



September 18th, 2017

ANNOUNCEMENT

HFSF has concluded the review and evaluation of the governance framework and performance of the Board of Directors of the Greek Systemic Banks

The Hellenic Financial Stability Fund (HFSF) has completed the review and evaluation of the Boards of Directors and Boards' committees of the systemic Greek banks (Alpha Bank, Eurobank, National Bank of Greece and Piraeus Bank), in line with law 3864/2010 (HFSF Law), the Supplemental Memorandum of Understanding signed on 5/7/2017 between the European Commission, the Hellenic Republic and the Bank of Greece and the Relationship Framework Agreements' (RFA) provisions applying to systemic Greek banks. The HFSF has made significant progress in 2016 in strengthening the governance of Greek systemic banks by conducting an evaluation of the Greek systemic banks' Boards of Directors. As a result of this, the banks have notably improved their governance, succeeding to attract new highly skilled and experienced Board members, as well as, largely implementing the HFSF's recommendations on corporate governance improvement.

The 2017 review aims to ensure that banks, which face a difficult economic environment and a high level of Non-Performing Loans (NPL), are managed in line with best international practices and supervisory guidelines. Through this evaluation exercise, the HFSF has provided specific recommendations for improvement of the banks' corporate governance arrangements, focusing on the Board of Directors and its Risk and Audit Committees, establishing in parallel a culture of evaluation and discipline on a regular basis.

According to the 2017 review, the results of which have been communicated to the banks, there is significant improvement in the bank Boards' composition, skills and focus. Additional actions are needed for the enhancement of risk culture and internal control framework in order to further stimulate organizational transformation. With the completion of the review and the proposed actions, the HFSF promotes further enhancement of the corporate governance of the largest Greek banks and safeguards that the current challenging economic environment and the NPL issue, will be better addressed by the Greek banking sector.

The Fund concluded the 2017 review with the assistance of Promontory Financial Group LLC, an IBM company, which is an international premier strategy, risk management and regulatory compliance consulting firm. The project was funded by the HFSF and the European Union through the European Union – European Bank for Reconstruction and Development Technical Cooperation Fund for International Financial Institutions – Project-Financing in Greece.

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Hellenic Financial Stability Fund (HFSF)

The Hellenic Financial Stability Fund (HFSF) was founded in July 2010 under the law 3864/2010 as a private legal entity it does not belong to the public sector and has administrative and financial autonomy. The objective of the HFSF shall be to contribute to the maintenance of the stability of the Greek banking system, for the sake of public interest.

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