



**ΤΑΜΕΙΟ
ΧΡΗΜΑΤΟΠΙΣΤΩΤΙΚΗΣ
ΣΤΑΘΕΡΟΤΗΤΑΣ**

HELLENIC FINANCIAL STABILITY FUND

Survey on Market Sentiment and Investors' Appetite at a Covid-19 environment

July 2020

Introduction

1

As part of its engagement strategy, Hellenic Financial Stability Fund (“HFSF”) regularly communicates with the investment community on a proactive & reactive basis. The following presentation/survey is part of HFSF’s proactive engagement.

2

Following the outbreak of the pandemic, HFSF with the assistance of the Société Générale (“SG”) ran a new round of discussions with institutional & private equity investors:

i

to understand investors’ perception of Greek macroeconomic outlook in the light of covid-19 crisis and its aftermath

ii

to discuss views of the major Greek banks’ financial performance, business model and governance

iii

to gain and provide insights in view of the large-scale securitization transactions, available tools for NPE resolution, etc.



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Key takeaways

- 1 In a post Covid-19 environment, investors' appetite for Greece is still very much alive supported by EU & national led liquidity initiatives, payment holidays programs, etc.
- 2 The Hercules program and the pro-business government agenda progress, has impressed many investors
- 3 Management teams' efforts and skills, gathered support from the investors' community and are considered to be heading in the right direction
- 4 Nevertheless, in a post COVID environment opportunities have considerably widened across sectors and geographies for all investors, putting Greece in "competition with more growth markets"
- 5 Growth potential, future profitability and stable return on capital are considered crucial components by investors
- 6 The NPL issue of Greek banks is by far the major investment concern (with the DTC), as it makes it difficult to assess the likelihood of Greek banks enjoying a healthy recovery
- 7 Such a challenging environment calls for additional and rapid remediation tools and for a renewed leading role by the HFSF in the recovery of the financial sector

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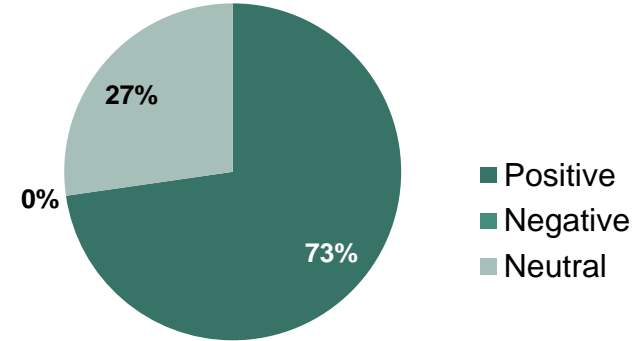
Appendix

Key statistics from investors' discussions (1/3)

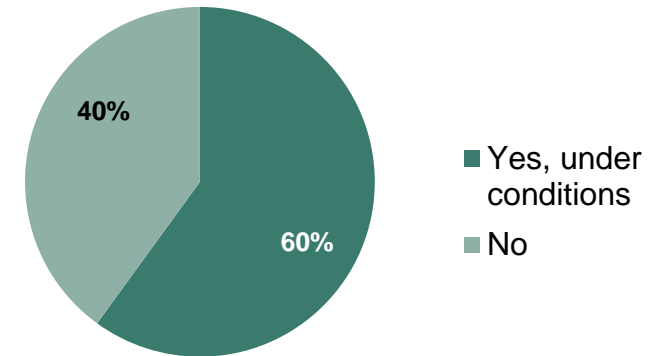
Questions

Investors' response ¹

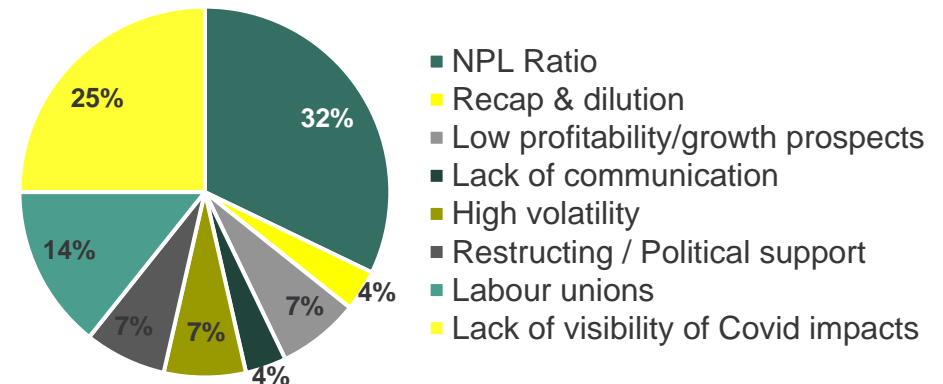
What are your views on the Greek economy and the government's handling of the COVID crisis?



Would you consider purchasing or further increasing your stake in Greek banks in the short / medium term?



What are your major investment concerns?



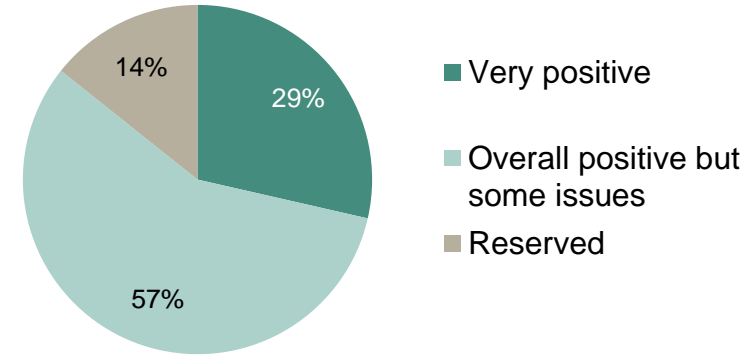
(1) Please refer to Appendix for methodological approach

Key statistics from investors' discussions (2/3)

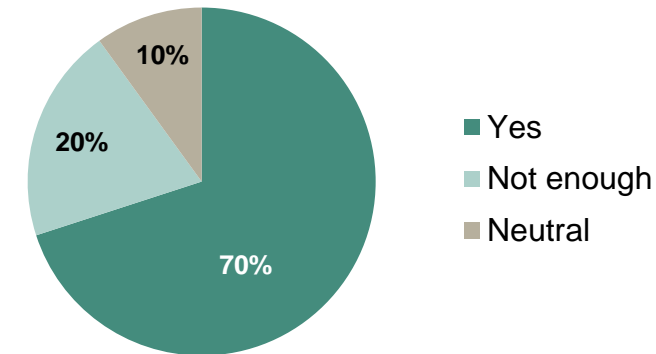
Questions

Investors' response ¹

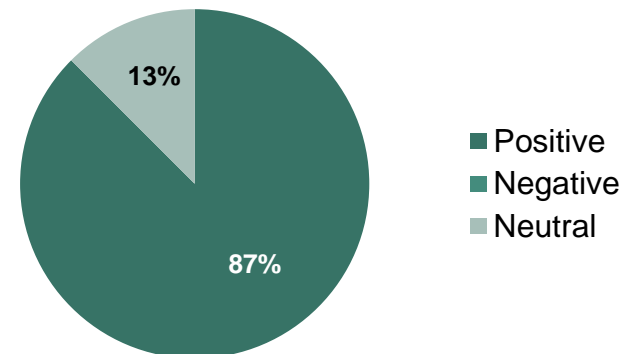
What is your perception of the existing schemes in place, specifically the Hercules (HAPS)?



Would you prefer a clear separation of assets through a creation of a bad bank?



What is your view on the governance of the Greek banks?



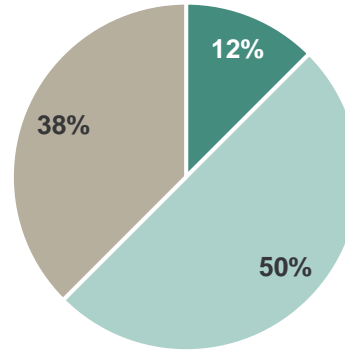
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Key statistics from investors' discussions (3/3)

Questions

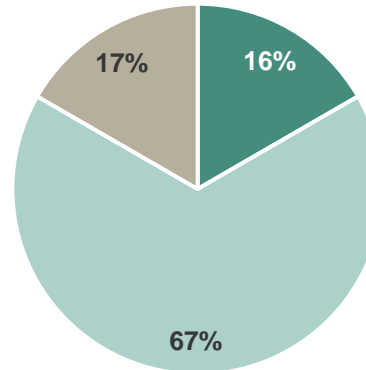
Investors' response ¹

What is your view on profitability of Greece banks?



- Positive
- High potential after solving legacy issues
- Negative

What are your views on capital position of Greek Banks in next few years?



- Positive
- Comfortable in short-term but concerned about DTC

(1) Please refer to Appendix for methodological approach

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Selected remarks

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Swift & comprehensive clean up of the Greek banking system

- Transparency of key APS/ NPL programs parameters
- Rapid process
- Large remediation / multi-asset class perimeter

2

Focus of banks on core operations & growth

- Emphasis on growth and upside potential
- Cross-selling
- Digitalisation
- Cost optimisation

3

Support from the Greek government and institutions

- Clarity on long-term government/ local and international regulators stance
- Assurances on support on restructuring is particularly needed at an NPL & operational level to create a stable framework

4

Creation of a Transparent & an efficient NPL market

- Standardized systems and improved judicial frameworks
- Limit information asymmetry
- Broaden the customer base & possibly take prices towards more equitable levels



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Methodological approach for the survey

HFSF with the assistance of SG, performed a survey on market sentiment and investors' appetite at a Covid-19 environment. The following steps were undertaken:

- ❑ After an initial contact call with the investors, a high-level list of questions and topics for discussion were distributed, tailored separately for institutional investors and private equity investors
- ❑ Ahead of the principals' call, an overview presentation outlining the HFSF mission, its activities and key decision makers and calls participants, as well as an update on the Greek economy and the banking sector were also distributed
- ❑ Given that the HFSF is a shareholder in Greek systemic banks and the fact that the HFSF might be in a possession of inside information, HFSF stressed that the discussions should stay neutral, high level and not related to any specific bank or transaction
- ❑ The question lists as well as all other materials in circulation (HFSF overview, Greek economic and banking sector overview) were cleared by HFSF and SG
- ❑ SG acted as a moderator on each call to make sure the investors' questions stay in line with the above guidance
- ❑ Based on the calls and feedback received from 12 investors, this document summarises and analyses the investors' stance towards Greece and its banking sector as of July 2020





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