

FINANCIAL RESULTS

# Q3 2023

NOVEMBER 2023



 **attica bank**

## Key Takeaways

- Recurring Pre Provision Profit of €11.5 mln vs loss of €34.2 mln in the comparative period.
- Profit before taxes of €17.0 mln vs loss of €32.1 mln in the comparative period.
- Doubled Group's recurring operating income of €64.6 mln yoy compared to €32.1 mln in the comparative period.
- NII at record high for the last quarters, while on an annual basis recorded a remarkable increase of 77.6%. Key driver was the increase of interest income from loans by 54%, as a result of the increase in floating interest rate loans and the Bank's credit expansion. Also, a notable increase was recorded for a 3<sup>rd</sup> consecutive quarter at interest income from credit institutions, which amounted to €6.3 mln derived from the use of the excess liquidity in interbank term deposits.
- Net Commission Income amounted to €5.9 mln recording an increase of 29% on an annual basis.
- Recurring operating expenses decreased by 19% on an annual basis, as a result of the management's effort to reduce mainly third parties fees and the rationalization of the branch network.
- Total Group Deposits amounted to €3.0 bln displaying a significant increase by 10% yoy. Strong liquidity profile with LCR well above regulatory levels at 289.3% in September 2023;
- The CET1 ratio stood at 12.9% and at 13.6% if profit for the period is taken into account.
- New disbursements amounted to €381 mln in the nine-month period of 2023. New disbursements accelerated following the completion of the Bank's share capital increase in April 2023 and amounted to €293 mln for the period May – September 2023, out of which €281 mln concern business banking and €12 mln retail banking.
- Group NPEs decreased vs the previous quarter, despite the continuous increases of interest rates by ECB. In particular, with the completion of the sale of the Astir I portfolio, the NPE ratio further decreased to 60.3%, showing an improvement of 570 bps yoy, while the coverage ratio amounted to 62.4%.

# Management Statement

Attica Bank's performance in the nine months of 2023 confirmed the systematic implementation of our targets. We managed to improve almost all operating lines of the Group's organic figures, presenting for the 3rd consecutive quarter a positive recurring operating result which amounted to €7 mln, demonstrating the Management's commitment to the target set for the Bank's return to operating profitability after years.

The nine-month results are a milestone for the Group, sealing its recovery, already one year after the change of Management. Now, we create and do not consume capital for the operation of the Bank. This significant positive performance was mainly driven by an increase in the Group's recurring operating revenue, which reached €64.6 mln compared to €32.1 mln in the previous period. Attica Bank, like other banks, benefits from the increase in interest rates in terms of interest income, but the main benefit in its revenues results on one hand from the expansion of its operations and, at the same time, from the reduction of unnecessary costs, which it yields.

Following the successful completion of the Bank's Share Capital Increase, Attica Bank has sufficient liquidity and funds to be channeled to the market to support businesses and households. This is evident from the fact that the Bank has positive credit growth of 13.1% already within the nine-month period of 2023, mainly due to the strengthening of small and medium-sized enterprises. Attica Bank's credit expansion is expected to increase further in the last quarter of 2023 as a result of the implementation of our Business Plan. Emphasis is placed on corporate banking, mainly small and medium-sized enterprises, as well as on the financing of freelancers, such as engineers, offering holistic service products. Furthermore, new disbursements also accelerated in the third quarter of 2023 and amounted to €190 mln (compared to €121 mln and €70 mln in the first and second quarters of the year respectively). Specifically, new disbursements to SMEs and small enterprises amounted to €153 mln, or 40% of the total, in the nine months of 2023. We continue to focus on the dynamic sectors of the Greek economy involving major projects in energy, infrastructure, tourism, real estate. A key objective for Attica Bank is to better serve the customer through the gradual optimization of internal operations. Attica Bank wants to become the customer's bank of choice, a result of the customer-centric service model we are building at the Bank. In parallel with its credit growth, the Bank continued to improve its liquidity, with deposit balances amounting to approximately €3.0 bln.

Our main objective remains clean-up of its balance sheet from NPEs as well as the reduction of the relevant ratio. In this context, the successful completion of the agreement with investment funds managed by AB CarVal Investors, L.P. for the sale of the entire portfolio of the Astir I securitization, strengthened both the capital and liquidity of the Bank, giving us additional impetus to continue the path of transformation and growth, as it is the first NPE derecognition transaction. Upon completion of the sale of the Astir I portfolio, the NPE ratio decreased further to 60.3%, benefiting at the same time from the increase of the Bank's current portfolio by 6% to €71 mln. In addition, in the context of implementing its NPE reduction strategy, the Bank proceeded with the repurchase of all bonds of the Metexelixis and Omega securitisations in October 2023, aiming at their optimal management through the tools at its disposal.

Finally, ESG is part of our growth strategy, creating value for society and sustainability, as it expresses our corporate culture, new values and principles. Our strategy has been aligned with the principles and objectives of sustainable banking by adopting a clear environmental orientation with a particular emphasis on the integration of environmental criteria in the credit assessment processes of new and existing customers. At the same time, in the field of corporate

governance, we lead the way with 40% women in the Board of Directors, as well as a significant majority of women taking up management positions.

## Key Financial Figures

Profit & Loss Statement	Sep 23	Dec 22	Δ EUR	Δ %
Amounts in EUR million				
Net Interest Income	51.8	29.2	22.6	78%
Net Fee & Commission Income	5.9	4.6	1.3	29%
Other income / expenses	16.4	-1.6	18.0	n.a.
Total Operating Income	74.1	32.1	41.9	131%
Total Operating Expenses	-55.4	-66.4	11.0	-17%
<b>Pre Provision Income</b>	<b>18.7</b>	<b>-34.2</b>	<b>52.9</b>	<b>0%</b>
Total Provisions	3.0	3.1		
VES	-4.7	-0.7		
Results from associates	0.0	-0.3		
<b>Profit / (Loss) before taxes</b>	<b>17.0</b>	<b>-32.1</b>		
Tax	-1.8	-9.3		
Profit / (Loss) after taxes	15.2	-41.4		

  

Balance Sheet	Sep 23	Dec 22	Δ EUR	Δ %
Amounts in EUR million				
Gross Loans & Advances to customers	1,509	1,682	-173	-10%
Net Loans & Advances to customers	1,347	1,276	72	6%
Financial Assets	1,374	968	406	42%
Tangible, Intangible Assets & Investment Property	130	155	-25	-16%
Deferred Tax Assets	149	214	-66	-31%
Other Assets	595	485	110	23%
<b>Total Assets</b>	<b>3,595</b>	<b>3,098</b>	<b>497</b>	<b>16%</b>
Deposits from Banks	13	32	-19	-58%
Deposits from Customers	2,992	2,966	26	1%
Other Liabilities	162	154	7	5%
<b>Total Liabilities</b>	<b>3,167</b>	<b>3,153</b>	<b>15</b>	<b>1%</b>
Total Equity	428	-55	482	
<b>Total Liabilities &amp; Equity</b>	<b>3,595</b>	<b>3,098</b>	<b>497</b>	<b>16 %</b>

\*Based on the Group's Q3 2023 published financial figures that will be published on 15/11/2023 in Attica Bank's web-site.



## Q3 2023 Financial Results Analysis

**Gross Loans** stood at €1.51 bln. New disbursements also accelerated in the third quarter and stood at approximately €190 mln (vs €121 mln and €70 mln during the first quarter and second quarter of 2023 respectively). €183 mln concern corporate and €7 mln retail loans, out of €190 mln of new disbursements.

**Deposit's balance** stood at €3.0 bln as at 30.09.2023. Overall, the Group's stable deposit structure is a key advantage, with deposits from the wide retail base accounting for 66% of total deposits. Consequently, as at 30.09.2023 net loans to deposits ratio amounted at 45.0%, while the LCR stood at 289.3%, well above regulatory thresholds.

In Q3 2023 the Bank recorded **pre provision recurring profit** of €11.5mln versus a loss of €34.2 mln in the comparative period, mainly due to the increase of interest income and the reduction of the cost base, in the context of the implementation of the new Business Plan. **Profit before taxes** recorded an all-time high of €17 mln vs losses of €32 mln on an annual basis.

**Net interest** income amounted to €51.8 mln, increased significantly by 77.6% yoy, continuing the positive trend of the previous quarters boosted mainly by the favorable interest rate environment as well as by the increase in loan's volumes in the third quarter. Growth was derived from the increase in interest income from loans by 54%, due to the increases in interest rates of floating rate loans. At the same time, a significant increase was observed in interest income from credit institutions, deriving from the use of the excess liquidity in interbank time deposits during the first semester of 2023. The increase was partially offset by the higher cost of financing the Bank's operations in relation to the comparative period of 2022, as a result of the repricing of deposit products to the new market interest rates.

**Net commission income** displayed an increase by 29.2% versus the comparative period of 2022 presented by the Bank, as a result of the increase of 30% compared to the comparative period of 2022, presented for another quarter by the Bank in commissions from the issuance of letters of guarantee, which was partially offset by the decrease in commission income from transactions both using credit and debit cards and through accepting transactions at the Bank's POS, due to the change of provider regarding the clearance of transactions.

**Total recurring operating income** has been doubled on an annual basis and stood at €64.6 mln vs €32.1 mln. Key factor for this increase was the significant improvement in net interest and commission income by 71%, as well as the increase in other income and income from financial operations, which presented a significant increase compared to the respective period of 2022. **Recurring general operating expenses** decreased by 19% on annual basis. This reduction resulted from the management's effort to reduce general operating costs as well as the continuous renegotiation with the Bank's suppliers despite high inflation.

# Group's Key Business Developments

## ▶ ▶ **Sale of Astir I Portfolio**

On September 2023, the Bank has concluded the disposal of the Astir 1 Non Performing Loans (NPLs) portfolio to the special purpose vehicle (SPV) Lousios Limited established by funds under the management of AB CarVal Investors L.P. This sale is a key milestone for the Bank, in the context of the Bank's strategy for the divestment of Non-Performing Loans (NPLs) and according to the Bank's business targets. The aforementioned transaction has a positive impact on the Bank's results, while at the same time it strengthens the Bank's capital by approximately 60 basis points. AB Carval Investors, L.P. is an international group focused on the management of credit and real estate assets deriving from non-performing loans with total funds under management of approximately €17 billion.

## ▶ ▶ **Attica Bank Cooperation with 3K Investment Partners**

In September 2023, the Bank announced the launch of its strategic partnership with 3K Investment Partners, in the field of creating and distributing modern and reliable investment solutions. The aforementioned cooperation began with the issuance of a new mutual fund "3K/Bank of Attica Premier Income Bond", with a six-year duration and annual dividend payment. Through the "3K/Bank of Attica Premier Income Bond", Attica Bank significantly strengthened the portfolio of investment options available to its clients, combined with the investment know-how of 3K Investment Partners, contributing to the possibility of more efficient utilization of their assets.

## ▶ ▶ **New Service Channel**

At Attica Bank, our commitment to providing the best possible customer service drives us to continuously improve and expand our services, providing them with a high level of comfort, flexibility and modernization in their banking transactions. In this context, Attica Bank has created a new personalized phone service "Your Attica", which operates on a pilot basis and supports the Bank's customers in certain regions. The specialized team of banking consultants of "Your Attica" contact our customers through phone and they provide the same service as in a physical store, making their transactions, receiving advice on products and services and finding solutions concerning their daily banking needs outright and with safety.

## ▶ ▶ **New Functionality on the Bank's website**

In the context of the Bank's ESG policy, the Bank ensured equal access for all users, from all devices or software, through the accessibility menu that has been included on the Bank's official website, [www.atticabank.gr](http://www.atticabank.gr). This new functionality aims to improve the experience for all our online customers and makes our website accessible to everyone.