

GREEK BANKS IN THE TRUMP ERA

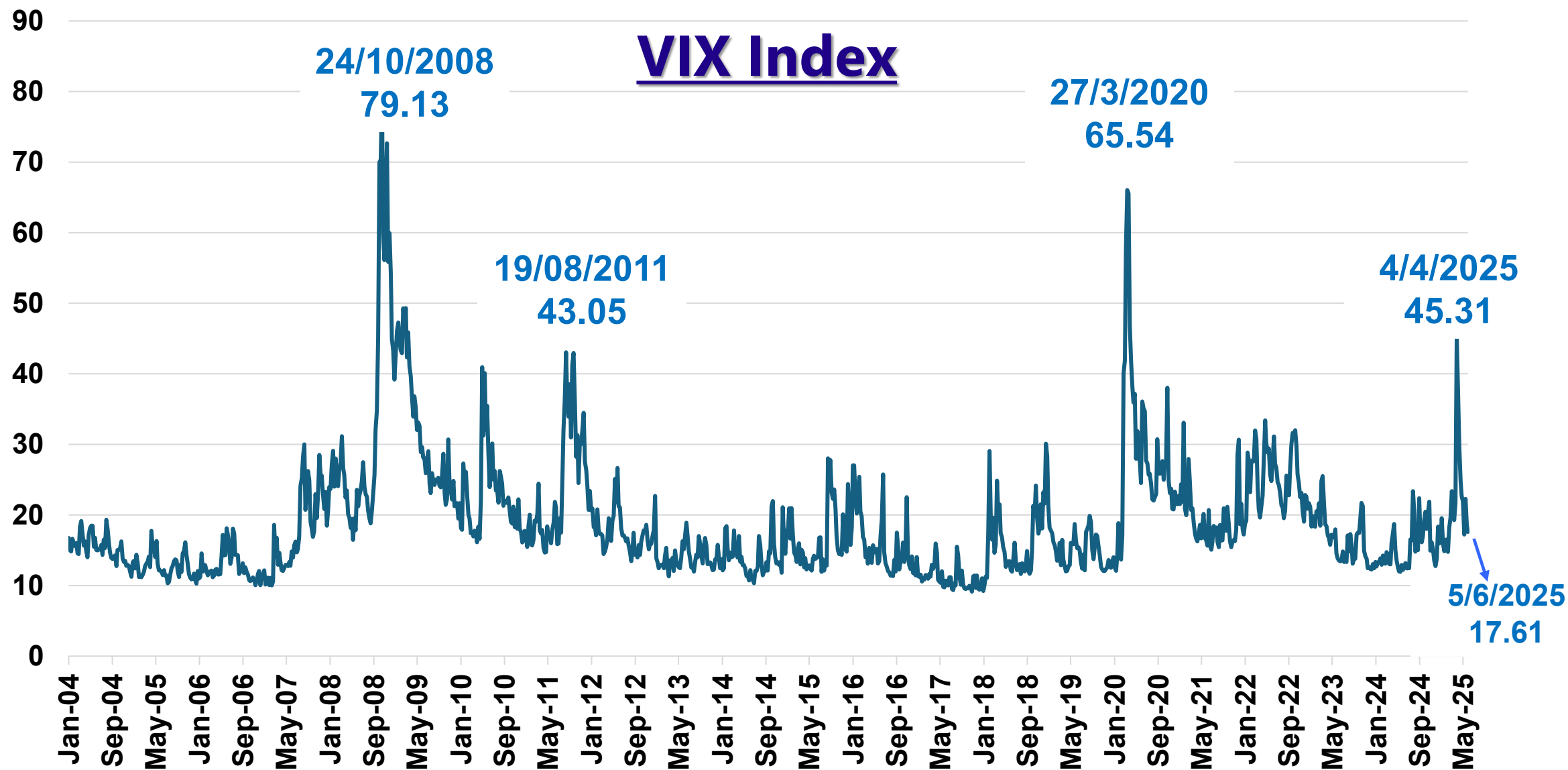
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Chairman, National Bank of Greece & Hellenic Bank Association

**Olympia Dialogues with Dr. Josef Ackermann | «Europe: Reclaiming Vision, Driving Action»
10 June 2025, Athens, Greece**

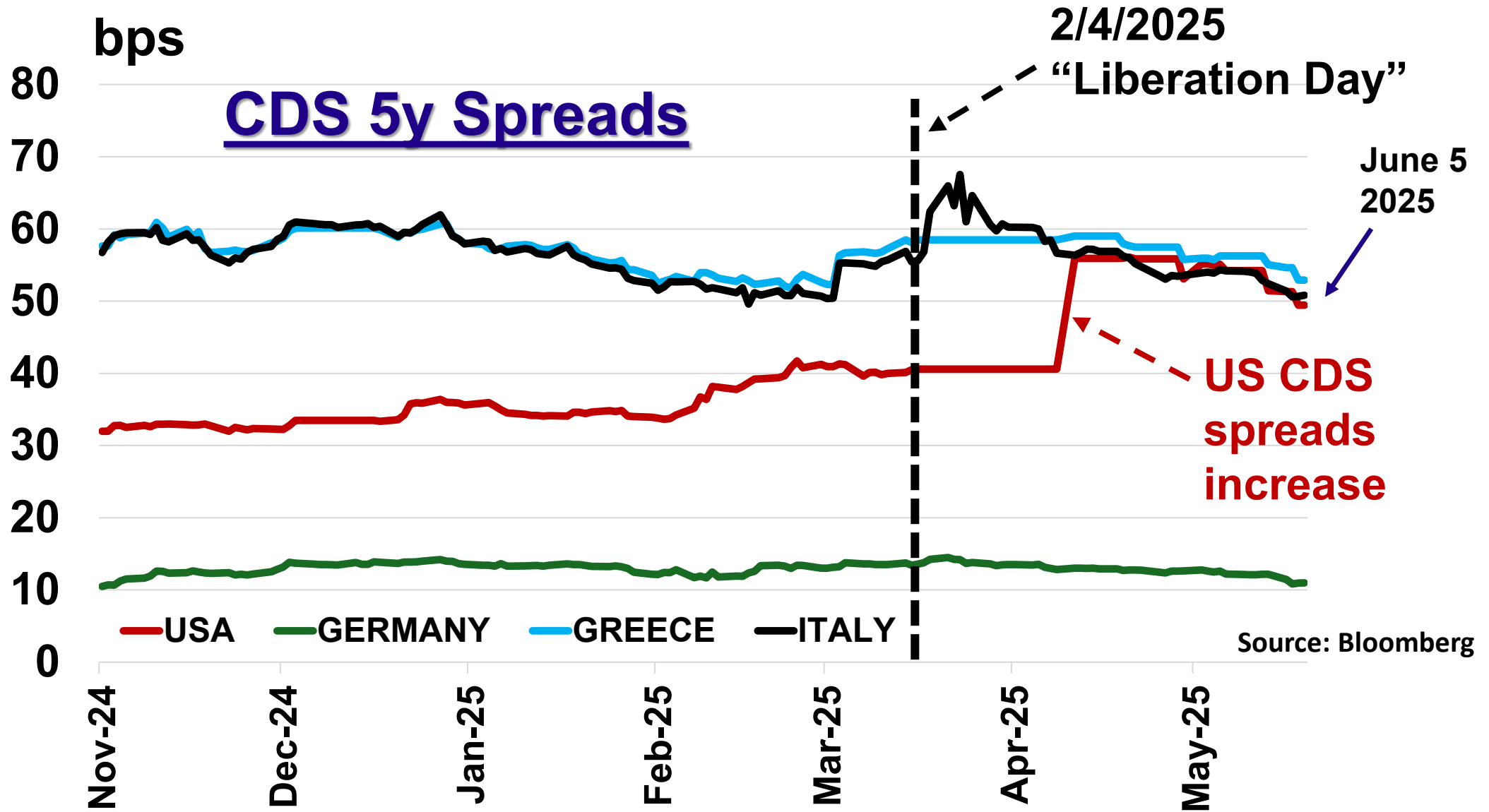


US Stock market volatility is up in the Trump Era



Source: Bloomberg

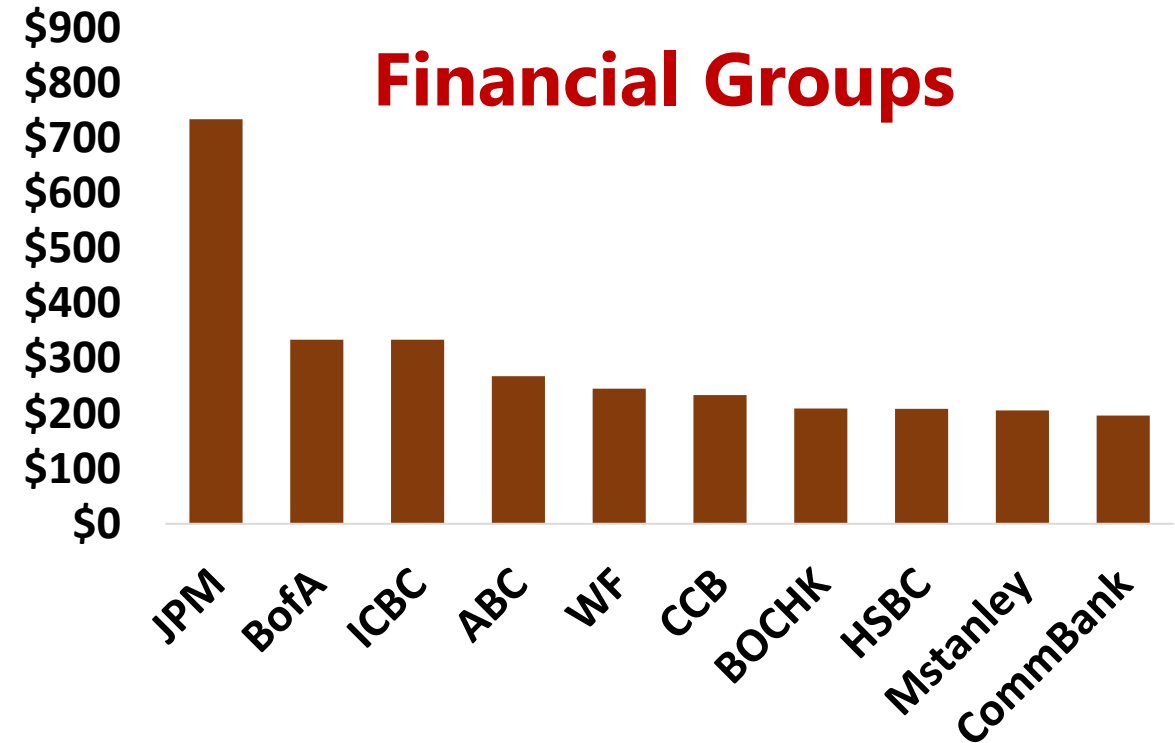
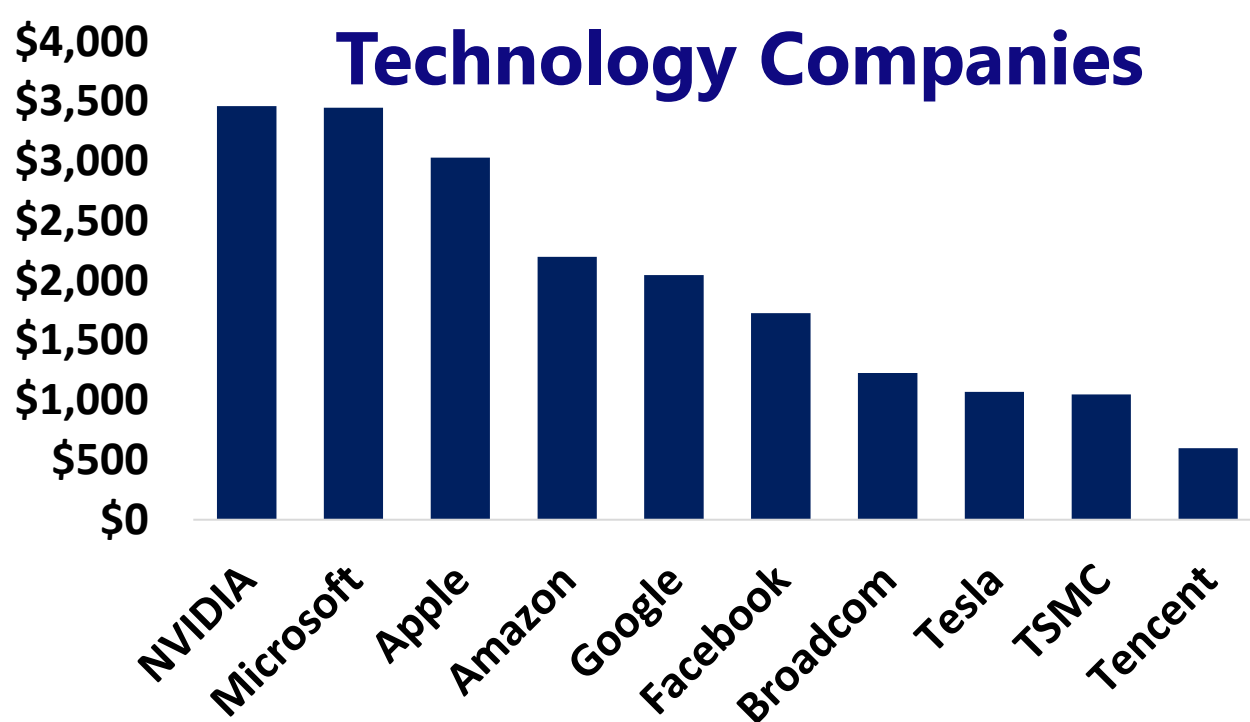
The fear of US government default has increased



Need for an Investments & Saving Union in the EU

- ❑ The “Capital Markets” or “Investments & Savings” Union aims to improve the breadth and depth of European financial markets
- ❑ 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. None of the top 10 IT companies is European.

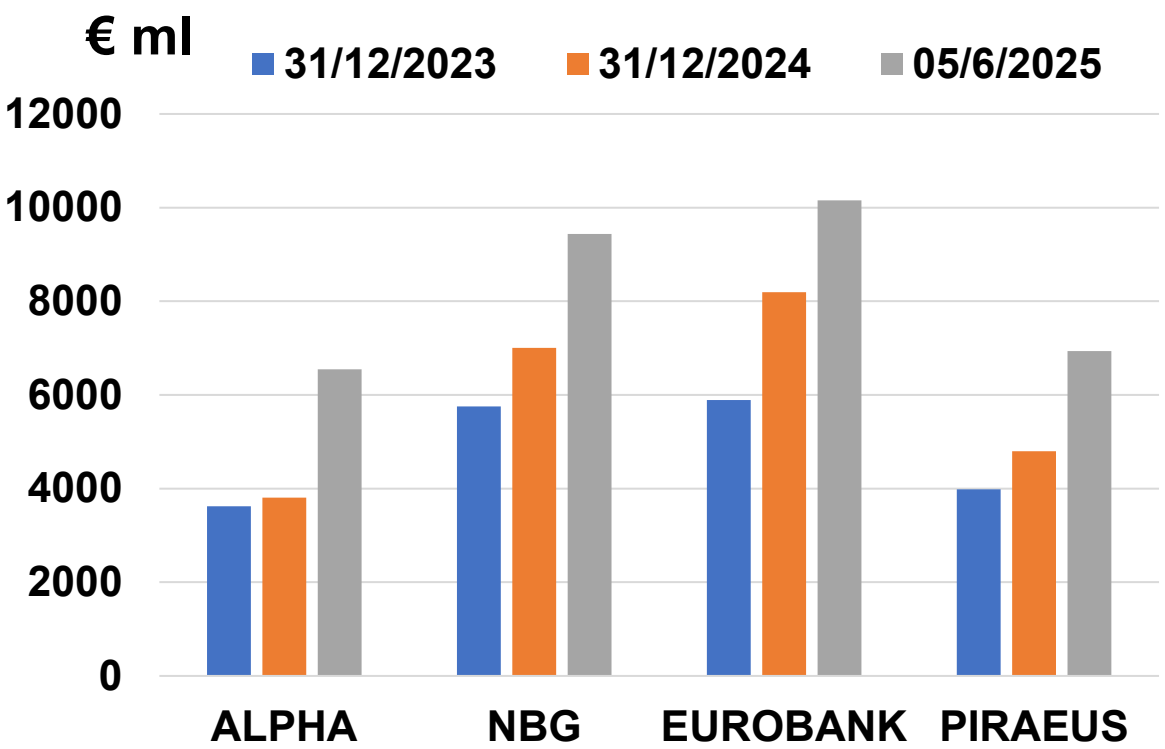
Market capitalization (\$bn, June 5, 2025)



Source: Bloomberg

Compared to Europe, the Greek banking sector is small

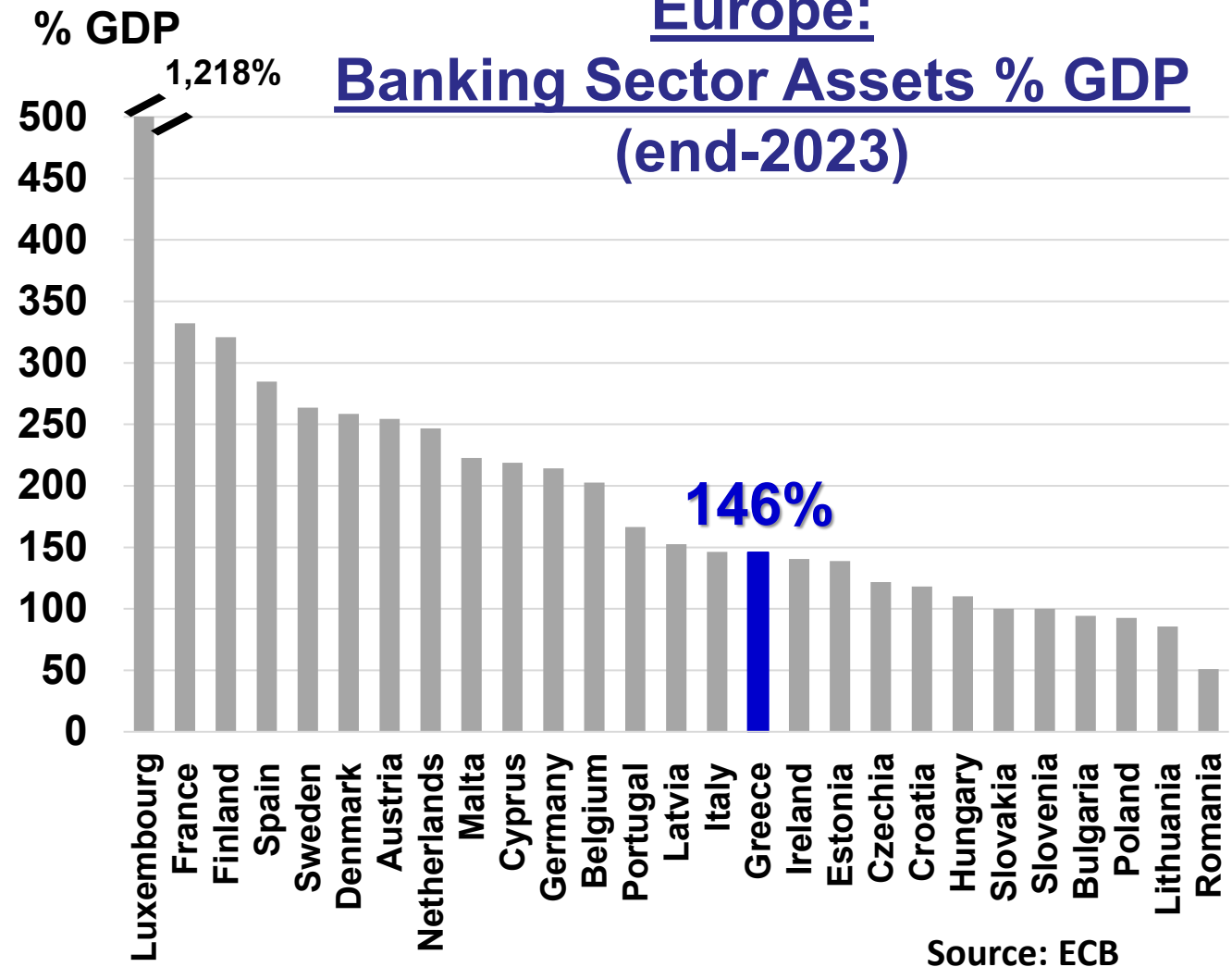
Greek Systemic Banks
Market Capitalization



Source: Bloomberg

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

Europe:
Banking Sector Assets % GDP
(end-2023)



Source: ECB

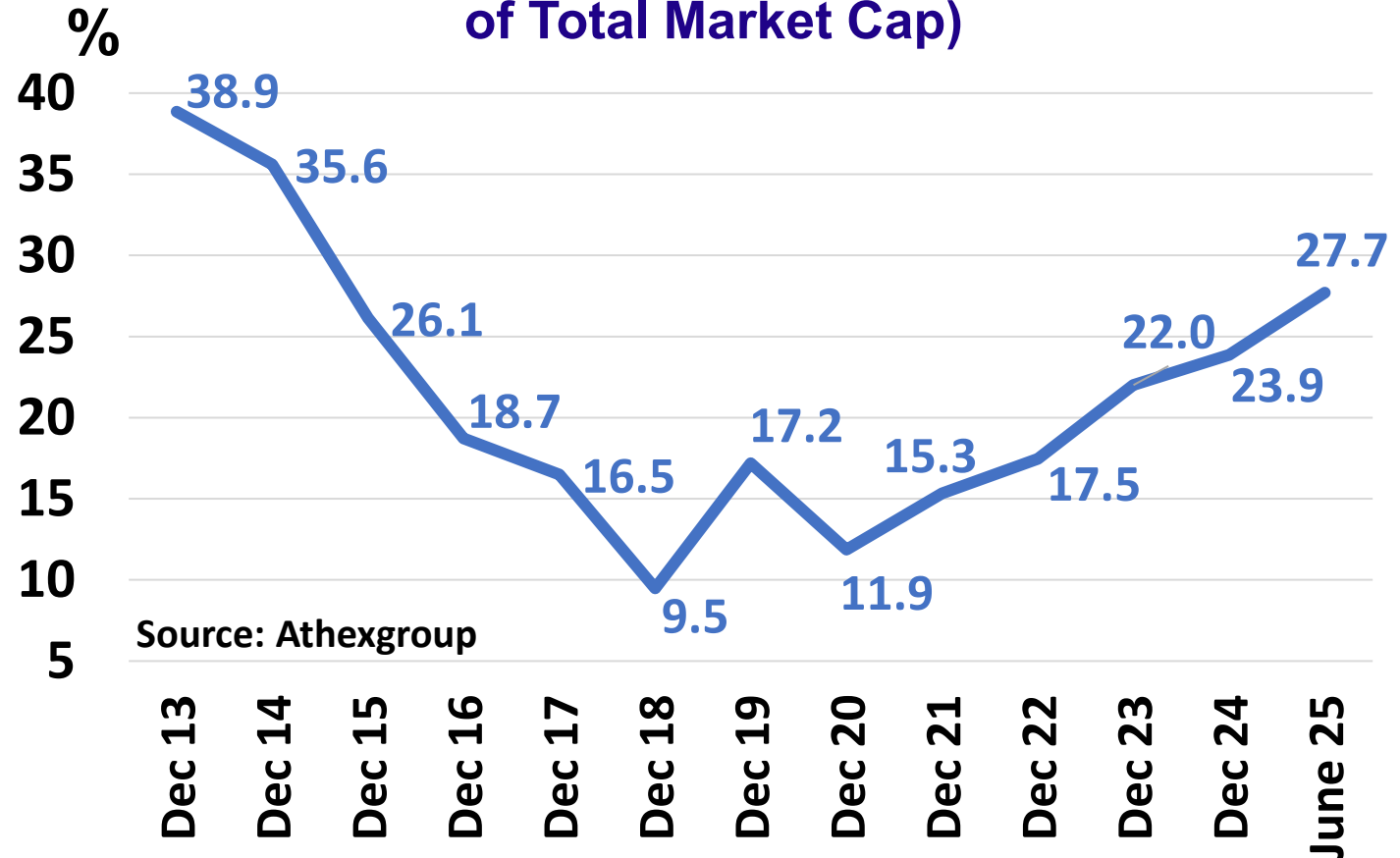
❑ Among the old EU-15, Greece and Ireland have the smallest banking systems.

Inside Greece, banks are comparatively very large companies

- ❑ Banks and the real economy are an inseparable couple.
- ❑ Despite their small size when compared to int/al peers, Greek banks carry a disproportionately large weight on the domestic economy,
 - Today Greek banks included in the ASE BANK-INDEX represent **27.7%** of total ASE capitalization (as of 5/6/2025).
 - Their total weight goes up to **30.8%** when all listed banks are included, i.e., after adding Attica Bank & Bank of Cyprus.

Greek Banking Sector Capitalization

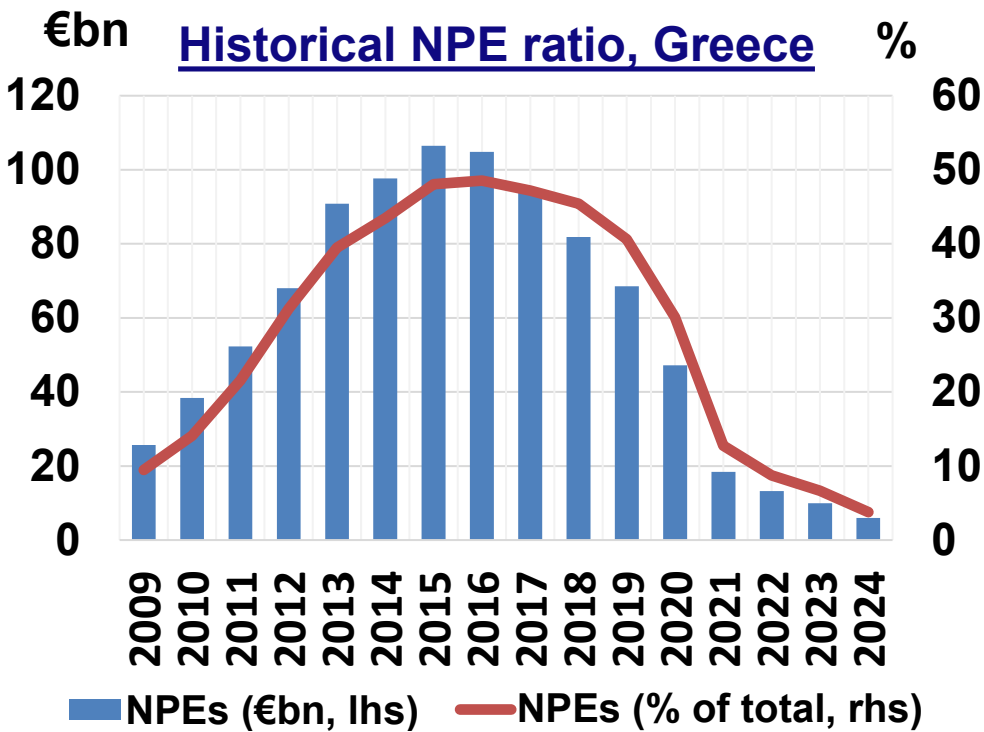
(Bank index component as a % of Total Market Cap)



Source: Athexgroup

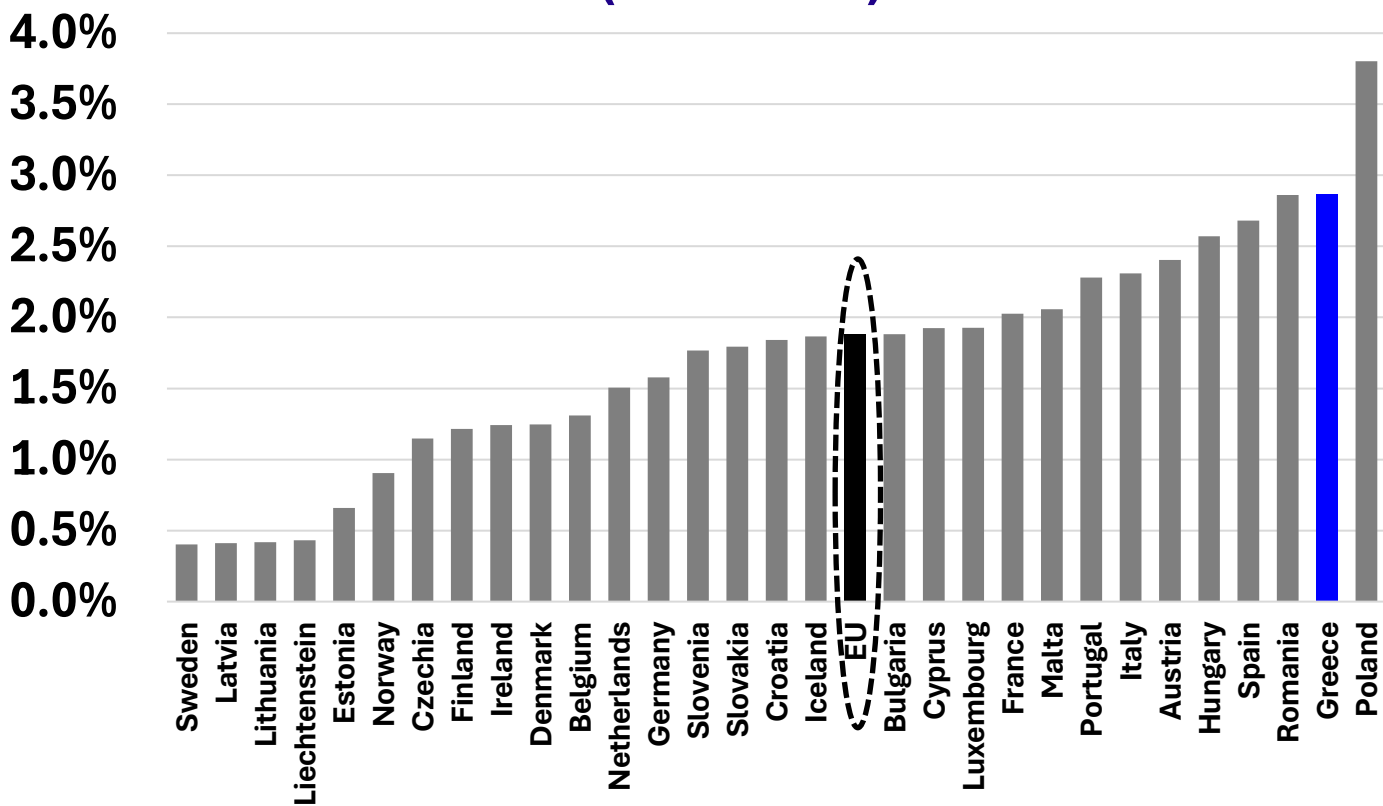
NPEs have dropped to near EU average

- ❑ The Hercules securitization with its government guarantee on the senior notes helped expedite the drop in NPEs.
- ❑ NPL ratio at 2.9% vs EU average at 1.9% (Q4-2024, Source: EBA Dashboard).



Source: Bank of Greece

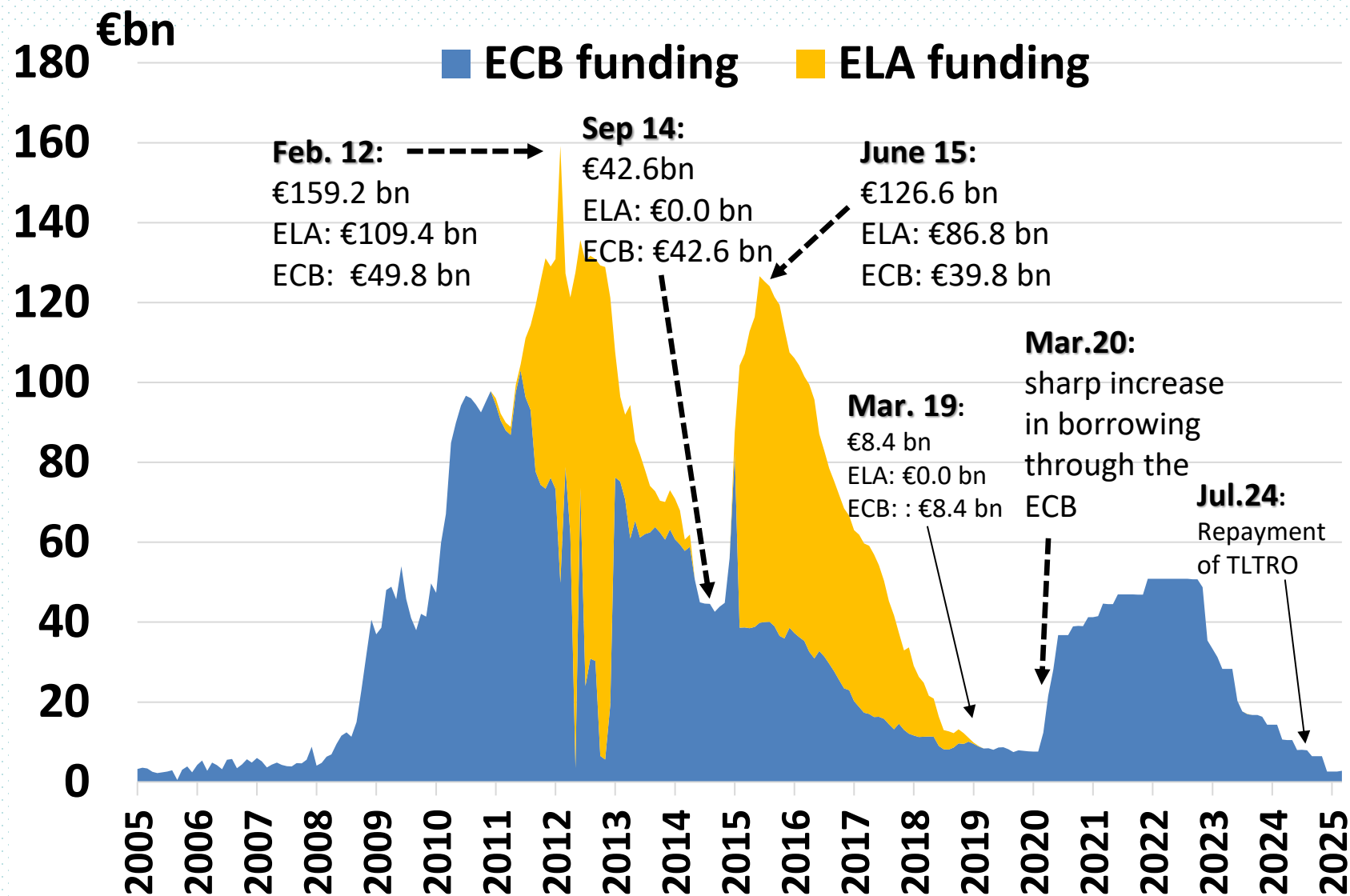
NPL ratio in Europe (Gross non-performing loans, domestic and foreign entities, as % of gross loans) (Q4-2024)



Source: EBA Dashboard

Eurosysteem to the rescue of banks during the Greek crisis

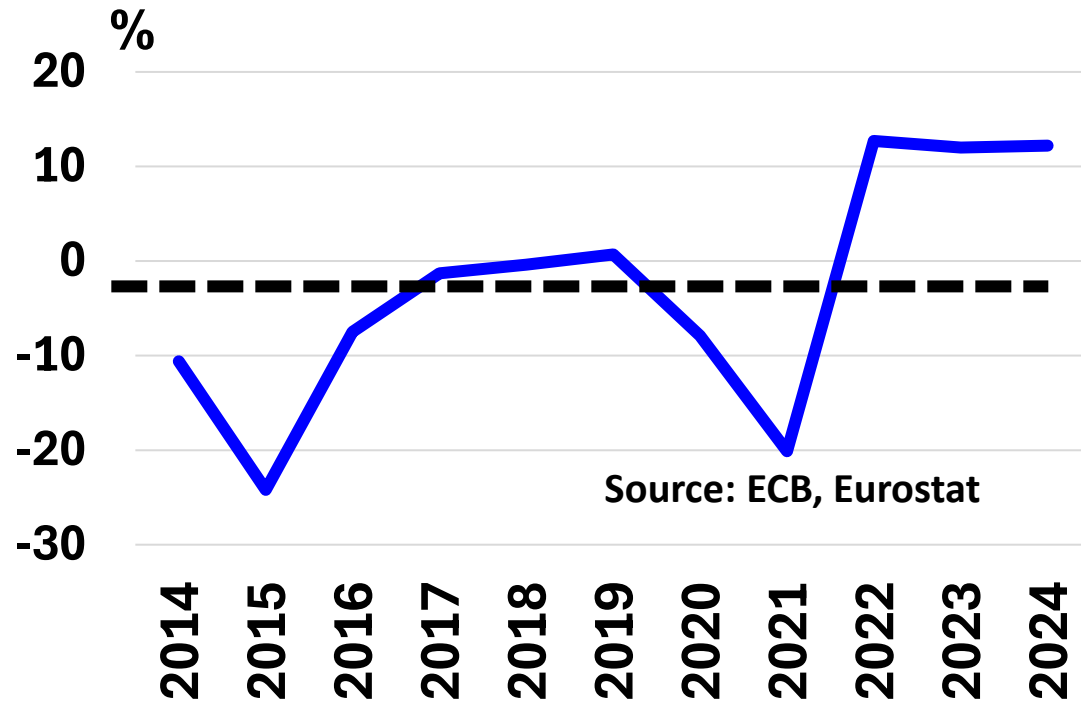
- During the Greek crisis, banks borrowed heavily from the Eurosysteem
- Crisis started with the PSI erasing 150% of banks' capital.
- Then the 2015 SSM assessment wiped out all the capital for a 2nd time.
- The two yellow humps reveal the two separate phases of the Greek crisis.
 - The third hump is not a point of stress, but of European arbitrage profits that the ECB offered to all European banks.



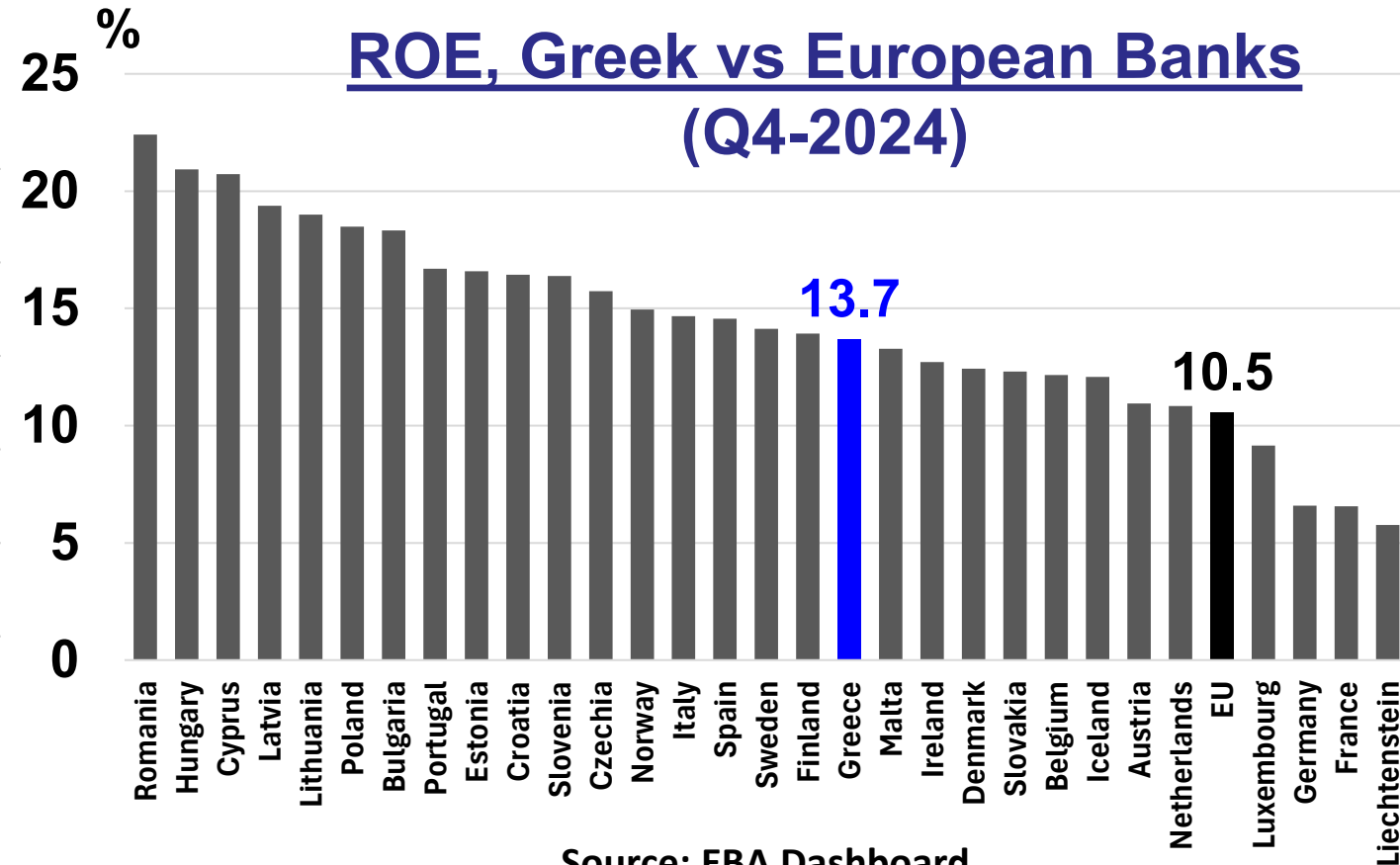
Source: BoG, ECB

The sector went through a major shrinkage & consolidation during the Greek crisis but survived: ROE is back to normal

ROE, Greek Banks



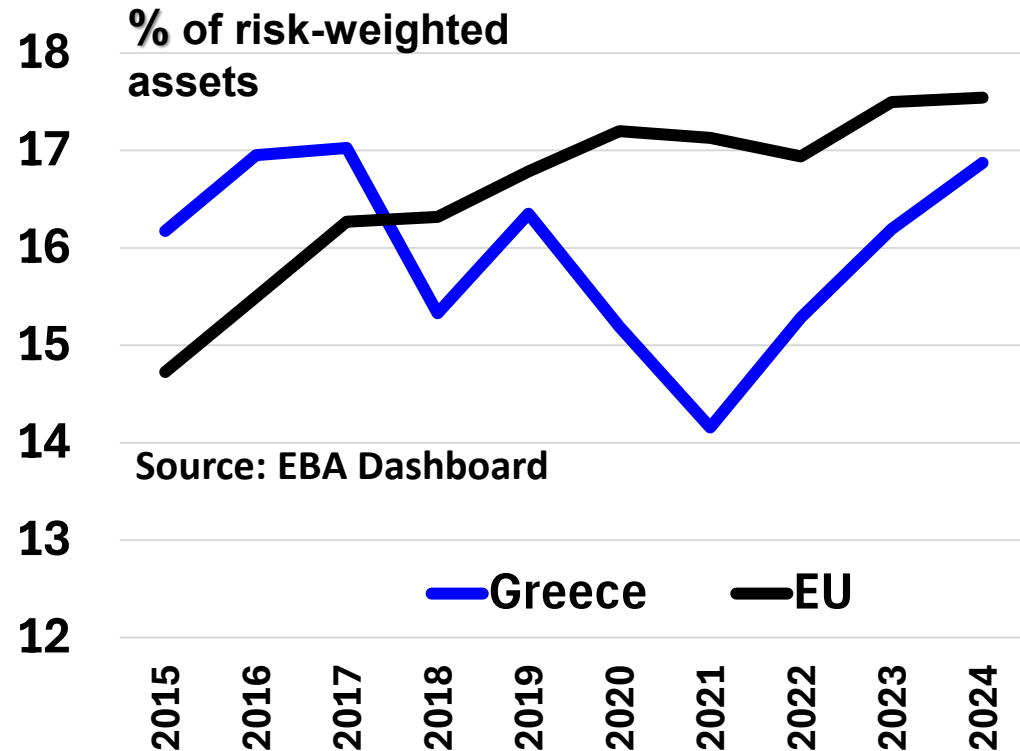
ROE, Greek vs European Banks (Q4-2024)



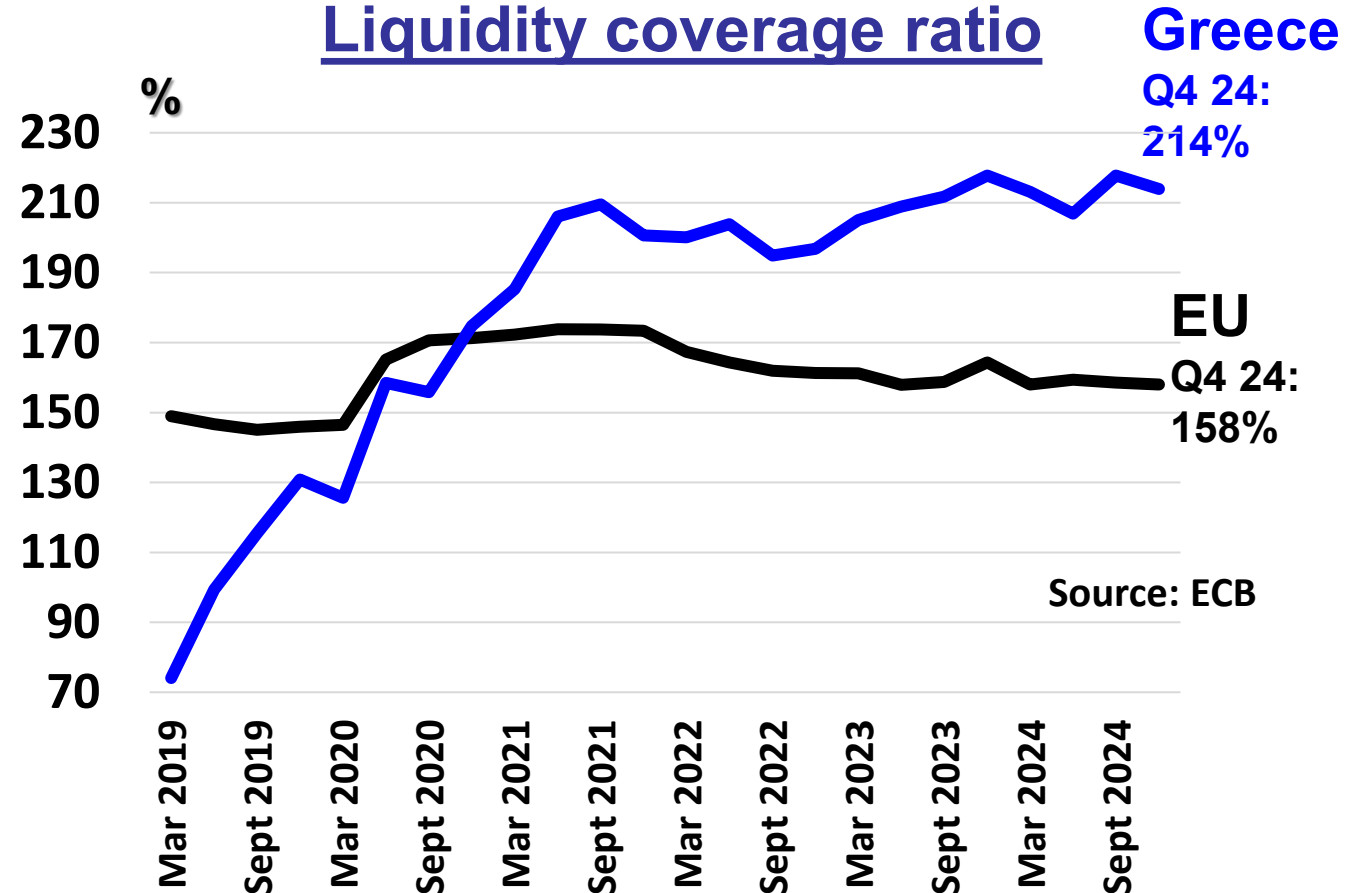
- Return on Equity (ROE) positive for a third year, at 12.2% in 2024, very close to the EU average.
- The negative ROEs in 2020-21 are due to the NPE securitizations of the time.

Solid capital and liquidity ratios in Greece

Tier-1 capital ratio



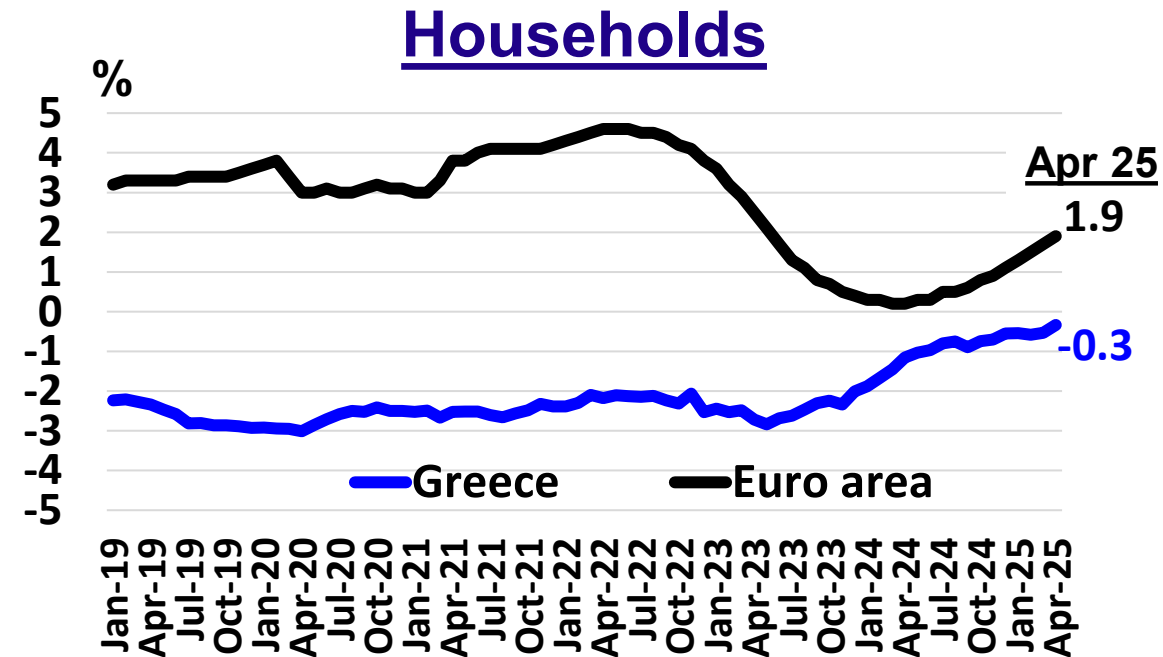
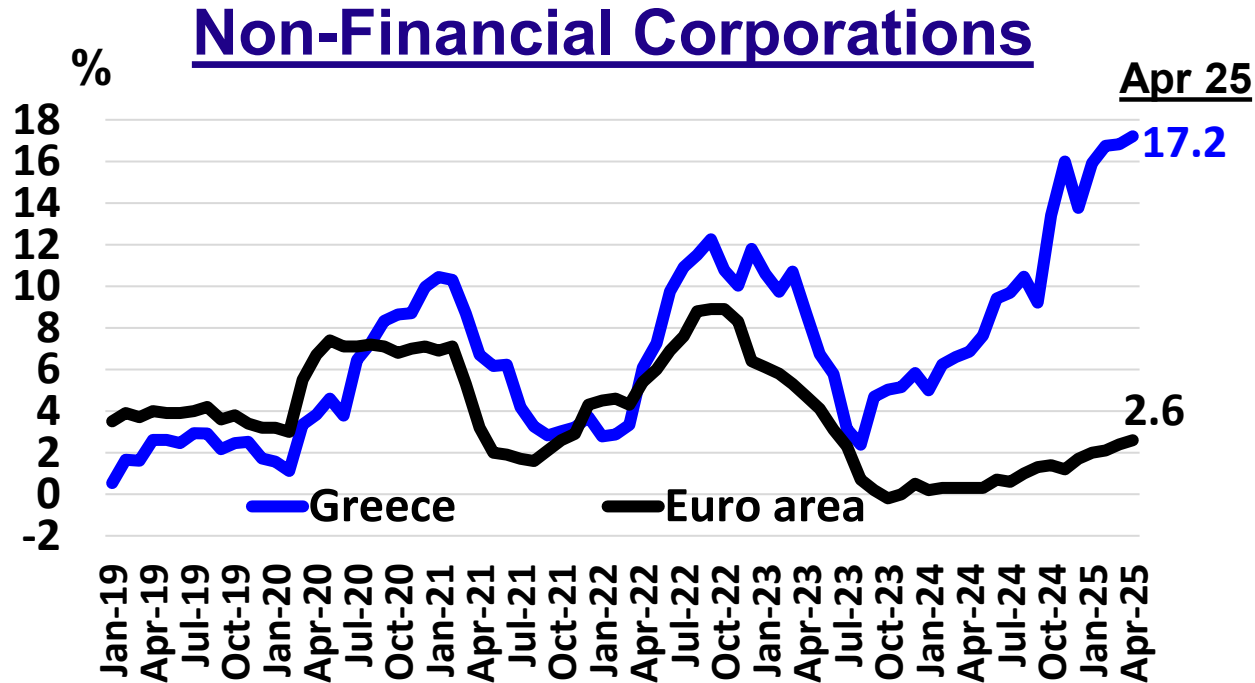
Liquidity coverage ratio



- ❑ A large % of CET1 is DTC and DTA, yet this component is linearly declining, and following a recent oral agreement with the SSM, it will be fully retired by early to mid-30s.
- ❑ Liquidity conditions have improved even after the TLTRO III repayment.

A boost to the economy: Corporate lending has skyrocketed

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.
- ❑ 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.

Sovereign and bank ratings in investment grade area



MOODY'S
RATINGS

Baa3 (Stable)

Baa1 (Stable)

Baa1 (Stable)

Baa2 (Positive)

Baa2 (Stable)

S&P Global
Ratings

BBB (Stable)

BBB- (Stable)

BBB- (Stable)

BB+ (Stable)

BB+ (Stable)

FitchRatings

BBB- (Positive)

BBB- (Stable)

BBB- (Stable)

BB+ (Positive)

BB+ (Positive)

MORNINGSTAR | **DBRS**

BBB (Stable)

BBB (Stable)

BBB (Stable)

N/A

BBB (Stable)

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Thank you for your attention!

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