# Press release

***Sending a Vote of Confidence to Greece & Encouragement to Keep On with Reforms***
***An International Summit on Greece in New York***
***Featuring Top US Investors, Global Investment Banks,***
***Representatives of the Four Institutions & the Greek Government***
***The 17th Capital Link Invest in Greece Forum Held with Great Success – 1100+ Delegates***

**The Prime Minister of the Hellenic Republic, three Greek Government Ministers** and the **representatives of the four institutions** joined by **major Global Investment banks and organizations** participated in the **17th Annual Capital Link Invest in Greece Forum in New York**, which is held every year irrespective of the political changes and economic conditions in Greece and has been established as the main platform through which U.S. investors are informed of the current government program for the economy as well as for the investments and business opportunities. **Citi and Tsakos Energy Navigation have been the Lead Sponsors for seven years in a row.**

Extroversion and direct communication with the global financial, business and investment community are necessary in order to attract foreign investments and put the Greek economy back to a growth trajectory. In this context, for the **17th year in a row**, the **Capital Link's Invest in Greece Forum** took place in New York City **on Monday December 14, 2015 at the Metropolitan Club in New York City** in cooperation with New York Stock Exchange, major Investment Banks and Organizations and took place at an optimal time, after Greece achieved an initial agreement with the Institutions this summer and had just successfully concluded the bank recapitalization process.

Conferences organized in Greece address mainly a local audience that is usually aware of the domestic situation. As international investors are not based in Greece, presenting Greece as an investment destination must be done where investors reside and decisions are made. Although there are numerous investment Conferences organized in Greece, there are only a few organized abroad which raise awareness of Greece as an investment destination.

The Annual Capital Link Forum is the only high level International Forum focusing on Investing in Greece taking place in New York. It has 17-year track record of success gathering the elite of the financial and investment communities, as well business and government leaders from the United States and Greece.

As every year, more than **1100 delegates** attended the forum, which provided them with a unique combination of informational, marketing and networking opportunities. **Distinguished speakers and executives** from the entire spectrum of financial, investment and business communities, such as US institutional investors, investment and commercial banks, analysts, portfolio managers, financial advisors, brokers and companies with activity in Greece, as well as international and Greek media participated in the forum. It also provided foreign investors with unique networking through more than **150 one-to-one meetings** with listed and unlisted companies, as well as, with members of the Greek government delegation.

It was again a real **"WHO-IS WHO" of WALL STREET.** Since 1995, Capital Link has consistently toiled at raising the profile of Greece among the global financial, business and investment community and at fostering closer business and investment ties between Greece and the United States.

This year the Forum featured developments and reforms in the Greek economy and the Greek government program for the economy and investments. Also, the latest trends in the capital and stock markets with topics such as Government and Corporate Bonds, energy, infrastructure development, real estate, tourism, banks, non-performing loans management, and global shipping.

Among the attendees, we can name indicatively **Paulson & Co., Calamos Investments, Wilbur Ross & Co., C. Dean Metropoulos & Co., Libra Group, Red Apple Group, Alden Global Capital, Anchorage, Atlantis Asset Management, Bluecrest, Bracebridge Capital, Cleargate Capital, Constellation Capital Management, Contrarian Capital, Corsair Partners, EOS Partners, Fintech, Global X Etfs, Greylock Capital, Jefferies, King Street Capital Management, Monarch Capital, Moore Capital, Oaktree Capital, O-Cap Management, LP-Stone Hill, York Capital, Citi International Ltd., Bank**



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**of America Merrill Lynch, BNP Paribas, Credit Suisse, Deutsche Bank, Goldman Sachs, UBS, Axia Ventures Group, Mizuho Bank**

The Forum and other events held in its context were broadcasted by **TV Station Antenna Satellite and the Greek Channel of New York, New Greek TV.**

**Nicolas Bornozis,** the President of Capital Link, highlighted the importance of this Forum in reaching out to the global investment, financial and business community. He emphasized that this is an International forum on Greece which provides the view point of all major global and domestic players who are active in the Greek market. He mentioned that Greece has managed to pull back from the brink at the last moment and seems now to be entering a new phase where an economic turnaround can actually take place, provided that Greece keeps on track with the implementation of the agreed reforms. The fact that the bank recapitalization was recently successfully concluded attracting a new inflow of private capital from major international investors, as well as the fact that the four Institutions, major investment banks and top US investors present at the forum, are an indication of the interest and will of the international community to support Greece.

## THE GOVERNMENT PERSPECTIVE

### REMARKS BY H.E. ALEXIS TSIPRAS, PRIME MINISTER OF GREECE

**H.E. Prime Minister Alexis Tsipras** addressed the delegates of the forum via a televised message and called investors to trust Greece. "I am very glad to address your forum. It is a great opportunity to present the prospects of Greek economy and the strategic planning to fulfill them. It has been almost a year since the Greek people authorized us to challenge the harsh austerity programs that were imposed on Greece. We negotiated hard, asking for true reforms that enhance growth and do not shrink our economy's potential. We ended up with a compromising agreement that contains, for the first time: lower fiscal targets, more European investment funds and the clear commitment for a debt relief. Those three aspects, combined, are a crucial stepping stone to restart our economy and tackle the huge unemployment that threatens our social cohesion.

At the elections of last September, our people confirmed their trust in us and gave us the mandate to apply as fast as possible the program and regain our access back to international markets, and therefore our independence. In this stable political environment we take advantage of widespread consensus to promote a set of drastic policy reforms and changes that our society needs. In this respect:

We simplify our tax system and we combat tax evasion. That, creates a stable and investment friendly environment,
We put into place an anti-bureaucratic legal and operational framework for investment,
We enact radical public administration reforms by hitting corruption and favor meritocracy and evaluation,
We create synergies between the public and the private sector that allow investments to flourish,
We take measures to reform our judicial system,
We upgrade and modernize bankruptcy law.

Within a challenging international environment, we managed to recapitalize systemic banks, mainly by attracting private investors. Their response is a reward for our efforts and a message that we are on track with respect to our commitments.
The Greek GDP is expected to return to positive growth rates in the second half of 2016. Meanwhile, the impending lifting of waiver and the expected integration of Greek bonds from the ECB in QE program in 2016 will give us the stimulus to get in the capital markets. We are optimistic that we will succeed and achieve easy access to finance both for the public sector and the enterprises. The geostrategic position of our country elevates us in energy and transit hub. As far as the energy sector is concerned, development prospects in areas such as pipelines, gas, green energy, could attract high quality investments. At the same time, the sector of logistics and infrastructure projects are important ones. A series of infrastructure public investments will start immediately. Funding opportunities for public and private investment, through the so-called "Juncker Plan", do exist, but we will always be open to attracting new investment capital. Tourism has been developing for three years in a row and established our country as a top quality destination worldwide. The upgrading of physical and urban planning opens more investment prospects in luxury, medical and other alternative forms of tourism. In the shipping sector the world domination of the Greek-owned fleet is clear proof of what the Greek people are capable to do if they find the necessary

means and invest in their skills. We recognize our weaknesses but we try to transform them into strengths and opportunities. At the same time, we exploit our comparative advantages. We invite you to trust us."" he said.

## REMARKS BY HON. GEORGE STATHAKIS, MINISTER OF ECONOMY, DEVELOPMENT & TOURISM

**Hon. George Stathakis, Minister of Economy, Development & Tourism of the Hellenic Republic** in his speech via a televised message entitled "The New Investment Landscape in Greece" stated: "After last summer's agreement with our international lenders, there are some major milestones that will put on track the Greek economy.

The first milestone is the two successive agreements that we have fulfilled already, concerning the implementation of the program. The second milestone is the recapitalization of the banks, that has also been very successful and that provides financial stability for the Greek banking sector, which will be integrated into the European Banking System from January the 1st. The third milestone is the first review of the program to be completed by next February which will provide long term stability to the fiscal issues of the Greek economy. And the fourth milestone is the reprofiling of the Greek debt after 2020-2022, the long term Greek debt, which will remove any long term danger of a Grexit or any other similar threat.

The Greek government that came into power after this September's elections has provided political stability in Greece and is working in order to sustain political stability in a region of high turbulence. The major issue, after the completion of those milestones, is obviously the return to growth.

The Greek economy during 2015, despite capital controls, performed quite well. Initial predictions after capital controls, were talking about 2.4-4% of recession rate. In reality, at the end of the year recession rates will be less than 1%, which indicates that there is a strong cyclical growth element in the Greek economy which will make certain that it will return to growth most likely in the second semester of next year.

This growth potential has to be strengthened. The government has been focusing on major initiatives so as to make sure that this growth is sustainable: There is a new investment grant legislation, including foreign direct investment to be in place by January the 1st. There is a new public procurement system, following the lines of the European Commission, that will provide a much more open and competitive system. There is an initiative for the establishment of a development fund that will mobilize European financial tools and direct resources to the much needed financing of SMEs in Greece.

There are also major initiatives in continuing the policies of opening up specific markets, professions, and facilitating the licensing process. Taking into account all these initiatives, the Greek economy may see next year as promising for its return to growth. Last but not least, the great advantage of the Greek economy, except the obvious sectors such as shipping, tourism, areas of manufacturing, agribusiness etc., is its human capital. One out of two young Greeks is a university graduate. In effect this is the greatest advantage of all and it's up to us to mobilize all available resources to turn this economy into a sustainable growth path".

## LUNCH & KEYNOTE ADDRESS

The **Luncheon Keynote Speaker** was **Hon. Dimitris Mardas,** *Deputy Minister of Foreign Affairs – International Economic Relations & Investments* of the Hellenic Republic, who emphasized the stable political environment and set out the government's new policies for attracting new foreign direct investments and promoting exports. He noted that Greece will need major investments in the coming years in order to achieve high growth rates. He referred to the government's initiatives for creating a stable and favorable investment environment through streamlined bureaucracy and, mainly, the simplification of licensing procedures for investments. Mr. Mardas also underscored Greece's geostrategic position, which facilitates its becoming an energy and transit hub, referred to the positive prospects that exist in a number of sectors, including tourism, and called on investors to show confidence and invest in Greece.

**Hon. Dimitris Mardas** was introduced by **Mr. Jay Collins,** Managing Director, Vice Chairman Corporate & Investment Banking of Citi, which has been the Lead Sponsor of the Annual Capital Link Invest in Greece forum for seven years in a row. Mr. Collins mentioned: "Last July also marked the renewal of Greece's partnership with its official sector creditors. This was an important and pragmatic decision by the government of Mr Tsipras and none of us take lightly the gravity of the predicament at the time. But going forward, our greatest challenge lies in ability to fund the capital needs of the banking sector determined by the execution. Here, I think, the risks are enormous, first because the program milestones are ambitious and the efforts to get there will continue to be Herculean. Second, is because of the risks of "Greece fatigue", on all sides, government fatigue, Greek people, Troika, and European voters. We don't want to test the precipice again. We have good news in the first, and possibly one of the most significant milestones: SSM's Comprehensive Assessment. In what seemed to be a tall order, the Greek banking system successfully raised €8.5 billion of new capital from the private sector".

**The Luncheon Welcome Remarks were made by Mr. Stefan Jekel,** *Head of International Client Services,* of the New York Stock Exchange, who reiterated NYSE's commitment and growing relationship with Greece, Greek Entrepreneurs, the Greek Maritime community and the Greek-American Diaspora. For the last ten consecutive years, the Annual Capital Link Invest in Greece Forum has been held in cooperation with NYSE which also hosts Greek Day at the New York Stock Exchange concluding the Forum.

## REMARKS & PRESENTATIONS

**H.E. Christos Panagopoulos, Ambassador of Greece to the United States** in his speech entitled **"Greece Today"** stated: "In 2015 Greece continues to struggle with severe economic deficiencies, yet showcases indubitable competitive advantages. Greece remains an attractive destination for high-value investments attributable to its unique geopolitical position, excellent terrain and rich untapped renewable energy stock, as well as a significant infrastructure that is being developed coupled with highly motivated and creative human capital.

Recent developments indicate that Greece is restoring its international credibility as we are fulfilling our obligations and implementing the necessary structural reforms, while mitigating the severe repercussions of the painful adjustments. Adopting what Winston Churchill said, we will not "let the crisis go to waste" for we are determined to turn adversity into advantage."

**Mr. John Gikopoulos,** *Principal* of McKinsey & Company Greece, in his speech entitled **"Greece 10 Years Ahead - Strategy Update"** stated: "Greece has lost 27% of its GDP over the last 8 years, suffering an unprecedented humanitarian and financial crisis. Following two (and now the third) reform programs, the country's financials are getting back into shape. To ensure the adjustment is not only fiscal and pave a path towards sustainable growth, investments to the extent of an incremental 16 bn p.a. (vs historical lows) would be required. Select Greek companies, with aligned characteristics, have shown resilience during the crisis and now investment opportunities (in intrinsically robust companies / assets) have started appearing in multiple sectors such as Hotels, Healthcare, Ferry Shipping and Aquaculture".

**Mr. Charles Dallara,** *Executive Vice Chairman* - Partners Group *& former Chairman* - International Institute of Finance in his speech entitled **"Greece – The Way Ahead"** stated that Private equity firms are actively looking for investment opportunities in Greece. Over the course of his career, he both conducted business in Greece and lived in the country. He indicated that although the most recent years have been challenging, with much having gone wrong, Greece is now emerging from their most recent crisis. Despite the things that have gone wrong, the reduction of Greece's fiscal deficit has been a remarkable.

## GREECE, EUROPE & THE GLOBAL ECONOMY

### PANEL DISCUSSION: The Global Economy - Europe & Greece Current State & Outlook

The panel was moderated by **Mr. Pimm Fox,** *Anchor* - Bloomberg Radio & TV. The Panelists were:

- **Mr. Declan Costello**, *Director* - **European Commission, Directorate-General for Economic & Financial Affairs**
- **Mr. Nicola Giammarioli**, *Head of Strategy & Institutional Relations* - **European Stability Mechanism**
- **Mr. Rasmus Rüffer**, *Head of the Monetary Policy Strategy Division* - **European Central Bank**
- **Mrs. Delia Velculescu**, *Deputy Unit Chief in the European Department* - **International Monetary Fund**
- **Mr. Dirk Schumacher**, *Managing Director, Senior Economist* - **Goldman Sachs**

**Mr. Declan Costello,** mentioned that several reform packages agreed are on track and expressed his positive surprise with the resilience of the Greek economy despite the difficulties of the recent period. He mentioned that because of the imposition of capital controls the expectation was that the Greek economy would contract by about 2%. The estimates have now been revised, with the recession now expected at almost zero. There is growth potential in the second or third quarter of 2016. He also noted the first review of the program should begin around mid-January and that its successful conclusion would be a major step forward providing additional clarity and stability for Greece. Key challenges remain in terms of restoring competitiveness, increasing exports and continuing with the agreed set of reforms, which will unlock further disbursements of funds to the Greek economy. He also mentioned that there has been political will at the highest level to commence debt relief discussions after the conclusion of the January review. As he stated, the question for debt relief is not if, but how, and the details to be discussed.

The IMF Mission Chief to Greece, **Mrs. Delia Velculescu** identified three major challenges ahead. Namely, the country's public finances remain weak and Greece still has work to do to achieve its macroeconomic targets. A second major issue is the high volume of non-performing loans, which remain a source of vulnerability. The authorities need to complete the legal framework for non-performing loans, and to ensure the banks can clean up their balance sheet, thus allowing the banking system to return to its credit providing function. Third, further reforms are needed to restore competiveness, an open business and investment environment, and the much needed job creation. The focus will be the implementation of reforms to lower barriers of entry, and open regulated professions. She also noted that the IMF has been actively supporting Greece and reiterated its commitment to continue helping the country. She reiterated that further reforms must be undertaken by Greece while also debt relief must be provided by the European creditors.

**Mr. Ramus Ruffer,** the ECB's Mission Chief to Greece, mentioned that a functioning financial system is essential to help the recovery materialize and the recent recapitalization of the Greek banks has been a significant step in this direction. Credit standards for firms had tightened again, driven particularly by risk consideration on the side of banks. Lending rates to firms had increased recently. Small and the medium enterprises, which are the backbone of Greek economy, had no improvement in their external funding situation. Following some deteriorations on the liquidity side for banks, recently deposits have stabilized, but they are still at a depressed level. Even though the deterioration of the economic situation has taken a toll, its impact has been less significant than many had feared. Banks have been able to raise the necessary capital and strengthen their capital positions to large extent through private means. Further improvement is still needed for the banking system that went through this third recapitalization in recent years, to improve banking sector efficiency and governance.

Assuming the first round review will be completed, we expect the discussion on the terms of debt restructuring and relief in early February. We need to look at the debt problem from a cash flow concept instead of a stock concept of debt. Which means that it is important to consider the capacity of Greek government to service its existing debt, such as interest payments. Official lenders hold the majority of the Greek debts, and these debts already have generous terms, such as low interest rate, grace period and long repayment periods. He pointed out that debt relief is something that each of the union's member states will have to discuss. He concluded stating that if Greece keeps up with the reforms agreed, there is light at the end of the tunnel.

**Mr. Nicola Giammarioli**, *Head of Strategy & Institutional Relations* - **European Stability Mechanism,** mentioned that the ESM operates a similar strategy to IMF, providing financial support to countries undergoing reforms in domestic economies and financial policies. Portugal, Spain and Ireland have successfully exited the program with Cyprus on its way. Greece showed positive signs, such as economic growth, successful debt raising and investment interest in banking sector until the recent political developments. Given the experience of other countries, ESM believes that the situation in Greece will improve in the next few years if the authorities are committed to implementing reforms. The ESM holds 45% of Greek debt, with interest rates matching its funding cost, close to 1%. Politically, although passing some of the reforms in the parliament is difficult, the coalition has won two elections, and therefore, they have strong political mandate to carry on with the program.

**Mr. Dirk Schumacher**, *Managing Director, Senior Economist* - **Goldman Sachs** mentioned that the European economies have started to recover broadly and stably, and are expected to grow 2% next year. Greece did not go through a massive recession and drag down the whole European economy as people thought. There is a clear divergence on both sides of the Atlantic Ocean in terms of monetary policy. The Fed will start hiking rates while the ECB easing monetary policy further.


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Regarding Greece he mentioned that there has been progress in the last few months and the reemergence of trust which had been lost. This is, as he mentioned, a fresh beginning.

# SECTOR PANELS - OPPORTUNITIES & CHALLENGES

## PANEL DISCUSSION:
## The Global Capital Markets & the Case for Greek Debt

The panel was moderated by **Mr. Apostolos Gkoutzinis,** *Partner, Head of European Capital Markets* - Shearman & Sterling (London) LLP. The panelists were:

- **Mr. Babis Mazarakis,** *Group CFO* - OTE Group
- **Mr. Antonios Kerastaris,** *Group CEO* - Intralot
- **Mr. Giulio Baratta,** *Head of Investment Grade Finance* - BNP Paribas
- **Mr. Emilios Kyriacou,** *Managing Director, Citi Country Officer for Greece* - Citi International Ltd
- **Mr. Nicholas Exarchos,** *Head of Corporate Finance, Greece and Cyprus* - Deutsche Bank

**Mr. Apostolos Gkoutzinis**: "Greek financial institutions and companies in all sectors need to regain access to international capital markets, especially for long-term financing. The country is a member of the eurozone (ie an integrated currency area with a strong reserve currency), member of the EU institutional, legal and regulatory framework, and linked to international capital flows for decades. Lack of international market access for the Greek financial and private sector, especially due to political instability and failed policies of the public sector, is by far the worst way in which Greece cannot take advantage of its euro and EU membership. The situation must be urgently reversed. Greek financial and corporate issuers are good credits and I am confident that they will attract investor confidence, especially in the corporate bond market, if political and currency risk is removed off the table once and for all".

**Mr. Antonios Kerastaris:** Intralot, having only 2% of turnover in Greece- not really a Greek company/international. There is reservation about Greek story. Markets, hesitant, want to test the regime and give time. Institutions are optimistic but with reservations, the same as the markets. Any asset will be considered a bargain in case there is a rebound in Greek economy. Given the performance of the companies the coupon that need to be paid is too high.

**Mr. Giulio Baratta:** Investors want to see a steady progress to be continued and no surprises. In a steady situation, corporates can access the market each with a premium. There is a peripheral fiscal in Europe, not only a Greek thing. Now Italians, Spanish are able to finance.  We don't have domestic systems that can be supported up front. That's why it's hard to observe an international interest for investments.

**Mr. Emilios Kyriacou:** If there are positive news from the fiscal aspect (bank recap, signed) more corporates will be able to finance. If they have a credible story to tell to the markets the will continue to have access. Smaller companies are difficult to resource under liquidity and credit constraints. Confidence needs to be built. The difficulty is despite their access to market they pay a high premium. As bills are legislated this will lower. Rate yields in bond market are not doing well, this might continue. For new issuers there is a bigger challenge.

**Mr. Nicholas Exarchos:** Greek firms are very robust; coming out of stress tests with flying color, market appreciates that. Hopefully new issuers will come in the market; it will take a long time. Investors draw down on political situation in Greece. For better corporate spreads, Greek sovereign bond's rates need to come down. Political backdrop- tax, regulatory change: spooks investors, Retain stability. Alternative investment and funding sources-asset backed securities. Size matters-not impossible will get easier as sovereign rates come down and there is political stability.

## PANEL DISCUSSION: Energy Sector: Trends, Developments & Outlook

The panel was moderated by **Ms. Virginia Murray,** *Partner* - Watson Farley & Williams. The Panelists were:

- **Mr. Manolis Panagiotakis,** *Chairman & CEO* - PPC S.A.
- **Mr. Mathios Rigas,** *Chairman & CEO* - Energean S.A.
- **Mr. George Linatsas,** *Managing Director & Founding Partner* - Axia Ventures Group

The panel provided an interesting outlook of the energy sector as a whole, and why investors should consider investing in this high potential market segment. As a conclusion, investing in Greece, and in the energy sector specifically is a wise decision as the energy sector, could be the key sector to bring county's revenue growth back. Off course it should be mentioned that none of the above can be achieved if there is no political stability in the country.

**Ms. Virginia Murray:** "The energy sector in Greece has been confronted by a number of challenges over the last year. The privatization of ADMIE, the Greek grid operator, has been cancelled and the plan to split PPC into two companies to force the liberalization of the generation and supply market has also been abandoned this year; an adequate alternative to ensure liberalization has still not been fully defined. For renewable energy, a new funding regime to replace the feed-in tariff must be brought in by 1 January 2016 to adopt the EU Target Model and State Aid Guidelines for renewable energy support arrangement; this is likely to take the form of a feed-in premium and limited auctions. Following the decision of the Commission blocking the sale of more than 49% of the company's shares to Socar, 17% of DESFA, the Gas Transmission Operator, is currently on sale to European investors. For the oil and gas sector, progress is being made on exploration of new fields, although the current low oil prices make large investments increasingly difficult to finance."

**Mr. Manolis Panagiotakis:** "PPC Group is vertically integrated, active across the electricity value chain: generation, transmission, distribution, supply in the mainland and the islands, servicing c. 7.4 million customers. In the last six years, PPC has realized significant capex in generation and network assets, exceeding € 5 billion, attracting also capital from the debt capital markets and international financial institutions. Greek electricity market is in a transitional phase towards the European Target Model. The key targets are competitive electricity cost and pricing of electricity, a rational operation of the wholesale and retail market in line with healthy competition rules, as well as the protection of the environment. Building on its strengths, PPC aims at attracting significant investments, which will add value to the national economy, and seeks to play a leading role also in the broader region."

**Mr. Mathios Rigas:** "Greece is emerging as an energy hub for Europe, as a matter of its favorable geopolitical position and the Greek Government's will to promote the energy sector as a key driver to exit from the economic crisis. In regard to hydrocarbons, Greece is an underexplored country of the EU with significant exploration potential, a stable oil & gas investment environment despite the recent political changes, easy monetization of E&P assets and a favorable fiscal regime. Energean Oil & Gas, the only hydrocarbon explorer and producer in Greece, is developing 60 mmbbls of Reserves & Resources in Prinos basin in the North Aegean, through a 3-year investment plan in 2014-2017, aiming at raising production at 10,000 barrels/day. Low breakeven and cash flow underpinned by BP contract are key factors to the success of the new investment plan which however takes place amid continuous slump of the oil price and a major downturn in the oil gas industry globally. Furthermore, Energean is exploring Prinos, Western Greece, Adriatic, Egypt and Israel and developing the first UGS project in Greece. Investment opportunities exist in oil exploration and production and gas infrastructure of the country, while latest discoveries in the SE Mediterranean revive the interest in the region. As a result of the severe drop of oil prices, independent publicly listed E&P companies active in the region have experienced the largest drop in market capitalization compared to global peers, offering an opportunity to invest while in the low part of the cycle, however, protected downside and significant upside are necessary to justify the risk".

**Mr. George Linatsas**, offered a couple of interesting points as to why investing in Greece, and the energy sector specifically, is a good buy opportunity for investors to allocate a substantial amount of their funds. For Greece as a whole, its Geopolitical location "strategic positioning", as well as the construction of the Trans Adriatic Pipeline that will connect the West to the East, will make Greece a major energy hub of Eastern Europe providing ample opportunities for growth and sizable returns.

Moreover, recently, significant hydrocarbon discoveries and reserves in the Aegean and the Ionian Sea, demonstrate potential possibilities for high yield investments in the drilling sector.

## PANEL DISCUSSION: Infrastructure Investing

The panel was moderated by **Mr. Philippe Chryssicopoulos,** *Managing Director, Head of EMEA Infrastructure* - Merrill Lynch Bank of America Securities. The Panelists included:

- **Mr. Tomasz Telma,** *Regional Director for Europe and Central Asia* - International Finance Corporation
- **Mr. Piotr Mietkowski,** *Managing Director* **-** BNP Paribas
- **Mr. Ronald Kleijwegt,** *Director, EMEA Supply Chain & Logistics* **-** HP Inc.

Many investment experts agreed that infrastructure is a very lucrative area for investment. This applies not only for the developed countries but in the developing countries as well. For Greece specifically, the most important infrastructure investment is the port of Piraeus.

**Mr. Ronald Kleijwegt:** "As a leading PC and Printer company, it's important for HP to constantly seek supply chain improvements that maximize efficiency while driving business value. Whether it's through innovations in procurement, design and logistics or a commitment to lowering and greenhouse gas emissions throughout our supply chain, HP leads the industry in creating an optimized and socially and environmentally responsible supply chain. As part of its strategy to reduce transit time, costs and CO2 emissions, while delivering HP products to our customers as quickly as possible, HP is using a route to market that utilizes the recently-renovated Port of Piraeus – a Greek Transit Center where HP is connecting Asia to Greece as a new gateway into Europe, the Middle East and Africa (EMEA). This strategy dovetails with HP's larger Supply Chain Social and Environmental Responsibility program and underscores how we leverage our scale, purchasing power and experience to drive innovation, improve processes and respect the environment."

## PANEL DISCUSSION: Real Estate Investing

The panel was moderated by **Mr. Evangelos Lakatzis,** *Partner* **-** A.S. Papadimitriou & Partners Law Firm.
The Panelists included:

- **Mr. George Chryssikos,** *CEO* **-** Grivalia Properties
- **Mr. Aristotelis Karytinos,** *CEO* **-** Pangaea REIC
- **Mr. Jamie Riera,** *Director, Real Estate Investment Banking* - Credit Suisse

This was an interesting panel regarding value investing, in the real estate market in Greece, which has reached the bottom according to people relevant to the sector.

**Mr. George Chryssikos: "**Grivalia Properties is the leading REIT in Greece and amongst the 20 largest Groups in the Athens Stock Exchange. Values are of highest importance to our company: ethics, integrity, transparency, professionalism. Our goal is to create value for our shareholders, our people, and our community. We invest only if there is a clear potential for value creation, not only through a yield compression play, but in assets with a high revenue upside probability and in assets that with the proper active management can perform substantially better. We are also investing in sustainability of our portfolio through several ongoing initiatives with a goal to reduce by more than 25% the energy consumption and carbon omissions in our buildings. Recently, we have launched our hospitality fund aiming to invest in the high-end touristic sector in Greece, which has as a goal not only the returns but also contributing in the recovery of Greek economy."

**Mr. Aristotelis Karytinos,** and **Mr. Jamie Riera** mentioned that local partners are a need to make international investors able to invest in the market. The sector need to be more institutionalized and this is very important for the institutional investors. Investors that invest in the real estate market they are looking for the four following thinks when it comes to investing according to Mr. Riera:

1) Clean properties (without liens)
2) Provide the investors with a stable cash flow
3) Economic and political stability


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4) Efficiency and liquidity (that come from political stability)

## PANEL DISCUSSION: Investment Opportunities in Tourism & Hospitality

**Keynote Speaker at this section was Hon. Elena Kountoura**, Alternate Minister for Tourism, Hellenic Republic who stated: "I am here to support your business efforts and help you in establishing a network so that you can take advantage of the opportunities offered by the timeless brand name "Greece". She also referred to the four-year strategy plan which reflects the Government's vision to make Greece one of the top five most popular destinations in the world and underlined that in its latest country report, the World Travel & Tourism Council projects an annual growth of 4.7 % in tourism investments in Greece, for the next ten years. "Our regulatory and legal framework is being updated to boost investment and offer diverse and complex products of thematic interest all around Greece", Ms. Kountoura said and added: "Major funds mostly from Europe, the United States and the Middle East, as well as international investors, are eager to enter this booming market, looking at concrete opportunities in tourism and real estate. About half of the currently running projects are being financed by foreign companies and most of them reflect a shift in demand for complex and integrated tourism resorts."

The panel was moderated by **Mrs. Thenia Panagopoulou,** *Partner* **-** A.S. Papadimitriou & Partners Law Firm.
The Panelists included:

- **Hon. Elena Kountoura,** *Alternate Minister for Tourism* – Hellenic Republic
- **Dr. Ioannis Kent,** *CEO* **-** Aquis Hotels & Resorts

**Dr. Ioannis Kent stated:** "Some experts may think that the investment opportunities in the Greek Tourism Industry are something theoretical, difficult or even utopic. This is not true anymore. Despite the country's crisis, Greek Tourism is now the most attractive field for potential investors, and promises huge growth rates in the years ahead. It is not only the geographical location, the well-developed infrastructure or the low labor cost that could be incentives for an investor, but mainly the new mentality of Greek authorities who are now – more than ever - ready to welcome and help those efforts with an organized action plan. One very crucial step in this direction would be the establishment of a stable long term tax framework for all foreign investments, with the simultaneous elimination of the "famous" Greek bureaucracy. Regarding the field with the biggest need for investment, I would point out the mid-market hotels, those which attract every year the biggest mass of tourists from all over the world. Many investments have been announced recently in the field of luxury hotels and this is very positive. However, the backbone of the tourism economy is the middle segment, and there is a lot of space for new players here. My motto in life is that the "The Journey is the Reward" and I strongly believe that if foreign investors choose Greece as their next destination, the reward will be surprising."

## PANEL DISCUSSION:
## Putting Greece On The Global Investment Agenda - The International Investor Perspective

The panel was moderated by **Mr. Constantine Karides,** *Partner* **-** Reed Smith
The Panelists included:

- **Mr. John Paulson,** *President* **-** Paulson & Co.
- **Mr. Wilbur Ross,** *Chairman and Chief Strategy Officer*- WL Ross & Co.
- **Mr. William Vrattos,** *Partner & Portfolio Manager* **-** York Capital Management
- **Mr. John Calamos Sr.,***Founder, CEO and Global Co-Chief Investment Officer* **-** Calamos Investments
- **Mr. George Logothetis,** *Chairman & CEO* **-** The Libra Group

**Mr. Wilbur Ross** mentioned that he can see the appetite for Greece investment and stated: "Greece is on a good start but there are a ton of things left to do. Greek government bonds need to be accepted by the ECB and Greece needs to boost capital investment to 20% GDP similar to the levels of 2007. Greece must boost trade exports with better government policy. It's sad to hear there is more yogurt being made in the state of New York than in Greece, Greece must boost corporate lending and increase the proportion of tourism from long distance travelers."


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In more detail Mr. Ross mentioned that there are eight specific things that need to be accomplished which will be the catalysts for increasing foreign investment in Greece. We know, he mentioned, that is appetite for Greek investment given that between 2013 and 2015, 51.6 billion Euros were invested in the banks alone, which is a lot when considering the size of the country.

The eight items that Greece needs to accomplish:

1. Legislate and implement the remaining items in the MOU. Every time something happens in this direction, it helps restore credibility. For example, the signing of the regional airports privatization is such a specific step ahead.
2. The country needs to regain access to the international sovereign debt markets at rates below 5%.
3. Greek government bonds need to be accepted by the ECB as collateral for the banks.
4. Boost capital investment from the 21B Euros rut that it has been at, and get it back closer to 20% of GDP that it was in 2007, than it is of the shrunken 9% GDP now.
5. Increase their goods exports in contrast to the 3.5% decline in the 12 months through August. Greece needs to do this with better government policies. Struck by the fact that Mario Cuomo, governor of New York, recently announced to a group of business men there's now more yogurt produced in the New York State than in the country of Greece. Something is wrong in the system to allow this to happen.
6. Labor productivity and flexibility needs to be greatly improved.
7. Tourism also needs to be boosted especially by airplane. Boat tourists are fine, but they do not spend nearly as much as tourists who arrive by plane because their meals come with the boat passage. Plane passengers just arrive in and out, and therefore spend more.
8. Finally, there needs to be a boost in corporate lending as opposed to the 3.5% decline it had through August.

If Greece can accomplish these eight tasks, then there will be a tremendous investment boom in Greece.

He mentioned that the outcome of the recent recapitalization may be different from the first two. The principal involvement of his Group with Greece is with Eurobank. Like all of the other banks, Eurobank is extremely leveraged to turnaround. Here are some data points to provide more color

- 100 basis points reduction in deposit rates equals 120M Euros a year in additional profit to Eurobank.
- Each 1B Euros in time deposits replacing emergency loan assistance equal $27M USD a year for Eurobank.
- Each 1% change in domestic non-performing loans equal 350 basis points increase of return on equity.

There's probably a Billion Euros of provisions that could be released over the next several years because these stress tests were extremely overdone. Eurobank only has 2.2 Billon shares outstanding. So if the above numbers are taken into account, any combination of those could be a very big number in terms of equity and earnings per share. There's no warrant overhang at Eurobank, no new asset quality review risk, and the government only owns 2.4% of the shares – the lowest percentage of any of the Greek banks. Yet, it trades for about 35% of written down book value.

The banking system stands to benefit significantly and there are many factors contributing to this. Banks have been subject to extreme case testing scenarios and with the new capital raised they are very well capitalized. Their profitability can be significantly and positively impacted for example even with a small reduction in the rates they pay for deposits and for their funding, or with a reduction in the non-performing loan portfolios.

In terms of what action needs to be taken regarding the Non-Performing Loans, Mr. Ross is not in favor of selling off the NPLs which will crystalize losses far beyond what they may finally turn out to be. Given the capital ratios and the loan loss provisions the banks have, there is no particular need to sell them. It is much better for the banks to work them out and make the 20 or so percent return themselves rather than give them to some third-party.

Regarding foreign investors and foreign investments, he believes that the real question is whether or not citizens of Greece will accept all of these reforms. Without their acceptance, it doesn't matter about the foreign investors and foreign capital. The real task will be whether the Greek population/citizens will accept all of these reforms with half of the hardships that happened in recent years. Assuming the government does its part, the biggest thing to get investor confidence back would be fewer nationwide strikes, fewer instances of violence, fewer inflammatory statements because that's what makes people


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worry if there will be political stability, given that the very small majority in the parliament that the Cyprus group and its coalition has. It's still a little bit fragile, but as the population shows that it will accept it, and hoping that it will.

Finally, on the shipping industry, which is a major contributor to Greece's economy (even though shipping does not depend on the Greek economy but on the global markets) he mentioned that the danger is if the government regards shipowners as cows to milk, rather than children to nourish, then they will depart.
**Mr. John Paulson**: "We are encouraged by the current government's adoption and implementation of reforms to ensure global competitiveness. Continued stability on the political front should instill confidence in the Greek recovery. We have invested in the recapitalization of the Greek banks and will consider additional investments as further progress is made." Or more philosophically: "Greece has survived the storm. The clouds are now parting and the sun is starting to break through. Calm waters will lead to smooth sailing. The sun will once again shine over Greece."

In more detail, he believes that Greece is well on its way to completing those goals that Mr. Wilbur Ross mentioned. He is impressed with the accomplishments the government has made to-date. Greece appears to be fulfilling its commitments which will lead to a more competitive economy. One more set of reforms must be accomplished in the next three months. Once they can finish the first review, this will spark the beginning of the bright side of Greece and there will be a lot more certainty about Greece. This will also boost more confidence in investors.

The Greek stock market and the banks represent a series of investments that offer a lot of upside in today's perspective. The Greek stock market is one of the most undervalued in Europe! As these reforms are implemented, the valuations may start to rise towards the European's average. The Greek stock market has the potential to become the best performing stock market in Europe next year.

For example, Piraeus bank has recently completed its recapitalization with stocks trading at 24 cents and tangible book value of 1.02. So it's trading about 23-24% of tangible book value with the average bank in Europe trading at around 1x book. Even the southern tier banks are at 70-80% of book value. Alpha Bank is also trading at 35-36% of tangible book value. As confidence is restored in the Greek market, it's easy to see 50-100% plus returns in the banking sector. Therefore, he is very bullish in Greece for the upcoming year.

Bank capitalization this time around might be different because banks have received a harsh stress test from the ECB recently so the book value right now is very, very solid which makes it is an attractive investment. The most important thing right now for investors is to have the government continue with the reforms and implement them as they had agreed to do.

**Mr. William Vrattos:** "We have been investing capital directly into the country. Hope that in the next few months we will see some immediate results. Although we made a large investment in the real estate market through the national bank of Greece, we didn't see attractive real estate opportunities less closely tied to the sovereign."

He currently has investments in government bonds, banks, infrastructure and real estate markets in Greece. He believes that to attract foreign capital, stability is key. In more detail, he mentioned during the panel discussion that since the crisis in Greece is a result of macroeconomics, or politics, crisis rather than a credit crisis, the situation can be played out quickly if the problems spurned by politics can be reversed. At the same time; however, it is difficult as a foreign investor to get too involved because of the fact that Greece is having a macroeconomic / political crisis rather than a credit crisis. There needs to be a homegrown solution to become more creditor-friendly. It needs to be displayed on the ground domestically before foreign investors can come in and invest in a bigger way.

In the real estate market in Greece, the asking prices are currently just too high. There is no distressed pricing in the traditional sense but at the same time, there are attractive prices based on cash flows that can be banked on. There is a positive view on the sovereign so there is the same bet but on a leveraged basis.

For foreign investments to occur, public relations is important so foreign investors can have the confidence that the economy has a professional team looking out for it and that the people at the top can understand what needs to be done. It also helps that the ECB has already been very clear what the steps that needs to be taken to reform Greece.

**Mr. John Calamos**: "Rebuilding and growing the Greek economy must include several important building blocks in order to make the country one where businesses and investors can find success. A rekindled focus on Greece's private sector development, the creation of businesses and job gains is essential. The private sector provides an environment where entrepreneurship thrives, hard work is rewarded and sustainable jobs are created. Greece should also simplify and streamline the legal, regulatory and logistical hurdles to start a business there. The process can currently take years. Data underscores the far-reaching impact that policies which encourage small business could have on the country. An improved business framework would give investors in Greece greater confidence, as well. In addition, as the government considers taxation, officials should consider a decrease in the tax rate instead of an increase. A reduction in tax rates stimulates the economy and data shows this then leads to an increase overall tax revenue. Improvements in tax collection should be undertaken, as well. Greece is fortunate to have a strong shipping industry, an educated workforce and natural beauty that is clearly an asset for tourism. Greece is the Florida of Europe, and as its economy is rebuilt, the country can become a robust business, corporate and investment destination, as well".

As he mentioned during the panel, he is more optimistic this coming year as opposed to last year. There are many good plans that are coming into play that will help Greece overcome its crisis. He hopes that Greece will follow through with their plans. From the investors' point of view, there needs to be an improved business framework in Greece so they can have greater confidence in investing.

He believes that in terms of Non- Performing Loans, there might be some outsourcing not of the loans itself but of the servicing function so people can accelerate the recovering process. For the development of the private sector, the creation of businesses and job gains are essential. The legal, regulatory and logistical hurdles should be streamlined so the people in Greece can be encouraged to start businesses without the delays this normally has.

In terms of the real estate market in Greece, he believes that the pricing is not correct. The problems that the country is going through are not showing up in the pricing. Selling prices should be lower to reflect the current situation.

**Mr. George Logothetis**: "The recent successful recapitalization of Greek banks goes a long way to restoring confidence among potential foreign investors in Greece and will help the wheels of commerce begin to turn. Throughout the crisis we have maintained our commitment to investment in Greece as well as to a range of social programmes that provide direct support. Our commitment remains."

In more detail, Mr. Logothetis mentioned that the recent successful recapitalization of Greek banks goes a long way in restoring confidence among potential foreign investors in Greece. The importance is maintaining a positive attitude at all times. This will allow both the foreign investors and the locals to begin turning the wheels of commerce. Every crisis ultimately passes, it has a beginning, a middle and an end and now we believe we are at the end of it.

Libra Group has invested in the energy, hospitality, banking and financial services. We are Greek so we understand the local culture and we have local people on the ground.

The Greek financial crisis was always thought of as the money crisis as opposed to the social or geopolitical crisis. Investors need to understand that it's not just the money that plays a part in overcoming the crisis. Not only do politics play an important part but the social side as well which is why Libra Group has been maintaining a range of social programs that provide direct support.

There are certain things that need to be done by the Greek government or the business community that can help further stimulate foreign investment in Greece. For one, a properly formulated government communication plan is crucial because perception drives reality. There also needs to be a success stories showcased since currently, the people in Greece are drowned out in negative news and they need to know that normalization of the system is occurring and that there are positive news out there. Lastly, there needs to be political stability – there cannot be economic growth with political instability so the maintenance of the political stability is vital.


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In terms of the shipping industry, he believes that shipping in Greece is one of the most successful stories in Greece and on a global scale. Shipping is essentially in the veins of Greeks, so there will always be shipping in Greece and it will play a big role.

## PANEL DISCUSSION:
## Greek Banking: Strategy for the Future & Outlook

The panel was moderated by **Mr. Panos Papazoglou,** *Country Managing Partner Greece - CSE South Cluster Leader* **-** EY
Panelists included:

- **Mr. Nikolaos Karamouzis,** *Chairman* **-** Eurobank Ergasias SA & Emeritus Professor **-** University of Piraeus, Greece
- **Mr. Anthimos Thomopoulos,** *CEO* **-** Piraeus Bank Group
- **Mr. Julien Petit,** *Managing Director* **-** Goldman Sachs
- **Mr. David Vaillant,** *Managing Director* **-** BNP Paribas
- **Mr. Hubert Vannier,** *Managing Director, Head of M&A for Financial Institutions EMEA* **-** Deutsche Bank
- **Mr. Luigi Rizzo,** *Managing Director, Head of EMEA M&A* **-** Bank of America Merrill Lynch

Senior executives from Greek systemic banks as well as from global investment banks actively involved with Greece discussed the current state of the Greek banking system. Moreover, they gave an optimistic – yet cautious – tone for the future of the Greek banking systems as well as economic growth in the broader economy.

Regarding recent Bank Recapitalization all panelists agreed that Greece went through a macro and political level crisis, not through a stand-alone banking crisis. The recapitalization of the Greek banks was largely seen as a strong success from the point of view of both bankers and foreign investors and that they are now ready to attract more interest from foreign investors.

Even though Greek banks are currently among the best capitalized institutions in Europe, they still remain the cheapest in Europe in terms of market valuation. As the country recovers, the valuation of Greek banks is expected to move closer to the European average, which presents significant potential upside for investors. Non-Performing Loans are clearly a challenge and Greek Banks have significant exposure to such loans.

According to the panelists, Capital controls will soon be entirely removed. Greece is expected to be one of the best performing markets for financial services firms in Europe in the ensuing 2-3 year period. Political and social stability in Greece are fundamental for strengthening the financial system and attracting more investment. Lending to SME's (Small & Medium Enterprises) and export-oriented businesses will lead be the most dynamic sector in Greece in the years ahead. Other sectors will provide ample of opportunity to use the excessive capital reserves that have been created out of the successful rounds of recapitalization.

Restoring confidence to the system is a crucial challenge in the years ahead. Political stability and policy making consistency are critical factors in this respect. This is equally true for both foreign investors as for local bank customers. Greek society itself needs to recover from the negative psychological and economic effects that years of recession and austerity measures have had on it. This component is crucial for the return of the economy to normalcy and vibrancy. The improvement of credit and lending conditions within Greece will be crucial to promote stability and fuel economic growth in the future. Dealing with NPLs (Non-Performing Loans) will be one of the most important issues to resolve for the sake of the banking system.

**Mr. Panos Papazoglou**: "Following the recapitalization of Greek systemic banks, the future of the Greek banking system and, indeed, the recovery of the Greek economy are likely to be determined to a large extent by the management of NPLs. The new legal framework regarding mortgages marks a shift in philosophy, limiting automatic protection to insolvent households. Legislation providing for joint managements of NPLs through SPVs with the participation of banks and private investment capital will further strengthen the banks' balance sheets. The litmus test, however will be the solution given to the much more complex issue of non-performing corporate loans."

In more detail, the topics discussed during the panel referred to the following:

- **THE RECENT BANK RECAPITALIZATION**
- Greece went through a macro and political level crisis, not through a stand-alone banking crisis.
- The recapitalization of the Greek banks that took place in 2015 was largely seen as a strong success from the point of view of both bankers and foreign investors. This marks a turning point for banks in that they are now perceived to be ready to attract more interest from foreign investors.
- Greek banks were put to the test under extreme assumptions and as a result after their recent recapitalization they are now among the best capitalized institutions in Europe.
- Private and foreign investor participation in the recent bank recapitalization was strong, indicative of the foreign investor interest and appetite for Greece.

- **BANKS AS AN INVESTMENT OPPORTUNITY**
- Even though Greek banks are currently among the best capitalized, they remain the cheapest in Europe in terms of market valuation. Both Mr. Karamouzis and Mr. Thomopoulos on the Banking Panel, as well as John Paulson and Wilbur Ross on the Investor Panel, had the same opinion. Greek banks trade at around 30% of book value against a European average of .7x to 1x book value. As the country recovers, the valuation of Greek banks is expected to move closer to the European average, which presents significant potential upside for investors.
- **NON PERFORMING LOANS**
- Non-Performing Loans are clearly a challenge and Greek Banks have significant exposure to such loans. On the other hand, they have built up significant provisions against these NPLs and in addition they now have a much stronger capital base. Therefore, they have the ability to manage the NPL issue a lot more effectively, using part of the reserves they have built and dealing with NPL creditors based their ability to repay and credit profile.
- Mr. Karamouzis of Eurobank elaborated that the four systemic Greek banks have now loan reserves of about 57 billion Euros and Tier 1 basic capital of 37 billion Euros, or total capital of 94 billion Euros against a total Non-Performing Exposure (NPE) of 116 billion. This is more than adequate fortification especially if one takes into consideration that 60% of the NPE is collateralized.
- Luigi Rizzo mentioned that there is no one solution for NPLs and it varies case by case. The debate about NPLs is how much you have provisioned them and where the banks think they will ultimately settle at. Greece is now coming to a turning point - an end of a cycle. We believe that NPLs will turn the corner and reverse sometime mid-next year. If that is the case and the provisions are at the right levels, two assumptions can be made shortly from here: The appetite from buyers for those NPLs will rapidly increase. But on the other hand, taking in all the pains so far, the banks will see benefits as provisions get released. The banks will deal with NPLs in a manner like the rest of the Western World, in a very positive way in the coming years. It will be a reasonably long process.

- **BANKING SECTOR OUTLOOK**
- Barring external disaster scenarios, given the current strength of the banking system, further recapitalization rounds are perceived as highly unlikely.
- Capital controls will soon be entirely removed; this move would be a huge step in the right direction for Greece as it exits the worst of the crisis and enables new foreign investment to move in.
- In regards to banking sectors, Greece is seen as having far more potential returns than any other European country. Greece is expected to be one of the best performing markets for financial services firms in Europe in the ensuing 2-3 year period.
- Panelists agree that political and social stability in Greece are fundamental for strengthening the financial system and attracting more investment.
- Return on Equity (ROE) is expected to be in the double digits in the medium term.
- In Greece, the national savings rate is (-7%), this figure is well below the European average of 20%. For this reason, foreign capital investment is seen as the major and necessary source to finance growth in the country. To this effect, an effective policy needs to be put forth to attract foreign capital and investments.
- Panelists agree that lending to SME's (Small & Medium Enterprises) and export-oriented businesses will lead be the most dynamic sector in Greece in the years ahead. Other sectors, like hotel and leisure, agriculture, retail, logistics, and

infrastructure will provide ample of opportunity to use the excessive capital reserves that have been created out of the successful rounds of recapitalization.

- As Mr. Thomopoulos mentioned, consumer behavior is changing in Greece as the result of the capital controls, where people could not use cash, which has been the customary means of payment for a lot of people, for transactions. Greece is probably going to be the first country in the world that went through capital controls, and did not experience a contracting economy. The country is about to close the year at a 0% growth, as opposed to expectations that the economy would contract significantly. Piraeus Bank always felt that digital is the future, and digitalization will lead to enhanced returns as we work down the operating level of the banks that were acquired in market consolidation that followed the crisis.
- Overall, banks in Greece are now seen as stronger and better capitalized than when they entered the crisis.
- Greek banks stand to prosper along four areas: Operations; Management competence; P&L and Balance Sheet; Governance of the banks. When a country enters into a crisis, a bank is only thought of as the balance sheet. Yes, a bank is a balance sheet as this is a necessity as this is capital and also liquidity. Now that capital is settled, the focus is to bring Greek banks into the markets as soon as possible to also pump in liquidity into the system for the investments. The Greek banks can over deliver in P&L.
- David Vaillant mentioned that given the recent turmoil in the banking sector throughout Eastern Europe – including Greece – there is a high likelihood of consolidation among banks in the region. This poses another interesting opportunity for investors. The situation varies significantly from country to country, and there isn't one homogenous view. Starting at the macro level, it makes sense for Greek banks to accompany their clients into those countries. A relatively positive outlook is seen when looking at way the 3 Balkan countries have evolved. Romania is leading the pack with 2.4 growth in 2014, which hadn't been the case for a while. The country has macro and political stability, as the caretaking government is expected to carry out reforms. Also countries like Serbia is potentially an interesting place to be. Bulgaria is more fluid as a situation. Although there is macro play, there is still uncertainty in the Balkans. In terms of opportunities, there is space for consolidated in these markets on the banking side, and quite a lot of interest from investors to participate in that consolidation and to participate in the banking growth - whether that's through equity investments or through portfolio trades, in which you see industrials and funds very keen in going to these markets. This is another signal that there is growth and also returns to be made in those markets.

**Challenges Remain**

- Restoring confidence to the system is a crucial challenge in the years ahead. Political stability and policy making consistency are critical factors in this respect. This is equally true for both foreign investors as for local bank customers.
- Greek society itself needs to recover from the negative psychological and economic effects that years of recession and austerity measures have had on it. This component is crucial for the return of the economy to normalcy and vibrancy.
- The improvement of credit and lending conditions within Greece will be crucial to promote stability and fuel economic growth in the future.
- Dealing with NPLs (Non-Performing Loans) will be one of the most important issues to resolve for the sake of the banking system.

## PANEL DISCUSSION:
## Non-Performing Loans & Loan Restructuring as a Growth Opportunity

The panel was moderated by **Mr. Christos Megalou,** *CEO* - Tite Capital Limited, Advisor to Fairfax Financial Holdings Ltd.
Panelists included:

- **Mr. Aris Xenofos,** *CEO* - Hellenic Financial Stability Fund
- **Mr. Theofilos Constantinidis,** *Senior Advisor to the CEO, Special Situations Group* - Piraeus Bank
- **Mr. Theodore Athanassopoulos,** *Head of Wholesale NLP Management* - Alpha Bank
- **Mr. Paschalis Bouchoris,** *Director, Financial Markets Advisory* - BlackRock
- **Ms. Jody Gunderson,** *Executive Managing Director Business* - CarVal Investors
- **Mr. Matthew Breckenridge,** *Managing Director & Senior Investment Analyst* - Marathon Asset Management
- **Mr. Stefanos Papapanagiotou,** *Managing Director, Country Head, Greece & Cyprus* - UBS AG
- **Mr. Alex Pretzner,** *Managing Director* - Citi

- **Mr. Armando Rubio Álvarez,** *Managing Director, Head of Financial Institutions Group South Europe* - Credit Suisse

As Greece returns to a normalized environment, the attention has now turned to the issue of NPL's (Non-Performing Loans) and how to best deal with them to allow for a stronger economic recovery.

- For the Greek banking system there are two main challenges for banks going forward: (i) NPL's (ii) Liquidity
- Overall, the NPL situation in Greece is perceived as to be quite different from other countries such as Spain or Portugal. In Greece the NPL's are largely driven by corporates and SME's (Small Medium Enterprises).
- Legislation will soon be announced that will enable financial services firms and other third parties to help jump-start the trading of NPL's. The legislation makes a key provisions; it will license institutions to trade NPLs. This legislation is seen a key driver that will help revitalize the naming system by helping banks restructure their NPL holdings.
- The management of troubled assets such as NPL's has been a crucial component of Greece's economic recovery
- Since 2011, several banks have completed a difficult restructuring process that has enabled them to reshape their balance sheet and emerge from the crisis stronger.
- These restructurings apply to companies across Greece as well; panelists agree that these restructurings are necessary in order to ensure the rehabilitation of the overall economy.
- Restructuring of middle and large corporate firm's across Greece and doing so in a manner that does not destroy jobs and hinder growth is one of the key challenges that policymakers and bankers currently face.
- Banks will be focusing on how they can restructure these current loans with partners such as private equity firms and distressed asset investors; this approach will allow companies to have partners with whom they can work with hand-in-hand in order to improve management practices and improve efficiencies that will ultimately help get companies in many different sectors back on track.
- From the point of view of investors and asset managers, political and social stability in Greece is an important criteria prior to investing troubled assets such as NPL's.
- According to one panelist what Greece needs in order to attract more attention from foreign investors is a few successful portfolio sales of NPL's. This will have the benefit of lowering the cost of capital for the country, which will in turn attract further investment into the country.

**Mr. Theodore Athanassopoulos,** elaborated on a successful corporate financial restructuring in Greece and the lessons learned during the process.

## 9th ANNUAL GLOBAL SHIPPING MARKETS ROUNDTABLE

**The 9th Annual Global Shipping Markets Roundtable** took place at the conclusion of the afternoon sessions of Capital Link's 17th Annual Greek Investor Forum. Executives from the shipping industry gave their take on the current state of global shipping trends; particular attention was paid to global macro trends that are driving the industry such as the price of oil, global demand, and economic growth in emerging markets as well as The United States and Europe.

The Global Shipping Markets - Opportunities & Challenges discussed by:

- **Mr. John Coustas,** *President & CEO* - Danaos Corporation
- **Mr. Nikos P. Tsakos,** *President & CEO* - Tsakos Energy Navigation
- **Mr. John Lycouris**, *CEO* - Dorian LPG (USA) LLC
- **Mr. Tasos Aslidis,** *CFO* - Euroseas Ltd

The panel was moderated by **Ms. Christa Volpicelli,** *Managing Director, Head of Shipping Investment Banking* of Citi.

Key points:

- Overall, the global container shipping sector is still trying to rebound from the global financial crisis. The sector has had to struggle with many headwinds since the crisis of 2008.
- Greece plays a prominent role in role in global energy markets because of its prominence as a major shipping-focused economy. Much of the world's energy is transported on Greek shipping vessels.
- Lower oil prices have had the largest single impact in raising shipping rates throughout the last several months.



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- These lower bunker prices have significantly improved the profitability for oil tankers.
- The LPG sector has done better due to natural gas shipments from the United States and other countries. However, demand here has leveled off recently and could potentially see slower growth in the years ahead.

Challenges for the Shipping Industry Going Forward and Potential Risks:

- Geopolitical events and instability will plat a large role in driving the price of oil which; higher oil prices would in turn weaken demand on a global scale.
- Slower overall demand across the globe for container shipping services.
- Economic and political events in the BRICs (Brazil, Russia, India and China) will have a significant impact on global shipping. Experts are keeping a sharp eye on events in these countries as they will play an outsized role on shipping trends in the neat and midterm.
- The price of crude oil in the ensuing months and years will have the largest impact on global shipping prices and overall trade dynamics.
- The effects of "El Niño" will increase and will have largely negative effects on global trade and shipping.

**Nikos Tsakos** as Chairman of INTERTANKO, urged ship-owners to learn from the mistakes of the past and avoid over-supply of new tonnage and he mentioned: "The current unprecedented crisis in dry cargo and containers should be a painful example of what tanker owners should expect if they continue to order speculative new-buildings. The current fragile supply and demand balance is fueled by the low price of oil and any change can reverse the equilibrium. The mistake shipping investors make is to invest in vessels for delivery in the future, based on today's market dynamics. If the supply is tamed, the forecast for the tanker market is positive for the foreseeable future."

## PARALLEL BREAKOUT SESSIONS

## GREEK MID & SMALL CAP SECTOR:
## Private Equity & Venture Capital Investing Opportunities

**Mr. Takis Solomos,** *Co-Founder* of First Athens Corporate Finance made Introductory Presentation on the topic of "Greek Mid & Small Cap Sector - Private Equity & Venture Capital Investing Opportunities". **Mr. Philipp Brinkmann**, *Co-founder & CEO* of **Tripsta (Travelplanet24), Dr. George Georgousis**, *CEO* **of Raymetrics and Mr. Manos Sifakis**, *President & CEO* **of Customedialabs,** presented their Insights and Recent Business Success Stories.

**Mr. Takis Solomos:** "Although GDP has decreased it is still large per capita. Many investments have fled Greece which presents more opportunities for private investments since there are no regular financing methods. Resilience of key sectors: energy, food, tourism, retail still doing well. Firms have become frugal, know how to manage expenses. There is opportunity in human resources: no prejudices in people, educated, willing to work, flexible and team workers. Pillars of recovery: Political stability, ECB quant easing, banks recap, EC commitment for 35bn, GDP positive, revolving debt, and budget surplus. Optimistic".

**Mr. Philipp Brinkmann:** "Operated without ever financing from banks, just revenues.Travleplanet24 is the largest in Greece, 6th in Europe. Started in 2005, merged with air tickets which was the leader in Greece. It employees 263 people while also develops training programs for the employees. It's worth mentioning that the firm hired people and grew during the crisis. Almost 25% of revenue comes from operations in Greece which means the firms imports 80% of revenue in Greece. In this market, there are many opportunities for consolidation".

**Dr. George Georgousis:** "Raymetrics is a high tech company. 99% of the turnover is from exports. The company deals with global problems and provides global solutions. The most important asset is our staff which is comprised of high skilled scientists that are able compete globally. Raymetrics is one of the best reputed companies worldwide. There are installations in more than 50 countries and it has managed to sell in markets that competition is really high. This is explained due to the fact that the firm works with problems as broad as volcanic ashes detection to pollution and visibility in aviation. In the future Raymetrics wants to achieve premium tech and quality, sustainability. Those are manageable since knowledge easily accessible and the company funds commonly programs with universities working towards that goal. In this sector there are opportunities since it is easy to move around, there are bright young researchers and scientists and start ups".

**Mr. Manos Sifakis:** "Digital Media Agency & Software House works with sales & marketing. It is a highly strategic innovation focused corporation that aims to answer how do sales and marketing relate. It is a global corporation with two offices in Larissa, Greece and in Philadelphia, USA, with global clients. There has been a lot of development in marketing. For Digital Media Agency & Software House technology is the focus. This is a hybrid agency that brings a tech centric approach to a targeted audience. Others are able to have ideas but not skills to develop; developers have the technical skills but not the breakthrough idea; Digital Media Agency & Software House combines the two; strategic with creativity and technology".

## CONFERENCE MATERIAL

**The 100-page Forum Journal** can be accessed on line (http://forums.capitallink.com/greece/2015). It was distributed to forum participants, investment banks and supporting organizations, and to the Greek Consulates located throughout the U.S. as well as to a wider investor audience outside the event.

The Journal contains articles from top government officials in Greece and the U.S., specifically from Hon. Dimitris Mardas, Deputy Minister of Foreign Affairs, Hon. Elena Kountoura, Alternate Minister for Tourism, Hellenic Republic, Former Prime Minister of Greece Mr. George A. Papandreou, Former Prime Minister of Greece Mr. Panagiotis Pikrammenos, Mr. Yorgos Kaminis-Mayor of Athens, Member of the Hellenic Parliament / Former Minister of Development and Competitiveness Mr. Kostas Skrekas, HE Ambassador of the US in Athens Mr. David Pearce, Member of the Hellenic Parliament / Former Alternate Minister of Finance Mr. Christos Staikouras, Mr. Takis Athanasopoulos Chairman of the Board of the Foundation for Economic and Industrial Research (IOBE), Member of the Hellenic Parliament / Former Minister of Development and Competitiveness Mr. Kostis Hatzidakis, Mr. Petros G. Doukas Deputy Minister of Finance, Mr. Velissarios Dotsis CEO of Enterprise Greece, HE George Chacalli Ambasador of The Republic of Cyprus In The US , Hon. George Iliopoulos, Consul General of Greece in New York City, Mr. Andrew Cuomo, Governor of the State of New York, Senator Charles E. Schumer, Congresswoman Carolyn B. Maloney, Mrs. Aravella Simotas, New York State Assembly member, Congressman Gus M. Bilirakis, and more.

## FORUM VIDEOS, PRESENTATIONS & WEBCASTS, PHOTOS

They can be accessed on the Forum website
http://forums.capitallink.com/greece/2015
There is a full archive of the presentations and audio files of the panel discussions and presentations.
Also, there are video interviews with major event participants and presenters.
Please note that there separate videos in Greek and in English.

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## ABOUT CAPITAL LINK

With its headquarters in **New York** and presence in **London**, **Athens** and **Oslo**, Capital Link has been active since 1995 in the field of Investor Relations and Financial Communication. (www.capitallink.com). It also organizes annually in New York, London and Athens a series of Investment Forums focusing on its main activity fields (www.capitallinkforum.com). Among them, the Annual Capital Link Invest in Greece Forum in New York is considered an institution with a 17-year history and has been established as the main platform through which U.S. investors are informed of the current government program for the economy as well as for the investments and business opportunities.



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