

# **PROTONBANK**

## Annual Analysts' Presentation

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Executive Vice-Chairman

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General Manager

May 2009

# History of PROTON



- 2001** - Establishment of the Bank.
- 2002** - Commencement of operations, focus on investment banking.
  - Commencement of operations of PROTON SECURITIES.
  - PROTON ASSET MANAGEMENT is affiliated in the Group.
- 2003** - Commencement of operations of PROTON MUTUAL FUNDS.
- 2005** - IPO at Athens Stock Exchange (7,5x oversubscription – participation of 8.000 investors).
  - Merger with the listed closed end funds ARROW, EXELIXI, EYRODYNAMICS. Strengthening of the Bank's share capital.
- 2006** - Merger with OMEGA BANK, completed in September 2006.
  - Founded in 2000, OMEGA BANK had a network of 17 branches.
- 2008** - Piraeus Bank acquires 31 % of the Bank's total share capital.
  - Agreement for the sale of the Bank's insurance subsidiary PROTON Insurance S.A. to ASPIS Bank Group.
  - The Bank's network reached 30 branches and 3 business centres.

## PROTON at a glance

**PROTONBANK**

### Group level, as of 31/12/2008

- Assets € 1.98 billion
- Net Loans € 1.18 billion
- Deposits € 918 million
- Total Equity € 268 million
- Group Capital Adequacy Ratio 9.3%, all of it Core Tier I
- Operating Income € 40.97 million
- Branch Network :
  - ✓ 30 branches across Greece
  - ✓ 3 business centres in Attika
- Number of employees: 596

# Financials

**PROTONBANK**

PROTON GROUP (in € thousands)	31.12.2008	31.12.2007	30.06.2008	30.06.2007
Net Interest Income	42,553	43,262	20,644	20,825
Net Fee & Commission Income	31,524	35,606	14,510	19,724
Net income from Financial Instruments	(35,674)	13,886	(3,556)	13,006
Net Operating Income	40,967	94,234	32,656	54,703
Personnel & Administrative Expenses	(48,819)	(49,950)	(25,256)	(25,224)
Depreciation	(7,581)	(7,225)	(3,756)	(3,571)
Provisions	(31,210)	(6,981)	(3,063)	(1,310)
Profits before provisions and financial instruments results	18,782	6,439	23,428	13,111
Profit / (Loss) before Tax from continuing activities	(48,102)	30,333	(180)	24,807
Net Profit / (Loss) from discontinued activities	(13,689)	152	(784)	(448)
Net Profit / (Loss)	(61,784)	20,753	(2,178)	20,785
Total Assets	1,979,807	2,365,431	2,308,807	2,167,531
Gross Loans	1,224,361	1,403,704	1,355,526	1,256,949
Deposits	918,015	1,450,287	1,364,716	1,341,830
Net Loans / Total Assets	59.7%	57.8%	57.0%	56.1%
Net Loans / Deposits	128.7%	94.3%	96.5%	90.6%
Total Equity	268,308	367,565	345,713	383,099

# Financials

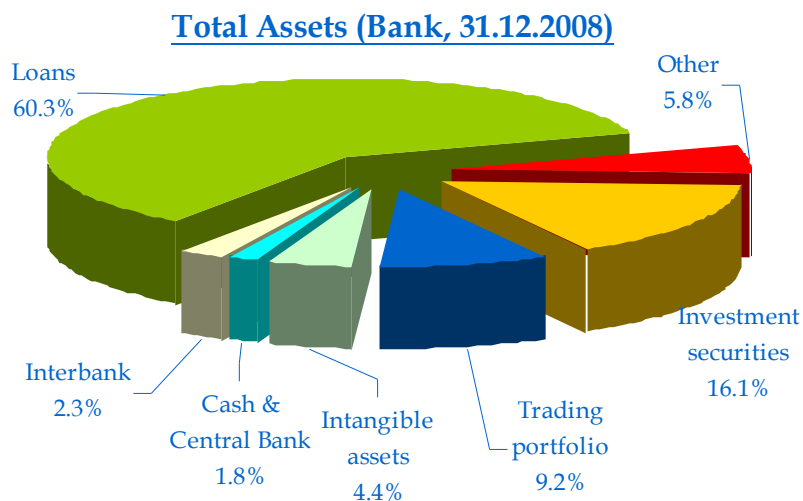
**PROTONBANK**

BANK, FY 2008 (€ thousands)			
• Total Assets	1,964,516	• NIM (over interest bearing assets)	2.1%
• Total Equity	274,708	• Net interest income	42,052
• Net Loans and Receivables	1,185,439	• Net fee & commission income	31,615
• Customer Deposits	939,936	• Net income from financial instruments	(33,636)
• Net Loans / Total Assets	60.3%	• Total Operating Expenses	96,972
• Net Loans / Deposits	126.1%	• Provisions for the period	(42,555)
• NPLs Ratio	6.98%	• Profits before provisions and financial instruments results	19,880
• Coverage Ratio	45.8%	• Net Income	(56,311)

## 2008 Performance

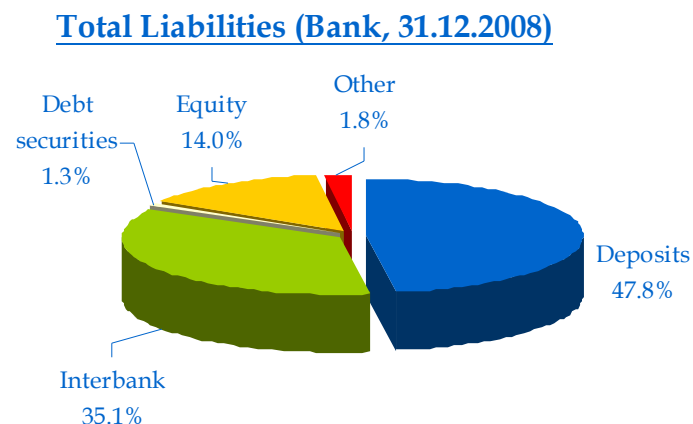
- **The Bank undertook early efforts to prepare for the crisis.**
  - Conservative loan portfolio expansion policy since 4Q2007.
  - Tight cost control despite continuous branch network expansion.
    - Operating expenses before depreciation and provisions declined by 2.3% y-o-y.
  - Restructuring and rationalisation of subsidiaries and exit from the insurance sector.
  
- **The Bank faced significant deposit outflows during September-October 2008.**
  - Confidence crunch in the international banking system.
  - Non-existent interbank market.
  - Significant increase in the cost of funding.
  - The Bank lost one quarter of its client deposits in the months of September & October.
  
- **Impact on the results.**
  - FY 2008 losses are to a large extent extraordinary, non-recurring, due to:
    - Increased provisions (€ 20,5 mil., versus € 7 mil. in 2007).
    - The revaluation of PROTON Insurance, due to its sale to ASPIS Bank Group (€ 10.7 mil.).
    - Goodwill from the acquisition of Omega Bank Group (€ 11.7 mil.).
    - Negative results of the Bank's trading portfolio (€ 35 mil. losses, versus € 8,2 mil. profits in 2007).
  
- **Participation into the government banking sector support scheme implies:**
  - Leeway against a potential further deterioration of the economic environment
  - Improved liquidity and capital adequacy
  - Improved ability to provide loans

## Balance Sheet & Capital Adequacy



### Balance Sheet

- Bank Assets stood at € 1.96 bn.
- Loans to customers constituted 60.3% of total assets.
- Investment and trading portfolio constitutes 25.3% of total assets.

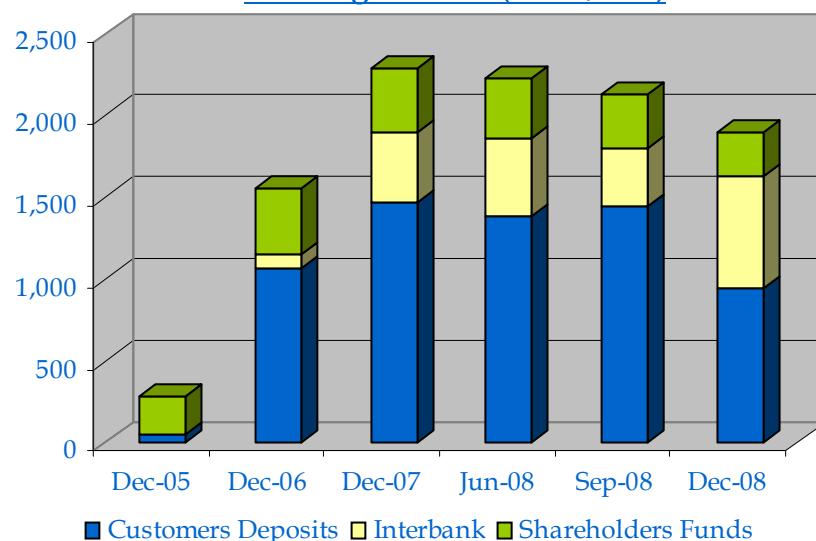


### Capital Adequacy

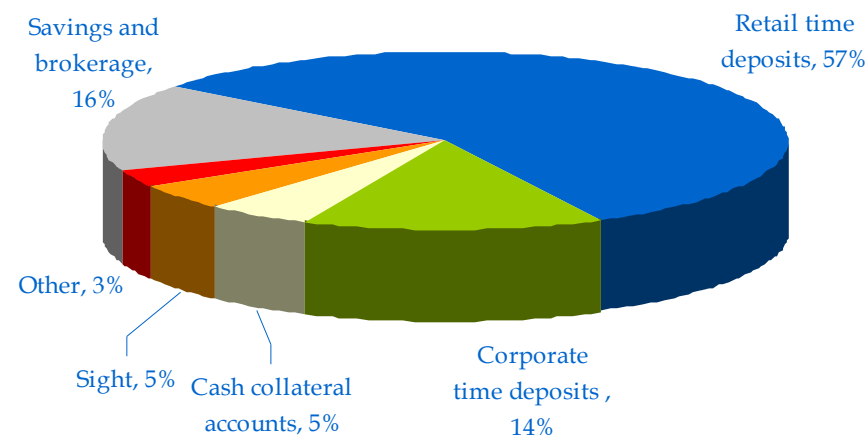
- The Bank's Capital Adequacy Ratio is estimated at 9.63% (31.12.2008).
- The entire CAD is Tier I, implying a strong advantage for the Bank.
- Risk Weighted Assets were € 1.75bn.
- At Group level Capital Adequacy Ratio stood at 9.29%, with risk weighted assets of € 1,75bn.

## Funding Analysis

Funding Sources (Bank, € m)



Structure of Deposits (Bank, 31.12.2008)

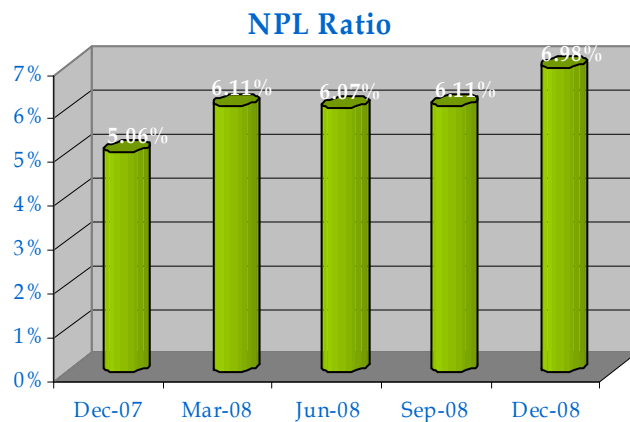
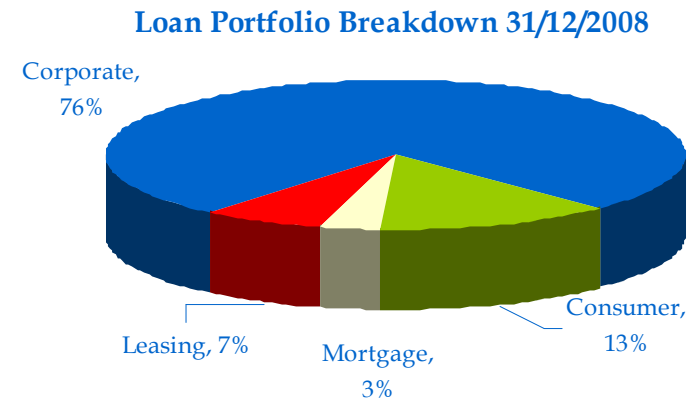
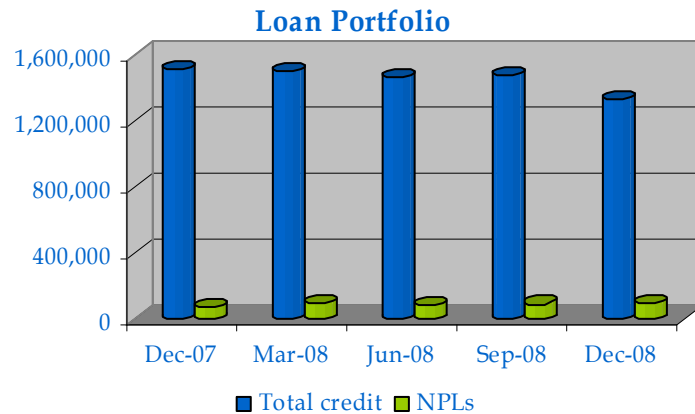


- PROTON turned to interbank borrowing during the 4<sup>th</sup> quarter of 2008.
- Client deposit recovery, restores the structure of the Bank's funding to its previous composition, reducing dependence on interbank borrowing.
- The target is to improve the structure of deposits, increasing the relative share of savings and current accounts, at the detriment of time deposits.
- Participation in the government support scheme for banking sector liquidity, is expected to improve the Bank's capital adequacy by 500 basis points.

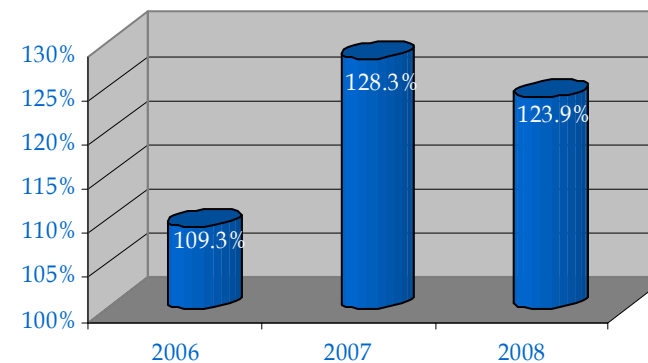


## Loan Portfolio Quality

- NPL ratio of **6.98%** for the Bank at 31.12.2008.
- **123.9%** of total NPLs covered by provisions & collaterals.
- Write-offs at **9.3%** of NPLs in 2008.

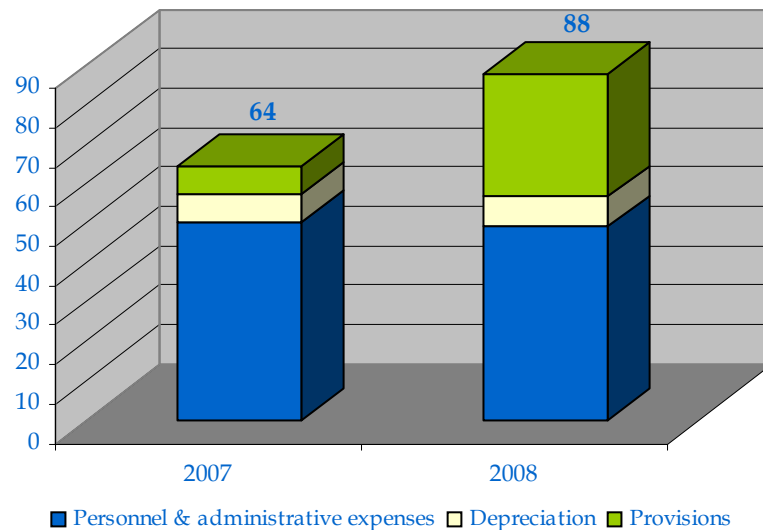


### NPLs covered by provisions & collaterals

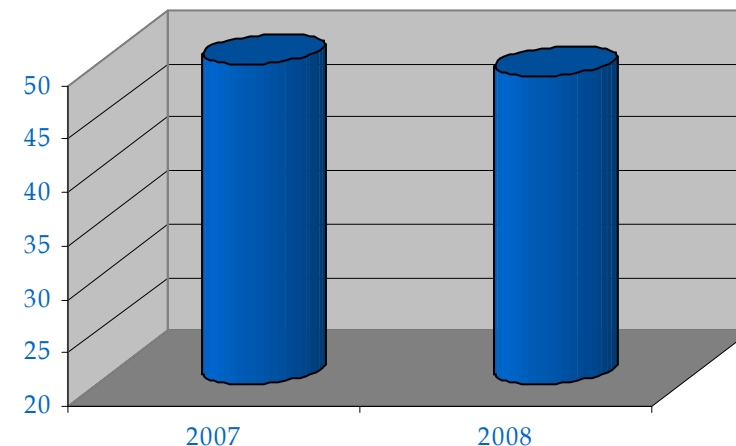


## Operating Costs

Total Operating Cost (Group, EUR mil.)



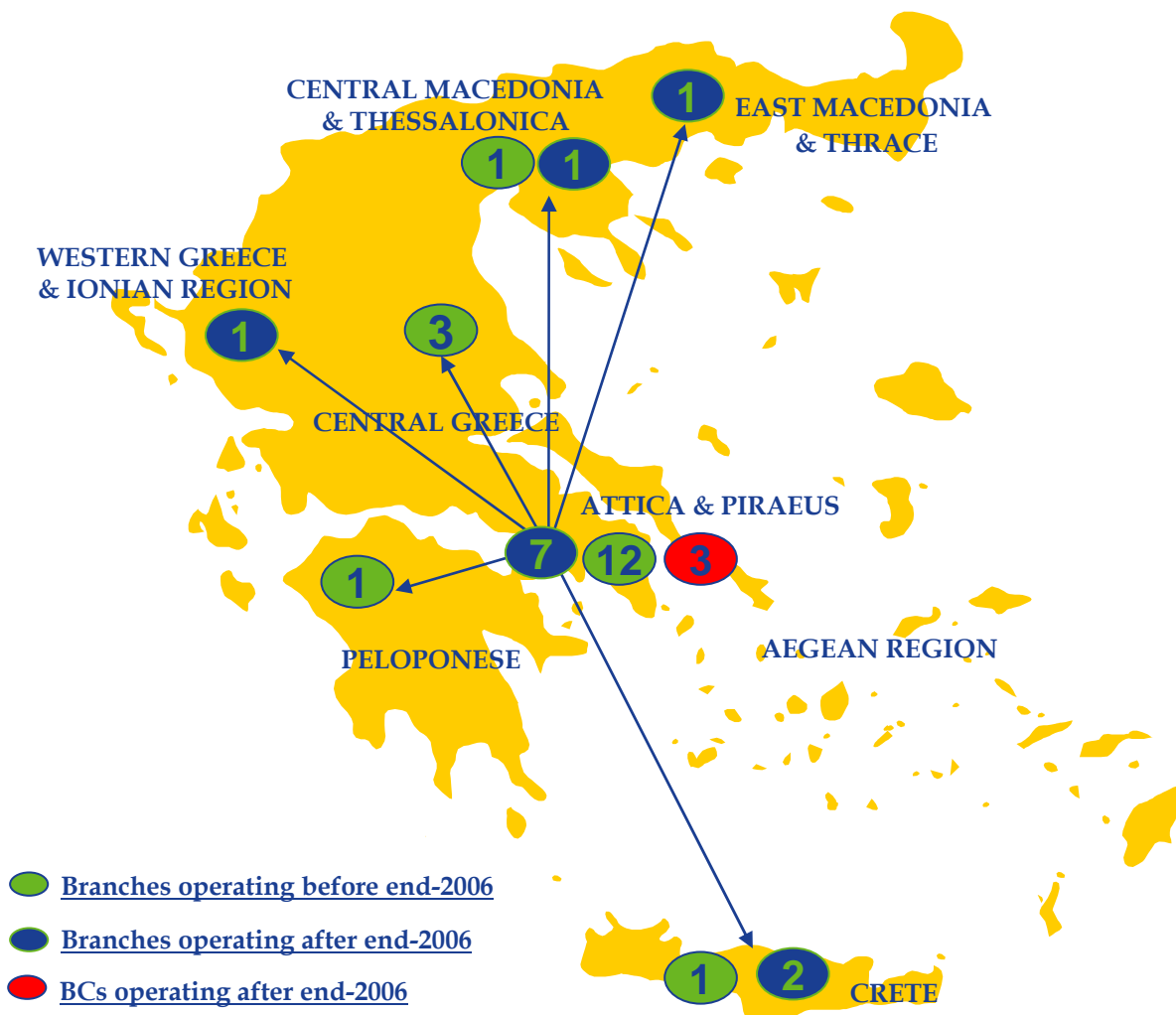
Personnel & administrative expenses



- Despite a significant branch network expansion during the past two years, personnel & administrative expenses declined by 2.3% y-o-y in 2008.
- Personnel and administrative expenses are expected to further decline in 2009.
- Branch network expansion will be moderate and selective, in 2009.
- *Financial results for the 2<sup>nd</sup> Half of 2009, are expected to manifest more profoundly the effectiveness of cost control efforts.*

# PROTON's Branch Network

**PROTONBANK**



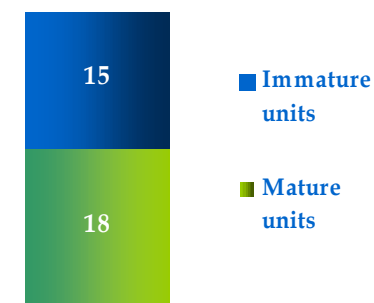
PROTON has a branch network of:

- 30 branches across Greece, and
- 3 business centres (BCs) in Attika
- focus is on servicing core SME clients

Location is selected on the basis of:

- the Bank's SME targeting
- area demographics
- areas where there is brand recognition
- cross-selling potential of other services (brokerage, investment products, etc)

Branch & BCs Maturity Profile



45% of the Bank's branch network begun operations after 2006 and are therefore still immature, with substantial growth potential

## 2009 Targets

- **Increase client deposits:**
  - Capitalise on clients' trust
  - Reduce dependence on interbank borrowing
  - The process is already in place: estimated client deposit increase of 20% in Q1
  - Stronger efforts to enlarge the deposit base in Q2
- **Preserve and improve loan portfolio quality:**
  - Maintain conservative credit expansion policy with tight credit standards
  - Emphasis on risk considerations
  - Constant close monitoring of existing loans for early problems warning
- **Improve the loans-to-deposits ratio.**
- **Effective cost control.**
- **Maintain high capital adequacy ratios.**
- **Enhance the short-term liquidity base.**
- **Capitalise on the participation of the Piraeus Group:**
  - Brand name facilitates the rebuilding of confidence
  - Exploit synergies, know-how and market share
  - Address a wider range of clients, both corporate and individuals
  - Cooperation with Piraeus Bank subsidiaries

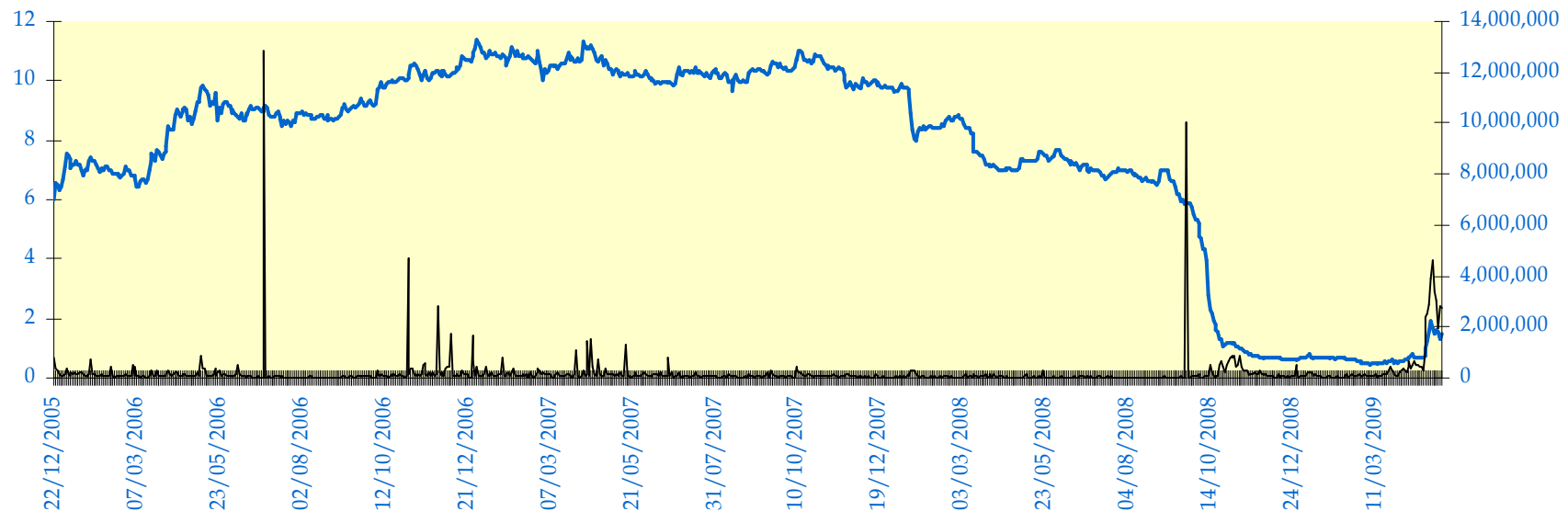
### 1<sup>st</sup> Quarter 2009, Bank

- 18.1% client deposit increase from the beginning of the year.
- Net loans 1,150 mil., versus 1,185 at 31.12.2008.
- Net loans to deposits ratio of 103.6 %, versus 126.1 % at 31.12.2008.
- 6.2 % y-o-y decline in personnel and administrative expenses.
- Profit before provisions of € 6.7 mil., versus € 5.6 mil. in 1Q 2008.
- Net profits € 3.6 mil., versus € 5.7 mil. in 1Q2008.
- Consolidated profits before provisions of € 6.5 mil., versus € 4.9 mil. in 1Q 2008.
- Net consolidated profits of € 2.3 mil., versus € 5.0 mil. in 1Q 2008.

## PROTON's share

**PROTONBANK**

Stock Price (2006-2009)



### Stock Market Highlights

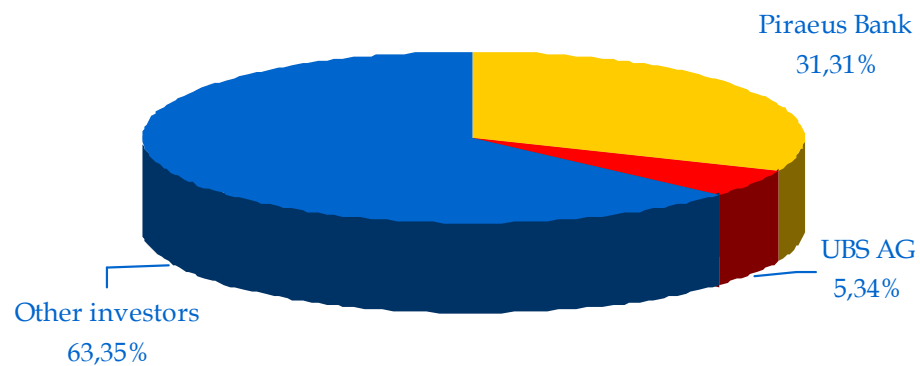
Trading debut: 22 December 2005

Number of stocks: 62,683,822

Stock price 31/12/2008: € 0,61

Stock price 11/5/2009: € 1,52

### Shareholders as of 11.5.2009



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