FINANCIAL RESULTS

H1 2023

SEPTEMBER 2023

Attica Bank's premises in Piraeus

attica bank

Key Takeaways

- Recurring Pre Provision Profit of €4.5 mln vs loss of €20.1 mln in the comparative period.
- Doubled Group's recurring operating income of €40.5 mln yoy compared to €20.5 mln in the comparative period.
- NII at record high for the last 6 quarters, recording a significant increase of 76.0% on an annual basis. Key driver was the increase of interest income from loans by 48%, as a result of the increase in floating interest rate loans. Also, a notable increase was recorded for a 2nd consecutive quarters in interest income from credit institutions, which amounted to €4.1 mln derived from the use of the excess liquidity in interbank term deposits.
- Commission fees from letters of guarantee up by 18% on an annual basis.
- Recurring operating expenses decreased by 11% on an annual basis, as a result of the management's cost containment efforts despite high inflation.
- Total Group Deposits amounted to €2.9 bln with the balance of current accounts displaying a significant increase by 34% yoy.
- LCR well above regulatory levels at 268.4% in June 2023; Loans to Deposits ratio (before provisions) at 48.9%.
- New disbursements amounted to €193 mln in the first semester of 2023.
- Group NPEs presented a decrease vs the previous quarter, despite the continuous increases of interest rates by ECB. Specifically, the NPE ratio as well as the NPE coverage ratio stood at 64.9% (90 bps lower than in the first quarter)) and 65.2% respectively, while total NPEs remains stable. According to IFRS, NPE ratio amounted to 37.7% and NPE coverage ratio at 62.5% for on-balance sheet items. NPE Ratio further decreases to 62.2% and total NPEs by €281 mln (pro-forma ratios upon completion of the sale of Astir I portfolio).

Management Statement

During the first half of 2023, following the successful share capital increase of €473.3 mln, Attica Bank has recorded significant progress and managed to improve almost all core operating lines, presenting for a 2nd consecutive quarter a positive recurring operating result which amounted to €4.5 mln as at 30.06.2023, demonstrating the Management's commitment the goal in achieving operational profitability after many years, based on its approved Business Plan.

The aforementioned positive performance resulted primarily from the increase in the Group's operating income that has been doubled versus the comparative period. At the same time, new disbursements amounted to €193 million in the first semester of 2023, while the Bank continued to improve its liquidity, with its deposits' balances standing at €2.9 bln, despite the turbulence and uncertainty in the international environment.

Employees and Management focused on growing the Bank's operations and supporting customers, taking advantage of the strong recovery of the economy after the pandemic, despite the challenging conditions that still exist in the markets, but with the prospects for the country remaining especially positive.

In the 2nd quarter of 2023, Attica Bank managed to implement the targets set in its three-year Business Plan, which we expect to be further consolidated following the successful completion of the share capital increase – a milestone for the Bank. We fully implement the commitments we have undertaken towards our shareholders and supervisory authorities, through transparent procedures and agreements with international investors of recognized experience and status.

In this context of the Bank's strategy for the divestment of the Non Performing Loans (NPLs) and according to the business targets submitted to the Bank of Greece, a final agreement has been reached for the sale of the entire portfolio of the Astir I securitization, with a total book value of €312 million as at 31.12.2022, with the special purpose vehicle (SPV) Lousios Limited established by funds under the management of AB CarVal Investors L.P.

In this context, the signing of an agreement with investment funds under the management of AB CarVal Investors, L.P. for the sale of the entire portfolio of the Astir I securitization, with a total book value of €312 mln strengthened both the Bank's capital and liquidity, giving us additional impetus to continue with its path of transformation and growth. The abovementioned transaction will enhance the Bank's capital by approximately 60 bps, with the total capital ratio standing at 17.8% (pro-forma) in the first semester of 2023.

The liquidation of the Bank's assets from Non-Performing Loans is a key priority of the Bank's Business Plan and we are committed to utilizing all available tools in the best possible way in order to achieve this goal promptly and effectively. Upon completion of the sale of the Astir I portfolio, the NPE ratio will further decrease to 62.2% and total NPEs by €281 mln (pro-forma ratios).

In this favorable environment, Attica Bank's priority for 2023 remains credit expansion, as well as revenue growth, through the expansion and modernization of its range of products and services and its more efficient operation thanks to the continuous operational reorganization and strengthening of its executives. In this context, we continued the course of network restructuring with the closure of 12 branches in 2023, always aiming to reduce the Bank's operating costs, but also investing in people, structures, products and systems in order to create a Bank that is commercially competitive, modern but also with proper understanding and risk management.

Following the successful completion of the Share Capital Increase, the Bank will be able to implement its key objectives: a) to effectively manage NPEs, b) to implement the Business Plan that will contribute to its restructuring and development and, above all, c) to achieve sustainable profitability within the next 3 years, which remains the biggest challenge.

Attica Bank is called upon to play the role it deserves in the Greek economy in the following years, so as to further improve its products and services in order to meet the rapidly changing needs of its customers in a more effective and customer focused way.

Key Financial Figures

Profit & Loss Statement *All amounts in EUR million*	**H1 2023**	**H1 2022**	**Δ EUR**	**Δ %**
Net Interest Income	32.1	18.2	13.9	76.0%
Net Fee & Commission Income	3.4	3.3	0.1	4.4%
Other income / expenses	5.6	-1.0	6.6	-
Total Operating Income	41.1	20.5	20.6	100.4%
Total Operating Expenses	-37.4	-40.6	3.2	-7.8%
Pre Provision Income	3.6	-20.1	23.8	
Total Provisions	3.3	-5.6	8.9	
VES	-3.2	-0.4	-2.8	
Results from associates	0.0	-0.3	0.3	
Profit / (Loss) before taxes	3.8	-26.4	30.2	
Tax	-1.8	-3.4	1.6	
Profit / (Loss) after taxes	2.0	-29.8	31.8	

Balance Sheet Figures *All amounts in EUR million*	**June 2023**	**Dec 2022**	**Δ EUR**	**Δ %**
Gross Loans & Advances to customers	1,422	1,682	-260	-15.5%
Net Loans & Advances to customers	1,259	1,276	-17	-1.3%
Financial Assets	1,306	968	337	34.8%
Tangible, Intangible Assets & Investment Property	153	155	-2	-1.1%
Deferred Tax Assets	211	214	-3	-1.4%
Other Assets	577	485	92	18.9%
Total Assets	**3,506**	**3,098**	408	13.2%
Deposits from Banks	16	32	-16	-51.0%
Deposits from customers	2,909	2,966	-57	-1.9%
Other Liabilities	163	154	9	5.9%
Total Liabilities	**3,088**	**3,153**	-65	-2.0%
Total Equity	418	-55	472	-865.2%
Total Liabilities & Equity	**3,506**	**3,098**	408	13.2%

**Based on published financial figures of the Interim Report that will be published on 22/09/2023 in Attica Bank's web-site.*

H1 2023 Financial Results Analysis

Gross Loans stood at €1.42 bln. New disbursements accelerated in the second quarter and stood at approximately €123 mln (vs €71 mln during the first quarter of 2023), out of which €116 mln concern corporate and €7 mln retail loans, that is expected to grow further in the upcoming quarters as a result of the new business plan of the Bank for financing investments mainly in the energy, infrastructure and tourism sectors. Based on the approved NPE reduction strategy, a decrease of the relevant ratio was recorded this year, already at the beginning of 2023.

Deposit's balance stood at €2.9 bln as at 30.06.2023. Consequently, as at 30.06.2023 net loans to deposits ratio amounted at 43.3%, while the LCR stood at 268.4%, well above regulatory thresholds.

In H1 2023 the Bank recorded **pre provision recurring profit** of €4.5mln versus a loss of €20.1 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.

Net interest income amounted to €32.1 mln, increased significantly by 76.0% yoy, continuing the positive trend of the previous quarter boosted mainly by the favorable interest rate environment as well as by the increase in loan's volumes. Growth was derived from the increase in interest income from loans by 48%, 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 4.4% versus the comparative period of 2022 presented by the Bank for another quarter in commissions from the issuance of letters of guarantee, which amounted to 18%, 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.

Total recurring operating income has been doubled on an annual basis. Key factor for this increase was the significant improvement in net interest and commission income by 65.2%, as well as the increase in other income and income from financial operations, which grew fivefold compared to the respective period of 2022.

Recurring general operating expenses decreased by 11% on annual basis. This reduction resulted from the management's effort to reduce general operating expenses despite high inflation.