Greece to present list of reforms in an effort to secure partial disbursement of pending loan tranche

Paraskevi Petropoulou
G10 Markets Analyst
ppetropoulou@eurobank.gr

Contents

Greece to present list of reforms at today's Eurogroup

In an effort to persuade his euro area counterparts to give the green light for an early (partial) disbursement of the pending loan tranche of €7.2bn, Greece's Minister of Finance Yanis Varoufakis will present at today's Eurogroup a package of reforms aiming to[1]:

(i) activate a Fiscal Council to monitor, among other, the government's fiscal policy;
(ii) improve the Budget's Organic Law and preparation process;
(iii) establish a new inspection body to assist in the fight against VAT evasion;
(iv) improve collection of tax arrears and social security contributions;
(v) adopt immediate measures to address the domestic humanitarian crisis;
(vi) boost budget revenue through a new licensing framework for online gaming services "; and
(vii) overhaul the provision of public services so as reduce bureaucracy and improve the domestic business environment.

Official creditors signal possibility of early disbursement of pending loan tranche, subject to certain conditions

Greek government's decision to present at today's Eurogroup a more detailed list of reforms comes after recent comments by Eurogroup President Jeroen Dijsselbloem suggesting that euro area finance ministers are prepared to make a "first disbursement" of the pending loan tranche as early as this month, provided that the government starts implementing, before the end-April deadline, some of the reforms agreed with official creditors. An unnamed euro area official was also quoted as saying that the said list was discussed briefly at the Euro Working Group (EWG) of March 3. The EWG is again scheduled to convene later today (*i.e.*, ahead of the Eurogroup meeting), so as to scrutinize the measures submitted by the Greek side and evaluate whether

[1] As a reminder, the Eurogroup of February 20, 2015 granted Greece a four month extension of its loan arrangement with official creditors so as to allow time for the successful completion of the extended arrangement review and bridge the time for discussions on a "possible" follow-up arrangement between the Eurogroup, the institutions and Greece. However, as it was explicitly laid out in the accompanying statement, Greece would be entitled to receive the European part of the outstanding €7.2bn loan installment only upon the successful completion of the extended arrangement's review. The latter, would in turn require: *a)* a further specification of the initial list of reforms submitted by the Greek government and endorsed by the extraordinary Eurogroup of February 24 (see *Appendix I*); and *b)* approval by the institutions and the Eurogroup by the end of April.

enough progress has been made. Speaking to reporters late last week, Greece's Vice President Yiannis Dragasakis appeared optimistic that the submitted reforms list will meet official creditors' demands. However, press reports quoted a number of EU official sources as suggesting that some additional steps are needed before euro area finance ministers open the door for an early (partial) disbursement of the pending loan tranche. These should include, among other, the implementation of additional reforms related to the pension system, privatization and VAT rates. In a letter sent to the domestic authorities over the weekend, President Jeroen Dijsselbloem reportedly said that the detailed list of reform measures submitted by Greece for the March 9 Eurogroup "will be helpful" adding that further discussions with the institutions will have to take place in Brussels while technical work to support the review process has to be done in Athens. All in all, the possibility of an agreement for a partial disbursement of the pending loan tranche to Greece at today's Eurogroup seems rather limited.

Coverage of State borrowing needs remains a major short-term challenge

With the extraordinary Eurogroup of February 24th having approved the first list of reforms submitted by Greece in order to allow a four month extension of the Master Financial Assistance Facility Agreement (MFFA) underlying the present bailout arrangement, one of the most pressing issues that needs to be addressed in the period ahead is the coverage of State borrowing needs. The country is facing a quite demanding borrowing requirement this year, amounting to c. €22bn.[2] Thankfully, under the current bailout program's macro scenario, the net financing gap is projected to decline substantially in the coming few years, averaging no more than €10bn/annum over the period 2016-2020.

Debt interest and amortization payments in the remainder of 2015

State coffers are currently stretched, with available sources of financing (besides remaining commitments under the 2nd bailout program) being rather limited. After meeting an amortization payment of c. €300mn to the IMF on March 6, the next major hurdle comes on March 13, when another principal payment to the Fund is due (c. €338mn). Two additional amortization payments to the IMF fall due later this month (March 16 and 20) for an estimated total amount of c. €900mn. All in all, total interest and amortization payments on Greek sovereign debt (held by both official- and private-sector accounts) in the remainder of 2015 are as follows: March: €2.1bn; Q2: €3.8bn; Q3: €10.2bn; and Q4: €2.3bn. In addition to these, some €3.0bn of maturing T-bills needs to be rolled over by end March, after c. €1.4bn was successfully raised late last week. Maturing T-bill exposures scheduled for the remainder of the current year stand at €7.2bn in Q2 and €4.4bn in Q3. (*Appendix II* at the end of this document provides a detailed account of monthly interest and amortization payments in 2015).

Potential sources of funding

Besides any agreement between Greece and its official creditors to allow an early (partial) disbursement of the next EU/IMF loan tranche, the State may reportedly count on the following main sources of funding in the imminent period ahead for the coverage of its borrowing requirement: (i) tax and other budgetary revenue on a cash basis; and (ii) short-term borrowing from various general government entities running cash surplus positions; reportedly some €9bn have already been raised from the latter source, with the available space for additional burrowing remaining rather limited. In addition, the State could arguably increase its arrears to the private sector (e.g., by delaying certain payments to suppliers), in an effort to contain budgetary expenditure. Adding to the country's funding-related woes, the latest (January 2015) data on the execution of the State Budget revealed a significant underperformance of the respective monthly target for tax revenue, which more than offset an under execution of primary expenditure (see Appendix III). In more detail, the Central Government primary balance on a modified cash basis showed a surplus of €0.44bn in January, less than the €1.37bn expected, mainly due to an underperformance (by c. €1.05bn) of the respective net revenue target set in the 2015 Budget.

ECB urges for a swift completion of the pending review

What complicates things even further as regards the Greek government's efforts to cover increased State borrowing needs in the days and weeks ahead is that the ECB appears to be opposing an increase in the amount of T-bills it accepts as eligible collateral from Greek banks (€3.5bn currently). Speaking in the press conference following the conclusion of the March 5 policy meeting, ECB President Mario Draghi argued that such a development would entail legal issues as it could be considered tantamount to direct or indirect monetary financing that is explicitly forbidden under the ECB Statute (Article 123)[3]. Furthermore, the ECB appears not to be

[2] The said figure assumes fulfillment of the earlier agreed targets for the primary surplus (3%-of-GDP) and privatization revenue (€2.2bn) for 2015. This effectively means that, in the absence of a new debt relief to lighten up State borrowing needs, any slippage as regards the aforementioned targets would ceteris paribus increase this year's financing gap.

[3] The ECB President said that "monetary financing is when the Central Bank of a country prints money to buy the government bonds in the primary market of that country, and it could be either direct or indirect, when banks bring collateral to the ECB in order to be financed in order to buy the sovereign debt of that country".

ready to consent to the reintroduction of a Greek collateral waiver *i.e.,* the reacceptance of bonds issued or guaranteed by the Hellenic Republic as eligible collateral in its regular liquidity provision operations. According to Mr. Draghi, for the reintroductions of the said waver certain conditions need to be in place that would allow the Central Bank "to make a positive assessment" about the likelihood of a speedy completion of the pending review of the Greek bailout arrangement. In addition to the above, the ECB's expanded asset purchase program, scheduled to be launched on Monday, March 9, does not currently envisage the purchases of Greek sovereign bonds. The ECB President clarified that, under the terms of the program: (i) for euro area Member States under an economic adjustment program, the ECB will not purchase sovereign bonds for the period during which their program is under review; (ii) any purchase of Greek sovereign bonds before Greece repays the SMP bonds due in July and/or August, would violate the 33% issuer's debt limit[4]; and (iii) only investment-grade bonds will be eligible for purchase while, for those below the investment-grade threshold, there should be a rating waiver. As a reminder, the ECB decided in early February to lift the waiver of minimum credit-rating requirements for marketable instruments issued or guaranteed by the Hellenic Republic. Collateral eligibility of the said instruments in Eurosystem monetary operations ceased as of February 11, leaving Greek banks no choice but to resort to the Emergency Liquidity Assistance (ELA) facility for covering most of their funding needs[5].

Greek government brings to Parliament draft law to address humanitarian crisis; new instalment scheme for overdue tax and social security payments to be submitted this week

The government summited to Parliament last week a draft law incorporating a number of measures aimed at addressing the domestic humanitarian crisis. In addition, upon approval by euro area partners, the Greek government is reportedly ready to submit to parliament this week a draft law for the adoption of a new instalment scheme envisioning up to 100 monthly installments for the payment of overdue tax and social security liabilities verified up to December 31, 2014.[6]

Measures for addressing humanitarian crisis

The measures envisaged to address the domestic humanitarian crisis include: (i) the provision of up to 300 KW free electricity per month to 150k households living under the poverty line; (ii) the provision of stamps for food and other basic goods to 300k households; and (iii) monthly rent stipend of €150 to 150k households. According to the latest available data from the Hellenic Statistical Authority ELSTAT, the poverty threshold stood at €5,023 per person in 2013 and €10,547 for a family with two adults and two dependent children under 14 years old. Speaking to a local TV station last week, Greece's Minister of Finance said that the adoption of these measures will be fiscally neutral as their total cost, estimated at c. 200mn, will be covered through existing NSFP programs and/or the adoption of offsetting cost saving measures.

New installment scheme for overdue tax payments and social security contributions

The General Accounting Office expects that the implementation of this scheme could generate c. €1.5bn in budgetary revenue this year. Cumulative overdue social security contributions accrued up to end-December 2014 exceeded €20bn while, based on the latest data from the Secretariat General for Public Revenues, cumulative tax arrears totaled €73.7bn, out of which c. €13.7bn was accumulated in 2014. As per the same sources, out of total tax arrears, only €9bn is currently deemed as collectible. Besides the new installment scheme, the said draft law incorporates legal provisions envisioning: (i) no arrest and detention for debtors with overdue tax payments up to €50k; and (ii) the implementation of a 10% discount bonus on this year's income tax for taxpayers who have paid in time and fully their tax obligations over the last couple of years. Separately, in an effort to boost budgetary revenue in the imminent period ahead, the government is reportedly expected to submit to parliament early this week, a legislative law for an "express instalment scheme". This scheme also foresees the repayment of overdue tax payments and social security contributions in

---

[4] Greece's marketable sovereign debt currently outstanding consists of GGBs (€66.7bn) and T-bills (€14.6bn), for a total notional amount of €81.3bn. That means that the ECB's 33% issuer limit for Greece presently stands at €26.8bn (81.3*0.33%). However, the ECB and various euro system NCBs already hold GGBs of a total notional amount of c. €27.2bn (SMP and ANFA portfolios). As a result, the earliest possible point in time that the ECB can buy Greek debt in the context of its extended asset purchase management is in July 2015, when Central Bank GGB holdings for a total notional amount of €3.5bn mature. This of course assumes that Greece will meet in full the said amortization payments.

[5] The ECB, which first granted a two-week approval for the provision of ELA facility to Greek banks on January 21, renewed for the third time its approval at its latest policy meeting on March 5 and increased the funding ceiling by €0.5bn to €68.8bn, less than €2bn the Greek authorities had reportedly requested. The Statute of the European System of Central Banks and of the ECB (Art. 14.4), assigns the ECB Governing Council responsibility for restricting ELA operation should it consider that activation of ELA "interferes with the objectives and tasks of the Eurosystem" (e.g., violates the Treaty's prohibition of monetary financing). Such decisions can be taken with a majority of two-thirds of the votes cast. Any costs and risks arising from the operation of the ELA facility are incurred by the relevant national central bank (NCB). Nevertheless, there is an obligation of the latter to seek approval from the ECB for the provision of such liquidly which is renewed on a fortnight basis. ELA constitutes a more expensive source of liquidity for Greek banks (to the tune of c. 1.55%) relative to ECB funding (just 5bps).

[6] The new instilment scheme reportedly foresees among others: (i) a minimum monthly payment of €20; (ii) no interest charge on overdue liabilities up to €5,000 and a 3.0% annual fixed interest rate on debts higher than €5,001; (iII) 30%-90% haircut on surcharges and penalties depending on the number of monthly instalments, and 100% in case of a lump sum payment; and (iv) a total annual amount of installments no higher than 20% of the debtor's declaring annual income. The deadline for enrolling in the scheme is April 31, 2015.

100 instalment schemes but it will be in effect just until the end of this month offering debtors the chance to honour their debt in a lump sum fashion with all fines and penalties being written off.

Focus – Brief calendar of key data & events in the period ahead

MARCH 2015

March 9- *Eurogroup meeting*

March 13- *S&P updated assessment on Greece's sovereign credit rating.*

€1.6bn T-bills redemption

IMF principal payment of ca €338mn

March 16- *IMF principal payment of ca €563mn*

March 18/19- *ECB policy meeting*

March 19/20- *European Council meeting*

March 20- *€1.6bn T-bills redemption*

IMF principal payment of ca €338mn

March 27- *Moody's updated assessment on Greece's sovereign credit rating.*

APRIL 2015

April 1- *ECB policy meeting*

April 9- *IMF principal payment of ca €450mn*

April 14- *€1.4bn T-bills redemption*

April 15- *ECB policy meeting*

April 17- *€1bn T-bills redemption*

April 30- *IMF interest payment of ca €7mn*

By end-April – *Greece's first list of reforms to be fully specified and agreed with the institutions*

MAY 2015

May 1- *IMF interest payment of ca €196mn*

May 6- *ECB policy meeting*

May 8- *€1.4bn T-bills redemption*

May 11- *Eurogroup meeting*

May 12- *IMF principal payment of ca €750mn*

May 15- *€1.4bn T-bills redemption*

May 20- *ECB policy meeting*

JUNE 2015

June 3- *ECB policy meeting*

June 5- *IMF principal payment of ca €300mn*

June 12- *€2bn T-bills redemption*

IMF principal payment of ca €338mn

June 16, 2015- *IMF principal payment of ca €563mn*

June 17/18- *ECB policy meeting*

June 18, 2015- *Eurogroup meeting*

June 19, 2015- *IMF principal payment of ca €338mn*

June 25/26, 2015- *European Council meeting*

June 30- The four-month extension of Greece's lending arrangement expires.

JULY 2015

July 1- *ECB meeting*

July 7- *€2bn T-bills redemption*

July 13, 2015- *IMF principal payment of ca €450mn*

July 16, 2015- *ECB policy meeting*

July 20, 2015- *Two GGBs mature for a ca €3.5bn notional amount cumulatively*

AUGUST 2015

August 1, 2015- *IMF interest payment of ca €175mn*

August 5, 2015- *€1.4bn T-bills redemption*

ECB policy meeting

August 20, 2015- *Two GGBs mature for a ca €3.2bn notional amount cumulatively*

Appendix I

Greece's initial list of reforms endorsed by the extraordinary Eurogroup of February 24, 2015

Greece's first comprehensive list of reforms that was approved by the February 23 Eurogroup teleconference, is comprised of a range of measures/policies covering four areas to: **(a)** fiscal structural policies; **(b)** financial stability; **(c)** policies to promote domestic economic growth; and **(d)** humanitarian crisis.

I. Fiscal structural policies

(i) *Taxation*

- ✓ Improve tax collection and fight against tax evasion. VAT policy will be rationalized in relation to rates in an effort to limit exceptions, eliminate unreasonable discounts and maximize actual revenues without exerting a negative impact on social justice.
- ✓ Create a new culture of tax compliance so as to secure that all sections of the society, and especially the well-off, contribute fairly to the financing of public policies.
- ✓ Broaden definition of tax fraud and evasion, disband tax immunity.
- ✓ Enforce and improve legislation on transfer pricing.
- ✓ Modernize the income tax code, eliminate exemptions and replace them, when necessary, with social justice enhancing measures.
- ✓ Modify the taxation of collective investment and income tax expenditures which will be integrated in the income tax code.

(ii) *Public financial management*

- ✓ Proceed with certain amendments to the Organic Budget Law. Budget implementation will be improved while payment procedures will be modernized and accelerated.
- ✓ Develop and implement a new scheme for the clearance of arrears, tax refunds and pension claims.
- ✓ The already established Fiscal Council will become a fully operational entity.

(iii) *Revenue administration*

- ✓ Enhance the openness and transparency of the process by which the General Secretary of the General Secretariat of Public Revenues is appointed, monitored in terms of performance and replaced.
- ✓ Strengthen the independence of the General Secretariat of Public Revenues (GSPR), if necessary through further legislation, while guaranteeing full accountability and transparency of its operations.
- ✓ The GSPR, and in particular the high wealth and large debtors units of the revenue administration, will be equipped with adequate staff, so as to target effectively tax fraud by and tax arrears of, high income social groups.
- ✓ Augment inspections, risk-based audits and collection capacities while seeking to integrate the functions of revenue and social security collection across the general government.

(iv) *Public spending*

- ✓ Review and control of public spending (*e.g.*, education, defense, transport, local government, social benefits)
- ✓ Improve the efficiency of central and local government administered departments and units.
- ✓ Identify cost saving measures in all ministries, rationalization of non-salary and non-pension expenditures which currently account for 56% of total public expenditure.
- ✓ Implement legislation to review non-wage benefits expenditure across the public sector.
- ✓ Identify non-eligible beneficiaries of social benefits through cross checks within the relevant authorities and registries
- ✓ Control health expenditure while improve the provision and quality of medical services to all citizens.

(v) *Modernization of social security reform*

- ✓ Continue to work on administrative measures to unify and streamline pension reforms; eliminate loopholes and incentives that boost early retirements, especially in the banking and public sectors.
- ✓ Consolidate pension funds for securing savings.
- ✓ Gradual annulment of third party charges in a fiscally neutral manner.
- ✓ Establish a closer link between pension contributions and income, streamline benefits, strengthen incentives to employers for declaring paid work and provide assistance to employees between 50 and 65, including through a Guaranteed Basic Income scheme, so as to eliminate the pressure for early retirement.

(vi) *Public administration & corruption*

- ✓ Turn the fight against corruption into a national priority.
- ✓ Target fuel and tobacco products' smuggling, monitor prices of imported goods so to prevent revenue losses during the importation process and tackle money laundering
- ✓ Reduction in the number of: a) ministries (to 10 from 16 currently), b) "special advisors" in general government; and c) fringe benefits of ministries, MPs and high-level government officials (*e.g.,* cars, travel expenses, allowances)
- ✓ Implement tighter legislation for the funding of political parties.
- ✓ Imminent activation of the - still inactive- legislation that regulates the revenues of media (press and electronic) while ensuring, through special designed auctions, that they pay the state market prices for frequencies used.
- ✓ Establish a transparent, electronic, real time institutional framework for public tenders/procurement.
- ✓ Reform the public sector wage grid aiming to decompress the wage distribution through productivity gains and appropriate recruitment policies without reducing the current wage floors but safeguarding that the public sector's wage bill will not increase.
- ✓ Rationalize non-wage benefits in an effort to reduce overall expenditure, without endangering the functioning of the public sector, in accordance with EU good practices.
- ✓ Promote measures for improving recruitment mechanisms, base staff appraisals on genuine evaluation, and establish fair processes for maximizing mobility of human and other resources within the public sector.

II. Financial Stability

(i) Installment schemes

- ✓ Improve swiftly the legislation for the repayment of tax and social security areas.
- ✓ Adjustment in installment schemes so as to help effective discrimination between those who can pay and don't and those whose capacity has been permanently impaired.
- ✓ Decriminalize lower income debtors with small liabilities.
- ✓ Step up enforcement methods and procedures.

(ii) Banking & Non-Performing loans

- ✓ Banks will be running on sound commercial/banking principles.
- ✓ Full utilization of the EFSF to ensure its key role on securing the banking sector's stability while complying with EU competition rules
- ✓ Dealing with non-performing loans taking into account, among others, banks' capital positions, the functioning of the judiciary system, the state of the real estate market
- ✓ Collaboration with the banks' management and the institutions to ensure protection of primary residences, under certain conditions. Certain measures to be adopted for supporting the most vulnerable households who are unable to service their loans.
- ✓ Align the out-of-court workout law with new installment schemes, to limit risks to public finances and the payment culture, while facilitating private debt restructuring
- ✓ Modernize bankruptcy law and address the backlog of cases

III. Policies to promote domestic economic growth

(i) Privatization & public asset management

- ✓ Commit not to roll back privatizations that have been completed.
- ✓ Safeguard the provision of basic public goods and services by privatized firms/industries in line with national policy goals and in compliance with EU legislation.
- ✓ Review privatizations that have yet to be launched with a view to, among others, improve the terms, enhance completion in the local economies, promote national economic recovery and stimulate long term growth prospects.
- ✓ Each new privatization project will be examined separately and on its own merits with an emphasis on long leases, joint ventures (private-public collaboration) and contracts that maximum government revenues and prospective levels of private investment.
- ✓ Unify the Hellenic Republic Asset Development Fund (HRDAF) with various public asset management agencies with a view to develop state assets and enhance their value.

(ii) *Labor market reforms*

- ✓ Achieve EU best practice across the range of labor market legislation, benefiting from the existing input of the ILO, the OECD and the available technical assistance.
- ✓ Expand and develop the existing scheme that provides temporary employment for the unemployed, improve the active labor market policy programs for updating the skills of the long term unemployed.
- ✓ Phasing a new approach to collective wage bargaining, including the ambition to streamline and over time raise minimum wages in a manner that safeguards competitiveness and employment prospects. The scope and timing of changes to the minimum wage will be made in consultation with social partners and the European and international institutions, including the ILO.

(iii) *Product market reforms and a better business environment*

- ✓ Remove barrier to competition based on OECD proposals.
- ✓ Strengthen the Hellenic Competition Commission.
- ✓ Introduce actions to reduce the administrative burden of bureaucracy, based on OECD proposals.
- ✓ Better land use management.
- ✓ Lift disproportionate and unjustified restrictions in regulated professions as part of the overall strategy to tackle vested interests.
- ✓ Align gas and electricity market regulation with EU good practices and legislation.

(iv) *Reform of the judicial system*

- ✓ Improve the organization of courts through greater specialization, adopt a new Code of Civil Procedure
- ✓ Promote the digitization of legal codes, the electronic submission system as well as governance of the judicial system.

(v) *Statistics*

- ✓ Honor fully the institutional independent of ELSAT.
- ✓ Guarantee the transparency and propriety of the process of appointment of the ELSTAT President in September 2015, in cooperation with Eurostat.

IV. Policies to address the humanitarian crisis

- ✓ Address needs arising from the recent rise in absolute poverty, by means of higher targeted non-pecuniary measures (e.g. food stamps and free electricity to households falling below the poverty line).
- ✓ The aforementioned item will be implemented in a way that is helpful for reforming public administration and fighting bureaucracy/corruption (e.g., issuance of a Citizen Smart Card that can be used as an ID card)
- ✓ Evaluate the pilot Minimum Guaranteed Income scheme with to view to extend it across the country.
- ✓ Ensure that policies addressing the humanitarian crisis do not have a negative fiscal effect.

Appending II

Table A- Greek General Government amortization payments in Mar-Dec 2015 (EURbn)

	IMF	Greek government (pre-PSI) bonds, mainly held by the Eurosystem (ECB & NCBs)	Greek Government International Bonds (PSI holdouts)	Helenic Railways Organization SA
Mar-15	1.532			0.063
Apr-15	0.449			
May-15	0.747			
Jun-15	1.523			
Jul-15	0.449	3.491	0.086	
Aug-15		3.188		
Sep-15	1.532			
Oct-15	0.449			0.174
Nov-15				
Dec-15	1.120			
Mar-Dec 2015	7.801	6.679	0.086	0.237
Total March-December 2015		**14.8**		

Source: PDMA, EC, IMF, Eurobank Global Markets Research

Table B- Greek General Government interest payments in Mar-Dec 2015 (EURbn)

	IMF	GLF interest payments (loans disbursed under 1st	EFSF interest payments (€34.5bn loan disbursed	Greek government bonds	Greek government International bonds (PSI	Railways Organization SA- interest	Athens Urban Transportation Organisation	Other (non-tradable debt)
Mar-15		0.075		0.112	0.002	0.02		0.549
Apr-15				0.274	0.012			0.082
May-15	0.196				0.003	0.002		
Jun-15		0.075	0.181	0.085		0.001		0.19
Jul-15				0.764	0.047			0.105
Aug-15	0.175		0.085	0.197	0.014			
Sep-15		0.071		0.006			0.008	-0.03
Oct-15				0.208		0.008		0.065
Nov-15	0.154				0.003			
Dec-15		0.068				0.008		0.058
Mar-Dec 201	0.53	0.29	0.27	1.65	0.08	0.04	0.01	1.02
Total March-December 2015		**3.87**						

Table C- Scheduled Hellenic T-Bill maturities (EURbn)

March (9-31)	3.0
Apr-15	2.4
May-15	2.8
Jun-15	2.0
Jul-15	2.0
Aug-15	1.0
Sep-15	1.4
Total	**14.6**

Source: PDMA, EC, IMF, Eurobank Global Markets Research

Appendix III

Table: State Budget Execution in January 2015

	Jan-14	Jan-15				FY-2014	FY-2015
	Realization (€mn)	Realization (€mn)	Realization YoY%	MTFS 2015-2018 Target (€mn)	Deviation (€mn)	Realisation (€mn)	Budget 2015 Target (€mn)
	(1)	(2)		(3)	(4) = (2)-(3)	(6)	(7)
I. Ordinary Budget Balance (A-B)	895	317	-64.6%	1,266	-949	-1,821	1,566
State Budget Net Revenue (A+C1)	4,450	3,683	-17.2%	4,617	-934	51,367	55,603
A. Ordinary budget net revenue (A1+A1-A3)	4,418	3,490	-21.0%	4,537	-1,047	46,650	50,871
A1. Revenue before tax returns	4,713	3,846	-18.4%	4,814	-968	49,636	53,171
A2. Privatisation proceeds	0	0		0	0	384	577
A3. Tax returns	295	356	20.7%	277	79	3,370	2,877
State Budget Net Expenditure (B+C2)	3,831	3,314	-13.5%	3,331	-17	55,063	55,705
B. Ordinary budget expenditure (B1+B2+B3+B4+B5)	3,523	3,173	-9.9%	3,271	-98	48,471	49,305
B1. Primary expenditure	2,951	3,097	4.9%	3,150	-53	41,928	41,887
B2. Military procurement (on a cash basis)	0	0		30	-30	345	700
B3. Guarantees called	356	0		11	-11	587	818
B4. Net interest payments	216	76	-64.8%	80	-4	5,569	5,900
B5. Loan disbursement fee to EFSF	0	0		0	0	42	0
II. Public Investment Budget (PIB) (C1-C2)	-276	52	-118.8%	20	32	-1,875	-1,668
C1. PIB net revenue	32	193	503.1%	80	113	4,717	4,732
C2. PIB expenditure	308	141	-54.2%	60	81	6,592	6,400
III. Central Government Budget Balance (I+II) (+ surplus, - deficit)	619	369	-40.4%	1,286	-917	-3,696	-102
IV. Central Government Primary Balance (III+B4) (+ surplus, - deficit)	835	445	-105.2%	1,366	-921	1,873	5,798

Source: Ministry of Finance

Eurobank Global Markets Research

Global Markets Research Team

Dr. Platon Monokroussos: *Chief Market Economist*
pmonokrousos@eurobank.gr, + 30 210 37 18 903

Paraskevi Petropoulou: *G10 Markets Analyst*
ppetropoulou@eurobank.gr, + 30 210 37 18 991

Galatia Phoka: *Emerging Markets Analyst*
gphoka@eurobank.gr, + 30 210 37 18 922

Anna Dimitriadou: *Economist*
andimitriadou@eurobank.gr, + 30 210 37 18 793

Global Markets Sales

Nikos Laios: *Head of Treasury Sales*
nlaios@eurobank.gr, + 30 210 37 18 910

Alexandra Papathanasiou: *Head of Institutional Sales*
apapathanasiou@eurobank.gr, +30 210 37 18 996

John Seimenis: *Head of Corporate Sales*
yseimenis@eurobank.gr, +30 210 37 18 909

Achilleas Stogioglou: *Head of Private Banking Sales*
astogioglou@eurobank.gr, +30 210 37 18 904

George Petrogiannis: *Head of Shipping Sales*
gpetrogiannis@eurobank.gr, +30 210 37 18 915

Vassilis Gioulbaxiotis: *Head International Sales*
vgioulbaxiotis@eurobank.gr, +30 210 3718995

Eurobank Ergasias S.A, 8 Othonos Str, 105 57 Athens, tel: +30 210 33 37 000, fax: +30 210 33 37 190, email: EurobankGlobalMarketsResearch@eurobank.gr

Eurobank Global Markets Research

More research editions available at htpp://www.eurobank.gr/research
Greece Macro Monitor: Periodic overview of key macro & market developments in Greece
Daily overview of global markets & the SEE region:
Daily overview of key developments in global markets & the SEE region
South East Europe Bi-Monthly:
Monthly overview of economic & market developments in the SEE region
Global Markets & SEE themes: Special focus reports on Global Markets & the SEE region

Subscribe electronically at htpp://www.eurobank.gr/research
Follow us on twitter: https://twitter.com/Eurobank Group