

# Greek Banking System Overview



July 2022

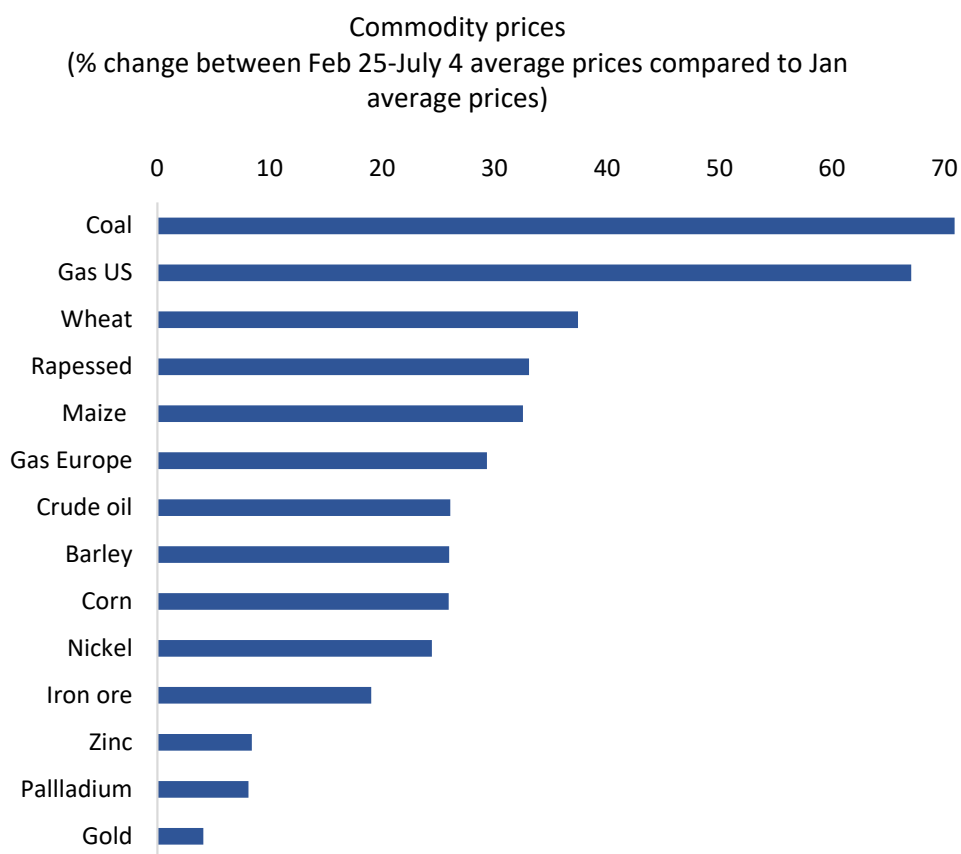
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# 1 The Greek economy after the war in Ukraine

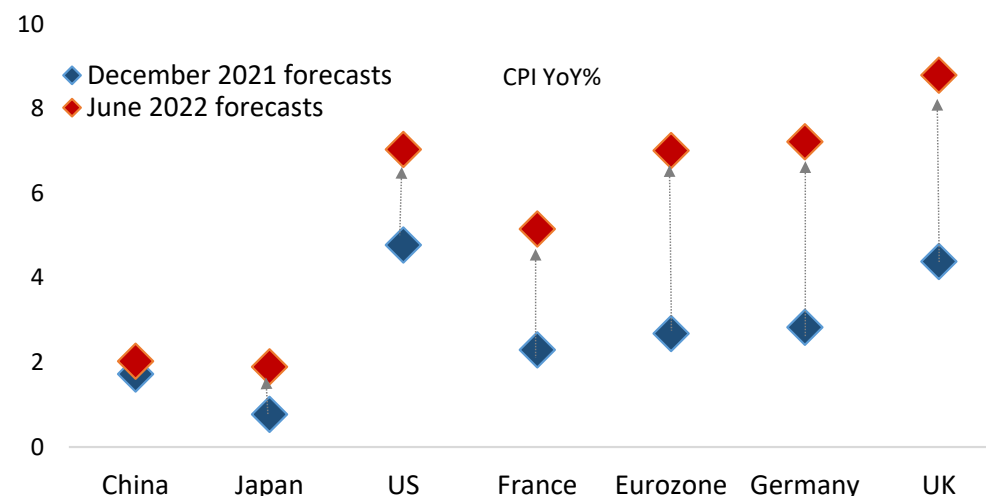
## I. The international environment: The war-induced supply shock leads to sizable revisions for higher inflation and slower growth this year

### Key commodity prices increased sharply since the beginning of the war

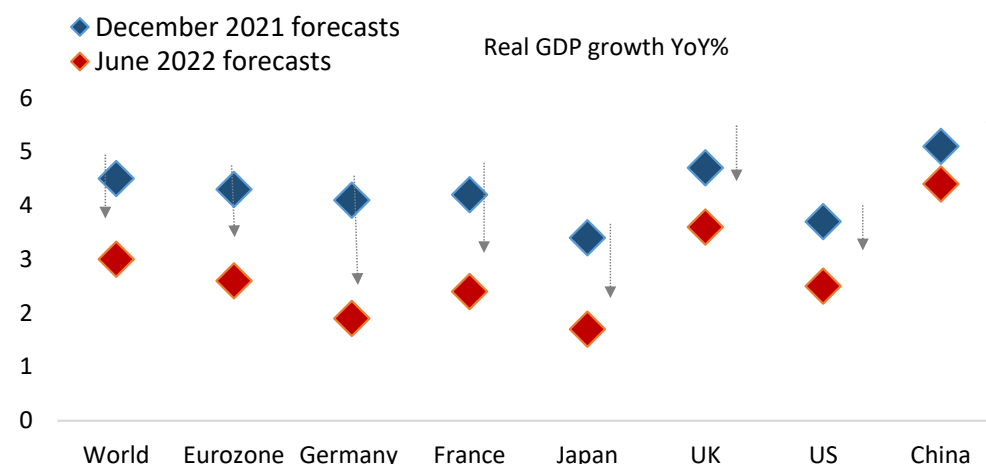


• Source: Bloomberg

### Sizable upward revisions to 2022 CPI forecasts...

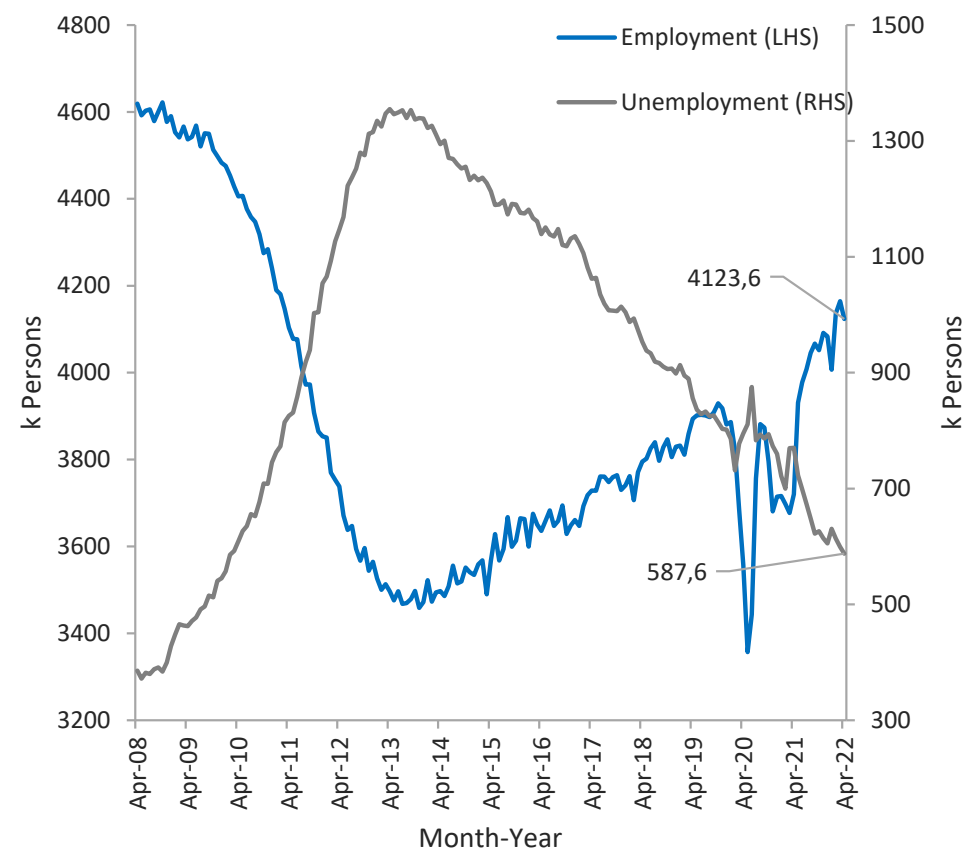
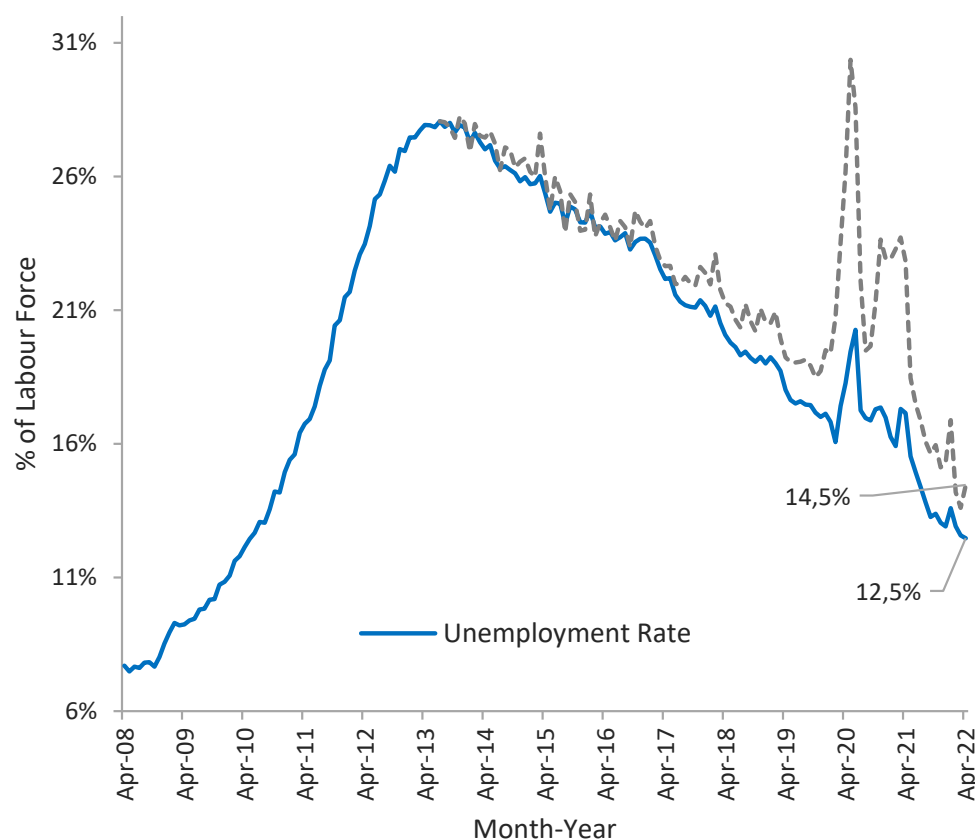


### ... & downward revisions to 2022 real GDP growth forecasts

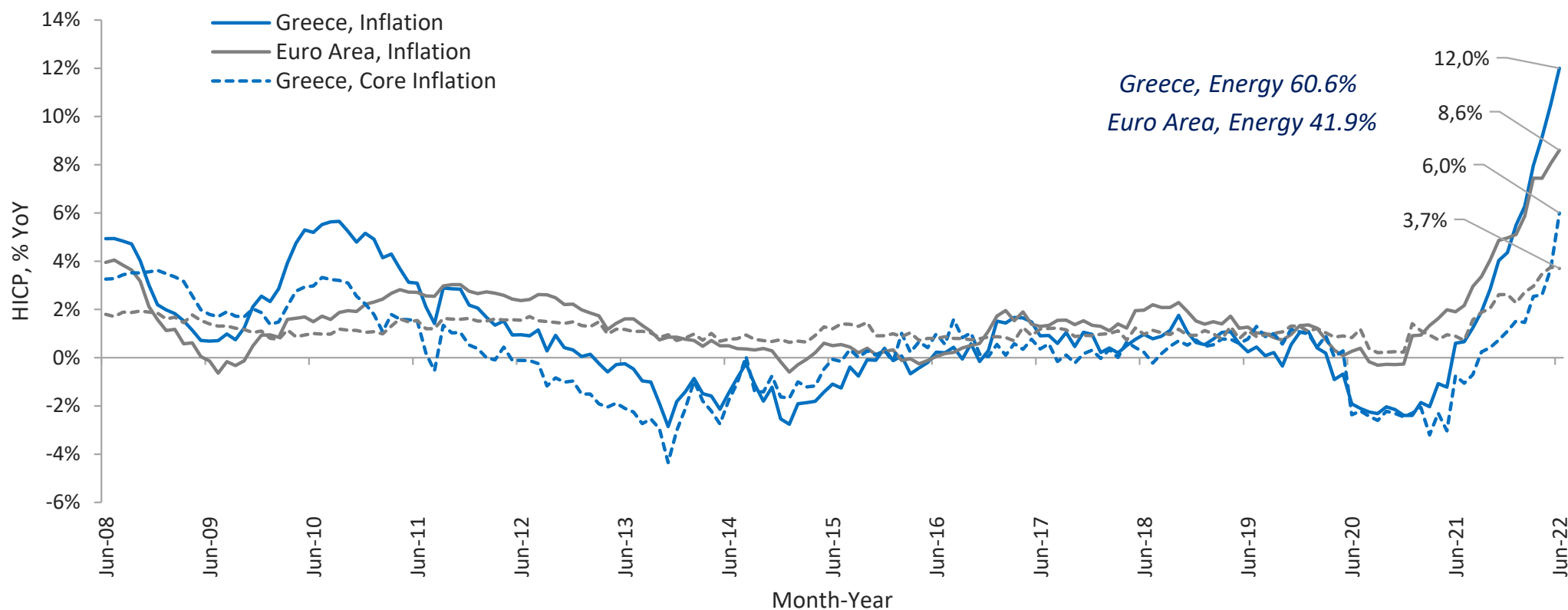


Source: OECD

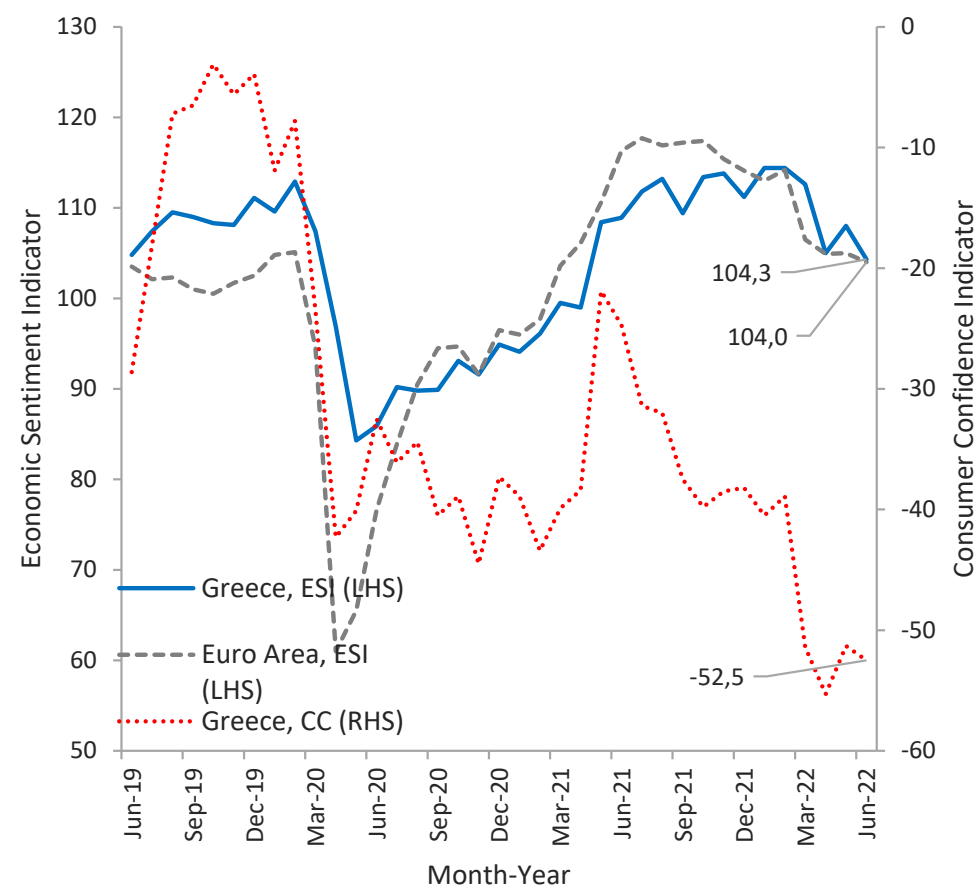
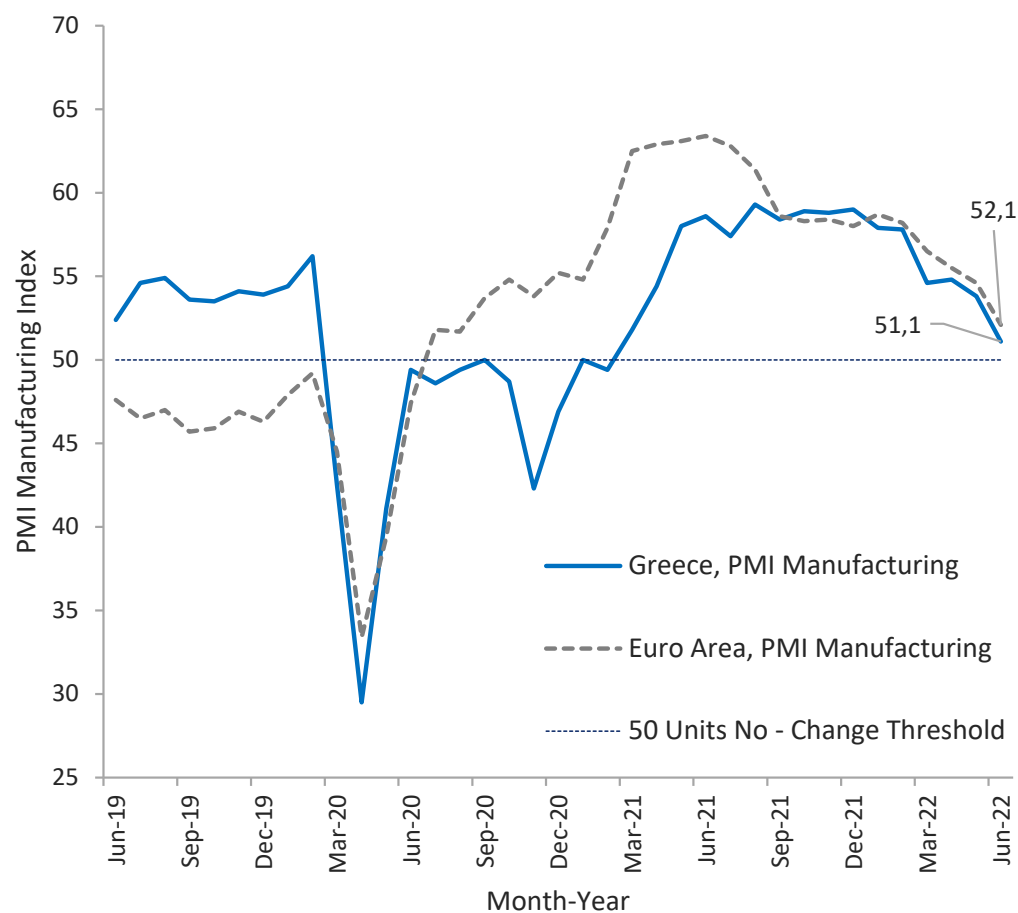
## II. GR - Gov-sponsored suspension schemes helped contain the unemployment rate; reopening of the economy led to a steep drop



### III. GR – Inflation accelerates due to the rise in energy, transport and food prices ; the increase of core HICP signals that inflation is spreading more broadly



## IV. GR Leading indicators- Soft data deteriorated in Q2 2022



## V. European Commission Forecasts for Greece

	Date	2021	2022F	2023F
Real GDP Growth (%YoY)	Jul-22	8.3	4.0	2.4
Unemployment (%Workforce)	May-22	14.7	13.7	13.1
HICP (%YoY)	Jul-22	0.6	8.9	3.5
Primary Balance (%GDP)	May-22	-5.0	-1.9	1.3
Public Debt (%GDP)	May-22	193.3	185.7	180.4

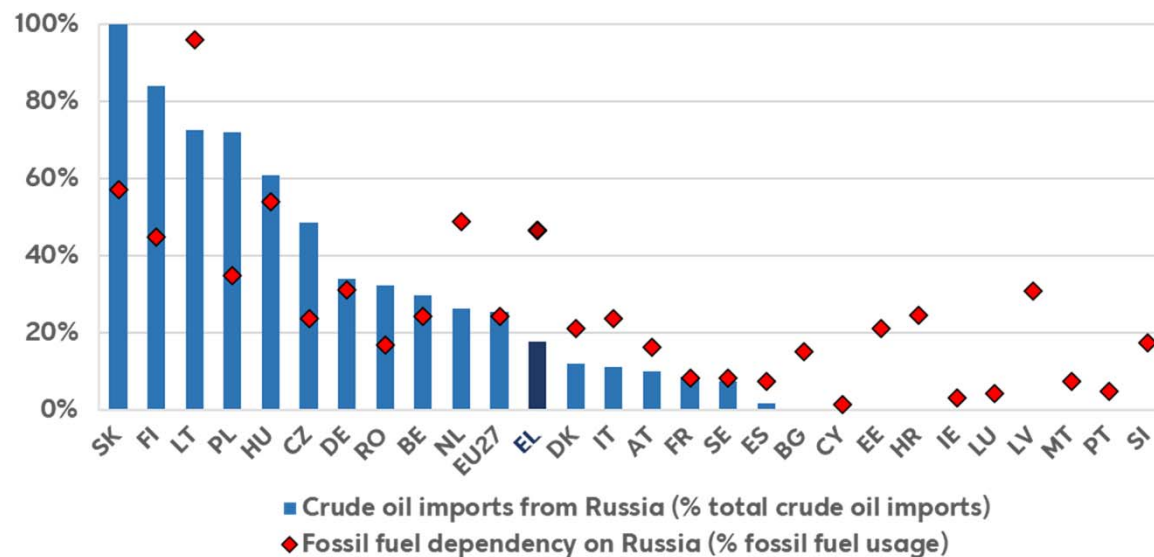
- **The European Commission expects Greece to grow by 4% in 2022, 1.4 ppts higher than the EA average, and by 2.4% in 2023, 1 ppt higher than the EA average. This is the 5<sup>th</sup> best growth performance among the 19 EA countries in both years**
- **Forecast driven by a strong recovery in tourist revenues, the impact of RRF projects and reforms (Greece is the single largest recipient of RRF funds wrt its 2021 GDP), and the significantly improved bank liquidity (private sector deposits in Jun-22 up by 28.2% compared to their pre-pandemic/Feb-20 level) that support private consumption and credit expansion**
- **Recent developments on prices mean an improved public debt outlook; e.g. SGP (May 2022) estimates for 2022 and 2023 at 180.2% and 168.6% of GDP respectively**



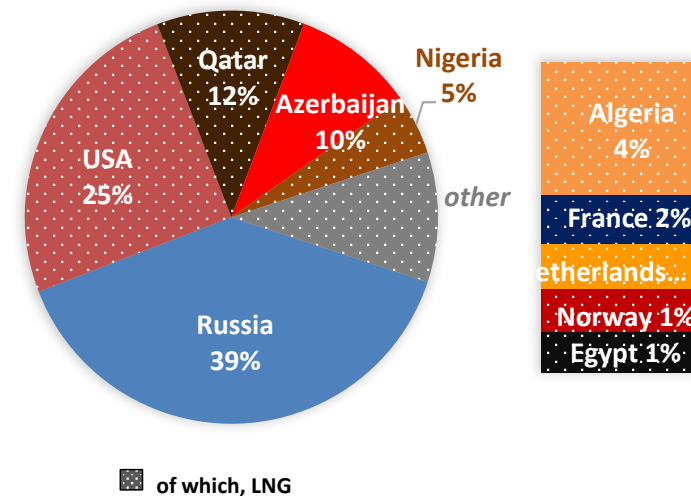
## VI. GR – significant energy dependency from Russian oil and gas as of 2020

- Dependency of Greece on imported fossil fuel (46% of gross available energy) higher than that of EU27 (24%)
- Greece imports 99% of the crude oil it uses (EU27: 96%). In the energy sector in particular, oil accounts for about half of gross available energy in Greece vs one third in EU27, with 73% of it imported from Russia (EU27: 37%)
- Natural gas import dependency of Greece on Russia substantial (39%), about the same level as EU27 (41%)
- Natural gas contribution to total energy mix in Greece at 22% (vs 24% in EU27); yet share in final energy consumption significantly smaller than in EU27 (8% vs 22%)

EU27 fuel dependency on Russia (2020)



Natural gas import dependency of Greece (2020)



• Source: Eurostat, Eurobank Research

## VII. GR - Exports of G&S to Russia+Ukraine relatively low

...yet 23.4% of total imports of mineral fuels & lubricants from Russia

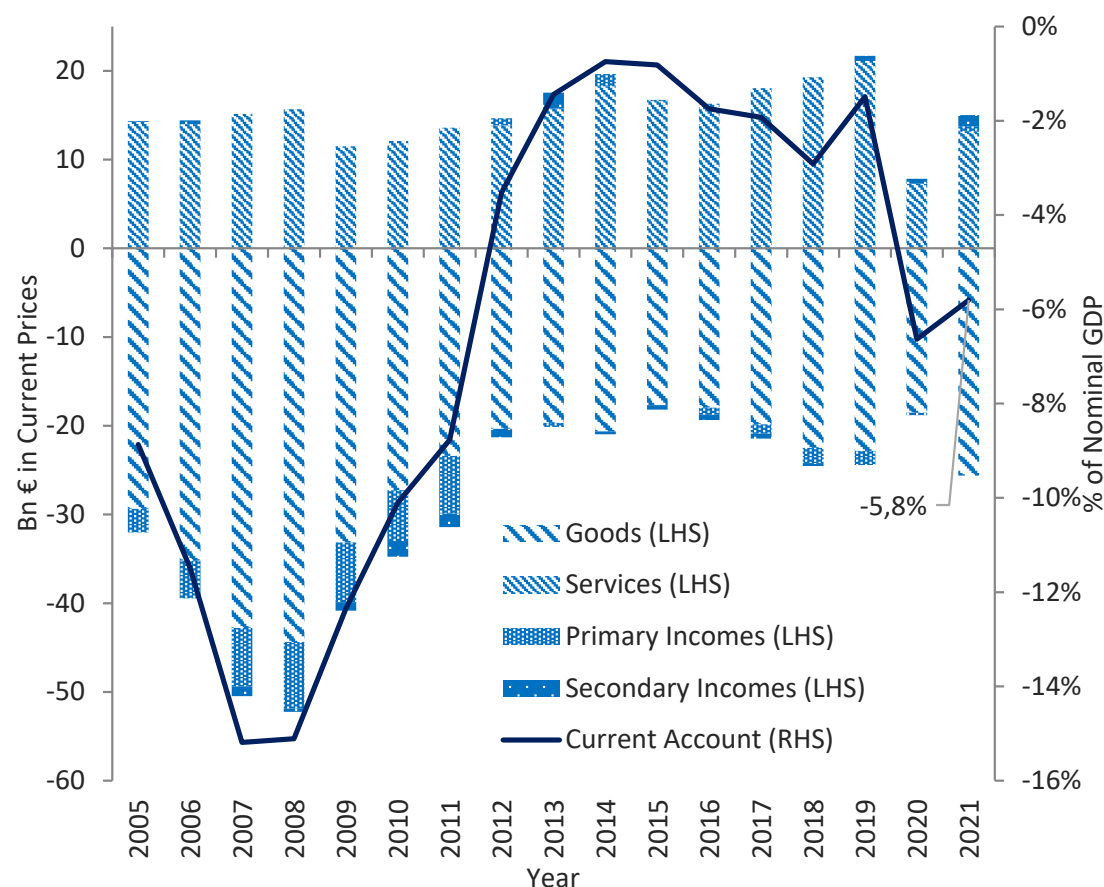
### Exports and Imports of Goods and Services to/from Russia and Ukraine, mn € (2019)

Exports of G&S		Imports of G&S	
1,536.4 (2.1% of total)		4,486.8 (6.0% of total)	
Russia	Ukraine	Russia	Ukraine
1,017.2	519.2	4,250.0	236.9
Net Exports of Goods and Services			
-2,950.5 (total CA deficit: -746.6)			
Russia		Ukraine	
-3,232.8		+282.4	

- The number of inbound travellers from Russia stood at 119.5k people in 2021 (0.8% of total inbound travellers) from 25.7k in 2020 (0.3% of total) and 582.9k in 2019 (1.7% of total)
- Travel receipts from Russia stood at €114.5mn in 2021 (1.1% of total travel receipts) from €14.3mn in 2020 (0.3% of total) and €433.4mn in 2019 (2.4% of total)

• Source: Eurostat, BoG, Eurobank Research

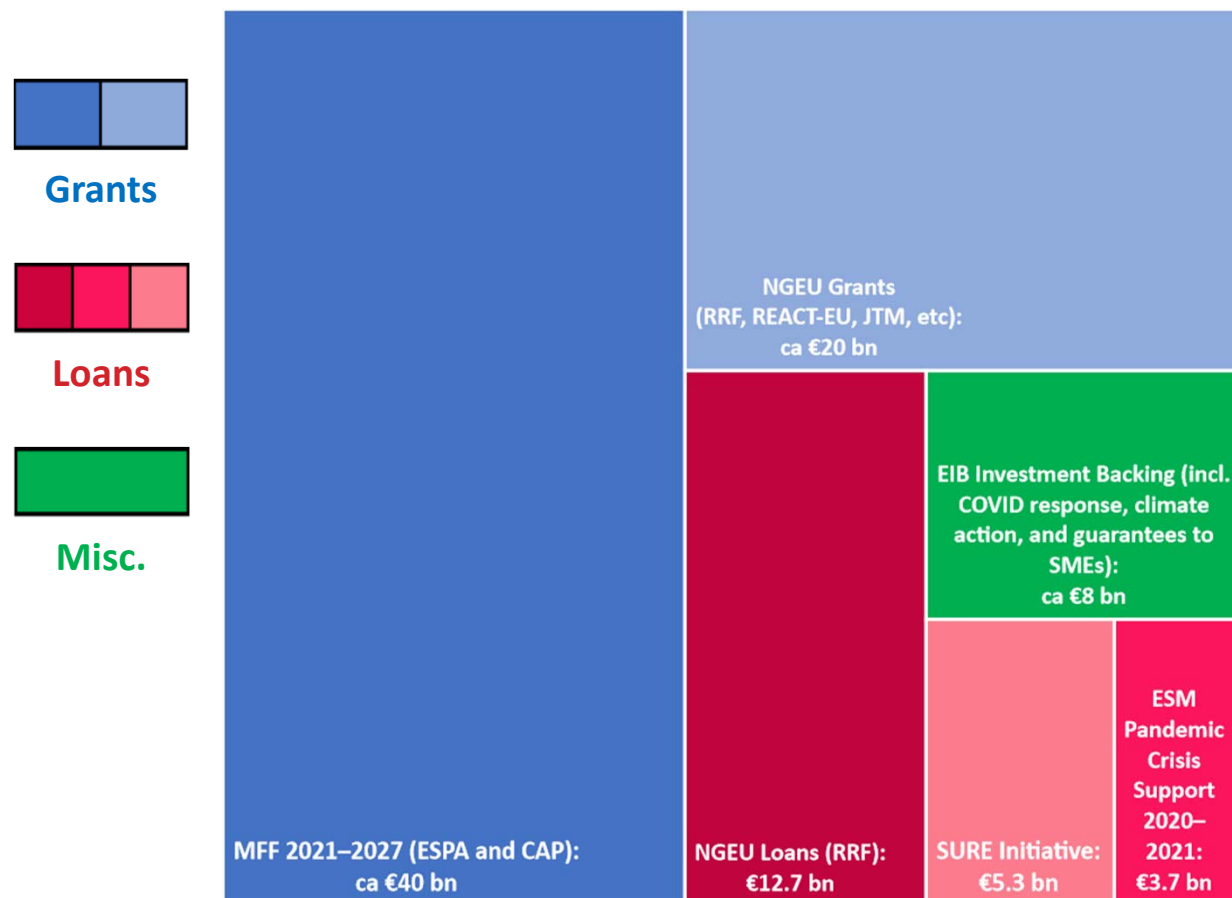
## VIII. GR - External Sector: domestic demand-driven recovery led to persistence in the current account deficit; steep deterioration in Jan-Apr 2022



January-December	2020		2021	
Balance	bn € (current prices)			
Current Account	-11.0		-10.8	
R: receipts, P: payments	R	P	R	P
Goods	28.9	47.4	39.1	64.7
Services	22.7	15.4	35.0	22.0
<i>Tourist</i>	<u>4.3</u>	<u>0.8</u>	<u>10.5</u>	<u>1.1</u>
Primary Inc.	6.3	6.6	7.0	6.4
Secondary Inc.	4.1	3.5	5.0	3.8

- In Jan-Dec 2021 the current account deficit decreased to 5.9% of GDP, from 6.6% in Jan-Dec 2020 (1.5% in Jan-Dec 2019)
- Current account deficit deteriorated steeply in Jan-Apr 2022 by €3.3 bn YoY due to the high energy import dependency of Greece (81.4% of gross available energy in 2020) and the recovery of domestic demand
- According to BoG (monetary policy report, Jun-2022), the current account deficit is expected at 7.2%, 5.8% and 6.3% of GDP in 2022, 2023 and 2024 respectively

## IX. GR - Close to €90bn available to Greece from EU initiatives



Total funds available:  $60 + 21.7 + 8 \approx 90$  bn

- 70% of RRF grants should be committed by 2022, remainder by the end of 2023
- 37% of funds are to be spent in “green transition”, and 20% in the digital transformation of the economy
- Disbursement of NGEU funds will be gradual and contingent on the attainment of milestones and targets according to a pre-determined schedule; this may act as a self-disciplinary mechanism

### European Central Bank Instruments

- Pandemic Emergency Purchase Programme: €1850bn up to Mar 2022; flexible re-investment exceeding rollover of expiring GGBs up to end-2024; GGB purchases at €38.7bn as of May 2022
- New instrument aimed at preventing fragmentation in Euro Area sovereign bonds market under development
- TLTRO III ended in Jun 2022

- Sources: European Commission, ECB, National Recovery & Resilience Plan, EIB, EBRD

## X. GR - Public Economics: large fiscal support measures to face the impact of the recent (energy) price hikes

- Covid-19 related support measures of €43.3bn (24.4% of 2020 GDP): €23.1bn in 2020, €16.0bn in 2021 and €4.1bn in 2022
- Measures aiming to address the recent prices' spikes (including in energy following the Ukrainian crisis) at 8.44 bn:
  - €5.19bn (out of total €6.04bn energy subsidies) via the (limited) ETS revenue
  - €3.25bn (as of early-July 2022) is the expected cost for the 2022 Budget
- Increased risk for the 2022 fiscal targets from the continuation of the energy crisis in H2:2022

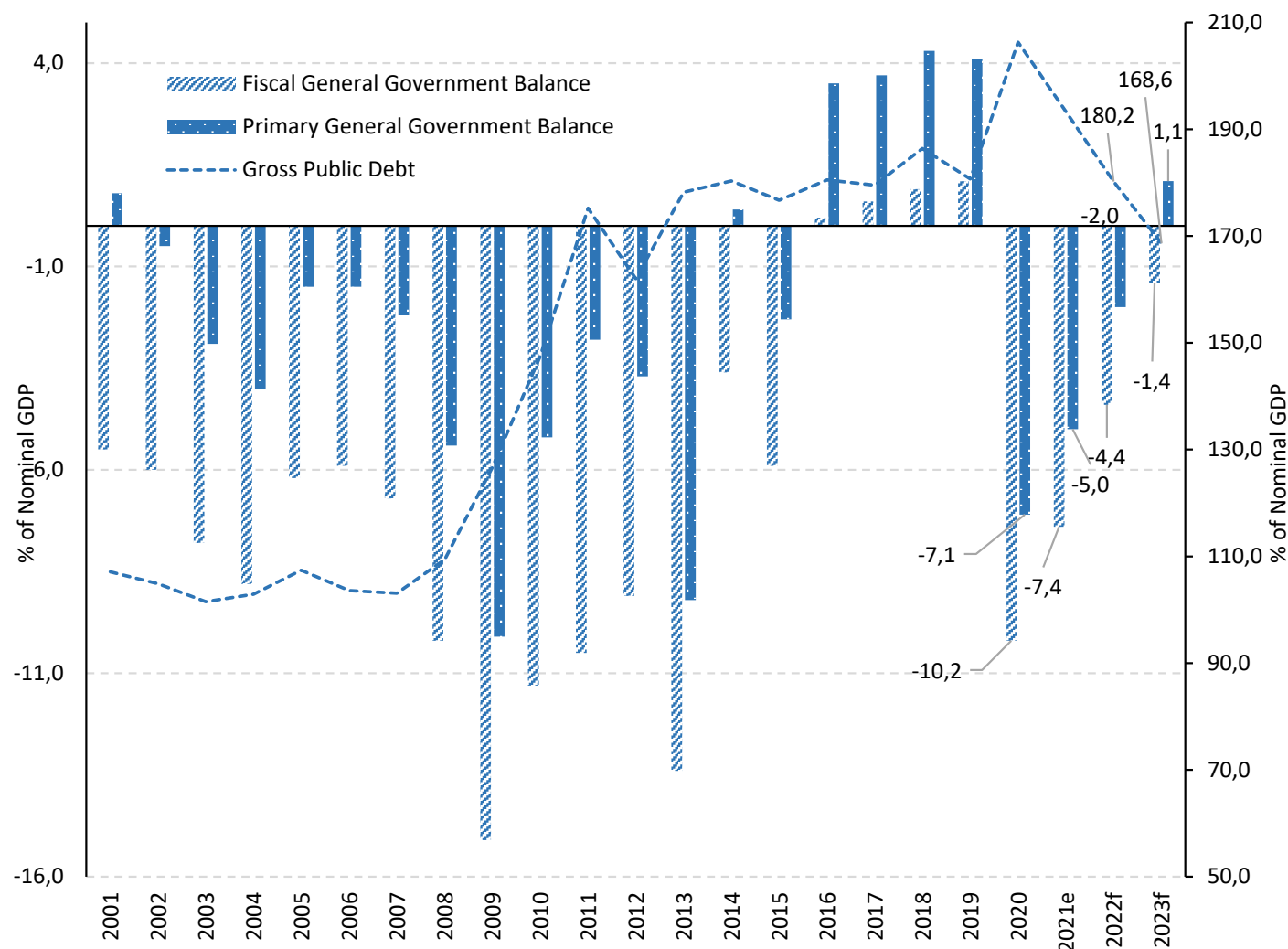
Measures aiming to address the COVID-19 pandemic		
	2021	2022
2022 Budget -Total Actions on the Revenue Side	-3.5	-2.2
2022 Budget - Total Actions on the Expenditure Side	-11.6	-1.8
Liquidity Measures	-0.9	0.0
<b>Total Measures</b>	<b>-16.0</b>	<b>-4.1</b>

Measures aiming to address the recent price hikes (2022)	
...including, among others	
Subsidies for electricity & natural gas consumption (mainly funded by the Green Transition Fund)	-6.04
Increased allowances to vulnerable citizens (low-income pensioners, non-insured elderlies, minimum income beneficiaries, disability & child benefits)	-0.64
General Government expences related to the increased energy costs	-0.50
Permanent reduction of property tax - ENFIA	-0.37
Targeted (low-income) income subsidy	-0.32
Return of 60% on increased electricity bills issued between 1/12-31/05 for main residences	-0.28
Introduction of lower VAT rate (until 31/12/2022) to transports, coffee, non-alcoholic beverages, cinemas, gyms, dance studios	-0.25
Special provisions for farmers (including revenue side measures: VAT and Excise Tax rates reduction etc)	-0.20
Subsidy for fuels - fuel pass 2 (July-Sept. 2022, gasoline and petrol)	-0.20
Diesel subsidy for July-September 2022	-0.12
Diesel subsidy for April-June 2022	-0.11
Subsidy for fuels - fuel pass 1 (April-June 2022, gasoline and petrol)	-0.10
<b>Total Measures</b>	<b>-8.44</b>
<b>...Cost for the 2022 Budget</b>	<b>-3.25</b>



## XI. GR - Public Economics: deterioration of the primary balance due to fiscal support measures

- **Primary balance for 2020 and 2021 at -7.1% and -5.0% of GDP respectively; for 2022 and 2023 expected at -2.0% and +1.1% of GDP respectively (Stability and Growth Programme for Greece, May 2022)**
- **Temporary deviation from the 3.5% of GDP primary surplus targets for 2020 and 2021 extended up to 2022 (EC, 2/6/2021)**
- **No EC decision yet for the 2023 primary balance**



- Source: AMECO, 2022 Budget

## XII. Sovereign's rating constant or improved on reform momentum

..... still below investment grade

Moody's	S&P	Fitch	DBRS
Aaa	AAA	AAA	AAA
Aa1	AA+	AA+	AA <sup>HIGH</sup>
Aa2	AA	AA	AA
Aa3	AA-	AA-	AA <sup>LOW</sup>
A1	A+	A+	A <sup>HIGH</sup>
A2	A	A	A
A3	A-	A-	A <sup>LOW</sup>
Baa1	BBB+	BBB+	BBB <sup>HIGH</sup>
Baa2	BBB	BBB	BBB
Baa3	BBB-	BBB-	BBB <sup>LOW</sup>
Ba1	BB+	BB+	BB <sup>HIGH</sup>
Ba2	BB	BB	BB
Ba3	BB-	BB-	BB <sup>LOW</sup>
B1	B+	B+	B <sup>HIGH</sup>
B2	B	B	B
B3	B-	B-	B <sup>LOW</sup>
Caa1	CCC+	CCC+	CCC <sup>HIGH</sup>
Caa2	CCC	CCC	CCC
Caa3	CCC-	CCC-	CCC <sup>LOW</sup>
Ca	CC	CC	CC <sup>HIGH</sup>
C	RD	RD	CC <sup>LOW</sup>
-	SD	D	C <sup>HIGH</sup>
-	D	-	C
-	-	-	C <sup>LOW</sup>
-	-	-	D



- DBRS (18/03/22): from BB to BB<sup>HIGH</sup> with a stable outlook; S&P (23/4/21): upgraded rating for Greece from BB to BB+ with stable outlook; Fitch (14/01/22): rating unchanged at BB with positive outlook; Moody's (21/11/2020): upgraded rating for Greece from B1 to Ba3 with a stable outlook.
- Cash buffer of over €38bn (Apr-22)
- PDMA: funding needs for 2022 at €12.0 bn; already tapped the market for €5.4 bn in H1:2022 via the issuance of a 10Y bond @ 1.836% (19/1) and the re-opening of older issues (27/04:5yr@2.366%; 23/05:11yr@3.61%; 30/05:10yr@3.56%; 30/05:5yr@3.51%), yield increases after Ukraine
- ECB's PEPP: purchases of Greek bonds amounted to € 38.68 bn (May-22)

## 2 Impact of the war in Ukraine on supervisory priorities



## **Priority 1: Banks emerge from the pandemic healthy**

- Main focus remains adequacy of banks' risk management practices
- Some new vulnerable sectors emerge as a result of Russian-Ukraine conflict
- Worsening macro outlook and exit from low interest rates may hit leveraged borrowers

## **Priority 2: Addressing banks' structural weaknesses**

- Sanctions linked to Russia-Ukraine conflict add legal and reputational risk dimensions
- Digital transformation remains key focus of business model sustainability

## **Priority 3: Tackling emerging risks**

- Climate-related and environmental transition risks to become more prominent as net zero objective and energy independence objective interact
- IT and cyber risks heightened due to Russia-Ukraine war
- Counterparty credit risk (vs. non-banks) heightened due to market volatility and risk of bumpy exit from low rates

*Source: The euro area banking sector, one quarter after the start of the war in Ukraine, Andrea Enria, Chair of the Supervisory Board of the ECB, 18 May 2022*

## **Drivers of potential asset quality deterioration:**

- Increased costs for corporates: energy (oil, gas, coal), commodities (metals, agriculture) and other imports
- Supply chain disruption
- Deterioration in market sentiment
- Decrease in households' disposable income (caused by unemployment and inflation)

## **COVID-19 vulnerable sectors remain under scrutiny:**

Commercial real estate and residential real estate

## **New conflict-related vulnerable sectors:**

- Commodity trading and energy utility sector
- Energy-intensive and raw material-intensive sectors

*Source: The euro area banking sector, one quarter after the start of the war in Ukraine, Andrea Enria, Chair of the Supervisory Board of the ECB, 18 May 2022*

# 3 The Banking System today and key trends

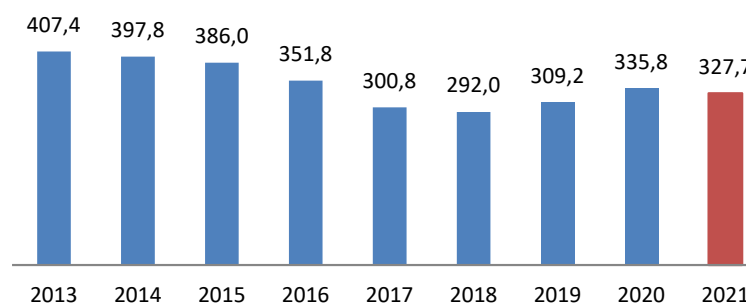
## Greek Banking System today

	2021	2018	2017	2016
Total assets <sup>1</sup> (€ bn)	328	292	301	351
Private sector deposits <sup>1</sup> (€ bn)	180	135	126	121
Private sector gross loans <sup>1</sup> (€ bn)	110	170	184	195
NPL ratio - 4Q21 <sup>2</sup>	13%	31%	36%	36%
CET 1 ratio - FY21 <sup>3</sup>	13%	16%	17%	17%
Coverage ratio of NPEs <sup>3</sup>	43%	47%	49%	50%

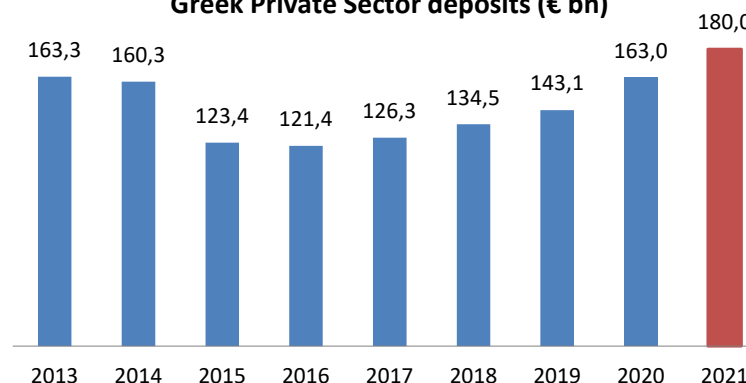
- Employees <sup>4</sup>: 30,998 in 2021 from 39,383 in 2018
- Branches <sup>4</sup>: 1,560 in 2021 from 1,981 in 2018
- ATM <sup>4</sup>: 5,787 in 2021 from 5,594 in 2018
- POS <sup>4</sup>: 775,482 in 2021 from 690,689 in 2018
- Active debit/credit/prepaid cards in 2021 <sup>4</sup>: 19m (o/w: 77% debit, 14% Credit, 9% Prepaid) - 2018: 17.5m
- Debit/credit/prepaid cards payment transaction in 2021 <sup>4</sup>: 1,600m – 2018: 841m
- Debit/credit/prepaid cards value payments in 2021 <sup>4</sup>: 47,8€ bn – 2018: 34,5€ bn

1. BoG, Aggregated balance sheet of financial institutions excl. BoG;
2. BoG, Governor's Annual Report 2021, April 2022 and Annual Report on operational targets for Q42018 of 4 systemic banks, April 2019
3. BoG, Governor's Annual Reports
4. ECB, EU Structural Financial Indicators & HBA data for ATMs, POSs and active debit/credit/prepaid cards

Total assets (€ bn)



Greek Private Sector deposits (€ bn)



Source: Aggregated balance sheet of financial institutions

## Key trends in 2021/2022

### Definitive clean-up of bank balance sheets

Greek banks reduced their stock of NPEs to €18.4bn at end-Dec.21, down from a peak of €107.2bn in Mar.16 aiming to reduce further the stock of NPEs to Euro Area average by end-2023

### Capital ratios affected from higher credit risk provisions but still strong

Banks' low operating profitability and the need for higher provisioning for credit risk affected their capital adequacy, with the consolidated Common Equity Tier 1 (CET1) ratio falling to 12.6% in December 2021, from 15% in December 2020, and the Total Capital Ratio (TCR) to 15.2% from 16.6%, respectively

### Organic profitability improves as NPE clean up nears finalization with medium term upside on the former

Capital adequacy levels absorb IFRS9 transitional adjustment which ends in 2023. High share of DTCs progressively get diluted on the back of slow amortization and sustained profitability reflecting successful sector restructuring efforts and credit driven economic growth

## Key trends in 2021/2022

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### MREL Capacity and New Issuances

Greek banks have met the 1/1/2022 MREL binding target set by the SRB through issuances of MREL eligible instruments and organic profitability. The current market environment poses a short-term challenge on Greek Banks MREL issuance plans as the yields of MREL eligible instruments have moved up significantly.

### Business environment stabilizes

The continued recovery of the Greek economy presupposes stronger financing of the real economy and an active involvement of the banking sector. The use of the **National Recovery and Resilience Plan (Greece 2.0)** is expected to play a significant role in supporting the financing of the Greek economy in order to get on track for strong, sustainable growth

# 4 Greek banking structure

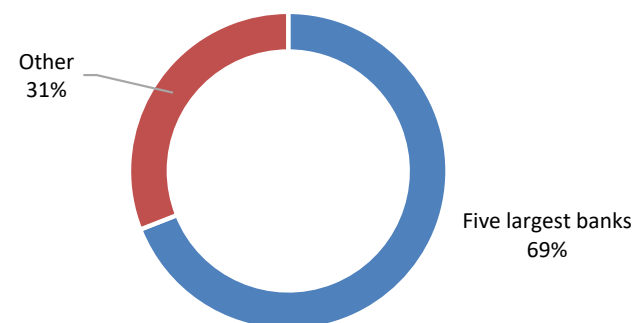
Sector concentration, Private Sector Deposits, Number of branches, Employees, ATMs and POSs, e-payments and e-banking channels usage

## Sector concentrates around the “Significant” banks

- The number of the domestic credit institutions was drastically reduced from 35 in 2009 to 15 today, of which 9 commercial and 6 cooperative
- Four banks are deemed “Significant” and, post consolidation, control ca. 97% banking assets:
  - Piraeus Bank
  - National Bank of Greece
  - Alpha Bank
  - Eurobank
- The 19 foreign bank branches, although present in Greece, have insignificant market share

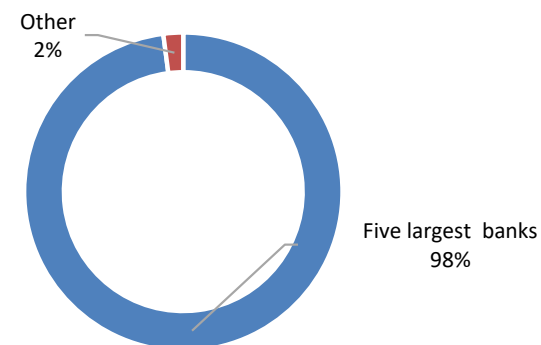
Source: BoG, Aggregated balance sheet of financial institutions/structure & ECB, EU Structural Financial Indicators

Banking assets market shares 2009



Source: BoG, Aggregated balance sheet of financial institutions/structure

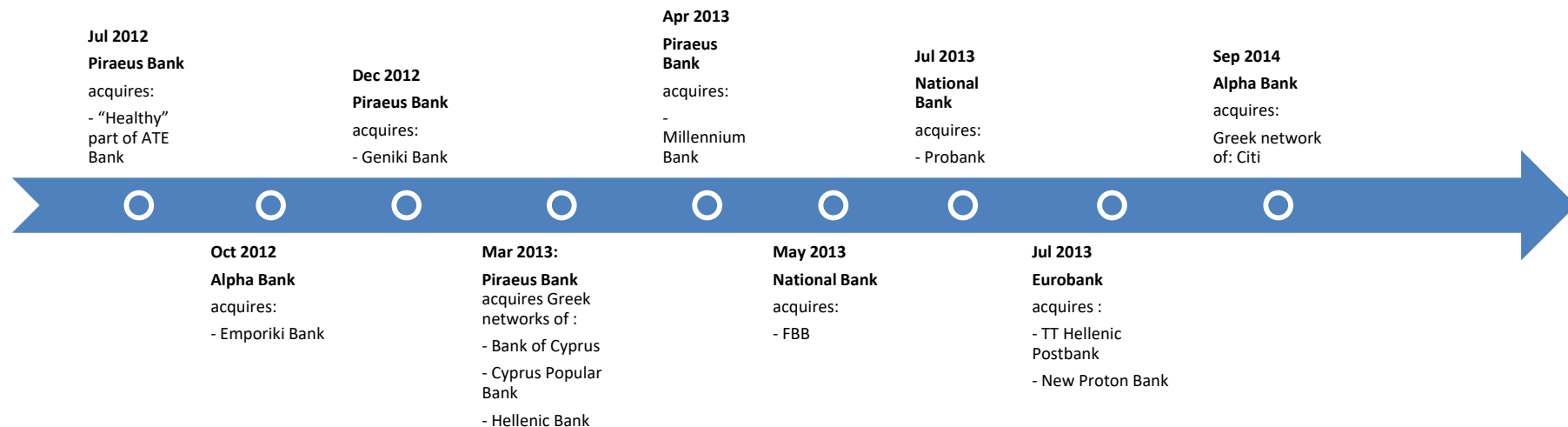
Banking assets market shares 2021



Source: ECB, EU Structural Financial Indicators, June 2022



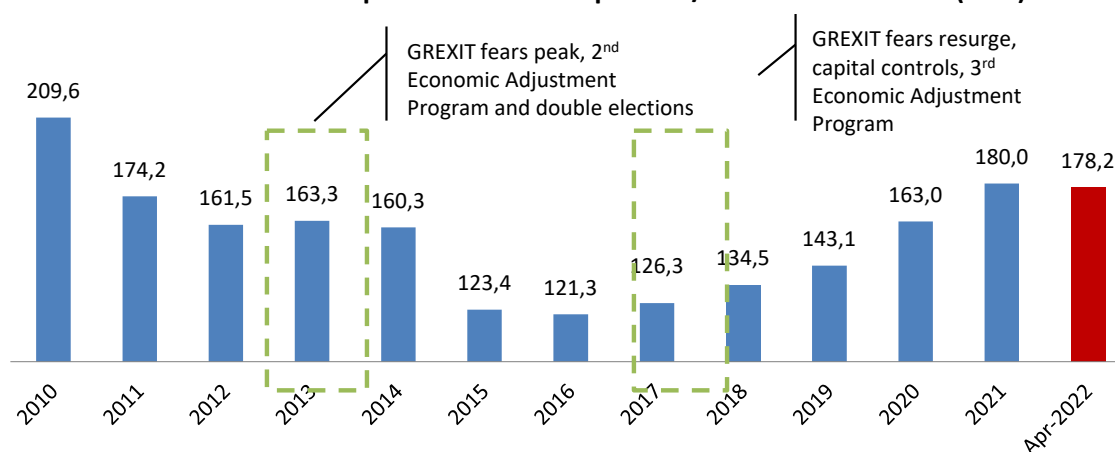
## Timeline of major consolidation actions during the crisis



- Banking landscape changes rapidly
- Greek State exits direct holdings in the banking system
- Major foreign players divest from Greece (Societe Generale, Credit Agricole, BCP, Citi)
- Cyprus' crisis results in the removal of Cypriot banks presence from the Greek market
- Smaller cooperative banks also participate in the sector consolidation

## Liquidity, a recurring concern throughout the crisis, improved significantly

Private Sector deposits sensitive on political/macro uncertainties (€ bn)

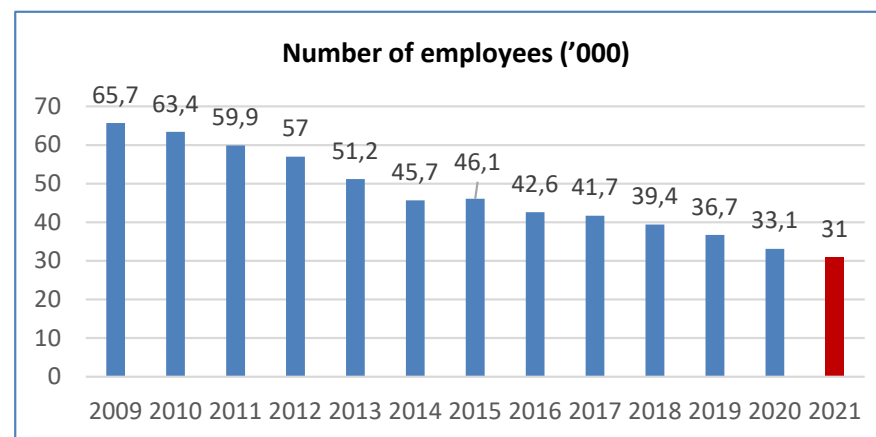


Source: BoG, aggregated balance sheet of other financial institutions

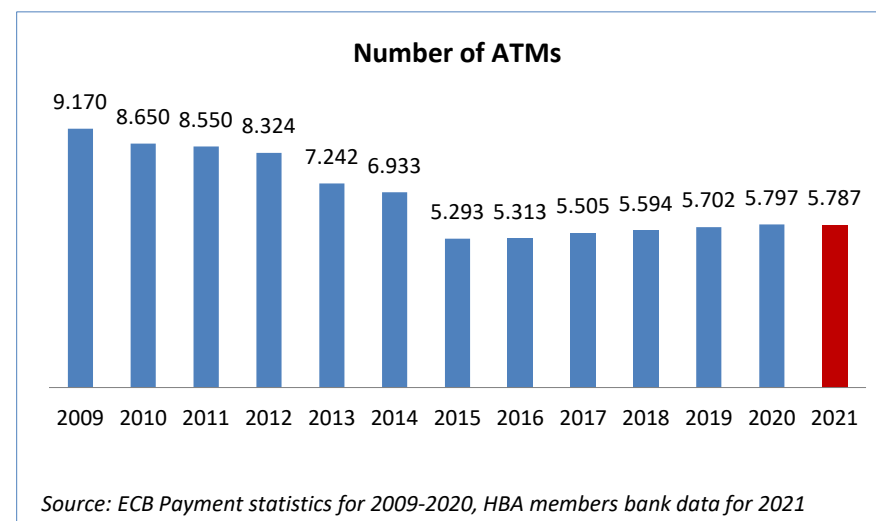
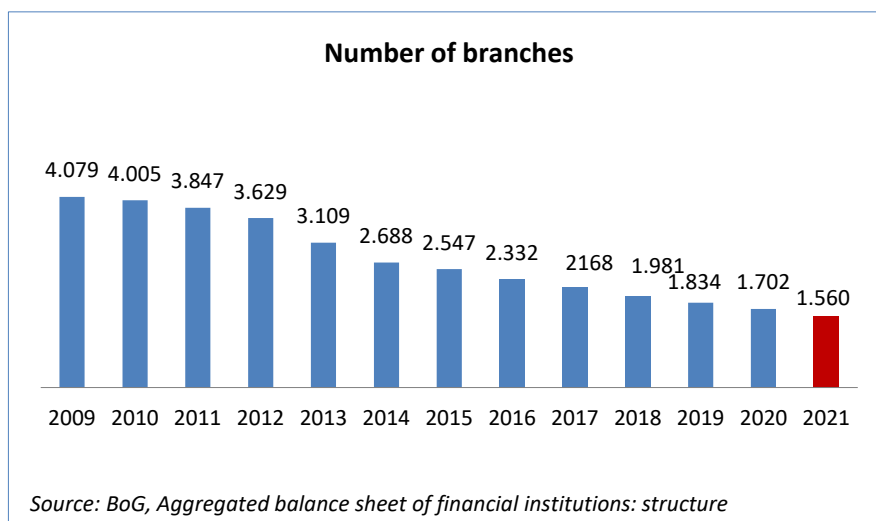
- Deposit flight occurs throughout the crisis with varying intensity
- GREXIT fears led to a sharp fall of deposits up to 2012 where the 2<sup>nd</sup> Economic Adjustment Program was voted in
- Deposits stabilized in 2013-14 only to drop again sharply in the first months of 2015 as GREXIT fears resurge
- Deposits drop in early 2017 but completion of the second review of the Third Adjustment Program had beneficial effect
- By Apr-21 deposits at levels of €178.2bn up €51.9bn vs. Dec.17 and €15.2bn vs. the Dec.20

## Downsizing of traditional channels, cost rationalization and personnel reduction

- Greek banks respond to the requirements of the restructuring plans and digital transformation through downsizing their traditional channels
- Reducing their personnel, exclusively through Voluntary Exit Schemes (VES) and natural attrition
- Since 2009:
  - Workforce reduced by 53%
  - Branch network reduced by 62%
  - ATMs reduced by 37%



Source: BoG, Aggregated balance sheet of financial institutions: structure



## Use of e-payments and e-banking channels increase sharply

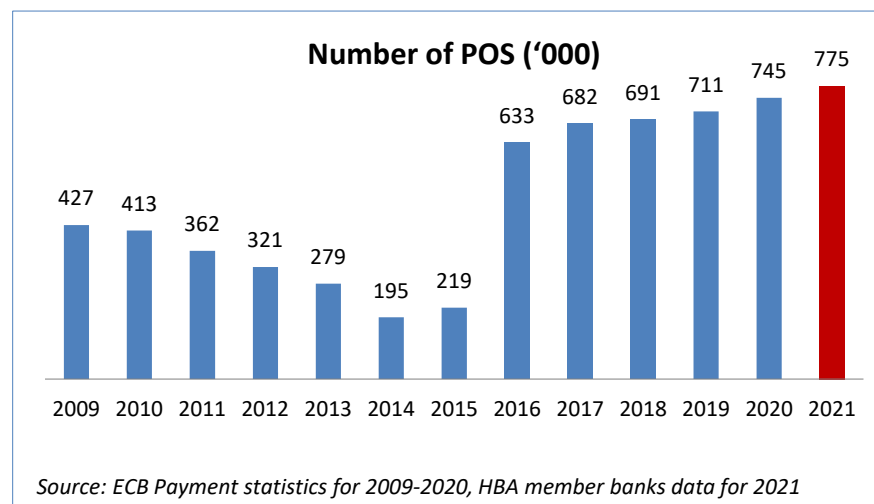
- Sharp increase of POS since 2015 (+254%)
- Increase usage of credit/debit/prepaid cards issued in Greece<sup>1</sup>:
  - Number of payment card transactions at 1,466m (+22% yoy)
  - Value of payment card transactions at €41,4bn (+21% yoy)
  - Average value of transaction at € 28,22 (2020: € 28,36)
- Account to account transfers<sup>2</sup>:
  - Number of credit transfers & direct debit transactions at 506m (+33%yoy)
  - Total value of transactions at € 728bn (+3%yoy)
- Card Fraud at negligible levels<sup>3</sup>: 1/4,200 (2020: 1/2,600) fraud transaction and 1€ loss / €6,100 (2020: €1/ €5,125)
- Credit transfer Fraud even lower levels<sup>4</sup>: 2020: 1/314,000 fraud transaction and 1€ loss / €92,000.

1. Source: HBA data for 2021

2. Source: ECB Payment statistics for 2020

3. Source: BoG, Financial Stability Review, May 2022

4. Source: BoG, Financial Stability Review, December 2021



- More than 90% of payment transactions through internet & mobile banking
- ATM cash withdrawals at 2019 levels
- Almost 4m internet banking active users at the end of 2021
- More than 2,3m mobile banking active users at the end of 2021
- Almost 50% of total money transfer transaction through mobile banking applications
- eKYC & eKYB for AML purposes through Gov.gr service (fully digital)

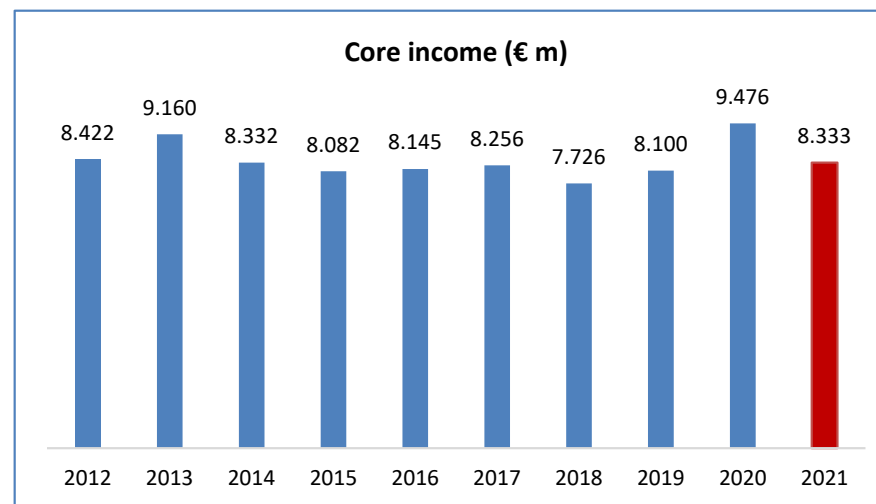
# 5

## Supervisory Greek Banking Systems Statistics

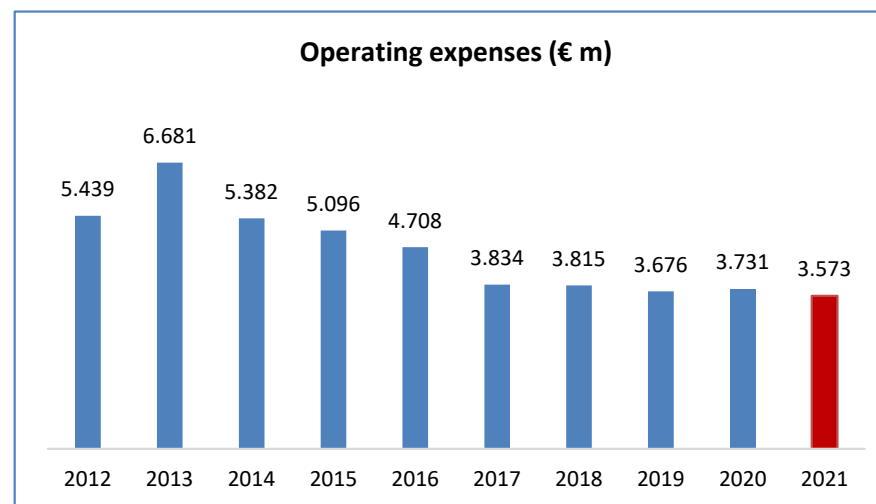
Core Income, Operating Expenses, Earnings Before Taxes (EBT), Loans-to-Deposit ratio, Liquidity ratio, Non-Performing Loans, Capital & Leverage ratios, Gross loans and bank credit to the private sector, Banking interest rates

## Core income: cost containment ongoing, NPLs management affects top line

- The five largest Greek banking groups' core income (NII + commissions) affected by several factors:
  - Deleveraging, NPL management and lack of genuine demand for credit poses a significant challenge for NII
  - Core income in 2020 higher from pre-consolidation (2013) levels for first time

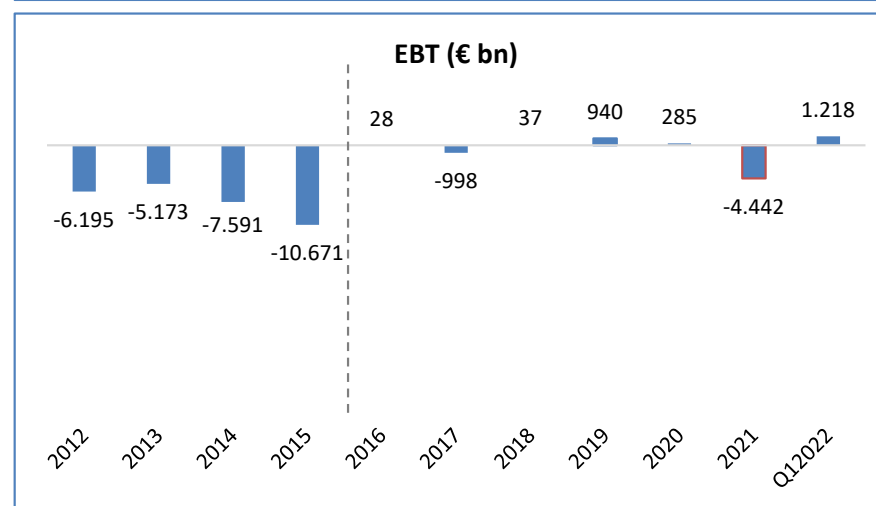
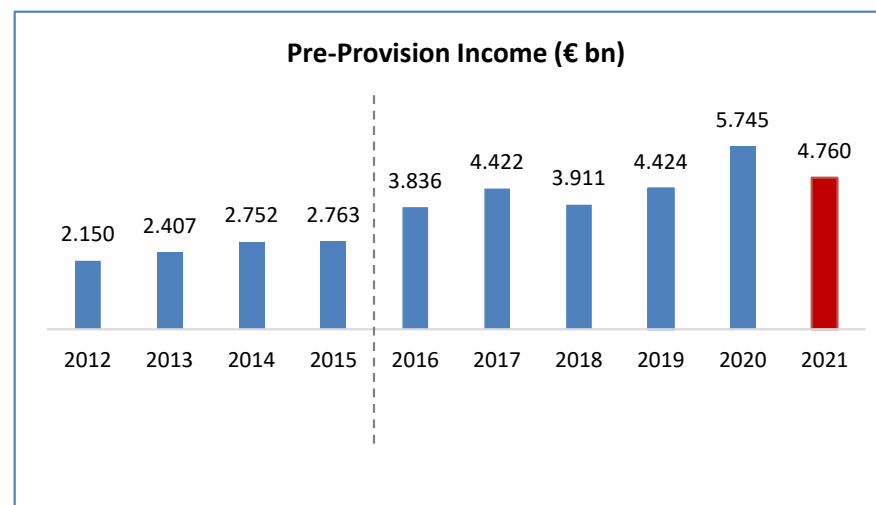


- Significant credit institutions respond to the crisis by continued cost cutting
  - Cost base reduced between 2013-21 by ca. 47%
  - Voluntary Exit Schemes (VES) take full effect



## Pre-provision profits & provisioning affects bottom line

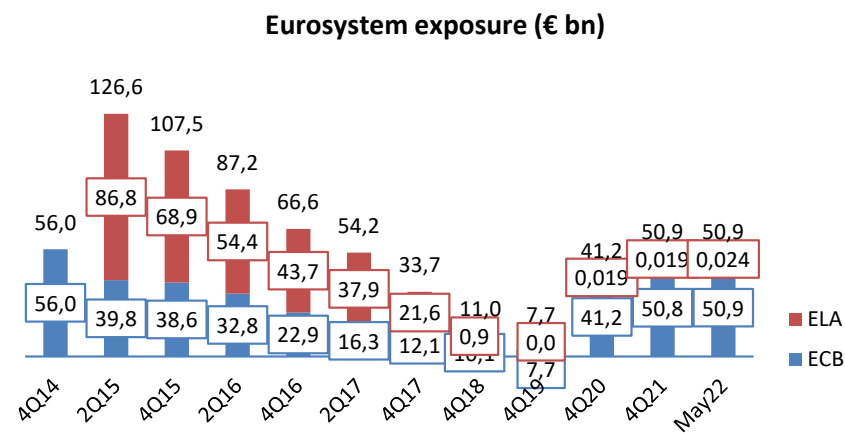
- As revenues remain stable and costs declined, PPI for five largest Greek banking groups was more than double in 2020 – 2021 compared to 2012
- OpEx streamlining continues
- PSI and loan loss provisions kept the profitability of the sector in negative territory eroding capital from 2012 until 2015
- In 2018-2020, Greek banking groups showed positive bottom line driven mainly from:
  - Reduced cost of Eurosystem funding
  - Ongoing repricing of time deposits
  - Streamlining of Operating Expenses
  - Cost of risk reduction
  - Fee income growth
- In 2021 EBT in negative territory mainly because of NPEs management and high loan loss provisions
- 1Q 2022 in positive area for the four Greek significant banks
- NPEs one-digit management completion, future lending expansion, fee income growth and further cost of risk normalization to further boost profitability



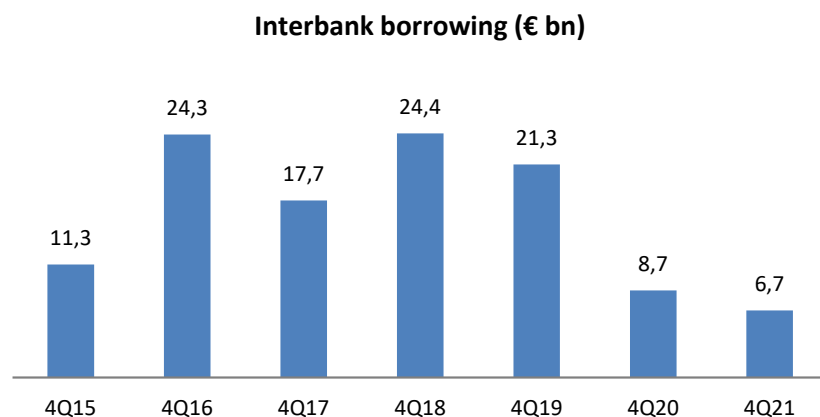
Source: As reported by the 4 Greek significant banks – Group level, continued operations IFRS data;  
Excludes negative goodwill in 2013 for Piraeus Bank and Alpha Bank

## Eurosystem dependency for funding increasing from 2020

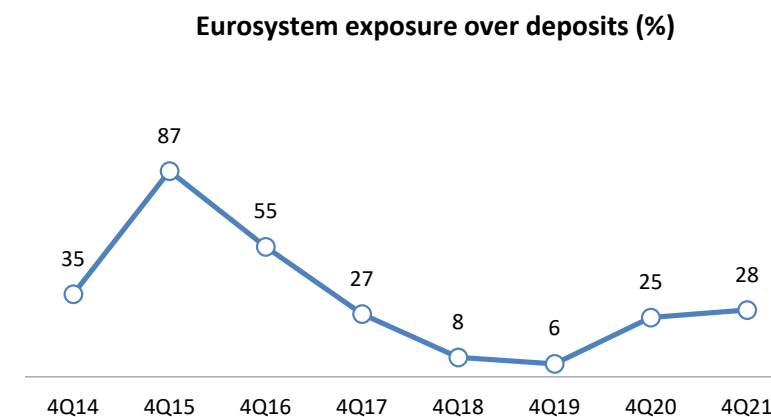
- Total Eurosystem dependency has gone down by 60% in May-22 vs. Jun-15<sup>1</sup> while ELA has almost nullified since early 2019
- Liquidity improved on:
  - Reinstatement of ECB “waiver” on Greek assets
  - Deposit inflows
  - Increased access of interbank borrowing 2015-2019
  - Ongoing deleveraging
  - Sale of assets as part of the banks’ restructuring plans



Source: BoG monthly balance sheet



Source: BoG, aggregated balance sheet of other financial institutions



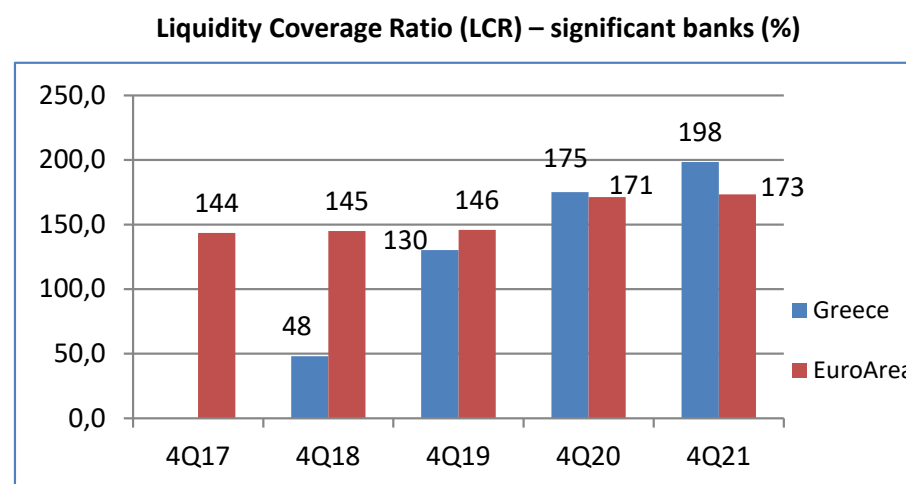
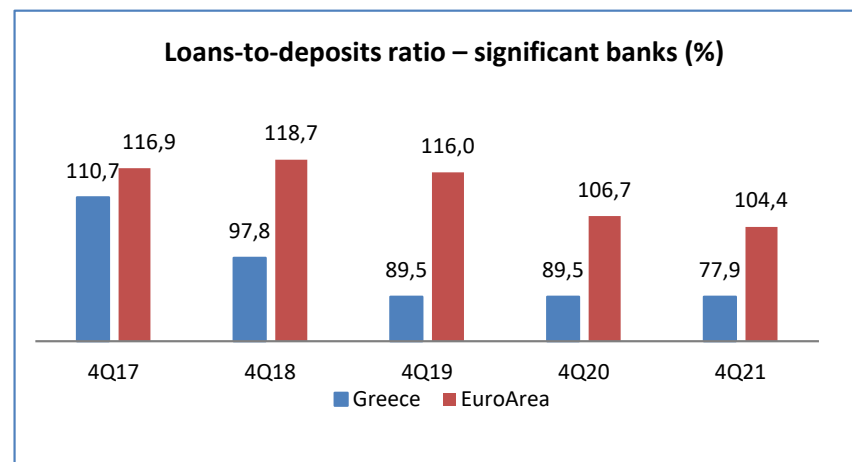
Source: BoG, aggregated balance sheet of other financial institutions

1. June 2015: implementation of capital controls



## L:D ratio improves as deposits stabilize & high LCR levels

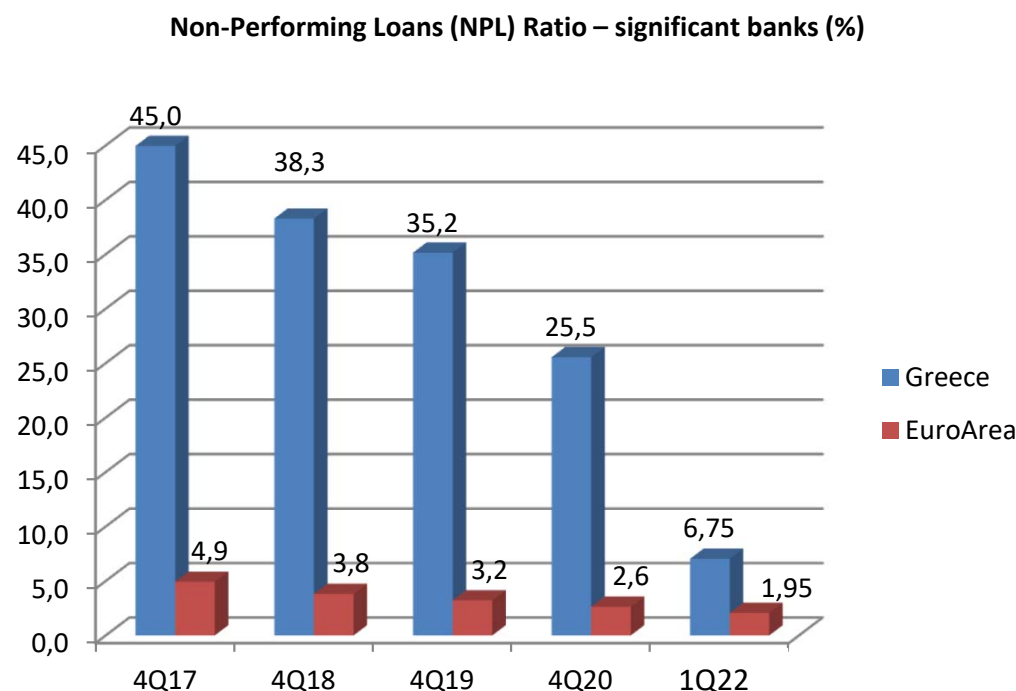
- Crisis causes severe deposit outflows:
  - Deposits dropped by € 91bn (-42%) in the 2010-16 period
  - Gross loans dropped by 25% over the same period
- Loan deleveraging still continues
- L:D ratio less than 60% compared to Euro Area significant banks average
- Overall liquidity improvement led to a virtual elimination of govt. guarantees – the most expensive ELA-eligible collateral
- Depositors' confidence is steadily improving
- LCR recovery from 2019 and at higher levels than the Euro Area average



Source: SSM data for Euro Area and Greek significant banks as at 4Q21

The 2017 value for Greek significant banks is suppressed for confidentiality reasons

## Greek banks on track to meet NPL Euro Area average



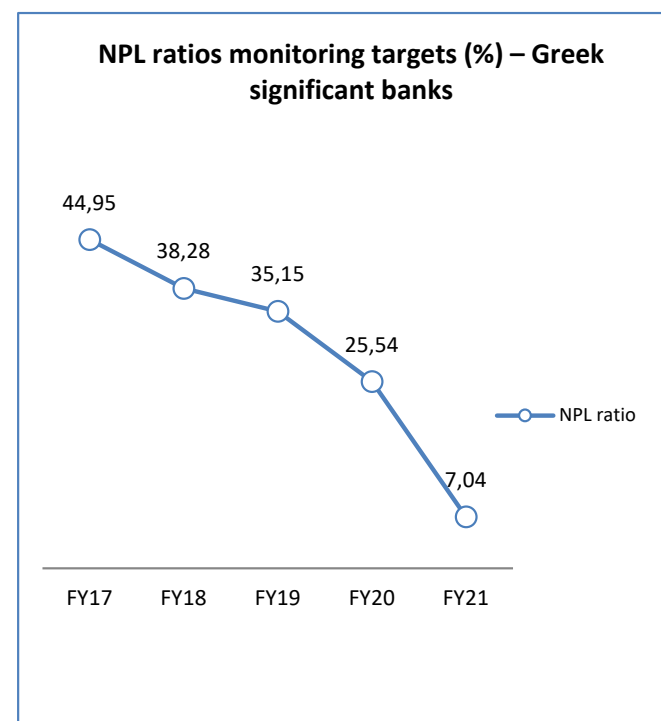
Source: SSM data for Euro Area and Greek significant banks as at 1Q22

- NPL reduction in 2021 was achieved mainly through securitisations and transfers to international investors
- The stock of non-performing loans declined further in 2021, mostly through loan sales of €27.5 billion under the Hellenic Asset Protection Scheme
- This has led to an improvement in bank asset quality, reducing risk costs and widening profit margins
- NPLs stood at €17.7 billion at the end of March 2022, down by €28.8 billion from end-December 2020 and €90.3 billion from end-March 2016

Source: BoG, Governor's Annual Report 2021, April 2022 & Monetary Policy Annual Report, June 2022

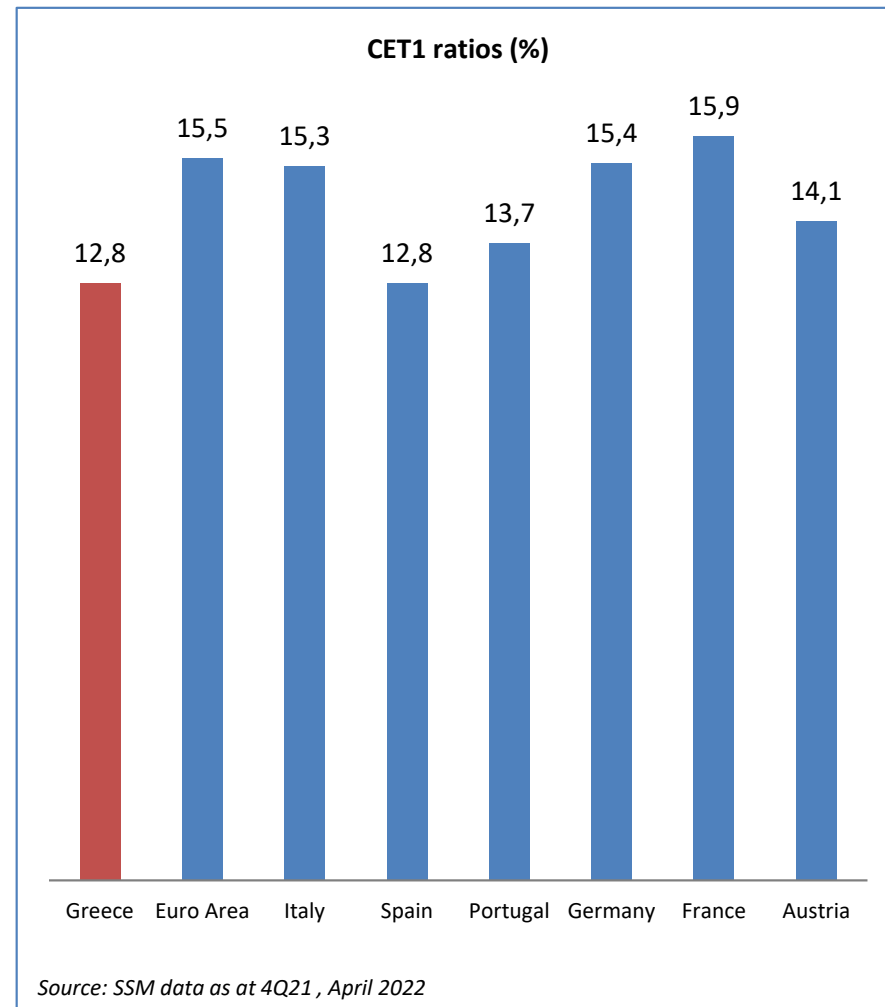
## NPL management: Sources of risks and uncertainty

- About 39% of NPLs are subject to forbearance measures
- A high share of forborne loans fell back into arrears
- New NPLs that may arise after the withdrawal of COVID-19 support measures, but also as a result of high inflation
- The stock of NPLs remains a burden for the real economy and excludes a large number of debtors from bank credit



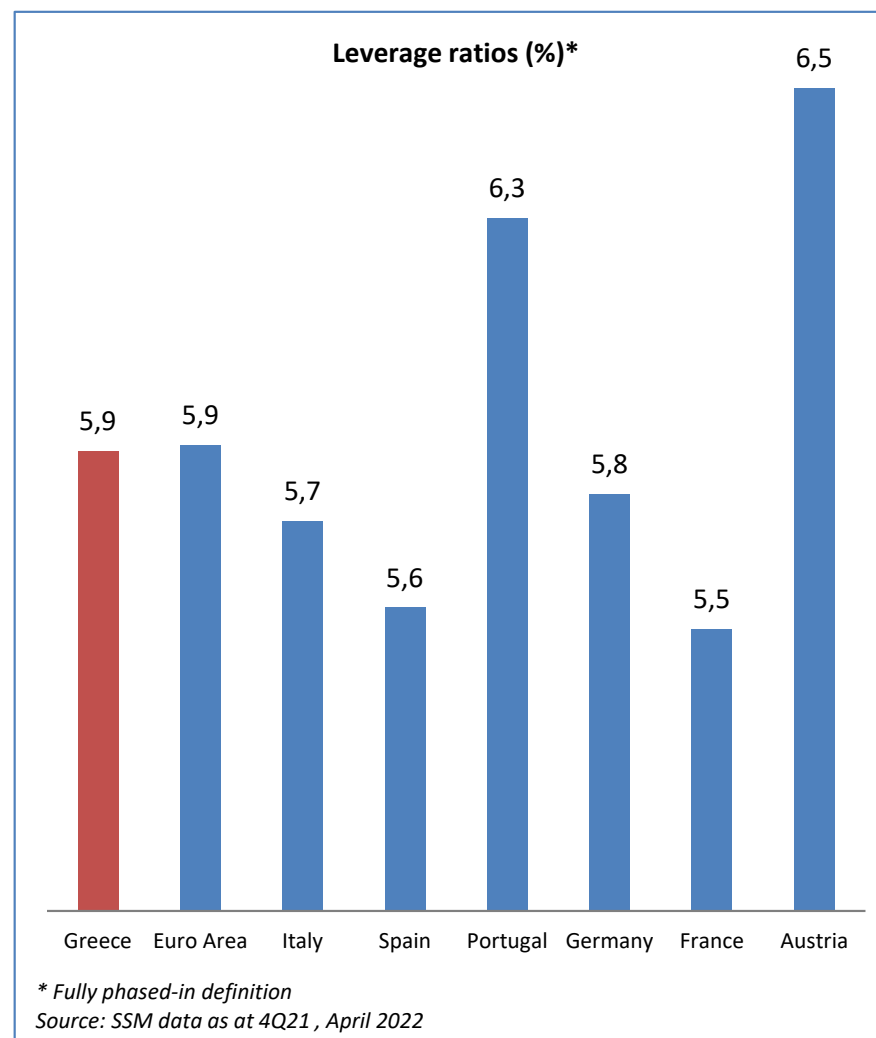
## Capital ratio declined as a result of losses from NPL sales and securitisations

- The aggregate common equity (CET1) ratio and the total capital ratio declined as a result of losses from NPL sales and securitisations
- CET1 ratio of the four significant credit institutions at 12,80% in 2021
- Significant credit institutions identifying capital needs fulfilled via share capital increases
- Total risk exposure to central government stood at 22.5% of total bank assets and 38.7% of GDP at the end of 2021



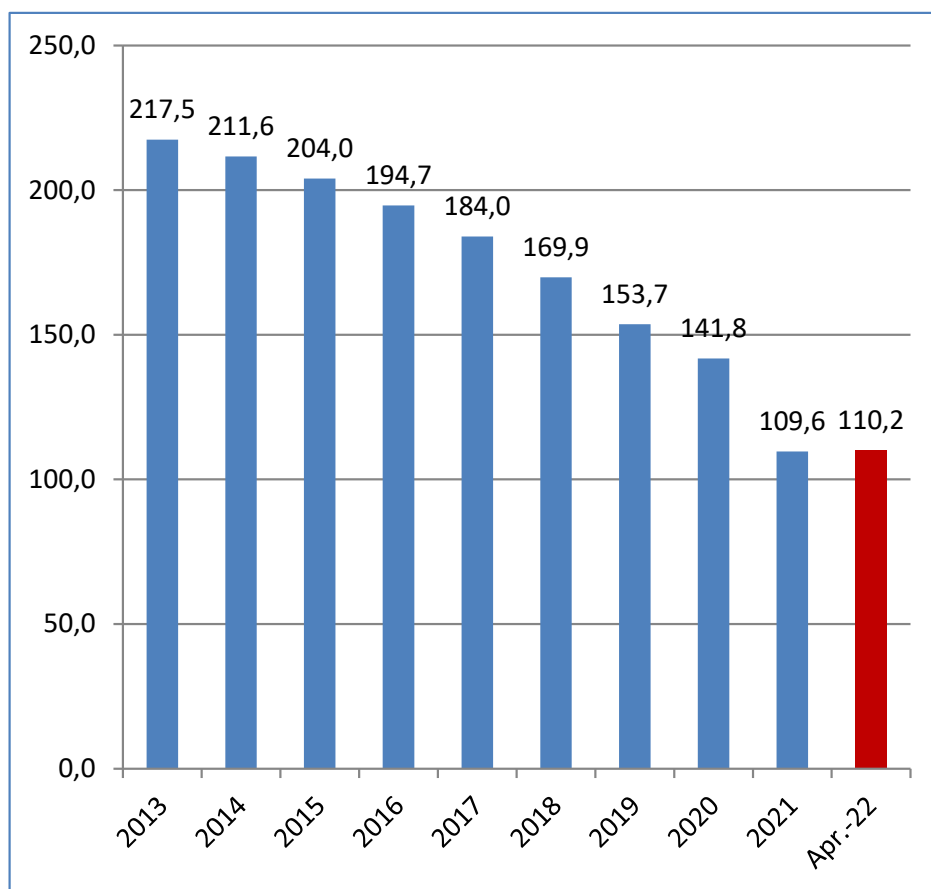
## Leverage ratio at Euro Area average

- The Leverage ratio (fully phased-in definition) of the four Greek significant credit institutions on Euro Area average in 2021, higher than the average of significant credit institutions in France, Germany, Italy and Spain.



## Gross loans decrease as a result of NPL sales and securitisations but bank credit to the private sector continued to increase

Gross loans to the domestic private sector (€bn)

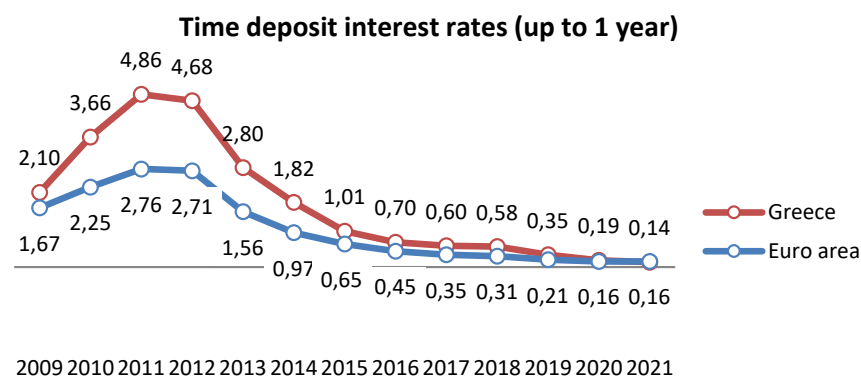


Source: BoG, aggregated balance sheet of other financial institutions

- In 2021, bank credit to the private sector continued to increase, underpinned by the programmes of the Hellenic Development Bank (HDB) and the European Investment Bank (EIB)
- The year-on-year growth rate of bank credit, albeit quite slower compared with 10% in December 2020, stood at 3.7% in December 2021 and 2,8% in January 2022
- The funds made available by the HDB and the EIB were lower than in 2020, but their impact was significant, as they supported one-third of loans to businesses (mainly small and medium-sized enterprises) and self-employed
- Bank credit rate for consumer (-0,3%) and mortgage credit (-3%) was negative in 2021 (2020: -2,2% and -2,7%)

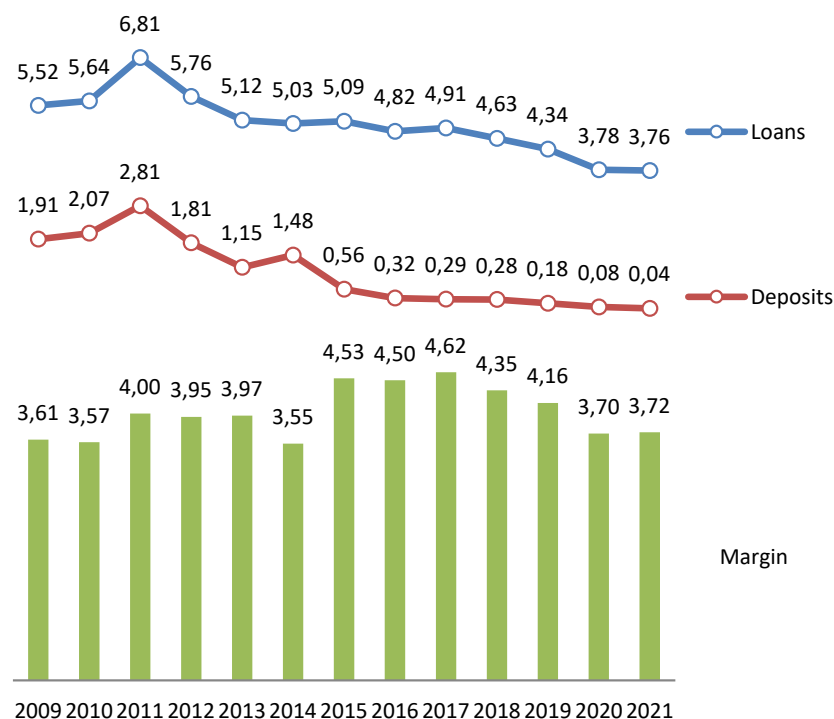
## Banking interest rates on a declining trend

- Ongoing repricing drives deposit interest rates continuously lower from 2012 onwards
- Deposit back book rates converge to lower new production levels
- Loan interest rates also declined since 2012 although more gradually
- Greek time deposits' pricing gradually converges to the Euro area average



Source: ECB, Bank interest rates - deposits from households with an agreed maturity of up to one year (new business)

**Loan and deposit new production avg. interest rate evolution (%)**



Source: BoG: Interest Rates on Bank Deposits and Loans, Monthly data

# 6 Appendix



## The Hellenic Bank Association (HBA)

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The Hellenic Bank Association (HBA) is a non-profit legal entity of private law representing Greek and foreign credit institutions operating in Greece. It was founded in 1928 and today has 18 members, of which 11 are regular and 7 associated. It is a member of the European Banking Federation.

The HBA seeks to:

- promote the Greek banking and financial system and to contribute to the development of the Greek economy,
- protect and represent the interests and rights of its member banks, and
- undertake the amicable and out-of-court settlement of disputes between its member banks and parties in transaction therewith.

Its statutory organs are the General Assembly, the Board of Directors, the Executive Committee and the Secretary General, while the Legal Council, the Economic Experts Council and the Scientific Council support its activities.

Its activities have, mainly, **three dimensions, i.e. institutional, developmental and social**. In its institutional role, the HBA contributes in a consultative capacity to regulatory issues, by participating in the formulation of legislative proposals or in technical committees at European and national level, **promotes the positions of its members to the competent authorities** and monitors the regulatory provisions concerning the operations of the Greek banking and, in general, financial system.

In its developmental role, it fosters bilateral and multilateral relations with other financial-sector associations in Greece and abroad, encourages the establishment of interbank bodies or other legal entities that aim at the promotion of the Greek banking system, is active in the development of training courses for its member banks and their clients. Additionally, it develops relations with local productive forces and contributes to the development of interbank payment systems and the expansion of electronic banking services. It also fosters participation in European Projects, **offers training through its Hellenic Banking Institute**, conducts surveys and research, produces a number of publications (including specialized studies on legal and economic issues relating to the banking system) and explores ways to improve physical securing of banking network and banking transactions.

In its social role, the HBA enhances public awareness vis-a-vis the Greek banking and financial system, promotes the concept of corporate social responsibility and takes initiatives in the field of business ethics.

Furthermore, it addresses problems related to consumer protection, creates and develops mechanisms for settling disputes out of court between private customers/investors and banks via the services offered by the **Hellenic Ombudsman** for Banking-Investment Services (**Banking Ombudsman**), encourages the contribution of the banking system to Sustainable Development and also keep banks informed of labour and social issues.

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