

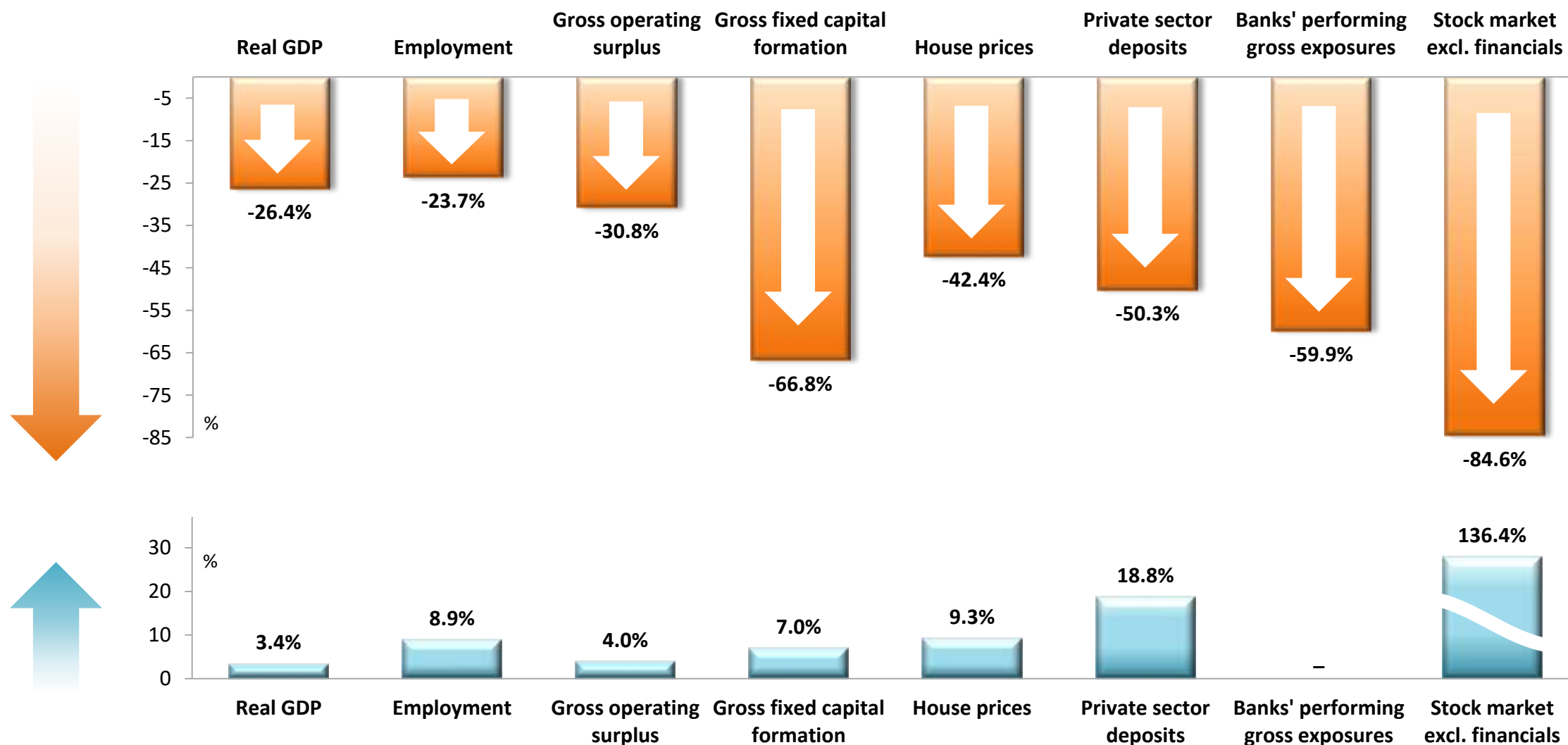
The new era of the Greek Financial Sector
Transition to a stable, solid & forward looking economy

Greece's Economic Outlook

From the recovery to sustainable economic development

London | September 2019

The marks of a severe crisis & first signs of recovery



Major progress on economic adjustment is accompanied by improving business performance and attractive Greek asset valuations

Improvement in Gen. Government primary balance by 14.4% of GDP

Reduction in current account deficit by 12.3% of GDP

Decline in unit labor cost of 13.0%

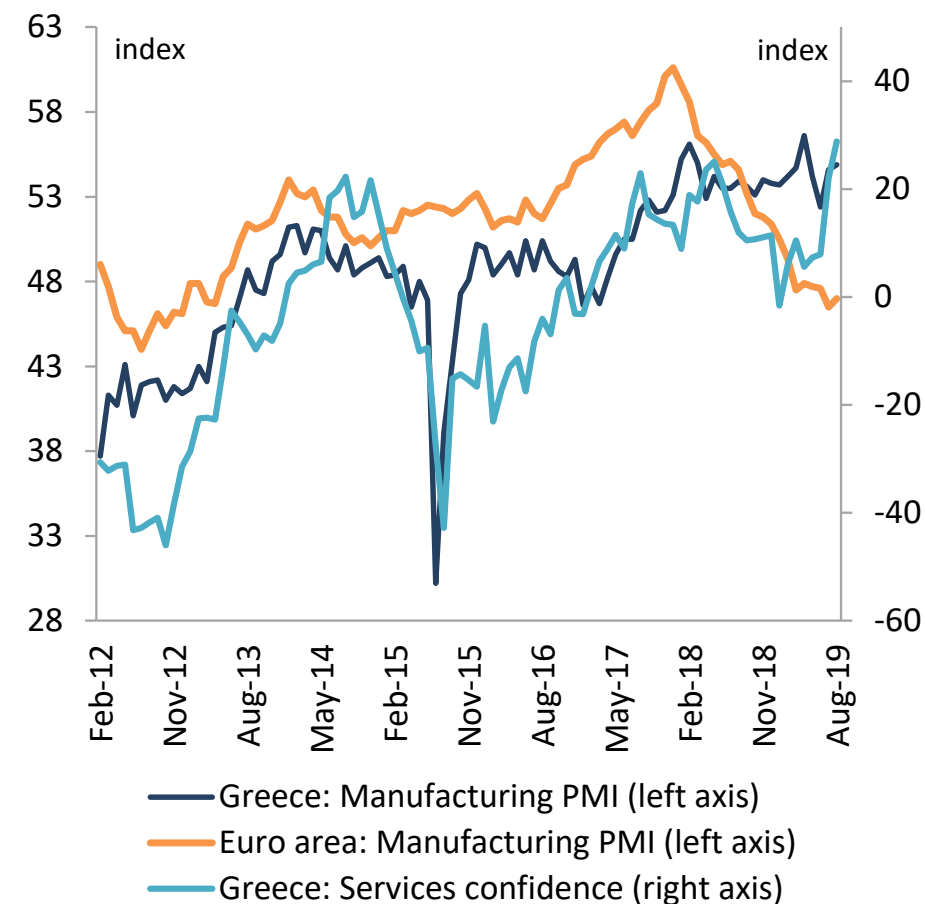
Increase of exports of goods and services at historical highs

Substantially improved debt sustainability and manageable GFNs

Increase in labor market flexibility & opening of product and service markets and network industries

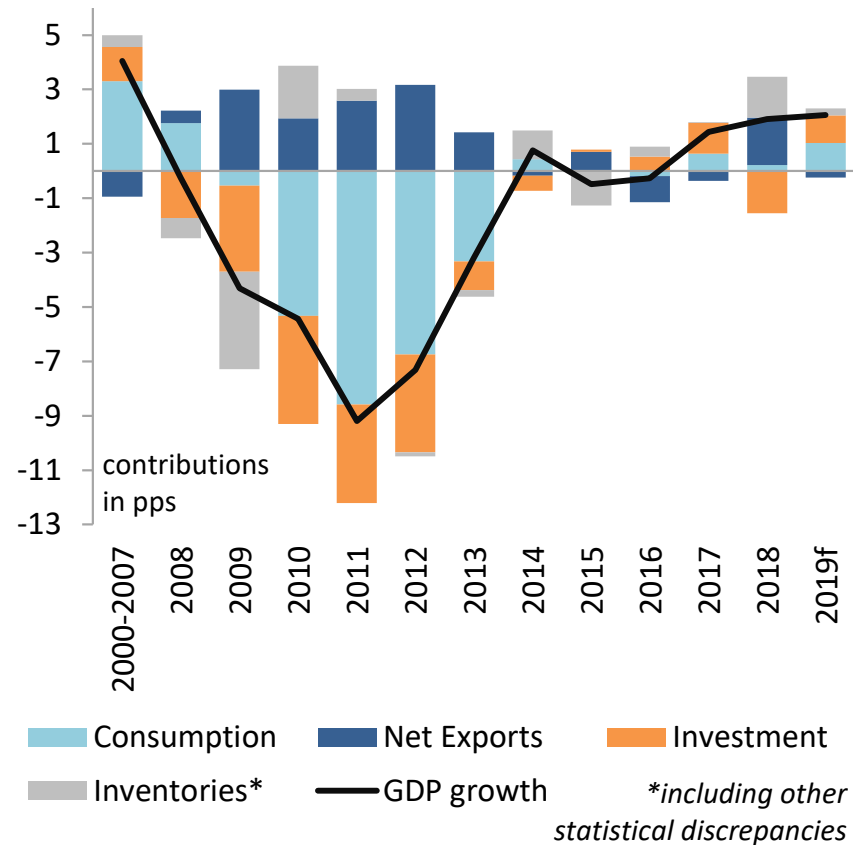
Gradual improvement in liquidity conditions, increasing FDI, lifting of capital controls

Manufacturing PMI & Services confidence

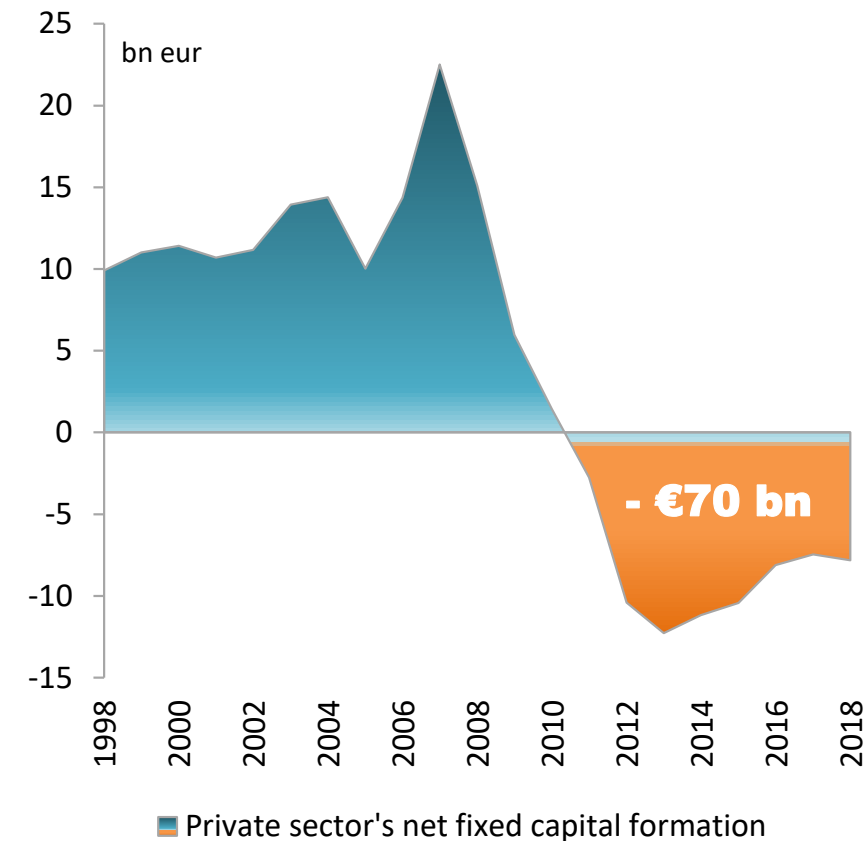


Economic recovery gains traction, but supply-side transformation has a long way to go | Imminent need for capital deepening

GDP growth decomposition

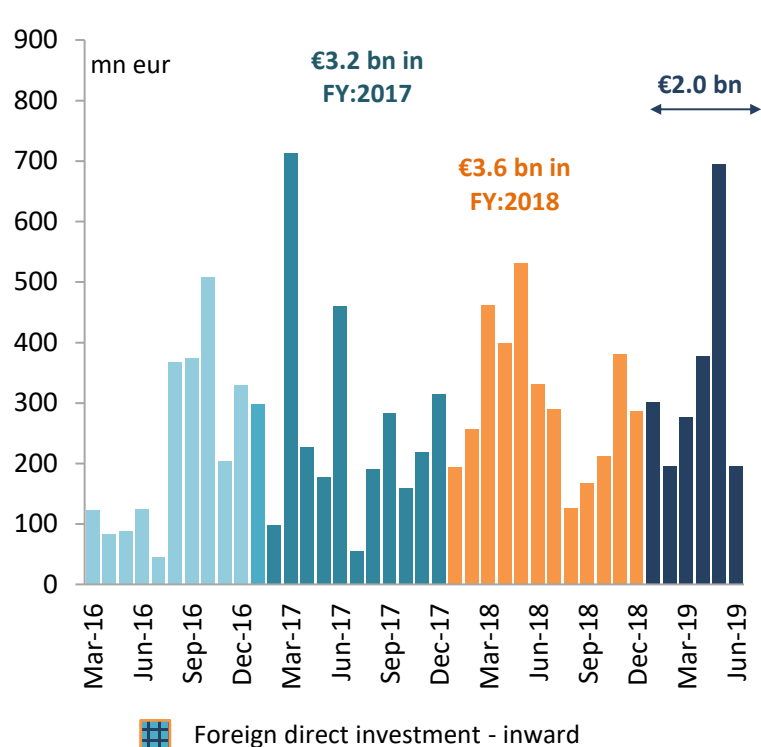


Net investment of the private sector

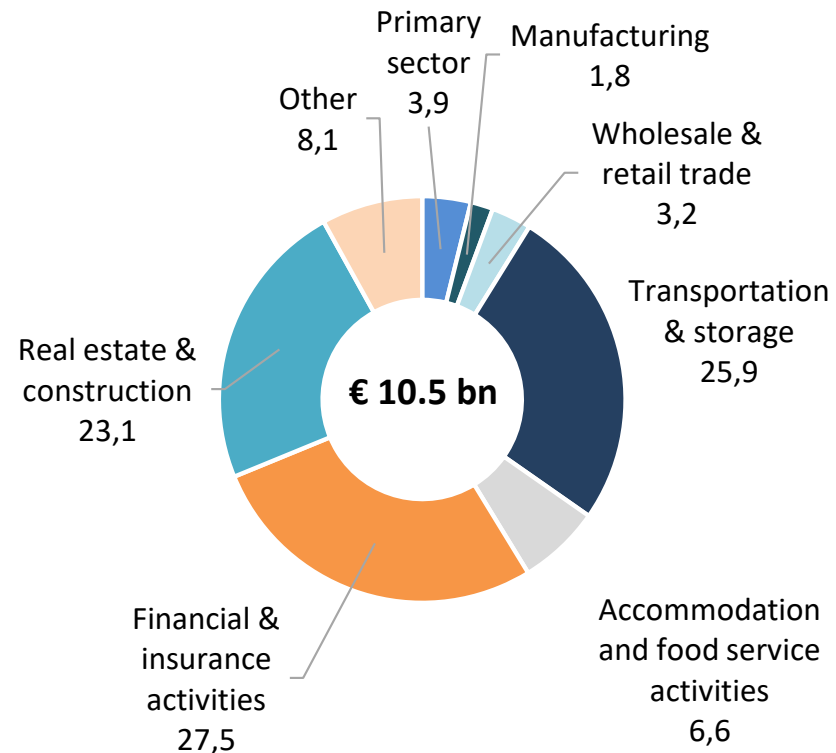


Foreign direct investment inflows and M&A activity accelerate in sectors with apparent comparative advantages

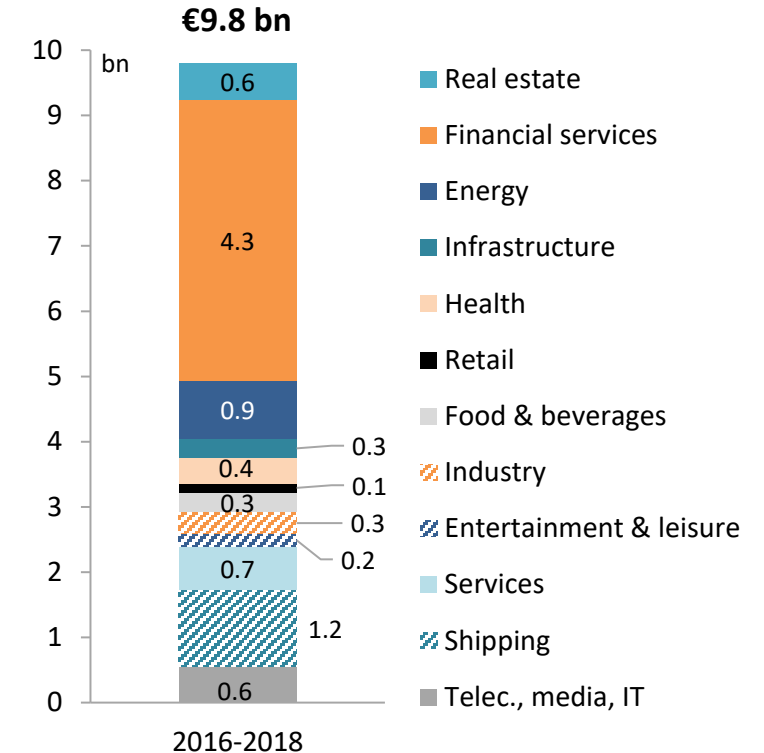
Monthly inflows of FDI



FDI structure per sector (2015-2018)

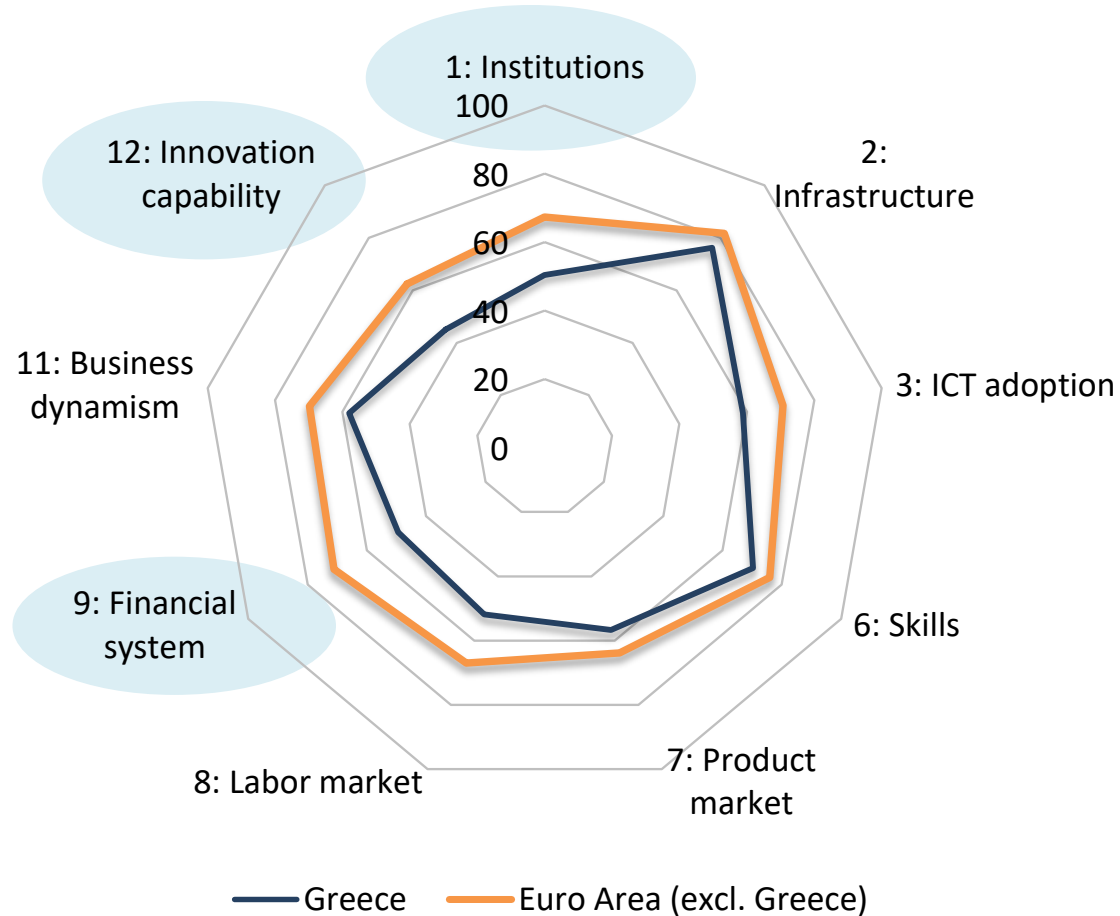


Greece: M&A transactions (2016-2018)



Increasing “structural competitiveness” is the central policy challenge and a key booster of Greece’s “investment case”

Total competitiveness index 2018 - Main pillars

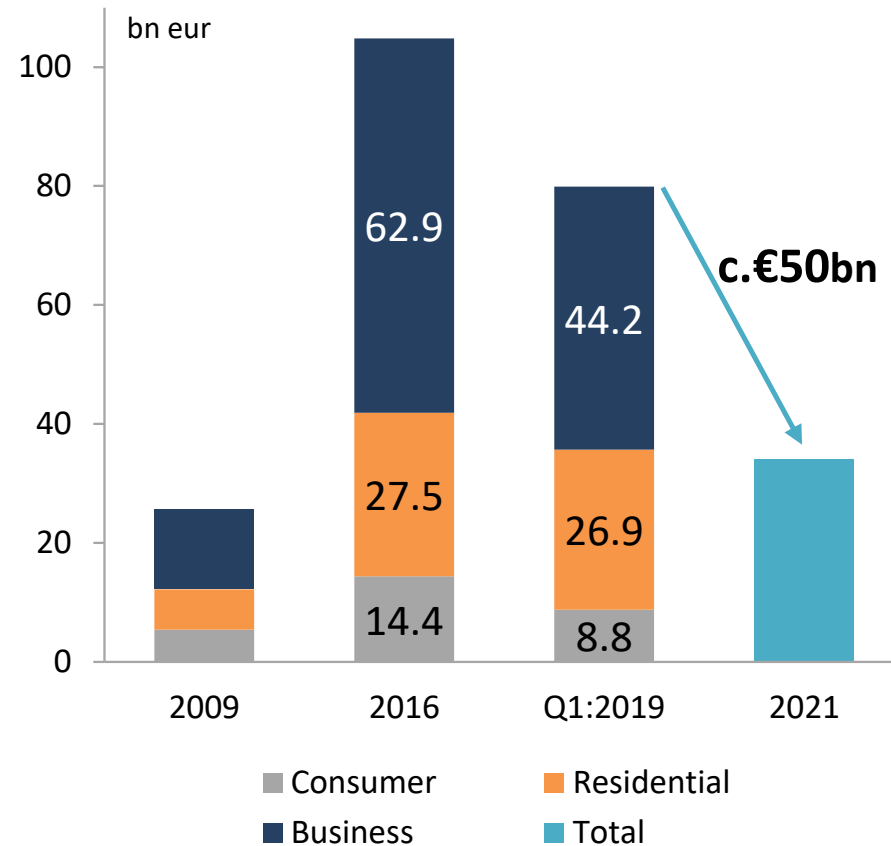


Key areas of “structural” competitiveness deficits

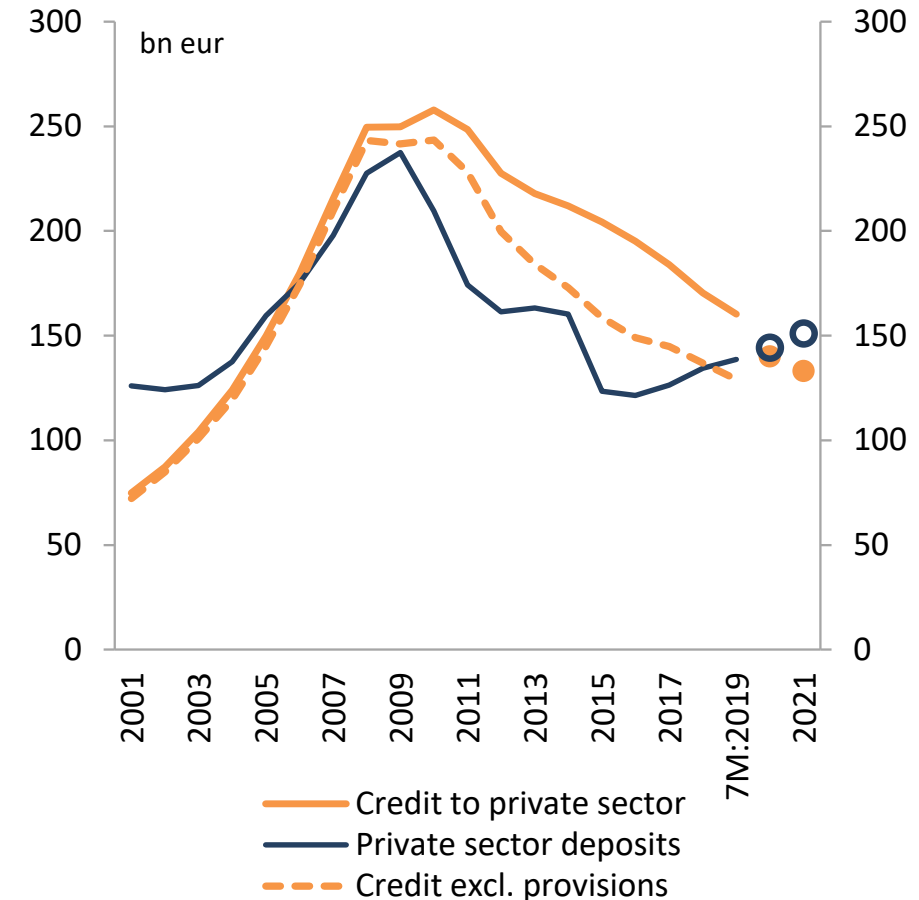
- **Social capital**
- **Property rights**
- **Strength of auditing reporting standards**
- **Regulatory efficiency**
- **Judicial system efficiency**
- **Quality of land administration**
- **Stability of economic policy**
- **Multi-stakeholder collaboration**
- **State of cluster development**
- **R&D expenditure**
- **Cost of starting a business**
- **Implementation of regulatory framework for insolvency**
- **Connection of labor market with tertiary education**

The completion of banking system rebalancing sets the stage for the final phase of business transformation

NPE stock (in euro billion)



Bank deposits and loans



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Thank you

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