

NATIONAL BANK of GREECE

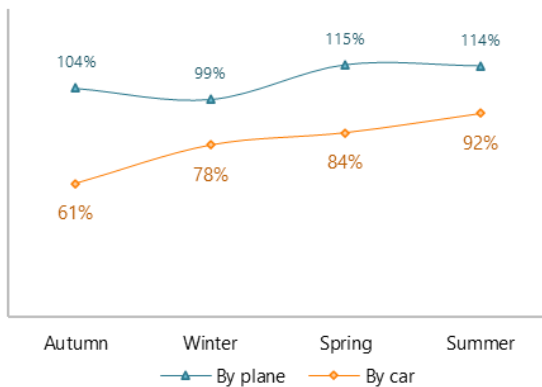
PRESS RELEASE

New record for Greek tourism in 2023, despite adverse conditions

The summer's performance has set the pace to achieve a historic record for Greek tourism in 2023, according to the latest issue of the "Business Trends" series from the [Economic Analysis Division of NBG](#). Furthermore, delving into the data reveals that this year's performance could have been even higher if Greece had not been affected by unprecedented adverse conditions both at the country's level (mainly natural disasters) and in the international environment (mainly the contractive effect of inflation).

International arrivals 2023

% of recovery vs 2019



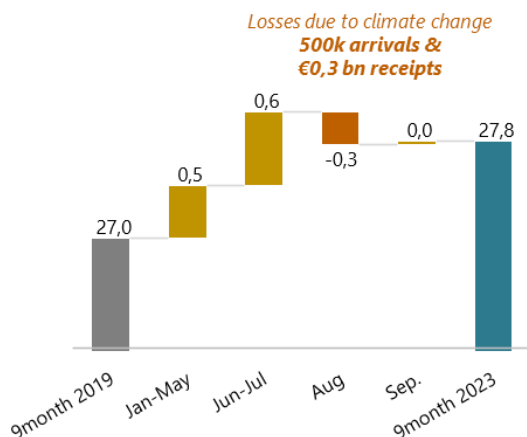
Source: INSETE, HACCC, BoG, NBG Estimates

Specifically, tourism arrivals have already surpassed the 2019 summer record (16.9 million arrivals or +2% compared to 2019), simultaneously increasing the country's share in the Mediterranean market (25% from 24% in 2019). The main driving force has been air arrivals (+14% compared to 2019), mainly from traditional developed markets (+19% compared to 2019), with the US standing out for its dynamism (+24% vs 2019). In contrast, road arrivals, mainly from the Balkans, remained lower than 2019 levels (-8%). It is important to note that the strong performance of tourism has boosted employment, with net hirings (January to August) standing 9.7% higher vs 2019.

However, the positive outlook "hides" an interesting aspect: not all months of the summer in 2023 exceeded 2019 arrivals. While the June-July period has been 6.5% higher than 2019, August ended up at -4% (compared to 2019). Natural disasters (wildfires) and extreme weather conditions – due to climate change – could be considered the crucial factors for the weak performance in August, with an estimated potential loss of 0.3 million arrivals (based on the conservative assumption that August could have approached the 2019 level). Similar results are outlined for September, with floods allowing only a marginal increase in arrivals (+0.6% compared to 2019) – a significantly lower performance than June (another shoulder month), costing an additional 0.2 million arrivals.

Contribution to arrivals' growth

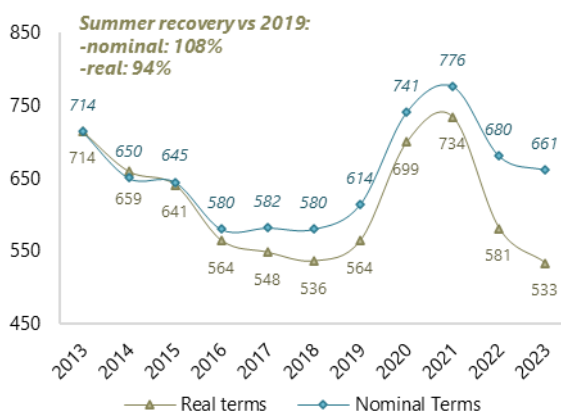
in mn international tourist arrivals vs 2019



Source: BoG, NBG Estimates

Receipt per arrival

€/ arrival in summer



Source: BoG, NBG Estimates

As for the last quarter of 2023, the continuation of the upward trend is expected at a rate of c.11% compared to 2019 (accelerating from the +3% of the first 9 months of the year), supported by strong air traffic in October (+21% compared to 2019) and high flight performance in the first 20 days of November (+11% compared to 2019). In this context, Greek tourism is expected to set a new record in arrivals this year (+4% compared to 2019), with receipts exceeding €20 billion – a level consistent with our previous estimate (NBG report for Q3 2022) – thus ending up 13% higher than in 2019. It is noteworthy that this exceptional performance is achieved in a year with adverse conditions costing Greek tourism receipts almost €1.2 billion, as:

- The impact of the climate crisis, as mentioned above, led to a loss of 0.5 million arrivals corresponding to €0.3 billion in receipts.
- High inflationary pressure limited the tourists' budgets, leading to a contraction in real spending per arrival (-5% compared to 2019) – and thus the relatively limited real consumption of tourists led to an additional loss of €0.9 billion in receipts (under the conservative assumption that this year's real spending per tourist could be at 2019 levels).

Looking ahead to 2024, challenges persist due to geopolitical uncertainty (with Israel covering 2% of arrivals in 2022), the ongoing climate crisis, and persistent inflationary pressure (as reflected in the low confidence index in key markets). However, two positive parameters should be taken into consideration:

- ✓ Early demand signs for 2024 are favorable, as flight reservations in the last month surpass both 2019 levels (+37%) and 2022 levels (+34%).
- ✓ This year's marginal improvement in seasonality (52% in the summer of 2023, vs 53% in 2019), combined with tourists' preference for off-season holidays (to avoid overcrowding and extreme weather conditions), leaves room for increased demand in both "alternative" months and "alternative" destinations.

The full report (in Greek) can be found on the NBG Group's website in the Economic Analysis and Research section (Greek Entrepreneurship category): <https://www.nbg.gr/el/omilos/meletes-oikonomikes-analuseis/reports/tourism-2023q4>

Athens, November 23, 2023