

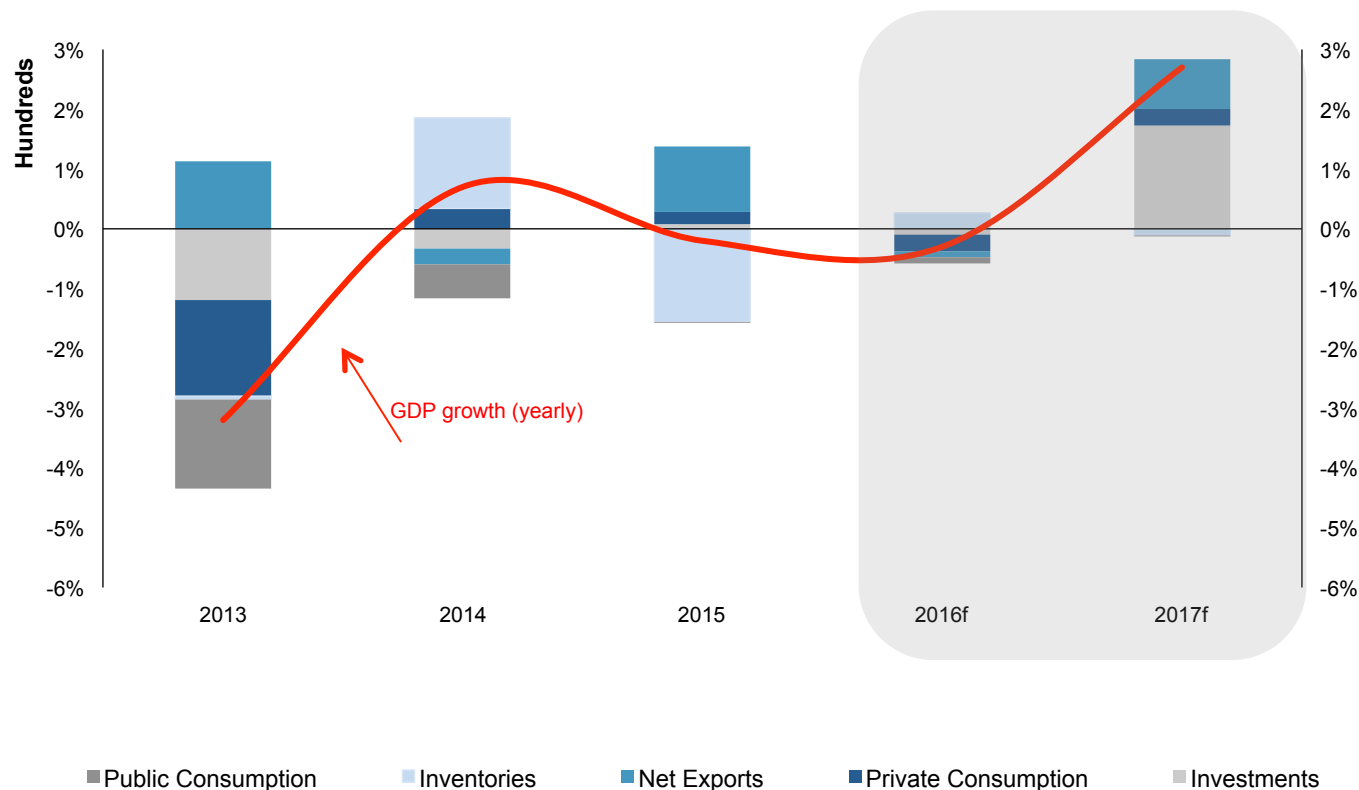
Macroeconomic Developments in Greece: Update and Growth Dynamics

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GDP Drivers (contribution per component in pps)



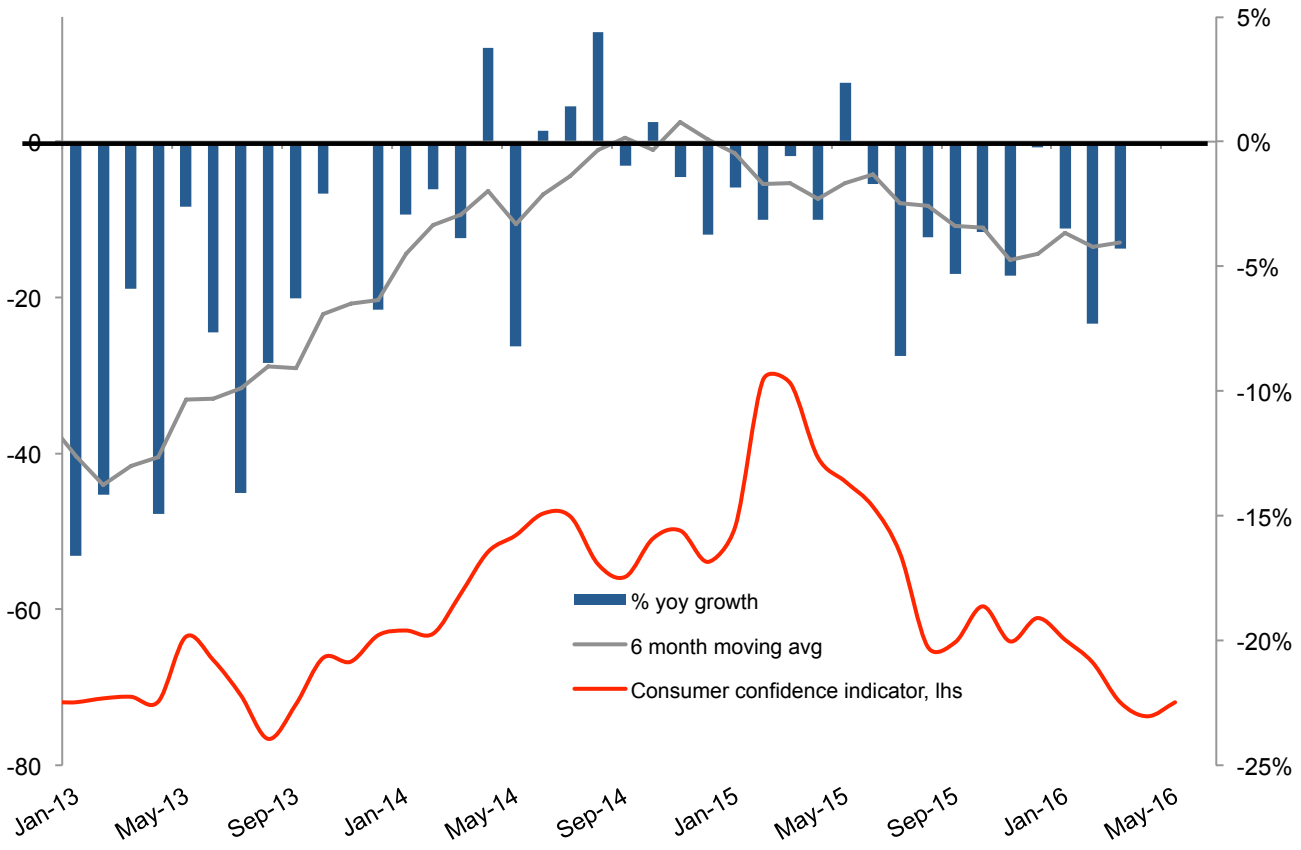
Source: ELSTAT, Alpha Bank Forecasts

- The economy showed resilience after the imposition of capital controls, as GDP declined by a mere 0.2% in 2015. However, in the first quarter of 2016, GDP decline intensified to 1.4% yoy
- In the following years, two opposing forces are expected to affect GDP evolution: the fresh burden on households which would shrink further their disposable income and confidence restoration after the completion of the first review that will trigger investment
- GDP is expected to fall by -0.3% in 2016, with a recovery setting in H2 2016. In 2017, GDP is set to increase by 2.7%

Source: ELSTAT, Alpha Bank Forecasts



Retail Sales and Consumer Confidence Indicator

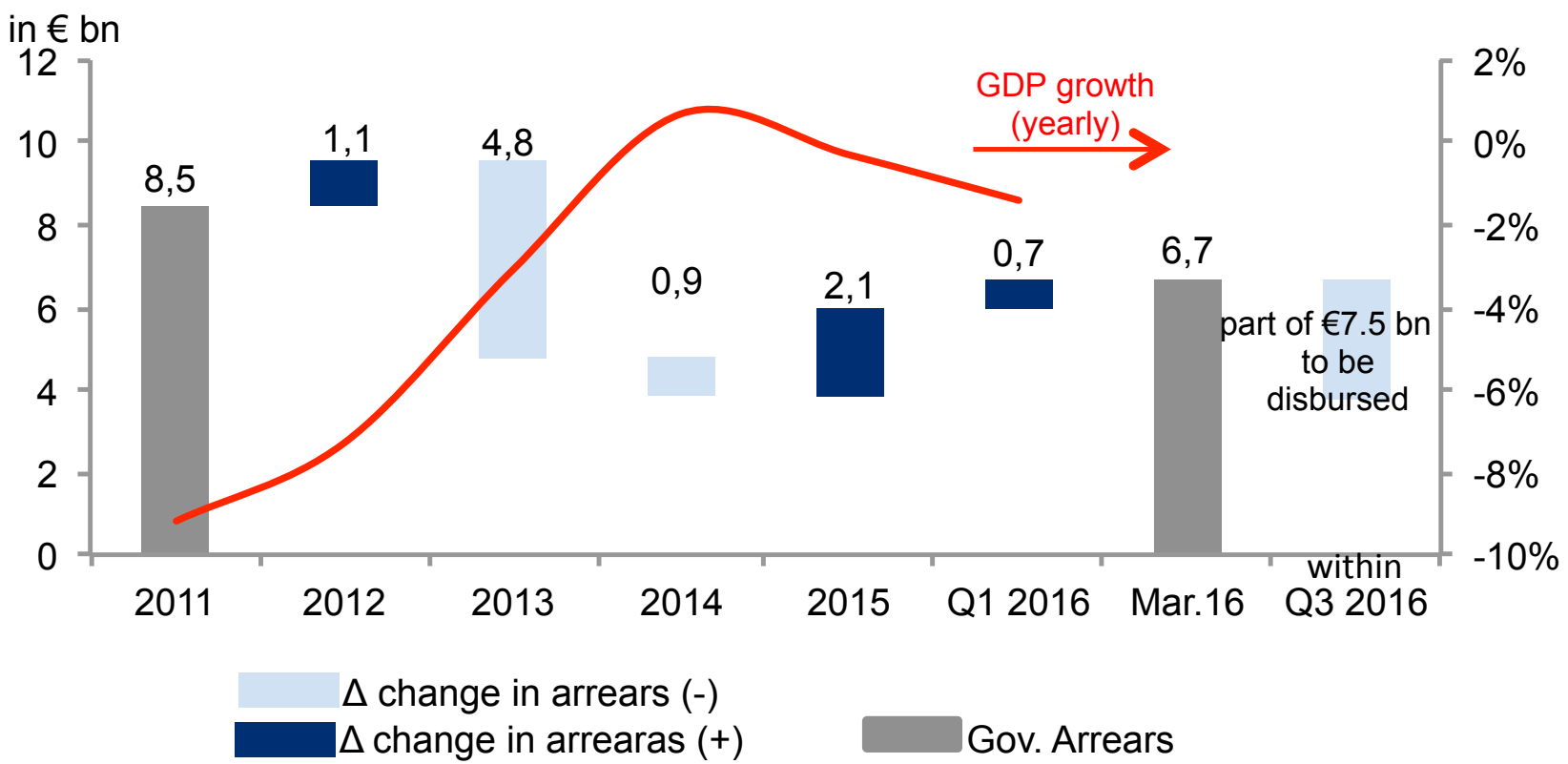


Source: ELSTAT, IOBE

The drop in retail sales and the deterioration of consumer confidence indicator, back to 2013 levels, indicate the weakening of private consumption



Government Arrears – GDP growth

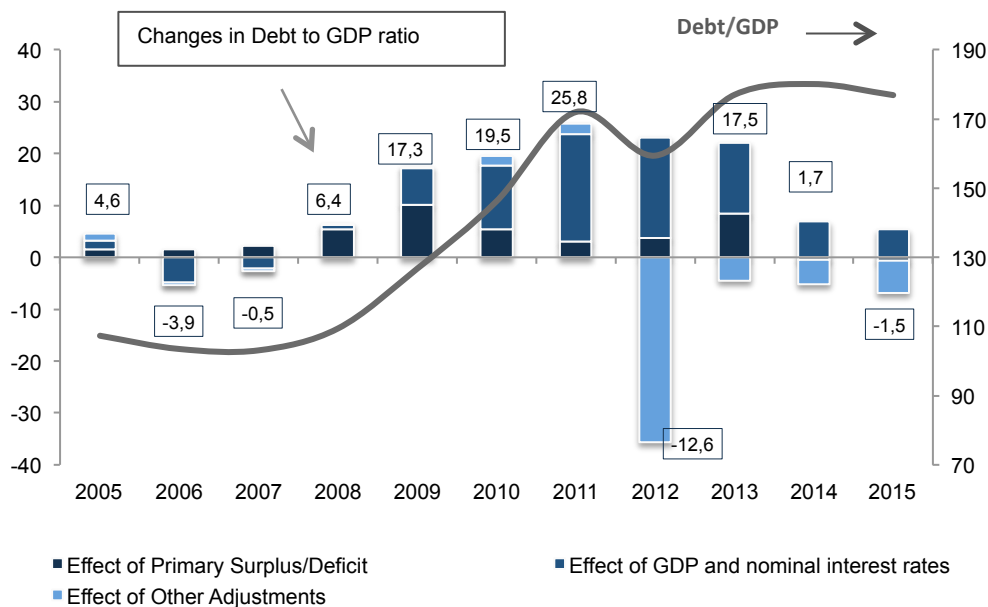


Sources: Min.Fin. ELSTAT

- The completion of the first review paves the way for :
- the gradual clearance of government arrears accumulated in the end of 2015 and the first months of 2016
 - the lift of capital controls
 - the reinstatement of waiver allowing Greek banks to access ECB's normal financing lines
 - the participation of Greek government bonds to the QE programme

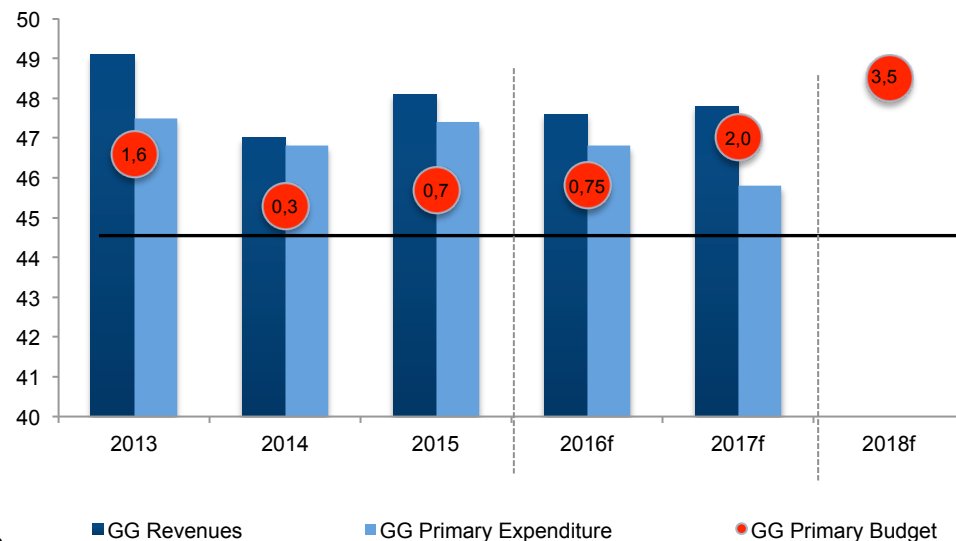
Fiscal consolidation continued at an unabated pace in 2015, when Greece achieved a general government primary surplus of 0.7% of GDP in 2015, i.e. above the target set for the year (-0.25% of GDP).

Changes in debt-to-GDP ratio decomposed



Source: ELSTAT, Bank of Greece

Primary GG Balance – Revenues – Primary Expenditure (% of GDP)

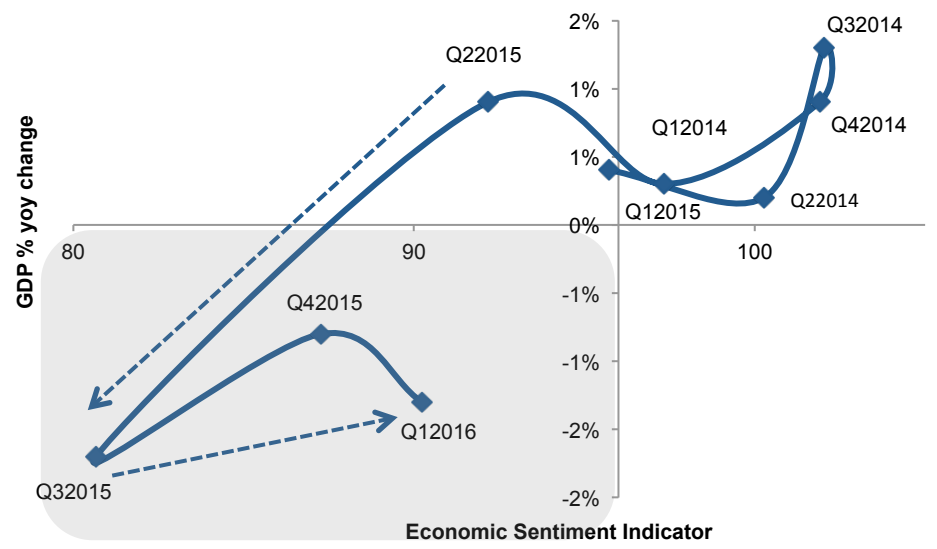


Source: ELSTAT, European Commission Spring Forecasts

The additional measures already passed through the parliament in conjunction to the newly-adopted contingency mechanism provide further assurance that the realization of the primary surplus targets will be reached

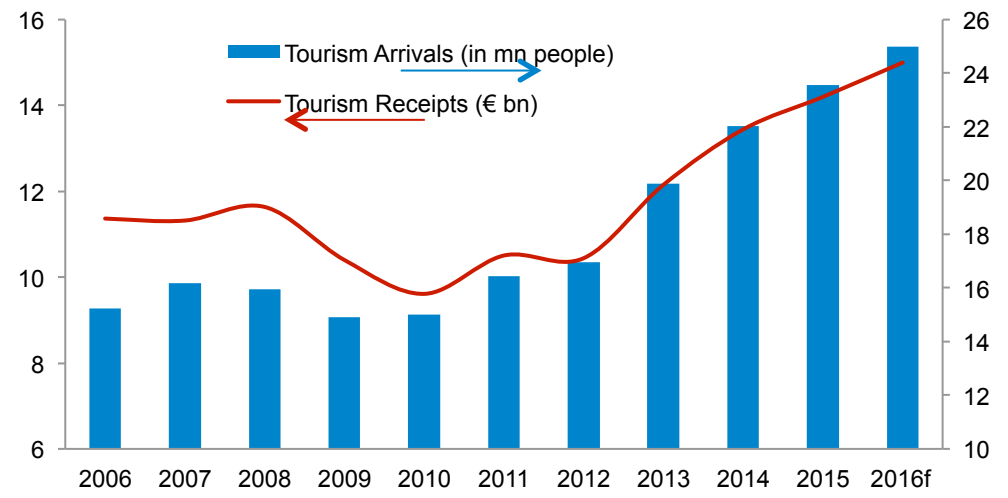


GDP and Economic Sentiment



Source: ELSTAT, IOBE

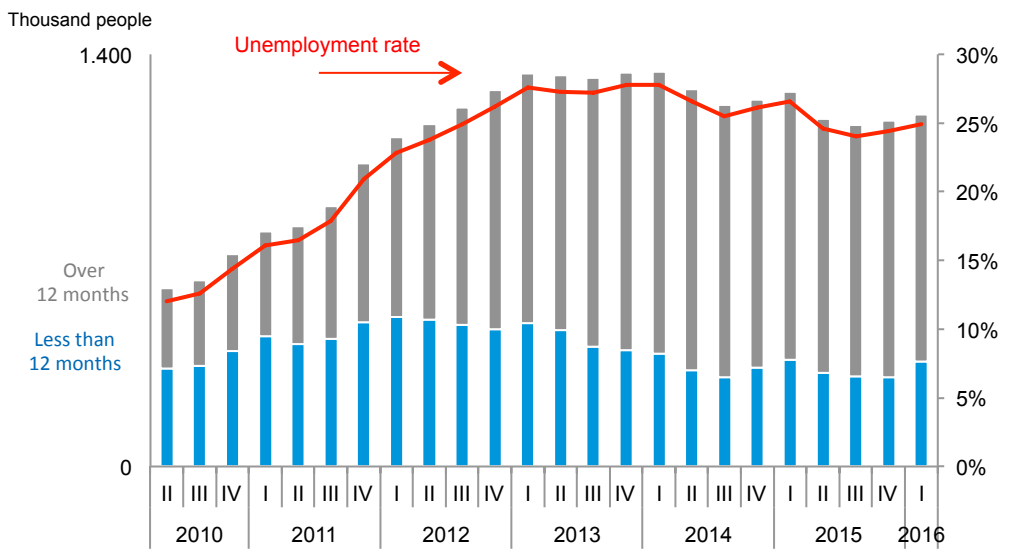
External Tourism



Note: Tourism Arrivals excluding cruises

Source: Bank of Greece 2016, forecasts SETE

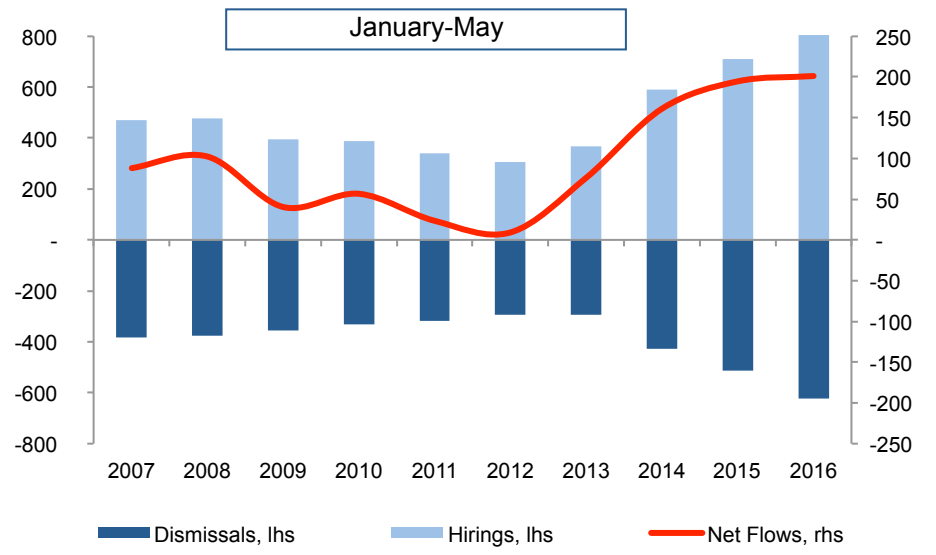
Unemployment



Source: ELSTAT

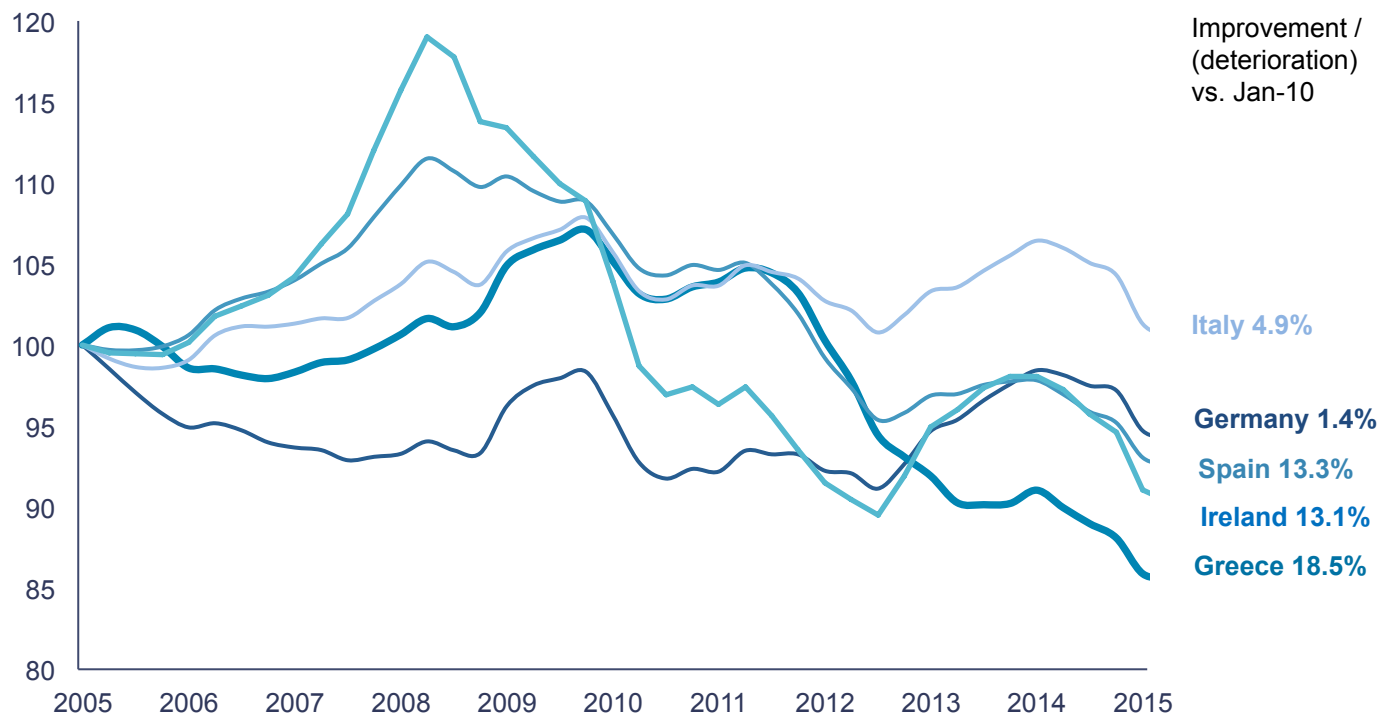
Note: non seasonally adjusted data

Net Employment Flows of the Private Sector (in thousands)



Source: ERGANI

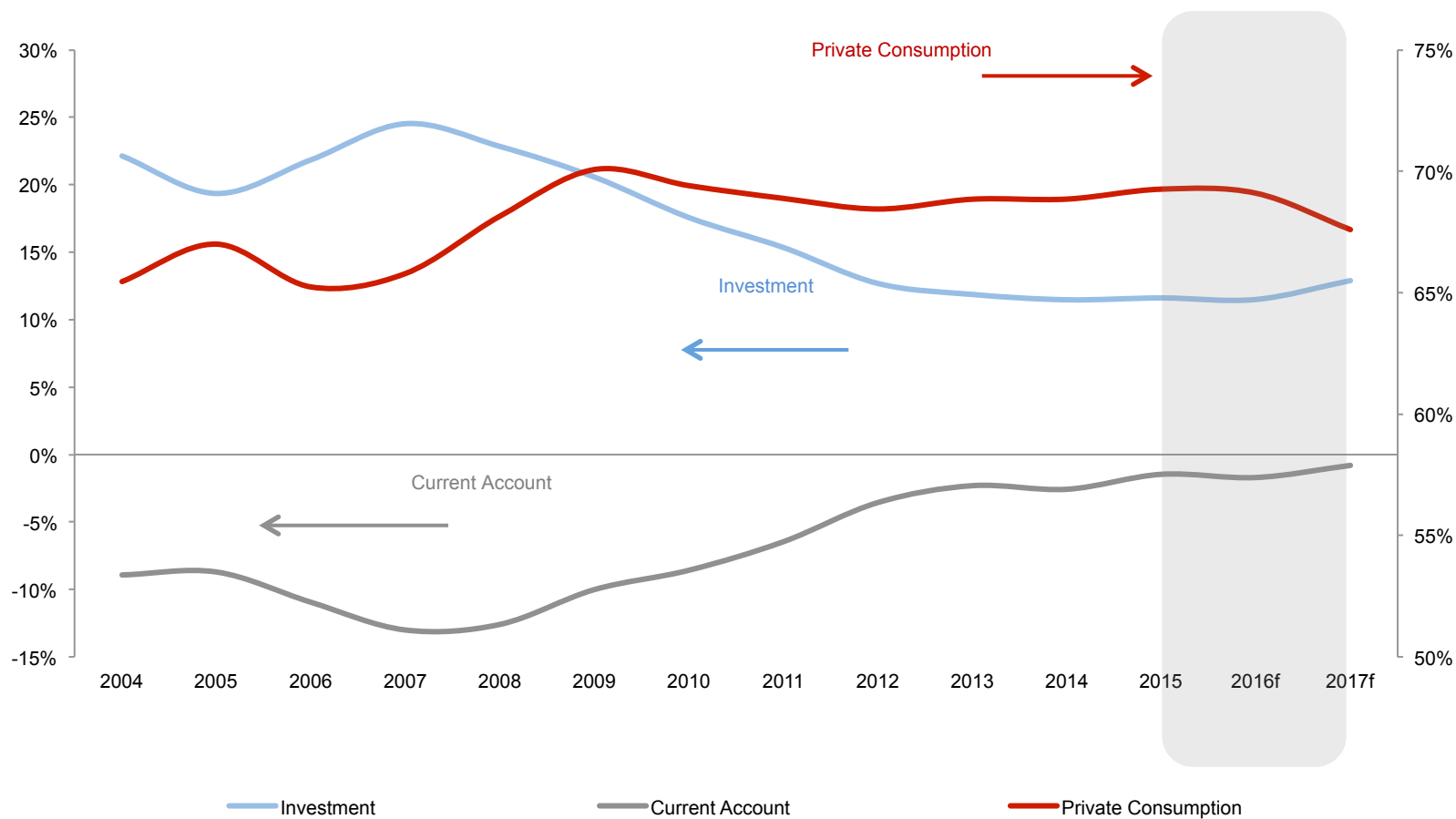
Competitiveness (REER)¹; 2005=100



Source: European Commission

¹ Measured as the devaluation of the relative (against 35 trading partner countries) Unit Labor Cost based Real Effective Exchange Rate (REER) of the Euro

Investment – Private Consumption – Current Account (% of GDP)



Source: ELSTAT, Alpha Bank Forecasts

APPENDIX



Prior Actions Legislated in May 2016

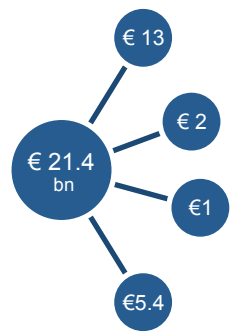
Income Tax Reforms (€ 1.8 bn)	Pension Reforms (€ 1.8 bn)	Indirect Taxation – Other Fiscal Measures (€ 1.8 bn)	Privatisation and Investment Fund	NPL framework
<ul style="list-style-type: none"> • An increase in income tax for medium and high income earners= • The exemption of income taxation is reduced to a yearly average of around € 8,800 • A hike in the tax rate on corporate dividends • An increase in taxation for those gaining incomes from property rentals 	<ul style="list-style-type: none"> • Establishment of a single main pension fund (EFKA) • Higher social security contributions by employees and employers and a € 2,372 ceiling on the maximum monthly pension outlay for new pensioners • The gradual phasing out of the solidarity grant (EKAS) • A new minimum guaranteed basic monthly pension of 384 euros after 20 years of work. 	<ul style="list-style-type: none"> • An increase of the standard VAT rate to 24% (from 23%) • New tax increases in products and services such as mobile telephony, internet connection etc. 	<ul style="list-style-type: none"> • A Fund fully operational within 2016 • Incorporate most of state-owned assets • Revenues will be directed equally to debt reduction and investment • Membership is subject to approval from the EC and ESM 	<ul style="list-style-type: none"> • Immediate procedure for the sale and servicing of performing and non-performing loans

Automatic Contingency Correction Mechanism

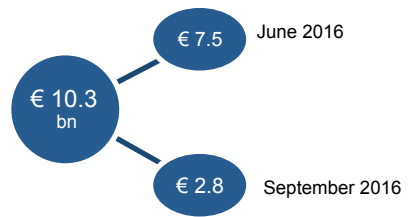
- A package of additional measures will be automatically activated in case of a deviation from the primary surplus targets set according to the economic adjustment programme. In particular, in the event of a negative difference, a corresponding expenditure cut will be undertaken, up to 2% of GDP.
- The mechanism provides the alternative to adopt permanently structural measures in replacement to economic adjustment measures, including measures on the revenue side.

ESM Disbursements

First Tranche_2015



Second Tranche_2016



Towards a Debt Relief

- ✓ **short term:** measures to optimize debt management
- ✓ **medium term:** measures, such as longer grace and payment periods, subject to the successful implementation of the ESM programme as well as measures such as the use of the SMP and ANFA equivalent profits
- ✓ **long term:** assessment at the end of the programme of the need for possible additional debt measures to ensure that Greece's gross financing needs remain on a sustainable path

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