

Economic Analysis Division

Emerging Markets Research

Quarterly Chartbook



Q1:2018

Turkey Romania Bulgaria Serbia FYROM Albania Cyprus Egypt

NBG - Economic Analysis Division

<https://www.nbg.gr/en/the-group/press-office/e-spot/reports>

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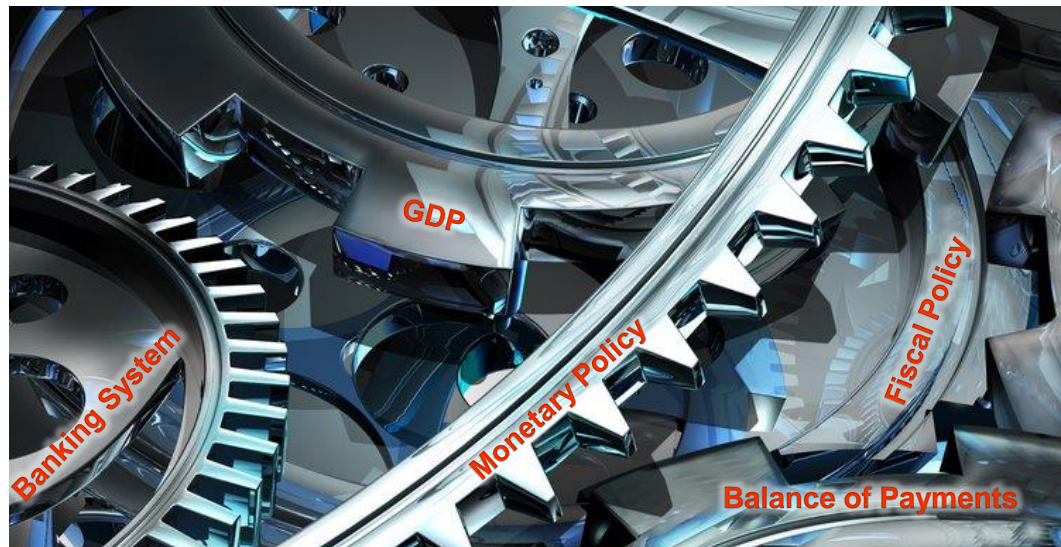
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Republic of Turkey




Population (2017 estimate, mn): 80.6
 GDP (2017 estimate, EUR, bn): 752.8
 GDP per Capita (2017 estimate, EUR): 9,337
 Government type: Parliamentary Republic
 Chief of state: Recep Tayyip ERDOGAN
 Head of Government: Binali YILDIRIM
 Minister of Finance: Naci AGBAL
 Central Bank Governor: Murat CETINKAYA




Romania




Population (2017, estimate, mn): 20.0
 GDP (2017 estimate, EUR, bn): 180.8
 GDP per Capita (2017 estimate, EUR): 9,067
 Government type: Semi Presidential Republic
 Chief of state: Klaus Werner IOHANNIS
 Head of Government: Vasilica-Viorica DANCILA
 Minister of Finance: Eugen-Orlando TEODOROVICI
 Central Bank Governor: Mugur ISARESCU




Republic of Bulgaria



Population (2017, estimate, mn): 7.1
 GDP (2017 estimate, EUR, bn): 51.0
 GDP per Capita (2017 estimate, EUR): 7,227
 Government type: Parliamentary Republic
 Chief of state: Rumen RADEV
 Head of Government: Boyko BORISOV
 Minister of Finance: Vladislav GORANOV
 Central Bank Governor: Dimitar RADEV



Republic of Serbia



Population (2017, estimate, mn): 7.0
 GDP (2017 estimate, EUR, bn): 36.4
 GDP per Capita (2017 estimate, EUR): 5,184
 Government type: Parliamentary Republic
 Chief of state: Aleksandar VUCIC
 Head of Government: Ana BRNABIC
 Minister of Finance: Dusan VUJOVIC
 Central Bank Governor: Jorgovanka TABAKOVIC



Former Yugoslav Republic of Macedonia




Population (2017, estimate, mn): 2.1
 GDP (2017 estimate, EUR, bn): 10.1
 GDP per Capita (2017 estimate, EUR): 4,889
 Government type: Parliamentary Republic
 Chief of state: Gjorge IVANOV
 Head of Government: Zoran ZAEV
 Minister of Finance: Dragan TEVDOVSKI
 Central Bank Governor: Dimitar BOGOV




Republic of Albania




Population (2017, estimate, mn): 2.9
 GDP (2017 estimate, EUR, bn): 11.7
 GDP per Capita (2017 estimate, EUR): 4,056
 Government type: Parliamentary Republic
 Chief of state: Ilir META
 Head of Government: Edi RAMA
 Minister of Finance: Helga VUKAJ
 Central Bank Governor: Gent SEJKO



Republic of Cyprus



Population (2017, estimate, mn): 0.85
 GDP (2017 estimate, EUR, bn): 18.9
 GDP per Capita (2017 estimate, EUR): 22,192
 Government type: Presidential Republic without PM
 Chief of state: Nicos ANASTASIADES
 Head of Government: Nicos ANASTASIADES
 Minister of Finance: Harris GEORGIADES
 Central Bank Governor: Chrystalla GEORGHADJI



Arab Republic of Egypt



Population (2017, estimate, mn): 95.9
 GDP (2017 estimate, EUR, bn): 214.2
 GDP per Capita (2017 estimate, EUR): 2,234
 Government type: Semi Presidential Republic
 Chief of state: Abdel Fattah Said AL-SISI
 Head of Government: Sherif Ismail MOHAMED
 Minister of Finance: Amr EL-GARHY
 Central Bank Governor: Tarek AMER

A light election agenda in the countries under review this year

In Cyprus, President N. Anastasiades secured a second term in office on February 4th, receiving a strong mandate to resume reforms

In Egypt, outgoing President el-Sissi is widely expected to be re-elected in the upcoming presidential elections (to be held in late March), reassuring investors that the 3-year IMF-supported programme (signed in November 2016) will remain on track

| Date of Next Elections | | | | | | | | |
|------------------------|---------------|---------------|---------------|--------------|------------|-----------|---------------|-----------------|
| | Turkey | Romania | Bulgaria | Serbia | FYROM | Albania | Cyprus | Egypt |
| Legislative | November 2019 | December 2020 | March 2021 | April 2020 | May 2020 | June 2021 | May 2021 | Oct.- Dec. 2020 |
| Presidential | November 2019 | November 2019 | November 2020 | April 2022 | April 2019 | July 2022 | February 2023 | March 2018 |
| Local | November 2019 | June 2020 | October 2019 | April 2020 * | March 2021 | June 2019 | December 2021 | Unknown ** |

*: Local elections in Belgrade are due on March 4th

** : Last local elections were held in April 2008

Serbia's 3-year EUR 1.2bn precautionary SBA expires in February 2018, largely overperforming its original targets

The Executive Board of the IMF completed the second review of Egypt's 3-year economic reform programme in late December, allowing the authorities to draw the equivalent of USD 2bn (bringing total disbursements to USD 6bn)

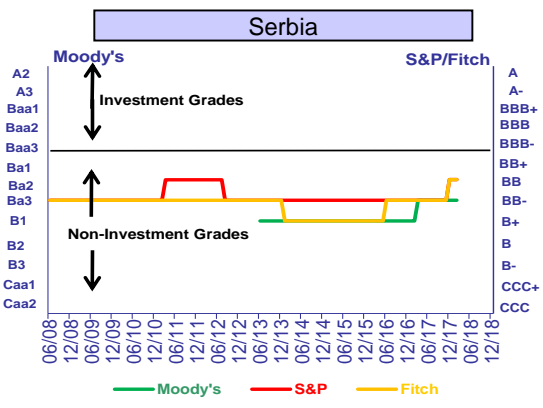
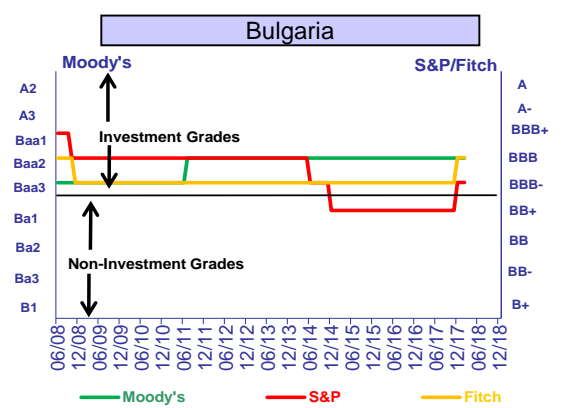
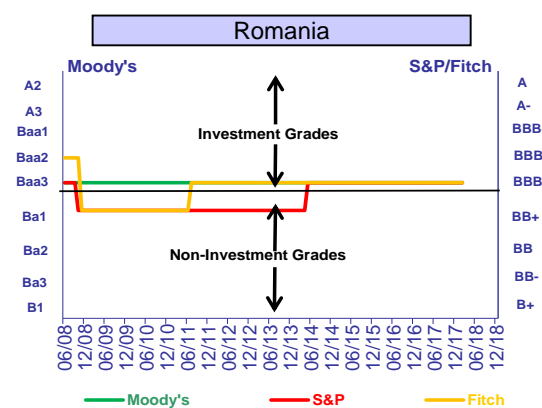
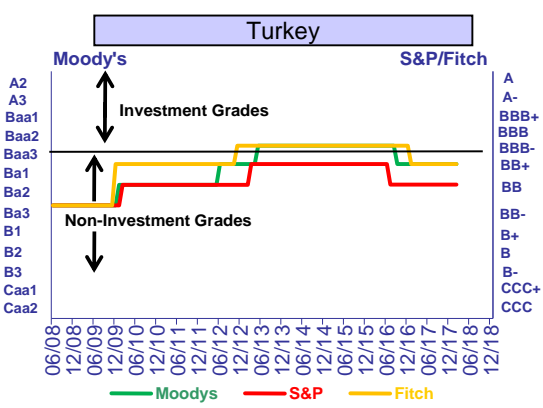
| IMF & EU Financial Support (EUR bn) | | | | | | | | | | | | | |
|-------------------------------------|-----|--------|---|------------|------------|----------|----------------|------------|------------|-----------|------------------|-------------------|------------------|
| | | Turkey | Romania | | | Bulgaria | Serbia | | | FYROM | Albania | Cyprus | Egypt |
| Period | | --- | 2009-2011 | 2011-2013* | 2013-2015* | --- | 2009-2011 | 2011-2013* | 2015-2018* | 2011-2013 | 2014-2017 | 2013-2016 | 2016-2019 |
| Programme | IMF | --- | 13.0 | 3.6 | 2.0 | --- | 2.9 | 1.1 | 1.2 | 0.5 | 0.4 | 1.0 | 12.0** |
| | EU | --- | 5.0 | 1.4 | 2.0 | --- | --- | --- | --- | --- | --- | 9.0 | --- |
| Drawn so far | IMF | --- | 12.1 | --- | --- | --- | 1.5 | --- | --- | 0.2 | 0.4 | 0.9 | 6.0** |
| | EU | --- | 5.0 | --- | --- | --- | --- | --- | --- | --- | --- | 6.3 | --- |
| Repaid | IMF | --- | 12.1 since 2009 | | | --- | 1.6 since 2009 | | | 0.2 | --- | 0.3 early in 2017 | --- |
| | EU | --- | 1.5 since 2009 | | | --- | --- | | | --- | --- | --- | --- |
| Next Repayments | IMF | --- | --- | | | --- | --- | | | --- | Starting in 2019 | Starting in 2020 | Starting in 2021 |
| | EU | --- | EUR 1.35 and 1.0bn, respectively, in 2018, and 2019 | | | --- | --- | | | --- | --- | Starting in 2027 | --- |

* Precautionary

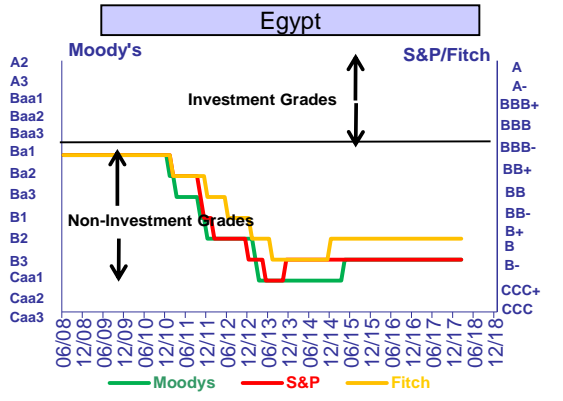
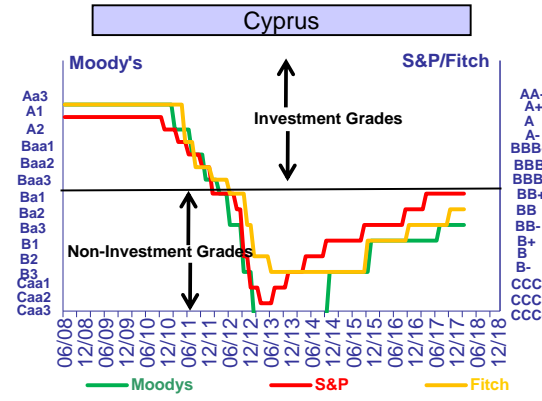
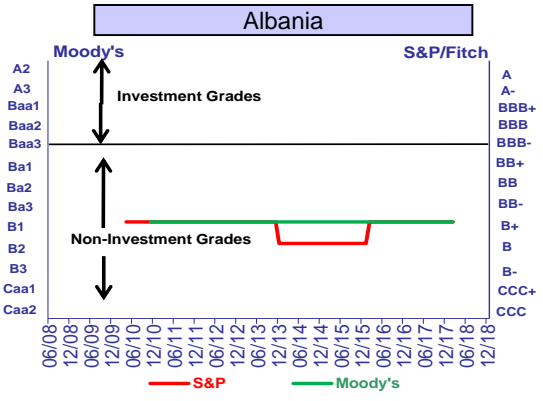
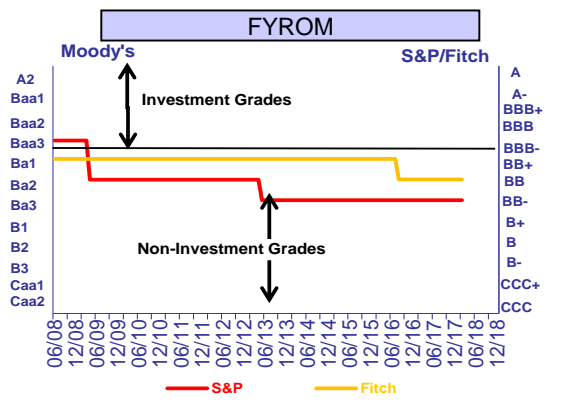
** bn USD

Foreign currency credit rating

Since last December, only Serbia's credit rating has been upgraded (by one notch to BB by both S&P and Fitch -- 2 notches below investment grade)

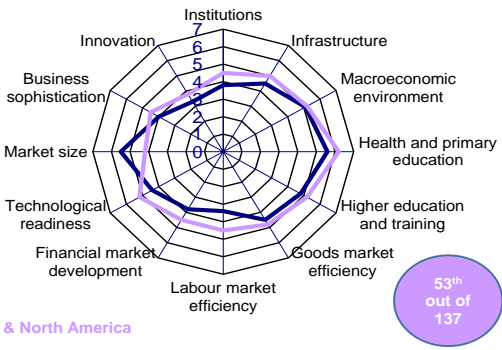


| Long-Term Foreign Debt Currency Ratings, Feb. 2018 | | | |
|--|------|-------------------|-----------------------|
| | S&P | Moody's | Fitch |
| Investment Grades | A+ | | |
| | A | | |
| | A- | | |
| | BBB+ | | |
| | BBB | Bulgaria, Romania | Bulgaria |
| | BBB- | Bulgaria, Romania | Romania |
| Non-Investment Grades | BB+ | Cyprus | Turkey |
| | BB | Serbia, Turkey | FYROM, Cyprus, Serbia |
| | BB- | FYROM | Serbia, Cyprus |
| | B+ | Albania | Albania |
| | B | | Egypt |
| | B- | Egypt | Egypt |
| | CCC+ | | |

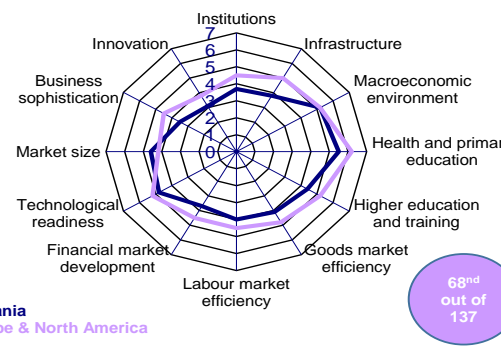


According to the latest WEF's GCI, Bulgaria is the most competitive among the countries under review

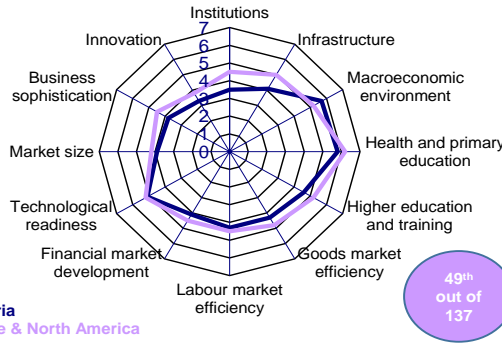
Turkey



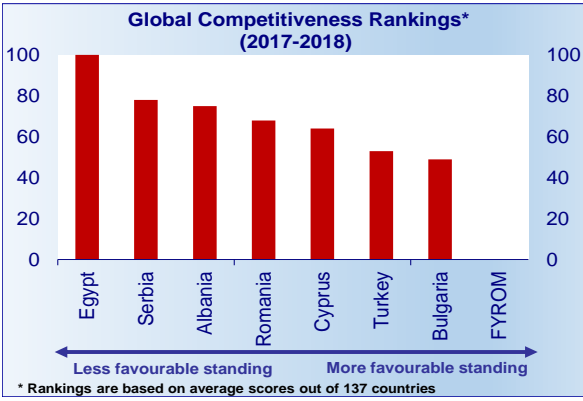
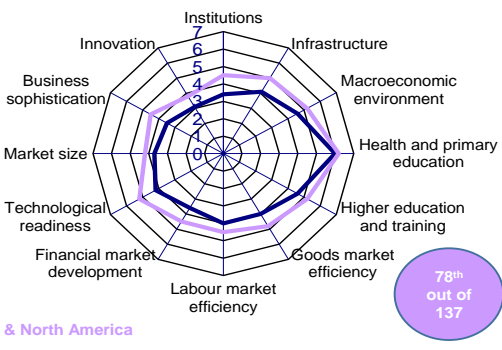
Romania



Bulgaria



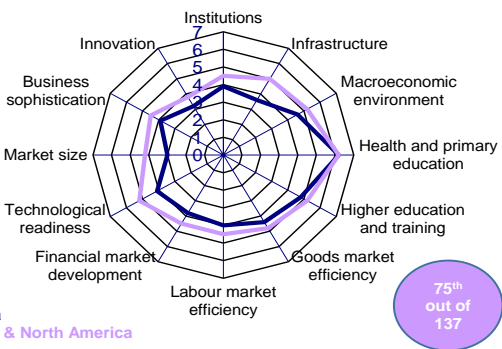
Serbia



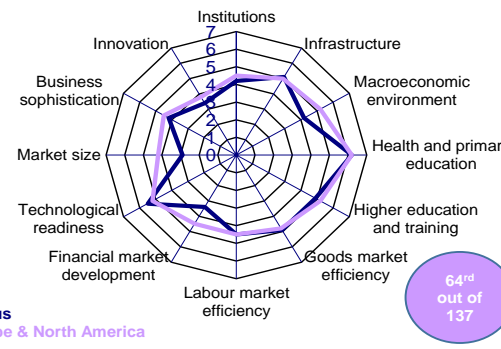
FYROM

Not Ranked due to Lack of Data

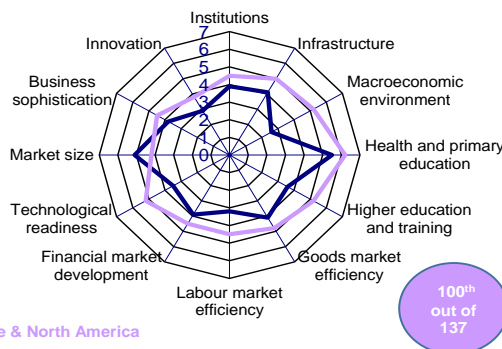
Albania



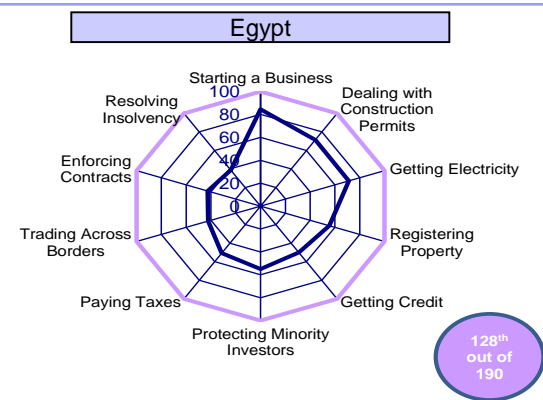
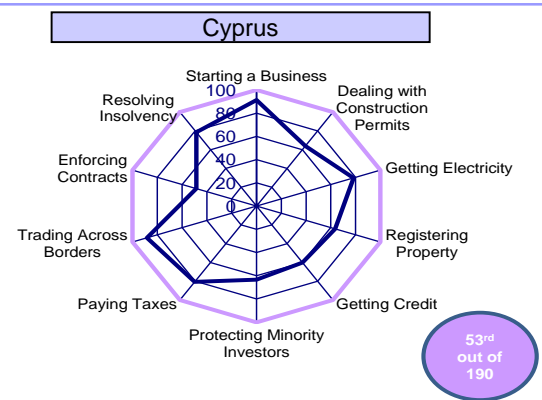
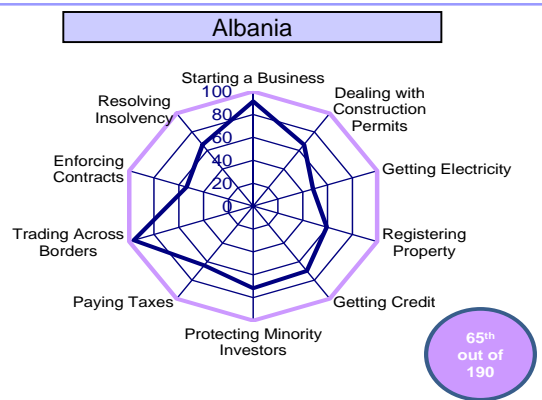
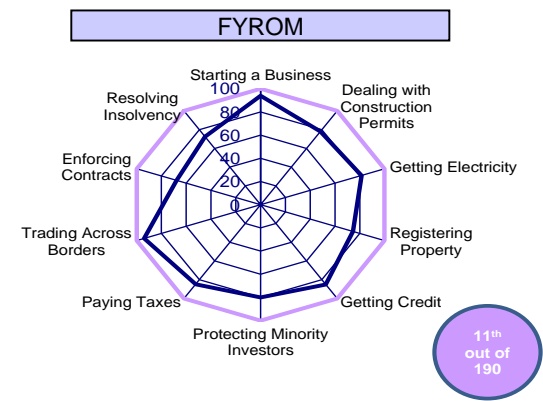
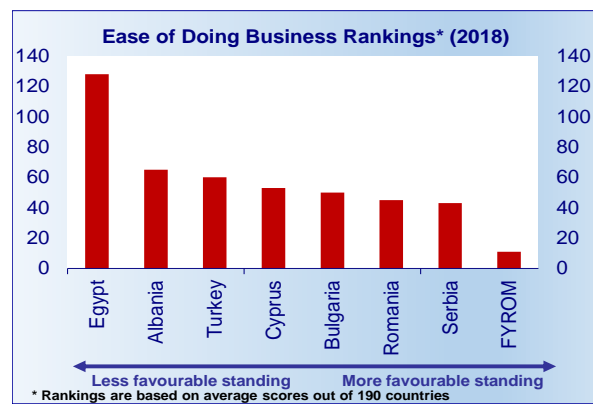
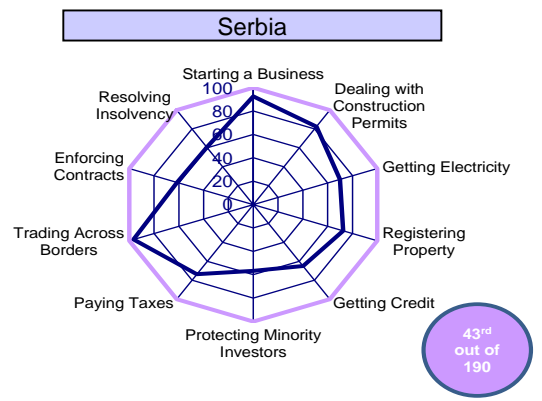
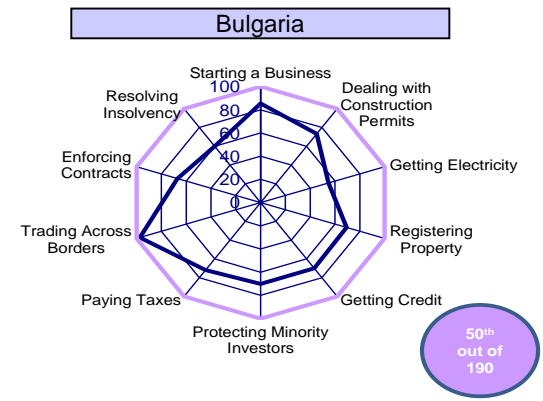
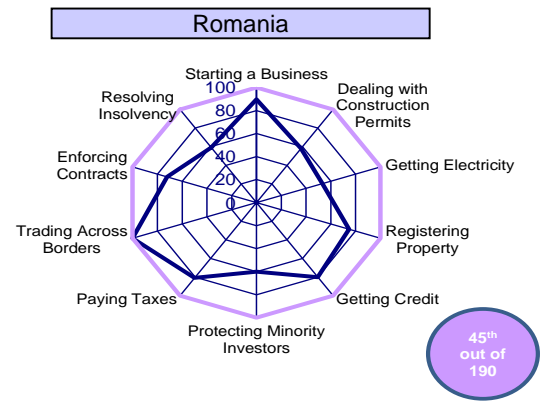
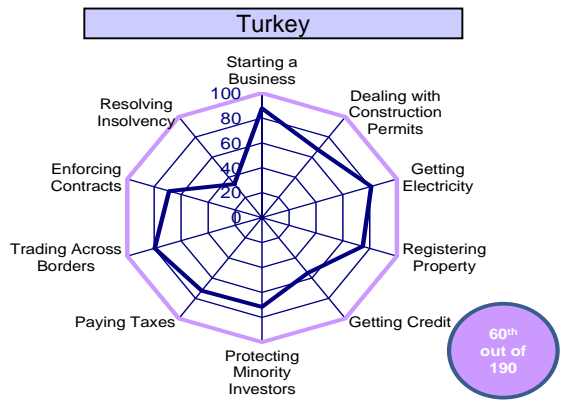
Cyprus



Egypt

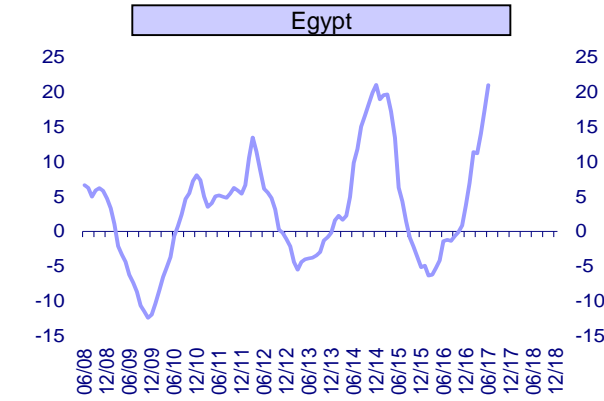
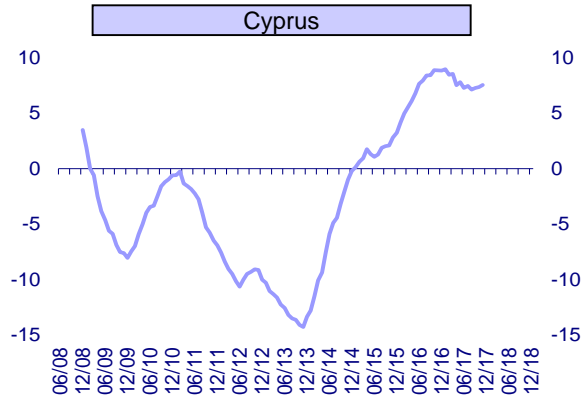
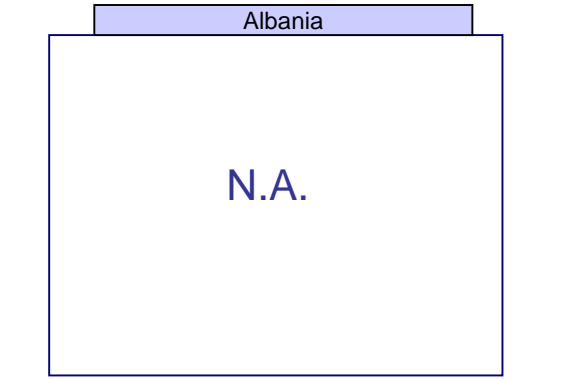
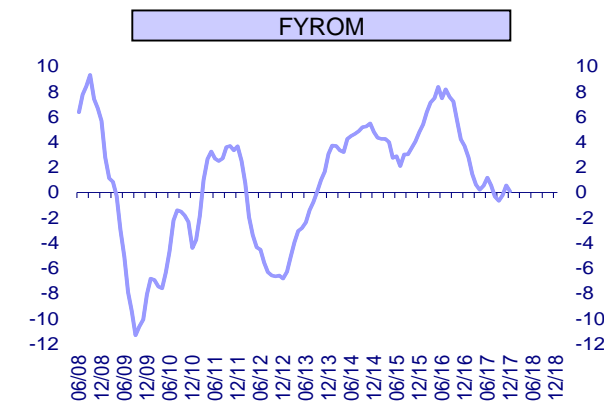
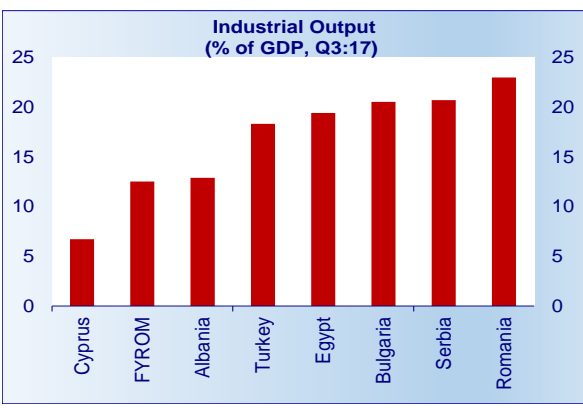
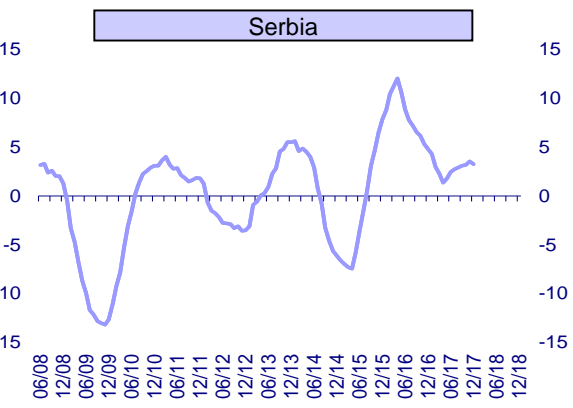
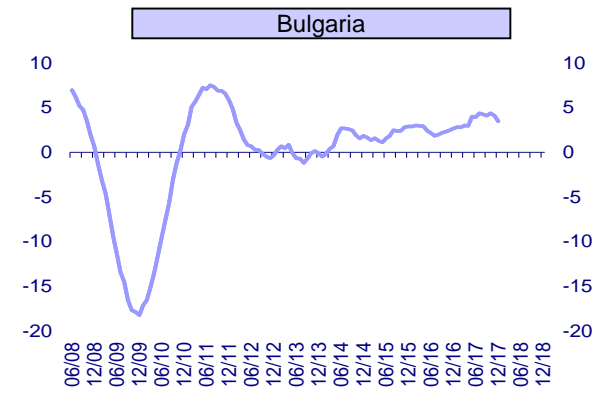
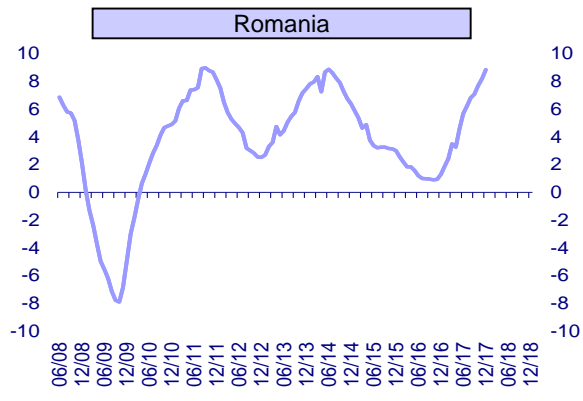
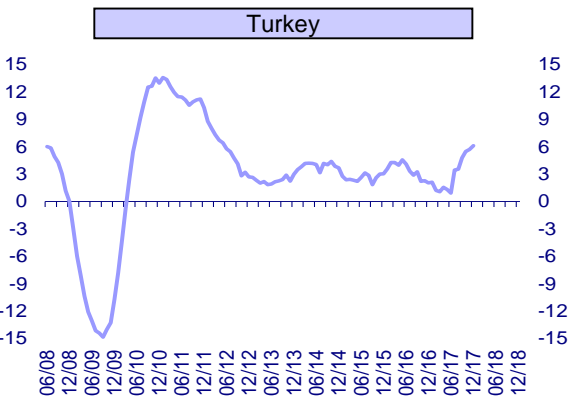


The latest WB's EDBI shows that FYROM has the most favourable standing among the countries under review



Industrial production (12-month rolling, y-o-y % change)

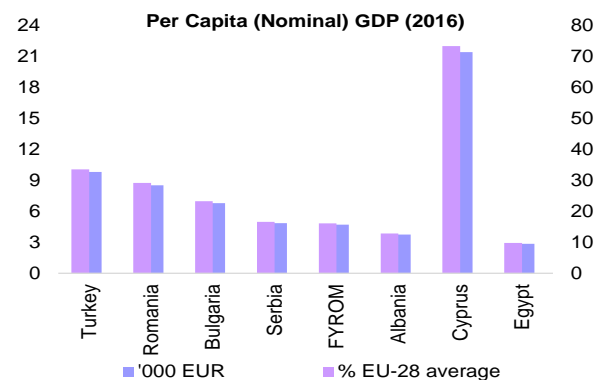
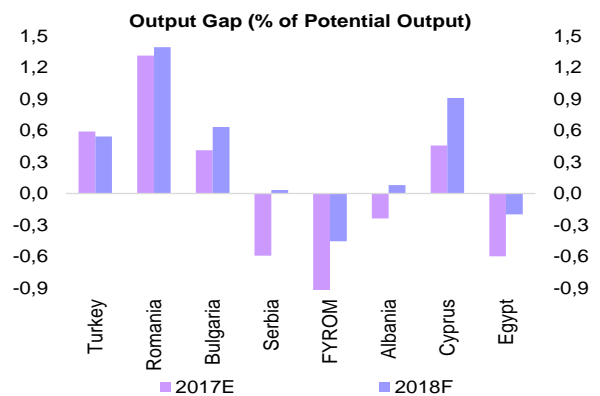
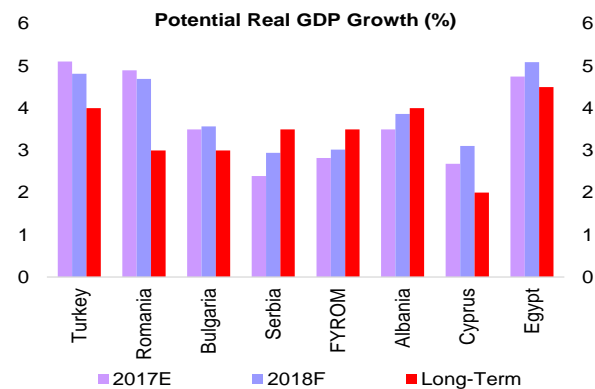
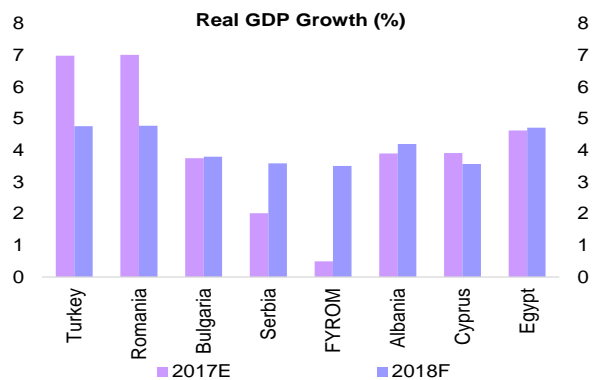
The contribution of industrial output to gross value added growth improved markedly in Romania, Egypt and Cyprus in 2017



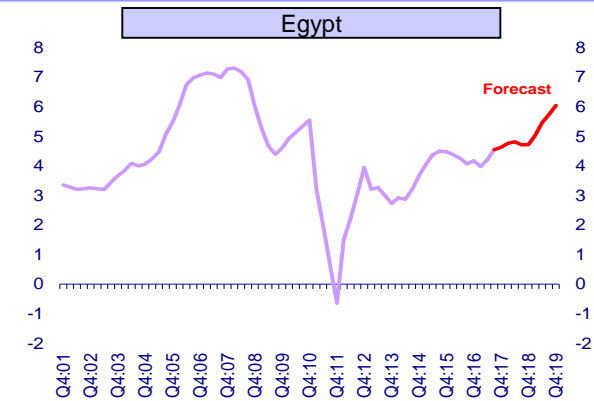
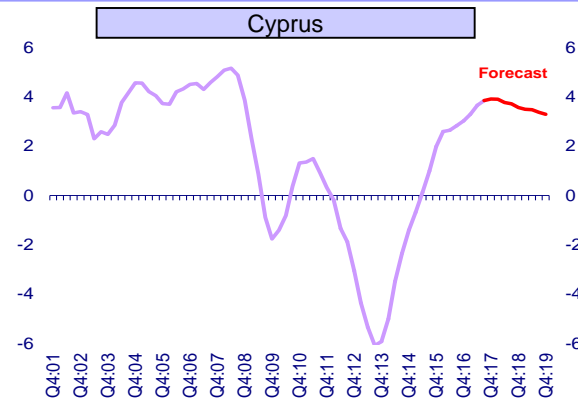
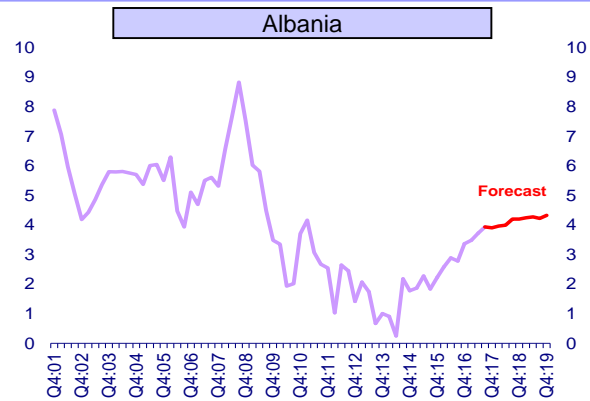
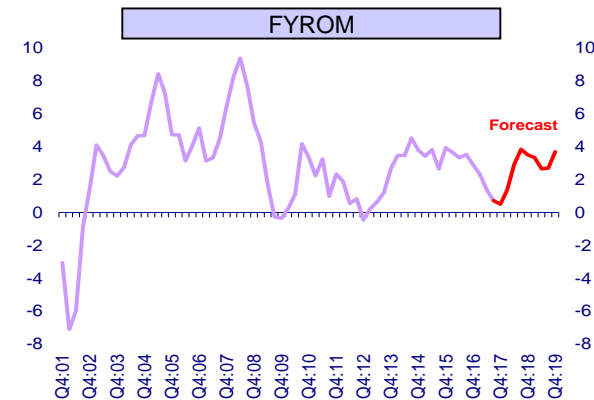
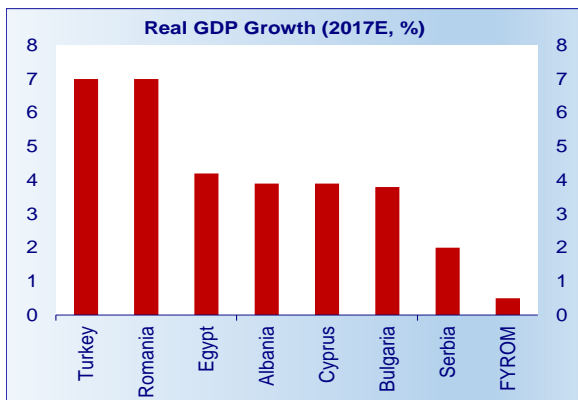
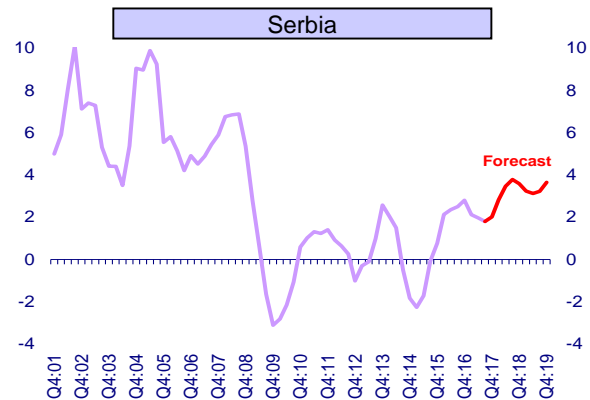
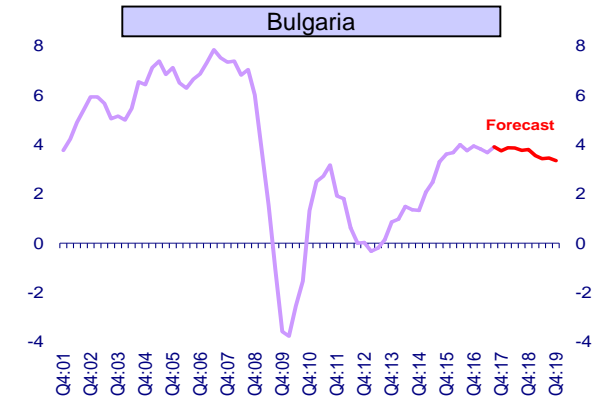
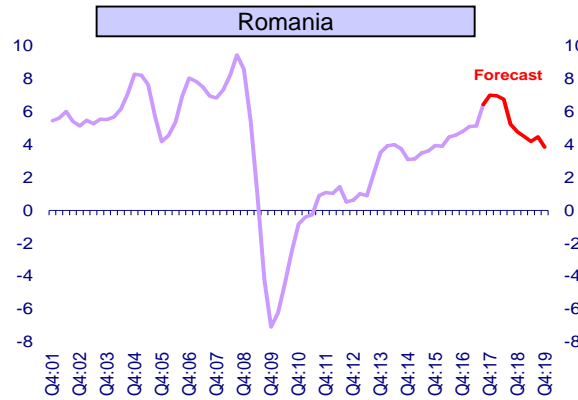
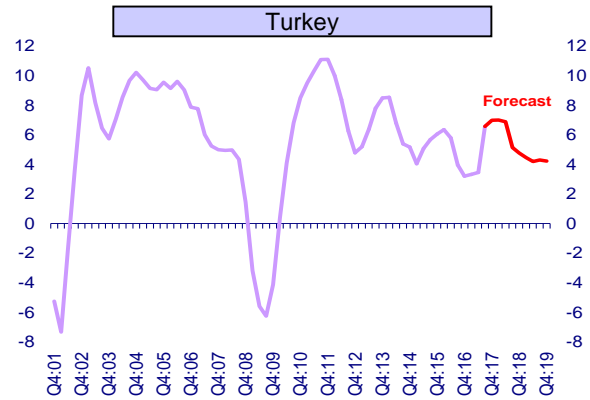
All economies under review are set to post solid growth this year (higher than 3%)

This year's growth is expected to surpass its long-term potential in all economies under review

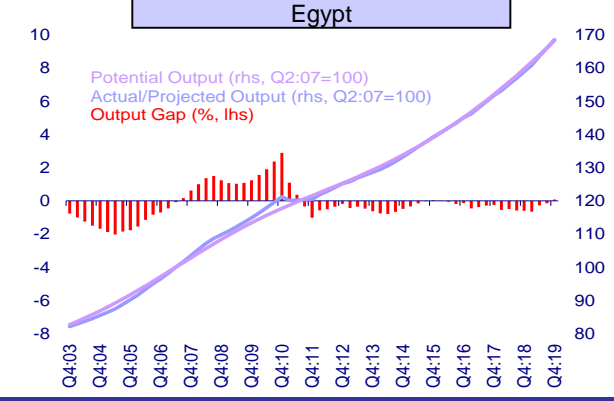
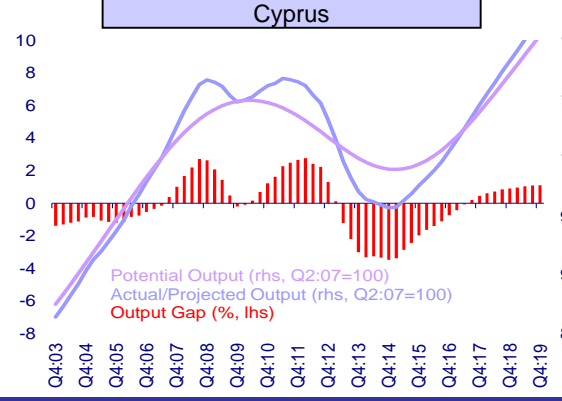
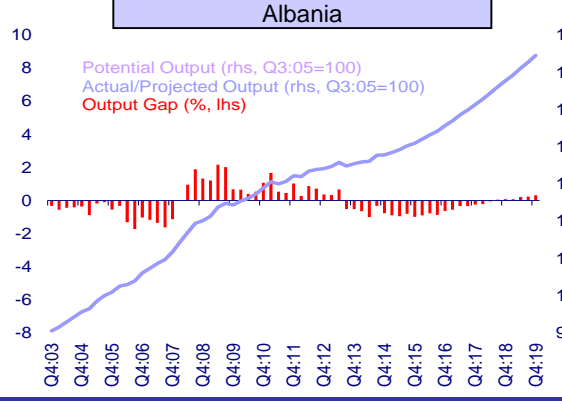
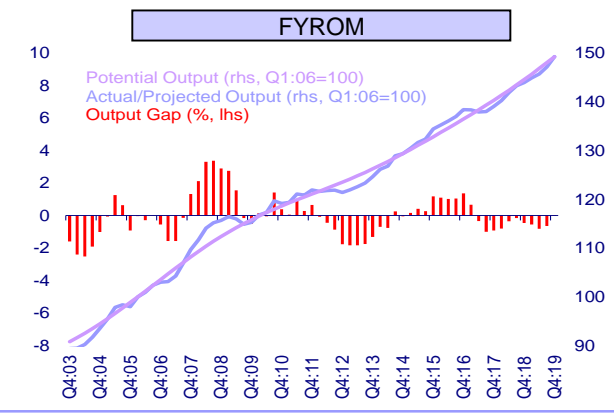
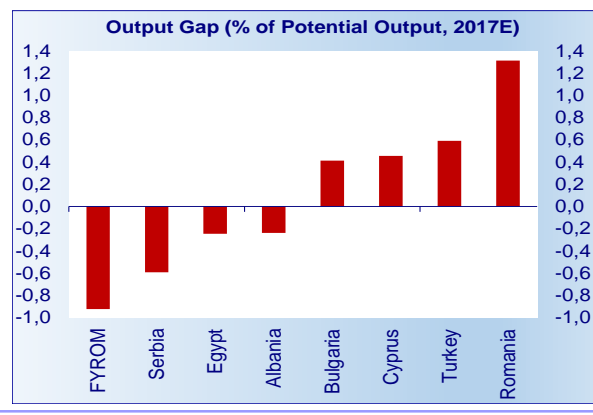
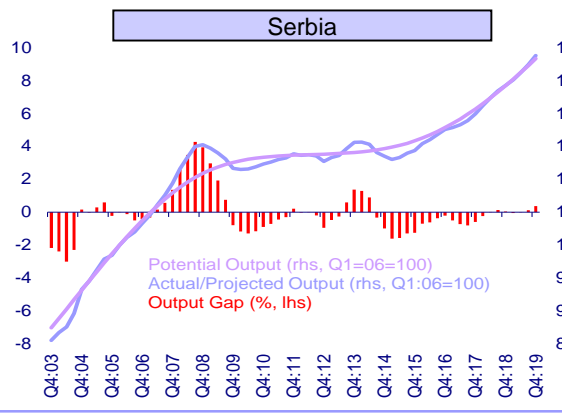
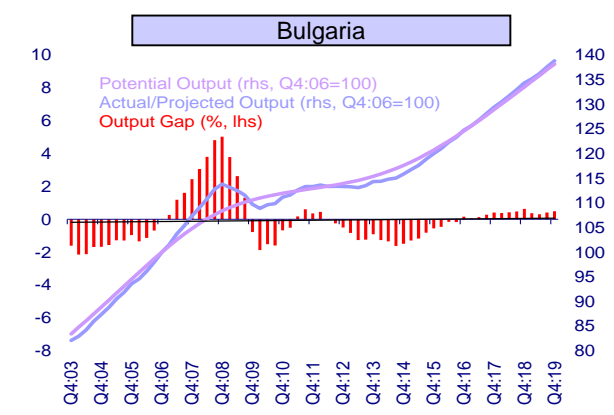
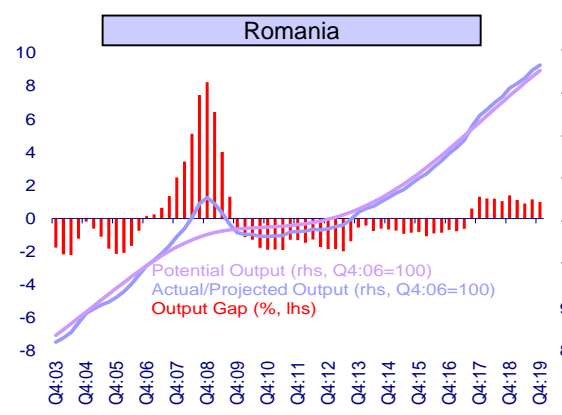
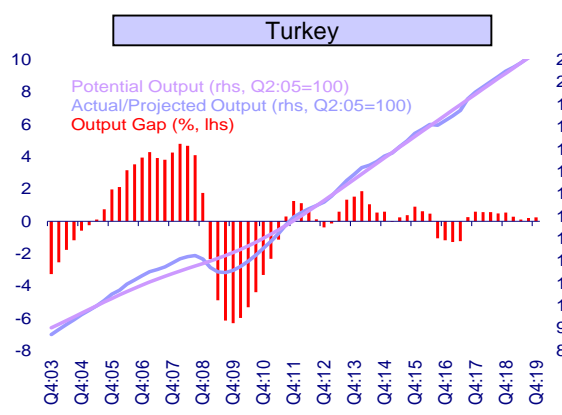
Large positive output gaps in Romania, Cyprus, Bulgaria and Turkey point to an overheating of the economy and increasing inflationary pressures



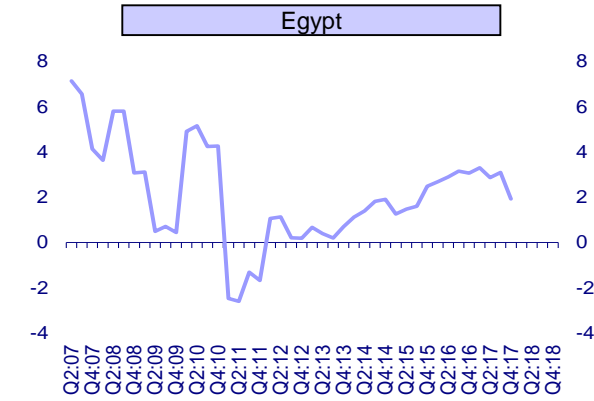
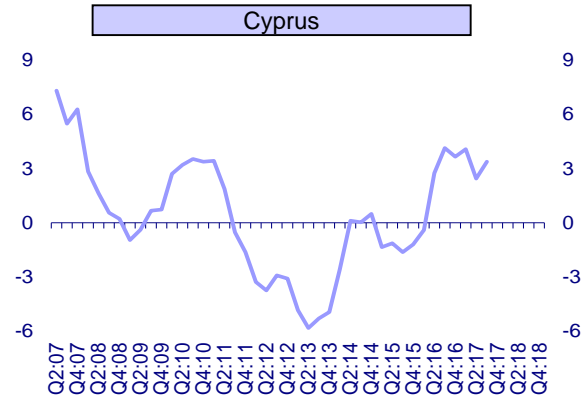
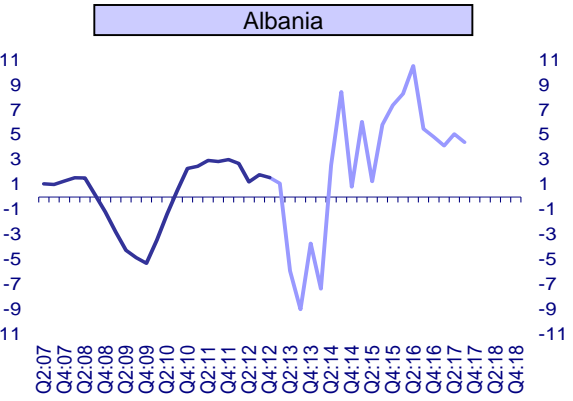
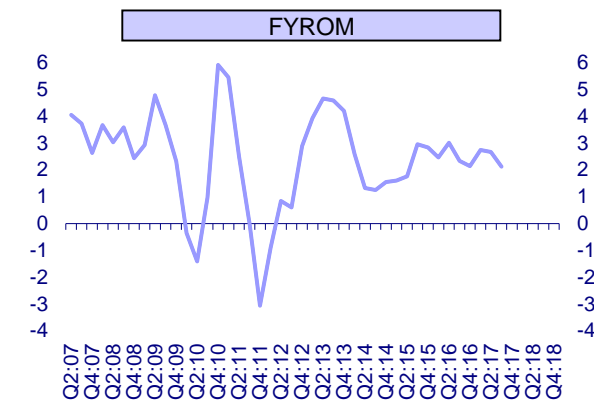
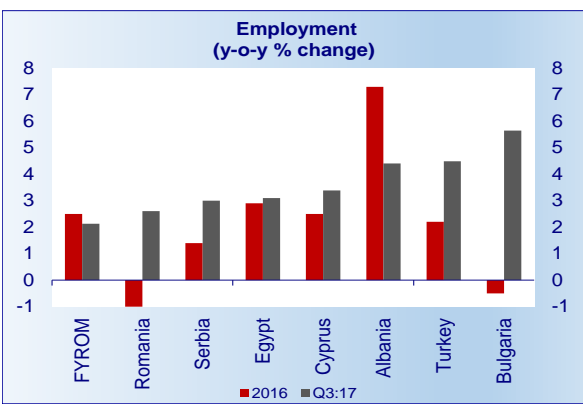
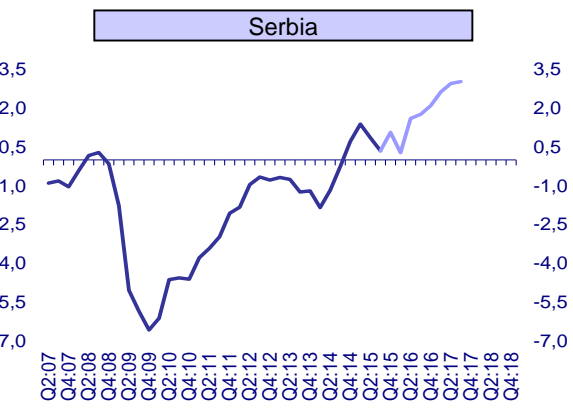
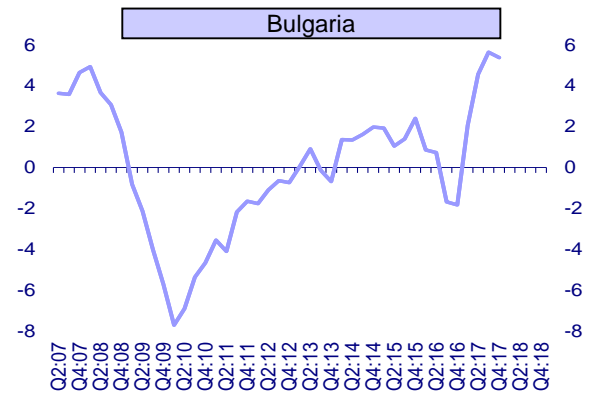
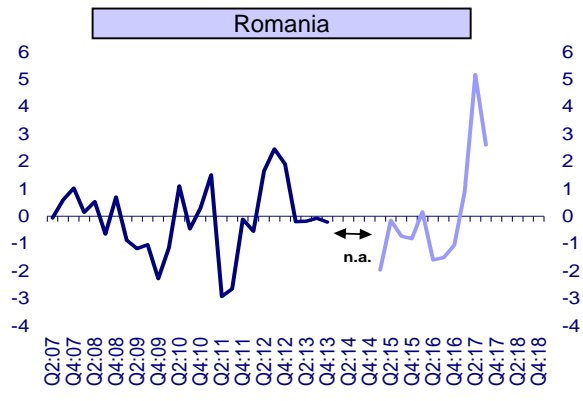
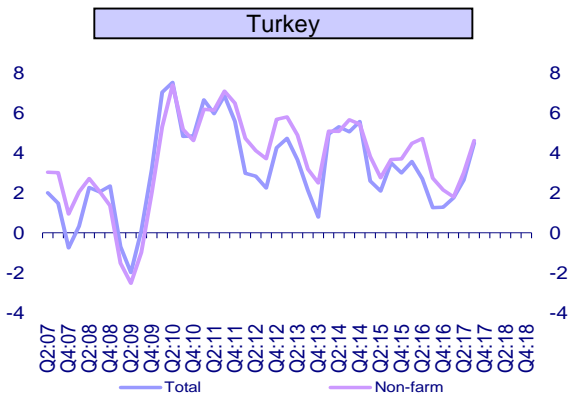
GDP growth is expected to range between 3.5% and 4.8% this year in the economies under review



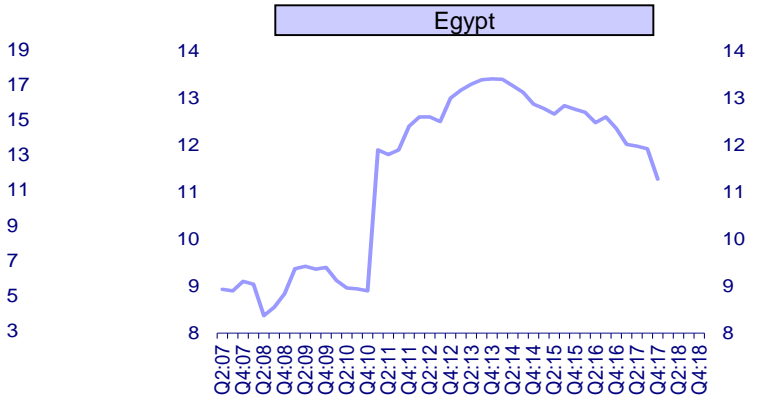
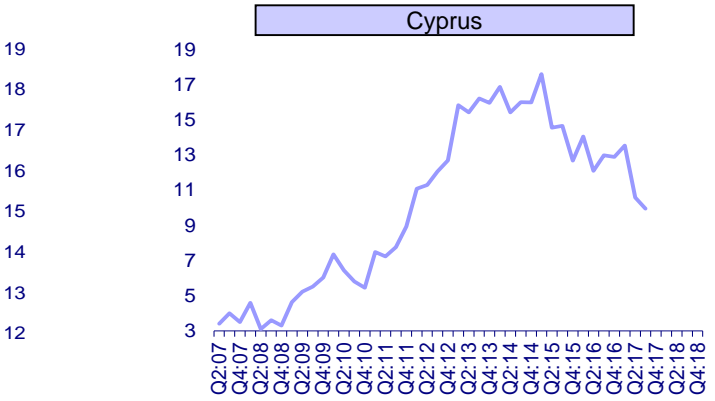
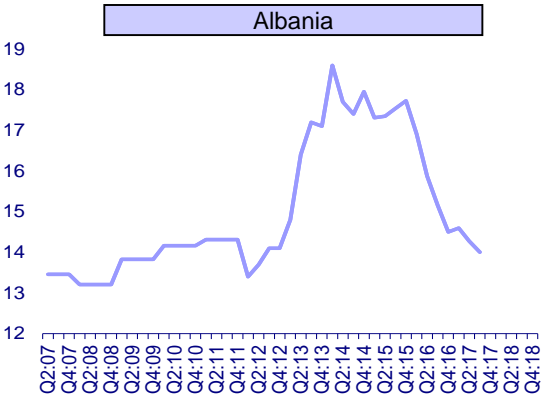
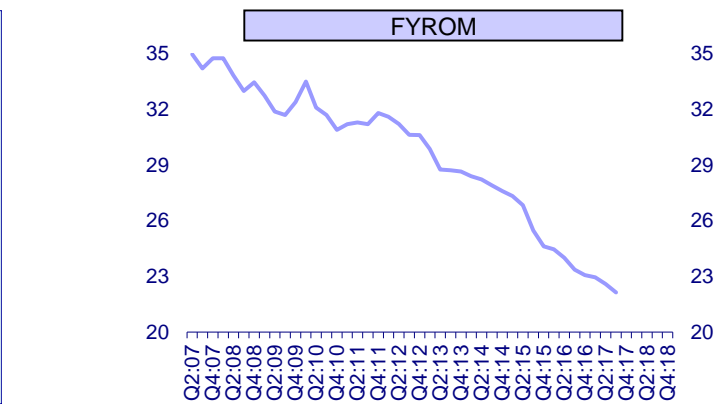
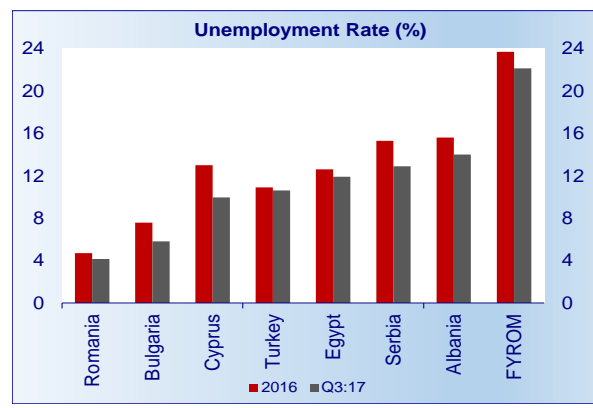
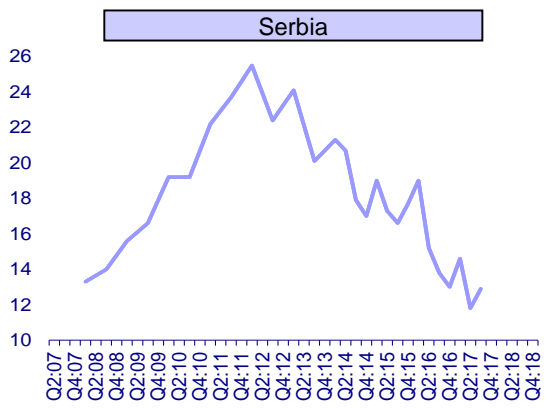
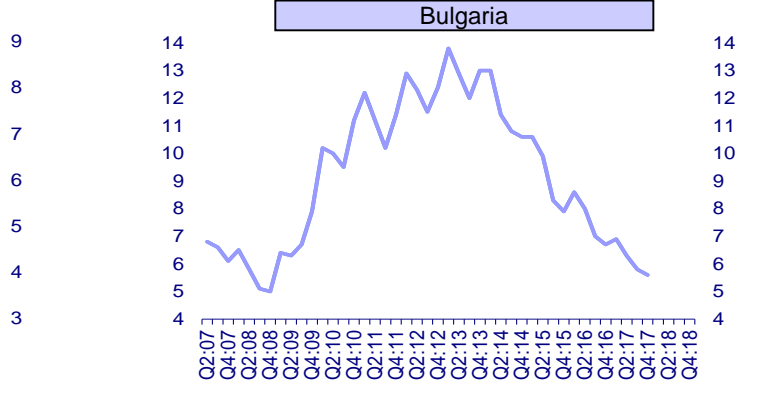
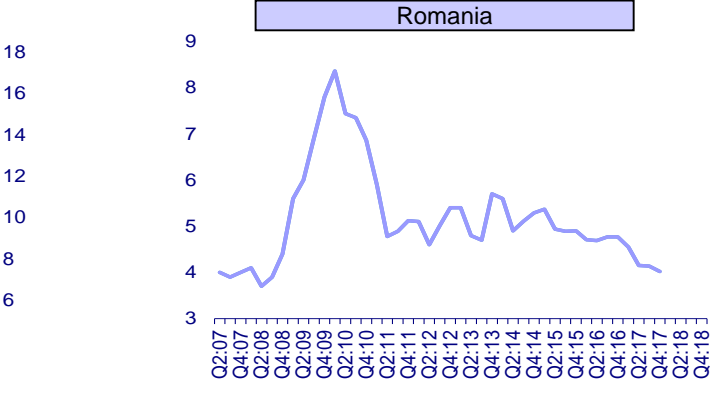
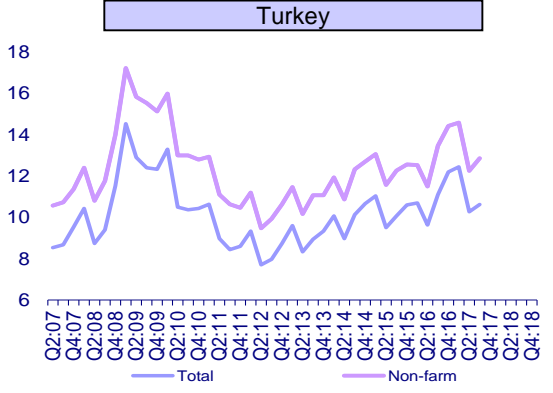
The output gap should remain negative in Egypt and FYROM this year



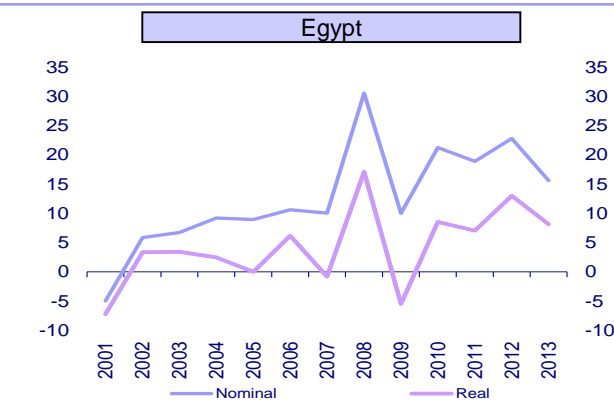
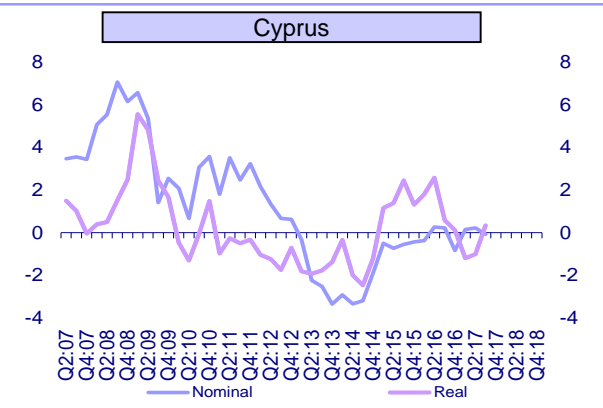
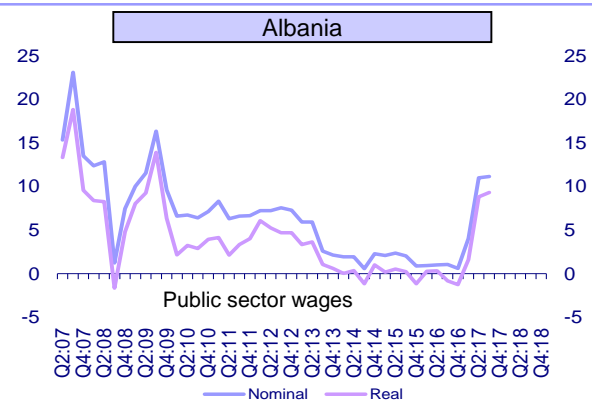
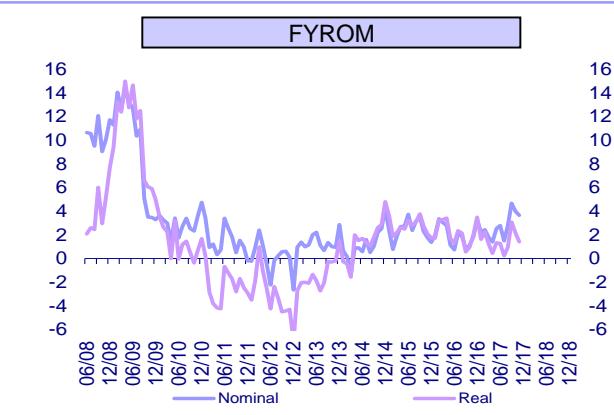
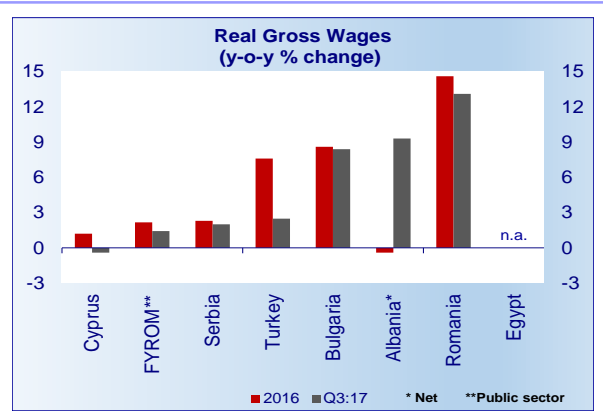
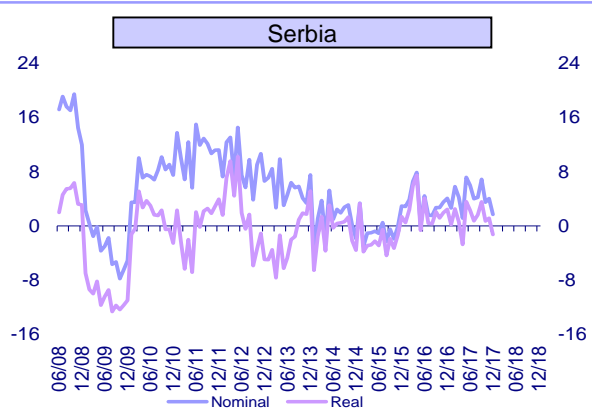
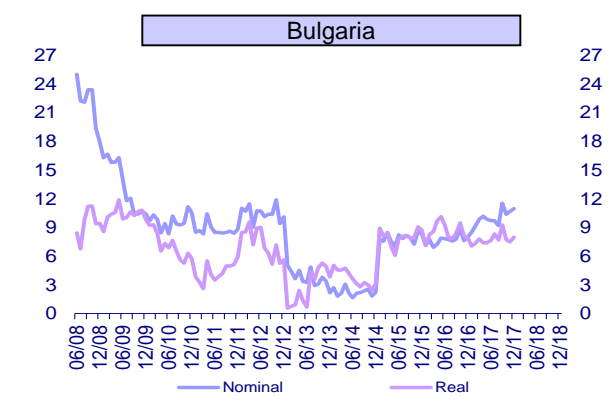
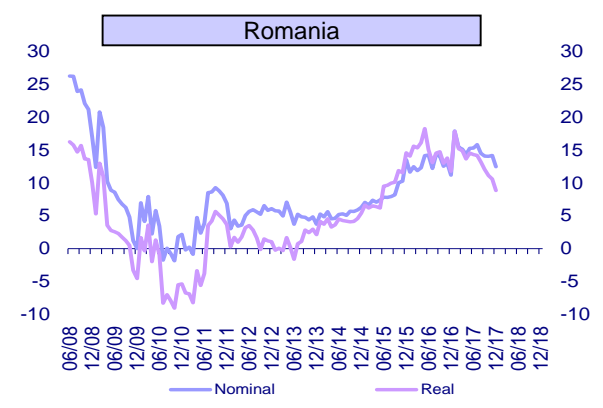
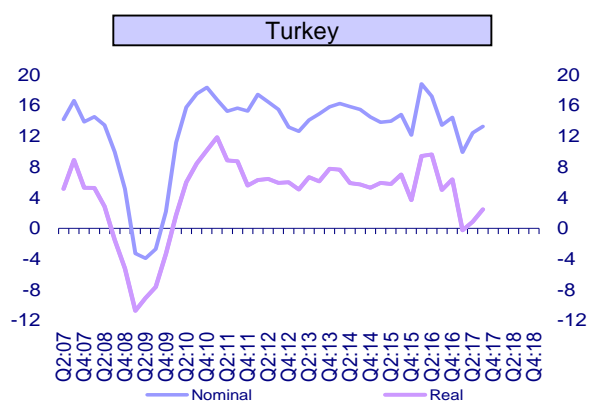
Employment in most countries under review should be supported by buoyant economic activity this year



The unemployment rate should continue on its downward trend this year in all countries under review

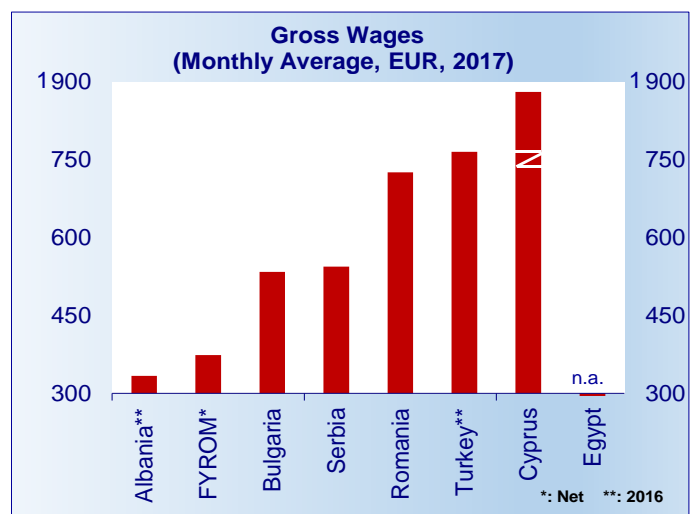


Real wages continue to post strong growth in Romania, Bulgaria and Albania, boosting private consumption



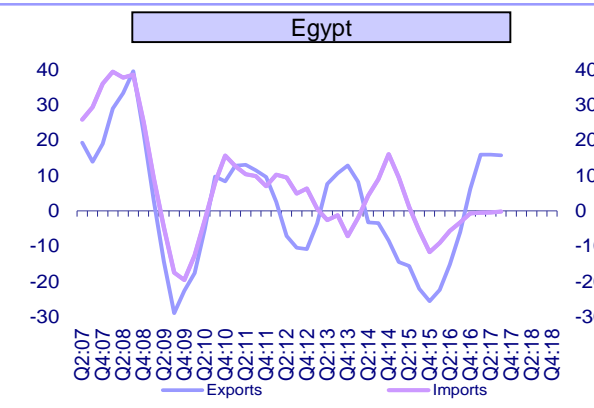
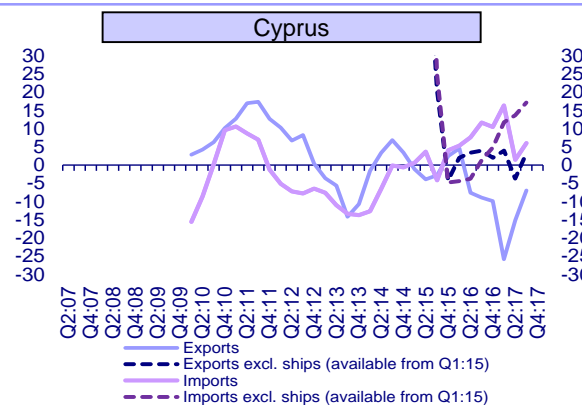
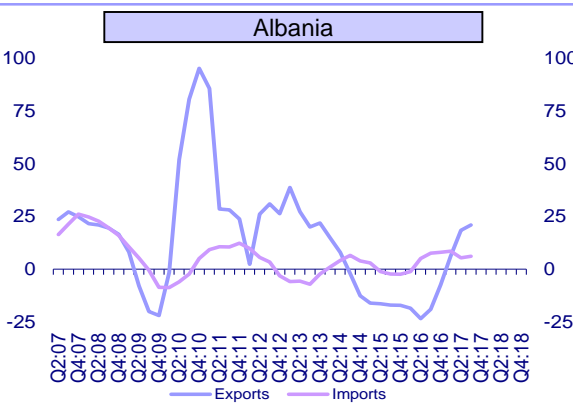
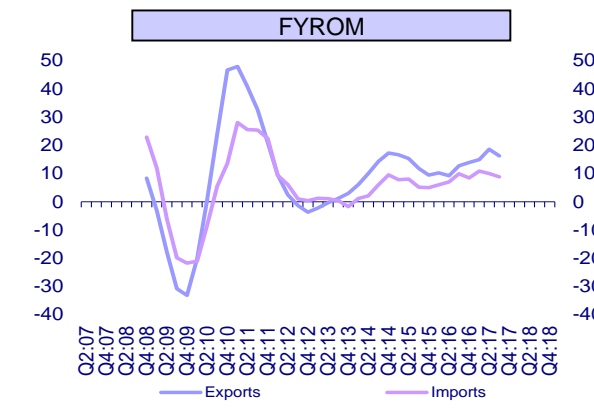
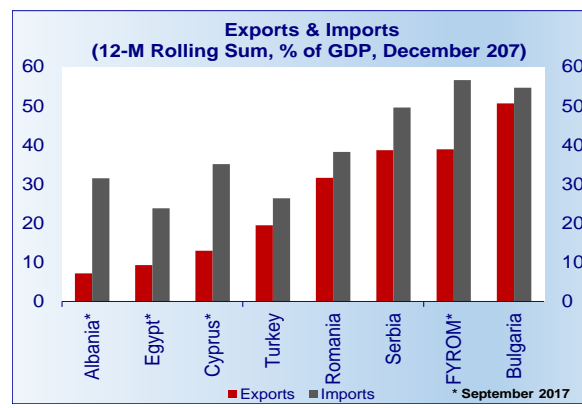
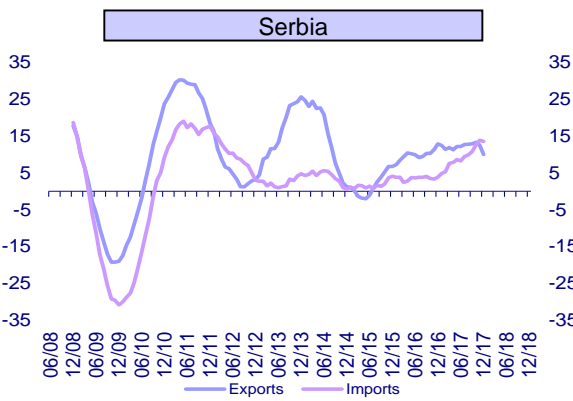
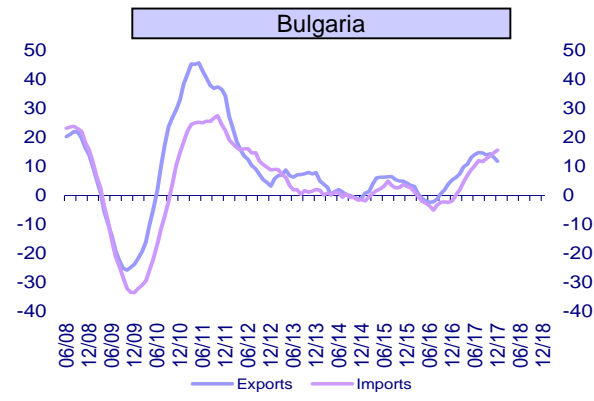
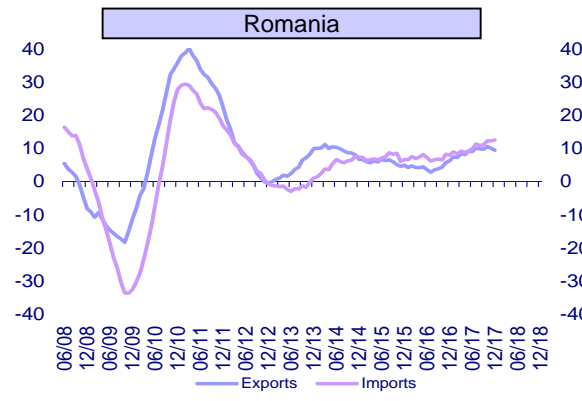
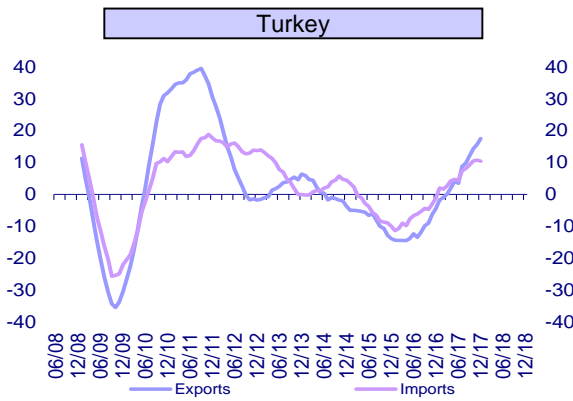
FYROM and Albania are the most competitive in terms of labour costs

Bulgaria and FYROM have the most favourable personal and corporate income tax rates

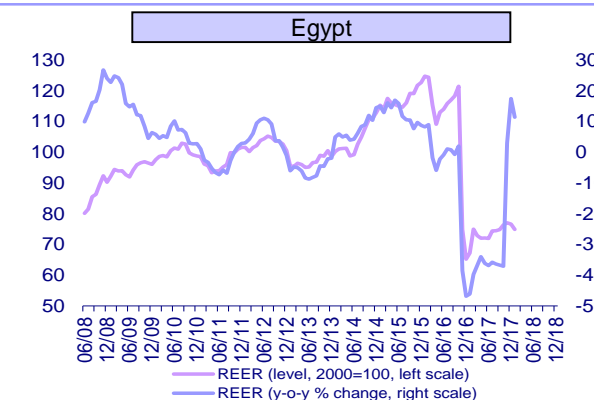
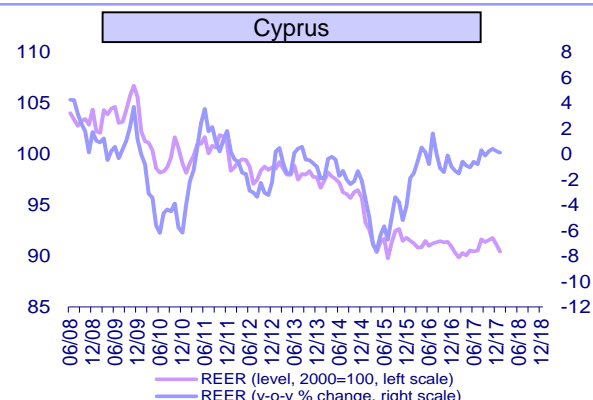
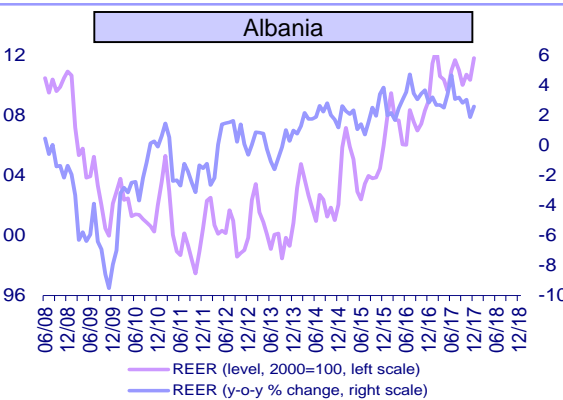
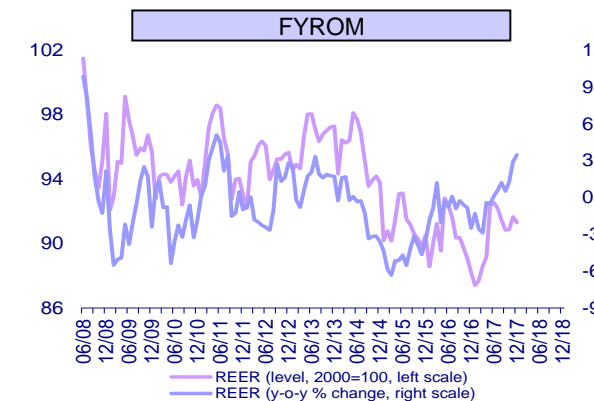
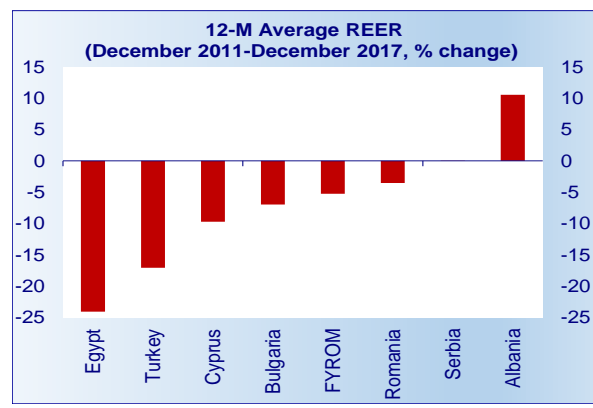
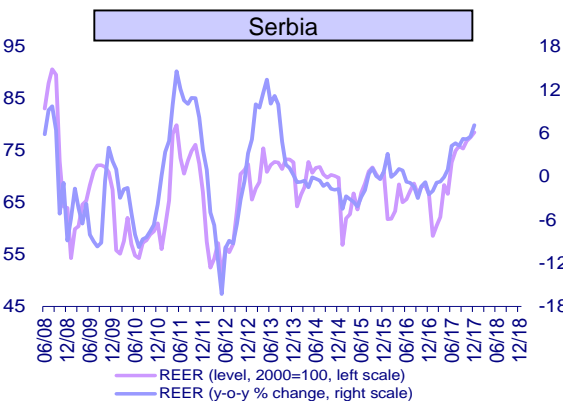
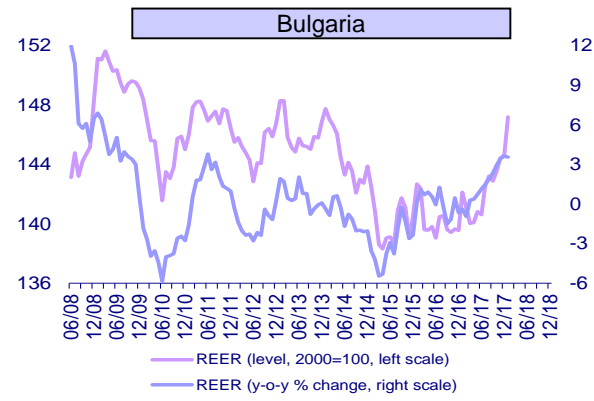
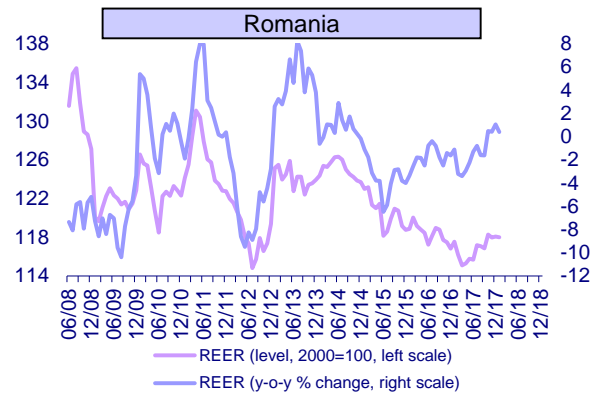
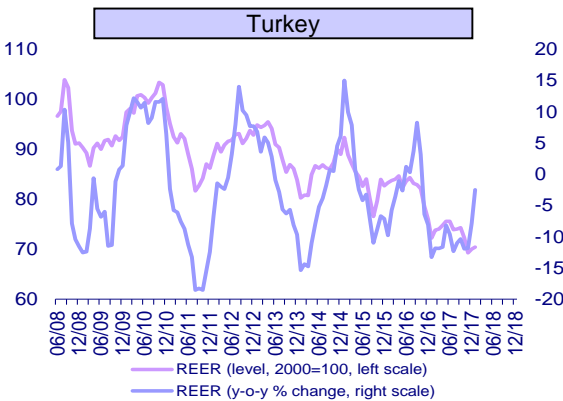


| | Tax Rates (%) | |
|----------|-----------------|------------------|
| | Personal Income | Corporate Income |
| Turkey | 15.0 - 35.0 | 22.0 |
| Romania | 10.0 | 16.0 |
| Bulgaria | 10.0 | 10.0 |
| Serbia | 10.0 | 15.0 |
| FYROM | 10.0 | 10.0 |
| Albania | 13.0 - 23.0 | 15.0 |
| Cyprus | 20.0 - 35.0 | 12.5 |
| Egypt | 10.0 - 22.0 | 23.0 |
| Greece | 22.0 - 45.0 | 29.0 |

Buoyant exports in all the economies under review should sustain economic activity this year



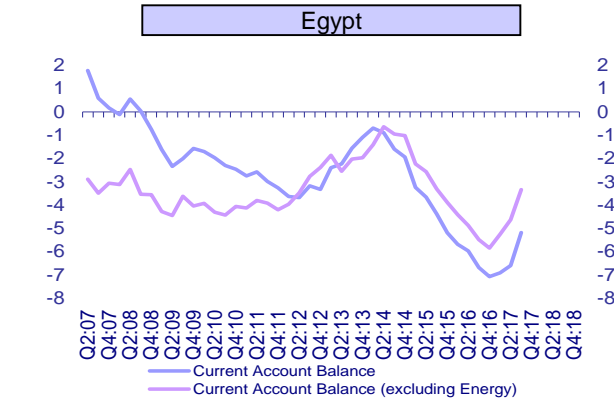
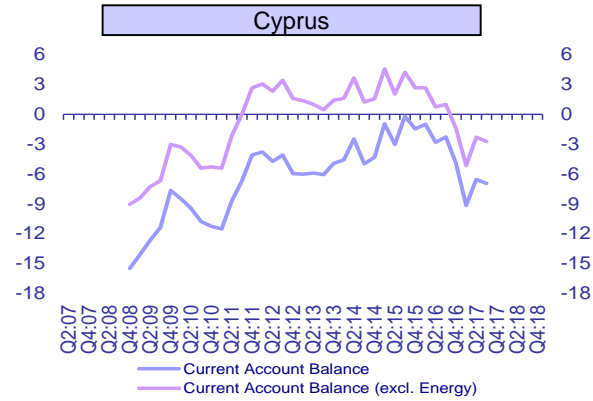
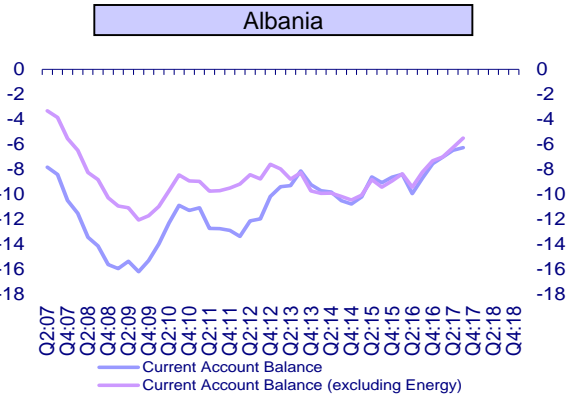
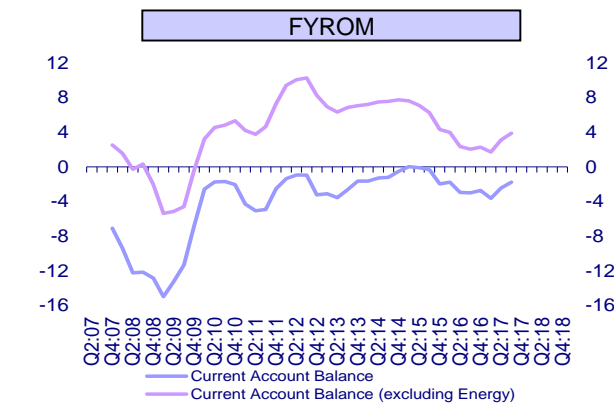
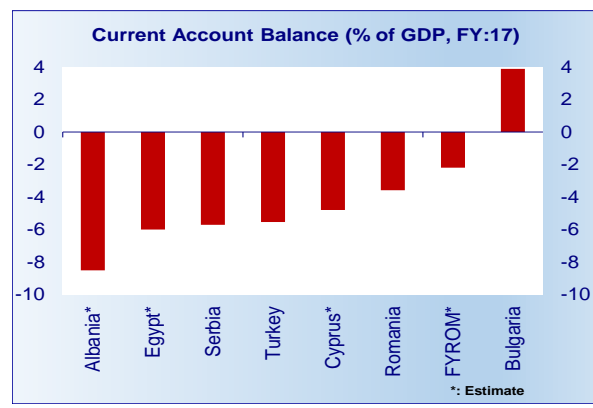
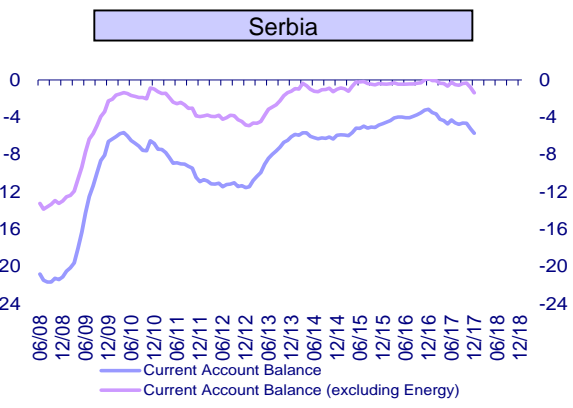
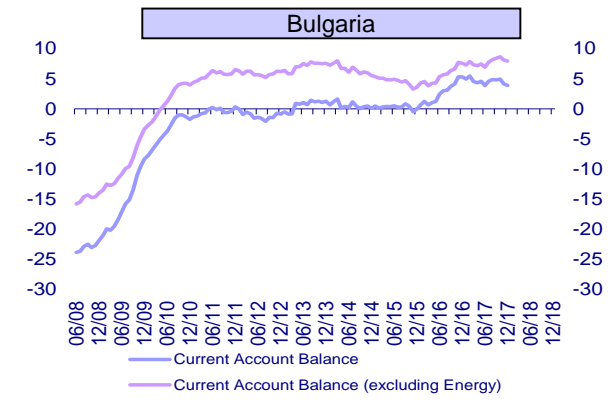
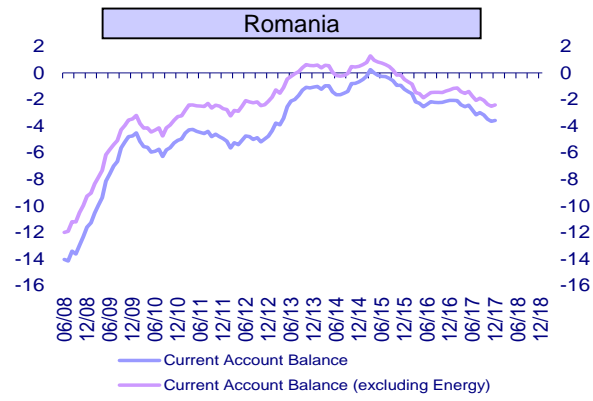
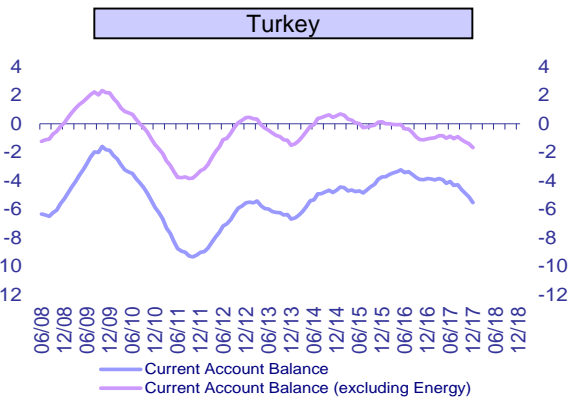
Competitiveness in all the countries under review has improved over the past 6 years, excluding Albania



Current account balance (12-month rolling, % of GDP)

The current account deficit is set to remain at sustainable levels this year in most of the economies under review, on the back of strong external demand

Bulgaria remains by far the best performer among the economies under review

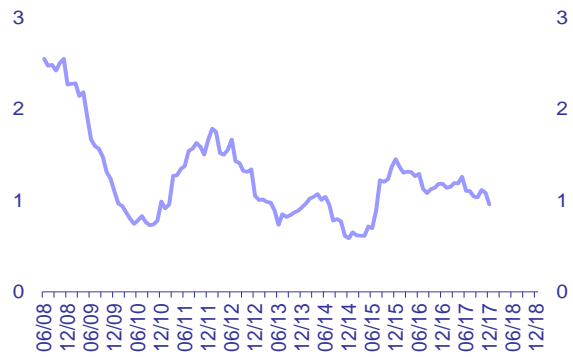


Net foreign direct investments (12-month rolling, % of GDP)

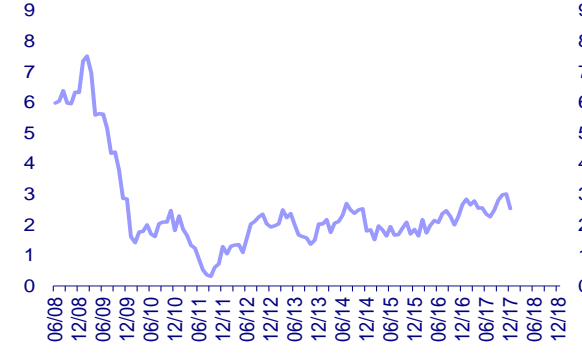
Net FDI remains close to historically low levels in most of the countries under review.

In Albania, net FDI continues to fluctuate around 8% of GDP for a 9th consecutive year, mainly on the back of large investments in energy projects

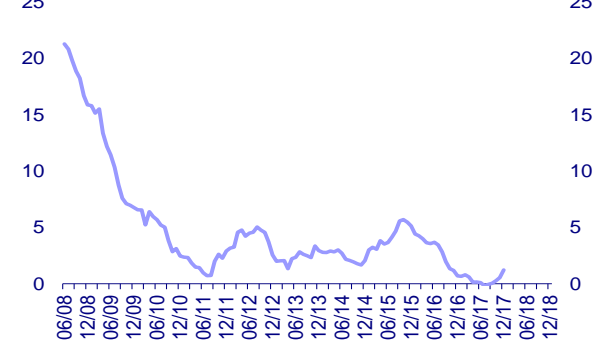
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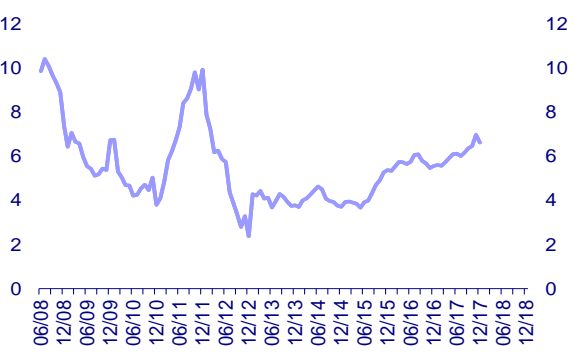
Romania



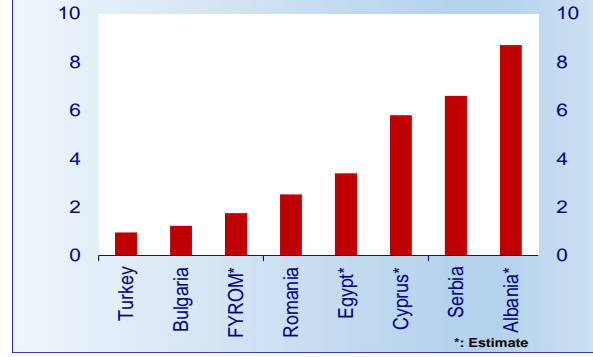
Bulgaria



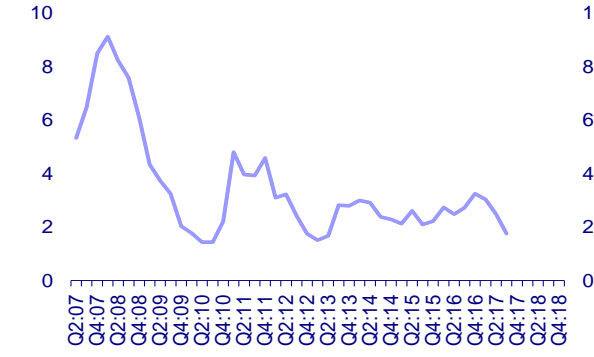
Serbia



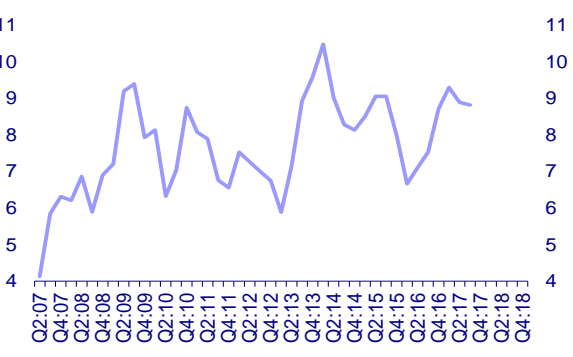
FDI (% of GDP, 2017)



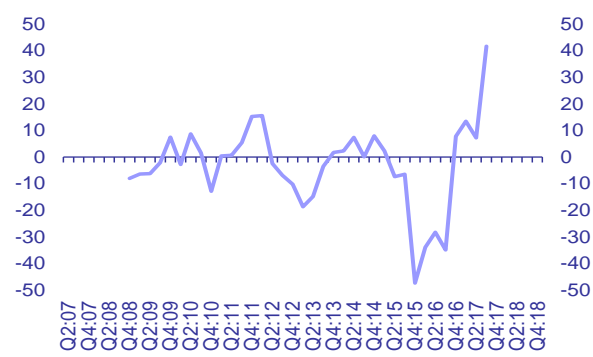
FYROM



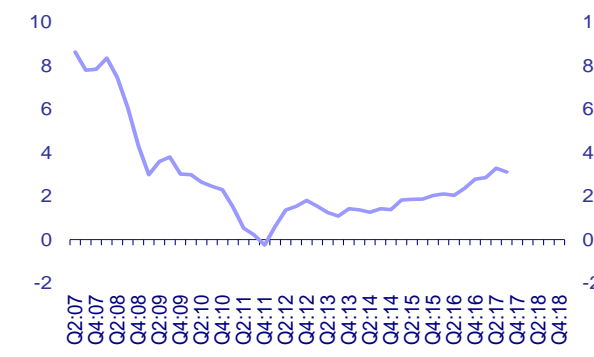
Albania



Cyprus



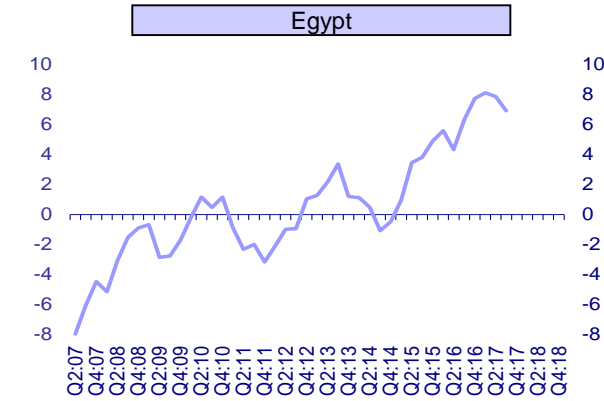
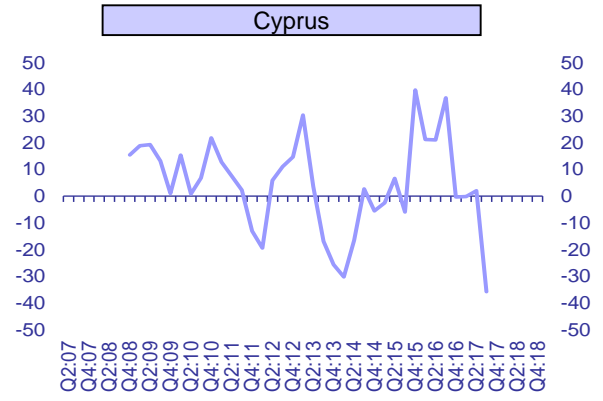
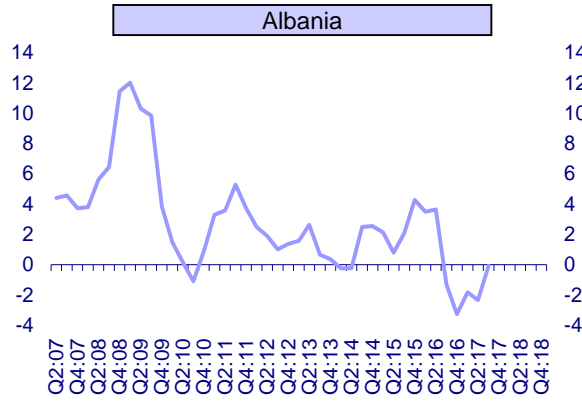
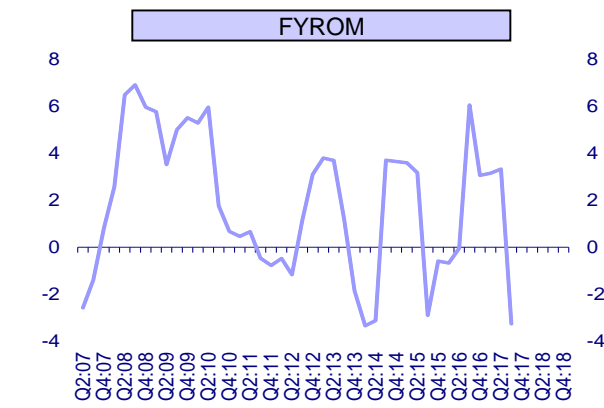
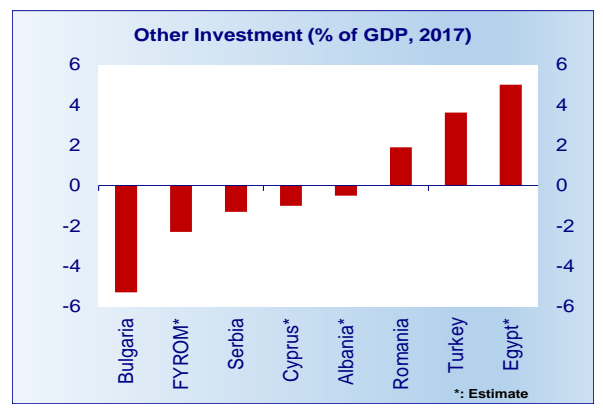
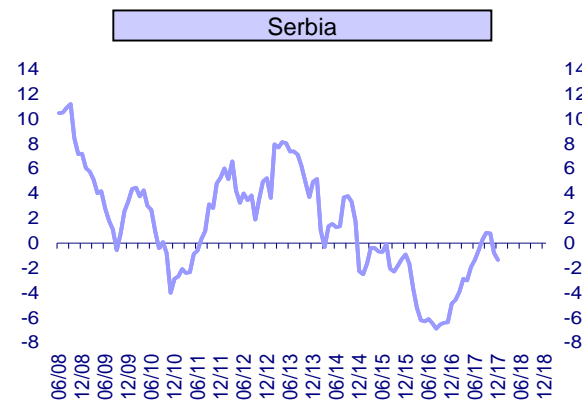
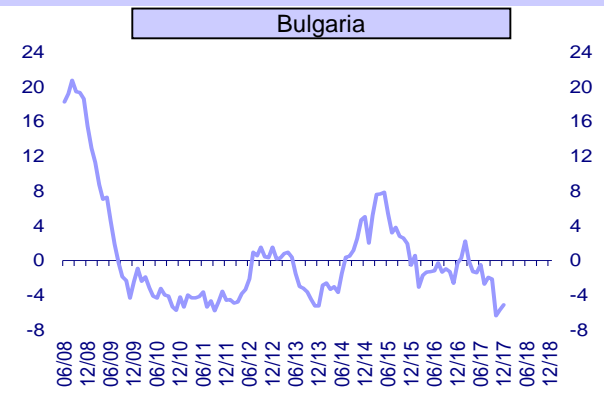
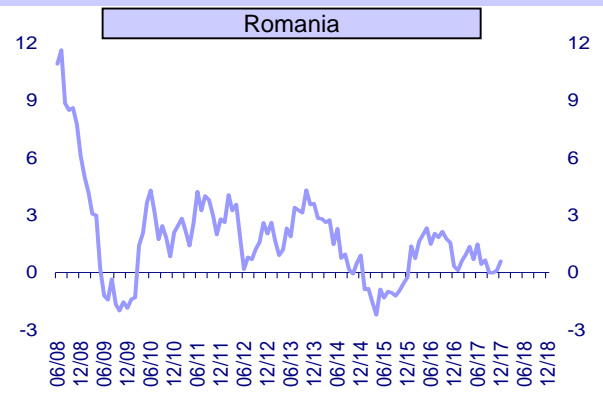
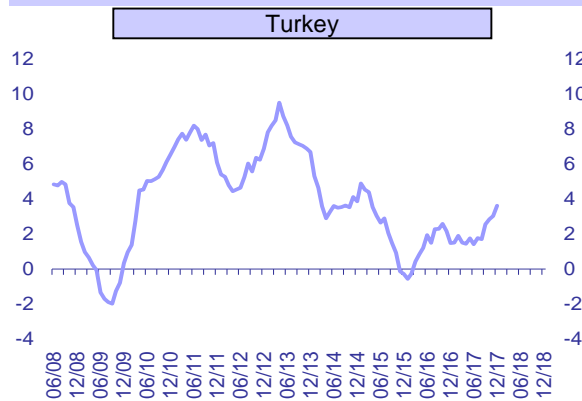
Egypt



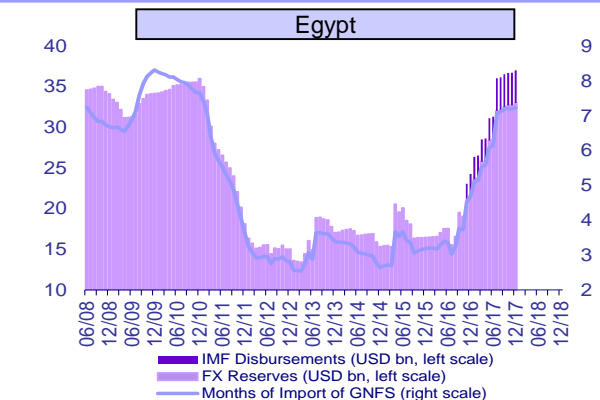
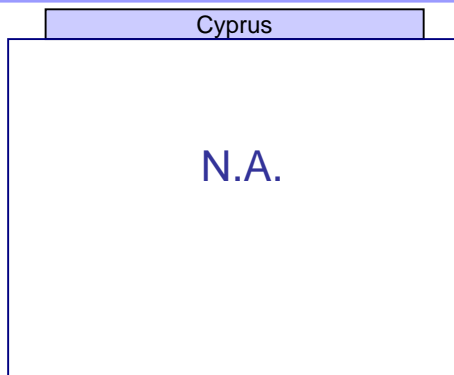
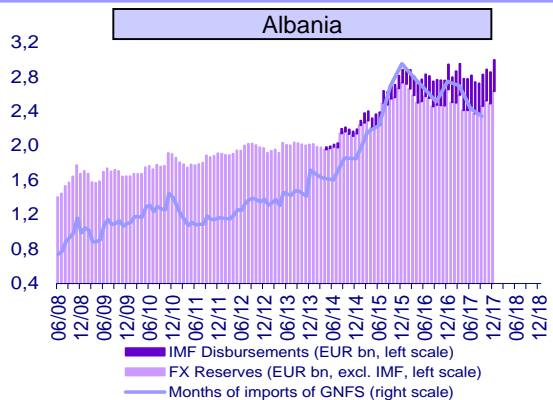
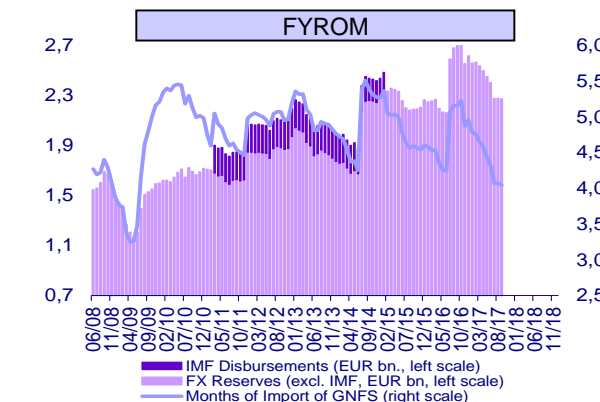
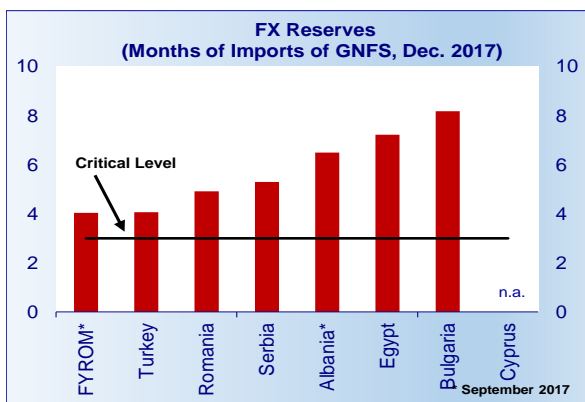
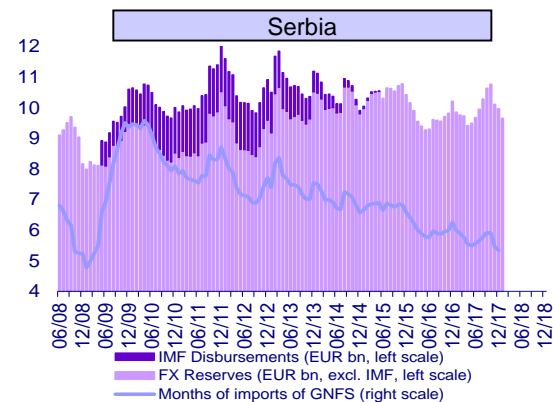
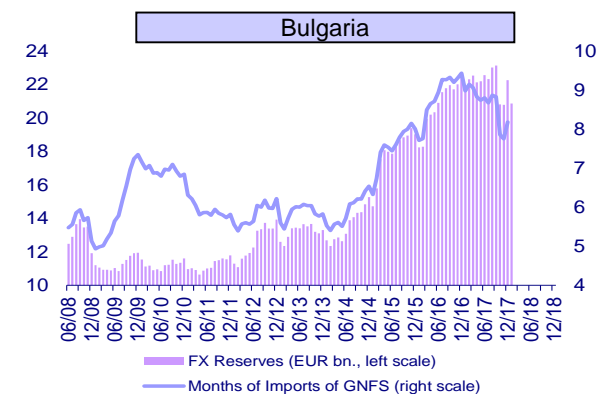
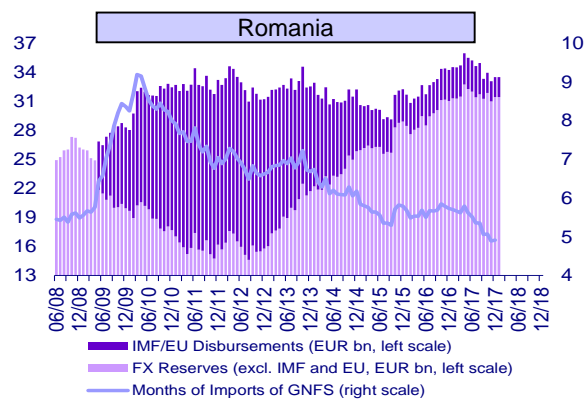
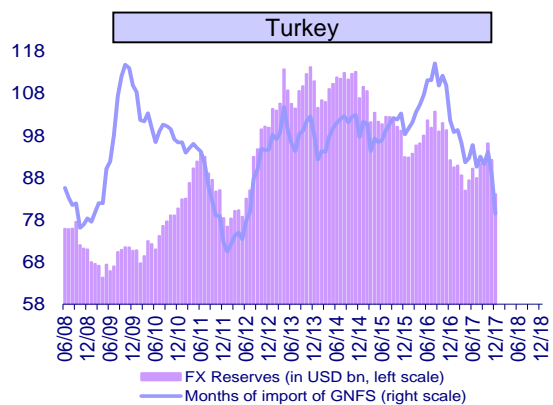
Other net capital flows, excluding IMF funding and net errors and omissions (12-month rolling, % of GDP)

Other net capital flows to improve sharply in FYROM and Bulgaria this year.

The slower absorption of EU funds at the onset of the new EU programming period in Bulgaria and the protracted political uncertainty in FYROM were behind the past year's negative "other (net) capital flows"

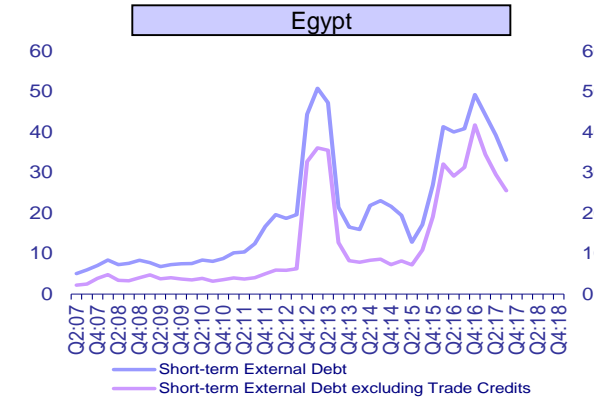
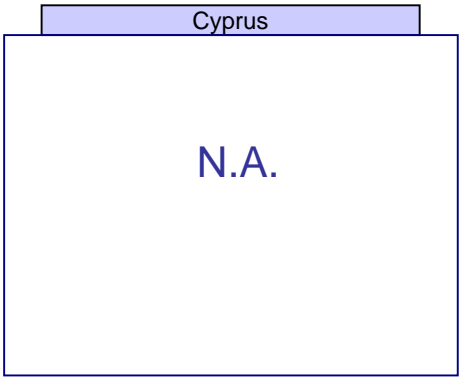
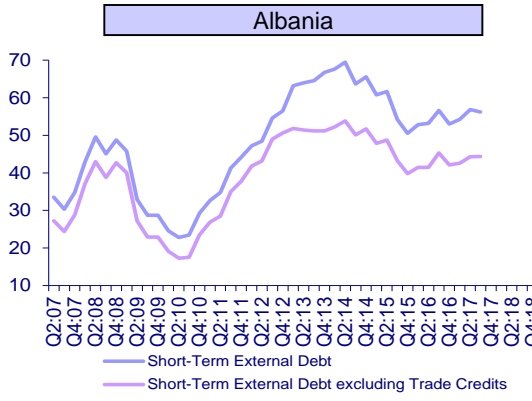
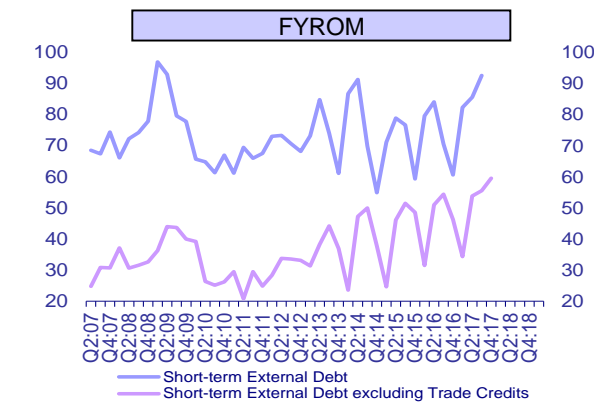
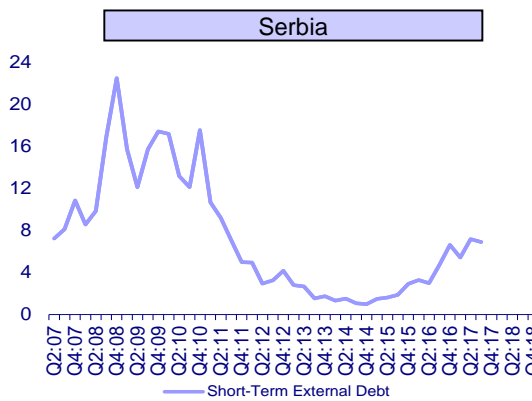
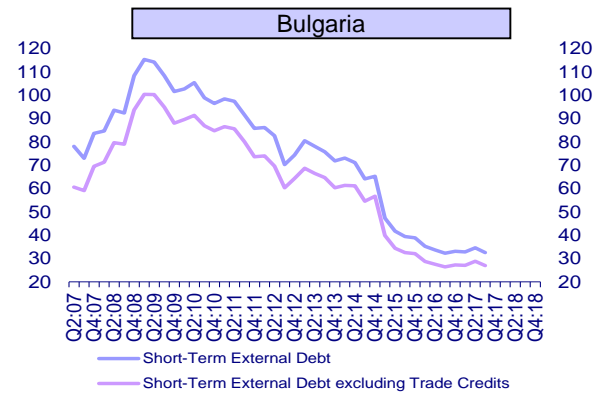
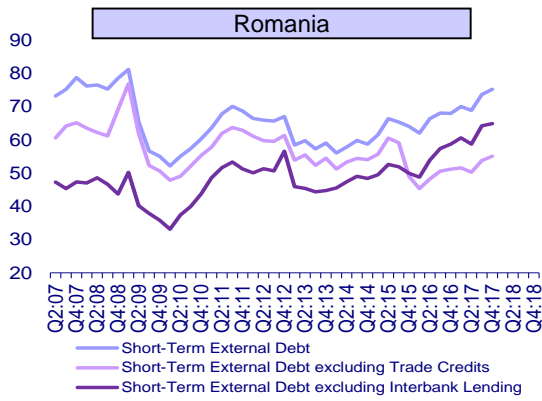
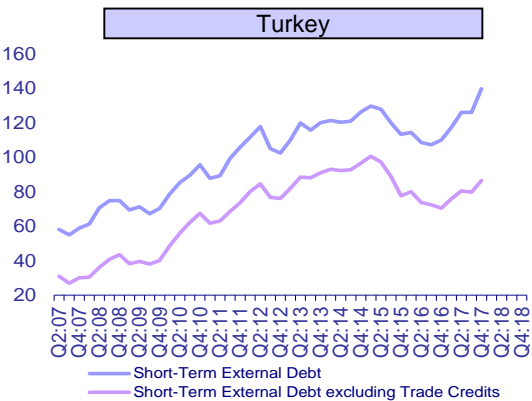


In all countries under review, import cover largely surpasses the critical level of 3 months



Short-term external debt-to-Foreign exchange reserves ratio (%)

Short-term external debt is comfortably covered by FX reserves in all countries under review, with the exception of Turkey



Balance of payments (12-month rolling, % of GDP)

The current account deficit is expected to ease this year in all countries under review, excluding Romania and FYROM; however, more than half of it should be covered by non-debt generating FDI

| Turkey | 2014 | 2015 | 2016 | 2017 | 2018F |
|-----------------------------|------|------|------|------|-------|
| Current account balance | -4.7 | -3.7 | -3.8 | -5.5 | -4.8 |
| Net FDI | 0.6 | 1.5 | 1.2 | 1.0 | 1.0 |
| Other net capital inflows * | 3.9 | -0.3 | 1.5 | 3.6 | 3.8 |

| Romania | 2014 | 2015 | 2016 | 2017 | 2018F |
|-----------------------------|------|------|------|------|-------|
| Current account balance | -0.7 | -1.2 | -2.1 | -3.6 | -4.4 |
| Net FDI | 1.8 | 1.8 | 2.7 | 2.5 | 2.6 |
| Other net capital inflows * | 0.9 | 0.7 | 0.3 | 1.9 | 1.8 |

| Bulgaria | 2014 | 2015 | 2016 | 2017 | 2018F |
|-----------------------------|------|------|------|------|-------|
| Current account balance | 0.1 | 0.0 | 5.3 | 3.9 | 2.6 |
| Net FDI | 2.1 | 5.1 | 0.7 | 1.2 | 1.4 |
| Other net capital inflows * | 5.1 | -0.5 | -0.3 | -5.3 | -0.4 |

| Serbia | 2014 | 2015 | 2016 | 2017 | 2018F |
|-----------------------------|------|------|------|------|-------|
| Current account balance | -6.0 | -4.7 | -3.1 | -5.7 | -5.0 |
| Net FDI | 3.7 | 5.4 | 5.6 | 6.6 | 6.2 |
| Other net capital inflows * | -2.3 | -0.9 | -4.9 | -1.3 | -0.4 |

| FYROM | 2014 | 2015 | 2016 | 2017E | 2018F |
|-----------------------------|------|------|------|-------|-------|
| Current account balance | -0.5 | -1.9 | -2.7 | -2.2 | -2.4 |
| Net FDI | 2.3 | 2.2 | 3.3 | 1.8 | 1.9 |
| Other net capital inflows * | 3.7 | -0.6 | 3.1 | -2.3 | 6.2 |

| Albania | 2014 | 2015 | 2016 | 2017E | 2018F |
|-----------------------------|-------|------|------|-------|-------|
| Current account balance | -10.8 | -8.6 | -7.6 | -8.5 | -7.9 |
| Net FDI | 8.1 | 8.0 | 8.7 | 8.7 | 8.0 |
| Other net capital inflows * | 2.5 | 4.3 | -3.3 | -0.5 | 0.4 |

| Cyprus | 2014 | 2015 | 2016 | 2017E | 2018F |
|-----------------------------|------|------|------|-------|-------|
| Current account balance | -4.3 | -1.5 | -4.9 | -4.8 | -4.2 |
| Net FDI | 7.9 | --- | 7.8 | 5.8 | 6.3 |
| Other net capital inflows * | -5.5 | --- | -1.0 | -1.0 | -2.1 |

| Egypt # | 2014 | 2015 | 2016 | 2017 | 2018F |
|-----------------------------|------|------|------|------|-------|
| Current account balance | -0.8 | -3.7 | -6.0 | -6.6 | -5.4 |
| Net FDI | 1.3 | 1.9 | 2.0 | 3.3 | 3.5 |
| Other net capital inflows * | 0.9 | 4.0 | 5.6 | 7.7 | 1.9 |

*: excluding IMF and ESM funding and net errors and omissions, #: Fiscal year ending on June 30th

Among the countries under review, only Romania is expected to resort to FX reserves this year to fill the financing gap

| Turkey (USD bn) | 2016 | 2017E | 2018F |
|--------------------------|-------|-------|-------|
| Financing Needs | 194.9 | 215.1 | 224.3 |
| Cur. Acct Deficit | 33.1 | 47.1 | 44.3 |
| Amort. + Other | 161.8 | 168.0 | 180.0 |
| Financing Sources | 194.0 | 207.2 | 224.3 |
| FDI | 10.2 | 8.1 | 8.8 |
| IMF | 0.0 | 0.0 | 0.0 |
| Other IFIs | n.a. | n.a. | n.a. |
| Other | 183.8 | 199.1 | 215.5 |
| Change in FX Res. | -0.9 | -7.9 | 0.0 |

| Romania (EUR bn) | 2016 | 2017E | 2018F |
|--------------------------|------|-------|-------|
| Financing Needs | 55.1 | 38.1 | 42.3 |
| Cur. Acct Deficit | 3.5 | 6.5 | 8.6 |
| Amort. + Other | 51.6 | 31.6 | 33.7 |
| Financing Sources | 57.1 | 37.4 | 40.9 |
| FDI | 4.5 | 4.6 | 5.0 |
| IMF | -0.1 | 0.0 | 0.0 |
| Other IFIs | 0.0 | -0.7 | -1.4 |
| Other | 52.7 | 33.5 | 37.3 |
| Change in FX Res. | 2.0 | -0.7 | -1.4 |

| Bulgaria (EUR bn) | 2016 | 2017E | 2018F |
|--------------------------|------|-------|-------|
| Financing Needs | 9.2 | 10.6 | 9.7 |
| Cur. Acct Deficit | -2.6 | -2.0 | -1.4 |
| Amort. + Other | 11.8 | 12.6 | 11.1 |
| Financing Sources | 12.7 | 10.4 | 11.7 |
| FDI | 0.3 | 0.6 | 0.8 |
| IMF | 0.0 | 0.0 | 0.0 |
| Other IFIs | n.a. | n.a. | n.a. |
| Other | 12.4 | 9.8 | 10.9 |
| Change in FX Res. | 3.5 | -0.2 | 2.0 |

| Serbia (EUR bn) | 2016 | 2017 | 2018F |
|--------------------------|------|------|-------|
| Financing Needs | 4.2 | 6.8 | 6.1 |
| Cur. Acct Deficit | 1.1 | 2.1 | 2.0 |
| Amort. + Other | 3.2 | 4.7 | 4.2 |
| Financing Sources | 4.1 | 6.5 | 6.4 |
| FDI | 1.9 | 2.4 | 2.4 |
| IMF | 0.0 | 0.0 | 0.0 |
| Other IFIs | 0.0 | 0.0 | 0.0 |
| Other | 2.2 | 4.1 | 4.0 |
| Change in FX Res. | -0.2 | -0.2 | 0.3 |

| FYROM (EUR bn) | 2016 | 2017E | 2018F |
|--------------------------|------|-------|-------|
| Financing Needs | 2.2 | 2.1 | 2.2 |
| Cur. Acct Deficit | 0.3 | 0.2 | 0.3 |
| Amort. + Other | 1.9 | 1.9 | 1.9 |
| Financing Sources | 2.6 | 1.8 | 2.8 |
| FDI | 0.3 | 0.2 | 0.2 |
| IMF | 0.0 | 0.0 | 0.0 |
| Other IFIs | n.a. | n.a. | n.a. |
| Other | 2.2 | 1.6 | 2.6 |
| Change in FX Res. | 0.4 | -0.3 | 0.6 |

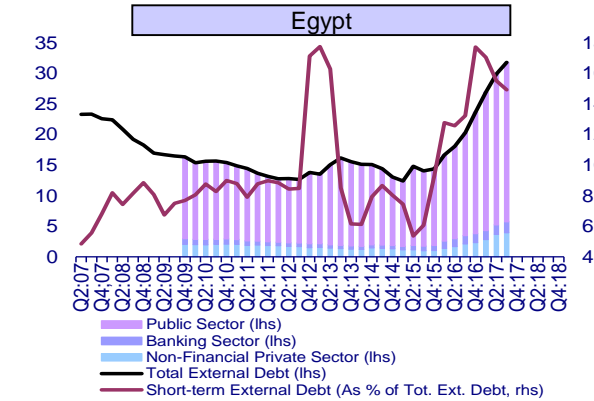
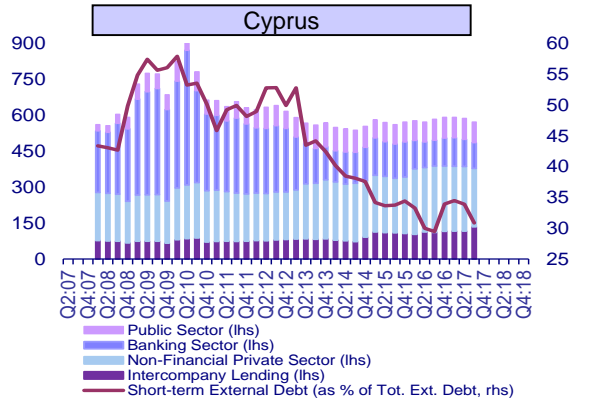
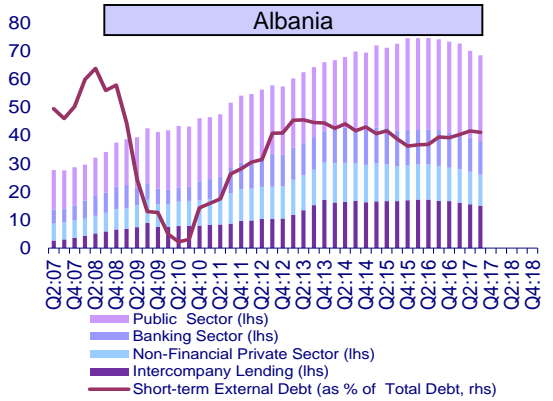
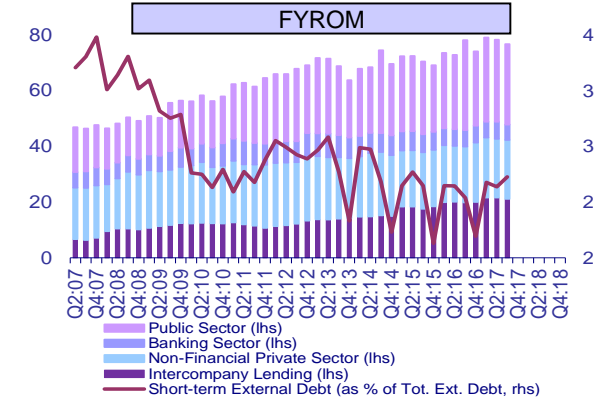
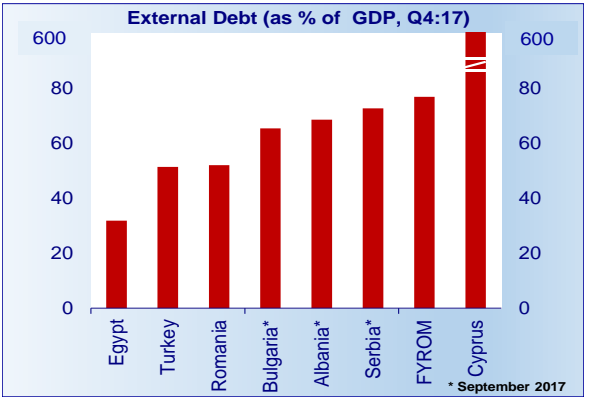
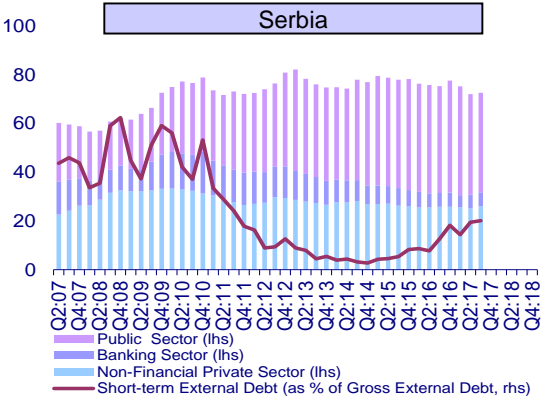
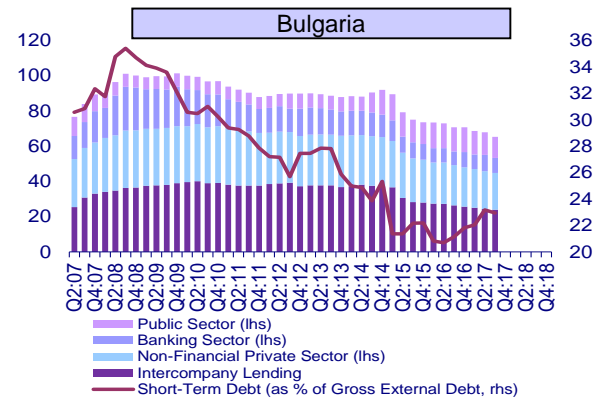
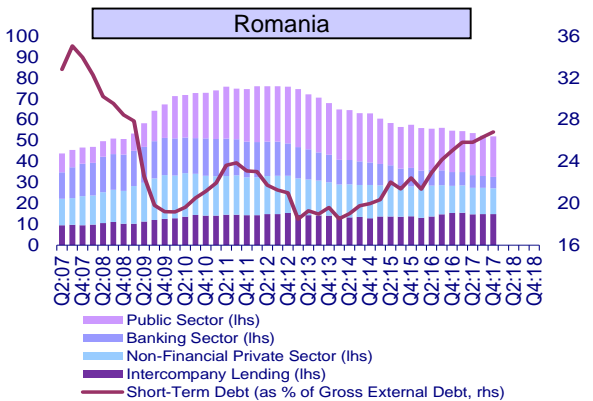
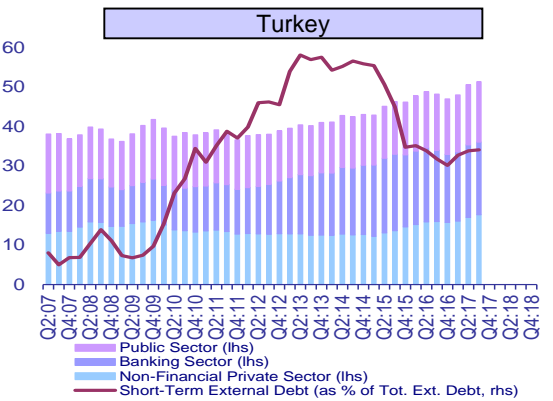
| Albania (EUR bn) | 2016 | 2017E | 2018F |
|--------------------------|------|-------|-------|
| Financing Needs | 1.0 | 1.2 | 1.2 |
| Cur. Acct Deficit | 0.8 | 1.0 | 1.0 |
| Amort. + Other | 0.2 | 0.2 | 0.2 |
| Financing Sources | 1.1 | 1.3 | 1.3 |
| FDI | 0.9 | 1.0 | 1.0 |
| IMF | 0.1 | 0.1 | 0.0 |
| Other IFIs | 0.0 | 0.2 | 0.1 |
| Other | 0.0 | 0.0 | 0.2 |
| Change in FX Res. | 0.1 | 0.1 | 0.1 |

| Cyprus (EUR bn) | 2016 | 2017E | 2018F |
|--------------------------|------|-------|-------|
| Financing Needs | 46.3 | 46.8 | 48.4 |
| Cur. Acct Deficit | 0.9 | 0.9 | 0.8 |
| Amort. + Other | 45.4 | 45.9 | 47.6 |
| Financing Sources | 46.3 | 46.8 | 48.4 |
| FDI | 1.4 | 1.1 | 1.3 |
| IMF | 0.0 | 0.0 | 0.0 |
| Other IFIs | 0.0 | 0.0 | 0.0 |
| Other | 44.9 | 45.7 | 47.1 |
| Change in FX Res. | 0.0 | 0.0 | 0.0 |

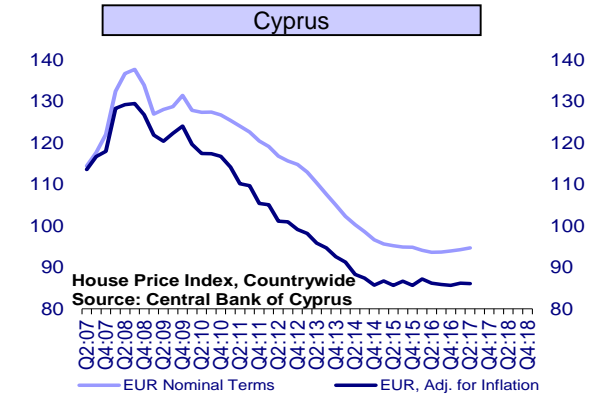
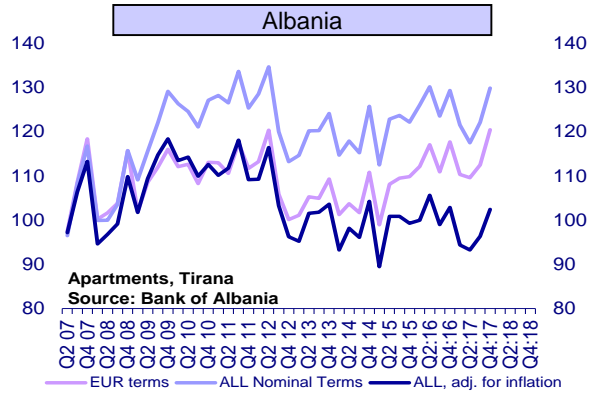
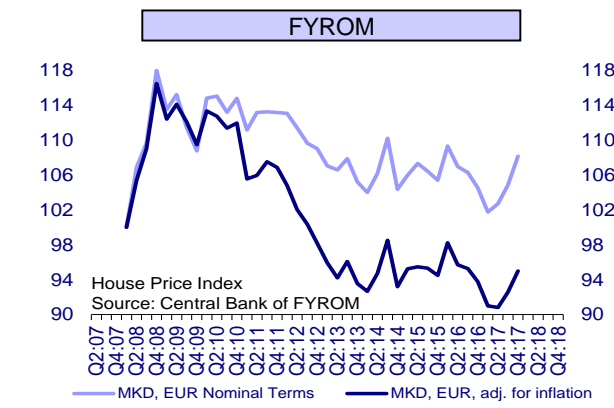
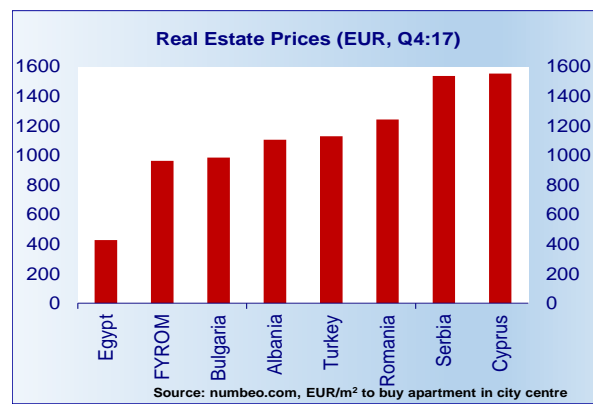
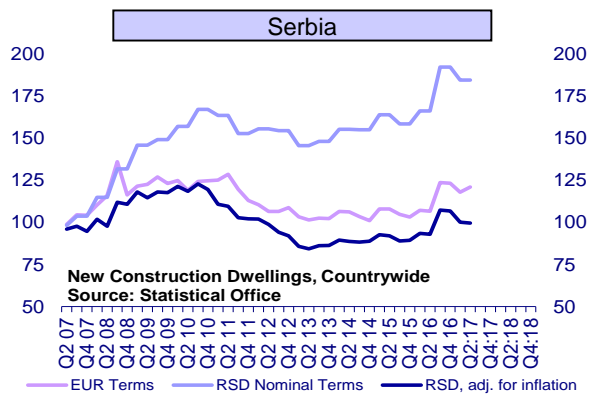
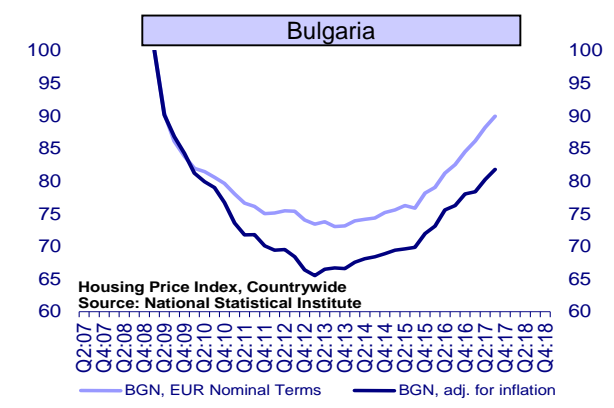
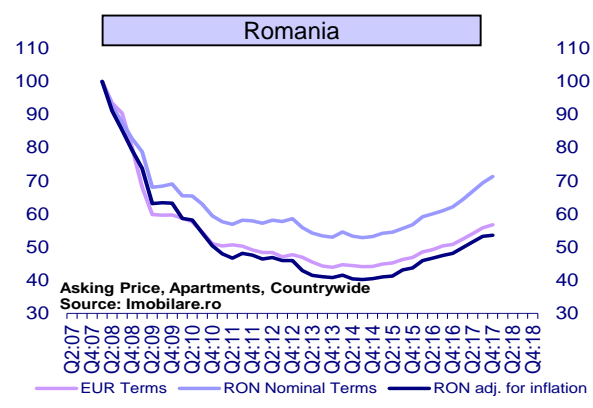
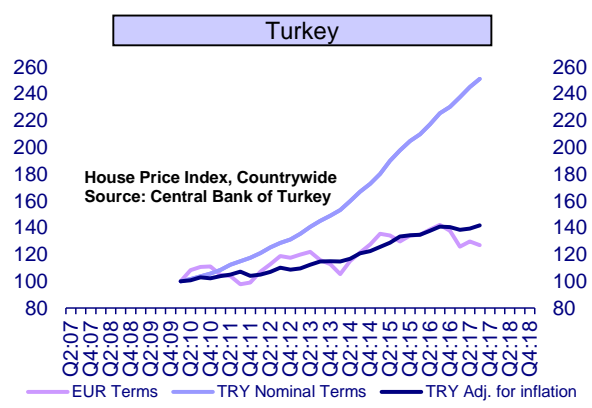
| Egypt (USD bn) | 15/16 | 16/17E | 17/18F |
|--------------------------|-------|--------|--------|
| Financing Needs | 29.8 | 30.6 | 25.9 |
| Cur. Acct Deficit | 19.8 | 15.6 | 13.6 |
| Amort. + Other | 10.0 | 15.0 | 12.3 |
| Financing Sources | 27.3 | 44.4 | 31.1 |
| FDI | 6.7 | 7.7 | 8.8 |
| IMF | 0.0 | 2.7 | 5.2 |
| Other IFIs | n.a. | 2.5 | 2.5 |
| Other | 20.6 | 31.5 | 14.6 |
| Change in FX Res. | -2.5 | 13.8 | 5.2 |

External debt (% of GDP)

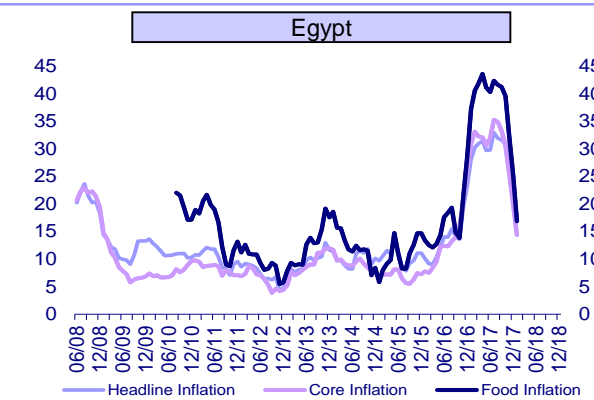
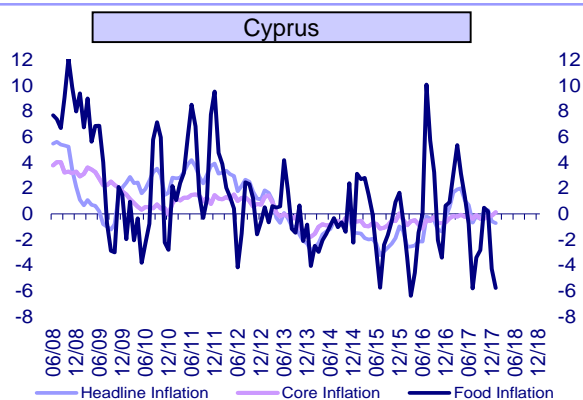
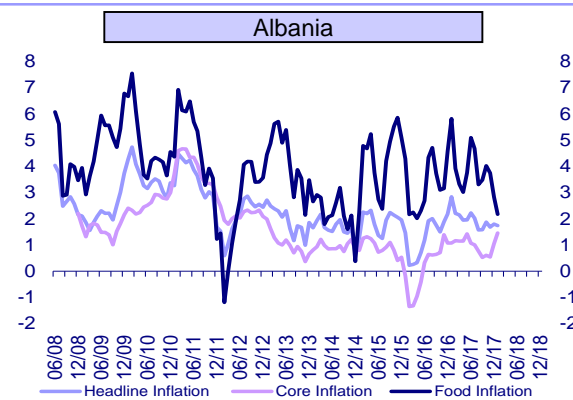
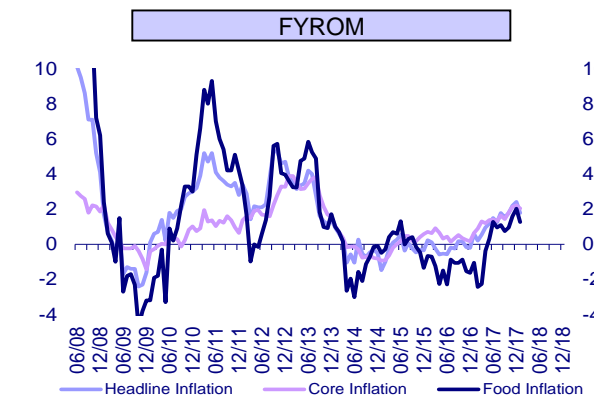
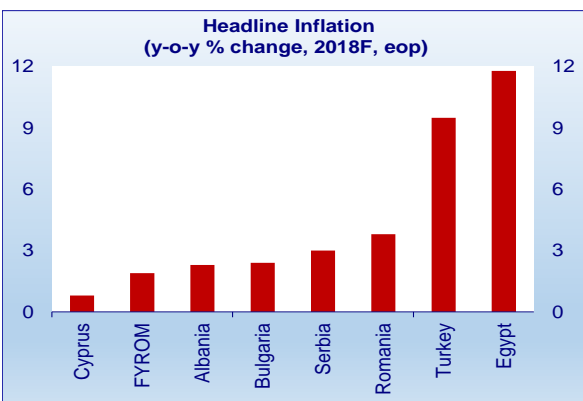
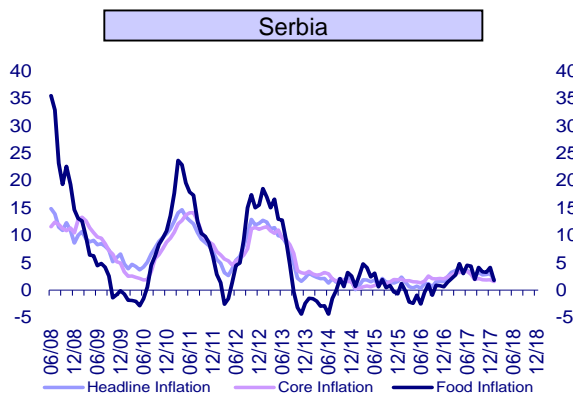
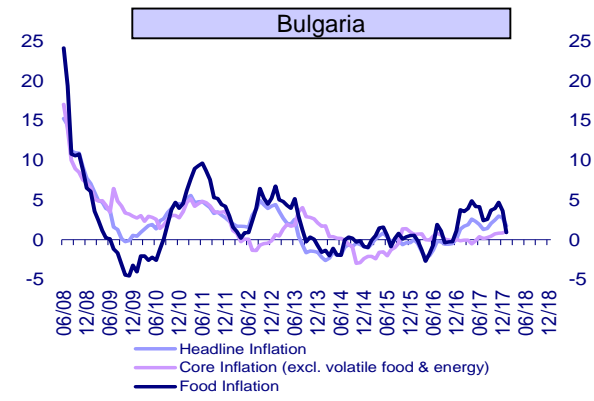
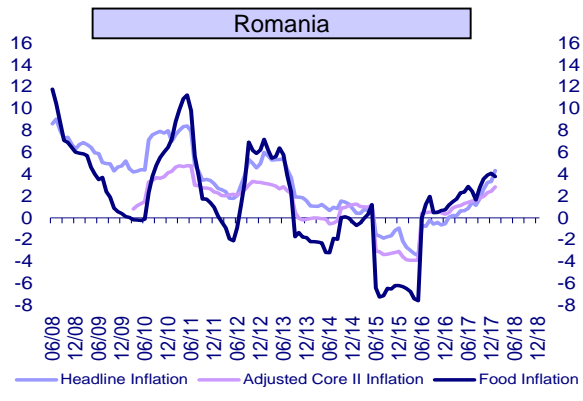
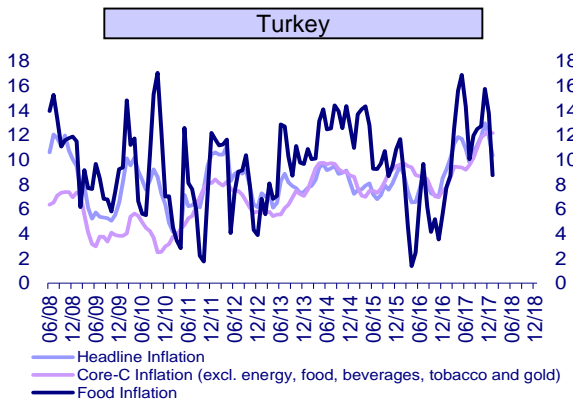
The external debt-to-GDP ratio does not exceed 80% in the countries under review, with the exception of Cyprus



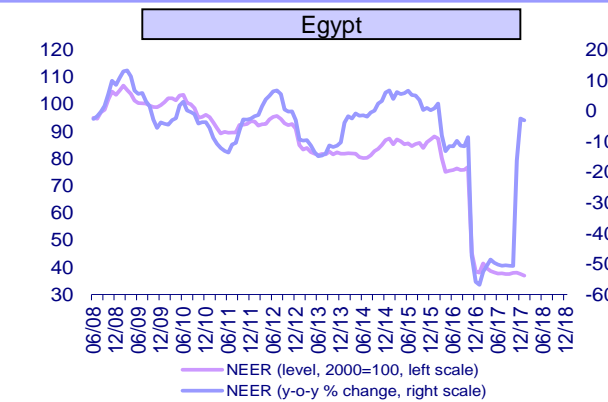
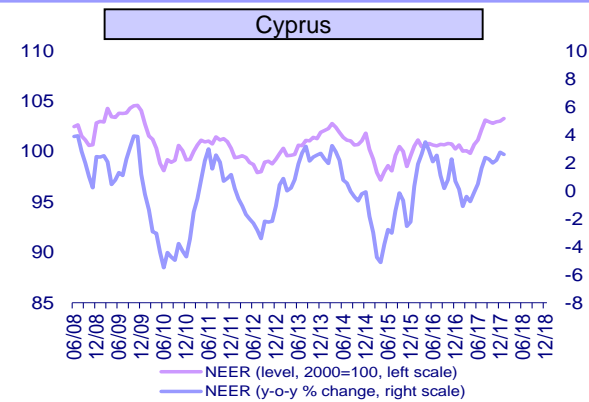
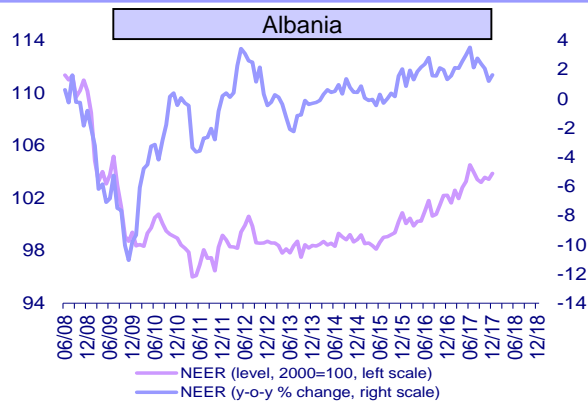
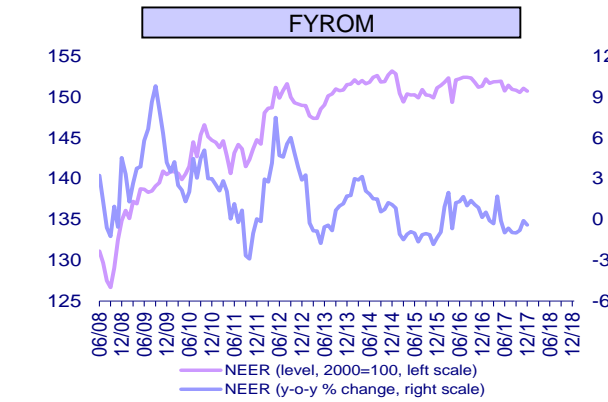
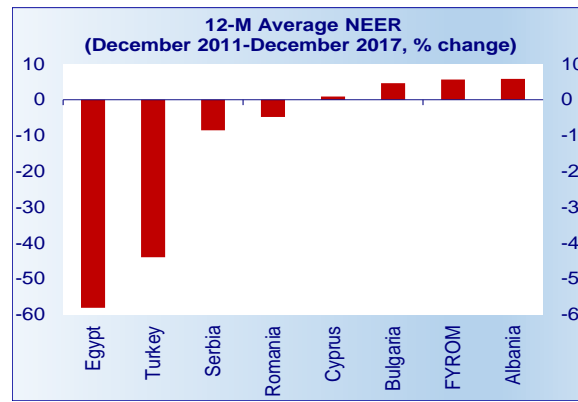
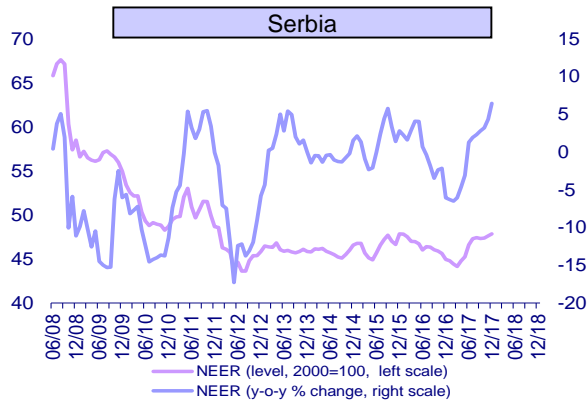
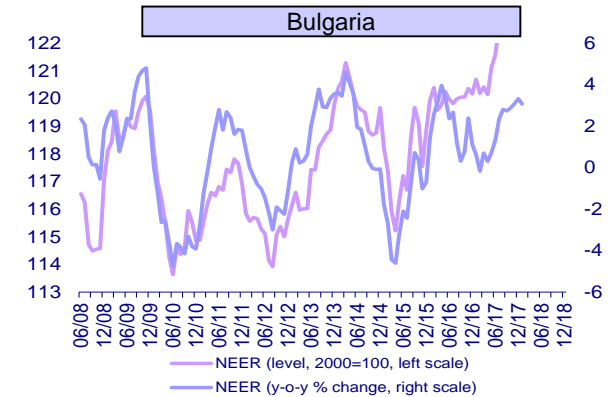
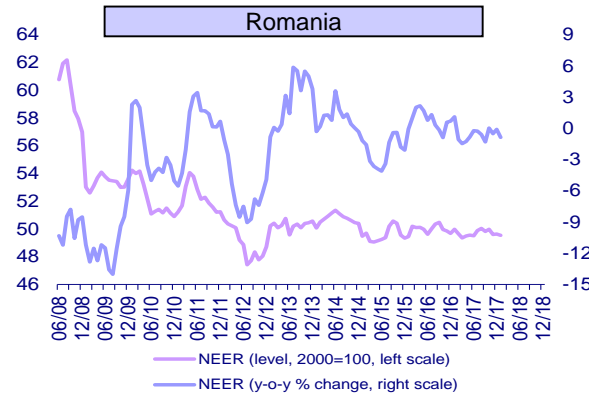
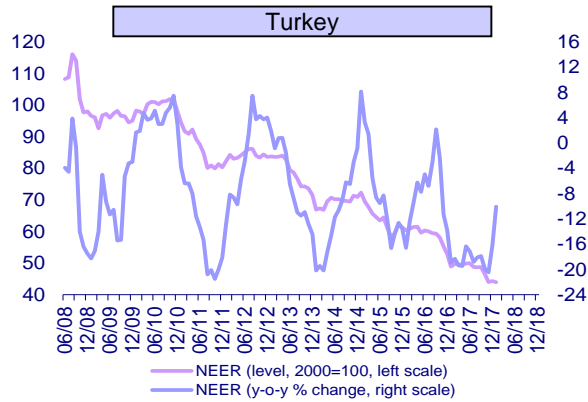
Real estate prices continued on an upward trend in Romania and Bulgaria in Q4:17, but remain well below their pre-crisis peak



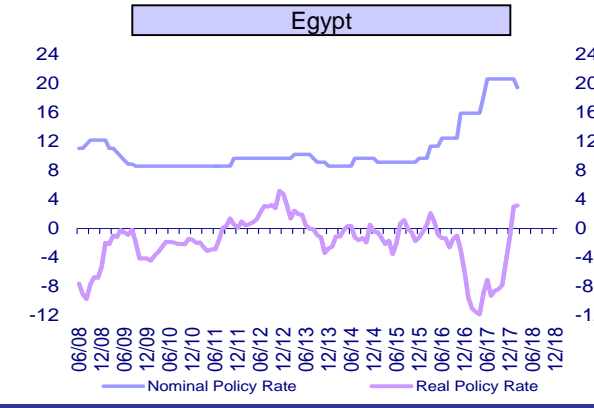
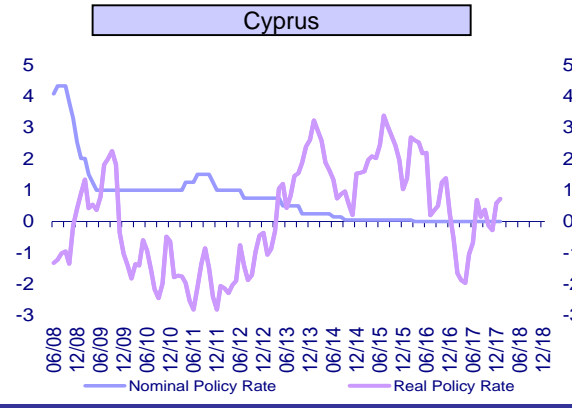
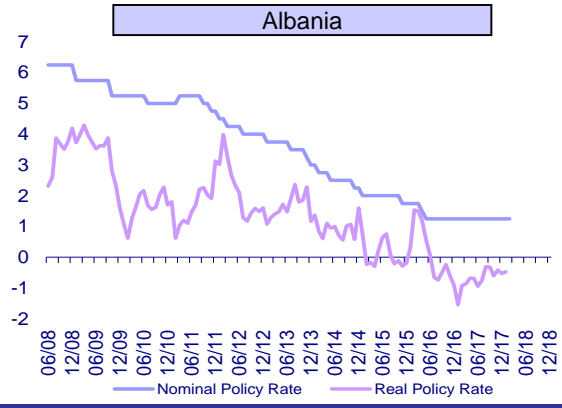
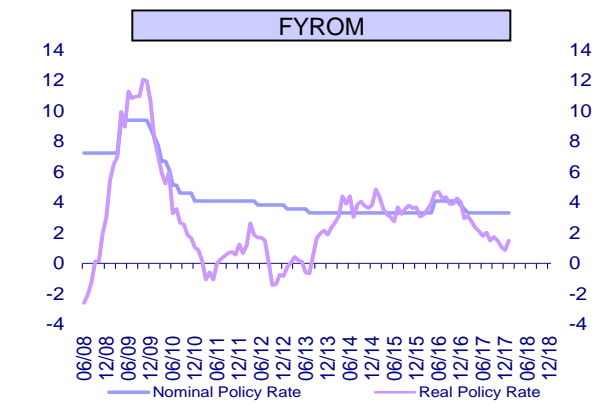
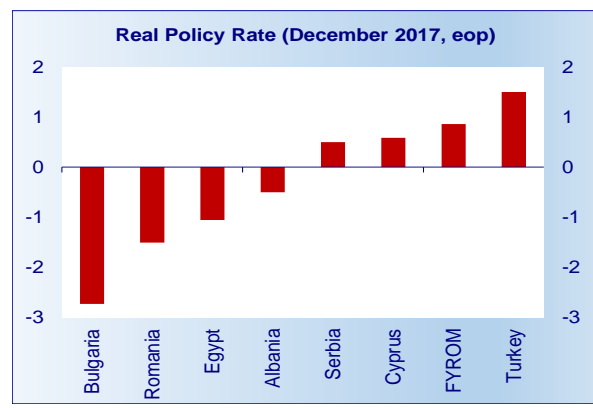
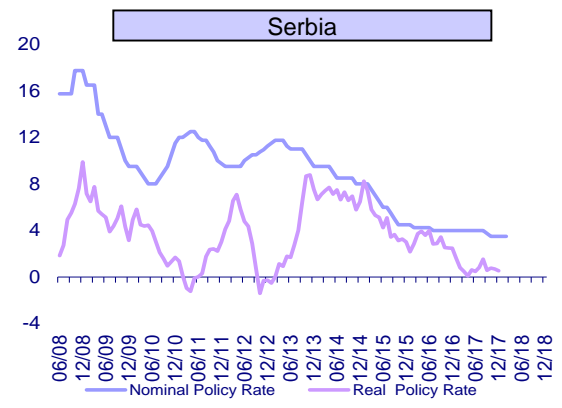
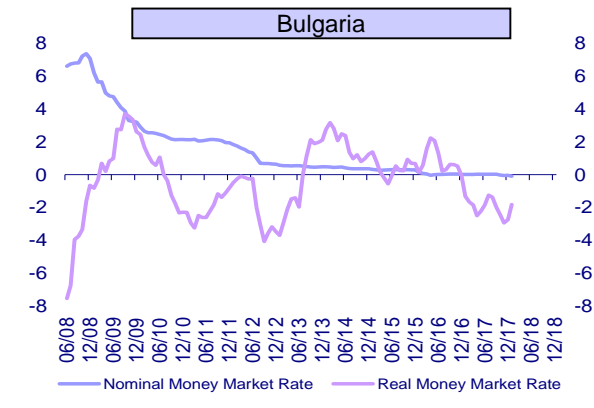
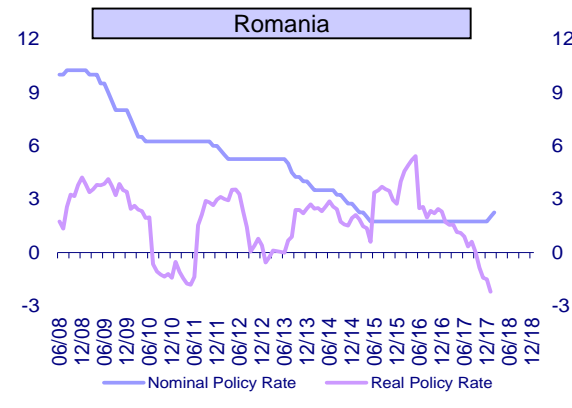
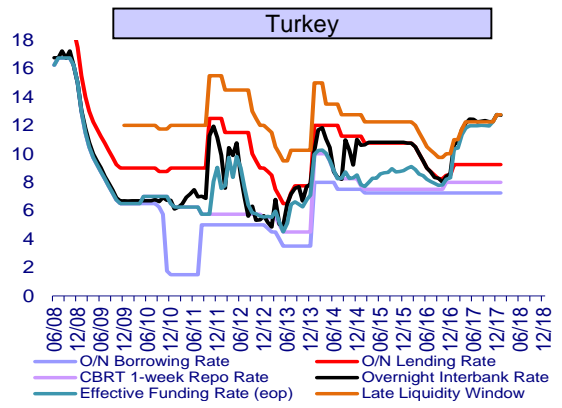
Headline inflation accelerated in 2017 in most countries under review, mainly reflecting increased demand-side pressures and unfavourable volatile food and energy prices



The EGP and TRY have depreciated significantly in nominal terms over the past 6 years



Since the beginning of the year, only Romania has hiked its policy rates to contain inflationary pressures



Reserve requirement ratios

The Bank of Albania has announced that it will proceed with a cut in RRR on LC liabilities (by 2.5 pps to 7.5%) and a hike in RRR on FX liabilities (by 2.5 pps to 12.5%) in June, in an effort to reduce the euroisation of the economy

Turkey

Reserve Requirement Ratios (Average, %)

| | Dec. 2016 | Dec. 2017 | Feb. 2018 |
|----------------|--------------|--------------|--------------|
| LC Liabilities | 10.1 | 10.1 | 10.1 |
| FC Liabilities | 13.0 | 12.4 | 12.4 |

Romania

Reserve Requirement Ratios (%)

| | Dec. 2016 | Dec. 2017 | Feb. 2018 |
|----------------|--------------|--------------|--------------|
| LC Liabilities | 8.0 | 8.0 | 8.0 |
| FC Liabilities | 10.0 | 8.0 | 8.0 |

Bulgaria

Reserve Requirement Ratios (%)

| | Dec. 2016 | Dec. 2017 | Feb. 2018 |
|----------------|--------------|--------------|--------------|
| LC Liabilities | 10.0 | 10.0 | 10.0 |
| FC Liabilities | 5.0 | 5.0 | 5.0 |

Serbia

Reserve Requirement Ratios (%)

| | Dec. 2016 | Dec. 2017 | Feb. 2018 |
|----------|--------------|--------------|--------------|
| LC Liab. | 0.0 - 5.0 | 0.0 - 5.0 | 0.0 - 5.0 |
| FC Liab. | 13.0 - 20.0 | 13.0 - 20.0 | 13.0 - 20.0 |

FYROM

Reserve Requirement Ratios (%)

| | Dec. 2016 | Dec. 2017 | Feb. 2018 |
|----------------|--------------|--------------|--------------|
| LC Liabilities | 8.0 | 8.0 | 8.0 |
| FC Liabilities | 15.0 | 15.0 | 15.0 |

Albania

Reserve Requirement Ratios (%)

| | Dec. 2016 | Dec. 2017 | Feb. 2018 |
|----------------|--------------|--------------|--------------|
| LC Liabilities | 10.0 | 10.0 | 10.0 |
| FC Liabilities | 10.0 | 10.0 | 10.0 |

Cyprus

Reserve Requirement Ratios (%)

| | Dec. 2016 | Dec. 2017 | Feb. 2018 |
|----------------|--------------|--------------|--------------|
| LC Liabilities | 1.0 | 1.0 | 1.0 |
| FC Liabilities | 1.0 | 1.0 | 1.0 |

Egypt

Reserve Requirement Ratios (%)

| | Dec. 2016 | Dec. 2017 | Feb. 2018 |
|----------------|--------------|--------------|--------------|
| LC Liabilities | 10.0 | 14.0 | 14.0 |
| FC Liabilities | 10.0 | 14.0 | 14.0 |

Fiscal balance (12-month rolling, % of GDP)

A loose fiscal stance in Romania, Turkey, Bulgaria and Serbia this year should boost economic activity and employment

In Turkey and Romania, the fiscal easing is unwelcome, in view of strong overheating pressures

Turkey

| 2014 | 2015 | 2016 | 2017 | 2018F |
|------|------|------|------|-------|
| -1.1 | -1.0 | -1.1 | -1.5 | -2.0 |

Romania

| 2014 | 2015 | 2016 | 2017 | 2018F |
|------|------|------|------|-------|
| -1.7 | -1.5 | -2.4 | -2.9 | -4.0 |

Bulgaria

| 2014 | 2015 | 2016 | 2017 | 2018F |
|------|------|------|------|-------|
| -3.7 | -2.8 | 1.6 | 0.8 | -0.5 |

Serbia

| 2014 | 2015 | 2016 | 2017 | 2018F |
|------|------|------|------|-------|
| -6.6 | -3.7 | -1.3 | 1.2 | 0.3 |

FYROM

| 2014 | 2015 | 2016 | 2017 | 2018F |
|------|------|------|------|-------|
| -4.2 | -3.5 | -2.7 | -2.7 | -2.8 |

Albania

| 2014 ^a | 2015 ^a | 2016 | 2017E | 2018F |
|-------------------|-------------------|------|-------|-------|
| -5.2 | -4.1 | -1.8 | -2.2 | -2.0 |

a: Including the clearance of arrears, worth 2.4% of GDP in FY:14 and 1.2% of GDP in 2015

Cyprus

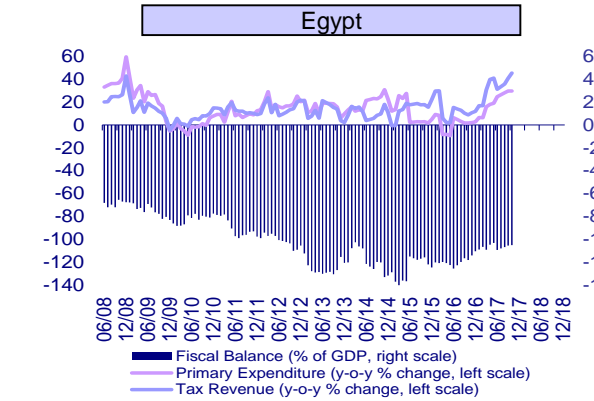
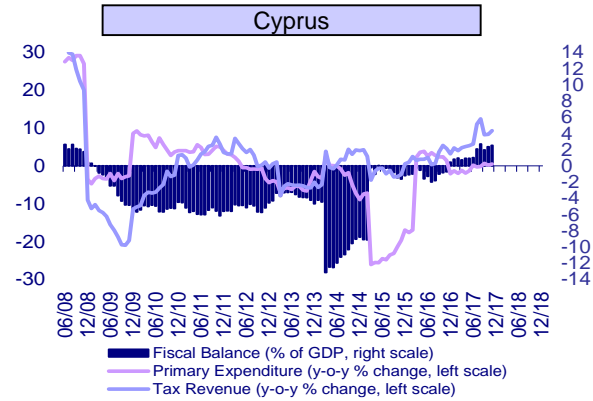
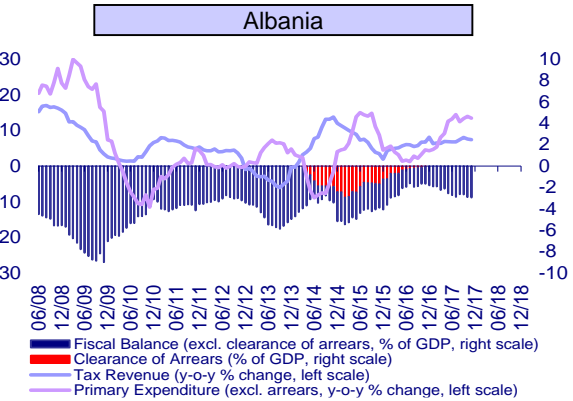
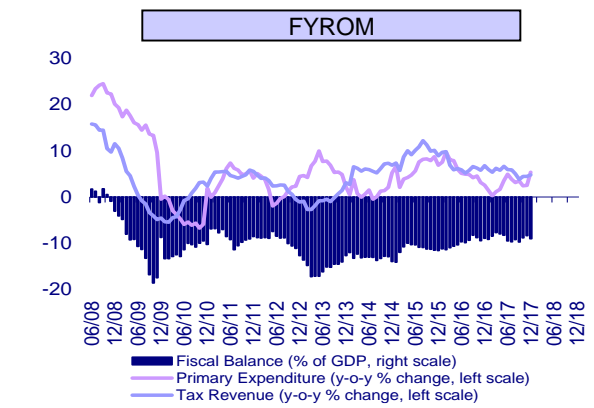
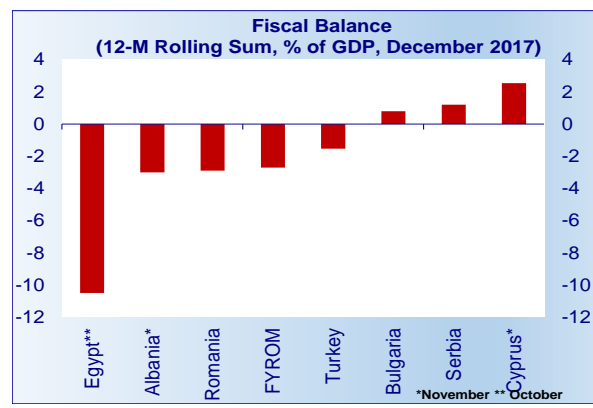
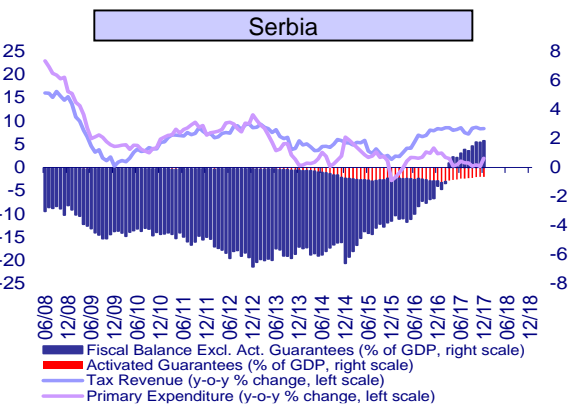
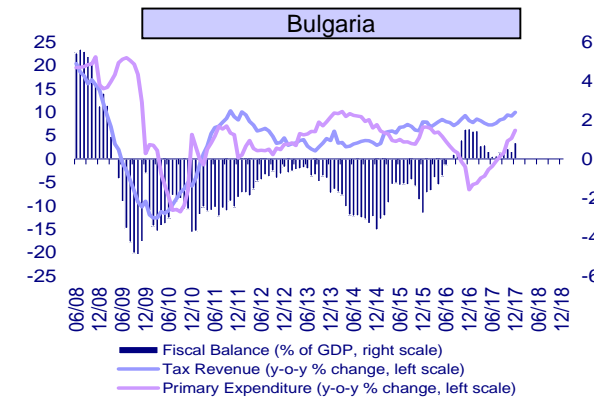
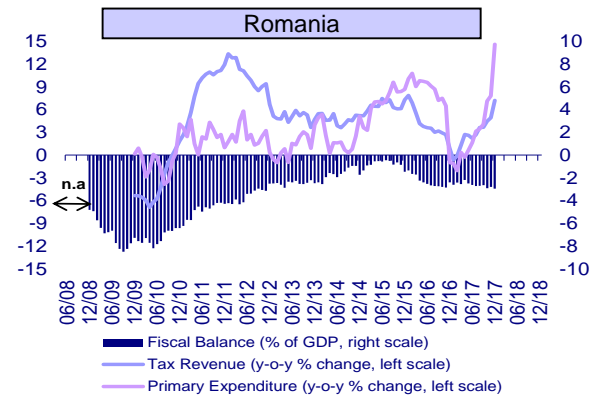
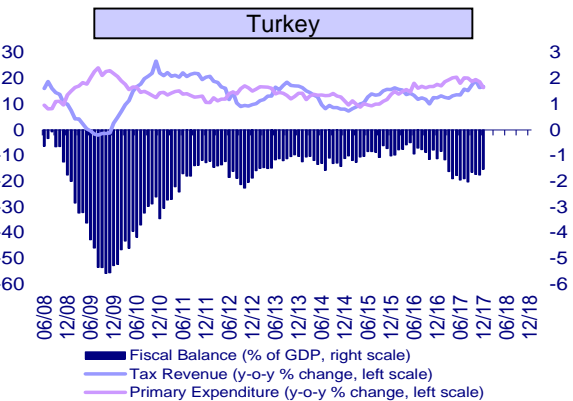
| 2014 | 2015 | 2016 | 2017E | 2018F |
|------|------|------|-------|-------|
| -8.8 | -1.2 | 0.5 | 1.5 | 1.5 |

Egypt

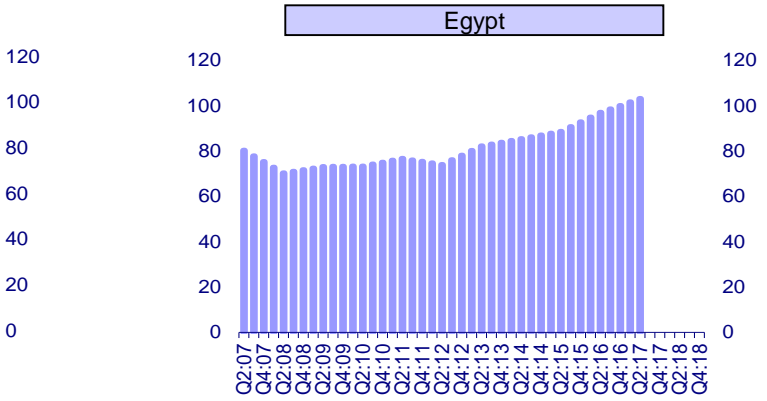
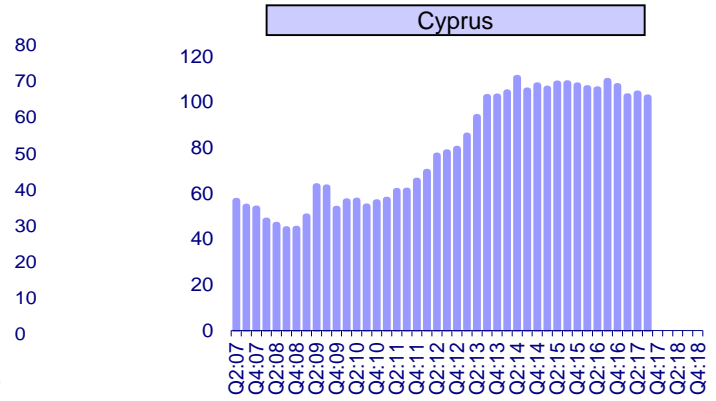
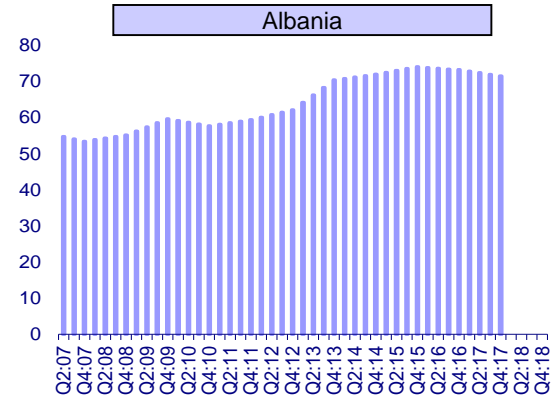
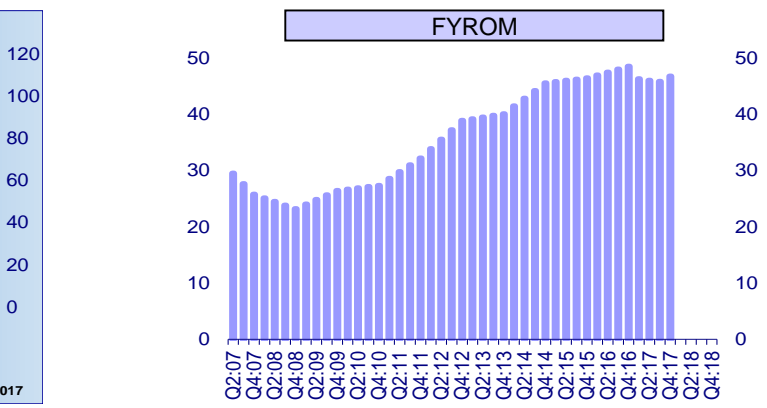
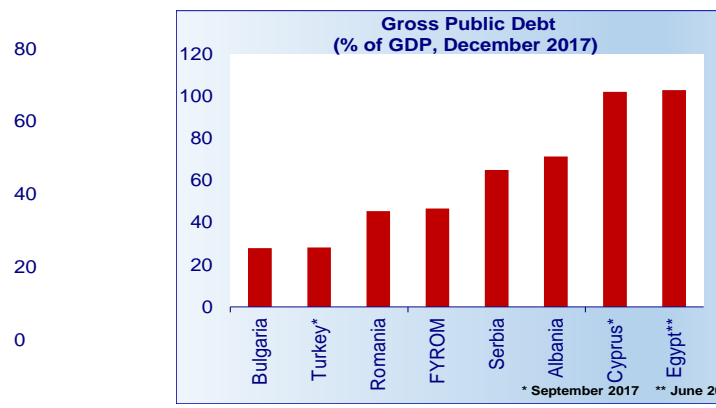
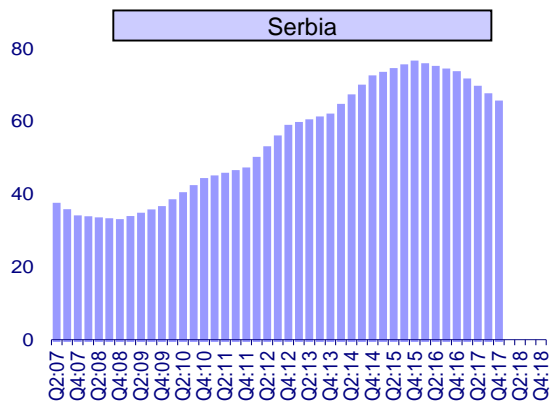
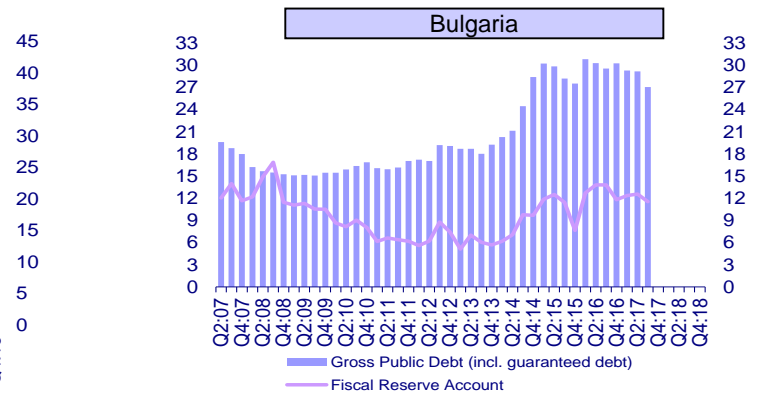
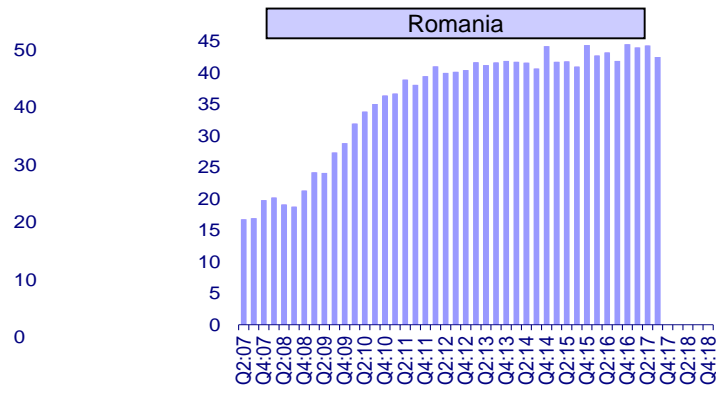
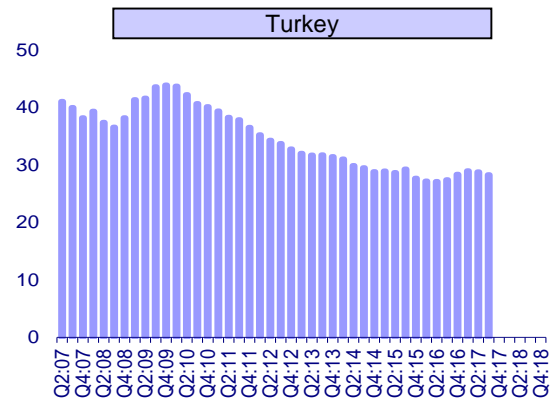
| 2014 | 2015 | 2016 | 2017 | 2018F |
|-------|-------|-------|-------|-------|
| -12.2 | -11.4 | -12.5 | -10.9 | -9.5 |

*: Fiscal year ending on June 30th.

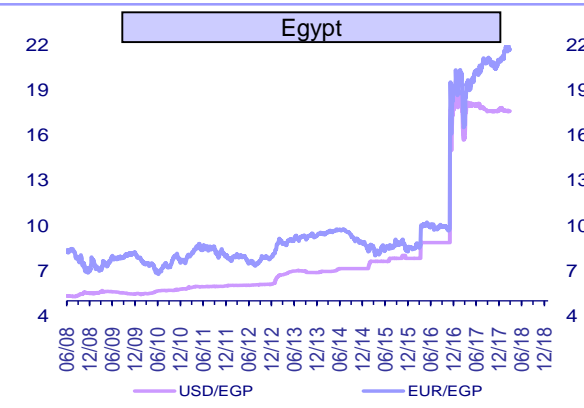
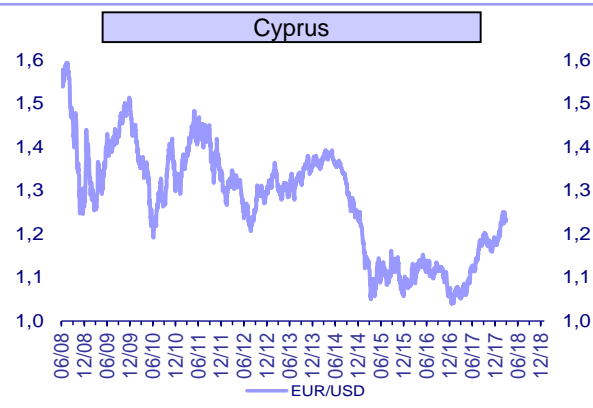
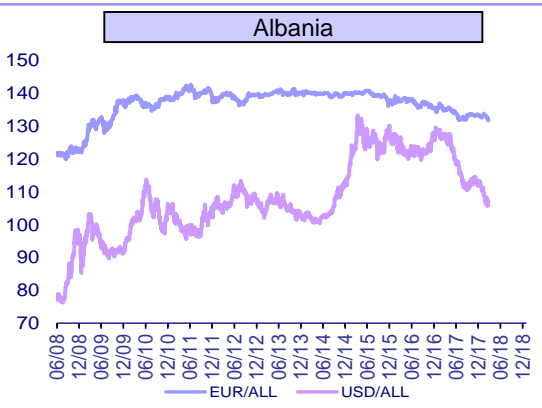
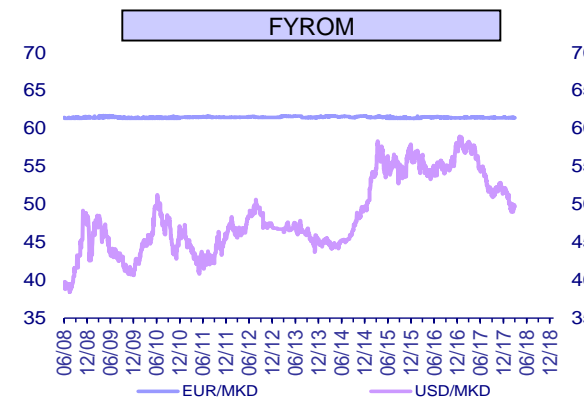
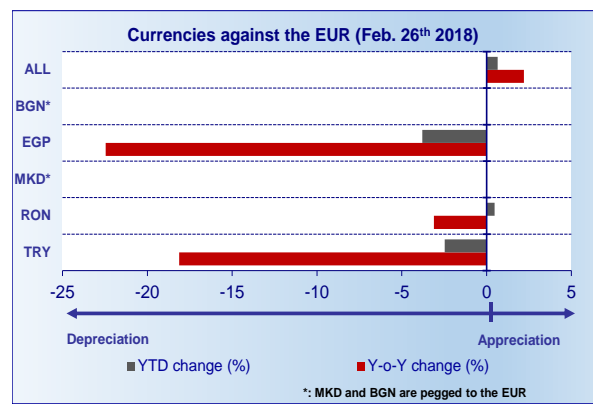
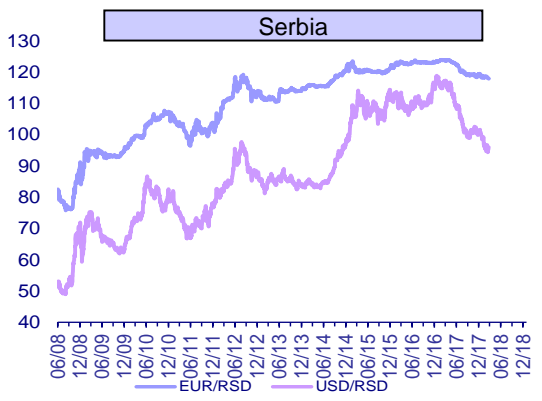
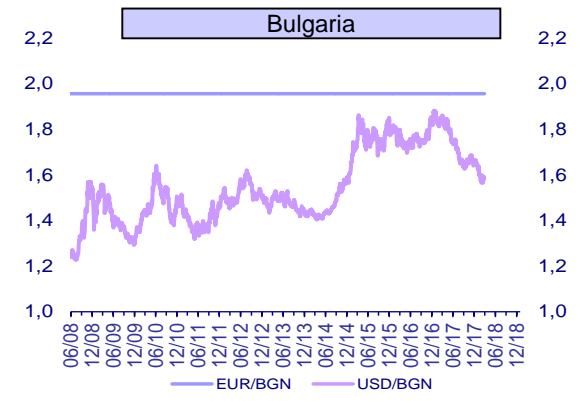
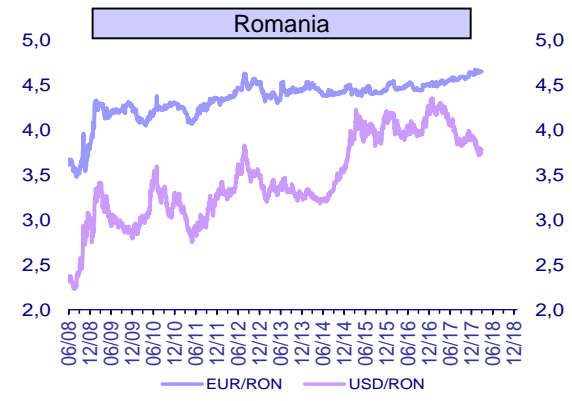
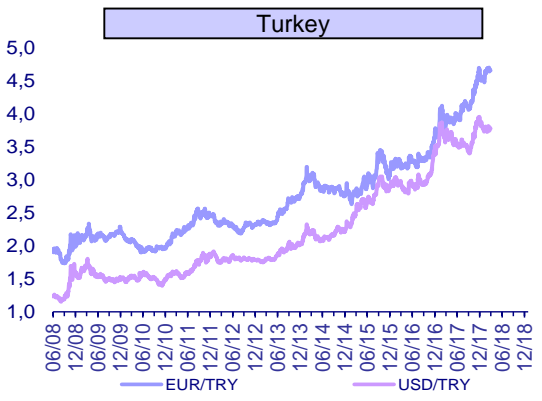
A very tight fiscal stance in Cyprus and Serbia in 2017 helped reduce significantly the public debt-to-GDP ratio



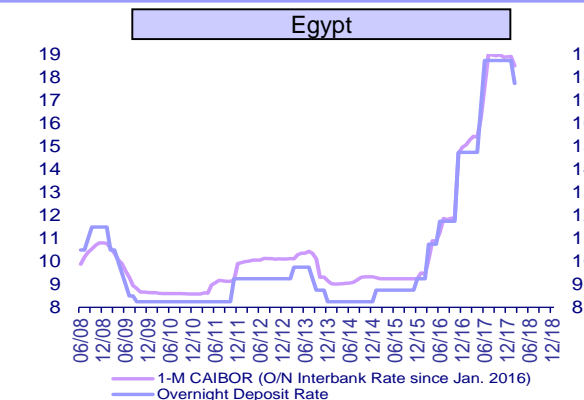
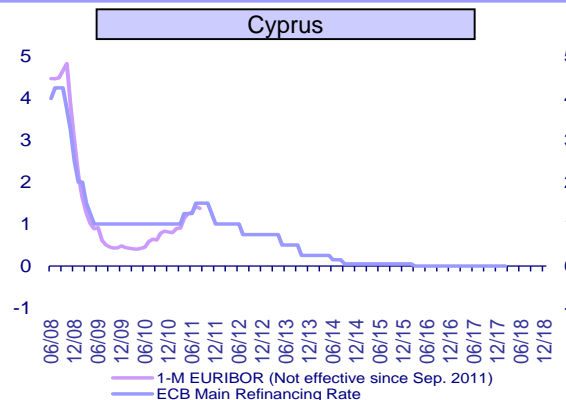
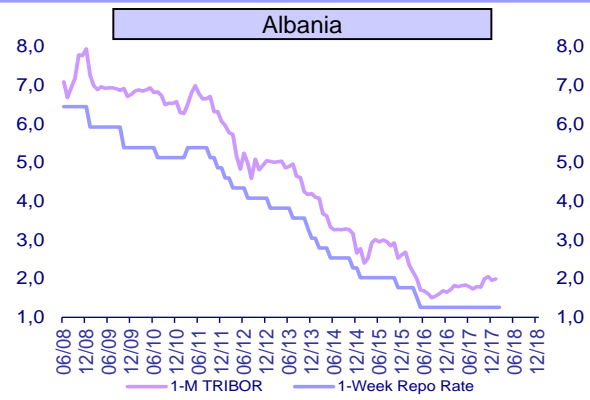
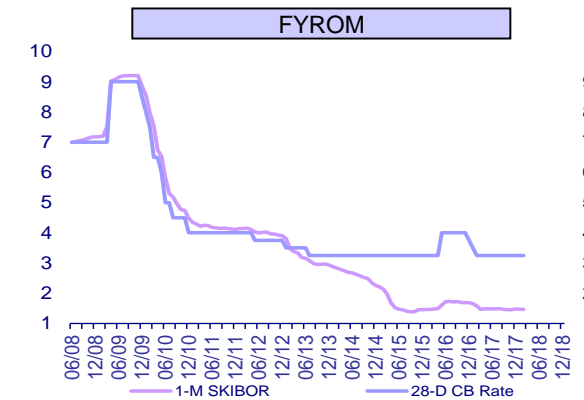
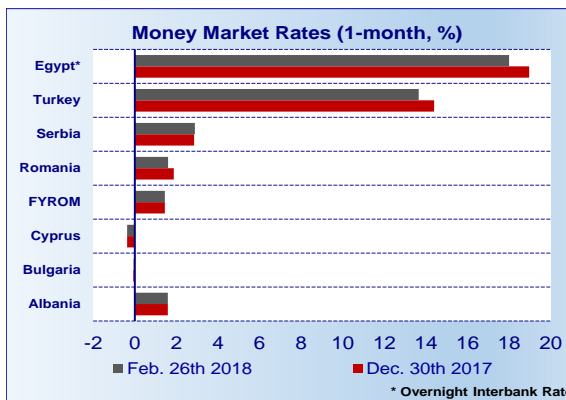
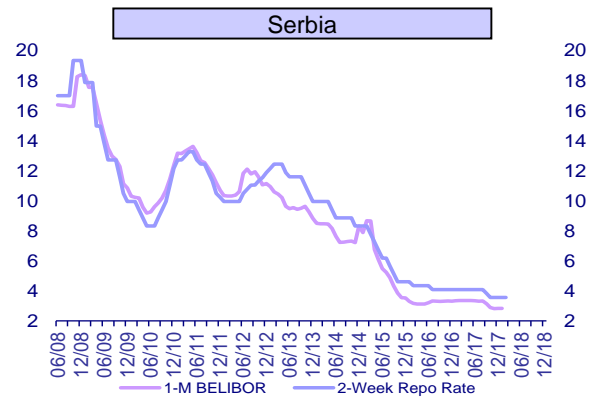
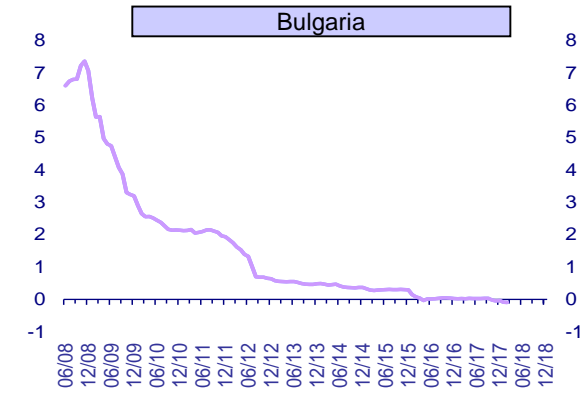
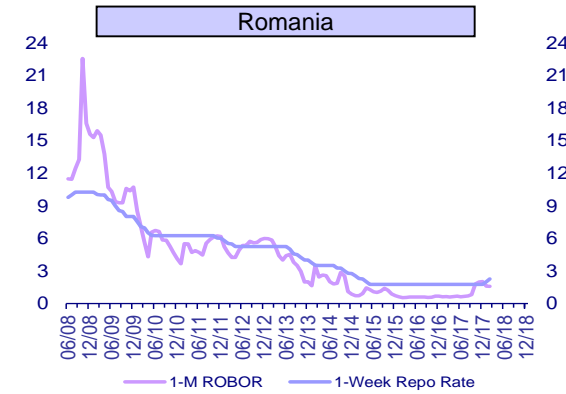
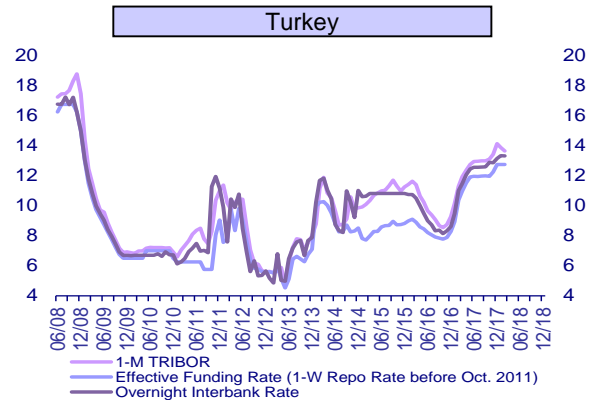
The public debt-to-GDP ratio is still at critical levels in Cyprus and Egypt despite a tight fiscal stance



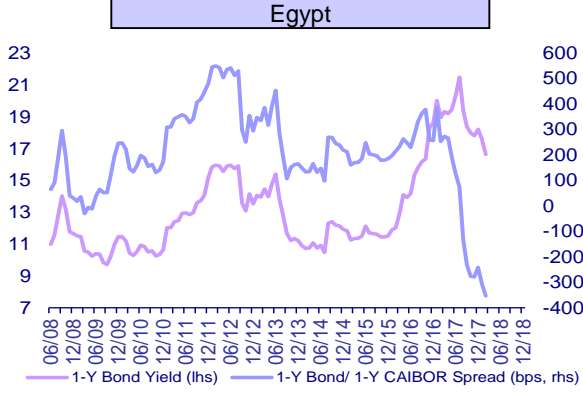
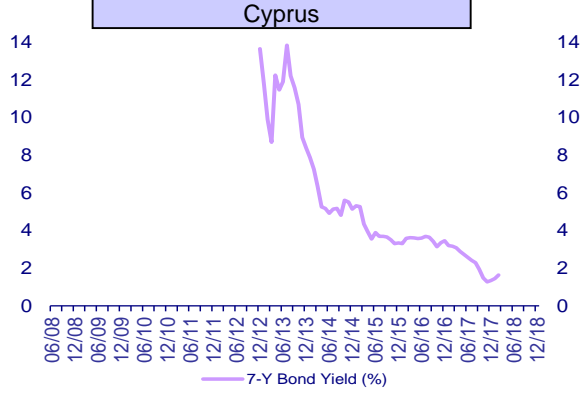
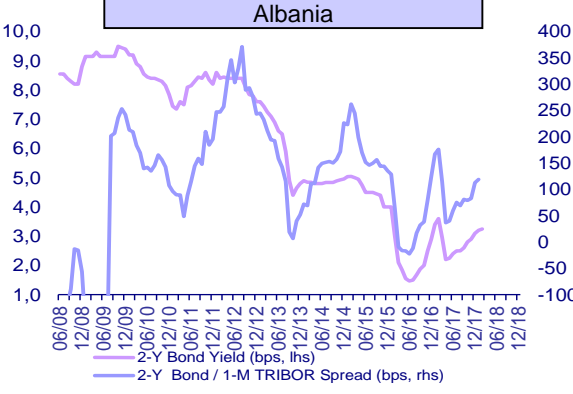
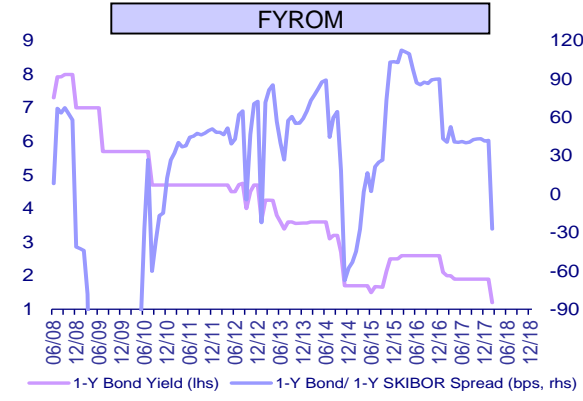
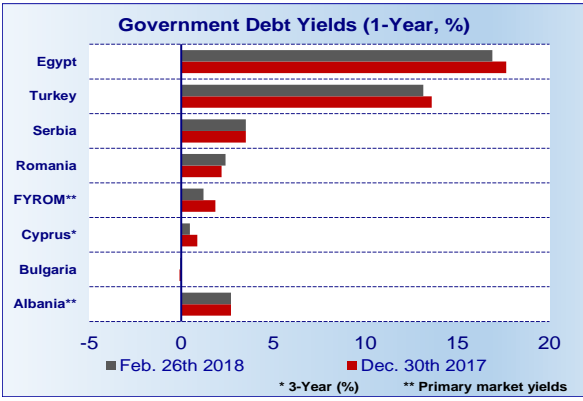
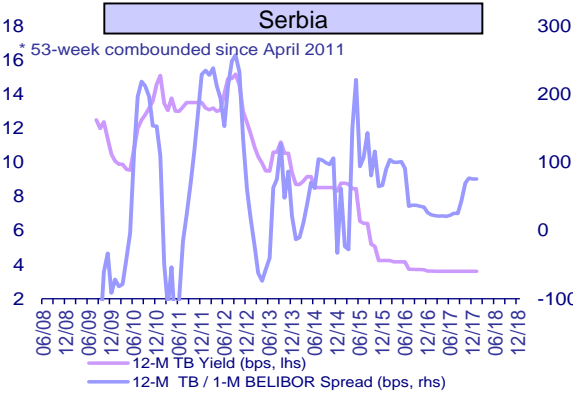
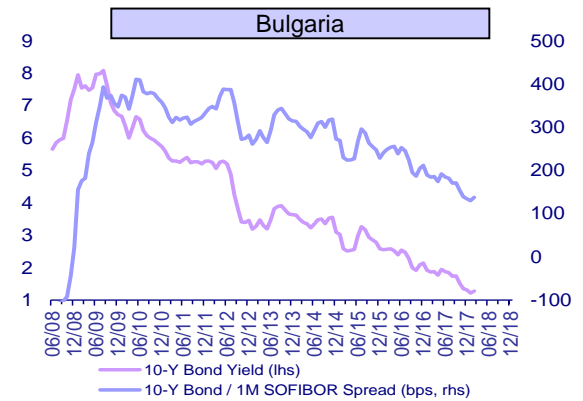
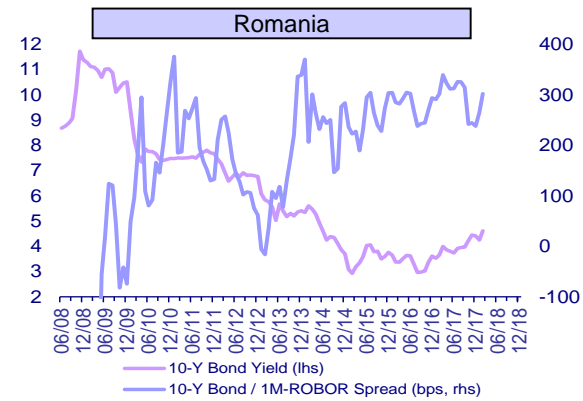
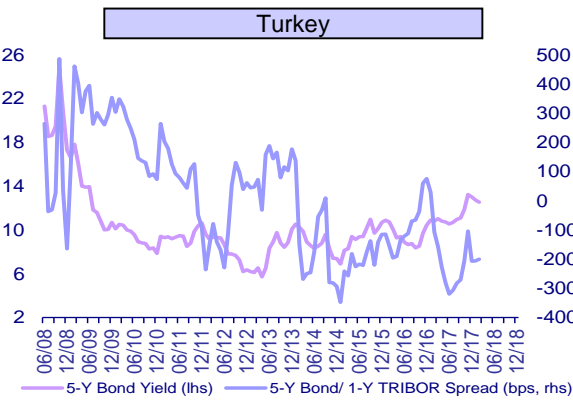
The TRY and EGP have depreciated against the EUR since the beginning of the year



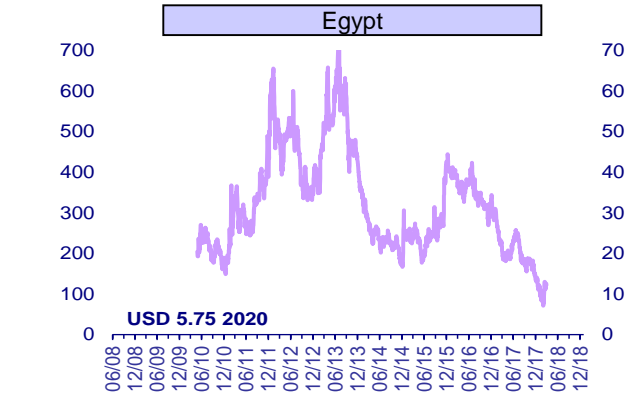
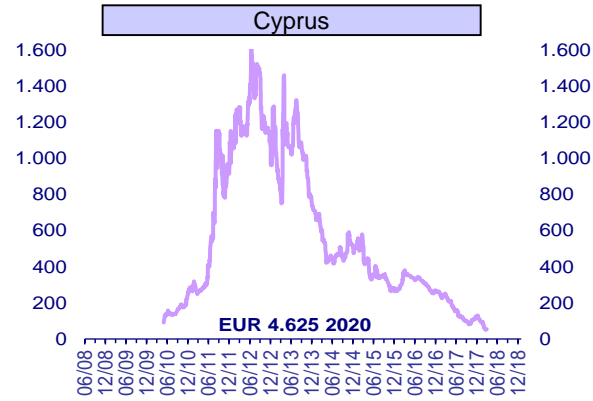
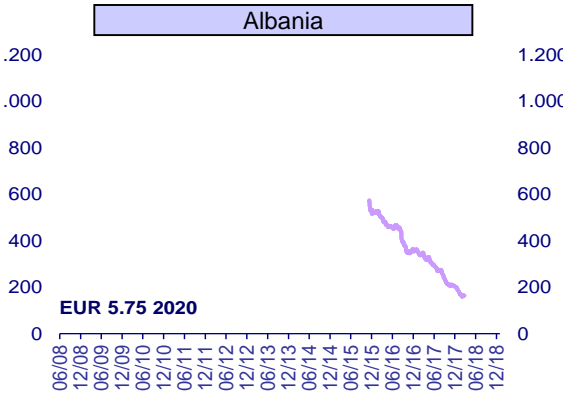
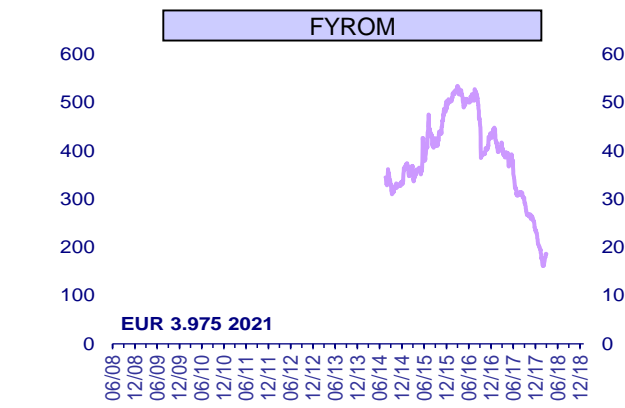
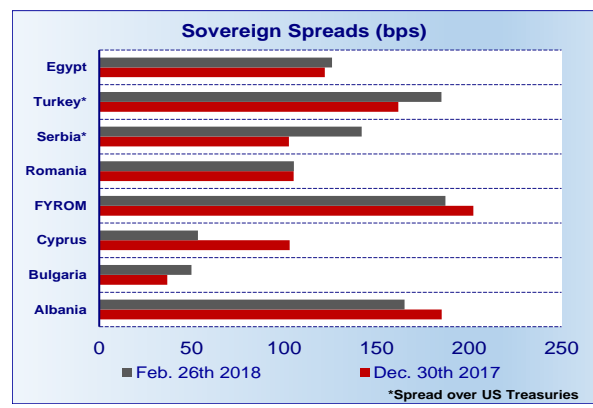
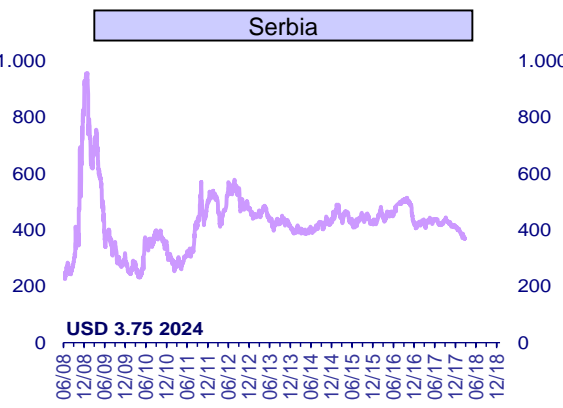
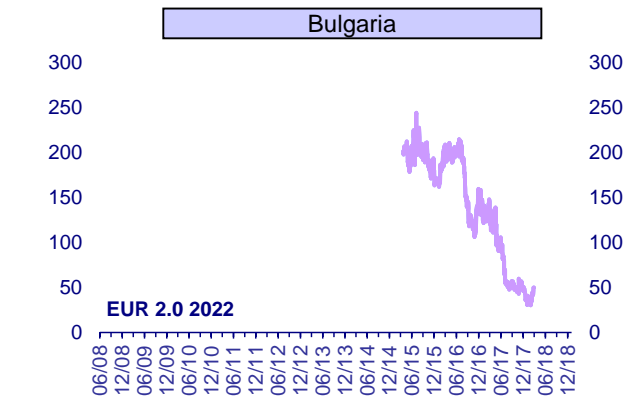
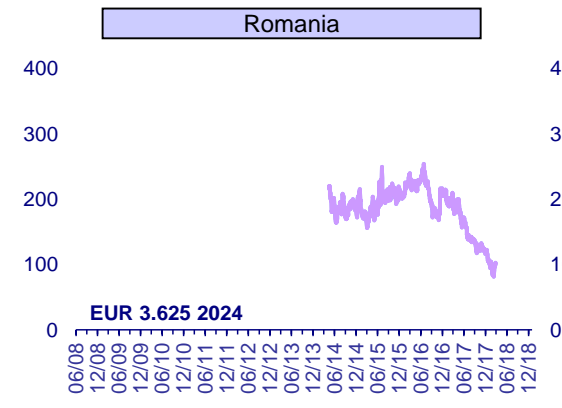
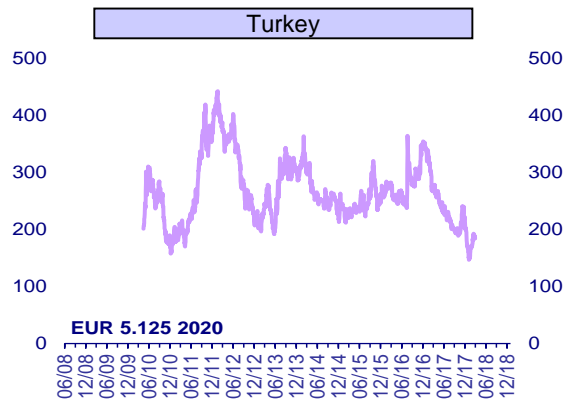
Money market rates have increased since the beginning of the year in almost all the countries under review



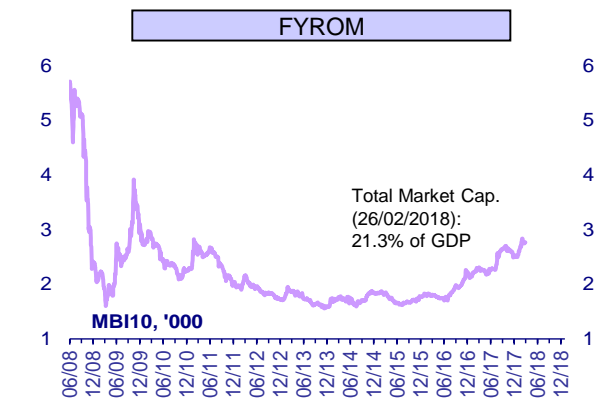
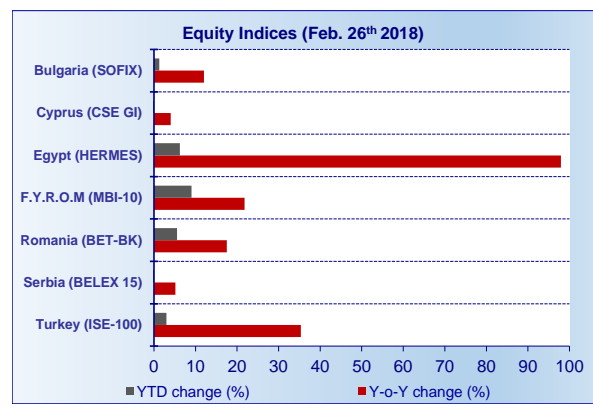
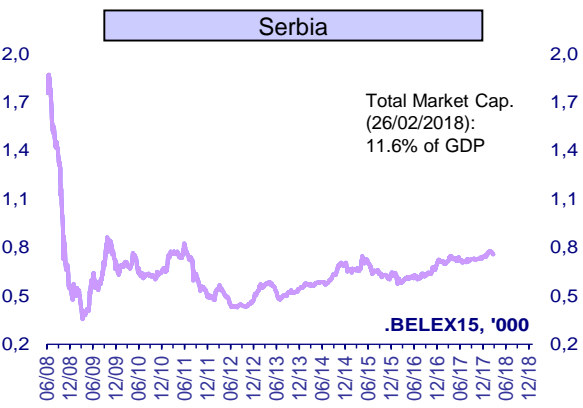
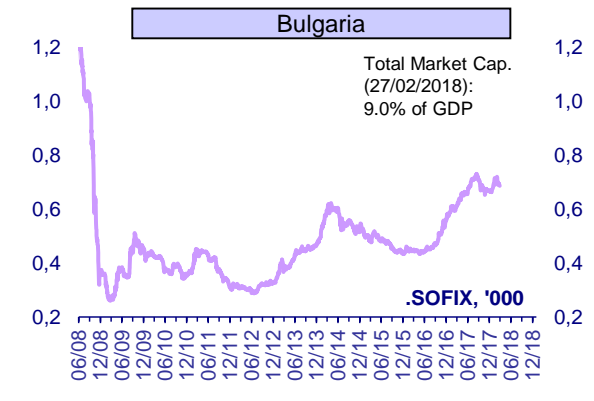
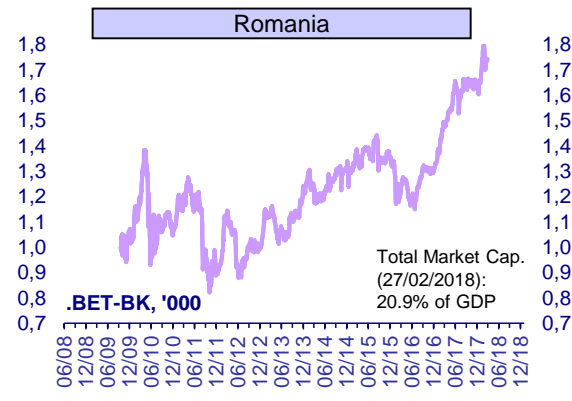
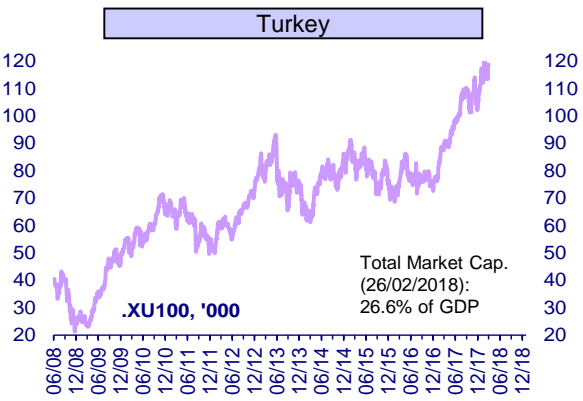
Government debt yields have also increased since the start of the year in almost all the countries under review



Sovereign spreads have increased in Turkey, Serbia, Bulgaria and Egypt since the beginning of the year

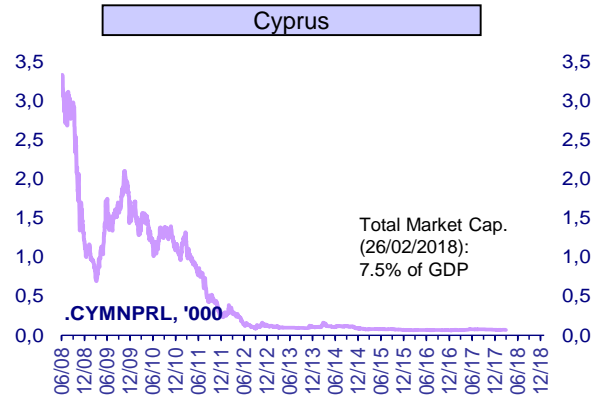


Stock markets in the countries under review have either stabilised or posted gains since the start of the year



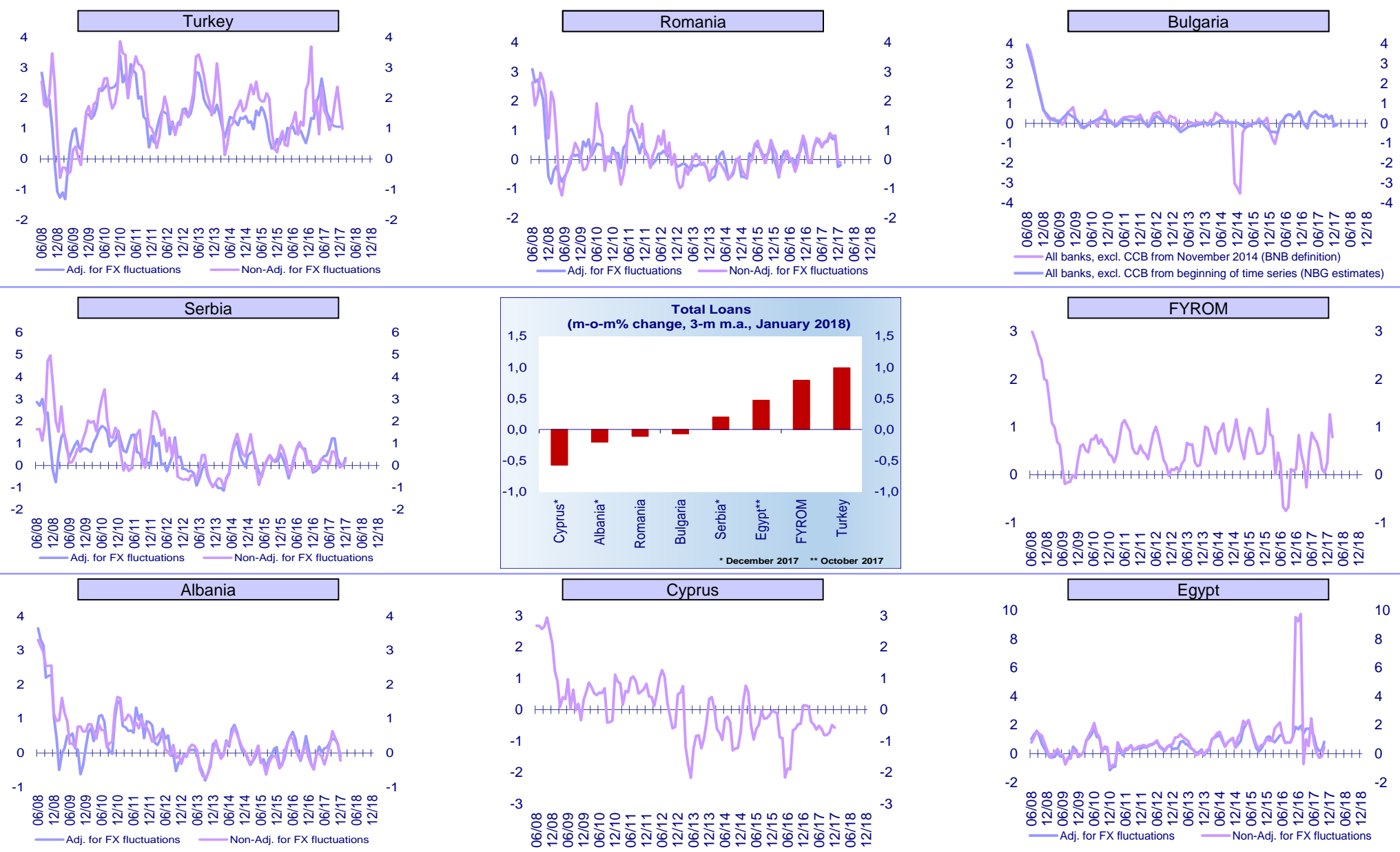
Albania

N.A.

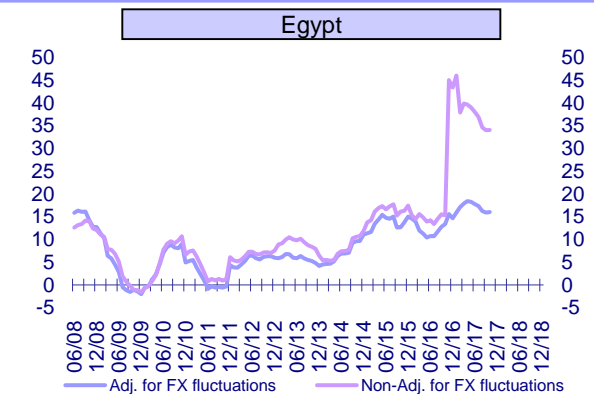
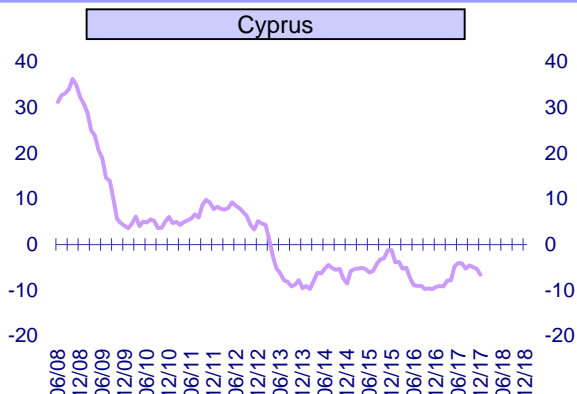
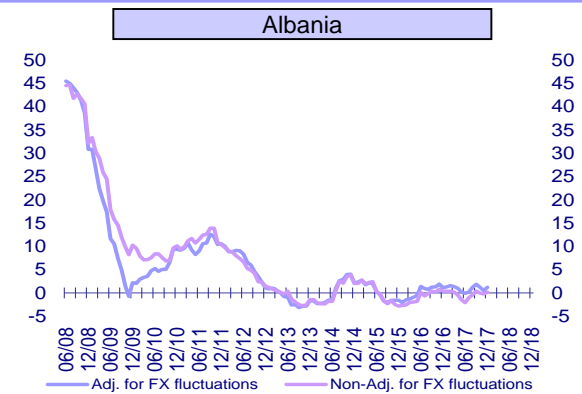
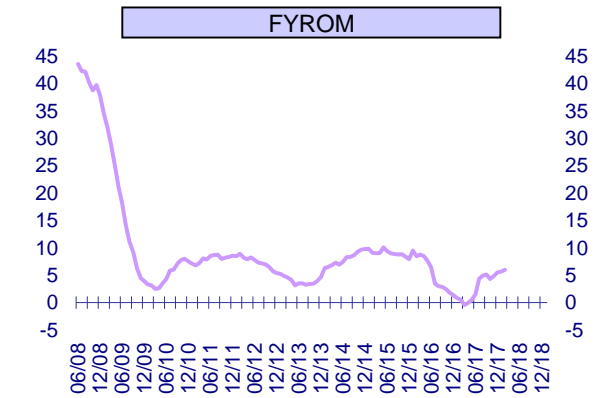
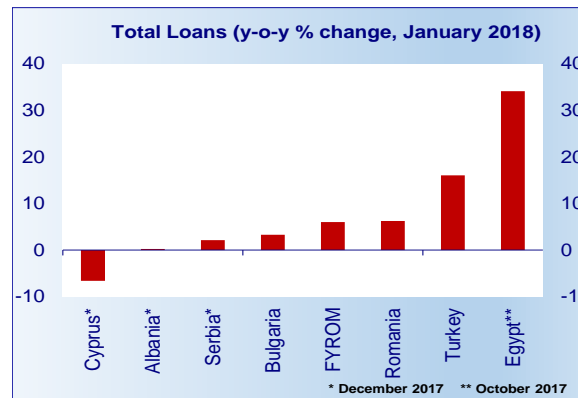
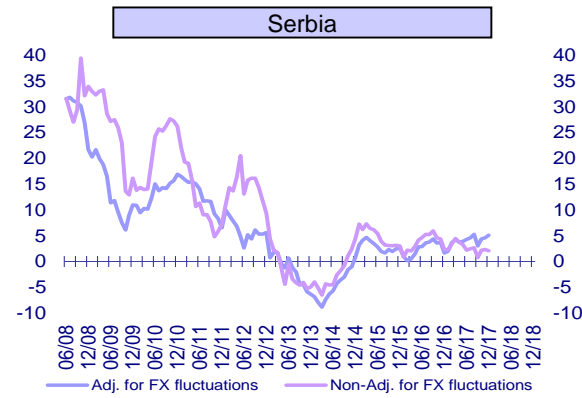
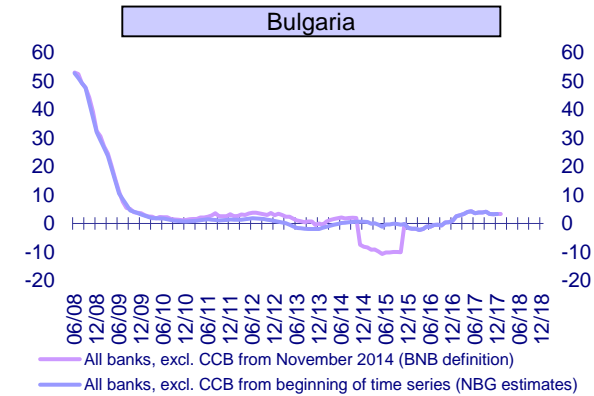
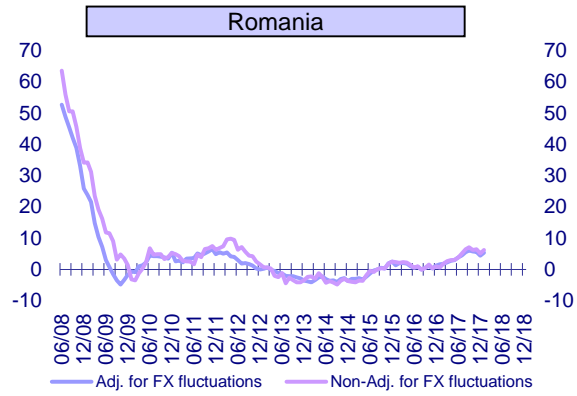
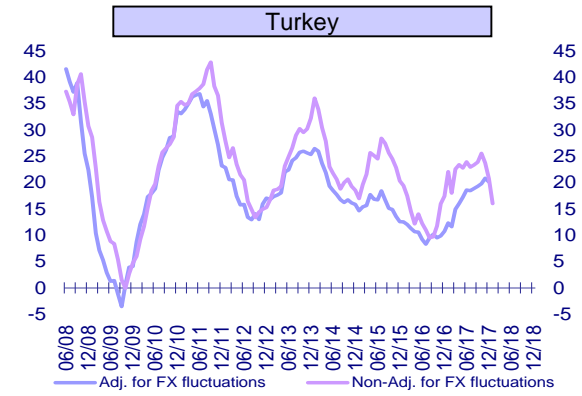


Total loans (m-o-m % change, 3-month moving average)

Lending was buoyant in Turkey in 2017, underpinned by the Government's Credit Guarantee Fund (targeting SMEs) and, to a lesser extent, the relaxation of restrictive measures

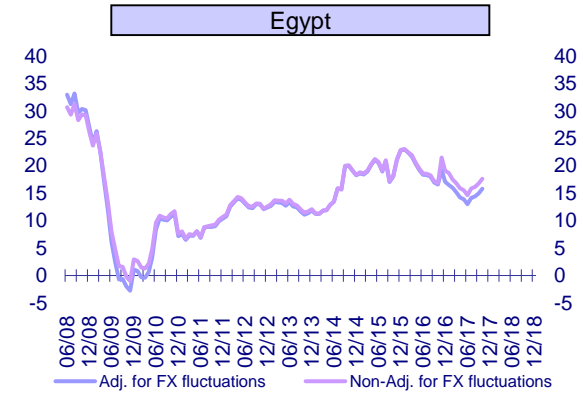
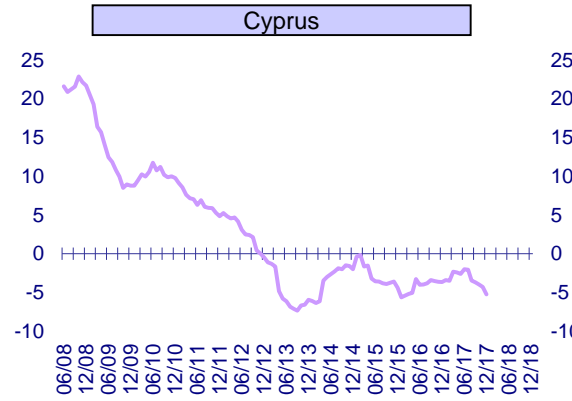
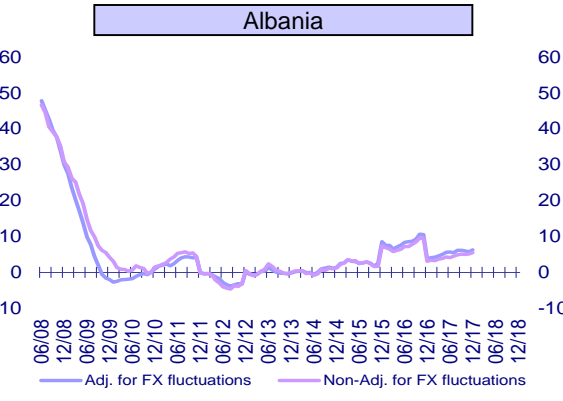
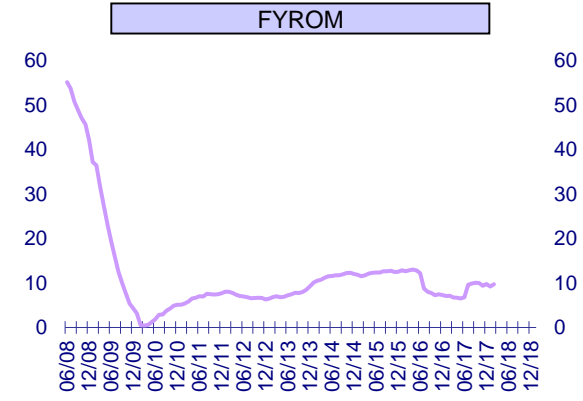
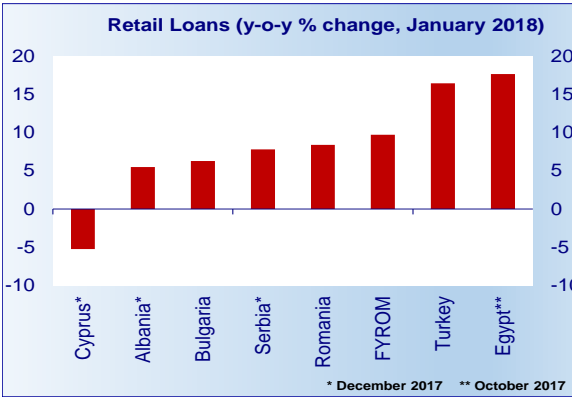
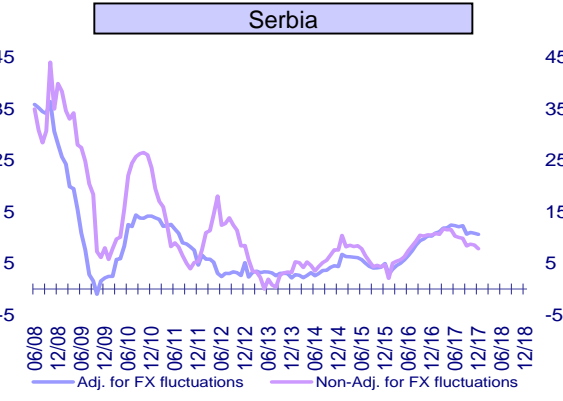
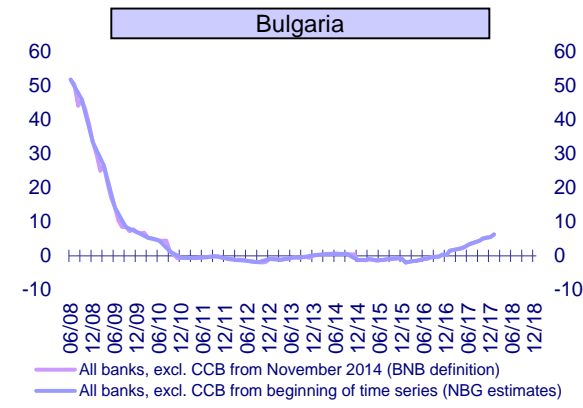
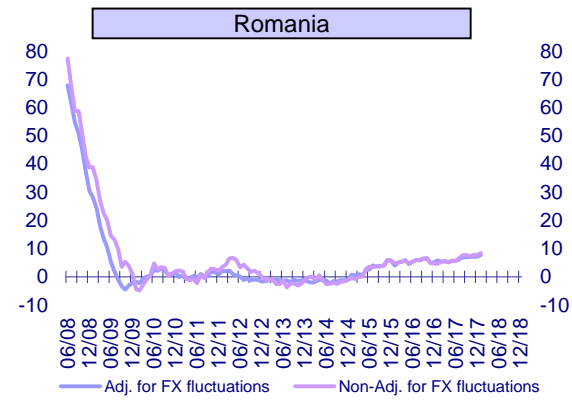
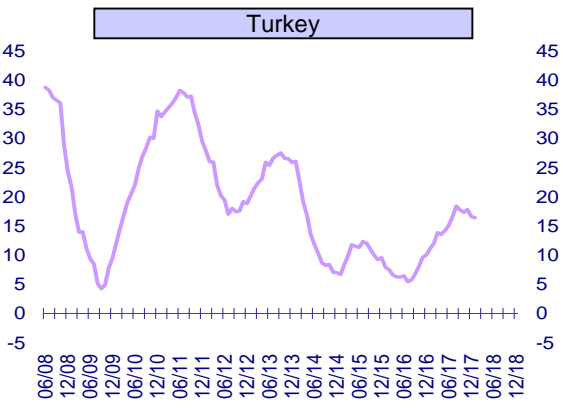


Turkey and Egypt continue to post double-digit lending growth

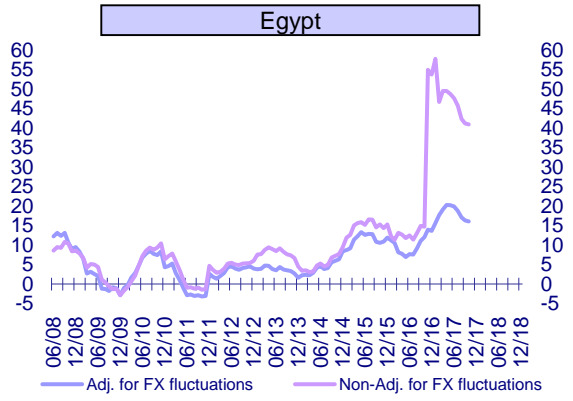
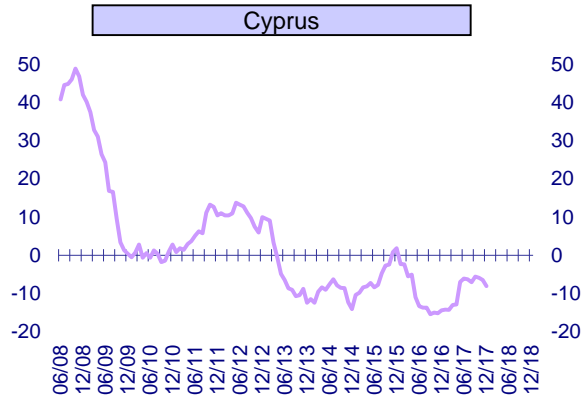
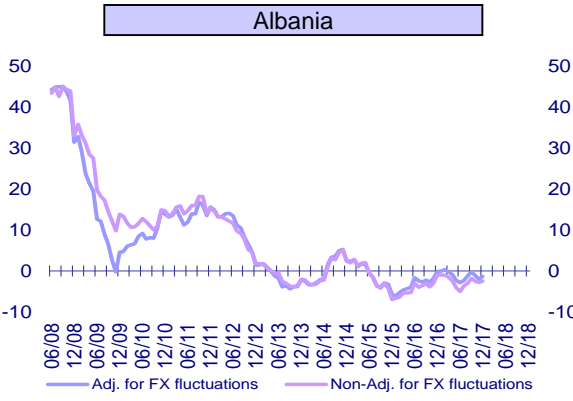
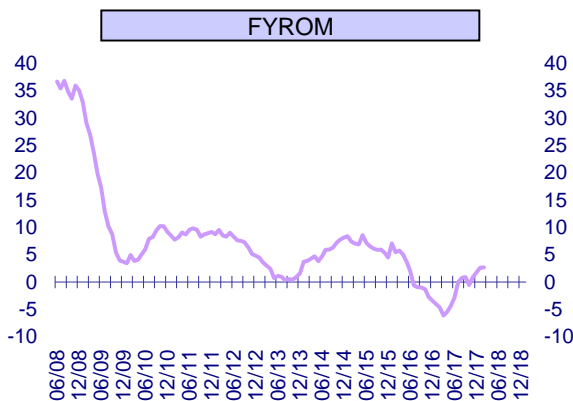
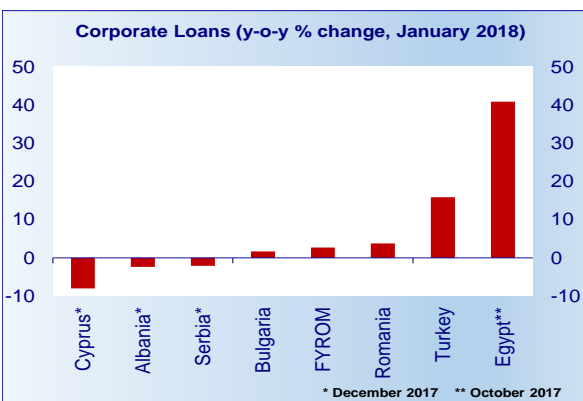
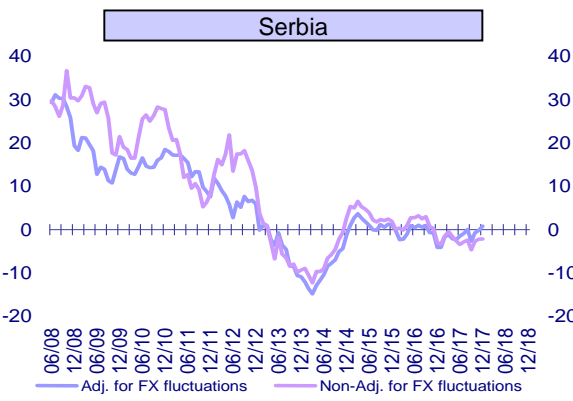
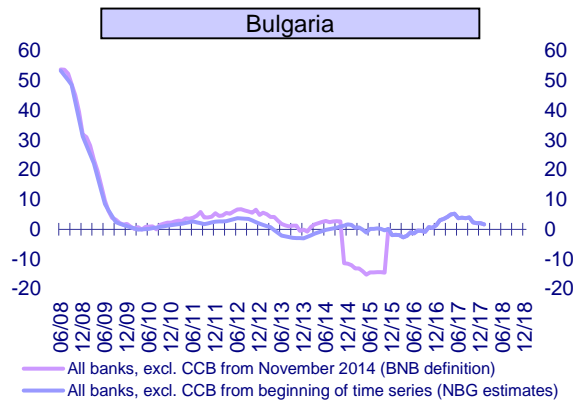
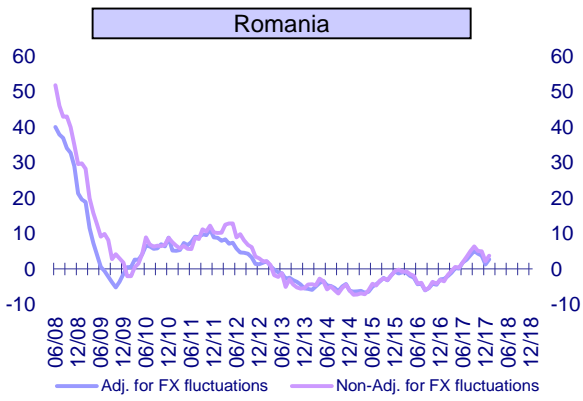
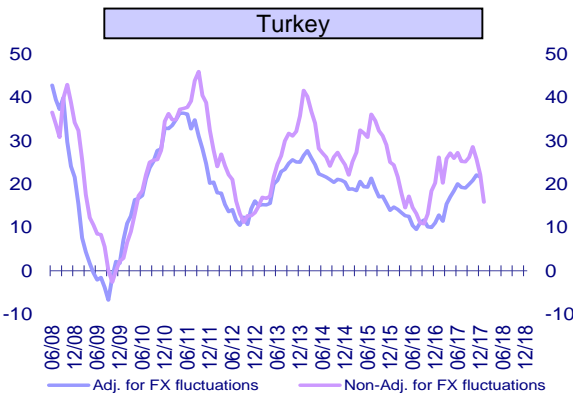


Retail loans (y-o-y % change)

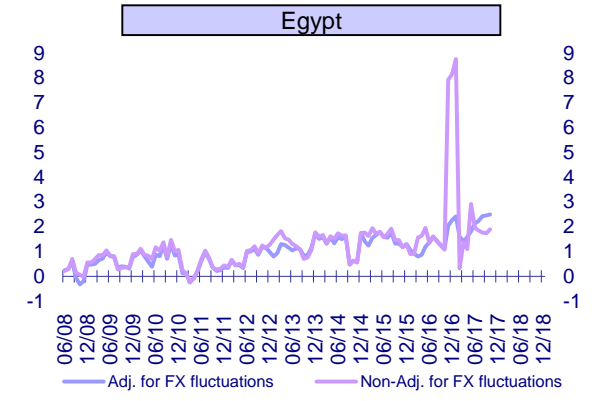
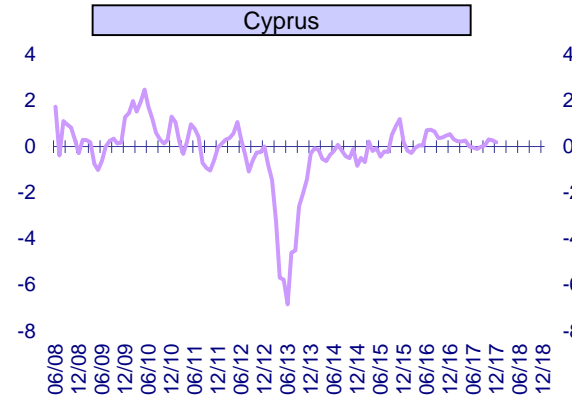
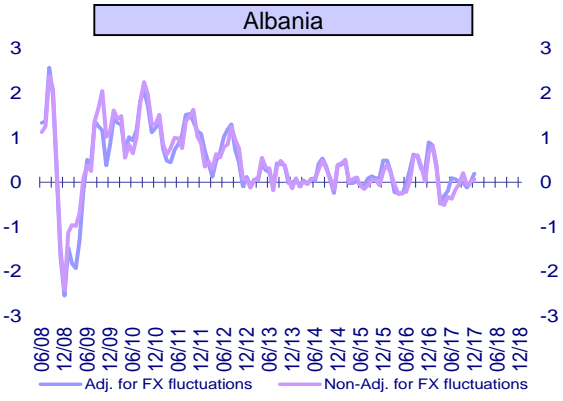
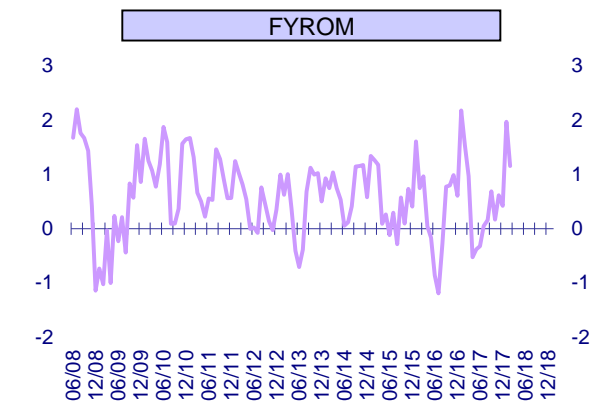
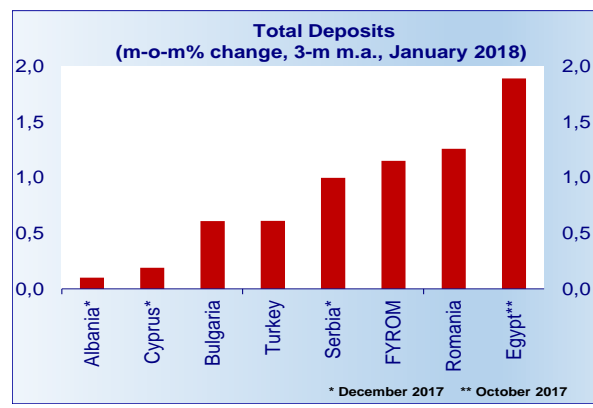
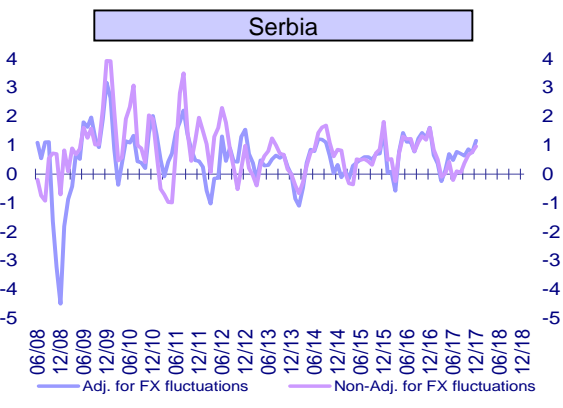
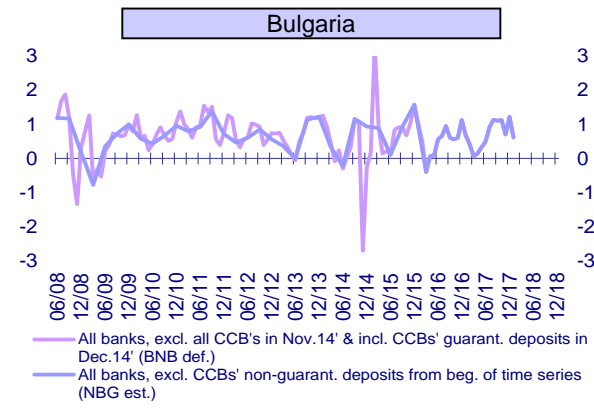
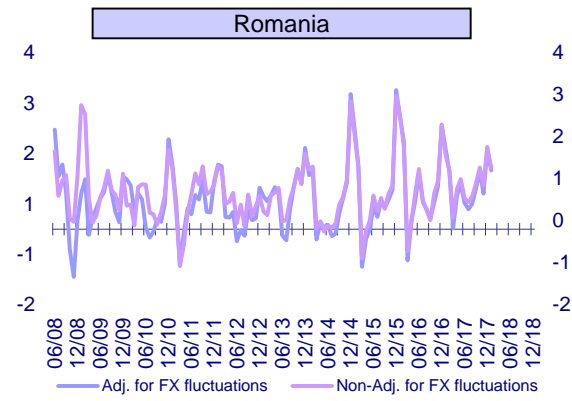
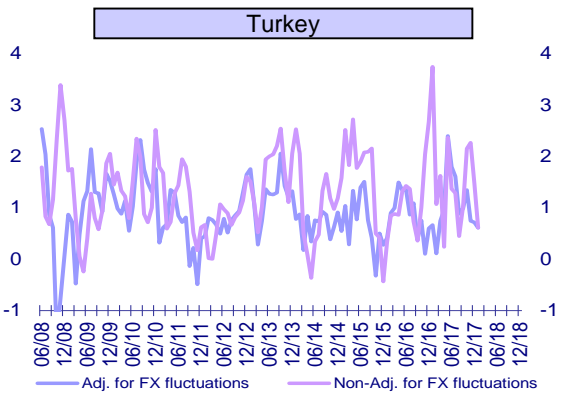
The retail segment remains strong in all the countries under review, with the exception of Cyprus



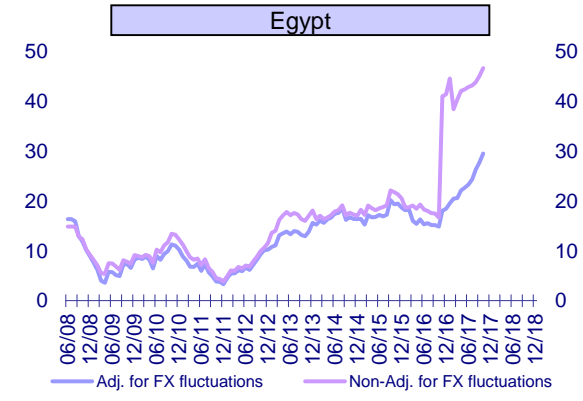
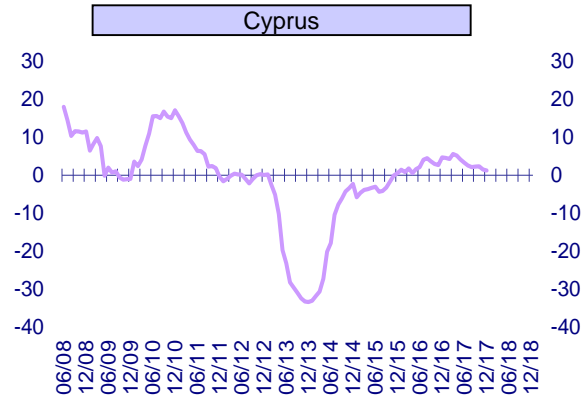
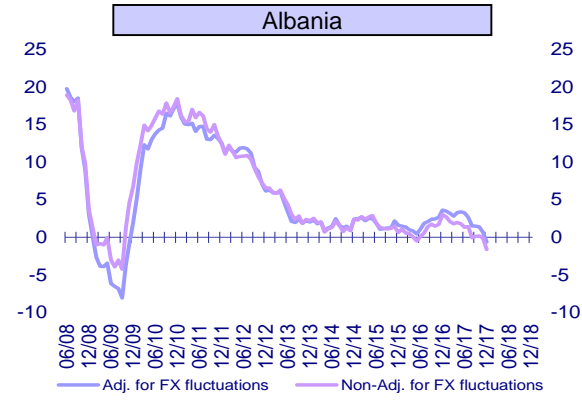
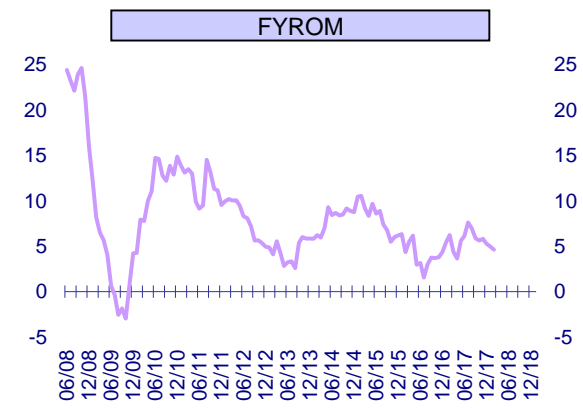
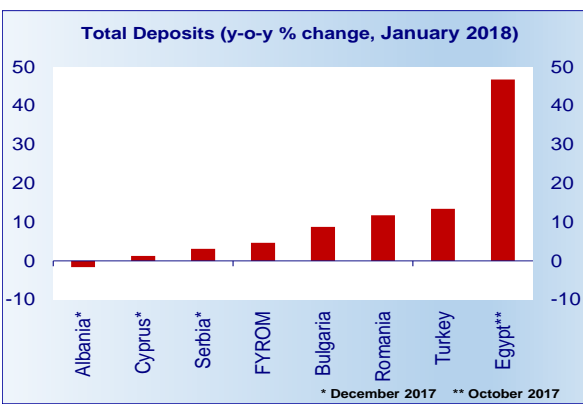
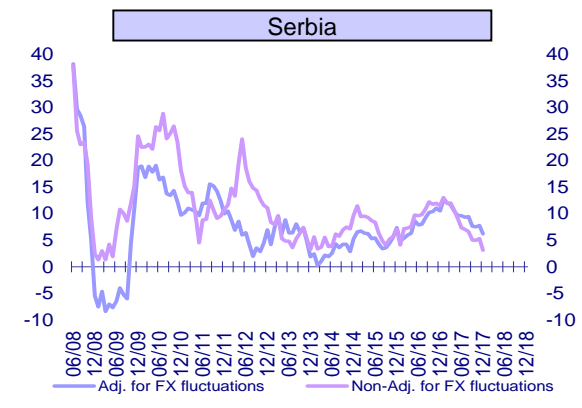
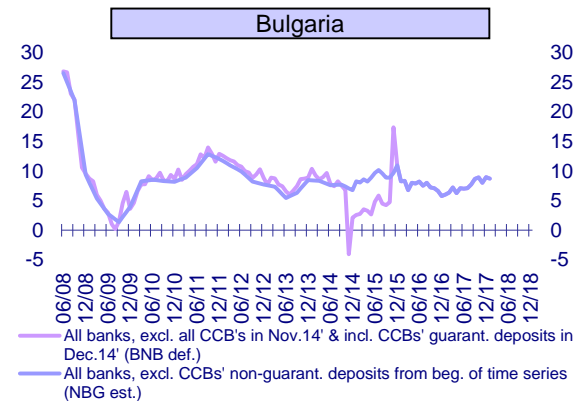
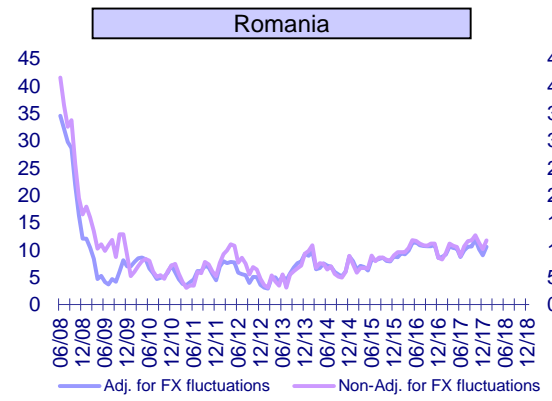
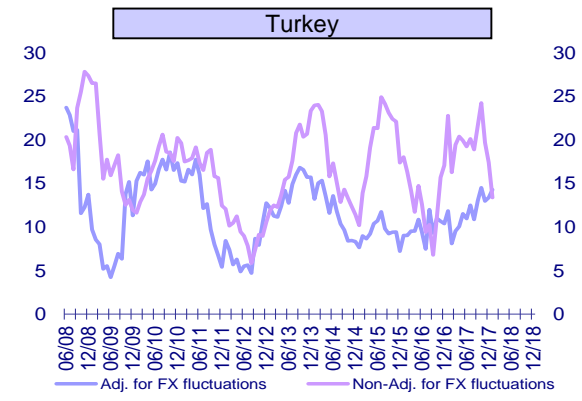
Corporate lending remains the main driver of lending activity in Turkey and Egypt



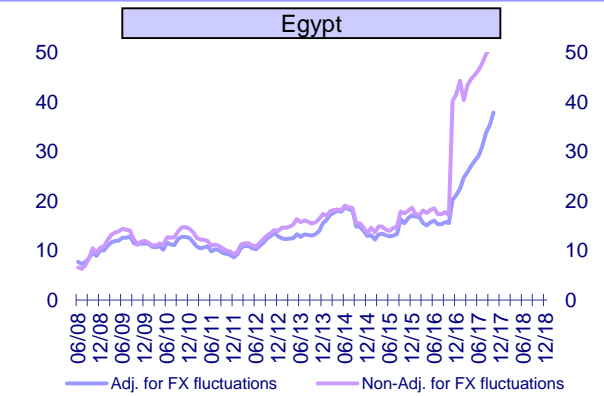
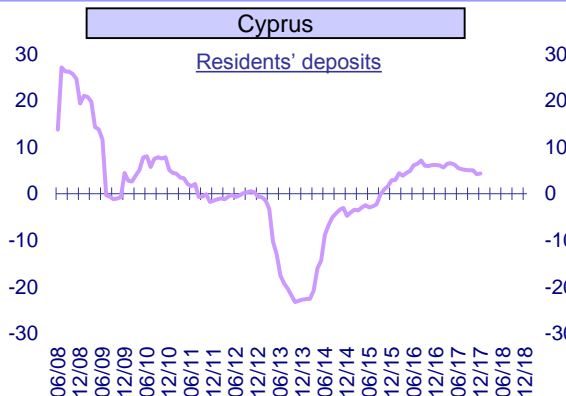
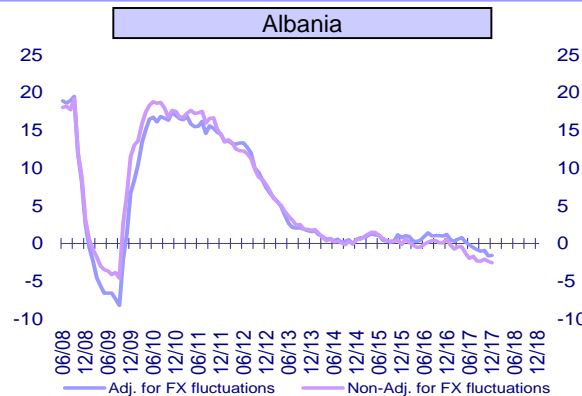
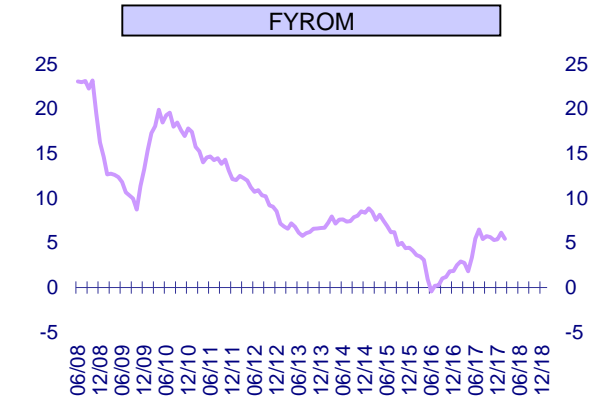
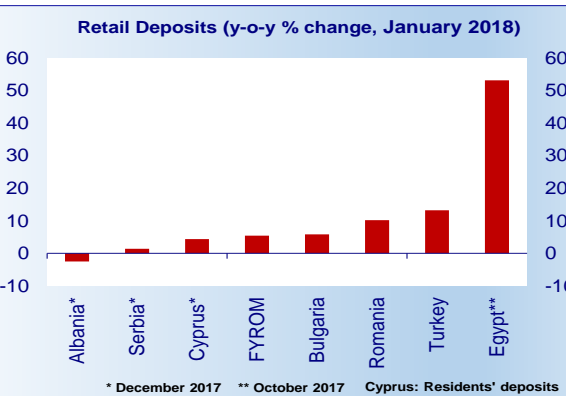
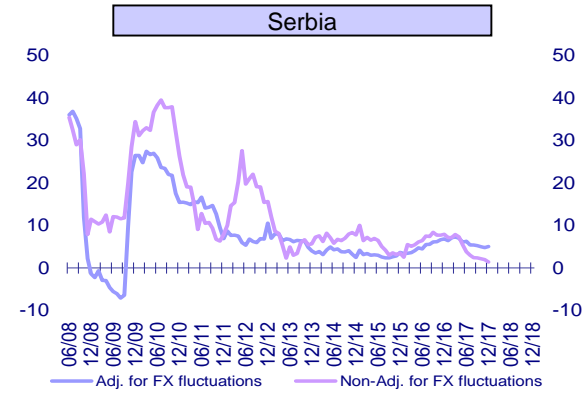
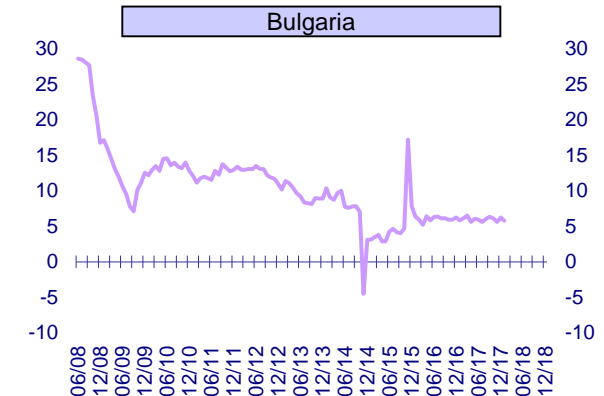
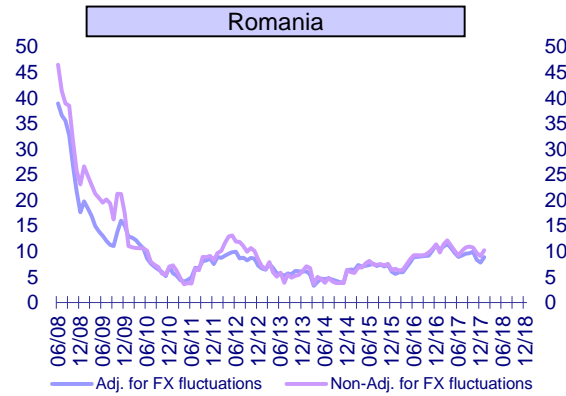
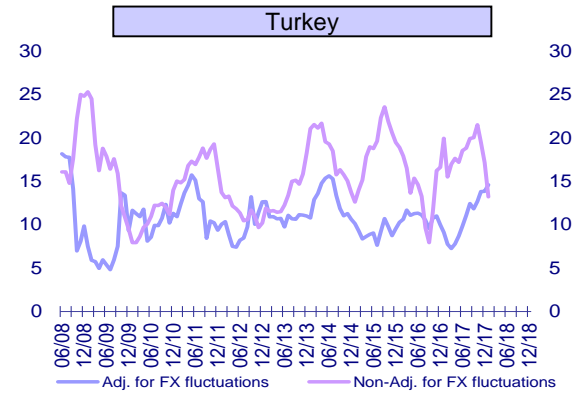
Deposit growth gathers momentum in most of the economies under review



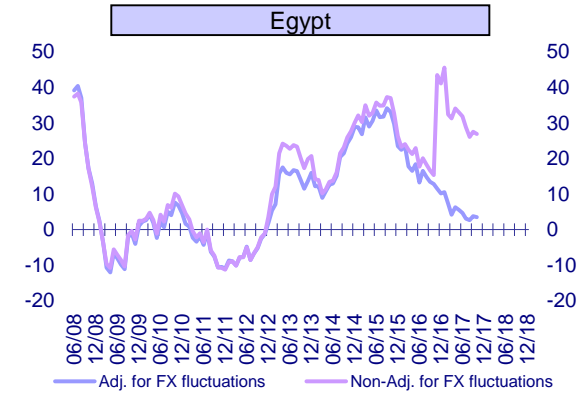
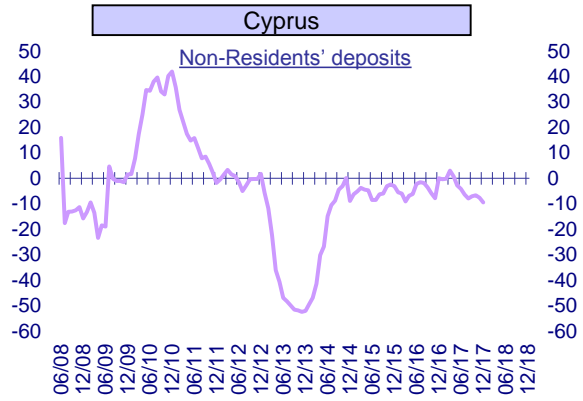
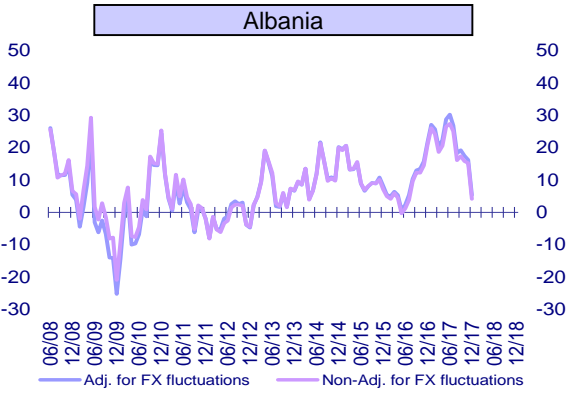
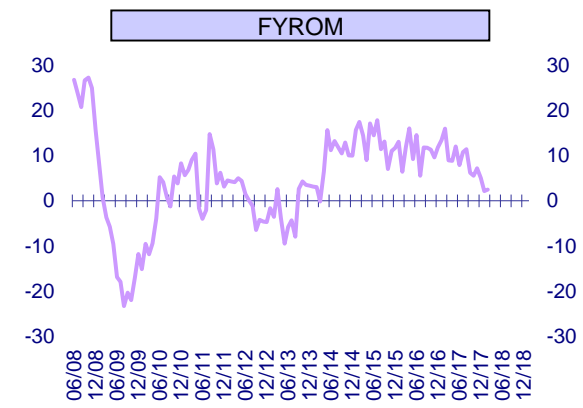
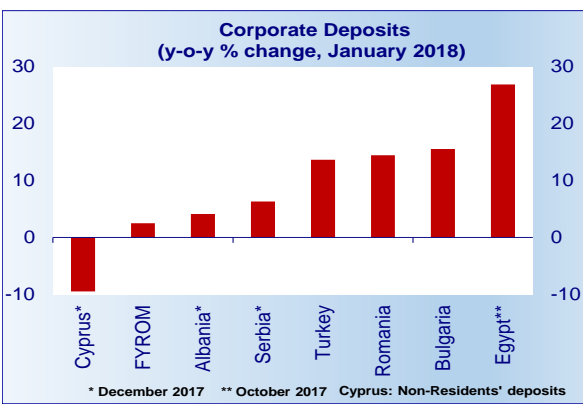
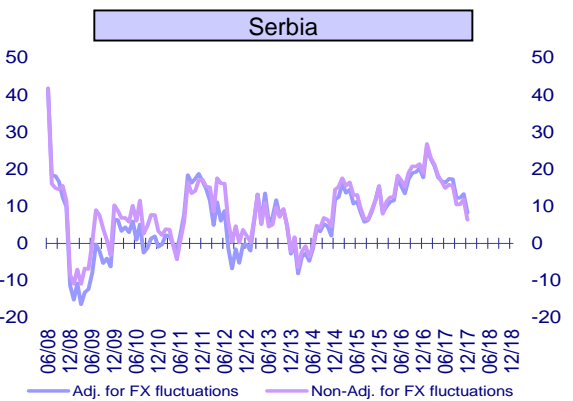
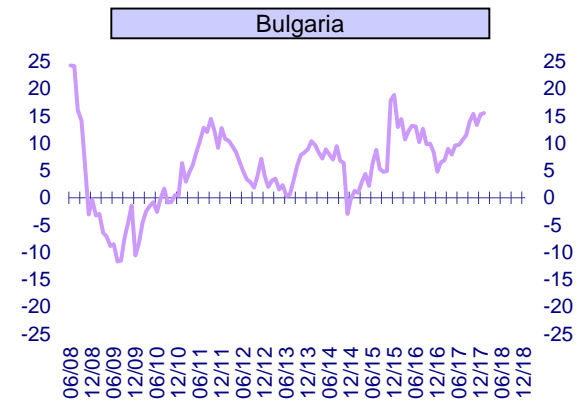
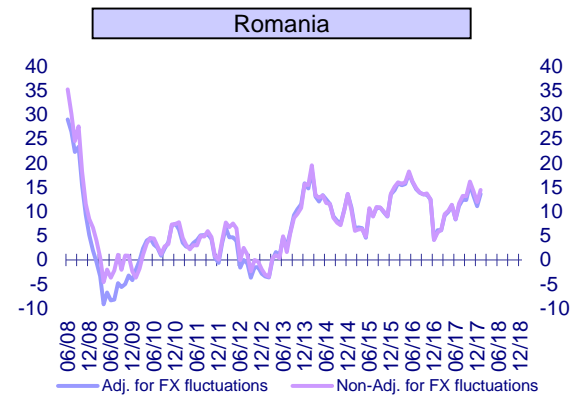
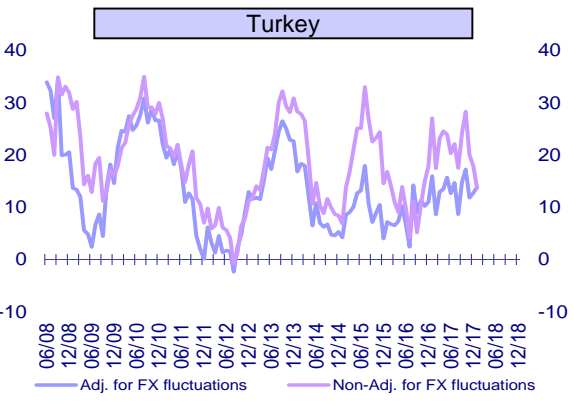
Deposit growth surpasses lending growth in all countries under review, with the exception of Turkey



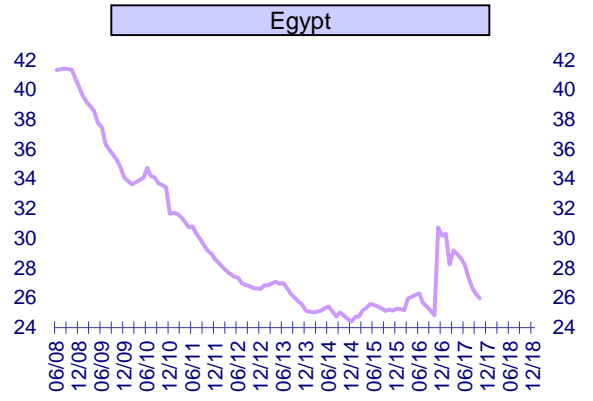
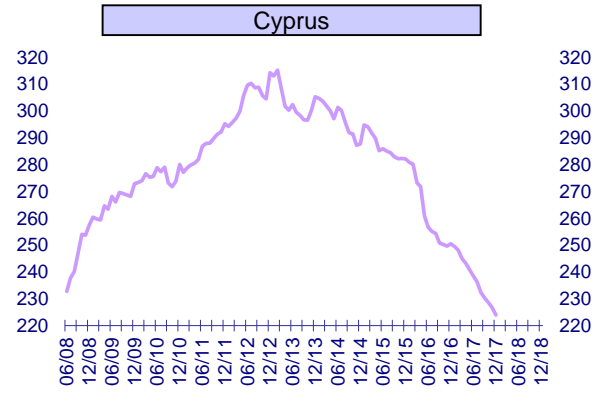
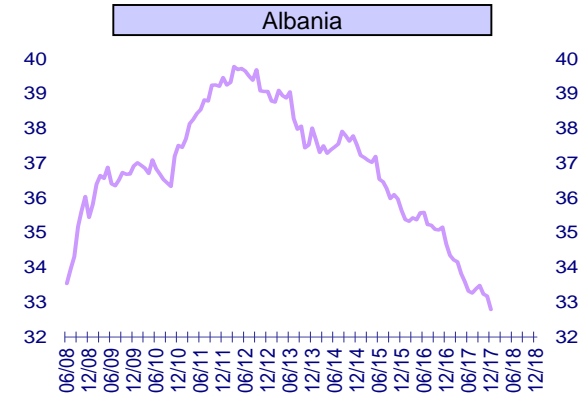
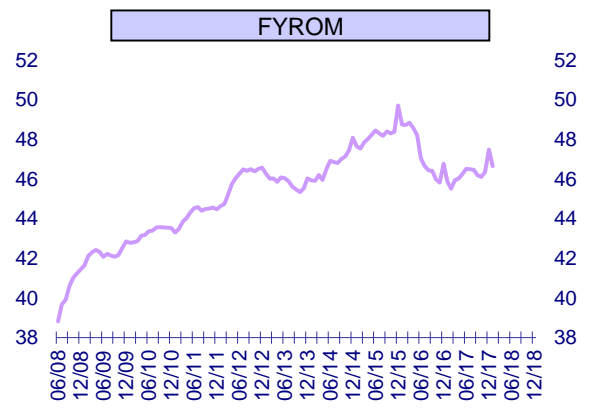
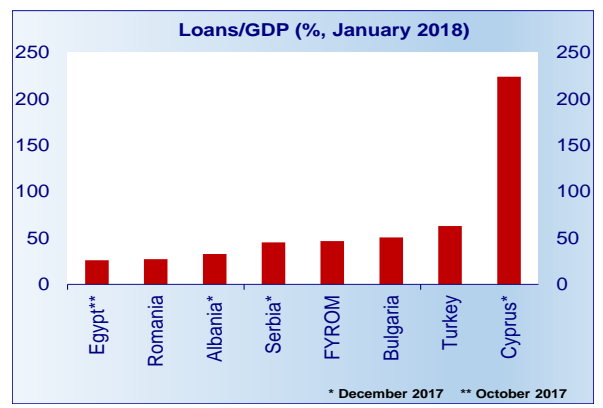
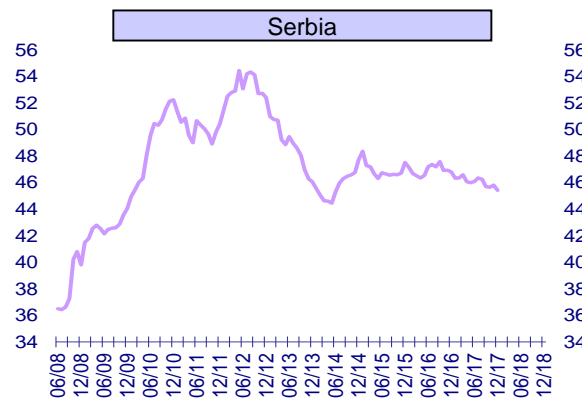
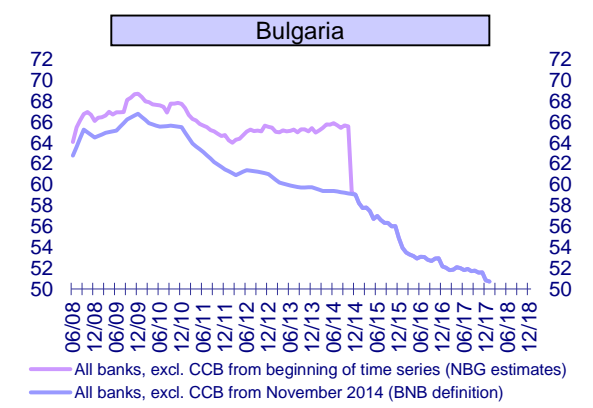
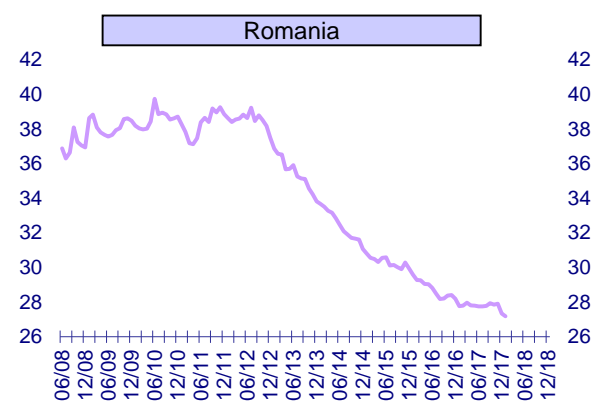
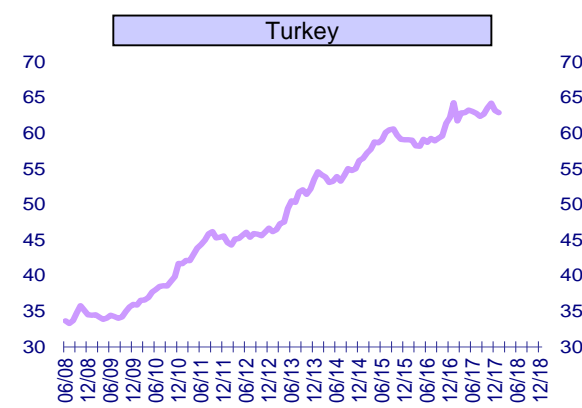
The retail segment is the main driver of deposit growth in Egypt



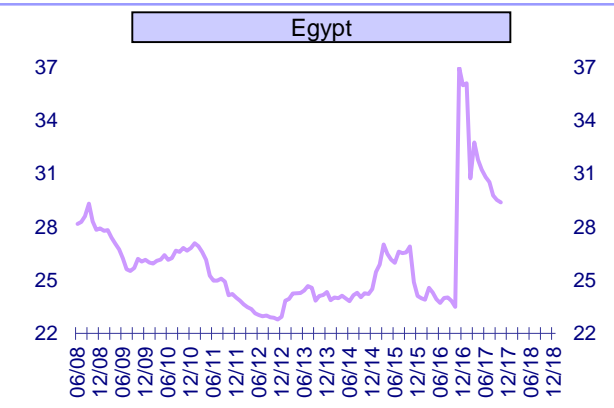
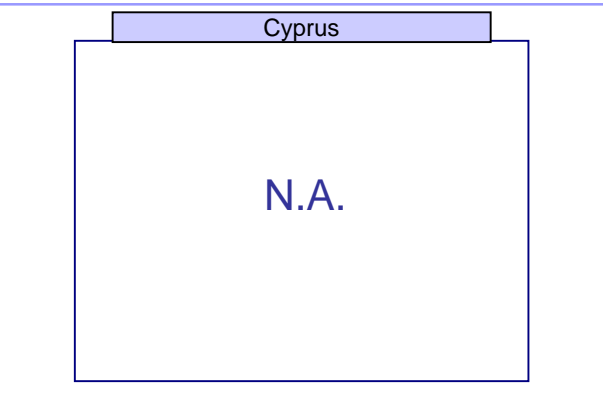
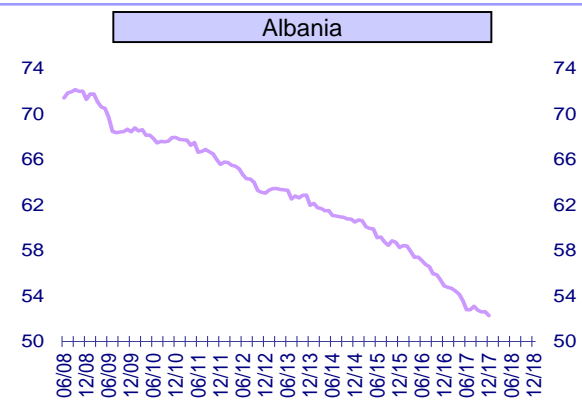
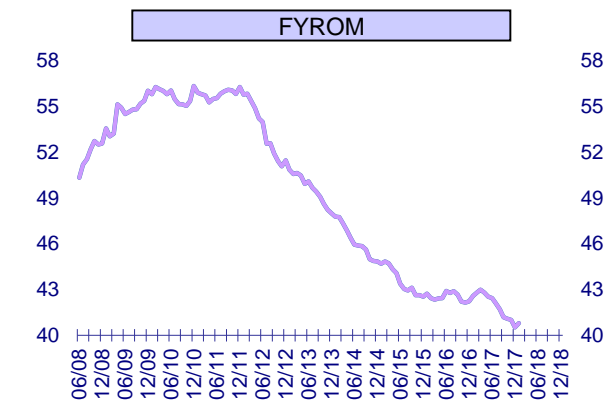
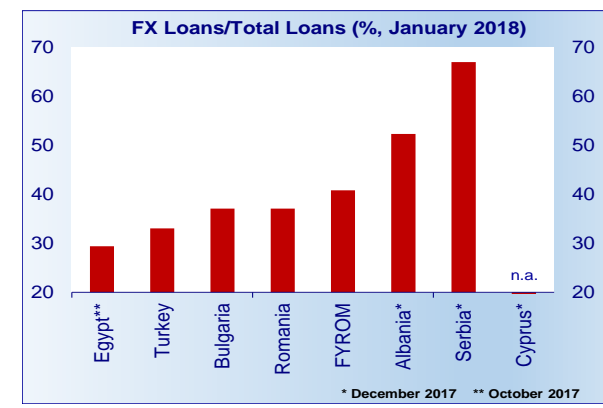
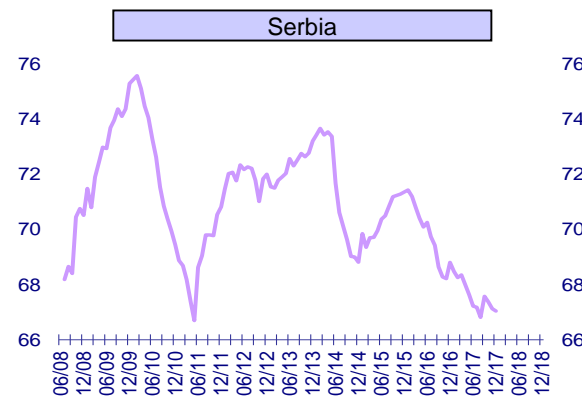
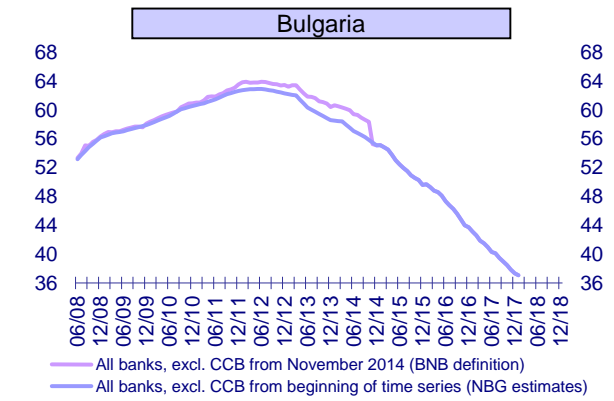
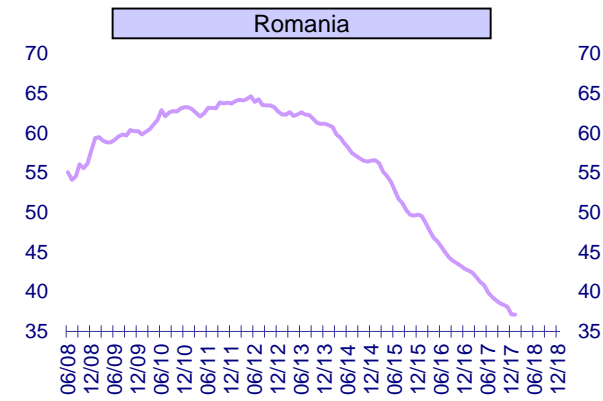
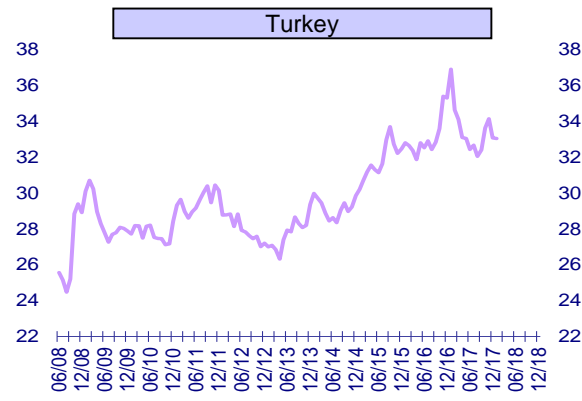
The corporate segment is growing at a faster pace than the retail segment in all the countries under review, with the exception of Egypt



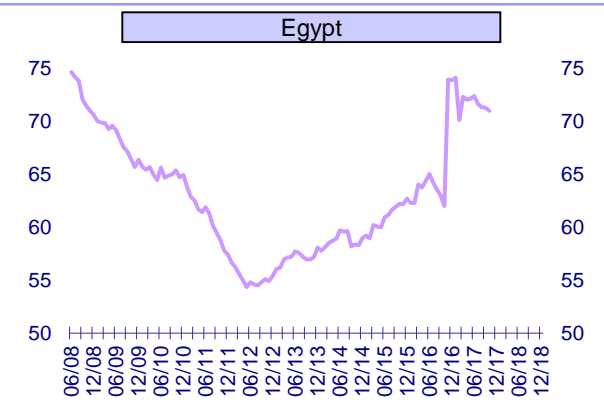
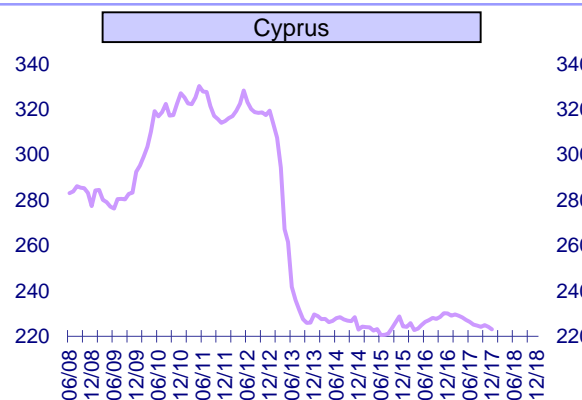
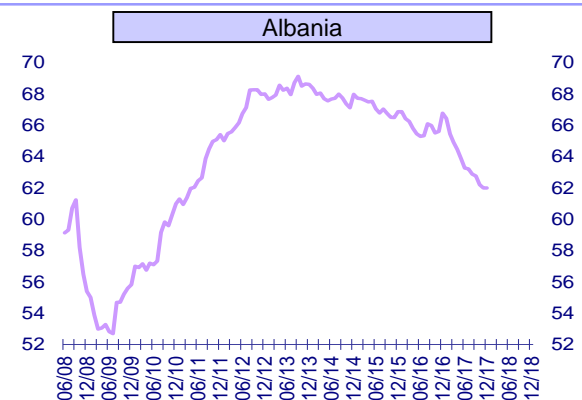
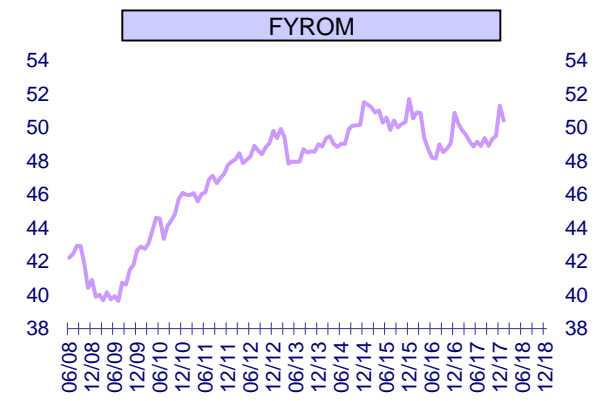
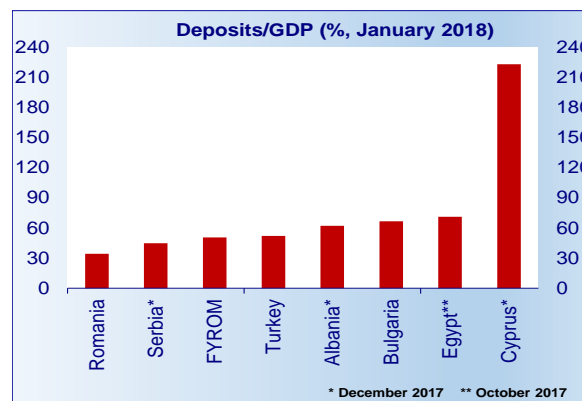
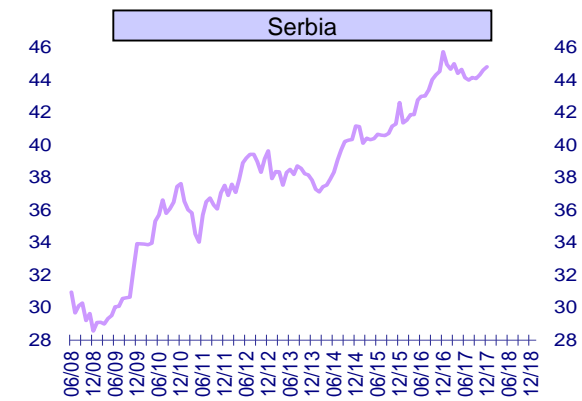
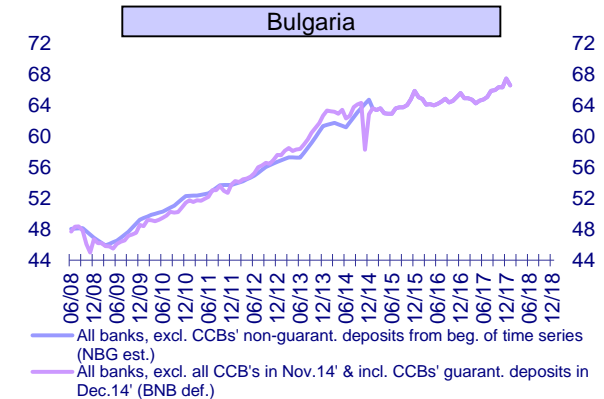
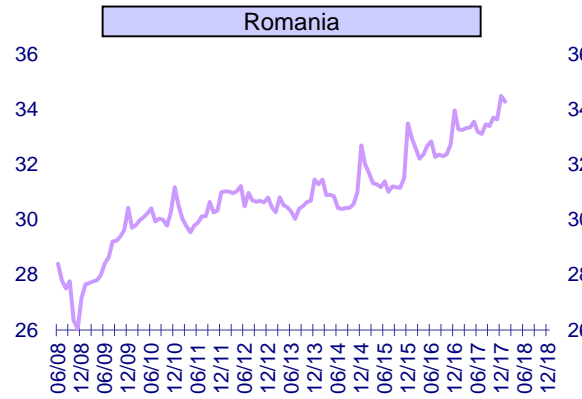
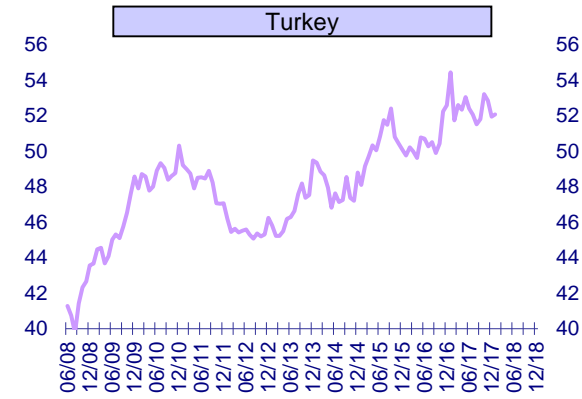
All the economies under review, with the exception of Cyprus, are underpenetrated in terms of lending



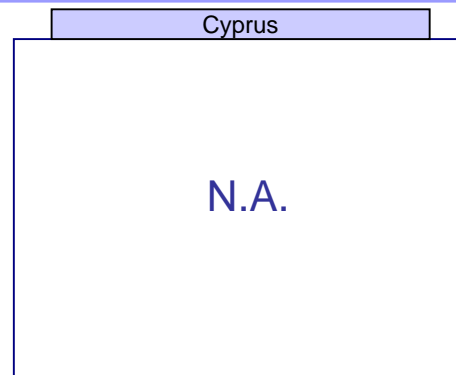
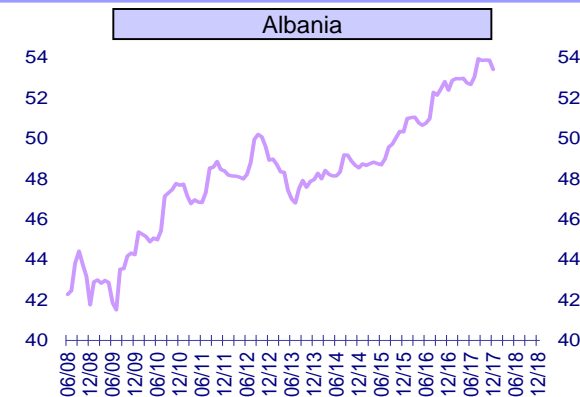
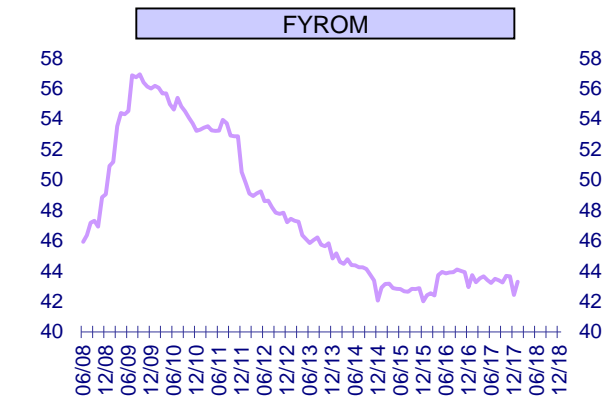
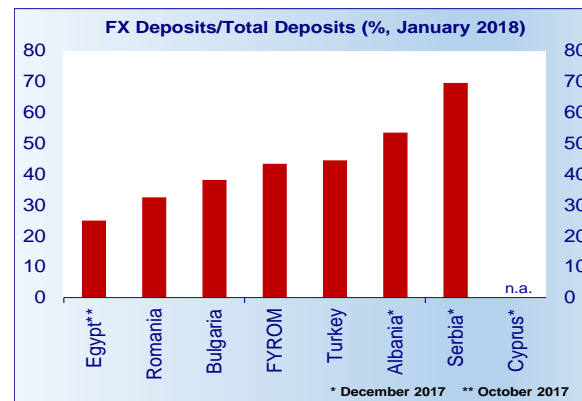
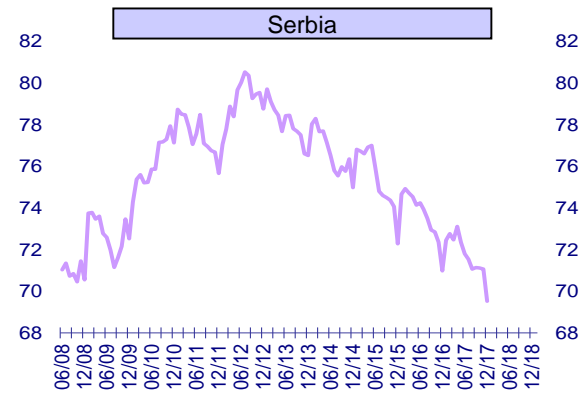
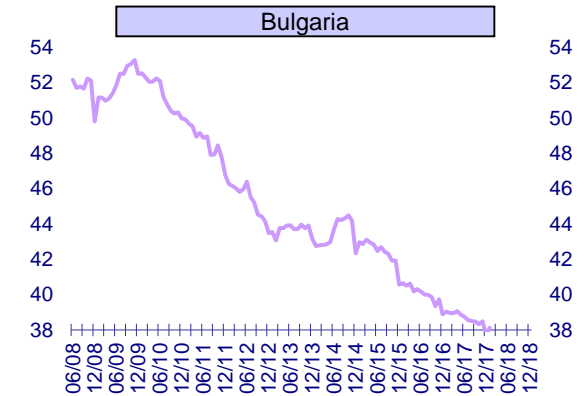
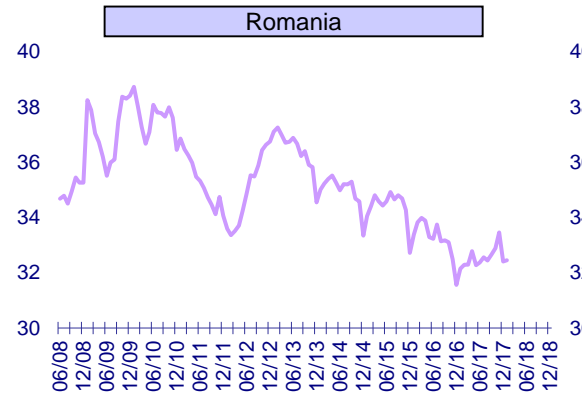
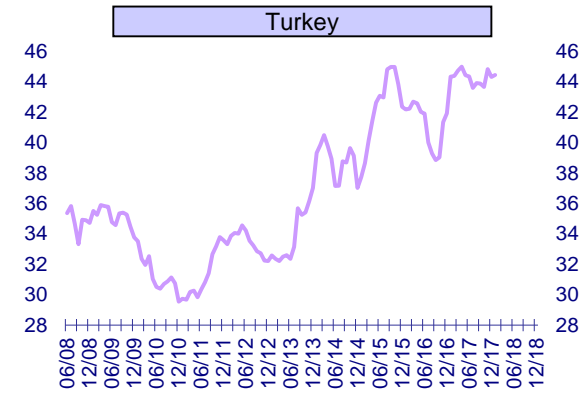
The proportion of FX lending in total lending is decreasing; yet it remains high



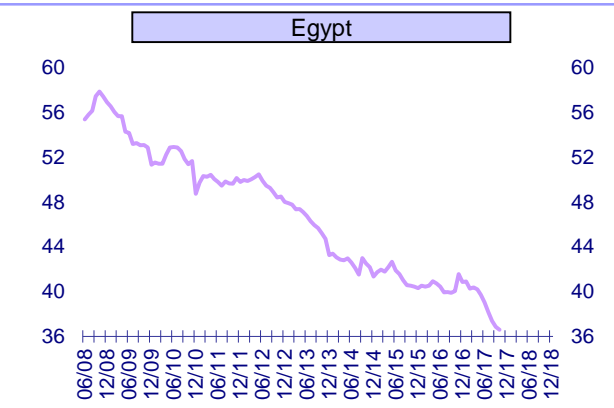
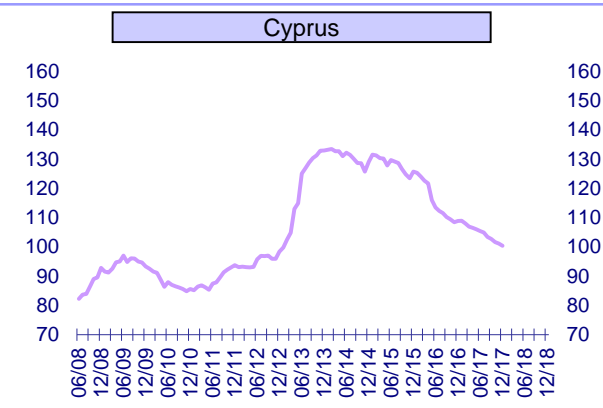
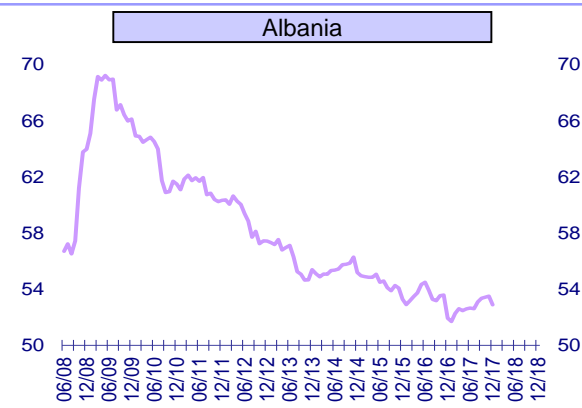
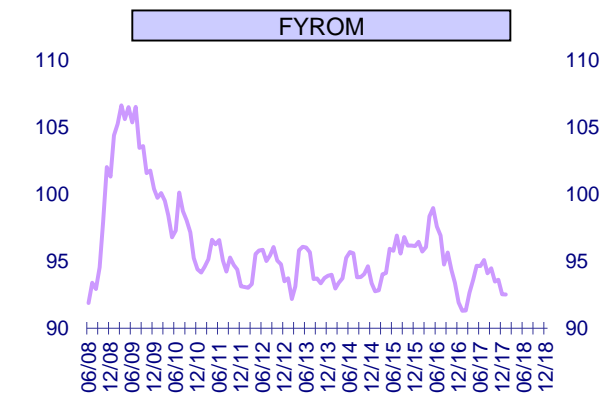
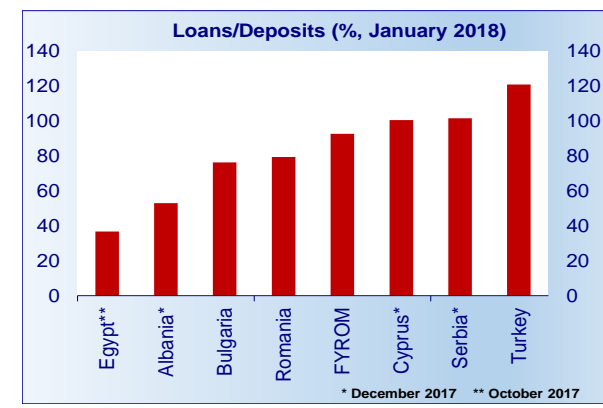
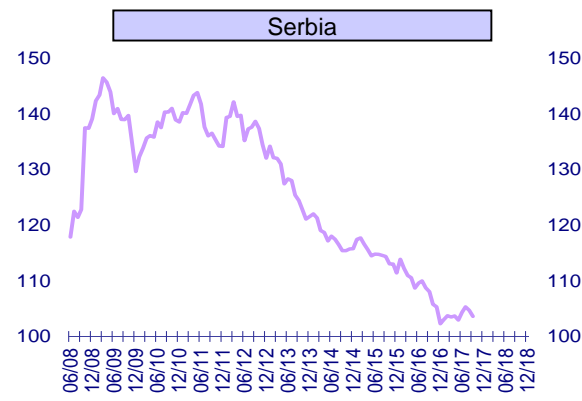
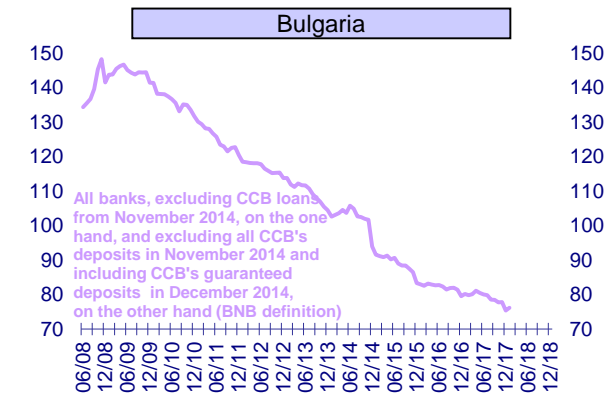
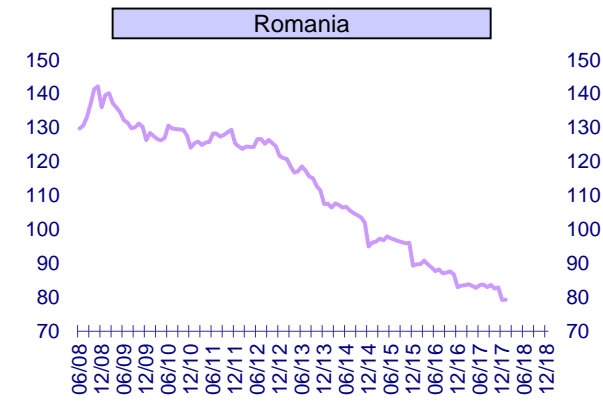
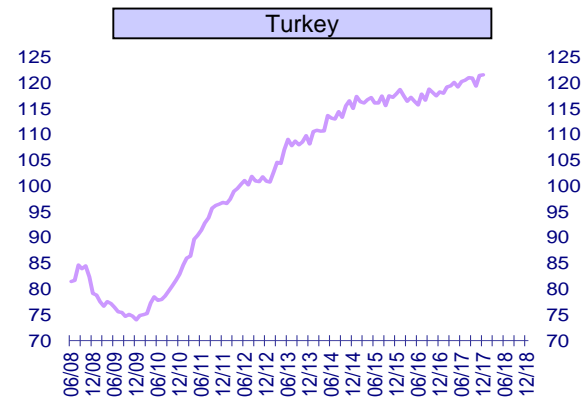
The upward trend in the deposit-to-GDP ratio has reversed in Albania (due to attractive domestic debt yields)



The proportion of FX deposits in total deposits is at similar levels to that for loans

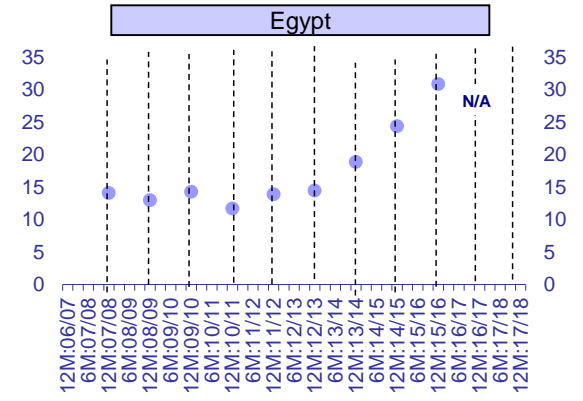
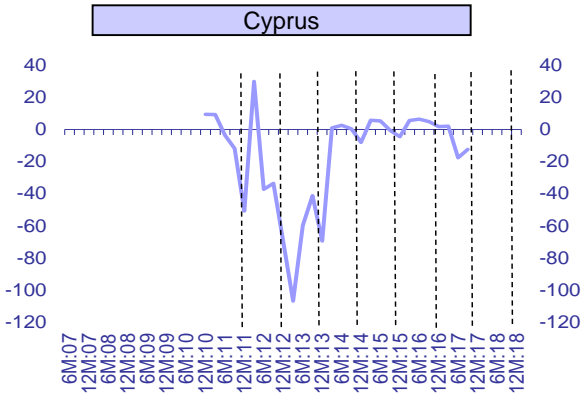
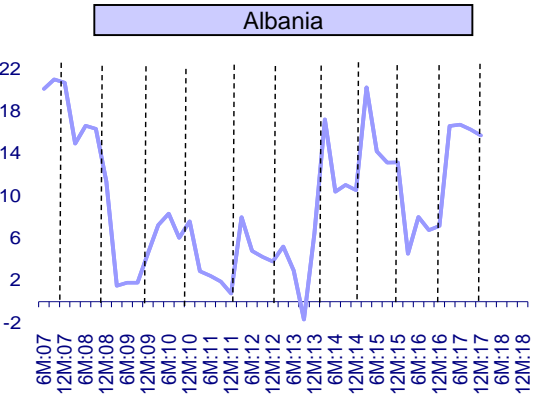
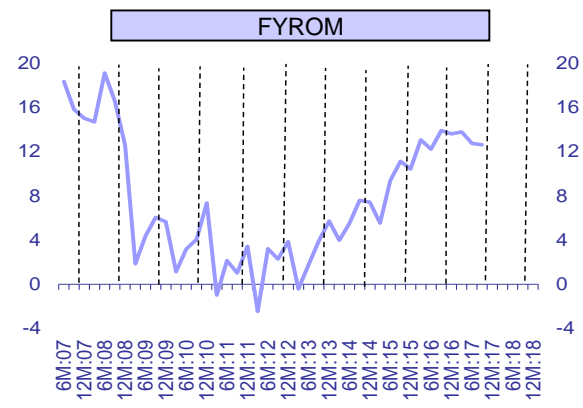
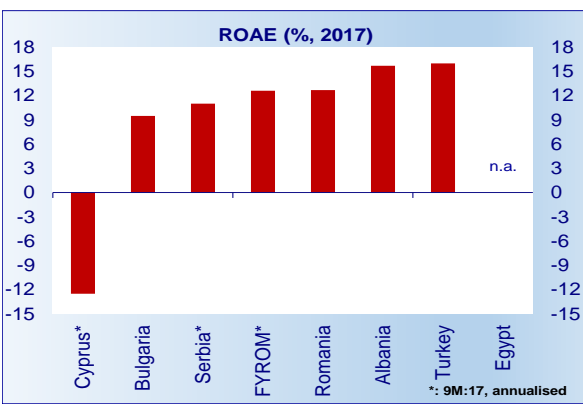
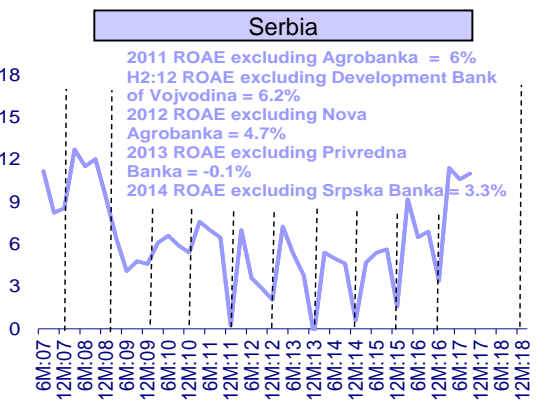
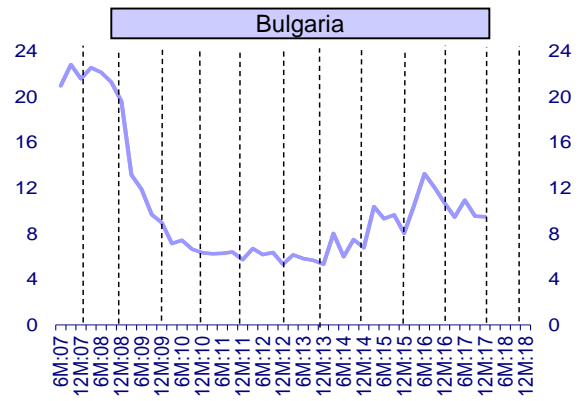
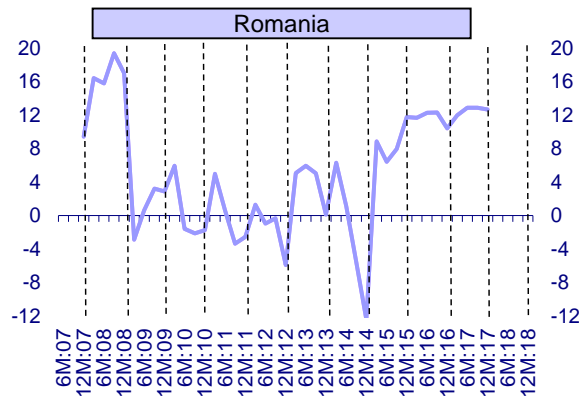
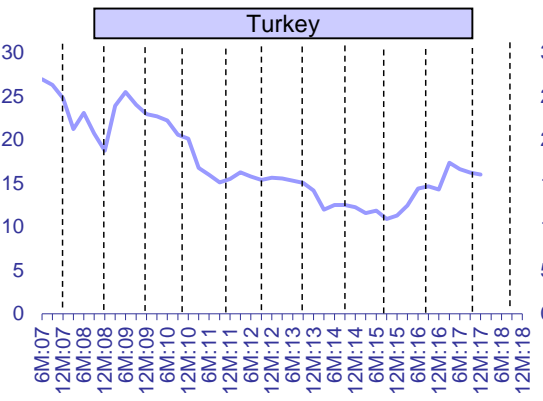


Liquidity pressures intensified only in Turkey in 2017

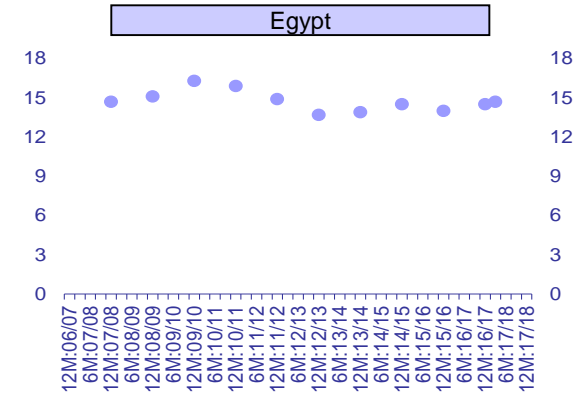
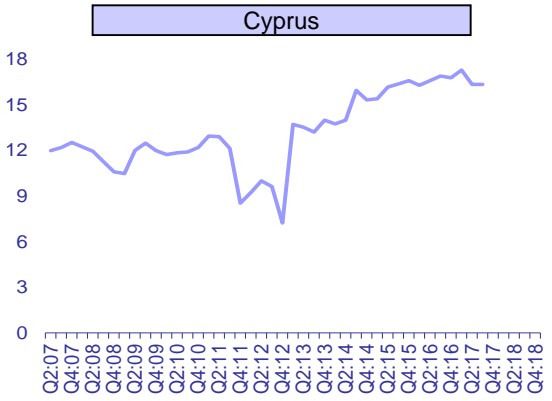
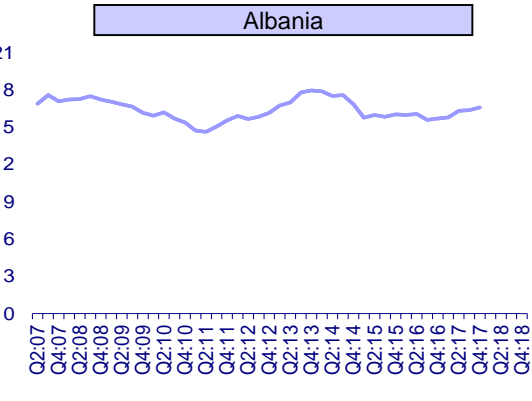
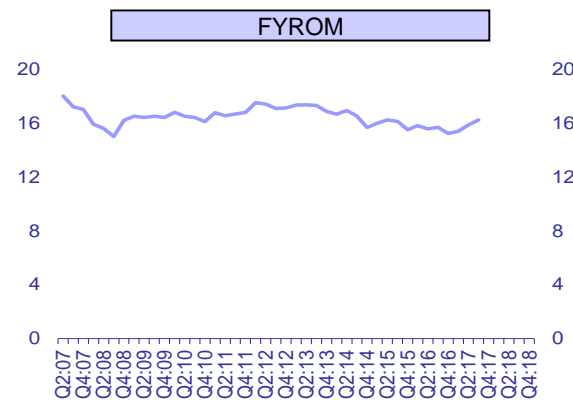
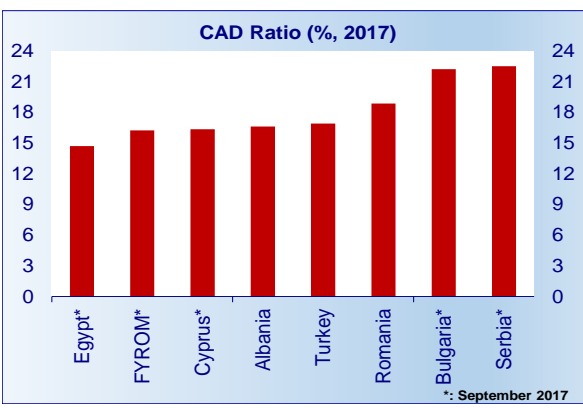
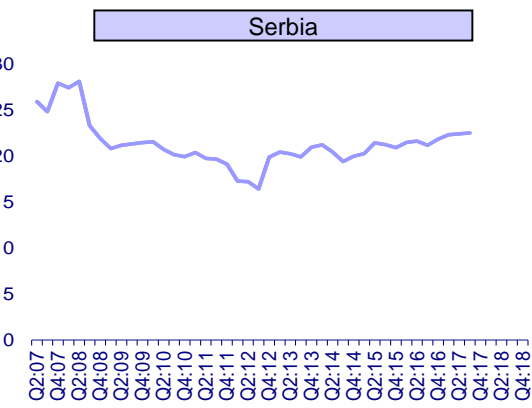
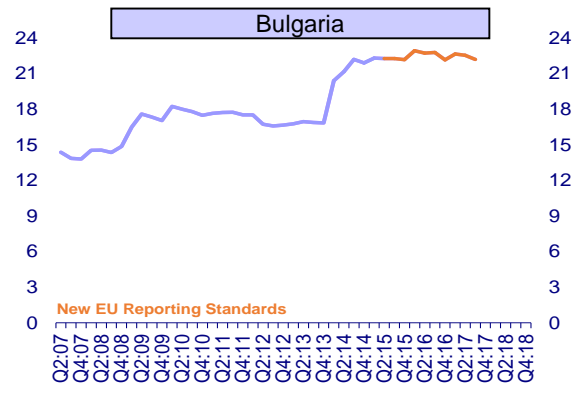
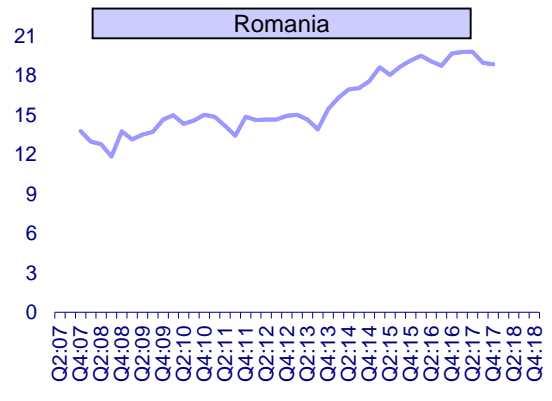
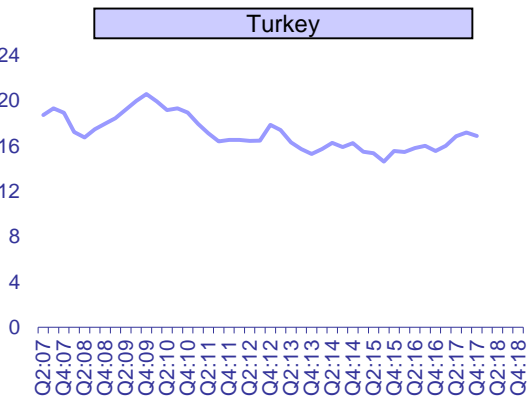


Return-to-average equity ratio (% , cumulative and annualised)

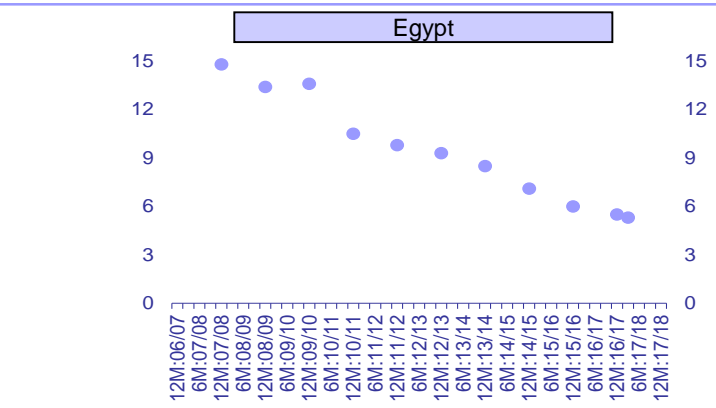
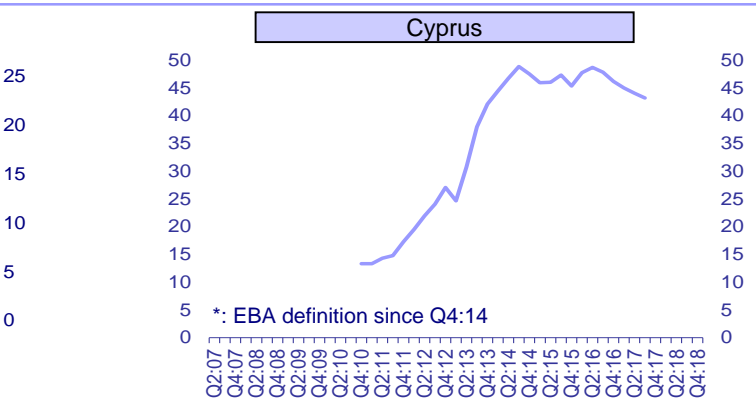
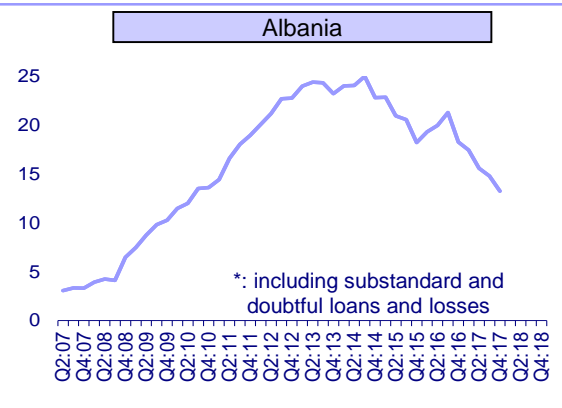
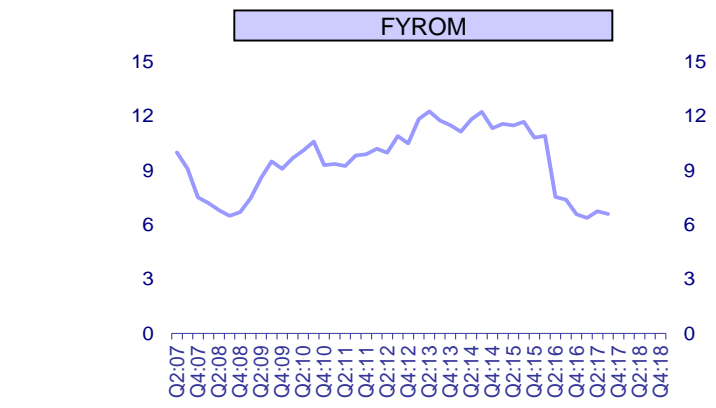
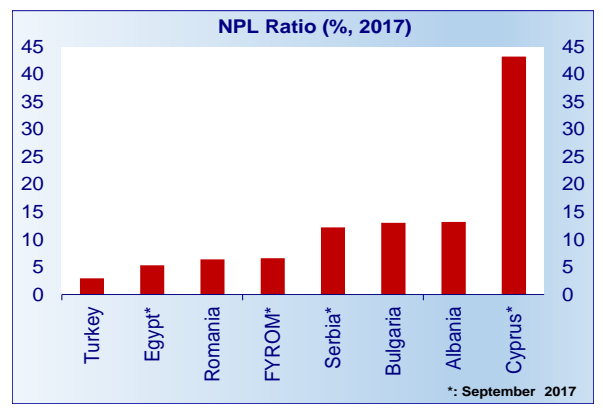
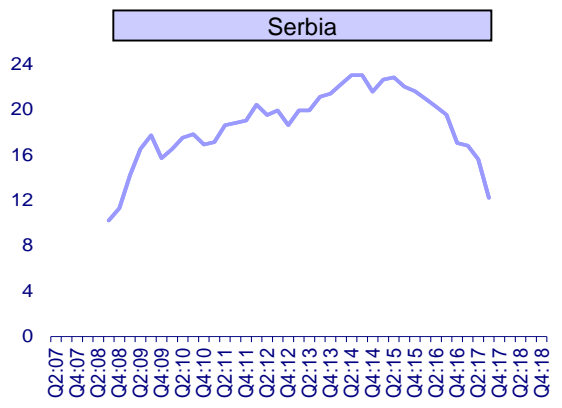
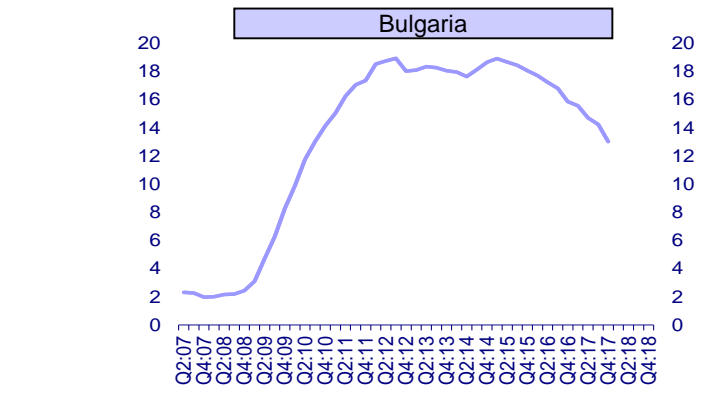
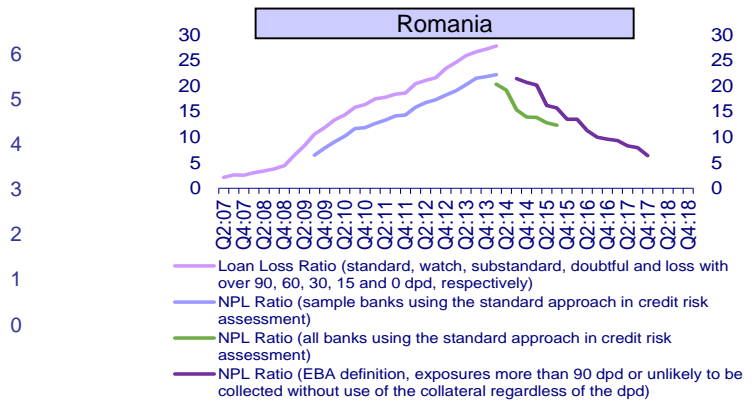
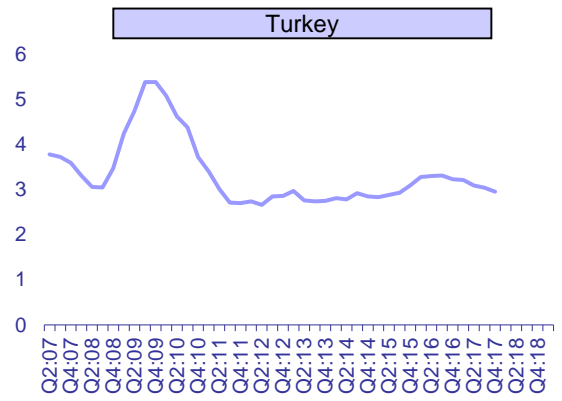
Double-digit return-to-average equity ratio in 2017 in almost all the countries under review



Capital base remained sound in 2017 in all the banking sectors under review



NPL ratios are on a downward trend, supported by large write-offs and sales of bad loans to non-financial companies



A strong foreign presence in Albania, Romania, Bulgaria, Serbia and FYROM

| Foreign Ownership (% of Total Assets, 2017) | | | | | | | |
|---|---------|----------|---------------------|--------------------|----------------------|---------------------|--------------------|
| Turkey ^a | Romania | Bulgaria | Serbia ^a | FYROM ^b | Albania ^b | Cyprus ^c | Egypt ^d |
| 25.7 | 77.0 | 76.6 | 75.8 | 69.9 | 82.6 | 21.0 | 55.0 |

^a: 30.09.2017

^b: 31.12.2016

^c: 30.06.2016

^d: 31.12.2015