



BANK OF GREECE
EUROSYSTEM

THE EXECUTIVE COMMITTEE

EXECUTIVE COMMITTEE ACT No. 164/13.12.2019

Agenda item 3: Setting of the countercyclical capital buffer rate for the first quarter of
2020

THE EXECUTIVE COMMITTEE OF THE BANK OF GREECE, having regard to:

- (a) Articles 2 and 55A of the Statute of the Bank of Greece, as currently in force;
- (b) Law 4261/2014 “Access to the activity of credit institutions and prudential supervision of credit institutions and investment firms (transposition of Directive 2013/36/EU), repeal of Law 3601/2007, and other provisions” (Government Gazette A 107), as currently in force, in particular Article 127 thereof;
- (c) Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms and amending Regulation (EU) No 648/2012 (OJ L 176 (27.6.2013) 1);
- (d) Council Regulation (EU) No 1024/2013 of 15 October 2013 conferring specific tasks on the European Central Bank concerning policies relating to the prudential supervision of credit institutions (OJ L 287 (29.10.2013) 63), in particular Article 5(1) thereof;
- (e) Regulation (EU) No 468/2014 of the European Central Bank of 16 April 2014 establishing the framework for cooperation within the Single Supervisory Mechanism between the European Central Bank and national competent authorities and with national designated authorities (SSM Framework Regulation) (ECB/2014/17) (OJ L 141 (14.5.2014) 1), in particular Article 104 thereof;
- (f) Regulation (EU) No 1092/2010 of the European Parliament and of the Council of 24 November 2010 on European Union macro-prudential oversight of the financial system and establishing a European Systemic Risk Board (OJ L 331 (15.12.2010) 1);



BANK OF GREECE
EUROSYSTEM

THE EXECUTIVE COMMITTEE

- (g) the Recommendation of the European Systemic Risk Board of 22 December 2011 on the macro-prudential mandate of national authorities (ESRB/2011/3) (OJ C 41 (14.2.2012) 1);
- (h) the Recommendation of the European Systemic Risk Board of 4 April 2013 on intermediate objectives and instruments of macro-prudential policy (ESRB/2013/1) (OJ C 170 (15.6.2013) 1);
- (i) the Recommendation of the European Systemic Risk Board of 18 June 2014 on guidance for setting countercyclical buffer rates (ESRB/2014/1) (OJ C 293 (2.9.2014) 1);
- (j) Bank for International Settlements/Basel Committee on Banking Supervision, *Guidance for national authorities operating the countercyclical capital buffer*, December 2010;
- (k) the ESRB Handbook on Operationalising Macro-prudential Policy in the Banking Sector of 11 April 2018;
- (l) Bank of Greece Executive Committee Act 53/14.12.2015 “Definition of a policy strategy for the exercise of the macro-prudential tasks of the Bank of Greece” (Government Gazette B 2704/15.12.2015), in particular Sections I, II paras. 1 and 2, III para. 1, IV para. 1, V para. 1, VI para. 1 Part A and para. 2, and VII thereof;
- (m) Bank of Greece Executive Committee Act 55/18.12.2015 “Implementation of a countercyclical capital buffer in Greece – Setting of the countercyclical buffer rate for the first quarter of 2016” (Government Gazette B 2786/21.12.2015), in particular Section I thereof;
- (n) decision No. 861/10.12.2019 of the Board of Directors of the Hellenic Capital Market Commission granting the Bank of Greece, as designated authority, the consent of the Hellenic Capital Market Commission, under Article 127(1) of Law 4261/2014, to setting the countercyclical capital buffer rate in Greece at 0% for the first quarter of 2020, effective from 1st January 2020;
- (p) the fact that no expenditure shall be incurred by the Government Budget as a result of the provisions of the present Act,



BANK OF GREECE
EUROSYSTEM

THE EXECUTIVE COMMITTEE

WHEREAS:

According to the methodology defined in Section I of Bank of Greece Executive Committee Act 55/18.12.2015, the standardised credit-to-GDP gap has been in negative territory since the fourth quarter of 2011 and in particular for the second quarter of 2019, the standardized credit-to-GDP gap equals -32.43 percentage points. The benchmark buffer rate (buffer guide), as defined in para. 3(a) of recommendation B of Recommendation ESRB/2014/1, calculated according to the provisions of Part II of the Annex to that said Recommendation, which is zero. A chart depicting the evolution of the credit-to-GDP ratio, the long term trend of the credit to-GDP ratio and the standardised credit-to-GDP gap is contained in Annex I, which is an integral part of this Act.

The analysis of the additional indicators examined by the Bank of Greece in monitoring the build-up of cyclical systemic risk, confirms the view that there is no excessive credit growth. Specifically, the indicators examined relate to the credit developments, private sector debt burden, potential overvaluation of property prices, strength of bank balance sheets, external imbalances and potential mispricing of risk. The results from the calculation of those additional indicators are depicted in the charts of Annex II, which is an integral part of this Act.

HAS DECIDED AS FOLLOWS:

The countercyclical capital buffer rate in Greece for the first quarter of 2020 shall be set at 0% and shall be implemented as of 1st January 2020.

We order that this Act be published in the Government Gazette and posted on the website of the Bank of Greece.



BANK OF GREECE
EUROSYSTEM

THE EXECUTIVE COMMITTEE

The Deputy Governor

The Deputy Governor

The Governor

Theodoros Mitrakos

Ioannis Mourmouras

Ioannis Stournaras



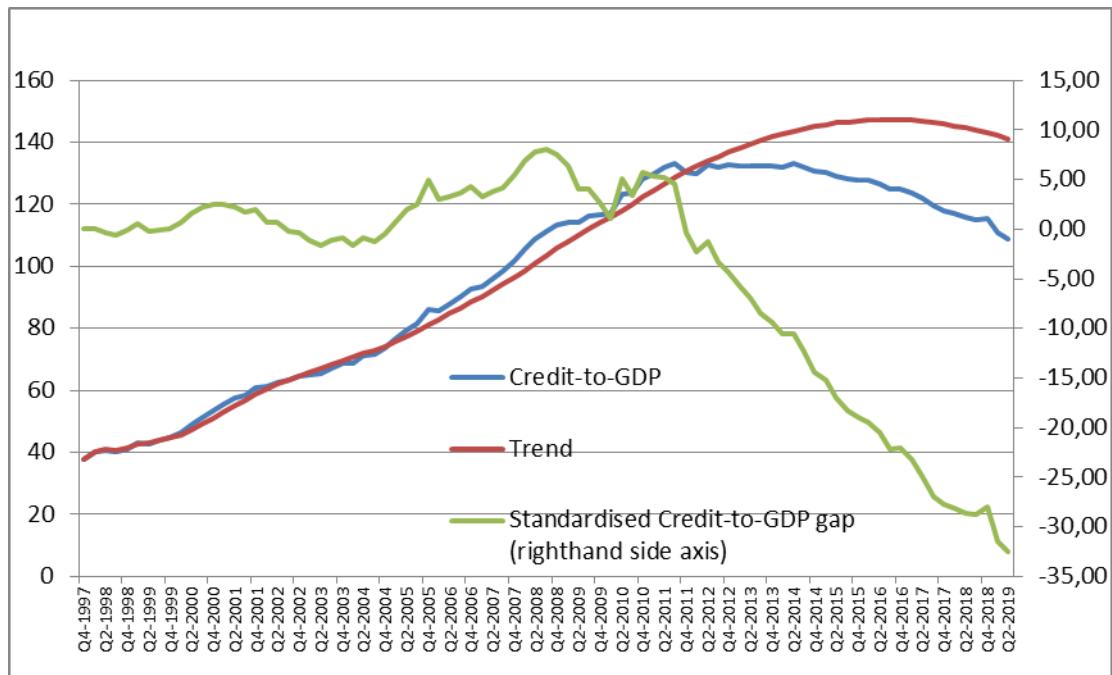
BANK OF GREECE

EUROSYSTEM

THE EXECUTIVE COMMITTEE

Annex 1: Standardised credit-to-GDP gap and credit-to-GDP ratio

Chart: Standardised credit-to-GDP gap, credit-to-GDP ratio (GDP non-seasonally adjusted) and long term trend of credit-to-GDP ratio (HP one-sided filter)



Source: Bank of Greece (BoG), Hellenic Statistical Authority (ELSTAT).



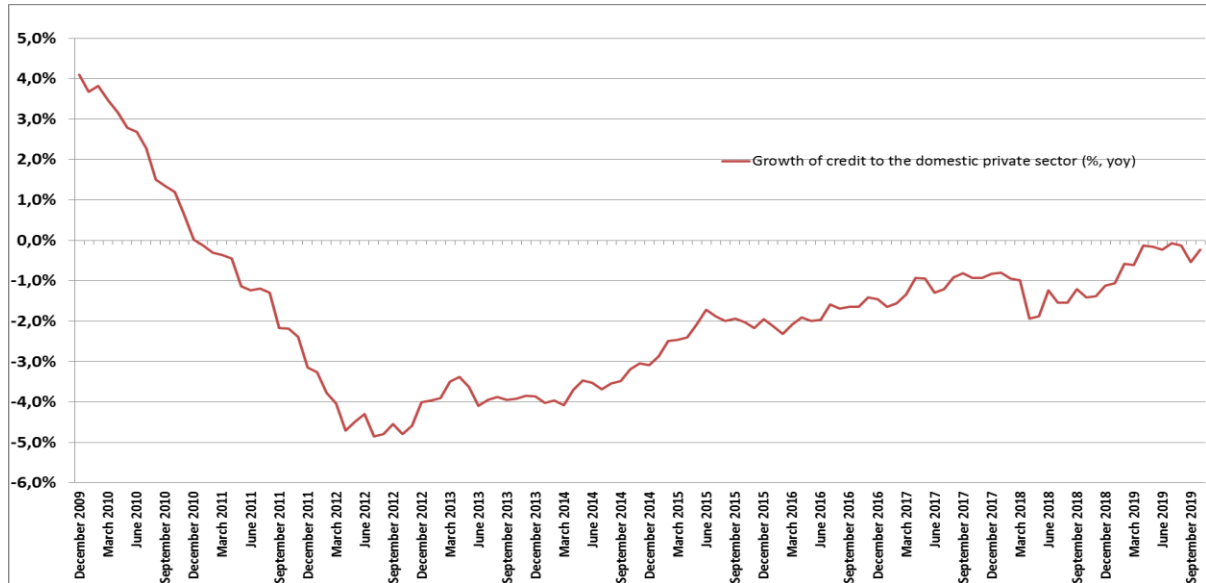
BANK OF GREECE

EUROSYSTEM

THE EXECUTIVE COMMITTEE

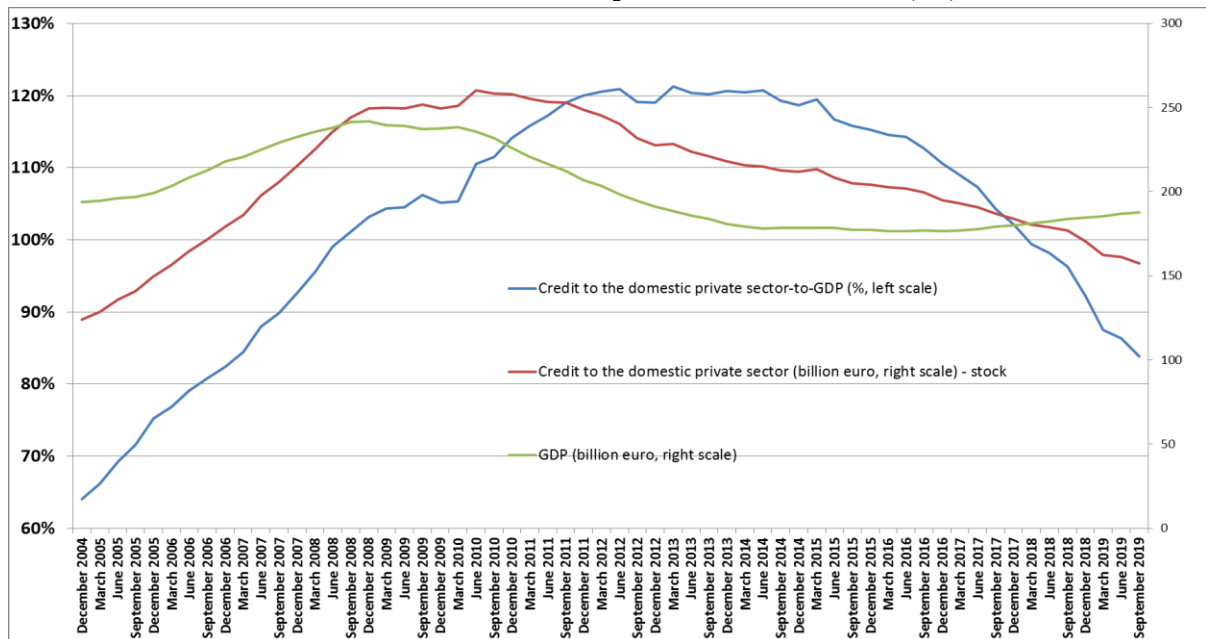
Annex 2: Additional indicators

Chart 1: Growth of credit to the domestic private sector (% , y-o-y)



Source: BoG

Chart 2: Credit to the domestic private sector-to-GDP (%)



Source: BoG; ELSTAT.

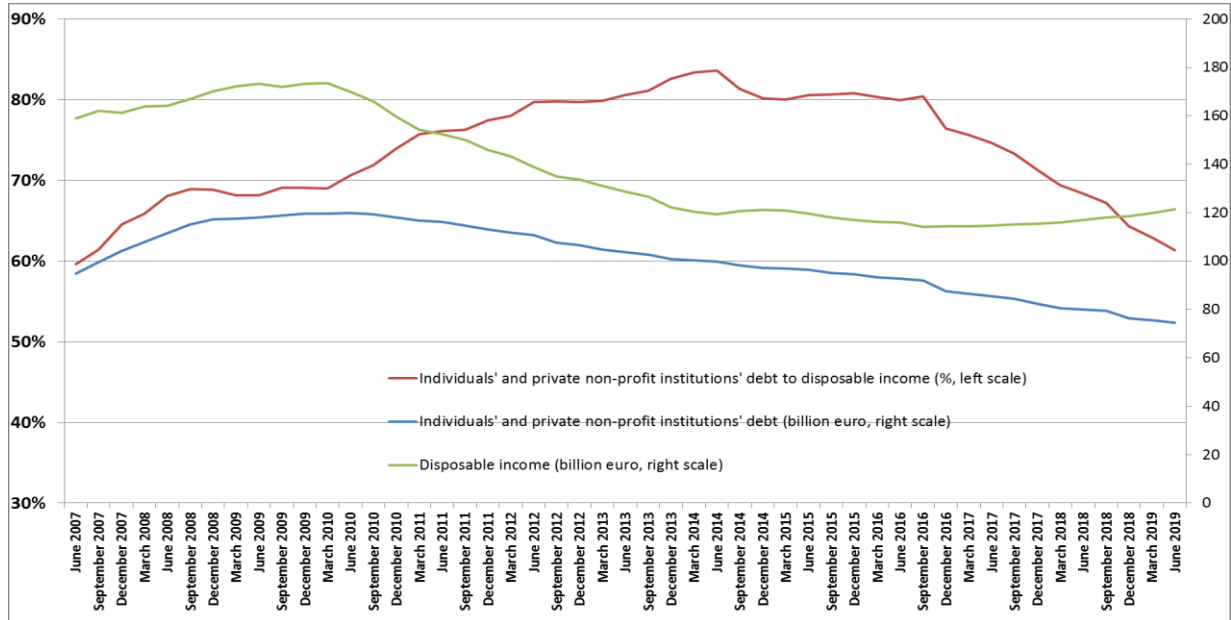


BANK OF GREECE

EUROSYSTEM

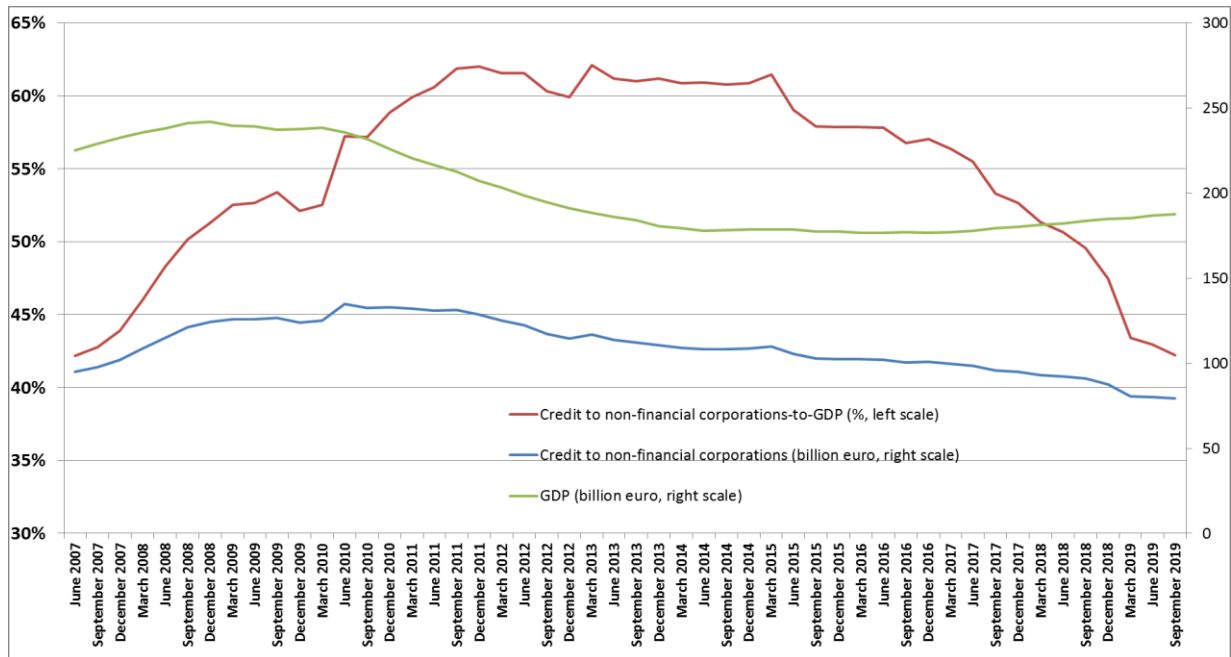
THE EXECUTIVE COMMITTEE

Chart 3: Individuals' and private non-profit institutions' debt-to-income (%)



Source: BoG.

Chart 4: Credit to non-financial corporations-to-GDP (%)



Source: BoG, credit to non-financial corporations: based on loans to non-financial corporations, self-employed, farmers and sole proprietors and ELSTAT.

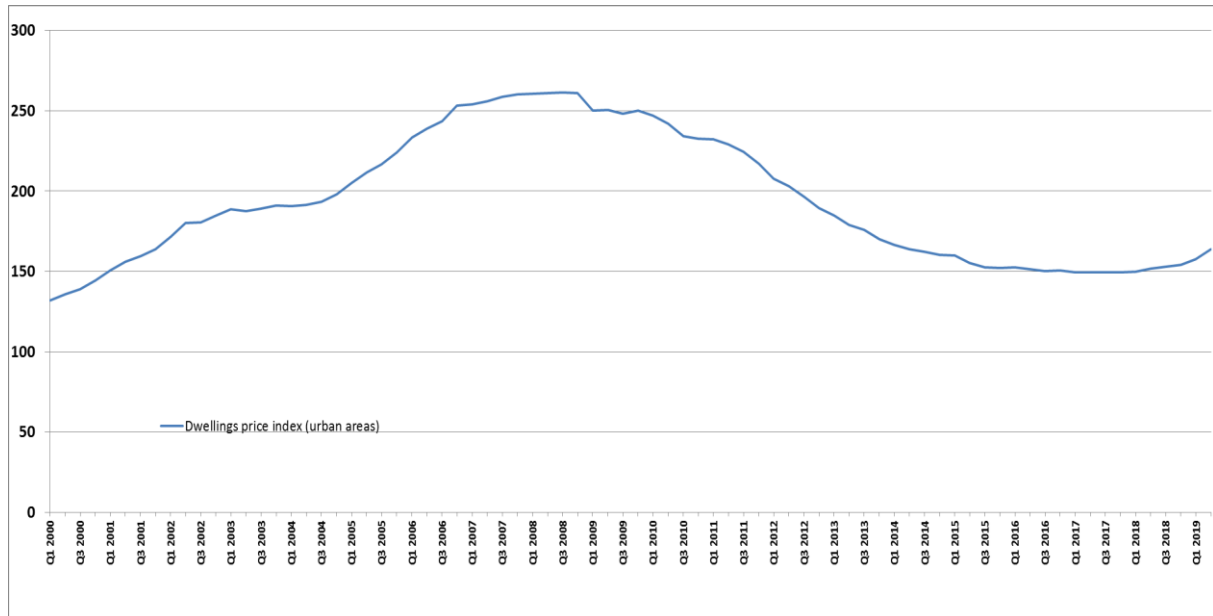


BANK OF GREECE

EUROSYSTEM

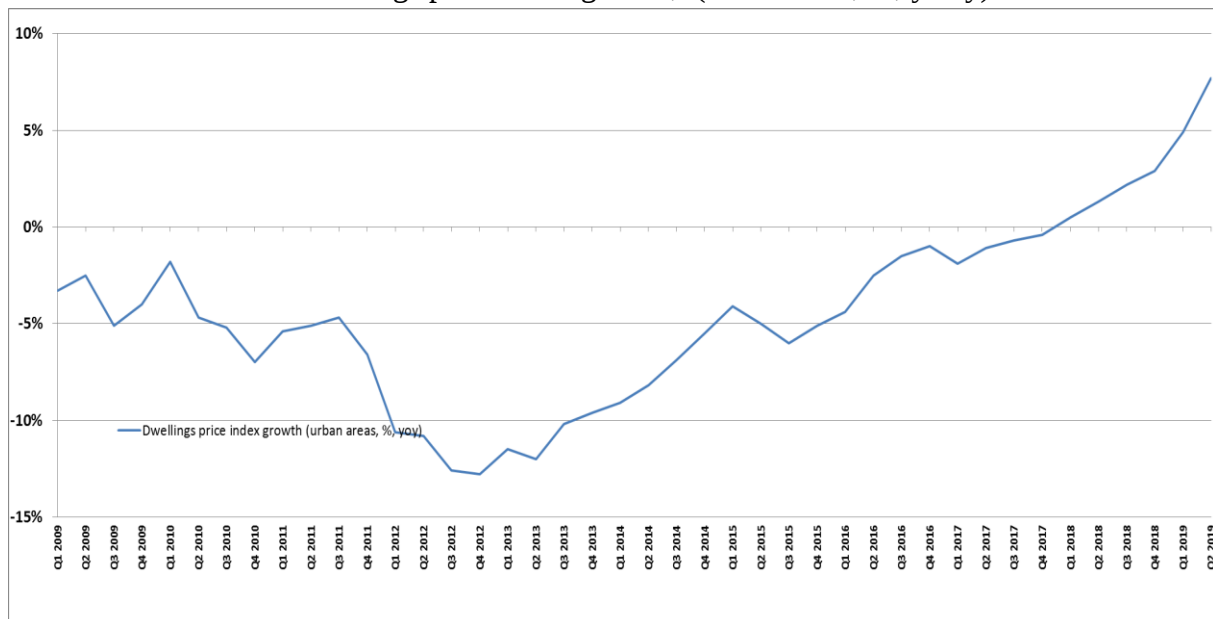
THE EXECUTIVE COMMITTEE

Chart 5: Historical dwellings price index, (urban areas)



Source: BoG; based on data collected by the BoG from the credit institutions (2006-onwards, apartments only) and weighted index according to the stock of houses in Athens and in other urban areas (up to 2005, all dwellings).

Chart 6: Dwellings price index growth, (urban areas, %, y-o-y)



Source: BoG

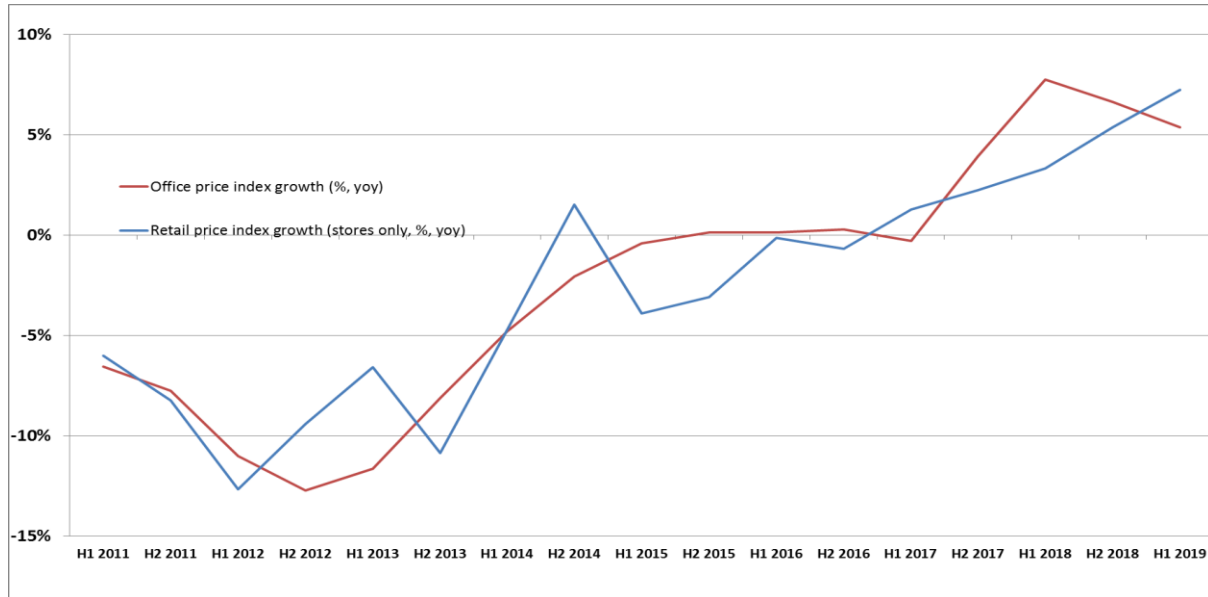


BANK OF GREECE

EUROSYSTEM

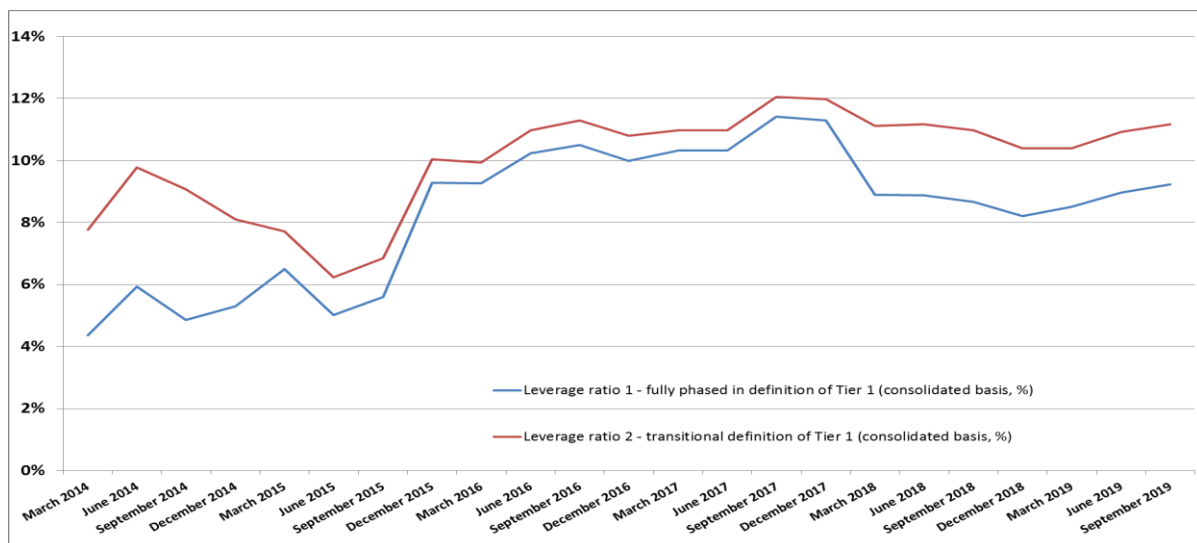
THE EXECUTIVE COMMITTEE

Chart 7: Commercial real estate price index growth (offices and stores ,%, y-o-y)



Source: BoG; based on portfolio data from Real Estate Investment Companies (REICs). The data refer to prime income properties.

Chart 8: Leverage ratio (consolidated basis, %)



Source: BoG; leverage ratio 1 based on the fully phased in definition of Tier 1 capital (consolidated basis, %), leverage ratio 2 based on the transitional definition of Tier 1 capital (consolidated basis, %).

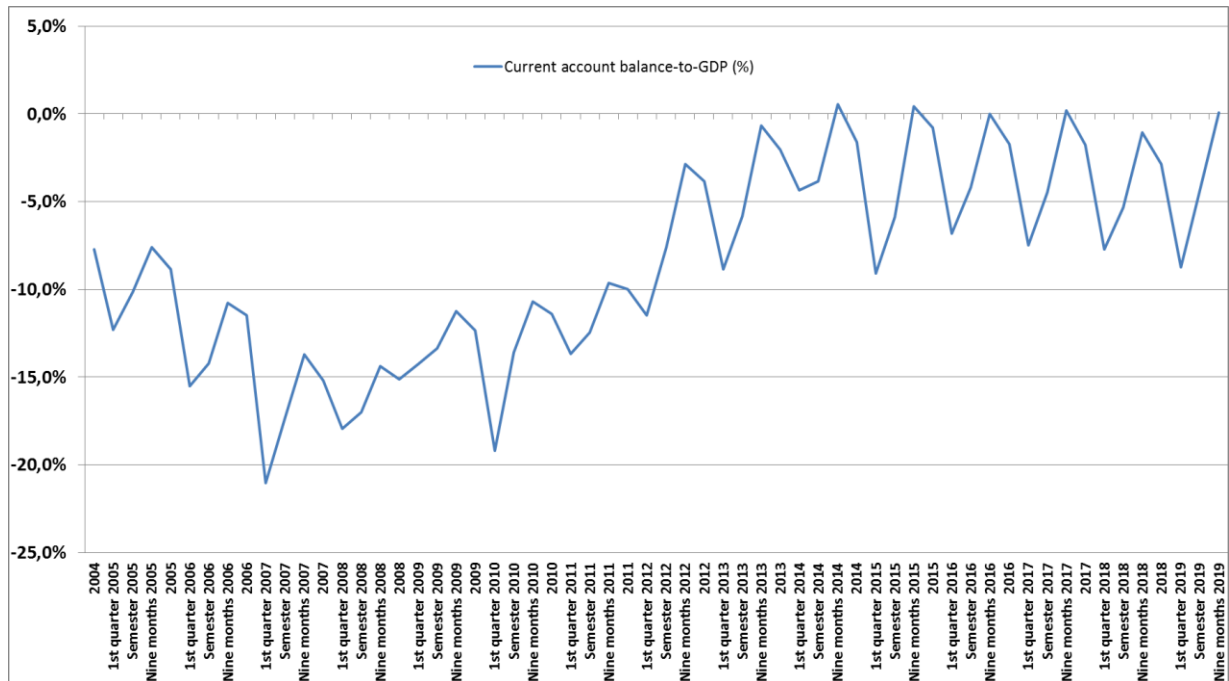


BANK OF GREECE

EUROSYSTEM

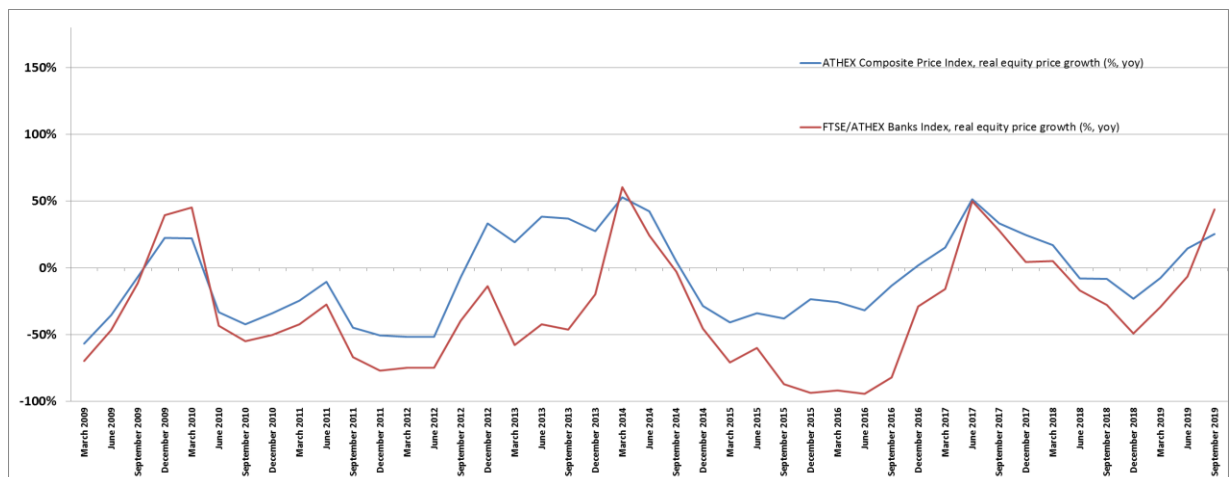
THE EXECUTIVE COMMITTEE

Chart 9: Current account balance-to-GDP (%)



Source: BoG and ELSTAT.

Chart 10: ATHEX Composite Price Index and FTSE/ATHEX Banks Index, real equity price growth (% y-o-y)



Source: Bloomberg. ATHEX Composite is based on the performance of the shares of companies that trade in the Large Cap segment of the Athens Exchange. FTSE/ATHEX Banks is based on the performance of the shares which constitute the Banks super sector according to the Industry Classification Benchmark. The % change is adjusted by the Consumer Price Index.