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Introduction

The Greek banking sector has demonstrated remarkable resilience and growth, emerging stronger from the challenges of the past decade. Recent developments, including significant privatisation efforts, mergers, credit rating upgrades and regulatory interventions reflect a sector in transition, balancing profitability with regulatory scrutiny while embracing digital transformation.

A key milestone in 2024 was the completion of re-privatisation of Greece's systemic credit institutions (CIs). Following previous reductions in state ownership of Eurobank, Alpha Bank and Piraeus Bank, the Hellenic Financial Stability Fund (HFSF), after completion of its divestments with the sale of a 10 per cent stake in National Bank of Greece was absorbed by the Hellenic Company of Assets and Participations. Additionally, September 2024 saw the merger of Attica Bank with Pancreta Bank, creating Greece's fifth-largest banking institution alongside the four systemically important banks.

The sector's strong performance has been reflected in its financial results. The four major systemic CIs by total assets[1] – Piraeus Bank (€76.4 billion), NBG (€74.5 billion), Alpha Bank (€66.7 billion) and Eurobank (€62.3 billion) – reported a collective profit of €4.7 billion for 2024, marking a 28.77 per cent increase from 2023, a growth primarily driven by higher net interest income and improved asset quality. However, growing concerns over excessive CIs profitability, coupled with a long-awaited report from the Hellenic Competition Commission regarding banking fees, led to new legislation imposing limits on fees for certain payment transactions.

January 2025 brought further positive momentum, as S&P Global Ratings upgraded the credit ratings of Greece's major banks due to an improved institutional environment and enhanced capital quality, while non-performing loan (NPL) ratios continued to decline, reaching an average of 3.3 per cent by September 2024.

Looking ahead, Greek CIs are prioritising capital enhancement, with an accelerated repayment of Deferred Tax Credits (DTCs) projected to conclude by 2034, seven years ahead of schedule. The industry is also undergoing rapid digital transformation, focusing on improving customer experience and operational efficiency. Strategic partnerships, such as Alpha Bank's collaboration with UniCredit and the rise of neobanks like Snappi (a joint initiative between Natech and Piraeus Financial Holdings) are reshaping Greece's financial landscape.

Year in review

In 2024 significant strides were made by Greek credit institutions (CIs), continuing their recovery from the severe impact of the financial crisis and the subsequent bailout agreements. Still, several challenges remain that could influence the sector's future.

Greek CIs continued progress in reducing non-performing loans (NPLs), a legacy of the financial crisis. Despite significant progress since the 2015 peak, NPLs still represent a non-negligible portion of CIs' portfolios. Key transactions included the involvement of private investors in distressed asset portfolios, with government support for the Hercules

Asset Protection Scheme extended into 2024, while in terms of legislative efforts, a stronger legal framework for NPL securitisation and asset transfers was identified as necessary to further accelerate the resolution of NPLs and improve the banking sector's stability. Meeting the European Central Bank (ECB)'s capital adequacy requirements has been an achievement for Greek CIs, but vigilance in risk management is necessary to ensure sustained financial stability.

Several transformative trends are shaping the Greek banking landscape.

Digital transformation stands at the forefront of this evolution. Greek CIs are increasingly investing in mobile banking applications, digital wallets and blockchain technologies to streamline operations and meet the growing demand for digital financial services. The covid-19 pandemic accelerated this shift, as more customers turned to online and mobile banking, prompting banks to enhance their digital offerings. This trend is likely to continue, with new players in the fin-tech space further disrupting the market.

Another notable development is the launch of digital-first banking services by one of Greece's major CIs in 2024, reflecting the broader trend in Europe towards branchless, fully online financial solutions. Additionally, the integration of distributed ledger technology (DLT), such as blockchain, into financial markets is becoming a significant focus. New laws, such as Law 5113/2024 (the Distributed Ledger Technology (DLT) Securities Law), are aimed at fostering innovation while ensuring regulatory alignment with EU standards.

With the EU's Green Deal and global calls for environmental responsibility, Greek CIs are further aligning their lending practices with sustainability criteria, a shift which includes investments in green bonds, renewable energy projects and environmentally friendly infrastructure. However, the sector still faces challenges in implementing clear environmental, social and governance (ESG) guidelines, and further legal developments are expected to guide the integration of sustainability into financial decision-making.

Continuing market consolidation is another key trend. The merger of Attica Bank and Pancreta Bank in 2024, forming Greece's fifth-largest lender, reflects broader efforts to streamline the banking sector. This consolidation is expected to increase operational efficiency and strengthen the financial system's competitiveness.

Overall, the Greek banking sector is navigating a complex transformation, marked by substantial progress in digitalisation, regulatory modernisation and market consolidation. While challenges remain, the sector is positioning itself for long-term growth through innovation, sustainability and legislative improvements. The path forward will involve continuous adaptation to both domestic and global financial trends, ensuring that Greek CIs remain resilient, competitive and well prepared for future challenges.

The regulatory regime applicable to banks

Main legal framework

The regulatory regime is primarily shaped by EU law, with domestic provisions supplementing these rules. Most EU banking directives are incorporated into Greek law nearly verbatim, as most areas are regulated by legislation of maximum harmonisation

while EU regulations are of direct application and supersede any local provision to the contrary. Consistent with EU principles, Greek legislation emphasises stability of the banking system via rules covering CIs' licensing, corporate governance, business conduct, deposits' guarantee, prudential supervision, consumers' protection, market efficiency, and recovery and resolution.

The main legal framework applicable to CIs in Greece includes:

1. Law 4261/2014,[2] which implemented, through various amendments,[3] Directives 2013/36/EU (CRD IV) and 2019/878/EU (CRD V)[4] into Greek law as also European Regulations 575/2013 (CRR), 2019/876 (CRR 2) and 2024/1623 (CRR 3);
2. Law 4370/2016 concerning deposits protection in Greece, as in force, which transposed into Greek law Directive 2014/49/ EU (the Directive on Deposit Guarantee Schemes);
3. Law 2251/1994 on consumer protection, as amended and codified by Ministerial Decision 5338/2018, which is currently in force (the Consumer Protection Law);
4. Law 4557/2018, as amended[5] (the AML Law) which sets out the anti-money laundering and countering the financing of terrorism (AML/CFT) framework, which transposed into Greek law European Directives 2015/849/EU (4th AML Directive), 2018/843/EU (5th AML Directive) and 2018/1673/EU;
5. Law 4335/2015, as amended, which implemented into Greek law European Directives 2014/59/EU (BRRD) and 2019/879/EU (BRRD II) on the recovery and resolution of CIs and investment firms;
6. Law 4514/2018 as amended by Law 4920/2022 which implemented into Greek legislation the European implements the Markets in Financial Instruments Directive II;[6]
7. Law 4537/2018 concerning the provision of payment services, which transposed European Directive 2015/2366/EU (PSD2) into Greek law;
8. Law 1665/1986, as amended[7] and in force, concerning financial leasing;
9. Law 4624/2019 on the Hellenic Data Protection Authority, the implementation of Regulation 2016/679 and the transposition of Directive 2016/680 (the Greek Data Protection Law); and
10. CIs operating in the form of credit cooperatives shall comply with the provisions of Law 1667/1986 on civil cooperatives.[8]

Most of the above-mentioned laws are further supplemented by administrative acts issued by the Executive Committee and the Governor of the Bank of Greece (BoG).

Activities

Depending on their licence, Greek CIs may perform all banking activities listed in Annex I of CRD IV[9] and provide all investment services as well as ancillary investment services set out in Law 4514/2018 (as amended and in force).

Securities' activities in Greece are primarily governed by Law 4514/2018 which was amended by Law 4920/2022 and transposed into Greek law the IFD and the Markets in Financial Instruments Directive II (MiFID II).

Banking monopoly

Individuals or legal entities who do not hold a banking licence are not permitted to accept deposits or other repayable funds from the public. Additionally, offering credit or financing on a professional basis is a regulated activity in Greece, restricted to licensed CIs or specific financial entities, such as authorised credit companies or micro-finance institutions.

Legal form of CIs in Greece

CIs may be established and operate in Greece[10] only in the form of (1) a *société anonyme*; (2) a cooperative bank of Law 1667/1986; (3) a European Company (SE) under Regulation (EC) No. 2157/2001 (OJ L 294); or (4) of the European Cooperative Society (SCE) of Regulation (EC) No. 1435/2003.

EU CIs operations in Greece

EU credit institutions can operate in Greece under the passporting regime by establishing a branch, or on a cross-border basis or both ways following notification to their home state supervisory authority which is transmitted to the BoG. The BoG can impose sanctions only if the home state fails to act or in urgent cases. These branches may also need to comply with Greek laws on governance, labour, consumer protection and AML-CFT.

Non-EU CIs operations in Greece

The establishment and operation of branches of credit institutions established in third countries as also their prudential supervision and withdrawal of authorisation is regulated by law 4261/2014 and Act No. 58/18.1.2016 of the BoG's Executive Committee. Such requirements are stricter and BoG's necessary prior authorisation is based on the reciprocity principle. Before operating, they must establish, inter alia, an endowment capital equal to €9 million. The Bank of Greece supervises their liquidity and ensures they are not treated more favourably than EU banks. Authorised branches must submit annual reports on assets, liquidity, governance, risk management and recovery plans.

Supervision

According to Article 55 of its Statutes, the BoG exercises prudential supervision over, inter alia, CIs, certain financial institutions, insurance and reinsurance undertakings, insurance distributors, as well as financial institutions under liquidation. Accordingly, the BoG closely cooperates with the single supervisory mechanism (SSM) as established by Council Regulation (EU) No. 1024/2013, according to the cooperation framework set out in Regulation (EU) No. 468/2014. The ECB directly oversees the prudential supervision of

systemically important banks (SIs) across the Eurozone, including Greece, while the BoG is responsible for supervising less significant institutions (LSIs).

Regarding investment firms, capital markets and securities transactions, the Hellenic Capital Market Commission (HCMC) exercises a supervisory role.

The main BoG priorities for 2025 are expected to focus on the following main areas:

1. economic growth and stability: the BoG projects that Greece's economy will grow by 2.5 per cent in 2025, an increase from the 2.3 per cent growth rate in 2024; this positive outlook is attributed to anticipated upgrades in the country's credit rating and robust investment spending, supported by European funding;
2. fiscal responsibility: maintaining a high primary surplus, around 2.5 per cent of GDP, is a priority to further strengthen public debt sustainability; this involves particularly enhancing public investment planning and utilisation of public assets and ensuring efficient management of social spending;
3. banking sector oversight: the BoG continues to focus on improving the quality of CIs capital, addressing the substantial share of deferred tax credits (DTCs) in prudential capital; efforts are also directed towards reducing liquidity and funding risks, with banks maintaining buffers above prudential requirements and the EU average;
4. credit and deposits: monitoring credit and deposit trends remains crucial; as of January 2025, the annual growth rate of total credit extended to the domestic economy increased to 7.1 per cent, while the growth rate of total deposits decreased to 4.3 per cent; and
5. collaboration with government Initiatives: the BoG is expected to support government plans aimed at reducing CI fees and charges for retail transactions, thereby assisting households in coping with the high cost of living.

Prudential regulation

Relationship with the prudential regulator

The Bank of Greece (BoG), in collaboration with the European Central Bank (ECB) under the single supervisory mechanism (SSM), supervises prudential regulation by applying a structured and risk-focused bank examiner approach, integrating European supervisory mechanisms while maintaining national oversight.[11] It ensures the Greek banking system remains stable, well-capitalised and compliant with EU regulations.

The main axes of the BoG supervisory framework can be summarised as follows.

Risk-based supervision

The BoG follows a risk-based approach, prioritising banks based on their size, complexity and risk exposure. SIs are directly supervised by the ECB, with the BoG assisting in joint

examinations, while less significant institutions (LSIs) are fully supervised by the BoG using risk assessments.

On-site and off-site supervision

On-site examinations: (1) conduct in-depth reviews of financial records, internal controls, risk management and governance; (2) assess compliance with banking laws, capital adequacy and liquidity requirements; and (3) examine credit risk exposure, loan portfolios, and asset quality. Off-site monitoring: (1) continuous surveillance of banks using financial statements, regulatory reports and risk indicators; and (2) use of early warning systems to detect potential financial instability.

CAMELS rating system

The BoG evaluates banks using the CAMELS framework, assessing:

1. capital adequacy (ensuring compliance with Basel III requirements);
2. asset quality (monitoring NPLs);
3. management soundness (evaluating governance & risk control);
4. earnings stability (profitability & revenue trends);
5. liquidity risk (ability to meet short-term obligations); and
6. sensitivity to market risks (stress tests for economic shocks).

Stress testing and scenario analysis

Conducting of EU-wide stress tests in collaboration with the ECB and the European Banking Authority (EBA) and evaluating how banks perform under adverse economic scenarios, such as recessions or financial crises and ensure banks maintain sufficient capital buffers to absorb shocks.

Regulatory compliance and enforcement

This ensures banks follow EU banking laws, including: (1) the capital requirements regulation (CRR) and Directive (CRD IV/V); (2) anti-money laundering and counter-terrorism financing (AML/CTF) rules; and (3) consumer protection and fair lending practices. It takes corrective measures if a bank violates regulations: (1) requires capital increases or risk reduction strategies; (2) imposes restrictions on operations if serious weaknesses are found; and (3) can replace management or revoke licenses in extreme cases.

Collaboration with the ECB and SSM

The BoG plays an active role in the joint supervisory teams (JSTs) of the ECB for major banks. It participates in the supervisory review and evaluation process (SREP), which determines capital requirements and risk management standards for Greek banks and

works with the single resolution mechanism (SRM) to handle failing banks and ensure financial stability.

Reporting and disclosure

CIs are required to submit supervisory data to the BoG in compliance with both European[12] and national[13] regulatory frameworks. Reporting includes capital adequacy, liquidity and risk exposures, financial stability, NPLs, high earners, diversity practices and remuneration policies, deposit guarantee scheme (DGS) reporting, recovery and resolution reporting, consumer credit reporting, Digital Operational Resilience Act (DORA) reporting, sustainability and environmental, social and governance (ESG) reporting, and reporting on loans and credits. Listed entities must also meet specific reporting obligations to the Hellenic Capital Market Commission (HCMC).

The BoG promotes transparency through a supervisory disclosure framework,[14] providing public access to regulatory guidelines, methodologies and aggregate data. Key areas of regulatory focus include capital adequacy, liquidity, governance, consumer protection and AML/CFT compliance.

Management of CIs

CIs are subject to strict corporate governance requirements under Law 4261/2014, BoG Acts covering, inter alia, internal organisation and governance,[15] outsourcing[16] and IT security, as well as EBA Guidelines on internal governance, which the BoG has confirmed its compliance with. Consequently, CIs shall maintain strong governance, including a clear structure, risk management processes, internal controls and sound remuneration policies. Diversity policies must be integrated into nomination procedures for board of directors (BoD) members, senior managers and key function holders.

Governance arrangements shall align with the CIs' size, risk profile and activities. Key requirements include:

1. BoD: responsible for strategy, risk oversight and governance; at least two executive members must direct operations, while at least one (or in some cases two) must be independent non-executives; the BoD Chairman cannot serve as CEO;
2. committees: CIs must have an audit, risk management, a nomination and remuneration committee, among others, based on their size and structure;
3. functions: CIs must have internal audit, risk management, compliance, AML-CFT, IT security, finance and complaints handling functions. Outsourcing arrangements are possible if made in accordance with the provisions of Act 178/2.10.2020 of the Executive Committee of the BoG;[17]
4. code of conduct: compliance organisation requirements stemming from the BoG Act 392/2021 and Greek Law 4224/2013 are required when granting credit;
5. corporate governance: listed institutions must further comply with Greek Law 4706/2020 and the voluntary Hellenic Corporate Governance Code (2021), which guides best practices based on company characteristics; and
6.

code of ethics: the BoD must adopt a Code of Ethical Conduct for management and staff.

Legal and regulatory duties of CIs' management

The BoD holds ultimate responsibility for the CIs' strategy, risk management and governance. Senior management (including key function holders) is appointed by the BoD, while BoD members are elected by shareholders. The BoD is responsible for defining and overseeing governance arrangements to ensure effective management and avoid conflicts of interest. Key responsibilities include approving and monitoring strategic objectives, risk strategy and internal governance, providing oversight of senior management, overseeing the CIs' disclosure process and ensuring integrity of financial reporting, operational controls and legal compliance.

Selection criteria, assessment and composition

All BoD and senior management candidates are selected on the basis of suitability criteria, such as honesty, integrity, independence, knowledge and diversity promotion and undergo a 'fit and proper'[18] assessment by the BoG or ECB to ensure they have the necessary reputation, skills and experience to perform their duties with integrity and independence (individual suitability). The BoD as a whole must also have sufficient collective knowledge and experience to understand and manage the CIs' activities and risks (collective suitability).

The BoD is assisted by committees – such as audit, risk management, nomination and remuneration – in the fulfilment of its governance duties.

Management structures for subsidiaries

In banking groups, the parent entity's BoD oversees group-wide strategy and ensures consistency across subsidiaries. CIs that are subsidiaries of foreign entities practically operate under a dual compliance framework, in that they align their governance structures with both local regulations and the parent company's policies to ensure consistency in decision-making. Local management teams are often appointed by the parent company, and key decisions, such as credit commitments, may require approval from the parent company's BoD, particularly when they impact the group's risk profile or capital allocation.

Remuneration

CIs must comply with the remuneration requirements set out in Law 4261/2014[19] and the BoG Act 231/1/15.07.2024, which incorporates the EBA Guidelines on sound remuneration policies[20] to ensure that staff incentives do not encourage excessive risk-taking. Such policies must be tailored to the size, structure and complexity of the CI.

To this end, CIs must identify categories of staff whose professional activities have a material impact on the CIs' risk profile. This includes the BoD Members, senior management, staff overseeing key control functions and individuals whose remuneration

exceeds a specific annual threshold, provided their activities significantly influence the risk profile of the CIs' business units.

The remuneration policy must include clear guidelines on fixed and variable pay and cover aspects such as pension plans, early retirement frameworks and gender-neutral practices. Policies for identified staff whose activities materially affect the CIs' risk, must ensure that their remuneration is in line with the CI's risk profile and business strategy, including environmental, social and governance (ESG) targets. The BoD members are tasked with reviewing and overseeing the policy's implementation, ensuring it promotes effective and prudent management. Additionally, CIs must conduct an annual self-assessment to identify any staff whose roles could materially impact the CIs' risk profile and ensure compliance with reporting obligations to the BoG.

Actually, the variable component of remuneration cannot exceed 100 per cent of the fixed component, through it can rise to 200 per cent with shareholders' approval while CIs must strike a balance between immediate and deferred variable remuneration to align with risk and performance. At least 40–60 per cent of variable pay must be deferred, with senior executives being subject to a deferral period of at least four to five years. The policies must also include malus and clawback provisions, which allow for reductions or recovery of pay in case of poor performance, misconduct or financial instability. At least 50 per cent of both deferred and non-deferred remuneration must be paid in instruments such as shares or equity-linked assets to ensure long-term alignment with the CIs' performance and stability.

Regulatory capital and liquidity

Elements of regulatory capital

The capital adequacy and regulatory capital requirements for CIs are primarily governed by the CRR and the CRD IV, transposed by Law 4261.[21] CIs shall maintain a minimum initial paid-up capital of € 18 million while their capital resources may consist of a mix of Common Equity Tier 1 Capital,[22] Additional Tier 1 Capital,[23] and Tier 2 Capital.[24]

Principal regulatory capital deductions include (1) goodwill and intangible assets (fully deducted from CET1); (2) deferred tax assets (DTAs) that rely on future profitability (unless backed by eligible government guarantees); (3) holdings of own shares (treasury shares); (4) investments in financial institutions that exceed regulatory thresholds; (5) securitisation positions that do not meet capital requirements; (6) expected loss shortfalls (where expected credit losses exceed provisions); and (7) regulatory filters, such as unrealised gains or losses on certain instruments.

Own funds requirements

CIs are required to meet the following own-funds requirements, expressed as a percentage of their total risk exposure:

1. 4.5 per cent Common Equity Tier 1 Capital ratio;
2. 8 per cent Total Capital ratio; and

3. 3 per cent Leverage ratio.

Liquidity

Regarding liquidity, the CRD IV and CRR, as amended establish quantitative standards, including the Liquidity Coverage Ratio (LCR) and the Net Stable Funding Ratio (NSFR) both of which must not be less than 100 per cent at all times.[25]

Buffer requirements

The CRD also introduces several prudential buffers, including the capital conservation buffer (2.5 per cent), the countercyclical capital buffer (0.25 per cent),[26] the Global Systemically Important Institutions (G-SII) buffer,[27] the systemic risk buffer (ranging from 1 per cent to 5 per cent of risk-weighted assets, not applicable in Greece) and the Other Systemically Important Institutions (O-SII) buffer.

In addition to these quantitative requirements, the BoG or ECB may impose Pillar 2 Requirements (P2R) based on findings from the Supervisory Review and Evaluation Process (SREP). The additional required capital also includes the Pillar 2 Guidance (P2G), which is non-binding and serves as advisory recommendation.

To enhance the resolvability, in addition to the required own funds, CIs must maintain a Minimum Requirement for Own Funds and Eligible Liabilities (MREL), determined on an annual basis per CI. To meet the MREL, Greek CIs have issued in recent years AT1 capital instruments, T2 capital and senior unsecured bonds.

Consolidated (group) supervision

This applies at the level of the highest EU group entity whose subsidiaries are CIs or other regulated entities engaging in broadly financial activities, with the BoG[28] or ECB conducting group-wide evaluations, including stress tests, capital assessments and internal governance evaluations. Where the parent entity is based outside the EU, local capital and liquidity buffers are required for branches of non-EU banks; however, these branches are generally not subject to consolidated supervision unless they are deemed systemically important.

Recovery and resolution

The recovery and resolution framework in Greece is primarily governed by Law 4335/2015, which transposes the Bank Recovery and Resolution Directive (BRRD) and its amendments, including Law 4799/202 which transposed BRRD II. Under this framework, the BoG serves as the national resolution authority for Greek CIs, while the Single Resolution Board (SRB) oversees systemic CIs under the Single Resolution Mechanism (SRM).

The BoG and SRB have several resolution tools for failing CIs, including:

1. sale of business – transferring shares or assets to a private purchaser;
2. bridge institution – temporary transfer to a state-controlled entity;

3. asset separation – moving troubled assets to an asset management vehicle; and
4. bail-in – converting or writing down certain liabilities.

As a last resort, public financial stabilisation may occur, with state equity support or temporary public ownership, but only after shareholders and creditors absorb at least 8 per cent of liabilities.

Greek CIs must submit recovery and resolution plans (RRPs) to the BoG and SRB, detailing strategies for financial distress scenarios in line with EBA guidelines on recovery planning.[29] A key requirement is ensuring resolvability in a crisis, enabling orderly wind-down while preserving critical functions like deposit-taking and payment services, and minimising taxpayer-funded bailouts or market disruption. To enhance resolvability, CIs must issue MREL-compliant debt, strengthen governance and risk management, improve operational continuity and enhance crisis management capabilities under BoG and ECB supervision.

Under Law 4335/2015, the BoG and SRB have bail-in powers to write down or convert certain liabilities into equity when a CI is failing or likely to fail. Eligible liabilities include senior unsecured and subordinated debt, while certain liabilities such as covered deposits (up to €100,000), secured liabilities and operational liabilities are excluded.

To meet MREL requirements, Greek credit institutions have issued senior preferred bonds, AT1 capital instruments[30] and Tier 2 capital bonds.[31] Senior unsecured bonds are also included in the bail-in framework and may be written down or converted into equity upon the occurrence of specific triggers related to the credit institution's failure.

CIs must submit RRPs to the BoG and SRB, outlining strategies for financial distress scenarios. The BoG Act 222/1/2.11.2023 aligns Greek requirements with EBA guidelines on recovery planning.[32]

Conduct of business

Consumer protection

Greek consumer protection law, established by Law 2251/1994 as amended and codified by Ministerial Decision 5338/2018, regulates unfair commercial practices, misleading advertising and consumer credit. Amended to align with EU directives, it mandates credit institutions to provide clear, transparent information on products, fees and charges to prevent household over-indebtedness (Ministerial Decision 36919/2024).

For mortgage-related credit agreements, Law 4438/2016 (implementing Directive 2014/17/EU) enhances consumer protection, ensuring transparency and fairness. Consumers receive a European Standardised Information Sheet (ESIS) detailing key mortgage terms.

Additionally, the Bank of Greece (BoG)'s Act 2501/2002 requires banks to periodically inform customers about contract terms and mandates transparency in online transactions.

Banks must treat customers fairly, handle complaints per legal frameworks and collaborate with the Greek Banking Ombudsman.

Banking laws also regulate advertising, ensuring clarity and truthfulness. The BoG may intervene in cases of misleading claims. Distance marketing of financial services follows Directive 2002/65/EC, incorporated into Law 2251/1994, emphasising consumer rights in remote transactions.

Deposit protection

Bank deposits in Greece are protected according to Law 4370/2016 as amended under the Hellenic Deposit and Investment Guarantee Fund (HDIGF).[33] This scheme ensures that depositors are compensated in the event of a bank failure, in accordance with EU Directive 2014/49/EU on deposit guarantee schemes.

Key characteristics of the Greek Deposit Protection Scheme (TEKE) are as follows.[34]

Key characteristics of the Greek Deposit Protection Scheme

Coverage limit	• Deposits are protected up to €100,000 per depositor, per CI (including principal and accrued interest). • If a depositor has accounts in multiple CIs, each account is covered separately up to the above - mentioned limit. • Do not qualify as "deposit" for deposit protection purposes: (1) cash kept is safe - deposit boxes, (2) money amounts corresponding to prepaid card balances and electronic money in general, (3) dormant account balances and (4) deposit balances blocked by court - order or due to AML/CFT reasons.
Eligible depositors	• Individuals and businesses (both residents and non - residents). • Excludes, inter alia, financial institutions, government entities and certain investment firms.
Covered deposits	• Savings accounts, current accounts, term deposits and other standard deposit products. • Excludes, inter alia, structured deposits whose capital is not

	refundable at any time and at par, investment products and CDs.
Payout timeline	Compensation is payable within 7 working days from the date the CI is declared insolvent.
Joint accounts	Each account holder is protected up to €100,000 individually, meaning, for example, that a joint account with two holders is covered up to €200,000.
Temporary High Balances (THB)	Certain temporary high balances (e.g., from property sales, inheritance, insurance payouts, employment termination compensation, payment of various types of indemnities etc.) may receive additional protection for a limited period. Currently an additional coverage level of 300,000€ applies to THBs under strict conditions.

The HDIGF scheme is aligned with EU regulations to ensure financial stability and maintain public confidence in the banking system.

Transactions with related parties

Law 4548/2018 on *sociétés anonymes* restricts transactions with related parties unless they comply with corporate approval and disclosure requirements. For listed companies, related parties include those defined under IAS 24 and entities they control under IAS 27. For other *sociétés anonymes*, related parties cover board members, key executives, their close family members and entities they control.

Such limitations are applicable to CIs operating as *sociétés anonymes* in Greece.

Additionally, the Act of the Governor of the BoG 2577/9.3.2006 (as amended and in force) imposes extra conditions on transactions involving individuals with a special relationship,- [35] including internal approval procedures and loan documentation requirements. Further tax and accounting regulations also introduce additional formalities.

Confidentiality

CIs operating in Greece are legally bound by strict banking secrecy, prohibiting them from disclosing any non-public customer information obtained through or at the occasion of their banking relationship, resulting from various general clauses of the Greek Civil Code (the 'General Banking Secrecy'). This obligation extends to all financial and personal data related to banking activities. However, secrecy may be lifted with explicit customer consent or when required by law, such as during investigations into tax, criminal or financial offences, subject to strict conditions.

A separate professional secrecy obligation, established by Legislative Decree 1059/1971 as amended (the 'Special Banking Secrecy'), specifically protects customer related deposit

information,[36] preventing its disclosure to third parties except specific cases, including court-ordered disclosures to creditors for account seizures, AML/CFT -related violations, reporting to the BoG for regulatory and supervisory purposes as also responding to requests from tax and social security authorities regarding outstanding public debts. Additionally, the Special Banking Secrecy may be lifted in criminal investigations, particularly for evidence gathering in financial crimes or tax evasion cases, where institutions must report to the Ministry of Finance.

Violations of the secrecy obligations can lead to civil liability, fines or imprisonment. Furthermore, employees must maintain confidentiality even when complying with lawful investigations, such as those related to money laundering or terrorism financing. Breaching this duty may result in additional penalties, including fines or imprisonment.

NPLs

NPLs triggered a significant risk, particularly in the aftermath of the country's financial crisis. Their high volume resulted from the economic downturn, which led to widespread financial strain among households and businesses. In response, the Greek government has implemented various legislative measures to address this challenge, including restructuring programs and the creation of frameworks for debt resolution. A key institution in this effort is the General Secretariat of Private Debt Management, which plays a crucial role in coordinating solutions for individuals and businesses struggling with debt. One of its initiatives is the Private Debt Monitoring Registry, a platform that tracks private debt levels, offering a transparent system for managing outstanding liabilities and supporting efforts to reduce NPLs. Aligned with the aforementioned is the transposition of Directive 2021/2167 regarding credit servicers and credit purchasers under Law 5072/2023 titled 'Loans: Transparency, Competition, Protection of the Vulnerable'.

Payment services

The EU PSD2, dealing with payment services and enhancing the security of electronic payments, is implemented in Greece through Law 4537/2018.

Code of conduct

The Code of Conduct of Law 4224/2013 concerns the handling of overdue loans in Greece and aims to protect borrowers, ensure transparency and enhance the ethical conduct of banks and financial institutions. The Code of Conduct has recently been revised (BoG Act 392/31.05.2021) to better respond to current market needs and to strengthen the restructuring and settlement procedures of arrears.

Hellenic Corporate Governance Code

CIs listed on the Athens Stock Exchange (ATHEX) are required to comply with the corporate governance provisions outlined in Law 4706/2020 as amended. In addition to these legal requirements, in June 2021, the Hellenic Corporate Governance Council issued a new voluntary Hellenic Corporate Governance Code for listed companies. The Code aims to guide the development of corporate governance policies and practices, providing a flexible

framework for companies to adopt based on their individual characteristics. While it is not mandatory, the Code encourages listed companies to align their practices with its principles, ensuring improved transparency, accountability and corporate governance standards.

Possible sanctions

CIs and their directors, managers and staff can face civil, criminal and regulatory liability.

Civil liability

CIs may face civil claims from customers, investors or third parties due to breaches of contract, negligence or misconduct. Key sources include: (1) Greek Civil Code – governs contractual and tort liability for damages caused by unlawful or negligent actions; (2) Consumer Protection Law (Law 2251/1994) – imposes liability for unfair banking practices, misleading advertising and abusive contract terms; (3) Data Protection Laws (GDPR & Greek Law 4624/2019) – covers unauthorised disclosure or mishandling of customer data; and (4) Banking Secrecy Laws – allow customers to claim damages for breaches of confidentiality.

Criminal liability

Until recently, Greek law did not recognise criminal liability for legal entities, holding only their management accountable for criminal offences. Law 5090/2024, effective 23 February 2024, introduced independent legal liability of legal entities (including CIs) for bribery offences committed , aligning with OECD recommendations, the US FCPA and the UK Bribery Act.[37]

Criminal liability of management and staff members may particularly result from:

1. fraud (Article 386 of the Greek Penal Code) – covers fraudulent misrepresentation in banking transactions;
2. money laundering (Law 4557/2018) – criminalises failure to implement anti-money laundering (AML) controls;
3. tax evasion and financial crimes (Law 4174/2013) – accountability for aiding in tax evasion or financial misconduct;
4. breach of banking secrecy (Legislative Decree 1059/1971) – criminalises unauthorised disclosure of customer deposit information; and
5. market abuse and insider trading (Law 4443/2016, implementing MAR Regulation 596/2014) – penalises unlawful trading practices involving privileged information.

Regulatory liability

CIs must comply with financial regulations enforced by the BoG and HCMC. Key sources of regulatory liability include:

1. capital requirements and risk management (Law 4261/2014, CRD V/CRR II) – covers prudential obligations and capital adequacy rules;
2. AML/CFT (Law 4557/2018, implementing EU AML Directives) – imposes strict compliance requirements;
3. consumer and investor protection (MiFID II, Law 4514/2018) – regulates transparency and fair treatment in financial services;
4. resolution and recovery (Law 4335/2015, BRRD framework) – imposes obligations for crisis management and bank resolution; and
5. banking supervision (Law 4261/2014, aligned with ECB/SSM rules) – grants the BoG authority to impose fines and sanctions for regulatory breaches.[38]

Violations of these laws can result in fines, license revocation, sanctions against executives and in severe cases, criminal prosecution.

In addition, the President, the BoD members, the auditors, the competent directors and employees of a CI are liable to imprisonment or a fine, or both, unless a heavier penalty is provided for by another provision if they intentionally omit or falsify the entry of a significant transaction in the CIs books or if they submit false or inaccurate reports to the BoG or provide false or inaccurate information.

From a corporate law perspective, the BoD members are obliged to exercise a professional duty of care and may be held legally liable to the company for any harm resulting from actions or omissions that deviate from the standard due diligence typically expected of an average executive.

Funding

Greek CIs fund their activities through a combination of customer deposits, wholesale funding, capital markets and central bank liquidity facilities:

1. customer deposits – the primary funding source for Greek CIs, comprising retail and corporate deposits, which provide a stable and cost-effective financing base;
2. wholesale funding – CIs access interbank lending, repo transactions and bond issuances (covered bonds, senior and subordinated debt) to diversify funding sources;
3. securitisation and market instruments – some CIs securitise loan portfolios or issue debt instruments to raise funds in domestic and international markets; and
4. central bank liquidity – Greek CIs can utilise European Central Bank (ECB) liquidity facilities, including: (1) main refinancing operations (MROs) and long-term refinancing operations (LTROs) for short- and medium-term liquidity; (2) targeted LTROs (TLTROs) to support lending to businesses and households; and (3) emergency liquidity assistance (ELA) from the Bank of Greece (BoG) in exceptional cases when banks face liquidity shortages.

Greek CIs manage funding risks by maintaining liquidity buffers and ensuring compliance with ECB and BoG regulatory requirements, such as the Liquidity Coverage Ratio (LCR) and Net Stable Funding Ratio (NSFR).

Control of banks and transfers of banking business

Control regime

Greece has fully implemented the CRD IV Directive, which harmonises the regulation of qualifying holdings across the EU. The Bank of Greece (BoG) ensures compliance with CRD IV requirements, including the assessment of acquirers' suitability and the prevention of undue influence on banks' operations.

In Greece, the regulation of bank control and significant stakes in credit institutions falls under the authority of the BoG and the European Central Bank (ECB) in accordance with the Capital Requirements Directive IV (CRD IV) (2013/36/EU) and the Single Supervisory Mechanism (SSM) framework. If securities of the target credit institution have been offered to the public in Greece, the Hellenic Capital Market Commission (HCMC) also plays a regulatory role.[39] The applicable framework ensures that any individual or entity seeking to acquire control or a significant stake in a credit institution undergoes rigorous scrutiny to safeguard financial stability and protect depositors and investors.[40]

Approval process for the acquisition of qualifying holdings

Thresholds for regulatory approval

Under Greek law, any (direct or indirect) acquisition by any individual or legal entity (a 'Person') of a qualifying holding (defined as 10 per cent or more of the share capital or voting rights in a CI headquartered in Greece or as a stake which makes it possible to exercise a significant influence over the management of that CI) requires prior regulatory approval. Additional thresholds triggering approval include acquisitions exceeding 20 per cent, 33.33 per cent or 50 per cent of shares or voting rights or transactions turning the CI into a subsidiary of the acquirer. The same applies if the acquirer intends, through written or other agreements or by acting jointly with other persons, to exercise control over the CI.[41]

Any Person who has decided to acquire or further increase, directly or indirectly, an existing participation in a CI, so that the percentage of voting rights or share capital held reaches or exceeds the 5 per cent threshold, must first notify the BoG and disclose the percentage of the new participation. If such participation enables the exercise of significant influence to the CI, the prospective acquirer must complete and submit the required questionnaires mentioned below.

Any Person who acquires or increases its existing participation in a CI to the extent that it becomes one of the 20 largest shareholders of the CI must notify the BoG of its identity and participation percentage. The BoG may request the submission of the relevant questionnaires mentioned below.

The BoG may request information as well as the submission of the relevant questionnaires from any Person who holds or acquires, directly or indirectly, a participation or voting rights exceeding 1 per cent of the share capital of the CI.

Application process

The prospective acquirer must submit to the BoG (which collaborates with the ECB for SIs under the single supervisory mechanism (SSM)) an application which must include duly completed 'Questionnaires for the Assessment of the Proposed Participation Acquisition'[42] and their Annexes which include, inter alia, information on the acquirer's identity, financial standing and reputation, the source of funds for the acquisition and a detailed three-year business plan outlining the acquirer's intentions for the CI,[43] including strategic goals, corporate governance, risk management and compliance with regulatory requirements.

Main assessment criteria

The BoG (and ECB) assesses the application based on the acquirer's financial soundness and ability to support the CI, the integrity and professional qualifications of the acquirer, and the potential impact on the bank's governance, risk management, AML/CFT standards and financial stability.

Treatment of indirect acquisitions

The regulatory framework treats indirect acquisitions (e.g., via holding companies) similarly to direct acquisitions. Consequently, any proposed shareholding in an existing shareholder entity of a CI that results in indirect acquisition of a qualifying holding of the CI is subject to similar process and the same thresholds.

Business plan requirements

A detailed business plan is mandatory for regulatory approval of an acquisition of a significant stake in a CI or its holding company. The plan must demonstrate, inter alia, the acquirer's strategic vision for the CI, plans for maintaining adequate capital and liquidity and measures to ensure compliance with regulatory requirements and safeguard financial stability.

Regulatory issues in structuring CI acquisitions

Acquiring person

The acquiring person may be an EU or a non-EU resident without discrimination. However non-EU Persons residing or established in countries which do not dispose of an AML regulatory regime equivalent to EU one may face additional scrutiny.

Restrictions on acquisition financing

Greek law imposes restrictions on the ability of a target CI to provide security or financial assistance for the repayment of acquisition finance. This is to prevent the misuse of the bank's assets and ensure the protection of depositors and creditors.

Cross-border acquisitions

For cross-border acquisitions, the BoG coordinates with the relevant supervisory authorities in other EU Member States to ensure compliance with the EU's prudential framework.

Transfers of banking business

The transfer of CI business, including the transfer of deposits, loans and other associated assets and liabilities, is governed by a combination of statutory provisions, regulatory oversight and judicial processes. A CI may transfer all or part of its business to another entity under certain legal frameworks, subject to regulatory approval and in line with specific procedures that balance the interests of the institutions involved and their customers.

Legal and regulatory framework

Greek law permits the transfer of CI business without the explicit consent of customers in certain circumstances. The process is primarily regulated by provisions of the Greek Civil Code and BoG regulations while the transfer process is conducted under the supervision of the BoG and the ECB, particularly in cases involving cross-border mergers or acquisitions within the EU.

Mergers and acquisitions (M&A)

The most common method for transferring a banking business in Greece is through mergers or acquisitions. Under the Greek Companies Act and relevant EU directives, a CI may transfer its business to another CI via the acquisition of shares or assets. This process may include deposits, loans, securities and other business operations. In such cases, customer consent is typically not required, as the transfer is considered a corporate transaction affecting the entities involved rather than individual customer agreements. However, customarily clients are notified of the transfer in a timely manner, with the option to close their accounts or maintain their business under the new entity's terms.

Transfer of deposits and loans

The transfer of deposits and loan arrangements from one CI to another may occur under the umbrella of mergers, business sales or insolvency procedures. When this occurs, it generally happens in a way that does not require the consent of the individual customers involved. However, customers are typically notified of the transfer and provided with the option to withdraw their deposits or seek alternative arrangements.

Statutory and judicial processes

The Bankruptcy Code and the Law on the Resolution of Credit Institutions in Distress allow for certain asset transfers, including deposits and loans, without individual customer agreement. Additionally, the Bank Recovery and Resolution Directive (BRRD) plays a significant role, particularly in the case of distressed CIs, by enabling the transfer of assets and liabilities to a solvent entity to stabilise the banking system.

Where judicial processes are required, they generally relate to the approval of the transfer under competition law (European Commission or Greek competition authorities) or the judicial oversight of asset liquidation or bankruptcy proceedings.

Customer rights and notification

Although customer consent is not a precondition for such transfers, Greek banking law requires that customers are informed of the changes resulting from the transfer. Notification must be provided within a reasonable time frame, typically at least two months before the transfer takes effect. This gives customers an opportunity to make informed decisions about their financial arrangements.

In the case of loan agreements, the transfer does not change the terms and conditions of the contract, and customers are still obliged to fulfill their financial commitments. However, they may request a transfer to another institution or renegotiate their terms with the new bank.

Outlook and conclusions

The Greek banking sector has undergone major structural changes, driven by deleveraging, privatisation and regulatory reforms. The full re-privatisation of systemic banks following the withdrawal of the Hellenic Financial Stability Fund (HFSF) assisted CIs to expand their role in financing businesses and infrastructure. Recovery and Resilience Facility (RRF) funds under Greece 2.0 have played a key role in supporting investments in green energy, digital transformation and tourism. Meanwhile, market consolidation, exemplified by the 2024 merger of Attica Bank and Pancreta Bank, highlights the sector's push for increased stability and competitiveness in line with European trends.

Sustainability and climate-related risk management have become top priorities for Greek CIs, following the implementation of the EU's Corporate Sustainability Reporting Directive (CSRD) in January 2025. Additional obligations under the Corporate Sustainability Due Diligence Directive (CSDDD) will further shape environmental, social and governance (ESG) commitments by 2026/27. Regulatory scrutiny from the European Central Bank (ECB) and the Bank of Greece (BoG) is expected to intensify, particularly in stress testing and capital adequacy planning, reinforcing the growing emphasis on climate resilience in banking.

Digital transformation remains central to banking modernisation, with Greek institutions investing in fintech, blockchain and artificial intelligence. Greece is actively participating in the European Blockchain Partnership (EBP) and the European Blockchain Services Infrastructure (EBSI), initiatives aimed at expanding blockchain applications across Europe. The enactment of Law 5113/2024 supports the adoption of Distributed Ledger Technology (DLT), while the Digital Operational Resilience Act (DORA), effective from

January 2025, mandates enhanced cybersecurity and ICT risk management. Regulatory changes in cryptoassets are also underway, with the full application of the EU's Markets in Cryptoassets Regulation (MiCAR) from December 2024. Greek regulators are expected to provide guidance as institutions transition from national laws to the MiCAR framework by mid-2026.

Looking ahead, Greek banks must adapt to an increasingly complex regulatory landscape while maintaining financial stability and competitiveness. AI and automation will play a growing role in financial services, requiring compliance with the EU AI Act, set to be fully operational by 2026. The sector's ability to balance sustainability reporting, digital resilience and financial innovation will define its long-term success. With Greece aligning closely with European regulatory frameworks, its financial institutions must remain agile in adopting new technologies while ensuring compliance with evolving governance standards. The ability to integrate these changes effectively will be crucial for ensuring resilience and positioning Greek credit institutions as strong players in the broader European and global financial system.

Endnotes

1 As of 1 December 2024. ^ Back to section

2 Law 4261 regulates the establishment, licensing, operation and corporate governance of CIs established in Greece, and contains provisions concerning capital buffers to be maintained by CIs (in addition to the CRR requirements), powers of the supervisory authorities including penalties that they may impose on CIs, prudential supervision of CIs and the passporting procedure concerning third-country CIs wishing to provide services in Greece. ^ Back to section

3 Primarily amended by Law 4799/2021 (transposing EU Directive 2019/878 (CRD IV) into Greek law) and by Law 4920/2022 (transposing EU Directive 2019/2034 (IFD) into Greek law). ^ Back to section

4 Greece shall transpose the CRD VI provisions into national law by 10 January 2026 and apply the new rules from 11 January 2026 onwards. ^ Back to section

5 By Laws 4734/2020 and 4816/2021. ^ Back to section

6 Law 4706/2020, as amended by Law 4920/2020, implements Directive 2017/828 (SRD II) as regards the encouragement of long- term shareholder engagement. ^ Back to section

7 Particularly by the provisions of Law 4887/2022 which 'opened' the financial leasing market to Greek retail clients. ^ Back to section

8 CIs operating in the form of a *société anonyme* shall also comply with the provisions of Law 4548/2018 and further, if listed, with the provisions of capital market legislation and with law 4706/2020 on corporate governance. ^ Back to section

9 (1) Taking deposits and other repayable funds; (2) lending including, inter alia: consumer credit, credit agreements relating to immovable property, factoring, with or without recourse, financing of commercial transactions (including forfeiting); (3) financial leasing; (4) payment services as defined in point (3) of Article 4 of Directive (EU) 2015/2366 of the European Parliament and of the Council; (5) issuing and administering other means of payment (e.g., travellers' cheques and bankers' drafts) insofar as such activity is not covered by point (4); (6) guarantees and commitments; (7) trading for own account or for account of customers in any of the following: (a) money market instruments (cheques, bills, certificates of deposit, etc.), (b) foreign exchange, (c) financial futures and options, (d) exchange and interest-rate instruments; (e) transferable securities; (8) participation in securities issues and the provision of services relating to such issues including underwriting; (9) advice to undertakings on capital structure, industrial strategy and related questions and advice as well as services relating to mergers and the purchase of undertakings; (10) money broking; (11) portfolio management and advice; (12) safekeeping and administration of securities; (13) credit reference services (including customer credit rating); (14) safe custody services; (15) issuing electronic money including electronic-money tokens as defined in Article 3(1), point (7), of Regulation (EU) 2023/1114 of the European Parliament and of the Council; (16) issuance of asset-referenced tokens as defined in Article 3(1), point (6), of Regulation (EU) 2023/1114; and (17) crypto-asset services as defined in Article 3(1), point (16), of Regulation (EU) 2023/1114. ^ Back to section

10 Article 8 of Law 4261/2014. ^ Back to section

11 The BoG applies the Supervisory Review and Evaluation Process (SREP) to assess CIs' business models, internal governance, capital adequacy and liquidity risks, alongside the Capital Assessment Methodology and the Securitisation Assessment Methodology. ^ Back to section

12 Stemming mainly from the CRR, the CRD, Commission Implementing Regulations (EU) 2021/451 and 2021/453, as in force as amended (2022/1994, 2024/855), as well as the EBA Technical Standards, Guidelines, Recommendations and Opinions. ^ Back to section

13 Mainly defined by BoG's Governor Act 2651/20.1.2012, as in force. ^ Back to section

14 In line with the Commission Implementing Regulation (EU) No. 650/2014 of 4 June 2014 laying down implementing technical standards with regard to the format, structure, contents list and annual publication date of the information to be disclosed by competent authorities in accordance with Directive 2013/36/EU of the European Parliament and of the Council, adopted to ensure the comparability of supervisory disclosures of different EU supervisory authorities. ^ Back to section

15 BoG Governor's Act 2577/2006. ^ Back to section

16 BoG Executive Committee Act 178/5/2.10.2020. ^ Back to section

17 In line with EBA Guidelines EBA/GL/2019/02. ^ Back to section

18 Key function holders (such as heads of internal audit, risk management, compliance, CFO and MLRO) are also subject to these requirements and assessments, as defined by BoG Act 224/21.12.2023. These individuals must also submit a completed 'fit and proper' questionnaire through the CI. ^ Back to section

19 As supplemented by provisions of Law 4548/2018 for listed CIs concerning minimum content requirements, remuneration reports, and employee share schemes. ^ Back to section

20 EBA/GL/2021/04. ^ Back to section

21 CRD V and BRRD II were implemented in Greece by Law 4799/2021. ^ Back to section

22 (1) Ordinary shares (fully paid-up and issued); (2) share premium accounts; (3) retained earnings; (4) accumulated other comprehensive income; (5) eligible reserves (statutory and other disclosed reserves); (6) minority interests (in specific cases); and (7) regulatory adjustments and deductions. ^ Back to section

23 (1) Perpetual subordinated bonds (they shall have no fixed maturity and cannot be redeemed at the issuer's discretion before at least five years. They also must be deeply subordinated, meaning they rank below other debt but above Common Equity Tier 1 (CET1) in a liquidation scenario); (2) non-cumulative preference shares (i.e., they provide dividends only if the issuing CI has sufficient distributable profits while dividends are discretionary, in the sense that the CI can suspend payments without triggering an event of default); and (3) other hybrid capital instruments (i.e., instruments which combine characteristics of both equity and debt and are perpetual and loss-absorbing under stress conditions). All AT1 instruments shall present the following key features: (1) loss absorption: must automatically convert into Common Equity Tier 1 (CET1) or be written down if the CI's CET1 ratio falls below a certain threshold; (2) discretionary coupons: interest payments (coupons) can be canceled at any time without triggering default; (3) no maturity date: unlike Tier 2 capital, AT1 instruments do not have a set maturity date; and (4) callable after five years: issuers can redeem AT1 instruments only after five years, subject to regulatory approval. Such instruments provide Greek CIs with a flexible way to strengthen their capital base while meeting EU regulatory requirements. ^ Back to section

24 (1) Subordinated debt instruments (with a minimum original maturity of at least five years, subordinated to general creditors but ranking above AT1 and CET1 instruments, early repayment is not allowed unless regulatory approval is obtained); (2) certain hybrid instruments that do not qualify as AT1 but still absorb losses in stress scenarios; and (3) general credit risk provisions (up to a limit). All Tier 2 Capital Instruments of Greek CIs shall present the following characteristics: (1) loss absorption: while they do not automatically convert into equity like AT1 instruments, Tier 2 instruments provide capital support in case of financial distress; (2) fixed maturity: unlike AT1 instruments, T2 capital instruments have a defined maturity (at least five years); and (3) amortisation in final five years: the eligible amount of Tier 2 instruments decreases by 20 per cent per year during the last five years before maturity. ^ Back to section

25 Meaning the CIs HQLA must be at least equal to its projected net cash outflows over a 30-day period and that the CI shall have enough long-term funding to cover its liquidity needs. ^ Back to section

26 [6] Set at 0.25 per cent by the BoG in October 2024, effective from 1 October 2025. ^ Back to section

27 Currently not applicable in Greece, as no G-SIIs have been identified. ^ Back to section

28 Where an institution qualifies as a parent entity in Greece or as an EU parent institution, the BoG oversees its consolidated supervision. This responsibility is carried out in collaboration with the ECB under the SSM, ensuing adherence to prudential regulations. ^ Back to section

29 EBA/GL/2023/06; EBA/GL/2021/11. ^ Back to section

30 Convertible into equity if the CIs' CET1 ratio falls below a specified threshold. ^ Back to section

31 Subject to write-down in resolution scenarios. ^ Back to section

32 EBA/GL/2021/11. ^ Back to section

33 Also known as TEKE. ^ Back to section

34 Funded by all Greek CIs and by local branches of third-country CIs, while local branches of EU-licensed CIs remains optional. ^ Back to section

35 As defined by Act of the Governor of the BoG 2651/20.1.2012. ^ Back to section

36 Concerning any type of deposit (e.g., money deposits, claims deriving from debt instruments held etc.). ^ Back to section

37 If a CI manager or representative engages in bribery involving a public official, politician or judge, the CI may face fines up to double its annual turnover, permit revocation or suspension (1 month to 2 years), or even forced closure. If bribery occurs due to lack of oversight by a subordinate, assignee, or intermediary, fines may reach the CI's annual turnover, with permit suspension of up to one year. ^ Back to section

38 Several offences are punishable, inter alia, by a fine up to 10 per cent of the total net turnover of the previous financial year (or in case the offence is committed by a natural person up to €5 million), or a fine up to twice the amount of the benefit derived from the infringement, if the benefit is measurable, or, by ordering suspension of voting rights. Such offences include (1) accepting deposits or other repayable funds from the public or carrying out other banking activities without a CI license; (2) acquiring or disposing, directly or indirectly, a qualifying holding in a CI without written notification to the BoG; (3) failure to comply with the notification obligations to the BoG concerning the change of identity of the natural persons exercising control over the CI; (4) failure to notify, at least annually, to the BoG the names of the shareholders or partners who have qualifying holdings and the percentages of such holdings, as required by law; (5) obtaining an operating licence by means of false or inaccurate statements or any other unlawful means; (6) non-compliance of the CI with the corporate governance framework as provided under Law 4261/2018; and (7) failure to submit of accurate and complete data and information to the BoG and/or failure of the CI to maintain the required liquid assets. In case of severe or repetitive infringements, the BoG may also revoke the CI's operating license. ^ Back to section

39 In accordance with the provisions of Law 3556/2007 as amended and in force which transposed the Transparency Directive 2004/109/EU into Greek law. ^ Back to section

40 The terms and conditions for the acquisition of, or increase in, a holding in a CI in Greece result from the provisions of Law 4261/2014 and Directive 2013/36/EU and are further specified in the Act of the Executive Committee of the BoG 142/11.6.2018 (as amended by the Executive Committee Act 178/4/2.10.2020 and the Executive Committee Act 224/1/21.12.2023), the Executive Committee Act 224/1/21.12.2023 and the BoG's Banking and Credit Committee Decision 211/1/5.12.2005. ^ Back to section

41 As defined in point (34) of Paragraph 1 of Article 3 of Law 4261/2014. ^ Back to section

42 Set out as Annexes in the Act of the BoG's Executive Committee Act No. 142/11.6.2018 as amended by the Act No. 224/1/21.12.2023. ^ Back to section

43 Setting out the scope of work, a timetable for achieving the CI's main objectives, the structure of the group to which it belongs and the framework of the internal control functions, including the internal audit, risk management and compliance functions and procedures required for compliance with its organisational obligations. ^ Back to section

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