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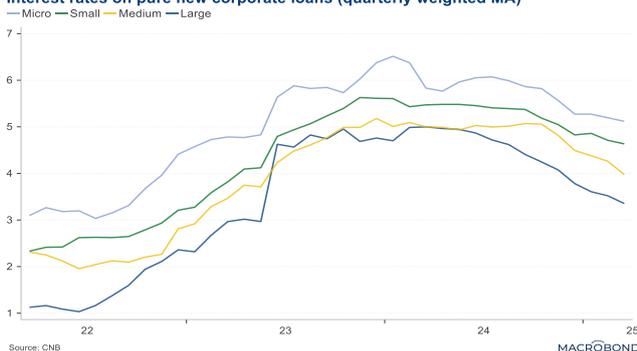
Sharp decline in interest rates on housing loans

- In the first quarter of this year, the trend of declining interest rates on loans to enterprises (pure new loans, quarterly weighted moving average) continued, ranging from 0.2 to 0.5 p.p. quarter-on-quarter, depending on the size of the enterprise. Thus, on loans to micro and small enterprises, average rates fell by 0.2 p.p. to 5.1 and 4.6%, on loans to medium-sized enterprises by 0.5 p.p. (to 4.0%), while on loans to large enterprises the average rates decreased by 0.4 p.p. to 3.4%. The breakdown by purpose reveals a slight decline in average rates on working capital loans (-0.3 p.p. to 3.8%) and on loans for investments and syndicated loans (-0.1 p.p. to 4.5%), while factoring and other types of financing recorded a more significant decline in the range of 0.5 to 0.9 p.p. Interest rates on loans to households (pure new loans) also recorded a downward trajectory in the first quarter, with average rates on housing loans recording the sharpest decline due to the forthcoming entry into force of the new CNB regulations and strong competition among banks. They decreased by a high 0.5 p.p. quarter-on-quarter to 3.3% (March: 2.9%), while cash and other loans recorded a decline of a much milder 0.1 p.p. and 0.2 p.p., respectively, to 5.9% and 4.9%. We expect interest rates on loans to continue to fall also in the current quarter, in parallel with the decline in reference rates, for which we forecast stabilization in the second half of the year.
- In line with the decline in lending rates, deposit rates were also reduced, so the average rate on deposits of enterprises (pure new time deposits) was lowered by 0.4 p.p. to 2.3% quarter-on-quarter, with a more pronounced decline on longer (-1.1 p.p.) than on shorter maturities (-0.4 p.p.). Average interest rates on household deposits (pure new time deposits) decreased at the same pace as for enterprises, by 0.4 p.p. quarter-on-quarter to 1.9%, with a more pronounced decline in short-term (-0.4 p.p.) than in long-term time deposits (-0.1 p.p.).

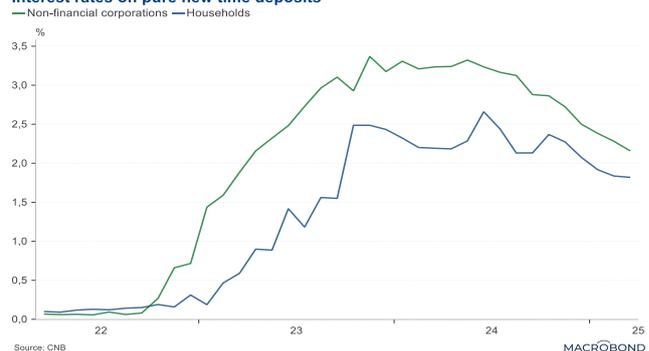
In the first quarter, reduced interest rates on loans to the private sector...

... as well as on private sector time deposits

Interest rates on pure new corporate loans (quarterly weighted MA)

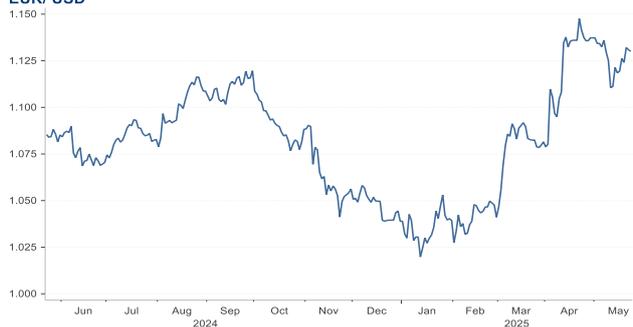


Interest rates on pure new time deposits



- Moody's downgrade of the U.S. rating as well as the renewed tightening of trade rhetoric with the EU weakened the dollar against the euro, while the euro was supported by rising consumer confidence. On Friday, the exchange rate reached \$1.1301 per euro, up by 1% week-on-week.
- Euribor was slightly lowered week-on-week, up to 6 b. p., which lowered 3M and 6M to 2.0% and 2.1%, respectively, by the end of the week. This week, the first round of subscription of one-year treasury bills begins, in which they are offered to natural persons with a yield of 2.60%. The target amount of the issue is €750 million.
- The fall of European stock markets on Friday after Trump's announcement of the introduction of high EU tariffs also put pressure on the domestic capital market, so Crobex closed the week down by 2.6% week-on-week, i.e. at 3,390 points, with a decline in all sectoral indices (CROBEXindustry -3.2% to 2,563, CROBEXnutris -0.6% to 783, CROBEXtourist -1.9% to 4,528 points). Crobis stood still at 99.2 points.

EUR/ USD



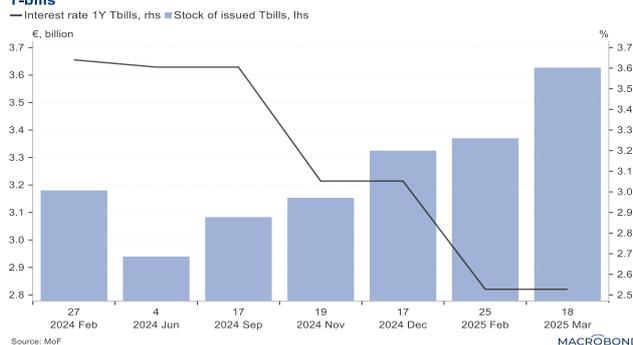
Source: ECB

Euribor



Source: EMMI, ECB

T-bills



Source: MoF

Crobex/Crois



Source: Zagreb Stock Exchange

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