



*HELLENIC REPUBLIC*  
INVESTOR PRESENTATION

# TABLE OF CONTENTS

I	RESILIENCE OF THE GREEK ECONOMY	1
II	RECOVERY OF THE GREEK ECONOMY	4
III	FUNDING THROUGHOUT THE RECOVERY	10
	APPENDIX	

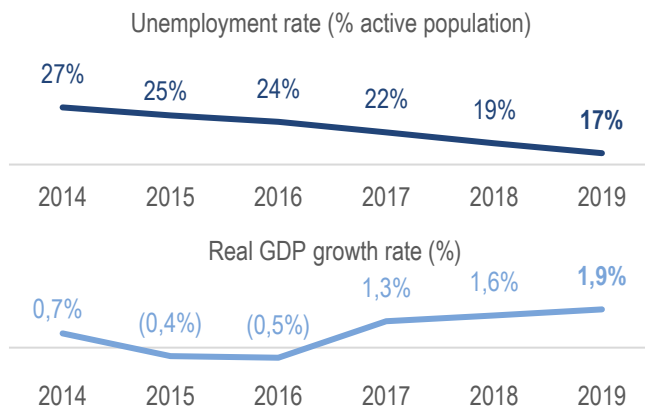


## **I RESILIENCE OF THE GREEK ECONOMY**

# THE GREEK ECONOMY HAS BEEN BETTER PREPARED TO FACE A GLOBAL SHOCK

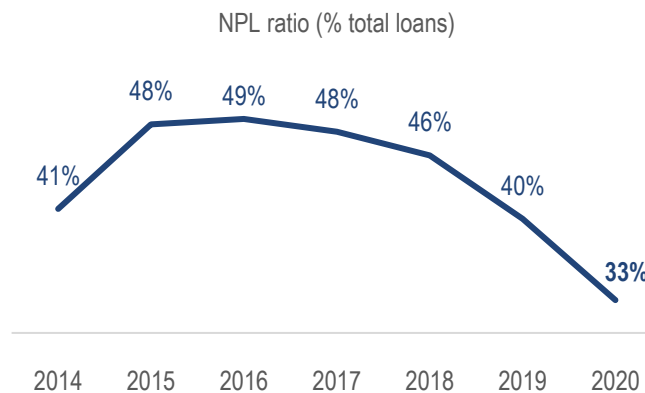
*At the outbreak of the COVID-19 crisis, Greece macro-fiscal position had been strengthened thanks to sustained efforts on structural reforms – notably in the financial sector – and a healthy budgetary governance*

## A strong macroeconomic profile



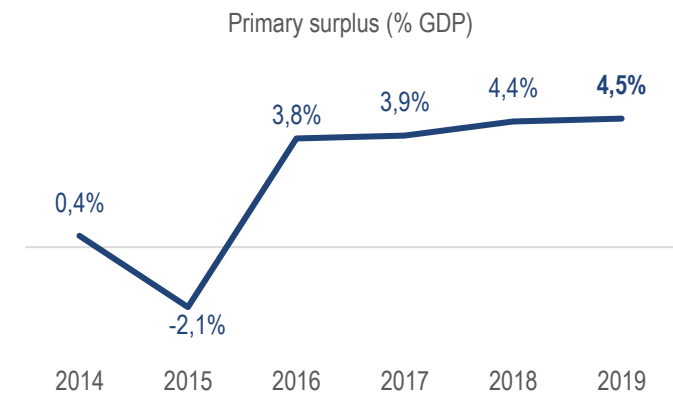
Source: Eurostat

## An enhanced financial sector



Source: Bank of Greece

## A healthy budgetary position



Source: Eurostat

- **Structural reforms have been consistently implemented since the Great Financial Crisis**, with a focus on public administration, financial stability and competitiveness
- **These efforts enhanced Greece's investment attractiveness** and paved the way for recent FDI decisions by global corporates (Microsoft, AWS, ...) throughout the crisis

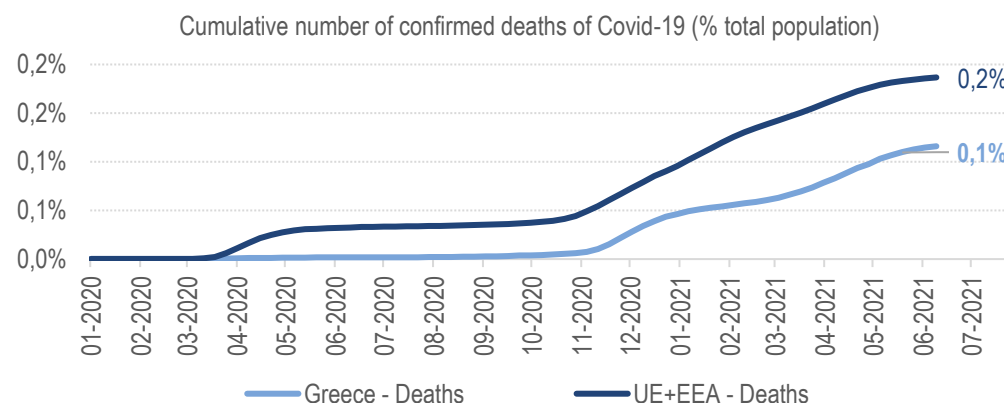
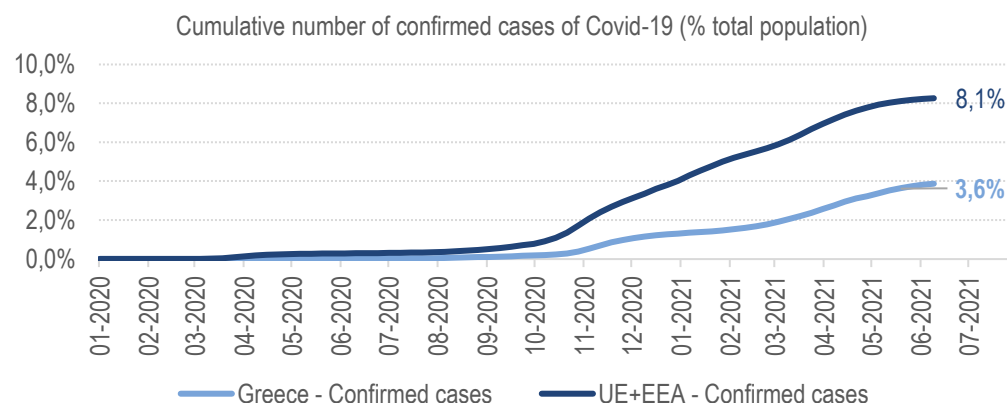
- **Targeted structural reforms have succeeded in improving financial stability.** Recent reforms such as the new Insolvency Code are expected to have a further positive impact
- Together with the successful rollout of the Hercules scheme, this has allowed **the NPL ratio to decrease from 49% in 2016 to 33% as at end-2020**

- **Greece has consistently outperformed its fiscal targets**, up until the activation of the General Escape Clause at the European level
- This fiscal position has **preserved Greece public debt sustainability**
- **It has also allowed to build sizable liquidity reserves** (c. EUR 32bn in end-June 2021) to mitigate refinancing risks

# THE AUTHORITIES TIMELY AND ROBUSTLY RESPONDED TO THE CRISIS

*The Hellenic authorities swiftly responded to the COVID-19 crisis with the objectives of (i) preserving the population and (ii) supporting the economy*

## Greece's swift response to the COVID-19 crisis has allowed to efficiently contain the pandemic



Source: European Centre for Disease Prevention and Control; Data on 14 days notification rate of new COVID-19 cases and deaths, 22 June 2021

## Preserving the population ...

The authorities swiftly implemented sanitarian measures, including:

- Social distancing and containment measures, building on a regionalized approach
- Targeted restrictions on domestic and international mobility
- Compulsory use of masks and mass testing
- Broad vaccination campaign

The Greek government has also been at the forefront of the global effort to implement COVID-19 passports

## ... and supporting the economy

The Greek State supported economic activity, through a **EUR 41bn support package** (23bn in 2020, 16bn in 2021, 2bn in 2022) including:

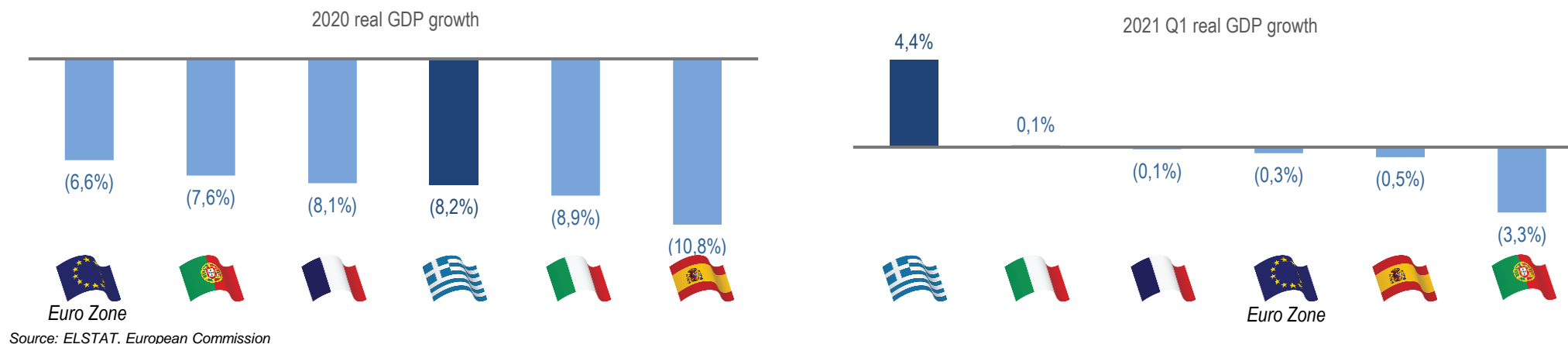
- Extension of social benefits and job subsidy schemes
- A EUR 5.7bn repayable advance scheme to support companies
- A EUR 2.3bn guarantee scheme launched to help maintain corporate access to credit
- A loan subsidy scheme for households and companies
- Targeted sectorial support packages through the EU NSRF<sup>(1)</sup>

Note: (1) National Strategic Reference Framework

# THE GREEK ECONOMY HAS BEEN RESILIENT THROUGHOUT THE CRISIS

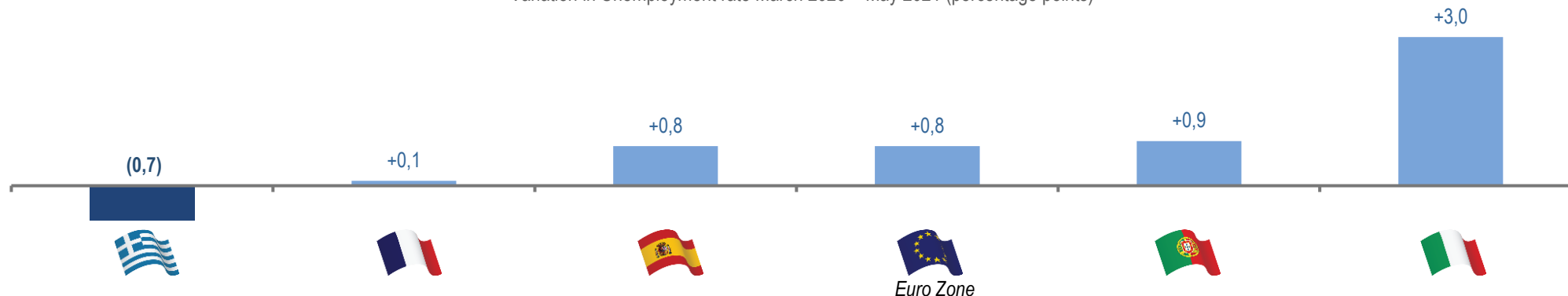
*Economic activity strongly recovered in Greece as early as in Q1 2021, while unemployment has decreased as compared to the pre-crisis level*

**Greece economic downturn has been in line with peers in 2020 while its economic rebound in Q1 2021 is more pronounced**



**Greece labour market has been resilient, with a stabilisation of unemployment at 15.4%**

Variation in Unemployment rate March 2020 – May 2021 (percentage points)





## **II RECOVERY OF THE GREEK ECONOMY**

# GREEK ECONOMY IS EXPECTED TO STRONGLY REBOUND

*Greek economy is expected to grow at high and sustainable rates over the next period, supported by the investment and structural reforms*

	Historical		Forecasts by:					
			Authorities		European Commission		IMF	
	2019	2020	2021	2022	2021	2022	2021	2022
<b>Real GDP growth (%)</b>	1.9%	(8.2%)	3.6%	6.2%	4.1%	6.0%	3.3%	5.4%
<b>Unemployment (% total labour force)</b>	17.3%	16.3%	16.3%	14.4%	16.3%	16.1%	16.6%	15.2%
<b>Inflation (%)</b>	0.5%	(1.3%)	0.0%	0.7%	(0.2%)	0.6%	0.2%	0.8%

Sources: Eurostat (historical figures); Ministry of Finance (Authorities); IMF Article IV 2021 for GDP; April 2021 IMF's World Economic Outlook for inflation and unemployment; European Commission's 2021 Spring Forecasts (European Commission)

▶ The authorities' Greek growth agenda will fully take advantage of the available European funds, so as to accelerate the transformation of the economy

▶ The consistent implementation of structural reforms – notably in the banking sector – will further enhance Greece growth potential

▶ The fiscal policy will support the recovery and enhance the competitiveness of the Greek economy, in a disciplined and sustainable manner



# THE GREEK GROWTH AGENDA WILL BE SUPPORTED BY EUROPEAN FUNDS

*Greece's National Recovery and Resilience Plan, named Greece 2.0, aims at converging towards an extroverted, competitive, green and digital growth model. It builds on an ambitious set of reforms and investments, totaling EUR 60bn over 2021-26 (of which EUR 31bn from the Resilience & Recovery Fund)*

## Key objectives of Greece 2.0

✓ **Closing the output, investment and employment gaps**

✓ **Strengthening social cohesion**

✓ **Leaning against the effects of the pandemic**

## The 4-pillar approach of Greece 2.0

	<i>Pillar 1</i> <b>Green Transition</b>	<i>Pillar 2</i> <b>Digital Transformation</b>	<i>Pillar 3</i> <b>Employment, skills and social cohesion</b>	<i>Pillar 4</i> <b>Private investment &amp; transformation of the economy</b>
<b>Key investments<sup>(1)</sup></b>	<ul style="list-style-type: none"> <li>• Energy efficiency of buildings</li> <li>• Energy storage</li> <li>• ...</li> </ul>	<ul style="list-style-type: none"> <li>• 5G infrastructure and fast broadband connections</li> <li>• Public sector digitization</li> <li>• ...</li> </ul>	<ul style="list-style-type: none"> <li>• Incentives for private investment</li> <li>• Public-Private Partnerships in new, large infrastructure projects</li> <li>• ...</li> </ul>	<ul style="list-style-type: none"> <li>• Training of the workforce</li> <li>• Large investments in health, education and social inclusion</li> <li>• ...</li> </ul>
<b>Key reforms<sup>(1)</sup></b>	<ul style="list-style-type: none"> <li>• Reform of licensing procedure for renewable energy sources</li> <li>• Promotion of e-mobility</li> <li>• ...</li> </ul>	<ul style="list-style-type: none"> <li>• Plan for "customer-centric" digital services by the P.A.</li> <li>• Transition to fast broadband</li> <li>• ...</li> </ul>	<ul style="list-style-type: none"> <li>• Reforms to simplify and improve the business environment</li> <li>• Labor law reform</li> <li>• ...</li> </ul>	<ul style="list-style-type: none"> <li>• Reform of labor market policies</li> <li>• Digitalization of education</li> <li>• ...</li> </ul>
<b>Budget (RRF / Total Mobilized<sup>(2)</sup>)</b>	EUR 6.2bn / <b>EUR 11.6bn</b>	EUR 2.2bn / <b>EUR 2.4bn</b>	EUR 5.2bn / <b>EUR 5.3bn</b>	EUR 4.8bn / <b>EUR 8.7bn</b>
<b>Grants</b>				
<b>Loans<sup>(3)</sup></b>				
	<b>EUR 12.7bn / EUR 31.8bn</b>			

Source: Ministry of Finance

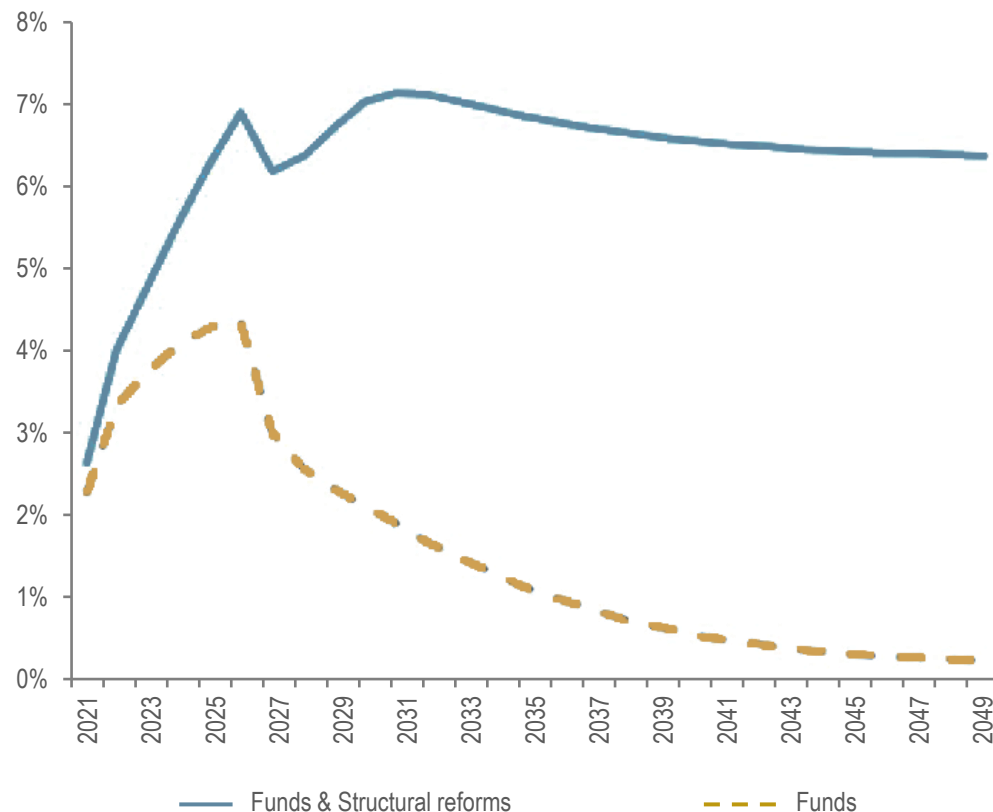
Notes: (1) A more comprehensive list of investments and reforms envisaged in the context of Greece 2.0 can be found in appendix; (2) Includes both RRF and private investments; (3) The EUR 12.7bn of RRF loans through three distribution channels: (i) IFIs, (ii) commercial banks and (iii) an equity platform managed by the Hellenic Development Bank of Investments

# THE GREEK GROWTH AGENDA WILL BE SUPPORTED BY EUROPEAN FUNDS (CONT'D)

*Greece 2.0 is expected to support economic recovery over the coming years and close the output gap in the longer term*

## Macroeconomic impact of Greece 2.0

### Impact on GDP (% deviation from steady state)



Source: Bank of Greece

According to the Bank of Greece, Greece 2.0 would lead to:

- ✓ Increase **real GDP by 7%** by 2026
- ✓ Create of **180,000 new jobs**
- **By 2026**, the positive economic impact would mainly be derived from **increased private investment** financed by loans
- **In the longer term**, GDP and employment gains would be made permanent, driven primarily by **reforms and higher productivity**

# THE GREEK GROWTH AGENDA IS SUPPORTED BY OUR EUROPEAN PARTNERS

*Greece National Recovery and Resilience Plan was approved by the European Commission on June 17<sup>th</sup>*

## Supportive reactions from the European Authorities regarding Greece recovery efforts

I am deeply convinced that these reforms, this plan will make Greece come out stronger than ever before.

In short, the plan clearly meets the demanding criteria we have jointly established. It is ambitious, it is far-sighted and, most importantly, it will help build a better future for Greece, for the Greek people, and for the European Union as a whole

PRESIDENT OF THE EUROPEAN COMMISSION URSULA VON DER LEYEN, 17 JUNE 2021

The timely, targeted and temporary support measures taken by the Greek authorities have cushioned the effect of the pandemic on businesses, workers and the healthcare sector. We welcome the progress made with reform implementation that has been achieved in the challenging circumstances of the Covid19 pandemic

EUROGROUP STATEMENT ON GREECE, 17 JUNE 2021

We confirm the positive news with regard to Greece, which is a recognition of the continued progress that the Greek government and the Greek people have made in the most challenging of circumstances...today is just another very important step in the very positive progress that has been made

EUROGROUP PRESIDENT PASCHAL DONOHOE, 17 JUNE 2021

We discussed further good news for Greece. The Greek authorities have maintained a strong pace of reform in spite of the difficult situation of the pandemic crisis.”

COMMISSIONER PAOLO GENTILONI, 17 JUNE 2021

There is good progress in the implementation of economic reforms

ESM MANAGING DIRECTOR KLAUS REGLING, 17 JUNE 2021





# THE AUTHORITIES REMAIN COMMITTED TO A BROADER AGENDA OF STRUCTURAL REFORMS

*The authorities will pursue their efforts on structural reforms – most notably on the banking sector and on the privatization program – so as to increase private investment and enhance Greece growth potential. These reforms would also ensure the timely and successful completion of the EU post-program monitoring by 2022*

## Strengthening of the banking sector

- ✓ **The Hercules scheme is efficiently supporting Greek banks in reducing their stock of NPLs**
  - NPL securitizations are supported by a State guarantee on the senior tranche issued as part of the transaction
  - This scheme supported the reduction in NPL ratio from 48.5% in 2016 to 30.3% in March 2021
  - In April 2021, the scheme was extended for 18 months with a total budget EUR 24bn
- ✓ **The Insolvency Code will improve the efficiency of procedures for:**
  - Businesses: streamlining administrative procedures for resolution
  - Consumers: removing undue protections for non-compliant debtors, addressing the issue of recurring non-payments
- ✓ **The successful capital increases of Piraeus Bank (EUR 1.4bn - April 2021) and Alpha Bank (EUR 0.8bn - July 2021) further confirm the increased attractiveness of Greek banks**

### RECENT NPL TRANSACTIONS

Bank	Project	GBV (€bn)	Type	Date
 Eurobank	Cairo	c. 7.4	Diversified	Q2 – 20
 ALPHA BANK	Galaxy	c. 10.8	Retail secured / Wholesale	Q1 – 21
 PIRAEUS BANK	Phoenix	c. 1.9	Residential mortgage	Q1 - 21
	Vega	c. 4.9	Commercial and residential	Q1 – 21
 NATIONAL BANK OF GREECE	Frontier	c. 6.0	Diversified	Q1 - 21
<b>Total</b>		<b>c. 31.0</b>		

Source: Banks

## Continuing structural reforms and privatizations

- ✓ **The Greek State will proceed with major privatization transactions in the coming months on strategic sectors**
- ✓ **The authorities also intend to keep up the pace structural reforms, related to labor market, public administration and social welfare.** These will be articulated with the Greece 2.0 program

### Key privatizations contemplated

- **Energy:** Public Gas Corporation (DEPA) Infrastructure; Underground natural gas storage South Kavala
- **Regional ports:** Alexandroupolis; Kavala; Igoumenitsa
- **Motorway concessions:** Egnatia Odos; Attiki Odos
- **Real estate:** development of properties in Gournes; “PYRKAL”
- **Other:** Skaramanga shipyards, LARCO mining company, Hellenic Aerospace Industry (EAV)

# FISCAL GOVERNANCE WILL FURTHER SUPPORT ECONOMIC GROWTH

*The authorities will maintain a prudent fiscal stance, aimed at (i) supporting economic recovery – with a focus on tax reduction – while (ii) preserving the sustainability of public finances*

## The authorities are revamping Greece tax structure ...

- The ongoing **tax reforms** will be pursued, so as to:
  - ✓ **Accelerate economic growth** and create new, well-paying jobs
  - ✓ **Reduce tax evasion**
  - ✓ **Support external balance**

### PERMANENT TAX CUTS

- ✓ Reduction of the ENFIA - on average - by 22%
- ✓ Reduction of the introductory tax rate on individuals (from 22% to 9%) – increase of the tax-free rate for each child
- ✓ Reduction of the profit tax rate for all companies (from 28% to 22%)
- ✓ Reduction of the tax rate for dividends (from 10% to 5%)
- ✓ Reduction of the advance tax rate for independent workers (from 100% to 55%)
- ✓ Reduction of the advance tax for legal entities (from 100% to 80%)
- ✓ Reduction of social security contributions (by 1%)
- ✓ Low tax rate (10%) for all agricultural schemes
- ✓ Continuation of the reduced VAT (by 30%) in 5 Greek islands

## ... and preserving fiscal sustainability

- The authorities aim at reducing fiscal deficits in 2022 and reaching realistic **primary surpluses from 2023 onwards**
- This will be supported by the roll-out of support measures and the rebound in activity. The fiscal path will be calibrated to support growth recovery, in **coordination with the European partners**

### NON-PERMANENT TAX CUTS *(to become permanent depending on fiscal space)*

- ✓ Suspension of the payment of a special solidarity contribution to the private sector (for 2021 and 2022)
- ✓ Further reduction - by 3ppts - of social security contributions for private sector employees (for 2021 and 2022)
- ✓ Reduction of VAT on transport, coffee and non-alcoholic beverages, cinemas (end-September 2021)
- ✓ Reduction of VAT on the tourist package (end-December 2021)

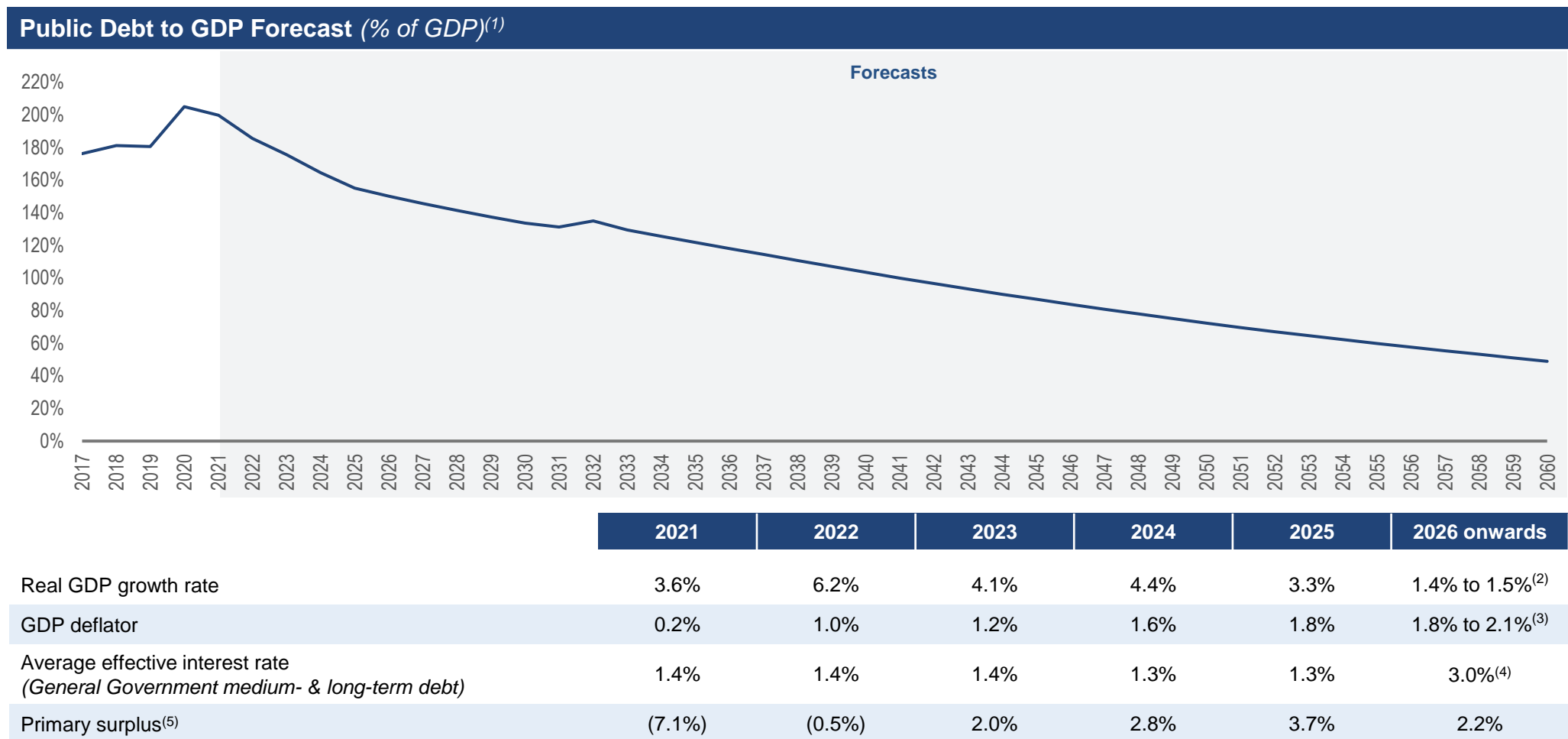
Source: Ministry of Finance



### **III FUNDING THROUGHOUT THE RECOVERY**

# DEBT SUSTAINABILITY IS PRESERVED

*Greece public debt-to-GDP ratio will be on a clear downward trend from 2021 onwards*



Sources: PDMA, Ministry of Finance

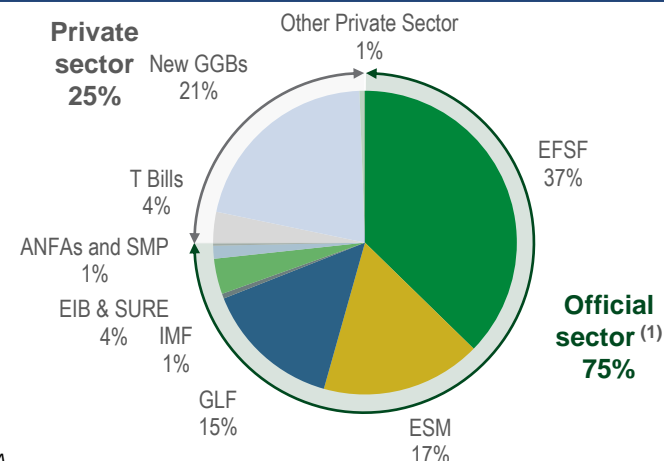
Notes: (1) Excluding RRF loans, which will be fully passed on to the private sector; (2) Reasonable real GDP growth assumptions, steadily decreasing from 1.4% in 2026 to 0.7% in 2030, then increasing up to 1.7% in 2040, and finally gradually decreasing down to 1.5% in 2060; (3) GDP deflator increasing steadily from 1.8% in 2026 up to 2.1% in 2030, and then remaining constant at 2.1% from 2030 onwards; (4) Average effective interest rate for the period 2026-2060; (5) In line with Enhanced Surveillance Report

# DEBT SUSTAINABILITY IS PRESERVED (CONT'D)

*Greece public debt structure remains one of the most favourable in the Eurozone*

- **Over 75% of the debt stock is held by official sector creditors<sup>(1)</sup>**, allowing for long term maturity profile and low interest rates
- **Debt maturity is significantly longer than that of peers.** It stands at c. 21 years against an average of 8 years for peers
- **Average interest rate on public debt is significantly lower than peers** at c.1.4% against an average cost of 2.0% for peers

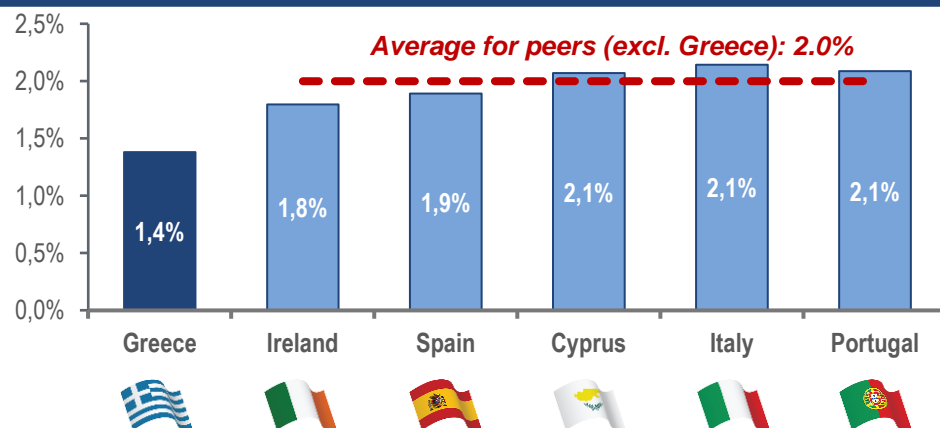
## Debt Breakdown by Type of Instruments, as of June 2021



Source: PDMA

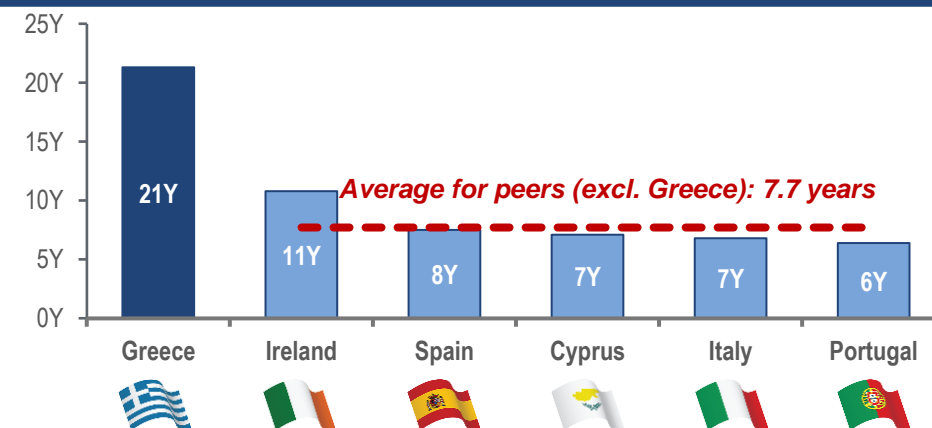
Note: (1) Excludes Eurosystem holding of GGBs, purchased on the secondary markets through PEPP

## Greece and EZ Peers' Cost of debt (2021E)



Sources: PDMA (General Government debt, as of end-June 2021), IMF WEO April 2021

## Greece and EZ Peers' Debt Weighted Average Maturity (2021E)



Sources: PDMA (General Government debt, as of end-June 2021), Fiscal Monitor, April 2021



# GREECE FUNDING STRATEGY ENTAILS PROACTIVE DEBT MANAGEMENT

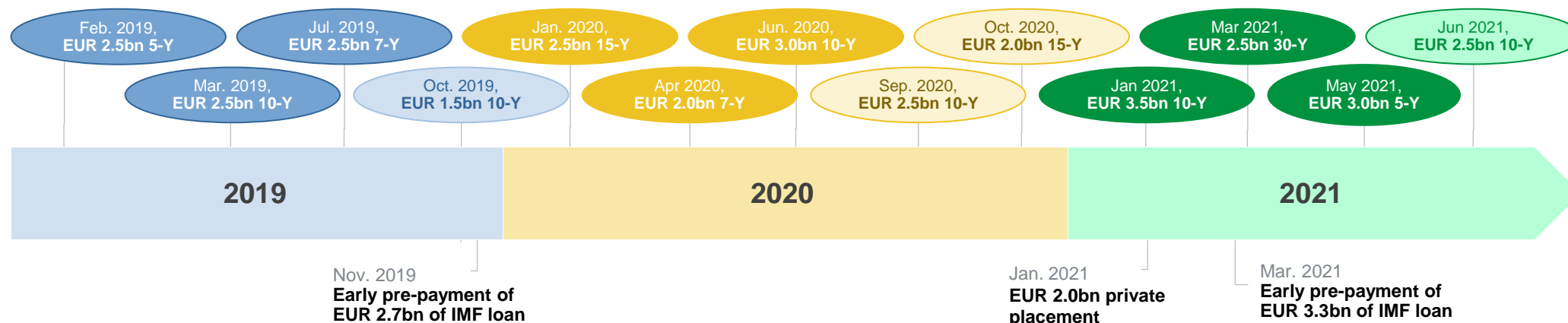
*PDMA current debt and funding strategy is focused on reaching the following main objectives:*

- 1 Enhance market access**
  - Improve a tradable and liquid yield curve
  - Enhance the investor base (towards more real money players)
  - Maintain regular market operations
- 2 Lower funding costs**
  - Bring the credit spread of the GGB curve in line with peers
- 3 Contain debt-associated risks**
  - Limit interest rate and FX risks
  - Limit refinancing risks
- 4 Manage liquidity (cash reserves of both the Greek State and the General Government Entities)**

# GREECE FUNDING STRATEGY ENTAILS PROACTIVE DEBT MANAGEMENT *(CONT'D)*

*Over the past two years, PDMA has tapped the bond market on a regular basis so as to enhance the GGB yield curve and proactively manage refinancing risks*

## Overview of PDMA recent GGB issuances<sup>(1)</sup> and liability management operations



*Active management of T-bills so to contain refinancing risks – reduced by EUR 2.6bn between end-2018 and June 2021*

Source: PDMA

Note: (1) Re-openings are indicated in light color

## The regular market funding operations has been positively perceived by the financial community

“Greece has spent quite a few years rebuilding its bond curve and **this is the final piece of the puzzle**. It is quite **emblematic**, but equally there’s a very cold-blooded financial rationale beneath it. For Greece, this transaction is something which **allows them to be seen as a fully-fledged rates issuer** that should be traded by the major accounts. Overall, this does allow **Greece to rejoin the club**”

SERGEY SUDAKOV, HEAD OF DCM FOR CENTRAL AND EASTERN EUROPE, BNP PARIBAS / 19 MARCH 2021

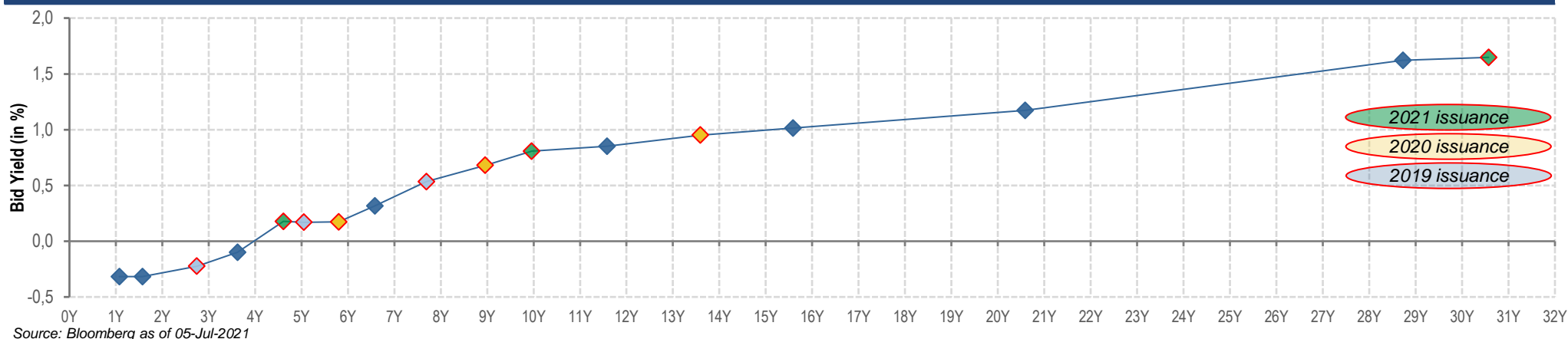
“The issue continued **Greece’s return to the markets after three bailouts** during the euro zone debt crisis and **underlined the sharp change in sentiment since the turmoil of those years**. [...] Despite the problems posed by the coronavirus, the success of the [latest] issue, which allowed Greece to build out its yield curve, was **“a vote of confidence to Greek economy from investors”**”

REUTERS NEWS/ 17 MARCH 2021

# 1 ENHANCED MARKET ACCESS – EXTENDED YIELD CURVE

Since 2019, the Hellenic Republic has strengthened its yield curve through 12 bond market operations, which have attracted increasing demand

Greece Government Bonds (GGBs) yield curve (05/07/2021)



Key characteristics of GGBs issuances since 2019

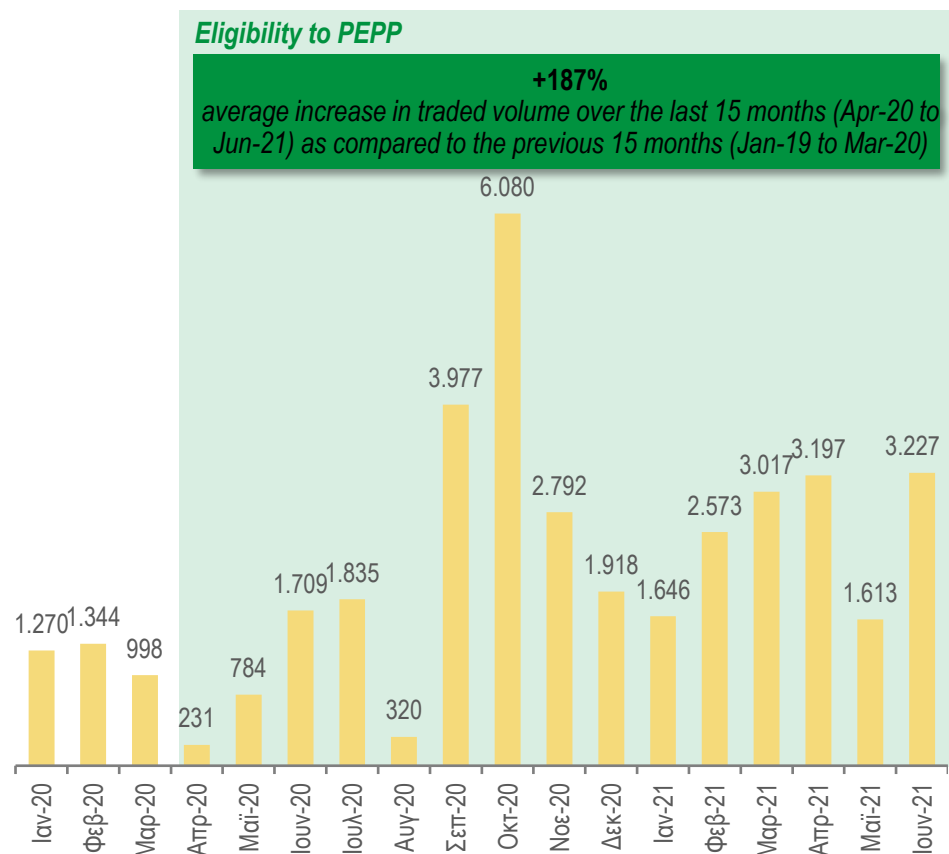
ISINs	Issue / Reopening Date	Maturity Date	Tenor	Demand Amount	Issued Amount	Subscr. Rate	Yield at Issuance	Spread vs Bund at Issuance
GR0124037715	09-Jun-21	18-Jun-31	10-Y	€30.0bn	€2.5bn	12.0x	0.89%	113 bps
GR0114032577	05-May-21	12-Feb-26	5-Y	€20.0bn	€3.0bn	6.7x	0.18%	78 bps
GR0138017836	17-Mar-21	24-Jan-52	30-Y	€25.0bn	€2.5bn	10.0x	1.96%	171 bps
GR0124037715	27-Jan-21	18-Jun-31	10-Y	€29.0bn	€3.5bn	8.3x	0.81%	135 bps
GR0128016731	21-Oct-20	04-Feb-35	15-Y	€16.8bn	€2.0bn	8.4x	1.15%	155 bps
GR0124036709	02-Sep-20	18-Jun-30	10-Y	€18.0bn	€2.5bn	7.2x	1.19%	160 bps
GR0124036709	09-Jun-20	18-Jun-30	10-Y	€17.0bn	€3.0bn	5.7x	1.57%	188 bps
GR0118020685	15-Apr-20	22-Apr-27	7-Y	€5.9bn	€2.0bn	3.0x	2.01%	263 bps
GR0128016731	28-Jan-20	04-Feb-35	15-Y	€18.8bn	€2.5bn	7.5x	1.91%	213 bps
GR0124035693	08-Oct-19	12-Mar-29	10-Y	€7.6bn	€1.5bn	5.1x	1.50%	210 bps
GR0118019679	23-Jul-19	23-Jul-26	7-Y	€13.0bn	€2.5bn	5.2x	1.90%	243 bps
GR0124035693	12-Mar-19	12-Mar-29	10-Y	€11.8bn	€2.5bn	4.7x	3.90%	373 bps
GR0114031561	05-Feb-19	02-Apr-24	5-Y	€10.0bn	€2.5bn	4.0x	3.60%	389 bps
Total:				€222.9bn	€32.5bn			

Sources: PDMA, Bloomberg

# 1 ENHANCED MARKET ACCESS – INCREASED LIQUIDITY

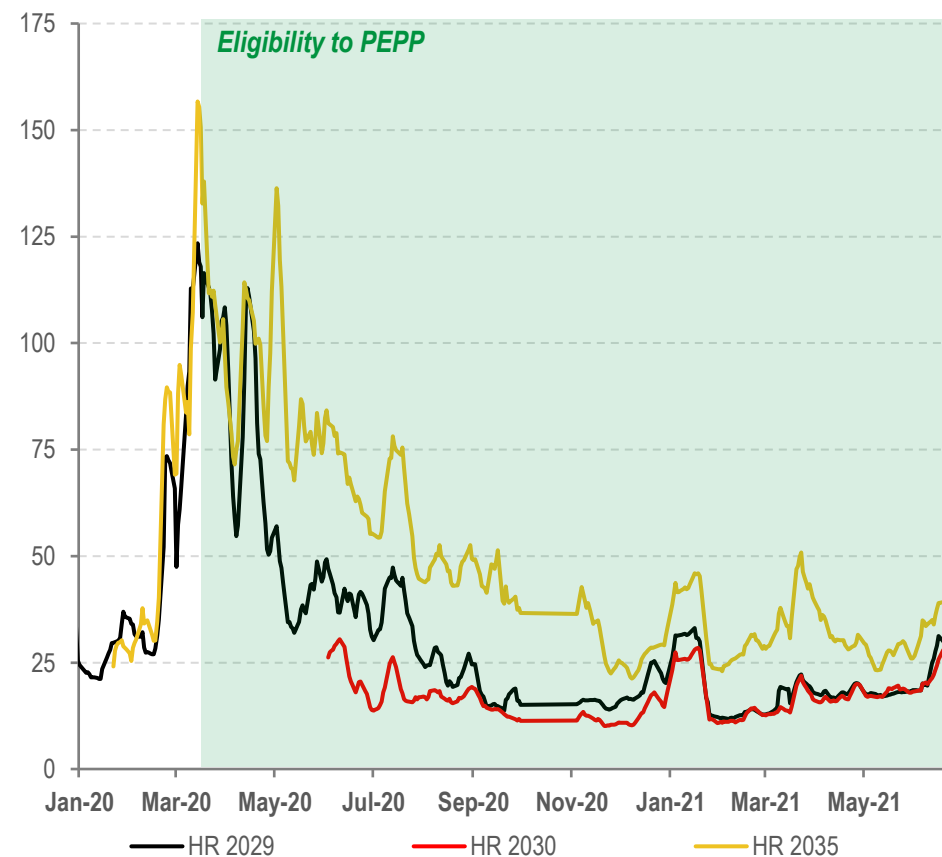
*GGB liquidity significantly increased along the Greek yield curve, supported by the eligibility to PEPP*

Greece GGB monthly traded volume (€m)



Source: Bank of Greece

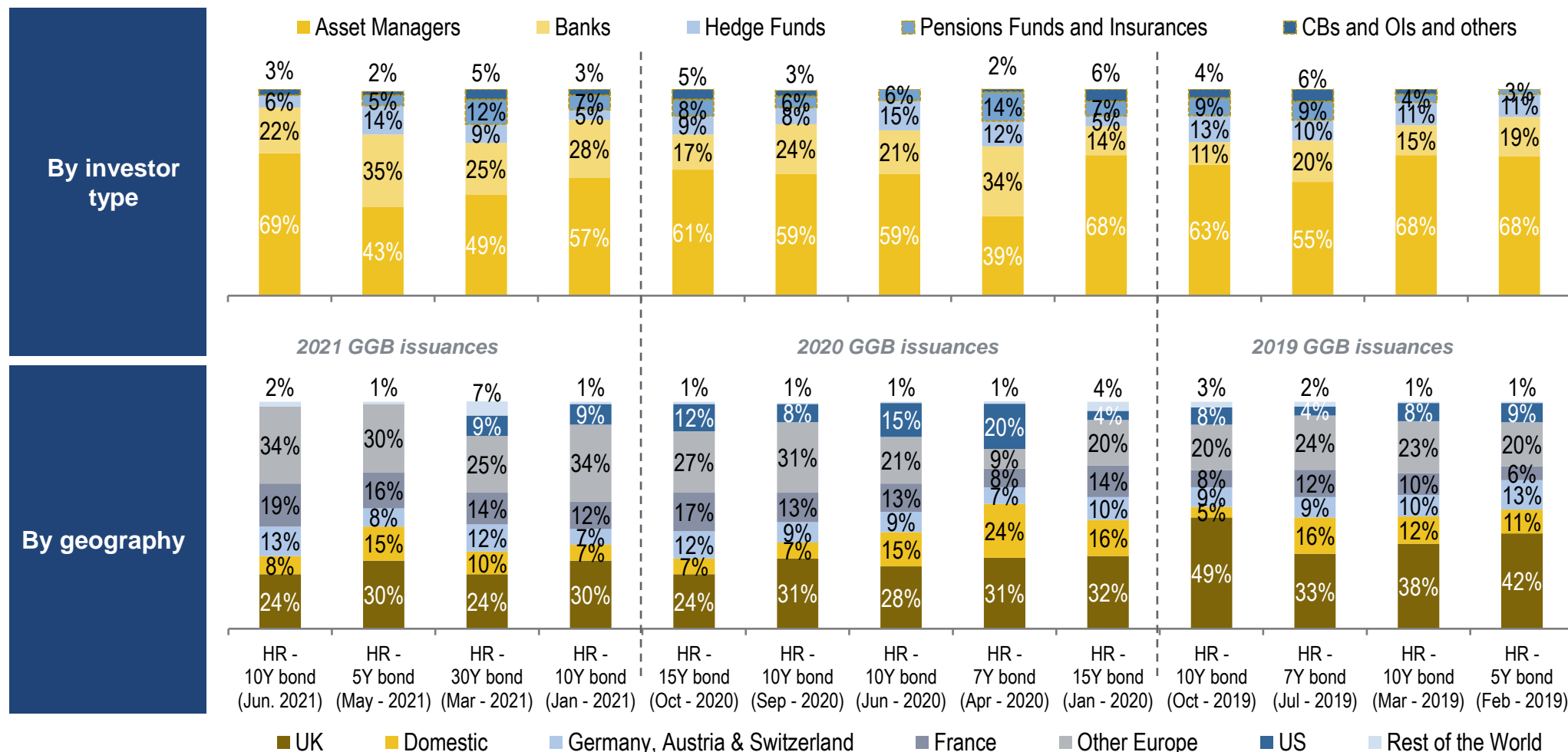
Greece GGB Bid-Ask price spreads on GGB Benchmark (bps)



Source: Bloomberg as of 05-Jul-2021

# 1 ENHANCED MARKET ACCESS – DIVERSIFIED INVESTOR BASE

*The share of long-term investors (notably insurances and pension funds) has been preserved despite the economic impact of the pandemic*

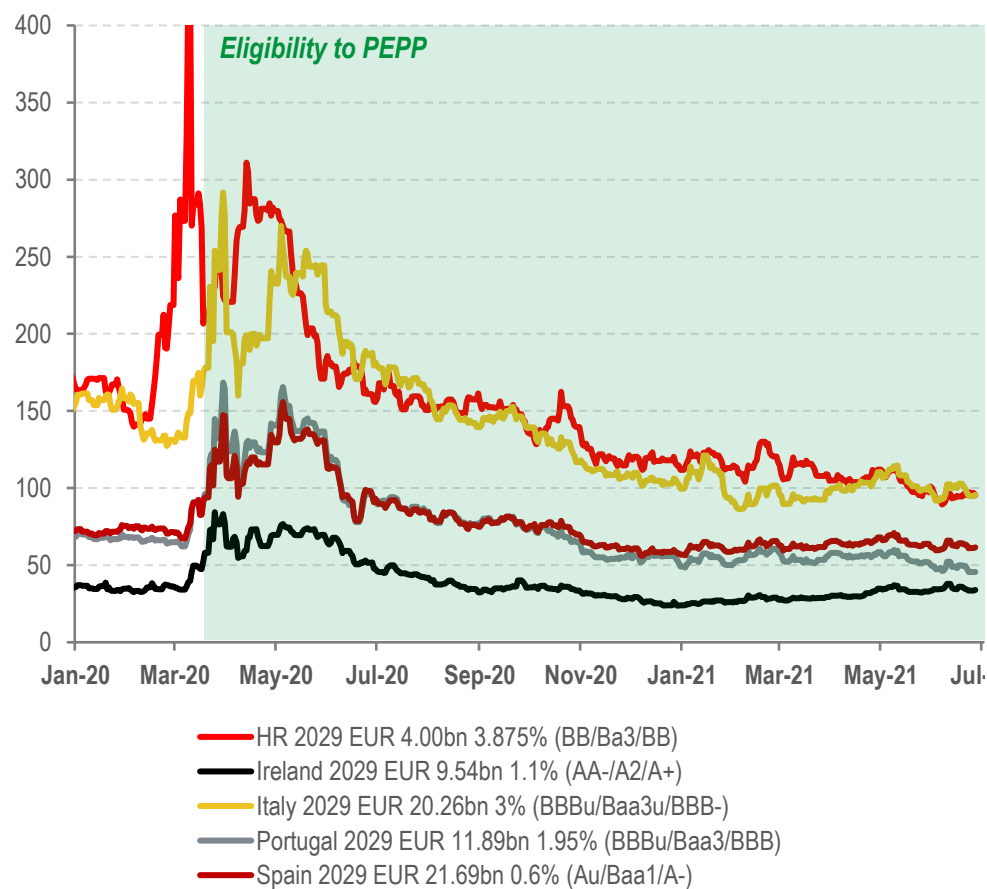


Source: PDMA

## 2 REDUCED FUNDING COSTS

*GGBs' market performance has improved, both in relative and absolute terms*

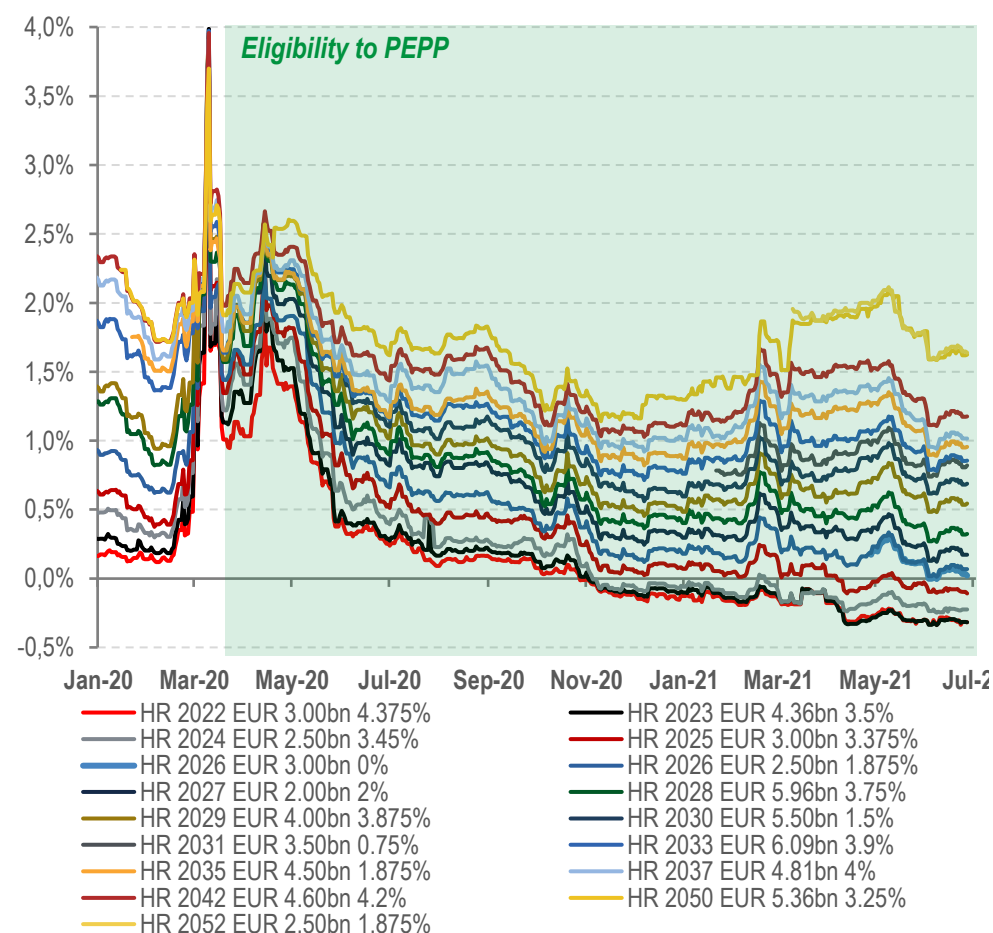
**Greece and selected peers' 2029 benchmarks' bid spread<sup>(1)</sup> (bps)**



Source: Bloomberg as of 05-Jul-2021

Note: (1) Spread relative to Germany 2029 EUR 26.5bn, 0.25%

**Greece bonds bid YTM (%)**

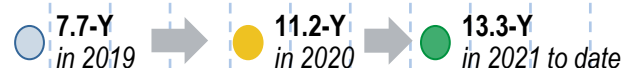


Source: Bloomberg as of 05-Jul-2021

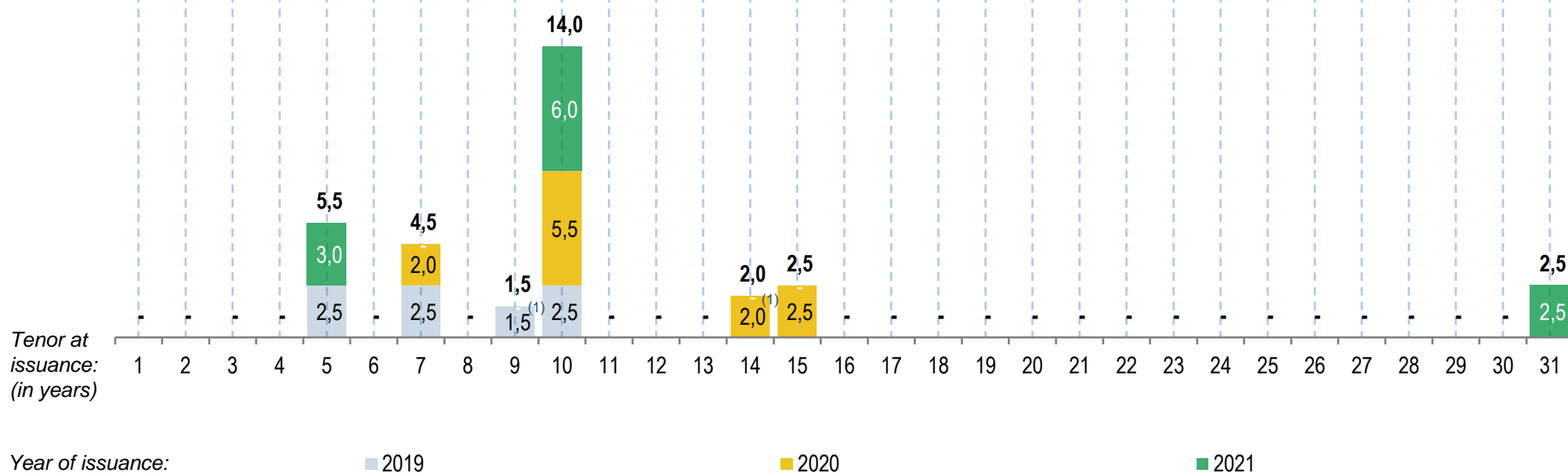
### 3 CONTAINED REFINANCING RISKS

Over the past three years, Greece has continuously extended the average maturity of its new GGB issuances: it stands at 13.3-Y this year (to date), against 11.2-Y in 2020 and 7.7-Y in 2019

Weighted average maturity of GGBs issuance, each year since 2019 (in years)



Amount of GGBs issued since 2019 by maturities (in EURbn)



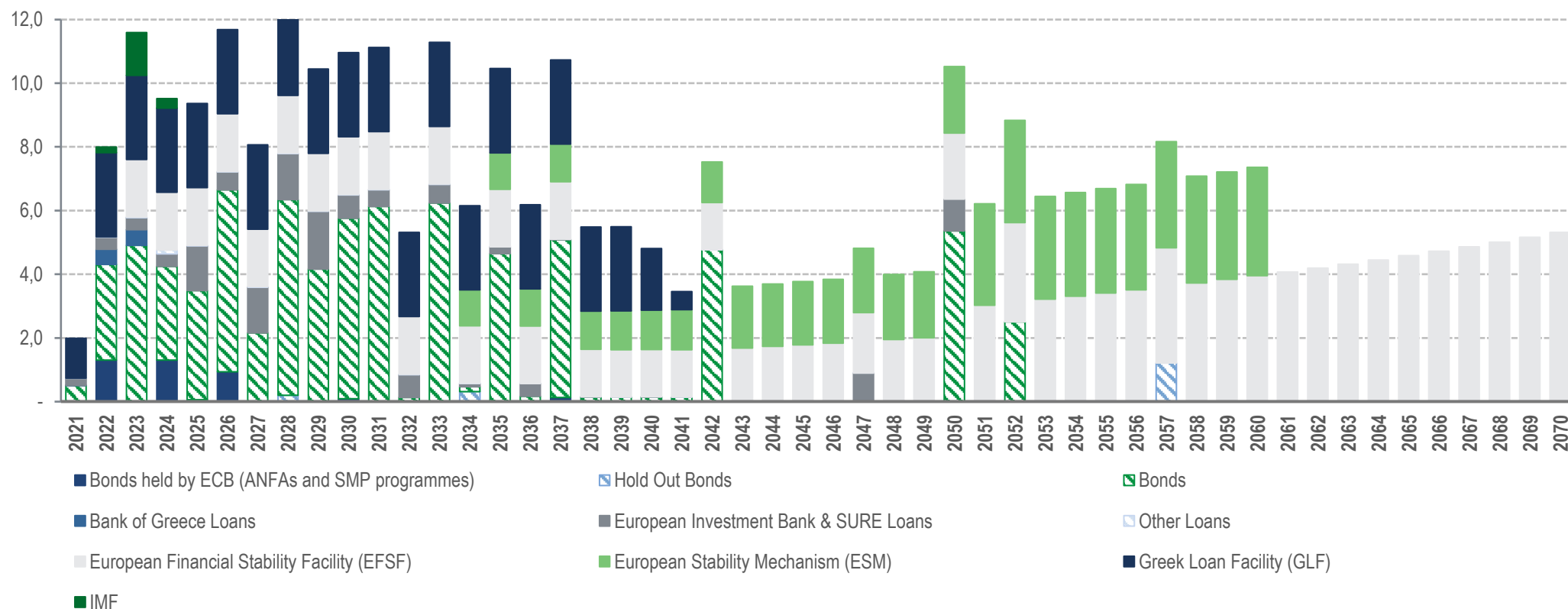
Source: PDMA

Note: (1) Tap of a benchmark; The initial issuance of this benchmark was conducted earlier in the same year - hence with a slightly longer tenor (displayed one year later (to the right) on the graph)

### 3 CONTAINED REFINANCING RISKS (CONT'D)

*Market funding needs are expected to be contained, owing to a pro-active debt management*

**Maturity Profile of the Greek Public Debt as of June 2021<sup>(1)</sup> (€bn)**



Source: PDMA

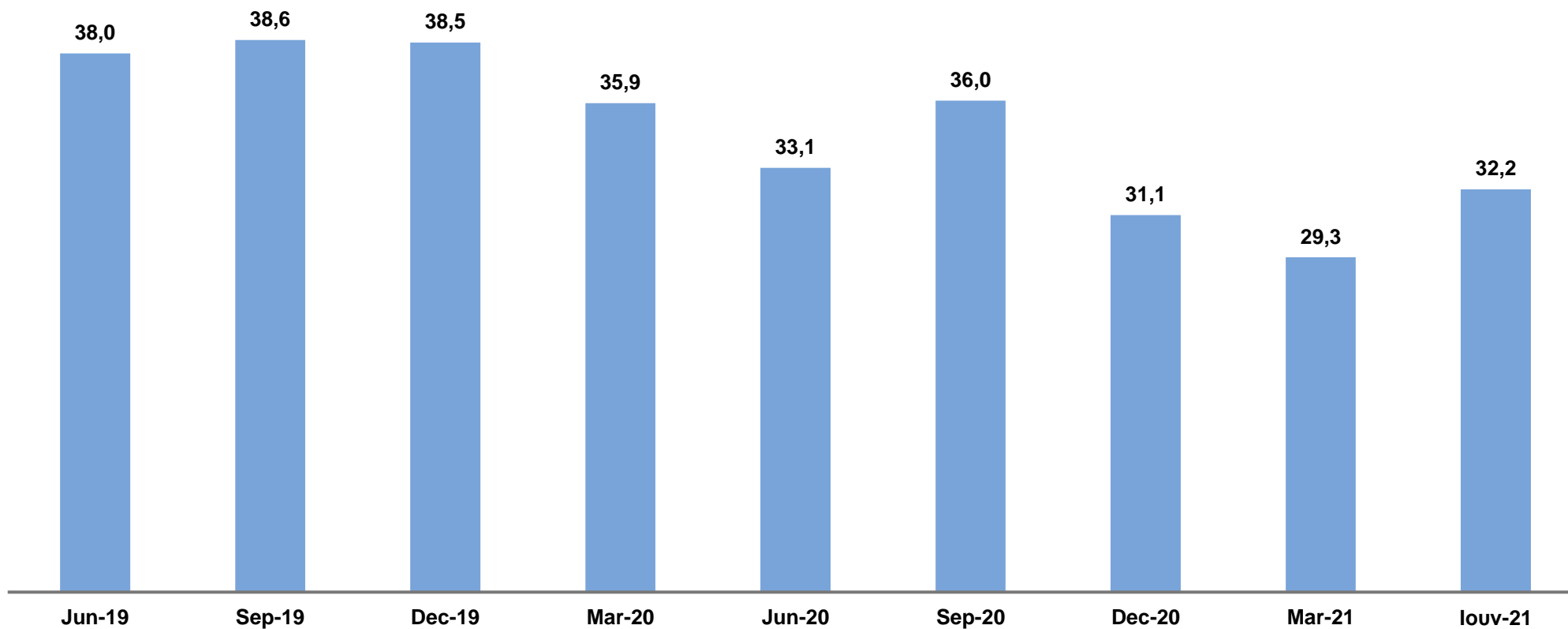
Note: (1) Maturity profile excludes T-bills and REPOs.



## 4 ROBUST LIQUIDITY MANAGEMENT

*Greece has maintained a substantial liquidity buffer throughout the crisis, in excess of EUR 29bn*

**Greece's Cash Reserves (€bn)**

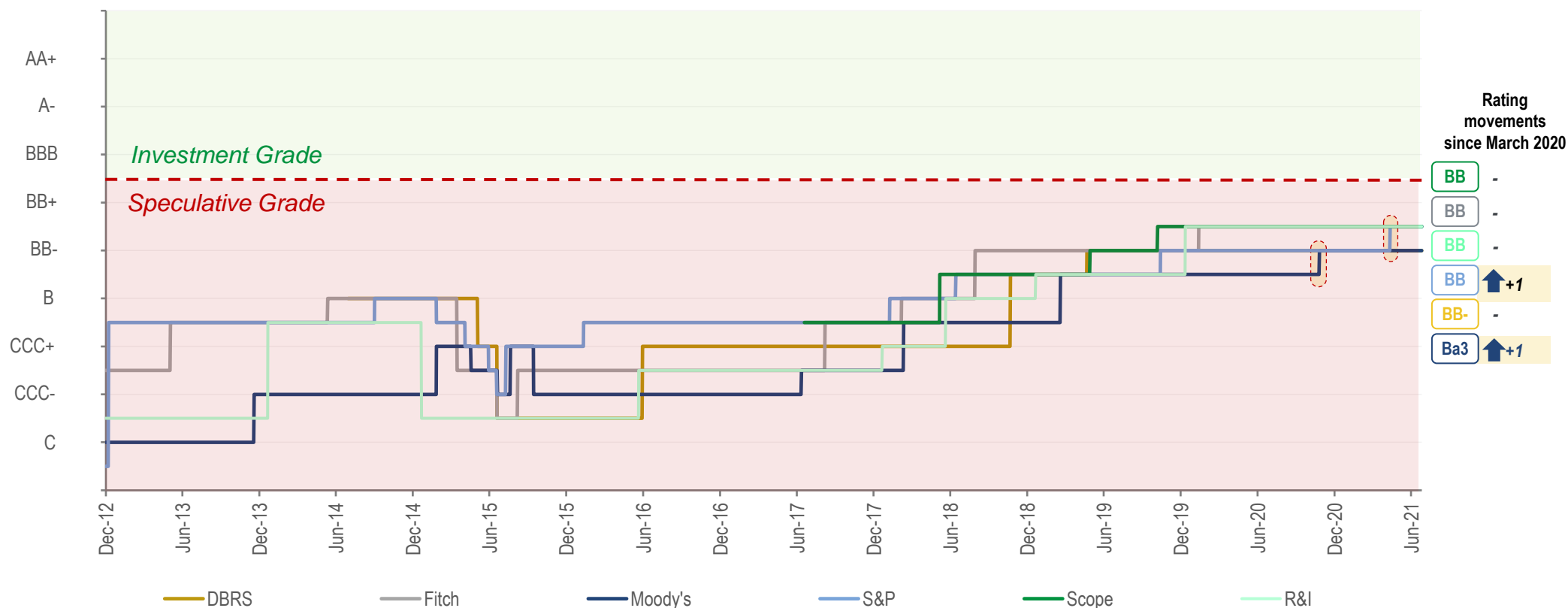


Source: PDMA

# GREECE CREDIT RATING IS ON A SUSTAINED UPWARD TREND


*Greece upward rating trend towards Investment Grade has continued throughout the pandemic: 2 rating upgrades were secured since March 2020, by Moody's in November 2020 and by S&P in April 2021*

## Evolution of Greece Credit Rating since 2012



Sources: Moody's, S&P, Fitch, DBRS, Scope, R&I

# GREECE CREDIT RATING IS ON A SUSTAINED UPWARD TREND (CONT'D)

Overview of Rating Agencies Decisions on Greece					
Rating Agency	Last Publication Date	Rating, Outlook	Factors that could lead to an upgrade	Factors that could lead to a downgrade	Next publication date
	22-Jan-2021	<b>BB</b> , Stable	<ul style="list-style-type: none"> <li>✓ Debt-to-GDP ratio on firm downward path, due to fiscal consolidation, return to GDP growth or sustained low costs of borrowing</li> <li>✓ Improvement in medium-term GDP growth outlook, supported by structural reforms and EU recovery plan</li> <li>✓ Improvement in asset quality in the banking sector, leading to improved credit provision</li> </ul>	<ul style="list-style-type: none"> <li>✗ Failure to reduce Debt-to-GDP ratio, due to an extended period of fiscal easing and economic contraction</li> <li>✗ Adverse developments in the banking sector</li> <li>✗ Long-lasting impact of the crisis on the growth outlook</li> </ul>	16-Jul-2021
	19-Mar-2021	<b>BB-</b> , Stable	<ul style="list-style-type: none"> <li>✓ Improvement of the economic outlook due to effective management of the Covid crisis</li> <li>✓ Compliance with post-programme monitoring and continuation with structural reforms and cooperation on fiscal efforts</li> </ul>	<ul style="list-style-type: none"> <li>✗ Persistent negative economic performance</li> <li>✗ Reversal or stalling in structural reforms and lack of fiscal effort</li> <li>✗ Renewed financial sector instability</li> </ul>	17-Sep-2021
	23-Apr-2021	<b>BB</b> , <i>Positive</i>	<ul style="list-style-type: none"> <li>✓ Continuation of structural reforms</li> <li>✓ Economic rebound stronger than expected and stronger than peers'</li> <li>✓ Strong budgetary performance</li> <li>✓ Marked reduction in Non-Performing Exposure</li> </ul>	<p><i>None</i></p> <p><i>Only the outlook may be revised to stable in case of:</i></p> <ul style="list-style-type: none"> <li>✗ <i>Weaker economic activity than expected</i></li> <li>✗ <i>Large and negative deviations from current budgetary projections</i></li> </ul>	22-Oct-2021
	25-May-2021	<b>Ba3</b> , Stable	<ul style="list-style-type: none"> <li>✓ Further progress on structural reforms yielding tangible results</li> <li>✓ Stronger investment and solidified medium-term growth prospects</li> <li>✓ More rapid reduction in debt-to-GDP ratio than expected</li> <li>✓ Improvement in asset quality in the banking sector</li> </ul>	<ul style="list-style-type: none"> <li>✗ Interruption of structural reforms, putting at risk the agreement with Euro Area creditors</li> <li>✗ Extended period of GDP contraction</li> <li>✗ Significant rise in public debt</li> </ul>	19-Nov-2021

Sources: Moody's, S&P, Fitch, DBRS

# CONCLUSION

*Over the coming months, PDMA will pursue the execution of its funding strategy and focus on:*

**Maintaining regular GGB issuances**

**Further diversifying investor base**

**Pro-actively managing debt-associated risks**

**Supporting Greece re-rating towards Investment Grade**



## APPENDIX

# MAPPING OF THE STRATEGIC INITIATIVES AND ASSOCIATED FUNDING

*The Greece national strategies have been developed in coherence with the EU-sponsored programs*

## National Strategies and National Action Plans

- ✓ National Energy and Climate Plan (NECP)
- ✓ National Digital Transformation Strategy (DTS)
- ✓ National Transport Plan for Greece (NTPG)
- ✓ National Higher Education Strategy
- ✓ Youth Guarantee Implementation Plan
- ✓ National Action Plan on Gender Equality 2021-2025
- ✓ National and Territorial Just Transition Plans



### EU MFF 2021-2027: EUR 27bn

#### Policy objectives

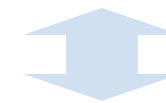
- PO1 – A smarter Europe
- PO2 – A greener, low-carbon Europe
- PO3 – A more connected Europe
- PO4 – A more social Europe
- SO – Special Objective «Just Transition»



### RRF: EUR 31bn of loans and grants



- Pillar 1 – Green transition
- Pillar 2 – Digital transformation
- Pillar 3 – Employment, skills and social cohesion
- Pillar 4 – Private investment and transformation of the economy



### Other finan. instruments

- National Public Investment Program (PIP)
- Rural Development Programs
- CEF II
- HORIZON Europe
- Invest EU

# GREECE 2.0 – DETAILS OF KEY INVESTMENTS AND REFORMS

	Green Transition	Digital Transformation	Employment, skills and social cohesion	Private investment and transformation of the economy
<b>Key investments</b>	<ul style="list-style-type: none"> <li>Upgrading energy efficiency of buildings for households, firms and the public sector</li> <li>Investments in energy storage, electric charge points, batteries, electric vehicles</li> <li>Improving electric interconnectivity of islands</li> <li>National reforestation plan, biodiversity and strengthening of civil protection</li> <li>Urban plans and strategic urban regeneration</li> </ul>	<ul style="list-style-type: none"> <li>5G infrastructure, fast broadband connections, fiber optic infrastructure in buildings, submarine fiber cables</li> <li>Digitalization of the public sector (Health, Education, Justice, EFKA, Urban Planning, licensing, etc.), with emphasis on archives, interoperability of IT systems and quality service to firms and citizens</li> <li>Revenue-enhancing digitalization of tax authorities and real-time interconnection with firms</li> </ul>	<ul style="list-style-type: none"> <li>Strong incentives for private investment (green, digital transformation, innovation, extroversion, economies of scale)</li> <li>Public-Private Partnerships in new, large infrastructure projects (irrigation, railways)</li> <li>Investments in culture, tourism and the agri-food sector as drivers of growth</li> </ul>	<ul style="list-style-type: none"> <li>Training, upskilling and reskilling of the workforce (with emphasis on digital skills)</li> <li>Large investments in health, education and social inclusion of vulnerable groups</li> </ul>
<b>Key reforms</b>	<ul style="list-style-type: none"> <li>Reform of the licensing procedure for renewable energy sources</li> <li>Promotion of e-mobility through a modern institutional framework</li> <li>Preparation of urban plans, establishment of new spatial planning for renewables, industry, tourism and aquaculture, and marine spatial planning</li> </ul>	<ul style="list-style-type: none"> <li>Action plan for the provision of "customer-centric" digital services by the public administration</li> <li>5G technology and development of innovative digital services</li> <li>Transition to fast broadband</li> <li>Digital transformation of SMEs</li> <li>Reforms to promote basic and applied research</li> </ul>	<ul style="list-style-type: none"> <li>Reforms to simplify the business environment and licensing, improve the ease of doing business, support investment and trade facilitation</li> <li>Improve the efficiency of the justice system, including digitalization and administration reform</li> <li>Incentivizing economies of scale through increasing the size of enterprises</li> <li>Artificial intelligence and big data deployed against tax evasion</li> <li>Modernizing and upgrading Greece's upskilling and reskilling system</li> <li>Labor law reform</li> </ul>	<ul style="list-style-type: none"> <li>Reform of active and passive labor market policies, including to increase female labor force participation</li> <li>Digitalization of education, both equipment and curricula</li> <li>Primary health care reform and digital telemedicine service</li> <li>Training against discrimination in the public and private sector</li> </ul>

# GREECE 2.0 – FOCUS ON LOAN DISBURSEMENTS

## Main Principles

- **EUR 12.7 bn** financed from RRF loan envelope
- Funding only projects under **five eligibility criteria**, based on Pissarides Committee priorities
- Loans to be provided through **International Financial Institutions (IFIs)** and the **banking system**
- Exclusively for private sector, based entirely on **market criteria**, with no state involvement
- Maximum **RRF funding set at 50% of project value**
- Co-financing, **no state guarantees**
- **Participation of banks and investors** (at least 30% and 20% respectively)

## Eligibility criteria



**Green**



**Digital**



**Exports**






**R & D**



**Mergers,  
acquisitions &  
partnerships**

## Distribution channels

Loan facility 1	Loan facility 2	Equity platform instrument
<b>International Financial Institutions (IFIs)</b>	<b>Commercial Banks</b>	<b>Hellenic Development Bank of Investments</b>
		
Financing of medium and large private investment projects	Financing of small, medium, large private investment projects	Creation of Fund-of-Funds (FoF) for the financing of Share Capital or quasi-Share Capital, targeting the most dynamic and fast-growing companies and sectors



# SELECTED MACROECONOMIC FORECASTS

Index	(% change at constant prices, unless otherwise stated)						
	2019	2020	2021	2022	2023	2024	2025
Real GDP	1.9	-8.2	3.6	6.2	4.1	4.4	3.3
Private consumption	1.9	-5.2	2.6	2.9	2.1	2.8	2.2
Public consumption	1.2	2.7	1.5	-3.0	-1.0	-0.5	0.5
Gross fixed capital formation	-4.6	-0.6	7.0	30.3	12.3	10.8	7.4
Exports of goods and services	4.8	-21.7	10.4	13.8	7.5	6.2	5.2
Imports of goods and services	3.0	-6.8	6.9	8.5	4.0	3.4	3.5
GDP deflator (% change)	0.2	-1.5	0.2	1.0	1.2	1.6	1.8
Harmonised index of consumer prices (% change)	0.5	-1.3	0.0	0.7	1.3	1.6	1.7
Total employment (% change)	1.2	-1.3	0.7	2.3	1.3	1.3	0.8
Unemployment rate (in national accounts) (% total labour force)	15.2	14.4	14.6	12.7	11.6	10.3	9.6
Unemployment rate (labour force survey) (% total labour force)	17.3	16.3	16.3	14.4	13.2	11.9	11.1

Source: Ministry of Finance

# FOCUS ON TAX INCENTIVES FOR INVESTMENT

## Selected measures introduced to boost private investment in Greece

- ✓ **Reduction, by 50%, of the tax rate for start-ups, for the 3 first years of operation**
- ✓ **Introduction of a 40% tax deduction for expenses related to the provision of energy services, functional and aesthetic upgrade of buildings**
- ✓ **Suspension of VAT on new buildings and suspension of real estate tax for 3 years**
- ✓ **Introduction of a special tax regime on foreign income for individuals, who transfer their tax residence to Greece and make significant investments in Greece**
- ✓ **Extension of a special tax regime on income for foreign retirees, who transfer their tax residence to Greece**
- ✓ **Additional incentives, through income tax and special solidarity contribution, for the return to the country of Greeks, who left during the years of crisis**
- ✓ **Additional incentives for the creation of family offices**

*Source: Ministry of Finance*