light of the significant inflation that was being exhibited. In order to account for the increased uncertainty and recognize the downside risk that the conflict was posing to the Cyprus economy, the scenario weights used for IFRS 9 purposes had been rebalanced at the time from 50%-25%-25% to 50%-20%-30% for Baseline, Optimistic and Pessimistic scenario respectively.

As of 3Q2023, uncertainties are gradually reducing following the start of the Russian-Ukraine conflict, the high inflation rates are gradually returning back to lower levels, key economic sectors are stabilising, and labour market is performing well as unemployment is continuously dropping approaching levels of almost full employment. For these reasons during 3Q2023, the weights of the IFRS 9 macroeconomic scenarios have been reverted back to the pre-conflict levels (from 50%-20%-30% to 50%-25%-25% for Baseline, Optimistic and Pessimistic respectively).

The Bank continues to closely monitor the latest developments in Ukraine and Russia as well as the new crisis in Israel and provides regular updates to the Executive Committees and Board Committees on contingency risk management actions and risk mitigation. The Bank is also taking all necessary and appropriate measures to manage all related risks and to comply with the applicable sanctions imposed. The monitoring of customers has also intensified, while transactions are strictly monitored and vetted accordingly. The Bank expects limited impact from its direct exposure, while any indirect impact will depend on the longevity and severity of crisis and its impact on the Cypriot economy, which remains uncertain at this stage. The Bank will continue to monitor the situation, taking all necessary measures to mitigate the impact on its operations and financial performance.

2. ECONOMIC ENVIRONMENT (CONTINUED)

Following the updated publications (within 2023) of sanctions lists by the European Union, the United States and the United Kingdom authorities, the Bank remains in full adherence to sanctions issued by the EU and the US as well as UK, applying a zero-tolerance policy through rigorous and strict controls and measures.

Collapse of US Banks and Credit Suisse rescue

The Bank continues to closely monitor the developments triggered by the collapse of Silicon Valley Bank, Silvergate Bank and Signature Bank in the United States and Switzerland's Credit Suisse rescue through the takeover by UBS in March 2023 and the collapse of First Republic Bank in May 2023. The Bank and the Group did not have any exposure to these US banks.

The Group's exposure to Credit Suisse as at 31 December 2022 amounted to c.€15 million in the form of bonds held by the Bank and its insurance subsidiaries. These have been disposed during 1Q2023 with no significant impact (loss of c.€1,3 million) on the Group's Preliminary Financial Results for the year ended 31 December 2023. As at the date of this Announcement, the Bank and the Group are no longer exposed to Credit Suisse bonds.

Forward looking information

In line with IFRS 9 impairment requirements, forward-looking information, including current conditions and projections of macroeconomic and other factors, are incorporated in a range of unbiased future economic scenarios for ECL purposes. Determination of the forward-looking information, to be used in the ECL estimate, requires judgement and estimates about the future economic outlook. The ECL estimate incorporates the expected impact of all reasonable and supportable forward-looking information, taking into consideration the macroeconomic factors. The Bank incorporated three forward-looking macroeconomic scenarios in its ECL calculations process: a baseline scenario, an optimistic scenario and a pessimistic scenario. Probability weights were attributed to each scenario.

Macroeconomic input and weights per scenario are constructed by the Economic Research Department of the Bank through modern econometric techniques and are based on expert judgment based on market data.

The macroeconomic variables affecting the level of ECL are real GDP growth, the rate of unemployment and forward-looking prices of residential and commercial real estates. The Bank's Economic Research Department proceeded with updating the macroeconomic projections.

For the estimation of FY2023 impairment losses, the Bank had changed its macroeconomic forecasts compared to 9M2023. Due to the publication of 3Q2023 property price data (and other key property market statistics) we proceeded with the upward revision of residential and commercial property prices for 2023 and 2024 (expecting that 4Q2023 demand for properties will remain strong, keeping prices at higher levels and this effect will continue at least during the first half of 2024). Also, the overall assessment incorporates for the first time an adjustment in the short-term forecast of the macroeconomic variables taking into account the expected effect of Climate and Environmental (CE) events. Based on the CE risk analysis we adjusted inflation slightly upwards for 2025 and property prices slightly downwards. This adjustment was based on the potential effect of an adverse climate event in the economy in the next few years.

2. ECONOMIC ENVIRONMENT (CONTINUED)

The tables below show the macroeconomic variables as per the Bank's Economic Research Department, for each scenario and the respective scenario weights used in estimating the ECL:

31 December 2023

Cyprus Economy – Macroeconomic Parameters

Scenarios		2023	2024	2025	Probability – weight %
Optimistic	Real GDP (% change)	4,00%	2,75%	3,00%	25%
	Unemployment (%)	5,50%	4,75%	4,50%	
	Inflation (% change)	2,75%	1,25%	1,25%	
	Residential Price Index (% change)	8,50%	4,25%	2,25%	
	Commercial Price Index (% change)	7,75%	3,25%	2,50%	
Baseline	Real GDP (% change)	2,50%	2,75%	3,00%	50%
	Unemployment (%)	6,00%	5,75%	5,50%	
	Inflation (% change)	4,00%	2,75%	2,10%	
	Residential Price Index (% change)	7,00%	2,50%	1,70%	
	Commercial Price Index (% change)	6,00%	2,25%	1,70%	
Pessimistic	Real GDP (% change)	0,50%	1,25%	1,50%	25%
	Unemployment (%)	8,50%	8,25%	7,00%	
	Inflation (% change)	5,50%	3,75%	3,25%	
	Residential Price Index (% change)	5,00%	1,50%	0,75%	
	Commercial Price Index (% change)	4,00%	1,50%	0,75%	

31 December 2022

Cyprus Economy – Macroeconomic Parameters

Scenarios		2022	2023	2024	Probability – weight %
Optimistic	Real GDP (% change)	6,00	3,25	3,00	20%
	Unemployment (%)	6,25	5,75	5,50	
	Inflation (% change)	5,50	2,00	1,00	
	Residential Price Index (% change)	2,50	3,00	3,00	
	Commercial Price Index (% change)	2,50	2,50	3,00	
Baseline	Real GDP (% change)	5,00	2,00	3,00	50%
	Unemployment (%)	7,00	6,50	6,00	
	Inflation (% change)	7,50	2,50	1,50	
	Residential Price Index (% change)	1,50	2,00	2,00	
	Commercial Price Index (% change)	1,50	2,00	2,00	
Pessimistic	Real GDP (% change)	3,50	1,50	1,00	30%
	Unemployment (%)	9,50	9,00	8,50	
	Inflation (% change)	9,00	5,50	3,00	
	Residential Price Index (% change)	(1,00)	0,50	1,00	
	Commercial Price Index (% change)	(1,50)	0,00	1,50	

2. ECONOMIC ENVIRONMENT (CONTINUED)

Changes to Foreclosure Framework

On 19 December 2023, a number of amendments to the foreclosure framework came into force by publication in the Government Gazette. Briefly:

A. Amendments to the Immovable Property (Transfer and Mortgage) Law (9/1965) (i.e., the 'Foreclosure Law'):

- Eligible borrowers* are granted the right to file a complaint to the Financial Ombudsman, disputing the amount of the debt claimed by the Lender in the context of foreclosure process. In such case, the foreclosure of the primary residence is suspended, until the issuance of the decision of the Financial Ombudsman.
- The Financial Ombudsman must issue their decision regarding the amount of the debt, within 45 days from the date of the submission of the complaint.
- In case the Lender does not accept the decision as binding, the foreclosure of the relevant property is further suspended until the issuance of a Court judgement regarding the exact amount of the debt.
- In case the Eligible borrower does not accept the decision as binding (but the Lender does), the Lender may proceed with the foreclosure of the relevant property and compensate the Eligible borrower for any damages that may be decided by the Court.

B. Amendments to the Financial Ombudsman Law (84(I)/2010):

1. Introduction of additional complaints' categories that the Financial Ombudsman may handle:
   i. Complaints by Eligible borrowers (as described in paragraph 'A' above).
   ii. Complaints for which there are pending Court proceedings, but a Court decision has not yet been issued (provided that all parties to the Court proceedings agree to the dispute/complaint being handled by the Financial Ombudsman).

2. Introduction of additional categories of credit facilities for which a Mediator may be appointed for restructuring purposes (foreclosure of mortgaged property securing the relevant credit facility is suspended until the completion of the mediation process):
   i. Credit facilities (of up to €350.000) which are secured by business premises of value up to €750.000 or a primary residence of value up to €350.000.
   ii. Terminated credit facilities for which there are pending Court proceedings, provided that the parties to the Court proceedings agree to the appointment of a Mediator.
   iii. Terminated credit facilities (provided that mediation applications are filed within 6 months from 19 December 2023).

C. Introduction of a special jurisdiction in District Courts:

The Supreme Court, is authorized when it deems it necessary, to appoint judges to adjudicate disputes:

a. between borrowers/ guarantors/ security providers and Lenders regarding the outstanding balance of terminated credit facilities (secured by mortgages over primary residences, with value of up to €350,000) or regarding any other dispute, including overcharges or/and unfair terms; and/or
b. regarding the foreclosure of such mortgaged primary residences

**Eligible borrower means a mortgagor whose mortgaged property under sale is a principal residence up to €350,000. A mortgagor who, after 14 July 2023, has received the warning letters under the CBC Code and has not provided all the required information within the specified timeframes, is not an Eligible borrower.*

3. STRATEGIC TARGETS AND OUTLOOK

In delivering its strategy, the Bank is committed to remain a strong bank that meets the expectations of its shareholders, employees, clients and the society.

The overarching narrative for Cyprus remains positive, despite the effect of the Russian/Ukraine conflict and the crisis in Middle East. During the first nine months of 2023 GDP growth increased by 2,5% compared to 2022 and unemployment declined to 6,2% (from 6,7% during the first nine months of 2022). Inflation rate in 2023 abated to lower levels closing at 3,9% (from 8,1% during 2022). We expect that, in 2024, the economy will grow by 2,75% compared to 2023 and unemployment will drop further to 5,75%. Although the Bank maintained the credit quality of the portfolio, as the geopolitical uncertainties remain high, especially after the commence of the recent Middle East crisis that started during October 2023, these could negatively impact lending in specific sectors. The ability of certain borrowers to repay their obligations may be adversely affected and, consequently, the amount of expected credit risk losses may increase.

The Bank is closely monitoring the affected loan portfolio and applies an effective, efficient and comprehensive arrears management of incremental credit risk of the exposures, with the use of early warning indicators and behavioural scoring models, in order to mitigate the risk of potential new defaults. With a sizable part of the loan portfolio already assessed through lifetime provisioning, a portion of performing loans covered by the Asset Protection Scheme and a sale of a non-performing exposures portfolio, the Bank is able to normalize its cost of risk going forward. The Bank aims to remain in a robust position and will continue focusing on strengthening and improving its market position by supporting the real economy.

The Bank’s strategy, as approved by the Board of Directors in December 2023, comprises of five pillars: Growth, ESG, Asset Quality, Cost Optimisation and Capital & Funding Optimisation. The Bank intends to continue to carry out its role in supporting the economy, while safeguarding its shareholders’ value through prudent policies and in line with the Bank’s target risk profile. In 2023, the Bank granted €1,2 billion of new lending to viable households and businesses.

At the same time, the Bank is executing a Transformation Plan with the aim to enhance customer experience, increase revenues, whereas at the same time drive efficiency. The Bank’s transformation strategy embraces advancements in technology and data analytics and aims for digital enhancements and process streamlining, with emphasis on improving the customer service.

The Bank is able to effectively tackle its NPEs in an accelerated way and with higher recoveries. Moreover, the Bank accelerated the de-risking of its non-performing exposures through the sale of an NPE portfolio in 1Q2023, following the completion of Project Starlight.

The Bank has sufficient liquidity, allowing the exploitation of opportunities in various sectors of the domestic market, with a long-term strategy to selectively expand into other jurisdictions. The Bank aims to continue its pivotal role in the support of the real economy, financing creditworthy Cypriot businesses and households with a comprehensive range of quality banking services and within its risk appetite. The focus of new loans will continue to be to companies that increase the competitiveness and productivity of the country, such as in the sectors of retail trade, manufacturing, health, education, energy and renewables, transportation and storage, information and communication and hospitality. At the same time, loans to individuals are geared toward mortgages. The Bank stands ready to support the needs of all its clients, households and businesses.

The Bank monitors closely the developments in the Cypriot, European and Global economic environment and assesses the situation as it is evolving, whilst continuing the implementation of its strategy. The operating environment remains challenging, however the Bank aims to remain vigilant of developments and to turn these challenges into opportunities.

3. STRATEGIC TARGETS AND OUTLOOK (CONTINUED)

Below we indicate the revised Medium-Term financial targets, followings the Bank's updated Strategic Plan[68]:

	FY2022	9M2023	FY2023	Medium-Term Targets[69] (revised)	Medium-Term Targets[69] (previously)
Asset Quality					
NPE ratio[70]	13,5%[71]	2,7%	2,5%[71]	c.3%	c.3%
Cost of risk[72]	0,2%	0,3%	0,2%	c.50 bps	c.50 bps
Profitability					
Cost to income ratio[73]	60%[74]	36%	34%	c.45%	<50%
ROTE	2,0% / 8,6%[74]	26,6% / 24,3%[75]	28,7% / 27,1%[75]	c.13%	>10%
Capital & Lending					
CET 1 ratio (fully loaded basis)	18,1%[76]	21,7%[77]	22,8%[78]	>14,0%	>14,0%
New Lending (€)	1.179 million	900 million	1.204 million	> 1,2 billion per annum	> 1,2 billion per annum

Updated Strategic Plan 2024-2028[68]

The Bank's Vision is to be customers' primary bank in Cyprus for the experience offered and to be the safest, most reliable partner, always supporting customer's aspirations. The aim is to build a sustainable bank, through achieving sustainable growth and low NPLs and a commitment to net-zero emissions.

The Medium-Term financial targets for Asset Quality and Capital & Lending have been reconfirmed, whilst the targets for the Cost to income ratio and for ROTE have been amended to c.45% and c.13%, respectively (compared to previous MTT of <50% and >10%).

Any recommendation for dividend is subject to regulatory approval. The Bank is currently not proceeding with the declaration of dividend for FY2023 due to regulatory restriction.

[68] The Strategic Plan and the MTT relate to the Group on a standalone basis and do not take into account the potential impact from any developments regarding the Bank's shareholding.
[69] The Medium -Term Targets (MTT) cover a period of 3-5 years.
[70] Excluding the NPEs covered by the APS agreement.
[71] Pro forma for portfolios classified as HFS.
[72] Adjusted for the cash flows re-estimations of the APS indemnification asset.
[73] Adjusted for the Deposit Guarantee Scheme contribution and the Special Levy.
[74] Adjusted for the Restructuring costs.
[75] Excluding the gain on derecognition of disposal group classified as held for sale.
[76] Including FY2022 audited profits.
[77] Pro forma CET 1 ratio. Including 6M2023 reviewed profits, following permission granted by the Supervisory Authorities as per the regulatory reporting submission, as well as 3Q2023 unaudited profits.
[78] Pro forma CET 1 ratio. Including 6M2023 reviewed profits, following permission granted by the Supervisory Authorities as per the regulatory reporting submission, as well as 2H2023 unaudited profits for which the Bank has not yet obtained permission from Supervisory Authorities.

4. ENVIROMENTAL, SOCIAL AND GOVERNANCE (ESG)

As the world is moving towards a more sustainable future, the banking sector plays a pivotal role during this transition. Shareholders, regulators, governments and other key stakeholders recognise the urgency to act and exert pressure on financial institutions to mobilise. From strategy setting to regulatory compliance and disclosures, ESG priorities are stipulated in response to the stakeholders and market expectations.

In that context, the Bank established a dedicated ESG department, within the Strategy and Transformation Division. The department is responsible for the Bank's strategic direction on ESG issues, as well as the development and implementation of the Bank's sustainability and ESG goals as part of its business model. With this set up and in the context of its evolution and transformation, the Bank invests further in sustainable development and is consistently designing its actions to improve its environmental and social impact, while ensuring robust corporate governance.

ESG Strategy

Transitioning to a sustainable low-carbon economy, entails both risks and opportunities. In this respect, the Bank is adopting a strategic approach towards sustainability and ESG. In December 2023, the Board of Directors approved a revised ESG Strategy, demonstrating the Bank's ongoing commitment to sustainability. The main drivers formulating the ESG Strategy are the European and local strategies, the competitive environment, the evolving regulatory framework, and the sustainability materiality assessment. As a result, four pillars emerged, on which the Bank's ESG Strategy is based:

- Net-zero Bank
- Workforce of the future
- Resilience and performance
- Sustainable ecosystem

The underlying targets of the ESG strategic pillars, are aligned with international and European sustainability targets and frameworks, such as the UN Sustainable Development Goals (SDGs), the Paris Agreement and the EU Green Deal. Each strategic pillar is mapped to the relevant SDGs.

For the implementation of the ESG Strategy, the Bank sets clear and forward-looking targets with focus on the following primary goals:

- Become a Net-zero Bank by 2050
- Diversity & inclusion, Employee wellbeing and ESG awareness
- Enhance Risk Management frameworks and disclosures and improve ESG performance
- Support customers and investors in their green transition and sustainability goals
- Positive impact on community and environment

All ESG strategic pillars, have specific measurable short, medium and longer term quantitative and qualitative KPIs and targets, which are monitored on a frequent basis, to ensure the achievement of the relevant strategic goals in accordance with the approved ESG Strategy. Under each KPI of the ESG Strategy, there are assigned owners responsible for their implementation ensuring accountability on all areas and for all parties involved, with a defined monitoring process in place.

4. ENVIROMENTAL, SOCIAL AND GOVERNANCE (ESG) (CONTINUED)

ESG strategy highlights for FY2023

Pillar 1: Net-Zero Bank by 2050

- The Bank calculates scope 1, 2 GHG emissions and scope 3 (non-financed) GHG emissions on an annual basis and is in the process of FY23 calculation
- Total energy consumption reduced by 9% yoy (FY23: 37.412 Giga Joules vs FY22: 41.254 Giga Joules)
- Installation of photovoltaics in 2 buildings is in progress with expected capacity of 240.000 KWh
- Energy efficient measures such as thermal insulation and thermal glazing for certain buildings
- Training of staff for awareness/culture creation on energy efficiency matters
- Sourcing of electricity from third party vendors that produce green energy: 26% of the Bank's consumption is through such vendors out of which 15% is certified to be sourced through renewable energy.
- Provision of reusable water bottles to all staff in March 2023, with the aim of reducing single use plastic cups contributing to the reduction of our environmental footprint
- Implementation of PMD recycling to all Bank's premises

Pillar 2: Workforce of the Future

- ESG e-learning to all staff in Q1 2023 as part of the Bank's 2023 training program
- ESG training to BoD in May 2023
- ESG awareness through ESG Hub newsletters circulated to all staff
- ESG and climate and environmental risk training hours FY23: 2.540 (includes e-learning to all staff) vs FY22: 458
- Employee survey completed in May 2023 achieving 68% participation.

Pillar 3: Resilience and Performance

- The Bank obtained its first ESG rating in April 2023 with an overall score of 45/100. The Bank aims to improve its ESG rating by 2025. The areas of improvement have been identified and the relevant improvements are considered to increase the overall Bank's score
- Enhanced ESG disclosures through FY2022 Pillar 3 report and 2022 ESG Impact report
- Implementation of the CE Risks Action Plan is in progress
- The Bank is engaged in an industry-level initiative for the ESG assessment of the customers through an ESG questionnaire that will also help customers improve their sustainability journey
- The Bank's Sustainable lending policy has been approved in June 2023

Pillar 4: Sustainable Ecosystem

- Contribution of staff members in Bank's volunteering initiatives: Some of the volunteering initiatives undertaken during the period are two blood donations by Hellenic Bank staff members, a tree planting event in the village of Tochni and a beach clean-up (Oroklini beach)
- As part of its financial inclusion efforts, the Bank offers an extension of the limit for free SEPA money transfers to €5.000, reduced fees on transactions made in Branches for customers over 65 and special arrangements for recipients of minimum guaranteed income. Also, customers with disabilities can make withdrawals and deposits at branches without any fees.
- The Bank offers green retail products with favourable pricing for electric/hybrid cars and for energy efficient homes
- New green product with favourable pricing launched in May 2023 for energy efficiency upgrades for both businesses and individuals
- Green project financing through the growGREEN initiative by offering credible consultation related to our services, for a greener more sustainable future

- The Bank's issued a Sustainable Financing Framework, obtaining a Second Party Opinion by Moody's with an overall score of SQS2 (Sustainability Quality Score - Very good) which is published at the Bank's website
- The Bank issued its Human Rights Statement in January 2024 showcasing the Bank's commitment to respect and promote human rights. The Human Rights Statement has been approved by the Management Board in December 2023 and is published at the Bank's website
- Financing the green transition of customers with total green new lending for FY23 of €219mn with the main categories being green buildings, green cars and renewable energy

ESG risks and opportunities

The Bank's holistic approach to sustainability and ESG is combining financial performance with environmental and social responsibility as well as sound governance practices. The relevant ESG principles are taken into consideration when evaluating business risks and opportunities as this will add value to the Bank's stakeholders.

Within the Bank's efforts to support its customers in their green transition, the Bank is offering green retail products with favourable pricing for electric/hybrid cars and energy efficient homes. Also, the majority of credit/debit cards issued are made of biodegradable, environmentally friendly material. For Corporates and SMEs, the Bank provides green project financing through the growgreen initiative by offering credible consultation and guidance. The Bank is seeking to provide more green products and services to cover its customers' needs, both individuals and businesses. In this context, the Bank has launched two new green products for energy efficiency upgrades, one for individuals and one for businesses.

In relation to the investor's side and given the market focus on sustainable investments, the Bank has developed a Sustainable Financing Framework for the issuance of sustainable bonds. Funding obtained from such bond issuance will be used for sustainable financing, contributing positively to environment and society. The framework is developed in accordance with the International Capital Market Association (ICMA) Green Bond Principles, Social Bond Principles and Sustainability-Bond Guidelines (SBG) and it covers the four main components: use of proceeds, project evaluation and selection, management of proceeds and reporting. The Sustainable Financing Framework obtained a Second Party Opinion by Moody's with an overall score of SQS2 (Sustainability Quality Score - Very good) which is published at the Bank's website.

As part of the management of ESG risks and in line with regulatory expectations (ECB's Guide on Climate-related and environmental risks), the Bank developed, in 2021, a climate-related and environmental Risks Action Plan (the "CE risks Action Plan"). The CE risks Action Plan is a road map for the integration of climate and environmental risks within business strategy and governance, risk management frameworks and disclosures.

Governance and ESG reporting

The Bank ensures an effective oversight of ESG risks with an adequate governance structure and allocation of the ESG roles and responsibilities across its three lines of defence and other affected units.

ESG is one of the initiatives of the Transformation Plan, with the objective of implementing the CE risks Action Plan, as well as capturing growth opportunities and developing internal sustainability culture and awareness. Hence, the initiative's progress is closely monitored through the Transformation Plan governance.

4. ENVIROMENTAL, SOCIAL AND GOVERNANCE (ESG) (CONTINUED)

The overall responsibility of the development and implementation of the ESG Strategy lies with the Board Nominations/Internal Governance Committee. The Committee also reviews the Annual ESG Impact Report and recommends it for approval by the Board of Directors. The Bank's non-financial disclosures are aligned with the requirements of the Non-Financial Reporting Directive (NFRD) and are prepared using the Global Reporting Initiative (GRI) standards. The Bank's non-financial disclosures are issued annually, through the ESG Impact Report, within six months after the end of the reporting period.

The 2022 ESG Impact Report was published in June 2023 and outlines the Bank's ESG strategy, initiatives, targets and actions. It is available on the Bank's website Sustainability Annual Reports (hellenicbank.com) (ESG & Sustainability). Also, the 2023 ESG Impact Report will be published in June 2024 which will outline the Bank's ESG strategy, initiatives, targets and actions and will be available on the Bank's website Sustainability Annual Reports (hellenicbank.com) (ESG & Sustainability).

In the context of its robust governance practices, the Bank proceeded with the enhancement of its policy framework to accommodate the relevant ESG developments including, among others, the development of an ESG Policy and a Sustainable Lending Policy.

The Bank's ESG policy, is setting all relevant principles and applicable requirements to ensure the adoption of environmentally sustainable and socially responsible practices across the Bank's operations, including implementing appropriate governance and culture. The Bank's ESG Policy sets out the framework for the effective management and monitoring of ESG associated risks, including the relevant governance arrangements and control mechanisms embedded in the overall operating model, in line with ECB's "Guide on Climate-related and environmental risks".

The Bank's Sustainable Lending policy is an integral part of its credit assessment process. The main purpose of the Sustainable Lending Policy is to establish and maintain a prudent and disciplined framework for the assessment of Sustainable Lending and classification of credit facilities into a combination of Green and Social Lending. Sustainable Lending provides an effective tool for channelling credit to activities with positive environmental impact and thereby contribute to the achievement of Environmental and Social objectives, in line with the Bank's ESG Strategy. The policy is derived based on the International Capital Market Association (ICMA) Green Loan Principles and Social Loan Principles.

The Bank issued its Human Rights Statement to state the Bank's commitment to respect and promote human rights. The Human Rights Statement has been approved by the Management Board in January 2024 and is published at the Bank's website. The Bank based its principles in relation to human rights on the Universal Declaration of Human Rights (UDHR), the International Covenant on Economic Social and Cultural Rights (ICESCR) and the International Covenant on Civil and Political Rights (ICCPR). Furthermore, the Bank took into account the "Protect, Respect and Remedy" framework of the UN Guiding Principles on Business and Human Rights (UNGP) which defines the responsibilities of States and business enterprises for protecting and respecting human rights.

5. OTHER MATTERS

Eurobank share purchase agreements

During the month of August 2023, Eurobank S.A. ("Eurobank"), a subsidiary of “Eurobank Ergasias Services and Holdings SA” (Eurobank Holdings), announced the conclusion of three successive share purchase agreements with Poppy S.a r.l, Senvest Management, LLC, as well as Wargaming Group Limited ("WGL") and the provident funds for the senior management personnel of WGL ("Provident Funds") under which agreements, Eurobank has agreed to acquire in the Bank holding of 17,3%, 1,6%, 6,8% and 0,4% respectively.

The completion of the acquisitions is subject to the approvals of the Central Bank of Cyprus/European Central Bank and the Superintendent of Insurance of Cyprus. Until then, Poppy S.a.r.l., Senvest Management, LLC, WGL and the Provident Funds will continue to have the full legal and beneficial ownership of the shares together with all rights attached thereto.

Upon completion of the transaction which increases Eurobank’s stake in the Bank to a percentage equal to or more than 30% and in compliance with the provisions of the Cyprus Takeover Bids Law 41(I)/2007 (as amended), Eurobank is obliged to make a mandatory public offer to all shareholders of the Bank for all shares of the Bank held by them.

Eurobank’s stake in the Bank amounts to 29,2% and therefore after the completion of the above transactions and before submission of the public offer, its total holding in the Bank will amount to 55,3%.

Commission for the Protection of Competition

The Commission for the Protection of Competition (hereinafter the "Commission"), having considered and evaluated the results of the full merger investigation of the relevant findings report of the Service, at a meeting of the Commission held on 2 February 2024 approved, by majority vote, the merger transaction for the acquisition of the Bank's share capital by Eurobank, issuing a relevant notice.

Previously, the Commission, at its meeting held on 30 October 2023, examined the notification of a concentration concerning the acquisition of the Bank's share capital by Eurobank and taking into account the written report of the Service of the Commission, it found that the above notified concentration falls within the provisions of the Undertakings Law of 2014, Law no. 83(I)/2014 (the "Law"), and raised doubts in respect to its compatibility with the functioning of competition in the market.

On the basis of all the evidence before it at this stage, the Commission had concluded that there was a need for a full investigation of the concentration in question. The Service of the Commission, in the context of the full investigation of the concentration under consideration, obtained additional information from the parties to the concentration as well as from relevant bodies and companies and on 16 January 2024 submitted a report on tis findings to the Commission in accordance with Article 27 of the Law.

6. APPENDICES

APPENDIX A: Preliminary Financial Results

UNAUDITED CONSOLIDATED INCOME STATEMENT (€million)	Note reference Appendix B	FY2023	FY2022 IFRS 17	Δ YoY	4Q2023	3Q2023	Δ QoQ	2Q2023	1Q2023
Turnover		**817,6**	**451,5**	**+81%**	**244,5**	**212,8**	**+15%**	**197,0**	**163,3**
Continuing Operations									
Interest income		680,3	341,4	+99%	199,0	183,8	+8%	163,6	133,8
Interest expense		(144,0)	(40,6)	+255%	(42,4)	(39,5)	+7%	(36,4)	(25,7)
Net interest income	1	**536,3**	**300,9**	**+78%**	**156,6**	**144,3**	**+9%**	**127,3**	**108,1**
Fee and commission income		82,1	77,2	+6%	21,4	19,2	+11%	20,9	20,6
Fee and commission expense		(9,3)	(8,5)	+9%	(2,9)	(1,5)	+88%	(2,2)	(2,7)
Net fee and commission income		**72,8**	**68,7**	**+6%**	**18,5**	**17,7**	**+5%**	**18,7**	**17,9**
Net gains/(losses) on disposal and revaluation of foreign currencies and financial instruments		14,6	0,5	+2.659%	7,5	0,8	+889%	3,0	3,4
Net income from insurance operations		14,3	18,6	-23%	1,3	3,7	-65%	6,5	2,8
Other income		26,2	13,6	+92%	15,3	5,2	+192%	3,1	2,6
Total net income		**664,3**	**402,4**	**+65%**	**199,2**	**171,7**	**+16%**	**158,5**	**134,9**
Staff costs		(119,3)	(141,7)	-16%	(29,4)	(29,2)	+1%	(30,3)	(30,4)
Restructuring costs	3	-	(70,9)	-100%	-	-	-	-	-
Depreciation and amortisation		(22,3)	(24,0)	-7%	(5,4)	(5,5)	-1%	(5,7)	(5,7)
Administrative and other expenses	2	(117,4)	(105,9)	+11%	(30,4)	(33,0)	-8%	(25,8)	(28,2)
Total expenses		**(259,1)**	**(342,5)**	**-24%**	**(65,3)**	**(67,8)**	**-4%**	**(61,7)**	**(64,3)**
Profit before net gains/(losses) on derecognition of financial assets measured at amortised cost and (impairment losses)/reversal of impairment losses		**405,2**	**59,9**	**+577%**	**133,9**	**104,0**	**+29%**	**96,8**	**70,6**
Net gains/(losses) on derecognition of financial assets measured at amortised cost		4,8	(0,2)	-2.158%	2,2	(0,5)	-547%	1,7	1,4
(Impairment losses)/reversal of impairment losses on financial instruments	4	(7,2)	(18,2)	-60%	3,1	(5,5)	-156%	5,0	(9,8)
Impairment losses on non-financial assets	4	(9,2)	(6,8)	+35%	(3,4)	(1,3)	+153%	(0,5)	(4,0)
				-					
Profit before negative goodwill		**393,6**	**34,7**	**+1.036%**	**135,9**	**96,7**	**+41%**	**102,9**	**58,1**
Negative goodwill		-	4,8	-100%	-	-	-	(0,0)	0,0
				-					
Profit before taxation		**393,6**	**39,4**	**+898%**	**135,9**	**96,7**	**+41%**	**102,9**	**58,1**
Taxation		(47,4)	(10,2)	+366%	(11,1)	(16,2)	-32%	(12,4)	(7,6)
Profit for the year/period from continuing operations		**346,3**	**29,3**	**+1.083%**	**124,8**	**80,4**	**+55%**	**90,5**	**50,5**
Discontinued Operations									
Profit/(loss) for the year/period from discontinued operations	5	19,2	(7,5)	-357%	-	-	-	-	19,2
Profit for the year/period		**365,4**	**21,8**	**+1.575%**	**124,8**	**80,4**	**+55%**	**90,5**	**69,7**
Profit/(loss) attributable to:									
Shareholders of the parent company from continuing operations		346,3	29,3	+1.083%	124,8	80,4	+55%	90,5	50,5
Shareholders of the parent company from discontinued operations		19,2	(7,5)	-357%	-	(0,0)	-100%	-	19,2
Non-controlling interests		(0,0)	0,0	-314%	0,0	(0,0)	-111%	(0,0)	(0,0)
Profit for the year/period		**365,4**	**21,8**	**+1.575%**	**124,8**	**80,4**	**+55%**	**90,5**	**69,7**

Note: Numbers may not add up due to rounding.

APPENDIX A: Preliminary Financial Results (continued)

UNAUDITED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (€million)	Note reference Appendix B	FY2023	FY2022 IFRS 17
Profit for the year		**365,4**	**21,8**
Other comprehensive income/(expenses)			
Items that will not be reclassified in the income statement			
Surplus on revaluation of land and buildings	11	9,8	0,0
Taxation relating to components of other comprehensive income	11	(1,1)	1,6
Net revaluation gain of investments in equity securities at fair value through other comprehensive income	11	2,7	2,3
		11,4	**3,9**
Items that are or may be reclassified subsequently in the income statement			
Transfer to the income statement on disposal of investments in debt securities at fair value through other comprehensive income	11	0,4	0,0
Net revaluation loss of investments in debt securities measured at fair value through other comprehensive income	11	(0,1)	(8,5)
Gain on disposal of equity	11	0,1	0,1
		0,4	(8,4)
Other comprehensive expenses		**11,8**	(4,5)
Total comprehensive income for the year		**377,3**	**17,3**
Total comprehensive income for the year attributable to:			
Shareholders of the parent company		377,3	17,3
Non-controlling interests		(0,0)	(0,0)
		377,3	**17,3**

Note: Numbers may not add up due to rounding.

APPENDIX A: Preliminary Financial Results (continued)

UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (€million)	Note reference Appendix B	31.12.2023	31.12.2022 IFRS 17	Δ
Assets				
Cash and balances with Central Banks		8.223	8.468	-3%
Placements with other banks		282	281	+0%
Loans and advances to customers	6,7,8	6.024	6.033	-0%
Debt securities	9,10	4.985	4.424	+13%
Equity securities and collective investment units		132	107	+24%
Property, plant and equipment		170	167	+2%
Stock of property		100	131	-23%
Intangible assets		45	44	+4%
Tax receivable		5	5	-6%
Assets and disposal group held for sale		3	210	-98%
Other assets		68	71	-4%
Reinsurance contract assets		24	24	-1%
Total assets		**20.062**	**19.965**	**+0%**
Liabilities				
Deposits by banks		97	108	-10%
Funding by Central Banks		2.356	2.278	+3%
Customer deposits and other customer accounts		15.315	15.928	-4%
Tax payable		14	5	+162%
Deferred tax liability		11	11	+7%
Liabilities and disposal group held for sale		-	2	-100%
Other liabilities		234	199	+18%
Insurance contract liabilities		88	72	+22%
Loan capital		442	232	+90%
Total liabilities		**18.556**	**18.835**	**-1%**
Equity				
Share capital		206	206	-0%
Reserves		1.300	923	+41%
Equity attributable to shareholders of the parent company		**1.506**	**1.130**	**+33%**
Non-controlling interest		0	0	0%
Total equity		**1.506**	**1.130**	**+33%**
Total liabilities and equity		**20.062**	**19.965**	**+0%**

Note: Numbers may not add up due to rounding.

APPENDIX A: Preliminary Financial Results (continued)

UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (€million)

	Attributable to shareholders of the parent company							
	Share capital	Reduction of share capital reserve	Share premium reserve	Revenue reserve	Revaluation reserves (Note 11)	Total	Non-controlling interests*	Total
Restated balance 1 January 2023 *(refer to Section 1.2.7)*	206,4	260,3	553,4	57,5	52,1	**1.129,7**	0,0	**1.129,7**
Total comprehensive income for the year net of taxation								
Profit/(loss) for the year	-	-	-	365,4	-	**365,4**	(0,0)	**365,4**
Other comprehensive income for the year	-	-	-	-	11,8	**11,8**	-	**11,8**
Transfer of excess depreciation on revaluation surplus	-	-	-	0,5	(0,5)	**-**	-	**-**
Transfer due to disposal of immovable property	-	-	-	0,4	(0,4)	**-**	-	**-**
	-	-	-	366,4	10,9	**377,3**	(0,0)	**377,3**
Transactions with shareholders								
Contributions and distributions								
Defence on deemed dividend distribution	-	-	-	(0,6)	-	**(0,6)**	-	**(0,6)**
	-	-	-	(0,6)	-	**(0,6)**	**-**	**(0,6)**
Balance 31 December 2023	206,4	260,3	553,4	423,2	63,0	**1.506,3**	0,0	**1.506,3**

**Non-controlling interests relates to the non-controlling interests in Pancyprian Insurance Ltd.*

Note: Numbers may not add up due to rounding

APPENDIX A: Preliminary Financial Results (continued)

UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (€million)

	Attributable to shareholders of the parent company							
	Share capital	**Reduction of share capital reserve**	**Share premium reserve**	**Revenue reserve**	**Revaluation reserves (Note 11)**	**Total**	**Non-controlling interests***	**Total**
Balance 1 January 2022	206,4	260,3	553,4	28,4	57,6	**1.106,2**	0,0	**1.106,2**
IFRS 17 Retained Earnings Deferred Tax Impact	-	-	-	(1,7)	-	**(1,7)**	-	**(1,7)**
IFRS 17 Retained Earnings Impact	-	-	-	13,3	-	**13,3**	-	**13,3**
Restated balance 1 January 2022 *(refer to Section 1.2.7)*	206,4	260,3	553,4	40,0	57,6	**1.117,7**	0,0	**1.117,8**
Total comprehensive income for the year net of taxation								
Profit/(loss) for the year	-	-	-	21,8	-	**21,8**	(0,0)	**21,8**
Other comprehensive expenses for the year	-	-	-	-	(4,5)	**(4,5)**	-	**(4,5)**
Transfer of excess depreciation on revaluation surplus	-	-	-	0,1	(0,1)	**-**	-	**-**
Transfer due to disposal of immovable property	-	-	-	0,8	(0,8)	**-**	-	**-**
	-	-	-	22,8	(5,5)	**17,3**	(0,0)	**17,3**
Transactions with shareholders								
Contributions and distributions								
Defence on deemed dividend distribution	-	-	-	(5,3)	-	**(5,3)**	-	**(5,3)**
	-	-	-	(5,3)	-	**(5,3)**	**-**	**(5,3)**
Balance 31 December 2022	206,4	260,3	553,4	57,5	52,1	**1.129,7**	0,0	**1.129,7**

**Non-controlling interests relates to the non-controlling interests in Pancyprian Insurance Ltd.*

Note: Numbers may not add up due to rounding

APPENDIX B: Notes to the Preliminary Financial Results

1. Net interest income (€000)	FY2023	FY2022	Δ YoY	4Q2023	3Q2023	Δ QoQ	2Q2023	1Q2023
Interest income calculated using the effective interest method								
Financial assets at amortised cost:								
Interest income from cash and balances with Central Banks	268.310	28.163	+853%	79.893	75.570	+6%	66.203	46.644
Negative interest income on funding by Central Banks	-	19.643	-100%	-	-	-	-	-
Interest income from placements with other banks	14.344	6.058	+137%	4.018	3.672	+9%	3.636	3.018
Interest income from loans and advances to customers	268.627	207.066	+30%	78.205	70.025	+12%	62.249	58.148
Interest income from debt securities	105.846	57.627	+84%	32.297	29.298	+10%	24.791	19.460
Interest income from indemnification assets	43	186	-77%	6	6	+0%	5	26
Interest income from negative interest rates on customer deposits	-	8.282	-100%	-	-	-	-	-
Interest income from other financial assets	410	114	+260%	118	111	+6%	101	80
Financial assets at fair value:								
Interest income from debt securities at fair value through other comprehensive income	2.425	3.785	-36%	496	558	-11%	692	679
	660.005	**330.924**	**+99%**	**195.033**	**179.240**	**+9%**	**157.677**	**128.055**
Other interest income								
Interest income from other financial instruments	20.282	10.511	+93%	4.005	4.573	-12%	5.939	5.765
Other interest income	-	14	-100%	-	-	-	-	-
	20.282	**10.525**	**+93%**	**4.005**	**4.573**	**-12%**	**5.939**	**5.765**
Total interest income	**680.287**	**341.449**	**+99%**	**199.038**	**183.813**	**+8%**	**163.616**	**133.820**
Interest expense calculated using the effective interest method								
Interest expense on deposits by other banks	(279)	(545)	-49%	(54)	(66)	-18%	(99)	(60)
Interest expense on funding by Central Banks	(77.131)	(21.935)	+252%	(23.512)	(21.707)	+8%	(18.432)	(13.480)
Interest expense on customer deposits and other customer accounts	(14.209)	(5.687)	+150%	(4.835)	(3.512)	+38%	(3.248)	(2.614)
Interest expense on loan capital	(39.177)	(7.703)	+409%	(10.934)	(10.866)	+1%	(10.808)	(6.569)
Interest expense on lease liability	(465)	(380)	+22%	(133)	(122)	+9%	(113)	(97)
	(131.261)	**(36.250)**	**+262%**	**(39.468)**	**(36.273)**	**+9%**	**(32.700)**	**(22.820)**
Other interest expense								
Interest expense on other financial instruments	(12.738)	(4.336)	+194%	(2.981)	(3.234)	-8%	(3.657)	(2.866)
Total interest expense	**(143.999)**	**(40.586)**	**+255%**	**(42.449)**	**(39.507)**	**+7%**	**(36.357)**	**(25.686)**
Net interest income	**536.288**	**300.863**	**+78%**	**156.589**	**144.306**	**+9%**	**127.259**	**108.134**

APPENDIX B: Notes to the Preliminary Financial Results (continued)

2. Administrative and other expenses (€000)	FY2023	FY2022	Δ YoY	4Q2023	3Q2023	Δ QoQ	2Q2023	1Q2023
Repairs, maintenance and other related costs	(25.292)	(24.879)	+2%	(7.803)	(6.309)	+24%	(5.834)	(5.346)
Other property expenses	(5.563)	(6.932)	-20%	(1.416)	(1.647)	-14%	(936)	(1.564)
Consultancy and other professional services fees	(9.834)	(9.721)	+1%	(3.904)	(2.049)	+91%	(1.745)	(2.136)
Insurance expenses	(4.480)	(4.884)	-8%	(1.202)	(888)	+35%	(1.134)	(1.256)
Advertising, PR and promotional expenses	(4.213)	(3.761)	+12%	(1.308)	(1.284)	+2%	(1.115)	(506)
Communication expenses	(6.483)	(6.396)	+1%	(1.606)	(1.702)	-6%	(1.508)	(1.667)
Staff and Directors fees and other expenses	(3.452)	(2.811)	+23%	(955)	(869)	+10%	(998)	(630)
Release of provisions for pending litigations or complaints and/or claims	(187)	474	-139%	1.062	(640)	-266%	(6)	(603)
Cash transfer and management of documents costs	(2.268)	(2.309)	-2%	(508)	(603)	-16%	(551)	(606)
Servicer's administration fees	(9.911)	-	-	(3.169)	(3.786)	-16%	(2.819)	(137)
Regulatory Supervisory fees	(3.307)	(3.081)	+7%	(839)	(887)	-5%	(700)	(881)
Deposit Guarantee Scheme contribution	(8.014)	(5.808)	+38%	-	(4.158)	-100%	-	(3.856)
Special Levy on Credit Institutions	(23.606)	(22.951)	+3%	(5.672)	(5.978)	-5%	(5.979)	(5.977)
Termination benefits	-	(130)	-100%	-	-	-	-	-
Transformation costs	(6.465)	(6.669)	-3%	(2.059)	(1.475)	+40%	(1.784)	(1.147)
Other administrative expenses	(4.373)	(6.059)	-28%	(1.042)	(772)	+35%	(681)	(1.878)
	(117.448)	**(105.917)**	**+11%**	**(30.421)**	**(33.047)**	**-8%**	**(25.790)**	**(28.190)**

3. Restructuring costs (€000)	FY2023	FY2022	Δ YoY	4Q2023	3Q2023	Δ QoQ	2Q2023	1Q2023
Restructuring costs	-	(70.860)	-100%	-	-	-	-	-
	-	**(70.860)**	**-100%**	**-**		**+0%**	**-**	**-**

APPENDIX B: Notes to the Preliminary Financial Results (continued)

4. Impairment losses on financial instruments and non-financial assets (€000)	FY2023	FY2022	Δ YoY	4Q2023	3Q2023	Δ QoQ	2Q2023	1Q2023
Impairment losses on loans and advances to customers								
12 month expected credit losses	18.248	18.881	-3%	13.452	(495)	-2.818%	4.711	580
Lifetime expected credit losses (Stage 2)	4.145	16.036	-74%	(7.911)	8.363	-195%	(6.020)	9.713
Lifetime expected credit losses (Stage 3)	(4.640)	(29.129)	-84%	4.261	(11.417)	-137%	8.657	(6.141)
Impact of net modification and cash flows re-estimation	11.233	8.600	+31%	2.727	4.583	-40%	3.009	914
Lifetime expected credit losses on the value of purchased or originated credit impaired (POCI) loan portfolio	(26.378)	(5.358)	+392%	(4.738)	(9.179)	-48%	(6.383)	(6.078)
	2.608	**9.030**	**-71%**	**7.791**	**(8.145)**	**-196%**	**3.974**	**(1.012)**
Impairment losses on financial guarantees and loan commitments issued								
12 month expected credit losses	3.122	1.816	+72%	3.389	(693)	-589%	(237)	663
Lifetime expected credit losses (Stage 2)	877	616	+42%	551	(134)	-511%	744	(284)
Lifetime expected credit losses (Stage 3)	(362)	(6.550)	-94%	291	(886)	-133%	512	(279)
Lifetime expected credit losses on the value of purchased or originated credit impaired (POCI) financial guarantees issued and loan commitments issued	44	131	-66%	25	6	+317%	3	10
	3.681	**(3.987)**	**-192%**	**4.256**	**(1.707)**	**-349%**	**1.022**	**110**
Impairment losses on other financial assets								
12 month expected credit losses on the value of other receivables	(13)	(70)	-81%	(12)	-	-	-	(1)
12 month expected credit losses on the value of indemnification asset	5	(4)	-225%	-	-	-	-	5
Cash flows re-estimation of indemnification asset	(6.259)	(14.585)	-57%	(4.295)	4.747	-190%	2.501	(9.212)
12 month expected credit losses on the value of debt securities	(597)	(72)	+729%	(532)	(257)	+107%	(46)	238
12 month expected credit losses on Balances with Central Banks and Placements with other banks	228	(25)	-1.012%	214	(64)	-434%	28	50
Impairment losses on other receivables	(6.888)	(8.455)	-19%	(4.362)	(39)	+11.085%	(2.477)	(10)
	(13.524)	**(23.211)**	**-42%**	**(8.987)**	**4.387**	**-305%**	**6**	**(8.930)**
(Impairment losses)/reversal of impairment losses on financial instruments	**(7.235)**	**(18.168)**	**-60%**	**3.060**	**(5.465)**	**-156%**	**5.002**	**(9.832)**
Impairment losses on non-financial assets								
Stock of property	(8.133)	(6.796)	+20%	(2.238)	(1.386)	+61%	(534)	(3.975)
Property, plant and equipment	(1.070)	-	-	(1.118)	62	-1.903%	(14)	-
	(9.203)	**(6.796)**	**+35%**	**(3.356)**	**(1.324)**	**+153%**	**(548)**	**(3.975)**

APPENDIX B: Notes to the Preliminary Financial Results (continued)

5. Discontinued Operations

Profit/(loss) for the year/period from discontinued operations consists of:

€'000	FY2023	FY2022	Δ YoY	4Q2023	3Q2023	Δ QoQ	2Q2023	1Q2023
Loss for the year/period	(1.550)	(7.458)	-79%	-	-	-	-	(1.550)
Gain on derecognition	20.729	-	-	-	-	-	-	20.729
Profit/(loss) for the year/period from discontinued operations	**19.179**	**(7.458)**	**-357%**	**-**	**-**	**-**	**-**	**19.179**

Gain on derecognition of disposal group classified as held for sale (€'000)	FY2023
Consideration received:	
Cash received	**27.502**
Disposable group held for sale derecognised:	
Assets	
Property, plant and equipment	136
Intangible assets	2.365
Deferred tax asset	711
Total group assets derecognised	**3.212**
Liabilities	
Tax payable	131
Other liabilities	1.390
Total group liabilities derecognised	**1.521**
Net assets of disposal group held of sale derecognised	**1.691**
Gain on the disposal of subsidiary before the recognition of balances to former subsidiary	**25.811**
Group liabilities recognised upon derecognition of disposal group	
Customer Deposits	(4.203)
Other Liabilities	(879)
	(5.082)
Gain on derecognition of disposal group classified as held for sale	**20.729**

The financial results of APS Debt Servicing Cyprus Ltd for the year/period up to its disposal are presented below:

Discontinued Operations (€'000)	FY2023	FY2022	Δ YoY	4Q2023	3Q2023	Δ QoQ	2Q2023	1Q2023
Fee and commission income	-	218	-100%	-	-	-	-	-
Net fee and commission income	-	218	-100%	-	-	-	-	-
Other income	91	90	+1%	-	-	-	-	91
Total net income	**91**	**308**	**-70%**	**-**	**-**	**-**	**-**	**91**
Staff costs	(1.324)	(6.434)	-79%	-	-	-	-	(1.324)
Depreciation and amortisation	(11)	(59)	-81%	-	-	-	-	(11)
Administrative and other expenses	(175)	(968)	-82%	-	-	-	-	(175)
Loss before taxation	**(1.419)**	**(7.153)**	**-80%**	**-**	**-**	**-**	**-**	**(1.419)**
Taxation	(131)	(305)	-57%	-	-	-	-	(131)
Loss for the year/period	**(1.550)**	**(7.458)**	**-79%**	**-**	**-**	**-**	**-**	**(1.550)**

6. Movement of loans and advances to customers (before accumulated impairment losses) between stages according to the increase in credit risk level (€'000)	Stage 1	Stage 2	Stage 3	Purchased or originated credit impaired	Total
1 January 2023	4.949.898	571.388	380.560	321.083	**6.222.929**
Transfer from Stage 1 to Stage 2	(88.410)	88.410	-	-	**-**
Transfer from Stage 1 to Stage 3	(14.045)	-	14.045	-	**-**
Transfer from Stage 2 to Stage 3	-	(16.529)	16.529	-	**-**
Transfer from Stage 3 to Stage 2	-	38.659	(38.659)	-	**-**
Transfer from Stage 2 to Stage 1	248.029	(248.029)	-	-	**-**
Transfer from Stage 3 to Stage 1	13.238	-	(13.238)	-	**-**
Transfer to held for sale	-	-	(4.218)	-	**(4.218)**
Net movement during the year	98.446	(29.498)	(86.451)	(32.340)	**(49.843)**
Exchange difference	(8.322)	8	1.277	1	**(7.036)**
31 December 2023	**5.198.834**	**404.409**	**269.845**	**288.744**	**6.161.832**

For comparative information refer to Note 22 in the Audited Consolidated Financial Statements for the year ended 31 December 2022 (www.hellenicbank.com - Investor Relations).

7. Accumulated impairment losses on the value of loans and advances (€'000)	Stage 1	Stage 2	Stage 3	Purchased or originated credit impaired	Total
1 January 2023	24.543	26.958	144.809	(6.651)	**189.659**
Transfer from Stage 1 to Stage 2	(828)	828	-	-	**-**
Transfer from Stage 1 to Stage 3	(183)	-	183	-	**-**
Transfer from Stage 2 to Stage 3	-	(1.268)	1.268	-	**-**
Transfer from Stage 3 to Stage 2	-	7.927	(7.927)	-	**-**
Transfer from Stage 2 to Stage 1	9.798	(9.798)	-	-	**-**
Transfer from Stage 3 to Stage 1	2.679	-	(2.679)	-	**-**
Write offs net of recoveries of loan impairment losses	(299)	(77)	(47.376)	(16.402)	**(64.154)**
Contractual interest on impaired loans	249	932	17.988	15.688	**34.857**
Unwinding of discount	(194)	(713)	(9.246)	(15.306)	**(25.459)**
Decrease due to derecognition	(293)	(47)	(178)	(3.626)	**(4.144)**
Transfer to held for sale	-	-	(922)	-	**(922)**
(Reversal)/charge for the year	(18.248)	(4.145)	4.640	26.378	**8.625**
Exchange difference	(38)	-	(713)	(1)	**(752)**
31 December 2023	**17.186**	**20.597**	**99.847**	**80**	**137.710**

For comparative information refer to Note 22 in the Audited Consolidated Financial Statements for the year ended 31 December 2022 (www.hellenicbank.com - Investor Relations).

APPENDIX B: Notes to the Preliminary Financial Results (continued)

The table below provides analysis of loans and advances classified as per EBA standards.

8. Analysis of loan portfolio according to the counterparty sector as at 31 December 2023								
	Total loan portfolio				Accumulated impairment losses			
		of which non-performing exposures	of which exposures with forbearance measures	of which on non-performing exposures		of which non-performing exposures	of which exposures with forbearance measures	of which on non-performing exposures
	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000
Loans and advances[79]								
General Governments	**3.864**	**-**	**-**	**-**	**22**	**-**	**-**	**-**
Other financial corporations	**137.858**	**3.008**	**1.930**	**956**	**2.148**	**605**	**397**	**231**
Non-financial corporations	**2.529.792**	**86.340**	**148.090**	**54.019**	**46.871**	**28.921**	**19.494**	**16.221**
of which: Small and Medium-sized enterprises (SMEs)	*1.893.712*	*78.648*	*143.813*	*49.742*	*40.072*	*24.945*	*17.283*	*14.010*
of which: Commercial real estate	*1.516.354*	*59.117*	*126.601*	*41.912*	*32.265*	*18.831*	*15.851*	*12.795*
By sector								
1. Construction	153.487	20.423			7.958			
2. Wholesale and retail trade	503.111	30.789			17.675			
3. Real estate activities	203.021	7.962			2.242			
4. Accommodation and food service activities	539.659	10.551			11.511			
5. Manufacturing	416.202	5.152			2.549			
6. Other sectors	714.312	11.463			4.936			
Households	**3.490.318**	**370.189**	**250.062**	**184.345**	**88.669**	**103.941**	**34.907**	**40.095**
of which: Residential mortgage loans	*2.725.962*	*267.535*	*193.312*	*137.883*	*54.936*	*64.202*	*23.263*	*26.966*
of which: Credit for consumption	*343.627*	*45.942*	*22.426*	*16.202*	*15.966*	*17.234*	*3.295*	*3.870*
	6.161.832	**459.537**	**400.082**	**239.320**	**137.710**	**133.467**	**54.798**	**56.547**
Loans and advances classified as held for sale	**4.218**	**4.218**	**3.808**	**3.808**	**922**	**922**	**667**	**667**
Total loans and advances – including loans and advances classified as held for sale	**6.166.050**	**463.755**	**403.890**	**243.128**	**138.632**	**134.389**	**55.465**	**57.214**

[79] Excluding loans and advances to central banks and credit institutions.

8. Analysis of loan portfolio according to the counterparty sector as at 31 December 2022

	Total loan portfolio				Accumulated impairment losses			
		of which non-performing exposures	of which exposures with forbearance measures	of which on non-performing exposures		of which non-performing exposures	of which exposures with forbearance measures	of which on non-performing exposures
	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000
Loans and advances[79]								
General Governments	**3.700**	**-**	**-**	**-**	**18**	**-**	**-**	**-**
Other financial corporations	**118.197**	**1.589**	**2.877**	**1.214**	**2.893**	**462**	**368**	**290**
Non-financial corporations	**2.563.088**	**138.804**	**280.008**	**84.174**	**74.542**	**49.578**	**36.072**	**26.418**
of which: Small and Medium-sized enterprises (SMEs)	*1.938.040*	*130.737*	*267.319*	*79.742*	*64.624*	*45.283*	*32.944*	*24.059*
of which: Commercial real estate	*1.742.458*	*96.023*	*246.795*	*60.100*	*48.933*	*29.712*	*24.520*	*15.496*
By sector								
1. Construction	151.855	33.524			15.391			
2. Wholesale and retail trade	506.219	46.102			25.854			
3. Real estate activities	200.861	12.008			2.703			
4. Accommodation and food service activities	545.165	19.940			14.913			
5. Manufacturing	449.980	7.754			5.230			
6. Other sectors	709.008	19.476			10.451			
Households	**3.537.944**	**469.275**	**301.151**	**233.109**	**112.206**	**118.538**	**40.983**	**43.462**
of which: Residential mortgage loans	*2.692.588*	*326.330*	*225.583*	*170.412*	*54.967*	*59.362*	*20.983*	*22.859*
of which: Credit for consumption	*361.123*	*56.385*	*26.326*	*19.824*	*18.364*	*18.275*	*2.865*	*3.098*
	6.222.929	**609.668**	**584.036**	**318.497**	**189.659**	**168.578**	**77.423**	**70.170**
Loans and advances classified as held for sale	**740.289**	**725.717**	**274.645**	**270.016**	**548.627**	**543.481**	**189.056**	**187.445**
Total loans and advances – including loans and advances classified as held for sale	**6.963.218**	**1.335.385**	**858.681**	**588.513**	**738.286**	**712.059**	**266.479**	**257.615**

APPENDIX B: Notes to the Preliminary Financial Results (continued)

9. Investments in Debt securities (€'000)	31.12.2023	31.12.2022
Securities classified at fair value through other comprehensive income		
Listed	58.723	81.351
Non listed	-	6.595
Accumulated expected credit losses	(38)	(83)
	58.685	**87.863**
Securities classified at amortised cost		
Listed	4.927.447	4.324.958
Non listed	-	12.278
Accumulated expected credit losses	(1.971)	(1.329)
	4.925.476	**4.335.907**
Securities classified at fair value through profit or loss		
Listed	883	-
Assets held to cover liabilities of unit linked funds - Government bonds	-	179
	883	**179**
	4.985.044	**4.423.949**

10. Analysis of Debt securities by sector (€'000)	31.12.2023	31.12.2022
Governments	881.407	1.031.327
Banks	2.322.569	2.056.611
Other sectors	1.781.068	1.336.011
	4.985.044	**4.423.949**

11. Analysis of Revaluation Reserves (€'000)	31.12.2023	31.12.2022
Property revaluation reserve		
1 January	41.138	40.506
Deferred taxation on property revaluation	(1.095)	1.590
Transfer to retained earnings due to disposal of immovable property	(412)	(842)
Transfer to retained earnings due to excess depreciation	(520)	(116)
Surplus on revaluation of land and buildings	9.843	-
	48.954	**41.138**
Revaluation reserve of investments at fair value through other comprehensive income		
1 January	11.010	17.130
Net revaluation gain of investments in equity and other securities and collective investment units at fair value through other comprehensive income	2.674	2.304
Net revaluation deficit of investments in debt securities at fair value through other comprehensive income	(120)	(8.484)
Gain on disposal of equity securities	102	60
Transfer to the income statement on disposal of investments in debt securities at fair value through other comprehensive income	412	-
	14.078	**11.010**
Total revaluation reserves	**63.032**	**52.148**

APPENDIX C: Reconciliations of Alternative Performance Indicators with Preliminary Reported Results

The below tables present reconciliations of the APIs with the preliminary reported results calculated and presented in accordance with IFRSs in Appendix B. For the definition of APIs, refer to Appendix D "Glossary and Definitions".

References to "Note" relate to the respective note in Appendix B.

Apart from the reconciliations below, ratios stated in this Announcement can be calculated based on figures disclosed in Appendix B.

1. Reconciliation of loans and advances to customers:

1.1 Reconciliation of gross loans (excluding held for sale)

	Note reference Appendix B	31 December 2023 €'000	31 December 2022 €'000
Gross PEs	8	**5.702.295**	5.613.261
Gross NPEs	8	**459.537**	609.668
Gross loans	6,8	**6.161.832**	6.222.929

1.2. Reconciliations of gross loans classified as held for sale

	Note reference Appendix B	31 December 2023 €'000	31 December 2022 €'000
Gross PEs – classified as held for sale	8	-	14.572
Gross NPEs – classified as held for sale	8	4.218	725.717
Gross loans classified as held for sale	8	**4.218**	740.289

1.3. Reconciliations of total gross loans (including held for sale)

	Note reference Appendix B	31 December 2023 €'000	31 December 2022 €'000
Gross PEs **–** including loans and advances to customers classified as held for sale	8	**5.702.295**	5.627.833
Gross NPEs **–** including loans and advances to customers classified as held for sale	8	**463.755**	1.335.385
Total gross loans – including loans and advances to customers classified as held for sale	6,8	**6.166.050**	6.963.218

1.4 Reconciliation of Accumulated Impairment losses on loans and advances to customers (including held for sale)

	Note reference Appendix B	31 December 2023 €'000	31 December 2022 €'000
Accumulated impairment losses on loans and advances to customers	7,8	**137.710**	189.659
Accumulated impairment losses on loans and advances to customers **–** classified as held for sale	8	**922**	548.627
Total Accumulated impairment losses on loans and advances to customers	7,8	**138.632**	738.286

APPENDIX C: Reconciliations of Alternative Performance Indicators with Preliminary Reported Results (continued)

2. Reconciliation of gross NPEs

	Note reference Appendix B	31 December 2023 €'000	31 December 2022 €'000
Total gross loans (including held for sale) classified as Stage 3		**274.063**	1.099.305
Add: Purchased or originated credit impaired NPEs		**189.692**	236.080
Total gross NPEs – including loans and advances to customers classified as held for sale	8	**463.755**	1.335.385
Gross loans held for sale classified as Stage 3		**4.218**	718.745
Add: Purchased or originated credit impaired NPEs – classified as held for sale		**-**	6.972
Gross NPEs – loans and advances to customers classified as held for sale	8	**4.218**	725.717
Gross loans classified as Stage 3 (excluding held for sale)	6	**269.845**	380.560
Add: Purchased or originated credit impaired NPEs		**189.692**	229.108
Gross NPEs – excluding loans and advances to customers classified as held for sale	8	**459.537**	609.668

3. Ratios' components reconciliations

3.1. Net Interest Margin ratio (NIM)

	Note reference Appendix B	31 December 2023 €'000	31 December 2022 (restated) €'000
Interest income	1	**680.287**	341.449
Interest expense	1	**143.999**	40.586
Net interest income	1	**536.288**	300.863
Less:			
TLTRO NII impact		**-**	17.390
Net interest income – adjusted for the TLTRO NII impact		**536.288**	283.473
Interest bearing assets (average)		**19.507.662**	18.800.373
Funding by Central Banks (TLTROs) (average)		**2.313.606**	2.282.243
Interest bearing assets – adjusted for the funding by Central Banks (TLTROs) (average)		**17.194.056**	16.518.130

APPENDIX C: Reconciliations of Alternative Performance Indicators with Preliminary Reported Results (continued)

3.2. Cost to income ratio

	Note reference Appendix B	31 December 2023 €'000	31 December 2022 (restated) €'000
Total expenses		**259.086**	342.514
Less:			
Special Levy	2	**23.606**	22.951
DGS contribution	2	**8.014**	5.808
Adjusted expenses for Special Levy and DGS contribution		**227.466**	313.755
Transformation costs	2	**6.465**	6.669
Restructuring costs	3	**-**	70.860
Adjusted total expenses		**221.001**	236.226
Total net income		**664.318**	402.367

3.3. Cost of risk ratio

	Note reference Appendix B	31 December 2023 €'000	31 December 2022 (restated) €'000
Reversal of impairment losses on loans and advances to customers for the year	4	**2.608**	9.030
Less:			
Impact of net modification and cash flows re-estimation	4	**11.233**	8.600
(Charge)/reversal of impairment losses on loans and advances to customers excluding the Impact of net modification and cash flows re-estimation for the year		**(8.625)**	430
Add:			
Cash frows re-estimation of the APS indemnification asset	4	**(6.259)**	(14.585)
Charge of impairment losses on loans and advances to customers adjusted for the cash flows re-estimation of the APS indemnification asset for the year		**(14.884)**	(14.155)

3.4. NPEs ratios

	Note reference Appendix B	31 December 2023 €'000	31 December 2022 €'000
Excluding loans and advances classified as held for sale			
Gross NPEs	8	**459.537**	609.668
Less: Accumulated impairment losses	7,8	**137.710**	189.659
Net NPEs		**321.827**	420.009
Gross NPEs covered by APS		**305.943**	387.764
Less: Accumulated impairment losses covered by APS-NPEs		**75.481**	75.604
Net NPEs covered by APS		**230.462**	312.160
Gross NPEs - excluding APS		**153.594**	221.904
Less: Accumulated impairment losses - excluding APS		**62.229**	114.055
Net NPEs - excluding APS		**91.365**	107.849
Including loans and advances classified as held for sale			
Gross NPEs	8	**463.755**	1.335.385
Less: Accumulated impairment losses	8	**138.632**	738.286
Net NPEs		**325.123**	597.099
Gross NPEs covered by APS		**305.943**	396.402
Less: Accumulated impairment losses covered by APS-NPEs		**75.481**	79.143
Net NPEs covered by APS		**230.462**	317.259
Gross NPEs - excluding APS		**157.812**	938.983
Less: Accumulated impairment losses - excluding APS		**63.151**	659.143
Net NPEs - excluding APS		**94.661**	279.840

APPENDIX C: Reconciliations of Alternative Performance Indicators with Preliminary Reported Results (continued)

3.5. Net loans to deposits ratio

	Note reference Appendix B	31 December 2023 €'000	31 December 2022 €'000
Loans and advances to customers	8	**6.024.122**	6.033.270
Loans and advances to customers - including loans and advances classified as held for sale	8	**6.027.418**	6.224.932
Customer deposits and other customer accounts		**15.314.788**	15.928.247

3.6. Return on tangible equity (ROTE)

	Note reference Appendix B	31 December 2023 €'000	31 December 2022 (restated) €'000
Profit attributable to shareholders of the parent company		**365.440**	21.812
(Less)/add:			
Gain on derecognition of disposal group classified as held for sale	5	(20.729)	-
Restructuring costs	3	-	70.860
Profit attributable to shareholders of the parent company - adjusted for the Gain on derecognition of disposal group classified as held for sale and the Restructuring costs		**344.711**	92.672
Average equity of the parent attributable to the shareholders of the parent company		1.318.039	1.123.736
Less: Intangible assets (average)		(44.568)	(45.138)
Average tangible equity attributable to shareholders of the parent company		**1.273.471**	1.078.598
ROTE		**28,7%**	2,0%
ROTE - adjusted for the Gain on derecognition of disposal group classified as held for sale and the Restructuring costs		**27,1%**	8,6%

3.7. Basic earnings per share (EPS)

	Note reference Appendix B	31 December 2023 €'000	31 December 2022 (restated) €'000
Profit attributable to shareholders of the parent company		**365.440**	21.812
Weighted average number of ordinary shares during the year		**412.805**	412.805
EPS (€ cent)		**88,5**	5,3

3.8. Tangible Book Value per Share (TBVPS)

	Note reference Appendix B	31 December 2023 €'000	31 December 2022 (restated) €'000
Equity attributable to shareholders of the parent company		**1.506.351**	1.129.727
Less: Intangible assets		**45.484**	43.652
Tangible Equity		**1.460.868**	1.086.075
Number of issued shares		**412.805**	412.805
TBVPS (€ cent)		**3,54**	2,63

APPENDIX D: Glossary and Definitions

Name	Definition
A	
Acquisition of RCB	On 21 March 2022, the Bank signed a Business Transfer Agreement to acquire part of RCB Bank's banking operations completed in two tranches.
API	Alternative Performance Indicators
APS	Asset Protection Scheme
APS Cyprus	APS Debt Servicing Cyprus Ltd
B	
Basic earnings/(losses) per share (EPS)	Profit/(loss) attributable to shareholders of the parent company divided by the weighted average number of ordinary shares during the year/period.
Bps	Basis points
C	
Total Capital ratio	Total capital divided by Risk Weighted Assets
CBC	Central Bank of Cyprus
CBR	Combined Buffer Requirement
CCoB	Capital Conservation Buffer
CCyB	Countercyclical Capital Buffer
CE	Climate-related and environmental
CET 1 ratio	Common Equity Tier 1 capital divided by Risk Weighted Assets
CGBs	Cyprus Government Bonds
CLOs	Collateralised Loan Obligations
COLA	Cost of Living Allowance
Cost to income ratio (CIR)	Total expenses (as defined) divided by total net income (as defined).
Cost of risk ratio (CoR)	Impairment losses on loans and advances to customers (excluding the impact of net modification and cash flows re-estimation) divided by gross loans at the end of the year/period (annualised).
CRD	Capital Requirements Directive (Directive 2013/36/EU, as amended by Directive 2019/878/EU)
CRR	Capital Requirements Regulation (Regulation (EU) No 575/2013, as amended by Regulation (EU) 2019/876)
CSM	Contractual service margin
CYSTAT	Cyprus Statistical Service
D	
DGS	Deposit Guarantee Scheme
E	
EBA	European Banking Authority
ECB	European Central Bank
ECL	Expected Credit Losses
EMTN Programme	Euro Medium-Term Note Programme
ESG	Environmental, Social and Governance
EU	European Union
Ex-CCI/CCB	ex-Cooperative Credit Institutions/Cooperative Central Bank
Exposures classified as HFS (held for sale)	Exposures classified as held for sale, that met the criteria of IFRS 5 for which the Bank is expected to sell within 12 months from the classification date.
F	
FY	Financial year
G	
GDP	Gross Domestic Product
Green New Lending	As per Bank's Green Lending definition which includes loans with the following purposes: • Business Energy efficiency: loans regarding energy efficiency upgrades on business premises • Business Green Car: loans for hybrid or electric business cars • Green commercial building: loans for commercial buildings in line with local legislation on the energy performance of buildings • Green mortgage: loans for residential buildings in line with local legislation on the energy performance of buildings • Home Energy efficiency: loans for energy efficiency upgrades on residential property • Private Green Car: loans for hybrid or electric cars for individuals • Public Transport: loans regarding public transportation infrastructure • Renewable energy: loans regarding production of energy through renewable resources
GRI	Global Reporting Initiative
Gross Loans	Gross carrying amount of loans and advances before deducting accumulated impairment losses
Gross Loans with forbearance measures	Forborne Exposures (EBA definition)
H	
HICP	Harmonized Index of Consumer Prices

APPENDIX D: Glossary and Definitions (continued)

Name	Definition
I	
ICCPR	International Covenant on Civil and Political Rights
ICESCR	International Covenant on Economic Social and Cultural Rights
ICT	Information and communications technology
ICMA	International Capital Market Association
IFRSs	International Financial Reporting Standards
Interest-bearing assets (average)	Consist of Cash and balances with Central Banks, placements with other banks, loans and advances to customers (including loans and advances to customers classified as held for sale), investments in debt securities (excluding any accrued interest) and indemnification assets. For calculating the average of the interest-bearing assets, the Bank uses the arithmetic average of total interest-bearing assets at each reporting date from the beginning of the year/period.
Investment assets	Investment assets comprise of cash and balances with Central Banks, placements with other banks, investments in debt securities and investments in equity securities and collective investment units.
K	
KEDIPES	Cyprus Asset Management Company
LGD	Loss Given Default
Liquidity Coverage ratio (LCR)	Liquidity Coverage ratio (LCR) is the ratio of the Bank's high quality liquid assets over the Bank's expected net liquidity outflows during the next 30 days, as these net outflows are specified under a liquidity stress scenario. The ratio is calculated as per the provisions of the Commission Delegated Regulation (EU) 2018/1620 amending Commission Delegated Regulation (EU) 2015/61 (which supplements Regulation (EU) No 575/2013, as amended by Regulation (EU) 2019/876 with regards to the liquidity coverage requirements for Credit Institutions). At times of stress, credit institutions may use their liquid assets to cover their net liquidity outflows.
Loan portfolio	Consists of loans and advances to customers and financial guarantees and loan commitments issued.
M	
MTT	Medium-Term Targets
MREL	Minimum requirement for own funds and eligible liabilities
MTF	Multilateral Trading Facility
N	
Net fee and commission income	Fee and commission income less fee and commission expense.
Net gains/(losses) on disposal and revaluation of foreign currencies and financial instruments	Consist of net gains on foreign currency transactions, net gains/(losses) on disposal of financial instruments at fair value through other comprehensive income and at fair value through profit and loss, net gains/(losses) on revaluation of financial instruments at fair value through profit and loss and changes in the fair value of financial instruments in fair value hedges.
Net interest income (NII)	Interest income less interest expense.
Net Interest Margin ratio (NIM)	Net interest income (annualised) divided by the average interest-bearing assets (as defined).
Net loans and advances	Loans and advances to customers net of accumulated impairment losses.
Net loans to deposits ratio	Net loans and advances to customers (as defined) divided by customer deposits and other customer accounts.
Net NPEs	NPEs less accumulated impairment losses.
Net NPEs excl. APS-NPEs	NPEs (excl. APS-NPEs) less accumulated impairment losses.
Net NPEs to total assets ratio	NPEs less accumulated impairment losses divided by total assets.
Net NPEs excl. APS-NPEs to total assets ratio	NPEs (excl. APS-NPEs) less accumulated impairment losses (excl. APS-NPEs) divided by total assets.
Net NPEs collateral coverage ratio	NPEs Collateral (taking into account tangible collateral, based on open market values, capped at client exposure) divided by NPEs net of accumulated impairment losses.
Net NPEs collateral coverage ratio (excl. APS-NPEs)	NPEs Collateral (excl. APS-NPEs collateral) (taking into account tangible collateral, based on open market values, capped at client exposure) divided by NPEs net of accumulated impairment losses (excl. APS-NPEs).
Net Stable Funding Ratio (NSFR)	NSFR is calculated as the amount of available stable funding (the portion of capital and liabilities expected to be reliable over the one-year horizon) over the amount of required stable funding (based on the liquidity characteristics and residual maturities of the various assets held and off balance sheet exposures).
NFRD	Non-Financial Reporting Directive
Non-interest income	Consists of net fee and commission income, net gains/(losses) on disposal and revaluation of foreign currencies and financial instruments, net income from insurance operations and other income.
Non-performing exposures (NPEs)	Gross non-performing exposures as per EBA definition.
NPEs excl. APS-NPEs	NPEs (as defined) excluding NPEs covered by the APS.
NPEs provision coverage ratio	Accumulated impairment losses divided by gross non-performing exposures.
NPEs provision coverage ratio (excl. APS-NPEs)	Accumulated impairment losses (excl. accumulated impairment losses of APS-NPEs) divided by gross NPEs (excl. APS-NPEs).
NPE ratio	Gross non-performing exposures as per EBA definition divided by gross loans (as defined).
NPE ratio excl. APS-NPEs	Gross non-performing exposures as per EBA definition excluding NPEs covered by the APS, divided by gross loans (as defined).

APPENDIX D: Glossary and Definitions (continued)

Name	Definition
NPL	Non-performing loans
O	
Other income	Consists of dividend income, net gain from the disposal of stock of property, net gains from revaluation of investment properties and sundry income.
O-SII	Other Systemically Important Institution
P	
P2G	Pillar II guidance
P2R	Pillar II requirement
PD	Probability of default
PEs	Performing exposures
P.p	Percentage points
PPE	Property, Plant and Equipment
Pro forma for HFS (held for sale)	References to pro forma figures and ratios refer to non-performing exposures classified as held for sale.
Project Starlight	Project Starlight refers to the sale of a NPE portfolio and the disposal of APS Cyprus, completed in March 2023. For further information please refer to Section 1.2.3 "Loan Portfolio Quality".
Q	
QoQ	Quarter on quarter
R	
REO	Real Estate Owned
Restructuring costs	Represent Voluntary Early Exit Scheme (VEES) and other related costs.
Return on tangible equity (ROTE)	Profit/loss attributable to shareholders of the parent company for the year/period (annualised) divided by average tangible equity attributable to shareholders of the parent company.
RMBS	Residential Mortgage-Backed Security
RRF	Recovery and Resilience Facility
RWA/TREA	Risk Weighted Assets/Total risk exposure amounts
S	
SDG	Sustainable Development Goals
SBG	Sustainability Bond Guidelines
SMEs	Small and Medium sized enterprises
SP	Senior Preferred
SRB	Single Resolution Board
SREP	Supervisory Review and Evaluation Process
T	
Tangible Book Value per Share (TBVPS)	Equity attributable to shareholders of the parent company less intangible assets divided by the number of issued shares
Tangible Equity	Equity attributable to shareholders of the parent company minus Intangible assets.
Terminated loans	The loan contract has been terminated by the Bank and such termination has been notified to the borrower and enforcement proceedings are initiated.
Tier 1 ratio	Tier 1 capital divided by Risk Weighted Assets
TLTROs	Targeted longer-term refinancing operations
Total expenses	Consist of staff costs, depreciation and amortisation and administrative and other expenses and restructuring costs (as defined).
Total net income	Consists of net interest income (as defined) and non-interest income (as defined).
U	
UDHR	Universal Declaration of Human Rights
UK	United Kingdom
US	United States
UN	United Nations
UNGP	UN Guiding Principles on Business and Human Rights
V	
VEES	Voluntary Early Exit Scheme
Y	
YoY	Year on year

Basis of preparation of the Group Financial Results for the year ended 31 December 2023

The Announcement of the Preliminary Group Financial Results for the year ended 31 December 2023 including Appendices (the "Announcement") is neither reviewed nor audited by the external auditors. Due to rounding, numbers presented throughout the Report may not precisely add-up.

The purpose of this Announcement is to provide an overview of the Preliminary Group Financial Results for the year ended 31 December 2023.

The financial information presented in this Announcement should be read in conjunction with the Presentation of the Preliminary Group Financial Results for the year ended 31 December 2023. Neither this Announcement nor the Presentation constitute statutory financial statements prepared in accordance with International Financial Reporting Standards. The Board of Directors approved this financial information on 22 February 2024. The Group's statutory financial statements for the year ended 31 December 2023 are expected to be announced on the Cyprus Stock Exchange (CSE) in April 2024 and will be available on the Bank's official website www.hellenicbank.com (Investor Relations).

The Announcement of the Preliminary Group Financial Results for the year ended 31 December 2023 and the Presentation of the Preliminary Group Financial Results for the year ended 31 December 2023 have been posted on the Bank's official website www.hellenicbank.com (Investor Relations).

Disclaimer - Forward looking statements

Certain statements in this Announcement of the Group Financial Results which include discussions with respect to the business strategy and plans of the Hellenic Bank Group (term which includes the Hellenic Bank Public Company Ltd and its subsidiary companies) (the "Group"), its current goals and expectations, its projections, beliefs, possibilities relating to its future financial condition and performance are forward-looking.

By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that will occur in the future. Therefore, these risks and uncertainties could adversely affect the outcome and financial effect of what is described herein, and the audience of this Announcement are cautioned not to place undue reliance on such forward-looking statements. When relying on forward-looking statements, readers should carefully consider that there are important factors that could cause actual results to differ materially from those in forward-looking statements, certain of which are beyond the control of the Group, including, but not limited to, domestic and global economic and business conditions, market related risks such as interest or exchange rate risk, unexpected changes to regulation, competition, technological conditions and other. The forward-looking statements contained in this Announcement are made as at the date of this publication and the Group undertakes no obligation to update or revise any of same unless otherwise required by applicable law. Analyses and opinions contained herein may be based on assumptions and projections that, if altered, can change the analyses or opinions expressed.