

Economic Analysis Division

Emerging Markets Research

Quarterly Chartbook



Q3:2017

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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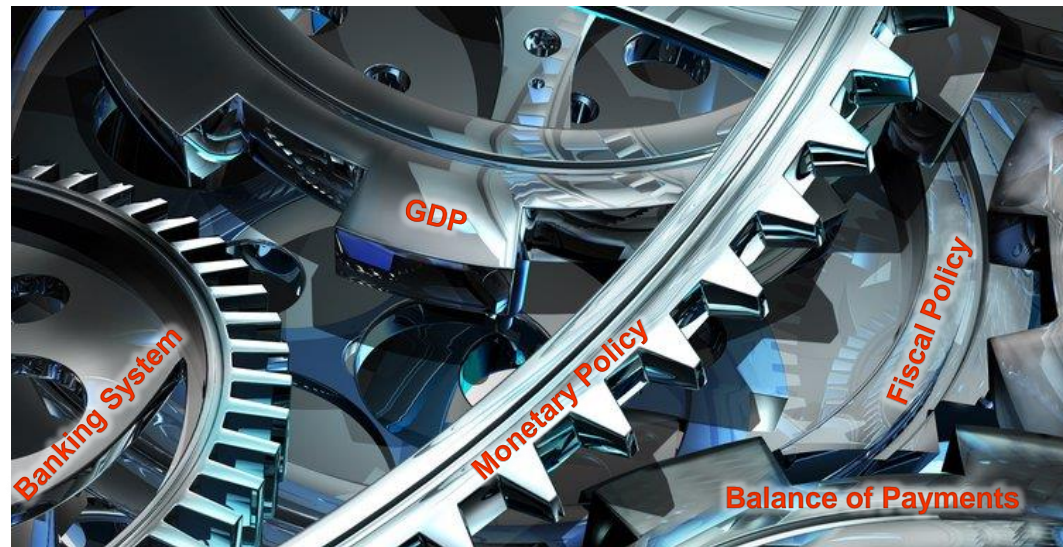
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Republic of Turkey




Population (2016 estimate, mn): 79.8
 GDP (2016, EUR, bn): 775.2
 GDP per Capita (2016, EUR): 9,712
 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 (2016, estimate, mn): 20.0
 GDP (2016, EUR, bn): 169.7
 GDP per Capita (2016, EUR): 8,497
 Government type: Semi Presidential Republic
 Chief of state: Klaus Werner IOHANNIS
 Head of Government: Sorin Mihai TUDOSE
 Minister of Finance: Ionut MISA
 Central Bank Governor: Mugur ISARESCU




Republic of Bulgaria




Population (2016, estimate, mn): 7.1
 GDP (2016, EUR, bn): 47.4
 GDP per Capita (2016, EUR): 6,667
 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 (2016, estimate, mn): 7.1
 GDP (2016, EUR, bn): 34.1
 GDP per Capita (2016, EUR): 4,832
 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 (2016, estimate, mn): 2.1
 GDP (2016, EUR, bn): 9.9
 GDP per Capita (2016, EUR): 4,772
 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 (2016, estimate, mn): 2.9
 GDP (2016, EUR, bn): 10.7
 GDP per Capita (2016, EUR): 3,722
 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 (2016, estimate, mn): 0.85
 GDP (2016, EUR, bn): 17.9
 GDP per Capita (2016, EUR): 21,110
 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 (2016, estimate, mn): 91.2
 GDP (2016, EUR, bn): 265.6
 GDP per Capita (2016, EUR): 2,916
 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

In FYROM, local elections, initially scheduled for May, will take place on October 15th. The delay was due to the political crisis

Date of Next Elections								
	Turkey	Romania	Bulgaria	Serbia	FYROM	Albania	Cyprus	Egypt
Legislative	October 2019	December 2020	March 2021	April 2020	May 2020	June 2021	May 2021	Oct.- Dec. 2020
Presidential	August 2019	November 2019	November 2020	April 2022	April 2019	July 2022	February 2018	May 2018
Local	March 2019	June 2020	October 2019	April 2020	October 2017	June 2019	December 2021	Unknown *

*: Last local elections were held in April 2008

Under Serbia's ongoing 3-year EUR 1.2bn precautionary SBA, approved 2½-years ago, funds available amount to EUR 918.5mn (equivalent to 2.5% of the 2017 GDP). Albania's EUR 370.6mn Extended-Fund Facility was successfully concluded in February; however, in view of the country's large outstanding credit to the Fund (213% of quota), the IMF will remain engaged with Albania through a Post-Programme Monitoring

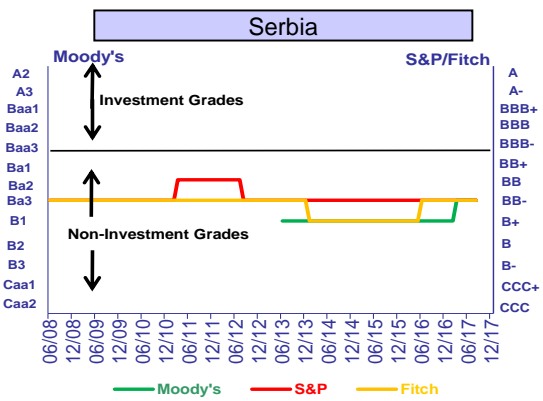
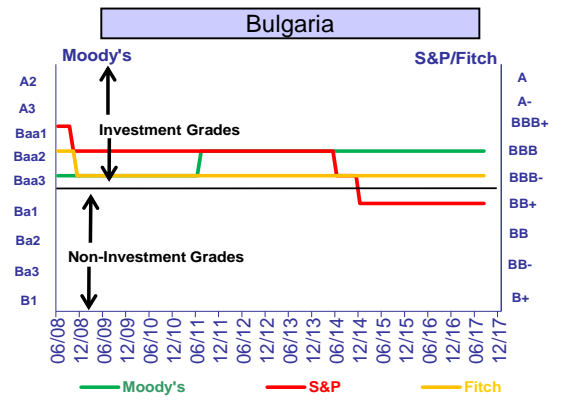
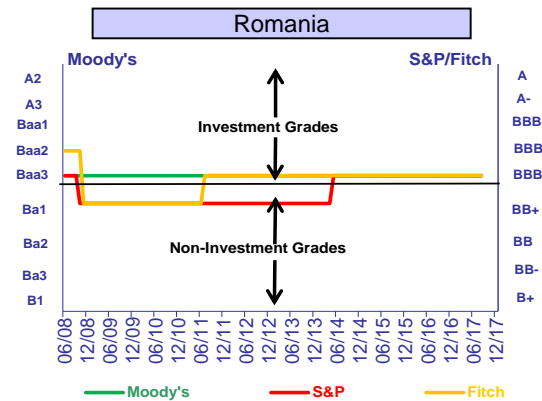
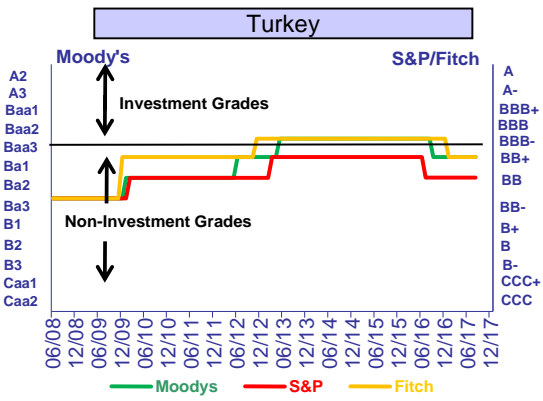
IMF & EU Financial Support (EUR bn)													
		Turkey	Romania			Bulgaria	Serbia			FYROM	Albania	Cyprus	Egypt
Period		---	2009-2011	2011-2013*	2013-2015*	---	2009-2011	2011-2013*	2015-2018*	2011-2013	2014-2017	2013-2016	2016-2019
Programme	IMF	---	13.0	3.6	2.0	---	2.9	1.1	1.2	0.5	0.4	1.0	12.0**
	EU	---	5.0	1.4	2.0	---	---	---	---	---	---	9.0	---
Drawn so far	IMF	---	12.1	---	---	---	1.5	---	---	0.2	0.4	0.9	4.0**
	EU	---	5.0	---	---	---	---	---	---	---	---	6.3	---
Repaid	IMF	---	12.1 since 2009			---	1.6 since 2009			0.2	---	---	---
	EU	---	1.5 since 2009			---	---			---	---	---	---
Next Repayments	IMF	---	---			---	---			---	Starting in 2019	Starting in 2019	Starting in 2021
	EU	---	EUR 1.15, 1.35, and 1.0bn, respectively, in 2017, 2018, and 2019			---	---			---	---	Starting in 2027	---

* Precautionary

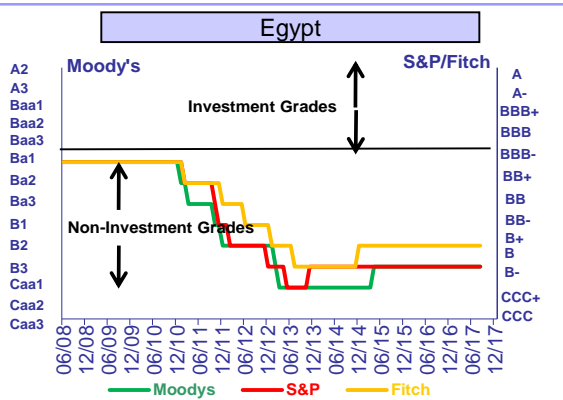
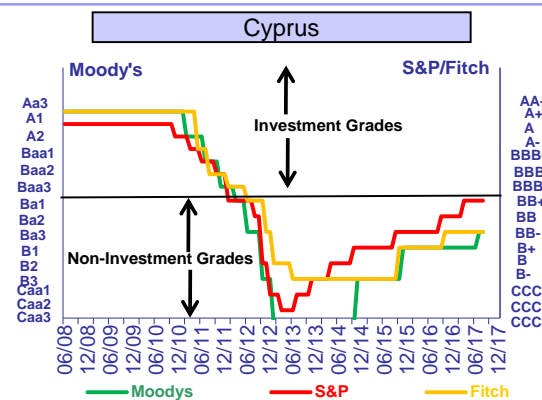
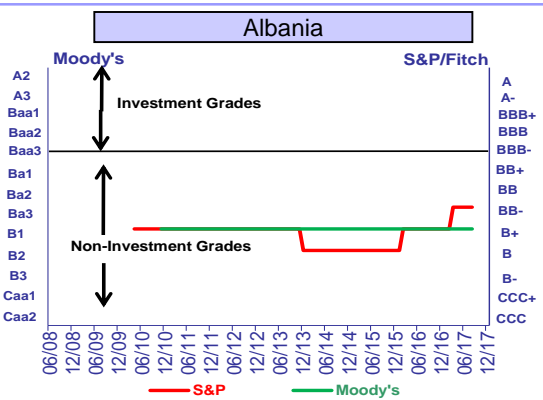
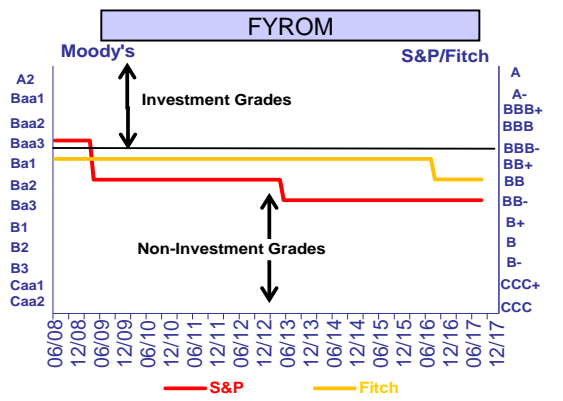
** bn USD

Foreign currency credit rating

In the first 8 months of this year: i) Cyprus was upgraded by one notch to BB+ by S&P and BB- by Moody's; ii) Serbia's rating was increased by one notch to BB- by Moody's; while iii) Turkey was downgraded by one notch by Fitch

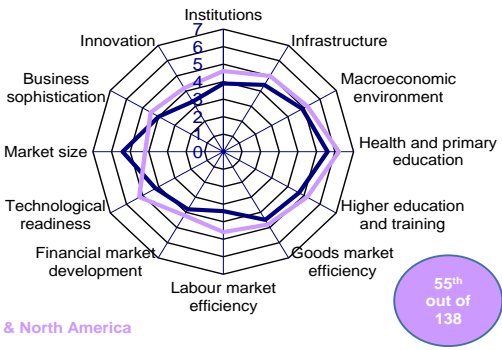


Long-Term Foreign Debt Currency Ratings, Sept. 2017			
	S&P	Moody's	Fitch
Investment Grades	A+		
	A		
	A-		
	BBB+		
	BBB		Bulgaria
	BBB-	Romania	Romania
Non-Investment Grades	BB+	Bulgaria, Cyprus	Turkey
	BB	Turkey	FYROM
	BB-	FYROM, Serbia	Serbia, Cyprus
	B+	Albania	Albania
	B		Egypt
	CCC+	Egypt	Egypt

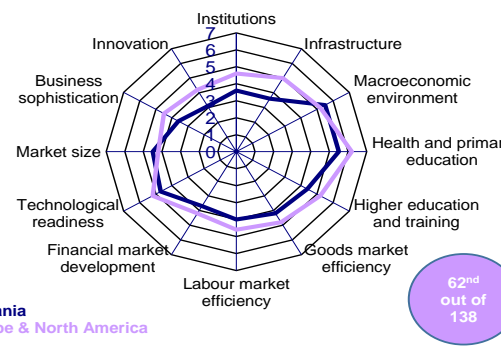


According to the latest WEF's GCI, Bulgaria is the most competitive among the countries under review

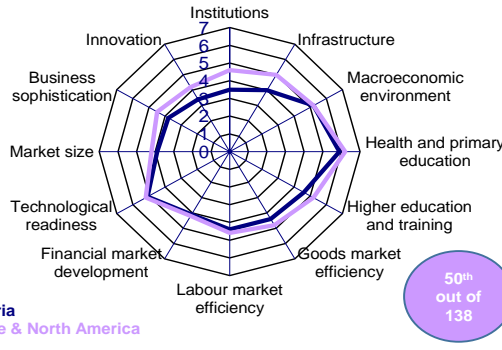
Turkey



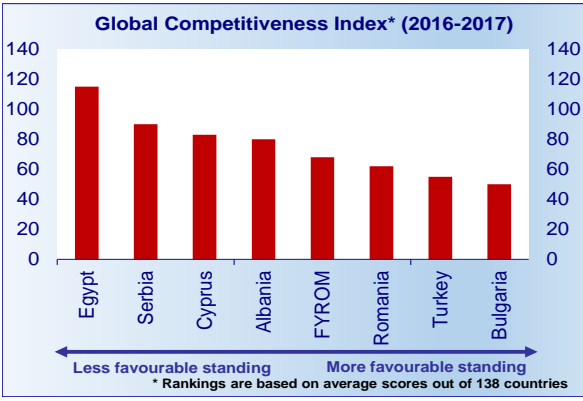
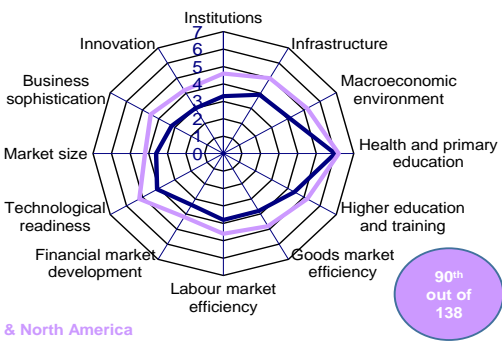
Romania



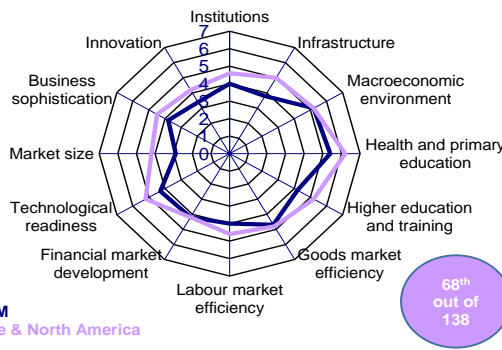
Bulgaria



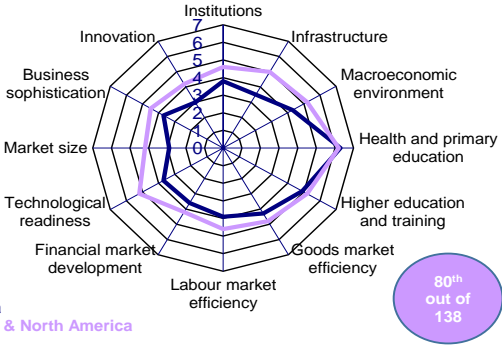
Serbia



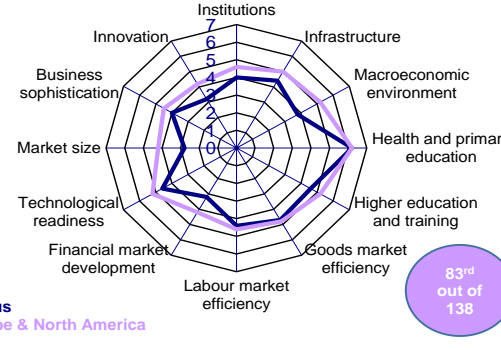
FYROM



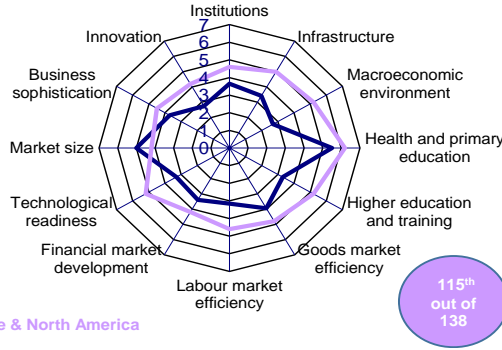
Albania



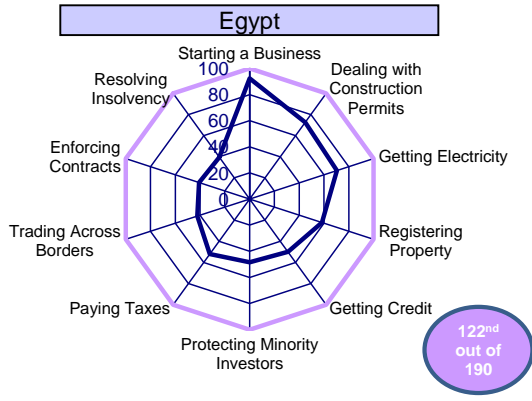
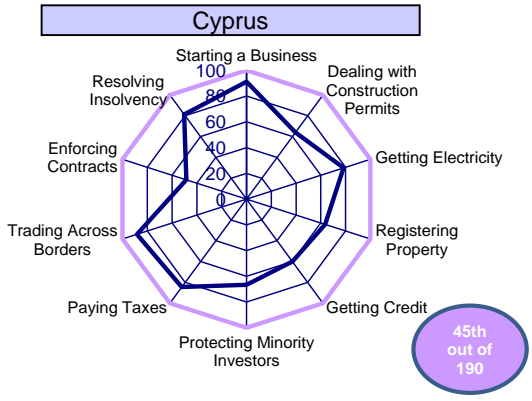
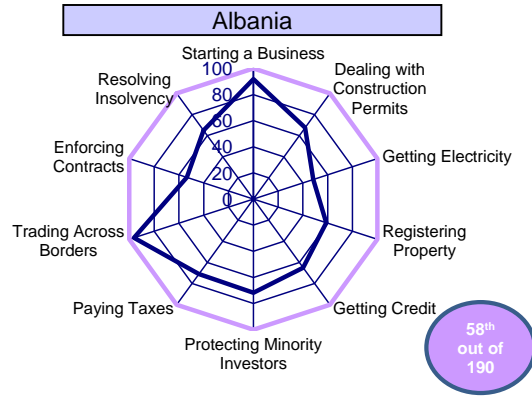
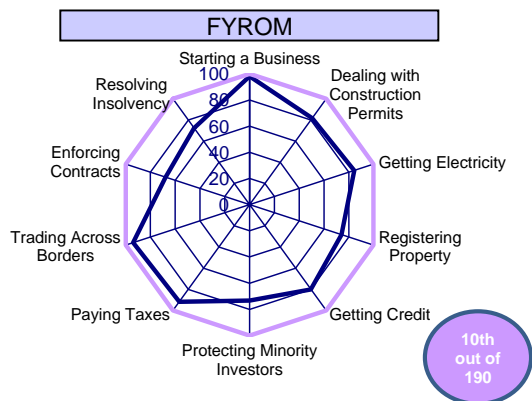
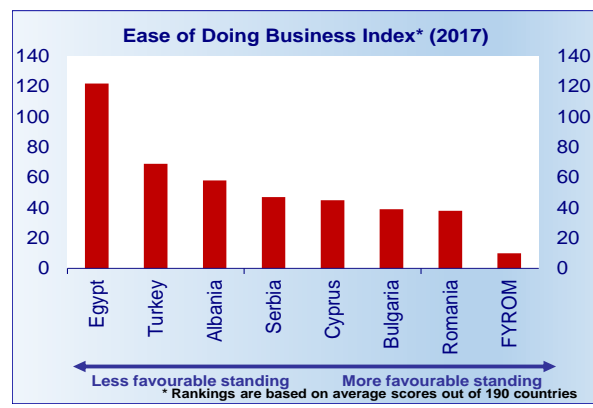
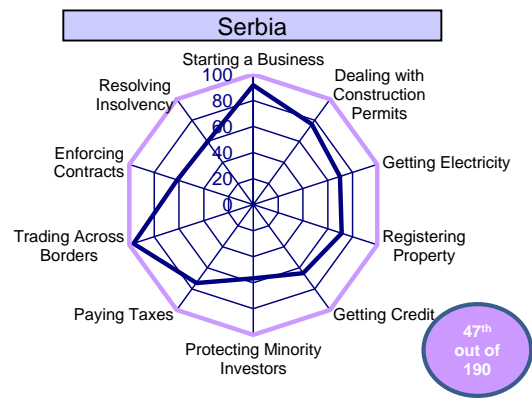
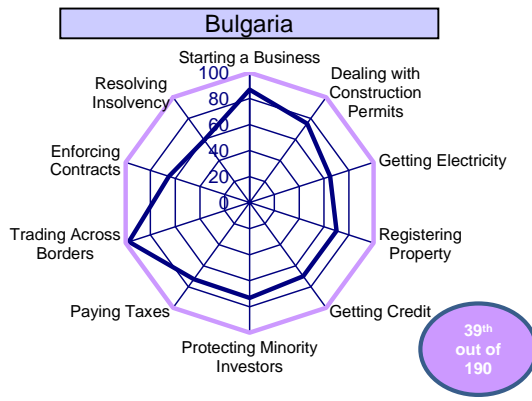
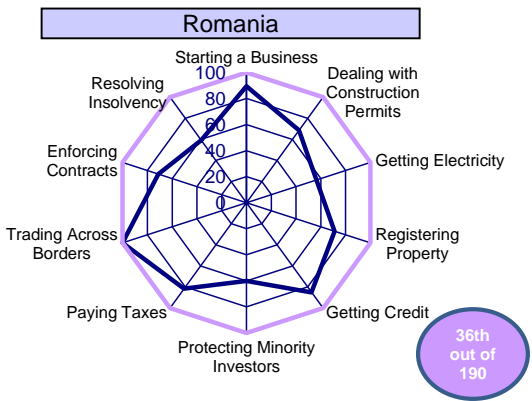
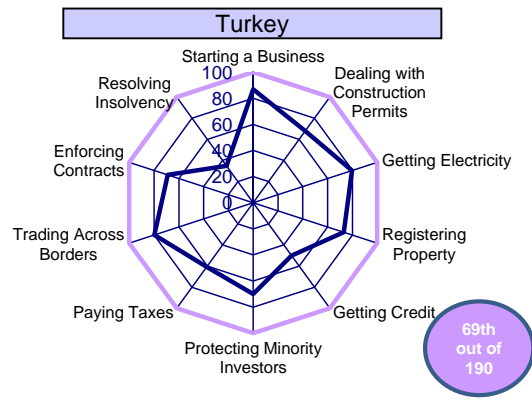
Cyprus



Egypt

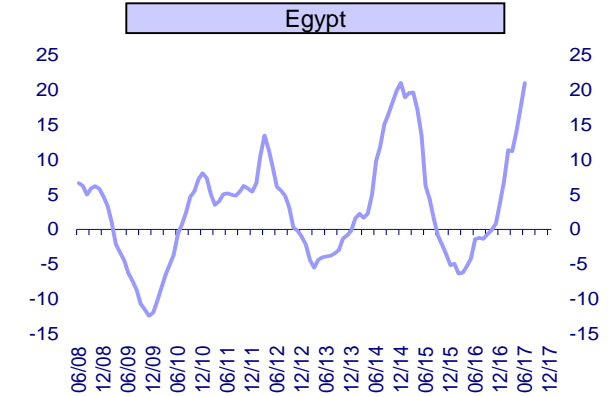
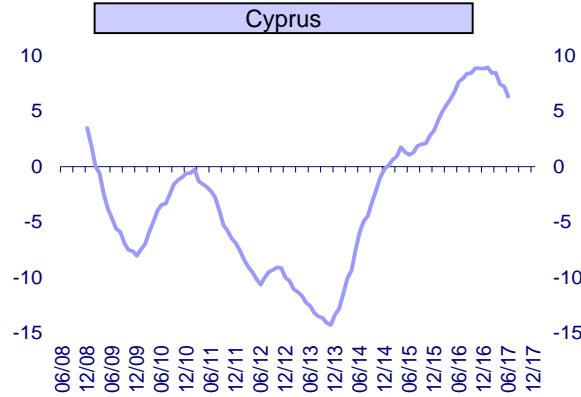
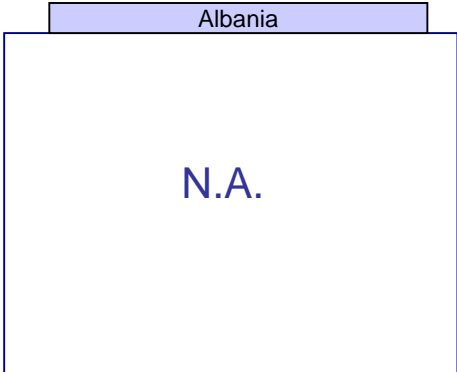
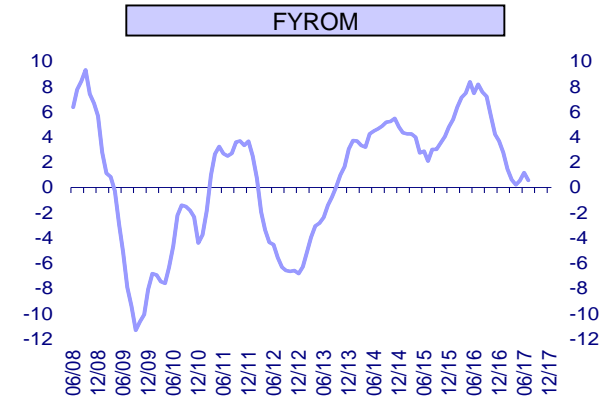
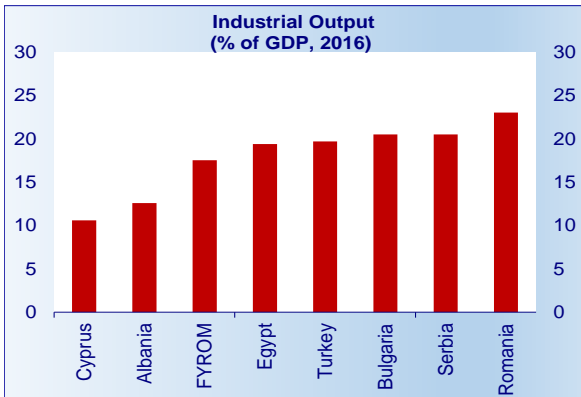
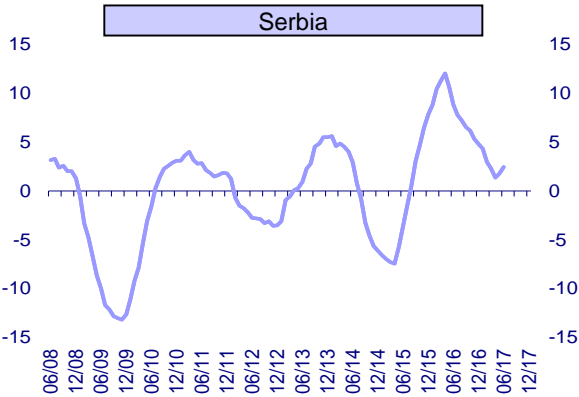
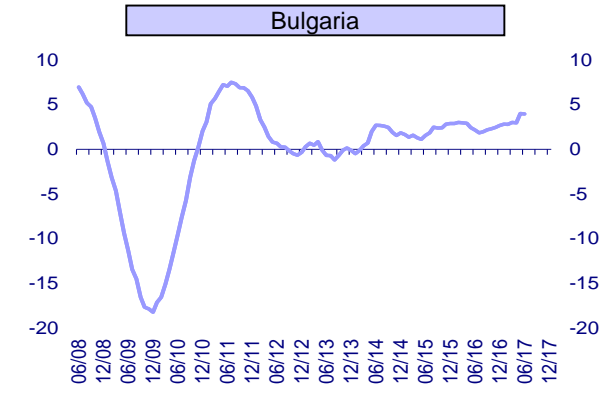
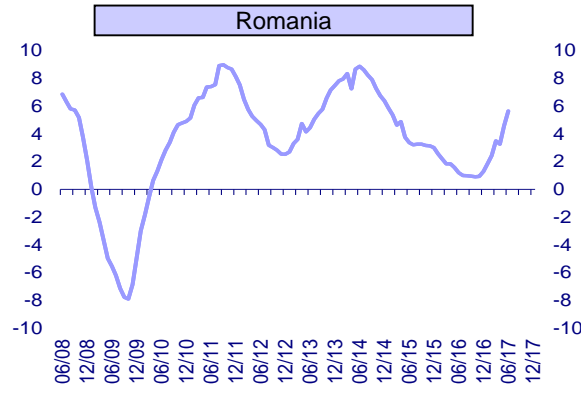
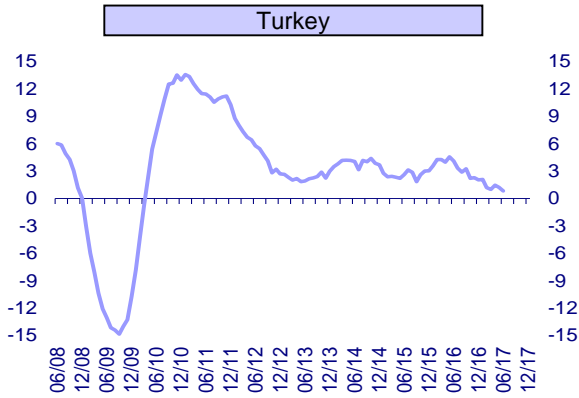


The latest WB's EDBI shows that FYROM has the most favourable standing among the countries under review



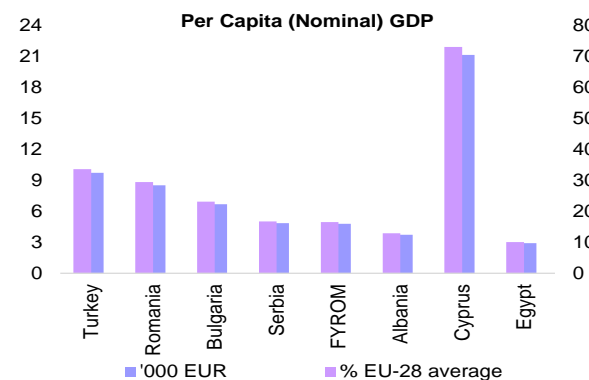
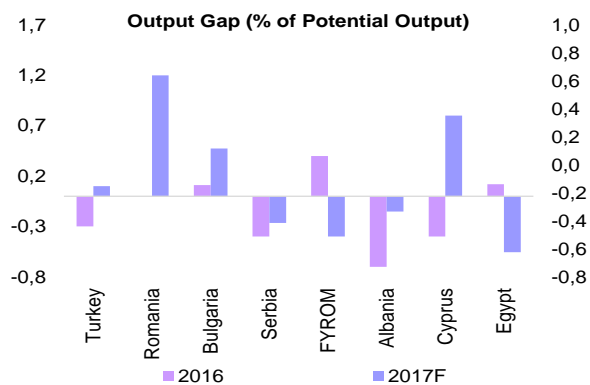
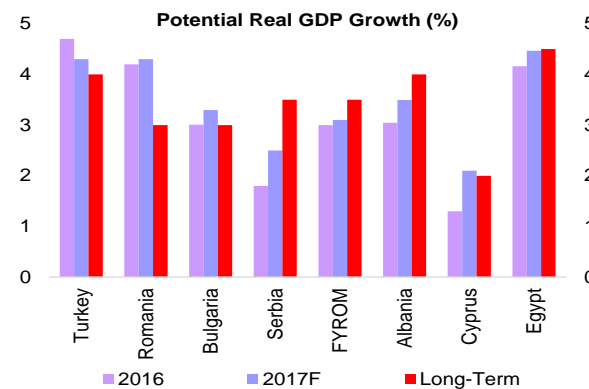
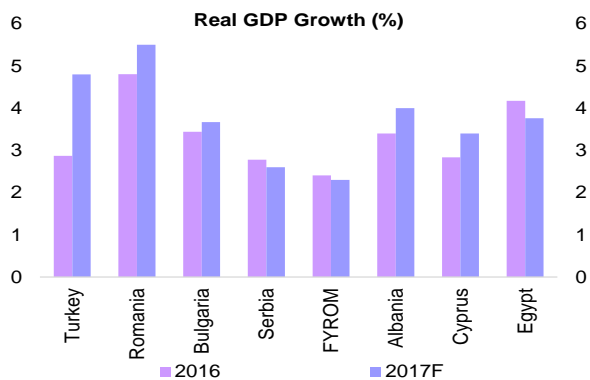
Industrial production (12-month rolling, y-o-y % change)

The contribution of industrial output to gross value added growth has improved markedly in Romania and Egypt, since the beginning of the year

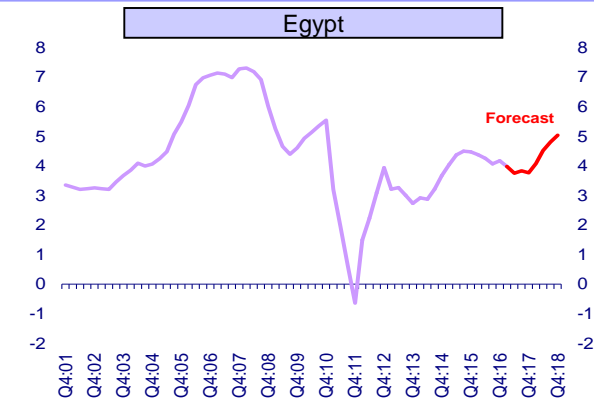
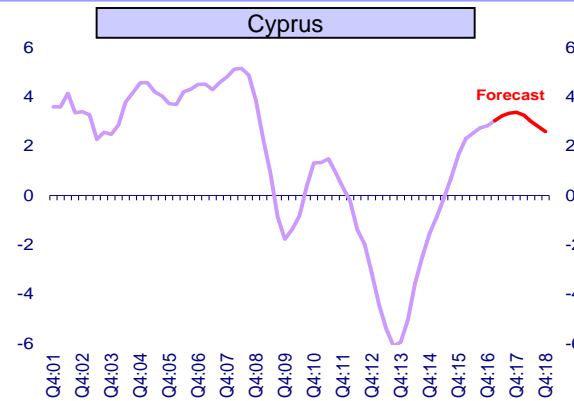
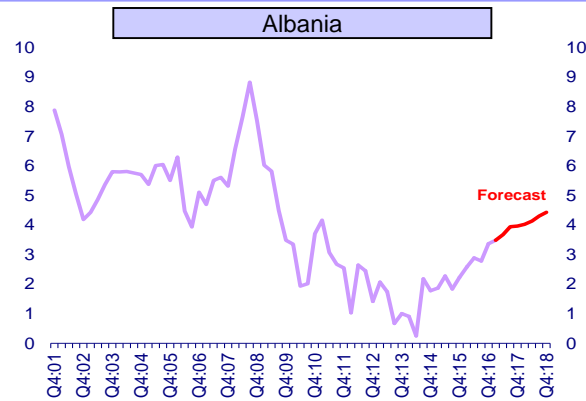
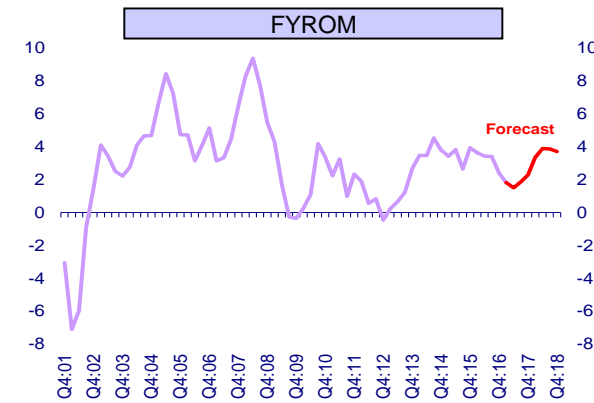
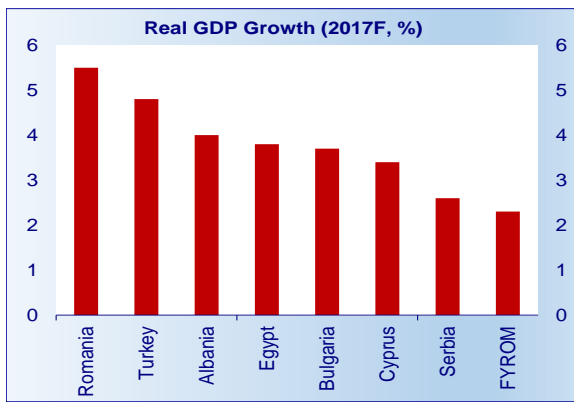
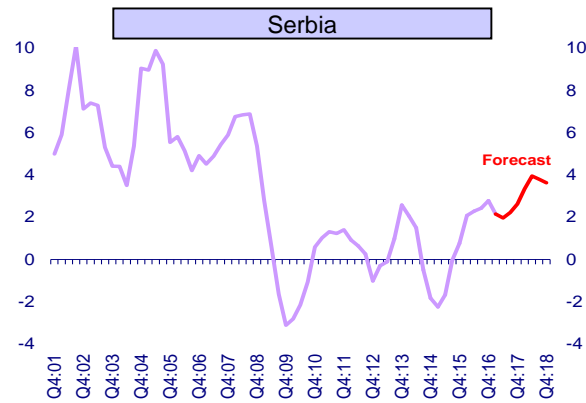
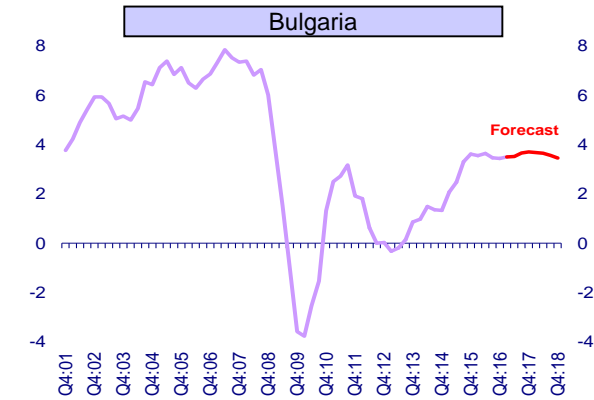
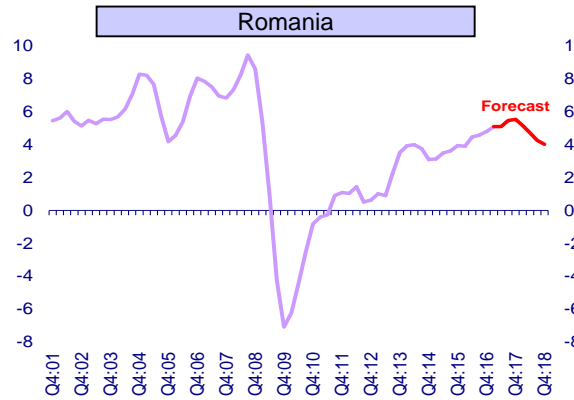
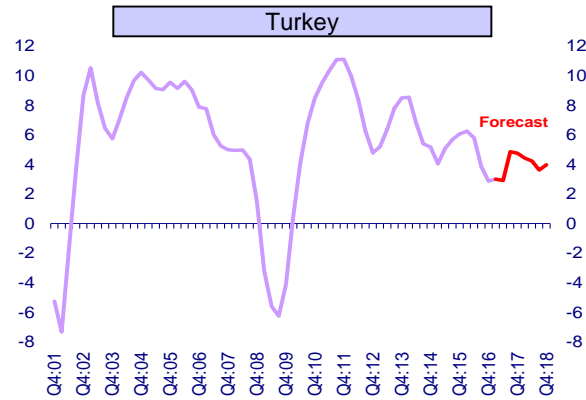


All the economies under review are set to post solid growth this year

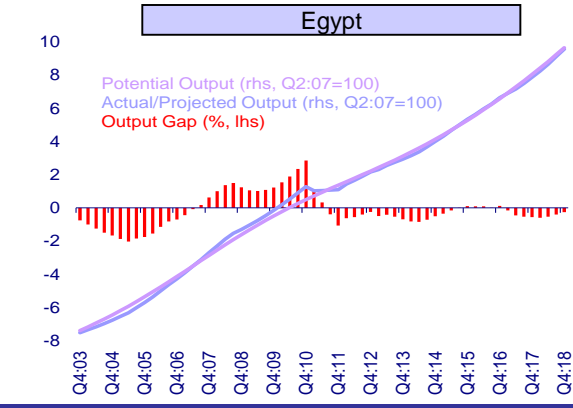
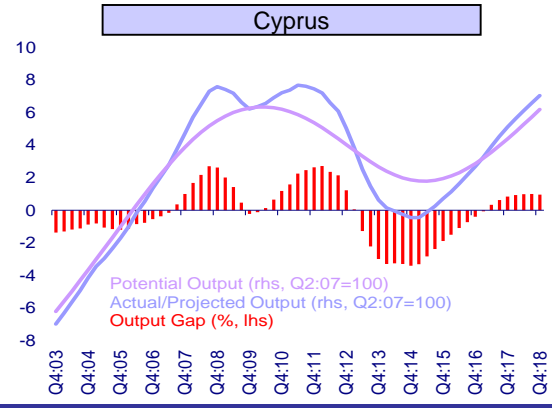
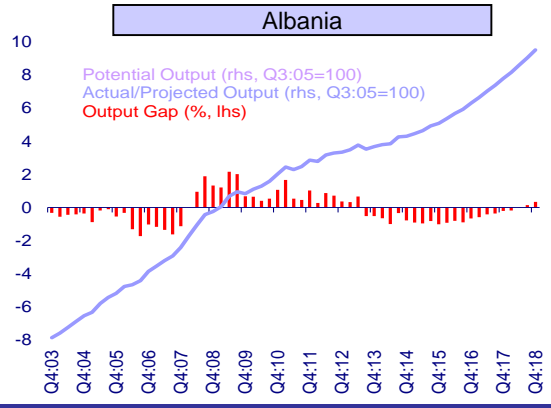
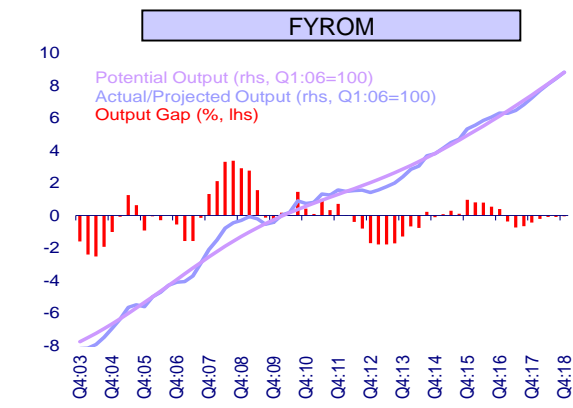
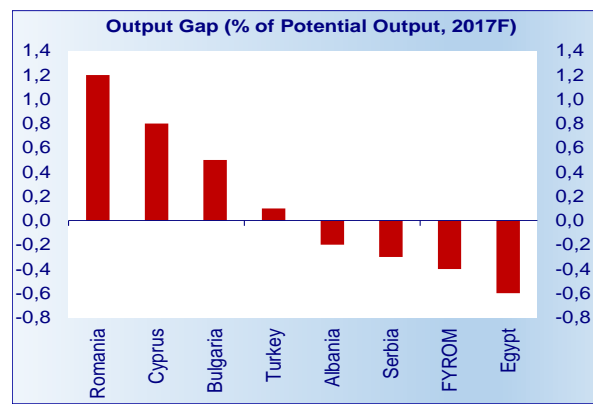
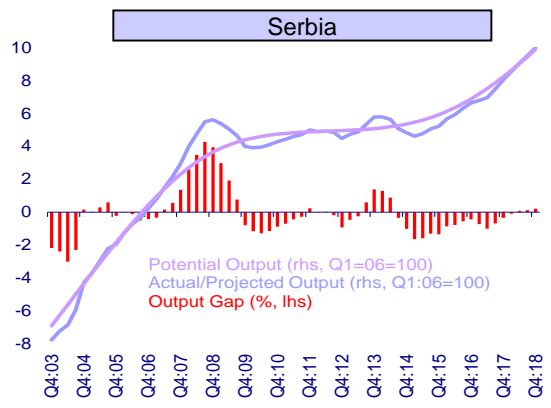
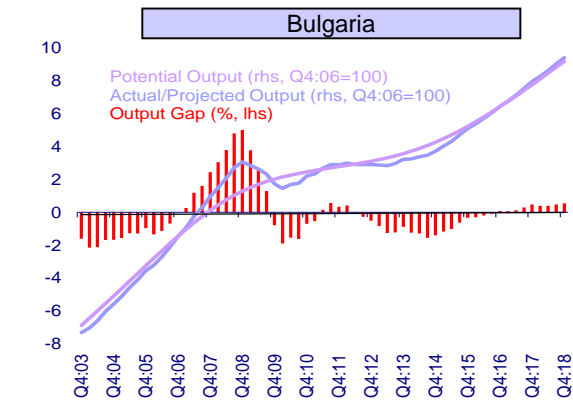
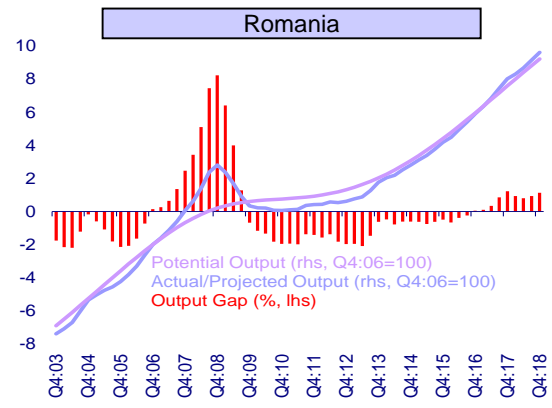
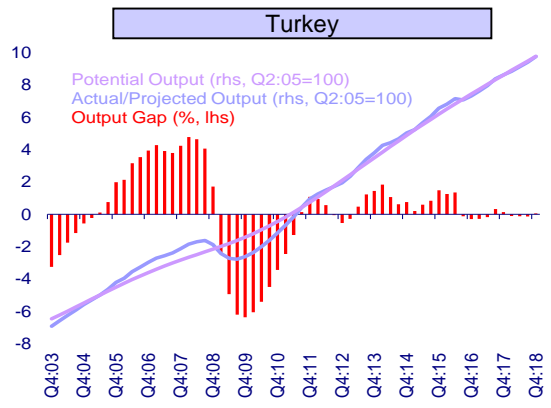
Large output gaps in Romania, Cyprus and Bulgaria point to an overheating of the economy and increasing inflationary pressures



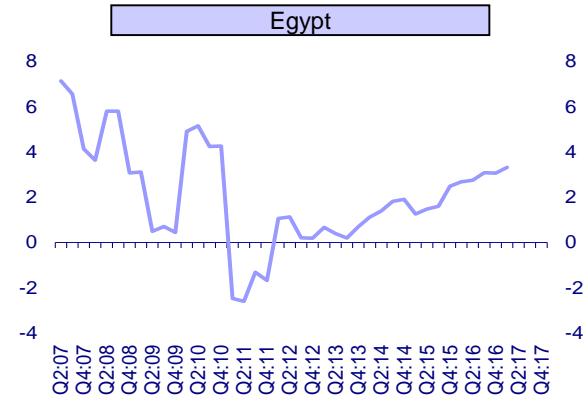
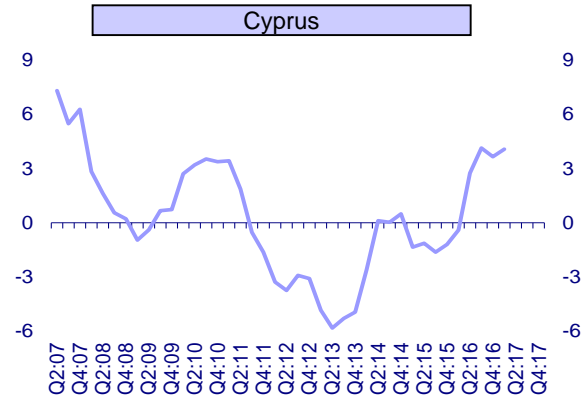
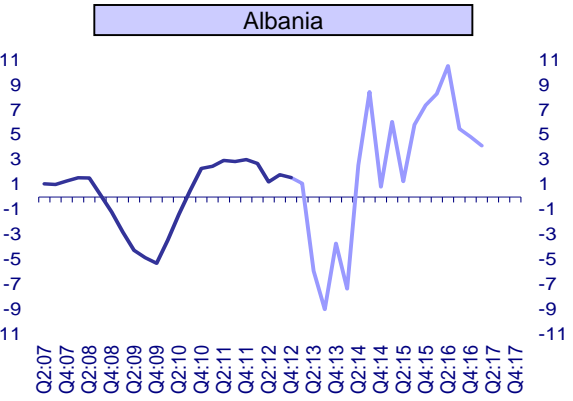
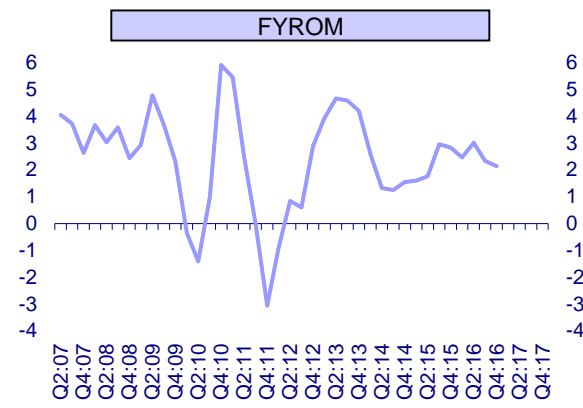
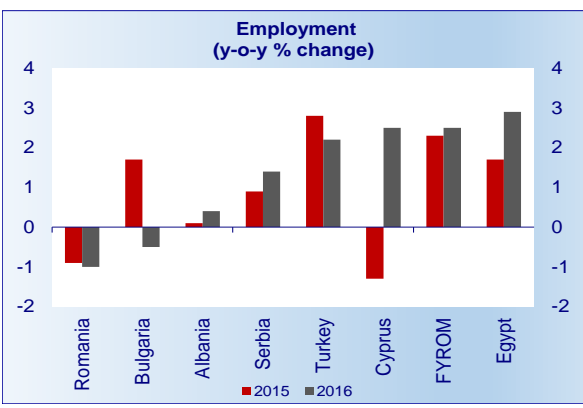
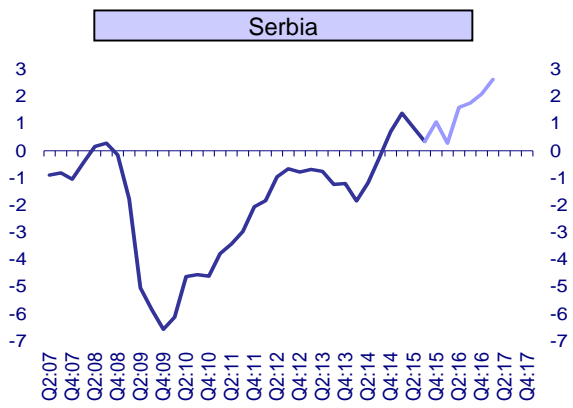
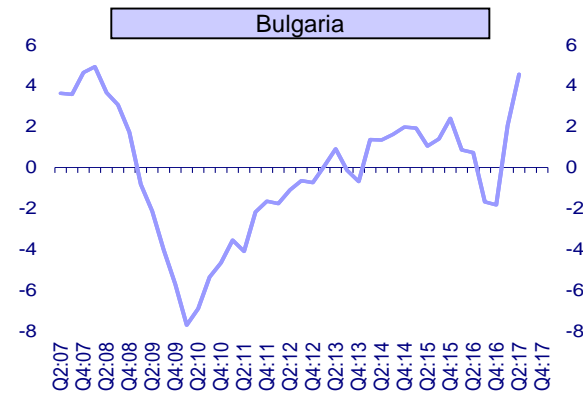
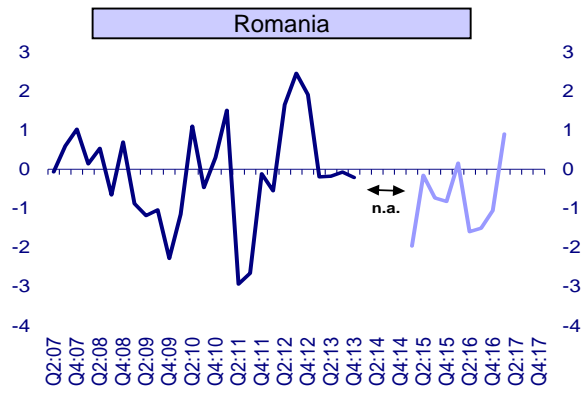
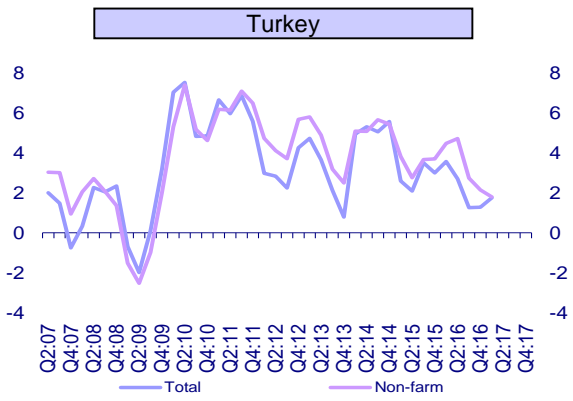
Real GDP growth is expected to range between 2.3% and 5.5% in the economies under review this year



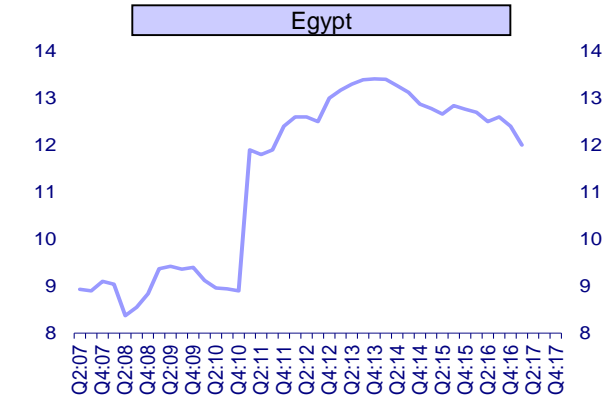
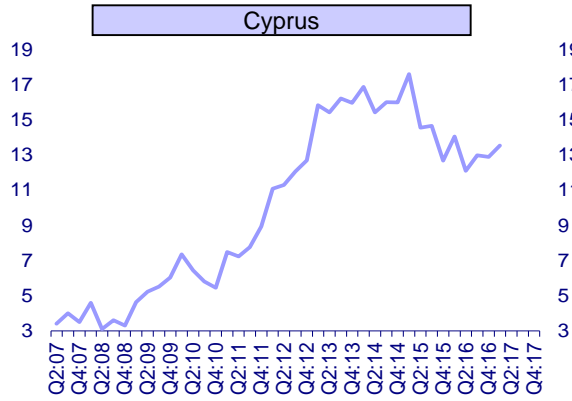
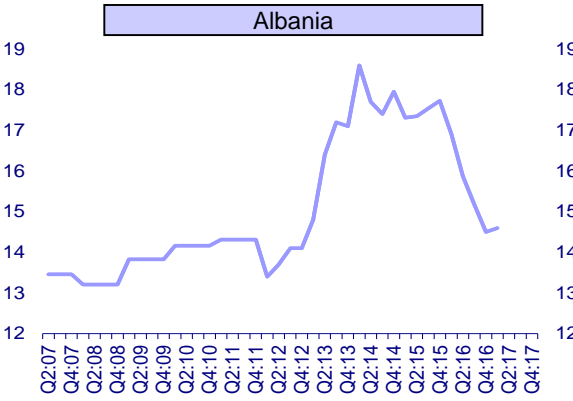
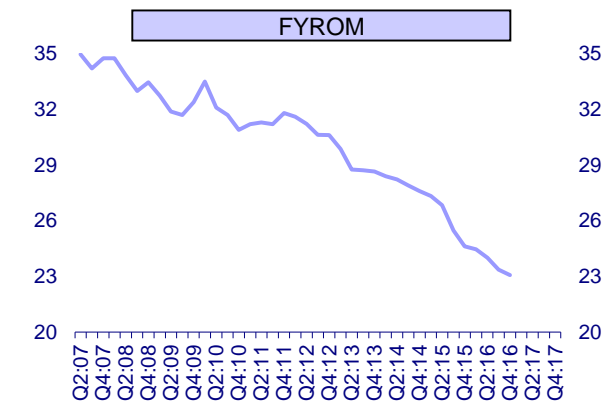
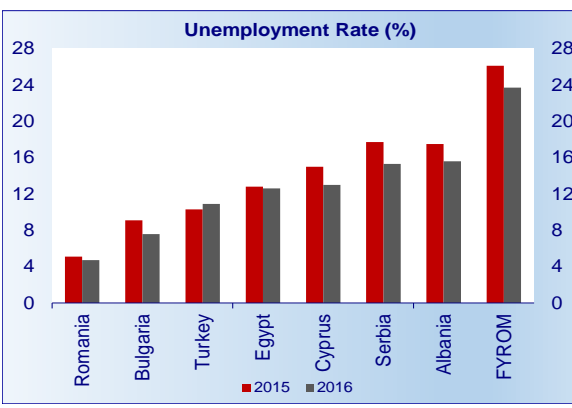
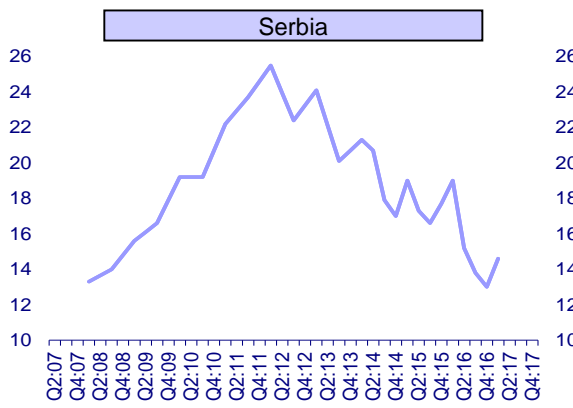
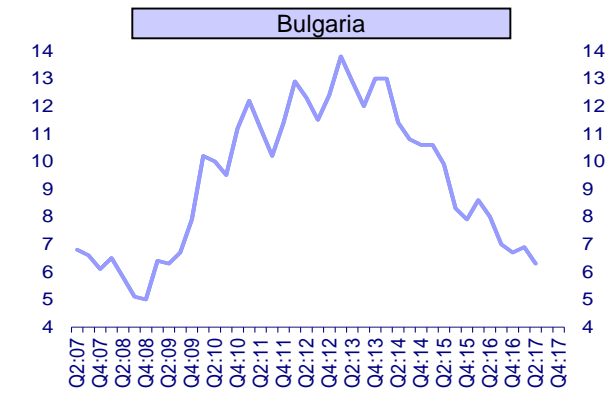
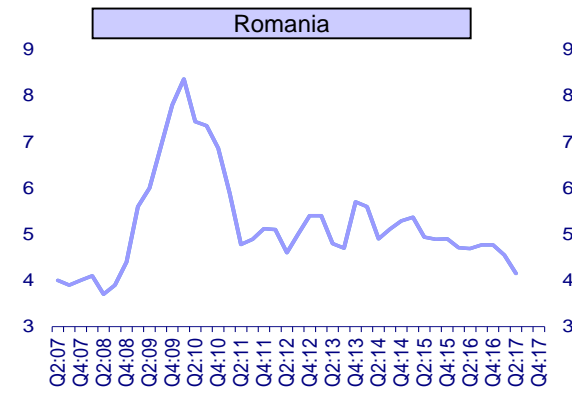
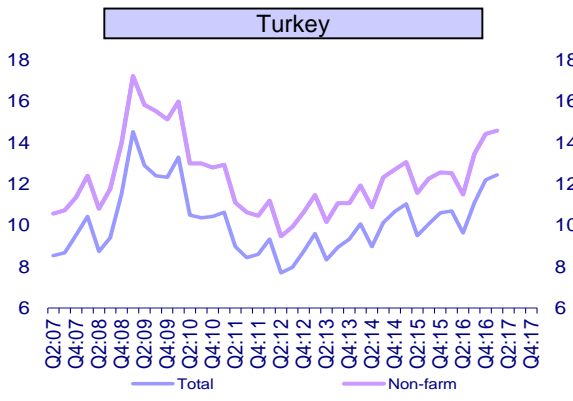
The output gap should remain negative in Egypt, FYROM, Serbia and Albania this year



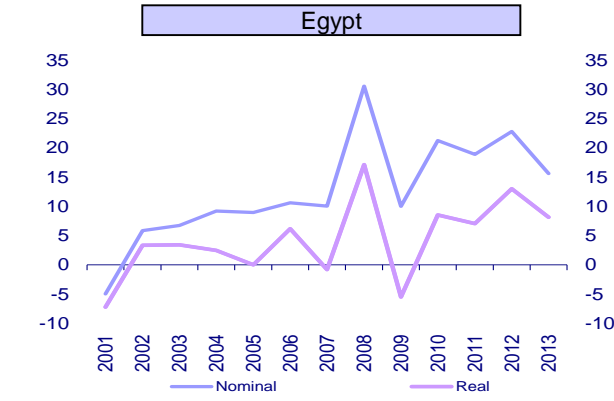
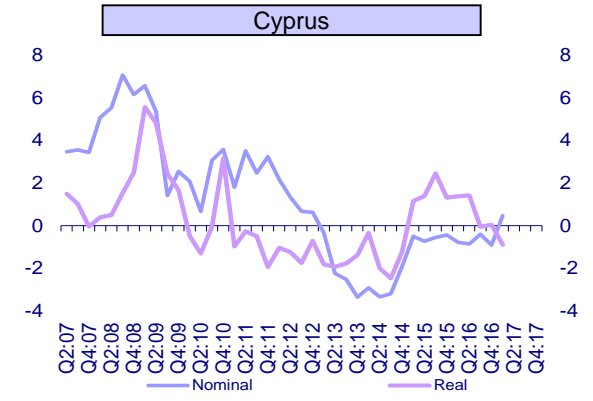
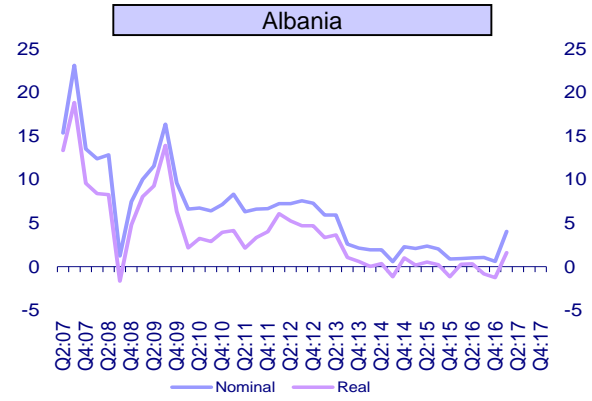
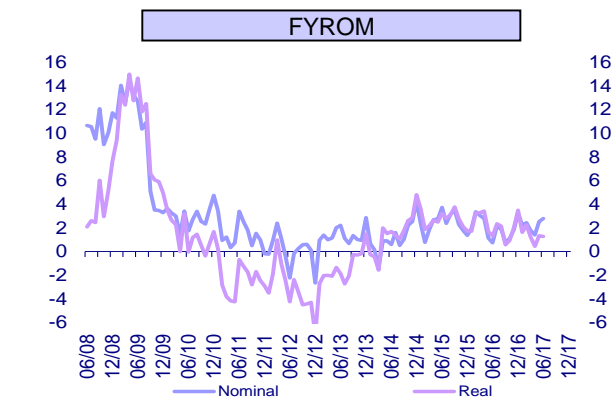
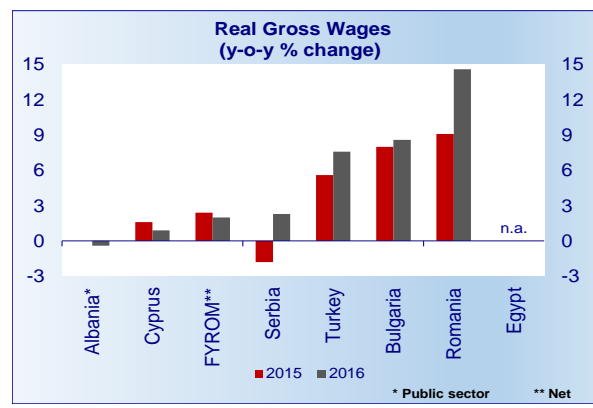
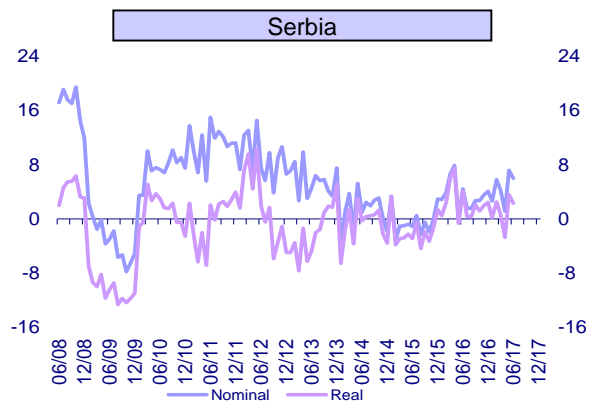
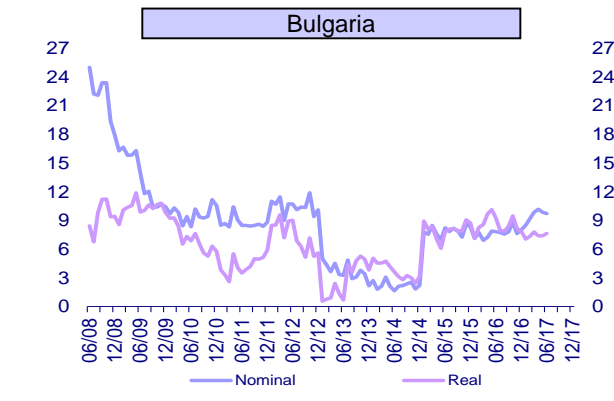
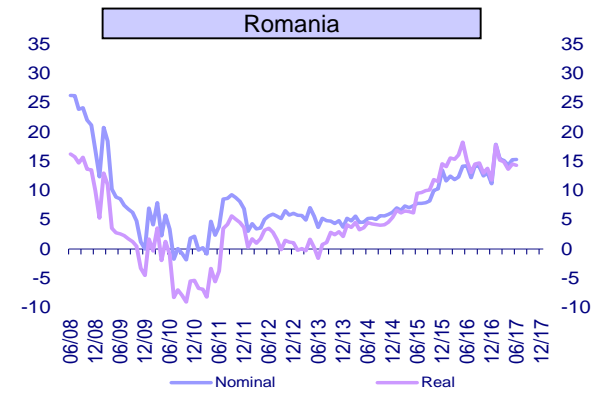
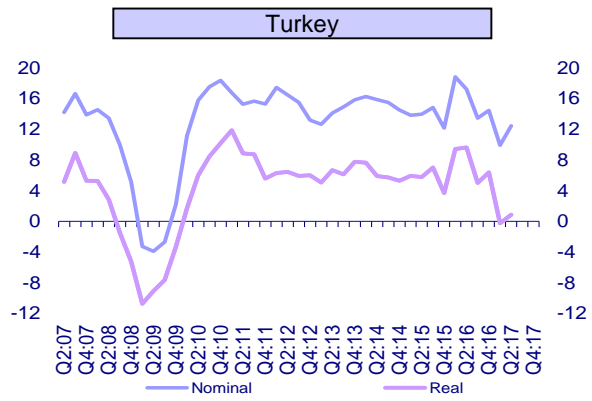
Employment to be supported by buoyant economic activity this year



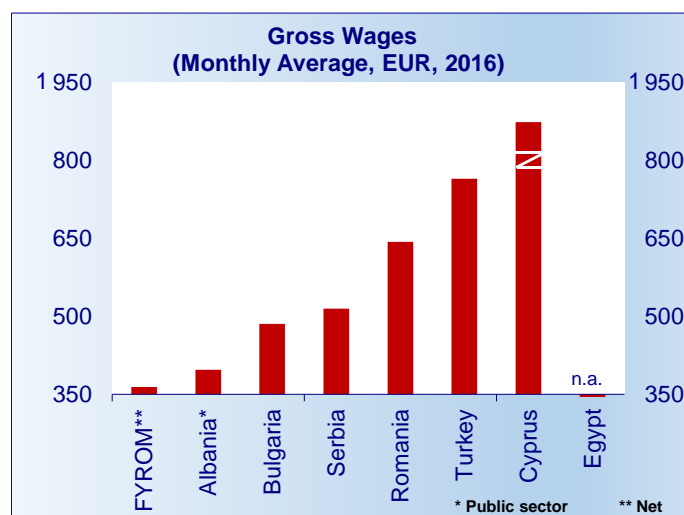
The unemployment rate is expected to decline this year in all the countries under review, except Turkey



Real wages continue to post strong growth in Romania and Bulgaria (7% - 15%), boosting private consumption

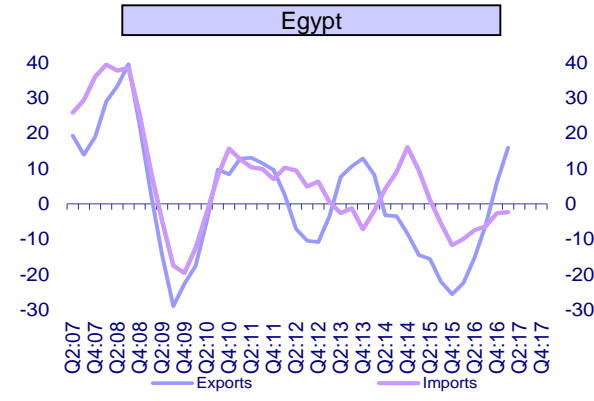
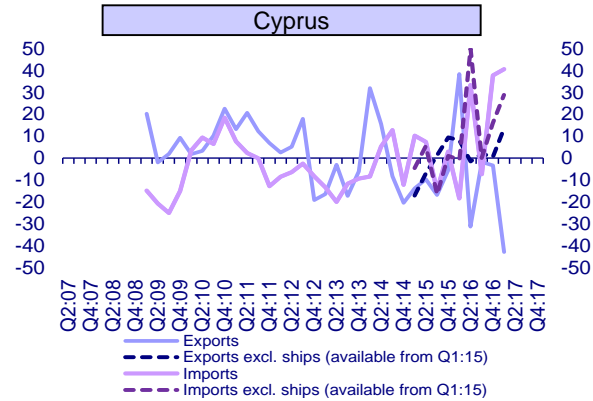
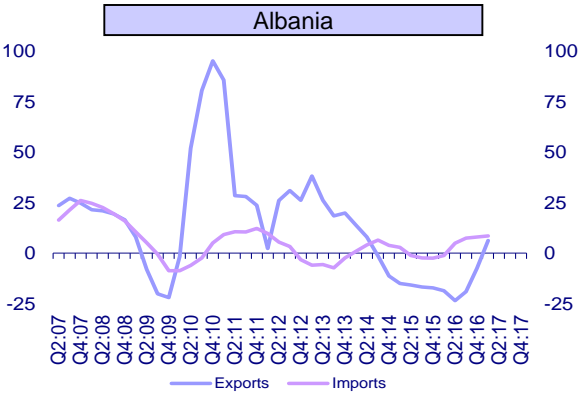
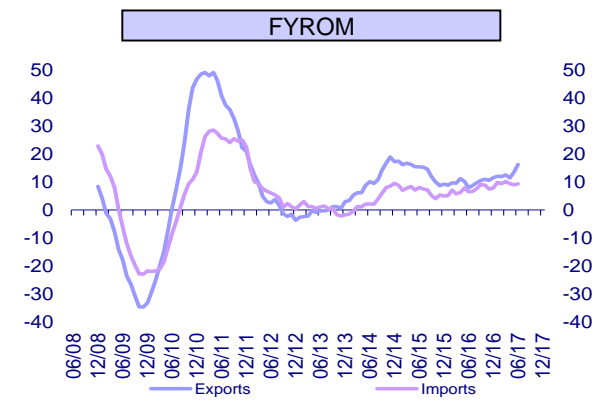
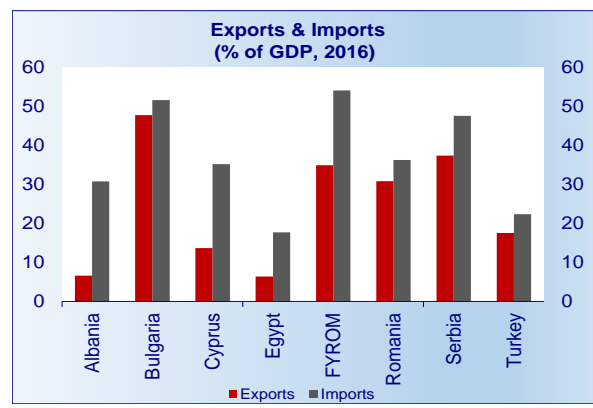
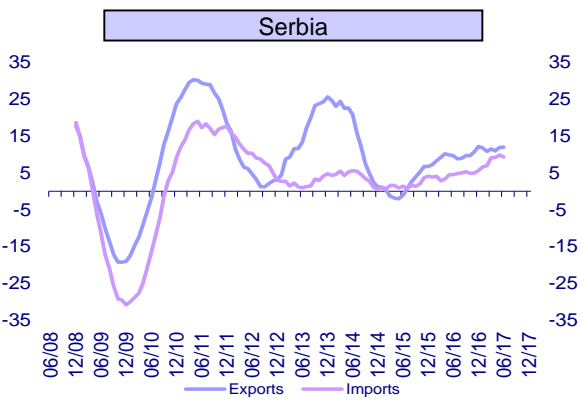
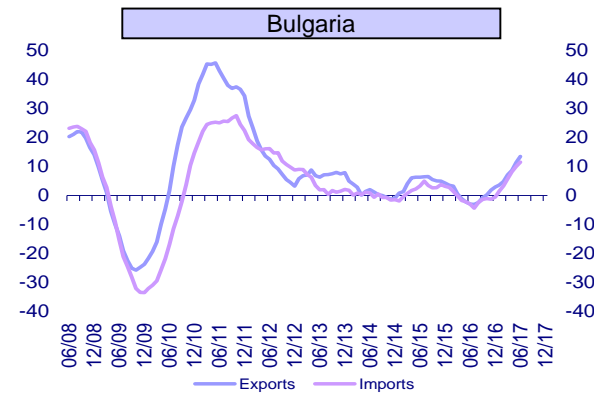
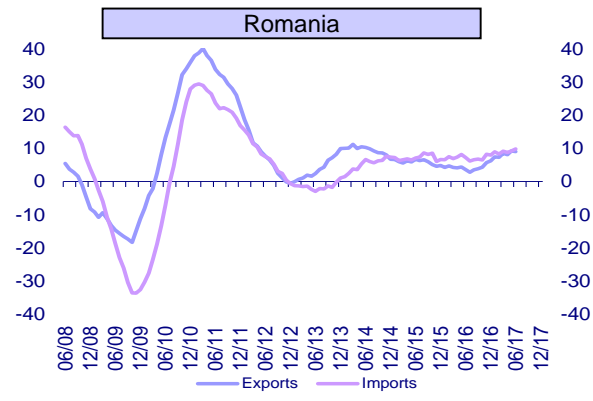
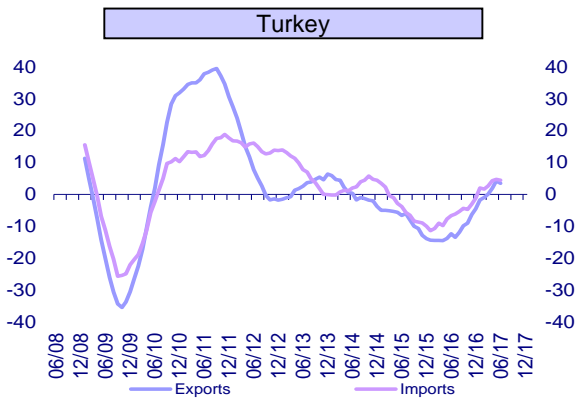


FYROM and Albania are the most competitive in terms of labour costs
 Bulgaria has the most favourable personal and corporate income tax rates

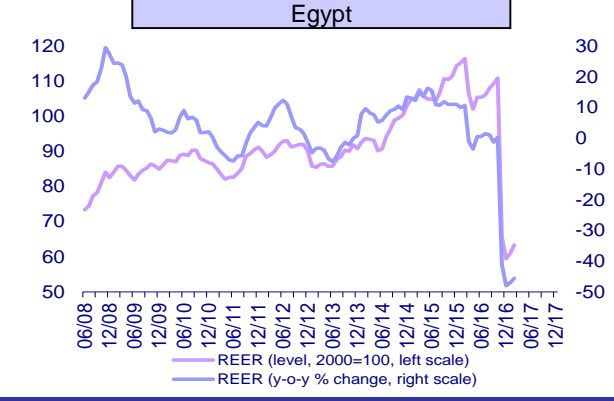
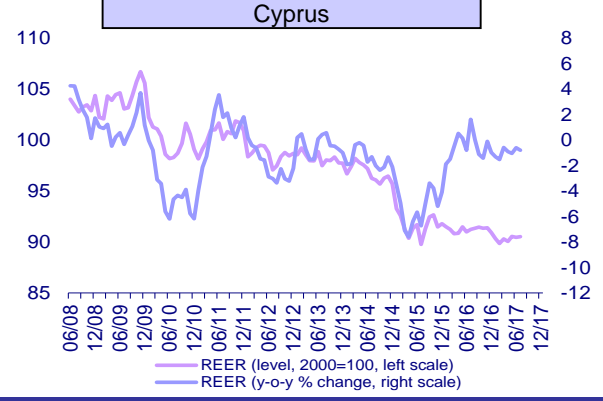
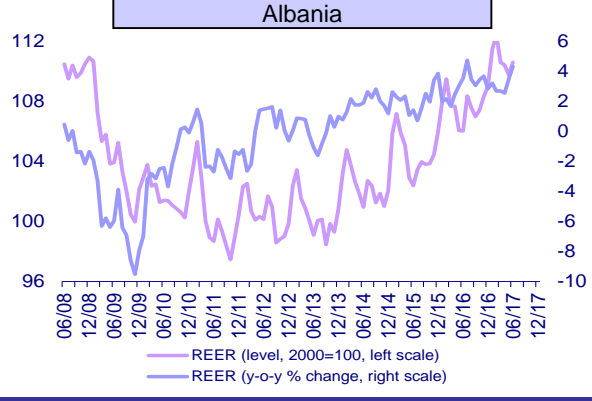
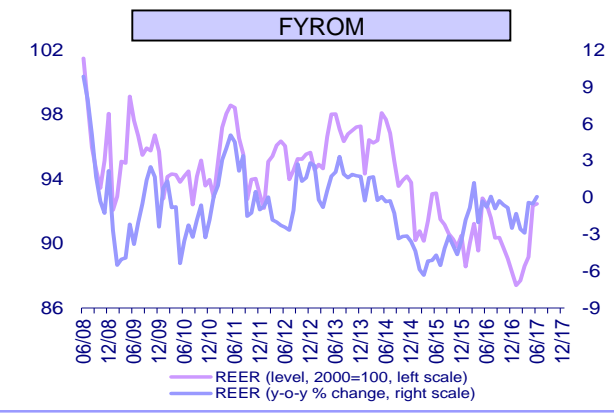
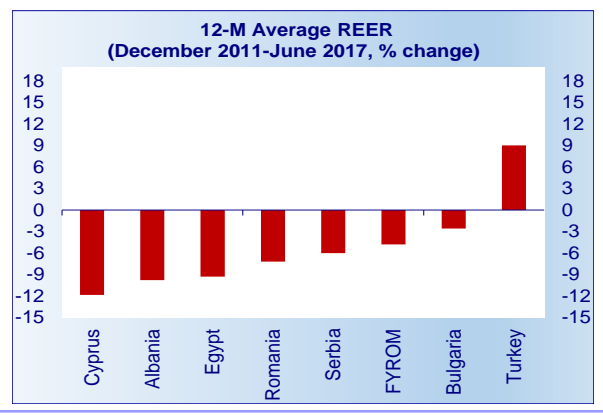
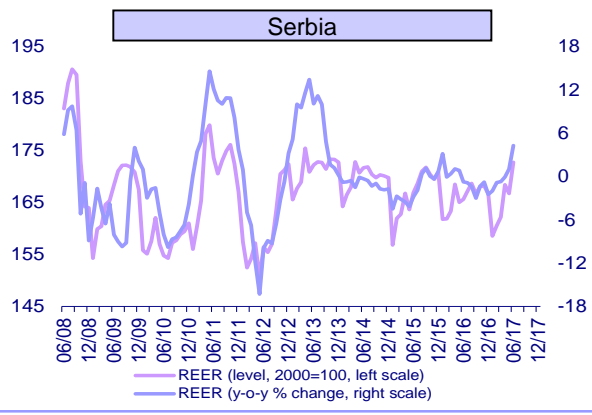
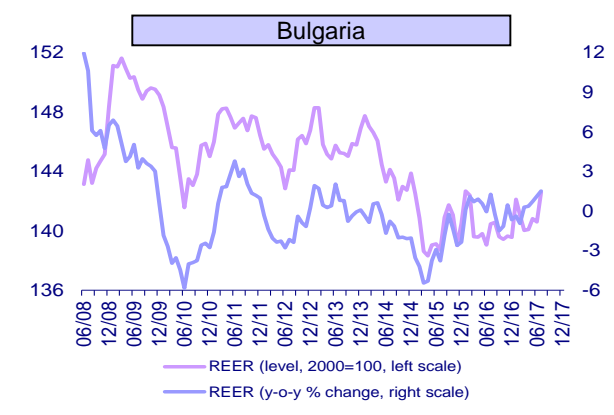
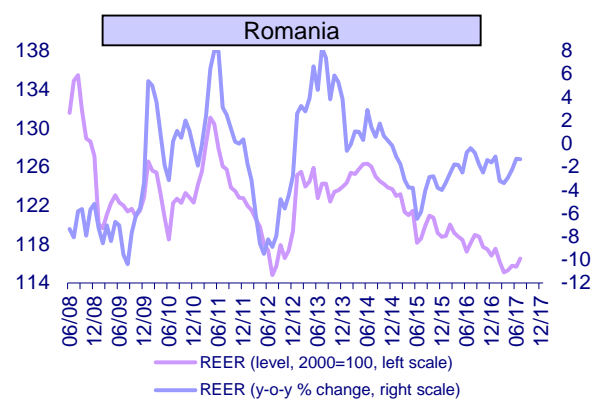
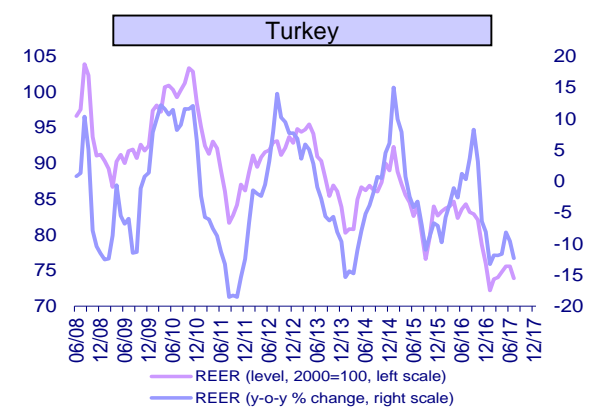


	Tax Rates (%)	
	Personal Income	Corporate Income
Turkey	15.0 - 35.0	20.0
Romania	16.0	16.0
Bulgaria	10.0	10.0
Serbia	15.0	15.0
FYROM	10.0	10.0
Albania	13.0 - 23.0	15.0
Cyprus	20.0 - 35.0	12.5
Egypt	10.0 - 22.0	22.5
Greece	22.0 - 45.0	29.0

Buoyant exports in all the economies under review since the beginning of the year, contributing to the acceleration in economic activity



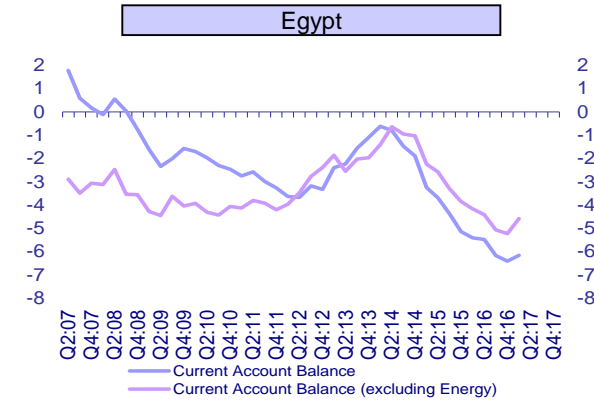
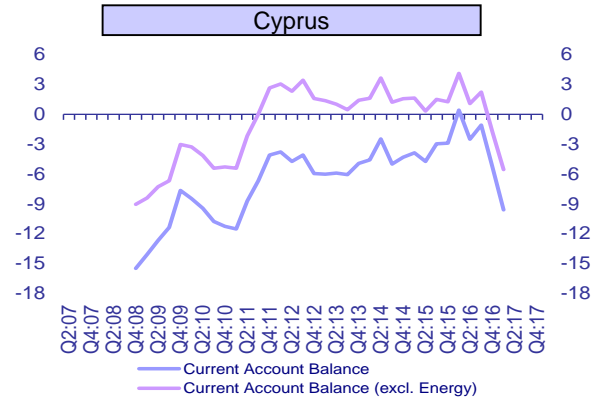
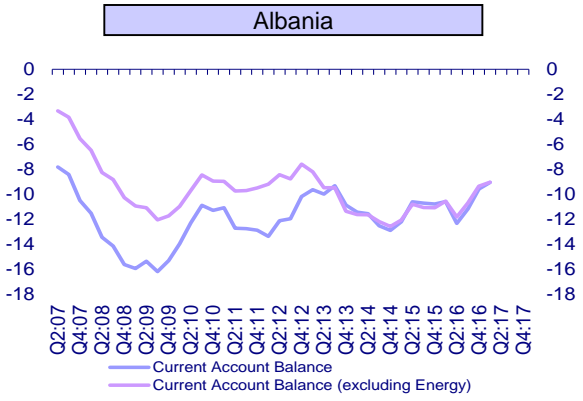
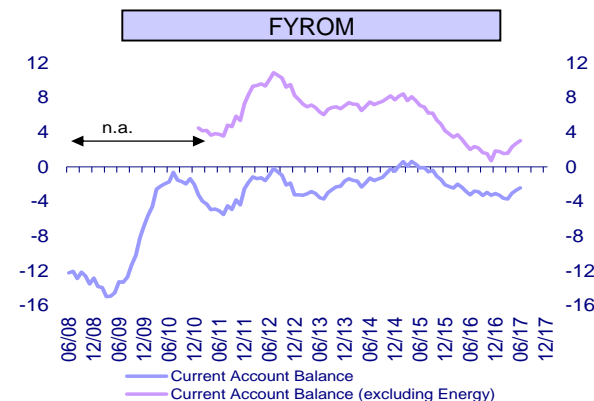
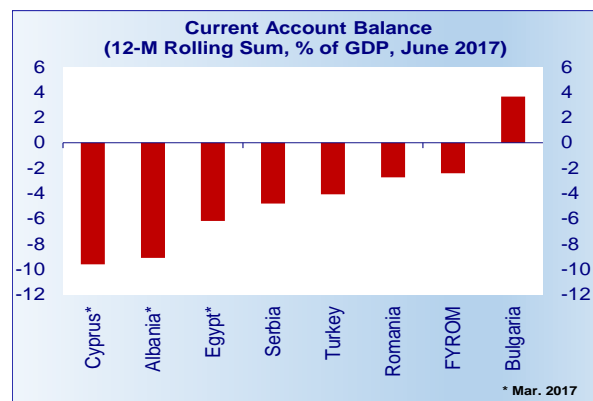
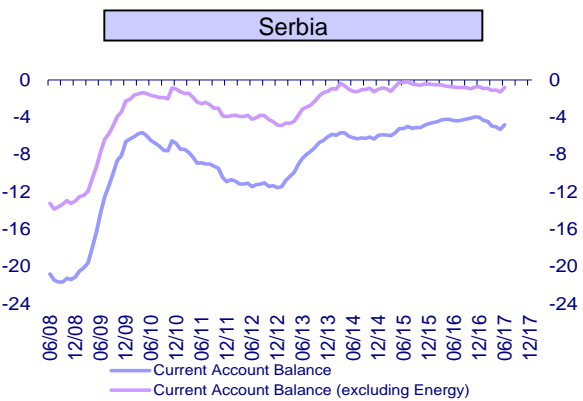
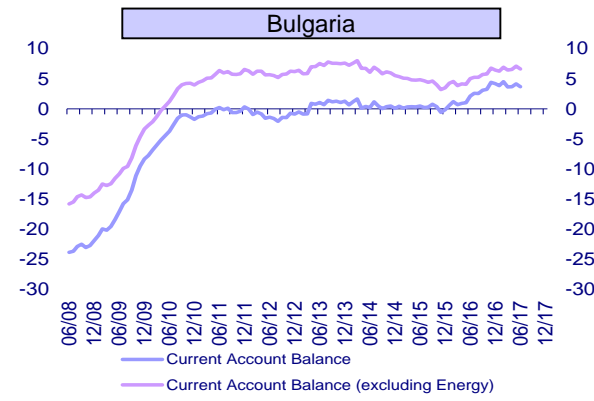
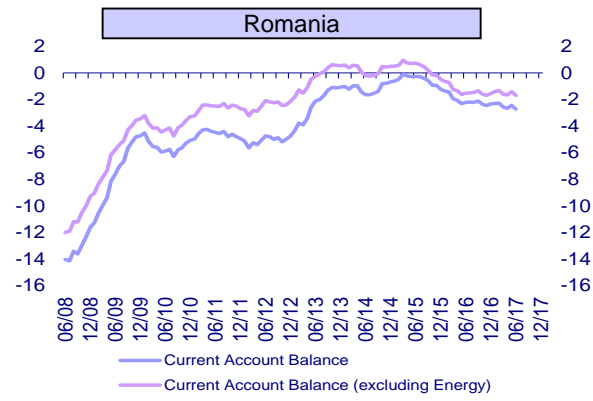
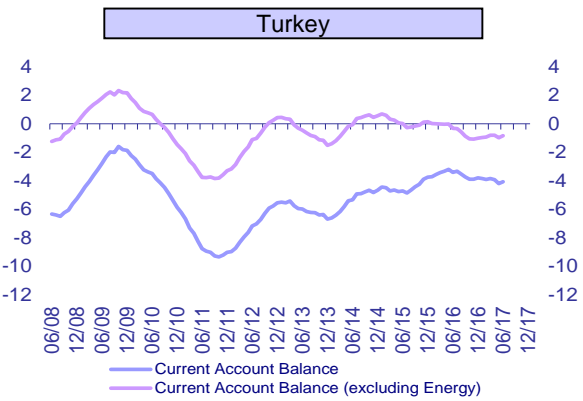
Competitiveness in all the countries under review has improved significantly over the past 5 years, except Turkey



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, despite an unfavourable energy bill.

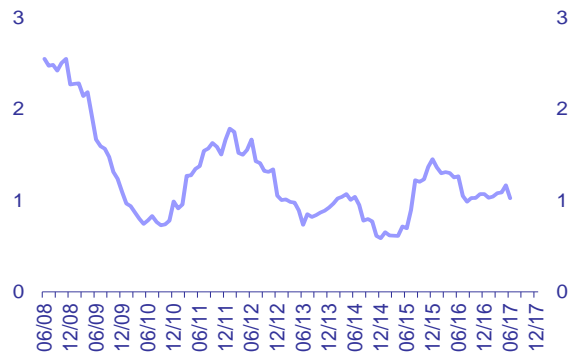
Bulgaria remains the best performer, by far, among the economies under review



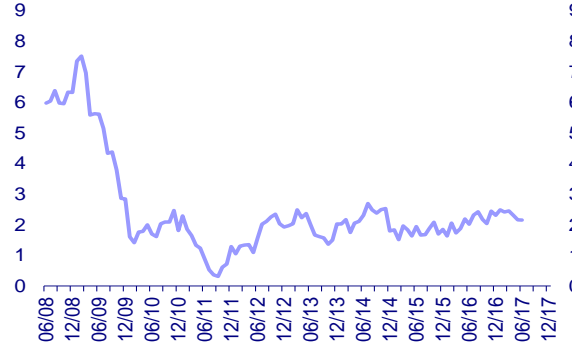
Net foreign direct investments (12-month rolling, % of GDP)

In all countries under review, net FDI remains close to historically low levels, except Albania, where energy projects continue to attract large investments

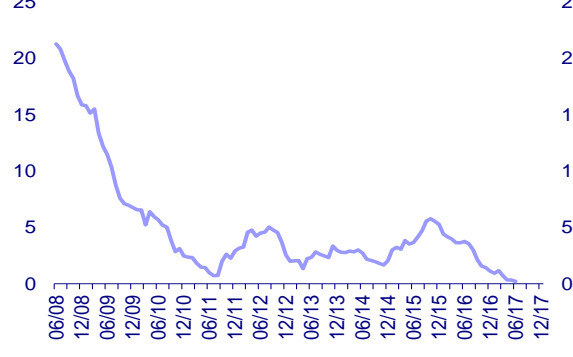
Turkey



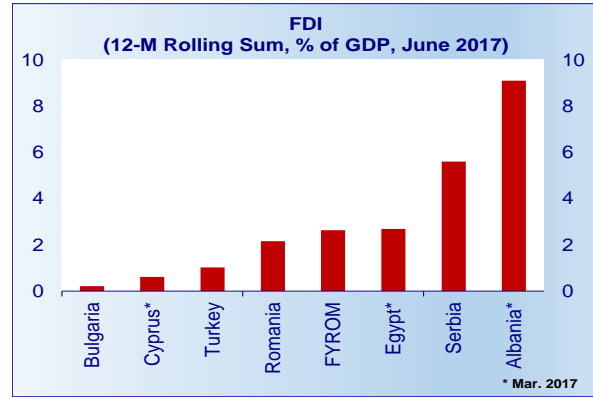
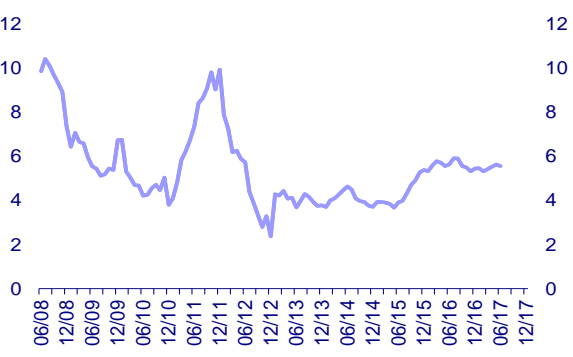
Romania



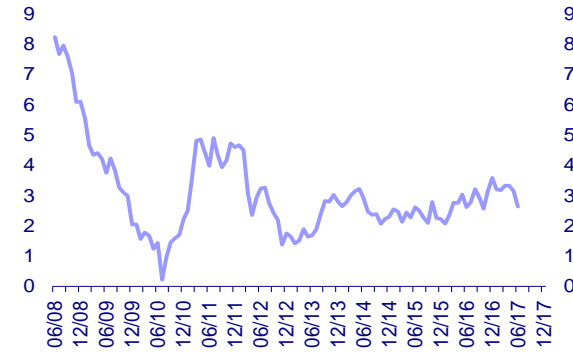
Bulgaria



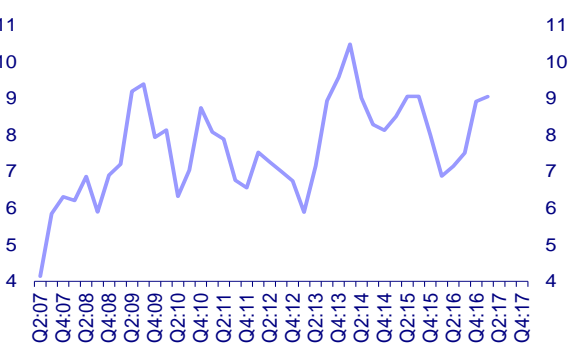
Serbia



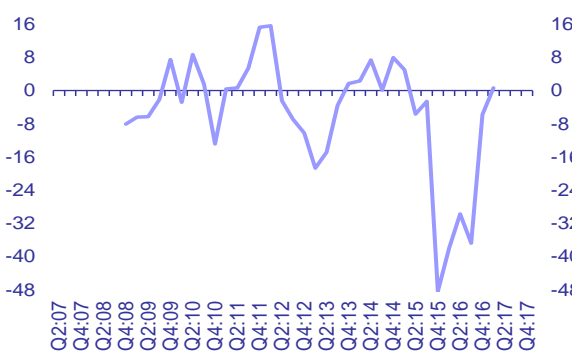
FYROM



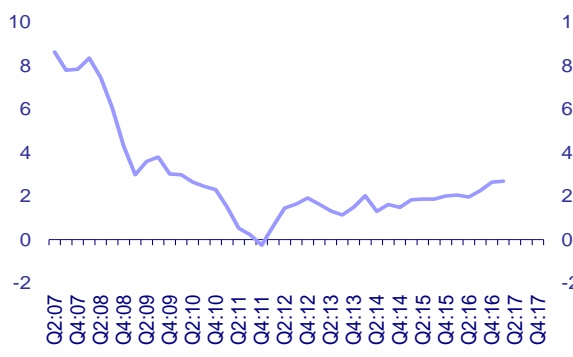
Albania



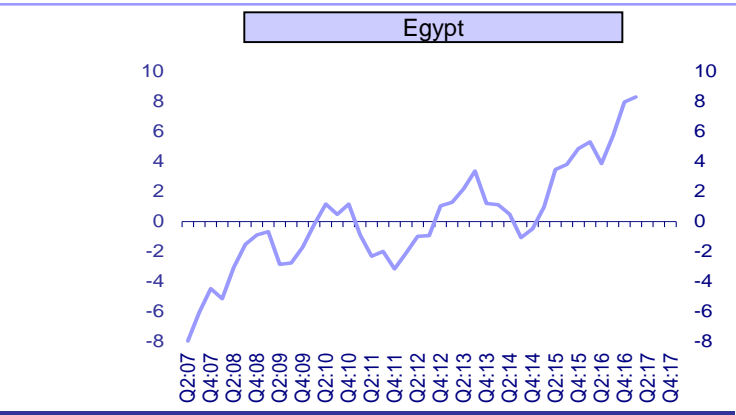
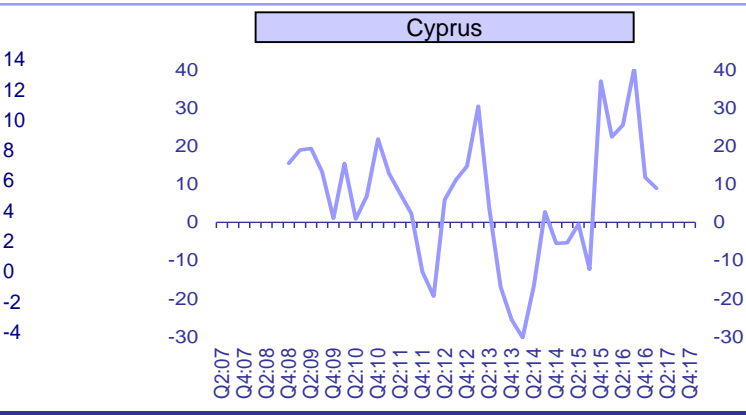
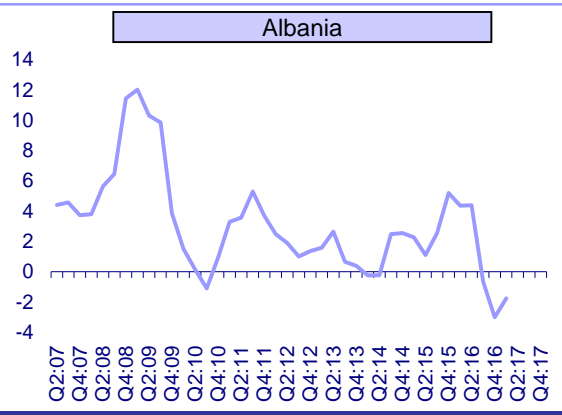
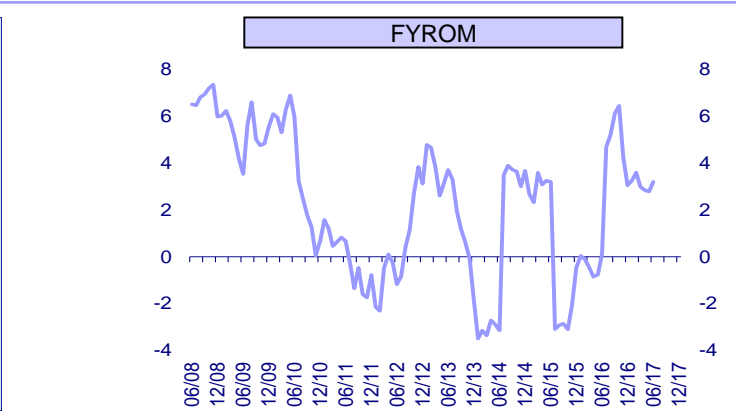
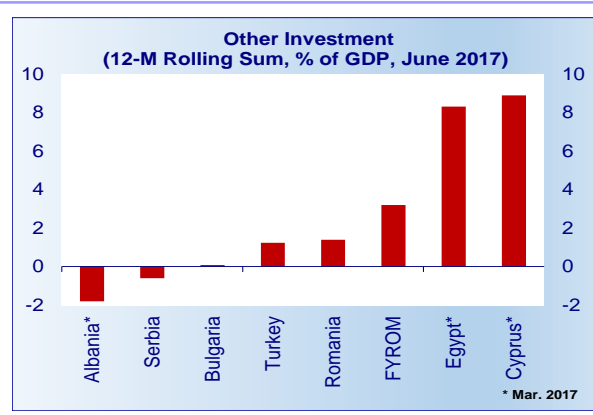
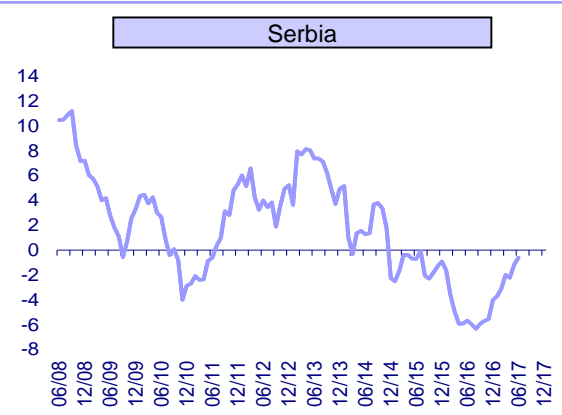
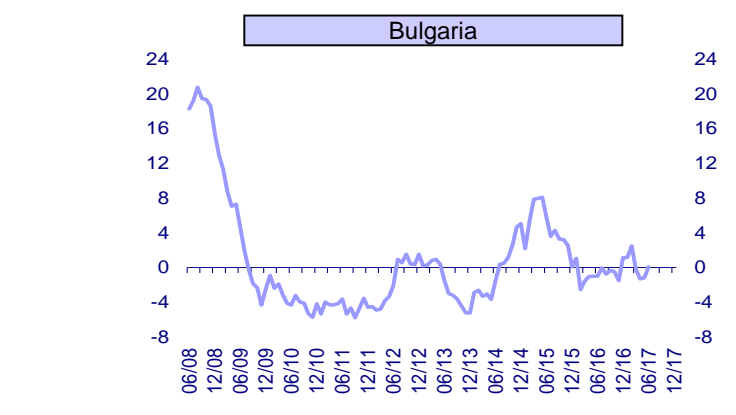
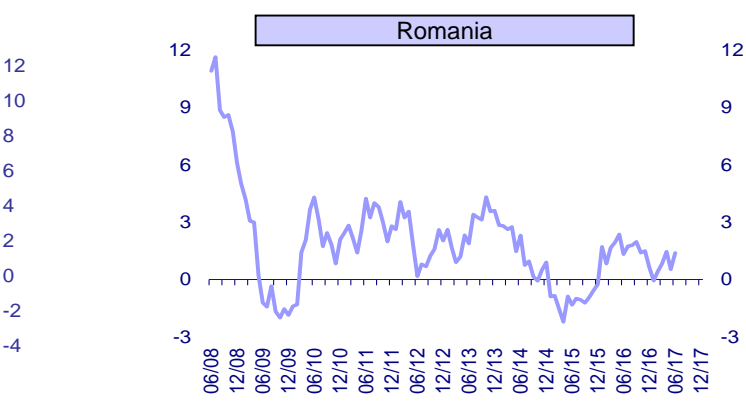
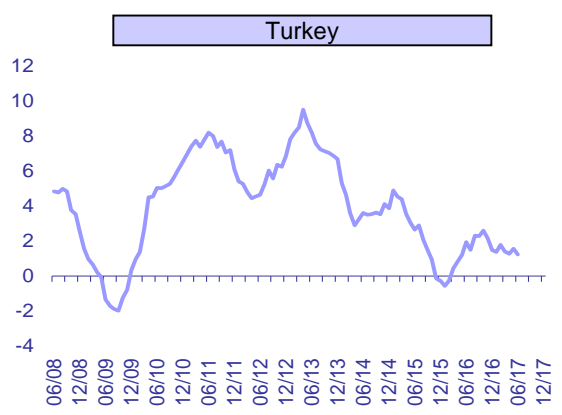
Cyprus



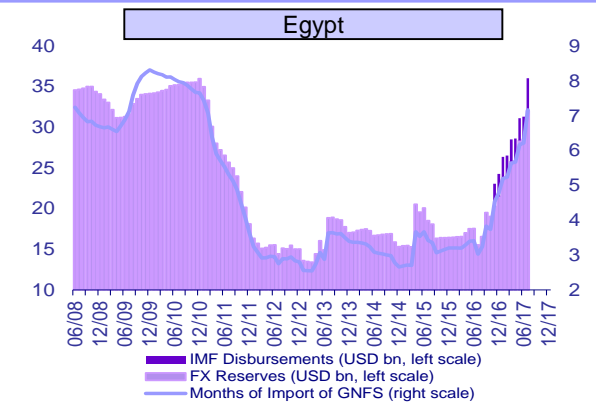
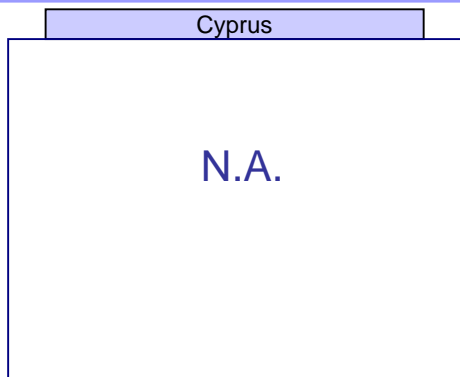
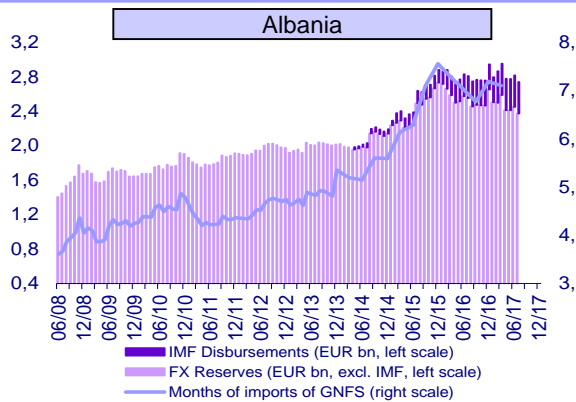
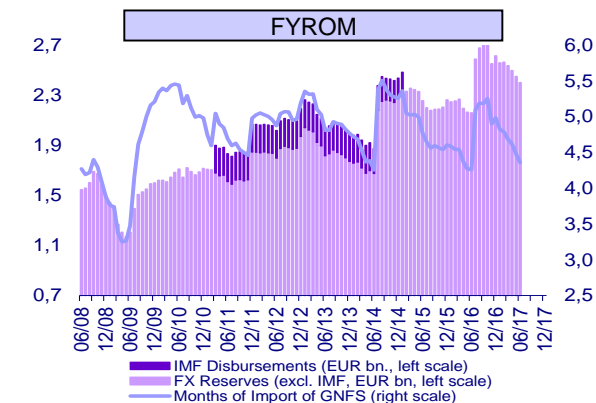
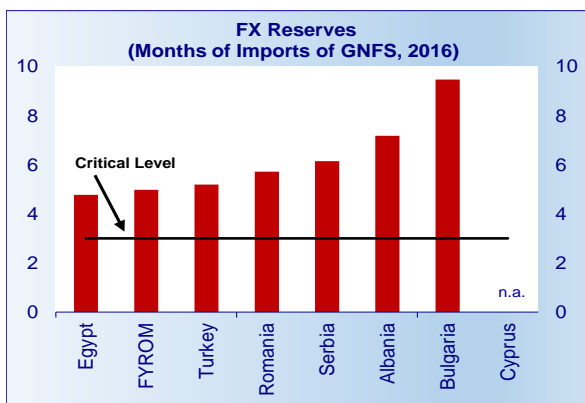
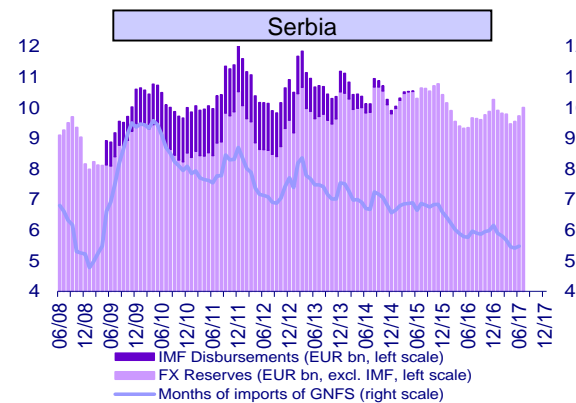
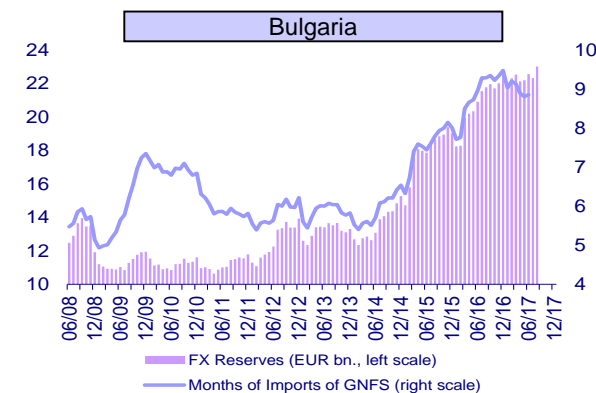
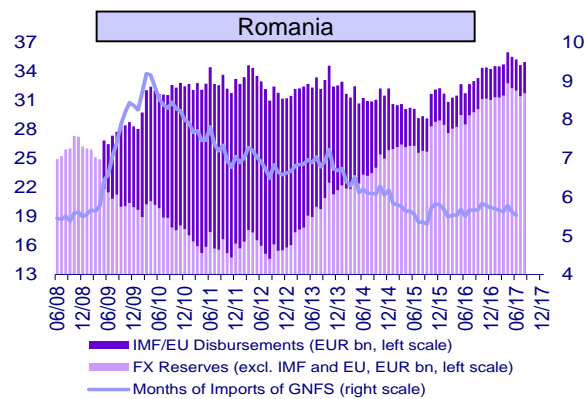
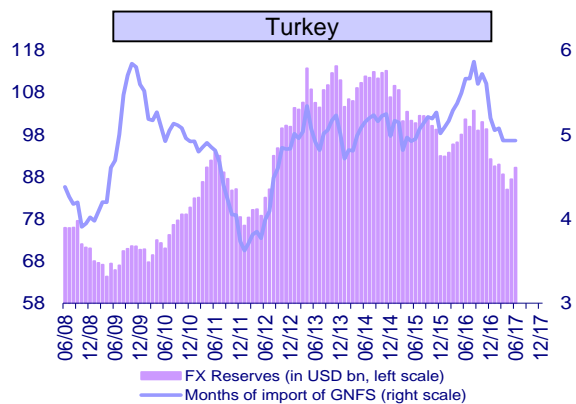
Egypt



Other net capital flows remain positive in most of the economies under review

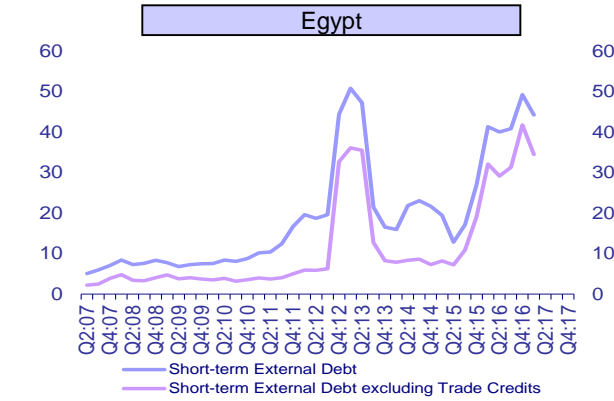
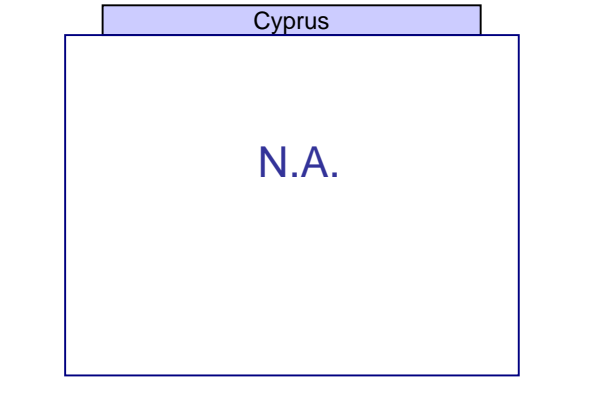
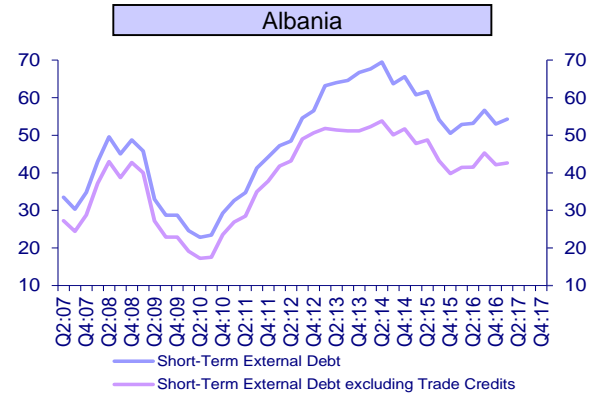
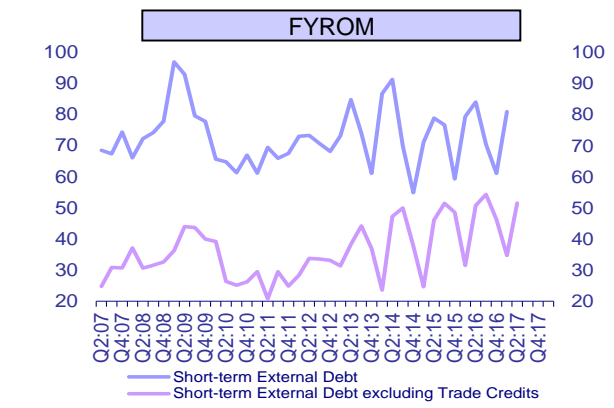
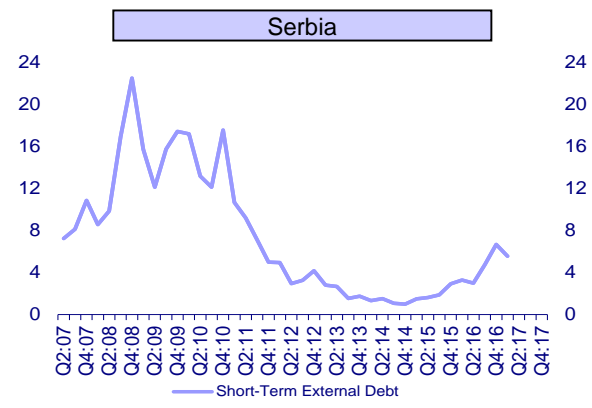
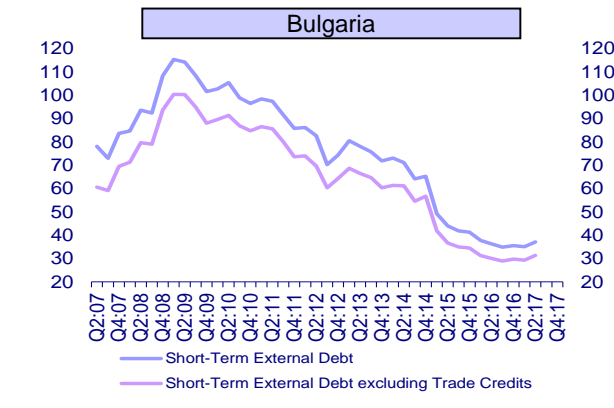
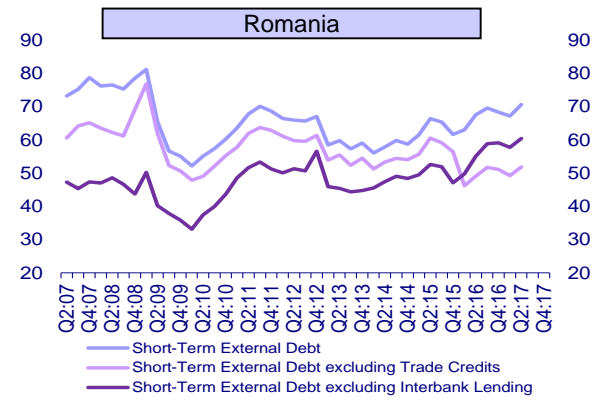
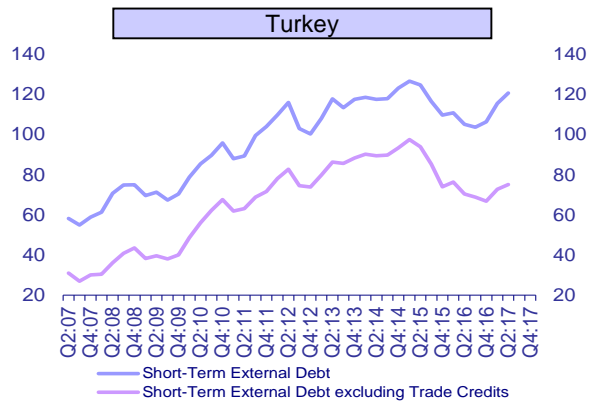


In all countries under review, import cover largely surpasses the critical level of 3 months



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 adequately covered by (net) FDI in all countries under review, except Turkey and Cyprus

Turkey	2013	2014	2015	2016	06:16	06:17	2017F
Current account balance	-6.7	-4.7	-3.7	-3.8	-3.4	-4.1	-4.3
Net FDI	0.9	0.6	1.5	1.1	1.3	1.0	1.1
Other net capital inflows *	6.7	3.9	-0.3	1.5	1.9	1.2	2.9

Romania	2013	2014	2015	2016	06:16	06:17	2017F
Current account balance	-1.1	-0.7	-1.2	-2.3	-2.2	-2.7	-3.2
Net FDI	2.0	1.8	1.8	2.3	2.0	2.2	2.2
Other net capital inflows *	3.6	0.9	0.7	0.7	-0.7	0.2	1.2

Bulgaria	2013	2014	2015	2016	06:16	06:17	2017F
Current account balance	1.3	0.1	-0.1	4.2	2.1	3.7	3.3
Net FDI	3.0	2.1	5.3	1.1	3.8	0.2	1.0
Other net capital inflows *	-5.2	5.1	0.1	1.1	-1.0	0.1	-2.4

Serbia	2013	2014	2015	2016	06:16	06:17	2017F
Current account balance	-6.1	-6.0	-4.7	-4.0	-4.4	-4.8	-4.3
Net FDI	3.8	3.7	5.4	5.5	5.6	5.6	5.2
Other net capital inflows *	4.9	-2.3	-0.9	-4.0	-5.7	-0.6	-1.0

FYROM	2013	2014	2015	2016	06:16	06:17	2017F
Current account balance	-1.6	-0.5	-2.1	-3.1	-3.2	-2.4	-2.2
Net FDI	2.8	2.3	2.2	3.6	2.6	2.6	2.6
Other net capital inflows *	-1.9	3.7	-0.5	3.0	0.1	3.2	-1.4

Albania	2013	2014	2015	2016	06:16	06:17	2017F
Current account balance	-10.9	-12.9	-10.8	-9.6	-2.1	-1.5	-11.0
Net FDI	9.6	8.1	8.0	8.9	1.4	1.5	8.6
Other net capital inflows *	0.4	2.5	5.2	-3.0	-0.9	0.3	1.8**

** : assuming other IFI support of 2.4% of GDP in FY:17

Cyprus	2013	2014	2015	2016	03:17	03:17	2017F
Current account balance	-4.9	-4.3	-2.9	-5.3	0.4	-9.4	-6.0
Net FDI	1.7	8.0	-48.4	-5.8	-38.0	0.6	13.4
Other net capital inflows *	-25.6	-5.5	37.0	11.8	22.4	8.9	-7.4

Egypt #	2014	2015	2016	03:15/16	03:16/17	2017E	2018F
Current account balance	-0.8	-3.7	-5.5	-5.6	-6.3	-6.0	-5.0
Net FDI	1.3	1.9	2.0	2.1	2.8	3.7	4.0
Other net capital inflows *	0.5	3.5	3.9	5.5	8.5	8.0	2.7

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

Among the countries under review, only Turkey, Romania and FYROM are expected to resort to FX reserves to fill their financing gap

Turkey (USD bn)	2015	2016	2017F
Financing Needs	198.8	202.1	205.8
Cur. Acct Deficit	32.1	32.6	36.0
Amort. + Other	166.7	169.5	169.8
Financing Sources	187.0	201.3	203.2
FDI	12.5	9.1	8.9
IMF	0.0	0.0	0.0
Other IFIs	n.a.	n.a.	n.a.
Other	174.5	192.2	194.3
Change in FX Res.	-14.0	-0.7	-2.6

Romania (EUR bn)	2015	2016	2017F
Financing Needs	48.4	55.6	37.3
Cur. Acct Deficit	2.0	4.0	5.7
Amort. + Other	46.4	51.6	31.6
Financing Sources	48.4	57.6	36.6
FDI	3.0	3.9	4.1
IMF	-1.4	-0.1	0.0
Other IFIs	-0.7	0.0	-0.7
Other	47.5	53.8	33.2
Change in FX Res.	0.0	2.0	-0.7

Bulgaria (EUR bn)	2015	2016	2017F
Financing Needs	15.5	9.8	10.7
Cur. Acct Deficit	0.1	-2.0	-1.6
Amort. + Other	15.4	11.8	12.3
Financing Sources	19.2	13.3	11.6
FDI	2.4	0.5	0.5
IMF	0.0	0.0	0.0
Other IFIs	n.a.	n.a.	n.a.
Other	16.8	12.8	11.1
Change in FX Res.	3.7	3.5	0.9

Serbia (EUR bn)	2015	2016	2017F
Financing Needs	5.3	5.2	5.4
Cur. Acct Deficit	1.6	1.4	1.6
Amort. + Other	3.7	3.9	3.8
Financing Sources	5.8	5.1	5.3
FDI	1.8	1.9	1.9
IMF	-0.1	0.0	0.0*
Other IFIs	0.0	0.0	0.0
Other	4.1	3.2	3.4
Change in FX Res.	0.5	-0.2	0.0

FYROM (EUR bn)	2015	2016	2017F
Financing Needs	2.1	2.2	2.1
Cur. Acct Deficit	0.2	0.3	0.2
Amort. + Other	1.9	1.9	1.9
Financing Sources	1.9	2.6	2.0
FDI	0.2	0.4	0.3
IMF	-0.2	0.0	0.0
Other IFIs	n.a.	n.a.	n.a.
Other	1.9	2.2	1.7
Change in FX Res.	-0.2	0.4	-0.1

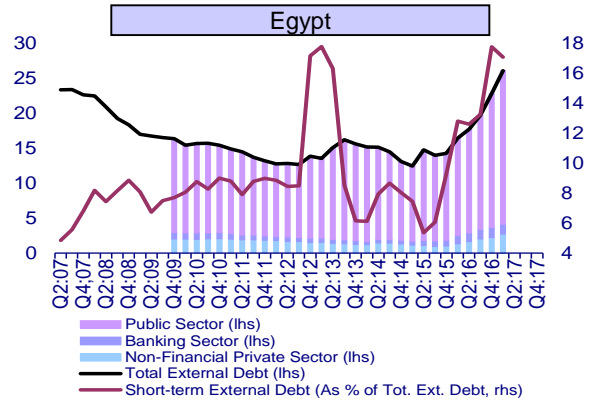
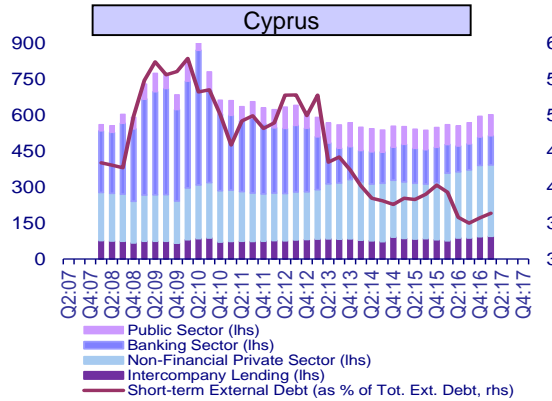
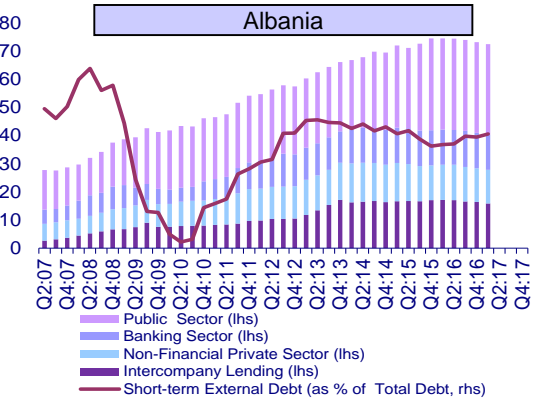
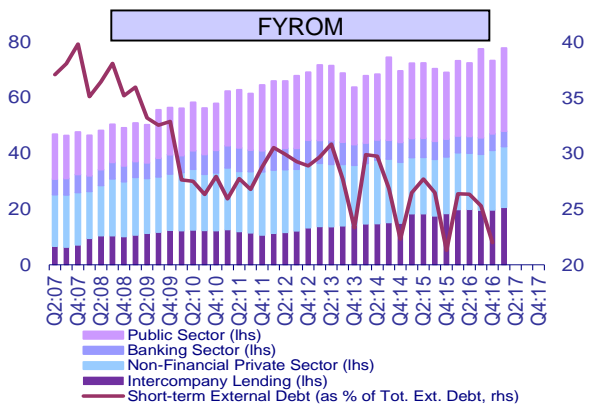
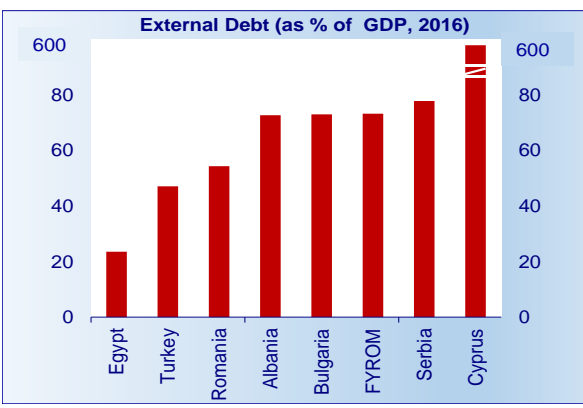
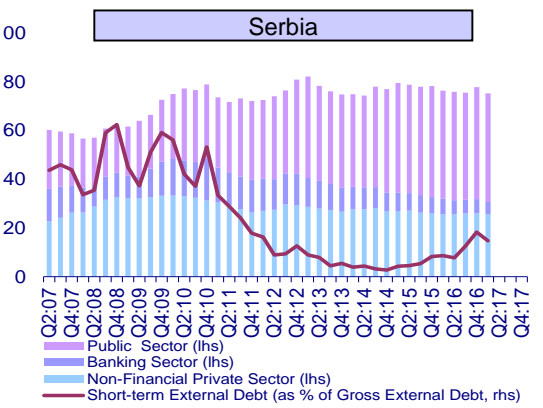
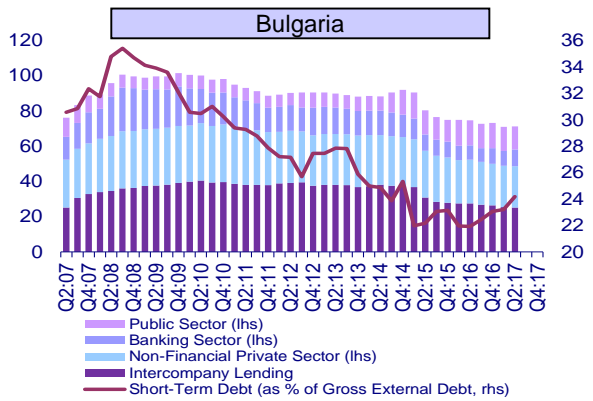
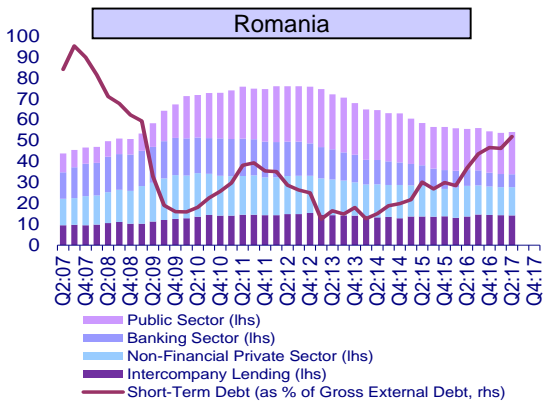
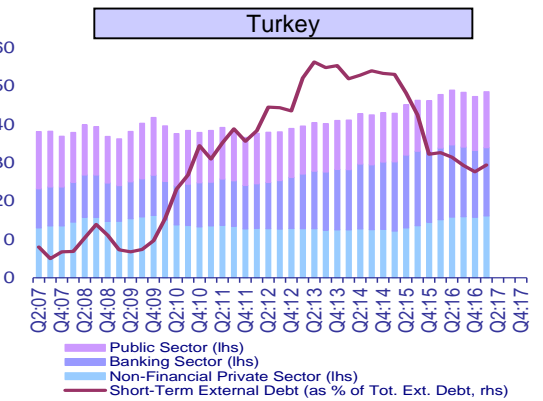
Albania (EUR bn)	2015	2016	2017F
Financing Needs	1.6	1.2	1.5
Cur. Acct Deficit	1.1	1.0	1.3
Amort. + Other	0.5	0.2	0.2
Financing Sources	2.2	1.3	1.6
FDI	0.8	1.0	1.0
IMF	0.1	0.1	0.1
Other IFIs	0.3	0.0	0.3
Other	1.0	0.2	0.2
Change in FX Res.	0.7	0.1	0.1

*: assuming no disbursements from the IMF in 2017

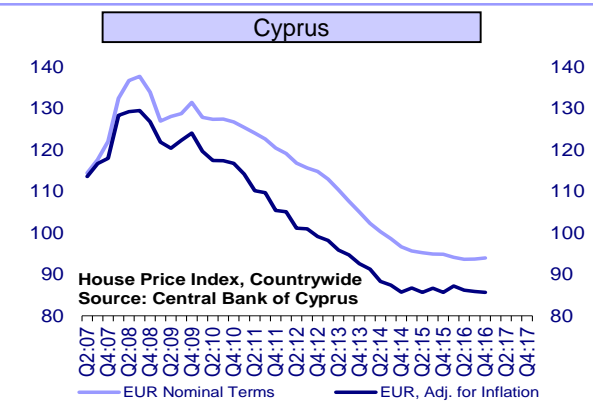
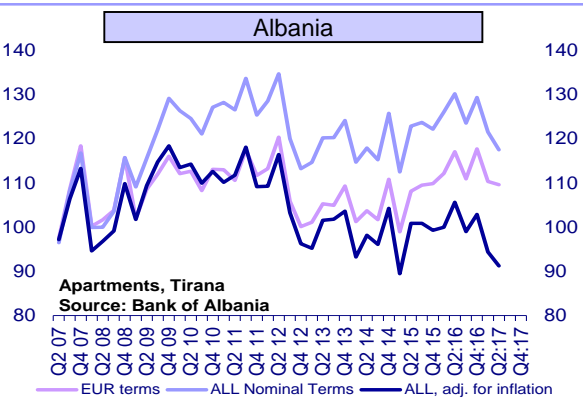
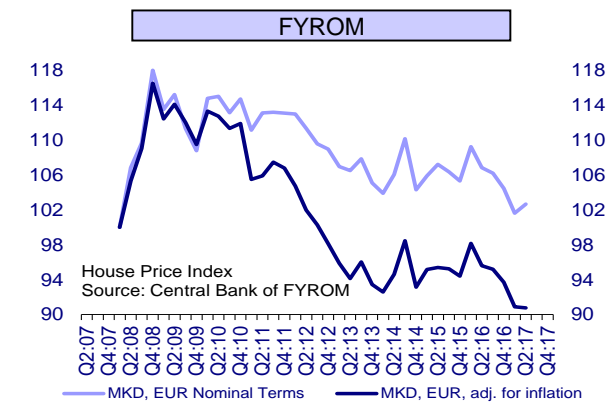
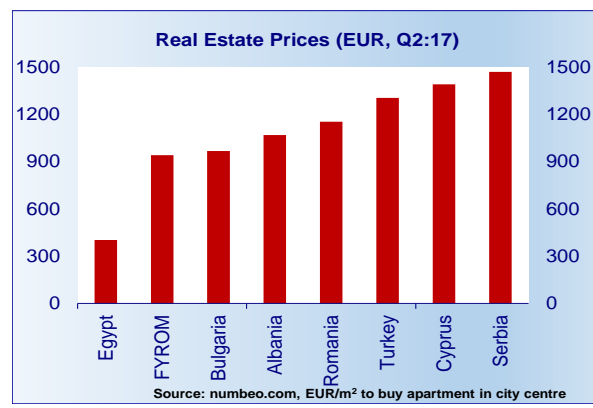
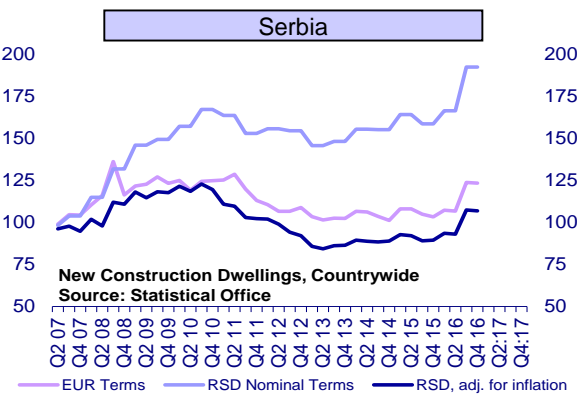
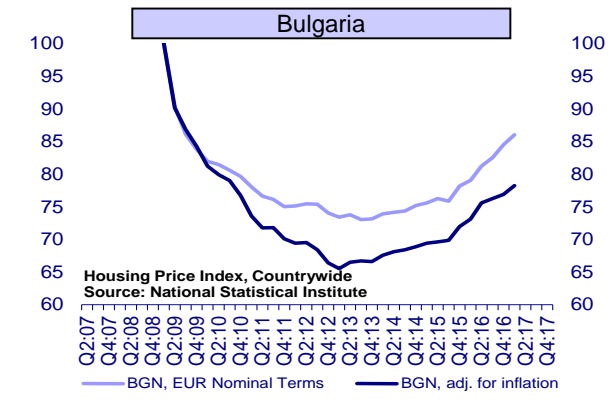
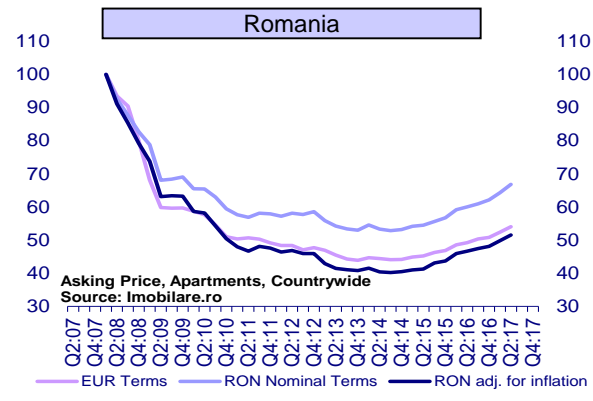
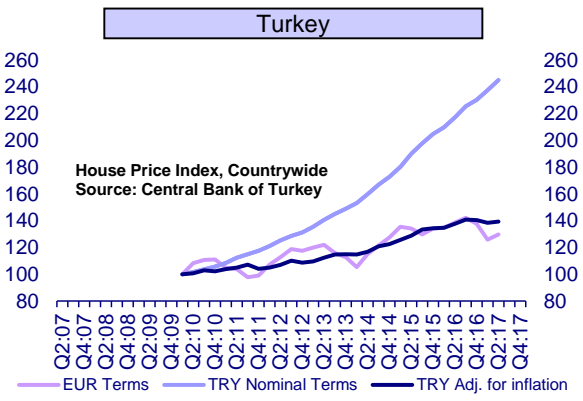
Cyprus (EUR bn)	2015	2016	2017F
Financing Needs	45.5	46.2	41.6
Cur. Acct Deficit	0.5	0.9	1.1
Amort. + Other	45.0	45.3	40.5
Financing Sources	45.5	46.2	41.6
FDI	-8.5	-1.0	2.5
IMF	0.5	0.0	0.0
Other IFIs	0.5	0.0	0.0
Other	53.0	47.2	39.1
Change in FX Res.	0.0	0.0	0.0

Egypt (USD bn)	15/16	16/17E	17/18F
Financing Needs	24.1	22.5	20.8
Cur. Acct Deficit	18.7	14.5	13.0
Amort. + Other	5.4	8.0	7.8
Financing Sources	21.7	36.3	25.5
FDI	6.7	9.0	10.5
IMF	0.0	2.8	4.0
Other IFIs	n.a.	2.5	2.5
Other	15.0	22.0	6.5
Change in FX Res.	-2.4	13.8	4.3

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

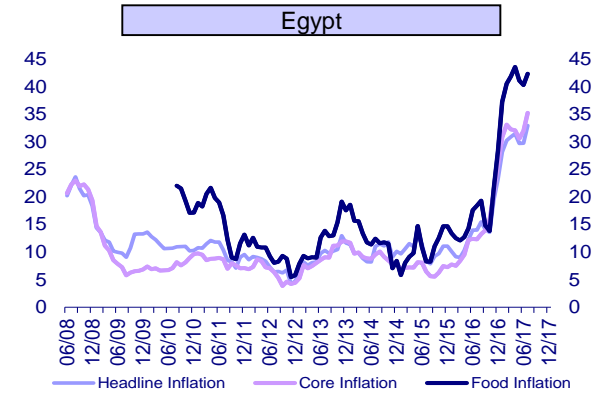
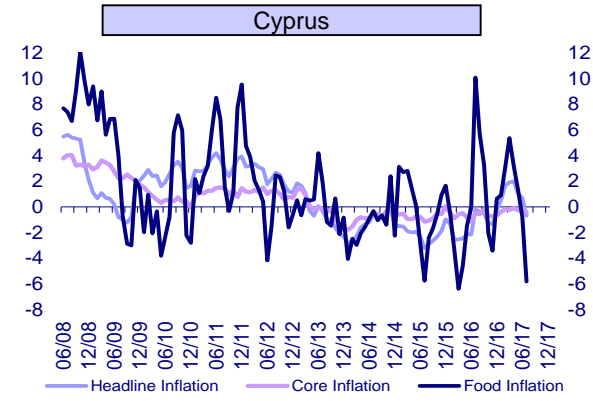
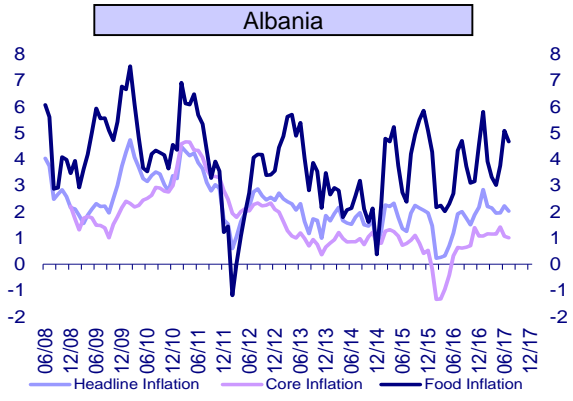
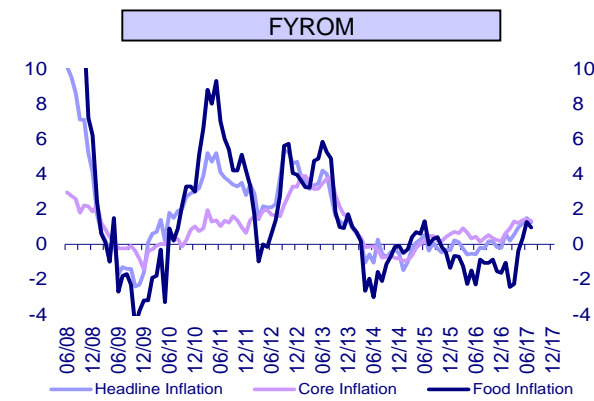
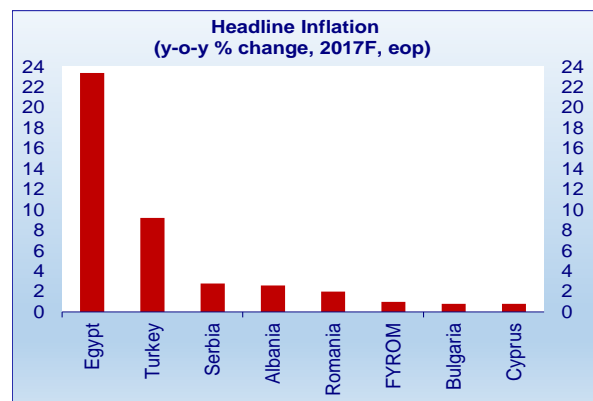
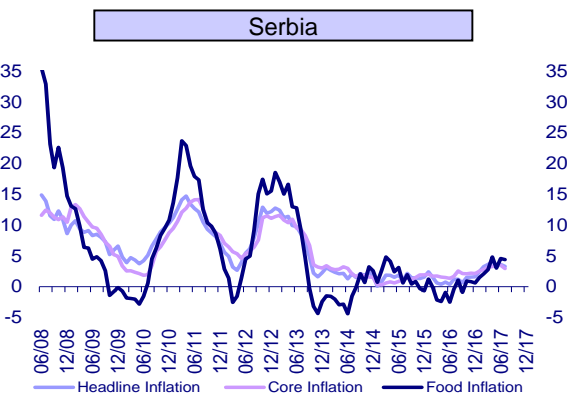
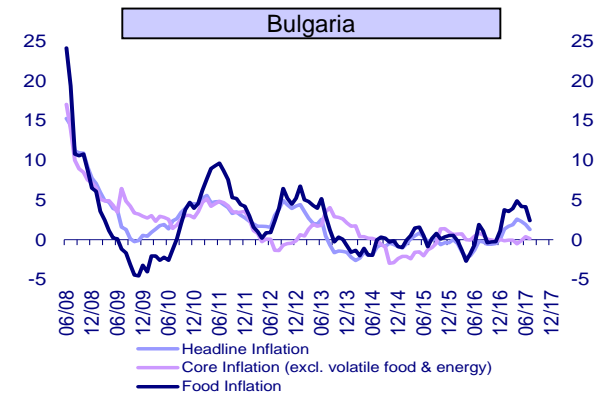
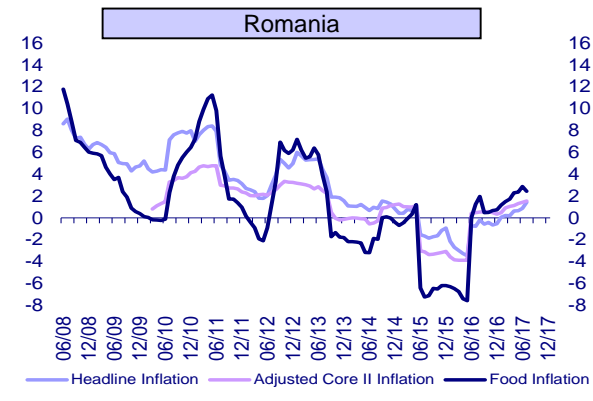
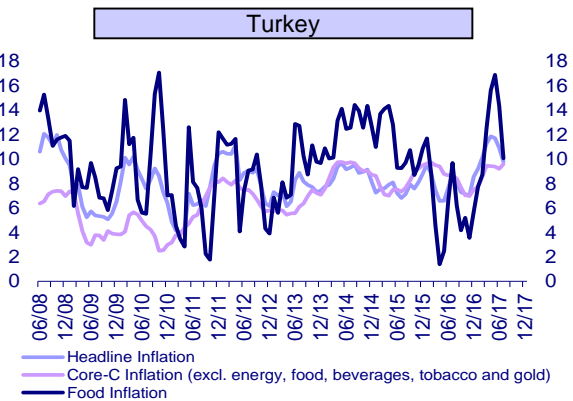


Albeit still well below their pre-crisis peak, real estate prices continued on an upward trend in Romania and Bulgaria in Q2:17

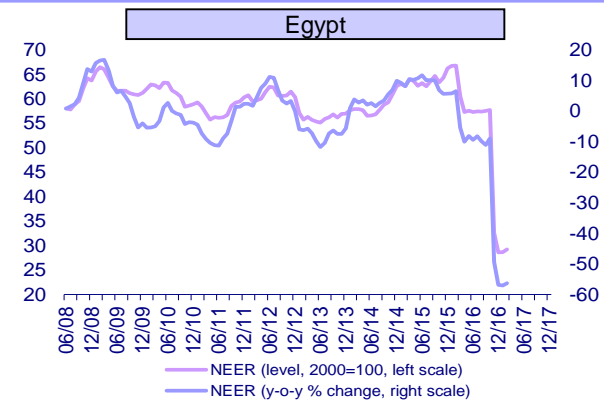
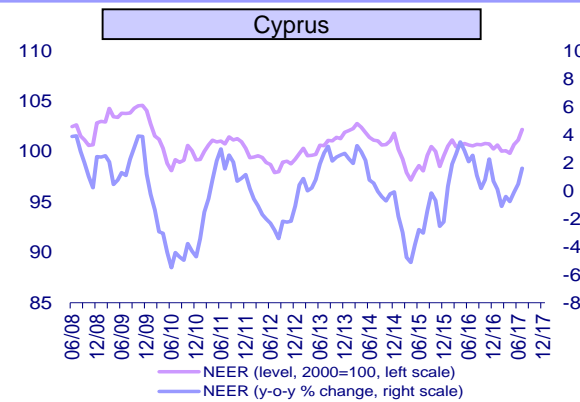
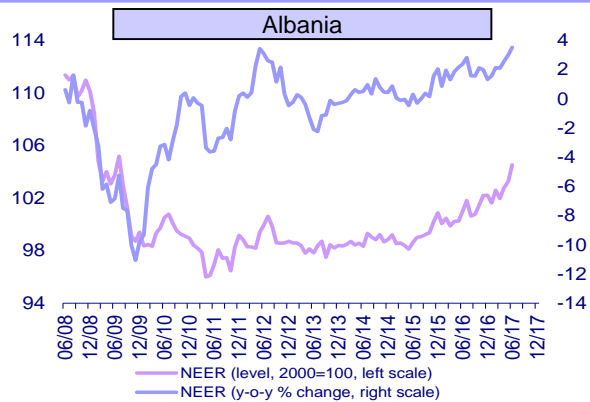
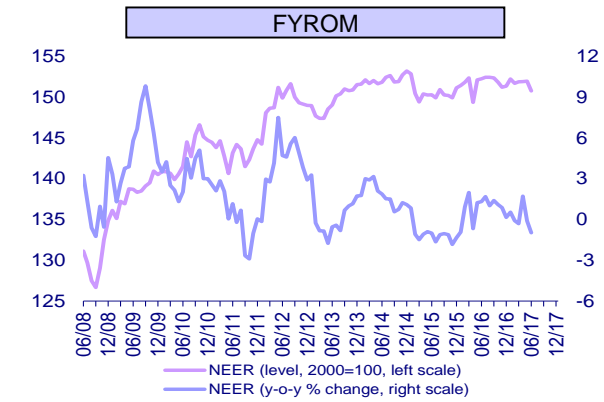
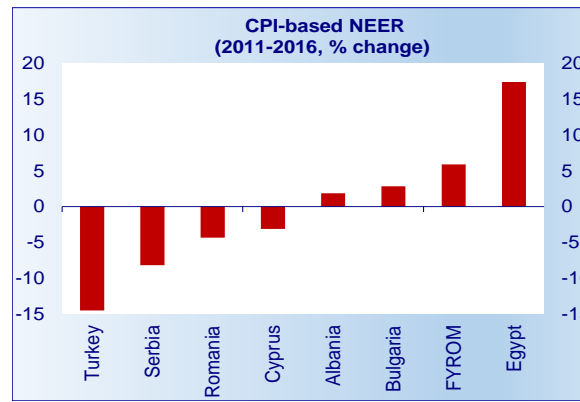
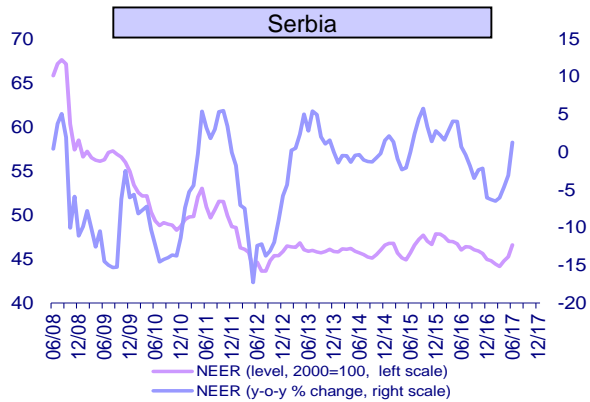
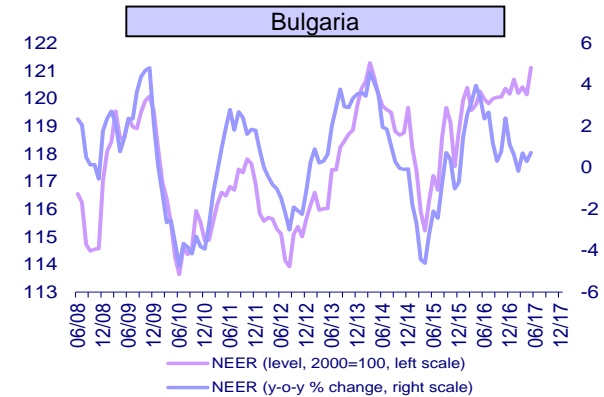
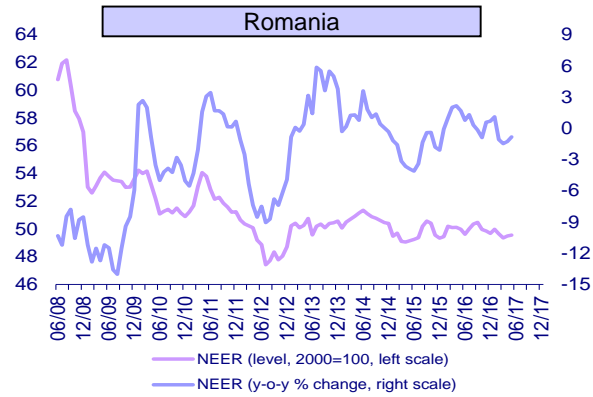
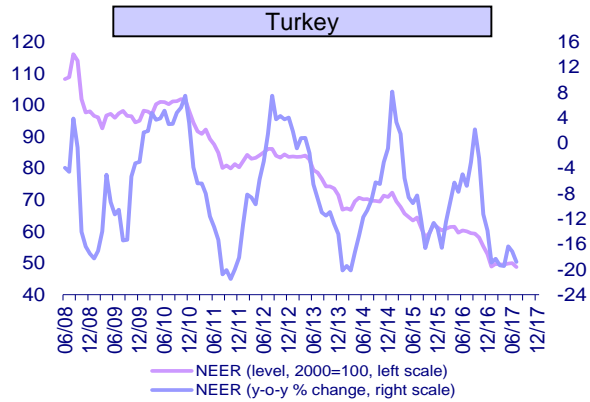


Inflation (%)

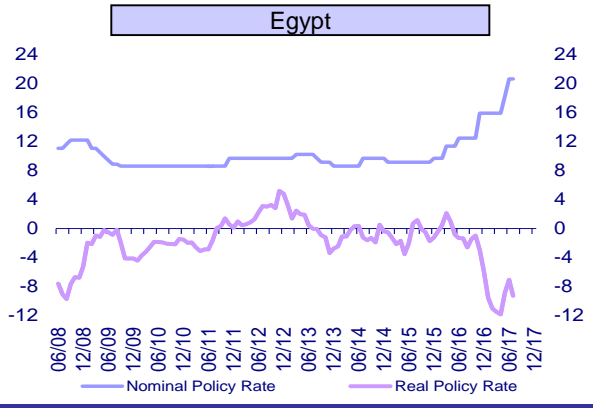
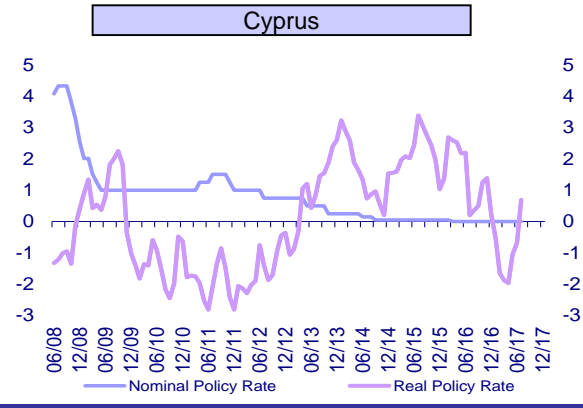
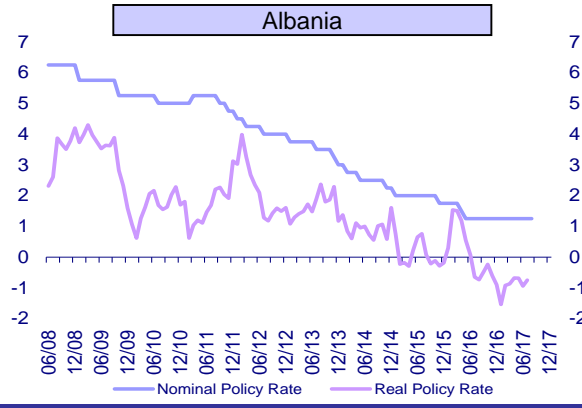
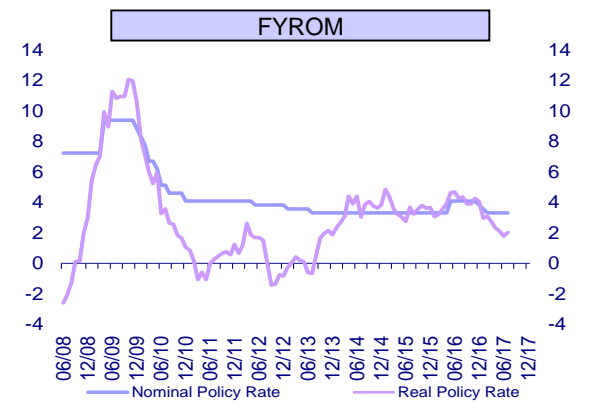
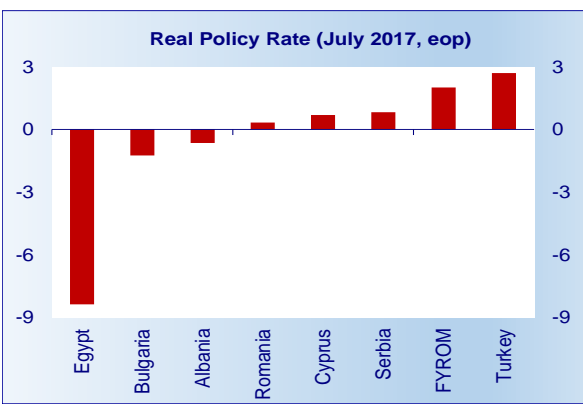
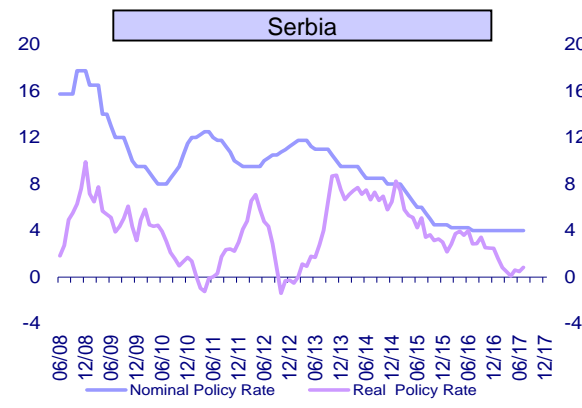
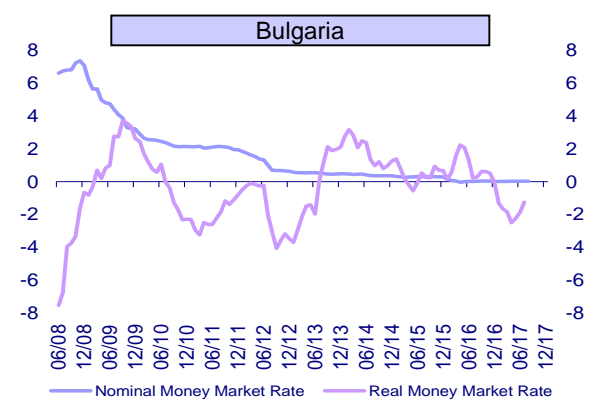
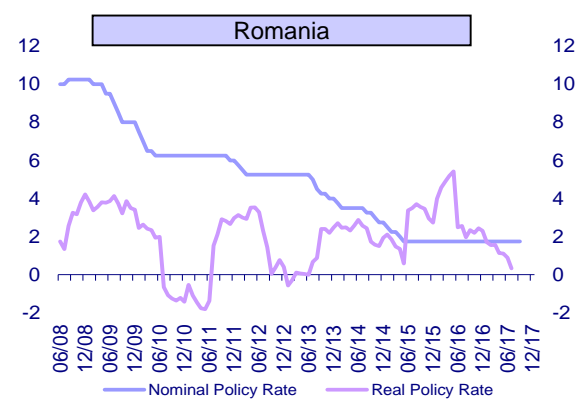
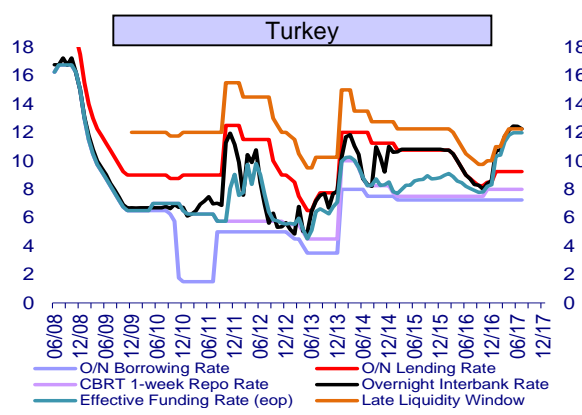
Headline inflation accelerated in H1:17 in all the countries under review, mainly reflecting higher imported inflation and unfavourable volatile food prices (due, *inter alia*, to adverse weather conditions). A sharp depreciation of the EGP and a large adjustment in administrative prices is the main reason behind skyrocketing inflation in Egypt



The EGP, MKD, BGN and ALL have appreciated in nominal terms over the past 5 years



Among the countries under review, only Turkey and Egypt have hiked their policy rates since the beginning of the year to contain inflationary pressures



Reserve requirement ratios

Since the beginning of the year, Turkey and Romania proceeded with a cut in RRR on FX liabilities (by 0.6 pps and 2.0 pps, respectively, to 12.4% and 8.0%)

Turkey

Reserve Requirement Ratios (Average, %)

	Dec. 2015	Dec. 2016	Sep. 2017
LC Liabilities	11.0	10.1	10.1
FC Liabilities	12.8	13.0	12.4

Romania

Reserve Requirement Ratios (%)

	Dec. 2015	Dec. 2016	Sep. 2017
LC Liabilities	8.0	8.0	8.0
FC Liabilities	14.0	10.0	8.0

Bulgaria

Reserve Requirement Ratios (%)

	Dec. 2015	Dec. 2016	Sep. 2017
LC Liabilities	10.0	10.0	10.0
FC Liabilities	5.0	5.0	5.0

Serbia

Reserve Requirement Ratios (%)

	Dec. 2015	Dec. 2016	Sep. 2017
LC Liab.	0.0 - 5.0	0.0 - 5.0	0.0 - 5.0
FC Liab.	15.0 - 22.0	13.0 - 20.0	13.0 - 20.0

FYROM

Reserve Requirement Ratios (%)

	Dec. 2015	Oct. 2016	Sep. 2017
LC Liabilities	8.0	8.0	8.0
FC Liabilities	15.0	15.0	15.0

Albania

Reserve Requirement Ratios (%)

	Dec. 2015	Dec. 2016	Sep. 2017
LC Liabilities	10.0	10.0	10.0
FC Liabilities	10.0	10.0	10.0

Cyprus

Reserve Requirement Ratios (%)

	Dec. 2015	Oct. 2016	Sep. 2017
LC Liabilities	1.0	1.0	1.0
FC Liabilities	1.0	1.0	1.0

Egypt

Reserve Requirement Ratios (%)

	Dec. 2015	Oct. 2016	Sep. 2017
LC Liabilities	10.0	10.0	10.0
FC Liabilities	10.0	10.0	10.0

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

A loose fiscal stance in Turkey, Bulgaria, FYROM and Romania should boost economic activity and employment, while a tight fiscal stance in Cyprus, Egypt and Serbia should move public finances towards a strong footing

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

Turkey

2013	2014	2015	2016	07:16	07:17	2017F
-1.0	-1.1	-1.0	-1.1	-0.7	-1.9	-2.5

Romania

2013	2014	2015	2016	07:16	07:17	2017F*
-2.5	-1.7	-1.5	-2.4	-2.6	-2.8	-3.8

*: Higher public investment together with the ongoing easing in incomes policy (including hikes in wages of up to 20% in some sectors and a 14% rise in pensions) should boost budget spending during the remainder of the year

Bulgaria

2013	2014	2015	2016	07:16	07:17	2017F*
-1.8	-3.7	-2.8	1.6	0.0	0.2	0.0

*: Public investment is expected to accelerate during the remainder of the year, on the back, inter alia, of better absorption of EU funds. At the same time, current spending would pick-up, in line with higher public consumption (mainly spending related to defense) and a looser incomes policy (wages in the education sector went up by 15% in September and the minimum pension will rise by an additional 11% in October)

Serbia

2013	2014	2015	2016	07:16	07:17	2017F
-5.5	-6.6	-3.7	-1.3	-2.7	0.5	0.0

FYROM

2013	2014	2015	2016	07:16	07:17	2017F*
-3.8	-4.2	-3.5	-2.6	-2.9	-2.9	-3.8

*: a large fiscal loosening is expected in 8-12M:17, in view of the new Government's pre-election pledges

Albania

2013	2014 ^a	2015 ^a	2016	07:16	07:17	2017F*
-5.0	-5.2	-4.1	-1.8	-1.6	-2.8	-1.7

a: Including the clearance of arrears, worth 2.4% of GDP in FY:14 and 1.2% of GDP in 2015
* assuming a correction of the spending slippage after the June 25th parliamentary elections

Cyprus

2013	2014	2015	2016	07:16	07:17	2017F*
-4.7	-8.8	-1.2	0.4	-1.3	0.9	0.2

*: The fiscal performance is expected to deteriorate by the end of the year, ahead of the February 2018 presidential elections

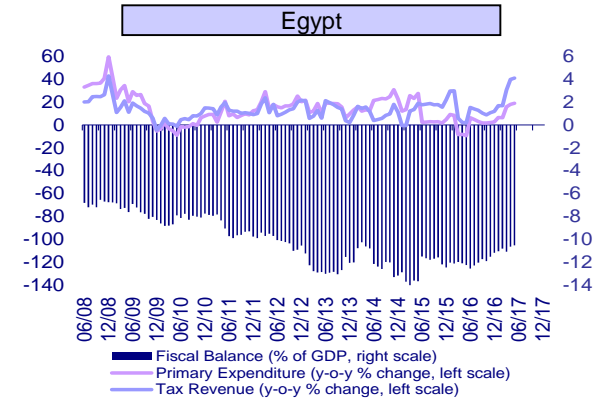
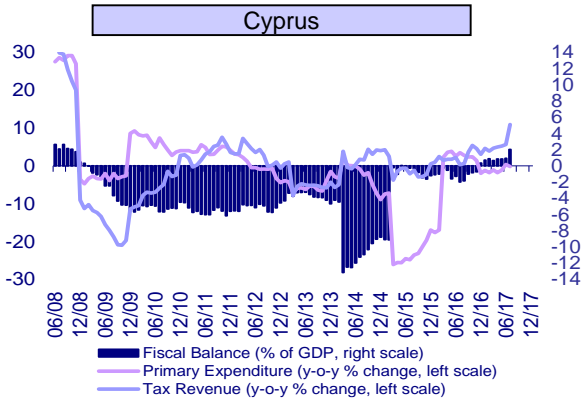
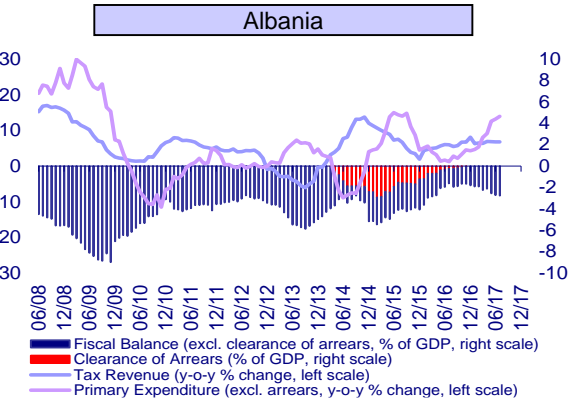
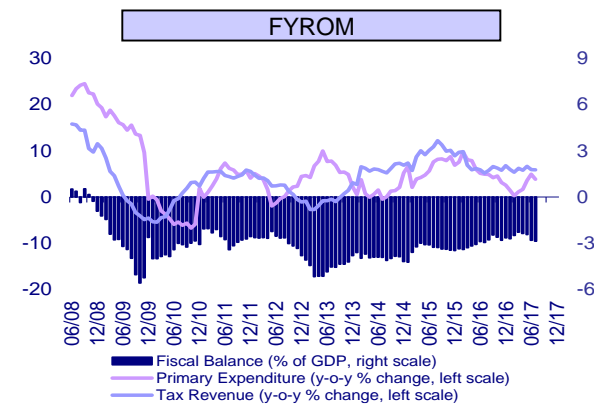
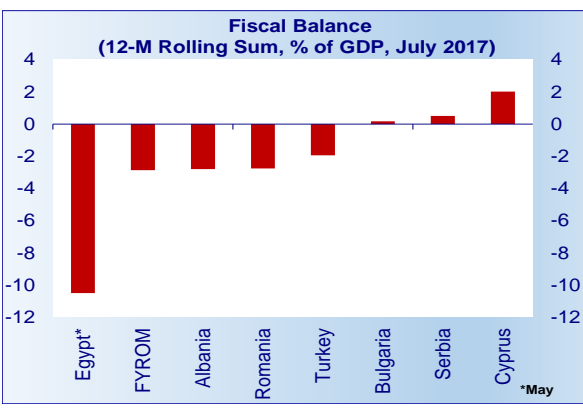
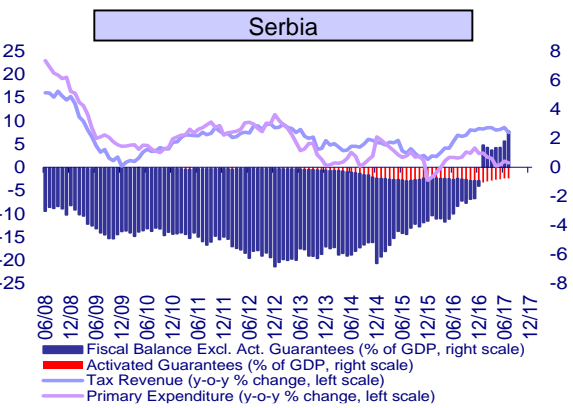
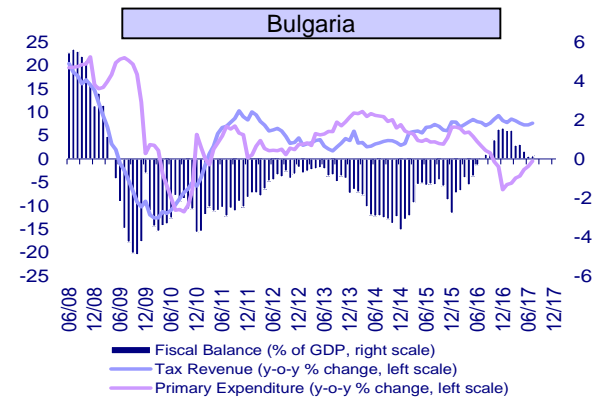
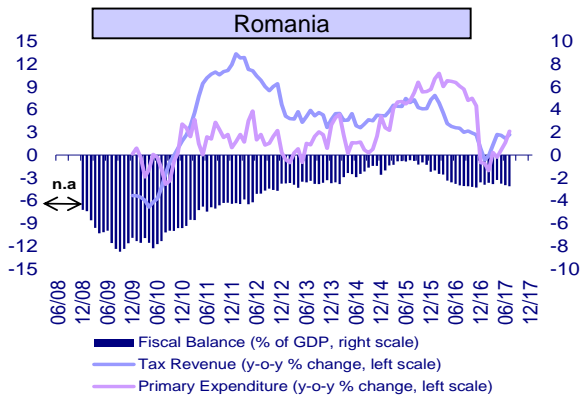
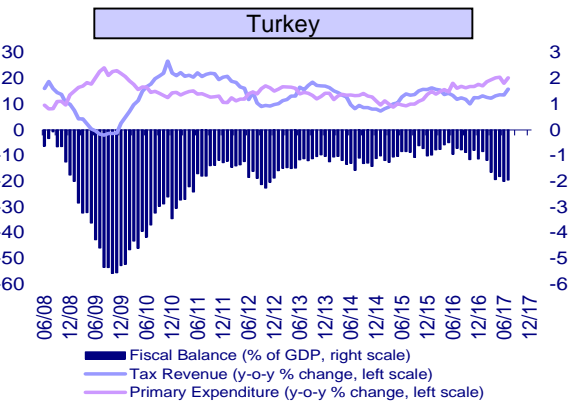
Egypt

2014	2015	2016	11:15/16	11:16/17	2017F	2018F
-12.2	-11.5	-12.5	-12.2	-10.5	-10.5	-9.5

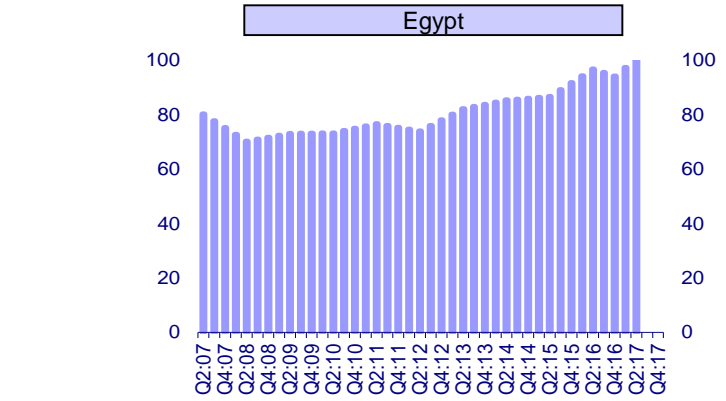
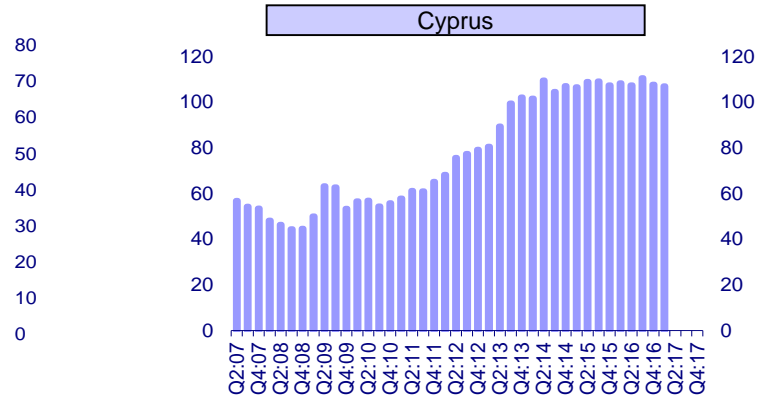
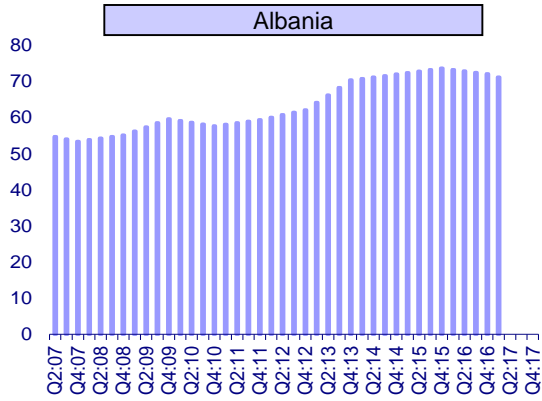
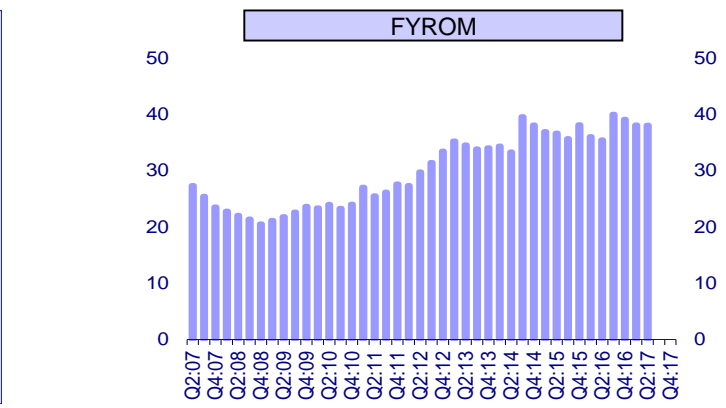
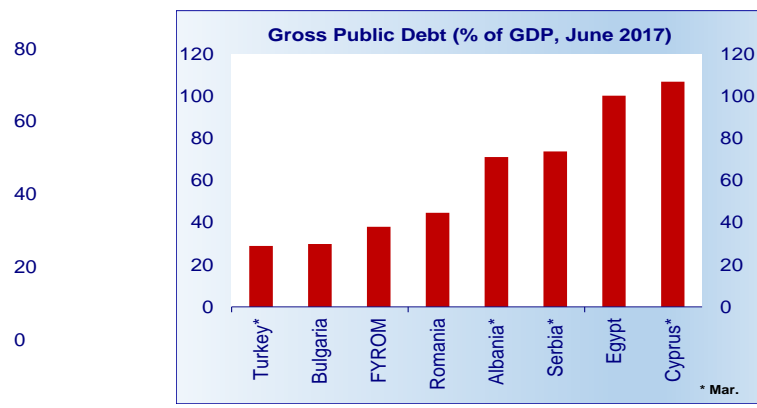
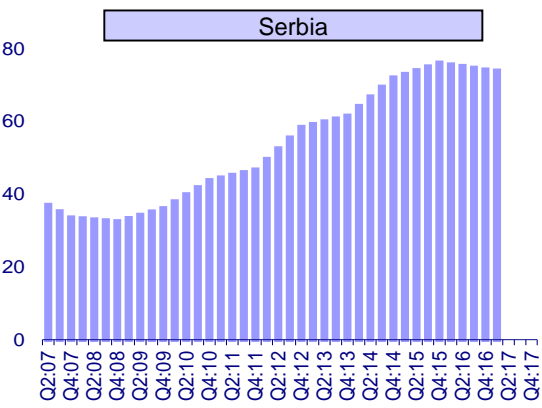
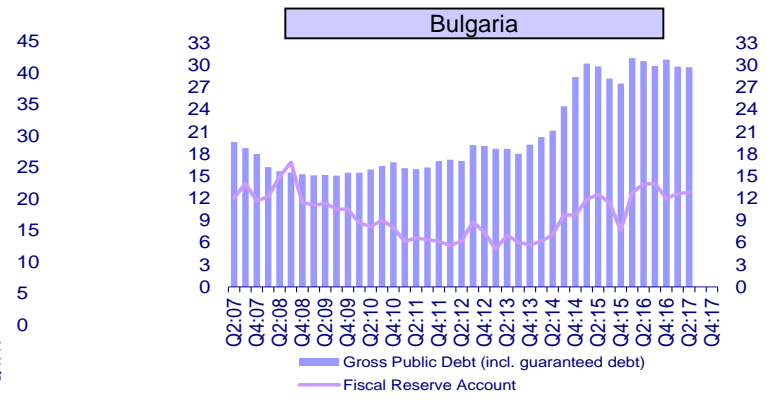
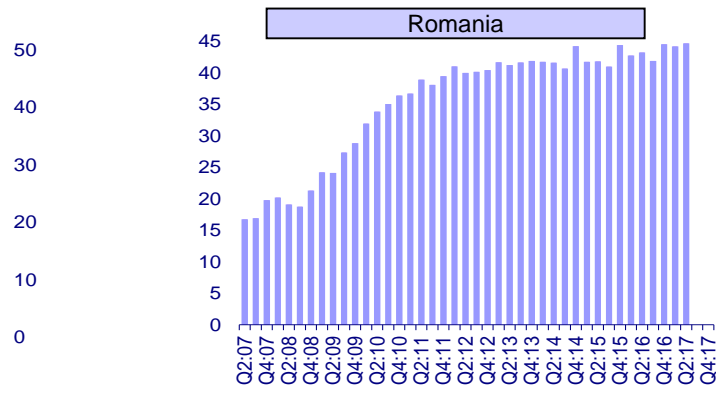
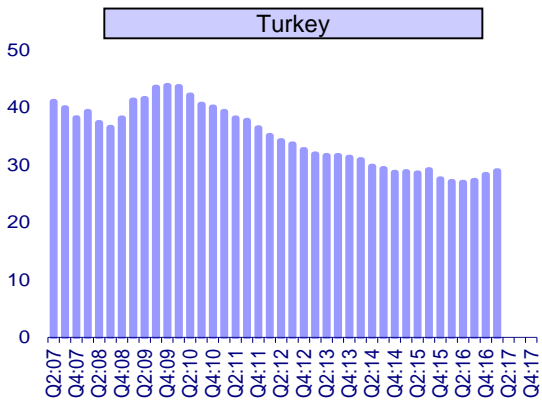
*: Fiscal year ending on June 30th.

Higher primary expenditure is behind the widening of the fiscal deficit in Turkey

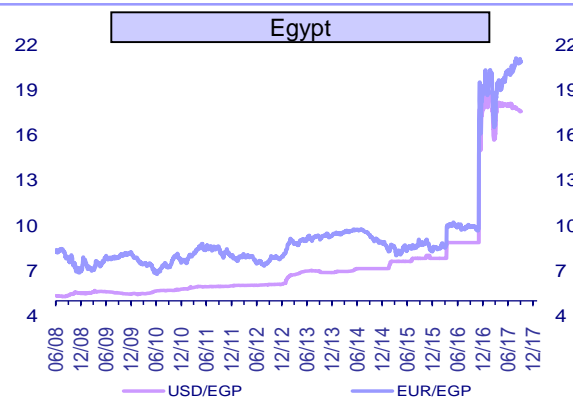
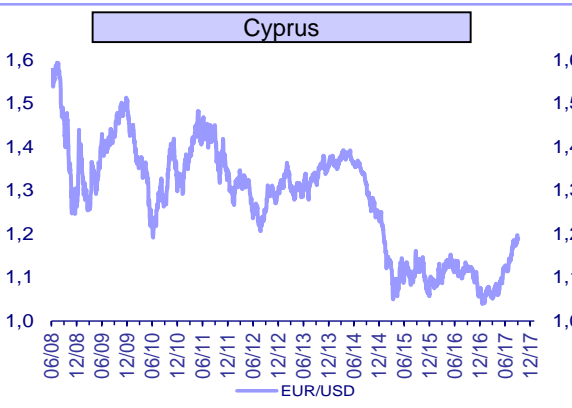
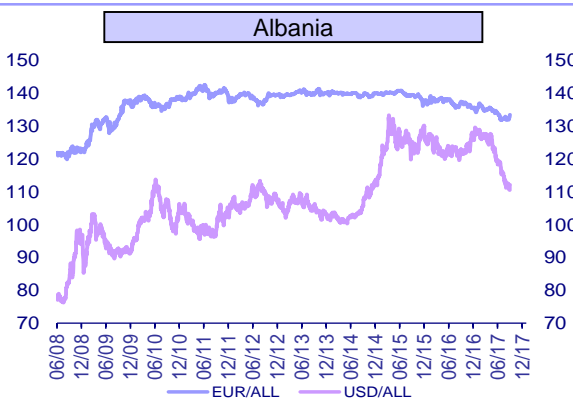
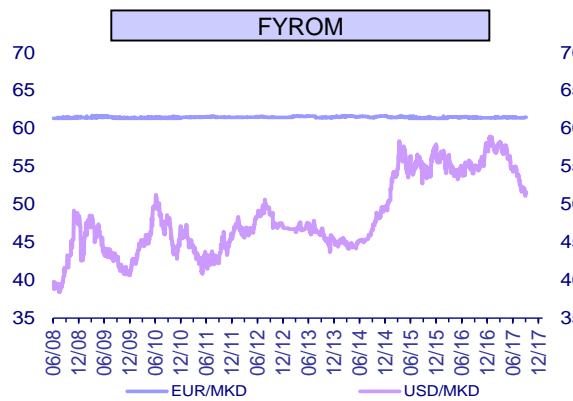
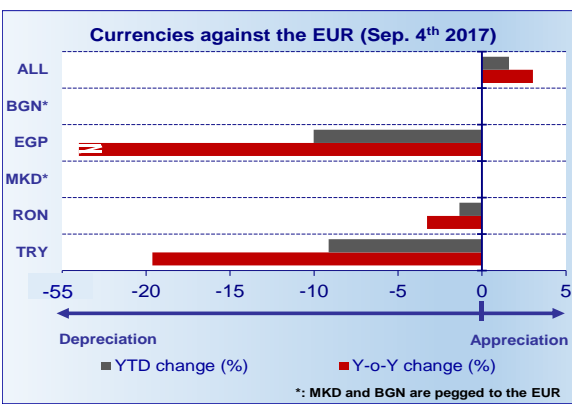
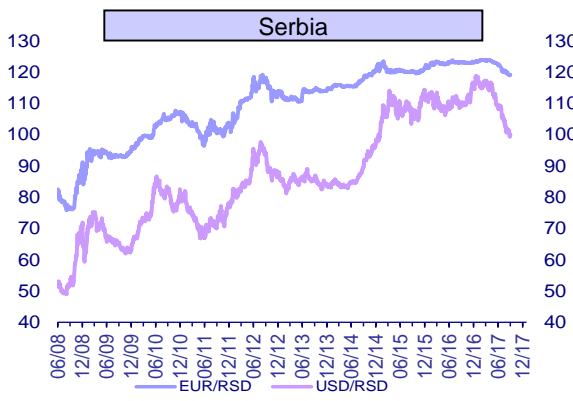
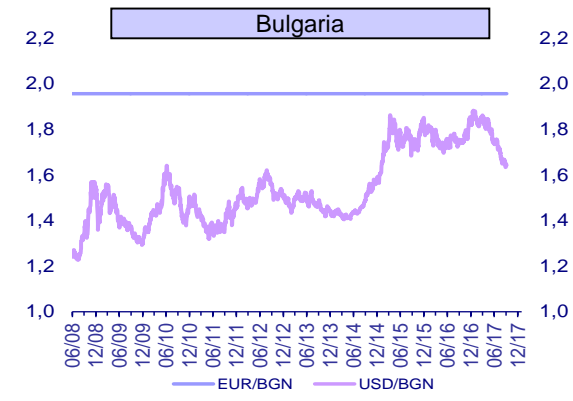
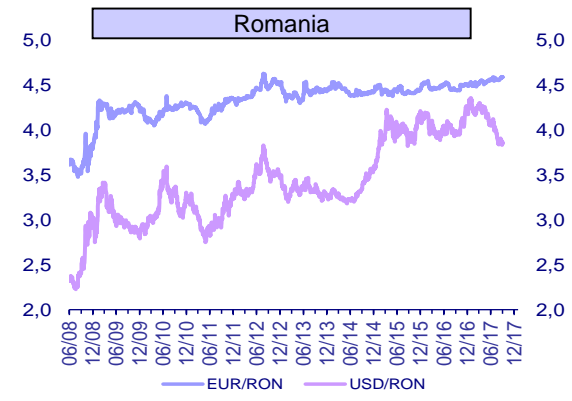
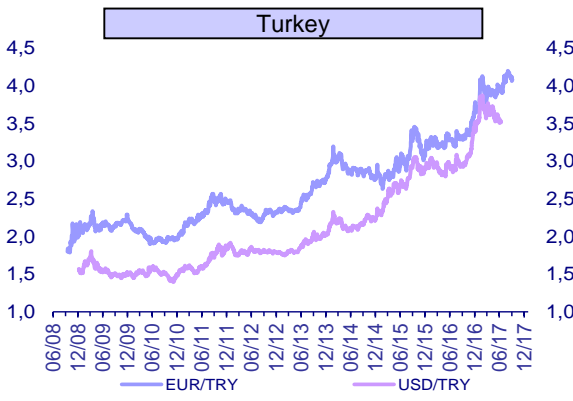
Higher tax revenue is driving the fiscal deficit down in Egypt



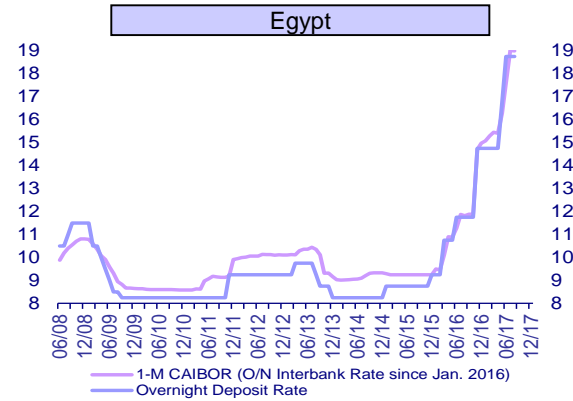
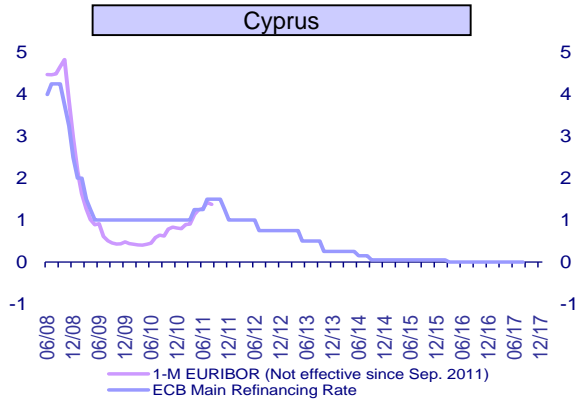
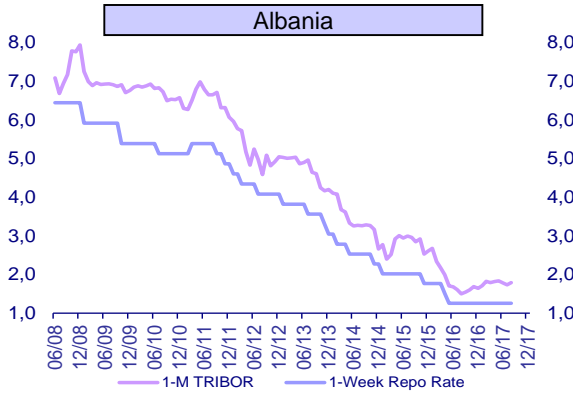
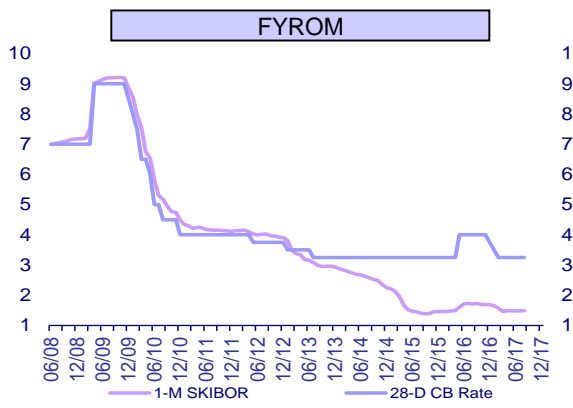
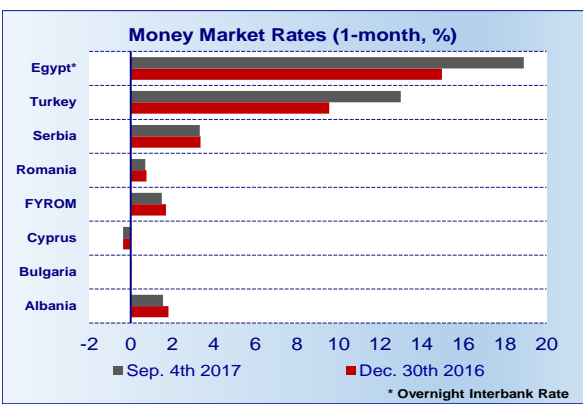
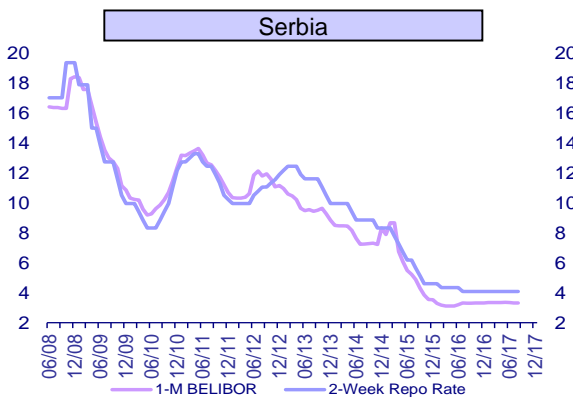
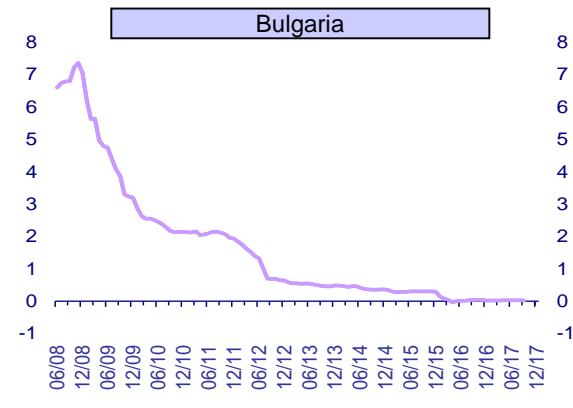
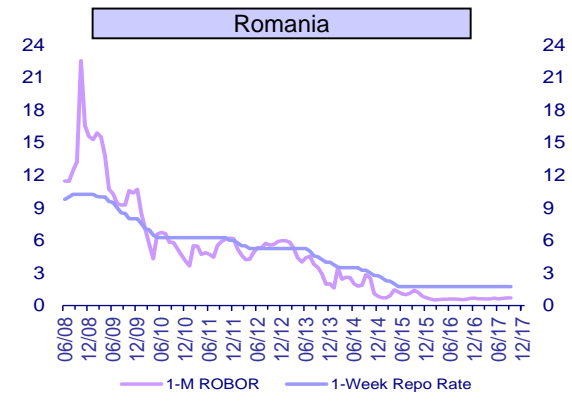
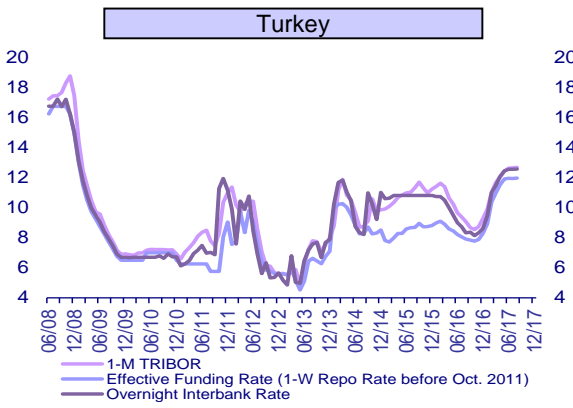
The public debt-to-GDP ratio is on a downward trend in all the countries under review, with the exception of Turkey and Egypt



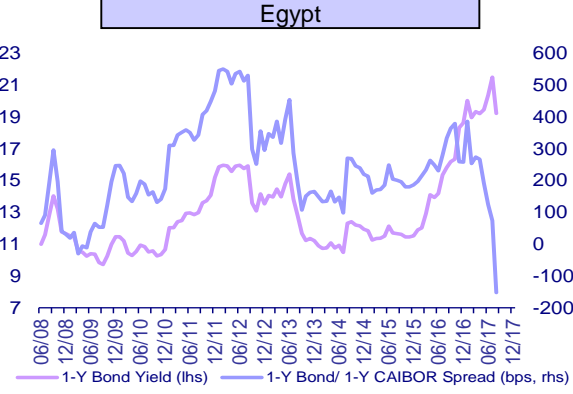
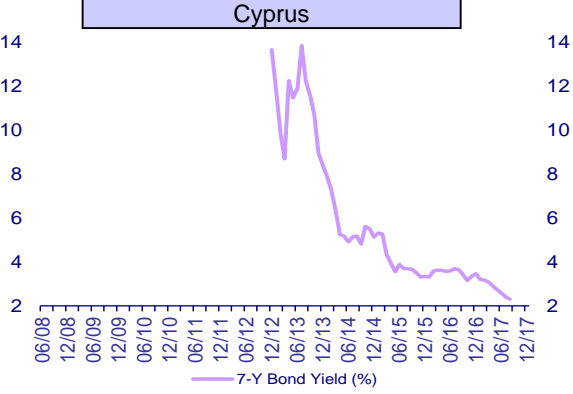
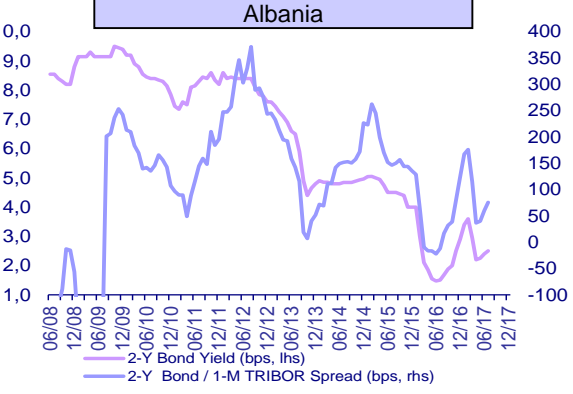
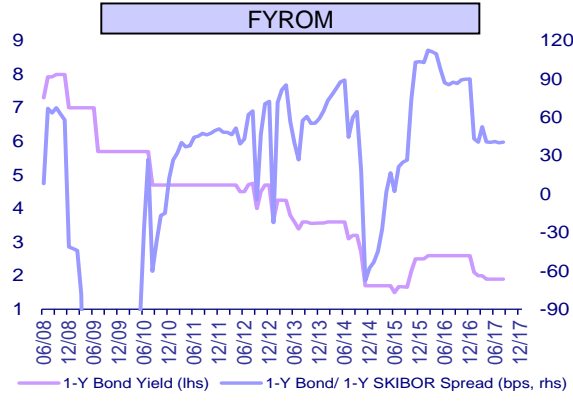
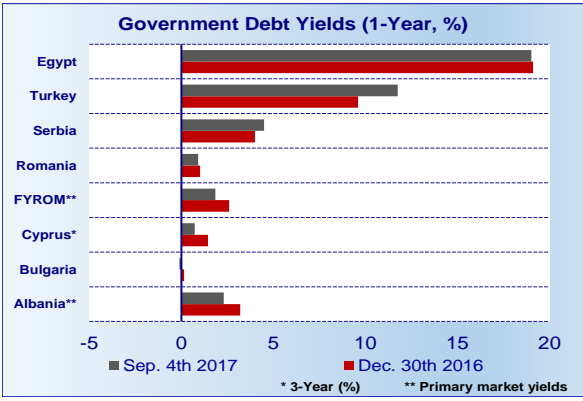
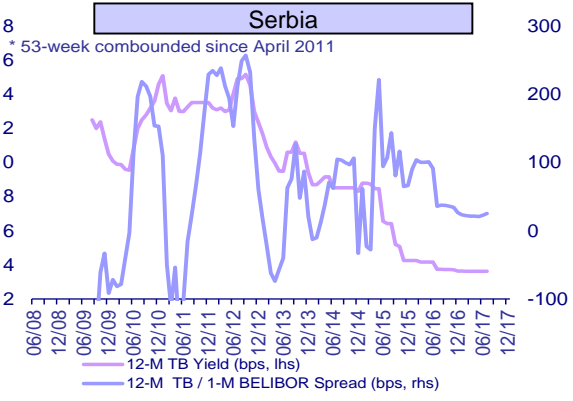
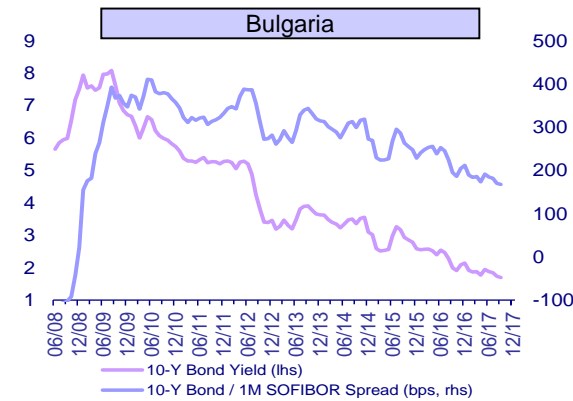
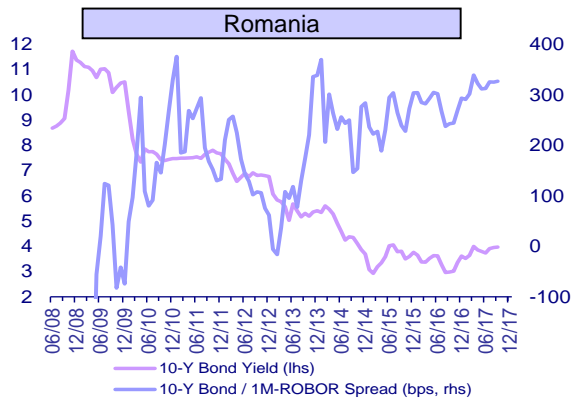
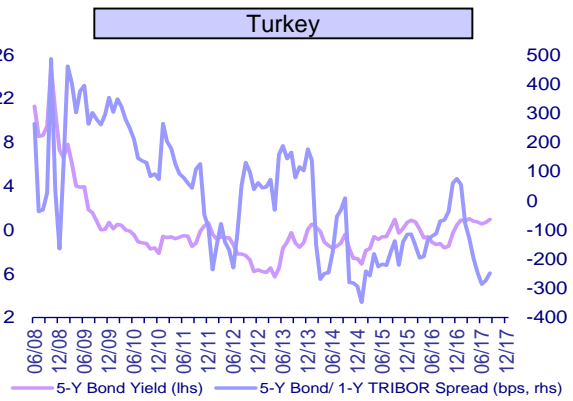
The TRY and the EGP have depreciated significantly against the EUR since the beginning of the year



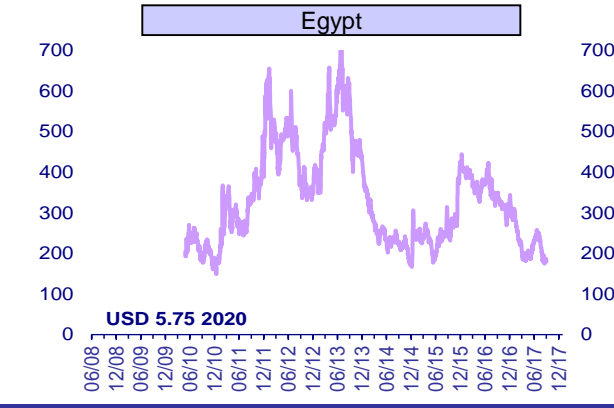
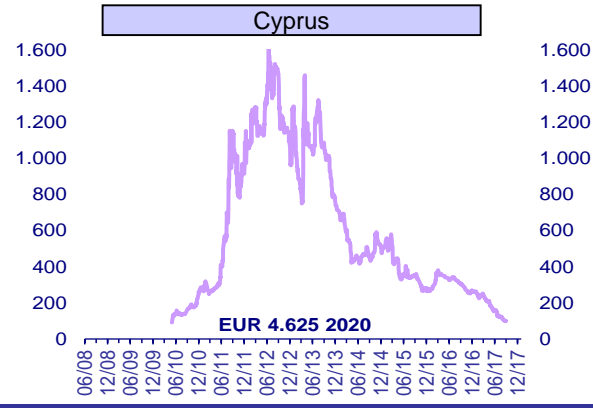
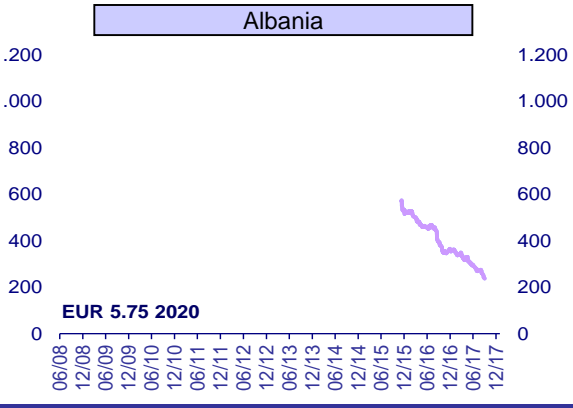
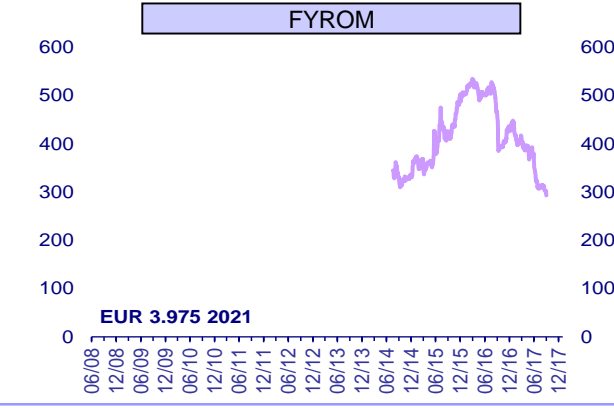
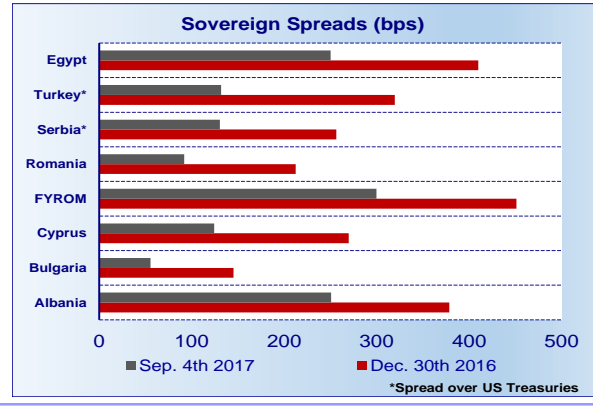
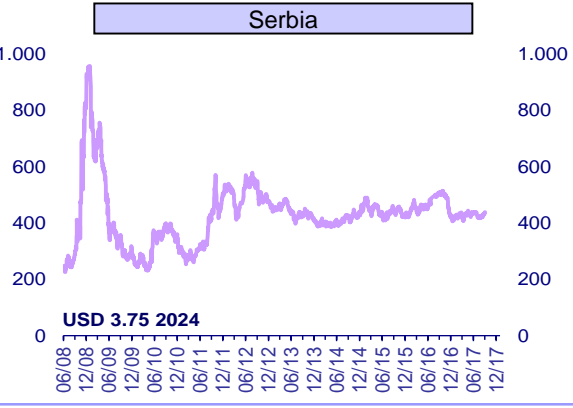
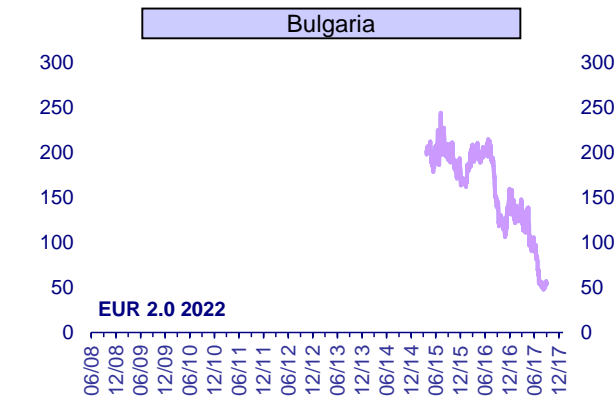
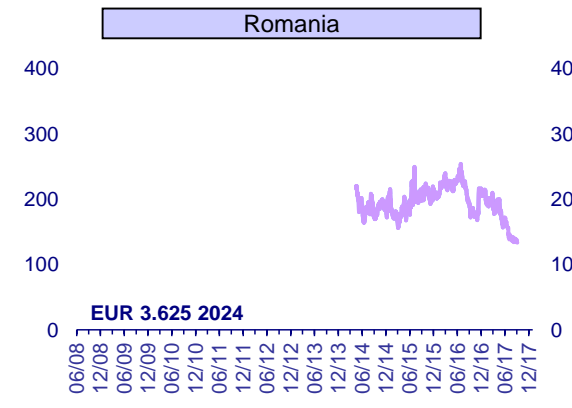
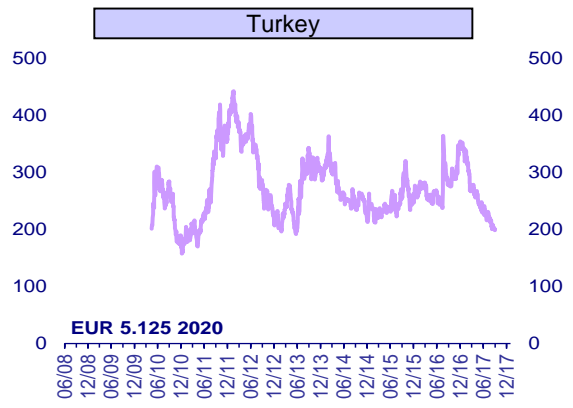
Money market rates have increased significantly in Turkey and Egypt since the beginning of the year



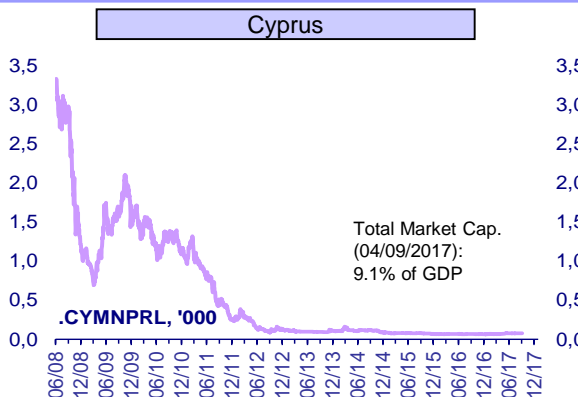
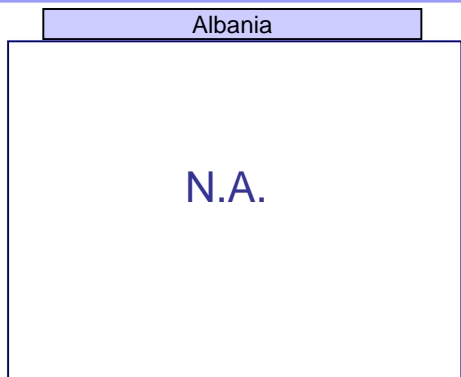
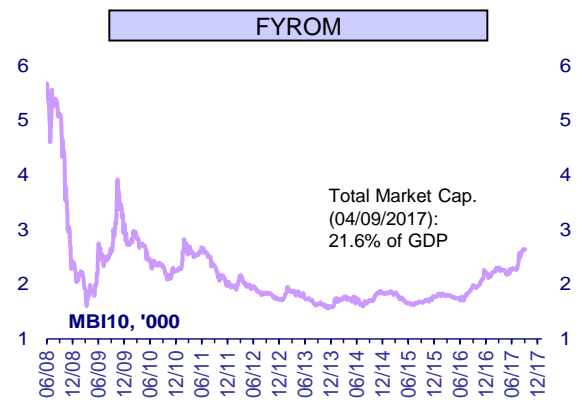
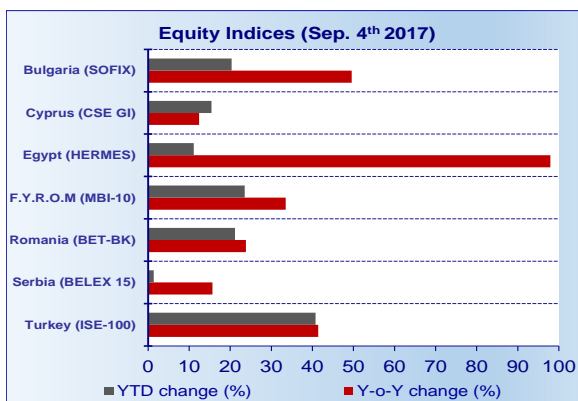
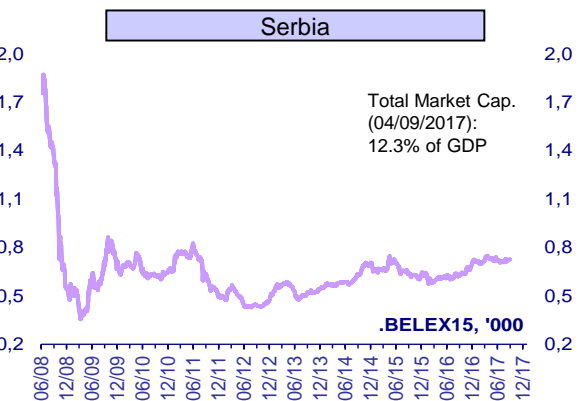
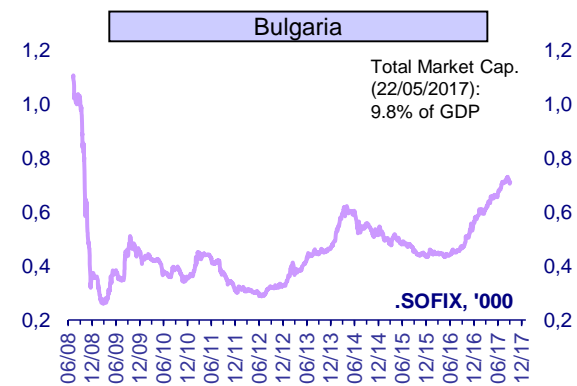
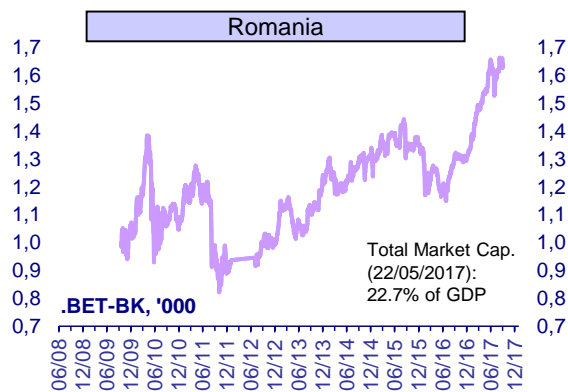
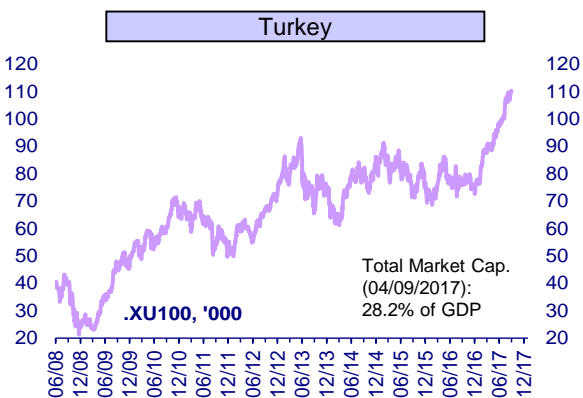
Government debt yields have increased in Egypt, Turkey and Romania since the start of the year



Sovereign spreads have declined in all the countries under review since the beginning of the year

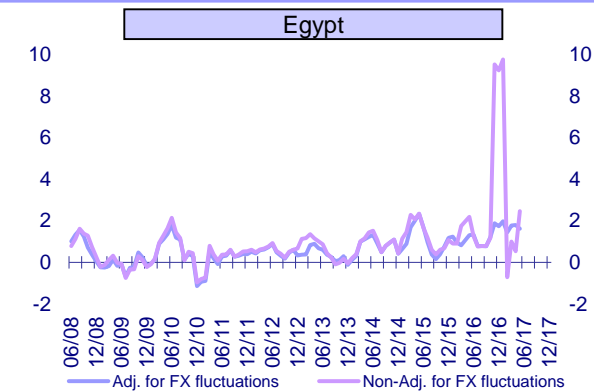
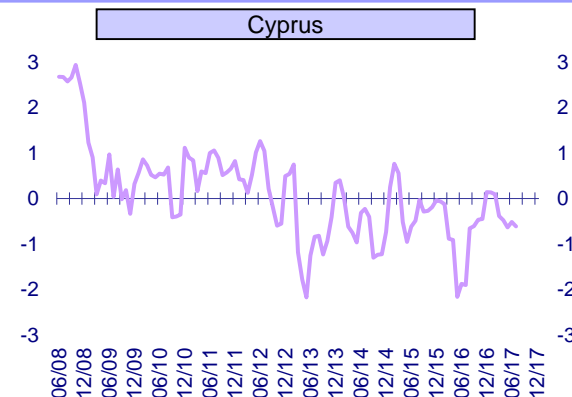
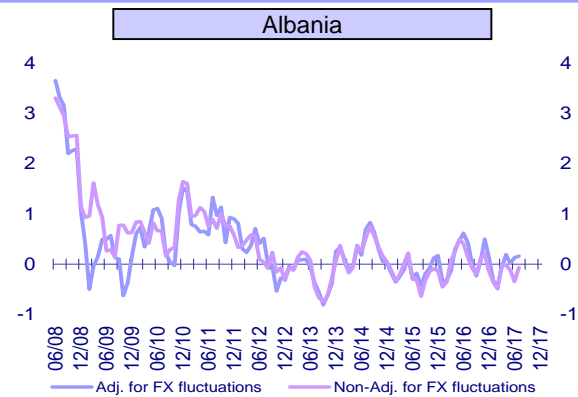
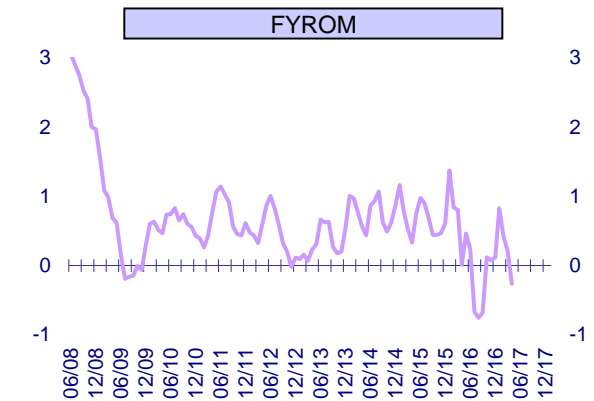
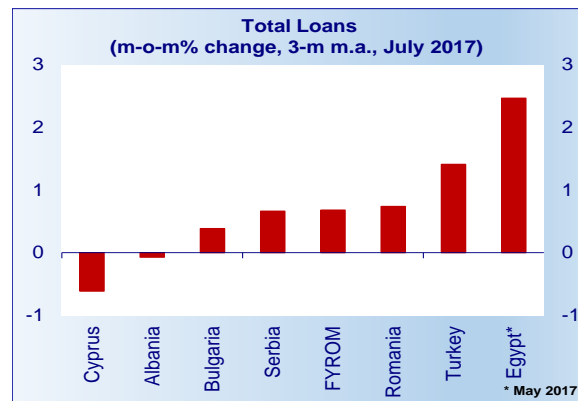
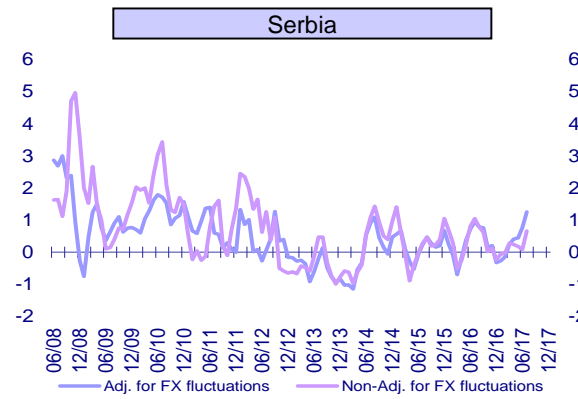
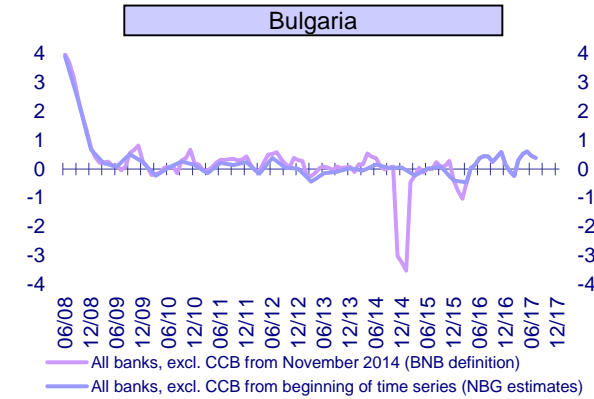
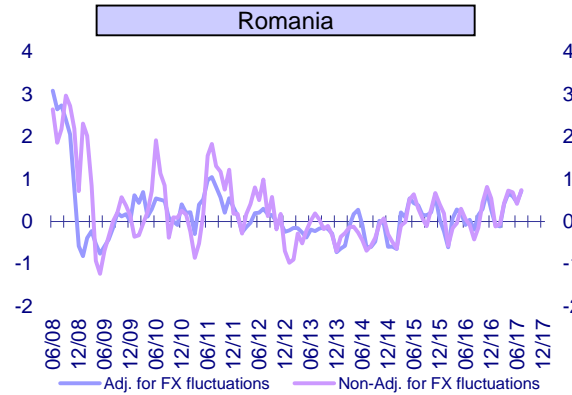
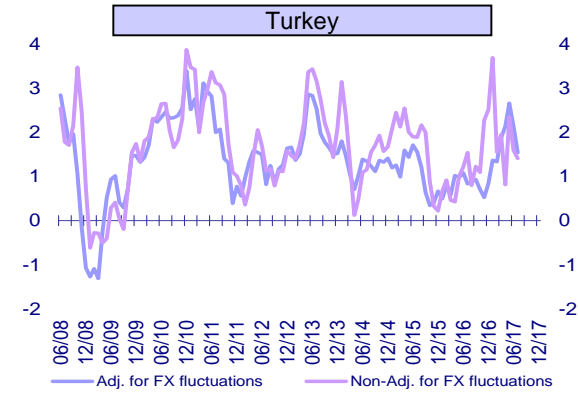


All stock markets in the countries under review have posted a positive performance since the start of the year

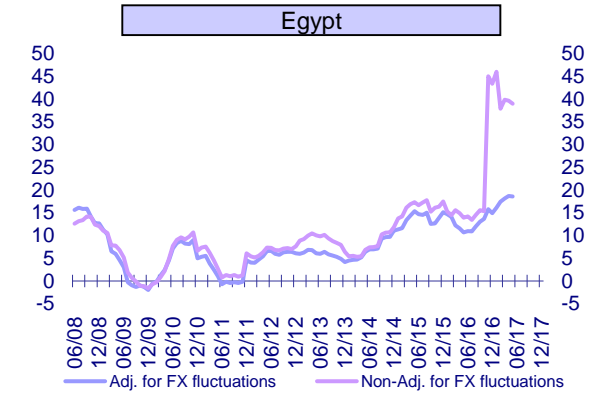
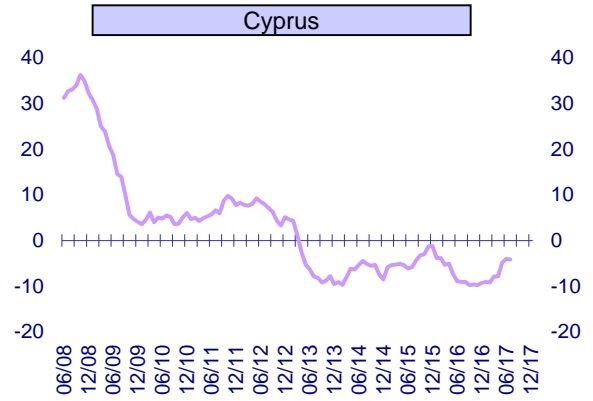
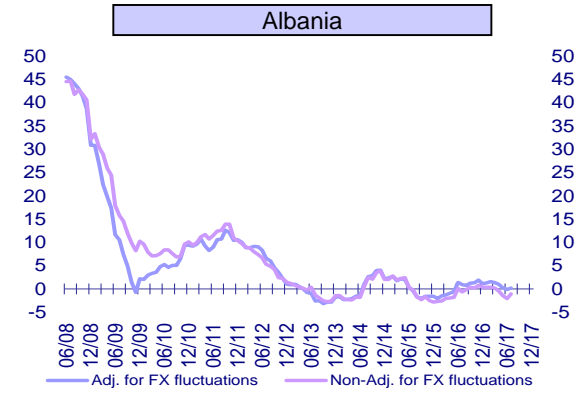
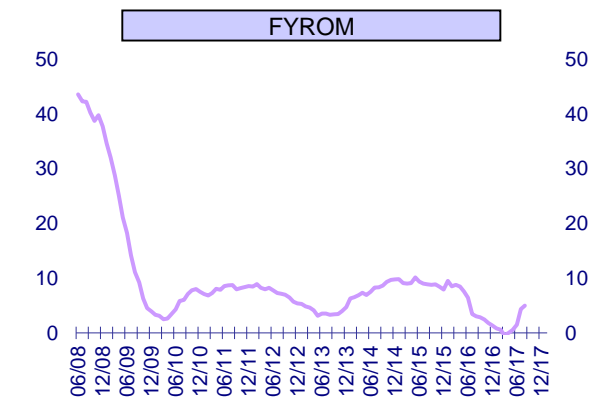
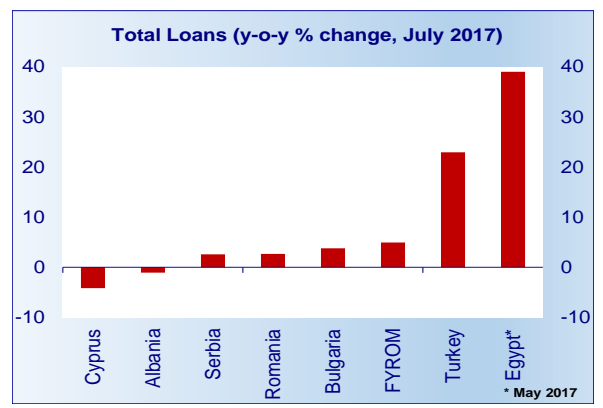
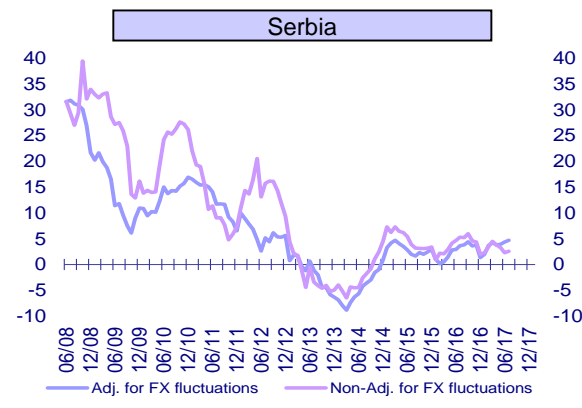
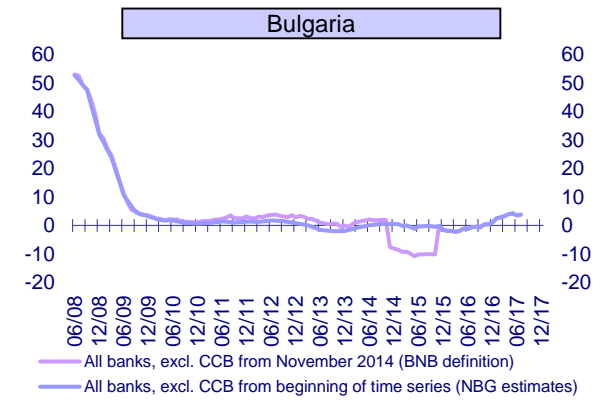
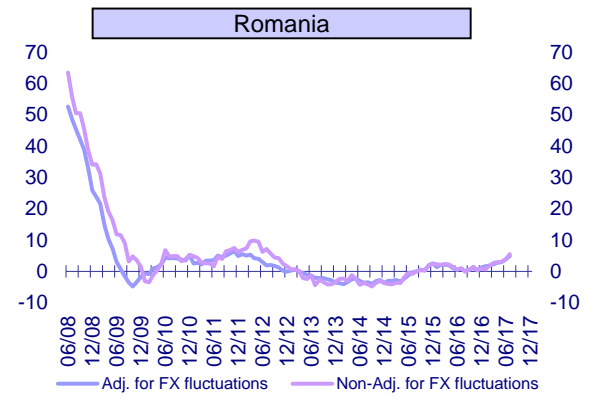
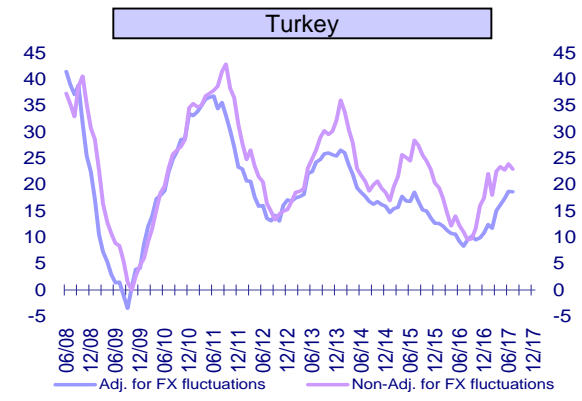


Total loans (m-o-m % change, 3-month moving average)

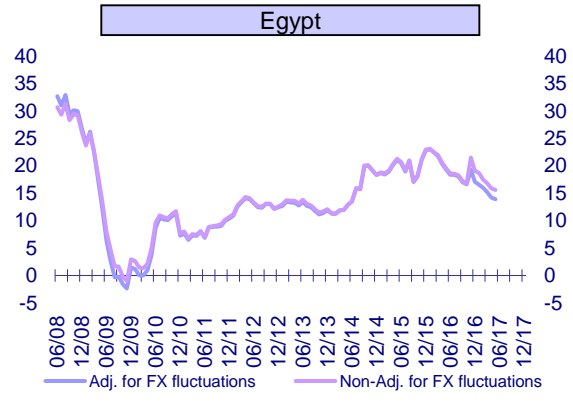
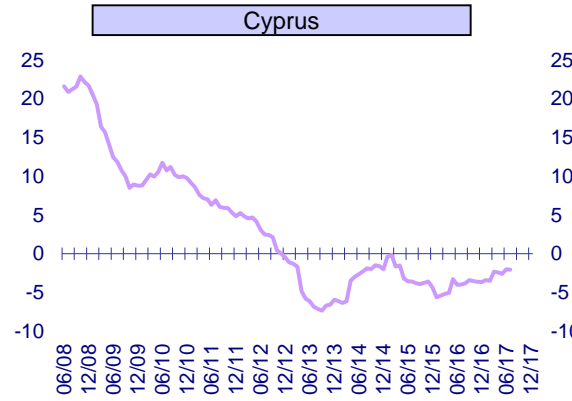
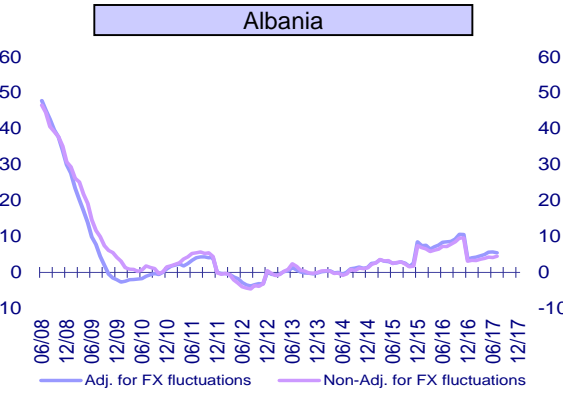
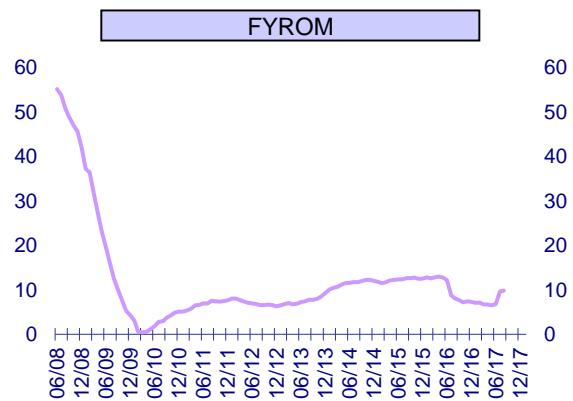
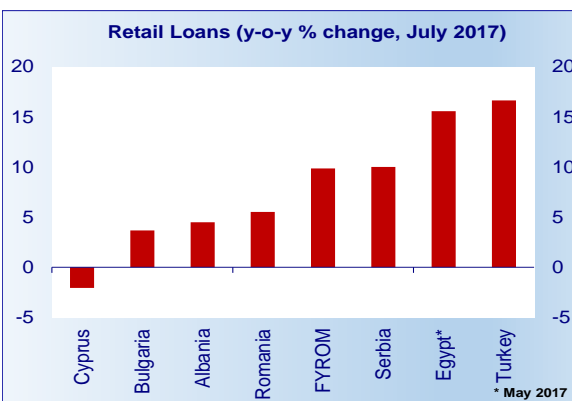
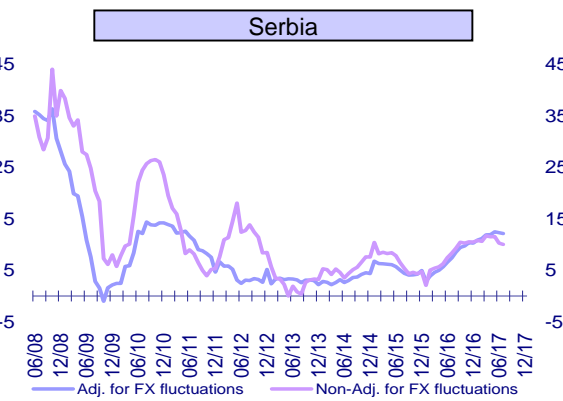
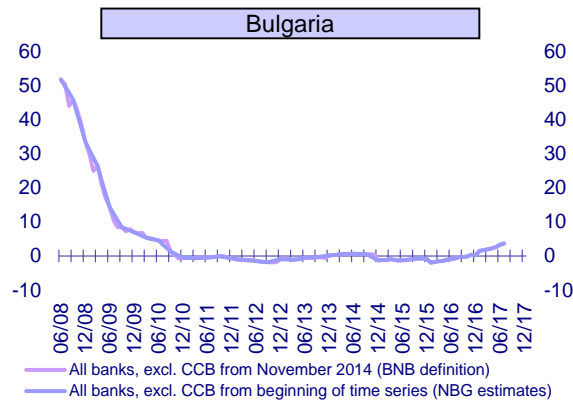
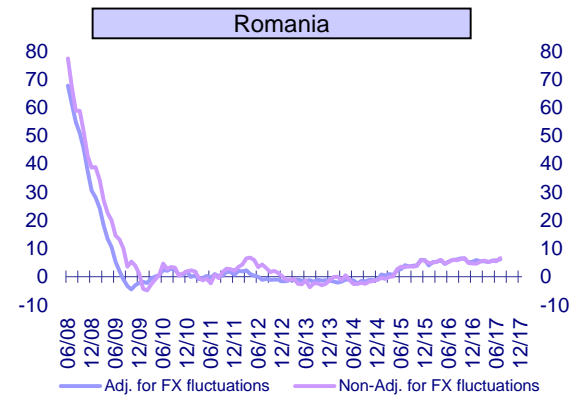
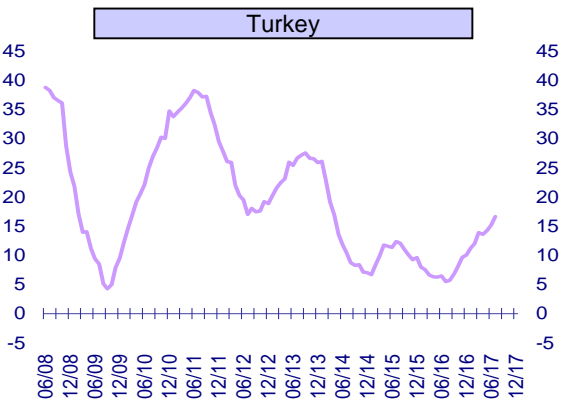
Lending activity has been buoyant in Turkey since the beginning of the year, underpinned by the relaxation of restrictive measures and the Government's Credit Guarantee Fund (targeting SMEs)



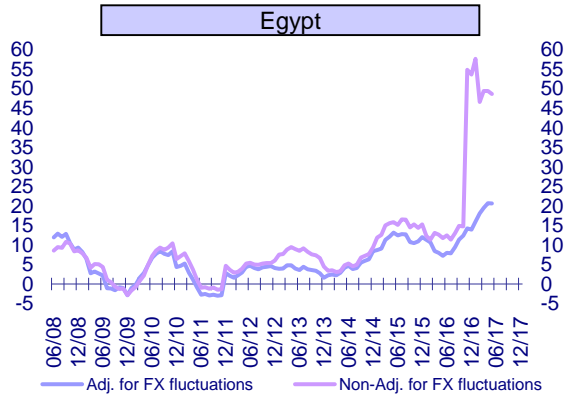
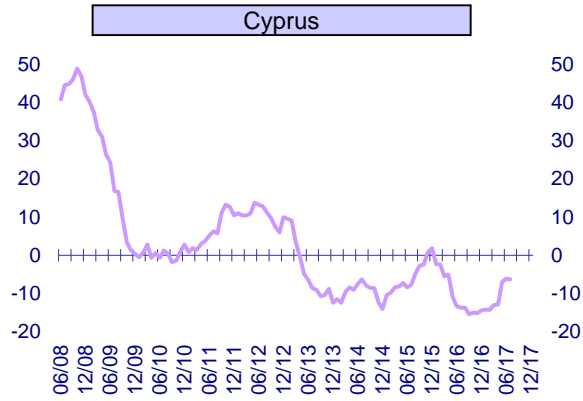
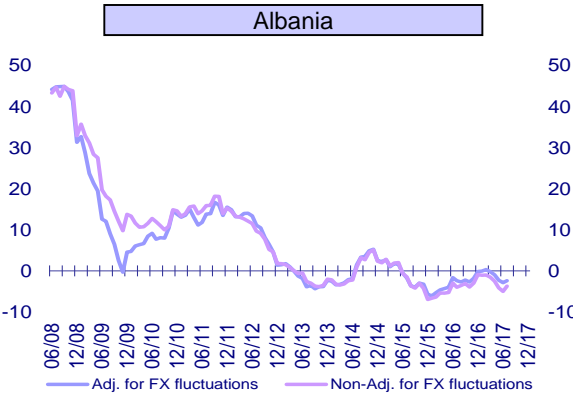
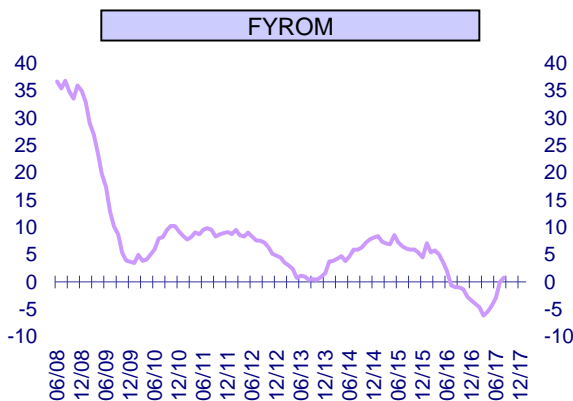
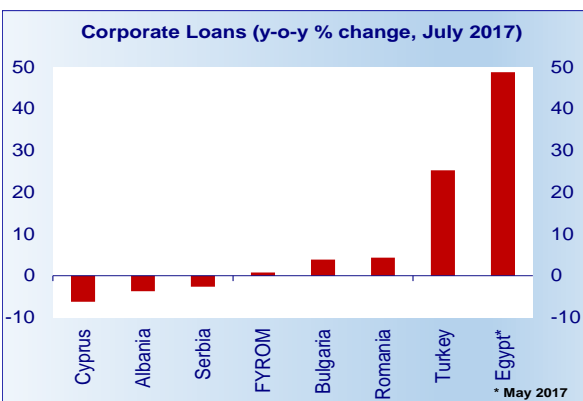
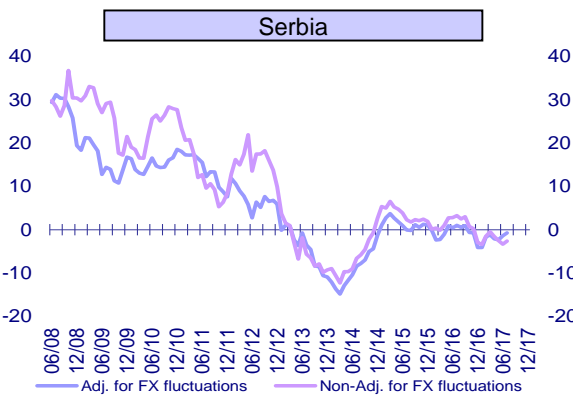
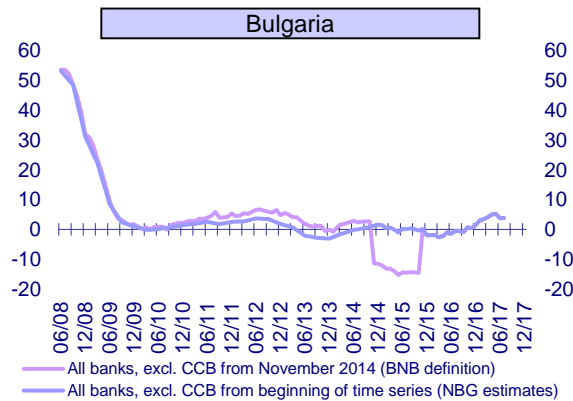
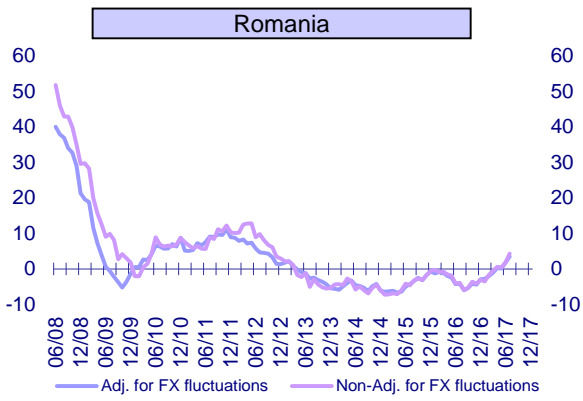
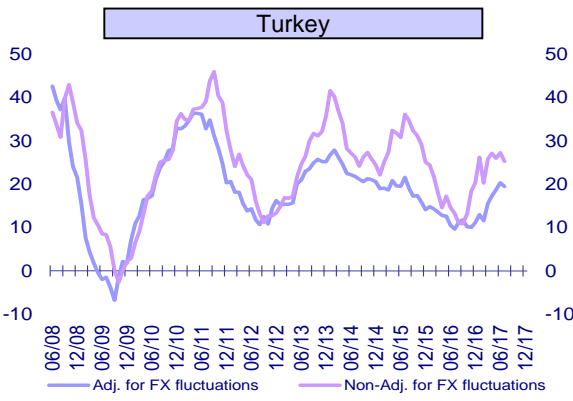
Turkey and Egypt continue to post double-digit lending growth



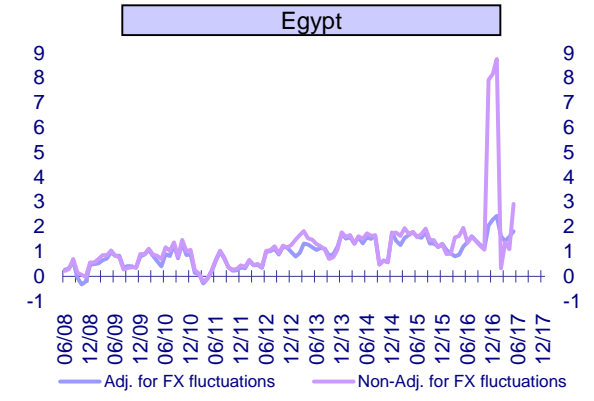
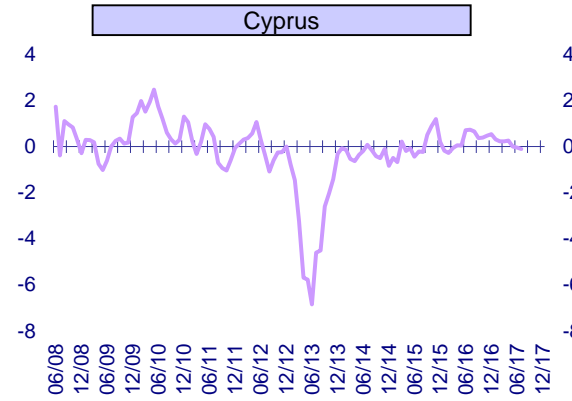
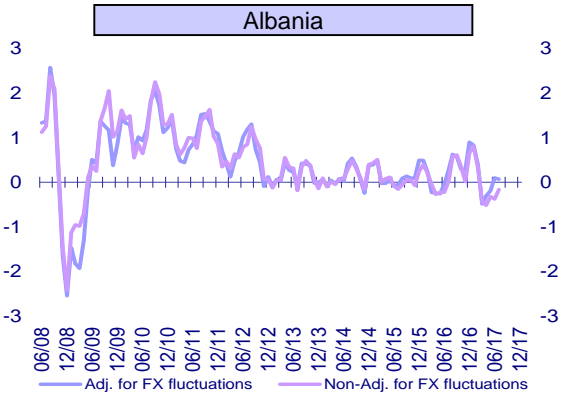
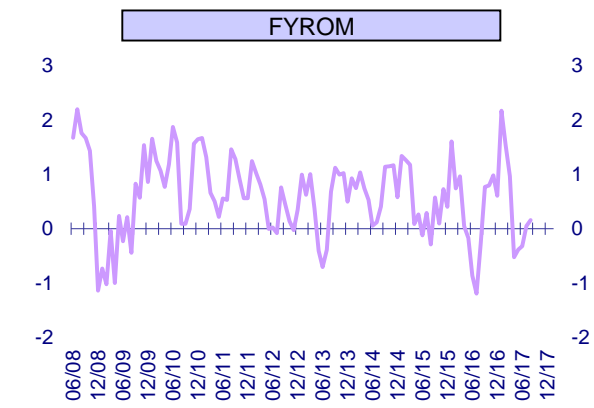
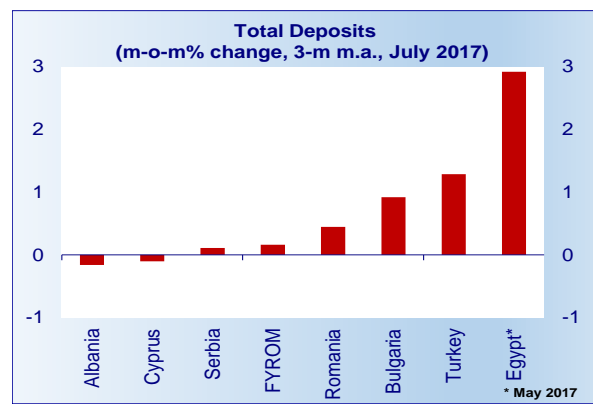
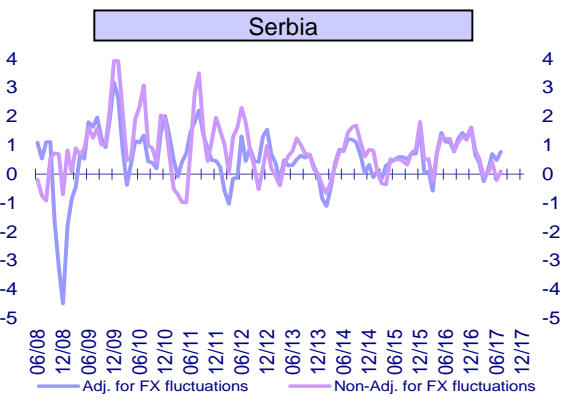
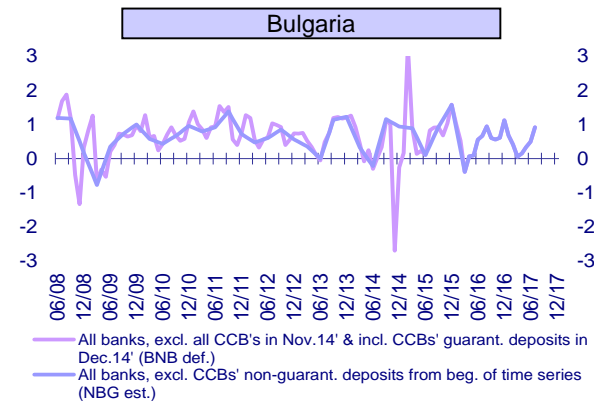
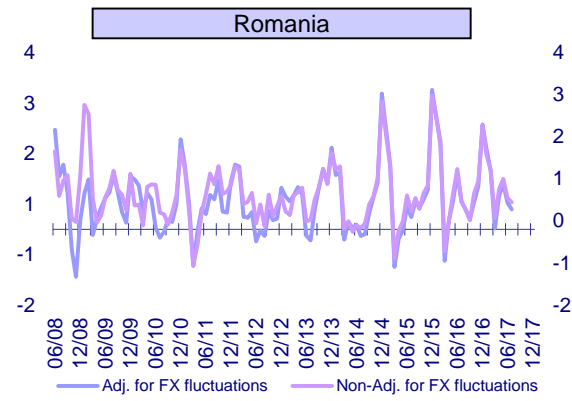
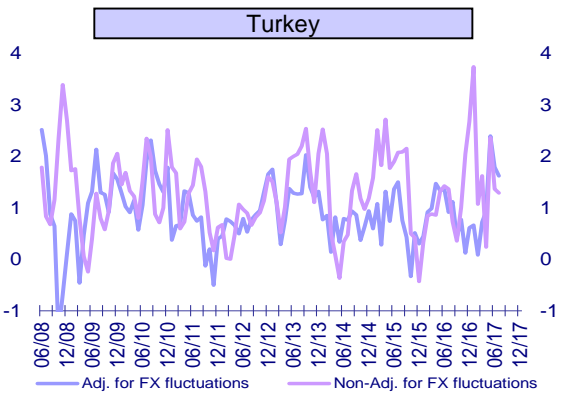
The retail segment remains strong in Turkey, Romania, Serbia, FYROM and Egypt



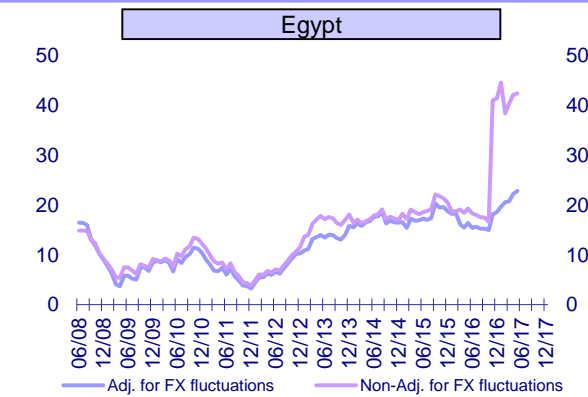
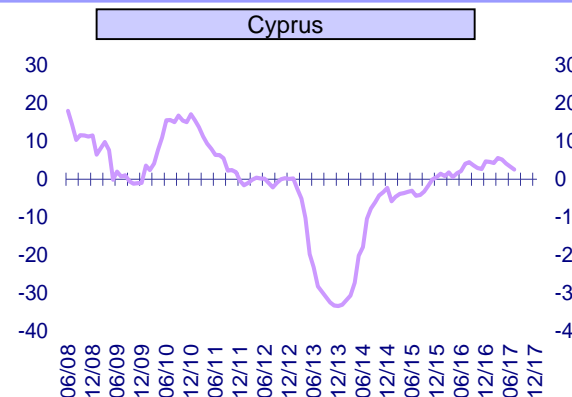
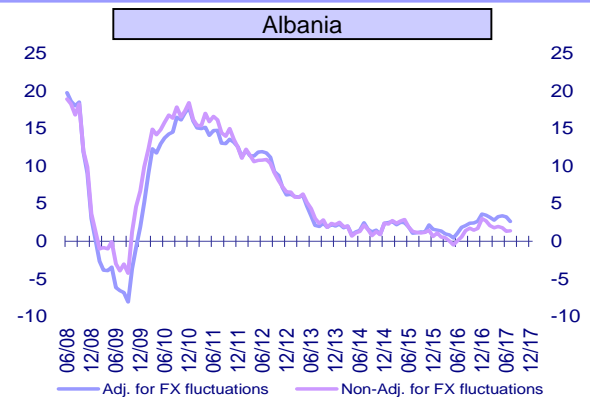
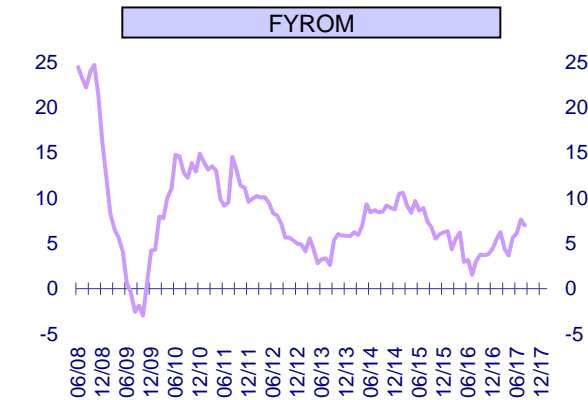
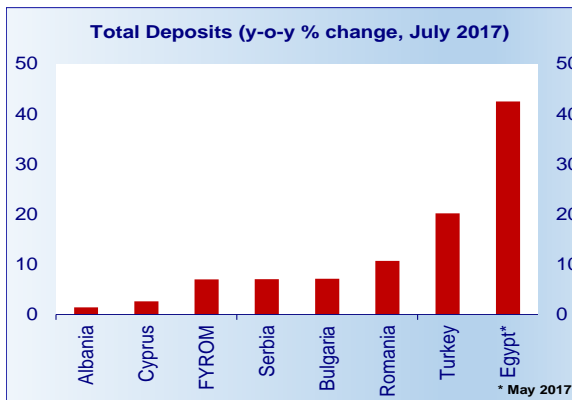
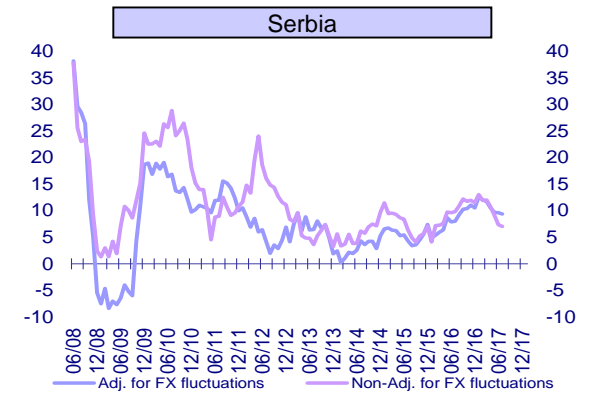
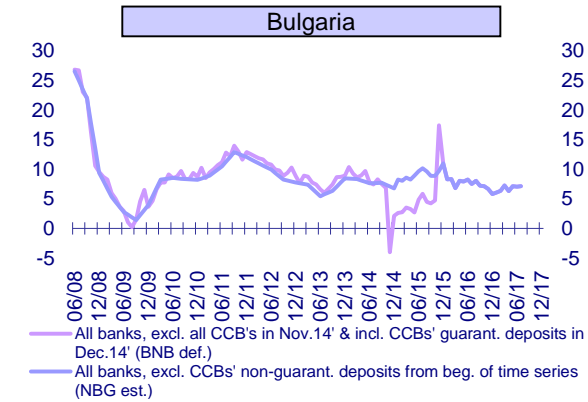
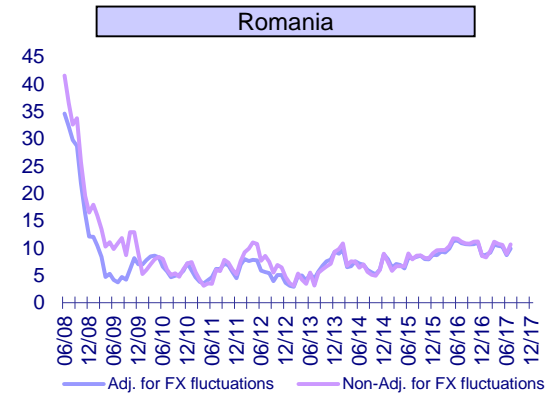
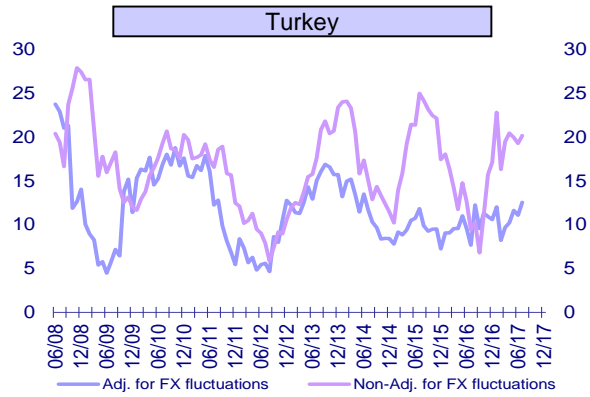
Corporate lending remains the main driver of lending activity in Turkey and Egypt



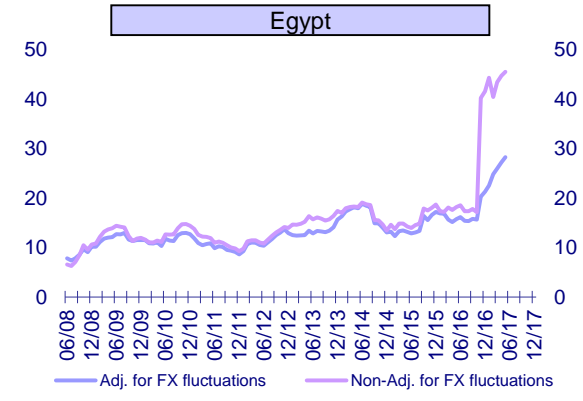
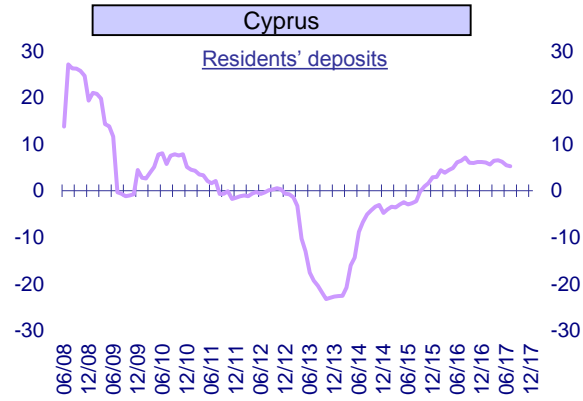
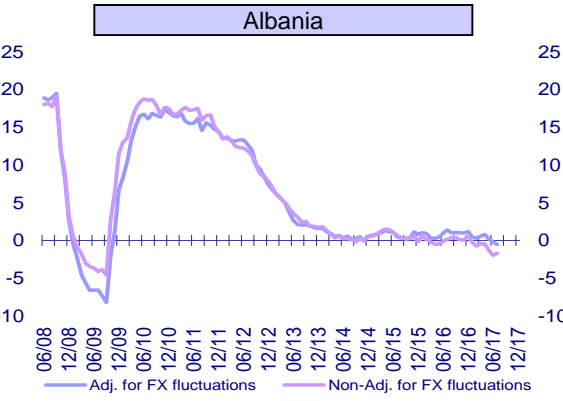
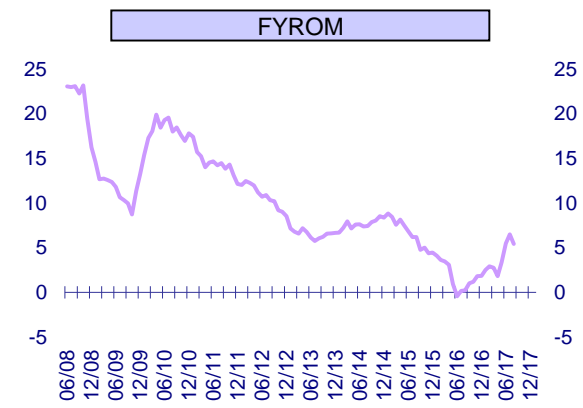
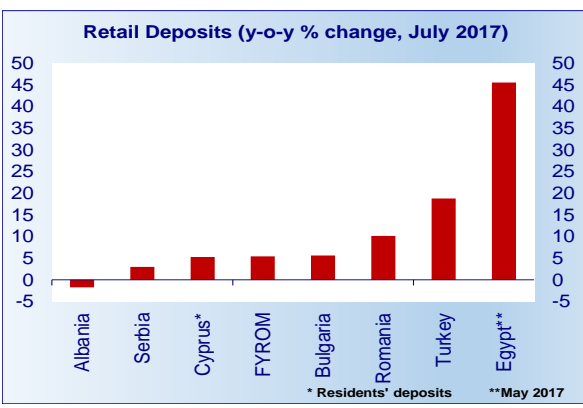
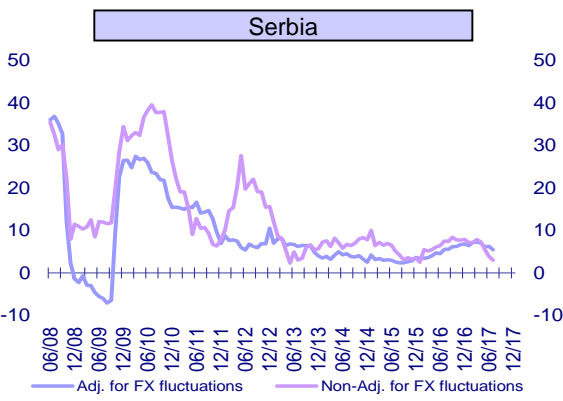
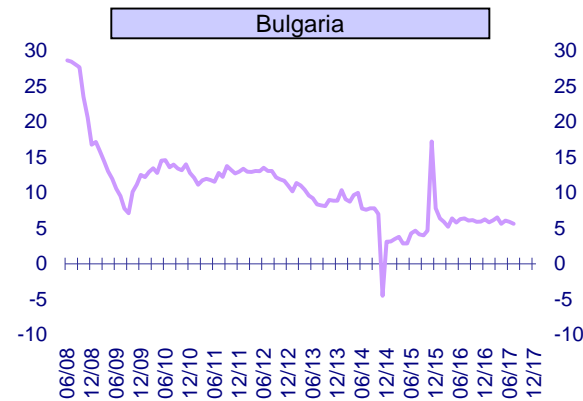
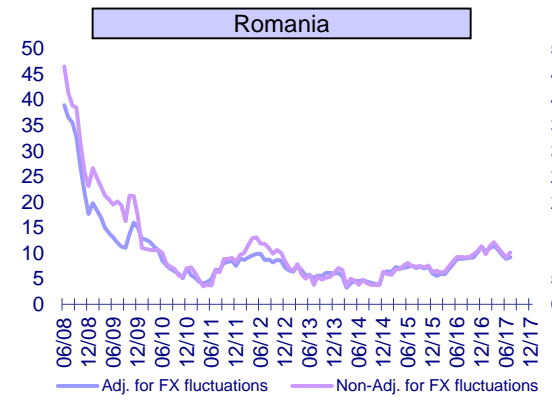
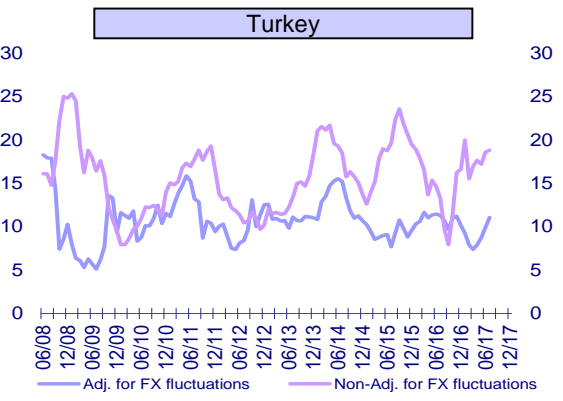
Deposit growth gathers momentum in most of the economies under review



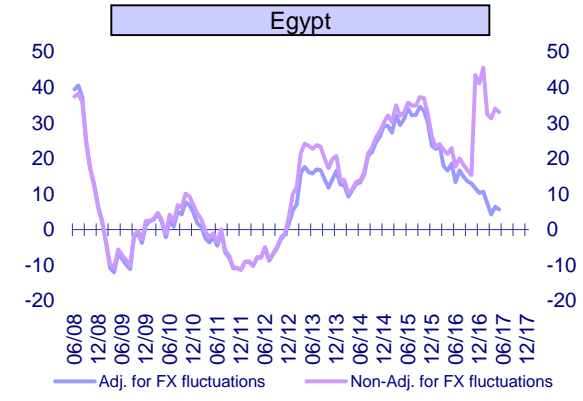
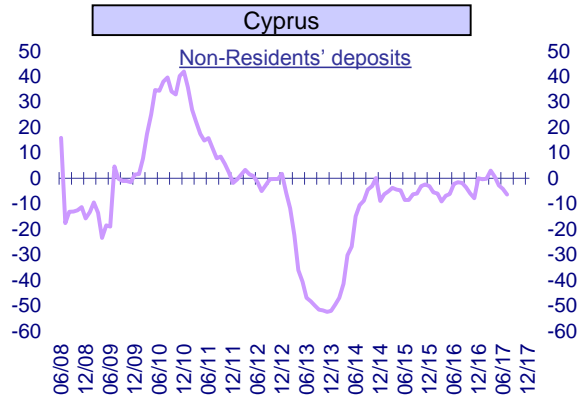
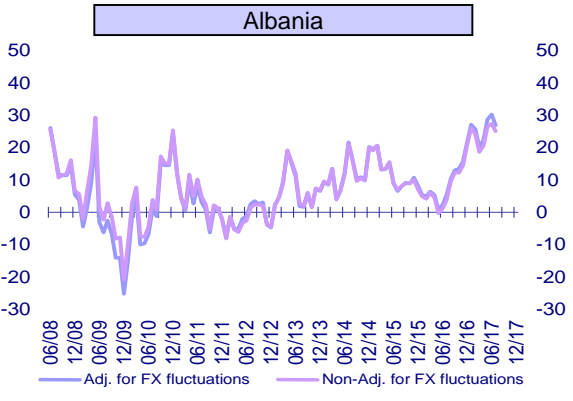
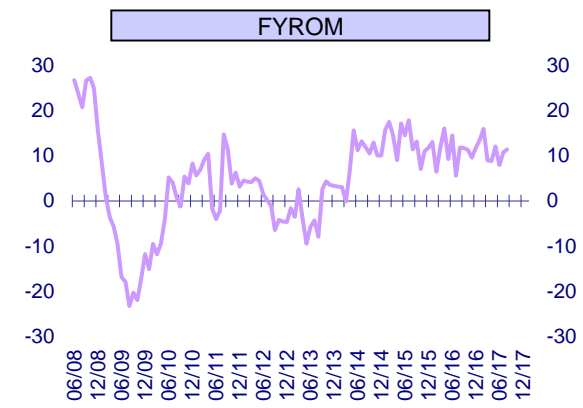
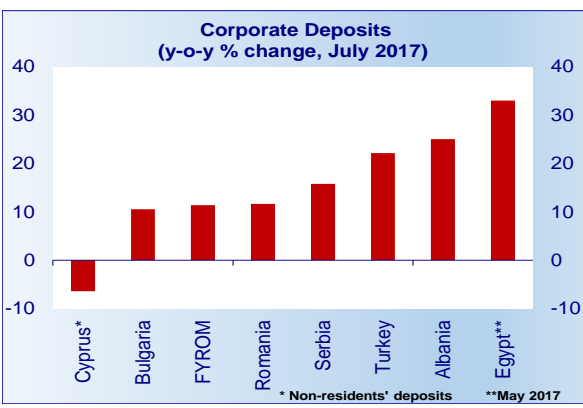
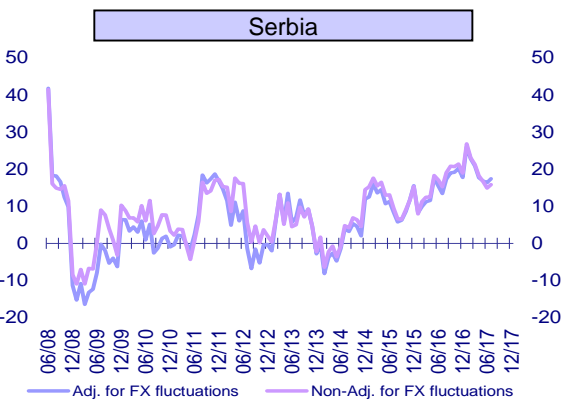
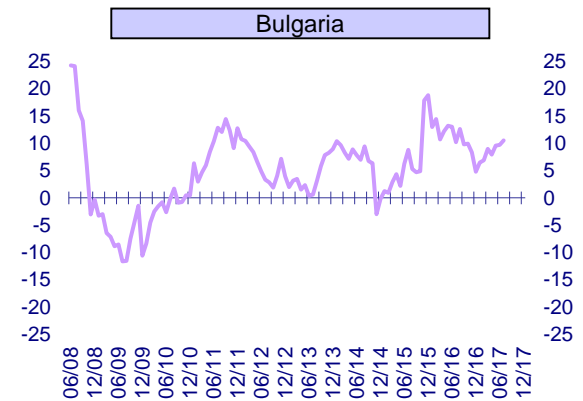
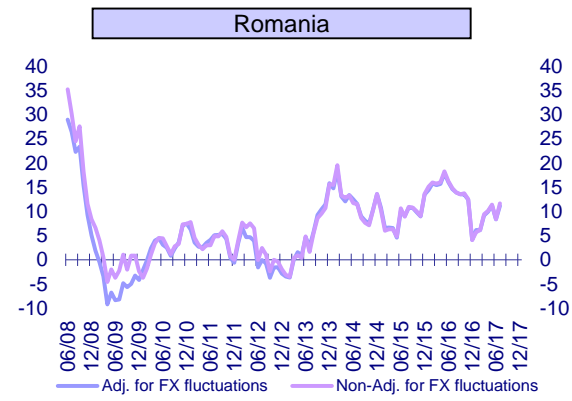
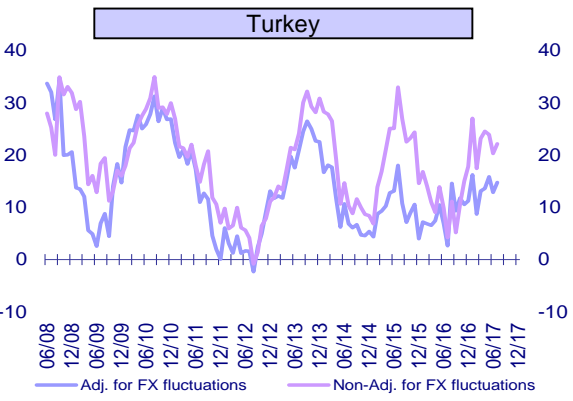
Deposit growth surpasses lending growth in all countries under review, with the exception of Turkey



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

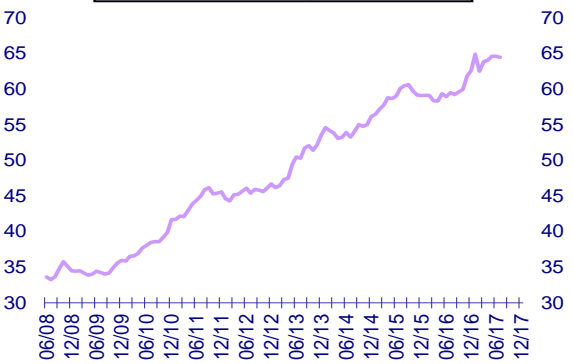


The corporate segment is the main driver of deposit growth in Turkey, Bulgaria, Serbia, FYROM and Albania

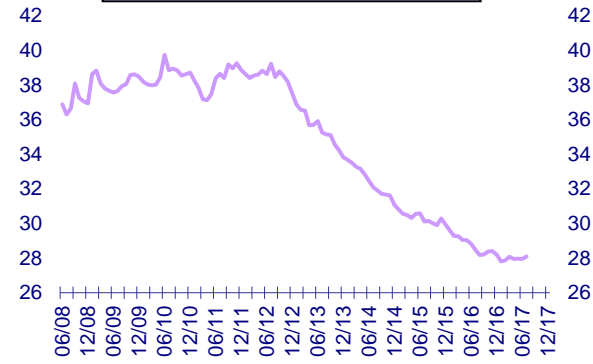


All the economies under review, with the exception of Cyprus, are underpenetrated in terms of lending

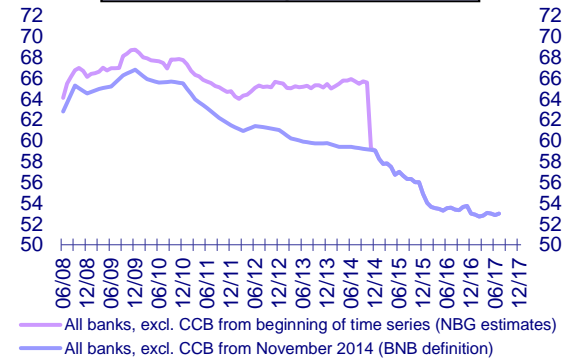
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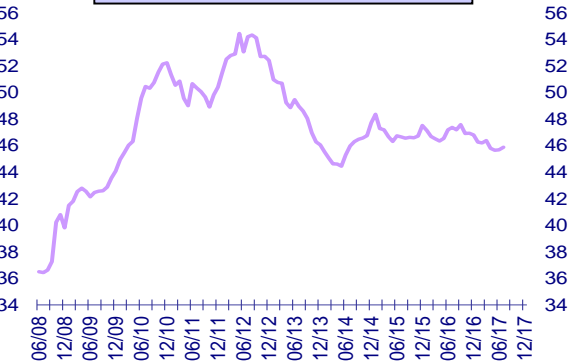
Romania



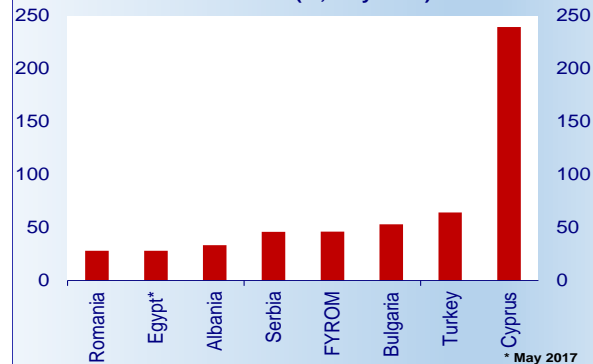
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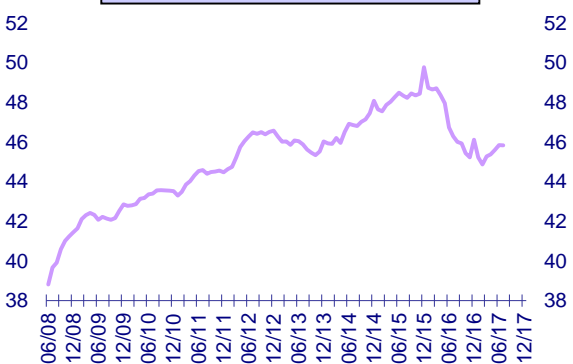
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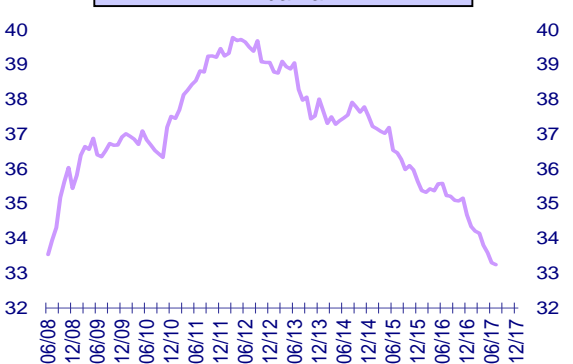
Loans/GDP (% , July 2017)



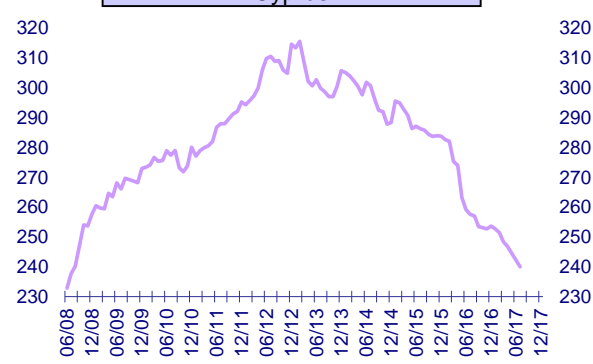
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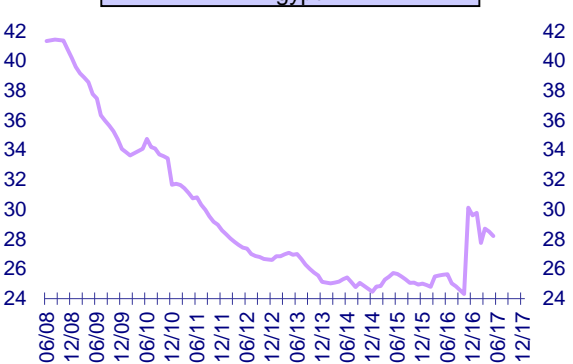
Albania



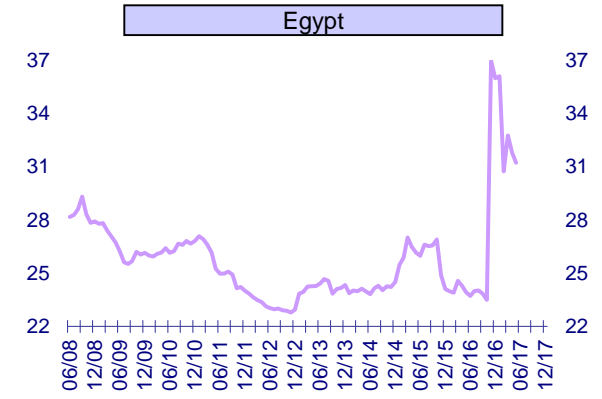
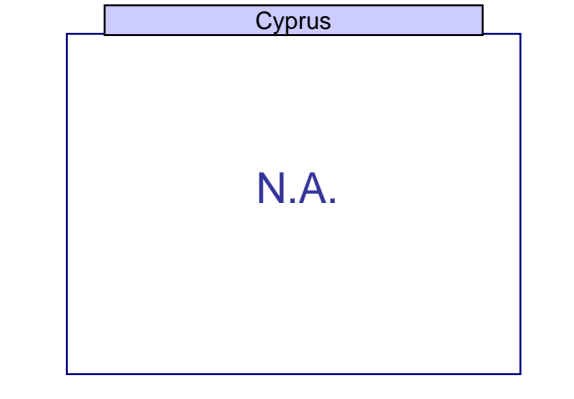
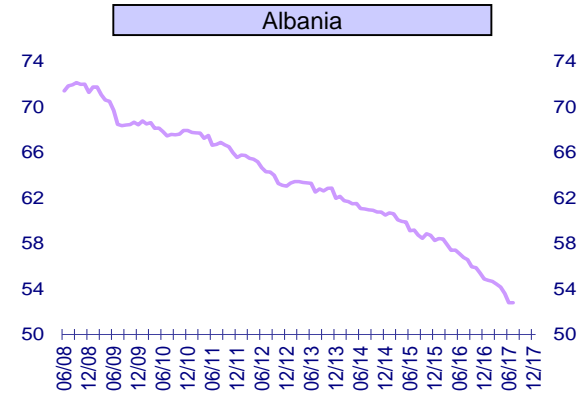
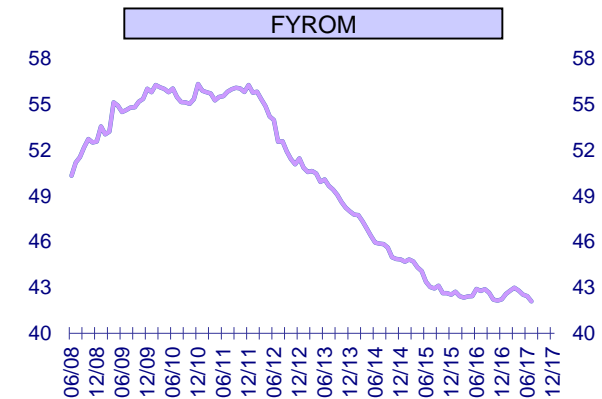
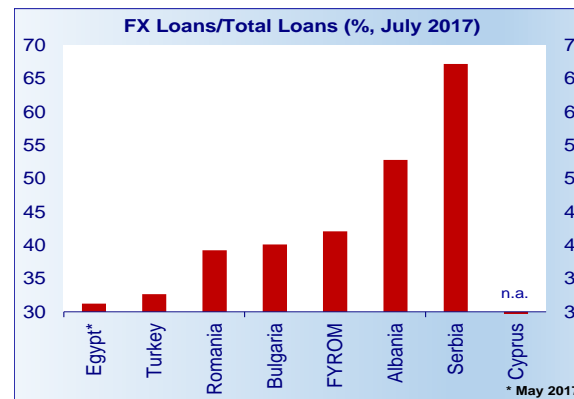
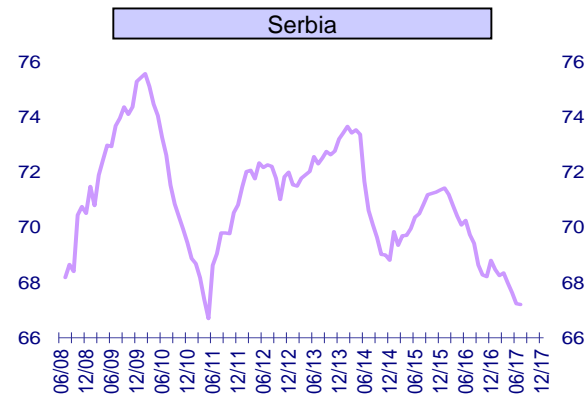
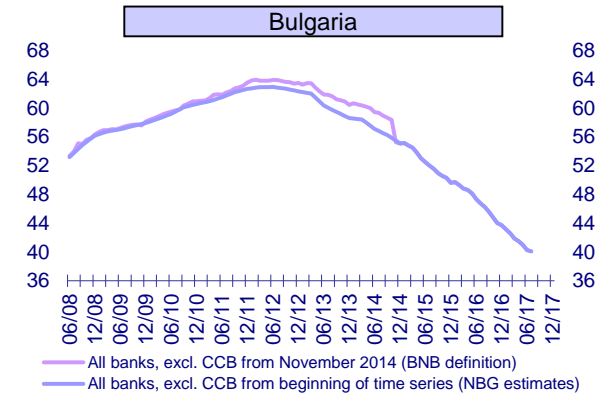
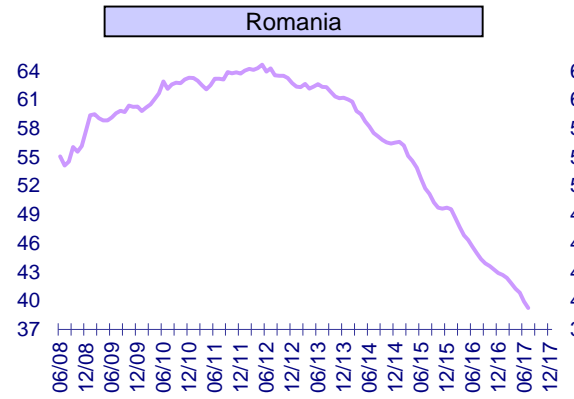
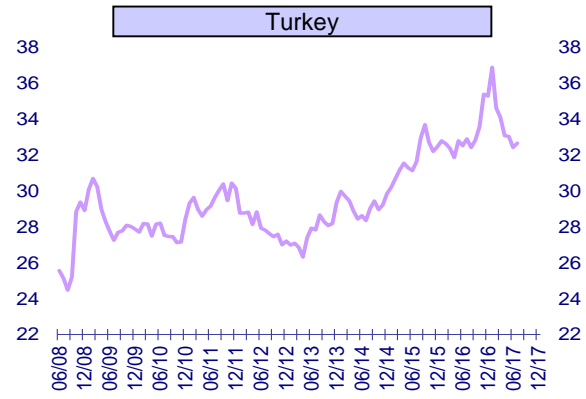
Cyprus



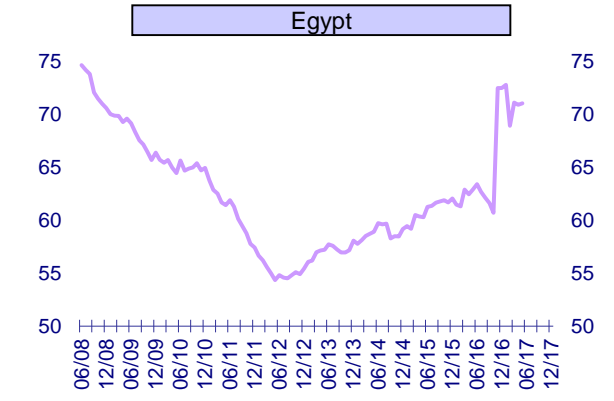
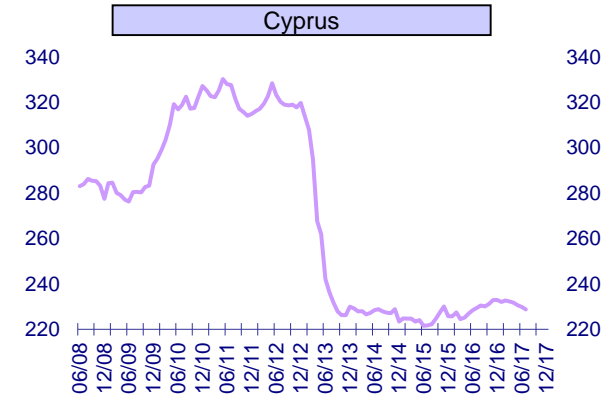
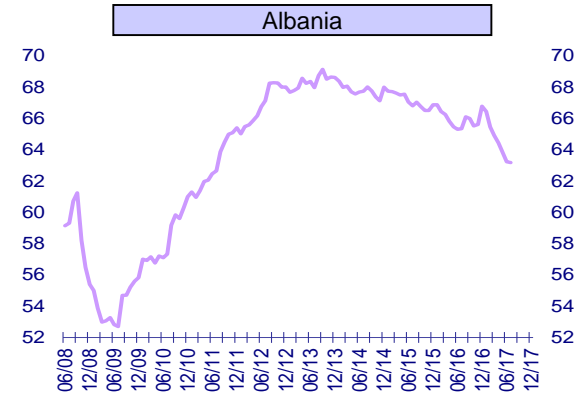
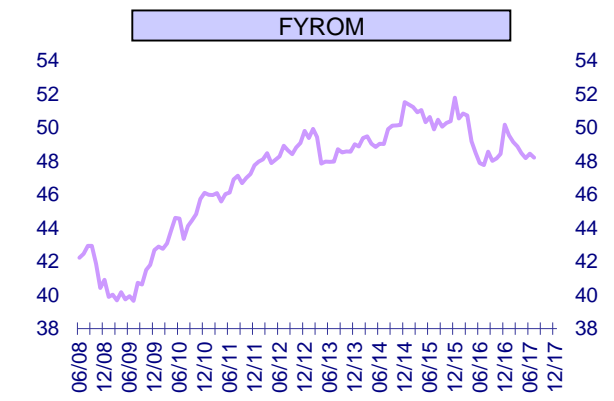
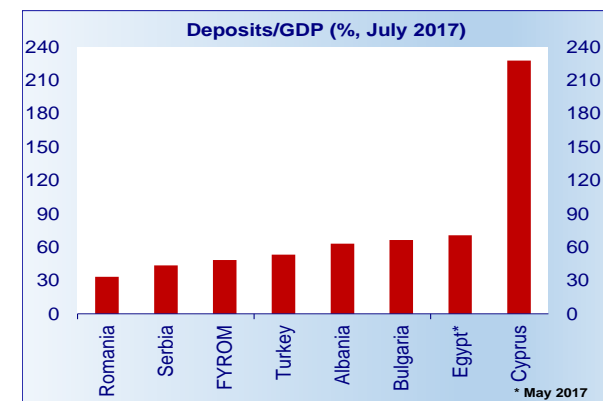
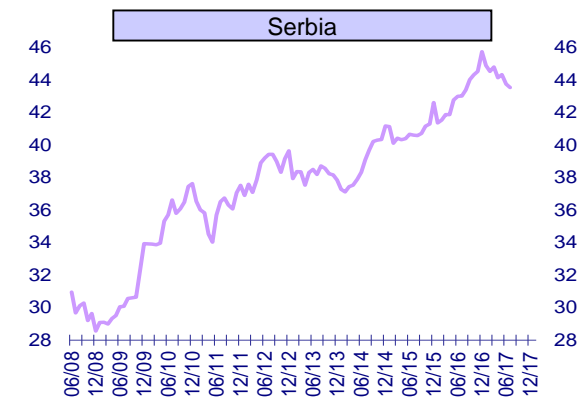
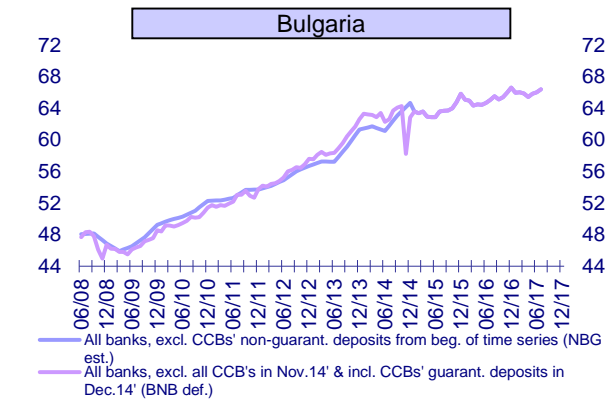
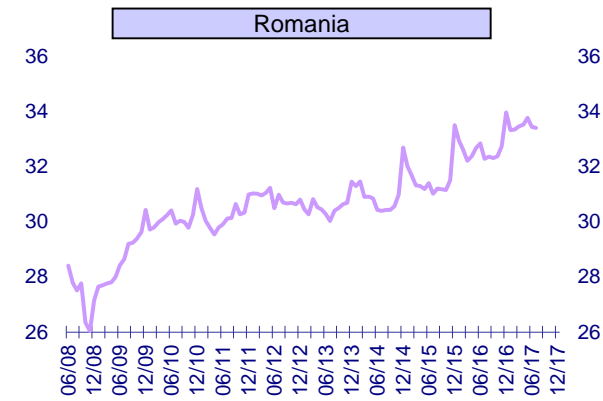
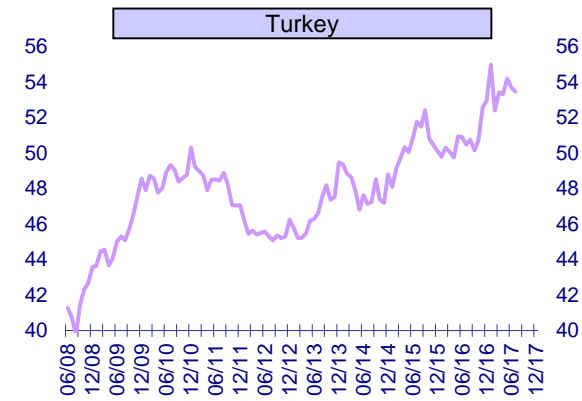
Egypt



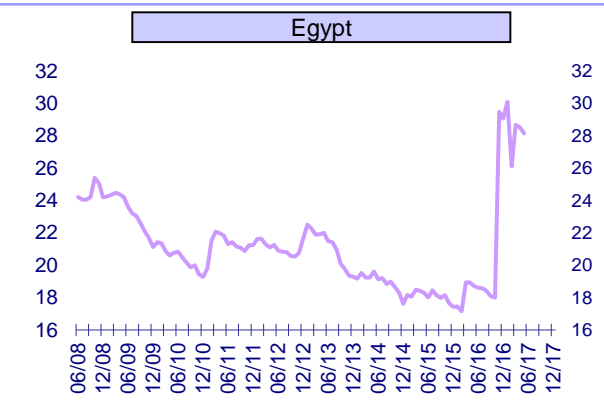
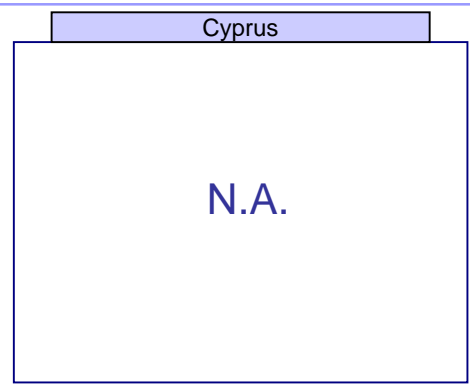
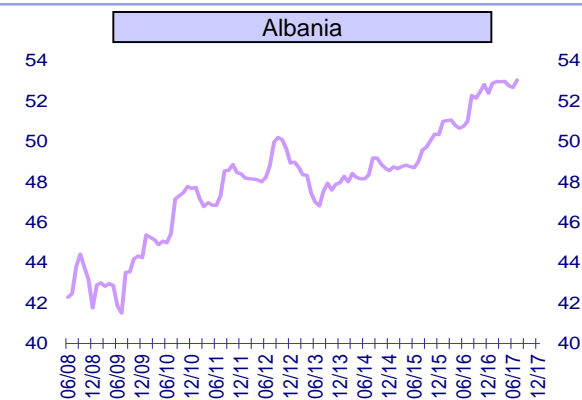
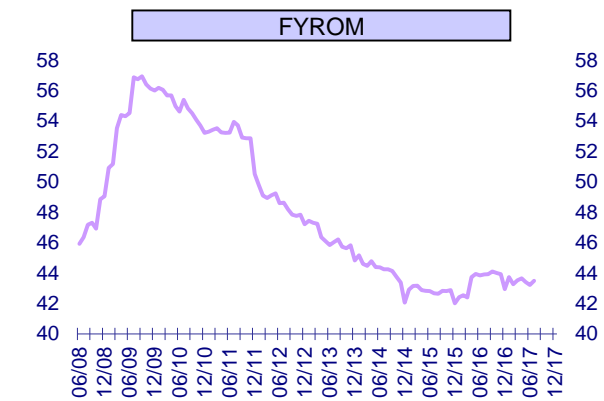
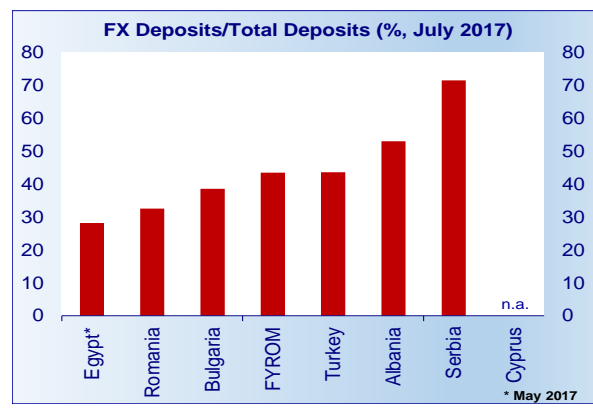
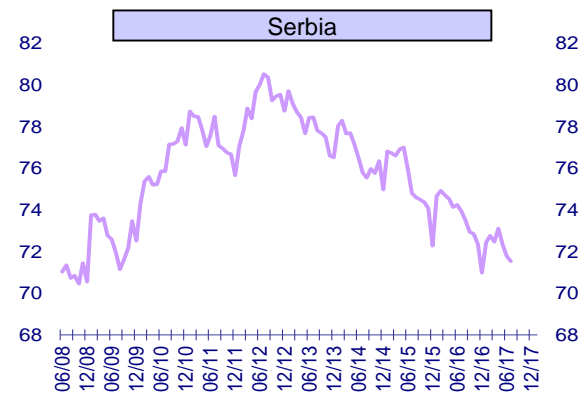
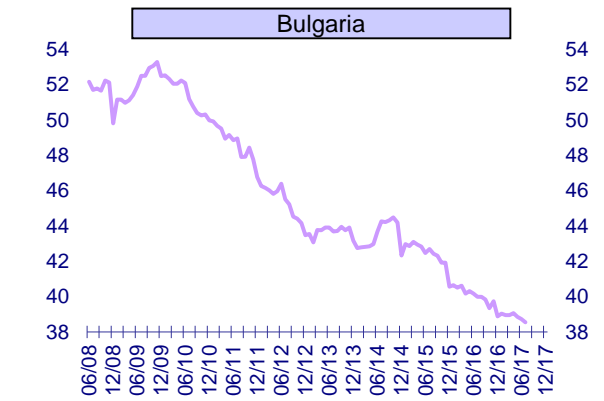
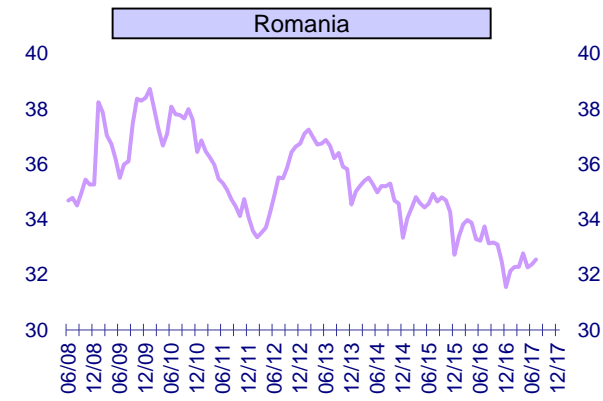
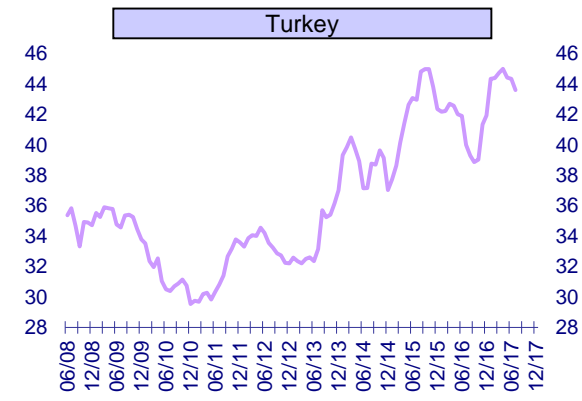
The proportion of FX lending in total lending is decreasing, albeit still high



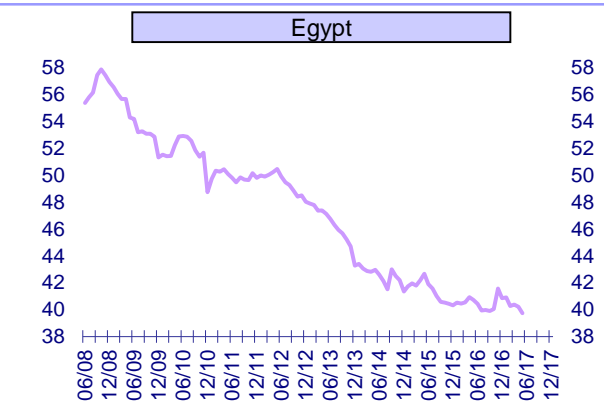
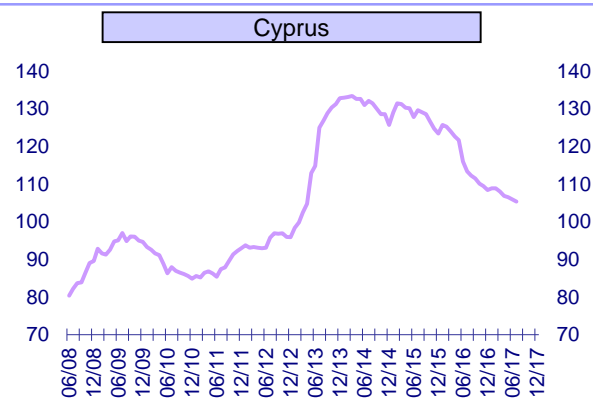
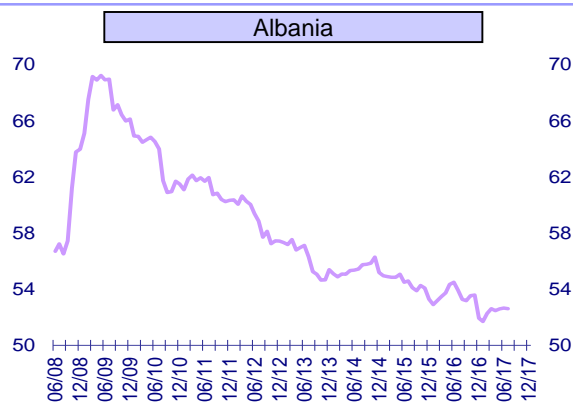
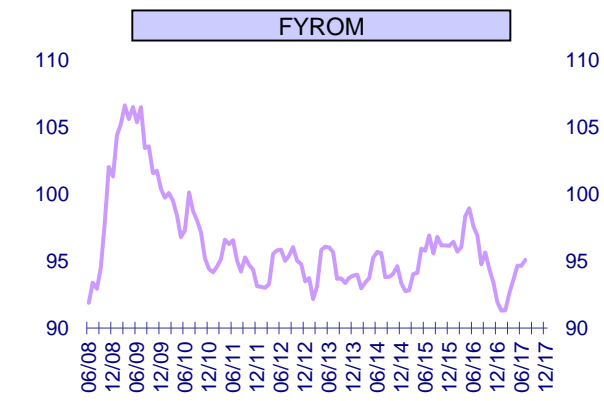
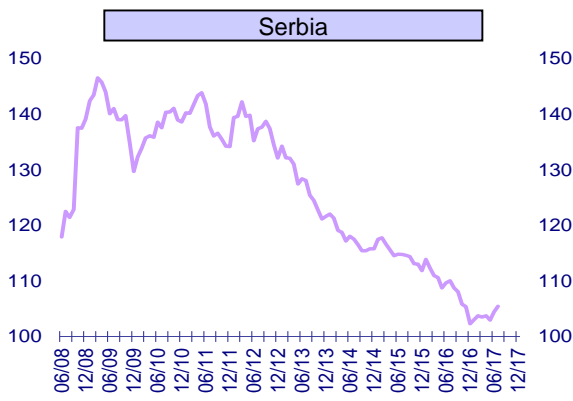
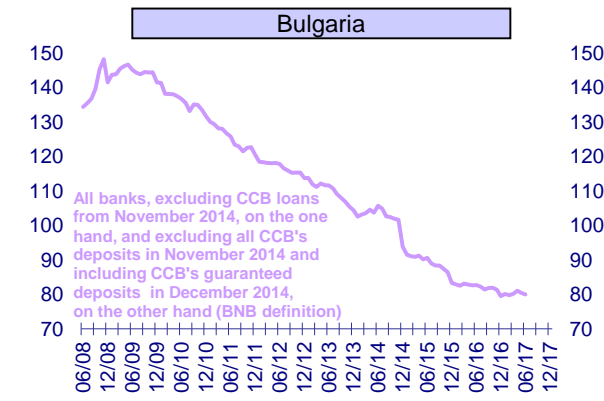
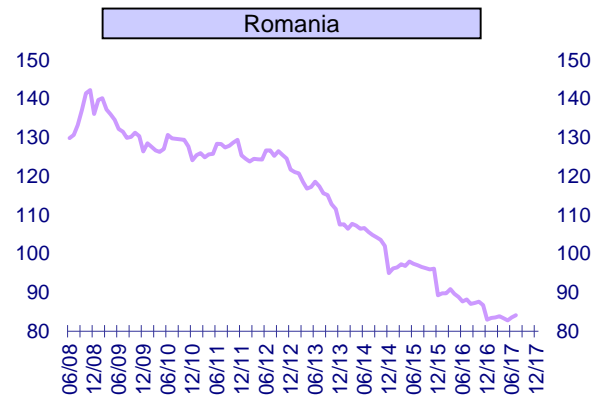
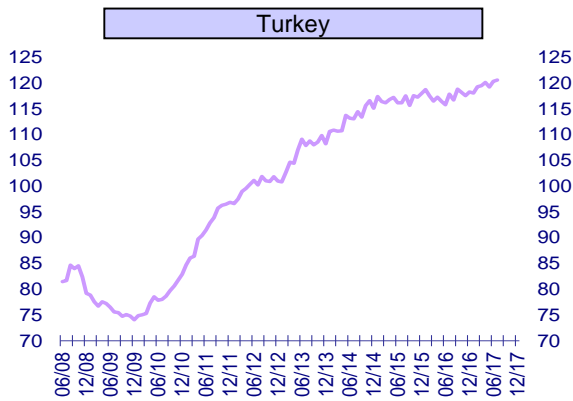
The upward trend in the deposit-to-GDP ratio has reversed in Albania (due to attractive domestic debt yields) and FYROM (due to persisting political uncertainty)



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

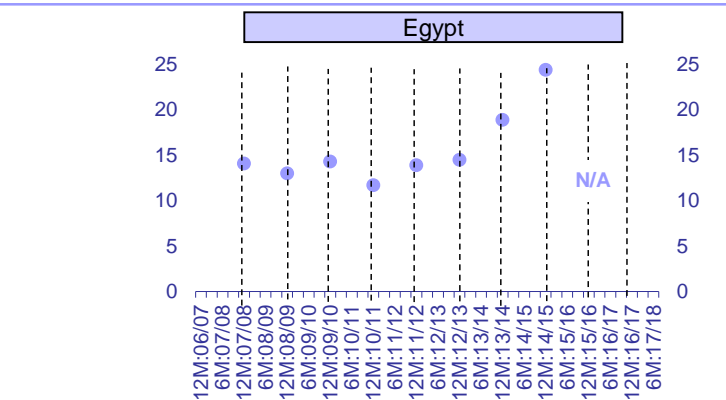
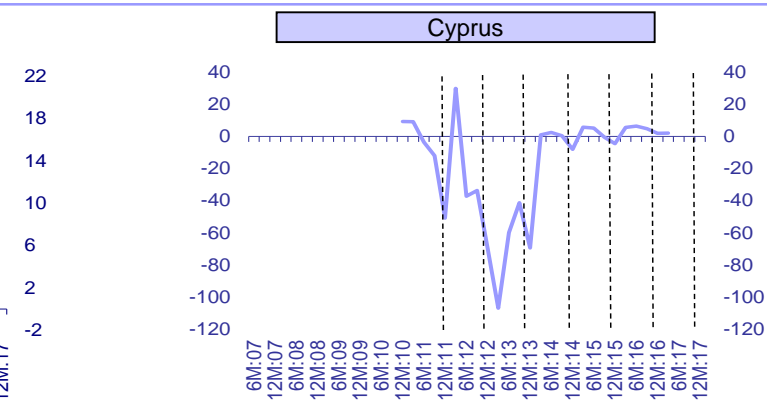
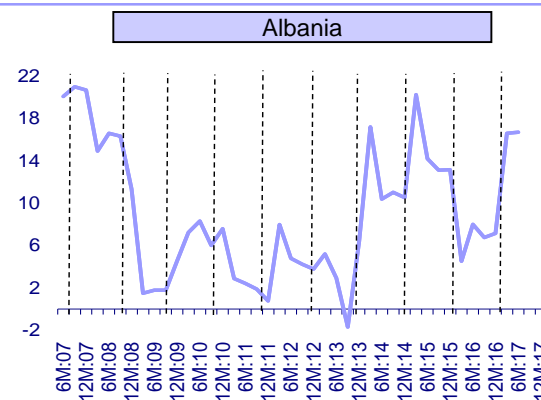
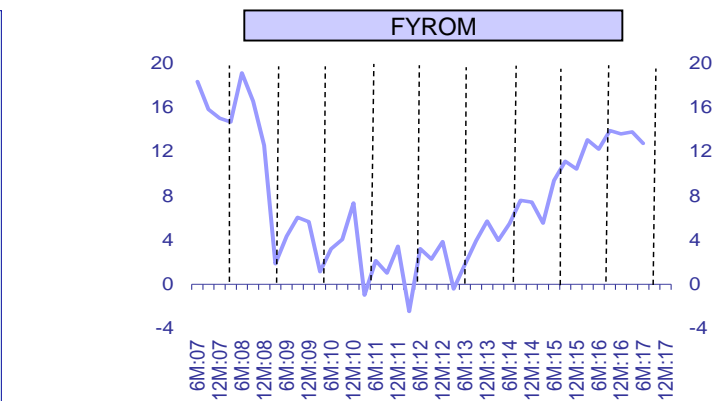
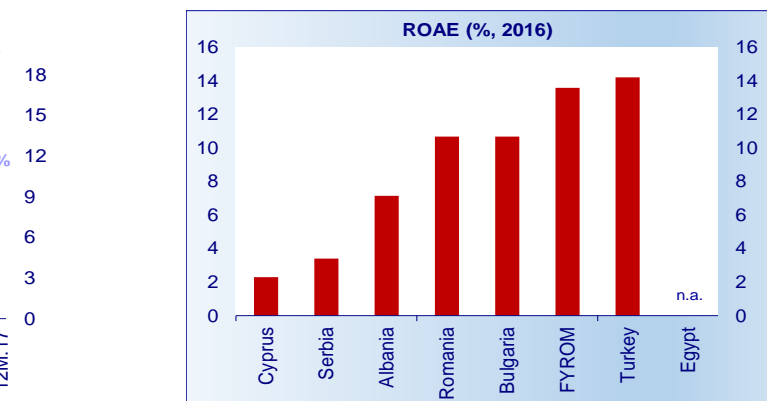
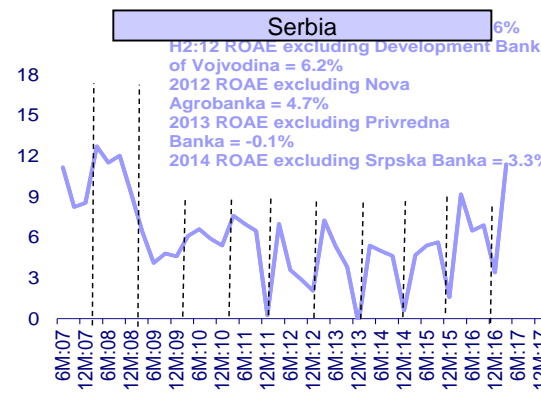
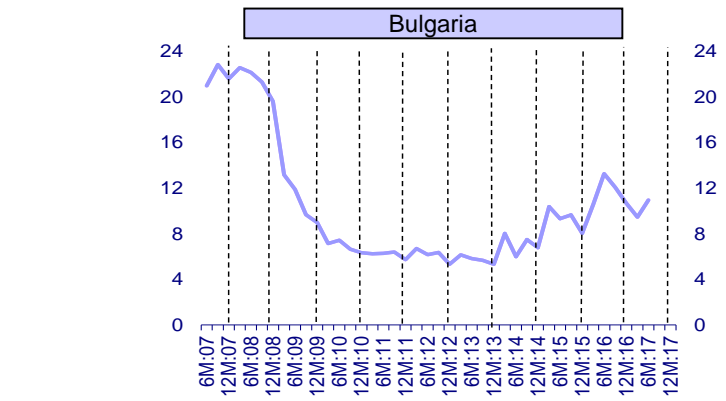
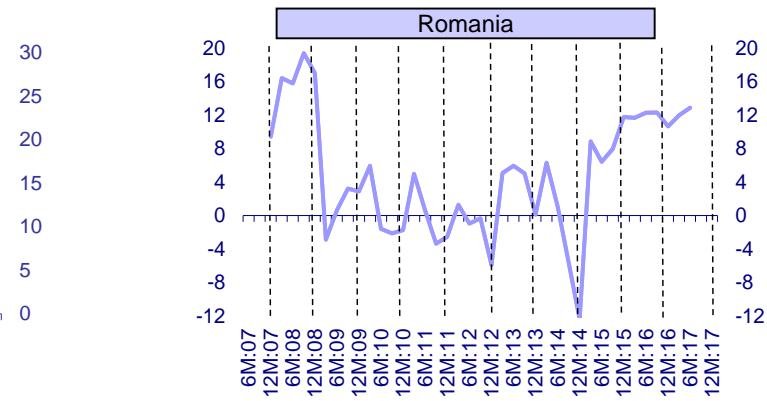
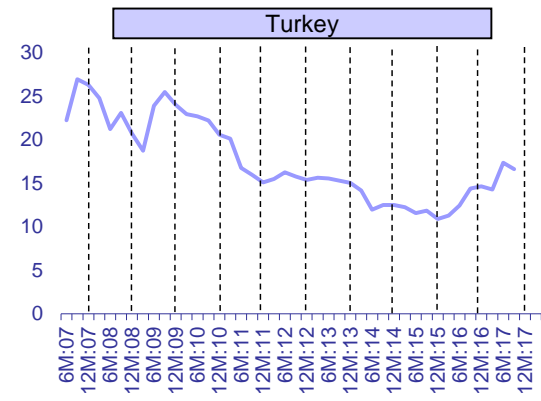


Liquidity pressures have intensified in Turkey and FYROM since the beginning of the year

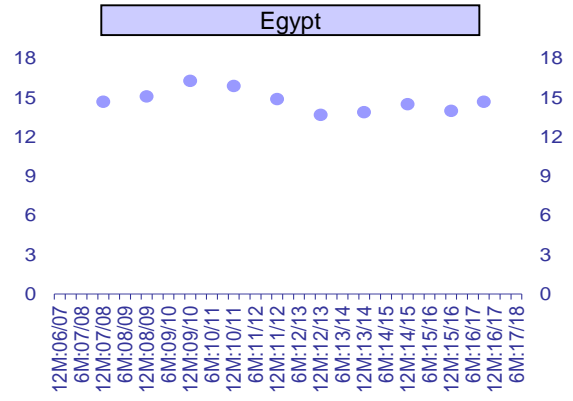
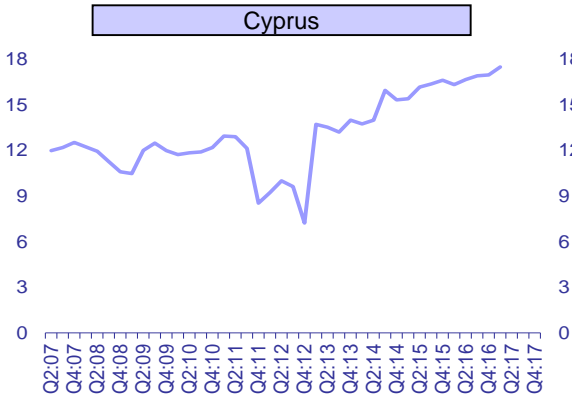
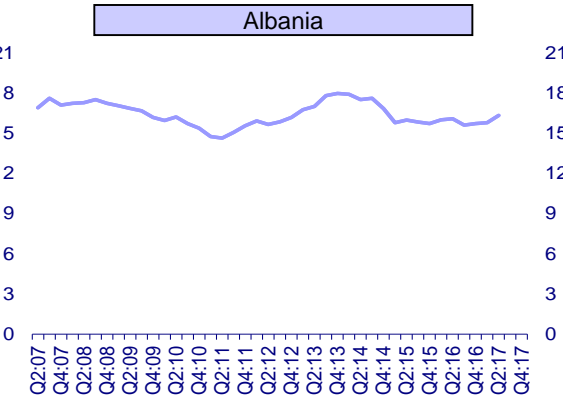
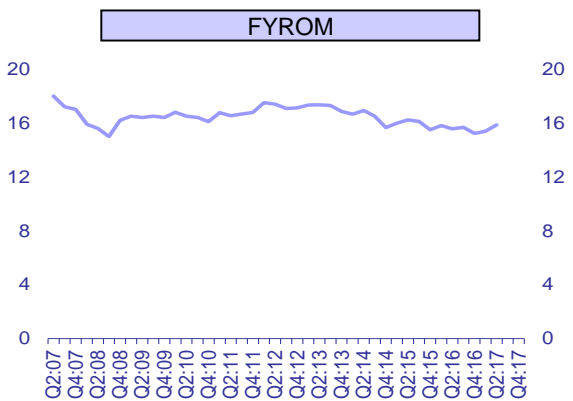
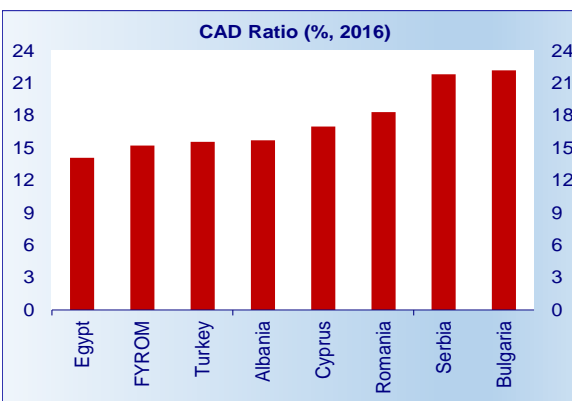
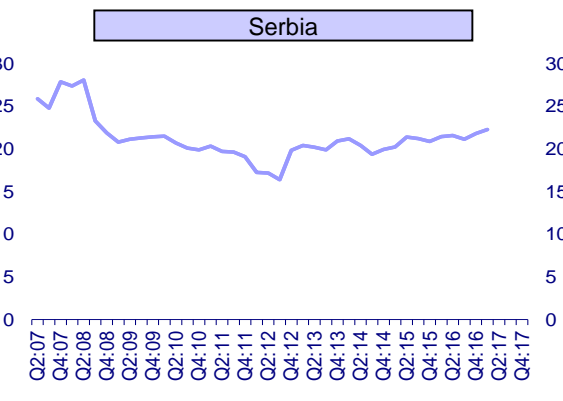
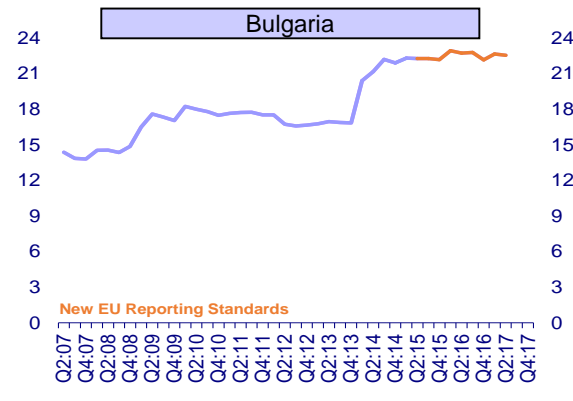
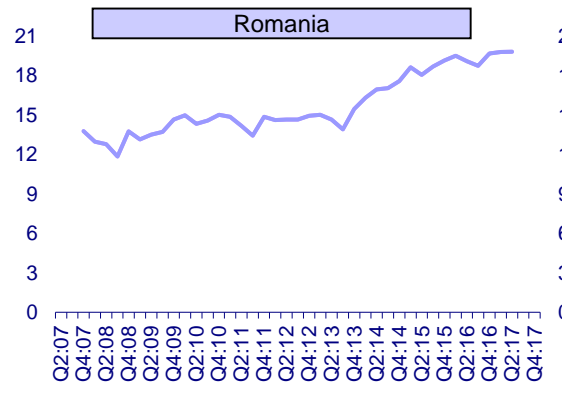
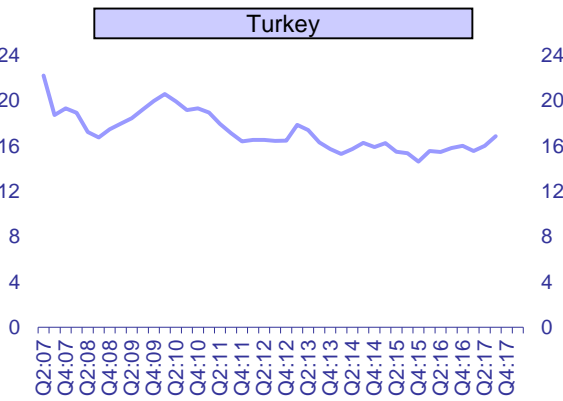


Return-to-average equity ratio (% , cumulative and annualised)

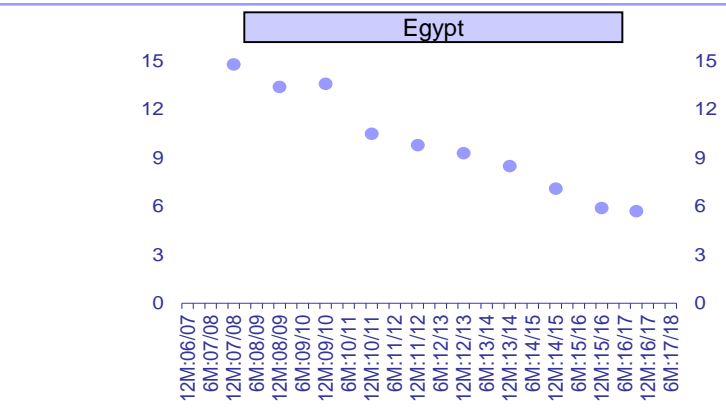
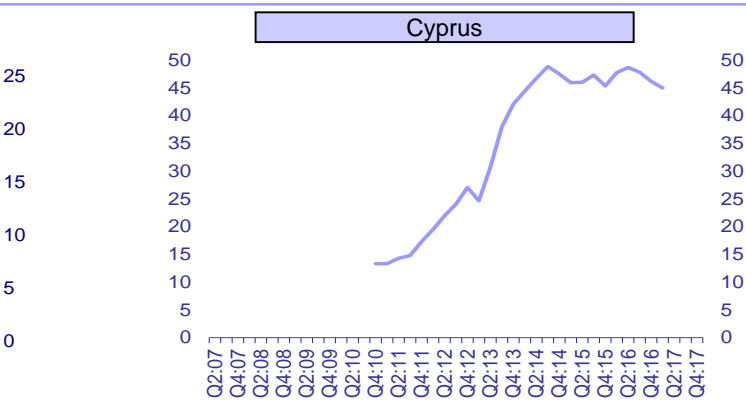
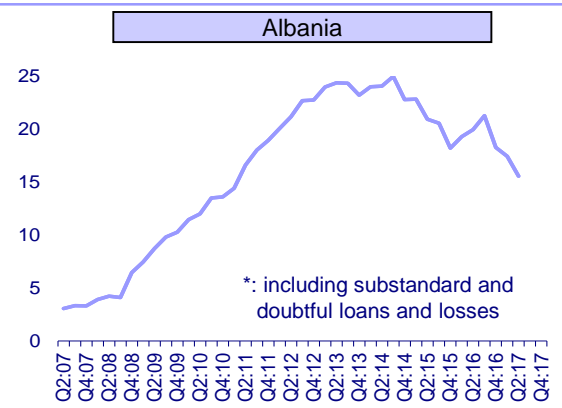
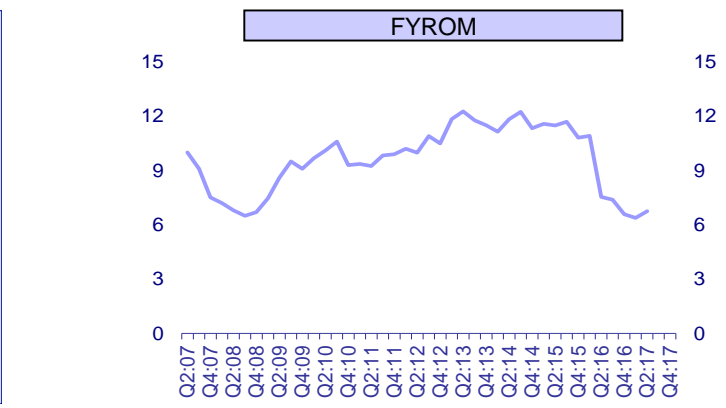
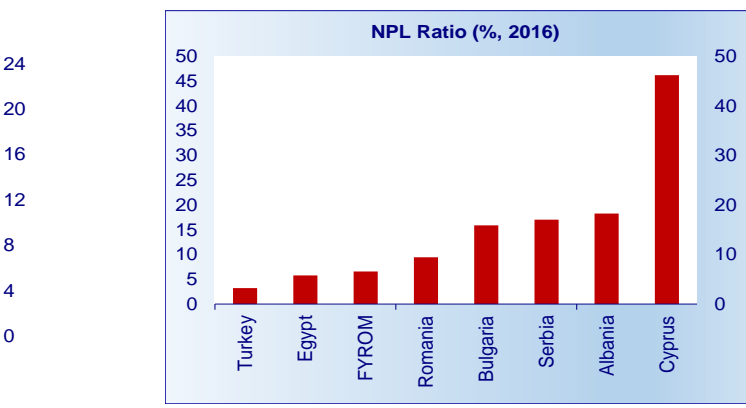
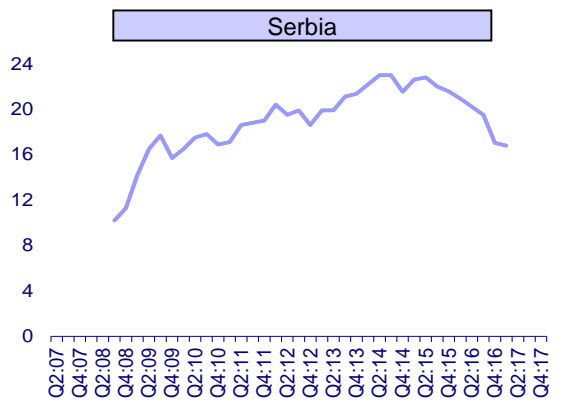
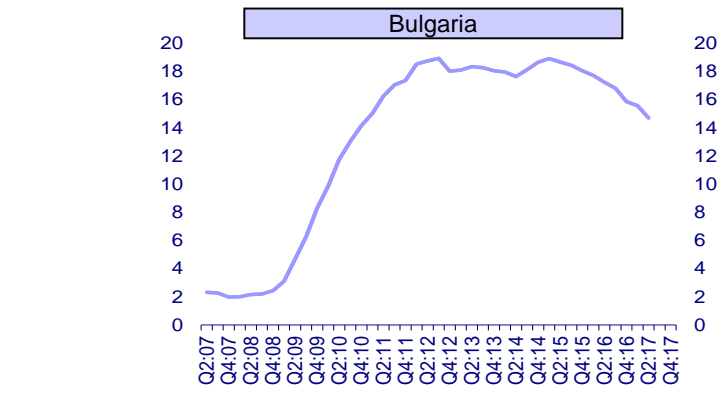
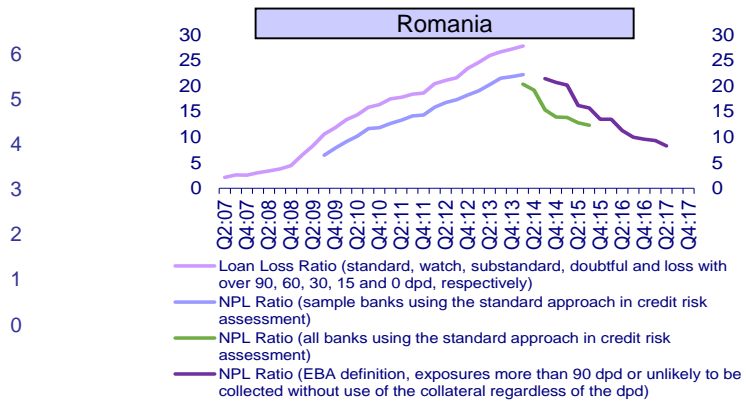
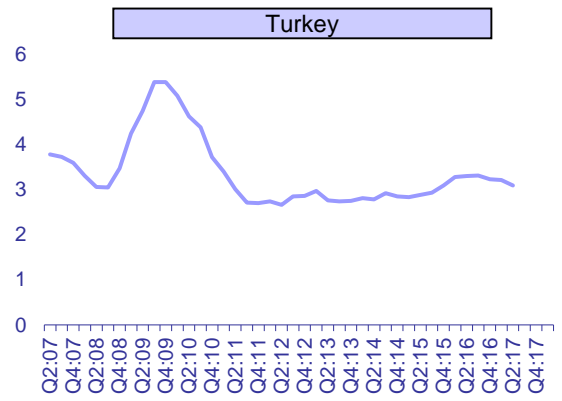
Double-digit return-to-average equity ratio in most of the countries under review in H1:17



Strengthening capital base in all the banking sectors under review in H1:17



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 Romania, Albania, Bulgaria, Serbia and FYROM

Foreign Ownership (% of Total Assets, 2016)							
Turkey	Romania	Bulgaria	Serbia	FYROM *	Albania	Cyprus #	Egypt #
26.2	91.3	76.6	69.9	69.9	82.6	19.1	55.0

*: 30.09.2016

#: 31.12.2015