12 month Financial Results

Key Takeaways

- Following the successful conclusion of the €473.3 mln Share Capital Increase, Group's CET1 and Total Capital Adequacy ratio, on a Pro-Forma basis, are 15.1% and 19.2% respectively.
- Total Group Deposits increased by approximately 2% on an annual basis and by a strong 9% compared to the previous quarter. Group deposits rose to €2.97 bln with no significant changes in the mix, reflecting at the same time the significant increase in corporate deposits. Within its strategy to protect profitability, the bank has decided to let go of some expensive deposits.
- Group's robust liquidity profile is confirmed by the LCR at 160% and NSFR at 131% as of December 2022.
- New financing and refinancing increased in 2022 by 3% yoy, amounting to €374 mln.
- Non-performing exposures (NPEs) decreased 5% yoy (or by €112 mln), with the relevant ratio improving by 310 bps to 65.7%. Additionally, NPE coverage increased by about 15 percentage points to 67%. Based on IFRS, the NPE ratio declined to 39.1% while coverage strengthened to 61.8%. Given the BoD approved NPE reduction strategy, a significant contraction of the NPE ratio is expected for this year, evident from first half.
- Performing exposures (PEs) recorded a significant increase of 10% yoy.
- FY22 Net interest income (NII) declined by 10.6% yoy, with the pace of drop decelerating substantially compared to the 9-month period of 2022 (-23.5%). NII in 2022 was negatively affected by the Omega NPE securitization which was concluded in 2H21. However, in the fourth quarter of 2022, NII reached a record high in the year, rising 5% compared to the previous quarter and 56% compared to the same period last year. Key contributors to this increase were higher loan interest rates and new disbursements, despite the increase in the cost of deposits.
- Recurring Net Fees & Commission Income increased 13% yoy, as a result of higher fees from letters of guarantee and the rising contribution of operations through Bank's alternative networks.
- Recurring operating expenses (OpEx) decreased by 9.8% yoy, accelerating their declining pace compared to the 9-month period (-8%). Excluding depreciation charges, the drop in recurring OpEx was even higher at 14% yoy. The drop resulted from management's cost containment efforts, despite inflationary pressures and elevated IT related investments. In parallel, the reduction in personnel, in the context of the new voluntary exit scheme implemented by the Bank, contributed to the reduction of the personnel expenses by 10.3% on an annual basis.

Management Statement

The release of Attica Bank’s Annual Financial Report for 2022 marks the beginning of the complete and definitive clean-up of the Bank's Balance Sheet, with the main aim being the reduction of Non-Performing Exposures (NPEs) and the elimination of DTC due to the third activation of article 27A of Law 4172/2013. At the same time, it also marks the transition and focus of our efforts on the consolidation and development of the Bank, so that it becomes a dynamic, competitive and profitable financial institution.

On 20.04.2023, an investment agreement was signed between the Hellenic Financial Stability Fund (HFSF), Thrivest Holding Ltd, Pancreta Bank S.A. and Attica Bank on the commercial terms vis-a-vis the participation of HFSF, Thrivest and Pancreta in the share capital increase and their investment in the Bank. The signing of the agreement is a milestone in Attica Bank's restructuring effort, the elimination of NPEs and its return to organic profitability. It is further noted that pursuant to the above agreement, parties will seek the merger of the two Banks.

On 26.04.2023, Attica Bank, successfully concluded a share capital increase of €473.3m, enhancing this way its key capital and liquidity ratios. The Bank's Management, is already implementing its new 3-year Business Plan, which has been approved by its Board of Directors, aiming among others for operating profitability at the end of 2024.

In 2022, new financing and refinancing amounted to €374 mln reflecting a 3% yoy increase. FY22 results point to a significant improvement in almost all recurring operating lines. Specifically, recurring net fees and commission income rose 12.7% yoy, with the largest improvement being achieved through the increase from credit cards’ commission and other payments and due to the increase of letters of guarantee by 15% yoy. At the same time, group’s funding costs continued to slide in the last quarter of 2022, with a total funding costs dropping by 26.2% yoy. Additionally, Attica Bank continued to improve its liquidity position, with customer deposits increasing 2% yoy. It should also be noted that net interest income increased by 5% in the fourth quarter compared to the third quarter, which is was a record high in the year.

Employees and Management focused on developing the Bank's operations and supporting our customers, taking advantage of the strong recovery of the economy after the pandemic.

Attica Bank's priority for 2023 remains credit expansion, as well as the increase of revenues, through the expansion of its range of products and services and its more efficient operation. Through its capital enhancement, the Bank will be able to achieve its main objectives: a) to immediately restore its regulatory capital (above thresholds) and effectively manage NPEs, b) to implement its business plan that will contribute to its restructuring and growth and, above all, c) to achieve sustainable profitability within the next 3 years, which constitutes the biggest challenge.

For 2023, the strong fundamentals of the Greek economy are expected to maintain GDP growth in positive territory. GDP growth in Greece, along with the containment of inflation to levels below Eurozone average rates, lay the foundations for favourable economic conditions for the banking sector. The country is expected to experience significant growth in the coming years, benefiting also from European funds. However, geopolitical and macroeconomic challenges remain, with their impact on the domestic banking system being limited, at least for the time being. In this context, the dynamics of the Bank's business model pave the way for a profitable organization that will continue to support the economy and society and continuously improve its performance, filling the gap in the SME space. Attica Bank continues to be dynamically present with new financing tools and digital services, which are complementary to its existing product portfolio.

In this environment, Attica Bank is expected to play its appropriate role in the Greek economy, so that it becomes the fifth pillar of the domestic banking system. The main area of focus will be the strengthening of the real economy through the financing of small and medium-sized businesses, freelancers and individuals.

Financial Figures

All amounts in EUR million **Profit & Loss Statement**	Dec-22	Dec-22	Δ EUR	Δ %
Net Interest Income	40.6	45.5	-4.8	-10.6%
Net Fee & Commission Income	5.7	10.5	-4.9	-46.1%
Total Operating Income	47.4	53.3	-6.0	-11.2%
Total Operating Expenses	-85.8	-78.5	-7.4	9.4%
Pre Provision Income	-38.5	-25.1	-13.3	53.1%
Total Provisions	-317.6	-79.9	-237.7	297.3%
Profit / (Loss) before taxes	-356.6	-104.4	-252.3	241.7%
Tax	-29.9	-0.7	-29.3	4361.8%
Profit / (Loss) after taxes	-386.6	-105.0	-281.5	268.0%

All amounts in EUR million **Balance Sheet Figures**	Dec-2022	Dec-21	Δ EUR	Δ %
Gross Loans & Advances to customers	1,682	1,655	27	1.6%
Net Loans & Advances to customers	1,276	1,326	-50	-3.8%
Financial Assets	968	1,182	-214	-18.1%
Tangible, Intangible Assets, Investment Property	155	156	-1	-0.8%
Deferred Tax Assets	214	267	-53	-19.9%
Other Assets	485	735	-250	-34.0%
Total Assets	**3,098**	**3,666**	**-568**	**-15.5%**
Deposits from Banks	32	223	-191	-85.6%
Deposits from customers	2,966	2,921	46	1.6%
Other Liabilities	154	191	-37	-19.3%
Total Liabilities	**3,153**	**3,335**	**-182**	**-5.5%**
Total Equity	-55	331	-386	-116.5%
Total Liabilities & Equity	**3,098**	**3,666**	**-568**	**-15.5%**

Note: *The Annual Report will be published on 28.04.2023 on Attica Bank's website, www.atticabank.gr*

FY 2022 Analysis

Attica Bank continued to support its customers throughout 2022. The Bank participated in all state-guaranteed sponsored programs for the benefit of its customers and at the same time increased funding in order to support the real economy.

Gross Loans amounted to €1.68 bln. New financing and refinancing stood at c. €374 mln, out of which €346.6 mln concern corporate and €27.3 mln retail loans. Disbursements are expected to increase further in the coming quarters as a result of the Bank's new business plan for financing investments mainly in the energy, infrastructure and tourism sectors.

As at 31.12.2022, total **deposits' amounted to €2.97 bln**, increasing by c. 2% yoy. The increase in deposits reflects primarily the inflows experienced in corporate deposits which grew by €229 mln, on an annual basis.

At the same time, **the average cost of deposits** decreased further by 13 bps compared to FY 2021, while a further decrease was observed in the average cost of time deposits by 15 bps. The overall improvement in liquidity levels, has allowed the bank to focus more on costs, in an effort to strike a balance between attracting deposits and reducing interest expenses.

As a result, at 31.12.2022, the net loans to deposits ratio stood at 43%, while the LCR stood at 160%, well above the regulatory minimums.

Pre-provision income for 2022, resulted in a loss of €38.5m, mainly due to lower interest income and lower trading gains. PPI losses on a recurring basis however were contained to €23.4m, compared to losses of €25.1m in 2021.

Net interest income amounted to €40.6 mln, coming in 10.6% lower yoy. This drop primarily relates to the reduction of interest income by 9% from loans and advances, as a result of the completion of the Omega securitization in the second semester of 2021, which resulted in a lower interest base for 2022 compared to 2021. The decrease was partially offset by the lower funding costs, which dropped by 26.2% yoy, as a result of the ongoing repricing of deposits and a better funding mix. On the other hand, NII in the fourth quarter hit a record high in the year, rising 5% compared to the third quarter and 56% compared to the fourth quarter of 2021. The main drivers of this growth were higher interest rates on loans and new disbursements, despite the increase in the cost of deposits.

Recurring Net Fee and Commission Income come rose 12.7% yoy. Key contributors to this increase were the granting of new letters of guarantee as well as the rising contribution of credit and debit cards transactions.

Recurring operating expenses dropped 9.8% yoy, accelerating their pace of decline compared to the 9-month period (-8%). Excluding depreciation, the year-on-year decrease in recurring OpEx, was even higher at 14%. This decrease resulted from management's efforts to contain costs despite the inflationary pressures and the elevated IT investments.

Attica Bank's personnel expenses decreased by 10.3% yoy, reflecting the savings from human resources' restructuring actions. In more details, Attica Bank implemented a Voluntary Exit Scheme in the year, with 105 employees participating. Savings from this plan are estimated at about € 4.6 mln, on an annual basis.

As part of the implementation of the Business Plan and within the framework of the approved NPE Strategy, the Bank received in mid-April, binding and non-binding offers from prospective investors for the acquisition of the Astir 1 and Metexelixis NPE portfolios and proceeded with the required formation of credit risk provisions. These provisions, which amounted to approximately €0.3 billion, impact the 2022 results, and are included in the "Provisions for expected credit losses and other impairment" line of the income statement.