



EUROPEAN CENTRAL BANK
EUROSYSTEM

ECB-PUBLIC
COURTESY TRANSLATION

Mario DRAGHI
President

Mr Nikolaos Chountis
Member of the European Parliament
European Parliament
60, rue Wiertz
B-1047 Brussels

Frankfurt am Main, 2 May 2019

L/MD/19/137

Re: Your letter (QZ-015)

Honourable Member of the European Parliament, dear Mr Chountis,

Thank you for your letter, which was passed on to me by Mr Roberto Gualtieri, Chairman of the Committee on Economic and Monetary Affairs, accompanied by a cover letter dated 18 February 2019.

The capital position of Greek banks was strengthened during the European Stability Mechanism (ESM) programme, as shown by the supervisory banking statistics published by the ECB on a regular basis.¹ While the aggregate Common Equity Tier 1 (CET1) ratio of Greek significant institutions (SIs) deteriorated slightly in the first nine months of 2018, it still compares favourably with the SI average across the Single Supervisory Mechanism (15.7% compared with 14.2% respectively). At the same time, the elevated levels of non-performing loans (NPLs) still pose a significant risk to the profitability and capital adequacy of Greek banks. Overall, despite the significant progress made in recent years, Greek banks will still have to take further action to restore their financial position.

To this end, it is paramount that Greek banks continue to engage in NPL resolution efforts, making use of all available tools. The authorities can support these efforts primarily by ensuring the effectiveness of the legal framework for NPL resolution (e-auctions, insolvency regimes, legal framework for NPL sales, etc.) and by providing an environment conducive to NPL resolution. Further progress on NPL resolution will also put the

¹ See the supervisory banking statistics, available at <https://www.bankingsupervision.europa.eu/banking/statistics/html/index.en.html>.

Address
European Central Bank
Sonnemannstrasse 20
60314 Frankfurt am Main
Germany

Postal Address
European Central Bank
60640 Frankfurt am Main
Germany

Tel. +49-69-1344-0
Fax: +49-69-1344-7305
Website: www.ecb.europa.eu

banks in a better position to attract capital from private investors if a strengthening of their capital position is warranted.

Yours sincerely,
[signed]

Mario Draghi

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