

Economic Analysis Division

Emerging Markets Analysis

Quarterly Chartbook

Q4:2018



Turkey Romania Bulgaria Serbia FYROM Albania Cyprus Egypt

NBG - Economic Analysis Division

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

Emerging Markets Analysis

Head: Michael Loufir

✉: mloufir@nbg.gr

Analysts:

Konstantinos Romanos-Louizos

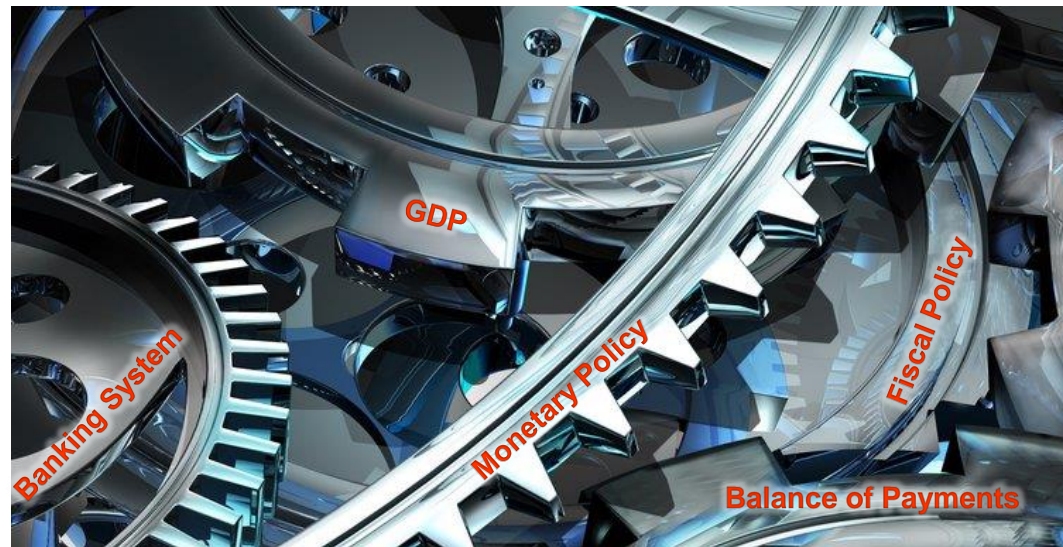
✉: romanos.louizos.k@nbg.gr

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 (2017, mn): 80.8
 GDP (2017, EUR, bn): 754.1
 GDP per Capita (2017, EUR): 9,332
 Government type: Parliamentary Republic
 Chief of state: Recep Tayyip ERDOGAN
 Head of Government: Recep Tayyip ERDOGAN
 Minister of Finance: Berat ALBAYRAK
 Central Bank Governor: Murat CETINKAYA



Romania



Population (2017, mn): 19.9
 GDP (2017, EUR, bn): 188.0
 GDP per Capita (2017, EUR): 9,429
 Government type: Semi Presidential Republic
 Chief of state: Klaus Werner IOHANNIS
 Head of Government: Vasilica-Viorica DANCILA
 Minister of Finance: Eugen-Orlando TEODOROVICI
 Central Bank Governor: Mugur ISARESCU



Republic of Bulgaria



Population (2017, mn): 7.1
 GDP (2017, EUR, bn): 51.7
 GDP per Capita (2017, EUR): 7,323
 Government type: Parliamentary Republic
 Chief of state: Rumen RADEV
 Head of Government: Boyko BORISOV
 Minister of Finance: Vladislav GORANOV
 Central Bank Governor: Dimitar RADEV



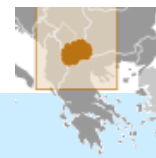
Republic of Serbia



Population (2017, mn): 7.0
 GDP (2017, EUR, bn): 36.8
 GDP per Capita (2017, EUR): 5,230
 Government type: Parliamentary Republic
 Chief of state: Aleksandar VUCIC
 Head of Government: Ana BRNABIC
 Minister of Finance: Sinisa MALI
 Central Bank Governor: Jorgovanka TABAKOVIC



Former Yugoslav Republic of Macedonia



Population (2017, mn): 2.1
 GDP (2017, EUR, bn): 10.0
 GDP per Capita (2017, EUR): 4,835
 Government type: Parliamentary Republic
 Chief of state: Gjorge IVANOV
 Head of Government: Zoran ZAEV
 Minister of Finance: Dragan TEVDOVSKI
 Central Bank Governor: Anita ANGELOVSKA-BEZOSKA



Republic of Albania



Population (2017, mn): 2.9
 GDP (2017, EUR, bn): 11.6
 GDP per Capita (2017, EUR): 4,036
 Government type: Parliamentary Republic
 Chief of state: Ilir META
 Head of Government: Edi RAMA
 Minister of Finance: Arben AHMETAJ
 Central Bank Governor: Gent SEJKO



Republic of Cyprus



Population (2017, mn): 0.85
 GDP (2017, EUR, bn): 19.6
 GDP per Capita (2017, EUR): 22,890
 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 (2017, mn): 95.9
 GDP (2017, EUR, bn): 214.3
 GDP per Capita (2017, EUR): 2,235
 Government type: Semi Presidential Republic
 Chief of state: Abdel Fattah Said AL-SISI
 Head of Government: Sherif Ismail MOHAMED
 Minister of Finance: Amr EL-GARHY
 Central Bank Governor: Tarek AMER

In Turkey, fiscal prudence ahead of the March 2019 local elections is key to preserving economic and financial stability

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

*: Last local elections were held in April 2008

In mid-November, the IMF and Egyptian authorities reached a staff-level agreement (SLA) on the fourth review of Egypt's economic reform programme, which is supported by the IMF's USD 12bn arrangement. The IMF Executive Board's approval of this review, likely in December, would provide access to c. USD 2bn, bringing total disbursements under the programme to c. USD 10bn

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*	2018-2021**	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	8.0**
	EU	---	5.0	---	---	---	---	---	---	---	---	---	6.3	---
Repaid	IMF	---	12.1 since 2009			---	1.6 since 2009				0.2	---	0.3 early in 2017	---
	EU	---	1.5 since 2009			---	---				---	---	---	---
Next Repayments	IMF	---	---			---	---				---	Starting in 2019	Starting in 2020	Starting in 2021
	EU	---	EUR 1.0bn in 2019			---	---				---	---	Starting in 2027	---

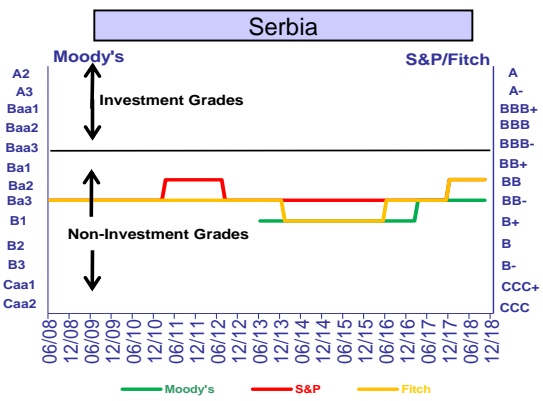
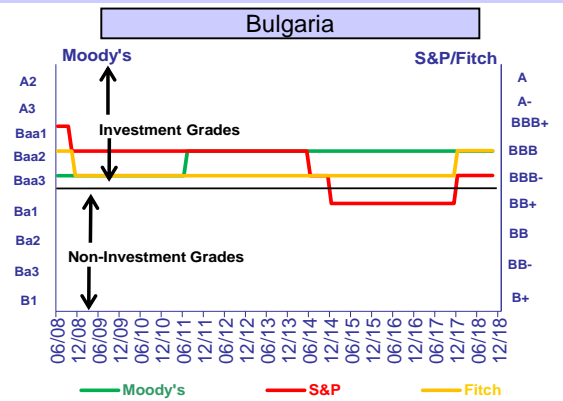
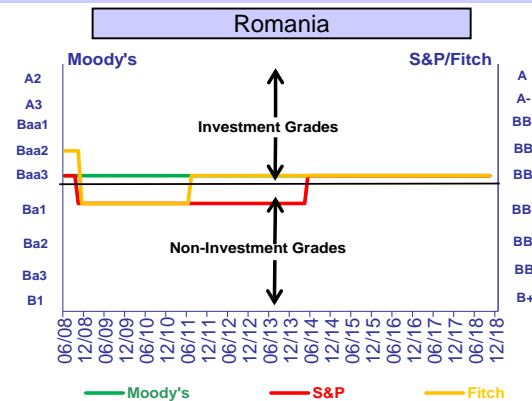
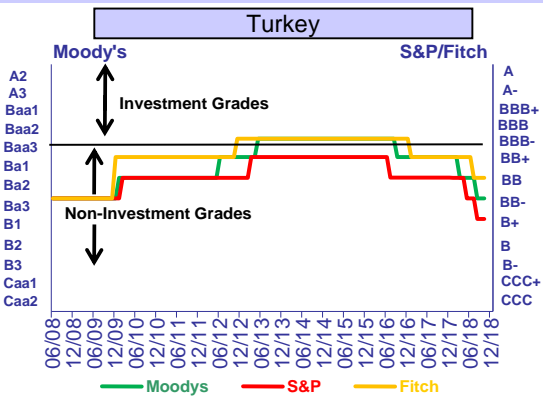
* Precautionary

** Non-financing Policy Coordination Instrument

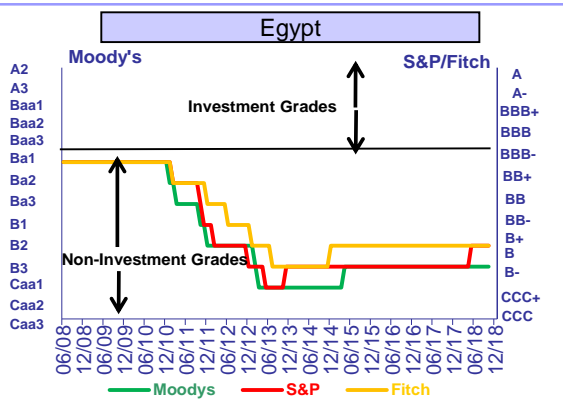
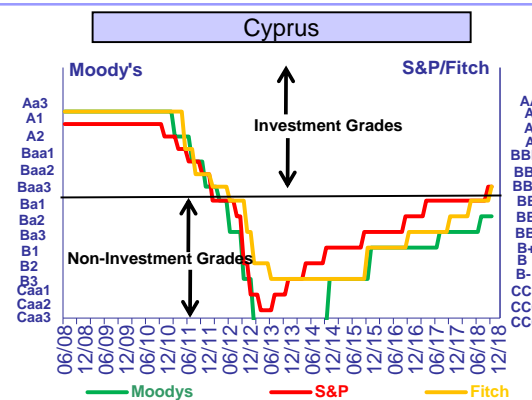
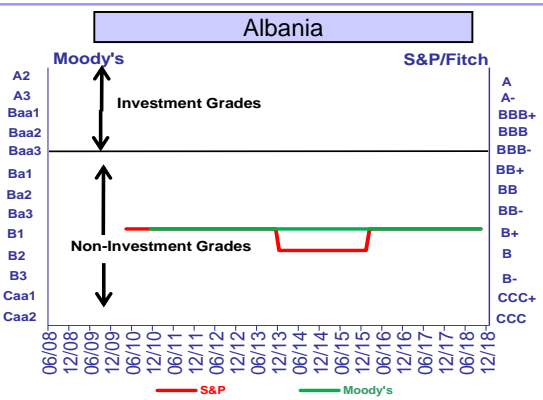
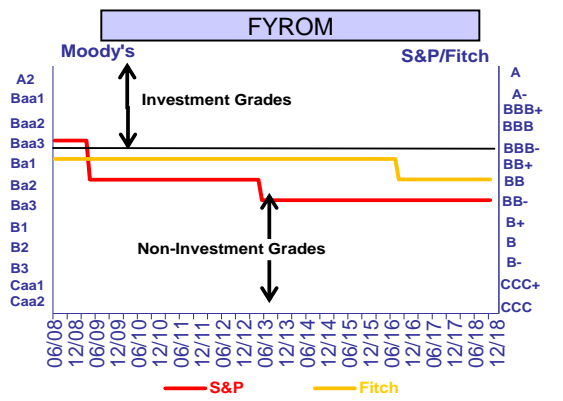
*** bn USD

Foreign currency credit rating

Since the beginning of the year: i) Cyprus' credit rating was upgraded by 1 notch by Moody's to Ba2 and S&P to BBB- (investment grade), and 2 notches by Fitch to BBB- (investment grade); ii) Egypt's credit rating was raised by 1 notch by S&P to B; and iii) Turkey's credit rating was downgraded by 2 notches by Moody's to Ba3 and S&P to B+ and by 1 notch by Fitch to BB

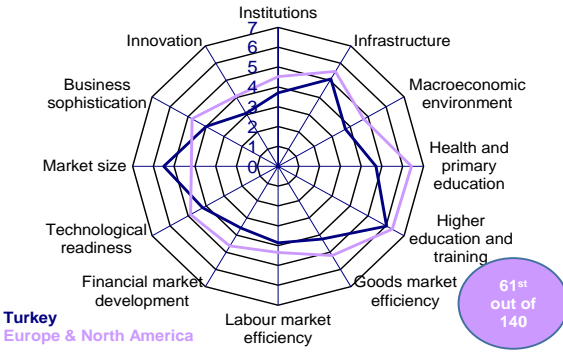


Long-Term Foreign Debt Currency Ratings, November 2018				
	S&P	Moody's	Fitch	
Investment Grades	A+			
	A			
	A-			
	BBB+			
	BBB	Bulgaria, Romania, Cyprus	Bulgaria	Bulgaria
	BBB-	Bulgaria, Romania, Cyprus	Romania	Romania, Cyprus
Non-Investment Grades	BB+			
	BB	Serbia	Cyprus	FYROM, Serbia, Turkey
	BB-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

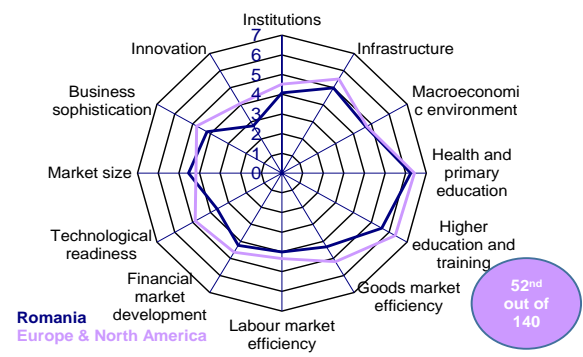


According to the latest WEF's GCI, Cyprus is the most competitive among the countries under review

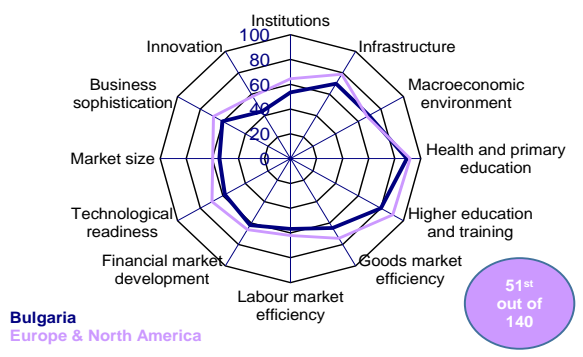
Turkey



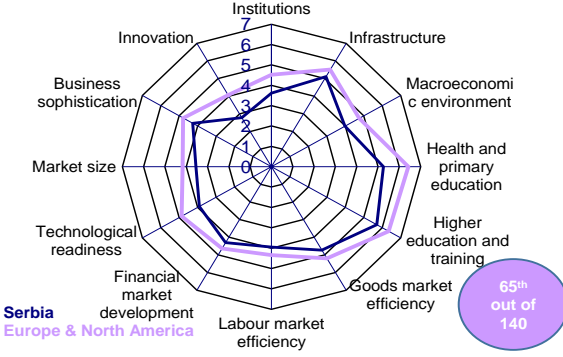
Romania



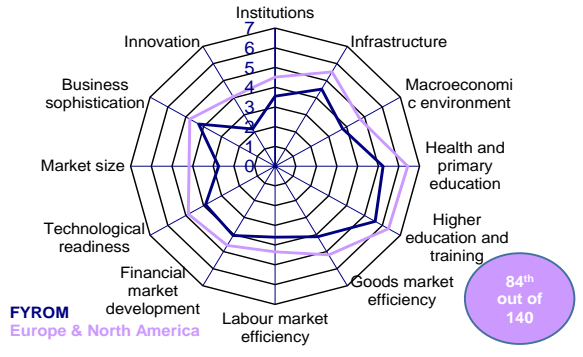
Bulgaria



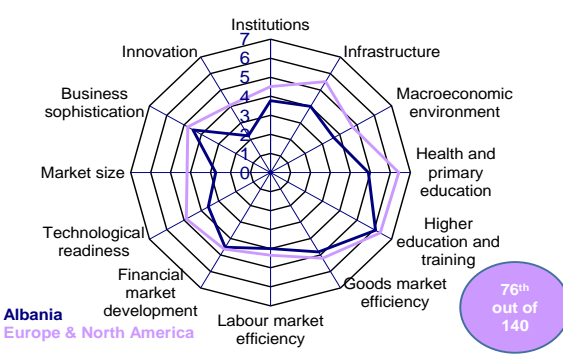
Serbia



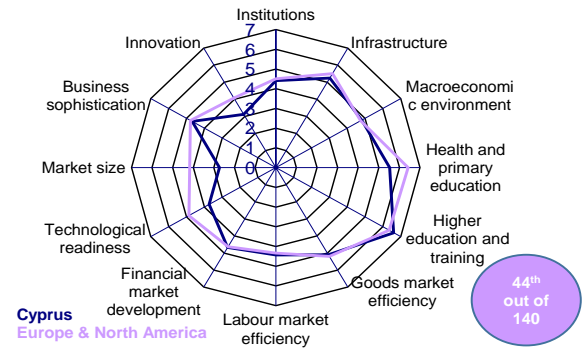
FYROM



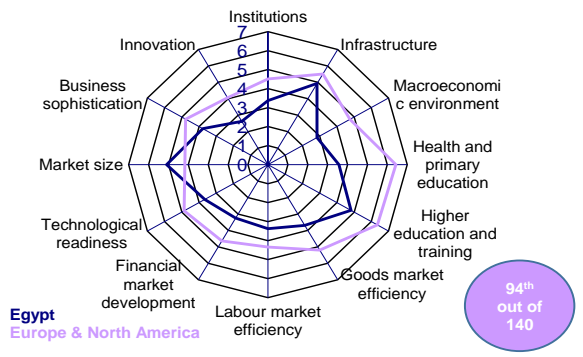
Albania



Cyprus

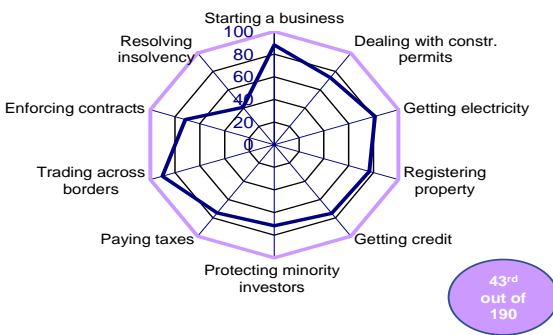


Egypt

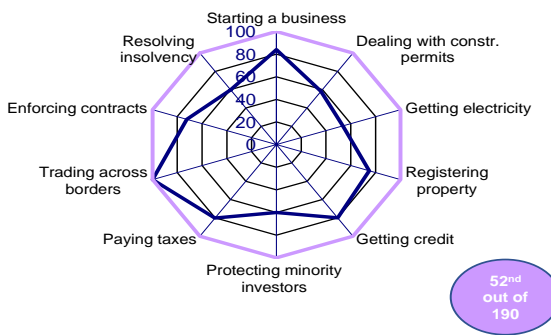


The latest WB's Ease of Doing Business report shows FYROM has the most favourable standing among the countries under review

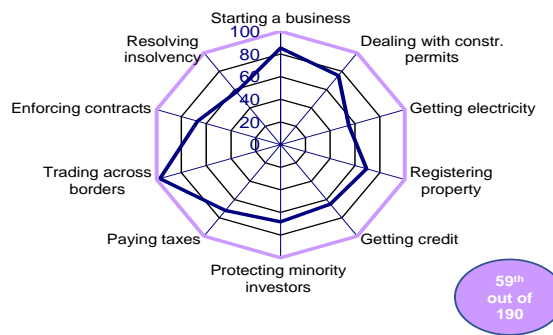
Turkey



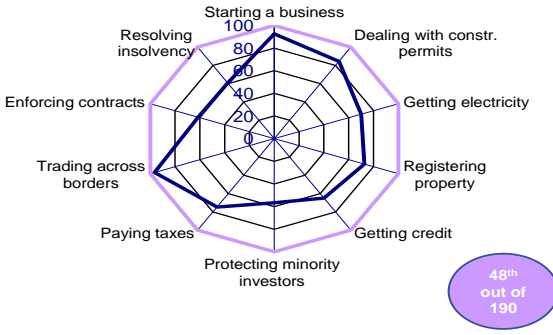
Romania



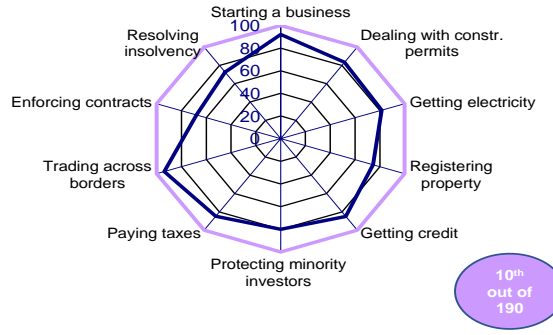
Bulgaria



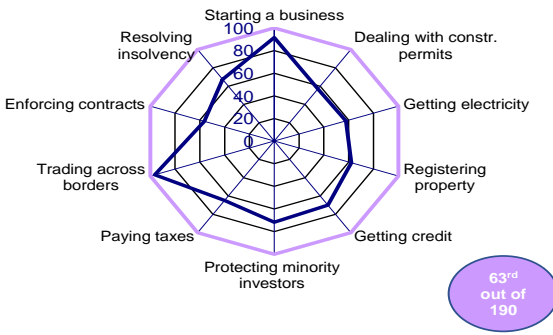
Serbia



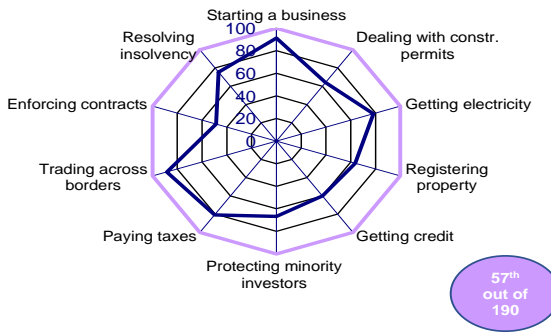
FYROM



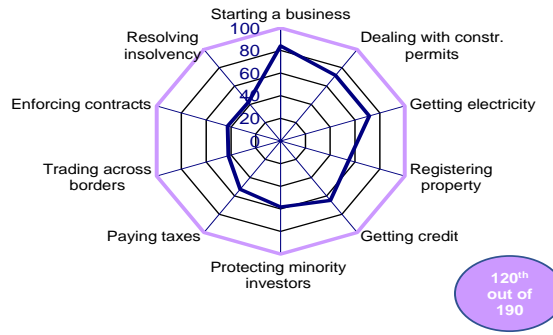
Albania



Cyprus

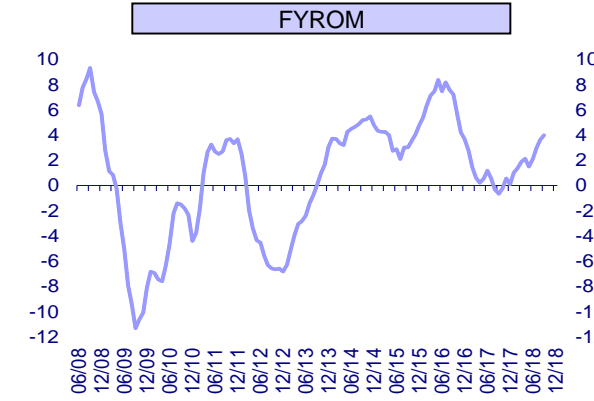
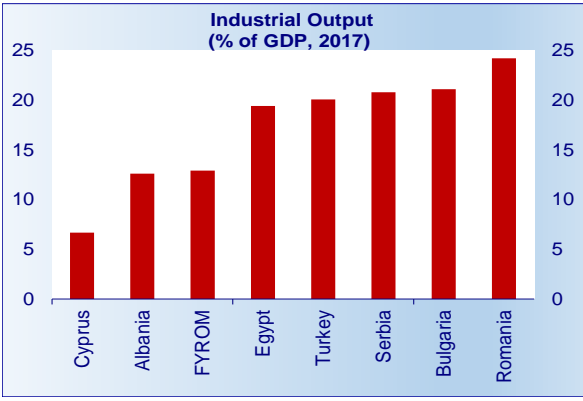
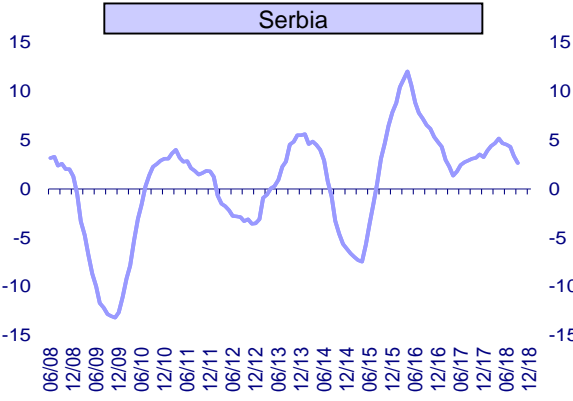
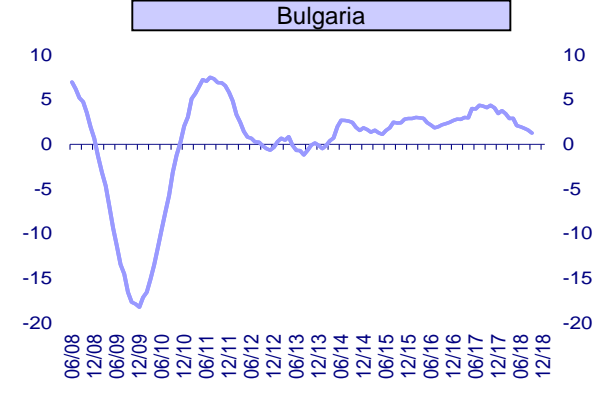
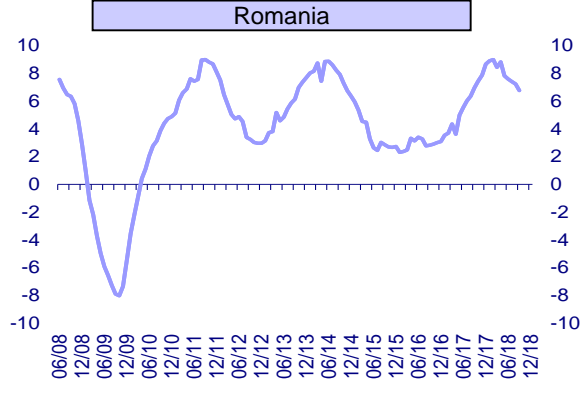
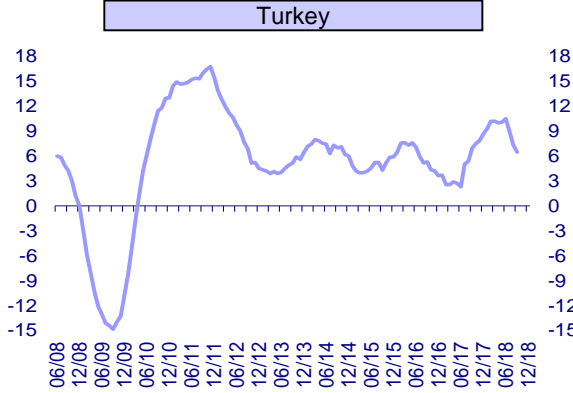


Egypt

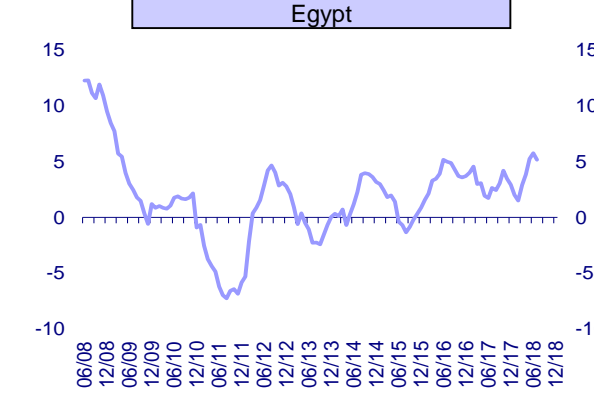
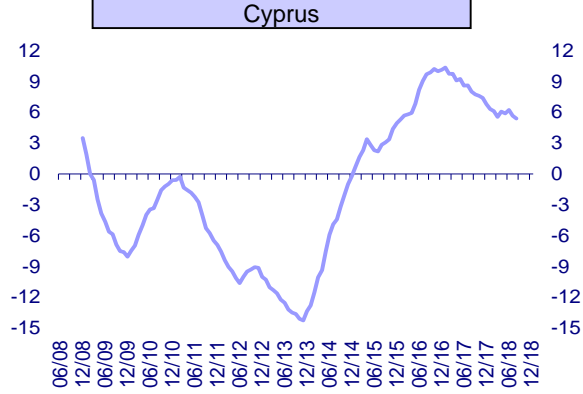


Industrial production (12-month rolling, y-o-y % change)

Industrial output lost momentum in most of the countries under review in Q3:18, partly due to a slowdown in economic activity in their main trading partner – the euro area



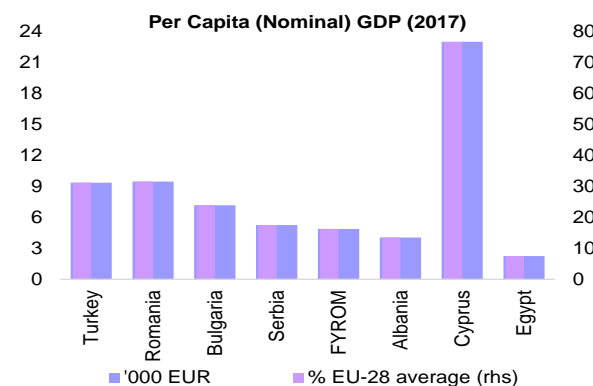
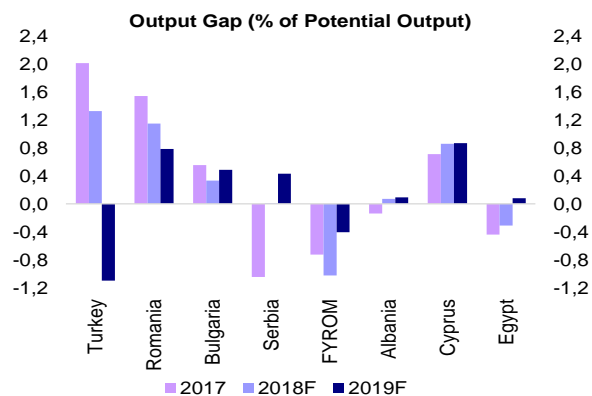
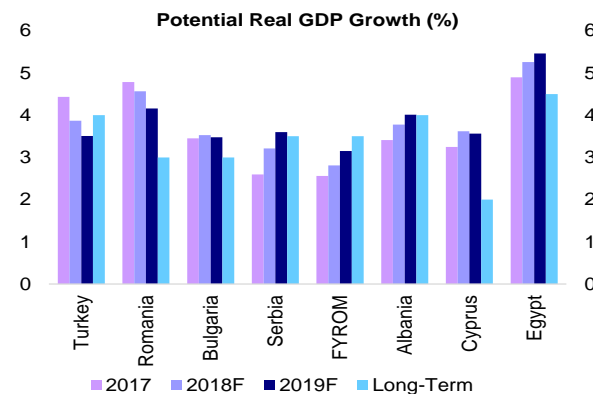
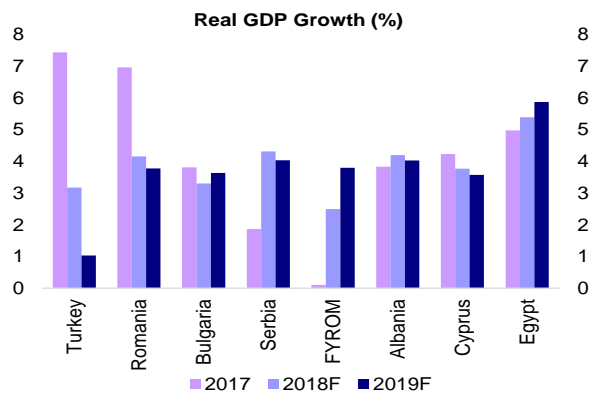
N.A.



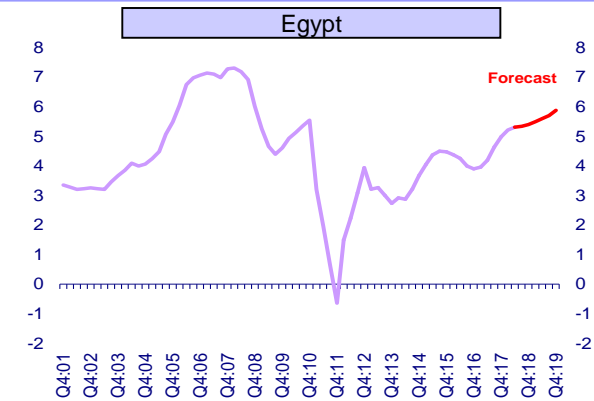
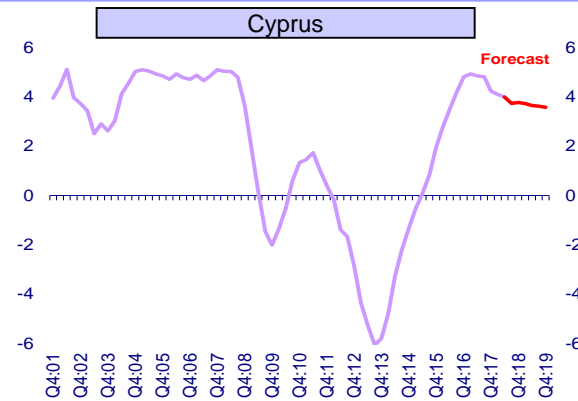
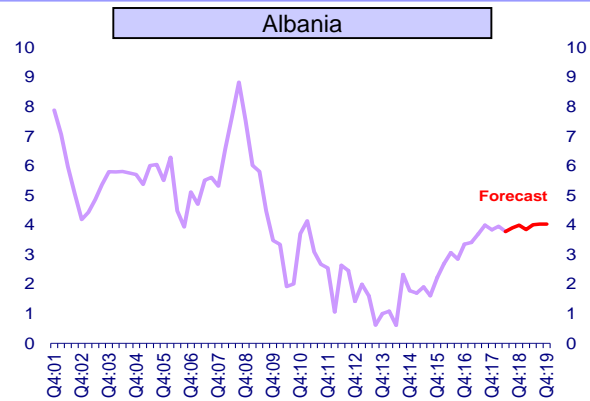
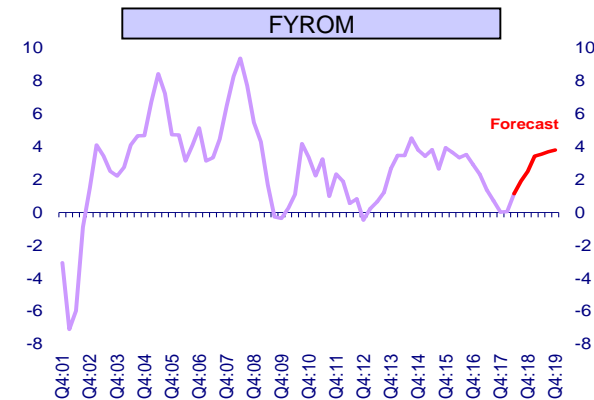
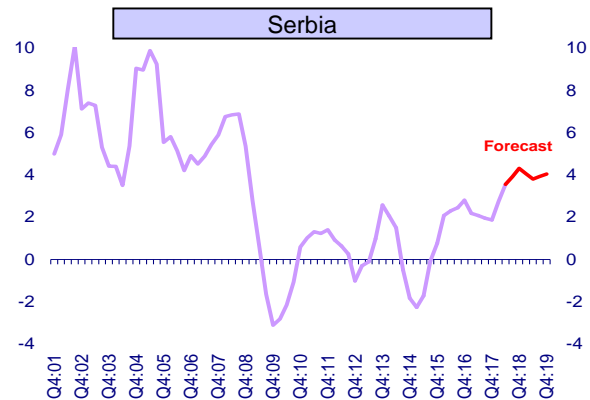
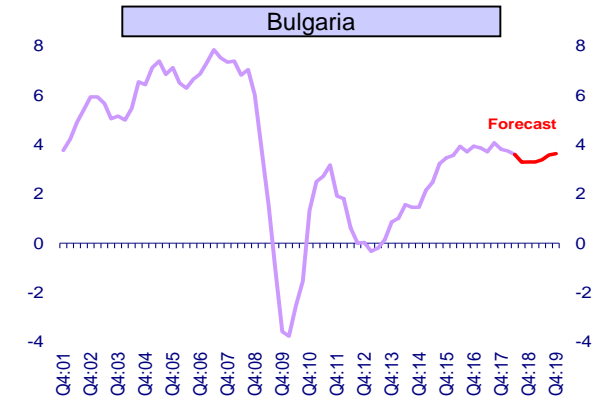
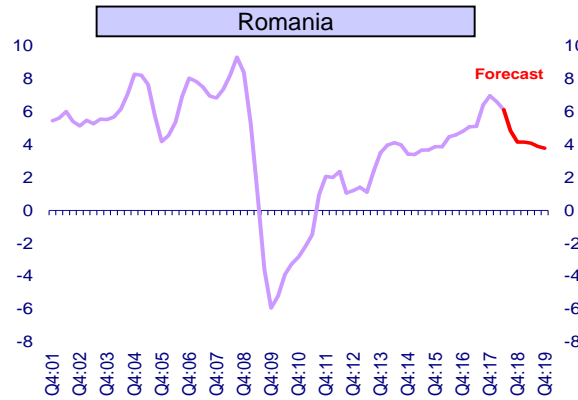
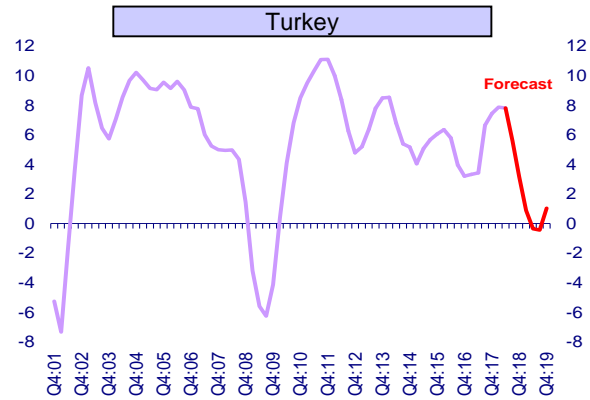
All economies under review are set to post solid growth this year (higher than 2.4%)

This year's growth is expected to surpass its potential in Serbia, Albania, Cyprus and Egypt

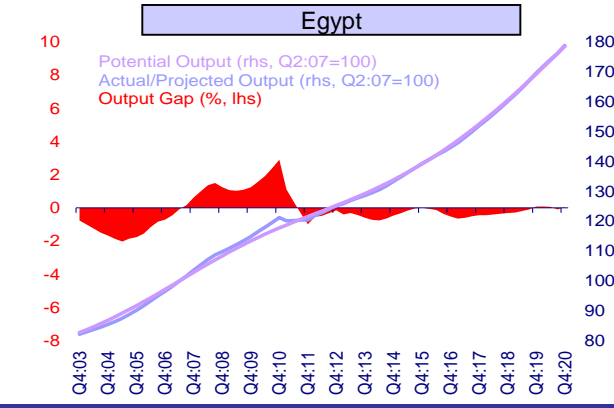
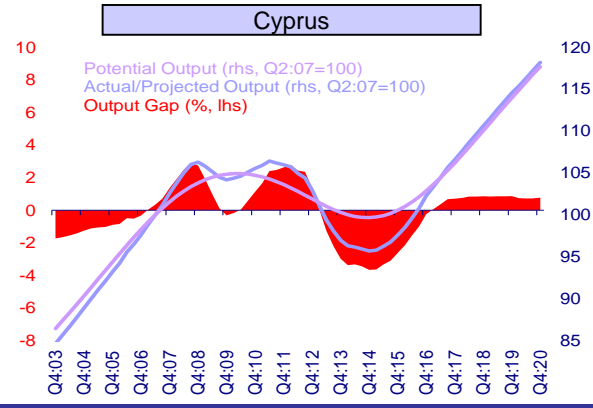
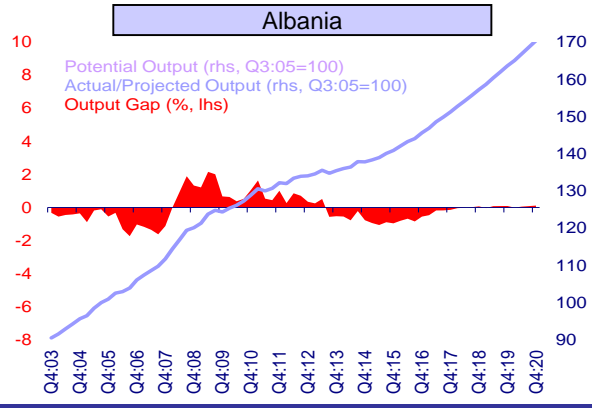
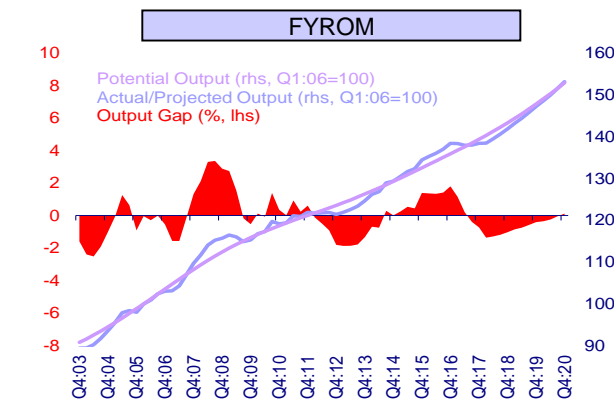
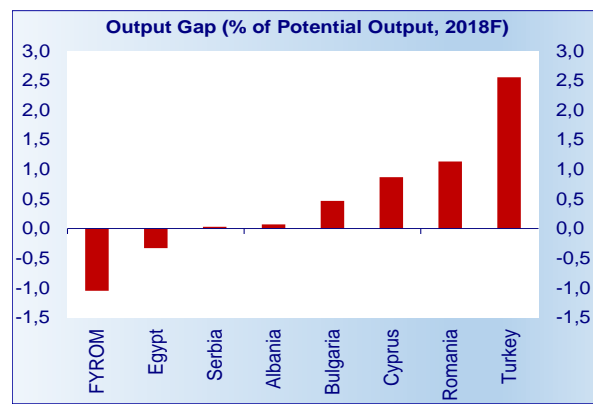
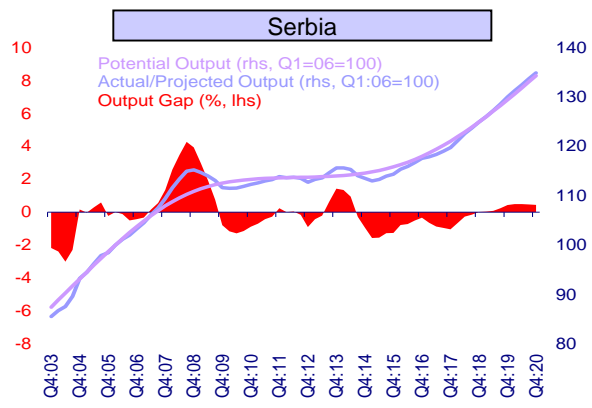
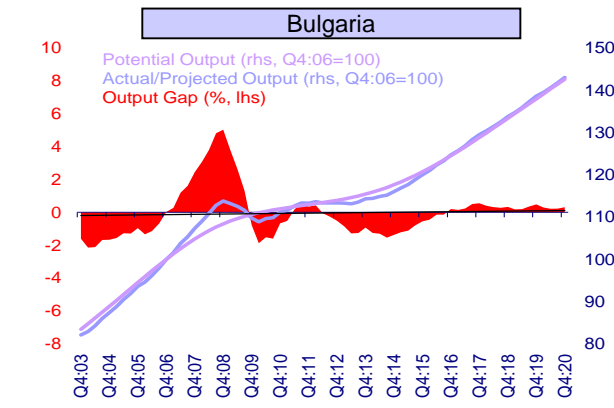
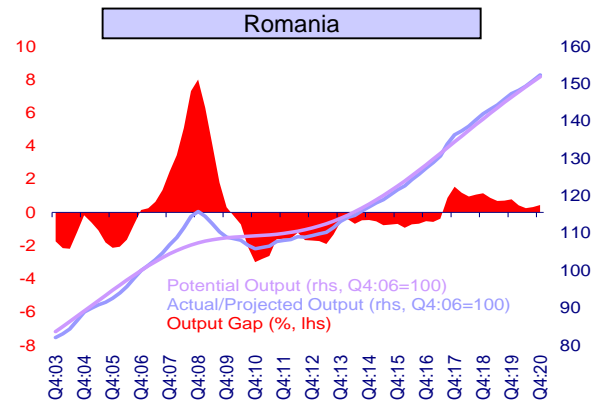
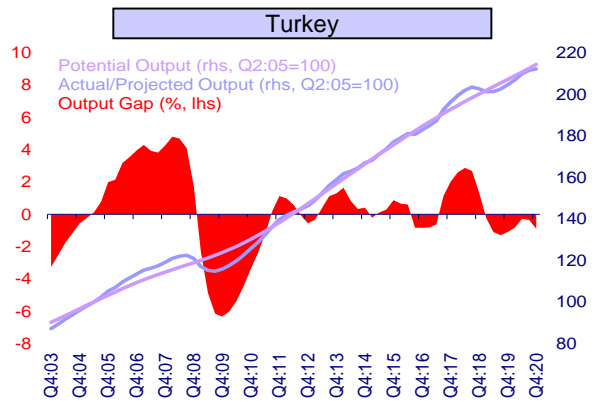
A large positive output gap in Romania points to an overheating of the economy and increasing inflationary pressures



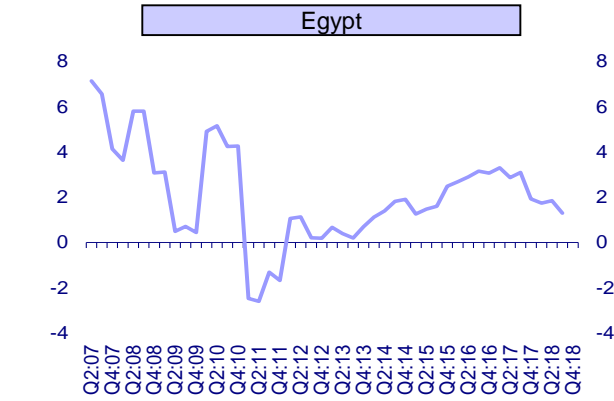
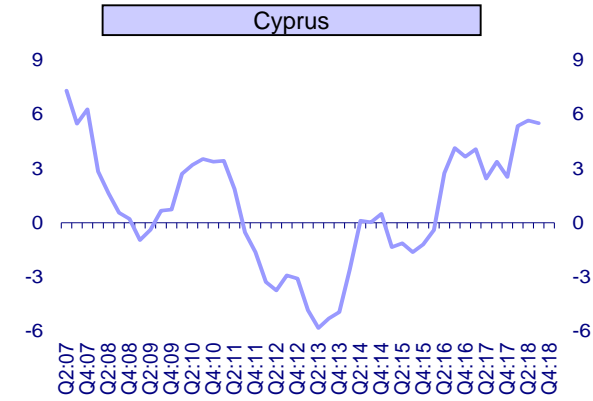
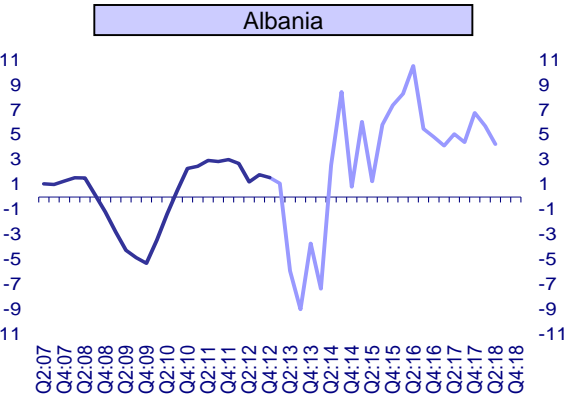
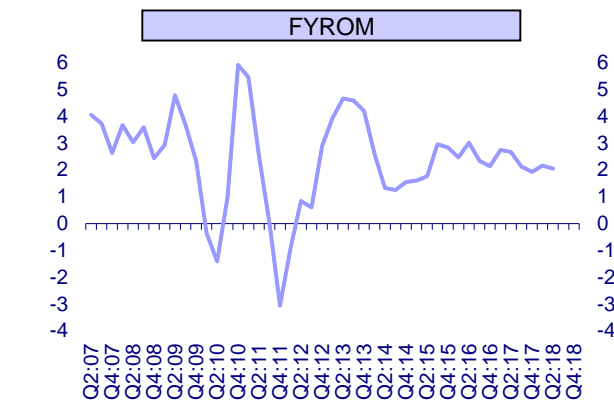
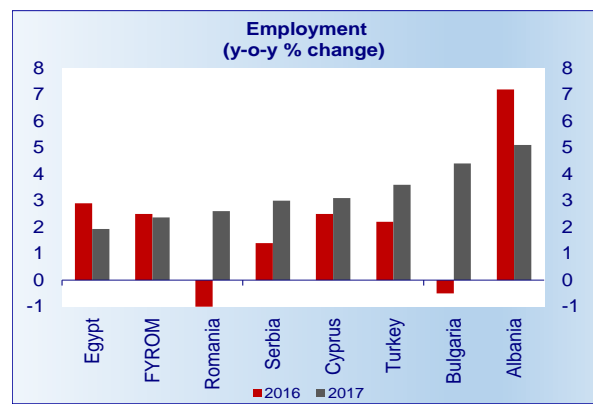
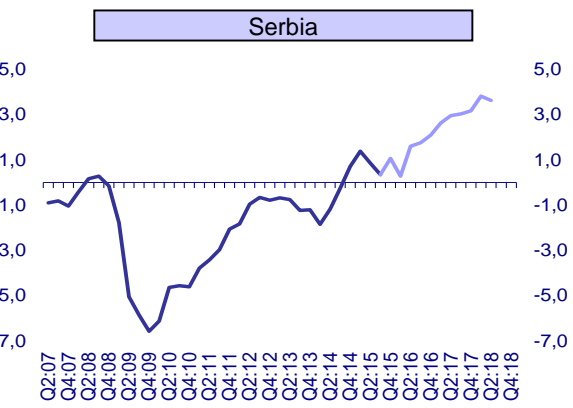
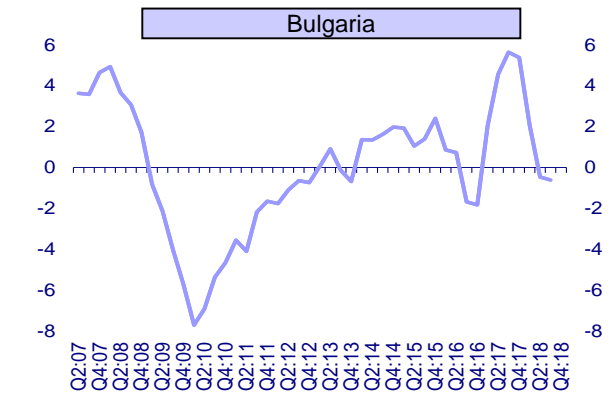
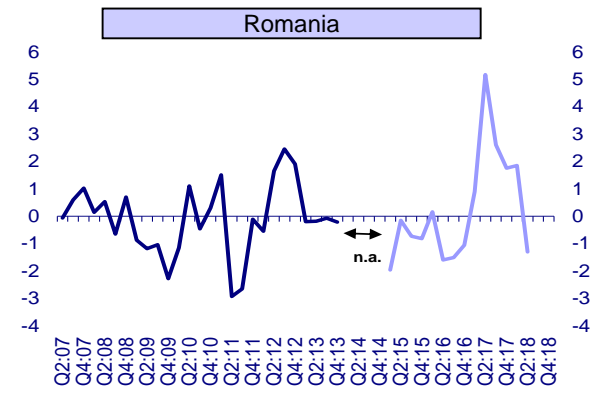
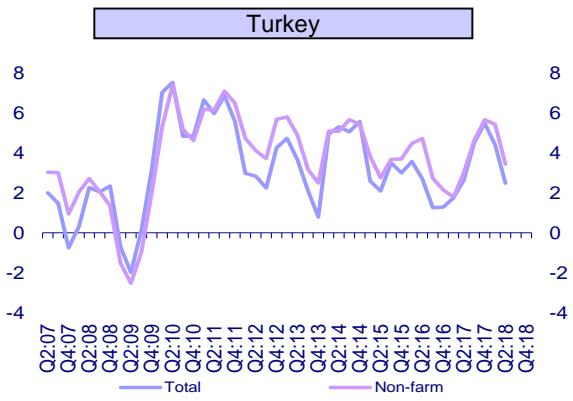
GDP growth is expected to range between 2.5% (FYROM) and 5.4% (Egypt) this year in the economies under review



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

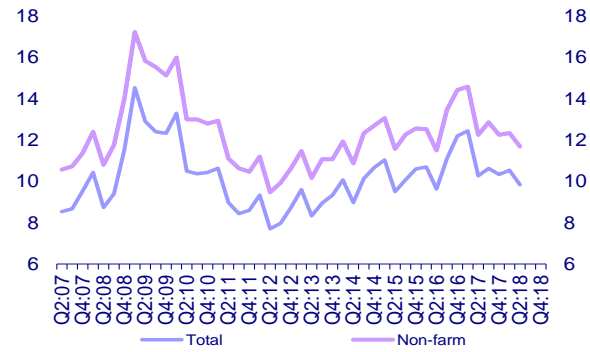


Accelerating employment growth should support further economic activity this year in Serbia and Cyprus

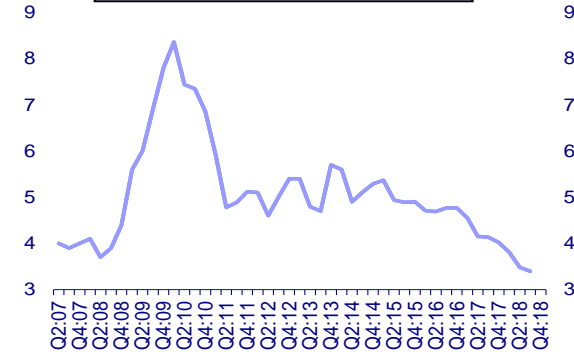


The unemployment rate should continue on its downward trend this year in all countries under review, with the exception of Turkey

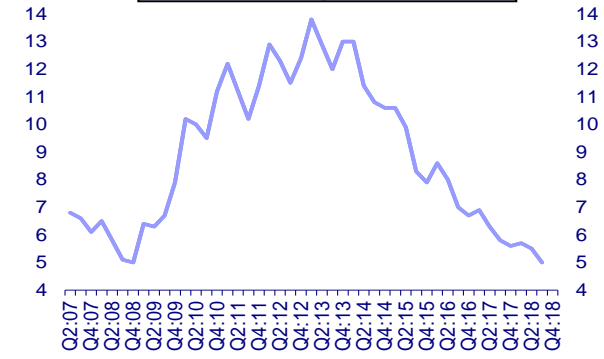
Turkey



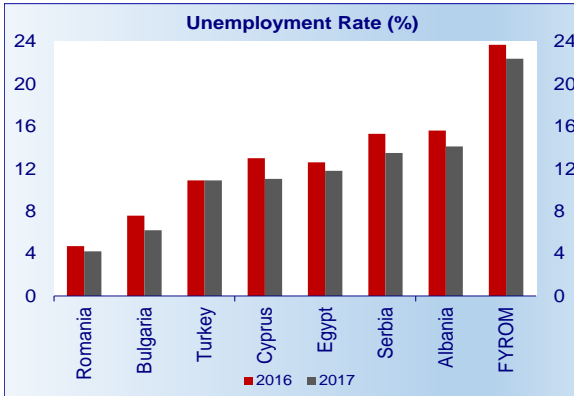
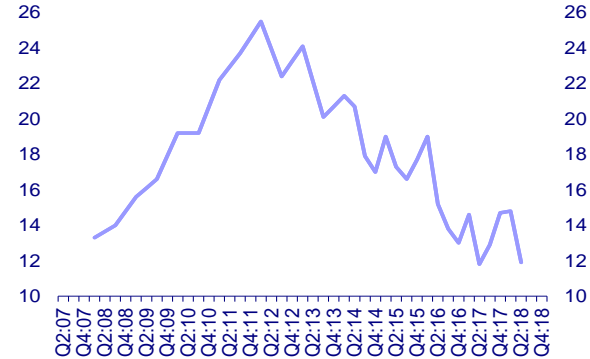
Romania



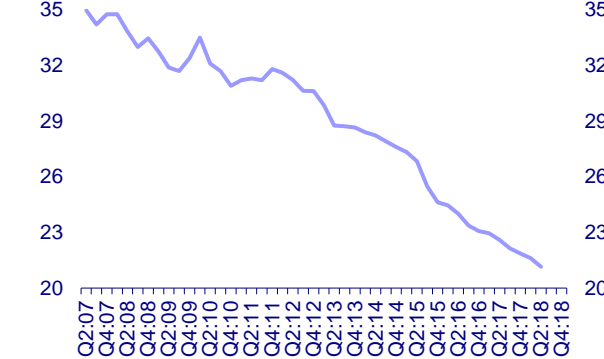
Bulgaria



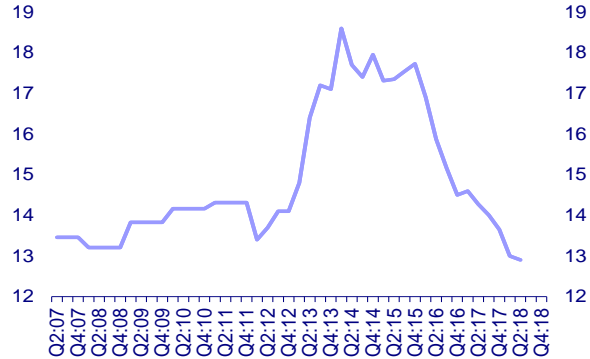
Serbia



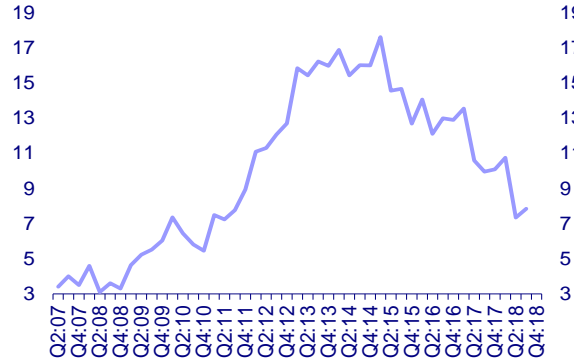
FYROM



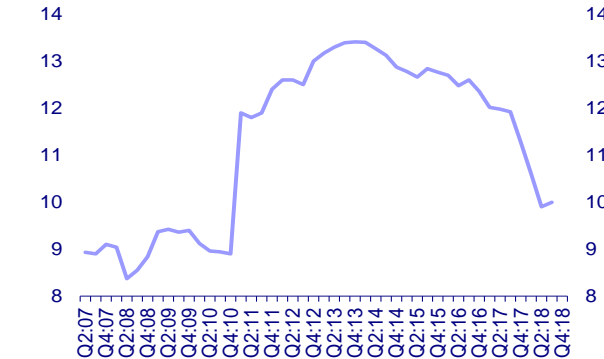
Albania



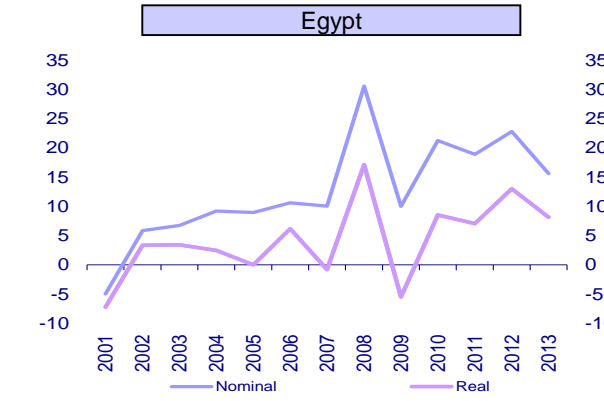
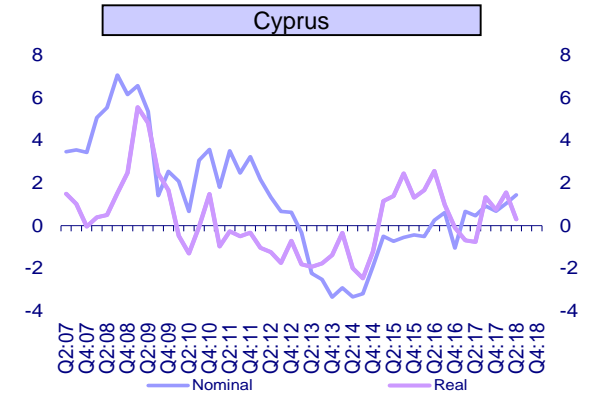
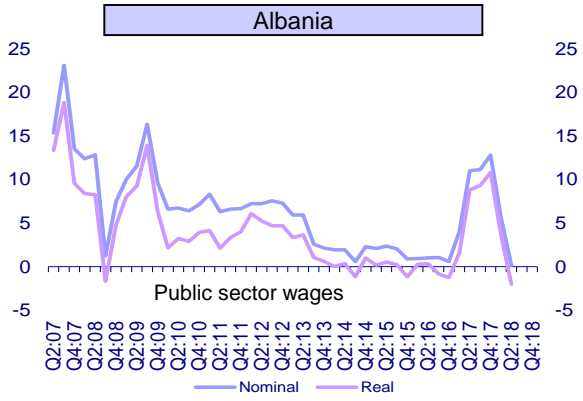
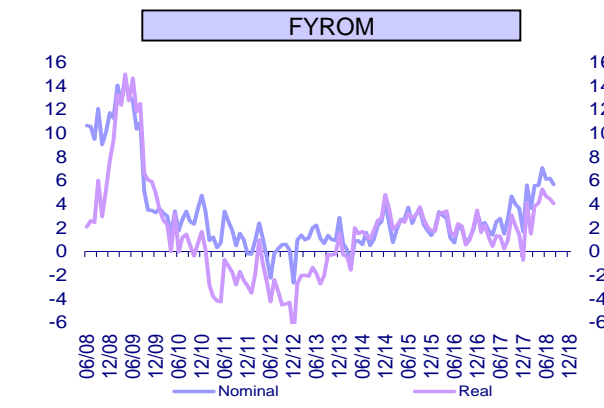
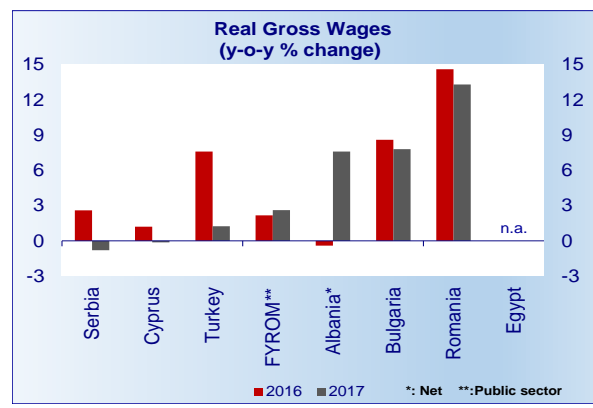
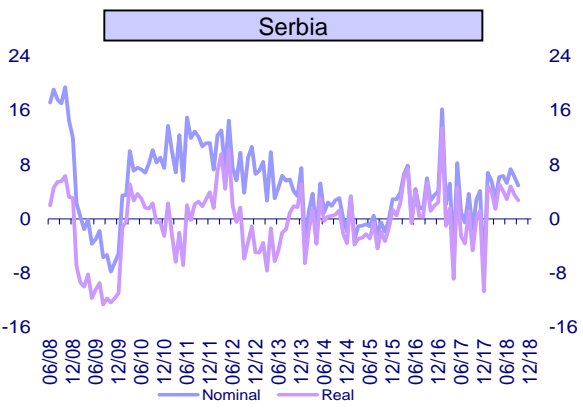
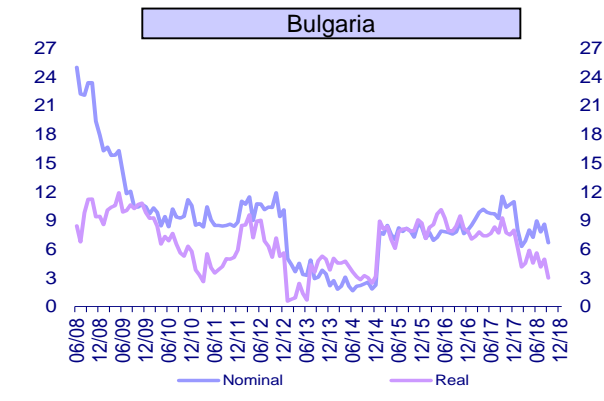
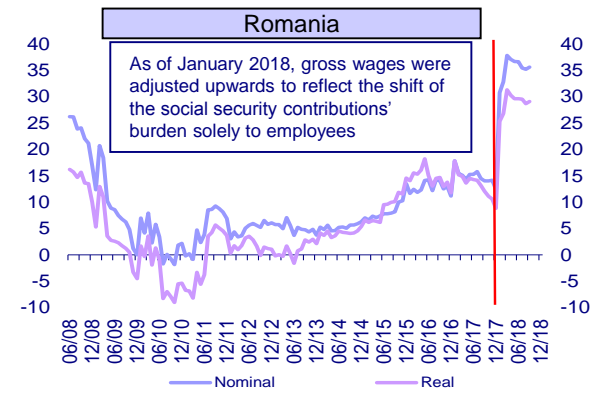
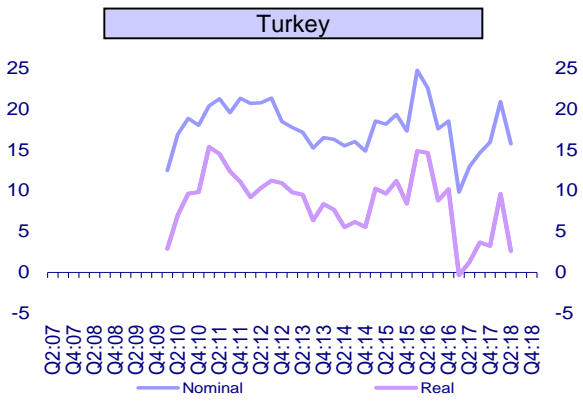
Cyprus



Egypt

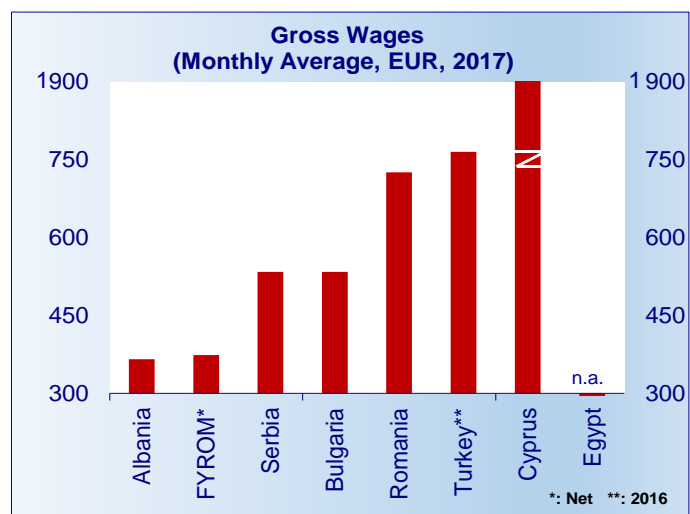


Rising inflation is tempering real wage growth in most of the countries under review



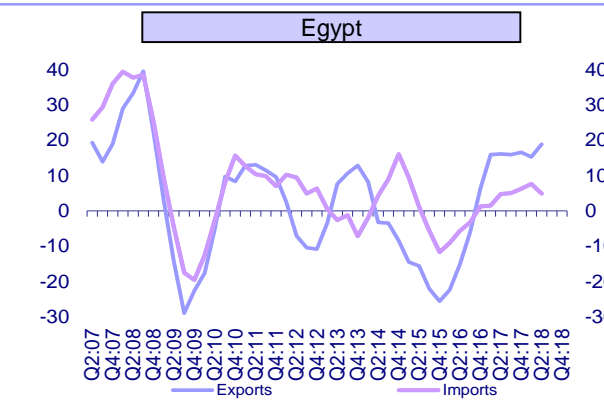
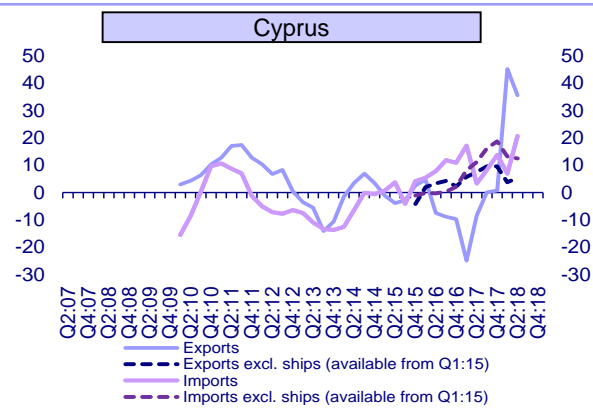
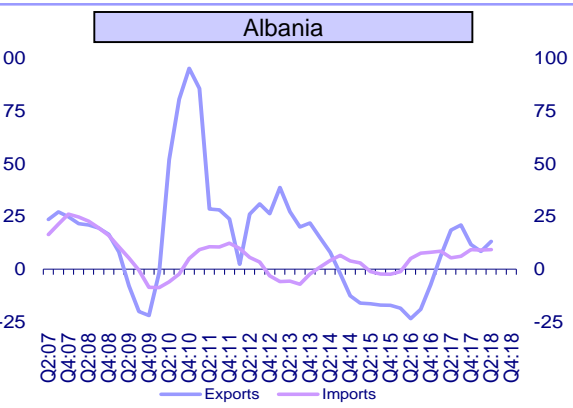
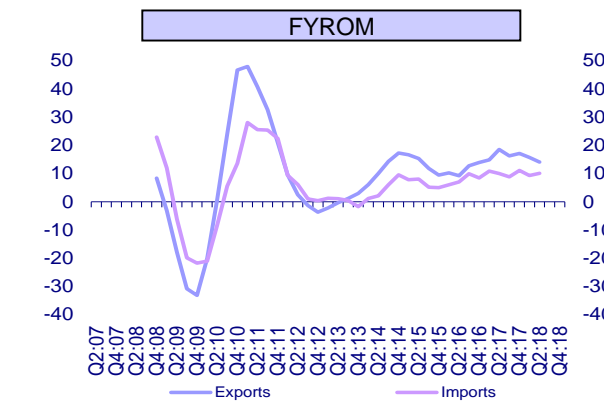
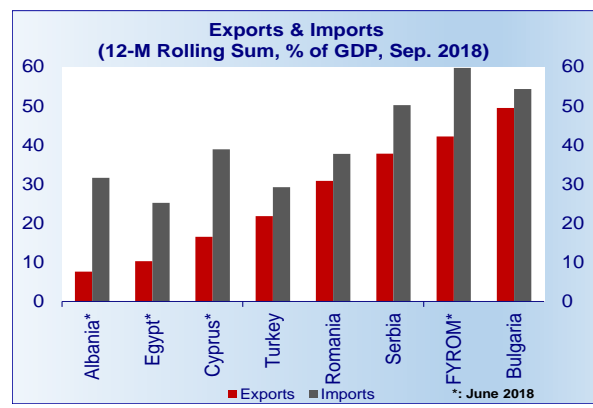
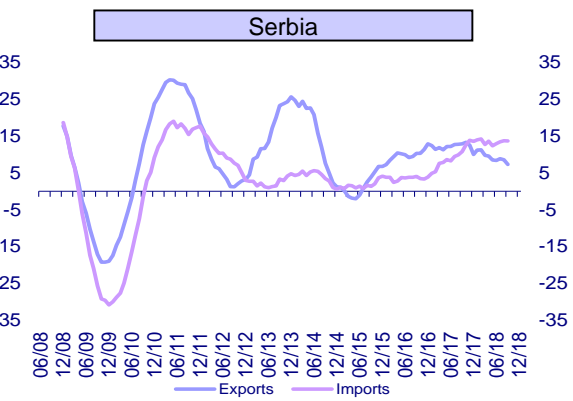
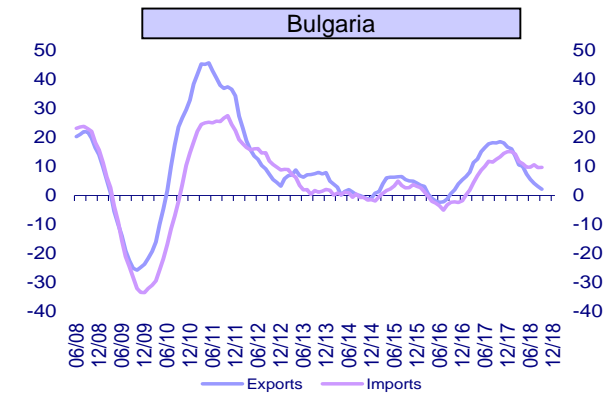
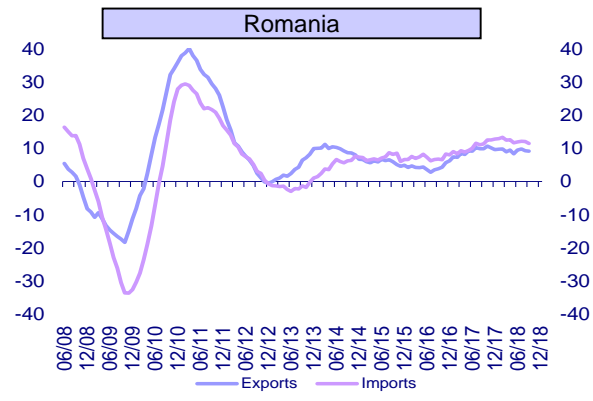
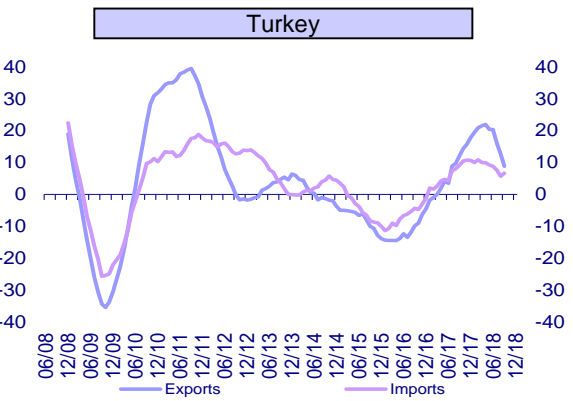
FYROM and Albania are the most competitive in terms of labour costs

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

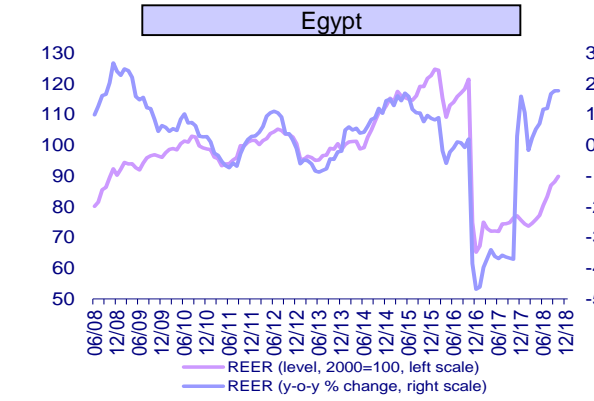
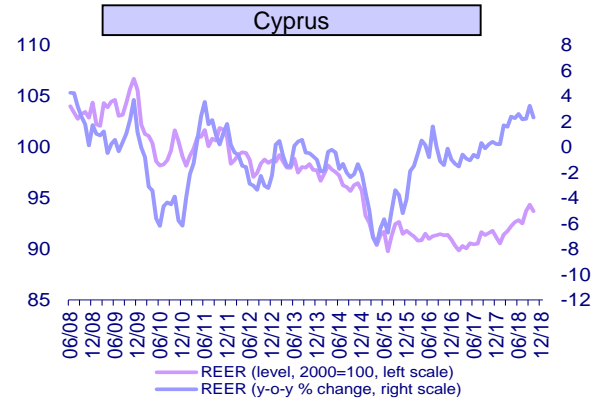
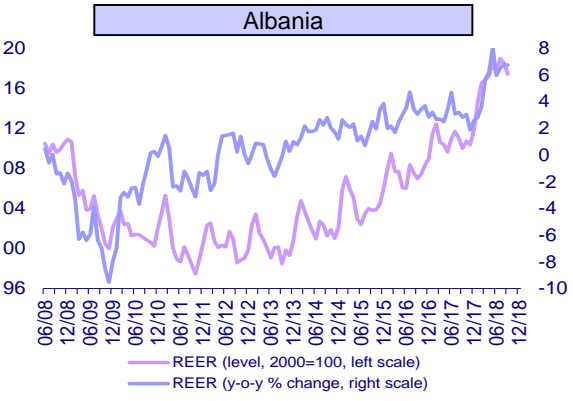
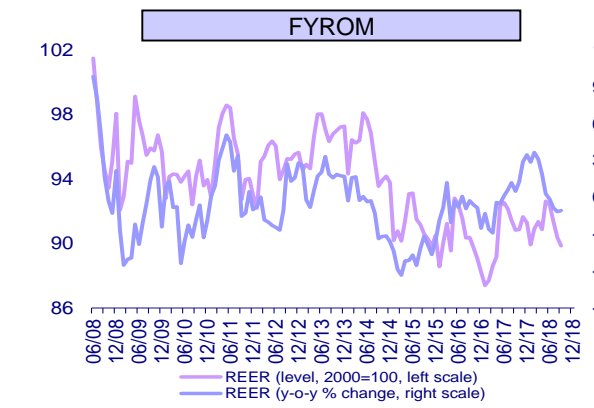
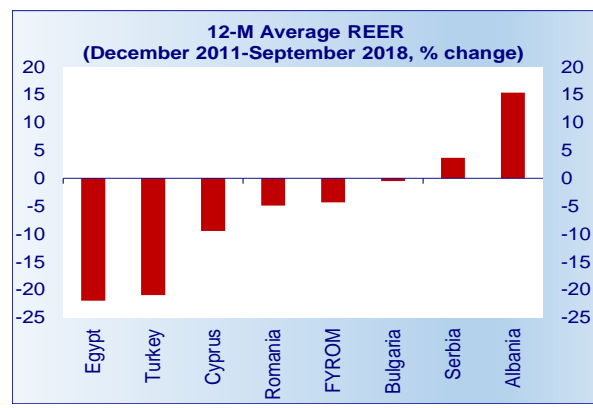
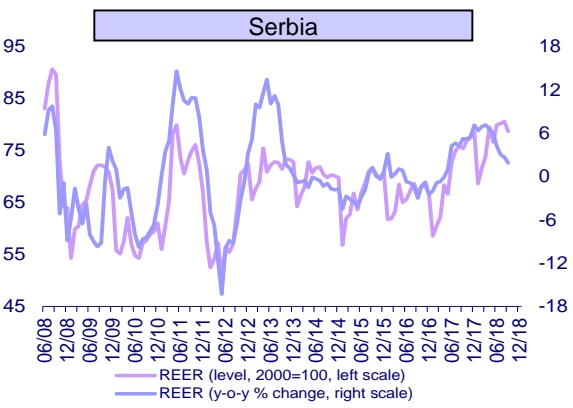
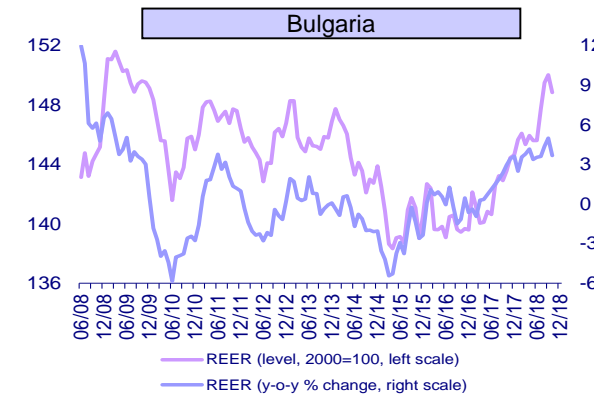
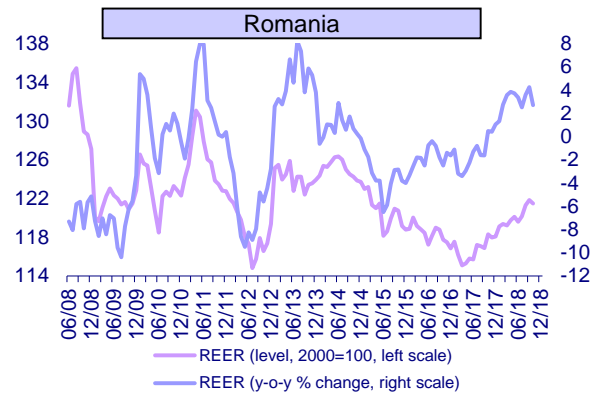
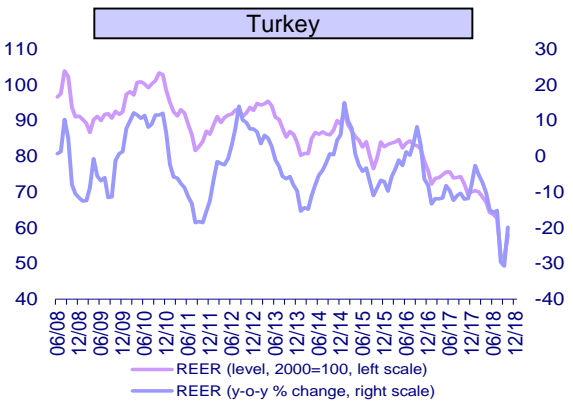


	Tax Rates (%)	
	Personal Income	Corporate Income
Turkey	15.0 - 35.0	22.0
Romania	10.0	16.0
Bulgaria	10.0	10.0
Serbia	10.0	15.0
FYROM	10.0	10.0
Albania	13.0 - 23.0	15.0
Cyprus	20.0 - 35.0	12.5
Egypt	10.0 - 22.0	23.0
Greece	22.0 - 45.0	29.0

Increasing pressures on the current account in Romania, Bulgaria and Serbia this year, as exports are expanding at a slower pace than imports

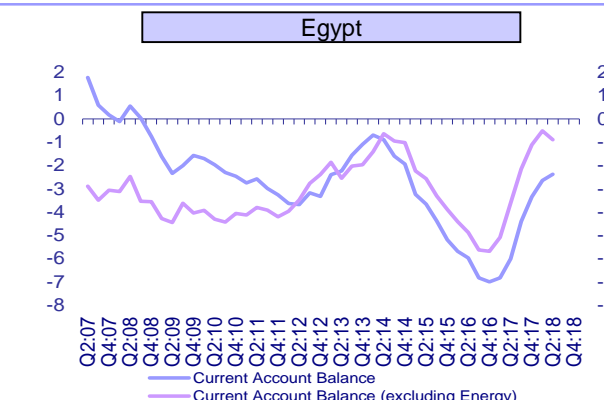
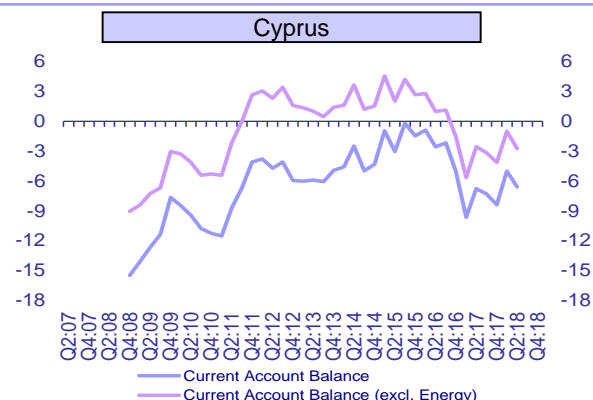
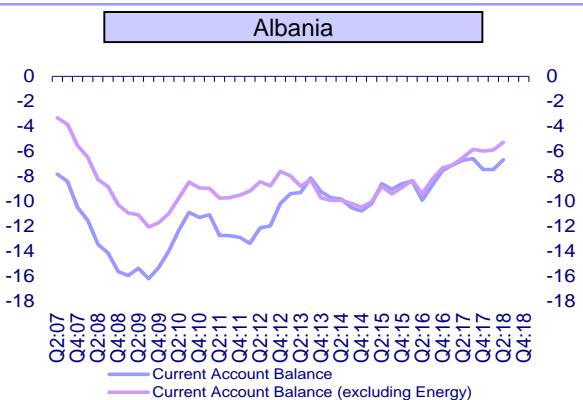
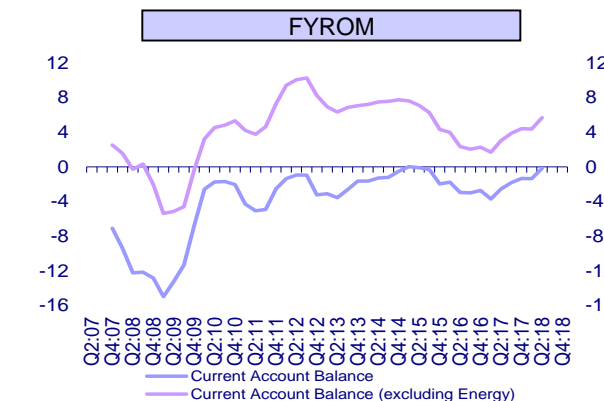
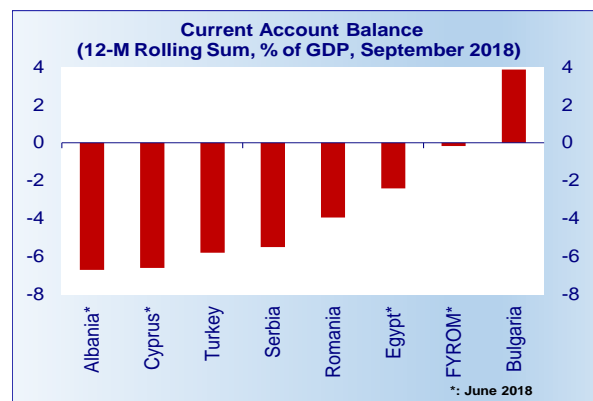
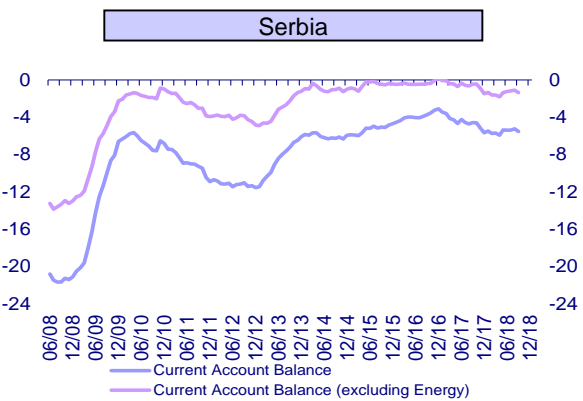
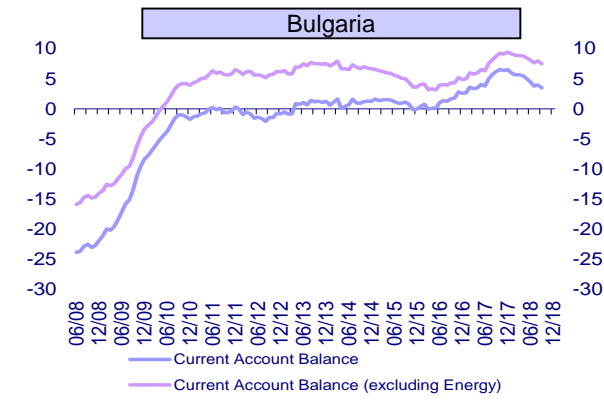
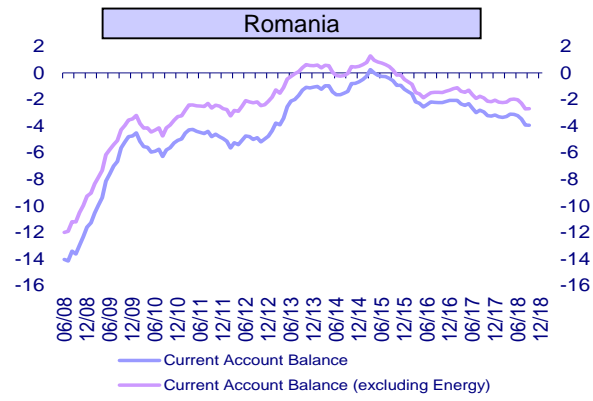
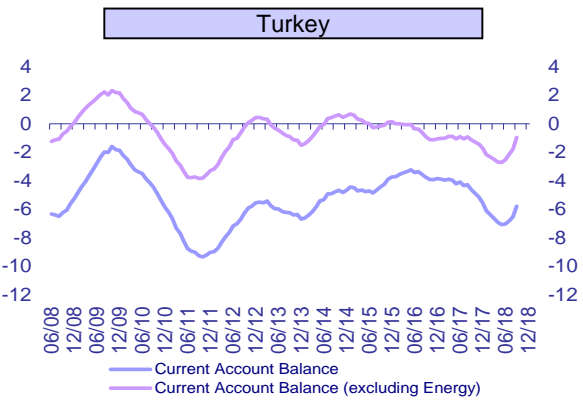


Competitiveness in all the countries under review has improved over the past 6 years, excluding Albania and Serbia



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

The current account deficit is set to remain at sustainable levels this year in most of the economies under review, on the back of still strong external demand.
 Bulgaria remains, by far, the best performer among the economies under review

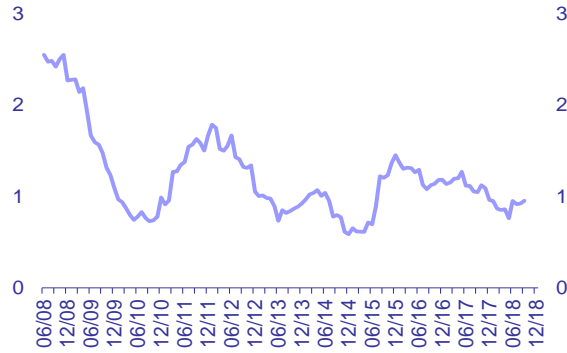


Net foreign direct investment (12-month rolling, % of GDP)

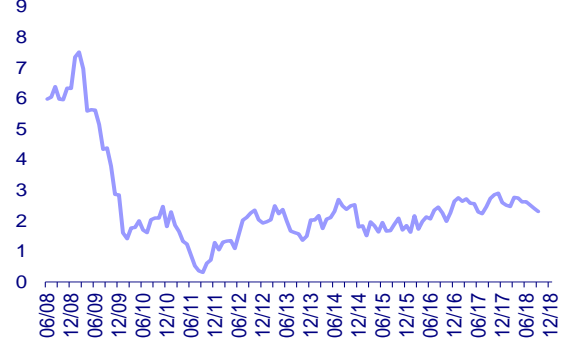
Net FDI remains close to historically low levels in most of the countries under review.

In Albania, net FDI continues to fluctuate around 8% of GDP, for a 10th consecutive year, mainly on the back of large investments in energy projects

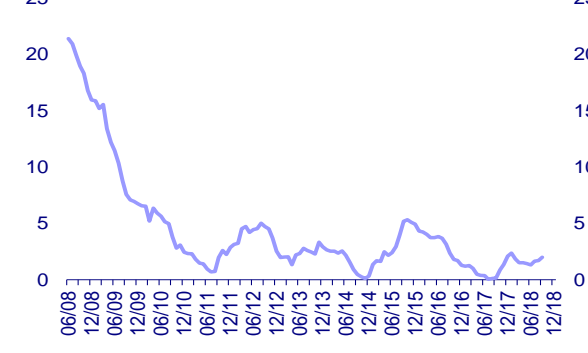
Turkey



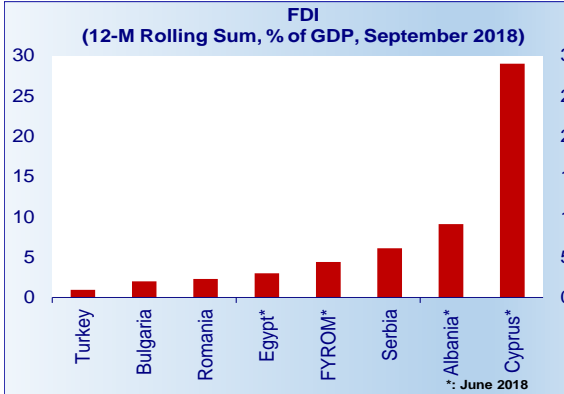
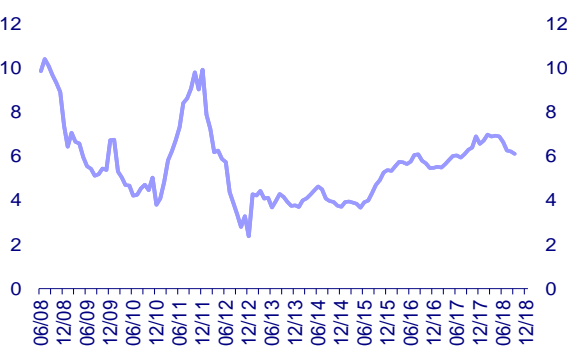
Romania



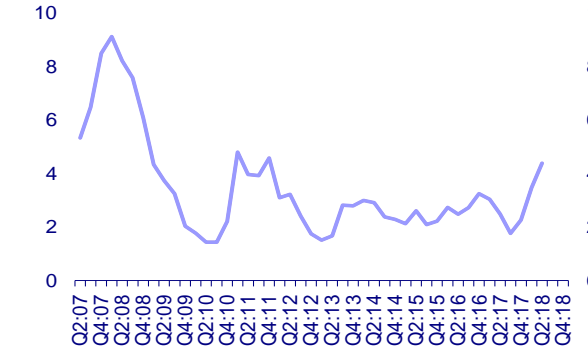
Bulgaria



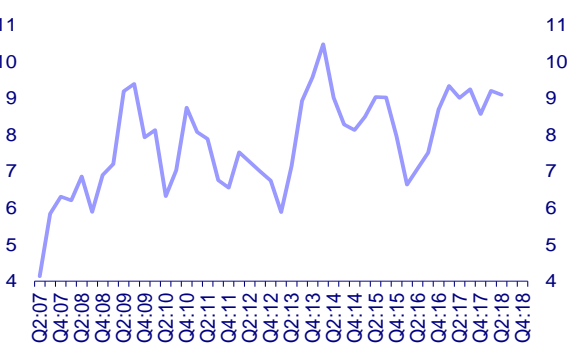
Serbia



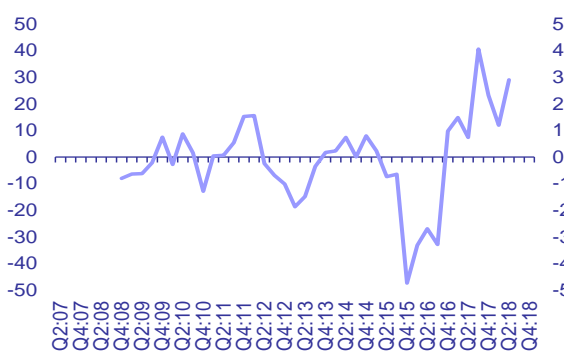
FYROM



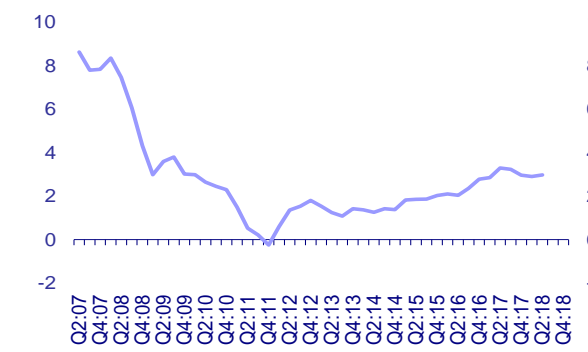
Albania



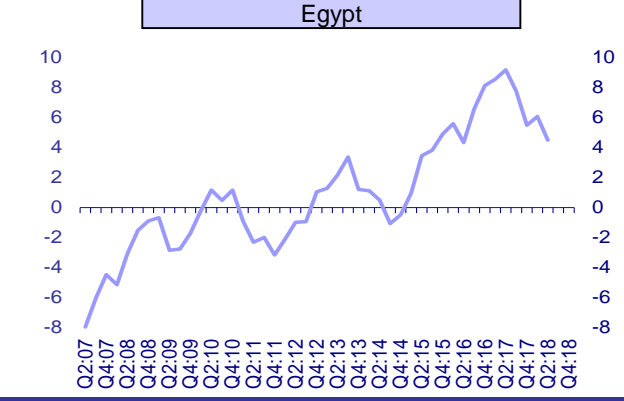
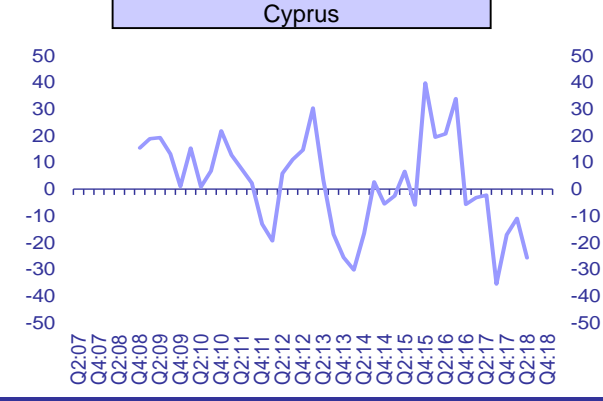
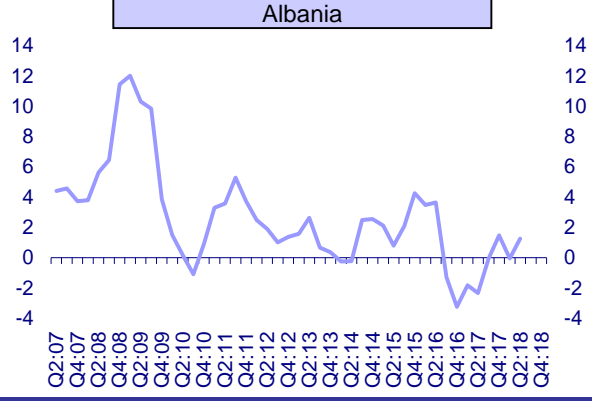
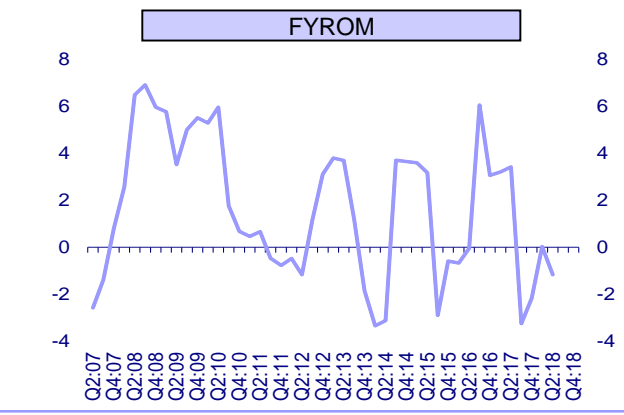
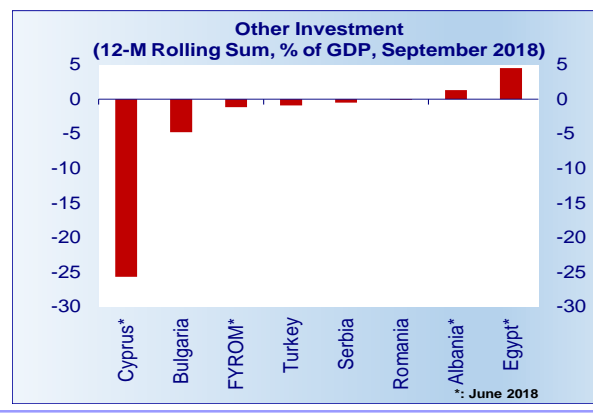
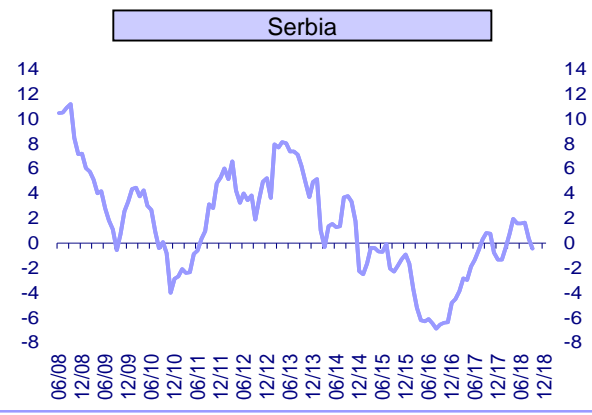
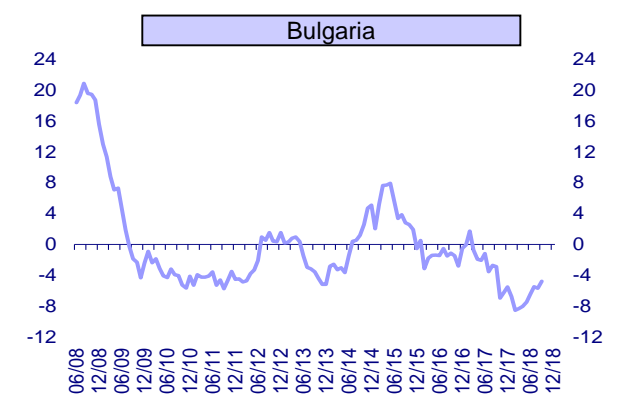
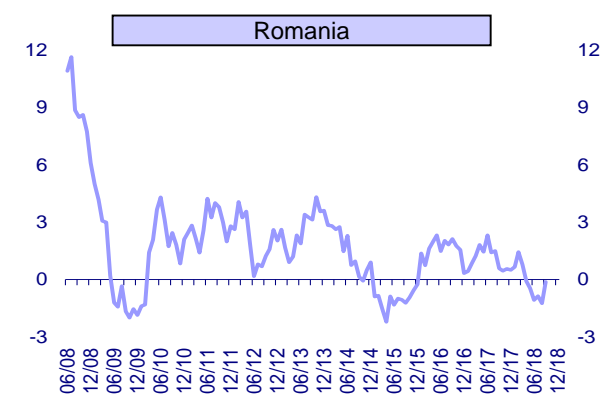
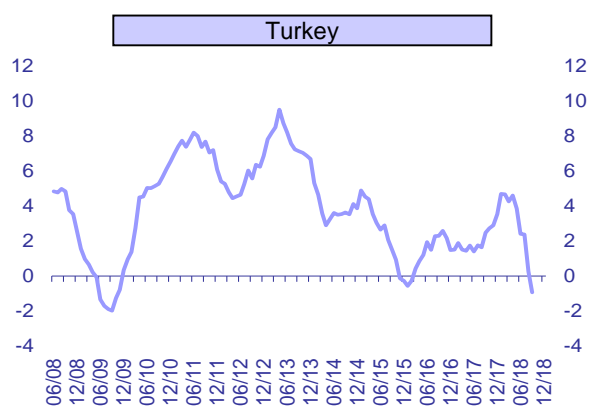
Cyprus



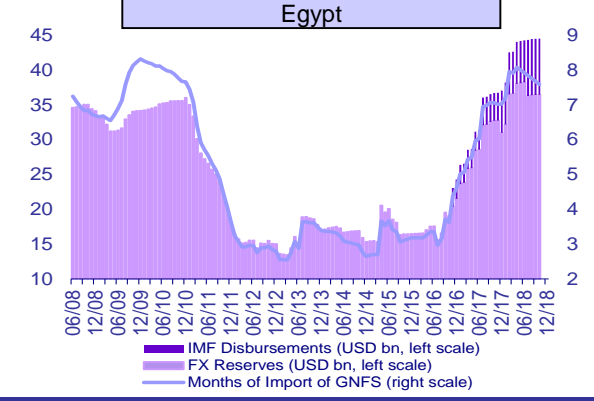
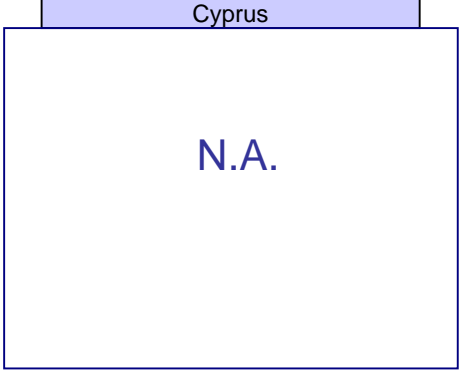
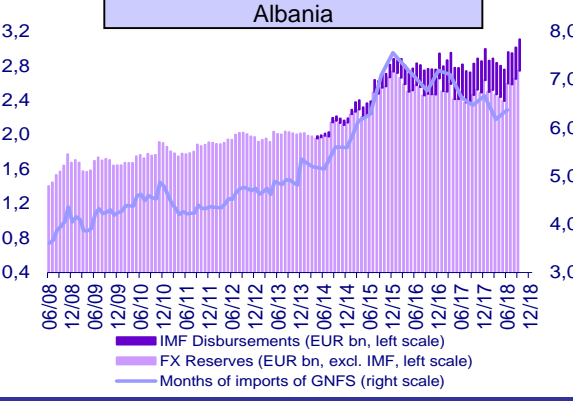
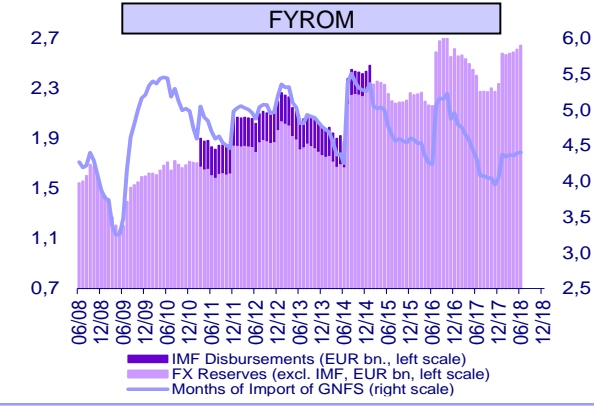
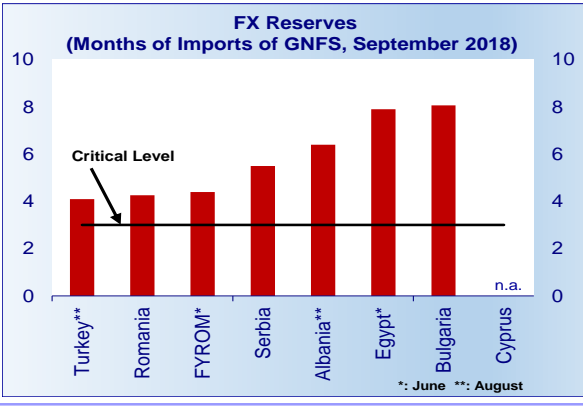
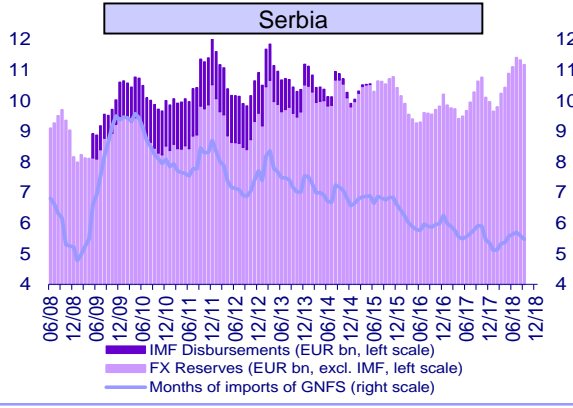
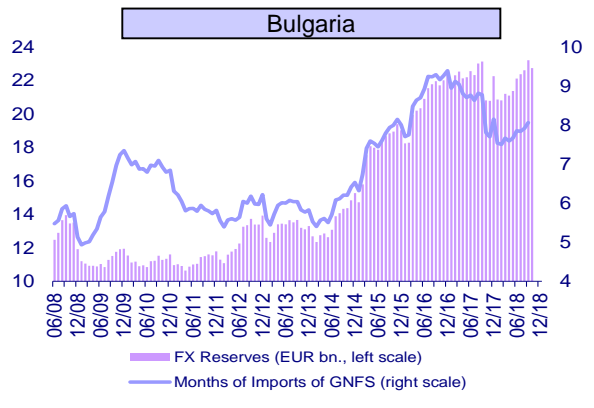
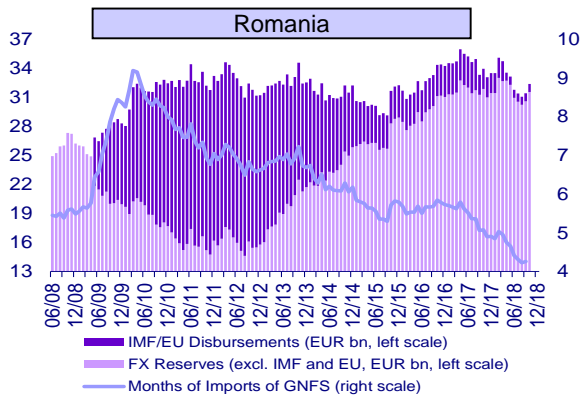
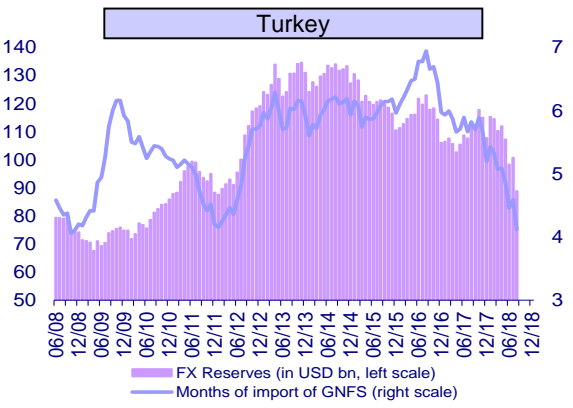
Egypt



Weaker "other net capital" inflows in most of the countries under review this year, mainly due to tighter global liquidity conditions

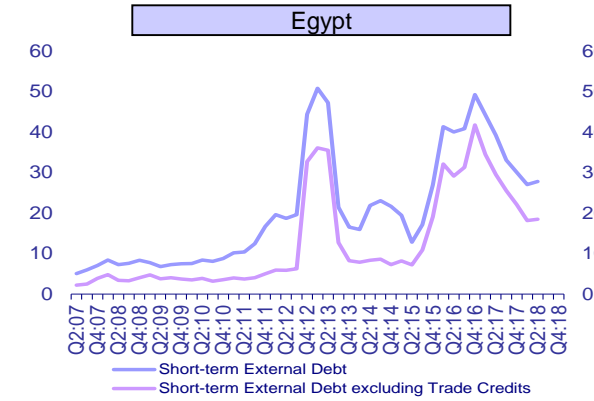
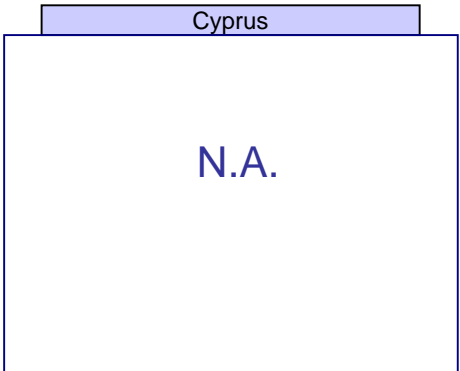
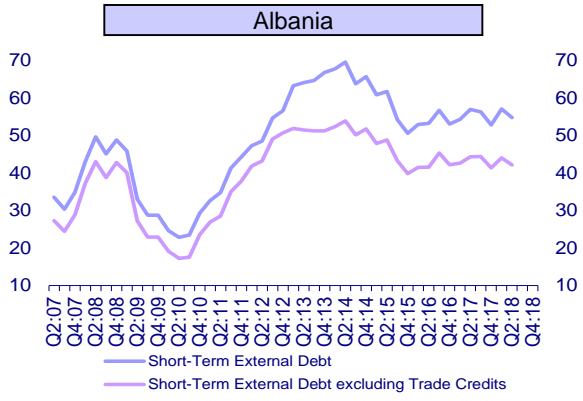
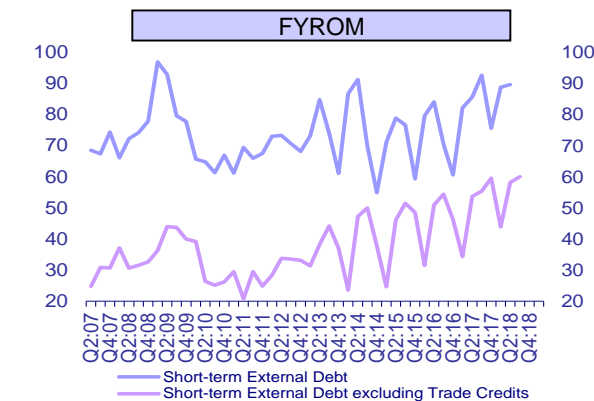
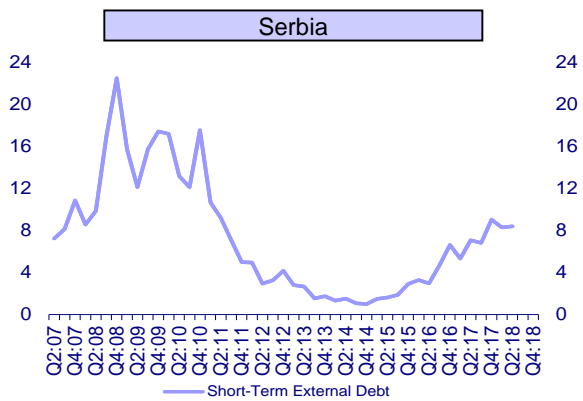
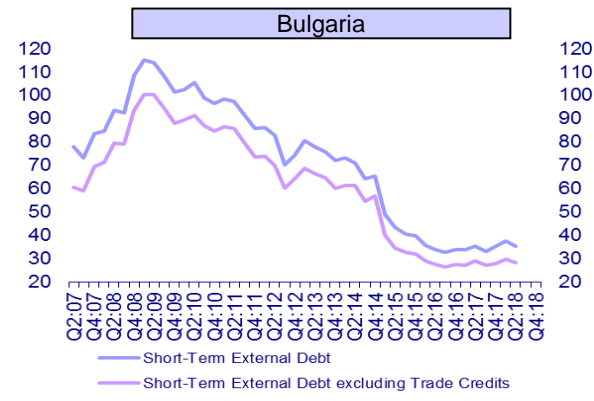
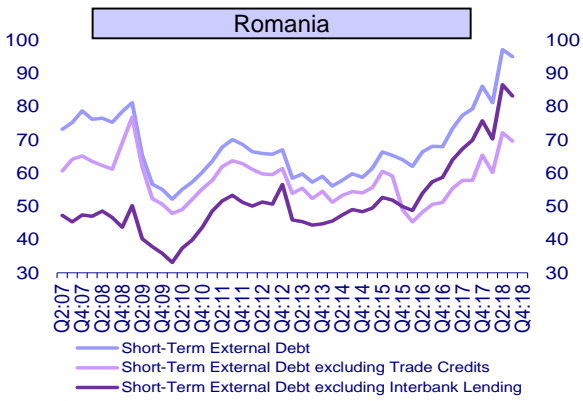
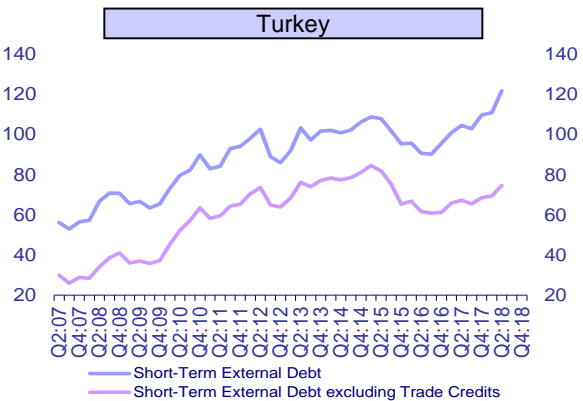


In all countries under review, import coverage largely surpasses the critical level of 3 months



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

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



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

The current account deficit is expected to widen further this year in Romania; but more than half of it should be covered through non-debt generating FDI inflows

Turkey	Dec. 16	Dec.17	Sep. 17	Sep. 18	Dec. 18F
Current account balance	-3.8	-5.6	-4.6	-5.8	-4.5
Net FDI	1.2	1.0	1.0	1.0	1.0
Other net capital inflows *	1.5	3.5	2.5	-0.9	1.0@

Romania	Dec. 16	Dec.17	Sep. 17	Sep. 18	Dec. 18F
Current account balance	-2.1	-3.2	-2.9	-3.9	-4.0
Net FDI	2.6	2.6	2.7	2.3	2.3
Other net capital inflows *	0.3	1.1	1.2	0.5	1.5@

Bulgaria	Dec. 16	Dec.17	Sep. 17	Sep. 18	Dec. 18F
Current account balance	2.6	6.5	6.2	3.5	2.8
Net FDI	1.3	2.1	0.2	2.0	2.0
Other net capital inflows *	-0.5	-5.5	-2.9	-4.8	-3.2@

Serbia	Dec. 16	Dec.17	Sep. 17	Sep. 18	Dec. 18F
Current account balance	-3.1	-5.7	-4.6	-5.5	-5.2
Net FDI	5.5	6.6	6.3	6.1	6.2
Other net capital inflows *	-4.8	-1.3	0.8	-0.5	0.2@

FYROM	Dec. 16	Dec.17	Jun. 17	Jun. 18	Dec. 18F
Current account balance	-2.7	-1.3	-2.6	-0.2	-1.3
Net FDI	3.3	2.3	2.5	4.4	3.9
Other net capital inflows *	3.1	-2.2	3.4	-1.2	1.4@

Albania	Dec. 16	Dec.17	Jun. 17	Jun. 18	Dec. 18F
Current account balance	-7.5	-7.5	-6.7	-6.7	-6.8
Net FDI	8.7	8.6	-9.0	-9.1	7.7
Other net capital inflows *	-3.3	1.5	-2.3	1.3	2.4@,**

Cyprus	Dec. 16	Dec.17	June 17	June 18	Dec. 18F
Current account balance	-5.1	-8.4	-6.8	-6.6	-6.9
Net FDI	9.8	23.2	7.4	29.0	6.8
Other net capital inflows *	-5.0	-17.1	-2.2	-25.7	0.1@

Egypt #	June 15	June 16	June 17	June 18	June 19F
Current account balance	-3.7	-6.0	-6.0	-2.4	-1.8
Net FDI	1.9	2.0	3.3	3.1	3.1
Other net capital inflows *	3.5	4.3	9.2	4.5	-3.4@

** : including a 7-year EUR 500mn Eurobond (3.9% of GDP) issued in October -- partially used (EUR 200mn) for the early repayment of the Eurobond maturing in 2020

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

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

Turkey (USD bn)	2017	2018F	2019F
Financing Needs	215.4	225.0	224.5
Cur. Acct Deficit	47.4	35.1	23.9
Amort. + Other	168.0	189.9	200.6
Financing Sources	217.0	205.5	221.8
FDI	8.2	7.5	7.0
IMF	0.0	0.0	0.0
Other IFIs	n.a.	n.a.	n.a.
Other	208.8	198.0	214.8
Change in FX Res.	1.6	-19.5	-2.7

Romania (EUR bn)	2017	2018F	2019F
Financing Needs	39.5	43.1	43.8
Cur. Acct Deficit	6.0	8.0	9.4
Amort. + Other	33.5	35.1	34.4
Financing Sources	38.8	41.4	42.0
FDI	4.9	4.6	5.2
IMF	0.0	0.0	0.0
Other IFIs	-0.7	-1.4	-1.0
Other	34.6	38.2	37.8
Change in FX Res.	-0.7	-1.7	-1.8

Bulgaria (EUR bn)	2017	2018F	2019F
Financing Needs	9.2	9.6	11.0
Cur. Acct Deficit	-3.4	-1.5	-0.4
Amort. + Other	12.6	11.1	11.4
Financing Sources	9.0	10.5	11.8
FDI	1.1	1.1	1.2
IMF	0.0	0.0	0.0
Other IFIs	n.a.	n.a.	n.a.
Other	7.9	9.4	10.6
Change in FX Res.	-0.2	0.9	0.8

Serbia (EUR bn)	2017	2018F	2019F
Financing Needs	5.3	6.7	5.8
Cur. Acct Deficit	2.1	2.1	2.1
Amort. + Other	3.2	4.6	3.7
Financing Sources	5.1	7.2	6.0
FDI	2.4	2.5	2.5
IMF	0.0	0.0	0.0
Other IFIs	0.0	0.0	0.0
Other	2.7	4.7	3.6
Change in FX Res.	-0.2	0.5	0.2

FYROM (EUR bn)	2017	2018F	2019F
Financing Needs	2.1	2.1	2.1
Cur. Acct Deficit	0.1	0.1	0.2
Amort. + Other	2.0	2.0	1.9
Financing Sources	1.8	2.5	2.4
FDI	0.2	0.4	0.4
IMF	0.0	0.0	0.0
Other IFIs	n.a.	n.a.	n.a.
Other	1.6	2.1	2.0
Change in FX Res.	-0.3	0.4	0.3

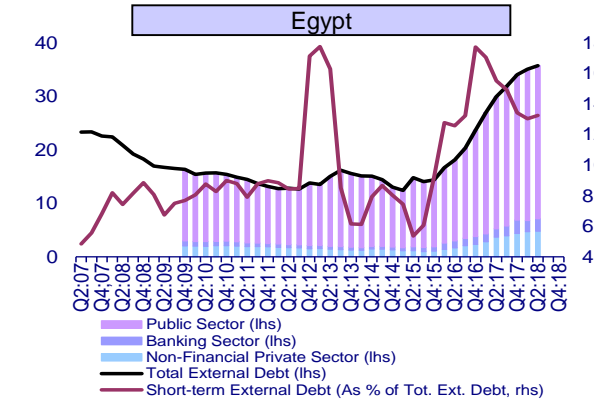
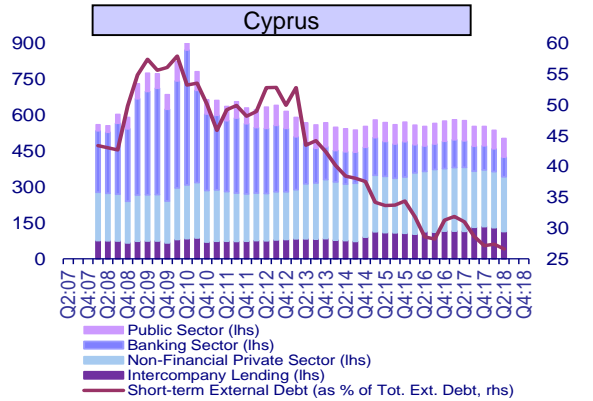
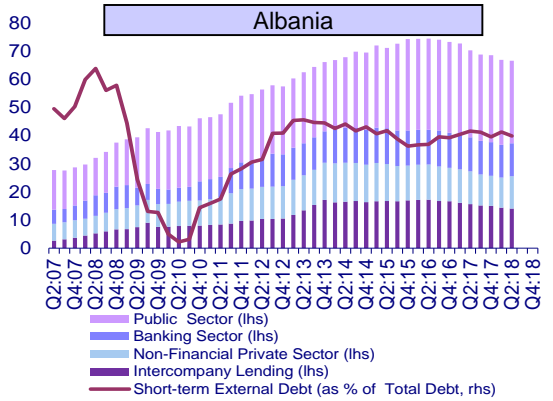
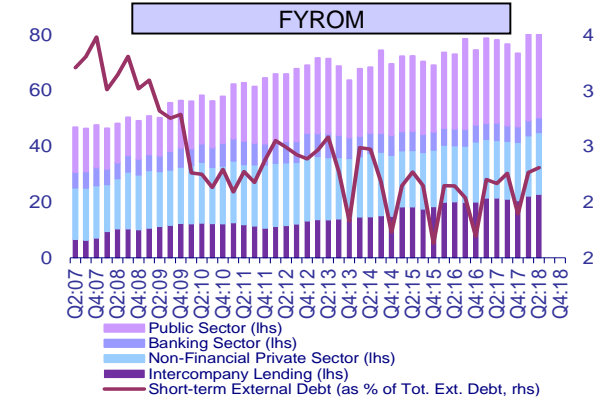
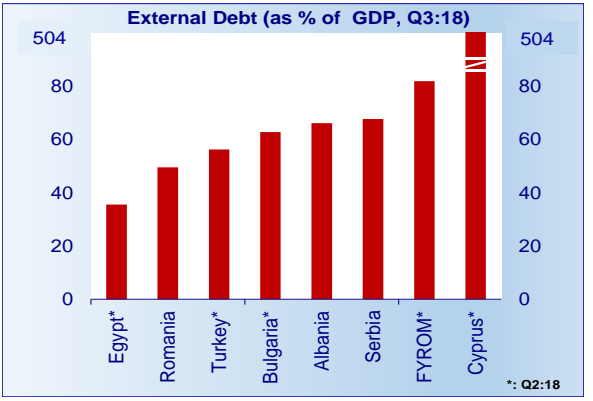
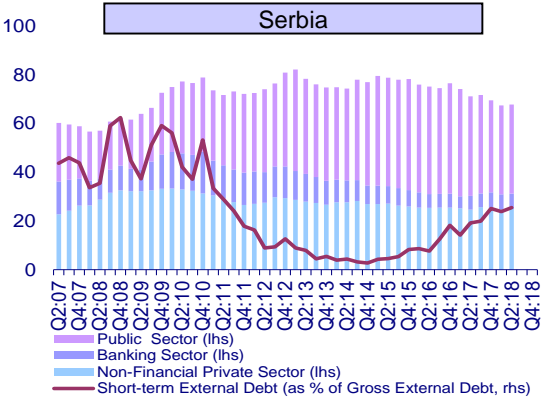
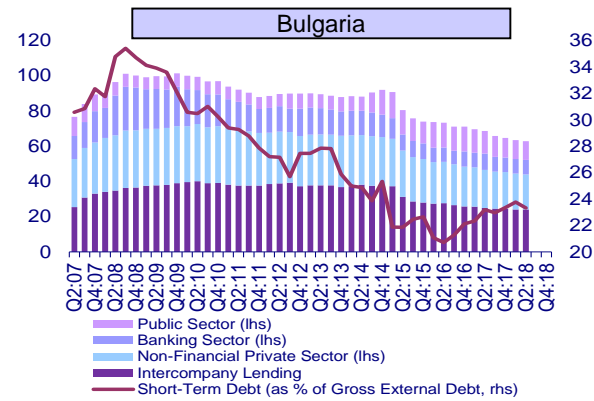
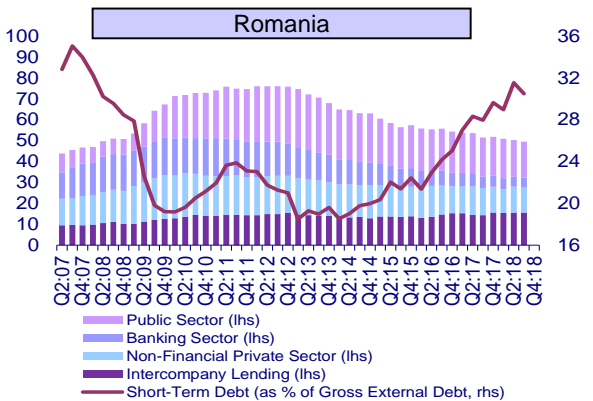
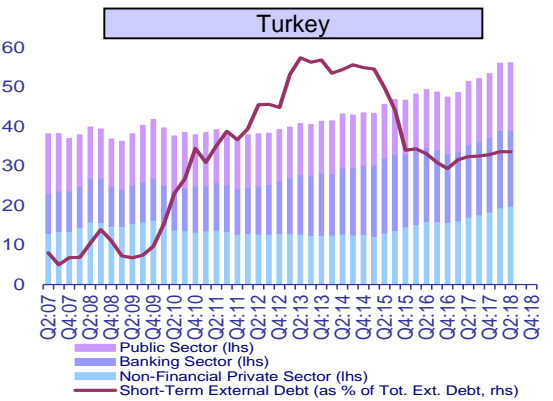
Albania (EUR bn)	2017	2018F	2019F
Financing Needs	1.1	1.1	1.1
Cur. Acct Deficit	0.9	0.9	0.8
Amort. + Other	0.2	0.2	0.2
Financing Sources	1.1	1.3	1.4
FDI	1.0	1.0	1.0
IMF	0.1	0.0	0.0
Other IFIs	0.2	0.0	0.0
Other	-0.1	0.3	0.4
Change in FX Res.	0.1	0.2	0.3

Cyprus (EUR bn)	2017	2018F	2019F
Financing Needs	45.8	47.4	49.2
Cur. Acct Deficit	1.6	1.4	1.8
Amort. + Other	44.2	46.0	47.4
Financing Sources	45.8	47.4	49.2
FDI	4.5	1.4	1.5
IMF	0.0	0.0	0.0
Other IFIs	0.0	0.0	0.0
Other	41.3	46.0	47.7
Change in FX Res.	0.0	0.0	0.0

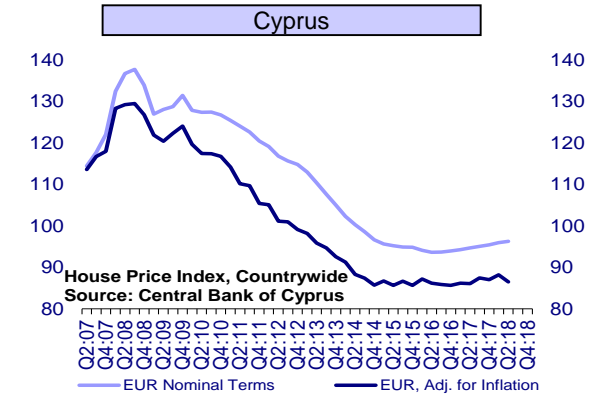
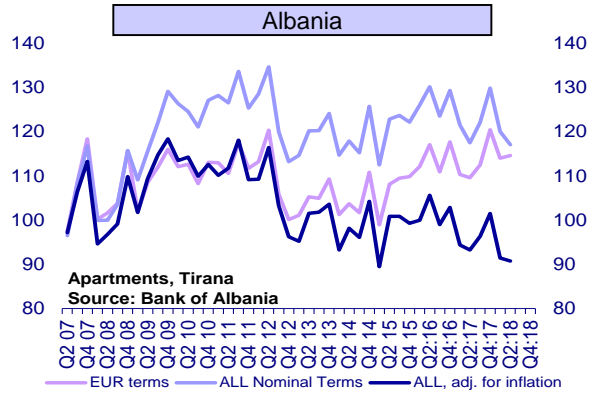
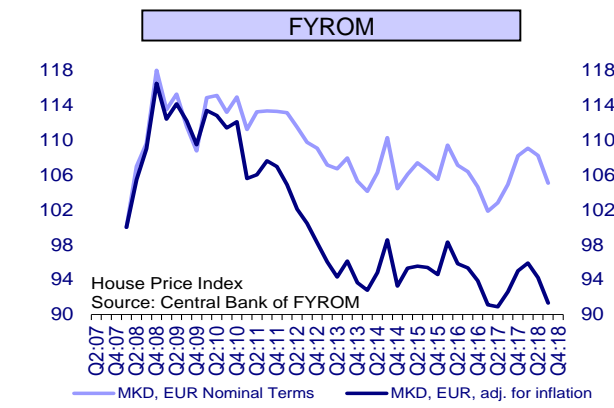
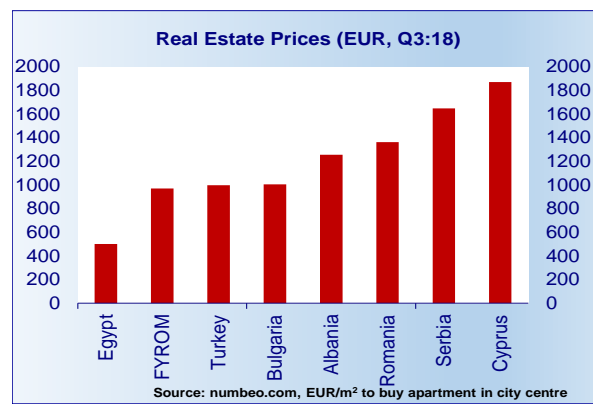
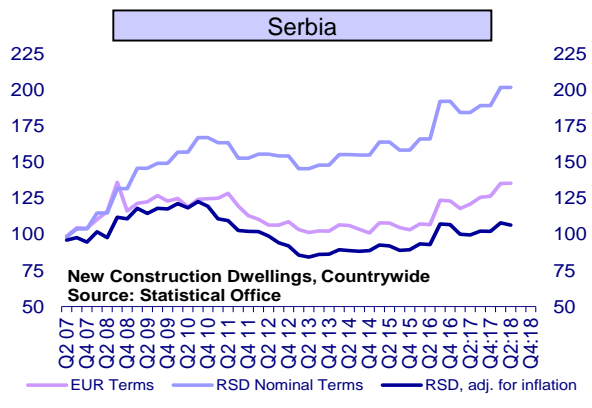
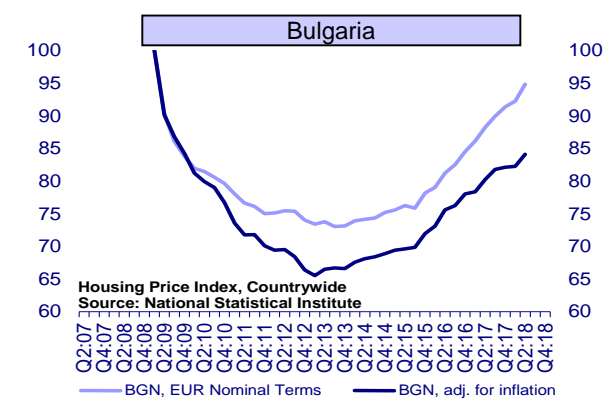
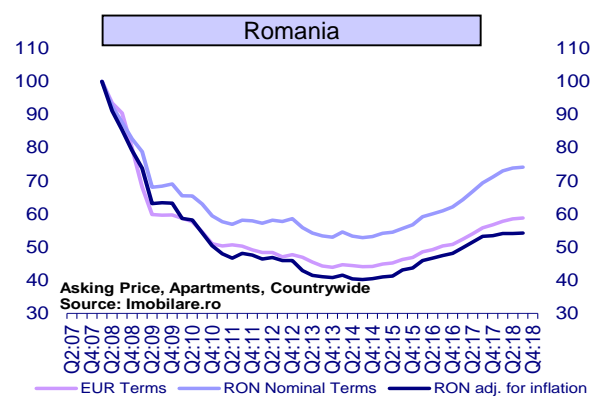
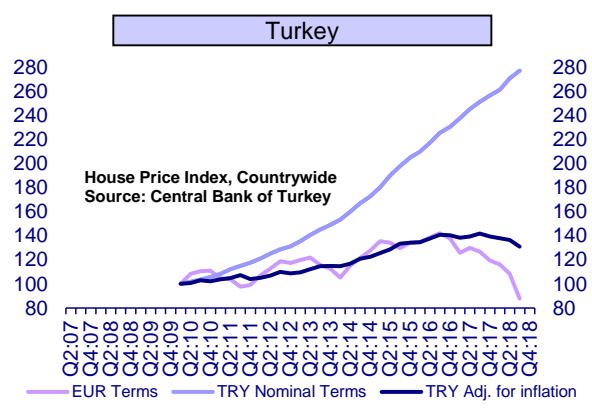
Egypt (USD bn)	16/17	17/18F	18/19F
Financing Needs	30.6	20.3	20.7
Cur. Acct Deficit	14.2	6.0	5.5
Amort. + Other	16.4	14.3	15.2
Financing Sources	44.4	33.3	22.9
FDI	7.8	7.8	9.5
IMF	2.8	3.3	4.1
Other IFIs	2.5	2.5	0.0
Other	31.3	19.7	9.3
Change in FX Res.	13.8	13.0	2.2

External debt (% of GDP)

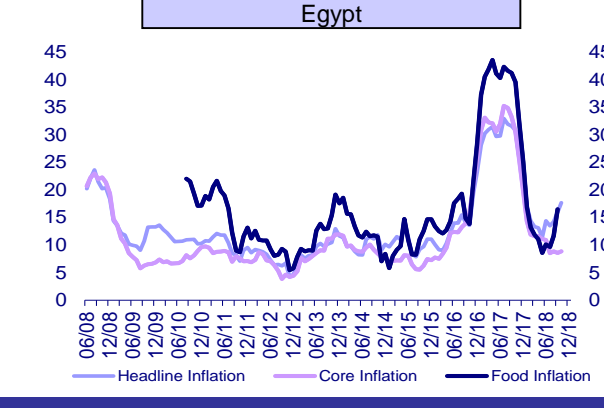
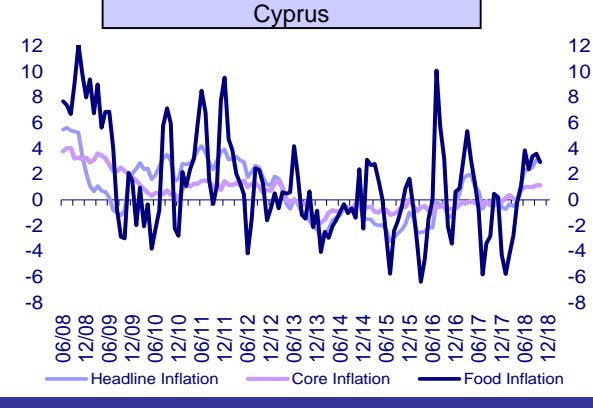
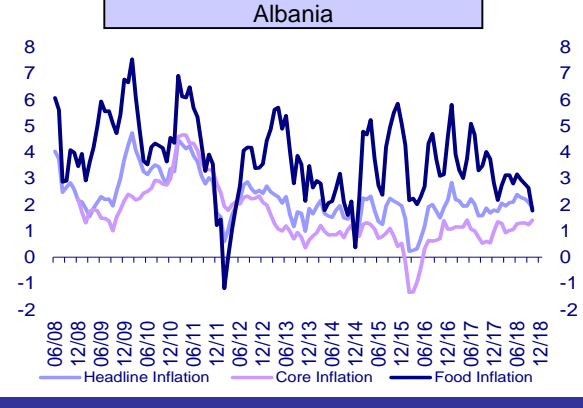
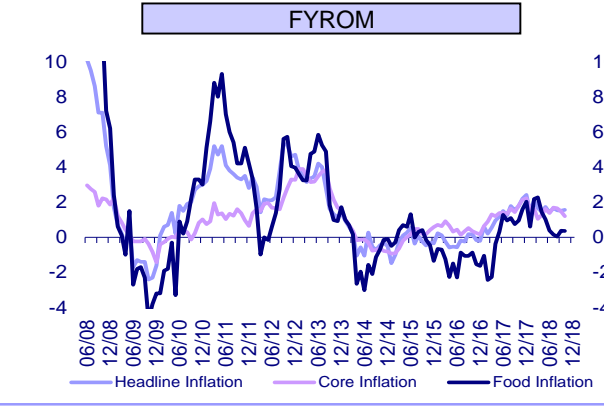
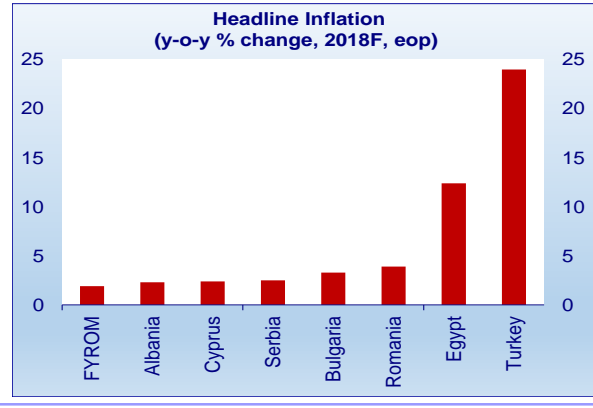
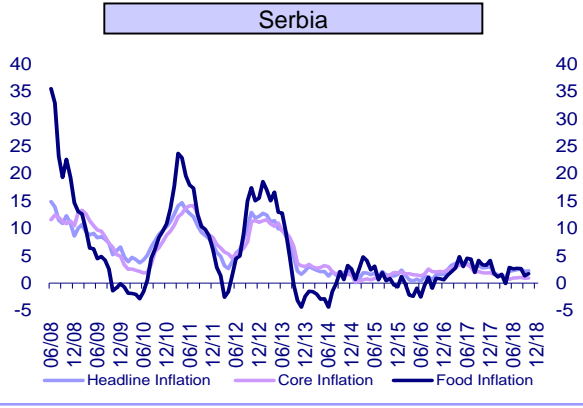
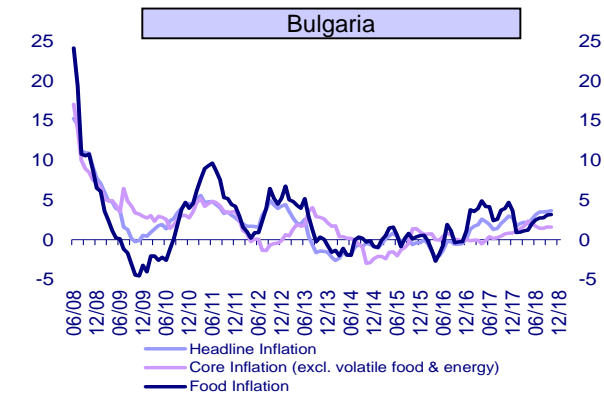
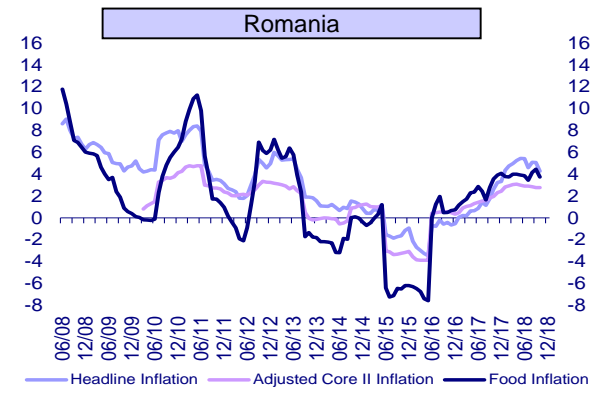
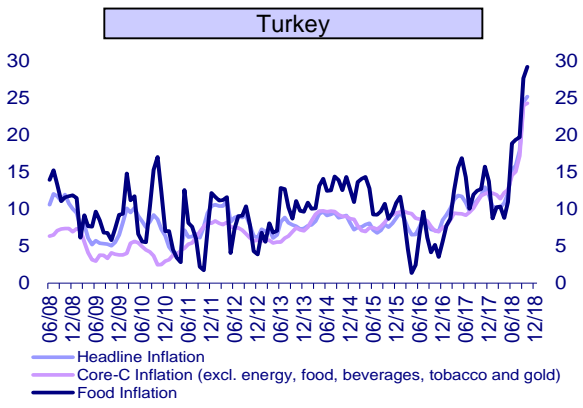
The external debt-to-GDP ratio does not exceed 80% in the countries under review, with the exception of Cyprus



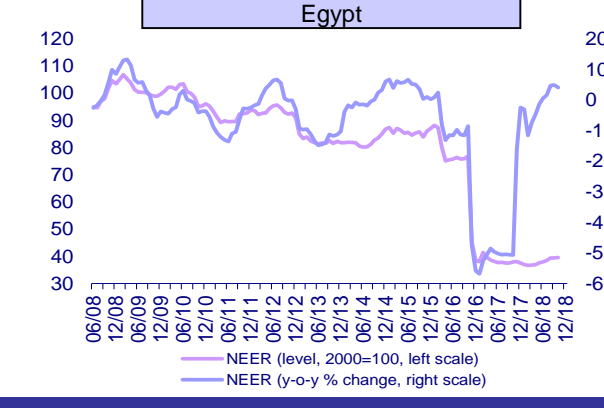
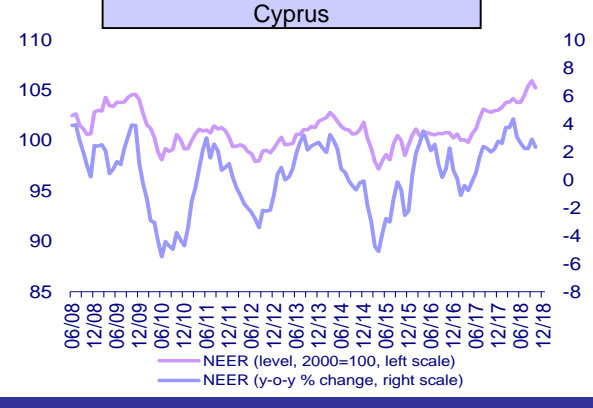
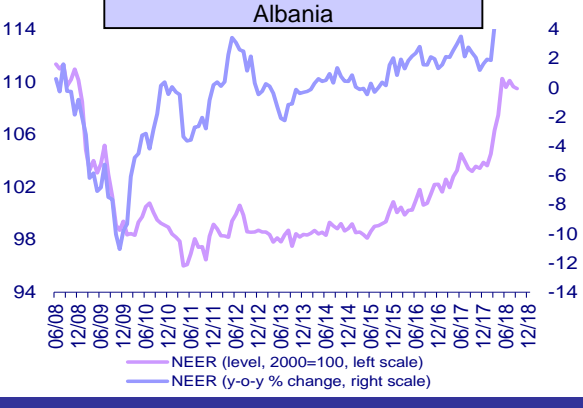
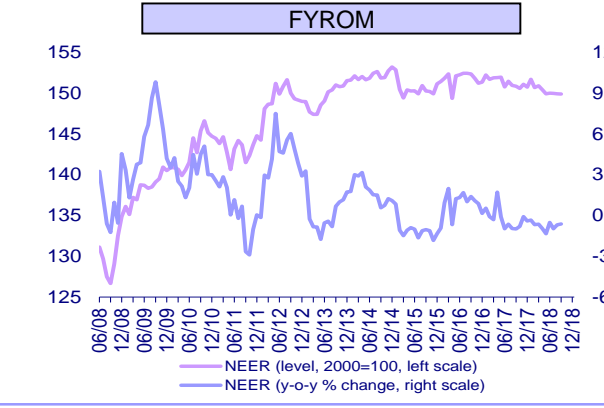
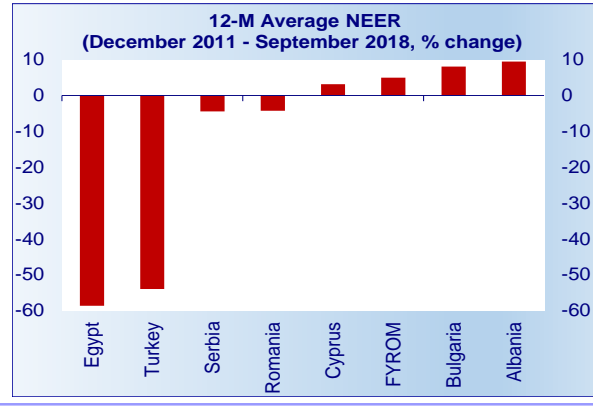
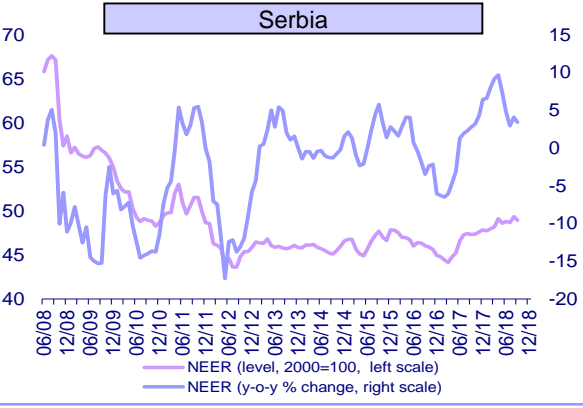
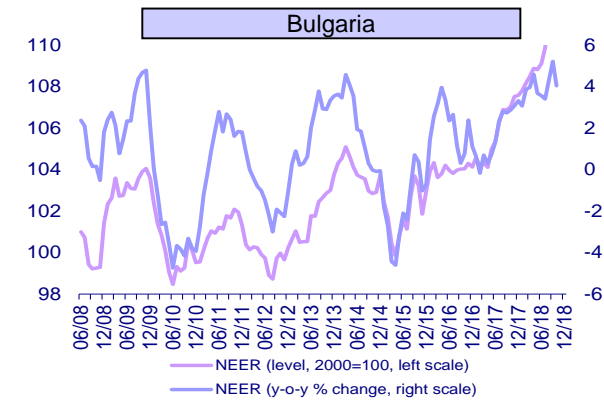
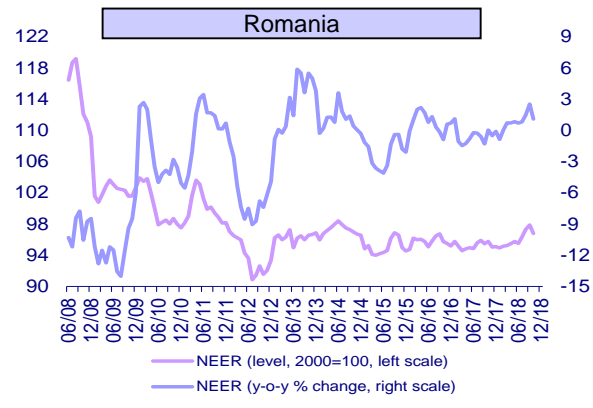
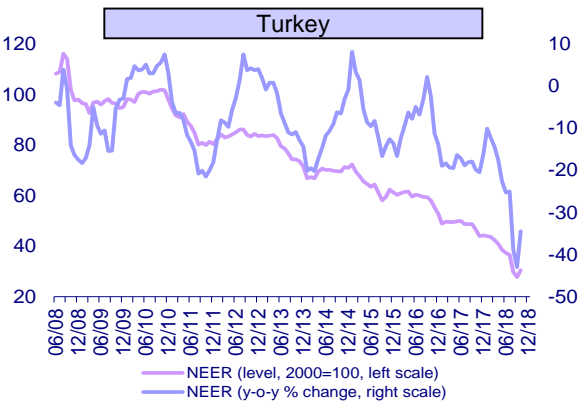
Real estate prices continued on an upward trend in Romania and Bulgaria in 9M:18, but remain well below their pre-crisis peak



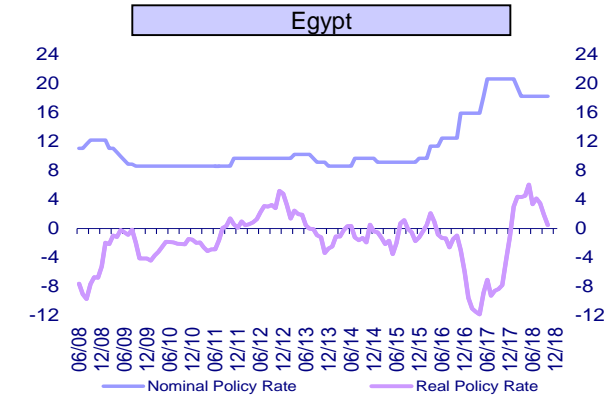
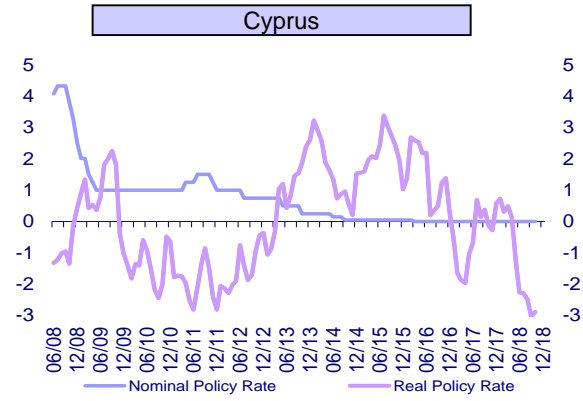
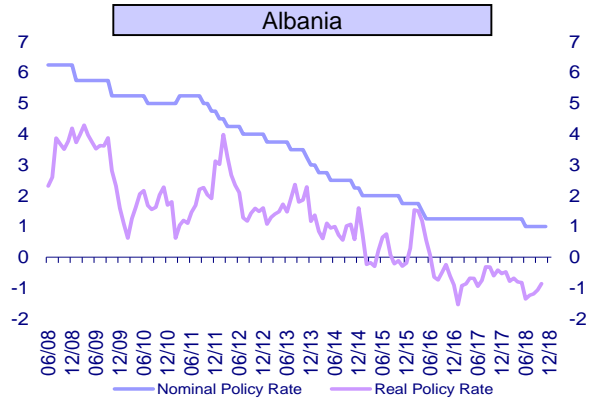
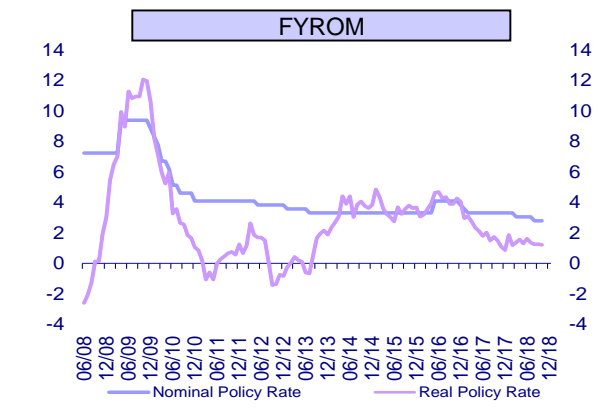
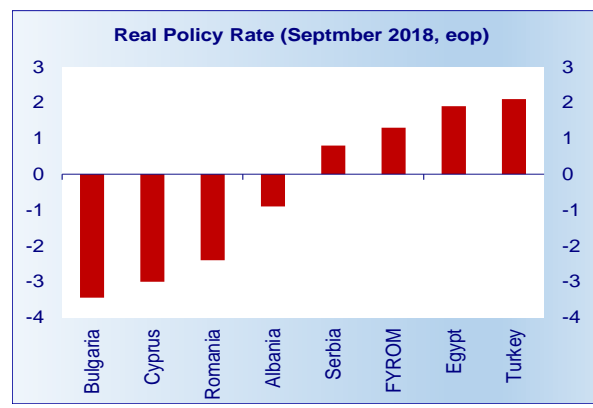
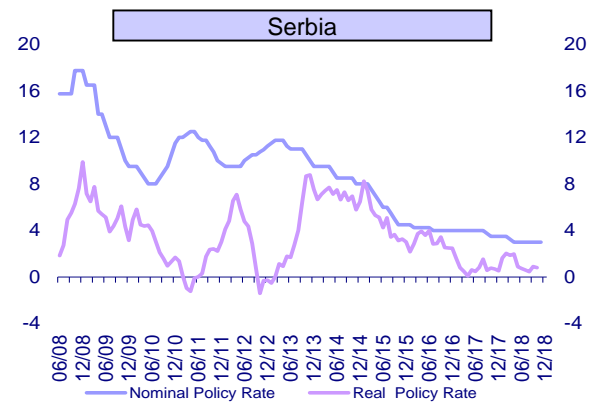
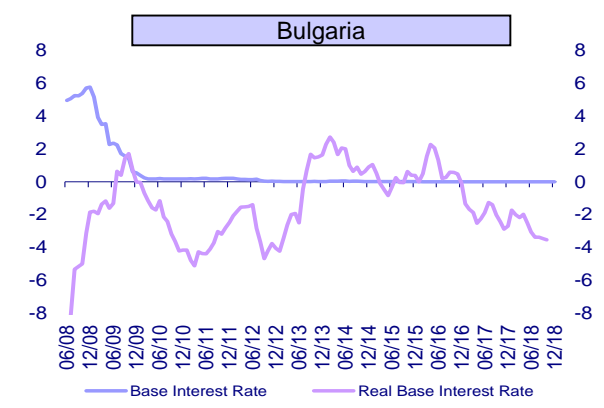
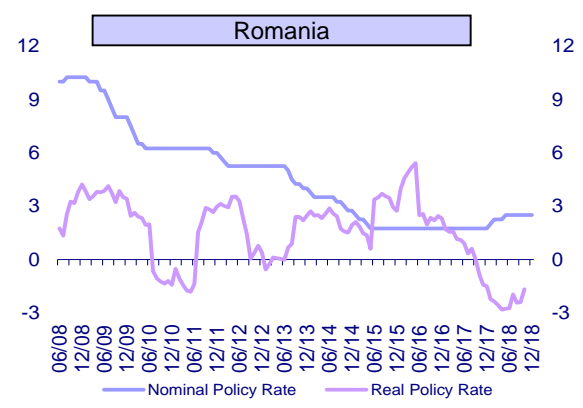
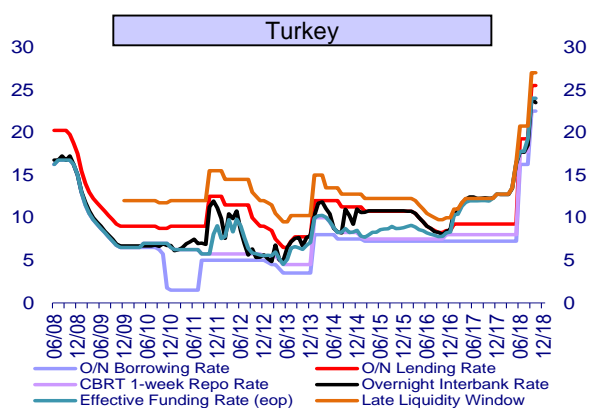
In Turkey, headline inflation is set to reach a 16-year high this year



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



Since the beginning of the year, only Romania and Turkey have hiked their policy rates to contain inflationary pressures



Reserve requirement ratios

The Bank of Albania proceeded with a cut in RRR for LC liabilities (by 2.5 pps to 7.5%) and a hike in RRR for FX liabilities (by 2.5 pps to 12.5%) in June, in an effort to reduce the euroisation of the economy

The Central Bank of Turkey cut RRR for: i) LC liabilities by 250 pps; and ii) non-core FX liabilities with maturities up to 3 years by 400 bps in mid-August, in a bid to reverse a disorderly depreciation of the domestic currency

Turkey

Romania

Bulgaria

Reserve Requirement Ratios (%)

	Dec. 2016*	Dec. 2017*	Sep. 2018
LC Liabilities	10.1	10.1	n.a.
FC Liabilities	13.0	12.4	n.a.

Reserve Requirement Ratios (%)

	Dec. 2016	Dec. 2017	Sep. 2018
LC Liabilities	8.0	8.0	8.0
FC Liabilities	10.0	8.0	8.0

Reserve Requirement Ratios (%)

	Dec. 2016	Dec. 2017	Sep. 2018
LC Liabilities	10.0	10.0	10.0
FC Liabilities	5.0	5.0	5.0

*: Blended rate

Serbia

FYROM

Albania

Reserve Requirement Ratios (%)

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

Reserve Requirement Ratios (%)

	Dec. 2016	Dec. 2017	Sep. 2018
LC Liabilities	8.0	8.0	8.0
FC Liabilities	15.0	15.0	15.0

Reserve Requirement Ratios (%)

	Dec. 2016	Dec. 2017	Nov. 2018
LC Liabilities	10.0	10.0	5.0-7.5
FC Liabilities	10.0	10.0	12.5-20.0

Cyprus

Egypt

Reserve Requirement Ratios (%)

	Dec. 2016	Dec. 2017	Sep. 2018
LC Liabilities	1.0	1.0	1.0
FC Liabilities	1.0	1.0	1.0

Reserve Requirement Ratios (%)

	Dec. 2016	Dec. 2017	Sep. 2018
LC Liabilities	10.0	14.0	14.0
FC Liabilities	---	---	---

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

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

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

Turkey

Dec. 16	Dec. 17	Oct. 17	Oct. 18	Dec. 18F
-1.1	-1.5	-1.7	-2.0	-2.0

Romania

Dec. 16	Dec. 17	Sep. 17	Sep. 18	Dec. 18F
-2.4	-2.8	-2.6	-3.7	-3.6

Bulgaria

Dec. 16	Dec. 17	Sep. 17	Sep. 18	Dec. 18F
1.6	0.8	0.5	1.0	0.5

Serbia

Dec. 16	Dec. 17	Aug. 17	Aug. 18	Dec. 18F
-1.3	1.2	0.4	0.3	0.6

FYROM

Dec. 16	Dec. 17	Sep. 17	Sep. 18	Dec. 18F
-2.7	-2.7	-2.9	-2.0	-2.8

Albania

Dec. 16	Dec. 17	Sep. 17	Sep. 18	Dec. 18F
-1.8	-2.0	-2.7	-1.6	-2.0

Cyprus

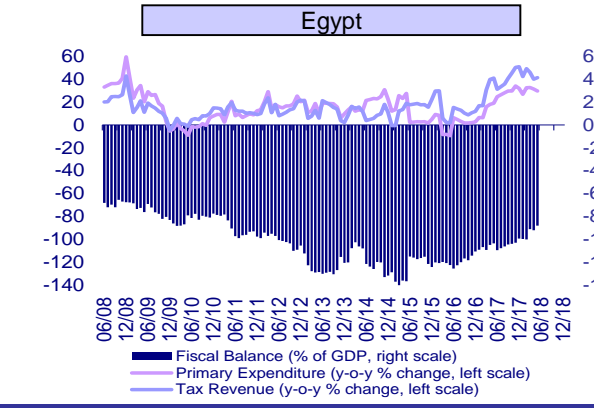
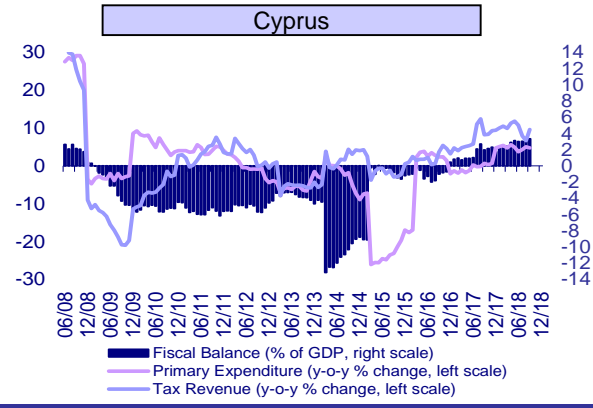
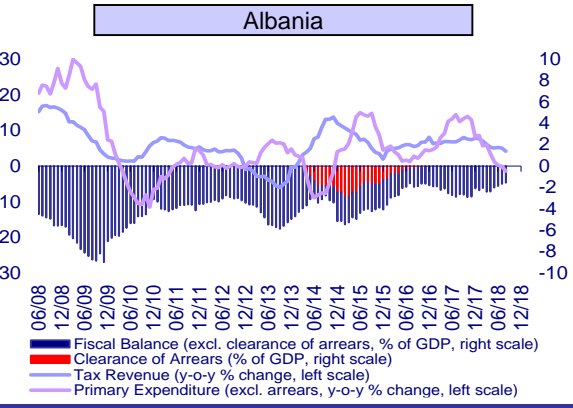
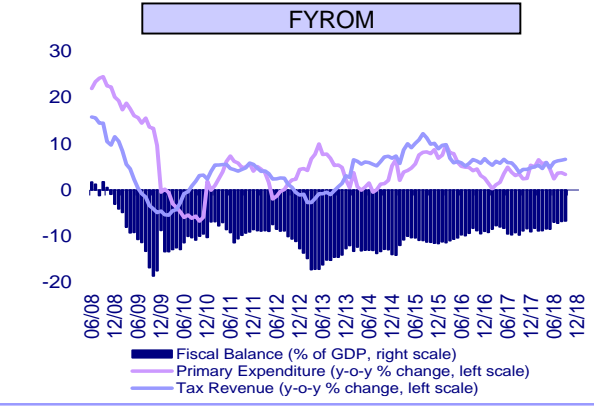
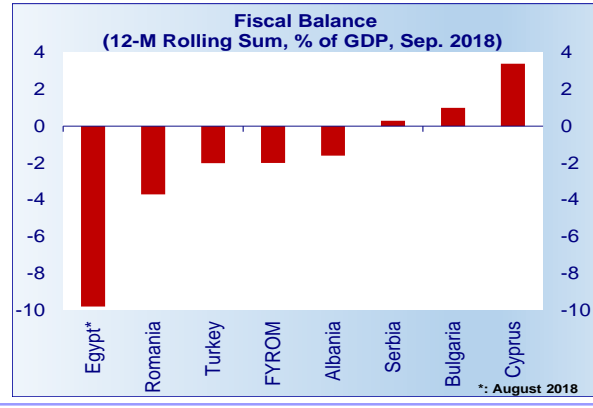
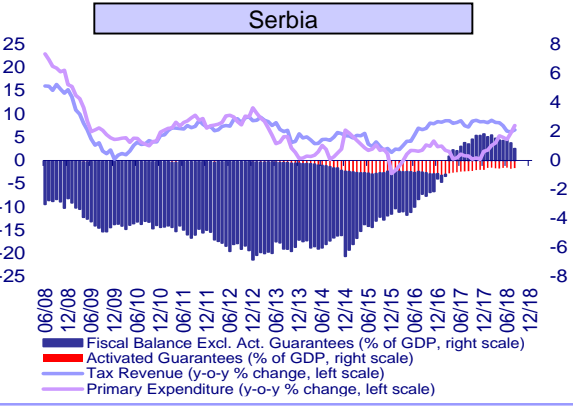
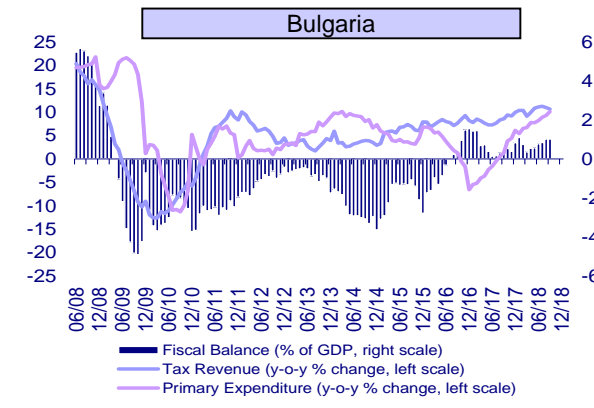
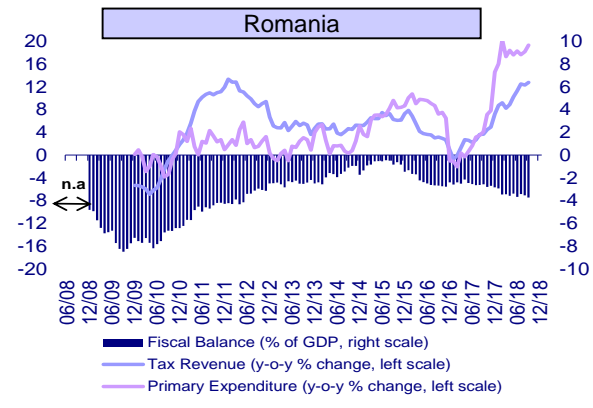
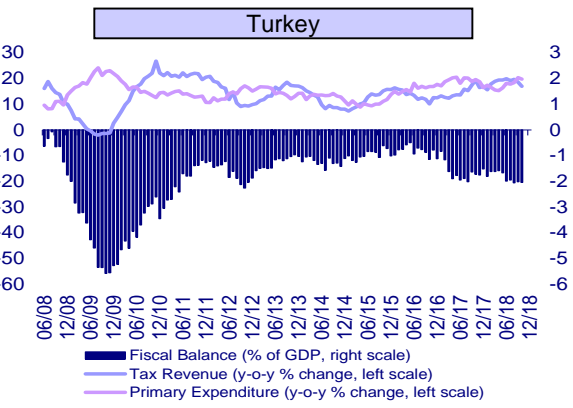
Dec. 16	Dec. 17	Sep. 17	Sep. 18	Dec. 18F
0.3	1.8	1.8	3.4	2.8

Egypt

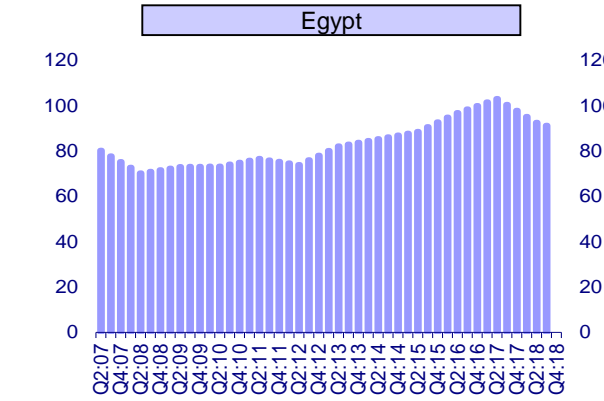
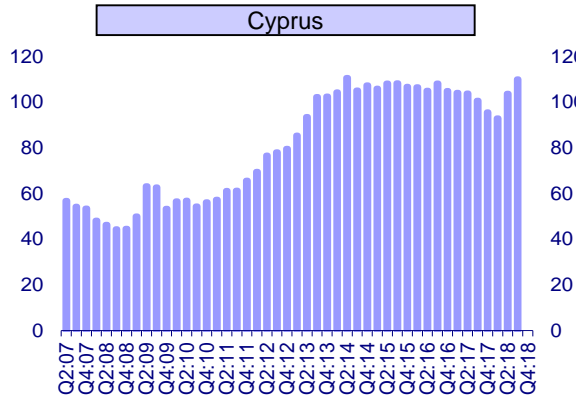
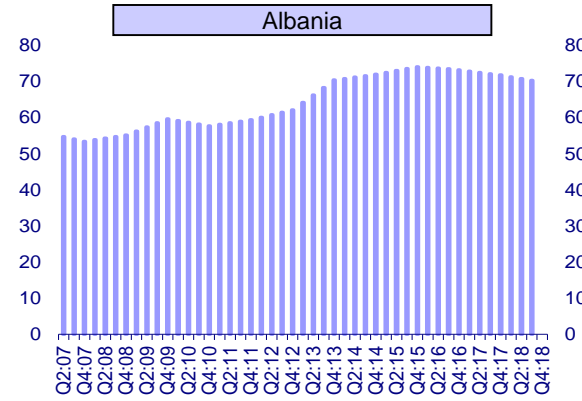
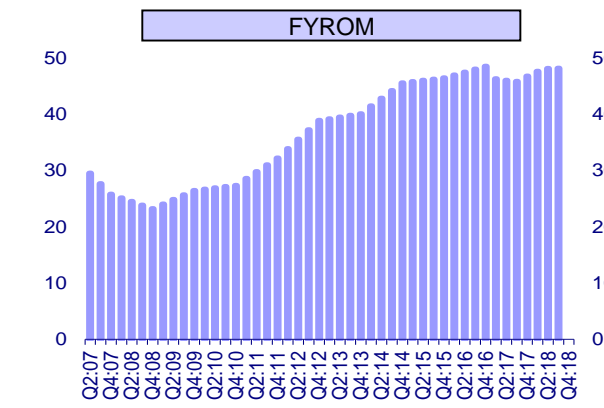
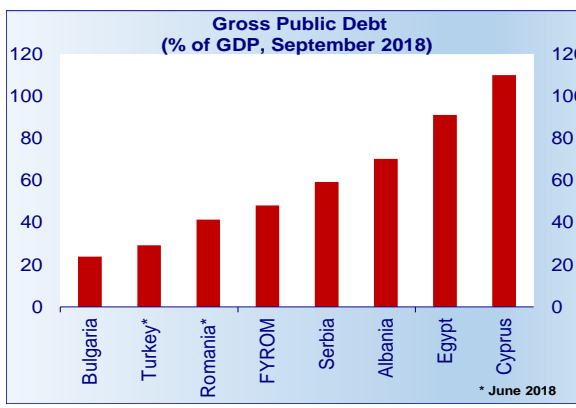
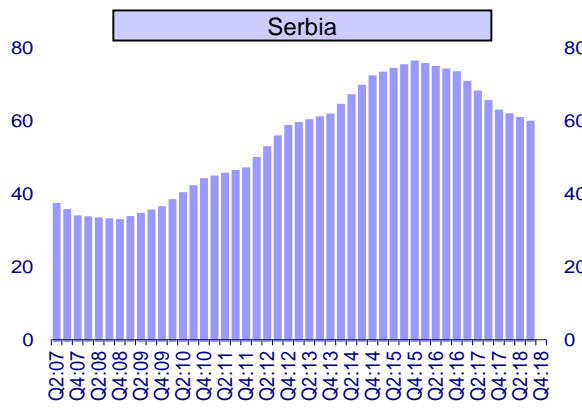
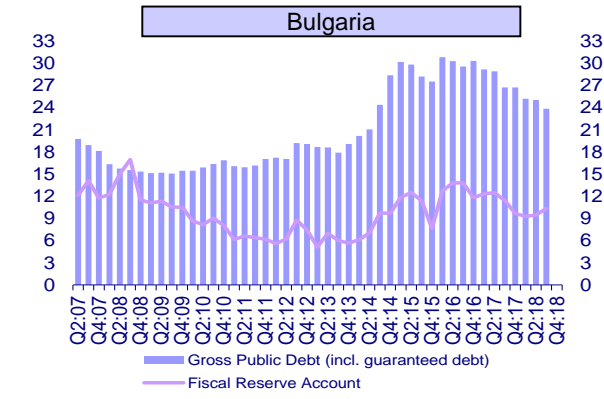
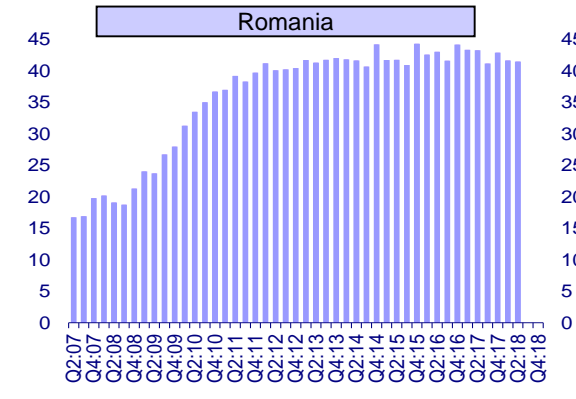
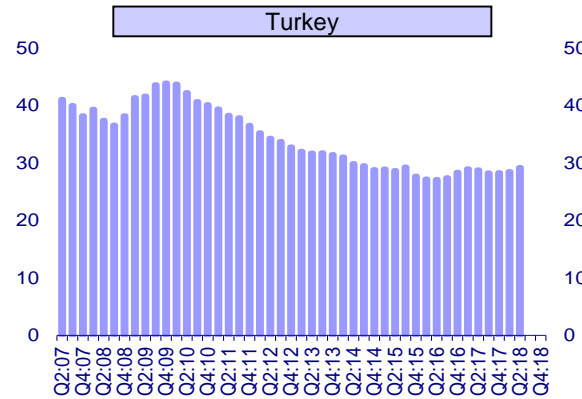
June 17	June 18	Aug 17	Aug 18	June 18F
-10.9	-9.7	-10.6	-9.8	-9.4

*: Fiscal year ending on June 30th.

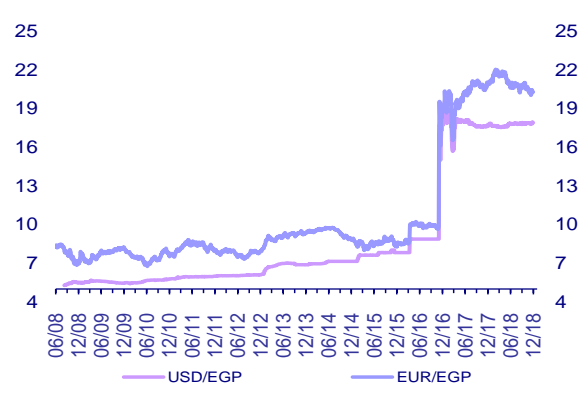
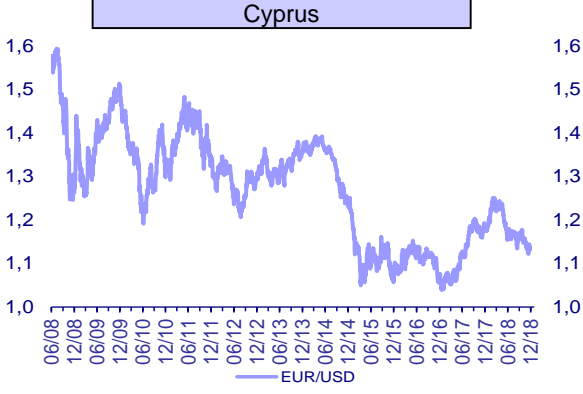
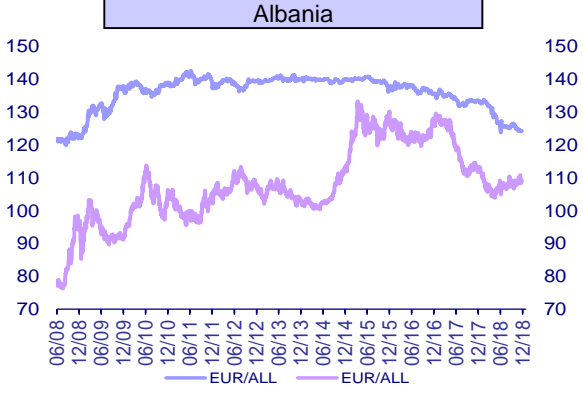
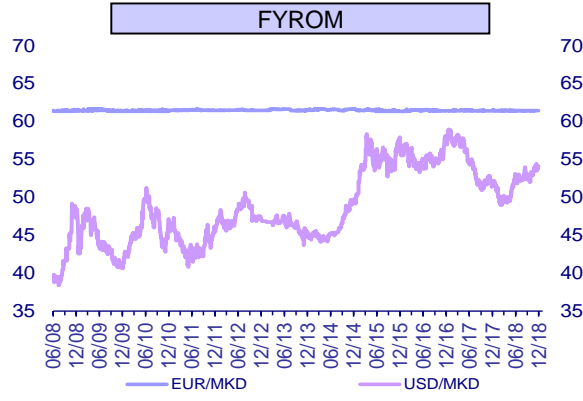
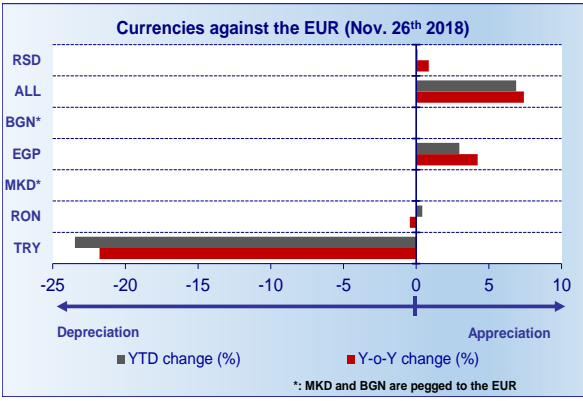
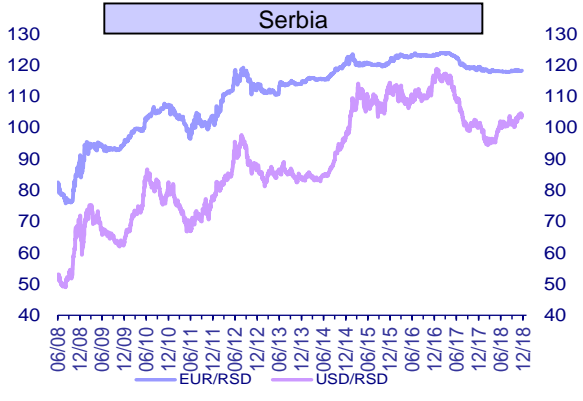
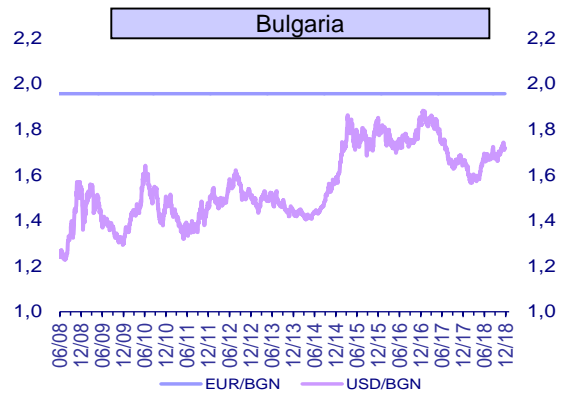
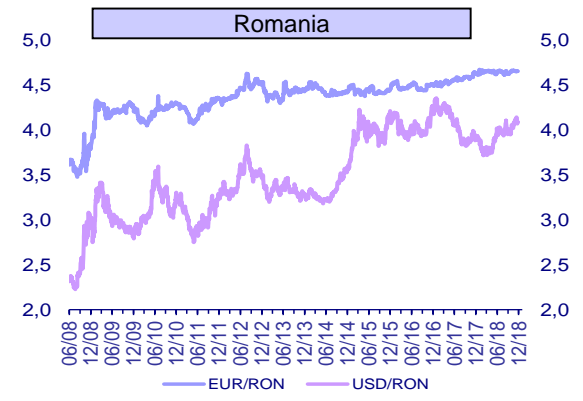
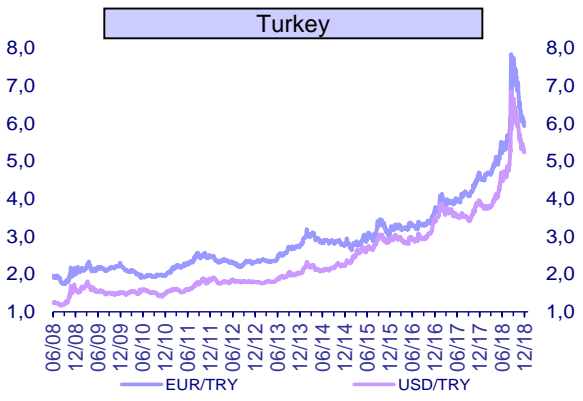
A tight fiscal stance in Serbia, Cyprus and Egypt this year should help bring down the public debt-to-GDP ratio



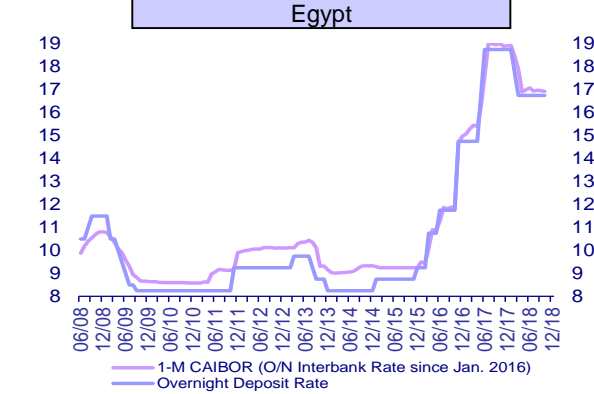
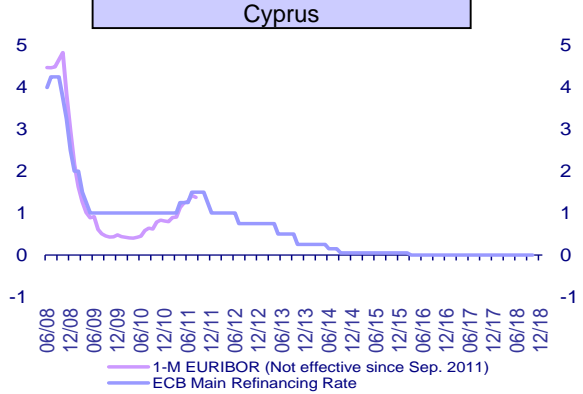
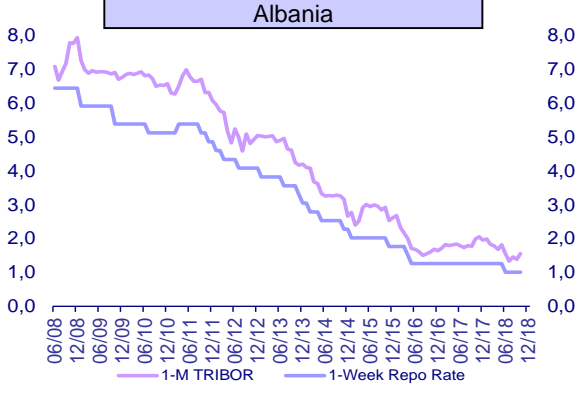
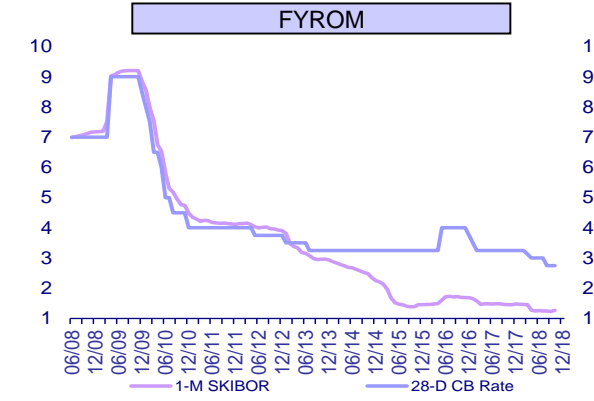
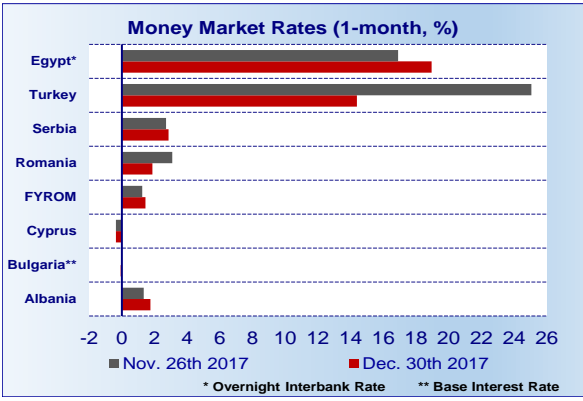
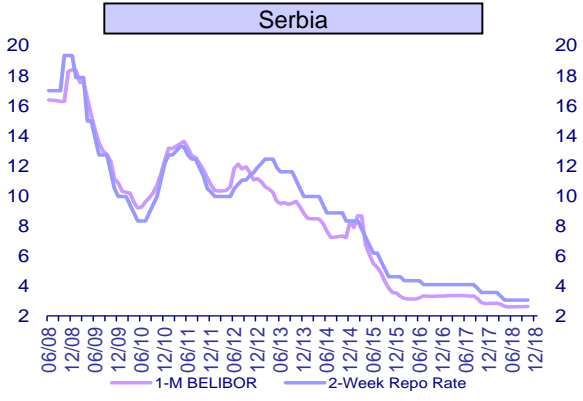
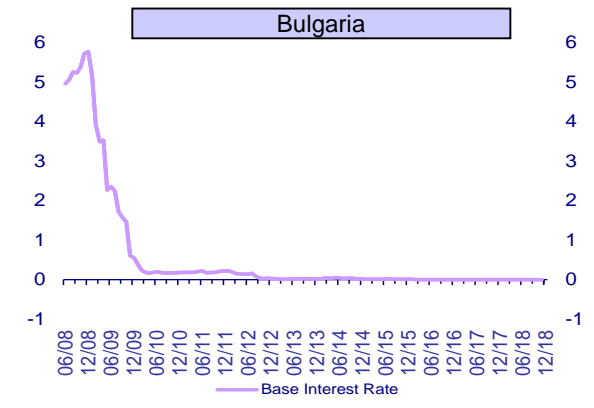
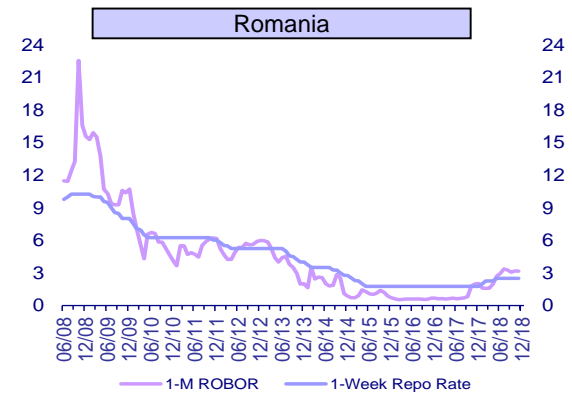
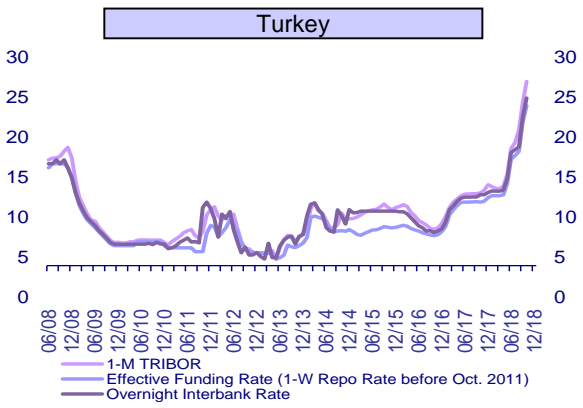
The public debt-to-GDP ratio remains at critical levels in Cyprus and Egypt, despite a tight fiscal stance



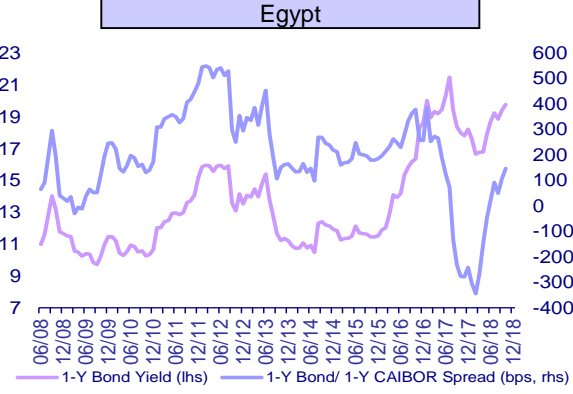
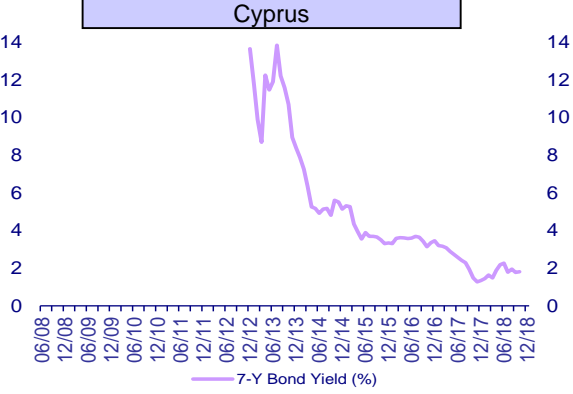
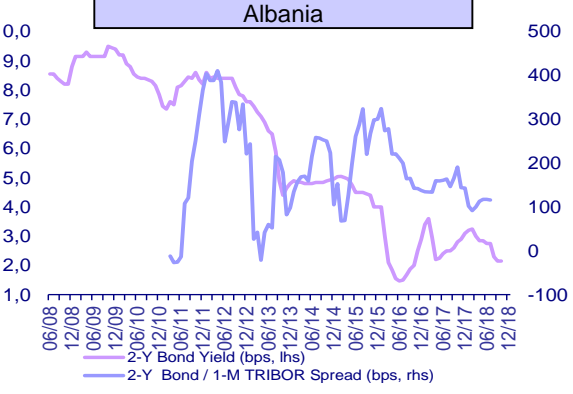
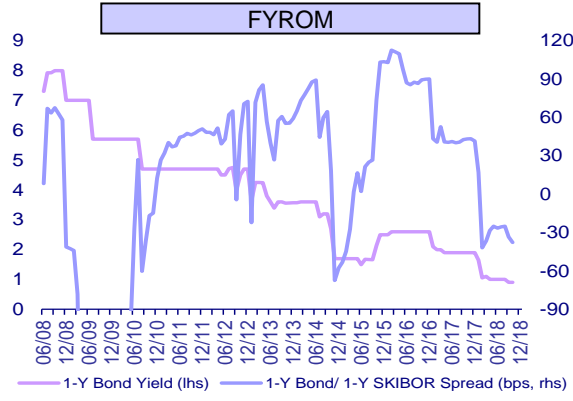
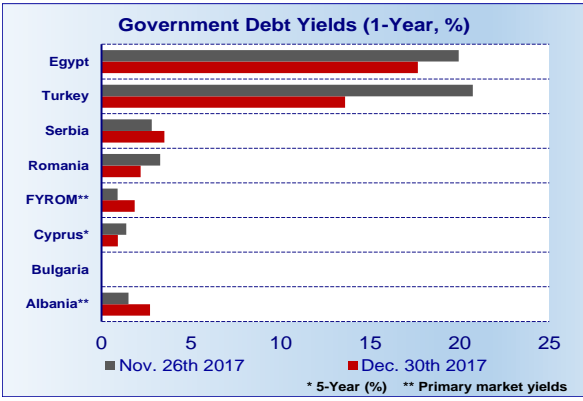
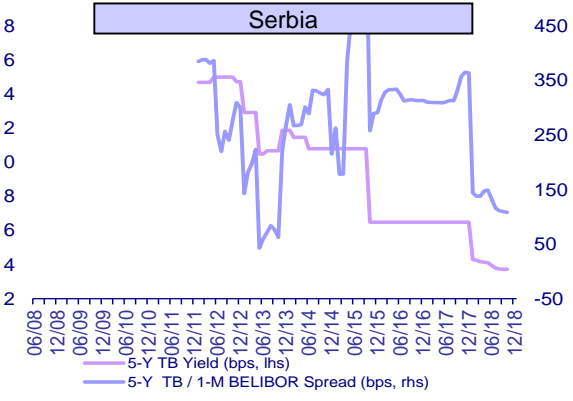
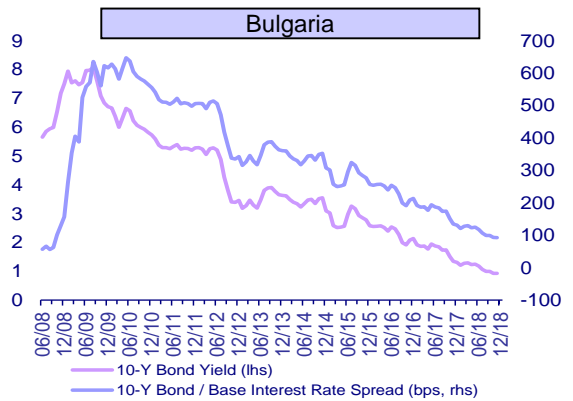
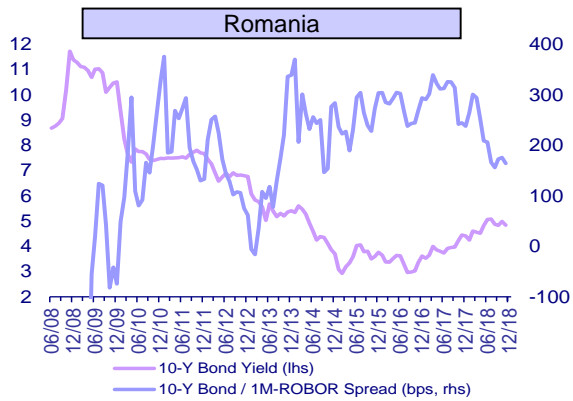
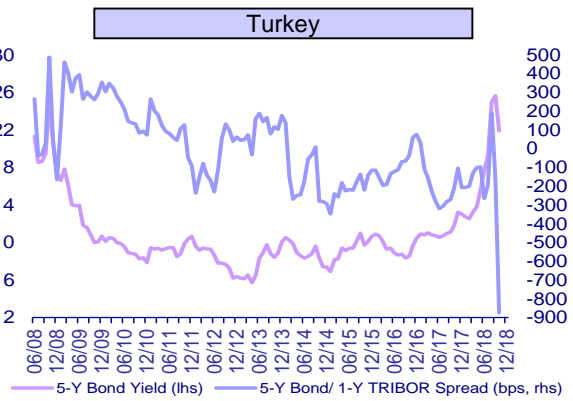
The TRY has depreciated significantly against the EUR since the beginning of the year



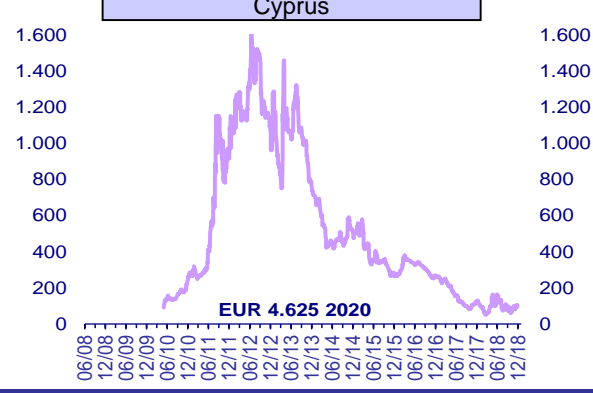
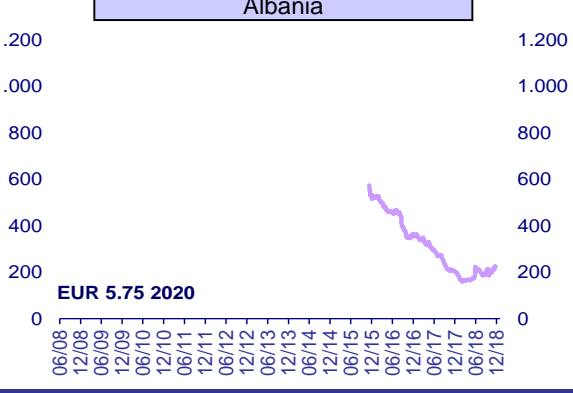
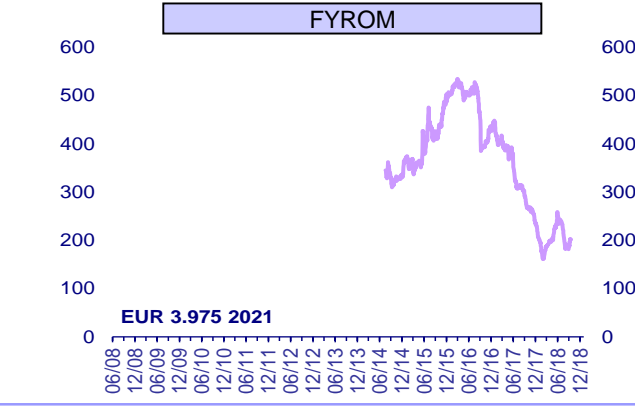
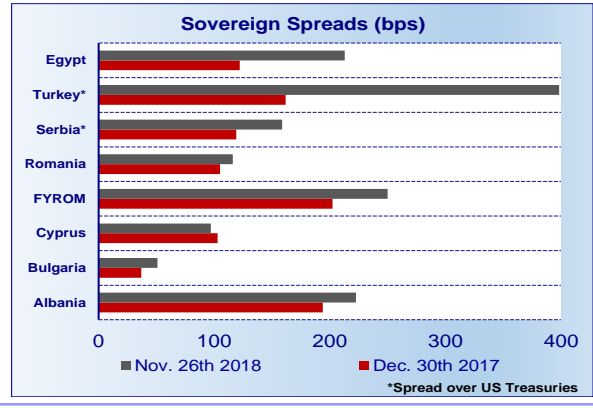
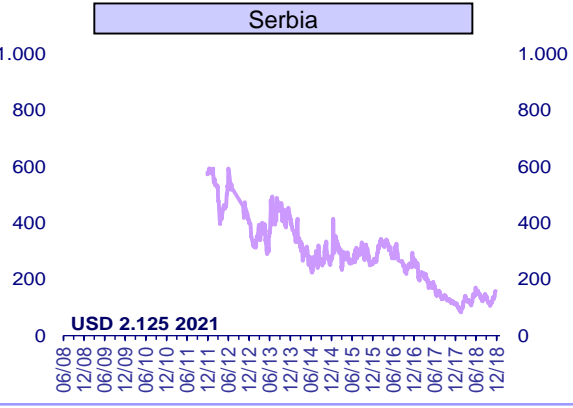
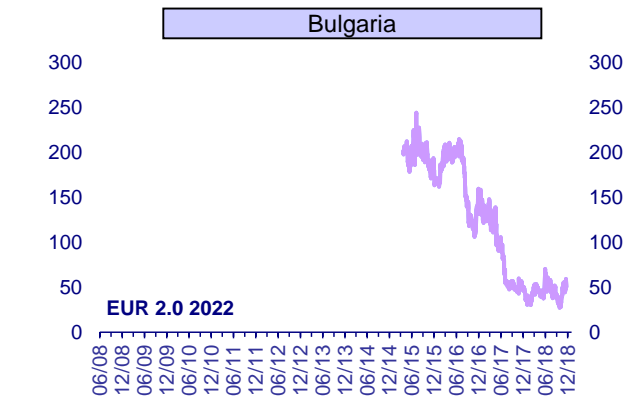
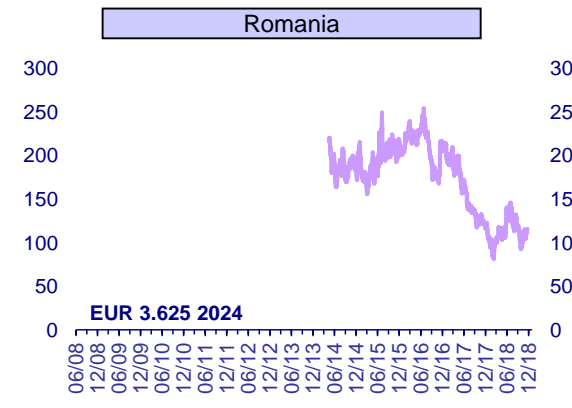
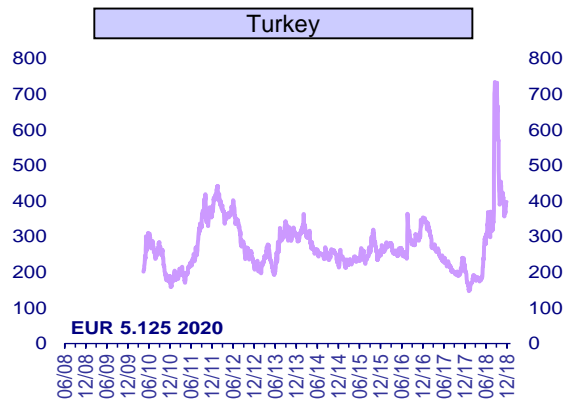
Money market rates have increased significantly in Turkey since the beginning of the year, reflecting tighter global and domestic liquidity conditions



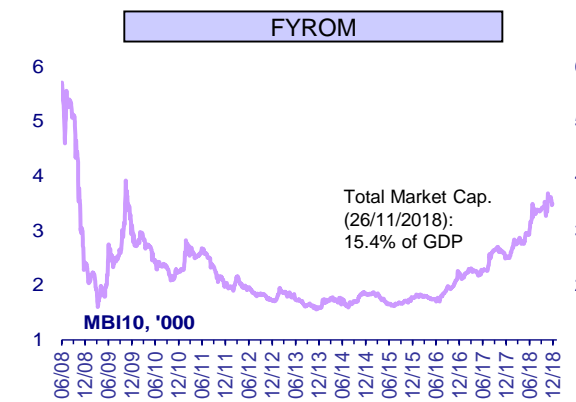
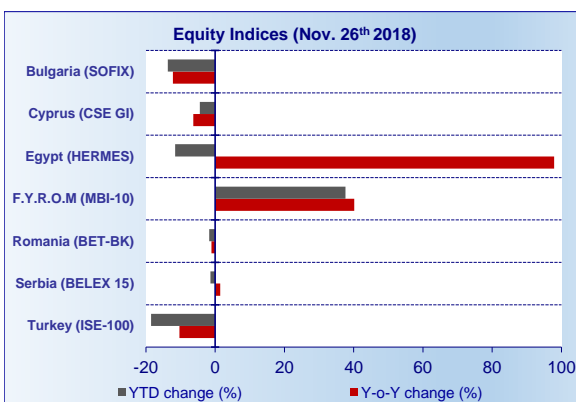
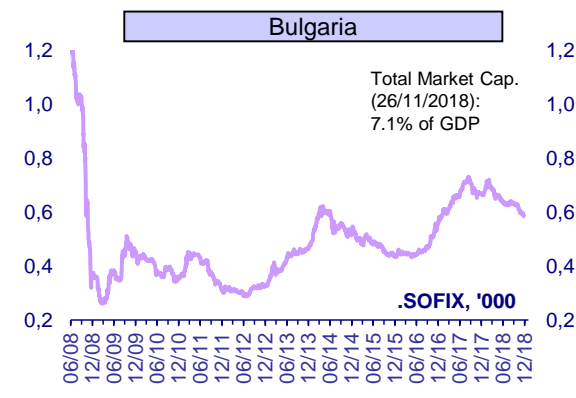
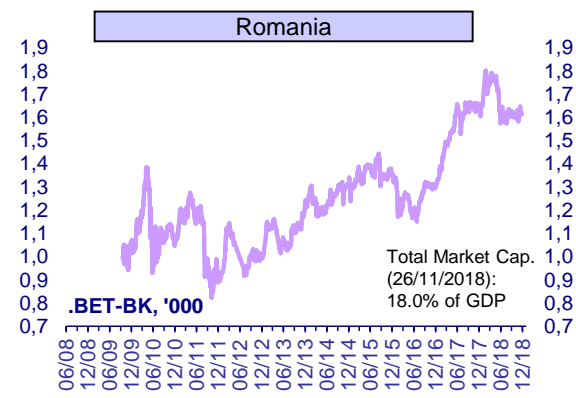
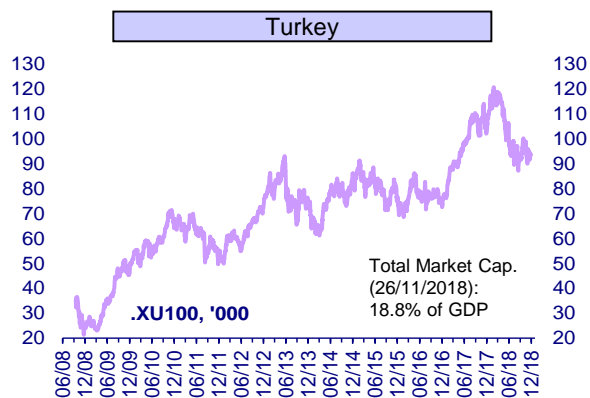
Government debt yields have also increased in Turkey, Egypt and Romania since the start of the year



Sovereign spreads have increased in all the countries under review since the beginning of the year – with the exception of Cyprus

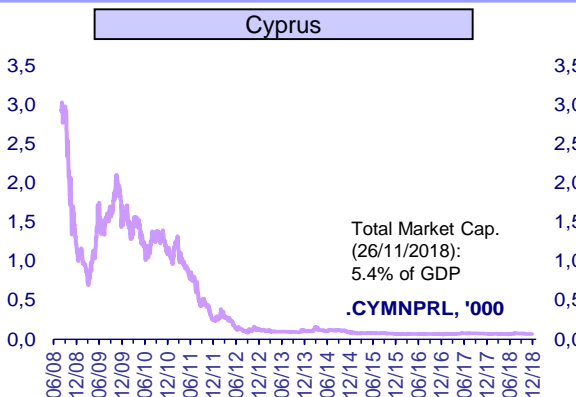


Among the stock markets under review, only FYROM's has posted gains since the start of the year

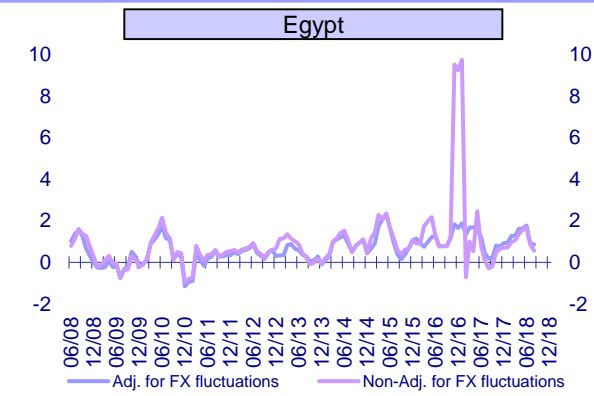
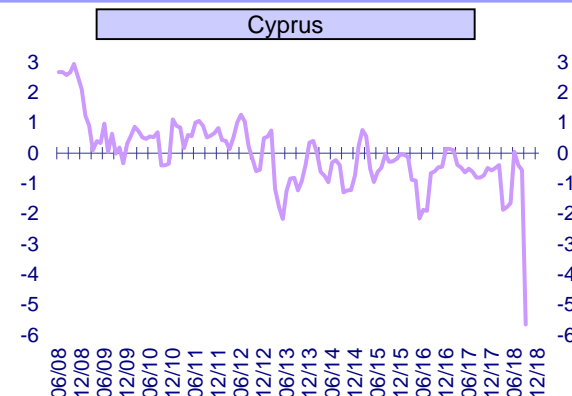
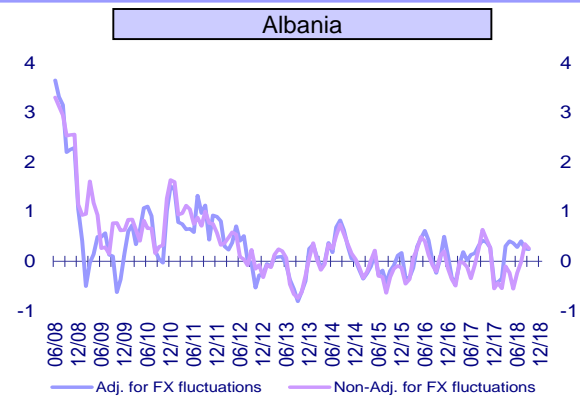
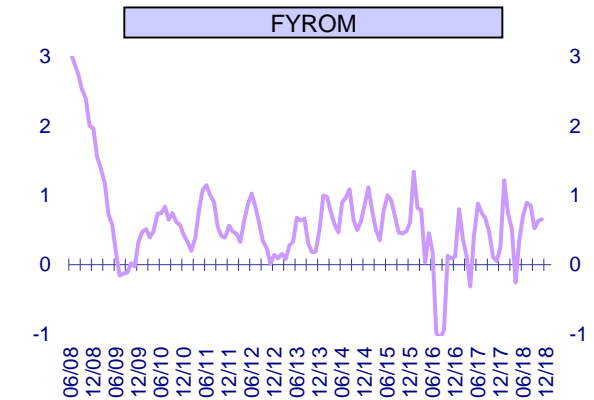
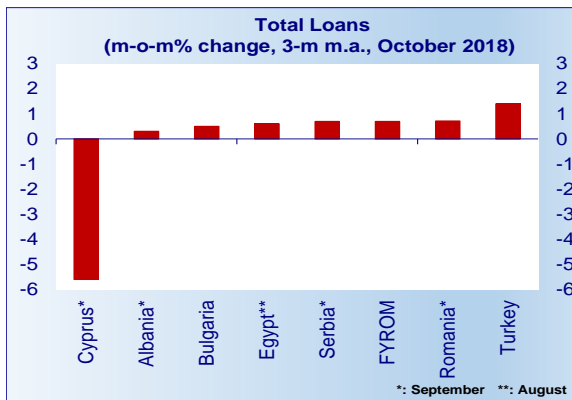
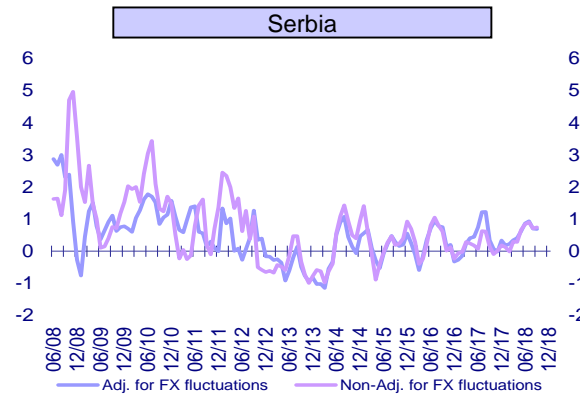
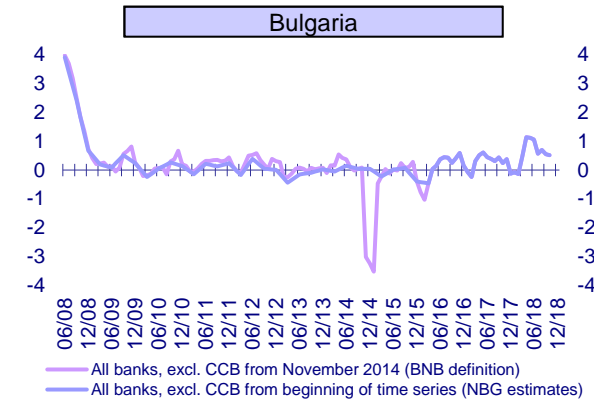
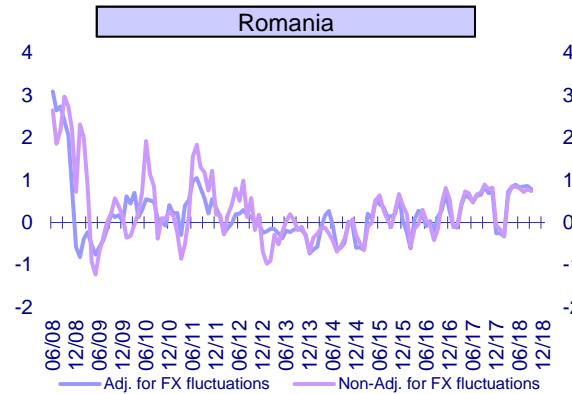
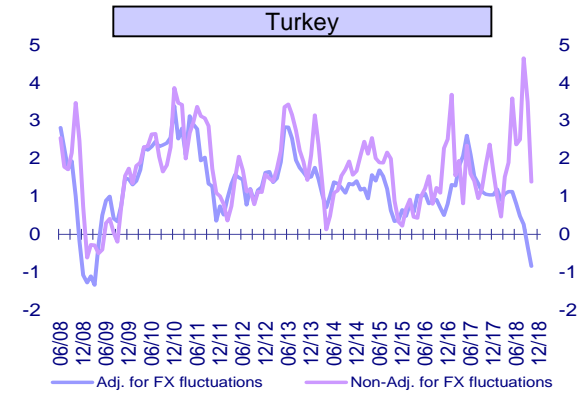


Albania

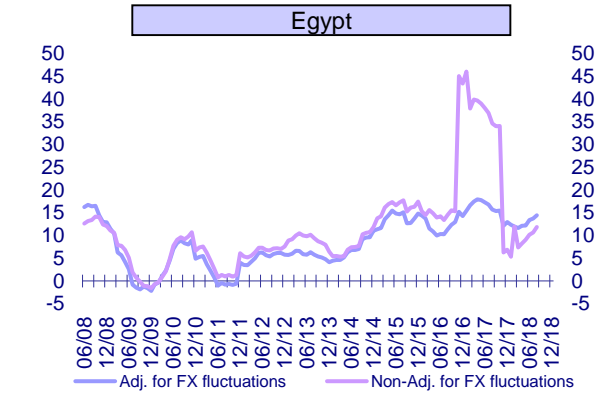
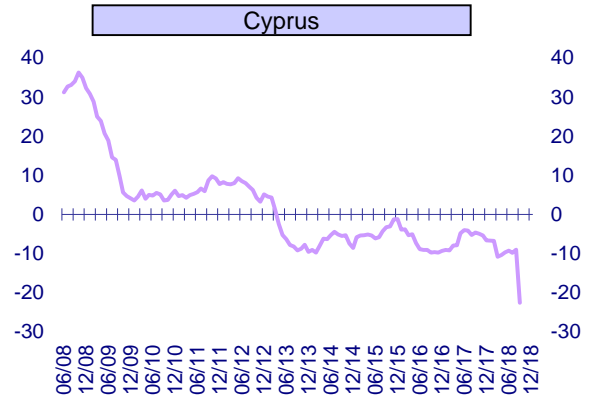
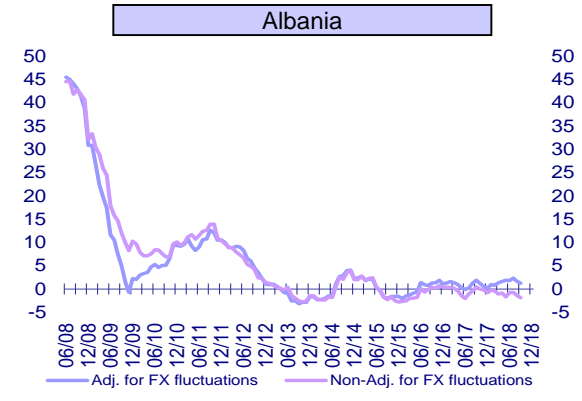
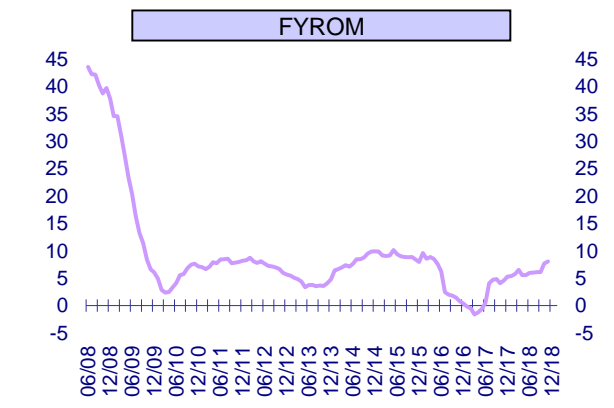
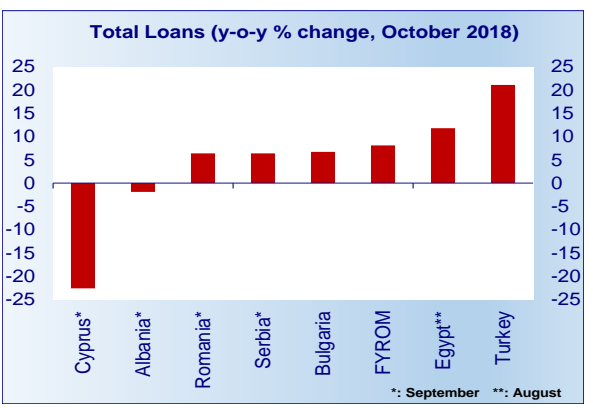
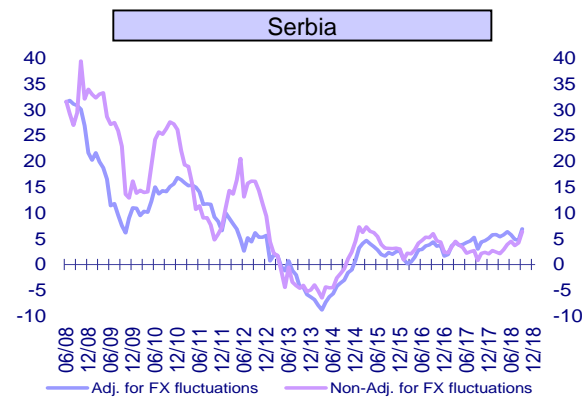
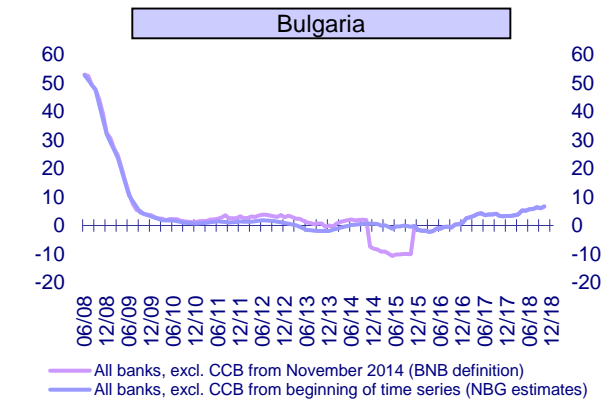
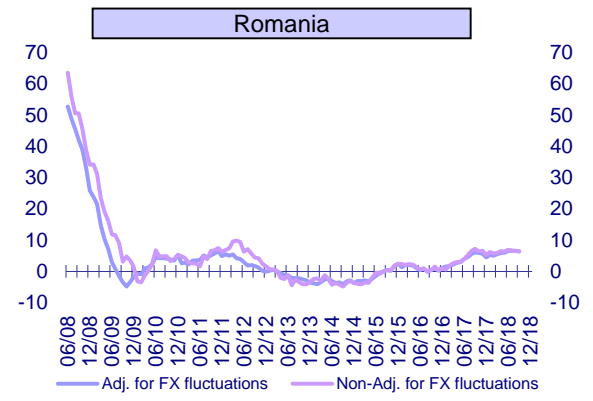
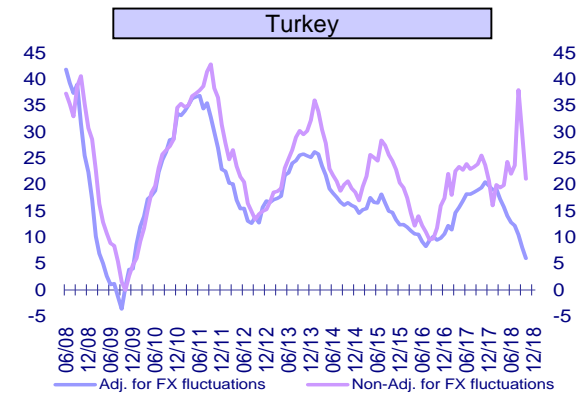
N.A.



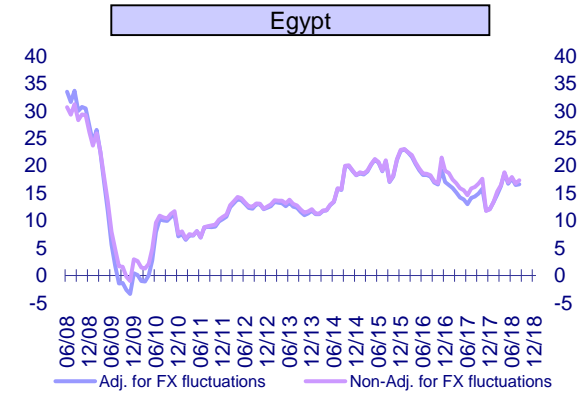
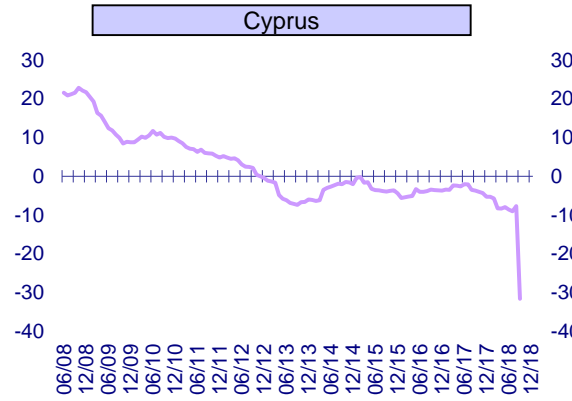
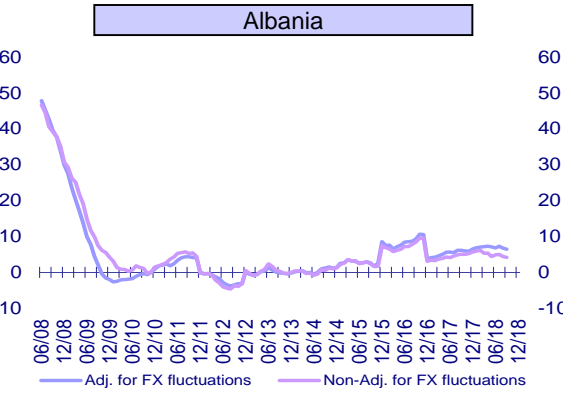
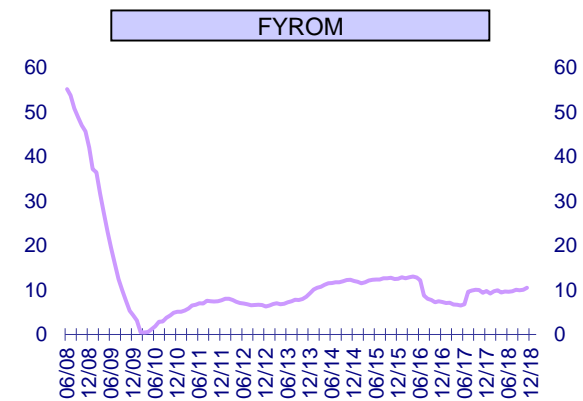
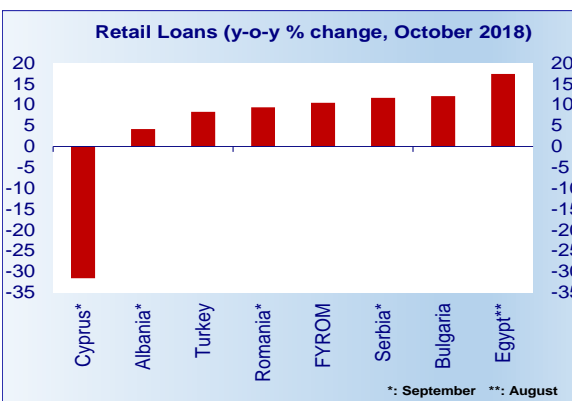
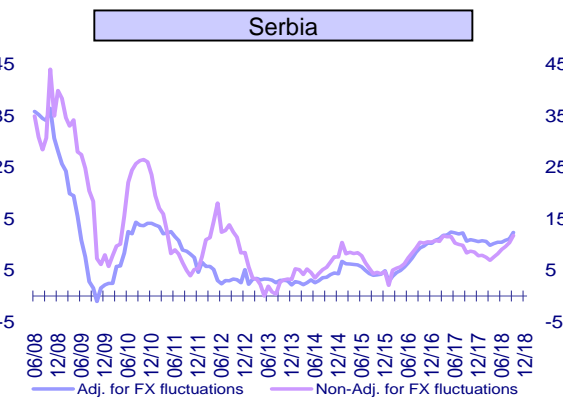
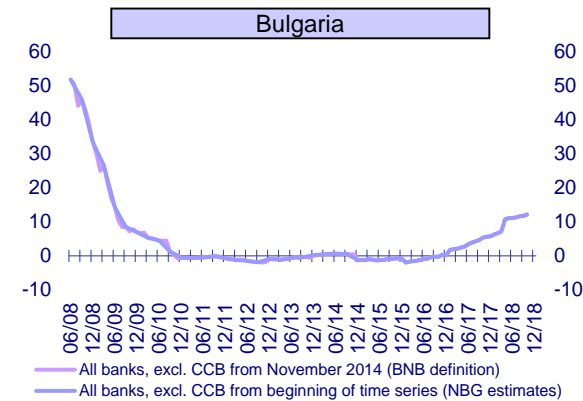
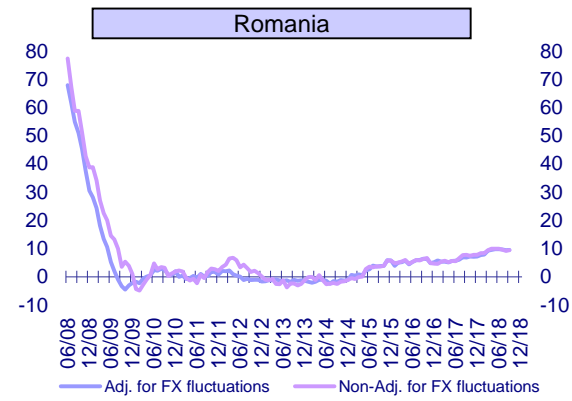
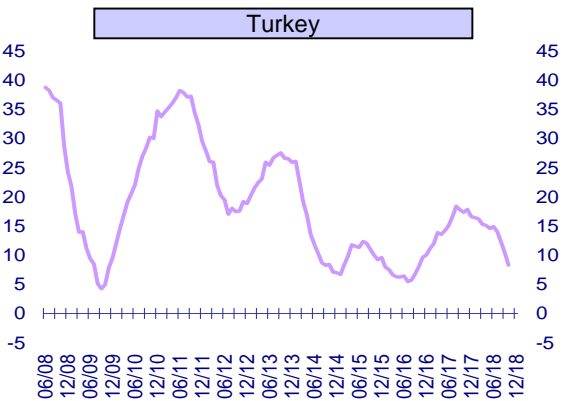
Positive lending growth in most of the countries under review in 9M:18



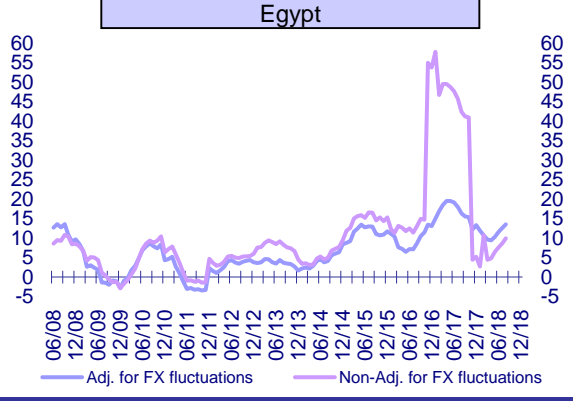
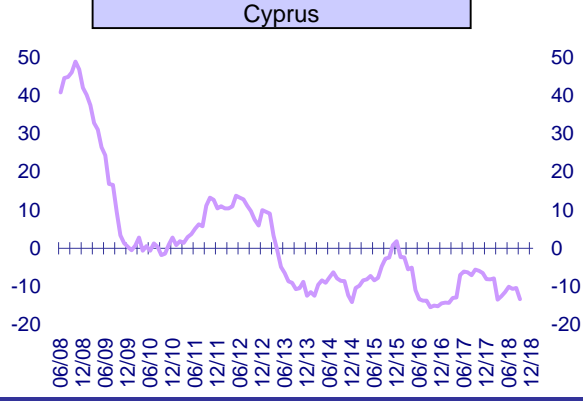
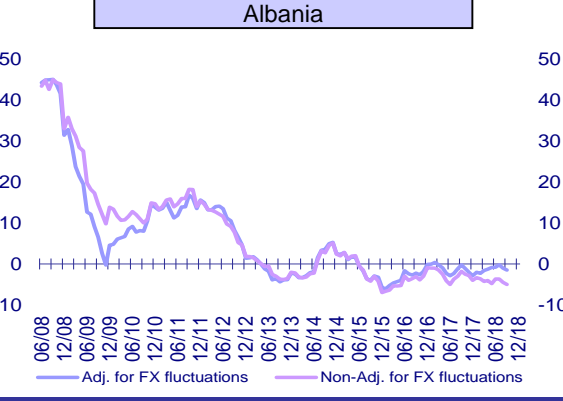
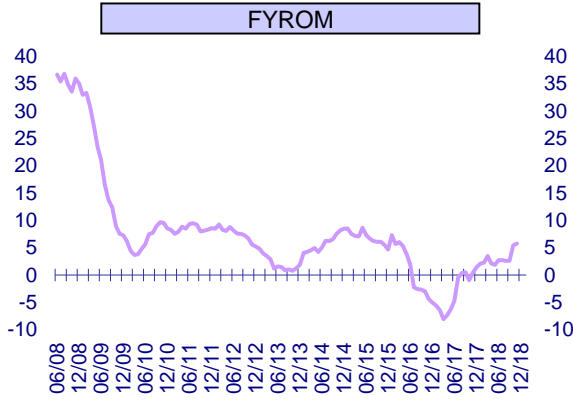
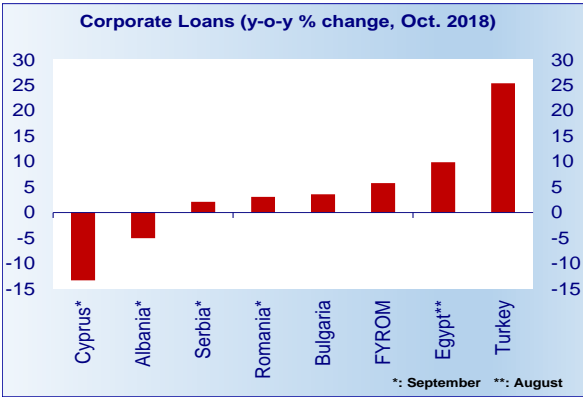
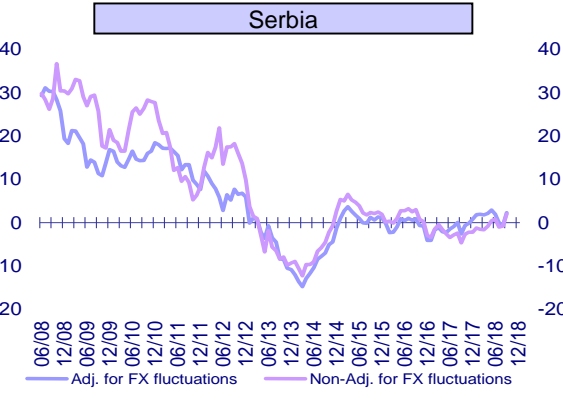
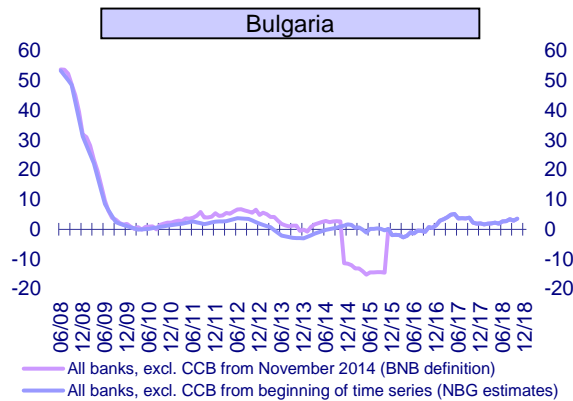
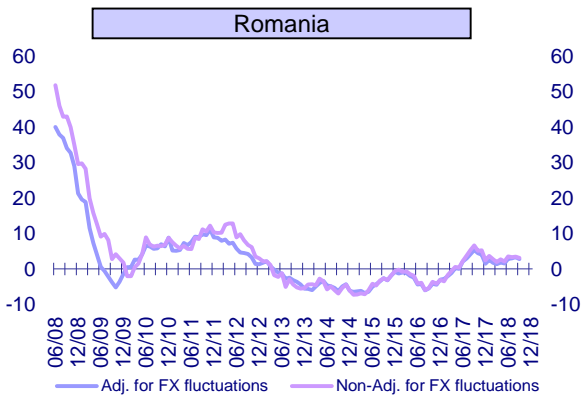
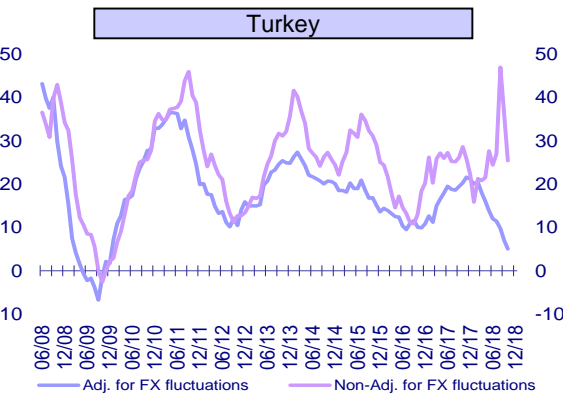
Lending activity is set to strengthen this year in most of the countries under review, as a result of banks' ample liquidity and improved asset quality



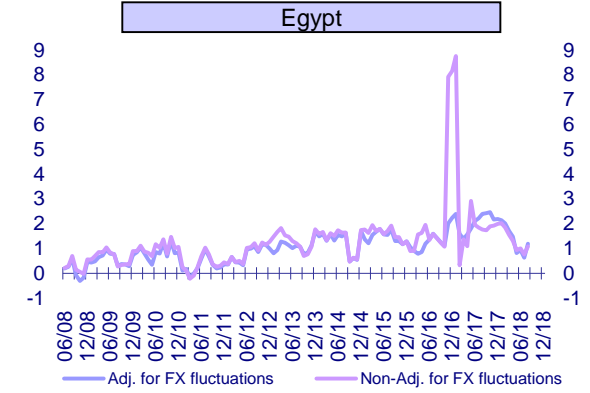
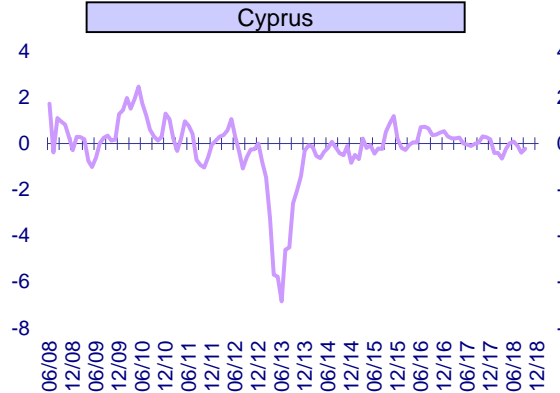
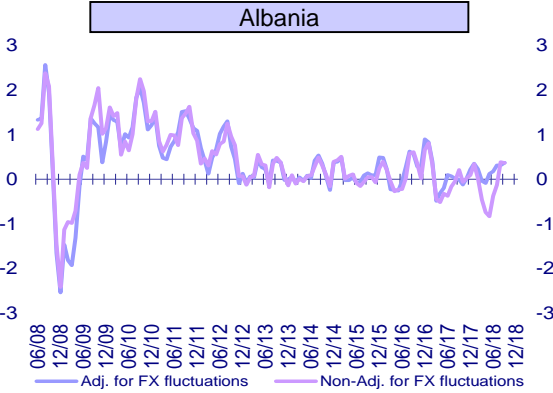
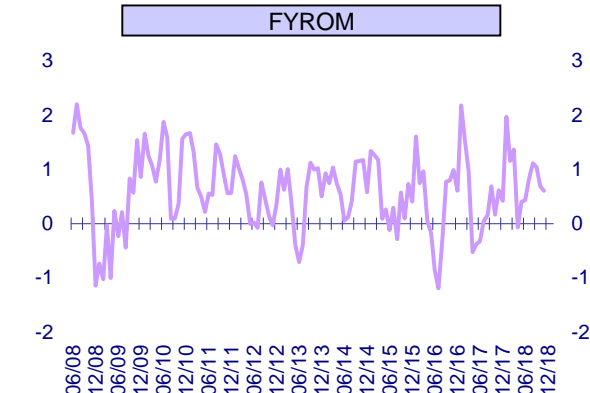
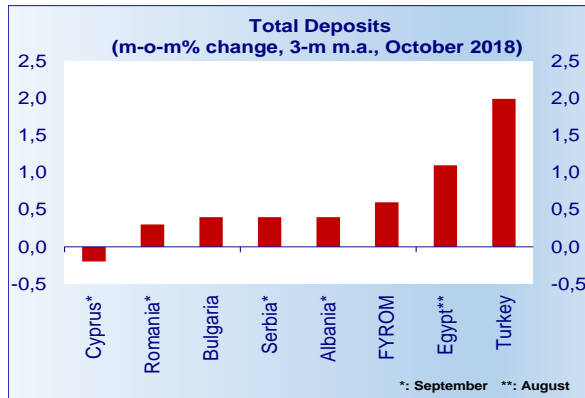
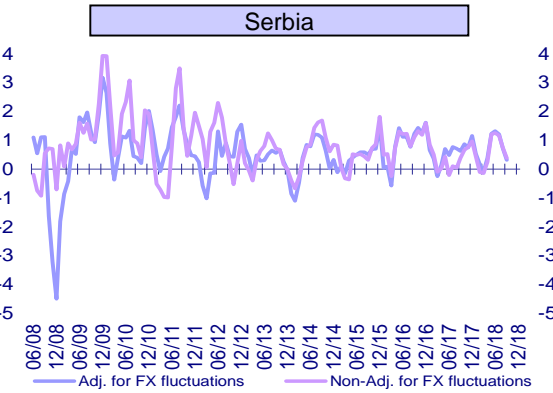
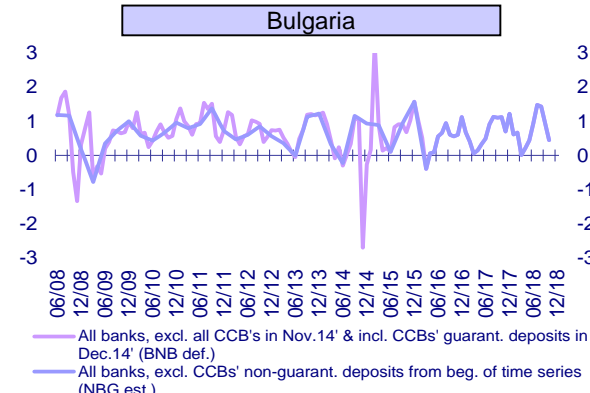
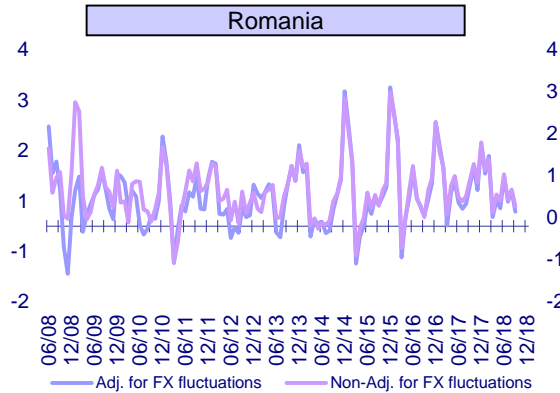
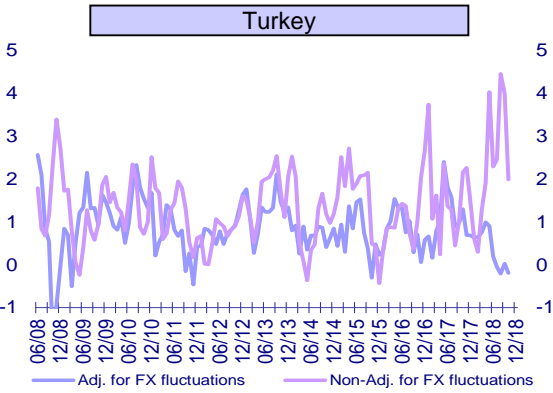
Lending activity is set to be driven mainly by the retail segment in all the countries under review this year



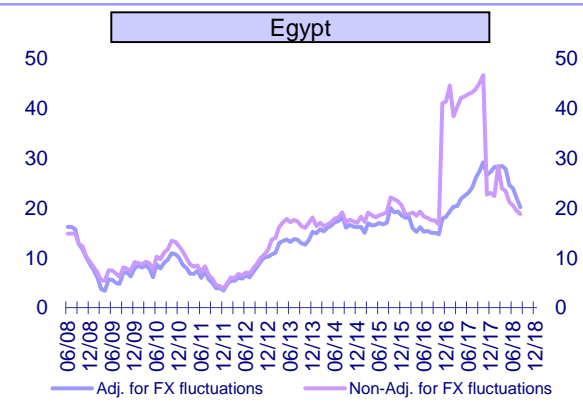
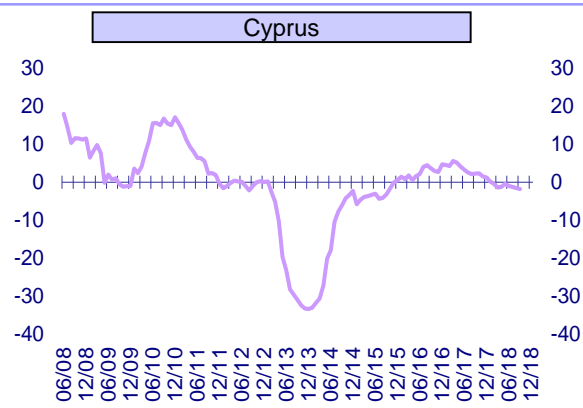
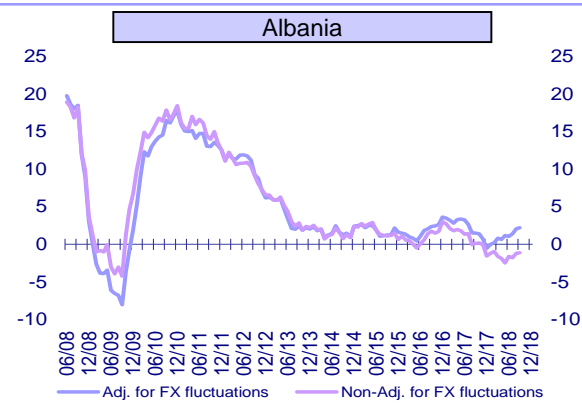
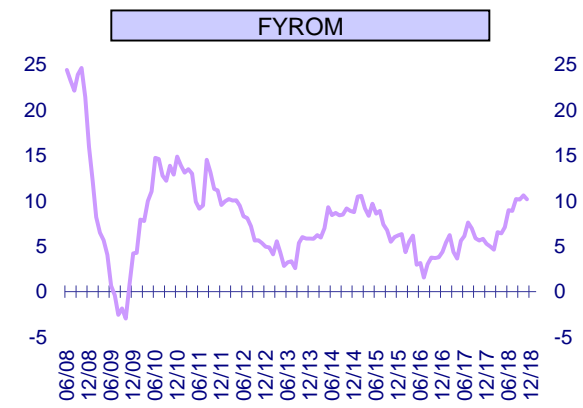
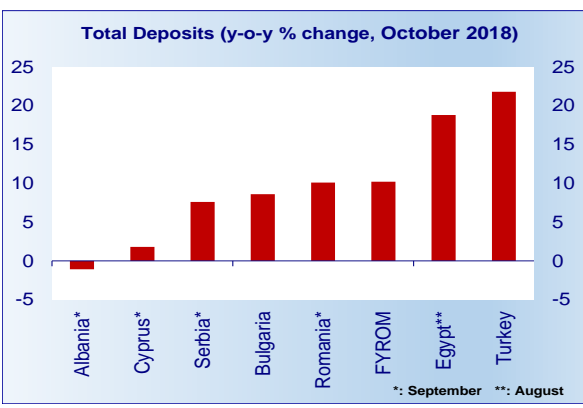
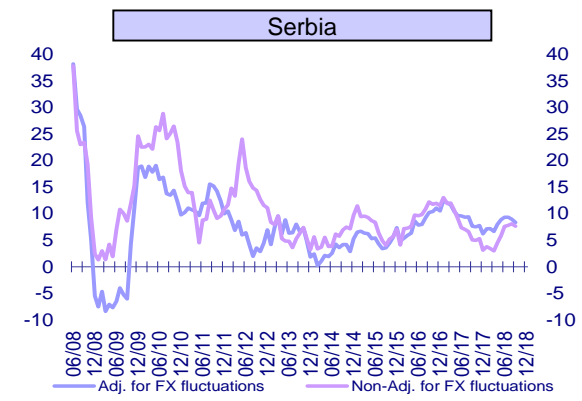
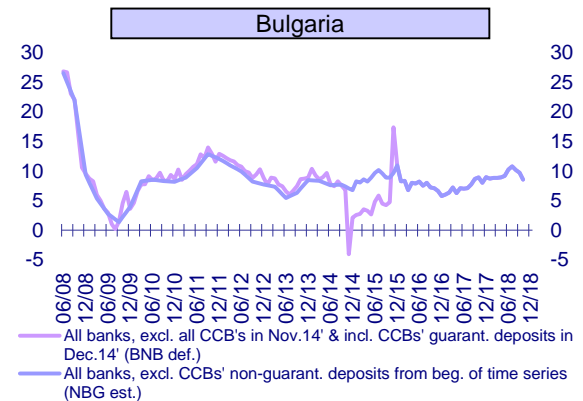
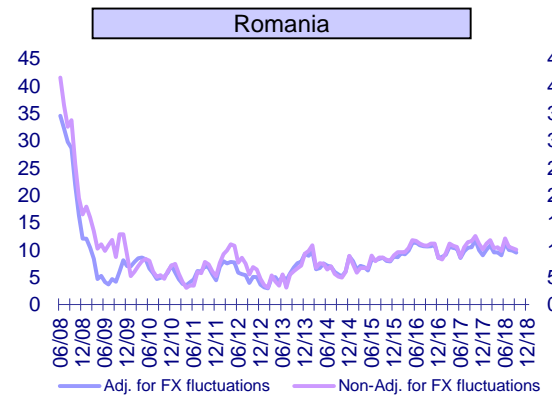
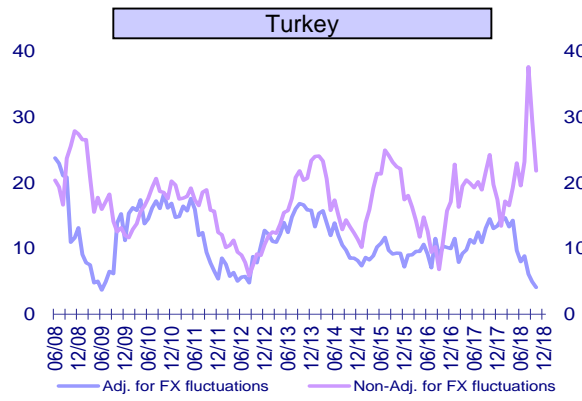
The corporate segment is set to contribute modestly to lending activity this year



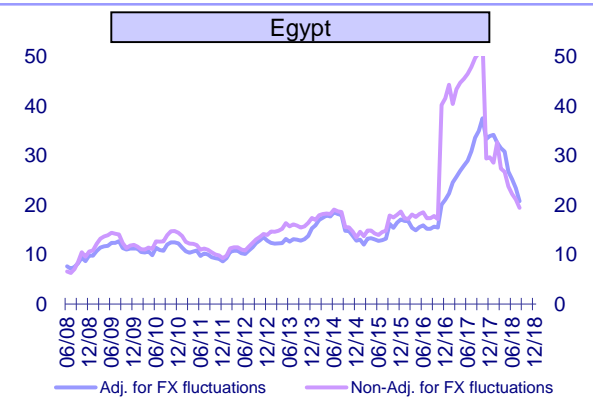
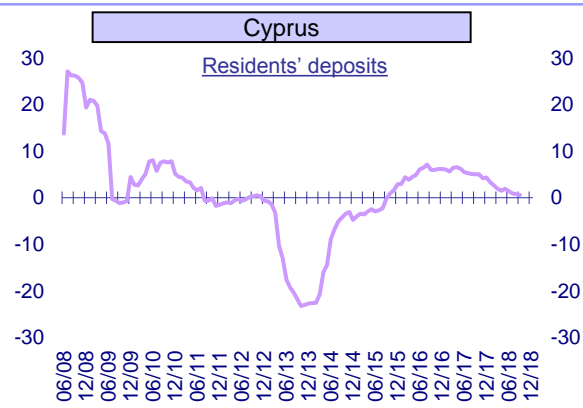
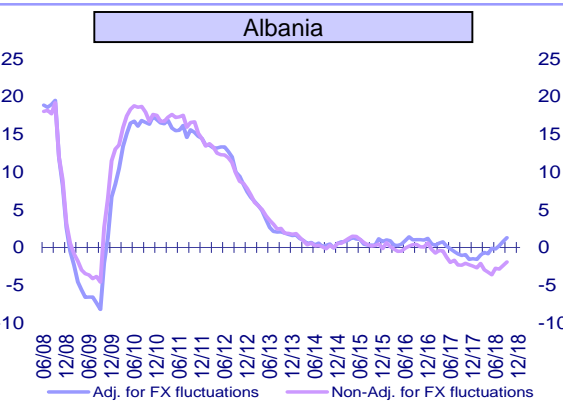
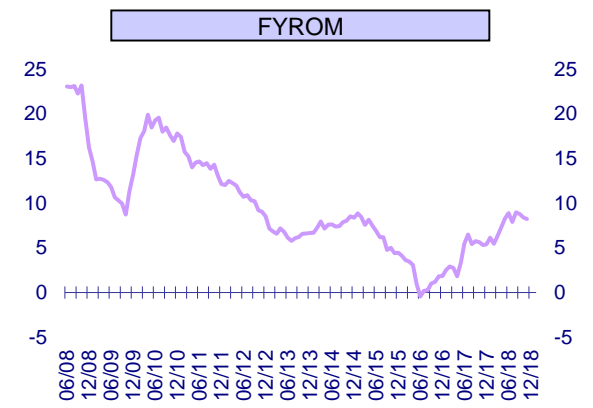
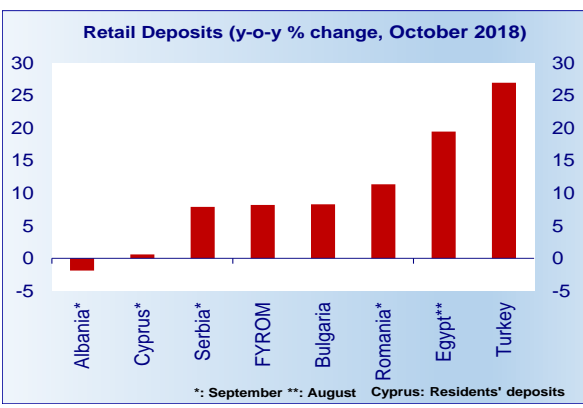
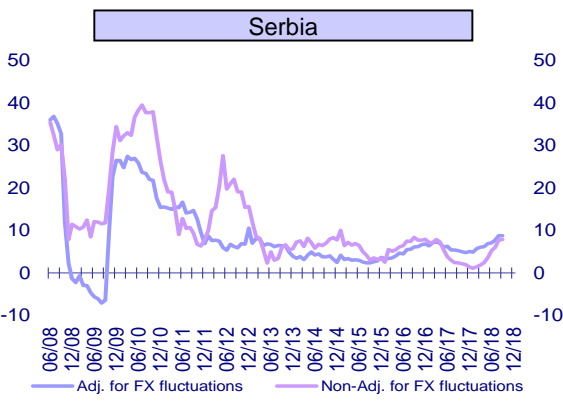
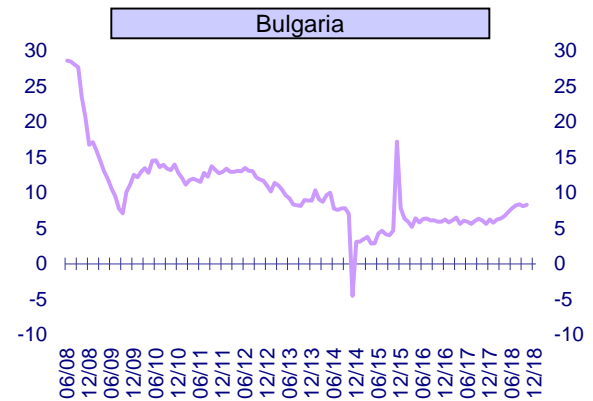
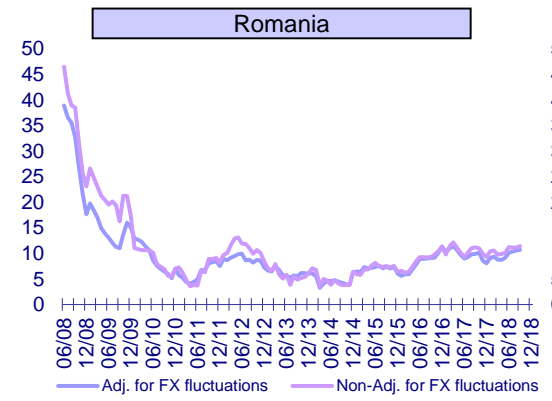
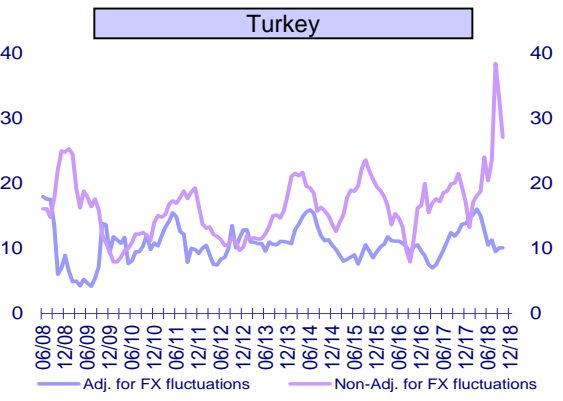
Positive deposit growth in all the countries under review in 9M:18, with the exception of Cyprus



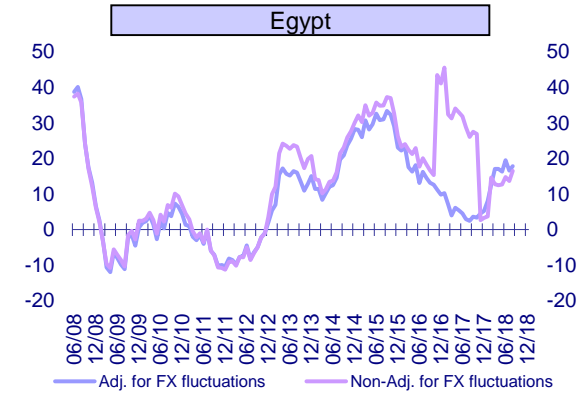
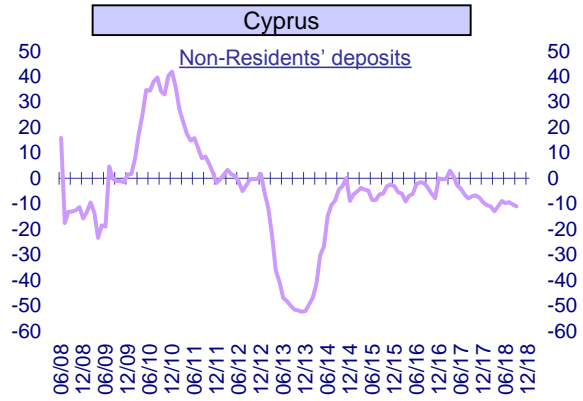
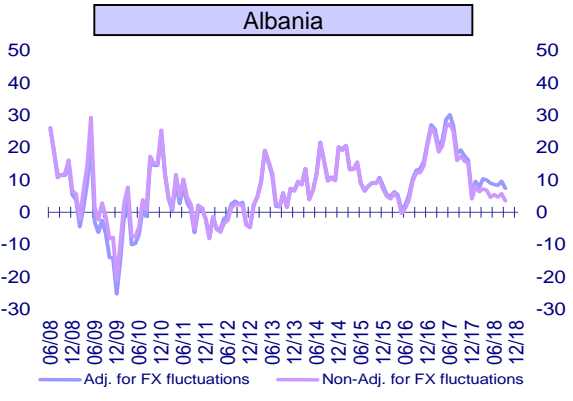
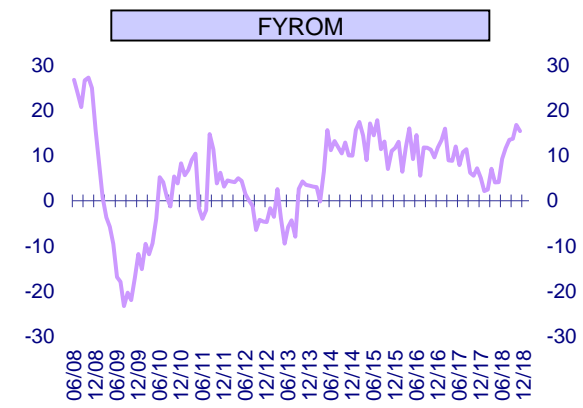
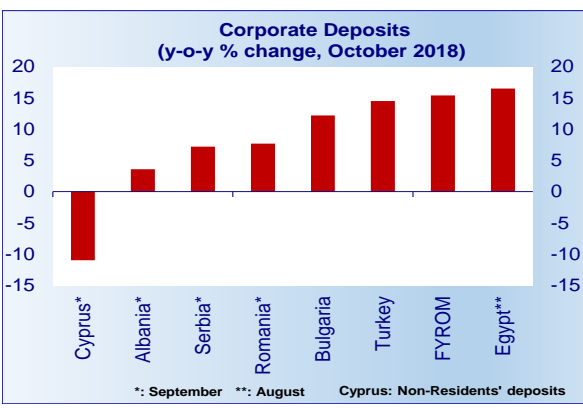
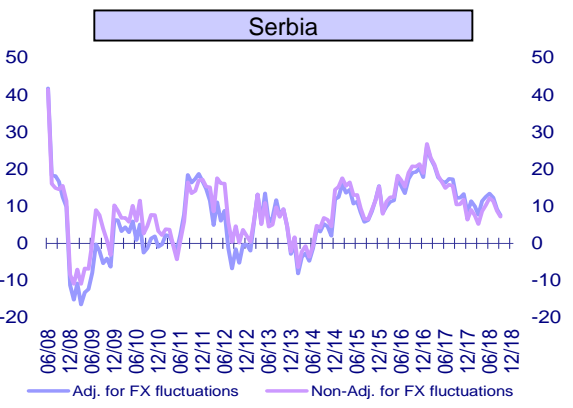
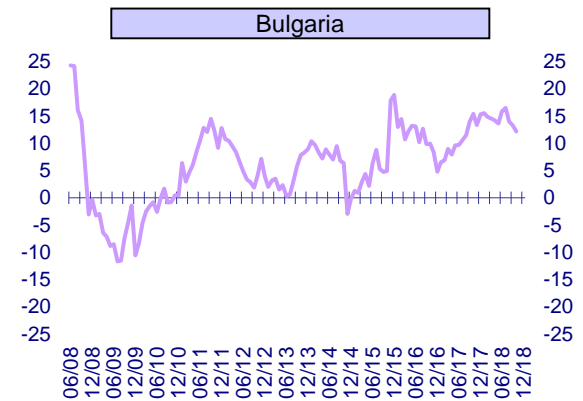
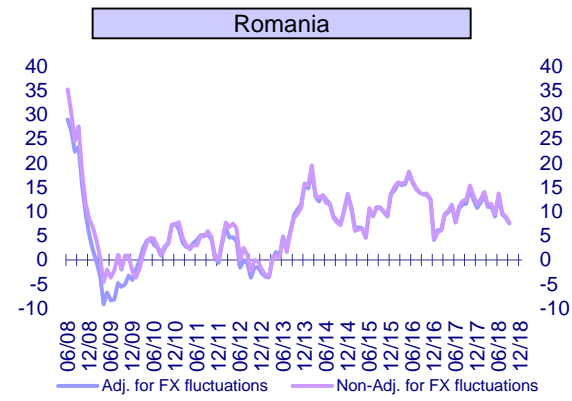
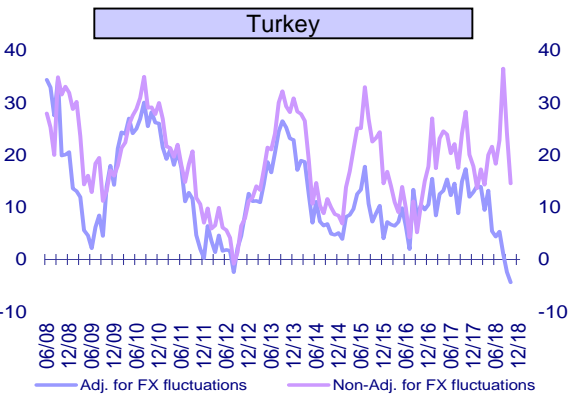
Deposit growth is set to surpass lending growth in most of the countries under review this year



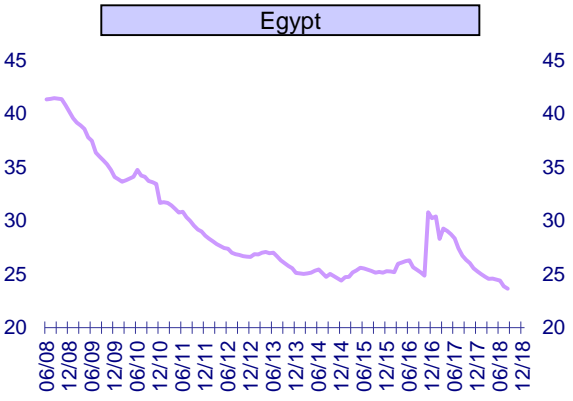
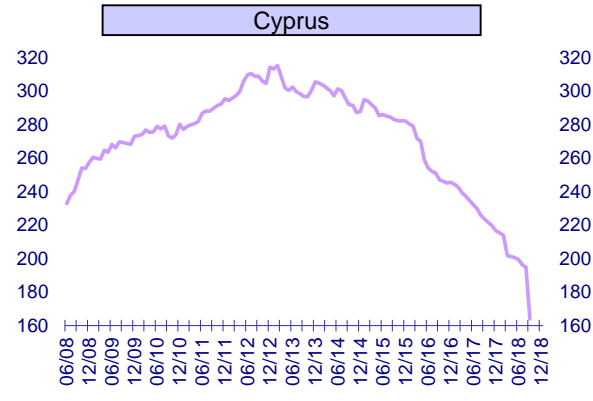
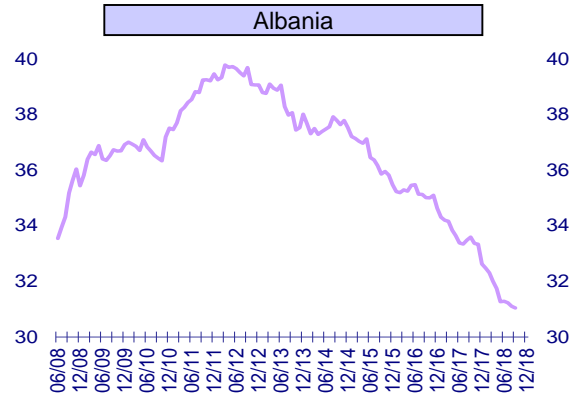
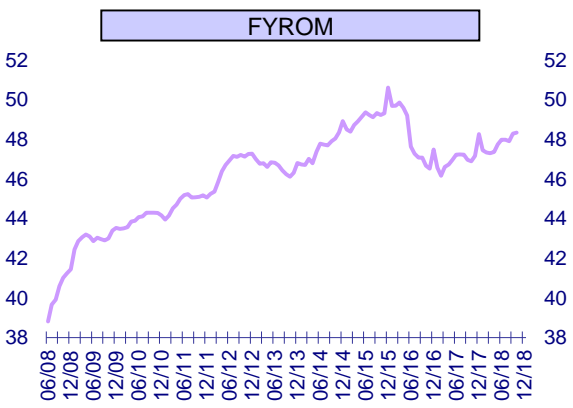
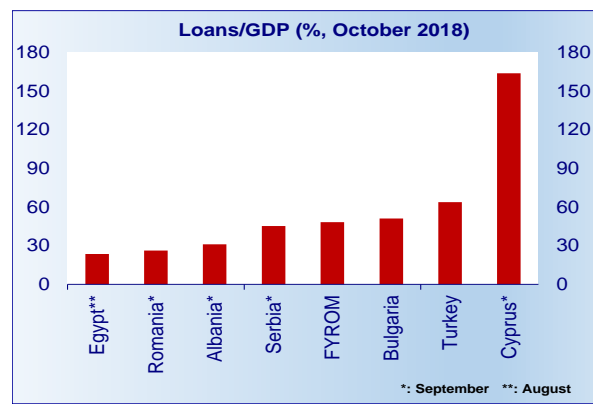
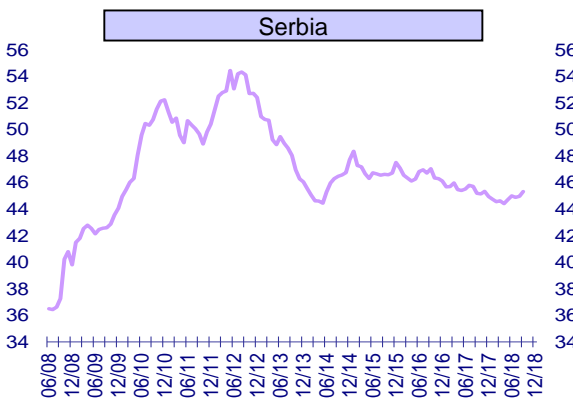
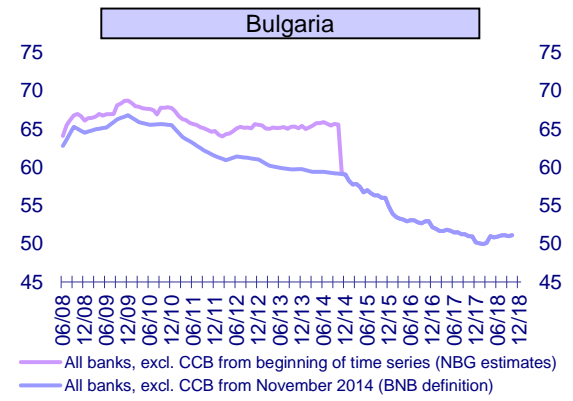
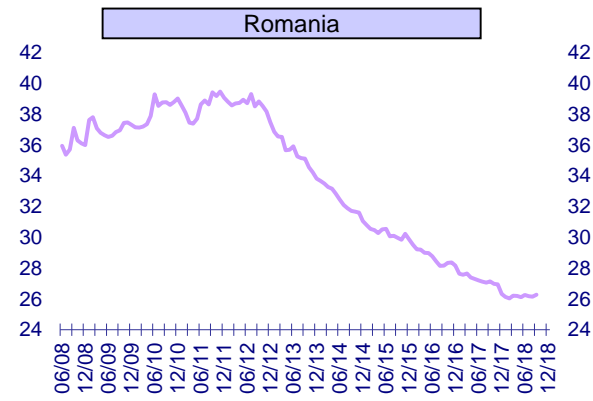
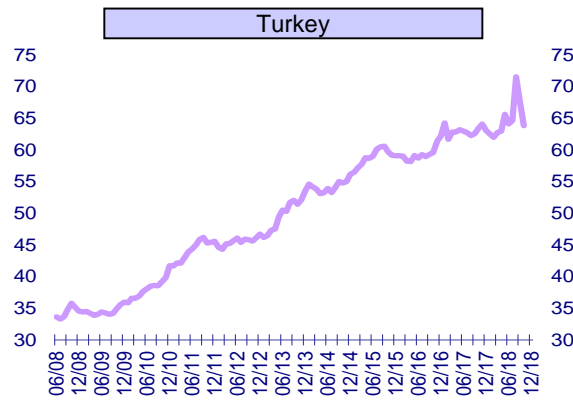
The retail segment has been the main driver of deposit growth in Turkey and Egypt since the start of the year



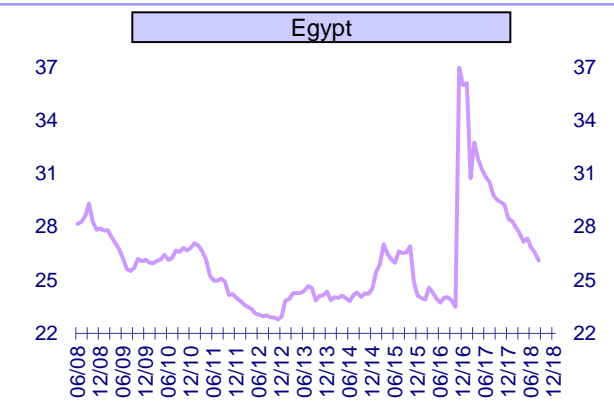
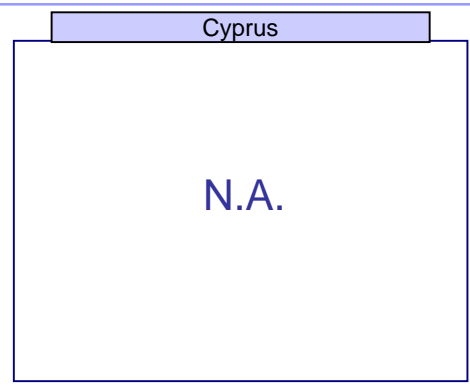
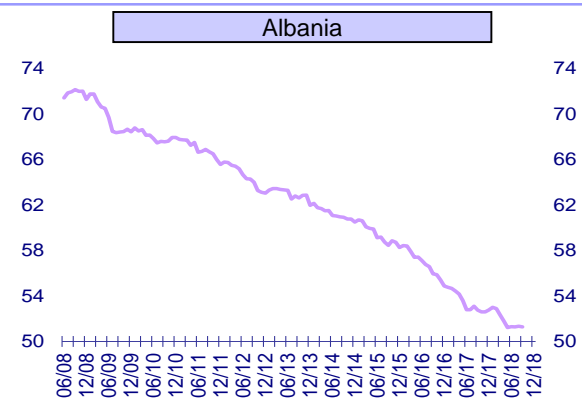
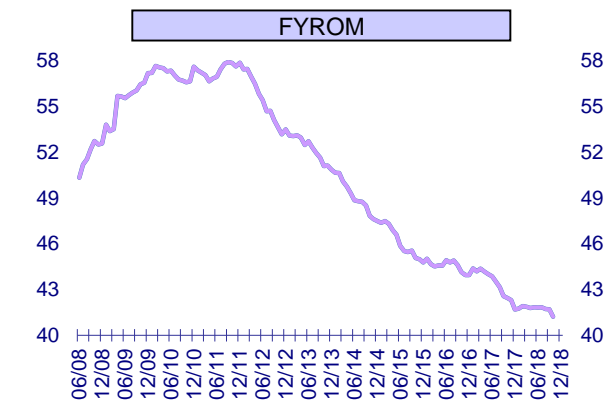
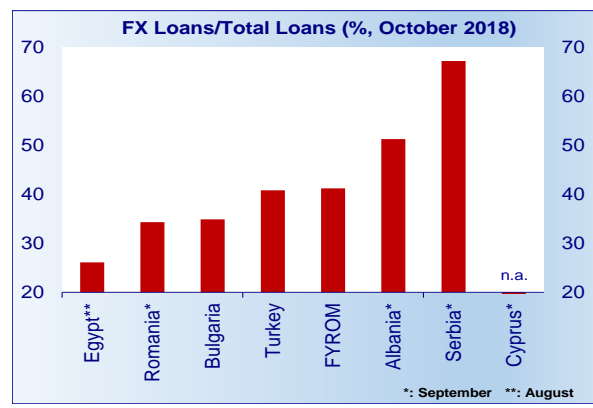
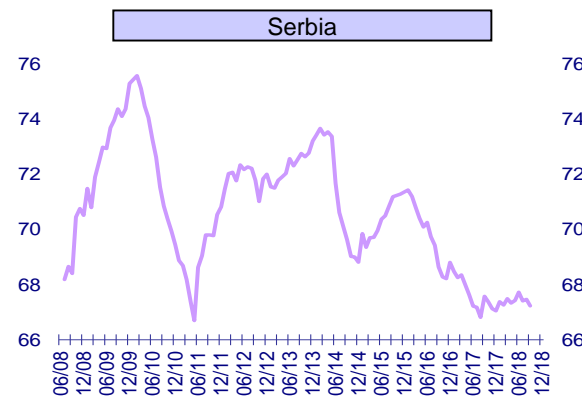
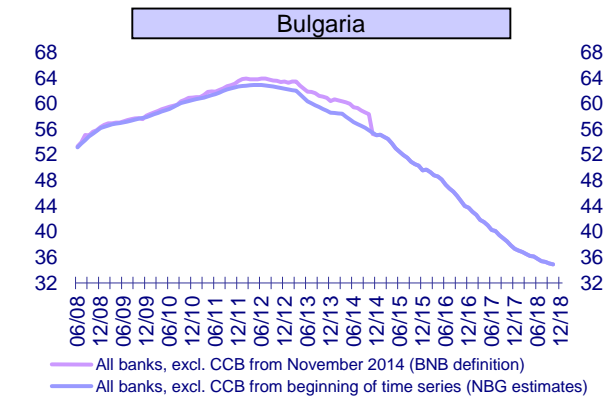
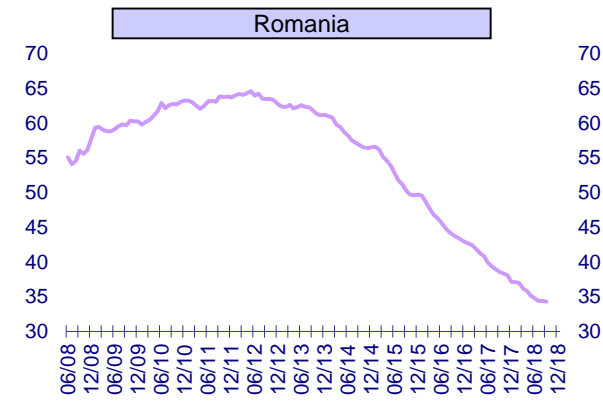
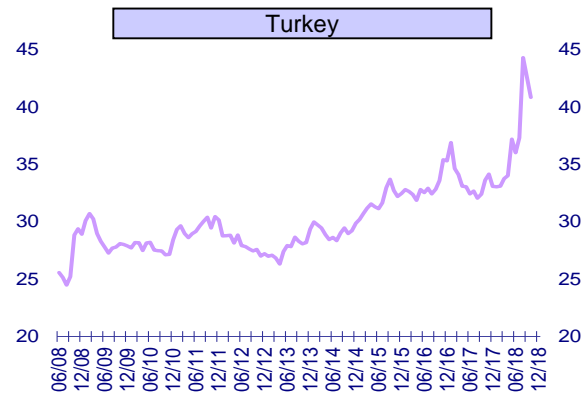
The corporate segment is growing at a faster pace than the retail segment in Bulgaria, FYROM and Albania



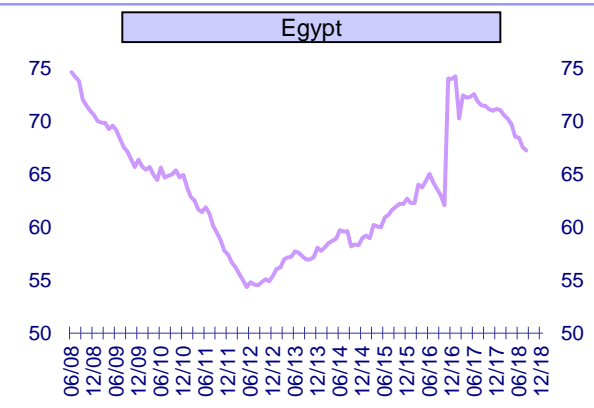
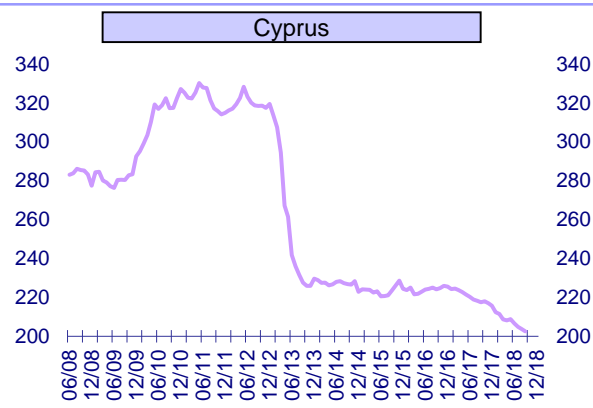
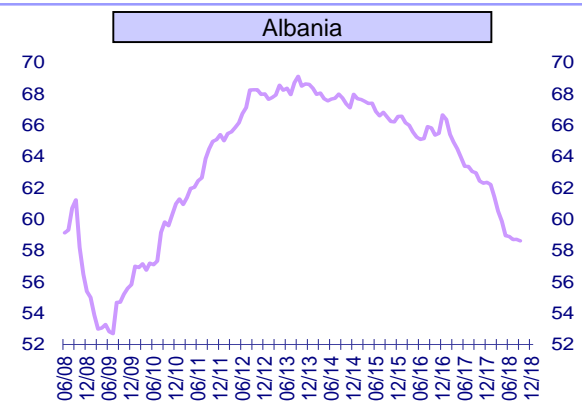
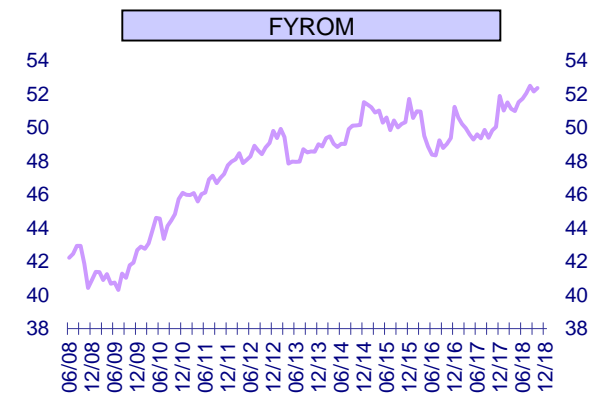
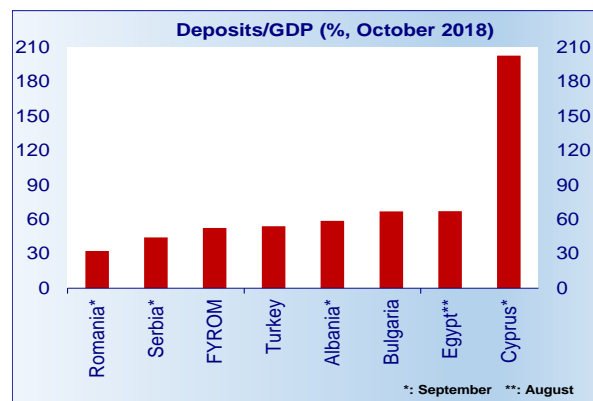
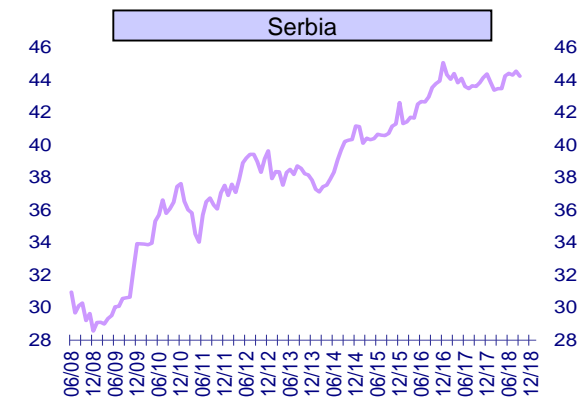
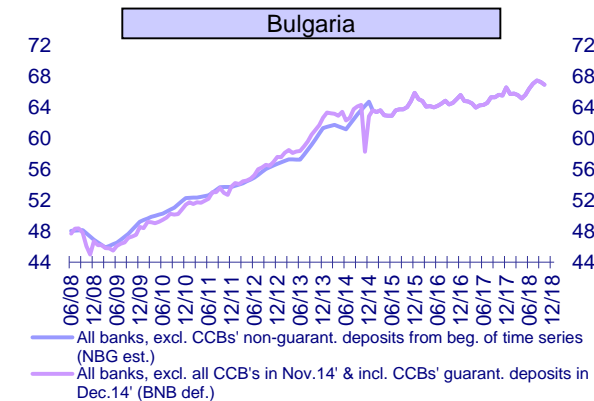
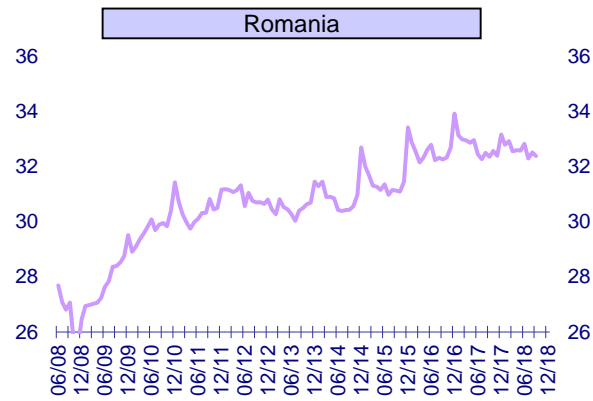
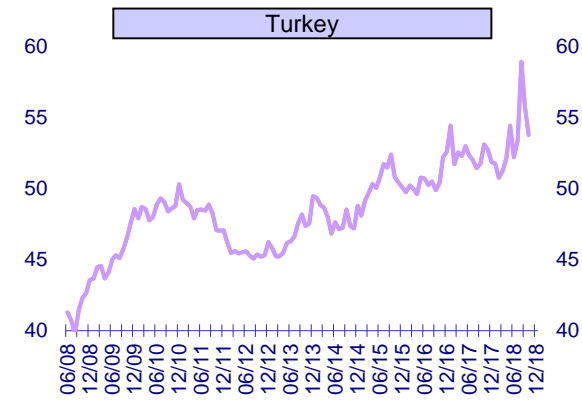
All the economies under review, with the exception of Cyprus, are still underpenetrated in terms of lending



The proportion of FX lending in total lending in most of the countries under review is decreasing, but remains high

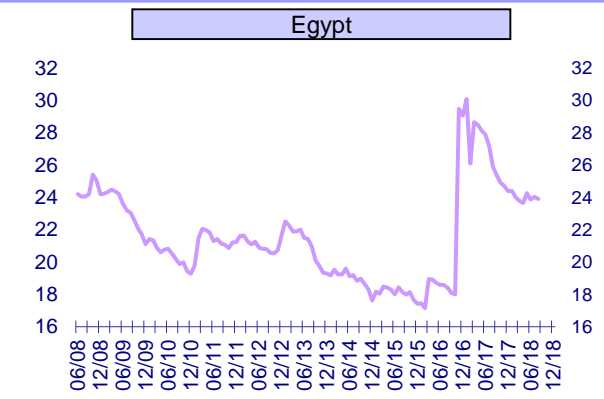
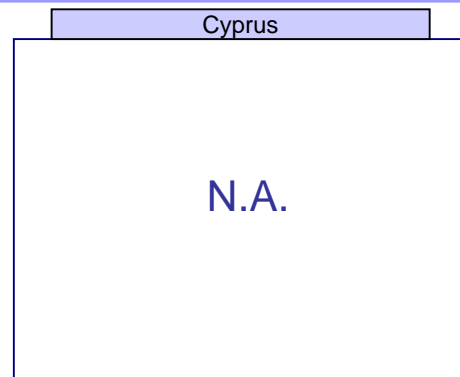
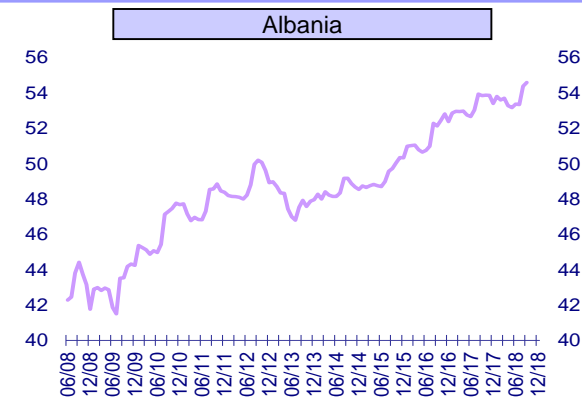
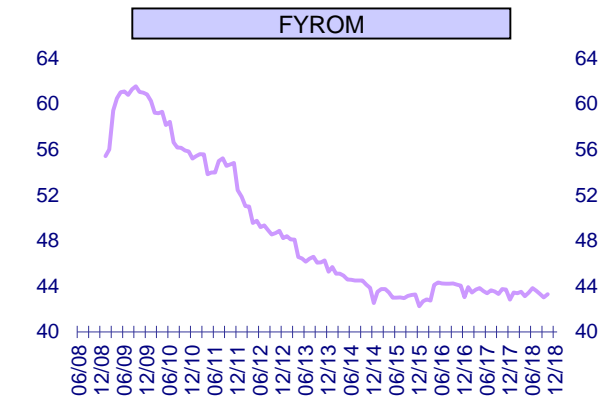
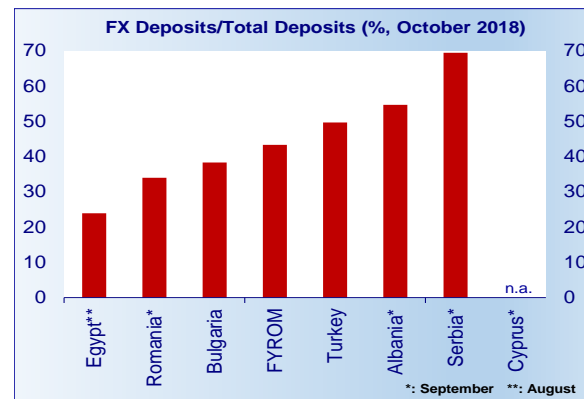
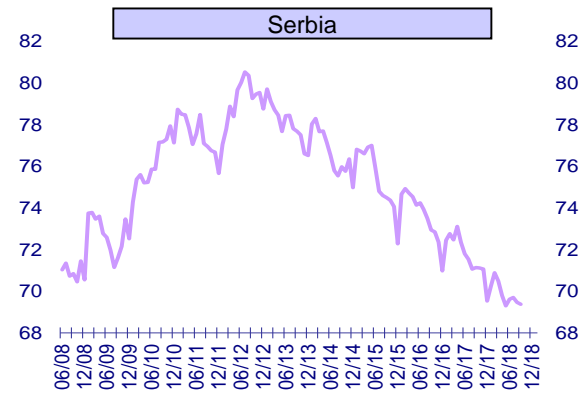
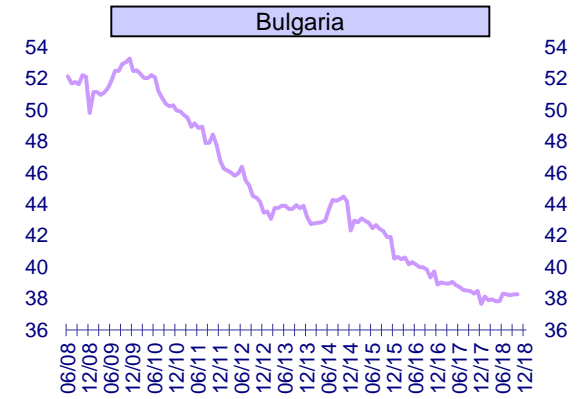
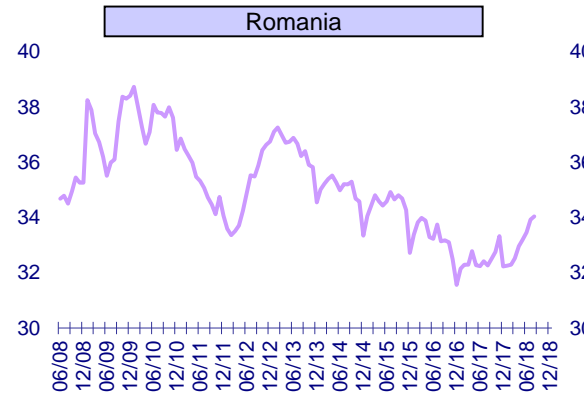
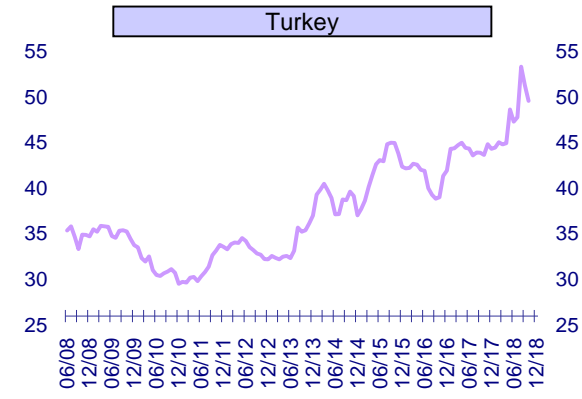


The deposit-to-GDP ratio continues on its sharp downward trend in Albania (due to attractive domestic debt yields)

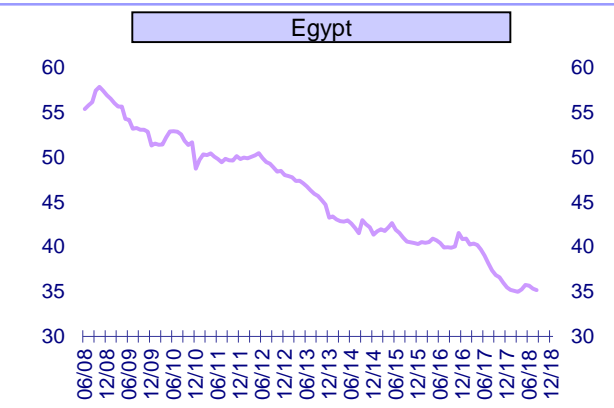
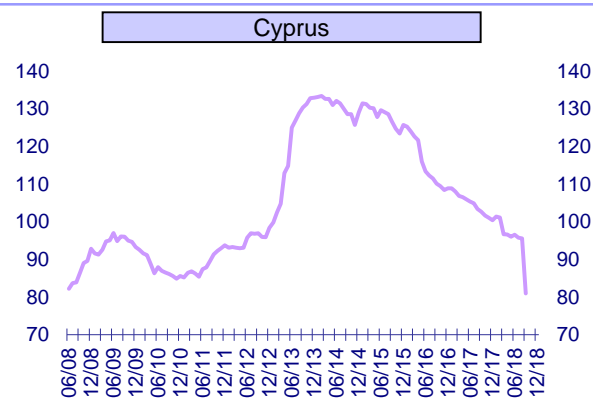
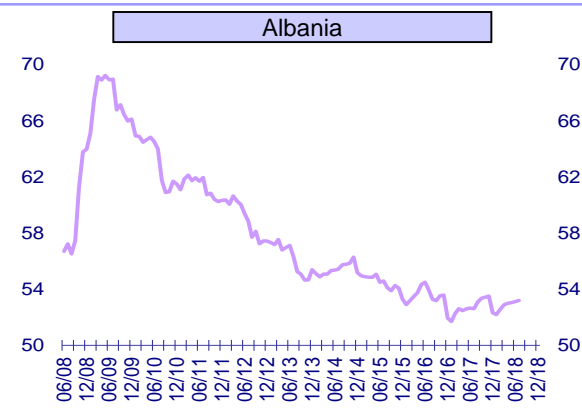
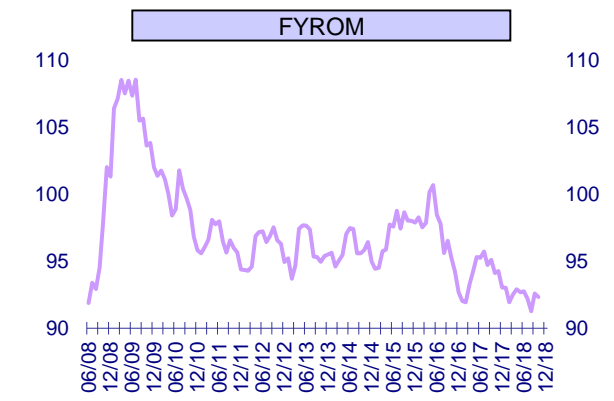
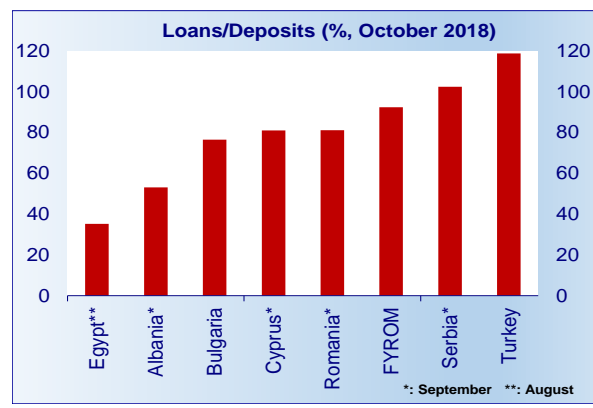
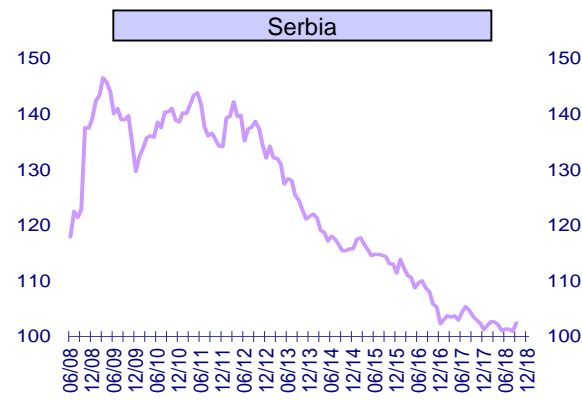
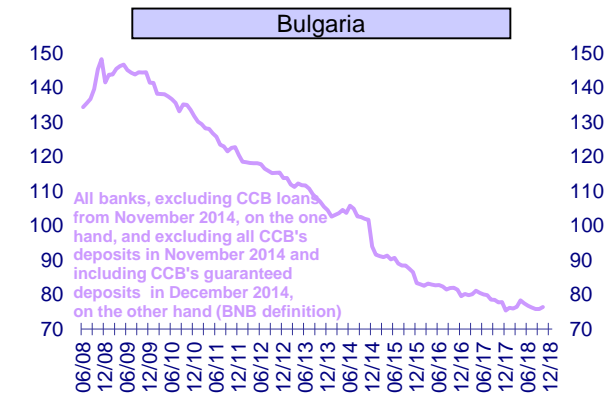
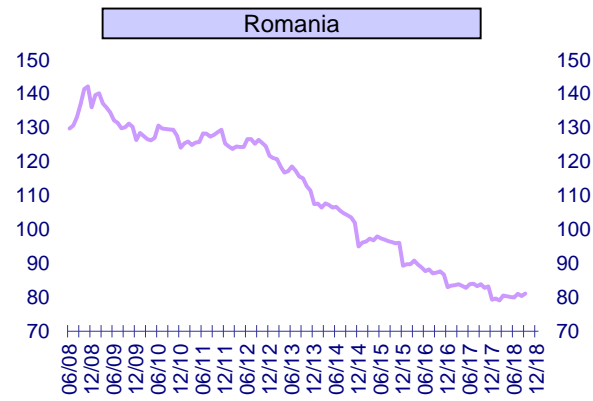
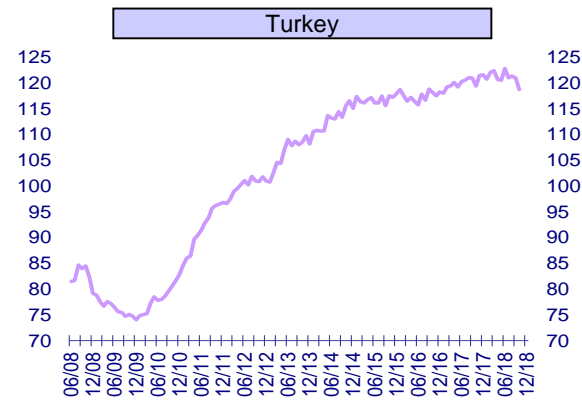


— All banks, excl. CCBs' non-guarant. deposits from beg. of time series (NBG est.)
 — All banks, excl. all CCB's in Nov.14' & incl. CCB's guarant. deposits in Dec.14' (BNB def.)

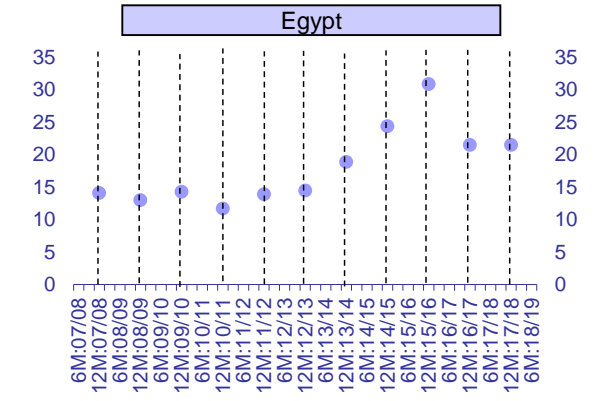
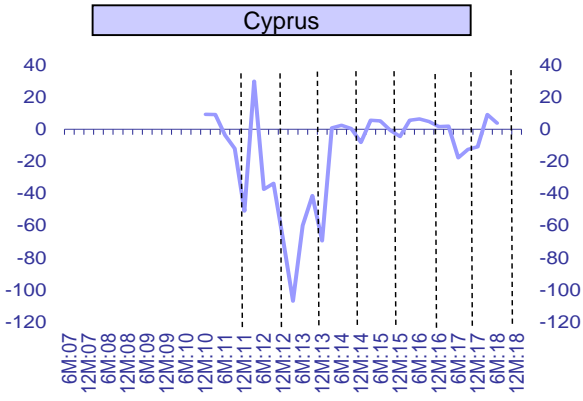
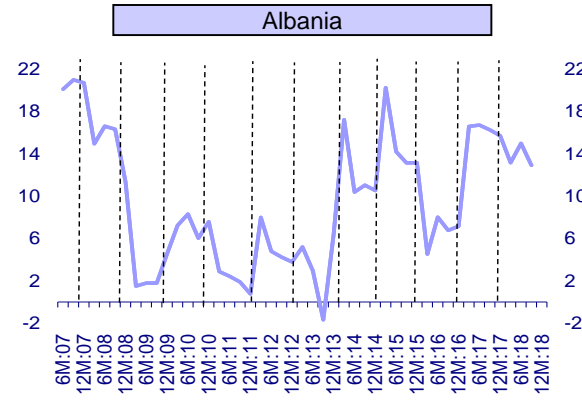
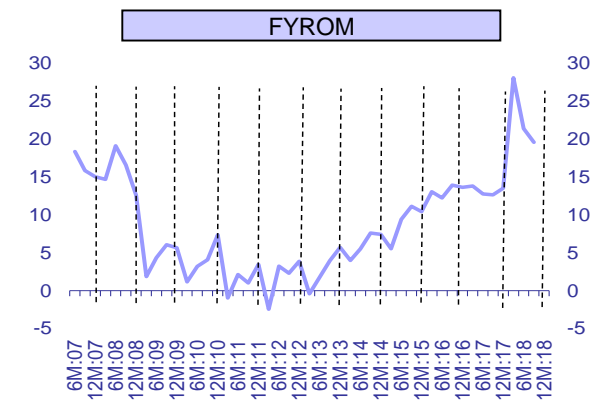
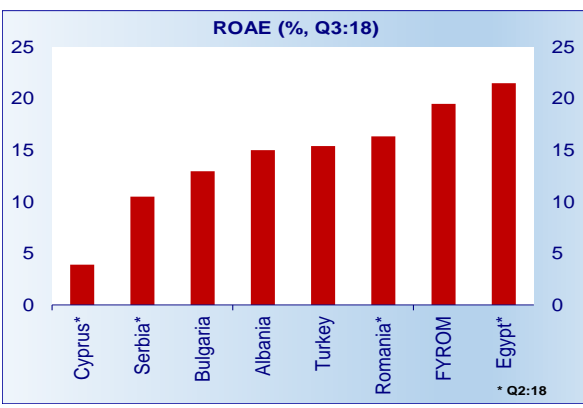
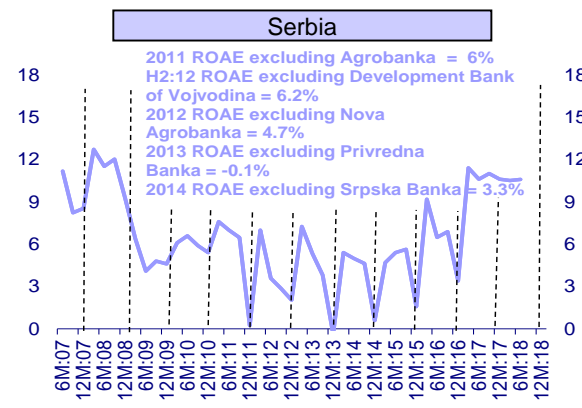
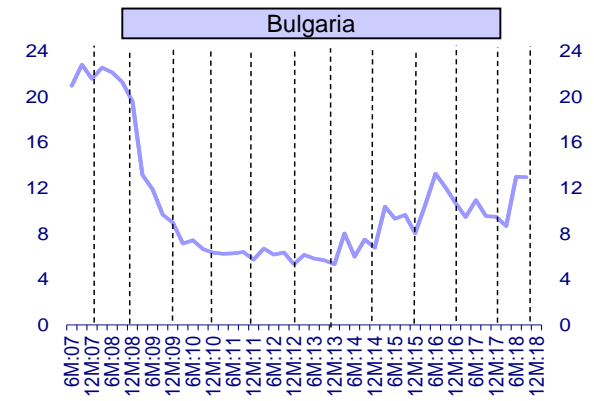
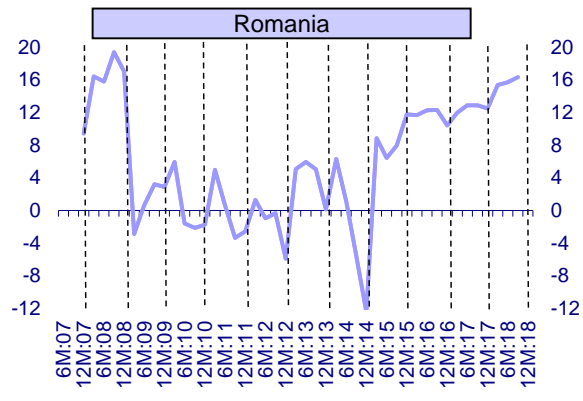
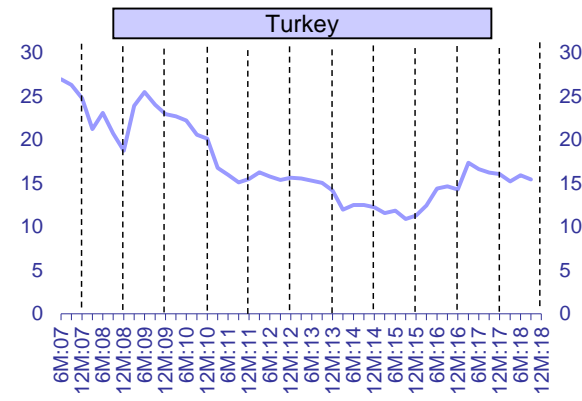
The proportion of FX deposits in total deposits is at similar levels to that for loans



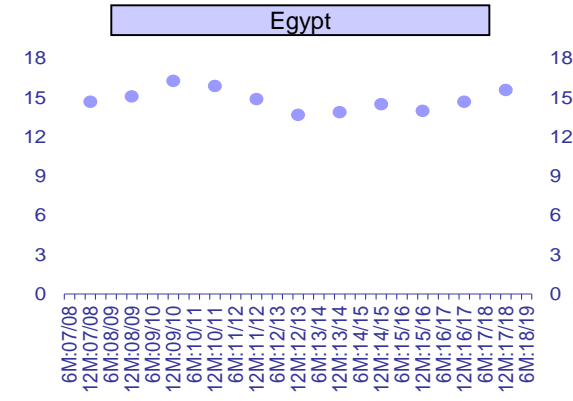
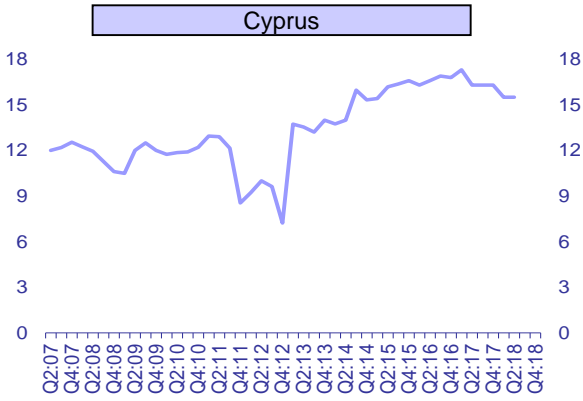
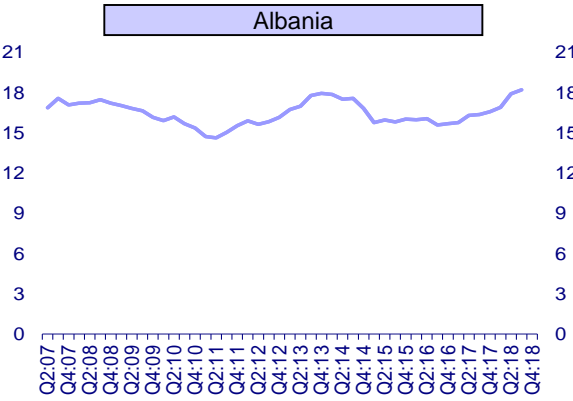
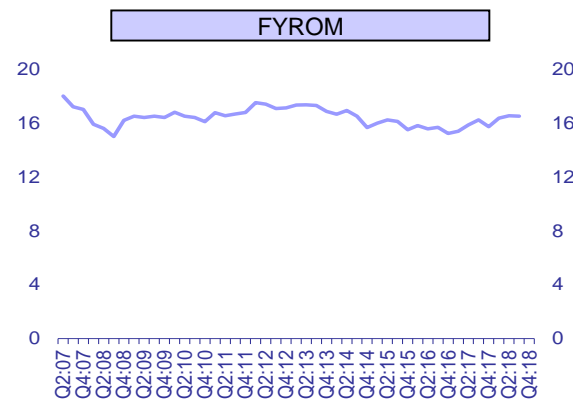
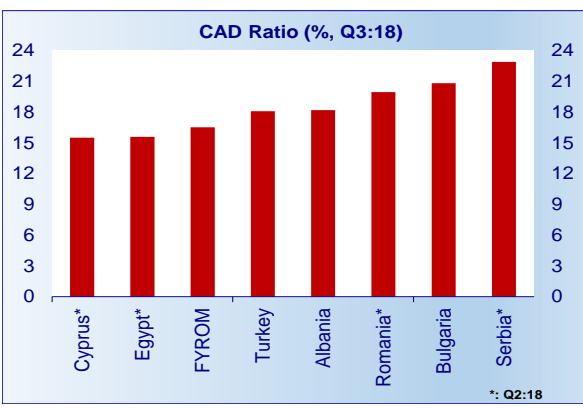
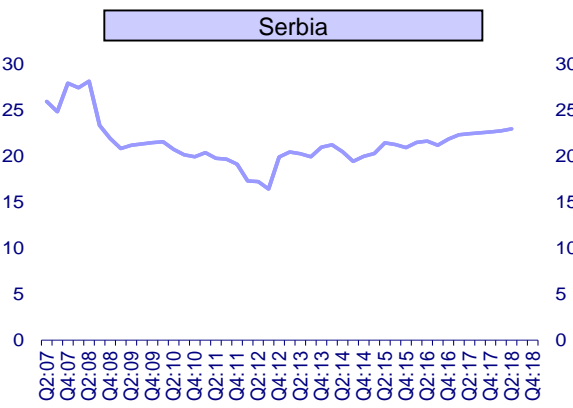
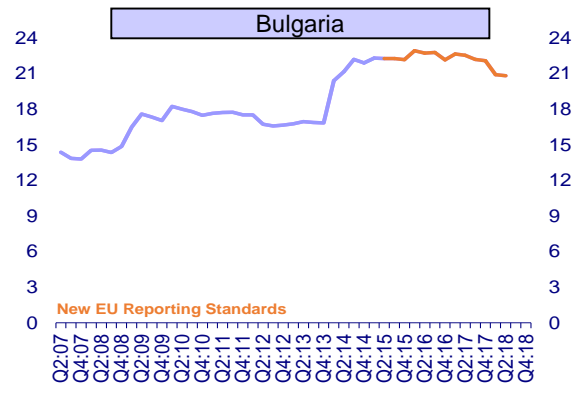
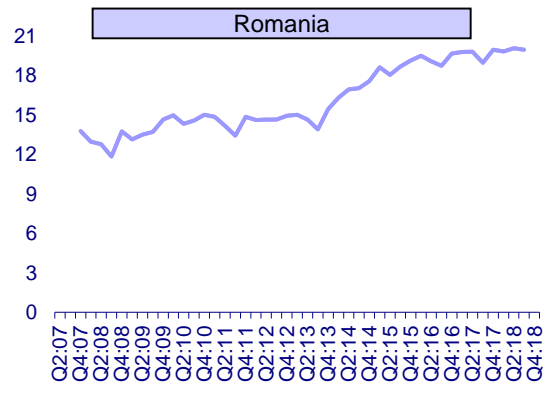
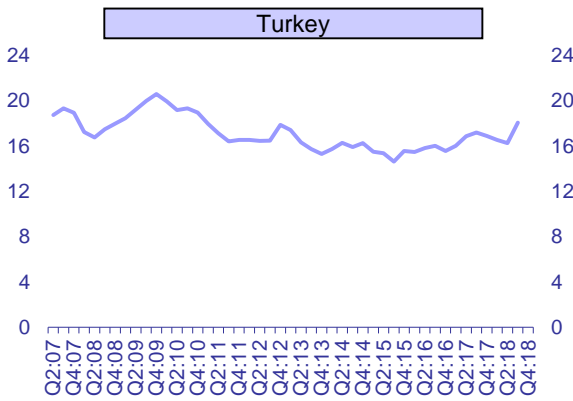
Liquidity pressures continue to ease in most of the countries under review



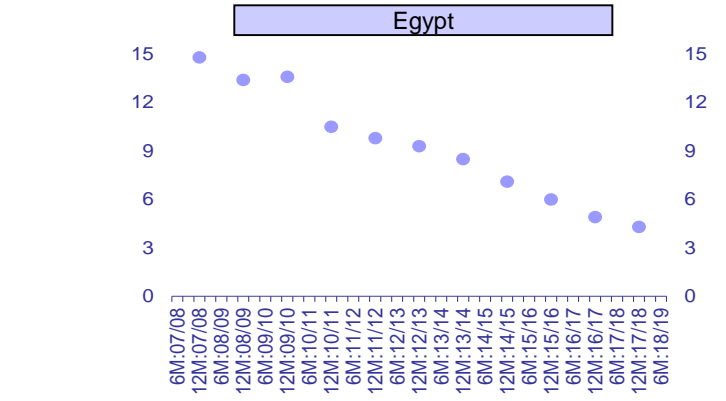
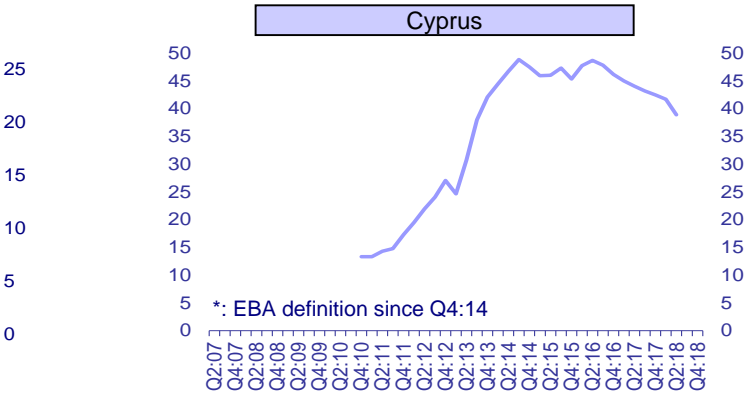
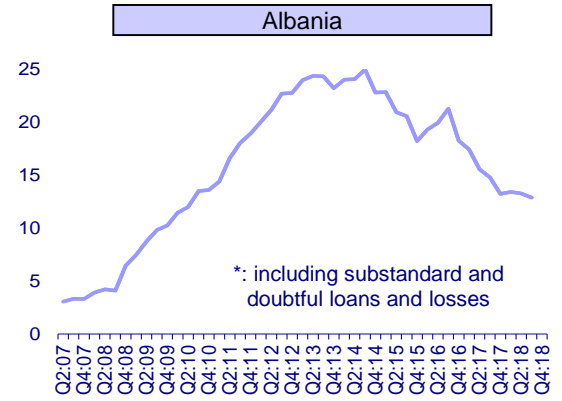
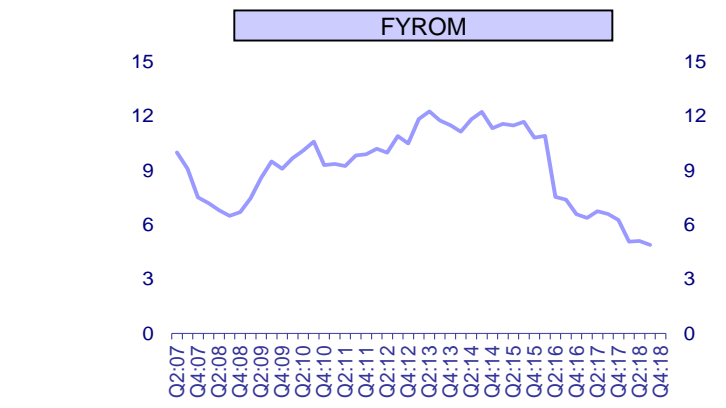
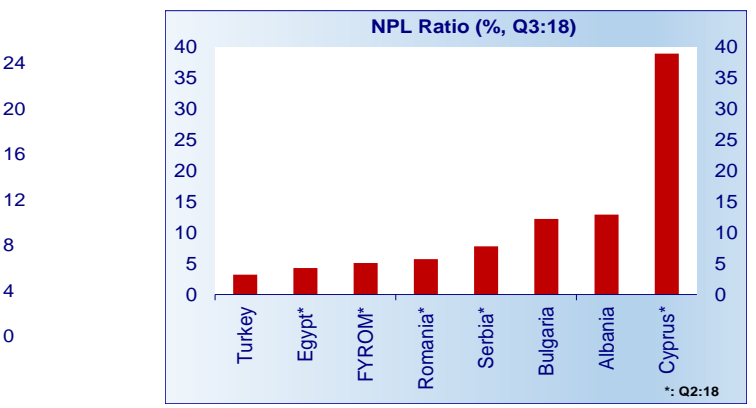
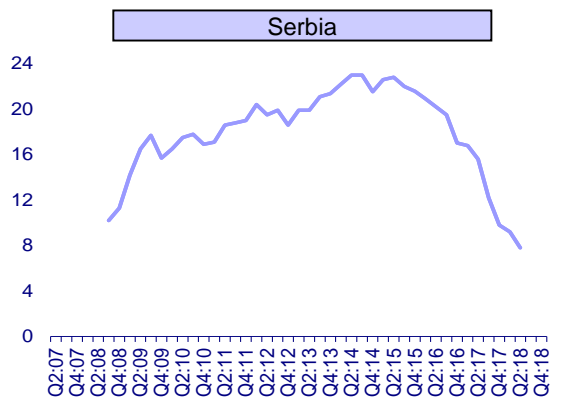
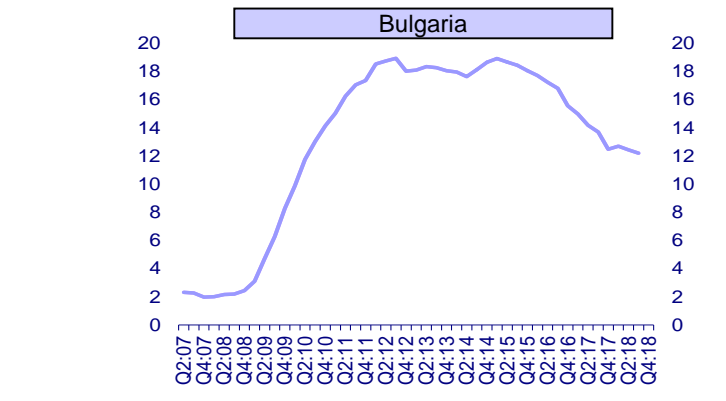
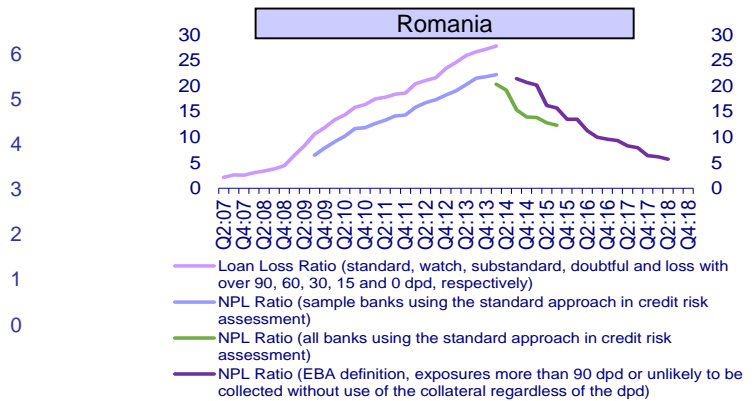
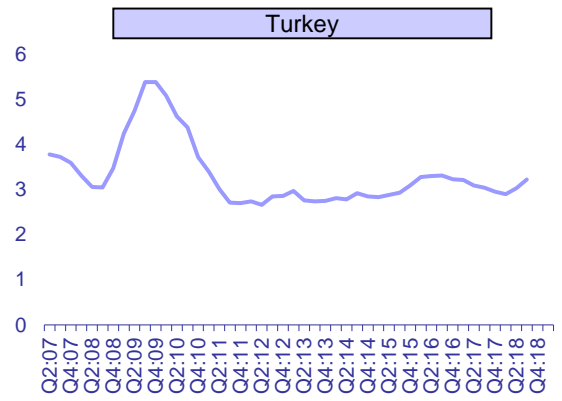
Double-digit return-to-average equity ratio in sight in all the countries under review this year, with the exception of Cyprus



Capital base remains sound in all the banking sectors under review



NPL ratios continue on a downward trend in all the countries under review, with the exception of Turkey, supported by strong economic activity, large write-offs and sales of bad loans to non-financial companies



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

Foreign Ownership (% of Total Assets, 2017)							
Turkey	Romania	Bulgaria	Serbia	FYROM	Albania	Cyprus ^a	Egypt ^b
24.9	77.0	76.6	69.7	70.5	81.4	21.0	55.0

^a: 30.06.2016

^b: 31.12.2015