



ALPHA
SERVICES AND HOLDINGS

How did Greece get out of the woods? Key lessons and Challenges Ahead for Policymakers, Bankers and Entrepreneurs

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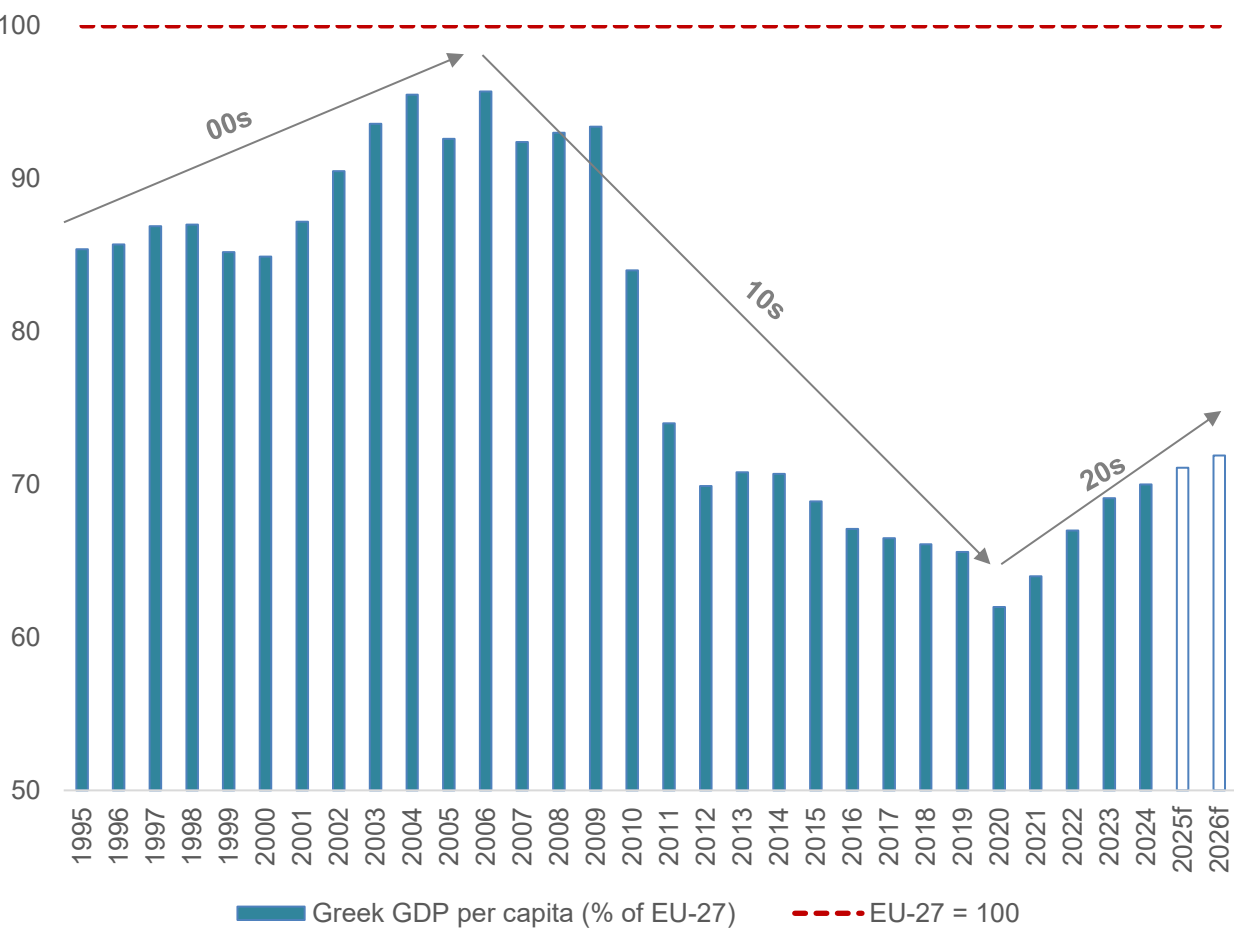
November 6th, 2025



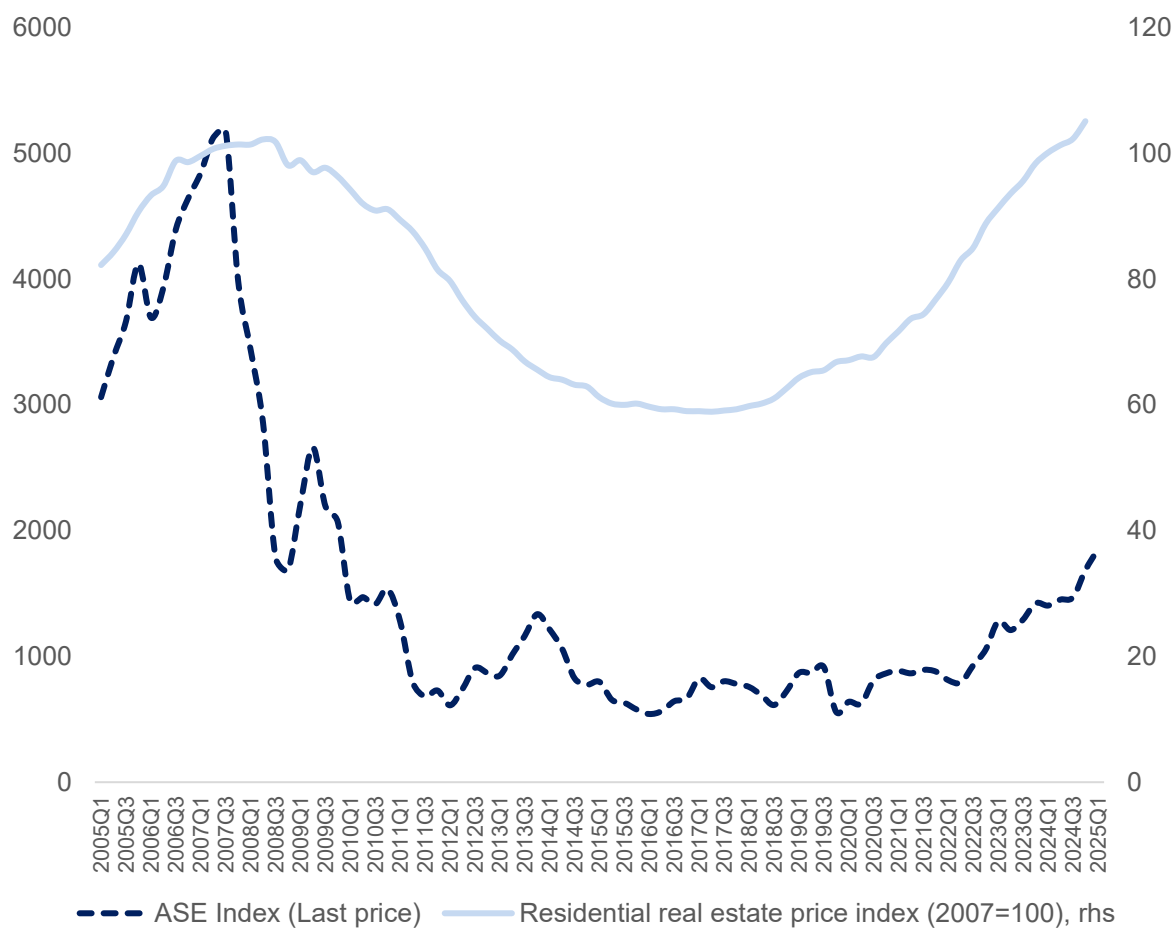
Facing the Storm

From quasi-convergence to the great divergence

The long-term path of per capita GDP distance to the EU average

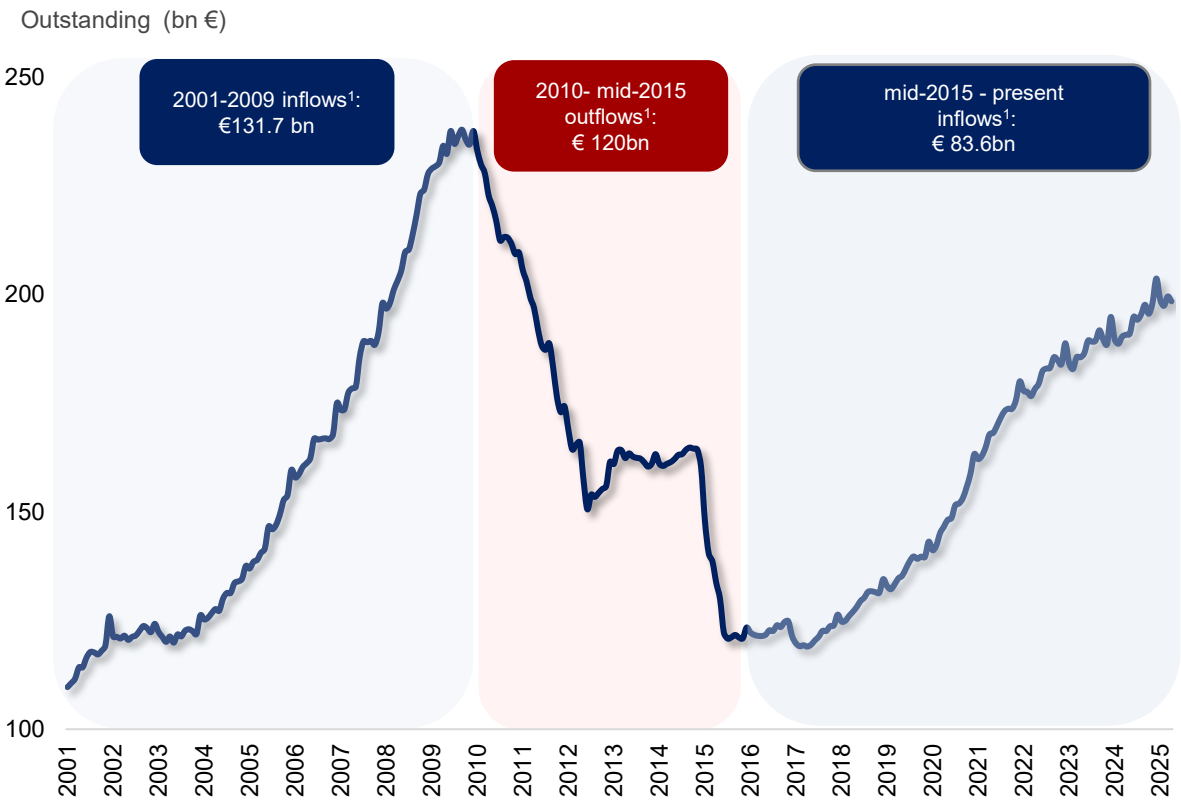


Financial and Non-Financial Wealth Dynamics

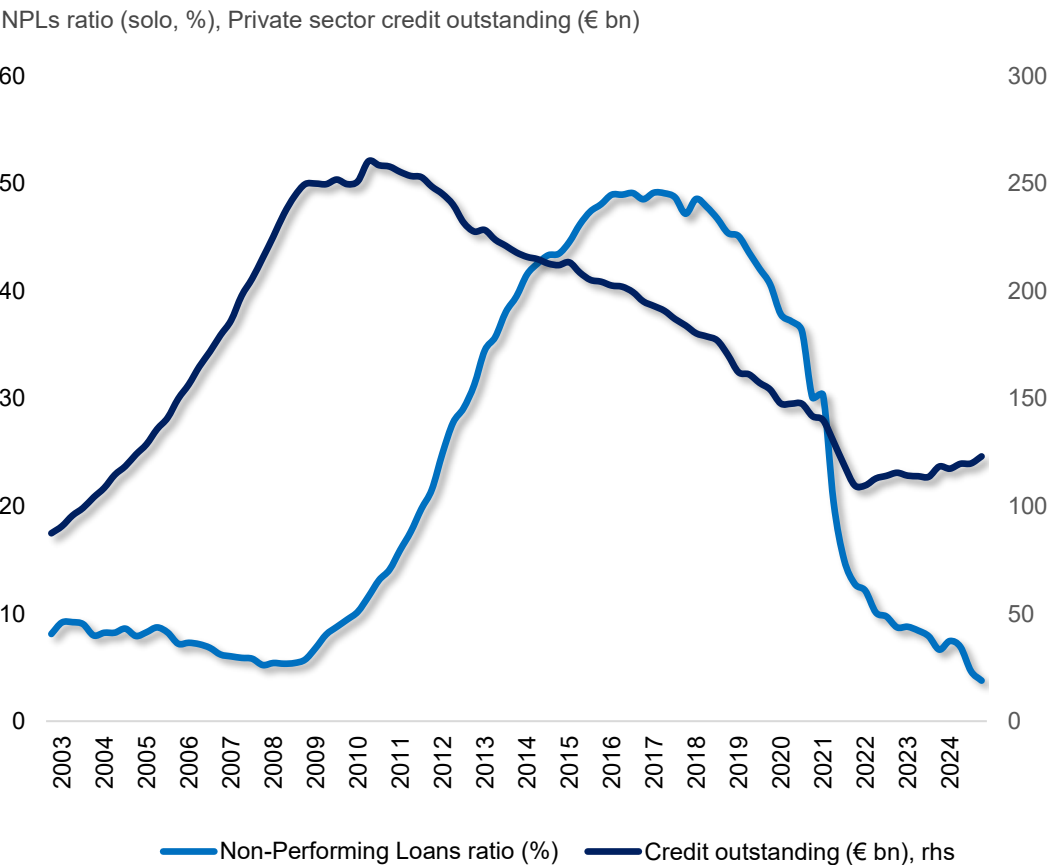


NPLs explosion: Unwillingness and Inability to Pay

Phases of private sector deposit flows



Credit Evolution and Credit Quality

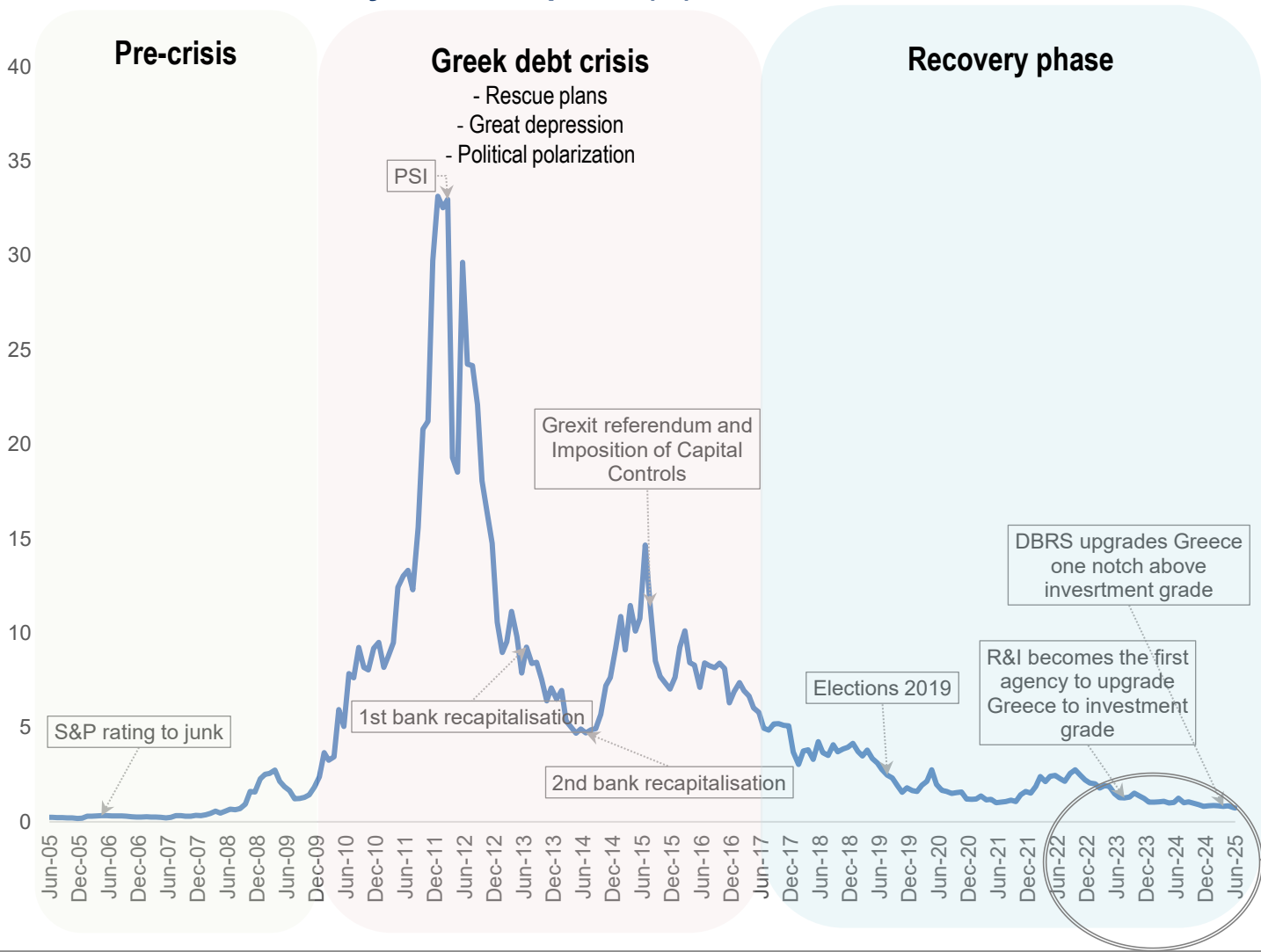


Sources: Bank of Greece. Deposit flows are derived from changes in outstanding amounts corrected for foreign exchange valuations and reclassifications adjustments.

Rising Against the Odds

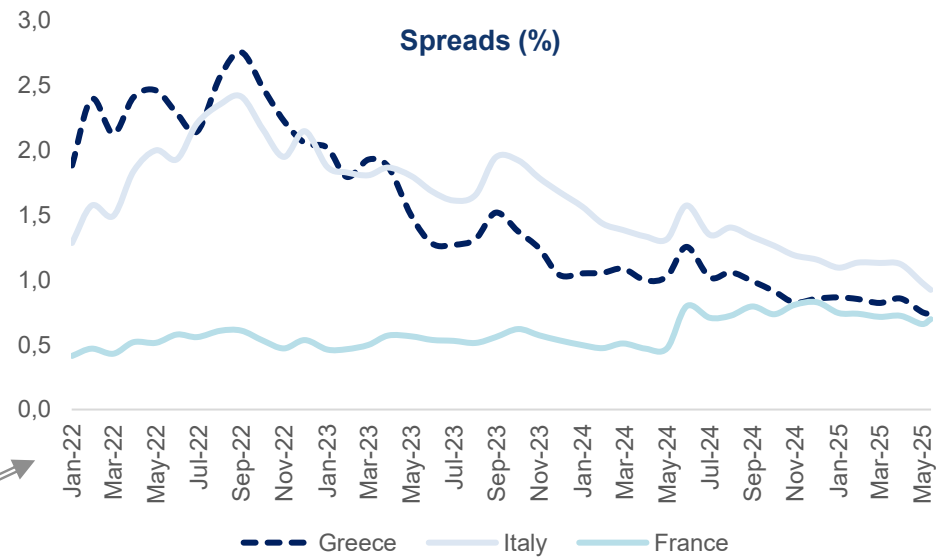
The rise and the fall of State borrowing costs

The evolution of the 10-year GGB spread (%)



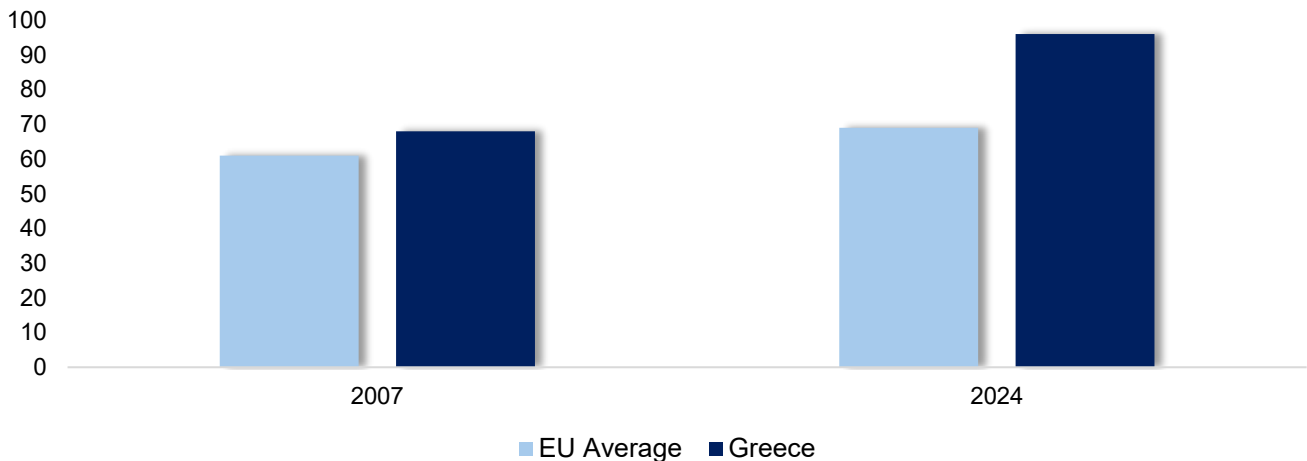
How to gain credibility in practice?

- Structural reforms
- Fiscal consolidation
- Political ownership of policies pursued

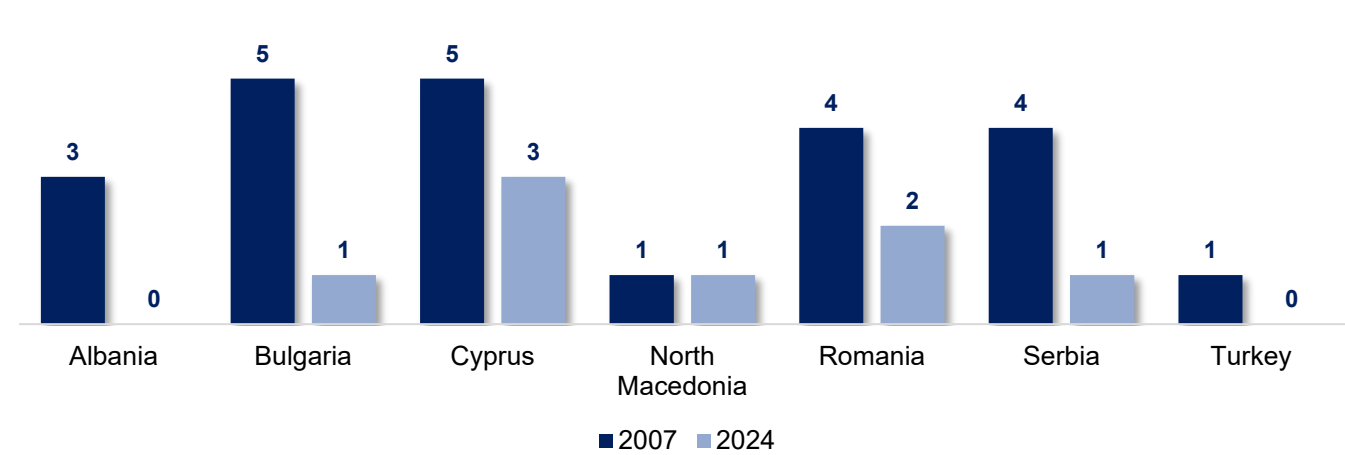


Navigating the Greek Banking Crisis

Market Concentration, % Assets of Top-5 Banks: Greece vs. EU

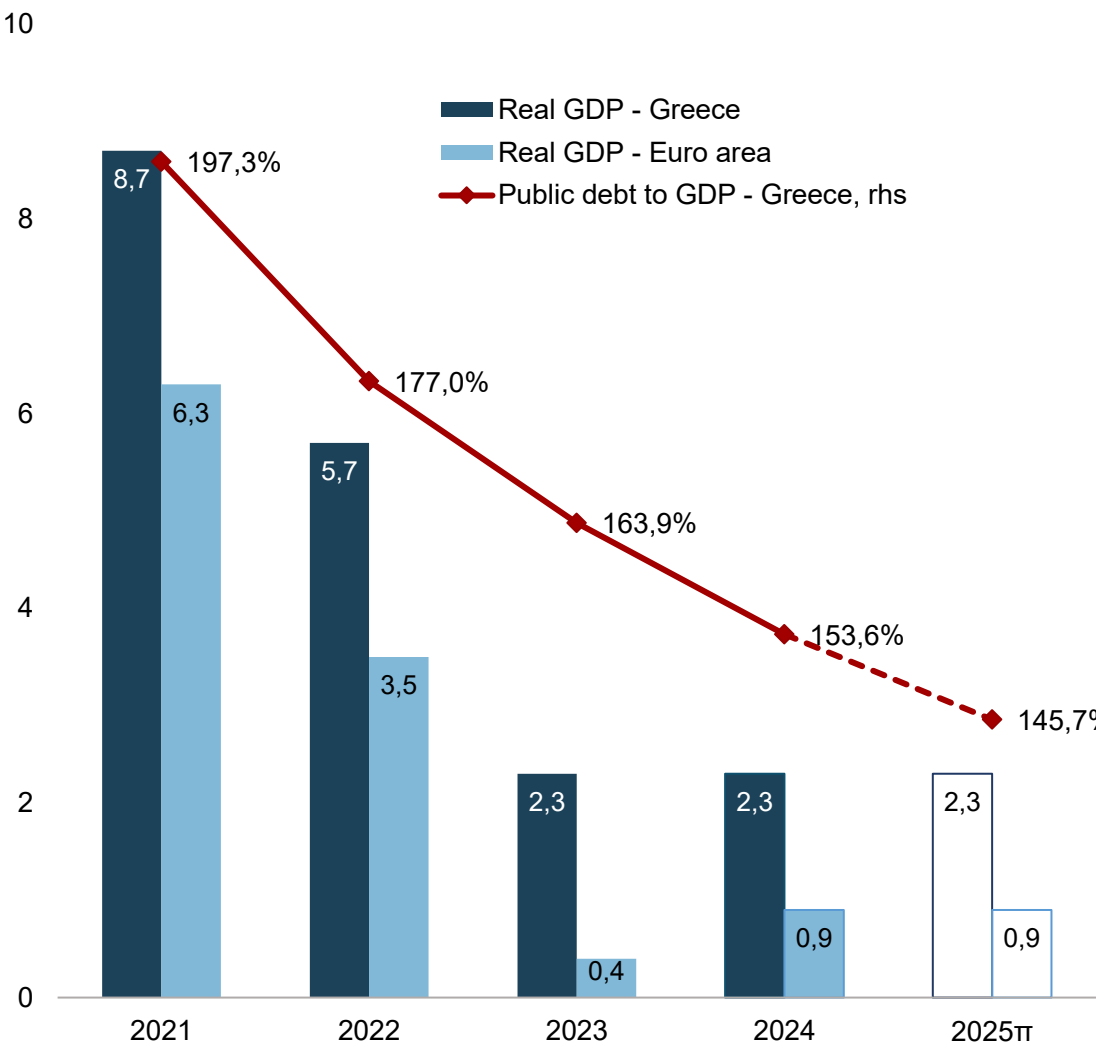


International Operations: 2007 vs. 2024

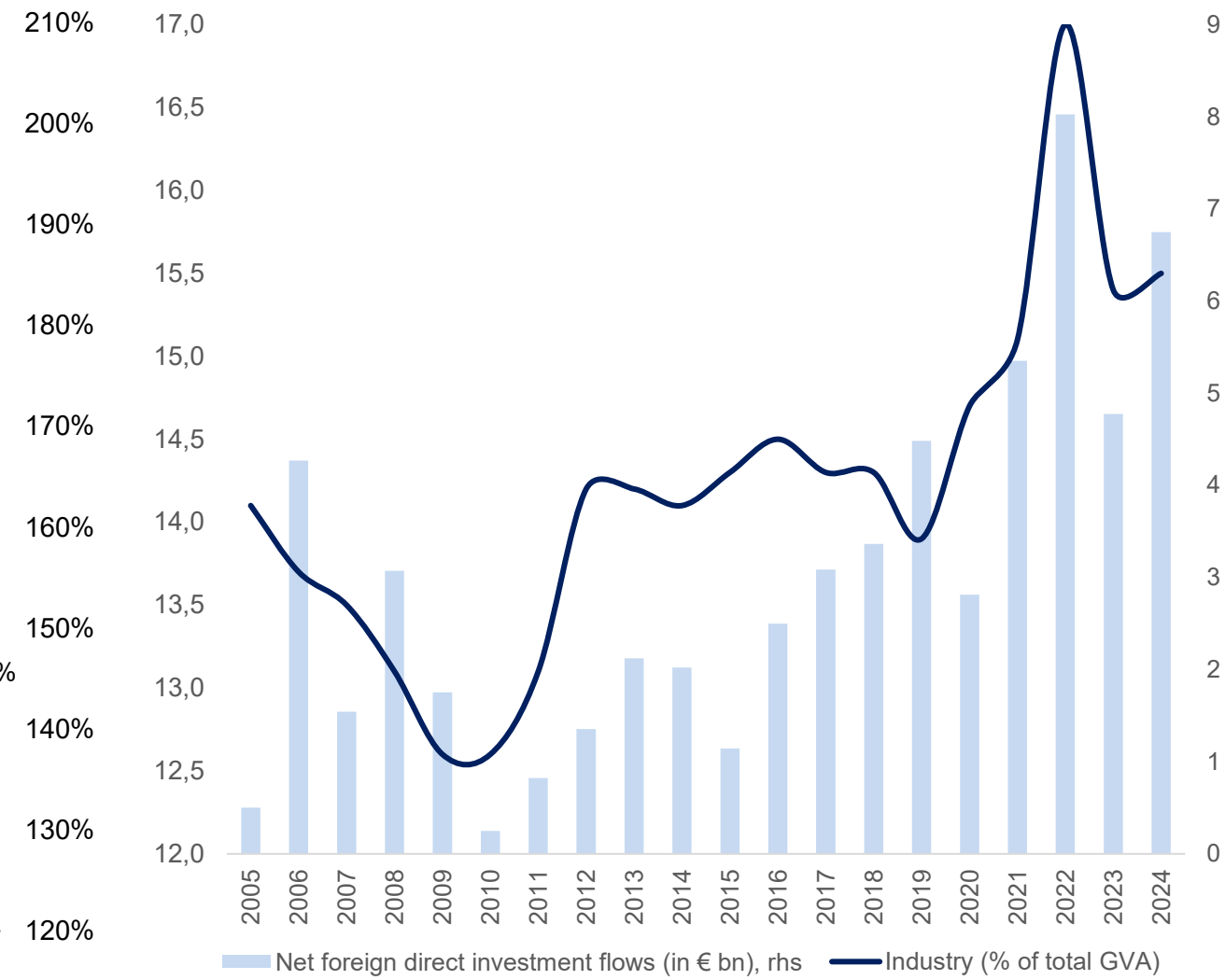


Broad Growth, Industry and Foreign Direct Investment

Growth runs faster than the Euro area

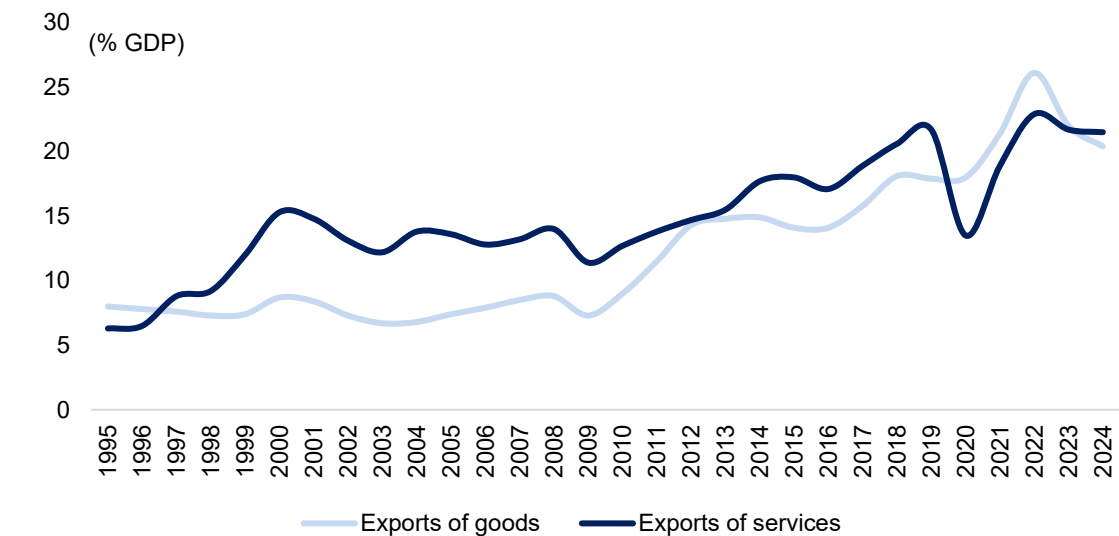


Steep FDI inflows and increasing share of Greek Industry to GVA



Enhancing Extroversy

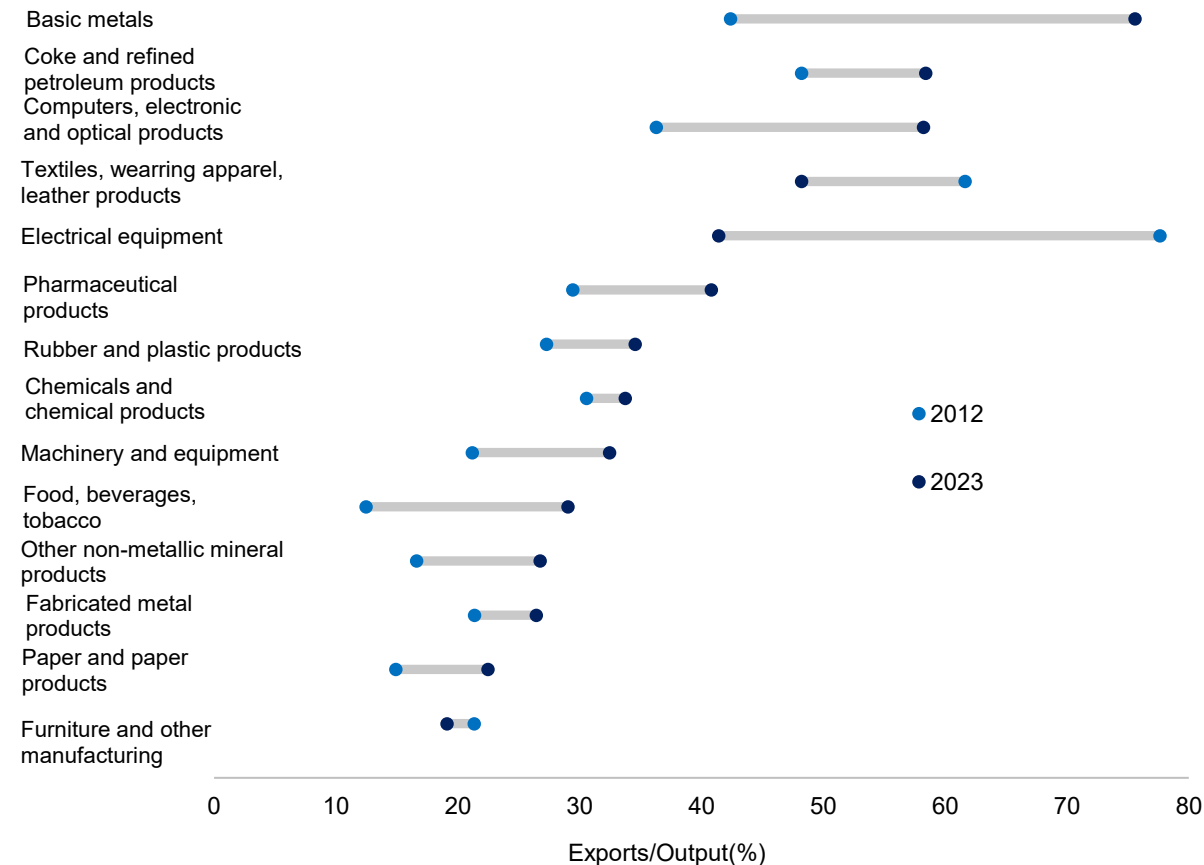
Evolution of Exports



Energy crisis or opportunity?

- ❖ Greece, albeit a net energy importer, remained resilient throughout the energy crisis as the Greek industry is less energy consuming compared to the EU-27 average.
- ❖ Natural gas imports from Russia were substituted largely with imports from Azerbaijan and LNG imports.
- ❖ LNG exports also surged in response to the 2022 energy crisis, transforming the country to a gas trading hub in SEE.
- ❖ The share of renewable energy sources has also increased steeply the last few years reaching almost 50%, diversifying the country's energy portfolio.
- ❖ With the aim to nearly to expand export and storage capacity through port and pipeline upgrades and enhance connectivity, Greece can boost revenues, attract foreign investment, and enhance regional energy security.

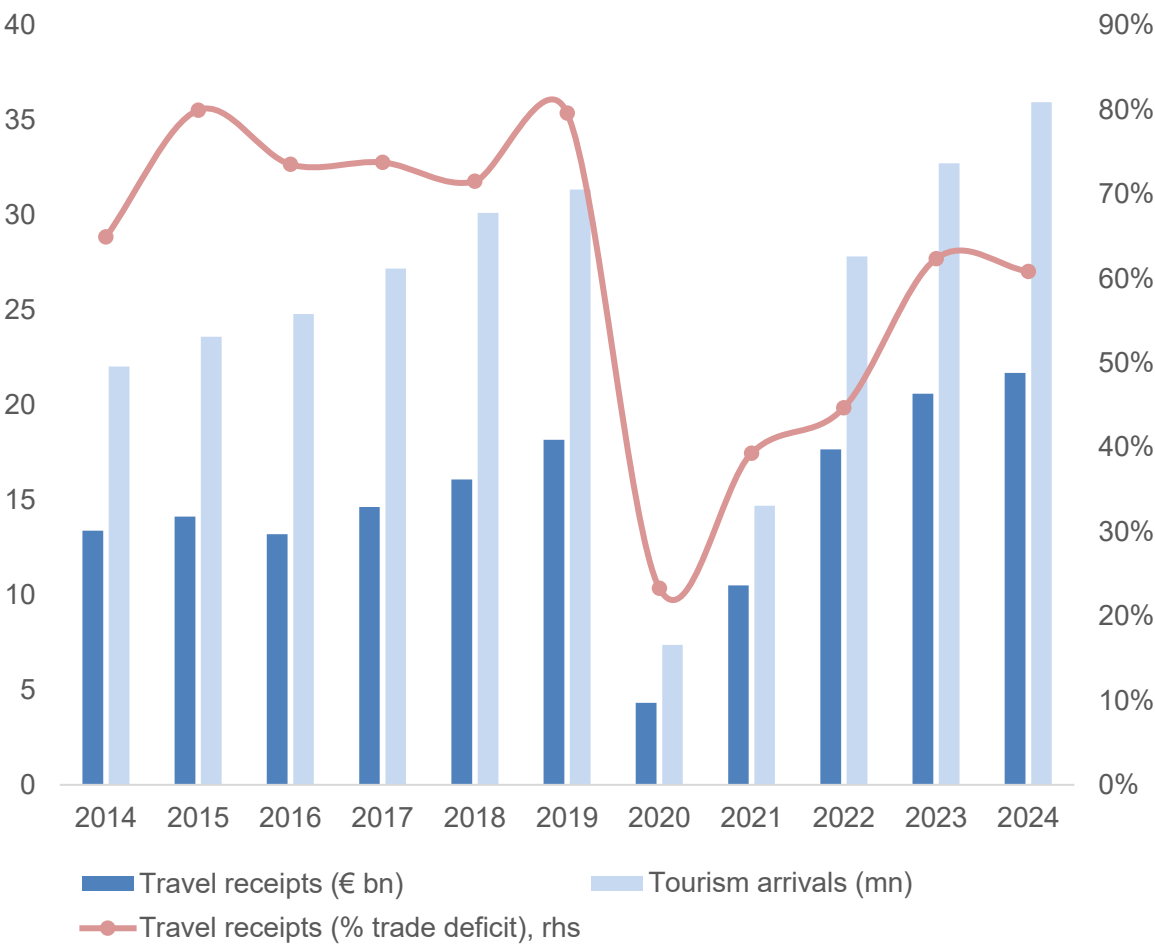
Exports-to-Output for selected Manufacturing Sectors*



(*) Selection was based on each sector's weight to total manufacturing production.

Greek Tourism: serving as a life raft during the crisis

To what extent do travel receipts counterbalance the trade deficit...



..and support the Greek economy



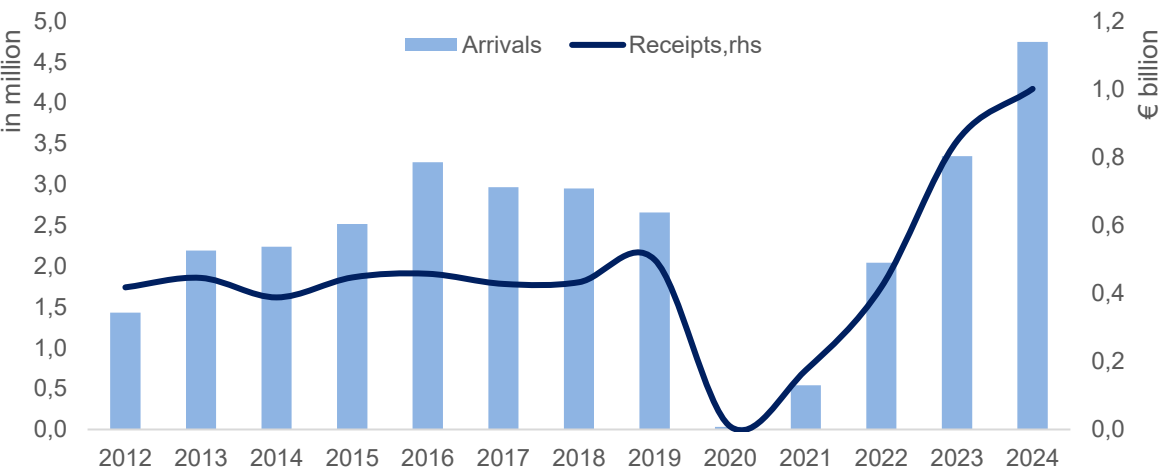
*Note: Includes the direct, indirect and induced impact of the tourism sector to the Greek economy.

Greek Tourism: new record highs and product upgrade

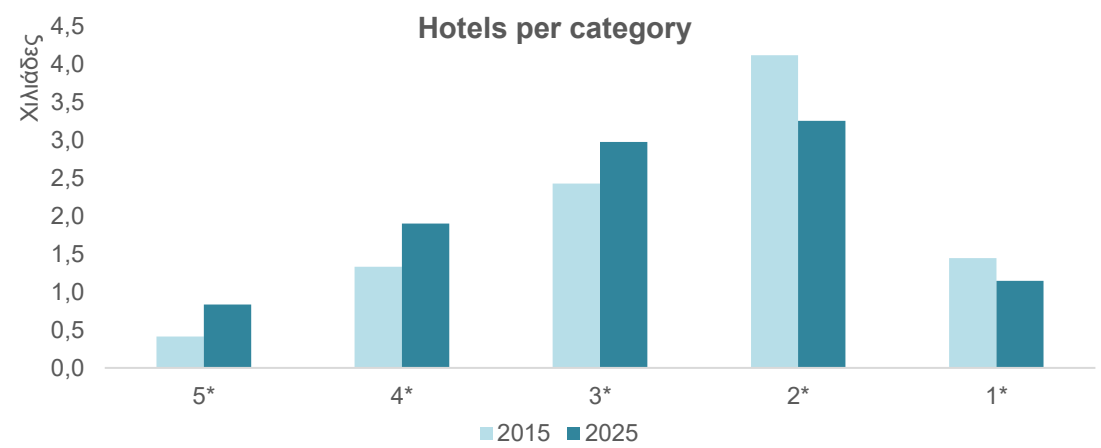
Growth and expansion to new markets...



...Cruise Influx



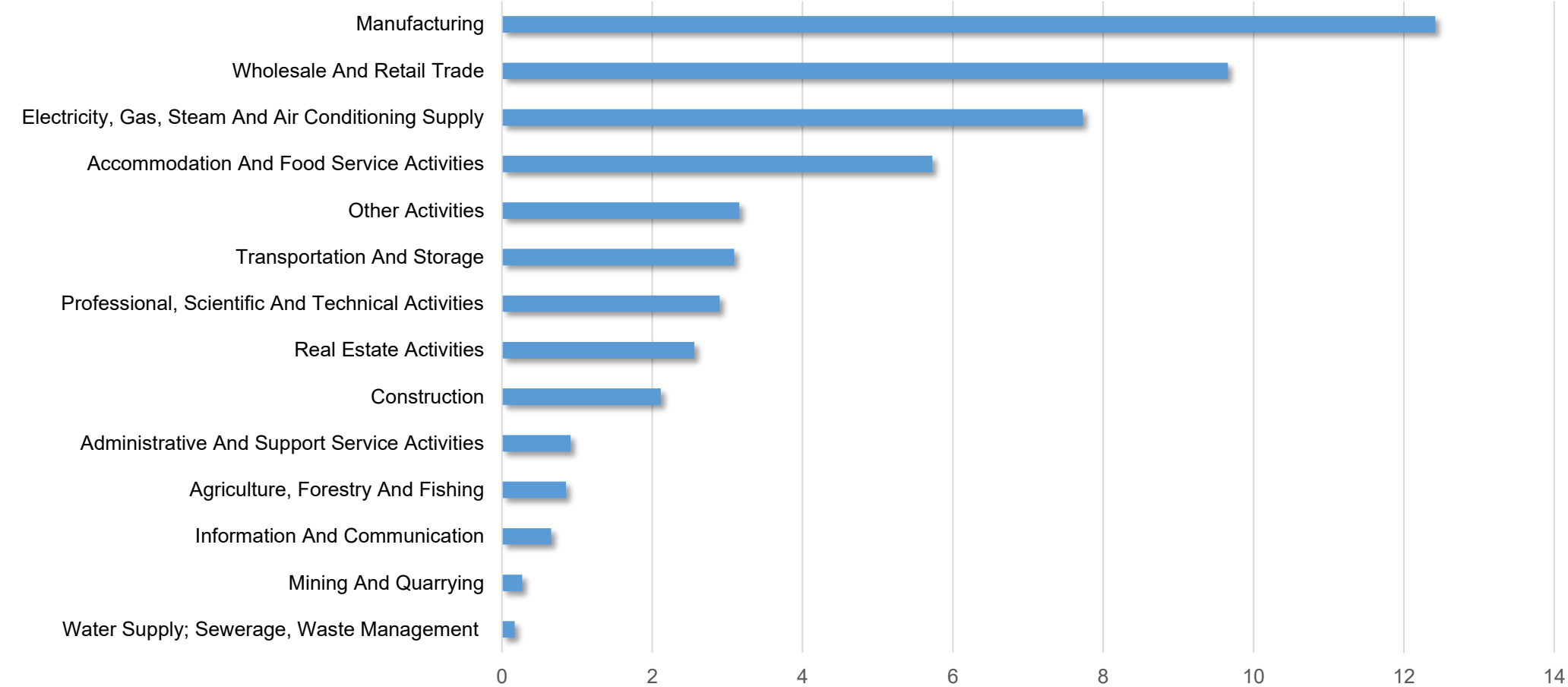
...and Infrastructure Upgrade



¹Note: Numbers for tourist arrivals and receipts do not include cruises

The banking system as a lever for economic growth

New loans to non-financial corporations per sector (€ bn, 2020-2024)



Other activities include, among others, sectors O-Q (Public administration, defence, education, human health and social work activities) and R-U (Arts, entertainment and recreation; other service activities; activities of household and extra-territorial organizations and bodies)

What can the rest of Europe learn from Greece's recovery?

Lessons for Policy makers...

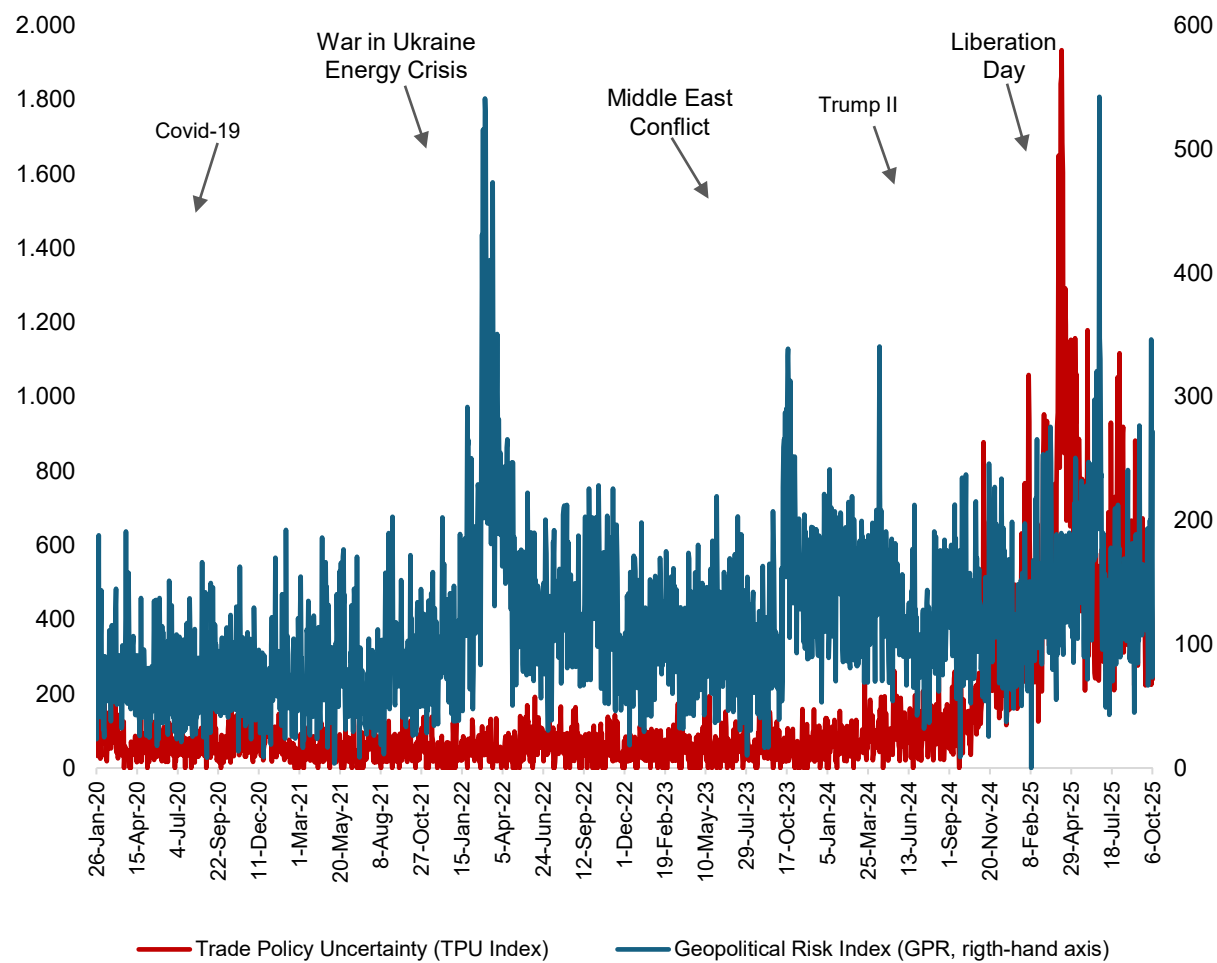
- ✓ **Successful fiscal consolidation should rely on expenses cuts, not tax increases.**
- ✓ **Protecting the vulnerable borrowers should not jeopardize the payment morale.**
- ✓ **Bold structural reforms and policy measures.**
- ✓ **Creating a more friendly business environment.**

...and Bankers:

- ✓ **Strengthen and Maintain a Solid Risk Management Framework**
 - Implement robust credit risk assessment and always stress test to price risk appropriately at all cycles.
 - Monitor concentration exposure to specific sovereigns and corporates, in order to avoid potential price bubbles.
- ✓ **Diversify Funding Sources**
 - Develop stable retail and corporate deposit bases and fill funding with long-term instruments.
 - Reduce reliance on short-term interbank lending and ECB liquidity.
- ✓ **Invest in Digital Transformation**
 - Modernize banking infrastructure to improve efficiency and customer trust.
 - Use innovative fintech tools to assess creditworthiness, manage portfolios and AI / machine-learning to predict future behavior.
- ✓ **Build Capital Buffers in Good Times**
 - Accumulate counter-cyclical capital reserves during economic upswings.
 - Use Capital Buffers to diversify revenue streams, both in terms of products and geographically to withstand future pressure.

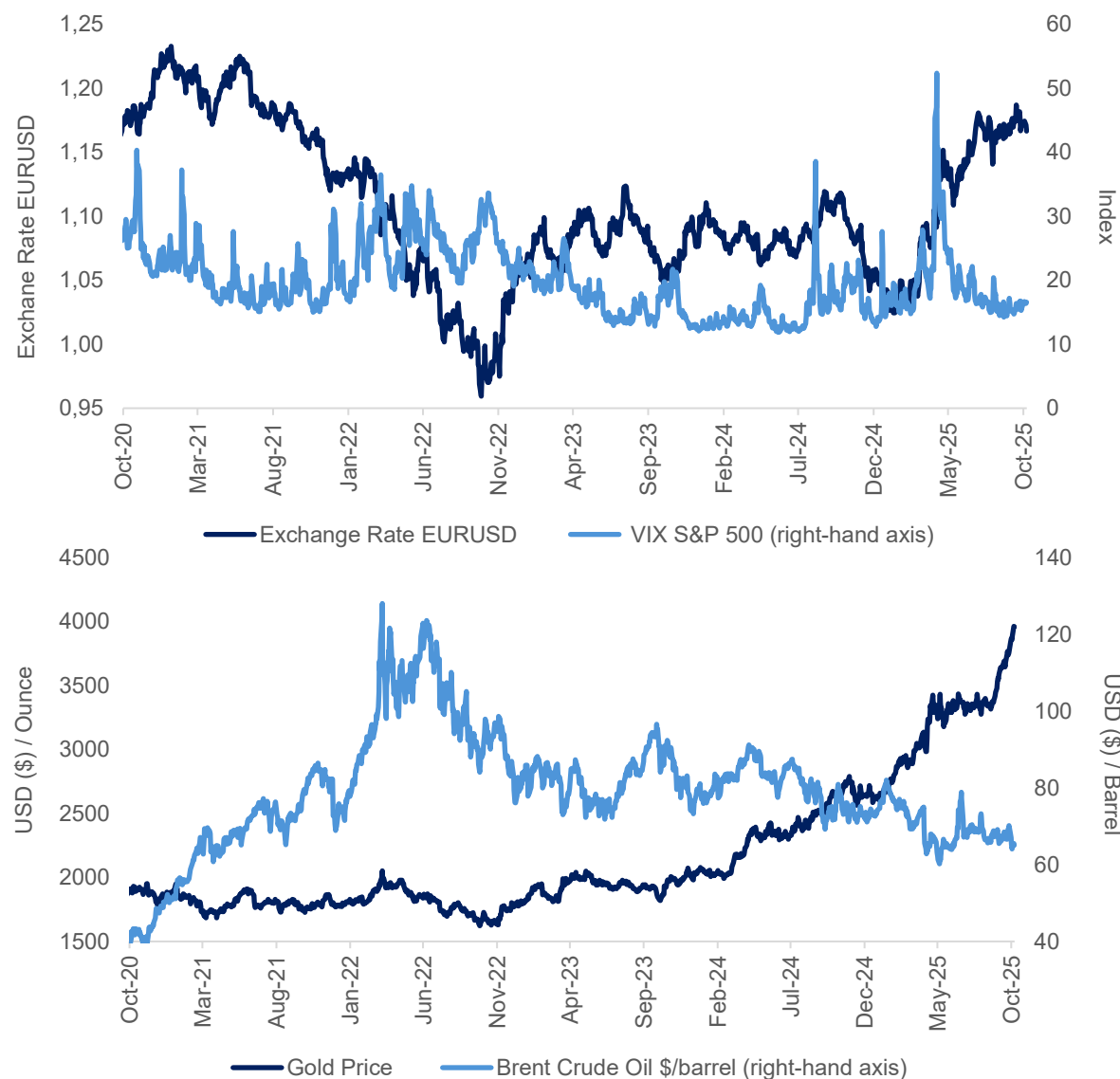
Doing business while the international order changes

Geopolitical Risks Everywhere



- Are the borders always fixed? (Ukraine, Middle East , Syria etc)
- Is the military umbrella that NATO provides for Europe becoming weaker?
- Diplomatic threats against Canada and Greenland by the leader of the Western world and the international order.
- Trade Policy Uncertainty fell faster than we expected once the deal with the United States was concluded.

Trade Wars: Fears and Reality six months since liberation Day



Source: Bloomberg

EUROPE

• Retaliation

- Reciprocal tariffs were expected to raise import costs and reverberate through supply chains...
- ...but EU only announced counter-tariffs on around €26 billion worth of American goods and suspended them once a deal was struck in July.

• Exchange rate

- Tariffs were expected to trigger a depreciation of the euro against the dollar – driven by expectations of higher US rates and a smaller US trade deficit – thereby amplifying imported inflation...
- ...but the euro has appreciated substantially reflecting the fact that the imposition of US tariffs coincided with a broader re-evaluation of the country's position in the global financial system. Investors began to question whether the US dollar would continue to warrant its status as the ultimate safe-haven currency.

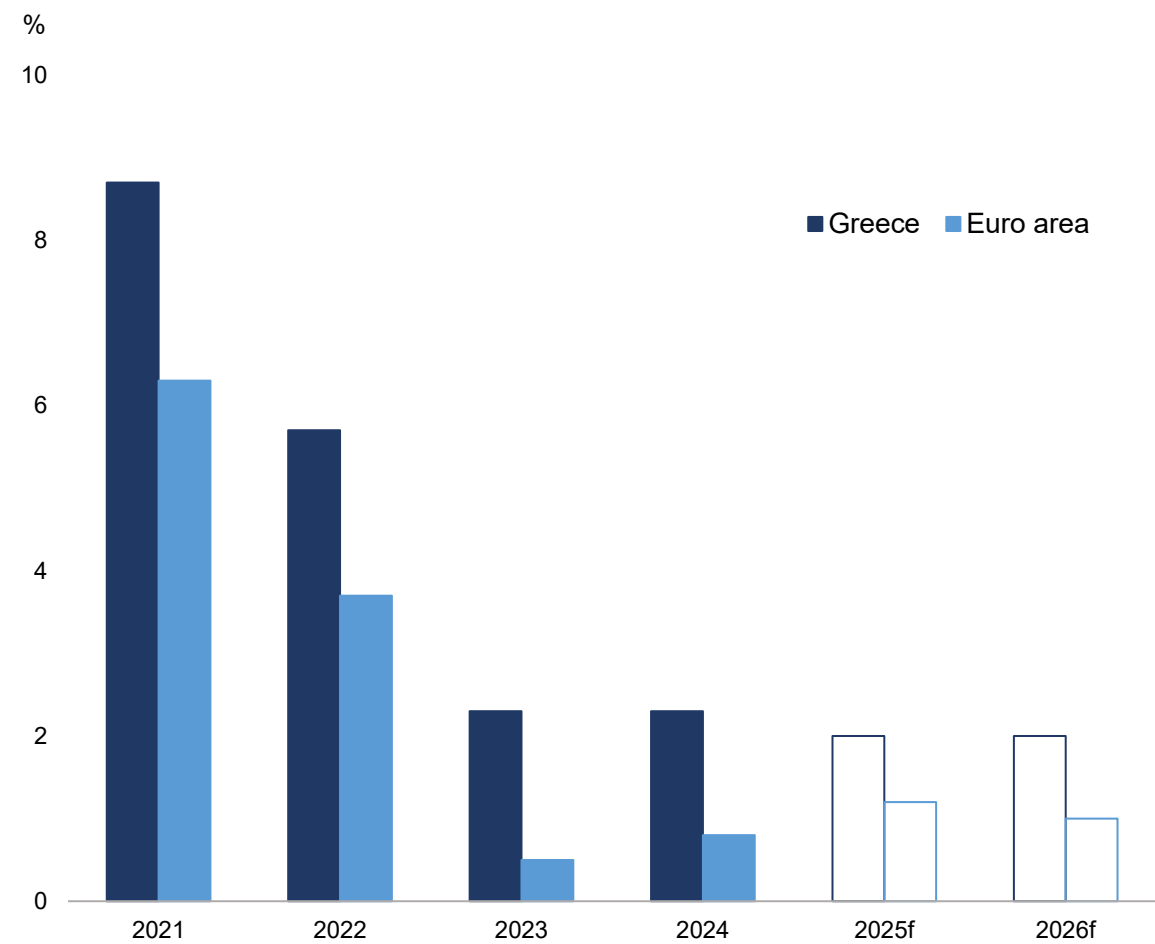
• Uncertainty

USA

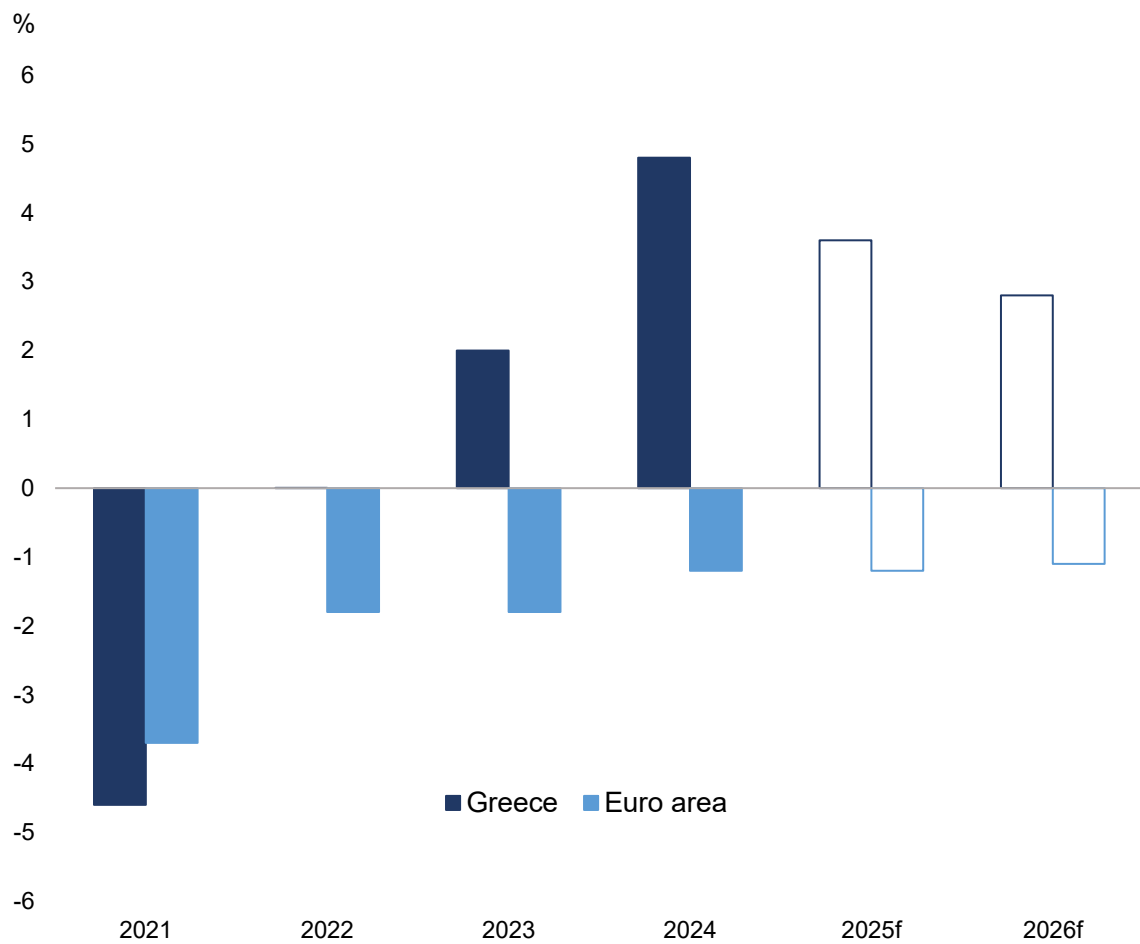
- Raise revenue for government? Yes. Quite substantially. Borne almost entirely by US firms and passed on some to US consumers. So, it has worked like a tax on US firms/consumers.
- Raise inflation? Yes, by small amounts overall. More substantially for household appliances, furniture, coffee.
- Improve trade balance? No sign yet of that.
- Improve US manufacturing? No sign yet of that.

Solid growth and primary surpluses

Resilient real GDP growth rates, consistently outpacing the EA

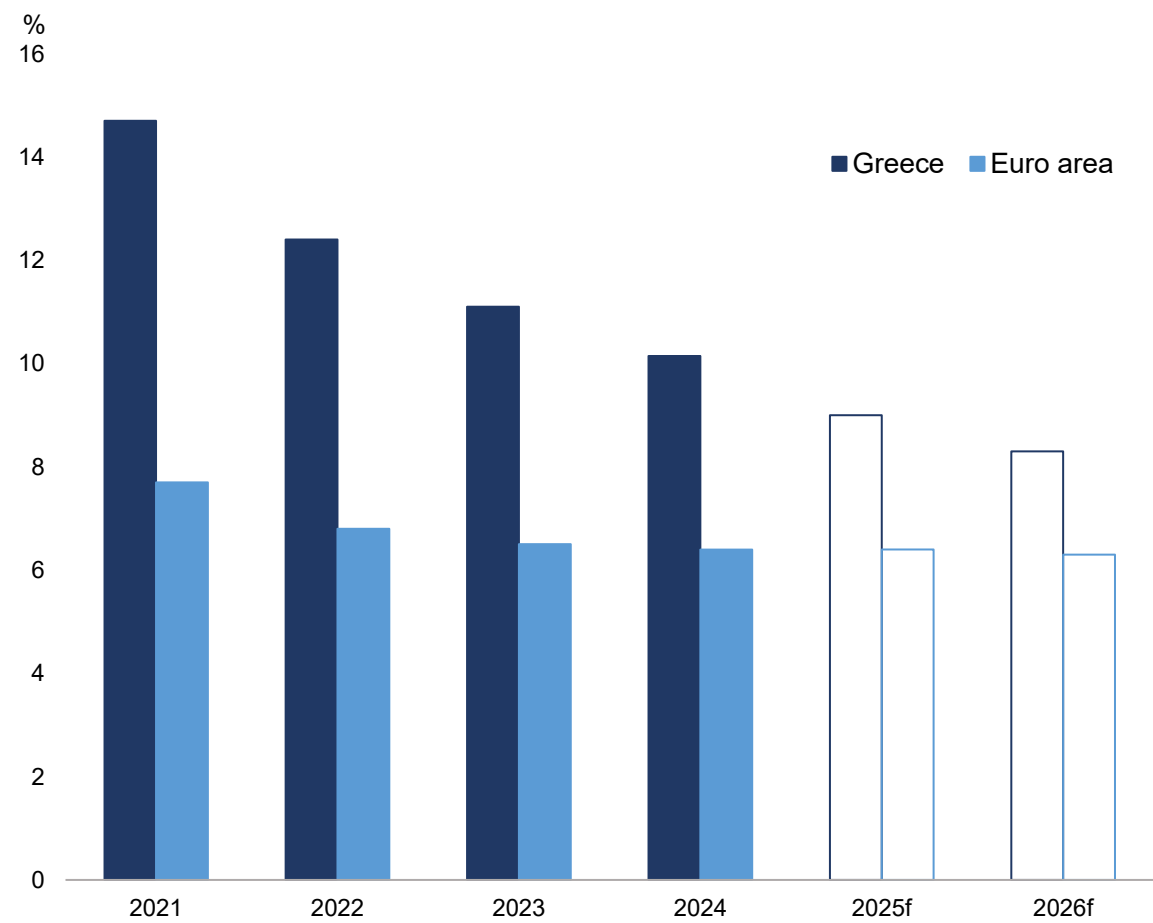


GG primary surpluses (% GDP) remaining strong

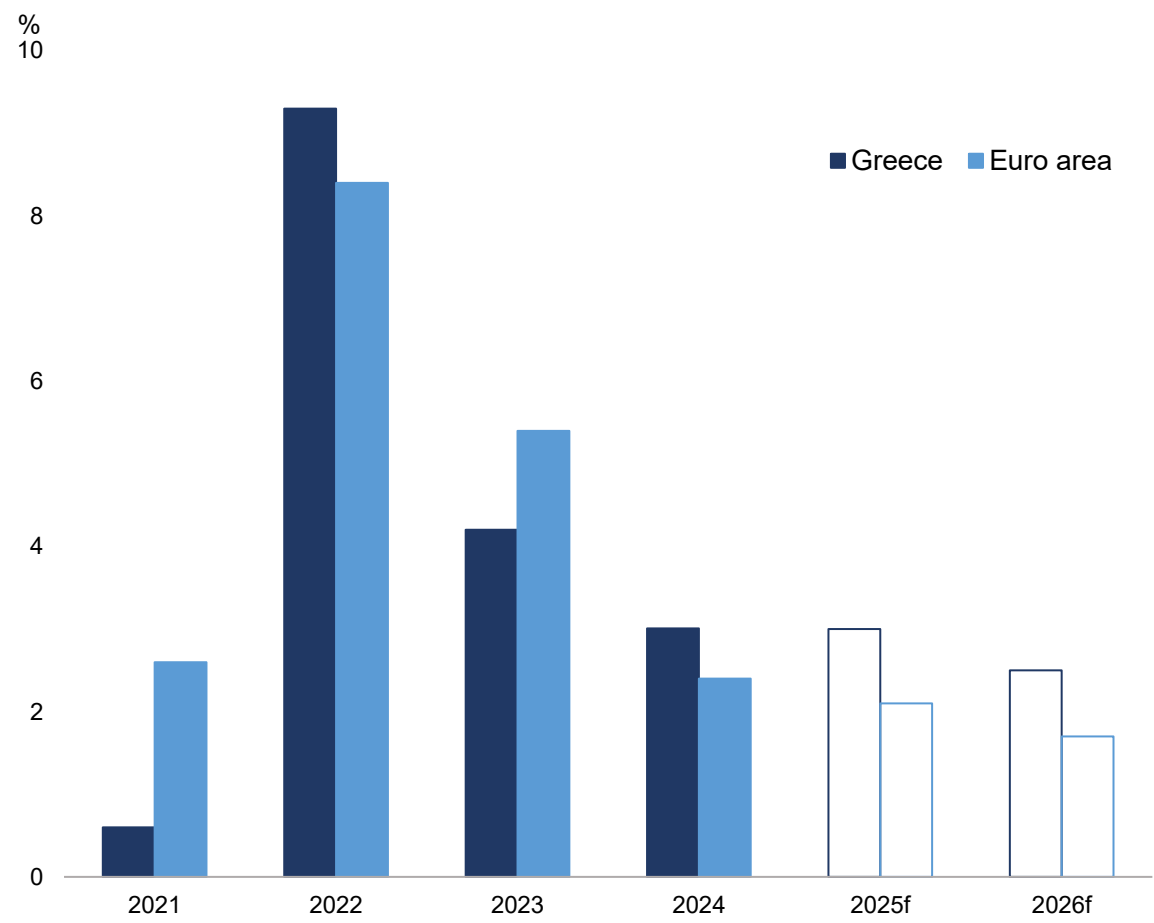


Declining inflation and unemployment in the medium-term horizon

Unemployment to breach the 10% threshold, in 2025-2026

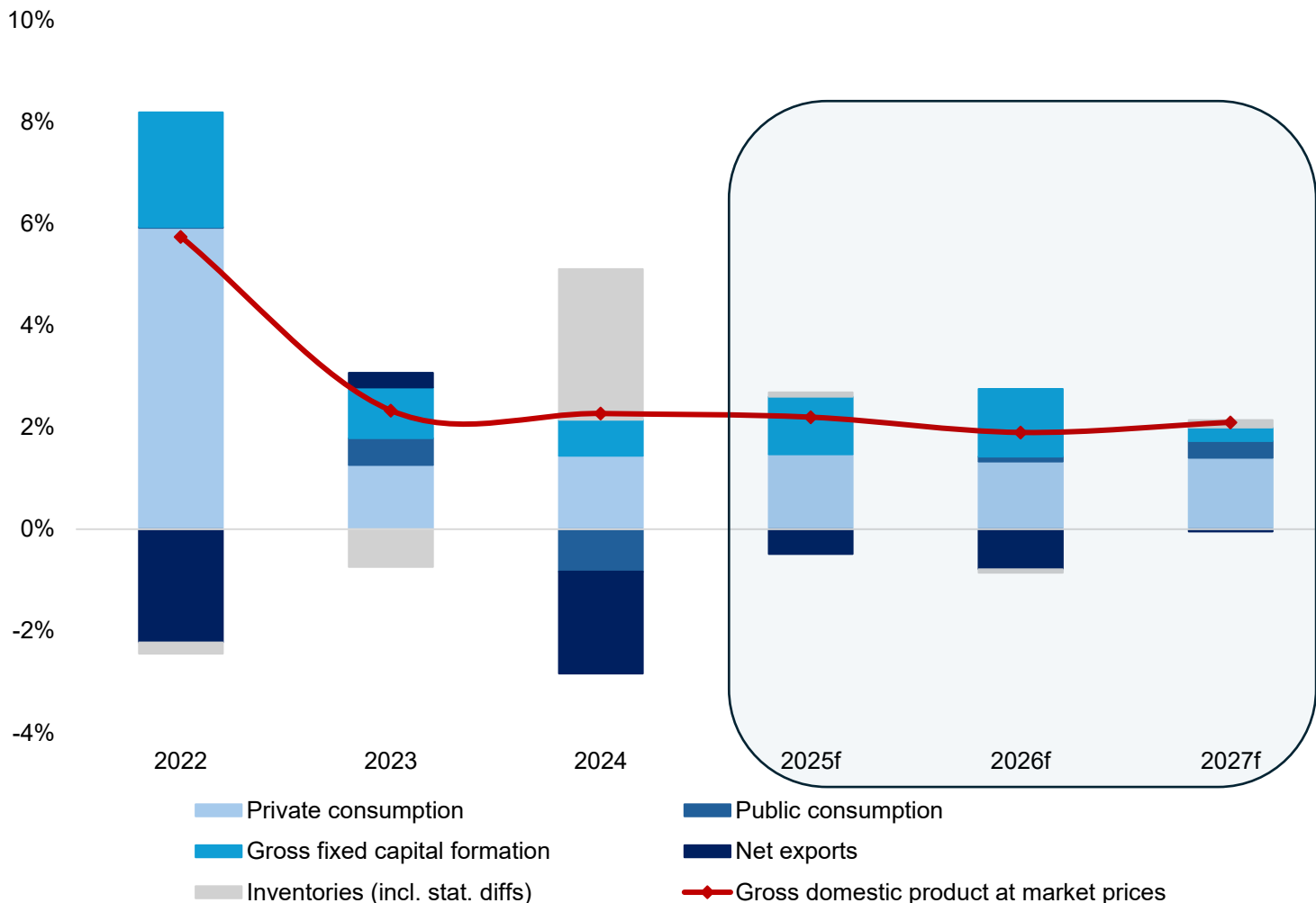


HICP Inflation to approach the ECB target of 2% by 2026



Growth model of Greece going forward

Chain linked volumes (2020)

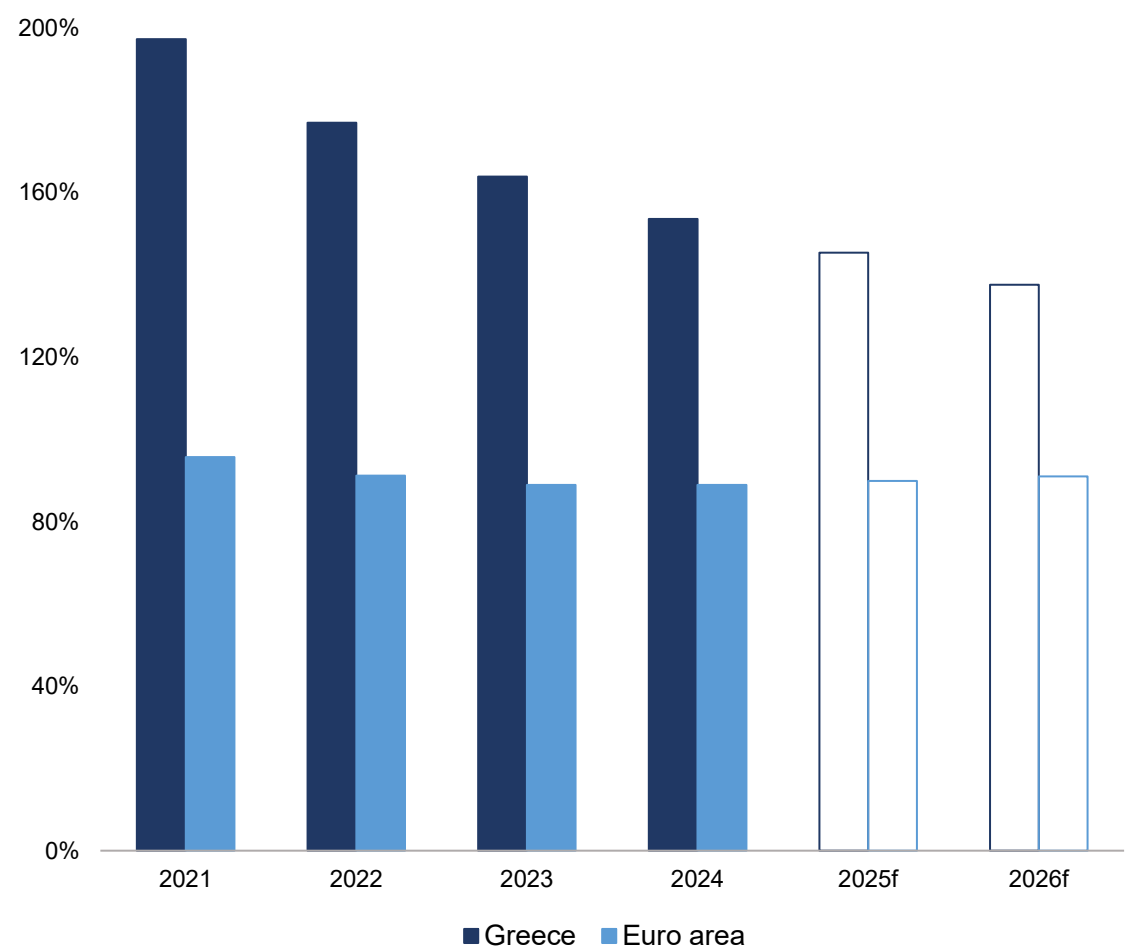


- Private consumption is projected to grow at a rate of 2% per annum until 2027. Thus, it is expected to remain the main driver of growth contributing around two-thirds of GDP expansion.
- Investment is expected to grow sharply this year and the next (between 7%-8%) and increase mildly in 2027. The contribution of investment is forecast to be around 1% each year.
- Both imports and exports are anticipated to grow in the medium term:
 - in line with the growth of private consumption and the implementation of investment projects, and
 - due to the enhanced extroversion of the Greek economy.

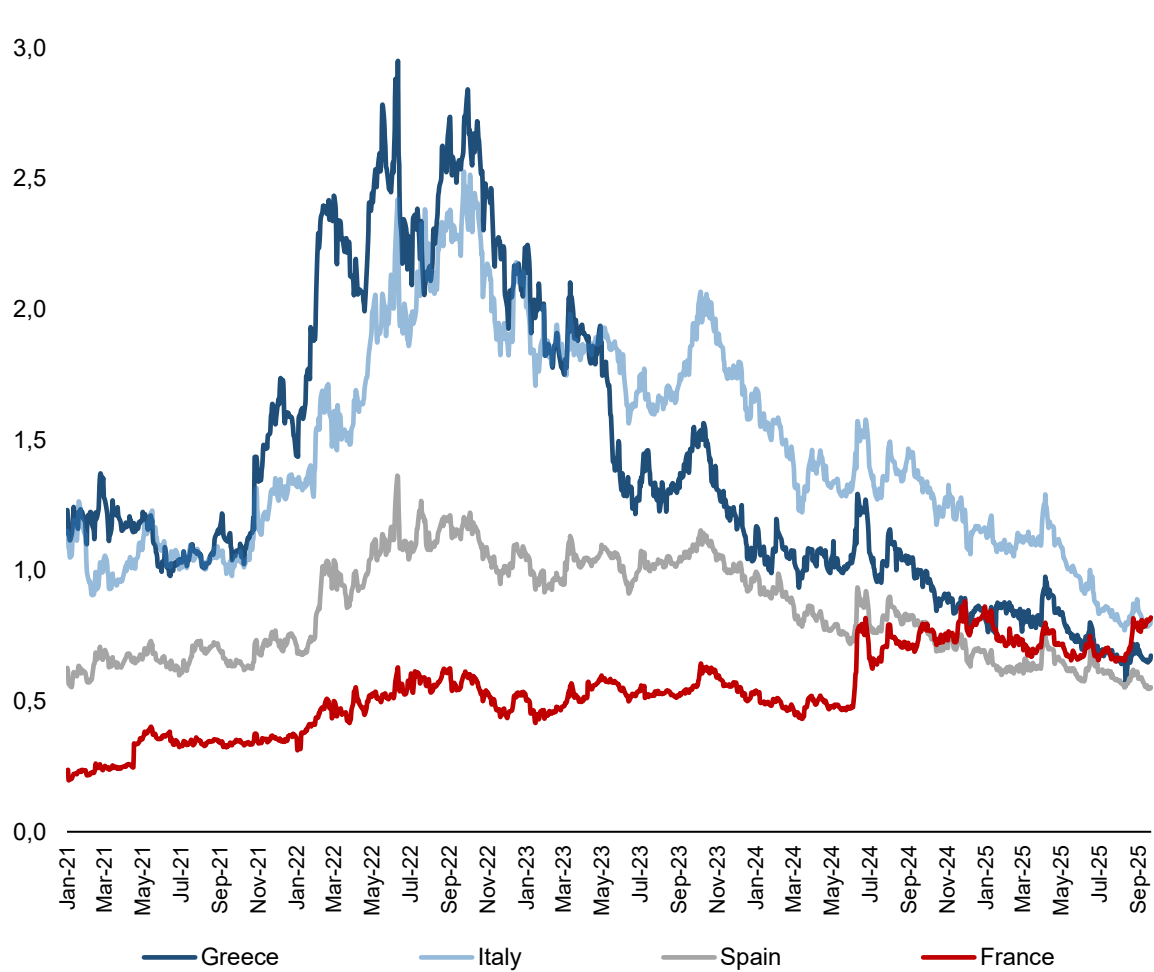
The contribution of net exports to GDP growth is estimated to be marginally negative.

Fiscal Consolidation and GG Spreads

De-escalation of Public Debt to Nominal GDP, reflected on...



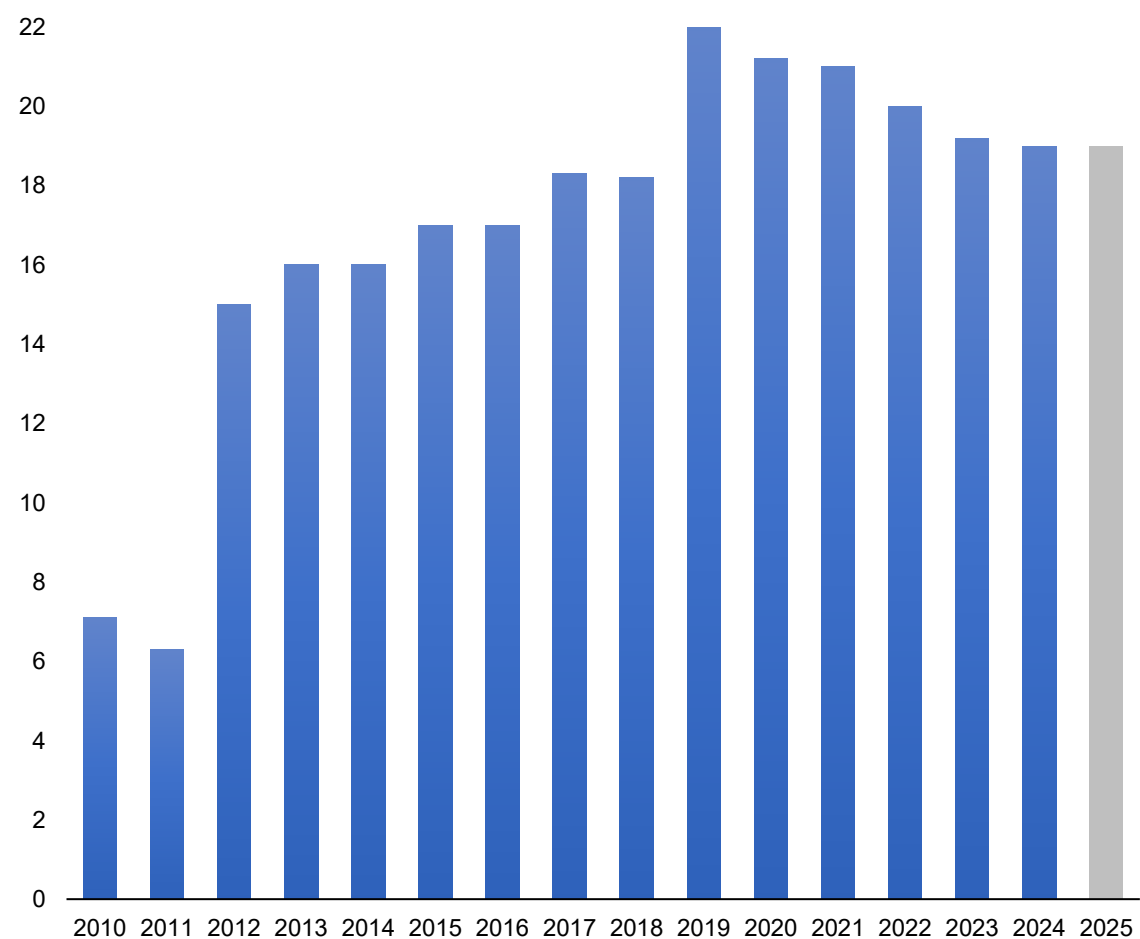
...10yr GGB spread lying below IT and recently FR



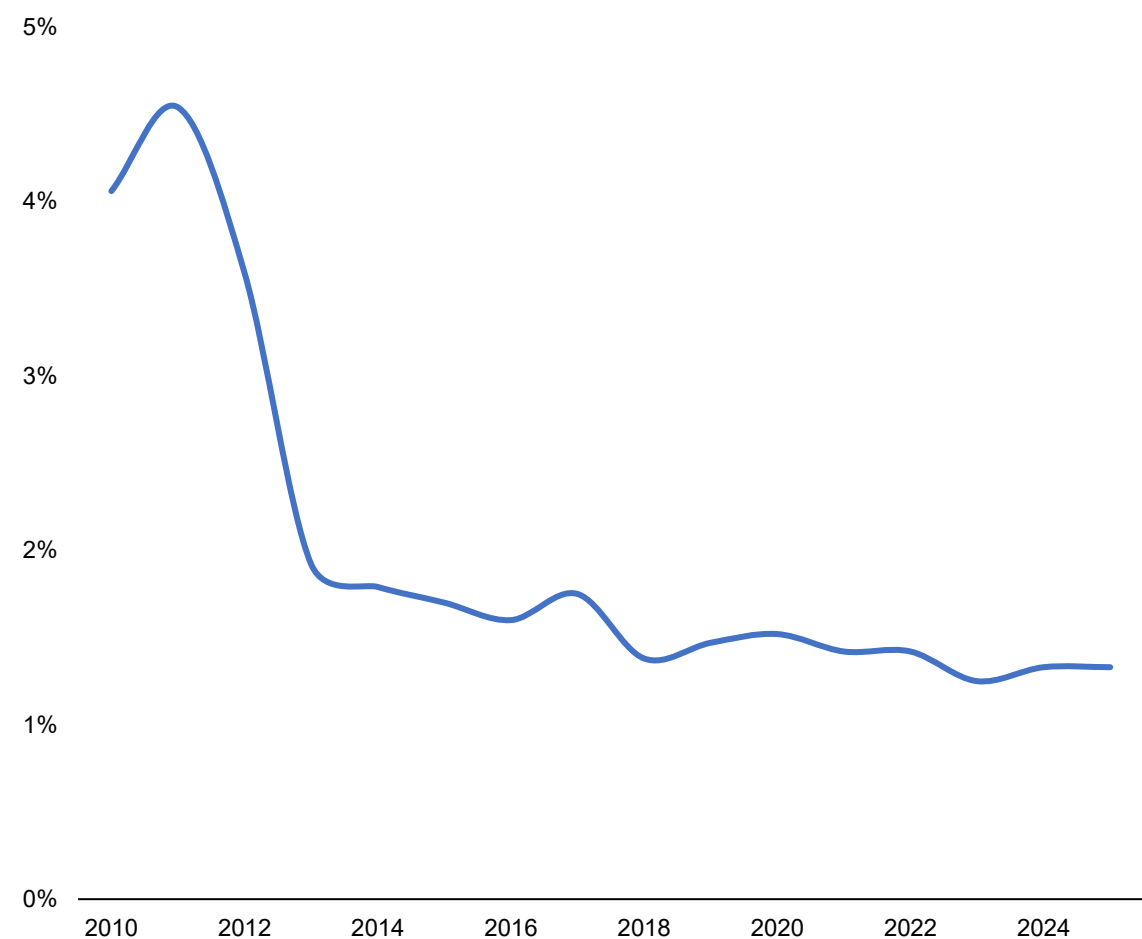
Sources: ELSTAT, Eurostat, European Commission (European Economic Forecast, Spring 2025), Ministry of Finance (Draft Budget, October 2025), Bloomberg.

Greek Debt Profile

Maintaining its positive characteristics, such as long maturity...



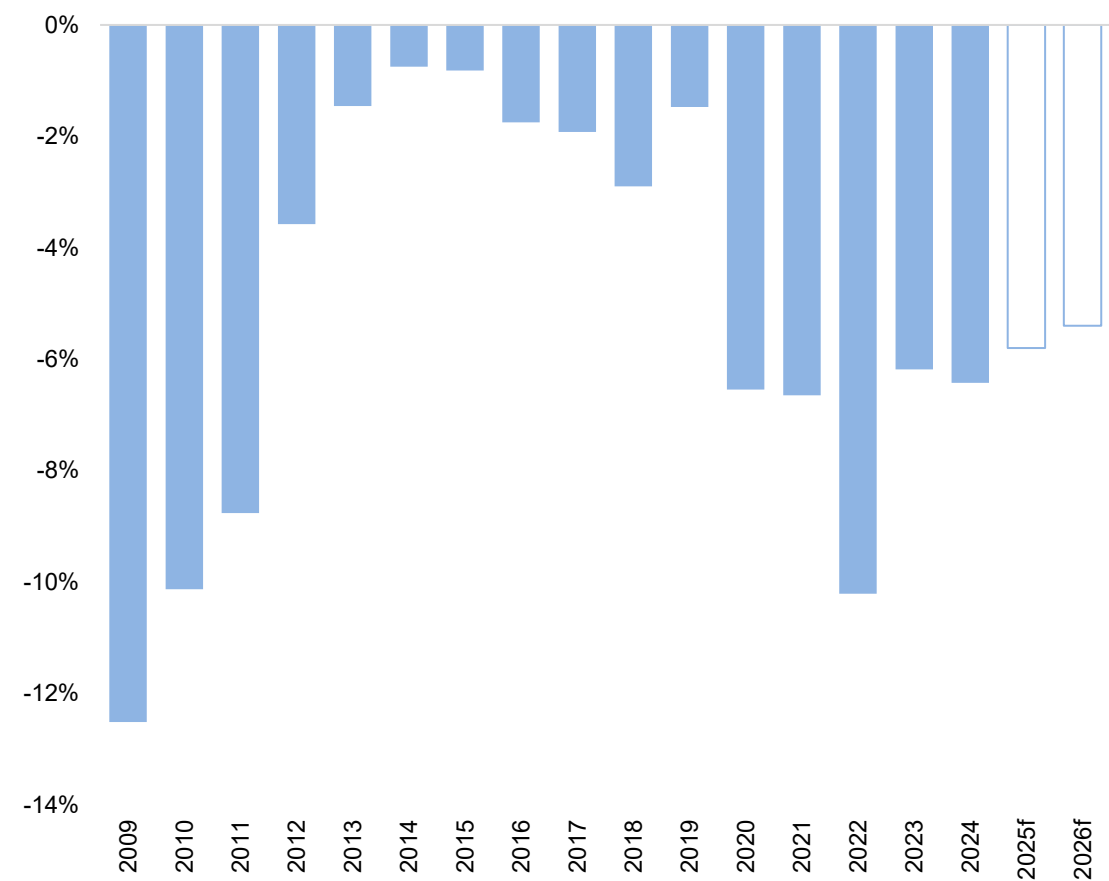
... low and fixed annual servicing costs*



Sources: PDMA (* Annual Effective Weighted Average Interest Rate (cash basis), deferred interest not included from 2023 onwards), PDMA (Investor Presentation/Funding Strategy Implementation, July 2025).

Current Account deficit and the moderating effect of Tourism

The macroeconomic imbalance remains, mainly due to increased imports of goods...

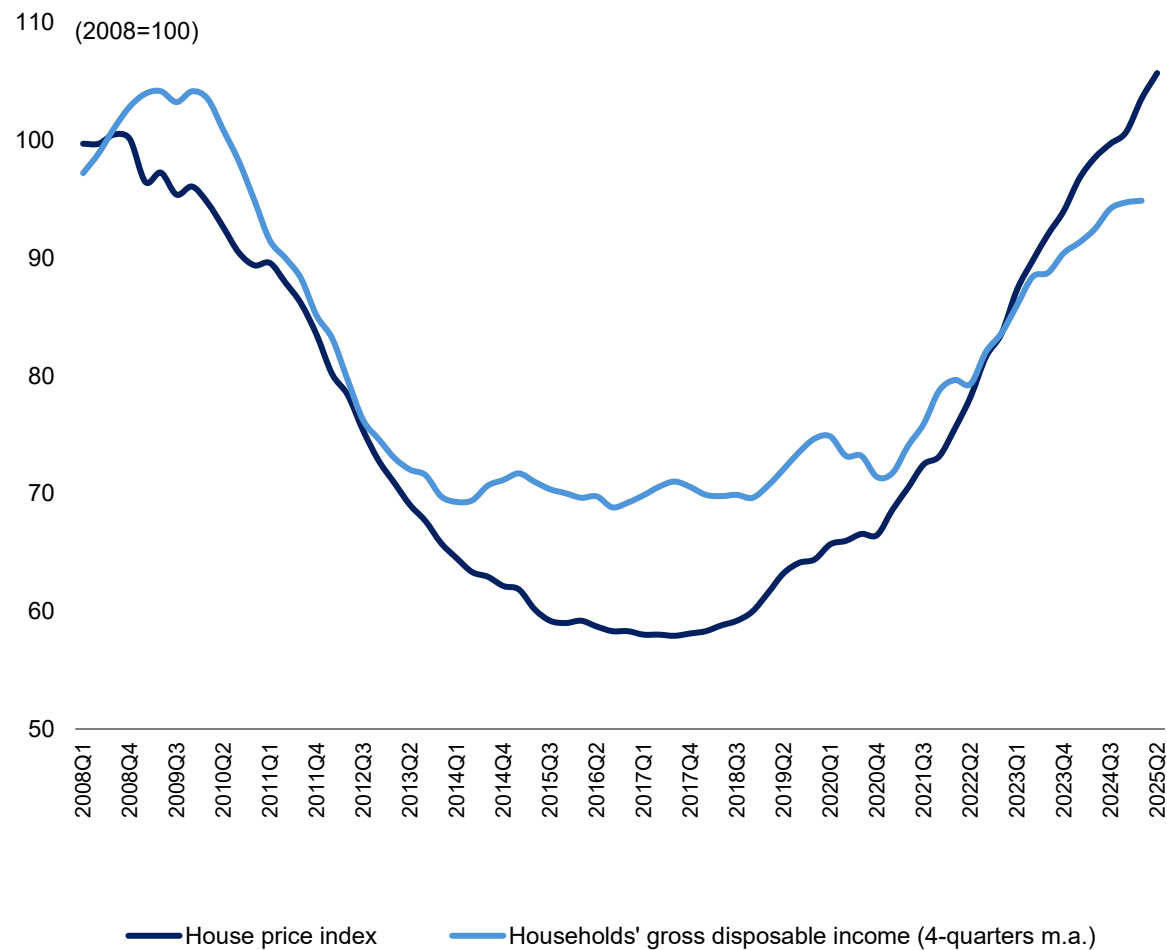
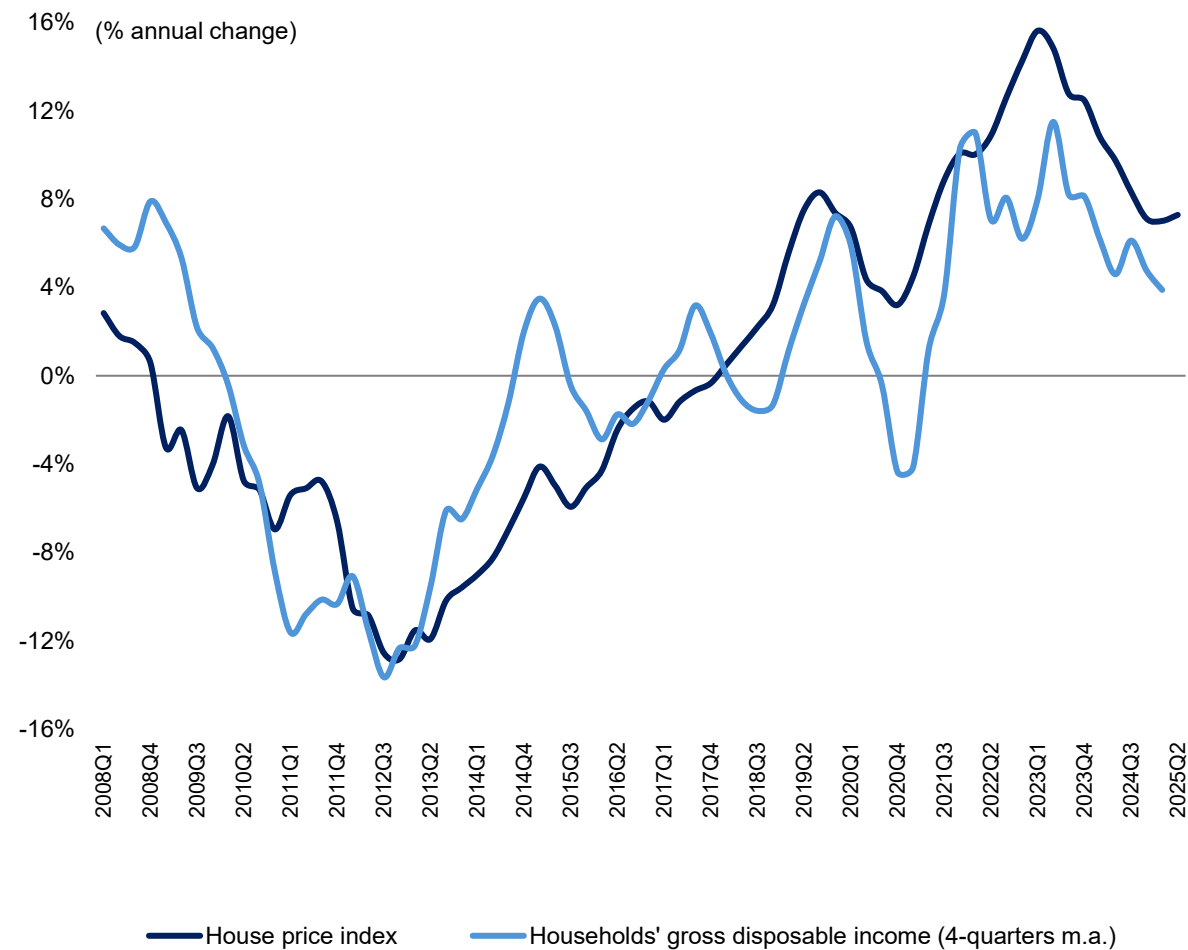


...while travel receipts cover a significant % of the trade deficit

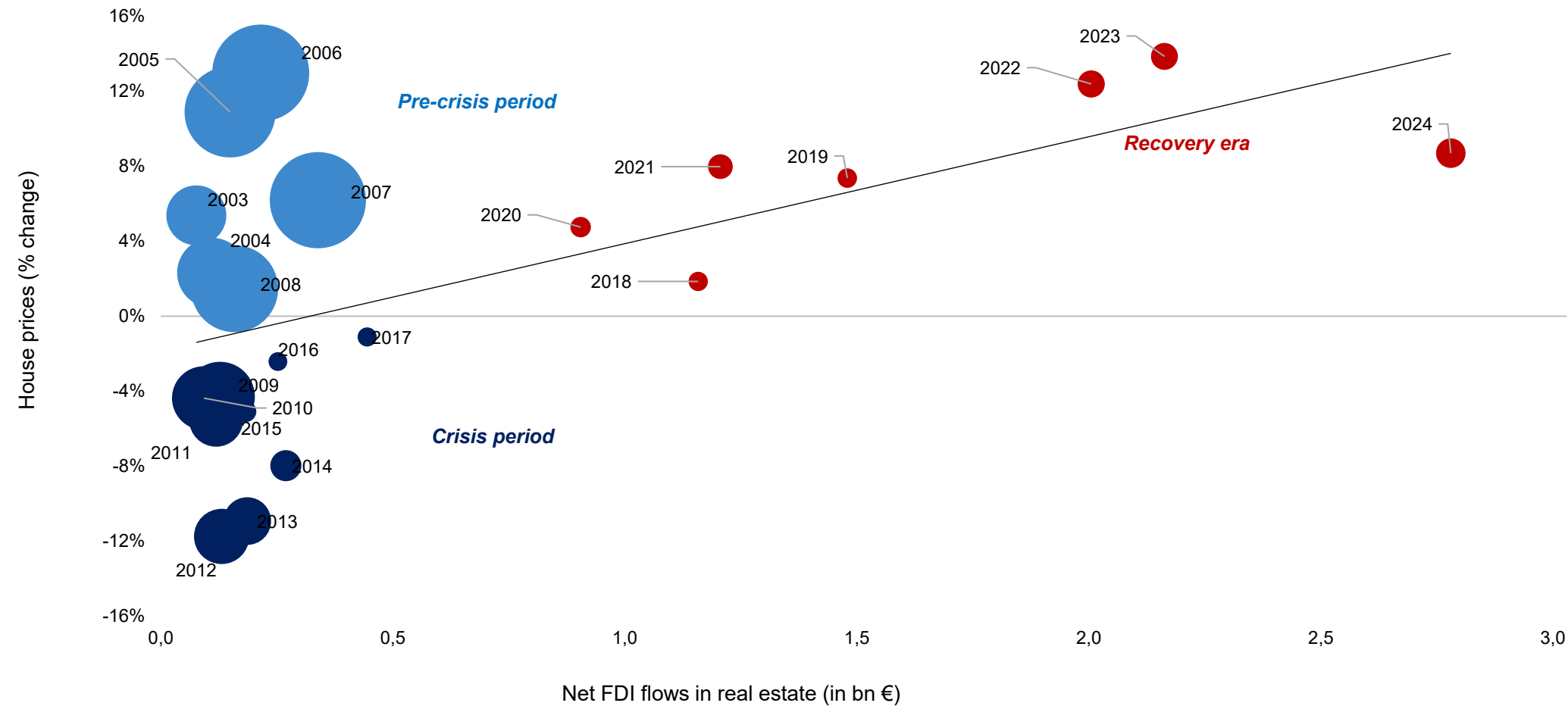


Aspects of Housing Affordability

House prices grow faster than incomes in Greece



House Prices Cycles and Greek Idiosyncrasies



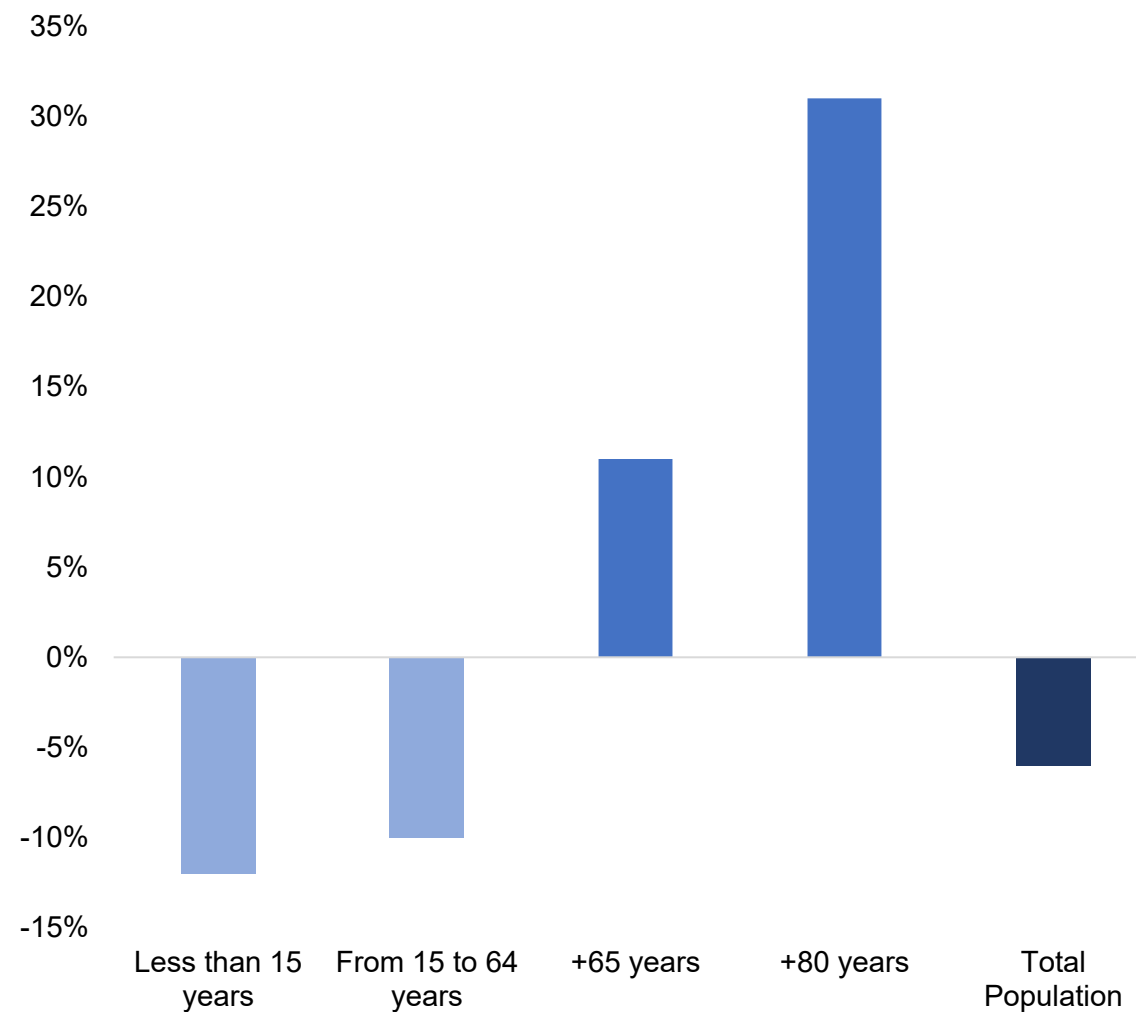
Note: The **size** of the bubble represents the **gross flows of new housing loans**. The **colour** of the bubble highlights the **house cycle phase**, i.e. pre-crisis (light blue), crisis (dark blue) and recovery era (red).

The Challenges Ahead

What are the Growth Drivers?

- Labour
- Capital
- Productivity
- Entrepreneurship

Ageing population structure: 2011 -2022

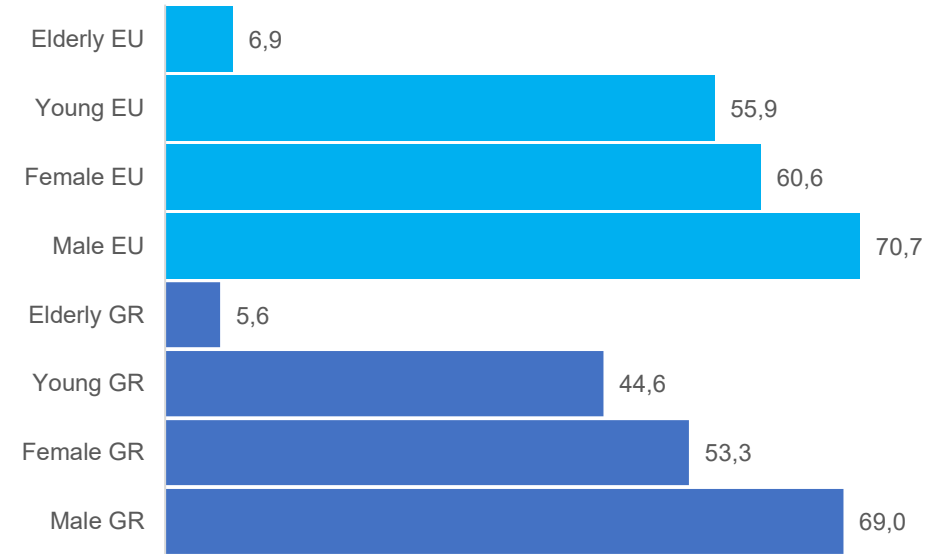


Increasing the employment ratio

- To Compress Structural Unemployment



- To Increase the participation of Women, Young and Elderly in the Labour Force

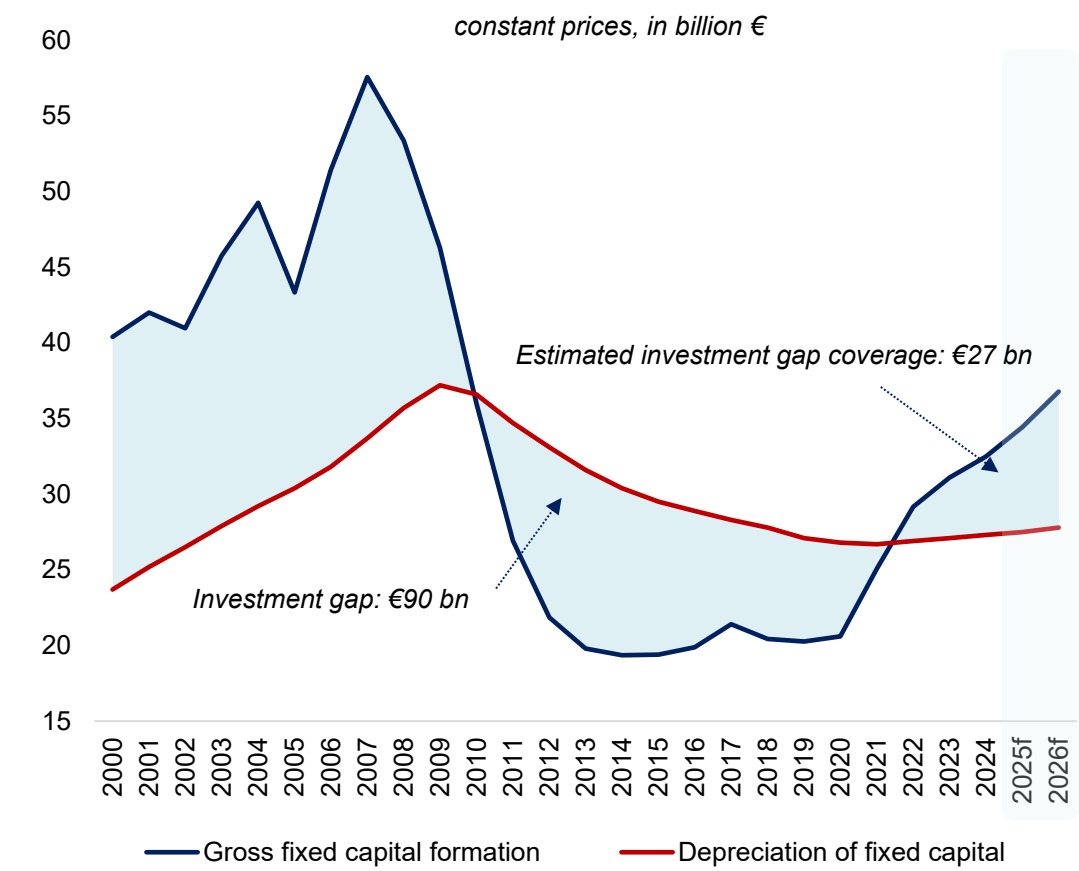


Eurostat data (2024), Age groups: Male-Female 15-74 yo, Young 15-29 yo, Elderly 65+

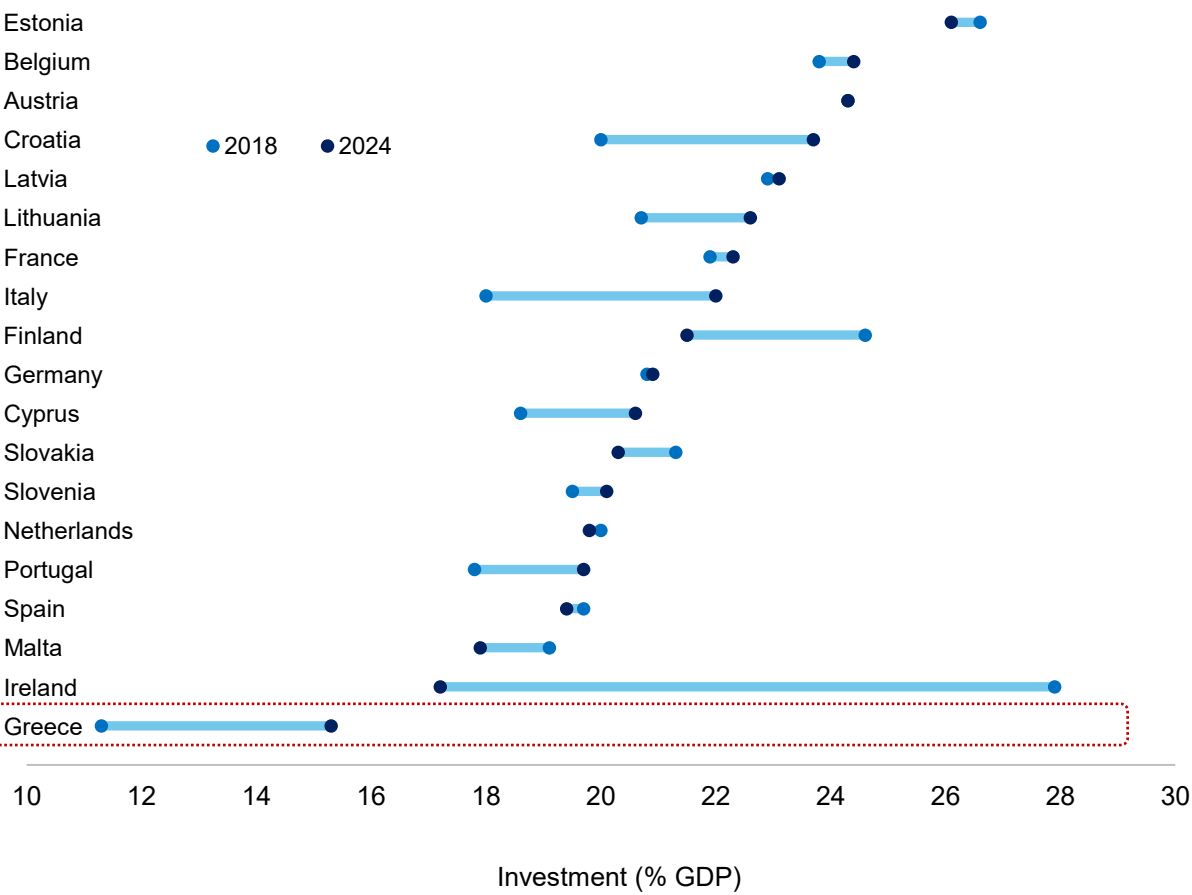
- ✓ To reduce the undeclared work
- ✓ To reverse the brain drain phenomenon
- ✓ To design a migration policy

Stimulating Business Investment Again

Filling-in the investment gap in the medium-term and the reforms' potential impact

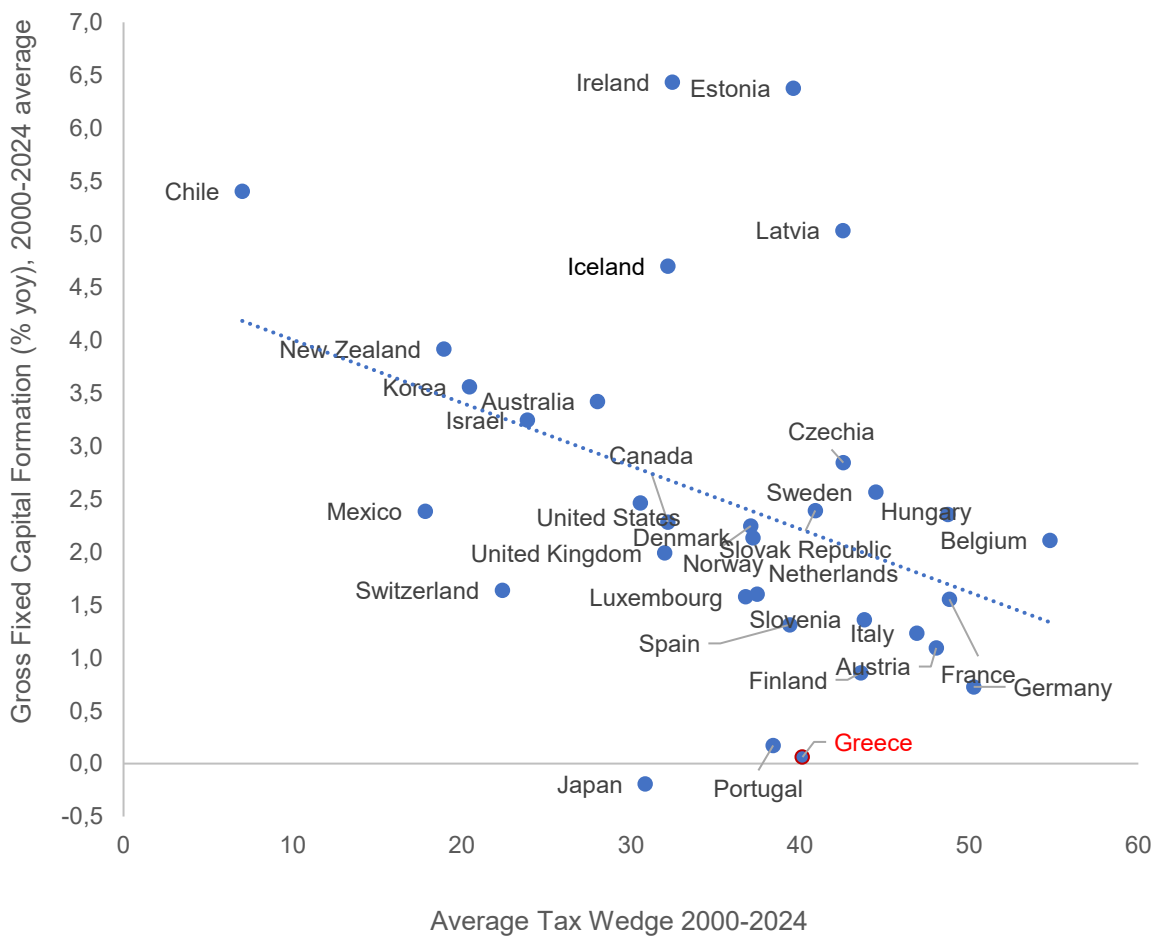


The rise of Investment since the onset of economic recovery

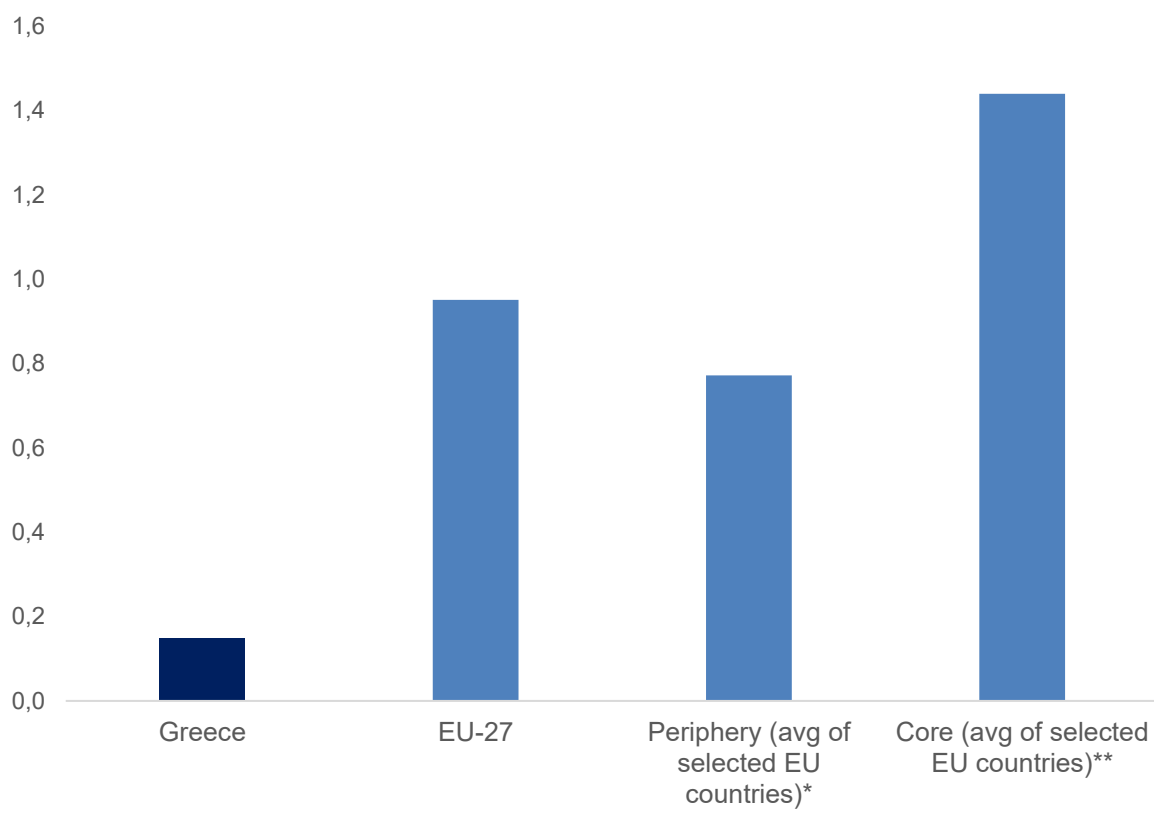


Reforming Labour Taxation and Improving Government Effectiveness

Tax wedge vs. Investment: OECD countries



Government Effectiveness Index



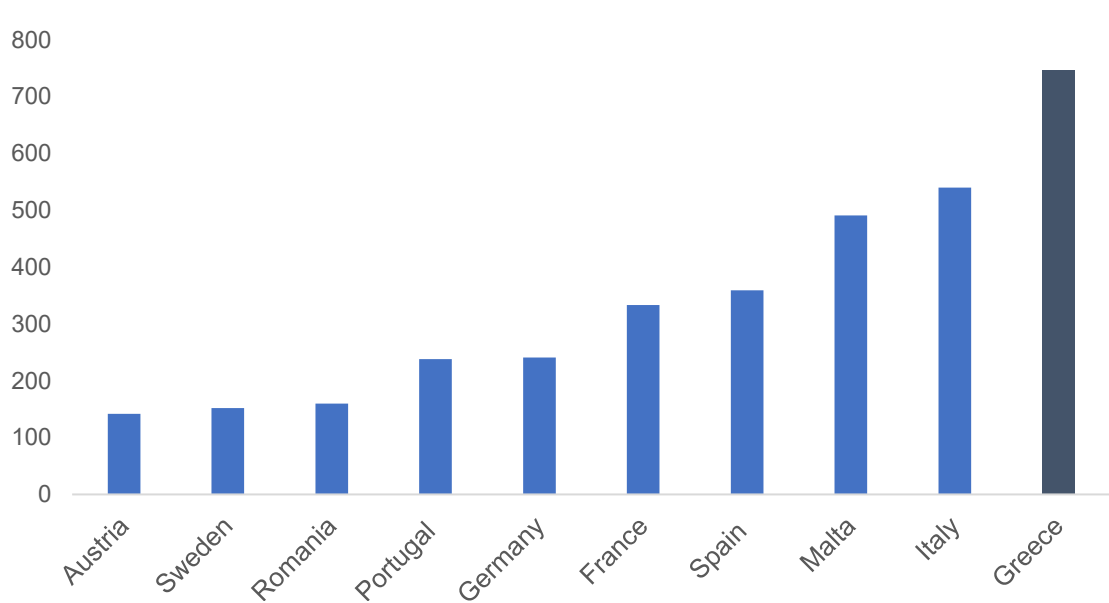
(2023 data)

*Cyprus, Italy, Portugal, Spain
**Austria, France, Germany, Luxembourg, Netherlands

Tax wedge is defined as the ratio between the amount of taxes paid by an average single worker (a single person at 100% of average earnings) without children and the corresponding total labour cost for the employer (OECD).

Enhancing Judicial Efficiency

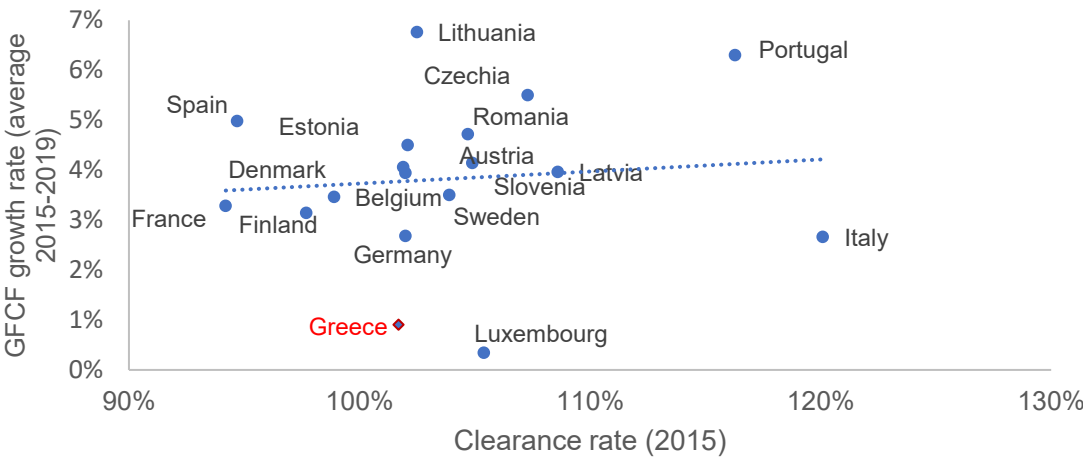
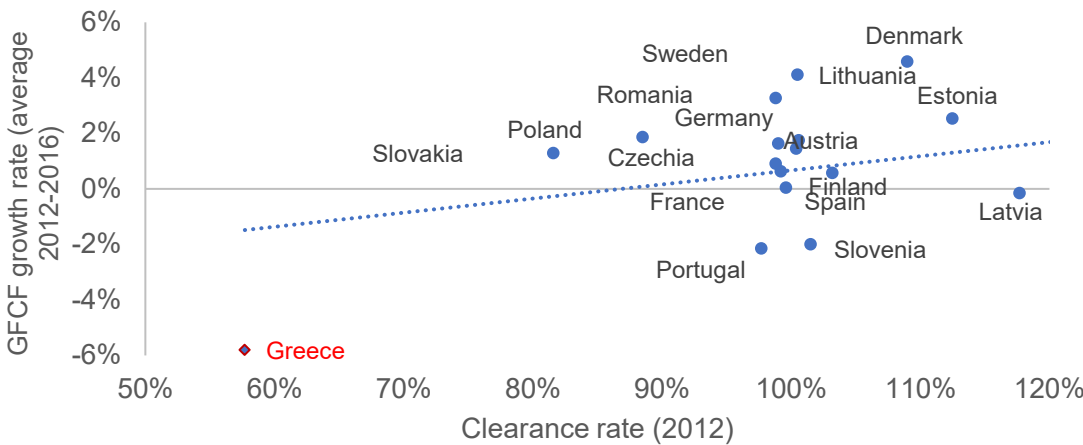
Disposition time¹ in Greece (days)



¹Disposition Time: Average time to resolve court cases (2022 data). The number of days required for the closure of cases.

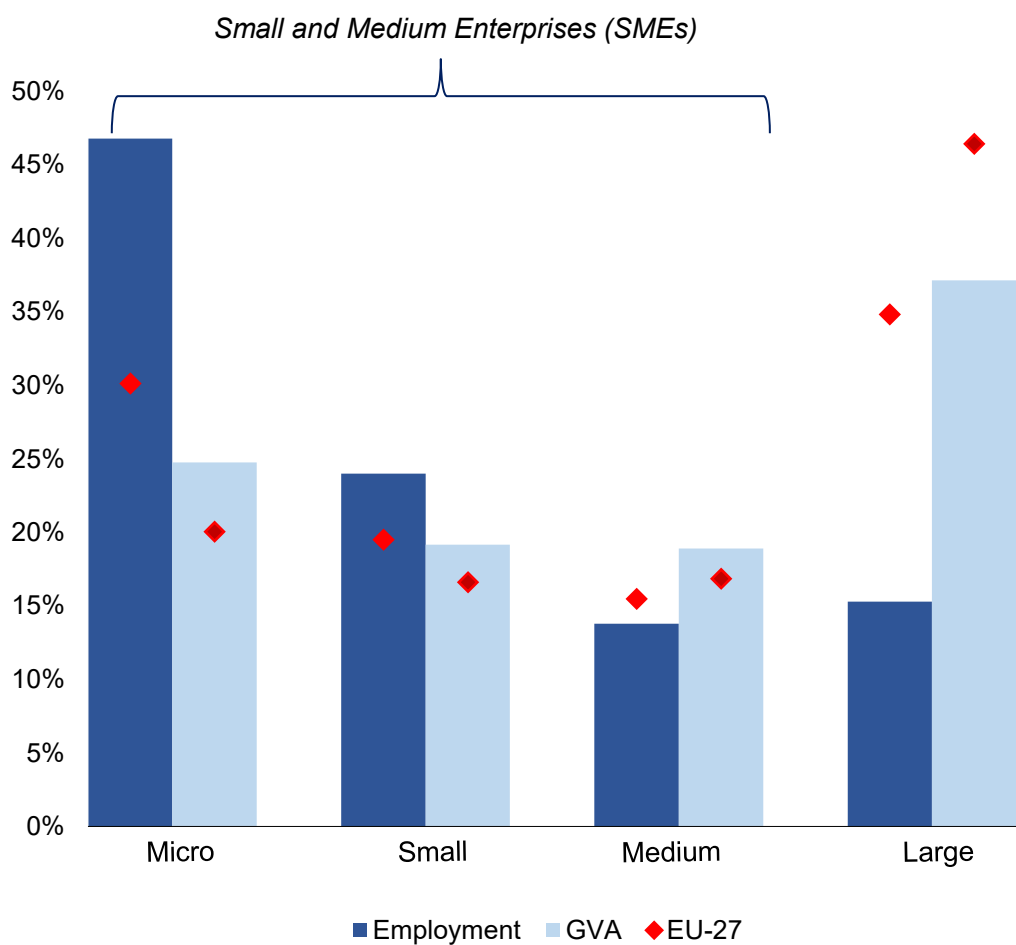
²Clearance Rate: The clearance rate is the ratio of the number of resolved cases over the number of incoming cases. When the clearance rate is below 100%, it means that the courts are resolving fewer cases than the number of incoming cases.

Clearance rate² vs investment growth rates

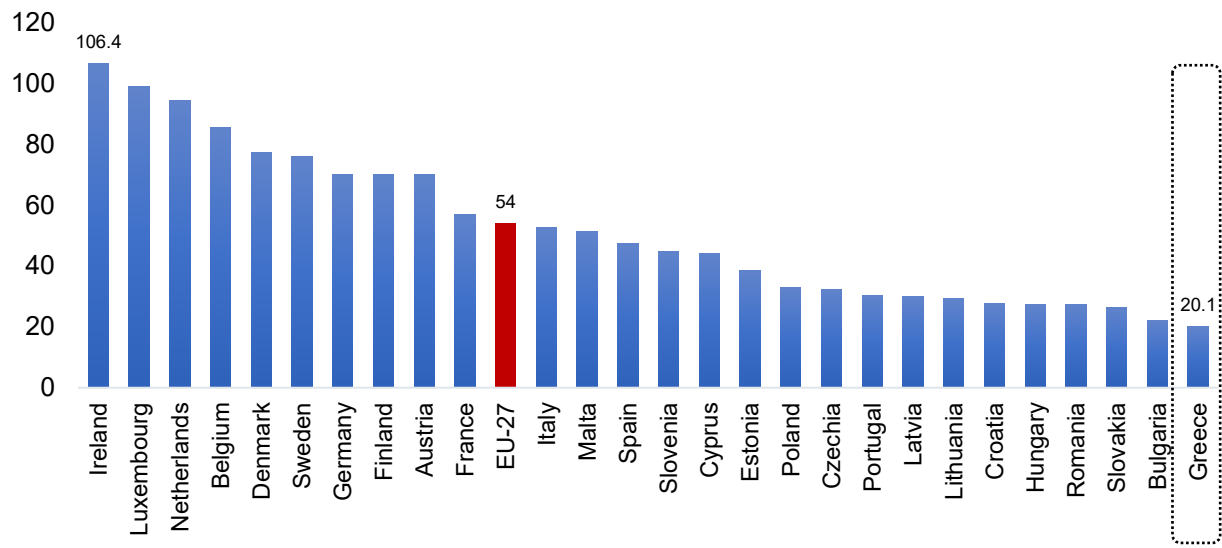


Firm size and productivity: Corporate Governance and Mergers

Shares in GVA and Employment per Firm Size



Productivity* of SMEs in EU-27 countries



*Defined as Value Added (*1,000€) per person employed.

- ✓ Discouraged Borrowers
- ✓ Lending criteria
- ✓ Financial literacy for micro enterprises
- ✓ Export Orientation
- ✓ R&D Culture
- ✓ Corporate Governance Quality