ANNUAL REPORT ON PRUDENTIAL SUPERVISION AND RESOLUTION ACTIVITIES

2024

ATHENS 2025

BANK OF GREECE
EUROSYSTEM

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FOREWORD BY THE GOVERNOR

In 2024, the fundamentals of the banking sector improved further. Milestones included the reduction of the non-performing loans to total loans ratio to its lowest level since Greece's entry into the euro area; the distribution of dividends by the significant credit institutions for the first time in fifteen years, following thorough supervisory assessment and the granting of the relevant approvals; and the merger of Attica Bank with Pancreta Bank, coupled with capital enhancement and restructuring of their loan portfolios. At the same time, the Bank of Greece assessed and re-authorised credit servicing firms, with a focus on the management of their portfolios and their internal control systems. Another notable development was the sale of a loan portfolio by the Single Special Liquidator in service of the public interest. Finally, the Bank of Greece completed all necessary preparations for assuming, as from 1 January 2025, the supervision of Occupational Pension Funds.

However, the global economy is currently in transition, with the constants of the post-war international economic environment undergoing significant changes. The United States is upending global trade by adopting policies to drastically reduce imports through the imposition of tariffs. A potential escalation into a full-blown trade war would lead to a slowdown in global trade and economic activity, particularly affecting export-dependent countries – as well as the United States itself. Greece's dependence on the U.S. market is low, so it is expected to face only limited direct impacts from the increase in tariffs. However, it may be indirectly affected, as an overall slowdown in global trade could reduce demand for Greek goods and services and dent growth prospects. Moreover, heightened market uncertainty acts as a deterrent to investment, as businesses are reluctant to take on risks in an unstable environment.

In this uncertain international economic and geopolitical environment, the main supervisory priorities of the Bank of Greece for 2025 include the assessment of credit risk and the business plans of credit institutions, as well as the maintenance of an adequate level of capital adequacy, notably through the quantitative and qualitative strengthening of Greek banks' capital base. In this context, macroprudential borrower-based measures have been introduced, along with a positive rate for the countercyclical capital buffer. Emphasis is also placed on the assessment of risks in light of geopolitical developments, the monitoring of compliance with supervisory requirements related to climate change, and the evaluation of the financial sector's digital operational resilience against cyber threats. Lastly, the supervisory focus of the Bank of Greece continues to be on the financial soundness of insurance undertakings and the protection of consumers/policyholders in a constantly changing environment.

This Report enhances transparency and accountability on the part of the Bank of Greece regarding the exercise of its supervisory responsibilities. I would like to take this opportunity to thank all the staff of the supervisory directorates for their commendable work, professionalism, and contribution – both during the current period and in previous years – in safeguarding financial stability in the interest of the society and economic growth.

Athens, June 2025

Yannis Stournaras

FOREWORD BY THE DEPUTY GOVERNOR

2024 marked the completion of ten years from the establishment of the Single Supervisory Mechanism (SSM), and the progress achieved in strengthening banking supervision in the euro area cannot be overstated. The joint supervision of significant credit institutions by the ECB and the national competent authorities, along with the harmonisation of the supervisory framework and practices, has played a decisive role in enhancing the resilience of European banks and safeguarding financial stability. As the national competent authority, the Bank of Greece plays a key role in ensuring the smooth functioning of the Greek financial system by exercising both microprudential and macroprudential supervision, in line with its mandate and responsibilities.

The Greek financial system demonstrated remarkable resilience in 2024 despite the ongoing challenges stemming from the international environment. In particular, credit institutions strengthened their profitability – driven primarily by net interest income –, further improved their capital adequacy and maintained high levels of liquidity, significantly exceeding supervisory requirements. This progress allowed, for the first time in several years, the distribution of dividends to shareholders. Similarly, in the insurance sector, there was an increase in gross written premiums, both in life and non-life insurance, while insurance undertakings maintained a high solvency ratio.

The outlook for 2025 for supervised institutions remains positive, although challenges are mounting amid risks of an economic slowdown, escalating geopolitical tensions and narrowing profit margins due to declining interest rates. At the same time, the digital transformation and the related regulatory requirements – such as the Digital Operational Resilience Act (DORA) – as well as the growing exposure to technology-related risks, call for significant investment in IT infrastructure and the further strengthening of operational resilience.

In this environment, it is critical for supervised institutions to shield themselves against macroeconomic and geopolitical challenges, accelerate their digital transition and effectively manage emerging risks associated with the use of new technologies. Strengthening corporate governance – in particular the effective functioning of boards of directors and their committees – will be key to this endeavour.

At the same time, the challenges facing supervisory authorities are increasing. A more targeted supervisory approach, better resource allocation and deeper cooperation in the context of joint supervision are becoming essential. To this end, we at the Supervisory Board of the SSM have decided to implement a set of reforms aimed at further enhancing the effectiveness of European banking supervision – including a focus on the most significant risks and vulnerabilities of each supervised institution (risk-based supervision). The Bank of Greece actively participates in initiatives to foster closer and more effective cooperation among supervisory authorities and to strengthen a shared supervisory culture.

This Report, published for the first time this year, presents the actions undertaken by the Bank of Greece during the previous year in the context of the supervision of credit and financial institutions (such as payment institutions and credit servicing firms), as well as occupational and private insurance. It outlines the role and responsibilities of the Bank of Greece with reference to its supervisory priorities for the 2025-2027 period and provides detailed information on microprudential supervisory activities across all categories of supervised institutions. It also includes data on sanctions imposed during the previous year and supervisory actions regarding the prevention of money laundering and terrorist financing. Furthermore, it analyses macroprudential supervision measures and the resolution framework, describes the progress made in liquidation proceedings and summarises recent developments in the legal and regulatory framework. This new annual publication of the Bank of Greece highlights prudential supervision and resolution activities with the ultimate goal of informing the public and enhancing confidence in the effectiveness of the supervision of the financial system.

Availing myself of the opportunity, I would like to express my sincere gratitude to the staff of the Bank of Greece for their high level of professionalism and their important contribution to advancing and strengthening its supervisory role. We at the Bank of Greece remain firmly committed to our institutional mandate to safeguard the stability and resilience of the Greek financial system, so that we can continue to respond to challenges in a timely, reliable and effective manner, always guided by the public interest.

Athens, June 2025

Christina Papaconstantinou

CONTENTS

Acronyms and abbreviations

AI	Artificial Intelligence	IFRS	International Financial Reporting Standard
AISP	Account Information Service Providers	IORP	Institutions for Occupational Retirement Provision
AML	Anti-money Laundering	IRRBB	Interest Rate Risk in the Banking Book
AMLA	Anti-money Laundering Authority	JST	Joint Supervisory Team
AMLR	Anti-money Laundering Regulation	LSI	Less Significant Institution
API	Application Programming Interface	ML	Money Laundering
BCBS	Basel Committee on Banking Supervision	MREL	Minimum requirement for own funds and eligible liabilities
BIS	Bank of International Settlements	NCA	National Competent Authority
BoD	Board of Directors	NPE	Non-performing exposure
BRRD	Bank Recovery and Resolution Directive	NPL	Non-performing loan
CCyB	Countercyclical Capital Buffer	NRA	National Resolution Authority
CFT	Countering the Financing of Terrorism	OPF	Occupational Pension Funds
CMDI	Crisis Management & Deposit Insurance Framework	O-SII	Other Systemically Important Institutions
CRD	Capital Requirements Directive	P2G	Pillar 2 Guidance
CRE	Commercial Real Estate	P2R	Pillar 2 Requirement
CRR	Capital Requirements Regulation	PI	Payment Institutions
CSF	Credit servicing firm	PSD	Payment Services Directive
DORA	Digital Operational and Resilience Act	RDARR	Risk Data Aggregation and Risk Reporting
EBA	European Banking Authority	SCA	Strong Customer Authentication
ECA	Executive Committee Act	SEP	Supervisory Examination Programme
ECB	European Central Bank	SI	Significant Institution
EDIS	European Deposit Insurance Scheme	SRB	Single Resolution Board
EIOPA	European Insurance and Occupational Pensions Authority	SREP	Supervisory Review and Evaluation Process
EMI	Electronic Money Institutions	SRF	Single Resolution Fund
ESAs	European Supervisory Authorities	SRM	Single Resolution Mechanism
ESFS	European System of Financial Supervision	SRMR	Single Resolution Mechanism Regulation
ESG	Environmental, Social & Governance	SSM	Single Supervisory Mechanism
ESMA	European Securities and Markets Authority	STS	Simple, Transparent and Standardised
ESRB	European Systemic Risk Board	TEKE	Hellenic Deposit and Investment Guarantee Fund
HFSF	Hellenic Financial Stability Fund	TF	Terrorist Financing
HoM	Head of Mission	TFR	Transfer of Funds Regulation
ICT	Information and Communications Technology	TLPT	Threat-Led Penetration Testing

1. SUPERVISORY ROLE OF THE BANK OF GREECE

1.1 SUPERVISORY ROLE AND TASKS

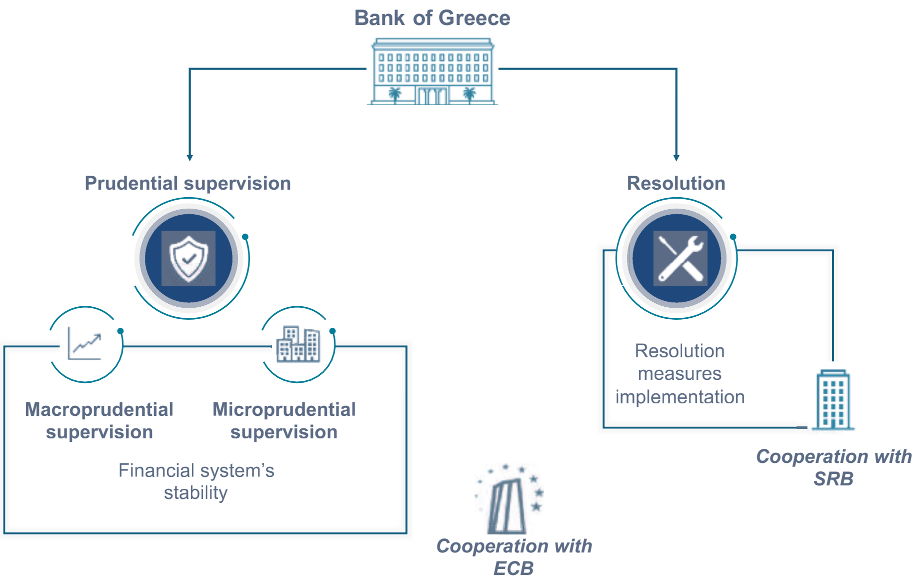
The Bank of Greece, as central bank and independent authority, plays a pivotal role in safeguarding the stability and smooth functioning of the financial system. In accordance with Article 55A of its Statute, the Bank of Greece supervises the financial system by exercising microprudential and macroprudential supervision.

Macroprudential supervision monitors developments within the financial system, identifies risks and vulnerabilities, and implements macroprudential policy measures aimed at strengthening the system's resilience and limiting the build-up of systemic risks that could disrupt the smooth provision of financial services. Macroprudential supervision is a national competence.

Under its microprudential supervision mandate, the Bank of Greece monitors supervised institutions' compliance with the regulatory framework and supervisory requirements, with a view to ensuring their solvency and the effective functioning of the financial system. As the competent authority, the Bank of Greece supervises the credit and financial institutions, insurance and reinsurance undertakings, as well as occupational pension funds operating in Greece. The supervision of credit institutions is carried out in cooperation with the European Central Bank (ECB) under the Single Supervisory Mechanism (SSM).

In exercising its supervisory powers, the Bank of Greece assesses supervised entities' compliance with capital adequacy and liquidity requirements, conducts on-site inspections and evaluates internal governance arrangements. It also monitors compliance with the legal framework on the prevention of money laundering and terrorist financing. Furthermore, the Bank of Greece assesses applications for authorisation and expansion of activities, as well as acquisition or increase of qualifying holdings. In addition, it monitors compliance with the regulatory framework on transparency in the procedures, terms and conditions of transactions, particularly with respect to pre-contractual information provided to customers about the terms governing their transactions. In cases of breaches of the applicable legal and regulatory framework, it imposes administrative sanctions or other administrative measures. The Bank of Greece's supervisory practices are aligned with the European regulatory framework and with international and European best practices.

Figure 1.1



Source: Bank of Greece.

Prudential supervision & resolution in credit institutions

The Bank of Greece is also responsible for the supervision of special and insurance liquidations of supervised entities whose authorisation has been withdrawn and for which a special or insurance liquidator has been appointed.

In addition, the Bank of Greece has been designated as the National Resolution Authority (NRA) for the credit institutions under its supervision. Resolution refers to the application of measures to a credit institution that is failing or likely to fail. The resolution function involves the preparation of resolution plans and the implementation of appropriate measures to ensure, inter alia, the continuity of critical functions of institutions under resolution and to prevent significant adverse effects on financial stability. These tasks are carried out in cooperation with the Single Resolution Board (SRB) under the Single Resolution Mechanism (SRM).

This report focuses on the activities undertaken and implemented by the Bank of Greece during 2024 to safeguard the stability of the Greek financial system, while also highlighting its role and responsibilities in this regard.

1.2 INTERNAL ORGANISATION OF PRUDENTIAL SUPERVISION AND RESOLUTION

Supervisory Business Units responsible for prudential supervision & resolution

The Bank of Greece's mandate for prudential supervision and resolution is exercised by the responsible Supervisory Business Units, whose main tasks are outlined below:

Table 1.1

Main tasks of Supervisory Business Units responsible for prudential supervision and resolution

Supervised Institutions Inspection Directorate
– Conducts on-site inspections of institutions supervised by the Bank of Greece regarding all prudential risks and the prevention of money laundering and terrorist financing.
– Supervises and conducts on-site inspections of all supervised institutions regarding Information and Communications Technology (ICT) and Security risks.
– Supervises payment institutions, e-money institutions, account information service providers, payment initiation service providers and bureaux de change.
– Supervises and conducts on-site inspections of Credit Institutions under special liquidation, Financial Institutions under special liquidation supervised by the Bank of Greece, as well as insurance undertakings under insurance liquidation.
– Conducts supervisory assessment of digital financial services, including payment services and services and products that use financial technology (FinTech) and innovation, in terms of their business model, in collaboration with other competent business units.
– Supports the work of the Executive Committee and the Credit and Insurance Committee; coordinates and manages, in cooperation with the competent business units of the Bank, the issues discussed in the Supervisory Board of the European Central Bank, as well as issues related to the imposition of administrative fines on supervised institutions or natural persons.
Occupational and Private Insurance Supervision Directorate
– Conducts prudential supervision of Greek (re)insurance undertakings with respect to their total business in Greece and in the other European Union (EU) Member States, either under the freedom of establishment (through a branch) or under the freedom to provide services.
– Conducts prudential supervision of Greek branches of (re)insurance undertakings authorised in non-EU Member States.
– Supervises insurance product distributors domiciled in Greece, to ensure their compliance with the information and conduct obligations towards policyholders and insured parties.
– Supervises the business practices of insurance product manufacturers domiciled in Greece towards their clients, throughout the entire product lifecycle.
– Monitors compliance with the Greek regulations of general interest by the European (re)insurance undertakings and intermediaries that operate in Greece, either through a branch or under the freedom to provide services (FOS), in cooperation with the supervisory authorities of the home Member States.

Occupational and Private Insurance Supervision Directorate *continue*

- Develops and updates the examination syllabus for the certification of the professional knowledge of (re)insurance intermediaries and conducts the related examinations.
- Approves professional training seminars in the context of the lifelong learning requirement for insurance product distributors.
- Supervises the Pan-European Personal Pension Products (PEPPs).
- Participates in the Board of Supervisors of the European Insurance and Occupational Pensions Authority (EIOPA) and ensures the transposition to Greek legislation of the guidelines issued by it.
- Supervises Occupational Pension Funds (OPFs) regarding capital adequacy to support their activities; the establishment of an effective governance and risk management system; investment management and the provision of the required information to OPF members and beneficiaries.
- Monitors continuous compliance of Institutions for Occupational Retirement Provision (IORPs) of other EU Member States operating in Greece on a cross-border basis with the requirements of national social security and labour legislation related to both occupational insurance and the provision of information to members and beneficiaries of OPFs (Articles 16-24 of Law 5078/2023, Government Gazette A 211), in cooperation with the competent authorities of the home Member States.

Banking Supervision Directorate

- Reviews compliance of supervised entities, on a solo and a consolidated basis, with the regulatory framework governing their operation.
- Reviews applications for banking licenses and related authorisations and monitors the continued fulfilment of conditions for authorisation.
- Monitors, on an ongoing basis, compliance with the capital, liquidity and risk frameworks and collaborates with the ECB in the context of the SSM.
- Develops supervisory methodologies for assessing capital adequacy, securitisation and covered bond risks, as well as for carrying out the Supervisory Review and Evaluation Process (SREP).
- Establishes the regulatory framework on the supervision of credit and financial institutions.
- Assesses the internal control systems of supervised entities, including risk management and compliance systems.
- Supervises transparency in banking procedures and transactions.
- Establishes the AML/CTF regulatory framework and monitors compliance therewith.
- Recommends the imposition of administrative sanctions that the Bank of Greece may impose on supervised entities.
- Develops supervisory methodologies and issues guidance and other documentation to be used for the identification, monitoring and management of crises, as well as ESG (Environmental, Social and Governance) issues.
- Monitors and manages supervisory quality assurance issues.

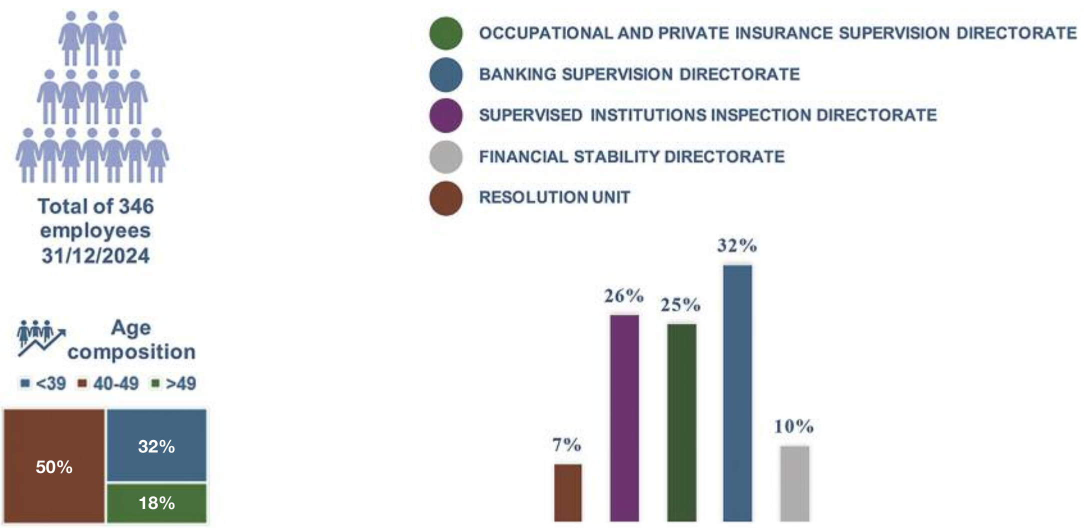
Financial Stability Directorate

- Monitors and evaluates systemic risks to financial stability stemming from all sectors of the financial system (banking sector, insurance undertakings, financial institutions, financial markets).
- Analyses the financial statements and supervisory data of credit and other financial institutions.
- Formulates the strategy and the regulatory framework of macroprudential policy in Greece and implements it with the appropriate macroprudential policy measures.

Financial Stability Directorate *continue*
– Oversees payment systems and payment instruments, as well as securities settlement systems and central counterparties, with a view to ensuring their reliability and reducing systemic risk.
– Publishes a biannual Financial Stability Review analysing the risks and resilience of the financial system.
– Conducts stress tests at both a micro- and a macro-prudential level.
– Assesses the internal models of credit institutions and participates in relevant on-site inspections.
Resolution Unit
– Assesses the situation of credit institutions for the purpose of determining whether the application of resolution measures is warranted.
– Takes all actions as necessary for the Bank of Greece to exercise its powers as resolution authority under Article 2 ("Recovery and resolution of credit institutions and investment firms") of Law 4335/2015.
– Recommends to the competent body (i.e. the Resolution Measures Committee).
– Takes the necessary actions arising from participation in the Single Resolution Mechanism.
– Takes actions under Article 145B of Law 4261/2014.
Source: Bank of Greece.

The data concerning the staff of the Supervisory Business Units are presented in the following figures (see figures 1.2 and 1.3). The first figure shows the total number of employees, and their distribution by Directorate/Unit for the year 2024. The hires, which took place in recent years and continued in 2024, respond to the increased supervisory needs of the Bank of Greece, taking into account the emerging risks in the microeconomic and macroeconomic environment, the increasingly stringent regulatory framework, the Bank's commitment to enhancing its participation in the SSM and, more generally in the Eurosystem, in the SRM, as well as to the expansion of its supervisory role with the assumption of supervision of Occupational Pension Funds.

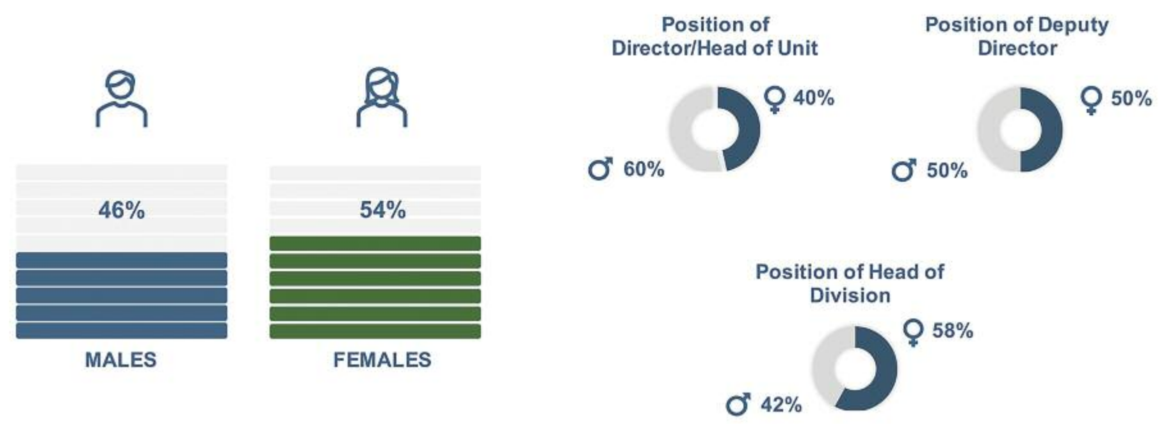
Figure 1.2
Headcount of Supervisory Business Units responsible for prudential supervision and resolution



Source: Bank of Greece.

The second figure presents the composition of staff by gender, as well as the representation of women and men in positions of responsibility:

Figure 1.3
Gender composition data of the Supervisory Business Units responsible for prudential supervision and resolution



Source: Bank of Greece.

Competent decision-making bodies

The competent decision-making bodies for matters of prudential supervision are the Executive Committee and the Credit and Insurance Committee of the Bank of Greece. The bodies responsible for resolution matters are the Executive Committee and the Resolution Measures Committee.

Executive Committee

Pursuant to Article 55A of its Statute, the powers of the Bank of Greece in prudential supervision are exercised by the Executive Committee Acts (ECA) or bodies empowered by it to that effect. The Executive Committee is composed of the Governor and the Deputy Governors.

Credit and Insurance Committee

As a body authorised by the Executive Committee, in accordance with ECAs 1/20.12.2012 (Government Gazette B 3410) and 52/2.10.2015 (Government Gazette B 2312), the Credit and Insurance Committee issues regulatory and individual decisions and recommendations of the Bank of Greece in the exercise of its supervisory powers. These concern, among other things, the granting and withdrawal of authorisations, the operational requirements for supervised institutions, the adoption of measures, as well as the imposition of sanctions on natural and legal persons.

The committee is composed of the Governor of the Bank of Greece as Chair, one Deputy Governor (who does not participate in the Resolution Measures Committee), the Director General of Prudential Supervision and Resolution, as well as the Directors of five Directorates[1].

Resolution Measures Committee

The tasks of the Bank of Greece regarding the resolution of credit institutions are performed, as explicitly provided for under Article 55A of its Statute and Article 3 within Article 2 of Law 4335/2015, by its ECAs or its authorised bodies.

In this context, by ECAs 6/8.1.2013 (Government Gazette B 13) and 52/2.10.2015 (Government Gazette B 2312), the Resolution Measures Committee has been entrusted with issuing all the decisions and recommendations of the Bank of Greece as resolution authority. The Resolution Measures Committee is composed of the Deputy Governor to whom the Resolution Directorate reports, the Chief Operating Officer, the Head of the Resolution Unit and the directors of three Directorates[2].

1 Supervised Institutions Inspection Directorate, Banking Supervision Directorate, Occupational and Private Insurance Supervision Directorate, Financial Stability Directorate and Government Financial Operations and Accounts Directorate.

2 Statistics Directorate, Payment and Settlement Systems Directorate and Financial Operations Directorate.

1.3 SUPERVISORY PRIORITIES 2025-2027

The Bank of Greece sets its supervisory priorities for the coming years on an annual basis, with the aim of effectively exercising its supervisory role. The priorities cover all supervised institutions. When setting priorities, the macroeconomic outlook, the regulatory changes, as well as the level of institutions' risks on both a consolidated and a solo basis are taken into consideration.

With regard to credit institutions and specifically to Significant Institutions (SIs), the supervisory priorities of the Bank of Greece are aligned with the priorities of the SSM. These are defined by the Supervisory Board of the ECB, reviewed annually and based on an overall assessment of credit institutions' key risks and vulnerabilities. At the same time, the results of the Supervisory Review and Evaluation Process (SREP), as well as the progress made in relation to the priorities of previous years are taken into account. Based on this analysis, the main strands of supervisory intervention are defined, and the corresponding supervisory activities are specified.

According to the current assessment of the main risks and challenges of SIs, their prospects remain positive, amidst an environment of increased uncertainties. Any potential slowdown of economic activity, combined with the shift of monetary policy towards lower interest rates, may compress operating profit margins and negatively impact the asset quality of institutions. Furthermore, due to the digitalisation of financial services, the requirements for compliance with the Digital Operational and Resilience Act (DORA) and the increasing exposure to Information and Communications Technology (ICT) risks, it is necessary for SIs to accelerate investment in IT infrastructure and strengthen business resilience.

The supervisory priorities for the 2025-2027 period focus on the following areas:

– **Business model:** Supervision focuses on the evaluation of credit institutions' business plans and the monitoring of progress in their implementation, with an emphasis on the diversification of income sources. A key priority is also the digital transition and transformation programmes, as well as the challenges that may arise during their implementation.

– **Internal governance:** The focus of supervisory attention is on the effectiveness of the Board of Directors (BoDs) and their Committees, as well as the strengthening of Internal Control Functions, i.e. Internal Audit, Risk Management and Compliance. Moreover, effective risk data aggregation and reporting in accordance with the principles set out by the Basel Committee on Banking Supervision (BCBS 239) remains a supervisory priority.

– **Credit risk:** Credit risk management remains a key priority, with an emphasis on the finalisation of actions to reduce non-performing loans (NPLs) and of securitisations through the "Hercules"[3] government guarantee scheme, as well as on the implementation of strategies for the utilisation of properties that have come into credit institutions' possession through auctions. In addition, the assessment of early arrears management and the effectiveness of restructuring solutions, both for performing and non-performing loans, remains a high priority. Furthermore, emphasis is placed on new disbursements and in particular on the compliance of the new lending policy of each SI with the regulatory framework and supervisory guidelines.

– **Information and Communications Technology (ICT) risks and cybersecurity:** The supervisory priority refers to the strengthening of digital resilience and the monitoring of ICT and Cybersecurity risks. Significant emphasis is placed on identifying significant changes in systems that support critical functions and on relationships with third-party providers of critical ICT services.

For Less Significant Institutions (LSIs), the Bank of Greece sets its supervisory priorities using a similar approach, taking into account the macroeconomic environment, the risks and vulnerabilities of LSIs and the annual priorities set by the SSM.

The supervisory priorities for the 2025-2027 period focus on the following areas:

– **Credit Risk:** Monitoring the implementation of operational plans for reducing NPLs submitted by high-NPL credit institutions. Additionally, conducting on-site inspections focusing on LSIs' credit standards and management of NPLs.

3 Guarantee Scheme for Securitizations of Credit Institutions.

– **Business Model:** Reviewing business and capital enhancement plans, focusing on institutions with thin capital buffers above the regulatory capital requirements, to ensure compliance with the capital requirements under Pillar 2.

– **Internal Governance:** Completion of the thematic review on the composition and operation of Audit Committees. Additionally, monitoring the implementation of corrective actions as requested following the thematic review on the composition and operation of BoDs.

– **ICT and IT Security Risks:** Monitoring the actions taken by credit institutions to comply with the requirements of DORA and to enhance cybersecurity.

With regard to the resolution of credit institutions, the supervisory priorities of the Bank of Greece are fully aligned with those of the Single Resolution Board (SRB). In early 2024, the SRB launched its strategy 'SRM: Vision 2028[4], which outlines its priorities for the next five years, with the overarching aim of safeguarding financial stability. This strategy focuses on enhancing the banking sector's preparedness for effective crisis management, broadening the operationalisation of all available resolution tools – beyond exclusive reliance on the open bank bail-in tool – and conducting comprehensive testing to ensure that credit institutions are adequately prepared should resolution measures be required. Against this background, the SRB initiated on-site inspections as from 2025, while banks are simultaneously conducting dry-run exercises. In parallel, particular emphasis is placed on strengthening data management capabilities, advancing digital transformation and adopting advanced technologies. The National Resolution Authorities (NRAs), including the Bank of Greece, work closely with the SRB to monitor and further refine resolution procedures, thereby contributing to the continuous enhancement of bank resolvability and the overall resilience of the financial system.

The supervisory priorities regarding the supervision of Financial Institutions, such as Payment Institutions, Third-Party Payment Service Providers and Electronic Money Institutions, will focus on governance and internal control systems, procedures for safeguarding users' payment service funds, the adequacy of regulatory capital, the management of outsourcing, as well as compliance with DORA.

The Bank of Greece, taking into account developments in the financial and insurance sector, as well as the strategic supervisory priorities set at the EU level[5], focuses its supervisory actions for (re)insurance undertakings on ensuring the financial soundness of insurance undertakings and safeguarding consumers/policyholders in a constantly evolving environment.

The main supervisory actions for the upcoming period 2025-2027 include:

– **Assessment of risk transfer mechanisms of insurance undertakings**, with an emphasis on the appropriateness and actual risk transfer achieved, as well as on management of risks stemming from reinsurance.

– **Assessment of the implementation by insurance undertakings of a reasonable value-for-money** indicator in insurance products, including evaluation of the adequacy of benefits and product performance in relation to costs, with a focus on life insurance products linked to investments or indices.

– **Preparation for effective supervision in light of the new requirements that will apply with the transposition of the revised Solvency II regime**, in the areas of Solvency Capital Requirements (SCR), governance and risk management. Risks include climate and environmental risks, ICT risks and liquidity risk. At the same time, the goal is to enhance the process of data collection and analysis so as to monitor more efficiently the compliance of insurance undertakings with the new regulatory requirements.

– **Assessment of risks linked with climate change and sustainability**, including control of greenwashing, as well as the level of compliance of supervised entities with the relevant regulatory framework, including the requirement to disclose relevant information.

The assessment of compliance of supervised institutions with the obligations arising from the Anti-Money Laundering (AML) and Countering the Financing of Terrorism (CFT) institutional framework remains a key priority

4 Single Resolution Board, SRM Vision 2028.

5 EIOPA, Union-wide strategic supervisory priorities.

for the Bank of Greece in the coming years. The enactment of the European Anti-money Laundering Regulation (AMLR) and the establishment of the European "Anti-money Laundering Authority (AMLA)" in order to ensure the effective implementation of the AMLR are the key pillars of the transition to a robust and uniform European regulatory and supervisory framework. AMLA began its operations in 2025 and is expected to be fully staffed, deploy its IT infrastructure and issue regulatory and implementing technical standards within three years, so that it can be fully operational by 1 January 2028, assuming direct supervision of 40 financial institutions.

The Bank of Greece has set as priorities for 2025:

– smooth transition to AMLA's supervisory environment, by actively participating in the processes of the new Authority and ensuring the gradual and timely adaptation of internal supervisory practices;

– strengthening supervisory dialogue, guiding and preparing supervised institutions for the implementation of the new regulatory framework, which will apply as from 10.07.2027 (effective date of AMLR);

– intensifying supervision and on-site inspections regarding supervised institutions' procedures and systems for the ongoing monitoring of their customers' transactions, so as to enable the effective detection and investigation of suspicious transactions and the submission of reports to the Hellenic Anti-Money Laundering Authority;

– evaluating the methodologies applied by supervised institutions for the assessment of the overall ML/FT risk arising from the particular sectors of their business activity (Business-Wide Risk Assessment), for the purpose of its effective monitoring and management.

As a result of the amendment to the legal framework by Law 5072/2023 and ECA 225/1/30.01.2024, the Bank of Greece's supervisory powers were amplified and regulatory requirements for credit servicing firms were enhanced. For the coming period, the main priorities of the Bank of Greece are to effectively address the structural weaknesses of these firms, with particular emphasis on the strengthening of their corporate governance and internal control systems, as well as on the improvement of the quality of the services provided (including more efficient management of private debt and investigation of complaints that these firms receive).

In the field of digital finance, and specifically as regards the markets in crypto-assets, the Bank of Greece has prioritised the development of a methodological approach and internal organisation concerning its supervisory powers under Law 5193/2025, which includes the national measures for the implementation of EU Regulation 2023/1114[6]. The law designates national competent authorities, their respective powers, as well as the administrative measures and penalties they may impose. As one of the competent authorities, the Bank of Greece acts, primarily, as the prudential supervisor, and, where required, as authorising authority of credit institutions, electronic money institutions and payment institutions that intend to issue asset-referenced tokens or electronic money tokens and plan to offer them to the public or seek their admission to trading. In addition, the Bank of Greece is responsible for the prudential supervision and, where necessary, the authorisation of the aforementioned institutions, if they intend to operate as crypto-asset service providers.

Finally, with regard to **macroprudential policy**, the improvement in the fundamentals and supervisory indicators of the banking sector creates a favourable environment for the creation of adequate macroprudential space that will ensure the stability of the financial system in the medium term.

6 Regulation (EU) 2023/1114 of the European Parliament and of the Council of 31 May 2023 on markets in crypto-assets, and amending Regulations (EU) No 1093/2010 and (EU) No 1095/2010 and Directives 2013/36/EU and (EU) 2019/1937.

2. MICROPRUDENTIAL SUPERVISION

2.1 SUPERVISION OF CREDIT INSTITUTIONS

Regulatory framework

The main European framework on the supervision of credit institutions consists of:

– Directive 2013/36/EU (Capital Requirements Directive - CRD[7]) on access to the activity of credit institutions and the prudential supervision, as transposed to Greek law by Law 4261/2014;

– Regulation (EU) No 575/2013 (Capital Requirements Regulation - CRR[8]) on prudential supervision requirements;

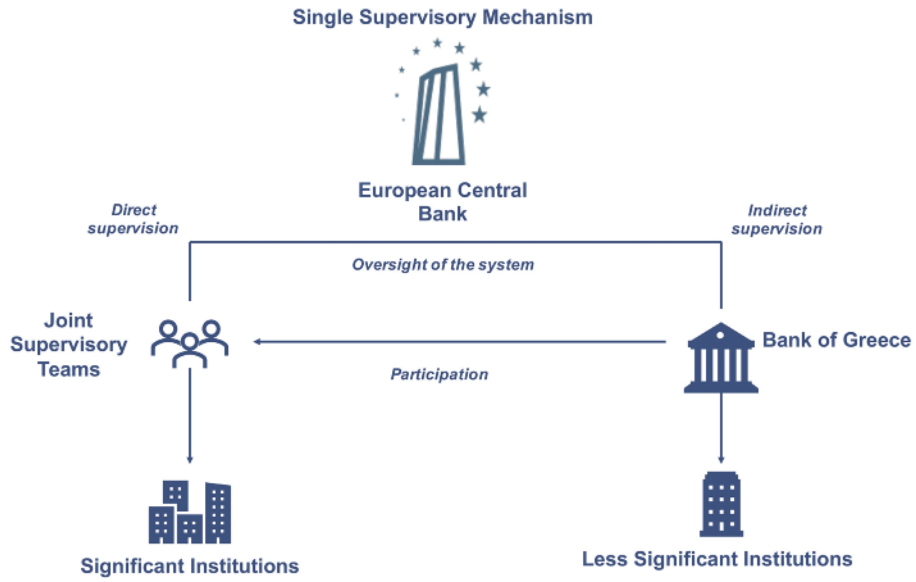
– Regulation (EU) No 1024/2013 on the tasks of the European Central Bank concerning prudential supervision (SSM Regulation); and

– Regulation (EU) No 468/2014 of the ECB on cooperation within the SSM (SSM Framework Regulation).

The Single Supervisory Mechanism

On 4 November 2014, the SSM, the European system of prudential banking supervision, was launched. The SSM comprises the European Central Bank (ECB) and the National Competent Authorities (NCAs) of the euro area Member States, as well as those EU Member States that choose to participate. Its main objective is to safeguard the soundness of the European banking system, strengthen financial stability and integration, and ensure consistent supervision. It constitutes one of the three pillars of the European Banking Union, alongside the Single Resolution Mechanism (SRM) and the European Deposit Insurance Scheme[9] (EDIS).

Figure 2.1
Tasks within the SSM



Source: European Central Bank.

7 Last amended by Directive 2024/1619 (CRD VI).
8 Last amended by Regulation 2024/1623 (CRR III).
9 The European Deposit Insurance Scheme has not been completed yet.

Significant and Less Significant Institutions

Within the framework of the SSM, credit institutions are classified as "Significant Institutions" (SIs) and "Less Significant Institutions" (LSIs), according to the criteria set out in the SSM Regulation. The ECB exercises direct supervision over SIs in cooperation with the NCAs, while LSIs are directly supervised by the NCAs, with the ECB overseeing the system to ensure that the supervisory standards are applied consistently across all LSIs.

The Supervisory Board and the decision-making process

The planning and execution of the ECB's supervisory tasks have been entrusted to an internal body, the Supervisory Board, consisting of the Chair, the Vice-Chair, four representatives of the ECB and the representatives of the NCAs. The Supervisory Board proposes draft decisions to the Governing Council of the ECB under the non-objection procedure. If the Governing Council does not object within a specified period of time, then the decision is deemed to have been adopted.

The Governing Council is composed of the governors of the central banks of the euro area, with the Governor of the Bank of Greece acting as its representative. The Bank of Greece is represented on the Supervisory Board by the Deputy Governor, while the Director General of Prudential Supervision and Resolution is acting as alternate.

The decisions on supervisory matters falling within the competence of the Bank of Greece are taken by the Executive Committee and the Credit and Insurance Committee of the Bank of Greece, except for the "common procedures" analysed below.

The Supervision of the Credit Institutions

The supervision of SIs and LSIs is ongoing and comprises supervisory actions carried out both remotely (off-site supervision) and through on-site inspections at the institutions' premises.

The annual Supervisory Examination Programme (SEP) outlines the supervisory activities carried out during the year. These include off-site activities, such as the SREP (Supervisory Review and Evaluation Process), thematic reviews, horizontal activities[10], as well as on-site activities, such as on-site inspections and internal model investigations. In addition to the planned activities of the SEP, ongoing supervision may also include ad hoc interventions, if deemed necessary, in order to assess and promptly address emerging or escalating risks in a credit institution or in the banking system as a whole.

Supervisory Review and Evaluation Process

The SREP is an important annual process that assesses the risks faced by credit institutions and examines their ability to manage them effectively. The objective is to consistently assess the risk profile of each bank and adopt the necessary supervisory measures.

The SREP concludes with a Supervisory Decision imposing additional capital requirements, as well as quantitative or qualitative supervisory measures and recommendations.

Specifically, the SREP Decision includes, among other things:

– capital requirements, consisting of:

- the minimum capital requirements under Pillar 1[11]
- the additional capital requirements under Pillar 2[12]

10 Thematic reviews and horizontal activities are conducted on topics that typically affect groups of credit institutions from several jurisdictions operating with different business models of differing size and complexity.

11 Pillar 1 Requirement – P1R: minimum capital requirement applicable to all banks, covering key risks such as credit risk, operational risk and market risk.

12 Pillar 2 Requirement – P2R: additional capital requirement imposed when the Pillar 1 requirement underestimates or fails to cover certain risks.

• the capital buffers

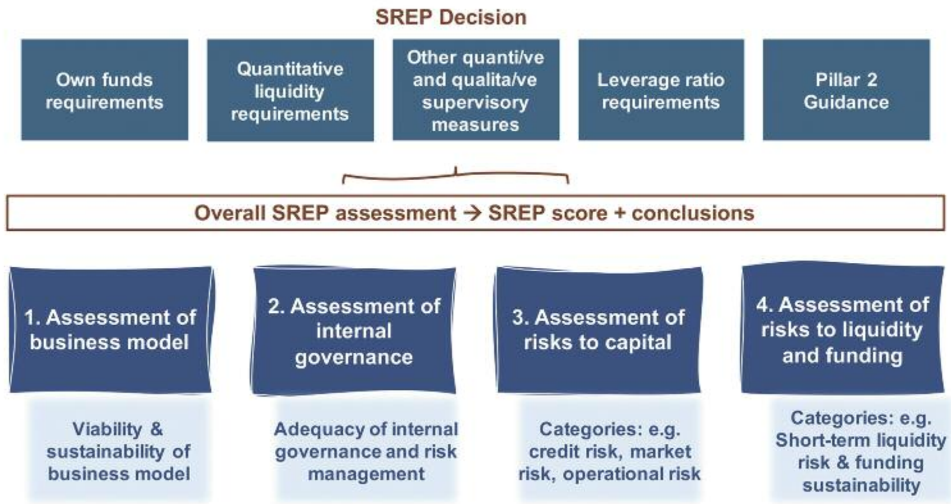
– quantitative requirements (e.g. a liquidity coverage ratio above the minimum supervisory requirement);

– Pillar 2 Guidance[13];

– capital requirements for the risk of excessive leverage; and

– other supervisory measures, such as qualitative measures like restrictions on profit distribution.

Figure 2.2
Supervisory Review & Evaluation Process (SREP)



Source: European Central Bank.

This process for SIs is conducted by the Joint Supervisory Teams (JSTs), composed of ECB and NCAs staff, with the support of the horizontal functions of both institutions. For LSIs, the process is conducted by the Bank of Greece.

On-site inspections

On-site activities include on-site inspections, which provide an in-depth analysis of a credit institution's condition, focusing on specific risk areas. On-site supervision also encompasses internal model investigations, which assess the extent to which the internal models used by credit institutions to calculate capital requirements comply with the regulatory framework. The findings of on-site inspections are communicated to credit institutions through the issuance of a Report, and institutions are given the opportunity to provide comments. Subsequently, the JSTs issue specific supervisory recommendations to credit institutions to address any weaknesses or deficiencies identified. Moreover, the findings of on-site inspections constitute a valuable input for the assessment of risks within the context of the SREP. On-site inspections of Greek SIs are conducted primarily by inspection teams from the Bank of Greece, but also by the ECB or other NCAs within the SSM.

The European Central Bank and Less Significant Institutions

For LSIs, the Bank of Greece carries out ongoing supervision through both off-site activities and on-site inspections. The ECB maintains an indirect supervisory role, aiming to ensure that the supervisory activities of the NCAs adhere to high supervisory standards and are applied consistently. To achieve this objective, the ECB is empowered

13 Pillar 2 Guidance (P2G): non-binding guidance on additional capital buffer beyond the regulatory minimum, based on each bank's performance under the adverse scenario of stress testing exercises.

to issue regulations, guidelines or general instructions to NCAs regarding the supervision of LSIs, and may, either on its own initiative or upon request from an NCA, exercise direct supervisory powers over one or more LSIs. Moreover, the ECB has established procedures governing its relationship with NCAs in the context of LSI supervision, such as the notification to the ECB of material supervisory procedures regarding LSIs and the submission of draft material supervisory decisions on which the ECB may issue an opinion.

Stress testing exercises

The supervisory authorities conduct stress tests to assess the resilience of credit institutions to financial and economic shocks, as well as to measure a particular risk or combination of risks under specific adverse scenarios. For SIs, this includes the annual supervisory stress tests[14], which serve as input to the SREP.

In this context, stress tests are carried out to assess the solvency of institutions as part of the EU-wide exercises coordinated every two years by the European Banking Authority (EBA). In the years when no EU-wide exercise takes place, the ECB conducts thematic stress tests focusing on specific supervisory priorities (such as climate risk in 2022 and cyber resilience in 2024).

With regard to LSIs, the Bank of Greece conducts stress tests at regular intervals.

Common procedures

The Bank of Greece cooperates with the ECB in the common procedures concerning SIs and LSIs. These include the granting and withdrawal of banking authorisations, as well as the approval of the acquisition or increase of a qualifying holding in a credit institution. The Bank of Greece assesses the relevant applications and submits proposals to the ECB, which takes the final decision.

Covered bonds and securitisations

The Bank of Greece is the competent authority for the authorisation and supervision of the issuance of covered bond programmes by credit institutions having their head office in Greece. In addition, it is responsible for the supervision of the specific framework for simple, transparent and standardised securitisations when the issuer (or sponsor in the securitisation) is a credit institution or another institution under its supervision.

Supervised credit institutions

In 2024, the Bank of Greece supervised the categories of institutions listed in Table 2.1:

Table 2.1
Number of credit institutions operating in Greece (31.12.2024)

Greek SIs	4
Greek LSIs	8
Branches of credit institutions with their head office outside the EU	2
Branches of credit institutions with their head office in an EU Member State[1]	19

Source: Bank of Greece.
1 The Bank of Greece's tasks are analysed in Chapter 2.1.1.

2.1.1 Supervision of Significant Institutions

Significant Institutions in the year 2024

Despite geopolitical uncertainty, the Greek banking sector remained resilient in 2024. The core profitability of Greek SIs remained high, primarily driven by strong Net Interest Income, while the efficiency ratios remained at satisfactory levels. As a result, SIs' capital positions improved, maintaining substantial buffers over the minimum

14 Article 100 of the CRD.

regulatory thresholds. Against this backdrop, SIs proceeded with dividend distributions in 2024 for the first time since the Greek debt crisis. At the same time, credit expansion continued, mainly focusing on large corporates and specifically on financing major infrastructure and construction projects. In this area, SIs met or exceeded their business plan targets, also supported by increased demand for loans under the Recovery and Resilience Facility. The SME sector also contributed significantly to credit expansion. However, household lending remained weak, mainly due to high interest rates, which negatively affected credit demand, despite growing market appetite for residential properties. Asset quality has further improved, now converging toward the EU average. Liquidity remains satisfactory, as deposits are on the rise and banks now have full access to markets, while upgrades in the credit ratings of both the Greek sovereign and Greek banking groups have led to reduced funding costs. Finally, Greek banks proceeded to a number of strategic investments both in the domestic and foreign markets, aiming to enhance their profitability and diversify their revenue sources.

Off-site supervision

As a result of the SREP for 2024, Pillar 2 capital requirements (P2R) remained at the same levels on average, for the four SIs[15]. Additionally, the 2024 SREP letters maintained the common requirement for supervisory approval before dividend distribution for the four SIs.

Other supervisory measures focused mainly on:

– Credit risk management, with an emphasis on non-performing loans;

– Interest rate risk management in the banking book (IRRBB);

– Internal governance, internal control and risk management, including internal control systems and risk appetite frameworks; and

– Liquidity risk and the internal liquidity adequacy assessment process.

In addition to SREP, the JSTs conducted targeted supervisory exercises and assessments in 2024. Specifically:

– **Dividend distribution:** The JSTs evaluated the dividend policies and the requests for dividend distribution. They also reviewed requests related to share buyback programmes under remuneration policies and to repurchase of own funds instruments.

– **Business model:** The JSTs assessed banks' business plans for the next three years regarding the sustainability and future viability of their business models, with an emphasis on strategies to diversify the sources of income and further reduce operating expenses.

– **Credit risk:** The JSTs focused on forborne loan portfolios, participating in a horizontal SSM deep dive exercise, evaluating forbearance policies and procedures, the forbearance measures applied, the methods used to assess the sustainability of such arrangements, as well as the procedures for monitoring their efficiency and effectiveness. Compliance with the EBA Guidelines (EBA/GL/2020/06) on loan origination and monitoring was also assessed.

– **Internal governance:** The JSTs conducted a thematic review of remuneration policies for members of the Board of Directors (BoD) and the Heads of Critical Functions. Additionally, the collective suitability of the BoDs was evaluated to ensure a broad range of knowledge, skills and experience, taking into account each credit institution's business model and the risks it faces.

– **Operational risk:** Special emphasis was placed on the management of legal costs. Additionally, an extensive assessment of the risks arising from outsourcing contracts was carried out, while at the same time the banks' business continuity framework was reviewed. In the context of the ICT and Security risk assessment, the JSTs focused on cybersecurity, governance, the management of changes, outsourcing of critical ICT services and monitoring of major projects. Additionally, the JSTs supported the ECB's simulation exercise in relation to banks' resilience to cyberattacks and integrated its results into the supervisory activities. Finally, the actions of credit institutions were evaluated for their compliance with DORA, through self-assessment questionnaires and meetings.

15 Pillar 2 requirements (P2R) and leverage ratio Pillar 2 requirements (P2R-LR).

– **Liquidity risk:** Thematic reviews were conducted on the sustainability of Funding Plans, the suitability of Emergency Liquidity Assistance plans and the optimisation of managing available collateral.

– **Climate risk:** For climate and environmental risks, in 2023 and 2024 Greek SIs had to address the weaknesses identified in previous SREP cycles and the ECB's 2022 thematic review. These weaknesses mainly concerned the submission of credible business plans incorporating climate and environmental risks, integration of such risks into lending processes and disclosure of information to enhance transparency.

– **Recovery plans:** Recovery plans[16] were evaluated, with an emphasis on their governance, economic condition indicators, stress scenarios and available recovery strategies. The process was conducted in cooperation with the SRB. Furthermore, in the context of cooperation with the supervisory authorities of third countries that are not part of the SSM, their supervisory teams were asked for their opinion on the recovery plans of the material legal entities for the Greek SIs operating in these countries. Results were discussed in the supervisory college[17] and joint decisions were issued.

– **Cooperation with other supervisory authorities:** Supervisory visits were conducted to the managements of subsidiaries of Greek banking groups within the SSM, where the JSTs collaborated with local supervisory authorities to exchange information and enhance supervision. For subsidiaries outside the SSM, supervisory colleges were organised with the relevant supervisors. Meetings were also held with SRB teams to exchange information and discuss supervisory matters.

On-site inspections

The need for on-site inspections of SIs is determined by the JST based on the overall supervisory strategy, the SEP and the credit institution's characteristics. The annual inspection programme for the four Greek SIs, which covers the inspections to be carried out in the upcoming year, is developed in close cooperation between the Bank of Greece and the competent units of the SSM[18], while it is approved by the Supervisory Board of the ECB.

On-site inspections at SIs may be conducted either exclusively by inspectors from the Bank of Greece or in collaboration with inspectors from the SSM and/or other NCAs, in which case they are characterised as mixed-team missions. If the Head of Mission (HoM) is an inspector from the ECB or from a supervisory authority of a country other than the home country of the credit institution, the inspection is characterised as a cross-border mission. The inspection team may be supported by external consultants, when deemed necessary. The HoM and the team members are appointed by the SSM. On-site inspections are conducted in accordance with the manuals developed by the SSM, which cover topics such as the composition of inspection teams, preparation and organisation of an inspection, a proposed timetable for each stage of the inspection lifecycle, an analytical methodology (per risk area), as well as guidelines for the drafting of findings reports.

On-site inspections in 2024

During 2024, eight inspections were conducted at the Greek SIs, focusing on credit risk and corporate governance. Specifically, the inspections aimed to assess:

– the processes and criteria for granting new corporate banking loans, as well as the quality of the respective portfolio, including an examination of climate risk-related issues;

– compliance with the Basel Committee on Banking Supervision's principles on risk data aggregation and risk reporting (BCBS 239 – Risk Data Aggregation and Risk Reporting – RDARR), particularly with regard to credit risk data;

– the operation of the compliance function; and

– the outsourcing framework with respect to ICT and Security risk.

In parallel, during 2024, four inspections that had started in 2023 were completed, based on the inspection programme established for that year. These inspections specifically focused on the assessment of:

16 Recovery plan is a strategic plan prepared by the credit institutions for restoring their financial position and liquidity in stress scenarios.

17 A group consisting of supervisors from the country where a bank has its head office and the countries in which it operates. The aim is to exchange information and better understand the bank's risk profile.

18 These are the JSTs and the Divisions of the ECB's Directorate General On-Site & Internal Models Inspections (DG OMI).

– the credit quality of the commercial real estate (CRE) portfolio and the relevant risk management practices and framework for property valuations;

– credit risk models used for the calculation of collective provisions in accordance with International Financial Reporting Standard (IFRS)9; and

– the processes for managing liquidity risk.

Based on the above, a total of twelve inspections were conducted during 2024[19], as presented in Table 2.2 by risk area. Of these, eight were led by inspectors from the Bank of Greece, while the other four were led by the ECB or another NCA.

Table 2.2
On-site inspections of significant credit institutions in 2024 by risk area

Risk Areas	Number of inspections	Led by the Bank of Greece
Credit Risk	7	6
Governance	3	1
Liquidity Risk	1	-
ICT & Security Risk / Outsourcing	1	1
Total inspections	12	8

Source: Bank of Greece.

Out of the total aforementioned inspections, it is noted that seven inspections were completed in 2024, and their final reports were transmitted to the supervised institutions. In addition, inspectors from the Bank of Greece participated in three cross-border inspections of SIs abroad, either as HoMs or as team members.

Key findings of on-site inspections at Greek SIs
With regard to credit risk inspections, various weaknesses were identified, including those that emerged from the credit file review on a sample basis. Specifically, deficiencies were found in the assessment of borrowers' creditworthiness at the time of new loan origination, in the risk identification and classification processes, in the Early Warning System used for the timely detection of troubled exposures, as well as in the calculation of impairment provision parameters.

Regarding corporate governance inspections, which focused on risk data aggregation and risk reporting (BCBS 239), the weaknesses identified relate to insufficient comprehensive risk data aggregation and risk reporting, inadequate data architecture and IT infrastructure, as well as weaknesses in data quality management.

These findings are consistent with the results of similar inspections carried out in other SIs at the SSM level.

2.1.2 Supervision of Less Significant Institutions and branches of credit institutions having their head office in a third country or in an EEA country

A. Supervision of Less Significant Institutions

The Less Significant Institutions in the year 2024
2024 was marked by significant developments in the sector of LSIs, most notably the merger of two institutions, resulting in the creation of the largest institution of the Greek LSI sector. This event reshaped the Greek LSI

[19] Some of these inspections were carried out as part of an "on-site inspection campaign" under the SSM framework. These campaigns include inspections across different institutions and countries, overseen by a central coordinating team at the ECB level, with a harmonised scope and methodology, enabling the comparative analysis of the inspection results.

sector and has enhanced its dynamics. The operating profitability of Greek LSIs remained at satisfactory levels, although it was adversely impacted by the gradual decline in interest rates during the second half of the year, which squeezed their net interest margin. Additionally, the results were burdened by provisions booked in the context of the aforementioned merger and the inclusion of Non-Performing Exposures (NPEs) in the "Hercules" government guarantee scheme.

The quality of the sector's portfolios improved significantly due to LSIs' efforts to reduce NPEs through participation in the "Hercules", restructurings, write-offs and foreclosures. LSIs continued their credit expansion in 2024, focusing their financing on Small and Medium-sized Enterprises (SMEs), particularly in the energy and construction sectors.

Liquidity levels remained satisfactory, with customer deposits —which increased significantly during 2024— continuing to be the main source of funding for LSIs.

Off-site supervision

The Bank of Greece has adopted the methodology of the SSM for the supervision of LSIs, adjusting the frequency and intensity of its supervisory actions according to the size and risk profile of the supervised entities, based on the principle of proportionality. At the beginning of each year, the Bank of Greece identifies the key risks for the sector, sets its supervisory priorities and plans corresponding supervisory actions for each LSI.

For 2024, the main risks included credit risk, particularly the management of NPLs, corporate governance, the impact of monetary policy on the sustainability of LSIs' business models, operational risk —focusing on information system risks— and climate risk. The SREP concluded with the imposition of additional Pillar 2 capital requirements and the issuance of supervisory measures and recommendations. The main supervisory actions for 2024 under the SREP and other horizontal activities included:

- **Business Model:** The Bank of Greece assessed LSIs' business plans to ensure the sustainability and viability of their business models and their capacity to implement them. In this context, LSIs' action plans were reviewed with respect to the management of climate and environmental risks. The implementation of business and capital enhancement plans was also monitored, focusing on LSIs with weak capital positions;

- **Credit Risk:** Supervision focused on LSIs' exposure to credit risk, which is the most significant risk, given their business models. Institutions with high NPE ratios were requested to submit NPE reduction plans, which were assessed regarding their completeness and the adequacy of credit loss provisions;

- **Corporate Governance:** The Bank of Greece assessed the adequacy of corporate governance and internal control systems. Corrective actions were requested with respect to the operation of key functions and to weaknesses identified in management information systems. Following a horizontal review conducted in cooperation with the ECB in 2023 on the adequacy of the composition and operation of BoDs, LSIs' compliance with related recommendations was monitored. In 2024, a similar horizontal review was conducted on the composition and operation of LSIs' Audit Committees;

- **Operational Risk:** With regard to ICT and Security risks, the Bank of Greece assessed the institutions' management mechanisms and preparedness to comply with the DORA requirements. It also monitored the progress of operational mergers and systems integration for institutions undergoing mergers during 2024. At the same time, it placed particular emphasis on assessing the progress made in implementing measures to reduce fraud in electronic banking. Finally, it monitored and assessed the implementation of Regulation 389/2018, particularly in relation to the removal of obstacles from Application Programming Interfaces (APIs[20]), the procedures for card integration into digital wallets, and any exemptions granted from the Strong Customer Authentication (SCA) mechanism;

- **Liquidity Risk:** The focus has been on both the short-term and long-term liquidity positions of LSIs and the adequacy of their liquidity risk management processes; and

20 According to the EU Directive for payments, Payment Services Directive 2 – PSD 2.

– **Recovery Plans:** The Bank of Greece conducted the annual assessment of LSIs' recovery plans and made specific and detailed recommendations for improving the plans by thematic area.

It is also noted that, following a stress-test exercise conducted between October 2023 and February 2024, the Bank of Greece imposed a P2G (capital buffer) on all LSIs in 2024.

Box 2.1

Climate and environmental risks in Less Significant Institutions

The Bank of Greece, during 2024, carried out targeted supervisory actions towards LSIs for the management of risks related to climate change and the environment. Specifically, taking into account the principle of proportionality and building on the ECB Guide[1] on climate and environmental risks, it required LSIs to proceed with the development and implementation of action plans for the identification and management of these risks in accordance with the ECB's supervisory expectations. In this context, the Bank of Greece called on LSIs to comply with specific principles, namely by understanding the impacts of these risks on their business environment and strategy, as well as integrating these principles into the risk management and underwriting processes. Subsequently, it monitored and assessed the progress of LSIs in implementing the required actions.

Additionally, and based on the above, the Bank of Greece complemented accordingly the specifications of the Internal Capital Adequacy Assessment Process (ICAAP), as well as the methodology of the SREP, in order to assess the level of integration of climate and environmental risks in specific areas.

Finally, in 2024, the Bank of Greece held a conference with the participation of financial market actors with the aim of strengthening and promoting information and awareness regarding these risks and their prudential treatment.

1 ECB Guide on climate-related and environmental risks, 2020.

On-site inspections

The need to conduct an on-site inspection of a LSI is determined by the competent supervisory division of the Bank of Greece, with the annual inspection programme being developed in close cooperation with the on-site inspection divisions of the Bank of Greece. On-site inspections of LSIs are carried out in accordance with the ECB guidelines. Regarding the inspection methodology, the inspection team applies the relevant methodology of the SSM for on-site inspections of SIs, while adhering to the principle of proportionality, i.e. taking into account the size, activities and risk profile of the supervised credit institution.

During 2024, two inspections were conducted at LSIs. The main purpose of one of them was the assessment of credit risk, including a review of the quality of the wholesale portfolio and an examination of the procedures for exposures classification, impairment calculation and collateral management. The second inspection concerned the evaluation of Information and Communication Technology (ICT) and Security risk management.

B. Supervision of branches of credit institutions having their head office in a third country (outside the EU)

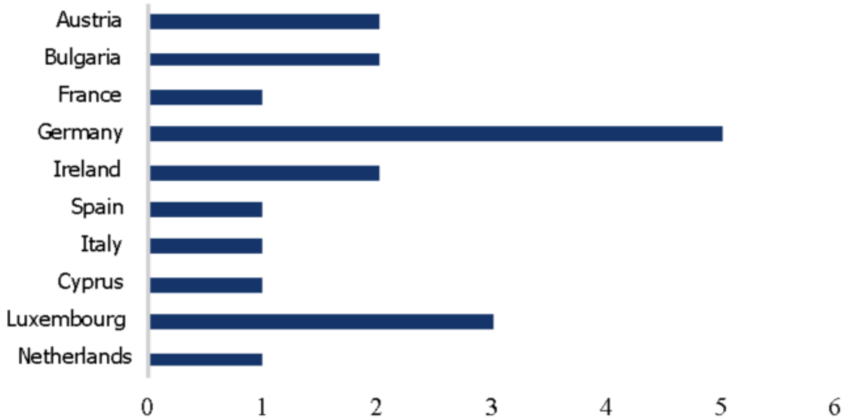
Two branches of credit institutions having their head office in countries outside the European Union (third-country branches) operate in the Greek banking market. The Bank of Greece applies the same methodology and carries out supervisory activities for these branches similar to those carried out for LSIs, adjusted for their specific operational characteristics. The two third-country branches do not have a BoD, their capital and liquidity are supplied by the parent institution and their operations are impacted by the macroeconomic environment of their home country. Their overall size is also very small.

In the second half of 2024, the Bank of Greece initiated the SREP process for the two third-country branches, as provided for by Article 89 of Law 4261/2014. By the first quarter of 2025, this process resulted in the imposition of additional Pillar 2 capital requirements and supervisory measures and recommendations, covering, among other things, the areas of corporate governance and operational risk.

C. Supervision of branches of credit institutions having their head office in the EU that provide services under the freedom of establishment

As at December 2024, 19 credit institutions, based in an EU Member State, provide services in Greece through a branch. These institutions are supervised by the competent authority of the Member State where the parent credit institution is based (Home Member State)[21].

Chart 2.1
Credit Institutions having their head office in the EU that provide services under the freedom of establishment
(number of branches in Greece by home member-state)



Source: Bank of Greece.

The supervision exercised by the Bank of Greece over these branches concerns the implementation of the provisions on the prevention and suppression of money laundering and terrorist financing (AML/CFT), as well as the provisions on transaction transparency. The supervision of the Bank of Greece regarding AML/CFT is elaborated in Chapter 4. It is emphasised that the deposits of branches are covered by the deposit guarantee schemes of the Home Member State.

Box 2.2
Participation of the Bank of Greece in the European Banking Authority

The EBA is an independent EU Authority, with the mission of establishing uniform rules for EU banks, ensuring a level playing field and consumer protection. Its primary objective is to contribute to the financial stability of the EU. The EBA is responsible for ensuring effective and consistent prudential regulation and supervision across the European banking sector. According to Regulation (EU) 1093/2010, the EBA contributes to the creation of the European Single Rulebook of prudential rules and supervisory practices for financial institutions throughout the EU, through the development of technical standards, guidelines and opinions. Along with the other European Supervisory Authorities (ESAs), such as the European Securities and Markets Authority (ESMA) and the European Insurance and Occupational Pensions Authority (EIOPA), the EBA is part of the European System of Financial Supervision (ESFS).

The Bank of Greece is actively involved in the EBA's work, mainly through its participation in the Authority's two main administrative bodies:

– The **Board of Supervisors**, which is the ultimate decision-making body of the EBA, taking all policy decisions, including the adoption of draft technical standards, guidelines, opinions and reports.

– The **Management Board**, which ensures that the EBA carries out its mission. To this end, it proposes, inter alia, its annual work program, the annual budget, the staff policy plan and the annual report.

21 Credit Institutions based in an EU Member State that intend to operate under the freedom to provide services in Greece without establishment are required to notify the Bank of Greece, which, however, does not exercise supervision over their activities.

Furthermore, the Bank of Greece participates in all internal committees and working groups of the EBA, which deal with issues related to, among other things, supervision, risks and innovation, the regulatory framework and policy-making, resolution, consumer protection, financial innovation, etc.

2.1.3 Supervisory Exercises

Significant Institutions

Cyber Resilience Stress Test

The Bank of Greece participated in the Cyber Resilience Stress Test conducted by the ECB in 2024 to assess banks' resilience to cyberattacks.

The exercise was carried out at SIs and aimed to evaluate the degree of response and recovery from a successful cyberattack which, according to a hypothetical scenario, bypassed all of the banks' preventive controls and compromised the databases of their core systems, disrupting daily operations. The focus was on how banks would react in order to recover from a cyberattack – restoring normal operating conditions – rather than on how they would have prevented it. A sample of 28 banks was selected for more extensive testing.

The exercise demonstrated that banks within the SSM have established response and recovery frameworks, although there are still areas for improvement. In this sense, it helped banks to understand the strengths and weaknesses of their respective cyber-resilience frameworks.

In particular with regard to the Greek banks, all four SIs in the country took part in the exercise. The results showed that the Greek SIs have high-quality response and recovery frameworks, and none of the findings identified during the exercise were classified as material.

Quantitative impact study

In 2024, the Bank of Greece participated in the Quantitative Impact Study (QIS)[22], coordinated by the EBA, which served as the basis for the report published by the Bank for International Settlements (BIS) and the corresponding EBA report. The objective of the exercise was to assess the impact of implementing the Basel III framework and, by extension, of its specification and application in the European Union through the Capital Requirements Regulation (CRR III), on the capital base of credit institutions.

Greek SIs participated in the exercise, with data collected as of 31 December 2023. The process included three cycles of data quality assurance, and only those credit institutions that met the required standards of data completeness and quality were included in the EBA's final report.

It is important to note that the capital impact assessment derived from the QIS represents a point-in-time estimate. The final impact of CRR III implementation will depend on the full parameterisation of credit institutions' systems, incorporating all relevant regulatory requirements as well as transitional provisions. These provisions are designed to allow for the gradual recognition of the impact on regulatory own funds and to provide institutions with sufficient time to take appropriate management actions.

Supervisory benchmarking

The Bank of Greece participated in the supervisory benchmarking exercise coordinated by the EBA, which focuses on credit institutions with approved internal models for market risk and/or credit risk used in the calculation of capital requirements.

Three Greek SIs with approved market risk models participated in the exercise. As part of the process, credit institutions were required to compute specific market risk measures (e.g. Value-at-Risk, stress Value-at-Risk) for a range of hypothetical portfolios. The objective of the benchmarking exercise is to identify potential instances of risk underestimation.

These instances were subject to further assessment, and the participating credit institutions were requested to provide additional documentation identifying any potential weaknesses and/or methodological assumptions in their internal models.

22 Quantitative impact study (QIS) | European Banking Authority.

Less Significant Institutions

Stress tests

The Bank of Greece conducted a stress test exercise for LSIs during the period from October 2023 to February 2024. The results of the exercise were taken into account in the Supervisory Review and Evaluation Process (SREP) and in the calibration of P2G.

The exercise was based on two predefined macroeconomic scenarios for the Greek economy, that is a baseline and an adverse scenario, covering a three-year horizon. The methodology and data submission templates were based on the corresponding 2023 EBA stress test for SIs, but were appropriately adapted to reflect the principle of proportionality.

The exercise was conducted under a hybrid bottom-up approach. Credit institutions submitted only initial risk parameters and exposures as of the reference date, while all forward-looking projections of risk parameters over the scenario horizon were centrally estimated by the Bank of Greece. This approach significantly reduced the volume of submitted data points compared to a fully bottom-up approach, while also ensuring the consistent treatment of all institutions in a volatile economic environment, where projecting risk parameter dynamics presents significant challenges.

To ensure that the unique characteristics of each credit institution were adequately considered in the final results, the Bank of Greece conducted a supervisory dialogue. Each institution received a presentation of its individual results as derived from the exercise and was invited to submit written comments.

2.1.4 Horizontal activities in risk analysis

The Bank of Greece's horizontal supervisory units, in close collaboration with the JSTs for each LSI and the supervisors of SIs, regularly conduct analyses of financial and supervisory data to identify vulnerabilities and assess the resilience of institutions to both current and emerging risks and threats. In this context, these units perform horizontal analyses across a wide range of risk areas and actively engage with credit institutions, providing technical support, where deemed necessary. They also actively contribute to the work of the SSM's expert groups on horizontal supervisory activities.

In addition, the Bank of Greece designs and develops data analytics applications by making use of available big data, and produces relevant supervisory reports. In particular, data collected on a monthly basis under the AnaCredit framework[23] are systematically utilised for supervisory and financial stability purposes. This analytical work is conducted via the development of a series of interactive dashboards used to monitor credit risk indicators both at system level and across individual credit institutions. The dashboards also facilitate the assessment of the degree of interconnectedness between Greek credit institutions and their exposure to non-financial corporations.

In 2024, in addition to the financial statements and supervisory data analysis, the following activities were performed:

– Evaluation of the annual NPL reduction strategy plans of LSIs;

– Review of the business plans submitted by SIs;

– Development of horizontal technical analyses per risk area;

– Production of additional reports leveraging AnaCredit data, including (a) assessments of key credit risk metrics (Transition Rates) both at institution and system level; (b) indicators and assessments of the quality of collateral employed by credit institutions for credit risk mitigation purposes;

– Active participation in SSM supervisory activities relating to asset and liability management (ALM) at the euro area level, as well as similar activities focusing on the domestic banking sector. These activities took into consideration that, after years of high liquidity, amid heightened geopolitical tensions, accelerating digitalisation of banking operations and growing influence of social media, effective liquidity and funding risk management becomes increasingly important; and

23 AnaCredit is a dataset containing detailed information on individual bank loans in the euro area, harmonised across all Member States. It is used by the ECB, the euro area national central banks and certain non-euro area central banks.

– Initiation of the development of a banking risk calibration scale and a framework for assessing the resilience of the banking sector, aiming to enhance the identification of banking risks and the determination of supervisory priorities.

2.1.5 Covered bonds and securitisations

Supervision of covered bonds

Directive (EU) 2019/2162[24], regarding the issuance and supervision of covered bonds, has been transposed to Greek law by Part A of Law 4920/2022[25].

Under this law, the Bank of Greece continues to be the competent authority that authorizes and supervises the issuance of covered bond programmes by credit institutions having their head office in Greece, according to Bank of Greece ECA 215/1/03.02.2023.

Law 4920/2022 enabled credit institutions issuing covered bonds to use the "European Covered Bond" or the "European Covered Bond (Premium)" label in programmes that have been authorised by the Bank of Greece.

Until December 2024, the four SIs had issued covered bond programmes, obtaining authorisation from the Bank of Greece, in accordance with the previously applicable covered bond framework (i.e. the provisions of Article 152 of Law 4261/2014 and Bank of Greece Governor's Act 2620/28.08.2009). All credit institutions have already updated their programmes in line with the new legislative framework. In addition, in 2024, two of them were authorised by the Bank of Greece to use the 'European Covered Bond (Premium)' label, following a request submission and relevant reassessment by the Bank of Greece. Pursuant to point (c) of para. 1 of Article 28 of Law 4920/2022, the Bank of Greece regularly publishes and updates a list of covered bonds[26].

With data as at 31.12.2024, 14 bonds have been issued under covered bond programmes with a total nominal value of EUR 9.8 billion and a Net Present Value (NPV) of EUR 10 billion. Their total cover assets, which include loans secured by residential properties located in Greece, have a value of EUR 13.7 billion.

Supervision of securitisations

Regarding securitisations, and in particular the framework for 'simple, transparent and standardised securitisation – "STS"' established by Regulation (EU) 2017/2402,[27] the Bank of Greece, pursuant to Articles 69 and 69A of Law 4706/2020,[28] assessed compliance with Articles 18 to 27 of the Regulation, where the issuer (or sponsor in the securitisation) is a credit or other institution under the Bank of Greece's supervision.

For the year 2024, the Bank of Greece assessed two securitisations for compliance with the simple, transparent and standardised transaction criteria of Regulation (EU) 2017/2402, which concerned SIs. The STS securitisations have been notified to the ESMA in accordance with the procedures established under Article 27 of Regulation (EU) 2017/2402.

The Bank of Greece regularly reviews the arrangements, processes and mechanisms to be applied to STS securitisations, with a view to ensuring continuous compliance with the criteria of simple, transparent and standardised securitisation, having the power, by its decision and if the conditions are met, to derecognise a securitisation as STS.

As regards the overall framework applicable to securitisations, under Regulation (EU) 2017/2402 and Articles 69 and 69A of Law 4706/2020, the Bank of Greece is the authority responsible for supervising LSIs' compliance with

24 Directive (EU) 2019/2162 of the European Parliament and of the Council of 27 November 2019 on the issue of covered bonds and covered bond public supervision and amending Directives 2009/65/EC and 2014/59/EU.

25 Law 4920/2022 transposing (a) Directive (EU) 2019/2162 of the European Parliament and of the Council of 27 November 2019 on the issue of covered bonds and covered bond public supervision and amending Directives 2009/65/EC and 2014/59/EU [...].

26 List of Covered Bonds.

27 Regulation (EU) 2017/2402 of the European Parliament and of the Council of 12 December 2017 laying down a general framework for securitisation and creating a specific framework for simple, transparent and standardised securitisation, and amending Directives 2009/65/EC, 2009/138/EC and 2011/61/EU and Regulations (EC) No 1060/2009 and (EU) No 648/2012.

28 Law 4706/2020 – Part B: Provisions on the modern capital market, Chapter D on the implementing provisions of Regulation (EU) 2017/2402 [...].

the requirements of Articles 5 to 9 of the Regulation that each securitisation must meet, such as compliance with due diligence requirements for institutional investors, risk retention, information transparency requirements, the ban on re-securitisation and the criteria for credit-granting. It should be noted, however, that for SIs, the assessment of the above-mentioned requirements falls within the responsibilities of the ECB.

2.2 SUPERVISION OF FINANCIAL INSTITUTIONS

The Bank of Greece is the authority exclusively responsible for the authorisation and prudential supervision of the following financial institutions:

– Payment Institutions and Electronic Money Institutions, Third-Party Payment Service Providers

– Bureaux de Change

– Microfinance institutions

– Leasing companies and factoring companies

– Credit servicing firms

– Credit companies

– Residential credit intermediaries.

2.2.1 Payment Institutions and Electronic Money Institutions and Third-Party Payment Service Providers

The core institutional framework on the prudential supervision – consisting in authorisation and oversight – of Payment Institutions (PIs), Electronic Money Institutions (EMIs) and Third-Party Payment Service Providers, such as Account Information Service Providers (AISPs), comprises:

– Law 4537/2018, which transposed Directive 2015/2366/EU[29] on payment services in the internal market.

– Law 4021/2011, which transposed Directive 2009/110/EC on the taking up, pursuit, and prudential supervision of electronic money activities.

– ECA 164/2/13.12.2019, which defines, among other things, the terms and conditions for the authorisation and operation of the aforementioned institutions.

In 2024, the Bank of Greece supervised the categories of institutions listed in Table 2.3:

Table 2.3
Number of Payment and Electronic Money Institutions and Third-Party Payment Service Providers

Payment Institutions (PIs)	14
Electronic Money Institutions (EMIs)	5[1]
Account Information Service Providers (AISPs)	1

Source: Bank of Greece.
1 In 2025, an EMI was merged through absorption by a credit institution.

The total value of payment transactions processed in the 2024 reference period[30] by PIs amounted to EUR 62.3 billion, up by 7% compared to the 2023 reference period (EUR 58.2 billion). Meanwhile, the total annual value of payment transactions processed by EMIs during the same period reached EUR 34.4 billion, up by 28.2% compared to the 2023 reference period (EUR 26.8 billion).

29 The 2nd EU Directive on payments, Payment Services Directive 2 – PSD2.

30 According to the current regulatory framework, the total value of payment transactions pertains to a twelve-month period. Specifically, the reference period for the year 2024 spans from 1.1.2024 to 31.12.2024.

Supervision of these institutions is ongoing and includes both off-site supervisory actions and on-site inspections at their premises. The prudential supervision exercised by the Bank of Greece to ensure continuous compliance with regulatory requirements adheres to the principle of proportionality and is tailored to the risk profiles of institutions based on their business model and the products and services they offer.

In 2024, the Bank of Greece:

– Evaluated documentation (e.g. reports, statements) and additional information submitted by institutions regarding capital requirements, corporate governance, risk management, regulatory compliance and outsourcing;

– Assessed policies and procedures for safeguarding user funds in payment services.

– Conducted on-site meetings with major PIs offering acquiring services to review progress in business plans and strategies;

– Conducted annual assessments of ICT and Security risks, particularly in the context of mergers and critical external outsourcing of ICT and Security services;

– Conducted an assessment of issues related to the implementation of Regulation 389/2018, particularly regarding the removal of obstacles from Application Programming Interfaces (APIs), the processes for integrating cards into digital wallets, and any exemptions granted from the strong customer authentication mechanism; and

– Performed an evaluation of the agents of supervised institutions, with corresponding updates to the public registers[31].

On-site inspections at financial institutions are based on the same principles and practices applied to credit institutions, in accordance with the principle of proportionality, taking into account the size, activities and risk profile of the supervised entity. With regard to the inspection methodology, the inspection team applies a methodology developed by the Bank of Greece, which has been designed following the structure of the corresponding methodology of the SSM.

During 2024, seven on-site inspections were carried out at PIs. These inspections mainly focused on the assessment of the organisational structure, the internal control system and the operational units supporting it. Additionally, the inspections evaluated the calculation process for supervisory capital requirements, compliance with safeguarding measures for payment service users' funds, and the outsourcing framework.

ICT and Security risk management was also among the areas examined in three of the seven inspections. Regarding the findings from the inspections, weaknesses were identified in the operational framework of the institutions' BoD, internal audit and risk management units, as well as in the framework for managing outsourcing.

2.2.2 Bureaux de Change

The Bank of Greece, in accordance with Law 2515/1997 and Law 2548/1997, is the authority responsible for the authorisation and supervision of Bureaux de Change. In 2024, there were ten Bureaux de Change operating in Greece.

Supervisory responsibilities primarily include assessing compliance by Bureaux de Change with the current regulatory framework. Additionally, in 2024, the Bank of Greece conducted evaluations of prudential documentation and information regarding capital requirements, corporate governance, risk management, compliance and outsourcing arrangements. A key focus of the Bank of Greece's supervisory activity was the assessment of the corporate governance of Bureaux de Change, in particular to ensure the effective functioning of their BoDs (e.g. sufficient number of independent BoD members). As part of the supervisory dialogue, the necessary supervisory measures and recommendations were communicated to Bureaux de Change.

31 According to Article 14 of Law 4537/2018, the Bank of Greece maintains a public register on its official website, where authorised payment institutions (PIs), electronic money institutions (EMIs) and account information service providers (AISPs) based in Greece (supervised institutions) are registered. Additionally, according to Article 15 of the aforementioned law, the Bank of Greece is responsible for updating the electronic central register maintained by the EBA.

2.2.3 Microfinance Institutions

The Bank of Greece is responsible for the authorisation and supervision of Microfinance Institutions, according to the provisions of Law 4701/2010 and ECAs 178/1/02.10.2020 and 193/2/27.09.2021. As at December 2024, there were 3 Microfinance Institutions operating in Greece. A key feature of the sector is the small size of institutions and the low amount of financing they may provide, which cannot exceed EUR 25,000 per borrower. The distinct characteristic of this sector lies in providing access to financing to persons that do not have access to traditional banking services, combined with support through business advisory, education and mentoring services. The sector is still in its first steps, as the first microfinance loans were granted in 2023, with their total balance reaching approximately EUR 8 million on 31.12.2024. This balance is expected to increase in the near future, with the commencement of operations of the Microfinance Fund, managed by the Hellenic Development Bank, which foresees the granting of low-interest loans of a total amount of EUR 80 million, through Microfinance Institutions.

The regulatory framework on Microfinance Institutions includes strong governance requirements, equivalent to those for Credit Institutions, taking into account the principle of proportionality. Regarding capital adequacy, the regulatory requirement is limited to maintaining a minimum initial capital of EUR 250,000.

During 2024, as part of ongoing prudential supervision, the Bank of Greece monitored Microfinance Institutions' operations, focusing on adherence with the minimum capital requirement, review of regulatory reporting (especially on loans granted) and assessment of policies and annual reports on risk management, compliance and internal control systems. Additionally, the Bank of Greece monitored institutions' compliance with regulatory requirements regarding outsourcing and ICT and Security risk.

2.2.4 Leasing Companies and Factoring Companies

The Bank of Greece is responsible for the authorisation and supervision of leasing and factoring companies according to the provisions of Law 1665/1985 and Law 1905/1990 respectively, as well as Bank of Greece ECAs 193/1/27.09.2021 and 193/2/27.09.2021.

A key feature of these institutions is their small size and limited activities. Regarding their capital adequacy, the supervisory requirement is limited to maintaining an initial capital of EUR 9 million for leasing companies and EUR 4.5 million for factoring companies.

As at December 2024, there were 8 leasing companies operating in Greece, of which 6 belong to credit institution groups. The total receivables (e.g. from financial leases) for all leasing companies amount to EUR 3.08 billion. Furthermore, 7 factoring companies operate in Greece, of which 6 belong to credit institution groups. Their total receivables amount to EUR 3.76 billion. Both leasing and factoring companies that belong to credit institution groups are supervised by the supervisory teams that are responsible for the prudential supervision of the respective credit institutions.

The common supervisory framework on these institutions includes internal governance requirements, similar to those for credit institutions, based on the principle of proportionality. Among other things, they are subject to specific requirements regarding internal control systems, outsourcing, ICT and Security risk management. In 2024, the Bank of Greece assessed the compliance of these institutions with the aforementioned requirements, considering their risk profiles based on the products and services they offer.

2.2.5 Credit servicing firms

The Bank of Greece is responsible for the authorisation and supervision of credit servicers based in Greece (hereinafter "CSFs") according to the provisions of Law 5072/2023 and Bank of Greece ECA ("ECA") 225/1/30.01.2024. As of December 2024, there were 18 CSFs operating in Greece. A key characteristic of the industry is its high concentration, as 92% of total receivables are serviced by the 4 largest firms, while the remaining firms show little activity.

As part of ongoing supervision, the Bank of Greece monitors CSFs' operations, evaluating:

- the types and effectiveness of the solutions offered to borrowers;

- their efficiency in the recovery of receivables by monitoring the collections and liquidations carried out, with particular emphasis on the receivables included in the "Hercules" government guarantee scheme;
- the existence of effective corporate governance arrangements and of appropriate internal control systems; and
- their timely response to borrowers' complaints, in the context of monitoring compliance with the provisions of the Code of Conduct under Law 4224/2013 on the management of non-performing private debt.

Moreover, during 2024, the companies were re-authorised following the implementation of the new legal framework (Law 5072/2023 and ECA 225/1/30.01.2024). Out of the 23 CSFs operating in Greece, 18 were re-authorised, while 5 CSFs had their license withdrawn on their own request.

2.2.6 Credit companies

The Bank of Greece is responsible for the authorisation and supervision of Credit Companies, according to the provisions of Law 4261/2014 and ECAs 193/1/27.09.2021 and 193/2/27.09.2021. Following the recent amendment to Law 4261/2014 in December 2024 by Law 5167/2024, the object of these companies has been expanded to include the granting of all types of credit to both natural and legal persons.

The supervision of Credit, Leasing, Factoring Companies and Microfinance Institutions is conducted under a common framework, in accordance with ECA 193/2/27.09.2021. With respect to capital adequacy, the requirement is limited to maintaining a minimum initial capital of EUR 4.5 million.

During 2024, no Credit Companies were authorised or operated in Greece.

2.2.7 Residential credit intermediaries

The Bank of Greece is responsible for the authorisation and supervision of residential credit intermediaries in accordance with the provisions of Article 28 of Law 4438/2016 and Bank of Greece Executive Committee Act 137/16.04.2018. As at December 2024, there were 20 residential credit intermediaries operating in Greece. As part of ongoing supervision during 2024, the Bank of Greece assessed the prudential reports and monitored the value and number of contracts for which credit mediation services were provided. Furthermore, the Bank of Greece reviewed the number of complaints and ensured that all residential credit intermediaries have a valid professional liability insurance contract in place.

2.3 SUPERVISION OF OCCUPATIONAL AND PRIVATE INSURANCE

Regulatory framework

The Bank of Greece conducts supervision of the private insurance market since 1 January 2010 and, as from 1 January 2025, also supervises occupational pension funds (OPFs).

The regulatory framework governing the operation of the private insurance sector, based on which the supervisory responsibilities of the Bank of Greece are exercised, includes Union and national provisions, notably including the following:

- Directive 2009/138/EC (Solvency II), which was transposed to Greek legislation by Law 4364/2016, and Delegated Regulation (EU) 2015/35, which regulates the insurance and reinsurance undertakings that are active in the EU;
- Directive (EU) 2016/97, which was transposed to Greek legislation by Law 4583/2018, regarding the distribution of insurance products in the EU; and
- Directive (EU) 2016/2341 of the European Parliament and of the Council (IORP II), which was transposed to Greek legislation by Law 5078/2023, regarding Occupational Pension Funds.

Supervisory approach and methodology

The Bank of Greece conducts supervision off-site (off-site supervision) and on-site (on-site inspections) in the headquarters of insurance undertakings, occupational pension funds and insurance intermediaries.

The Bank of Greece implements the supervisory review process, adopted in the context of supervisory convergence at EU level, and has published it on its website to ensure transparency. The main objective of the supervisory review process is to determine the risk level of each insurance undertaking using a risk-based approach, in line with the nature, complexity and scale of risks undertaken by each insurance undertaking in relation to its activities. This is a dynamic field, as business policies and practices of insurance undertakings evolve in response to the constantly changing environment. Achieving this goal is therefore an ongoing requirement for supervisory activities, which focus on monitoring the evolution of insurance undertakings' financial condition, internal organisation and operation, as well as compliance. In certain cases, supervisory actions have led to inspections carried out on specific issues, to the formulation of recommendations for corrective actions, and to investigations that may lead to the imposition of supervisory measures or administrative sanctions.

Additionally, the Bank of Greece is taking the necessary measures to adapt its supervisory activities to the new regulatory framework in light of the transposition of the amendment to the Solvency II Directive (Solvency II Review) to Greek law. Among other things, the amendments introduce simplified and clearer rules on the proportionality principle, which are expected to reduce the administrative burden for smaller and less complex insurance undertakings.

Supervised (re)insurance undertakings

In 2024, there are 34 insurance undertakings[32] operating in the Greek private insurance market, which can be classified according to the type of authorisation as follows:

- 2 life insurance undertakings;
- 19 non-life insurance undertakings; and
- 13 insurance undertaking (composites) writing both life and non-life business (including life insurance undertakings underwriting only non-life business of the "Accident" and "Sickness" classes).

Out of the above 34 insurance undertakings, 31 operate and are supervised in accordance with the European Directive "Solvency II", which applies to all EU Member States as from 1.1.2016, while 3 are exempted, due to their size, from several requirements related to all three pillars of Solvency II[33]. Out of the 31 insurance undertakings subject to the provisions of Solvency II, 11 belong to insurance groups with their parent undertaking in another country and 5 to insurance groups subject to the supervision of the Bank of Greece. In addition, 15 insurance undertakings do not belong to any EU-based insurance group.

In 2024, the Greek insurance market maintained its capital adequacy and own funds remained at the same levels as in the previous year, despite challenges posed by the geopolitical environment and the negative impact of extreme weather events. Gross written premiums of the life insurance business of the insurance undertakings regulated by the Bank of Greece increased, mainly driven by insurance contracts linked to investments. Non-life gross written premiums also rose, mainly due to an increase in fire and hospital expenses insurance. Total assets of insurance undertakings grew year-on-year, with a significant part of investments allocated to highly-rated government and corporate bonds.

2.3.1 Supervision of (Re)Insurance Undertakings

Off-site supervision

Key aspects of prudential supervision by the Bank of Greece were the monitoring of capital adequacy and own funds quality, as well as evaluating the risk profile of insurance undertakings against existing and emerging risks. Key actions focused on the supervision of the financial and solvency position of insurance undertakings and included monitoring and evaluating their ability to meet capital solvency requirements, as well as the technical provisions of supervised

32 Excluding the mutual insurance undertakings referred to in the first sentence of para. 1 of Article 7 of Law 4364/2016.

33 The Bank of Greece, based on the principle of proportionality, has allowed 3 insurance undertakings that meet the required size and business criteria to be exempted from certain Solvency II provisions regarding the solvency requirements, the governance system and public disclosure.

entities. At the same time, emphasis was placed on the supervision of the undertakings' governance systems, particularly focusing on the assessment, on the one hand, of the fitness and propriety of the individuals who manage and oversee the operations of insurance undertakings and, on the other hand, the degree of effective implementation of principles and practices of sound corporate governance, as these govern the structure and functioning of the insurance undertakings and are reflected in a set of written policies and procedures. Specifically, the Bank of Greece:

– Assessed the preparedness of insurance undertakings in relation to climate change risks, as well as the use of the Own Risk and Solvency Assessment (ORSA) process for identifying, evaluating and managing these risks. The assessment highlighted various challenges for the insurance market, mainly regarding the identification and assessment of climate risks, the formulation of strategy and the use of appropriate tools for their management;

– Considered, as part of the assessment of the solvency and sustainability of insurance undertakings, the developments in financial markets and key macroeconomic indicators. Furthermore, during this assessment, emphasis was placed on real estate owned by supervised insurance undertakings and, where deemed necessary, recommendations were issued for the implementation of independent validation verification. In this context, requests for share capital reduction were also examined;

– Evaluated issues related to technical provisions, with an emphasis on life insurance policies linked with investments or indices (unit-linked & index-linked). In this context, the Bank of Greece examined issues related to actuarial assumptions taken into account when calculating technical provisions within the contract boundaries;

– Analysed the long-term effects of inflation on the pricing policies of insurance undertakings, focusing on adjustment strategies and on the impact of medical inflation on the health insurance portfolio;

– Organised bilateral meetings with the managements of all insurance undertakings on their intended strategy (Strategy Days), focusing on the adaptability of business models to the challenges of the macroeconomic and business environment;

– Conducted a series of supervisory meetings with insurance undertakings regarding governance and ICT and Security risk. The horizontal assessment highlighted good practices and weaknesses that will lead to targeted supervisory interventions. Based on the findings and considering the European developments in the regulatory framework and methodology, the Bank of Greece aims to establish a unified supervisory approach and specialised tools for assessing ICT risks. At the same time, it monitors compliance with DORA; and

– Strengthened its close cooperation with the supervisory authorities of other EU Member States, primarily through the ESFS, under the coordination of the EIOPA. At the same time, it participated in 12 Colleges[34] of Supervisors for groups based in the EU and hosted 2 Colleges for groups based in Greece. In addition, the Bank of Greece maintains continuous communication with other EU supervisory authorities on matters of common supervisory interest, such as issues related to the fitness and propriety of management board members of insurance undertakings based in Greece that operate cross-border within the EU.

Box 2.3
European Insurance and Occupational Pensions Authority

The EIOPA is one of the three ESAs within the ESFS, with a mandate to contribute to the stability of the financial system, promoting the transparency of financial markets and products and the protection of insurance policyholders, pension scheme members and beneficiaries.

EIOPA's main decision-making body is the Board of Supervisors, in which the Bank of Greece is also represented. In addition, the Bank of Greece participates in key EIOPA committees and contributes to the development of guidelines and their integration into the Greek regulatory framework.

In 2024, EIOPA published the results of the Peer Review on the Prudent Person Principle and performed a Peer Review on the supervision of the Stochastic Valuation (SV) for insurance and reinsurance undertakings

34 Colleges serve as a cooperation mechanism between national supervisory authorities, for the supervision of cross-border insurance groups. EIOPA supports the effective exchange of critical supervisory information, joint risk assessment and alignment of supervisory decisions, ensuring that multinational groups are supervised with a consistent and harmonised approach across all countries where they operate.

under Solvency II. Additionally, EIOPA published supervisory expectations regarding the supervision of reinsurance concluded with third-country reinsurers as well as a report on the implementation of IFRS 17.

Regarding climate change-related actions, EIOPA, along with the other two ESAs (EBA and ESMA) and the ECB, conducted the one-off "Fit-for-55" climate scenario analysis in order to assess the resilience of the EU financial sector to climate-related shocks and support the green transition even under extreme scenario conditions.

On-site inspections

On-site inspections are carried out based on the manual that has been developed and is updated on a regular basis. In 2024 four inspections in insurance undertakings were initiated, two of which were ad hoc and carried out in insurance undertakings under liquidation. The inspections assessed the general corporate governance requirements and the internal control system, the process of incorporating expenses in the calculation of technical provisions, as well as the underwriting and claims management policies of individual health contracts.

Regarding the findings of the aforementioned inspections, weaknesses were identified in the corporate governance and internal control system, mainly relating to the organisational structure and the decision-making process. In addition, deficiencies were identified in the risk management system relating to the identification, assessment and reporting framework of the risks to which insurance undertakings are exposed. Finally, inadequacies were recorded in the role of the actuarial function.

Stress testing exercises

In 2024, the Bank of Greece participated in the EIOPA Stress Test 2024, which included scenarios of severe but plausible adverse developments in financial and macroeconomic conditions, with the possibility of a further escalation of geopolitical tensions. The market, as a whole, entered the exercise with a strong level of capitalisation, showing resilience even in the extreme hypothetical scenario. The exercise confirmed that the main vulnerabilities of the private insurance sector stem from extreme market conditions; however, their significant impact can be mitigated through appropriate management actions. These actions include capital injections from the main shareholder, suspension of dividend distributions, portfolio transfers to reinsurers and cost reductions.

2.3.2 Supervision of Occupational Pension Funds

As from 1 January 2025, the Bank of Greece assumed, under Law 5078/2023, the supervision of Occupational Pension Funds (OPFs). The primary objective of supervision is to protect the rights of members and beneficiaries of OPFs pension benefits and to ensure the stability and soundness of OPFs.

The relevant responsibilities of Bank of Greece for OPFs include, among other things, authorising establishment and operation; maintaining a relevant registry; ensuring ongoing compliance with the applicable regulatory framework – particularly in relation to governance, capital adequacy, risk and investment management, and the provision of required information to members and beneficiaries; taking all appropriate and necessary corrective and enforcement measures when and where needed; and evaluating OPFs' requests for cross-border activity.

Additionally, the Bank of Greece continuously monitors the compliance of Institutions for Occupational Retirement Provision (IORPs) of other EU Member States operating in Greece on a cross-border basis with the requirements of national social security and labour legislation related to occupational pension benefit programmes.

During 2024, the Bank of Greece planned and completed tasks related to the appropriate internal organisation and preparation for the smooth assumption of its new responsibilities for the supervision of OPFs.

In this context, new organisational units were established and took actions such as designing the new supervisory process and the supervisory framework for OPFs, developing the necessary supervisory tools and systems and updating the Bank of Greece's website to reflect the new responsibilities[35].

35 Occupational Pension Funds.

At the same time, the Bank of Greece closely collaborated with the authorities responsible for the supervision of OPFs until 31 December 2024, with the aim of both obtaining updates on the operation of OPFs up to that point and addressing any pending issues, as well as coordinating actions for the timely preparation of OPFs in view of the implementation of DORA.

2.3.3 Supervision of Insurance Undertakings' and Distributors' Market Conduct

The Bank of Greece is responsible for supervising distribution networks and practices at two levels. First, the Bank of Greece supervises manufacturers of insurance products, to ensure that they comply with the insurance obligations they have undertaken under insurance contracts. Second, the Bank of Greece supervises distributors of insurance products (insurance intermediaries), to ensure that they comply with the legislation on disclosure and business ethics standards during the sales of insurance products.

During 2024, supervisory tools based on a risk-based approach were used with the aim of identifying and addressing the most probable risks across the entire market. Utilising these tools, the Bank of Greece conducted targeted on-site inspections and visits, to both insurance intermediaries and manufacturers of insurance products, focusing on the level of products and services provided to policyholders and prospective policyholders.

During 2024, the Bank of Greece:

– Assessed and approved professional training seminars for insurance intermediaries, which are to be conducted in 2025 so that they may fulfil their lifelong learning requirement of at least 15 hours per year;

– Updated the examination syllabus for the certification of insurance intermediaries;

– Handled inquiries from insurance intermediaries regarding the regulatory framework on the professional knowledge certification examinations, as well as their overall regulatory obligations governing the lawful conduct of insurance distribution activities;

– Processed and investigated complaints received from policyholders, concerning both insurance product manufacturers and distributors, and responded accordingly (at a minimum, by sending responses to complainants and, where necessary, preparing summons to hearings and recommending the imposition of legally prescribed sanctions); and

– Issued recommendations to supervised entities for the implementation of necessary corrective actions.

The Bank of Greece actively participates in the process of exchanging information with supervisory authorities of other EU Member States regarding insurance product manufacturers and distributors operating on a cross-border basis, either through a branch or under the freedom to provide services.

Based on the annual on-site inspection programme for 2024, three inspections were initiated on insurance product distributors (insurance intermediaries). The object of the inspections was to assess compliance with the legislation on the distribution of insurance products.

2.4 AUTHORISATION AND FIT AND PROPER ASSESSMENT

Credit Institutions

The Bank of Greece cooperates with the ECB in the context of the common procedures as set out in the Regulation (EU) 468/2014 of the ECB. These procedures concern both SIs and LSIs and include:

• the authorisation of credit institutions in Greece;

• the withdrawal of authorisation of credit institutions; and

• approval of the acquisition or increase of a qualifying holding[36] in an existing credit institution.

36 In the capital and voting rights.

The Credit and Insurance Committee of the Bank of Greece makes its own assessment[37] and issues its recommendation (approval or rejection) to the ECB, with the latter being responsible for issuing the final decision.

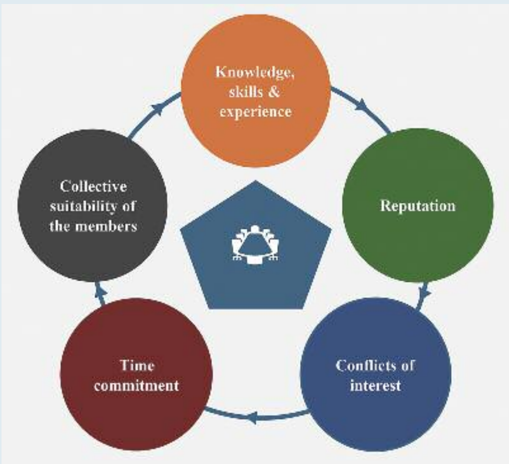
In addition, the Bank of Greece is the authority responsible for the fit and proper (FAP) assessment[38] of the BoD members and Key Function Holders of credit institutions. Specifically for SIs, FAP assessment is carried out jointly with the ECB, which issues the final decision.

Box 2.4

Criteria for the Fit and Proper assessment of the members of the Management Body and Key Function Holders of SIs and LSIs

The responsibility for selecting suitable members in the Board of Directors and Key Function Holders lies primarily with credit institutions. The ECB and the Bank of Greece conduct their fit and proper assessment in order to determine whether the members being assessed are suitable in relation to the proposed duties so as to prevent from the outset the participation of persons that could potentially jeopardise the smooth operation of the credit institution or even terminate the exercise of their duties in the event of a serious issue arising. The appointees are assessed on the basis of the five FAP assessment criteria[1]:

– Knowledge, skills and experience: Has the proposed member sufficient knowledge, skills and experience to perform his/her duties in the credit institution?



– Repute, honesty and integrity: Has the proposed member a past criminal record, or a history of tax or administrative penalties, or is he/she involved in pending legal proceedings?

– Independence of mind: The proposed member should be able to act with independence of mind and without being affected by potential external factors during the decision-making process. Is the proposed member in a position to conduct a substantive assessment and challenge the decisions proposed by other BoD members? Has the proposed person any conflicting interests that could potentially hinder objective decision making?

– Sufficient time commitment: Is the proposed BoD member able to commit sufficient time to perform his/her functions and responsibilities with the credit institution?

– Collective suitability of the BoD: It is assessed from the perspective of the added value brought by the specific candidate to the BoD as a whole. To what extent does this individual align with the overall composition of the BoD?

1 The "collective suitability" and "sufficient time commitment" criteria concern only the assessment of BoD members, not Key Function Holders.

Apart from the above, the Bank of Greece is the authority exclusively responsible[39] for authorising, withdrawing authorisation and approving the acquisition or increase of a qualifying holding in the branches of credit institutions based in third countries and the representative offices of credit institutions based in third countries.

Table 2.4 below depicts the total number of requests that were assessed in collaboration with SSM within the year 2024:

37 According to Law 4261/2014 and Bank of Greece Executive Committee Act 142/11.6.2018.

38 According to Bank of Greece ECA 224/1/21.12.2023, the institution shall notify in writing the Bank of Greece, by completing and submitting without a delay a "Questionnaire for the fit and proper assessment of members of the Bodh and key function holders", along with the required documentation, when a decision to propose the appointment of a particular person is taken. In any case, this submission should be made at least one (1) month prior to the proposed date of assumption of duties. This Act also applies to financial institutions.

39 Under ECA 58/18.1.2016 and Banking and Credit Committee Decision 211/1/5.12.2005.

Table 2.4
Number of common procedures and Fit & Proper assessments (SIs & LSIs)

Procedures	Number
Authorisation	1
Approval of acquisition/increase in a qualifying holding	2
Fit and Proper Assessment	9[1]

Source: Bank of Greece.
[1] Concerns SIs.

In addition, the Bank of Greece, as the competent supervisory authority of the host member State, receives notifications from credit institutions established in other Member States in the EU regarding their intention to provide banking services with or without establishment in Greece[40]. Finally, the Bank of Greece is responsible[41] for granting approval or exemption from approval to parent financial holding companies and parent mixed financial holding companies of banking groups. Within 2024, the Bank of Greece authorised the establishment of one parent financial holding company.

Financial Institutions

The Bank of Greece is the authority exclusively responsible for authorising, withdrawing authorisation, approving the acquisition or increase of a qualifying holding, as well as for conducting the fit and proper assessment of the BoD members and Key Function Holders of the following types of financial institutions in Greece[42]:

- leasing, factoring and credit companies,
- microfinance institutions,
- credit servicing firms,
- residential credit intermediaries,
- payment Institutions, electronic money institutions and payment services providers and
- Bureaux de Change.

Table 2.5
Authorisations/Withdrawals of authorisation and qualifying holding procedures for financial institutions

(number of procedures)

	Authorisations	Withdrawals	Qualifying Holdings
PIs and EMIs	2	-	3
Bureaux de Change	1	-	-
Credit Servicing Firms	18	5	5
Leasing Companies	1	-	1
Microfinance Institutions	-	-	1
Residential Credit Intermediaries	9	-	-

Source: Bank of Greece.

40 It refers to the freedom to provide services within the EU.
41 According to Law 4261/2014 and Bank of Greece Executive Committee Act 190/1/16.6.2021.
42 According to ECA193/1/27.9.2021, ECA 178/1/2.10.2020, ECA 225/1/30.1.2024, and ECA137/16.4.2018.

Furthermore, the Bank of Greece conducted numerous fit and proper assessments for BoD members and Key Function Holders of financial institutions.

Finally, another important role of the Bank of Greece, as the competent supervisory authority of the host Member State, concerns the management of the notifications received from financial institutions established in other Member States in the EU regarding their intention to provide banking services with (through branches or agents) or without establishment in Greece.

(Re)Insurance undertakings

The Bank of Greece is responsible[43] for reviewing applications for authorisation of entities based in Greece that intend to undertake (re)insurance activities. However, in 2024, no such applications were received.

During the same year, the Bank of Greece assessed specific requests from supervised (re)insurance undertakings regarding the acquisition of qualifying holdings, the reduction of share capital and the transfer of insurance portfolios.

As part of its responsibilities[44], the Bank of Greece continuously assesses the fitness and propriety of the management members of supervised (re)insurance undertakings. In this way, the Bank of Greece determines whether the management members of (re)insurance undertakings – both individually and collectively (BoD) – possess the skills, experience and knowledge required to perform their duties in a professional manner (fitness) and act with personal integrity and honesty, possessing good repute and soundness (propriety). During the reference year, the Bank of Greece assessed a considerable number of individuals, as part of the fit and proper assessment procedure of management members of (re)insurance undertakings.

43 According to Law 4364/2016 and Bank of Greece Executive Committee Acts 120/11.07.2017 & 60/12.02.2016.

44 According to Law 4364/2016 and Bank of Greece Executive Committee Act 60/12.02.2016.

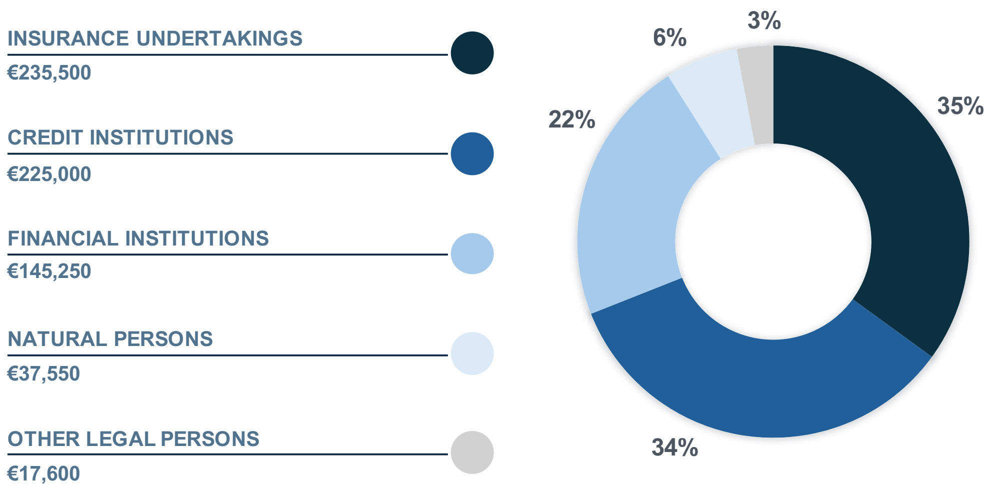
3. SANCTIONS

According to Article 55A of its Statute, the Bank of Greece, when performing its supervisory tasks, imposes administrative sanctions on all persons subject to its supervisory powers, their legal representatives and persons in managerial positions, for breaches of the framework within its scope of supervision.

In 2024, the Credit and Insurance Committee of the Bank of Greece identified in its decisions 34 breaches of the framework within the Bank of Greece scope of supervision, committed by credit institutions, financial institutions, insurance undertakings, natural persons and other legal persons.

In all the above cases, it was decided to impose pecuniary penalties, which totalled EUR 660,900. In some cases of breaches of the insurance legislation framework, the persons responsible were also ordered to refrain from such breaches in the future. In cases of breaches of the framework on the prevention and suppression of money laundering and terrorist financing (AML/CFT), the respective decisions also required the institutions to take corrective measures.

Chart 3.1
Penalties imposed by category of supervised persons



Source: Bank of Greece.

Breaches of the AML/CFT framework
In 2024, 8 breaches of provisions of the AML/CFT framework were identified in total, committed by an insurance undertaking and a payment institution. In these cases, it was decided to impose pecuniary penalties on the supervised legal persons amounting to a total of EUR 210,000 and to require them to take corrective measures.

Breaches of the insurance legislation framework
In 2024, 14 breaches of the insurance legislation framework were identified in total, committed by 4 natural persons, 3 insurance undertakings, one credit institution and one legal person, which breached the insurance distribution provisions. For these breaches pecuniary penalties amounting to EUR 163,400 were imposed, while for 4 of them the persons responsible were also ordered to refrain from such breaches in the future.

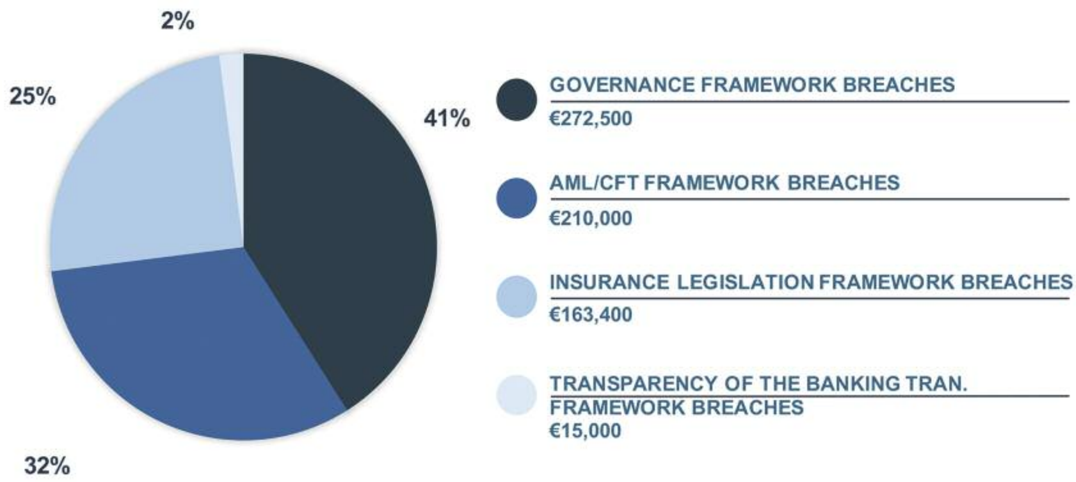
Breaches of the transparency of the banking transactions framework
In 2024, following customer complaints, 5 breaches of the transparency of the banking transactions framework were identified in total, committed by a credit servicing firm and 2 credit institutions. Pecuniary penalties amounting to EUR 15,000 in total were imposed.

Breaches of the governance framework

In 2024, 8 breaches of the governance framework were identified in total. Specifically, 6 breaches of the regulatory framework on the operation of payment institutions (Law 4537/2018 and Executive Committee Act 164/2/13.12.2019) were identified, committed by one payment institution, and 2 breaches of the regulatory framework on the operation of credit institutions (Law 4261/2014 and Bank of Greece Governor's Act 2577/2006) were identified, committed by a credit institution. Pecuniary penalties amounting to EUR 272,500 euros in total were imposed.

Summary information on the administrative sanctions imposed by the Bank of Greece in recent years is published on its website (Sanctions).

Chart 3.2
Penalties imposed by category of breach



Source: Bank of Greece.

4. PREVENTION OF MONEY LAUNDERING AND TERRORIST FINANCING

The Bank of Greece is the supervisory authority responsible for the implementation of the institutional framework on the prevention of Money Laundering (ML) and Terrorist Financing (TF) by the entities which fall under its supervision. The responsibilities of the Bank of Greece are exercised, inter alia, by specifying, through the issuance of regulatory acts, the individual obligations of supervised entities, providing instructions and updates, assessing ML/TF risks, conducting off-site supervision and on-site inspections and imposing administrative sanctions.

Regulatory framework

Law 4557/2018 is the basis of the national institutional AML/CFT framework and transposes the provisions of Directive (EU) 2015/849. The Bank of Greece has specified the obligations of supervised entities through the issuance of Banking and Credit Committee Decision 281/5/17.03.2009. In addition, by ECA 172/1/29.05.2020, it has laid down the terms and conditions for the remote electronic identification of natural persons establishing business relationship (digital onboarding).

In 2024, the Bank of Greece contributed to the formulation of the draft law transposing the amendments to the Directive (EU) 2015/849, by Regulation (EU) 2023/1113 and its implementing provisions. In addition, it actively participated in the meetings of the preparatory working group established in 2024 by the Ministry of Economy and Finance (in which the other AML/CFT competent authorities[45] also participate), for the examination of the legislative amendments that should be enacted due to the new European regulatory framework. Finally, in September 2024, the Bank of Greece established a working group with the Hellenic Bank Association (with the participation of representatives of credit institutions), to strengthen cooperation and consultation during the transitional period until Regulation (EU) 1624/2024 (AMLR) takes effect and to ensure a smooth transition to the new regulatory framework.

Supervision and on-site inspections

The Bank of Greece applies a risk-based approach for the supervision of the institutions that full under its jurisdiction. In particular, the Bank of Greece assesses at least on an annual basis the level of ML/TF risk and the level of each supervised entity's compliance with the institutional AML/CFT framework, taking into account, inter alia, the results of the National ML/TF Risk Assessment, the European Commission's Supranational ML/TF risk assessment and the Opinion of the EBA on ML/TF risks affecting the European financial sector. The type and intensity of supervisory actions for each supervised entity, including the annual on-site inspection plan, is determined by the results of the annual ML/TF risk assessment and by any new or emerging ML/TF risk. In this context, within 2024 the Bank of Greece:

– Assessed the ML/TF risk and the internal control mechanisms of 131 supervised entities operating in 10 sectors;

– Communicated the assessment report on the internal control mechanisms for managing the ML/TF risk of payment institutions providing remittance services through agents, following a relevant thematic audit, requesting the said institutions to take into account the conclusions and observations of the report, as well as the good practices and recommendations stated, in order to improve the procedures for assessing and addressing the ML/TF risks and to notify the Bank of Greece of their actions;

– Requested the supervised entities to provide clarifications and further information on areas of increased risk or take corrective measures/implement recommendations made in previous years, and provided updated instructions;

– Carried out 6 supervisory visits to supervised entities (4 to credit institutions and 2 to payment institutions) with the aim of deep diving into individual supervisory areas;

[45] Ministry of Economy and Finance, Hellenic Anti-Money Laundering Authority, Ministry of Justice, Independent Authority for Public Revenue, Hellenic Gaming Commission, Ministry of Maritime Affairs and Insular Policy, Hellenic Capital Market Commission, Ministry of Development, Hellenic Police, Ministry of Migration and Asylum, National Transparency Authority, Hellenic Accounting and Auditing Standards Oversight Board, Ministry of Education, Religious Affairs and Sports.

– Organised 5 AML/CFT Supervisory Colleges[46] for an equal number of supervised entities and participated, as a permanent member, in AML/CFT Colleges of 19 supervised entities, organised by 7 European AML/CFT authorities ; and

– Performed 2 on-site inspections to assess the implementation of the AML/CFT regulatory framework at 2 credit institutions (including one SI). The inspections revealed weaknesses regarding the effectiveness of implementation and the control of the procedures for the continuous monitoring of their customers' transactions and activities in the context of the detection and investigation of unusual or suspicious transactions, as well as insufficient staffing of the units supporting the work of the AML/CFT officer.

Box 4.1

Cooperation of the Bank of Greece at national and international level for the suppression of ML/FT

National level

The Bank of Greece is a member of the Strategy Committee referred to in Article 8 of Law 4557/2018, which is the national mechanism that defines the strategy for addressing ML/TF risk, and participated in the meetings that took place in 2024. In addition, representatives of the Bank of Greece contributed to horizontal public sector projects, such as the compilation of AML/CFT statistics at national level, which will be registered on a specially designed digital platform, the interconnection of entities supervised by the Bank of Greece with the "Pothen Esches[1]" interoperability, as well as projects related to the eGov-KYC (Know Your Customer) and eGov-KYB (Know Your Business) services.

International level

– Financial Action Task Force – FATF

The Financial Action Task Force (FATF) is an international intergovernmental organisation dedicated to developing AML/CFT policies. In 2024, the Bank of Greece participated in the regular meetings of the FATF Plenary and in the meetings of the "Policy Development Group", which develops and strengthens the FATF standards and provides guidelines to help their effective implementation.

– Authority for Anti-Money Laundering – AMLA

It is a new European authority, established by Regulation (EU) 2024/1620, with the objective, among other things, of direct and indirect AML/CFT supervision of institutions in the financial and non-financial sectors of the EU and the formulation of an institutional framework. The Bank of Greece assumed responsibility for permanent joint representation of the country's supervisory authorities in the AMLA's General Board in Supervisory Composition.

1 Submission of assets and funds declaration

46 Permanent structure for cooperation and exchange of information between AML/CFT supervisors for the purpose of supervising a group or entity operating in a host Member State or third country.

5. MACROPRUDENTIAL SUPERVISION

The Bank of Greece exercises its macroprudential powers under Article 55A of its Statute with a view to safeguarding the stability of the financial system[47] as a whole, by mitigating the build-up of systemic risks and strengthening its resilience. Macroprudential supervision complements microprudential supervision, focusing on systemic risk. Macroprudential policy measures pertain to the financial system as a whole or significant parts thereof, whereas microprudential supervision targets individual financial institutions. In this context, the Bank of Greece identifies, monitors and assesses systemic risks and takes adequate macroprudential policy measures.

5.1 SYSTEMIC RISK MONITORING

The Bank of Greece identifies, monitors and assesses systemic risks to financial stability across all sectors of the financial system, namely the banking sector, insurance undertakings, financial institutions and financial markets and infrastructures. Systemic risks are defined as those that can cause disruptions to the entire financial system and not just to individual companies or sectors. These risks are divided into cyclical systemic risks, which are related to the phase of the business and financial cycle, and structural risks, which are linked to structural features of the financial system and/or long-term trends (e.g. digital transition, climate change, etc.).

Against this backdrop, the Bank of Greece regularly monitors and assesses, among others thing: (a) developments in domestic and international financial markets; (b) the financial condition of households and non-financial corporations; (c) the financial figures and supervisory indicators of credit institutions; and (d) the risks stemming from residential and commercial real estate loans and investments. In addition, the assessment of systemic risks considers the regulatory and supervisory framework, established in the ESFS, as well as any Warnings and Recommendations of the European Systemic Risk Board (ESRB). Typical examples are the quarterly assessment of cyclical systemic risks and the annual process for identifying the other systemically important institutions, which are analysed in section 5.2 below, as they are inextricably linked to the implementation of specific macroprudential measures.

In 2024, the following systemic risks emerged: geopolitical risk, a risk of abrupt repricing of assets in money and capital markets, risks arising from the non-bank financial intermediation sector, the risk of cyberattacks and the climate crisis. Most of these risks are predominantly exogenous, as the domestic financial system has returned to normality and is better placed to tackle challenges, its fundamentals having improved considerably.

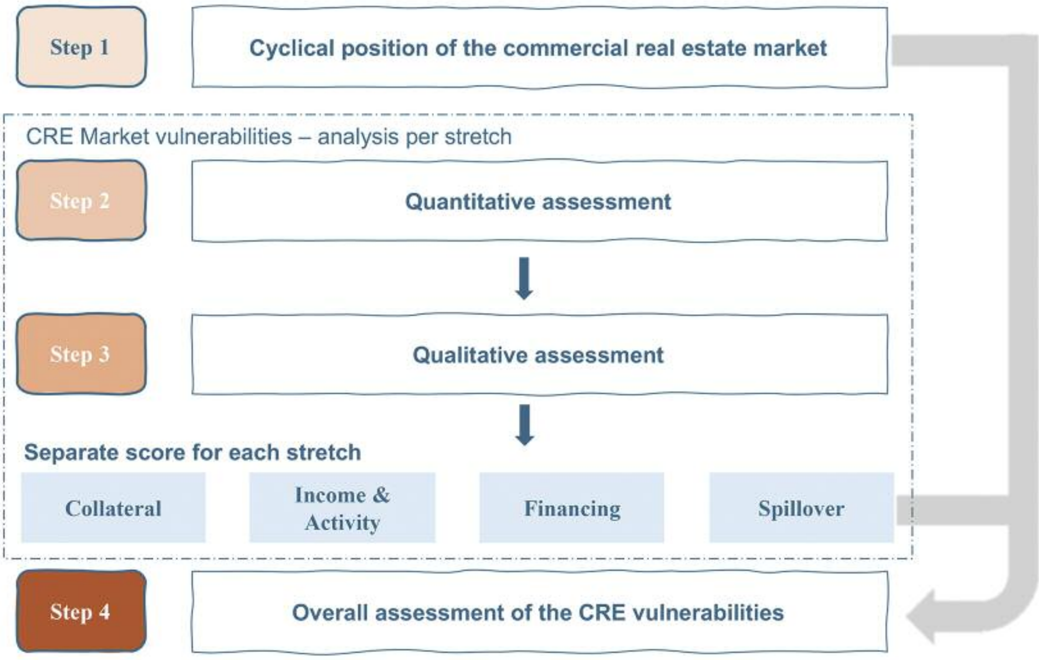
Concurrently, the Bank of Greece develops methodologies and tools for the assessment of systemic risks. In 2024, an assessment framework was developed for the risks stemming from CRE loans (CRE Assessment Framework) and investments, while the existing relevant supervisory reporting was accordingly revised.

The CRE Assessment Framework includes four steps (see Figure 5.1). Step 1 involves the assessment and identification of the cyclical position of the CRE market in Greece. Step 2 relates to the quantitative assessment of the risks arising from CRE and is based mainly on the indicators and data sources specified in the ESRB methodology.

In Step 3, a qualitative assessment of CRE market risks is carried out, to eliminate potential weaknesses of a purely automated risk assessment process, providing the responsible expert with the opportunity to exercise his/her expert judgment. Finally, Step 4 determines the overall level of risks arising from CRE in Greece. In particular, the results of the individual steps are considered, namely the level of risk identified for each stretch in Step 3, the way in which these stretches interact, and how these interactions may manifest themselves in the market. In Step 4 the overall assessment coherently includes the current cyclical position of the CRE market, as derived from Step 1, as well as the projected evolution of that cycle. To this end, the overall assessment, based on the latest available data for the first half of 2024, shows that the CRE market is in an expansionary phase, but the associated risks from CRE loans and investments are limited.

47 Financial stability can be defined as a condition in which the financial system is capable of withstanding economic and financial shocks and smoothly performs its intermediation role. This reduces the likelihood of financial crises and, should a crisis arise, mitigates the adverse impacts on the real economy.

Figure 5.1
The market risk assessment framework for commercial real estate



Source: Bank of Greece.

5.2 APPLICATION OF MACROPRUDENTIAL POLICY MEASURES

As the national designated authority, the Bank of Greece has activated three macroprudential policy instruments. Regarding the countercyclical capital buffer (CCyB), the Bank of Greece has adopted a framework for its implementation in Greece, under which the activation of the buffer commences during the phase of the business and financial cycle in which the level of risk is at a standard level (standard risk environment) and continues towards achieving the target rate, which has been set at 0.5%[48]. At the same time, the Bank of Greece assesses on a quarterly basis the intensity of cyclical systemic risks and the appropriateness of the CCyB rate for Greece and sets or adjusts it, if necessary. During the first three quarters of 2024, the Bank of Greece maintained the CCyB rate at 0%. In the fourth quarter of 2024, cyclical systemic risks in Greece are assessed as low and the risk environment as standard. In this vein, the Bank of Greece set the CCyB rate at 0.25%, applicable from 1 October 2025[49].

In addition, the Bank of Greece identified Other Systemically Important Institutions (O-SIIs) in Greece for the year 2024 and set the O-SII buffer rate for the year 2025 at 1.25% for Eurobank Ergasias Services and Holdings S.A. at consolidated level and at 1% for the following O-SIIs: Alpha Services and Holdings S.A. at consolidated level and Alpha Bank S.A. at solo level, Eurobank S.A. at solo level, National Bank of Greece S.A. at solo and consolidated level, and Piraeus Financial Holdings S.A. at consolidated level and Piraeus Bank S.A. at solo level. The identification of O-SIIs follows the methodology set out in the relevant EBA guidelines, as adopted by ECA No. 56/18.12.2015. For the setting of O-SII buffer rates, the Bank of Greece applies the revised ECB O-SII floor methodology[50].

48 ECA 235/1/07.10.2024.

49 The CCyB rate is set by an ECA of the Bank of Greece and is applicable 12 months at the latest from the date of its announcement.

50 See Statement of the ECB Governing Council of 20 December 2024.

Box 5.1

European Systemic Risk Board – ESRB

The ESRB is responsible for the macroprudential oversight of the EU financial system and the prevention and mitigation of systemic risk. It oversees the banking sector, non-banks, insurance undertakings, asset managers, financial market infrastructures and other financial institutions and markets. In pursuit of its macroprudential mandate, the ESRB monitors and assesses systemic risks and, where appropriate, issues warnings and recommendations. In 2024, the ESRB issued Recommendations ESRB/2024/2, ESRB/2024/3, ESRB/2024/5, ESRB/2024/7 amending Recommendation ESRB/2015/2 on the assessment of cross-border effects of and voluntary reciprocity for macroprudential policy measures in Italy[1], Denmark[2], Belgium[3] and Norway[4] respectively. In 2024, the ESRB did not issue any warnings.

1 A 0.5% systemic risk buffer rate on all credit risk exposures and counterparty credit risk exposures located in Italy, applicable from 31 December 2024 to 29 June 2025; increasing to 1% the systemic risk buffer rate on all credit risk exposures and counterparty credit risk exposures located in Italy, applicable from 30 June 2025. See EU C/2024/4775, 29.7.2024.

2 A 7% sectoral systemic risk buffer rate on all types of exposures located in Denmark to non-financial corporations operating in real estate activities and in the development of building projects identified in accordance with the statistical classification of economic activities in the European Union (NACE), set out in Regulation (EC) No 1893/2006, except that the part of each exposure that lies within a loan-to-value ratio range of 0% to 15% shall be excluded from the exposures to which the sectoral systemic risk buffer applies. See EU C/2024/5044, 16.8.2024.

3 A sectoral systemic risk buffer rate of 6% on all internal ratings-based (IRB) retail exposures to natural persons that are secured by residential immovable property located in Belgium, applicable from 1 April 2024. See EU C/2024/6967, 14.11.2024.

4 A 4.5% systemic risk buffer rate for all exposures located in Norway to all credit institutions authorised in Norway, to be applied on a consolidated, sub-consolidated and individual basis. See EU C/2025/1010, 12.2.2025.

Finally, the Bank of Greece has enacted macroprudential borrower-based measures (BBMs) for loans and other credit extended to natural persons and secured by residential real estate (RRE)[51] located in Greece. These measures have been applicable since 1 January 2025. The Bank of Greece monitors their implementation by collecting granular data to assess credit standards for loans to natural persons secured by RRE, in accordance with Executive Committee Act 231/3/15.07.2024. In the same context, the Bank of Greece developed a methodology for identifying and monitoring vulnerabilities in the CRE sector. Monitoring a reliable set of key indicators for residential and commercial real estate loans and investment on a regular basis helps identify systemic risks that are building up and assess whether there is a need for potential macroprudential action. These indicators provide valuable information that enables more effective selection and calibration of macroprudential tools applicable to credit providers, thereby helping to avert future instances of excessive credit expansion and, consequently, a resurgence in non-performing loans.

51 The cut-off date for information and data in this chapter is 31.3.2025.

6. RESOLUTION

Resolution of credit institutions is governed by the following fundamental regulatory framework:

- Regulation (EU) 806/2014 (Single Resolution Mechanism Regulation – SRMR) establishing uniform rules and a uniform procedure for the resolution of credit institutions and certain investment firms in the framework of a Single Resolution Mechanism and a Single Resolution Fund; and

- Directive 2014/59/EU on the recovery and resolution of credit institutions and investment firms (Bank Recovery and Resolution Directive – BRRD), as transposed to Greek law by Law 4335/2015.

In particular, Regulation (EU) No 806/2014 establishes and regulates the operation of the Single Resolution Mechanism (SRM), which constitutes one of the three pillars of the banking union and aims to ensure the orderly resolution of credit institutions, with the least possible impact on the real economy and the public finances of the participating EU Member States and other countries. Within the framework of the SRM, since January 2016, the centralised decision-making power in respect of resolution has been assigned to the Single Resolution Board (SRB). The SRB works in close cooperation with the National Resolution Authorities (NRAs) of participating Member States of the Banking Union, which are authorised to implement the SRB's decisions. In Greece, the Bank of Greece has been designated as the NRA. Furthermore, the SRB and the NRAs cooperate closely with the SSM, the European Commission, the Council of the European Union, the EBA, as well as with other European and international authorities.

In parallel, the Single Resolution Fund (SRF) has been established, which serves as the resolution financing arrangement at Banking Union level and is used exclusively for the effective application of the resolution tools and for specific purposes. The national counterpart of the SRF is the Resolution Scheme of the Hellenic Deposit and Investment Guarantee Fund (TEKE), which has been designated as the resolution financing arrangement for the branches of credit institutions headquartered in non-EU countries.

The Bank of Greece acts as the Greek NRA for credit institutions under Law 4335/2015 and within the framework of the SRM. It is directly responsible for LSIs, while SIs fall under the SRB's direct remit. For each SI, the SRB has established an Internal Resolution Team (IRT) comprising staff members from both the SRB and the Bank of Greece. The Bank of Greece and the SRB take all the necessary measures to ensure that the credit institutions which may be deemed as failing can be subjected to resolution actions without disrupting financial stability.

In particular, the Bank of Greece, among other tasks, cooperates with the SRB in preparing resolution plans for SIs; prepares resolution plans for LSIs; assesses the need to take resolution actions at the latter; assesses, selects and implements the appropriate resolution tools for LSIs; implements the SRB's decisions and monitors their execution, while also participating in the calculation and collection of credit institutions' contributions to the SRF[52].

During 2024, in the context of Internal Resolution Teams for SIs, the Bank of Greece:

– participated in the preparation and finalisation of resolution plans and in the determination of the Minimum Requirement for Own Funds and Eligible Liabilities (MREL[53]). The Bank of Greece implemented the relevant decisions adopted by the SRB for the determination of MREL and monitored credit institutions' compliance with these requirements on a quarterly basis;

– contributed to the detailed assessment of the progress made by SIs towards their resolvability. Notably, in 2024, SIs made significant progress across all dimensions of resolvability, which enabled them to benefit from the updated MREL calculation methodology. An MREL reduction by approximately 65 basis points, combined with favourable conditions prevailing in the banking market, allowed the transitional period for full compliance with the final MREL target to be shortened by six months (June 2025); and

52 It is noted that the calculation and collection of contributions from domestic third-country branches to TEKE is carried out exclusively at national level.

53 MREL aims to ensure that there is sufficient loss absorption capacity by the owners/shareholders and creditors of the credit institution during resolution, without disrupting financial stability or requiring the provision of state aid.

– analysed the impact of potential exclusion of certain liabilities (discretionary power of the NRA) on the subordination requirement during the application of the bail-in tool and explored alternative strategies for the transfer of assets and liabilities, a task that will continue in the coming years as an SRB priority.

With respect to LSIs, in 2024, the resolution planning cycle of 2023 was completed with the adoption of five resolution plans and the respective imposition of MREL requirements. Additionally, as part of the 2024 resolution planning cycle, seven resolution plans have been drafted and submitted to the SRB, within 2025.

Moreover, in 2024, the collection, quality checks and submission to the SRB of the resolution reporting templates for all credit institutions established in Greece were completed.

At the same time, the Bank of Greece participated in the procedures relating to the calculation of ex-ante contributions to the SRF[54], while it carried out the calculation and collection of ex-ante contributions of third-country branches to TEKE.

The Bank of Greece focused on enhancing crisis management preparedness mainly through the update of the national handbook for the implementation of the four resolution tools (Sale of Business, Bridge Institution, Asset Separation, Bail-In). To this end, the Bank of Greece worked in close cooperation with the SRB and, at national level, with other stakeholders involved in the resolution process, while it also published the Bail-in exchange mechanic that takes place during the operationalisation of the Bail-In tool, in compliance with the EBA guidelines (EBA/GL/2023/01).

Additionally, the Bank of Greece was actively represented in the SRB's decision-making bodies (Plenary and Executive Session), as well as in the horizontal committees and working groups of the SRB and the EBA.

Finally, it is worth mentioning that, in 2024, the Hellenic Capital Markets Commission established the resolution college for the Greek Central Counterparty 'Athens Stock Exchange Clearing House S.A.', in which the Bank of Greece participates, inter alia in its capacity as the resolution authority for clearing members that are credit institutions. The first meeting of the resolution college was held in 2024.

54 It is noted that, for the year 2024, the SRB did not proceed with the collection of regular ex-ante contributions to the SRF, as the target level of 1% of covered deposits of credit institutions authorised in the participating Member States had already been reached (SRB press release, 15.2.2024).

7. LIQUIDATIONS

The Bank of Greece, in the context of its supervisory role, exercises supervision and conducts on-site inspections of credit and financial institutions under special liquidation, insurance undertakings under insurance liquidation, and, as from 1 January 2025, Institutions for Occupational Retirement Provision under liquidation. Specifically, as from 31 December 2024, there are 17 credit institutions and 14 financial institutions under special liquidation, as well as 34 insurance undertakings under insurance liquidation.

The objective of the supervision of liquidation proceedings is the effective management and legally sound liquidation of the assets of credit and financial institutions as well as insurance undertakings under liquidation, in order to distribute the maximum possible amount to the creditors of these institutions and to the beneficiaries of insurance claims of insurance undertakings. At the same time, efforts are made to ensure the prompt completion of liquidation proceedings. It is noted that the main creditors of credit institutions under liquidation are their former employees, the Hellenic Financial Stability Fund (HFSF) and the TEKE.

Special and insurance liquidation activities are carried out, in accordance with the applicable banking and insurance legislation and the relevant regulatory acts issued by the Bank of Greece, by the special and insurance liquidators appointed by the Credit and Insurance Committee of the Bank of Greece.

The Bank of Greece contributes to the formulation of the relevant national legislative framework and issues regulatory decisions concerning banking and insurance liquidations. It also supports the work of the Special Liquidations Committee[55].

During 2024, significant developments took place in liquidation proceedings. The Single Special Liquidator, among other things,[56] completed the transfer of a non-performing loans portfolio with a total book value of EUR 4.8 billion from 13 former credit institutions under special liquidation, whose authorisations had been revoked between 2011 and 2015. The sale was executed through a Sale and Purchase Agreement (S.P.A.) between the credit institutions under special liquidation and the highest bidding investors, based on the terms resulting from the prescribed tender process, with different investors acquiring different portfolios.

During the preparation, tender invitation and award phases, the Single Special Liquidator followed the applicable legislative and regulatory framework, as confirmed by the Special Liquidations Committee, ensuring transparency, equal treatment and fair competition. The successful outcome of the sale, under the supervision of the Bank of Greece, is of major public interest, as the proceeds from the transaction will be used to repay the liabilities of the credit institutions under liquidation to the HFSF and the TEKE.

Furthermore, in 2024, by Decisions of the Credit and Insurance Committee of the Bank of Greece, over EUR 140 million was distributed to the TEKE and the HFSF, more than EUR 1 million was paid as compensation to former employees of credit institutions under liquidation and over EUR 5 million was distributed to satisfy beneficiaries of insurance claims and to meet tax liabilities to the State.

At the end of 2024, the special liquidation proceedings of three financial institutions were completed, and their liquidation was officially declared closed by respective Decisions of the Credit and Insurance Committee of the Bank of Greece, confirming the ongoing efforts of the Bank of Greece to accelerate the liquidation procedures.

55 The Special Liquidations Committee provides its consent to requests from special liquidators for specific transactions.

56 PQH Single Liquidation S.A.

8. DEVELOPMENTS IN THE LEGAL AND REGULATORY FRAMEWORK

8.1 EXECUTIVE COMMITTEE ACTS

In the field of prudential supervision, the Executive Committee of the Bank of Greece issued a number of Executive Committee Acts (ECAs) during 2024. These Acts concern both credit institutions and insurance undertakings as well as financial institutions, contributing to the strengthening of supervision and the smooth functioning of the financial system. ECAs are published on the Bank of Greece's website. Indicatively, the following ECAs are mentioned:

ECA 225/1/30.01.2024 – Terms and conditions for granting a credit servicer authorisation under Law 5072/2023 (Government Gazette A 198) – Qualifying Holdings: Lays down the authorisation requirements for credit servicers based in Greece and specifies the necessary requirements and documentation that the credit servicers referred to in Law 4354/2015 must submit for the purposes of re-evaluation and re-authorisation, in accordance with the requirements of Law 5072/2023.

ECA 226/1/19.02.2024 – Adoption of the EBA Guidelines of 30 of June 2022 on the benchmarking exercises on remuneration practices, the gender pay gap and approved higher ratios under Directive 2013/36/EU (EBA/GL/2022/06): Determines the reporting requirements for credit institutions to the Bank of Greece for the purposes of benchmarking trends and practices in the area of remuneration, including the gender pay gap.

ECA 226/2/19.2.2024 – Amendment to ECA 193/1/27.09.2021 "Terms and conditions for the authorisation of: a) financial leasing companies, b) credit companies and c) factoring companies – Qualifying Holdings – Repeal of Bank of Greece Governor's Act 2622/21.12.2009 "Authorisation requirements and supervisory rules for: a) financial leasing companies, b) credit companies and c) factoring companies" and of other Bank of Greece Governor's Acts): The minimum initial capital of credit companies was reduced by half, from EUR 9,000,000 to EUR 4,500,000.

ECA 227/1/08.03.2024 – Macroprudential borrower-based measures for loans and other credit to natural persons secured by residential real estate (RRE) in accordance with Article 133A of Law 4261/2014: Macroprudential borrower-based measures (BBMs) for loans and other credit to natural persons secured by RRE located in Greece were introduced.

ECA 227/2/08.03.2024 – Adoption of the EIOPA Guidelines on PEPP (Pan-European Personal Pension Products) supervisory reporting (EIOPA-BoS-21/260): Determines the purpose and the terms of submission to the Bank of Greece of supervisory reports in relation to Pan-European Personal Pension Products (PEPPs).

ECA 229/2/10.05.2024 – Defining the composition of the initial capital for authorisation: Explicitly specifies that, in order for the Bank of Greece to authorise credit institutions, financial leasing companies, credit and factoring companies, the minimum required initial capital should only be paid up in cash, and determines the elements other than cash with which the initial capital can be covered.

ECA 230/2/17.06.2024 – Adjustment of mandatory professional civil liability insurance amounts for (re)insurance intermediaries and revision of the related maximum permissible insurer deductible: Adjusts upwards the amounts of mandatory professional civil liability insurance for (re)insurance intermediaries, as required for their registration in the special register referred to in Article 19 of Law 4583/2018.The related maximum permissible deductible amount is also adjusted.

ECA 231/1/15.07.2024 – Adoption of the EBA Guidelines on sound remuneration policies under Directive 2013/36/EU (EBA/GL/2021/04) – Repeal of Annex 9 to Bank of Greece Governor's Act 2577/9.3.2006 (Government Gazette A 59): Revises the remuneration policy framework that credit institutions must apply to all personnel. The remuneration policy is now gender-neutral, while credit institutions that are not large may be exempt from requirements regarding the deferral of remuneration. The new framework is also applied proportionally to financial institutions supervised by the Bank of Greece.

ECA 231/2/15.07.2024 – Adoption of the EBA Guidelines, of 30 June 2022 (EBA/GL/2022/08), on the data collection exercises regarding high earners under Directive 2013/36/EU and under Directive (EU) 2019/2034: Determines the reporting requirements for credit institutions to the Bank of Greece, regarding the collection of data on individuals remunerated with EUR 1,000,000 or more per financial year.

ECA 234/1/23.09.2024 – Identification of other systemically important institutions (O-SIIs) for the year 2024 and setting of O-SII buffer rates for the year 2025: Identifies other systemically important institutions (O-SII) for 2024 and sets O-SII buffer rates set for 2025.

ECA 234/2/23.09.2024 – Adoption of the EBA Guidelines issued on the basis of Article 84(6) of Directive 2013/36/EU, specifying criteria for the identification, evaluation, management and mitigation of the risks arising from potential changes in interest rates and of the assessment and monitoring of credit spread risk in institutions' non-trading book activities (EBA/GL/2022/14): Specifies the criteria for the identification, management and mitigation of interest rate risk in the non-trading book (Interest Rate Risk in the Banking Book – IRRBB) by credit institutions, whether they apply internal systems or use the standardised methodology or the simplified standardised methodology for the assessment of IRRBB. Also, this Act introduces the requirement for institutions to assess and monitor credit spread risk (Credit Spread Risk in the Banking Book – CSRBB) explicitly and comprehensively within the framework of risk management processes and internal capital adequacy assessment processes.

ECA 234/3/23.09.2024 – Safeguarding of financial instruments and funds belonging to clients and product governance obligations – Repeal of Annex 7 to Bank of Greece Governor's Act 2577/09.03.2006 (Government Gazette A 59): Updates the current framework regarding the safeguarding of financial instruments and funds belonging to clients and product governance obligations that the institutions offering investment services should comply with, taking into account the amendments to Commission Delegated Directive (EU) 2017/593 by Commission Delegated Directive (EU) 2021/1269.

ECA 235/1/07.10.2024 – Application of the countercyclical capital buffer in Greece – Repeal of Executive Committee Act 202/1/11.03.2022: Specifies the procedure for the application and the methodology for setting the CCyB for Greece and sets the target rate for the positive neutral CCyB at 0.5%.

ECA 235/2/07.10.2024 – Setting the countercyclical buffer rate, applicable from 1 October 2025: Sets the CCyB rate for Greece at 0.25%, applicable as from 1 October 2025.

ECA 237/2/25.11.2024 – Provision of information by credit and financial institutions for the maintenance and updating of the Interest Rates-Commissions Table by the Bank of Greece for transparency purposes: Specifies the data and information that credit and financial institutions operating in Greece are obliged to submit to the Bank of Greece regarding deposit interest rates, mortgage and consumer credit interest rates, as well as fees and expenses they charge for these credits and credit transfer services (remittances). The Bank of Greece publishes the Interest Rates- Commissions Table on its website.

ECA 237/3/25.11.2024 – Provision of information by payment service providers to the Bank of Greece for the maintenance and updating of the Fee Comparison Table referred to in Article 7 of Law 4465/2017: Specifies the data and information to be submitted by payment service providers to the Bank of Greece regarding fees for services included in the list of the most representative services, linked to a payment account and subject to the payment of a fee. The Bank of Greece publishes the Fee Comparison Table on its website.

Box 8.1

Cooperation agreements between the Bank of Greece and the Hellenic Capital Market Commission as well as the Central Bank of Cyprus

Hellenic Capital Market Commission

In 2024, the Bank of Greece and the Hellenic Capital Market Commission signed a Memorandum of Understanding, replacing the previous one dated 2009, thereby strengthening the framework of their collaboration in accordance with the latest provisions of the current legislation.

The MoU clearly defines the terms of cooperation, information exchange and the provision of mutual assistance for the purpose of the optimal exercise of their respective responsibilities and powers. The main provisions stipulated in the MoU include: supervisory and regulatory matters; issues pertaining to the resolution of the financial sector and reporting of statistical information; cooperation and consultation on these matters; conduct of on-site inspections; holding of meetings between their respective representatives; and channels and frequency of communication and information exchange.

Central Bank of Cyprus

In 2024, the Bank of Greece signed a Memorandum of Understanding with the Central Bank of Cyprus, for the purpose of coordination and information exchange in sectors such as on-site inspections, supervision of information systems, climate risk, crisis management in significant and less significant credit institutions, supervision of Payment Institutions and Electronic Money Institutions, anti-money laundering and counter-terrorist financing, macroprudential policy and other related matters.

8.2 EUROPEAN REGULATORY DEVELOPMENTS

Legislative Package CRR III/ CRD VI

After extensive negotiations, the legislative package consisting of Regulation (EU) 2024/1623 (CRR III) and Directive (EU) 2024/1619 (CRD VI) aimed at implementing the Basel III framework in the EU were published in the Official Journal on 19 June 2024. CRR III takes effect as from 1 January 2025, with some exceptions, while CRD VI will enter into force on 11 January 2026, following its transposition to Greek law by amending Law 4261/2014.

The implementation of CRR III and CRD VI will have significant consequences for credit institutions operating in the EU. The main points of CRD VI concern: the harmonisation of the authorisation and supervision of third-country branches in the EU; the integration of ESG (environmental, social and governance) factors into governance and risk management; the strengthening of supervisory powers, sanctions and corrective measures. At the same time, CRR III enhances the credit risk, market risk and operational risk frameworks and introduces new requirements for ESG risks in Pillar 1 and Pillar 3.

Regulation (EU) 2023/1114 of the European Parliament and of the Council of 31 May 2023 on markets in crypto-assets

Regulation (EU) 2023/1114 on markets in crypto-assets, also known as MiCAR, is the first uniform regulatory framework of the EU for crypto-assets, which took full effect as from 30 December 2024. The Regulation distinguishes specific types of crypto-assets and sets out compliance requirements for each type, aiming at protecting holders of crypto-assets and users of crypto-asset services, ensuring crypto-asset market integrity, financial stability, the smooth operation of payment systems, monetary policy transmission and monetary sovereignty.

The Regulation includes provisions related to the issuance, offer to the public, admission to trading and provision of crypto-asset services for crypto-assets that do not fall in the remit of existing legislative frameworks – such as those displaying features of financial instruments, which continue to be covered by MiFID II. It also sets out authorisation and prudential supervision requirements for specific types of crypto-asset issuers and crypto-asset service providers within the scope of the Regulation, as well as rules for the prevention and prohibition of market abuse.

In Greece, Part C of Law 5193/2025 sets out the national measures for the implementation of the EU Regulation. Amongst other provisions, it defines the legal form of businesses operating in the crypto-asset market; the supervisory responsibilities and the powers of the Bank of Greece and the Hellenic Capital Market Commission with respect to the supervision of crypto-assets and crypto-asset services that are covered by the Regulation; the administrative measures and penalties they may impose; the complaints handling procedure; the criminal proceeding to be instituted in cases of operating in the market without a license; judicial review, in the form of appeals against the authorities' decisions; the publication of decisions; the provision of information related to the delay or postponement of the disclosure of inside information; and the assessment of proposed acquisitions of holdings in crypto-asset service providers.

Regulation EU 2024/1689 of the European Parliament and of the Council of 13 June 2024 laying down harmonised rules on artificial intelligence (AI Act)

Regulation (EU) 2024/1689, also known as the AI Act, concerns the establishment of harmonised rules for the use of artificial intelligence and includes provisions on the management, development and use of artificial intelligence across all areas of activity in the EU, and came into force in August 2024. Its primary objective is to support innovation, whilst protecting fundamental rights. The main requirements introduced by the Regulation include enhancing transparency by providing information to the users of AI systems, risk management assessment before an AI system is placed on the market, and safety and accuracy requirements.

The AI Act provides for (a) prohibited AI practices; (b) high-risk AI systems with enhanced compliance requirements; and (c) certain AI systems with transparency obligations. It covers the so-called "General-purpose AI systems", which are systems that display significant generality and are capable of competently performing a wide range of distinct tasks. It also provides for the establishment of "AI regulatory sandboxes," which offer a controlled environment, under the supervision of a regulator, that promotes innovation and facilitates the development, training, testing, and validation of innovative AI systems.

The Regulation is gradually being applied since February 2025 and will become fully applicable by August 2027.

New Anti-Money Laundering (AML) Package

The New AML Package aims to strengthen the EU's effectiveness in AML/CFT and to establish common rules applicable in all Member States. It consists of Regulation (EU) 2024/1620 (AMLAR) regarding the establishment of the new European Authority for Anti-Money Laundering and Countering the Financing of Terrorism (AMLA), which assumes responsibilities for AML/CFT supervision of the EU financial and non-financial sector, as well as the cooperation of Financial Intelligence Units. The AMLA Regulation will apply as from 1 July 2025.

In parallel, the new package contains the new single regulatory framework, consisting of Regulation (EU) 2024/1624 (AMLR) on the prevention of the use of the financial system for ML/TF, Directive (EU) 2024/1640 (AMLD) on the mechanisms to be put in place by Member States for AML/CFT purposes and Regulation (EU) 2023/1113 on information accompanying transfers of funds and certain crypto-assets (Transfer of Funds Regulation – TFR). The AMLR and the AMLD will apply as from 10 July 2027, while the TFR came into force on 30 December 2024.

New Directives in the Insurance Sector

In November 2024, the Directives amending the Solvency II Directive, the EU's main legislative act in the insurance sector, were issued and new rules were established on recovery and resolution in the insurance sector.

Specifically, the legal framework, revised by Directive (EU) 2025/2[57], aims at the resilience of the insurance sector, enhancing the sustainability of private insurance in the EU. To achieve these goals, the new provisions seek to strengthen the supervision of groups, the cooperation of national competent authorities in cases of cross-border activities, and the overall resilience of the sector against long-term and systemic risks, through the introduction of macroprudential supervisory tools. These measures reflect the principle of proportionality, which underpins all new provisions.

At the same time, revised rules were also introduced with the publication of Directive (EU) 2025/1[58], which address recovery and resolution issues in the insurance sector. In more detail, insurance undertakings are now required to develop a recovery plan, while the (specifically designated) Resolution Authority must prepare a resolution plan following consultation with the supervisory authority.

Box 8.2

Crisis Management & Deposit Insurance Framework – CMDI

The events in the United States in March 2023, with the FDIC intervention regarding Silicon Valley Bank, as well as the sale of Credit Suisse in Switzerland, highlighted the need for the crisis management framework to be flexible and reliable, allowing authorities to promptly take the most appropriate measures.

In this context, the European Commission, in April 2023, published its proposal for the revision of the Crisis Management and Deposit Insurance (CMDI) framework. This proposal included a comprehensive set of meas-

57 Amending Directive 2009/138/EC as regards proportionality, quality of supervision, reporting, long- term guarantees measures, macroprudential tools, sustainability risks and group and cross-border supervision, and amending Directives 2002/87/EC and 2013/34/EU.

58 Establishing a framework for the recovery and resolution of insurance and reinsurance undertakings and amending Directives 2002/47/EC, 2004/25/EC, 2007/36/EC, 2014/59/EU and (EU) 2017/1132 and regulations (EU) No. 1094/2010, (EU) No. 648/2012, (EU) No. 806/2014 and (EU) 2017/1129.

ures aimed at strengthening the existing crisis management framework in the EU, with a particular emphasis on the proportional expansion of the scope of resolution for small and medium-sized banks, while providing access to funding from Deposit Guarantee Schemes (DGSs). Moreover, the European Commission proposal included a modification of the hierarchy of claims by establishing a single level of depositor preference, abolishing the super-preference of national DGSs and adopting a harmonised least-cost test.

The European Parliament and the European Council reached their own proposal regarding the CMDI in April and June 2024, respectively. The Council proposal maintains some key points of the Commission's initial proposal, but differs significantly compared to the original text. In particular, as regards the hierarchy of claims, the Council reintroduces the super-preference regime for depositors protected by DGSs and creates a 4-tier system. Furthermore, the Council introduces prerequisites for the use of DGSs together with the Single Resolution Fund as an additional source of financing to support transfer strategies during resolution, with these prerequisites varying based on the size of the institution. The position of the European Parliament, as agreed in April 2024, foresees fewer changes to the Commission proposal, the most important of which concerns the introduction of a 2-tier depositor preference system.

The Bank of Greece provides technical support to the Ministry of Economy and Finance in the discussions of the file in the Council with the aim of ensuring that the final text of the framework ensures the flexibility required by the competent and resolution authorities for the effective management of potential crises.

Box 8.3

Digital Operational Resilience Act (DORA) for the financial sector

The Digital Operational Resilience Act – DORA is a regulation introduced by the European Union to strengthen digital resilience, in response to the increasing adoption of innovative technologies and the outsourcing of operations to third-party ICT service providers (TPPs) by financial entities, which renders them more vulnerable to cyberattacks and data breaches.

The objective of DORA, which came into force on 17 January 2025, is to establish a common framework for resilience, prevention and crisis management in the digital world. DORA initially aims to address the existing regulatory gap and provide a unified approach to risks associated with digital transformation, while also enhancing customer confidence and the overall digital operational resilience of the financial system at European level. The implementation of DORA presents a significant challenge for financial entities, as it requires a holistic and substantive shift in how digital risks are managed. At the same time, it also poses a significant challenge to supervisory authorities, such as the Bank of Greece, which are tasked with ensuring compliance with the Regulation, which calls for the development of new tools and substantial investments in both human and technological resources.

In view of the requirements of the Regulation, the Bank of Greece has undertaken targeted actions: In early 2024, it developed a Self-Assessment Questionnaire on the Maturity Level and distributed it to all supervised institutions falling under the scope of DORA. The aim was to document the current state and future compliance plans of these institutions regarding key regulatory requirements, as well as to inform them about areas of attention. Upon DORA's entry into force, the Bank of Greece created a dedicated section on its website[1] to inform supervised institutions about the overall regulatory framework and its requirements.

The Bank of Greece has also implemented a mechanism for the prompt collection and forwarding of major incident reports to relevant stakeholders, in line with DORA's new requirements. To address the obligation of selected institutions to undergo Threat-Led Penetration Testing (TLPT), the Bank of Greece is establishing a dedicated TLPT team to fulfil this supervisory responsibility.

Finally, given the growing trend among institutions to outsource critical functions and the need to supervise TPPs that support such functions, the Bank of Greece is preparing to support the new oversight framework of critical third-party ICT service providers (CTPPs) created by DORA under the mandate of the ESAs. To this end, the Bank of Greece has hired personnel with high technical expertise and is developing mechanisms to collect the Registers of Information (RoI) of TPPs, which will be used by the ESAs to identify the CTPPs.

1 DORA – Digital Operational Resilience Act for the Financial Sector

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