

PIRAEUS BANK



# Greek Corporate Bond Market: Right-here, Right-now

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## Macro Policies (and Tourism) start to bear fruit

The combination of key factors that we identified at the beginning of the year, namely improved confidence and elimination of tail risks, increased outlays for capital expenditure through the Public Investment Programme, a record tourism season and increased EU funding for job creation schemes are starting to have a substantial impact on economic activity. More specifically:

- On a y/y basis, GDP contracted by just 0.3% in Q2-2014. According to our seasonally adjusted data, GDP expanded by 0.2% on a quarterly basis.
- The economic sentiment index has improved substantially indicating further acceleration of economic activity as outright GDP growth in H2-2014
- Tourism revenues are up €277.8 mn in June 2014 (up €464mn in H1-2014) pushing the Current Account Balance into positive territory
- Public sector spending on infrastructure projects via the PIP has increased to over 600mn per month (on a rolling basis) reaching pre – crisis levels.
- EU funding is up by more than €1bn running up to June 2014. Part of the funding has been allocated to finance investments but a substantial part has been directed towards supporting the long term unemployed and low income households.
- Finally, job creation schemes have had a substantial impact on the labour market, leading to a stabilisation in payroll figures and pushing unemployment down to 27.0% (June 14', sa data) from 27.4% at end -2013



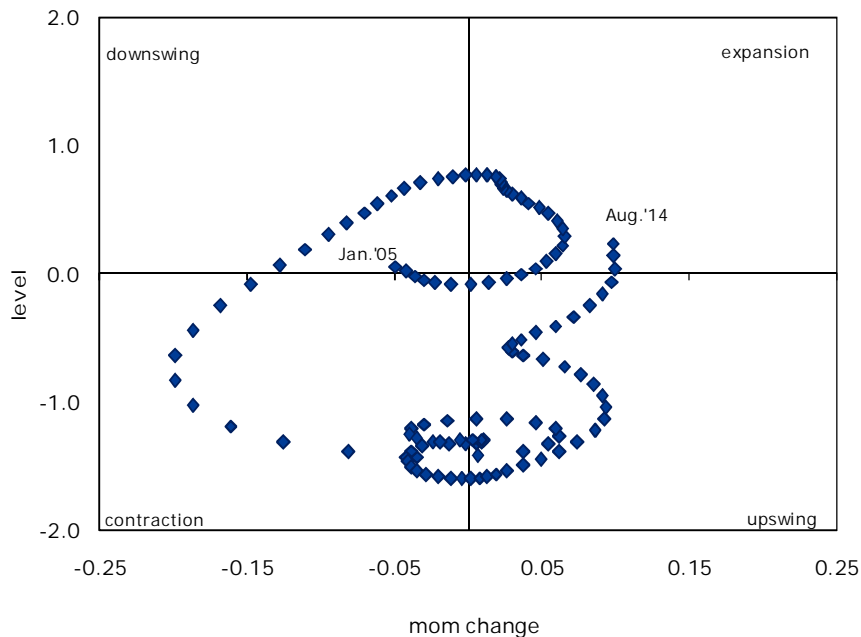


## Greece Back on Track

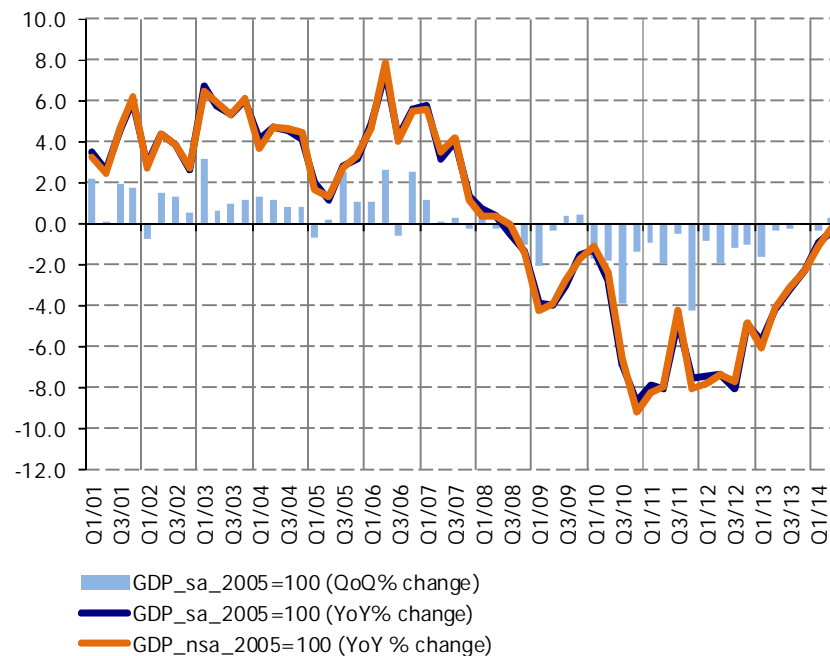
According to our mapping of the business cycle, Greece has moved back into the expansionary quadrant.

Based on our seasonally adjusted data, in Q2-2014 the Greek economy expanded by 0.2% on a q/q basis.

Economic Climate Tracer



GDP (% change)



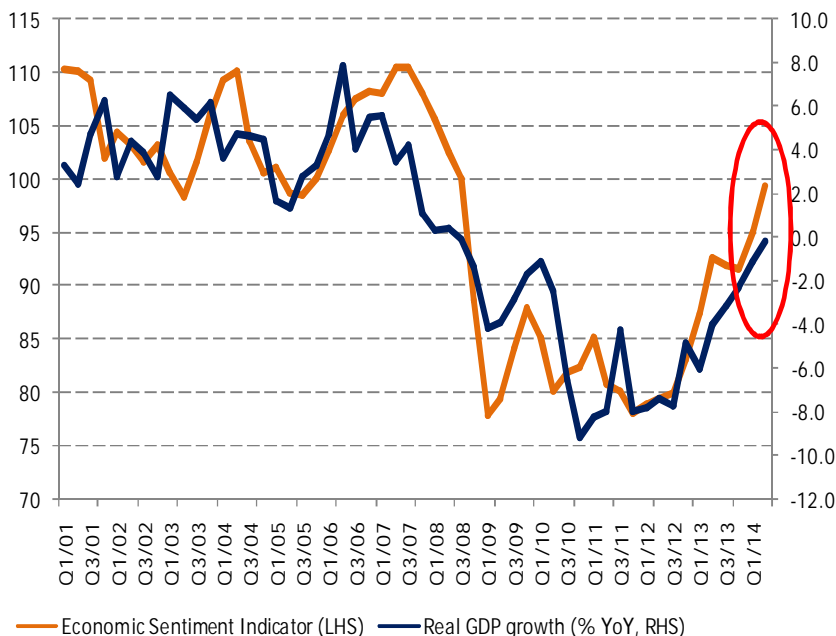
Note: Seasonally adjusted data according to PrB estimates



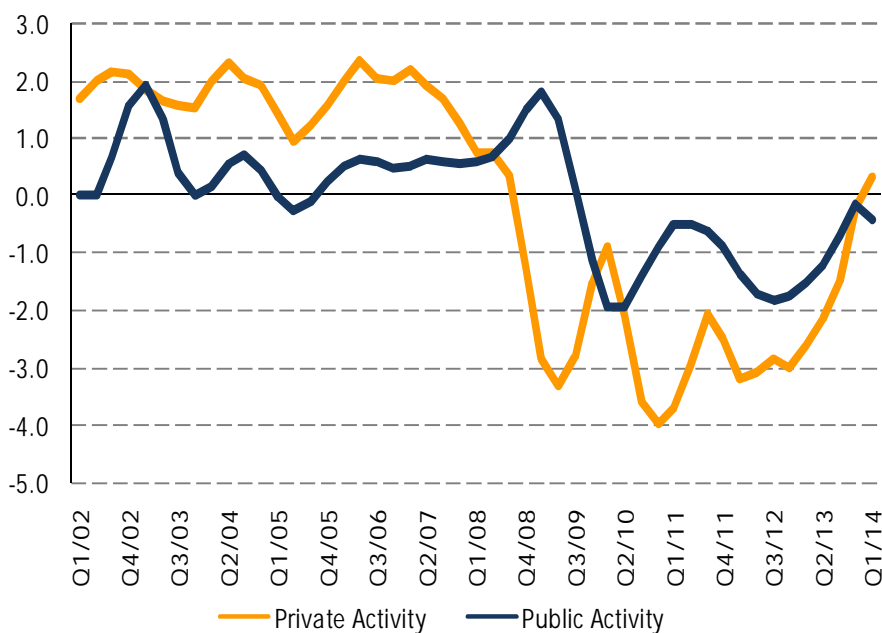
## Further acceleration on the cards

Based on our Private and Public activity indicators and the improvement in the Economic Sentiment Indicator, further GDP acceleration is likely.

ESI vs GDP growth rate



Economic Activity Indicators

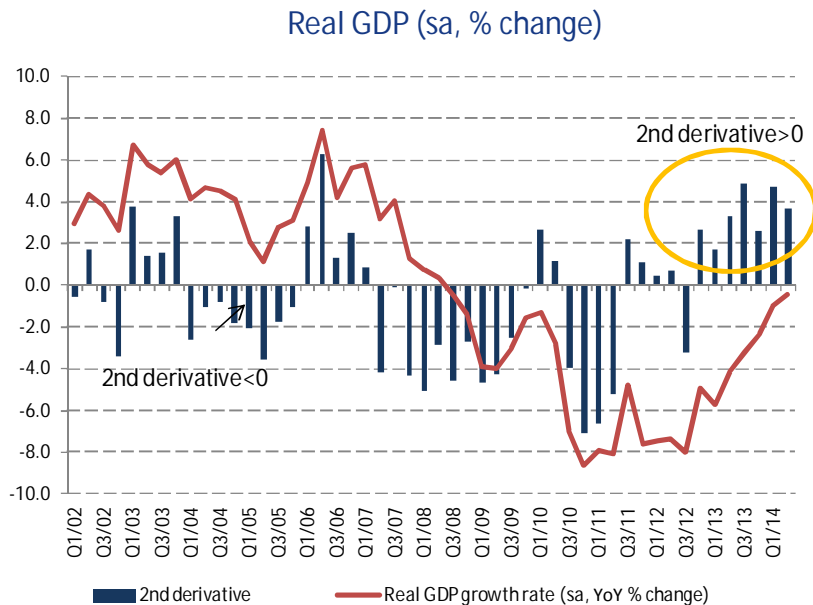




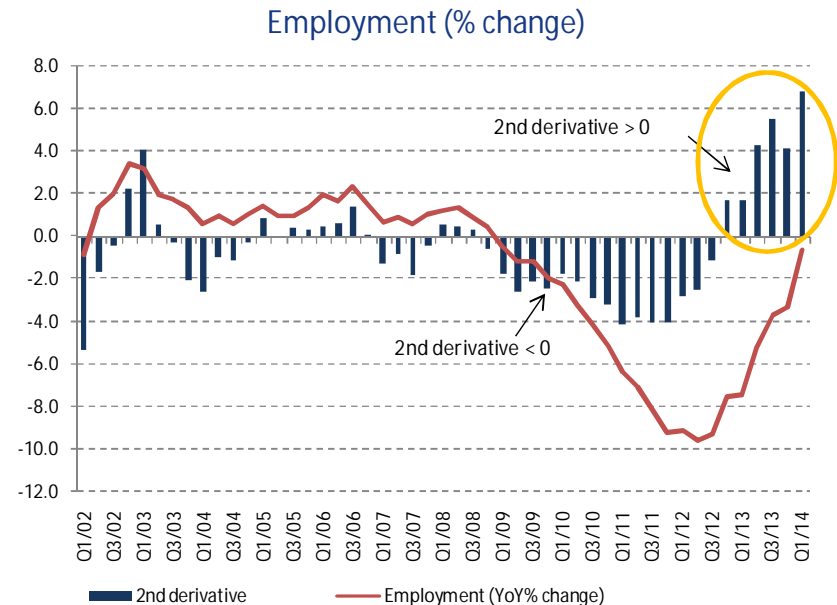
## The Cyclical Position of the economy is strong

More clarity on the cyclical developments of the economic activity is provided by what is known as the 2<sup>nd</sup> derivative of GDP and payrolls i.e changes in the y/y growth rates.

The 2<sup>nd</sup> derivatives of both these macro variables indicate a continuously improving trend.



Note: Seasonally adjusted data according to PrB estimates



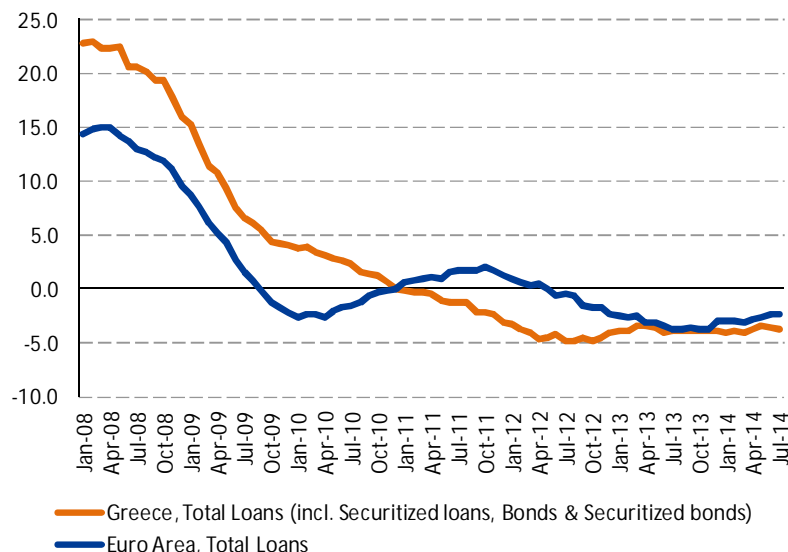
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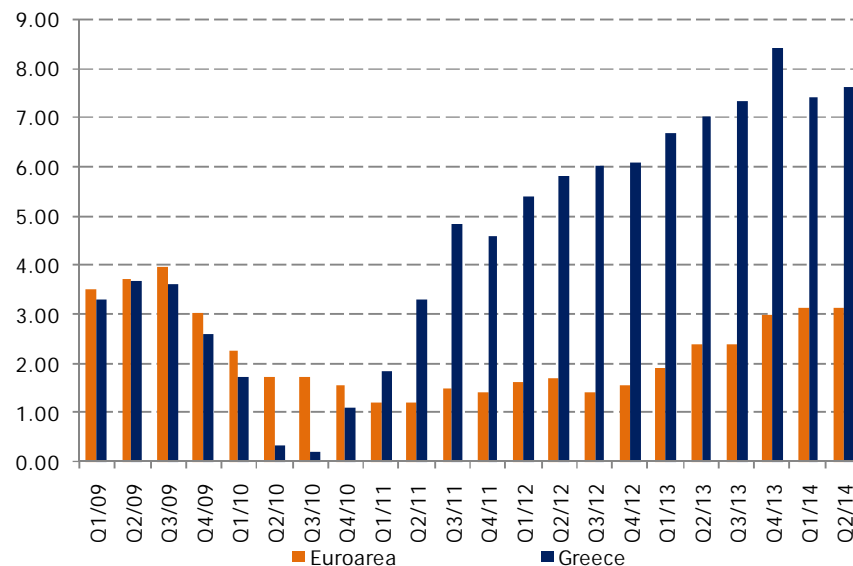
## Banking Sector - Credit

The deleveraging of the Greek economy continues with total loans declining in July by -3.7% versus a -2.3% decline in the EA.

Total Loans (YoY % change)



Average Real Interest Rate on New bank loans (<€1mn) to Non-financial corporations (nominal rate minus change in HICP, %)





# Large Corporates and Banks have already tapped the international debt markets in 2013 and continue in 2014

## In 2013:

	Announcement	Maturity	Amount Issued (EUR mn.)	Coupon	Coupon Type	Coupon Frequency	Rating
COCA-COLA HBC FINANCE BV	June-13	June-20	800	2.375	Fixed	Annual	BBB
OTE PLC	January-13	February-18	700	7.875	Fixed	Semi-Annual	BB-
HELLENIC PETROLEUM FINAN	April-13	May-17	500	8.000	Fixed	Semi-Annual	--
INTRALOT FINANCE LUXEMBU	August-13	August-18	325	9.750	Fixed	Semi-Annual	B+
SB MINERALS FINANCE/SB I	July-13	August-20	275	9.250	Fixed	Semi-Annual	B+
FRIGOGLASS FINANCE BV	May-13	May-18	250	8.250	Fixed	Semi-Annual	BB-
<b>Total Amount Issued</b>			<b>2850</b>				

## In 2014:

	Announcement	Maturity	Amount Issued (EUR mn.)	Coupon	Coupon Type	Coupon Frequency	Rating
PPC FINANCE PLC	April-14	May-19	500	5.500	Fixed	Semi-Annual	B
PPC FINANCE PLC	April-14	May-17	200	4.750	Fixed	Semi-Annual	B
INTRALOT CAPITAL LUX	April-14	May-21	250	6.000	Fixed	Semi-Annual	B+
MOTOR OIL FINANCE PLC	May-14	May-19	350	5.125	Fixed	Semi-Annual	--
TITAN GLOBAL FINANCE PLC	July-14	July-19	300	4.250	Fixed	Semi-Annual	BB
HELLENIC PETROLEUM FINAN	June-14	July-19	325	5.250	Fixed	Semi-Annual	--
OTE PLC	July-14	July-20	700	3.500	Fixed	Annual	BB-
PIRAEUS GROUP FINANCE	March-14	March-17	500	5.000	Fixed	Annual	CCC+
NBG FINANCE PLC	April-14	April-19	750	4.375	Fixed	Annual	CCC+
ALPHA CREDIT GROUP PLC	June-14	June-17	500	3.375	Fixed	Annual	CCC+
ERB HELLAS PLC	June-14	June-18	500	4.250	Fixed	Annual	CCC+
<b>Total Amount Issued</b>			<b>4875</b>				



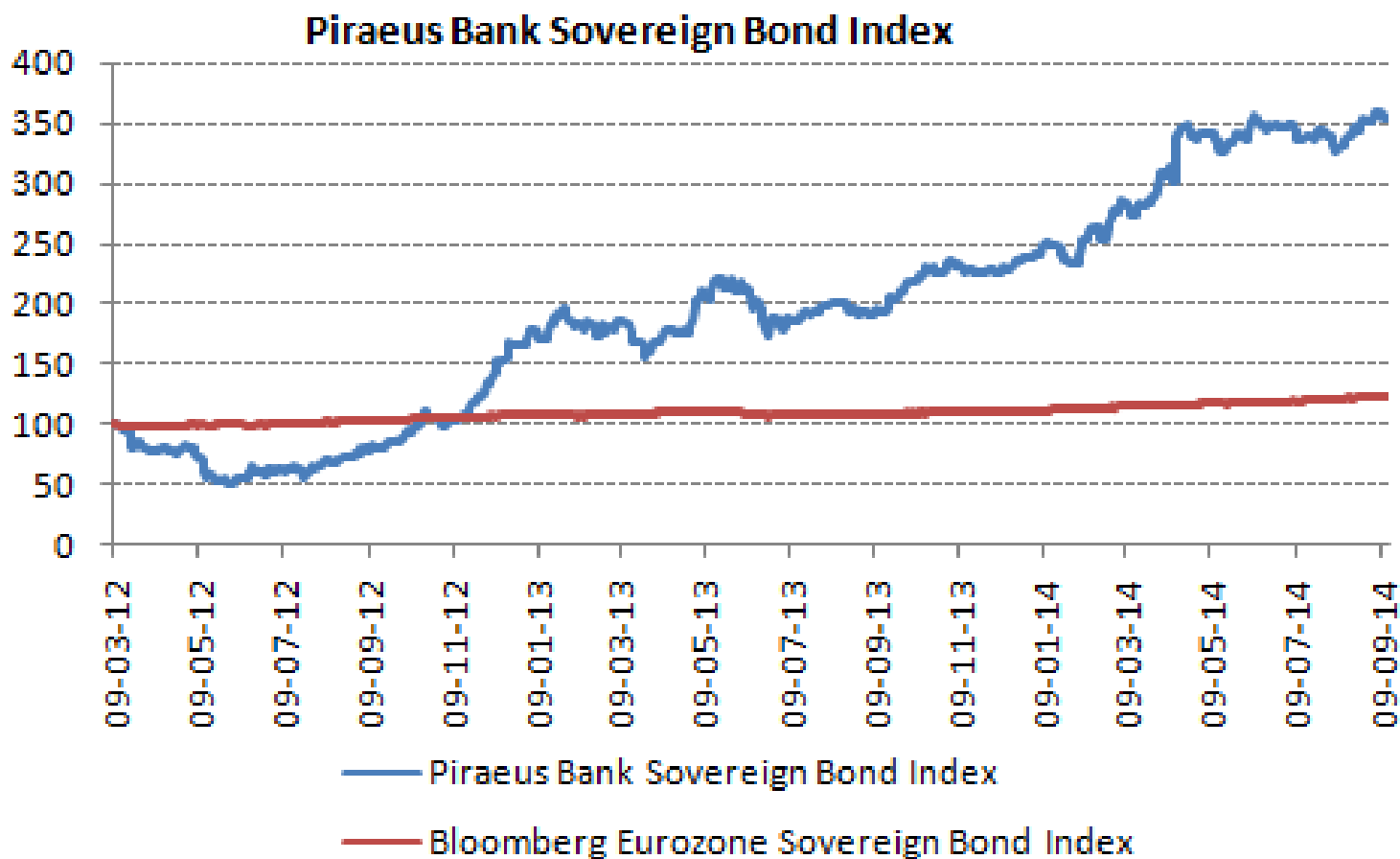
# Providing Substantial returns to investors





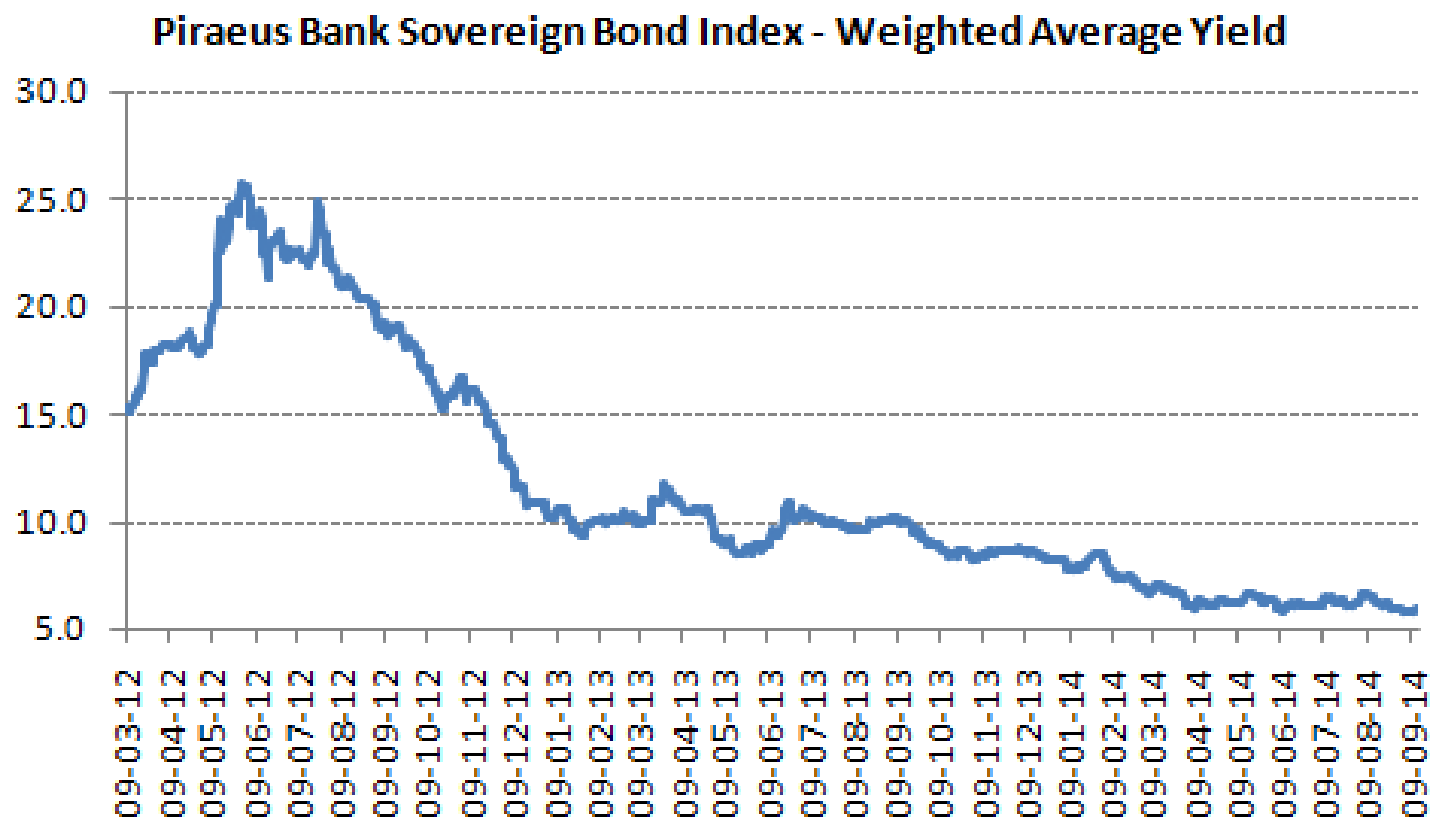


## But Sovereigns are another source of significant returns...



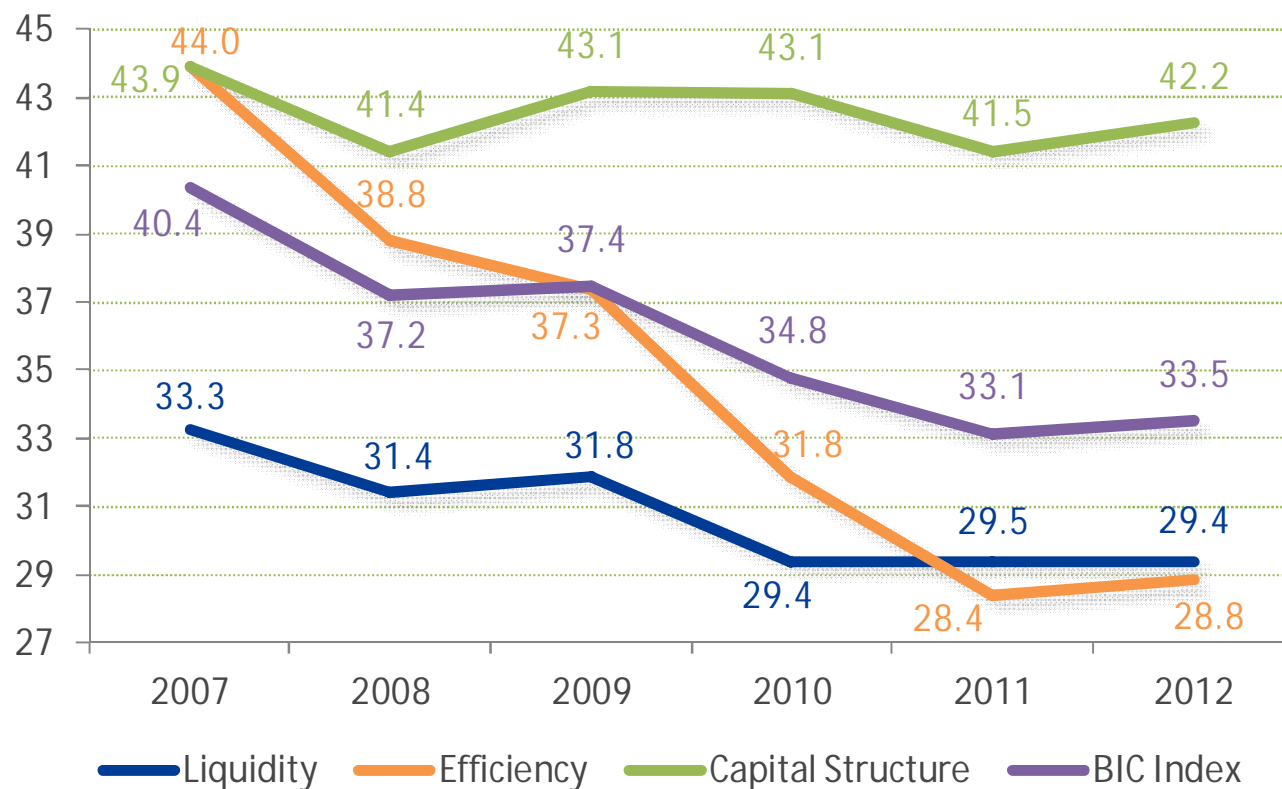


..which are the result of the rapid decline in Greek Sovereign risk





## But the Mid-Cap segment still lacks liquidity





# Is there an opportunity for a Greek Mid-Cap Bond Market?





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