attica bank

Press Release 31/10/2015
ATTICA BANK
H1 2015 FINANCIAL RESULTS

Pre-provision income: + 18% y-o-y
(H1 2015: € 41.1 m. vs. € 34.7 m. in H1 2014)

Operating expenses: - 12% y-o-y

H1 2015 Provisions for credit risk: € 513 m.

Stock of provisions: € 1,056 m.

Capital Needs of € 857 million under the base scenario and €1,021 million under the adverse scenario of BoG's 2015 Comprehensive Assessment
excluding capital mitigating actions

The Comprehensive Assessment performed by the Bank of Greece for Attica Bank comprised of:

a) an Asset Quality Review (AQR) and
b) a forward-looking Stress Test, in order to assess the specific recapitalisation needs of Attica Bank.

The aim of the assessment was to examine the resilience of Attica Bank under two scenarios:

1. Base Scenario: a CET1 hurdle rate of 9.5% was set
2. Adverse Scenario: a CET1 hurdle rate of 8% was set.

The Comprehensive Assessment identified a shortfall of €857 million in the baseline scenario and €1,021 million in the adverse scenario, without taking into account any capital mitigating actions.

These capital mitigating actions include at least:

- The conversion of the Bank's convertible bond of 95.5 million euros into common shares (11.5% of the capital shortfall calculated under the base scenario and 9.4% of the amount of the adverse scenario)

- Deferred tax assets of 104 million euros resulting from the credit risk provisions booked on 30.6.2015 (12.1% of the capital shortfall calculated under the base scenario and 10.2% of the capital shortfall under the adverse scenario)

All of the capital mitigating actions will have to be assessed and approved by the Regulator. If these actions are taken into consideration, the level of capital shortfall can be reduced significantly.

During the first week of November, Attica Bank will submit a capital plan to the Bank of Greece, which will describe in detail all the capital actions that the Bank is willing to undertake to cover the capital shortfall as well as the timeframe for their implementation. The final capital needs will be defined by the Bank of Greece after the assessment of the capital plan.

In the H1 2015 financial statements credit risk provisions of 513 million euros were booked as a result of deteriorating economic conditions as reflected in the Asset Quality Review performed by the Bank of Greece. As a result, the capital adequacy ratios of the Bank dropped at levels that are significantly lower than the regulatory minimum. Own Equity at Group level, however, remains positive.

Until the Bank's recapitalization is completed and capital adequacy ratios are restored, Attica Bank will be in close co-operation with the Bank of Greece as to the process of the implementation of the capital actions and will be closely supervised by the BoG.

With regard to the 2015 Comprehensive Assessment performed by the Bank of Greece for Attica Bank, the Management of the Bank made the following statement:

«The point of departure for the Bank's recapitalization is by all means different. The completion of the recapitalization will be the starting point for a new growth course of a modern, innovative, flexible and efficient bank which is close to its customers. The Bank had not completed the capital raise of € 434 million that had been identified under the adverse scenario (capital adequacy hurdle of 5.5%) of the previous stress test performed by the Bank of Greece in 2014, based on the financial figures of June 30th 2013.

Therefore, the capital shortfall that resulted from the 2015 comprehensive assessment which was based on the financial figures of June 30th 2015 includes the aforementioned amount. The Comprehensive Assessment identified a shortfall of €857 million in the baseline scenario (CET1 hurdle rate of 9.5%) and €1,021 million in the adverse scenario (CET1 hurdle rate of 8% against a hurdle of 5.5% of the 2014 stress test, respectively), without taking into account any capital mitigating actions.

All the figures of the Bank confirm the progress that has been made at the level of organisational structure and operations and the successful strategic planning of the Bank which has already started bearing fruit, a fact that is reflected in the Bank's return to organic profitability and its increasing internal capital generation.

The Bank having the active support and trust of its major shareholder, ETAA-TSMEDE as well as its other shareholders will seek to attract new investors and will attempt to cover the capital shortfall with private sector funds. The conditions for reaching the desirable outcome are actual and are expected to be enhanced. If, however, this objective is not attained, the Bank for the remaining capital shortfall will exhaust the possibilities offered by the new legislation on the recapitalisation of Greek Bank.

After its recapitalisation the Bank will be in a position to actively support the real economy by financing primarily financially sound businesses that are active in the sectors that will be pioneers of growth in the years to come, and households. The recapitalisation of the Greek banking system and the increased liquidity that this implies, will create more favourable conditions for economic activity and contribute to the growth of the economy».

KEY FINANCIAL FIGURES AND RESULTS

- Pre-provision income stood at 41.1 million euros against a pre-provision income of 34.7 million euros recorded in H1 2014.

- The pre-tax result of the Group in H1 2015 following the formation of 513 million euros of provisions for credit risk was a loss of 473.1 million euros, against a profit of 4.6 million euros in H1 2014. Respectively, the Group result after taxes was a loss of 300.3 million euros, against a profit of 1.1 million euros recorded in H1 2014. Total comprehensive income after tax was a loss of 304.2 million euros, against a profit of 4.5 million euros recorded in H1 2014.

- The Group's own equity stood at 50.9 million euros.

- The total assets of the Group stood at 3.6 billion euros.

- Period provisions for credit risk in H1 2015 stood at 513 million euros due to the deterioration of the economic conditions as reflected in the AQR exercise conducted by Bank of Greece, against provisions for credit risk of 30 million euros formed in H1 2014. The stock of provisions amounts to 1,056 million euros against 546.3 million euros as at 31/12/2014.

- Total provisions correspond to 28% of the total loan portfolio without taking into account tangible collaterals.

- Net interest income for the Group stood at 46.5 million euros against 50.7 million euros in H1 2014. This decrease is owed to one-off interest income from a specific category of Greek government bonds.

- Total operating income for the Group stood at 75.7 million euros against 77 million euros in H1 2014, displaying marginal decrease of 1.7%.

- Total operating expenses excluding provisions and depreciation for credit risk were reduced by 12% and stood at 34.9 million euros against 39.5 million euros in H1 2014.

- Wages and personnel expenses were reduced by 1.4 million euros and stood at 21.2 million euros in H1 2015 against 22.7 million euros in H1 2014, displaying a decrease of 6.4%.

- Net fee and commission income stood at c.11.5 million euros in H1 2015 displaying a decrease of 8.9% y-o-y.

- Deposits stood at c. 2.56 billion euros reduced by 21.3% compared to FY 2014, due to the outflows which were caused by economic uncertainty prevailing during the first half of 2015.

- Gross loans stood at c. 3.8 billion euros remaining at the same levels as the previous year. Respectively, loans after provisions stood at 2.7 billion euros as at 30/06/2015.

ATTICA BANK S.A.

Note: The Financial Statements of Attica Bank on a stand-alone and consolidated basis, according to the I.F.R.S will be published on 31/10/2015 and will be posted on the Bank's website, www.atticabank.gr .