

Hellenic Financial Stability Fund Strategic Focus 2020 - 2022

Sustainable value creation by Greek banks

ATHENS | MARCH 2020



ΤΑΜΕΙΟ
ΧΡΗΜΑΤΟΠΙΣΤΩΤΙΚΗΣ
ΣΤΑΘΕΡΟΤΗΤΑΣ
HELLENIC FINANCIAL STABILITY FUND

The HFSF continues to balance conflicting goals

THE HFSF CONTINUES TO

1

Serve the
Public Interest

2

Catalyze
Transformation
of Greek banks

3

Focus on
Efficiency
and Effective-
ness

ADDED EMPHASIS 20 - 22

4

Enhance
Value
Creation

HFSF's mission is to prepare systemic banks for divestment at a higher valuation, thereby to reduce valuation losses



The essence of the HFSF Strategy 2020 - 2022

		LEVER OF HFSF VALUE CREATION
1	Greek banking sector	<ul style="list-style-type: none"> – Support the resolution of Non Performing Loans (NPLs) – Enhance competitiveness through industry-wide initiatives – Apply Environmental, Social and Governance (ESG) principles – Identify and engage target investors
2	Greek systemic banks	<ul style="list-style-type: none"> – Pursue an Active Shareholder strategy setting targets for banks' value creation – Monitor Performance and take remedial action – Guide banks to pursue digital transformation – Guide remuneration practices aligned with shareholder interests
3	Statutory role	<ul style="list-style-type: none"> – Continue tasks assigned to the HFSF as per founding law – Preserve value of Contingent Convertible Bonds (CoCos) and recoveries from resolved banks
4	Organizational effectiveness	<ul style="list-style-type: none"> – Become more agile in our ways of working – Communicate HFSF value contribution actively – Attract and retain high-calibre staff

HFSF | Overview of value creation aspiration

LEVER OF HFSF VALUE CREATION	INDICATOR	Q3 '19	EoP 2022 TARGET
Business model viability	RETURN ON EQUITY RoE	-1,30%	above 10 % p.a.
	PRICE/BOOK-VALUE P/BV	0,41x	above 0.75x
De-risking	NON PERFORMING EXPOSURES RATIO NPE (%)	41,40%	below 10 %
Efficiency	COST-INCOME-RATIO (%)	50%	below 50%

Baseline scenario applied by the HFSF

			2019e	2020	2021	2022
1	GREECE: Market & Macro View	Real GDP Growth ¹	2.1%	2.8%	2.3%	2.3%
		House Prices ²	7.52%	9%	7.25%	4.1%
		Consumer Price Index ³	0.5%	0.44%	0.12%	0.37%
		Borrowing cost for new business loans ⁴	3.8%	3.4%	3.2%	2.9%
		Unemployment Rate ⁵	17,4	15,5	14,4	13,1
		Deposits including Govt. deposits ⁶	160	167	175	184
2	GREEK BANKING SYSTEM Industry View	Total revenues				>6.5bn
		Total OPEX				<2.8bn
		Total Pre-Provision Income			n.a.	>3.7bn
		Total Net Income				>2.0bn
		Total Performing Assets				125-130bn

Source: MoF (1), BoG (2), Hellenic Statistical Authority (3), ECB (4), Project Pinnacle, HFSF, BCG (6), IOBE for 2019 & 2020 - ECB for 2021 & 2022 (5)