HELLENIC BANK

COMMENTARY

Group Financial Results for the three-month period ended 31 March 2022

10 June 2022

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, including financing, investment and insurance services, custodian and factoring services as well as management and disposal of properties. As at 31 March 2022, its network includes 64 branches in Cyprus, of which 6 operate as cash offices, as well as 3 representative offices. As at 31 March 2022, the Bank had total assets and shareholders' equity of €19,2 billion and €1.129 million, respectively.

HIGHLIGHTS – 1Q2022 GROUP FINANCIAL RESULTS

OPERATING ENVIRONMENT

- **1Q2022 GDP growth of 5,6% YoY** despite the Russian/Ukraine crisis and COVID; 2022 GDP expected to grow by c.2,8% in 2022
- The Bank has **limited direct exposure to Russia/Ukraine,** with any indirect impact depending on longevity and severity of crisis and its impact on the Cypriot economy

STRATEGY

- **2022-2024 Strategic Plan to transform and address** structural challenges**,** with increased focus **on digitalisation**
- A **retail focused bank** with solid customer base and major market shares in **households** (38% in deposits and 32% in loans)
- Dedicated **ESG Department, with Climate & Environmental Action Plan** and **launching of ESG products (green car loan)**

PERFORMANCE

- **1Q2022 Profit for the period** of €25,1 million, mainly reflecting the reversal of impairment losses
- **1Q2022 Impairment losses** reversal of €9,1 million and **CoR** -0,3%
- **1Q2022 Net interest income** of €62,1 million, **NIM** of 1,4% and **Cost to income ratio** of 81%
- **1Q2022 ROTE** of 9,4%
- **1Q2022 New lending** of €269 million, **Quarterly new lending momentum and changing interest rate environment to support NII**

ASSET QUALITY

- Ongoing balance sheet clean-up through organic and non-organic efforts
- **Project Starlight[1] agreement to sale c.€0,7 billion NPEs** and the APS Debt Servicer; expected to be completed by end 2022
- Acquisition of **Tranche A of €283 million[2] of performing loans from RCB Bank** completed in March 2022
- **Pro forma[3] NPE ratio[4]** at **3,6%**, the lowest level among peers; **Pro forma[3] NPE provision coverage[4]** of **59%**

CAPITAL & LIQUIDITY

- Solid capital position with **Capital adequacy ratio[5]** and **CET 1 ratio[5] of 20,53% and 18,26%,** respectively, significantly above minimum capital requirements
- **Pro forma Capital adequacy ratio[5,6]** and **CET 1 ratio[5,6] of c.21,4%** and **c.19,1%,** respectively
- Ample liquidity, with an **LCR of 433%**

MEDIUM TERM TARGETS[7]

- **NPE ratio[4]** c.3,0%
- **Cost of risk[8]** c.50 bps
- **CET 1 ratio** >14,0%
- **New lending** >€1,0 billion per annum
- **Net loans to deposits ratio** >55%
- **Cost to income ratio[9]** <60%
- **ROTE** c.7,0%

[1] Refer to Section 1.2.3 “Loan Portfolio Quality”.
[2] Carrying amount as at 31 March 2022.
[3] Pro forma for exposures classified as HFS.
[4] Excluding the NPEs covered by the APS agreement.
[5] On IFRS 9 transitional basis, including 1Q2022 unaudited profits.
[6] Pro forma taking into account the positive impact from the Starlight agreement (includes the servicer sale gain, the RWA relief from the NPE disposal and the RWA increase from retaining the Senior Note and the Mezzanine).
[7] The MTT cover a period of three to five years.
[8] Adjusted for the amortisation of the APS indemnification asset.
[9] Adjusted for the Deposit Guarantee Scheme contribution and the Special Levy.

Statement by the Bank's CEO Mr. Oliver Gatzke

Commenting on the Group's financial results for the three-month period ended 31 March 2022, **Mr. Oliver Gatzke, the Group's Chief Executive Officer**, stated:

The world has changed considerably during the last four months. Despite the gradual return to normality and the fading out of COVID related side effects, markets volatility remains high, fueled by the war in Ukraine, geopolitical uncertainty, and disruption of supply chains, leading to high inflation rates. That is why we shall remain watchful and particularly wary about the challenges that lie ahead.

Despite the slowdown in economic activity, our 1Q2022 financial results demonstrate the resilience and robustness of our business model. With a strong capital adequacy ratio of 20,53%, well above the regulatory requirements, and ample liquidity (Liquidity Coverage Ratio of 433%), we are well positioned and remain, as always, committed to supporting not only our retail customers, during this challenging period, but also our business ones, by providing financing to sectors that increase, in parallel, the competitiveness and productivity of the economy. These sectors could, for example, be health, education, energy, ICT, hospitality, transportation and shipping. During the first quarter of 2022 €269 million of new loans were granted, much higher than the respective period of 2021 where the new lending was €166 million.

In the first quarter of 2022, we reported an after-tax profit of €25,1 million, mainly due to the release of provisions related to COVID-19. At the same time, we have been consistently and intensively working on improving the quality of our portfolio. The Project Starlight agreement for the sale of a €0,7 billion of gross non-performing loan portfolio and the agreement with RCB to acquire a performing loan portfolio significantly reduced our pro-forma NPE ratio to c.3,6%, one of the lowest, among peers. The transaction with RCB increases the Bank's client base in business lending, provides cross selling opportunities, and improves operating income through higher interest income.

<u>Prospects: Transformation and ESG</u>

Hellenic Bank has already embarked on a 3-year transformation journey. Our aim is to unleash our potential and deploy our strategy to achieve sustainable profitability. We are in the process of transforming into a customer centric organisation, by improving customers' experience through digitalisation, streamlining of procedures and by offering simple and competitive products. At the same time, we are enhancing the profile of our loan book through healthy growth with a strong focus on Environmental, Social and Governance issues (ESG).

Main driver for this transformation journey is the cost reduction, following restructuring and rightsizing of the Bank. The reduction of the high cost to income ratio of the Bank, an important element of which is the staff cost, which accounts for approximately 50% of the total expenses, remains pivotal in the success of the whole transformation effort.

We stress our irrevocable commitment for the signing of a new collective agreement reflecting the need to reduce costs, the gradual implementation of meritocratic, performance related remuneration, according to international best practices, and harmonisation of salaries of ex-CCI/CCB colleagues. I truly hope that the leadership of the Union will rise to the occasion and demonstrate a constructive and positive approach, for the benefit of our employees, safeguarding simultaneously a healthy and robust Organization for the future.

I want to sincerely thank our Board of Directors and Shareholders for their continuous support and confidence shown to us, and assure them, that the Hellenic Bank family remains fully focused to achieve its goals and strategic objectives.

PERFORMANCE HIGHLIGHTS

Income Statement highlights (€million)	1Q2022	1Q2021	Δ YoY	4Q2021	Δ QoQ
Profit before net gains on derecognition of financial assets measured at amortised cost and impairment losses	17,4	24,6	-29%	24,2	-28%
Impairment losses on financial instruments and non-financial assets	9,1	(8,2)	-210%	(60,3)	-115%
Taxation	(0,2)	(2,5)	-94%	4,1	-104%
Profit/(loss) for the period from continuing operations	26,9	14,7	+83%	(31,0)	-187%
Profit/(loss) for the period from discontinued operations	(1,8)	(1,8)	-3%	(1,7)	+5%
Profit/(loss) for the period	25,1	12,9	+95%	(32,7)	-177%

Alternative Performance Indicators (APIs)	1Q2022	1Q2021	Δ YoY	4Q2021	Δ QoQ
Net Interest Margin (%)	1,35%	1,72%	-36 bps	1,40%	-5 bps
Cost to income ratio (%)	81%	72,39%	+895 bps	74%	+745 bps
Cost of risk (%)	-0,3%	0,9%	-117 bps	2,8%	-313 bps
Return on tangible equity (ROTE) (%)	9,4%	4,7%	+463 bps	-12,1%	+2.150 bps
Basic earnings/(loss) per share (€ cent)	6,09	3,11	2,97	(7,92)	14,01

Financial Position highlights (€million)	31.03.2022 (pro forma)[10]	31.12.2021 (pro forma)[10]	Δ
Gross loans	6.281	5.952	+6%
Gross Non-Performing Loans	652	650	+0%
Gross Performing Loans	5.628	5.302	+6%
Net Loans	6.073	5.732	+6%
Investment assets	12.390	12.318	+1%
Of which: Cash and balances with Central Banks and placements with other banks	*7.865*	*7.760*	*+1%*
Of which: Investments in debt securities	*4.420*	*4.463*	*-1%*
Total assets	19.231	18.836	+2%
Deposits	15.179	14.942	+2%
Shareholders' equity	1.129	1.106	+2%

Alternative Performance Indicators (APIs)	31.03.2022 (pro forma)[10]	31.12.2021 (pro forma)[10]	Δ
NPE ratio (%)	10,4%	10,9%	-53 bps
NPE ratio (excl. APS-NPEs) %	3,6%	3,6%	+2 bps
Net NPEs to total assets ratio (%)	2,3%	2,3%	+3 bps
NPEs provision coverage ratio (%)	31,8%	33,9%	-202 bps
Net loans to deposits ratio (%)	40,0%	38,4%	+165 bps
Tangible Book Value per Share (TBVPS) (€)	2,62	2,57	0,06

bps = basis points, 100 basis points (bps) = 1 percentage point
For definitions of APIs refer to Appendix D.

[10] Pro forma for exposures classified as HFS.

PERFORMANCE HIGHLIGHTS

Capital and Liquidity Ratios	31.03.2022	31.12.2021	Δ
Capital Ratios[11]:			
CET 1 ratio (%)	18,26%	19,30%	-105 bps
Tier 1 ratio (%)	20,53%	21,67%	-113 bps
Capital Adequacy ratio (%)	20,53%	21,67%	-113 bps
Risk Weighted Assets (RWAs) (€million)	5.693	5.479	+4%
Leverage ratio (%)	5,95%	6,14%	-19 bps
Liquidity Ratios:			
Liquidity coverage ratio (LCR) (%)	433%	499%	-6.600 bps
Net Stable Funding ratio (NSFR) (%)	193%	197%	-400 bps

bps = basis points, 100 basis points (bps) = 1 percentage point
For definitions of APIs refer to Appendix D.

[11] On IFRS 9 transitional basis, including 1Q2022 unaudited profits.

FINANCIAL RESULTS

Table of Contents

1. ANALYSIS OF THE FINANCIAL RESULTS FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2022

1.1 Income Statement Analysis

Net interest income

Net interest income (NII) for 1Q2022 amounted to €62,1 million, down by 5% YoY compared to €65,3 million for 1Q2021. The decrease YoY was mainly driven by the lower income from the loan portfolio due to the ongoing reduction in lending base rates and lower income from debt securities (mainly due to Cyprus Government Bonds (CGBs) with nominal value of €580 million matured in December 2021 and income incurred in 1Q2021 of €3,7 million). This decrease was partially offset by the positive impact from the TLTROs[12] borrowing of €2,8 million.

Net interest income for 1Q2022 recorded a decrease of 2% compared to €63,2 million in 4Q2021 as explained above.

The Group's **net interest margin (NIM) (annualised)** for 1Q2022 amounted to 1,35% (FY2021: 1,52%, 1Q2021: 1,72%). **NIM** is negatively impacted by the decrease in net interest income, as explained above, and the increase in the average interest-bearing assets, mainly driven mainly by the increase in the cash and balances with Central Banks following the increase in borrowing under TLTROs[12] in June 2021. Adjusting for the TLTROs borrowing of €2,3 billion, removing the TLTRO from the average interest-bearing assets and the positive impact in NII recognised in 1Q2022, **NIM** for 1Q2022 and 4Q2021 increased to 1,47% and 1,60% respectively (FY2021: 1,65%).

Non-interest income

Total non-interest income for 1Q2022 amounted to €31,0 million and increased by 30% compared to €23,9 million in 1Q2021. **Total non-interest income** comprised of net fee and commission income, net gains on disposal and revaluation of foreign currencies and financial instruments, net income from insurance operations and other income. The increase was mainly driven by the increase in **net fee and commission income** and **other income.**

Net gains on disposal and revaluation of foreign currencies and financial instruments for 1Q2022 amounted to €1,2 million and recorded a decrease of 9% compared to €1,3 million in 1Q2021. The decrease was mainly due to the decrease in unrealised net revaluation gains arising from investments in instruments at fair value through profit and loss and the decrease in the change of the fair value of financial instruments in fair value hedges held by the Group, partially offset by the increase in gain on disposal and revaluation of foreign currencies.

Net fee and commission income for 1Q2022 was €15,0 million, up by 36% compared to €11,0 million in 1Q2021. The increase was mainly due to higher banking fees and commissions in 1Q2022 as a result of higher ledger fees and cards income following the introduction of a revised Table of Commissions and Charges, and lower other banking commissions and credit related fees in 1Q2021 impacted by the COVID-19 lockdown measures.

Other income for 1Q2022 amounted to €6,6 million and increased significantly compared to €3,4 million 1Q2021, mainly as a result of higher net gain from the disposal of stock of property and sundry income due to the recognition of provisional gain arising from the Transaction with RCB Bank.

[12] Refer to Section 1.2.1 "Funding and Liquidity" on sub-section "Deposits by Central Banks".

Net income from insurance operations for 1Q2022 amounted to €8,3 million and remained at similar levels compared to 1Q2021. The increase in gross income from premiums, generated from new products, was almost offset by the impact from the increase in insurance claims and benefits incurred (due to lower claims incurred in 1Q2021, as a result of the release of COVID-19 lockdown measures in 1Q2022) and lower net investment income due to the Russian/Ukraine crisis which impacted the global economy.

Total non-interest income for 1Q2022 increased by 5% compared to €29,5 million in 4Q2021, mainly due to the increase in **net income from insurance operations** and **other income** partially offset by the decrease in **net fee and commission income.**

Net fee and commission income for 1Q2022 decreased by 22% compared to €19,3 million in 4Q2021 mainly due to seasonality in 4Q2021.

The significant increase in **net gains on disposal and revaluation of foreign currencies and financial instruments** for 1Q2022 compared to €0,1 million in 4Q2021 is mainly due to the decrease in unrealised net revaluation gain arising from the Bank's investment in Visa Inc. Preferred Stock and the decrease in the change of the fair value of financial instruments in fair value hedges held by the Group.

Net income from insurance operations for 1Q2022 increased by 70% compared to €4,9 million in 4Q2021 mainly due to seasonality, higher gross income from premiums and higher insurance claims partially offset by lower net investment income as explained above. **Other income** increased by 27% compared to €5,2 million in 4Q2021 mainly due to higher other income as explained above.

Total net income for 1Q2022 amounted to €93,2 million up by 4% compared to €89,2 million in 1Q2021, mainly driven by the changes in non-interest income as explained above. On a quarterly basis, 1Q2022 **total net income** remained at similar levels compared to €92,7 million in 4Q2021.

Expenses

Total expenses for 1Q2022 amounted to €75,8 million and compared to €64,6 million for 1Q2021 recorded an increase of 17%, mainly due to higher **staff costs** and **administrative and other expenses.** On a quarterly basis, 1Q2022 **total expenses** were up by 11% compared to €68,5 million in 4Q2021 mainly due to higher **staff costs.**

As at 31 March 2022 and according to the provisions of the IFRS 5 "Non-Current assets held for sale and discontinued operations", the financial results for 1Q2022 of APS Debt Servicing Cyprus Ltd (APS Cyprus) are presented as discontinued operations. During 4Q2021, the Bank decided to dispose APS Cyprus as part of its deleveraging of NPEs through the Project Starlight[13]. The financial results for 1Q2021 have been also represented to take into consideration this change. APS Cyprus was considered a subsidiary company of the Bank since obtaining the governance and operational control, thus its financial results are fully consolidated as of 1 December 2020.

[13] Refer to Section 1.2.3 "Loan Portfolio Quality".

Staff costs

Staff costs for 1Q2022 amounted to €41,3 million and accounted for 55% of the Group's total expenses (1Q2021: 52%). Compared to €33,8 million in 1Q2021, 1Q2022 staff costs recorded an increase of 22%. The increase was mainly due to the salary increments and COLA[14] applicable for each employee as per the expired Collective Agreement paid in 1Q2022 by the Group and the provision being made in relation to the Bank's potential legal obligations on the demand of ex-Cooperative Credit Institutions' (ex-CCI) employees for the re-instatement of their salaries to 2013 levels, effective from 1 January 2019.

Staff costs for 1Q2022 increased by 26% compared to €32,7 million in 4Q2021 as explained above and also due to provision being made for utilized accumulated staff annual leaves affected by seasonality.

Additionally, **Staff costs** for 1Q2022 amounting to €1,5 million, also for 1Q2021, are presented under discontinued operations (4Q2021: €2,0 million).

Administrative and other expenses

Total administrative and other expenses for 1Q2022 amounted to €28,2 million and increased YoY by 14% compared to €24,8 million in 1Q2021. The increase is mainly driven by the Transformation costs and the increase in Deposit Guarantee Scheme (DGS) contribution and Special Levy on Credit Institutions.

Transformation costs comprise mainly fees to external advisors in relation to: (i) the prospective disposal of assets held for sale and the acquisition of performing loan portfolio from RCB bank (ii) the Transformation of the Bank as a result of the Strategic Plan announced on 21 December 2021.

Total administrative and other expenses for 1Q2022 recorded a decrease of 5% compared to €29,7 million in 4Q2021. The decrease was mainly due to higher Transformation costs incurred in 4Q2021 in relation to the advisory fees regarding Project Starlight which were partially offset by the DGS contribution charged in 1Q2022 for the second half of 2022.

On March 2020, the Management Committee (MC) of the Deposit Guarantee and Resolution of Credit and Oher Institutions Scheme (DGS) introduced an approved new Risk Based Methodology (RBM), on the calculation and payment of the contributions to Deposit Guarantee Fund (DGF) paid by all the authorised Credit Institutions on a semi-annual basis until it reaches the level of 0,8% of covered deposits of all authorised Credit Institutions by 3 July 2024. The total contribution for the first half of 2022 was set at €2,4 million (1Q2021: €2,2 million) and it was charged in administrative and other expenses.

Additionally, **total administrative and other expenses** for 1Q2022 and 4Q2021 amounting to €0,2 million and €0,3 million respectively, are presented under discontinued operations (1Q2021: €0,3 million).

The cost to income ratio for 1Q2022 was 81% compared to 72% for 1Q2021[15], reflecting the increase in total expenses, whereas for 4Q2021 the **cost to income ratio** amounted 74%.

The **cost to income ratio** adjusting for the Special Levy and the DGS contribution for 1Q2022 and 1Q2021[15] decreased to 72% and 64%, respectively, whereas for 4Q2021 the adjusted **cost to income ratio** amounted to 68%. Further, adjusting for the Transformation costs and the Early retirement costs (1Q2022 Early retirement costs are nil) the **cost to income ratio** for 1Q2022 and 4Q2021 decreased to 70% and 63%, respectively, while the **cost to income ratio** for 1Q2021 remained the same.

[14] Cost of Living Allowance.

[15] Comparative information regarding Total expenses and Total net income, has been reclassified to conform with changes in the presentation of the current period. The financial results of the discontinued operations of the Group's subsidiary APS Debt Servicing Cyprus Ltd (APS Cyprus) were represented as discontinued operations.

Impairment losses on financial instruments and non-financial assets

Impairment losses on financial instruments

Impairment losses on financial instruments amounted to €9,6 million (release) for 1Q2022 compared to €7,9 million (charge) for 1Q2021. The release of impairment losses in 1Q2022 compared to the charge of impairment losses for 1Q2021 was mainly the result of the IFRS 9 model being updated to reflect the latest macroeconomic projections.

For the estimation of 1Q2022 impairment losses, the Bank has changed its macroeconomic forecasts compared to the year-end 2021, following expectations of improved macroeconomic conditions in relation to the COVID-19 pandemic, as the spread of the COVID-19 pandemic appears to be stabilizing and moving towards the endemic phase. Having considered this, the Bank has updated the IFRS 9 parameters to be applied in the estimation of the ECL for 1Q2022 and more specifically the PD parameter. However, the ongoing Russian/Ukraine crisis and the surge in inflation exhibited from the start of the war create significant uncertainty in the economy, particularly in the Hotel and Accommodation sector which exhibited reliance in the past from inflow of Russian tourists. Having considered the increased uncertainty in the economy, the probability weights for each macroeconomic scenario (Baseline, Optimistic and Pessimistic scenario) of Table 1 presented in Section 2 "Economic Environment" used for IFRS 9 purposes have been rebalanced.

The release of impairment losses recorded in 1Q2022, as explained above, was partially offset by the impairment losses incurred mainly attributed to the increase in loan portfolio and new defaults.

Impairment losses on financial instruments for 1Q2022 decreased significantly compared to €57,7 million in 4Q2021 mainly due to additional impairment losses on the loan portfolio to be disposed (Project Starlight[16]) which have been recognised in 4Q2021 taking into consideration the increase in probability of recovery through sale to reflect the progress made by the year end.

The cost of risk (annualised) for 1Q2022 and 4Q2021 amounted to -0,3% and 2,8% respectively (1Q2021[17]: 0,9%). Adjusting for the amortisation of the APS indemnification asset, in 1Q2022 and 4Q2021 **the cost of risk (annualised)** amounted to -0,2% and 3,6% respectively (1Q2021[17]: 0,5%).

[16] Refer to Section 1.2.3 "Loan Portfolio Quality".
[17] Excluding the NPE portfolios classified as HFS as at 31 March 2021, disposed on 3Q2021.

Impairment losses on non-financial assets

Impairment losses on non-financial assets for 1Q2022 amounted to €0,6 million and increased by 50% compared to €0,4 million in 1Q2021. The increase is mainly due to impairment losses of stock of property resulting from the reassessment of the NRVs of the REOs portfolio, taking into consideration potential liquidity discounts.

Impairment losses on non-financial assets for 1Q2022 decreased significantly compared to €2,6 million in 4Q2021, mainly as a result of the increased impairment losses on REOs recognised in 4Q2021 as explained above.

Profit before taxation for 1Q2022 amounted to €27,1 million compared to €17,2 million for 1Q2021 (4Q2021: loss €35,1 million). The main drivers of the increase were the reversal of impairment losses partially offset by the increase in total expenses in 1Q2021.

Loss for the period from discontinued operations for 1Q2022 amounted to €1,8 million (1Q2021: €1,8 million).

Taxation for 1Q2022 amounted to a tax charge of €0,2 million (1Q2021: €2,5 million tax charge), which includes an income tax charge of €0,3 million on taxable profits mainly arising from subsidiaries (1Q2021: €2,3 million) and a deferred tax credit of €0,1 (1Q2021: €0,2 million deferred tax charge).

The tax credit for 4Q2021 amounted to €4,1 million and included a deferred tax charge of €3,9 million and an income tax charge of €8,0 million on taxable profits. The deferred tax credit was mainly the result of a decrease in deferred tax liabilities, due to the treatment of negative goodwill attributed to the bond portfolio acquired by ex-CCB while the current tax charge arose mainly on adjustments made to the tax base of stock of properties to align with current practices.

Profit attributable to the shareholders of the parent company for 1Q2022 amounted to €25,1 million compared to €12,9 million for 1Q2021 (4Q2021: loss €32,7 million).

1.2 Statement of Financial Position Analysis

As at 31 March 2022, the Group's **total assets** amounted to €19,2 billion and increased by 2% compared to €18,8 billion as at 31 December 2021, mainly due to the increase in loans and advances to customers as a result of the acquisition of the performing loan portfolio (Tranche A) from RCB Bank.

1.2.1 Funding and Liquidity

Deposits

Customer deposits amounted to €15,2 billion as at 31 March 2022 (31 December 2021: €14,9 billion) and increased by 2% in the first quarter. They comprised €14,0 billion deposits in Euro (31 December 2021: €13,7 billion) and €1,2 billion deposits in foreign currencies (31 December 2021: €1,2 billion), mostly in US Dollars.

The Bank's **deposits market share**[18] as at 31 March 2022 stood at 30,2% (31 December 2021: 29,2%). **Deposits' market share** as at 31 March 2022 consists of 38,4% for Households deposits (31 December 2021: 37,9%) and 20,7% for Non-financial corporations deposits (31 December 2021: 19,8%).

The net loans to deposits ratio stood at 42% as 31 March 2022 (31 December 2021: 40%). The increase in the ratio is mainly due to the increase in loans and advances to customers as a result of the acquisition of the performing loan portfolio (Tranche A) from RCB Bank in 1Q2022. Pro forma for HFS portfolios the **net loans to deposits ratio** is reduced to 40% (31 December 2021: 38%).

Funding by Central banks amounted to €2,3 billion as at 31 March 2022 (31 December 2021: €2,3 billion).
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 the 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.

Taking into account that the Bank managed to exceed the Net Eligible Lending (NEL) threshold of zero during the "additional special reference period" between 1 October 2020 to 31 December 2021, the applicable interest rate for the period 24 June 2021 to 23 June 2022 will be 0,5% lower than the average deposit facility rate prevailing over the same period. Based on current ECB rates, and subject to CBC confirmation due in June 2022, the benefit to the Bank for the period 24 June 2021 to 23 June 2022 will be €11,5 million, of which €2,8 million has been recognised in the Income Statement for 1Q2022.

Liquidity

The CRR sets forth the guidelines for calculating liquidity measures such as the Liquidity Coverage Requirement Ratio (LCR) and the Net Stable Funding Ratio (NSFR). LCR is calculated as the sum of high-quality liquid assets over the expected net liquidity outflows during the next 30 days, as these net outflows are specified under a stress scenario. At times of stress, institutions may use their liquid assets to cover their net liquidity outflows. The LCR of the Group stood at 433% as at 31 March 2022 compared to 499% as at 31 December 2021. The LCR regulatory limit stands at 100%. The liquidity surplus in LCR at 31 March 2022 amounted to €6,2 billion compared to €6,4 billion at 31 December 2021.

The NSFR is defined 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). The NSFR of the Group was at 193% as at 31 March 2022 compared to 197% as at 31 December 2021. The NSFR liquidity surplus for 31 March 2022 was €6,8 billion and remained at similar levels compared to 31 December 2021. As per Regulation (EU) No 2019/876 (CRR II) amending Regulation (EU) No 575/2013 (CRR), applicable from June 2021 a binding minimum Net Stable Funding Ratio of 100% is introduced.

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

Additional information on liquidity requirements is provided in the Pillar III disclosures for the three-month period ended 31 March 2022 which are available on the Bank's website www.hellenicbank.com (Investor Relations).

1.2.2 Loans

The Group's **gross loans** as at 31 March 2022[19] amounted to €6.281 million compared to €5.952 million as at 31 December 2021[19], recording an increase of 6%, mainly as a result of the acquisition of the performing loan portfolio (Tranche A) from RCB Bank. The performing loan portfolio increased by 6% while the non-performing portfolio remained at similar levels, compared to 31 December 2021[19]. Including the exposures classified as held for sale, **gross loans** amounted to €7.057 million as at 31 March 2022, recording an increase of 5% compared to €6.728 as at 31 December 2021, as explained.

As at 31 March 2022, the Group's **net loans and advances to customers**[19] amounted to €6.073 million compared to €5.732 as at 31 December 2021. Additionally, as at 31 March 2022, **net loans and advances to customers** of €230 million were **classified as held for sale** in accordance with IFRS 5 (refer to Section 1.2.3 Loan Portfolio Quality), compared to €241 million as at 31 December 2021.

The Bank's **loan market share**[18] as at 31 March 2022 was 25,0% (31 December 2021: 22,5%). **Loan market share** as at 31 March 2022 consists of 32,0% for Household loans (31 December 2021: 31,1%) and 22,1% for Non-financial corporations loans (31 December 2021: 18,2%).

Total new lending implemented during 1Q2022 reached €269 million, compared to new lending implemented during 4Q2021 of €280 million (1Q2021: €166 million). The Bank continued providing lending to creditworthy businesses and households while at the same time focusing on managing early arrears and avoiding new NPLs.

Loan moratorium

In the light of the COVID-19 crisis, a first moratorium was applied, as voted by the Cyprus Parliament, to all individuals or legal entities across different sectors who applied and were eligible under the scheme (suspension of instalments of capital and interest for a period of nine months) until 31 December 2020.

Following the expiration of the first moratorium on 31 December 2020, a second scheme for the suspension of instalments of capital and interest (loan moratorium) was introduced in January 2021 until 30 June 2021, as announced by the Cyprus Government on 15 January 2021, for customers impacted by the second lockdown, subject to certain criteria. Under the second moratorium scheme, payment deferrals could be offered until 30 June 2021, however, the total months under loan moratorium, when including the loan moratorium offered in 2020, should not exceed a total of nine months. The application period for the second moratorium scheme expired on 31 January 2021 and the assessment was completed on 28 February 2021.

The gross carrying amount of the loans and advances subject to the first and the second moratoria, which expired on 31 December 2020 and 30 June 2021 respectively, amounted to €2,4 billion (of which €51 million were classified as HFS) as at 31 March 2022, comprising of gross loans to Households of €1,3 billion (of which €11 million were classified as HFS), and gross loans to Non-financial corporations of €1,1 billion (of which €35 million were classified as HFS).

Following expiry of the first moratorium the Bank continues to adopt an appropriately prudent approach and is in readiness in terms of monitoring procedures and day-to-day management of the accounts to deal with early arrears. The Bank's total performing portfolio in arrears remains at lower levels compared to pre-COVID 19 levels (57% of pre-COVID 19 performing arrears stock), as at the end of March 2022.

[19] Excluding the exposures classified as HFS.

1.2.3 Loan Portfolio Quality

As part of its ongoing NPE deleveraging efforts, the Bank is working towards the disposal of two non-performing portfolios with gross carrying amount €0,8 billion. **References to pro forma figures and APIs disclosed throughout the Commentary as at 31 March 2022 and 31 December 2021** refer to the NPEs portfolios classified as a disposal group held for sale, which were 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

During FY2021, the Bank has been working closely together with its advisors towards a sale of a material NPE portfolio ("Project Starlight"), which will expedite the reduction of legacy NPEs and accelerate the Bank's balance sheet clean-up. The Bank announced on 11 April 2022 that it has reached an agreement for its sale. The perimeter involved comprises of legacy NPEs totalling a gross amount of c.€0,7 billion. Post completion of the transaction the Bank is expected to reach its medium-term target of mid-single digit NPE ratio (excl. APS-NPEs).

As part of Project Starlight, the Bank is proceeding with the disposal of APS Cyprus, its subsidiary responsible for managing the Bank's NPEs and REOs. The transaction is expected to be completed by the end of 2022 and will be subject to customary, regulatory and other approvals. The disposal group was classified as held for sale and as discontinued operations since 31 December 2021.

Agreement to acquire a performing loan portfolio

The Bank announced on 22 March 2022 that it has entered into an agreement to acquire a performing loan portfolio (the "Transaction") from RCB Bank Limited.

The Transaction involves a performing loan portfolio of gross book value[20] of c.€556 million, related cash collateral[20] and other credit balances[20] of c.€89 million and letters of guarantee of c.€23 million. As part of the Transaction, up to 16 employees from RCB Bank Limited who manage this portfolio will be transferred to the Bank. The loan portfolio is well collateralised and comprises of performing business loans to 103 borrowers. The loan portfolio comprises: Tranche A (relating to only Cypriot exposures) of c.€292 million and Tranche B of c.€264 million.

The acquisition of Tranche A was completed on 24 March 2022, while the acquisition of Tranche B is expected to be completed by 30 June 2022, subject to relevant due diligence, final agreement and all relevant regulatory approvals. As part of Tranche A, 14 employees from RCB Bank who manage this portfolio have been transferred to the Bank on 1 April 2022. As at 31 March 2022, the carrying amount of Tranche A was €283 million and a provisional gain of €3 million was recognised in the Income Statement. The gross book value of the loan portfolio that will be acquired at the completion of Tranche B is expected to be lower than originally anticipated and this will be reflected in the total gain from the Transaction to be finalized in 2Q2022.

Non-performing exposures reduction

Non-performing exposures (NPEs) including the exposures classified as held for sale, amounted to €1.417 million as at 31 March 2022 and remained at similar levels compared to €1.414 million as at 31 December 2021 (NPEs excluding NPEs covered by the APS agreement amounted to €1,0 billion as at 31 March 2022 and 31 December 2021). Pro forma for HFS portfolios, NPEs amounted to €652 million as at 31 March 2022 compared to €650 million as at 31 December 2021.

[20] With final figures subject to completion and the fair value assessment.

Terminated loans included in NPEs amounted to €978 million as at 31 March 2022 (31 December 2021: €930 million). Gross loans with forbearance measures as at 31 March 2022 amounted to €1.000 million (31 December 2021: €1.031 million). Pro forma for HFS portfolios, terminated loans included in NPEs amounted to €290 million as at 31 March 2022 (31 December 2021: €253 million) and gross loans with forbearance measures amounted to €715 million as at 31 March 2022 (31 December 2021: €741 million).

The stock of property[21], which are mostly from customers' debt settlement, amounted to €156,4 million as at 31 March 2022 (31 December 2021: €169,4 million), whereas €13,4 million are classified as assets held for sale as at 31 March 2022 (31 December 2021: €9,6 million). The movement in the balance of stock of property from customers' debt settlement for 1Q2022 included additions of €0,7 million[22] and disposals of €13,0 million[22]. The movement in the balance of stock of property, classified as assets held for sale, for 1Q2022 included additions of €4,2 million[22] and disposals of €0,4 million[22].

The NPE ratio as at 31 March 2022 was 20,1% compared to 21,0% as at 31 December 2021. The ratio excluding the NPEs covered by the APS agreement as at 31 March 2022 was 13,9% (31 December 2021: 14,4%). Pro forma for HFS portfolios the **NPE ratio** as at 31 March 2022 was 10,4% (31 December 2021: 10,9%), while the NPE ratio excluding the NPEs covered by the APS agreement was 3,6% as at as at 31 March 2022 and 31 December 2021.

The net NPEs to total assets ratio as at 31 March 2022 stood at 3,4%, (1,6% excluding APS-NPEs) compared to 3,5% as at 31 December 2021 (31 December 2021: 1,5% excluding APS-NPEs). Pro forma for HFS portfolios the **net NPEs to total assets ratio** as at 31 March 2022 was 2,3% (31 December 2021: 2,3%), while the **net NPEs to total assets ratio** excluding the NPEs covered by the APS agreement was 0,5% as at 31 March 2022 (31 December 2021: 0,4%).

Total accumulated impairment losses amounted to €754 million as at 31 March 2022 (31 December 2021: €755 million) and represented 10,7% of the total gross loans (31 December 2021: 11,2%). Total accumulated impairment losses over gross loans excluding the loans covered by the APS agreement was 12,4% as at 31 March 2022 (31 December 2021: 13,2%). Pro forma for HFS portfolios total accumulated impairment losses over gross loans as at 31 March 2022 was 3,3% (31 December 2021: 3,7%), while excluding the loans covered by the APS agreement the ratio as at 31 March 2022 was 3,1% (31 December 2021: 3,5%).

The NPEs provision coverage ratio remained at 53% as at 31 March 2022 and 31 December 2021, while excluding the NPEs covered by the APS agreement, the ratio is adjusted to 69% as at 31 March 2022 (31 December 2021: 70%). Pro forma for HFS portfolios the **NPEs provision coverage ratio** as at 31 March 2022 was 32% (31 December 2021: 34%), while excluding the loans covered by the APS agreement the ratio was 59% as at 31 March 2022 (31 December 2021: 69%).

Taking into account tangible collaterals[23] the **net NPEs collateral coverage ratio** stood at 152% as at 31 March 2022 (31 December 2021: 151%), 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 203% as at March 2022 (31 December 2021: 208%). Pro forma for HFS portfolios the ratio as at 31 March 2022 was 119% (31 December 2021: 121%), while excluding the loans covered by the APS agreement as at 31 March 2022 the ratio was 161% (31 December 2021: 205%).

[21] Excluding stock of property classified as held for sale.
[22] Book value.
[23] Based on open market values (capped at client exposure).

1.2.4 Investment Assets

The carrying value of investment assets amounted to €12.390 million as at 31 March 2022 (31 December 2021: €12.318 million[24]) and represented 64% of the Group's total assets (31 December 2021: 65%). 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[24]. Total investment assets have remained stable compared to 31 December 2021.

The Group's cash and balances with Central Banks and placements with other banks amounted to €7.865 million as at 31 March 2022 (31 December 2021: €7.760 million[24]). Most foreign currency placements were with P-1 rated banks[25]. Cash and balances with Central Banks and placements with other banks have remained stable compared to 31 December 2021.

The Group's investments in debt securities amounted to €4.420 million as at 31 March 2022 (31 December 2021: €4.463 million[24]), down by 1% and represented 23% of total assets (31 December 2021: 24%). The net decrease was mainly due to maturities and disposals of debt securities during 1Q2022. 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 a discretionary Asset Manager mandate.

Investments in financial institutions and securitisations represent 40% and 15% of the Group's investments in debt securities respectively (31 December 2021: 42% and 13% respectively).

The CGB[26] held by the Group as at 31 March 2022 amounted to €1.478 million and remained at similar levels compared to €1.485 million as at 31 December 2021. Out of the total CGB held by the Group, €785 million will mature within a period of less than 1 year and the remaining €692 million will mature within 1 and 5 years.

[24] Comparative figures on placements with other banks, investments in debt securities and investments in equity securities and collective investments, have been reclassified to conform with changes in the presentation of the current period which reflects the reclassification of the assets held to cover liabilities of unit linked funds included in "Other assets" to each of these categories.
[25] Prime-1 short term rating by Moody's.
[26] Republic of Cyprus is being rated as Ba1 by Moody's, BBB- by Fitch, BBB- by S&P as at 31 March 2022.

1.2.5 Capital management

The position of the Group's and the Bank's regulatory capital, risk weighted assets and capital adequacy ratios, on IFRS 9 transitional basis[27,28], **which are above the minimum regulatory requirements**, is presented below:

Regulatory capital	The Group		The Bank	
	31.03.2022[29]	31.12.2021[30]	31.03.2022[29]	31.12.2021[30]
	€ million	€ million	€ million	€ million
Own funds				
Common Equity Tier 1 (CET 1)	**1.039**	1.058	**1.041**	1.056
Additional Tier 1 (AT1)	**130**	130	**130**	130
Tier 1 (T1)	**1.169**	1.187	**1.171**	1.186
Total regulatory capital	**1.169**	1.187	**1.171**	1.186
Risk weighted assets				
Credit risk	**4.990**	4.778	**5.007**	4.796
Market risk	**3**	1	**3**	1
Operational risk	**696**	696	**696**	696
Total risk exposure amount for credit valuation adjustments (CVA)	**4**	4	**4**	4
Total risk weighted assets	**5.693**	5.479	**5.710**	5.497

Capital ratios (%)	The Group		The Bank		Minimum regulatory capital requirements (Phase-in)[31]	
	31.03.2022[29]	31.12.2021[30]	31.03.2022[29]	31.12.2021[30]	2022[32]	2021
	%	%	%	%	%	%
Capital Adequacy ratio	**20,53%**	21,67%	**20,50%**	21,57%	14,825%	14,45%
Tier 1 ratio	**20,53%**	21,67%	**20,50%**	21,57%	11,965%	11,65%
Common Equity Tier 1 (CET 1) ratio	**18,26%**	19,30%	**18,23%**	19,22%	9,815%	9,55%

The decrease of 104 basis points in CET 1 ratio of the Group (IFRS 9 transitional basis) compared to 31 December 2021, was the result of the following:

i) decrease in CET1 capital due to:
   - current period profits (effect of 43 basis points increase),
   - the change in IFRS 9 transitional arrangements added back to CET 1, reduced from 50% for 2021 to 25% for 2022 and the COVID-19 relief measures as per Regulation (EU) 2020/873 by which post 1 January 2020 expected credit losses on Stages 1 and 2 exposures are added back in CET 1 in a phased-out period of 5 years (reducing to 75% for 2022 from 100% for 2020 and 2021) (effect of 63 basis points decrease),
   - the change in prudential provision for non-performing exposures[33] and the deduction of net book value of immovable properties acquired in the course of satisfaction of debt (total effect of 5 basis points decrease),
   - the decrease in other comprehensive income mainly due to the decrease in revaluation reserve from bonds and the change in intangible assets deducted from own funds (total effect of 8 basis points decrease),

ii) overall increase in RWAs (effect of 71 basis points decrease), mainly due to:
   - the increase in credit RWAs mainly driven by the increase in net funded exposures due to the acquisition of the performing loan portfolio (Tranche A) from RCB Bank, partially offset by a reduction in the RWAs of the bonds portfolio.

---

[27] As per 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, a portion of the impact of expected credit losses provisions is added back to CET 1 capital allowing for a transitional period of five years until full impact on 2023.

[28] As per Regulation (EU) 2020/873 issued amending Regulation (EU) No 575/2013 and Regulation (EU) 2019/876, effective from June 2020 IFRS 9 transitional arrangements have been extended by 2 years (up until 31 December 2024), for post 1 January 2020 expected credit losses on Stages 1 and 2 exposures which are added back in CET 1 in a phased-out period of five years.

[29] Including 1Q2022 unaudited profits.

[30] As per 2021 Annual Report.

[31] Excluding Pillar II capital guidance (P2G) and inclusive of the Pillar II requirement (P2R).

[32] As per 2021 final SREP letter, the new capital requirements are effective from 1 March 2022.

[33] As per Regulation (EU) 2019/630, amending Regulation (EU) No 575/2013 as regards to minimum loss coverage for non-performing exposures (Pillar 1 treatment) and as per ECB Addendum to NPL Guidance (2018) and minimum provision coverages for legacy defaulters communicated via SREP assessment (Pillar 2 treatment).

The capital ratios of the Group and the Bank as at the reporting date, on IFRS 9 fully loaded basis[27,28], are presented below:

Capital ratios (%)	The Group		The Bank	
	31.03.2022[29]	**31.12.2021[30]**	**31.03.2022[29]**	**31.12.2021[30]**
	%	%	**%**	%
Capital Adequacy ratio	**20,34%**	20,96%	**20,30%**	20,87%
Tier 1 ratio	**20,34%**	20,96%	**20,30%**	20,87%
Common Equity Tier 1 (CET 1) ratio	**18,05%**	18,58%	**18,03%**	18,49%

The Group's Capital Adequacy Ratio, CET 1 and Tier 1 ratios as at 31 March 2022, on IFRS 9 transitional basis, excluding 1Q2022 unaudited profits, are at 20,12%, 17,84% and 20,12%, respectively. Similarly, the Group's Capital Adequacy Ratio, CET 1 and Tier 1 ratios as at 31 March 2022, on IFRS 9 fully loaded basis, are 19,92%, 17,64% and 19,92%, respectively.

For the Bank the corresponding ratios for the Capital Adequacy Ratio, CET 1 and Tier 1 ratios as at 31 March 2022, on IFRS 9 transitional basis, are at 20,03%, 17,76% and 20,03%, respectively. Similarly, the Bank's Capital Adequacy Ratio, CET 1 and Tier 1 ratios as at 31 March 2022, on IFRS 9 fully loaded basis, are 19,83%, 17,56% and 17,83%, respectively.

Leverage Ratio

As at 31 March 2022 the Leverage Ratio[29], using a transitional Tier capital definition, of the Group was 5,95% (Bank: 5,96%) compared to 6,14% (Bank: 6,13%) as at 31 December 2021. The Leverage Ratio[29] for the Group, using a fully loaded Tier capital definition, was 5,87% (Bank: 5,88%) as at 31 March 2022 compared to 5,90% (Bank: 5,89%) as at 31 December 2021.

The Group's Leverage Ratio as at 31 March 2022, on IFRS 9 transitional basis, excluding 1Q2022 unaudited profits, was 5,83% (Bank: 5,82%). Similarly, the Group's Leverage Ratio as at 31 March 2022, on IFRS 9 fully loaded basis, was 5,75% (Bank: 5,74%).

The Group's Leverage ratio[29] on IFRS 9 transitional basis, which is above the minimum leverage ratio set at 3%, by the amended CRR II[34] rules effective from June 2021, has decreased by 19 basis points compared to 31 December 2021 mainly due to the increase in "Leverage ratio total exposure measure". The main reason for the increase in "Leverage ratio total exposure measure" was the increase in "Other assets", mainly as a result of the increase in loans and advances. This was primarily the result of the acquisition of the performing loan portfolio (Tranche A) from RCB Bank.

[34] Regulation (EU) No 2019/876 (CRR II) amending Regulation (EU) No 575/2013 (CRR).

Supervisory Review and Evaluation Process

The 2021 SREP was based on the final decision received, on 2 February 2022, of ECB's intention to adopt a decision establishing prudential requirements pursuant to Regulation (EU) No 1024/2013 (Article 16(2)(a)). The SREP was conducted pursuant to Regulation (EU) No 1024/2013 (Article 4(1)(f)) and took into account the EBA SREP Guidelines, as well as the findings stemming from the supervisory stress test conducted in 2021. The 2021 SREP requirements are effective from 1 March 2022.

The ECB did not issue a SREP decision for the 2020 SREP cycle and the requirements established by the 2019 SREP decision continued to apply for 2021, including in particular the decisions on the capital requirements.

Consequently, the Group is required to maintain, effective from 1 March 2022, on a consolidated basis, a **phased-in Capital Adequacy Ratio of 14,825%** (2021: 14,45%), which includes:

- the minimum Pillar I own funds requirements of 8% in accordance with Article 92(1) of Regulation (EU) No 575/2013 (of which up to 1,5% can be met with Additional Tier 1 Capital and up to 2% with Tier 2 Capital),
- an own funds Pillar II requirement of 3,45% (2021: 3,2%) required to be held in excess of the minimum own funds requirement (P2R to be held in the form of 56,25% of CET 1 capital and 75% of Tier 1 capital), and
- a phased-in combined buffer requirement which for 2022 and 2021 includes the fully loaded capital conservation buffer of 2,5% which has to be made up with CET 1 capital and the O-SII buffer of 0,875%[35] (2021: 0,75%[36]), with application starting from 1 January 2019 which is phased-in over a period of five years[35].

Based on the final 2021 SREP letter, the Pillar II requirement, effective from 1 March 2022, has increased to 3,45%. Based on the 2020 SREP communication, the Pillar II requirement applicable for 2021 stood at 3,2%.

Additionally, the combined buffer requirement applicable for the Bank, includes an institution-specific Countercyclical capital buffer (CcyB) calculated as a weighted average of the countercyclical buffer rates that apply in the countries where an institution's credit exposures are located. The CcyB rate for Cyprus, where most of the Bank's exposures are located, was set at 0%, by CBC for 2021 and for the first half of 2022. For the remaining exposures, the CCyB rate for the three-month period ended 31 March 2022 was also 0%.

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 CET 1 capital. The P2G, effective from 1 March 2022, has increased compared to the previous level which was applicable for 2021.

Furthermore, the Bank should continue to refrain from making distributions to its shareholders, as the 2019 SREP decision continued to apply.

Taking the above into consideration, the Group's phased-in minimum **Capital Adequacy Ratio, CET 1 and Tier 1 ratios, effective from 1 March 2022, were set at 14,825% (2021: 14,45%), 9,815% (2021: 9,55%) and 11,965% (2021: 11,65%)** respectively[37]. **The Group's capital ratios remain above the new SREP requirements.**

Additional information on regulatory capital is provided in the Pillar III disclosures for the three-month period ended 31 March 2022 which are available on the Bank's website www.hellenicbank.com (Investor Relations).

[35] In November 2021, the Bank received notification from the CBC that the fully loaded O-SII buffer for the Bank is reduced from 1,5% to 1%. Effective from 1 January 2022 the O-SII buffer for the Bank is 0,875% and from 2023 the O-SII buffer is 1%.

[36] As per CBC circular dated 7 May 2020, the fully-loaded O-SII buffer for the Bank remained at 1,5% for 2021 but with the phasing-in being deferred by 12 months, from the original 4 years. Therefore, the O-SII buffer will be fully phased-in on 1 January 2023, instead of 1 January 2022, as originally set.

[37] Excluding Pillar II capital guidance (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 being 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.

The Bank has received a formal notification (the Decision) from the Single Resolution Board (SRB) in December 2021, of its final decision for the binding minimum requirement for own funds and eligible liabilities (MREL) for the Group.

As per SRB, the final MREL target is set at 24,13% of total risk exposure amount (TREA), plus combined buffer requirement (CBR) resulting in a total target of 27,63%, while the final MREL target of leverage ratio exposure (LRE) is set at 5,91%, both to be met by 31 December 2025. Additionally, interim binding targets are set at 16,57% of TREA, plus CBR of TREA resulting in a total target of 19,95%, and 5,91% of LRE, both to be met by 1 January 2022. No MREL subordination requirement has been communicated to the Bank. The MREL requirement of 27,63% can be met with a combination of capital and senior instruments.

The MREL ratio[38] of the Group as at 31 March 2022 was 20,12% of TREA and 5,83% of LRE. Including 1Q2022 unaudited profits, the MREL ratio of the Group as at 31 March 2022 was 20,53% of TREA and 5,95% of LRE. After adjusting for the Project Starlight, the pro forma MREL ratio[39,40] of the Group as at 31 March 2022 was c.21,4% of TREA and c.6,2% of LRE.

The Bank has established a Euro Medium Term Note (EMTN) program of a €1,5 billion size, in order to issue MREL. During 2022, the Bank is considering the issuance of MREL, with the instrument, size, duration and timing of issuance, subject to market conditions and investor interest and taking into account relevant advisor feedback.

The MREL requirement for the final target to be met by 31 December 2025 is expected to change over time due to: (a) possible changes in regulatory capital requirements and/or (b) changes in the financial position of the Bank (such as changes in RWAs, own funds, non-performing exposures). The Bank anticipates that the MREL requirement will be assessed and set on an ongoing basis.

The provisions on disclosures on MREL, as published by the EBA and the SRB, apply from 1st January 2024 at the earliest and the first reference date for reporting in accordance with the implementing technical standards was the 30 June 2021.

[38] On IFRS 9 transitional basis, excluding 1Q2022 unaudited profits.
[39] On IFRS 9 transitional basis, including 1Q2022 unaudited profits.
[40] Pro forma taking into account the positive impact from the Starlight agreement (includes the servicer sale gain, the RWA relief from the NPE disposal and the RWA increase from retaining the Senior Note and the Mezzanine).

2. ECONOMIC ENVIRONMENT

The Cyprus economy in 2021 started its recovery from the COVID-19 pandemic crisis. During 2021, Cyprus real GDP increased by 5,5% compared to 2020 pointing towards a gradual return to the normal growth path.

Pre crisis forecasts for the Cyprus economy at the beginning of 2022 was positive based on the prospects for further improvement in economic conditions. The expansion of the economy was expected to continue further during the second half of 2022, supported by the high vaccination rate for the adult population (as well as the gradual vaccination of young population) and the expected containment of COVID-related restrictions. The fears for a new series of measures following the spread of the Omicron variant quickly dissolved due to the quick and swift response of the Ministry of Health. Furthermore, the prospects for the tourism season were positive, based on the planned international flights data, the gradual reopening of the tourism market and the efforts of the industry to regain the lost ground caused by the pandemic and the support of the Government. Important sectors like Health, Education, ICT were expected to support further the recovery of the economy.

The Russian/Ukraine crisis moderate the expectations of a continued strong GDP expansion in Cyprus, at least in the short-term. There is increased uncertainty about the economic impact. Owing to the length and breadth of the conflict, the degree of severity of currently enacted sanctions and the extend of possible economic retaliation by Russia. The first signs of the effect are already evident on the elevated inflation rates that accelerated at the start of the year, following the commence of the military operations in Ukraine.

The economic impact in Cyprus is expected to be channeled through the foreseen surge in oil prices, the trade in goods and services such as minerals of oil and fuel, agri-food products (such as cereals, and sunflower oil), tourism and related to the hospitality sectors (such as restaurants and recreation activities), transportation (due to higher transportation costs) and a negative impact on a specific part of professional services (such as lawyers, accountants and administrative services). In addition, confidence effects cannot be ruled out. The exact effect of the pandemic cannot be easily identified due to the contracting effects that various factors affecting the Cyprus economy

The Cyprus economy at the first quarter of 2022, based on the preliminary data published by Cyprus Statistical Service, increased by 5,6% swiftly despite continued uncertainty created by the Russian/Ukraine crisis and the coronavirus (COVID-19) pandemic. The positive GDP growth rate during the first quarter of 2022 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".

Mobility restricted industries such as trade, transport, hospitality and other leisure related industries posted the highest growth rates during the first quarter of 2022, thus the economic activity remained strong at the beginning of the year. The overall assessment of the year is based on uncertainties at the hospitality and services sector, contraction in consumer sentiment that will be somewhat balanced by positive trends in employment.

Fears on the development of the Russian/Ukraine crisis as well as the developments of the COVID-19 pandemic, continue to imply downside risks to the recovery. Following the 5,0% decline in GDP in 2020, and the real GDP growth of 5,5% in 2021, we expect GDP to expand by 2,8% in 2022. 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.

Risks to the recovery seem less balanced than before but still skewed to the downside. The profile of 2022 outlook will still be largely determined by the Russian/Ukraine crisis and by the pandemic developments.

2. ECONOMIC ENVIRONMENT (CONTINUED)

Consequences of the recent developments

The labour market was affected negatively by the pandemic, although not in par with the fall in GDP. During 2020, the unemployment rate increased to 7,6% from 7,1% in the previous year. The average unemployment rate for 2021 decreased slightly to 7,5%. Labour market developments showed resilience and flexibility during 2021, and initial signs during the first quarter of the current year indicate that labour market have not been affected yet and continue the improvement path that started since mid-2021. Based on the seasonally adjusted data showing the trend of unemployment, the average number of registered unemployed during the first five months of 2022 decreased to 12.847 persons vs 31.885 in the corresponding period of the previous year. The unemployment rate (as published by CYSTAT in the quarterly Labour Force Survey) during the first quarter of 2022 dropped to 6,6%, compared to 8,6% in the first quarter of 2021.

The effect of the Ukraine/Russia crisis is already evident on inflation rates. During the first four months of 2022 the Harmonized Index of Consumer Prices (HICP) increased by 6,4% in comparison to the same period in 2022. The inflation trend is currently upwards with inflation rate starting at 5,0% during January, and gradually reaching 8,6% by April. This increase is mainly driven by the surge in energy prices. During the first four months of 2022, energy prices inflation reached 28,4% compared to the first months of 2021, with April energy prices inflation reaching 33,4%. Core inflation rate (HIPC excluding energy, food, alcohol and tobacco) during the first four months of 2022 increased by 3,3% compared to the first four months of 2021. This is expected, because of the significant increase of energy prices that gradually affect the other significant consumption sectors such as food and non-alcoholic beverages.

The fiscal position during the first quarter of 2022, improved as expected, due to the gradual removal of the extraordinary interventions to ameliorate the COVID 19 shock. The General Government fiscal results for the first quarter of 2022 indicate a surplus of €246 million compared to a deficit of €180 million in 2021. The debt to GDP ratio reached 104% at the end of 2021 from 115% the year before, an increase of about 24% of GDP and according to the latest projections from the Ministry of Finance, the debt to GDP ratio is expected to follow a downward trend and fall to 81% by the end of 2024, on the assumption that debt servicing costs will remain low.

In the banking sector, total non-performing exposures at the end of December 2021 were €3,0 billion or 11,1% of gross loans compared to 17,7% at the end of 2020, while the coverage ratio reached 43,1% at the end of 2021. 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 and Fitch and at a non-investment grade rating of Ba1 by Moody's. In September 2021, S&P affirmed its rating for Cyprus. Similarly, in April 2021, Fitch affirmed its Cyprus rating and revised its outlook to stable, reflecting the significant impact the global COVID-19 pandemic might have on the Cyprus economy and fiscal position. In July 2021, Moody's upgraded the rating for the Cyprus sovereign to Ba1 from Ba2, one notch below investment grade.

Recent facts and circumstances around COVID-19 suggest that the Cyprus economy is being negatively impacted by the pandemic outbreak and the resulting disruption of economic activity which could primarily impact specific lending portfolios. This development along with the expired loan moratoria to households and businesses, may adversely affect the ability of certain borrowers to repay their obligations and, consequently the amount of expected credit risk losses. The economic implications depend to a large extent on how long this crisis will last and vary on a case-by-case basis as each sector of the economy is affected differently. Given the high degree of uncertainty in relation to the longevity and severity of the events, the overall impact on the Cypriot economy remains unclear at this stage.

2. ECONOMIC ENVIRONMENT (continued)

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. These updated macroeconomic projections reflect the uncertainty surrounding the economy, and imply that the Cyprus economy growth is expected to slow due to the effects of the Russian/Ukraine crisis.

The table below shows the updated macroeconomic variables as per the Bank's Economic Research Department, for each scenario and the respective rebalanced scenario weights:

Table 1: Cyprus Economy – Macroeconomic Forecasts (1Q2022)

Scenarios		2022	2023	2024	Probability – weight %
	Real GDP (% change)	3,25	3,00	3,00	
	Unemployment (%)	6,50	6,00	5,50	
Optimistic	Inflation (% change)	4,00	2,00	1,00	20%
	Residential Price Index (% change)	2,50	3,00	3,00	
	Commercial Price Index (% change)	2,00	2,50	3,00	
	Real GDP (% change)	2,80	2,90	3,00	
	Unemployment (%)	7,00	6,50	6,00	
Baseline	Inflation (% change)	5,00	3,00	1,50	50%
	Residential Price Index (% change)	1,50	2,00	2,00	
	Commercial Price Index (% change)	1,00	2,00	2,00	
	Real GDP (% change)	0,25	0,50	0,75	
	Unemployment (%)	9,50	9,00	8,50	
Pessimistic	Inflation (% change)	7,50	5,00	3,00	30%
	Residential Price Index (% change)	(1,0)	0,50	1,00	
	Commercial Price Index (% change)	(2,0)	0,00	1,50	

3. STRATEGIC TARGETS AND OUTLOOK

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

Despite uncertainties, the overarching narrative for Cyprus remains positive, although growth is expected to be more moderate compared to 2021. The year 2021 closed much stronger than expected (GDP +5.5%). Our forecast for 2022 is revised down to 2,8% (from +3.8%) due to the expected effect of the Ukraine / Russia crisis in sectors like accommodation and restaurants, administrative and related services and a slowdown in consumption by local residents due to higher inflation rates. Although the Bank maintained the credit quality of the portfolio, as the various Cyprus government and EU support measures in regard to COVID-19 are being lifted and geopolitical uncertainties remain high, these could negatively impact specific lending portfolios. The ability of certain borrowers to repay their obligations may be adversely affected and, consequently, the amount of expected credit risk losses.

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 triggers 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 material non-performing exposures portfolio (“Project Starlight”), the Bank will be able to normalize its cost of risk going forward.

In these challenging times, 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 comprises of two pillars: growth focused on lending and strengthening of customer relationships and also deleveraging the NPEs portfolio. 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. During the first quarter of 2022, the Bank granted €269 million of new lending to viable households and businesses. Also, in line with the strategy of growing its business in Cyprus, the Bank entered into an agreement to acquire a performing loan portfolio from RCB Bank.

At the same time, the Bank is executing a Transformation Plan with the aim to enhance customer experience, increase revenues, while alongside 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, as well as exploring value added environmental, social and governance (ESG) ventures.

As the world is moving towards a cleaner, more sustainable future, the banking sector can play a decisive role during this transition. Shareholders, regulators, governments and other key stakeholders recognise the urgency to act and are beginning to exert pressure on financial institutions to mobilise. From strategy setting down to regulatory compliance and disclosures, ESG priorities are stipulated in response to the stakeholders and market expectations. In this respect, the Bank launched a dedicated ESG department during 2021, within the Bank’s Strategy and Transformation division. With this new set up, the Bank aims to invest further in sustainable development and consistently design its actions to improve the impact on environmental sustainability, social responsibility and corporate governance. The Bank aims to create value through sustainable products and activities and promotion of sustainability goals, in line with the initiatives of the Recovery and Resilience Plan for Cyprus. An action plan has been initiated towards incorporating the ESG agenda throughout the Bank, embedding clear targets set within strategy, organizational structure and risk management while contributing to the integration of the ESG considerations within the Bank’s culture. The overall responsibility of the development and implementation of the ESG strategy lies with the Internal Governance and Nominations Board committee. As the ESG initiative is part of the Transformation Plan, progress is closely monitored through the Transformation Plan governance.

3. STRATEGIC TARGETS AND OUTLOOK (CONTINUED)

The Bank is able to effectively tackle its NPEs in an accelerated way and with higher recoveries. Moreover, the Bank will accelerate the de-risking of its NPEs through the sale of two NPE portfolios, expected to be completed within 2022.

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 recovery of the real economy supporting 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 assessing 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.

Below we indicate the Medium-Term financial targets:

	FY2021	1Q2022	MTT[41]
Asset Quality			
NPE Ratio[42]	c.3,4%[43]	3,6%[44]	c.3%
Cost of Risk[45]	1,6%	(0,2%)	c. 50 bps
Profitability			
Cost to income ratio[46]	66%	72%	<60%
ROTE	(1,1%)	9,4%	c.7%
Capital & Funding			
CET 1 ratio (transitional basis)	c.19,1%[47]	c.19,1%[48]	>14%
Loans / Deposits ratio	c.40%[43]	40%[44,49]	>55%
New lending	€908 million	€269 million	> €1b p.a.

The above Medium-Term financial targets were set in December 2021 with the approval of the Bank's strategic plan.

Since then, the operating environment has significantly changed. The Russian/Ukraine crisis has moderated the growth expectations for the Cypriot economy and there is increased uncertainty regarding the potential economic impact of the crisis. Furthermore, elevated inflation rates arising from the crisis have resulted in a significant positive shift in interest rate curves. The expected higher interest rates will have a positive impact on the Bank's revenues going forward. However, there could also be negative pressure on the Bank's financial performance from the ongoing negotiations with the Union to reach a new collective agreement, possible increased loan defaults related to the higher costs of servicing loans and the weakening economy, especially given the uncertainty regarding the impact of the Russian/Ukraine crisis and the rising inflation. In light of these changes, the Bank expects to revisit its Strategic Plan and financial targets by year-end 2022, including its decision regarding the interest payment on the Contingent Capital Securities CCS1 and CCS2 and dividend on its ordinary shares, subject to relevant regulatory approval, as per its announcement dated 21 December 2021.

[41] The Medium-Term Targets (MTT) cover a period of 3-5 years.
[42] Excluding the NPEs covered by the APS agreement.
[43] Pro forma for exposures classified as HFS and the acquisition of Tranche A from RCB Bank.
[44] Pro forma for exposures classified as HFS.
[45] Adjusted for the amortisation of the APS indemnification asset.
[46] Adjusted for the Deposit Guarantee Scheme contribution and the Special Levy.
[47] Pro forma taking into account the negative impact from Tranche A and the positive impact from the Starlight agreement (includes the servicer sale gain, the RWA relief from the NPE disposal and the RWA increase from retaining the Senior Note and the Mezzanine).
[48] Pro forma taking into account the positive impact from the Starlight agreement (includes the servicer sale gain, the RWA relief from the NPE disposal and the RWA increase from retaining the Senior Note and the Mezzanine).
[49] Including 1Q2022 unaudited profits.

4. APPENDICES

APPENDIX A: Group Income Statement, Statement of Financial Position and Changes in Equity

GROUP INCOME STATEMENT (€million)	Note reference Appendix B	1Q2022	1Q2021	Δ YoY	4Q2021	Δ QoQ
Turnover		**107,0**	**98,0**	**+9%**	**105,6**	**+1%**
Continuing Operations						
Interest income		72,2	71,8	+1%	73,3	-2%
Interest expense		(10,1)	(6,5)	+55%	(10,1)	+0%
Net interest income	1	**62,1**	**65,3**	**-5%**	**63,2**	**-2%**
Fee and commission income		18,8	13,3	+41%	22,1	-15%
Fee and commission expense		(3,8)	(2,3)	+61%	(2,8)	+34%
Net fee and commission income		**15,0**	**11,0**	**+36%**	**19,3**	**-22%**
Net gains on disposal and revaluation of foreign currencies and financial instruments		1,2	1,3	-9%	0,1	+811%
Net income from insurance operations		8,3	8,2	+0%	4,9	+70%
Other income		6,6	3,4	+95%	5,2	+27%
Total net income		**93,2**	**89,2**	**+4%**	**92,7**	**+0%**
Staff costs		(41,3)	(33,8)	+22%	(32,7)	+26%
Depreciation and amortisation		(6,3)	(6,0)	+5%	(6,1)	+3%
Administrative and other expenses	2	(28,2)	(24,8)	+14%	(29,7)	-5%
Total expenses		**(75,8)**	**(64,6)**	**+17%**	**(68,5)**	**+11%**
Profit before net gains on derecognition of financial assets measured at amortised cost and impairment losses		**17,4**	**24,6**	**-29%**	**24,2**	**-28%**
Net gains on derecognition of financial assets measured at amortised cost		0,6	0,8	-25%	1,0	-39%
Impairment losses on financial instruments	3	9,6	(7,9)	-223%	(57,7)	-117%
Impairment losses on non-financial assets	3	(0,6)	(0,4)	+50%	(2,6)	-78%
Profit/(loss) before taxation		**27,1**	**17,2**	**+57%**	**(35,1)**	**-177%**
Taxation		(0,2)	(2,5)	-94%	4,1	-104%
Profit/(loss) for the period from continuing operations		**26,9**	**14,7**	**+83%**	**(31,0)**	**-187%**
Discontinued Operations						
Profit/(loss) for the period from discontinued operations		(1,8)	(1,8)	-3%	(1,7)	+5%
Profit/(loss) for the period		**25,1**	**12,9**	**+95%**	**(32,7)**	**-177%**
Profit/(loss) attributable to:						
Shareholders of the parent company from continuing operations		26,9	14,7	+83%	(31,0)	-187%
Shareholders of the parent company from discontinued operations		(1,8)	(1,8)	-3%	(1,7)	+5%
Non-controlling interests		0,0	(0,0)	-100%	(0,0)	-100%
Profit/(loss) for the period		**25,1**	**12,9**	**+95%**	**(32,7)**	**-177%**

Note: Numbers may not add up due to rounding.

APPENDIX A: Group Income Statement, Statement of Financial Position and Changes in Equity (continued)

GROUP STATEMENT OF FINANCIAL POSITION (€million)	Note reference Appendix B	31.03.2022	31.12.2021	Δ
Cash and balances with Central Banks		7.429	7.346	+1%
Placements with other banks[50]		435	414	+5%
Loans and advances to customers	4,5,6	6.073	5.732	+6%
Debt securities[50]	7,8	4.420	4.463	-1%
Equity securities and collective investment units[50]		106	94	+12%
Property, plant and equipment		177	180	-2%
Stock of property		156	169	-8%
Intangible assets		46	47	-2%
Tax receivable		5	3	+73%
Assets and disposal group held for sale		246	254	-3%
Other assets[50]		137	133	+3%
Total assets		**19.231**	**18.836**	**+2%**
Deposits by banks		194	122	+58%
Funding by Central Banks		2.288	2.294	-0%
Customer deposits and other customer accounts		15.179	14.942	+2%
Tax payable		3	3	+16%
Deferred tax liability		10	10	-3%
Other liabilities		296	227	+31%
Liabilities and disposal group held for sale		3	3	-7%
Loan capital		130	130	0%
Total liabilities		**18.102**	**17.730**	**+2%**
Share capital		206	206	-0%
Reserves		922	900	+3%
Equity attributable to shareholders of the parent company		**1.129**	**1.106**	**+2%**
Non-controlling interest		0	0	0%
Total equity		**1.129**	**1.106**	**+2%**
Total liabilities and equity		**19.231**	**18.836**	**+2%**

Note: Numbers may not add up due to rounding.

[50] Comparative figures on placements with other banks, investments in debt securities and investments in equity securities and collective investments, have been reclassified to conform with changes in the presentation of the current period which reflects the reclassification of the assets held to cover liabilities of unit linked funds included in "Other assets" to each of these categories.

APPENDIX A: Group Income Statement, Statement of Financial Position and Changes in Equity (continued)

GROUP 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 9)	Total	Non-controlling interests*	Total
	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000
Balance 1 January 2022	206,4	260,3	553,4	28,4	57,6	**1.106,2**	0,0	**1.106,2**
Total comprehensive income/(expenses) for the period net of taxation								
Profit for the period	-	-	-	25,1	-	**25,1**	0,0	**25,1**
Other comprehensive expenses	-	-	-	-	(2,6)	**(2,6)**	-	**(2,6)**
Transfer of excess depreciation on revaluation surplus	-	-	-	0,1	(0,1)	**-**	-	**-**
	-	-	-	25,3	(2,8)	**22,5**	0,0	**22,5**
Transactions with shareholders								
Contributions and distributions								
Defence on deemed dividend distribution liability	-	-	-	-	-	**-**	-	**-**
	-	-	-	-	-	**-**	-	**-**
Balance 31 March 2022	206,4	260,3	553,4	53,7	54,9	**1.128,7**	0,0	**1.128,7**

**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 Group Income Statement and Statement of Financial Position

1. Net interest income (€000)	1Q2022	1Q2021	Δ YoY	4Q2021	Δ QoQ
Interest income calculated using the effective interest method					
Financial assets at amortised cost:					
Negative interest income on funding by Central Banks	5.750	-	+100%	2.938	+96%
Interest income from placements with other banks	456	272	+68%	398	+15%
Interest income from loans and advances to customers	49.458	52.046	-5%	50.309	-2%
Interest income from debt securities	12.165	15.863	-23%	15.564	-22%
Interest income from indemnification assets	42	48	-13%	71	-41%
Interest income from negative interest rates on customer deposits	2.458	1.875	+31%	2.233	+10%
Financial assets at fair value:					
Interest income from debt securities at fair value through other comprehensive income	1.118	1.372	-19%	1.188	-6%
	71.447	**71.476**	**-0%**	**72.701**	**-2%**
Other interest income					
Interest income from other financial instruments	756	313	+142%	607	+25%
Total Interest income	**72.203**	**71.789**	**+1%**	**73.308**	**-2%**
Interest expense calculated using the effective interest method					
Interest expense on deposits by other banks	(118)	(184)	-36%	(181)	-35%
Interest expense on funding by Central Banks	(7.772)	(3.166)	+145%	(6.993)	+11%
Interest expense on customer deposits and other customer accounts	(1.048)	(1.297)	-19%	(1.053)	-0%
Interest expense from lease liability	(102)	(91)	+12%	(112)	-9%
	(9.040)	**(4.738)**	**+91%**	**(8.339)**	**+8%**
Other interest expense					
Interest expense on other financial instruments	(1.057)	(1.775)	-40%	(1.749)	-40%
Total Interest expense	**(10.097)**	**(6.513)**	**+55%**	**(10.088)**	**+0%**
Net interest income	**62.106**	**65.276**	**-5%**	**63.220**	**-2%**

APPENDIX B: Notes to the Group Income Statement and Statement of Financial Position (continued)

2. Administrative and other expenses (€000)	1Q2022	1Q2021	Δ YoY	4Q2021	Δ QoQ
Repairs, maintenance and other related costs	(5.344)	(5.477)	-2%	(6.614)	-19%
Other property expenses	(1.502)	(1.552)	-3%	(1.794)	-16%
Consultancy and other professional services fees	(2.374)	(2.415)	-2%	(1.196)	+98%
Insurance expenses	(1.434)	(1.138)	+26%	(845)	+70%
Advertising, PR and promotional expenses	(969)	(545)	+78%	(1.238)	-22%
Communication expenses	(1.588)	(1.693)	-6%	(1.731)	-8%
Staff training and other staff expenses	(550)	(770)	-29%	(690)	-20%
Release of provision for pending litigations or complaints and/or claims	(54)	-	+100%	(31)	+74%
Cash transfer and management of documents costs	(547)	(636)	-14%	(1.037)	-47%
Other administrative expenses	(2.292)	(2.301)	-0%	(3.328)	-31%
Regulatory Supervisory fees	(784)	(700)	+12%	(1.291)	-39%
Deposit Guarantee Scheme contribution	(2.646)	(2.213)	+20%	-	+100%
Special Levy on Credit Institutions	(5.608)	(5.346)	+5%	(5.485)	+2%
Early retirement cost	-	-	-	(568)	-100%
Transformation costs	(2.462)	-	+100%	(3.847)	-36%
	(28.154)	**(24.786)**	**+14%**	**(29.695)**	**-5%**

3. Impairment losses on financial instruments and non-financial assets (€000)	1Q2022	1Q2021	Δ YoY	4Q2021	Δ QoQ
Impairment losses on loan portfolio					
12 month expected credit losses	15.430	1.503	+927%	5.584	+176%
Lifetime expected credit losses (Stage 2)	3.799	(4.717)	-181%	(419)	-1.007%
Lifetime expected credit losses (Stage 3)	(10.774)	(7.038)	+53%	(54.482)	-80%
Impact of net modification and cash flows re-estimation	2.134	2.238	-5%	1.893	+13%
Lifetime expected credit losses on the value of purchased or originated credit impaired (POCI) loan portfolio	(3.231)	(4.523)	-29%	1.646	-296%
	7.358	**(12.537)**	**-159%**	**(45.778)**	**-116%**
Impairment losses on financial guarantees and loan commitments issued					
12 month expected credit losses	2.719	733	+271%	989	+175%
Lifetime expected credit losses (Stage 2)	642	189	+240%	(525)	-222%
Lifetime expected credit losses (Stage 3)	(177)	251	-171%	204	-187%
Lifetime expected credit losses on the value of purchased or originated credit impaired (POCI) financial guarantees issued and loan commitments issued	61	67	-9%	(11)	-655%
	3.245	**1.240**	**+162%**	**657**	**+394%**
Impairment losses on other financial assets					
12 month expected credit losses on the value of other receivables	3	19	-84%	54	-94%
Amortisation of indemnification asset	(1.250)	6.274	-120%	(12.420)	-90%
12 month expected credit losses on the value of debt securities	89	(71)	-225%	15	+493%
12 month expected credit losses on the value of Balances with Central Banks and Placements with other banks	6	(83)	-107%	(150)	-104%
Impairment losses on other receivables	187	(2.709)	-107%	(29)	-744%
	(965)	**3.430**	**-128%**	**(12.530)**	**-92%**
Impairment losses on financial instruments	**9.638**	**(7.867)**	**-223%**	**(57.651)**	**-117%**
Impairment losses on non-financial assets					
Intangible assets	-	-	-	(299)	-100%
Stock of property	(570)	(379)	+50%	(1.994)	-71%
Property, plant and equipment	-	-	-	(326)	-100%
	(570)	**(379)**	**+50%**	**(2.619)**	**-271%**
Total impairment losses on financial instruments and non-financial assets	**9.068**	**(8.246)**	**-210%**	**(60.270)**	**-388%**

APPENDIX B: Notes to the Group Income Statement and Statement of Financial Position (continued)

4. 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 2022	4.296.047	918.971	394.175	343.033	**5.952.226**
Transfer from Stage 1 to Stage 2	(102.128)	102.128	-	-	**-**
Transfer from Stage 1 to Stage 3	(5.105)	-	5.105	-	**-**
Transfer from Stage 2 to Stage 3	-	(28.871)	28.871	-	**-**
Transfer from Stage 3 to Stage 2	-	11.183	(11.183)	-	**-**
Transfer from Stage 2 to Stage 1	137.076	(137.076)	-	-	**-**
Transfer from Stage 3 to Stage 1	5.767	-	(5.767)	-	**-**
Transfer to held for sale	-	(6)	(251)	(219)	**(476)**
Acquisition of RCB loans "Tranche A"	285.612	-	-	-	**285.612**
Net movement during the period	60.806	(8.977)	(7.619)	(5.962)	**38.248**
Exchange difference	4.613	179	464	-	**5.256**
31 March 2022	**4.682.688**	**857.531**	**403.795**	**336.852**	**6.280.866**

For comparative information refer to Note 21 in the Audited Consolidated Financial Statements for the year ended 31 December 2021 (www.hellenicbank.com - Investor Relations).

5. 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 2022	33.204	51.526	142.843	(7.454)	**220.119**
Transfer from Stage 1 to Stage 2	(1.170)	1.170	-	-	**-**
Transfer from Stage 1 to Stage 3	(139)	-	139	-	**-**
Transfer from Stage 2 to Stage 3	-	(3.953)	3.953	-	**-**
Transfer from Stage 3 to Stage 2	-	2.393	(2.393)	-	**-**
Transfer from Stage 2 to Stage 1	4.751	(4.751)	-	-	**-**
Transfer from Stage 3 to Stage 1	1.249	-	(1.249)	-	**-**
Write offs net of recoveries of loan impairment losses	(77)	(1)	(7.880)	(963)	**(8.921)**
Contractual interest on impaired loans	36	74	4.683	3.368	**8.161**
Unwinding of discount	(26)	(57)	(2.424)	(3.307)	**(5.814)**
Decrease due to derecognition	(44)	(32)	(158)	(1.021)	**(1.255)**
Transfer to assets held for sale	-	(2)	(111)	7	**(106)**
Charge for the period	(15.430)	(3.799)	10.774	3.231	**(5.224)**
Exchange difference	13	9	806	-	**828**
31 March 2022	**22.367**	**42.577**	**148.983**	**(6.139)**	**207.788**

For comparative information refer to Note 21 in the Audited Consolidated Financial Statements for the year ended 31 December 2021 (www.hellenicbank.com - Investor Relations).

APPENDIX B: Notes to the Group Income Statement and Statement of Financial Position (continued)

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

6. Analysis of loan portfolio according to the counterparty sector as at 31 March 2022

	Total loan portfolio				Cumulative 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*								
General Governments	4.699	350	350	350	29	7	7	7
Other financial corporations	129.088	333	1.682	247	1.745	60	95	5
Non-financial corporations	2.586.254	154.854	376.688	83.240	98.859	60.071	47.448	26.144
of which: Small and Medium-sized enterprises (SMEs)	*2.079.748*	*154.854*	*367.930*	*83.240*	*95.607*	*60.071*	*46.660*	*26.144*
of which: Commercial real estate	*1.772.809*	*93.031*	*335.068*	*55.506*	*59.827*	*26.342*	*34.015*	*12.986*
By sector								
1. Construction	174.036	33.411			16.048			
2. Wholesale and retail trade	525.781	52.330			35.871			
3. Real estate activities	238.540	12.316			12.560			
4. Accommodation and food service activities	508.127	17.460			17.525			
5. Manufacturing	440.082	12.084			6.682			
6. Other sectors	699.688	27.253			10.173			
Households	3.560.825	496.868	335.990	256.383	107.155	110.870	38.728	42.149
of which: Residential mortgage loans	*2.669.026*	*346.188*	*247.004*	*186.173*	*46.360*	*51.123*	*18.360*	*20.326*
of which: Credit for consumption	*372.001*	*55.688*	*28.526*	*22.200*	*19.312*	*17.152*	*2.748*	*3.050*
	6.280.866	**652.405**	**714.710**	**340.220**	**207.788**	**171.008**	**86.278**	**68.305**
Loans and advances to customers classified as held for sale	**776.268**	**764.305**	**285.013**	**283.207**	**546.646**	**542.829**	**183.958**	**183.376**
Total loans and advances to customers – including loans and advances classified as held for sale	**7.057.134**	**1.416.710**	**999.723**	**623.427**	**754.434**	**713.837**	**270.236**	**251.681**

* Excluding loans and advances to central banks and credit institutions.

For comparative information refer to Section 1.1. "Loans and advances" and Section 1.2. "Assets held for sale" in the "Additional Risk and Capital Management Information" of the Audited Consolidated Financial Statements for the year ended 31 December 2021 (www.hellenicbank.com - Investor Relations).

APPENDIX B: Notes to the Group Income Statement and Statement of Financial Position (continued)

7. Investments in Debt securities (€'000)	31.03.2022	31.12.2021
Securities classified at fair value through other comprehensive income		
Listed	181.880	182.770
Accumulated expected credit losses	(13)	(16)
	181.867	**182.754**
Securities classified at amortised cost		
Listed	4.238.671	4.281.768
Accumulated expected credit losses	(1.238)	(1.324)
	4.237.433	**4.280.444**
Securities classified at fair value through profit and loss		
Listed	**291**	**293**
	4.419.591	**4.463.491**

8. Analysis of Debt securities by sector (€'000)	31.03.2022	31.12.2021
Governments	1.495.568	1.485.126
Banks	1.749.219	1.861.590
Other sectors	1.174.804	1.116.775
	4.419.591	**4.463.491**

9. Analysis of Revaluation Reserves (€'000)	31.03.2022	31.12.2021
Property revaluation reserve		
1 January	40.506	41.214
Deferred taxation on property revaluation	70	(196)
Transfer to retained earnings due to excess depreciation	(128)	(512)
	40.448	**40.506**
Revaluation reserve of investments at fair value through other comprehensive income		
1 January	17.130	20.386
Net revaluation surplus of investments in equity securities and collective investment units at fair value through other comprehensive income	74	1.820
Net revaluation deficit of investments in debt securities at fair value through other comprehensive income	(2.790)	(5.120)
Transfer to the income statement on disposal of investments in debt securities at fair value through other comprehensive income	-	44
	14.414	**17.130**
Total revaluation reserves	**54.862**	**57.636**

APPENDIX C: Reconciliations of Alternative Performance Indicators with Reported Figures

The below tables present reconciliations of the APIs with the reported results calculated and presented in accordance with IFRSs in Appendix B.

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

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

1.1 Reconciliations of gross loans and advances to customers

	Note reference Appendix B	31 March 2022 €'000	31 December 2021 €'000	31 March 2021 €'000
Gross PEs	6	**5.628.461**	5.302.414	5.275.697
Gross NPEs	6	**652.405**	649.812	1.521.335
Gross balances of Loans and advances to customers	6	**6.280.866**	5.952.226	6.797.032

1.2. Reconciliations of gross loans and advances to customers classified as held for sale

	Note reference Appendix B	31 March 2022 €'000	31 December 2021 €'000	31 March 2021 €'000
Gross PEs - classified as held for sale	6	**11.963**	12.059	7
Gross NPEs - classified as held for sale	6	**764.305**	764.060	52.344
Gross balances of Loans and advances to customers - classified as held for sale	6	**776.268**	776.119	52.351

1.3. Reconciliations of total gross loans and advances to customers

	Note reference Appendix B	31 March 2022 €'000	31 December 2021 €'000	31 March 2021 €'000
Gross PEs - including loans and advances classified as held for sale	6	**5.640.424**	5.314.473	5.275.704
Gross NPEs - including loans and advances classified as held for sale	6	**1.416.710**	1.413.872	1.573.679
Gross balances of Loans and advances to customers - including loans and advances classified as held for sale	6	**7.057.134**	6.728.345	6.849.383

1.4 Reconciliation of Accumulated Impairment losses on loans and advances to customers

	Note reference Appendix B	31 March 2022 €'000	31 December 2021 €'000
Accumulated impairment losses loans and advances to customers	6	207.788	220.119
Less: Accumulated impairment losses loans and advances to customers classified as held for sale	6	546.646	535.231
Total Accumulated impairment losses loans and advances to customers	6	754.434	755.350

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

2. Reconciliation of gross NPEs

	Note reference Appendix B	31 March 2022 €'000	31 December 2021 €'000
Gross balances of Loans and advances to customers and assets held for sale classified as Stage 3		**1.159.900**	1.148.692
Add: Purchased or originated credit impaired NPEs		**256.810**	265.180
Gross NPEs including Loans and advances to customers classified as held for sale	6	**1.416.710**	1.413.872
Gross balances of Loans and advances to customers classified as Stage 3 - classified as held for sale		**756.105**	754.517
Add: Purchased or originated credit impaired NPEs - classified as held for sale		**8.200**	9.543
Gross NPEs - classified as held for sale	6	**764.305**	764.060
Gross balances of Loans and advances to customers classified as Stage 3	4	**403.795**	394.175
Add: Purchased or originated credit impaired NPEs		**248.610**	255.637
Gross NPEs	6	**652.405**	649.812

3. Ratios' components reconciliations

3.1. Net Interest Margin ratio (NIM)

	Note reference Appendix B	31 March 2022 €'000	31 December 2021 €'000	31 March 2021 €'000
Interest income	1	**72.203**	289.991	71.789
Interest expense	1	**10.097**	33.987	6.513
Net interest income	1	**62.106**	256.004	65.276
Net interest income (annualised)		**248.424**	256.004	261.104
Net interest income	1	**62.106**	256.004	65.276
Less:				
TLTRO NII impact		**2.875**	-	-
Net interest income - adjusted for the TLTRO NII impact		**59.231**	256.004	65.276
Net interest income - adjusted for the TLTRO NII impact (annualised)		**236.924**	256.004	261.104
Interest bearing assets (average)		**18.372.972**	16.871.337	15.216.817
Funding by Central Banks (TLTROs) (average)		**2.291.056**	1.378.709	-
Interest bearing assets - adjusted for funding by Central Banks (TLTROs) (average)		**16.081.916**	15.492.628	-

3.2. Cost to income ratio

	Note reference Appendix B	31 March 2022 €'000	31 March 2021 €'000
Total expenses		**75.779**	64.559
Less:			
Special Levy on Credit Institutions	2	**5.608**	5.346
Deposit Guarantee Scheme contribution	2	**2.646**	2.213
Total expenses - adjusting for the Deposit Guarantee Scheme contribution and the Special Levy		**67.525**	57.000
Less:			
Transformation costs	2	**2.462**	-
Total expenses - adjusting for the Deposit Guarantee Scheme contribution, the Special Levy and the Transformation costs		**65.063**	57.000
Total net income		**93.154**	89.178

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

3.3. Cost of risk ratio

	Note reference Appendix B	31 March 2022 €'000	31 March 2021 €'000
Impairment losses on loan portfolio for the period*	3	**(5.224)**	14.776
Impairment losses on loan portfolio for the period* (annualised)		**(20.896)**	59.104
Impairment losses on loan portfolio for the period*		**(5.224)**	14.776
(Add)/less:			
Amortisation of the APS indemnification asset for the period	3	**(1.250)**	6.274
Impairment losses on loan portfolio - adjusting for the amortisation of the APS idemnification asset for the period		**(3.974)**	8.502
Impairment losses on loan portfolio - adjusting for the amortisation of the APS idemnification asset for the period (annualised)		**(15.896)**	34.008

** Excluding the "Impact of net modification and cash flows re-estimation" in Appendix B Note 3.*

3.4. NPEs ratios

	Note reference Appendix B	31 March 2022 €'000	31 December 2021 €'000
Excluding loans and advances classified as held for sale			
Gross NPEs	6	**652.405**	649.812
Less: Accumulated impairment losses	6	**207.788**	220.119
Net NPEs		**444.617**	429.693
Gross NPEs - covered by APS		**423.951**	434.788
Less: Accumulated impairment losses - covered by APS-NPEs		**73.264**	71.556
Net NPEs - covered by APS		**350.687**	363.232
Net NPEs - excluding APS		**93.930**	66.461
Including loans and advances classified as held for sale			
Gross NPEs	6	**1.416.710**	1.413.872
Less: Accumulated impairment losses	6	**754.434**	755.350
Net NPEs		**662.276**	658.522
Gross NPEs - covered by APS		**432.585**	445.166
Less: Accumulated impairment losses - covered by APS-NPEs		**76.890**	75.941
Net NPEs - covered by APS		**355.695**	369.225
Net NPEs - excluding APS		**306.581**	289.297

3.5. Net loans to deposits ratio

	Note reference Appendix B	31 March 2022 €'000	31 December 2021 €'000
Loans and advances to customers		**6.073.078**	5.732.107
Loans and advances to customers - including loans and advances classified as held for sale		**6.302.700**	5.972.995
Customer deposits and other customer accounts		**15.179.264**	14.941.933

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

3.6. Return on tangible equity (ROTE)

	Note reference Appendix B	31 March 2022 €'000	31 March 2021 €'000
Profit attributable to shareholders of the parent company		**25.122**	12.858
Profit attributable to shareholders of the parent company (annualised)		**100.488**	51.433
Average equity of the parent attributable to the shareholders of the parent company		1.117.574	1.134.423
Less: Intangible assets		46.263	51.279
Average tangible equity attributable to shareholders of the parent company		**1.071.311**	1.083.145
ROTE (%)		**9,4%**	4,7%

3.7. Basic earnings per share (EPS)

	Note reference Appendix B	31 March 2022 €'000	31 March 2021 €'000
Profit attributable to shareholders of the parent company		**25.122**	12.858
Weighted average number of ordinary shares during the period		**412.805**	412.805
EPS (€ cent)		**6,09**	3,11

3.8. Tangible Book Value per Share (TBVPS)

	Note reference Appendix B	31 March 2022 €'000	31 December 2021 €'000
Equity attributable to shareholders of the parent company		**1.128.993**	1.106.169
Less: Intangible assets		**46.263**	46.624
Tangible Equity		**1.082.731**	1.059.545
Number of issued shares		**412.805**	412.805
TBVPS (€ cent)		**2,62**	2,57

APPENDIX D: Glossary and Definitions

Name	Definition
A	
API	Alternative Performance Indicators
APS	Asset Protection Scheme
APS Cyprus	APS Debt Servicing Cyprus Ltd
B	
Basic earnings/(loss) per share (EPS)	Profit/(loss) attributable to shareholders of the parent company divided by the weighted average number of ordinary shares outstanding during the period.
Bps	Basis points
C	
Capital adequacy ratio	Total capital divided by Risk Weighted Assets
CBC	Central Bank of Cyprus
CBR	Combined buffer requirement
CCyB	Countercyclical capital buffer
CET 1 ratio	Common Equity Tier 1 capital divided by Risk Weighted Assets
CGBs	Cyprus Government Bonds
CLOs	Collateralised loan obligations
Cost to income ratio (CIR)	Total expenses (as defined) divided by total net income (as defined).
Cost of risk ratio (CoR)	Impairment losses on loan portfolio (excluding the impact of net modification and cash flows re-estimation) divided by gross loans at the end of the period (annualised).
CRR	Capital Requirements Regulation
CYSTAT	Cyprus Statistical Service
D	
DGS	Deposit Guarantee Scheme
DoLR	Department of Labour Relations
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.
EZ	Eurozone
F	
FY	Financial year
G	
GDP	Gross Domestic Product
Gross Loans	Gross carrying amount of loans and advances before deducting accumulated impairment losses
Gross Loans with forbearance measures	Forborne Exposures (EBA definition)
I	
ICT	Information and communications technology
IFRSs	International Financial Reporting Standards
Interest-bearing assets	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.
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.

APPENDIX D: Glossary and Definitions (continued)

Name	Definition
K	
KEDIPES	Cyprus Asset Management Company
L	
Leverage ratio (LR)	Tier 1 capital measure divided by the total exposure measure, defined in accordance with the Capital Requirements Regulation (EU) No 575/2013, as amended by Regulation (EU) 2019/876 (Tier 1/total exposure measure).
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 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, institutions may use their liquid assets to cover their net liquidity outflows.
M	
MTT	Medium-Term Targets
MREL	Minimum requirement for own funds and eligible liabilities
N	
Net fee and commission income	Fee and commission income less Fee and commission expense.
Net gains on disposal and revaluation of foreign currencies and financial instruments	Consist of net gain on foreign currency transactions, gain/(loss) on disposal and revaluation of financial instruments at fair value through other comprehensive income, surplus on revaluation of equity securities 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	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 (exc. 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 (exc. APS-NPEs) less accumulated impairment losses (exc. 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).
Non-interest income	Consists of net fee and commission income, net gains 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 applicable EBA definition (new EBA definition was applicable as at 1 January 2021).
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).
Net Stable Funding Ratio (NSFR)	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).
NPE ratio	Gross non-performing exposures as per applicable EBA definition (new EBA definition was applicable as at 1 January 2021) divided by gross loans.
NPE ratio excl. APS-NPEs	Gross non-performing exposures as per applicable EBA definition (new EBA definition was applicable as at 1 January 2021) excluding NPEs covered by the APS, divided by gross 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

APPENDIX D: Glossary and Definitions (continued)

Name	Definition
P	
P2G	Pillar II guidance
P2R	Pillar II requirement
PD	Probability of default
PEs	Performing exposures
Pro forma for HFS (held for sale)	References to pro forma figures and ratios as at 31 March 2022 and 31 December 2021 refer to the disposal of two non-performing portfolios. Their completion remains subject to customary, regulatory and other approvals and is currently expected to occur within 2022.
Project Starlight	Project Starlight refers to the sale of a NPE portfolio with gross carrying value of c.€0,7 billion as at 31 March 2022 and 31 December 2021. For further information please refer to Section 1.2.3 "Loan Portfolio Quality".
Q	
QoQ	Quarter on quarter
R	
REO	Real estate owned
Return on tangible equity (ROTE)	Profit/(loss) attributable to shareholders of the parent company (annualised) divided by average tangible equity attributable to shareholders of the parent company.
RMBS	Residential mortgage-backed security
RRF	Recovery and Resilience Facility
RWAs/TREA	Risk Weighted Assets/Total risk exposure amounts
S	
SFTs	Securities financing transactions
SMEs	Small and Medium sized enterprises
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.
Total net income	Consists of net interest income (as defined) and non-interest income (as defined).
Y	
YoY	Year on year

Basis of preparation of the Commentary on the Group Financial Results for three-month period ended 31 March 2022

The Commentary on the Group Financial Results three-month period ended 31 March 2022 including Appendices (the "Commentary") is neither reviewed nor audited by the external auditors.

The purpose of the Commentary is to provide an overview of the Group Financial Results three-month period ended 31 March 2022.

The Commentary should be read in conjunction with the Consolidated Financial Statements for the year ended 31 December 2021 and the Presentation of the Group Financial Results for the three-month period ended 31 March 2022. Neither the Commentary nor the Presentation constitute statutory financial statements prepared in accordance with International Financial Reporting Standards.

The Commentary on the Group Financial Results for the three-month period ended 31 March 2022, Consolidated Financial Statements for the year ended 31 December 2021 and the Presentation of the Group Financial Results for the three-month period ended 31 March 2022 have been posted on the Group's website www.hellenicbank.com (Investor Relations).

Disclaimer - Forward looking statements

Certain statements in the Commentary on the Group Financial Results 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 and associate 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 the Commentary 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 the Commentary are made as at the date of the Commentary 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.