

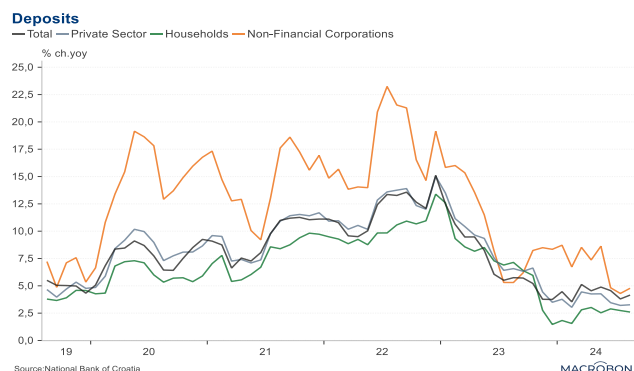
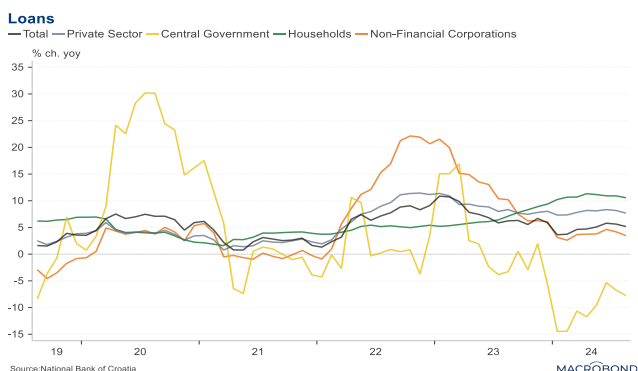
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Lending loses momentum

- Lending is slowly losing momentum so total loans in August recorded growth of 5.2%, and private sector loans 7.7% y-o-y. The slowdown is a consequence of lower growth of loans to non-financial corporations of 3.5%, while household loans weakened only slightly to 10.6%. A more detailed insight into loan trends by purpose indicates that the growth of working capital loans in the corporate sector weakened (+4.9%), which is usual in the middle of the tourist season, while with households, housing loan growth decelerated to 8.5% (base effect of the last wave of subsidies last year). Simultaneously, investment loans retained strong growth dynamics (+9.7%), while cash loans continue to break records with a growth of 15.2%.
- Deposits continue to grow at moderate rates. Thus, total deposits realised a 4.2% interannual growth in late August, with private sector deposits increasing by 3.3%. Deposits of non-financial corporations slowed down noticeably (to 4.8%), although they have been recording m-o-m growth since May, due to which they were up by 3% in August compared to the end of last year. Household deposits recorded outflows in June and July due to the purchase of government bonds (net total of EUR 0.7 billion), but they continued growing at stable rates supported by high net wage growth and employment growth, reaching an increase of 2.6% in August. If we observe private sector deposits by maturity, we notice a continuous decline in overnight deposits (-4.1%) followed by a slowdown in the growth of deposits with agreed maturity (28.1%).
- By the end of the year, we expect a continuation of weakening of credit growth and of stable deposit growth. In 2025, we anticipate further slowdown of the lending pace to 4% and mild weakening of deposit growth below 3%.

Slowdown of loan growth

Deposits recorded moderate growth



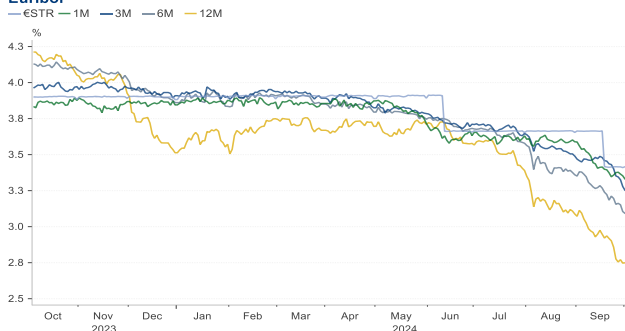
- The dollar appreciated last week, mostly due to growing tensions in the Middle East that strengthened its role of a safe haven, while the euro was weakened by the expectations that the ECB will again slash interest rates at the next week's meeting. The EUR/USD exchange rate finished the week at 1.1029, down by 1.2% w-o-w.
- Euribor kept a downward trend so on Friday 3M and 6M were 3.3, i.e., 3.0%, both down by 0.1 p.p. w-o-w.
- Crobex continues to fluctuate and has recorded a weekly drop of 0.4% to 2,942 points due to negative performance of sectoral indices (CROBEXindustry -1.0% to 2,217, CROBEXnutris -0.1% to 891, CROBEXtourist -3.1% to 4,191). Crobis stagnated at 97.3 points.

EUR/ USD



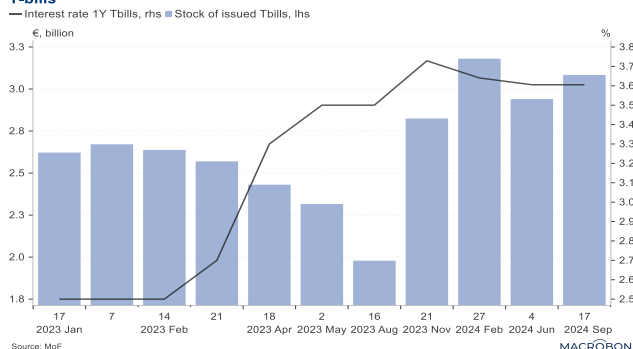
Source: ECB

Euribor



Source: EMMI, ECB

T-bills



Source: MoF

Crobex/Crobis



Source: Zagreb Stock Exchange

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