

# PRESENTATION OF A BUSINESS PROPOSAL IN THE HELLENIC BANKING SECTOR

The re-establishment of the Hellenic Postal &  
Savings Bank

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# The Hellenic Banking Sector today : From more than 20 to 4! In case of economic turn-around, new players will emerge



ΕΘΝΙΚΗ ΤΡΑΠΕΖΑ



ΑΛΦΑ ΒΑΝΚΟΣ  
ΤΡΑΠΕΖΑ  
ΠΕΙΡΑΙΩΣ



# Eurogroup Chief: We Saved the Greek Banks but Overlooked Taxpayers



## Criticism by the people that everything was being done for the benefits of the banks

“We had a banking crisis, a fiscal crisis and we spent a lot of the tax-payers’ money – in the wrong way, in my opinion – to save the banks so that the people criticizing us and saying that everything was being done for the benefit of the banks were to some extent right,” he said.

Indeed this is one of the reasons that the depositors are still very cautious with their money and still avoid to reinsert them to the banking system, because they have suffered monumental losses, due to the fact that the greek banks took risks, beyond their capital adequacy requirements, probably due to the expansion of the economy and the inflationary momentum which kept them profitable during the last decades

# How much money are under the pillows in Greece?

- Well, nobody knows the exact figure, but rough estimates make an assessment that there are probably more than 50 billion euros “under the mattresses, avoiding to become apparent, due to tax purposes, but mostly because they are very scared about their money and the “eternal need to recapitalize them”
- However, the cash deposits monthly trend shows a very timid but nonetheless worthy to be observed increase of the household deposits, a last month figure at the region of 1 billion more.

# ...But how is the economy developing? (OECD projections, November 2017)

GDP growth is projected to rise to 2.3% in 2018, and then moderate to 2% in 2019. Private consumption and investment will lead the recovery, responding to reduced policy uncertainty and gradually improving financial conditions. Exports should continue to increase, supported by rising external demand. Accelerating imports will subtract from growth in 2019. Excess capacity is diminishing but remains exceptionally large, limiting price and wage pressures.

The budget surplus is on track to exceed the 2017 target, through improved tax compliance and restrained expenditure. Further progress is needed in addressing tax arrears. Continued product market reforms would further improve competitiveness.

A gradual recovery is emerging. The completion of the second EU programme review in June 2017 buoyed confidence, supporting activity. Employment growth is buttressing incomes and private consumption, although many new positions are temporary or part-time and pay the minimum wage. Greece's improved competitiveness is boosting goods exports while the international recovery is supporting tourism revenue.

# Improving investment will boost the recovery

The government is on track to achieve a primary budget surplus of 2.2% of GDP in 2017, above its target.

Ongoing improvements in revenue collection and the end of temporary spending programmes support the budget and offset cuts in personal income tax rates and increased government consumption. Reduced uncertainty over public finances led to an upgrade in the government's credit rating and to lower spreads on public debt, and allowed the government to issue its first bond in three years. Improved tax compliance and spending controls are expected to raise primary budget surpluses in 2018 and 2019.

GDP growth is projected to strengthen in 2018 and remain solid in 2019. Business and housing investment are projected to rebound, after 10 years of contraction, as financing conditions and confidence improve. The effect of recent product and labour market reforms will support competitiveness. Expanding employment and low inflation will buttress private consumption.

## THE LAST RECAPITALIZATION ROUND IS OVER; NO NEED FOR ANOTHER

The banks have undergone three rounds of recapitalisation since 2010 – the last of which in 2015 – for a total of €43 billion. The IMF Debt Sustainability Analysis (DSA), however, maintains the assumption that a buffer of around €10 billion – roughly half the amount of DTAs on Greek banks' balance sheet – should be set aside to cover potential additional bank support needs. The European DSA instead does not assume any additional costs from future bank recapitalisation needs. The Bank of Greece, on the other hand, argues that Greek banks are set to maintain high capital ratios even in the adverse scenario of a recently published sensitivity analysis.

# Hellenic Postal Savings Bank History

- Hellenic Postal Savings Bank was established in 1900 in Kreta, in the context of the Hellenic Posts Organization.
- It started its function in 1902 with a network of 26 branches. □
- In 1970 the Postal Savings became autonomous with the foundation of Greek Postals.
- In 2002 it acquired a new corporate status and became a Societe Anonyme, under the law 3082/16.12.2002.
- In 2005 the banking network consisted of 136 branches all over Greece.
- The Bank's presence was additionally supported from Hellenic Posts (ΕΛΤΑ) 820 branches cooperation, as an alternative network which assists selling activities based on the well product range of PSB.

- In April 2006 it acquired a full banking license and since then we have been operating under the supervision of the Bank of Greece.
- In June 2006, the Postal Savings Bank became an ASE listed company through a public offer of 34,84% of the existing shares □
- By the end of 2006 the alternative network of Hellenic Posts increased to 839 branches and the existing agreement expanded to lending products.
- Greek Postal Savings Bank supported a full range product mix such as mortgages, personal loans, credit cards, mutual funds and almost all types of bank deposit / saving activities.
- The Banking corporation also included treasury and asset management activities in its portfolio. □

- In 2013, the license of the Hellenic Postal and Savings Bank was revoked, due to the purported “minimization” of the Hellenic Banking Sector which was orchestrated on behalf of the “Big 4” Systemic Banks, which are still operative in Greece.
- The excuse for such unexpected revocation by the Bank of Greece was the PSI (Greek Bonds Voluntary Transaction) which caused irreparable harm to the Bank’s accounts and capital adequacy requirements.
- The disaster of more than 70.000 private equity holders has created a huge “gap” not only to them, but to the institution itself
- The everlasting need of the Greek Banking Sector to be perpetually in search of capital funding has led to many, millions of Greek depositors to be always skeptical with regard to the safety of the deposits.
- The only financial institution which safeguarded the “guarantee” of the depositors, no matter how few where their money, and BY DEFINITION an institution with risk averse strategy to any toxic or sophisticated products, doesn’t exist.
- As a result, more than 50 billion of “hidden” cash reserves are still OUT of the system, due to the fact of more than 100 billion npl’s

# A HUGE OPPORTUNITY IS EMERGING – A DEPOSIT BANK IS MORE THAN NECESSARY!

- While the economy shows very strong signs of recovery, the fear of depositors is still looming. The same banks that have been criticized for many of the problems that investors have suffered (in artificial banking products, equities, synthetic bonds and mostly the recapitalizations which evaporated the most of their money, the need to secure their money to an ordinary, trustworthy banking institution is becoming imperative by the day.
- But not to “any” bank!
- An institution which would cater for their safekeeping needs with NO tendency to unwanted risks and products (that not even the bank executives understand !)

RE-ESTABLISHING THE HELLENIC POSTAL and  
SAVINGS BANK!  
THE TIMING IS PERFECT!

# THE BUSINESS IDEA IN ONE PAGE

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The business model that was extremely successful when the Bank was still operative will be re-established, the one which led the institution to become the first Bank among all its competitors in Greece with regard to its capital adequacy and the 3<sup>rd</sup> in Europe

- More than 50 billion of deposits are not yet in the system
- 3 million of the former Hellenic Postal Bank depositors and 70.000 of the former private equity holders are faithful believers to the Institution
- There are is no Depository Bank in Greece, while hundreds are scattered around all other European countries!
- The sentiment of trust towards the other four banks is very fragile
- The re-establishment of banking competition in Greece is a necessity!

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- Therefore, a new HELLENIC POSTAL AND SAVINGS BANK will recapture all those assets which are still “floating” beyond the banking sector, without any policy -yet- to reset the depository tendency of the consumers to bring their money back to the “system”
- The Hellenic Government however, has stressed in numerous occasions that such need, to reestablish a SAVINGS BANK is more than necessary.
- The opportunity is HERE and NOW
- The team that could reset the Bank, assuming that a willing investor would appear, is more than ready
- The association of equity holders of the former Hellenic Postal and Savings Bank ([www.emftt.gr](http://www.emftt.gr)) is currently representing an adequate percentage of those 70.000 private investors who have initiated a multi level legal fight and are represented by KYROS LAW OFFICES to all of them

- If a serious and willing investor would reset the institution from the beginning, probably offering a “sweatener” to those former investors, as well as to new ones, a new “giant”, probably commensurate to the existing four would reappear and regain the market’s favor
- Last but not least, it would be treated “wholeheartedly” by the Greek Government as well as the Creditor Institutions which have noticed in numerous occasions than the Banking System in Greece is lacking necessary competition, imperative for a free enterprise economy.
- Our Law Firm could provide ample information of the opportunity in more detail, if such opportunity arises

Thank you for your attention  
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