



GREEK BANKS TODAY

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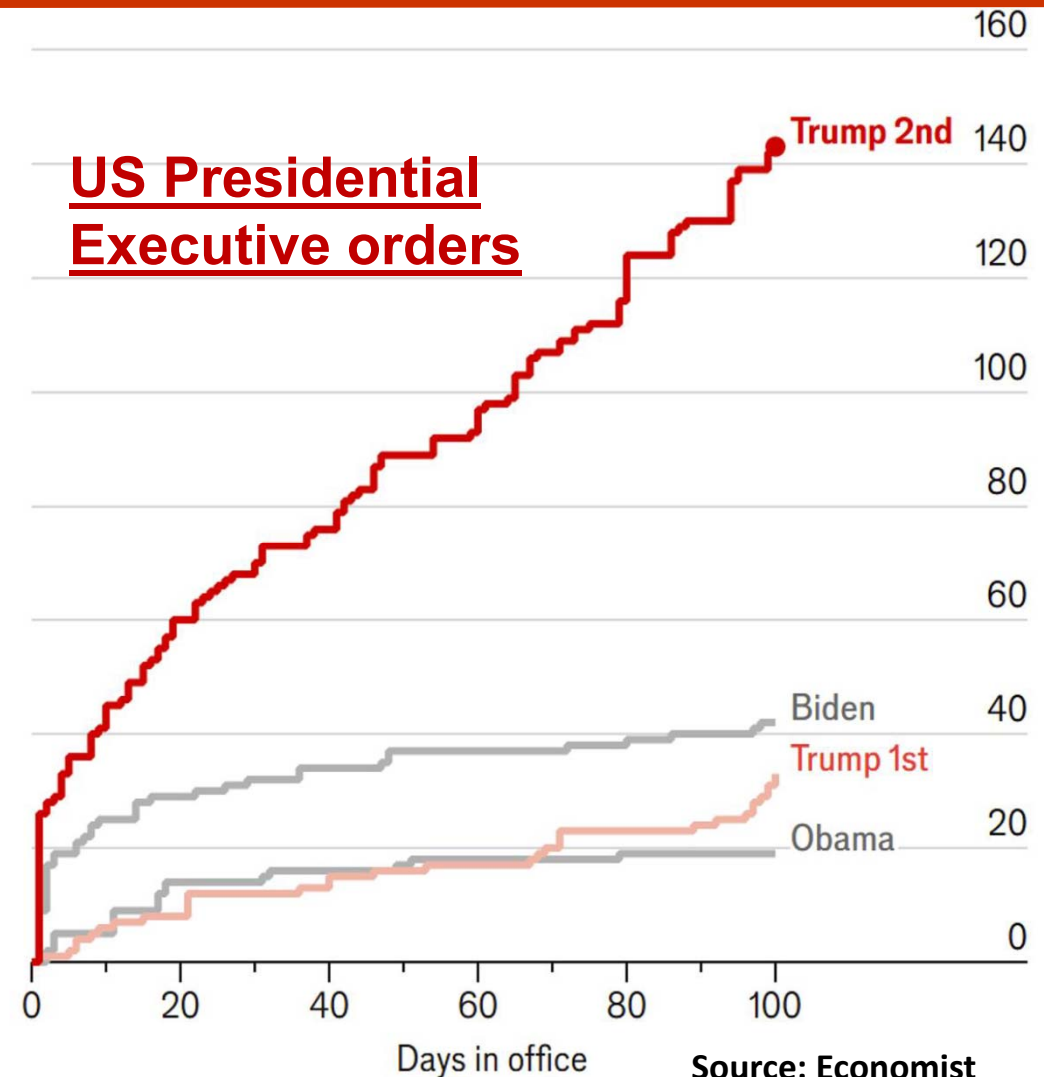
Annual General Assembly Meeting, Hellenic Bank Association
23 June 2025, Athens, Greece

Greek Banks Today

- I. Global Turbulence in the first months of the newly elected US president
- II. Is the Greek economy insulated from the global winds of change?
- III. A robust banking sector
- IV. Challenges ahead

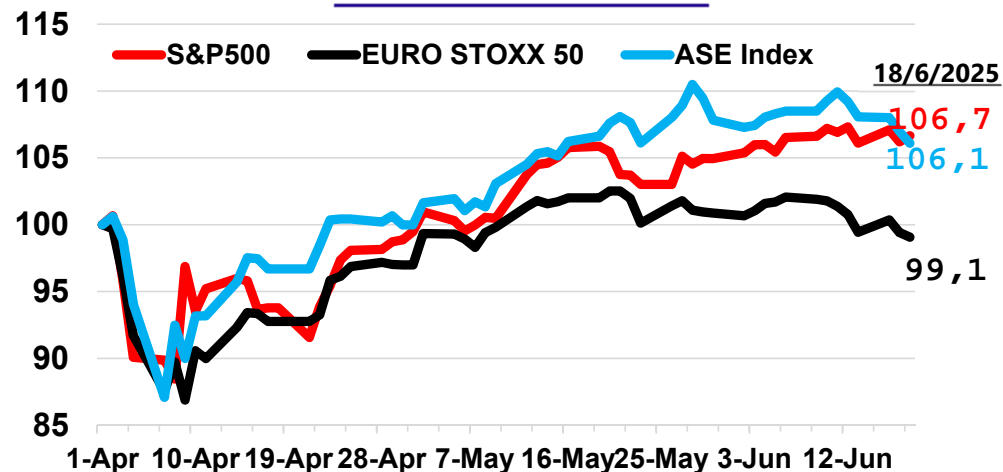
I. An aggressive US presidential beginning

- ❑ President Trump claims he wants to:
 - ✓ Rewire the global trading system.
 - ✓ Bring higher-paid manufacturing jobs back to the US.
 - ✓ Make allies pay for the US security umbrella, which is a public good.
 - ✓ Use tariff proceeds to finance domestic initiatives.
- ❑ There is an apparent underlying US administration belief that Europeans and the rest of the world are either free-riders or simply are extracting more benefits than the US from today's open global and secure trading system, the architecture of which the US helped design over the last 80 years.

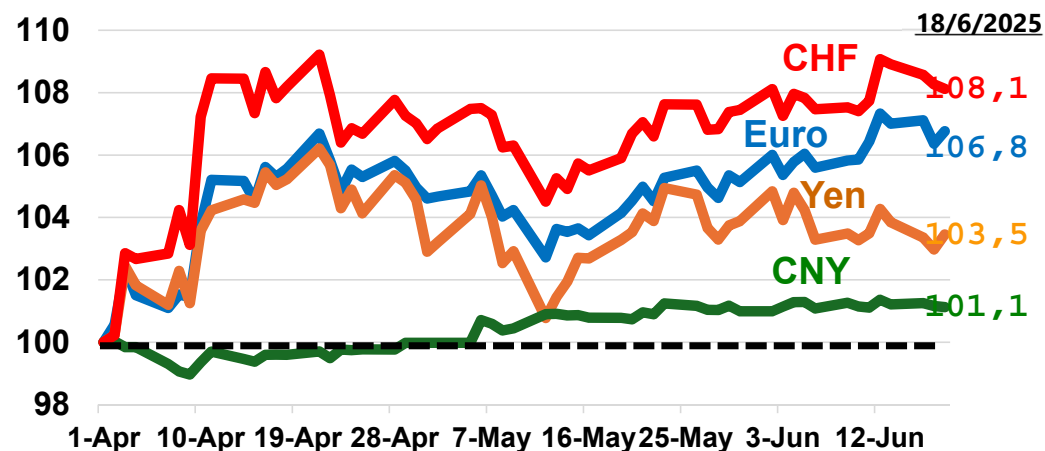


I. Market responses following the April 2 announcements

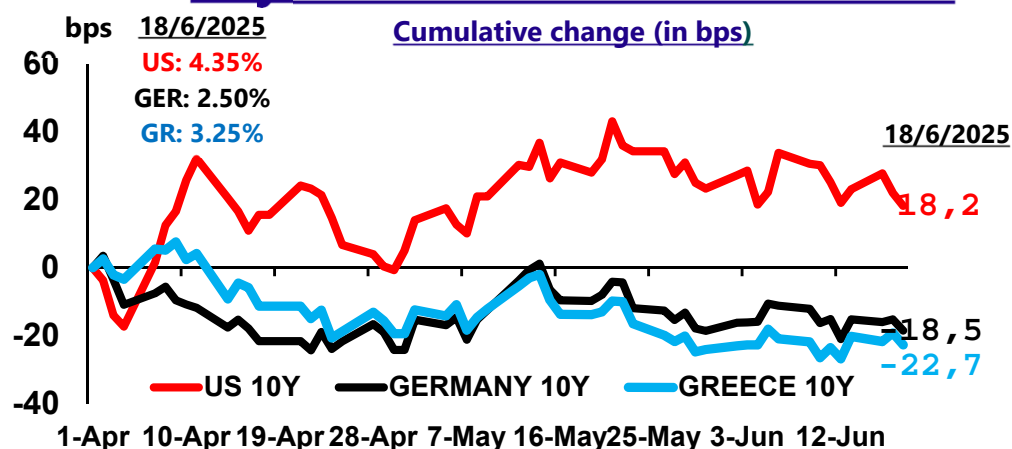
Stock Markets



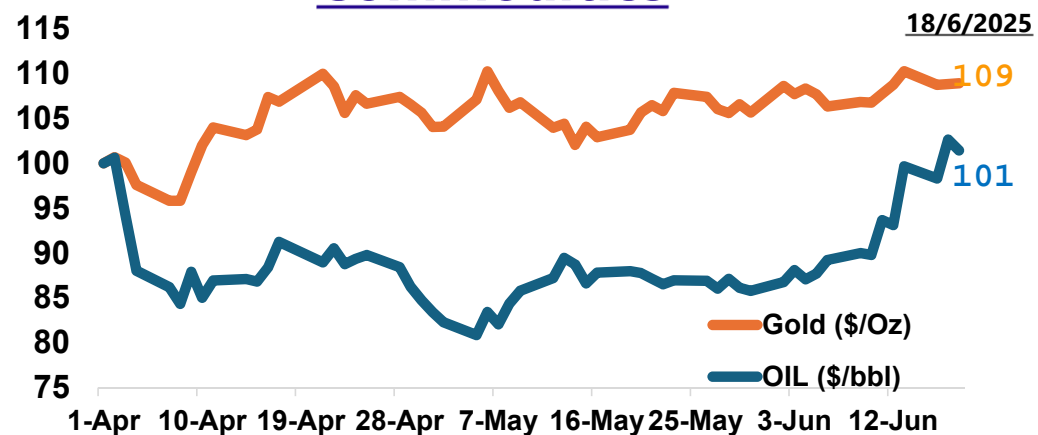
Currencies



10y Government Bond Yields

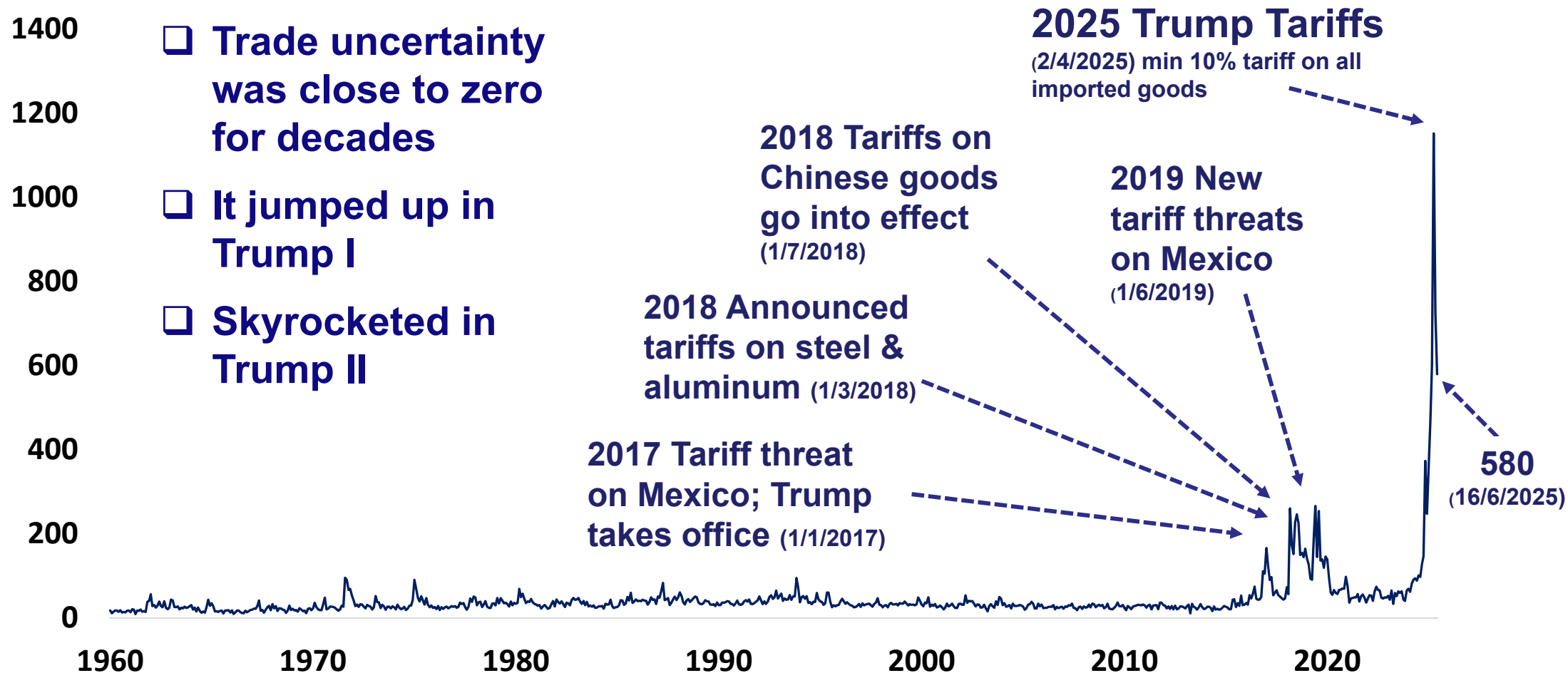


Commodities



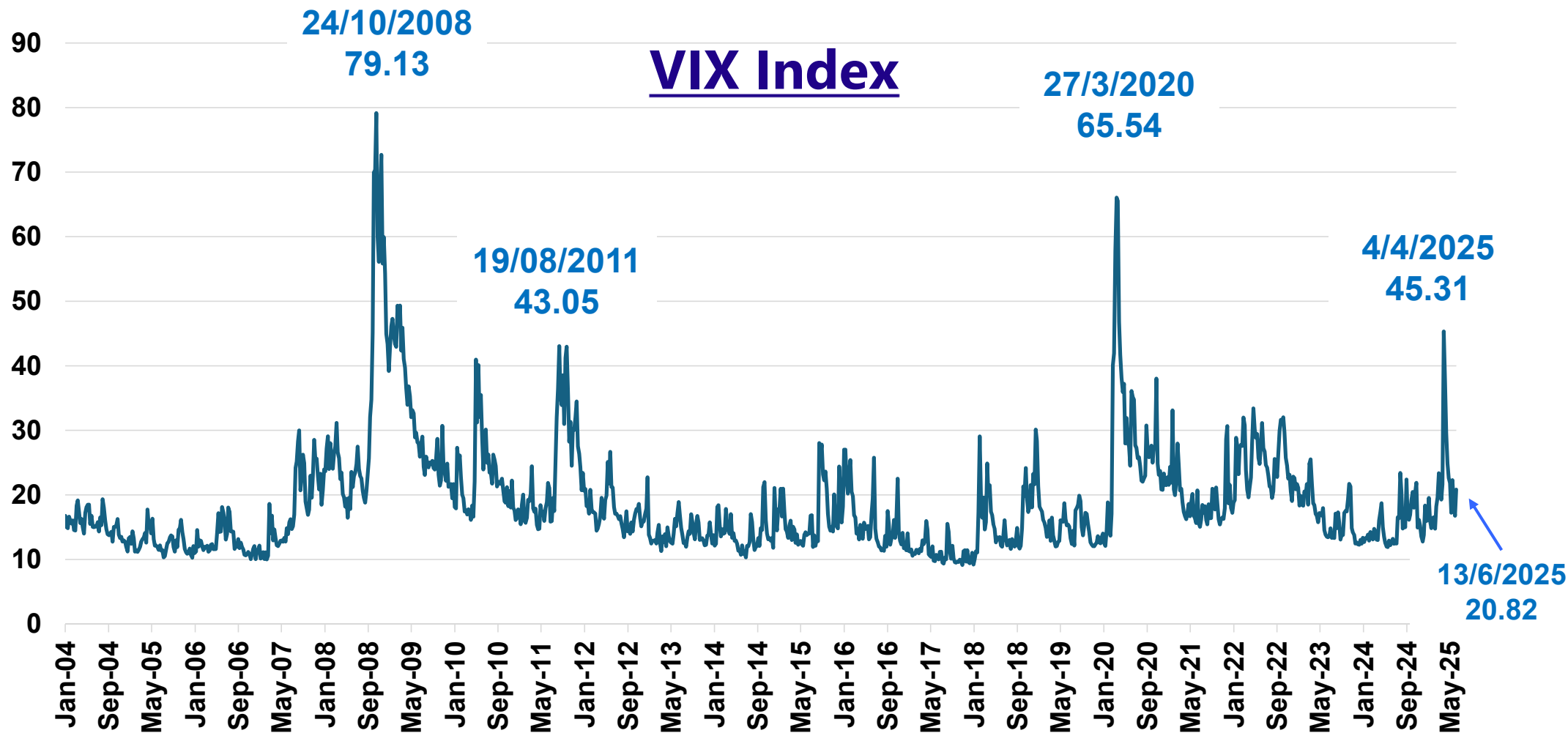
I. Global trade policy uncertainty at record highs

- Trade uncertainty was close to zero for decades
- It jumped up in Trump I
- Skyrocketed in Trump II



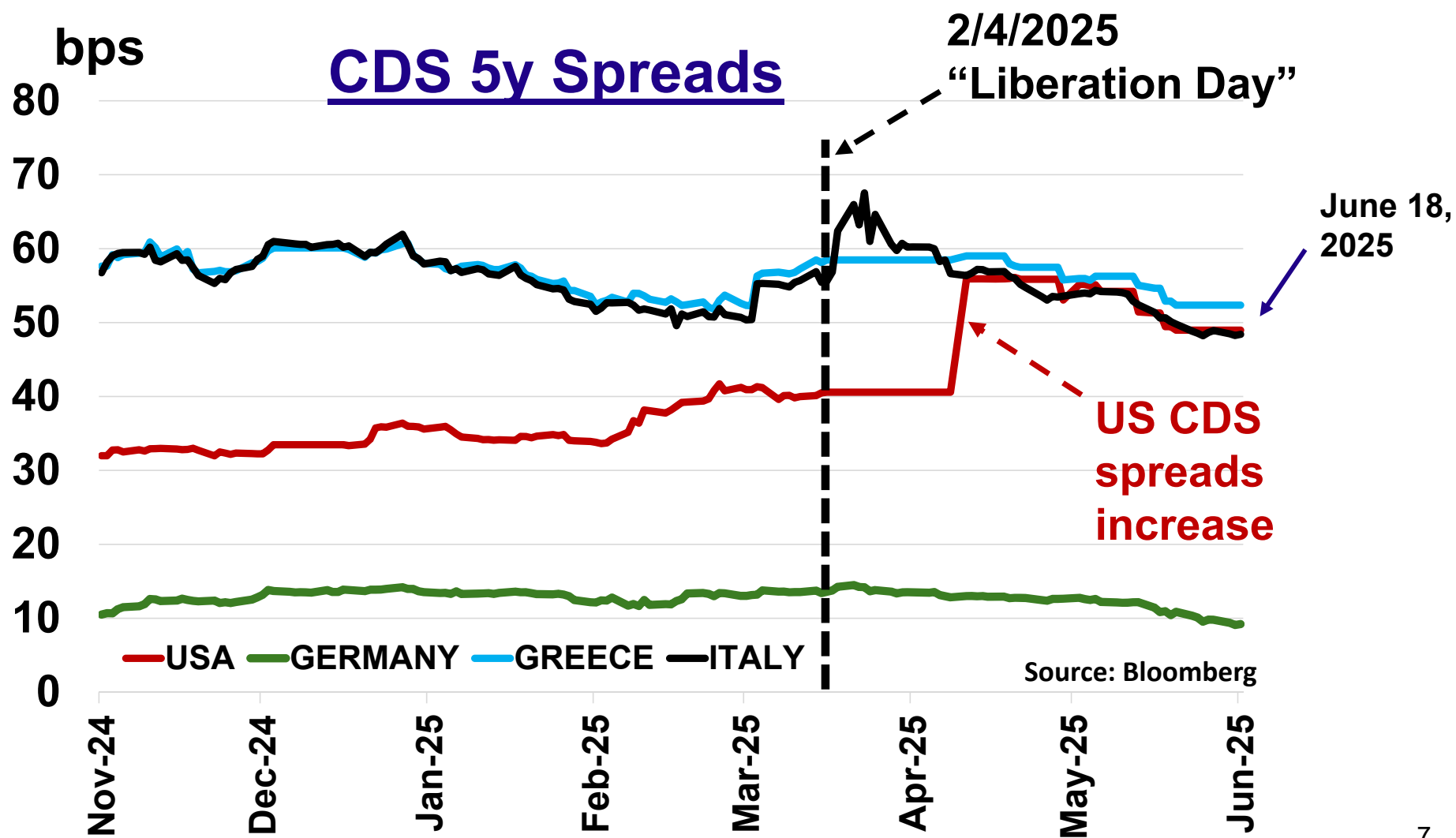
Source: Trade Policy Uncertainty (TPU) Index, <https://www.matteoiacoviello.com/tpu.htm>

I. US Stock market volatility is up in the Trump Era



Source: Bloomberg

I. The fear of US government default has increased

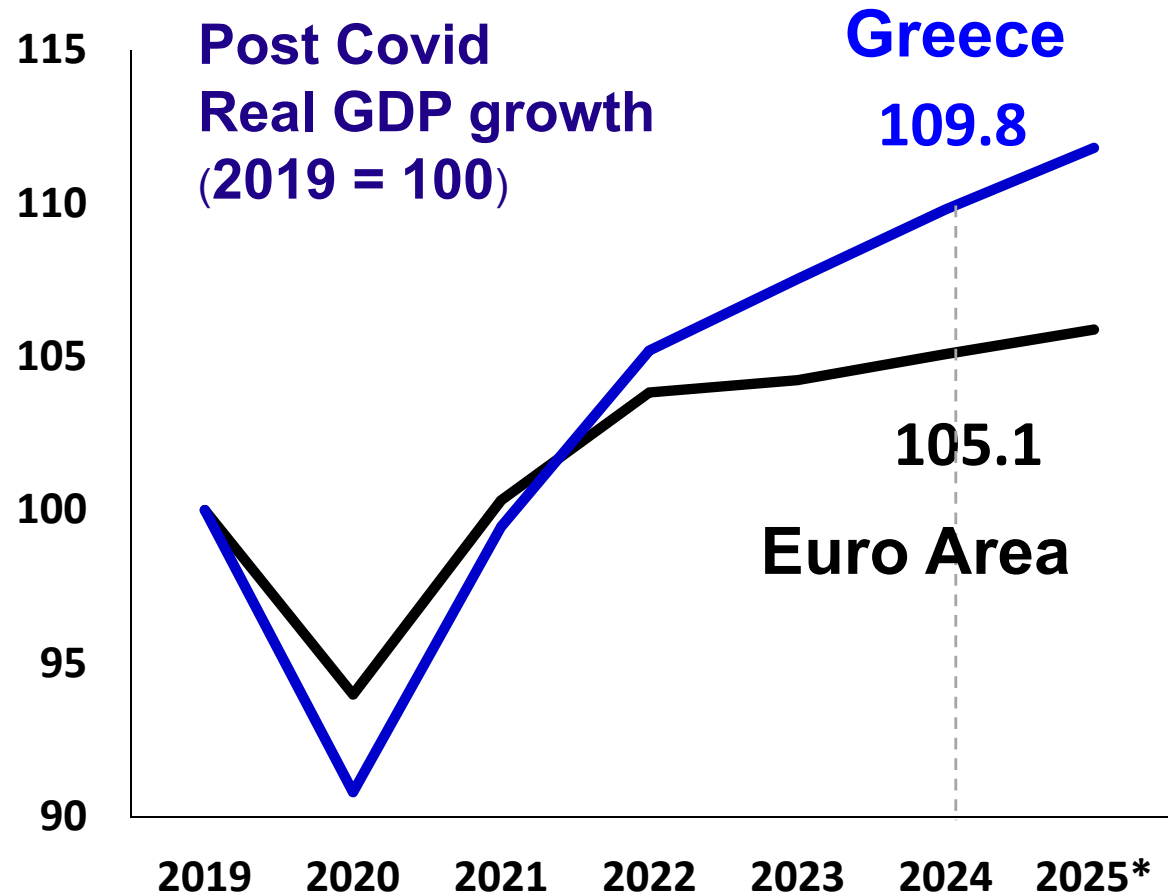


II.

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II. Greek economy: Less sensitive to Trump uncertainty

- ☐ Greek exports to the US only 1% of GDP (vs. 3% in Euro Area).
 - Yet Greece will be affected in a 2nd round from the drop in EA GDP.
 - Uncertainty is the biggest problem.
- ☐ Economy grows faster than EA.
- ☐ RRF provides a cushion:
 - €16-20bn by the end of RRF program period.
- ☐ Fiscal stability is a lesson learned by citizens and politicians.
- ☐ Political stability.
- ☐ A strong banking sector provides support.



Source: Eurostat, *IMF WEO

II. Greece's sovereign rating upgraded to investment grade

- ❑ The A+/A1 rating in 2006-2008 was probably an over-estimate
- ❑ At low Investment Grade territory today
- ❑ Banks today have investment grade rating as well, with minor differentiation between them
- ❑ In the case of Moody's, surprisingly, all 4 banks have a better rating than the State:

Moody's Ratings today

Greece	NBG	Eurob.	Alpha	Piraeus
Baa3	Baa1	Baa1	Baa2	Baa2



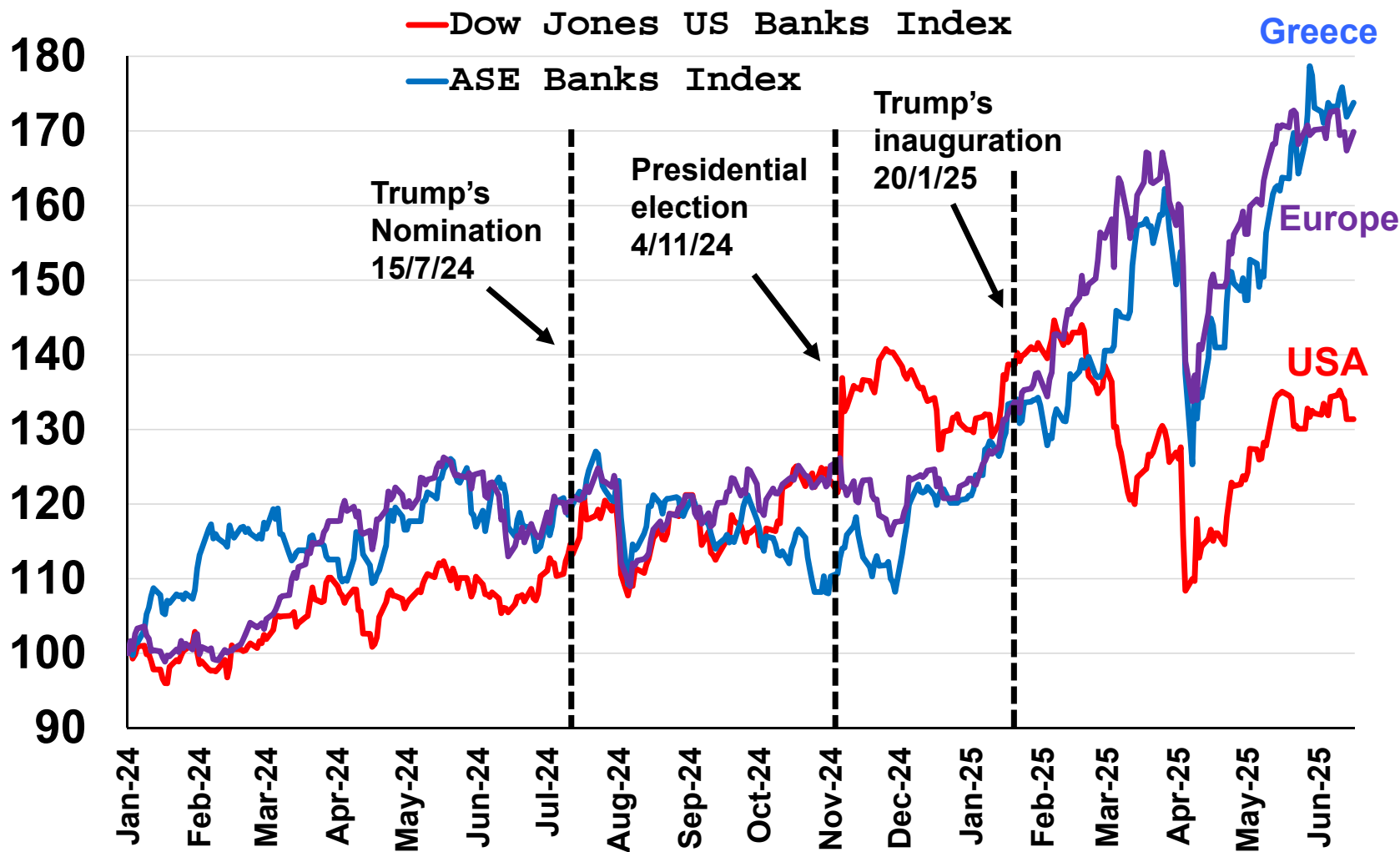
Source: BoG, Rating agencies. Last obs. 29/5/2025

III.

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III. Bullish sentiment for Greek & European banks

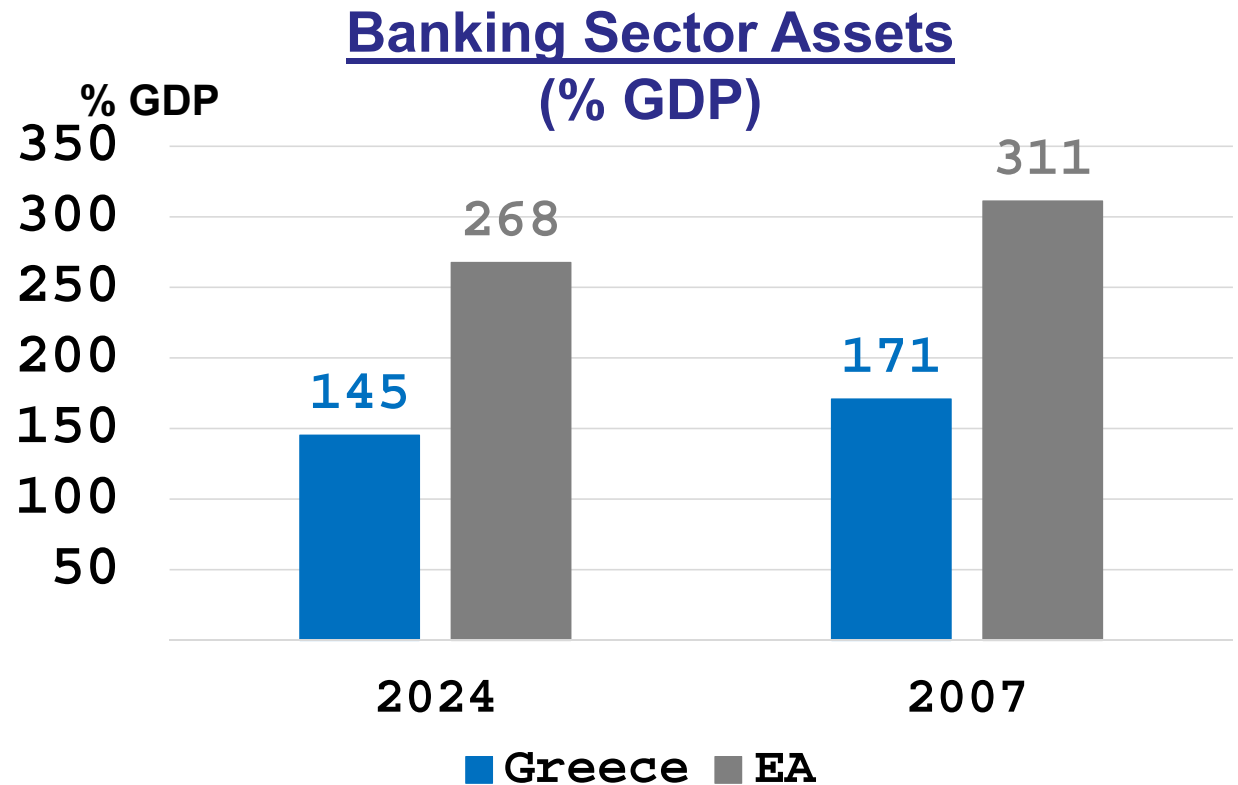
- 2024 was a good year for all. Bank stock prices up by:
 - 20% in Greece & Europe.
 - 30% in the US.
- 2025 is different:
 - Another 50% up (until now) in Greece & Europe.
 - Yet stagnation in the US, revealing worries about Trump's economic policy.



Source: Bloomberg

III. Compared to Europe, the Greek banking sector is small

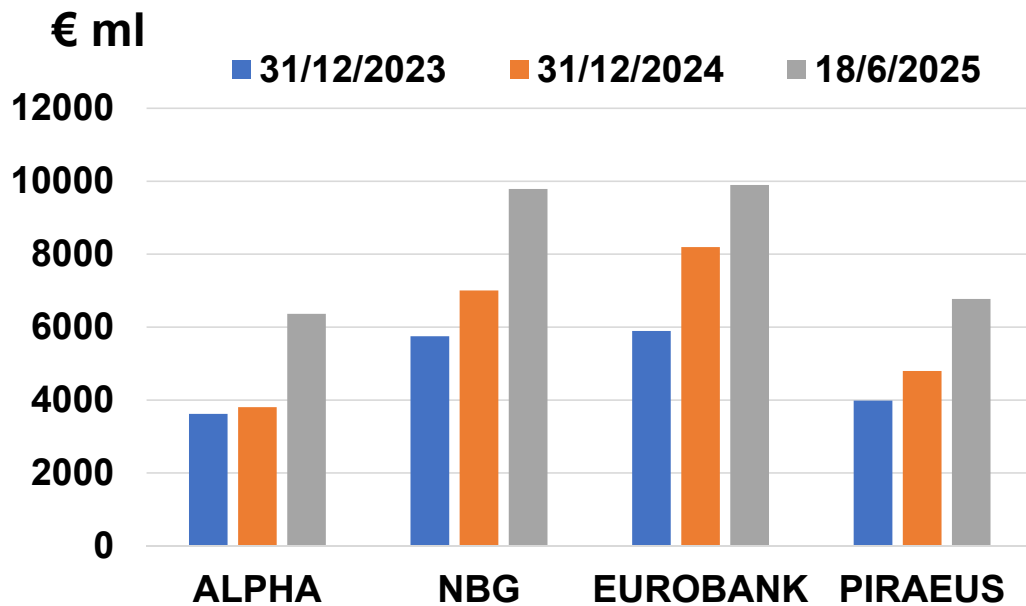
- ❑ In terms of asset size, the Greek banking sector is small compared to Euro Area's sector.
- ❑ The gap was slightly bigger in 2007, prior to the Great Financial Crisis.
- ❑ In 2007 all banking systems in Europe were bigger than today.



Source: ECB, BoG

III. Inside Greece the banking sector is large

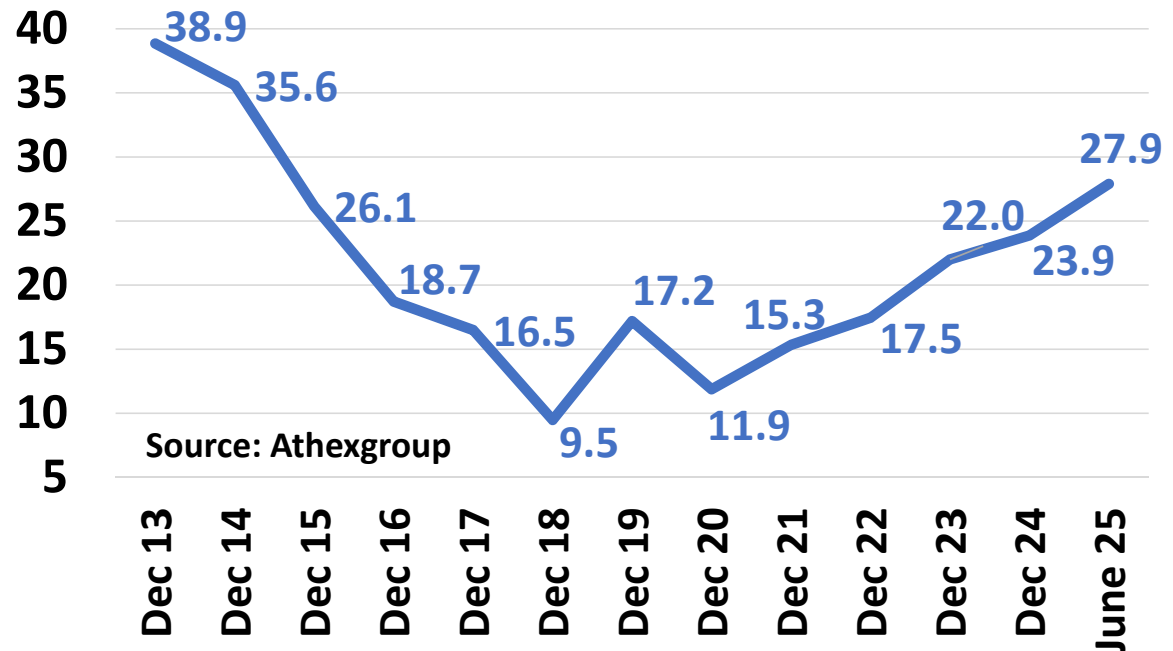
Greek Systemic Banks Market Capitalization



Source: Bloomberg

- Greek banks' capitalization is 70-100 times smaller compared to that of JP Morgan.

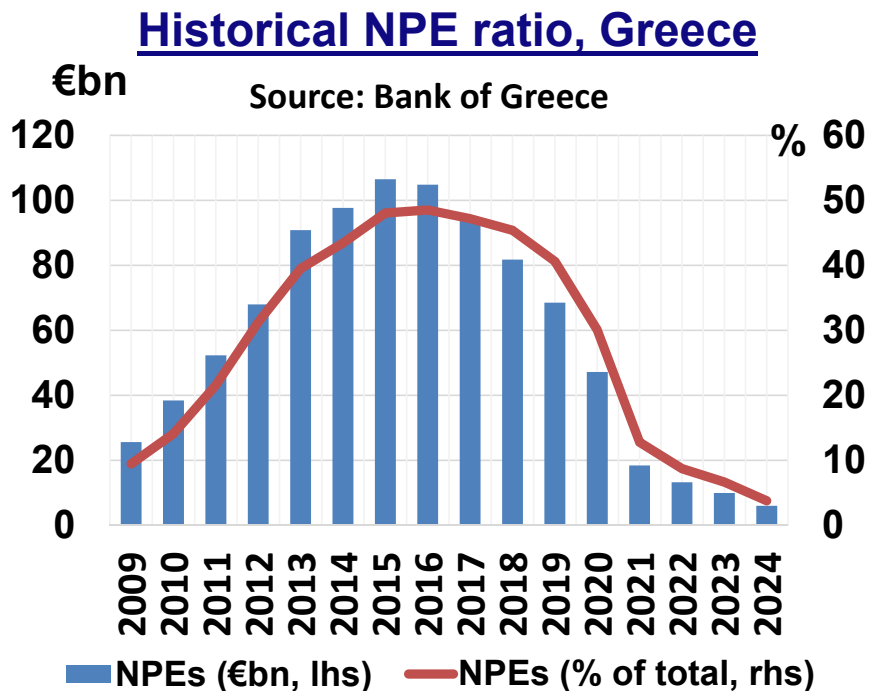
Greek Banking Sector Capitalization (Bank index component as a % of Total Market Cap)



- Listed banks' total weight goes up to 31.1% when all listed banks are included, i.e., after adding Attica Bank, Optima & Bank of Cyprus.

III. NPEs have dropped to near EU average

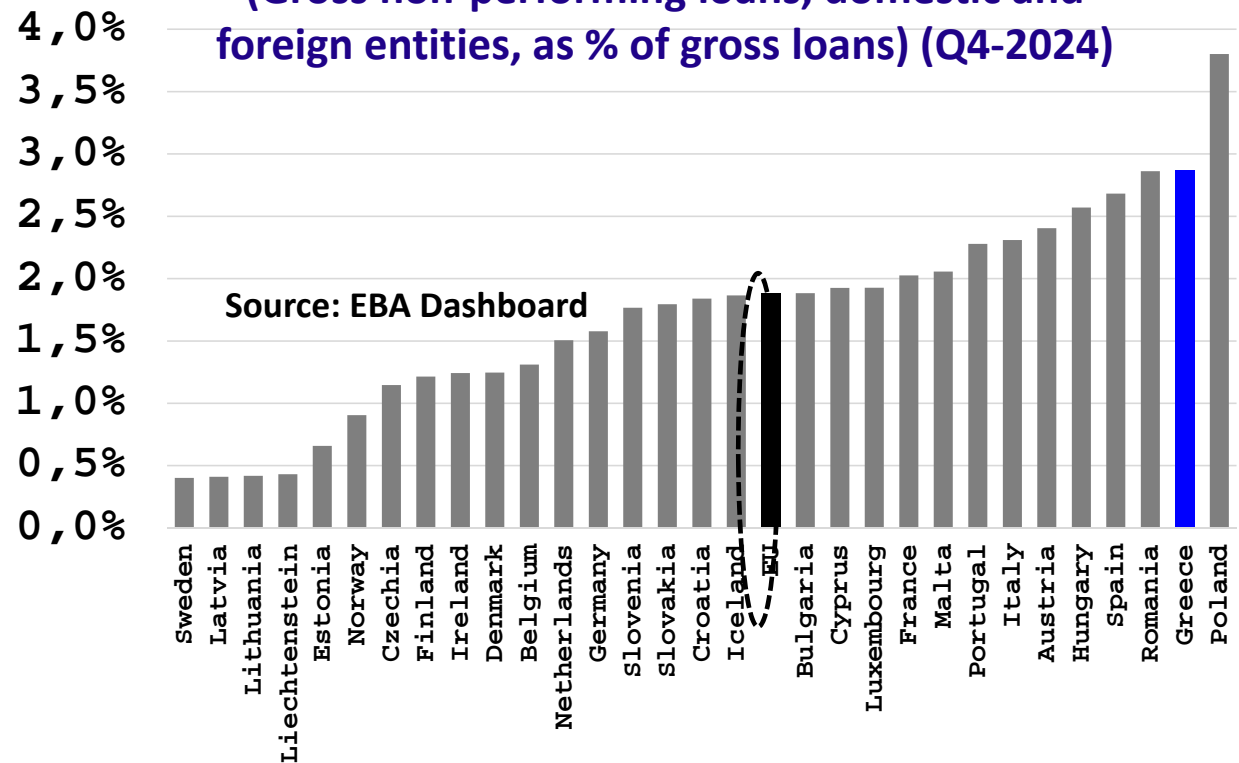
- ❑ The Hercules securitization with its government guarantee on the senior tranche helped expedite the drop in NPEs.



- ❑ In Q4-2024, the NPL ratio was at 2.9% vs. EU average of 1.9%.

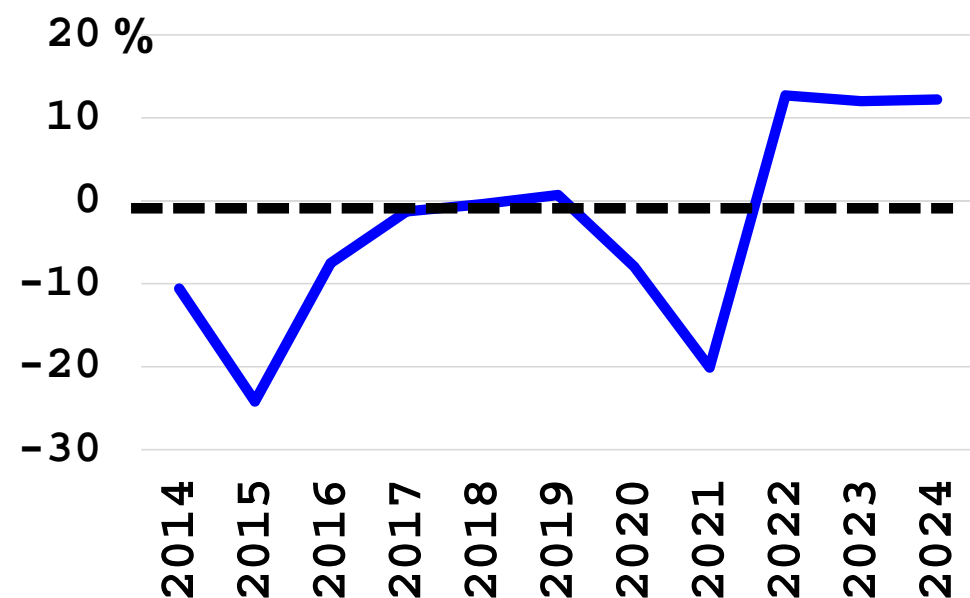
NPL ratio in Europe

(Gross non-performing loans, domestic and foreign entities, as % of gross loans) (Q4-2024)



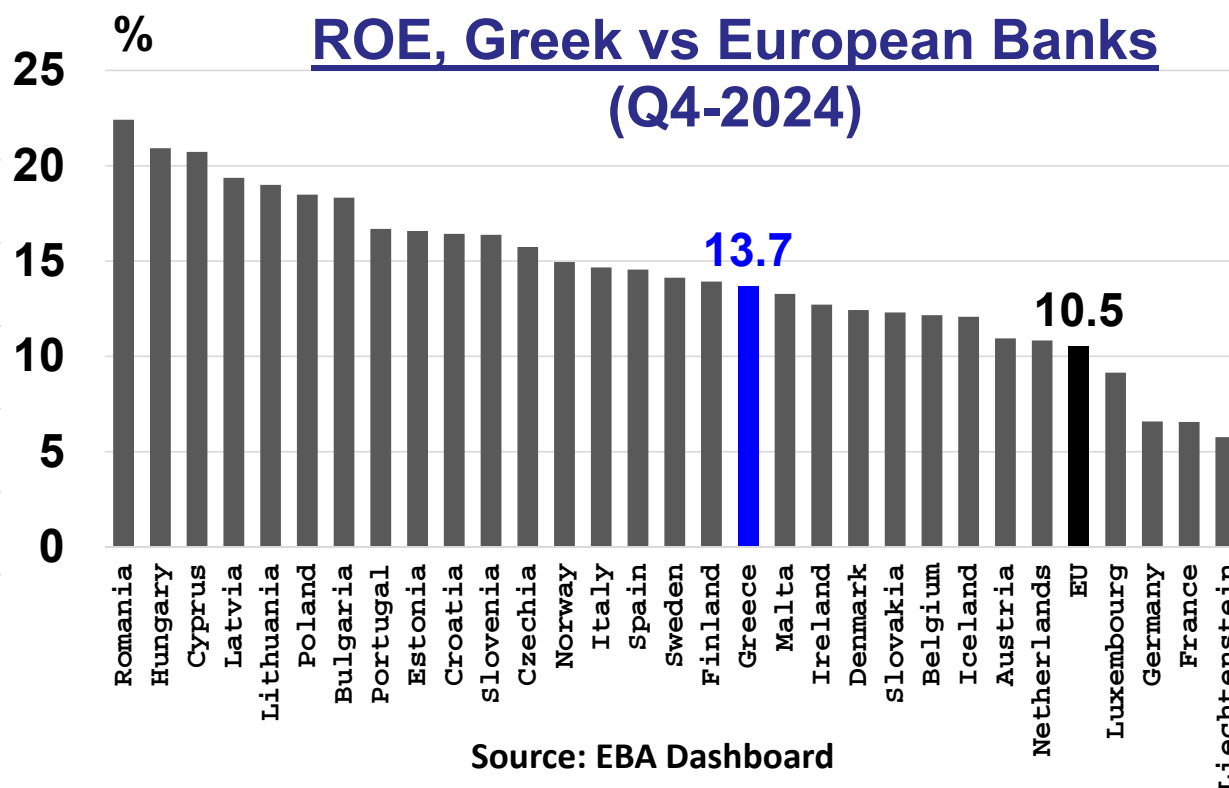
III. Profitability is back to normal in the last 3 years

ROE, Greek Banks



Source: ECB, Eurostat

ROE, Greek vs European Banks
(Q4-2024)

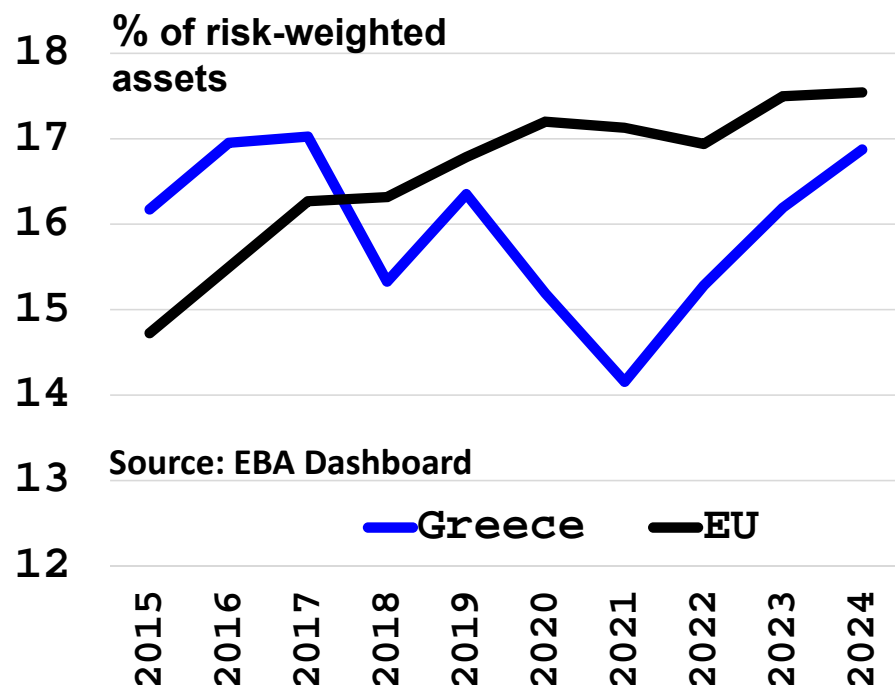


Source: EBA Dashboard

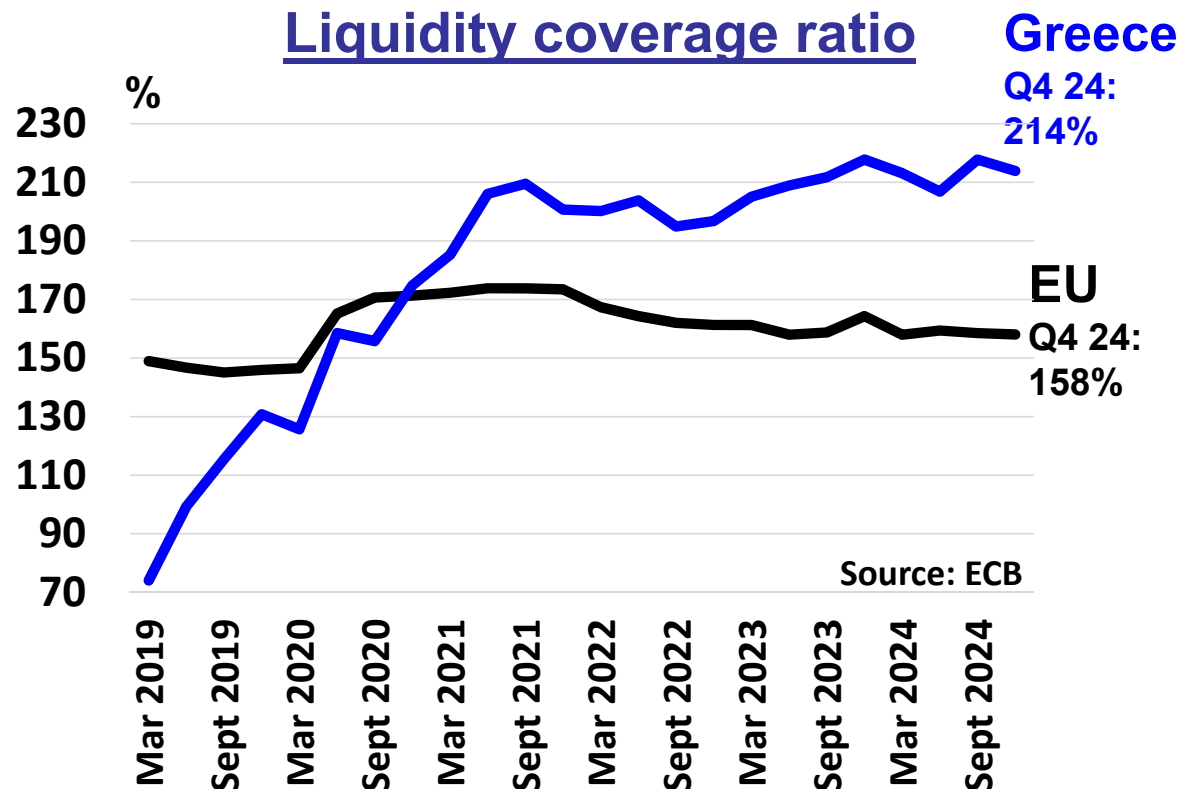
- Return on Equity (ROE) at 12.2% in full year 2024, very close to the EU average.
- Greek systemic (significant) banks distributed over €1.9bn to their shareholders in both cash dividends and share buy-backs from the profits of 2024.
- The negative ROEs in 2020-21 are due to the NPE securitizations of the time.

III. Solid capital and liquidity ratios in Greece

Tier-1 capital ratio



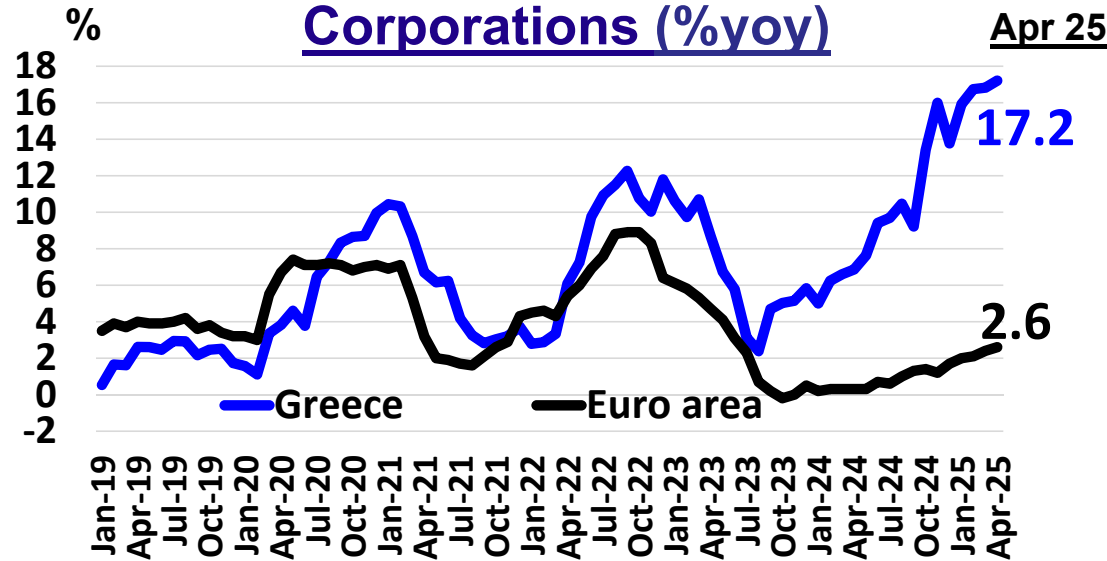
Liquidity coverage ratio



- ❑ A large % of CET1 is DTC and DTA, yet this component is linearly declining and expected to be fully retired by early to mid-30s.
- ❑ Strong liquidity conditions even after the TLTRO III repayment.

III. A boost to the economy: Corporate lending has skyrocketed

Bank lending to Non-Financial Corporations (%yoy)



Source: Bank of Greece, ECB

❑ In net corporate lending, growth is positive since 2019 and since 2022, stronger than in the Euro Area.

New lending to very small enterprises (with turnover up to €2.5mn)

	# lending contracts	# amounts (mn. €)
2023	31,376	1,858
2024	36,392	2,271
Jan-May 2025	15,349	949

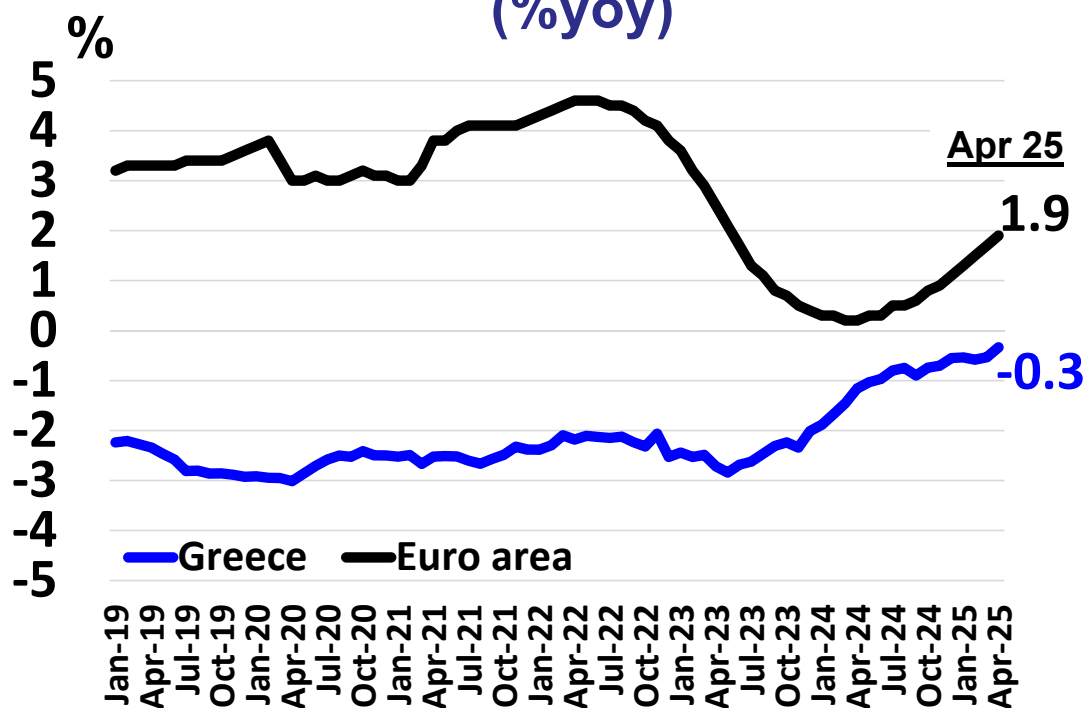
RRF Contracted Loans

(mid- 2022 until 30/4/25)

Number of contracted loan applications	Total Eligible Project Budget (mn. €)	RRF loans disbursed (mn. €)	Bank loans disbursed (mn. €)
478	14,290.22	6,309.52	4,663.38

III. Lending to households is recovering

Bank lending to Households (%yoy)

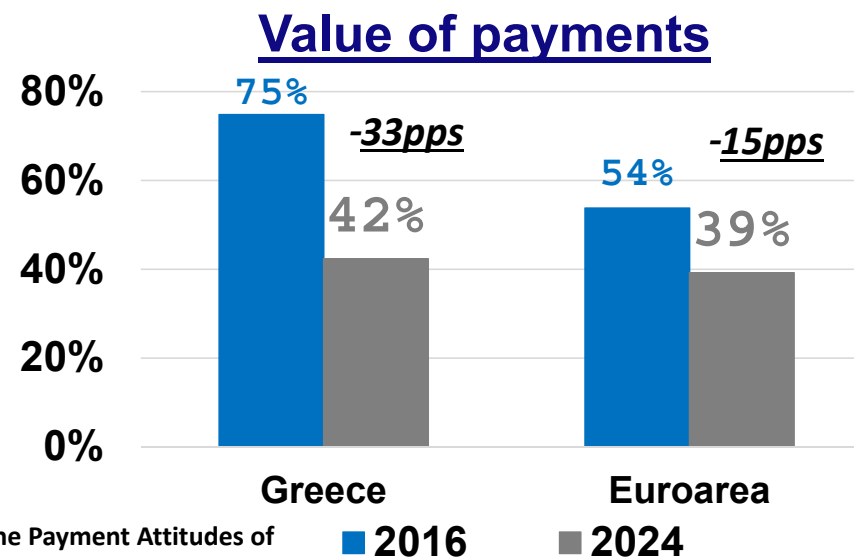
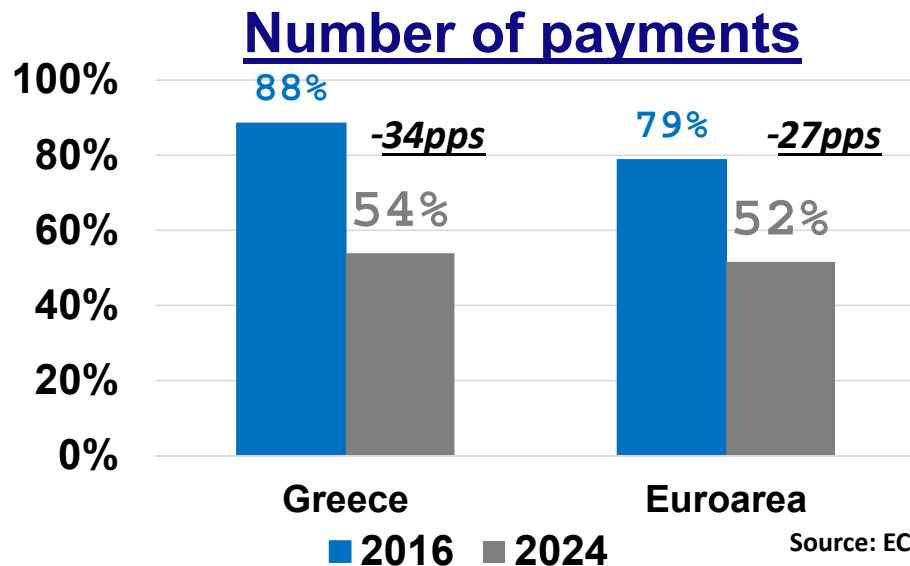


Source: Bank of Greece, ECB

- ❑ Lending growth to households is mildly negative. It is recovering during the last year (mainly consumer loans), with new loans approaching repayments of previous loans.
- ❑ Home II program:
 - Financing of up to €190k for the purchase of a first home within Greece, up to 150 m2, to individuals aged 25-50, based on specific eligibility criteria.
 - The total budget for the program amounts to €2bn, funded equally by the RRF (EU – Next Generation EU) and banking institutions.
 - Reference period from program start (15.01.25) until 12.06.25: €0.91bn out of the €2bn budget has been utilized with 7,600 applications approved by HDB.
 - The number of disbursed loans have reached 750 with an amount of €78.6mn.

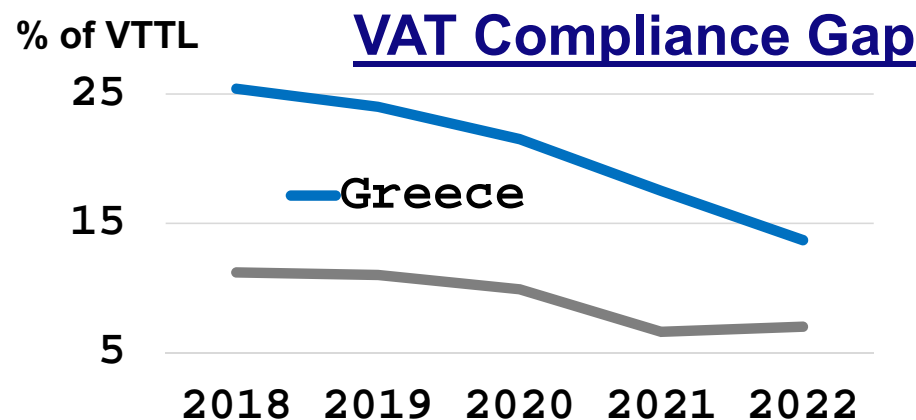
III. The share of cash transactions declines

Share of cash used at the point of sale



Source: ECB, Study on the Payment Attitudes of Consumers in the euro area 2024

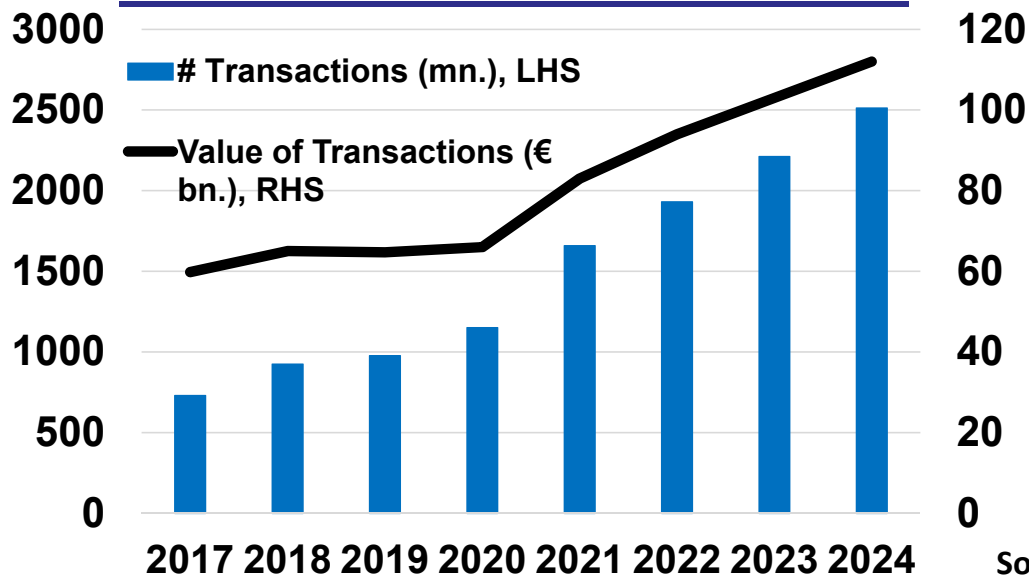
- Use of cash is close to EA use.
- As the use of cash diminishes, VAT compliance improves.
 - This has a significant positive effect on public revenues.



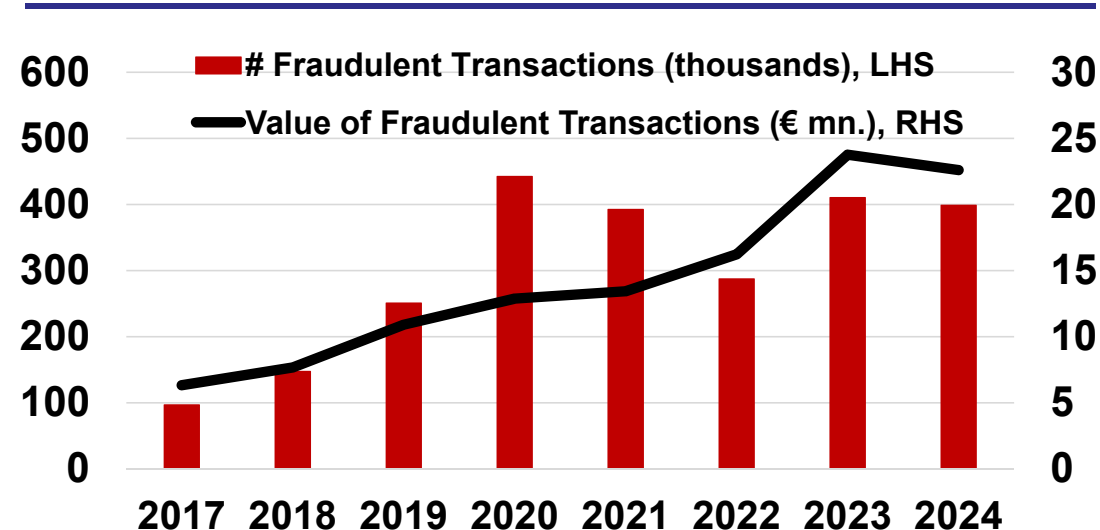
Source: EC

III. Card Transactions proliferate & Fraud is contained

Number & Value of Transactions

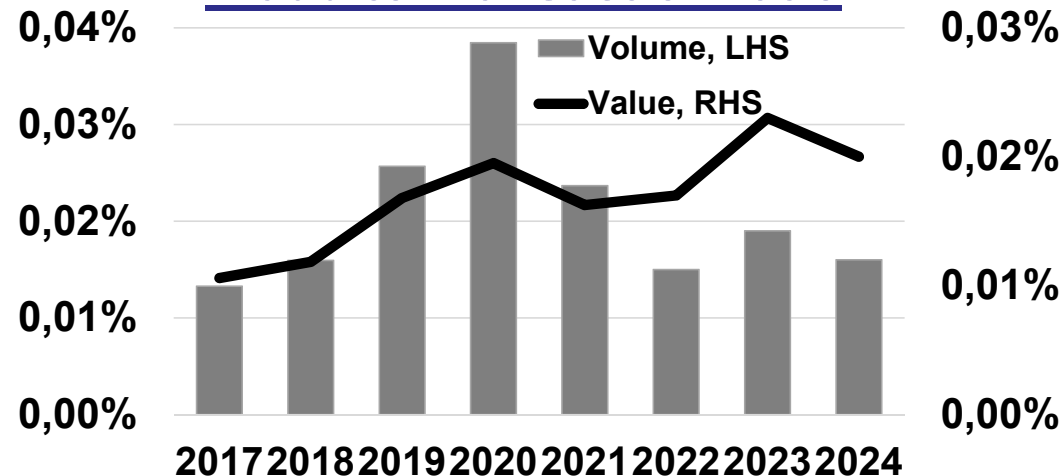


Number & Value of Fraudulent Transactions



Source: BoG

Fraud to Transaction ratio



- Comprehensive HBA campaign against fraud (<https://www.hba.gr/info/PhishingCamp2023>).
- Greek Banks introduced a three-factor authentication (3FA) system in Sept. 2023 for online payments exceeding €1,000 per transaction.

III. Fraud payment statistics: Greece vs EU/EEA

- ❑ In H1-2023 card transactions in Greece accounted for 72.8% of the total # of payment-transactions
- ❑ Only 3 bps of value was fraudulent, a bit lower % than the EU/EEA avg %
- ❑ In H1-2024, card transactions increased to 74.1%

0,060%

0,050%

0,040%

0,030%

0,020%

0,010%

0,000%

Card Fraud as % of total payments
(in value terms, *H1 2023*)



Source: EBA 2024

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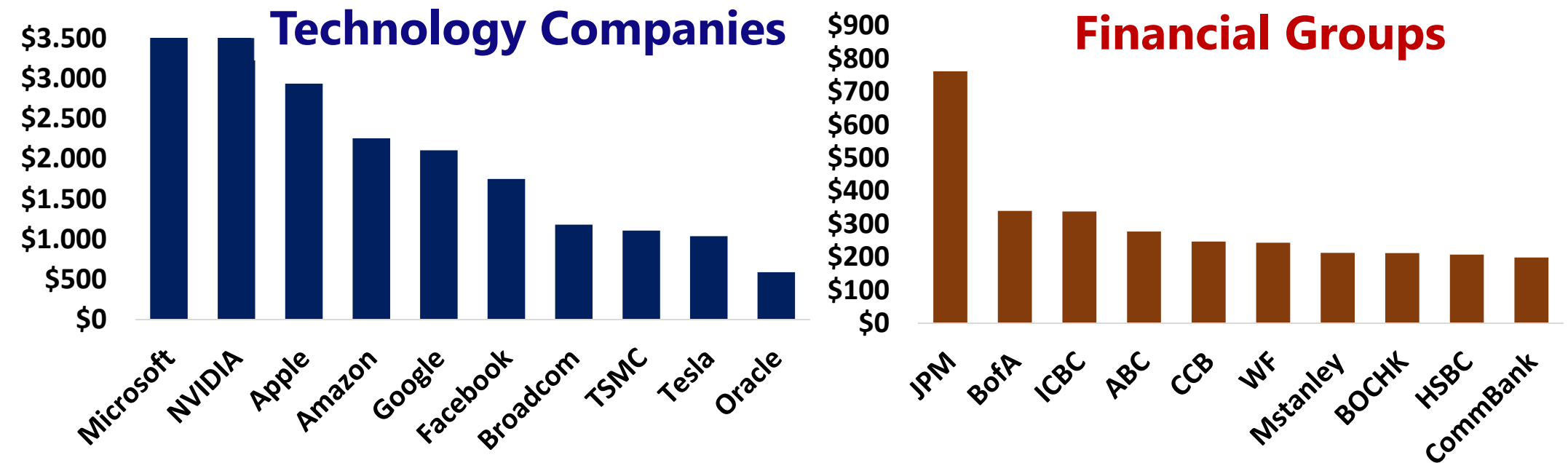
IV. Greek bank challenges are European-wide challenges

- ❑ AI leading to transformation in economic activity (Some economists claim it would be 10 times the equivalent of the Industrial Revolution).
- ❑ Fin-techs and shadow banking.
- ❑ Lack of a complete Savings & Investment Union in Europe (the Capital Markets Union expanded).
- ❑ European and national instant payment systems (account to account) and the digital euro.
- ❑ Over-regulation in contrast to the threat of a new banking crisis, always in comparison with US and Asia → Recent EC simplification initiative.
- ❑ New Trump global governance policies and the need for European bank lending to the defense sector.
- ❑ Connection to society and ESG.

IV. The threat of IT companies

- ❑ Although Europe is a bank-based economy, banks in Europe are small relative to US banks.
- ❑ US banks are even smaller relative to IT companies.
- ❑ IT companies are present in payments. Will they enter the banking field without the tough regulation banks face? Need for Savings & Investment Union.

Market capitalization (\$bn, June 18, 2025)



Source: Bloomberg

IV. The ESG challenge (I)

- ❑ **Pioneers in Governance, the “G” component of ESG. Bank governance law since 2015. The 2020 law on the governance of listed companies has utilized bank best practices.**
- ❑ **Pioneers in the “E” component of ESG. Greek banks facilitate the green transition:**
 - **So far, around 40% of the RRF projects co-financed by Greek banks, are geared to the green transition.**
 - **Banks are working to create ESG “scoring”/benchmarking for companies via the platform ESGr: they collect ESG data via the standardized interbank ESG questionnaires that adopt internationally recognized standards, guidelines and best practices in order to help the banks’ corporate clients improve their ESG performance.**
 - **Banks issue Green Bonds.**
 - **Banks provide sustainability-linked loans (SLL), developing sustainable finance frameworks.**
 - **Possible future ESG-type capital requirements by the ECB.**

IV. The ESG challenge (II)

□ Deeply Engaged with Society, the “S” component:

- Among the best employers in Greece and close to society
- Trust is an element banks must enjoy to be able to carry their function.
- Greek banks have provided ~€600mn from 2019 up to now to support the Greek State and households through various corporate social responsibility initiatives collectively and individually.

Examples: (<https://www.youtube.com/watch?v=tL8TJcp3bJY>)

- (1) All banks capped mortgage installments in April 2023 for two years for 442k loan contracts, which translates to €250mn of forgone revenue.
- (2) All banks - collectively through HBA - donated: (a) €1.75mn to the Ministry of Civil Protection to cover leasing expenses of drones & helicopters for fire-protection, (b) €0.75mn for the purchase of police patrol cars, (c) €5mn for the set-up and maintenance of the private debt management platform.
- (3) The 4 systemic banks contributed (a) €50mn for the restoration of damages in the Thessaly region, (b) €26.2mn in culture, (c) €24.8mn in education and public schools, (d) €12.0mn to the installment subsidy due to interest rate increase programme “Gefyra 3”, (e) €7.6mn in public health, (f) €7.3mn for environment protection, (g) €3.3mn in sports, (h) €1.3mn to address the demographic issue, (i) €0.5mn for the relief of earthquake in Turkey.
- (4) The 4 systemic banks will provide €200mn in 2025 – €100mn for the “Marietta Giannakou” school reconstruction program (up to now 426 school buildings), and another €100mn for the Real Estate Acquisition and Leaseback Agency to support vulnerable debtors.

IV. Summary

- ❑ The new US administration has raised geopolitical and financial uncertainty.
- ❑ The Greek economy is resilient to the Trump-induced global turbulence.
- ❑ The Greek banking sector, an early victim of the Greek crisis, has recovered.
 - Since 2022 recurring profitability is positive, capital and liquidity are abundant, NPEs are down, close to the EU average, investment grade ratings by the Rating Agencies, balance sheets are improving with expansion abroad.
 - Since 2024 increasing dividend payouts, with price-to-book ratios up.
- ❑ The banks support the economy
 - Corporate loan growth higher than in Europe, SME lending up, support of RRF, at the forefront of ESG, digitalization, and the reduction in the VAT compliance gap.
- ❑ Challenges ahead are common across European banks:
 - The coming AI revolution, Fin-techs and shadow banking, new instant payment systems (account to account) and the digital euro, lending for defense, the tradeoff between over-regulation and financial stability, a European Savings & Investment Union.



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Thank you for your attention!

www.hardouvelis.gr

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