- Increase in Net Profit by 35.1% (25.6% on a recurrent basis)
- Net Customer Loans growth by 7.6% - Impressive increase of Household Lending by 36.6%
- Net Interest Margin keeps improving (at 3.37%)
- Cost growth under control (+5.1%) despite salary increases from collective agreement and high advertising expenses
- Coverage ratio remains at satisfactory levels (87.4%) despite write-offs

During 2006 ATEbank increased its consolidated profits, after tax and minority interest, by 35.1% reaching the level of €188.4 million versus €139.4 million in 2005. On a recurrent basis, if adjusted for one-off items, profits after tax and minority interest increased by 25.6%.

This increase in profitability is the result of the restructuring efforts of ATEbank and its subsidiaries, its aggressive growth strategy, and the favorable conditions in the Greek banking sector.

It should be noted that the results of 2006 were negatively affected by the following:

1. A one-off tax liability of €29.9 million related to the dividend paid for the financial year 2005,
2. A one-off tax liability of €8.9 million related to tax exempt reserves,
3. Lower than usual seasonal public sector borrowing which always occurs during the last two months of the year (affecting the level of total loans, deposits and fee and commission income) and
4. The negative results of its subsidiary Hellenic Sugar Company (reduced profits by €14,2 million compared to 2005), following the European Union policy changes regarding sugar production.

On the other hand the 2006 results were positively affected by an amount of €46,3 million which are the gains from the sale of shares from the available for sale portfolio.

Net interest income reached €600.9 million, a 10.6% increase on a recurrent basis (excluding non-recurring interest income of around €60 million during 2005 due to loan restructuring under the law 3259/04 on "Panotokia"). The Net Interest Margin (net interest income over average interest earning assets) reached the level of 3.37%, showing a continued improvement since 31 December 2005 when it stood at 3.10% on a recurrent basis.

Net fee and commission income increased by 7.4% compared to 2005 reaching the level of €80.5 million, negatively affected by the lower than usual public sector borrowing. Other non-interest income, showed a significant increase of 39.2% at €197.6 million, mainly due to gains from the sale of stocks although negatively affected by the increased cost of sales of the subsidiary Hellenic Sugar Company.

Operating expenses reached €533.1 million, an increase of 5.1% compared to 2005. It should be noted that personnel expenses increased during the last two quarters due to the collective salary agreement. As a result, the Group Cost to Income ratio stood on a recurrent basis at 64.4% compared to 67.3% in 2005. Impairment losses on loans amounted to €62.7 million in 2006, compared to €120.0 million in 2005 (it should be noted that at least €60 million of the provisions of 2005 were undertaken pursuant to the restructuring of loans under the "Panotokia law").

Total loans before provisions at the end of 2006 reached €14.9 billion, an increase of 4.6% compared to end of 2005. As already mentioned the lower seasonal borrowing of public sector (about €1bn less than usual) affected significantly the level of total loans at the end of 2006 compared to 2005. It should also be noted that if adjusted for the €372 million loan write-offs during 2006, the underlying expansion of the loan book would be 7.2%. Net customer loans were up 7.6% year on year.

Household loan portfolio has continued its impressive growth reaching as of 31 December 2006 €4.8 billion compared to €3.5 billion as of 31 December 2005, an increase of 36.6%, significantly higher than the corresponding market growth. The successful marketing, pricing and sales policy, which was introduced during 2005 continued resulting in the remarkable growth in new disbursements. Average mortgage lending disbursements have gone up in 2006 by 50% compared to 2005 resulting in significant gains in market share. Similarly, in consumer credit, the new products, which were gradually introduced since March 2006, have led to an increase of 75% in the average consumer lending new disbursements during 2006 compared to 2005. As a result, the mortgage portfolio has reached the level of €4.0 billion, up by 41% y-o-y, while consumer loans have increased by 30% y-o-y reaching the level of €500 million.

The continuous increase of the household segment as a percentage of the total loan portfolio (32.4% in 2006 compared to 24.8% in 2005) signifies the strategy of ATEbank to expand further its activities in retail banking which can produce relatively higher returns both through interest as well as fees and commissions income. The efforts to penetrate the SMEs sector starts showing positive signs with the outstanding balances of SME?s growing at 9.5% y-o-y, despite the significant write-offs that have affected that part of the loan portfolio.

The €372 million of total write-offs during 2006 have helped significantly the improvement of the quality of the Group's loan book, with the total NPL ratio dropping from 13.7% on 31 December 2005 to 10.7% on 31 December 2006. At the same time, despite these write-offs, the provisioning coverage ratio remained almost stable at 87.4% as of 31 December 2006 compared to 87.5% as of 31 December 2005.

Customer deposits increased by 2.8% y-o-y at €18.1 billion, resulting in a loans to deposits ratio of 82.5%. Such a ratio together with the comparatively low cost of funding (1.48% average 2006 cost of deposits), in a continuous ECB rate increases environment, is a significant advantage which the bank will continue to utilize in order to foster growth and gain market share in high competition sectors, such as retail banking.

Based on the recurrent net profit for 2006, the Return on average Assets stood at 0.85%, while the Return on average Equity was 14.4% up from 0.72% and 13.8% respectively, on a recurrent basis, for 2005.

ATEbank sustains a robust capital adequacy. At the end of December 2006, the estimated Tier I Ratio stood at 11.4%.

The turnaround of almost all of the companies in the ATEbank Group into profitability and the sustainability of the Bank's profits are the result of an intensive effort that is being made throughout the Group at an operational and organizational level.

During 2006 ATEbank expanded in the broader SEE region with the acquisition of 69% of the Romanian Mindbank and the 21% of the Serbian AIKbanka. The aim is to carefully look for opportunities for acquisition, with reasonable valuations, capable management and good organization, that can grow organically, promote Group and customer synergies and provide high rates of return in these investments.

ATEbank's main goals for its three year business plan are: to increase further market share in retail banking, to dynamically penetrate the SMEs segment, to further improve asset quality, to explore other possible opportunities in the SEE region, to disengage from non-financial and non-core participations and to improve the return of all companies of the Group.

The Board of Directors has decided to propose to the Annual Shareholders Meeting the distribution of a dividend of €0,09 per share, increased by 28% compared to 2005.

As a result of the strong financial performance of the Bank and the Group of Companies, ATEbank has revised its business plan and has set the following financial targets for the Group for the 3-year period 2007-2009:

- Return on average equity: at least 20% by the end of 2009
- Tier I ratio: in excess of 10%
- Cost income ratio: around 52% by the end of 2009
- NPL ratio: below 6% by the end of 2009
- Total Loan growth: at least 10% CAGR (after write-offs)
- Deposits growth: around 7% CAGR
- NII growth: around 11% CAGR
- Cost growth: around 4% CAGR
- Cost of Risk: around 45-50 bps
- Net Profits growth: around 25% CAGR