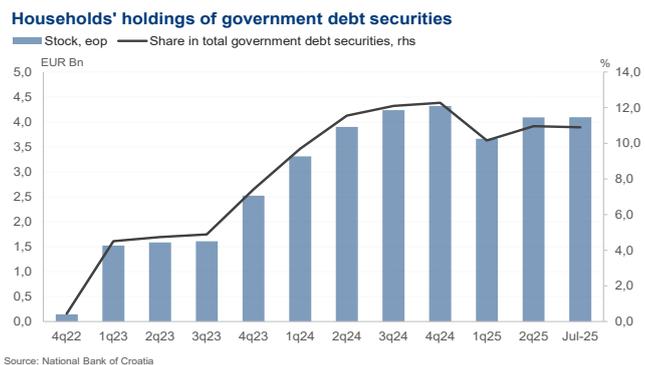
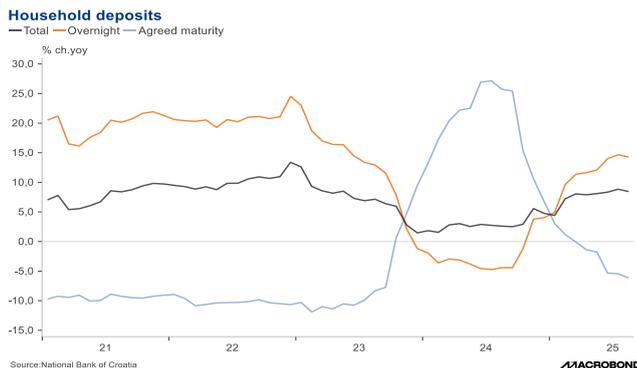


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Household deposits' growth has accelerated

- Household deposits' growth in domestic banks has again accelerated this year after slackening in 2022 and 2023, the years of spending pandemic surpluses, pronounced inflationary pressures and increased deposit outflows into sovereign debt securities. Solid employment growth followed by a jump in income, robust loan growth, inflation cool-down and stabilization of interest in government securities resulted in strengthening of deposit growth from 4.8% in late 2024 to 8.4% in August this year. If



Total deposits' growth has strongly increased...

we observe nominal amounts, while deposits increased by 1.8 billion euros during the whole of 2024, they jumped by 2.3 billion euros in this year's first eight months. Breakdown by maturity shows that this year brought a reversal in term deposits' trends. While at the end of last year, term deposits were up by 6.8% y-o-y, in August 2025 they recorded a y-o-y decrease of -6.2%, thus dropping close to the level in early 2024. The reason for this is an almost continuous decline in interest rates on new term deposits since November 2024, thus bringing down the average rate in the first eight months of 2025 to 1.5%, compared to an average 2.0% in 2024. The interest rate reduction also stopped the growth of citizens' investments in government securities, so the value of investments dropped from a record 4.3 billion euros at the end of 2024 to 4.1 billion euros in June, where it remained in this year's July. The ratio of the aforementioned investments to total household deposits thus dropped from 10.9% to 9.9% in the observed period.

... but term deposits in decline

Per the central bank's data, the household saving rate, after dropping to its lowest level in 2022, recovered by reaching 9.1% in Q42024, which is 3 p.p. higher than before the outbreak of the pandemic. Whether this year brings further growth is difficult to ascertain; survey data point to a decline in the propensity towards saving until July, followed by a recovery in the following two months, while simultaneously households show greater optimism regarding the expected financial situation and a growing propensity towards larger purchases in the upcoming period, which would signal a reduced propensity towards saving.

Recovery of savings rate in 2024

- The Croatian Bureau of Statistics published revised data on the gross domestic product trends, according to which the growth rate in 2023 was raised from the previously published 3.3% to 3.8%, while the estimate for 2024 was revised downwards (from 3.9% to 3.8%). Observed per the expenditure method, the largest correction in 2023 referred to the correction of investments, the growth of which was revised from the previously published 10.1% to 22.7%, whereby the contribution of investments to total growth increased from 2.2 p.p. to 4.9 p.p. Simultaneously, the negative contribution of inventory changes increased (from -3.9 to -6.4), while the positive contribution of net foreign demand was further improved by a lower rate of decline in exports of goods and services, and by slower import growth. The revised data for 2024 mainly refer to somewhat stronger growth in household consumption and especially non-profit institutions serving households, which increased the total consumption growth from the previously published 5.6% to 6.0%, while the public consumption growth was revised from 7.0% to 7.3%. Simultaneously, investment growth was reduced from 9.9% to 5.3%, while export growth increased from 0.9% to 1.6% due to a combination of stronger growth in goods exports and a smaller, than previously published, decline in service exports. However, due to the revised import growth rate (from 5.3% to 8.4%), the contribution of net foreign demand increased from -2.5% to -3.8%. The revision also brought stronger GDP growth in this year's Q1 (3.3% from the previously published 2.9%), mostly due to stronger investment growth. Simultaneously, the growth rate in Q2 was revised (from 3.4% to 3.6%) due to stronger growth in public consumption and lower import growth than previously published.
- The dollar weakened due to signs of a slowdown of the U.S. economy and heightened tensions between the U.S. and China. On Friday, the exchange rate reached 1.1681 dollars to the euro, up by 1.0% w-o-w.
- Euribor recorded shifts up to 4 bps w-o-w, so 3M and 6M were 2.01, i.e., 2.11% at the end of the week.
- Crobex recovered by increasing 0.6% w-o-w to 3,782 points. CROBEXindustry was down by -0.7% (to 3,247 points), CROBEXnutris was down by -2.6% (to 810), and CROBEXtourist was up by 1.1% (to 4,685). Crobis slightly declined to 99,2 points.

Per revised data, GDP was up by 3.3% in Q1, and up by 3.6% in Q2



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