

Economic Analysis Division

Emerging Markets Research

Quarterly Chartbook



Q4:2017

Turkey Romania Bulgaria Serbia FYROM Albania Cyprus Egypt

NBG - Economic Analysis Division

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

Paul Mylonas, PhD

✉: pmylonas@nbg.gr

Emerging Markets Research

Head: Michael Loufir

✉: mloufir@nbg.gr

Analysts:

Konstantinos Romanos-Louizos

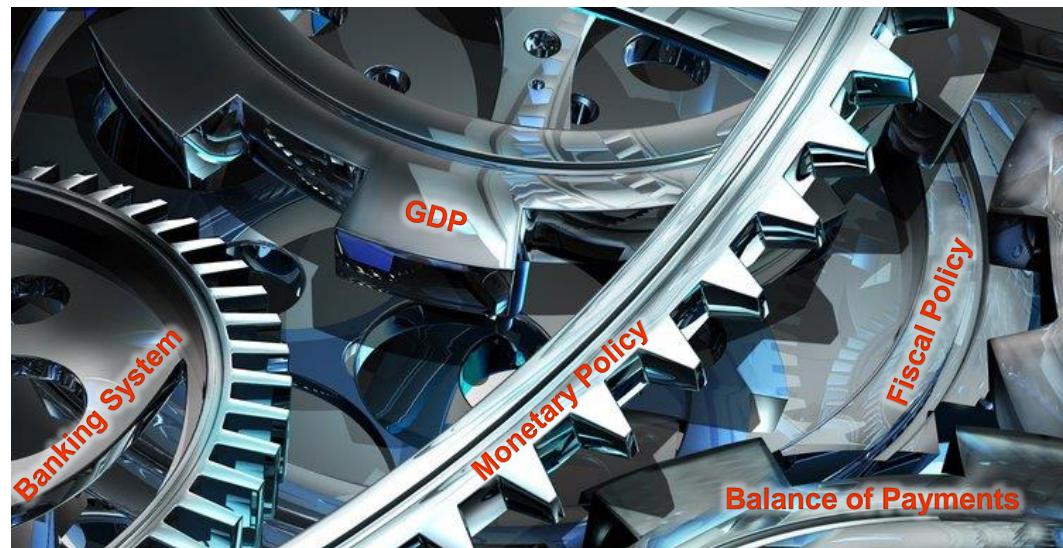
✉: romanos.louizos.k@nbg.gr

Louiza Troupi

✉: troupi.louiza@nbg.gr

Athanasios Lampousis

✉: lampousis.athanasios@nbg.gr



General information	1	Policy rate	28
Date of next elections	2	Reserve requirement ratios	29
Official financial support	3	Fiscal balance	30
Foreign currency debt rating	4	Public debt	32
Global competitiveness index	5	Financial Markets	33
Ease of doing business index	6	Exchange rates	33
Real sector	7	Money market rates	34
Industrial production	7	Government debt rates	35
Real GDP growth	8	Sovereign spreads	36
Output gap	10	Stock market	37
Employment	11	Banking sector	38
Unemployment	12	Total loans (m-o-m % change)	38
Wages (nominal and real)	13	Total loans (y-o-y % change)	39
Wages (nominal, EUR) and Tax rates	14	Retail loans (y-o-y % change)	40
Balance of payments	15	Corporate loans (y-o-y % change)	41
External trade	15	Total deposits (m-o-m % change)	42
Real effective exchange rate	16	Total deposits (y-o-y % change)	43
Current account balance	17	Retail deposits (y-o-y % change)	44
Net FDI	18	Corporate deposits (y-o-y % change)	45
Other net capital flows	19	Loans/GDP (%)	46
FX reserves	20	FX loans/total loans (%)	47
Short-term external debt / FX reserves	21	Deposits/GDP (%)	48
Balance of payments	22	FX deposits/total deposits (%)	49
External financing	23	Loans/deposits (%)	50
External debt	24	ROAE (%)	51
Real estate prices	25	CAD (%)	52
Inflation	26	NPL ratio (%)	53
Nominal effective exchange rate	27	Foreign ownership	54



Republic of Turkey



Population (2016 estimate, mn): 79.8
 GDP (2016, EUR, bn): 780.6
 GDP per Capita (2016, EUR): 9,780
 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): 48.1
 GDP per Capita (2016, EUR): 6,774
 Government type: Parliamentary Republic
 Chief of state: Rumen RADEV
 Head of Government: Boyko BORISOV
 Minister of Finance: Vladislav GORANOV
 Central Bank Governor: Dimitar RADEV



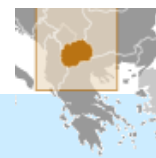
Republic of Serbia



Population (2016, estimate, mn): 7.1
 GDP (2016, EUR, bn): 34.1
 GDP per Capita (2016, EUR): 4,837
 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): 9.7
 GDP per Capita (2016, EUR): 4,697
 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): 3,736
 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): 18.1
 GDP per Capita (2016, EUR): 21,371
 Government type: Presidential Republic without PM
 Chief of state: Nicos ANASTASIADES
 Head of Government: Nicos ANASTASIADES
 Minister of Finance: Harris GEORGIADIS
 Central Bank Governor: Chrystalla GEORGHADJI



Arab Republic of Egypt



Population (2016, estimate, mn): 91.2
 GDP (2016, EUR, bn): 258.6
 GDP per Capita (2016, EUR): 2,840
 Government type: Semi Presidential Republic
 Chief of state: Abdel Fattah Said AL-SISI
 Head of Government: Sherif Ismail MOHAMED
 Minister of Finance: Amr EL-GARHY
 Central Bank Governor: Tarek AMER

A light election agenda in the countries under review next year: Presidential elections in Cyprus and Egypt are scheduled for February and May, respectively

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 *	March 2021	June 2019	December 2021	Unknown **

*: Local elections in Belgrade are due early next year

** : Last local elections were held in April 2008

Under Serbia's ongoing 3-year EUR 1.2bn precautionary SBA, expiring in February 2018, 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

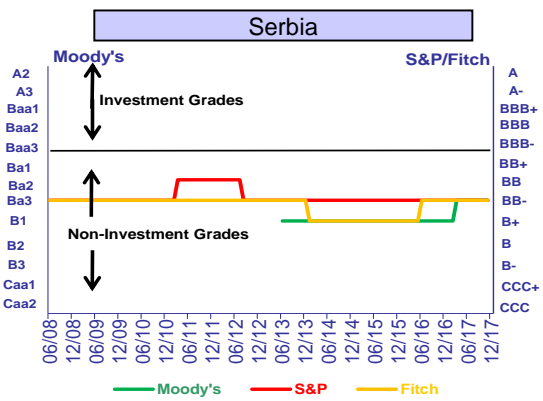
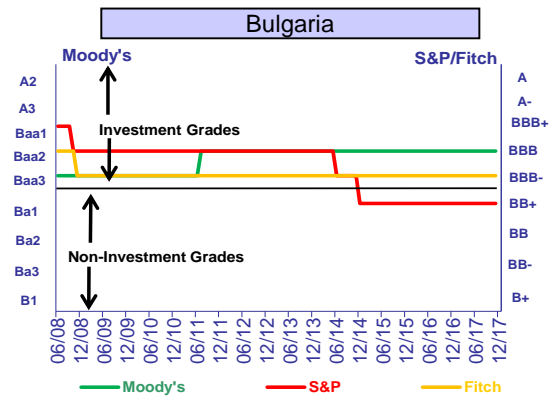
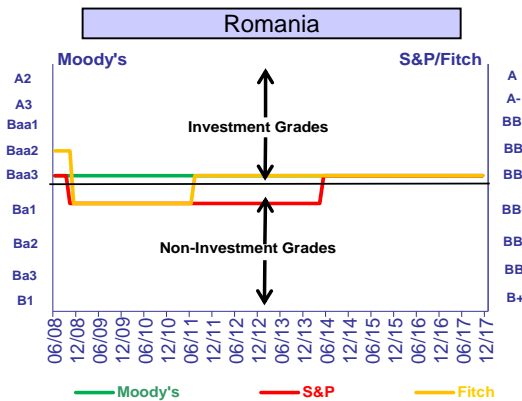
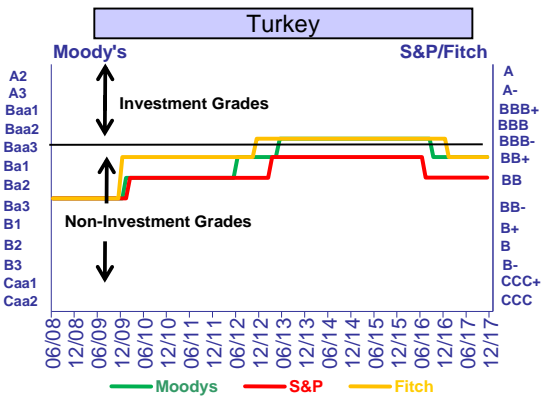
IMF & EU Financial Support (EUR bn)													
		Turkey	Romania			Bulgaria	Serbia			FYROM	Albania	Cyprus	Egypt
Period		---	2009-2011	2011-2013*	2013-2015*	---	2009-2011	2011-2013*	2015-2018*	2011-2013	2014-2017	2013-2016	2016-2019
Programme	IMF	---	13.0	3.6	2.0	---	2.9	1.1	1.2	0.5	0.4	1.0	12.0**
	EU	---	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 1.35 and 1.0bn, respectively, in 2018, and 2019			---	---			---	---	Starting in 2027	---

* Precautionary

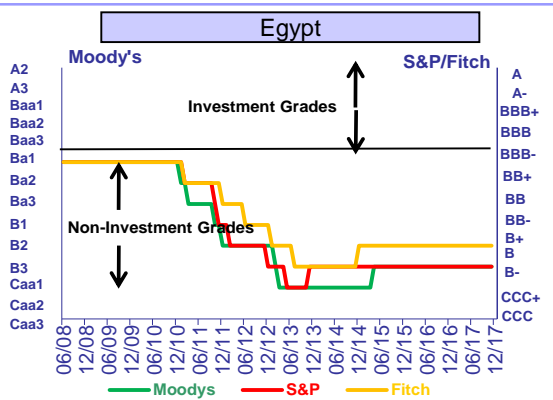
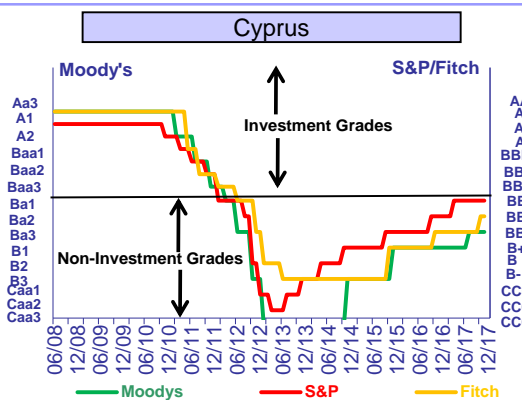
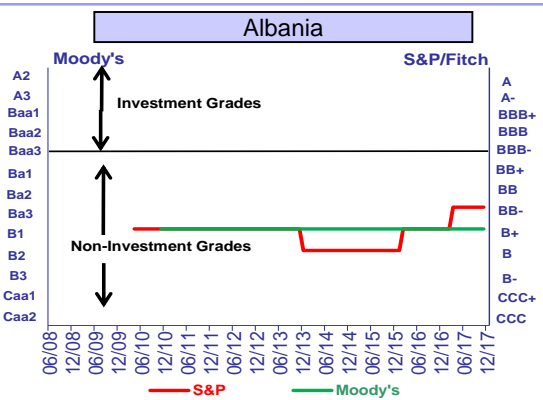
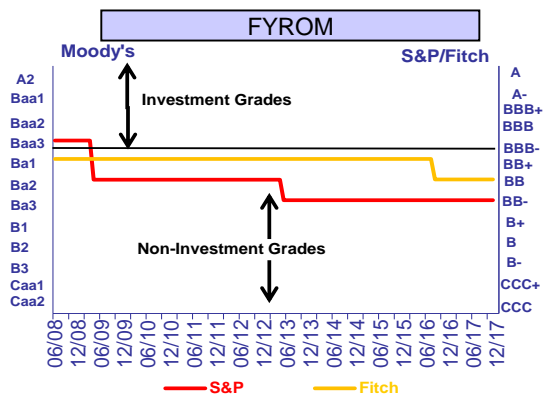
** bn USD

Foreign currency credit rating

Since the beginning of the year: i) Cyprus has been upgraded by one notch to BB+ by S&P, BB by Fitch and BB- by Moody's; ii) Serbia's rating has been increased by one notch to BB- by Moody's; while iii) Turkey has been downgraded by one notch by Fitch

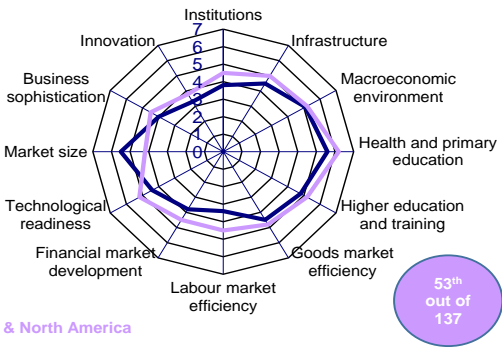


Long-Term Foreign Debt Currency Ratings, Nov. 2017			
	S&P	Moody's	Fitch
Investment Grades	A+		
	A		
	A-		
	BBB+		
	BBB		Bulgaria
	BBB-	Romania	Romania
Non-Investment Grades	BB+	Bulgaria, Cyprus	Turkey
	BB	Turkey	FYROM, Cyprus
	BB-	FYROM, Serbia	Serbia, Cyprus
	B+	Albania	Albania
	B		Egypt
	B-	Egypt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

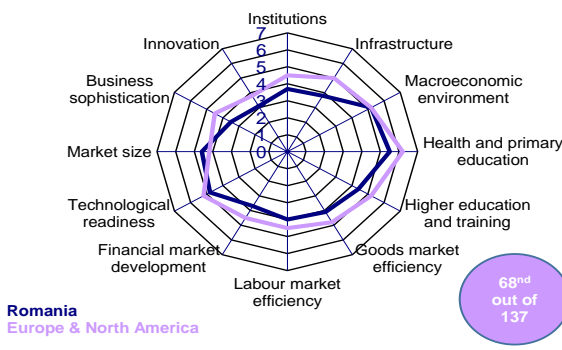


According to the latest WEF's GCI, Bulgaria is the most competitive among the countries under review

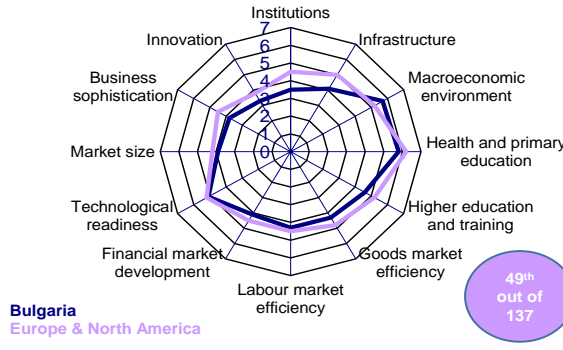
Turkey



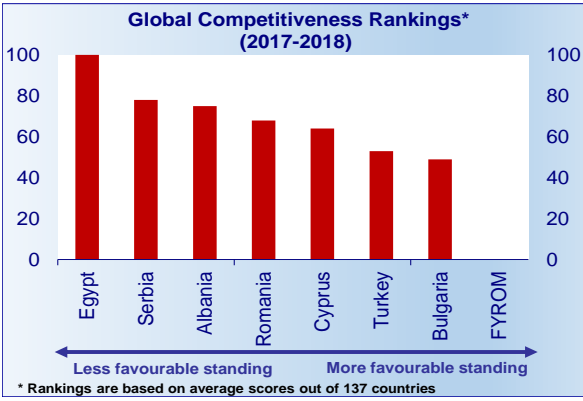
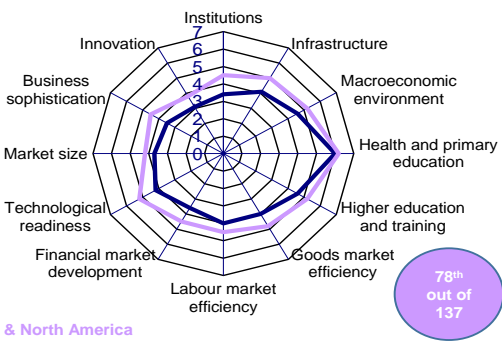
Romania



Bulgaria



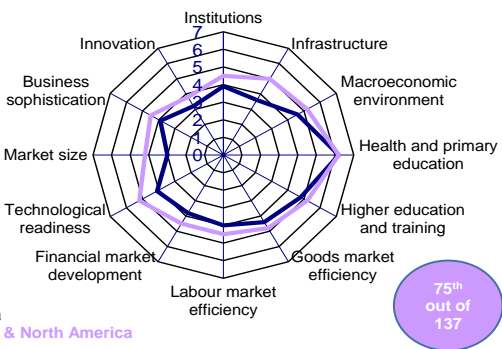
Serbia



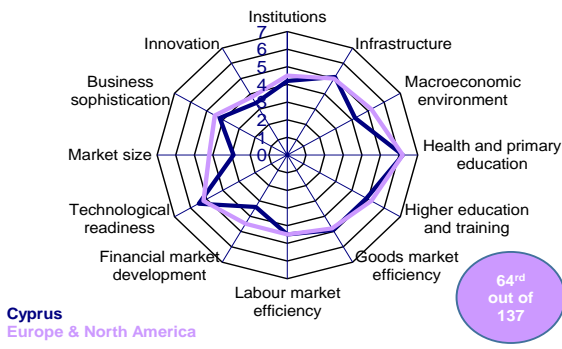
FYROM

Not Ranked due to Lack of Data

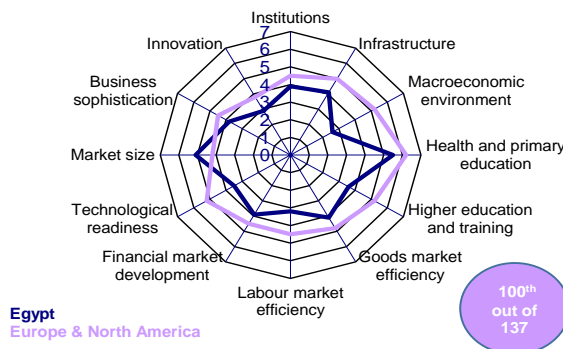
Albania



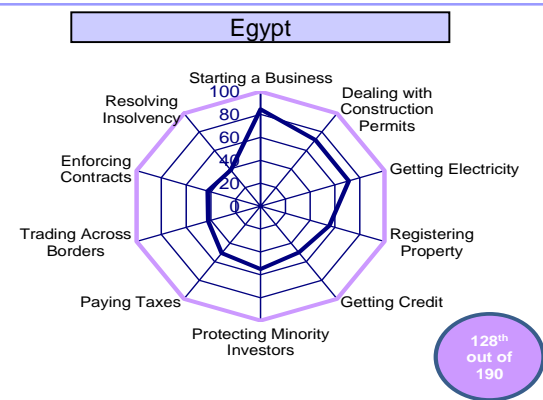
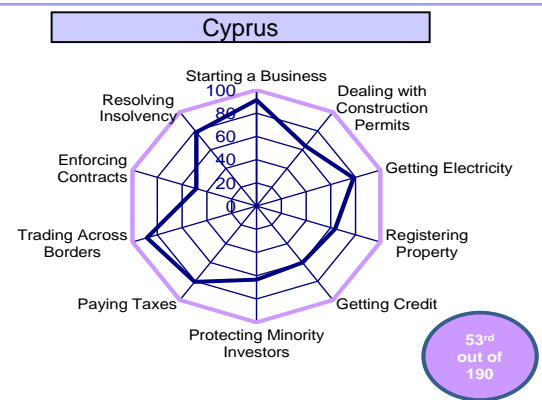
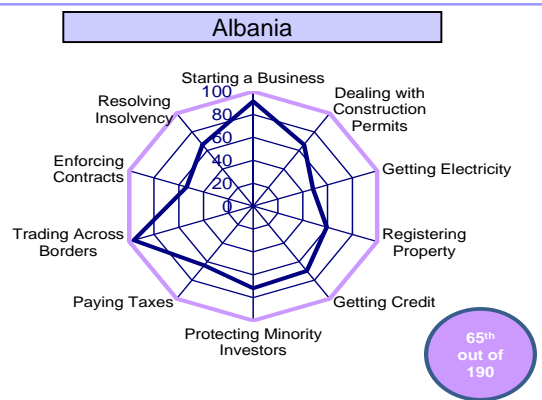
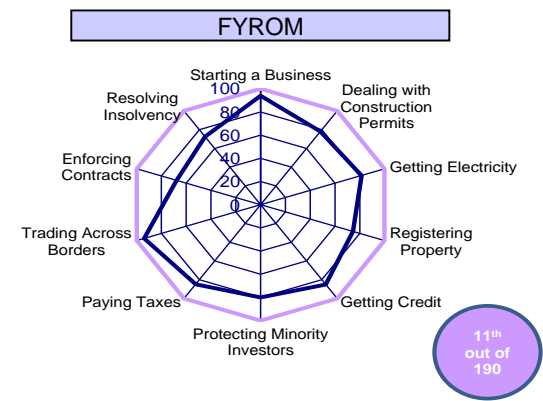
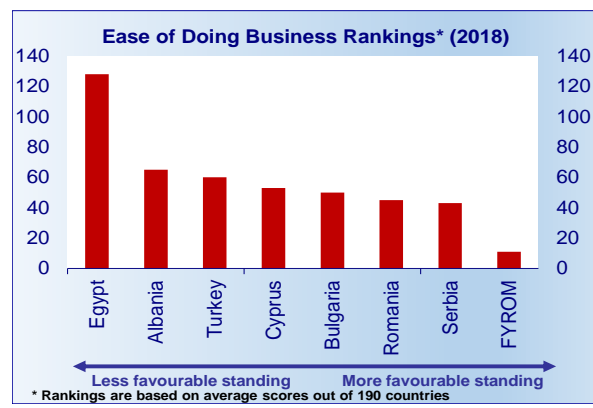
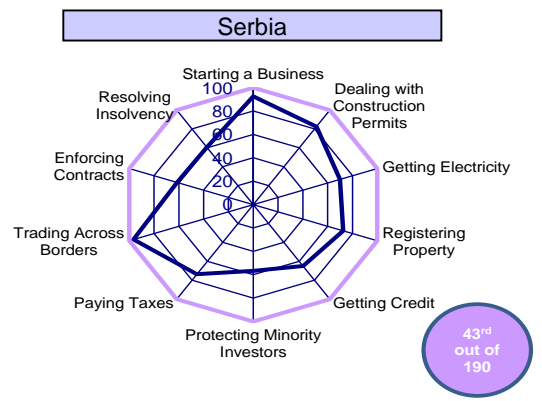
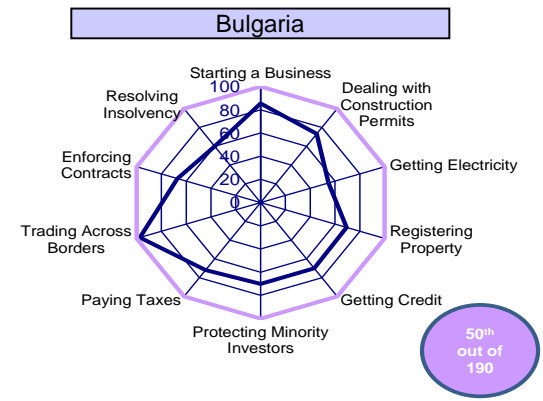
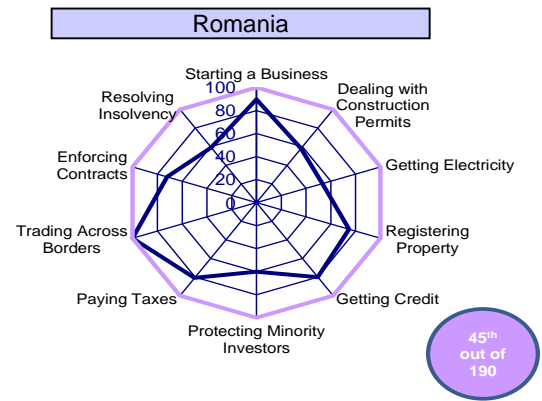
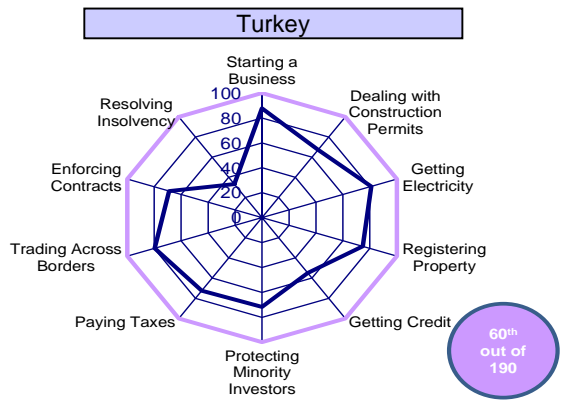
Cyprus



Egypt

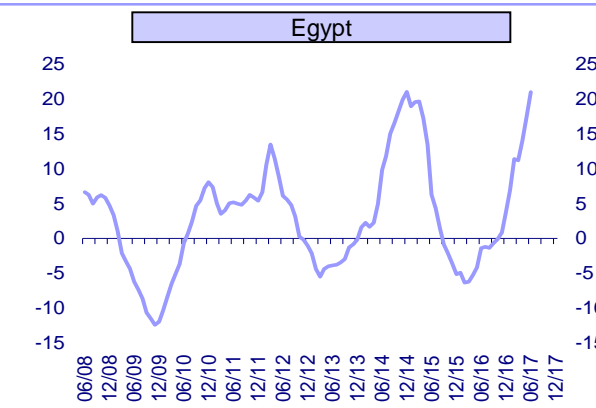
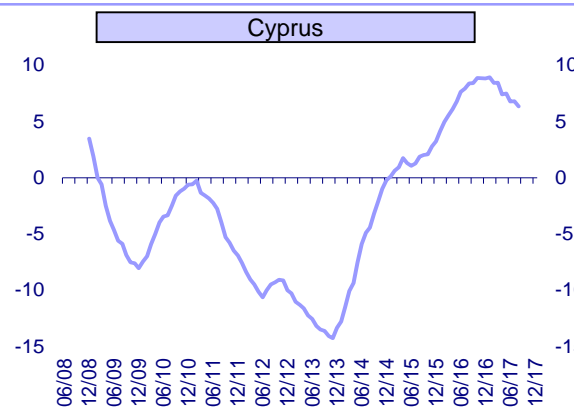
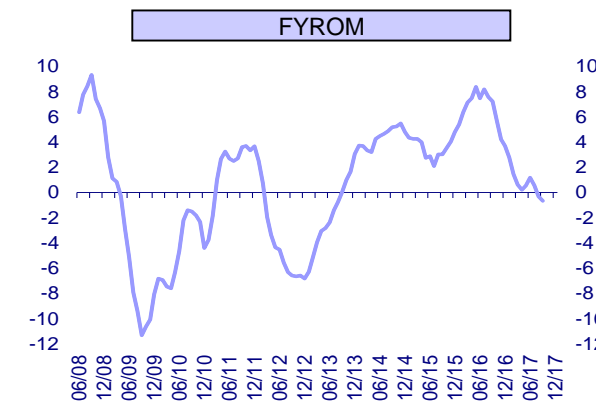
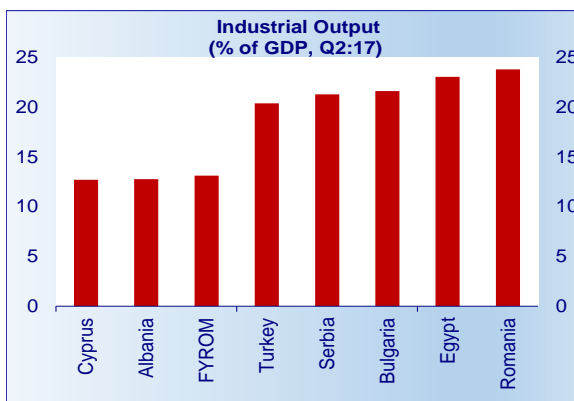
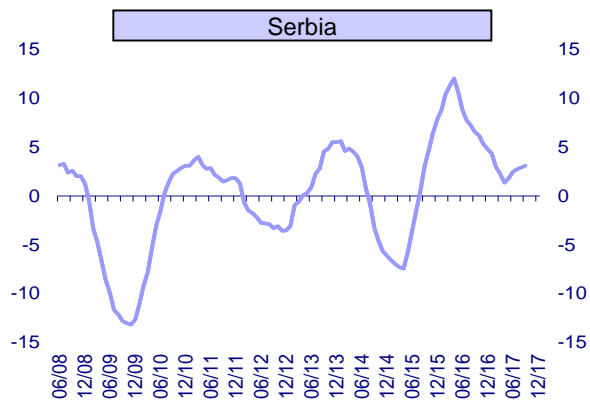
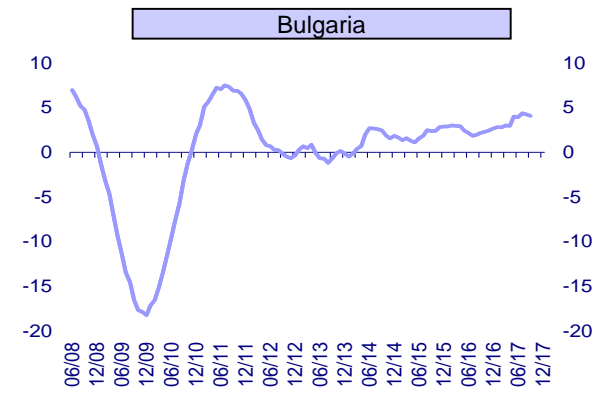
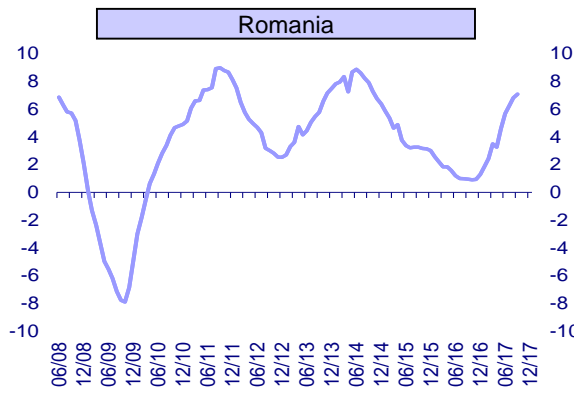
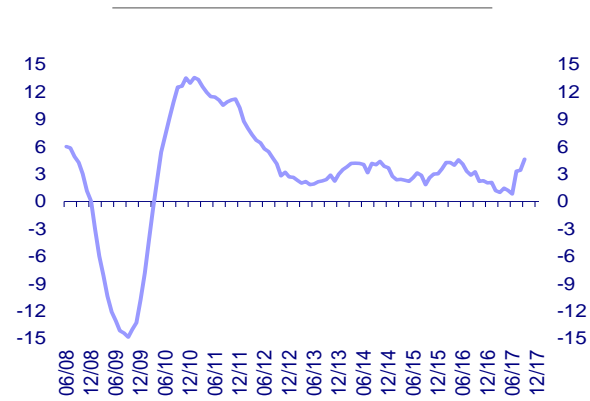


The latest WB's EDBI shows that FYROM has the most favourable standing among the countries under review



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

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

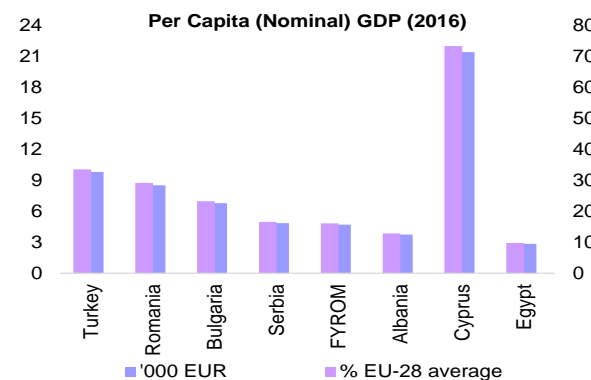
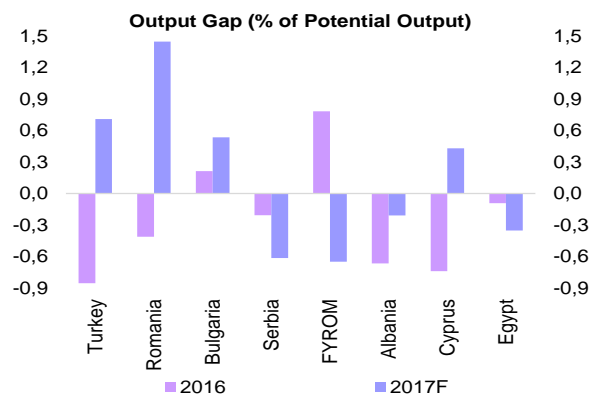
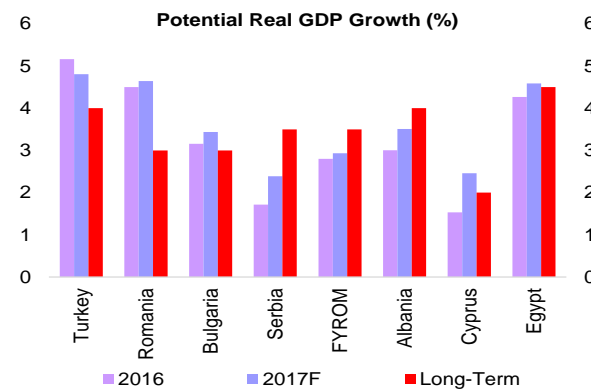
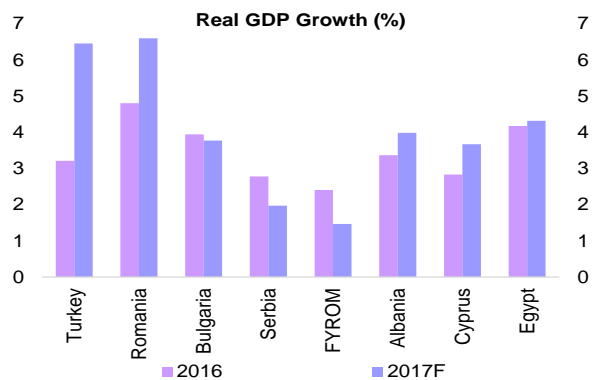


N.A.

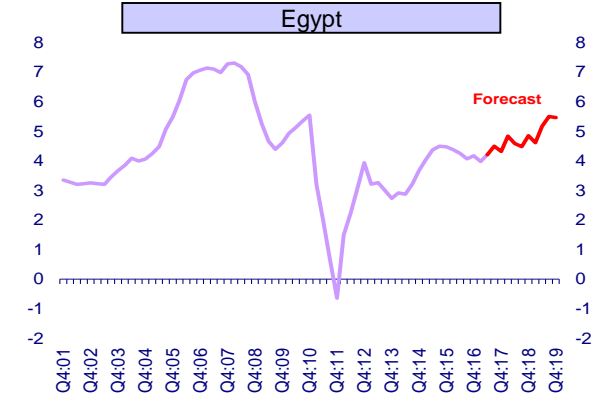
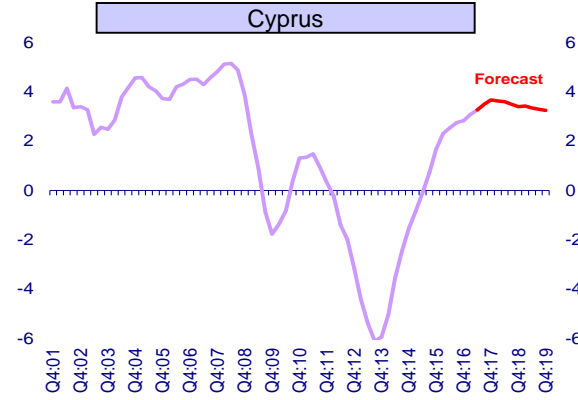
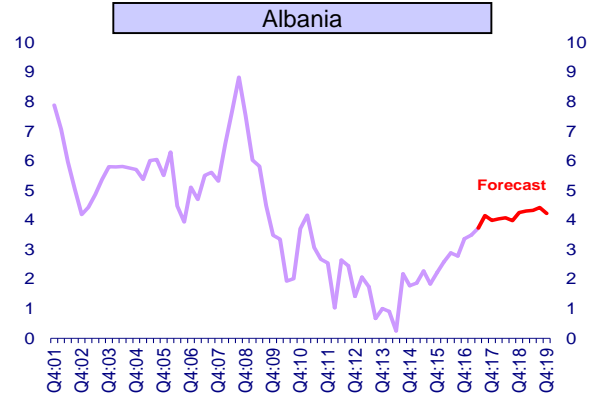
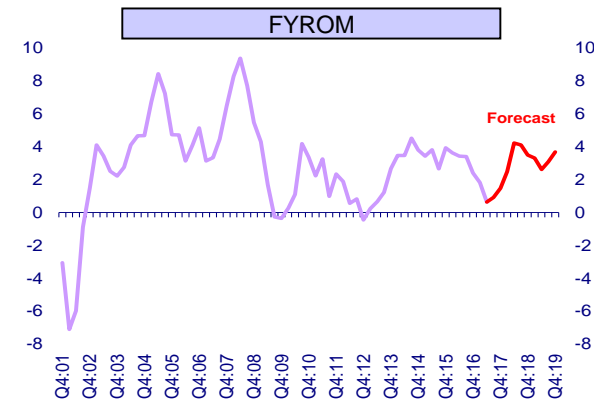
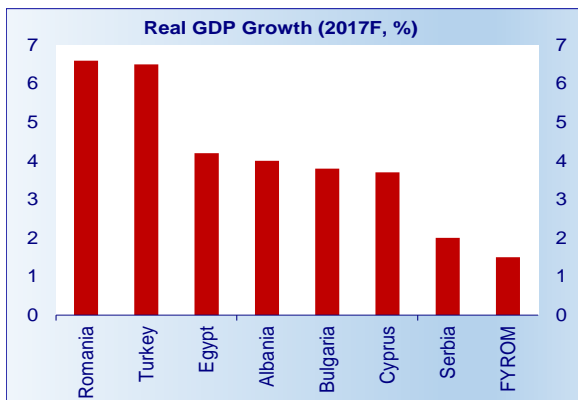
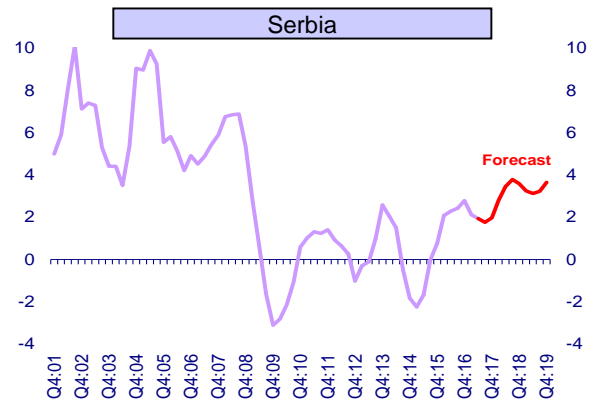
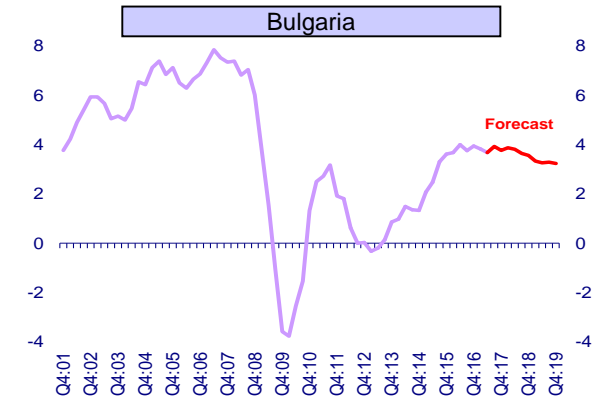
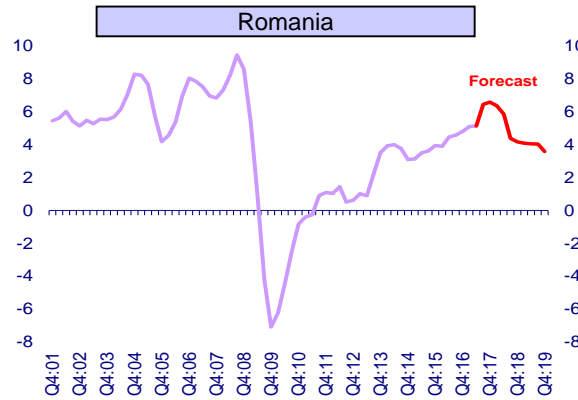
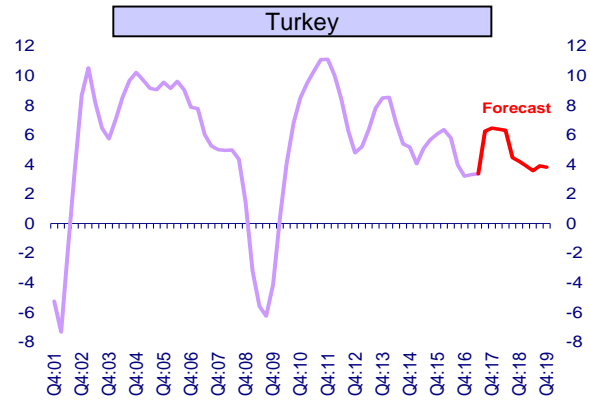
All economies under review, excluding Serbia and FYROM, are set to post stronger growth this year

Adverse weather conditions in Serbia and prolonged political uncertainty in FYROM are behind the poor growth performance this year

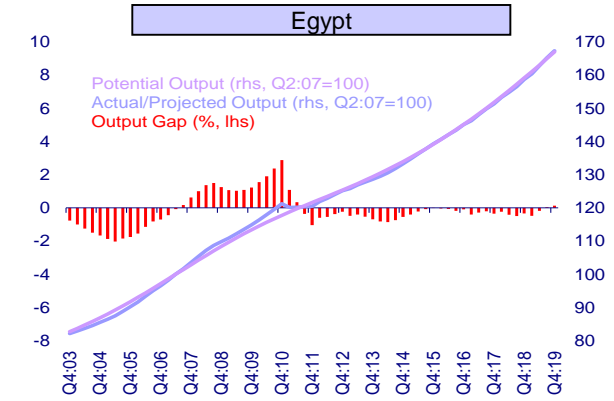
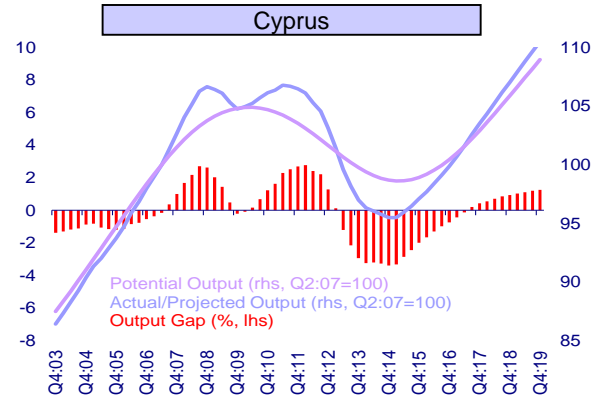
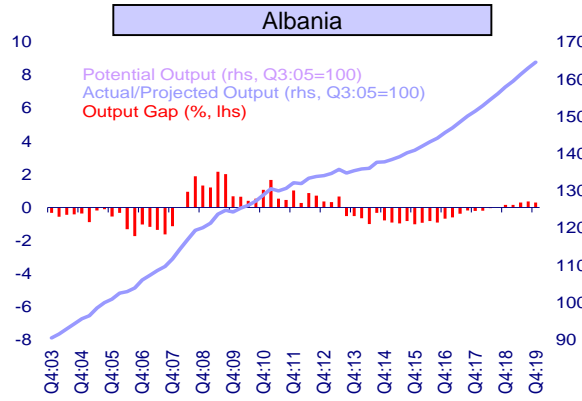
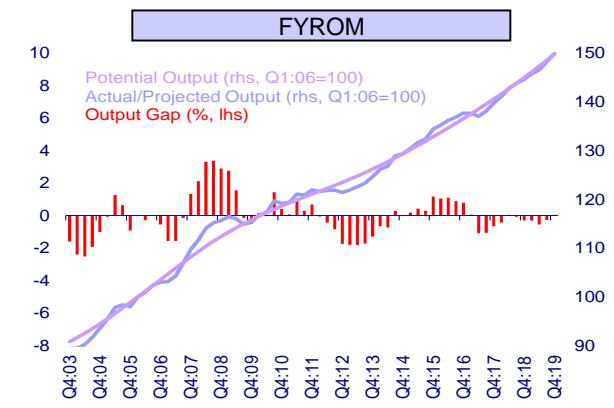
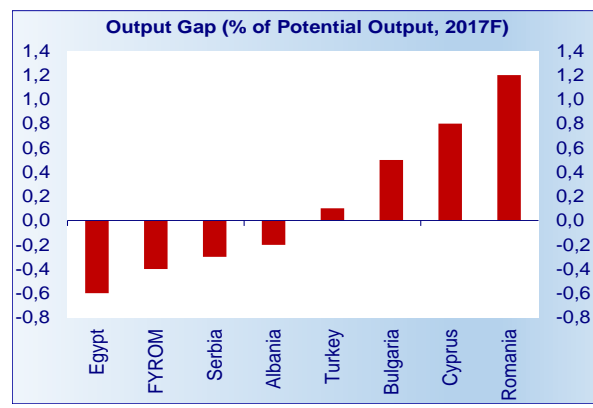
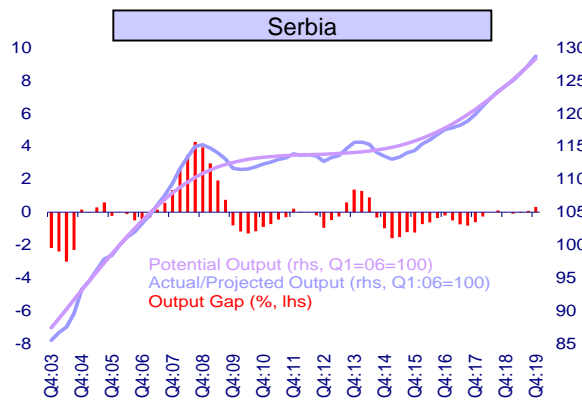
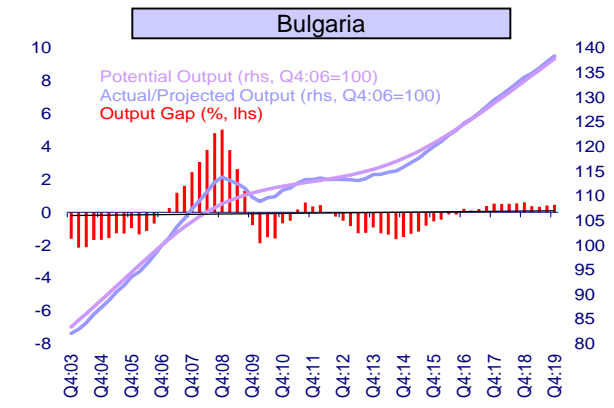
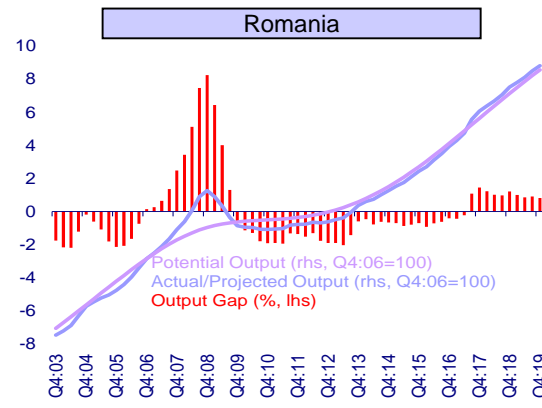
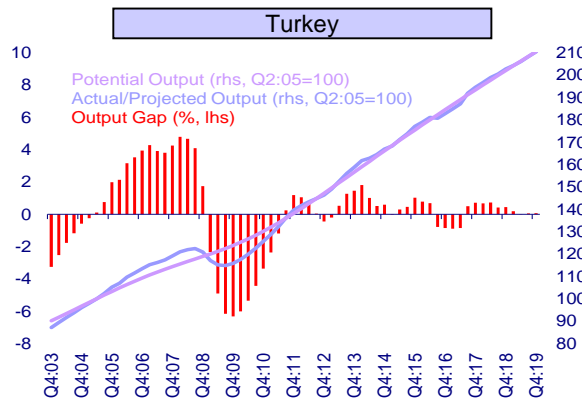
Large positive output gaps in Romania, Turkey, Cyprus and Bulgaria point to an overheating of the economy and increasing inflationary pressures



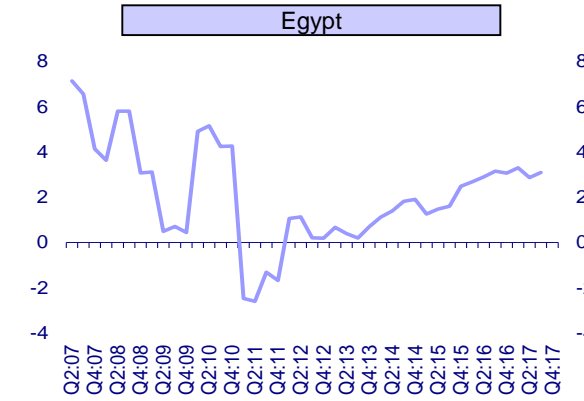
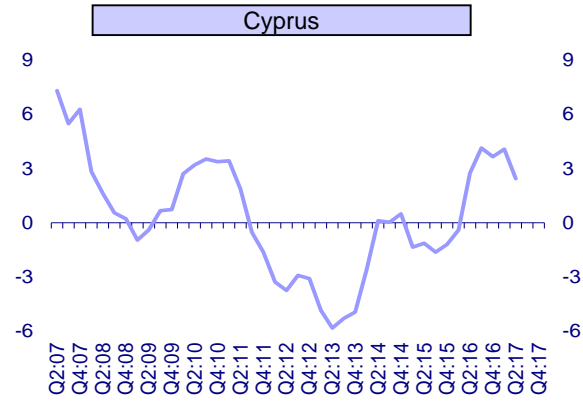
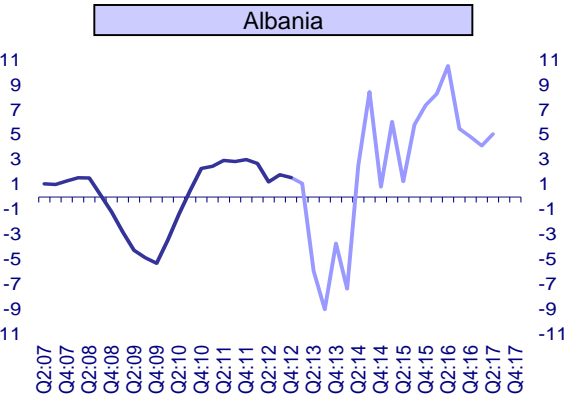
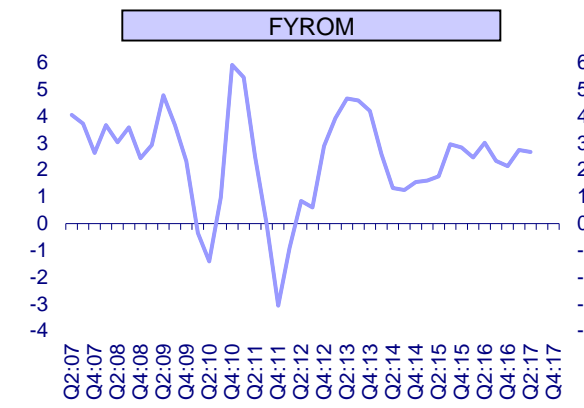
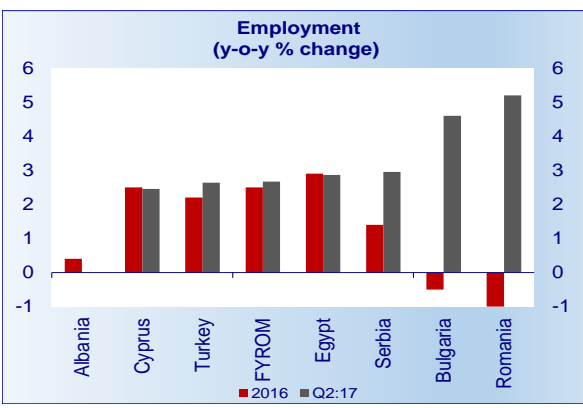
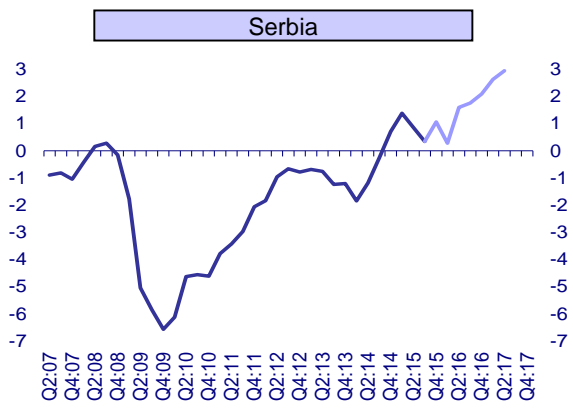
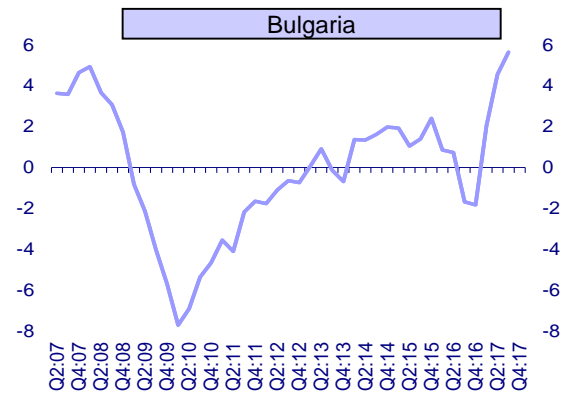
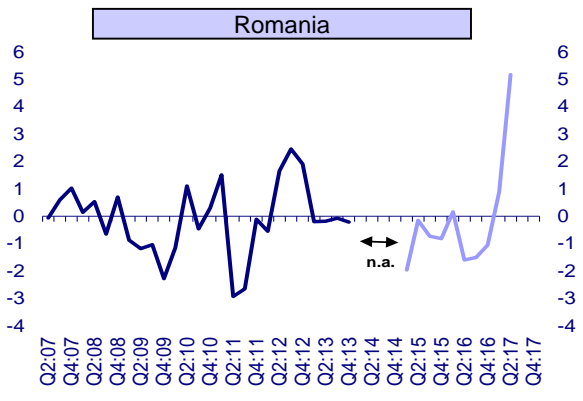
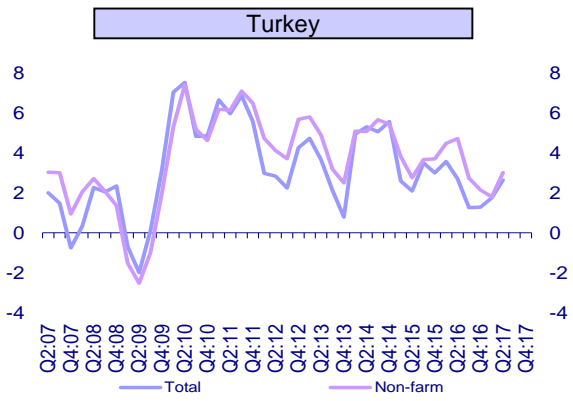
GDP growth is expected to range between 1.5% and 6.6% in the economies under review this year



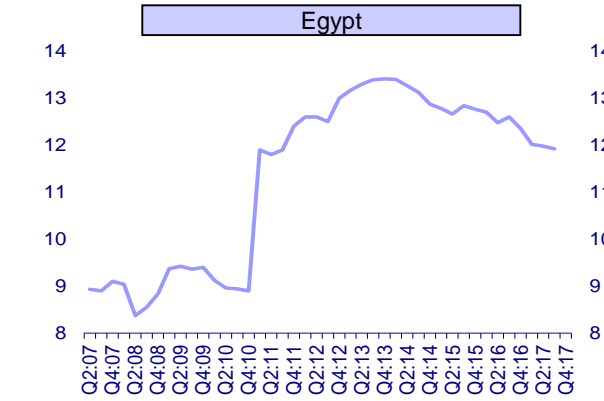
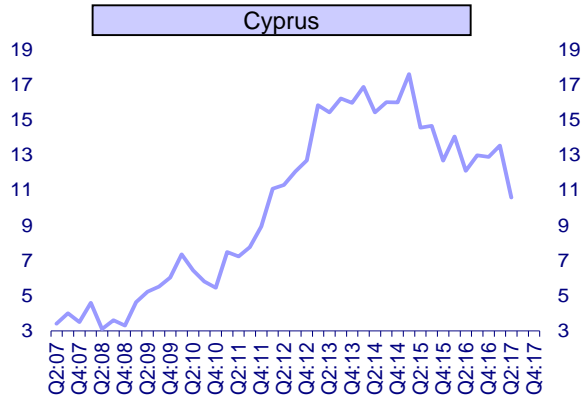
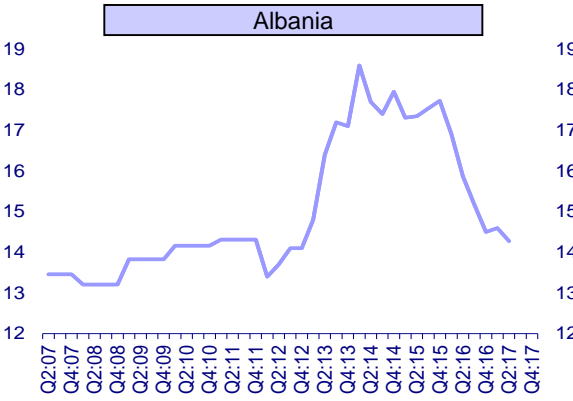
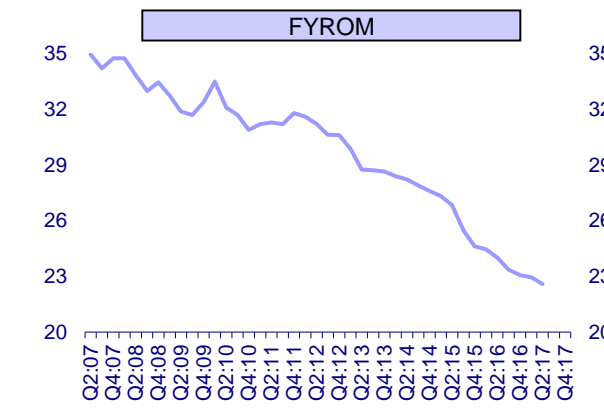
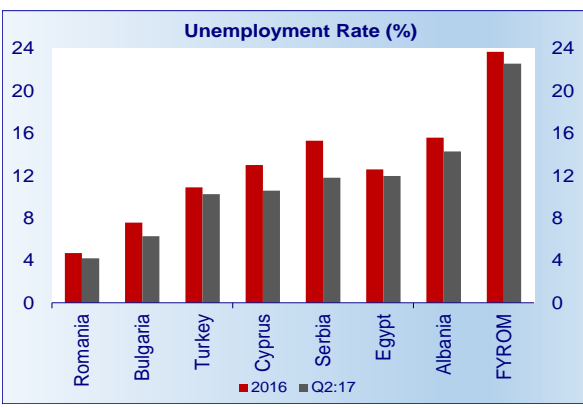
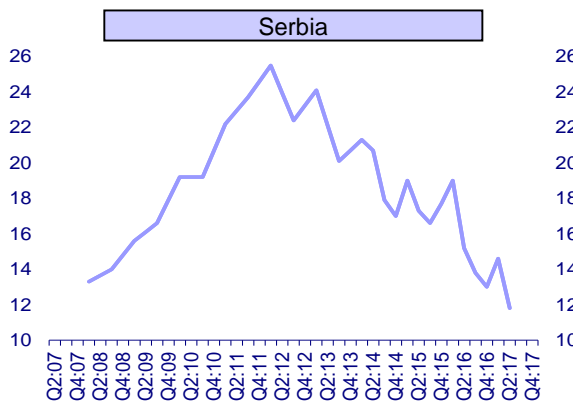
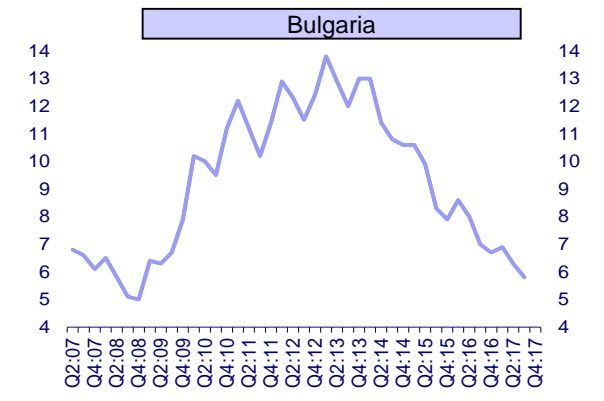
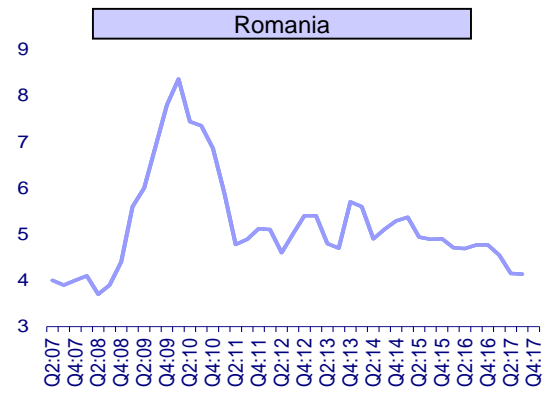
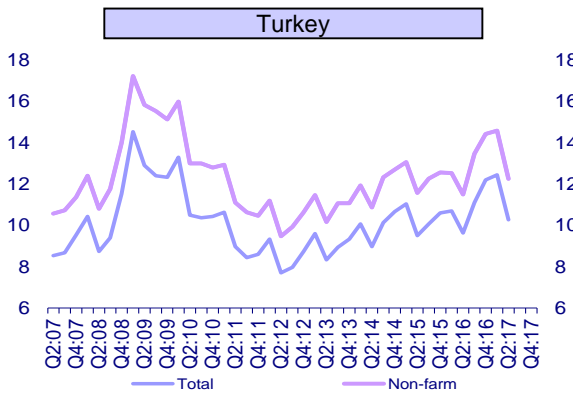
The output gap should remain negative in Egypt, FYROM, Serbia and Albania this year



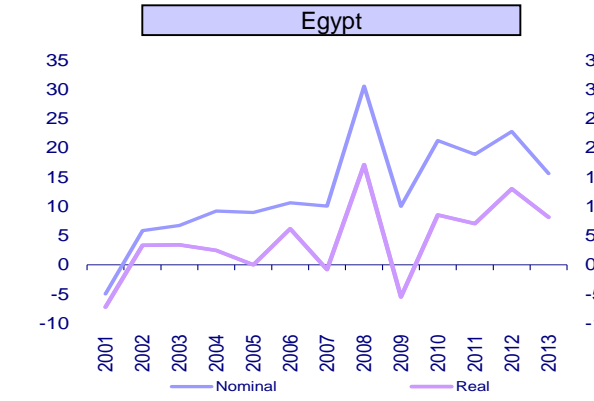
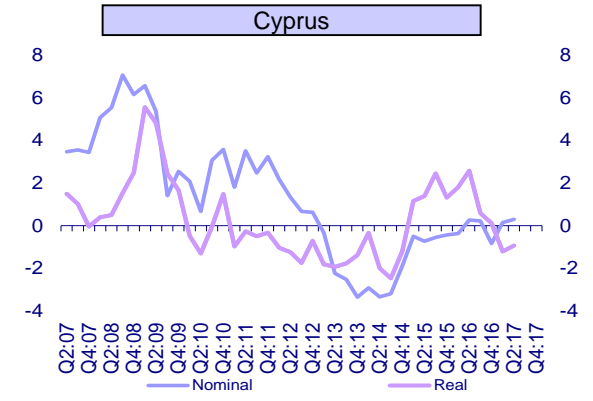
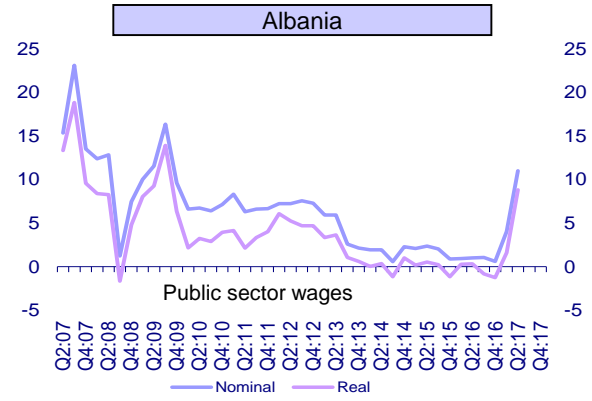
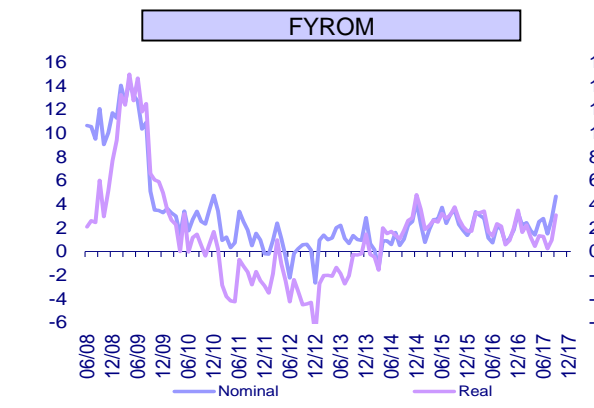
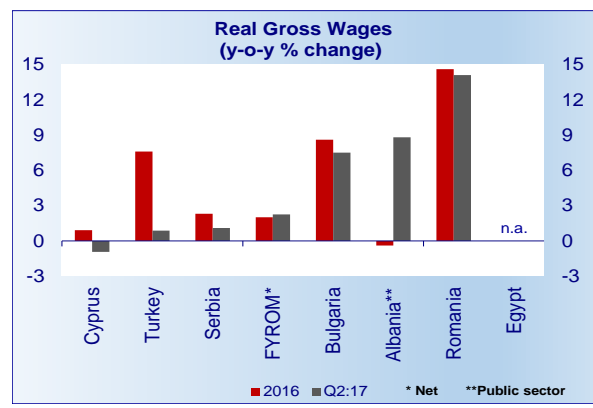
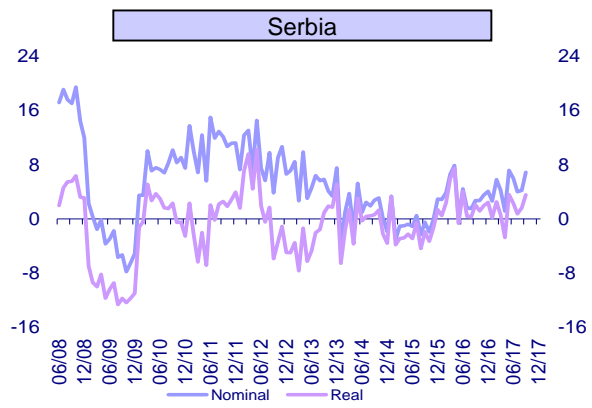
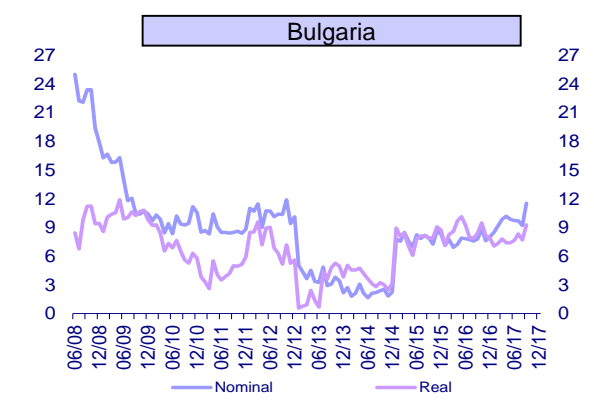
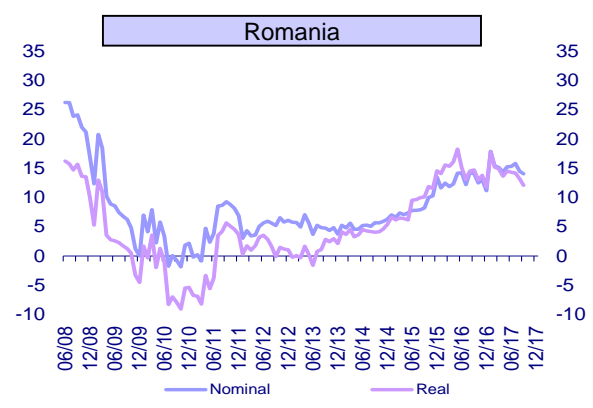
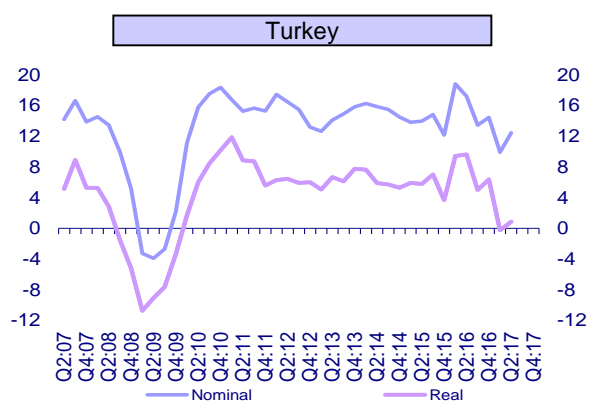
Employment in most countries under review is supported by buoyant economic activity this year



The unemployment rate is on a downward trend in all countries under review this year

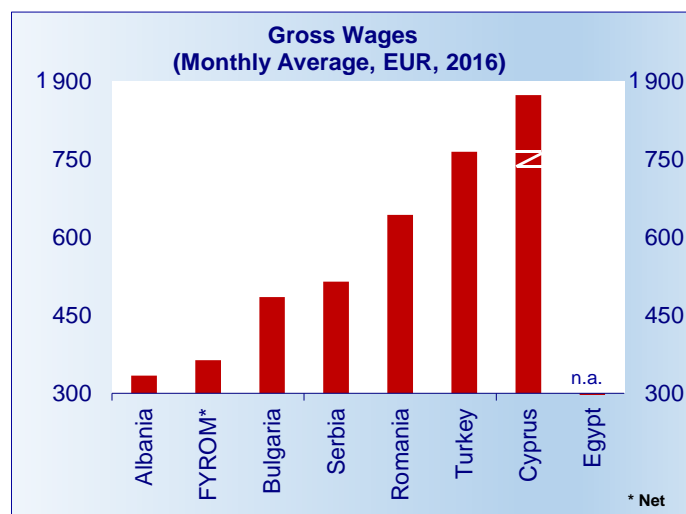


Real wages continue to post strong growth in Romania, Bulgaria and Albania (9% - 12%), boosting private consumption



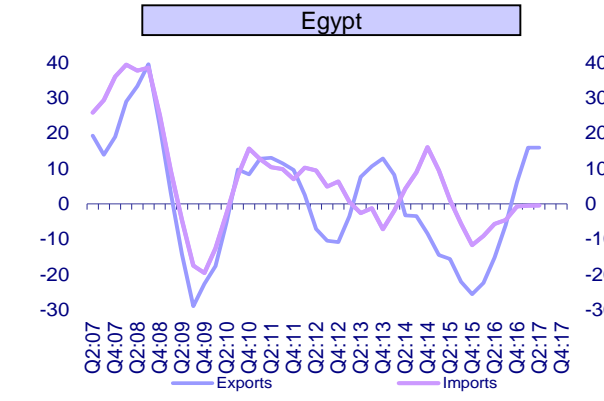
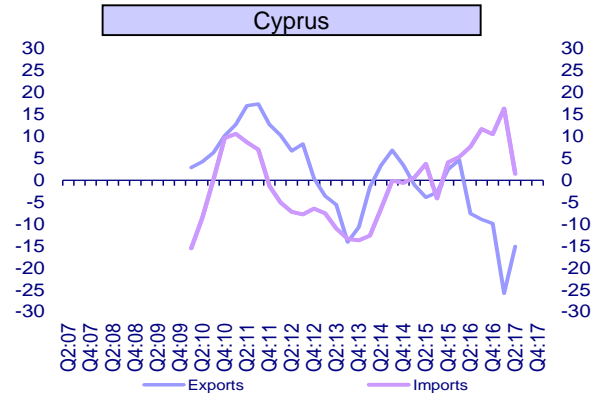
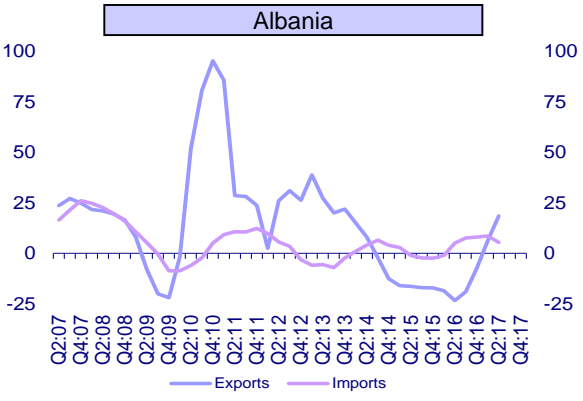
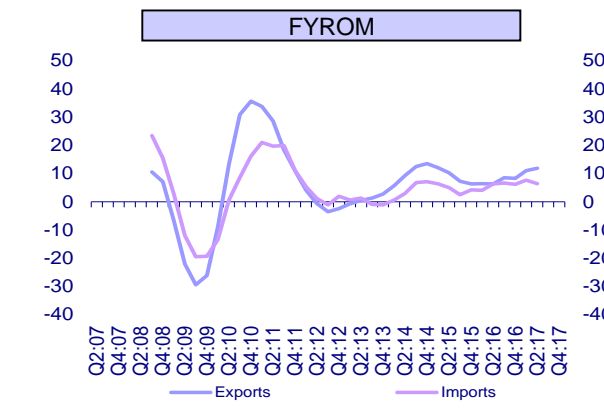
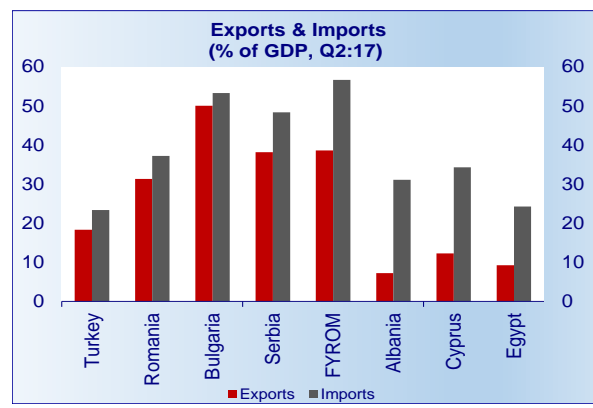
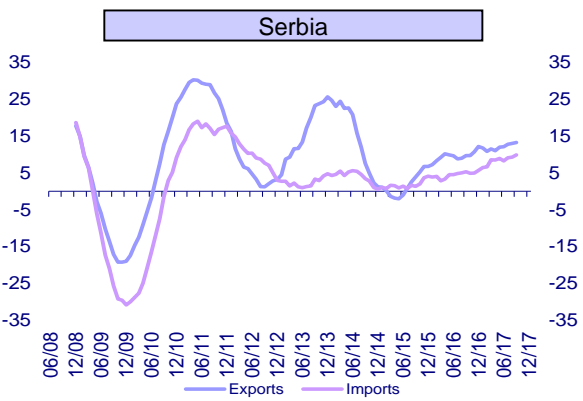
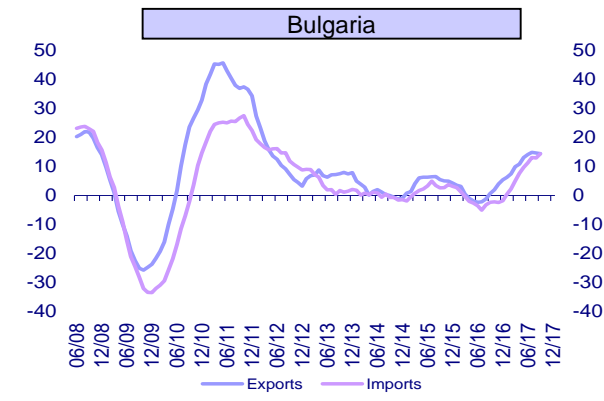
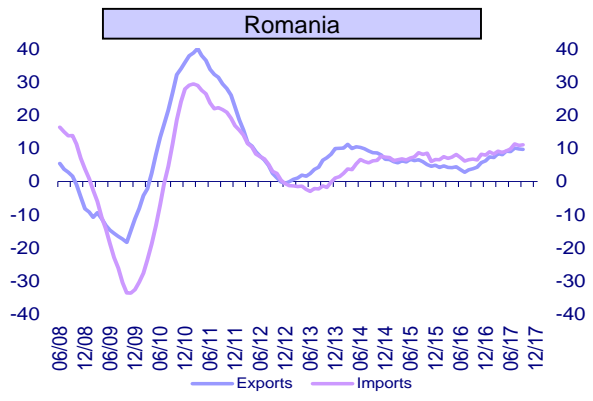
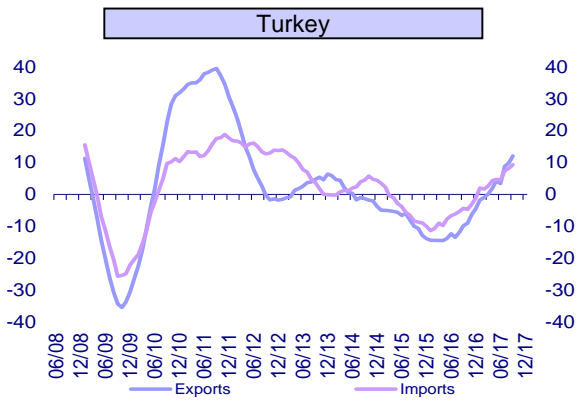
FYROM and Albania are the most competitive in terms of labour costs

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

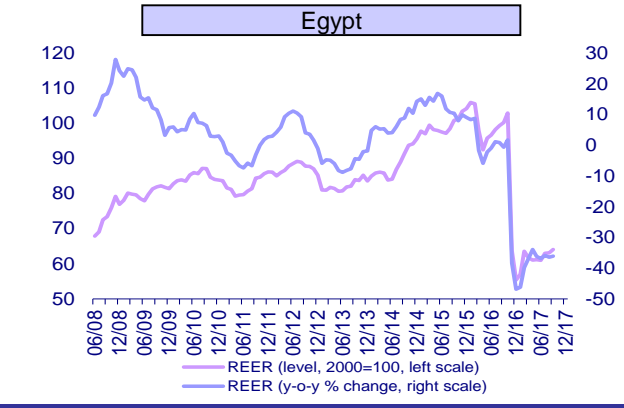
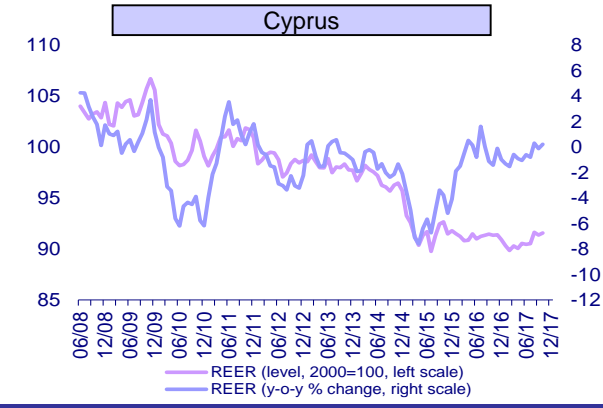
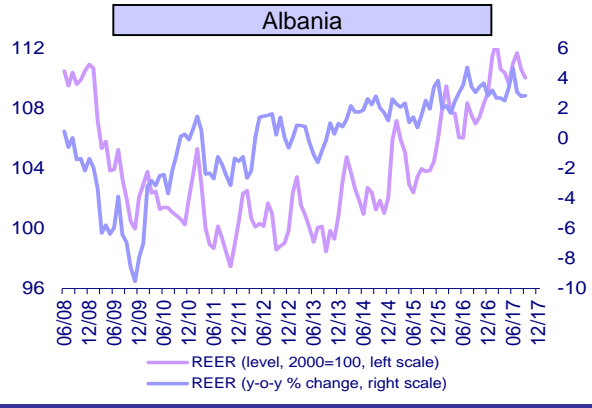
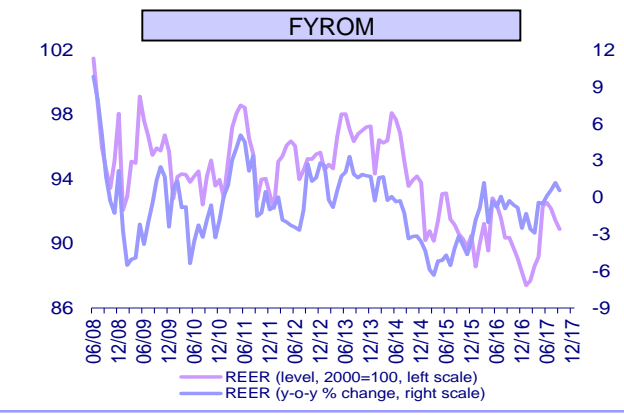
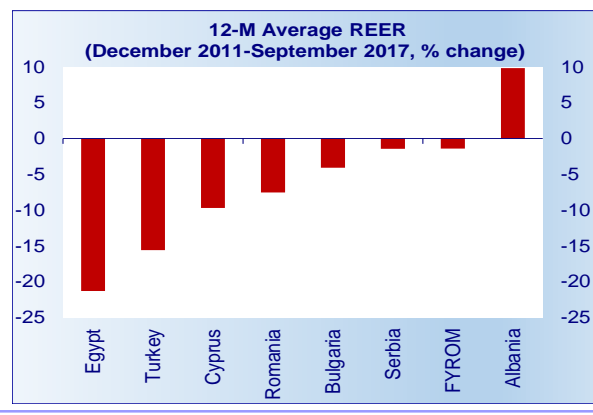
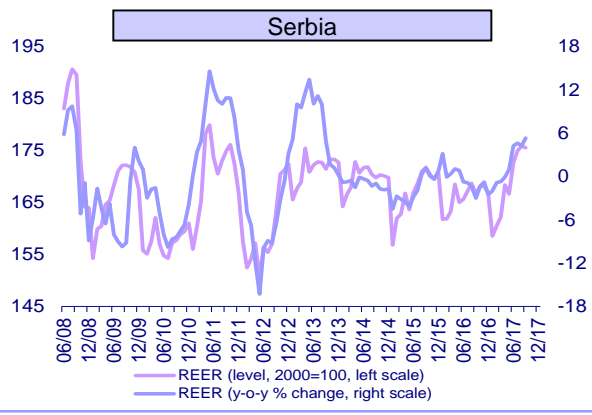
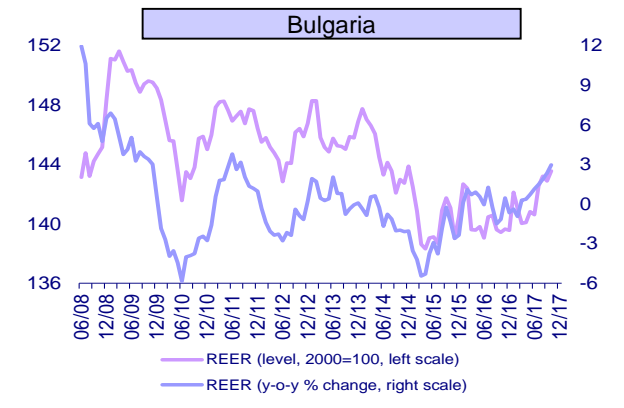
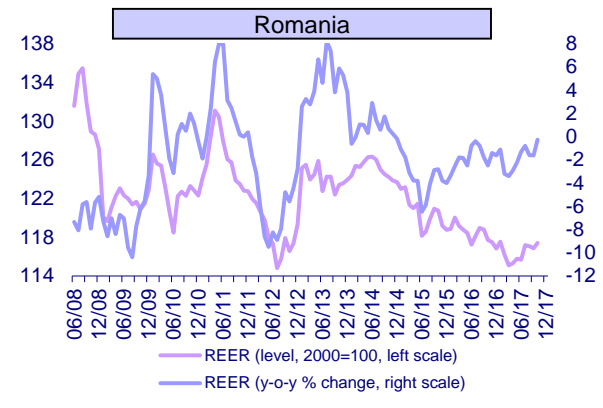
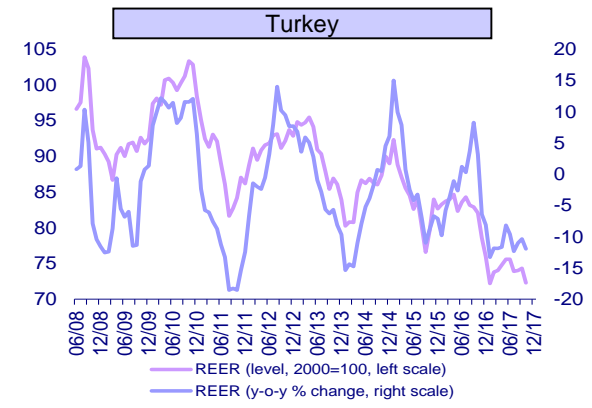


	Tax Rates (%)	
	Personal Income	Corporate Income
Turkey	15.0 - 35.0	20.0
Romania	16.0	16.0
Bulgaria	10.0	10.0
Serbia	15.0	15.0
FYROM	10.0	10.0
Albania	13.0 - 23.0	15.0
Cyprus	20.0 - 35.0	12.5
Egypt	10.0 - 22.0	22.5
Greece	22.0 - 45.0	29.0

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



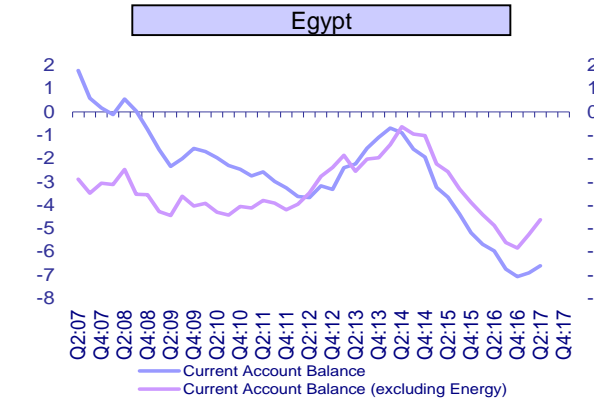
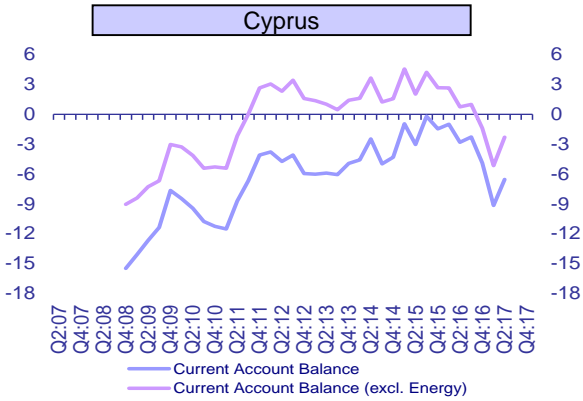
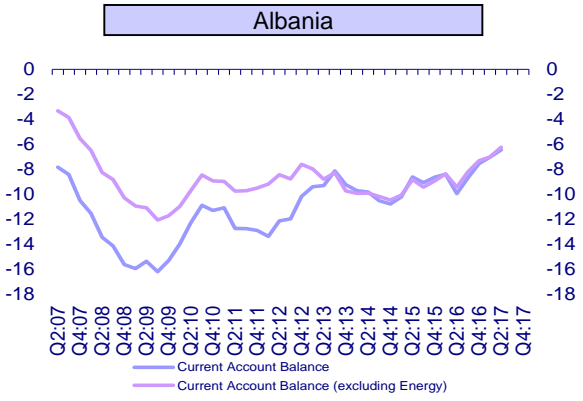
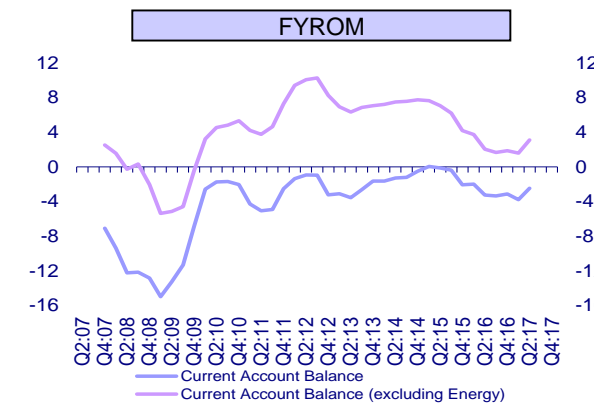
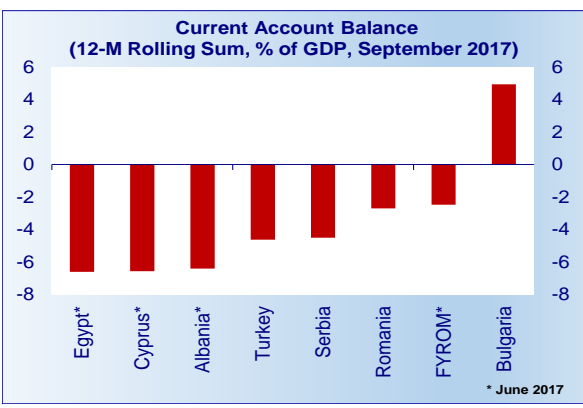
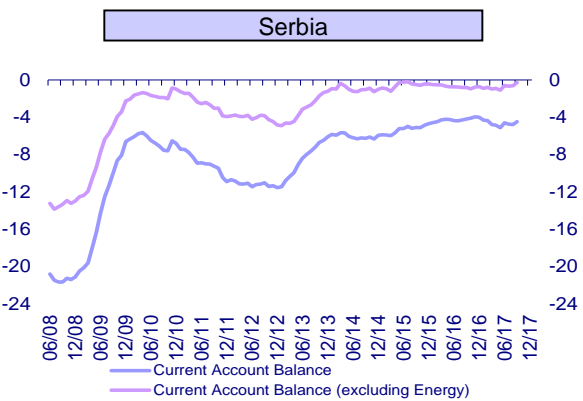
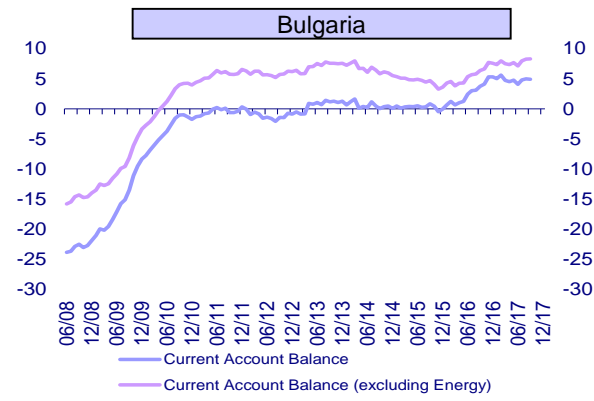
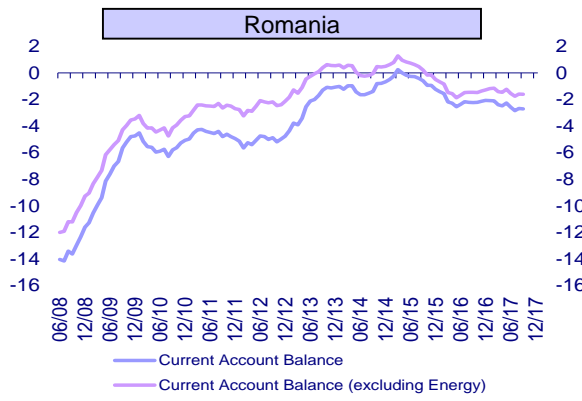
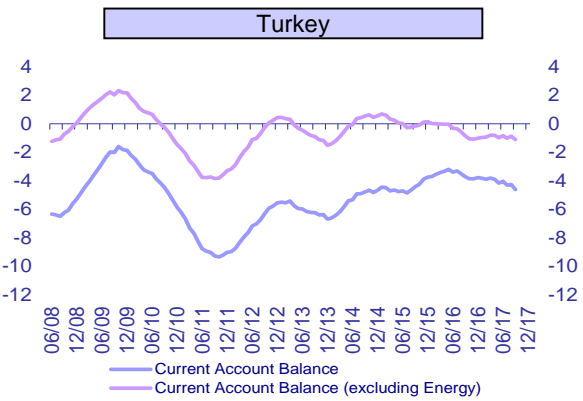
Competitiveness in all the countries under review has improved over the past 5 years, excluding Albania



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

The current account deficit is set to remain at sustainable levels this year in most of the economies under review, despite an unfavourable energy bill.

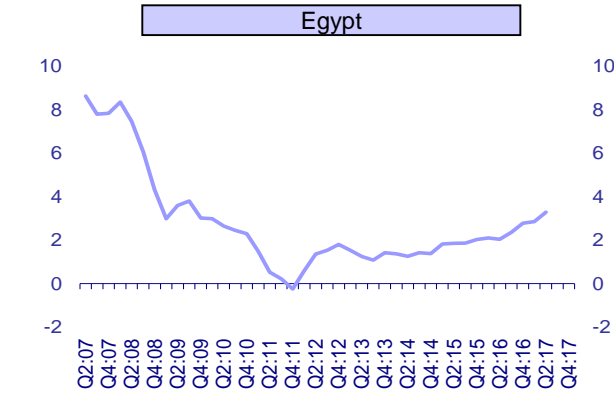
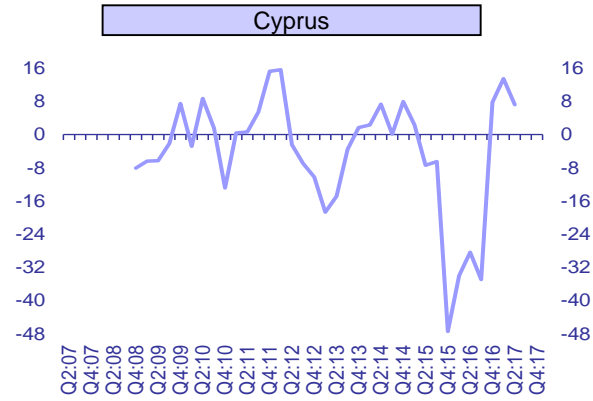
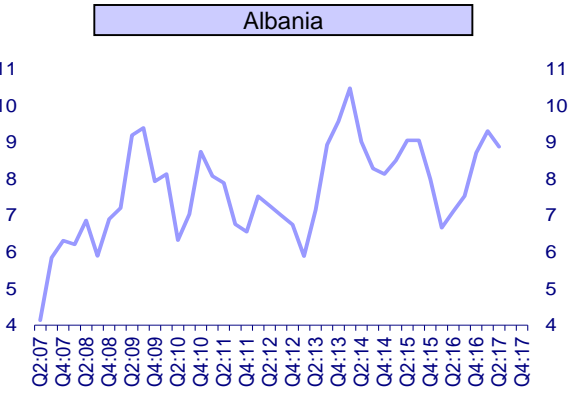
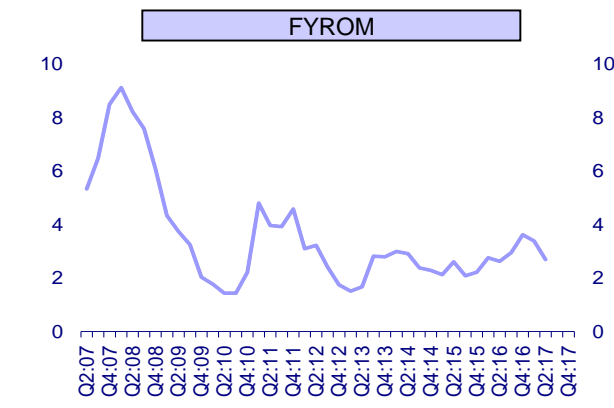
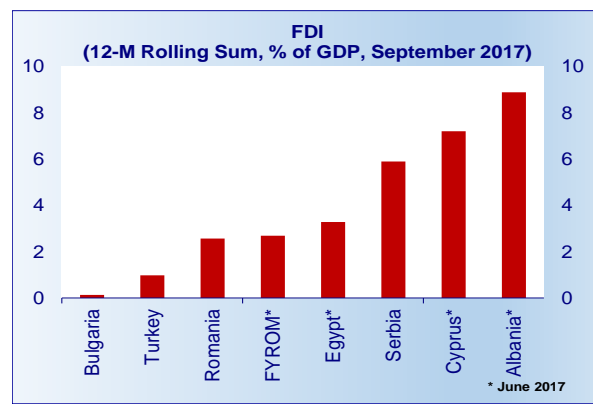
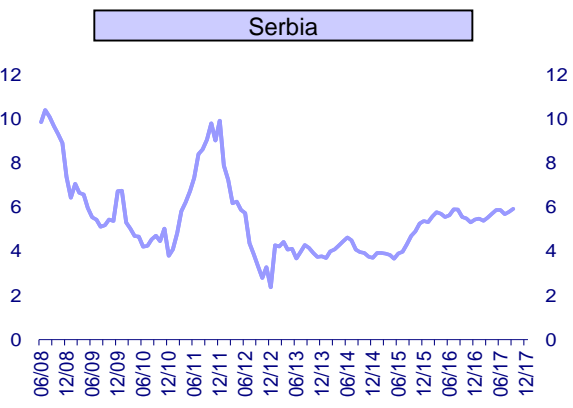
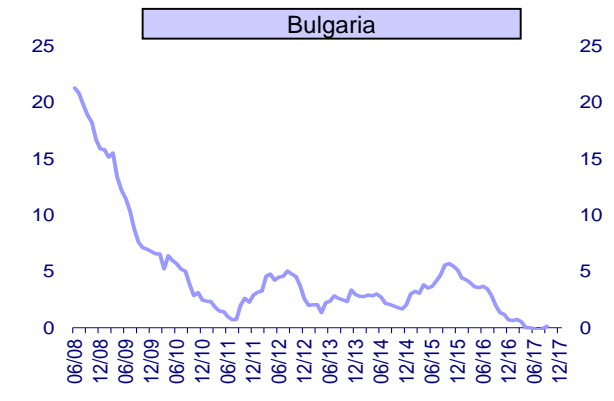
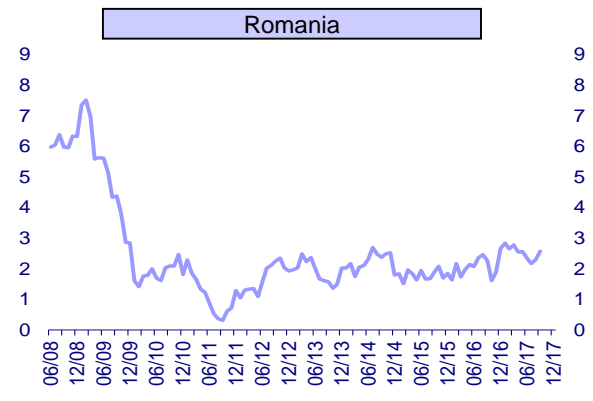
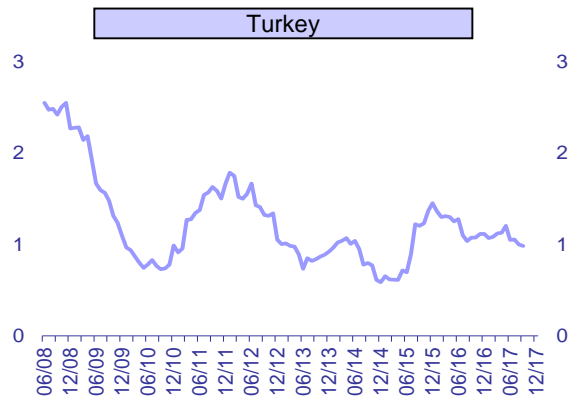
Bulgaria remains by far the best performer among the economies under review



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

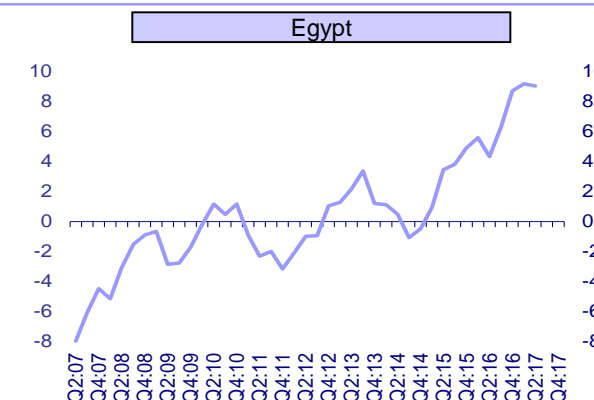
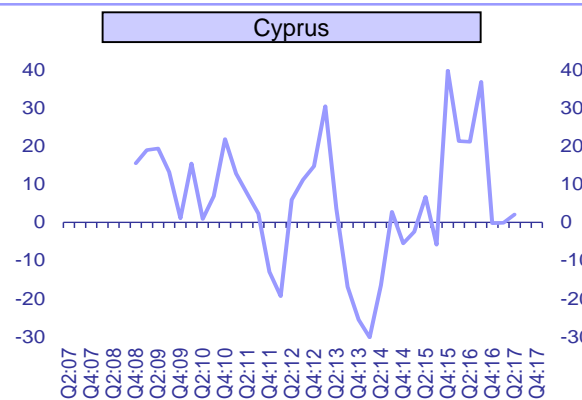
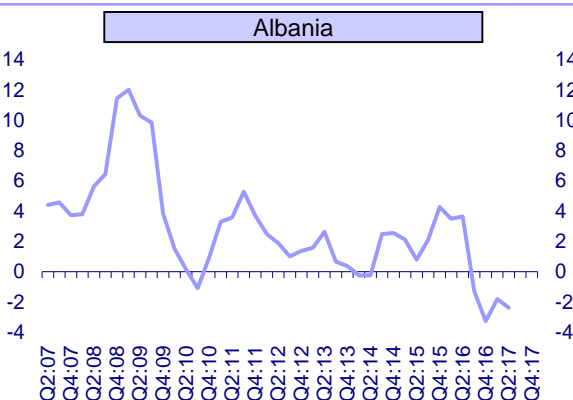
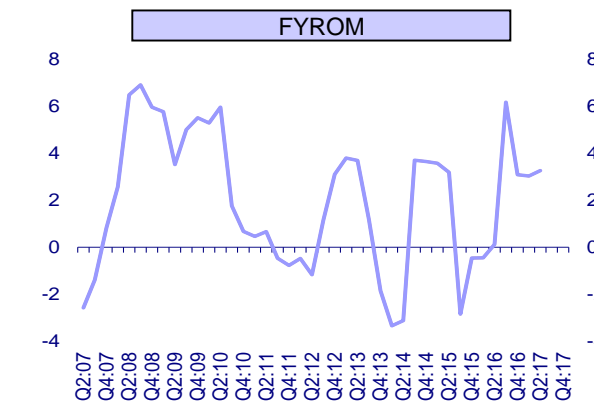
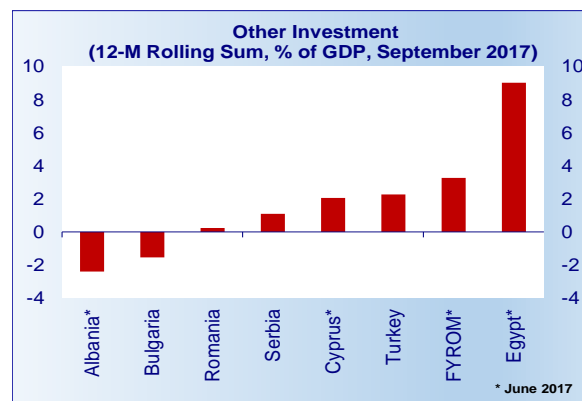
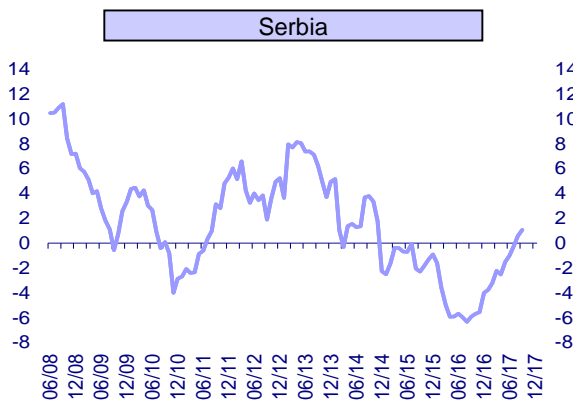
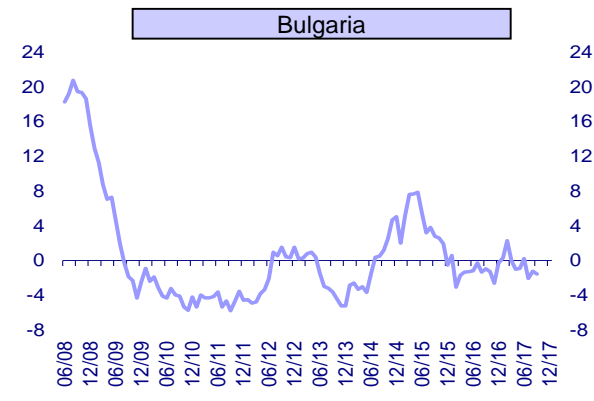
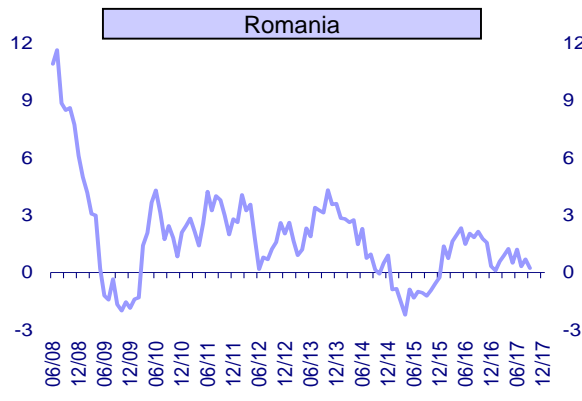
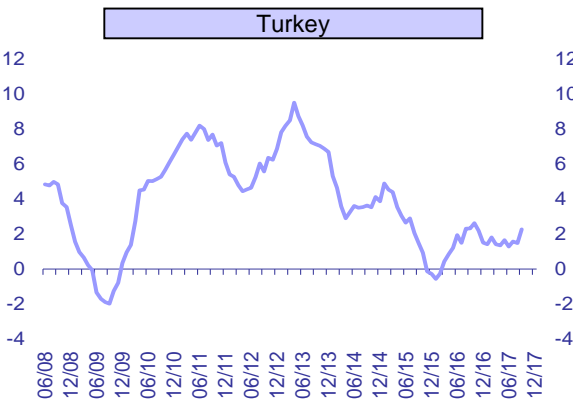
Net FDI remains close to historically low levels in most of the countries under review.

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

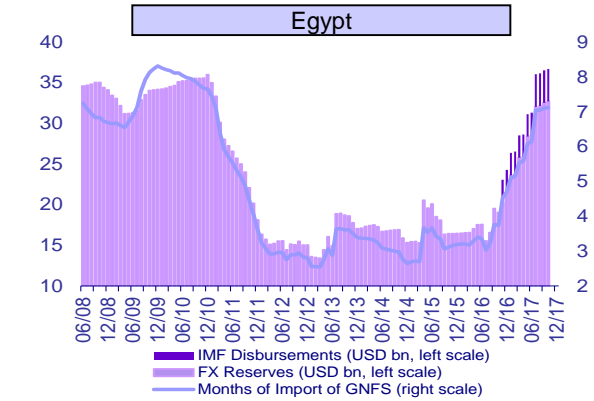
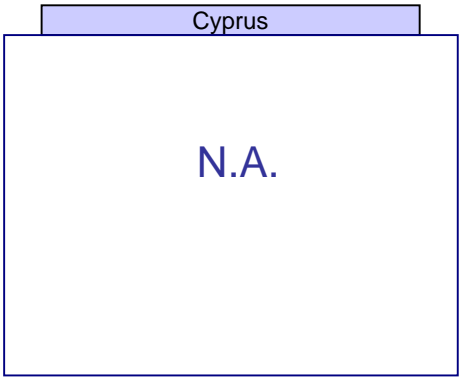
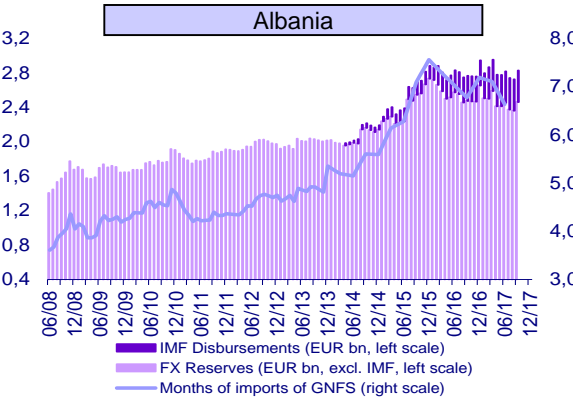
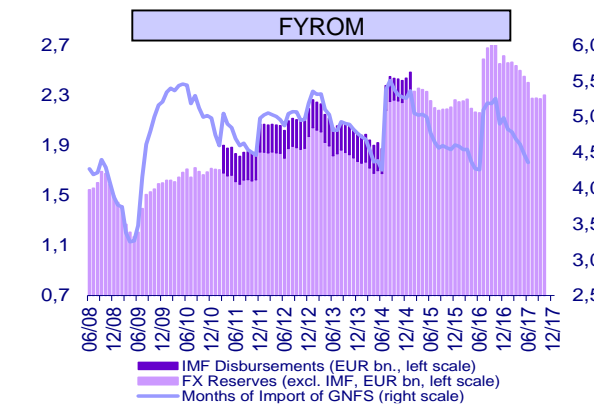
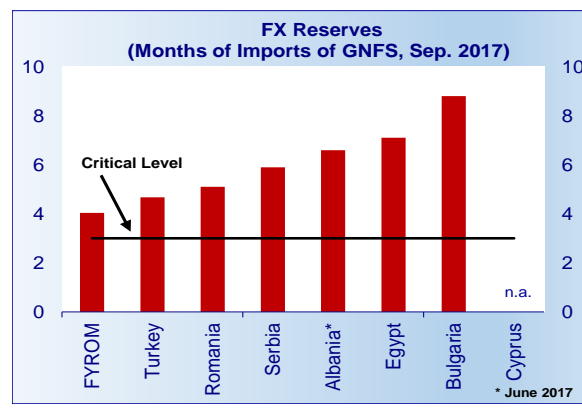
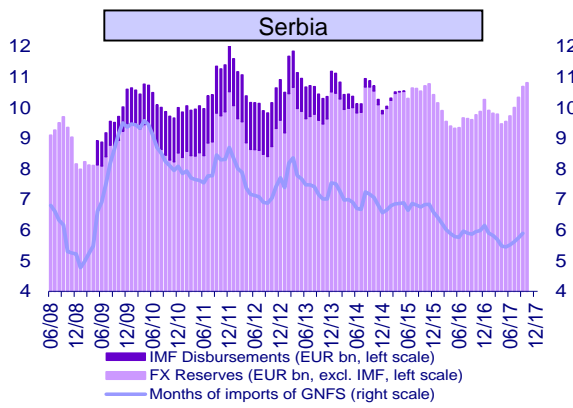
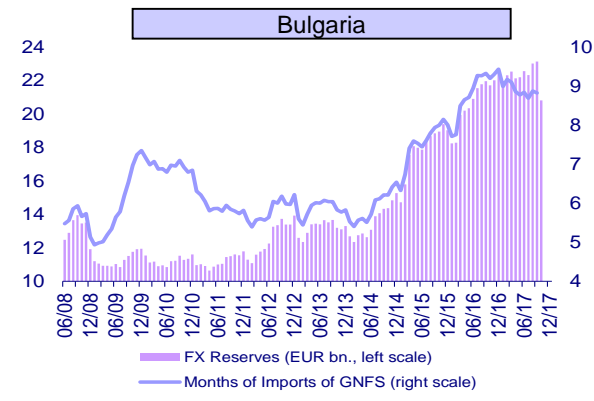
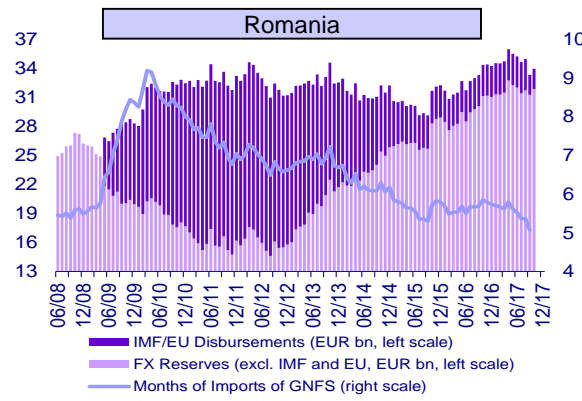
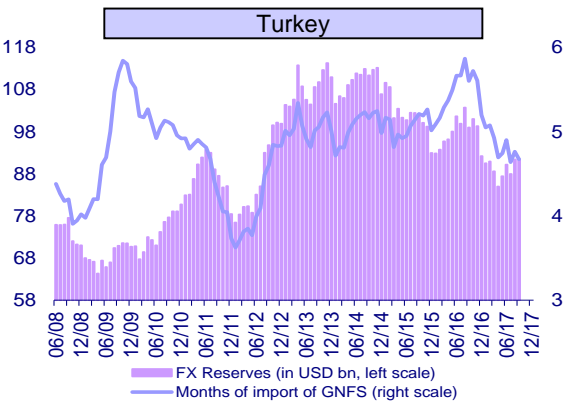


Other net capital flows remain positive in most of the economies under review.

The poor performance in Romania and Bulgaria is attributed, *inter alia*, to the slower absorption of EU funds at the onset of the new EU programming period

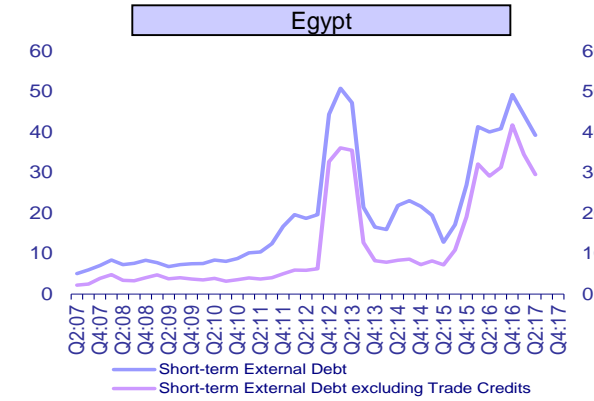
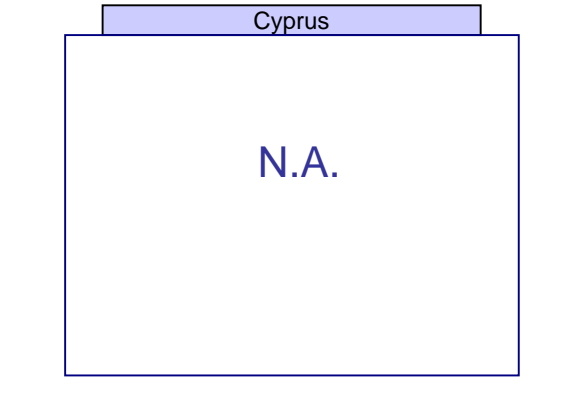
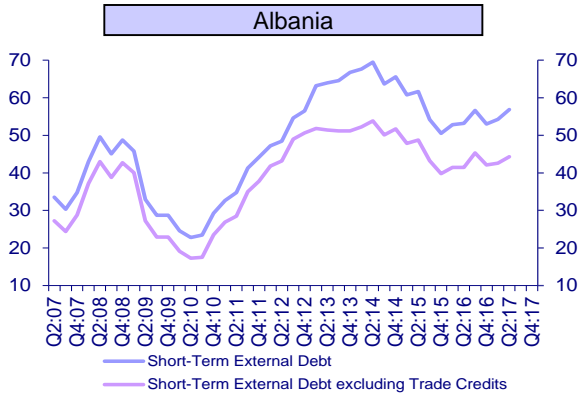
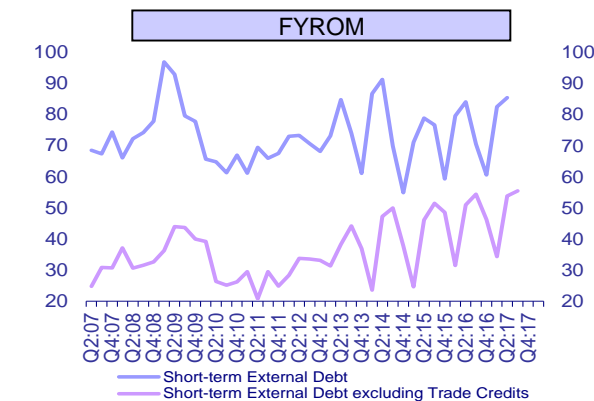
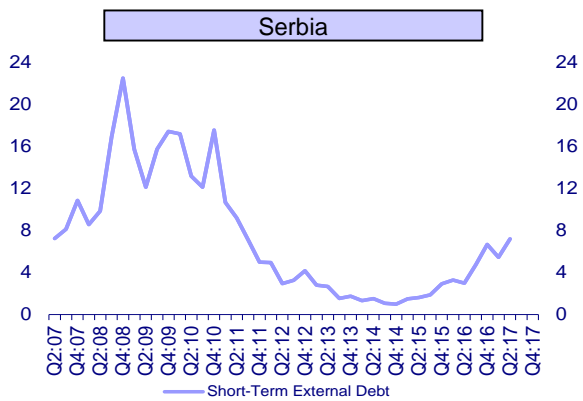
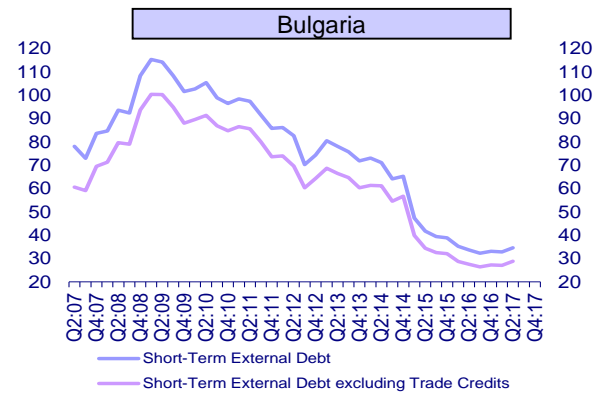
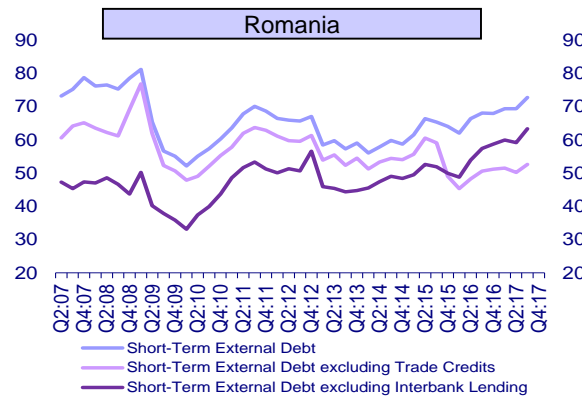
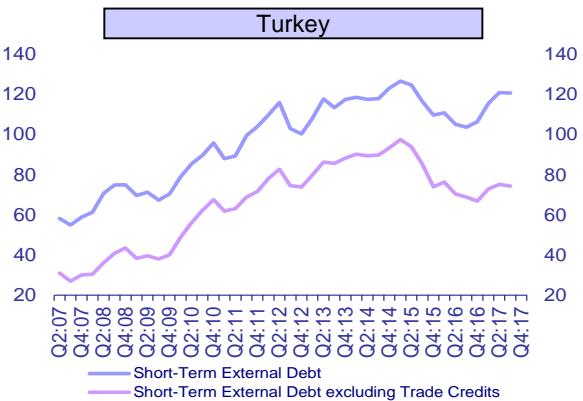


In all countries under review, import cover largely surpasses the critical level of 3 months



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, excluding Turkey and Egypt

Turkey	2013	2014	2015	2016	09:16	09:17	2017F
Current account balance	-6.7	-4.7	-3.7	-3.8	-3.7	-4.6	-4.8
Net FDI	0.9	0.6	1.5	1.1	1.1	1.0	1.0
Other net capital inflows *	6.7	3.9	-0.3	1.5	2.3	2.3	3.5

Romania	2013	2014	2015	2016	09:16	09:17	2017F
Current account balance	-1.1	-0.7	-1.2	-2.1	-2.2	-2.7	-3.0
Net FDI	2.0	1.8	1.8	2.7	2.3	2.6	2.5
Other net capital inflows *	3.6	0.9	0.7	0.3	2.0	0.9	1.3

Bulgaria	2013	2014	2015	2016	09:16	09:17	2017F
Current account balance	1.3	0.1	0.0	5.3	3.8	4.9	4.5
Net FDI	3.0	2.1	5.1	0.7	2.0	0.1	1.3
Other net capital inflows *	-5.2	5.1	-0.5	-0.3	-0.9	-1.6	-3.7

Serbia	2013	2014	2015	2016	09:16	09:17	2017F
Current account balance	-6.1	-6.0	-4.7	-4.0	-4.2	-4.5	-4.4
Net FDI	3.8	3.7	5.4	5.5	5.6	5.9	5.3
Other net capital inflows *	4.9	-2.3	-0.9	-4.0	-5.9	1.1	-1.0

FYROM	2013	2014	2015	2016	06:16	06:17	2017F
Current account balance	-1.6	-0.5	-2.1	-3.1	-3.3	-2.5	-2.2
Net FDI	2.8	2.3	2.2	3.6	2.6	2.7	2.7
Other net capital inflows *	-1.9	3.7	-0.5	3.1	0.1	3.3	-1.5

Albania	2013	2014	2015	2016	06:16	06:17	2017F
Current account balance	-9.2	-10.8	-8.6	-7.6	-10.0	-6.4	-9.0
Net FDI	9.6	8.1	8.0	8.7	7.1	8.9	8.7
Other net capital inflows *	0.4	2.5	4.3	-3.3	3.6	-2.4	0.3**

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

Cyprus	2013	2014	2015	2016	06:16	06:17	2017F
Current account balance	-4.9	-4.3	-1.5	-4.9	-2.8	-6.6	-3.8
Net FDI	1.7	7.9	-47.4	7.8	-28.4	7.2	5.8
Other net capital inflows *	-25.5	-5.5	39.8	-0.3	21.1	2.1	-2.0

Egypt #	2014	2015	2016	12:15/16	12:16/17	2017E	2018F
Current account balance	-0.8	-3.7	-6.0	-6.0	-6.6	-6.6	-5.4
Net FDI	1.3	1.9	2.0	2.0	3.3	3.3	3.4
Other net capital inflows *	0.5	3.5	4.3	4.3	7.9	7.9	4.2

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

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

Turkey (USD bn)	2016	2017F	2018F
Financing Needs	205.3	200.4	217.2
Cur. Acct Deficit	32.6	40.6	42.2
Amort. + Other	172.7	159.8	175.0
Financing Sources	204.5	197.9	215.1
FDI	9.6	8.6	8.8
IMF	0.0	0.0	0.0
Other IFIs	n.a.	n.a.	n.a.
Other	194.9	189.3	206.3
Change in FX Res.	-0.8	-2.5	-2.1

Romania (EUR bn)	2016	2017F	2018F
Financing Needs	55.1	37.0	40.8
Cur. Acct Deficit	3.5	5.4	7.1
Amort. + Other	51.6	31.6	33.7
Financing Sources	57.1	37.4	40.3
FDI	4.5	4.6	5.0
IMF	-0.1	0.0	0.0
Other IFIs	0.0	-0.7	-1.4
Other	52.7	33.5	36.7
Change in FX Res.	2.0	0.4	-0.5

Bulgaria (EUR bn)	2016	2017F	2018F
Financing Needs	9.2	10.3	9.4
Cur. Acct Deficit	-2.6	-2.3	-1.7
Amort. + Other	11.8	12.6	11.1
Financing Sources	12.7	11.3	11.9
FDI	0.3	0.6	0.8
IMF	0.0	0.0	0.0
Other IFIs	n.a.	n.a.	n.a.
Other	12.4	10.7	11.1
Change in FX Res.	3.5	1.0	2.5

Serbia (EUR bn)	2016	2017F	2018F
Financing Needs	4.5	6.3	5.8
Cur. Acct Deficit	1.4	1.6	1.7
Amort. + Other	3.2	4.7	4.1
Financing Sources	4.4	6.3	5.9
FDI	1.9	1.9	1.9
IMF	0.0	0.0	0.0
Other IFIs	0.0	0.0	0.0
Other	2.5	4.4	4.0
Change in FX Res.	-0.2	0.0	0.1

FYROM (EUR bn)	2016	2017F	2018F
Financing Needs	2.2	2.1	2.2
Cur. Acct Deficit	0.3	0.2	0.3
Amort. + Other	1.9	1.9	1.9
Financing Sources	2.6	2.0	2.6
FDI	0.4	0.3	0.3
IMF	0.0	0.0	0.0
Other IFIs	n.a.	n.a.	n.a.
Other	2.2	1.7	2.3
Change in FX Res.	0.4	-0.1	0.4

Albania (EUR bn)	2016	2017F	2018F
Financing Needs	1.0	1.3	1.3
Cur. Acct Deficit	0.8	1.0	1.1
Amort. + Other	0.2	0.2	0.2
Financing Sources	1.1	1.4	1.4
FDI	0.9	1.0	1.0
IMF	0.1	0.1	0.0
Other IFIs	0.0	0.3	0.2
Other	0.0	0.0	0.2
Change in FX Res.	0.1	0.1	0.1

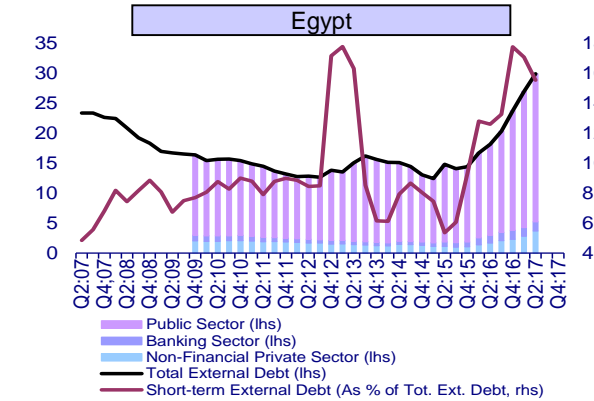
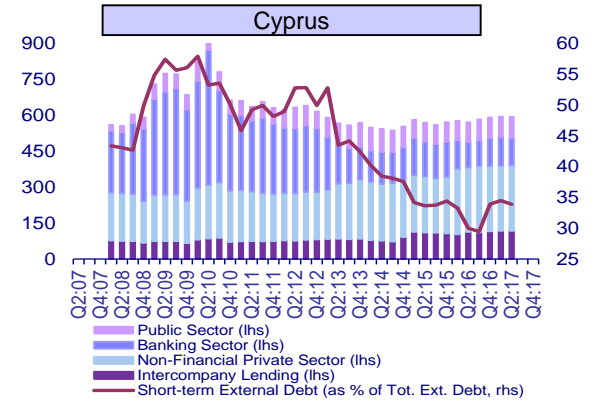
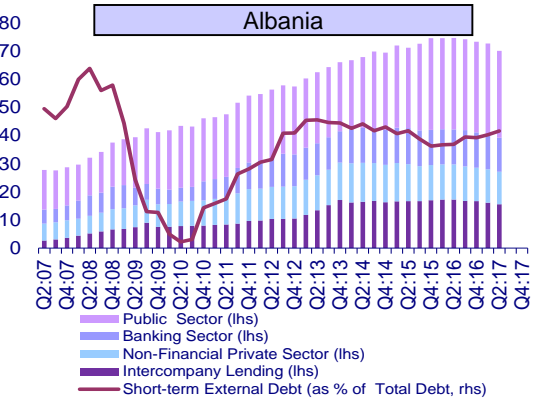
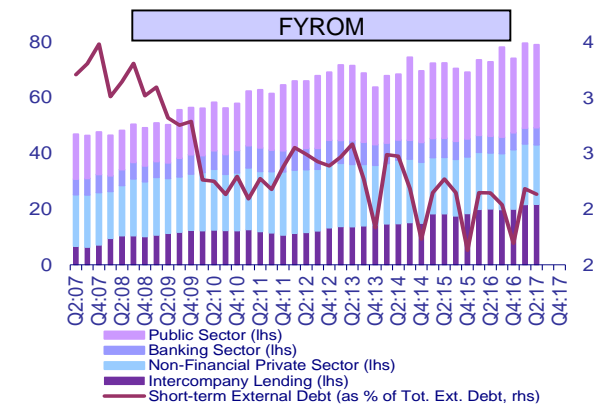
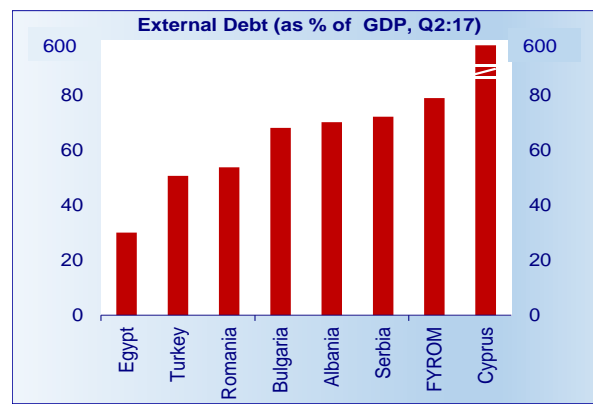
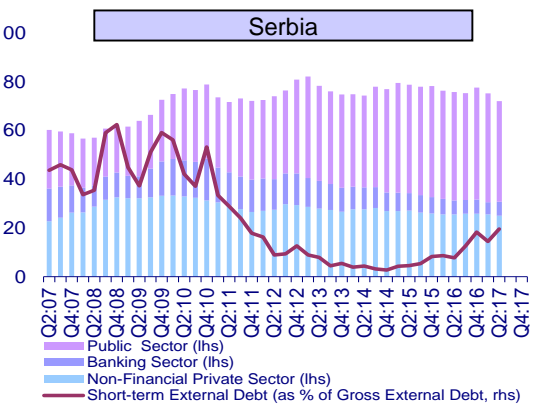
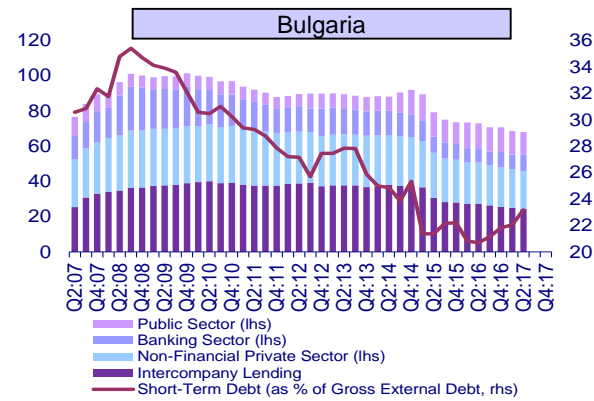
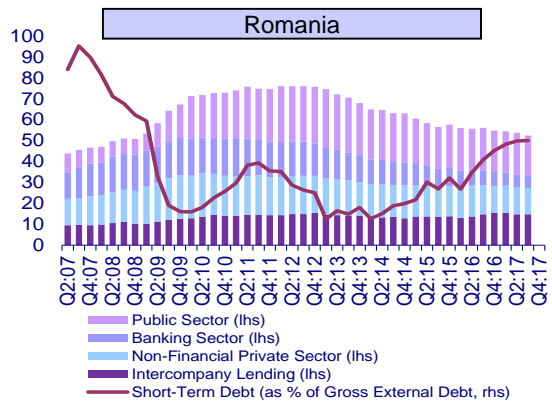
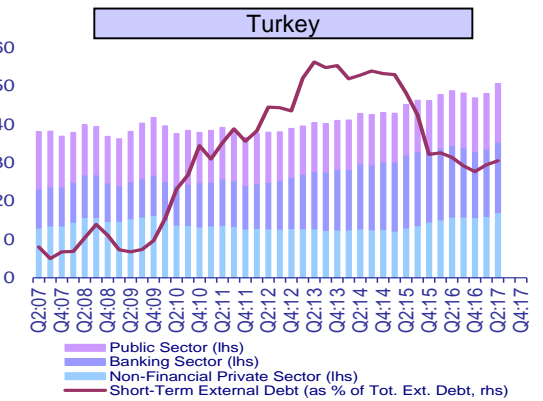
*: assuming no disbursements from the IMF in 2017

Cyprus (EUR bn)	2016	2017F	2018F
Financing Needs	46.2	46.5	47.4
Cur. Acct Deficit	0.9	0.7	0.6
Amort. + Other	45.3	45.8	46.8
Financing Sources	46.2	46.5	47.4
FDI	1.4	1.1	1.3
IMF	0.0	0.0	0.0
Other IFIs	0.0	0.0	0.0
Other	44.8	45.4	46.1
Change in FX Res.	0.0	0.0	0.0

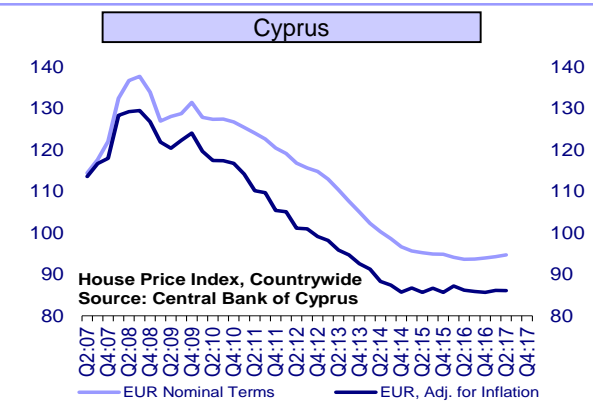
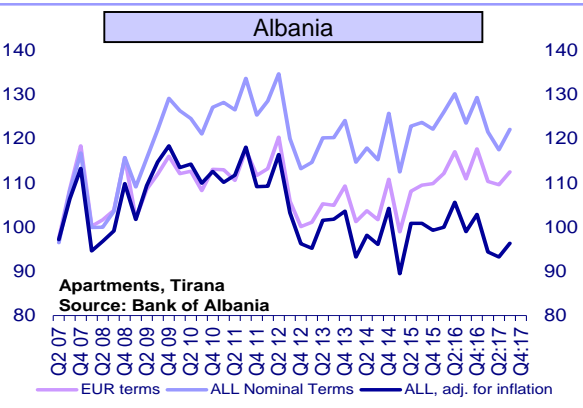
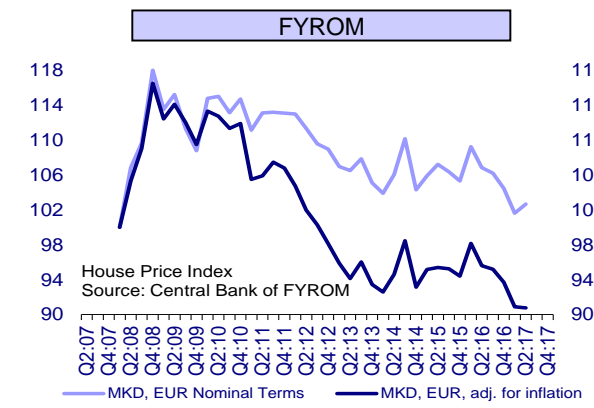
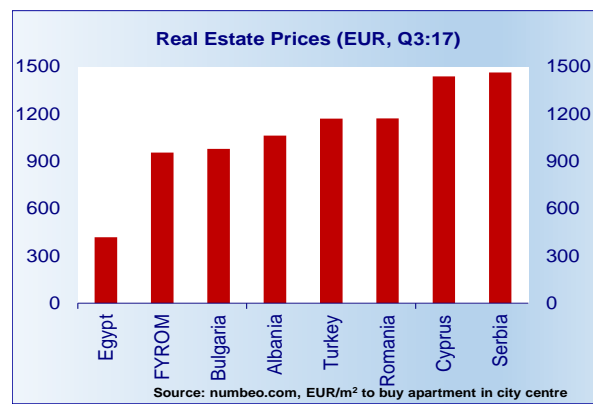
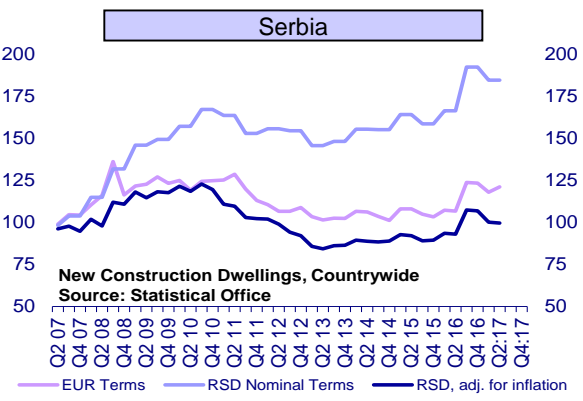
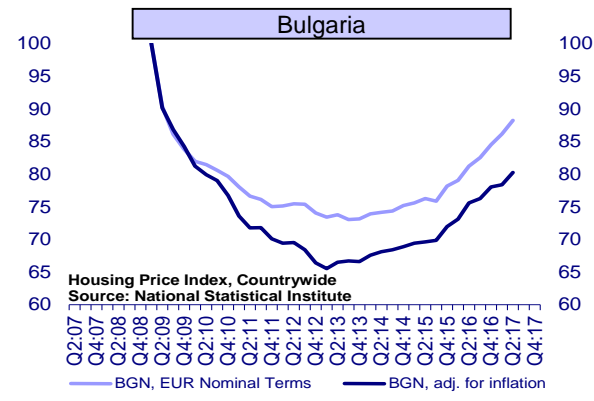
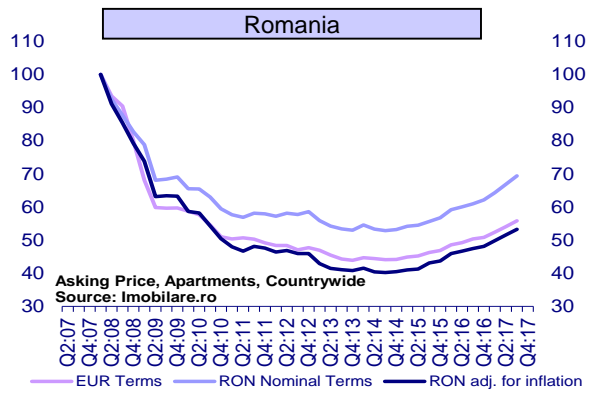
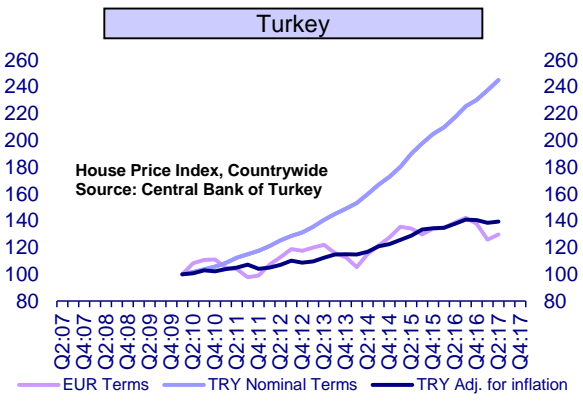
Egypt (USD bn)	15/16	16/17E	17/18F
Financing Needs	29.8	27.6	25.3
Cur. Acct Deficit	19.8	15.6	13.5
Amort. + Other	10.0	12.0	11.8
Financing Sources	27.3	41.4	30.5
FDI	6.7	7.7	8.5
IMF	0.0	4.0	4.0
Other IFIs	n.a.	2.5	2.5
Other	20.6	27.2	15.5
Change in FX Res.	-2.5	13.8	5.2

External debt (% of GDP)

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

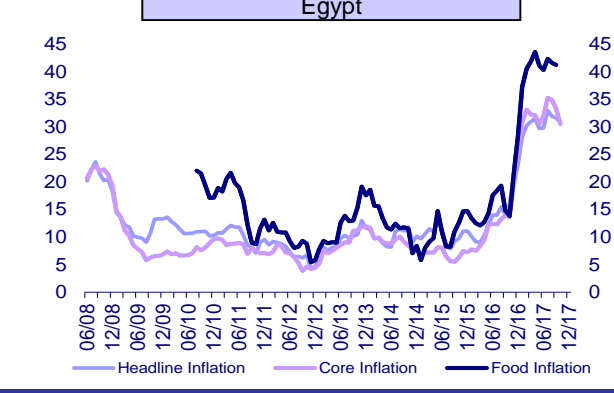
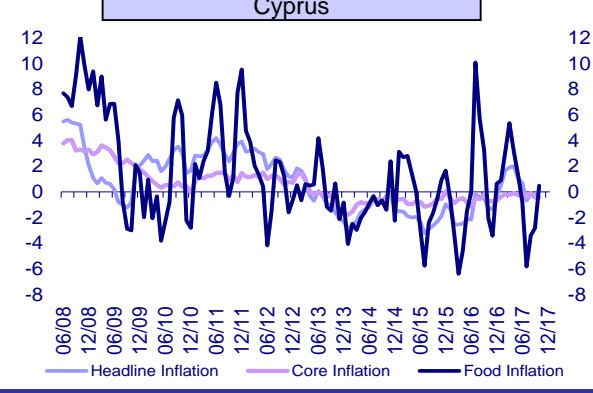
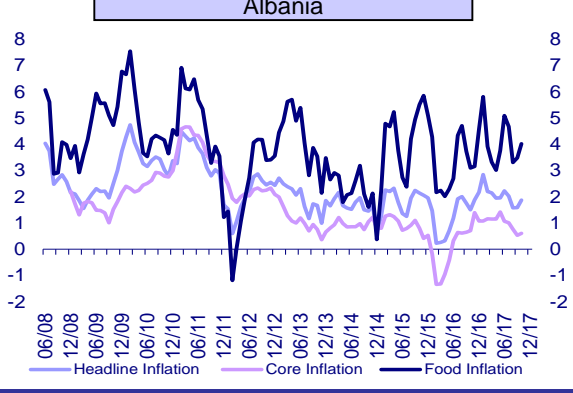
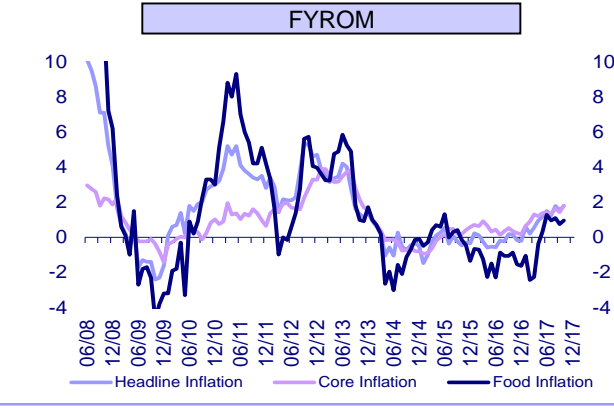
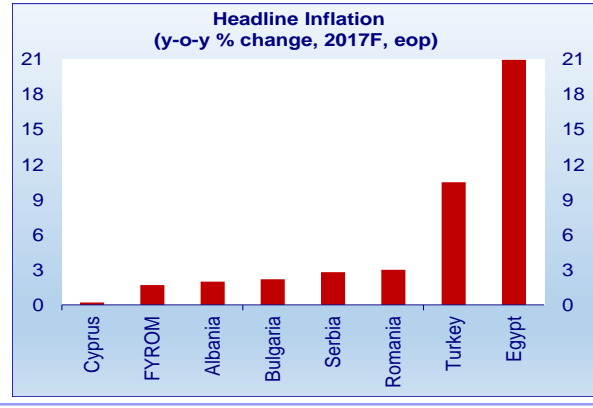
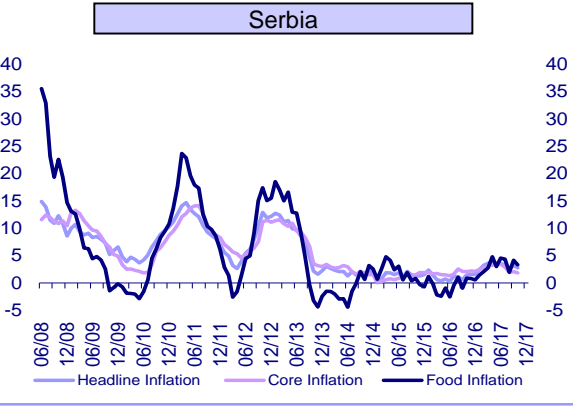
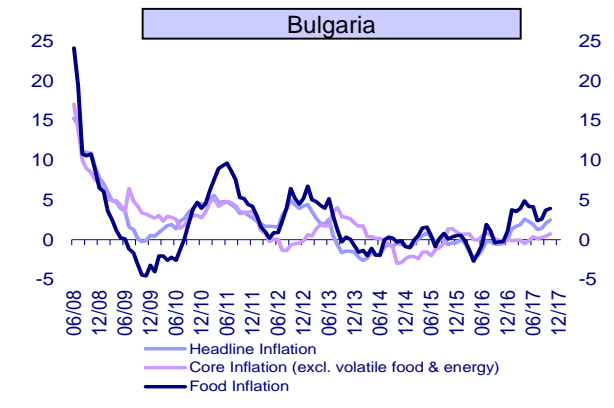
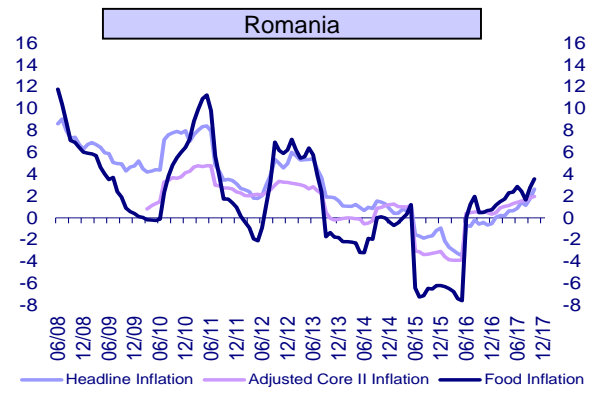
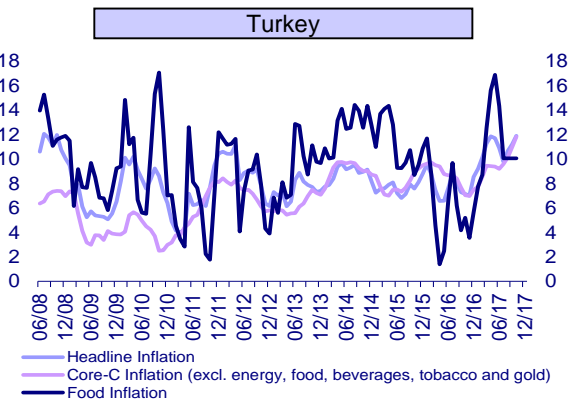


Real estate prices continued on an upward trend in Romania and Bulgaria in Q3:17, but remain well below their pre-crisis peak

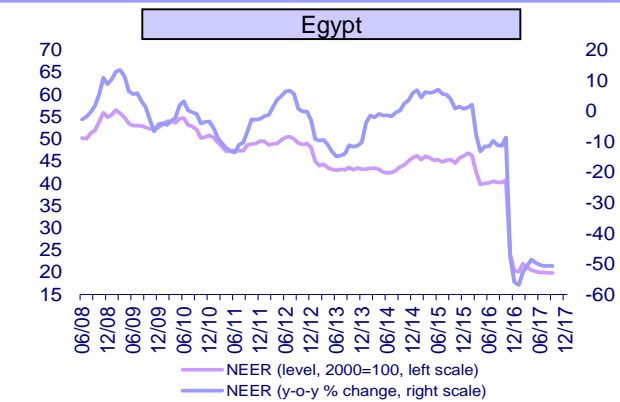
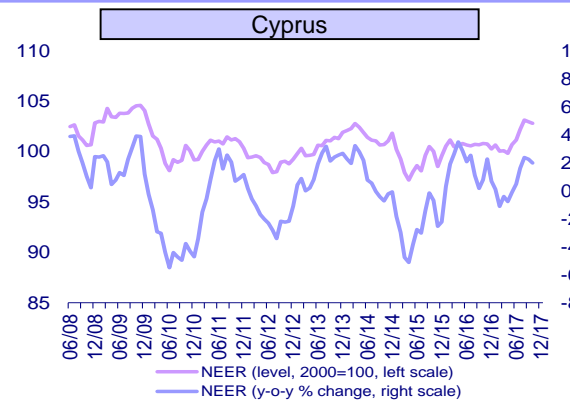
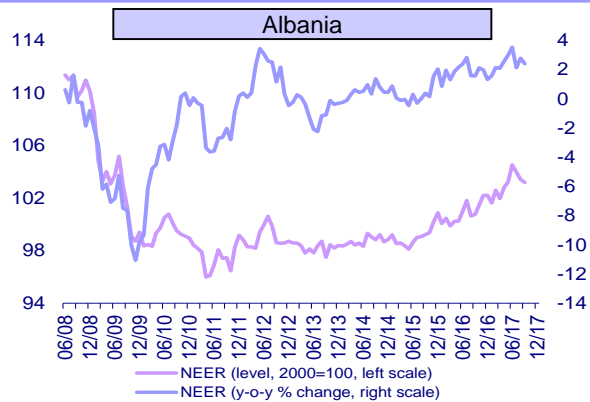
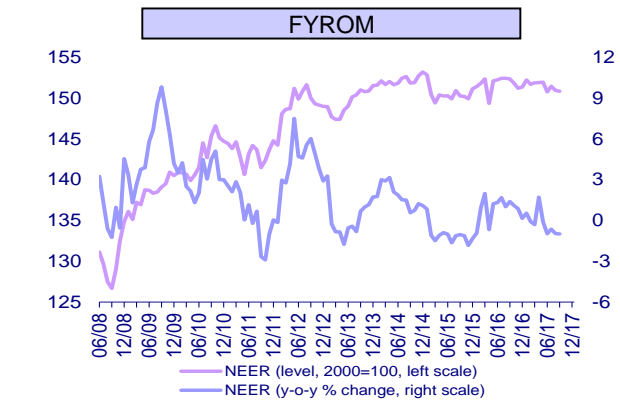
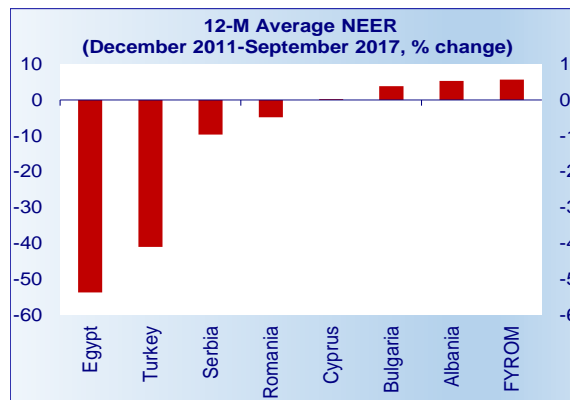
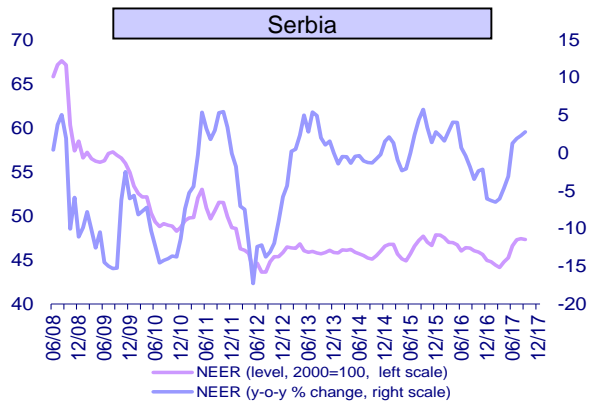
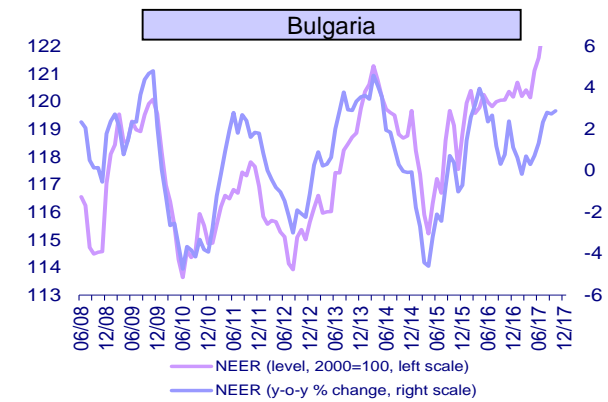
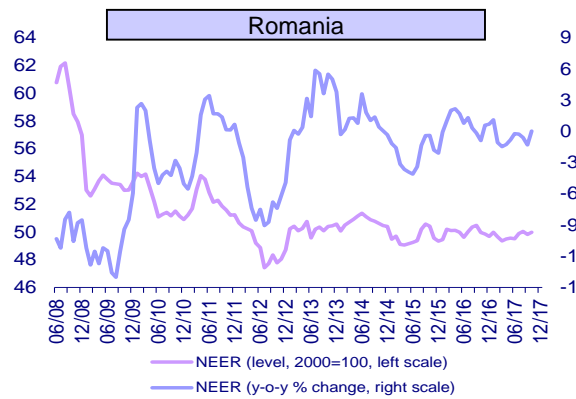
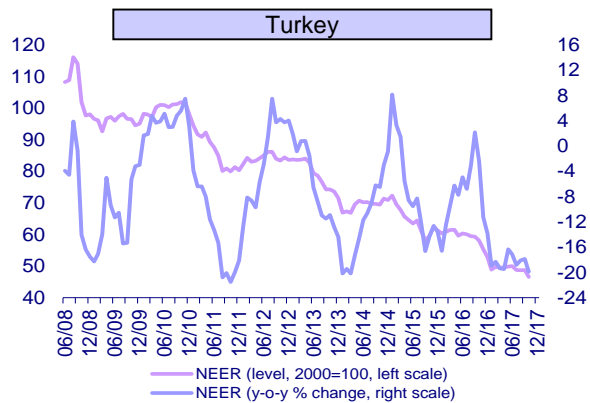


Inflation (%)

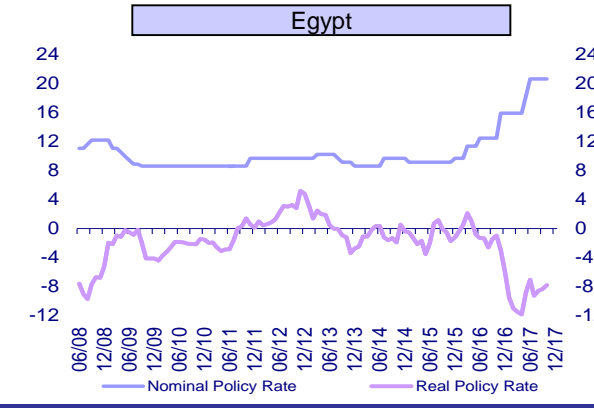
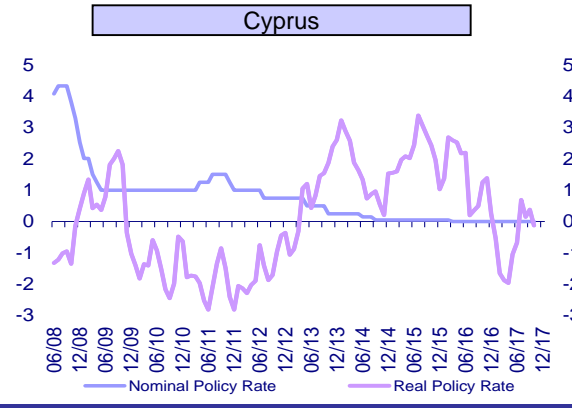
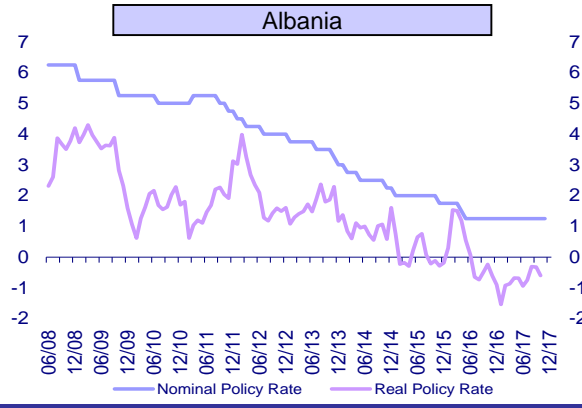
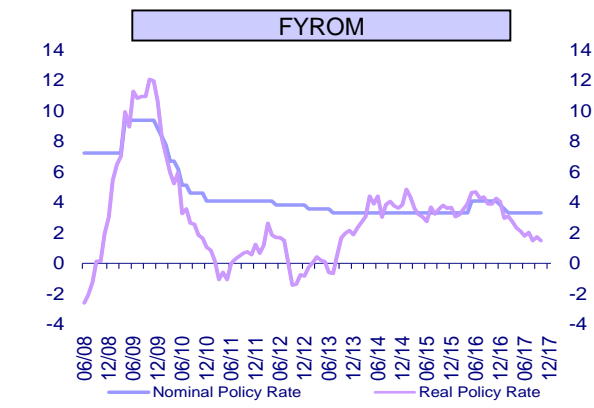
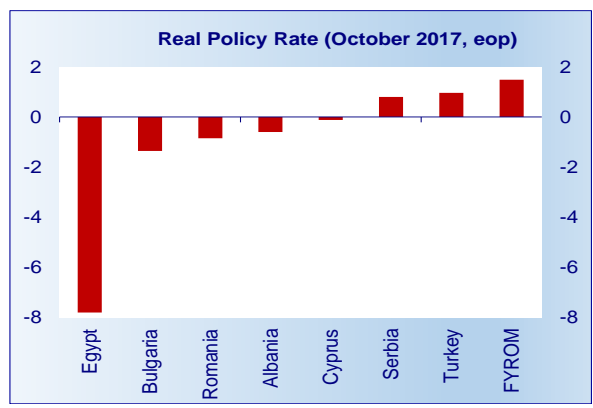
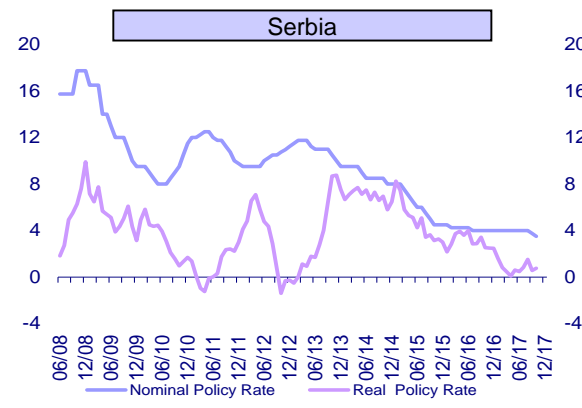
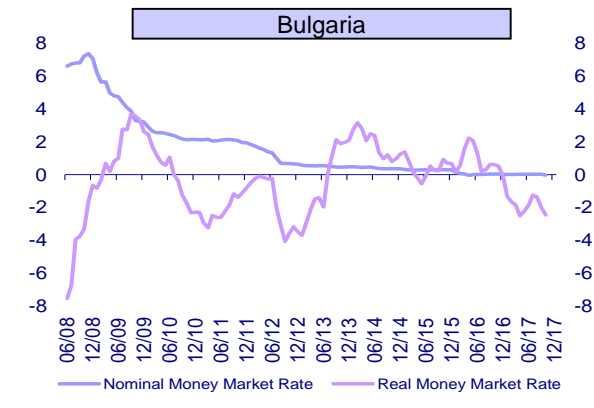
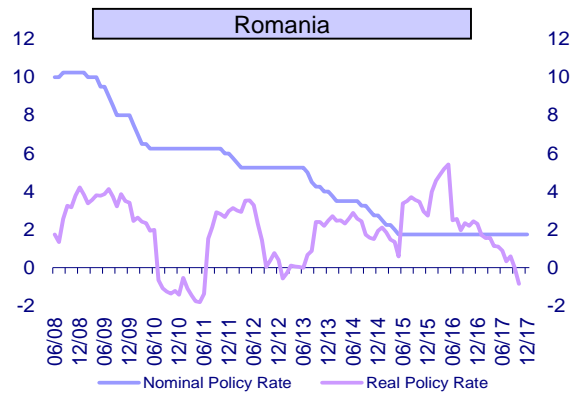
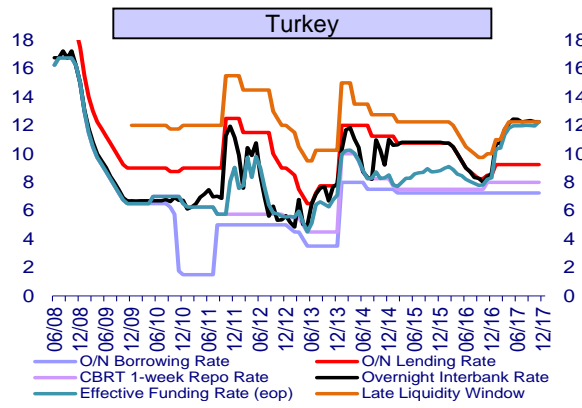
Headline inflation accelerated in 9M:17 in most of the countries under review, mainly reflecting increased demand-side pressures and unfavourable volatile food prices. A sharp depreciation of the EGP and a large adjustment in administrative prices is the main reason behind skyrocketing inflation in Egypt



The EGP, TRY, RSD and RON have depreciated 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%), while Egypt resorted to a hike of RRR on EGP and FX liabilities (up 4.0 pps to 14.0%)

Turkey

Reserve Requirement Ratios (Average, %)

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

Cyprus

Reserve Requirement Ratios (%)

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

Egypt

Reserve Requirement Ratios (%)

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

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

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

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

Turkey

2013	2014	2015	2016	10:16	10:17	2017F
-1.0	-1.1	-1.0	-1.1	-1.1	-1.7	-2.0

Romania

2013	2014	2015	2016	09:16	09:17	2017F*
-2.5	-1.7	-1.5	-2.4	-2.7	-2.7	-3.3

*: Higher public investment together with the ongoing easing in incomes policy (including hikes in wages of up to 20% in some sectors and a 14.8% rise in pensions) should boost budget spending during the remainder of the year

Bulgaria

2013	2014	2015	2016	10:16	10:17	2017F*
-1.8	-3.7	-2.8	1.6	0.3	0.5	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 a looser incomes policy (wages in the education sector went up by 15% in September and the minimum pension rose by an additional 11% in October), and the need to close the financing gap of the pension and healthcare systems

Serbia

2013	2014	2015	2016	09:16	09:17	2017F*
-5.5	-6.6	-3.7	-1.3	-2.5	0.7	0.0

* assuming the payment of (unbudgeted) once-off expenses (estimated at 0.6% of GDP) in December 2017, comprising: i) bonuses to pensioners and some wage bonuses (agreed with the IMF in November); and ii) transfers to state-owned enterprises, as was the case in December 2015 and 2016

FYROM

2013	2014	2015	2016	09:16	09:17	2017F*
-3.8	-4.2	-3.5	-2.7	-2.5	-3.0	-3.0

*: 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	09:16	09:17	2017F*
-5.0	-5.2	-4.1	-1.8	-1.9	-2.7	-2.0

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	09:16	09:17	2017F*
-4.7	-8.8	-1.2	0.5	-1.0	2.0	1.8

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

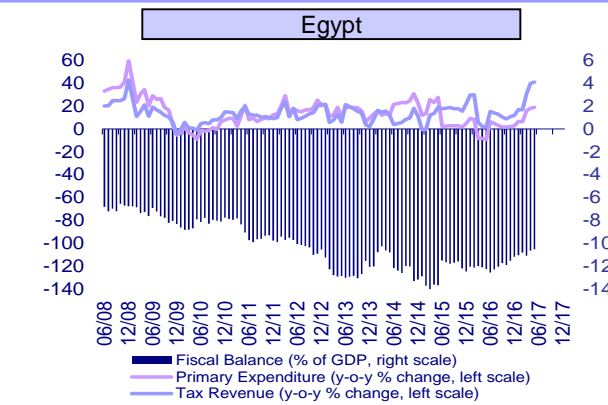
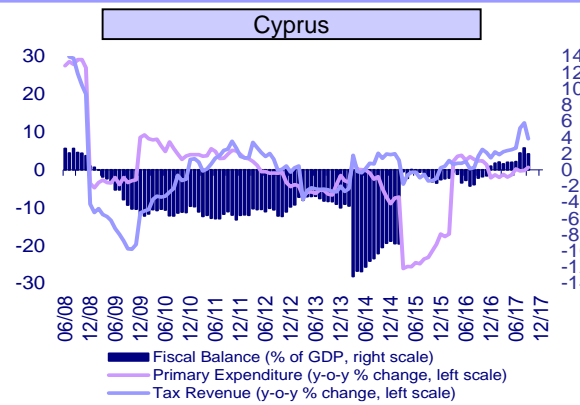
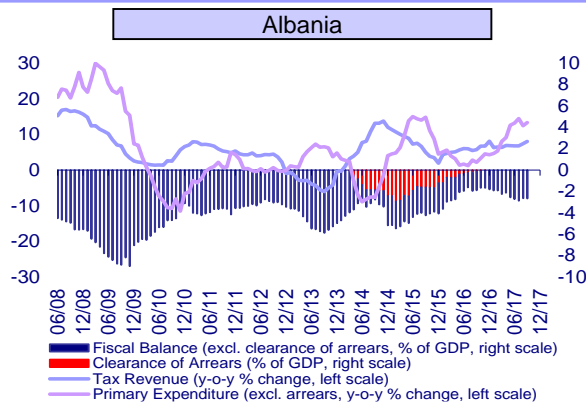
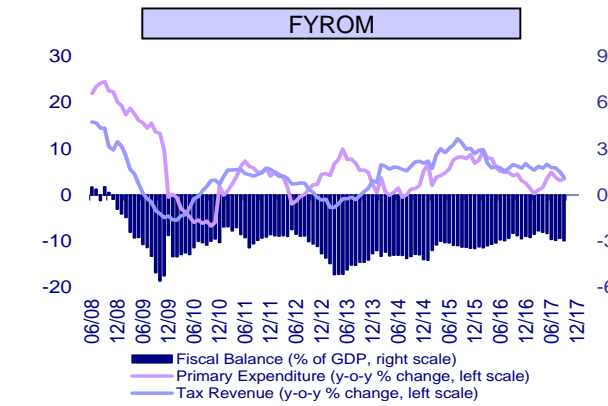
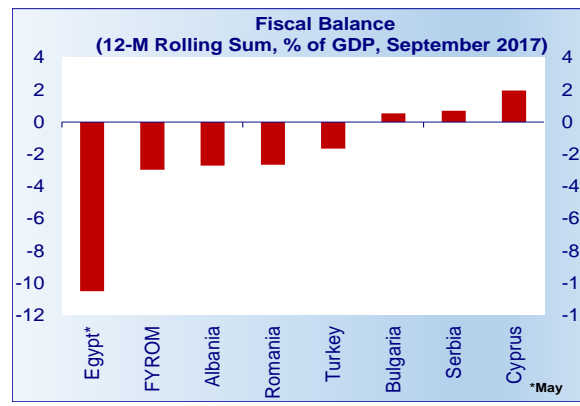
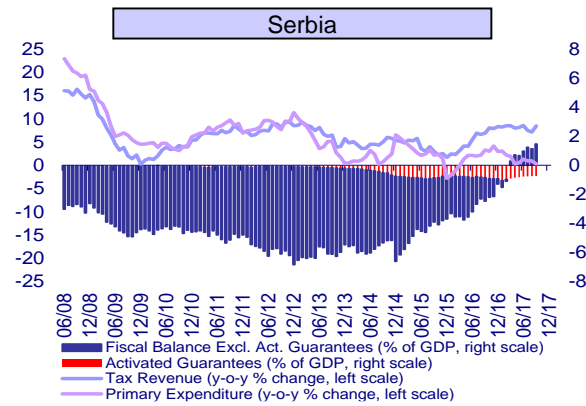
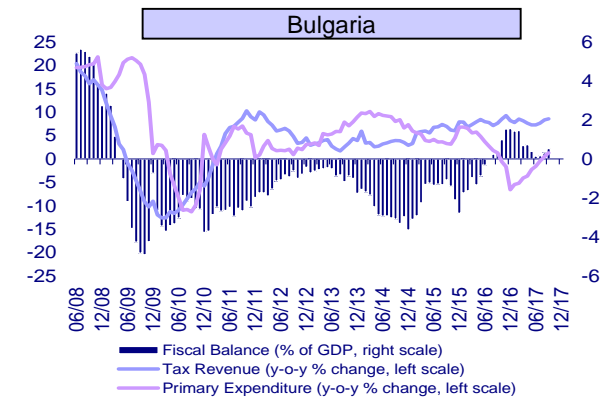
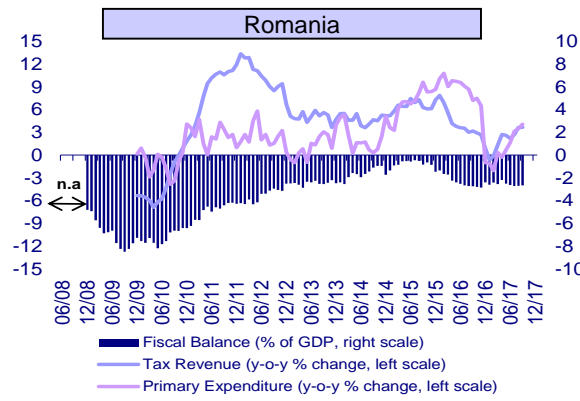
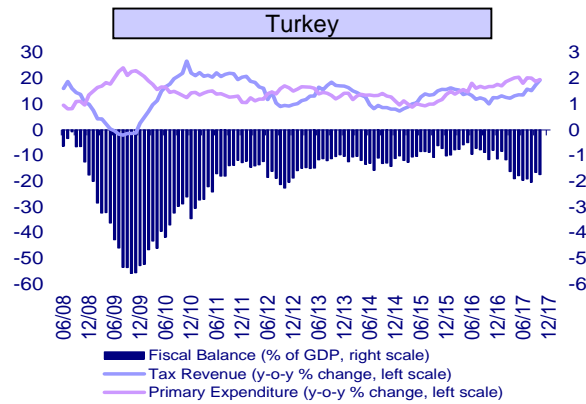
Egypt

2014	2015	2016	11:15/16	11:16/17	2017E	2018F
-12.2	-11.4	-12.5	-12.2	-10.3	-10.9	-9.5

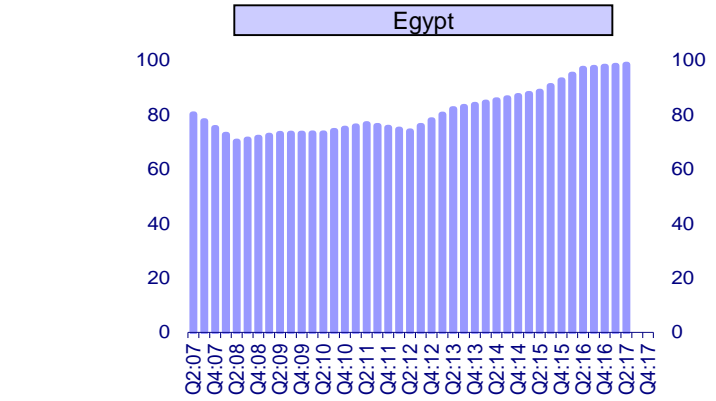
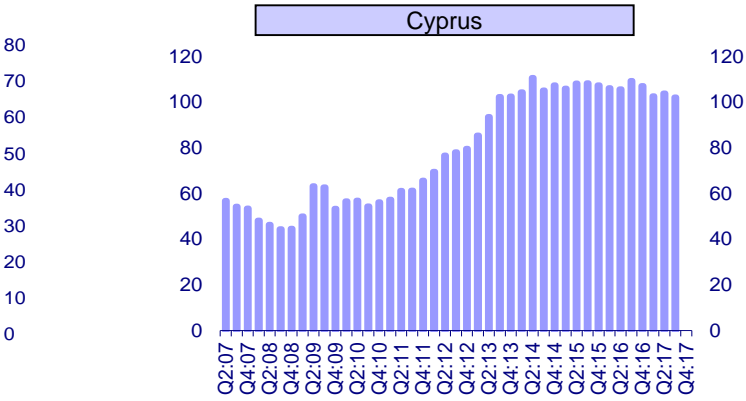
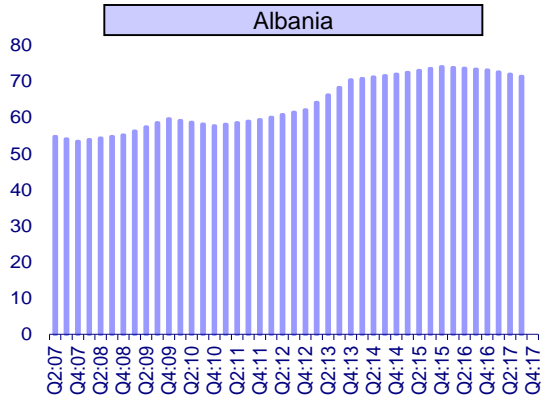
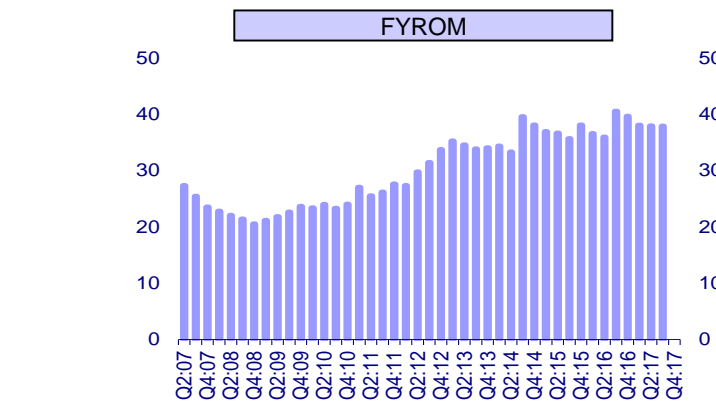
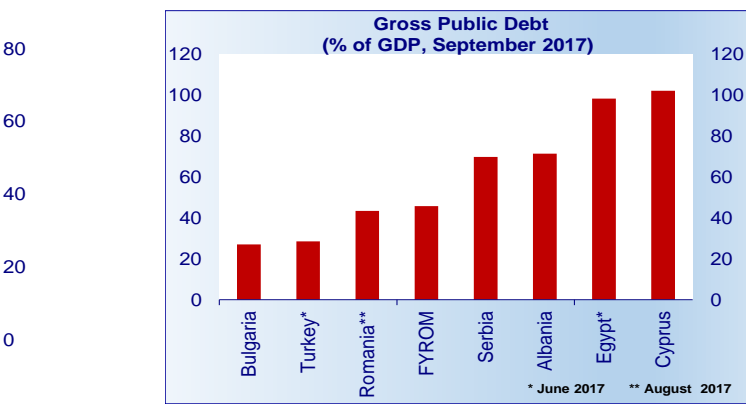
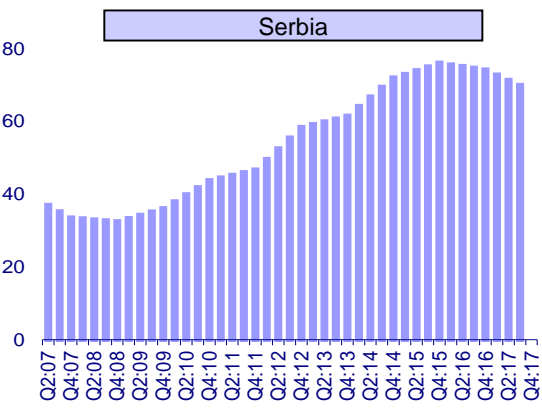
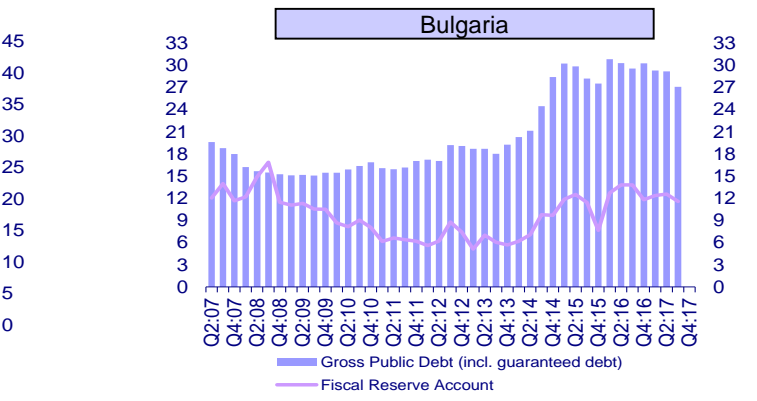
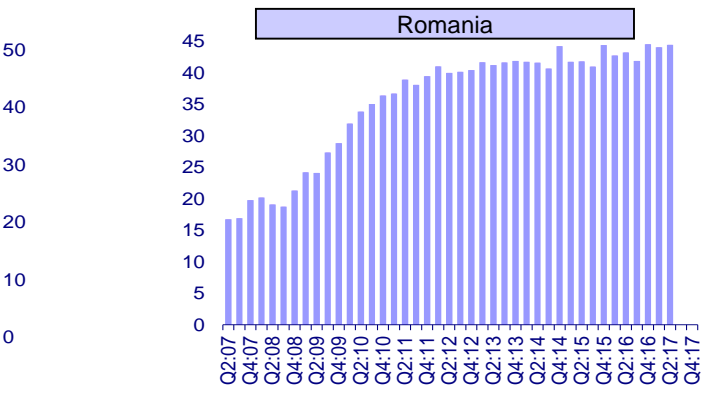
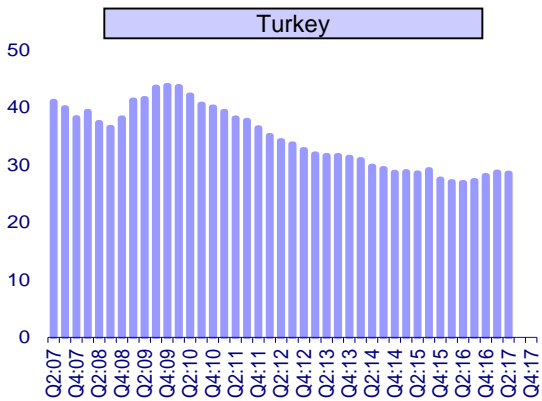
*: Fiscal year ending on June 30th.

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

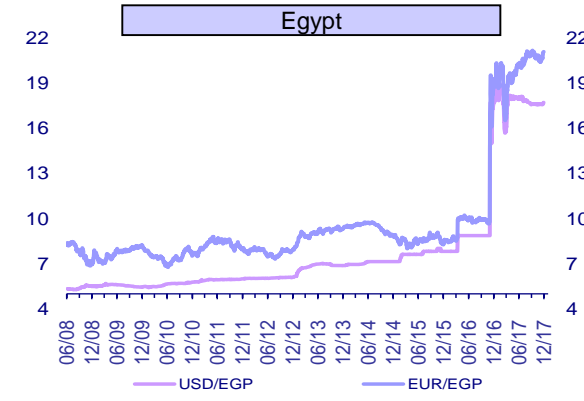
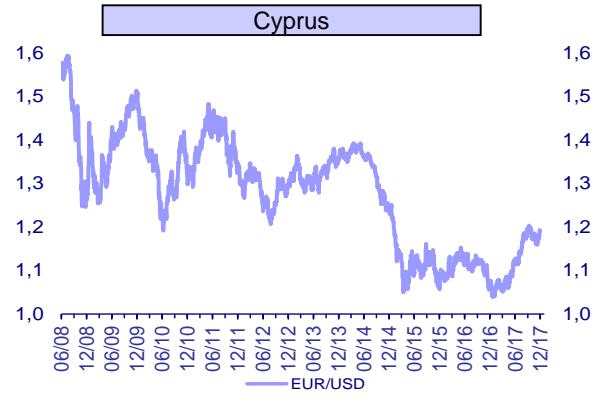
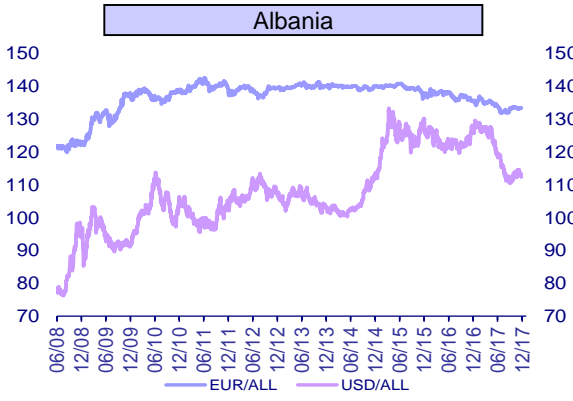
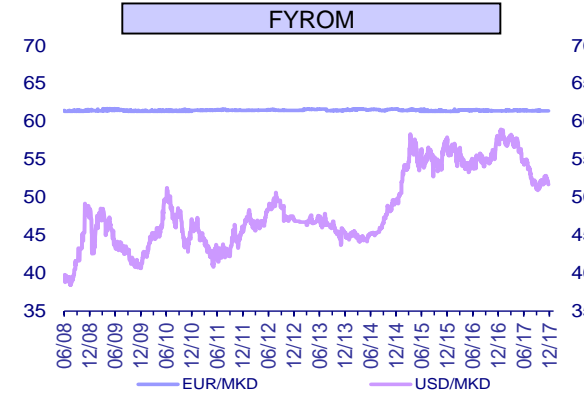
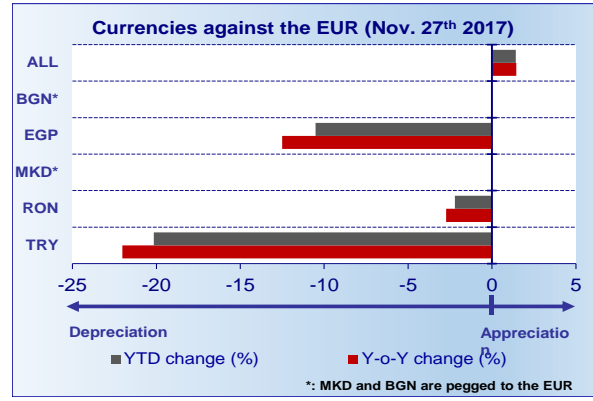
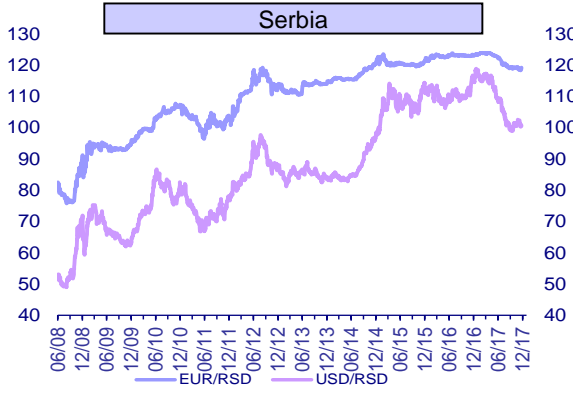
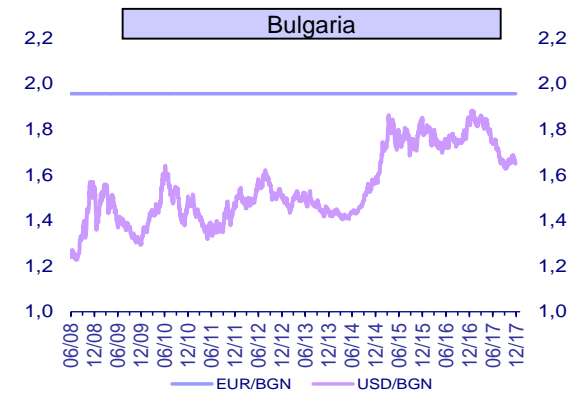
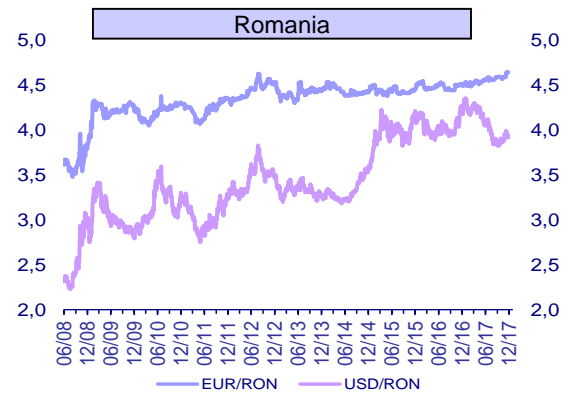
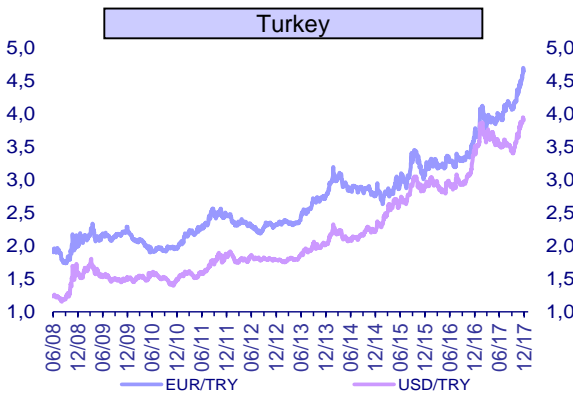
Higher tax revenue is driving the fiscal deficit down in Egypt and the fiscal surplus up in Serbia



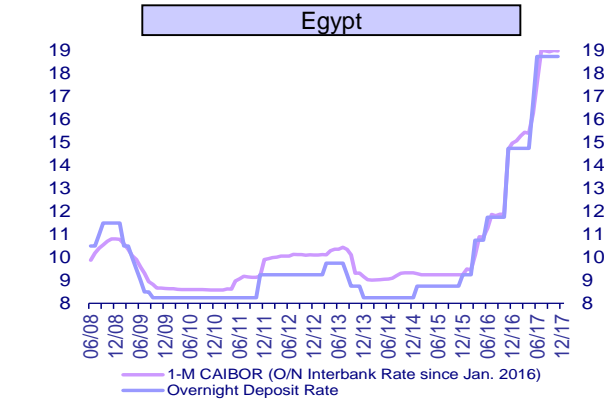
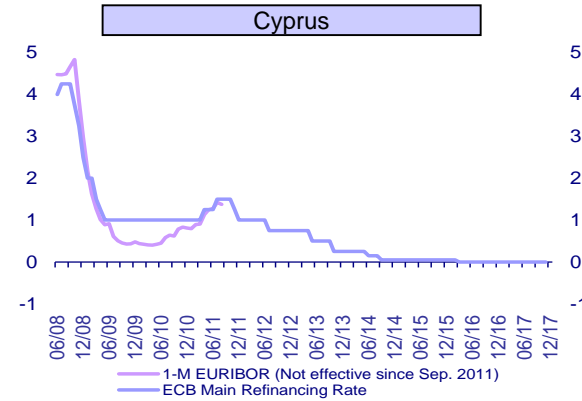
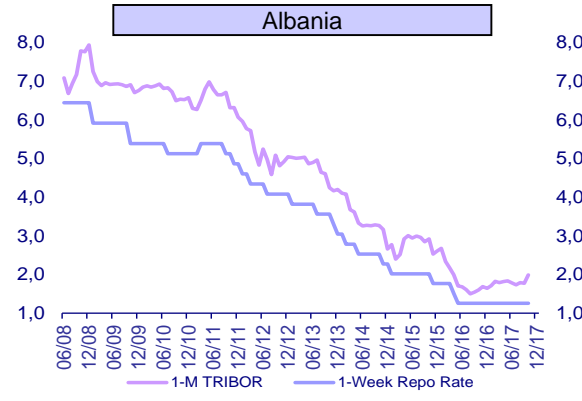
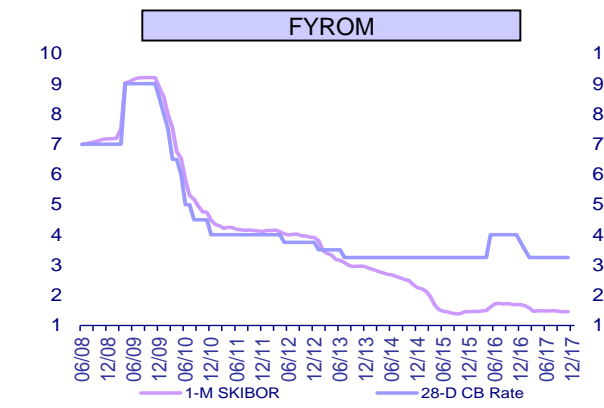
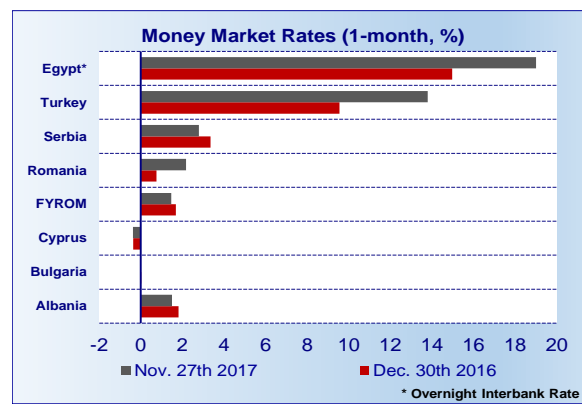
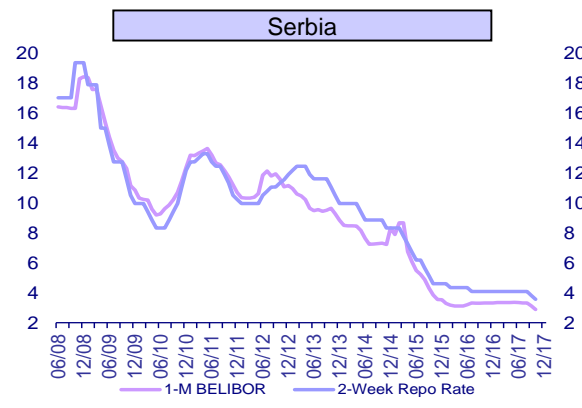
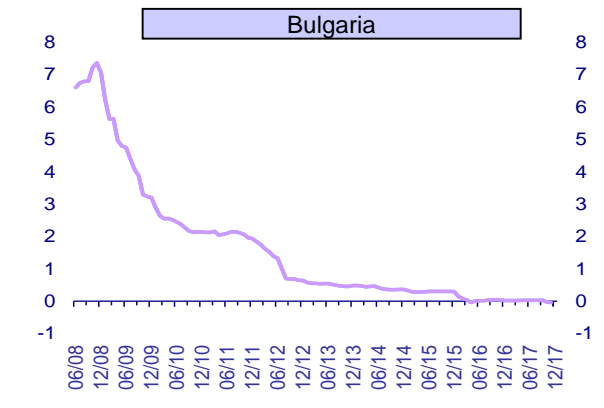
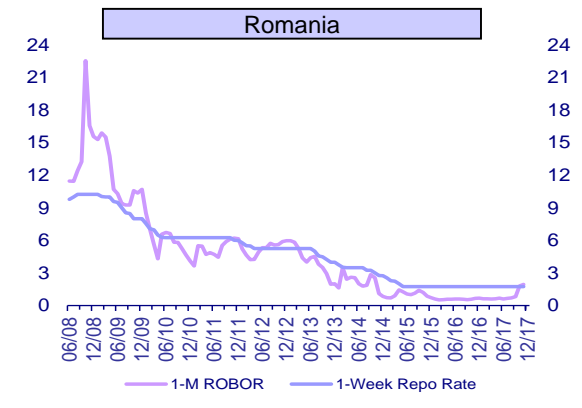
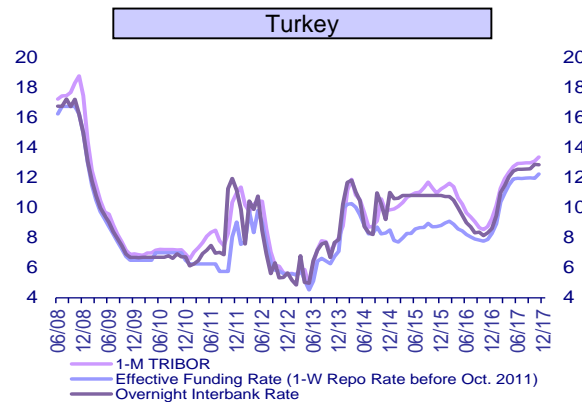
The public debt-to-GDP ratio has eased since the beginning of the year in all the countries under review, with the exception of Turkey, Romania, FYROM and Egypt



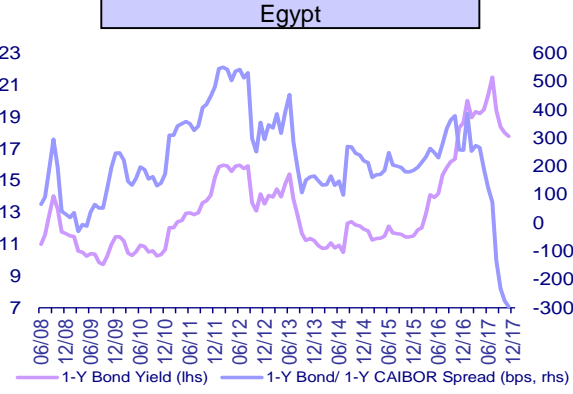
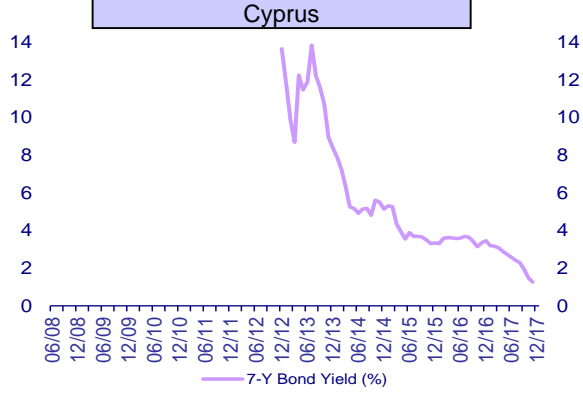
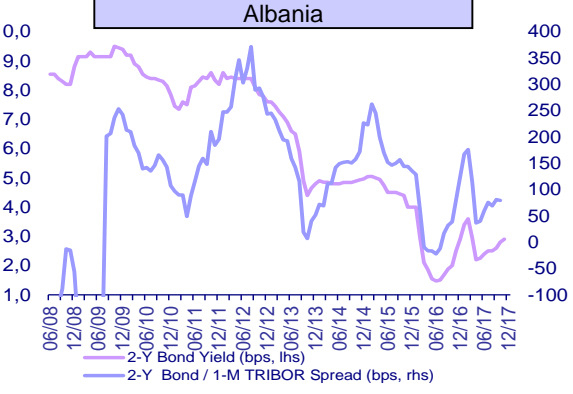
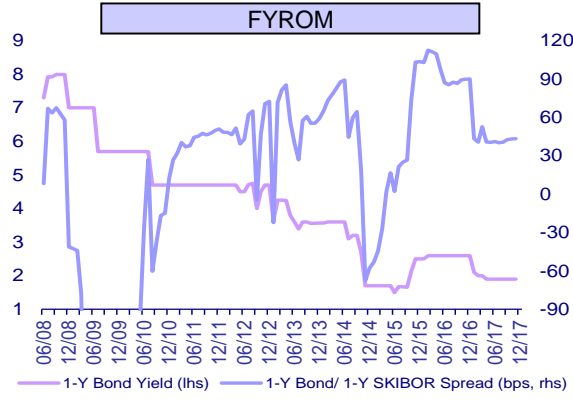
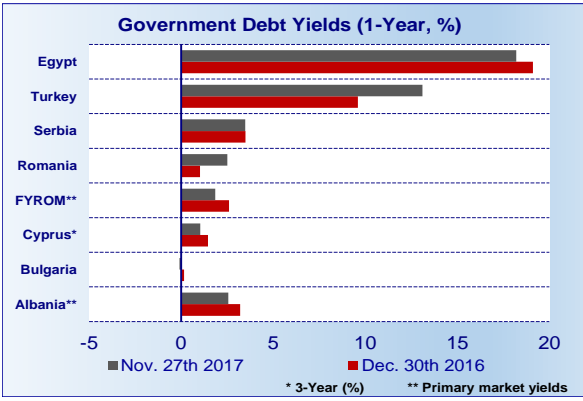
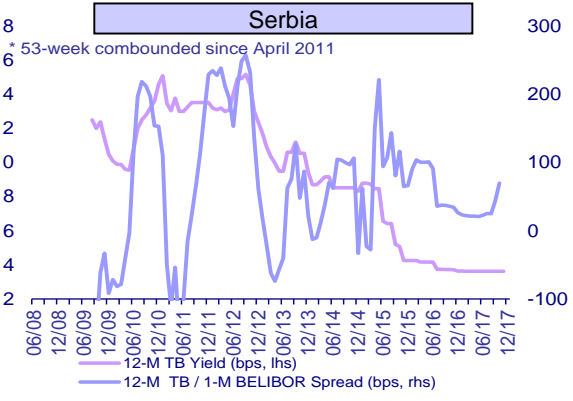
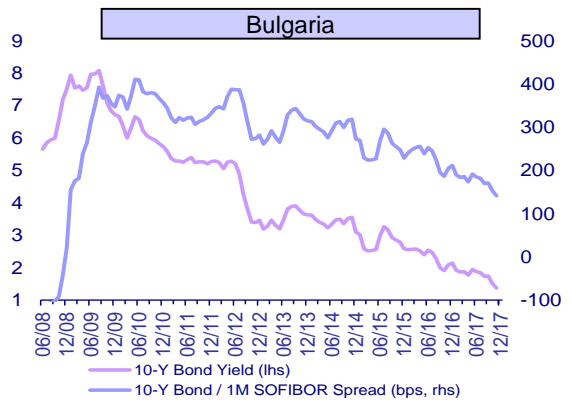
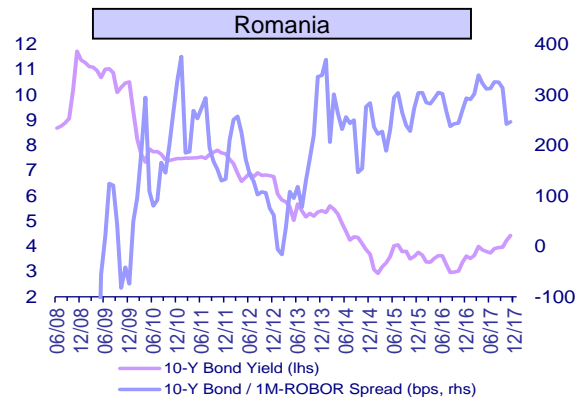
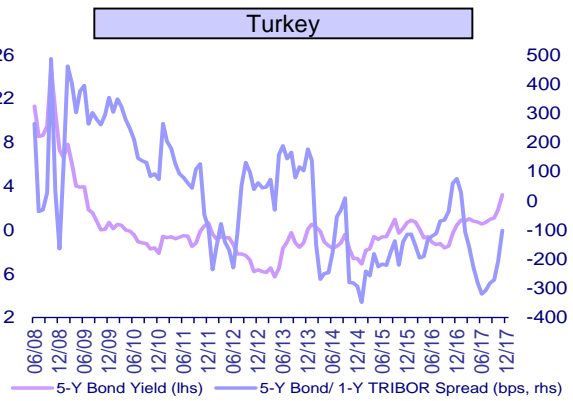
The TRY, EGP and RON have depreciated significantly against the EUR since the beginning of the year



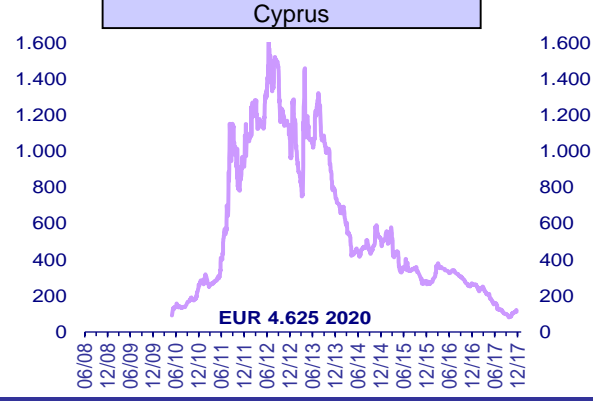
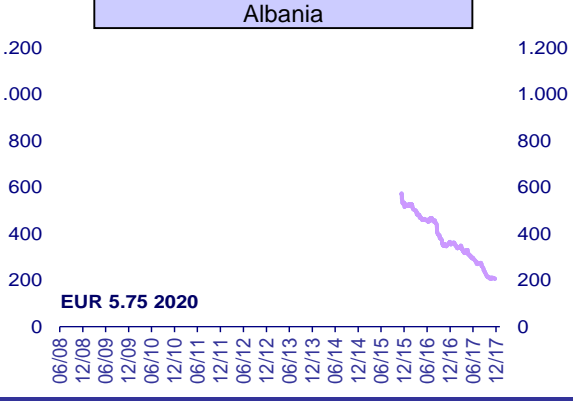
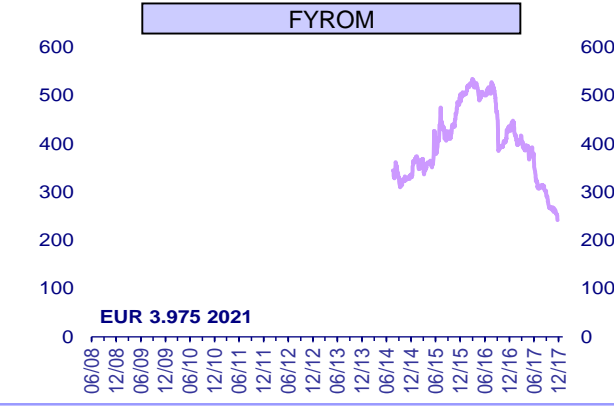
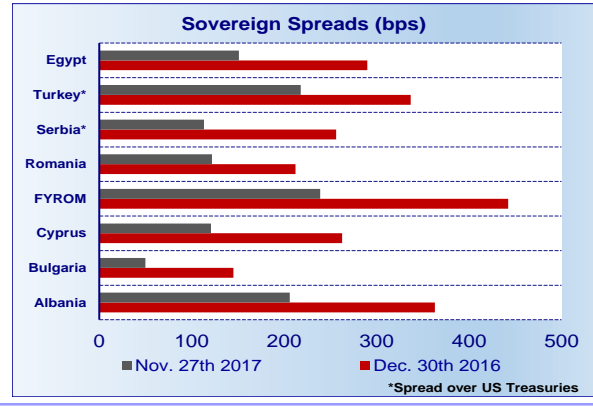
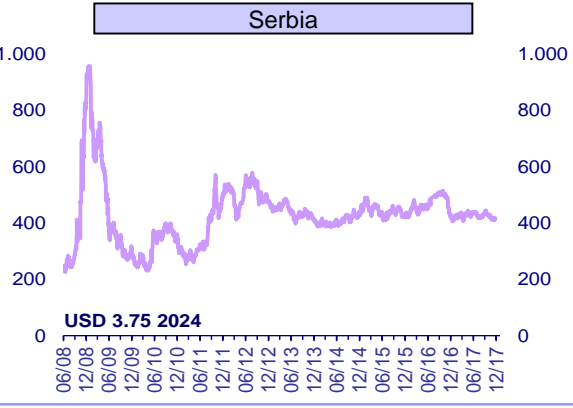
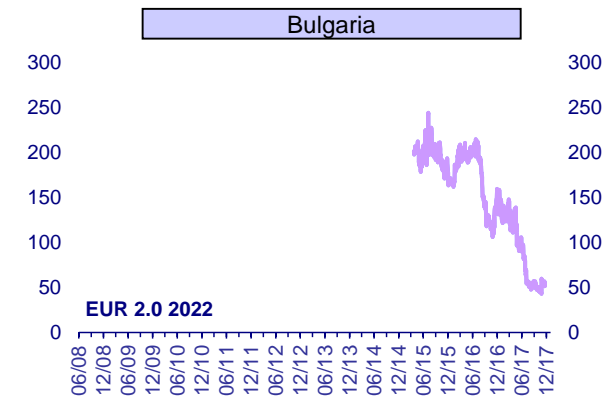
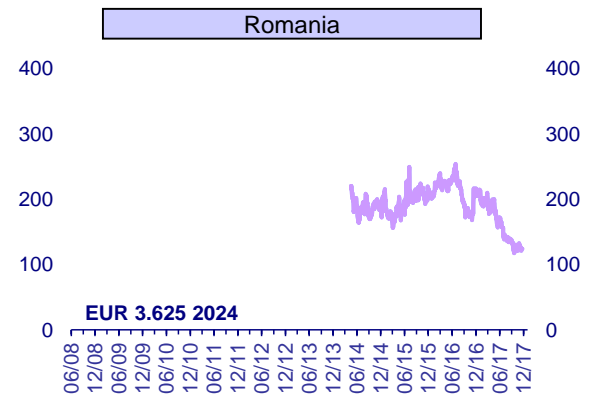
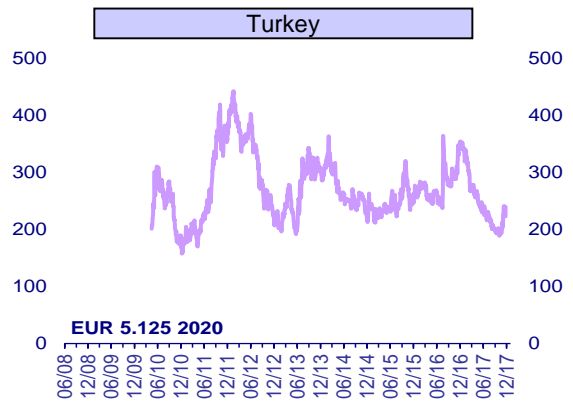
Money market rates have increased significantly in Turkey and Egypt since the beginning of the year



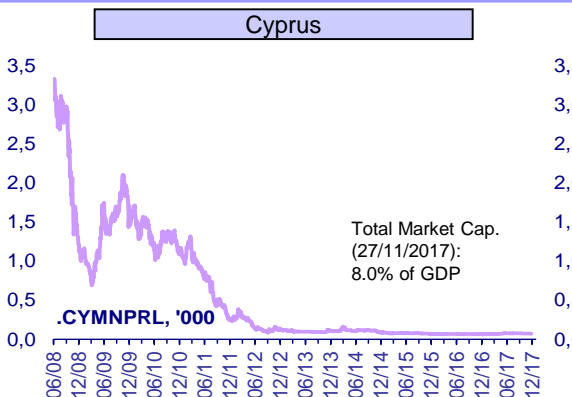
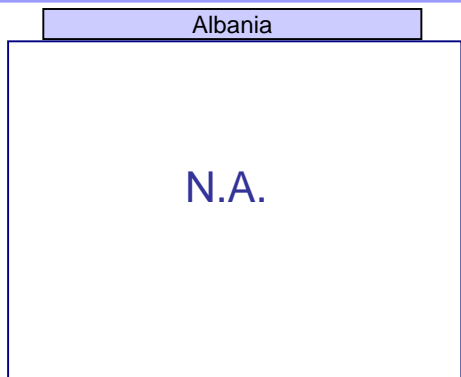
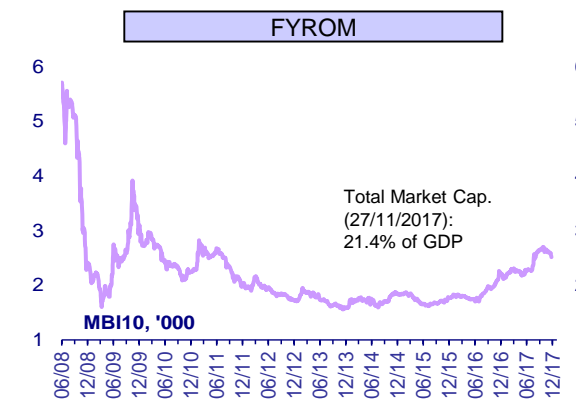
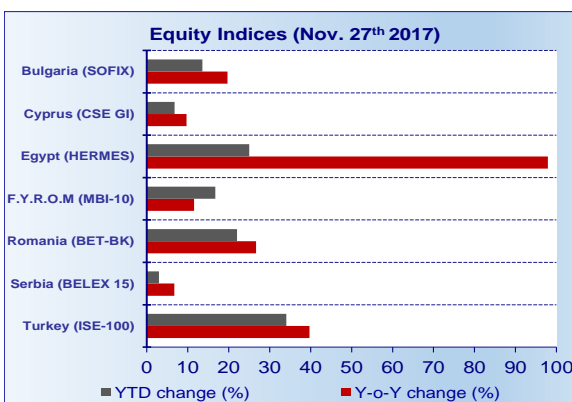
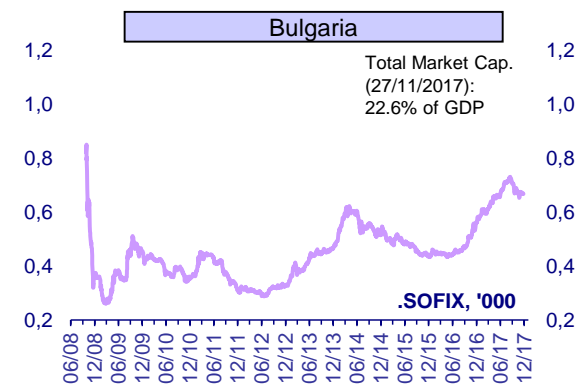
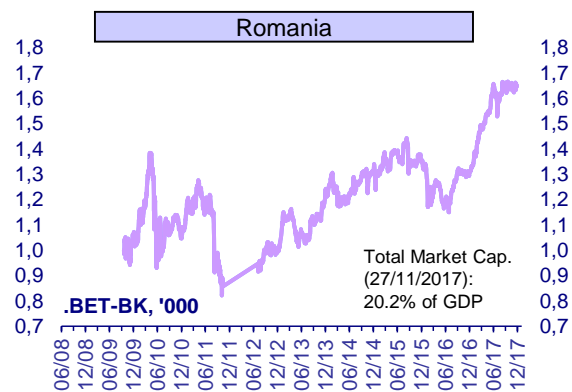
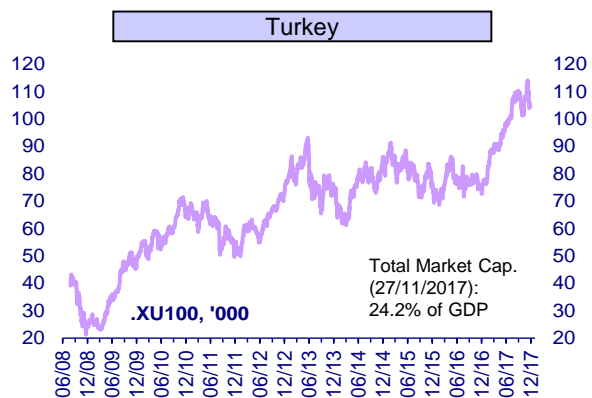
Government debt yields have increased in Turkey and Romania since the start of the year



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

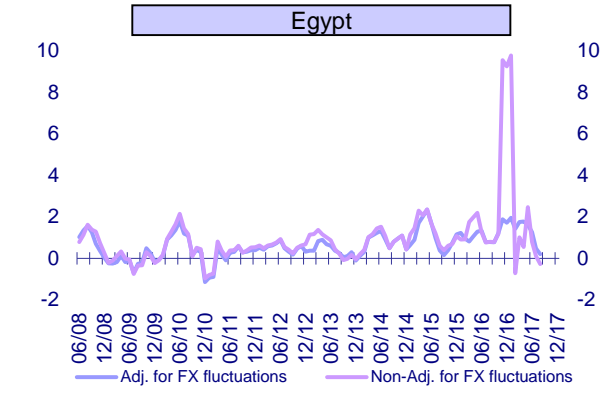
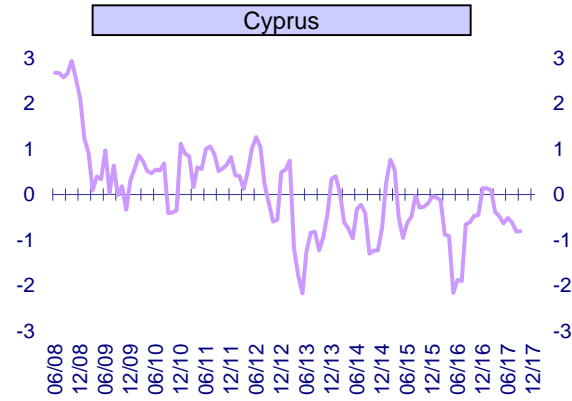
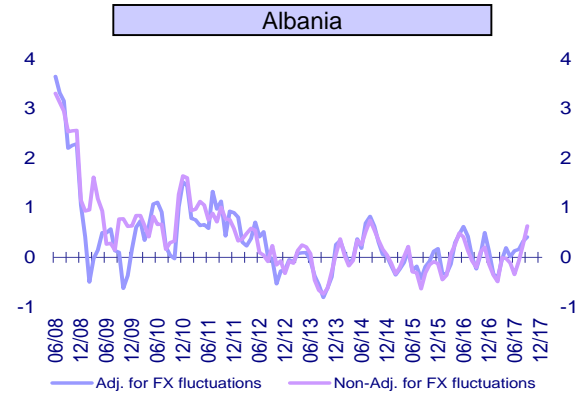
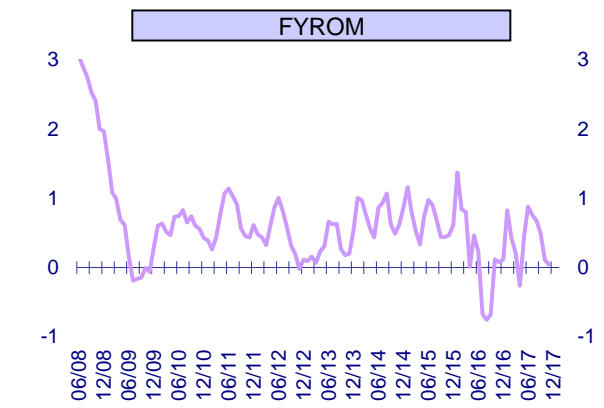
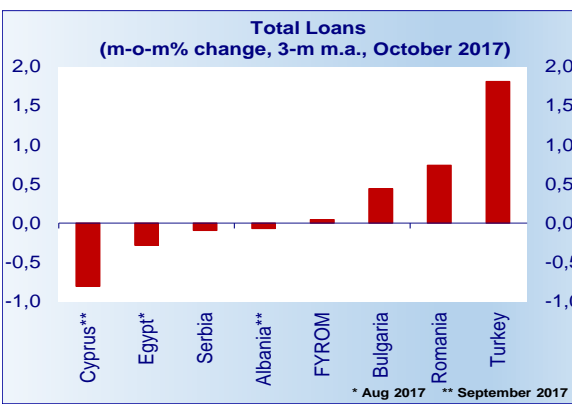
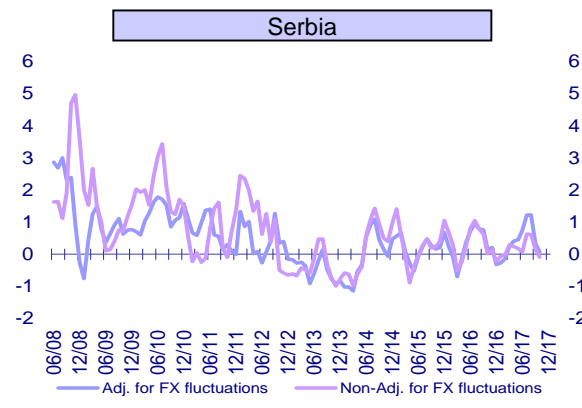
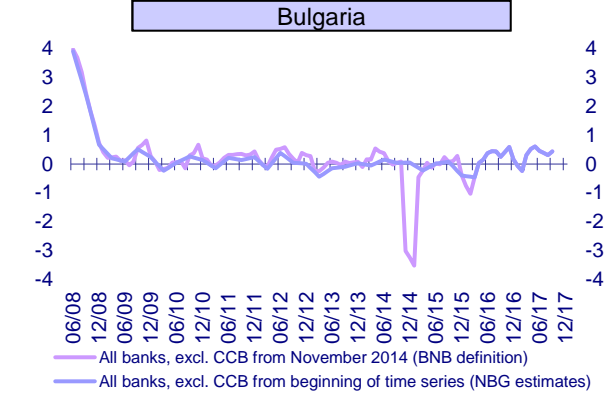
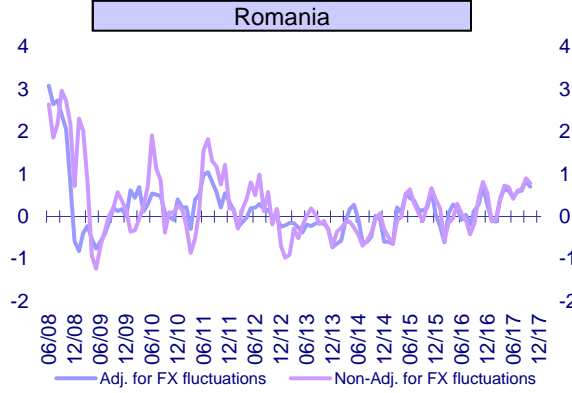
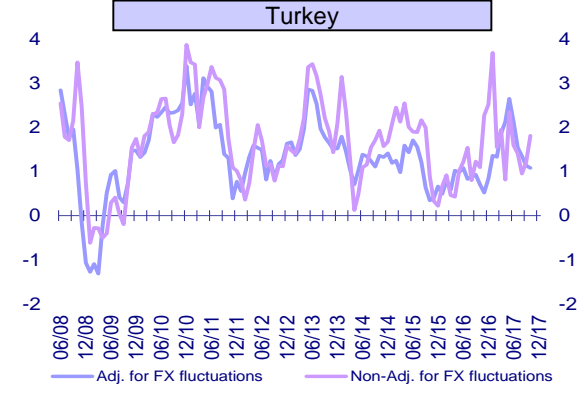


All stock markets in the countries under review have posted positive performances since the start of the year

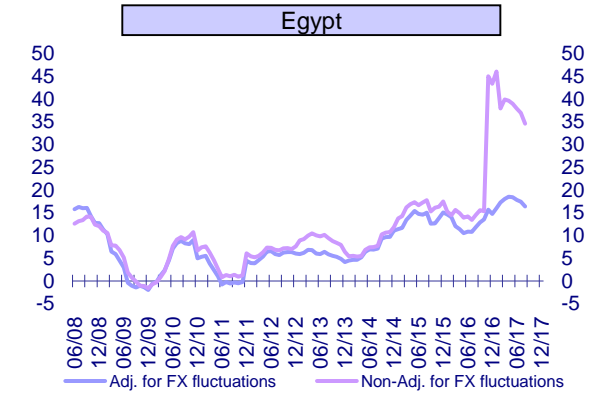
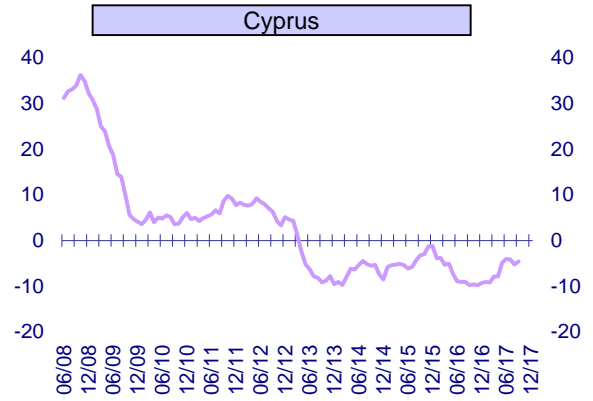
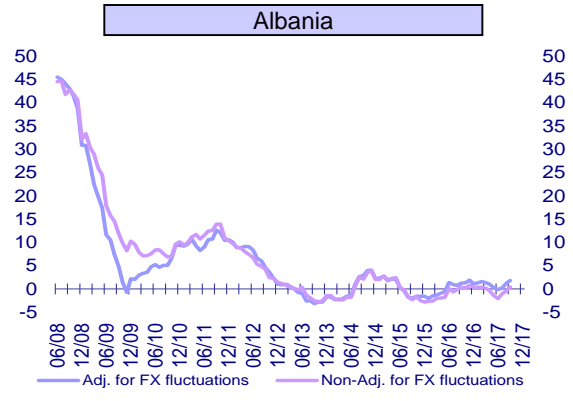
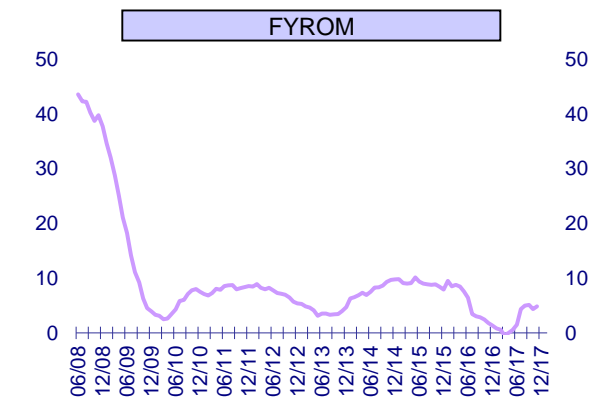
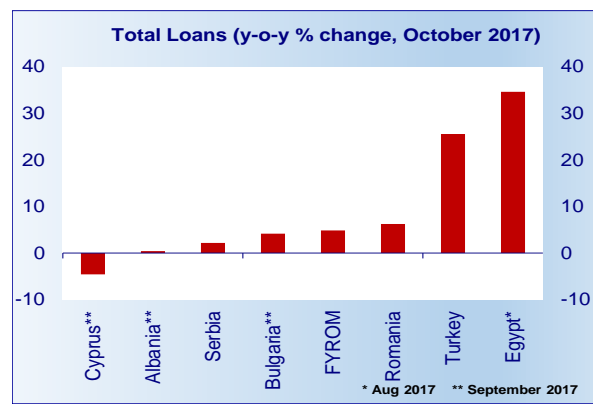
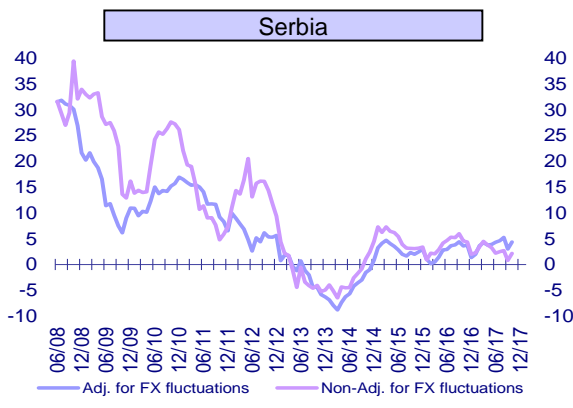
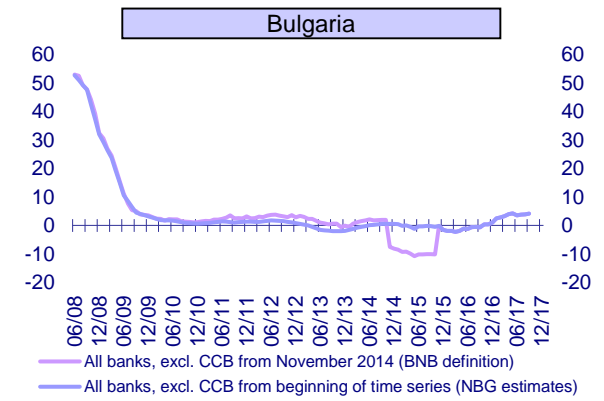
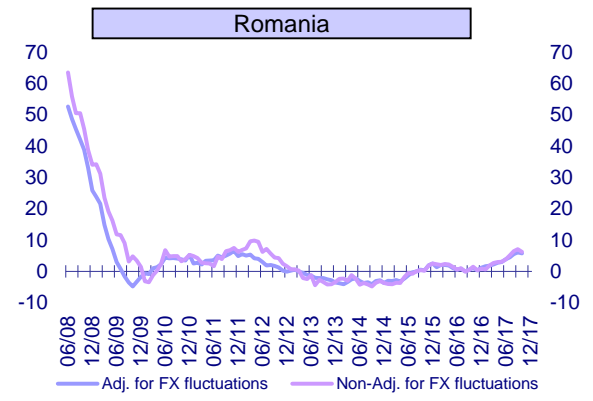
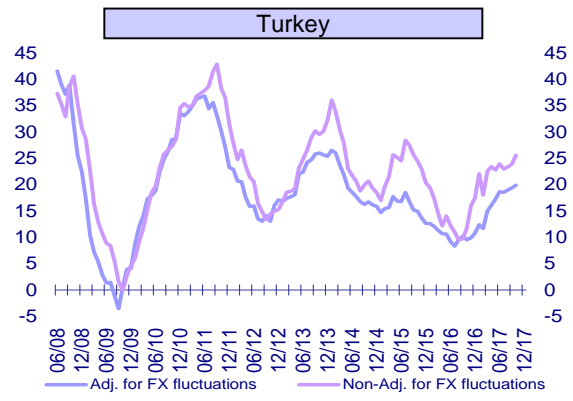


Total loans (m-o-m % change, 3-month moving average)

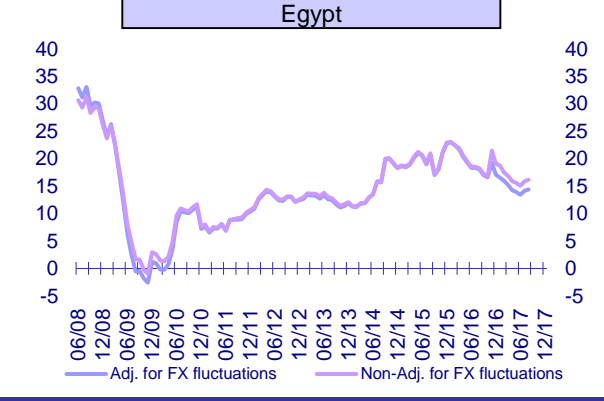
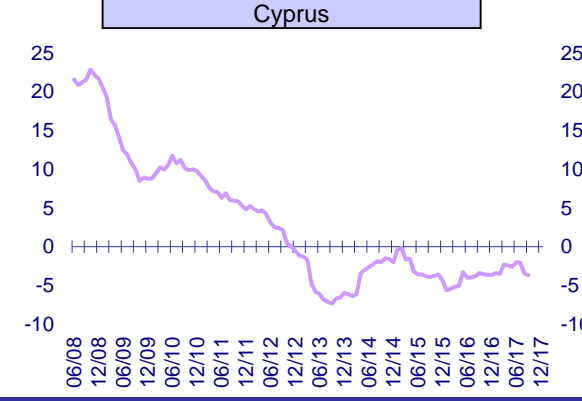
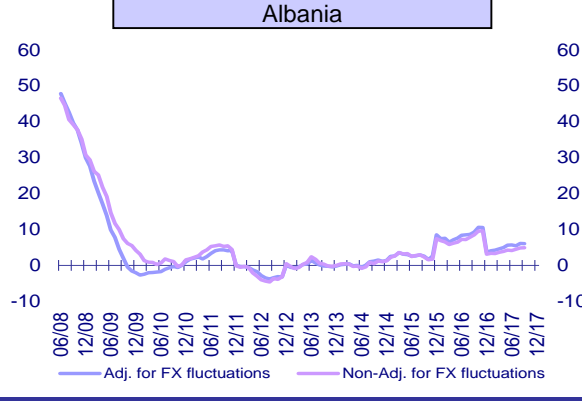
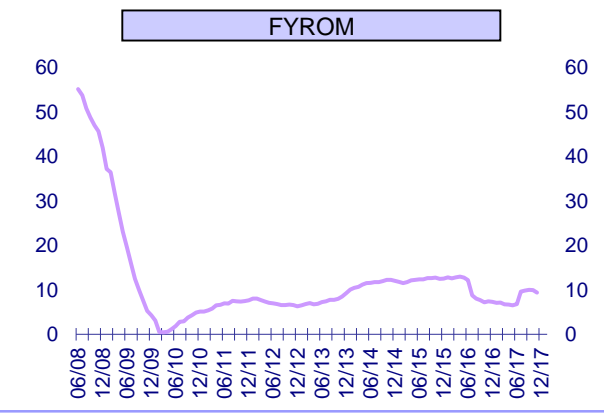
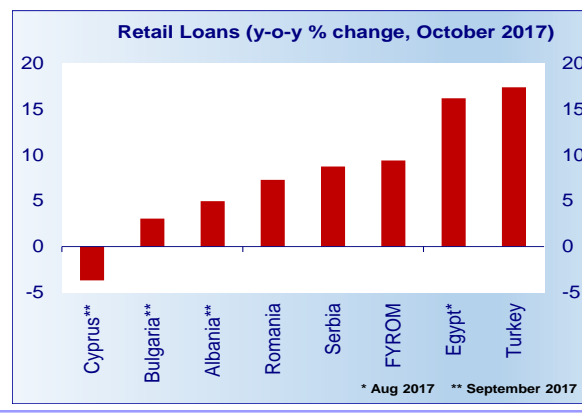
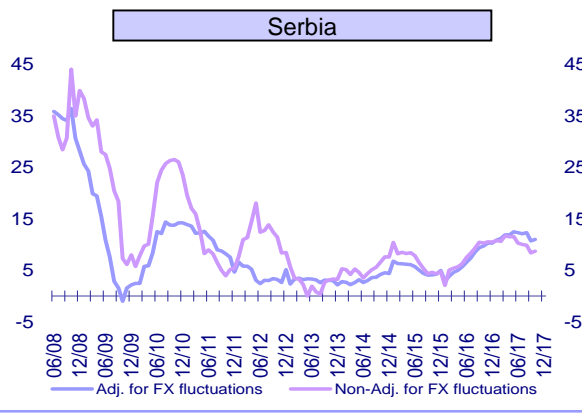
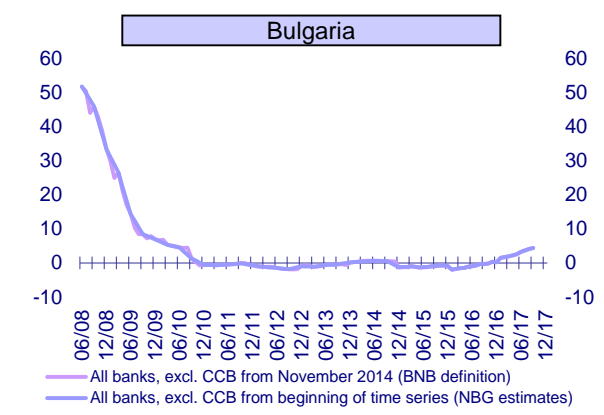
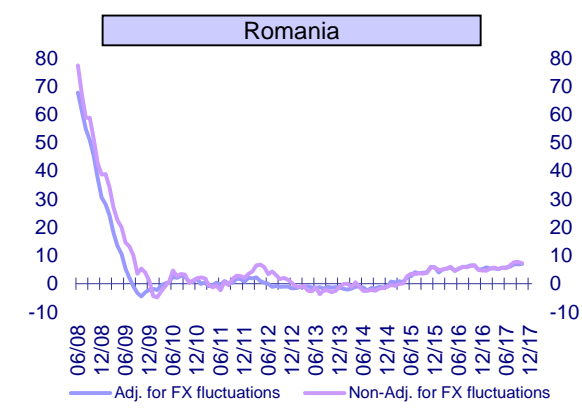
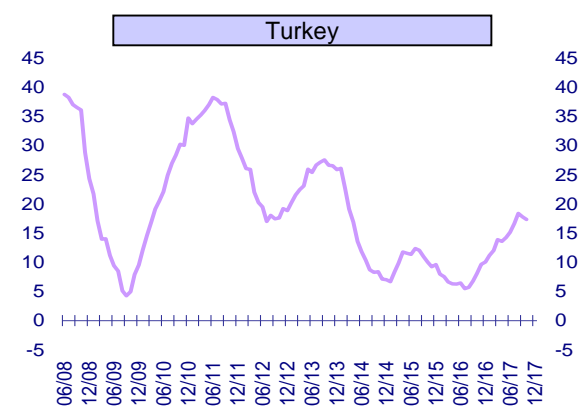
Lending activity has been buoyant in Turkey since the beginning of the year, underpinned by the relaxation of restrictive measures and the Government's Credit Guarantee Fund (targeting SMEs)



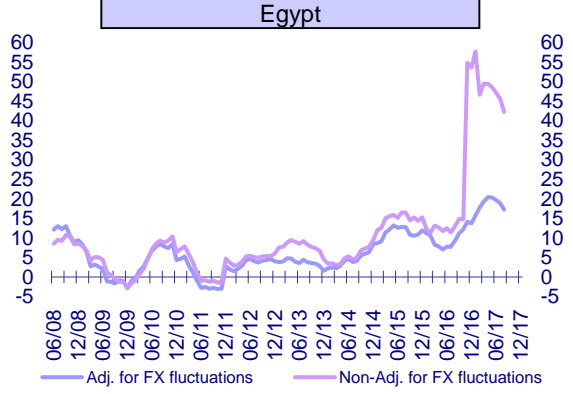
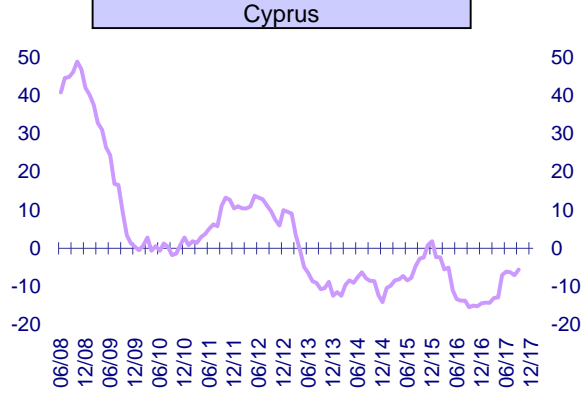
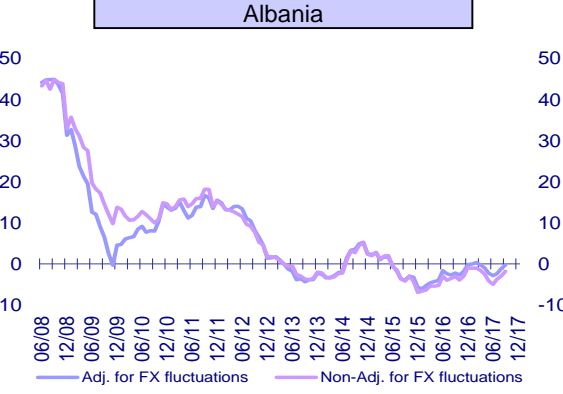
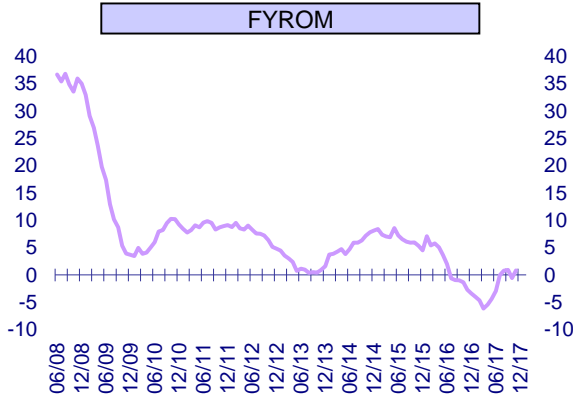
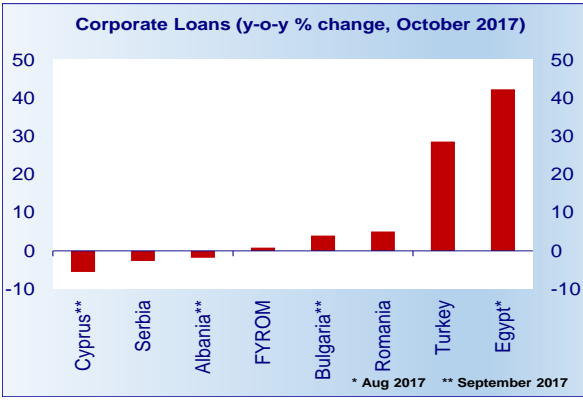
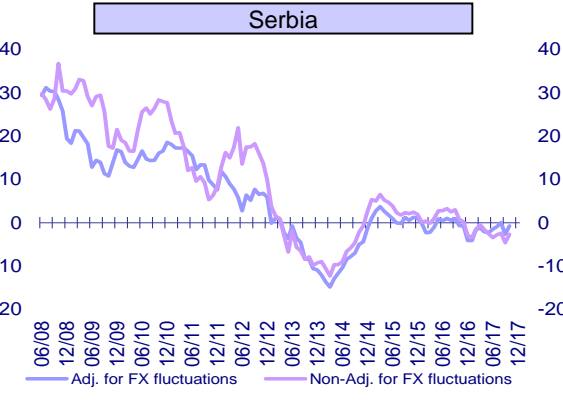
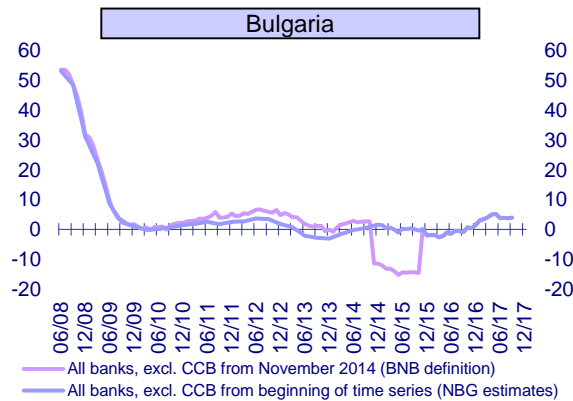
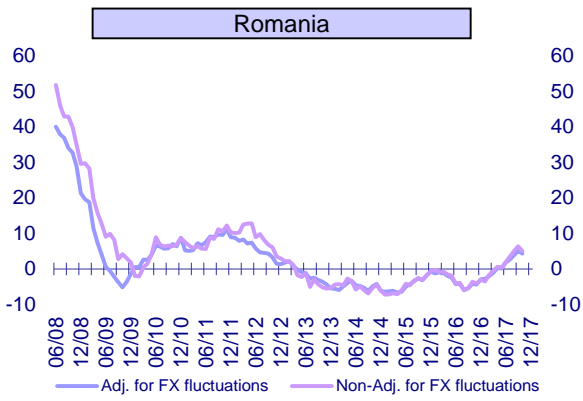
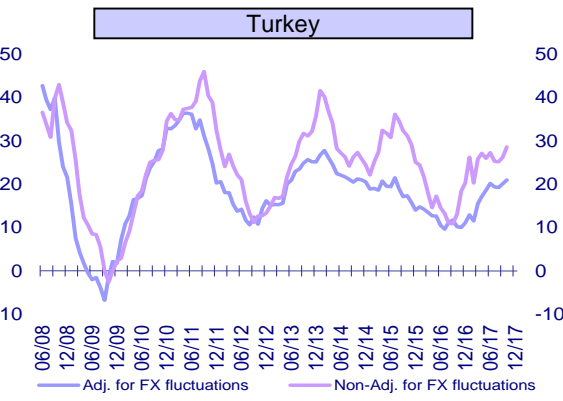
Turkey and Egypt continue to post double-digit lending growth



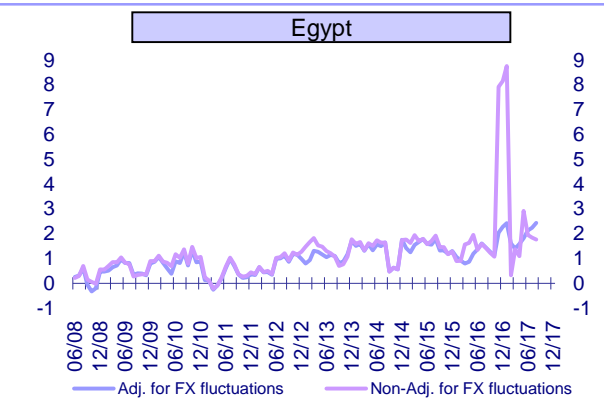
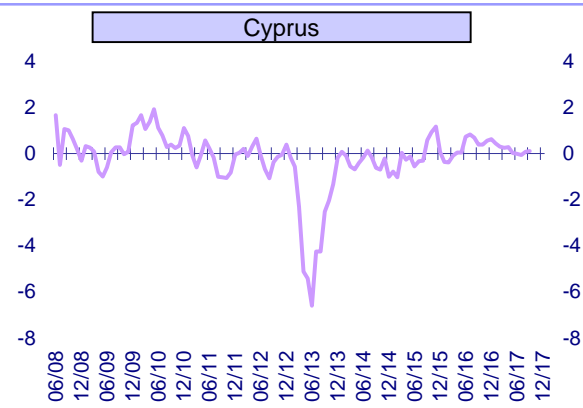
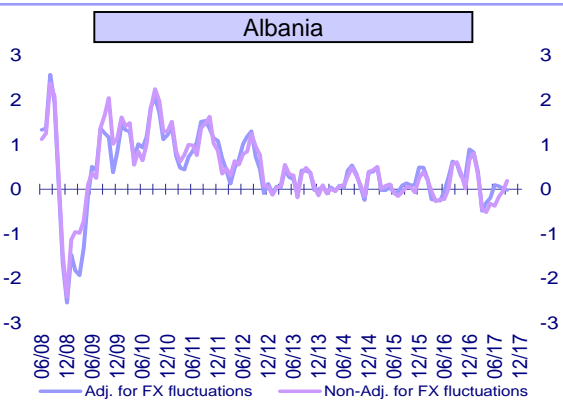
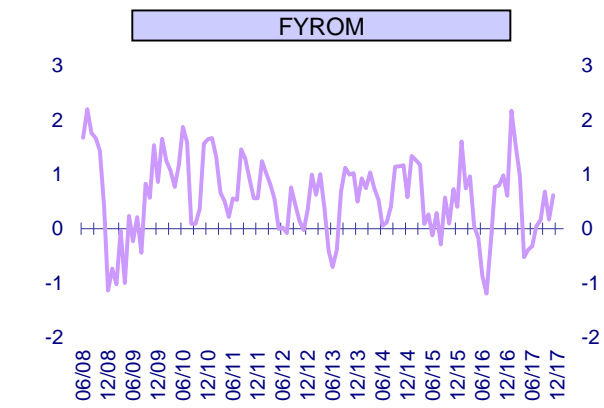
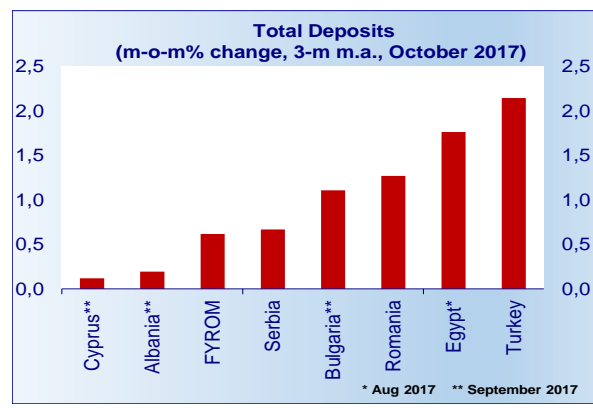
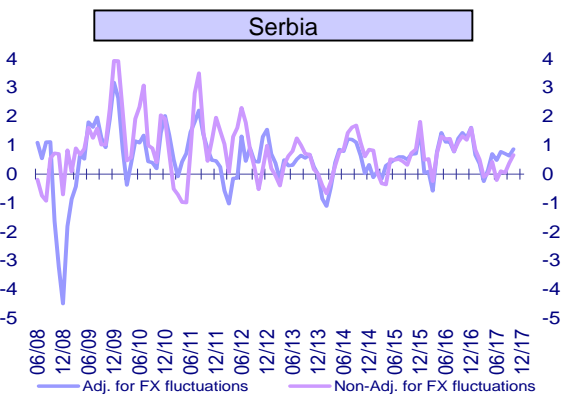
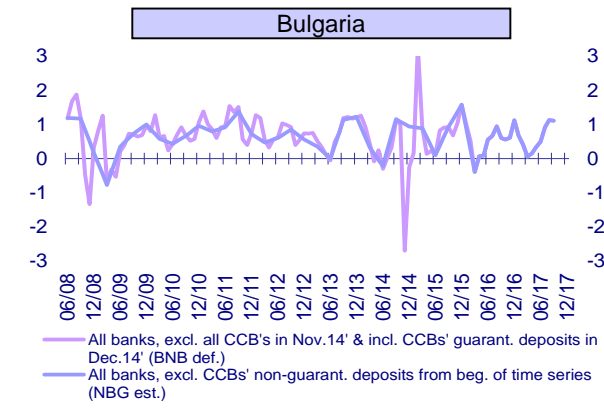
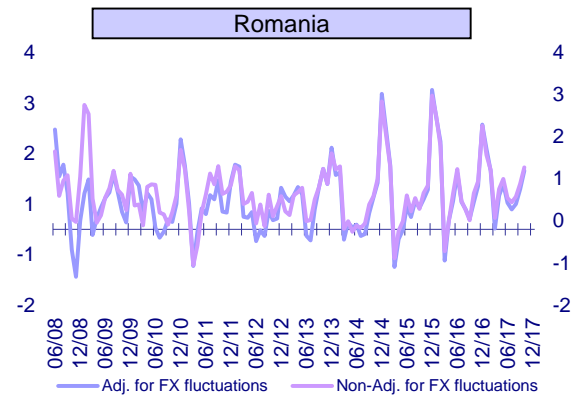
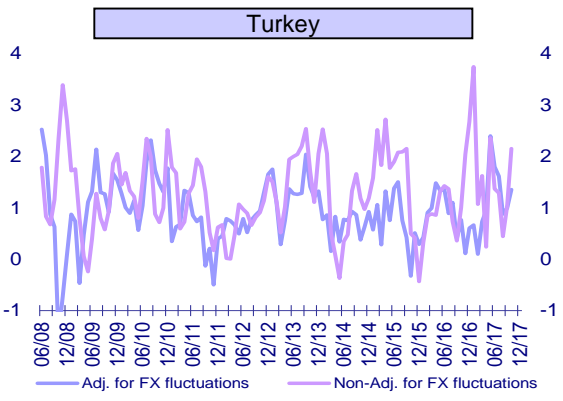
The retail segment remains strong in all the countries under review, with the exception of Cyprus



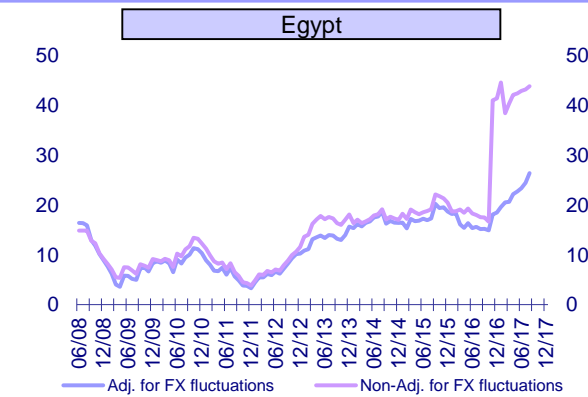
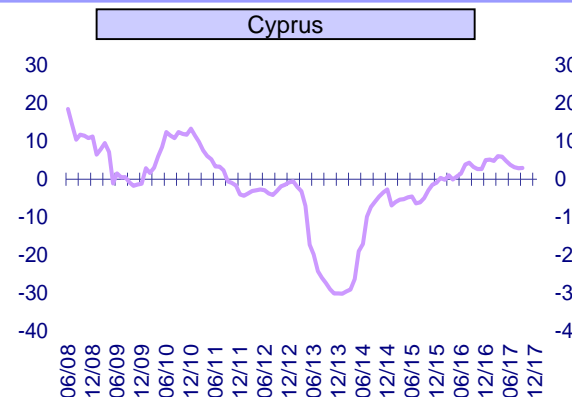
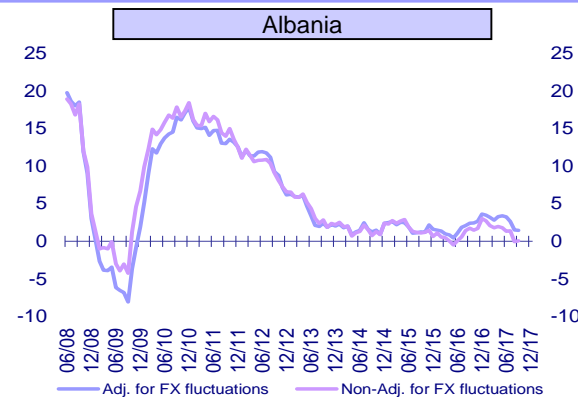
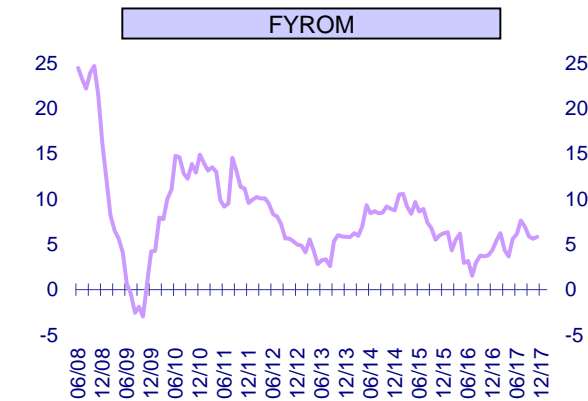
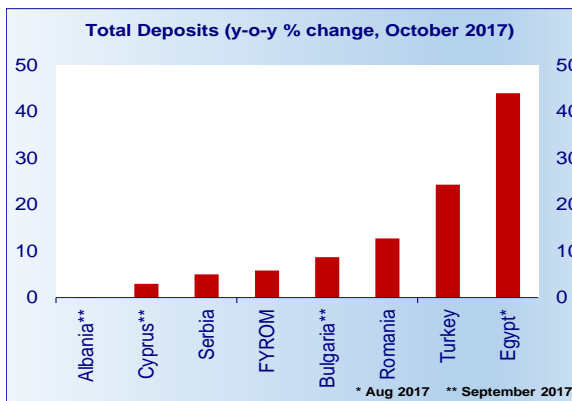
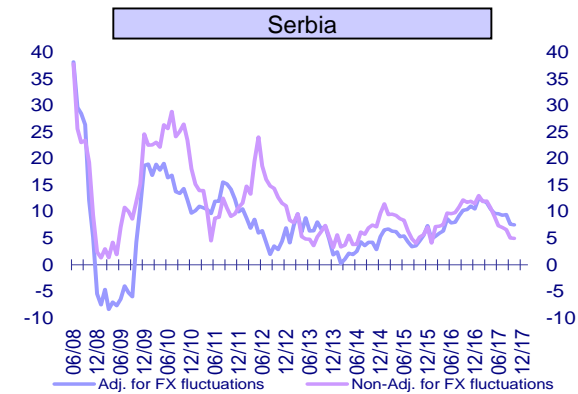
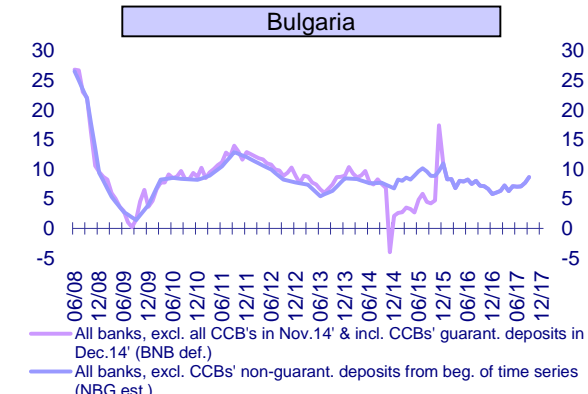
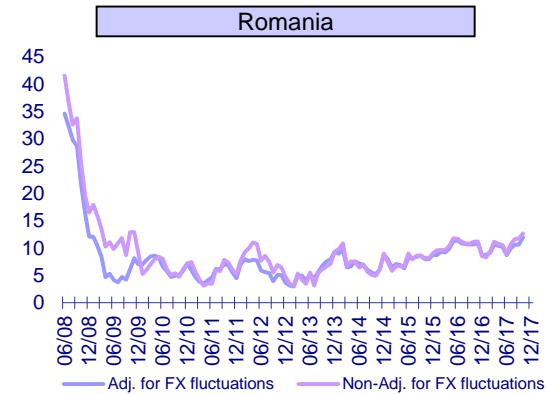
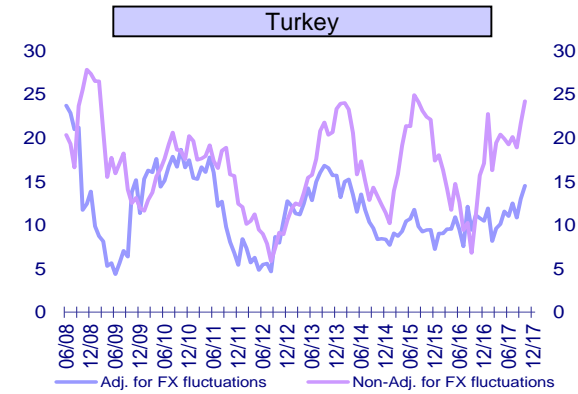
Corporate lending remains the main driver of lending activity in Turkey and Egypt



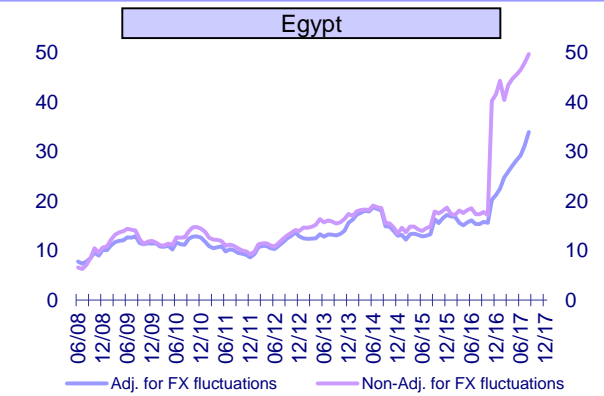
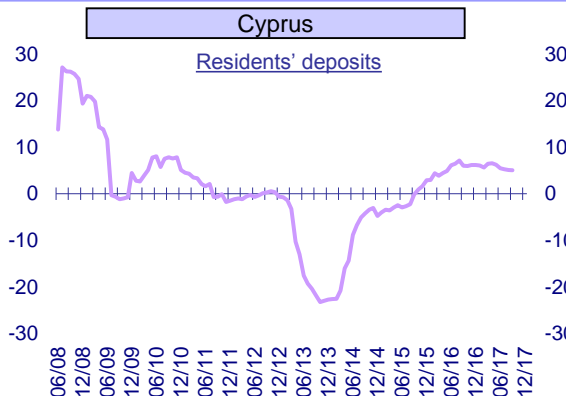
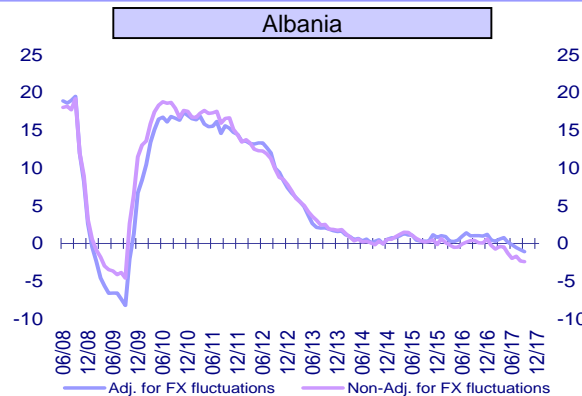
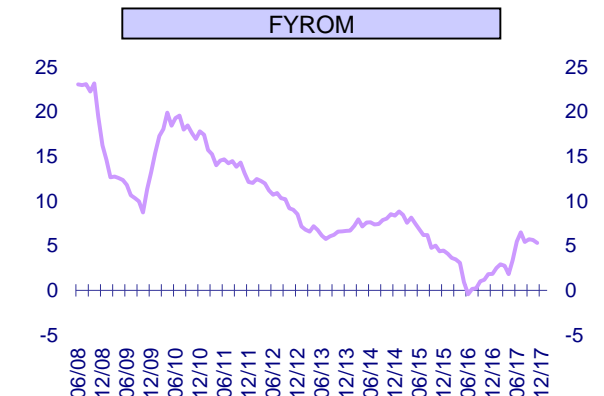
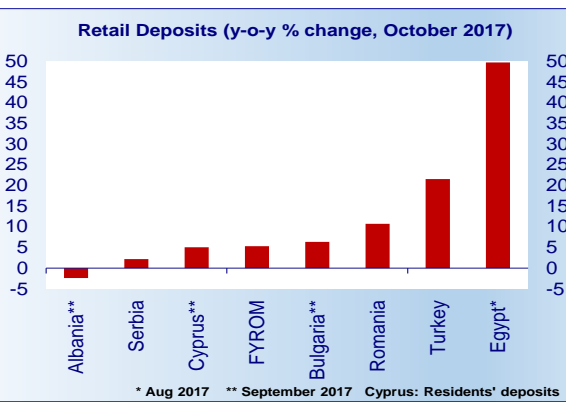
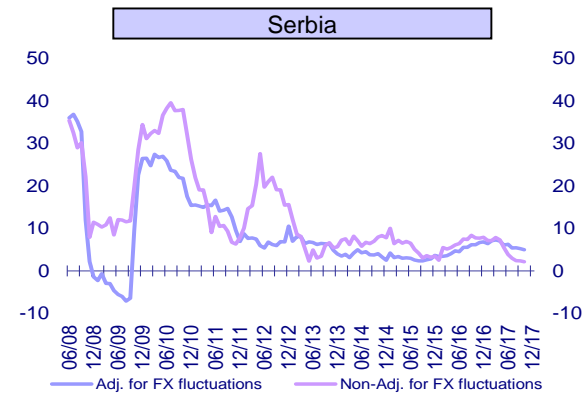
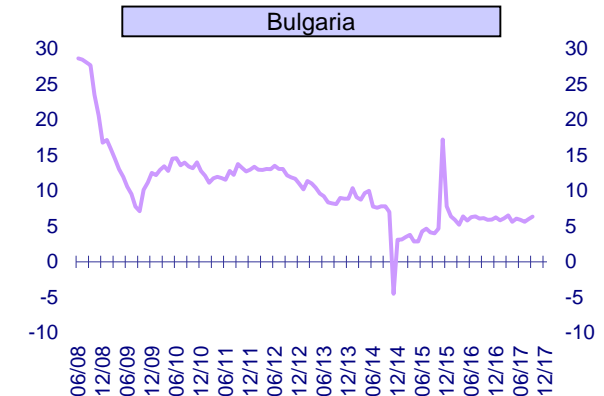
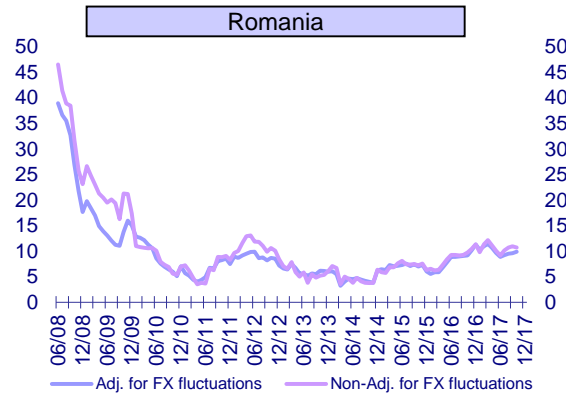
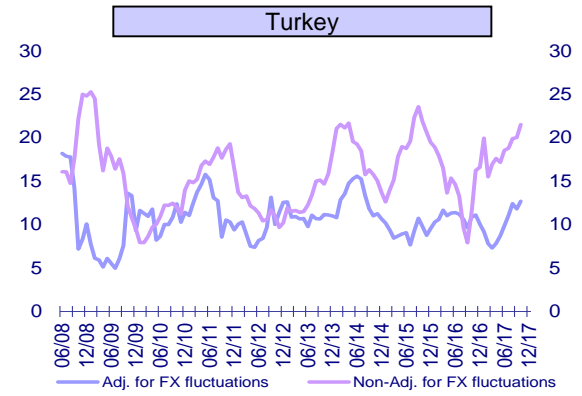
Deposit growth gathers momentum in most of the economies under review



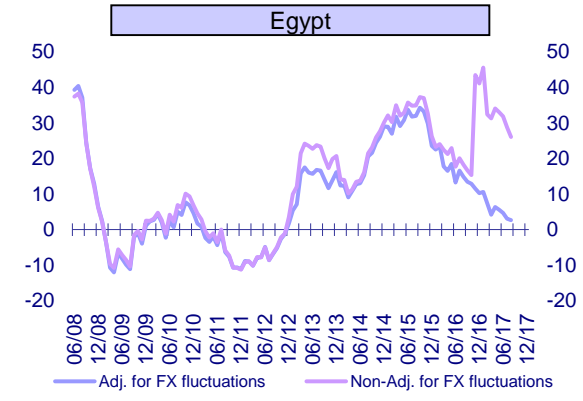
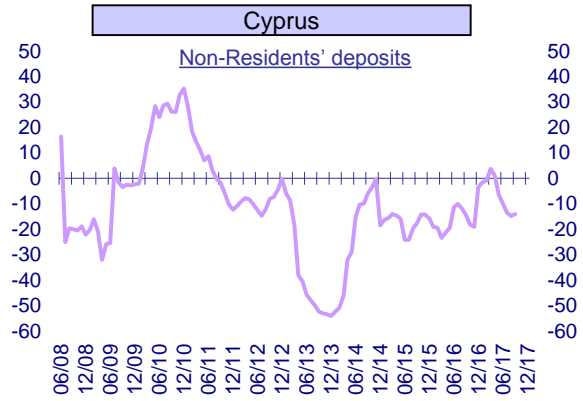
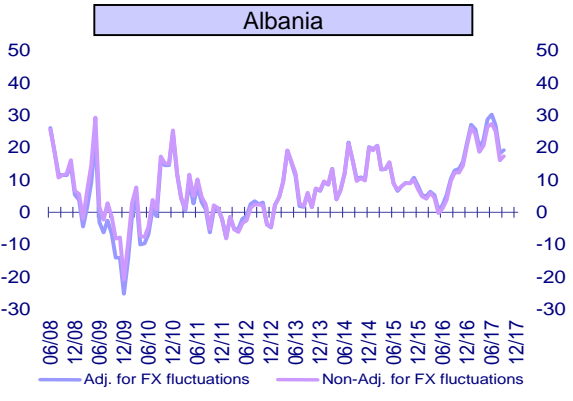
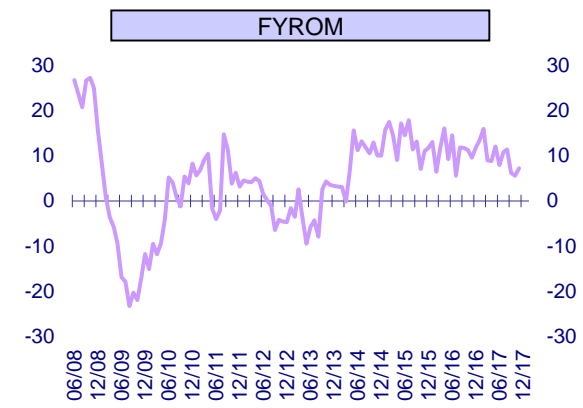
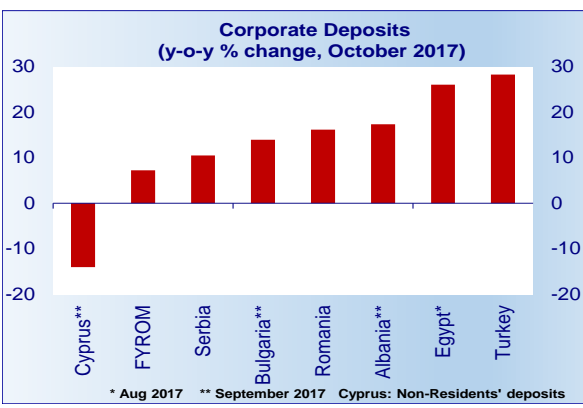
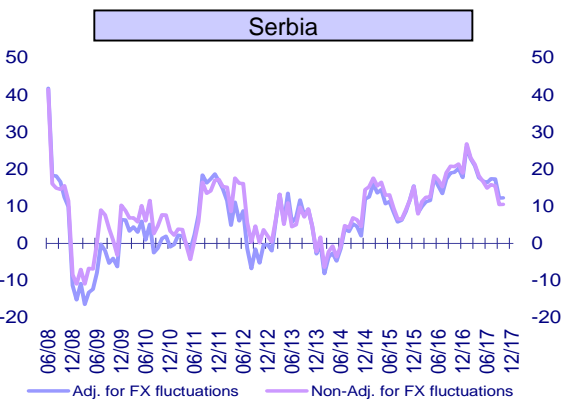
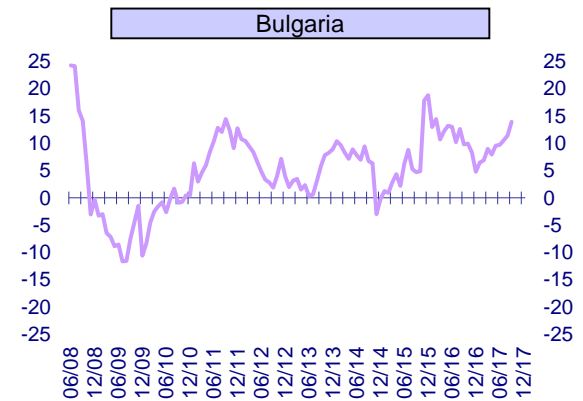
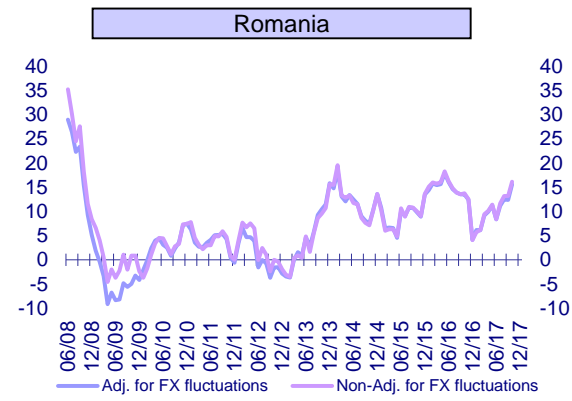
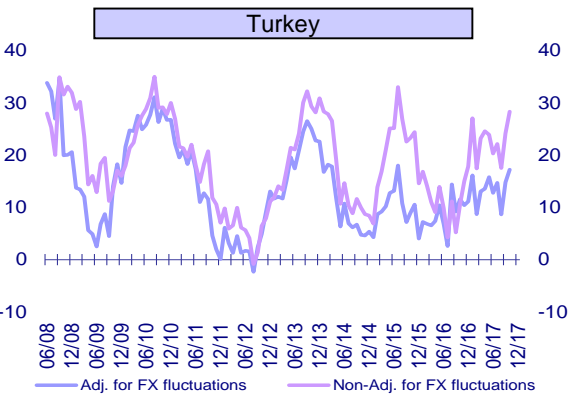
Deposit growth surpasses lending growth in all countries under review, with the exception of Turkey



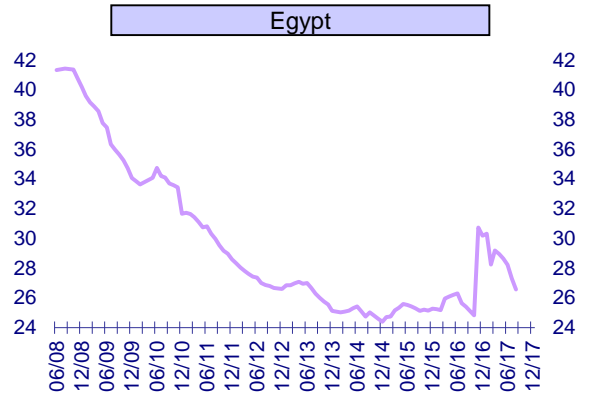
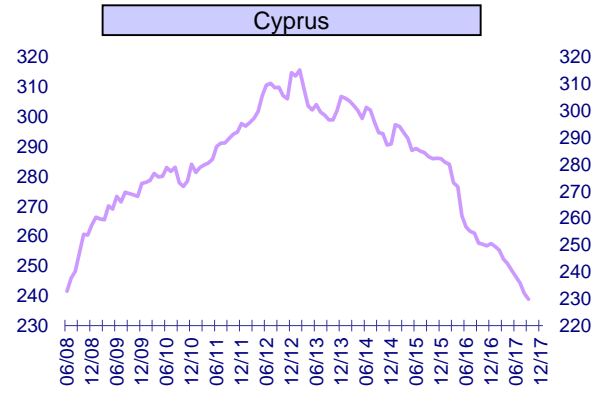
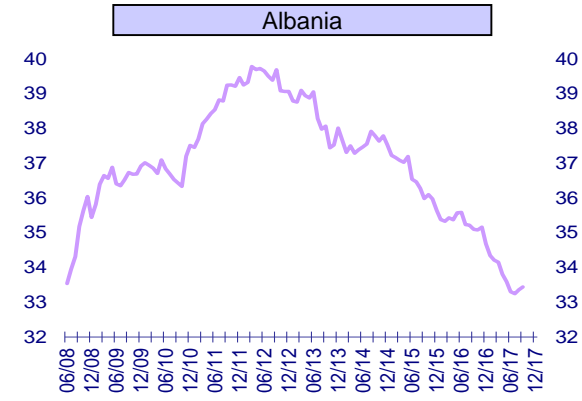
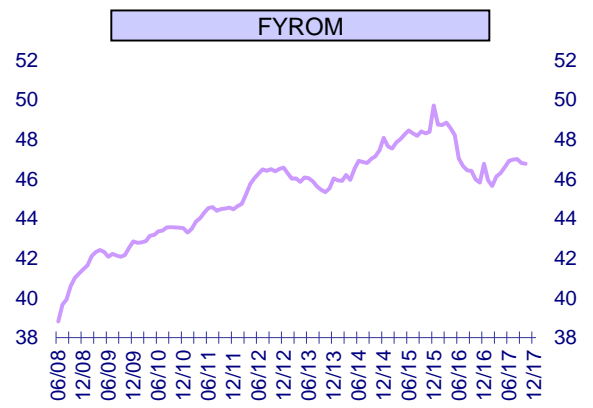
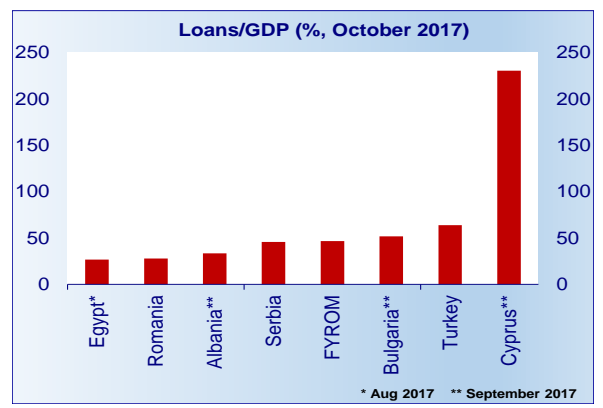
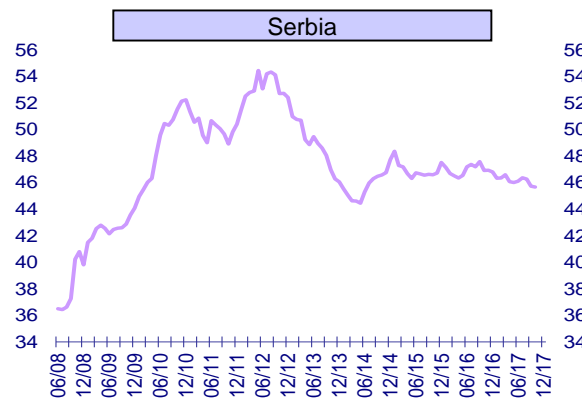
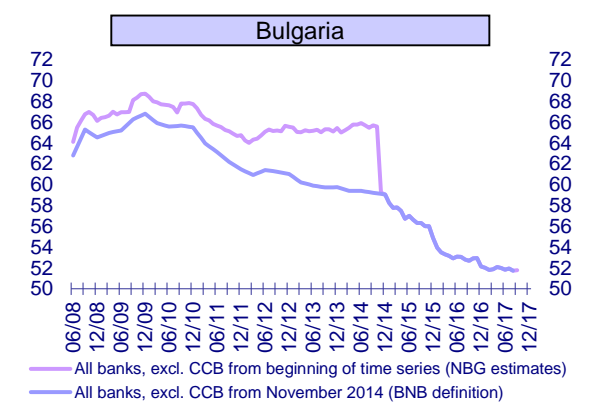
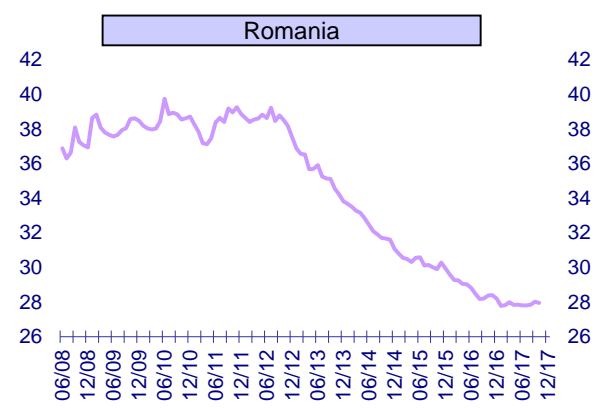
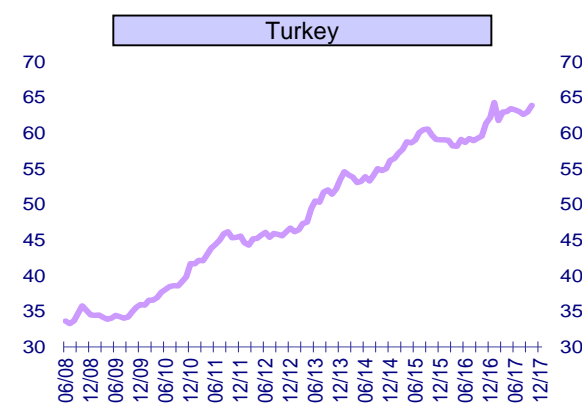
The retail segment is the main driver of deposit growth in Egypt



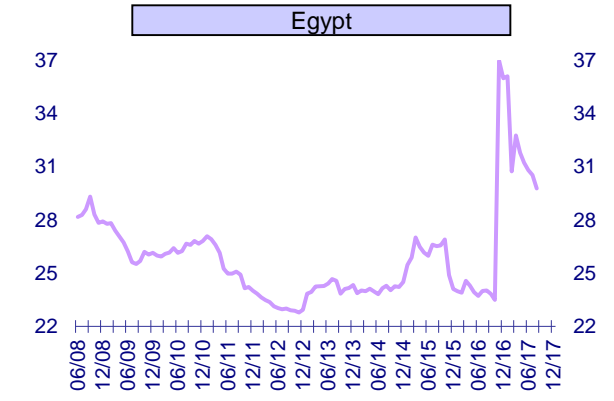
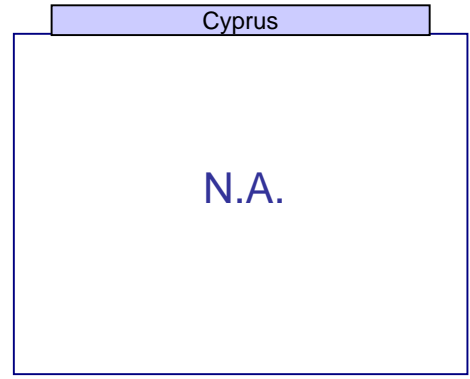
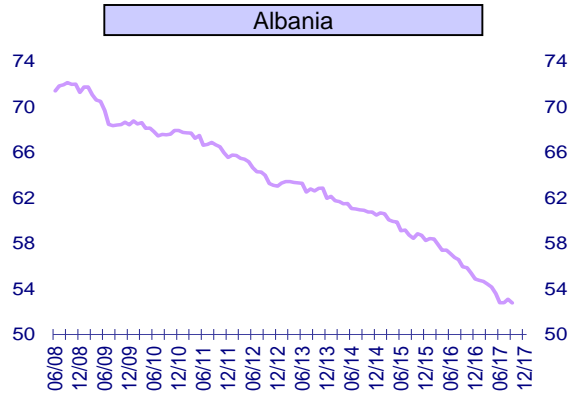
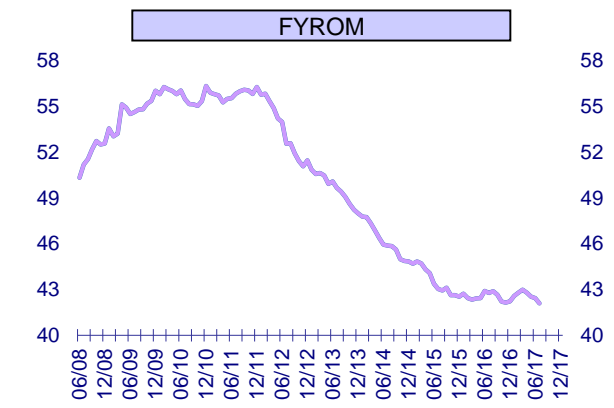
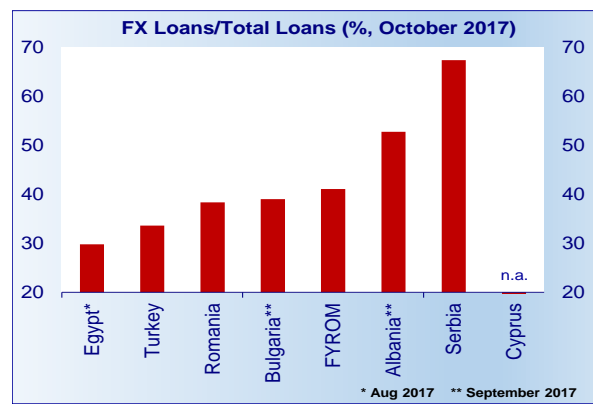
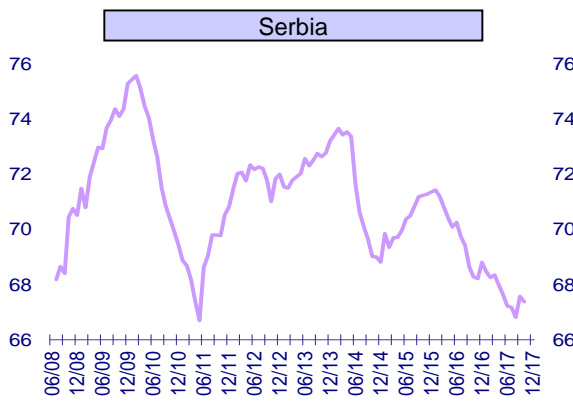
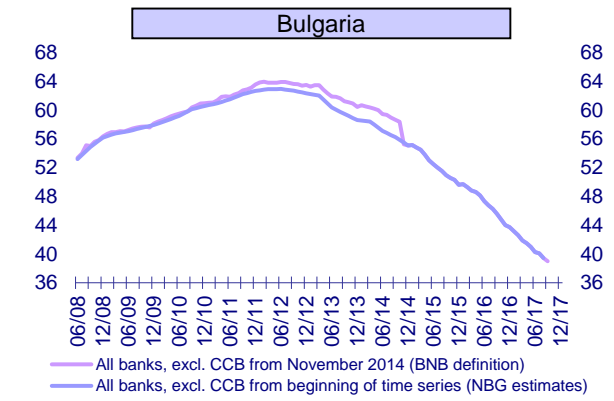
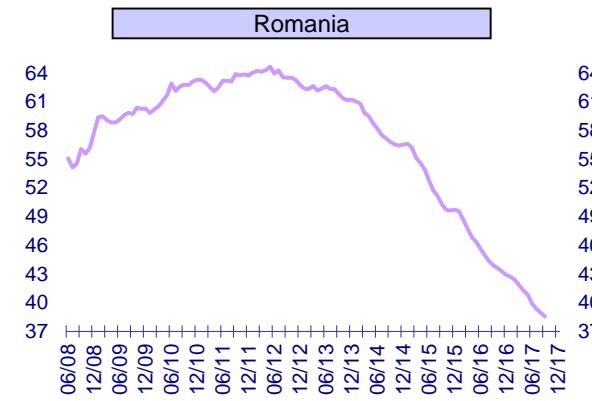
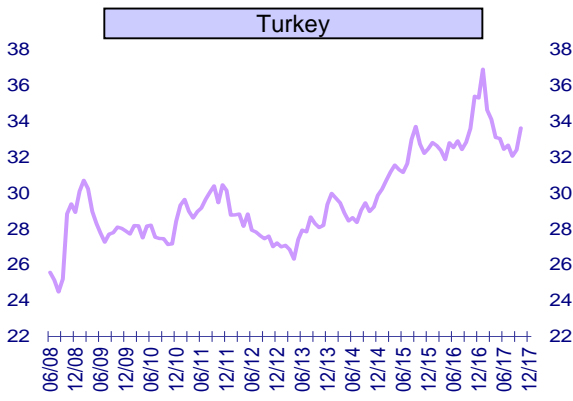
The corporate segment is growing at a faster pace than the retail segment in all the countries under review, with the exception of Egypt



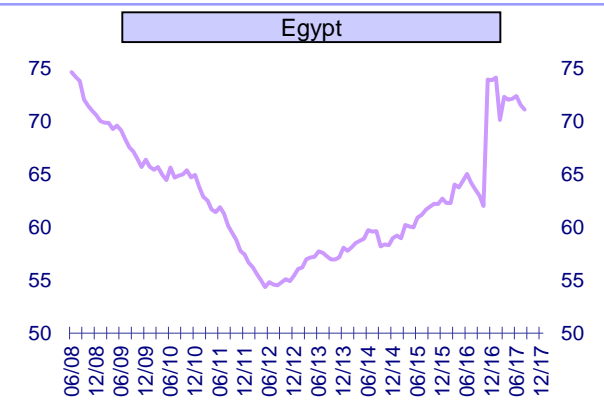
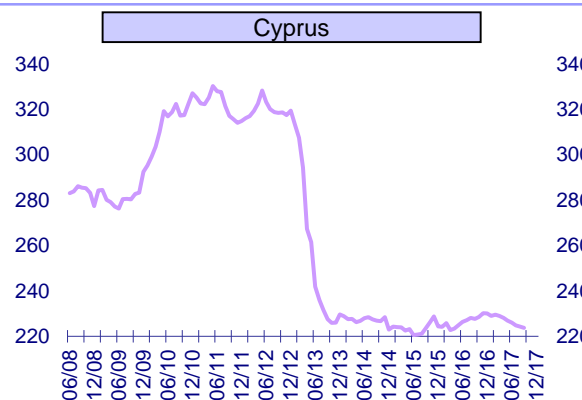
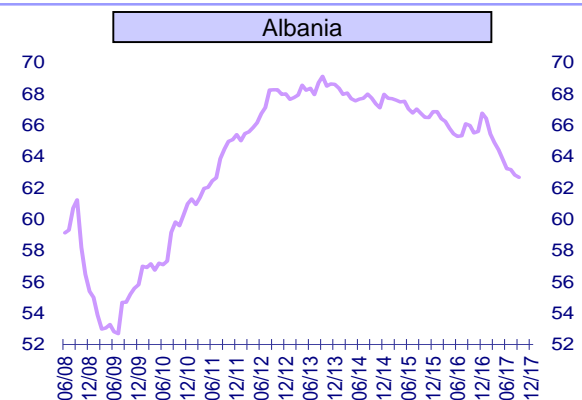
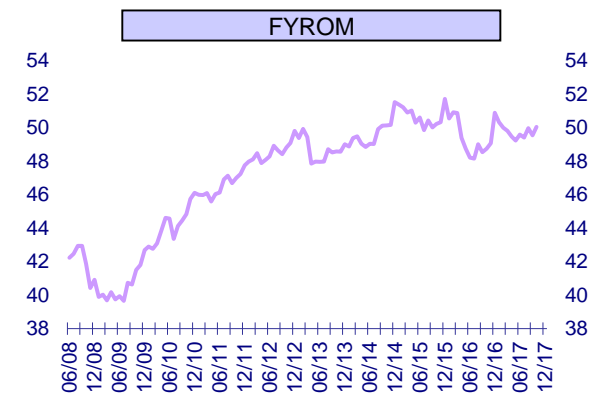
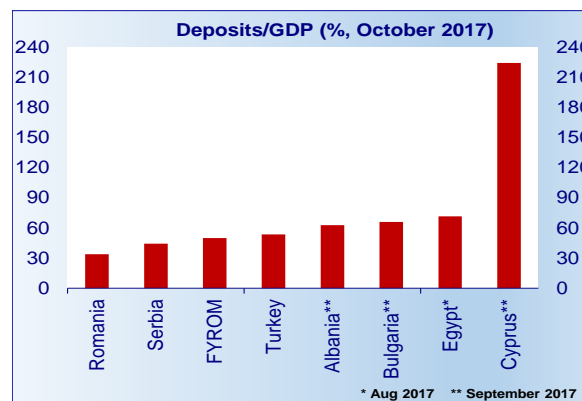
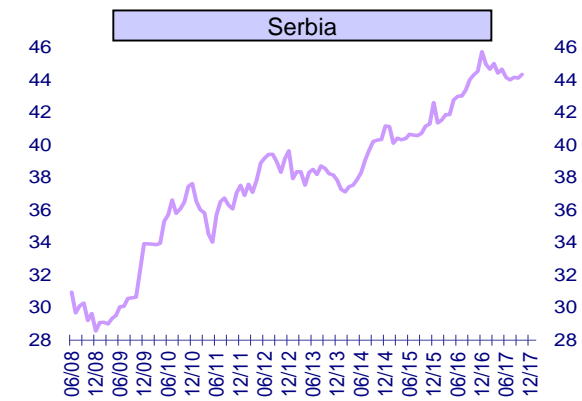
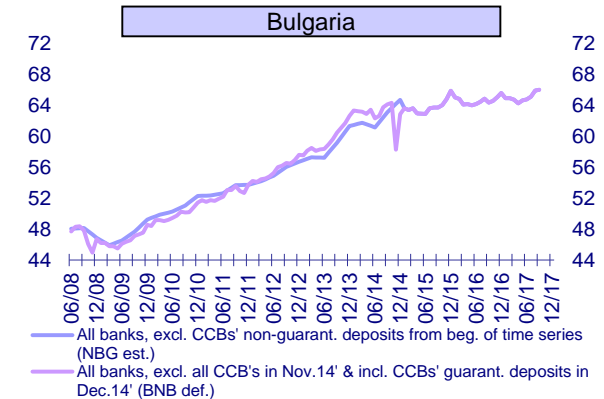
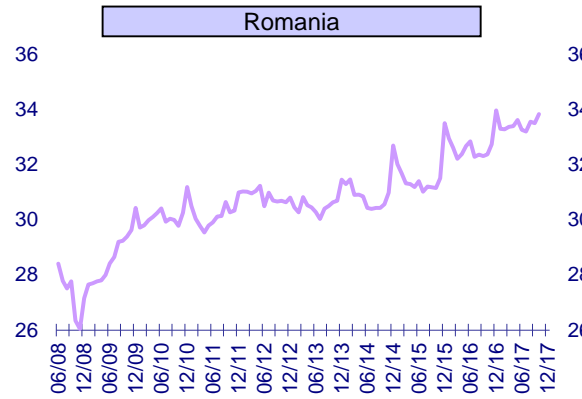
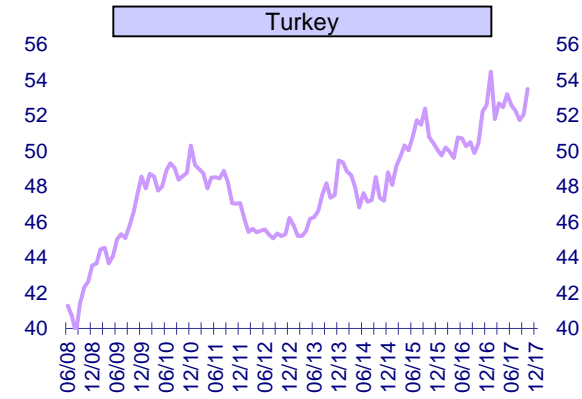
All the economies under review, with the exception of Cyprus, are underpenetrated in terms of lending



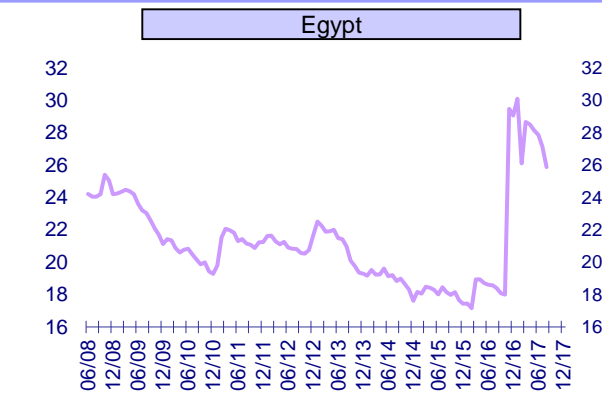
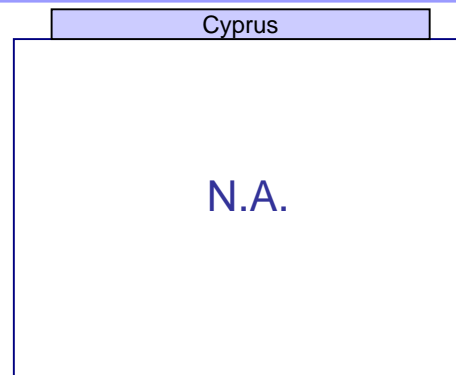
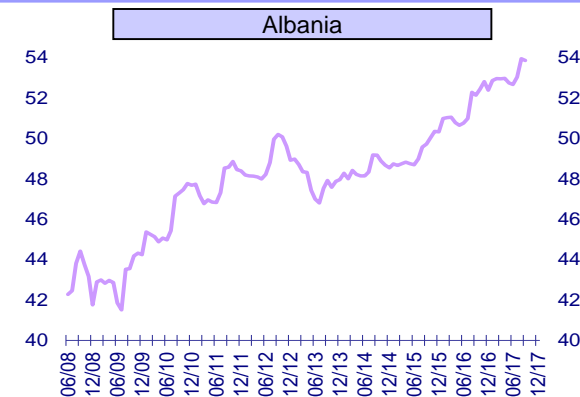
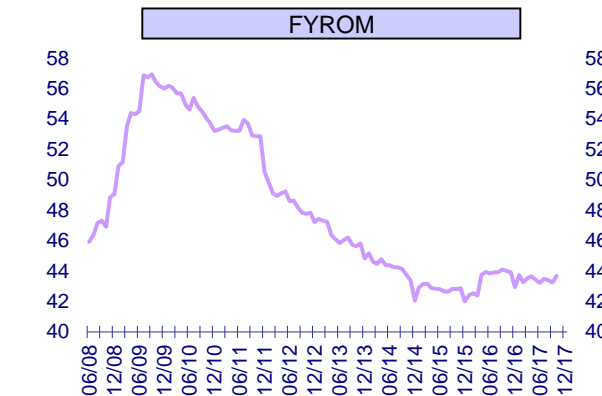
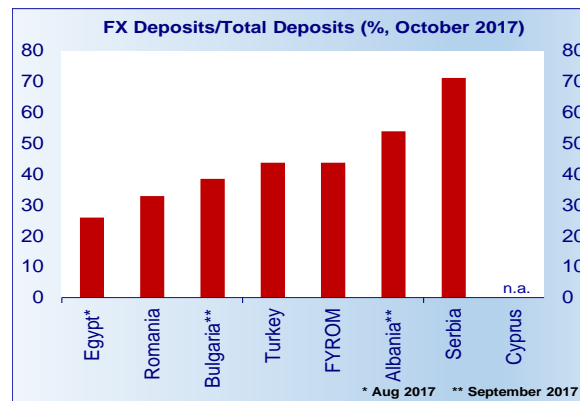
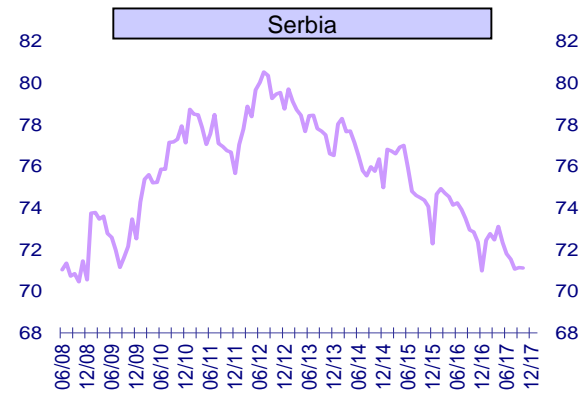
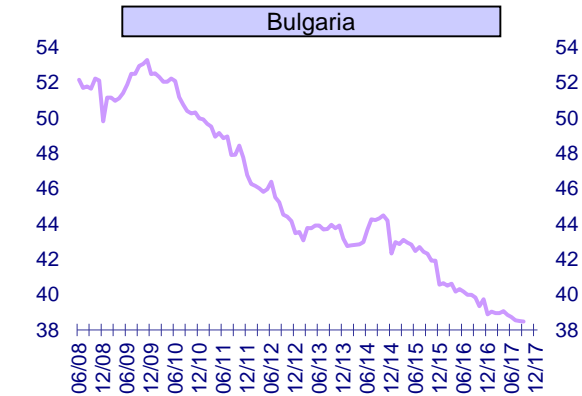
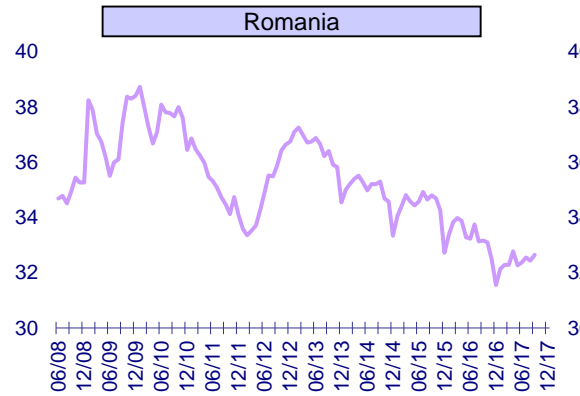
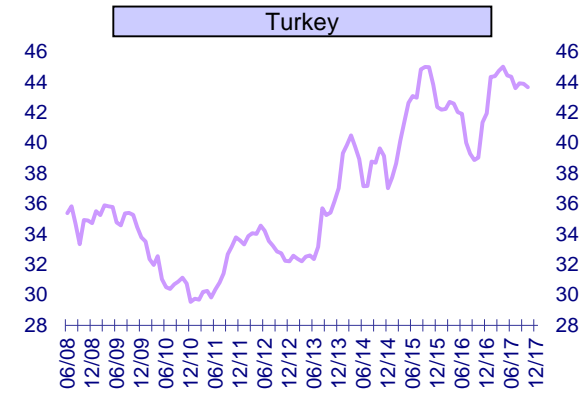
The proportion of FX lending in total lending is decreasing, albeit it remains high



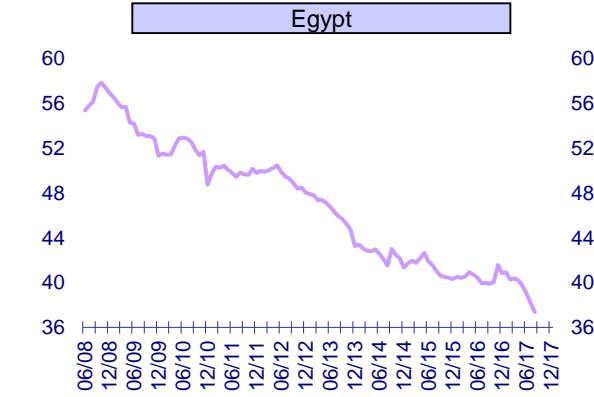
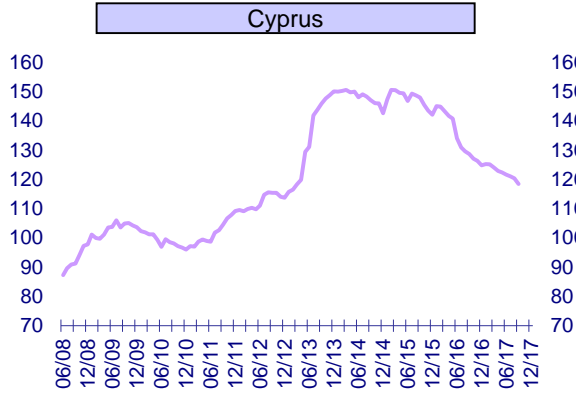
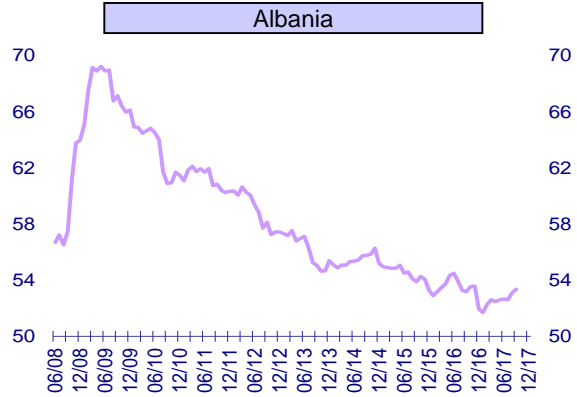
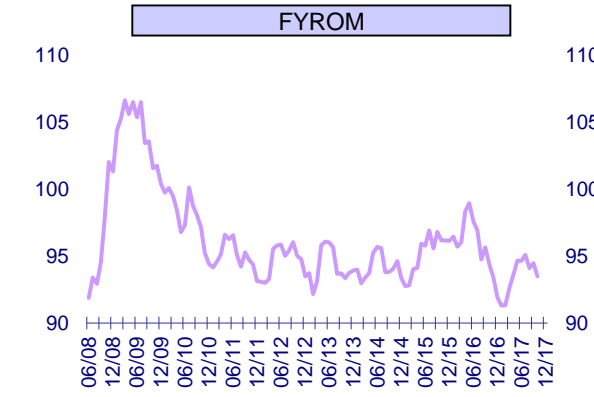
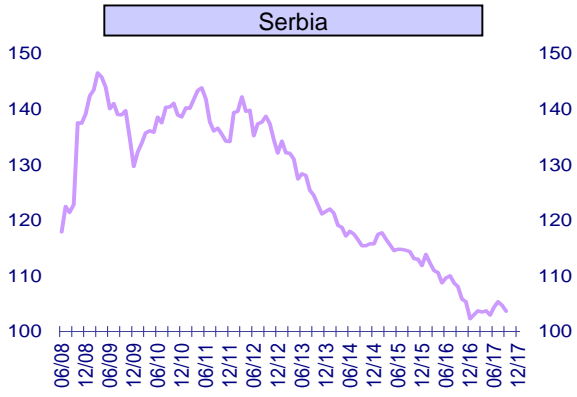
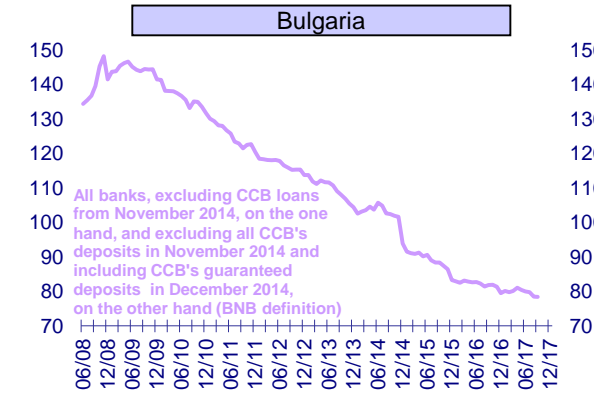
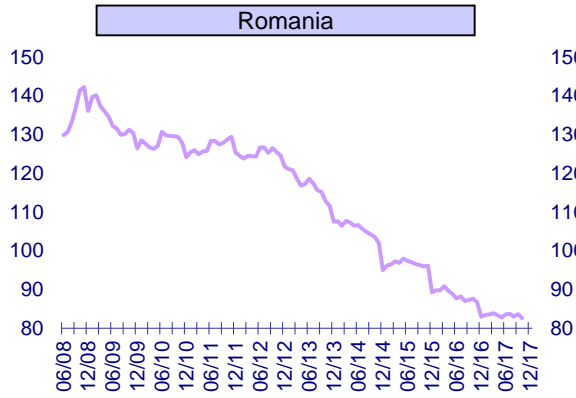
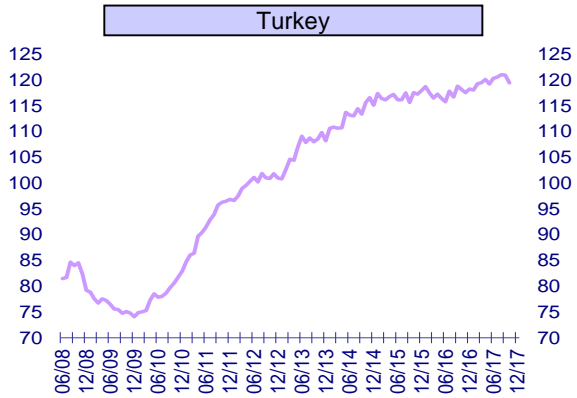
The upward trend in the deposit-to-GDP ratio has reversed in Albania (due to attractive domestic debt yields)



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

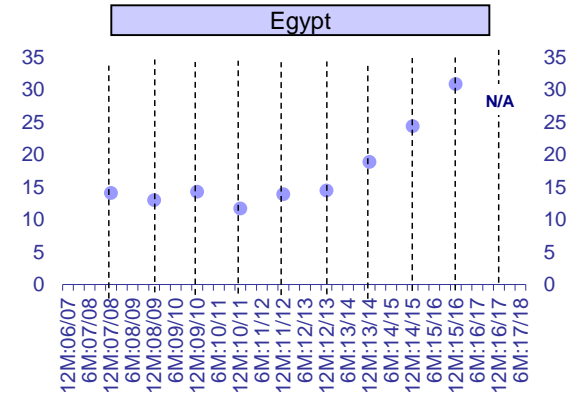
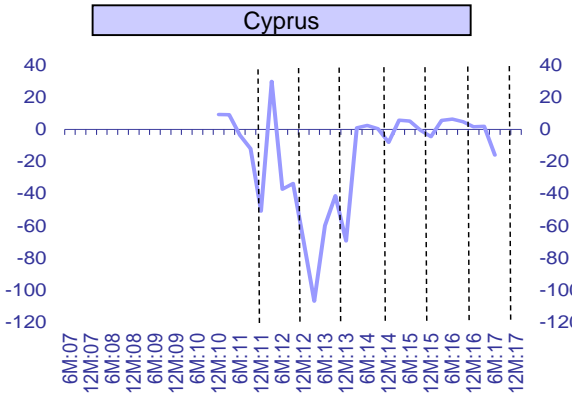
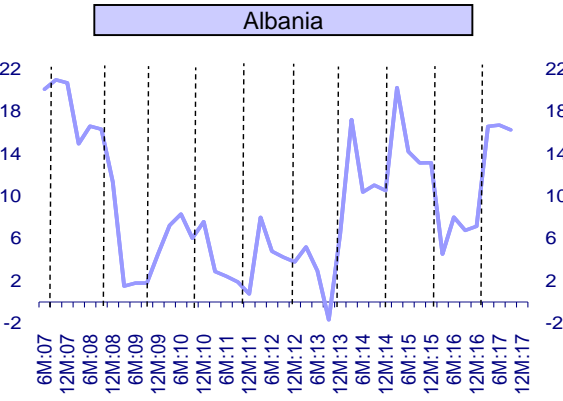
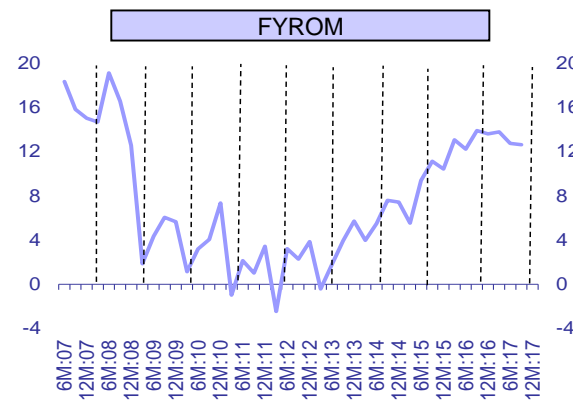
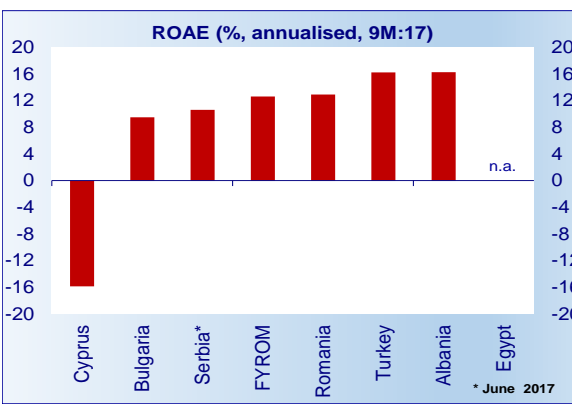
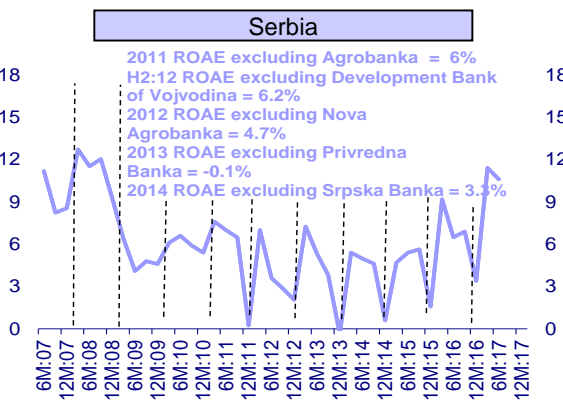
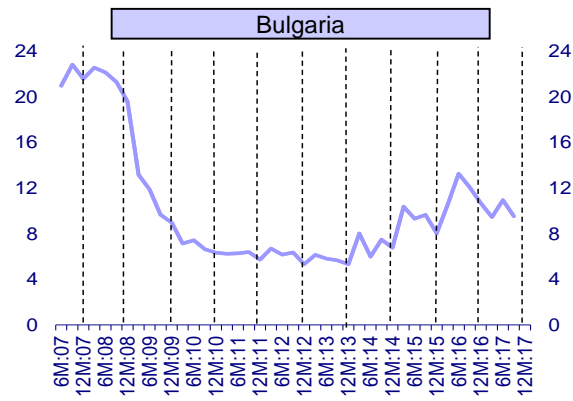
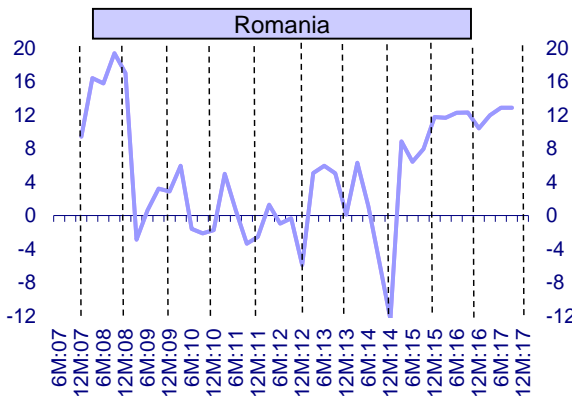
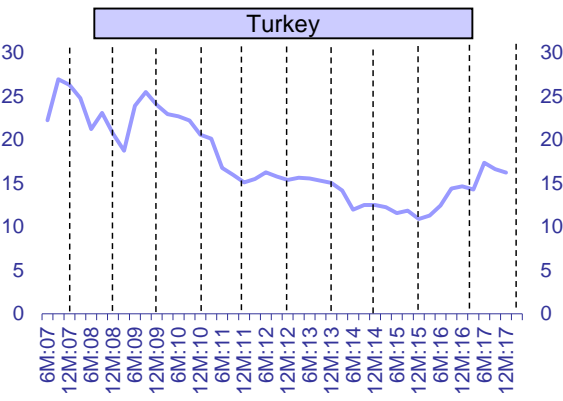


Liquidity pressures have intensified in Turkey and FYROM since the beginning of the year

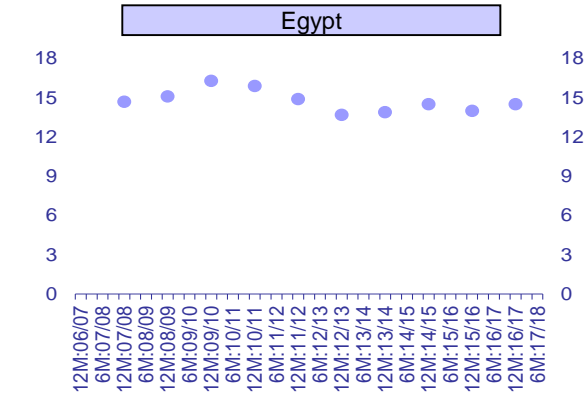
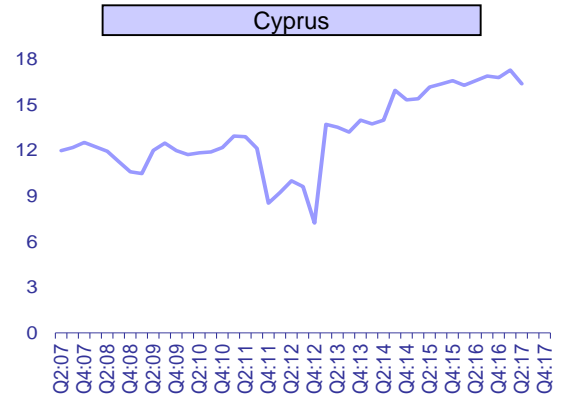
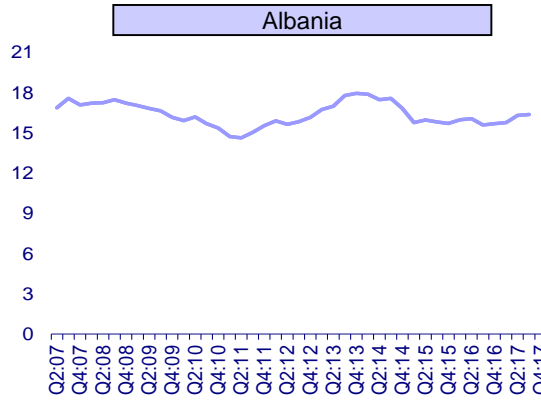
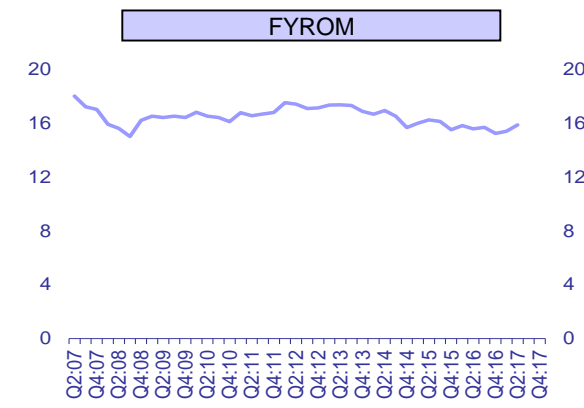
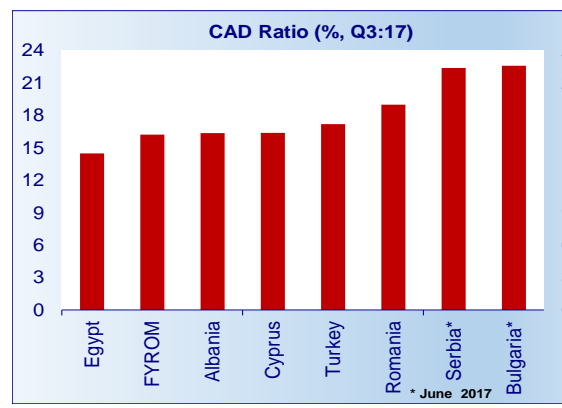
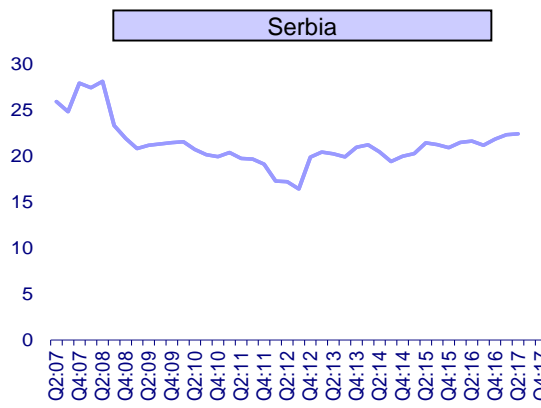
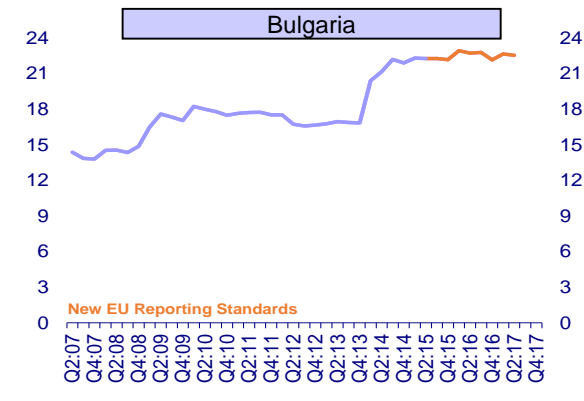
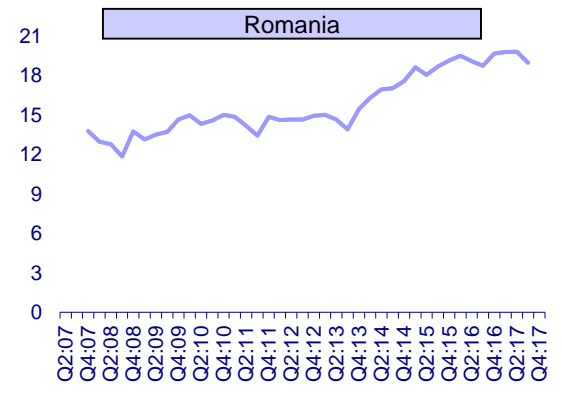
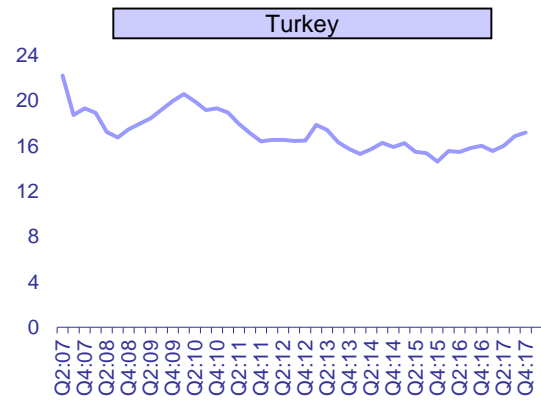


Return-to-average equity ratio (% , cumulative and annualised)

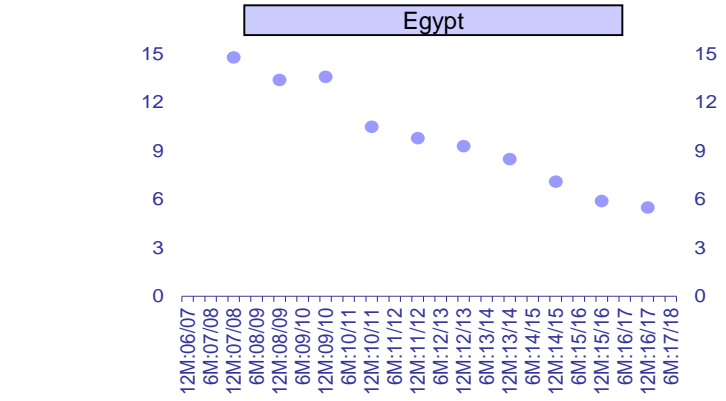
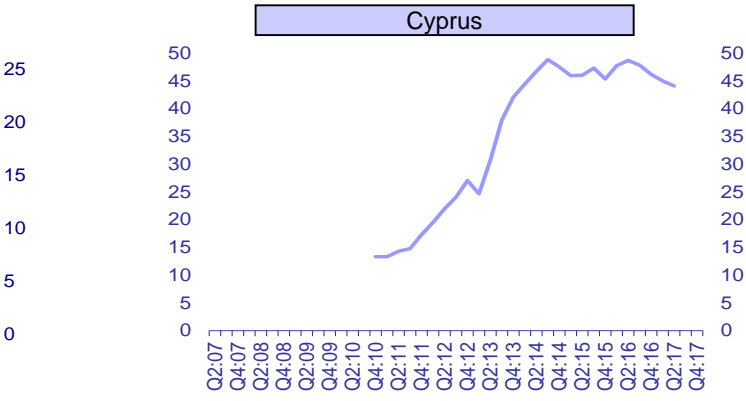
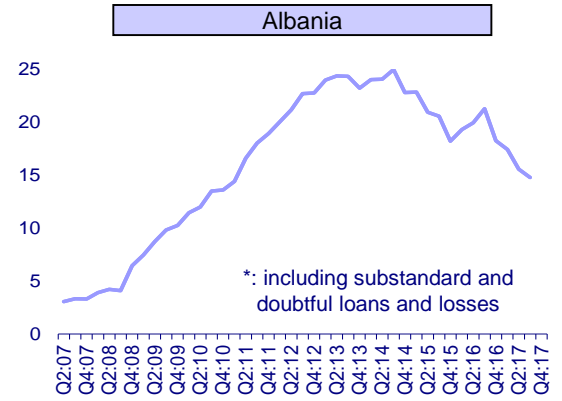
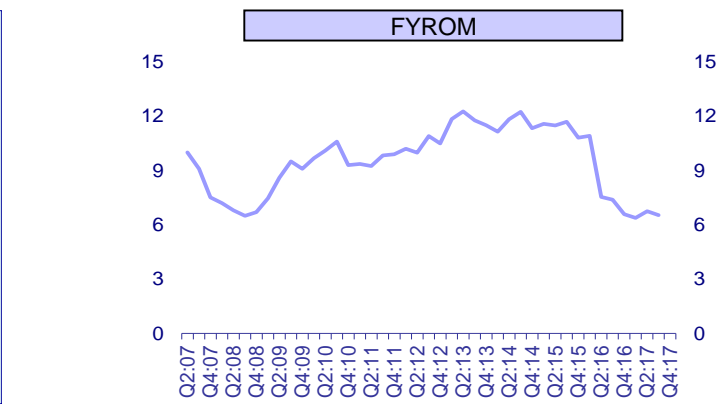
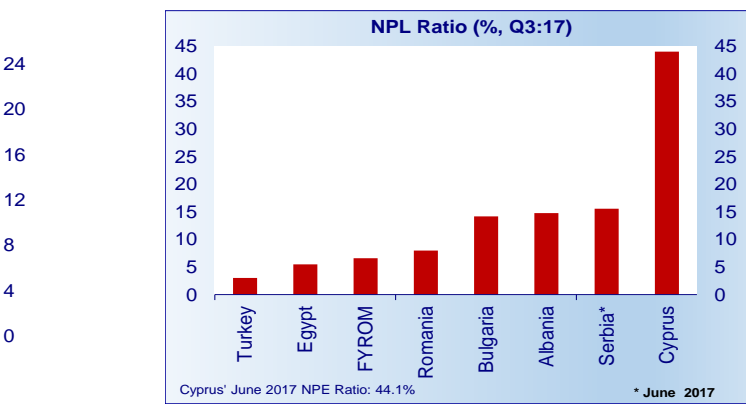
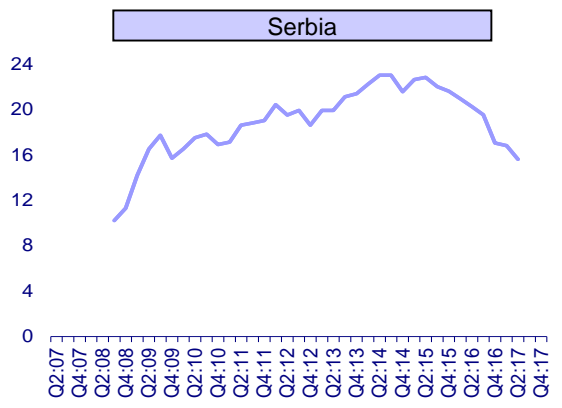
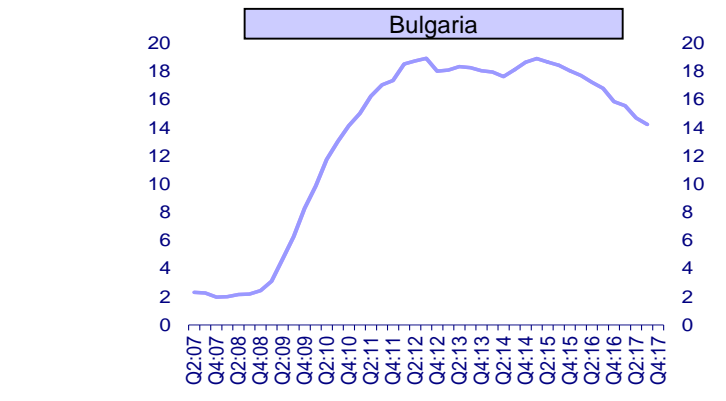
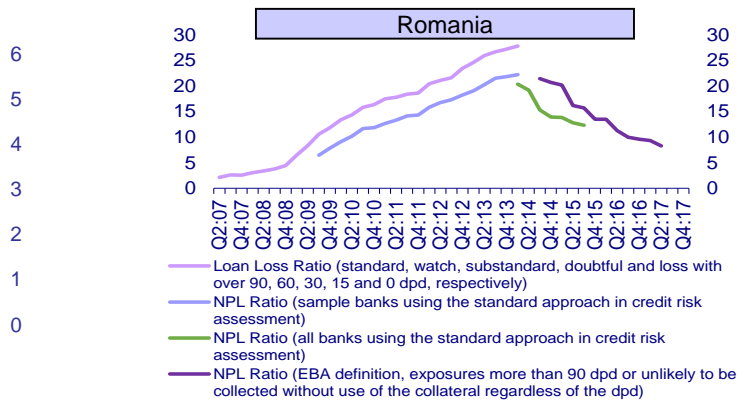
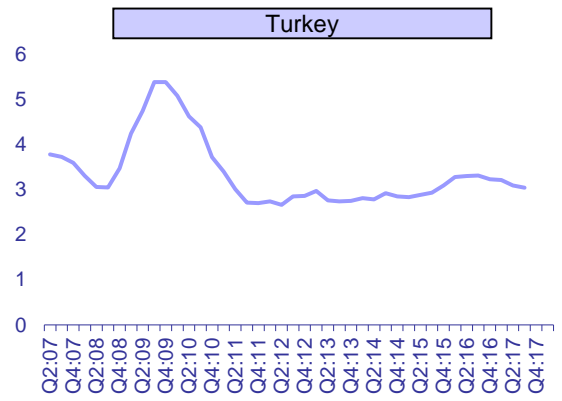
Double-digit return-to-average equity ratio in most of the countries under review in 9M:17



Capital base remained sound in all the banking sectors under review in 9M: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	21.0	55.0

*: 30.09.2016

** : 30.06.2016

#: 31.12.2015