NBG - Economic Analysis Division
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Emerging Markets Analysis

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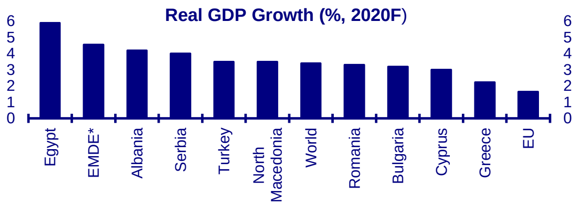
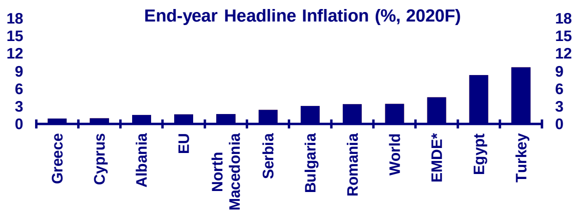
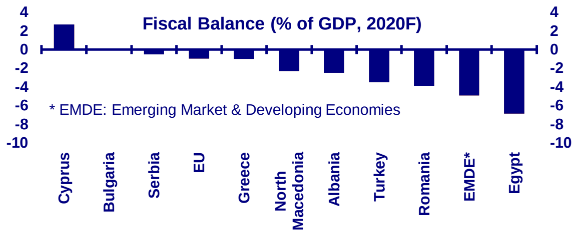
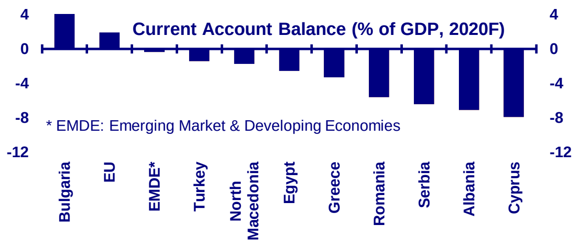


* EMDE: Emerging Market & Developing Economies







Sources: National authorities, IMF & NBG estimates

Economic Analysis Division

Emerging Markets Analysis

Bi-Weekly Report

21 January – 3 February 2020

TURKEY 1

Banking sector profitability moderated in FY:19, amid a challenging environment

Profitability is set to ease further in FY:20, but remain solid

ROMANIA 2

PNL Government collapses following a vote of no confidence, opening the door to snap elections

The budget deficit rose sharply to a 9-year high of 4.6% of GDP in FY:19, surpassing its initial target (and broadly equivalent FY:18 outcome) of 2.8%

The budget deficit is set to exceed the critical EU threshold of 3.0% of GDP for a 2nd consecutive year in FY:20

SERBIA 3

The underlying profitability of the banking system is estimated to have improved markedly in H1:19, with ROAE reaching a post-global crisis high

The banking sector bottom line is estimated to have remained strong in H2:19 and is set to improve further in FY:20, keeping ROAE in double digits for a 4th successive year

ALBANIA 4

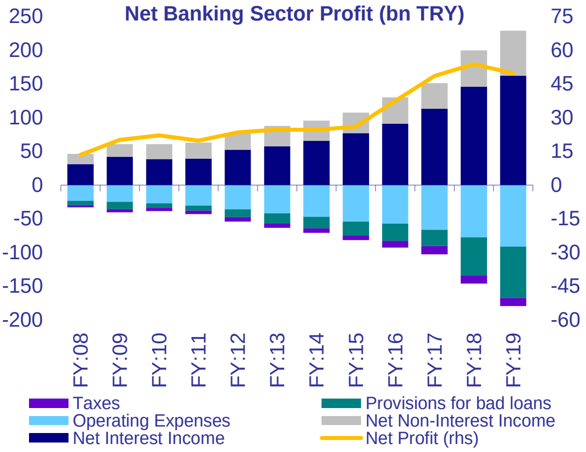
Growth in customer deposits (FX-adjusted) remained strong in 2019, despite the moderation in economic activity

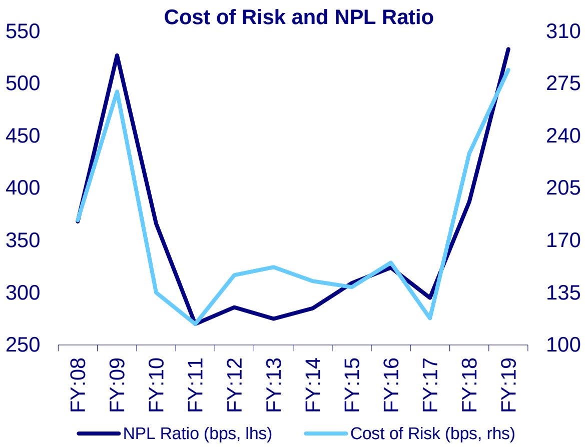
Credit growth, adjusted for large write-offs and FX variations reached a 8-year high of c. 6.7% in 2019

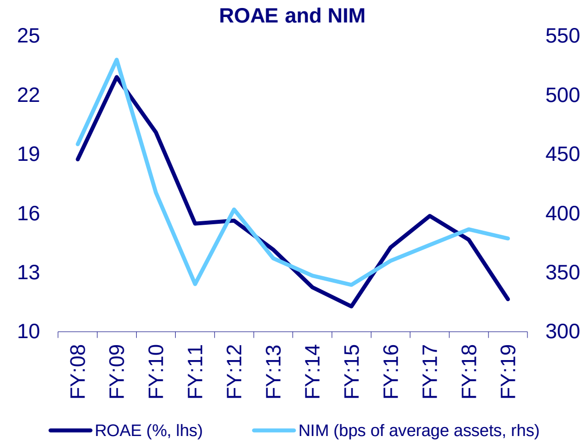
APPENDIX: FINANCIAL MARKETS 5

Turkey

B+ / B1 / BB- (S&P/ Moody's / Fitch)







	3 Feb.	3-M F	6-M F	12-M F
1-m TRIBOR (%)	10.4	10.3	10.2	10.0
TRY/EUR	6.62	6.77	6.93	7.19
Sov. Spread (2025, bps)	316	300	290	260

	3 Feb.	1-W %	YTD %	2-Y %
ISE 100	119,243	-0.8	4.2	1.0

	2017	2018	2019E	2020F	2021F
Real GDP Growth (%)	7.5	2.8	0.4	3.5	3.8
Inflation (eop, %)	11.9	20.3	11.8	9.7	9.2
Cur. Acct. Bal. (% GDP)	-5.5	-3.5	0.0	-1.4	-2.2
Fiscal Bal. (% GDP)	-1.5	-1.9	-2.9	-3.5	-3.0

Sources: Reuters, BDDK & NBG estimates

Banking sector profitability moderated in FY:19, amid a challenging environment. The FY:19 banking sector net profit (after tax) declined by 7.5% to TRY 49.8bn (EUR 7.5bn or 1.2% of estimated GDP), in line with the continuing increase in the cost of risk. As a result, ROAE and ROAA eased to a still solid 10.9% and 1.2%, respectively, in FY:19 from 13.8% and 1.4% in FY:18.

Banks increased provisioning in FY:19, in line with the rise in the NPL ratio. The NPL ratio rose by 150 bps y-o-y to 5.3% at end-2019, in line with the slowdown in economic activity, a weaker TRY (down 11.0% against the USD in FY:19 following a drop of c. 28.0% in FY:18) and higher interest rates (the CBRT's effective funding rate rose to 20.7% on average in FY:19 from 17.7% in FY:18). In this context, and in view of the understatement of the NPL ratio, due to increased loan restructuring, especially in the corporate segment, banks continued to increase provisioning in FY:19 (up 36% following a rise of 136% in FY:18), with the cost of risk reaching a high of 284 bps at the same time (up 56 bps following a rise of 110 bps in FY:18).

Despite elevated provisioning charges, the NPL coverage ratio weakened further -- albeit modestly -- to a still solid 65.1% at end-2019 from 68.3% at end-2018, in line with accelerating new NPL formation. Importantly, however, following significant capital injections, especially in state-owned banks, the capital adequacy ratio remained solid at 18.4% at end-2019, above the minimum regulatory threshold of 12.0%.

Despite higher operating expenses (OpEx), pre-provision earnings strengthened further in FY:19 (up 12.9% following a rise of 44.4% in FY:18), driven by higher net interest (NII) and net non-interest income (NNII). NII continued to rise in FY:19 (up 11.0%), albeit at a slower pace compared with FY:18 (up 28.9%), supported by strong asset growth, which more than compensated for the decline in the net interest margin (NIM). Indeed, average interest-earning assets expanded further in FY:19 (up 13.3% against an increase of 24.5% in FY:18, with the deceleration in the underlying growth rate largely attributed to the more modest depreciation of the TRY). On the other hand, the NIM eased slightly to 379 bps in FY:19 from 387 bps in FY:18, as the negative impact from unfavourable funding costs was only partly offset by loan repricing.

NNII also strengthened further in FY:19 (up 24.3% following an increase of 42.1% in FY:18), supported by higher net fees and commissions income and reduced volatility in domestic markets.

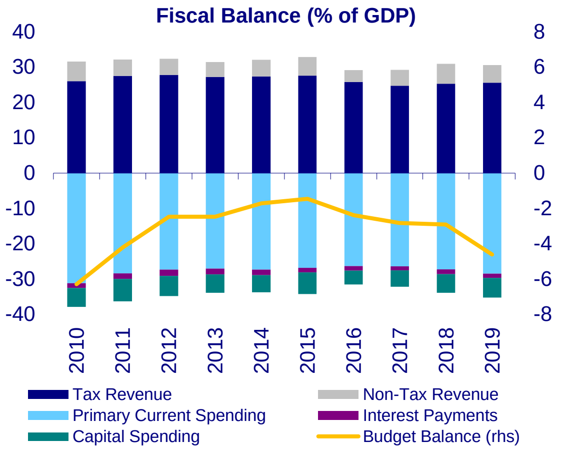
On the other hand, OpEx rose at a rapid pace for a 2nd consecutive year in FY:19 (up 17.3% following an increase of 16.7% in FY:18), despite weaker inflation (up 15.4% on average in FY:19 against 16.2% in FY:18).

Profitability is set to ease further in FY:20, but remain healthy. Despite the gradually improving operating framework (including stronger GDP growth, lower interest rates and a more stable FX rate), the NPL ratio should continue to increase this year, albeit at a slower pace compared with FY:19. Note that "Stage 2 Exposures", which could migrate to NPLs as they season, have risen to a high level (estimated at c. 13.0% at end-2019), pointing to a build-up in credit risk. As a result, we expect provision charges to increase in FY:20, weighing on profitability. The pick-up in provisioning should be partly compensated, however, by a further improvement in NII, amid looser monetary policy. Indeed, besides aggressively cutting rates (down by 1275 bps since mid-2019 with another 100 bp cut on the cards by end-year), the CBRT is also stimulating credit activity by tying banks' required reserves and remuneration rates to loan growth. All said, we see ROAE falling to high single-digits this year from 10.9% in FY:19.

Romania

BBB- / Baa3 / BBB- (S&P / Moody's / Fitch)

Consolidated Budget (% of GDP)				
	2018 Outcome	2019 Outcome	2020 Budget	2020 NBG Forecast
Total Revenue	31.0	30.6	32.0	31.6
Tax Revenue	25.3	25.6	26.7	27.2
o/w PIT/CIT	4.0	3.9	4.1	4.0
VAT	6.3	6.2	6.5	6.4
Excise Duties	3.0	3.0	3.0	3.0
Soc. Sec. Contr.	10.3	10.7	11.0	10.9
Non-Tax Revenue	5.7	5.1	5.3	5.3
o/w EU Grants	2.8	2.4	2.6	2.6
Total Expenditure	33.9	35.3	35.6	35.5
Current Spending	28.6	29.7	30.9	31.3
o/w Wages	9.0	9.8	9.7	9.7
Social Spending	10.6	10.9	11.7	12.0
Goods & Services	4.7	5.0	4.5	4.6
Other Transfers	1.6	1.7	1.7	1.7
Interest Payments	1.4	1.2	1.2	1.2
Subsidies	0.7	0.7	0.6	0.6
Capital Expend.	5.2	5.6	5.5	5.1
Fiscal Balance	-2.9	-4.6	-3.6	-3.9
Primary Balance	-1.5	-3.4	-2.4	-2.7



	3 Feb.	3-M F	6-M F	12-M F
1-m ROBOR (%)	3.0	3.0	3.0	3.0
RON/EUR	4.78	4.80	4.82	4.85
Sov. Spread (2024, bps)	84	87	90	95

	3 Feb.	1-W %	YTD %	2-Y %
BET-BK	1,924	-1.5	1.7	9.3

	2017	2018	2019E	2020F	2021F
Real GDP Growth (%)	7.1	4.0	3.8	3.3	3.1
Inflation (eop, %)	3.3	3.3	4.0	3.4	3.1
Cur. Acct. Bal. (% GDP)	-2.8	-4.4	-5.0	-5.6	-5.5
Fiscal Bal. (% GDP)	-2.8	-2.9	-4.6	-3.9	-3.4

Sources: Reuters, Ministry of Finance & NBG estimates

PNL Government collapses following a vote of no confidence, opening the door to snap elections. The vote was triggered after the Government assumed responsibility for a bill changing the local election law. Note that the minority PNL Government had been in office for less than 4 months, replacing an ousted PSD Government.

According to the Constitution, the President will have to nominate a new PM, who will then need to win a vote of confidence in Parliament. If Parliament rejects two nominations, early elections will be held. Note that both the President and the PNL party are in favour of the latter option. As a result, we expect general elections (initially due by end-year) to be brought forward to mid-year, when local elections are set to be held. The latest opinion polls show the PNL leading the PSD by a wide margin (45% versus 20%). All said, with the economy at a critical juncture (see ballooning twin deficits), there is an immediate need for a stable Government to be installed. Should political uncertainty persist, policy implementation could be detrimentally affected, threatening macroeconomic and financial stability.

The budget deficit rose sharply to a 9-year high of 4.6% of GDP in FY:19, surpassing its initial target (and broadly equivalent FY:18 outcome) of 2.8%. The main driver was the acceleration in current spending (up 1.1 pp of GDP), mainly due to a looser incomes policy. Indeed, in addition to a 10% rise in pensions in mid-2018, the authorities proceeded with hikes in public sector wages (up c. 19% on average) at the beginning of the year and a further 15% increase in pensions in September. Public consumption also increased markedly in FY:19 (up 0.3 pps of GDP), following the Government decision to settle the bulk of arrears with suppliers. Adding to budget spending, public investment picked up in FY:19 (by 0.4 pps to a 4-year high of 5.6% of GDP), yet still underperformed its initial budget target (by c. 0.6 pps of GDP).

Non-tax revenue declined in FY:19 (down 0.6 pps of GDP), reflecting slower absorption of EU funds and a negative base effect from the collection of super-dividends from state-owned enterprises in FY:18. This deterioration was partly offset by higher tax revenue (up 0.3 pps of GDP), mainly from social security contributions.

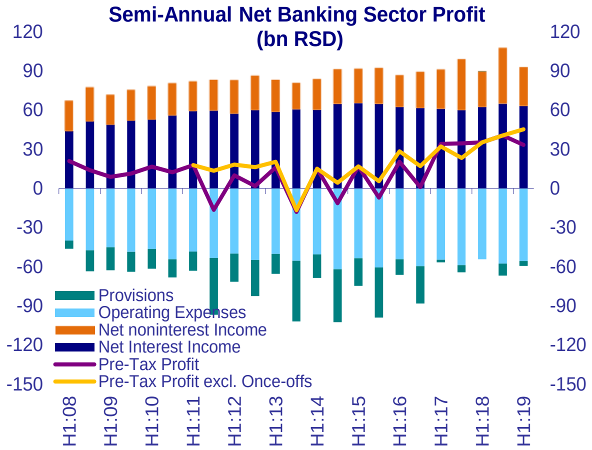
The budget deficit is set to exceed the critical EU threshold of 3.0% of GDP for a 2nd consecutive year in FY:20. The main challenge for the FY:20 budget is to accommodate the impact of the controversial pension law, which entails doubling pensions by 2022. Assuming that the law is implemented in its current form, pensions are set to increase by 40% in September at a cost of c. 1.2 pps of GDP. This budget burden should be only partly offset by a cut in public consumption, reflecting the reduction in the accumulated stock of arrears.

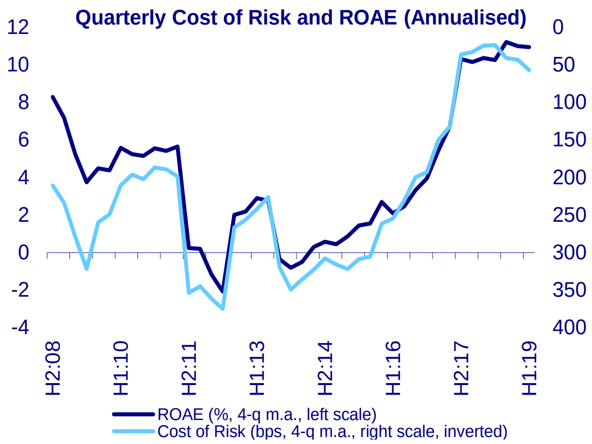
At the same time, the authorities will find it difficult to boost tax revenue, as planned (up 12.4% -- or 1.1 pp of GDP -- well above our nominal GDP growth forecast of 7.4%), in view of the tax cuts implemented. The latter, including, *inter alia*, the elimination of the tax on banks' financial assets and the turnover tax on energy companies, as well as cuts in excise duties, are projected to shave up to 0.5 pps of GDP off tax revenue in FY:20. More worryingly, in light of increased political uncertainty, tax compliance is unlikely to improve this year to compensate for the implied slippage.

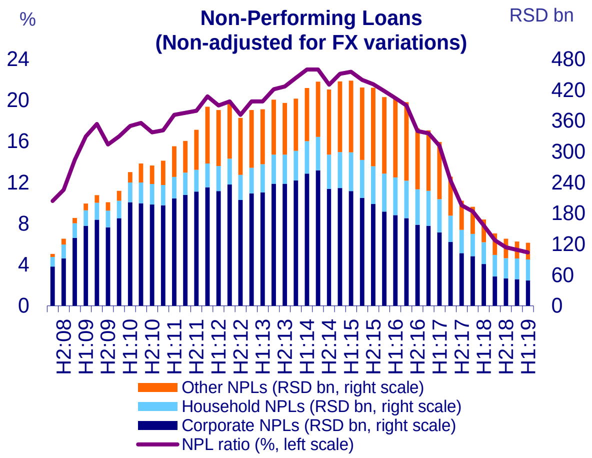
All said, in view of limited budget flexibility (personnel and social spending account for c. 80% of tax revenue), the FY:20 budget target deficit of 3.6% of GDP appears to be out of reach without corrective measures. Assuming that the public investment porgamme is (once-again) under-executed, we see the budget deficit narrowing to 3.9% of GDP in FY:20 from 4.6% in FY:19, still well above the 3.0% threshold for a 2nd consecutive year. Against this backdrop, it appears difficult for Romania to avoid the launch of the EU's excessive deficit procedure.

Serbia

BB+ / Ba3 / BB+ (S&P / Moody's / Fitch)







	3 Feb.	3-M F	6-M F	12-M F
1-m BELIBOR (%)	1.3	1.1	1.1	1.1
RSD/EUR	117.5	117.4	117.1	116.8
Sov. Spread (2021, bps)	168	155	152	150

	3 Feb.	1-W %	YTD %	2-Y %
BELEX-15	814	2.0	1.5	4.7

	2017	2018	2019E	2020F	2021F
Real GDP Growth (%)	2.0	4.4	4.0	4.0	3.7
Inflation (eop, %)	3.0	2.0	1.9	2.4	2.6
Cur. Acct. Bal. (% GDP)	-5.3	-5.2	-6.8	-6.4	-6.3
Fiscal Bal. (% GDP)	1.1	0.6	-0.5	-0.5	-0.5

Sources: Reuters, NBS & NBG estimates

The underlying profitability of the banking system is estimated to have improved markedly in H1:19, with ROAE reaching a post-global crisis high. Excluding exceptional losses (estimated at RSD 12bn, or 0.2% of GDP, due to the conversion of CHF-indexed mortgage loans into EUR with a 38% write-off of principal), pre-tax profits in the banking sector are estimated to have increased by 28.3% y-o-y to a record high of RSD 45.3bn (c. 0.8% of GDP) in H1:19. As a result, (annualised and adjusted for once-off losses) ROAE and ROAA rose to an estimated 13.5% and 2.4%, respectively, in H1:19 from 10.5% and 2.1% in H1:18 and a corresponding 11.3% and 2.1% in FY:18.

Excluding non-recurrent provisioning, stemming from CHF-loan conversion, P/L provisions are estimated to have declined in H1:19, in line with the steady decline in the NPL ratio. The latter fell for a 19th successive quarter, to a record low of 5.2% in Q2:19 (down by a sizeable 2.6 pps y-o-y) from a peak of 23.0% in Q3:14, well below its pre-crisis level (10.2% in Q3:08). The decline in the NPL ratio reflects: i) slower NPL formation and improved collection, facilitated by improved economic prospects, rising wages, the RSD appreciation and low interest rates; and ii) loan restructuring initiatives and write-offs (amounting to RSD 7bn in H1:19, or 5.4% of the end-2018 stock of NPLs). All said, the cost of risk (excluding once-offs) is estimated to have stabilized at a low of 40 bps, on a 4-quarter rolling basis, in H1:19. At the same time, provision coverage improved slightly to 60.8% in H1:19. Importantly, the banking sector remained well capitalised, with the CAR standing at 23.2% in H1:19 -- above the regulatory floor of 8% -- up from 22.3% in FY:18.

Excluding non-recurrent losses in H1:19 (due to CHF-loan conversion), (underlying) pre-provision income (PPI) is estimated to have improved on an annual basis in H1:19 on the back of higher net interest income (NII) and income from fees & commissions, as well as strict cost control. NII rose by 1.3% y-o-y in H1:19, as the expansion in average interest earning assets (up 10.2% y-o-y in H1:19) more than offset the decline in the NIM (annualised, down by 32 bps y-o-y to a low of 343 bps in H1:19). The latter was driven by: i) the drop in non-core NIM, in line with the fall in T-bill rates; and ii) tightening lending-deposit spreads, exacerbated by a faster pace of deposit growth (up 12.9% y-o-y in H1:19) than loan growth (up 9.6% y-o-y in H1:19) and stronger competition among banks.

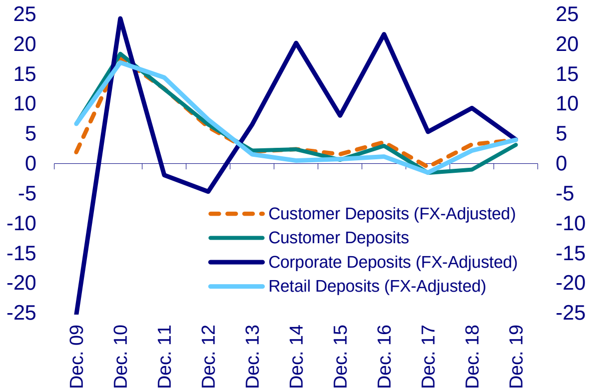
On the other hand, operating expenses (excluding the impact of the implementation of IFRS 16 Leases) are estimated to have declined, by 1.5% y-o-y in H1:19 -- compared with average inflation of 2.3% -- supported by the continued downsizing of the banking sector (with the number of employees and branches declining by 0.2% and 1.2% y-o-y, respectively, in H1:19). As a result, banking sector efficiency is estimated to have improved, with the cost-to-income ratio (adjusted for once-offs in H1:19) declining by 6.7 pps y-o-y to 60.3% in H1:19 from 66.9% in FY:18.

The banking sector bottom line is estimated to have remained strong in H2:19 and is set to improve further in FY:20, keeping ROAE in double digits for a 4th successive year. Profitability should be sustained by: i) low provisioning, reflecting the continuing improvement in the NPL ratio, on the back of robust economic activity that enhances the private sector's debt-servicing capacity, RSD stability and the past years' cleaning-up of the banking sector's balance sheet; and ii) higher NII, reflecting accommodative financing conditions and a double-digit pace of credit expansion.

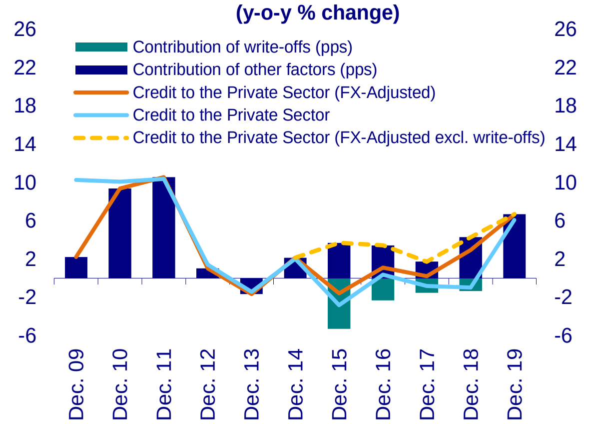
Albania

B+ / B1 / NR (S&P / Moody's / Fitch)

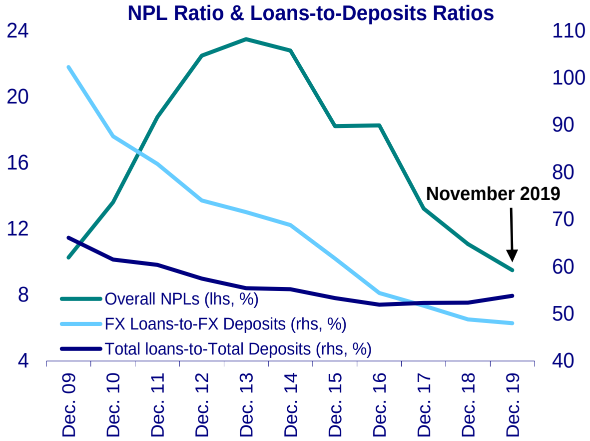
Customer Deposits (y-o-y % change)



Credit to the Private Sector (y-o-y % change)



NPL Ratio & Loans-to-Deposits Ratios



	3 Feb.	3-M F	6-M F	12-M F
1-m TRIBOR (mid, %)	1.3	1.3	1.3	1.3
ALL/EUR	121.7	121.7	121.6	121.5
Sov. Spread (bps)	228	215	205	190

	3 Feb.	1-W %	YTD %	2-Y %
Stock Market	- - -	- - -	- - -	- - -

	2017	2018	2019E	2020F	2021F
Real GDP Growth (%)	3.8	4.1	3.0	4.2	4.0
Inflation (eop, %)	1.8	1.8	1.1	1.5	1.8
Cur. Acct. Bal. (% GDP)	-7.5	-6.8	-7.3	-7.1	-6.9
Fiscal Bal. (% GDP)	-2.0	-1.6	-2.1	-2.5	-1.8

Sources: Reuters, BoA & NBG estimates

Growth in customer deposits (FX-adjusted) remained strong in 2019, despite the moderation in economic activity. Customer deposits (FX-adjusted) expanded by a solid 4.0% y-o-y at end-2019, following a rise of 3.2% at end-2018), mainly driven by the retail segment.

In fact, growth in retail deposits (accounting for 83.0% of total deposits) picked up to 4.0% y-o-y in December from a 2.2% at end-2018), on the back of stronger disposable income, reflecting tighter labour market conditions (the unemployment rate fell to 11.8% in 9M:19 from 12.7% in FY:18, while net wages increased by 3.7% y-o-y in 9M:19 as in FY:18).

The expansion in retail deposits was also supported by the decline in Treasury debt yields (substitution effect). Indeed, the interest rate differential between the 12-month T-bill and the 12-month deposit rate narrowed to 134 bps, leading to a drop in households' holdings of Government paper (down by an estimated ALL 2.6bn in H1:19, equivalent to 0.3% of the end-2018 stock of retail deposits).

On the other hand, corporate deposit growth eased to a 7-year low (4.0% y-o-y in December from 9.3% at end-2018, FX adjusted), due to the deceleration in the FC segment (4.0% y-o-y nominal growth at end-2019 compared with 6.4% at end-2018). The latter is likely in line with the sharp decline in exports of goods (down by 7.3% y-o-y, in EUR terms, in 9M:19 compared with a rise of 23.7% in FY:18).

Credit growth, adjusted for large write-offs and FX variations is estimated to have reached an 8-year high of c. 6.7% in 2019. Adjusted for FX variations and loan write-offs (estimated to have amounted to ALL 4bn in FY:19, compared with outcomes of 11.2bn in FY:18 and ALL 8.5bn in FY:17), credit growth is estimated to have reached 6.7% y-o-y in December -- its highest level since 2011 -- up from 4.7% in FY:18. The underlying improvement could be attributed to stronger demand and supply for loans.

Indeed, loan demand was supported by the low interest rate environment (the average LC and EUR lending interest rate on new loans declined further to a 3-year low of 6.5% and 4.4%, respectively, in FY:19 from 6.8% and 4.4% in FY:18).

Moreover, loan supply was boosted by: i) the easing of credit standards by banks (especially for corporate loans), on the back of abundant liquidity conditions in the banking sector (with the total loans-to-total deposits ratio at just 53.8% in December, far below other SEE-5 countries), and the subsequent non-reliance on foreign financing; ii) a low loan penetration rate (at just 31.2% of GDP in December), especially in the retail segment (just 11.5% of GDP in December); and iii) improved asset quality (the NPL ratio declined significantly to 10.6% in September -- its lowest level since 2010 -- from 11.1% at end-2018 and a peak of 25.0% in mid-2014). Note that NPLs are largely concentrated in the corporate segment. Indeed, corporate NPLs amounted to 14.8% of corporate loans in mid-2019 (down from a peak of 26.0% in 2013) and retail NPLs stood at c. 5.0% of household loans at the same time (down from a peak of 16.9% in 2012).

Importantly, de-euroisation continued, with the ratio of FC loans-to-total loans declining to 49.0% at end-2019 from 50.8% at end-2018 and a pre-crisis high of 71.3%. The decline was supported by the introduction by the BoA, in mid-2018, of differentiated reserve requirement ratios for LC and FC assets and the imposition of stricter transparency rules for (unhedged) FC lending (accounting for c. 24.0% of total lending, mainly to corporates).

FOREIGN EXCHANGE MARKETS, FEBRUARY 3RD 2020

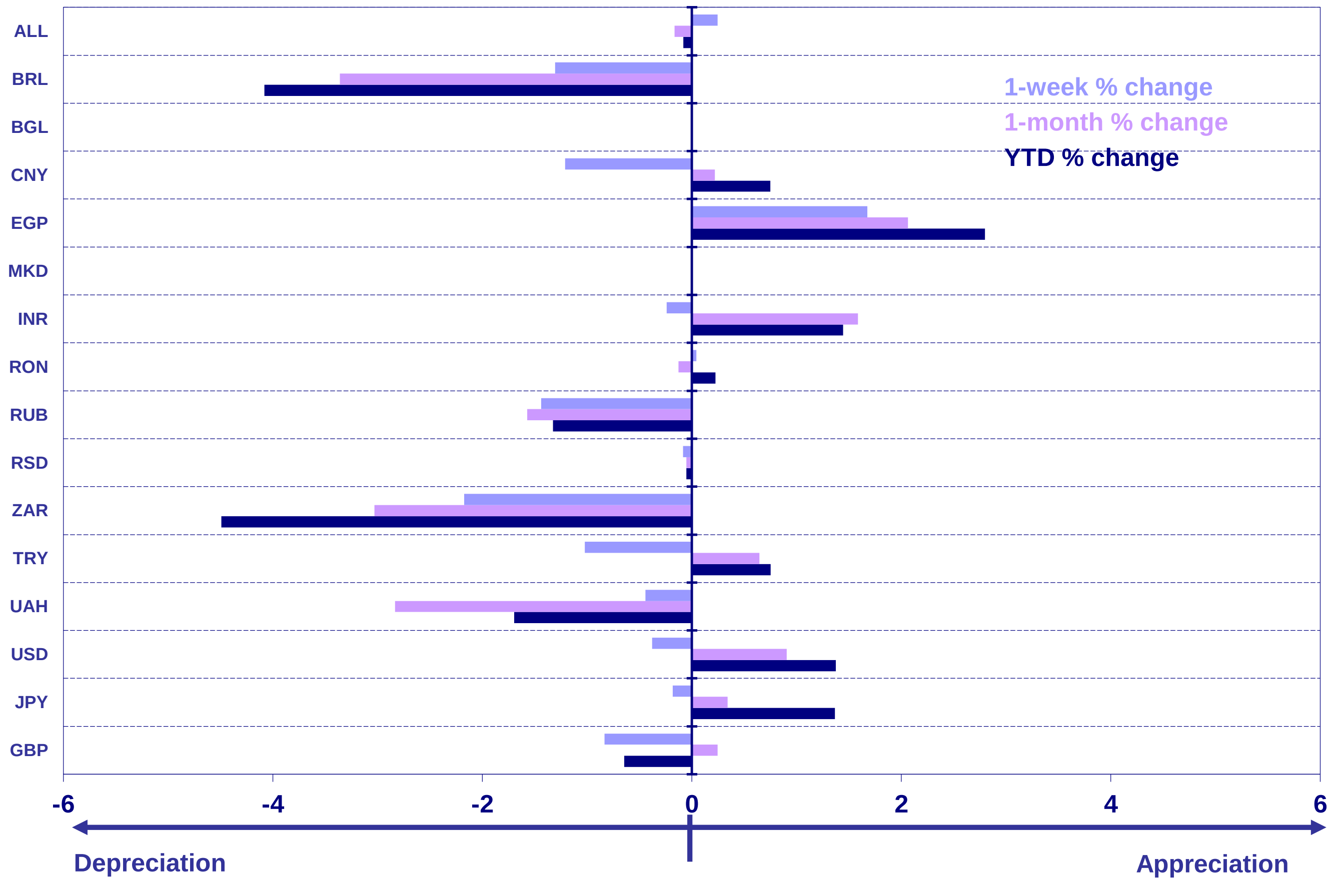
Against the EUR

	Currency	2020 SPOT	1-week %change	1-month %change	YTD %change*	1-year %change	Year-Low	Year-High	3-month Forward rate**	6-month Forward rate**	12-month Forward rate**	2019 % change*	2018 % change*
Albania	ALL	121.7	0.2	-0.2	-0.1	2.3	121.9	122.4	121.8	121.8	122.0	1.4	7.8
Brazil	BRL	4.70	-1.3	-3.4	-4.1	-10.7	4.48	4.76	- - -	- - -	4.91	-1.2	-10.7
Bulgaria	BGL	1.96	0.0	0.0	0.0	0.0	1.96	1.96	1.96	1.96	1.96	0.0	0.0
China	CNY	7.75	-1.2	0.2	0.7	-0.3	7.59	7.83	- - -	- - -	8.00	0.6	-0.8
Egypt	EGP	17.43	1.7	2.1	2.8	15.7	17.44	18.05	- - -	- - -	- - -	16.2	0.0
North Macedonia	MKD	61.3	0.0	0.0	0.0	0.0	61.3	61.3	61.3	61.3	61.3	0.0	0.0
India	INR	78.9	-0.2	1.6	1.4	3.9	78.3	80.6	- - -	- - -	- - -	-0.3	-3.9
Romania	RON	4.78	0.0	-0.1	0.2	-0.6	4.77	4.79	4.82	4.86	4.93	-2.8	0.6
Russia	RUB	70.4	-1.4	-1.6	-1.3	6.5	67.7	71.0	71.6	72.7	75.0	15.1	-13.4
Serbia	RSD	117.5	-0.1	-0.1	-0.1	0.6	117.5	117.6	117.8	118.0	- - -	0.6	0.2
S. Africa	ZAR	16.4	-2.2	-3.0	-4.5	-6.7	15.61	16.67	16.7	17.0	17.6	4.8	-9.9
Turkey	YTL	6.62	-1.0	0.6	0.8	-9.8	6.51	6.70	6.79	6.96	7.31	-9.2	-24.9
Ukraine	UAH	27.2	-0.4	-2.8	-1.7	15.2	26.35	27.82	- - -	- - -	- - -	18.6	6.0
US	USD	4.70	-1.3	-3.4	-4.1	-10.7	4.48	4.76	- - -	- - -	4.91	-1.2	-10.7
JAPAN	JPY	1.96	0.0	0.0	0.0	0.0	1.96	1.96	1.96	1.96	1.96	0.0	0.0
UK	GBP	7.75	-1.2	0.2	0.7	-0.3	7.59	7.83	- - -	- - -	8.00	0.6	-0.8

* Appreciation (+) / Depreciation (-)

** Forward rates have been calculated using the uncovered interest rate parity for Brazil. China. Egypt. India and Ukraine

Currencies against the EUR (February 3rd 2020)



Sources: Reuters & NBG estimates

MONEY MARKETS, FEBRUARY 3RD 2020

	Albania	Brazil	Bulgaria	China	Cyprus	Egypt	North Macedonia	India	Romania	Russia	Serbia	Turkey	S. Africa	Ukraine	EU	US
O/N	1.1	4.4	0.0	2.5	- - -	12.5	- - -	- - -	2.7	6.1	- - -	10.6	8.0	10.5	- - -	1.6
T/N	- - -	- - -	- - -	- - -	- - -	12.3	- - -	- - -	2.7	6.2	1.1	- - -	7.8	- - -	- - -	- - -
S/W	1.1	4.4	- - -	2.6	-0.5	12.8	1.1	- - -	- - -	6.3	1.1	- - -	7.7	11.0	-0.5	1.6
1-Month	1.3	4.3	- - -	2.8	-0.5	- - -	1.2	5.5	3.0	6.3	1.3	10.4	7.0	12.9	-0.5	1.7
2-Month	- - -	4.2	- - -	- - -	- - -	- - -	- - -	- - -	- - -	6.3	1.4	10.2	7.0	- - -	- - -	1.7
3-Month	1.5	4.2	- - -	2.9	- - -	- - -	1.4	5.8	3.2	6.4	1.6	10.2	7.0	13.8	- - -	1.7
6-Month	1.7	4.2	- - -	2.9	- - -	- - -	1.6	- - -	3.3	6.4	1.8	10.2	7.0	- - -	- - -	1.7
1-Year	2.1	4.5	- - -	3.0	-0.1	- - -	1.9	- - -	3.3	6.5	- - -	10.3	7.1	- - -	-0.1	1.8

*For Bulgaria. the Base Interest Rate (BIR) is reported. For Egypt. The O/N Interbank Rate is reported.

LOCAL DEBT MARKETS, FEBRUARY 3RD 2020

	Albania	Brazil	Bulgaria	China	Cyprus	Egypt	North Macedonia	India	Romania	Russia	Serbia	Turkey	S. Africa	Ukraine	EU	US
3-Month	- - -	- - -	- - -	- - -	- - -	14.4	1.6	5.1	- - -	6.0	- - -	9.7	- - -	- - -	-0.6	1.6
6-Month	1.5	- - -	- - -	- - -	- - -	13.8	2.3	5.2	3.4	6.0	3.3	9.9	- - -	9.6	-0.6	1.6
12-Month	1.9	- - -	-0.2	2.5	- - -	14.3	2.6	5.4	3.3	5.4	2.0	10.2	- - -	- - -	-0.6	1.5
2-Year	2.3	- - -	- - -	2.5	- - -	- - -	2.8	6.0	3.4	5.6	- - -	10.1	6.6	9.8	-0.7	1.4
3-Year	- - -	- - -	0.0	2.4	-0.1	- - -	2.7	6.1	3.6	5.6	- - -	10.0	7.1	9.8	-0.7	1.3
5-Year	- - -	6.1	- - -	2.6	0.0	13.8	2.7	6.3	3.9	6.0	2.7	10.3	8.0	- - -	-0.6	1.3
7-Year	- - -	- - -	0.3	- - -	0.3	13.7	- - -	6.7	3.9	6.2	- - -	- - -	- - -	- - -	-0.6	1.4
10-Year	5.3	6.6	0.4	2.9	- - -	13.7	3.9	6.5	4.3	6.3	- - -	10.0	8.9	- - -	-0.4	1.5
15-Year	- - -	- - -	- - -	- - -	- - -	- - -	4.3	7.0	- - -	6.4	- - -	- - -	9.9	- - -	-0.3	- - -
25-Year	- - -	- - -	- - -	- - -	- - -	- - -	- - -	- - -	- - -	- - -	- - -	- - -	10.1	- - -	- - -	- - -
30-Year	- - -	- - -	- - -	- - -	- - -	- - -	- - -	7.0	- - -	- - -	- - -	- - -	10.1	- - -	0.1	2.0

*For Albania. North Macedonia and Ukraine primary market yields are reported

CORPORATE BONDS SUMMARY, FEBRUARY 3RD 2020

		Currency	Rating S&P / Moody's	Maturity	Amount Outstanding (in million)	Bid Yield	Gov. Spread	Asset Swap Spread
Bulgaria	**Bulgaria Energy Hold 4.875% '21**	EUR	NA/NA	2/8/2021	550	0.3	101	78
South Africa	**Standard Bank S. Africa Ltd '23**	EUR	BB/Baa3	15/8/2023	7	2.8	123	107
	FirstRand Bank Ltd 6.25% '28	USD	NA/NA	23/4/2028	500	0.6	106	106
Turkey	**Arcelik AS 3.875% '21**	EUR	BB+/NA	16/9/2021	350	1.1	180	157
	Garanti Bank 5.25% '22	USD	NA/Ba3	13/9/2022	750	3.8	243	243
	Turkiye Is Bankasi 6% '22	USD	NA/B2	24/10/2022	1.000	5.1	380	378
	Vakifbank 5.75% '23	USD	NA/B1	30/1/2023	650	4.6	324	323
	TSKB 5.5% '23	USD	NA/B2	16/1/2023	350	5.1	381	374
	Petkim 5.875% '23	USD	NA/B1	26/1/2023	500	4.9	360	357
	Koc Holding 5.25% '23	USD	BBB-/Ba2	15/3/2023	750	3.8	243	244

CREDIT DEFAULT SWAP SPREADS, FEBRUARY 3RD 2020

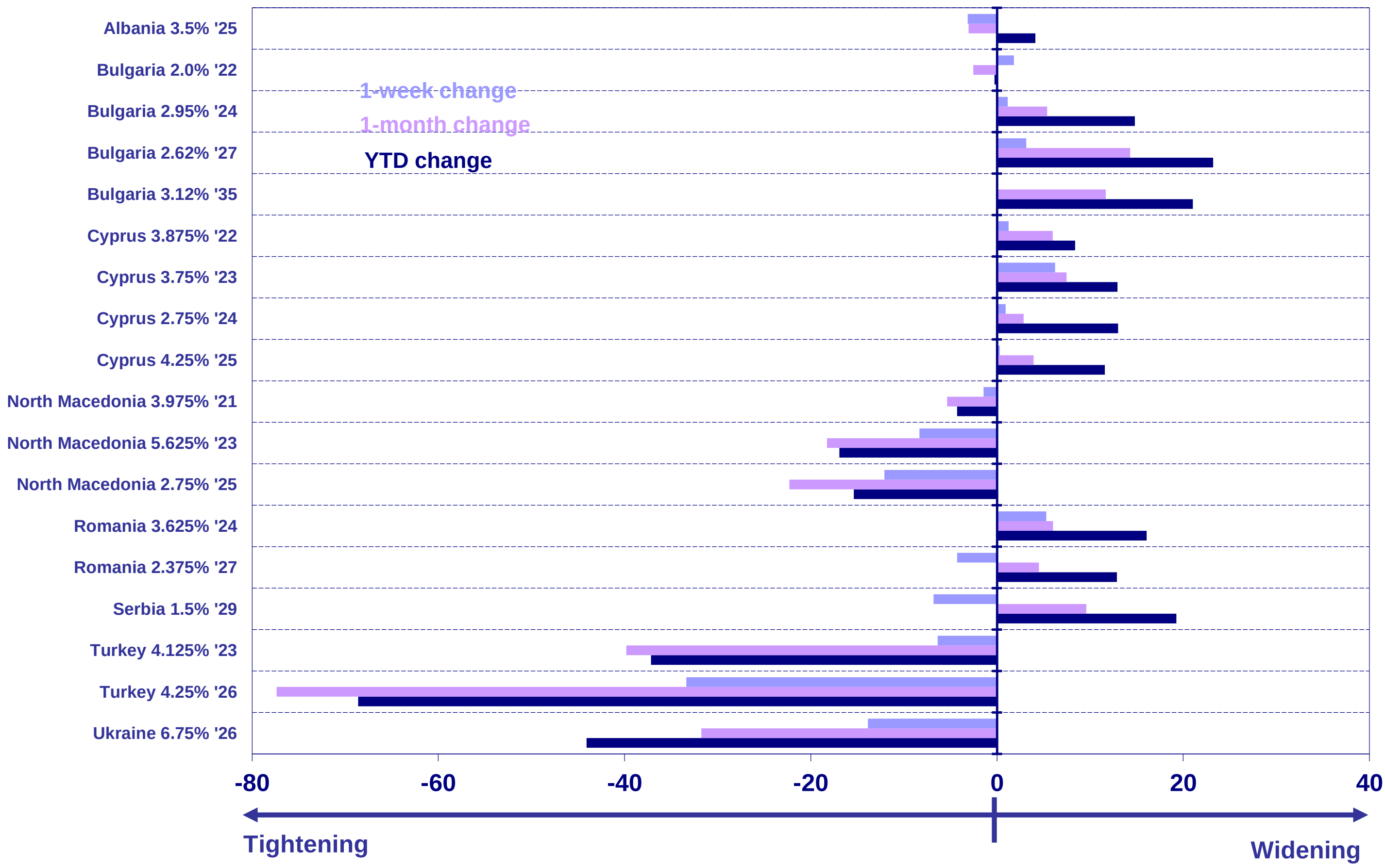
	Albania	Brazil	Bulgaria	China	Cyprus	Egypt	North Macedonia	India	Romania	Russia	Serbia	Turkey	S. Africa	Ukraine
5-Year	- - -	103	40	42	100	294	- - -	75	68	65	98	240	182	357
10-Year	- - -	178	90	77	113	355	- - -	83	112	127	122	291	253	378

Sources: Reuters & NBG estimates

EUR-DENOMINATED SOVEREIGN EUROBOND SUMMARY, FEBRUARY 3RD 2020

	Currency	Rating S&P / Moody's	Maturity	Amount Outstanding (in million)	Bid Yield	Gov. Spread	Asset Swap Spread
Albania 3.5% '25	EUR	B+/B1	9/10/2025	500	1,6	228	201
Bulgaria 2.0% '22	EUR	BBB-/Baa2	26/3/2022	1.250	-0,2	48	18
Bulgaria 2.95% '24	EUR	BBB-/Baa2	3/9/2024	1.493	0,0	61	30
Bulgaria 2.62% '27	EUR	BBB-/Baa2	26/3/2027	1.000	0,1	73	38
Bulgaria 3.12% '35	EUR	BBB-/Baa2	26/3/2035	900	0,9	121	86
Cyprus 3.875% '22	EUR	NA/Ba2	6/5/2022	1.000	-0,1	61	32
Cyprus 3.75% '23	EUR	NA/Ba2	26/7/2023	1.000	0,0	71	36
Cyprus 2.75% '24	EUR	NA/Ba2	27/6/2024	850	0,0	69	37
Cyprus 4.25% '25	EUR	NA/Ba2	4/11/2025	1.000	0,2	80	49
North Macedonia 3.975% '21	EUR	BB-/NA	24/7/2021	500	0,5	113	501
North Macedonia 5.625% '23	EUR	BB-/NA	26/7/2023	450	0,8	154	130
North Macedonia 2.75% '25	EUR	BB-/NA	18/1/2025	500	1,1	179	149
Romania 3.625% '24	EUR	BBB-/BBB-	24/4/2024	1.250	0,2	90	61
Romania 2.375% '27	EUR	BBB-/BBB-	19/4/2027	2.000	0,9	153	119
Serbia 1.5% '29	EUR	BB/Ba3	26/6/2029	1.550	1,2	168	127
Turkey 4.125% '23	EUR	NR/Ba3	11/4/2023	1.000	1,8	247	220
Turkey 5.2% '26	EUR	NA/Ba3	16/2/2026	1.500	4,8	337	334
Ukraine 6.75% '26	EUR	B-/Caa2	20/6/2026	1.000	3,8	448	443

EUR-Denominated Eurobond Spreads (February 3rd 2020)

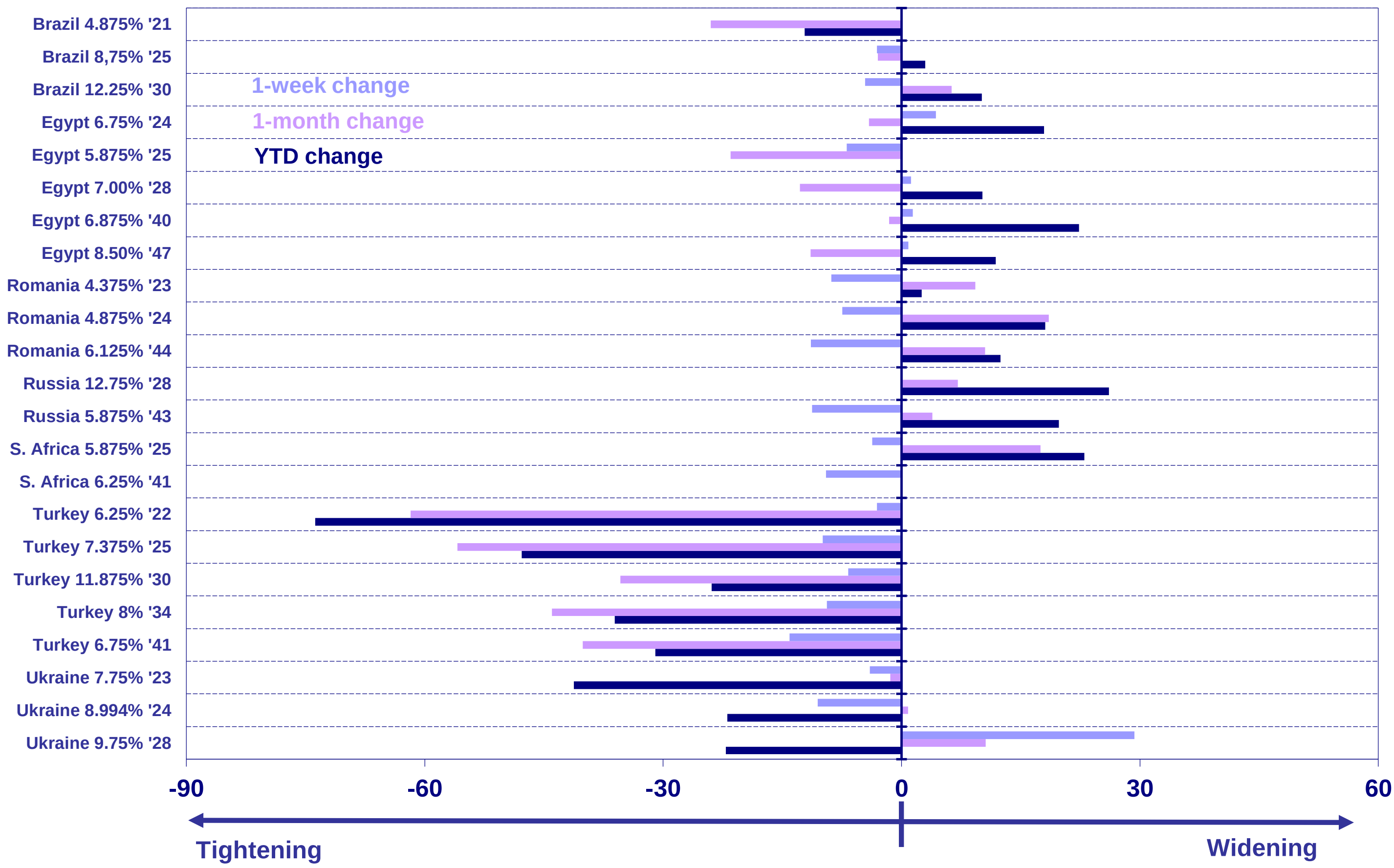


Sources: Reuters & NBG estimates

USD-DENOMINATED SOVEREIGN EUROBOND SUMMARY, FEBRUARY 3RD 2020

	Currency	Rating S&P / Moody's	Maturity	Amount Outstanding (in million)	Bid Yield	Gov. Spread	Asset Swap Spread
Brazil 4.875% '21	USD	NA/Ba2	4/2/2025	2.713	1,9	41	30
Brazil 8,75% '25	USD	NA/Ba2	4/2/2025	688	2,5	117	134
Brazil 12.25% '30	USD	NA/Ba2	6/3/2030	238	#Δ/Y	238	335
Egypt 6.75% '24	USD	NA/B2	10/11/2024	1.320	4,2	290	302
Egypt 5.875% '25	USD	B/B2	11/6/2025	1.500	4,2	286	294
Egypt 7.00% '28	USD	NA/B2	10/11/2028	1.320	5,6	410	435
Egypt 6.875% '40	USD	B/B2	30/4/2040	500	6,7	467	501
Egypt 8.50% '47	USD	NA/B2	31/1/2047	2.500	7,3	527	607
Romania 4.375% '23	USD	BBB-/BBB-	22/8/2023	1.500	2,2	88	89
Romania 4.875% '24	USD	BBB-/BBB-	22/1/2024	1.000	2,2	84	86
Romania 6.125% '44	USD	BBB-/BBB-	22/1/2044	1.000	3,9	195	273
Russia 12.75% '28	USD	BBB-/Baa3	24/6/2028	2.500	2,8	132	199
Russia 5.875% '43	USD	BBB-/Baa3	16/9/2043	1.500	3,5	151	225
S. Africa 5.875% '25	USD	BB/Baa3	16/9/2025	2.000	3,8	245	254
S. Africa 6.25% '41	USD	BB/Baa3	8/3/2041	750	5,5	350	401
Turkey 6.25% '22	USD	NR/Ba3	26/9/2022	2.500	3,6	225	226
Turkey 7.375% '25	USD	NR/Ba3	5/2/2025	3.250	4,5	316	333
Turkey 11.875% '30	USD	NR/Ba3	15/1/2030	1.500	5,5	395	507
Turkey 8% '34	USD	NR/Ba3	14/2/2034	1.500	5,7	417	461
Turkey 6.75% '41	USD	NR/Ba3	14/1/2041	3.000	5,9	393	423
Ukraine 7.75% '23	USD	B-/Caa1	1/9/2023	1.355	4,5	322	334
Ukraine 8.994% '24	USD	B-/Caa1	1/2/2024	750	5,0	362	387
Ukraine 9.75% '28	USD	B-/Caa1	1/11/2028	1.600	6,1	457	524

USD-Denominated Eurobond Spreads (February 3rd 2020)

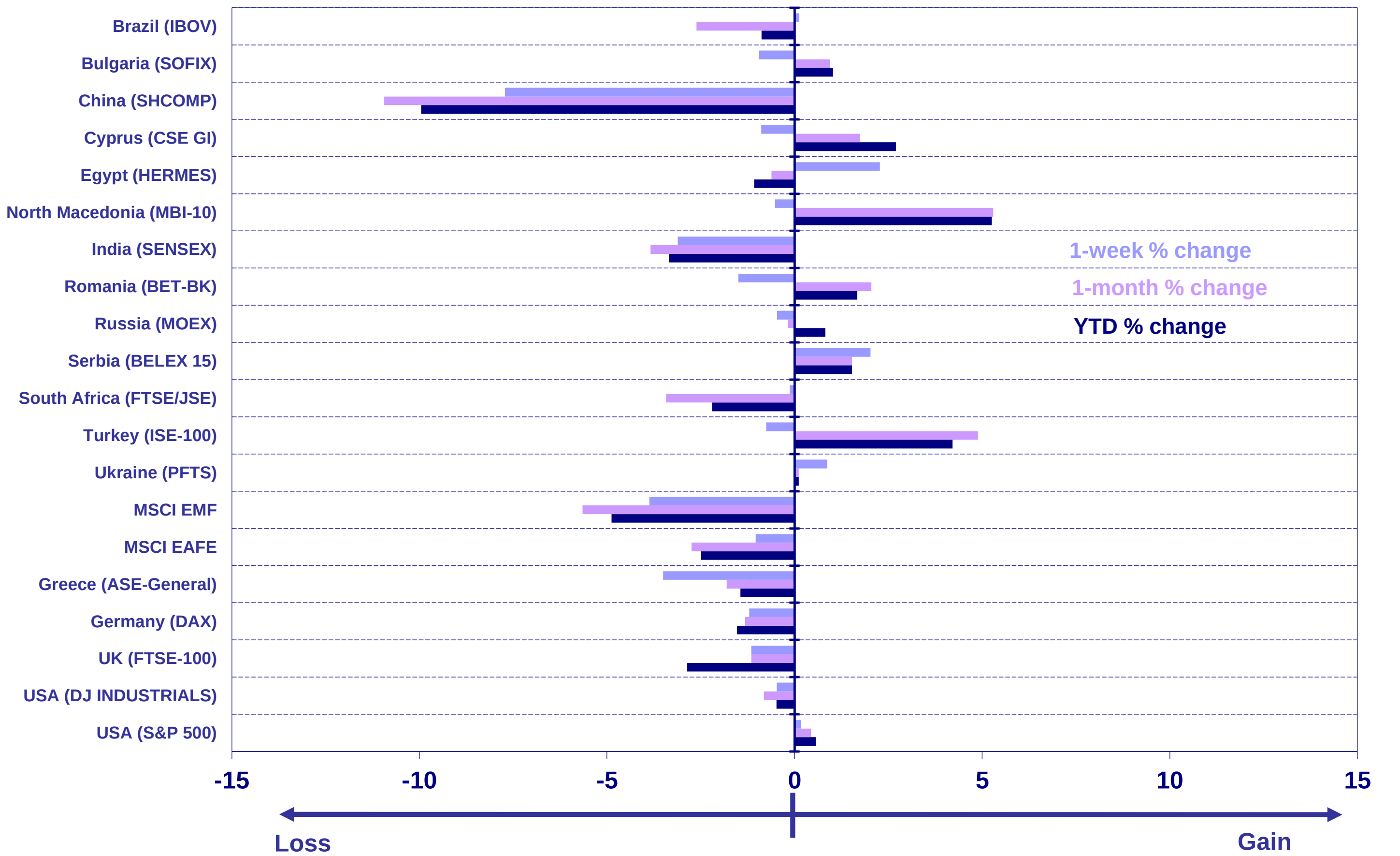


Sources: Reuters & NBG estimates

STOCK MARKETS PERFORMANCE, FEBRUARY 3RD 2020

	2020								2019		2018	
	Local Currency Terms							EUR Terms	Local Currency Terms	EUR terms	Local Currency terms	EUR terms
	Level	1-week % change	1-month % change	YTD % change	1-year % change	Year-Low	Year-High	YTD % change	% change		% change	
Brazil (IBOV)	114,629	0.1	-2.6	-0.9	16.3	112.825	119.593	-5.0	31.6	0.8	15.0	2.5
Bulgaria (SOFIX)	574	-1.0	0.9	1.0	-0.8	565	587	1.0	-4.4	-4.4	-12.3	-12.3
China (SHCOMP)	2,747	-7.7	-10.9	-10.0	4.9	2.717	3.127	-9.5	22.3	0.8	-24.6	-25.2
Cyprus (CSE GI)	67	-0.9	1.8	2.7	9.4	65	68	2.7	-2.6	-2.6	-3.9	-3.9
Egypt (HERMES)	1,269	2.3	-0.6	-1.1	-7.4	1.190	1.284	1.7	0.4	0.8	-11.1	-11.1
North Macedonia (MBI)	4,893	-0.5	5.3	5.3	35.3	4.635	5.000	5.3	34.0	34.0	36.6	36.6
India (SENSEX)	39,872	-3.1	-3.8	-3.3	9.0	35.287	42.274	-2.0	14.4	0.9	5.9	1.6
Romania (BET-BK)	1,924	-1.5	2.0	1.7	31.8	1.394	1.972	1.8	29.7	0.9	-11.6	-11.1
Russia (MOEX)	3,071	-0.5	-0.2	0.8	21.7	3.057	3.227	-0.6	30.8	0.8	10.3	-3.9
Serbia (BELEX-15)	814	2.0	1.5	1.5	16.2	783	815	1.5	5.3	0.8	0.2	0.5
South Africa (FTSE/JSE)	55,828	-0.1	-3.4	-2.2	4.6	55.529	59.105	-6.6	8.2	0.9	-11.4	-20.1
Turkey (ISE 100)	119,243	-0.8	4.9	4.2	16.6	110.746	124.537	5.0	25.4	0.9	-20.9	-40.5
Ukraine (PFTS)	510	0.9	0.1	0.1	-8.5	504	513	-2.3	-8.9	0.8	77.5	88.1
MSCI EMF	1,060	-3.9	-5.7	-4.9	1.2	1.051	1.151	-3.6	15.4	0.9	-16.6	-12.8
MSCI EAFE	1,986	-1.0	-2.7	-2.5	8.6	1.994	2.058	-1.1	18.4	0.9	-16.1	-12.3
Greece (ASE-General)	903	-3.5	-1.8	-1.4	39.6	897	949	-1.4	49.5	49.5	-23.6	-23.6
Germany (XETRA DAX)	13,045	-1.2	-1.3	-1.5	16.7	12.948	13.640	-1.5	25.5	25.5	-18.3	-18.3
UK (FTSE-100)	7,326	-1.2	-3.9	-2.9	4.2	7.275	7.690	-3.5	12.1	0.9	-12.5	-13.5
USA (DJ INDUSTRIALS)	28,400	-0.5	-0.8	-0.5	12.5	24.681	29.374	0.9	22.3	0.9	-5.6	-1.3
USA (S&P 500)	3,249	0.2	0.4	0.6	19.2	3.215	3.338	1.9	28.9	0.9	-6.2	-1.9

Equity Indices (February 3rd 2020)



Sources: Reuters & NBG estimates