



EUROPEAN CENTRAL BANK
BANKING SUPERVISION

Danièle NOUY

Chair of the Supervisory Board

Ms Eva Kaili
Member of the European Parliament
European Parliament
60, rue Wiertz
B-1047 Brussels

Frankfurt am Main, 23 March 2018

Re: Your letter (QZ011)

Honourable Member of the European Parliament, dear Ms Kaili,

Thank you for your letter on Greek banks, which was passed on to me by Mr Roberto Gualtieri, Chairman of the Committee on Economic and Monetary Affairs, accompanied by a cover letter dated 6 March 2018.

Although the four Greek significant institutions (SIs) had an aggregate Common Equity Tier 1 (CET1) ratio of 17.1% as of December 2017, they still face major challenges, including the need to reduce their very high stock of non-performing exposures (NPEs), which amounts to around 50% of their total exposures, the highest ratio in all euro area countries.

As the ECB has pointed out on numerous occasions, it is of crucial importance for the economic recovery as well as for the forward-looking capital adequacy of the four Greek significant institutions, SIs for short, that they make swift progress on NPE reduction, in line with the targets that they have communicated to the ECB. The ECB will continue to monitor very closely their efforts in this respect. Furthermore, on-site inspections with a focus on NPE management at these SIs were conducted in 2017, or are currently ongoing.

The four institutions will undergo the same stress test as the other euro area banks that are included in the 2018 EU-wide stress test coordinated by the European Banking Authority.¹ However, in order that the stress test is completed before the end of the third adjustment programme, the timetable will be accelerated and the results are expected to be published in May.

On the available amount to be used for the recapitalisation of banks, we would suggest you raise this issue with the European Stability Mechanism.

Yours sincerely,

[signed]

Danièle Nouy

¹ <https://www.bankingsupervision.europa.eu/press/pr/date/2018/html/ssm.pr180131.en.html>