# Greek Banking System Overview

1928-2023
95 YEARS
FOR BANKS, ECONOMY AND SOCIETY

HELLENIC BANK ASSOCIATION

February 2024

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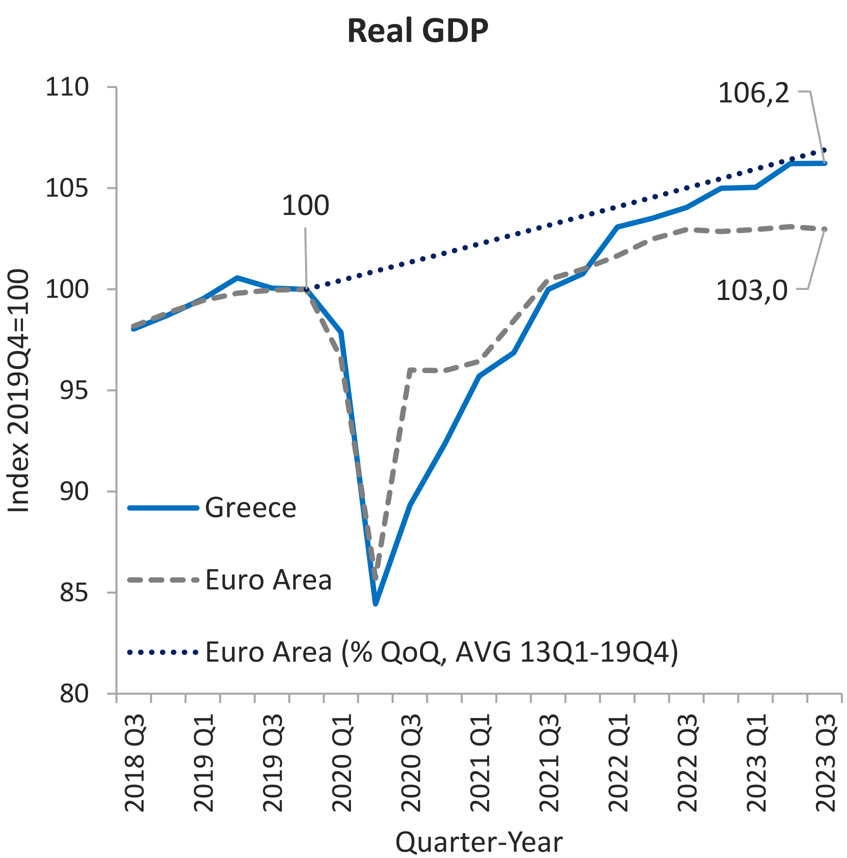
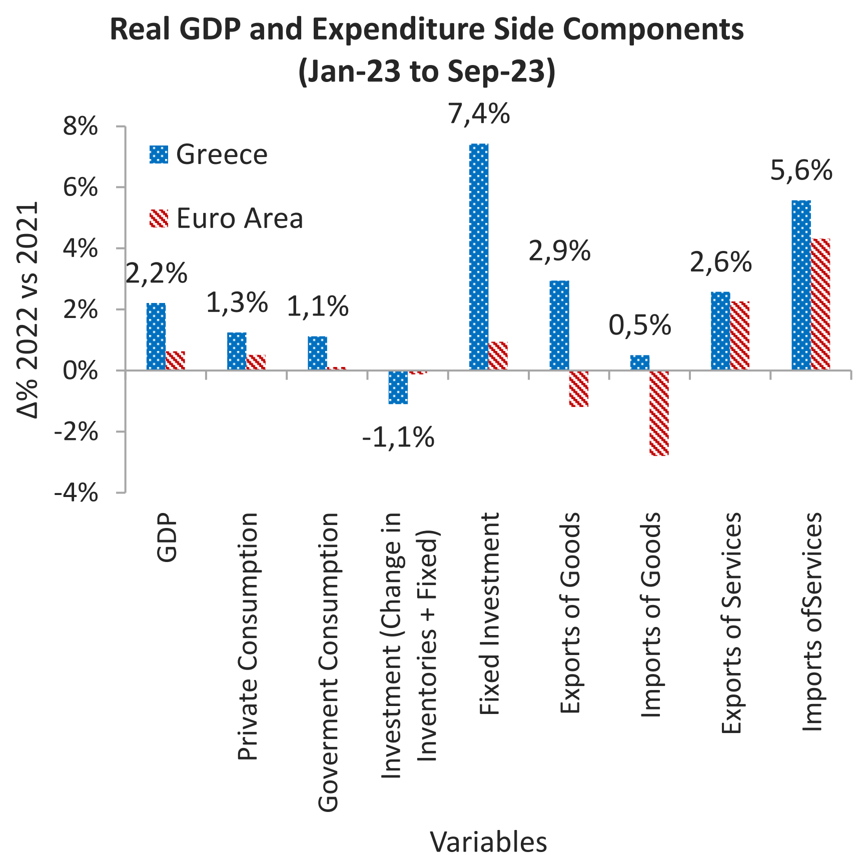
# 1 The Greek Economy:

## Challenges, Progress and Prospects

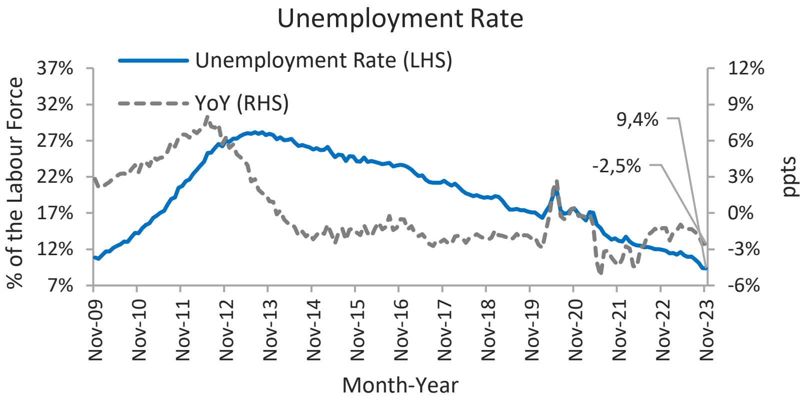
## Real GDP growth at 2.2% vs 0.6% in the Euro Area in Jan-23 to Sep-23; deceleration in Q3 2023

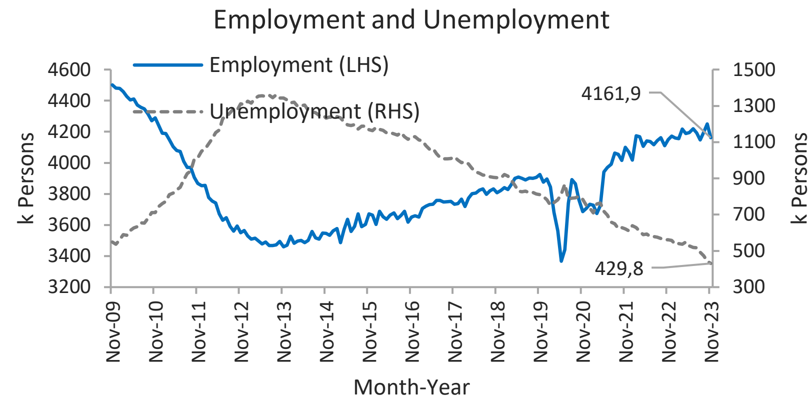


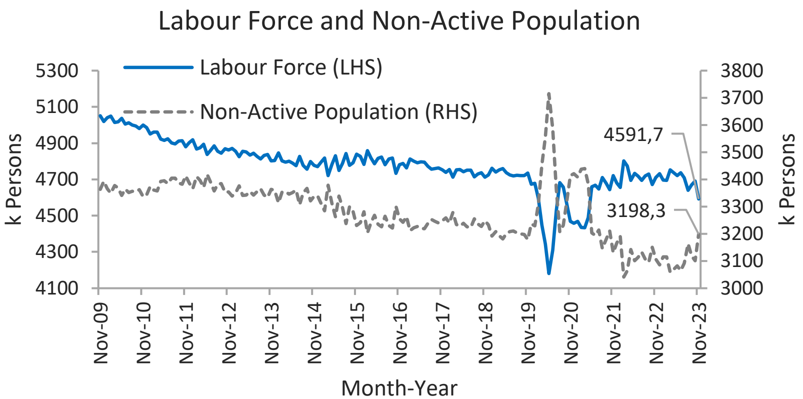



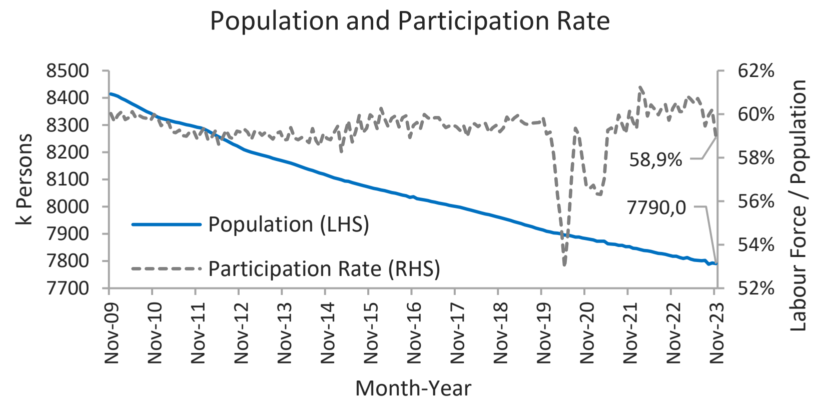

Source: ELSTAT, Eurostat, HBA member banks Research

# Unemployment rate on a downward trend; still the 2nd highest in the Euro Area



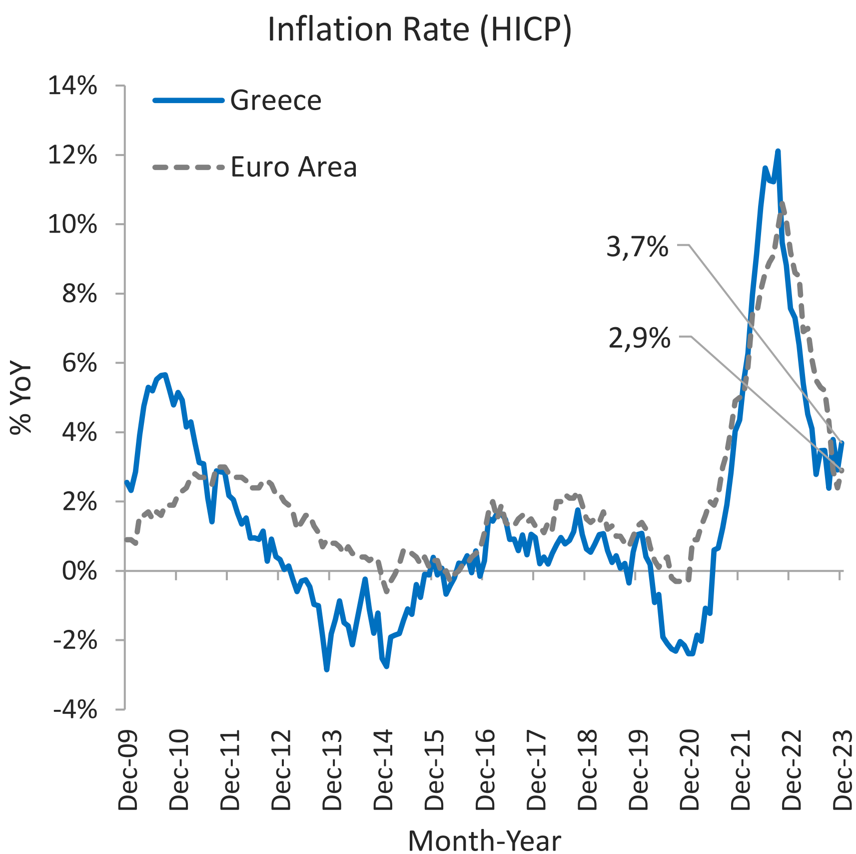



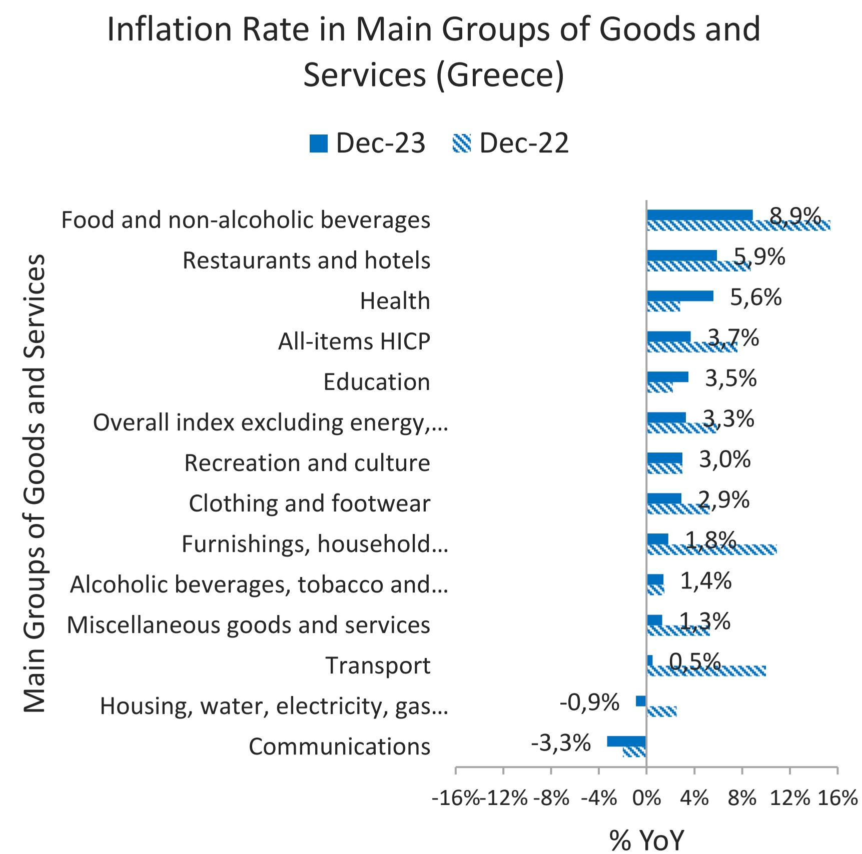




Source: ELSTAT, HBA member banks Research

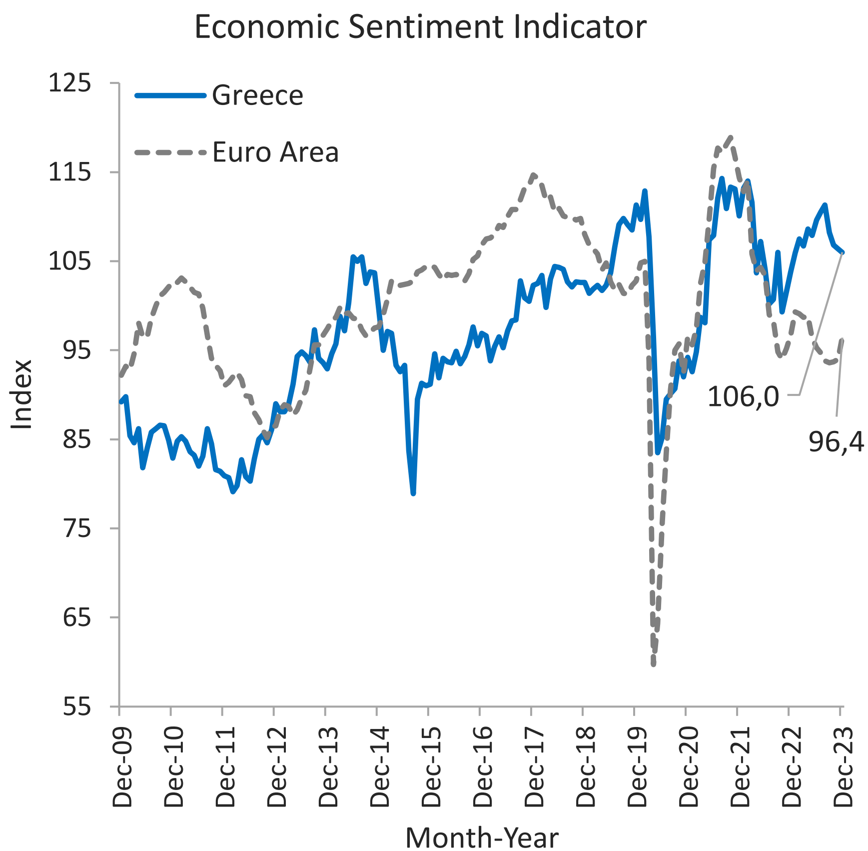
# Headline HICP easing due to decline in energy and monetary contraction; core inflation signals that price pressures have spread more broadly; food inflation remains high

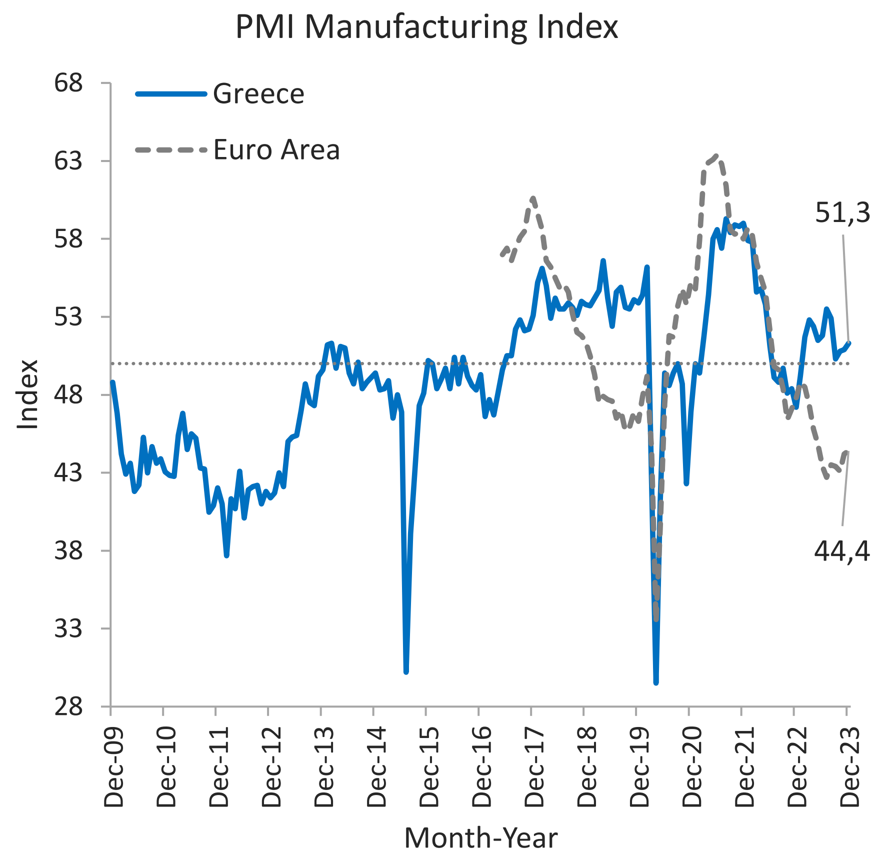



Source: ELSTAT, Eurostat, HBA member banks Research

# ESI declines in recent months, PMI manufacturing above the 50 threshold; both strongly outperform the Euro Area




Source: IOBE, European Commission, S&P Global, HBA member banks Research

## Greece expected to continue overperforming the Euro area; uncertainties remain

- Market consensus as of December 2023: real GDP growth in 2023, 2024 and 2025 at 2.3%, 2.0% and 2.2%; inflation at 4.2%, 2.5% and 1.8% respectively; unemployment at 11.2%, 10.3% and 9.7%
- Public debt expected at 160.3% and 152.3% of GDP in 2023 and 2024, from 172.6% of GDP in end 2022, (and a peak of 207% of GDP in 2020, ca 47 pps of GDP down in three years)
- Adherence to fiscal prudence, RRF reforms and New Growth Plan for Greece essential for future growth

RISKS:

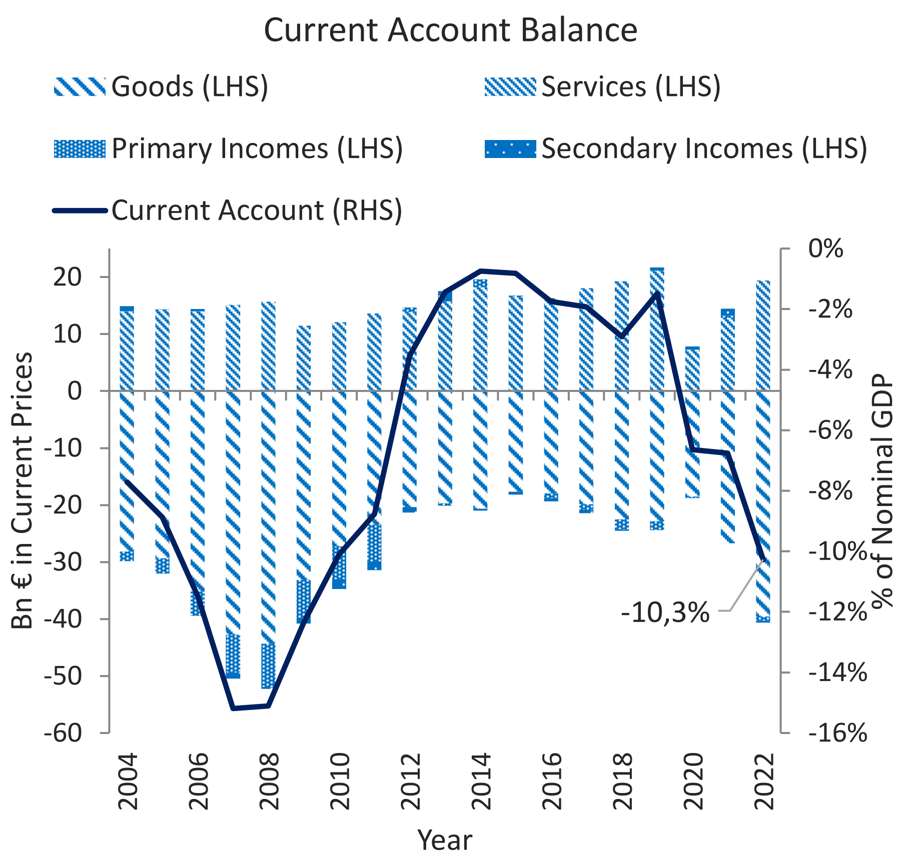
- Prolongation/escalation of the war in Ukraine and / or the Middle-East leading to new energy-driven supply shocks and stagflation
- Persistence of inflation leading to higher interest rates for longer
- The lagged impact of policy tightening, weakened growth catalysts worldwide, fragmentation, could lead to anemic growth in the EA
- New increases in commodities prices
- Cliff effect from expiration of support schemes
- Delays in the implementation of RRF and national reforms
- Prolongation of external sector imbalances
- Intensification of climate risks and natural disasters
- Growth model overly reliant on consumption

### Official sector projections

| Institution | Date | 2022 | 2023F | 2024F | 2025F | 2026F |
|---|---|---|---|---|---|---|
| | | Real GDP Growth (%, YoY) | | | | |
| Bank of Greece | Jun-23 | 5.6 | 2.2 | 3.0 | 2.7 | - |
| IMF | Oct-23 | 5.6 | 2.5 | 2.0 | 1.4 | 1.4 |
| OECD | Nov-23 | 5.6 | 2.4 | 2.0 | 2.4 | - |
| European Commission | Nov-23 | 5.6 | 2.4 | 2.3 | 2.2 | - |
| Greek Government | Nov-23 | 5.6 | 2.4 | 2.9 | - | - |
| | | Unemployment (%, Workforce) | | | | |
| Bank of Greece | Jun-23 | 12.4 | 11.5 | 10.4 | 9.4 | - |
| IMF | Oct-23 | 12.4 | 10.8 | 9.3 | 8.0 | 7.2 |
| OECD | Nov-23 | 12.4 | 10.9 | 10.0 | 9.9 | - |
| European Commission | Nov-23 | 12.4 | 11.4 | 10.7 | 9.9 | - |
| Greek Government | Nov-23 | 12.4 | 11.2 | 10.6 | - | - |
| | | HICP (%, YoY) | | | | |
| Bank of Greece | Jun-23 | 9.3 | 4.3 | 3.8 | 2.3 | - |
| IMF | Oct-23 | 9.3 | 4.1 | 2.8 | 2.2 | 2.0 |
| OECD | Nov-23 | 9.3 | 4.3 | 2.8 | 2.4 | - |
| European Commission | Nov-23 | 9.3 | 4.3 | 2.8 | 2.1 | - |
| Greek Government | Nov-23 | 9.3 | 4.1 | 2.6 | - | - |

Source: Bank of Greece, European Commission, OECD, IMF, 2024 Budget, Focus Economics

# External sector: domestic demand-driven recovery and high energy prices led to current account deficits; improvement in Jan-23 to Nov-23

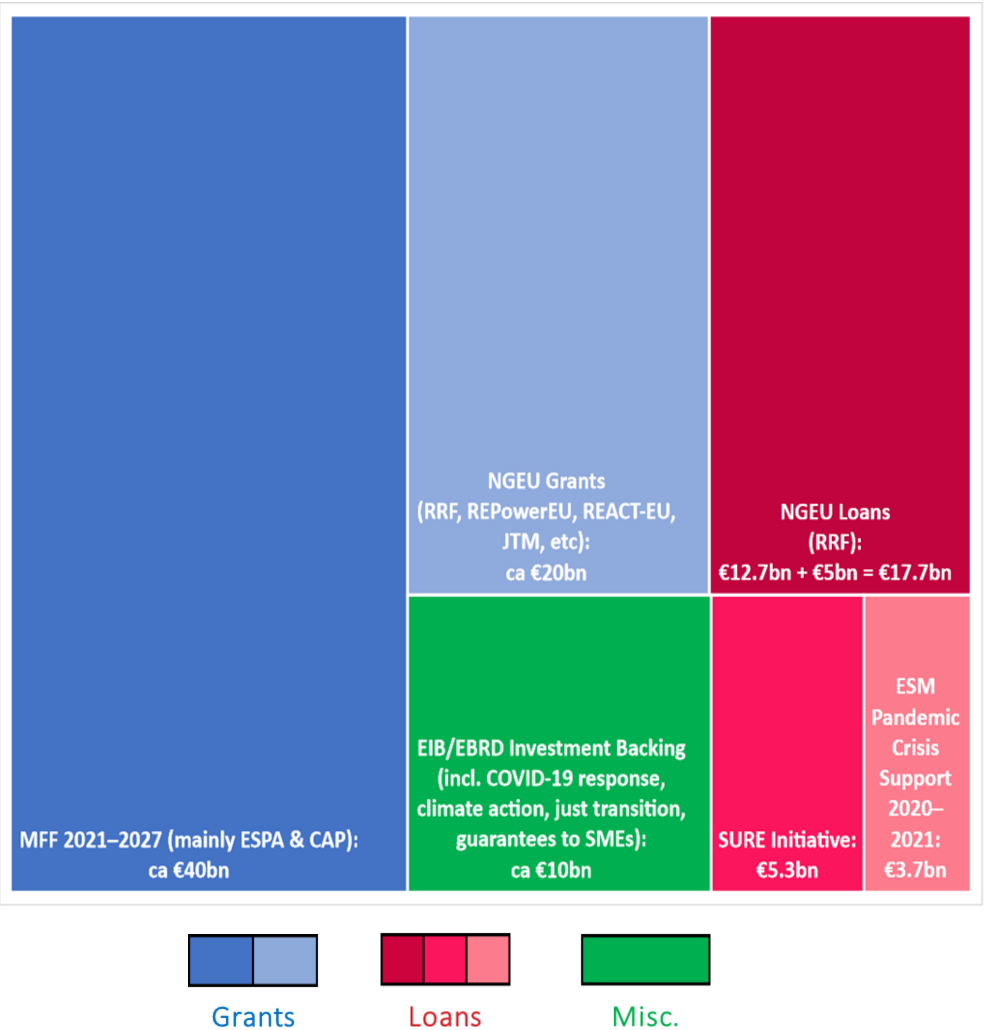



| January-December | 2021 | | 2022 | |
|---|---|---|---|---|
| Balance | bn € (current prices) | | | |
| CA Balance | -12.3 | | -21.2 | |
| R: receipts, P: payments | R | P | R | P |
| Goods | 39.3 | 66.0 | 53.8 | 93.3 |
| Services | 35.1 | 22.2 | 47.8 | 28.4 |
| *Tourist* | *10.5* | *1.1* | *17.7* | *1.9* |
| Primary Inc. | 6.6 | 6.2 | 7.9 | 8.6 |
| Secondary Inc. | 5.0 | 3.8 | 4.4 | 4.7 |

- Current account deficit (CAD): 10.3% of GDP in 2022 from 6.8% in 2021, 6.6% in 2020 and 1.5% in 2019.
- CAD improved in Jan-23 to Nov-23 by €6.6bn YoY or 35.8% YoY (drop in energy prices, slow down in domestic demand and increases in services and secondary incomes); The deficit in the balance of G&S improved by €9.2bn YoY (52.3% YoY).
- EC Autumn Economic Forecasts (Nov-23): CAD is expected to drop to 6.7% of GDP in 2023, 5.8% in 2024 and 5.3% in 2025
- A resurgence of commodity-related price pressures could slow the improvement in CA deficit whereas the large import content of Greece’s economic recovery – especially investment – inhibits a faster rebalancing

Source: BoG, HBA member banks Research

# Close to €100bn available to Greece from EU initiatives




**Total funds available (2020–27): 60+26.7+10 ≈ 97 bn**

## RRF funds

- €36bn (€18.2bn with REPowerEU) in grants, €17.7bn in loans) up to 2026
- Targeted, disbursed under strict conditions (milestones & targets) and according to an inflexible timeline, may act as a self-disciplinary mechanism
- 38% to be spent in "green transition" and 20% in the digital transformation of the economy; all funds should be committed by 2023
- Accounting for private sector leveraging (equity and loans), RRF projects are expected to mobilize in total more than €60bn of investment.

## European Central Bank Instruments

- Pandemic Emergency Purchase Programme: **net GGB purchases at €39.2bn** as of end-Nov 2023; flexible re-investment up to end-2024
- Instrument aimed at preventing fragmentation in Euro Area sovereign bonds market (TPI) in place

*Sources: European Commission, ECB, National Recovery & Resilience Plan, EIB, EBRD, HBA Member Banks' Research*

# Significant boost to growth ahead from RRF funds

***Greece is the largest RRF beneficiary relative to the size of its economy (RRF G&Ls, incl. REPowerEU at 19.8% of its 2021 GDP)***

- Additional funds: €5bn in loans approved in Nov-23 on top of the initial allocation of €12.7bn
- Disbursements: Aug-21: pre-financing —> Apr-22: 1st payment —> Jan-23: 2nd payment —> Dec-28: 3rd regular payment
  **Total RRF funds disbursed: €14.7bn (G:€7.4bn / L:€7.3bn)** out of €36bn due to Greece up to 2026
  Government to apply for the 4th payment (G: €1.0bn / L: €2.3bn) within H1 2024
- RRF grants: €21.5bn committed to 746 projects, out of which €5.2bn disbursed by the Greek government as of end-2023
- RRF loans: 546 investment plans at a budget of €20bn submitted by private investors as of end Oct-23; 269 projects at a total budget of €10.3bn (out of which €4.3bn from RRF loans) contracted as of early Jan-24

**Estimated RRF impact on GDP by 2026 (before additional funds):**

- BoG: +6.9% = 4.3% (G&L)* + 2.6% (SR)*
- MinFin/CoEA: +7.7% (aggregate)
- EC: +2.1% to +3.3% (G&L) + substantial SR effect

**G&L: effect of RRF grants and loans / SR: effect of structural reforms associated with RRF*

*Sources: European Commission, Ministry of Finance, Greek NRRP (Greece 2.0), Bank of Greece*

**RRF impact on the economy**
*BoG estimates, % deviation compared to the case of no RRF*

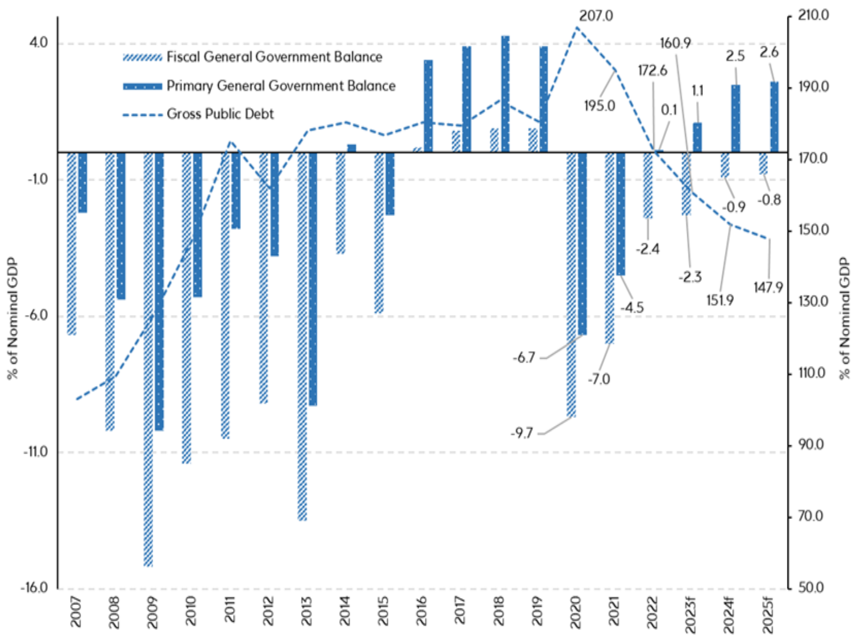
| | 2021 | 2022 | 2026 | 2030 | 2040 |
|---|---|---|---|---|---|
| Real GDP | 2.6 | 3.4 | 6.9 | 7.0 | 6.6 |
| Private investment | 7.2 | 13.3 | 19.8 | 8.70 | 4.8 |
| Private sector employment | 1.2 | 2.3 | 3.9 | 3.9 | 3.7 |
| Tax revenue-to-GDP ratio* | 1.1 | 1.7 | 2.8 | 2.6 | 2.8 |

*All deviations are from the long-run equilibrium level without RRF.*
**deviation in percentage points, not as a percentage.*

# Public Economics: return to primary fiscal surpluses

- Fiscal Support Measures (2024 Budget):
  - Measures aiming to support income & to address income inequality: abolition of tax surcharge (special solidarity contribution) for civil servants and pensioners, VAT on certain types of sharing economy home renting, wage increases in the military & health sector, etc.
  - Measures against energy crisis: targeted measures for low-income households
  - Measures against natural disasters: permanent provision in Public Investment Budget at 0.6bn for such events.
- Fiscal Balances (EC 2023 Autumn Forecast):*
  - Primary balance for 2020, 2021 and 2022 at -6.7%. -4.5% and 0.1% of GDP respectively; for 2023, 2024, and 2025 expected at 1.1%, 2.5%, and 2.6% of GDP respectively
  - Public debt at 172.6% of GDP in 2022 vs 195.0% in 2021; expected at 160.9%, 151.9%, and 147.6% in 2023, 2024, and 2025 respectively
- Risks and considerations:
  - 2024 Budget Sensitivity Analysis: nominal GDP growth rate lower by 1pp compared to baseline scenario, leads to a deterioration of the primary balance by 0.5pp.
  - New support measures pose considerations for future fiscal planning

| 2024 Budget: Fiscal Support Measures | | |
|---|---|---|
| | 2023 | 2024 |
| Measures Aiming to Support Income & Address Social Inequality | 2.1 | 2.5 |
| Measures Against Energy Crisis | 2.6 | 0.1 |
| Measures Against Natural Disasters | 0.8 | 0.7 |
| Total Support Measures | 5.5 | 3.4 |




Source: AMECO, ELSTAT, 2024 Budget

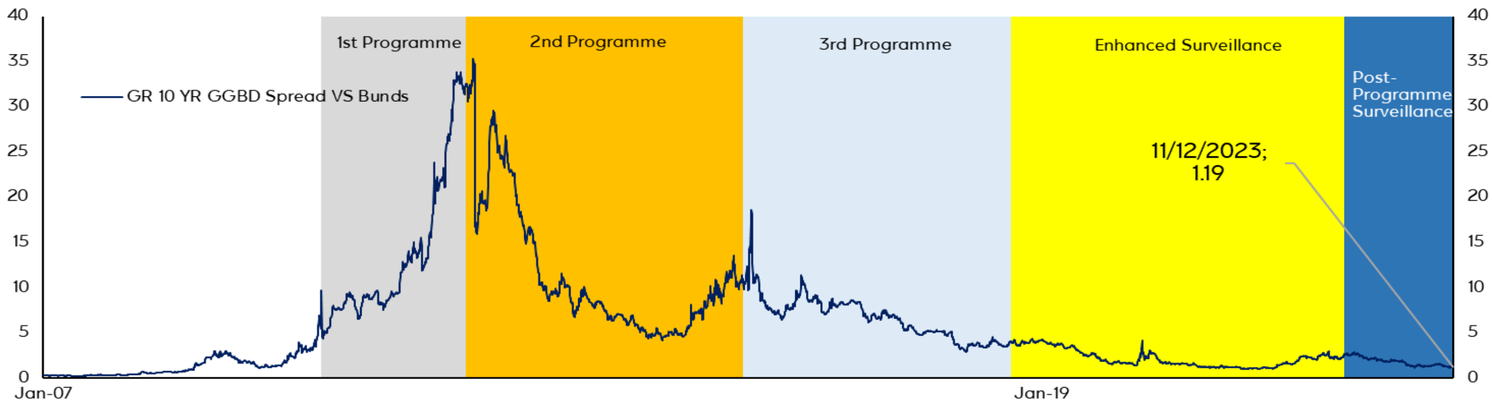
* 2024 Budget: primary balance at 1.1% and 2.1% of GDP for 2023 and 2024 & public debt at 160.3 and 152. 3 of GDP for 2023 and 2024

# Sovereign's rating: reclaim of investment grade

| S&P | Moody's | Fitch | DBRS |
|---|---|---|---|
| AAA | Aaa | AAA | AAA |
| AA+ | Aa1 | AA+ | AA$^{\text{HIGH}}$ |
| AA | Aa2 | AA | AA |
| AA- | Aa3 | AA- | AA$^{\text{Low}}$ |
| A+ | A1 | A+ | A$^{\text{HIGH}}$ |
| A | A2 | A | A |
| A- | A3 | A- | A$^{\text{Low}}$ |
| BBB+ | Baa1 | BBB+ | BBB$^{\text{HIGH}}$ |
| BBB | Baa2 | BBB | BBB |
| BBB- | Baa3 | BBB- | BBB$^{\text{Low}}$ |
| BB+ | Ba1 | BB+ | BB$^{\text{HIGH}}$ |
| BB | Ba2 | BB | BB |
| BB- | Ba3 | BB- | BB$^{\text{LOW}}$ |
| B+ | B1 | B+ | B$^{\text{HIGH}}$ |
| B | B2 | B | B |
| B- | B3 | B- | B$^{\text{LOW}}$ |
| CCC+ | Caa1 | CCC+ | CCC$^{\text{HIGH}}$ |
| CCC | Caa2 | CCC | CCC |
| CCC- | Caa3 | CCC- | CCC$^{\text{LOW}}$ |
| CC | Ca | CC | CC$^{\text{HIGH}}$ |
| C | | C | CC |
| RD | C | RD | CC$^{\text{LOW}}$ |
| SD | - | D | C$^{\text{HIGH}}$ |
| D | - | - | C |
| - | - | - | C$^{\text{LOW}}$ |
| - | - | - | D |

Historical High
Current Rating
Historical Low

Source: Bloomberg, ECB, PDMA




- Credit Rating Upgrades 2023: Attributed to improvements in public finances, institutions, banking systems, and European institutional support:
  - Fitch: Upgraded to BBB- from BB+ on 1 December 2023; Stable outlook; Investment Grade
  - S&P: Upgraded to BBB- from at BB+ on 25 Oct 2023; Stable outlook; Investment Grade
  - Moody's: Upgraded to Ba1 from Ba3 on 15 September 2023; Stable outlook
  - DBRS: Upgraded to BBB(low) from BB(high) on 11 September 2023; Stable outlook; Investment Grade
  - Scope Ratings: Upgraded to BBB- from BB+ on 4 August 2023; Stable outlook; Investment Grade
- PDMA Funding Summary: PDMA has engaged the market 12 times in 2023 for a total of €11.5bn vs financing needs of €5.5bn; for 2024, new issuances estimated at 10.0bn; market tapped successfully for €0.25bn on 17 January 2024; cash buffer at ca €36.5bn or 16.5% of GDP in mid-November 2023 (Fitch)
- Market & Yield: GGB10YR yields increased, but spreads over Bunds at 117bps (14.12.2023); ca 60 bps lower than Italy (S&P: BBB) and ca 52bps above Portugal (S&P: BBB+)
- Notable compression in GGB yields and spreads over bund since early December 2023, with Greece strongly outperforming its EA peers

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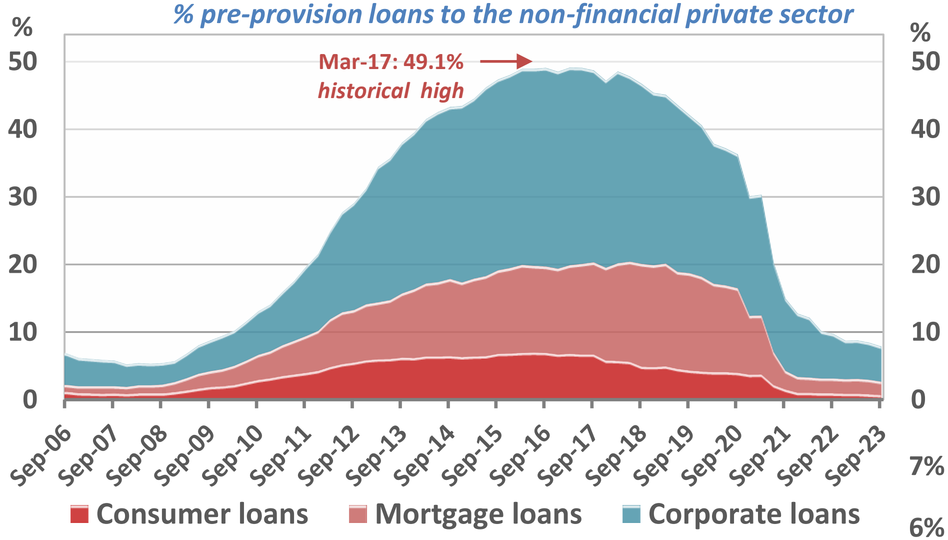
# Greek Banking Sector – Significant NPL deleveraging, new challenges ahead

**Evolution of NPLs held by Greek banks**

*% pre-provision loans to the non-financial private sector*

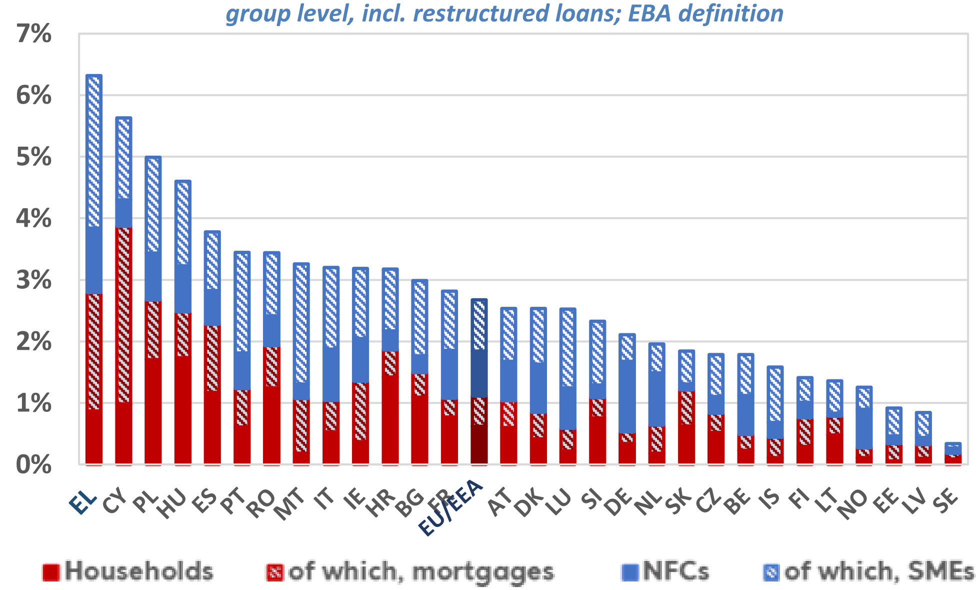



*Sources: Bank of Greece*

- **Bank NPL ratio at 7.9% in Sep-23** (BoG) –a 14-year low– following sales, write-offs and securitizations under the Hercules Asset Protection Scheme (end-2019 at 40%)
- New NPLs due to the energy crisis contained so far
- Bank liquidity and capital adequacy at high levels (LCR at 212% in Q3 2023); healthy profitability in 2022 carrying into 9M 2023

**NPLs of the non-financial sector, Q3 2023**

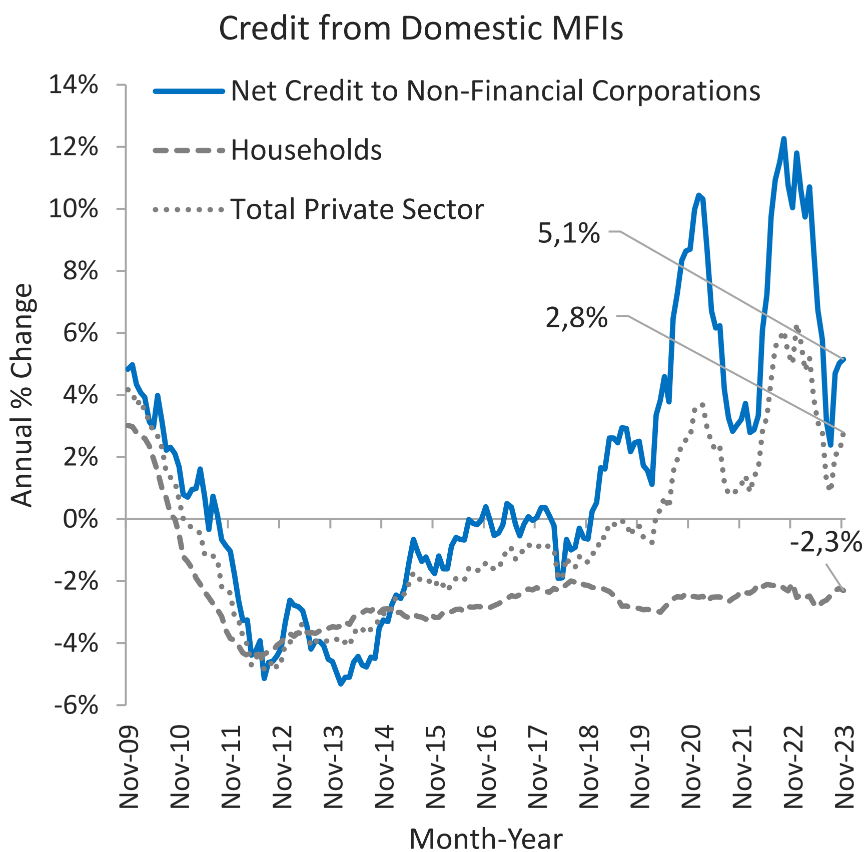
*group level, incl. restructured loans; EBA definition*

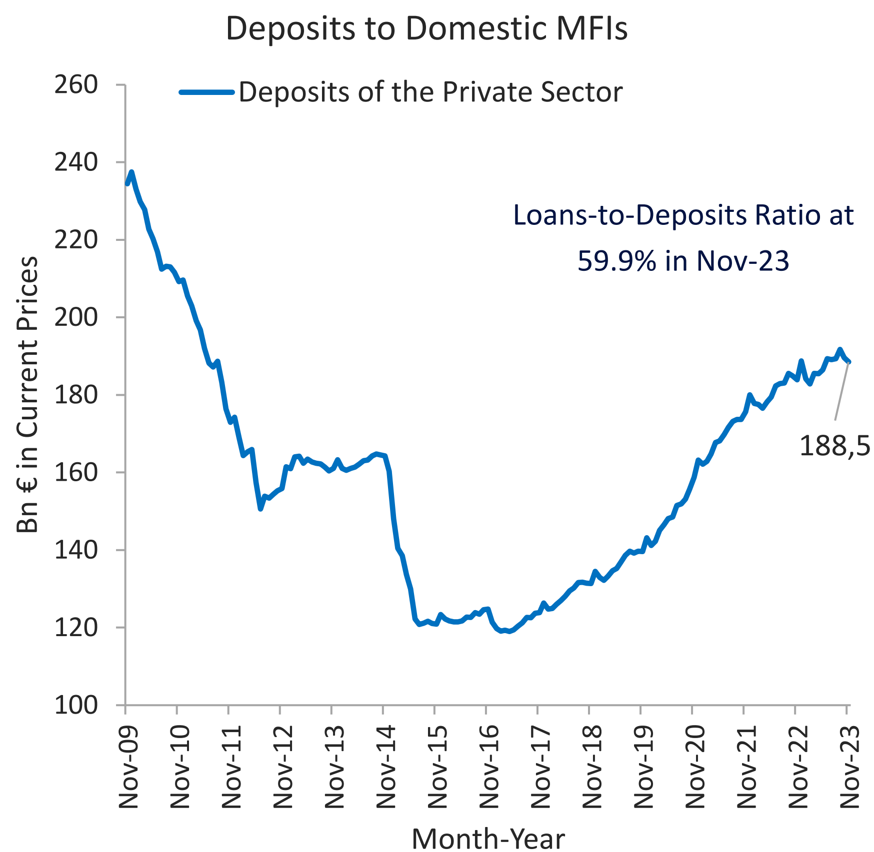



*Sources: EBA, HBA member banks Research*

- Yet, significant challenges lie ahead:
  - Bank NPL ratio still the highest in EU27, with **more than €71bn of legacy NPLs off-bank balance sheets** at end-Q3 2023, as resolution proceeds at a slow pace
  - Increased living costs and higher interest rates **curtail demand for new loans** and could potentially challenge households' and firms' capacity to service their debt
  - Banks aim to expand lending, **sustain** profitability and boost capital adequacy **amid geo-economic uncertainty**

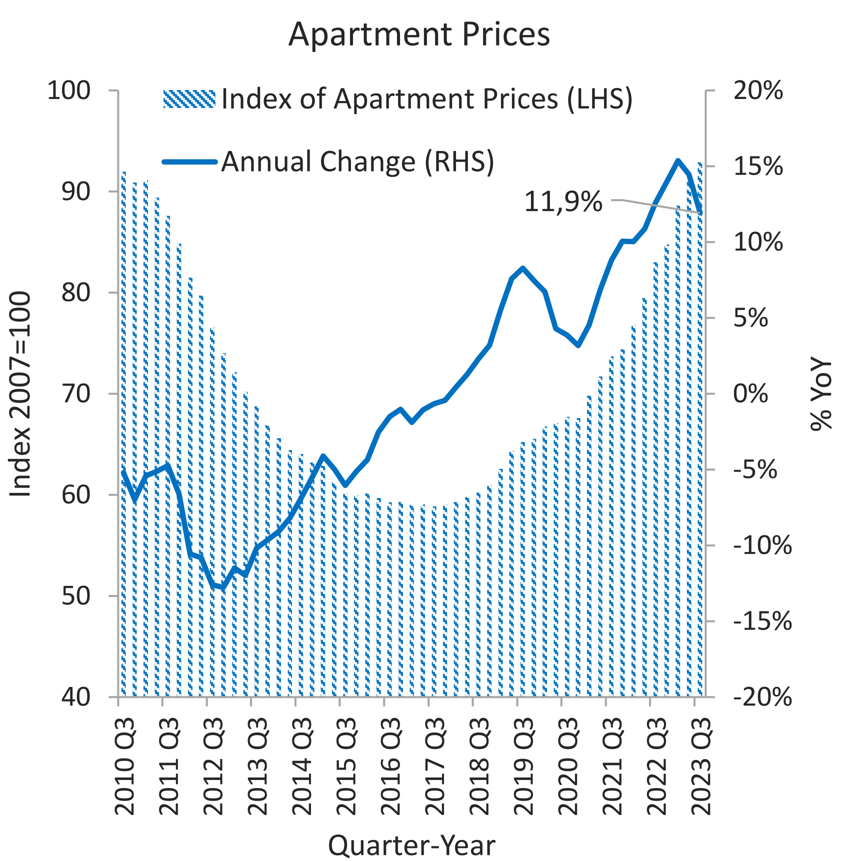
# Financial conditions: private sector's deposits continue to increase, net credit growth remains positive on an annual basis

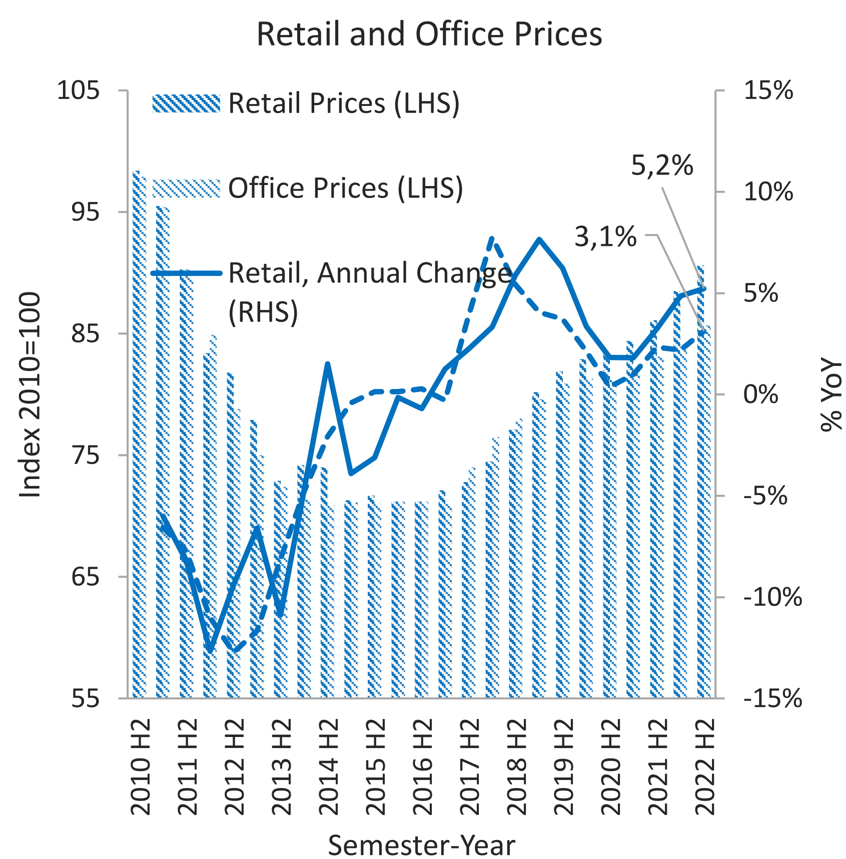



Source: BoG, HBA member banks Research

# GR – Real estate prices: growth remained strong in Q3 2023; still 9.1% below pre-debt crisis peak in Q3 2008

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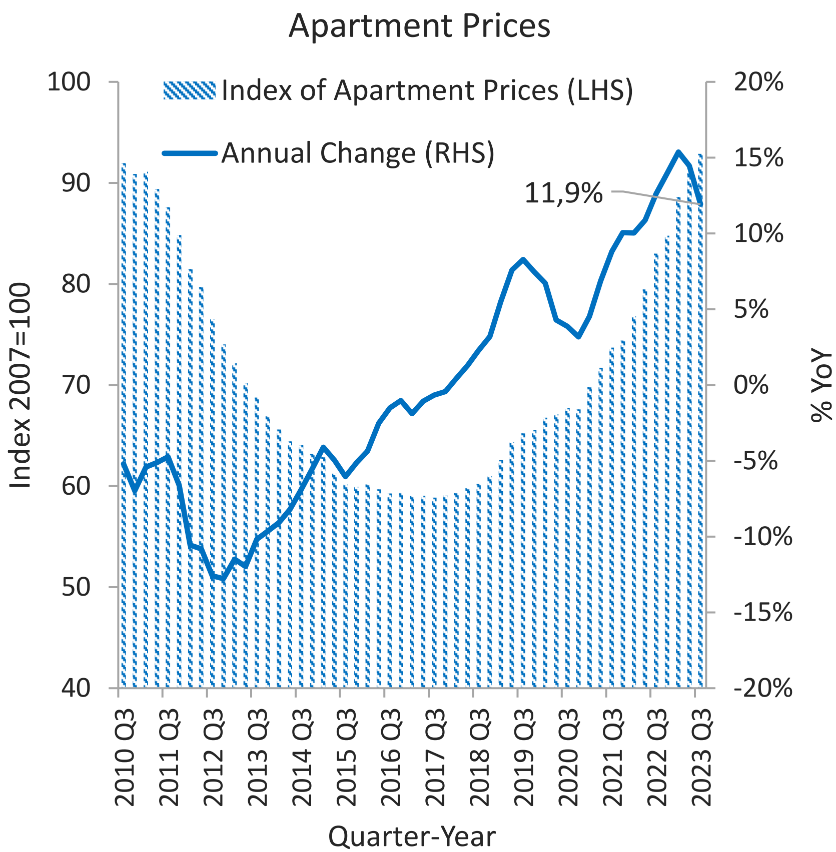
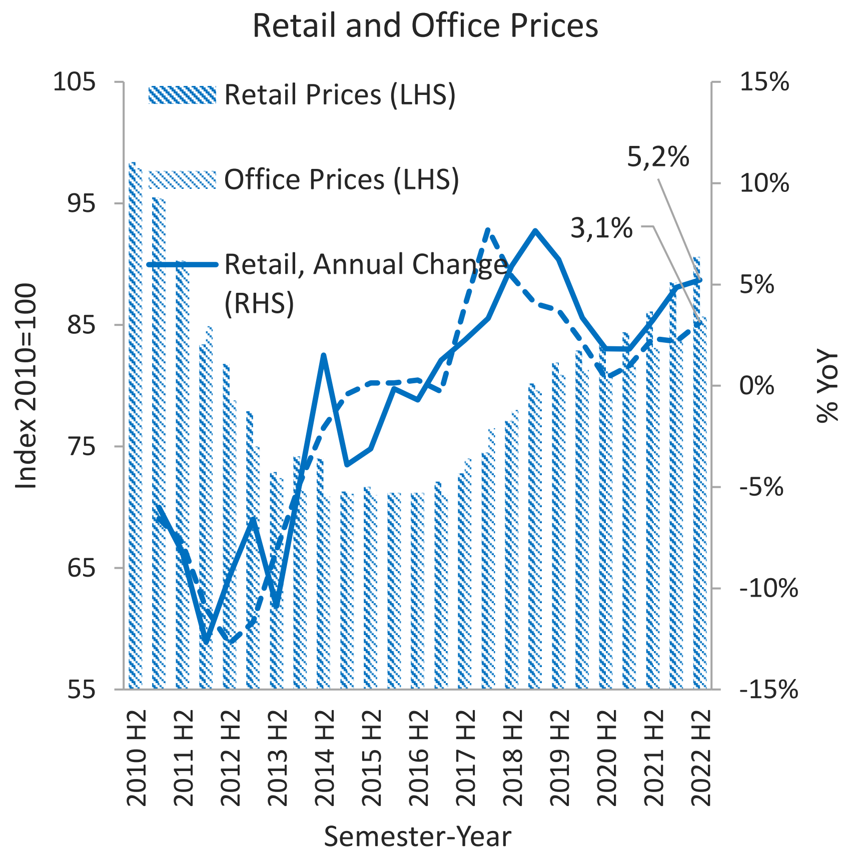



Source: BoG, HBA member banks Research

# 2 EU-wide stress test: Successful results for Greek banks

# Features and scenarios

- The aim of the EU-wide stress test is **to assess the resilience** of EU banks to a common set of adverse economic developments in order to identify potential risks, inform supervisory decisions and increase market discipline. The exercise is not designed as a pass-fail test but as a supervisory tool and an input for the Pillar 2 assessment of banks. All balance sheet and P&L components were projected based on the applicable accounting regime valid on 31 December 2022.
- The EU-wide stress test focuses on the assessment of the **impact of risk drivers on the solvency of banks**. Specifically, banks were required to stress credit risk, market risk and operational risk. In addition, banks estimated the impact of macroeconomic scenarios on the P&L and capital items arising from all other risks (e.g. Net Interest Income impact).
- The risk assessment is conducted under two macroeconomic scenarios, a baseline and an adverse. For the baseline scenario, Greek systemic banks stood firm, reaching high levels of capital adequacy. The narrative of the adverse scenario for the 2023-EU wide stress test drew upon a subset of the main financial stability risks to which the EU banking sector was exposed:

  - The Russian invasion to Ukraine led to a severe geopolitical polarisation that affected commodity prices.
  - Inflation pressures elevated inflation expectations, depressed households' real income, curtailed private consumption, increased unemployment and triggered monetary policy reactions, leading to, among other things, significantly higher market interest rates.
  - The mix of prevailing financial conditions resulted in a severe contraction of real GDP, while the weaker economic outlook and tighter financial conditions have also exerted downward pressure on real estate prices.
  - Specifically for the Greek (GR) economy dynamics, the 2023 macroeconomic scenario is more benign compared to the Euro Area average

**EU-wide stress test 2023: Key macro-economic variables for the adverse scenario**

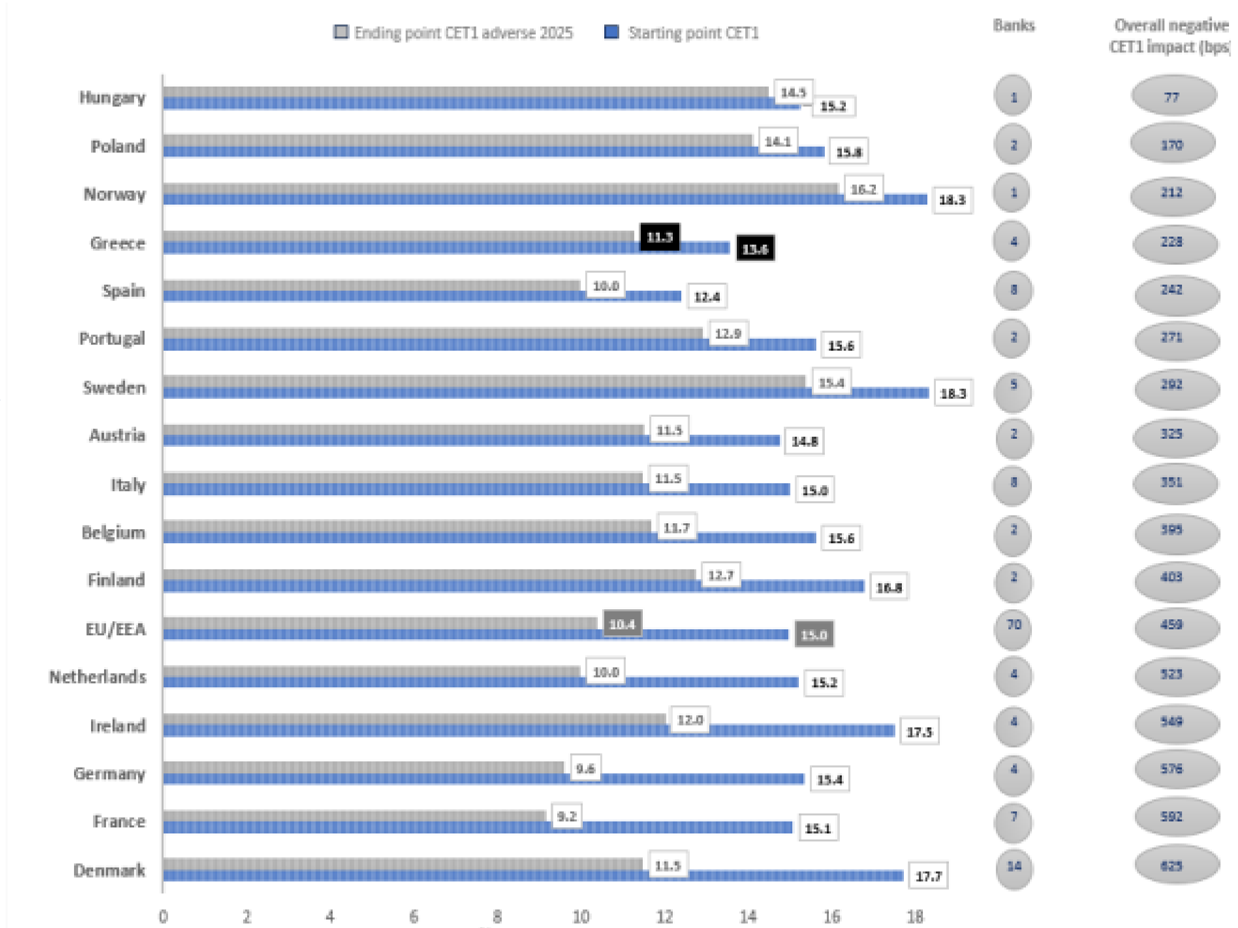
| Cumulative growth (%) | Greece | Eurozone |
|---|---|---|
| GDP | -5.5 | -5.9 |
| Unemployment (in %) | 4.8 | 5.7 |
| Inflation | 16.9 | 19.2 |
| Residential real-estate prices | -6.3 | -20.4 |
| Commercial real-estate prices | -16.6 | -28.9 |

***Sources**: EBA, EU-wide stress testing*
*BoG Financial Stability Review (November 2023)*
*ECB*

# Result's depiction for Greek systemic banks

- **The four Greek systemic banks emerged stronger from the toughest so far solvency stress test** on how they would weather a hypothetical sharp economic downturn, increasing interest rates and credit spreads. **They performed significantly better** compared to previous exercises given their successful loan portfolio de-risking.
- In comparison with the stress test exercises of 2018 and 2021, their capital depletion has been remarkably decreased by c.80% and c.60% respectively.
- Greece ranked 4th within 16 countries, as Greek systemic banks have demonstrated notable progress when compared to EU/EEA and Peripheral Economies' banks' performance in the areas of capital adequacy, credit risk and profitability.
- The Greek banking system was ranked 1st among the banking systems of the EU countries of the South.

**Capital depletion per country (2023-2025)**




*Sources*: *HFSF Bulletin, Issue No3*
*EBA, EU-wide stress testing*

# 3 Greek banking structure

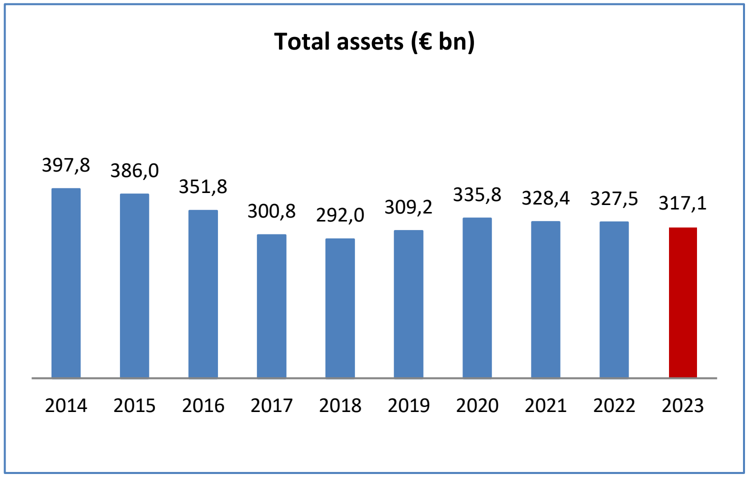
**Sector total assets & concentration, Private Sector Deposits, Number of branches, Employees, ATMs, card payments and e-banking channels usage, card & credit transfers fraud**

# Greek Banking System today

| | 2023 | 2022 | 2021 | 2020 |
|---|---|---|---|---|
| Total assets [1] (€ bn) | 317 | 328 | 328 | 336 |
| Private sector deposits[1] (€ bn) | 195 | 189 | 180 | 163 |
| Private sector gross loans[1] (€ bn) | 118 | 115 | 110 | 142 |
| NPL ratio - 3Q23[2] | 7.9% | 8.7% | 13% | 30% |
| CET 1 ratio - 3Q23[2] | 14.3% | 14.5% | 12.6% | 15% |
| Coverage ratio of NPEs[3] | 48.4% | 45.3% | 43% | 49% |

- Employees [4] : 29,341 in 2022 from 39,383 in 2018
- Branches [4] : 1,483 in 2022 from 1,981 in 2018
- ATM [4]: 5,953 in 2023 from 5,594 in 2018
- Active debit/credit/prepaid cards in 2023 [4] : 20,9m (o/w: 75,4% debit, 13,6% Credit, 11% Prepaid) - 2018: 17.5m
- Domestic Debit/credit/prepaid cards payment transactions in 2023 [4] : 2,009m – 2018: 841m
- Domestic Debit/credit/prepaid cards value payments in 2023 [4] : 56,4€ bn – 2018: 34,5€ bn

1. *BoG, Aggregated balance sheet of financial institutions excl. BoG*
2. *BoG, Monetary Policy Interim Report, December 2023 and BoG, Governor's Annual Reports 2021, 2022*
3. ECB, Banking Structural Financial Indicators
4. *ECB, SSI-Banking structural statistical indicators & HBA data for ATMs, and active* debit/credit/prepaid cards





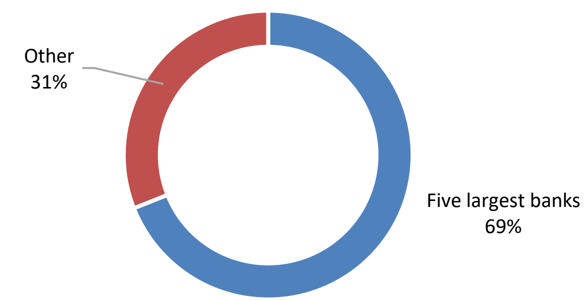
*Source: BoG, Aggregated balance sheet of financial institutions excl. BoG*

# Sector concentrates around the “Significant” banks

- The number of domestic credit institutions was drastically reduced from 35 in 2009 to 13 today, of which 9 commercial and 4 cooperative
- In the course of 2022, five largest banks (4 of them are deemed “Significant”), controlled ca. 95.7% banking assets:
  - Piraeus Bank
  - National Bank of Greece
  - Alpha Bank
  - Eurobank
  - Attica Bank
- The 21 foreign bank branches, although present in Greece, have insignificant market share

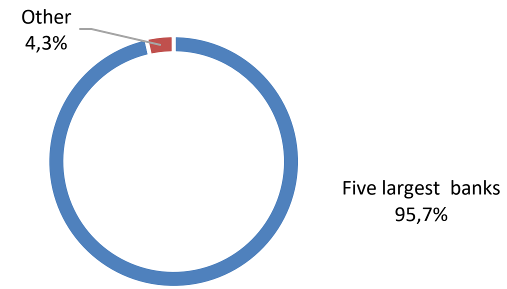
*Source: ECB, SSI-Banking structural statistical indicators & BoG, list of credit institutions operating in Greece*

**Banking assets market shares 2009**




*Source: ECB SSI-Banking structural statistical indicators*

**Banking assets market shares 2022**




*Source: ECB, SSI-Banking structural statistical indicators*

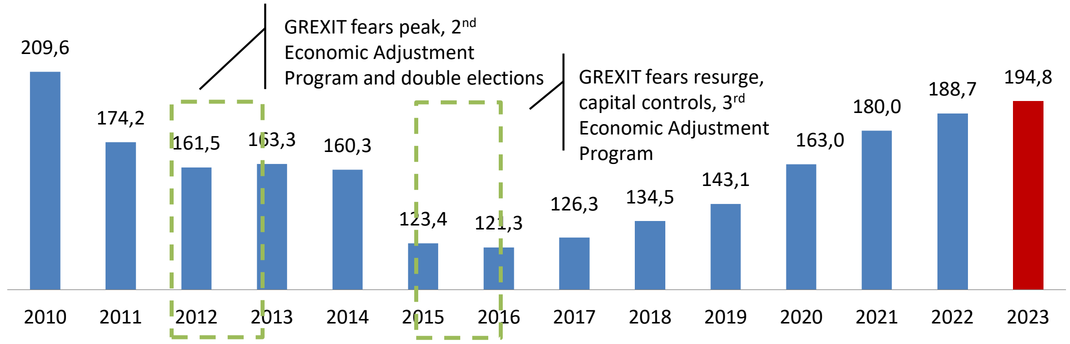
# 9M2023 Financial Results of the Greek banks listed on the Athens Exchange

## *9M23 Bank Balance Sheet & Financial Data*

| | Total Assets (€ m) | Profits or Losses (-) before tax (€ m) | Net profits or Losses (-) after tax (€ m) | Deposits (€ m) | Net Loans (€ m) | Provisions to cover credit risk (€ m) | Total equity (€ m) | Staff Expenses & Remuneration (€ m) |
|---|---|---|---|---|---|---|---|---|
| **EUROBANK HOLDINGS GROUP** | 80.475 | 1.182 | 969 | 56.453 | 40.650 | 255 | 7.643 | 337 |
| **PIRAEUS FINANCIAL HOLDINGS GROUP** | 79.259 | 767 | 575 | 58.663 | 36.126 | 400 | 7.145 | 274 |
| **ALPHA SERVICES & HOLDINGS GROUP** | 74.392 | 682 | 491 | 52.331 | 38.799 | 270 | 7.157 | 290 |
| **NATIONAL BANK OF GREECE GROUP** | 73.924 | 1.075 | 793 | 56.292 | 35.319 | 220 | 7.288 | 345 |
| **OPTIMA BANK GROUP** | 3.680 | 88 | 74 | 3.120 | 2.210 | 9 | 328 | 20 |
| **ATTICA BANK GROUP** | 3.595 | 17 | 15 | 2.992 | 1.347 | 3 | 428 | 23 |
| **TOTAL** | 315.325 | 3.811 | 2.917 | 229.851 | 154.451 | 1.157 | 29.989 | 1.289 |

*Source: HBA data for 9M2023. The classification of the Banking Groups is done taking into account the amount of assets on 30/09/2023.*

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




*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 2nd 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
- Private sector deposits continued to grow to increase in 2023 (by €6,1 billion), keeping Greek banks' liquid assets at a high level, despite the substantial repayment of a large part of European Central Bank (ECB) funding via the Targeted Longer-Term Refinancing Operations (TLTRO III).
- In 2023, the balance of residents' deposits in Greece stood at €194.8 billion, reaching a new twelve-year high.

# Downsizing of traditional channels, cost rationalization and personnel reduction

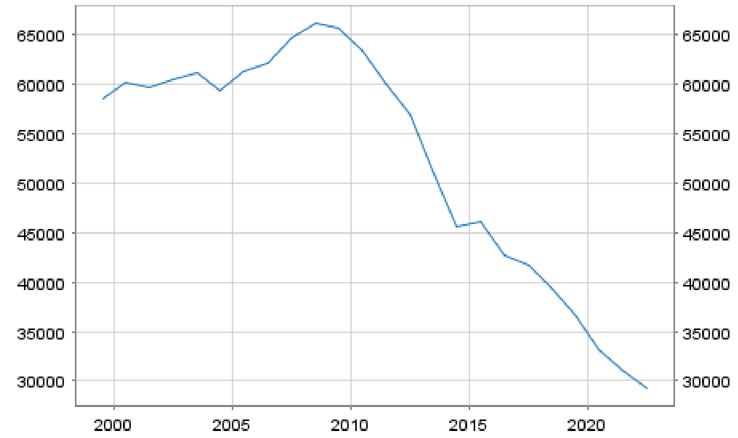
- Greek banks respond to the requirements of the restructuring plans and digital transformation through downsizing their traditional channels
- Reducing their personnel, exclusively through Voluntary Exit Schemes (VES) and natural attrition
- Since 2014:

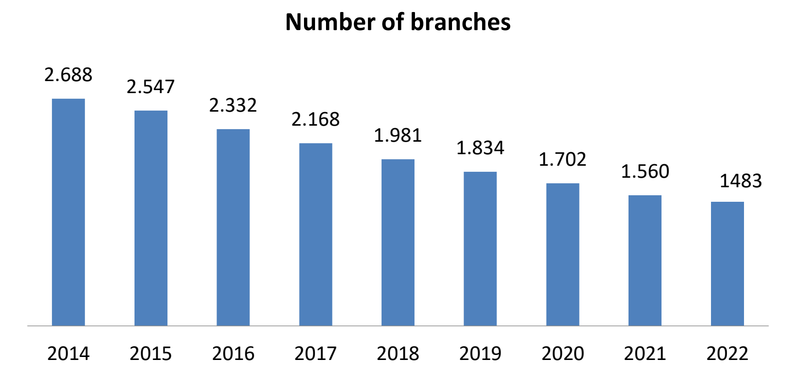
  Employees reduced by 36% (2022: 29.341, 2014: 45.654)

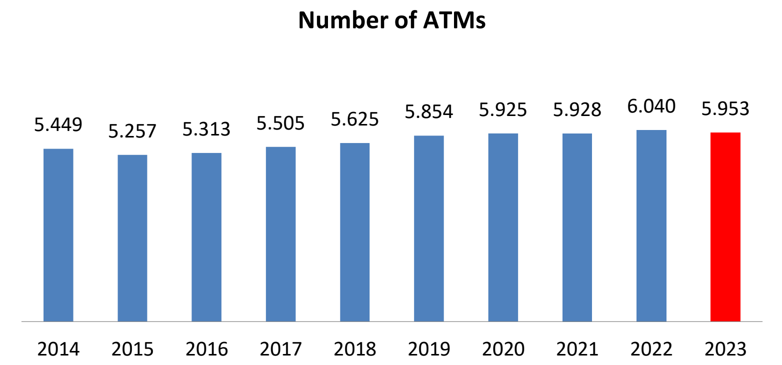
  Branch network reduced by 47% (2022: 1.438, 2014: 2.688)

  ATMs increased by 9% (2023: 5.953, 2014: 5.449)

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




* Provisional data for 2023

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

- Increase usage of credit/debit/prepaid cards issued in Greece[1]:
  - Number of payment card transactions at 2,01bn (+16% yoy)
  - Value of payment card transactions at €56,4bn (+14% yoy)
  - Average value of transaction at € 28 (2022: € 28,6)
- Account to account transfers (2023-H1)[2]:
  - Number of credit transfers & direct debit transactions at 316,34m (+1,3% yoy)
  - Total value (sent) of payment transactions (credit transfers, card payments, cheques, direct debits, e-money payments) at € 614,4bn (+1%yoy)
- Card Fraud at negligible levels (H1 2023)[3]: 1/5,190 (0,019%) fraud transaction and 1€ loss / €3,890 (0,026%). SEPA average at 0,028% in 2021[5].
- Credit transfers Fraud even lower levels (2022)[3]: 1/34,000 (0,003%) fraud transaction and 1€ loss / €12,000 (0,008%).

- More than 90% of payment transactions through internet & mobile banking
- In 2023 the value of ATM cash withdrawals +4% yoy
- 3,73m internet banking active users at the end of 2023. 64% of them made at least one money transfer transaction every month.
- More than 5,9m mobile banking active users at the end of 2023. 57% of them made at least one money transfer transaction every month.
- More than 45% of total money transfer transaction through mobile banking applications
- eKYC for AML purposes through Gov.gr service (fully digital)

1. *Source:* HBA data for 2023
2. *Source:* ECB Payments transactions (Key indicators) – PAY, 2023-H1
3. *Source:* BoG, Financial Stability Review, November 2023
4. *Source:* ECB, Report on card fraud in 2020 and 2021, May 2023

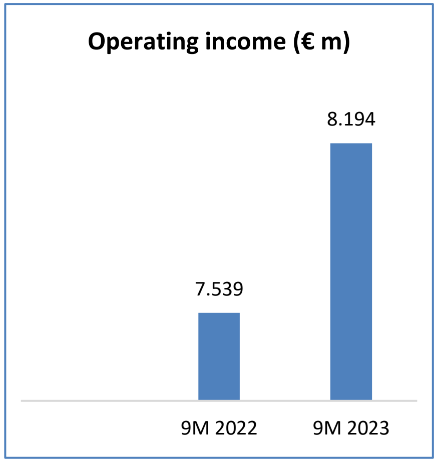
# 4 Supervisory Greek Banking Systems Statistics

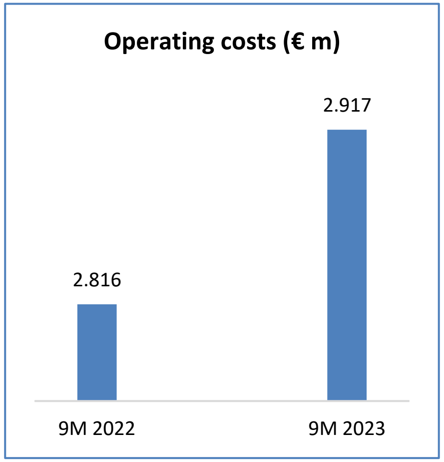
**Operating Income, Operating Expenses, Cost-to-Income ratio, Cost of risks, Earnings Before & After Taxes (EBT/EAT), Loans-to-Deposit ratio, Liquidity ratios, Non-Performing Loans, Capital & Leverage ratios, Gross loans and bank credit to the private sector, Banking interest rates on new loans & new time deposits**

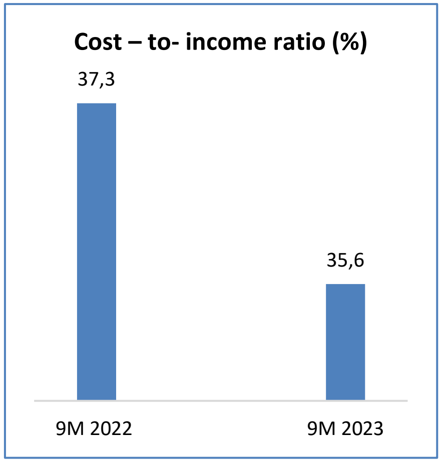
# Operating income, operating cost and cost-to-income ratio

- In 9M 2023, the **operating income of Greek banks increased by 8.7%** compared to the 9M of 2022.
- **Net interest income rose significantly by 58.9%**, as the increase in interest income in absolute terms was greater than the increase in interest expenses.
- **Net fee and commission income increased by 7.1%.**
- **Core operating income** (i.e. net interest income and net fee and commission income) **grew significantly by 46.5% yoy**.
- **Operating costs increased by 3.6%,** mainly due to an increase in staff and administrative costs.
- Greek banks' **cost-to-income ratio further improved** in the first nine months of 2023 (9M 2023: 35.6%, 9M 2022: 37.3%) and significantly lower than the European average (9M 2023: 56%).

*Source: BoG, Monetary Policy Interim Report, December 2023*



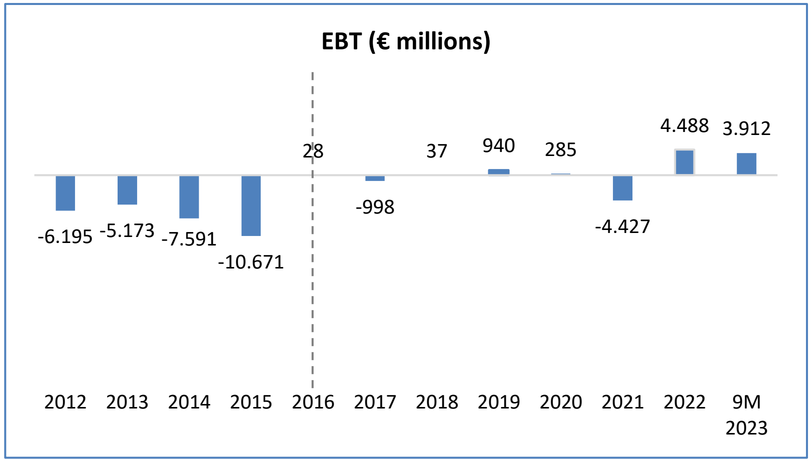



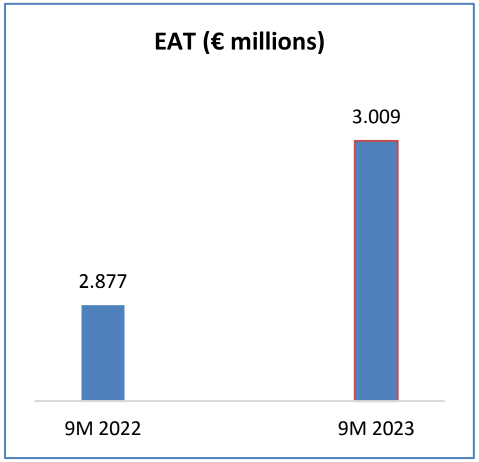



# Cost of credit risk and profitability indicators

- The **cost of credit risk** e.g. the ratio of credit risk provisions (y-o-y) over loans after accumulated provisions, was further de-escalated in September 2023. In particular, impairment charges stood at €1.180 million, compared with €1.328 million in the first nine months of 2022.
- As a result, Greek banking groups recorded pre-taxes and after taxes profits. More specifically in the first nine months of 2023, Greek banks recorded **profit after taxes and discontinued operations amounting to €3 billion**, against profits of €2.88 billion over the same period of 2022. Higher net interest income contributed positively to this development. Concurrently, operating and credit risk costs remained low.
- In the first half of 2023, the RoA and RoE ratios after tax and discontinued operations amounted to 1.2% and 12.5% respectively.

*Source: BoG, Financial Stability Review, November 2023 and Monetary Policy Interim Report, December 2023*



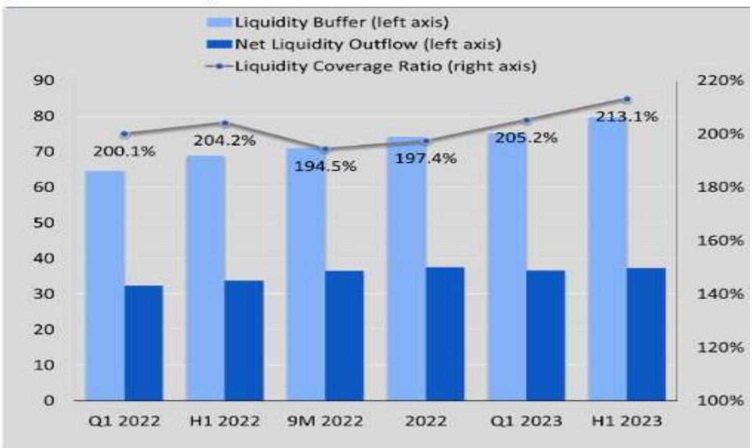
# Liquidity ratios

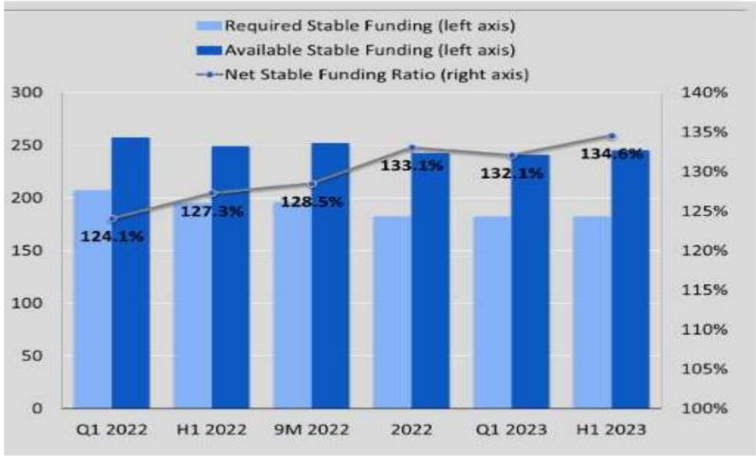
- The liquidity conditions of the Greek banking sector improved further in January - September 2023 despite the partial repayment of the TLTRO III funding.

- The **Liquidity Coverage Ratio (LCR) stood at 211.75%** in the third quarter of 2023, more than double compared to the supervisory requirement of 100% and remained significantly higher than the corresponding European average for banks in the Single Supervisory Mechanism (Q1 2023: 161.25%, Q2 2023: 158%, Q3 2023: 158.78%).

- The **Net Stable Funding Ratio (NSFR), after its significant increase in 2022, stood at 135.01%** in the third quarter of 2023, from 128.76% in Q3 2022, reflecting the adequate coverage of banks' long-term liabilities without requiring excessive use of short-term funding. The supervisory requirement for the NSFR is set at 100%. The rise in the NSFR is due to an increase in retail term deposits, which partially offset the decline in Eurosystem funding.

- The NSFR for Greek banks remained slightly higher than the corresponding European average for banks in the Single Supervisory Mechanism (Q1 2023: 125.87%, Q2 2023: 126.34%, Q3 2023: 125.80%).

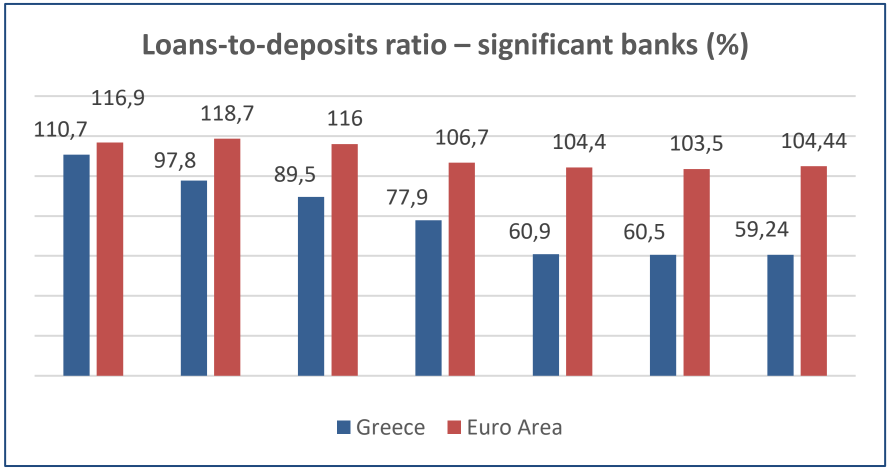


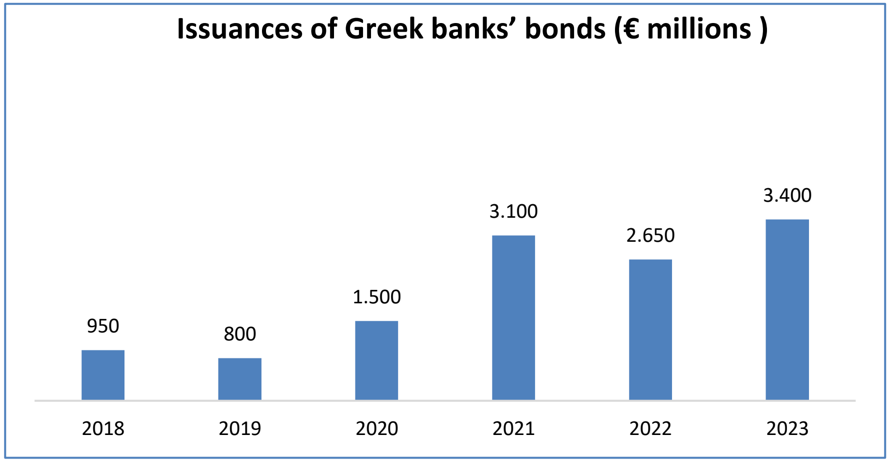

*Source: BoG, Financial Stability Review, November 2023, SSM data for Euro Area and Greek significant banks as at 3Q2023*

# L:D ratio improves as deposits stabilize & in line with the MREL framework

- Loan deleveraging still continues
- **In the third quarter of 2023, L:D ratio** stood at 59,24% compared to 104,44% of Euro Area significant banks average.
- Greek banks are on track to meet the Minimum Requirements for Own Funds and Eligible Liabilities (**MREL**) by the end of 2025. In this context, continuing the trend of the previous two years and despite the significant increase in yields, in 2023 the 4 significant Greek banks issued senior preferred bonds of a nominal value of €2,500 million, as well as subordinated bonds of a nominal value of €900 million.
- In line with the MREL framework and also with a view to reducing reliance on ECB funding, subordinated debt issuances are expected to continue (2 significant Greek banks already issued senior preferred bonds of a nominal value of €1,000 million in 2024 ).

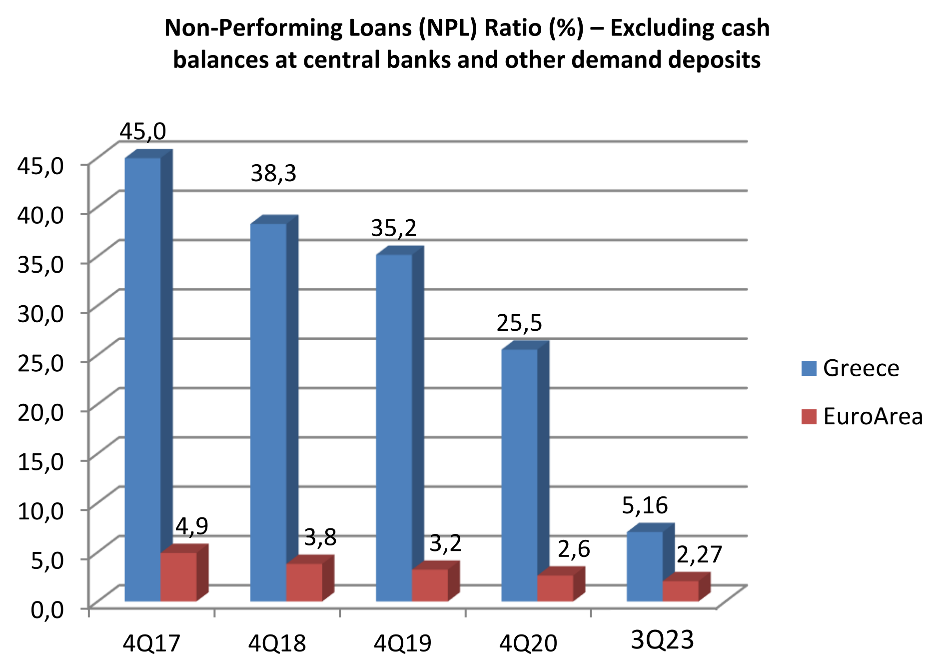



*Source: SSM data for Euro Area and Greek significant banks as at 3Q2023*




*Source: Greek significant banks announcements*

# Greek banks on track to meet NPL Euro Area average




*Source: SSM data for Euro Area and Greek significant banks as at 3Q23*

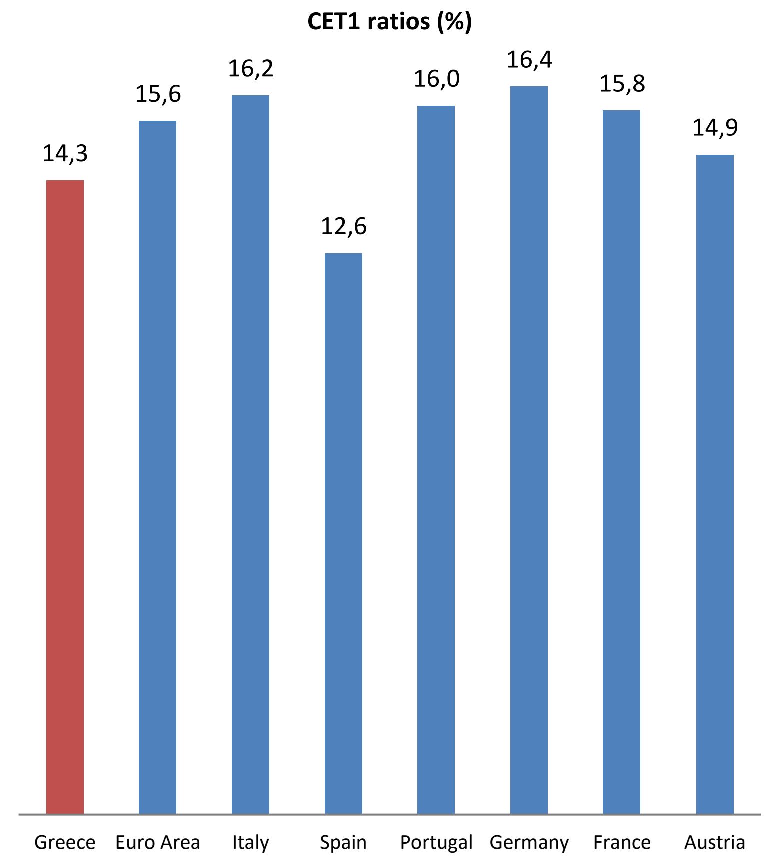
- In 2023 NPL reduction continued, mainly through sales to the secondary market.
- Banks' asset quality continued to improve.
- All four significant banks have now reached their single-digit NPL targets, with one of them below 5%.
- NPLs of Greek significant institutions stood at €8.27 billion in the third quarter of 2023, down by €1.59 billion from end December 2022.
- The stock of non-performing loans is expected to decline further during 2024 by the re-introduction of the Hellenic Asset Protection Scheme ('Hercules'), which was approved by the European Commission in November 2023.

*Source: BoG, Financial Stability Review, November 2023, SSM data for Euro Area and Greek significant banks as at 3Q23*

## Capital adequacy of Greek banks

- Capital adequacy indicators declined slightly in the third quarter of 2023 in comparison to December 2022.
- Both common equity (CET1) ratio and total capital ratio decreased slightly, due to the negative impact from IFRS 9 implementation and the increase in risk-weighted assets. However, this was mitigated by strong profitability over the first nine months and capital enhancement actions by banks.
- Both ratios remain below the euro area average.
- CET1 ratio on a consolidated basis dropped to 14.27% in the third quarter of 2023, from 14.5% in December 2022.
- Total Capital Ratio (TCR) stood at 17.65%.

*Source: BoG, Financial Stability Review, November 2023*

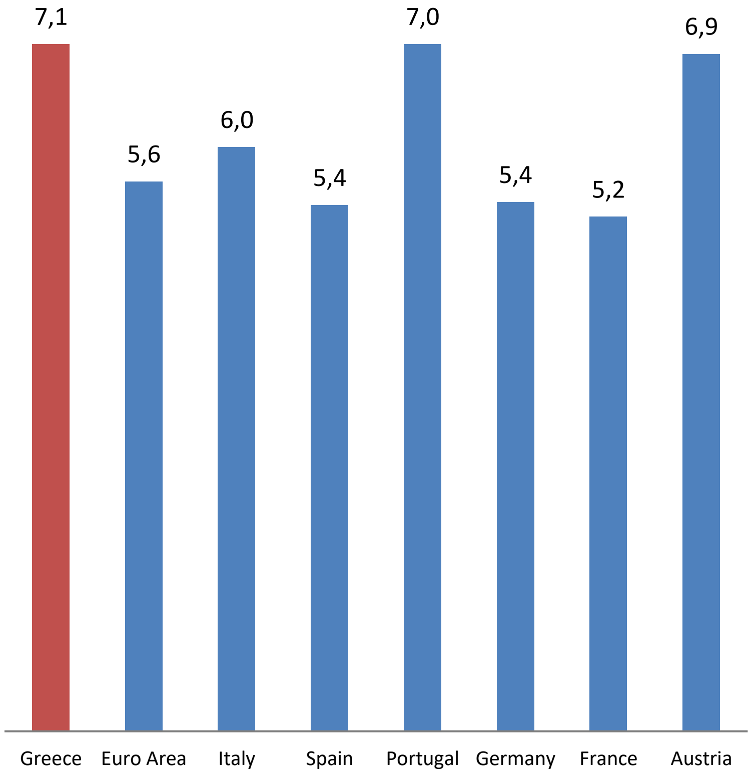



*Source: SSM data as at 3Q23, January 2024*

## Leverage ratio higher than Euro Area average

- In the third quarter of 2023, the leverage ratio slightly increased to 7,1%, from 6,9% in December 2022.
- In Q3 2023, the leverage ratio (fully phased-in definition) of the four Greek significant credit institutions was higher than the average of significant credit institutions in Austria, France, Germany, Italy, Spain and Euro Area.

**Leverage ratios (%)***



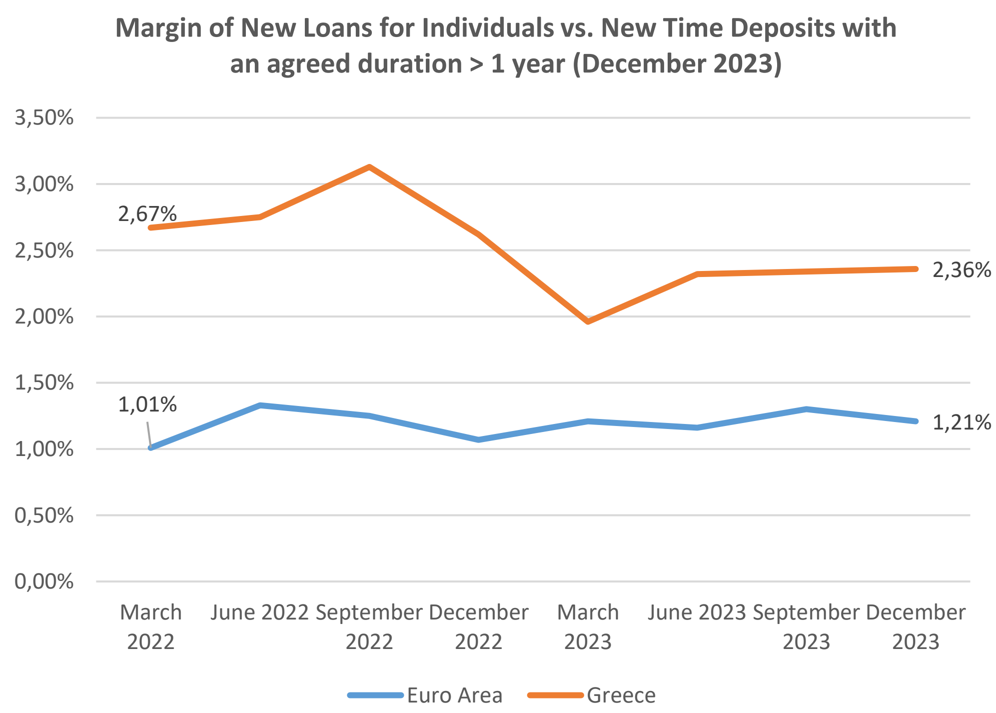

** Fully phased-in definition*
*Source: SSM data as at 3Q23*

# Interest rates on new loans and new time deposits

- The spread is narrowing gradually, mainly after the recent increases in interest rates on new time deposits by the Greek banking system

- The gap between Greece and the Eurozone is closing (Dec. 2023: 115bp, Mar. 2022: 166bp), both in terms of interest rates on new time deposits, and in the spread, even though the cost of borrowing from the capital markets is much higher for Greek banks than the equivalent of other Eurozone banks

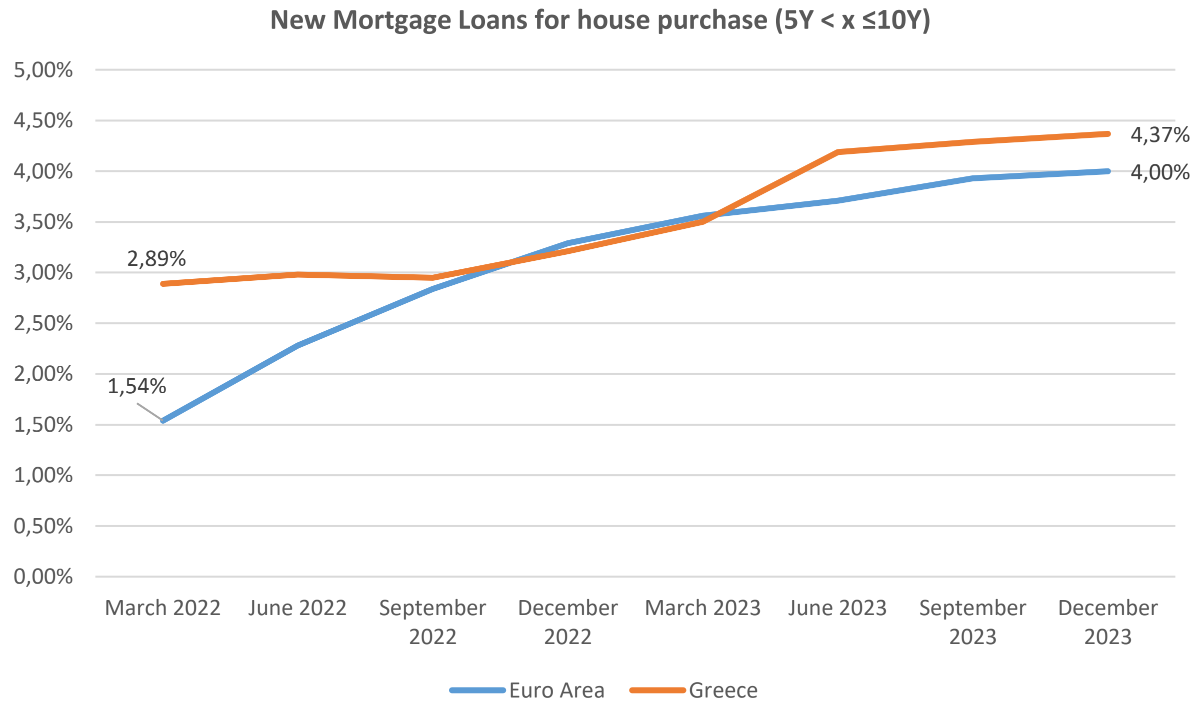
- In December 2023, the margin of new loans for individuals in relation to new time deposits of more than 1 year, was higher in Greece (2,36%) compared to the Eurozone average (1,21%)



# Interest rates on new loans and new time deposits

In December 2023, the interest rate of new mortgage loans (5Y < x ≤10Y) in Greece (4,37%) was 37 bp higher than the Eurozone average (4,00%).

In March 2023, many Greek banks decided to "freeze" for 12 months the increases of the floating interest rate on mortgage loans for their consistent borrowers



# 5 Appendix

# The Hellenic Bank Association (HBA)

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 General Manager, while the Legal Council and ten Steering Committees 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.

# Disclaimer