

Attica Bank Analyst Presentation FY 2012

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 **attica bank**
Μαζί, πιο ισχυροί.

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FY 2012 Highlights

- Total assets: -6.6%
- Loans to customers: -3.3%
- Customer deposits: -5.6%
- Loans in arrears > 90 days: 22.9% of total loans
- Loss before taxes: 192.0 million euros
- Operating income: 59.4 million euros
- Operating expenses: 249.9 million euros
- Net interest income: -56.6%
- Provisions for credit risks: 31.2%

Capital*

- Capital Adequacy Ratio: 16.0%
- Tier I Capital Ratio (Tier I): 15.0%

**pro forma after the rights issue and the CoCo, FY 2012 data.*

amounts in euro millions	2012	2011	Change %
Total Loans before provisions	3.602,7	3.725,7	-3,3%
Accumulated Provisions	361,8	256,8	40,9%
Deposits	2.917,7	3.089,8	-5,6%
Shareholders' Equity	96,3	259,1	-62,8%
Assets	3.898,3	4.175,9	-6,6%
amounts in euro millions	2012	2011	Change %
Operating Income	59,4	119,7	-50,4%
Operating Expenses *	249,9	369,0	-32,3%
Pre- Provision profit	-49,1	3,8	
Provisions for PSI and securities impairments	12,5	154,2	-91,9%
Provisions for credit risks	130,4	99,4	31,2%
Profit / (loss) before taxes	-192,0	-249,8	
Taxes	-10,4	0,0	
Profit / (loss) after taxes	-181,6	-249,8	

** Including provisions*

Key terms

Equity Tranche 199.4 million euros

- **Reverse split 7 for 1 before the rights issue**
- **Issue Price: € 0.30 per share**
- **19 new shares for each existing share**
- **Majority Shareholder expected to participate in the issue and take up more than its quota**

CoCo Tranche 199.4 million euros

- **Attractive coupon**
- **Nominal value/ issue price of each note: € 0.30**
- **Conversion into equity**
 - **Within 5 years:** If the Bank's capital adequacy ratios fall below the regulatory minimum
 - After 5 years, mandatory conversion into common shares
 - Optional conversion at any optional conversion date
- **Status and subordination.**

Notes :

- Are subordinated to depositors and subordinated creditors
 - Rank pari passu with the holders of other financial instruments qualifying as Tier I capital, with the exception of common shares
 - Are senior to common shares
- The notes will not be listed on a market

Focus points

Attica Bank is likely to be the only private bank in Greece in the future with no state involvement

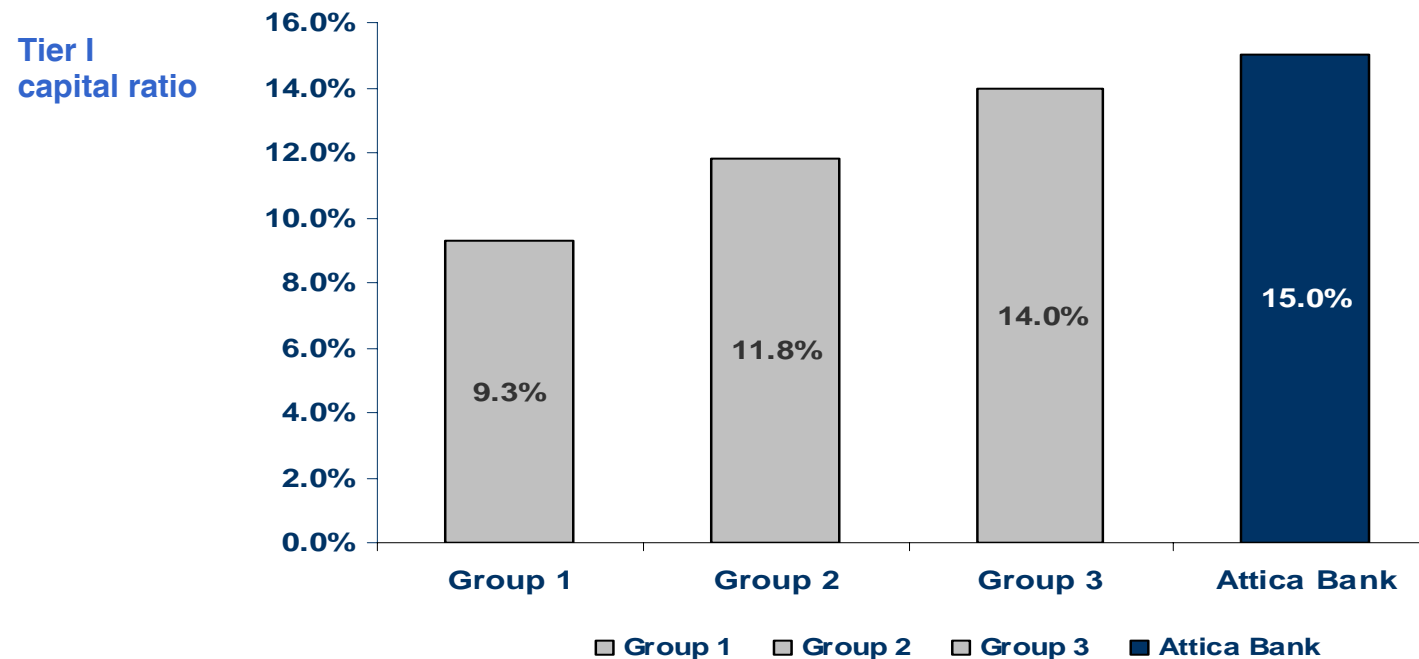
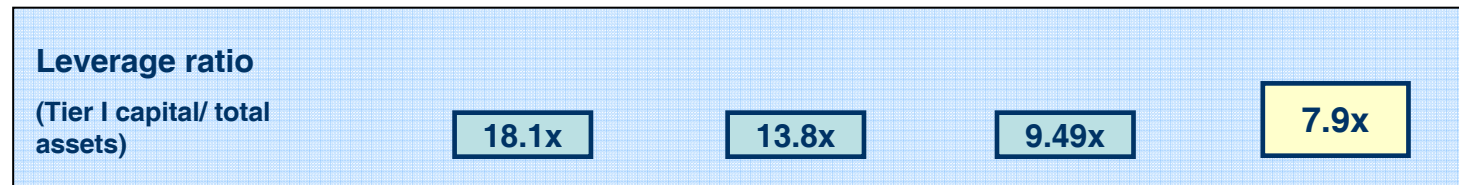
Strong commitment of the Bank's largest shareholder

Positive own equity and historically above sector average loan portfolio quality

A bank that is planned to grow at a time when the banking sector in Greece is likely to shrink

Terms that facilitate the participation of all investors

Pro forma capital adequacy and leverage ratios



Source: Attica Bank & banks' presentations

Attica Bank in 2012- Loans

Attica Bank in 2012

In 2012 the total assets and loans balances of the Bank decreased further.

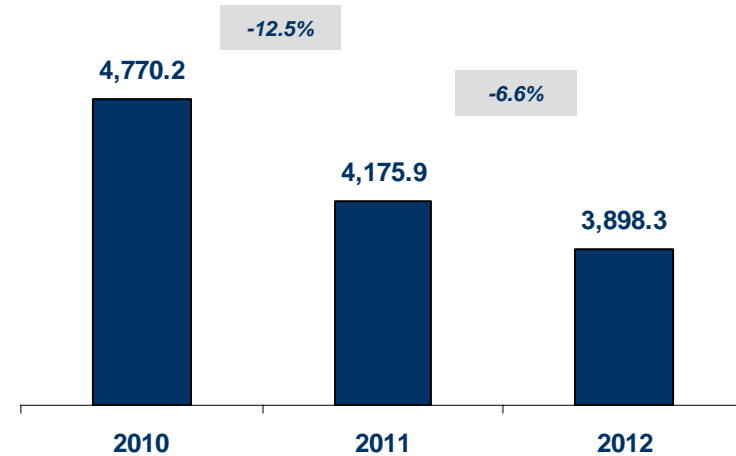
Total assets were down by 6.6% y-o-y against a sector average of -7.3%.

Loans before provisions were down by 3.3% y-o-y against a sector average of -8.4%.

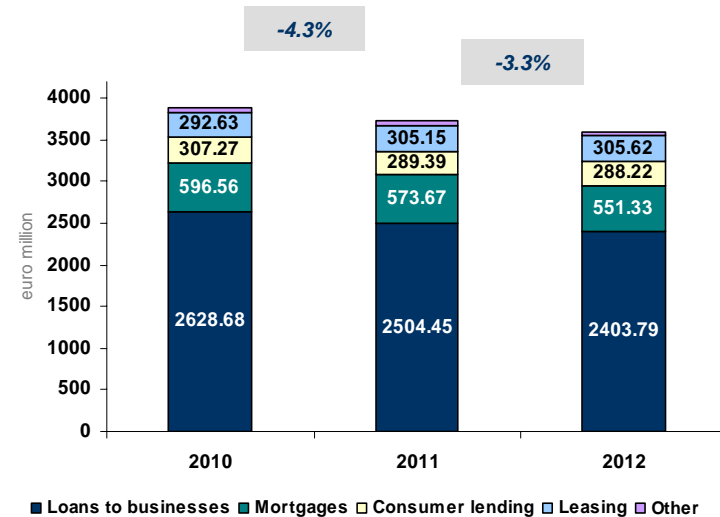
In the last 3 years the total assets of the Bank have decreased by about 26% against a sector average of about 10%.

Similarly loans in the same period have decreased by about 12% against a sector average of 10%.

Attica Bank, Total Assets 2010 - 2012

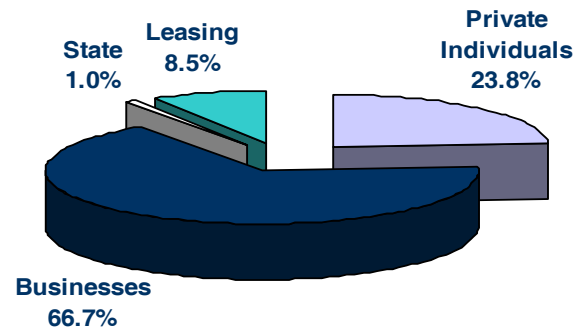


Loans before provisions 2010 - 2012

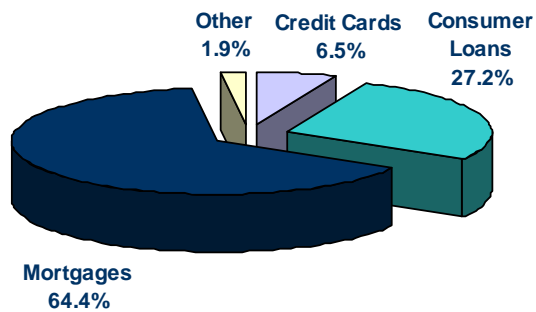


Attica Bank in 2012-Loans

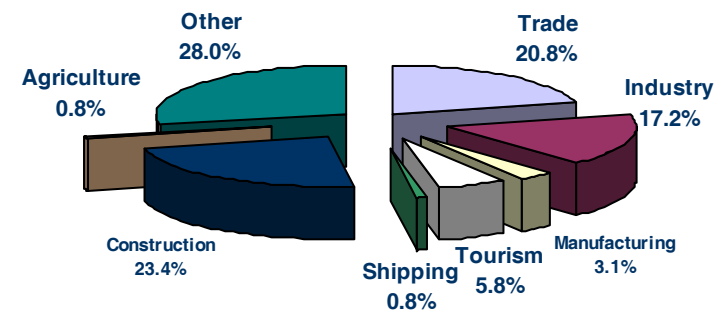
Breakdown of the loan portfolio by type, FY2012



Loans to Private Individuals by type, FY2012



Loans to businesses by sector, FY 2012



Attica Bank in 2012-Loans

In 2012 the Greek banking system faced increased challenges as a result of worsening macroeconomic conditions.

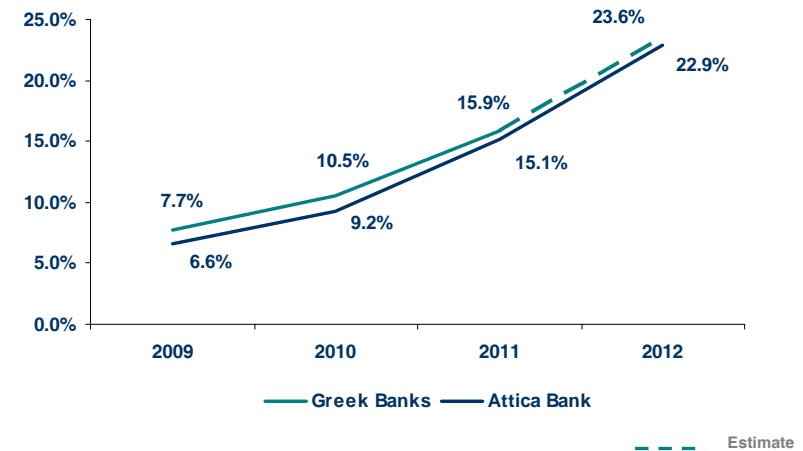
Attica Bank's performance has been better than the sector average from several aspects.

Lending growth rates in the Greek banking system have been falling with the balances of consumer loans and mortgages shrinking faster than the balances of business loans.

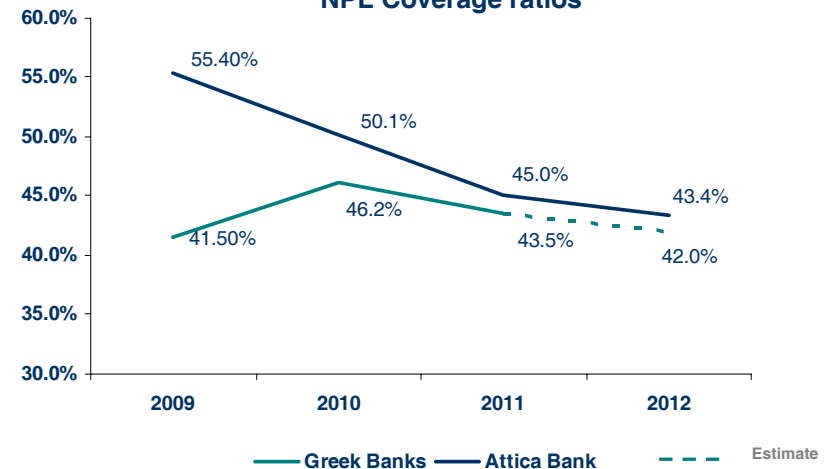
At the same time the NPL rates have been increasing with consumer loans displaying the highest NPL ratios.

As shown in the diagrams, in the last years NPL ratios for Attica Bank have been below the sector average and above the sector average when it comes to NPL coverage ratios.

NPL Ratios



NPL Coverage ratios



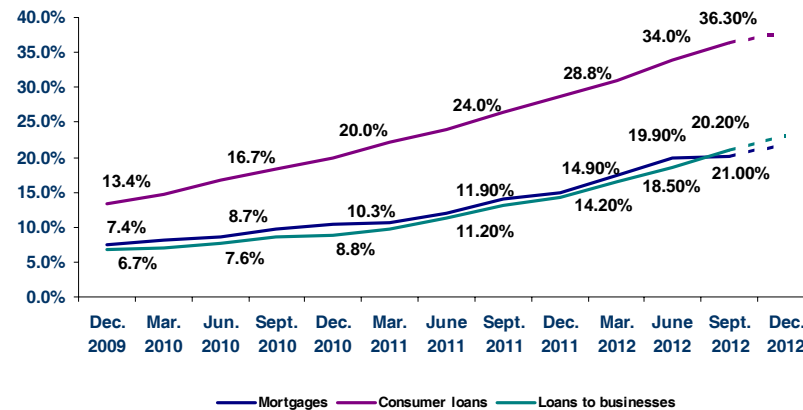
Source: Bank of Greece and Attica Bank

Attica Bank in 2012-Loans

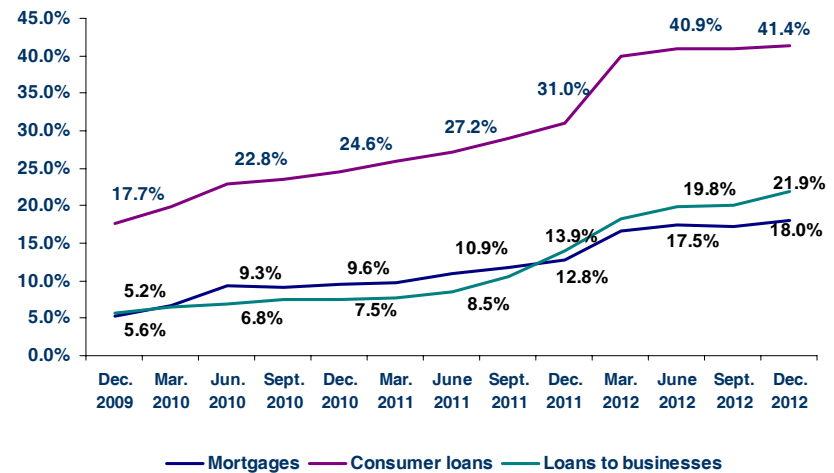
When it comes to the breakdown of NPLs, in the last years NPL ratios for Attica Bank have been below the sector average for business loans and mortgages and above the sector average for consumer loans.

However, it should be noted that consumer lending (consumer loans & credit cards) accounts for only 8% of the Bank's total loan portfolio.

NPL Evolution by Segment, Greek Banking System

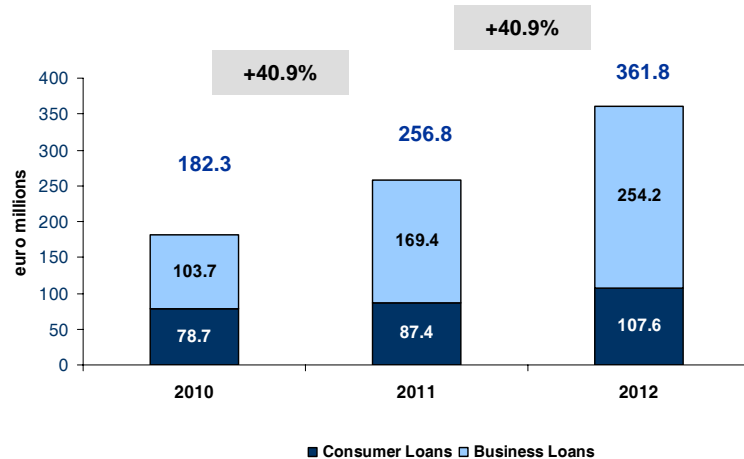


NPL Evolution by Segment, Attica Bank



Attica Bank in 2012-Loans

Accumulated provisions, Attica Bank 2010-2012



Accumulated provisions for non-performing loans amounted to 361.8 million euros, displaying an annual increase of 40.9%. In 2012 loans amounting to 25.4 million euros were written off.

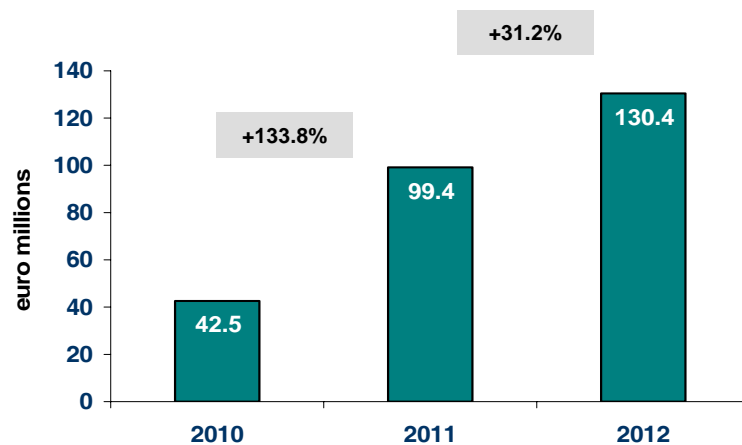
Acting preemptively, and in line with the results of the BlackRock assessment, the Bank formed provisions for non-performing loans of 130.4 million euros in FY 2012, against 99.4 million euros for FY 2011 (+31.2% y-o-y).

The Bank's planning for the period 2013-2016 foresees increased provisions that are expected to cover any additional requirements deriving from BlackRock's assessment.

The coverage ratio for loans that are more than 90 days in arrears from accumulated provisions was 43.4% for FY 2012, reflecting a policy of high provisions that is being implemented consistently during the last years.

The provisions/average loans ratio was 358 bps for 2012 (FY 2011: 263 bps).

Annual provisions, Attica Bank 2010-2012



Attica Bank in 2012

Deposits- Funding

Attica Bank in 2012- Deposits, Funding

Main factors influencing liquidity in the Greek Banking system in 2012:

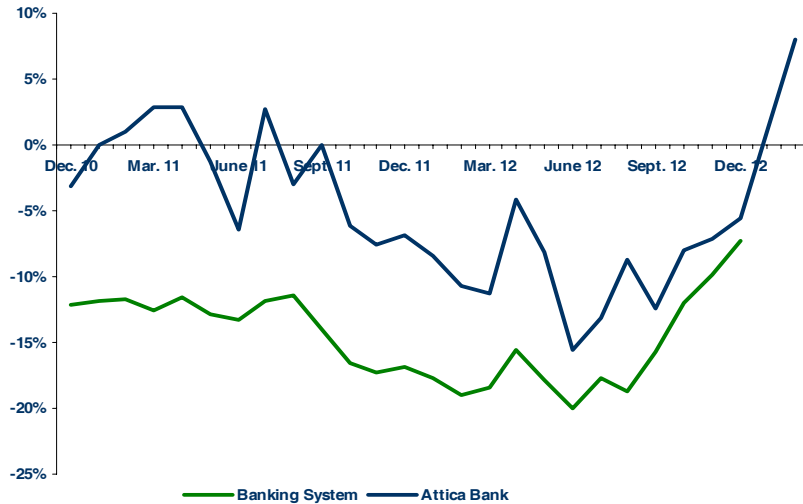
- **Outflow of deposits due to political uncertainty especially during the first half of the year**
- **Deteriorating quality of collaterals used for central bank funding**
- **Increasing cost of liquidity**

The response of the Bank

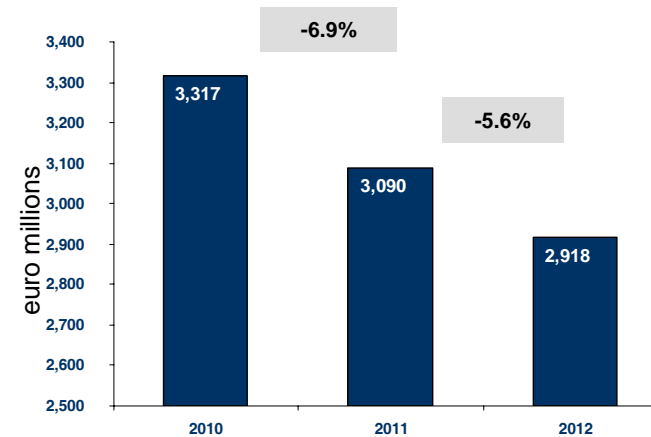
- **Make good use of all available collaterals for central bank funding**
- **Limit the cost of Eurosystem funding**
- **Reasonable pricing that does not fuel the pricing race**
- **Focus on keeping a stable customer base**

Attica Bank in 2012-Deposits, Funding

Greek Banking System, Deposits: y-o-y changes (%) 2012



Attica Bank, Deposits, 2010 - 2012



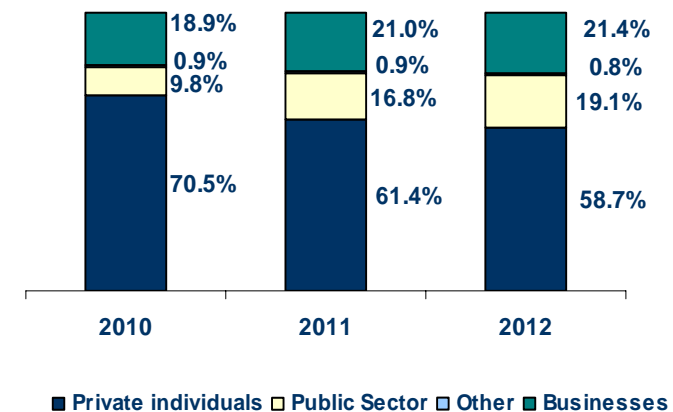
During 2012, deposits in the Greek banking system were reduced by about 13 bn. euros (-7.3% y-o-y) due to developments in the macro-environment.

The Bank's deposits were also reduced, but at a slower annual rate (-5.6%).

By the first quarter of 2013 the deposits that left Bank in 2012 were recovered with the deposits balances exceeding the respective 2010 levels.

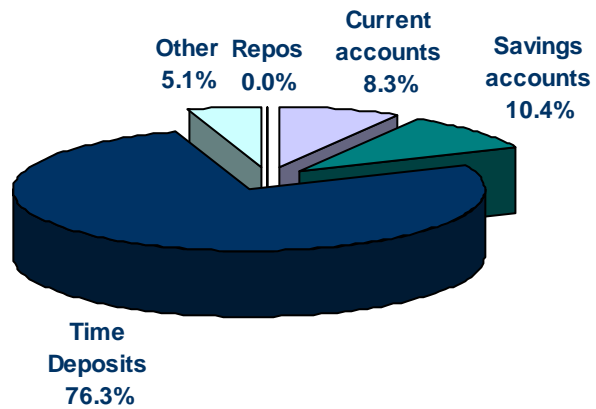
The Bank has a stable depositor base consisting of a large number of private individuals.

Breakdown of due to customers per type of customer, 2010 - 2012

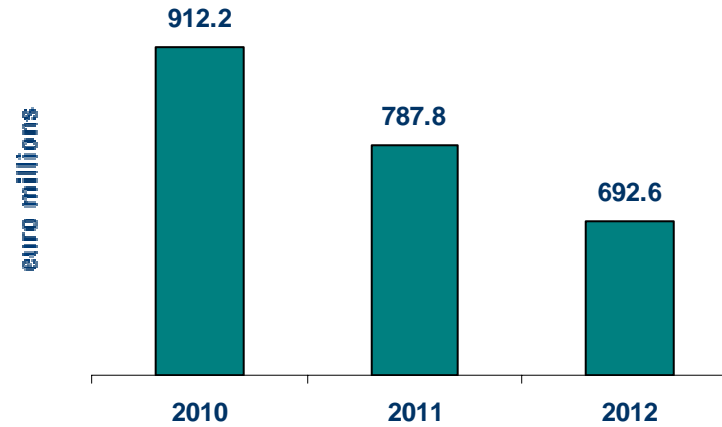


Attica Bank in 2012-Deposits, Funding

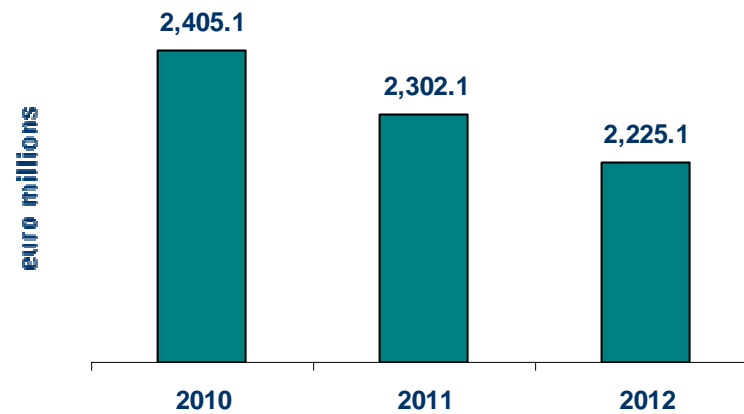
Breakdown of deposits per type, FY 2012



Core Deposits, 2010 - 2012



Time Deposits, 2010 - 2012



Attica Bank in 2012-Deposits-Liquidity

The reliance of Greek banks on borrowing from the ECB and the Bank of Greece (ELA) increased significantly during 2012, peaking in June and falling since then.

The Bank's reliance on Eurosystem funding at the end of the year stood at about 17.7% of total assets against a sector average of about 27.4%.

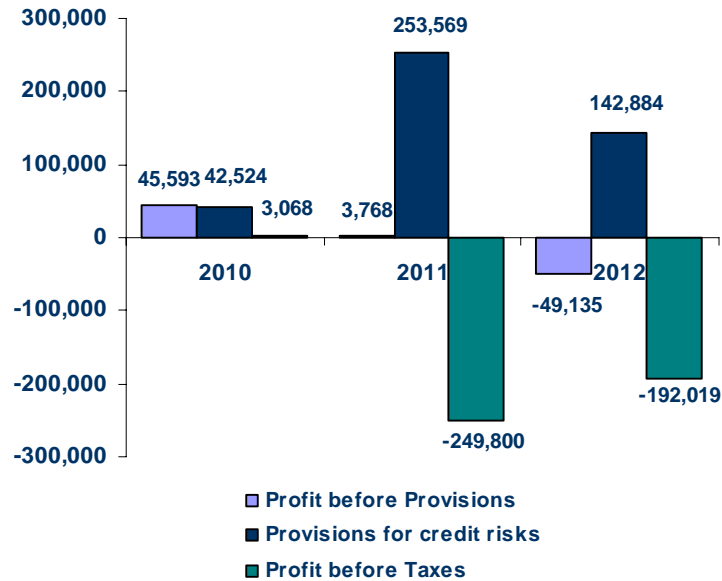
Reliance on Eurosystem funding was reduced further in the first quarter of 2013.

ECB and ELA funding, % of total assets		
	Sector	Attica Bank
31/12/2009	10,1%	9,5%
31/3/2010	13,3%	11,8%
30/6/2010	17,3%	14,5%
30/9/2010	17,9%	15,4%
31/12/2010	19,0%	12,6%
31/3/2011	17,7%	13,0%
30/6/2011	20,5%	14,8%
30/9/2011	26,7%	14,9%
31/12/2011	23,9%	14,9%
31/3/2012	28,8%	19,5%
30/6/2012	30,9%	27,6%
30/9/2012	29,9%	24,8%
31/12/2012	27,4%	17,7%
31/3/2013	n.a	11.0%*

Source: Bank of Greece and Attica Bank
* estimate

Profit & Loss account

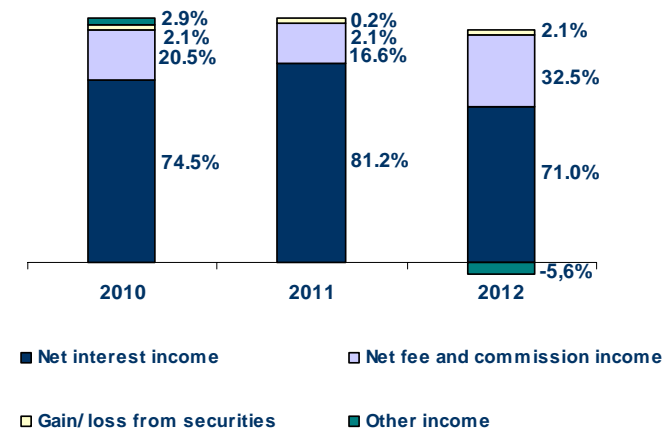
P & L Evolution (euro 000s)



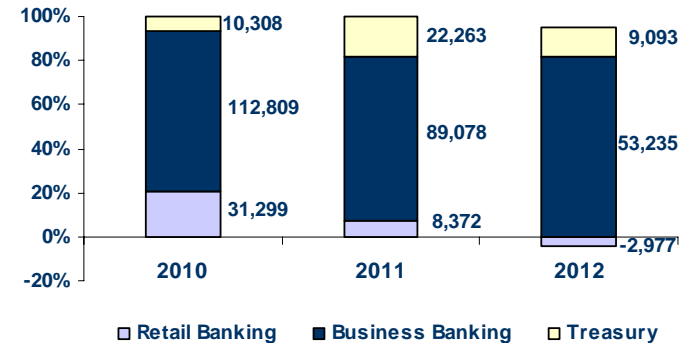
The Group had a pre-tax loss of 192 million euros in 2012, against losses of 249.8 million euros in 2011.

Provisions for credit risk and increased liquidity cost weighed heavily on FY2012 results.

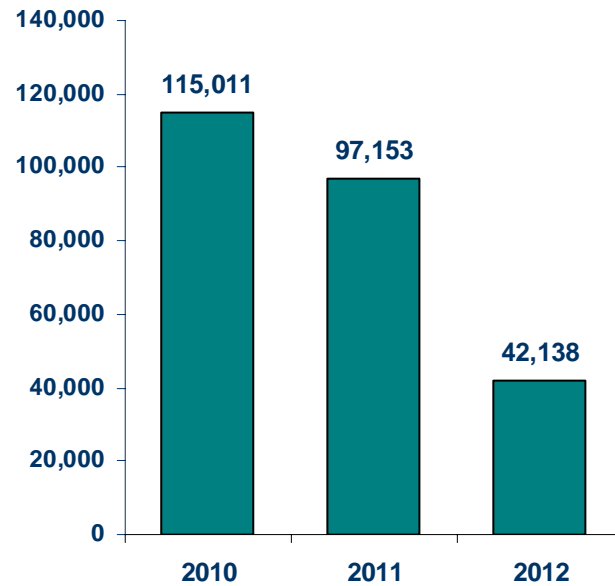
Operating income by source



Operating income by segment (euro 000s)



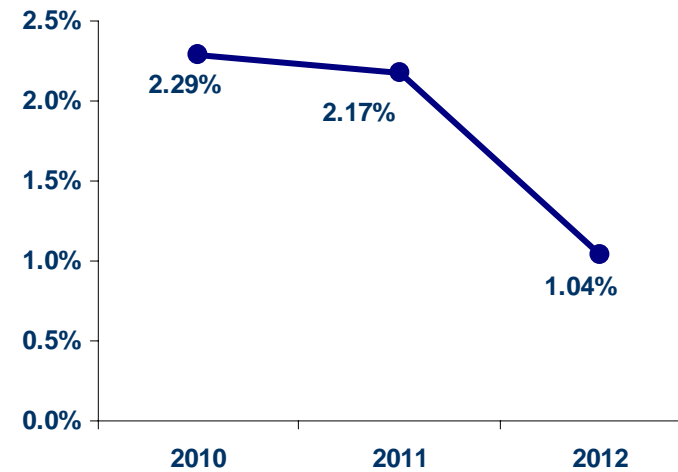
Group Net Interest Income (euro 000s)



The Group Net interest income in 2012 decreased by 56.6% on a year on year basis, mainly due to the increased cost of funding (+ 17.2%)

As a result, the Net Interest Margin (Net interest income / Average Total Assets) decreased to 1.04% in 2012 (2011: 2.17%).

Net Interest Margin (NIM)



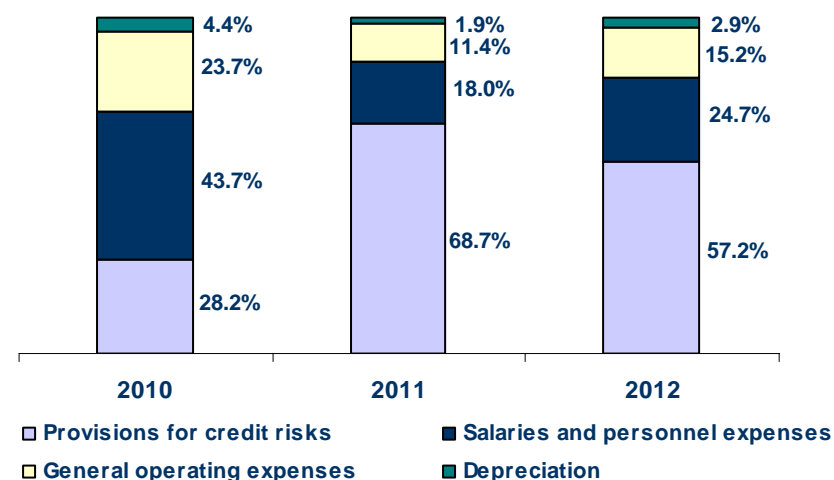
Operating Expenses

amounts in Euro million	2010	2011	2012	% Change 2010/2011	% Change 2011/2012
General Operating Expenses	35.8	42.2	37.9	18.1%	-10.2%
Personnel Expenses	66.0	66.3	61.8	0.5%	-6.8%

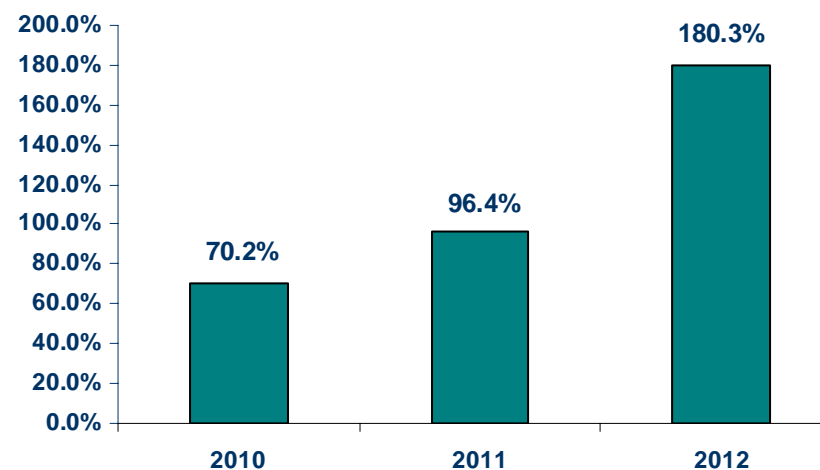
In 2012 operating expenses (excluding provisions for credit risk and depreciation) were reduced by about 10% on a year-on-year basis.

It is also noted that in 2012 personnel cost was reduced by about 7% on a year-on-year basis.

Operating expenses breakdown



Cost / Income Ratio (excluding provisions)



Participation in the GGB buyback scheme

Attica Bank in 2012-Participation in the GGB buyback scheme

Participation in the buyback scheme

- **Attica Bank participated with bonds of a nominal value of 58.7 million euros (31.38% of the bank's total GGB portfolio).**
- **Out of this amount:**
 - **42.9 million refer to GGBs of the AFS portfolio**
 - **15.7 million refer to GGBs of the HTM portfolio**
- **The participation in the scheme produced gains of 5.3 million euros**

Attica Bank in 2012

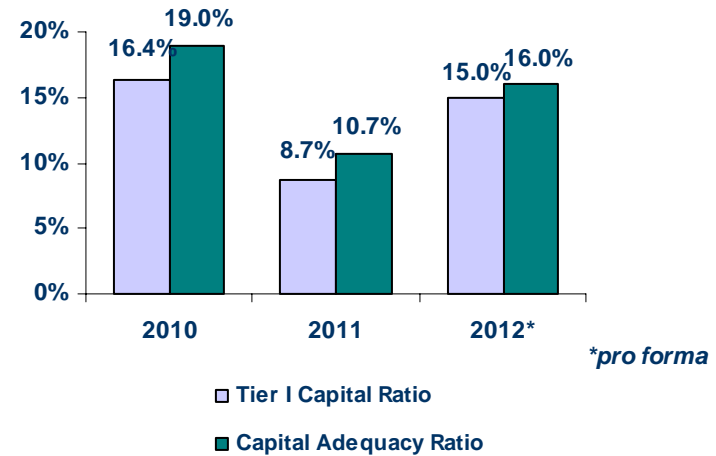
Capital

Attica Bank in 2012-Capital Adequacy

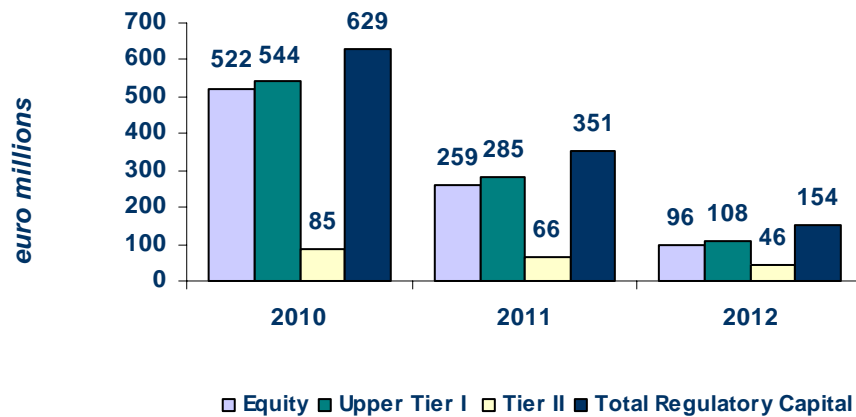
According to the capital needs assessment of the Bank of Greece, Attica Bank will need to increase its capital by 396 million.

After the successful completion of the capital increase the Tier I ratio of the Bank is expected to reach 15% and the total capital adequacy ratio is expected to be 16% (based on FY2012 data).

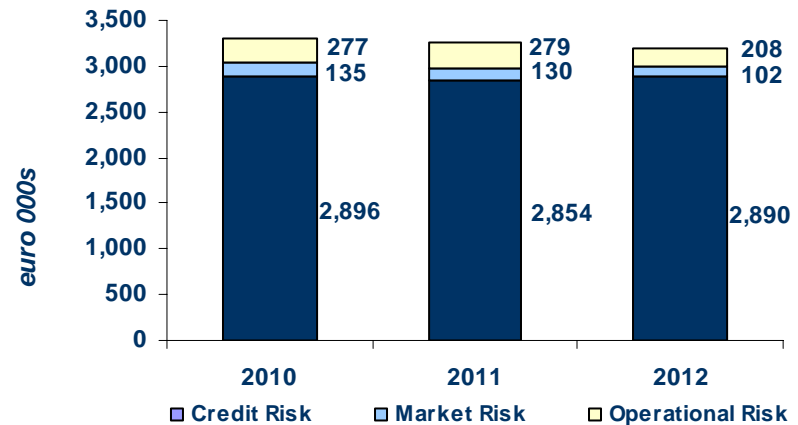
Attica Bank: Capital Adequacy Ratios



Capital



Risk Weighted Assets



Attica Bank: The way ahead

Vision

Establish Attica Bank as a specialized medium-sized bank with a strong presence in the market.

Means

The capital increase which constitutes the immediate and absolute priority of the Bank.

«In this critical period for Greece and the Greek banking system, Attica Bank's top priority remains the maintenance of sound financial figures, in order to create the conditions for providing liquidity and support to the real economy.

The positive equity, despite the highly increased provisions for non-performing loans reflects the dedication of Attica Bank to the sound management of credit risk, to the containment of operating expenses and to the control of operating risks in general.

Given the uncertainty about economic developments in Greece and in the Eurozone, Attica Bank has already initiated a share capital increase in order to strengthen its capital base and raise capital ratios to high levels, which will allow the Bank to access low-cost liquidity and expand further, taking always into consideration the current conditions.

By giving priority to assisting its customers and with the support of its largest shareholder, ETAA-TSMEDE, and of its other shareholders, Attica Bank has still the answers to the problems created by the economic crisis and the recession in Greece, and lays the foundations for a healthy and autonomous growth course in future.»

Ioannis Gamvrellis
Chairman of the BoD
and Executive Director



Appendix

Group Results by Segment

(euro millions)	2010			2011			2012			Total		
	Retail	Business Banking	Investment Banking & Treasury	Retail	Business Banking	Investment Banking & Treasury	Retail	Business Banking	Investment Banking & Treasury	2011	2012	Change %
Operating Income	31.3	112.8	10.3	8.4	89.1	22.3	-3.0	53.2	9.1	119.7	59.4	-50.4%
- Net interest income	-20.10	129.97	5.14	-34.76	128.21	3.70	-50.77	103.83	-10.93	97.2	42.1	-56.6%
- Net fee and commission income	5.89	27.98	-2.26	2.06	19.34	-1.55	2.97	16.55	-0.23	19.9	19.3	-2.9%
- Income from trading & other income	1.99	1.65	4.14	0.52	-0.47	2.65	-0.24	-2.90	1.07	2.7	-2.1	-176.4%
- Adjustment between segments	43.51	-46.80	3.28	40.55	-58.01	17.46	45.06	-64.25	19.19	0.0	0.0	
Income from investments in associates	0.00	0.00	-0.47	0.00	0.00	-0.54	0.00	0.00	-1.45	-0.5	-1.4	170.4%
Profit / (loss) before taxes	-11.21	14.09	0.19	-30.88	-88.59	-130.34	-52.19	-130.02	-9.80	-249.8	-192.0	
Taxes										0.0	10.4	
Profit / (loss) after taxes										-249.8	-181.6	
Provisions for credit risks and securities impairment	-19.32	-23.21	0.00	-13.38	-93.15	0.00	-25.14	-105.24	0.00	-106.5	-130.4	22.4%
Provisions for PSI	0.00	0.00	0.00	0.00	0.00	-147.04	0.00	0.00	-12.51	-147.0	-12.5	
Depreciation	-1.44	-4.60	-0.57	-1.53	-5.02	-0.31	-1.65	-5.35	-0.35	-6.9	-7.4	7.2%
Total Assets	969.85	3,107.71	692.67	897.42	2,934.97	343.51	840.43	2,719.02	338.82	4,175.9	3,898.3	-6.6%
Total Liabilities	2,940.18	1,212.18	95.53	2,361.46	1,460.50	94.82	2,189.54	1,517.71	94.69	3,916.8	3,801.9	-2.9%

Key Financial Ratios

BALANCE SHEET STRUCTURE	Bank		Group	
	2012	2011	2012	2011
Due to customers / Loans and Advances to customers (before provisions)	81.37%	83.28%	80.99%	82.93%
Due to customers / Total Assets	75.04%	74.19%	74.85%	73.99%
Loans and Advances to customers (after provisions) / Total Assets	82.97%	82.95%	83.14%	83.07%
Total Equity / Total Assets	2.35%	6.07%	2.47%	6.21%
Total Equity / Due to customers	3.13%	8.18%	3.30%	8.39%
EFFICIENCY				
Profit before taxes / Average Equity (RoAE)	-111.04%	-65.70%	-108.04%	-63.93%
Profit before taxes / Average Total Assets (RoAA)	-4.75%	-5.68%	-4.76%	-5.58%

Key Financial Ratios

	Bank		Group	
	2012	2011	2012	2011
Total operating expenses less provisions and depreciation / Total Assets	2.47%	2.51%	2.56%	2.60%
Operating expenses less provisions and depreciation / Total operating income	176.67%	94.90%	167.95%	90.67%
Provisions / Loans in arrears for more than 90 days	43.4%	45.0%	43.4%	45.0%
Provisions / Loans in arrears for more than 180 days	49.8%	53.0%	49.8%	53.0%
Tier I Capital Ratio (Tier I)	15.0% *	8.6%	15.0% *	8.7%
Capital Adequacy Ratio	16.0% *	10.6%	16.0% *	10.7%

* pro forma

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