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THE BANKING SYSTEM SUPPORTS THE ECONOMY

CREDIT EXTENSION €8.5 BILLION IN 2022
OPERATIONAL LAUNCH OF THE PLATFORM FOR VULNERABLE BORROWERS

The Greek banking system is actively supporting the growth path and the transformation of the Greek economy and, at the same time, stands by the side of Greek businesses and households, assisting them in the implementation of their plans and in dealing with exceptional difficulties.

Development of entrepreneurship, growth of the national economy

During 2022, new lending (net credit expansion) to businesses stood at nearly €8.5 billion for the entire banking system, increased by 12.3% compared to the previous year, while banks are actively taking advantage of the Recovery and Resilience Fund (RRF), having evaluated and submitted on behalf of their Customers investment proposals totaling €10.5 billion, financed by credit institutions at approximately 40%. At the same time, the Greek banking system is intensively engaged in attracting foreign direct investments, whose volume is expected to significantly exceed last year's record-high €5.4 billion or 2.9% of GDP, thus contributing to the modernization of the Greek economy, to GDP growth and to the creation of more and better jobs.

The foundation for the banks' ability to financially support Greek entrepreneurship and the Greek citizens' plans was the reduction of their stock of non-performing loans, made possible by taking advantage of the Greek State's "HAPS program", in tandem with the further strengthening of their capital, both organically and through share capital increases with the participation of the private sector. Preserving this result is crucial both for the prospects of the Greek banking system and for our national economy as a whole, as it paves the way to achieve the national goal of the investment-grade status within the year.

Active support of borrowers

At the same time, as part of their individual strategic growth plans, but also following their dialogue with the leadership of the Ministry of Finance, the four systemic banks are promoting a number of actions for the active management of their loan portfolios, aimed at supporting **borrowers in difficulty**.

Regarding the plan, agreed in the round of meetings with Finance Minister Mr. Christos Staikouras, for supporting vulnerable borrowers who punctually service their loans, by subsidizing the repayment instalments of mortgage loans and/or small business loans, secured by a collateral on their primary residence, the Banks proceed, at costs which they cover themselves, to the **rapid implementation of the platform** that will receive the beneficiaries' applications. As of tomorrow, February 1, 2023, borrowers will be able to submit their applications to the platform (at <https://www.gov.gr/ipiresies/periousia-kai-phorologia/diakheirise-opheilon/bebaiose-eualotou-opheilete>) in order to receive this support. The first step in the process is the issuance



of a relevant vulnerable borrower certificate by the information system of the Special Secretariat for Private Debt. The plan provides for a subsidy of 50% of the increase in the interest rate (using 30.6.2022 as the reference date for calculating this increase) for a period of 12 months, while payment of the corresponding amounts to the beneficiaries' accounts is expected to begin in April. The total cost for supporting vulnerable borrowers will be covered, in the framework of the individual **corporate social responsibility actions of the financial institutions**, with payments contributed by the four (4) systemic banks in equal amounts.

At the same time, the Greek banking system makes use of the out-of-court debt settlement mechanism for individuals, an important tool for the management of private debt, proceeding to **a number of bilateral loan restructuring arrangements to support borrowers who are facing temporary difficulties in meeting their debt obligations**.

Regarding out-of-court settlements, **a significant increase has been observed in the relevant approvals by the banks in connection with loans held in their portfolios. The approval rate for the entire banking system now stands at 55%**, up by 10 percentage points compared to September 2022, confirming this ever-increasing trend in approvals. Since the launch of the platform's operation, the four systemic banks have approved 2,800 borrowers' applications corresponding to over Euro 116 million of total debt.

Moreover, in line with the individual policy of each bank on the matter, the Banks have implemented in the past, and continue to do so, bilateral loan restructuring arrangements, **ensuring the quality of their portfolios and, above all, offering viable solutions to their customers. During 2022 alone, responding to the need to support households and businesses, the country's systemic banks entered into bilateral agreements with 86,350 borrowers for loans totaling over €5 billion, of which €2.5 billion concern mortgages secured by real estate properties.**

Interest rates and banking commissions

Regarding the interest rate and commercial policies, the Banks, acting separately and in line with their individual policies, **are constantly adjusting their deposit and lending rates**, as these are determined by the ECB, and proceed on a regular basis to **reviewing or reducing the commissions** provided for the provision of banking services, in accordance with the applicable European legislation and the conditions of competition in the market.

Greek depositors are already offered a range of options that combine security and considerable returns, taking into account the relevant decisions of the ECB and the internal policies of each bank. For example, returns on fixed-term deposits for a term equal to or greater than 6 months have been increasing over the last few months, with the returns for a period of 12 months or more standing at over 1%, depending on the bank and the amount of the fixed-term deposit.

At the same time, the Greek banks offer to the general public, in compliance with the MiFID rules, bond investment programs with significantly higher returns, which incorporate the interest rate trends in international markets.

At the same time, borrowing costs in Greece are rising at a slower pace than in the Eurozone for both households and businesses, despite the comparatively higher borrowing costs for the Greek banks and the public debt. This is demonstrated by the fact that from October to November 2022, contrary to the Eurozone trends, Greece registered a **net decrease in the cost of new loans for households**.



Finally, regarding the commissions on banking operations and products, each bank, acting separately from the other banks and in line with its commercial policy, **regularly reviews its pricing policy, seeking to ensure reciprocity and limit the times required and the financial charges for businesses and individuals.** In our country, individuals can now make –at no cost– remittances of up to €500 per day using their mobile phones and the IRIS service.

At the same time, each bank, acting separately and individually, has reduced some additional banking commissions. Although such adjustments vary between banks, depending on each bank's commercial policy, they concern for example the purchase of Greek public debt securities, the evaluation of mortgage loan applications, the payment of bills, the annual fee for credit cards, etc.

Each year, the Greek banks invest hundreds of millions of Euros in **enhancing the security and functionality of their technology infrastructure**, so that they can offer to their customers the possibility to instantly carry out an increasing number of digital **banking transactions at a lower cost.** By doing so, they contribute to the strengthening of electronic transactions and the consolidation of a modern transactional awareness.

Finally, each bank, depending on its commercial policy, carries out targeted commercial actions throughout the year (**loyalty programs rewarding its customers for their transactions using debit and credit cards**), in partnership with retail merchants. **For the Easter period** in particular, as was also the case in the recent Christmas holiday period, each bank is planning its own actions that offer significantly higher and reciprocal benefits in categories that cover basic needs of the Customers, such as super market purchases, fuel, clothing and other expenses.