

Economic Analysis Division

Emerging Markets Research

Quarterly Chartbook

Q2:2017



Turkey Romania Bulgaria Serbia FYROM Albania Cyprus Egypt

NBG - Economic Analysis Division

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

Paul Mylonas, PhD

✉: pmylonas@nbg.gr

Emerging Markets Research

Head: Michael Loufir

✉: mloufir@nbg.gr

Analysts:

Konstantinos Romanos-Louizos

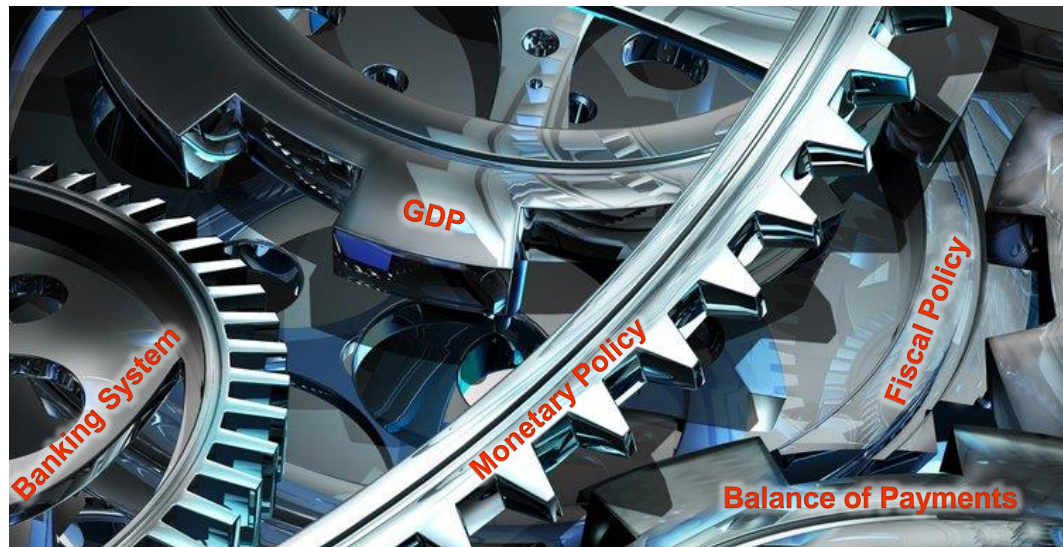
✉: romanos.louizos.k@nbg.gr

Louiza Troupi

✉: troupi.louiza@nbg.gr

Athanasios Lampousis

✉: lampousis.athanasios@nbg.gr



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



Republic of Turkey



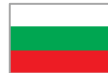
Population (2016 estimate, mn): 79.8
GDP (2016, EUR, bn): 775.2
GDP per Capita (2016, EUR): 9,712
Government type: Parliamentary Republic
Chief of state: Recep Tayyip ERDOGAN
Head of Government: Binali YILDIRIM
Minister of Finance: Naci AGBAL
Central Bank Governor: Murat CETINKAYA



Romania



Population (2016, estimate, mn): 20.0
GDP (2016, EUR, bn): 169.7
GDP per Capita (2016, EUR): 8,497
Government type: Semi Presidential Republic
Chief of state: Klaus Werner IOHANNIS
Head of Government: Sorin Mihai GRINDEANU
Minister of Finance: Viorel STEFAN
Central Bank Governor: Mugur ISARESCU



Republic of Bulgaria



Population (2016, estimate, mn): 7.1
GDP (2016, EUR, bn): 47.4
GDP per Capita (2016, EUR): 6,667
Government type: Parliamentary Republic
Chief of state: Rumen RADEV
Head of Government: Boyko BORISOV
Minister of Finance: Vladislav GORANOV
Central Bank Governor: Dimitar RADEV



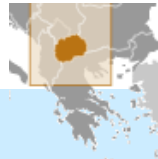
Republic of Serbia



Population (2016, estimate, mn): 7.1
GDP (2016, EUR, bn): 34.1
GDP per Capita (2016, EUR): 4,832
Government type: Parliamentary Republic
Chief of state: Tomislav NIKOLIC
Head of Government: Aleksandar VUCIC
Minister of Finance: Dusan VUJOVIC
Central Bank Governor: Jorgovanka TABAKOVIC



Former Yugoslav Republic of Macedonia



Population (2016, estimate, mn): 2.1
GDP (2016, EUR, bn): 9.9
GDP per Capita (2016, EUR): 4,778
Government type: Parliamentary Republic
Chief of state: Gjorge IVANOV
Head of Government: Emil DIMITRIEV
Minister of Finance: Kiril MINOSKI
Central Bank Governor: Dimitar BOGOV



Republic of Albania



Population (2016, estimate, mn): 2.9
GDP (2016, EUR, bn): 10.8
GDP per Capita (2016, EUR): 3,742
Government type: Parliamentary Republic
Chief of state: Bujar NISHANI
Head of Government: Edi RAMA
Minister of Finance: Helga VUKAJ
Central Bank Governor: Gent SEJKO



Republic of Cyprus



Population (2016, estimate, mn): 0.85
GDP (2016, EUR, bn): 17.9
GDP per Capita (2016, EUR): 21,110
Government type: Presidential Republic without PM
Chief of state: Nicos ANASTASIADES
Head of Government: Nicos ANASTASIADES
Minister of Finance: Harris GEORGIADIS
Central Bank Governor: Chrystalla GEORGHADJI



Arab Republic of Egypt



Population (2016, estimate, mn): 89.6
GDP (2016, EUR, bn): 292.5
GDP per Capita (2016, EUR): 3,264
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 Albania, the general elections were delayed by one week to June 25th, to allow the opposition to participate in the vote after it had missed several extensions to the registration deadline

In FYROM, local elections, scheduled for May, will take place 4 months later. The delay was due to the political crisis

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

*: Last local elections were held in April 2008

Under Serbia's ongoing 3-year EUR 1.2bn precautionary SBA, approved 2½-years ago, funds available amount to EUR 850.8mn (equivalent to 2.4% of the 2017 GDP). Albania's EUR 370.6mn Extended-Fund Facility was successfully concluded in February; however, in view of the country's large outstanding credit to the Fund (213% of quota), the IMF will remain engaged with Albania through a Post-Program Monitoring

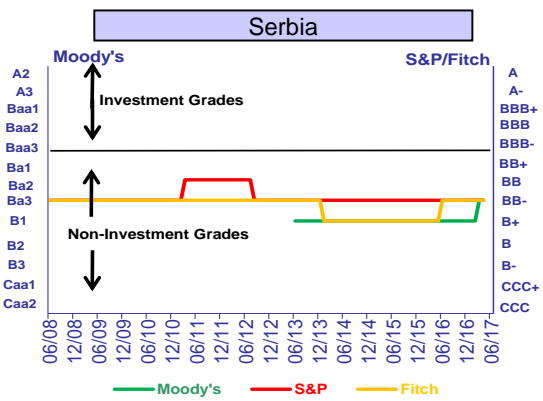
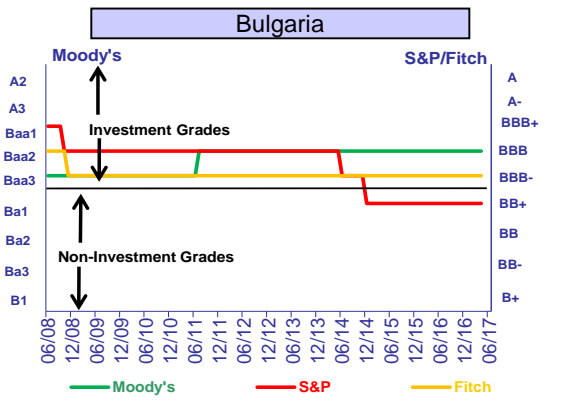
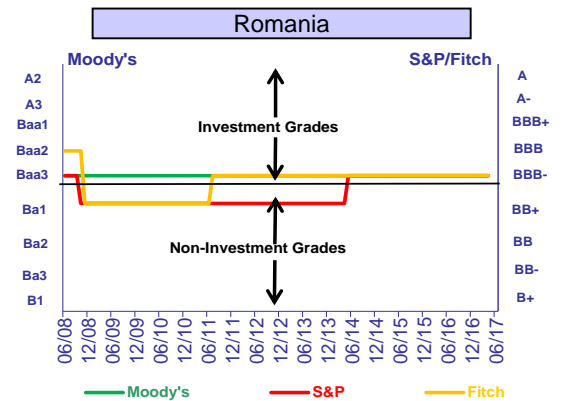
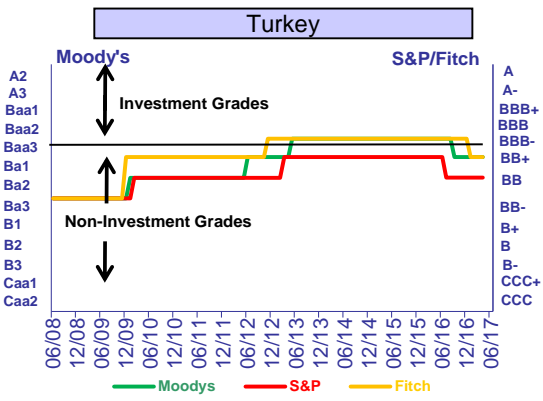
IMF & EU Financial Support (EUR bn)													
		Turkey	Romania			Bulgaria	Serbia			FYROM	Albania	Cyprus	Egypt
Period		---	2009-2011	2011-2013*	2013-2015*	---	2009-2011	2011-2013*	2015-2018*	2011-2013	2014-2017	2013-2016	2016-2019
Programme	IMF	---	13.0	3.6	2.0	---	2.9	1.1	1.2	0.5	0.4	1.0	12.0**
	EU	---	5.0	1.4	2.0	---	---	---	---	---	---	9.0	---
Drawn so far	IMF	---	12.1	---	---	---	1.5	---	---	0.2	0.4	0.9	2.8**
	EU	---	5.0	---	---	---	---	---	---	---	---	6.3	---
Repaid	IMF	---	12.1 since 2009			---	1.6 since 2009			0.2	---	---	---
	EU	---	1.5 since 2009			---	---			---	---	---	---
Next Repayments	IMF	---	---			---	---			---	Starting in 2019	Starting in 2019	Starting in 2021
	EU	---	EUR 1.15, 1.35, and 1.0bn, respectively, in 2017, 2018, and 2019			---	---			---	---	Starting in 2027	---

* Precautionary

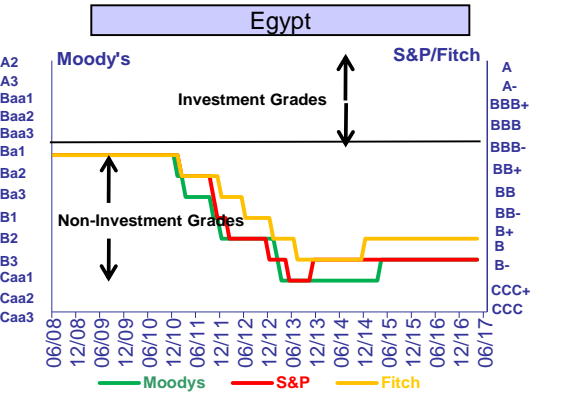
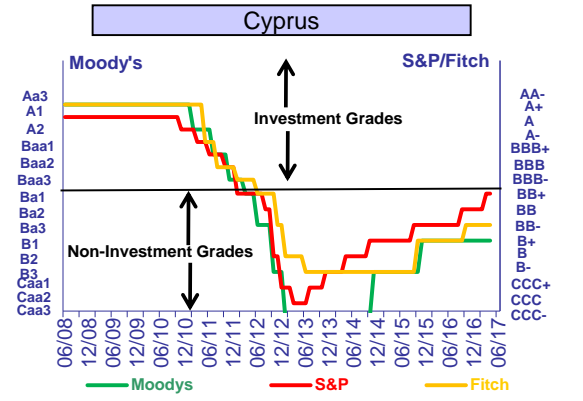
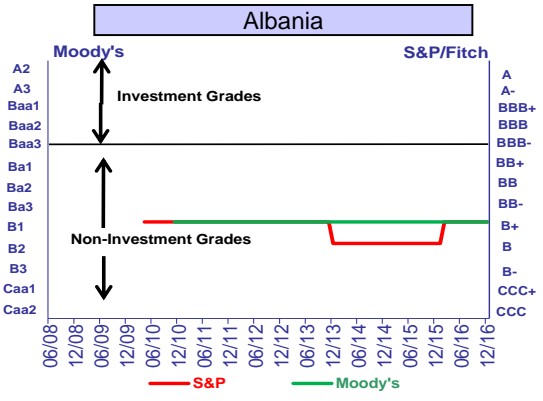
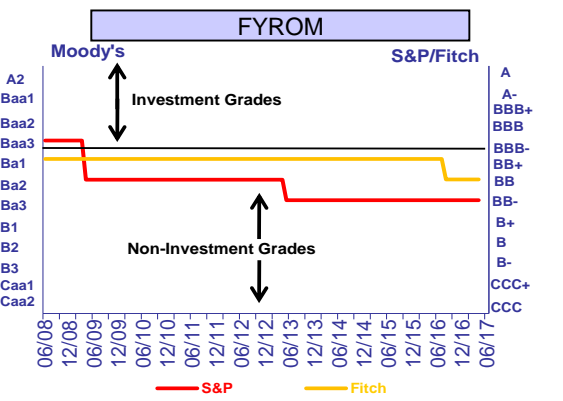
** bn USD

Foreign currency credit rating

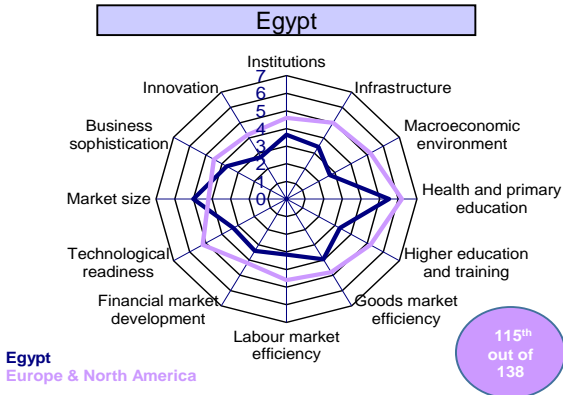
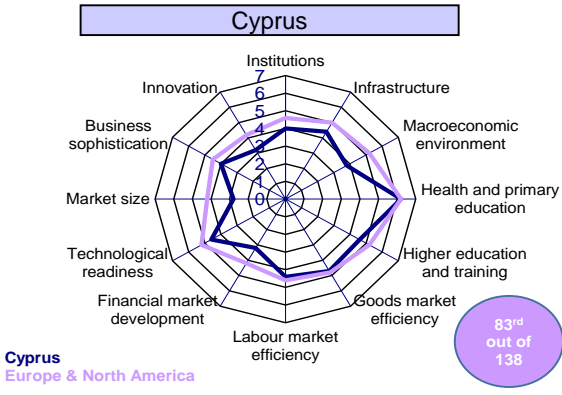
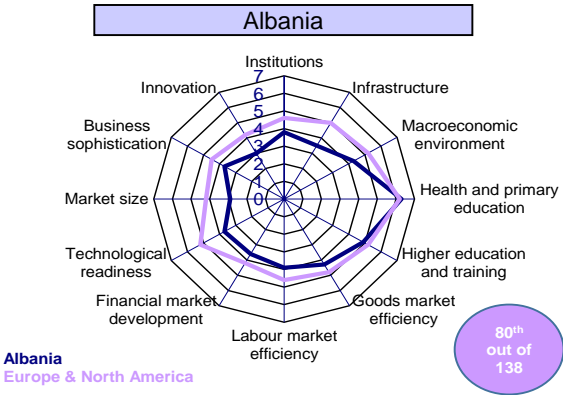
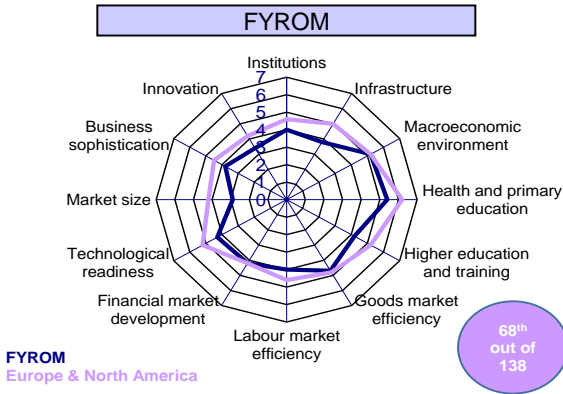
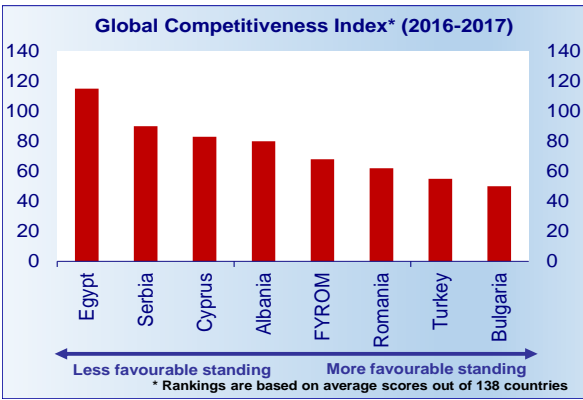
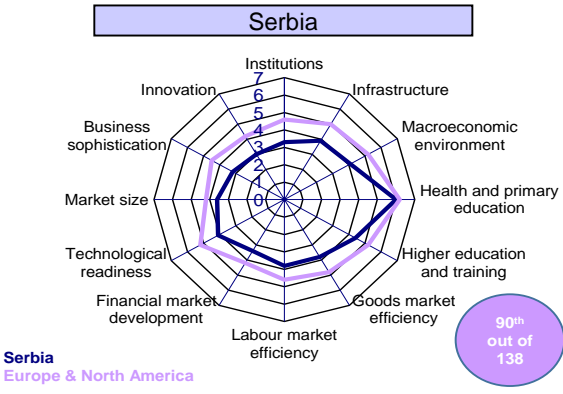
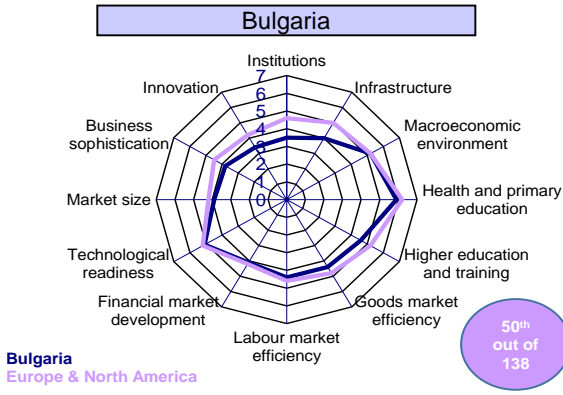
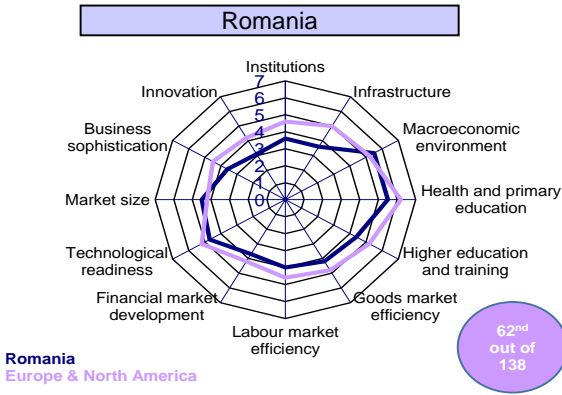
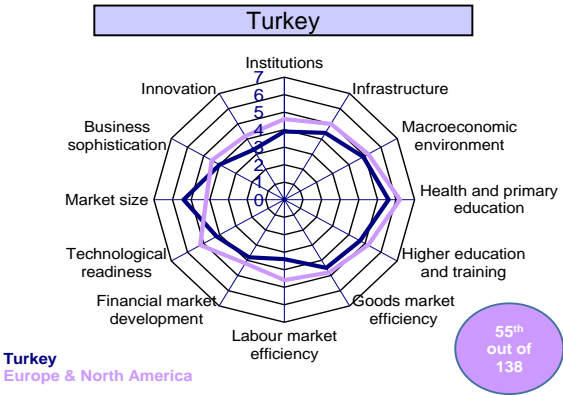
In the first 5 months of this year: i) Cyprus was upgraded by one notch to BB+ by S&P; ii) Serbia's rating was increased by one notch to BB- by Moody's; while iii) Turkey was downgraded by one notch by Fitch



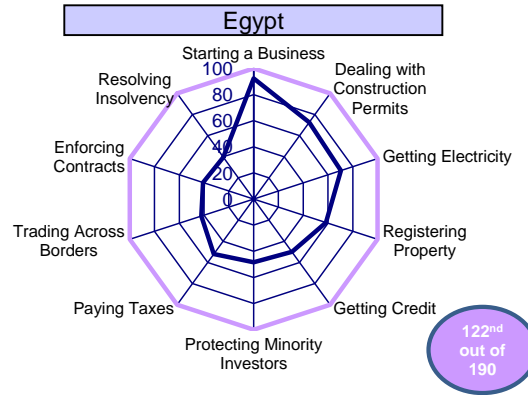
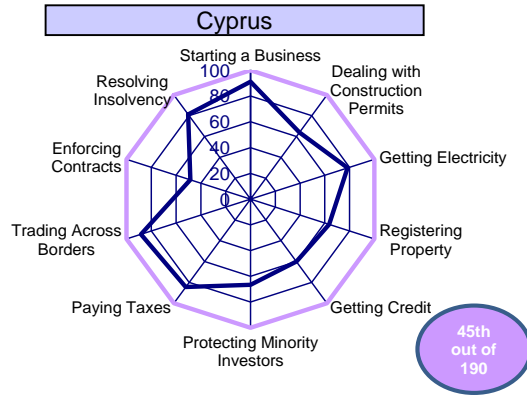
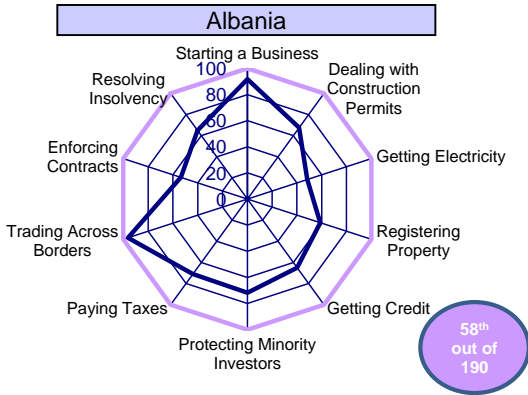
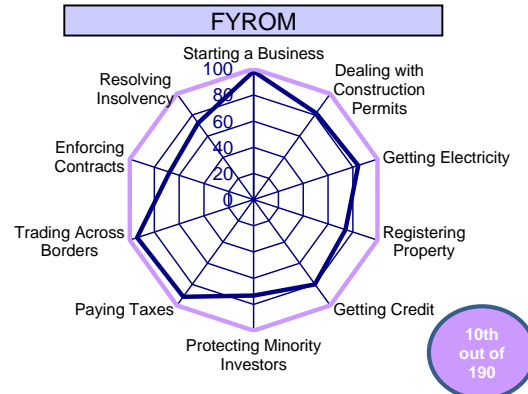
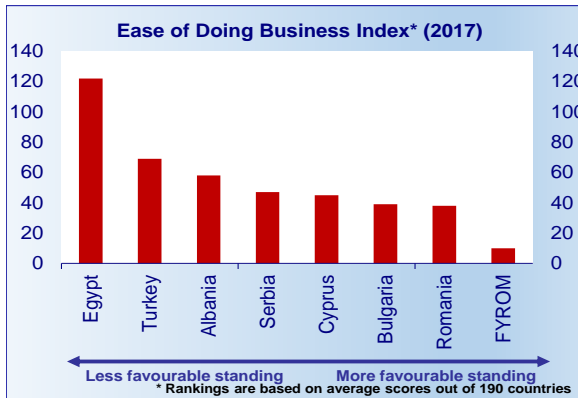
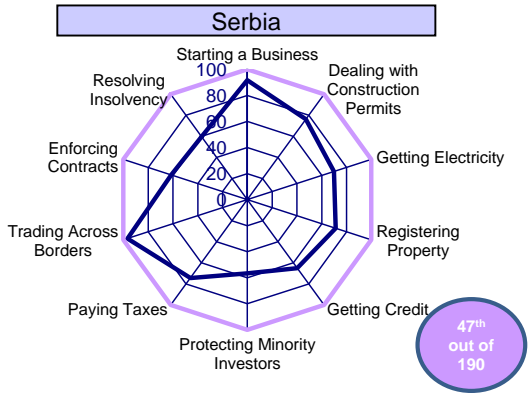
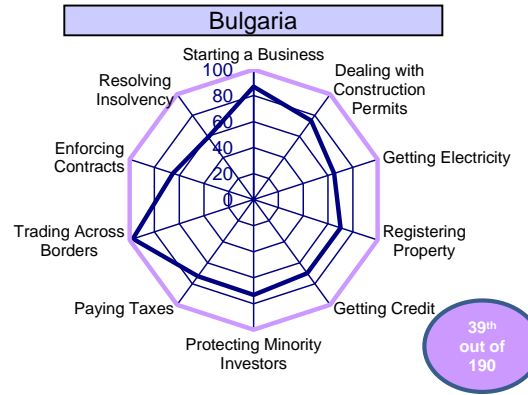
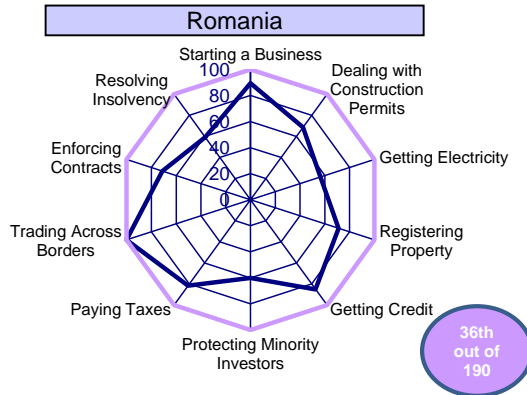
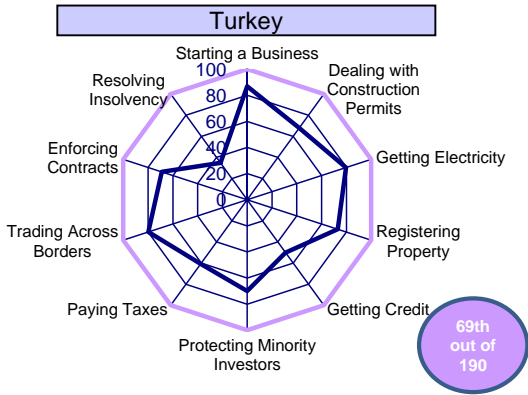
Long-Term Foreign Debt Currency Ratings, May 2017			
	S&P	Moody's	Fitch
Investment Grades	A+		
	A		
	A-		
	BBB+		
	BBB	Bulgaria	
	BBB-	Romania	Bulgaria, Romania
Non-Investment Grades	BB+	Bulgaria, Cyprus	Turkey
	BB	Turkey	FYROM
	BB-	FYROM, Serbia	Serbia, Cyprus
	B+	Albania	Albania, Cyprus
	B		Egypt
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



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

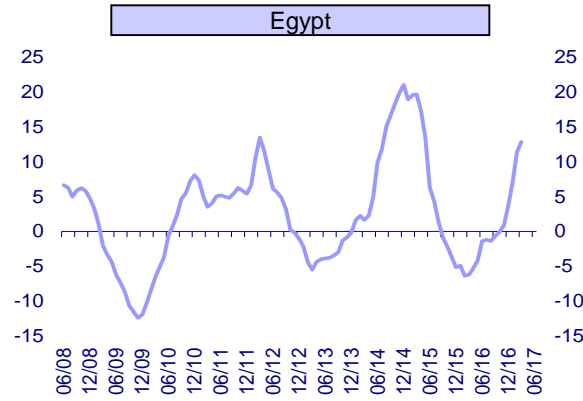
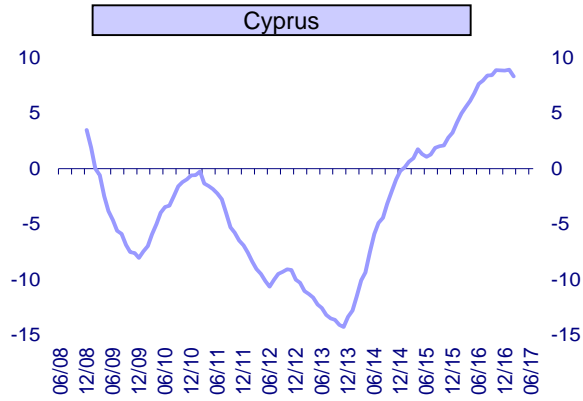
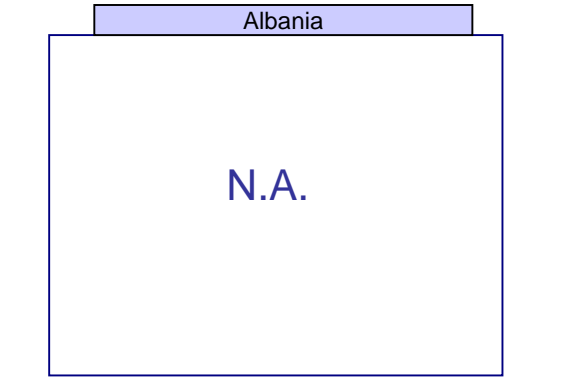
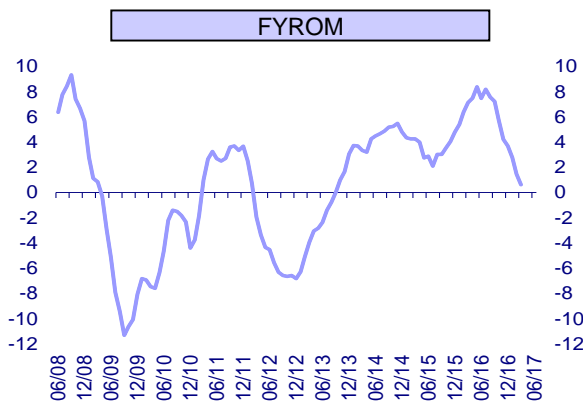
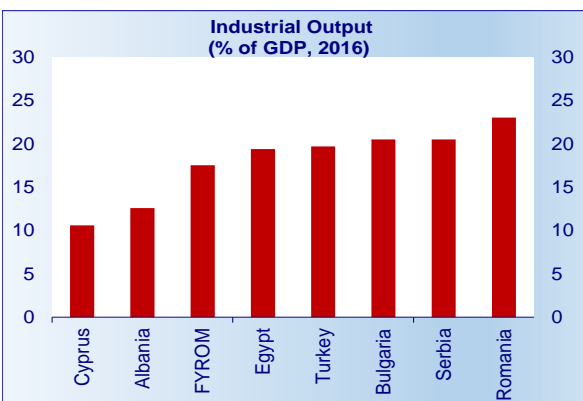
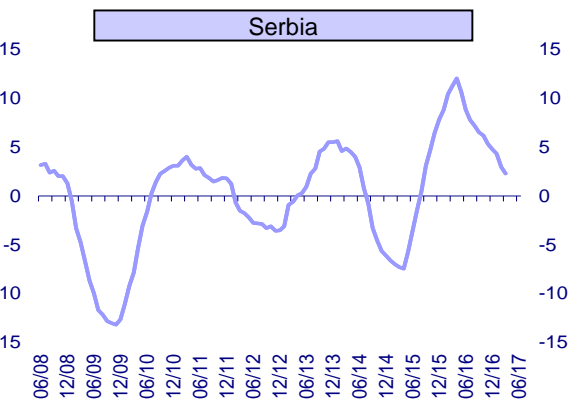
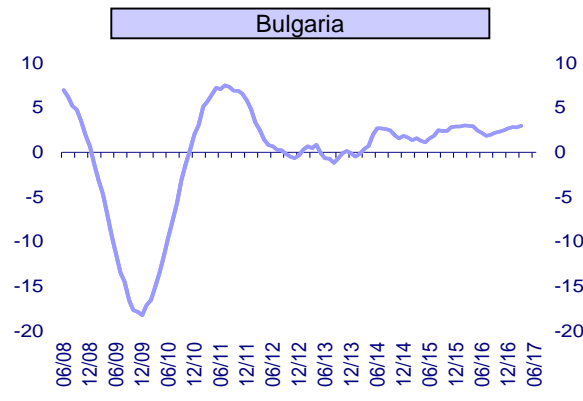
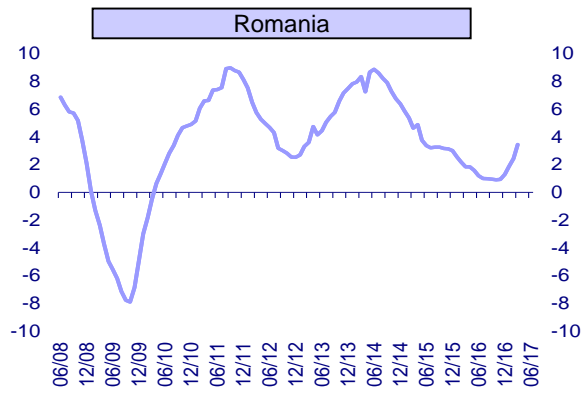
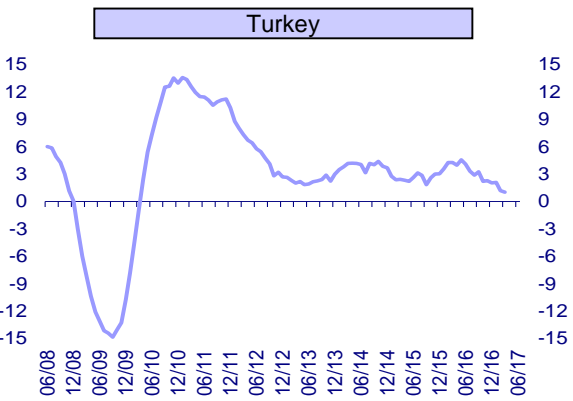


The latest WB's EDBI shows that FYROM has the most favourable standing among the countries under review



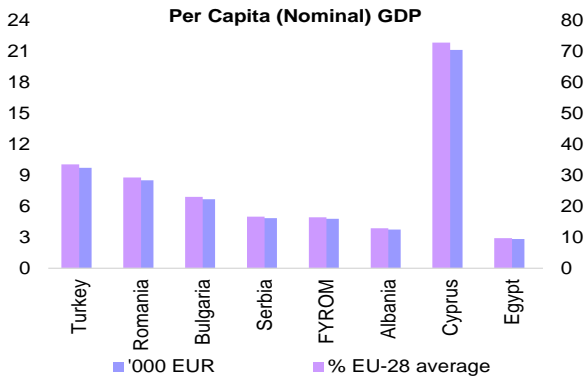
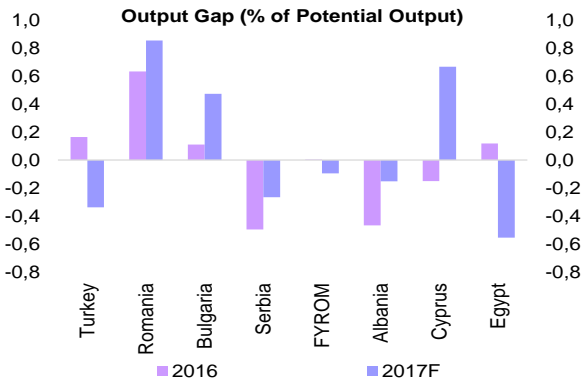
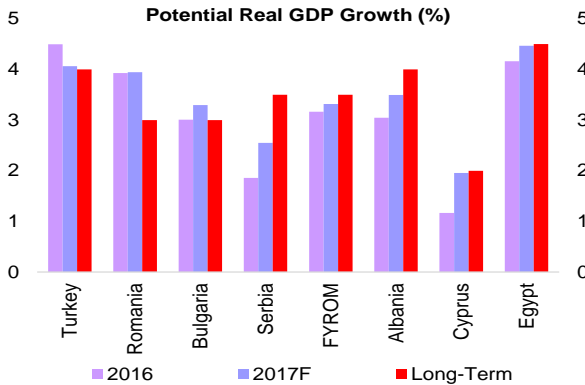
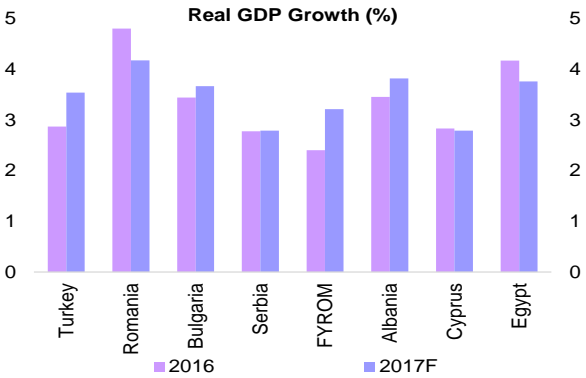
Industrial production (12-month rolling, y-o-y % change)

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

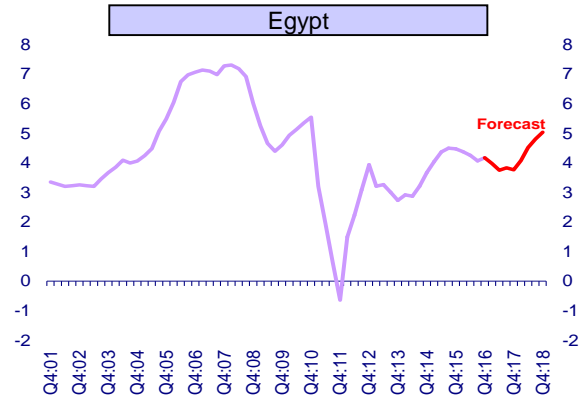
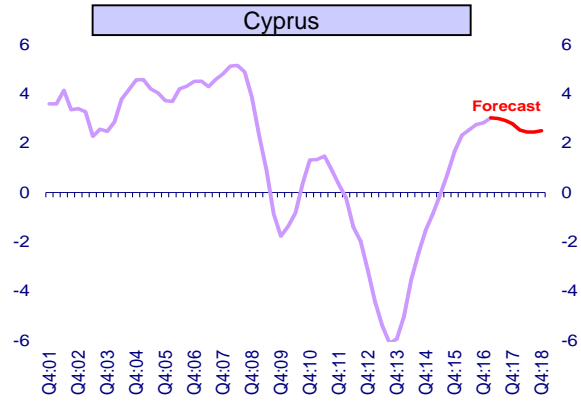
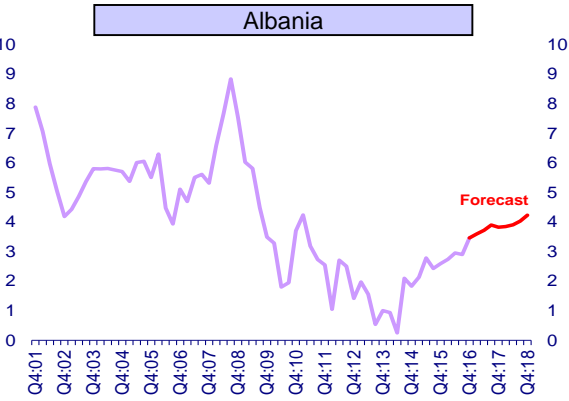
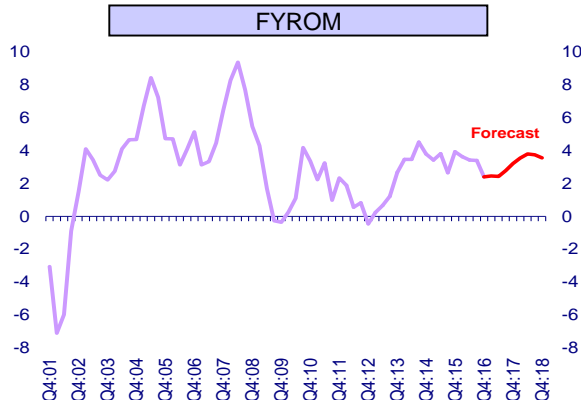
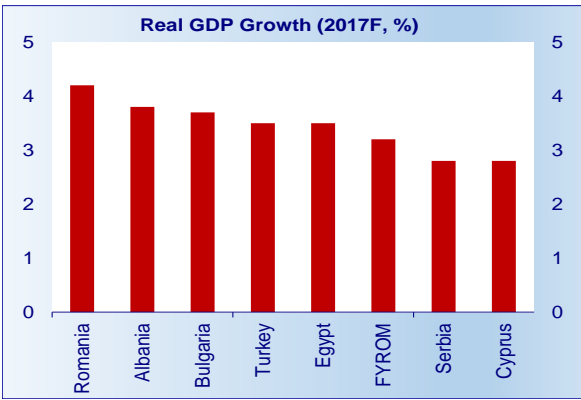
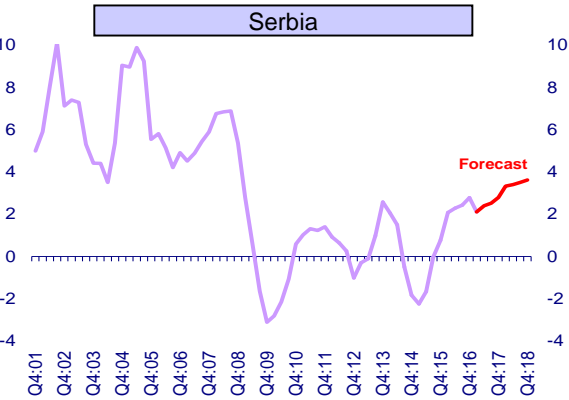
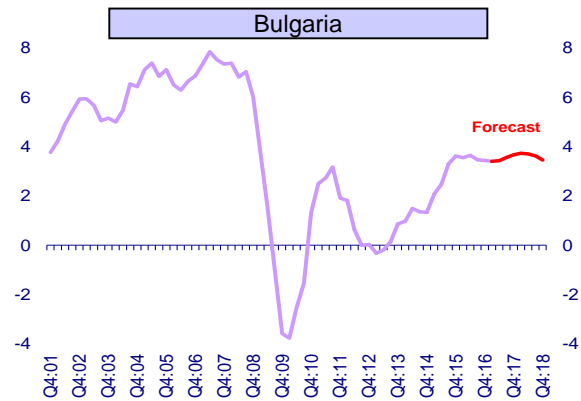
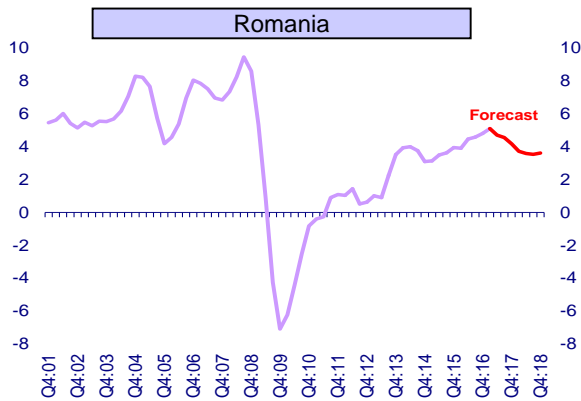
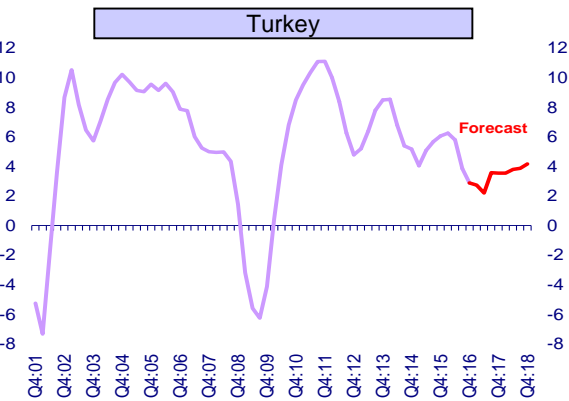


All the economies under review are set to post solid growth this year

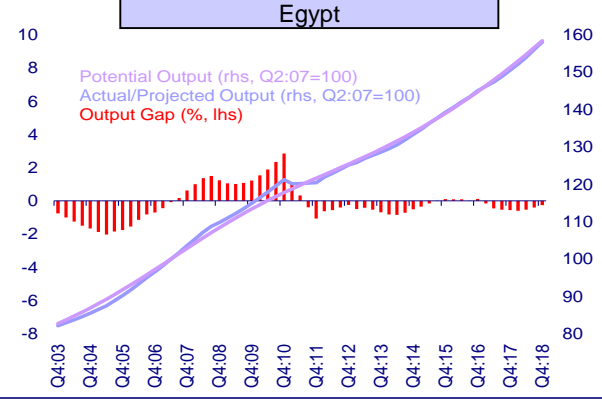
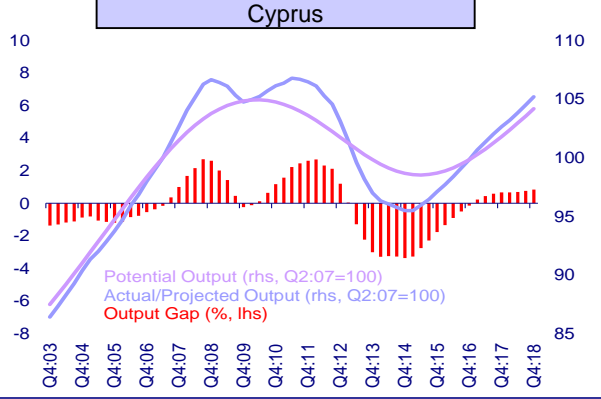
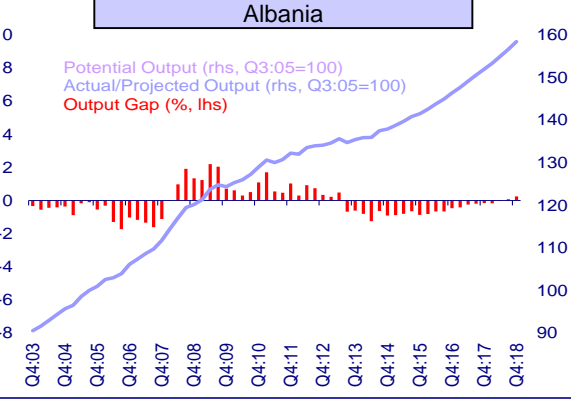
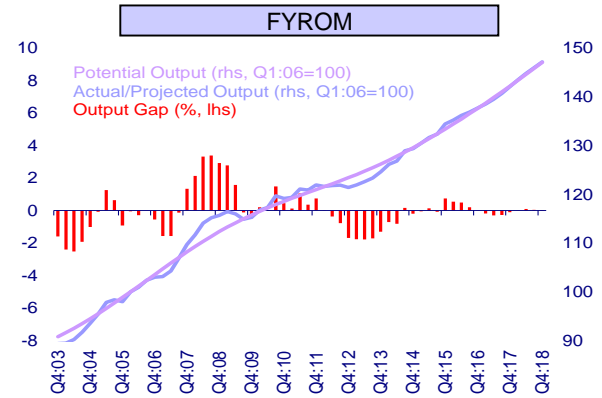
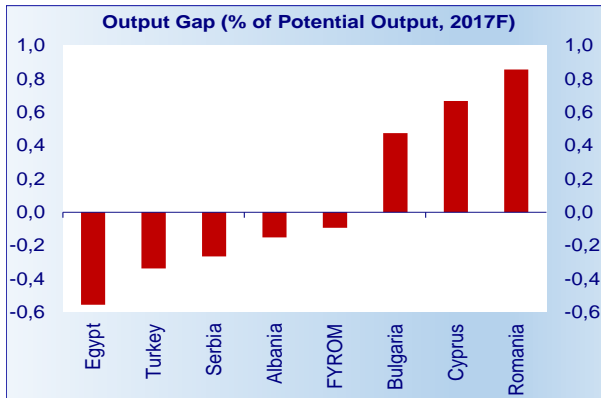
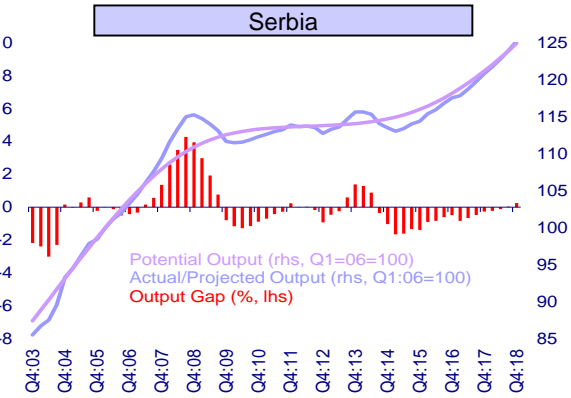
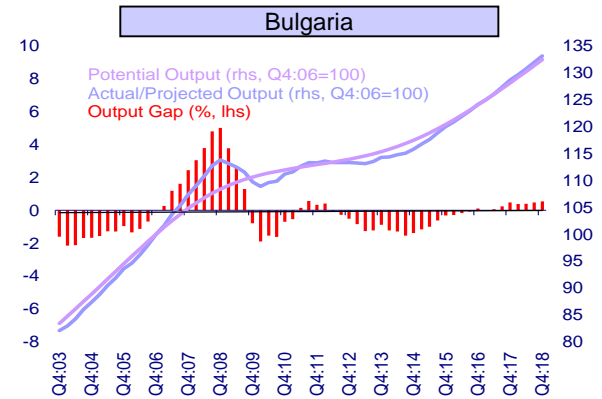
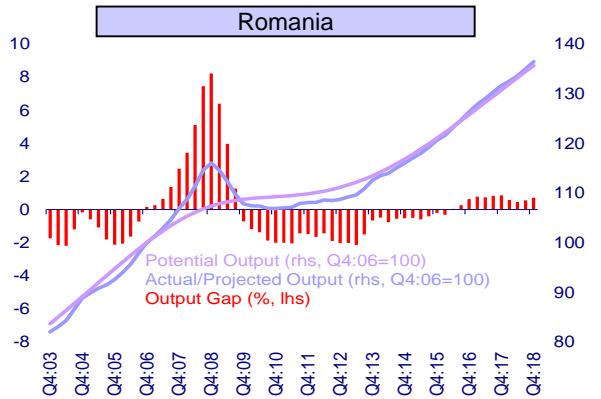
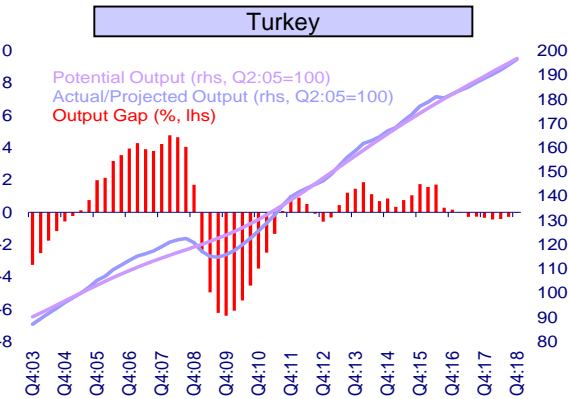
The output gap is positive and widening in Romania and Bulgaria – pointing to an overheating of the economy and increasing inflationary pressures



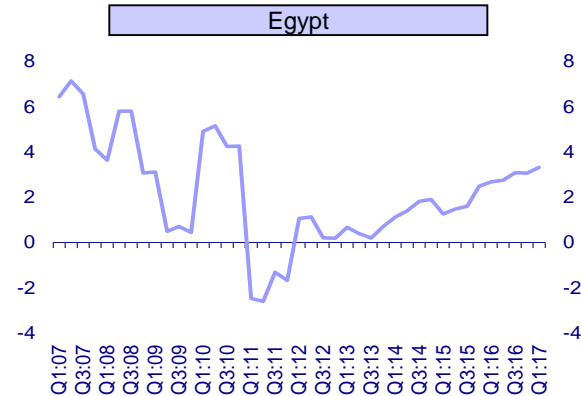
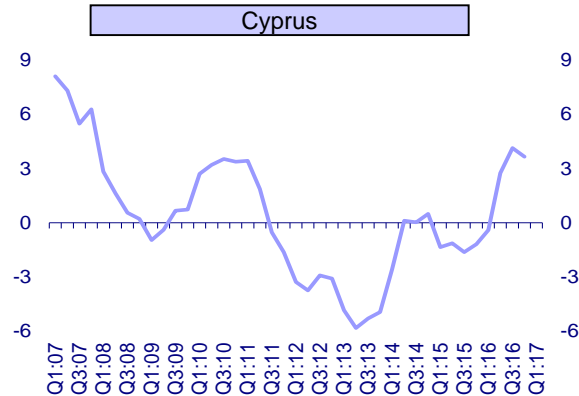
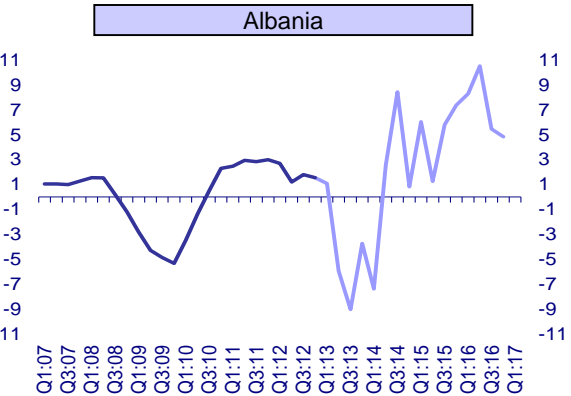
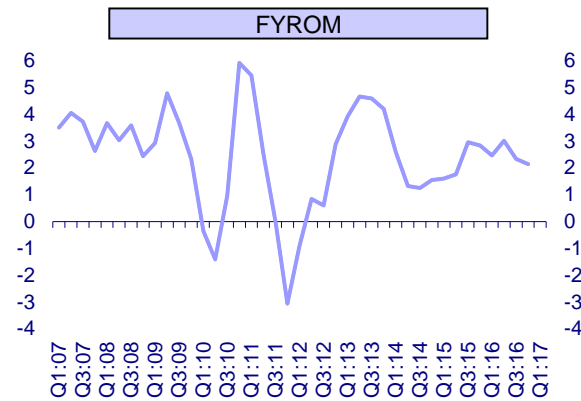
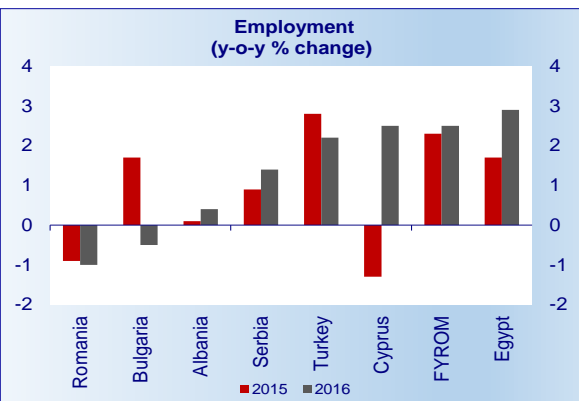
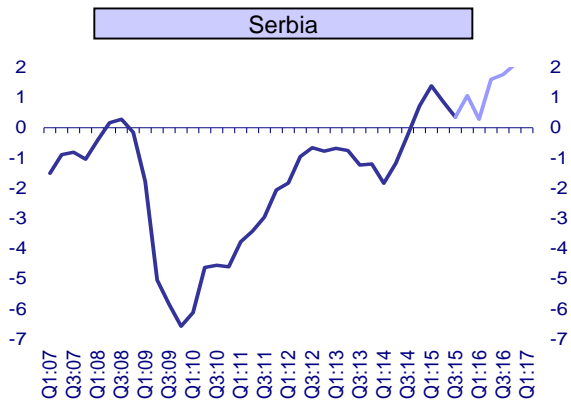
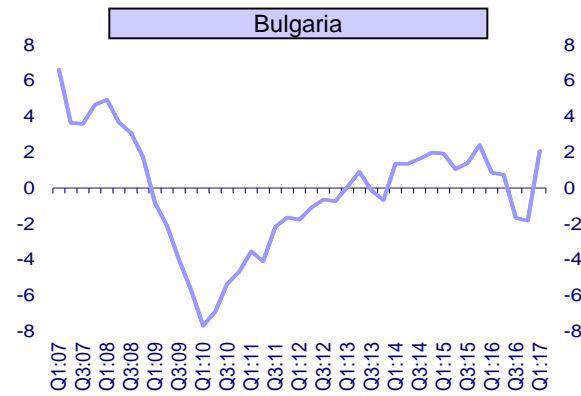
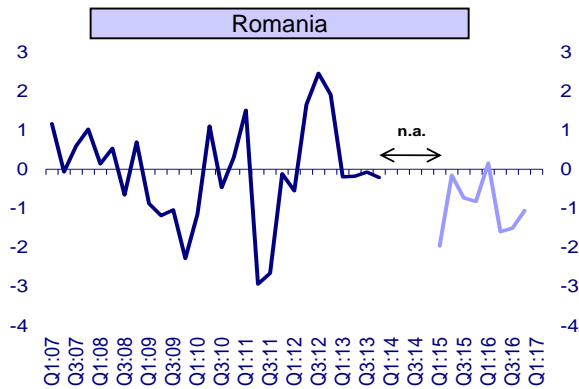
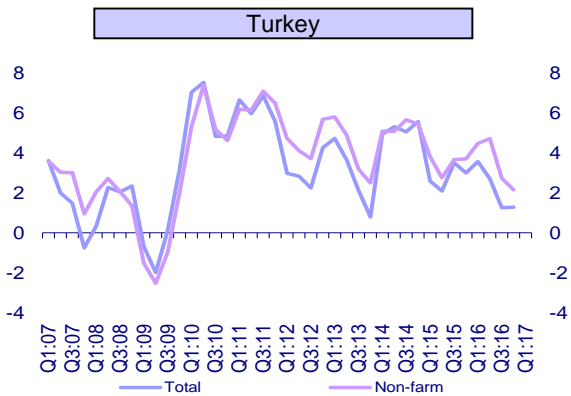
Real GDP growth is expected to range between 2.8% and 4.2% in the economies under review this year



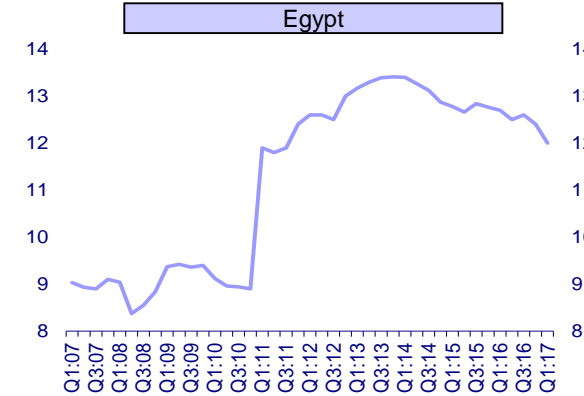
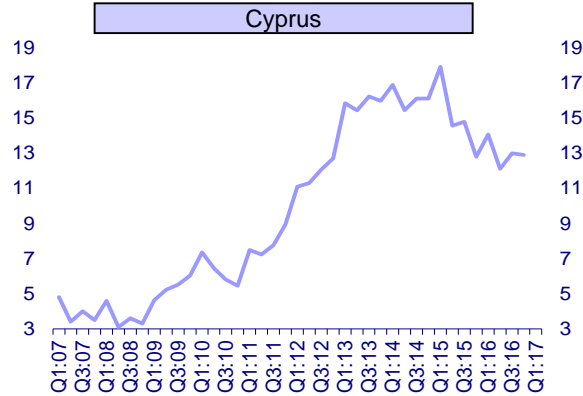
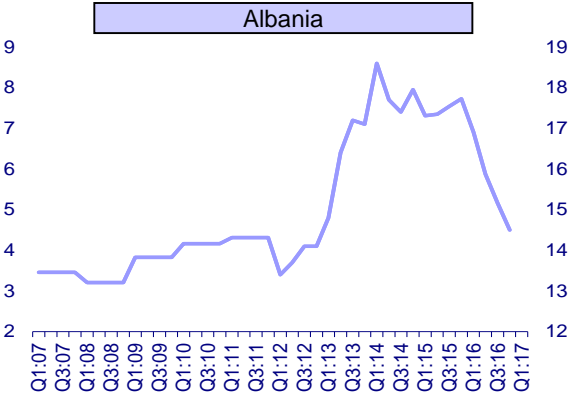
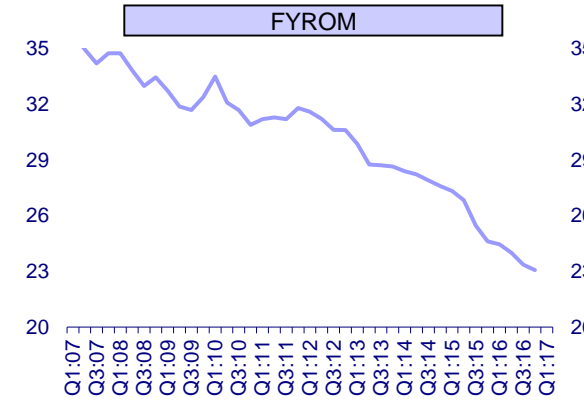
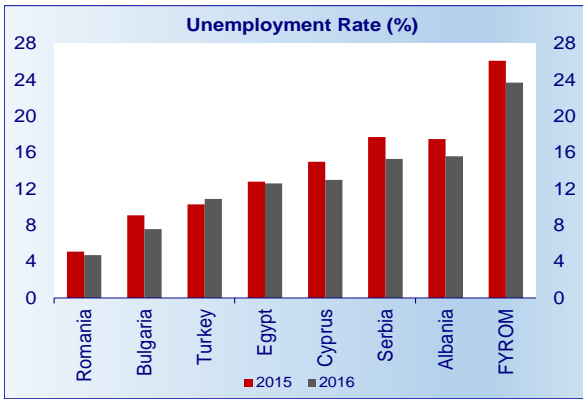
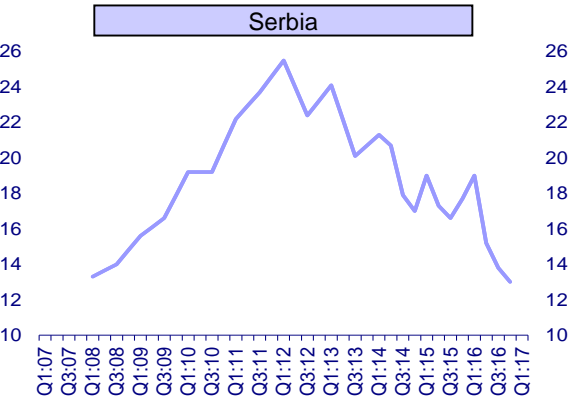
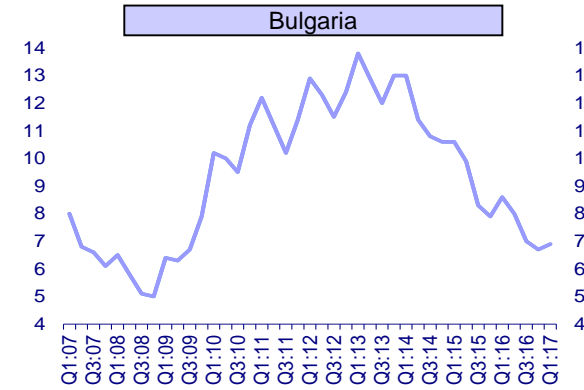
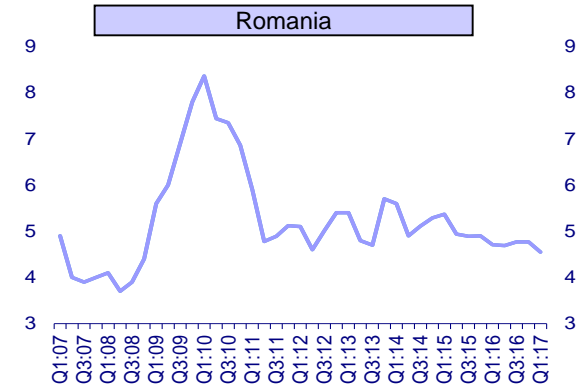
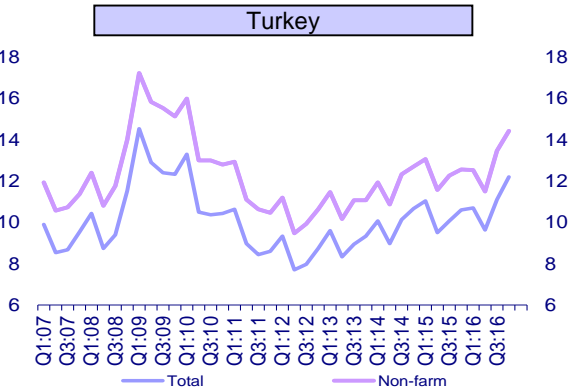
The output gap should remain negative in Egypt, Turkey, Serbia, Albania and FYROM this year



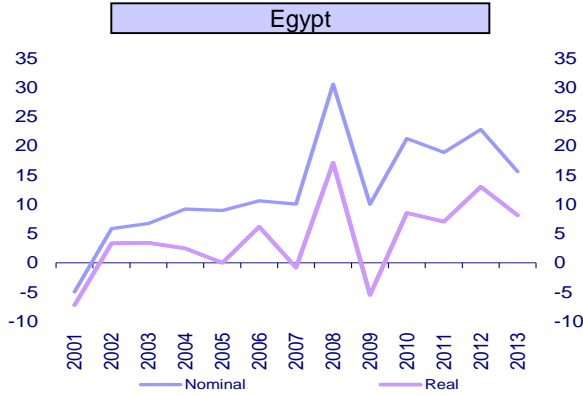
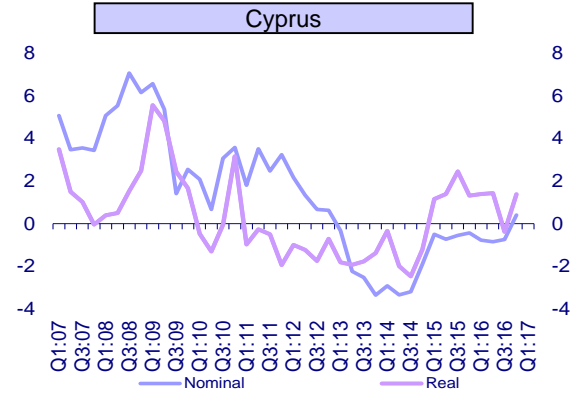
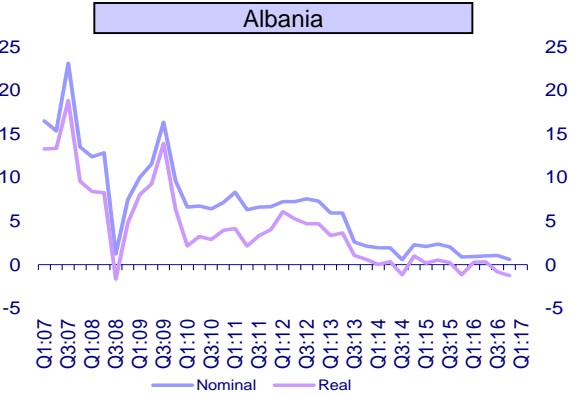
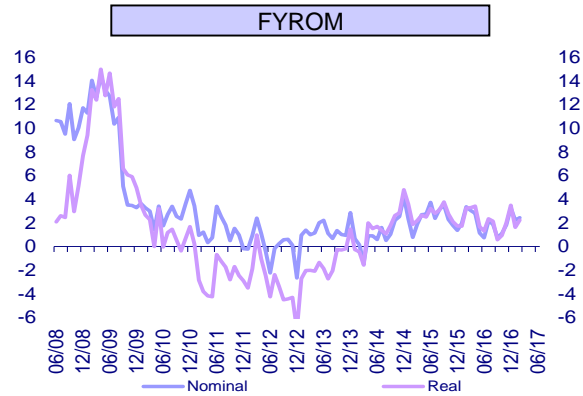
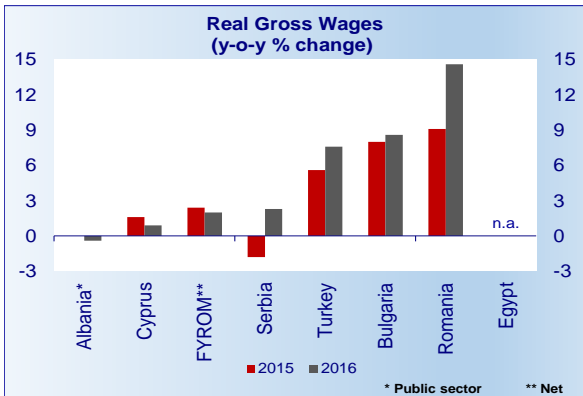
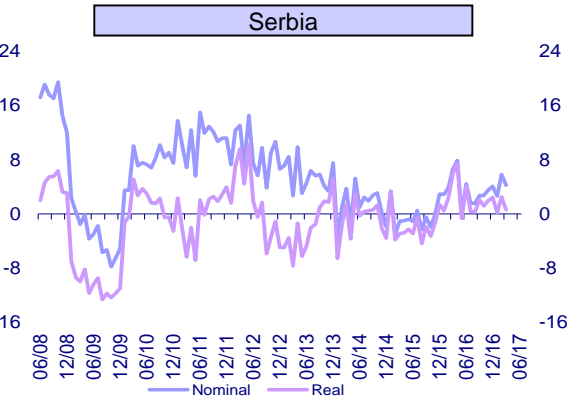
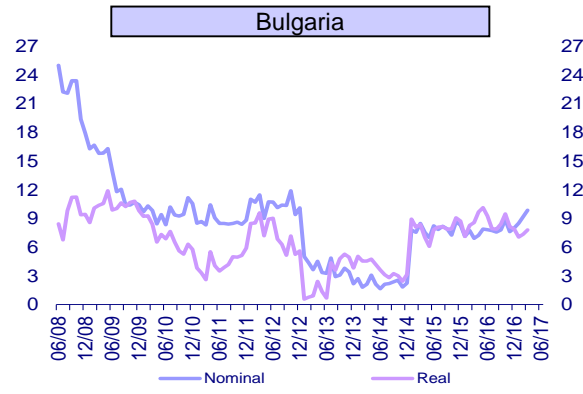
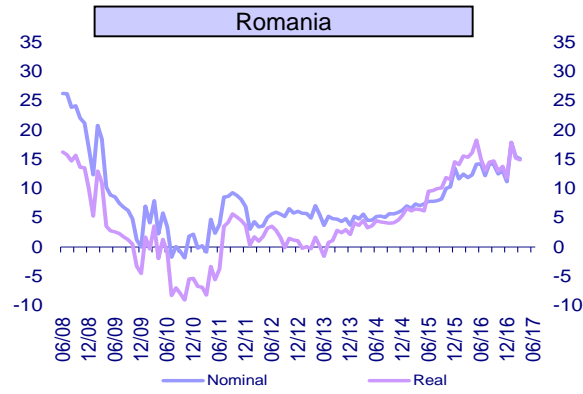
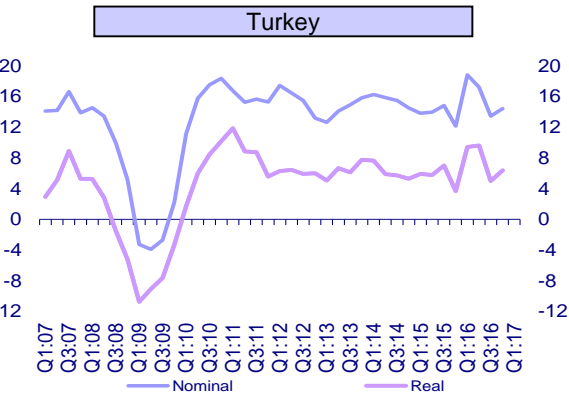
Employment to be supported by buoyant economic activity this year



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



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

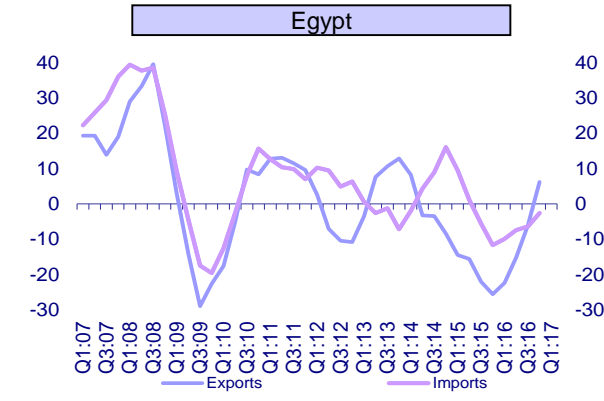
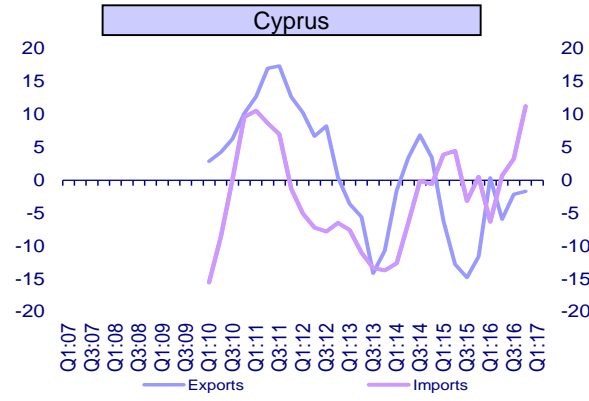
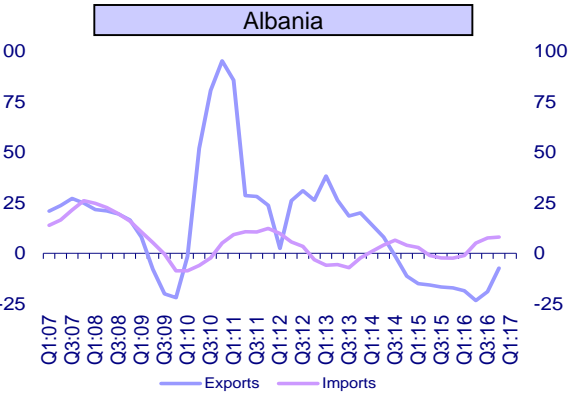
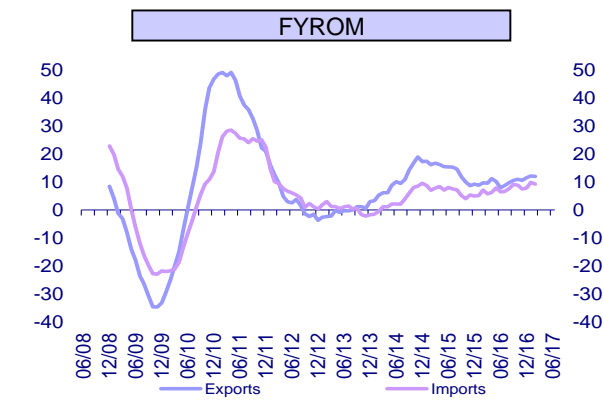
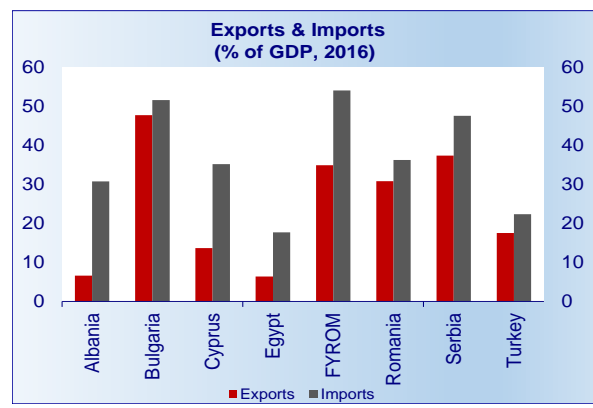
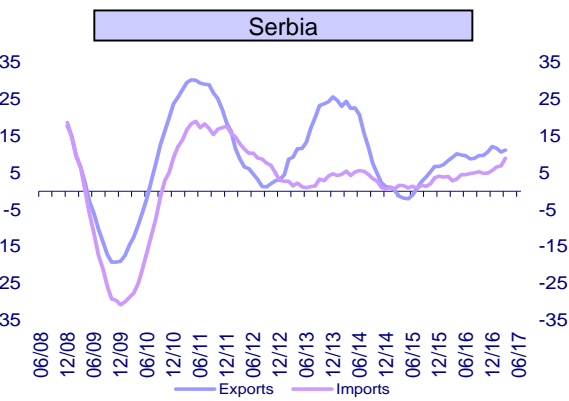
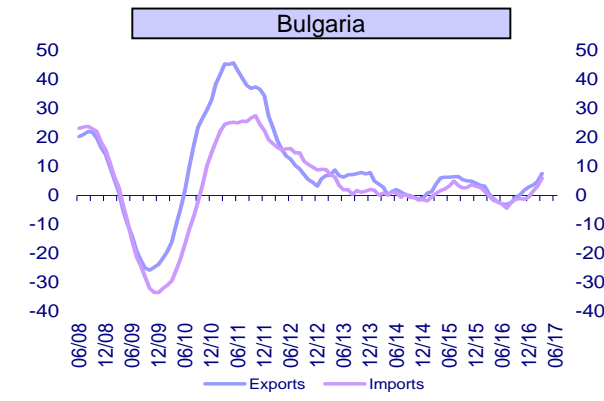
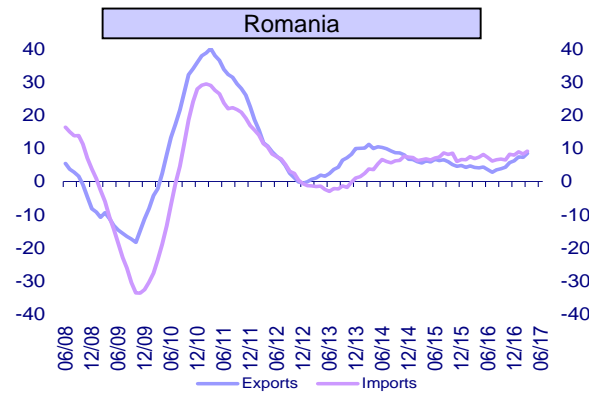
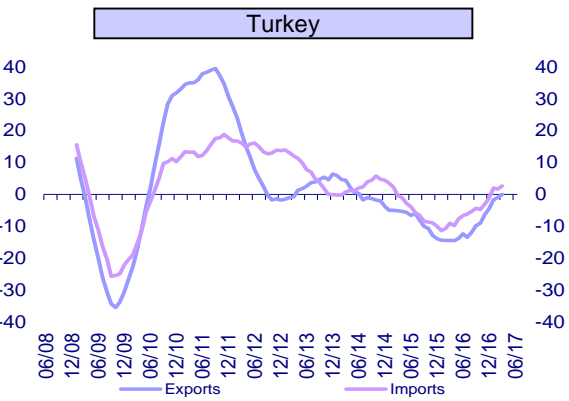


FYROM and Albania are the most competitive in terms of labour costs
Bulgaria has the most favourable personal and corporate income tax rates

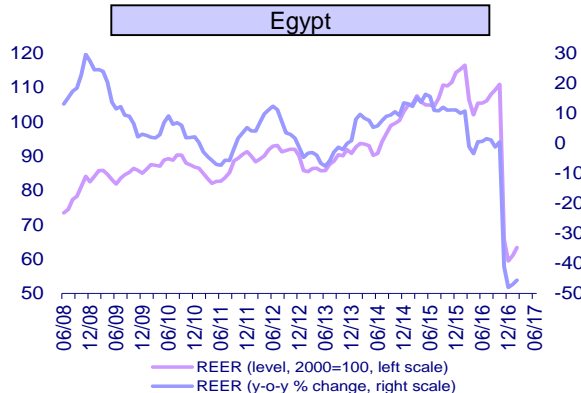
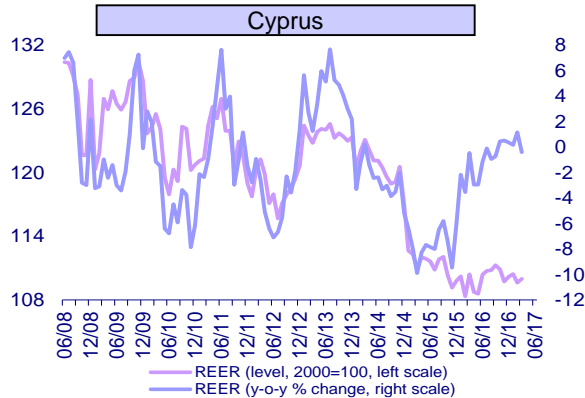
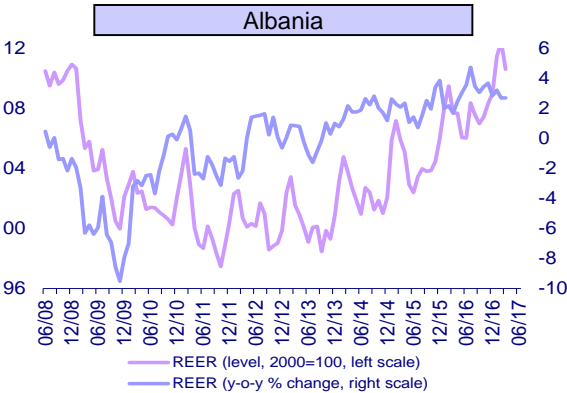
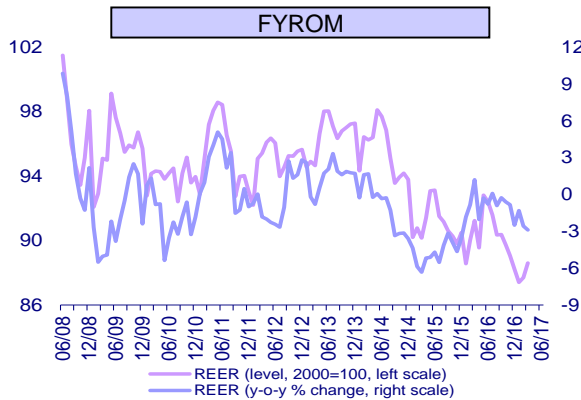
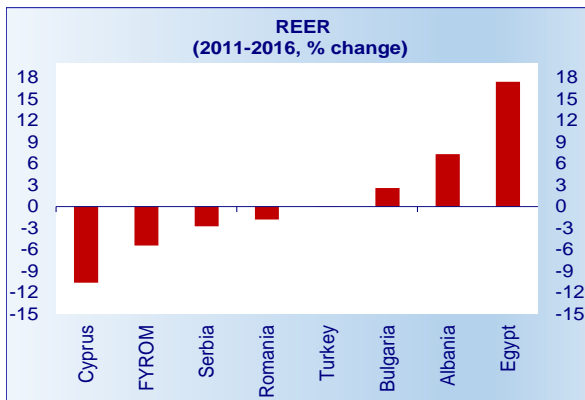
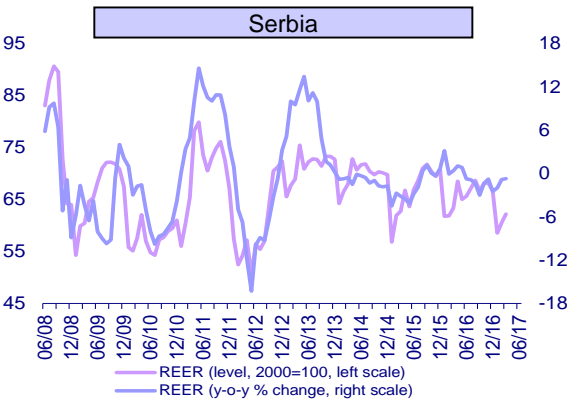
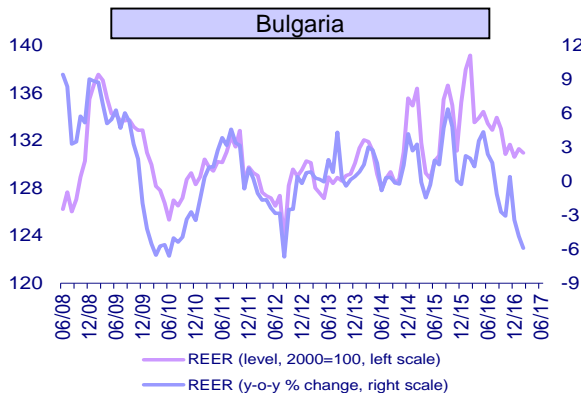
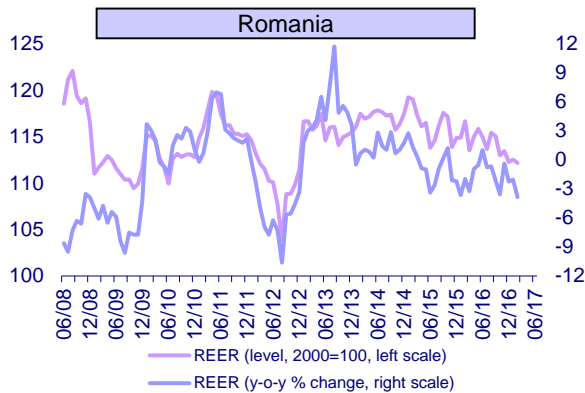
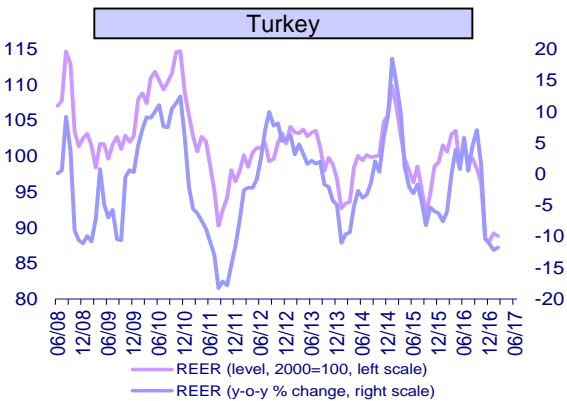


	Tax Rates (%)	
	Personal Income	Corporate Income
Turkey	15.0 - 35.0	20.0
Romania	16.0	16.0
Bulgaria	10.0	10.0
Serbia	15.0	15.0
FYROM	10.0	10.0
Albania	13.0 - 23.0	15.0
Cyprus	20.0 - 35.0	12.5
Egypt	10.0 - 22.0	22.5
Greece	22.0 - 45.0	29.0

A good start to the year on the export front in all the economies under review



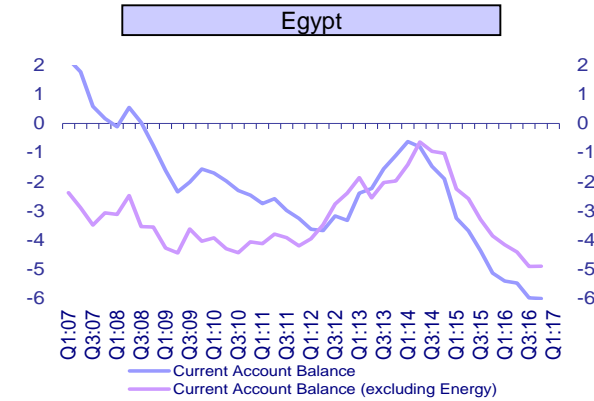
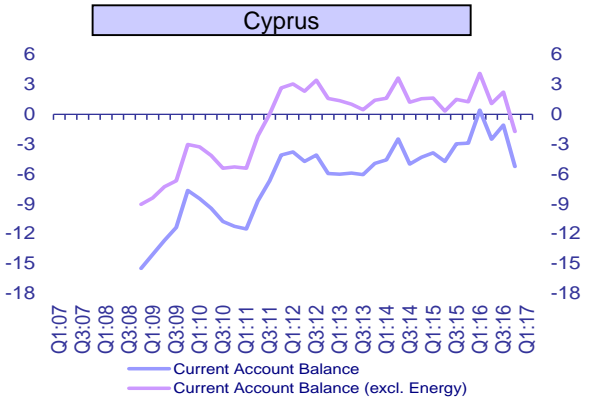
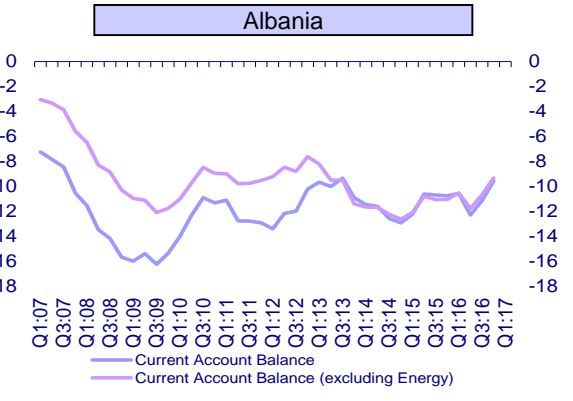
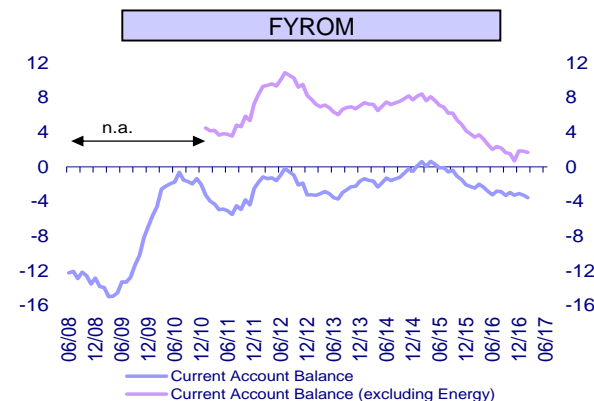
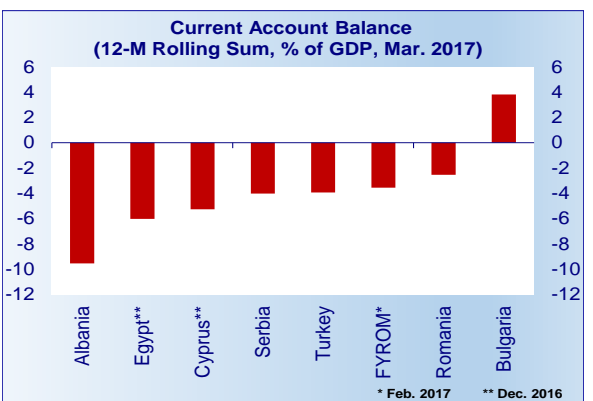
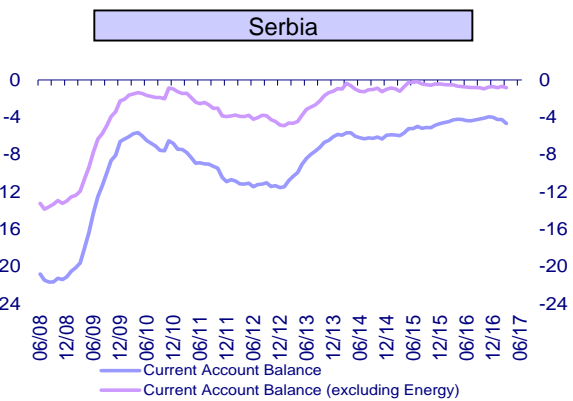
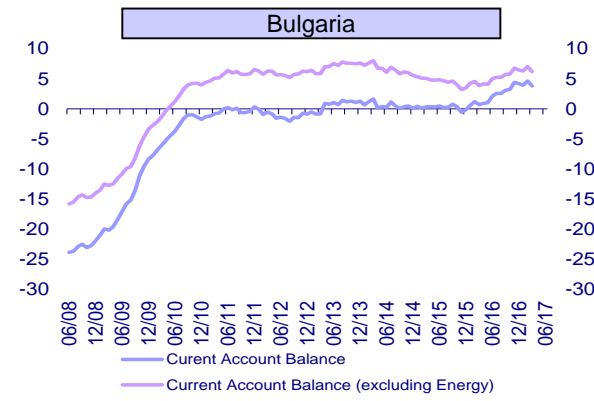
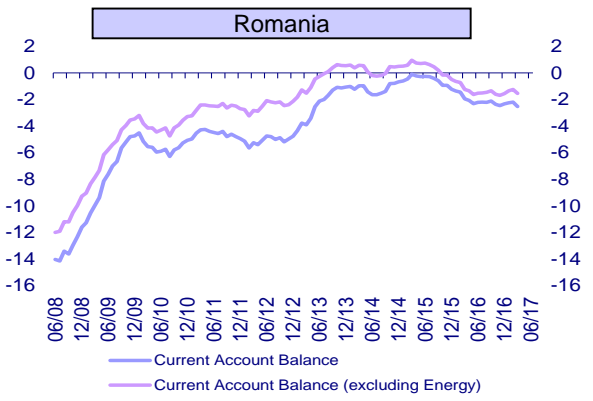
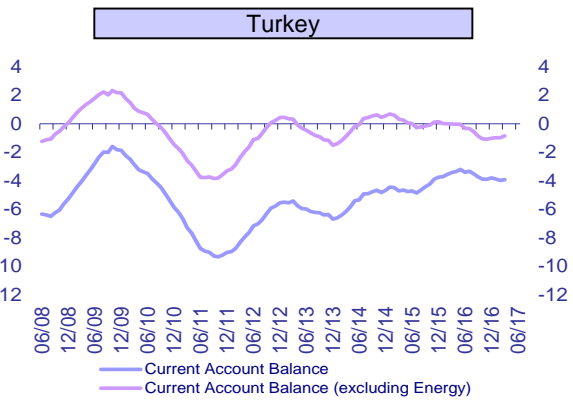
Competitiveness in Cyprus, FYROM, Serbia and Romania has improved significantly over the past 5 years



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

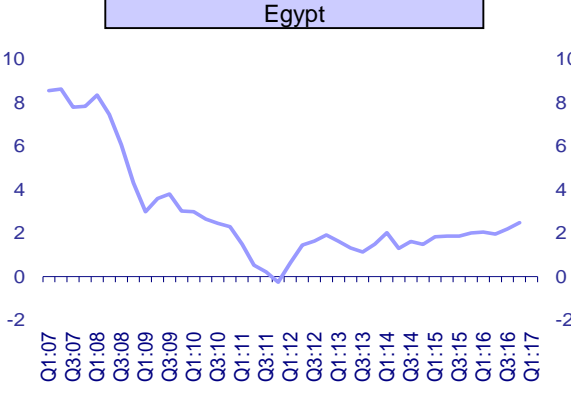
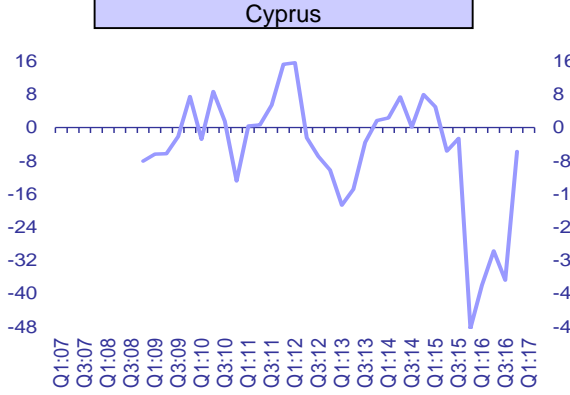
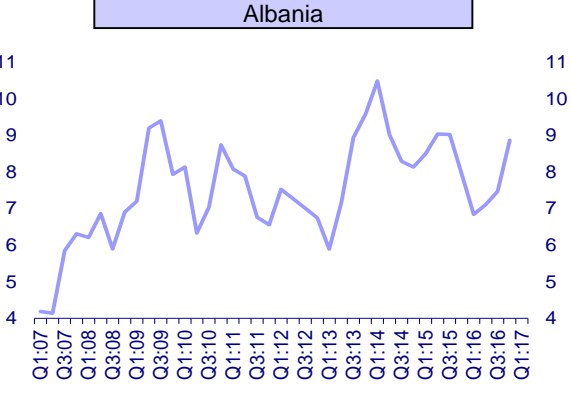
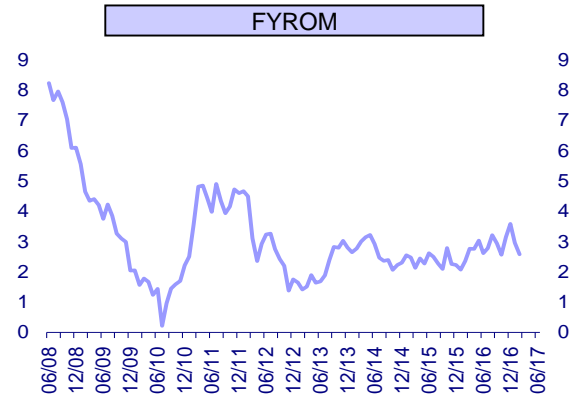
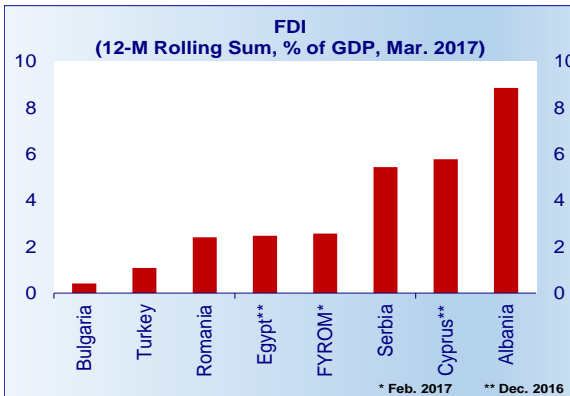
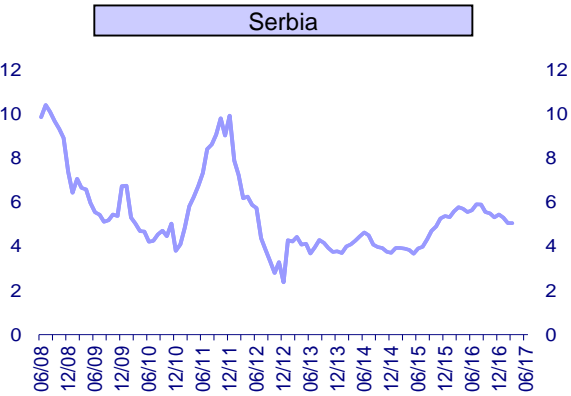
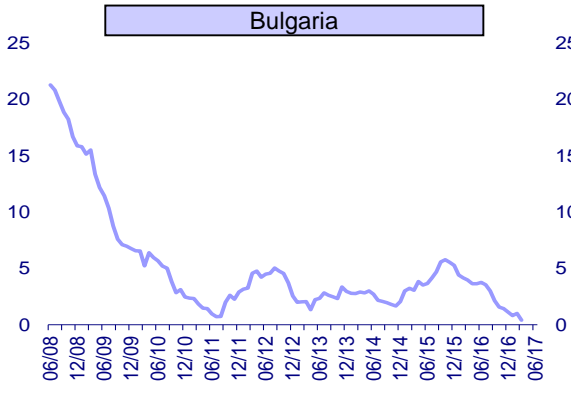
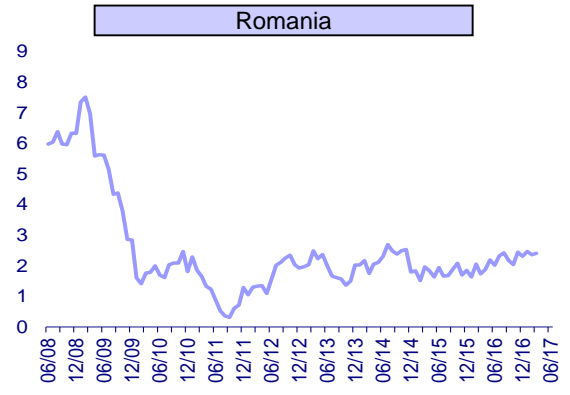
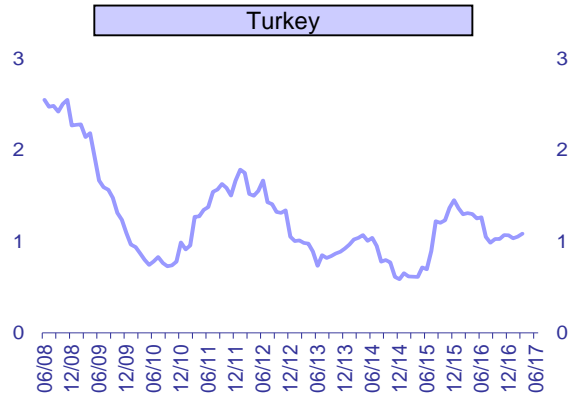
The current account deficit is set to remain at sustainable levels this year in most of the economies under review, despite an unfavourable energy bill.

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

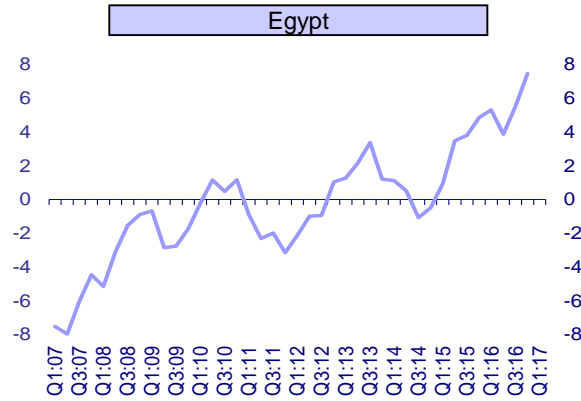
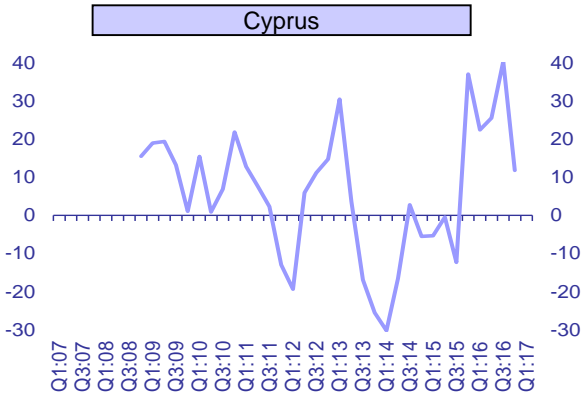
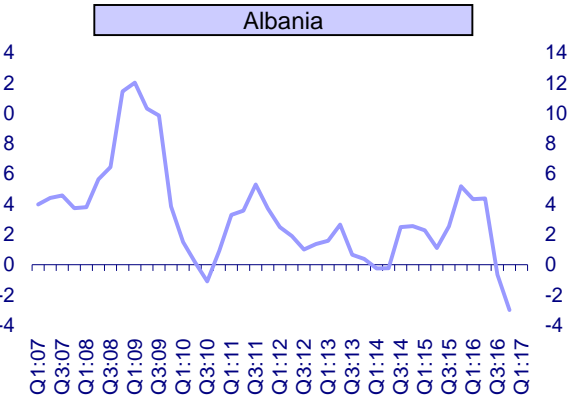
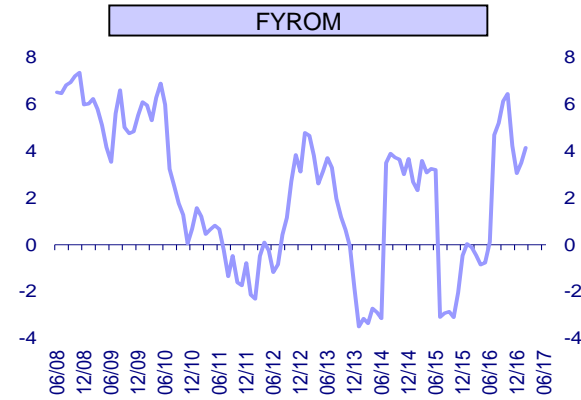
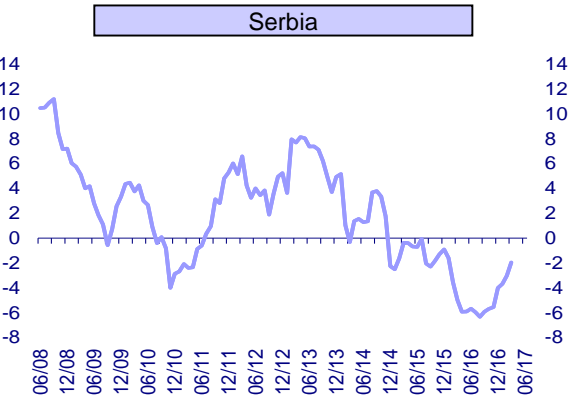
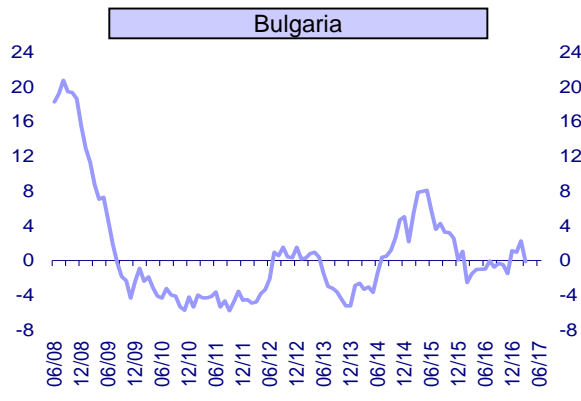
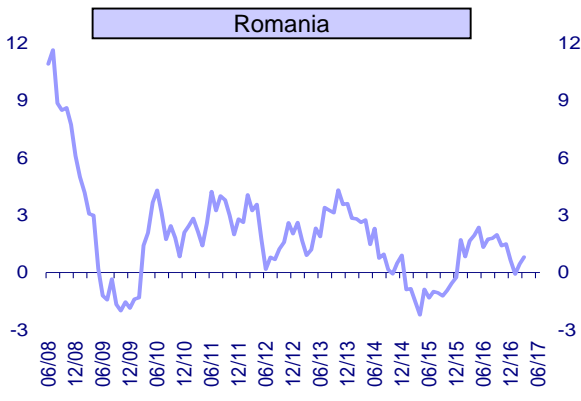
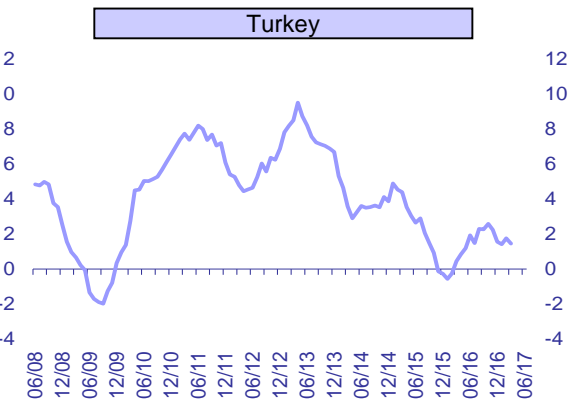


Net foreign direct investments (12-month rolling, % of GDP)

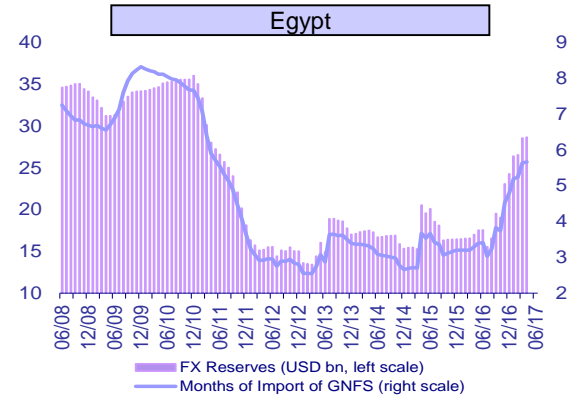
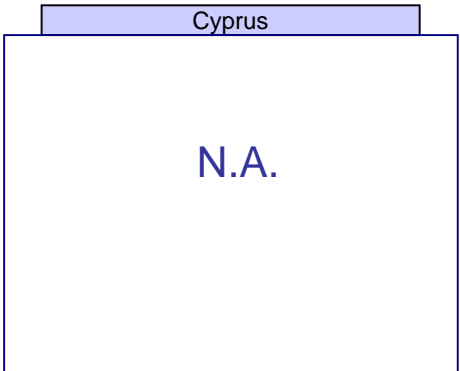
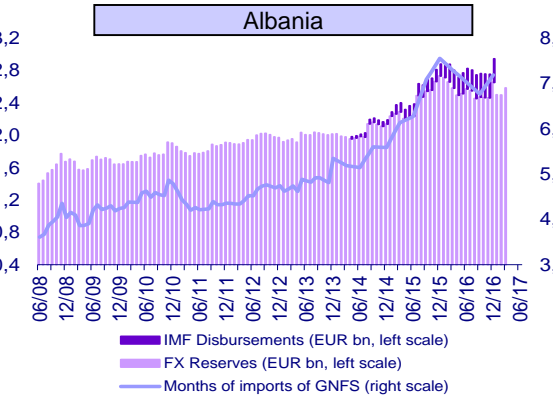
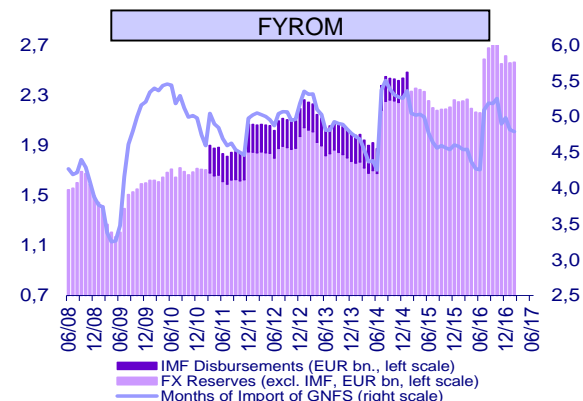
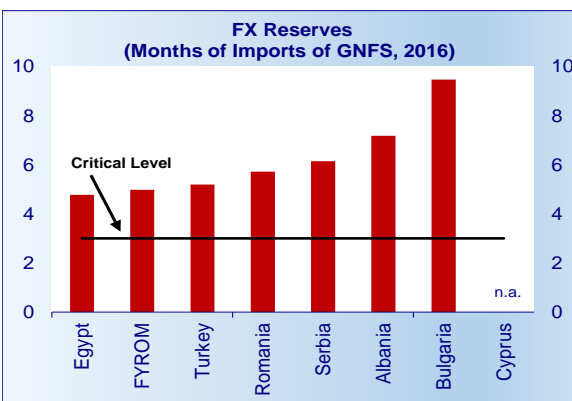
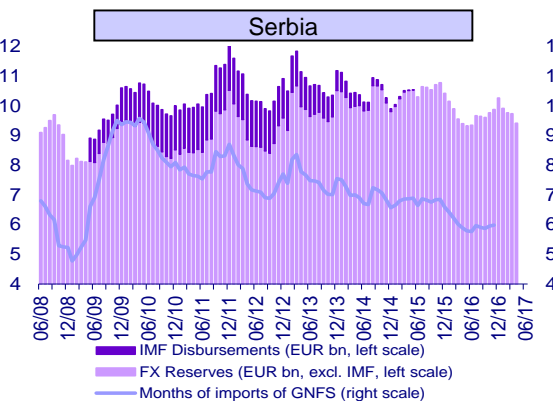
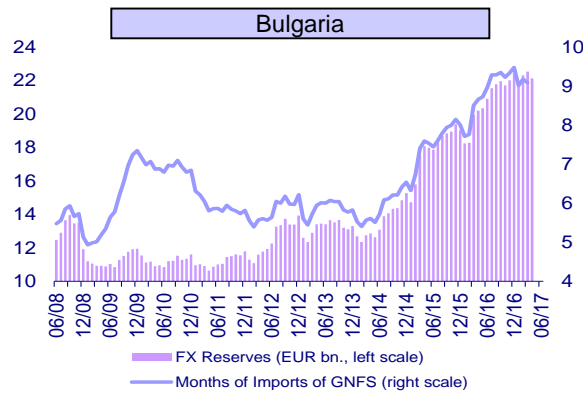
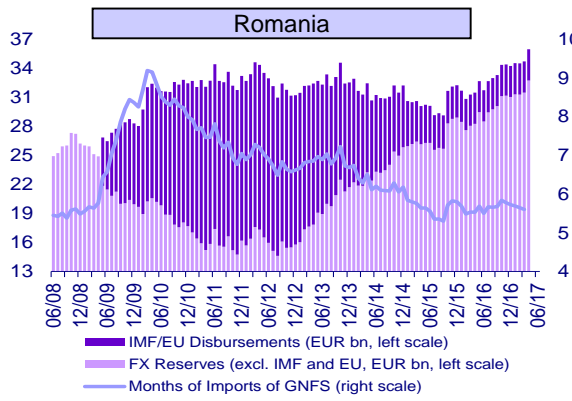
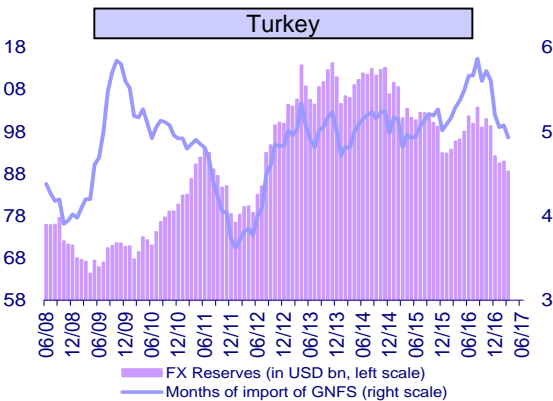
In all countries under review, net FDI remains close to historically low levels, except Albania, where energy projects continue to attract large investments



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

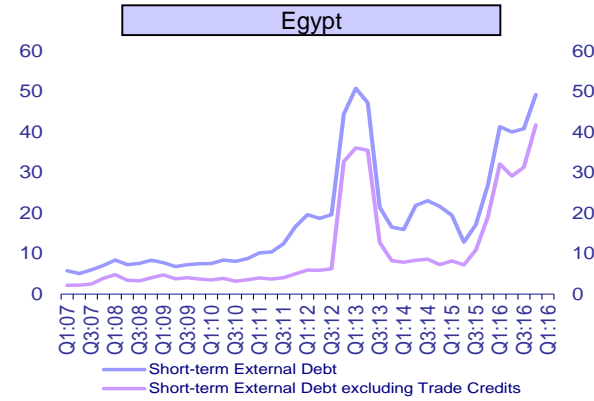
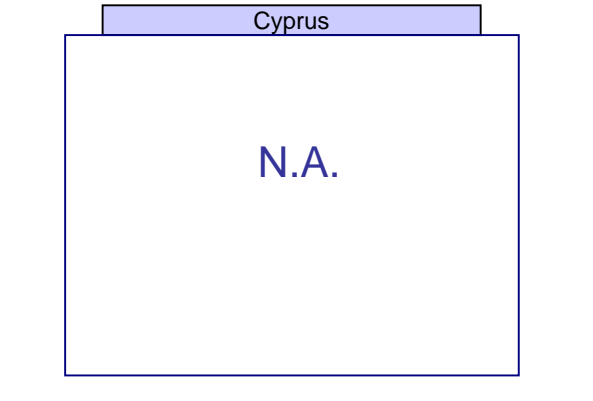
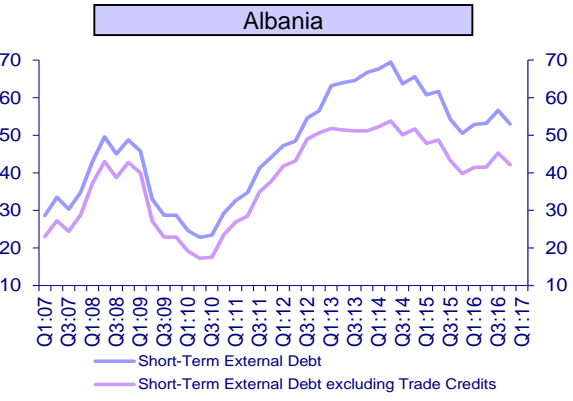
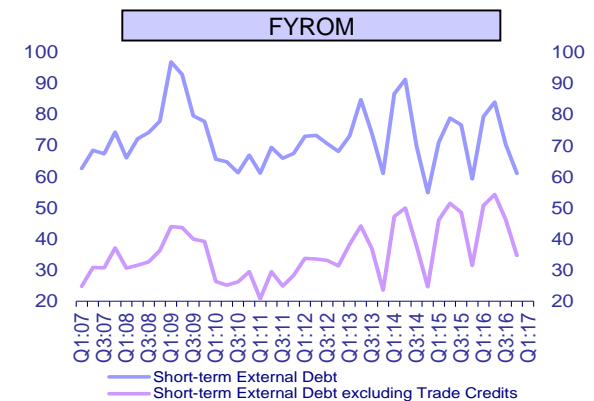
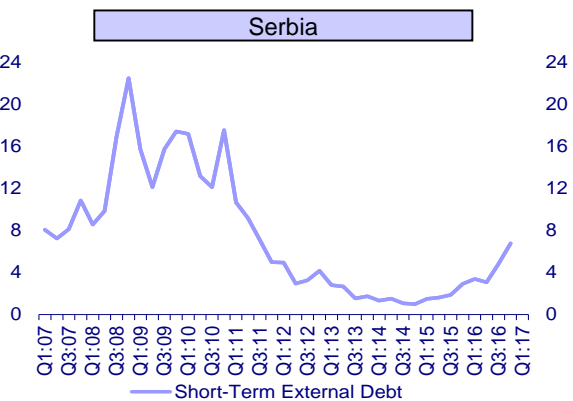
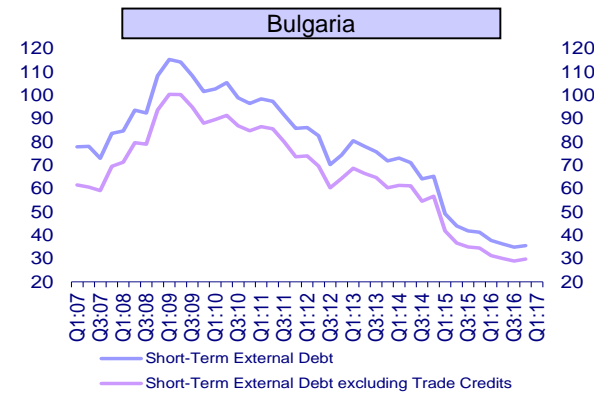
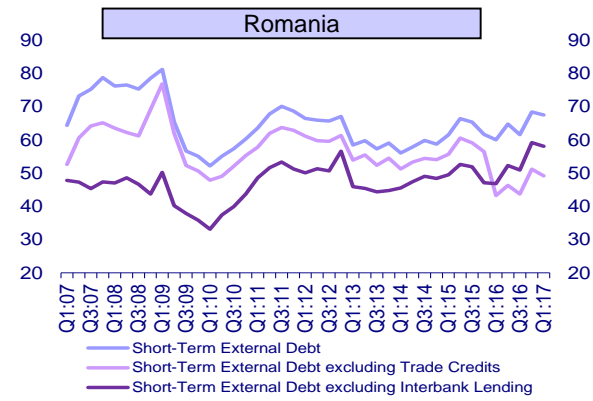
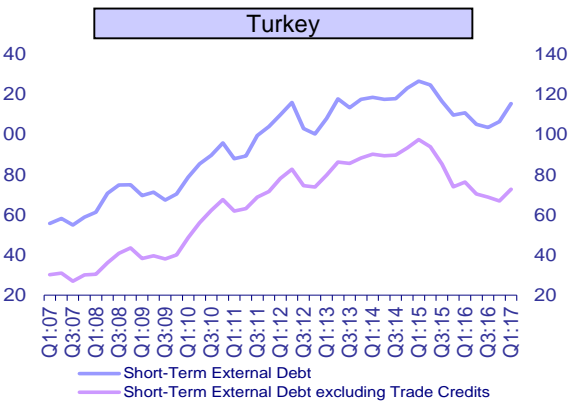


In all countries under review, import cover largely surpasses the critical level of 3 months



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

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



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

The current account deficit is adequately covered by (net) FDI in all countries under review, except Turkey and Cyprus

Turkey	2013	2014	2015	2016	Mar. 16	Mar. 17	2017F
Current account balance	-6.7	-4.7	-3.7	-3.8	-3.4	-3.9	-4.3
Net FDI	0.9	0.6	1.5	1.1	1.3	1.1	1.1
Other net capital inflows *	6.7	3.9	-0.3	1.6	0.4	1.4	2.6

Romania	2013	2014	2015	2016	Mar. 16	Mar. 17	2017F
Current account balance	-1.1	-0.7	-1.2	-2.3	-2.0	-2.5	-2.9
Net FDI	2.0	1.8	1.8	2.3	1.7	2.4	2.4
Other net capital inflows *	3.6	0.9	0.7	0.7	1.1	0.8	0.6

Bulgaria	2013	2014	2015	2016	Mar. 16	Mar. 17	2017F
Current account balance	1.3	0.1	-0.1	4.2	0.7	3.8	3.7
Net FDI	3.0	2.1	5.3	1.1	4.0	0.4	1.0
Other net capital inflows *	-5.2	5.1	0.1	1.1	-1.6	-0.1	-1.2

Serbia	2013	2014	2015	2016	Mar. 16	Mar. 17	2017F
Current account balance	-6.1	-6.0	-4.7	-4.0	-4.3	-4.7	-4.1
Net FDI	3.8	3.7	5.4	5.5	5.8	5.1	5.3
Other net capital inflows *	4.9	-2.3	-0.9	-4.0	-5.0	-2.0	-1.0

FYROM	2013	2014	2015	2016	Feb. 16	Feb. 17	2017F
Current account balance	-1.6	-0.5	-2.1	-3.1	-2.4	-3.6	-3.0
Net FDI	2.8	2.3	2.2	3.6	2.4	2.6	2.8
Other net capital inflows *	-1.9	3.7	-0.5	3.0	-0.1	4.1	-1.3

Albania	2013	2014	2015	2016	Mar. 16	Mar. 17	2017F
Current account balance	-10.9	-12.9	-10.7	-9.5	---	---	-11.1
Net FDI	9.6	8.1	8.0	8.9	---	---	8.7
Other net capital inflows *	0.4	2.5	5.2	-3.0	---	---	1.8

Cyprus	2013	2014	2015	2016	Mar. 16	Mar. 17	2017F
Current account balance	-4.9	-4.3	-2.9	-5.3	---	---	-6.0
Net FDI	1.7	8.0	-48.4	-5.8	---	---	1.0
Other net capital inflows *	-25.6	-5.5	37.0	11.8	---	---	5.0

Egypt #	2014	2015	2016	Dec. 15	Dec. 16	2017F	2018F
Current account balance	-0.8	-3.7	-5.5	-5.1	-6.0	-6.5	-5.0
Net FDI	1.3	1.9	2.0	2.0	2.5	3.9	4.8
Other net capital inflows *	0.5	3.5	3.9	4.9	6.2	6.5	-0.6

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

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

Turkey (USD bn)	2015	2016	2017F
Financing Needs	198.8	202.1	204.4
Cur. Acct Deficit	32.1	32.6	34.6
Amort. + Other	166.7	169.5	169.8
Financing Sources	187.0	201.3	199.8
FDI	12.5	9.1	8.5
IMF	0.0	0.0	0.0
Other IFIs	n.a.	n.a.	n.a.
Other	174.5	192.2	191.3
Change in FX Res.	-11.8	-0.8	-4.6

Romania (EUR bn)	2015	2016	2017F
Financing Needs	46.7	35.2	35.9
Cur. Acct Deficit	1.9	4.1	5.4
Amort. + Other	44.8	31.1	30.5
Financing Sources	46.7	37.2	35.0
FDI	3.0	3.9	4.3
IMF	-1.4	-0.1	0.0
Other IFIs	-0.7	0.0	-0.5
Other	45.8	33.4	31.2
Change in FX Res.	0.0	2.0	-0.9

Bulgaria (EUR bn)	2015	2016	2017F
Financing Needs	15.5	9.8	10.7
Cur. Acct Deficit	0.1	-2.0	-1.9
Amort. + Other	15.4	11.8	12.6
Financing Sources	19.2	13.3	12.4
FDI	2.4	0.5	0.5
IMF	0.0	0.0	0.0
Other IFIs	n.a.	n.a.	n.a.
Other	16.8	12.8	11.9
Change in FX Res.	3.7	3.5	1.7

Serbia (EUR bn)	2015	2016	2017F
Financing Needs	5.3	5.2	5.1
Cur. Acct Deficit	1.6	1.4	1.5
Amort. + Other	3.7	3.9	3.6
Financing Sources	5.8	5.1	5.2
FDI	1.8	1.9	1.9
IMF	-0.1	0.0	0.0*
Other IFIs	0.0	0.0	0.0
Other	4.1	3.2	3.3
Change in FX Res.	0.5	-0.2	0.1

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

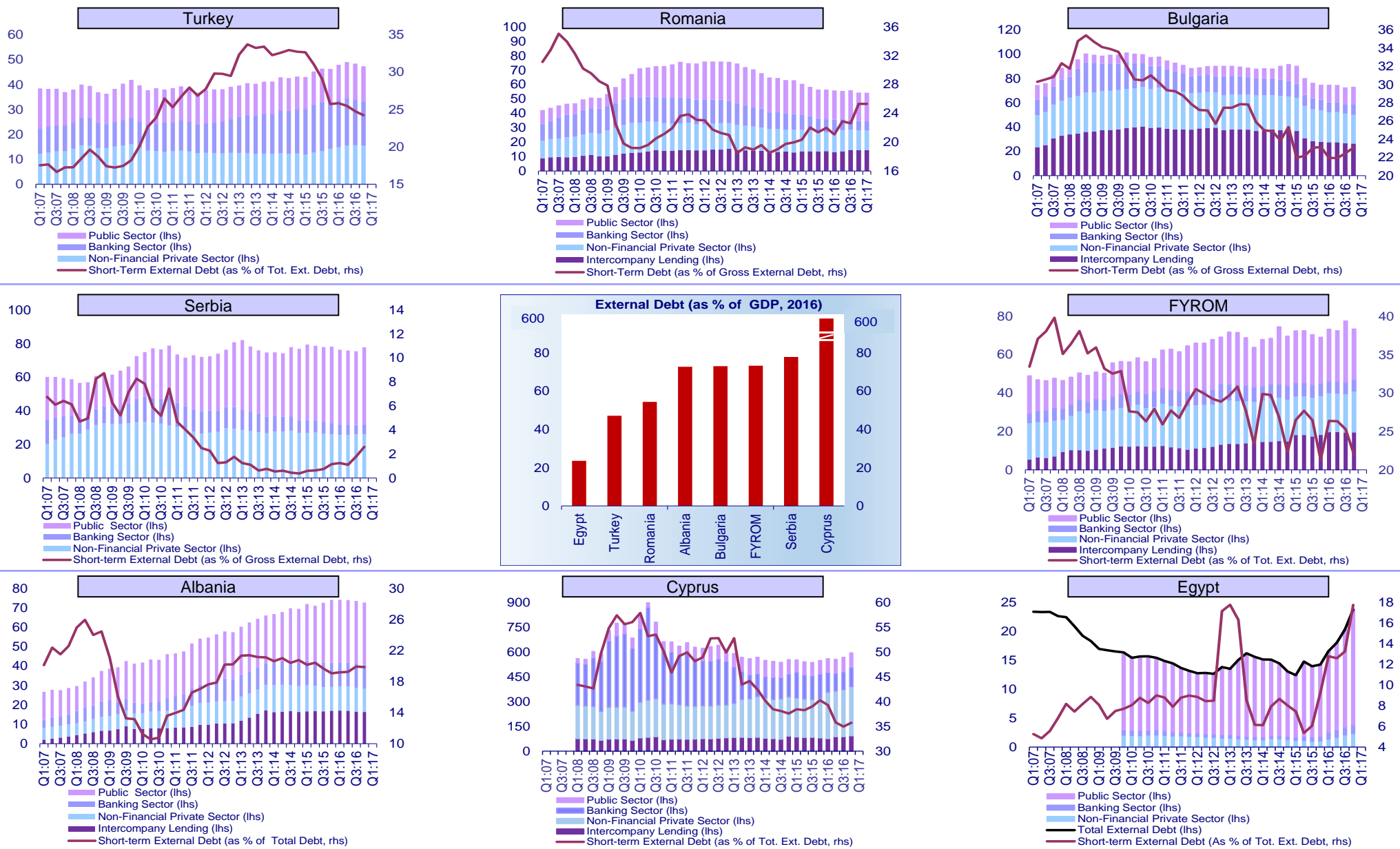
Albania (EUR bn)	2015	2016	2017F
Financing Needs	1.6	1.2	1.5
Cur. Acct Deficit	1.1	1.0	1.3
Amort. + Other	0.5	0.2	0.2
Financing Sources	2.2	1.3	1.7
FDI	0.8	1.0	1.0
IMF	0.1	0.1	0.1
Other IFIs	0.3	0.0	0.3
Other	1.1	0.2	0.3
Change in FX Res.	0.7	0.1	0.2

*: assuming no disbursements from the IMF in 2017

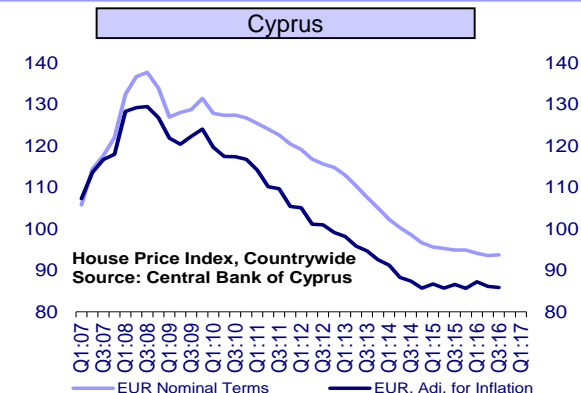
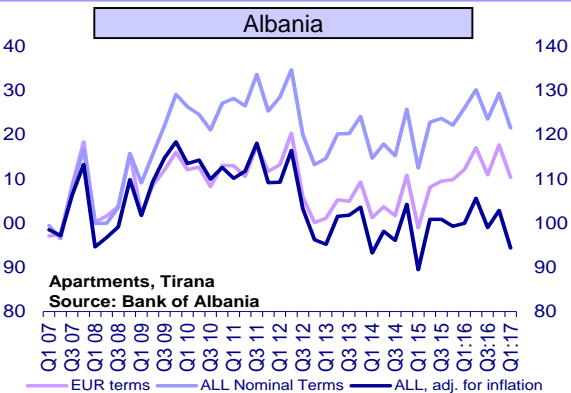
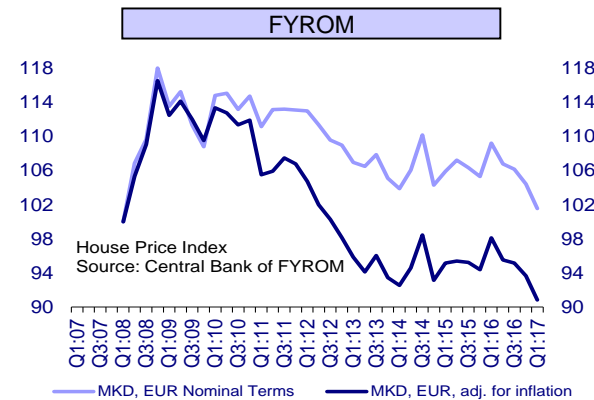
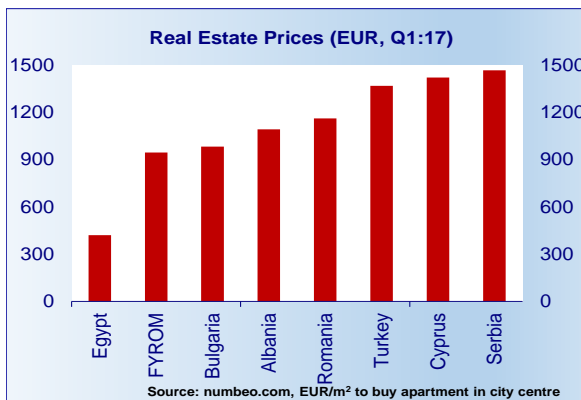
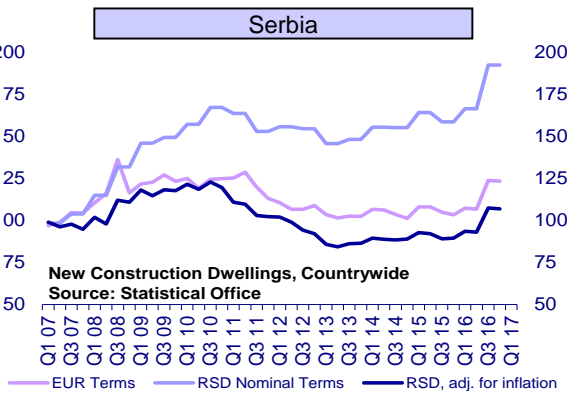
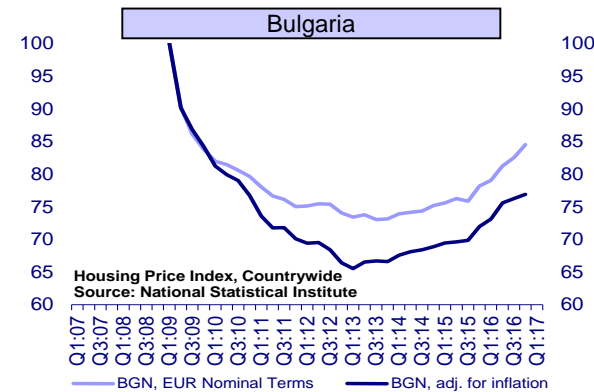
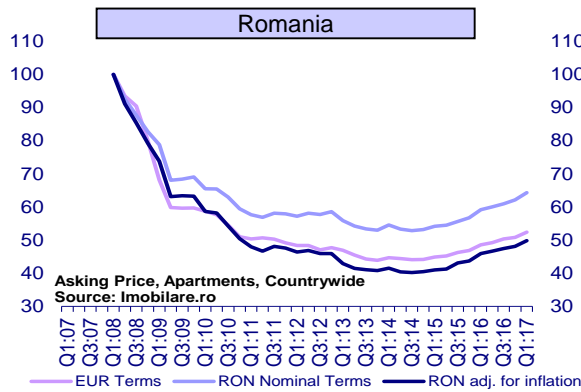
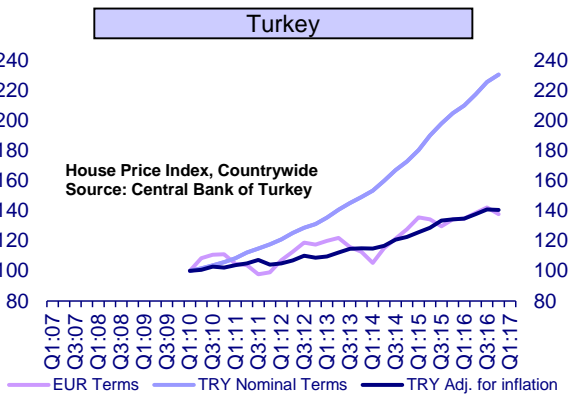
Cyprus (EUR bn)	2015	2016	2017F
Financing Needs	45.5	46.2	41.6
Cur. Acct Deficit	0.5	0.9	1.1
Amort. + Other	45.0	45.3	40.5
Financing Sources	45.5	46.2	41.6
FDI	-8.5	-1.0	0.2
IMF	0.5	0.0	0.0
Other IFIs	0.5	0.0	0.0
Other	53.0	47.2	41.4
Change in FX Res.	0.0	0.0	0.0

Egypt (USD bn)	15/16	16/17F	17/18F
Financing Needs	24.1	22.9	19.8
Cur. Acct Deficit	18.7	14.9	12.0
Amort. + Other	5.4	8.0	7.8
Financing Sources	21.7	35.7	22.0
FDI	6.7	9.0	11.5
IMF	0.0	4.0	4.0
Other IFIs	n.a.	5.7	-1.2
Other	15.0	17.0	7.7
Change in FX Res.	-2.4	12.8	2.2

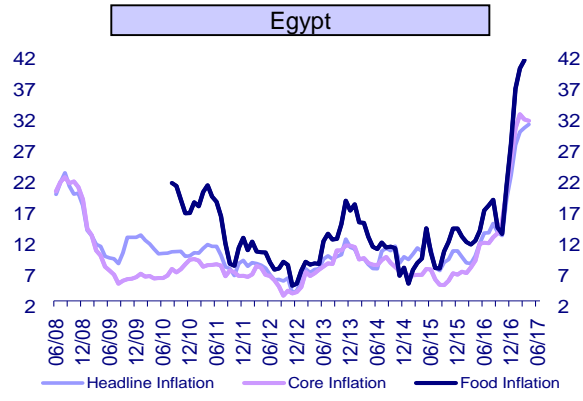
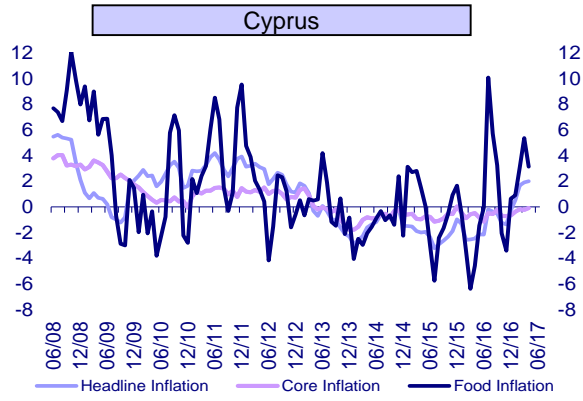
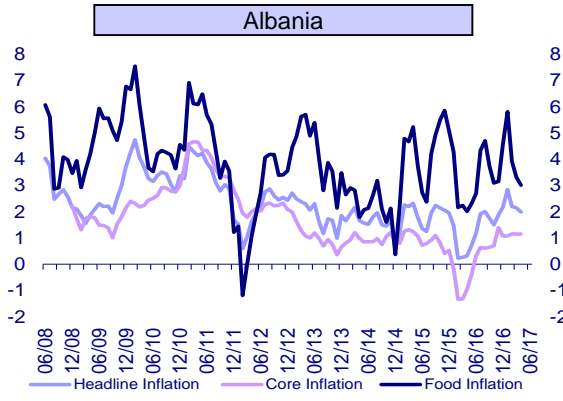
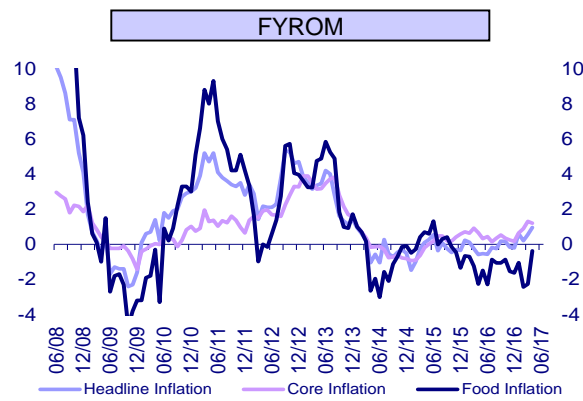
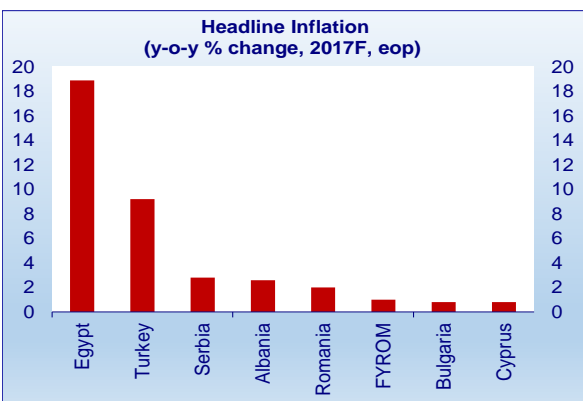
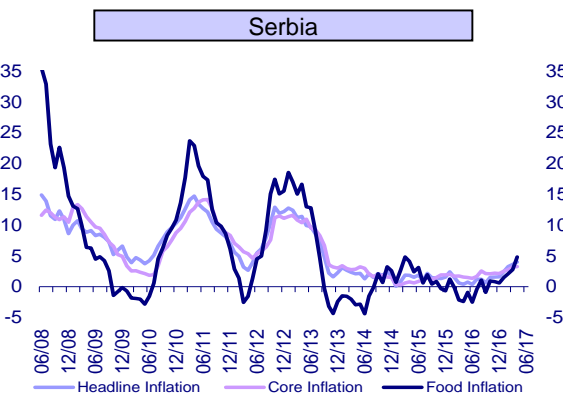
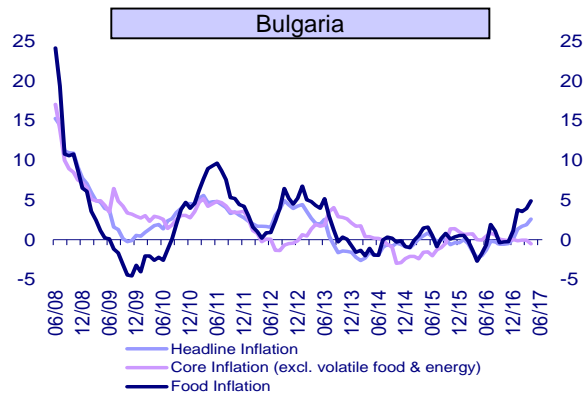
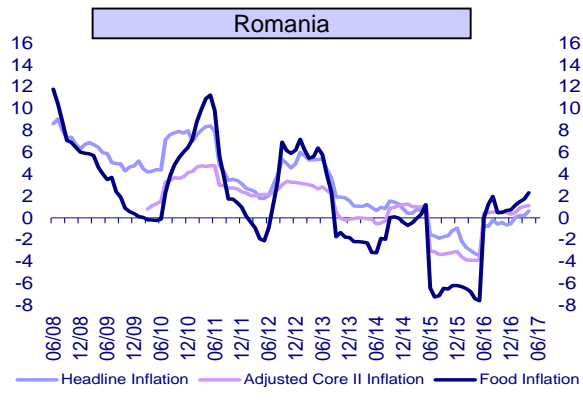
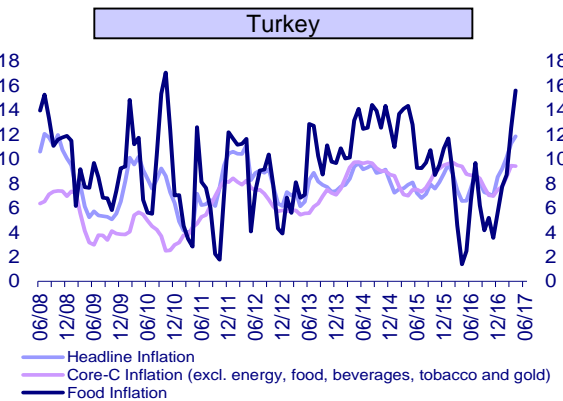
The external debt-to-GDP ratio does not exceed 80% in the countries under review, with the exception of Cyprus



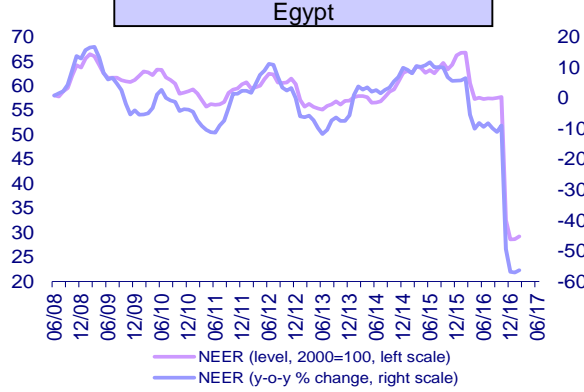
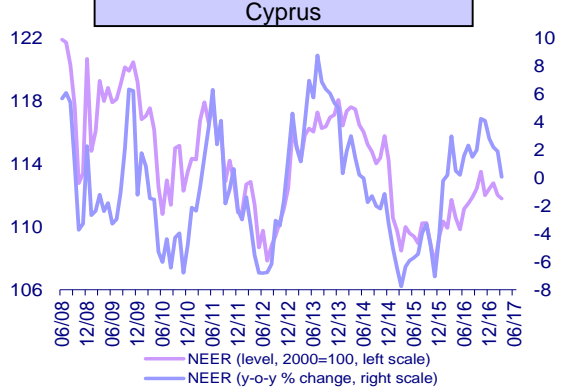
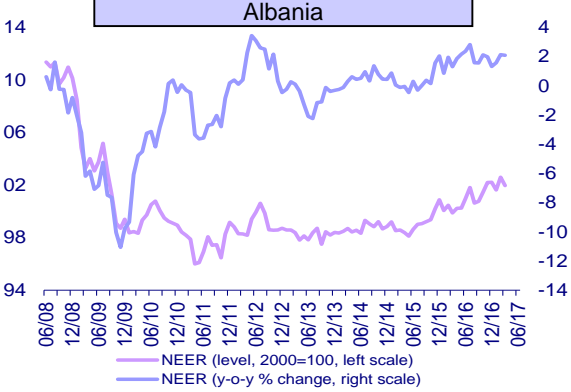
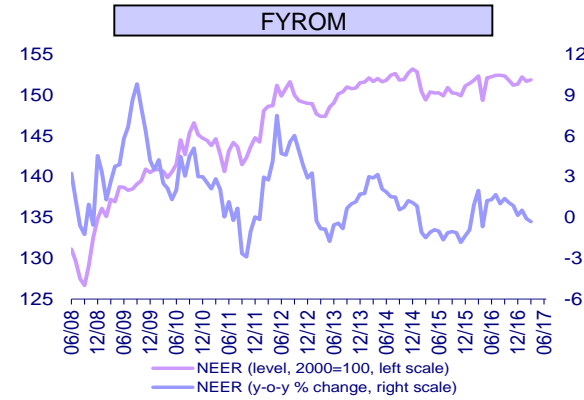
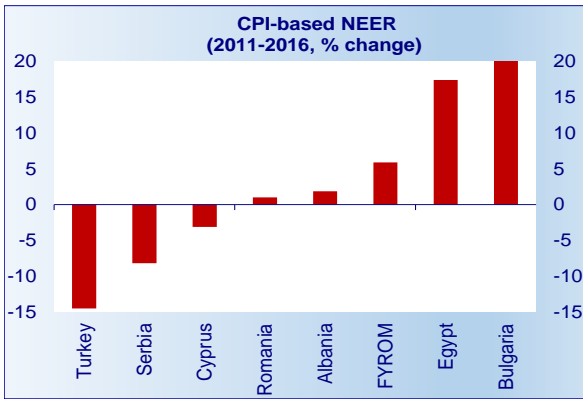
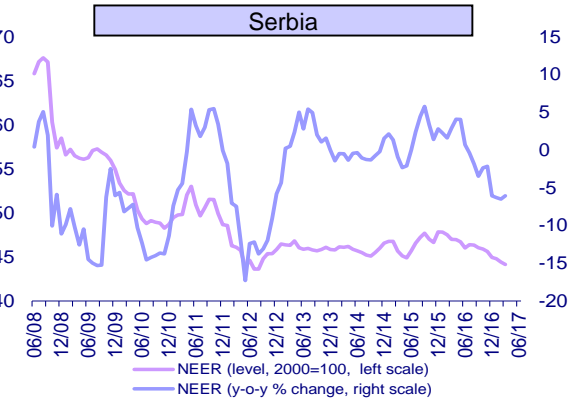
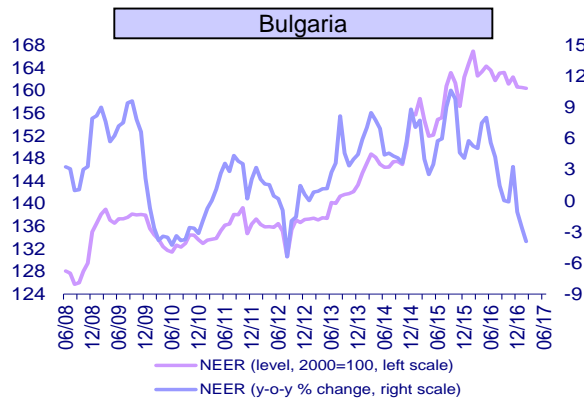
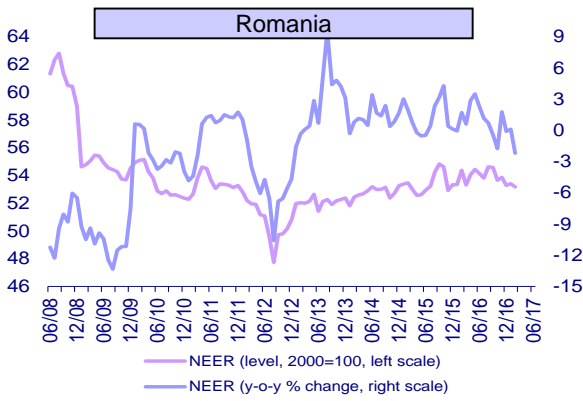
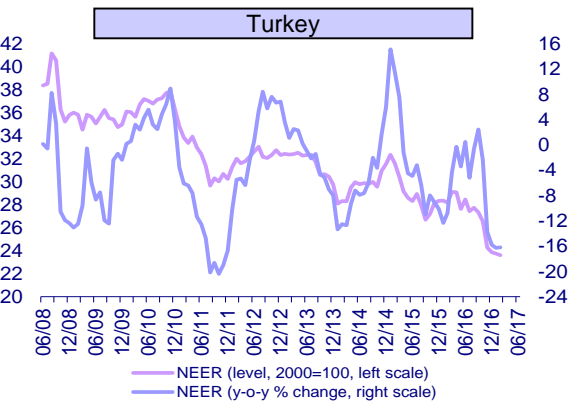
Albeit still well below their pre-crisis peak, real estate prices continued on an upward trend in Romania and Bulgaria in Q1:17



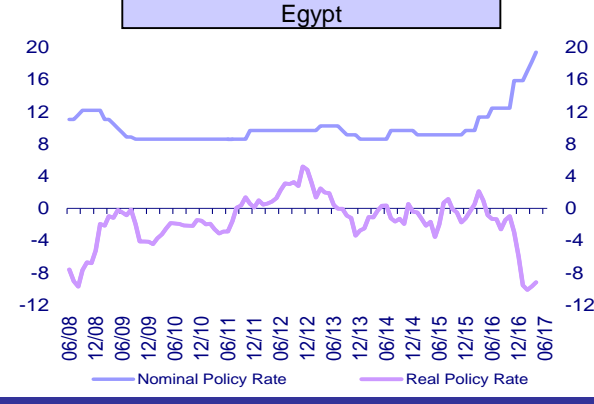
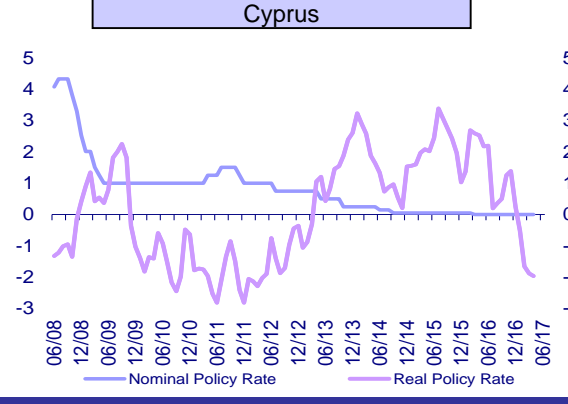
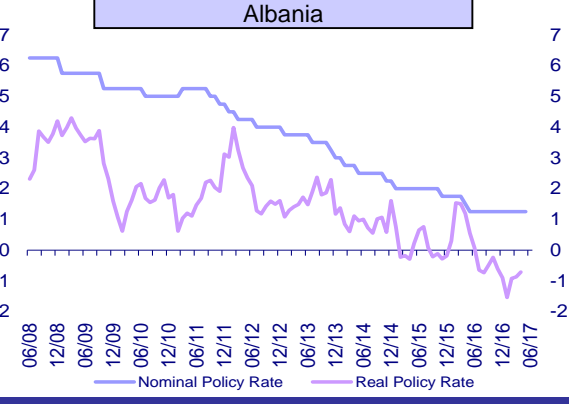
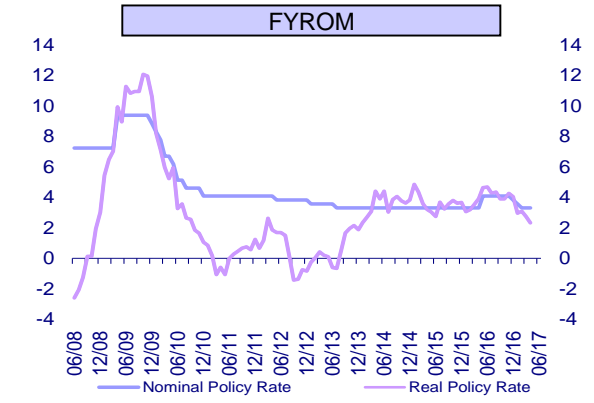
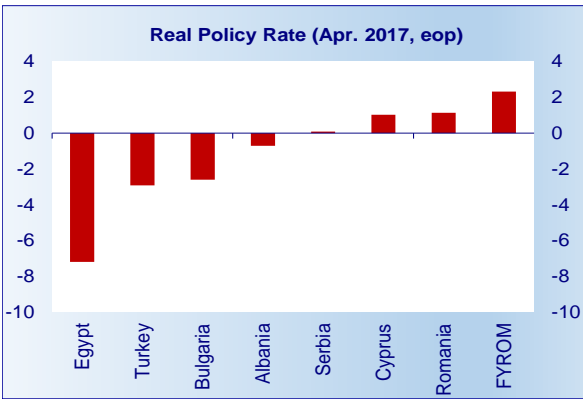
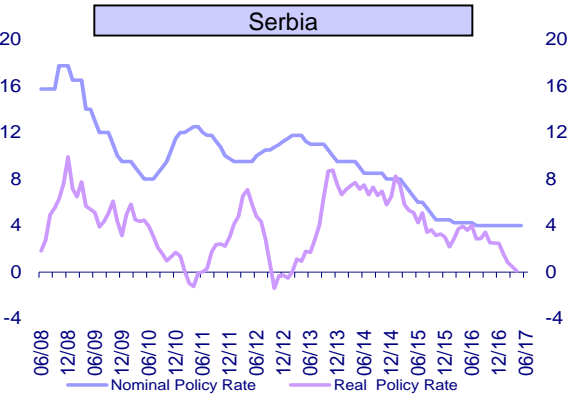
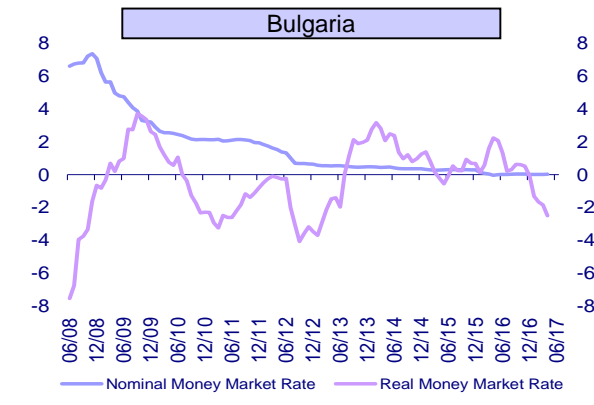
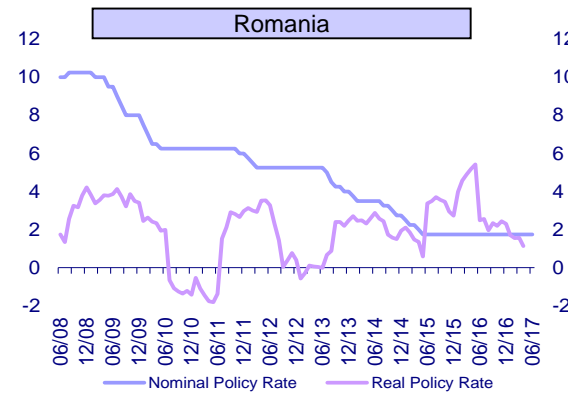
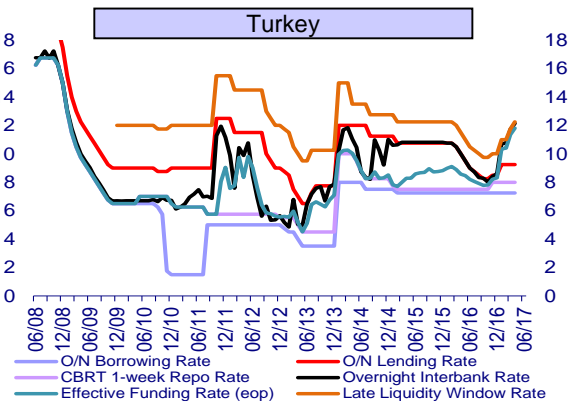
Headline inflation accelerated in Q1:17, mainly reflecting higher global oil and volatile food prices (with the latter due, *inter alia*, to adverse weather conditions).
Higher imported inflation, on the back of the sharp depreciation of the EGP, is the main reason behind skyrocketing inflation in Egypt



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



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



Reserve requirement ratios

Since the beginning of the year, Turkey and Romania proceeded with a cut in RRR on FX liabilities

Turkey

Reserve Requirement Ratios (Average, %)

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

Romania

Reserve Requirement Ratios (%)

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

Bulgaria

Reserve Requirement Ratios (%)

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

Serbia

Reserve Requirement Ratios (%)

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

FYROM

Reserve Requirement Ratios (%)

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

Albania

Reserve Requirement Ratios (%)

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

Cyprus

Reserve Requirement Ratios (%)

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

Egypt

Reserve Requirement Ratios (%)

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

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

A loose fiscal stance in Turkey and Bulgaria should boost economic activity and employment, and a tight fiscal stance in Egypt should put public finances on a strong footing.

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

Turkey							Romania							Bulgaria						
2013	2014	2015	2016	Apr. 16	Apr. 17	2017F	2013	2014	2015	2016	Apr. 16	Apr. 17	2017F	2013	2014	2015	2016	Apr. 16	Apr. 17	2017F*
-1.0	-1.1	-1.0	-1.1	-0.6	-1.9	-3.0	-2.5	-1.7	-1.5	-2.4	-1.7	-2.6	-3.8	-1.8	-3.7	-2.8	1.6	-1.0	0.7	-1.0

*: Current spending is expected to accelerate significantly during the remainder of the year, in line with higher public consumption (mainly spending related to defense) and social spending (including rises in the minimum wage by 9.5% -- effective since January; the minimum pension by 25% in two steps – July, October; and wages in the education sector by 15% in September)

Serbia							FYROM							Albania						
2013	2014	2015	2016	Apr. 16	Apr. 17	2017F	2013	2014	2015	2016	Mar. 16	Mar. 17	2017F	2013	2014	2015	2016	Apr. 16	Apr. 17	2017F
-5.5	-6.6	-3.7	-1.3	-3.5	-0.6	-1.2	-3.8	-4.2	-3.5	-2.6	-3.3	-2.3	-3.0	-5.0	-5.2	-4.1	-1.8	-2.8	-2.3	-1.5

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

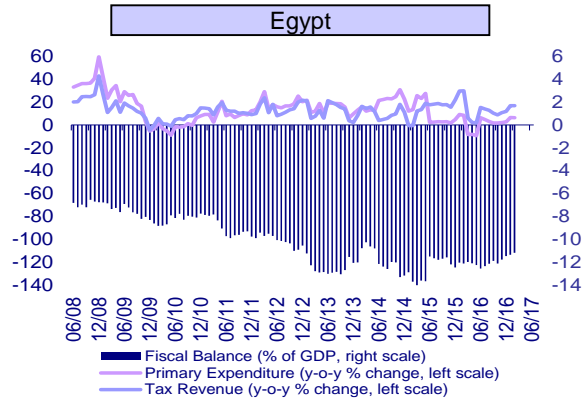
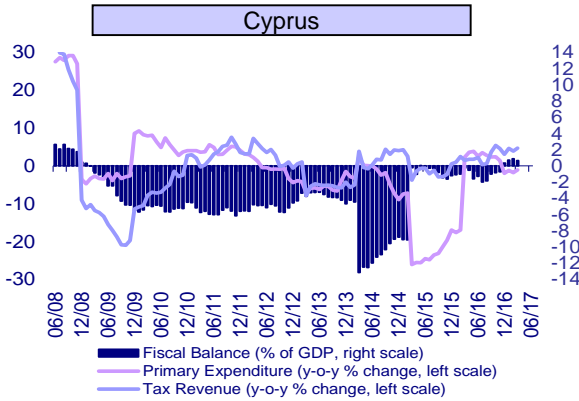
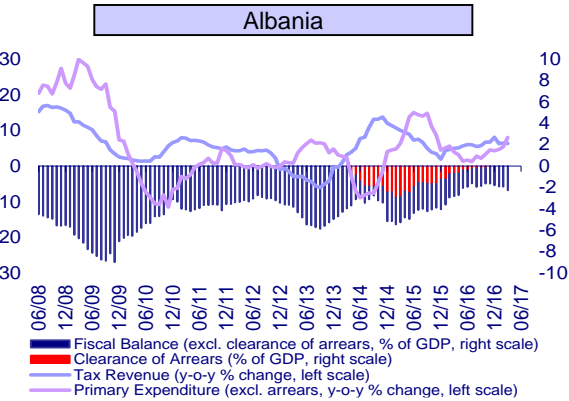
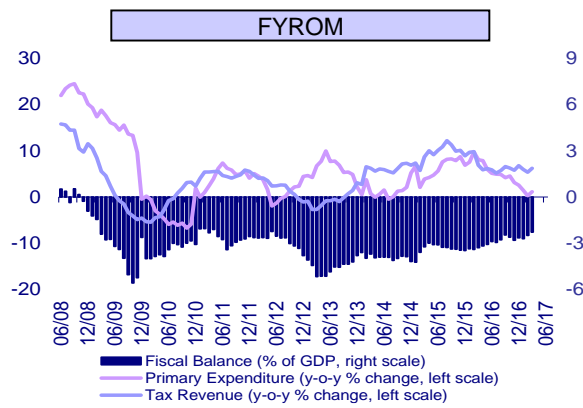
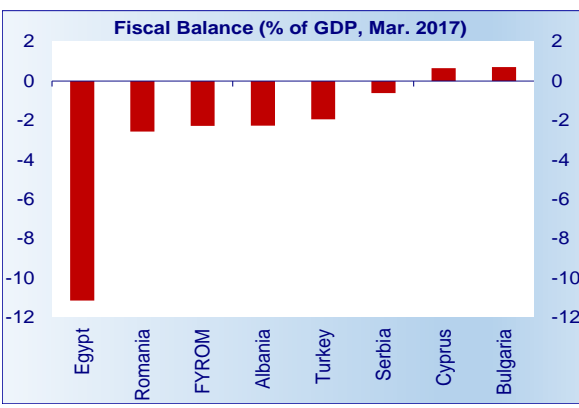
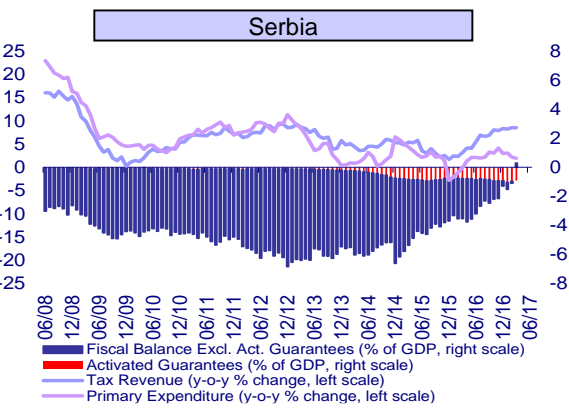
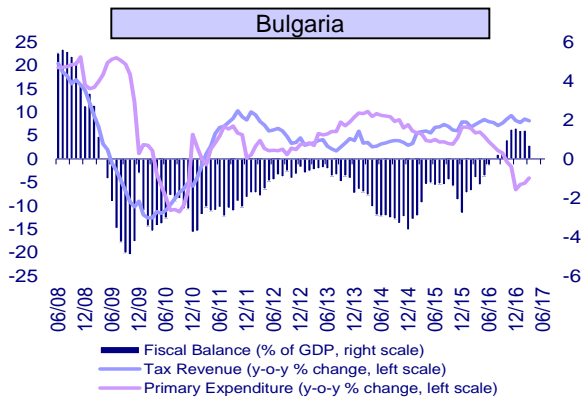
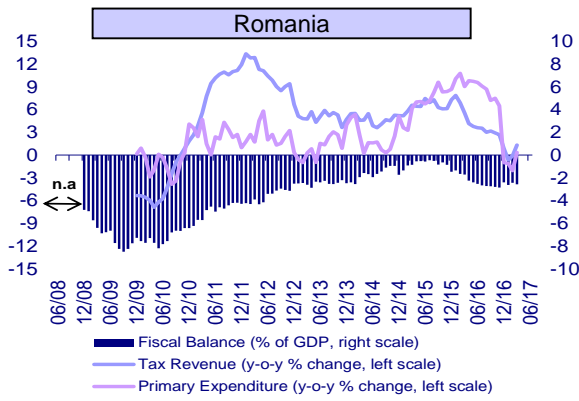
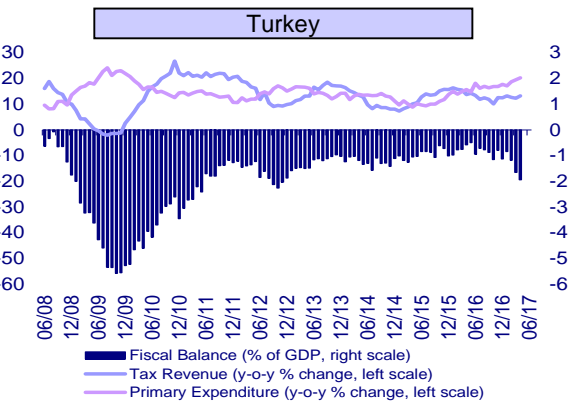
Cyprus							Egypt						
2013	2014	2015	2016	Mar. 16	Mar. 17	2017F*	2014	2015	2016	Feb. 16	Feb. 17	2017F	2018F
-4.7	-8.8	-1.2	0.4	-0.3	0.7	0.2	-12.2	-11.5	-12.5	-12.1	-11.2	-10.7	-9.2

*: The fiscal performance to deteriorate by the end of the year, mainly due to the payment of postponed subsidies (in Q1:17)

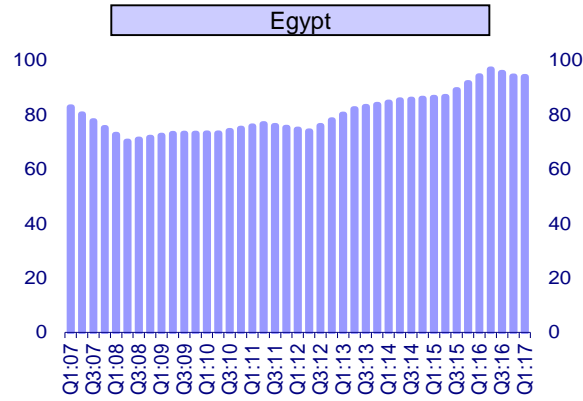
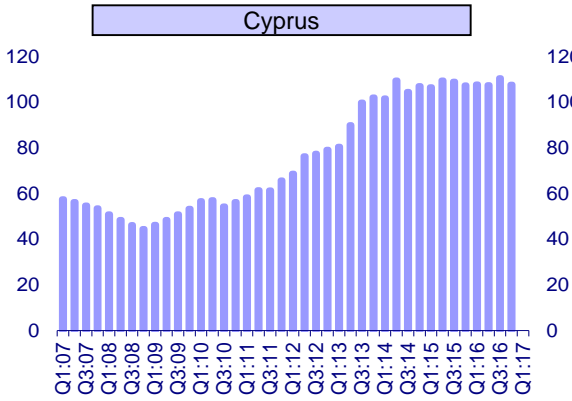
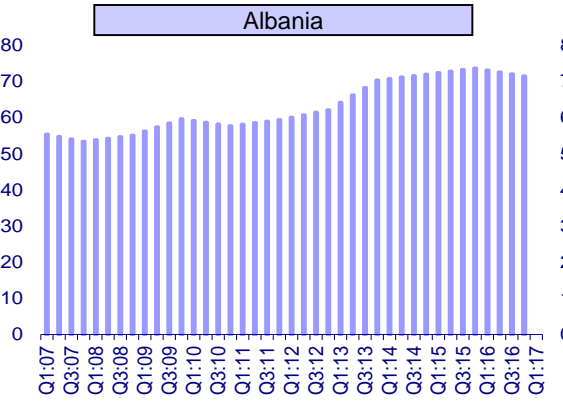
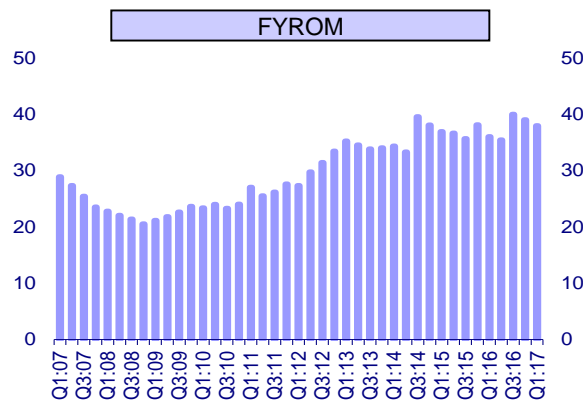
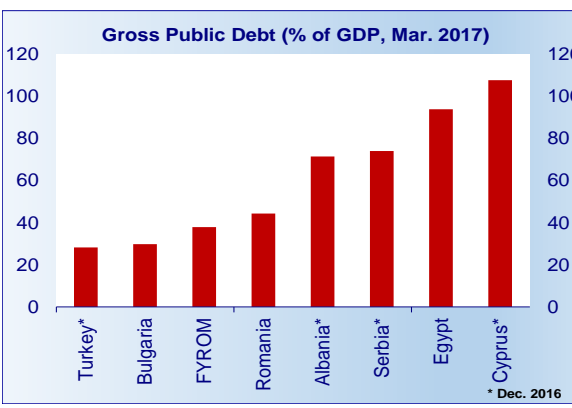
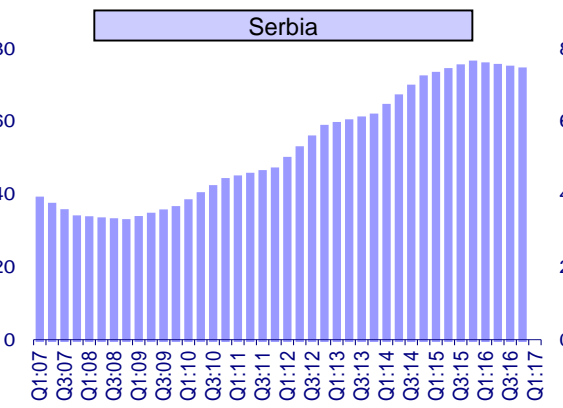
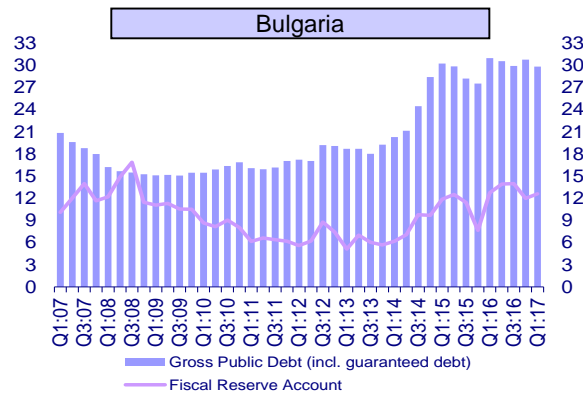
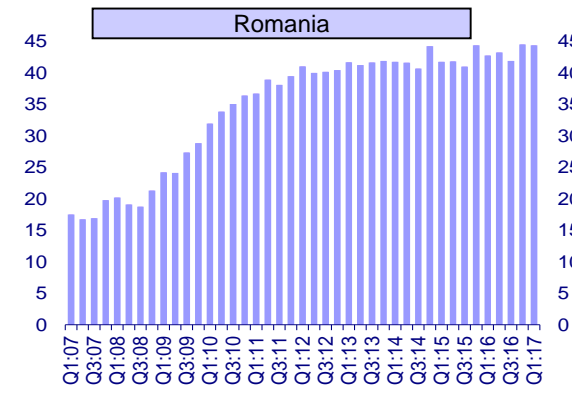
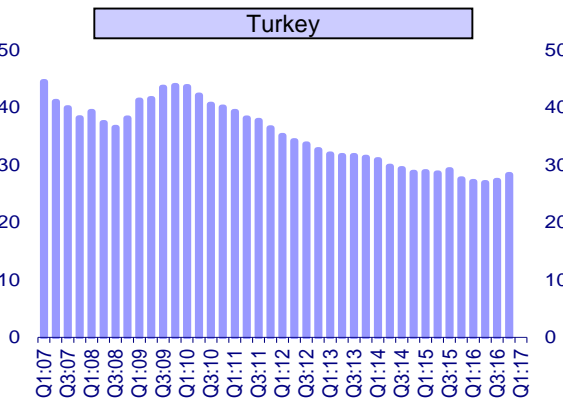
*: Fiscal year ending on June 30th.

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

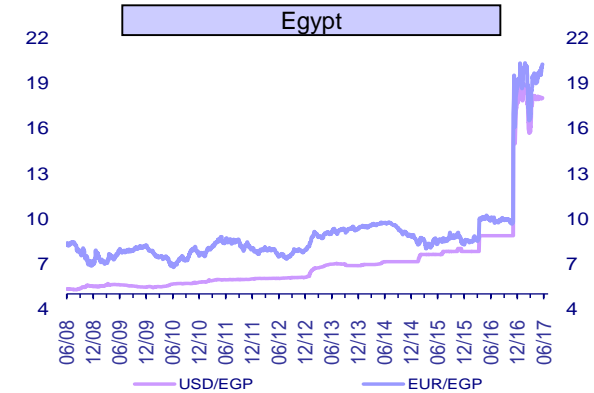
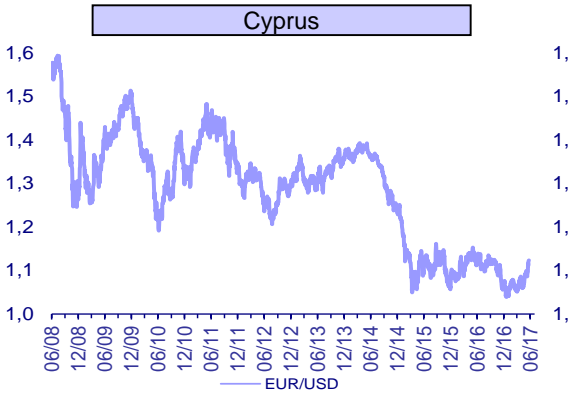
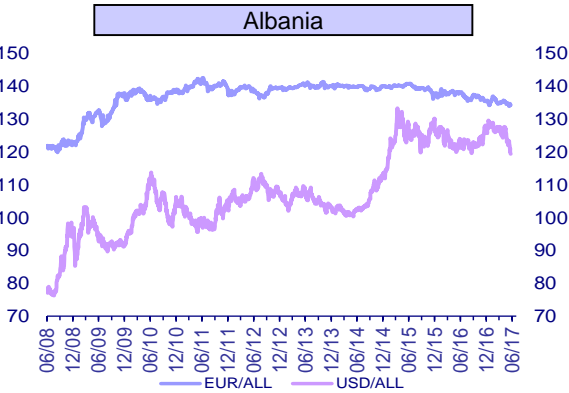
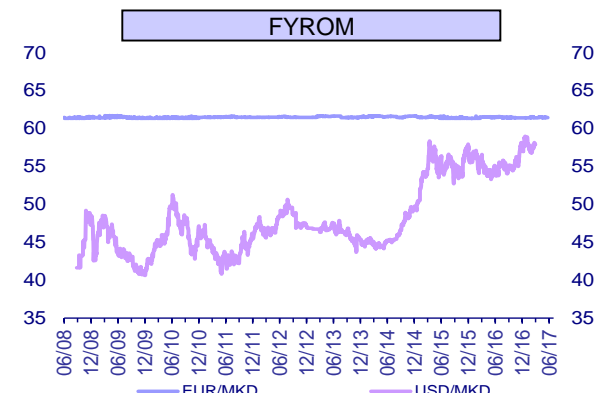
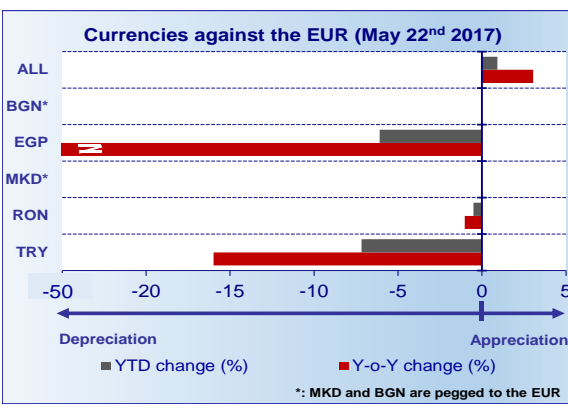
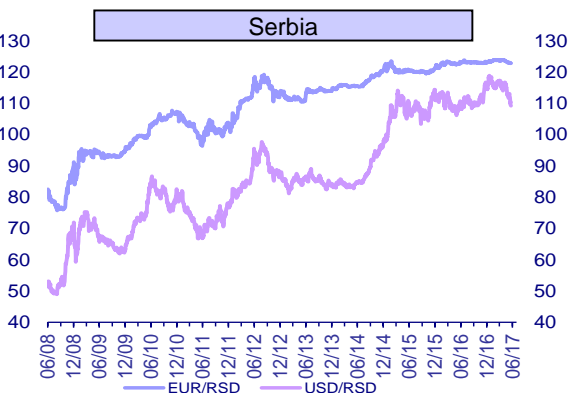
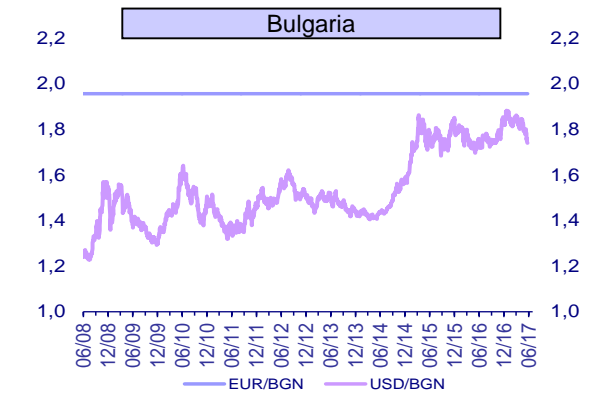
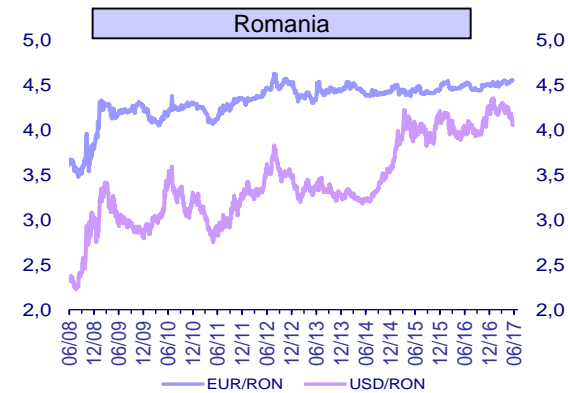
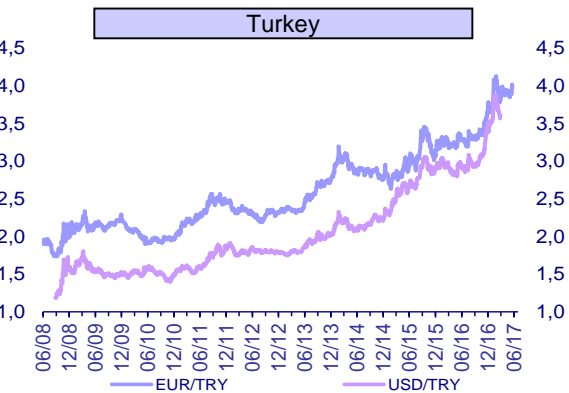
Both higher tax revenue and lower primary expenditure are driving the fiscal deficit down in Egypt



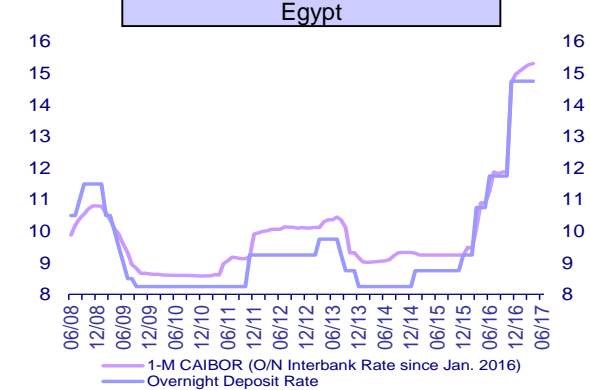
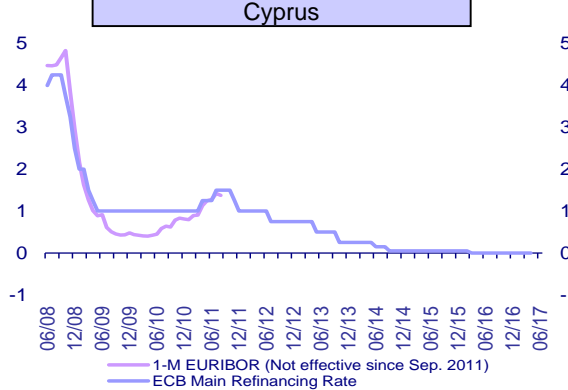
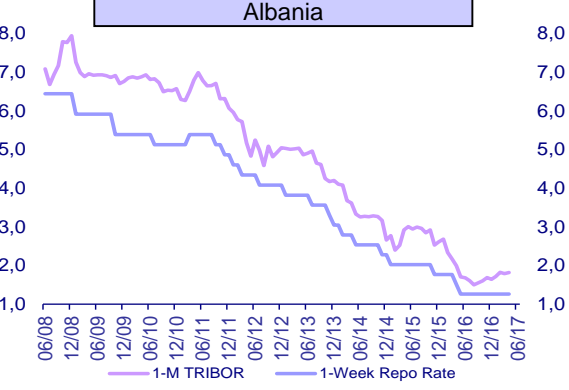
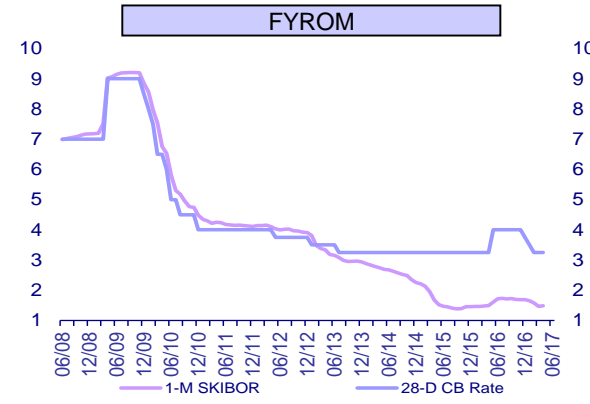
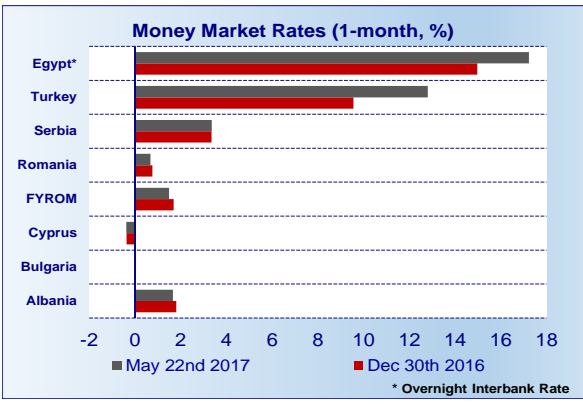
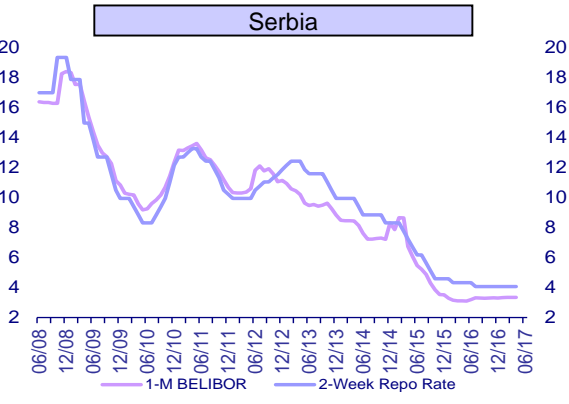
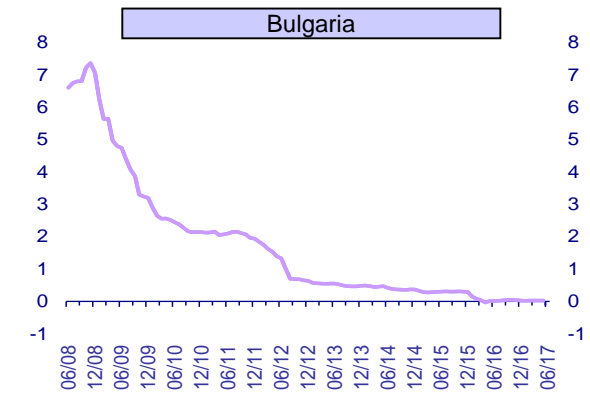
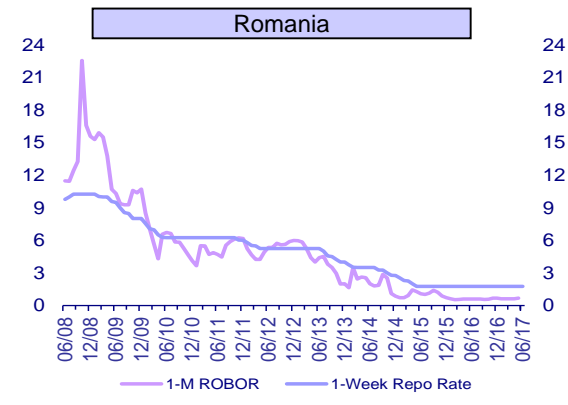
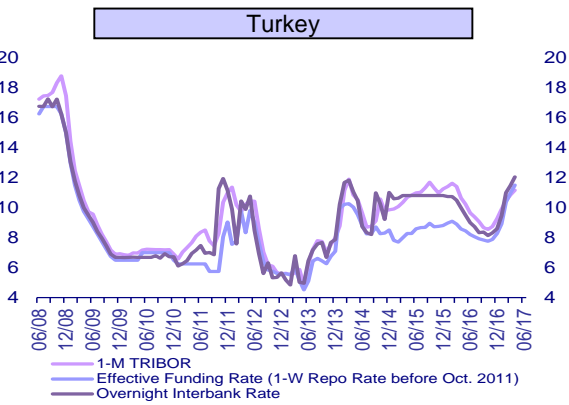
The public debt-to-GDP ratio is on a downward trend in all the countries under review, with the exception of Turkey and Egypt



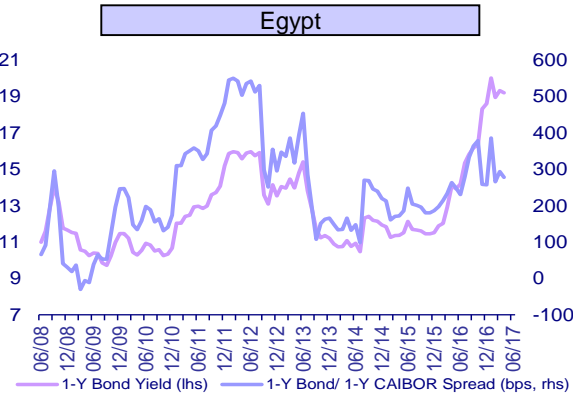
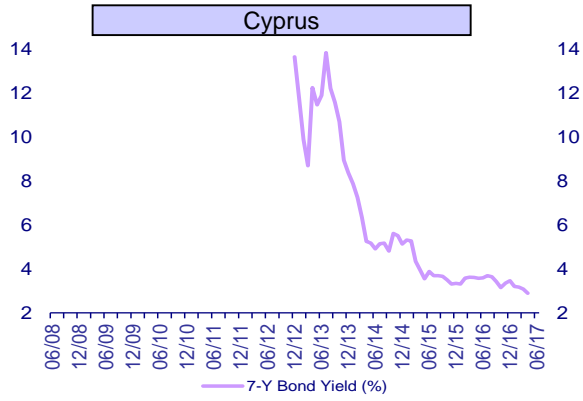
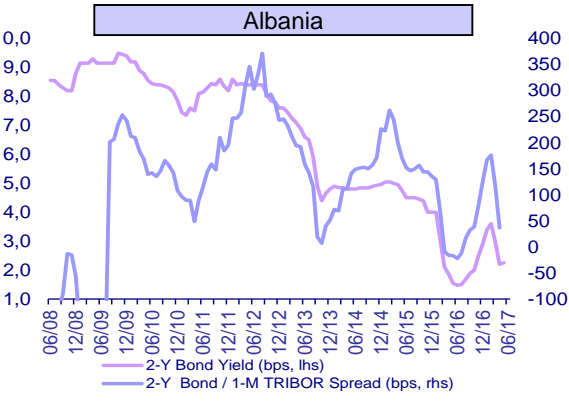
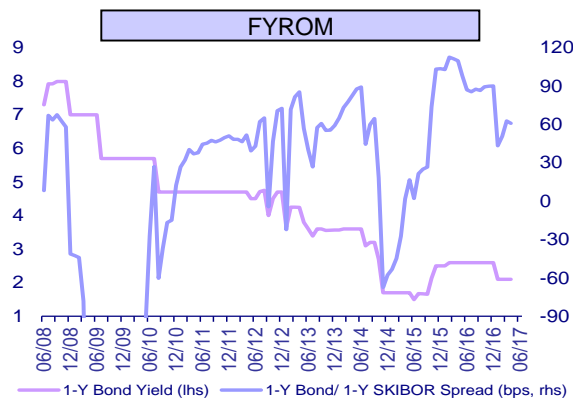
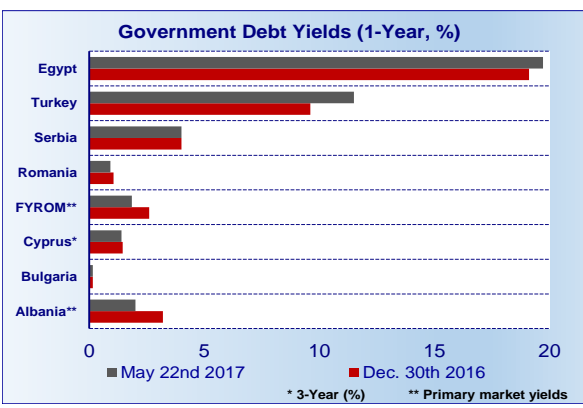
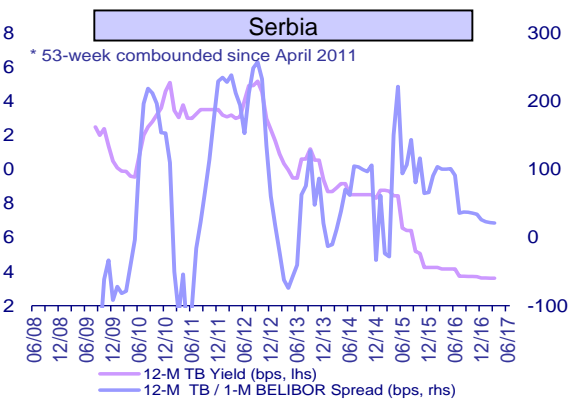
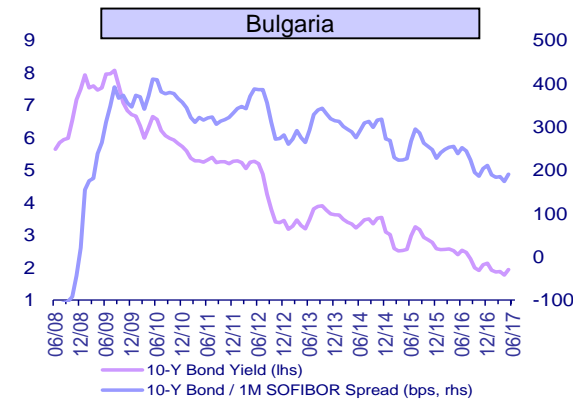
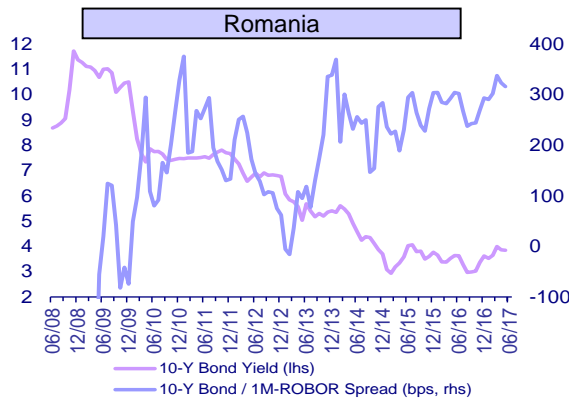
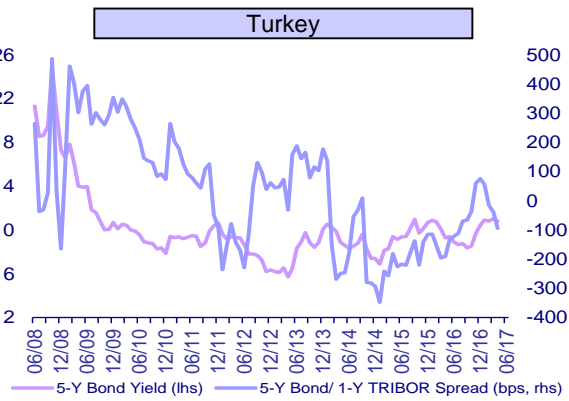
The TRY and the EGP have depreciated significantly against the EUR since the beginning of the year



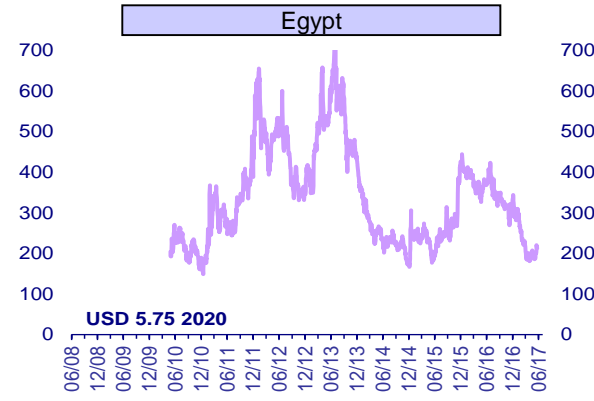
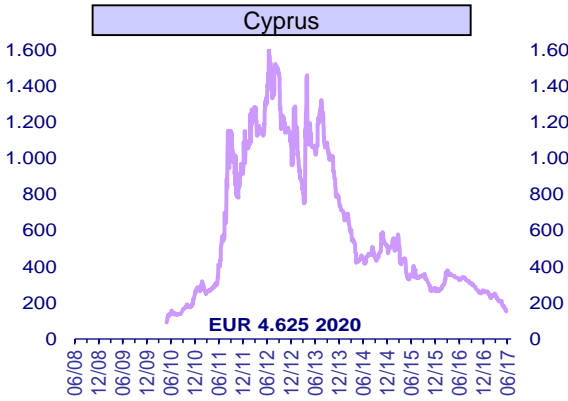
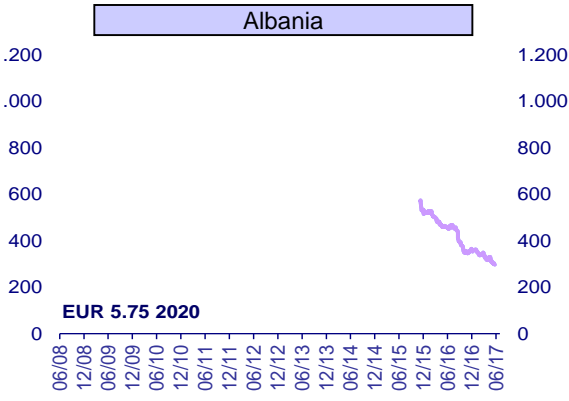
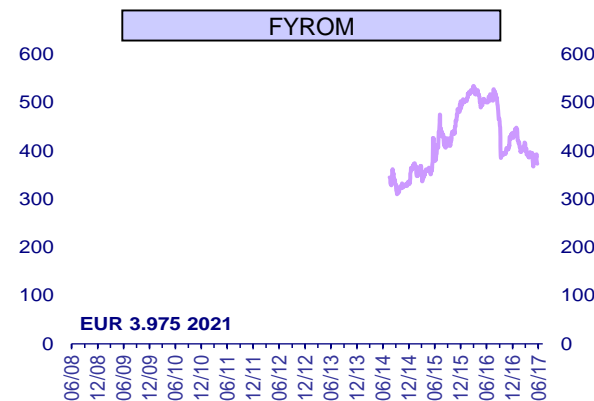
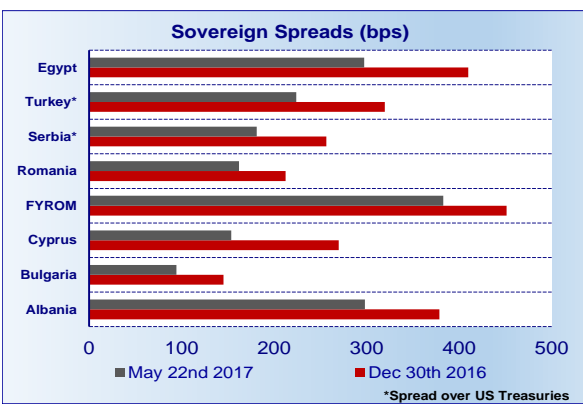
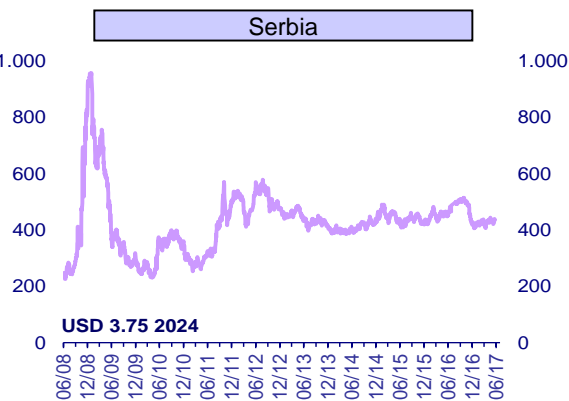
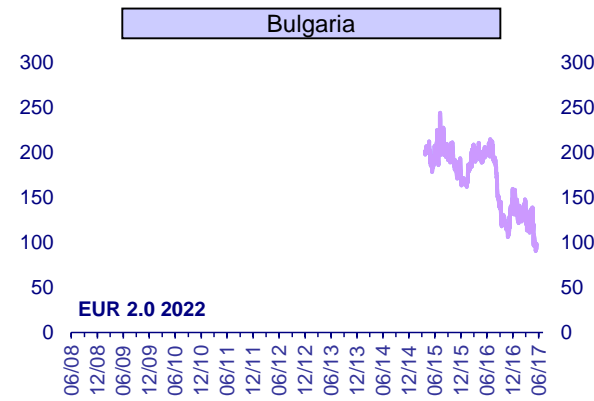
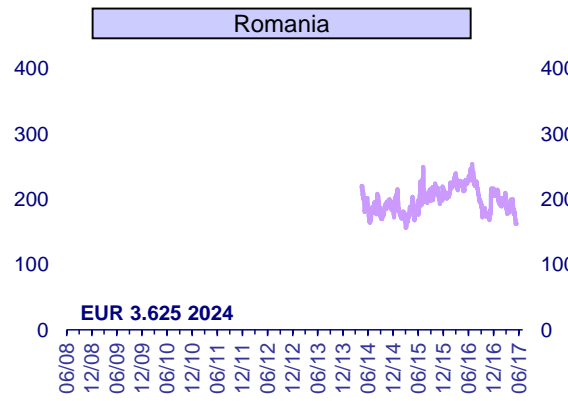
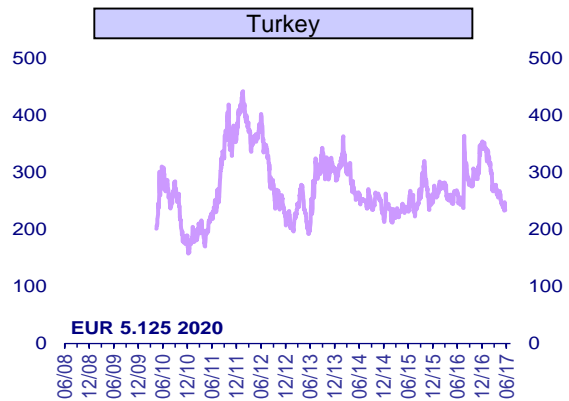
Money market rates have increased significantly in Turkey and Egypt since the beginning of the year



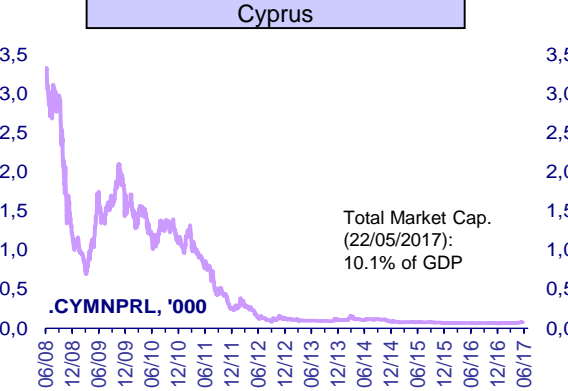
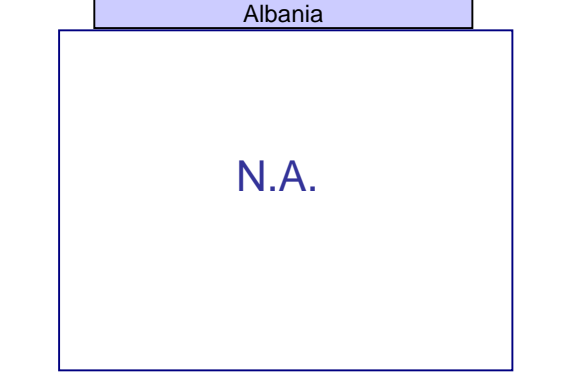
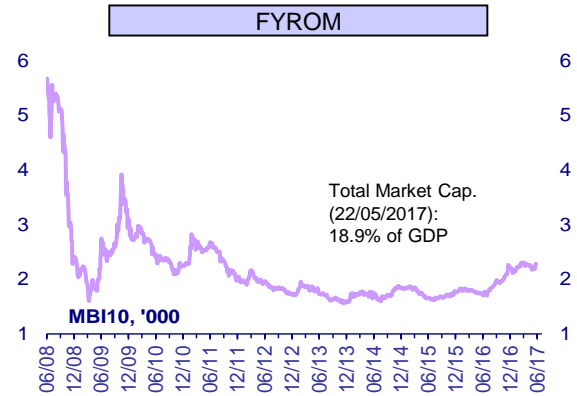
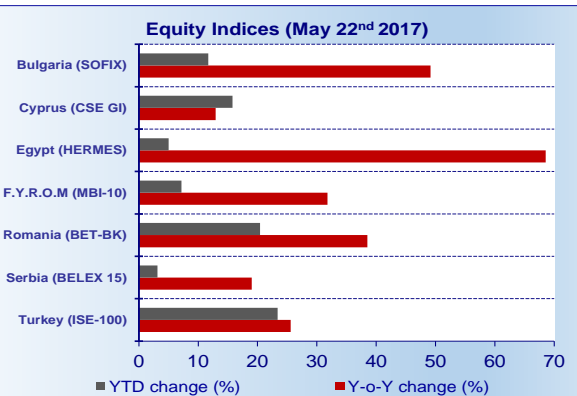
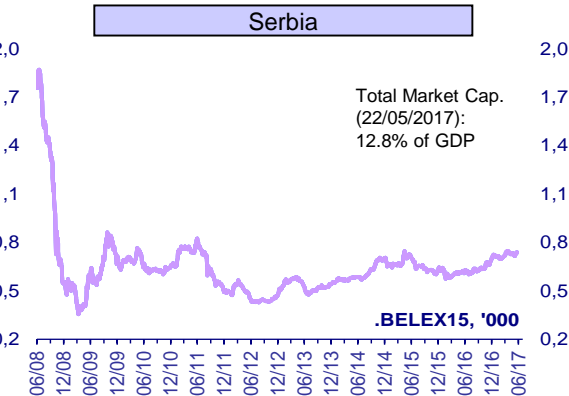
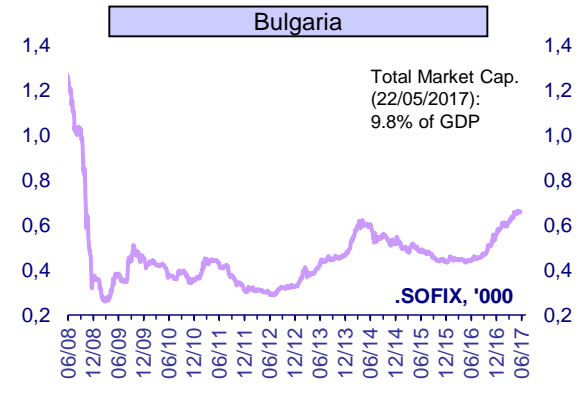
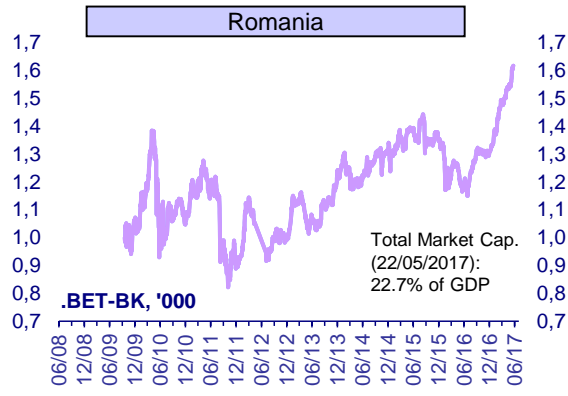
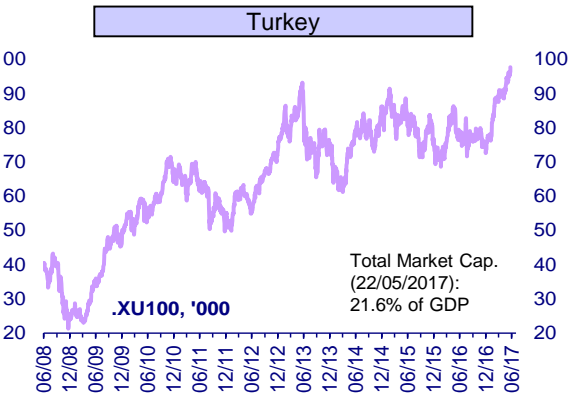
Government debt yields have increased in Egypt and Turkey and declined in Romania, FYROM and Albania since the start of the year



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

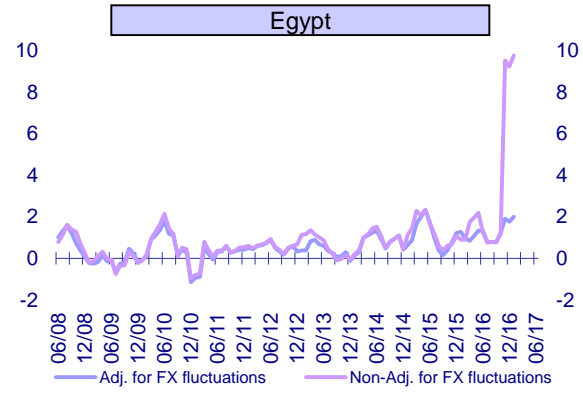
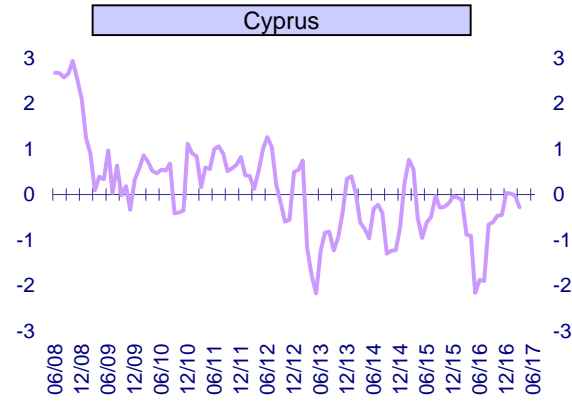
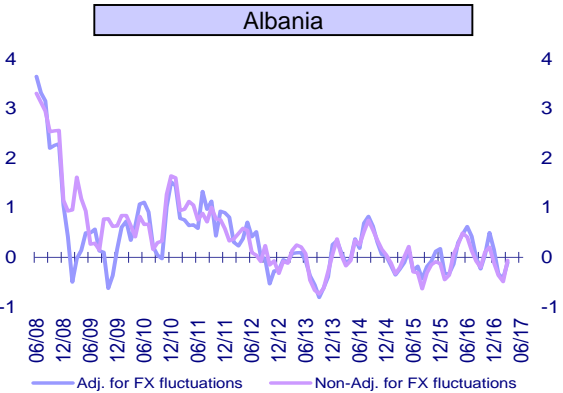
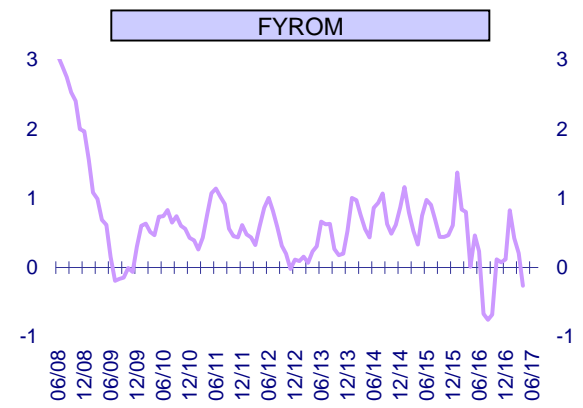
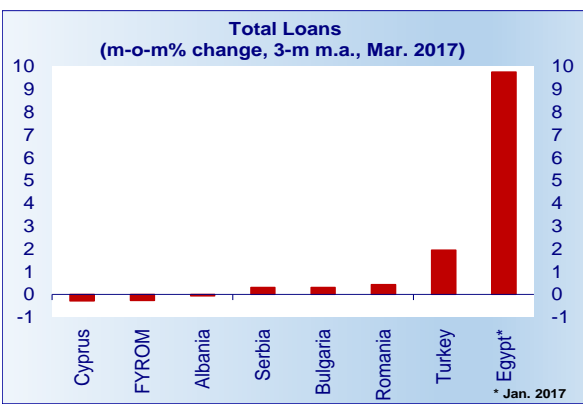
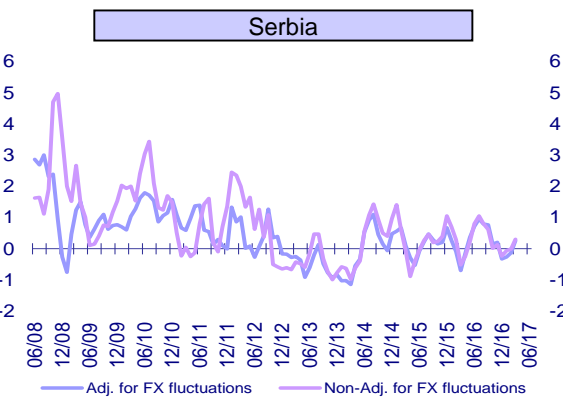
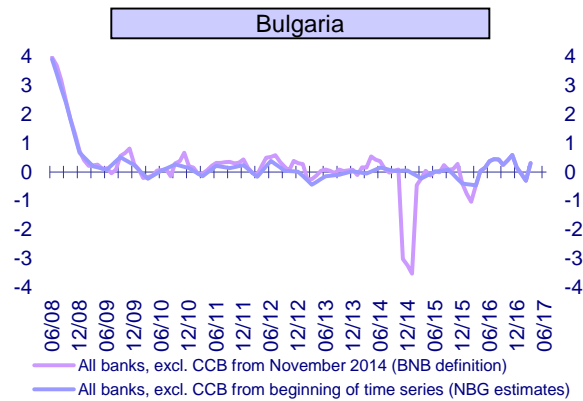
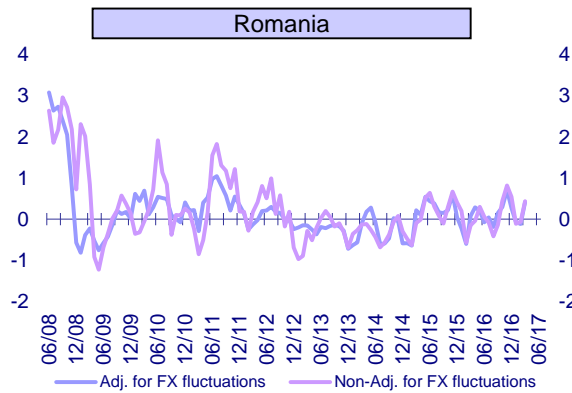
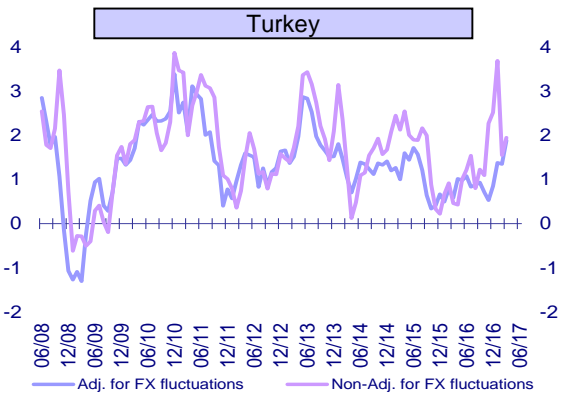


All stock markets in the countries under review have posted a positive performance since the start of the year

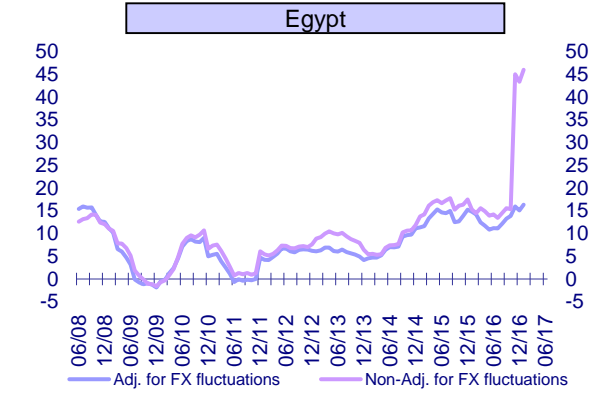
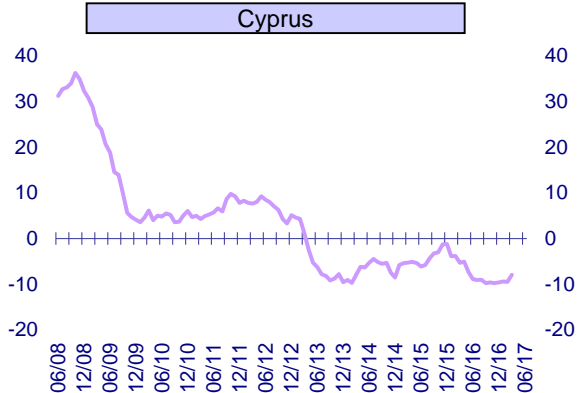
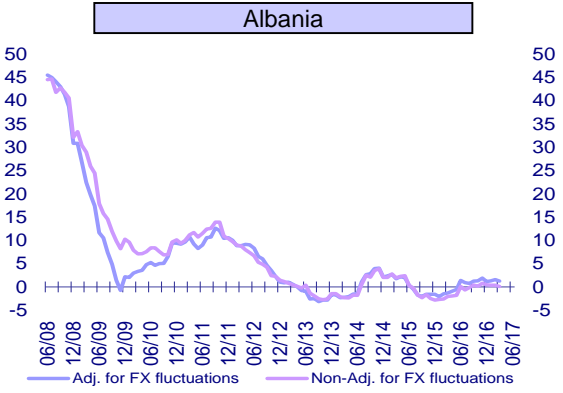
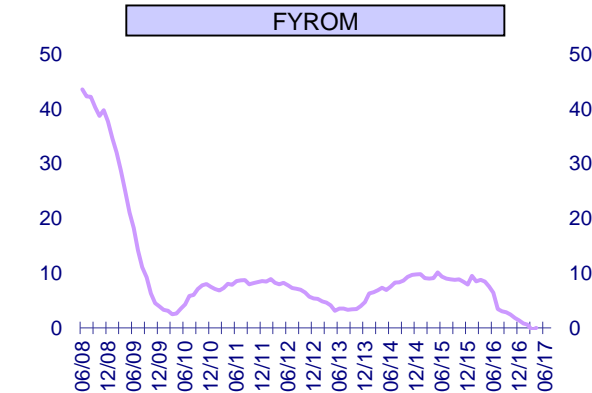
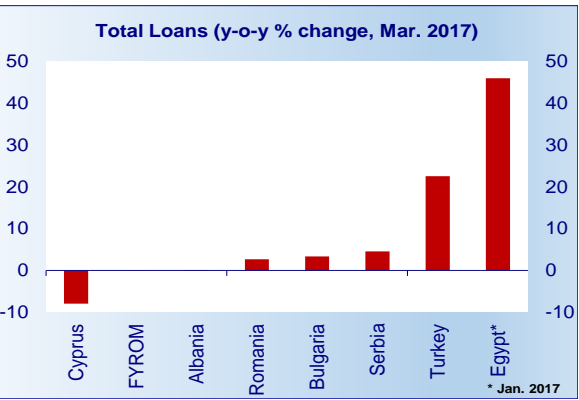
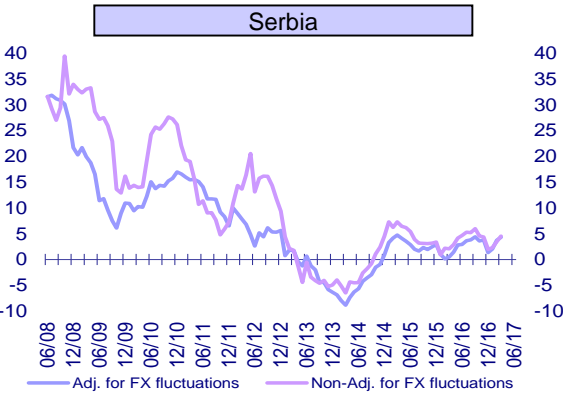
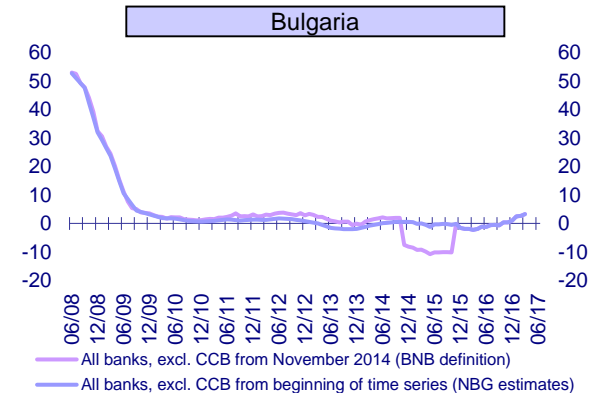
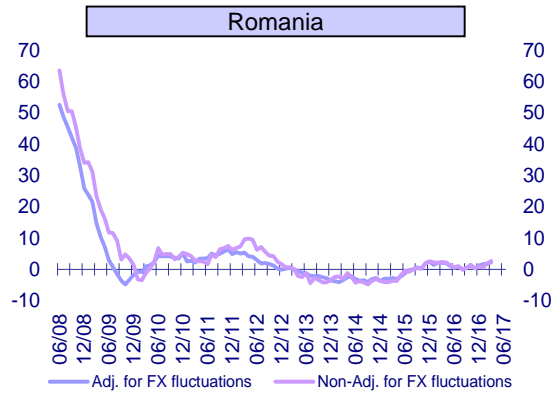
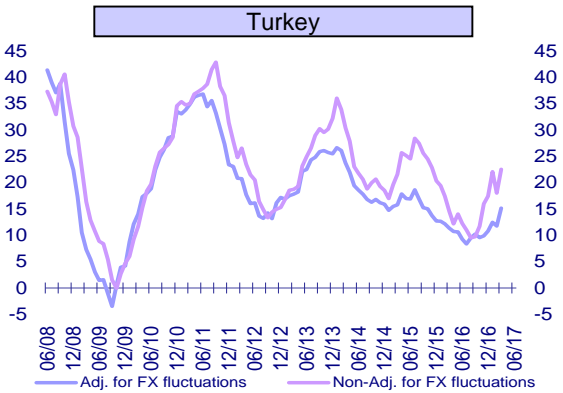


Total loans (m-o-m % change, 3-month moving average)

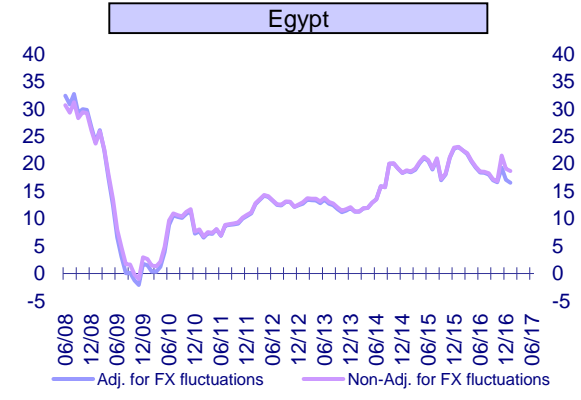
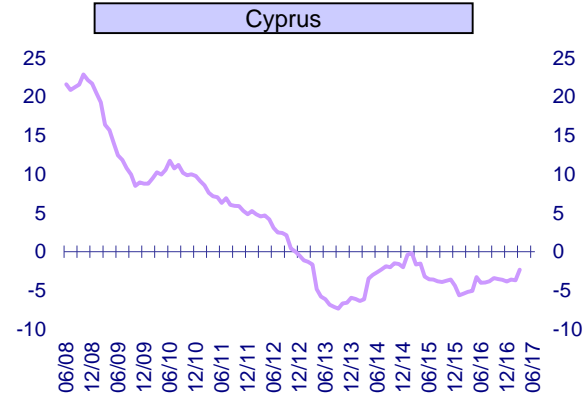
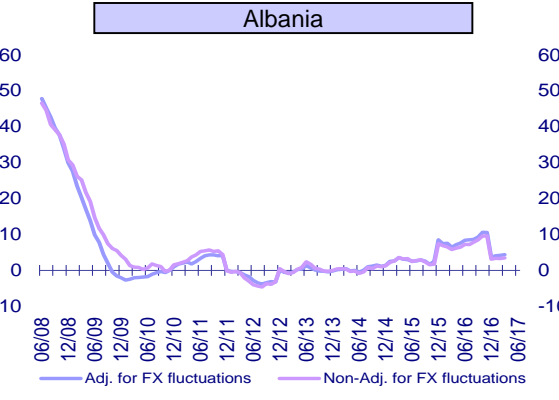
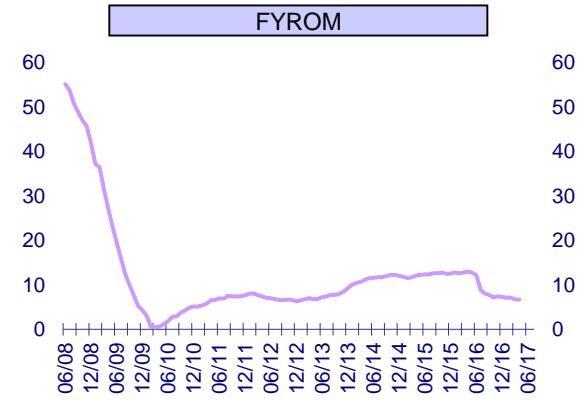
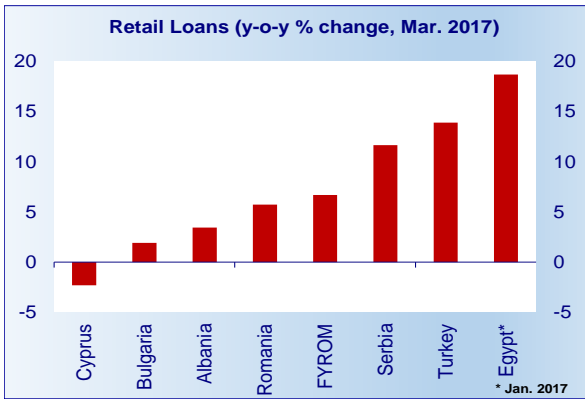
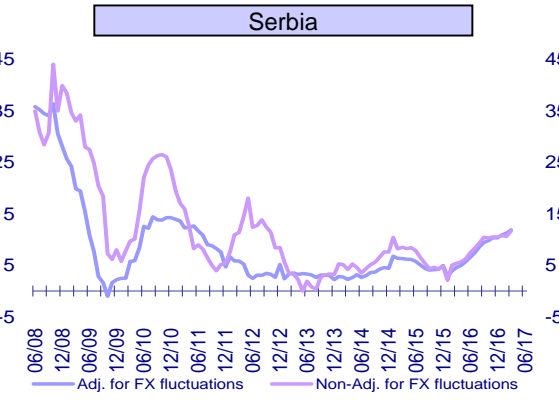
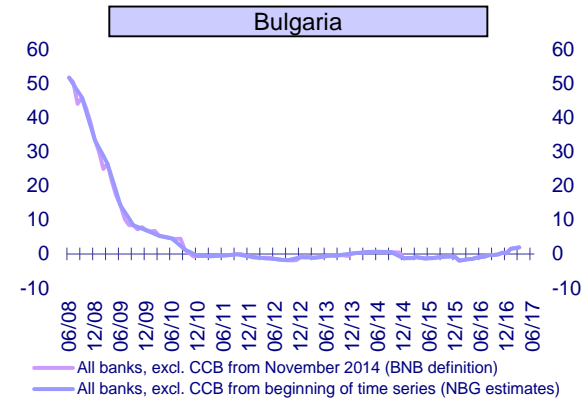
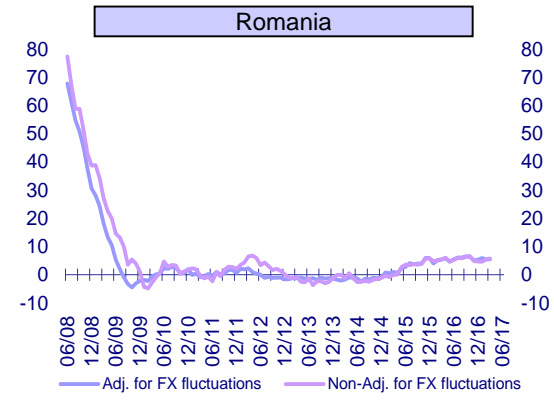
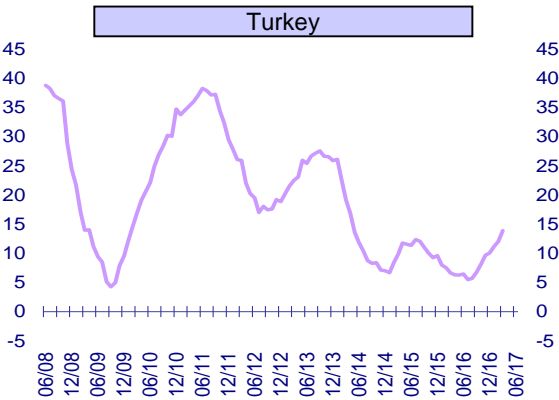
Lending activity has been buoyant in Turkey since the beginning of the year, underpinned by the relaxation of restrictive measures and the Government's Credit Guarantee Fund (targeting SMEs)



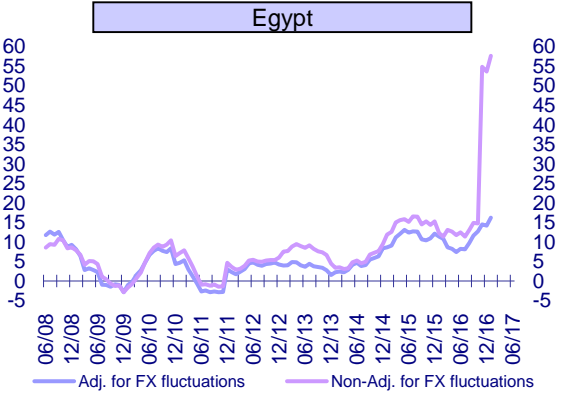
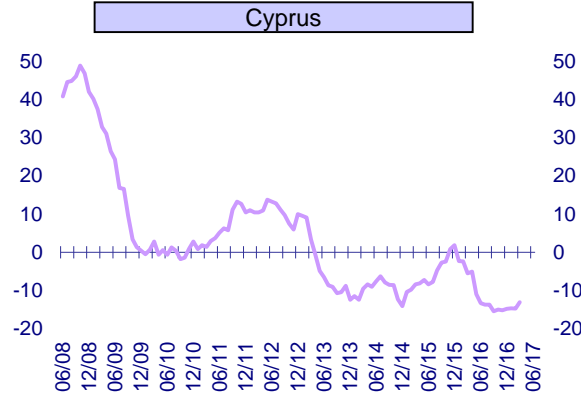
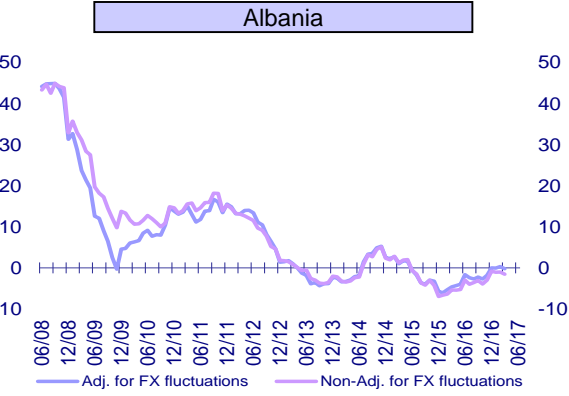
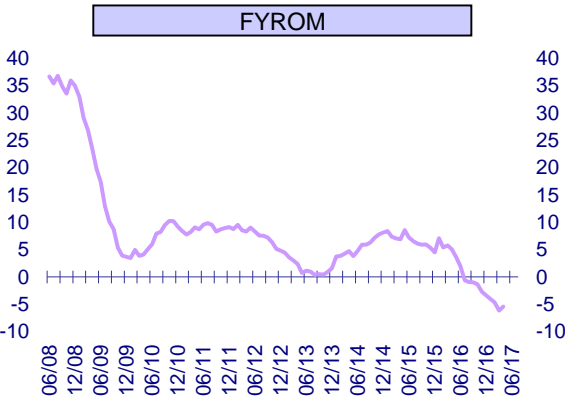
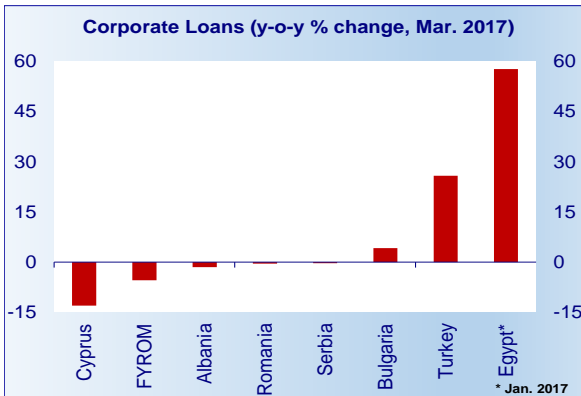
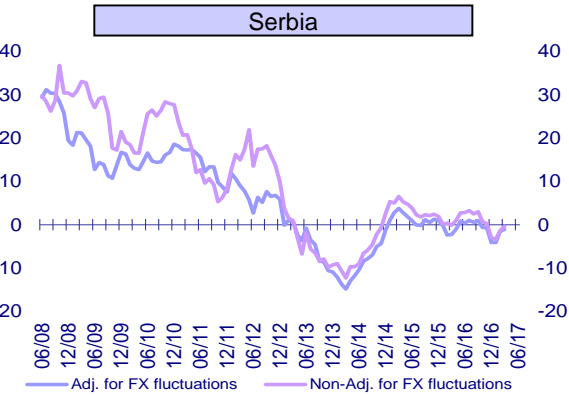
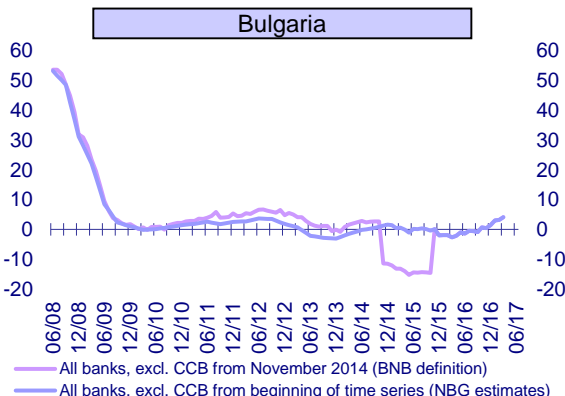
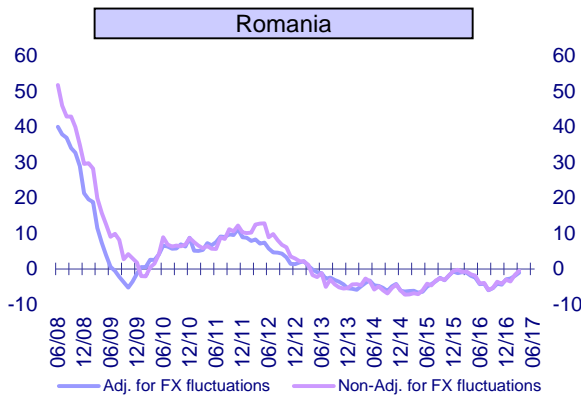
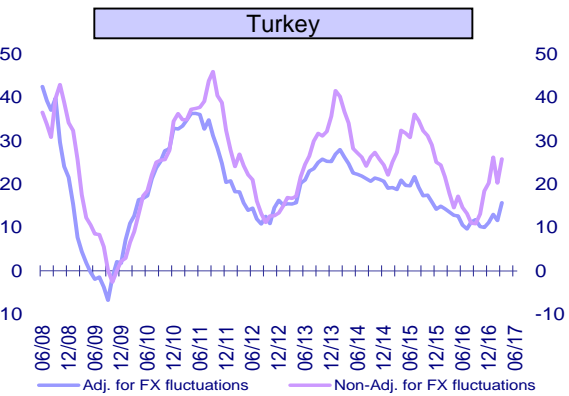
Turkey and Egypt continue to post double-digit lending growth



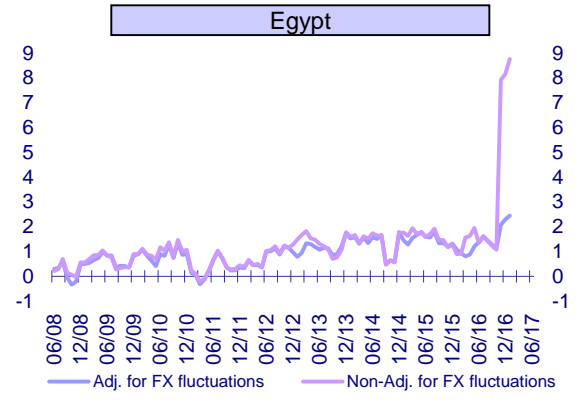
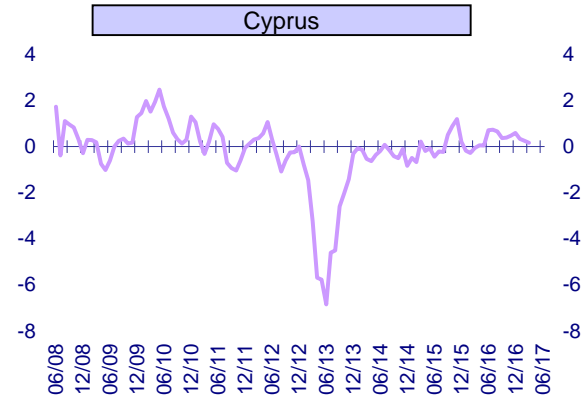
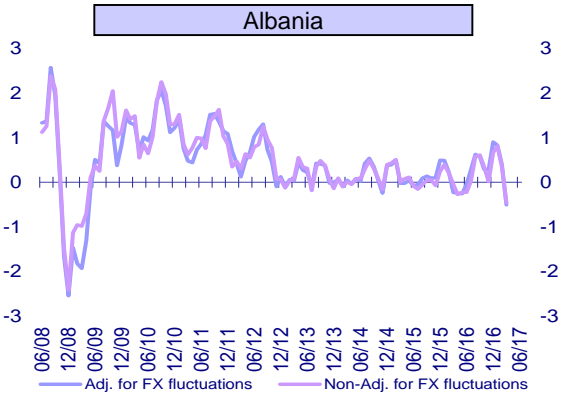
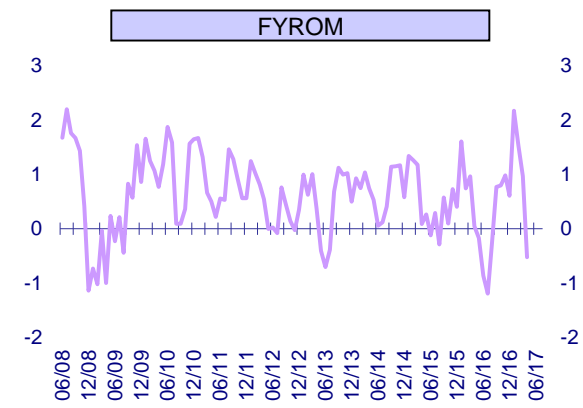
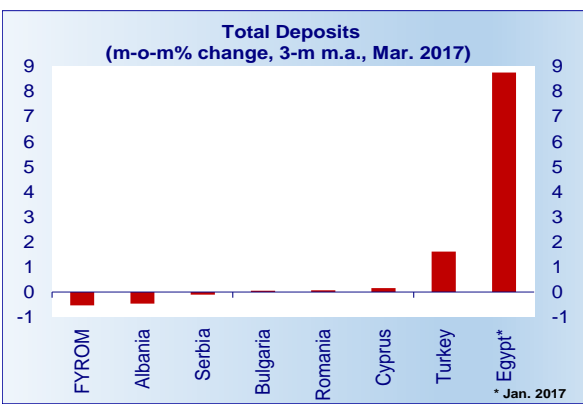
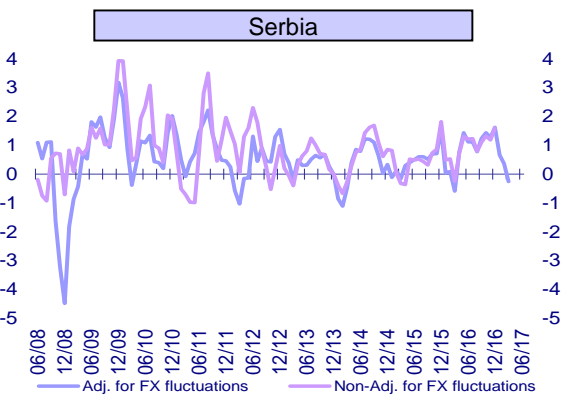
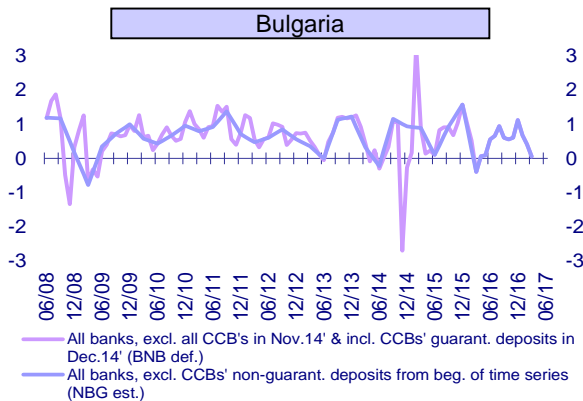
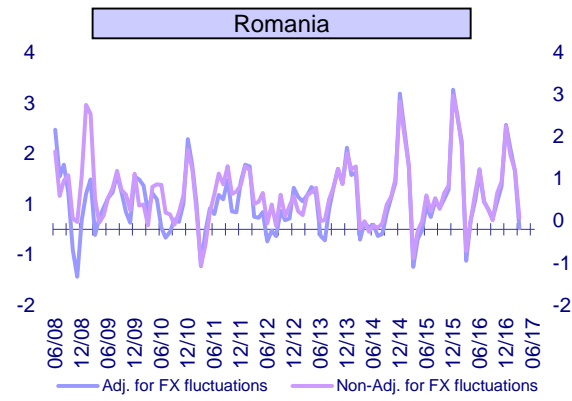
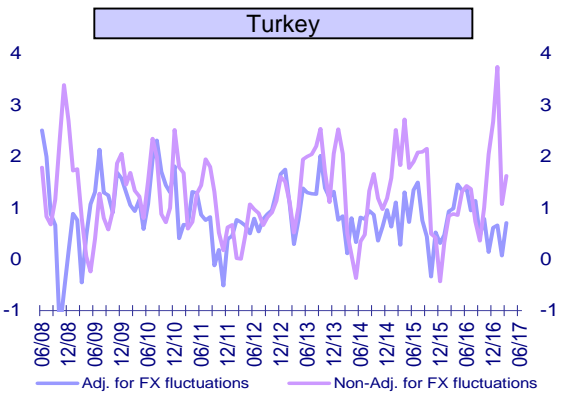
The retail segment remains the main driver of lending activity in Turkey, Romania, Serbia, FYROM and Egypt



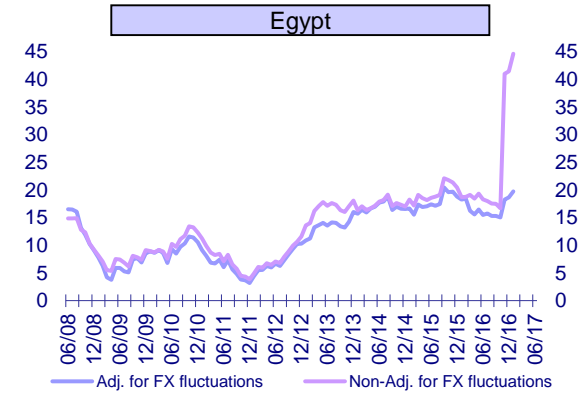
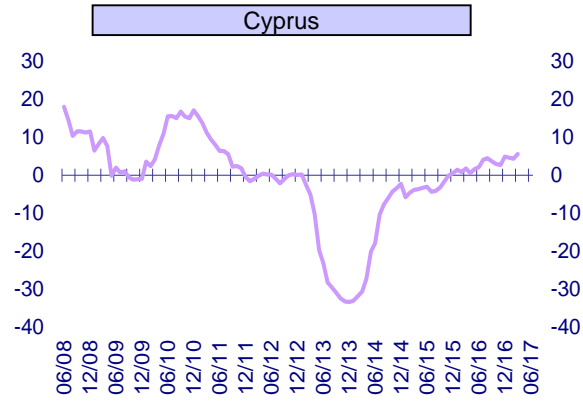
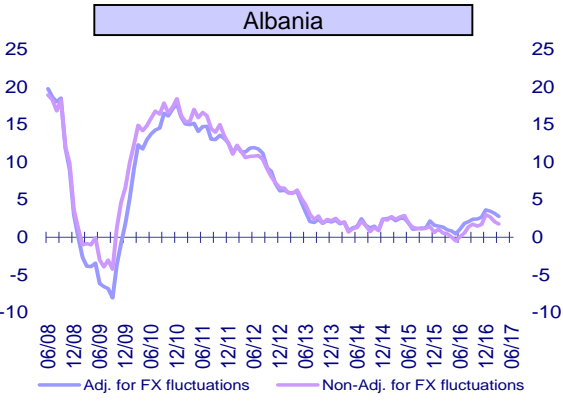
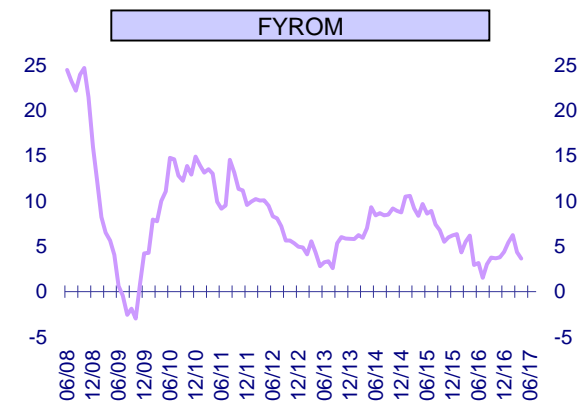
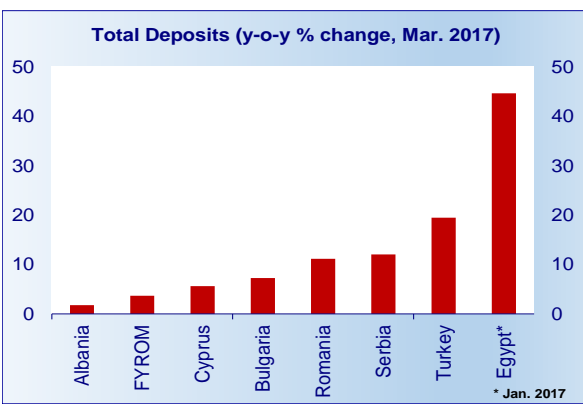
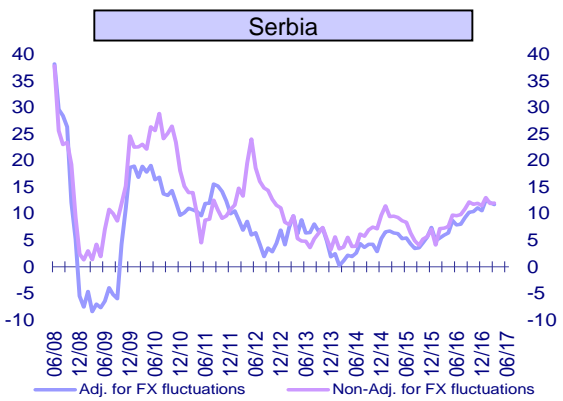
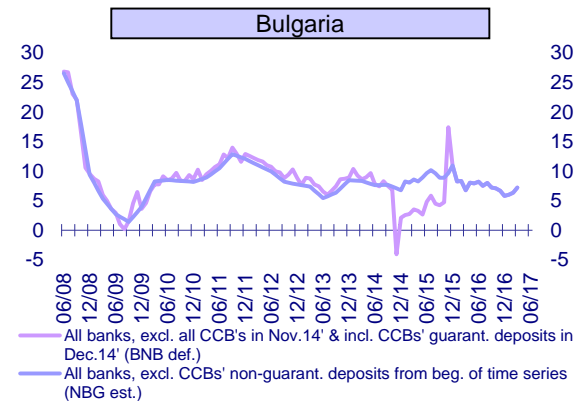
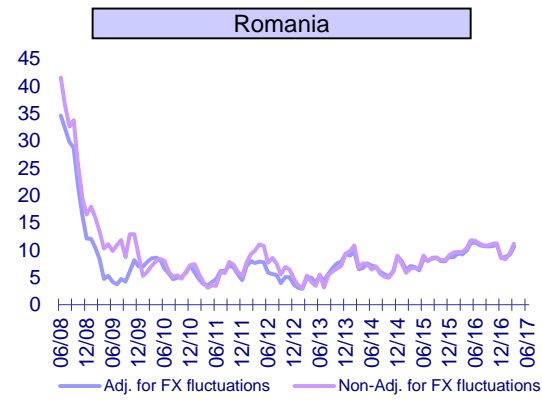
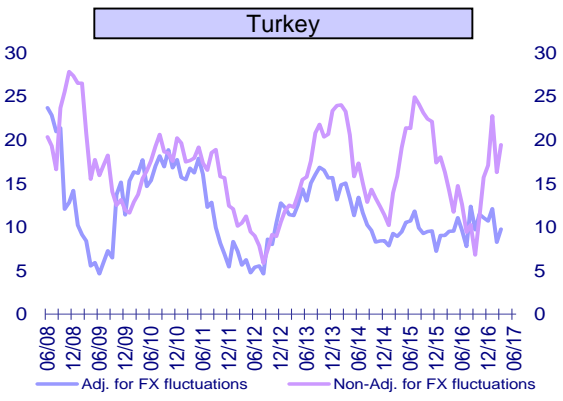
Corporate lending remains strong in Turkey and Egypt



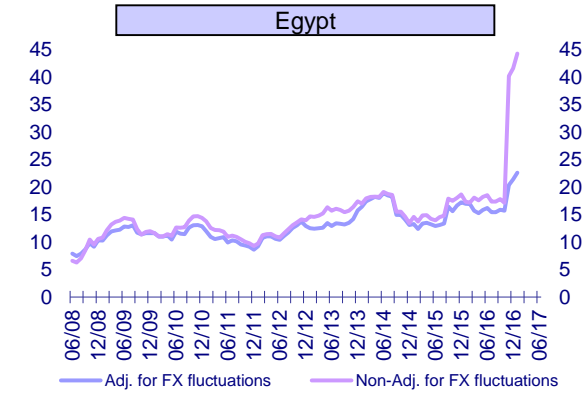
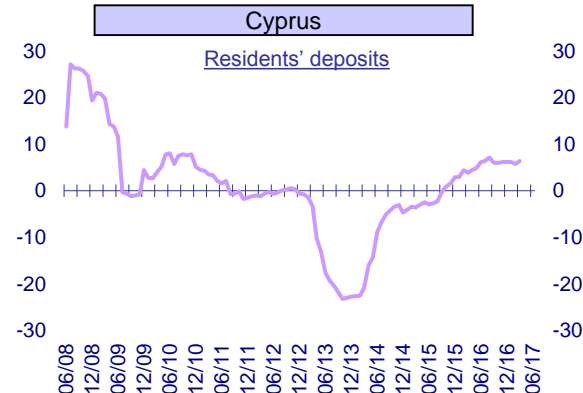
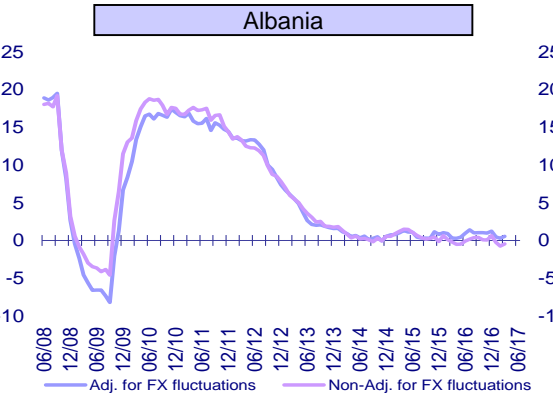
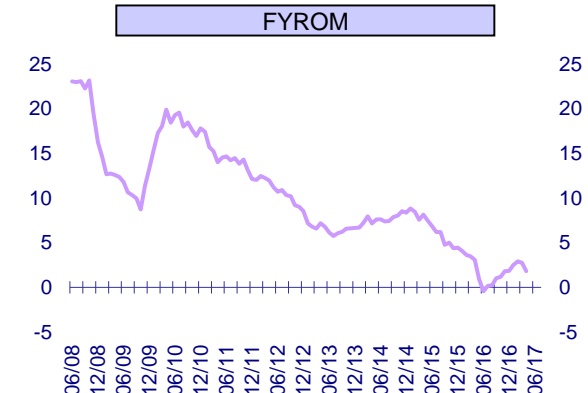
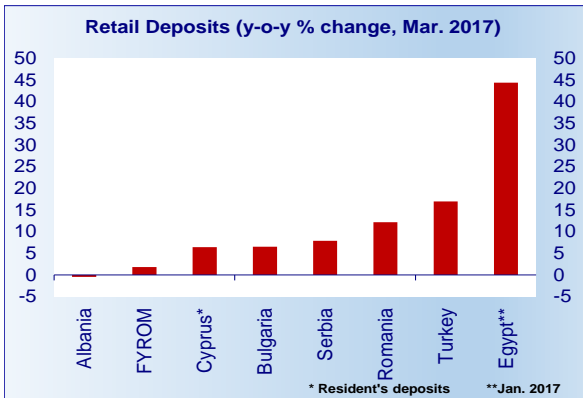
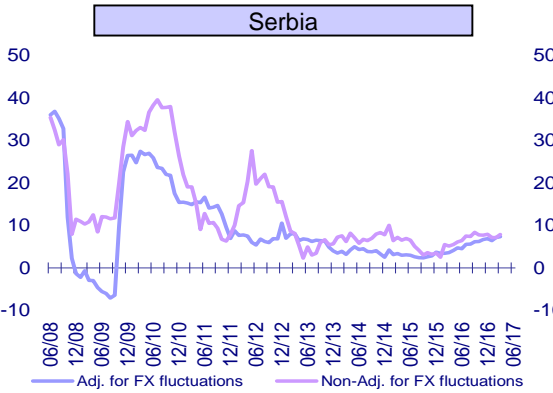
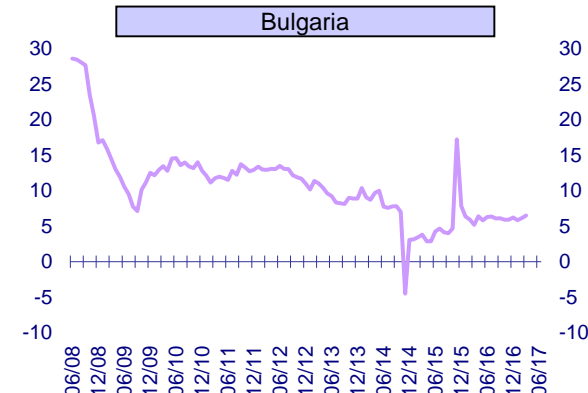
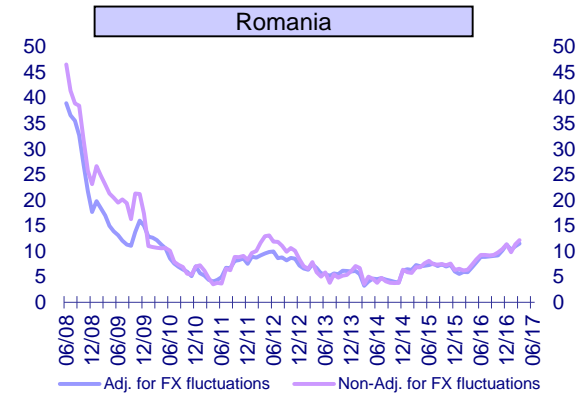
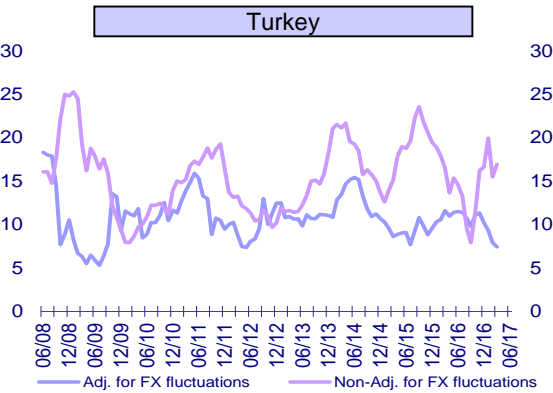
Deposit growth gathers momentum in all the economies under review



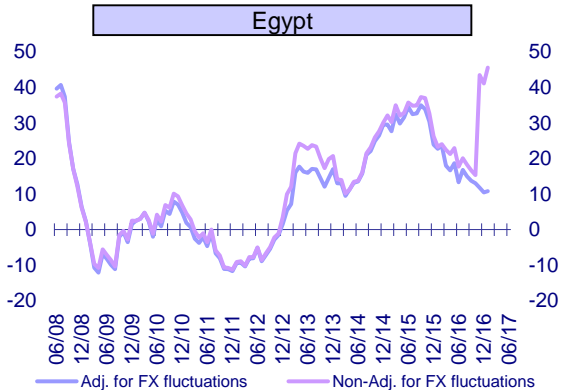
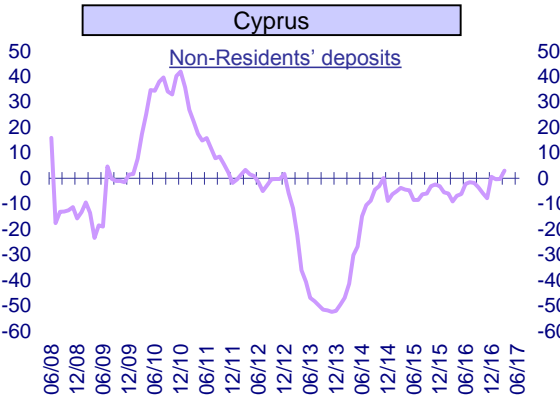
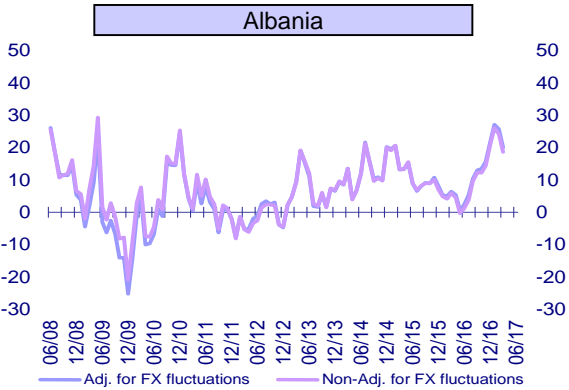
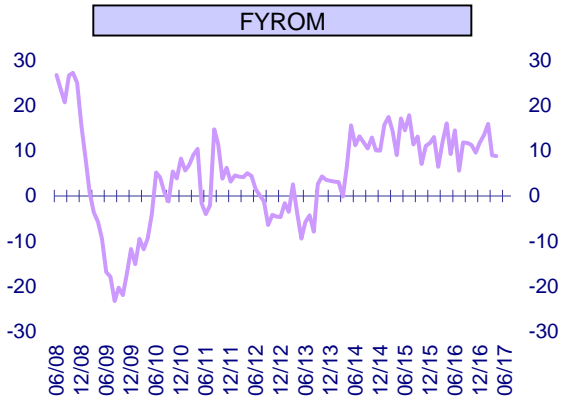
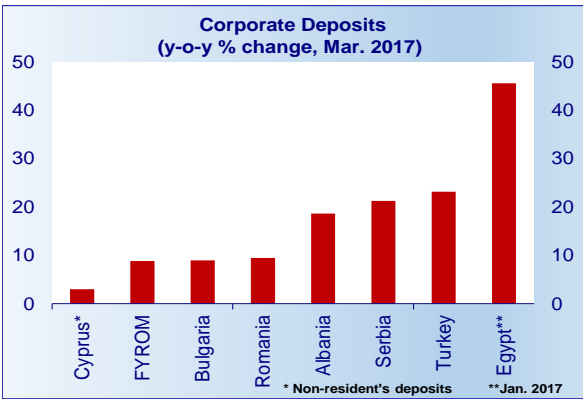
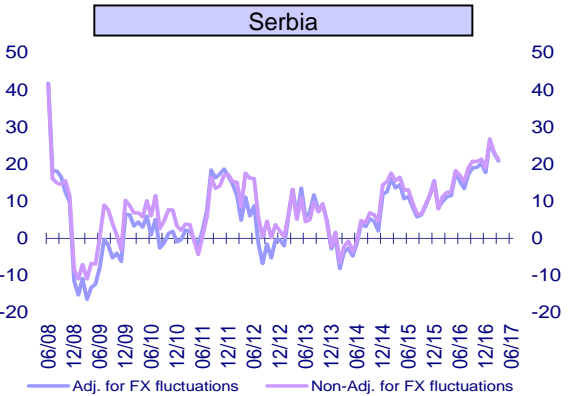
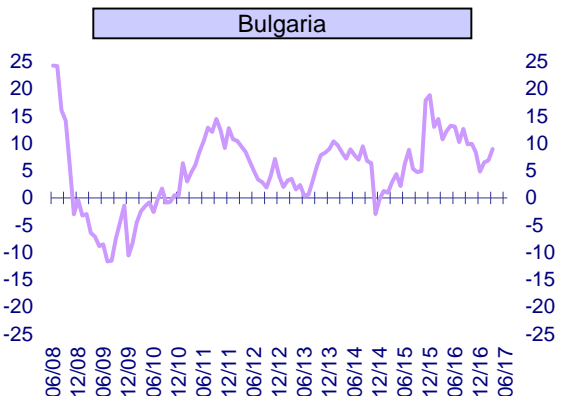
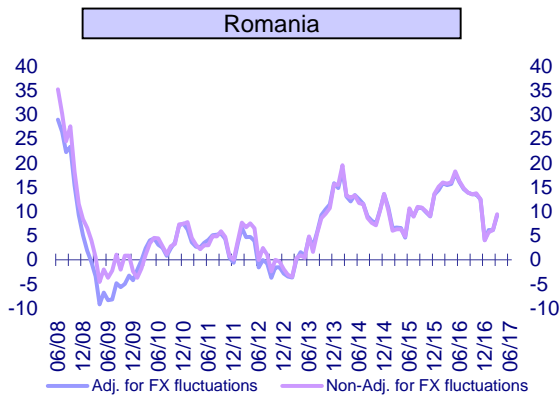
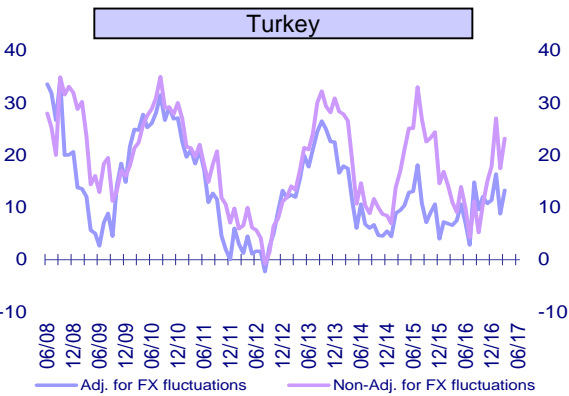
Deposit growth surpasses lending growth in all countries under review, with the exception of Turkey



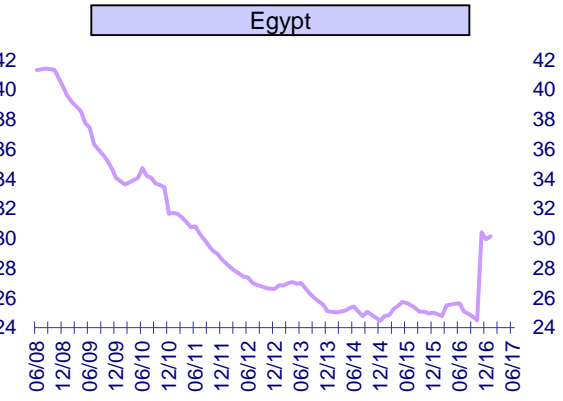
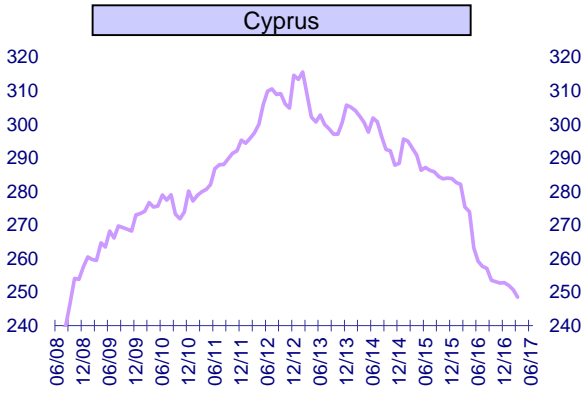
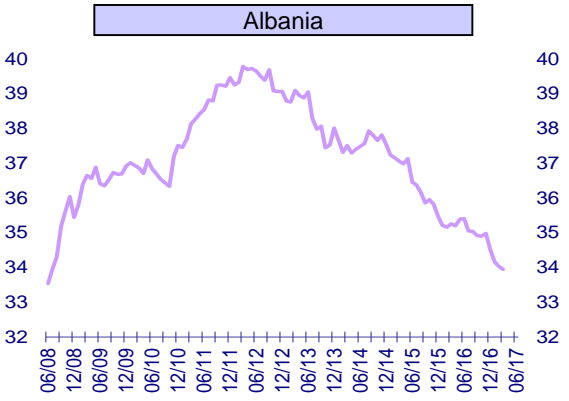
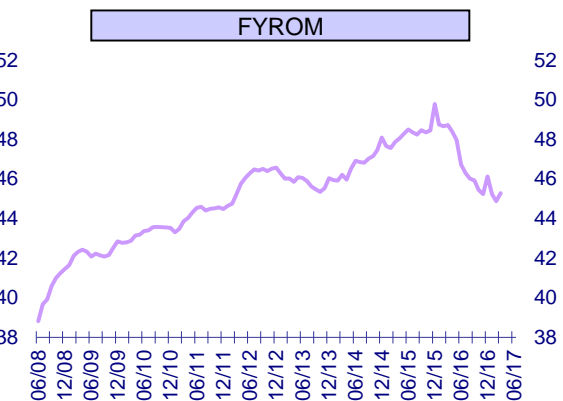
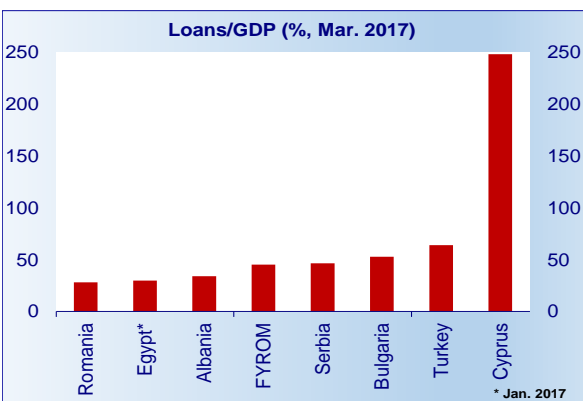
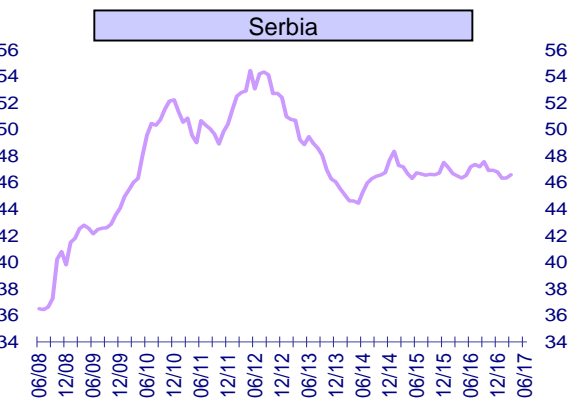
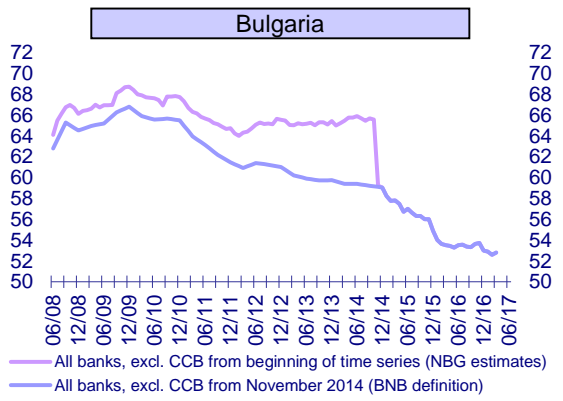
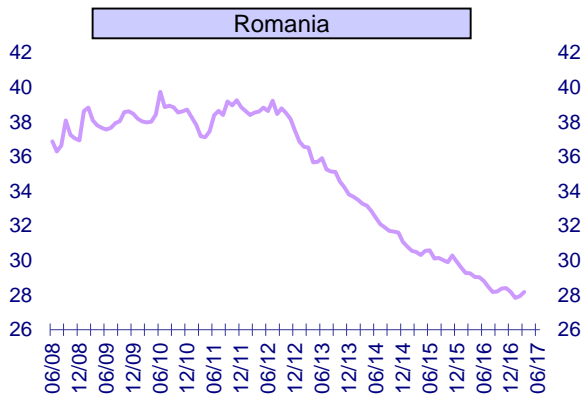
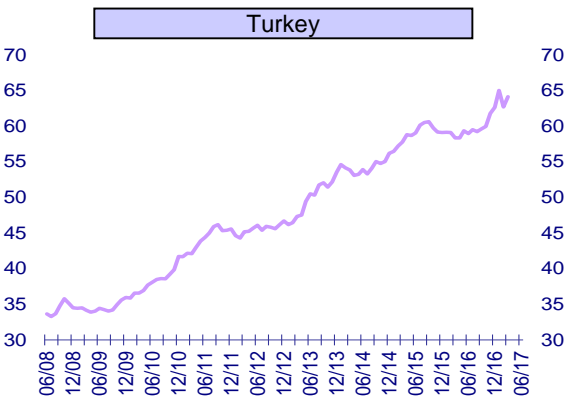
The retail segment is the main driver of deposit growth in Romania and Egypt



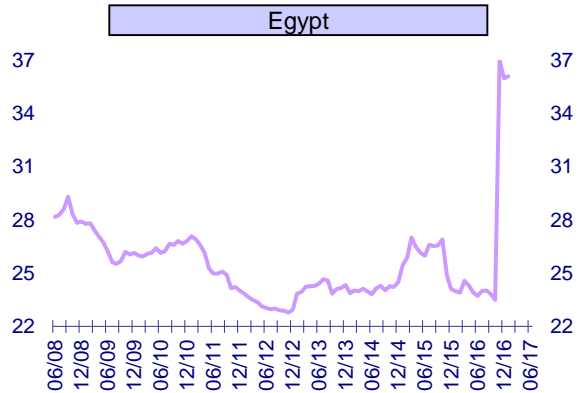
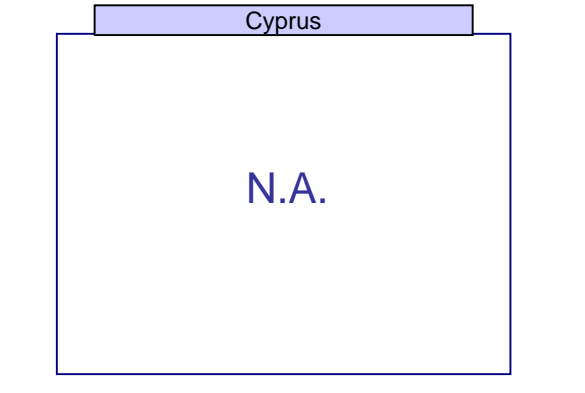
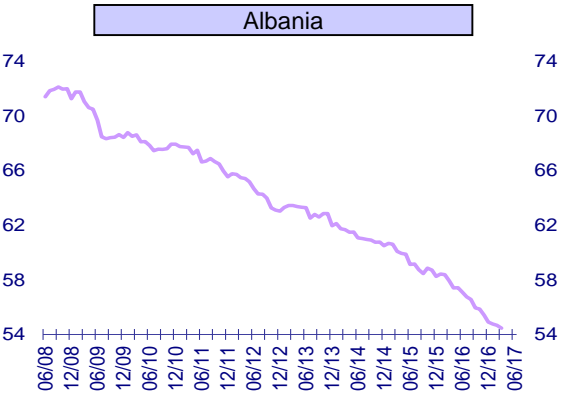
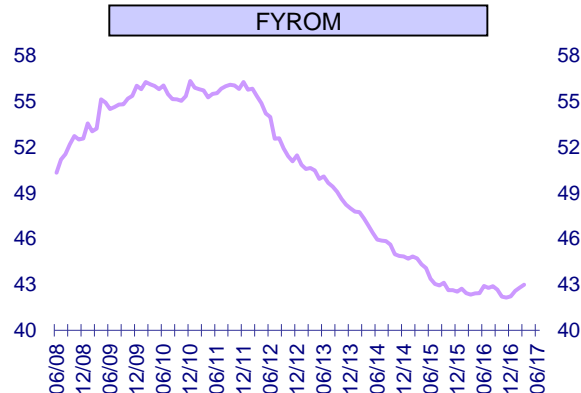
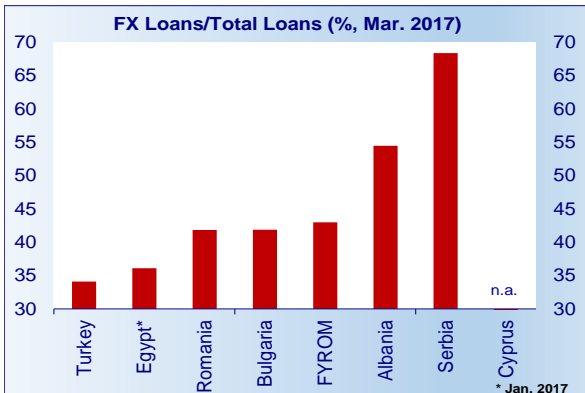
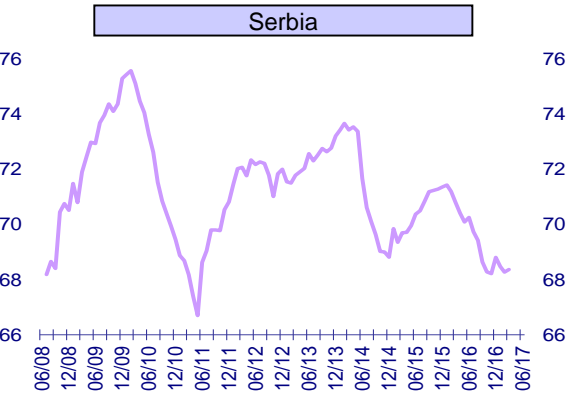
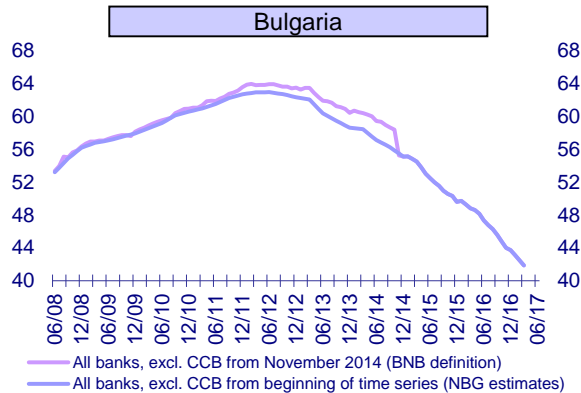
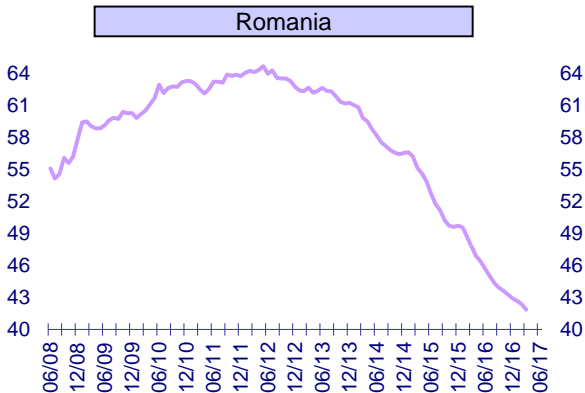
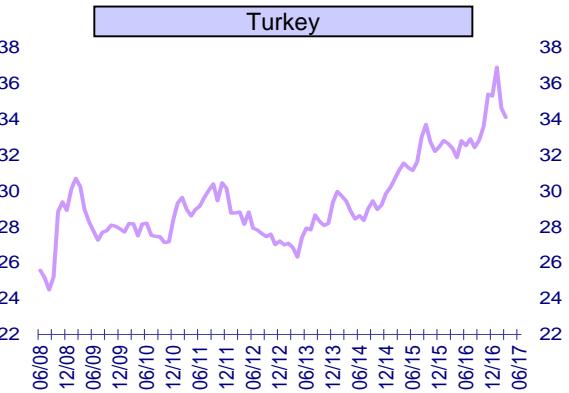
The corporate segment is the main driver of deposit growth in Turkey, Bulgaria, Serbia, FYROM and Cyprus



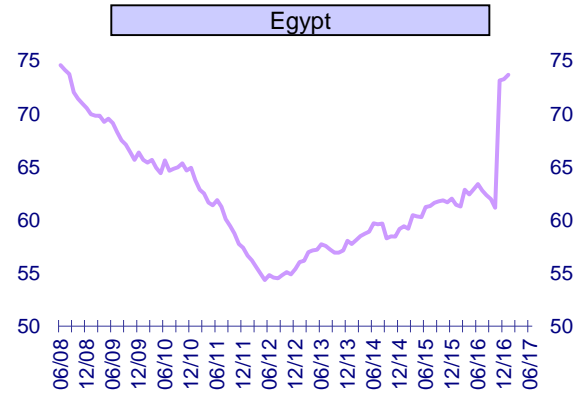
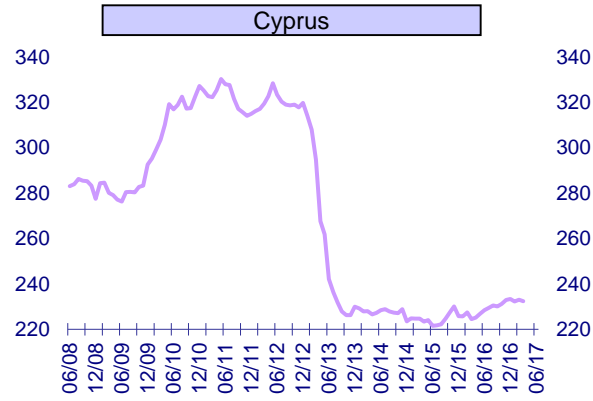
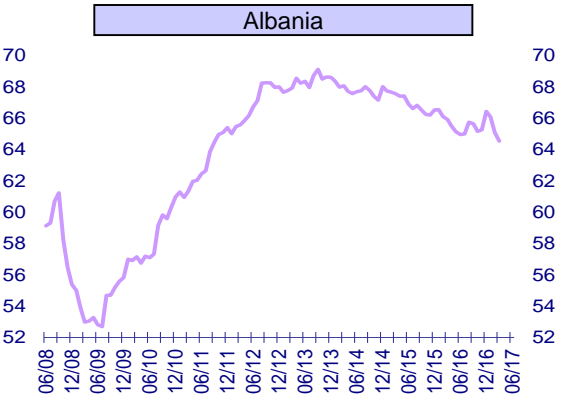
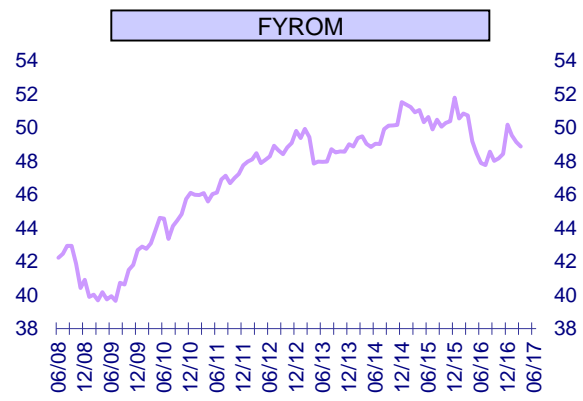
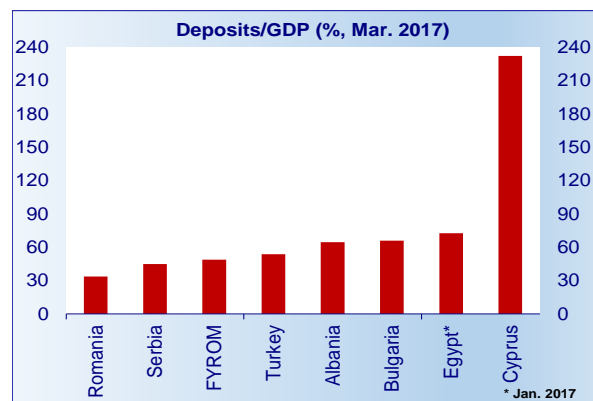
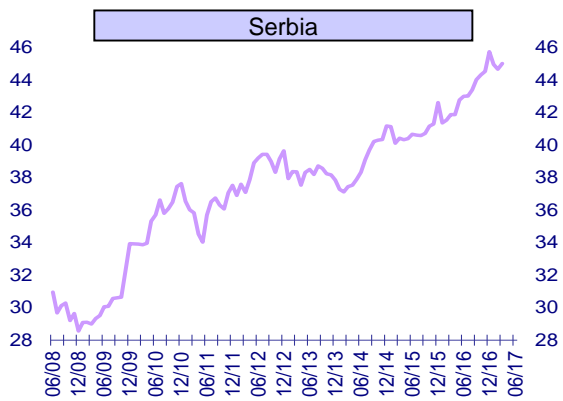
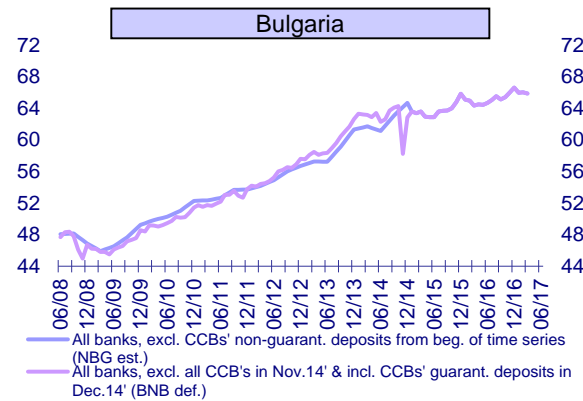
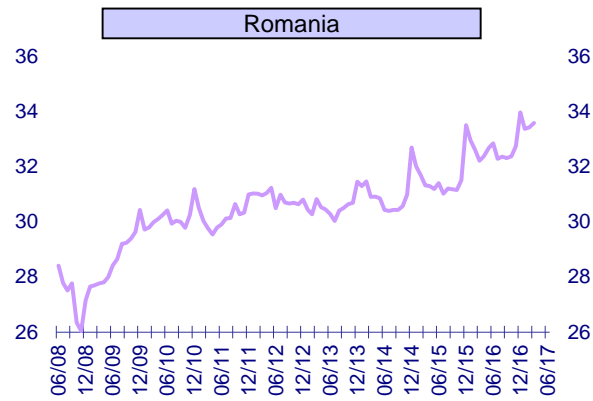
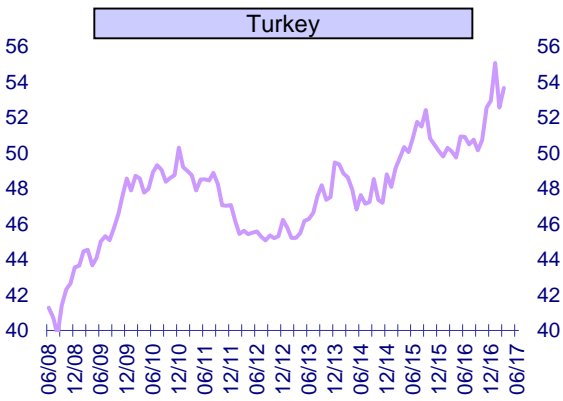
All the economies under review, with the exception of Cyprus, are underpenetrated in terms of lending



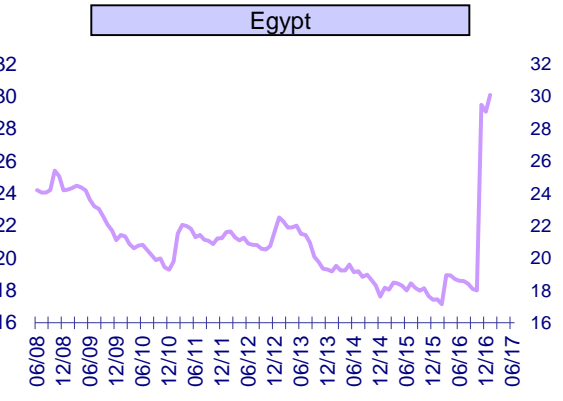
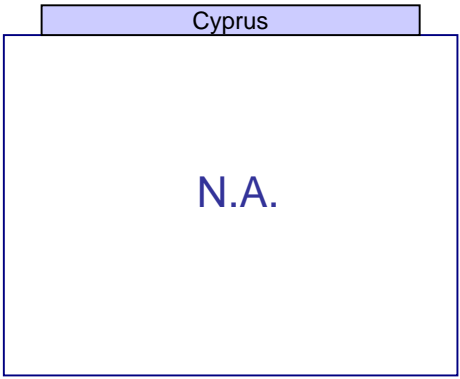
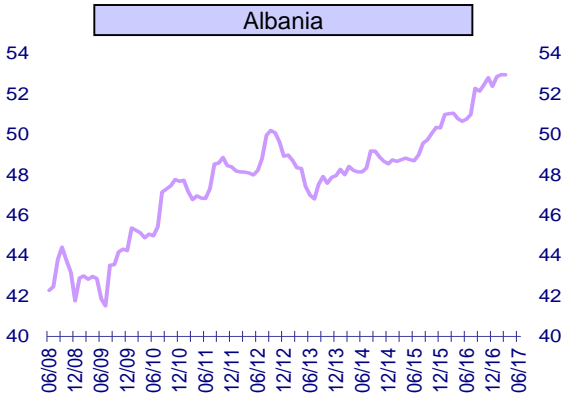
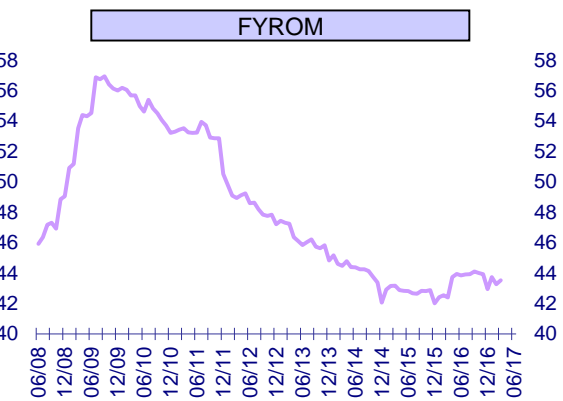
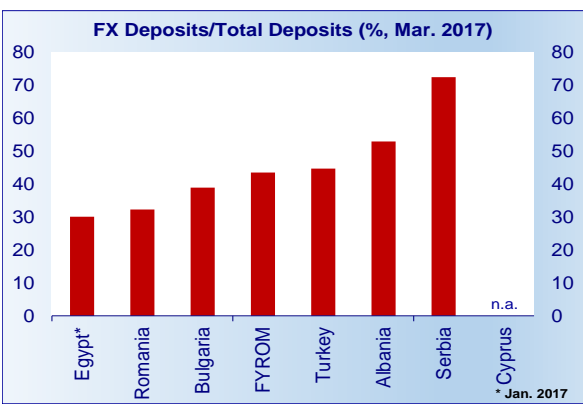
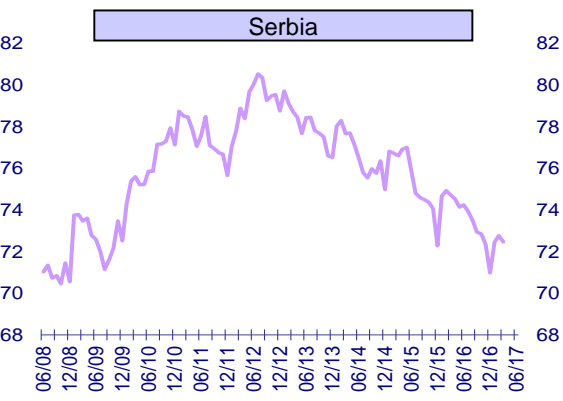
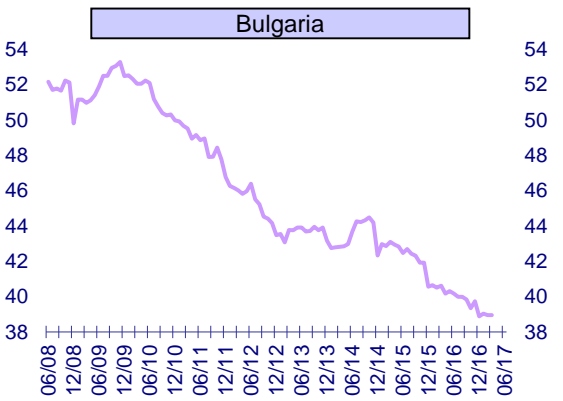
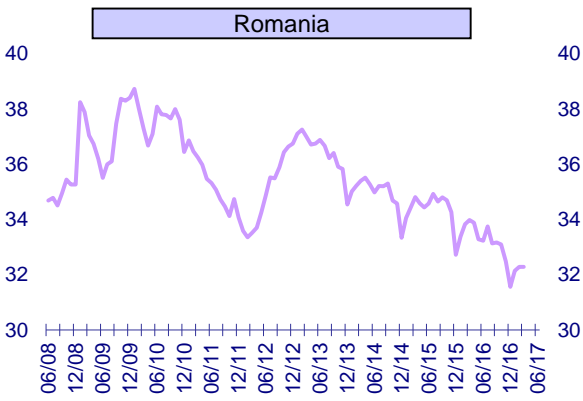
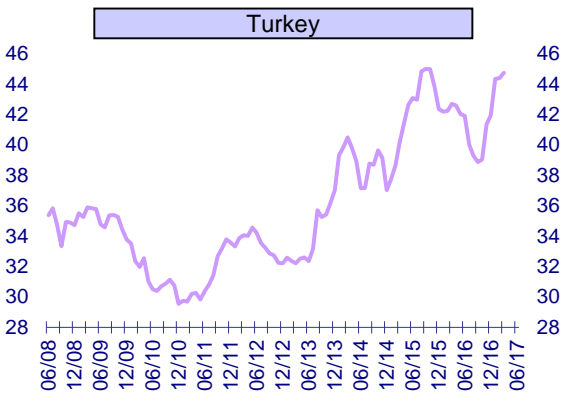
The proportion of FX lending in total lending is at a reasonable level



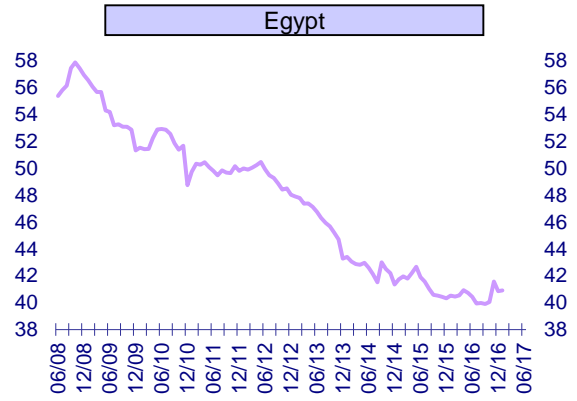
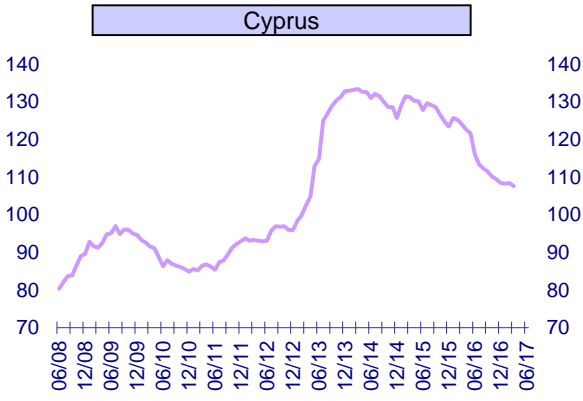
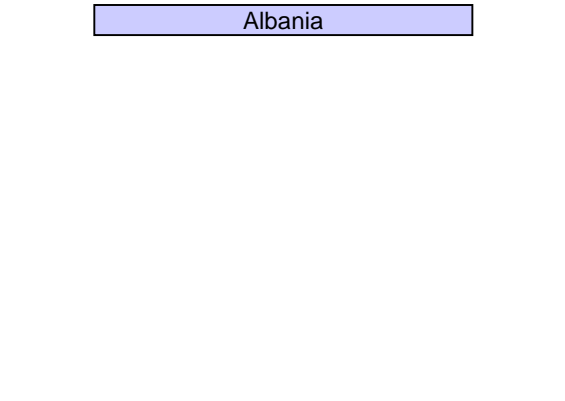
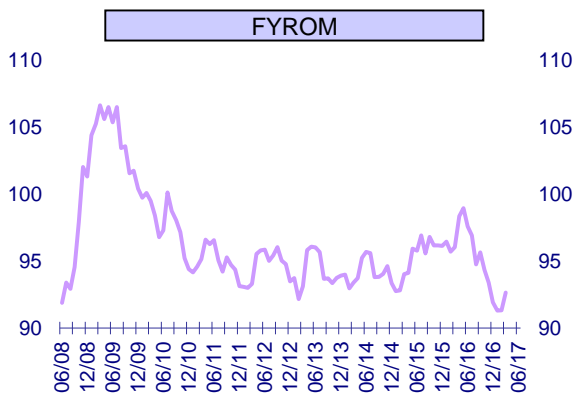
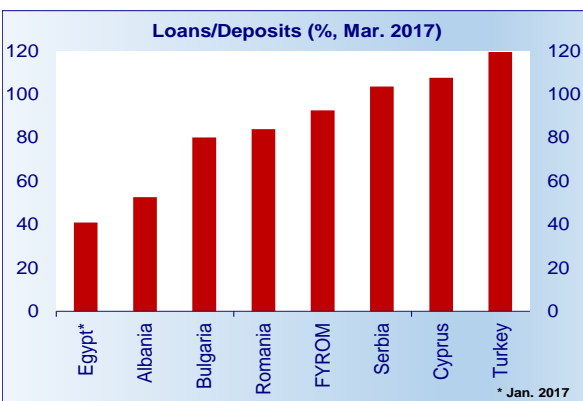
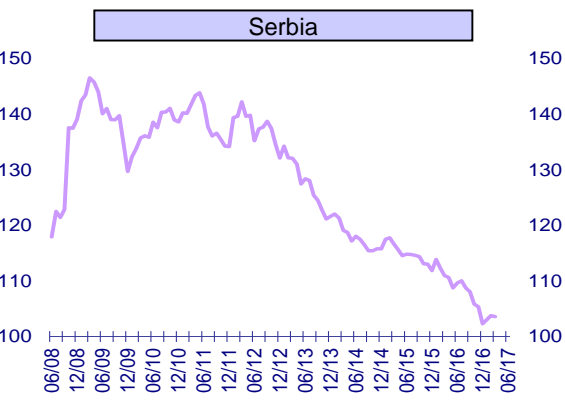
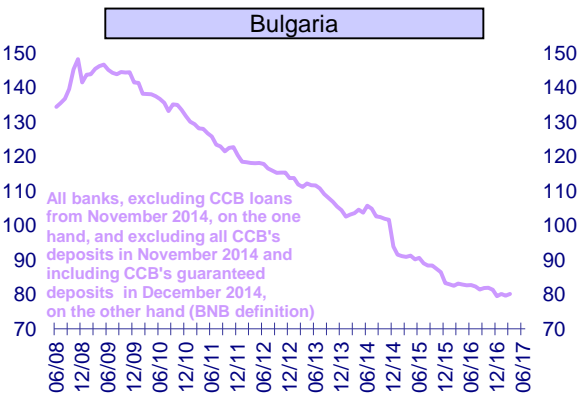
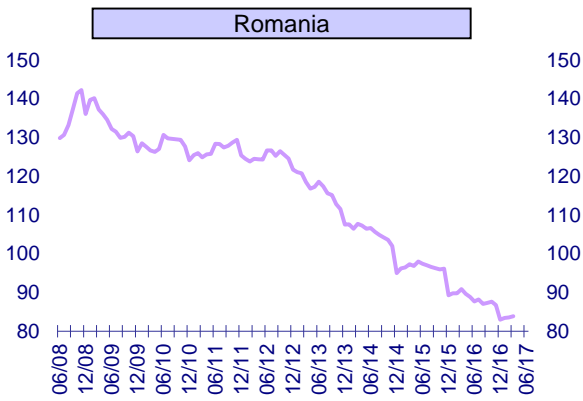
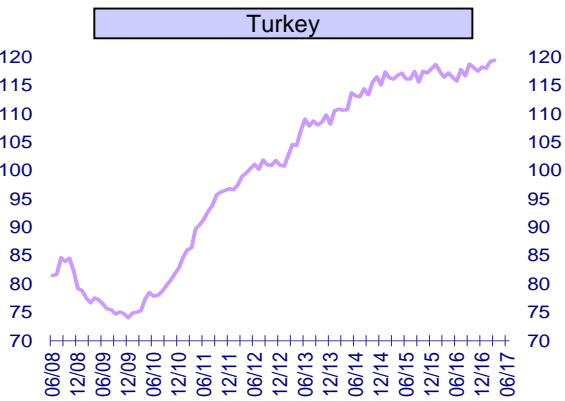
The upward trend in the deposit-to-GDP ratio has reversed in Albania (due to attractive domestic debt yields) and FYROM (due to persisting political uncertainty)



The proportion of FX deposits in total deposits is at a comfortable level

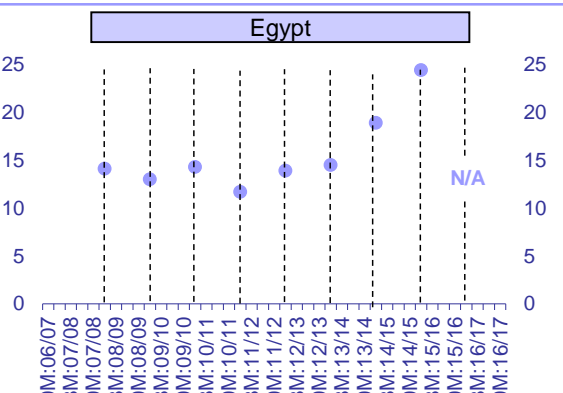
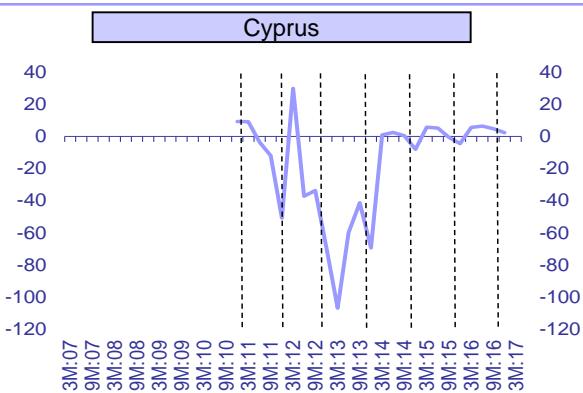
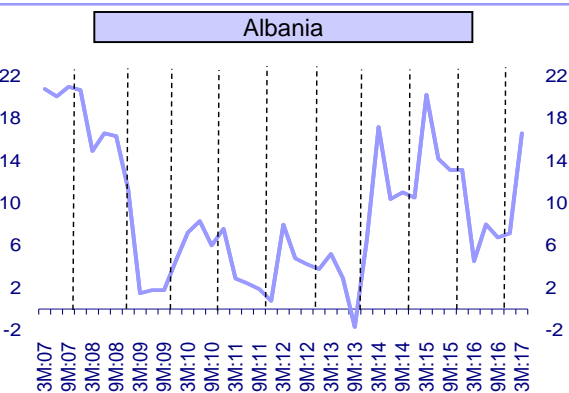
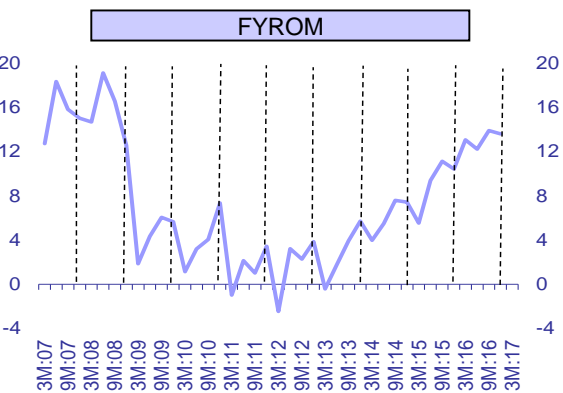
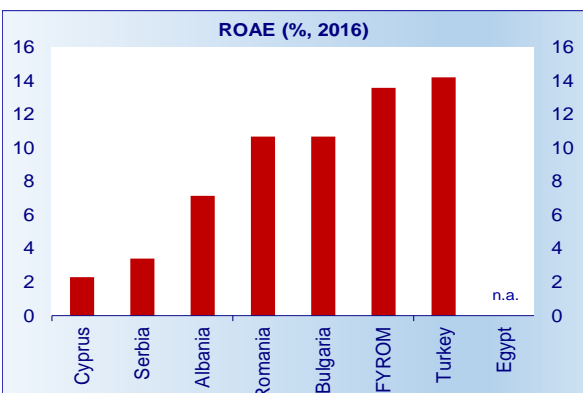
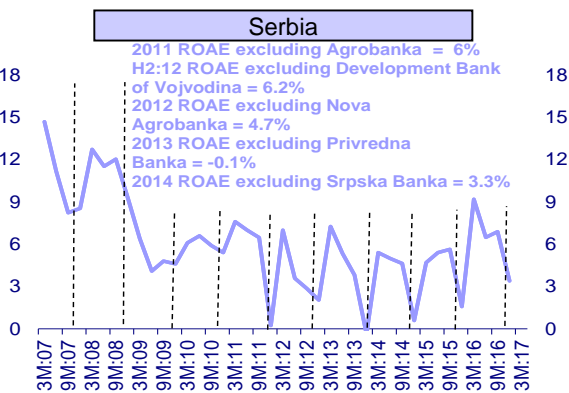
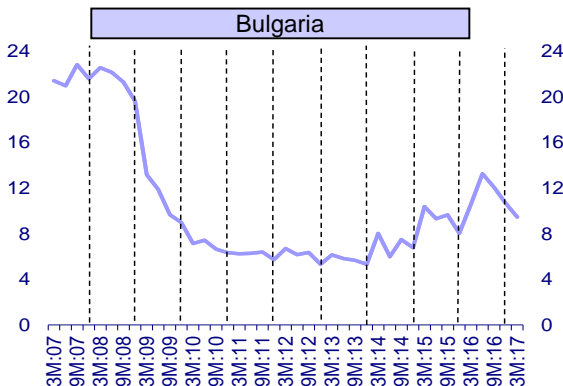
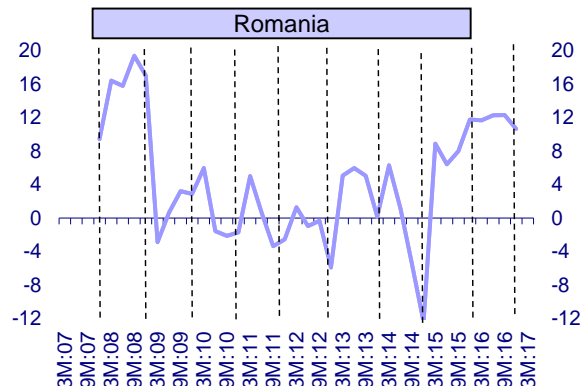
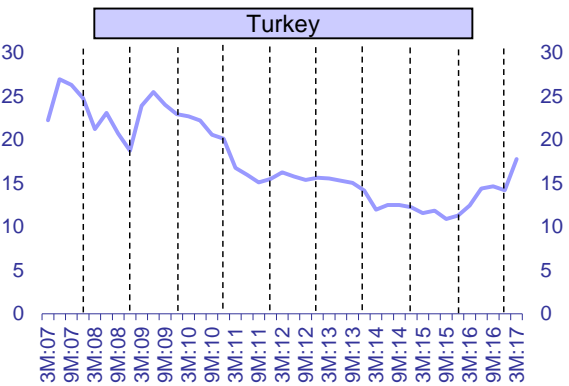


Liquidity pressures remain strong in Turkey, Cyprus and Serbia

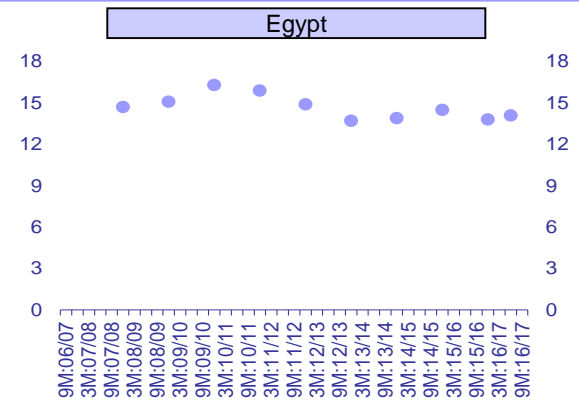
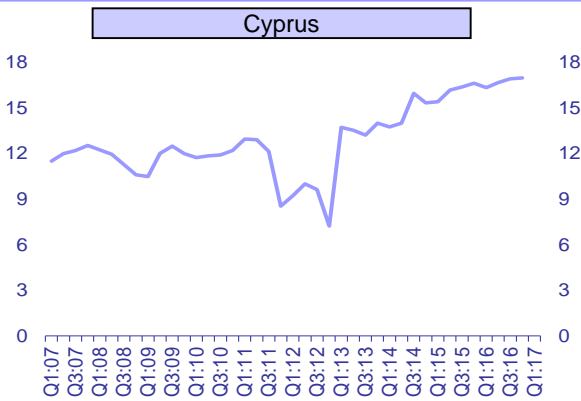
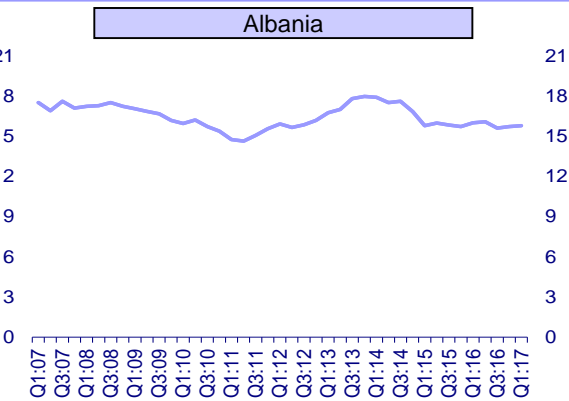
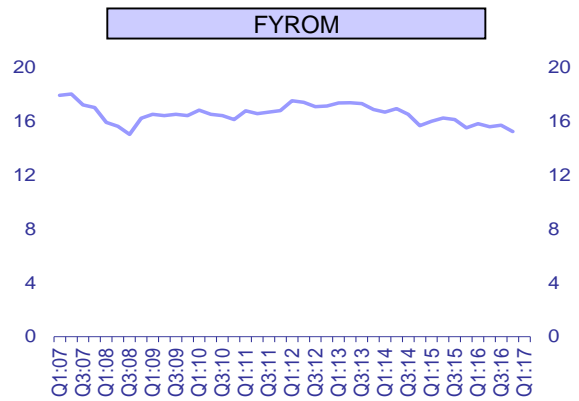
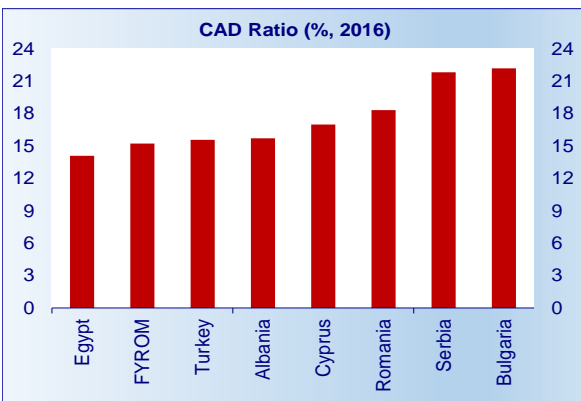
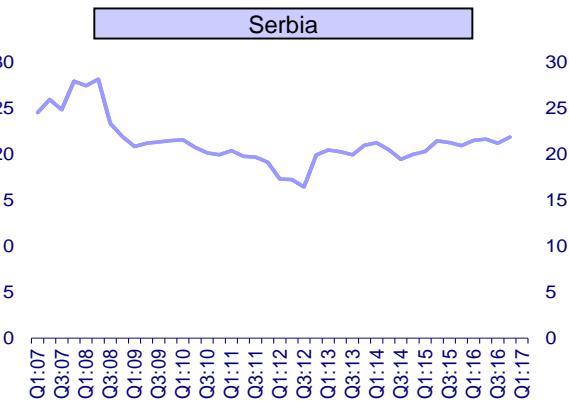
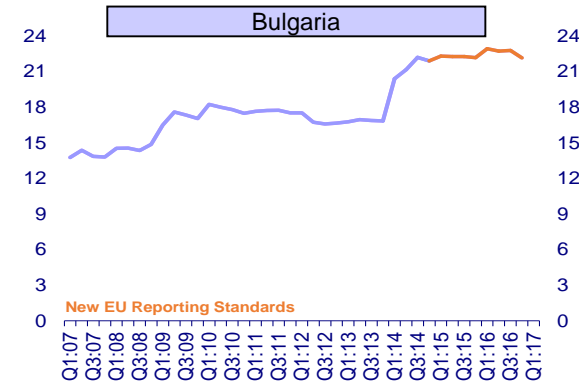
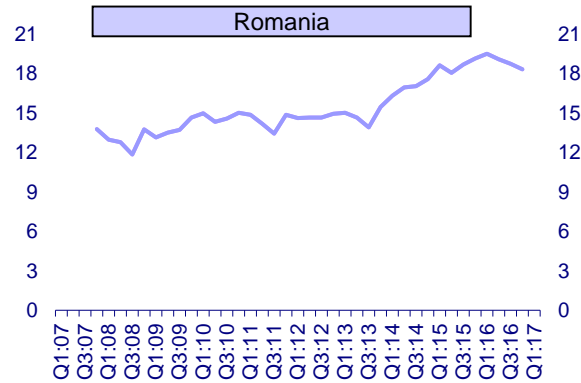
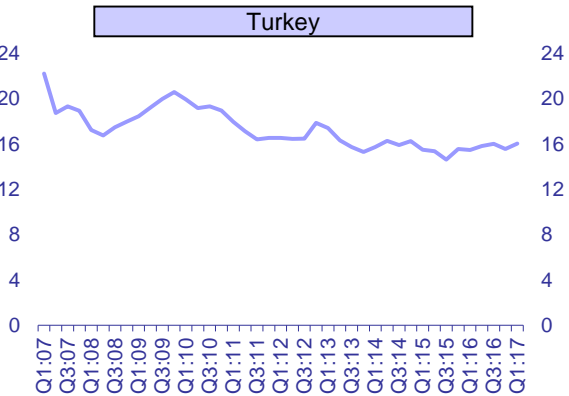


Return-to-average equity ratio (% , cumulative and annualised)

A good start to the year in terms of profitability in most of the countries under review

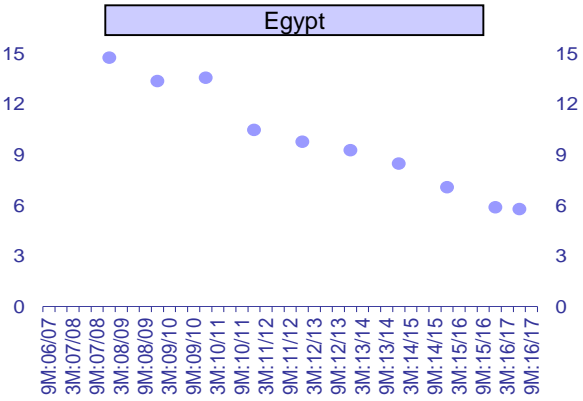
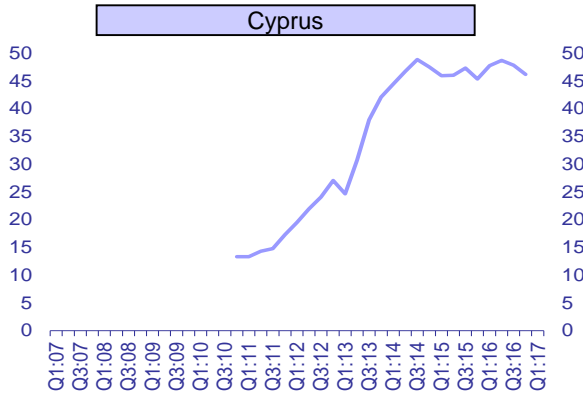
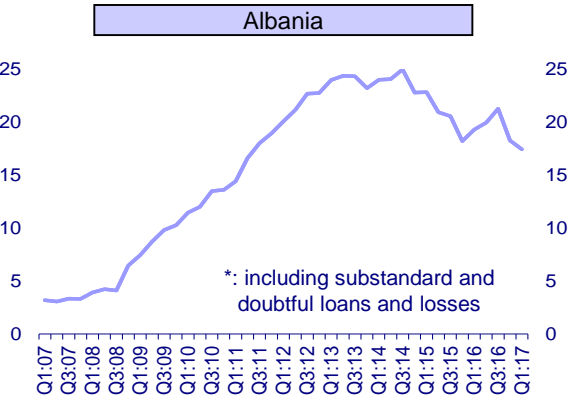
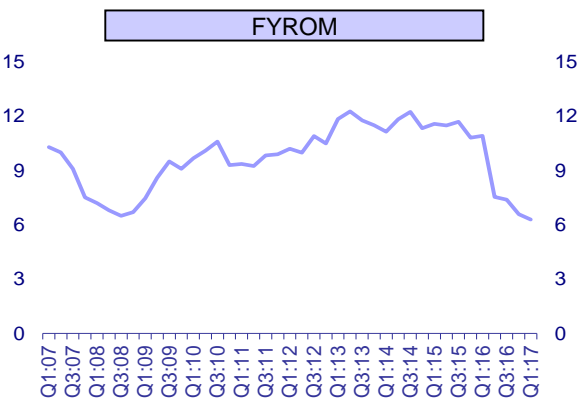
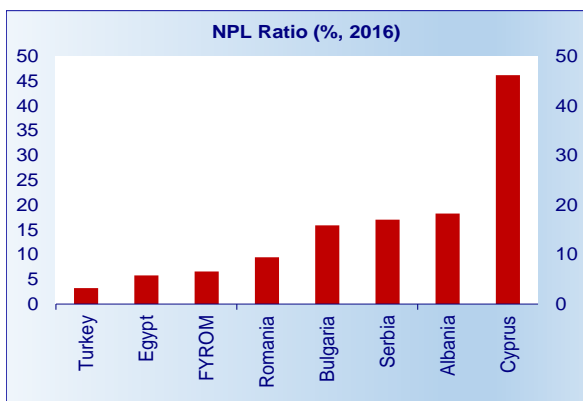
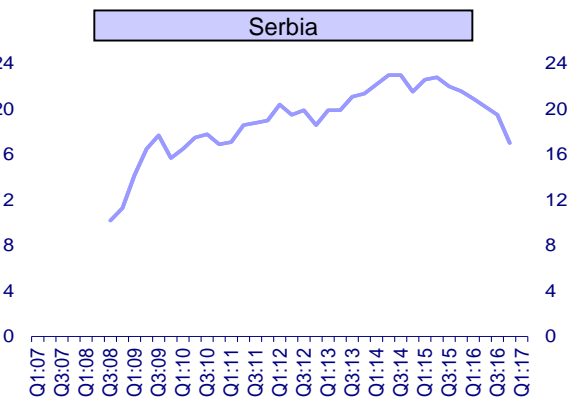
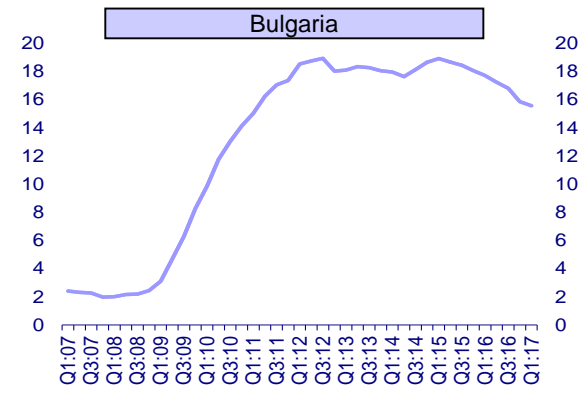
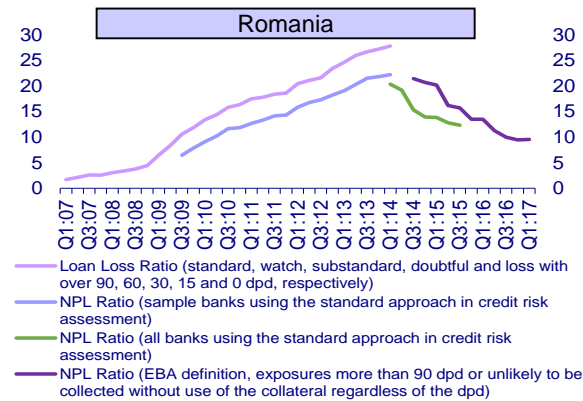
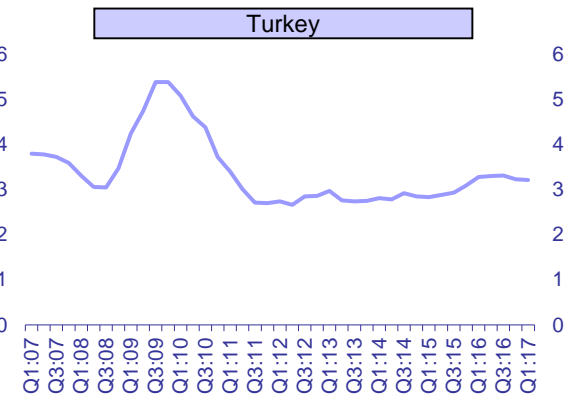


A strong capital base in all the banking sectors under review



Non-performing loans ratio (%)

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



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

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

*: 30.09.2016

#: 31.12.2015