



Ταμείο Χρηματοπιστωτικής Σταθερότητας
Hellenic Financial Stability Fund

A Turning Point for Greek Banks?

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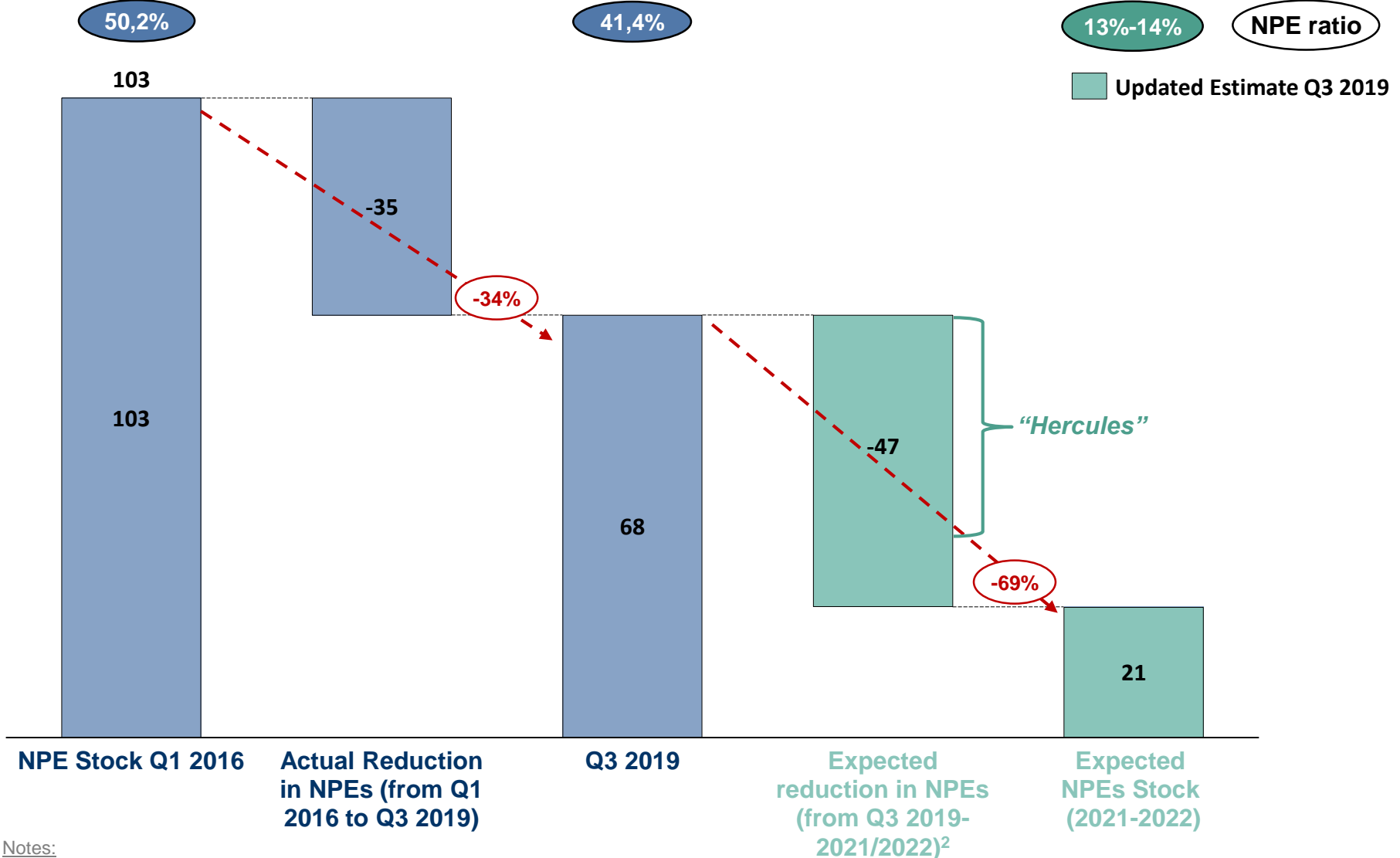
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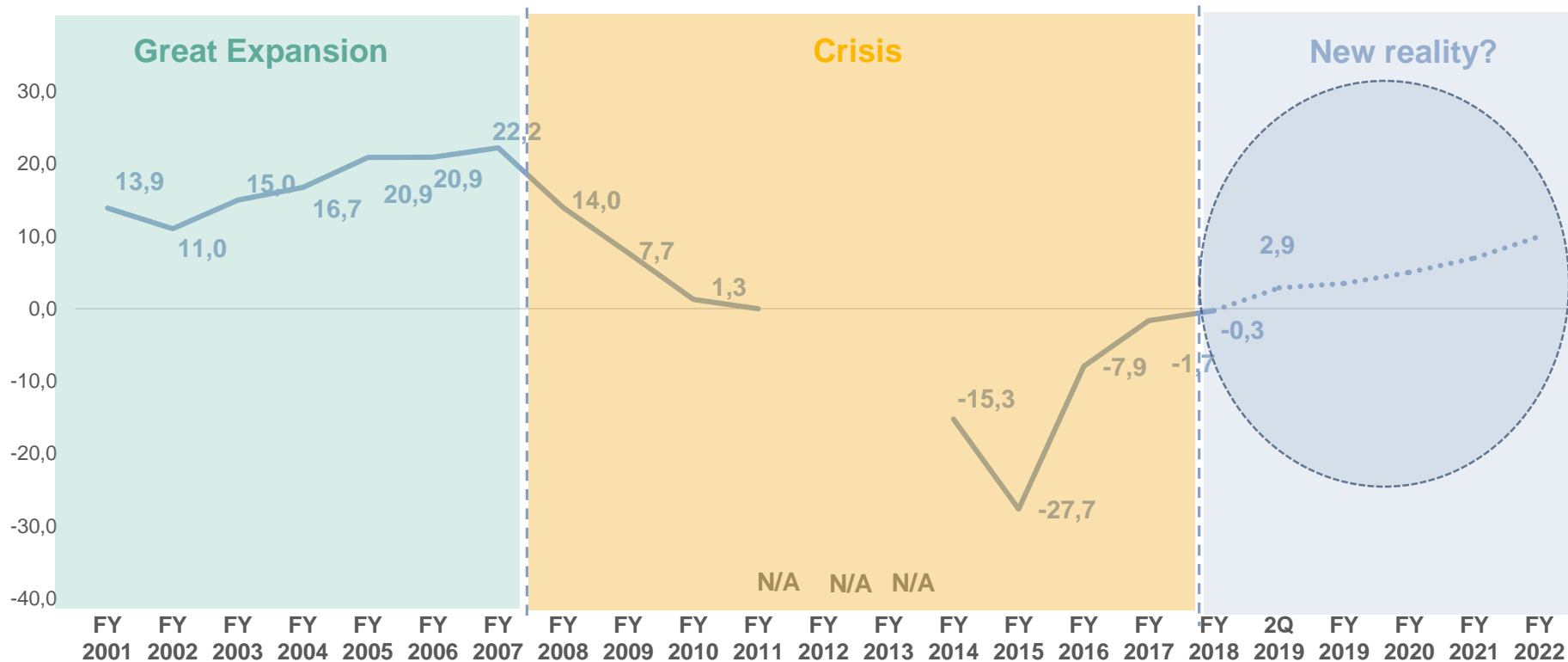
The much anticipated NPE deceleration has finally arrived...



Notes:
 1. Greek Systemic Banks' loans only. Updated Estimates have been provided by three out of the four systemic banks-investors' presentations Q3 2019
 2. Including NPE sales & securitisations, write-offs, liquidations, NPE recoveries
 Source: Q3 2019 Systemic Banks' presentations, financial results, HFSF's Analysis

The improbable trajectory of RoE of Greek Banks

Return on Equity (%)



Average ROE*	17,2%	-4,2%	
Tier 1 Capital Ratio	9,7%	12,6%	15,0% (estimate)

Source: Bloomberg, HFSF's Analysis, Average of the four systemic banks yearly ROEs & Tier 1 Capital Ratio Average of the four systemic banks yearly CET1 Capital Ratios

Average ROE of Global Banks	14%	8%
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Source: McKinsey

1

Greek Government's Initiatives

- **Asset Protection Scheme (APS) "Hercules"**. Following **Commission's approval**, formulation of the new legislative framework is underway, under the auspices of the Ministry of Finance.
- **Primary residence protection scheme. Improvements to the institutional framework** for the Primary residence protection are being pursued by the Ministry of Finance.
- The Ministry of Development and Investment is planning to design a **new automated Out-of-Court platform** in co-operation with the Ministry of Finance, the Hellenic Banks Association and the Institutions, in order to facilitate & enhance the process.
- **Key Tax reforms include** reduction of the **Unified Property Tax**, suspension of **Value Added Tax** on construction activities for three years, reduction in **minimum & maximum tax rates**, etc.

2

Banks' Initiatives

- **Decisive actions to reduce NPEs** through **front loading securitisation** transactions; and subsequent **carve outs** of the NPE platforms and **hive downs**. Effective implementation of the announced corporate transformations will allow the resulting new banking subsidiaries to focus on core banking activities.
- **Strategic partnerships** with credit management service companies to establish market leading servicers in Greece & exploit synergies and leverage on additional tools to enhance organic recoveries from NPEs.
- **Operating model transformation** to drive cost efficiency & agility.
- Strengthen **organisational effectiveness** & focus on **corporate governance transparency** to promote value for all stakeholders.

3

HFSF's Initiatives

- Proposal for the **introduction of the APS** along the lines of Italian GACS with specific suggestions on the pricing of the guarantee fee.
- Pursue an **active shareholder** role via urging banks to foster profitability via cost efficiency and focused revenue generation.
- Further enhancement of **shareholders' rights** and continuous support for **corporate governance improvement** efforts.
- Assessment of further **systemic initiatives** to bring banks' operating models to the best of standards and improve financial system sustainably.



Thank you

Q & As

*In case you require any further
information, do connect :*

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