

CEE Markets & Investment Review



September 2026



Monthly intelligence on capital markets, banking, investment and long-term savings across Central and Eastern Europe

Introduction

September's developments across Central and Eastern Europe highlight a central challenge for the region's financial markets: how to translate available savings and financing into sustained productive investment.

Efforts to strengthen capital-market integration are gathering momentum, with a new EBRD-supported initiative targeting structural barriers across seven Central and South-Eastern European markets. Bulgaria's latest sovereign bond issuance demonstrates continued access to international investors, while new development-bank initiatives are seeking to mobilise financing for businesses, infrastructure and renewable energy.

At the same time, developments in pensions and household savings illustrate the importance of how capital is accumulated and deployed. Lithuania's second-pillar pension changes highlight the trade-offs between short-term consumption and long-term retirement saving, while Croatia's retail government securities programme demonstrates households' willingness to invest when accessible products offer attractive returns. At European level, the Institutional Investors Pact seeks to connect more long-term capital with innovative companies.

Together, these developments point to an important distinction: mobilising capital is not the same as ensuring that it reaches productive businesses and investment projects. For CEE, deeper and more resilient financial markets will depend on stronger cross-border connections, credible long-term savings arrangements and investment channels capable of meeting the region's financing needs.



Capital Markets

EBRD initiative targets fragmentation across seven CEE capital markets

On 17 September, the European Bank for Reconstruction and Development (EBRD) [disclosed a technical cooperation initiative](#) to support closer capital-market integration across Bulgaria, Croatia, Hungary, Poland, Romania, Slovakia and Slovenia.

The initiative responds to persistent structural weaknesses in the region's financial markets. According to the EBRD, equity-market capitalisation averages less than 15% of GDP across the seven participating countries, compared with approximately 68% across the EU. The figures also reveal considerable differences within the region, with equity-market capitalisation ranging from just 1.5% of GDP in Slovakia to 30% in Croatia.

The project will examine differences in the application and enforcement of EU financial-market rules, supervisory and market practices, and procedural barriers affecting cross-border activity. Its objective is to identify practical ways of improving market integration and development, complementing the EU's broader Savings and Investments Union agenda.

Bulgaria raises €2.25 billion through international sovereign bond issuance

On 29 September, Bulgaria returned to international capital markets, raising €2.25 billion through the reopening of three existing euro-denominated sovereign bond issues.

According to the [Bulgarian Ministry of Finance](#), the transaction comprised €1 billion in bonds maturing in 2031, €750 million maturing in September 2034 and €500 million maturing in 2044.

Investor demand exceeded €5.5 billion, allowing Bulgaria to tighten pricing from the initial guidance. The final spreads over mid-swap rates were 60 basis points for the 2031 bonds, 95 basis points for the 2034 bonds and 160 basis points for the 2044 bonds. The corresponding yields were approximately 4.24%, 4.61% and 5.33%, respectively.

The transaction marked Bulgaria's second international bond-market operation of 2026, following a €2.5 billion placement in July.

CEE Perspective analysis

September's developments highlight two complementary dimensions of capital-market development in CEE: improving access to international financing and addressing the structural fragmentation of domestic markets. [Bulgaria's €2.25 billion sovereign bond issuance](#) demonstrates continued investor appetite for regional debt, while the [EBRD's seven-country capital-market integration initiative](#) seeks to tackle barriers that have historically limited market liquidity, cross-border investment and financing opportunities.

However, successful sovereign issuance does not necessarily translate into deeper capital markets or better access to financing for businesses. Many CEE markets remain relatively small, with limited issuer diversity and institutional investor participation. Greater regional integration could help overcome some of these constraints by expanding the effective investor base, reducing operational barriers and making securities markets more attractive to companies seeking capital.

The key challenge is therefore to move beyond individual financing successes towards more integrated and accessible capital markets. The EBRD initiative offers an opportunity to address some of the structural obstacles, but its impact will depend on whether regulatory and market cooperation leads to tangible improvements in liquidity, cross-border investment and private-sector financing.

EBRD data also show that sovereign bond spreads over Germany remained comparatively low across EU Member States covered by the EBRD, even as government bond yields increased alongside those in advanced economies. This suggests that higher government borrowing costs do not necessarily reflect increased sovereign risk, but may also result from broader movements in European bond yields.

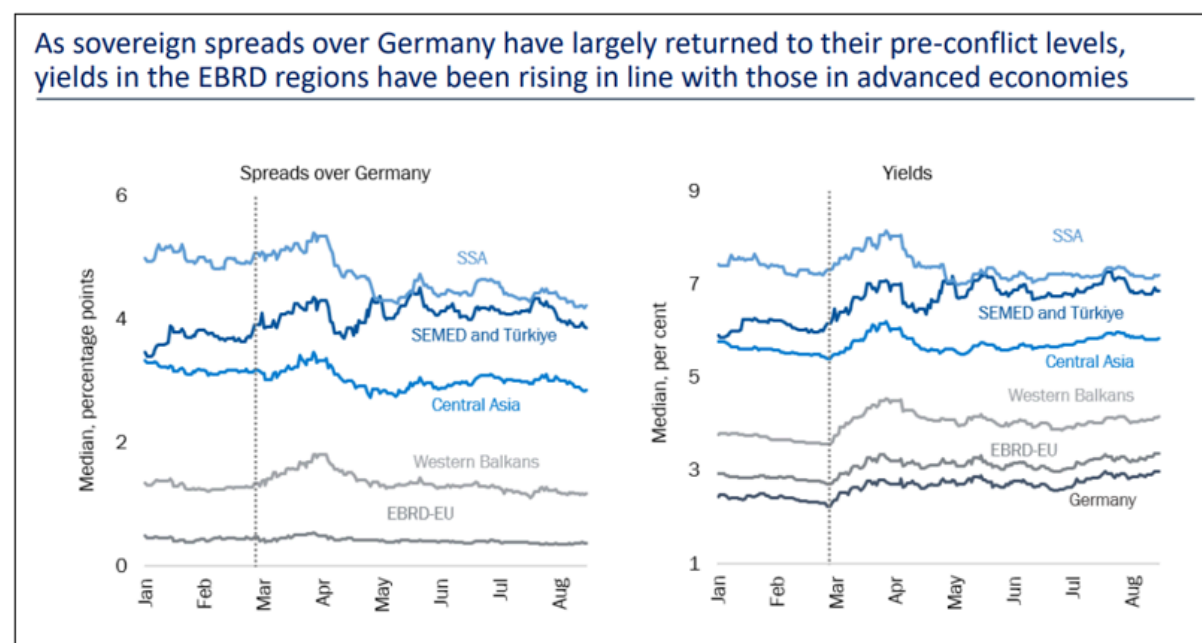


Figure 1. Sovereign bond spreads and yields across EBRD regions, January–August 2026. Source: European Bank for Reconstruction and Development (EBRD), [Regional Economic Prospects – Running Dry, September 2026](#), slide 12. Data: Bloomberg and EBRD authors' calculations.

Banking and monetary conditions

Hungary holds rates and lowers its long-term inflation target

On 22 September, the Magyar Nemzeti Bank's Monetary Council [kept the base rate at 5.50%](#), with the overnight deposit and collateralised loan rates unchanged at 4.50% and 6.50% respectively. It also [set the medium-term inflation target at 2.5% from 1 January 2028](#), keeping the ± 1 percentage point tolerance band. The MNB considers nominal and real convergence sufficient to support the lower target, which it expects to contribute to lower nominal interest rates and financing costs, support investment and facilitate eventual euro adoption.

National consumer price inflation (CPI) was 1.3% in August, while GDP grew by 1.7% year-on-year in the second quarter. The MNB projects inflation of 1.8% in 2026 and

3.1% in 2027, before converging towards the new target. It nevertheless emphasised the need for caution, citing energy prices, fiscal developments and expectations surrounding euro adoption.

EIB and SG Equipment Finance mobilise €300 million for Czech and Slovak SMEs

On 24 September, the EIB [announced a €150 million loan to SG Equipment Finance](#), which will match the amount to provide €300 million in financing for SMEs and mid-caps, mainly in Czechia and Slovakia. The funding will support investment in equipment, technology and transport. At least 20% is earmarked for climate and environmental investments, while 88% is expected to reach EU cohesion regions. The agreement aims to offer lower interest rates, longer maturities and less demanding collateral requirements than traditional market financing.

CEE Perspective analysis

The developments in Hungary, Czechia and Slovakia illustrate how financing conditions across CEE are shaped by both macroeconomic stability and access to suitable credit. The [Magyar Nemzeti Bank's decision to lower its medium-term inflation target from 2028](#), alongside its [September decision to maintain the base rate at 5.50%](#), reflects an effort to strengthen monetary credibility and create the conditions for lower borrowing costs over time. Meanwhile, the [EIB's €300 million financing agreement with SG Equipment Finance](#) addresses more immediate barriers faced by smaller businesses, including the cost, maturity and collateral requirements of investment financing.

These developments point to the importance of distinguishing between the overall cost of capital and the practical availability of financing. More stable inflation expectations can support a predictable investment environment, but they do not automatically ensure that SMEs can obtain affordable, long-term funding. Targeted development-bank financing can help bridge this gap, particularly in cohesion regions where investment needs remain substantial.

For CEE, sustained investment growth will require both credible macroeconomic policies and financial institutions capable of meeting businesses' financing needs. The longer-term test will be whether improved monetary conditions and targeted credit initiatives translate into additional productive investment, rather than simply easing financing costs for existing borrowers.

Investment

Three Seas Initiative launches infrastructure fund targeting at least €2 billion

On 24 September, the European Investment Fund (EIF) and financial institutions from six EU Member States [launched the Three Seas Initiative Infrastructure Fund of Funds](#), establishing a new regional investment vehicle aimed at mobilising at least €2 billion for strategic infrastructure projects.

The initiative brings together the EIF and national promotional institutions from Poland, Romania, Lithuania, Bulgaria, Croatia and Slovenia. Initial commitments total €360 million, with €180 million provided by the participating national institutions and at least an equivalent contribution from the EIF.

The fund-of-funds will support investment in energy, transport, digital connectivity and social infrastructure across the region between the Baltic, Adriatic and Black Seas. By investing through professionally managed infrastructure funds, the initiative aims to attract additional private capital while broadening access to financing for projects that can strengthen regional connectivity and competitiveness.

EIB provides €100 million for Romania's Dama Solar project

On 30 September, the European Investment Bank [announced €100 million in financing for Dama Solar](#), a large-scale renewable-energy project being developed by Rezolv Energy in Arad County, western Romania.

The project represents an estimated total investment of €728 million and is expected to have a peak generation capacity of approximately 1.3 gigawatts. Once operational, it could generate enough electricity annually to meet the needs of more than 280,000 households.

Dama Solar will be connected to Romania's high-voltage electricity network and is expected to support approximately 1,500 jobs at peak construction. The project has also secured two 15-year contracts for difference covering 520 MW of capacity, while the remaining electricity is intended for sale through market arrangements and long-term agreements with commercial and industrial customers.

CEE Perspective analysis

The [launch of the Three Seas Initiative Infrastructure Fund of Funds](#) and the [EIB's €100 million financing for Romania's Dama Solar project](#) illustrate the growing role of European financial institutions in addressing CEE's substantial investment needs. Both initiatives target areas where large upfront costs, long investment horizons and project-specific risks can make financing difficult to secure through conventional market channels alone.

The two developments also highlight different approaches to mobilising capital. The Three Seas fund seeks to pool resources across countries and attract additional private investment into regional infrastructure, while the Dama Solar financing supports a specific renewable-energy project through a combination of development-bank funding and other financing arrangements. In both cases, the objective extends beyond providing public capital: it is to improve the conditions under which commercially viable projects can attract investment.

For CEE, the broader opportunity lies in building a more diversified investment ecosystem capable of financing infrastructure, the energy transition and economic modernisation. However, the availability of funding is only one part of the challenge. Project preparation, regulatory predictability, implementation capacity and the ability to attract private co-investors will ultimately determine whether these initiatives generate lasting economic benefits. Their success should therefore be measured not only by announced commitments, but by the additional investment mobilised and projects delivered.

Pensions and long-term savings

Lithuania's second-pillar pension withdrawals reshape household savings

Lithuania's second-pillar pension reform, which took effect in January 2026, has led to substantial withdrawals from funded pension accounts, with implications for household consumption, retirement adequacy and the availability of long-term investment capital.

According to the [Bank of Lithuania's September Economic Review](#), households had received approximately €3.5 billion in second-pillar pension withdrawals by the end of July 2026, equivalent to 4% of GDP. Preliminary evidence suggests that a significant proportion of withdrawn funds was initially retained as savings rather than

immediately spent. Estimates for June indicate that 44% of the funds paid out remained in bank deposits, while 27% had been withdrawn in cash, 7% used to repay loans and 6% channelled into investment instruments.

The central bank estimates that pension withdrawals could increase household consumption growth by 1.3 percentage points in 2026, although this effect is expected to be temporary. The [EBRD's September Regional Economic Prospects](#) also highlights the short-term economic effects of the reform. Beyond the immediate impact on household spending, the withdrawals raise questions about future pension adequacy and the stability of long-term investment capital.

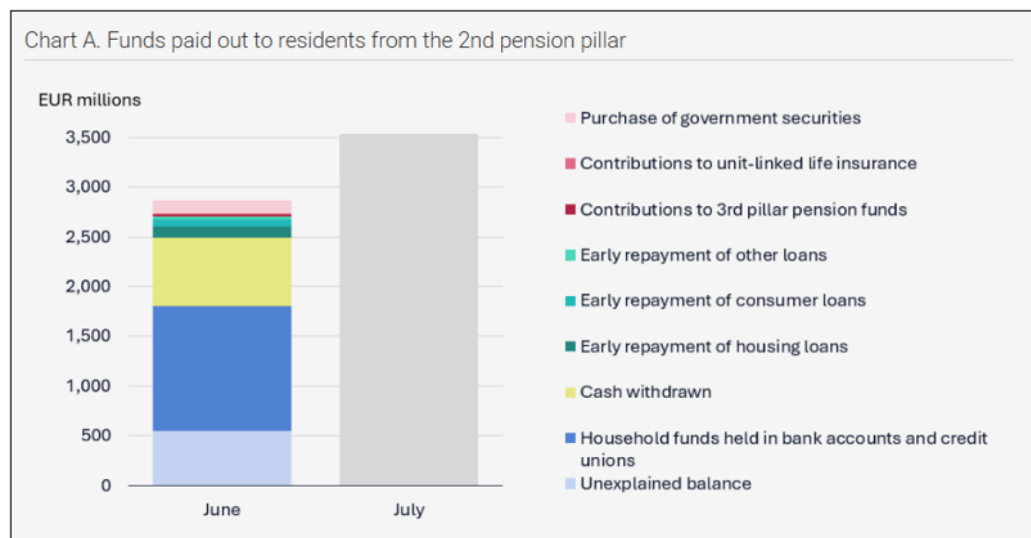


Figure 2. Use of second-pillar pension withdrawals in Lithuania, June–July 2026. Source: Bank of Lithuania, [Lithuanian Economic Review, September 2026](#), Box 3, Chart A.

Croatian retail Treasury bills draw nearly €2 billion from households

Croatian households continued to show strong demand for government securities. In September, 36,732 citizens subscribed almost €2.0 billion in 91-day Treasury bills at an annual yield of 2.75%. Institutional investors received a further €200 million at 2.60%, although their demand exceeded €392 million. The issuance raised €2.21 billion in total.

The issue is part of the programme of “people’s” government securities that began with a two-year bond issued on 8 March 2023, followed by the first Treasury bills for citizens, issued on 23 November 2023. The Ministry has said the programme helped push up banks’ interest rates on new deposits, and that the proceeds go to refinancing existing debt and partly to covering the budget deficit. September was the 23rd issuance open to citizens in three years, and households now hold more than 8.5% of public debt.

EU Institutional Investors Pact targets scale-up capital

On 22 September, the European Commission and EIB Group launched the European Institutional Investors Pact to mobilise more long-term capital for European technology companies and scale-ups.

Thirteen institutional investors have expressed their intention to participate in the voluntary initiative, which aims to channel investment into European venture capital and growth equity. The Pact will support investment opportunities linked to the planned €15 billion European Tech Champions Initiative 2.0 and the €5 billion Scaleup Europe Fund, targeting strategic technologies including AI, quantum computing, semiconductors, robotics and space.

CEE Perspective analysis

The developments in Lithuania, Croatia and at European level illustrate different stages in the process of turning savings into investment, while highlighting the trade-offs between short-term financial flexibility and long-term capital accumulation.

[Lithuania's second-pillar pension withdrawals](#) demonstrate how greater access to accumulated pension assets can support household liquidity and consumption, but may also reduce retirement savings and the pool of capital available for long-term investment. Croatia's [September retail Treasury bill issuance](#) shows that households can be encouraged to participate directly in financial markets when accessible products offer attractive returns. However, the proceeds primarily support government financing rather than investment in private businesses.

The [European Institutional Investors Pact](#) addresses another part of the financing chain by seeking to connect institutional savings with companies requiring growth capital. This is particularly relevant for CEE, where smaller capital markets and limited late-stage financing can constrain the expansion of innovative businesses. Nevertheless, its regional impact will depend on whether investment opportunities extend to CEE funds and companies.

Taken together, these developments underline that mobilising savings is not sufficient on its own to deepen capital markets or support productive investment. CEE economies also need stable funded pension systems, accessible and diversified investment products, effective channels for institutional capital and a sufficient pipeline of investable businesses. The challenge is to strengthen the links between household savings, long-term investment and economic growth while preserving retirement adequacy and investor confidence.

5 Signals from September

1. Regional capital-market integration gains momentum: The [EBRD's new initiative covering seven CEE capital markets](#) highlights growing efforts to address fragmentation, limited liquidity and barriers to cross-border investment. Its success will depend on whether closer regulatory and market cooperation translates into better financing opportunities for regional businesses.

2. Sovereign debt continues to attract international investors: [Bulgaria's €2.25 billion sovereign bond issuance](#) attracted demand exceeding €5.5 billion, demonstrating investor appetite for regional government securities. The broader challenge remains extending this confidence to corporate issuers and deepening domestic capital markets.

3. European financing initiatives target CEE's investment gap: The [Three Seas Initiative Infrastructure Fund of Funds](#) aims to mobilise at least €2 billion for regional infrastructure, while the [EIB's €100 million financing for Romania's Dama Solar project](#) illustrates continued investment in renewable energy. The key test will be whether these commitments attract additional private capital and translate into completed projects.

4. Pension withdrawals highlight trade-offs for long-term savings: [Lithuania's second-pillar pension withdrawals](#) had transferred approximately €3.5 billion to households by July 2026, equivalent to 4% of GDP. Preliminary data indicate that a substantial share remained in deposits rather than being spent or reinvested, highlighting the tension between immediate financial flexibility, retirement adequacy and long-term capital accumulation.

5. Mobilising household and institutional savings remains a priority: Croatia's [September retail Treasury bill issuance](#) attracted nearly €2 billion from households, while the [European Institutional Investors Pact](#) seeks to channel more institutional capital into European growth companies. Together, they highlight both the potential to mobilise savings and the need to connect them more effectively with productive investment.