



Greek Banks: Challenges and Prospects

Gikas A. Hardouvelis

Chairman, National Bank of Greece & Hellenic Bank Association

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Greek Banks: Past, Present & Future

I. Size of the banking sector

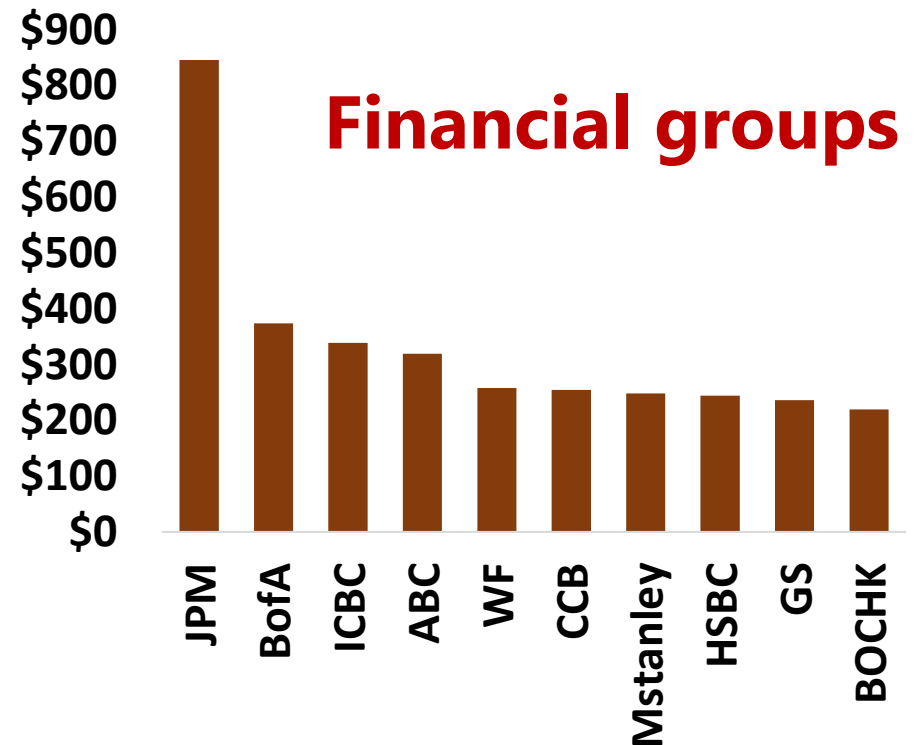
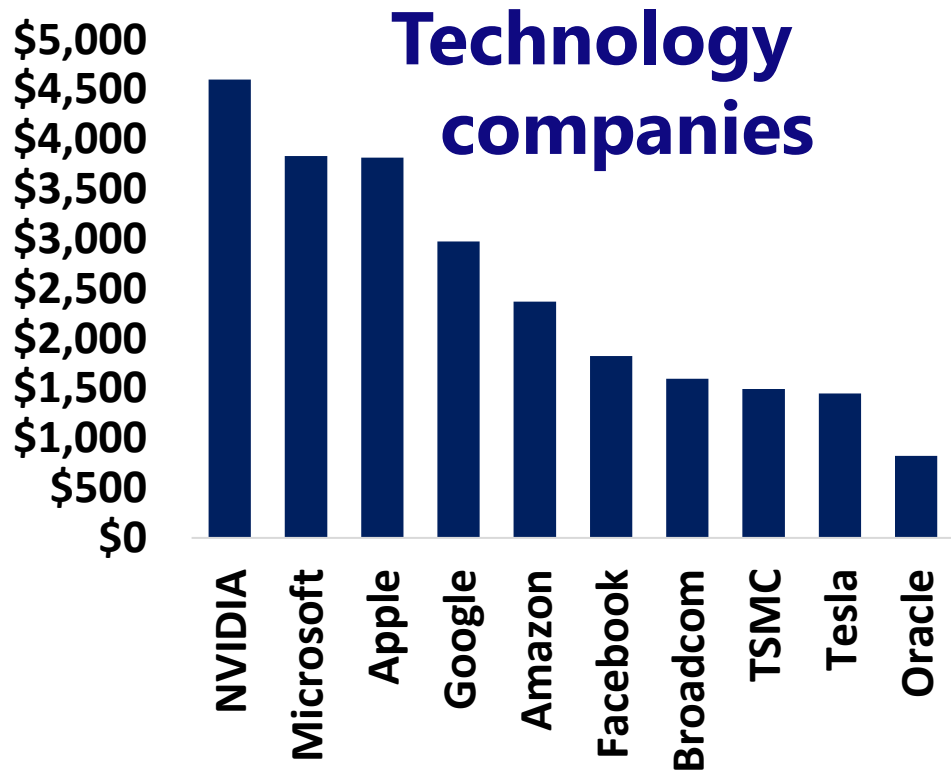
II. Today vs. the recent past

III. Future challenges & prospects

I. Globally, banks are small relative to technology companies

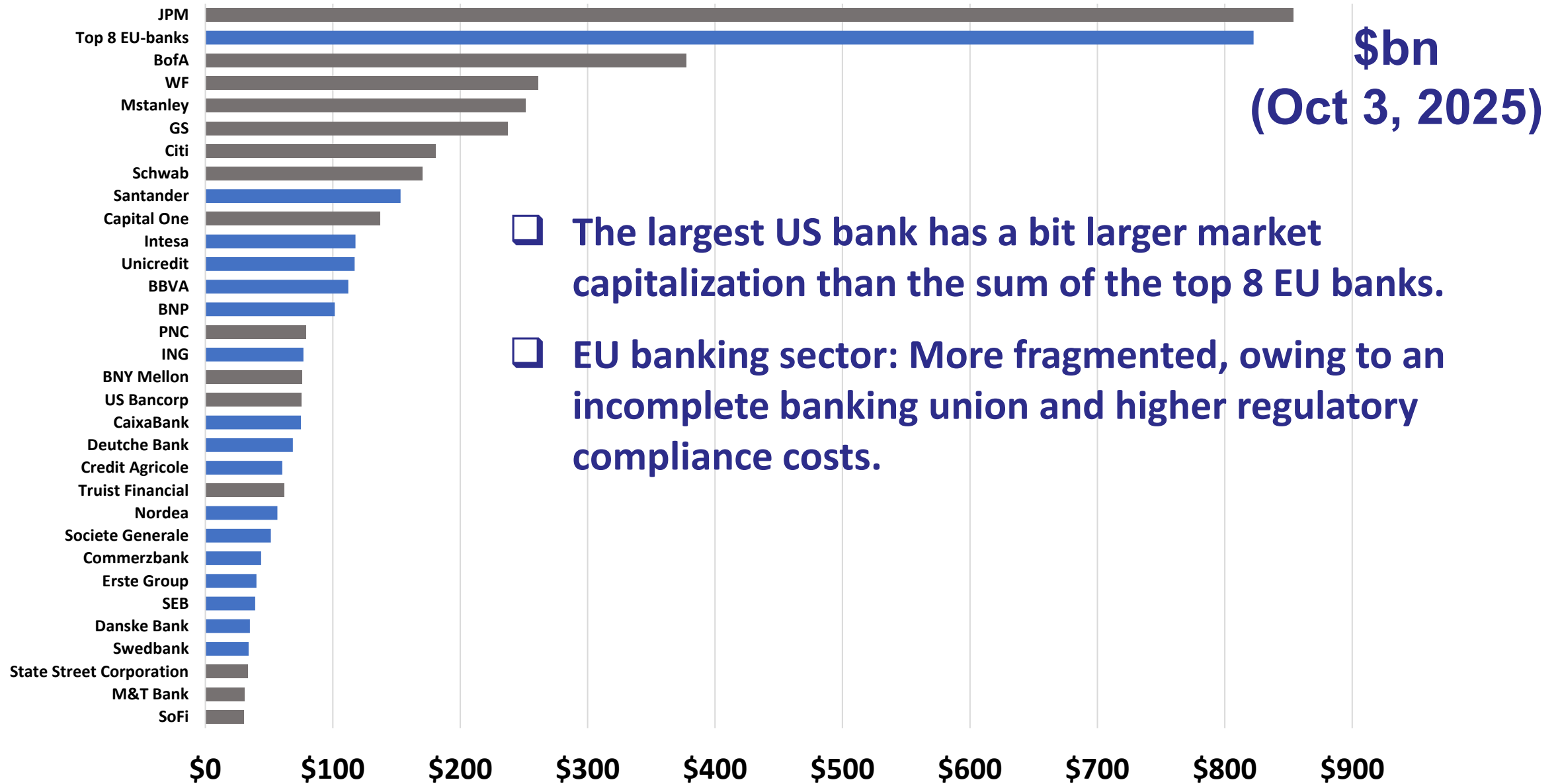
- ❑ Market capitalization of banks is a fraction of the capitalization of IT companies.
- ❑ Yet banks exert influence due to their higher leverage and their omnipresence in the economy.

Market capitalization (\$bn, Oct 2, 2025)



Source: Bloomberg

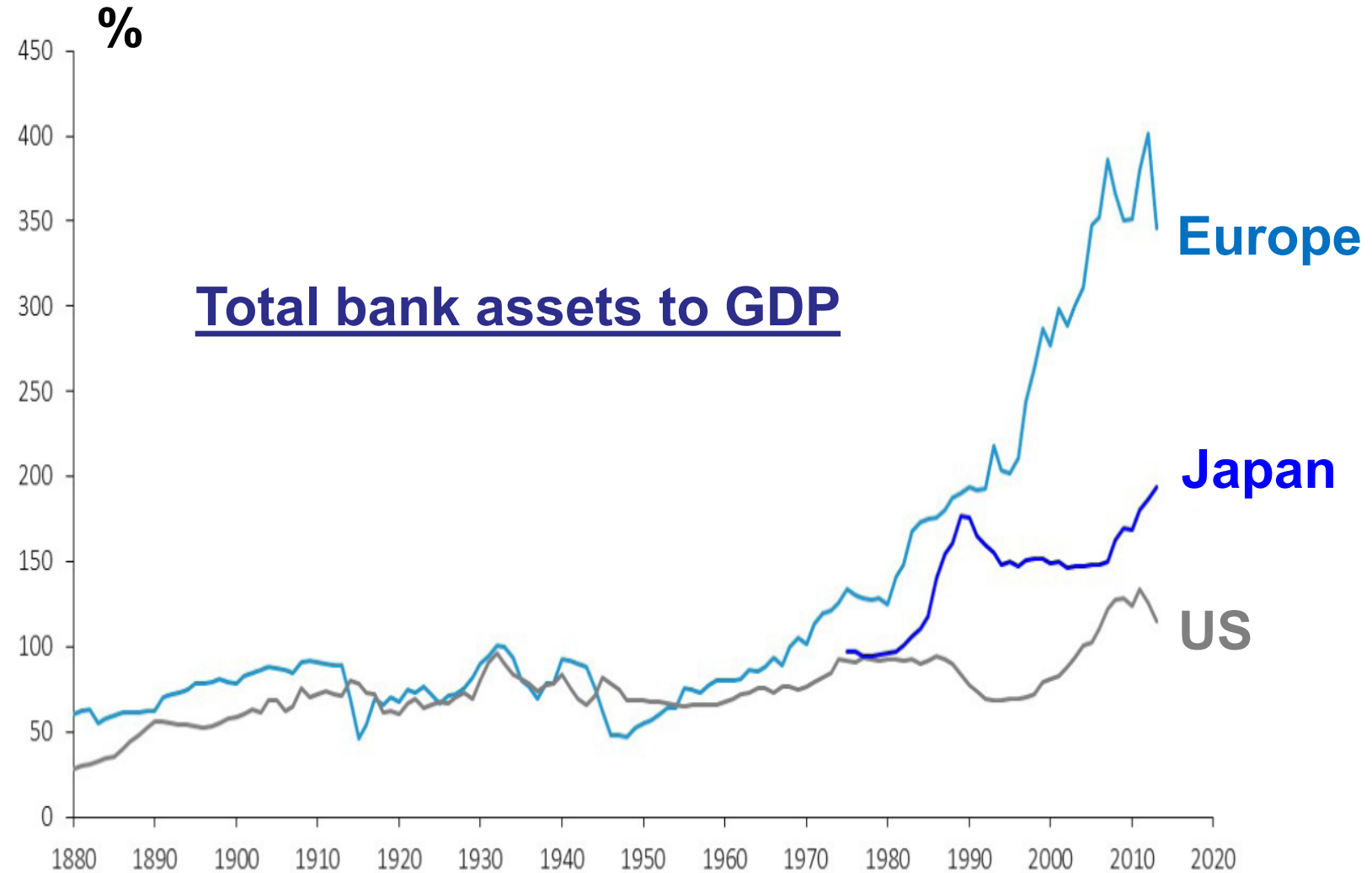
I. European banks are smaller than US banks in capitalization



- ❑ The largest US bank has a bit larger market capitalization than the sum of the top 8 EU banks.
- ❑ EU banking sector: More fragmented, owing to an incomplete banking union and higher regulatory compliance costs.

I. Europe is a bank-based economy in contrast to the US

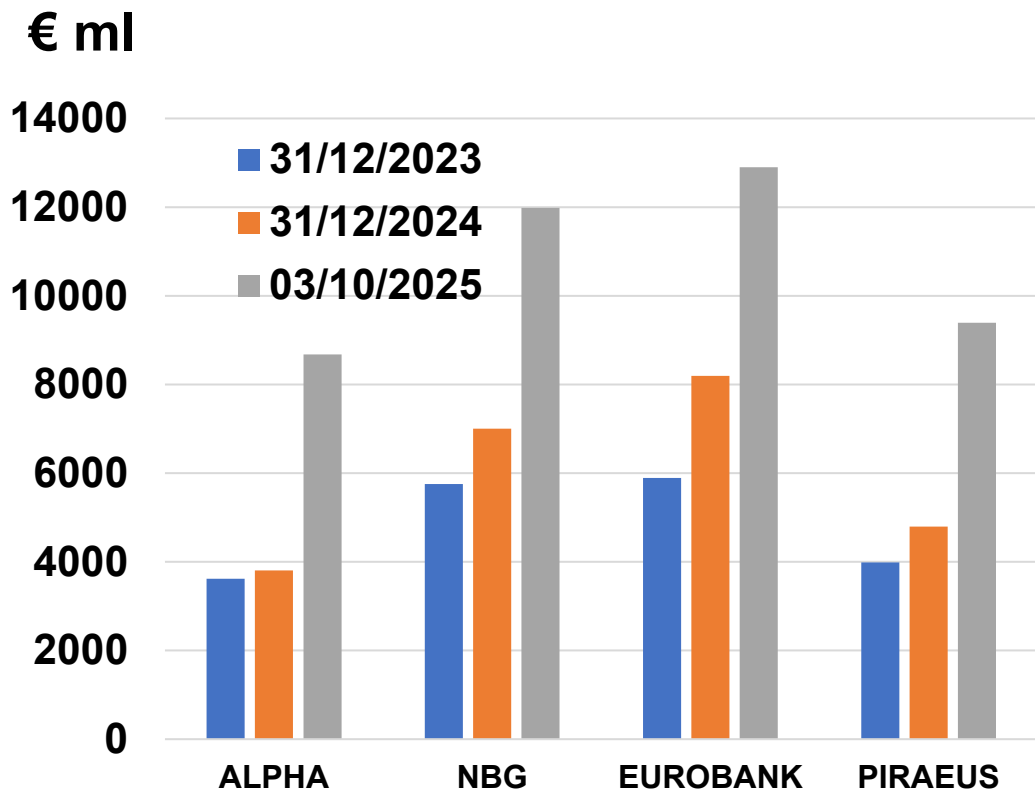
- ❑ Although the largest banks in market cap are in the US, Bank Assets to GDP ~400% in Europe, ~ 200% in Japan, ~100% in the US.
- ❑ This was not the case in the distant past.
 - Until the 1960s, bank assets to GDP fluctuated ~70% in both Europe and USA.
 - Divergence thereafter.
 - In late 1980s: ~180% of GDP in Europe & Japan.



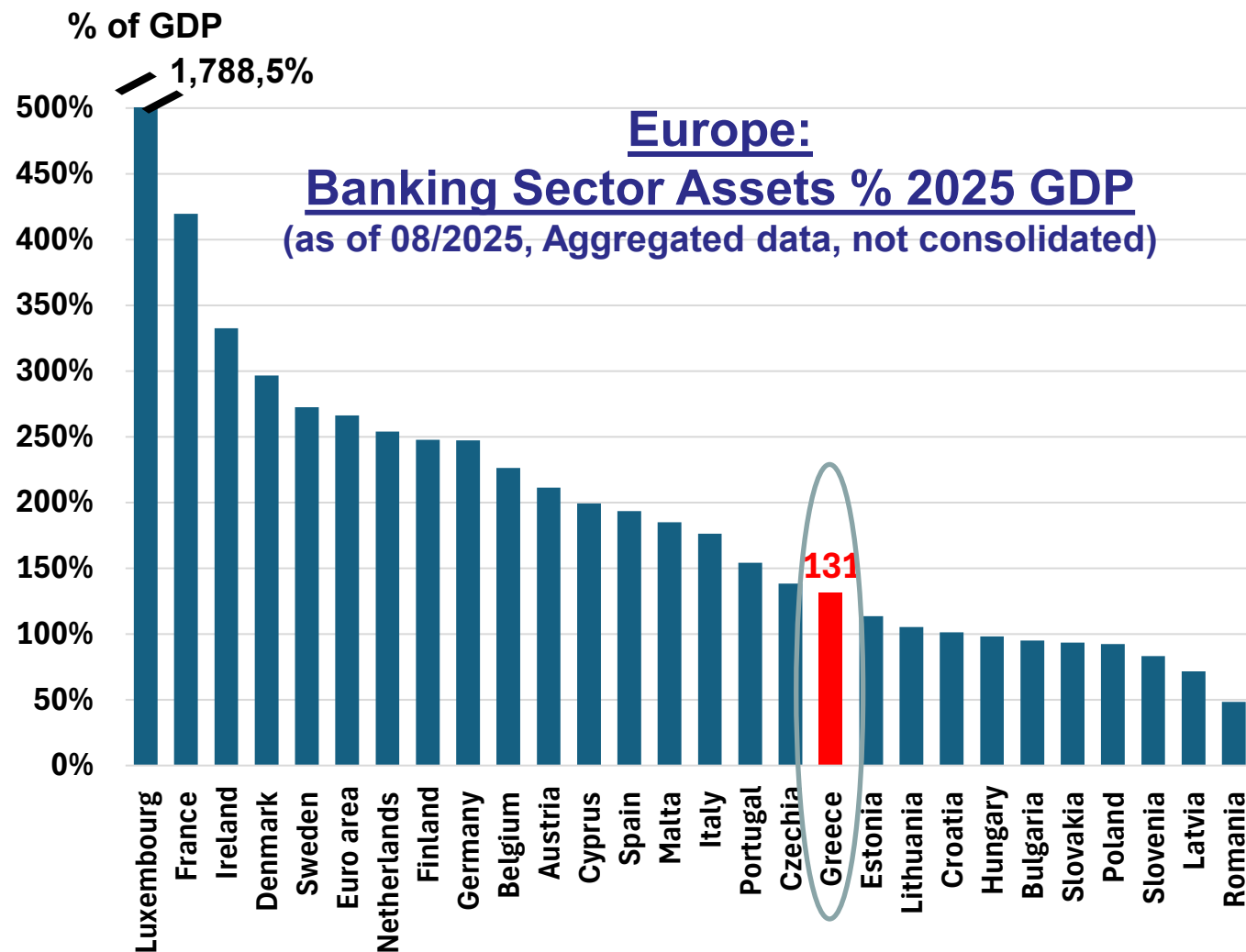
Source: Langfield and Pagano (2015),
EC The future of European competitiveness (Sept 2024)

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

Greek Systemic Banks Market Capitalization



Source: Bloomberg



Source: ECB, Ameco

I. In Greece, banks are comparatively very large companies in terms of capitalization

- Today banks represent 32.5% of total Athens stock exchange capitalization (36.9% incl. Credia Bank & Bank of Cyprus).
- Compared to their int/al peers, Greek banks are small, yet they carry a disproportionately bigger weight on the domestic economy.



Greek Banks: Past, Present & Future

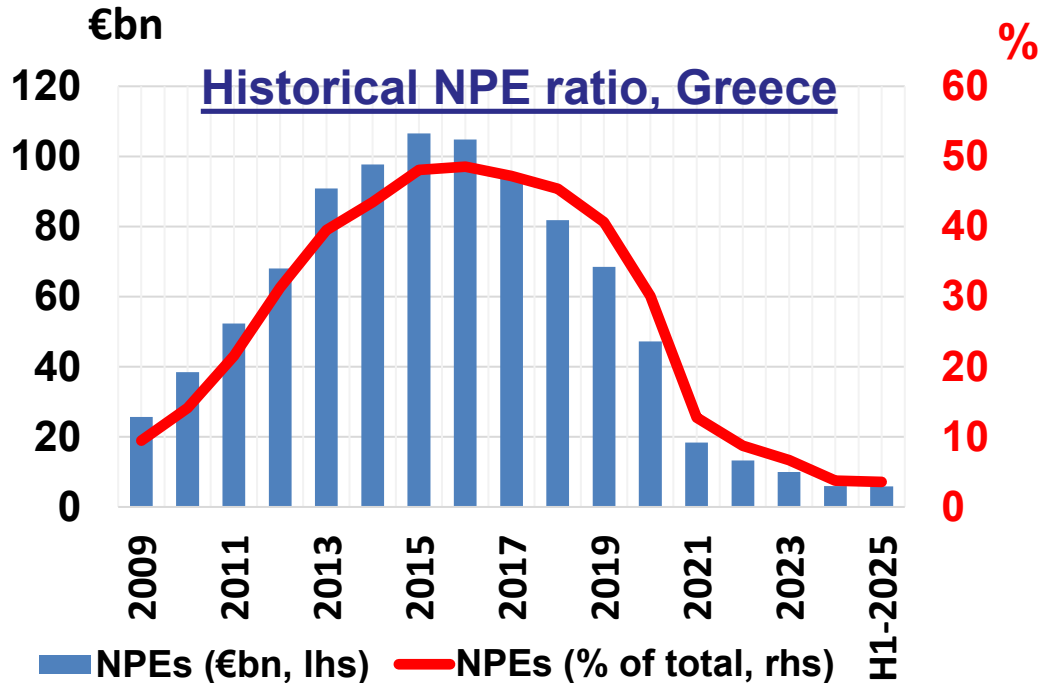
I. Size of the banking sector

II. Today vs. the recent past

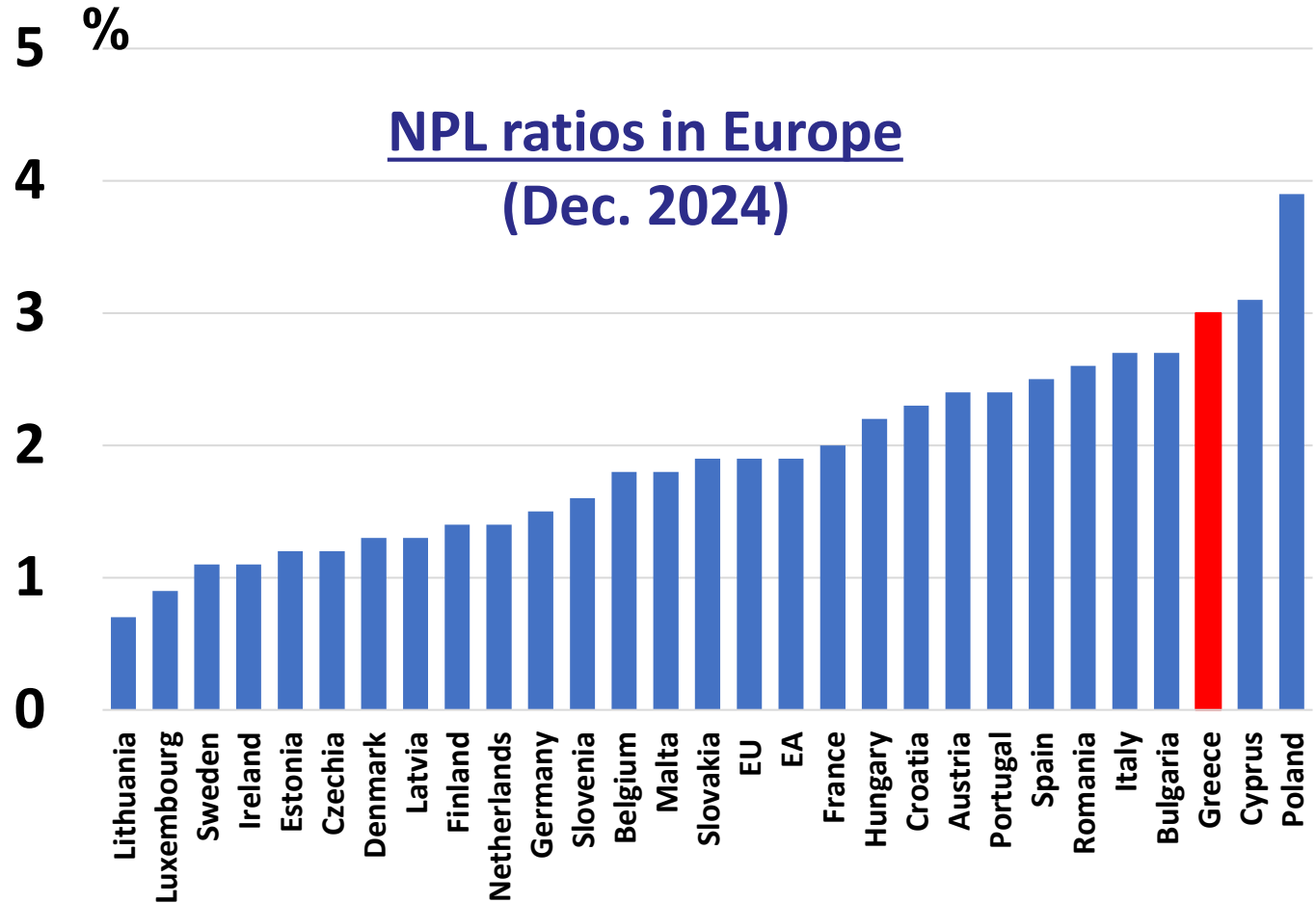
III. Future challenges & prospects

II.A NPEs have dropped close to EU average

- ❑ The Hercules securitization with its government guarantee on the senior notes helped expedite the drop in NPEs.
- ❑ NPL ratio at 3% vs EU average at 1.9% (End-2024, Source: ECB/Eurostat).



Source: Bank of Greece



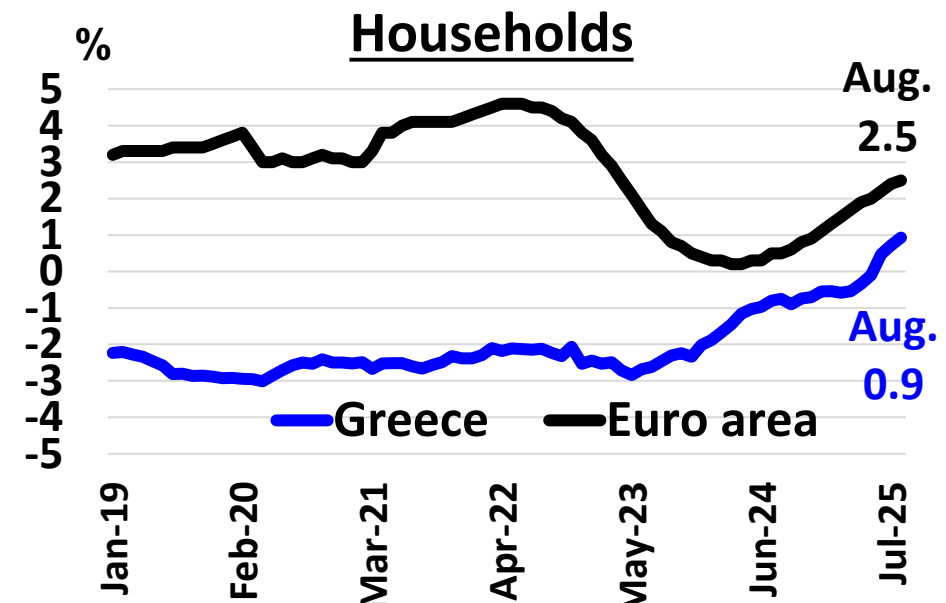
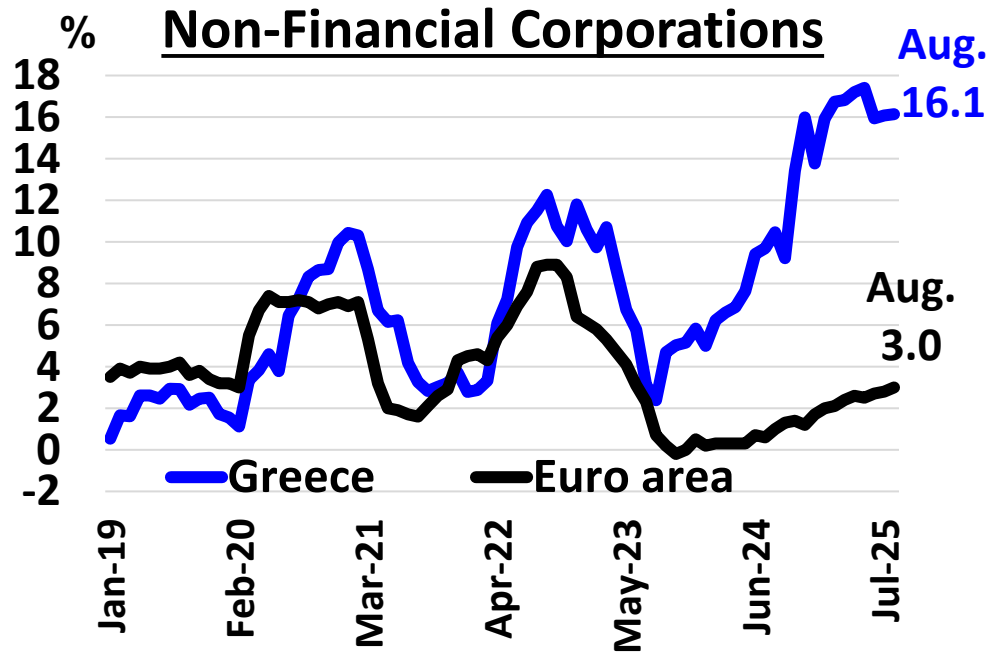
Note: Gross non-performing loans, domestic and foreign entities, as % of gross loans.

Source: ECB, Eurostat

II.A Corporate lending has normalized in Greece

Bank lending to the private sector

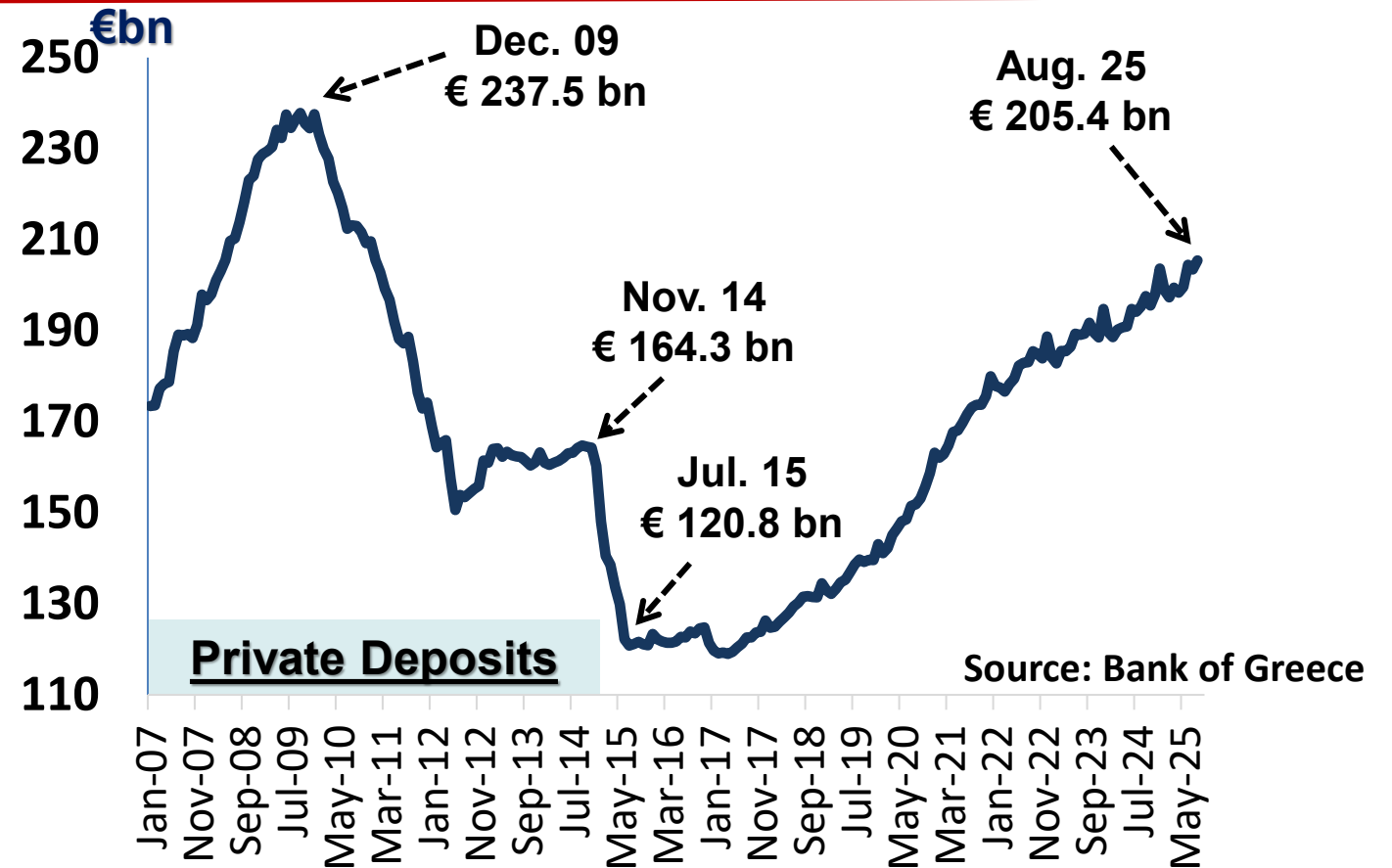
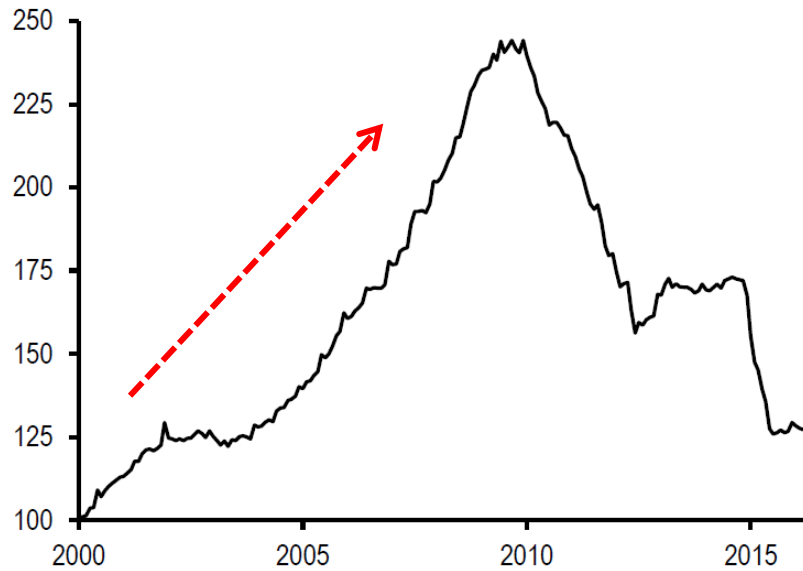
(%yoy)



Source: Bank of Greece, ECB

- ❑ In corporate lending, positive growth since 2019 and stronger than in Europe since 2022.
- ❑ Until recently, negative net lending to households in Greece. Property loans continue declining as repayments of previous loans are higher than new loans.

II.A Private deposits are recovering



❑ Deposits grew 2.5 times from December 1999 to December 2009.

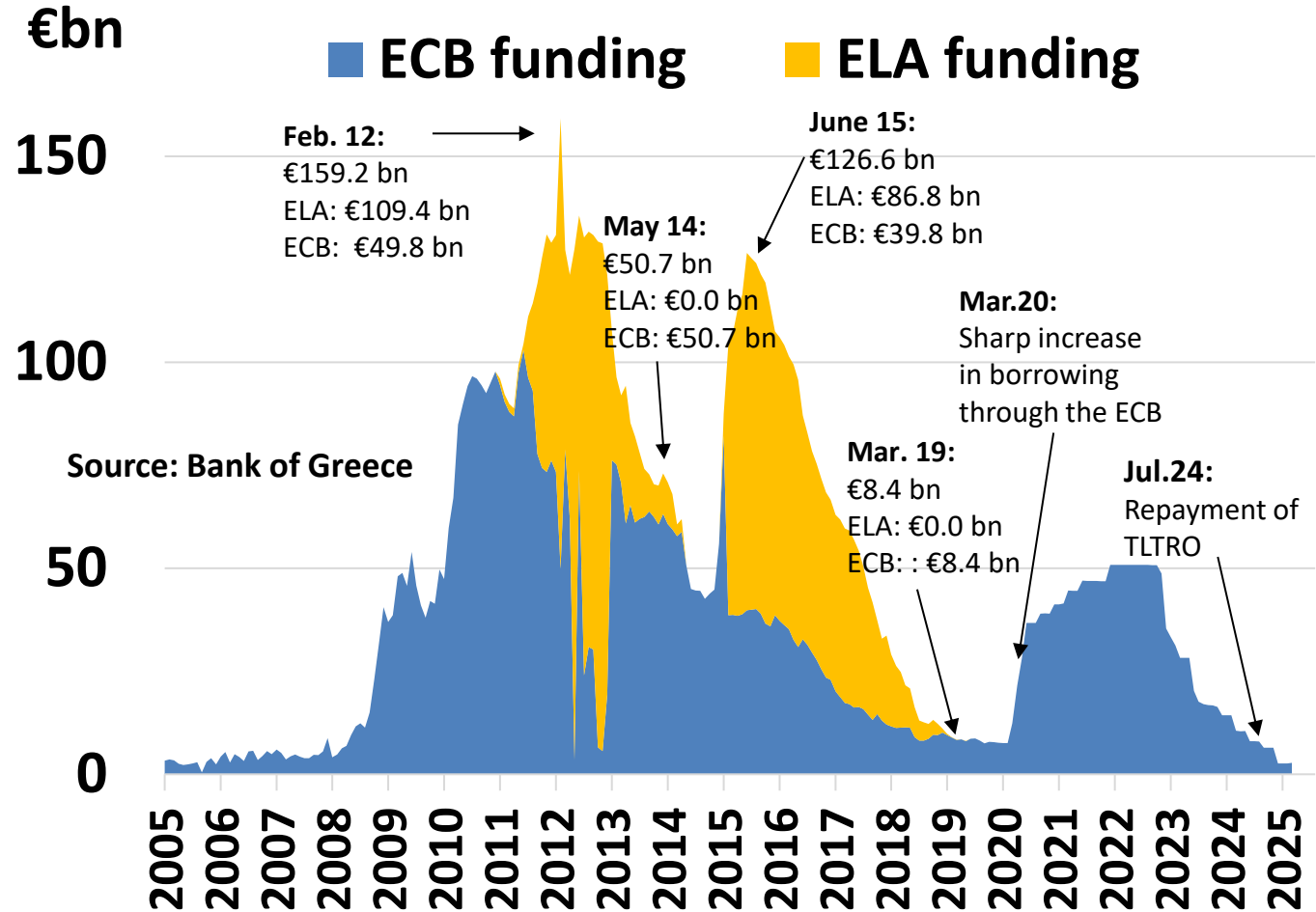
❑ The drop in deposits since January 2010 unfolded in two separate phases:

- 1) From 1/2010 until 5/2012 (the beginning of the crisis).
- 2) From 11/2014 until 7/2015, more abrupt (€43bn), which led to capital controls on 28/6/2015).

❑ Steady rise in deposits since 2018.

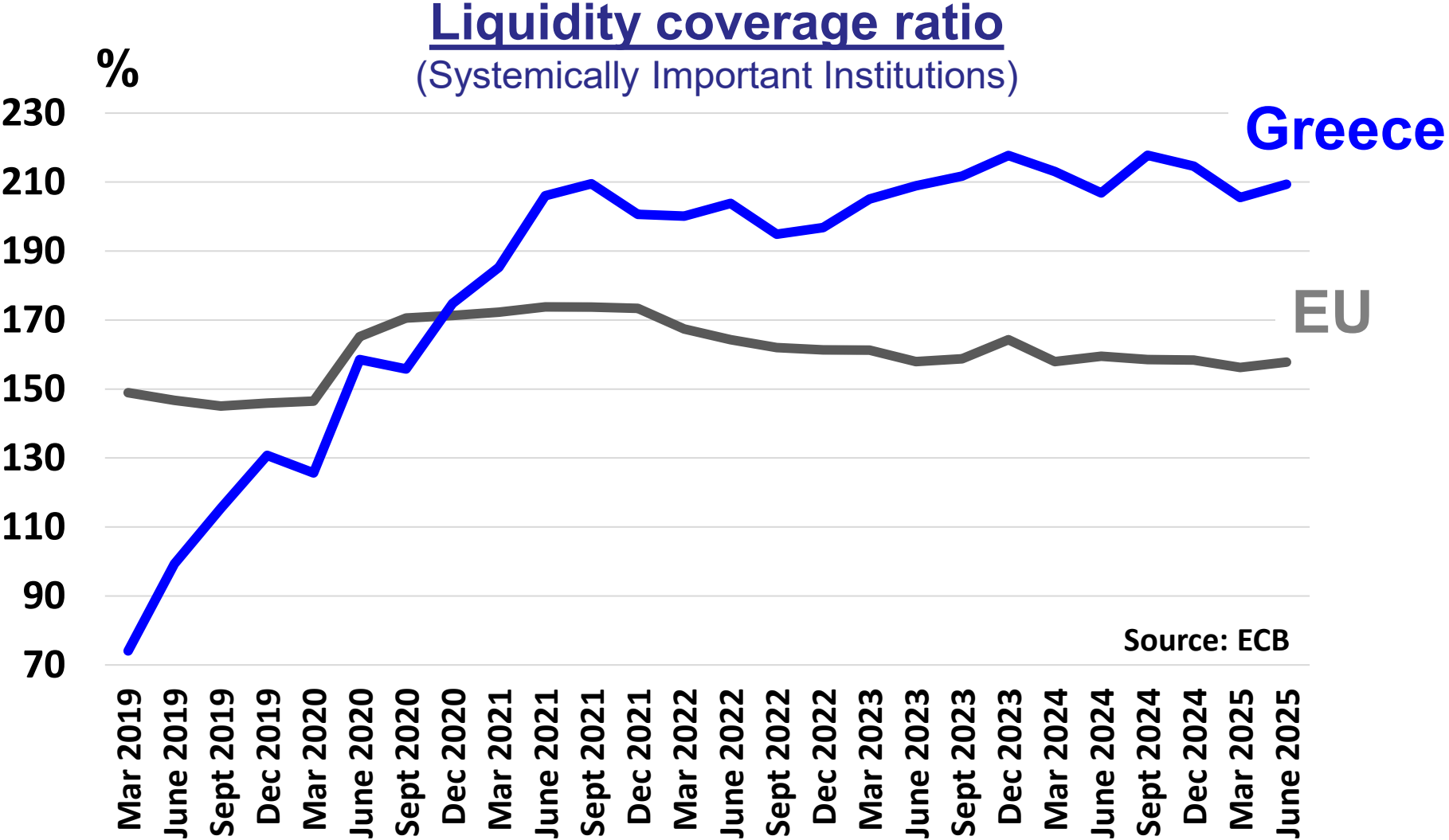
II.A Dependence on the ECB is a distant memory

- ❑ Prior to GFC little use of ECB funding by Greek banks. Back then German banks biggest user.
- ❑ During GFC (2007-2009), interbank market dried up and ECB borrowing rose to €55bn.
- ❑ Then during the Greek crisis borrowing above €100bn.
- ❑ The **two humps** in borrowing reveal the **two different phases of the Greek crisis**, **1st economic** (2010-14) & **2nd political** (2015-19)
- ❑ Emergency Liquidity Assistance (ELA) since July 2011
 - ELA peaks in Nov. 2011
 - ELA Zero in May 2014.
 - ELA rose again to €86,8bn in June 2015.
 - ELA Zero in March 2019.



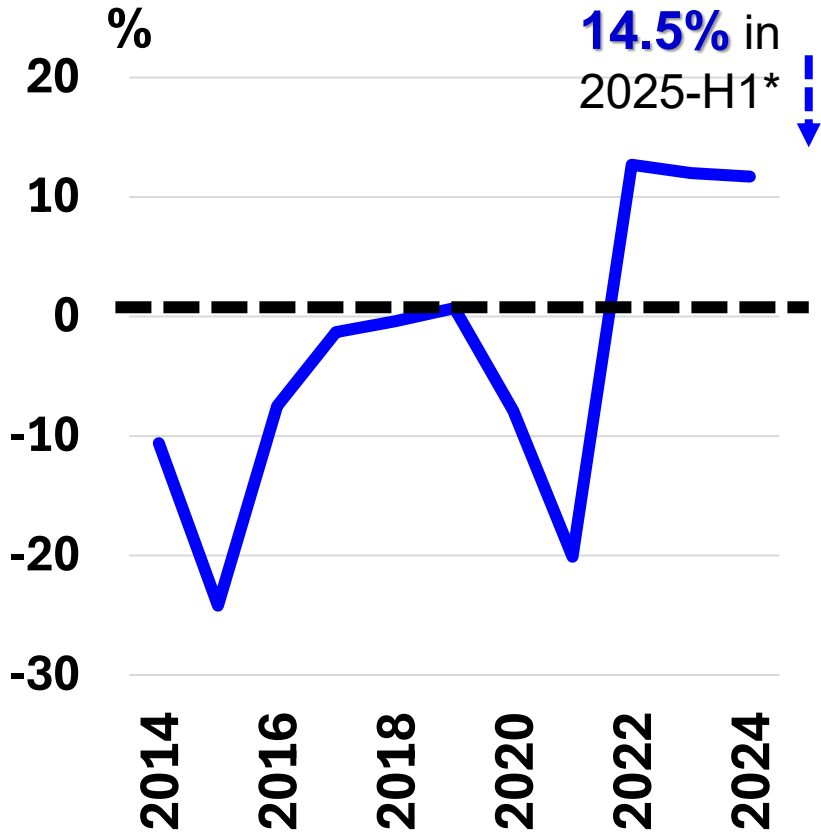
- ❑ ELA is more expensive than direct ECB borrowing (1.5%), supported by collateral of worse quality.
- ❑ The **third hump is unrelated to the crisis**. Since the March 2020 covid emergency, all European banks borrowed from the ECB at favorable terms, including the Greek banks.

II.A Abundant liquidity: Liquidity conditions have improved even after the TLTRO III repayment



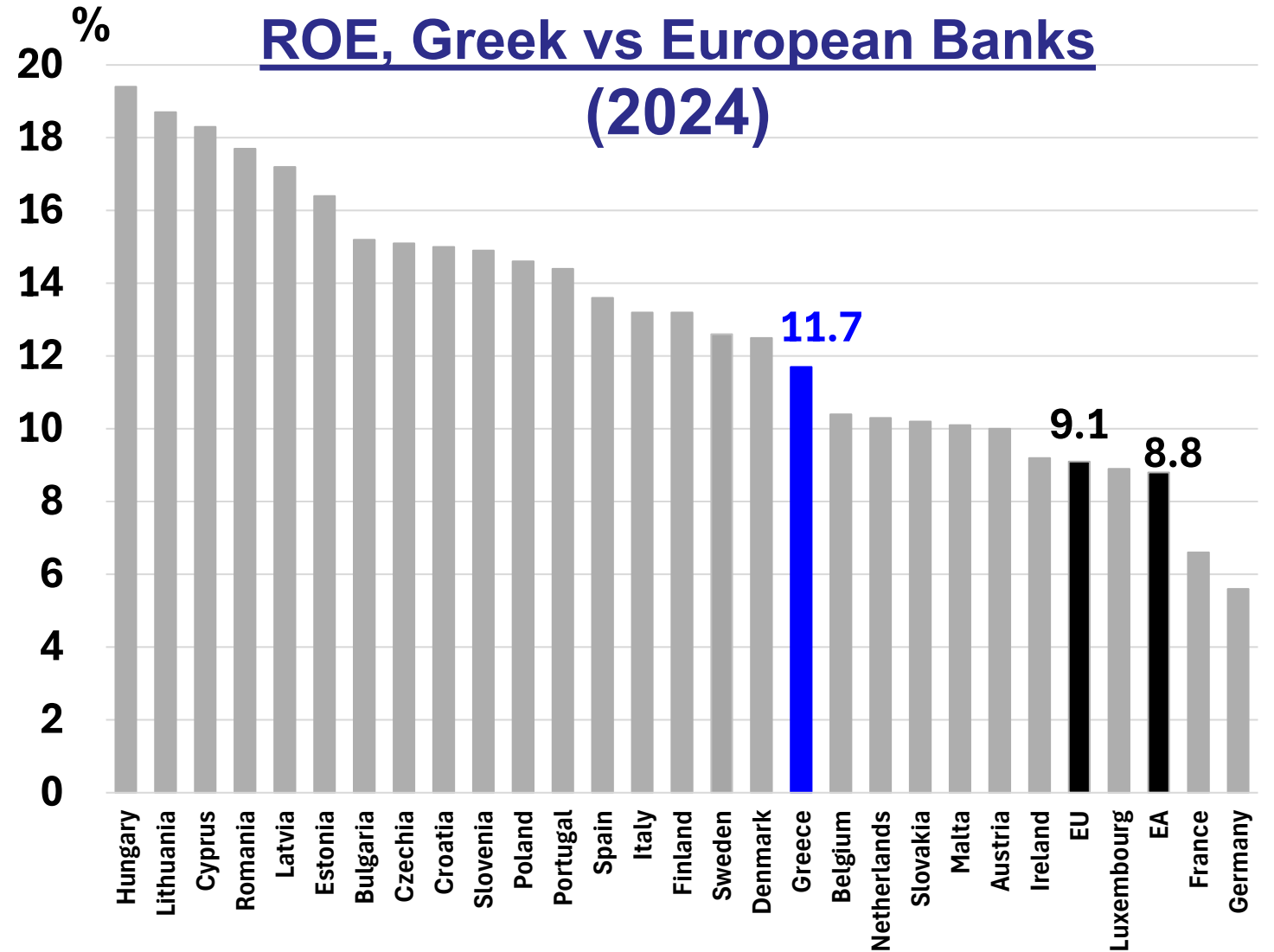
II.A Profitability has recovered: ROE is back to normal

ROE, Greek Banks



* Before one-offs

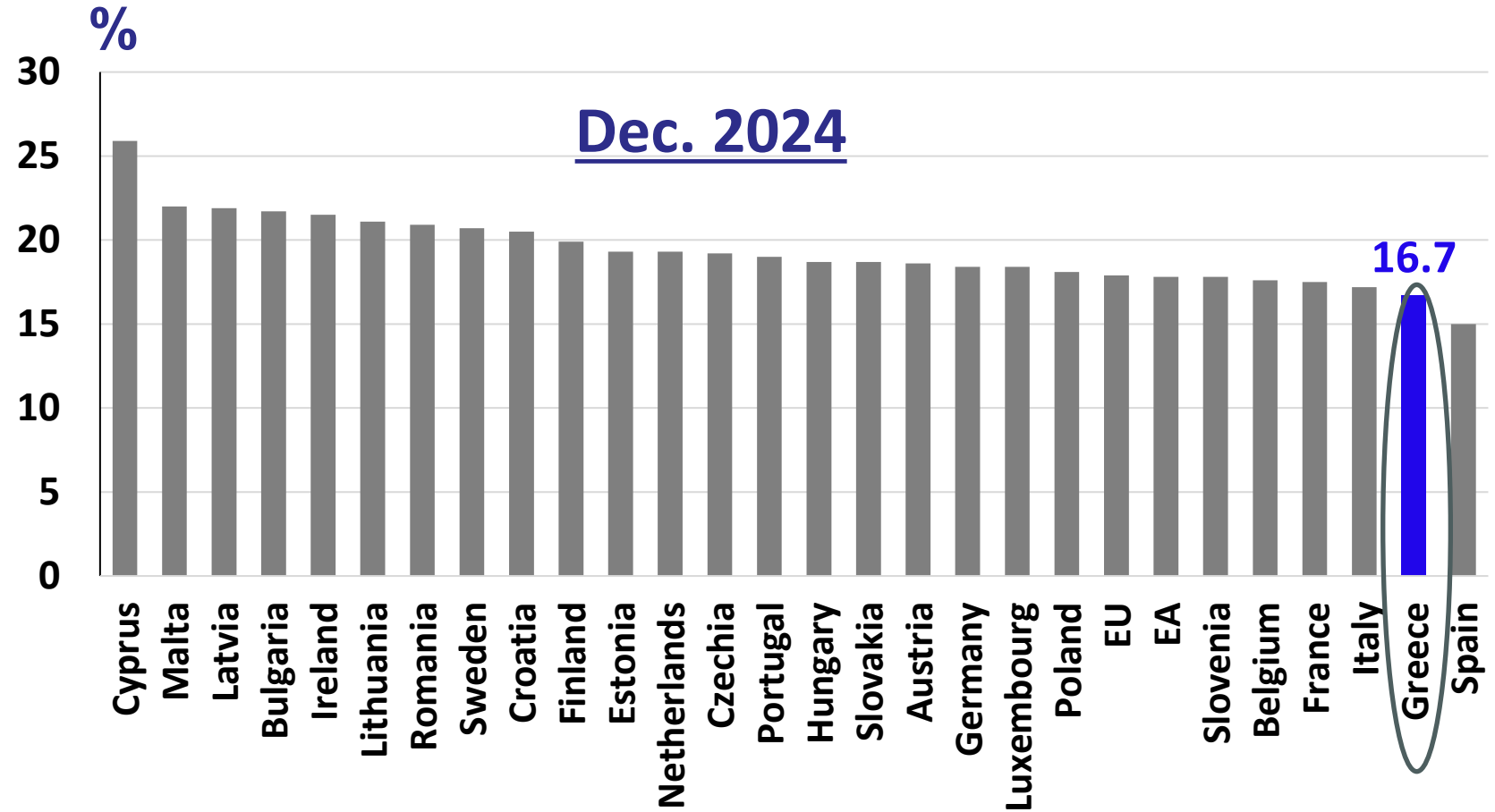
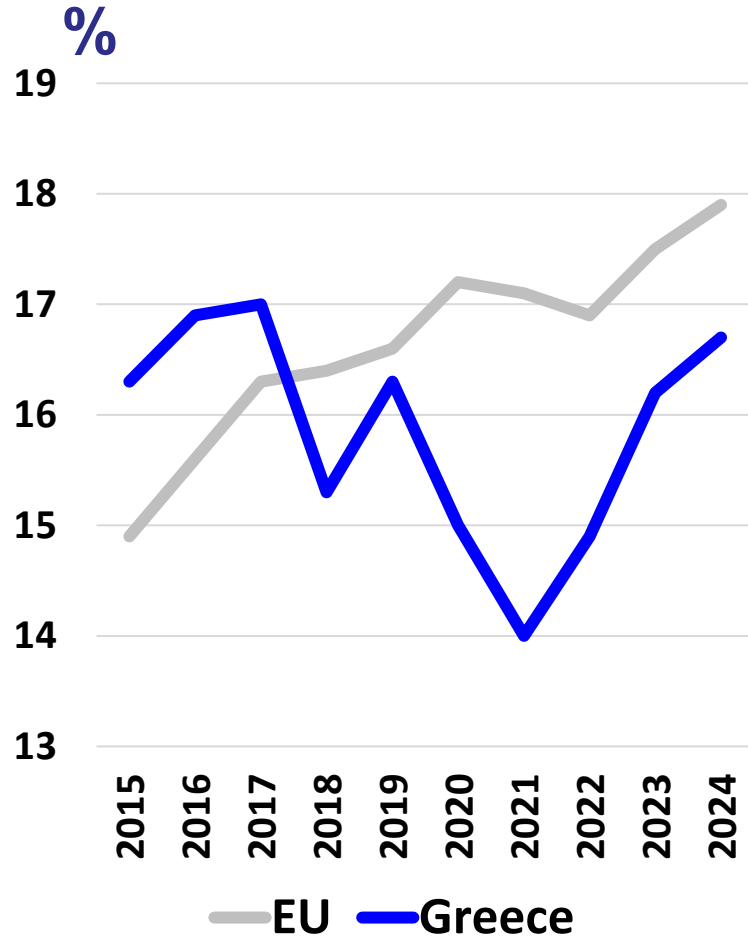
ROE, Greek vs European Banks (2024)



Source: ECB, Eurostat, NBG Finance

II.A Tier-1 capital ratio in Greece is close to EU average

% of risk-weighted assets



Source: Eurostat, ECB

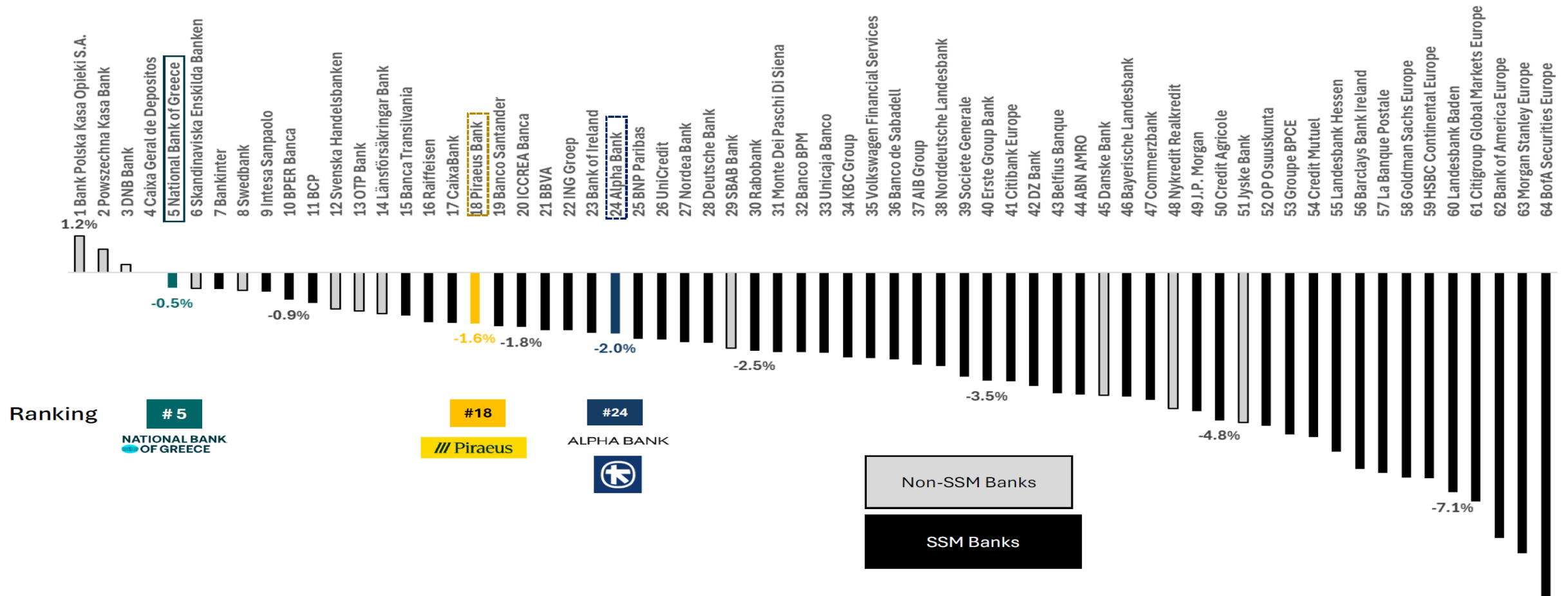
II.B EBA Stress Tests 2025 – Adverse scenario up to 2027

Hypothetical Cumulative Change (%) 2024-2027 by variable & country

		GDP %	Inflation %	Unemployment %	RRE %	CRE %	Δ Gov. Spread (2027 vs 2024) %
Belgium	BE	-5.4	9.3	5.3	-20.4	-32.3	+0.9
Bulgaria	BG	-5.5	8.8	4.4	-19.4	-32.2	+1.0
Czech Republic	CZ	-7.9	14.3	6.0	-17.5	-35.5	+0.4
Denmark	DK	-5.9	12.1	6.5	-23.8	-35.7	+1.2
Germany	DE	-7.5	11.8	5.0	-12.8	-33.3	+0.8
Estonia	EE	-8.3	16.9	5.8	-23.8	-38.6	+0.0
Ireland	IE	-3.9	5.8	7.3	-17.4	-26.9	+0.9
Greece	GR	-6.1	11.6	4.2	-22.3	-28.8	+1.5
Spain	ES	-4.1	9.1	4.1	-17.2	-23.2	+1.5
France	FR	-5.9	8.0	5.0	-13.0	-28.2	+1.3
Croatia	HR	-4.3	12.6	6.1	-16.5	-28.4	+0.9
Italy	IT	-7.4	11.7	4.6	-12.0	-22.5	+1.5
Cyprus	CY	-6.4	7.2	6.7	-17.9	-31.1	+0.6
Latvia	LV	-5.8	8.0	5.5	-18.2	-32.2	+0.4
Lithuania	LT	-4.3	8.1	4.8	-19.7	-32.8	+0.7
Luxembourg	LU	-5.1	10.3	6.1	-23.5	-37.2	+0.6
Hungary	HU	-5.1	14.8	4.7	-25.3	-29.0	+0.8
Malta	MT	-4.9	9.4	7.0	-12.4	-24.9	+0.8
Netherlands	NL	-5.5	11.7	6.6	-23.5	-26.8	+0.7
Austria	AT	-5.7	8.9	5.0	-21.1	-32.9	+0.7
Poland	PL	-5.7	19.0	7.1	-19.8	-39.1	+0.4
Portugal	PT	-5.8	6.7	6.5	-24.7	-30.7	+1.1
Romania	RO	-5.8	13.9	6.7	-9.8	-30.5	-0.3
Slovenia	SI	-5.0	7.9	6.7	-13.8	-26.6	+0.9
Slovakia	SK	-7.8	17.2	6.4	-18.6	-39.8	+0.8
Finland	FI	-7.3	8.0	5.6	-8.1	-23.2	+0.8
Sweden	SE	-8.0	10.3	6.2	-25.2	-32.7	+0.2
Euro area	EA	-6.2	10.1	5.6	-14.8	-28.6	+1.1
European Union	EU	-6.3	10.7	5.8	-15.7	-29.5	+1.0
United Kingdom	UK	-10.0	8.8	5.9	-26.7	-39.1	+0.9
United States	US	-3.4	11.3	4.6	-3.9	-39.3	+0.3
China	CN	-1.0	11.8	4.8	-13.6	-34.3	+2.5
Rest of the world	WR	-3.2	29.6	6.2	-6.8	-38.6	+1.7

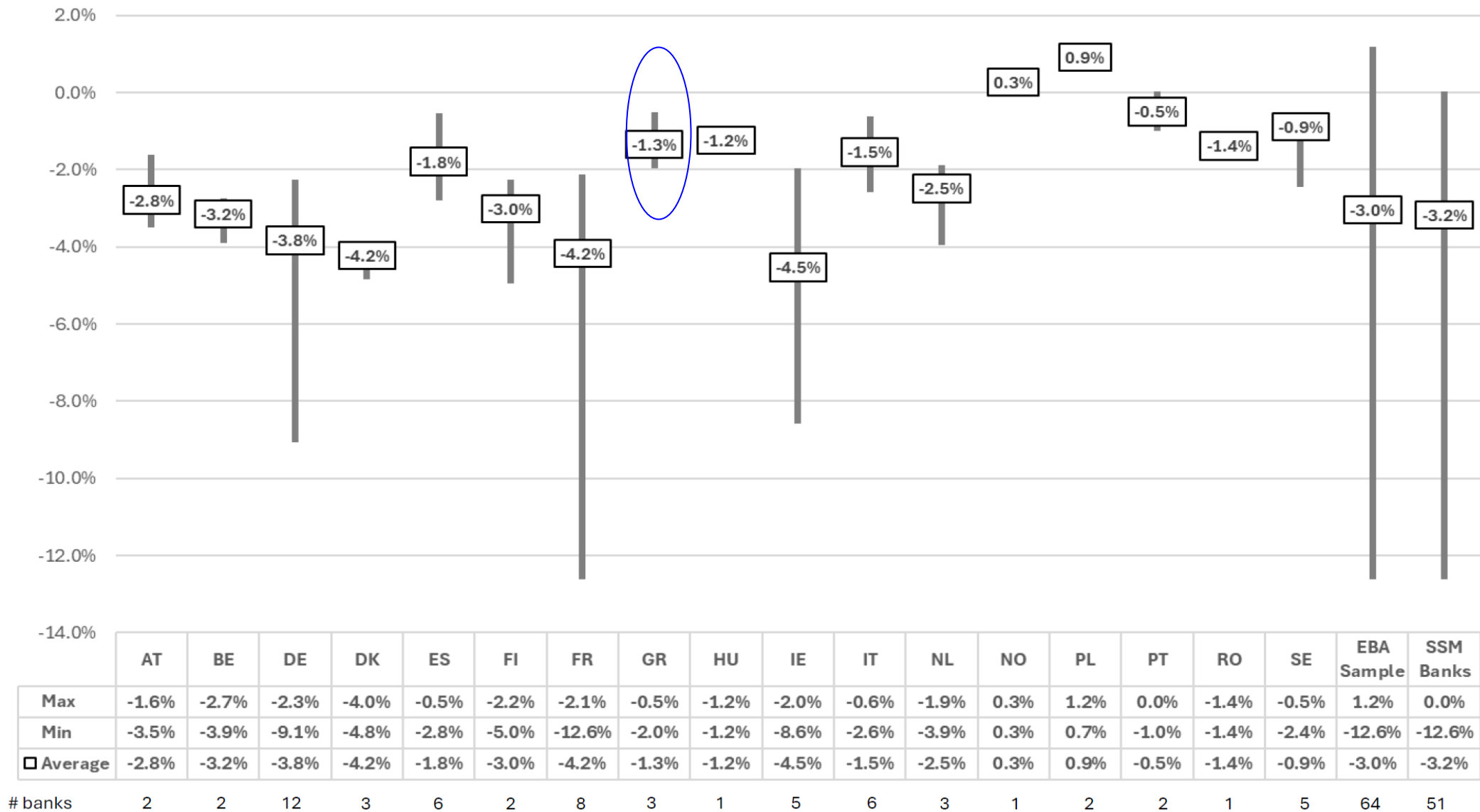
Note: RRE≡ Residential Real Estate, CRE ≡ Commercial Real Estate, Gov. Spread ≡ Difference of the 10Y government bond yield of each country with Germany's 10Y government bond yield

II.B EBA Stress Tests 2025 – Three-Year Impact of the hypothetical adverse scenario on CET1 as % RWAs

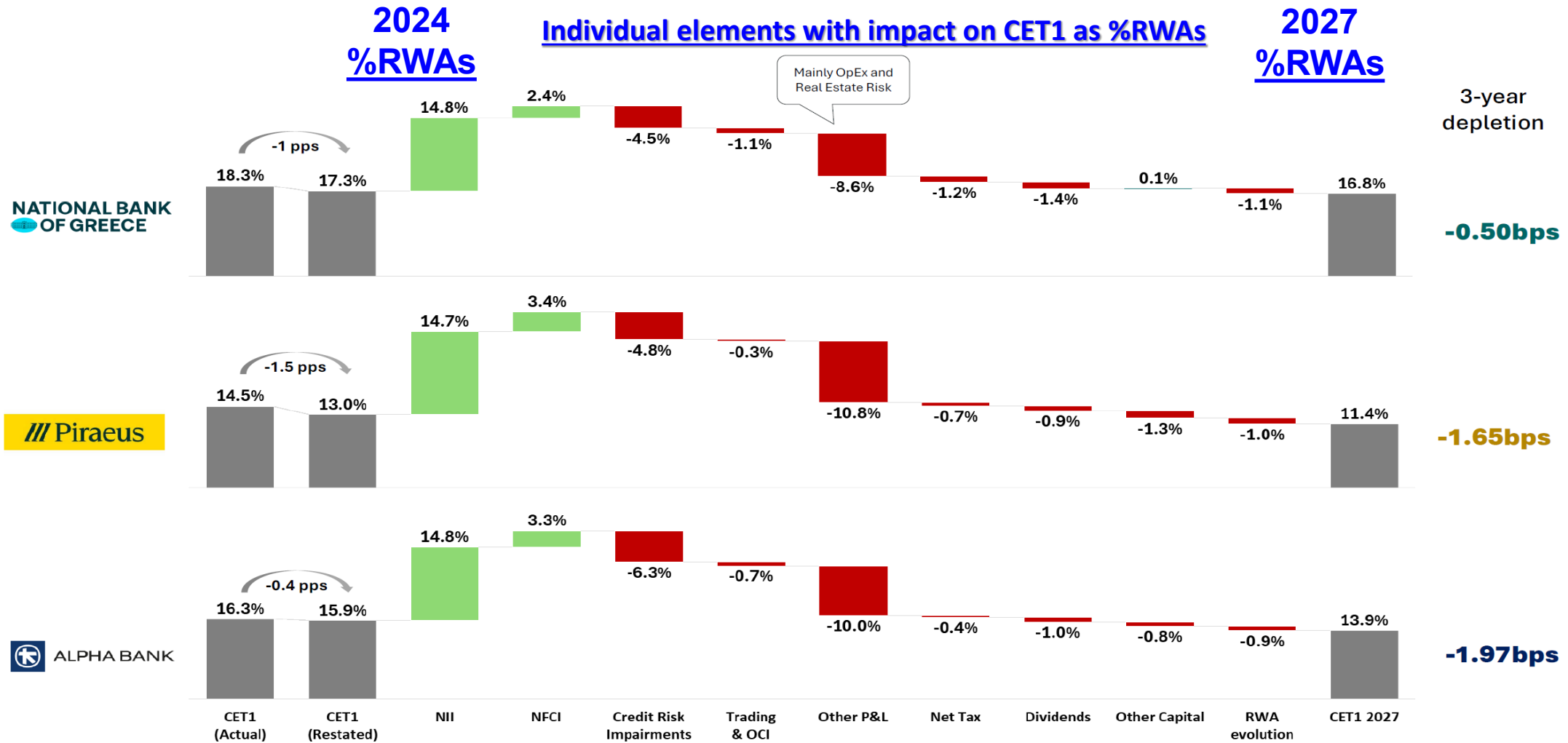


- 64 banks in the EBA sample, of which 51 are systemic and under the supervision of the SSM.
- The change in CET1 from 2024 to 2027 is based on the balance sheet of 31/12/2024 and the hypothetical cumulative change of macro variables over 2024-2027 under the adverse scenario.

II.B EBA Stress Tests 2025 – – Impact on CET1 as % of RWAs of banks by country of origin



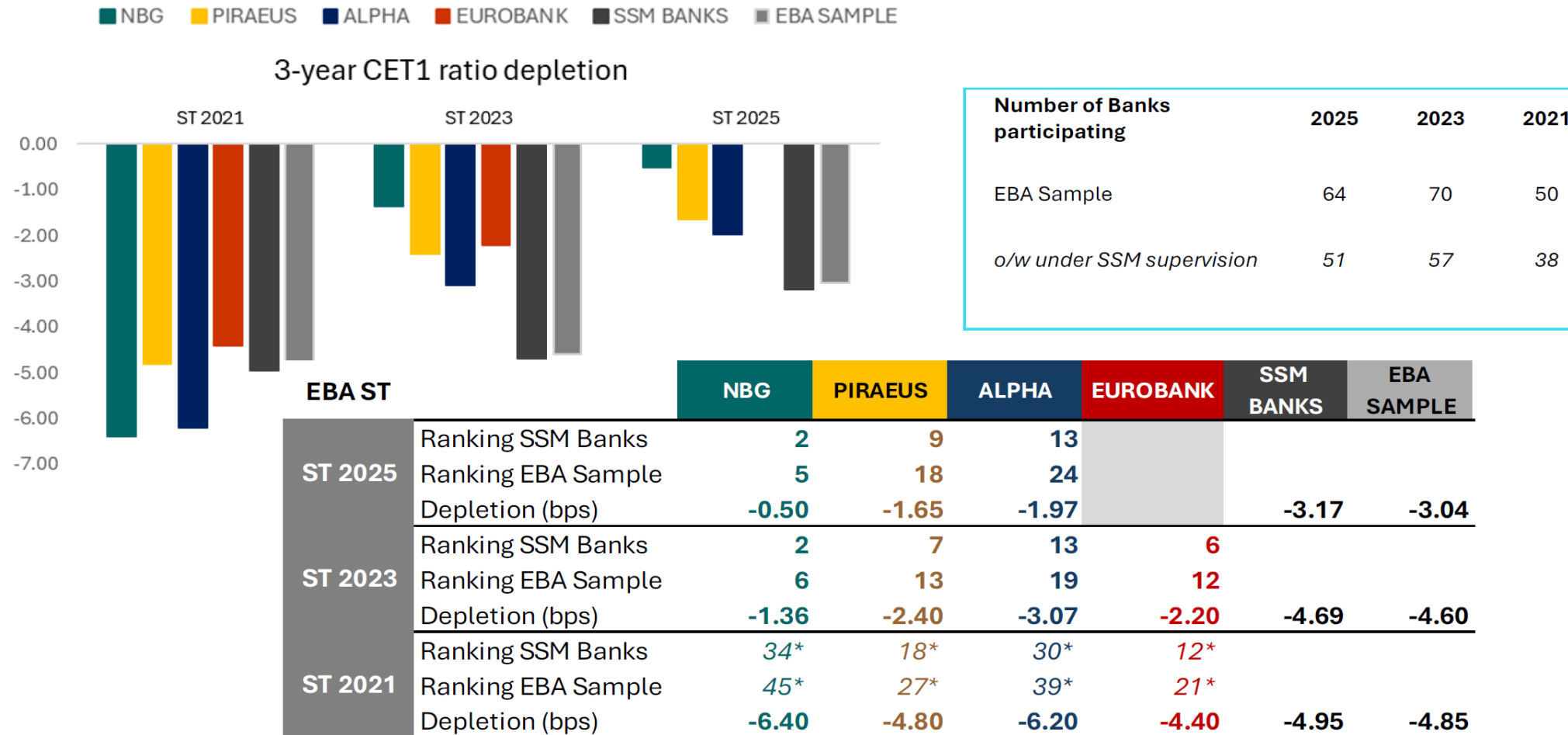
II.B Impact of adverse scenario on individual items affecting CET1 as % RWAs – EBA Stress tests of 2025



- The hypothetical rise in interest rates has a positive effect on profitability (through NII) and, therefore, on capital, while inflation has a negative effect because it increases operating costs (other P&L).

II.B History of Stress Tests in Greece, years 2021, 2023, 2025 – Adverse scenario impact on CET1 as % of RWAs

Comparative EBA ST results: **3-year depletion** (CET1 ratio – Adverse scenario)



□ Continuous improvement since 2021 in the effects of the adverse stress test scenario

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III. A view towards the future

□ A. Short-term P&L dynamics:

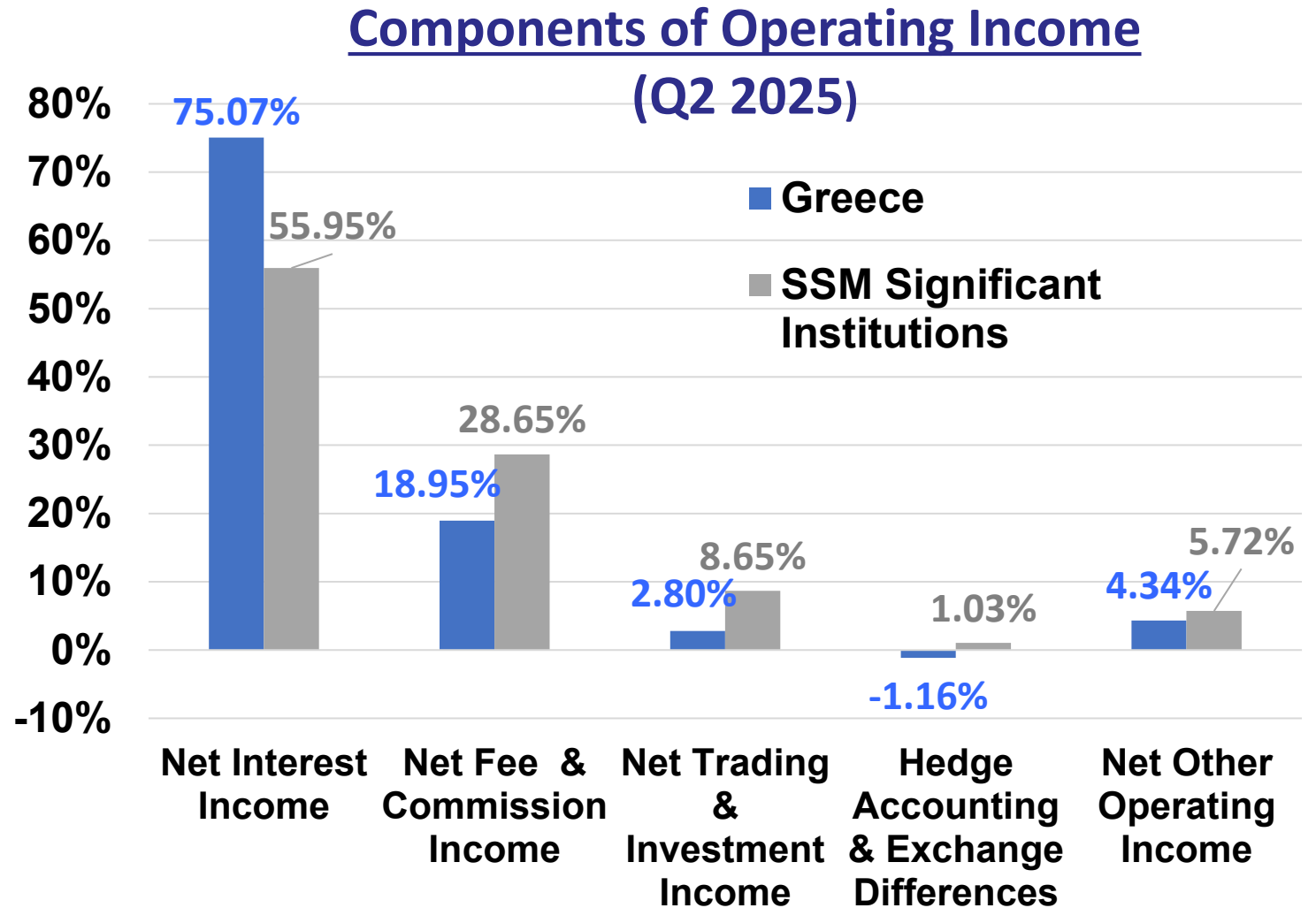
- Will profitability remain high in an environment of declining interest rates by the ECB?

□ B. Longer-term challenges and opportunities:

- Are banks adequately prepared for the expanding digital economy? Can they address the evolving needs of their customers? Are they responding to the challenge of Fin-Techs and Big-Techs?
- Should Greek banks expand abroad as they had done 30 years ago?
- Banks and ESG: Do banks service the needs of society?

III.A Short-term P&L dynamics: Sustainability of profits

- ❑ NII under pressure as ECB decreases its intervention rate. This pressure is across all European banks, yet Greek banks depend on NII a lot more than their European counterparts.
- ❑ In an expanding economy, lending volumes are growing and thus cover part of the expected contraction in NII per loan.
- ❑ Banks have followed interest rate hedging strategies.
- ❑ Greek banks need to gain more traction in fee generation without hurting the small depositor.

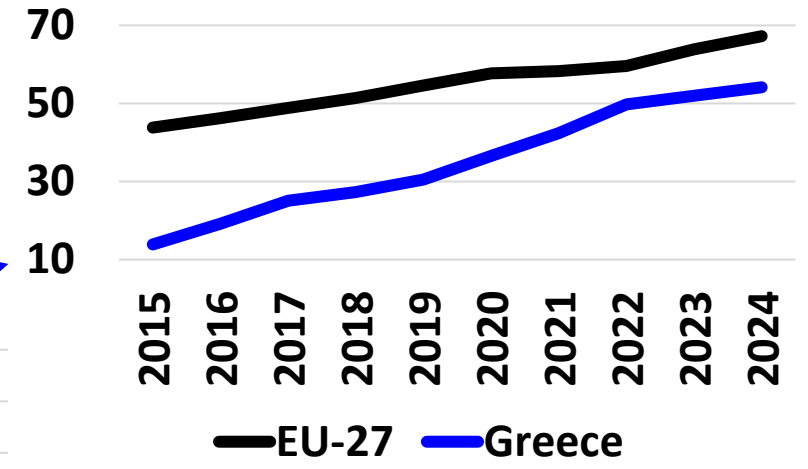
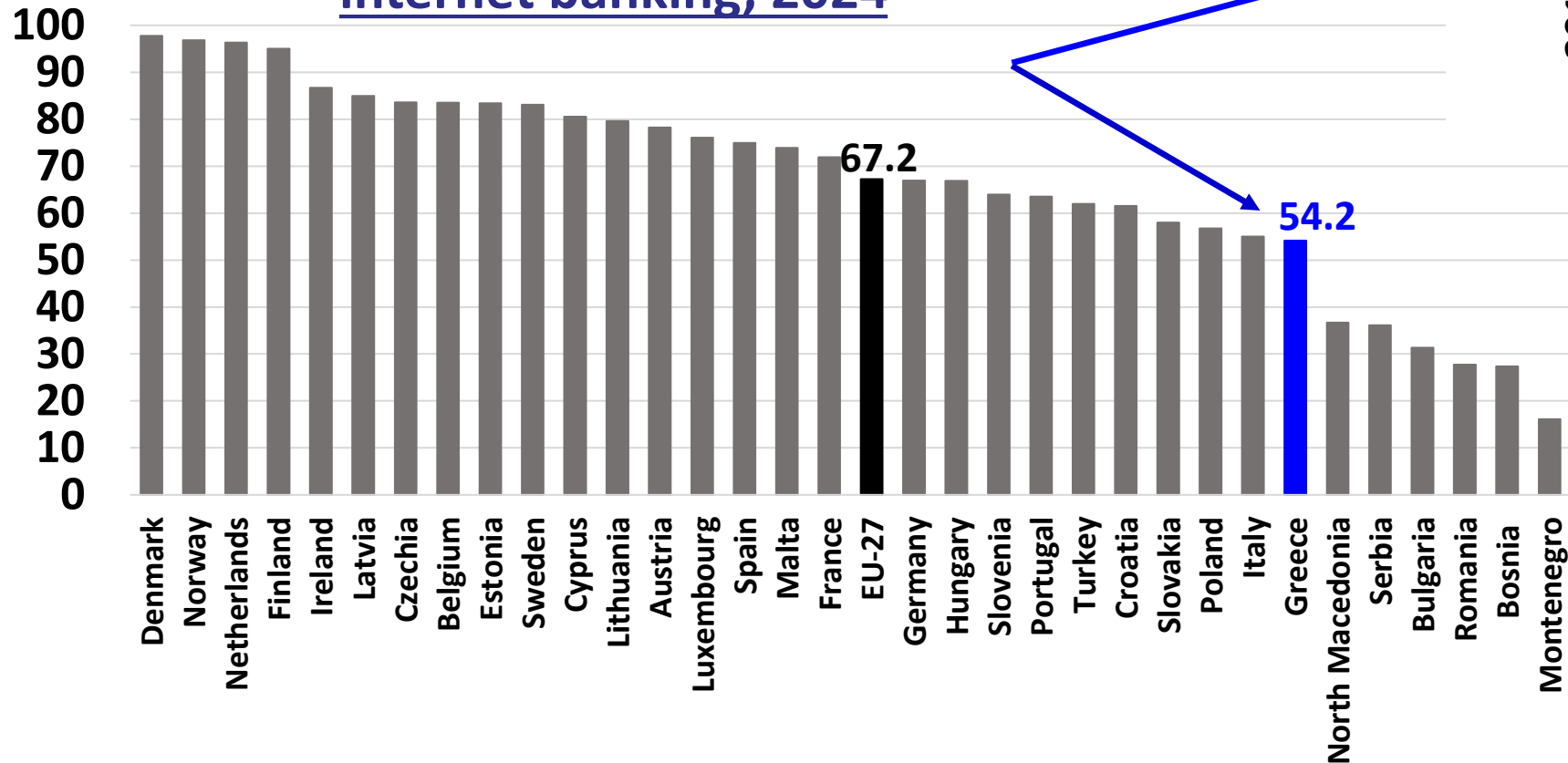


Source: ECB Supervisory Banking Statistics

III.B Greece makes good progress in Digitalization

☐ % of individuals using internet banking in Greece steadily rising since 2015, yet still below EU average.

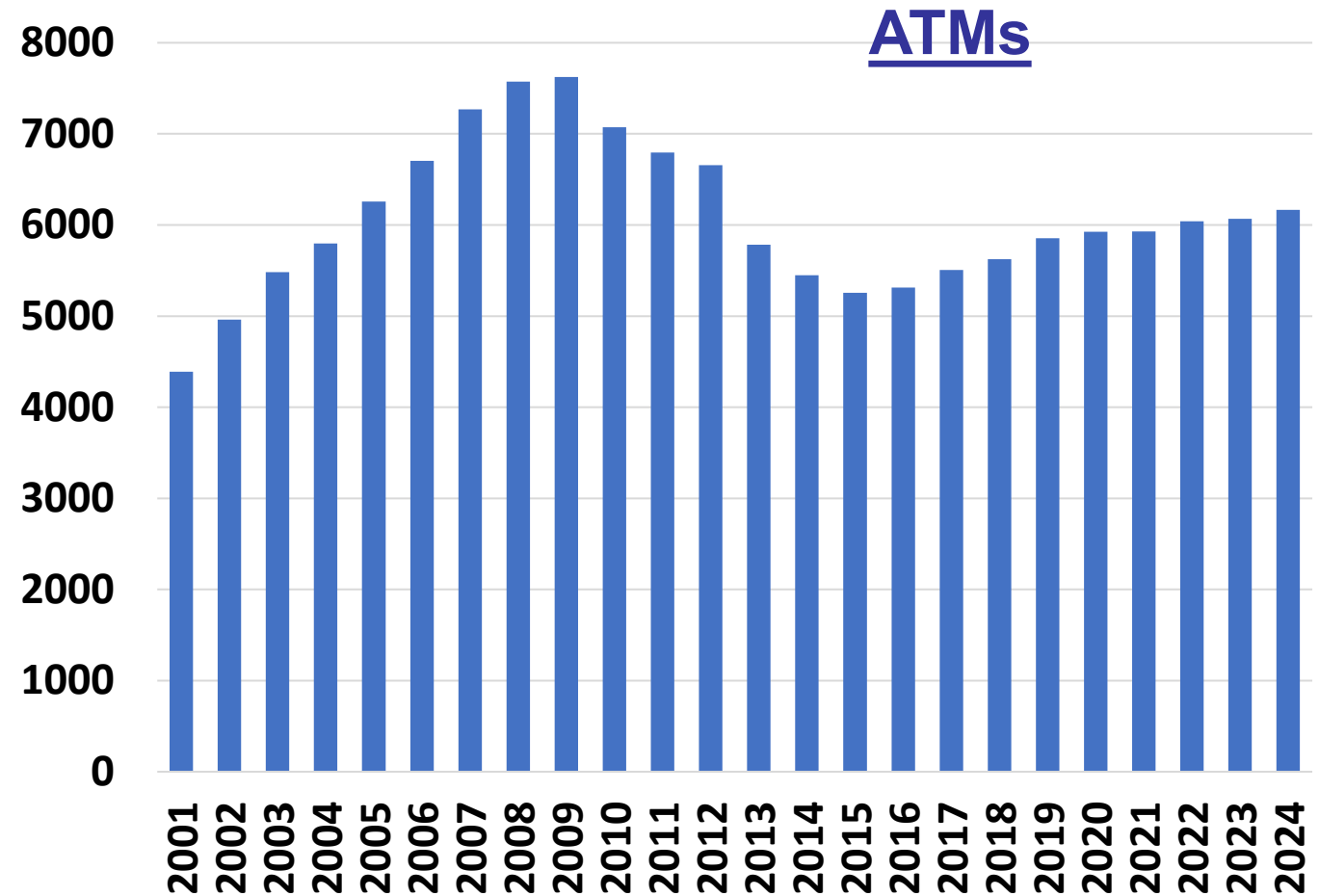
% of individuals using internet banking, 2024



- ☐ Banks are ahead of other sectors, making large investments in IT.
- ☐ Banks are main users of AI.

III.B Long-term challenge: Digitalization brings transformation in banking

- ❑ Digitalization has already changed the bank – customer relationship: ATMs proliferate, fewer tellers, more Relationship Managers.
- ❑ Use AI for repetitive jobs.
- ❑ New Payment methods (IRIS).
- ❑ Competition from non-banks (Revolut).

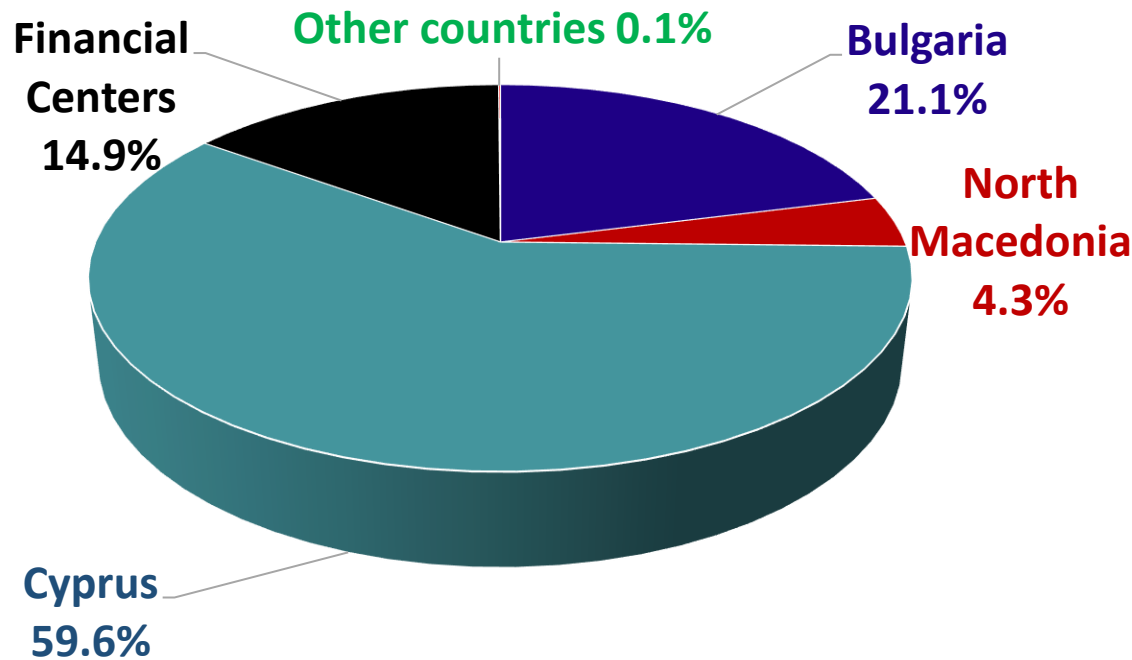


Source: ECB, SSI-Banking structural statistical indicators & HBA data for ATMs

III. Long-term challenge & opportunity: Expansion abroad

- During the Greek crisis, Greek banks were forced to withdraw from abroad.
- Today banks assess the strategy and the method of expansion, weighing costs & benefits.

Assets Distribution



Presence of Greek Banks Abroad, Dec 2024 (€, mn.)			
Country	Assets	Branches	Personnel
Bulgaria	11,529	189	3,441
N. Macedonia	2,358	57	996
Cyprus	32,644	73	3,243
SE. Europe	46,530	319	7,680
Germany	1,798	1	14
Luxemburg	5,797	3	139
UK	585	1	75
Financial Centers	8,181	5	228
Other countries	47	0	0
Total	54,758	324	7,908

- International activities (€54.8bn) are 15.9% of total assets (on a consolidated basis) as of Dec. 2024 (from 11.0% in Dec. 2023).

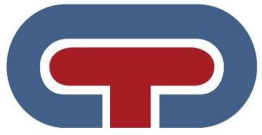
Source: Bank of Greece, Financial Stability Review

III. Long-term Greek bank focus on ESG

- ❑ **Pioneers in Governance, the “G” component of ESG.** The law of 2020 on the governance of listed companies followed the bank example.
- ❑ **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 created ESG scoring for companies and the platform ESG.gr. Possible future ESG-type capital requirements by the ECB.
- ❑ **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 ~€500mn from 2019 up to 2024 (+ €300mn in 2025-27 for “Marietta Giannakou”) 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, (j) €0.75mn to support the restoration of the historic Zografeion Lyceum in Istanbul.
- (4) “Marietta Giannakou” school reconstruction program: The 4 systemic banks have provided €100mn in 2024 (up to now 426 school buildings) and committed in early Sept. 2025 for another €300mn in 2025-27.
- (5) The 4 systemic banks committed in Dec. 2024 for €100mn for the Real Estate Acquisition and Leaseback Agency to support vulnerable debtors.



Greek Banks: Challenges and Prospects

Thank you for your attention!

Gikas Hardouvelis
www.hardouvelis.gr