



HELLENIC REPUBLIC
Ministry of Economy
and Finance



HELLENIC REPUBLIC
Public Debt Management Agency

Sovereign Borrowing Outlook

Annual Debt Bulletin

A large 3D geometric graphic composed of several overlapping planes in shades of blue, orange, and grey. At the bottom of the graphic, the flags of Greece and the European Union are displayed. The year '2023' is prominently displayed on a grey plane on the right side of the graphic.

2023



Ministry of Economy and Finance

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Sovereign Borrowing Outlook 2023, Annual Bulletin

The annual bulletin is available at the following websites:

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BRIEF REVIEW OF THE GREEK ECONOMY

The recovery of Greece's investment grade rating is an achievement that is primarily due to the hard work and sacrifices of Greek society, combined with the prudent and effective fiscal policy of recent years, the successful response to successive exogenous crises and the political stability that the country has achieved.

The conditions of strong inflationary pressures in both the Greek and the European economy have continued into 2023. Continuous interest rate increases by the ECB until September 2023 resulted in a rapid increase in the cost of funding in international capital markets. At the same time, the international economy showed signs of slowing down and fiscal risks in European countries increased. Inflation, although easing, continues to remain high internationally, especially for staple food items, while restrictive monetary policy is having a negative impact on credit expansion.

In this adverse and uncertain economic environment, the Greek economy is proving resilient. Greece's growth rate remains close to the targets set in the April 2023 Stability and Growth Program and is expected to reach 2.4% in 2023. Gross Domestic Product in nominal terms is expected to increase from € 206.6 billion in 2022, to € 224.1 billion in 2023 and € 233.8 billion in 2024.

At the same time, the Harmonized Index of Consumer Prices is expected to be slightly lower at 4.1% compared to 4.5% in the Stability Program for 2023 and to decline further to 2.6% in 2024. Investment is expected to increase by 7.1% this year and by a further 15.1% in 2024, while unemployment is expected to fall from 11.2% in 2023 to 10.6% in 2024.

High cash reserves combined with limited financing needs of the Greek government also for 2023 have created favorable conditions for the country's continued successful presence in capital markets. Continued issuance activity normalized the maturity profile of government debt and further enriched the benchmark yield curve of Greek government securities, both in terms of volume and liquidity. The trading performance of bonds in the secondary market was equally satisfactory.



SOVEREIGN BORROWING 2023

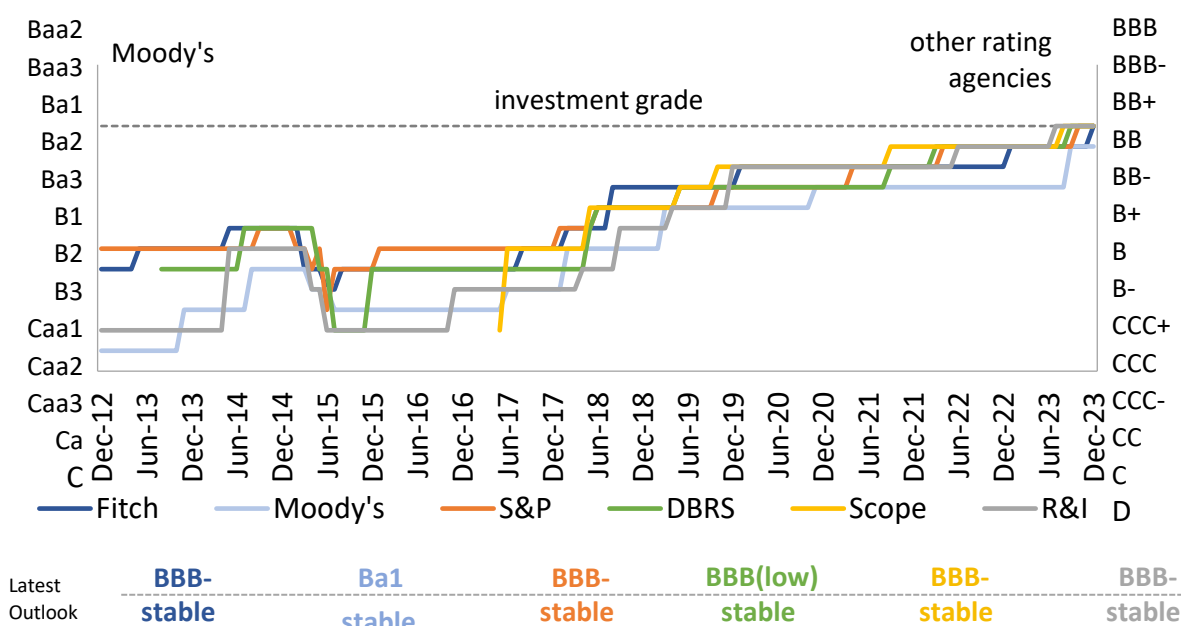
The Hellenic Republic (HR) continued its issuance activity and covered the limited financing needs of 2023, mainly with syndicated issues, which had a significant over-coverage of their book of offers and were allocated on a priority basis to final investors. A notable contribution to the refinancing of the borrowing needs was made by the bond reopening auctions which, for the first time since 2009, were conducted at regular intervals in line with the already announced program. The total cash reserves of HR remained at the high levels of recent years.

The prepayment of part of the GLF's European loans continued in 2023, with a new prepayment of EUR 5,290 million in December 2023 for debt maturities in 2024 and 2025.

Strong fiscal fundamentals, underpinned by a strong and resilient economic recovery and continued implementation of reforms, translated into credit rating upgrades for the country. The return to investment grade after 13 years was the culmination of a remarkable macroeconomic adjustment and an innovative debt management strategy. In particular, the first ECB-recognized rating agency to upgrade the sovereign's credit rating to investment grade (BBB-) was DBRS Morningstar in early September 2023, followed by Standard & Poor's of the US in October 2023 to BBB- from BB+.

On December 1, 2023, Fitch Ratings upgraded the Greek economy's credit rating from BB+ to BBB- with a stable outlook. This follows similar upgrades by both R&I Ratings in July 2023 and the newly established Scope Ratings in August 2023. It is worth mentioning that in November 2023 Scope Ratings joined the officially accepted by the ECB and is the fifth in a row approved agency. Also noteworthy is the two-notch upgrade of the HR's rating by Moody's, from Ba3 to Ba1 in mid-September 2023.

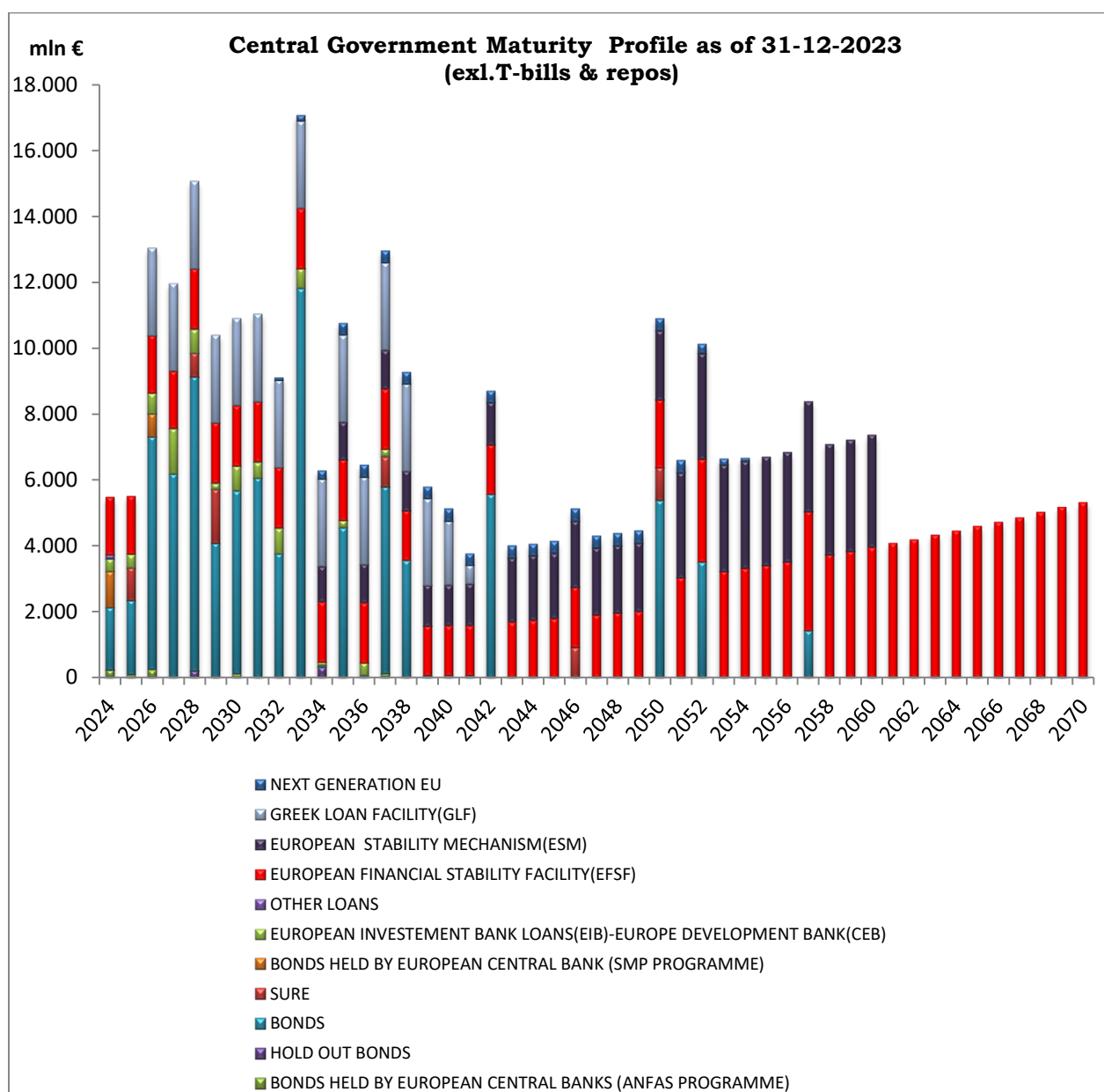
Credit ratings since 2012.





Given the increased market volatility in 2023, PDMA adopted a flexible approach to debt management, taking advantage of favorable market conditions to raise a total of €11,450 million through bond issues, of which €9,500 million through syndicated transactions (new 10Y, 5Y and 15Y bond issues) and €1,950 million through auctions of reissues of existing securities.

PDMA also continued the prudent management of Greece's debt portfolio with the early repayment of €5.3 billion of GLF loans, as planned in the 2023 Financial Strategy. This allowed to confirm the steady downward trajectory of Greece's general government debt-to-GDP ratio, which declined by about 45 percentage points of GDP between 2020-2023 to reach 161.9% in 2023 (compared to 207% in 2020). Flexible and prudent debt management allowed Greece to successfully execute its financing program and further improve its debt profile in a challenging environment, thus confirming its status as a regular issuer.





In view of the difficult market conditions, the PDMA adopted a flexible debt management strategy in 2023, raising funds through syndications and auctions, taking advantage of market opportunities. This allowed Greece to raise EUR 11.5 billion, which was sufficient to meet its financing needs in 2023.

Date of Issuance	Maturity Date	Tenor	Total Offers	Amount Issued	Yield	
24-1-2023	15-6-2033	10 Y	17.5 bln	3.5 bln	4.279%	New issue
5-4-2023	15-6-2028	5 Y	19.1 bln	2.5 bln	3.919%	New issue
18-7-2023	18-7-2038	15 Y	13.6 bln	3.5 bln	4.467%	New issue
19-4-2023	15-6-2033	10 Y	1.7 bln	300 mln	4.31%	Re-opening
17-5-2023	15-6-2033	10 Y	1.3 bln	250 mln	3.97%	Re-opening
17-5-2023	30-1-2037	14 Y	866 mln	150 mln	4.14%	Re-opening
21-6-2023	30-1-2042	19 Y	1.2 bln	200 mln	3.99%	Re-opening
19-7-2023	15-6-2028	5 Y	1 bln	250 mln	3.30%	Re-opening
20-9-2023	15-6-2033	10 Y	1 bln	200 mln	4.01%	Re-opening
18-10-2023	15-6-2028	5 Y	542 mln	150 mln	3.85%	Re-opening
18-10-2023	15-06-2033	10 Y	947 mln	250 mln	4.34%	Re-opening
15-11-2023	15-06-2033	10 Y	933 mln	200 mln	3.76%	Re-opening

Targeted bond issuance supported liquidity at specific points in the yield curve (in particular for the 2027 and 2032 maturities), in line with the Public Debt Management Agency's objective to maintain a fully marketable and liquid yield curve for Greece. Greece's 10Y spread vis-à-vis Germany closed the year-end at 101 bps, demonstrating the resilience of the Greek economy.



The gross financing needs of the State Budget in the year 2023 (excluding the balance of short-term bond and repo debt) amounted to **€17,868** million and were covered by:

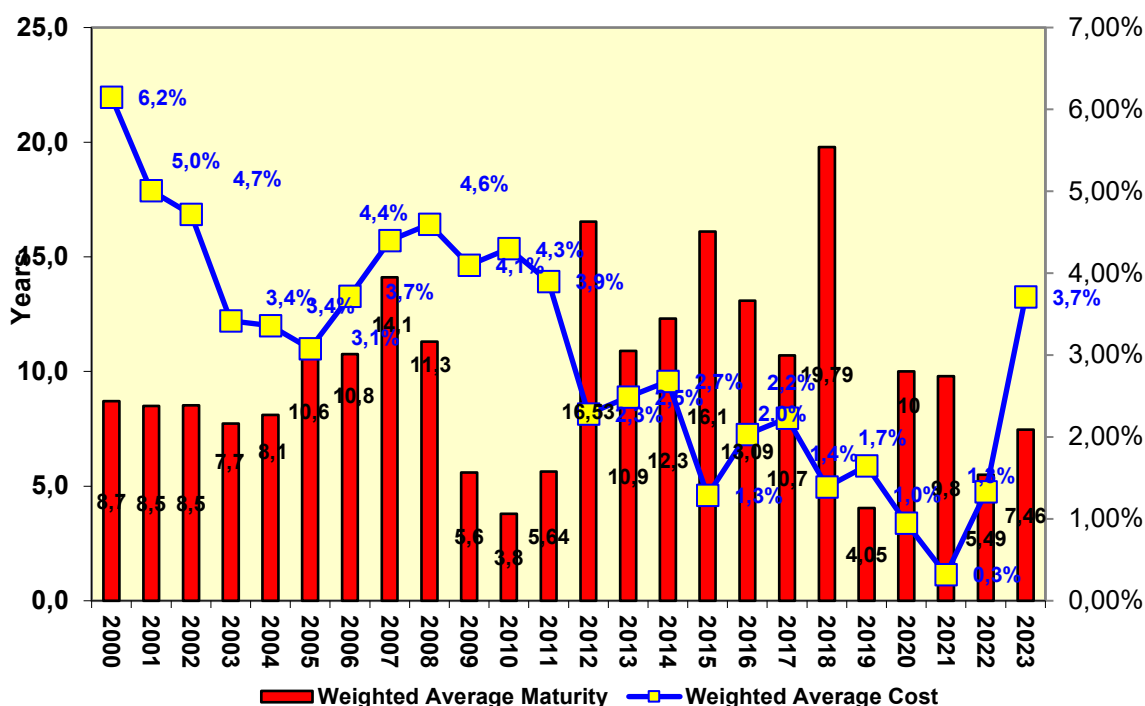
- Long-term debt of **€15,343** million nominal value with a settlement value (cash inflow) of **€15,320**
- Proceeds from financial transactions of **€442** million.
- Short-term borrowings of **€4,803** million.

Central administration cash and cash equivalents stood at **€21,507** million at the end of 2023, compared to **€18,810** million at the end of 2022, an increase of **€2,697** million.

Also, if we include the deposits in SDR HOLDINGS, which at 31-12-2023 amounted to **SDR 802 million (€ 975 million)**, total central administration reserves amounted to **€22,482** million.

Net new short-term borrowings amounted to **€4,803** million. The outstanding amount of treasury bills increased by **€188** million to **€11,988** million at the end of 2023, while Repos increased by **€4,615** million, bringing the stock of Repos at the end of 2023 to **€54,539** million. The median maturity of new borrowing, including the Treasury bills, for 2023 was **7,46** years, while the median cost of new borrowing - excluding REPOs - was **3.71%**.

Evolution of weighted average cost/maturity of annual funding





PORTFOLIO MANAGEMENT

There were several management transactions through derivatives during 2023, involving four categories of transactions. These are:

1. Entering into 20Y20Y forward starting swaps to cover the far side of the interest rate curve, with a cancellation option sale to the counterparty bank to reduce the notional principal amount of the agreement.
2. Enter into inflation swaps to hedge inflation risk on an existing Hellenic Republic inflation bond.
3. Execution of reverse agreements (Offsetting/ Mirror swaps) on existing interest rate derivative positions to lock in positive values.
4. Time deposits of E.D. cash under the ISDA legal framework with foreign banks for participation in debt issues of Greek banks.

In the context of the optimal use of the government's cash reserves, "Deposits under ISDA" or "Cash Reserves Management under ISDA" agreements were concluded, with the aim of increasing the return for the benefit of the National Bank, for a small part of its cash reserves, totaling €74.5 million, by assuming a moderate risk, always in the context of the risks already assumed by the Hellenic Republic.

Finally, it is recalled that the bulk of the HRs cash reserves is held in cash management accounts within the Central Bank and is now earning a return,

- i. equal to the ESTRON Rate minus a margin of 20 bps (€STR -0,20%), in the case of liquid assets; and
- ii. equal to the ESTRON Rate without margin (€STR + 0,0%) in the case of liquid assets related to a financial assistance program, as defined in the DALM Guideline.

(Indicatively: on 31/12/2023 €STR=3,8820%)

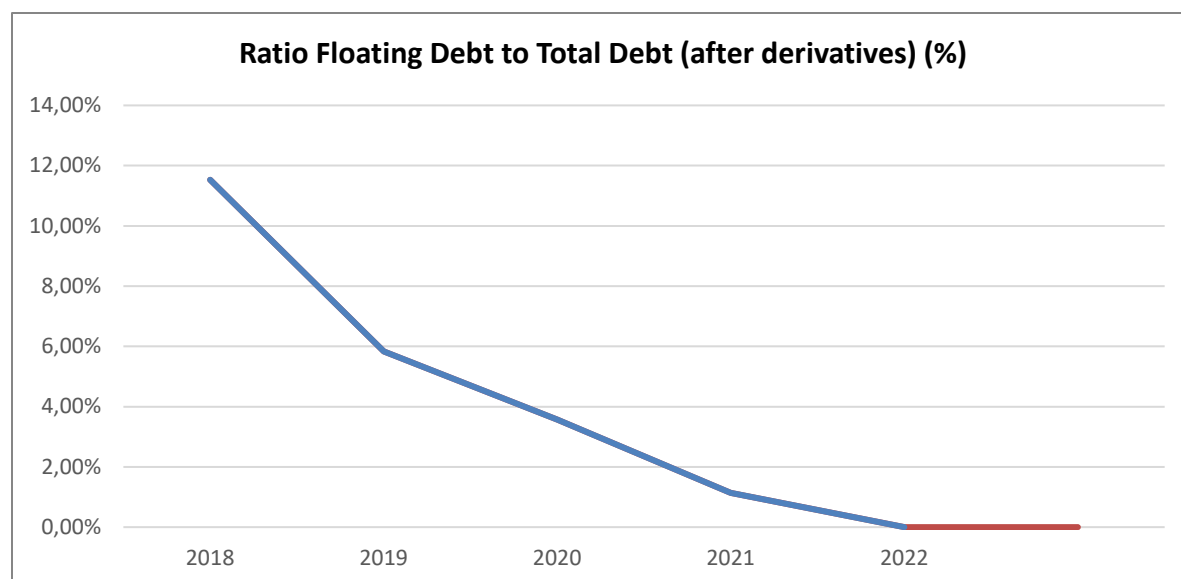


RISK ASSESSMENT & CONTROL FACTORS

The debt portfolio had the following characteristics at the end of the year:

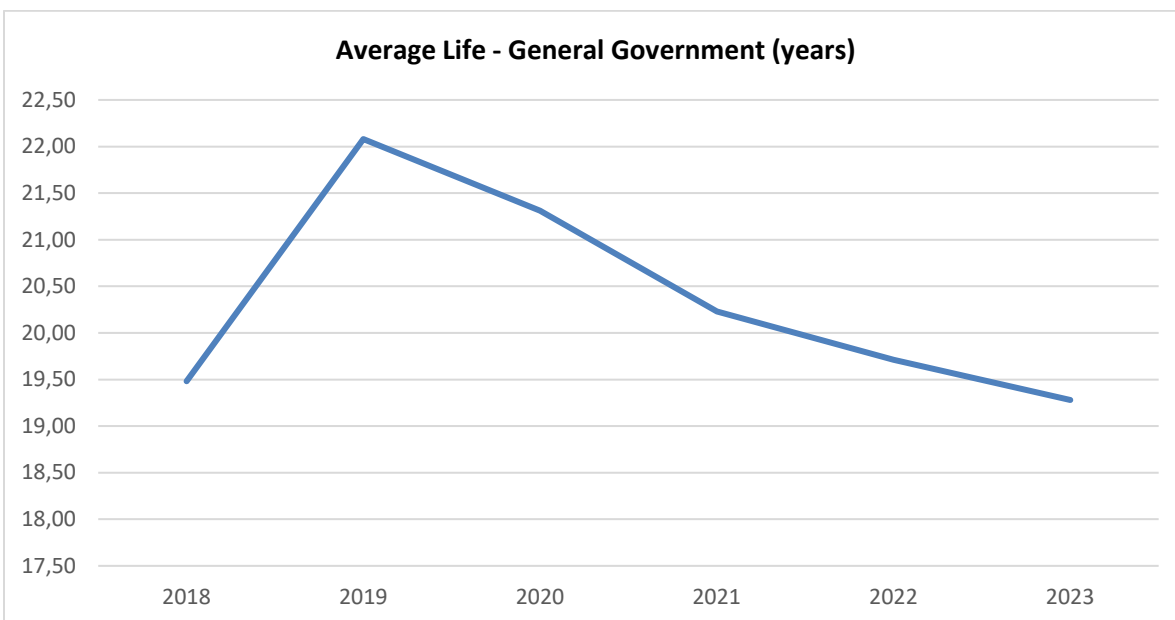
	31/12/2023
Refinancing Risk 1Y (%)	6.19%
Refinancing Risk 5Y (%)	18.95%
Refixing Risk 1Y (%)	8.90%
Refixing Risk 5Y (%)	20.29%
Ratio Foreign Debt to Total Debt (before derivatives) (%)	0.01%
Ratio Foreign Debt to Total Debt (after derivatives) (%)	0.01%
Ratio Floating Debt to Total Debt (before derivatives) (%)	14.93%
Ratio Floating Debt to Total Debt (after derivatives) (%)	0.00%
Average Time to next refixing	18.46 έτη
Average Life (years)	19.28 έτη

The floating rate index includes interest rate SWAPs and the use of financial instruments by the ESM on loans granted to the Hellenic Republic. The risk parameters of the portfolio refer to general government debt.





HR's portfolio is well shielded from future interest rate hikes, resulting in predictable and very low servicing costs for the coming years. This fact gives a big boost to the Greek economy and its growth. This, moreover, is demonstrated by the continuous upgrades and positive recommendations of Greece's credit rating by the rating agencies. The weighted average of the physical maturity of the debt is over 19 years, which gives Greece time to further improve its portfolio and, most important, to release resources to the productive sectors of the economy, thus strengthening the real economy and GDP.





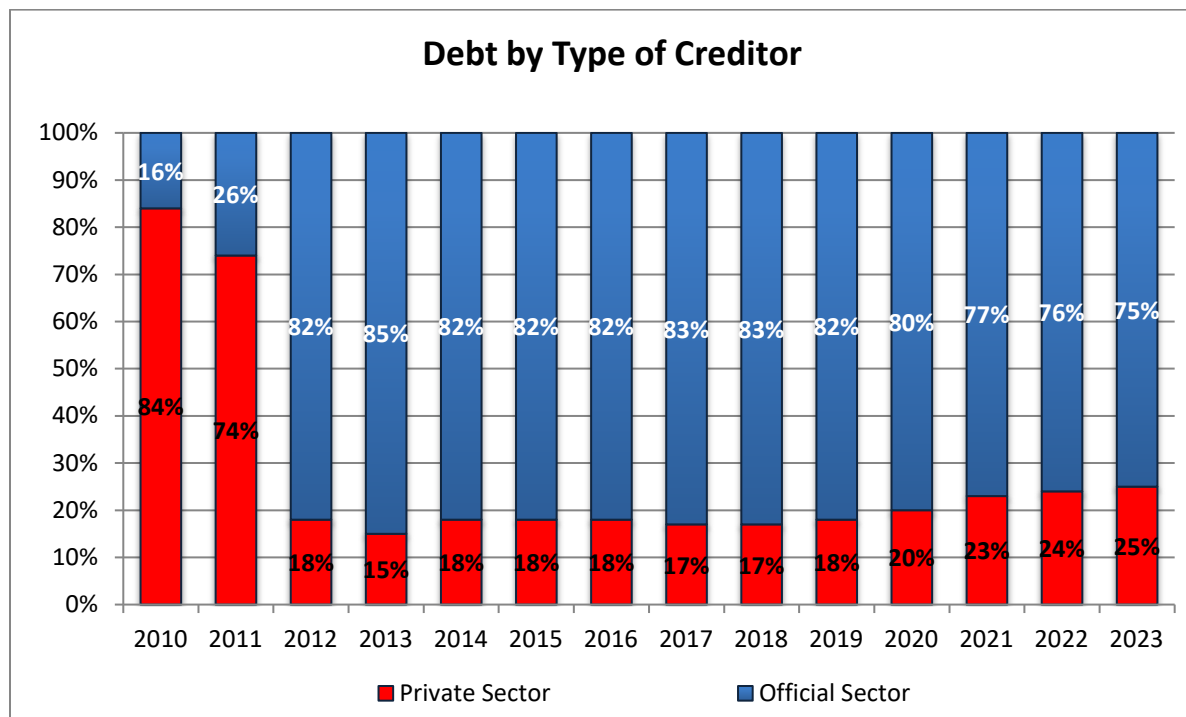
CENTRAL (STATE) GOVERNMENT DEBT ANALYSIS

The table below illustrates the analysis of the change in central (state) government debt from 2022 to 2023.

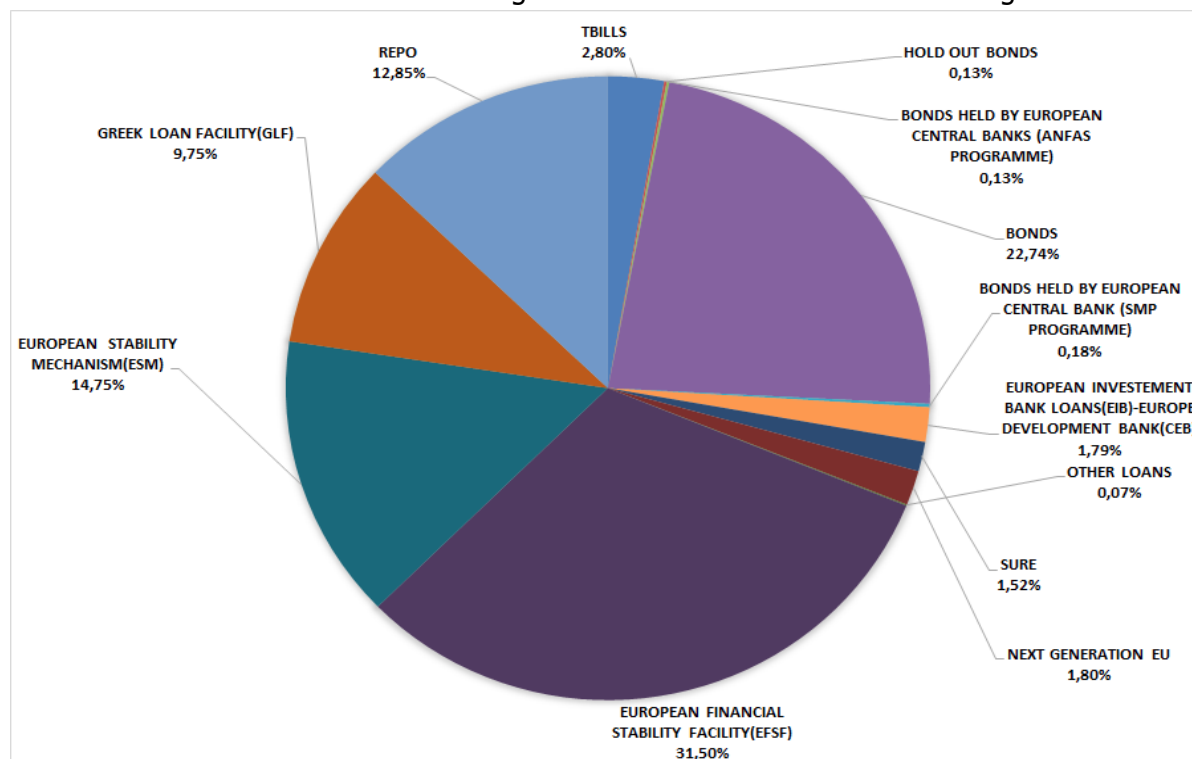
Table C.1: State: stock of gross debt, related transactions and other flows							
in millions of euros							
Item	End- 2022	January- December 2023					End December 2023
	Stock	Transactions			Revaluations		Stock
		Issues minus redemptions *	Issues	Redemptions	Due to exchange rates changes	Due to other price changes	
		[1]	(3)= (4)-(5)	[4]	[5]	[6]	
Debt by type of debt instrument, original maturity and creditor							
Gross debt	400.276	6.175	1.621.733	1.615.557	2	69	406.522
Debt securities	96.733	5.644	35.055	29.411	0	69	102.446
Short-term	11.800	187	23.587	23.400	0	0	11.987
T-Bills	11.800	187	23.587	23.400	0	0	11.987
Long-term	84.933	5.457	11.468	6.011	0	69	90.459
Issued domestically	83.040	5.457	11.468	6.011	0	29	88.526
Issued abroad	1.893	0	0	0	0	40	1.933
Loans	303.543	531	1.586.678	1.586.146	2	0	304.076
Short-term	49.924	4.615	1.582.825	1.578.210	0	0	54.539
Long-term	253.619	-4.084	3.853	7.936	2	0	249.537
Vis-à-vis residents	666	-514	0	513	2	0	154
Bank of Greece	496	-498	0	498	2	0	0
Other residents	170	-16	0	16	0	0	154
Vis-à-vis nonresidents	252.954	-3.570	3.853	7.423	0	0	249.384
EFSF/ESM/IMF	235.570	-7.042	0	7.042	0	0	228.528
Other nonresidents	17.384	3.472	3.853	381	0	0	20.856
Debt by currency denomination							
Gross debt	400.276	6.175	1.621.733	1.615.558	2	69	406.522
Domestic currency	400.285	6.163	1.621.733	1.615.570	0	69	406.517
Debt securities	96.733	5.644	35.055	29.411	0	69	102.446
Loans	303.552	519	1.586.678	1.586.159	0	0	304.071
Foreign currency	-8	12	0	-12	2	0	6
Debt securities	0	0	0	0	0	0	0
Loans	-8	12	0	-12	2	0	6



The structure of the Public Debt by category of creditors as it was formed at the end of 2023 is shown in the following graph:



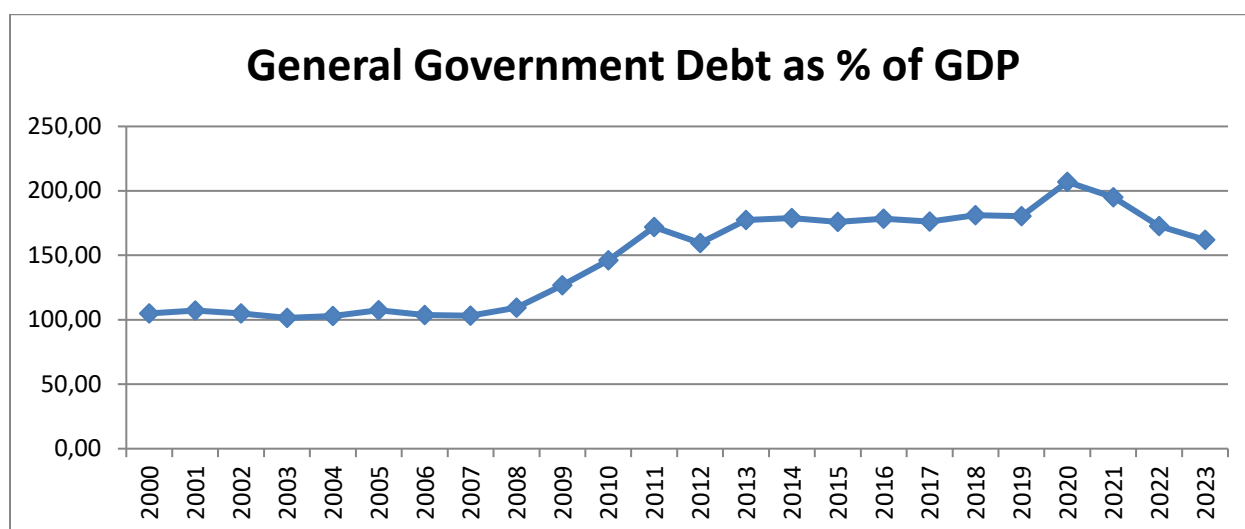
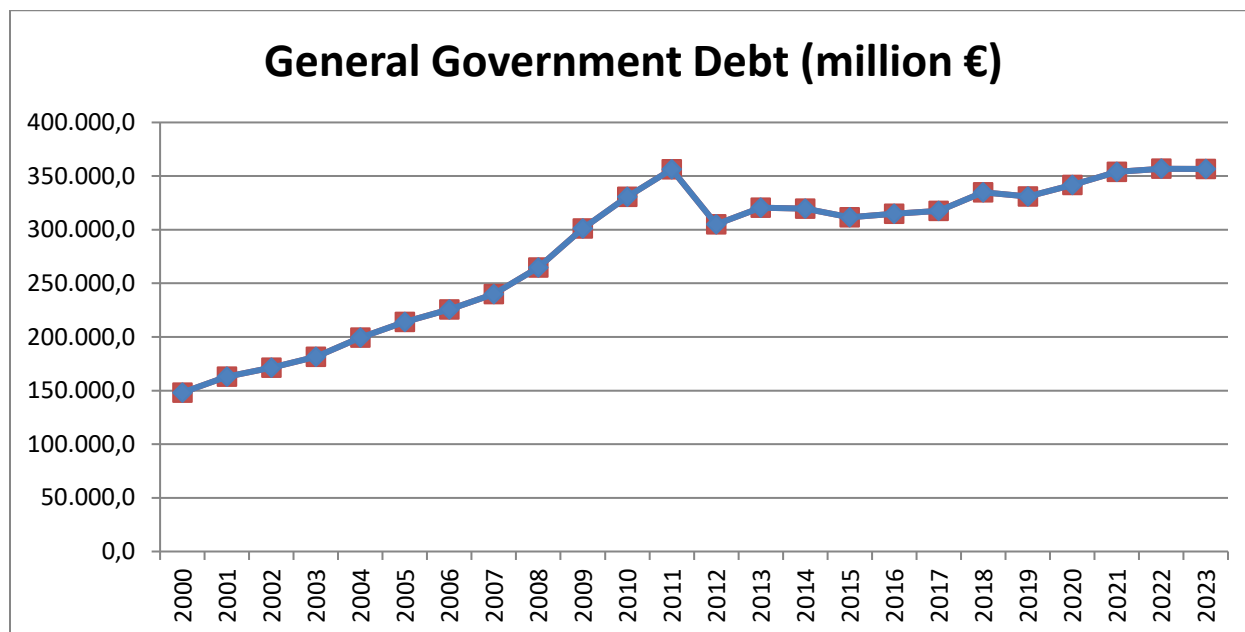
At 31.03.2024 the stock of the central government debt showed the following breakdown:





GENERAL GOVERNMENT DEBT ANALYSIS

The historical evolution of the general government debt is reflected in the following graphs:



Detailed information and data for all countries in the Eurozone are available at Eurostat's website and the Hellenic Statistical Authority (EL.ST.A) at the following links:

<http://ec.europa.eu/eurostat/tgm/table.do?tab=table&init=1&plugin=1&language=en&pcode=tsdde410&plugin=1%22>

<http://www.statistics.gr/el/european-statistics-tables>

The breakdown of general government debt for the year 2023 is shown in the table below. These figures are officially announced by the Hellenic and European statistical authorities in the last ten days of April each year.

Year 2023 (Amounts in million €)	PDMA	State (S1311.1)	SOE(State Owned Enterprises) & EBFs (Extra Budgetary Funds) (S1311.2)	Consolidation of Central Government (S1311.1&2)	Central Government (S1311)	Local Government (S1313)	Social Security Funds (S1314)	Consolidation of General Government	General Government Debt(S13)
Currency & Deposits (AF2)		2.007	6.806	-539	8.274			-1.035	7.239
Bills & Short-Term Securities (AF331)	11.988	11.988		-394	11.594			-255	11.339
Long Term Securities (AF332)	90.459	90.450	53	-4.448	86.055			-5.355	80.700
Short Term Loans (AF41)	54.539	54.890	147	-33.206	21.831	10		-19.155	2.686
Long Term Loans (AF42)	249.537	252.176	3.085	-856	254.405	1.120	91	-885	254.731
Total	406.523	411.511	10.091	-39.443	382.159	1.130	91	-26.685	356.695
GG Debt (% GDP)									161,9%

Table Glossary:

Column 1 (State): The Central government debt with the adjustments made in the context of compliance with the European System of Accounts 2010 (ESA10).

Column 2 (DEKOs & EBFs): Debt of Public Utility Public Enterprise and Public Legal Entities (Other central government bodies).

Column 3 (Consolidation of Central Government): Government securities and loans held by central government entities.

Column 4 (Central Government): Central government debt as defined by the European System of Accounts 2010.

Column 5 (Local Government): The debt of local governments.

Column 6 (Social Security Funds): The debt of Social Security Funds.

Column 7 (Consolidation of General Government): Government securities and loans held by general government entities.

Column 8 (General Government Debt): General government debt as defined by the European System of Accounts 2010.



GENERAL GOVERNMENT NET DEBT

(1) General Government Gross Debt (amounts in mln eur)			
	31/12/2022¹	31/12/2023²	31/03/2024³
Debt Stock	356.796	356.695	356.050
(1) Final annual data of the Hellenic Statistical Office, as published in October of the year following the reference date.			
(2) Provisional data, as published by the Hellenic Statistical Office, approximately 4 months after the reference date.			
(3) PDMA estimates.			
(4) Actual GG debt annual interest payments after swap (cash basis).			
(2) General Government Cash Reserves (amount in mln eur)			
	31/12/2022	31/12/2023	31/3/2024
Total General Government's Cash reserves*	31.523	33.624	35.663
*Includes: a) The balances of the Single Treasury Account at BoG (account 28), of which EUR 15,697.3 million refers to the Cash Buffer Account, b) The Segregated Public Debt Servicing Account at BoG, c) SDR cash reserves denominated in Euro; and d) Holdings of General Government Entities within and outside the Single Treasury Accounting System (within and outside the BoG).			
General Government Net Debt (1) - (2) (amount in mln eur)			
	31/12/2022	31/12/2023	31/3/2024
Net Debt	325.273	323.071	320.387

Data on the current level of Greek government guarantees as well as the outstanding liabilities to third parties are available in the Public Debt Bulletin n.113 at the following link: <https://www.pdma.gr/en/quarterly-bulletin/no113>