

Economic and Banking Outlook

Viewpoint

Moderate growth in a more uncertain global environment

Macroeconomic scenario

- Overview** – The global economy approaches the end of Q1 2026] in a phase of **moderate but uneven expansion**. While domestic demand and technological investment continue to support activity in several major economies, growth momentum in advanced economies remains structurally weak and exposed to **geopolitical uncertainty**. A key source of risk has recently emerged from the escalation of the conflict involving Iran. Although **the baseline scenario assumes temporary pressures and limited macroeconomic spillovers**, tensions in the Persian Gulf have increased volatility in energy markets given the strategic importance of the Strait of Hormuz for global oil and LNG flows. The main transmission channel to the global economy operates through **energy prices and financial market volatility**, with potential implications for inflation and financial conditions generally. Within this global framework, the regions covered in this Outlook display differentiated cyclical dynamics. The CEE area is gradually strengthening after the slowdown seen in recent years, while growth remains more moderate in SEE and subdued in Eastern Europe. Egypt continues to show comparatively stronger momentum, supported by domestic demand and investment.
- Economic growth** – Economic activity across the countries covered by this **Outlook is expected to remain positive through 2026, although with a clear regional divergence**. Growth in the **CEE** area is projected around 2.9%, supported by the recovery of real incomes, resilient private consumption, and the gradual revival of investment. Poland continues to represent the main driver of regional expansion. In the **SEE** region, growth is expected to remain more moderate, around 1.9%, reflecting weaker industrial momentum and tighter fiscal conditions in several economies. In **Eastern Europe**, economic activity remains subdued, with growth at around 1.1%, reflecting both geopolitical uncertainty and weaker external demand. By contrast, **Egypt** maintains comparatively strong growth, with GDP forecast up around 4.5% in 2026, supported by domestic demand and infrastructure investment.
- Inflation** – Inflation is expected to continue to moderate across most of the region in 2026, although the **disinflation process has slowed** compared with the previous year. In the **CEE** economies, inflation is forecast to stabilise at around 2.5%, broadly consistent with central bank targets. In the **SEE** region, inflation remains somewhat higher, reflecting persistent food and energy price pressures. Inflation remains significantly higher in parts of **Eastern Europe** and in **Egypt**, although the overall trend is gradually declining. **Looking ahead, inflation risks remain asymmetric. The baseline scenario assumes broadly stable energy prices, but the escalation of tensions in the Middle East introduces a potential source of renewed inflationary pressure.**
- Monetary policies** – Monetary policy across the region is gradually moving from a restrictive stance towards a more neutral configuration. However, **the scope for further easing in 2026 appears limited**. In most economies, a significant part of the adjustment has already taken place during 2024–2025, implying that policy rates are expected to remain broadly stable over the course of the year. This pattern is visible in the divergence between average policy rates, which still decline compared with previous years, and end-of-period levels, which show a much more moderate adjustment. In the CEE area, for example, policy rates average around 3.8% in 2026, but end-year levels remain close to current settings, signalling that the easing cycle is largely behind us. **Overall, central banks look likely to adopt a cautious, data-dependent approach, prioritising the consolidation of disinflation while maintaining financial stability.**

Macroeconomic forecasts

	GDP (yoy % chg)				CPI (avg. yoy % chg)				Policy rates (avg. %)			
	2024	2025F	2026F	2027F	2024	2025F	2026F	2027F	2024	2025F	2026F	2027F
CEE	2.2	2.7	2.9	2.5	3.4	3.0	2.5	2.6	5.7	4.7	3.8	3.5
SEE	2.1	1.6	1.9	2.7	3.8	2.6	2.6	2.6	5.7	5.1	4.8	4.2
EE	4.2	1.1	1.1	1.4	4.7	5.3	4.9	3.5	17.4	18.5	14.3	8.8
CEE SEE EE	3.4	1.6	1.7	1.9	6.5	7.0	4.7	3.7	12.78	13.10	10.24	6.74

Source: Intesa Sanpaolo Research Department F= forecasts

March 2026

Countries with ISP subsidiaries

Quarterly Note

Research Department

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Banking aggregates

- Loans – Credit dynamics across the region remain broadly resilient**, although with differentiated trends across areas. In the **CEE** region, loan growth continues to be supported by household credit and gradually improving investment conditions, with Poland remaining the main driver of lending expansion. In the **SEE** countries, credit growth remains positive but more moderate, reflecting slower economic activity and tighter fiscal conditions in several economies. In **Eastern Europe**, lending dynamics are significantly weaker due to both geopolitical uncertainty and subdued investment. By contrast, **Egypt** continues to record strong nominal credit growth, supported by robust domestic demand and still-elevated inflation.
- Deposits – Deposit growth remains solid across most of the region's banking systems, supported by wage dynamics and still-positive real income developments.** In the **CEE** area, deposit growth continues to outpace or broadly match loan growth, maintaining comfortable liquidity conditions. In the **SEE** region, deposit dynamics remain stable but are gradually moderating as consumption recovers. In **Eastern Europe**, deposit growth has slowed more markedly in line with weaker economic conditions. In **Egypt**, deposits continue to expand strongly in nominal terms, reflecting high inflation and strong domestic liquidity.
- Rates (Loans and Deposits) – Interest rates on loans and deposits are gradually adjusting downwards across the region** following the monetary cycle of previous years. The adjustment is expected to remain gradual in the **CEE** economies, reflecting both the lagged transmission of monetary policy and banks' efforts to preserve margins. In the **SEE** region, lending and deposit rates remain somewhat higher due to still-elevated inflation and tighter financial conditions generally. In **Eastern Europe** and **Egypt**, interest rates remain significantly higher overall, reflecting the more restrictive monetary stance required to stabilise inflation and exchange rates.
- NPLs – Asset quality across the region remains broadly solid.** In the **CEE** economies, NPL ratios remain close to historical lows, supported by resilient labour markets and still-strong household balance sheets. In the **SEE** region, asset quality also remains stable, although a gradual normalisation may lead to a slight increase in impaired exposures in some markets. In **Eastern Europe**, credit quality remains more vulnerable due to the weaker macroeconomic environment generally. In **Egypt**, despite the challenging macroeconomic backdrop, asset quality indicators remain broadly stable, supported by both strong nominal growth and a still-expanding banking sector.

Banking forecasts

	Loans (yoy % chg, avg)			Deposits (yoy % chg, avg)			Lending Interest rates (avg, %)			Deposit Interest rates (avg, %)		
	2025F	2026F	2027F	2025F	2026F	2027F	2025F	2026F	2027F	2025F	2026F	2027F
CEE	4.3	6.4	5.2	7.7	7.7	4.7	7.7	6.8	5.4	4.0	3.3	2.7
SEE	9.5	9.7	7.0	9.3	8.2	5.7	7.4	6.9	6.9	4.1	4.0	3.9
EE	15.6	3.7	5.2	22.9	4.3	5.4	18.9	20.4	16.0	15.9	16.9	12.1
CEE SEE EE	11.8	5.3	5.4	17.1	5.7	5.2	14.47	15.01	11.93	11.3	11.6	8.5

Source: Intesa Sanpaolo Research Department F= forecasts

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This note has been coordinated by Giovanni Barone. The names of the authors are reported in the individual country sections.

The note considers the countries with Intesa Sanpaolo subsidiaries: Slovakia, Slovenia, Hungary and Czech Republic among the CEE countries; Albania, Bosnia, Croatia, Serbia and Romania among the SEE countries; Russia, Moldova and Ukraine among the EE countries; and Egypt among the MENA countries. It also includes Poland among the CEE countries, where ISP is present with a branch.

The Economic and Banking Outlook is released on a quarterly basis in March, June, September and December.

Recent developments

In the CEE region, GDP increased by 2.1% yoy in the fourth quarter of 2025 on an annual basis (seasonally adjusted data), compared with 2.3% in the previous quarter, owing to the still-strong economic performance in both Poland and Czech Republic that offset the economic weakness in Hungary, Slovakia, and Slovenia. Within rather wide bounds, in 4Q25 the economic trend was in a range from 0.8% in Hungary to 3.9% in Poland. Among the countries in the SEE area, the only data currently available relates to Croatia, Romania, and Serbia, where the GDP remained essentially unchanged yoy in the fourth quarter (weighted average on seasonally-adjusted data) due to the weak performance in Romania, while the regional growth was positive when computed on row data (almost 1.0% yoy).

The latest releases of high-frequency economic indicators remain mixed but generally point to a weakening economic dynamic in the short term. In December 2025, in the CEE area, the industrial production dynamic remained positive, but looking at January country-specific data, there is a significant divergence among countries. In Hungary, the production index (in seasonally adjusted terms) contracted by 2.5% yoy, as in Poland, where the reduction was about 1.5% and Slovenia (about -5.0%); while it increased at 2.7% in Slovakia. In February, the Economic Sentiment indicator decreased slightly in the CEE region with respect to January (to 99.6 from 101.0), but was broadly in line with the 4Q data (98.9). In the same month, the same indicator in the SEE area increased to 96.1, from 95.6 in the previous month, in line with the 4Q average.

Although varying across countries, the decline in inflationary pressure has practically stopped in recent months in the CEE and SEE regions, owing to a temporary acceleration of inflation due to base effects and, in countries such as Czech Republic, due to relatively strong economic growth, as well as exchange-rate weakness as in Hungary. Aggregating the data (weighted average), in the CEE area, in October 2025, the inflation rate was still above the minimum of 2.8% recorded in June 2024 (harmonised values), while falling below that level only in November and December, when it reached 2.6%. In the SEE area, annual inflation in December remained at 6.8%, close to previous month, driven by the high inflation in Romania. It should be noted that the last inflation data still don't incorporate the recent increases in energy prices due to the war in Middle East, which began in late February.

At their most recent meetings, Poland's central bank reduced its policy rate to 3.75% from 4.0%, while the remaining national banks held their rates steady at 6.5% for Hungary and 3.5% for the Czech Republic, respectively, in the CEE region. Among the SEE countries, in Albania, Romania, and Serbia the policy rates remained at 2.5%, 6.5% and 5.75%, respectively. In the financial markets, long-term yields decreased slightly in several CEE and SEE countries versus three months ago, with a small reduction of spreads with respect to the Bund 10Y yields.

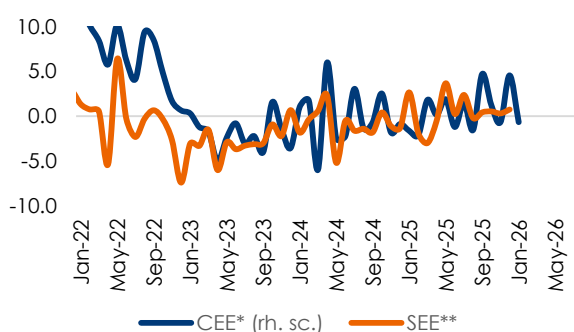
Antonio Pesce, Francesca Pascali, Davidia Zucchelli

High-frequency indicators still mixed, surveys point to a positive but feeble cyclical phase in the short term

Temporary halt to the decline in inflation

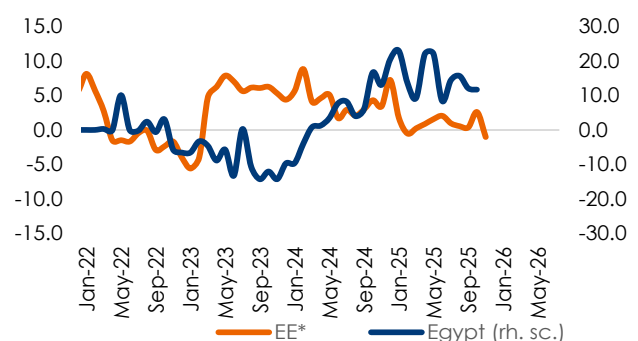
Poland CB eased monetary policy further. Temporary pauses in monetary easing in the other countries

Industrial production % yoy – CEE/SEE



Source: National statistics offices. Notes: * weighted average of Slovakia, Slovenia and Hungary data; ** weighted average of Bosnia, Croatia, Romania and Serbia data

Industrial production % yoy – EE/Egypt



Source: National statistics offices. Note: * weighted average of Russia, Ukraine and Moldova data

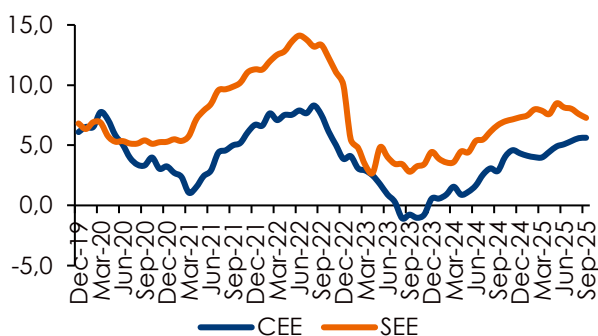
In the EE countries, signs of a slowdown continue to emerge. In **Russia**, 2025 preliminary data ended with a 1.0% increase in **GDP** (+1.0% in 4Q preliminary data), and in 4Q25 it increased by 3.0% yoy in **Ukraine** (from +2.1% in 3Q25); in **Moldova** it increased in 3Q25 by 5.5% (from 1.1% in 2Q25). In **Egypt**, GDP expanded by 5.3% yoy in 3Q25 (5.0% in 2Q25). Moving to high-frequency indicators, in January, **industrial production** fell (by 0.8% yoy) in Russia (from +3.7% in December), it increased in Moldova (+11.6% in November) and decreased in Ukraine (-3.49% in December 2025 vs. -5.28% in November). In Egypt, it increased by 10.7% in October (+12.1% in September). In January, **retail sales** increased in Russia by 0.7% (3.9% in December), and in December they increased by 15.5% in Ukraine (vs. +13.4% in November). In Russia, **consumer prices** reached their peak in March 2025 (+10.3%), up to the CB targets (4.0%) and in February 2026 they rose by 5.9% (6.0% in January). In February, prices also rose in Ukraine to 7.6% (+7.4% in January). In Moldova, the CPI stood at 5.1% vs. 4.9%. In Egypt, inflation rose by 13.4% in February, up from the +11.9% of January, and still well above the upper end of the CB's corridor (7% ± 2%).

In the final months of 2025, **banking aggregates** showed an acceleration across **all CEE countries**, still supported by solid credit demand despite the weaker economic environment; a similar trend was seen in **Croatia and Serbia** among the **SEE countries**. Loan growth strengthened, particularly in Poland and Slovakia, reaching 5.7% yoy and 6.9% yoy in 2025, respectively. In the **SEE region**, lending continued to decelerate in **Romania** (5.8% yoy), also due to a GDP slowdown, while Bulgaria and Serbia saw loan growth rise to 15.4%. In the CEE area, the expansion involved both **the corporate segment** (7% yoy in December, with Poland at 8.9% yoy and Slovakia at 6.5% yoy) and **households** (6.7% yoy, with a significant increase in Hungary at 14.4% yoy, owing to family support programmes, and 8.5% in the Czech Republic). In the **SEE countries**, household lending remained particularly dynamic (11.2% yoy in December), with sharp accelerations in Albania (+19.9% yoy) and Serbia (19.5%). Household loans were also strong in Bulgaria (21% in 2025). **NPL ratios** remained low throughout the region. **Deposit growth**, supported by wage increases, remained robust in the CEE, especially in Poland (9.8% yoy in 2025), and strong in Bulgaria (16.5% yoy), while decelerating in Romania (6.5% yoy). Regarding **banking interest rates**, Q4 showed mixed trends: rates fell in several countries – mainly in Poland – while a slight increase was recorded in Bosnia and Serbia. **In the EE area**, loan growth slowed sharply in **Russia** (3.7% yoy in November, down from 16% yoy in 2024): the slowdown was driven mainly by households (1%, compared with 9.5% in 2024 and 4.9% yoy in November for corporates). In Moldova, by contrast, loan growth remained very strong (29% in December, from +26.5% yoy in 2024 in nominal terms), supported by both corporate lending (24.6% yoy) and exceptionally strong household credit (35% yoy, as in 2024). **Total deposit growth** decelerated significantly in Russia (3.1% yoy in December), with a sharp decline in the corporate sector (-6.2% yoy in November, from 19.4% yoy in 2024) and a slowdown in household deposits (+15.4% yoy, down from 28% yoy in 2024). In **Egypt**, banking aggregates continued to record strong nominal momentum: loans increased by 24% yoy (in June, latest available data) and deposits by 20.4% yoy in December. Given inflation at around 12% in recent months, these variations were also positive in real terms.

Slight declines in GDP in the EE countries and a climb in Egypt

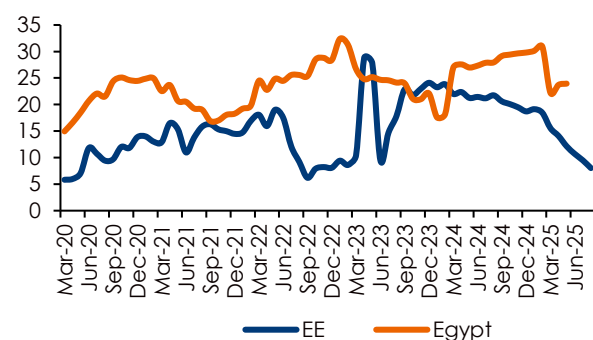
Banking aggregates still better than expected in 2025

Lending growth (% yoy chg, weighted averages)



Source: ISP Research Department based on central bank data

Lending growth (% yoy chg, weighted averages)



Source: ISP Research Department based on central bank data

The international outlook

The **global economy** is slowing slightly amid persistent geopolitical uncertainty and rapidly evolving policies. Global GDP is estimated to grow by only 3.1% in 2025, down from 3.3% in 2024, and is projected to decline further to 2.7% in 2026. Global inflation is expected to continue easing, falling from around 4.2% in 2025 to 3.6% in 2026. These dynamics reflect diverging forces: on the one hand, negative pressures persist on the trade front; on the other, significant supportive impulses are expected from technological investment in North America and Asia, as well as from expansionary fiscal policies and accommodative financial conditions that support growth. Overall, risks remain predominantly skewed to the downside due to geopolitical instability and amplified by the ongoing war in the Middle East.

The **growth gap between advanced and emerging economies** persists. In 2025, advanced economies grew on average by only 1.5%, while emerging and developing markets remain more dynamic, with growth slightly above 4%. This trend is expected to continue in 2026. Inflation also reflects differing dynamics: in advanced economies it is projected to moderate to around 2.2-2.5% by 2026 (close to central bank targets), while in emerging economies it will remain higher but on a declining path (averaging toward 4.8% in 2026). The United States is an exception, with inflation still above target, while elsewhere inflation is "contained" or in the process of normalising. However, upward pressure on energy prices – recently triggered by the military conflict in the Middle East – could generate higher-than-expected inflationary pressures.

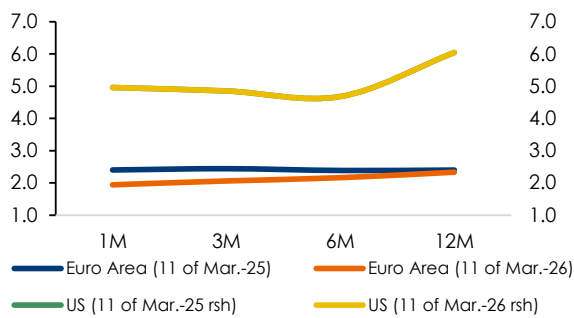
In the **United States**, economic growth is expected to slow slightly to around 2.0% in 2026 (from an estimated 2.1% in 2025), supported mainly by substantial investments in technologies such as AI and by moderate fiscal expansion. U.S. inflation, however, remains above target: it is projected at 2.5% at the end of 2026 (down from 2.7% in 2025), but with upside risks. In the **Euro Area**, growth remains anaemic, around 1.4% in 2025 and slightly lower in 2026 (about 1.1%). Despite a modest easing of fiscal policy (for example, higher public spending in Germany), the expansionary effect is limited and insufficient to address accumulated structural weaknesses. The United Kingdom benefits from a new trade agreement with the United States, but its outlook remains weak and below previous expectations. European inflation continues to moderate and is broadly under control: it is expected to hover around 2% in 2025–2026, a much more contained level than in the United States. This "contained" inflation reflects the decline in energy prices observed before the conflict that began in late February, but inflation risks have now shifted significantly to the upside.

The **Chinese economy** shows notable resilience, with growth projected at about 4.5% in 2026. The Country is supporting activity through renminbi depreciation, fiscal stimulus, and the redirection of exports towards Asia and Europe. These factors have partly offset weak domestic demand. Nevertheless, significant structural vulnerabilities remain, particularly in the real estate sector: four years after the bursting of the property bubble, China's real estate market is still in crisis, weighing on the domestic recovery. **India** continues to be one of the main engines of global growth. GDP maintains a pace close to 6.5%, by far the fastest among major economies. This reflects solid macroeconomic fundamentals and effective policies, as well as the contribution of reforms that support investment. Among other major economies, **Brazil**'s economic growth is expected to be more modest, around 1.8% in 2026, slowing from 2.7% in 2025. A strong performance in the agricultural sector is supporting the Brazilian economy in the short term, contributing to solid export performance and helping to contain domestic inflation through lower food prices. Indeed, inflation in Brazil is among the lowest in the emerging market universe – close to the target range (around 3-4%) – also due to the timely monetary tightening implemented by the central bank. However, external conditions are deteriorating, and the resilience of emerging markets, including Brazil, could be tested by the worsening global geopolitical environment.

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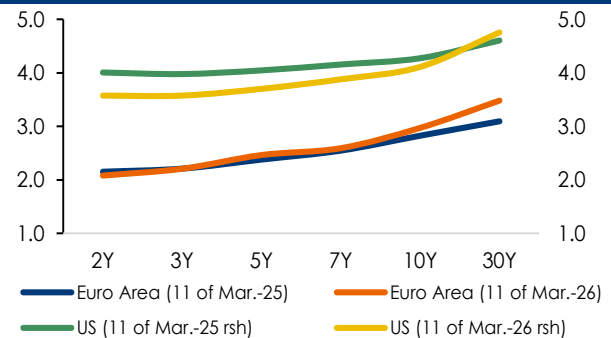
Global economic growth remains steady but with considerable divergence among regions and countries Risks are prevailing on the downside

Benchmark monetary rates (US and EA rates)



Source: ISP based on LSEG Workspace data

Yield curves (US bonds and German Bunds)



Source: ISP based on LSEG Workspace data

The economic outlook

Growth and inflation

Looking ahead, in 2026, we expect **GDP in the CEE and SEE areas** to continue its positive trend in the coming months, but on a higher profile in CEE area (2.9% vs 2.4%) and a lower path in SEE (1.6% vs 2.3%) with respect to December projections. For the next year, GDP in the CEE area has been confirmed in line with December forecasts (at 2.6%), while a downward revision has been implemented for the SEE area also for 2027 (2.7% vs 3.1%).

The upward revision in CEE is due to GDP growth in Poland, which is now expected to stay at 3.6% (instead of 2.6%) because of the higher economic dynamic observed in the last economic indicators and due to the impact of the country's economic policy, which is projected to be stronger than before.

The downward revision in SEE area at 1.6% in 2026 (70 bp lower than December forecasts) comes from the reduction of GDP growth projected in Romania for the current year (at 1.0% from 2.0% expected before) as the internal demand – one of the most important drivers of the economic growth for this country – is suffering because of the high inflation rate.

The prevailing **risks to the outlook** remain broadly on the negative side as consequence of the general weakness of the international landscape. The war in the Middle East, in addition to the geopolitical fragmentation and the impact of the trade tariff policies implemented in several of the major global economies, represent a significant negative risk for the global economic performance.

Inflation, after the temporary surge of consumer price pressure, is projected to decline as in the December scenario, as wage dynamics are still relatively high. For the CEE area, average inflation rates have been confirmed in line with our previous baseline for 2026 and 2027 years, but in the SEE region, due to the upward revision in Romania, the expected inflation is now about 50 bp higher than previous projections in both the two years 2026 and 2027. In any case, risks are prevailing on the upside for the two areas as the international prices of energy is increasing.

In the **EE** countries, we have slightly adjusted our forecasts. For Russia, we have slightly raised our 2026 GDP estimate to 1.0% (from 0.9) and left unchanged our 2027 figure at 1.3%. For Ukraine, we have lowered our estimates to +1.9% from +2.5% in 2026 and to 2.5% from 2.8-5 in 2027. We estimated for Moldova a rise (+2.4% in 2026 and 3.3% in 2027). Price pressures are expected to decline in Russia, Ukraine, and Moldova. In Russia, where inflation began to decrease from April 2025, it is expected to reach the CB's targets in 2027. For **Egypt**, we raised our GDP growth estimate to 4.5% for calendar year 2026 (from 4.3% of December forecasts) and we left unchanged our estimate at 5.3% for 2027. Inflation is expected to reach 9.2% by year-end 2026 and 8.5% in 2027. It is expected to move to the CB's target at the end of 2026.

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GDP forecasts for 2026 confirmed on a positive path, in line with previous baseline for both areas

Risks to our forecasts are on negative side

Slight revision of forecasts

ICE-BRENT CRUDE OIL (Barrels \$) ICE-BRENT CRUDE OIL (Barrels \$)



Source: LSEG Workspace

ICE-NATURAL GAS (Therm £)



Source: LSEG Workspace

Monetary policy and financial markets

In line with our December scenario, we continue to believe that the policy rate-reduction cycle could resume this year for almost all countries in the region. **Hungary** is expected to reach 5.75% by the end of 2026, and then to continue down to 4.5% at the end of 2027, while the **Czech Republic** is forecast to arrive at the target point of 3.25% in 2026. For **Poland**, we confirm our expectation of the target policy rate at 3.5% in 2026. In the SEE area, we believe that the monetary easing has been concluded in **Albania**, while in **Romania** and **Serbia** further reductions are expected up to 5.0% in Romania and 5.25% in Serbia by year-end 2027.

Outside the CEE/SEE regions, **Russia's CB**, at its meeting on 12 February, decided to reduce its key rate by 50 basis points to 15.50% per annum. The economy continues to return to a balanced growth path. In January, prices accelerated significantly due to extraordinary factors. However, the Bank of Russia believes there are no significant changes in the underlying indicators. Once the effect of extraordinary factors has worn off, disinflation will continue. The CBR will assess the need for a further cut in the key rate at its upcoming meetings, depending on the sustainability of the slowdown in inflation and the evolution of expectations. The new estimates released by the CBR identify a baseline scenario with an average reference rate of between 13.5% and 14.5% per annum in 2026. This means that monetary conditions will remain restrictive. According to forecasts, given the monetary policy stance, annual inflation will fall to 4.5-5.5% in 2026. In 2027 and beyond, it will remain in line with the target. Inflation expectations remain high, which could hinder a sustainable slowdown. At **Moldova's** central bank meeting on 5 February, the National Bank of Moldova decided to leave the policy rate applied to the main short-term monetary policy operations unchanged at the current level of 5.00% per annum. Rates on overnight loans (7.00%), repo operations (5.25%), and overnight deposits (3.00%) remain unchanged. The decision was taken in the context of the continuing effects of previous monetary policy decisions, given the delays in their transmission, and aims to keep medium-term inflation within a range of ± 1.5 percentage points from the 5.00% target, considered the optimal level for the growth and sustainable development of the Moldovan economy. In January 2026, the Board of the National Bank of **Ukraine** decided to initiate a cycle of interest-rate easing, taking into account the steady decline in inflationary pressures and the reduction in external financing risks. The cut in the reference rate from 15.5% to 15.0% is in line with the 5% target over the monetary policy horizon, and will also support the economy. The NBU said it will continue to respond flexibly to changes in the distribution of risks. The decision marks the beginning of the monetary easing cycle decided by the NBU in view of the steady decline in inflation and the lower probability of external financing. This decision is aimed at facilitating the continued adaptation of the economy to the challenges of the war period, in particular by supporting credit, which has grown at an annual rate of over 30% in recent years. In **Egypt**, at its meeting on 12 February, the MPC of the CBE has decided to reduce policy rates by 100 basis points and the reserve requirement ratio for commercial banks from 18% to 16%. This decision reflects the assessment of current inflation dynamics and the changing outlook since the previous MPC meeting. The reduction in the RRR

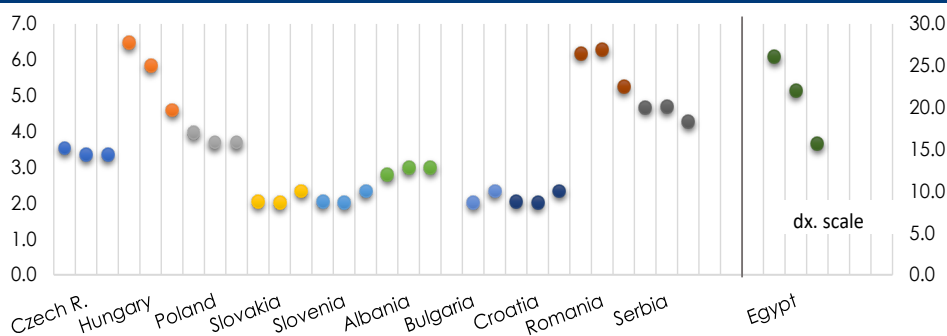
Francesca Pascali, Antonio Pesce

The policy rate easing cycle is expected to continue

aims to safeguard the effectiveness of monetary policy transmission, ensuring an effective transfer of the ECB's decisions to money markets and the economy at large, through an appropriate calibration of liquidity conditions within the banking system.

For 2026 and 2027, the profiles for **long-term yields** have been revised slightly upwards overall across the forecast horizon with respect to our December scenario in the CEE/SEE region, with the spreads respecting the 10y Bund which remain roughly unchanged, or slightly lower in some cases, in comparison to our previous scenario. In **FX markets**, exchange rates are expected to move around the current values in the CEE/SEE area with only a small appreciation in the 2026–2027 forecast period, driven by the expected gradual reduction of the inflation differential on the main economic partners.

Short-term interest rates 2025-27 (% end of period, ISP forecast)



Source: ISP Research Department forecasts

Banking aggregates and interest rates

After the strong performance recorded in 2025, we have made a **slight upward revision to our banking aggregate forecasts for several countries for 2026**, while confirming the projections for the subsequent years, which follow a gradually decelerating trend. This outlook is supported by positive regional spillover effects stemming from Germany's expansionary fiscal policy. On the asset side, banks continue to benefit from **very low non-performing loan ratios**, partly due to solid lending dynamics. Profitability and capital remained high in 2025, and are expected to stay robust, given that interest rate cuts are likely to be only moderate. Banks enjoy wide bases of **stable, core domestic deposits** and maintain only moderate reliance on market sensitive institutional or external funding. Overall, liquidity buffers remain conservative. Nevertheless, funding pressures could emerge in some countries, particularly in Slovakia and Russia, where LTD ratios are still high, and in markets where competition from government bonds has intensified, such as Croatia. At the same time, a moderate increase in customer risk and provisions, interest rate caps (as in Serbia), and new taxes (approved also in Ukraine) may negatively impact interest margins and profitability from 2026 onwards. **Loan growth in the CEE is projected to reach 5.2% in 2026** (down from 6.4% in 2025). The main forecast revisions involve Slovenia (to 5.2%, from 4.4% in the December projections). Lending will continue to be constrained by high real interest rates. However, improving real disposable incomes and new support measures (notably in Hungary) could sustain credit demand. Taxes will weigh on banking activity, especially in Slovakia, where the increase in the counter-cyclical capital buffer from 1% to 1.5% (effective August) is also expected to mildly dampen lending next year.

Forecasts for SEE banking aggregates for 2026 have also been slightly revised, especially for Albania and Serbia (to 7.1% and 6.1%, respectively), reflecting a stronger than expected recent performance in the private sector. In Croatia, household lending is expected to decelerate markedly following the expiry of government measures, with total loans forecast to slow to 5.6% in 2026. The new economic environment will shape credit trends: in the area including Bulgaria, loan growth is projected at 7% in 2026 (down from 9.7% in 2025), before easing slightly to 5.7% and 5.4% in the following two years. Banks will continue to benefit from low NPL ratios, high

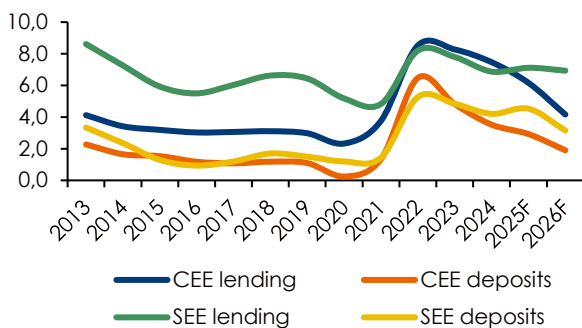
Davidia Zucchelli

Despite upward revision,
both lending and ...

...and deposits are expected
to decelerate

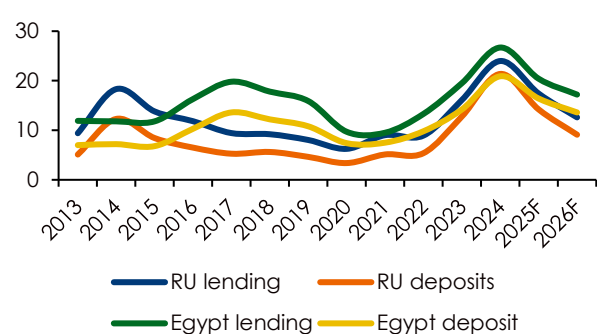
profitability, and strong capital positions, similar to CEE markets. However, **NPLs are expected to edge up** in a more uncertain macroeconomic context, and in Romania tax measures are likely to weigh further on banking activity. Following a dynamic 2025 (7.7% yoy), **deposit growth is expected to decelerate, rising 4.7% in 2026** and then at a similar pace over the next two years. Corporate deposits – a more volatile component – have accelerated in recent months in several countries, particularly Poland, Romania, and Albania. In 2026, deposit growth is expected to slow in many countries due to lower interest rates and the increasing attractiveness of mutual and pension funds. However, economic and geopolitical uncertainty could continue to support deposit accumulation. **Interest rates** are expected to decline in 2026 and 2027 across many markets, in line with money market rates, although the recent conflict in Iran could reverse this trend in 2026. In **Russia**, deposits are projected to recover slightly to 5.3%, after a sharp slowdown in 2025 (to 3.1%, from 23.8% in 2024). Ukraine's parliament approved a bill increasing the corporate income tax rate for banks to 50% for 2026 and the first quarter of 2027. In **Egypt**, we confirm our loan forecasts (12.6% in 2025 and 11.6% in 2026), while deposits are expected to slow toward 10% in the coming years, stabilising around that level.

Lending and deposit interest rates (% end of period)*



Source: ISP Research Department forecasts. Note: * Weighted average

Lending and deposit interest rates (% end of period)*



Source: ISP Research Department forecasts. Note: *Weighted average

Country-Specific Analysis

Czech Republic

Real Economy

The recovery of the Czech economy is becoming increasingly robust, essentially encompassing all key demand components. A particularly strong contribution has continued to come from private consumption, which at the end of 2025 finally rose to above the pre-covid peak. Households will also continue to support growth going forward, benefitting from ongoing disinflation alongside still-strong nominal wage gains and low, albeit slightly increasing, unemployment. A positive contribution to GDP growth will also come from investments and government consumption. Investment recovery in particular is becoming broader, involving higher spending on machinery as well as real estate and public infrastructure – a sign of a recovery in corporate investment. Government consumption also looks set to contribute to growth positively in 2026. The new government of PM Andrej Babis has set its first budget, foreseeing state deficit equivalent to 3.5% of GDP, higher than last year, due to increased spending on defence outlays rather than social benefits. On the external front, contribution from net exports turned positive in late 2025, and looks set to stay positive in 2026 – provided the global risks related to the new war in Iran remain short-lived and relatively contained.

Zdenko Štefanides

Financial Markets

The Czech National Bank (CNB) has kept rates unchanged since May last year, and appears poised to hold the key rate at 3.50% in the near term as core inflation remains elevated amidst both a tight labour market and brisk wage growth. We nevertheless maintain the call for a rate cut in 2026. Headline inflation, namely, slipped to 1.6% in January, and looks set to remain at this level – well below 2% target – for the whole year 2026 on the forecast of the CNB itself. Helping to keep inflation low is a strong koruna, which we continue to believe will reach the level of 24.0 versus the euro by the end of the year. Clearly, the global risks to the economic outlook and inflation related to the US trade policy chaos and most recently the war in Iran make these forecasts more uncertain. Still, in the baseline scenario, our central projections for Czech assets change hold broadly unchanged versus the previous, December outlook.

Banking Sector

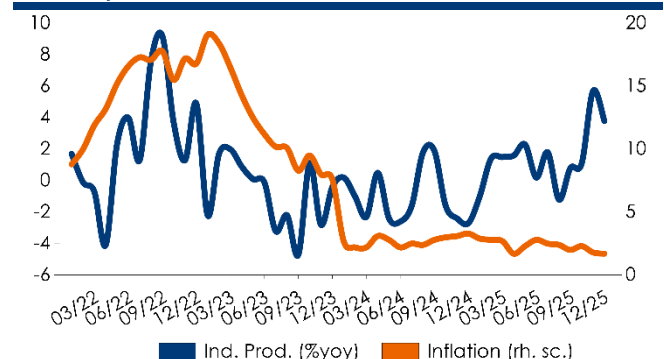
In the banking market, following from the outcome of 2025, we project a little bit faster growth of loans than deposits also in 2026. The primary reason is households' release of pent-up demand for consumer goods and services, built up during the past high-inflation era. Yet, even with this temporary increase in credit, the liquidity situation on the Czech market looks likely to remain very comfortable, with the loan-to-deposit ratio at 72% versus 69% in 2024.

Forecasts

	2024	2025	2026F	2027F
Real GDP yoy	1.2	2.6	2.3	2.3
CPI (eop)	3.3	1.7	2.0	2.0
Euro exch. rate (value, eop)	25.1	24.3	24.0	24.0
Short-term rate (eop)	3.9	3.5	3.4	3.4
L/T bond yields (eop)	4.1	4.7	4.3	4.3
Bank loans (pr. sector, yoy)	5.7	6.9	5.5	4.2
Bank deposits (pr. sector, yoy)	7.6	4.0	3.8	4.0
Lending int. rate (corp., eop)	5.7	5.2	3.9	3.2
Deposit int. rate (hh, eop)	3.2	2.9	2.3	1.8

Note: Average values are available in the Country Outlook Table
Source: Intesa Sanpaolo Research Department forecasts

Industrial production and inflation



Source: Czech Statistical Office

Hungary

Real Economy

The Hungarian economy stagnated in 2025; real GDP growth was just 0.3%. A gradual recovery is expected in 2026, but FY GDP growth looks unlikely to exceed 2%. The engine of growth will remain consumption supported by stable labour market conditions, strong wage outflows, and generous pre-election fiscal transfers. Investments may bottom out following three years of contraction, but we do not expect a rapid recovery amid the high level of external and internal uncertainties. Due to subdued external demand and stable import growth, net exports are unlikely to contribute positively to GDP growth. Industrial activity may gradually pick up during the year in tandem with stronger German activity. The disinflation process gained momentum at the beginning of the year; headline CPI fell to 1.4% in February. This level, however, is not sustainable, inflation is likely to pick up gradually during the year and could approach 4% by December. Average 2026 CPI may still be slightly below 3%. Labour market tightness has continued to ease in early 2026, but the unemployment rate remained in the range seen last year. We expect a gradual decrease in the unemployment rate in 2026, with the shortage of skilled workers remaining a permanent feature of the economy. Nominal wage growth will remain robust, while real wage growth could be close to 7% this year.

Financial Markets

The Monetary Council cut the policy rate by 25 bps to 6.25% in February; the first rate decrease since the autumn of 2024. The communication remained hawkish and emphasised that the cut does not mark the beginning of an easing cycle. The Council plans to adopt a meeting-by-meeting approach, close attention to the inflation outlook and market stability. The February CPI print may support the continuation of the easing cycle, but due to heightened market volatility and the weaker FX rate, we believe that cuts are off the table for now. In H2, however, we still see room for a total of 50 bps easing, but the timing of the rate cuts will strongly depend on market developments. The year 2026 started with robust HUF appreciation, but the evolving Middle East crisis broke the trend. Global uncertainties and the approaching general election may inject volatility into the market, but we are still comfortable with our December FX rate projection.

Banking Sector

Private sector loans in the banking sector grew by 8.5% in 2025. Corporate loans grew by 3.6%. Subdued economic growth, the uncertain outlook, and still relatively high interest rates hindered a larger acceleration this year. On the other hand, loans to the household sector increased by 14.3%, with the extra boost of the new 3% fixed rate subsidised mortgage loan. In 2026, lending can slow a bit, with total sector growth of 6.5%. Deposit growth reached 5.6% during FY 2025, in which corporate and household deposits grew by 2.4% and 9.6%, respectively. For 2026, we expect 5.1% yoy growth, with the main driver being the Households sector.

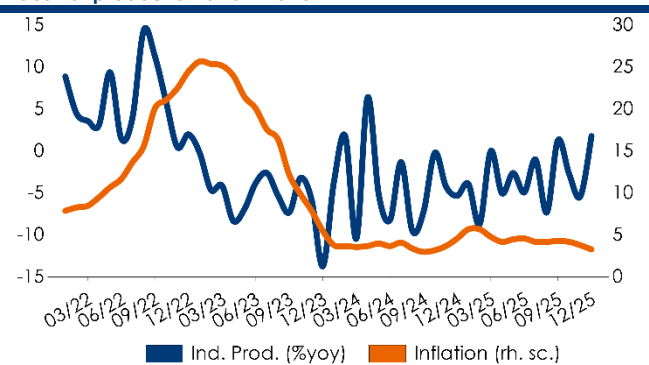
Forecasts

	2024	2025	2026F	2027F
Real GDP yoy	0.7	0.4	2.0	2.6
CPI (eop)	4.6	3.3	3.8	3.5
Euro exch. rate (value, eop)	411.9	384.7	387.0	392.6
Short-term rate (eop)	6.5	6.5	5.9	4.6
L/T bond yields (eop)	6.4	6.9	6.4	6.5
Bank loans (pr. sector, yoy)	6.8	8.5	6.5	4.9
Bank deposits (pr. sector, yoy)	8.4	5.5	5.1	5.2
Lending int. rate (corp., eop)	11.1	9.8	5.0	3.9
Deposit int. rate (hhs, eop)	4.6	5.0	3.1	1.9

Note: Average values are available in the Country Outlook Table
Source: Intesa Sanpaolo Research Department forecasts

Mariann Trippon

Industrial production and inflation



Source: Hungarian Central Statistical Office

Poland

Real Economy

The Polish economy consistently outperformed expectations in 2025, and we believe this momentum will continue in 2026. Poland is, we believe, set to remain one of the strongest performers in the region, and indeed Europe. We now forecast 3.6% GDP growth in 2026, one percentage point higher than forecast previously. Growth will be supported by a combination of EU-funded investment, firm domestic demand, and gradually improving external conditions, barring of course a global tail-risk scenario emanating from the tensions in the Middle East and elsewhere.

Investment looks set to continue to accelerate as EU funds are deployed, while exports – already outperforming expectations – are poised to benefit from a strengthening Eurozone cycle. Household consumption will stay an important pillar, aided by solid income gains and stabilising labour market conditions, though the immediate boost from post pandemic pent-up demand has largely faded. Fiscal policy will remain strongly supportive, with large deficits driven by defence spending, social transfers, yet also rising interest costs. As consolidation prospects are limited, public debt is likely to continue climbing higher above 60% of GDP, potentially complicating the outlook in the medium term.

Financial Markets

Inflation eased to 2.2% in January, eliciting a further 25bps rate cut from the National Bank of Poland on 4 March. Our previous December scenario foresaw the terminal rate of the key rate at 3.50%. Given the current level of 3.75%, this scenario assumes one more rate cut, which we indeed do see forthcoming. Inflation is projected to remain broadly stable, and well within the NBP's target range of 1.5-3.5%, despite stronger than previously forecast GDP growth.

Bond yields are projected to remain stable versus end-2025. Given the forecast increase in the benchmark German yields, however, our forecast assumes a narrowing spread, by about 70bps on average during 2026. This improvement in risk premia stems from our perception of growing investor confidence in Polish assets. This confidence, backed by the maturing upswing of the now "one-trillion-dollar economy" and increasing strategic geopolitical role of Poland in Europe, also extends to Poland's national currency, the zloty.

Banking Sector

In the banking market, we continue see volumes of both loans and deposits growing nicely alongside an expanding real economy. Relative to the previous forecast, growth of loans in 2025 and 2026 appears even stronger. Yet, as the deposit growth is set to continue exceed the loans, the liquidity situation in the Polish banking market will remain very comfortable, with the loan-to-deposit ratio of 62% compared to 64% in 2024, resp.

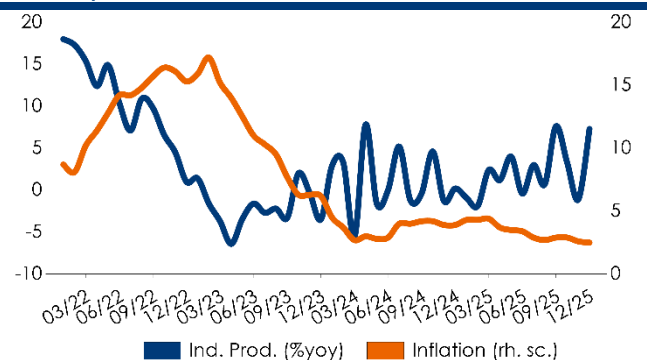
Forecasts

	2024	2025	2026F	2027F
Real GDP yoy	3.0	3.6	3.6	2.5
CPI (eop)	3.9	2.5	2.5	2.5
Euro exch. rate (value, eop)	4.3	4.2	4.4	4.5
Short-term rate (eop)	5.8	4.0	3.7	3.7
L/T bond yields (eop)	5.7	5.2	5.2	5.4
Bank loans (pr. sector, yoy)	3.6	5.7	5.0	4.5
Bank deposits (pr. sector, yoy)	8.1	9.8	5.0	5.0
Lending int. rate (corp., eop)	7.7	5.8	4.4	3.9
Deposit int. rate (hh, eop)	3.9	3.1	1.9	1.9

Note: Average values are available in the Country Outlook Table
Source: Intesa Sanpaolo Research Department forecasts

Zdenko Štefanides

Industrial production and inflation



Source: Statistics Poland

Slovakia

Real Economy

Slovakia's economy is facing several headwinds simultaneously: lower growth of foreign demand, lower competitiveness, as well as fiscal consolidation. This means that the slow economic growth from 2025 should extend into this year as well, as we expect it only around 1%. Slow growth has started to take its toll on employment, too. The local registered unemployment rate stepped up swiftly in December and January, reflecting both seasonal as well as cyclical upswing. This will be a drag on aggregate disposable income on top of higher labour taxes. For 2027, the Cabinet switched rhetoric from consolidation to supporting economic growth before the elections, so we do not expect more growth-hampering measures next year. In addition, new Volvo plant should start producing electric cars in the east of the country in January 2027.

February's flash estimate of harmonised inflation rate decreased slightly to 4.0%, but the shock to spot oil and gas prices due to the US and Israeli war on Iran will constitute additional inflationary pressure in the coming months. Since regulated energy prices are usually set only at the beginning of the year, however, this pressure will be limited to transportation costs in the short term.

Financial Markets

Euro area inflation is expected to increase only temporarily due to the energy shock stemming from the US and Israeli war against Iran. Thus, in the central scenario, we expect the ECB to keep short-term rates stable in the coming months and quarters, perhaps hiking the deposit rate from the current level of 2.0% only at the end of 2027. On the longer end of the yield curve, Slovakia's sovereign spreads kept at low levels around 60bps against German 10Y yields, and so we revised the future spread downwards despite fiscal risks stemming from continuously high public finance deficits. Generally, bond yields could increase slowly with time, but shorter-term IRS, e.g. three-year, could stay more or less flat during the rest of this year.

Banking Sector

In the banking business, we expect a slowdown in the mortgage boom, as January figures already partly suggest. However, low volume of construction of new housing may keep growth in their prices elevated. This price effect would still add to nominal household loans slightly outperforming new corporate credit provision this year. Total loans may grow slower than last year, and by a similar dynamic as deposits (4.6%), stabilising the high LTD ratio around 107%. In addition, the second round of retail bonds emission totalling EUR 400-500M, currently on sale, will be an additional drag on banks' deposits growth – apart from the expected negative dynamic of real disposable incomes due to budget consolidation and continuing high inflation.

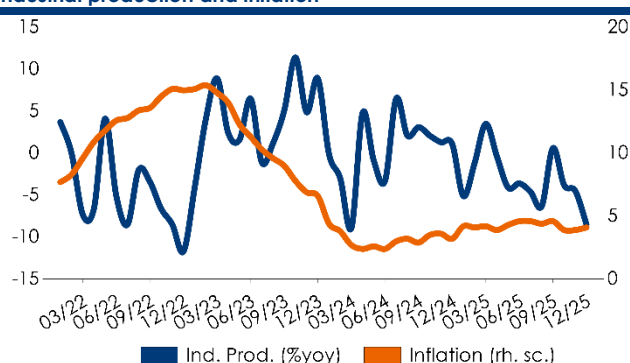
Forecasts

	2024	2025	2026F	2027F
Real GDP yoy	1.9	0.8	1.1	2.6
CPI (eop)	3.2	4.1	3.5	3.0
Short-term rate (eop)	2.8	2.0	2.0	2.3
L/T bond yields (eop)	3.2	3.6	3.9	4.4
Bank loans (pr. sector, yoy)	2.9	6.9	4.6	4.4
Bank deposits (pr. sector, yoy)	6.5	5.5	4.7	4.4
Lending int. rate (corp., eop)	4.8	4.2	3.7	3.9
Deposit int. rate (hh, eop)	0.7	0.5	0.7	1.1

Note: Average values are available in the Country Outlook Table
Source: Intesa Sanpaolo Research Department forecasts

Michal Lehuta

Industrial production and inflation



Source: Statistical Office of Slovakia

Slovenia

Real Economy

The pace of GDP growth in 4Q surprised slightly on the upside, amounting 2.0% yoy n. s. a., supported with strengthening of personal consumption to 3.0%, as anticipated by the retail trade data. Government consumption increased to 3.8%, while investments retained an upbeat path of 12.0%, in line with robust construction works trends. Exports of goods and services picked up to 0.5%, whereas imports sharply accelerated to 4.8% yoy, thus widening the negative contribution of net exports to the headline growth to -3.1pp. Gross value added data reveals the downturn in Manufacturing deepening (-2.6% yoy). At the same time, GVA in Construction maintained robust trend at 16.5%, while in Trade, Transportation & Accommodation and food service bounced back to 1.4%. With 4Q ending on a high note, and 3Q upgraded to 1.9%, 2025 annual growth slightly surpassed our projection, reaching 1.1%. Scarce data for the beginning of the year reveal retail trade in January sinking -1.5% yoy as food sales narrowed by -1.4%, non-food excluding fuel slowed to 1.1%, while fuel sales sank -9.2%. At the same time, goods' exports narrowed by a steep 23.6% yoy. We left intact our 2026 growth forecast at 2.2% yoy, based on the expected improvement of external environment, rise in investments, and sound household consumption. Openness of the economy paired with the subdued competitiveness emphasise the sensitivity to changes in the global conditions, currently skewing the risks to the outlook to the downside.

Ana Lokin

Inflation eased to 2.4% yoy in January, while picking up to 2.8% yoy in February, mostly amid a strong rise in utilities prices. Food disinflation on the other hand persisted. For 2026, we keep our projection of the average at 2.3% yoy, while recognising looming energy price related pressures.

Financial Markets

The average 10Y government bond spread on Bund in Jan-Feb at 0.3pp, the average yield at 3.1% (eop 0.4pp, 3.1%). In 2026, the spread is seen averaging 0.3pp and the yield 3.2%.

Banking Sector

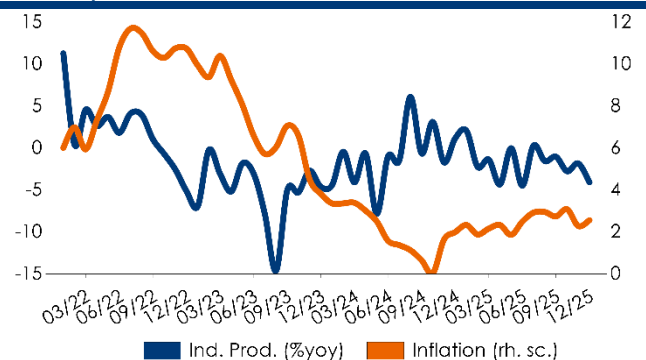
The year started on a strong footing with loans accelerating to 7.1% yoy, owing to a continued gradual strengthening of household loans followed by the surge in corporate lending, mostly short to medium-term financing. The deposit rise moderated in January to 6.6% yoy, due to a usual drop of corporate deposits at the start of the year, while household deposit growth remained robust. Growth of loans and deposits is projected to gradually moderate in the coming months.

Forecasts

	2024	2025	2026F	2027F
Real GDP yoy	1.7	1.1	2.2	2.4
CPI (eop)	2.0	2.6	2.0	2.0
Short-term rate (eop)	2.8	2.0	2.0	2.3
L/T bond yields (eop)	2.9	3.1	3.4	3.6
Bank loans (pr. sector, yoy)	2.7	6.6	5.2	3.4
Bank deposits (pr. sector, yoy)	1.9	7.1	3.6	3.3
Lending int. rate (corp., eop)	5.0	3.9	3.3	3.5
Deposit int. rate (hhs, eop)	1.4	0.7	0.7	1.1

Note: Average values are available in the Country Outlook Table
Source: Intesa Sanpaolo Research Department forecasts

Industrial production and inflation



Source: Statistical Office of the Republic of Slovenia

Albania

Real Economy

Albania's GDP growth remains on a steady trajectory, with a solid 3.75% expansion recorded in Q3 2025. For the full-year 2026, we project a stabilised growth rate of 3.4%–3.5%. This performance continues to be anchored by robust Domestic Demand, which is being effectively bolstered by a historically tight labour market – where the unemployment rate has hit a record low of 8.1% (Q3 2025) – driving sustained real wage growth.

On the expenditure side, Gross Fixed Capital Formation (GFCF) grew by 4.8%, reflecting a long-term commitment to capital assets. While Exports of Services soared by 12.6% (driven by the tourism surge), the Export of Goods contracted by 14.48% in January 2026. This divergence is largely attributable to the structural appreciation of the Lek, which pressures the price competitiveness of manufactured goods, and shifts in external demand. Public debt is expected to fall to 53.6% in 2026, benefiting from the strong lek and fiscal consolidation.

Short-term Outlook: Domestic demand will remain the core growth engine. We expect the economy to successfully absorb the current challenges in goods trade through continued tourism momentum and infrastructure investment.

Financial Markets

The Bank of Albania maintains a neutral monetary policy stance, with the Policy Rate set at 2.5%. The structural appreciation of the Albanian Lek (ALL) against the Euro, driven by records in tourism receipt and FDI, continues to act as a natural stabiliser, effectively dampening imported inflation. In the Fixed Income market, yields on 12-month T-bills have reached a stable equilibrium, hovering between 3.1%–3.3%. This environment reflects a high-liquidity market with compressed risk premiums, indicating strong investor confidence.

Short-term Outlook: We anticipate the Lek will maintain its seasonal strength. Yields are expected to remain flat, unless the central bank signals a strategic adjustment to counter the current disinflationary environment.

Banking Sector

The banking sector entered 2026 in a position of significant strength. Total loans expanded by 13.56% Yoy (as of Dec 2025), demonstrating a strong credit appetite. Growth is notably balanced between mortgages +19.88% yoy and corporate investment loans +9.55% yoy. Systemic trust is further evidenced by a 9.08% surge in deposits, with robust growth across both household +9.5% and corporate +7.68% segments. Most importantly, asset quality has improved to a decade-high, with the Non-Performing Loans (NPL) ratio descending to 3.8% by year-end.

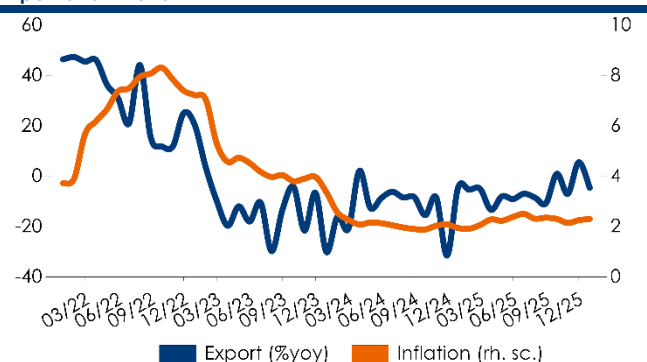
Short-term Outlook: We project continued profitability and credit expansion throughout H1 2026, underpinned by a highly liquid environment and excellent portfolio quality.

Forecasts

	2024	2025	2026F	2027F
Real GDP yoy	4.0	3.8	3.4	3.4
CPI (eop)	2.1	2.3	3.0	3.0
Euro exch. rate (value, eop)	98.2	96.8	97.1	97.6
Short-term rate (eop)	3.0	2.8	3.0	3.0
L/T bond yields (eop)	3.1	2.5	3.3	3.5
Bank loans (pr. sector, yoy)	12.4	13.6	7.1	3.4
Bank deposits (pr. sector, yoy)	3.9	9.1	3.4	3.4
Lending int. rate (pr. sec., eop)	5.5	5.1	5.7	5.9
Deposit int. rate (pr. sec., eop)	2.7	2.5	2.5	2.1

Note: Average values are available in the Country Outlook Table
Source: Intesa Sanpaolo Research Department forecasts

Export and inflation



Source: National Statistical Institute

Bosnia and Herzegovina

Real Economy

While the official GDP data for the fourth quarter of 2025 is scheduled for release at the end of March, high-frequency indicators from this period present a varied outlook. Industrial production recorded a 2.3% qoq improvement, narrowing the annual contraction to -1.1% in Q4. Nevertheless, 2025 concluded with an overall decline of -1.7%, marking the third consecutive year of negative growth. Meanwhile, export growth for goods slowed from 6.4% in the third quarter to 4.4% in the fourth quarter, while imports accelerated from 4.0% to 5.1%. For the entire year, exports rose by 5.6% to EUR 8.7Bn, offsetting a previous decline of -3.7%, but as imports increased by 4.5% to € 15.3Bn, the trade deficit widened from EUR 6.4Bn in 2024 to EUR 6.6Bn. Croatia, Bosnia and Herzegovina's neighbour remained its top export market, accounting for about 18% of total exports and posting 18.2% growth rate last year. Germany is ranked as the second-largest export partner, accounting for 14.4% of total exports. However, its export value saw a slight decline of 0.7%, marking the second consecutive year of decrease after an 8% drop in 2024. Serbia held third place with 11% of total exports and experienced a 3.7% increase compared to the previous year. On the domestic front, real retail trade improved both quarterly and annually, climbing 7.8% in the fourth quarter after a 2.3% gain in the third quarter, resulting in a 2.3% yoy growth for 2025. Meanwhile, labour market statistics reveal that employment growth has slowed since June, posting a -0.4% yoy change in December. By the year's end, there were 3,500 fewer employees than at the close of 2024, with a decrease of 5,200 jobs in manufacturing only partially offset by an increase of 2,500 positions in the public sector. Overall, our 2025 estimate and 2026 outlook remain unchanged at around 2.0% and 2.5%, respectively.

Ivana Jović

In January, inflation moderated to 3.6% yoy after seven consecutive months within the 4-5% range. This reduction was primarily attributed to slower growth in food prices (4.6% in January versus 5.2% in December), along with marginal decreases observed in housing and utilities (7.1% versus 7.3%) and restaurants/hotels (7.2% vs 7.8%). The transport sector saw notable deflation, declining by 2.3% compared to a 0.2% decrease in the previous month. Meanwhile, the downward trend in clothing and footwear prices continued, but was less pronounced at -6.4%, as opposed to -7.8% previously. Despite these developments, the ongoing conflict in the Middle East poses an upward risk to inflation forecasts; the extent of its impact remains contingent upon the intensity and duration of the crisis, which are presently indeterminate.

Banking Sector

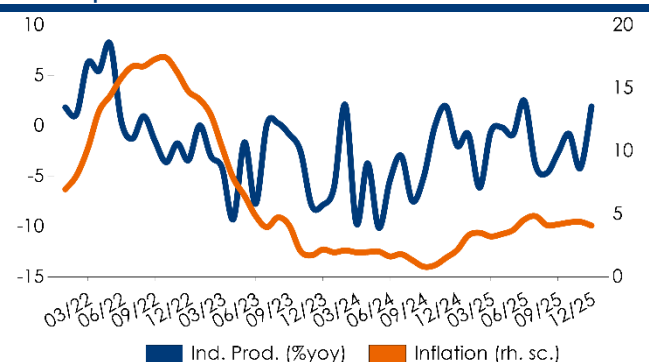
Loans opened the year strongly at 10.8% yoy in January, a tad above year-end figure, whereas deposits mildly slowed to 9.8% yoy. Loan growth is set to moderate in the coming months due to softer wage growth, lower inflation, base effect, and approach 7% yoy. The deposit rise is expected to ease towards 8% yoy, as consumption remains healthy, and the wage increase moderates.

Ana Lokin

Forecasts

	2024	2025	2026F	2027F
Real GDP yoy	2.6	2.1	2.5	2.8
CPI (eop)	2.2	4.1	3.3	3.0
Euro exch. rate (value, eop)	2.0	2.0	2.0	2.0
Short-term rate (eop)	n.a.	n.a.	n.a.	n.a.
L/T bond yields (eop)	n.a.	n.a.	n.a.	n.a.
Bank loans (pr. sector, yoy)	9.3	10.4	7.1	5.6
Bank deposits (pr. sector, yoy)	10.8	10.0	7.8	5.9
Lending int. rate (corp., eop)	4.3	3.4	n.a.	n.a.
Deposit int. rate (hh, eop)	1.2	1.8	n.a.	n.a.

Industrial production and inflation



Note: Average values are available in the Country Outlook Table
Source: Intesa Sanpaolo Research Department forecasts

Source: Agency for statistics of Bosnia and Herzegovina

Bulgaria

Real Economy

Bulgaria officially joined the eurozone in January 2026, meeting all convergence criteria despite a messy political situation. The government fell in December after budget disputes and massive anti-corruption protests, leading to the 8th election in five years set for this April, while presidential elections are also due this autumn. The country closed the year 2025 as one of the fastest growing economies in the EU block. GDP grew by 3% yoy in 4Q25, while full-year growth is estimated at 3.1%. Structure-wise, Q4 growth was led by strong private consumption (supported by a tight labour market and affordable credit to households) and increased investment activity. A negative contribution came from net-exports, as imports continued to significantly outpace exports, which suffered from stagnant demand from key EU partners, negative tariffs impact, as well as temporary operational pauses at two major industrial facilities. In 2026, GDP growth is seen at around 3% based on the expectation that domestic demand will remain strong. Key downside risks refer to geopolitical conflicts and the political situation at home, as it slows reforms needed to unlock EU funds, which are key to sustaining capital investments, while easing the pressure on the budget. Inflation settled at 3.5% at end-2025, according to the harmonised price index. It fell to 2.3% in January, with the strongest pressure coming from food and services, while fuel prices eased. The downward momentum looks set to continue during first part of 2026, with price pressures converging toward 3.2% by year-end. While the euro adoption may trigger some upward pressure through price 'rounding up' in labour-intensive service sectors, early data suggest the impact is limited. A prolonged Middle East conflict currently presents the key downside risk to the outlook.

Tijana Matijasevic

Financial Markets

Early 2026 was marked by the successful adoption of the euro, which eliminated currency risk and deepened integration with the Euro system. BNB reported a smooth transition, with the payment infrastructure functioning without disruptions and customers' credit and deposit products converted without change in original terms. 10Y bond yields eased slightly, supported by the country's BBB+ credit rating and low debt levels, but are prone to increases if higher inflation risk is priced in. The equity market in Bulgaria is relatively small, but should benefit from increased transparency and stronger participation by international players after euro adoption.

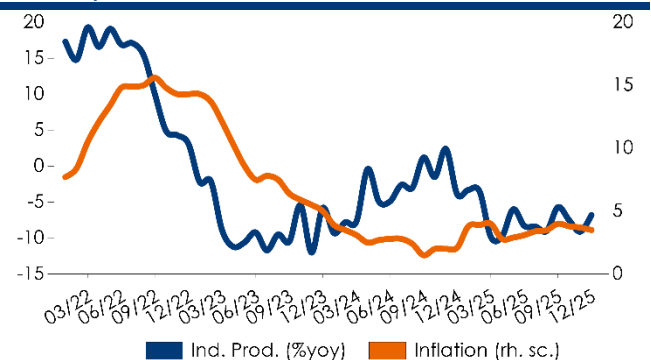
Banking Sector

Private sector loans and deposits recorded strong growth in 2025. Deposits accelerated in the second half of the year to 16.5% in December, largely driven by households moving their cash savings into the banking system to benefit from the automatic and free conversion to the euro on 1 January. Loan growth reached 15.4% yoy in December, with retail lending (in particular housing loans) providing a major contribution to the total loan growth.

Forecasts

	2024	2025	2026F	2027F
Real GDP yoy	3.4	3.1	3.0	2.8
CPI (eop)	2.1	3.5	3.2	2.9
Short-term rate (eop)	0.0	0.0	2.0	2.3
L/T bond yields (eop)	3.9	4.5	4.1	4.2
Bank loans (pr. sector, yoy)	15.0	15.4	8.4	6.7
Bank deposits (pr. sector, yoy)	10.1	16.5	7.5	5.9
Lending int. rate (corp., eop)	5.0	4.7	4.6	4.8
Deposit int. rate (hh, eop)	1.0	0.8	1.0	1.0

Industrial production and inflation



Note: Average values are available in the Country Outlook Table
Source: Intesa Sanpaolo Research Department forecasts

Source: National Statistical Institute Bulgaria

Croatia

Real Economy

Based on the initial estimate, GDP in the 4Q25 showed a robust recovery, increasing by 1.4% quarter-on-quarter and 3.6% yoy (s.adj. 3.3%). This performance resulted in an overall annual growth rate of 3.2%, which moderately exceeded our forecast of 2.9%. Over the fourth quarter, household consumption rebounded as expected, rising by 2.6% yoy compared to 1.9% in 3Q, and contributing a substantial 1.5 pp to the headline figure. Government consumption made a similar impact after increasing by 4.7%. Meanwhile, investment growth slowed from 7.5% to 6.9%. Export performance met forecasts, with goods exports growth easing from 4.1% to 2.4%, while service exports returned to positive territory at 1.6% after declines over the previous three quarters. Imports were weaker than anticipated, growing just 0.3% yoy; goods imports declined by 0.4%, and services growth slowed to 3.1% from double-digit rates in earlier quarters, resulting in net foreign demand positively contributing to total growth. On a full-year basis, household consumption growth moderated to 2.5% yoy from 5.9% in 2024, government consumption expanded by 4.2% compared to 7.3% previously, and investments increased to 6.1%, up from 5.3% the prior year. Export growth softened to 0.9% (down from 1.6%), while import growth slowed significantly from 8.4% in 2024 to 2.8% in 2025. Retail volumes rose 3.0% yoy at the start of the year, slowing from 4.8% in Dec. Automotive fuel sales dropped 5.7%, while food volumes surged 6.1% and non-food by 5.4%. Industrial production fell 2.3% mom and 0.8% yoy, due to lower capital and consumer goods output; energy and intermediates grew 5.5% and 0.4%, respectively. Despite the robust performance observed in the fourth quarter of 2025, which suggests positive momentum extending into 2026, we are, for now, maintaining our current GDP growth forecast at 2.6%.

Ivana Jović

After slowing to 3.8% at end-2025, harmonised inflation dipped further to 3.6% in January 2026 before quickly rising back to 3.9% in February, largely due to increases in food and energy prices, especially unprocessed foods, and the rollback of government support measures. Looking ahead, the ongoing conflict in the Middle East presents an upward risk to current inflation estimates; however, the degree of impact will depend on both the intensity and duration of the crisis, which remain uncertain at this time. Recent developments prompted the Government to reintroduce a price cap on automotive fuels until 23 March to limit increases since prices were deregulated last July.

Financial Markets

Average 10Y government bond yield spread on Bund in Jan-Feb at 0.3pp, average yield at 3.1%. Average spread in 2026 seen at 0.4pp, average yield at 3.2%.

Ana Lokin

Banking Sector

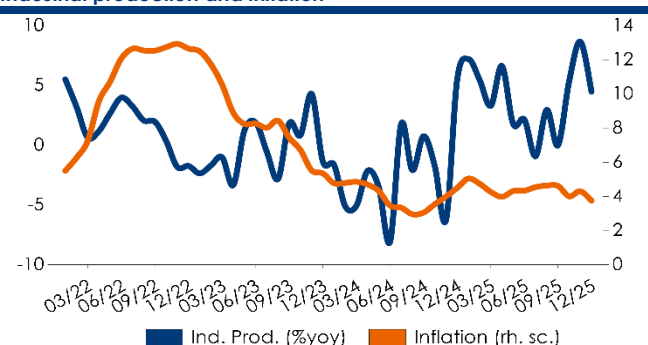
In 2026 we expect to see loans slowing towards 6% yoy as household lending goes off the boil, and corporate financing needs drop. Deposits look set to ease to 5% yoy as GDP and wage rises moderate.

Forecasts

	2024	2025	2026F	2027F
Real GDP yoy	3.8	3.2	2.6	2.6
CPI (eop)	4.5	3.8	3.0	2.0
Short-term rate (eop)	2.8	2.0	2.0	2.3
L/T bond yields (eop)	2.8	3.1	3.5	3.7
Bank loans (pr. sector, yoy)	9.4	12.7	5.6	3.8
Bank deposits (pr. sector, yoy)	3.7	6.8	4.7	3.4
Lending int. rate (pr. sec., eop)	4.5	3.7	3.8	4.0
Deposit int. rate (pr. sec., eop)	2.5	1.8	1.5	1.5

Note: Average values are available in the Country Outlook Table
Source: Intesa Sanpaolo Research Department forecasts

Industrial production and inflation



Source: Croatia Bureau of Statistics

Romania

Real Economy

The National Statistical Institute announced GDP growth in Q4 2025 at 0.2% yoy (-1.9% qoq). 2025 GDP growth was recorded at 0.7%.

CPI at the end of January was 9.62% yoy, slightly above the NBR's latest projection. On a monthly basis, CPI increased 0.86% in January versus December 2025. The latest NBR projection shows that at the end of year 2026 CPI will be at around 3.9%, re-entering the Target Interval in 2027.

The Unemployment figures at the end of January show a 6.0% level, slightly lower than December 2025. The Wages growth accelerated to 4.8% year-on-year at the end of December 2025, but a significantly lower rate than a year ago.

The Budget execution showed a surplus of 0.04% of GDP in January, mainly due to a technical issue of not having an approved Budget for 2026. The main impact of 2025 good execution came from fiscal tightening measures including: VAT increase, banks turnover tax increase, interest and pensions tax, social contributions increase, royalties on tobacco and alcohol increase, revenues on gambling tax increase. For 2026, the expected target deficit is around 6.2%. The response of the Constitutional Court on Justice System pensions reform measures was favourable. The Administration Reform package was agreed and formalised through a Government Ordinance.

The Current Account Deficit at the end of December 2025 was EUR 30.13Bn, EUR 1Bn more than the previous year.

Financial Markets

On 19 January 2026 and 17 February, at the Monetary Policy Meeting, the Romanian Central Bank kept the Monetary Policy Rates unchanged at: Deposit Facility Rate 5.50%, Reference Rate 6.50%, and Credit Facility Rate 7.50%. We do not expect any cut decision till the second part of the year. The liquidity on Monetary Market was still high at around RON 40Bn on a daily basis in January. The implied yields of FX SWAP market are slightly above ROBOR curve after Middle East events.

Banking Sector

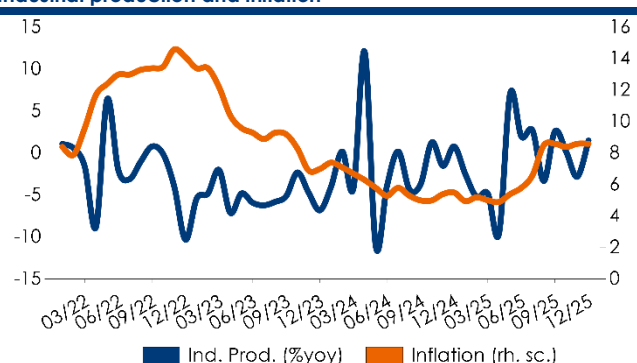
At the end of December 2025, yoy growth on loans was 5.79%, with the RON component at 2.92%, while EUR loans increased by 13.28%. On the deposits side, the overall growth yoy was 6.47%, with the RON component at 4.39% and Foreign Currencies deposits at 11.29%. In 2025, in terms of Households, growth was 8.26% on loans and 8.11% on deposits, while for Companies growth was 3.54% on loans and 3.70% on deposits.

Forecasts

	2024	2025	2026F	2027F
Real GDP yoy	0.8	0.6	1.0	2.5
CPI (eop)	5.5	8.6	4.5	3.5
Euro exch. rate (value, eop)	5.0	5.1	5.2	5.2
Short-term rate (eop)	5.9	6.2	6.3	5.3
L/T bond yields (eop)	7.4	6.9	6.4	6.5
Bank loans (pr. sector, yoy)	8.1	5.8	7.1	6.2
Bank deposits (pr. sector, yoy)	9.7	6.5	5.6	5.4
Lending int. rate (pr. sec., eop)	7.7	7.9	8.1	7.3
Deposit int. rate (pr. sec., eop)	5.0	5.5	3.8	2.7

Note: Average values are available in the Country Outlook Table
Source: Intesa Sanpaolo Research Department forecasts

Industrial production and inflation



Source: National Institute of Statistics

Serbia

Real Economy

The latest statistical data confirmed 4Q25 GDP growth at 2.2% yoy, capping the full-year 2025 GDP growth at only 2.0%. On the production side, services remained the main growth driver (+2.9%), while construction rebounded sharply (+10.6% yoy) after three quarters of contraction. Industry, however, declined 3.4% yoy in 4Q, dragged by ongoing oil-sector difficulties. Looking at the high frequency data, industrial output contracted 9.1% yoy in January, which is a fourth consecutive annual drop and the sharpest decline in four years. By sections, Manufacturing output posted the steepest decline, falling 12.4% yoy, largely due to the discontinuation of refinery production, alongside a general weak performance across branches. Given the geopolitical tensions and the ongoing conflict in the Middle East, which is adding another layer of uncertainty to the outlook, together with the current weaknesses of domestic industry and energy sector, we lower our GDP growth expectations to 2.7% in 2026 and to 3.6% in 2027. Domestic demand is expected to remain the key pillar of the growth, while investments should also play a significant role, underpinned by infrastructure spending related to the EXPO exhibition. Inflation slowed to 2.4% yoy in January, driven by a high base effect and trade-margin caps, while core inflation edged up to 4.1% yoy. Annual inflation is expected to remain within the target band, supported by the tight monetary policy and replacement of margin-cap decree with a permanent trade practices law. However, geopolitical instability and broad-based supply chain pressures pose a significant upside risk to the inflation projection.

Sanja Djokić

Financial Markets

The Central bank held rates steady in February, maintaining a conservative stance amid expected inflation upticks, geopolitical uncertainties, and the resolution of NIS's ownership transition. We expect the Central bank to continue with a cautious approach throughout the whole of 2026. The Dinar remained stable in the first two months of 2026, depreciating by a modest 0.1% against the euro since the start of the year. Depreciation pressures on dinar persisted into early 2026, driven by seasonal demand for foreign currency and heightened uncertainty. The NBS intervened with net FX sales of EUR 810M since the beginning of the year to maintain exchange rate stability. At end-February 2026, gross FX reserves stood at EUR 29.8Bn, covering 6.9 months of imports, providing ample room for the NBS to absorb further pressures on dinar.

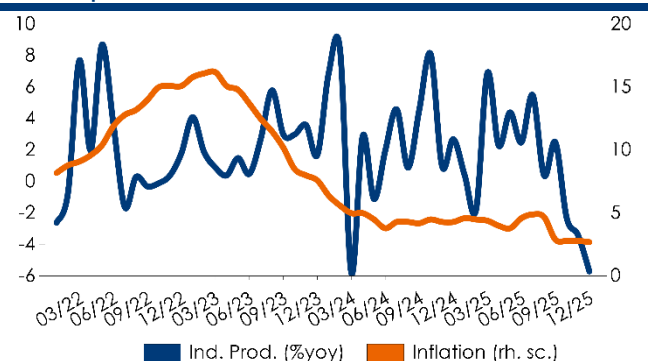
Banking Sector

Lending to private sector continued to expand at a strong rate in January, with the NPL ratio at its historic low (2.1% in December). Total loans to the private sector maintained its double-digit momentum (+15.6% yoy), driven by dynamic growth in household lending (+19.8% yoy) and a steady increase in corporate loans (+11.8% yoy). Total deposits of the private sector increased by 6.5% yoy in January, primarily driven by the household sector deposits growth (+8.3% yoy).

Forecasts

	2024	2025	2026F	2027F
Real GDP yoy	3.9	2.0	2.7	3.6
CPI (eop)	4.3	2.7	4.2	3.9
Euro exch. rate (value, eop)	117.0	117.4	117.7	117.6
Short-term rate* (eop)	4.7	4.7	4.7	4.3
L/T bond yields (eop)	n.a.	n.a.	n.a.	n.a.
Bank loans (pr. sector, yoy)	7.9	15.4	6.1	5.0
Bank deposits (pr. sector, yoy)	13.2	5.9	4.9	4.5
Lending int. rate (pr. sec., eop)	8.7	7.4	7.3	6.8
Deposit int. rate (pr. sec., eop)	4.4	4.4	4.1	3.6

Industrial production and inflation



Source: Statistical Office

Note: Average values are available in the Country Outlook Table
Source: Intesa Sanpaolo Research Department forecasts; * 3M Bellibor

Moldova

Real Economy

Moldova's GDP showed a strong recovery in 2025, rebounding from a weak first half to grow by 5.2% year-on-year in the third quarter, bringing the January–September cumulative growth to 2%. Growth was driven by agriculture, construction, and household consumption, with projections suggesting continued recovery in 2026. Medium-term growth is expected to reach 2.4% in 2026 and 3.3% in 2027, supported by structural reforms, and expanding IT and service sectors. The € 1.9Bn EU Growth Plan will be a key catalyst for modernisation and EU integration.

Moldova's annual inflation rate in February 2026 stood at 5.1%, slightly up from 4.8% in January, showing a stabilisation near the National Bank of Moldova's 5% target. While inflationary pressures, particularly in food and non-food items, have eased from the 2025 highs, risks remain depending on energy prices.

Financial Markets

The National Bank of Moldova kept its benchmark interest rate unchanged at 5% on 5 February 2026, following a 100bps cut in December. At the same time, it reduced reserve requirements to 18% for Moldovan lei liabilities and 26% for freely convertible currency liabilities to support banking system liquidity. The measure is expected to increase lending capacity to the real and public sectors, supporting consumption and investment, and contributing over time to lower interest rates in the money, deposit, and credit markets. Meanwhile, yields on 91-, 182-, and 364-day Treasury bills remained relatively stable in February 2026 compared with December 2025, at 3.03%, 9.54%, and 9.53%, respectively.

Banking Sector

As of January 2026, Moldova's loan portfolio expanded by 26.5% yoy, driven mainly by a 33.0% increase in household lending, while corporate loans rose by a more moderate 21.7%. Deposits showed a solid expansion, up to 12.5%, supported by increases in household deposits (+15.1%) and also corporate deposits (+8.9%).

For 2026, loan growth is projected at 19.9%, while deposits are expected to increase by 8.6%, followed by a gradual slowdown in subsequent years. Double-digit loan growth is anticipated through 2027, while deposit growth is forecast to ease to 7.8% in 2027 and stabilise at around 7.6% annually thereafter. Average lending rates are expected to remain stable at 7.8% in 2026 before gradually declining to 6.3% by 2029. Deposit rates rise temporarily to 4.7% in 2026, but then decline to 2.7% by 2029.

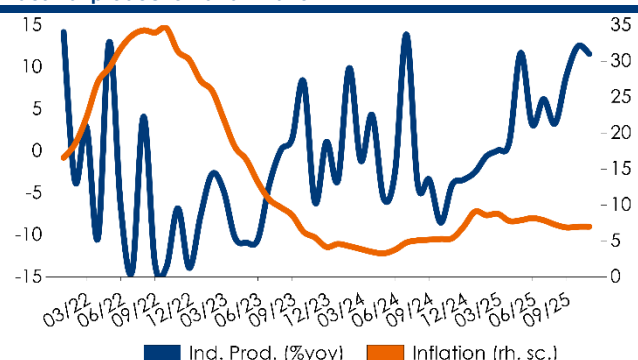
Forecasts

	2024	2025	2026F	2027F
Real GDP yoy	0.1	2.5	2.4	3.3
CPI (eop)	7.0	6.8	5.0	4.5
USD exh. rate (value, eop)	18.3	16.9	16.4	17.3
Euro exh. rate (value, eop)	19.1	19.6	20.1	20.7
Short-term rate (eop)	3.6	5.0	5.0	4.0
L/T bond yields (eop)	6.5	6.6	2.8	2.8
Bank loans (pr. sector, yoy)	26.5	29.0	19.9	15.8
Bank deposits (pr. sector, yoy)	13.6	11.9	8.6	7.8
Lending int. rate (corp., eop)	7.3	8.0	7.6	7.5
Deposit int. rate (hh, eop)	3.1	4.7	3.6	3.5

Note: Average values are available in the Country Outlook Table
Source: Intesa Sanpaolo Research Department forecasts

Doina Caraman

Industrial production and inflation



Source: National Bureau of Statistics of the Republic of Moldova

Russia

Real Economy

The economy continues to return to a balanced growth path. In January, prices accelerated significantly due to extraordinary factors. The Russian economy's upward deviation from a balanced growth path appears to be diminishing. GDP for the whole of 2025 stood at the upper end of the range forecast in October, reaching 1.0%. Although overall economic activity slowed during the year, it accelerated in the fourth quarter of 2025 owing to increased consumer demand. This may have been partly fuelled by expectations of an increase in VAT and recycling taxes. Domestic demand will we expect slow in the coming months. Business confidence reflects the same expectations. Inflationary risks continue to outweigh disinflationary risks on the horizon. The former are associated with a longer upwards deviation of the Russian economy from a balanced growth path and high inflation expectations, the effects of the VAT increase and administered prices, as well as a deterioration in foreign trade conditions.

Francesca Pascali

Financial Markets

At its meeting on 13 February, the Bank of Russia (CBR) decided to reduce its key rate by 50 basis points, to 15.50% per annum. However, the Bank of Russia believes there are no significant changes in the underlying indicators. Once the effect of extraordinary factors has worn off, disinflation will, it expects, continue. The CBR will assess the need for a further cut in the key rate at its upcoming meetings, depending on the sustainability of the slowdown in inflation and the evolution of expectations.

Banking Sector

Loan growth decelerated strongly (to 3.7% yoy as of November from +1.6% yoy in 2024 in nominal terms), particularly for **households** (+1% yoy vs +4.8% yoy for corporates). Lending slowed because of both high interest rates and banks' cautiousness in managing reduced capital and liquidity. It was also due to the fact that banks largely used the previously accumulated capital reserve to finance rapid growth, but are now forced to plan their growth more carefully given their limited ability to replenish capital through profits. They also had to comply with the countercyclical surcharge (0.25pp from 01.02.25 instead of 01.07.25). In **Households**, loans recovered due to strong consumer demand for mortgages, boosted by the anticipated tightening of the terms of the subsidised programme for families with children. **Corporate lending** continued to decline in January, as anticipated by the central bank, partly because companies actively repaid their obligations after receiving budget funds in December. The share of **problem loans** in the corporate sector grew to 11% in December, while in the mortgage portfolio it was 1.7%. Problem corporate loans were adequately covered by prudential reserves by 91% (as in January) and retail loans by 72%.

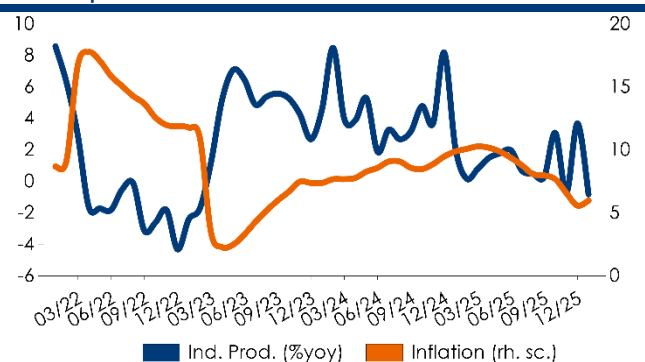
Davidia Zucchelli

Forecasts

	2024	2025	2026F	2027F
Real GDP yoy	4.4	1.0	1.0	1.3
CPI (eop)	9.5	5.6	4.5	4.1
USD exch. rate (value, eop)	103.9	78.5	80.2	89.1
Euro exch. rate (value, eop)	108.8	92.0	95.2	105.3
Short-term rate (eop)	21.3	16.0	13.0	7.0
L/T bond yields (eop)	8.9	9.5	n.a.	n.a.
Bank loans (pr. sector, yoy)	16.0	3.5	5.2	5.1
Bank deposits (pr. sector, yoy)	23.8	3.1	5.3	5.2
Lending int. rate (corp., eop)	24.0	17.4	12.6	9.6
Deposit int. rate (hh, eop)	21.4	14.2	9.1	6.1

Note: Average values are available in the Country Outlook Table
Source: Intesa Sanpaolo Research Department forecasts

Industrial production and inflation



Source: State Statistics Federal Service

Ukraine

Real Economy

Moving further into 2026, the Ukrainian economy has continued to manage ongoing strains from targeted strikes on power facilities, yet February's uptick in business confidence and confirmed late-2025 performance point to some underlying adaptation. Late-2025 results proved more favourable than initially signalled, with Q4 real GDP rising 3.0% yoy according to State Statistics Service preliminary figures, accompanied by 0.7% qoq growth. This acceleration in the second half helped offset earlier softness, though full-year 2025 expansion settled at around 1.8-2.2% pending final reconciliation. For 2026, GDP projections cluster at 1.8-2.5%, constrained by limited electricity availability and greater reliance on imports. Headline inflation decelerated to 7.4% yoy in January (from December's 8.0%), with monthly advance at 0.7%; core inflation followed, easing to 7.0% yoy (down from 8.0% in December) as processed food and services pressures moderated further. The central bank's business expectations index advanced to 45.9 in February from January's 41.3; still below the neutral level but showing gains in several sectors. The current account deficit in 2025 amounted to USD 31.9Bn (-14.9% of GDP), compared to USD 15.2Bn in 2024. In February, the IMF approved a new 48-month EFF programme worth USD 8.1Bn, replacing the previous arrangement, including an immediate disbursement of about USD 1.5Bn.

Artem Krasovskiy

Financial Markets

The next NBU's key rate review is slated for mid-March, and we see a high likelihood of another 50bps cut at that session, consistent with the NBU's baseline path of gradual easing and recent disinflation trends – though the final decision will hinge on February inflation figures, FX stability, and risk assessment. The January summary of MPC discussions showed a split – most members see only limited room for easing over 2026 (perhaps to 14.5% by end-2026 in a conservative case), while a minority advocated faster moves. Exchange-rate movements have exhibited increased volatility in March, with the hryvnia depreciating noticeably amid heightened market pressures; the USD/UAH rate reached highs of nearly 44 (43.95 on 4 March), up from February's ~43.00-43.30. Reserves climbed to a new peak of USD 57.7Bn as of February 1, reflecting robust partner inflows that offset NBU's FX sales and government repayments. The FinMin has been actively reducing yields on primary debt auctions, most notably on the longest end of the curve (by ~150bps on 3-year paper), in response to improved liquidity conditions and the central bank's easing signal.

Banking Sector

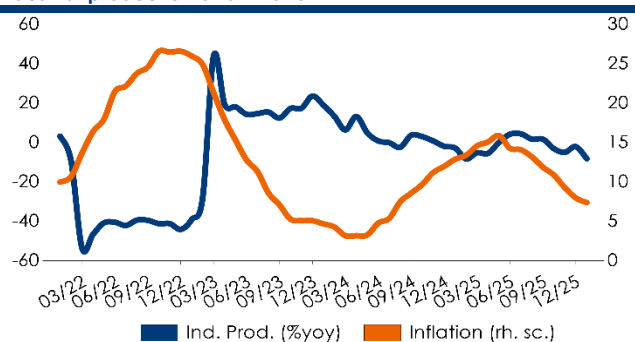
The latest NBU overview reports preliminary full-year earnings of UAH 126.8Bn, up 39.4% nominally yoy (+13.3% pre-tax), influenced by the 25% rate applicable during 2025 (reverted to 50% for 2026). Credit activity gathered pace: Net loans grew by 7.5% in Q4 2025 and by a third yoy. Corporate UAH lending expanded 35.6% yoy, and household lending by 33.9%. Non-performing loans declined to 13.9% by December (from 30.3% a year earlier) – the lowest print in over 15 years.

Forecasts

	2024	2025	2026F	2027F
Real GDP yoy	2.9	-100.0	1.9	2.5
CPI (eop)	12.0	8.0	7.5	6.0
USD exch. (value, eop)	41.7	42.4	44.5	45.5
Euro exch. rate (value, eop)	43.7	49.4	54.7	54.4
Short-term rate (eop)	n.a.	n.a.	n.a.	n.a.
L/T bond yields (eop)	n.a.	n.a.	n.a.	n.a.
Bank loans (pr. sector, yoy)	10.2	4.6	3.8	4.5
Bank deposits (pr. sector, yoy)	14.4	16.1	5.8	5.6
Lending interest rate (pr.sect., eop)	18.8	19.2	16.5	14.7
Deposit interest rate (pr.sect., eop)	8.6	10.3	8.8	7.7

Note: Average values are available in the Country Outlook Table
Source: Intesa Sanpaolo Research Department forecasts

Industrial production and inflation



Source: State Statistics Service of Ukraine

Egypt

Real Economy

On 1 March, the US and Israel launched air strikes targeting Iran's senior officials and military assets. In retaliation, Iran targeted Israel and US assets across the Gulf Arab states. Our baseline scenario assumes that this will be a short-lived conflict, lasting up to one month. It is expected to lead to a slowdown in real GDP growth to 4.5% yoy in 2026, due to potential impacts on tourism and Suez Canal. Headline inflation increased to 13.4% yoy in February from 11.9% yoy in January, driven by higher prices of food, tobacco, and housing & utilities. In response to hikes in oil prices, Egypt's government raised the prices of a wide range of fuel products by 14-17%, pledging to revise the decision once the crisis ends. This development, together with the depreciation of the local currency, is set to place additional pressures on inflation expectations. However, December's projections, which anticipated a slight decrease in the average inflation rate during 2026 to 12.3% versus 14.3% a year earlier, were maintained. This reflects the expected delay in cutting interest rates and redirection of key food exports to the domestic market.

Samer Halim

Financial Markets

Since mid-February, the EGP has depreciated by almost 11% against the USD, largely due to portfolio outflows, estimated at USD 5-8Bn according to Reuters. As a result, projections for the average exchange rate throughout the year were revised upwards to EGP 48.6 per USD. The trajectory of major sources of foreign currency inflows such as remittances, Tourism, Suez Canal, and Trade Balance remains uncertain (noting that Israel has halted gas exports to Egypt). Their evolution will depend on the duration of the war. It is worth noting that the banking sector's (Central Bank of Egypt "CBE" + Commercial Banks) net foreign assets have amounted to USD 29.3Bn in January 2026 and tier 2 reserves were recorded at USD 17.3Bn in February.

In February, the CBE decided to cut key policy rates by 100bps. Accordingly, the overnight deposit and lending rates were reduced to 19% and 20%, respectively. In addition, the CBE reduced the required reserve ratio (RRR) for commercial banks from 18% to 16%. Due to recent events, the CBE is expected to delay cutting interest rates again until August to anchor inflation expectations. MMR (yield on 3M EGP T-Bills) has climbed 60bps since the breakout of the war, and March's scenario expects elevated levels of yields as they are more sensitive to geopolitical conflicts.

Banking Sector

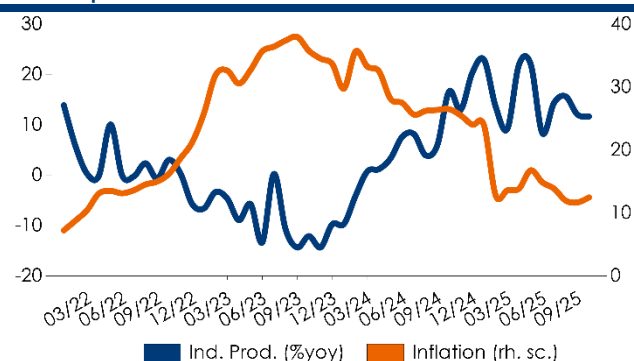
The baseline scenario suggests that growth in private-sector loans and deposits is likely to slow gradually in 2025 and 2026 after being inflated by last year's currency depreciation. However, uncertainty still prevails regarding the impact of the war on the performance of retail/ business activities.

Forecasts

	2024	2025	2026F	2027F
Real GDP yoy	3.1	5.0	4.5	5.3
CPI (eop)	24.1	12.3	10.8	8.5
USD exch. rate (value, eop)	50.6	47.6	48.5	51.1
Euro exch. rate (value, eop)	53.0	55.7	59.6	61.1
Short-term rate (eop)	30.8	26.1	22.0	15.7
L/T bond yields (eop)	n.a.	n.a.	n.a.	n.a.
Bank loans (pr. sector, yoy)	29.8	12.6	11.6	9.5
Bank deposits (pr. sector, yoy)	34.4	20.4	10.0	10.0
Lending int. rate (corp., eop)	26.7	21.5	17.6	13.2
Deposit int. rate (hh, eop)	20.9	15.9	13.6	10.1

Note: Average values are available in the Country Outlook Table
Source: Intesa Sanpaolo Research Department forecasts

Industrial production and inflation



Source: Ministry of Planning, CAPMAS

Country Data: Economy, Markets and Banks - the economic cycle

The Economy

	GDP chg yoy			Ind.prod ¹ chg.yoy			Export nom. chg yoy			Retail sales chg yoy			Inflation chg yoy			Unemployment rate			Wages chg yoy			Economic Survey ²			
	4Q25	3Q25	2024	Last	mth	4Q25	Last	mth	4Q25	Last	mth	4Q25	Last	mth	4Q25	Last	mth	4Q25	Last	mth	4Q25	Last	mth	4Q25	
CEE																									
Czechia	2.5	3.0	1.2	3.8	Dec	3.5	6.1	Dec	-0.8	3.1	Dec	2.4	1.2	Jan	1.9	5.1	Jan	4.7	8.0	Dec	6.3	101.4	Jan	98.8	
Hungary	n.a.	n.a.	n.a.	1.8	Dec	-2.1	3.8	Dec	-2.6	4.0	Dec	3.2	2.1	Jan	3.8	4.4	Dec	4.4	8.9	Nov	8.8	101.7	Jan	100.0	
Poland	3.6	3.8	3.0	7.3	Dec	3.2	-1.8	Nov	0.1	3.3	Dec	3.9	2.5	Dec	2.7	5.7	Dec	5.6	8.6	Dec	7.4	103.2	Jan	100.3	
Slovakia	1.0	0.9	1.9	-8.5	Dec	-5.6	7.0	Dec	3.5	-5.0	Dec	-2.5	4.2	Jan	4.0	5.3	Dec	5.1	7.0	Dec	6.1	94.1	Jan	97.5	
Slovenia	2.0	1.9	1.7	-4.1	Dec	-2.9	13.3	Dec	5.3	4.4	Dec	2.4	2.3	Jan	2.7	4.8	Dec	4.7	-3.1	Dec	1.4	102.5	Jan	102.3	
SEE																									
Albania	n.a.	3.8	4.0	n.a.	n.a.	n.a.	-14.5	Jan	-0.5	n.a.	n.a.	n.a.	2.3	Jan	2.2	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Bosnia H.	n.a.	2.1	2.6	1.9	Dec	-0.9	-11.5	Jan	4.4	9.4	Dec	7.8	4.1	Dec	4.3	26.9	Dec	26.9	14.2	Dec	13.8	n.a.	n.a.	n.a.	
Bulgaria	3.0	3.0	3.4	-6.8	Dec	-1.2	2.5	Dec	-0.4	7.7	Dec	6.1	2.3	Jan	3.7	3.1	Jan	3.2	11.0	Dec	11.0	100.6	Jan	100.1	
Croatia	3.6	2.3	3.8	4.5	Dec	6.6	-3.2	Nov	n.a.	5.6	Dec	3.6	3.6	Jan	4.0	4.9	Jan	4.4	9.8	Dec	9.7	106.3	Jan	107.9	
Romania	0.1	1.6	n.a.	1.5	Dec	-0.4	9.4	Dec	4.8	-1.6	Dec	0.4	9.6	Jan	8.5	6.0	Dec	6.0	4.8	Dec	4.4	94.2	Sep	n.a.	
Serbia	2.2	2.0	3.9	-5.7	Dec	-3.8	11.3	Dec	5.4	8.5	Dec	7.8	2.4	Jan	2.8	n.a.	n.a.	n.a.	11.2	Nov	11.8	n.a.	n.a.	n.a.	
EE & MENA																									
Moldova	3.9	5.5	0.1	11.6	Nov	12.1	18.0	Nov	20.9	n.a.	n.a.	n.a.	5.1	Feb	6.9	4.1	Aug	n.a.	9.7	Sep	n.a.	n.a.	n.a.	n.a.	
Russia	1.0	0.6	4.4	-0.8	Jan	2.0	72.1	Jan	n.a.	0.7	Jan	4.0	5.9	Feb	6.6	2.2	Dec	2.2	4.7	Sep	n.a.	49.5	Feb	48.1	
Ukraine	3.0	2.1	2.9	-3.5	Dec	-4.0	-4.1	Sep	n.a.	15.5	Dec	12.8	7.6	Feb	9.4	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	
Egypt	n.a.	5.3	3.1	11.7	Oct	11.7	12.4	Nov	7.5	n.a.	n.a.	n.a.	11.5	Feb	12.4	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	49.8	Jan	50.2	
m.i. E. A.	1.3	1.3	0.9	-1.1	Jan	2.1	3.4	Dec	0.4				1.9	Feb	2.1										

Source: Refinitiv; ¹Wda data for Slovakia, Slovenia; Bosnia, Croatia, Egypt; ²PMI manufacturing for Russia and Egypt, ESI for remaining countries.

Markets and Ratings

	S/T rates		L/T rates ¹		Foreign exchanges ²			Stock markets		CDS spread (bp)		FX res. chg (mln €) ³			CA bal. (mln €) ⁴		Rating	
	13/3	3M*	13/3	3M*	13/3	3M*	1Y*	3M*	1Y*	13/3	12/12	4Q25	3Q25	2024	4Q25	3Q25	Moody's	
CEE																		
Czechia	3.5	-0.1	4.9	0.2	24.49	0.79	-2.18	-2.1	24.0	22.5	20.8	n.a.	n.a.	n.a.	n.a.	942.0	Aa3	
Hungary	6.3	-0.2	6.7	-0.2	392.35	2.21	-1.81	11.1	40.5	96.9	105.6	n.a.	n.a.	n.a.	n.a.	n.a.	Baa2	
Poland	3.9	-0.2	5.8	0.5	4.27	1.00	1.75	5.8	26.8	56.7	58.8	n.a.	n.a.	n.a.	n.a.	-4,929.0	A2	
Slovakia	2.2	0.1	3.5	-0.1	n.a.	n.a.	n.a.	5.0	-1.4	27.1	27.2	n.a.	n.a.	n.a.	n.a.	-3,890.4	A3	
Slovenia	2.2	0.1	3.4	0.2	n.a.	n.a.	n.a.	15.0	42.2	27.1	27.2	92	138	577	185	928.2	A2	
SEE																		
Albania	2.7	n.a.	n.a.	n.a.	96.05	-0.53	-3.35	n.a.	n.a.	n.a.	n.a.	n.a.	507	n.a.	n.a.	658.0	Ba3	
Bosnia H.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	150	410	691	n.a.	-27.6	B3	
Bulgaria	2.2	0.1	3.1	0.0	n.a.	n.a.	n.a.	10.7	39.4	38.3	42.1	n.a.	n.a.	n.a.	-3,887	-1,162.0	Baa1	
Croatia	2.2	0.1	3.1	0.1	n.a.	n.a.	n.a.	3.1	20.4	50.1	45.3	332	58	331	n.a.	3,931.0	A3	
Romania	5.7	-0.3	7.3	0.3	5.09	0.08	2.35	17.8	62.5	129.1	126.9	n.a.	n.a.	n.a.	n.a.	n.a.	Baa3	
Serbia	5.8	0.0	n.a.	n.a.	117.44	-0.01	0.27	-2.3	7.5	138.6	139.5	-43	1,648	4,386	-1,489	-807.6	Ba2	
EE & MENA																		
Moldova	5.0	0.0	7.2	0.3	19.69	0.25	1.23	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	-867.1	B3	
Russia	n.a.	n.a.	n.a.	n.a.	80.10	0.06	-7.13	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	WR
Ukraine	n.a.	n.a.	n.a.	n.a.	44.08	4.46	6.17	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	Ca
Egypt	23.8	-2.7	11.3	0.0	52.34	10.10	3.34	9.2	46.8	370.7	289.0	1,918	834	11,889	n.a.	-3,239.7	Caa1	
m.i. E. A.	2.2	0.1	2.9	0.1	1.1	-2.5	5.4	2.8	8.3	2.16	3.13							

Source: Refinitiv; ¹For Ukraine, the long-term rate refers to a government issue in dollars; ²The (-) sign indicates appreciation; ³USD for Russia, Egypt, Ukraine, Romania; ⁴USD for Russia, Egypt, Ukraine. (*) % change.

Banking aggregates and interest rates (private sector)

	Loans chg yoy %			NPL/Loans %			Foreign Liab. chg yoy %			Deposits chg yoy %			Loans rate 1-NewB* %			DepositsRate1-NewB* %			Loans/Dep %					
	Last	Mth	2024	Last	mth	2024	Last	mth	2024	Last	Mth	2024	Last	mth	2024	Last	mth	2024	Last	mth	2024			
CEE																								
Czechia	6.9	Dec	5.7	1.5	Dec	1.7	3.3	Dec	14.0	4.0	Dec	7.6	5.2	Dec	5.7	2.9	Dec	3.2	H	71.1	Dec	69.1		
Hungary	8.5	Dec	6.8	1.8	Jun	1.8	9.2	Dec	16.0	5.5	Dec	8.4	9.8	Dec	11.1	5.0	Dec	4.6	H	81.6	Dec	79.3		
Poland	5.7	Dec	3.6	4.0	Mar	n.a.	n.a.	Dec	n.a.	9.8	Dec	8.1	5.8	Dec	7.7	3.1	Dec	3.9	H	61.9	Dec	64.3		
Slovakia	6.9	Dec	2.9	2.0	Dec	2.0	-3.3	Dec	36.2	5.5	Dec	6.5	4.2	Dec	4.8	0.5	Dec	0.7	H ²	104.8	Dec	103.3		
Slovenia	6.6	Dec	2.7	1.5	Nov	1.0	2.4	Dec	3.6	7.1	Dec	1.9	3.9	Dec	5.0	0.7	Dec	1.4	H ²	60.8	Dec	61.1		
SEE																								
Albania	13.6	Dec	12.4	3.8	Dec	4.2	19.9	Dec	13.8	9.1	Dec	3.9	5.1	Dec	5.5	2.5	Dec	2.7	PS	63.1	Dec	60.6		
Bosnia H.	10.4	Dec	9.3	2.7	Sep	3.2	2.4	Dec	27.5	10.0	Dec	10.8	3.4	Dec	4.3	1.8	Dec	1.2	H	87.6	Dec	87.3		
Bulgaria	15.4	Dec	15.0	2.7	Dec	3.2	28.7	Dec	19.6	16.5	Dec	10.1	4.7	Dec	5.0	0.8	Dec	1.0	H	68.7	Dec	69.5		
Croatia	12.7	Dec	9.4	2.3	Sep	2.4	37.2	Dec	23.8	6.8	Dec	3.7	3.7	Dec	4.5	1.8	Dec	2.5	PS	74.2	Dec	70.2		
Romania	5.8	Dec	8.1	2.7	Nov	2.5	21.3	Dec	0.6	6.5	Dec	9.7	7.9	Dec	7.7	5.5	Dec	5.0	PS	68.9	Oct	65.7		
Serbia	15.4	Dec	7.9	2.1	Dec	2.5	5.4	Dec	-1.8	5.9	Dec	13.2	7.4	Dec	8.7	4.4	Dec	4.4	PS	84.3	Dec	77.3		
EE & MENA																								
Moldova	26.5	Jan	26.5	4.2	Jan	4.1	n.a.	Dec	n.a.	12.5	Jan	13.6	7.8	Jan	7.3	4.9	Jan	3.1	H	72.1	Jan	62.7		
Russia	3.7	Nov	16.0	6.1	Dec	n.a.	13.3	Dec	n.a.	4.6	Nov	23.8	18.8	Nov	24.0	15.2	Nov	21.4	H	115.8	Nov	113.4		
Ukraine	4.6	Dec	10.2	23.9	Nov	30.3	15.6	Dec	-2.4	16.1	Dec	14.4	19.2	Dec	18.8	10.3	Dec	8.6	PS	37.7	Dec	41.8		
Egypt	24.3	Aug	29.8	2.1	Jun	2.3	7.2	Dec	63.6	20.4	Dec	34.4	21.5	Dec	26.7	15.9	Dec	20.9	H	35.7	Aug	35.4		
m.i. E. A.	1.36	May	0.7	n.a.	n.a.	n.a.	3.3	May	2.2	4.6	May	4.2	3.3	Jan	4.2	1.8	Jan	2.5	H	71.8	May	71.9		

Source: Central Banks, IMF, Moody's; monthly average; ¹ending rate on current account overdraft; on deposits up to 1 year. ²Sector C=Corporates, H=Household, PS=Private Sector.

Country Outlook

The Economy

		GDP (% yoy)					Inflation (% avg)					
		2023	2024	2025	2026F	2027F	2023	2024	2025	2026F	2027F	
CEE	Czech Rep.	0.1	1.2	2.6	2.3	2.3	Czech Rep.	12.1	2.7	2.3	1.9	2.0
	Hungary	-0.9	0.7	0.4	2.0	2.6	Hungary	17.6	3.7	4.5	2.8	3.6
	Poland	0.1	3.0	3.6	3.6	2.5	Poland	11.0	3.7	2.8	2.5	2.5
	Slovakia	2.1	1.9	0.8	1.1	2.6	Slovakia	11.0	3.2	4.2	3.8	3.1
	Slovenia	2.4	1.7	1.1	2.2	2.4	Slovenia	7.2	2.0	2.5	2.3	2.0
SEE	Albania	3.3	4.0	3.8	3.4	3.4	Albania	4.8	2.2	2.2	2.9	3.0
	Bosnia Herzegovina	3.8	2.6	2.1	2.5	2.8	Bosnia Herzegovina	6.1	1.7	4.0	3.4	3.0
	Bulgaria	1.7	3.4	3.1	3.0	2.8	Bulgaria	8.6	2.6	3.5	2.9	3.2
	Croatia	3.8	3.8	3.2	2.6	2.6	Croatia	8.4	4.0	4.4	3.3	2.6
	Romania	2.4	0.8	0.6	1.0	2.5	Romania	9.8	5.9	6.7	6.5	3.7
	Serbia	3.7	3.9	2.0	2.7	3.6	Serbia	12.1	4.6	3.8	3.5	3.8
	Moldova	0.7	0.1	2.5	2.4	3.3	Moldova	14.0	4.7	7.8	5.0	4.5
EE & MENA	Russia	3.6	4.4	1.0	1.0	1.3	Russia	6.0	8.4	8.7	5.4	4.0
	Ukraine	5.5	2.9	-100.0	1.9	2.5	Ukraine	13.4	6.5	12.8	7.1	6.7
	Egypt	2.9	3.1	5.0	4.5	5.3	Egypt	33.8	28.5	14.2	12.3	9.6

Markets

		Exch.rate (avg Euro)					Interest rate (% avg)					
		2023	2024	2025	2026F	2027F	2023	2024	2025	2026F	2027F	
CEE	Czech Rep.	24.0	25.1	24.7	24.0	24.0	Czech Rep.	7.1	5.0	3.6	3.4	3.4
	Hungary	381.8	395.5	397.7	385.8	390.8	Hungary	14.3	7.3	6.5	6.0	5.1
	Poland	4.5	4.3	4.2	4.3	4.4	Poland	6.4	5.8	5.0	3.8	3.7
	Slovakia	n.a.	n.a.	n.a.	n.a.	n.a.	Slovakia	3.4	3.6	2.2	2.0	2.1
	Slovenia	n.a.	n.a.	n.a.	n.a.	n.a.	Slovenia	3.4	3.6	2.2	2.0	2.1
SEE	Albania	108.4	100.5	98.0	96.8	97.2	Albania	3.1	3.0	2.8	2.9	3.0
	Bosnia Herzegovina	2.0	2.0	2.0	2.0	2.0	Bosnia Herzegovina	n.a.	n.a.	n.a.	n.a.	n.a.
	Bulgaria	n.a.	n.a.	n.a.	n.a.	n.a.	Bulgaria	0.0	0.0	0.0	2.0	2.1
	Croatia	n.a.	n.a.	n.a.	n.a.	n.a.	Croatia	3.4	3.6	2.2	2.0	2.1
	Romania	4.9	5.0	5.0	5.1	5.2	Romania	6.6	5.9	6.3	6.6	5.6
	Serbia	117.3	117.1	117.2	117.4	117.6	Serbia	5.6	5.3	4.7	4.7	4.5
	Moldova (USD)	18.2	17.7	17.4	16.7	16.8	Moldova	9.5	3.8	6.2	5.0	4.4
EE & MENA	Russia (USD)	85.2	92.8	83.8	80.6	87.6	Russia	9.4	18.0	18.9	14.4	8.3
	Ukraine (USD)	36.8	40.1	41.7	43.2	45.0	Ukraine	n.a.	n.a.	n.a.	n.a.	n.a.
	Egypt (USD)	30.7	45.3	49.3	48.6	49.8	Egypt	23.1	27.9	27.6	23.4	17.6

Banking aggregates (% change yoy)

		Loans (pr. sector)					Deposits (pr. sector)					
		2023	2024	2025	2026F	2027F	2023	2024	2025	2026F	2027F	
CEE	Czech Rep.	6.6	5.7	6.9	5.5	4.2	Czech Rep.	7.5	7.6	4.0	3.8	4.0
	Hungary	3.3	6.8	8.5	6.5	4.9	Hungary	0.3	8.4	5.5	5.1	5.2
	Poland	-2.5	3.6	5.7	5.0	4.5	Poland	10.5	8.1	9.8	5.0	5.0
	Slovakia	3.4	2.9	6.9	4.6	4.4	Slovakia	4.6	6.5	5.5	4.7	4.4
	Slovenia	-0.5	2.7	6.6	5.2	3.4	Slovenia	5.5	1.9	7.1	3.6	3.3
SEE	Albania	3.7	12.4	13.6	7.1	3.4	Albania	1.6	3.9	9.1	3.4	3.4
	Bosnia Herzegovina	6.8	9.3	10.4	7.1	5.6	Bosnia Herzegovina	10.2	10.8	10.0	7.8	5.9
	Bulgaria	11.2	15.0	15.4	8.4	6.7	Bulgaria	10.4	10.1	16.5	7.5	5.9
	Croatia	8.0	9.4	12.7	5.6	3.8	Croatia	3.5	3.7	6.8	4.7	3.4
	Romania	5.9	8.1	5.8	7.1	6.2	Romania	12.9	9.7	6.5	5.6	5.4
	Serbia	1.0	7.9	15.4	6.1	5.0	Serbia	11.7	13.2	5.9	4.9	4.5
	Moldova	3.7	26.5	29.0	19.9	15.8	Moldova	20.6	13.6	11.9	8.6	7.8
EE & MENA	Russia	24.2	16.0	3.5	5.2	5.1	Russia	23.4	23.8	3.1	5.3	5.2
	Ukraine	-0.3	10.2	4.6	3.8	4.5	Ukraine	26.7	14.4	16.1	5.8	5.6
	Egypt	22.1	29.8	12.6	11.6	9.5	Egypt	18.5	34.4	20.4	10.0	10.0

Banking interest rates (%)

		Lending (Corp. avg)					Deposits (HH avg)					
		2023	2024	2025	2026F	2027F	2023	2024	2025	2026F	2027F	
CEE	Czech Rep.	8.6	6.6	5.2	4.5	3.7	Czech Rep.	6.0	4.3	2.9	2.7	2.2
	Hungary	12.3	11.3	10.3	7.6	4.4	Hungary	11.6	5.5	4.9	3.9	2.5
	Poland	8.5	7.7	7.0	5.5	4.1	Poland	5.6	4.2	3.6	2.8	1.9
	Slovakia	4.3	5.7	4.4	3.9	3.9	Slovakia	0.4	0.7	0.6	0.7	0.9
	Slovenia	4.6	5.4	4.2	3.5	3.4	Slovenia	0.8	1.5	1.0	0.7	1.0
SEE	Albania	5.9	5.5	5.3	5.5	5.9	Albania	2.1	2.6	2.6	2.5	2.3
	Bosnia Herzegovina	3.7	4.2	3.9	n.a.	n.a.	Bosnia Herzegovina	0.5	0.8	1.7	n.a.	n.a.
	Bulgaria	4.4	4.7	4.4	4.6	4.7	Bulgaria	0.5	0.8	0.9	1.3	0.9
	Croatia	4.7	5.0	3.9	3.8	3.9	Croatia	2.4	3.0	1.9	1.7	1.5
	Romania	9.4	8.2	8.0	8.3	7.6	Romania	6.0	5.2	5.4	5.2	3.0
	Serbia	11.6	10.3	8.5	7.3	7.1	Serbia	5.8	4.8	4.3	4.3	3.8
	Moldova	11.3	7.8	7.8	7.8	7.6	Moldova	9.8	3.6	3.9	4.7	3.0
EE & MENA	Russia	11.6	18.9	20.5	15.9	10.1	Russia	7.6	16.7	17.6	12.4	6.7
	Ukraine	22.1	19.6	19.7	17.4	15.2	Ukraine	12.3	9.1	10.0	9.4	7.9
	Egypt	17.8	24.3	24.2	19.3	15.3	Egypt	12.7	19.2	18.2	14.7	11.6

Source: Intesa Sanpaolo Research Department forecasts

Appendix

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