



GREEK FIXED INCOME MONITOR:

CONCERNS OVER GREEK CORPORATE BONDS



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ECONOMIC RESEARCH & INVESTMENT STRATEGY

MARCH 2020

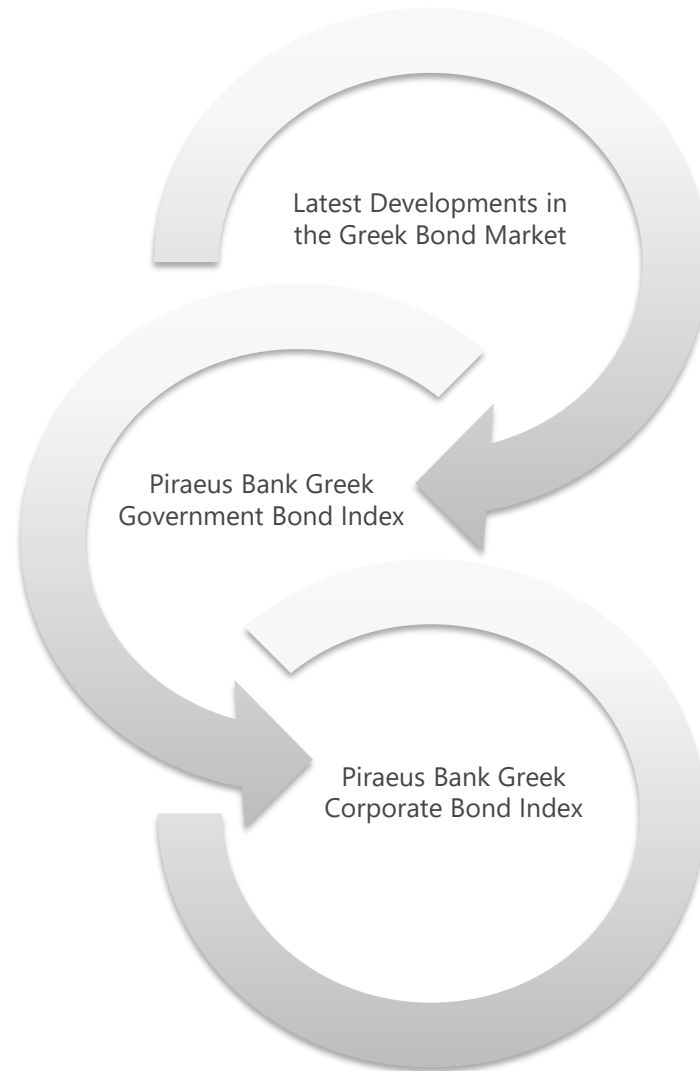
BLOOMBERG TICKERS

Piraeus Bank Government Bond Index: {PBGGGSBI Index<GO>}

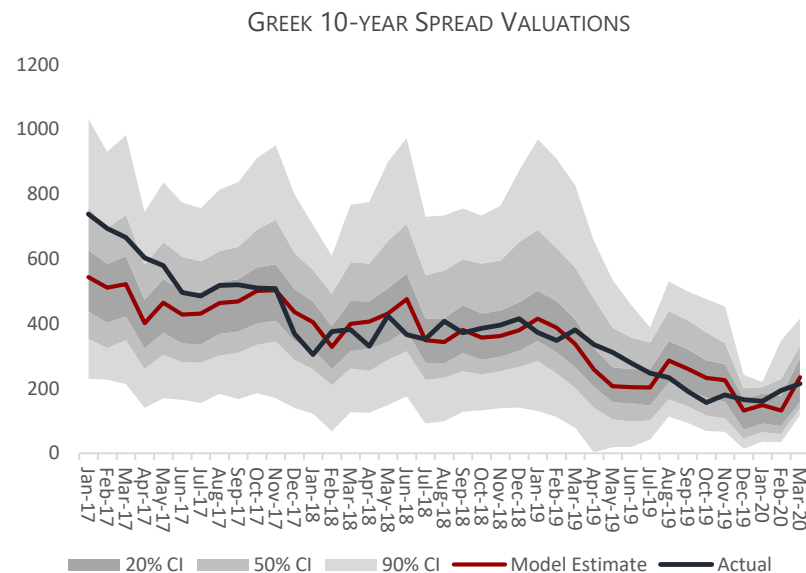
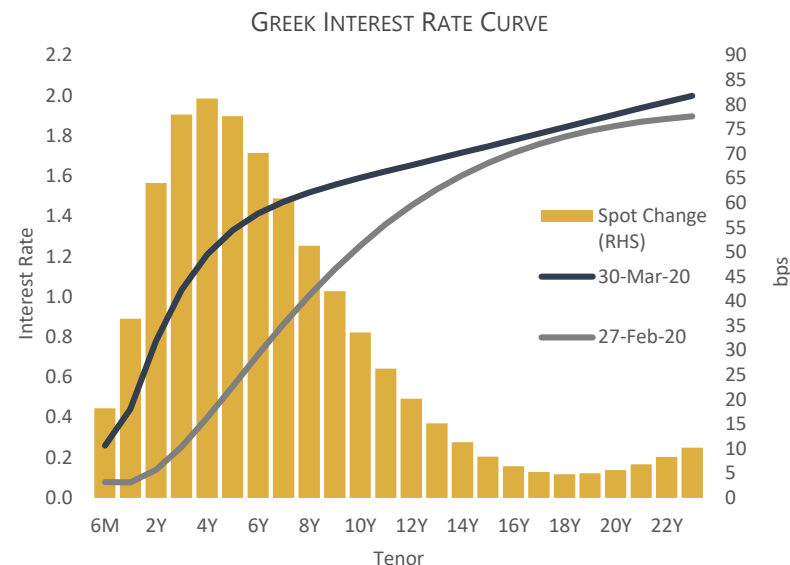
Weighted Average Yield: {PBGGGWAY Index<GO>}

Piraeus Bank Government Bond Index : {PBGGGCBI Index<GO>}

Weighted Average Yield : {PBGGIWAY Index<GO>}

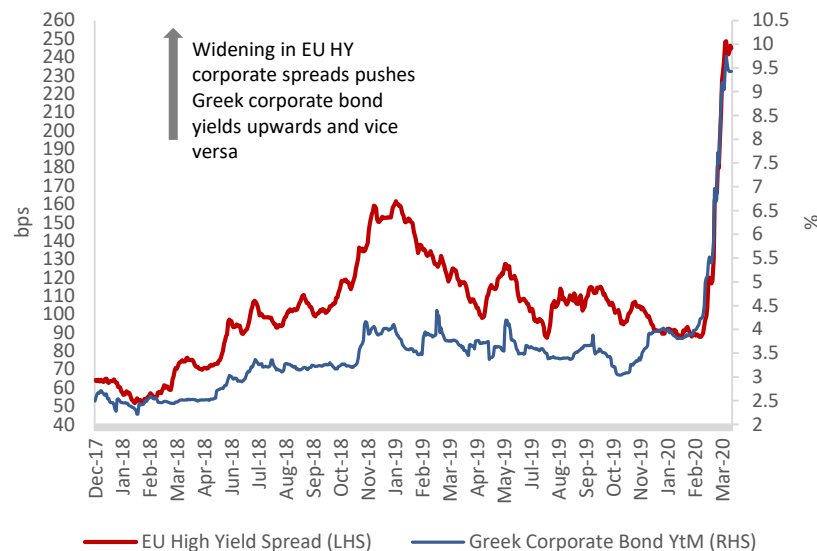


- COVID-19's effects on the Greek economy have included increased volatility in government bonds, significant losses in corporate bonds and uncertainty about economic recovery in the coming months.
- In this context, a sharp decline was recorded in the Greek bond market in early March, with markets discounting the negative impact of COVID-19 on economic activity mainly through the tourism sector. However, the downward trend was reversed after Greek government bonds were included in the ECB's bond buying program, resulting in the Greek Government Bond Index's returning to near the previous month's levels. Specifically, at the end of March, the Index recorded a mild decrease of 0.57%, reaching 643 points. The weighted average yield to maturity of the Index recorded a downward trend in the last two weeks of the month of 1.53% but remained 31 basis points higher than February.
- Regarding the individual bonds of the Index, the highest losses occurred for the bond maturing in 2025 (5-year), with its yield 74 bps higher compared to February, at 1,376%. Similarly, all bonds with maturities between 2022 and 2029 recorded losses, with the 9-year bonds (maturing in 2029) and the 3-year bonds (maturing in 2023) recording losses of 33 and 68 bps, respectively. The longer-term tenors did not show significant variability, with the 15-year bonds (maturing in 2035) recording gains of 11 bps compared to the previous month.
- Significant widening in line with the European periphery was initially recorded for the Greek spread, with the German 10-year bond rising to 435 bps, mainly due to the movement of investors to the safety of German 10-year bonds in early March. However, after the announcement of the bond-buying program by the ECB, the 10-year spread declined to 215 bps, higher by 21 bps compared to the previous month. From our quantitative analysis of the effect of Greece macroeconomic fundamental factors that underline "fair" valuations for the 10-year spread, we observe that the relative slowdown in economic activity, the expectations for a recession during the year and the risk-off tendencies from international investors reflect mild pressures on Greek spreads and point toward a "fair" value at 234 bps.

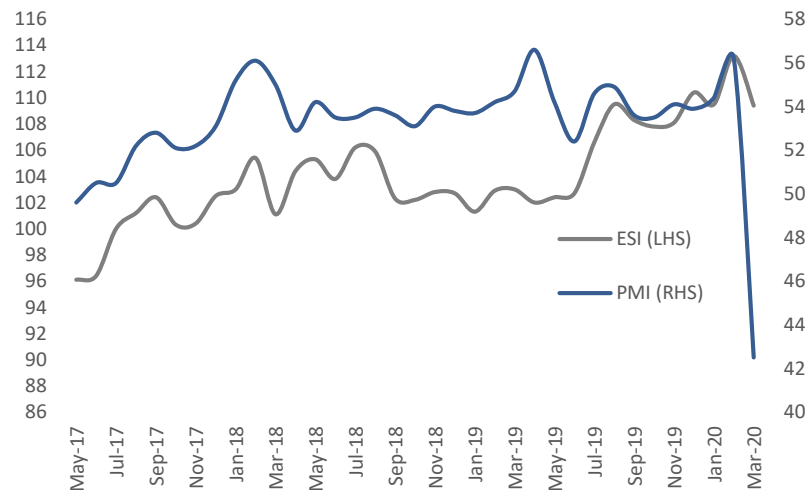


- The Corporate Bond Index reached a historic low in March, close to the levels recorded in July 2016. Moreover, the recovery in government bonds has not extended to the corporate bonds market. Specifically, the weighted average yield to maturity of the Index reached 9.56% at the end of March, recording losses of 410 bps compared to the previous month. Although all bonds on the Index recorded significant declines, market nervousness about the effects of COVID-19 on tourism and transportation led to relatively higher pressures on Aegean's, Attica Group and Intralot bond issues.
- The slowdown in the Economic Sentiment Index to 109.4 in March from 113.2 in the previous month followed the general downward trend observed internationally in line with the forecasts of global and European economic activity. Similarly, PMI in manufacturing recorded a sharp drop from 56.2 to 42.5 points, below the 50-point level that separates contraction from expansion. Combined with the fatigue recorded globally in high-yield corporate bonds, further deterioration of economic climate indicators in the near future is expected to lead to further downward pressures in the Index's valuations if no measures like those in the government bonds market are taken.

GREEK CORPORATE BOND YTM EVOLUTION

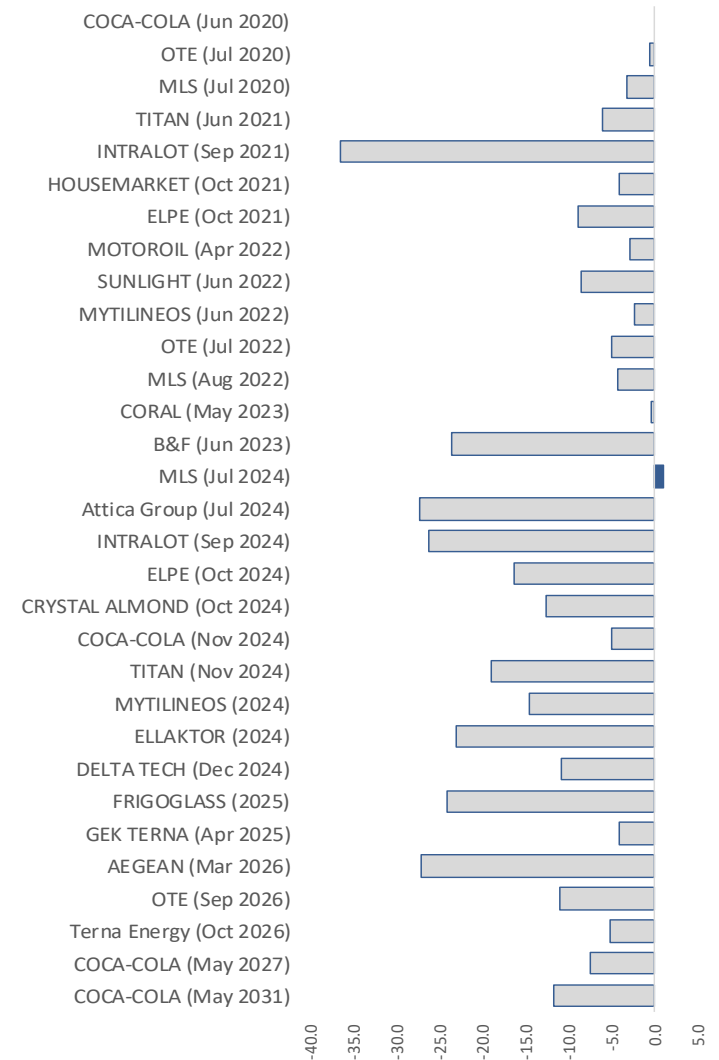


ECONOMIC CLIMATE INDICES

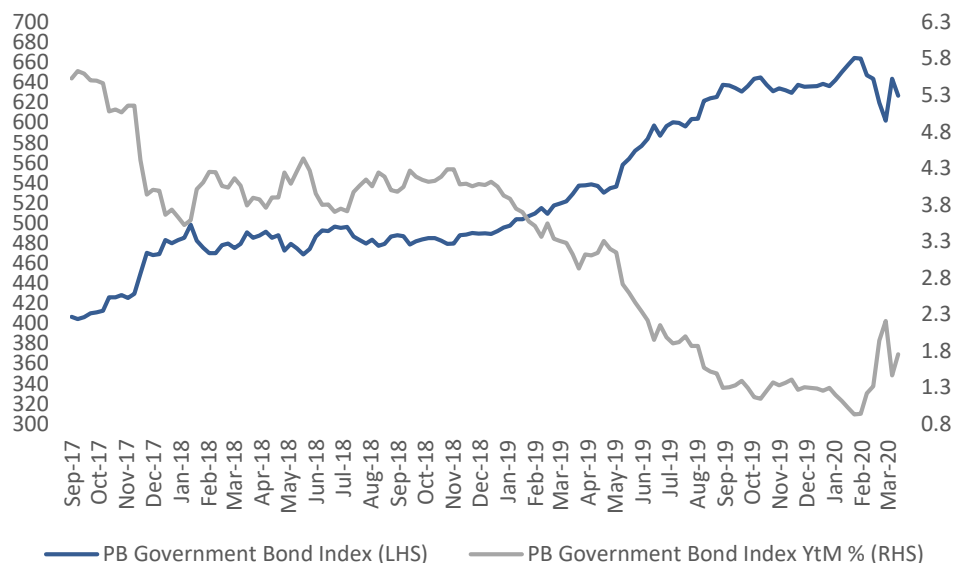


- Following three bonds recorded the lowest performance:
 - ~ INTRALOT (-36.48%) maturing in 2021
 - ~ ATTICA GROUP (-27.31%) maturing in 2024
 - ~ AEGEAN (-27.1%) maturing in 2026
- Following three bonds recorded the highest return:
 - ✓ MLS (1.18%) maturing in 2024
 - ✓ COCA-COLA (0%) maturing in 2020
 - ✓ CORAL (-0.28%) maturing in 2023

MONTHLY PERFORMANCE OF CORPORATE BOND INDEX MEMBERS

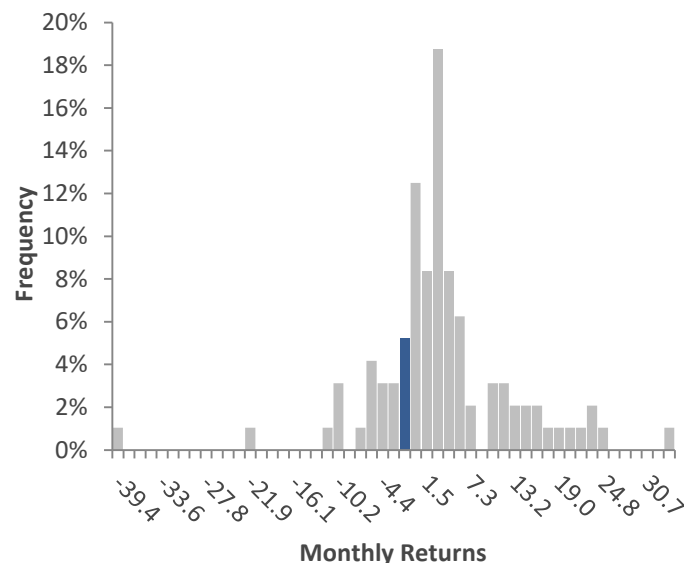


INDEX EVOLUTION MARCH 2020 (BASE DATE: 9/3/12=100)



- In March, the lowest index value was 539.6 while the highest value was 653.
- The value of the Greek Government Bond Index on 31st March was 0.57% lower compared to the previous month.
- The analysis of historical data reveals that monthly return at the end of March was higher than 23% of realized past returns. This implies that returns, lower or equal to -0.57%, were realized during 22 months out of the total of 96 months of available data.

BOND RETURNS HISTOGRAM



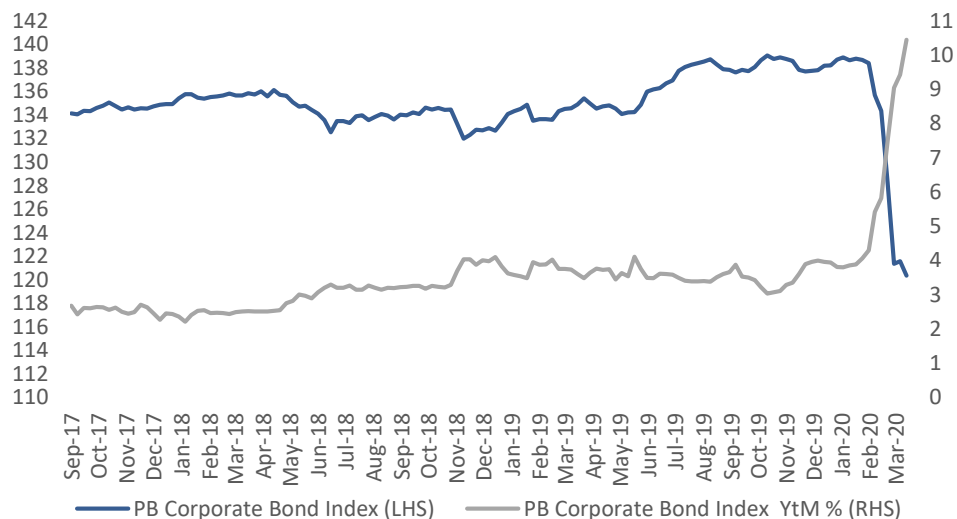
	31-March
Members	11
Market Capitalization (EUR bn)	43.32
Weighted Average Yield	1.53
Weighted Average Coupon	3.62
Weighted Average Maturity	10.13
Weighted Average Duration	8.32

*(Returns with low frequency of occurrence are less likely to be realized in the near future).

INDEX COMPOSITION– MARCH 2020

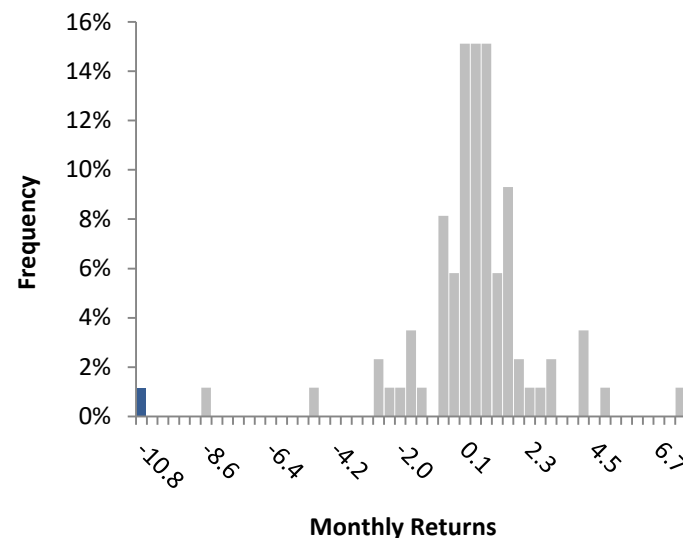
Name	Amt Issued (€)	Amt Outstanding (€ bn)	Currency	Coupon	Coupon Type	Next Coupon Payment	Issue Date	Maturity	Credit Rating (S&P)	Last Price 31 Mar. 2020	Yield 31 Mar. 2020
Hellenic Republic Government Bond	3.00	3.00	€	4.38	Fixed	01/08/20	01/08/17	01/08/22	BB-	108.10	0.847
Hellenic Republic Government Bond	4.36	4.36	€	3.50	Fixed	30/01/21	05/12/17	30/01/23	BB-	106.80	1.047
Hellenic Republic Government Bond	2.50	2.50	€	3.45	Fixed	02/04/20	05/02/19	02/04/24	BB-	108.50	1.259
Hellenic Republic Government Bond	3.00	3.00	€	3.38	Fixed	15/02/21	15/02/18	15/02/25	BB-	109.36	1.376
Hellenic Republic Government Bond	2.50	2.50	€	1.88	Fixed	23/07/20	23/07/19	23/07/26	BB-	102.43	1.468
Hellenic Republic Government Bond	5.96	5.96	€	3.75	Fixed	30/01/21	05/12/17	30/01/28	BB-	115.87	1.578
Hellenic Republic Government Bond	4.00	4.00	€	3.88	Fixed	12/03/20	12/03/19	12/03/29	BB-	118.56	1.628
Hellenic Republic Government Bond	6.09	6.09	€	3.90	Fixed	30/01/21	05/12/17	30/01/33	BB-	125.24	1.694
Hellenic Republic Government Bond	2.50	2.50	€	1.88	Fixed	04/02/21	04/02/20	04/02/35	BB-	102.48	1.685
Hellenic Republic Government Bond	4.81	4.81	€	4.00	Fixed	30/01/21	05/12/17	30/01/37	BB-	132.01	1.782
Hellenic Republic Government Bond	4.60	4.60	€	4.20	Fixed	30/01/21	05/12/17	30/01/42	BB-	138.82	1.99

INDEX EVOLUTION MARCH 2020 (BASE DATE : 02/01/13=100)



- In March, the lowest index value was 120.3 while the highest value was 135.8.
- The value of the Greek Corporate Bond Index on 31st March decreased by 10.75% compared to the previous month.
- The analysis of 86 months of available historical data revealed that MoM return at the end of March was at historic low levels.

BOND RETURNS HISTOGRAM



	31-March
Members	31
Market Capitalization (EUR bn)	9.55
Weighted Average Yield	9.56
Weighted Average Coupon	3.18
Weighted Average Maturity	4.21
Weighted Average Duration	3.85

*(Returns with low frequency of occurrence are less likely to be realized in the near future).

INDEX COMPOSITION– MARCH 2020

Name	Amt Issued (€ bn)	Amt Outstanding (€ bn)	Currency	Coupon	Coupon Type	Next Coupon	Issue Date	Maturity	Credit Rating (S&P)	Last Price 31 Mar. 2020	Yield 31 Mar. 2020
COCA-COLA HBC FINANCE BV	800.00	563.43	€	2.38	Fixed	18/06/20	18/06/13	18/06/20	BBB+	100.16	1.587
OTE PLC	700.00	677.42	€	3.50	Fixed	09/07/20	10/07/14	09/07/20	BBB-	100.30	2.299
MLS INNOVATION INC	4.00	4.00	€	5.30	Fixed	11/04/20	11/07/16	11/07/20		90.00	45.612
TITAN GLOBAL FINANCE PLC	300.00	300.00	€	3.50	Fixed	17/06/20	17/06/16	17/06/21	BB	98.86	4.475
INTRALOT CAPITAL LUX	250.00	250.00	€	6.75	Fixed	15/09/20	23/09/16	15/09/21	NR	43.44	78.595
HOUSEMARKET SA	40.00	40.00	€	5.00	Fixed	04/07/20	04/10/16	04/10/21		98.72	5.883
HELLENIC PETROLEUM FINAN	449.53	201.09	€	4.88	Fixed	14/04/20	14/10/16	14/10/21		95.92	7.749
MOTOR OIL FINANCE PLC	350.00	350.00	€	3.25	Fixed	01/10/20	10/04/17	01/04/22		98.18	4.211
SYSTEMS SUNLIGHT ABEE	50.00	50.00	€	4.25	Step	22/06/20	20/06/17	20/06/22		97.50	5.443
MYTILINEOS SA	300.00	300.00	€	3.10	Fixed	27/06/20	27/06/17	27/06/22		97.60	4.219
OTE PLC	400.00	400.00	€	2.38	Fixed	18/07/20	18/07/18	18/07/22	BBB-	99.91	2.415
MLS INNOVATION INC	6.00	6.00	€	5.30	Fixed	31/05/20	31/08/17	31/08/22		69.90	21.416
CORAL AE OIL CHEMICALS	90.00	90.00	€	3.00	Fixed	11/05/20	11/05/18	11/05/23		98.75	3.421
B&F COMM GARMENT IND SA	25.00	24.26	€	4.95	Fixed	26/06/20	26/06/18	26/06/23		68.00	18.357
MLS INNOVATION INC	6.70	6.70	€	4.30	Fixed	25/04/20	02/08/19	25/07/24		86.00	8.134
ATTICA HOLDINGS SA	175.00	175.00	€	3.40	Fixed	26/07/20	26/07/19	26/07/24		69.00	12.993
INTRALOT CAPITAL LUX	500.00	500.00	€	5.25	Fixed	15/09/20	20/09/17	15/09/24	NR	22.22	50.868
HELLENIC PETROLEUM FINAN	500.00	500.00	€	2.00	Fixed	04/10/20	04/10/19	04/10/24		83.04	6.392
CRYSTAL ALMOND SARL	525.00	525.00	€	4.25	Fixed	15/04/20	17/10/19	15/10/24	B	87.60	7.528
COCA-COLA HBC FINANCE BV	600.00	600.00	€	1.88	Fixed	11/11/20	10/03/16	11/11/24	BBB+	104.02	0.979
TITAN GLOBAL FINANCE PLC	350.00	350.00	€	2.38	Fixed	16/05/20	16/11/17	16/11/24	BB	81.45	7.16
MYTILINEOS FINANCIAL	500.00	500.00	€	2.50	Fixed	01/06/20	29/11/19	01/12/24	BB-	82.81	6.87
ELLAKTOR VALUE PLC	670.00	670.00	€	6.38	Fixed	15/06/20	12/12/19	15/12/24	B-	69.45	15.819
DELTA TECHNIKI SA	6.50	6.50	€	5.50	Fixed	22/06/20	22/12/17	22/12/24		90.00	8.072
FRIGOGLOSS FINANCE BV	260.00	260.00	€	6.88	Fixed	01/08/20	12/02/20	12/02/25	B-	74.05	14.492
GEK TERNA HLD ESTATE	120.00	120.00	€	3.95	Fixed	04/10/20	04/04/18	04/04/25		97.46	4.516
AEGEAN AIRLINES SA	200.00	200.00	€	3.60	Fixed	12/09/20	12/03/19	12/03/26		78.68	8.144
OTE PLC	500.00	500.00	€	0.88	Fixed	24/09/20	24/09/19	24/09/26	BBB-	87.56	3.017
TERNA ENERGY FINANCE	150.00	150.00	€	2.60	Fixed	22/04/20	22/10/19	22/10/26		94.74	3.501
COCA-COLA HBC FINANCE BV	700.00	700.00	€	1.00	Fixed	14/05/20	14/05/19	14/05/27	BBB+	97.31	1.4
COCA-COLA HBC FINANCE BV	600.00	600.00	€	1.63	Fixed	14/05/20	14/05/19	14/05/31	BBB+	97.49	1.877

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