EDISON

Attica Bank

Capital plan

Capital actions to the fore

Banks

Attica Bank is now at an important point in its transformation phase. It is planning three securitisations over the next four to five months that will take its NPE from 44% to just 1% of loans and remove about €1bn in risk-weighted assets. Its capital plan then calls for raising about €300m in equity over the next two to three years and targets a CET1 of 10% by the end of 2023 from the current 3.7% statutory ratio and an estimated -1.0% fully loaded. Attica has a market cap of €79m and although the shares do reflect the ongoing restructuring risk, we believe there is a risk of considerable shareholder dilution. However, if the securitisations and capital raisings are successful, Attica will likely have a healthy balance sheet that would allow it to pursue its strategy of doubling the loan book in three years by focusing on the energy, green and infrastructure business loan segments. We are suspending our forecasts and valuation until there is greater clarity on the outcomes of these capital actions.

Year-end	Pre-provision profit (€000s)	PBT (€000s)	EPS (€)	ROE (%)	P/E (x)	Price/NTA* (x)
12/18	38,795	4,748	(0.01)	(0.4)	N/A	0.21
12/19	1,563	(23,647)	0.01	1.0	N/A	0.21
12/20	72	(285,846)	(0.66)	(87.4)	N/A	0.49

Note: *NTA = net tangible assets.

Significant securitisations

The three securitisations are named Astir 1 (€341m, business loans), Astir 2 (€371m, mostly retail) and Omega (€201m, both) that will together securitise €878m of nonperforming exposure (NPE). This is 99% of all the NPE, 42% of gross loans and 22% of net loans. The bank will sell its junior and mezzanine tranches and keep the lower-risk senior tranches, which it expects to carry a Greek government guarantee as part of the ECB-approved government scheme to encourage banks to off-loan their balance sheet nonperforming loans (NPLs). Attica Bank plans to have, after these securitisations, pro-forma €1.1bn in net loans, 1% NPE and provisions coverage of above 200%. Attica expects the securitisations to be capital neutral. However, the ratings agency (DBRS) will be looking at the loans and there might be additional write-downs despite the very heavy provisioning done in Q420 by Attica.

Q121 numbers show progress

Although Attica still reported a loss, affected by trading losses on Greek government bonds, some underlying trends are emerging including a 20% y-o-y increase in net interest income, stable costs and a relatively normalised level of impairment losses (58bp). Fees remain weak as the bank's bancassurance plans will only start being felt later this year.

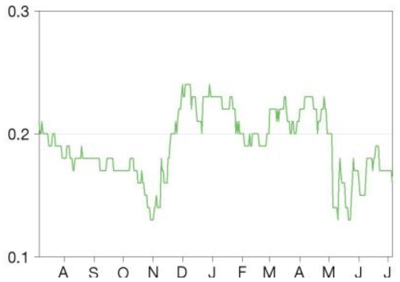
Growth strategy maintained

The growth strategy remains the same after the balance sheet clean up. The plan is to focus on the mass affluential retail segment and on the energy, green and infrastructure segments of business loans with the support of a new digital platform.

6 July 2021

Price	**€0.17**
Market cap	**€79m**
	€1.174/£
Common equity tier 1 ratio (Q121, statutory)	3.7%
Shares in issue	461.3m
Free float	18.5%
Code	TATT
Primary exchange	Athens
Secondary exchange	N/A

Share price performance



%	1m	3m	12m
Abs	6.1	(28.5)	(23.0)
Rel (local)	9.1	(28.6)	(42.2)
52-week high/low		€0.23	€0.13

Business description

Attica Bank is the fifth-largest bank in Greece, with assets of €3.6bn and 55 branches centred around Athens. It has a 2% market share of business banking and around 2% market share of most retail banking products.

Next events

Q221 results	August 2021

Analyst

Pedro Fonseca +44 (0)20 3077 5700

financials@edisongroup.com

Edison profile page

Attica Bank is a research client of Edison Investment Research Limited

Zero legacy NPLs target

A clean break with the past

Attica's management were originally targeting zero legacy balance sheet NPLs by the end of FY20. The COVID-19 pandemic delayed this plan by a year, and it is now aiming to be the first Greek bank with zero legacy balance sheet NPLs by the end of FY21. Working to achieve this has already involved taking significant credit losses on the chin. Management believes that planning to make a clean break with the past in terms of problem loans will make it easier to raise the equity and the focus will be on growing the bank, and not managing legacy assets.

The balance sheet clean-up has relied on the securitisations of the bank's NPEs. Attica started to work on these securitisations in December 2016. It has completed two securitisations: Artemis (2017) and Metexelixis (2018). Artemis securitised €1.3bn in NPE, Metexelixis €0.7bn.

The securitisations have consisted of a senior note (which the bank keeps) and a junior note (which it sells). They have also typically included smaller mezzanine tranches that can be sold. Attica recorded a gain in the junior tranche sales in both Artemis (€70m) and Metexelixis (€47m) when these were sold. The two junior tranches combined were €1.15bn in size; this is roughly the same as the provisions on the €2bn that was being securitised. The remaining was essentially the two senior notes that Attica Bank kept – this was originally €525m (Artemis) and €328m (Metexelixis) and a Metexelixis mezzanine of €15m.

At the end of Q121, there was still €892m of NPE with a loan book standing at €2.0bn gross and €1.6bn net of loss allowances.

Herculean help

Attica has joined the Hercules Asset Protection Scheme (HAPS). This was launched in 2019 (originally only for 18 months) and is a European Central Bank (ECB) approved Greek government initiative to encourage and help the Greek banks with the securitisation of NPLs. All of the Greek banks have sizeable levels of NPLs on their balance sheets and the regulators want to see these significantly reduced.

Under the HAPS scheme, the government provides a state guarantee on the senior (least risky) securitisation tranche and this helps the banks sell the riskier junior and mezzanine tranches. The banks have to pay the Greek government for this guarantee and Attica expects the cost to be around 50bp of the senior tranche.

Attica is currently planning three more securitisations to hover up the €892m in NPE; these are Astir 1, Astir 2 and Omega. Attica expects to include these securitisations in the second phase of the extended HAPS (HAPS 2) scheme. If successful, it would take the NPE as a percentage of loans from 44% in Q121 to less than 1% (about €15m of remaining NPEs). These three deals along with the two previous ones (Artemis and Metexelixis) would, once completed, mean that a total of €3bn of NPE would have been securitised by Attica.

Astir 1 and 2

The Astir 1 and 2 securitisations were announced in Q420 and the assets were transferred to SPVs in Ireland were established in Ireland during December 2000. Exhibit 1 shows some details of Astir 1 (€341m of NPE) and Astir 2 (€371m). Astir 1 is composed of business loans, while Astir 2 is mainly retail loans. The table also shows the securitisation tranches as currently expected. Attica has hired international and Greek securities firms for the marketing and sale of the junior and mezzanine tranches (Attica keeps the senior), while DBRS Morningstar has been engaged to perform the ratings of the tranches.

Management expects both securitisations to be completed by November, with Astir 1 likely to be complete before Astir 2. Attica believes that as a whole the two securitisations will be relatively capital neutral, with Astir 1 conceivably having a net positive impact on capital, offset by a negative impact in Astir 2. Attica expects to keep all of the senior tranches.

Exhibit 1: Astir securitisations

Astir 1	(€m)	Astir 2	(€m)
Non-performing credits:			
Corporate Bonds	101.0	Consumer Loans	73.4
Corporate Call Accounts	107.2	Corporate Call Accounts	3.3
Corporate Long Term Loans	100.1	Credit Cards	7.7
Leasing	25.0	Mortgages	274.3
Other Corporate Loans	7.5	Other Retail Loans	12.6
Total	**340.8**	**Total**	**371.3**
Securitisation tranches:			
Senior	159	Senior	190.0
Junior	180	Junior	76.3
Mezzanine	1.8	Mezzanine	104.9
Total	**340.8**	**Total**	**371.3**

Source: Attica Bank

Omega

The Omega securitisation was only announced in April 2021. In addition to mopping up the remaining legacy NPE from Astir 1 and 2, it will include the repackaging the Artemis securitisation. As such it will include €1.4bn (gross value) of NPEs of Artemis plus €211m (€156m net of allowances) of newly securitised loans from the balance sheet.

The Artemis securitisation, originally performed in 2017, was restructured in September 2020. This was due to some regulatory issues as well as to help with the exit of Aldridge Speciality, the original investor in the junior notes. Two tranches were created as part of the restructuring: A2, which was allocated to Aldridge Speciality, while a mezzanine was carved out of the senior note. The junior note itself was unchanged. The A2 substitutes the master servicing fee receivable of the original deal. Attica has transposed this receivable (calculated on the loan balance outstanding) with the A2 paper, in order to ringfence the 'leakage' to investors from the securitisation proceeds.

Then in Q420, the Artemis senior note was written down from €487m to €400.5m and the mezzanine down to zero from €38m. The coupon, which used to be 3%, is now 1.5%. The junior tranche (which has no coupon), originally €806m, is being held by US investor Ellington Solutions, part of Ellington Management Group, a US hedge fund.

Ellington Solutions has made a binding offer for Omega's junior and mezzanine tranches. It is also expected to purchase the Aldridge 49% stake and Attica Bank's 20% stake in Thea Artemis, the company managing the loans in the Artemis Securitisation, as part of the sale. Ellington already has a 31% stake, so it would then become sole shareholder in Thea Artemis.

Exhibit 2: Securitisations – provisions and pro forma balances after securitisations

€m	Gross exposure	Provisions	Provisions
Astir 1	342	205	59.9%
Astir 2	373	108	29.0%
Omega (newly securitised NPEs and allowances)	212	46	21.7%
Attica Bank post-securitisations* based on Q121 balances	1,060	28	2.6%

Source: Attica Bank. Note: *Attica calculates that pro-forma stage 3 would be about €15m, about 1.4% of gross loans post securitisations.

DTA to DTC conversion

Attica has decided to be the first Greek bank to submit itself for a conversion of deferred tax assets (DTA) to deferred tax credits (DTC). Greece passed legislation in 2013 that allows banks to be able to convert some of their DTA into final claims against the government, effectively exchanging these assets for zero risk-weighted cash. Management has elected to take this action as part of its business plan to improve the quality of its regulatory capital.

About €251m of Attica's total net DTA of €421m as of Q121 qualifies for this conversion. It consists of two classes of DTAs:

1. Accumulated provisions from credit losses formed until 30 June 2015 (€222m of DTA). These are converted into DTC according to the following formula: DTC = eligible DTA multiplied by the net loss for the year as a percentage of equity.
2. €29m of losses relating to the Greek government bonds exchange program (PSI).

Attica's very large reported loss in FY20 made it attractive to action this conversion under the above formula. Attica management expects to receive €152m in cash in exchange for writing off these DTAs.

The DTC conversion mechanism is detailed in the 2013 legislation, so it is a mostly automatic process.

First of all, the DTC can be used to offset an existing income tax liability. The remaining DTC is entitled to a cash refund from the government.

The process involves the bank making a special reserve and issuing share warrants, which shareholders may take up and exercise. These warrants give the existing shareholders the right to acquire shares in favour of the Greek government, allowing them to keep their stake. These rights will be freely traded in the market.

In a second stage, the Greek government can choose to make these warrants available to new investors, such as another bank or an investor group, for example. Any remaining warrants not purchased by existing or new investors will then be taken up by the government through the Hellenic Stability Fund. In this case, there could be a partial nationalisation of the bank. Given the current market capitalisation of €79m, the government could become a significant shareholder.

The process of offering these warrants still needs to be clarified and the legislation calls for a Greek government cabinet act to clarify how this will be done and this must be decided before the conversion takes place.

As a result of the conversion, Attica's share capital would rise by €152m from the current €138m (to reflect the new issued shares) while retained earnings would be adjusted downwards. On the asset side, as aforementioned, DTA are exchanged for cash. Because cash is 0% risk-weighted while DTAs are 100% risk-weighted, Attica's CET1 would be boosted by an estimated 50bp, according to management.

Capital plans 2021–23

Attica's capital plans for 2021–23 include raising €300m in fresh equity (excluding the DTC conversion impact), with the timing and price depending on market conditions and bank capital requirements. This is likely to be done by rights issues, which we believe would be spread over multiple iterations.

Capital needed

Attica's balance sheet clean-up activities included a €226m write-down in Q420 in preparation for the final round of securitisations in 2021. This resulted in Attica's statutory CET1 ratio dropping to 4.9% in FY20 (FY19: 8.8%) and its fully loaded CET1 being -0.4%. The fully loaded adjustments are mostly DTA-related including the IFRS 9 provisioning transition. The statutory CET1 ratio fell to 3.7% Q121 as the bank had to recognise another IFRS 9 transitional write-down (banks need to recognise this in Q1; the phased implementation ends in 2023) and also reported a loss in Q121. Attica only reports fully loaded CET1 in its annual numbers, but we estimate that it fell to about -1.0% in Q121.

The total capital ratio was 8.2% in Q121 compared to the regulator target of 10.5%.

The Greek banks, including Attica, have benefited from COVID-19 capital waver rules and this gives Attica some time to recapitalise itself. The regulator wants Attica to have a 10% CET1 by 2023, according to Attica.

The securitisations are expected to remove about €1bn in risk-weighted assets (RWA), roughly reducing RWA from the current €3bn to about €2bn, as the legacy NPE no longer remain on the balance sheet and only some recent NPE (€15m, pro forma) will remain. Attica will keep the senior tranches of the securitisation, but the Greek government guarantee will permit these senior tranches to be zero risk-weighted.

€300m fresh equity should allow for strong growth…

If we were to estimate the current CET1 at about -€30m (-1% of RWA), then €300m of additional fresh equity would result in a CET1 of €270m and this would be equivalent to a CET1 ratio of 13.5% with €2bn in RWA. In this scenario (and assuming no change to retained earnings or other capital action), Attica could grow its RWA to €2.7bn and achieve 10% CET1 fully loaded. Furthermore, the DTA to DTC conversion is expected to add another 50bp of capital. Attica's target of raising this amount of money (€300m) reflects the desire and need to increase RWA significantly to grow into its operating structure. It seems to us that, assuming no write-downs or large operating losses, this amount of capital would indeed allow Attica to safely grow its balance sheet.

… could be quite dilutive to existing shareholders

However, the rights issues could be quite dilutive to existing shareholders. The current market cap of €79m is relatively small compared to the €300m in fresh equity that is being sought. While the rights issues are likely to be done in stages to potentially obtain better pricing and minimise shareholder dilution, this dilution could still be very significant. The upside in the longer run is that Attica could emerge as a bank with healthy capital position and a cleaned-up balance sheet, focusing on a growth segment in Greece. So in the end, this process may result in a profitable investment scenario for shareholders at current price levels. However, the potential share price dilution is a considerable risk that is currently hard to measure, especially ahead of the securitisations. The implied FY20 P/TNA ratio at the current market cap with €300m additional equity would be 0.79x.

AT1 bonds also planned

The bank also plans to issue additional tier 1 (AT1) capital instruments to boost its capital position. Management has not yet guided how much it is looking to raise. Under current Basel III regulations, these instruments are typically (1) perpetual bonds, (2) coupons that are suspended under certain conditions and are non-cumulative, and (3) they can be convertible to equity, often with trigger points if capital levels breach a certain level or a regulator has a concern for the bank as a going concern. So while these bonds are not initially dilutive to shareholders, they can be if converted to equity.

Growth strategy maintained

Attica's growth strategy after the capitalisation remains as we described in our note Refocus and grow in March 2020. The target is to double the loan book by end 2023 while focusing on the energy, green power and infrastructure segments in business lending. This involves eschewing previous lending segments such as mass retail and large corporates.

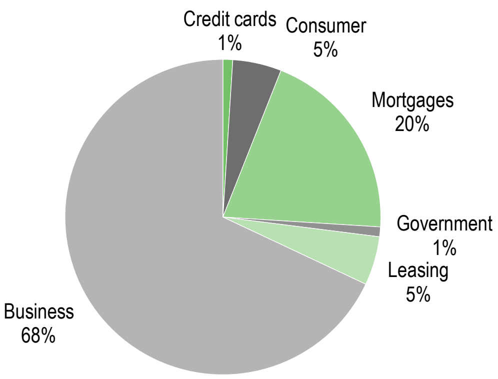
The big energy and infrastructure projects, which are needed in Greece after years of under investment, are still likely to happen. Furthermore, this is the type of investment that the Greek government will view as useful to help stimulate the economic recovery. According to consultancy.eu, there has been a €67bn investment shortfall in the last decade in Greece. With a net loan book of only £1.0bn after the balance sheet shrinkage, the growth opportunities could be truly significant for Attica Bank.

In the retail segment, the sole target segment is now mass affluent professionals. The aim is also to sell more financial products, especially loans and insurance, to a very under-penetrated client deposit base (according to management). Its bancassurance partner is the Interamerican Insurance company, part of Achmea, a Dutch insurance group.

Attica is planning to base its expansion on a new digital platform. As such, it is continuing with its cost cutting and branch network reduction. It restarted its volunteer exit plan (VEP) to provide incentives for early retirement. The digital channels are already showing some traction, with a 20% y-o-y increase of e-banking by users in FY20 and a 70% y-o-y increase in new users. Mobile banking transactions grew 142% in FY20.

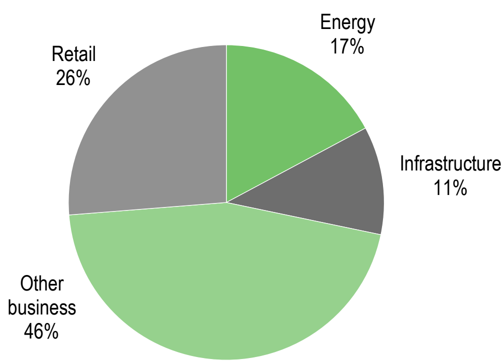
Part of Attica Bank's strategy has been to divest from assets not needed to grow. In 2020, Attica sold two of its subsidiaries: Attica Wealth Management (€1.8m capital gain) and Attica Bank Properties (€0.7m).

Exhibit 3: Loan breakdown by segment (FY20)



Source: Attica Bank

Exhibit 4: Loan breakdown by industry (FY20)



Source: Attica Bank

Sensitivities

The most significant risk factors for Attica Bank are as follows:

Capital: the bank will need to raise equity to drive growth. Although we believe the current share price already incorporates capital concerns, the amount being raised is significant when compared to the current market capitalisation. In addition, there is no guarantee that enough capital will be raised to deliver the planned expansion.

Securitisation: although the securitisation is expected to be capital neutral, it could result in further write-downs upon the review by the ratings agency and this would increase the bank's capital needs.

Execution risk: the bank plans to grow its balance sheet significantly over the next few years. Such a fast pace of growth may bite later if credit quality turns out to be poorer than anticipated.

Cost structure requires a lot of growth: with a high cost to income ratio and low profitability, the delta in terms of revenue or cost variance can be high.

Regulation: regulation is constantly changing and may result in tougher or more expensive compliance standards.

The macro outlook and shocks could affect the recovery of the bank. A case in point was the COVID-19 pandemic, which essentially delayed the bank restructuring by one year.

Q121 numbers shows some positive trends

Attica's Q121 results show a more regular level of provisioning (58bp) and net interest income rising by 20% y-o-y and 13% q-o-q. The bank reported a loss before tax of €8.2m, but this was affected by a €4.9m loss on Greek government bonds due to trading conditions (shown in other operating income line in Exhibit 5). There has subsequently been a rally in these bonds.

Fee income is still relatively low, reflecting depressed levels of new business. The bank's bancassurance strategy with Interamerican insurance group is expected to only start bearing fruit later this year and become more noticeable in 2022 and 2023. Among the fees expense is the Greek government guarantee on the deferred tax assets.

Asset write-downs were very large in Q420 due to loan loss provisioning as well as the aforementioned write-down in the senior and mezzanine tranches of the Artemis securitisation. There were no significant asset write downs of legacy assets in Q121 and so the provisioning level was more reflective of more recent lending.

Exhibit 5: Attica Bank quarterly results

Income	Q120	Q420	Q121	Y-o-y %	Q-o-q %
Net interest income	11,834	12,489	14,169	20%	13%
Net fees and commissions	871	(863	752	(14%)	n.m.
Other operating income	3,238	2,349	(4,827)	(249%)	(305%)
Total revenue	**15,943**	**13,976**	**10,094**	**(37%)**	**(28%)**
Operating expense	(15,610)	(18,858)	(15,788)	1%	(16%)
Pre-provision profit	**333**	**(4,883**	**(5,695**	**(1810%)**	**17%**
Impairment charge for loan losses	(11,117)	(226,607)	(2,324)	(79%	(99%)
Earnings before tax	**(11,083**	**(252,066**	**(8,208)**	**(26%)**	**(97%)**
Balance sheet highlights					
Investment securities	888,484	981,061	989,829	11%	1%
Securities for sale	0	183,302	182,796	n.m.	0%
Net loans	**1,505,898**	**1,600,946**	**1,627,186**	**8%**	**2%**
DTA	449,280	421,357	423,495	(6%)	1%
Assets	**3,385,236**	**3,579,549**	**3,647,565**	**8%**	**2%**
Client Deposits	2,539,383	2,801,439	2,851,646	12%	2%
Tier 2 debt securities	99,742	99,781	99,794	0%	0%
Equity	**478,612**	**206,689**	**201,476**	**(58%)**	**(3%)**
Ratios					
NIM % financial assets	1.80%	1.85%	2.00%		
LLC % net loans	**2.91%**	**57.62%**	**0.58%**		
NPE % gross loans	**46.5%**	**44.6%**	**44.2%**		
Impaired % net tangible assets	134.4%	335.1%	357.6%		
NPE % LLA coverage	33%	44%	44%		
CET 1 Statutory	11.0%	4.9%	3.7%		
CET1 fully loaded	**7.8%***	**(0.4%)**	**(1.0%*)**		

Source: Attica Bank, Edison Investment Research. Note: *Edison Investment Research estimates.

Although Attica has tried to complete legacy asset write-downs in Q420 ahead of the securitisations of its remaining NPEs, there may be some further adjustments later this year. This may happen as a result of the DBRS assessing the securitisations ahead of the tranche sales.

There was a strong uplift in Q121 interest income helped by some new lending but also by a reduction of the cost of funding. The latter was due to lower ECB funding costs and Attica was also able to reduce its retail funding costs.

Looking ahead, Attica hopes to further cut its funding costs as it still has some €200m in customer deposits at 2% or more, which it believes it can reprice. The successful completion of the securitisations would also reduce the level of funding (a combined total of €1bn in tranches is expected come off the balance sheet), which would help the push to lower levels of funding. The bank is also tapping into international retail markets (notably Germany) to further reduce the retail funding (eg customer deposit) rates.

Valuation and forecasts need clarification

We are suspending both our forecasts and valuation for Attica for the time being. The bank is going through a truly transformative period at the moment, but currently the heightened uncertainty regarding the securitisations and the anticipated rights issues make forecasting and valuation difficult. As previously mentioned, Attica's market capitalisation is only €79m, compared to €300m projected to be raised in equity, and with possible AT1 bonds being issued and the evaluation of the securitisations by the ratings agency, there is scope for significant shareholder dilution. Failure to raise enough equity could lead to various outcomes including a nationalisation or the bank being sold.

On the other hand, successful securitisations could open the door for a successful rights issue, which could see the bank being reborn focused on a high-growth loan segment, with a new digital platform and a cleaned-up balance sheet.

Exhibit 6: Financial summary

€000s, year-end 31 December, IFRS	FY18	FY19	FY20
INCOME STATEMENT			
Net interest income	69,290	43,852	50,754
Net fees and commissions	6,956	6,540	1,577
Other operating income	51,741	21,214	16,862
Revenues	127,987	71,606	69,193
Cost	(89,192)	(70,043)	(69,122)
Pre-provision profit	38,795	1,563	72
Impairment charge for loan losses	(27,527)	(24,202)	(264,502)
Impairment other assets	(3,191)	(2,050)	(21,530)
Associates	(3,329)	1,042	1,286
Profit before tax	4,748	(23,647)	(285,846)
Taxation	(7,105)	28,645	(20,564)
Non-controlling interest	0	0	0
Preference dividend	0	0	0
Attributable income	(2,357)	4,998	(306,410)
Shares ranking (m)	461	461	461
EPS (€)	(0.01)	0.01	(0.66)
Underlying PBT	(25,038)	(23,647)	(285,960)
BALANCE SHEET			
Cash and balances with central Bank	60,860	138,097	173,778
Due from Financial institutions	9,429	67,437	52,359
Investment securities	912,238	955,200	981,061
Loans to customers	1,592,144	1,547,494	1,600,946
Associates	3,427	4,469	4,323
Property, plant and equipment	31,646	48,468	47,831
Investment property	57,862	58,340	56,704
Intangible assets	50,413	52,893	57,673
Deferred tax assets	420,357	449,734	421,357
Other assets	202,162	205,490	30
Assets held for sale	0	0	183,302
Total Assets	3,350,505	3,527,734	3,579,364
Deposits from financial institutions	424,649	262,456	401,177
Customer deposits	2,281,875	2,608,157	2,801,439
Defined benefit obligations	12,925	11,667	9,727
Other liabilities	40,483	51,642	60,735
Debt securities issued	99,676	99,729	99,781
Total Liabilities	2,859,609	3,033,653	3,372,859
Total Shareholder's Equity	490,897	494,081	206,689
Preference shares	0	0	0
Non-controlling interest	0	0	0
Total Shareholder's Equity	490,897	494,081	206,689
CAPITAL			
Common Equity tier 1 (transitional)	431,148	284,392	148,312
Total Capital	530,824	384,121	248,041
Risk-weighted assets	3,204,638	3,222,484	3,005,579
CET1 ratio % (transitional)	13.5%	8.8%	4.9%
Total Capital ratio %	16.6%	11.9%	8.3%
CET1 ratio % (fully loaded)	8.9%	8.1%	(0.4%
ASSET QUALITY			
Neither past due nor impaired/ stage 1	710,127	738,764	776,077
Past due but not impaired/stage 2	379,012	238,917	325,464
Impaired/ stage 3	755,999	850,698	885,402
Gross loans	1,845,138	1,828,379	1,986,943
Impairment allowance	252,944	280,885	385,998
Non-performing exposure as %	41.0%	46.5%	44.6%
NPE cash coverage	33.5%	33.0%	43.6%
PROFITABILITY			
Cost/Revenues	69.7%	97.8%	99.9%
Loan impairments % net loans	2.5%	2.5%	25.4%
Return on average equity	(0.4%)	1.0%	(87.4%)
Return on average tangible equity	(0.5%)	1.1%	(103.8%)
Book value per share (€)	1.06	1.07	0.45
Tangible equity per share (€)	0.95	0.96	0.32

Source: Attica Bank

General disclaimer and copyright

This report has been commissioned by Attica Bank and prepared and issued by Edison, in consideration of a fee payable by Attica Bank. Edison Investment Research standard fees are £49,500 pa for the production and broad dissemination of a detailed note (Outlook) following by regular (typically quarterly) update notes. Fees are paid upfront in cash without recourse. Edison may seek additional fees for the provision of roadshows and related IR services for the client but does not get remunerated for any investment banking services. We never take payment in stock, options or warrants for any of our services.

Accuracy of content: All information used in the publication of this report has been compiled from publicly available sources that are believed to be reliable, however we do not guarantee the accuracy or completeness of this report and have not sought for this information to be independently verified. Opinions contained in this report represent those of the research department of Edison at the time of publication. Forward-looking information or statements in this report contain information that is based on assumptions, forecasts of future results, estimates of amounts not yet determinable, and therefore involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of their subject matter to be materially different from current expectations.

Exclusion of Liability: To the fullest extent allowed by law, Edison shall not be liable for any direct, indirect or consequential losses, loss of profits, damages, costs or expenses incurred or suffered by you arising out or in connection with the access to, use of or reliance on any information contained on this note.

No personalised advice: The information that we provide should not be construed in any manner whatsoever as, personalised advice. Also, the information provided by us should not be construed by any subscriber or prospective subscriber as Edison's solicitation to effect, or attempt to effect, any transaction in a security. The securities described in the report may not be eligible for sale in all jurisdictions or to certain categories of investors.

Investment in securities mentioned: Edison has a restrictive policy relating to personal dealing and conflicts of interest. Edison Group does not conduct any investment business and, accordingly, does not itself hold any positions in the securities mentioned in this report. However, the respective directors, officers, employees and contractors of Edison may have a position in any or related securities mentioned in this report, subject to Edison's policies on personal dealing and conflicts of interest.

Australia

Edison Investment Research Pty Ltd (Edison AU) is the Australian subsidiary of Edison. Edison AU is a Corporate Authorised Representative (1252501) of Crown Wealth Group Pty Ltd who holds an Australian Financial Services Licence (Number: 494274). This research is issued in Australia by Edison AU and any access to it, is intended only for "wholesale clients" within the meaning of the Corporations Act 2001 of Australia. Any advice given by Edison AU is general advice only and does not take into account your personal circumstances, needs or objectives. You should, before acting on this advice, consider the appropriateness of the advice, having regard to your objectives, financial situation and needs. If our advice relates to the acquisition, or possible acquisition, of a particular financial product you should read any relevant Product Disclosure Statement or like instrument.

New Zealand

The research in this document is intended for New Zealand resident professional financial advisers or brokers (for use in their roles as financial advisers or brokers) and habitual investors who are "wholesale clients" for the purpose of the Financial Advisers Act 2008 (FAA) (as described in sections 5(c) (1)(a), (b) and (c) of the FAA). This is not a solicitation or inducement to buy, sell, subscribe, or underwrite any securities mentioned or in the topic of this document. For the purpose of the FAA, the content of this report is of a general nature, is intended as a source of general information only and is not intended to constitute a recommendation or opinion in relation to acquiring or disposing (including refraining from acquiring or disposing) of securities. The distribution of this document is not a "personalised service" and, to the extent that it contains any financial advice, is intended only as a "class service" provided by Edison within the meaning of the FAA (i.e. without taking into account the particular financial situation or goals of any person). As such, it should not be relied upon in making an investment decision.

United Kingdom

This document is prepared and provided by Edison for information purposes only and should not be construed as an offer or solicitation for investment in any securities mentioned or in the topic of this document. A marketing communication under FCA Rules, this document has not been prepared in accordance with the legal requirements designed to promote the independence of investment research and is not subject to any prohibition on dealing ahead of the dissemination of investment research.

This Communication is being distributed in the United Kingdom and is directed only at (i) persons having professional experience in matters relating to investments, i.e. investment professionals within the meaning of Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (the "FPO") (ii) high net-worth companies, unincorporated associations or other bodies within the meaning of Article 49 of the FPO and (iii) persons to whom it is otherwise lawful to distribute it. The investment or investment activity to which this document relates is available only to such persons. It is not intended that this document be distributed or passed on, directly or indirectly, to any other class of persons and in any event and under no circumstances should persons of any other description rely on or act upon the contents of this document.

This Communication is being supplied to you solely for your information and may not be reproduced by, further distributed to or published in whole or in part by, any other person.

United States

Edison relies upon the "publishers' exclusion" from the definition of investment adviser under Section 202(a)(11) of the Investment Advisers Act of 1940 and corresponding state securities laws. This report is a bona fide publication of general and regular circulation offering impersonal investment-related advice, not tailored to a specific investment portfolio or the needs of current and/or prospective subscribers. As such, Edison does not offer or provide personal advice and the research provided is for informational purposes only. No mention of a particular security in this report constitutes a recommendation to buy, sell or hold that or any security, or that any particular security, portfolio of securities, transaction or investment strategy is suitable for any specific person.

Frankfurt +49 (0)69 78 8076 960
Schumannstrasse 34b
60325 Frankfurt
Germany

London +44 (0)20 3077 5700
280 High Holborn
London, WC1V 7EE
United Kingdom

New York +1 646 653 7026
1185 Avenue of the Americas
3rd Floor, New York, NY 10036
United States of America

Sydney +61 (0)2 8249 8342
Level 4, Office 1205
95 Pitt Street, Sydney
NSW 2000, Australia