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SECTOR	Financials	FINANCIAL CALENDAR	April 23, 2020: FY19 June 26, 2020: 1Q20 Sept. 25, 2020: 2Q20 Dec. 17, 2020: 3Q20
INDUSTRY	Banking		
SUB-INDUSTRY	Banks		
MAIN SHAREHOLDERS	EFKA (46.16%) TMEDE (32.50%)	NPE RATIO (3Q19)	39.3% (vs 33.5% FY18)
KEY PEOPLE	Theodoros Pantalakis (CEO) Constantinos Mitropoulos (Chairman)	CET1 RATIO (3Q19)	11.9% (vs 13.5% FY18)
MARKET CAP (02/17/2020)	EUR164.7m	TOTAL ASSETS (3Q19)	EUR3.4bn
		EMPLOYEES (3Q19)	743

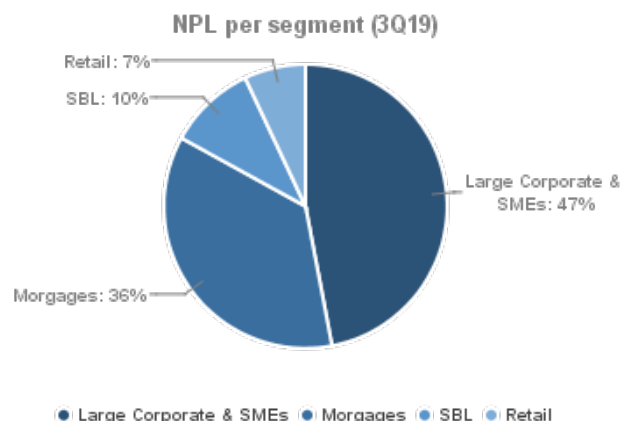
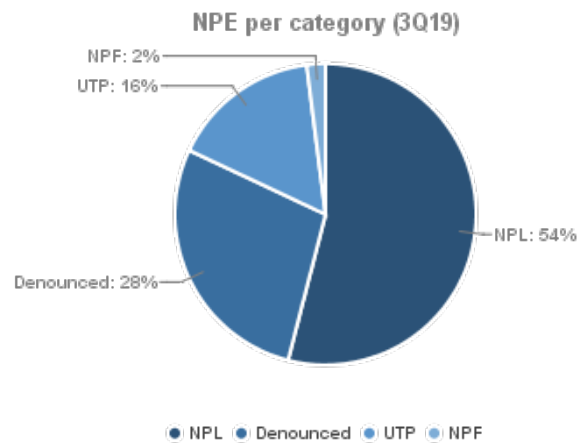
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QUICK LOOK

Athens-based **Attica Bank**, named after Greece's richest and most heavily populated region, is the **fifth largest lender** in the country by assets. Established in **1925**, the bank has so far been grappling with the consequences of the economic and financial crisis that hit Greece in 2009. In April 2018, Attica has completed a **voluntary exit plan** involving 23% of its workforce. In March 2019, the bank has been the last lender in the country to repay remaining **emergency funding (ELA)** received from the Bank of Greece. **ECB funding** has been zeroed in June 2019.

HIGHLIGHTS

- SHAREHOLDERS** - Attica Bank, who's been listed on the **Athens Stock Exchange** since 1964, has repeatedly **increased its capital** in recent years (2013, 2015, 2018), issuing stocks (and convertible bonds) for an aggregate amount of about **EUR1.2bn**. Greece's **Unified Social Security Fund (EFKA)** is Attica's largest shareholder with a 46.16% stake, followed by the **Fund of Civil Engineers and Public Works Contractors (TMEDE)** with 32.50%, and by the **Fund for Mutual Assistance of the Employees of Ioniki-Laiki Bank and Other Banks (TAPILTAT)** with 2.83%. Attica's stock price has risen as much as **254%** in 2019, in a context of renewed investor confidence towards Greece's economic recovery.
- GOVERNANCE** - The **Board of Directors** of Attica Bank is composed of **12 members**, including CEO Mr **Theodoros Pantalakis** (Chief Executive Officer since September 2016), Chairman Mr **Constantinos Mitropoulos** (elected as a non-executive member of the BoD in July 2019), and Mrs **Aikaterini Onoufriadou**, a representative of the Greek state appointed (in November 2019) by the ministry of finance, in accordance with the provisions of Law 3723/2008.
- BUSINESS MIX** - Attica's business is entirely concentrated in **Greece**, where the lender manages a network of **55 branches**. The bank mainly collects **deposits** from Greek households (66.9% of the total, as of Sept. 2019), followed by the public sector (19.3%), and firms (11.2%). Customers' money is mostly gathered in the form of time deposits (65.2% as at Sept. 2019), and to a lesser extent through current accounts and savings accounts. Attica's **NPLs** (which represent 54% of its total non-performing exposure) are prevalently loans to large companies and SMEs (47%) and mortgages (36%), according to the bank's 3Q19 results presentation.
- INDUSTRY** - Attica Bank, a 'less significant institution' supervised by the Bank of Greece, is much smaller than the four lenders that dominate the Greek banking sector. **Alpha Bank, Eurobank Ergasias, National Bank of Greece, and Piraeus Bank** are all 'significant entities' (having total assets between EUR50bn and EUR75bn) and are thus directly supervised by the ECB. Greece's banking system is **the least profitable** in the eurozone and is burdened with a ratio of bad loans to total loans above 40% (versus an European average of 3%). In December 2019, the Greek parliament has approved a state-backed **asset protection scheme** to help the country's banks in their aim of halving this ratio by the end of 2021.
- STRATEGIC PLAN** - In December 2019, Attica's Board of Directors has approved a new business plan for the period **2020-2022**. The plan envisages a more conservative lending approach, with a **focus on SMEs**. A further rationalization of the cost base will be aimed at restoring profitability. Attica's management is also committed to establish **strategic partnerships** as an additional step in the path of recovery of the bank.



FIGURES

INCOME STATEMENT

(in EUR m)	FY 2018	FY 2017	FY 2016	FY 2015	FY 2014
Net Interest Income	69,30	87,15	87,30	79,39	100,92
Adjusted Total Non-Interest Income	67,69	91,78	22,01	n.a.	n.a.
Provision for Loan Losses	27,53	73,50	40,10	629,01	111,25
Total Non-Interest Expense	101,41	103,37	109,48	98,65	105,41
Operating Income (Loss)	8,08	2,09	-40,13	-620,94	-90,88
Non-Operating (Income) Loss	3,33	0,95	2,20	-16,26	-0,89
Pretax Income (Loss), Adjusted	4,75	1,13	-42,33	-604,68	-90,00
Abnormal Losses (Gains)	8,45	19,43	-0,14	-13,96	-0,52
Pretax Income (Loss), GAAP	4,75	1,13	-42,33	-604,68	-90,00
Income Tax Expense (Benefit)	7,11	0,70	7,50	-257,86	-40,05
Income (Loss) from Cont Ops	-2,36	0,43	-49,83	-346,82	-49,94
Minority Interest	0,00	0,00	-0,17	0,00	-0,06
Net Income, GAAP	-2,36	0,43	-49,66	-346,83	-49,89

BALANCE SHEET

(in EUR m)	FY 2018	FY 2017	FY 2016	FY 2015	FY 2014
ASSETS					
Cash & Cash Equivalents	60,86	38,47	43,36	49,56	107,27
Interbanking Assets	9,43	2,70	4,88	9,58	43,21
ST And LT Investments	979,98	652,51	119,84	138,22	182,84
Net Loans	1592,14	2192,07	2776,96	2757,43	3193,06
Net Fixed Assets	31,65	28,72	28,60	30,14	29,79
Total Intangible Assets	50,41	46,67	43,52	37,29	31,94
Investments in Associates	3,43	6,76	9,91	15,06	14,75
Total Deferred Tax Assets	420,36	376,40	383,18	n.a.	n.a.
Total Derivative Assets	0,09	0,19	0,08	n.a.	n.a.
Other Assets	202,16	192,97	200,77	647,04	368,19
TOTAL ASSETS	3350,51	3537,45	3611,08	3669,26	3956,30
LIABILITIES + EQUITY					
Demand Deposits	593,23	544,36	532,47	503,73	421,12
Interest Bearing Deposits	1676,46	1368,02	1350,95	1619,80	2815,72
Other Deposits	12,19	11,75	9,33	18,97	17,51
ST Borrowings & Repos	424,65	943,45	1025,34	783,77	203,31
LT Debt	0,00	0,00	0,00	0,00	79,26
Pension Liabilities	12,93	14,27	6,61	n.a.	n.a.
Total Deferred Tax Liabilities	n.a.	n.a.	5,93	n.a.	n.a.
Total Derivative Liabilities	0,03	0,12	0,24	n.a.	n.a.
Other Liabilities	140,13	22,77	46,31	62,77	64,37
TOTAL LIABILITIES	2859,61	2904,74	2977,18	2989,05	3601,28
TOTAL EQUITY	490,90	632,71	633,91	680,21	355,02
TOTAL LIABILITIES & EQUITY	3350,51	3537,45	3611,08	3669,26	3956,30

Source: Bloomberg - Note: Financial Statements audited by KPMG



■ Efficiency Ratio (SX) — Return on Assets (DX)
— Return on Common Equity (DX)



■ Non-Performing Loans (SX)
— Prov Loan Losses/Total Loans (DX)
— Res for Loan Losses/Tot Loans (DX)



■ Tangible Common Equity (SX)
■ Risk-Weighted Assets (SX)
— Total Risk-Based Capital Ratio (DX)



■ Cash & Cash Equivalents (SX)
■ Short-Term Debt (SX)
— Total Loans to Total Deposits (DX)

- Attica Bank's **cost/income ratio** has been markedly higher than peers from 2014 to 2016 (when it peaked at 100%), partly because of lower economies of scale linked to the bank's smaller size than comps. Since then, the cost-cutting efforts made by the lender's management have brought the ratio more in line with peers, but still above 70%. In a Greek banking sector where profitability is widely negative, Attica has shown a slightly positive **Return on Assets** in 2017, but hasn't been able to show a more structural improvement as that achieved by Eurobank Ergasias from 2016 to 2018.
- Attica's ratio of **non-performing loans** on total loans has never been higher than 30% over the five-year period 2014-2018 (whereas Piraeus Bank has been close to a NPL ratio of 50% for two consecutive fiscal years). The bank has reduced its stock of NPLs by 63% from 2016 to 2018.
- Attica has highlighted an incidence of **risk-weighted assets** on total assets constantly higher than peers but, at the same time, a better not-risk-weighted leverage ratio. As of 30 September 2019, the bank has a **Common Equity Tier 1 ratio** of 11.9% (versus a 10.3% requirement set by the Bank of Greece) and a **Total Capital ratio** of 15% (against a required ratio of 12.92%).
- Liquidity, as measured by the **loan-to-deposit ratio**, has achieved a marked improvement in 2017-2018, thanks to a steep increase in deposit inflows. At the end of 3Q19, the bank's **Net Stable Funding Ratio** was 108.2%.

Efficiency Ratio (%)					
Company	FY 2018	FY 2017	FY 2016	FY 2015	FY 2014
Attica Bank SA	72,18	55,30	100,03	92,22	83,14
Eurobank Ergasias SA	47,70	47,56	47,35	57,72	57,63
National Bank of Greece SA	75,68	57,59	56,22	68,26	68,94
Piraeus Bank SA	60,85	52,68	53,65	61,54	58,86

Return on Assets (%)					
Company	FY 2018	FY 2017	FY 2016	FY 2015	FY 2014
Attica Bank SA	-0,07	0,01	-1,36	-9,10	-1,25
Eurobank Ergasias SA	0,15	0,16	0,34	-1,58	-1,59
National Bank of Greece SA	-0,13	-0,62	-3,04	-3,73	0,06
Piraeus Bank SA	-0,24	-0,27	-0,04	-2,14	-2,17

Non-Perf Loans/Total Loans (%)					
Company	FY 2018	FY 2017	FY 2016	FY 2015	FY 2014
Attica Bank SA	24,09	27,19	29,82	25,06	20,81
Eurobank Ergasias SA	29,31	33,44	34,74	35,21	33,63
National Bank of Greece SA	28,03	26,36	26,37	26,11	26,38
Piraeus Bank SA	35,03	32,44	48,80	49,17	42,27

Prov Loan Losses/Total Loans (%)					
Company	FY 2018	FY 2017	FY 2016	FY 2015	FY 2014
Attica Bank SA	1,22	2,21	1,01	16,41	2,98
Eurobank Ergasias SA	1,47	1,53	1,45	5,17	4,32
National Bank of Greece SA	0,71	1,59	1,37	6,10	3,17
Piraeus Bank SA	1,02	3,54	1,68	5,58	4,99

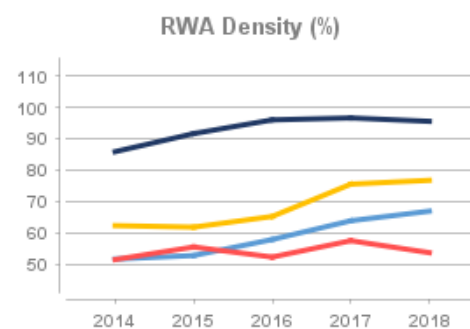
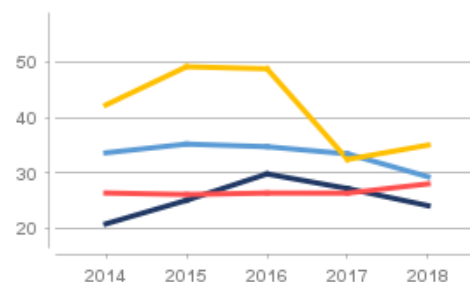
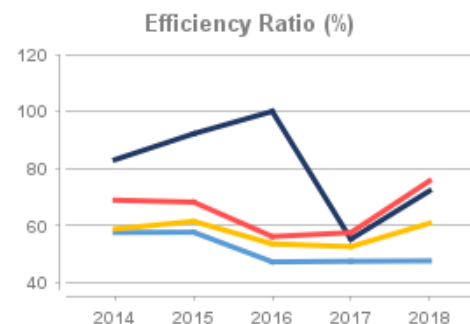
Res for Loan Losses/Tot Loans (%)					
Company	FY 2018	FY 2017	FY 2016	FY 2015	FY 2014
Attica Bank SA	13,71	17,80	30,31	29,79	14,61
Eurobank Ergasias SA	19,54	21,45	22,90	22,81	18,09
National Bank of Greece SA	23,90	21,25	21,58	22,06	13,44
Piraeus Bank SA	19,81	17,85	16,58	15,61	12,05

RWA Density (%)					
Company	FY 2018	FY 2017	FY 2016	FY 2015	FY 2014
Attica Bank SA	95,65	96,73	96,11	91,74	85,98
Eurobank Ergasias SA	67,00	63,95	57,97	52,87	51,73
National Bank of Greece SA	53,77	57,59	52,37	55,59	51,58
Piraeus Bank SA	76,85	75,62	65,32	61,91	62,40

Tier 1 Capital Ratio (%)					
Company	FY 2018	FY 2017	FY 2016	FY 2015	FY 2014
Attica Bank SA	13,50	14,70	14,80	18,70	9,20
Eurobank Ergasias SA	14,20	17,90	17,60	17,00	15,20
National Bank of Greece SA	16,10	17,00	16,30	14,50	13,50
Piraeus Bank SA	13,65	15,12	16,90	17,40	12,40

Common Equity/Total Assets (%)					
Company	FY 2018	FY 2017	FY 2016	FY 2015	FY 2014
Attica Bank SA	14,65	15,05	14,74	15,77	6,40
Eurobank Ergasias SA	8,60	10,25	8,67	7,44	6,10
National Bank of Greece SA	7,62	10,34	8,80	8,18	7,17
Piraeus Bank SA	11,94	13,97	11,86	11,27	8,08

Total Loans to Total Deposits (%)					
Company	FY 2018	FY 2017	FY 2016	FY 2015	FY 2014
Attica Bank SA	80,86	138,59	210,52	183,32	114,90
Eurobank Ergasias SA	115,81	139,81	149,08	164,63	127,44
National Bank of Greece SA	92,04	119,66	131,24	135,67	121,34
Piraeus Bank SA	111,05	127,45	140,65	152,32	118,76



Source: Bloomberg

INVESTMENT CASE

Attica Bank SA (TATTGA) - Sr Unsecured - Floating (EUR003M + 700) - October 24, 2021 - XS2061875220			
YIELD TO MATURITY	n.a.	COUNTRY RATING (Greece)	Moody's: B1 / Stable (03/01/2019) S&P BB- / Positive (10/25/2019) Fitch: BB / Positive (01/24/2020)
G-SPREAD	n.a.		
I-SPREAD	n.a.		
ASW	n.a.	ISSUER RATING	Moody's: Caa3 / Positive (03/05/2019) CI Ratings: B- / Stable (10/10/2018)
MODIFIED DURATION	0.178 (to 04/24/2020)		
OUTST. / MIN PIECE	EUR320m / 100k + 100k	GOVERNING LAW	English Law
EXP. DAILY VOLUME	n.a.	COVENANTS	Cross Default, CAC
BID-ASK / LQA SCORE	n.a. / n.a.	GRACE PERIOD	14 days
MARKETS	XLON (CWNR)	BBG PD (1Y)	0.42%
ECB ELIGIBLE	No	TIMELINESS OF RESULTS REPORTING	Moderate
LEVEL OF CORPORATE DISCLOSURE	Adequate		

MAIN EXTERNAL RISK / RETURN FACTORS

Country Risk (Greece)	↑	Bond Liquidity Risk	↓
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Source: Bloomberg, Banca Promos

- BONDS** - Attica Bank's debt profile includes two EUR-denominated notes, Bloomberg data show: a senior-unsecured **floating-rate bond** due in October 2021 (*EUR320m outstanding*) and a subordinated fixed-rate (6.41%) bond due in December 2028 (*EUR100.2m outstanding*). The coupon rate on the first bond, issued in October 2019 as part of the lender's **EMTN program** and guaranteed by the Greek State, is calculated (*on a quarterly basis*) as **3-month EURIBOR plus 700bps**. The current coupon is 6.61%. The **Tier 2 bond**, issued in December 2018 to fund a **stock buyback**, can be called by Attica at par, on and anytime after 20 December 2023.
- RATINGS** - According to **Moody's**, Attica Bank's caa3 Baseline Credit Assessment "reflects its very high level of **nonperforming exposures**, which remain the most immediate challenge and biggest solvency risk for the bank," as well as "its relatively low provisioning coverage for problem loans." Attica's credit challenges "are partly mitigated by the bank's recently enhanced capital ratios, although with high level of **deferred tax credits**," the US-based firm said in an August 2019 note. Cyprus-based **Capital Intelligence** -- the only other ESMA-registered agency who currently rates Attica Bank -- has affirmed the lender's B- Long-Term Foreign Currency Rating with Stable outlook in May 2019.

IN THE NEWS

- In November 2019, **Reuters** reported that Greece's **competition authority** had raided the head offices of Attica Bank and other major Greek lenders as part of an investigation into **collusion** between commercial banks on **transaction fees**. Some bankers told Reuters that the raids were politically motivated as PM **Kyriakos Mitsotakis** previously urged lenders to revoke increases in charges for a series of services. Development minister **Adonis Georgiadis** said the government had nothing to do with the raids, saying the authority was an independent body.
- In July 2019, the **Wall Street Journal** mentioned Attica Bank as an example of how European lenders using **securitizations** to clean up their balance sheets often end up retaining exposure to underlying non-performing loans. When the Greek bank sold **EUR2bn** in NPLs to two special purpose vehicles it created (*Artemis and Metexelixis*), it concurrently bought **EUR886m** in senior notes issued by the SPVs themselves (*while Aldridge and PIMCO bought the junior tranches*). Attica later took around **EUR26m** in provisions against the notes and marked their market value down by **EUR37m**, the WSJ reported citing the lender's 2018 annual report.
- In February 2019, Greece's central bank placed under review the terms of a EUR100,000 **personal loan** received from Attica Bank by then deputy health minister **Pavlos Polakis**, **Reuters** and the **Financial Times** reported citing local media. Governor **Yannis Stournaras** said that Polakis tried to interfere with the central bank's independence by phoning him about the inquiry. Attica Bank said the loan was compliant with all relevant regulations and that guarantees were adequate.

Closing the gap



Attica Bank vs. eurozone's major lenders
(Jan. 1, 2018 = 100)



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