

ATEbank

Restructuring Plan Presentation Main Elements

ATEbank under its commitments due to the over the limit participation in the provisions of Law 3723/2008 is obliged to prepare and submit a restructuring plan to the Competition Directorate of the European Commission. The Restructuring Plan was drawn up in accordance with the guidelines of the European Commission and has a time horizon (timeframe) until the end of 2013. The Restructuring Plan, approved by the Board of Directors of the Bank in the meeting of 04/27/2011, has also been validated by the General Assembly of 04/29/2011.

> ***Restructuring Plan Main Goals:***

- ✓ Safeguarding long term viability & capital adequacy.
- ✓ Enhancing Group's operational efficiency (improve productivity and efficiency ratios).
- ✓ Achieving sustainable profitability.

which are being accomplished through:

- ✓ Asset deleveraging and regulatory capital release.
- ✓ Operational cost reduction.
- ✓ Organizational and operational improvements.

> ***Strategic aim & focus :***

- ✓ ATEbank is set to be transformed until the end of 2013 into a more flexible and productive organization operating exclusively in the financial sector.
- ✓ Strategic focus will gradually shift onto steady profit-generating new business in developing sectors of the economy (organic-geothermal farming, green business, alternative forms of tourism, renewable energy & waste resources management, etc.).

Restructuring Plan Main Measures



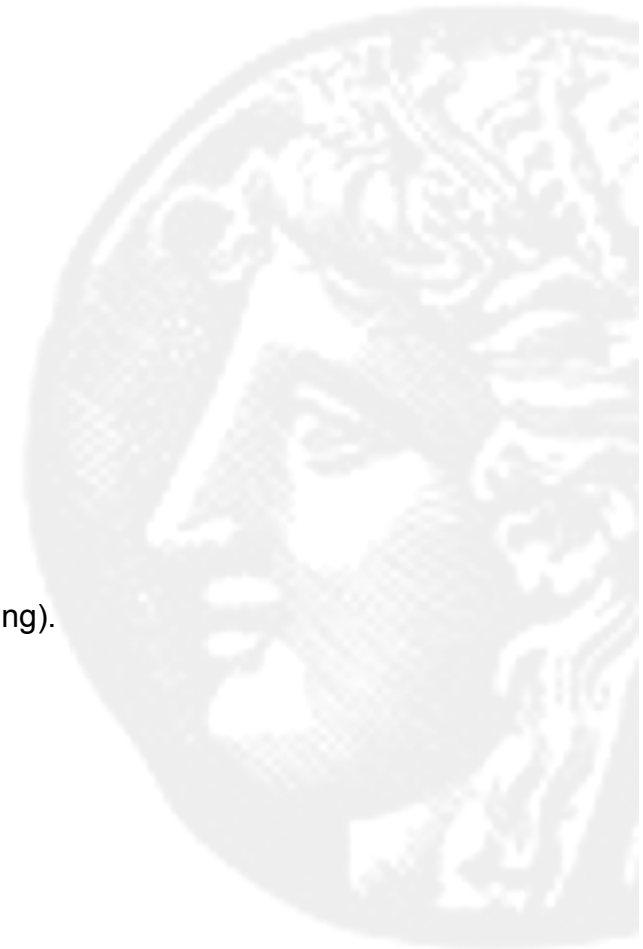
Asset deleveraging and regulatory capital release:

- ✓ Disengagement from non-financial participations.
- ✓ Disengagement from banking participations.
- ✓ Sale of equity shares of the investment portfolio .
- ✓ Balanced and more effective management of assets and liabilities.



Strengthening productivity and profitability:

- ✓ Merger of financial sector subsidiaries (ATE Cards, ATE Finance & ATE Leasing).
- ✓ Reduction of operating expenses.
- ✓ More efficient management of loans in arrears
- ✓ Repricing of products-services based on cost and risk criteria.
- ✓ Centralization of credit procedures and products/services management.
- ✓ Organizational restructuring of central divisions and the branch network.
- ✓ Increase of revenue sources with emphasis on promoting cross selling.



> **The implementation of the measures of the restructuring plan, which has already started from 1/1/2010, by the end of 2013 involves :**

✓ **Reduction of the Group's total assets at 31/12/2013 by at least 25.7% vs. base year 2009** (In absolute values, the total assets, which amounted to EUR 32,788 million at 31/12/2009 and to EUR 31,221 million at 31/12/2010, shall not exceed EUR 26,745 million at 31/12/2011, EUR 24,301 million at 31/12/2012, and EUR 24,353 million at 31/12/2013), mainly through:

❖ **Assets sales (majority of sales during 2011 and in any case by the end of 2012):**

- Non core business subsidiaries (EBZ, ELVIZ, DODONI, SEKAP).
- Banking participations (ATEbank Romania, AIK Banka, FBB).
- Investment portfolio stocks (OTE, Piraeus Bank, EYDAP, ELPE, EXAE, Folli Follie).

❖ **Reduction of loans after provisions balances by 13% till 2013 vs 2009** (Estimated y-o-y change of loans after provisions 2011:-8.6%, 2012:-5.6%, 2013:+4.0%).

- Reduction of new lending in areas with high risk and selective expansion focused on areas with development potential in the green economy.
- Reduction of Public Sector Loans portfolio by at least 28.6% by 31 December 2013 compared to 31 December 2009 (In absolute values, the loan portfolio to the public sector, which amounted to EUR 5,871 million at 31/12/2009 and to EUR 5,543 million at 31/12/2010, shall not exceed EUR 4,775 million at 31/12/2011, EUR 4,406 million at 31/12/2012, and EUR 4,250 million at 31/12/2013).
- New lending funded from own resources and markets in order to achieve significant reduction of ECB funding.
- Preservation of the enhancement policy asset of the quality of balance sheet items (with debt write-offs about €800 mn for the period 2011-13 and preservation of coverage ratio of bad loans over 50% by end 2013).

❖ **Reduction of exposure to government and corporate bonds to €2.1 billion in 2013** (2011: € 3,6 bn, 2012: € 3.0 bn, 2013: € 2,1 bn), through :

- Non-renewal of Bonds that are due in 2011-2013 (excluding the possibility of renewing Greek T-Bills that are already in the portfolio of the Group).
- Non-purchase of new bonds during 2011-2013.

✓ **Reduction in operating costs in 2013 versus 2009 by 25%** (estimated annual change, 2011: -16.7% 2012: -4.1% 2013: -1.3%), through:

- ❖ Reduction of labor costs, mostly from sales of subsidiaries, retirements and implementing Law 3899/2010 no. 3899/2010.
- ❖ Operational cost savings, primarily from the sale merging of subsidiaries, rationalization of operation, renegotiation of contracts, remuneration of third parties, reducing administrative and other costs

➡ **Capital Adequacy Ratio strengthening over 13% in 2013**, taking into account the:

- ❖ Estimated contribution of the restructuring plan measures around 150 bps (mainly through release of regulatory capital).
- ❖ Estimated contribution of the € 1.26 bn share capital increase of around 500 bps, through inflow of new funds (€ 585m., pre-issuance costs) while improving the quality of capital through repayment of preference shares (€ 675ek.).

Restructuring Plan Implementation until today .



Implementation of restructuring plan from January 2010 until today:



1. Operating Expenses Reduction.

- *Reduction of personnel expenses through:*

- ✓ Increased number of scheduled retirements (until December 2010 a total of 501 employees had retired, while more than 1,000 employees are projected to retire until end-2013).
- ✓ Salaries expenses cut by 10% (effective as of January 1st, 2011 in accordance with L. 3899/2010).
- ✓ Limited hirings until 2013 (openings in very specialized positions).
- ✓ Elimination of overtime remuneration (weekday and weekends).

- *Reduction of other operating expenses through:*

- ✓ Renegotiation of leased property rents (achieved in 2010 a c.20% reduction).
- ✓ Reduction of other expenses (advertising, utilities, supplies, travel & other operating expenses).



2. Adaptation in loan assessment, collection & monitoring process.

- *Loan repricing aiming to better reflect cost and required return.*

- *Better management of non-performing loans through:*

- ✓ Establishment of two new Arrears Divisions, having the sole responsibility for managing non-performing loans to households and enterprises respectively.
- ✓ Acceleration of loans in arrears restructuring.
- ✓ Creation of new departments responsible for the prompt monitoring and management of loans in arrears during initial stages.

Implementation of restructuring plan from January 2010 until today:

2. Adaptation in loan assessment, collection & monitoring process (...continued) .

- *Improvement of loan assessment and monitoring through:*

- ✓ Updating of the existing policies-procedures for granting loans.
- ✓ Reassessment of risk levels for loans.
- ✓ Improvement of loan portfolio monitoring through regular reporting and MIS upgrade.

- *Gradual centralization of loan assessment procedures through:*

- ✓ Reduction of branch loan granting credit limits (effective as of January 2011).
- ✓ Transfer of loan assessment procedure for new consumer loans from branches to Consumer Credit Division (effective as of January 2011).
- ✓ Preparation for the gradual centralization of the entirety of loan granting for all loan categories.
- ✓ Removal of loan granting procedures in 50 small branches and transfer of these procedures to nearby larger branches.

3. Asset liability management and strengthening of asset quality

- ✓ New credit extension based on available liquidity.
- ✓ Gradual reduction of ECB funding.
- ✓ Continuation of the tight provisioning policy, maintaining the coverage ratio at satisfactory levels.
- ✓ Effective utilization of real estate assets (sales of real estate – exploitation of non income earning assets).

Implementation of restructuring plan from January 2010 until today:



4. Loan product mix adjustment.

- ✓ Gradual refocusing from high risk categories of loans into fast growing sectors (new SME's and large new sector enterprises – green economy).



5. Organizational changes: Reorganization of central divisions

- ✓ Establishment of the Credit Division, aiming to set a more prudent credit assessment procedure and credit granting policy.
- ✓ Split of the Arrears Division into the Business Arrears Division and the Retail Banking Arrears Division intended for a more effective management of the loan portfolio.
- ✓ Establishment of the Network Division, in order to better support the selling procedure and the full monitoring of the branch network.
- ✓ Establishment of the Strategic Management, Analysis and Investor Relations Division for the purpose of strengthening top management's support in policy planning and flow of information and fostering relations with the investment community.
- ✓ Establishment of the Product Promotion, Marketing and Communications Division in order to enhance the Group's corporate brand & image and better promote its product offerings.
- ✓ Extension of the responsibilities of the Support Services Division, aiming to establish a centralized system of managing standardized loans and activities being preformed until now at a branch level.
- ✓ Shutdown of divisions (Holdings Division, Consulting Services Division, International Activities Subdivision) and incorporation of their activities to other divisions.



6. Disposal of subsidiaries.

- ✓ Liquidation of ATE Technical & IT Services and ATE Advertising.
- ✓ B.o.D. decision for the sale (through tender procedure) of Hellenic Sugar Company S.A. & Hellenic Feedstuff Company S.A.
- ✓ Management decision regarding the committee composition responsible for the sale of investment portfolio stocks.