

## Economic and Banking Outlook

### Viewpoint

Growth Moderates, Banking Fundamentals Remain Sound

#### Macroeconomic scenario

- Overview – The global economy is moving into a more challenging phase, characterised by heightened geopolitical uncertainty, renewed energy market tensions, and increasingly fragmented trade patterns.** While investment linked to digitalisation, artificial intelligence, defence, and infrastructure continues to provide support to activity, higher uncertainty is weighing on business confidence and investment decisions. **Against this backdrop, CEE, SEE and EE economies remain relatively resilient,** supported by domestic demand, EU-related investment flows, and sound banking fundamentals, although growth is becoming more uneven across countries. Egypt operates within the same global environment, yet combines stronger nominal dynamics with a still ongoing macroeconomic adjustment process.
- Economic growth – Across CEE, SEE and EE it is expected to remain positive but moderate in 2026.** In CEE, domestic demand and investment continue to support activity, with Poland remaining the region's main growth engine, while Hungary and Slovakia are seeing a more gradual recovery. SEE economies face a softer cyclical backdrop, reflecting weaker consumption and external demand, although investment and EU funds continue to provide support. In EE, growth remains constrained by structural and geopolitical factors, pointing to a prolonged period of subdued expansion. Egypt is expected to outperform the broader region, benefiting from stronger domestic momentum and improving macroeconomic conditions.
- Inflation – The disinflation process has largely stalled across the region. Higher energy prices, supply-side pressures, and geopolitical tensions have generated a temporary resurgence in inflation,** particularly in SEE and EE regions. Inflation remains comparatively contained in most CEE economies, although progress towards central bank targets is proving slower than previously anticipated. In SEE and EE, price dynamics are more persistent, reflecting both domestic and external factors. Egypt continues to record significantly higher inflation than the rest of the region, although the underlying trend remains gradually downwards.
- Monetary policies – Across the region, monetary policy is entering a more differentiated phase.** In CEE, central banks are expected to continue easing, although at a more measured pace as inflation converges only gradually towards target. In SEE, policymakers look likely to maintain a cautious stance, keeping rates broadly stable until inflationary pressures recede more decisively. In EE, monetary conditions are set to remain restrictive in absolute terms, despite a projected easing path from exceptionally elevated levels. **Overall, the policy mix reflects the need to balance support for economic activity with the preservation of disinflation credibility.** Egypt follows a similar trajectory, with monetary easing expected to proceed gradually against the backdrop of still-elevated inflation.

#### Macroeconomic forecasts

	GDP (yoy % chg)				CPI (avg, yoy % chg)				Policy rates (avg, %)			
	2024	2025	2026F	2027F	2024	2025	2026F	2027F	2024	2025	2026F	2027F
CEE	2.4	2.7	2.6	2.4	3.4	3.2	3.1	2.8	5.7	4.7	3.9	3.7
SEE	2.1	1.6	1.2	2.6	4.7	5.3	5.9	4.0	5.5	4.8	4.8	4.4
EE	4.8	1.1	1.1	1.6	8.2	9.1	5.7	4.6	18.9	22.8	16.9	9.6
CEE SEE EE	3.8	1.6	1.5	1.9	6.5	7.0	5.0	4.0	12.7	13.0	10.2	7.2

Source: Intesa Sanpaolo Research Department F= forecasts

June 2026

Countries with ISP subsidiaries

Quarterly Note

Research Department

International Research Network

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## Banking aggregates

- **Loans – Credit growth across CEE, SEE and EE regions is gradually transitioning from the exceptionally strong expansion seen in recent years towards a more sustainable pace.** In CEE, lending activity continues to benefit from both household demand and recovering investment, while SEE economies still exhibit comparatively stronger credit dynamics, largely driven by retail lending and favourable banking sector conditions. In EE, loan growth is more subdued, reflecting a weaker macroeconomic backdrop and elevated uncertainty. Egypt is expected to maintain robust nominal credit expansion, although tighter financial conditions point to a gradual deceleration over the forecast horizon.
- **Deposits – Deposit growth remains on a solid trajectory across the region,** reflecting favourable income dynamics, precautionary savings behaviour, and relatively attractive remuneration. **Although growth rates are expected to moderate compared with 2025,** deposit accumulation is likely to exceed loan growth in several markets, preserving ample liquidity buffers within the banking system. This pattern is particularly visible in CEE, while SEE and EE display greater cross-country divergence. Egypt continues to record strong deposit inflows, fostered by elevated nominal income growth and high interest rates.
- **Rates (Loans and Deposits) – Interest rates are gradually adjusting to a less restrictive monetary environment, although the normalisation process is becoming more gradual as inflation proves stickier than previously anticipated.** Lending rates are expected to trend lower across CEE, providing a more supportive backdrop for credit demand and investment, while remaining comparatively elevated in SEE and especially in EE. Deposit rates are also projected to decline, albeit at a measured pace, reflecting abundant system liquidity and the cautious approach adopted by central banks. Egypt stands apart with significantly higher lending and deposit rates, consistent with its inflation dynamics and monetary policy stance.
- **NPLs – Asset quality continues to represent a key strength of banking systems across CEE, SEE, and EE. Despite slower economic growth and still relatively tight financial conditions, non-performing loan ratios remain close to historical lows,** pointing to a credit cycle that is still fundamentally healthy. Household balance sheets appear broadly sound, while corporates have thus far shown a satisfactory capacity to absorb higher financing costs. Some normalisation cannot be excluded in the medium term; however, current indicators do not suggest any material deterioration in credit quality. Egypt also benefits from a broadly stable asset quality profile, underpinned by prudent risk management and solid banking sector fundamentals.

### Banking forecasts

	Loans (yoy % chg, avg)			Deposits (yoy % chg, avg)			Lending Interest rates (avg, %)			Deposit Interest rates (avg, %)		
	2025	2026F	2027F	2025	2026F	2027F	2025	2026F	2027F	2025	2026F	2027F
CEE	6.5	5.9	4.3	7.7	5.7	4.7	6.8	5.7	4.8	3.3	3.0	2.6
SEE	9.8	6.5	5.6	8.2	5.8	5.0	6.7	7.0	6.5	3.9	4.3	3.4
EE	5.6	4.9	5.0	8.3	6.5	5.5	20.4	16.4	9.7	17.0	12.4	5.7
CEE SEE EE	6.4	5.4	4.9	8.1	6.2	5.2	8.9	7.1	4.1	7.5	5.4	2.5

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 2.2% year-on-year in the first quarter of 2026 on an annual basis (seasonally-adjusted data), compared with 2.5% in the previous quarter, owing to the relatively strong economic performance in both Poland and Slovenia that offset the economic weakness in Hungary and Slovakia. Within rather wide bounds, in 1Q26 the economic trend was in a range from 0.9% in Slovakia to 3.3% in Poland. Among the countries in the SEE area, the only data available relates to Croatia, Romania, and Serbia, where the GDP remained on a weak trend in the first quarter (0.1% in weighted average on seasonally-adjusted data) due to the negative performance in Romania, while the GDP growth was positive for Serbia and Croatia.

The latest releases of high-frequency economic indicators remain mixed, but generally point to a weakening economic dynamic in the short term. In the first quarter of 2026, in the CEE/SEE area, the industrial production dynamic remained positive, but looking at March country-specific data, there is a significant divergence among countries. In Hungary, the production index (in seasonally-adjusted terms) increased by 6.7% yoy, as in Poland, where the dynamic was strong too (+3.1%); while it decreased at -0.9% in Slovakia and -1.8% in Romania. In May, the Economic Sentiment indicator increased slightly in the CEE region with respect to April (99.9 from 99.1) and was slightly above the 1Q data (99.4). In the same month, the equivalent indicator in the SEE area remained at 93.5, below the 1Q average (94.9).

Although varying across countries, the decline in inflationary pressure has practically stopped in recent months in the CEE and SEE regions, owing to the acceleration of inflation due to international energy prices increases, partially offset in several countries by the exchange-rate strengthening, as in Hungary or Czech Republic. Aggregating the data (weighted average), in the CEE area, in April 2026, the inflation rate increased to 3.1% from 2.7% in previous month (harmonised values). In the SEE area, annual inflation in April went up to 7.7%, close to previous month, driven by the high inflation in Romania (9.5%).

At their most recent meetings, national banks in the region held their rates steady, at 6.25% for Hungary, 3.5% for the Czech Republic, and 3.75% in Poland, 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 increased slightly in several CEE countries but not in Hungary, and SEE countries versus three months ago, with a small rise of spreads with respect to the Bund 10Y yields.

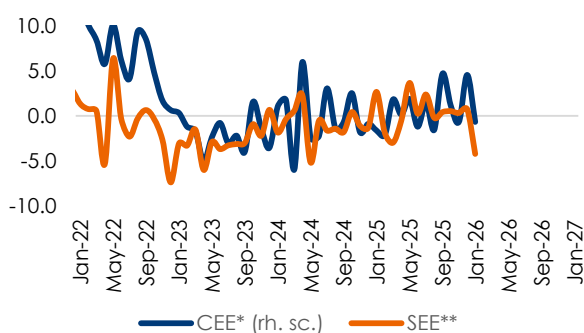
Antonio Pesce, Francesca Pascali, Davidia Zucchelli

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

Temporary resurgence of inflation

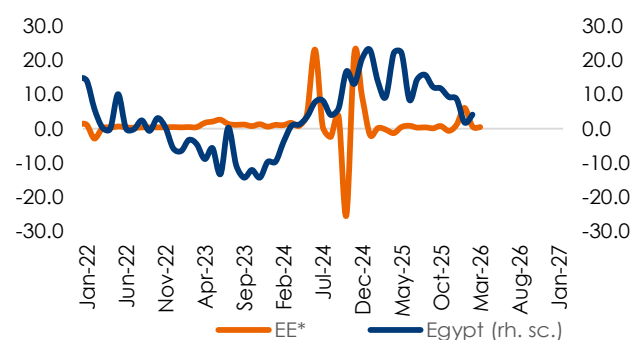
Monetary easing in CEE and SEE countries in pause

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, 1Q26 preliminary data showed a decrease by -0.2% in GDP (+1.0% in 4Q25). It also decreased in Ukraine (-0.5% the preliminary data in 1Q26). In Moldova 4Q26 GDP decreased to 3.9% from 5.6% in 3Q25, while in Egypt, it remained stable in 4Q25 (5.32% from 5.30 in 3Q). Moving to high-frequency indicators, in April, industrial production raised (by 1.9% yoy) in Russia (from +2.3% in March), it increased also

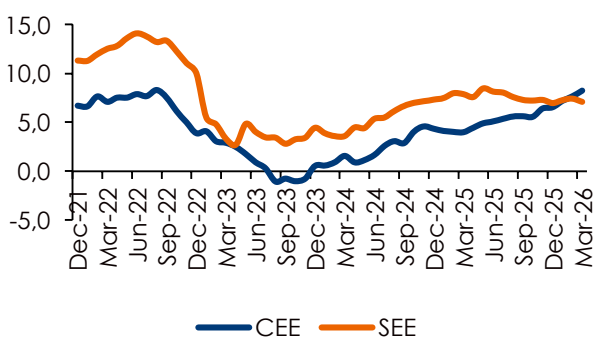
Slight declines in GDP in the EE countries

in Moldova (+12.3% in March), and in Ukraine (+4.5% in March vs. -2.6% in February). In Egypt, it increased by 4.1% in February (+1.8% in January). In April, **retail sales** increased in Russia by 6.5% (6.2% in March), and in March by 12.8% in Ukraine (vs. +7.7% in February). In Russia, **consumer prices** reached their peak in March 2025 (+10.3%), up to the CB targets (4.0%), and in April 2026 they rose by 5.6% (5.9% in March). Prices also rose in Ukraine to 8.6% (+7.9% in March). In Moldova, the CPI stood at 6.8% vs. 5.8%. In Egypt, inflation rose by 14.9% in April, down from the +15.2% of March, and still well above the upper end of the CB's corridor ( $7\% \pm 2\%$ ).

**Banking aggregates** in CEE remained supportive in early 2026. In the main markets, **loan growth is still solid**, around 7.6% year-on-year in Poland and 6% yoy in Slovakia in March. Within the region, growth continues to be relatively well diversified. **Hungary and the Czech Republic** still showed comparatively strong momentum at the beginning of the year, although here too a deceleration is expected. Overall, the picture is one of resilience, but with a clear normalisation trend emerging after the robust performance seen in 2025. **In SEE, credit dynamics have remained more heterogeneous but generally stronger than in CEE.** Serbia and Bulgaria continue to lead the region, with very high growth rates in early 2026 (above 16% yoy), alongside still-robust lending in Croatia. **Romania stands out as the laggard**, with lending broadly flat around mid-single digits, in line with weaker economic conditions. Across segments, **the key driver remains household lending**, particularly in SEE (12.8% in 2025), where credit expansion was still elevated at the start of the year. At the same time, there are increasing signs that the peak has passed, and that household-driven growth will also gradually soften as financial conditions remain relatively tight. **Asset quality continues to be a non-issue for now**, with NPL ratios remaining low across the region, suggesting that the credit cycle is still in a relatively benign phase despite the macro slowdown. **Deposit dynamics** remained broadly supportive at the start of 2026, confirming the still-favourable income backdrop, although a gradual normalisation is becoming more visible. In CEE, deposit growth strengthened further in early 2026, reaching around 10.3% yoy in Poland, with the area average close to 9% yoy. In the SEE area, deposit growth remains relatively strong (mainly in the households, 9.8% in 2025, vs 7.4% in the corporates) but increasingly heterogeneous. Bulgaria continues to stand out (~17.7% yoy in March 2026), while Serbia and Bosnia also show solid expansion (around 9–11% yoy). By contrast, Romania and Croatia display more moderate dynamics, broadly in the 6–6.5% range. In Eastern Europe, **Russia is showing a much weaker credit cycle**, with growth contained in single digits, while Moldova continues to expand at a very strong pace. Ukraine is showing tentative signs of recovery, although the outlook remains fragile. **Deposit trends remain more mixed.** Russia shows a moderate pace of expansion (around 8.5% yoy in 1Q2026). Moldova continues to post strong deposit growth (14.7% yoy). Ukraine, after strong growth in 2025, is also normalising, with deposits expanding at 14.4% yoy. **Egypt** continues to post strong nominal growth in banking aggregates.

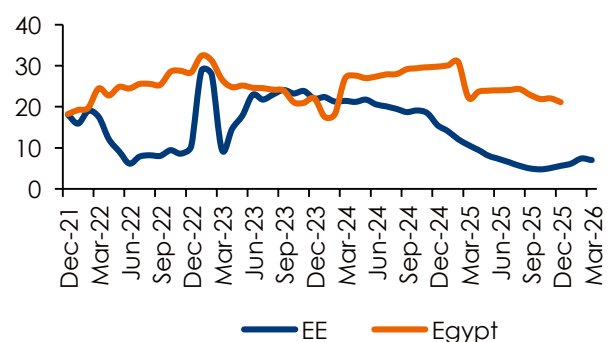
**Credit growth across the broader region remains resilient but is past its peak**

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** appears to be entering a more fragile phase. According to the latest *World Economic Outlook*, the international scenario is now shaped not only by persistent trade frictions and elevated uncertainty, but also by the outbreak of war in the Middle East at the end of February 2026. In this context, in the IMF forecasts, global growth is projected at 3.1% in 2026 and 3.2% in 2027, below the pace recorded in 2024–2025 and also below the historical average observed before the pandemic. Global headline inflation is expected to rise to 4.4% in 2026, before easing to 3.7% in 2027. The overall picture therefore remains one of moderate growth, but with greater vulnerability to geopolitical shocks, commodity price volatility, and tighter financial conditions.

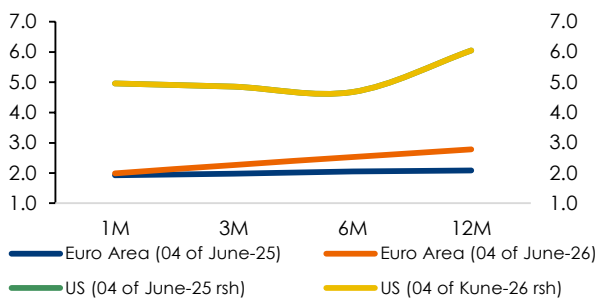
The **gap between advanced and emerging economies** remains a central feature of the current outlook, but it is likely to become more uneven across countries, in our view. While the aggregate revision to global growth may appear relatively contained, the burden of the shock is expected to fall more heavily on commodity-importing emerging economies and on countries already characterised by weaker macroeconomic fundamentals. Inflation dynamics are also becoming more complex: beyond the direct impact of higher energy prices, there is concern that prolonged supply shocks could affect inflation expectations and require a more cautious monetary stance. In this sense, the recent deterioration in the geopolitical backdrop has not so much changed the direction of the global cycle as increased dispersion, uncertainty, and downside risk around an already modest growth path.

At the regional level, the picture remains differentiated. In the **United States**, activity has so far been supported by technology-related investment, relatively accommodative financial conditions, and policy support, but the economy remains exposed to a reassessment of financial valuations and to renewed inflationary pressures. In the **Euro Area**, growth continues to be subdued, and the policy challenge is complicated by the need to preserve fiscal sustainability while cushioning the effects of external shocks. More generally, for many advanced economies the key issue is no longer only weak growth, but the need to manage possible trade-offs between inflation control, financial stability, and public debt dynamics. For several **emerging market economies**, the outlook is potentially more exposed to external shocks, especially where dependence on imported energy and limited policy buffers increase vulnerability.

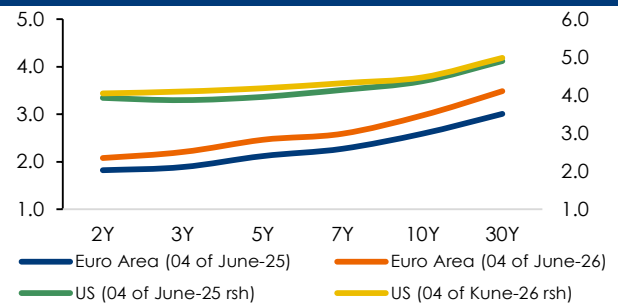
The **Chinese economy** is expected to grow by about 4.4% in 2026, supported by lower US effective tariff rates and policy stimulus, which are partly offsetting the negative effects of the Middle East conflict. Even so, the underlying picture remains uneven: export performance has been stronger than domestic demand, while structural headwinds – including the prolonged weakness of the housing sector, demographic pressures, declining returns on investment, and slower productivity growth – are expected to weigh more visibly on activity over the medium term. **India** is confirmed as one of the main engines of global growth, with GDP projected at around 6.5% in both 2026 and 2027. The outlook continues to benefit from solid recent momentum, supportive macroeconomic conditions, and a more favourable external trade setting, which together more than offset the adverse spillovers from the Middle East conflict. Among the major emerging economies, **Brazil** is expected to grow by around 1.9% in 2026 and 2.0% in 2027. In the near term, the economy should benefit modestly from its position as a net energy exporter, but this support is expected to be partially offset later on by weaker global demand, higher input costs – including fertilisers – and tighter financial conditions. Brazil nevertheless retains some resilience, supported by adequate international reserves, limited reliance on foreign-currency debt, sizeable government cash buffers, and a flexible exchange rate.

**Antonio Pesce**

**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 the CEE area (2.6% vs 2.1%) and a lower path in SEE (1.3% vs 2.1%) with respect to March projections. For the next year, GDP in the CEE area has been slightly revised upwards with respect the previous forecasts (at 2.4%), as in the SEE area where the upward revision is at 2.7%, namely 50 bp above March projections.

The upward revision in CEE is due to GDP growth in Poland, which is now expected to stay at 3.3% because of the higher economic dynamic seen 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 in 2026 (80 bp lower than March forecasts) comes from the reduction of GDP growth projected in Romania for the current year (at 0.1% from 2.1% 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 and because of the high policy uncertainty in the country.

The prevailing **risks to the outlook** remain broadly on the negative side as a consequence of the general weakness of the international landscape. The war in the Middle East, in addition to the geopolitical fragmentation 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. Overall, risks are prevailing on the upside for the two areas as the international price of energy is increasing.

In the **EE** countries, we slightly adjust our forecasts. For Russia, we have left unchanged our 2026 GDP estimate to 1.1% and our 2027 figure at 1.5%. For Ukraine, we have lowered our estimates to +1.4% from +1.9% in 2026 and raised to 2.4% in 2027 (from 2.3%). We estimated for Moldova a rise (+2.2% in 2026 and 3.6% 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 at the end of 2026. For **Egypt**, we lowered our GDP growth estimate to 3.6% for calendar year 2026 (vs 3.9% March forecasts) and we left unchanged our estimate at 5.3% for 2027. Inflation is expected to reach 14.8% by year-end 2026 and 9.8% in 2027. It is expected to move to the CB's target at the end of 2027.

**Francesca Pascali, Antonio Pesce**

**GDP forecasts for 2026 confirmed on a positive path, but on a lower path in the SEE area**

**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 March scenario, we continue to believe that the policy rate-reduction cycle could resume next year in several countries in the region. **Hungary** is expected to reach 4.75% by the end of 2027, and then to continue down to 4.50% at the end of 2028, while the **Czech Republic** is forecast to arrive at the target point of 3.25% in 2028, one year later than March projections. For **Poland**, we confirm our expectation of the target policy rate at 3.5%, but in 2027 instead of the end of 2026. In the SEE area, we believe that the monetary easing has been concluded in **Albania**, while in **Romania** further reductions are expected up to 5.0% in 2027 and then 4.0% in 2028. In **Serbia**, an inversion of the interest rate cycle is expected in 2027 with the policy rate rising at 6.75%, before declining in 2028 at 5.75%.

Outside the CEE/SEE regions, **Russia's CB**, at its meeting on 24 April decided to reduce the key rate by 50 basis points to 14.50% per annum. The trend in domestic demand has largely reflected the economy's capacity to increase the supply of goods and services. However, indicators of underlying price growth have not yet declined and remain within a range of 4% to 5% on an annualised basis. Significant uncertainties remain regarding the external environment and fiscal policy parameters. Inflationary risks continue to outweigh disinflationary risks on the horizon. The former are associated with the deterioration of the global economic outlook and rising global price pressures against a backdrop of growing geopolitical tensions, as well as high expectations and a prolonged period in which wage growth outpaces productivity growth. Disinflationary risks involve a more significant slowdown in domestic demand. At **Moldova's** central bank meeting on 7 May, the National Bank of Moldova (NBM) decided to raise the policy rate applied to key short-term monetary policy operations to 6.50% per annum. The NBM took this decision in response to the need to define a monetary policy aimed at mitigating inflationary pressures against the backdrop of the intensifying effects of the conflict in the Middle East, which are reflected in rising international prices for energy resources, food and raw materials and their impact on regional economic activity forecasts, as well as on the monetary and fiscal policies pursued by major economies. On 30 April, the Board of the National Bank of **Ukraine** (NBU) decided to keep the key policy rate unchanged at 15.0% in order to support the attractiveness of hryvnia-denominated instruments, preserve the sustainability of the foreign exchange market, and keep inflation expectations under control against a backdrop of mounting price pressures. An appropriate monetary stance will help bring inflation back onto a path of steady decline towards the 5% target over the monetary policy horizon. Should risks to price developments intensify, the NBU stands ready to implement additional measures to curb inflationary pressures. In **Egypt**, at its meeting on 21 May, the MPC of the CBE decided to keep key interest rates unchanged. The overnight deposit rate, the overnight lending rate and the main operations rate remain at 19.0%, 20.0% and 19.5%, respectively. The discount rate was also kept at 19.5%. This decision reflects the Committee's assessment of current and expected inflationary dynamics in an unfavourable external environment. The decision to leave rates unchanged at 20% for the second consecutive

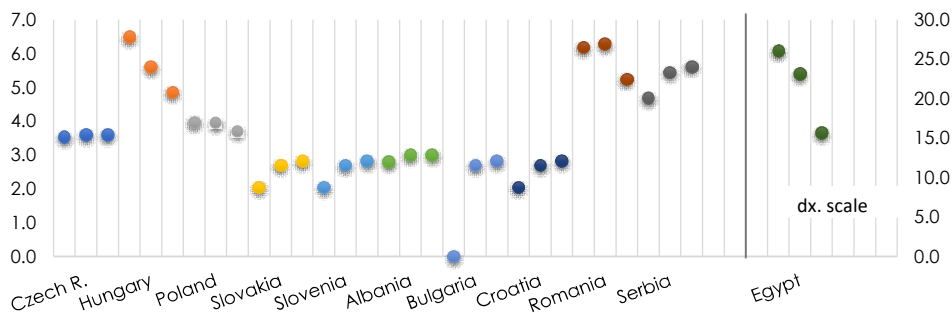
**Francesca Pascali, Antonio Pesce**

**The policy rate easing cycle is expected to continue but has been postponed**

meeting – provided the Strait of Hormuz reopens relatively soon – confirms a wait-and-see stance on the part of the CBE.

For 2026 and 2027, the profiles for **long-term yields** have been revised slightly upwards across the forecast horizon with respect to our March scenario in several CEE/SEE countries, with the spreads respecting the 10y Bund, which increased 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. In Hungary, a significant appreciation of the local currency is expected due to the euro area convergence.

#### 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 seen in Q1, we slightly **revised upwards our banking aggregate forecasts for several countries for 2026**, while confirming a gradual deceleration in the following years. This outlook continues to be supported by positive spillovers from Germany's expansionary fiscal stance and internal demand. On the asset side, banks are still benefiting from very low non-performing loan ratios, reflecting solid credit dynamics. Profitability and capital are expected to stay resilient, as interest rate cuts are likely to be postponed. Banks continue to rely on broad and stable domestic deposit bases, with only moderate dependence on more volatile market funding, and liquidity buffers remain comfortable. **Funding pressures may improve slightly both in Slovakia and Russia**, which continue to display relatively high LTD ratios, but deposit growth rates are expected to exceed loan growth rates. Competition from government instruments remains relevant in countries such as Croatia. At the same time, a modest increase in customer risk, higher provisioning, regulatory measures such as interest rate caps (e.g. Serbia), and new taxes (e.g. Ukraine) may weigh on margins from 2026 onwards.

Loan growth in the CEE is expected to moderate to around **5.9% in 2026 and 4.3% in 2027**, from over **8% in early 2026**, confirming a gradual normalisation after the strong performance of 2025. The main upward revisions involve countries such as Slovenia, where lending is projected to remain relatively resilient (around **6.4% in 2026**). Overall, lending will remain constrained by still relatively high real interest rates, although improving real disposable incomes and support measures (notably in Hungary, 10.3% in 2026) are expected to sustain credit demand. In Slovakia, tighter macroprudential conditions, including the increase in the countercyclical capital buffer, may also contribute to moderating lending dynamics (5.1% in 2026).

Forecasts for **SEE banking aggregates for 2026 have also been slightly revised**, reflecting the stronger starting point in early 2026. In several countries, including Serbia and Bulgaria, credit growth remained elevated at the beginning of the year (above **16% yoy**), but is expected to slow markedly towards **mid-single digits in 2026**. In **Croatia**, lending is also projected to decelerate towards around **8.6% in 2026 (5.8% in 2027)**, following the fading impact of previous support measures. More broadly, in the **SEE area, loan growth is expected to ease to around 6.5% in 2026**, down from above **10% in early 2026**, before further moderating in subsequent years (5.6%

Davidia Zucchelli

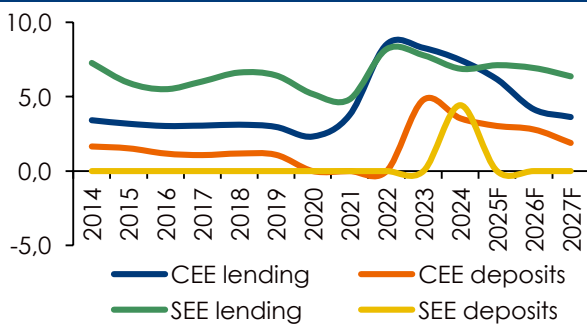
**Lending is expected to remain resilient**

**...while deposits are normalising**

in 2027). Banks will continue to benefit from low NPL ratios and strong capital positions, in our view, but a slightly weaker macroeconomic environment may lead to some increase in credit risk, particularly in Romania, where fiscal measures could weigh further on activity.

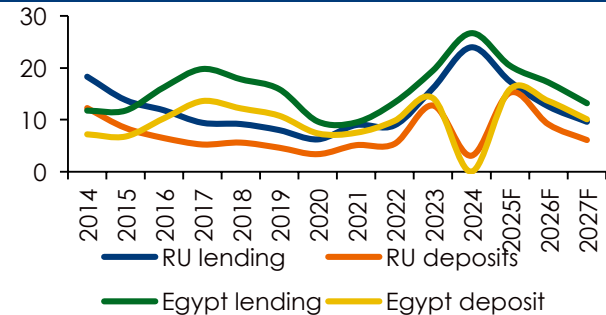
After a dynamic start to 2026 (with **deposit growth around 9% yoy in CEE**), deposit dynamics are expected to decelerate to around **5–6% in 2026 (4.7% in 2027)**, and remain on a similar trajectory thereafter. The slowdown reflects both lower interest rates and growing competition from alternative savings instruments, such as mutual and pension funds. At the same time, economic and geopolitical uncertainty may continue to support precautionary savings. Across countries, deposit trends remain heterogeneous. **Poland** continues to show relatively strong dynamics (above **10% in early 2026, easing to 6% in full-year 2026**), while **Bulgaria** stands out in SEE with very high growth (close to **18% yoy** in early 2026), expected to normalise towards around **8% in 2026**. By contrast, Romania and Croatia display more moderate and stable dynamics, broadly around mid-single digits. **Interest rates are expected to gradually increase in 2026 and then to stabilise or to decline in 2027**, broadly in line with money market developments, although external shocks could still alter this path. In the EE area, in **Russia**, deposit growth is projected to moderate towards around **6.5% in full-year 2026, after relatively solid growth in early 2026**, pointing to a gradually less supportive funding environment compared with previous years. In **Ukraine**, recent tax measures on the banking sector may weigh on profitability, while deposit growth is expected to slow markedly after the exceptionally strong expansion recorded in 2025. In **Egypt**, we confirm a still robust but moderating trend: loan growth is expected to decelerate to around **10% in 2026**, while deposits are projected to remain relatively strong at around **11%**, stabilising at that level in 2027.

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

In the wake of another global energy crisis, Czech GDP growth has slowed to 2.2% from the 2.5% pace recorded in late 2025. And more downside is probably on the cards later this year – indeed, we forecast full-year GDP growth in 2026 at 2.1%, two-tenths below our forecast three months ago. This revision mainly reflects the erosion of real purchasing power of households, as inflation is increasing and will, we estimate, probably average 2.5% in 2026 – half a percentage point more than foreseen in the previous forecast. Household resilience has already shown some weariness. Consumer confidence declined from 110.4 points in March to 103.4 by May, the lowest level since September 2025, as households have grown more concerned over personal finances and the ability to make major purchases in the year ahead.

As well as household spending, moderation also is likely on the exports side a result of reduced global growth. By contrast, government spending looks set to make a positive contribution to growth as the new government of PM Andrej Babis appears little concerned over budget overrun, taking comfort in the relatively still low public debt-to-GDP level of 44%.

#### Financial Markets

The Czech National Bank (CNB) has continued to keep rates steady since May last year, with the key rate held at 3.50%. The increase in inflation, from 1.6% in January to 2.5% by April, has nonetheless made its rhetoric hawkish and the official CNB macro forecast published in early May assumed an increase in interest rates in 2026, followed by their decrease next year. With inflation expected by the CNB to stay in the upper half of its tolerance band and hit 3% at the turn of the year, our previously assumed rate in the remainder of 2026 cut is no longer appropriate. Rather, there is now a chance that rates could be hiked later this year. We nonetheless see the stability of rates as the more likely scenario.

Markets meanwhile have been grappling with global risk sentiment, which sent Czech yields temporarily above the 5% level on 10-year maturity, up from 4.4% before the outbreak of the war in Iran. The exchange rate has also taken some pounding. We nonetheless see the sentiment to improve in the course of the year, and the value of Czech assets to return closer to their pre-war levels.

#### Banking Sector

Moderation of economic growth on the one hand and increased uncertainty on the other have made us revise the outlook for growth of loans in 2026 slightly down, while for deposits slightly up. The liquidity situation on the Czech market looks set to remain very comfortable, with the loan-to-deposit ratio at 72% versus 71% in 2025 and 69% in 2024.

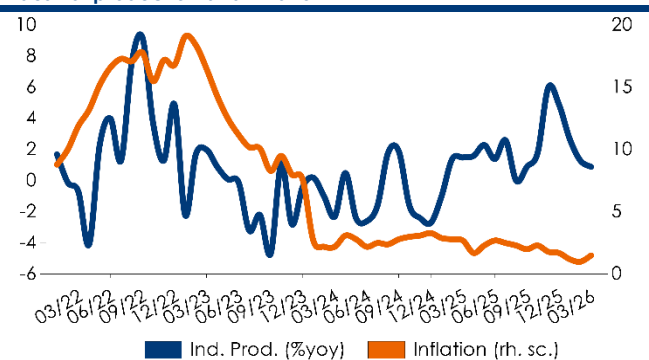
#### Forecasts

	2024	2025	2026F	2027F
Real GDP yoy	1.2	2.6	2.1	2.3
CPI (eop)	3.3	1.7	2.5	2.2
Euro exch. rate (value, eop)	25.1	24.3	24.4	24.0
Short-term rate (eop)	3.9	3.5	3.6	3.6
L/T bond yields (eop)	4.1	4.7	4.4	4.2
Bank loans (pr. sector, yoy)	5.7	7.2	5.8	3.9
Bank deposits (pr. sector, yoy)	7.6	4.0	4.8	3.9
Lending int. rate (corp., eop)	5.7	5.2	5.0	3.5
Deposit int. rate (hh, eop)	3.2	2.9	3.0	2.1

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

Zdenko Štefanides

#### Industrial production and inflation



Source: Czech Statistical Office

## Hungary

Q1 GDP growth was stronger than expected (+0.8% quarter-on-quarter, +1.7% year-on-year). Growth remained driven by consumption. The change in government will have limited impact on the 2026 GDP profile, in our view, and we thus keep our FY 2026 GDP forecast unchanged. A U-turn in economic policy could put the economy on a higher and more sustainable growth trajectory from 2027. The government signed a comprehensive political agreement regarding locked EU funds (EUR 16.4Bbn, ~7% of GDP). RRF and cohesion funds will support investments from next year. Inflation is expected to inch higher in H2, but the strong FX rate and the delayed exit from price caps will mitigate the impact of higher imported inflation. Headline CPI could reach 4% in December, while average inflation is expected to remain around 3%. Improved growth prospects and stronger confidence may stabilise the unemployment rate below the peak of 4.8% in February. The fiscal deficit may considerably overshoot the original target; the ESA shortfall could be around 7%. From 2027 onwards, a gradual fiscal consolidation looks set to take place, but the debt/GDP ratio will we expect still rise before stabilising in 2028. The rating agencies kept the sovereign credit rating unchanged in May-June; a downgrade can be avoided, in our view, if the government presents a credible consolidation plan by the end of the year.

Mariann Trippon

### Financial Markets

The NBH left the policy rate unchanged in May, but its dovish statement suggests that the easing cycle is likely to restart in June. The downwards shift in the inflation trajectory alongside the improvement in the country's risk assessment widens the CB's room for manoeuvre. However, real rates will remain positive throughout the year. The NBH has stated it will proceed cautiously and will stick to its data-driven approach. We cut our eop 2026 and 2027 policy rate projection by 25-25 bps, respectively. The risk premium has been steadily declining since the election, with HUF gaining more than 7.5% vis-à-vis the EUR since the end of 2025, and spreads have narrowed significantly. We believe that the good news is fully priced in, so some corrections might well be on the cards. The gradual decrease in the yield differential may push the EUR/HUF ratio towards 360 again. In the medium term, a credible eurozone accession plan could serve as a strong nominal anchor for markets.

### Banking Sector

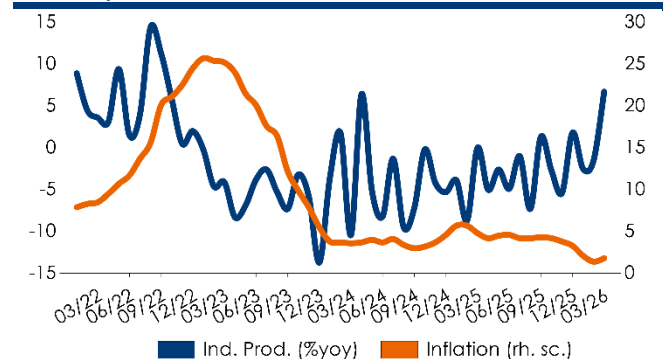
Private sector loans in the banking sector grew by 2.5% in the January-March period. Corporate loans increased slightly, at a rate of 0.7%. In Q1, before the Hungarian elections, pullbacks are still being felt: subdued economic growth, the uncertain outlook, and still relatively high interest rates. On the other hand, loans to the household sector show a more stable picture with a growth rate of 4.6% with the extra boost of the 3% fixed rate subsidised mortgage loan. FY 2026 loan volume growth could be around 10% on our calculations with even more support from the Household sector. Total Deposit growth has also been stable in 2026 to-date, with a 3.0% volume increase during Q1, in which corporate deposits stagnated, and households' deposits grew by 6.5%. Full-year deposit volume growth could be around 7% in 2026.

### Forecasts

	2024	2025	2026F	2027F
Real GDP yoy	0.7	0.4	1.7	2.6
CPI (eop)	4.6	3.3	4.1	3.7
Euro exch. rate (value, eop)	411.9	384.7	366.5	365.0
Short-term rate (eop)	6.5	6.5	5.6	4.9
L/T bond yields (eop)	6.4	6.9	6.1	6.0
Bank loans (pr. sector, yoy)	6.8	8.5	10.3	4.5
Bank deposits (pr. sector, yoy)	8.4	5.5	7.1	5.1
Lending int. rate (corp., eop)	11.1	9.8	6.4	3.9
Deposit int. rate (hhs, eop)	4.6	5.0	3.4	1.9

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

### Industrial production and inflation



Source: Hungarian Central Statistical Office

## Poland

### Real Economy

Against the backdrop of global headwinds, we revise down our projected 2026 growth for the Polish economy to 3.3% from 3.6%. Importantly, however, even with this revision, Poland is likely to remain a European growth outperformer. Domestic demand looks set to remain the key growth driver, albeit relying now more on investment than consumer spending. The latter is clearly suffering under the weight of the global oil shock and slowing local wages, both nominal and even more so real. Indeed, inflation is now expected to be on average some 0.6 percentage point higher in 2026 than foreseen three months ago, when energy prices were forecast to go down, not up, in the remainder of the year. On the positive side, business investment spending appears set to gradually gather steam on past rate cuts. Alongside the deployment of EU funds, investments will thus contribute positively to domestic demand and overall GDP growth. Supportive of growth, meanwhile, will remain fiscal policy, with large deficits driven by defence spending and social transfers. The adverse side of the fiscal loosening is continued growth of public debt, climbing above 60% of GDP, and potentially complicating the outlook in the medium term.

### Financial Markets

The outbreak of war in Iran and subsequent increase in global energy prices have turned around the outlook for inflation and thus also interest rates set by the National Bank of Poland (NBP). Three months ago, it seemed that inflation in Poland would comfortably sit right on the NBP target of 2.5% or possibly even lower. The developments since then have caused the actual inflation rate and expectations to move above 3% level, which made the NBP rhetoric turn hawkish and market expectations to price higher rates. That said, we do not foresee a rate hike from the NBP in 2026. The previously assumed rate cut, a final one in the cycle, however, is not in the cards now either. Rates on hold with the key rate at 3.75% seems the most probable scenario going forward, in our view.

On the yields-front, the global risk-off mode has caused considerable damage to Polish assets, with 10-year yields temporarily rising close to 6% from 5% before the war in Iran. We nonetheless take comfort that the truce will eventually arrive and risk sentiment will improve, allowing yields to return close to pre-war levels. Meanwhile, the zloty has remained remarkably stable despite the volatility in global sentiment, and we continue to expect it to remain broadly stable versus the euro.

### Banking Sector

In the banking sector, we continue see volumes of both loans and deposits growing steadily alongside expanding real economy. Growth of deposits now appears even stronger as the savings rate has been rising recently. As a result, the liquidity situation in the Polish banking market looks likely to remain very comfortable, with the loan-to-deposit ratio of 61% compared to 62% in 2025 and 64% in 2024.

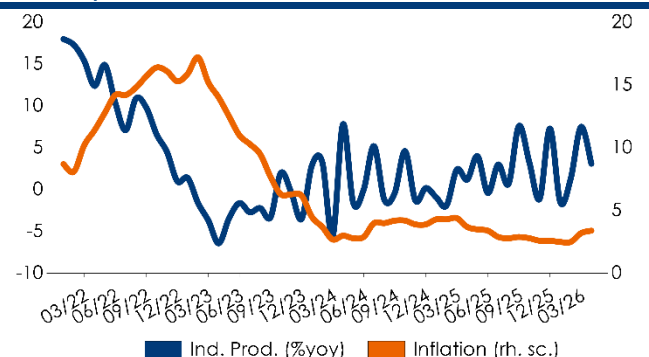
#### Forecasts

	2024	2025	2026F	2027F
Real GDP yoy	3.2	3.6	3.3	2.5
CPI (eop)	3.9	2.6	3.1	2.7
Euro exch. rate (value, eop)	4.3	4.2	4.4	4.5
Short-term rate (eop)	5.8	4.0	4.0	3.7
L/T bond yields (eop)	5.7	5.2	5.3	5.3
Bank loans (pr. sector, yoy)	3.6	5.7	5.0	4.3
Bank deposits (pr. sector, yoy)	8.1	9.8	6.0	5.0
Lending int. rate (corp., eop)	7.7	5.8	5.4	3.9
Deposit int. rate (hh, eop)	3.9	3.1	2.9	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 continued its slow growth in Q1, when local GDP expanded by only 0.9% year-on-year. The national account details only arrived after this note was written, but according to monthly figures, construction, retail sales as well as selected services compensated for weaker industrial production and exports. We expect this situation to continue, perhaps even deteriorate in the near term as the effects of the Hormuz Strait closure become more apparent in the real economy. Next year, the start of a new car manufacturer's production in the east of the country (Volvo) is planned, and not much fiscal consolidation is expected, which could mean slight acceleration in activity growth. 2028 may be negatively affected again by fiscal austerity after the elections planned for the Fall of 2027.

Statisticians have confirmed the upward trend in the unemployment rate, which stepped up to 5.9% in Q1, despite the labour offices suggesting a narrowing share of the jobless. Inflation shock stemming from the Iran conflict has been so far limited, when the May flash HICP estimate declined to 4.0%, but we expect it should go higher with the spillover effects from fuels, energy and commodity prices. In 2027, inflation could ease on the base effect of this year, and we also don't expect any hike in regulated prices in the election year.

### Financial Markets

In reaction to higher inflation in the euro area, the ECB is expected to start hiking its key interest rates already on 11 June, and may continue in September and perhaps in February, bringing the deposit rate from 2 to 2.75% by the beginning of the next year. On the money market as well as in bond yields, these expectations are already priced in. Sovereign spreads remain low in the eurozone, taming the impact of higher short-term rates on the longer side of the yield curve. With the expected further slight increase in long-term yields, we expect spreads to widen moderately, also due to the unsustainable fiscal situation of the Slovak Republic.

### Banking Sector

Total loans in the economy continued to grow faster than nominal GDP in 1Q26, when the demand for mortgages approached the record levels last seen in 2022 (before the major hike in interest rates). The good news is that total deposits were growing even faster than loans in February and March, mainly due to corporates, stabilising the high LTD ratio (above 106%). This occurred despite the state issuing retail bonds and thus sapping EUR 416M from the households' accounts and cash reserves in March. With the continuation of a weaker economy and higher consumer inflation, we expect mortgage demand as well as deposits growth to slow during the rest of 2026. Corporate credit provision may continue to be subdued even in 2027, in our view.

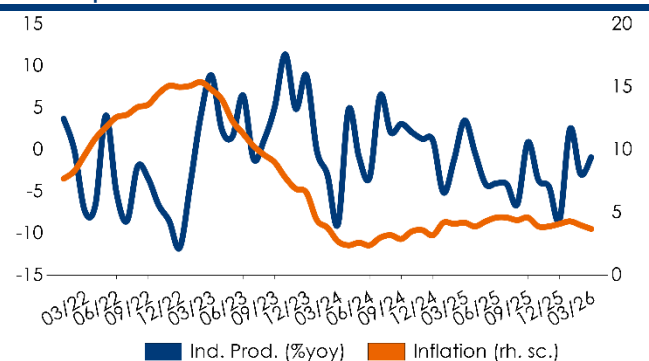
#### Forecasts

	2024	2025	2026F	2027F
Real GDP yoy	1.9	0.8	0.8	1.7
CPI (eop)	3.2	4.1	4.8	3.2
Short-term rate (eop)	2.8	2.0	2.7	2.8
L/T bond yields (eop)	3.2	3.6	4.0	4.3
Bank loans (pr. sector, yoy)	2.9	6.9	5.1	4.1
Bank deposits (pr. sector, yoy)	6.5	5.5	4.2	4.1
Lending int. rate (corp., eop)	4.8	4.2	4.8	4.5
Deposit int. rate (hh, eop)	0.7	0.5	1.2	1.6

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

In the first quarter of 2026, the conflict in the Middle East had not yet left a visible mark on economic activity in the country, while growth gained further momentum. GDP rose by 0.7% quarter-on-quarter (seasonally-adjusted) and by 3.0% yoy, with the latter also benefiting from a favourable base effect from the same period last year (-0.6% yoy). Following a couple of sluggish quarters, exports increased by 0.7% yoy, while imports rose by 1.5%, thus still outpacing exports despite easing compared with last year's performance. In more detail, goods exports grew by 1.8%, while services exports fell by 2.9%. Private consumption continued to expand at a moderate pace, rising by 2.7% yoy. Investment growth also remained strong, increasing by 12.6% yoy, underpinned by construction activity (+20.7% yoy), while spending on equipment and machinery also recorded strong 8.2% growth (second quarter in a row). Government consumption strengthened somewhat in the first quarter, rising by 3.9% yoy, largely reflecting higher expenditure on long-term care, increased employment in the general government sector, and greater spending on goods and services. The scarce high frequency data available indicates retail volume in April declined by 0.9% month-on-month while on annual basis increased by 3.4%, indicating continued – albeit probably less generous support to growth, as confirmed also by partially recovered consumer confidence which following a sharp drop in April, recovered in May, but remained below both last year and long-term average. Overall, economic sentiment in May remained slightly below its level from a year earlier, despite firmer confidence in both the retail and industrial sectors. In particular, industrial sentiment strengthened, reflecting improved assessments of export order books and production expectations. At present, full-year growth is projected at around 2%, supported by private consumption and investment financed through the RRF, while net exports are expected to exert a negative contribution to overall growth.

Ivana Jović

May inflation accelerated to 3.6% – it's highest since December 2023, up from 3.4% in April, reflecting the ongoing energy shock. On a monthly basis, inflation increased by 0.5%. We see average annual inflation surpassing 3%, compared to last year's 2.5%.

### Financial Markets

The average 10Y government bond spread on Bund in Jan-May at 0.4pp, with the average yield at 3.3% (eop 0.4pp, 3.4%). For the current year, the average yield is expected at around 3.4%.

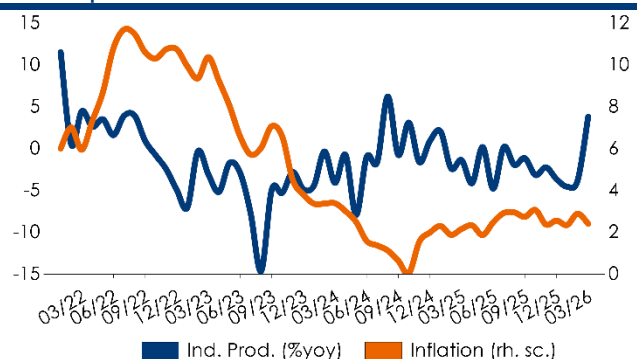
### Banking Sector

April data suggest that loan growth accelerated to 8.2% yoy, driven by a continued gradual strengthening in household lending and a surge in corporate lending (8.3% and 8.0% yoy, respectively). Deposit growth remained broadly stable at 6.6% yoy, with steady household deposits (6.6%), while corporate deposit growth slowed to 6.7% yoy. We revised upwards our forecast for private sector loan and deposit growth to 6.4% and 3.3% yoy, respectively.

#### Forecasts

	2024	2025	2026F	2027F
Real GDP yoy	1.7	1.1	2.1	2.3
CPI (eop)	2.0	2.6	3.3	2.3
Short-term rate (eop)	2.8	2.0	2.7	2.8
L/T bond yields (eop)	2.9	3.1	3.5	3.5
Bank loans (pr. sector, yoy)	2.7	6.6	6.4	5.5
Bank deposits (pr. sector, yoy)	1.9	7.0	3.3	3.2
Lending int. rate (corp., eop)	5.0	3.9	3.9	4.1
Deposit int. rate (hhs, eop)	1.4	0.7	1.3	1.6

#### Industrial production and inflation



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

Source: Statistical Office of the Republic of Slovenia

## Albania

### Real Economy

Despite ongoing geopolitical tensions and military conflicts that have driven global oil and energy prices higher – consequently increasing imported inflationary pressures and creating downside risks to the Albanian economic growth outlook – preliminary data shows that economic growth remains on track. This positive trajectory is fundamentally sustained by a combination of robust domestic demand, active investment initiatives, and a strong performance of the tourism sector. In April 2026, annual inflation saw a moderate increase to 2.8% (from 2.6% in previous month). The acceleration in inflation primarily reflected higher food, energy, and housing-related costs, including rents, while the overall index remained closely aligned with the Bank of Albania's target at 3%. Concurrently, labour market conditions remained highly favourable, with the unemployment rate standing at 8.3%, well below the long-term average. The external sector demonstrated further performance improvements. Exports grew by 16.9% year-on-year in April, significantly outpacing the 4.4% growth recorded in imports, which directly contributed to a narrowing of the trade deficit. Strong tourism inflows, sustained investment activity, and a declining public debt ratio continue to serve as the core pillars supporting overall macroeconomic stability and positive growth in the coming quarters, in our view.

Kledi Gjordeni

### Financial Markets

Monetary conditions have remained consistently supportive of economic activity. The Bank of Albania maintained the policy rate unchanged at 2.5% in April, as medium-term inflation developments continued to evolve in line with the central bank's objective. The domestic currency maintained a strong performance trend. In May the EUR/ALL exchange rate appreciated by approximately 3.3% year-on-year, driven directly by solid foreign currency inflows from tourism, remittances, and FDI. In the sovereign debt market, government bond yields remained relatively stable, reflecting comfortable liquidity conditions across the financial system. Financial and monetary conditions are expected to maintain stability. The exchange rate is projected to benefit further from foreign currency inflows during the peak tourism season, though developments in global energy markets and geopolitical risks will remain factors of mitigations, requiring continuous monitoring.

### Banking Sector

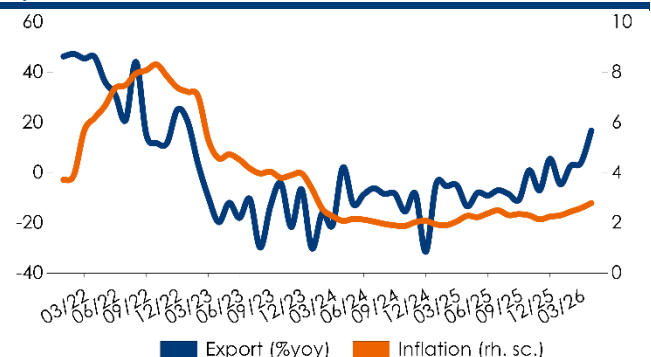
The banking sector continued to deliver a strong performance, backed by robust lending activity and steady deposit growth. Credit to the private sector expanded by 11.58% year-on-year in April 2026. This growth was primarily driven by the retail segment, with household lending increasing by 17.69%, while corporate lending recorded a steady 7.63% increase. In the same period, the deposits expanded by 8.18% yoy, with households portfolio increasing by 8.27% and corporates by 7.88%, demonstrating sustained confidence from both private individuals and corporate depositors. Asset quality indicators also remained highly favourable. The non-performing loan (NPL) ratio declined further, reaching 3.85% in March 2026. The banking sector is projected to remain structurally healthy and fully capable of supporting ongoing economic expansion and absorbing potential external shocks to maintain financial stability. Credit and deposit growth are expected to persist at solid levels, while asset quality and financial soundness indicators should we believe remain strong.

### Forecasts

	2024	2025	2026F	2027F
Real GDP yoy	4.0	3.7	3.2	3.3
CPI (eop)	2.1	2.3	3.3	3.1
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	3.4	3.5
Bank loans (pr. sector, yoy)	12.4	13.6	6.0	3.2
Bank deposits (pr. sector, yoy)	3.9	9.1	3.6	3.5
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

High-frequency indicators for the first quarter suggest that economic activity remained resilient but increasingly unbalanced. Growth continues to rest primarily on private consumption, supported by robust nominal wage growth (9.2%), continued credit expansion (see Banking Sector section below), and remittance inflows. However, this demand-led resilience contrasts with persistent weakness in the tradable sector, as industrial production remains constrained by structural bottlenecks, and external demand conditions continue to weigh on trade performance. Consumer activity provided the main anchor for growth at the start of 2026. Retail turnover rose by 14.3% year-on-year in Q1 and by a still elevated 9.0% yoy in April, reflecting sustained household spending momentum. The composition of growth remains important: non-food retail continues to outperform, while food retail shows a more subdued trend. By contrast, supply-side indicators remain soft. Industrial production fell by 4.9% yoy in the first four months of the year, driven by a sharp contraction in mining and continued weakness in manufacturing. Although April posted a modest rebound, the broader trend still points to a fragile production base and limited momentum in the goods-producing sector. This weakness is mirrored in external trade developments. Export growth remained subdued at 1.5% yoy, while imports increased by 3.7% yoy, resulting in 6.6% yoy widening of the trade deficit.

At the same time, inflation has re-emerged as a more significant macroeconomic constraint. Headline inflation accelerated to 6.8% in April, reaching its highest level in three years, while core inflation sped to 4.8%. The renewed price pressures were driven mainly by transport and housing-related components, while food inflation has moderated, and elevated input costs are likely to apply some additional pressure down the road. Meanwhile, services inflation reaccelerated to 5.1%, driven by both rising input costs as well as strong domestic demand. On this basis, average annual inflation is expected to land around 5% in 2026.

Taken together, the current macroeconomic picture points to slower growth as support from the private consumption will slow as persistent inflation continues to erode real disposable income, while uncertainty and subdued foreign demand limits investments growth. Thus, GDP growth is expected to moderate to around 1.8% in 2026, down from 2.1% in 2025.

### Banking Sector

Strong growth in private sector loans continued in April, with a 11.1% yoy increase, driven by strengthening household (12.7%) and steady corporate (9.3%) lending. Deposits increased by 11.2% yoy, with household deposits accelerating to 12.9% yoy. Based on the available data, estimates for both lending and deposits have been revised upward versus the previous scenario.

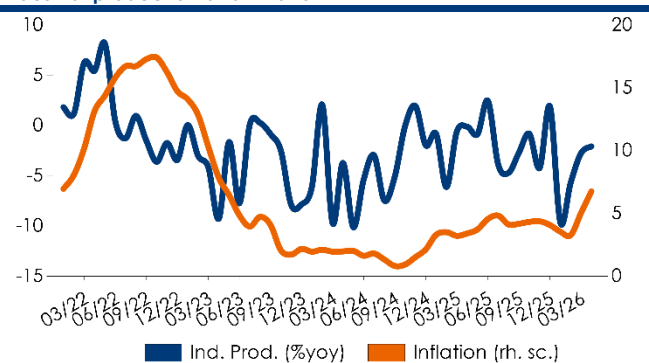
#### Forecasts

	2024	2025	2026F	2027F
Real GDP yoy	2.6	2.1	1.8	2.3
CPI (eop)	2.2	4.1	6.0	3.3
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	8.5	6.3
Bank deposits (pr. sector, yoy)	10.8	10.0	8.0	6.7
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.

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

Ivana Jović

#### Industrial production and inflation



Source: Agency for statistics of Bosnia and Herzegovina

## Bulgaria

### Real Economy

The formation of a single-party government in early May ended a five-year political crisis, prompting Standard & Poor's to revise Bulgaria's rating outlook to positive (from stable). The budget situation, however, remains challenging, as the fiscal deficit is projected by the European Commission to exceed 4% in both 2026 and 2027. Thus, the new cabinet is expected to enforce strict cuts on current expenditures, balancing between fiscal consolidation and the reform agenda required to unlock important EU funding. In 1Q26, GDP expanded by 2.9% year-on-year, driven primarily by private consumption, while net exports dragged overall performance. This momentum was strong enough to position Bulgaria as the second-fastest growing economy in the EU. However, economic activity is expected to slow in the upcoming quarters due to a surge in inflation, weakening consumer confidence, and Middle East geopolitical risks eroding real purchasing power. Aligning with other major institutions, we have decided to revise our 2026-GDP projection downwards, to 2.6%, with an expected recovery to 2.8% in the following year.

Tijana Matijasevic

Inflationary pressures are mounting following a severe external energy shock, making Bulgaria's inflation rate the highest in the eurozone. The HICP jumped from 2.8% in March to 6.0% in April, driven by sharply rising prices of essentials (including food, transportation and utilities), with the latest preliminary data pointing to a further acceleration to 6.3% in May. In response to this surge, we have revised the projected inflation path upwards, now expecting average CPI to reach 4.9% in 2026 and 4.2% in 2027.

### Financial Markets

Bulgarian sovereign debt yields have edged steadily upwards since the start of the year, driven by both inflation and fiscal concerns, but resilient investor appetite allowed the country to successfully place more than EUR 1.4Bn in government securities. Analysts expect the formation of the new government and its commitment to fiscal consolidation to stabilise risk premiums, while rating agencies note that Bulgaria's fiscal position remains favourable despite recent weak fiscal performance. While net government debt continues to edge up, it is forecast to move to around 30% of GDP, maintaining one of the lowest levels in the EU.

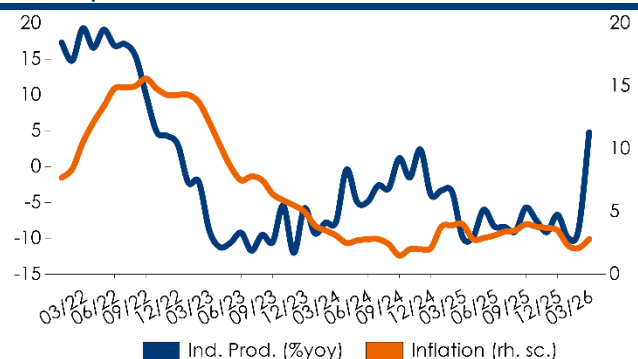
### Banking Sector

The banking sector remains profitable, liquid, and adequately capitalised. Supported by exceptionally high systemic liquidity that kept interest rates below Eurozone levels, private sector lending experienced a strong expansion in the first quarter. March data show that household loans were higher by 20.8% yoy, while lending in corporate segment expanded at slower pace, by 11.8% yoy. For the full year, lending dynamics are currently anticipated to stabilise at an annual growth rate of 8.9%, running alongside a currently projected 7.1% expansion in total deposits.

#### Forecasts

	2024	2025	2026F	2027F
Real GDP yoy	3.4	3.1	2.6	2.8
CPI (eop)	2.1	3.5	5.7	3.8
Short-term rate (eop)	0.0	0.0	2.7	2.8
L/T bond yields (eop)	3.9	4.5	4.2	4.1
Bank loans (pr. sector, yoy)	15.0	15.5	7.9	6.0
Bank deposits (pr. sector, yoy)	10.1	16.0	8.1	5.4
Lending int. rate (corp., eop)	4.8	4.8	4.7	5.3
Deposit int. rate (hh, eop)	1.2	0.9	1.4	1.5

#### 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

According to the initial estimate, Q1 seasonally-adjusted GDP was flat quarter-on-quarter, while annual growth slowed to 2.4% from 3.5% in 4Q25. On a non-seasonally adjusted basis, growth eased to 2.2% from 3.9%. Personal consumption rose by 2.6% yoy, unchanged from 4Q25, contributing 1.5 pp to headline growth. By contrast, government consumption growth slowed to 0.7%, its weakest pace since Q2 2022. Investment growth slowed to 2.5% in the quarter, down from 7.0% in 4Q25, reflecting weaker construction activity (output down 0.6% qoq and annual growth slowing to 2.7%, the lowest rate since Q2 2020) as well as decline in machinery and equipment investment, despite strong growth in ICT equipment. On the external side, services exports rose by 2.6%, supported by favourable tourism trends, including 9% more foreign arrivals and overnight stays. However, goods exports fell by 2.3%, resulting in a 1.6% decline in total exports of goods and services. With imports down marginally by 0.3%, net foreign demand had a negative contribution to growth. The production-side breakdown points to a marked slowdown in manufacturing and construction, while growth also eased slightly in trade-related sectors. By contrast, ICT, as well as public services, recorded somewhat stronger growth. Early Q2 indicators point to mixed momentum. Retail trade weakened in April (to 2% from 3.3% yoy in March), while consumer confidence fell sharply before partially recovering in May. Personal consumption should therefore remain supportive, albeit less strongly than in previous years. Investment is also likely to stay positive, in our view, helped by EU funds, although private investment may soften amid elevated uncertainty and weaker demand. This softer outlook is also reflected in the April decline in manufacturing and weaker export order books assessment in May, consistent with subdued expectations for euro area growth. Against this backdrop, our growth forecast for this year is gradually moving closer to 2.0%, down from 2.4%. The outlook could improve if tensions in the Middle East ease, traffic through the Strait of Hormuz stabilises, and foreign demand recovers. Further escalation, however, would weigh additionally on growth. Harmonised inflation decelerated to 4.9% in May, from 5.4% in April, mainly reflecting lower food price inflation, alongside a slight easing in services and energy inflation. Despite this moderation, the lagged pass-through of higher energy costs is expected to keep average inflation in 2026 at around or slightly above 5%.

Ivana Jovic

### Financial Markets

10-year government bond yields averaged 3.3% from January to May, with a 0.4pp spread. The end-May yield reached 3.4%, 0.4pp higher than the German Bund.

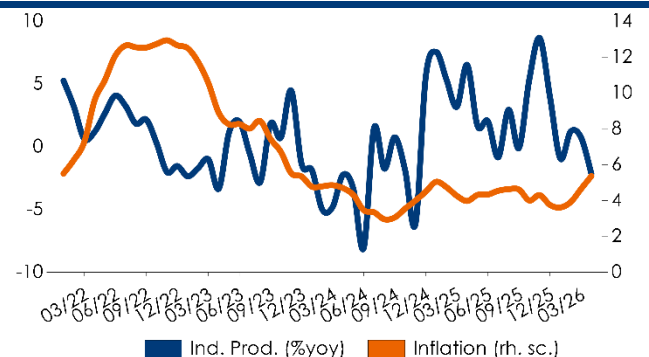
### Banking Sector

At end-April, total loans grew by 11.3% yoy, underpinned by both continued robust household lending (12.2%) and solid corporate credit growth (10.0%). Deposit growth stood at 6.4% yoy, as a moderation in household deposits (5.2%) was partly offset by stronger growth in corporate (9.5%).

#### Forecasts

	2024	2025	2026F	2027F
Real GDP yoy	3.8	3.4	2.0	2.3
CPI (eop)	4.5	3.8	5.1	2.4
Short-term rate (eop)	2.8	2.0	2.7	2.8
L/T bond yields (eop)	2.8	3.1	3.6	3.6
Bank loans (pr. sector, yoy)	9.4	12.7	8.6	5.8
Bank deposits (pr. sector, yoy)	3.7	6.8	5.1	3.8
Lending int. rate (pr. sec., eop)	4.5	3.7	4.5	4.6
Deposit int. rate (pr. sec., eop)	2.5	1.8	2.1	2.1

#### Industrial production and inflation



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

Source: Croatia Bureau of Statistics

## Romania

### Real Economy

The National Statistical Institute announced GDP growth for the first quarter 2026 at -1.2% year-on-year. Technically, Romania has been in recession.

Marius Pacurari

Year-on-year CPI at the end of April was 10.71%, above the NBR February latest projection, mainly due to Middle East conflict and the oil price. On a monthly basis, CPI increased by 0.84% in April versus March. Harmonised CPI was 9.5% in April. According to the latest NBR inflation report issued in May, the end-of-year inflation should stay around 5.5%.

The Unemployment rate at the end of April was at 6.3%, 0.2% lower than in March. The NSI revised upwards the figures for unemployment for 2025 and first part of 2026. The Wages growth year-on-year at the end of March was 4.3%.

On the FX market, RON experienced higher volatility due to political instability, with a range of fluctuation between 5.0801 and 5.2999 in 2026. The actual level is around 5.25.

The Budget Deficit at the end of April stood at 1.17% of GDP, showing a significant improvement versus last year (2.95% in April 2025). This year's Budget was built on a 6.2% from GDP Budget deficit. The main positive impact came from fiscal tightening measures.

The Current Account Deficit at the end of March 2026 is lower than a year ago, at EUR 5.338Bn versus EUR 6.153Bn in March 2025.

### Financial Markets

On 15 May 15, at the Monetary Policy Meeting, the Romanian Central Bank kept unchanged the Monetary Policy Rates at: Deposit Facility Rate 5.50%, Reference Rate 6.50%, and Credit Facility Rate 7.50%. The next meeting will be on 8 July. We do not expect any decision to change the rates this year. The liquidity on the Monetary market is still high at around RON 36Bn on a daily basis in April. The implied yields of FX SWAP market are slightly below the ROBOR curve.

### Banking Sector

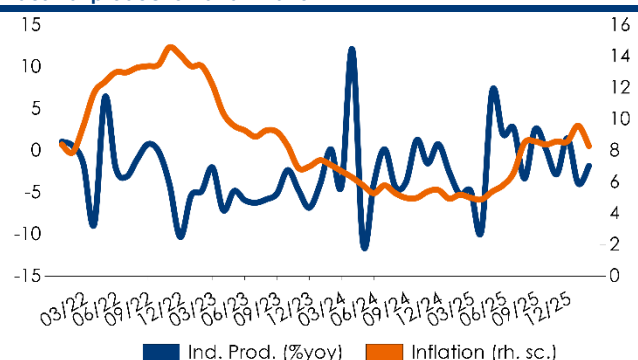
At the end of March 2026, year-on-year growth on loans was 6.85%, with component on RON at 3.45%, while EUR loans increased by 15.70%. Households' loans grew by 7.94%, while companies loans grew by 5.84%. On the deposits side, the overall growth year-on-year was 6.36%, with the RON component at 4.55% and Foreign Currencies deposits at 10.52%. Households' deposits grew by 8.11%, while companies' deposits grew by 3.33%.

#### Forecasts

	2024	2025	2026F	2027F
Real GDP yoy	0.8	0.6	0.1	2.4
CPI (eop)	5.5	8.6	4.7	3.6
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	6.5	6.4
Bank loans (pr. sector, yoy)	8.1	5.8	5.5	5.7
Bank deposits (pr. sector, yoy)	9.7	6.5	5.1	5.3
Lending int. rate (pr. sec., eop)	7.7	7.9	7.6	6.7
Deposit int. rate (pr. sec., eop)	5.0	5.5	5.0	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

Statistical Office data showed that GDP growth accelerated to 3.2% year-on-year in 1Q26. Economic activity in the first quarter was strongly impacted by a continuation of services sector expansion, while issues in domestic oil processing softened the positive achievements of industrial output. Manufacturing production remained driven by a strong performance in the automotive cluster. On the expenditure side, economic performance was consumption driven, stemming from both private and government sides. Modest growth was achieved in investments, accompanied with positive contribution from net exports. Looking ahead, despite solid growth in 1Q26, the adverse effects of heightened uncertainty and energy price shocks have yet to fully materialise and are likely to exert a stronger drag on economic growth in the coming quarters than they did in 1Q26. As such, ISP June Scenario forecast assumes GDP growth at 2.6% yoy in 2026 and 3.5% yoy in 2027. Inflation continued to moderately accelerate, recording 3.3% yoy growth in April, with a higher figure noted in core inflation (4.4% yoy). Although the cap on retail trade margins was lifted in mid-March, a stronger increase in inflation did not materialise and domestic inflationary pressures remained subdued, also on account of the fact that part of the price shock has been absorbed by an excise-reduction measure. With the expected rise in imported inflation and elevated energy prices, inflation is seen accelerating more markedly towards the end of the year, peaking likely in late 2026 and early 2027. Annual inflation is projected to reach 5% in 2026, averaging at 3.8% yoy.

Jelena Draskovic

### Financial Markets

The inflation outlook is likely to lead to rate hikes after two years of no changes in monetary policy. With an expected inflation pick-up over the upper bound of the inflation corridor in the last months of 2026, the Central bank could increase the reference rate by two quarter points, bringing the key rate at 6.25%. The FX market remained stable, with the dinar depreciating by a modest 0.1% against the euro since the start of the year. Since the beginning of the year, the NBS has sold EUR 1,205M net in order to maintain the relative stability of the dinar exchange rate against the euro. Gross NBS FX reserves remained high, amounting to EUR 28,156.3M at end-April 2026, albeit declining by EUR 329.5M from a month earlier.

### Banking Sector

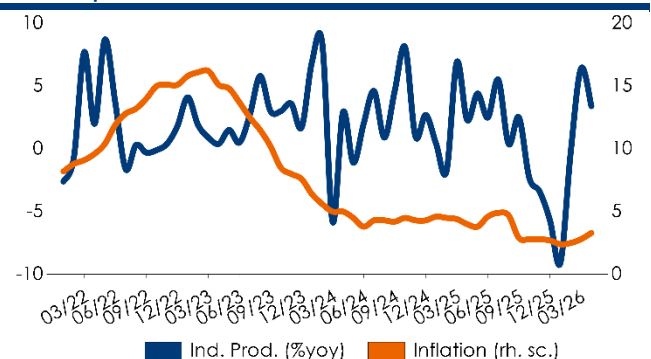
Lending activity continued to accelerate, with total loans to the private sector increasing by 16.8% year-on-year in April, of which loans to households increased by 21.1% yoy, while lending to corporates rose by 12.8% yoy. Total deposits also continued their strong growth pace, increasing by 9.6% yoy, with slightly more pronounced growth to the corporate segment (10.4% yoy) compared to households' deposit growth of 9% yoy. According to the latest data, the NPL ratio stood at 2.09% in March.

### Forecasts

	2024	2025	2026F	2027F
Real GDP yoy	3.9	2.0	2.6	3.5
CPI (eop)	4.3	2.7	5.0	4.2
Euro exch. rate (value, eop)	117.0	117.4	117.7	117.6
Short-term rate* (eop)	4.7	4.7	5.5	5.6
L/T bond yields (eop)	n.a.	n.a.	n.a.	n.a.
Bank loans (pr. sector, yoy)	7.9	15.4	6.7	4.7
Bank deposits (pr. sector, yoy)	13.2	6.0	6.5	4.4
Lending int. rate (pr. sec., eop)	8.7	7.4	8.7	8.8
Deposit int. rate (pr. sec., eop)	4.4	4.4	5.6	4.8

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

### Industrial production and inflation



Source: Statistical Office

## Moldova

### Real Economy

Following a period of subdued economic activity in 2024, Moldova's economy rebounded in 2025, with real GDP growth reaching 2.4%. This recovery was supported by stronger private consumption, increased capital investment, and sustained growth in service exports. Looking ahead, economic growth is projected at 2.2% in 2026 before accelerating to 3.6% in 2027, supported by the implementation of structural reforms and the expansion of high-value-added sectors, particularly information technology and business services. The European Union's EUR 1.9Bn Growth Plan is expected to play a pivotal role in advancing economic modernisation, enhancing competitiveness, and supporting Moldova's EU accession and integration objectives.

Moldova's annual inflation rate increased to 6.8% in April 2026, from 5.8% in March, reaching its highest level since December 2025. Inflationary pressures are expected to intensify further during 2026 before gradually subsiding over the medium term. Average annual inflation is forecast at 7.0% in 2026, declining to 5.8% in 2027, as price dynamics stabilise.

### Financial Markets

In response to increasing inflationary pressures, Moldova's benchmark interest rate was raised by 150 basis points to 6.5% in May 2026. This represented the first tightening of monetary policy since early 2025, and restored borrowing costs to levels previously observed in 2025. The policy adjustment was aimed at mitigating inflation risks associated with adverse external shocks, particularly those linked to geopolitical tensions in the Middle East. Meanwhile, yields on 91-, 182-, and 364-day Treasury bills remained relatively stable in May 2026 compared with December 2025, at 3.03%, 9.61%, and 9.88%, respectively.

### Banking Sector

As of April 2026, Moldova's loan portfolio expanded by 22.6% year-on-year, driven mainly by a 29.2% increase in household lending, while corporate loans rose by a more moderate 17.7%. Deposit showed a solid expansion, up to 12.3%, supported by increases in household deposits (+16.4%) and also corporate deposits (+6.2%).

In 2026, loan growth is projected at 19.4%, while deposits are expected to increase by 8.3%, with both indicators gradually slowing in subsequent years. Double-digit loan growth is forecast to continue through 2027, whereas deposit growth is expected to moderate to 7.9% in 2027 and stabilise at approximately 7.6% annually thereafter. Average lending rates are projected to rise to 8.8% in 2026 before gradually declining to 6.5% by 2029. Deposit rates are expected to increase temporarily to 5.8% in 2026, before falling to 2.7% by 2029.

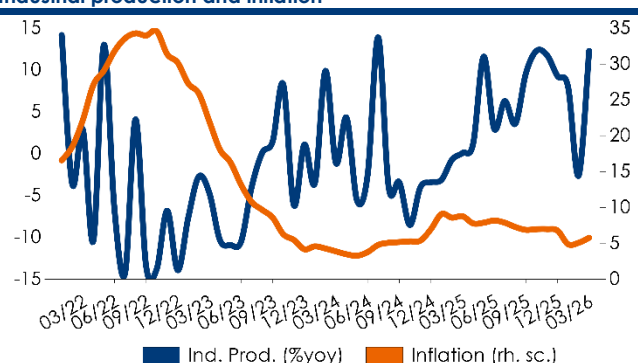
### Forecasts

	2024	2025	2026F	2027F
Real GDP yoy	0.7	2.4	2.2	3.6
CPI (eop)	7.0	6.8	8.6	4.1
USD exch. rate (value, eop)	18.3	16.9	17.1	17.2
Euro exch. rate (value, eop)	19.1	19.6	20.1	20.7
Short-term rate (eop)	3.6	5.0	6.5	4.0
L/T bond yields (eop)	6.5	7.1	2.9	2.8
Bank loans (pr. sector, yoy)	26.5	27.2	19.4	14.3
Bank deposits (pr. sector, yoy)	13.6	11.9	8.3	7.9
Lending int. rate (corp., eop)	7.3	8.0	8.1	7.5
Deposit int. rate (hh, eop)	3.1	4.7	5.1	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

According to high-frequency indicators, the Russian economy slowed in the first quarter of 2026 (-0.2%), partly due to an adjustment to previous tax changes. Other contributing factors were the lower number of working days and adverse weather conditions. Investment activity remains subdued. Growth in consumer demand continues to slow, despite a slight recovery in March. Considering that the pattern of economic activity in the first quarter of 2026 was largely determined by one-off factors, the Bank of Russia has maintained its GDP growth forecast for 2026 at 0.5–1.5%. Inflationary risks on the horizon continue to outweigh disinflationary risks. The former are associated with the deterioration of the global economic outlook and rising global price pressures against a backdrop of growing geopolitical tensions, as well as high expectations and a prolonged period in which wage growth is seen outpacing productivity growth. Disinflationary risks involve a more significant slowdown in domestic demand.

Francesca Pascali

### Financial Markets

At its meeting on 24 April, the Bank of Russia (CBR) decided to reduce the key rate by 50 basis points to 14.50% per annum. In the new estimates released, the baseline scenario assumes an average key policy rate of between 14.0% and 14.5% per annum in 2026 and between 8.0% and 10.0% per annum in 2027. Regarding the rouble, we forecast it to strengthen slightly in 2026, averaging 82.14 per 1 USD over the year. The finance minister has hinted that the government may resume foreign-currency transactions under the budget rule earlier than the previously planned date of 1 July.

### Banking Sector

Both loans and deposits accelerated in March. According to preliminary data, in April, the amount of corporate loans provided by banks (including bonds) increased by 1.9% (+0.4% in March). Households' outstanding mortgages gained a modest 0.4% (+0.3% in March). The proportion of subsidised mortgages remained at the February–March level, accounting for about 60% of total new mortgages (or 10.5% in annualised terms as in the previous month). In April, the consumer loan portfolio remained virtually unchanged (+0.1% vs +0.4% in March) and decreased by 2.3% yoy (-3.1% in March). Households' bank deposits were up by 1.7% as the central bank anticipated in its website. These dynamics were partly driven by the early payment of pensions and the indexation of social benefits. Corporate funds with banks gained a modest 0.3% after losing 3.3% in March, when companies made substantial tax payments. The banking sector's profit was 22% lower than in March. Despite data as of April better than expected ISP forecast loans to decelerate in the months to come, mainly in the corporate sector, while deposits are seen to weaken in the household sector.

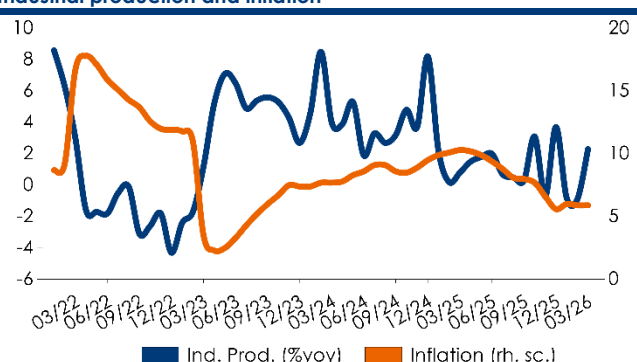
Davidia Zucchelli

### Forecasts

	2024	2025	2026F	2027F
Real GDP yoy	5.0	1.0	1.1	1.5
CPI (eop)	9.5	5.6	5.0	4.5
USD exch. rate (value, eop)	103.9	78.5	80.0	87.1
Euro exch. rate (value, eop)	108.8	92.0	94.0	105.1
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)	16.0	5.6	4.9	5.0
Bank deposits (pr. sector, yoy)	23.8	7.5	6.5	5.4
Lending int. rate (corp., eop)	24.0	18.0	12.6	9.6
Deposit int. rate (hh, eop)	21.4	15.3	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

In late spring, Ukraine's economy has shown signs of gradual stabilisation as seasonal factors and partial restoration of energy capacity have eased some of the acute winter pressures. However, the legacy of prolonged Russian strikes on energy infrastructure continues to limit full recovery. A positive signal came from the latest Business Activity Expectations Index (BAEI) - for the third consecutive month, where businesses gave a positive assessment of its performance, as the index rose to 52.1 in May 2026, compared with 51.7 in April 2026 and 50.8 in May 2025 (where 50 is the neutral mark). This improvement reflects growing optimism among enterprises, due to partial stabilisation of power supply, the inflow of international financial aid, a revival in consumer demand, improved inflation expectations, and seasonal factors. Inflation remains above the NBU's forecasts – it accelerated to 8.6% year-on-year in April (by 1.4% month-on-month) from 7.9% in March, on the back of more significant supply shocks affecting certain raw food products and increased pressure from business costs. Wage increases, higher fuel prices, and a corresponding rise in transport costs led to faster price growth for services and non-food goods. An IMF mission has been in Kyiv since the end of May, conducting the first review of the USD 8.1Bn EFF programme. Negotiations are focused on reform progress and fiscal policy, after which a decision on the next tranche of approximately USD 686M will be made.

Artem Krasovskiy

### Financial Markets

The hryvnia traded with moderate volatility in May, staying within the 43.8–44.2 USD\UAH range. The NBU continued targeted interventions to ensure exchange rate stability, selling its regular USD 700-800M a week. The Ministry of Finance has kept local government bonds yields largely unchanged in recent weeks, refraining from both further reductions and noticeable increases. Although the NBU has paused its rate-cutting cycle and does not rule out a possible hike in the key rate, the Ministry currently seems to feel limited liquidity pressure to raise borrowing costs. The recent approval of the first tranche of EUR 2.8Bn from the EU under the Ukraine Support Loan facility will only strengthen its position and reduce the need for domestic borrowing.

### Banking Sector

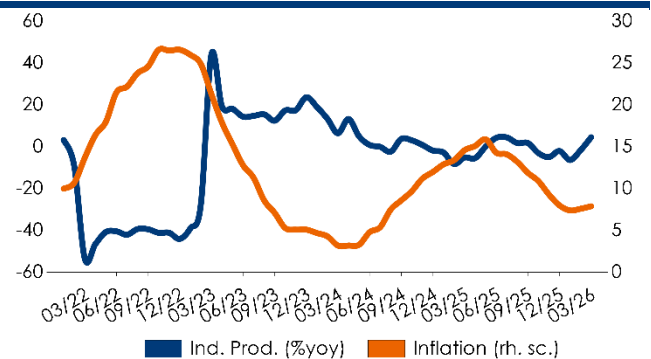
The banking sector continues to demonstrate strong resilience. In 1Q26, banks' profits totalled UAH 26Bn, a decrease of one-third compared to 1Q25, due to an increase in the income tax rate (50%). Profit before taxes increased 6.4% year-on-year; total return on assets remained unchanged over the quarter. Net fee income fell seasonally by 12.7% quarter-on-quarter (+6.5% yoy), while trade income rose about 5%, both qoq and yoy. Operating expenses decreased by 6.6% compared to 4Q25 (seasonal factors), but increased by 21% compared to the same period last year. The cost-to-income ratio (CIR) has remained stable at around 40% for more than three years.

### Forecasts

	2024	2025	2026F	2027F
Real GDP yoy	3.2	1.8	1.4	2.4
CPI (eop)	12.0	8.0	9.4	6.5
USD exch. (value, eop)	41.7	42.4	45.6	45.9
Euro exch. rate (value, eop)	43.7	49.4	53.6	55.4
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	3.5	5.0
Bank deposits (pr. sector, yoy)	14.4	16.1	6.0	6.6
Lending interest rate (pr.sect., eop)	18.8	19.2	18.3	15.3
Deposit interest rate (pr.sect., eop)	8.6	10.3	9.3	8.0

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

Real GDP growth looks likely to slow to 3.9% year-on-year in 2026 before recovering in the following years to 5.3% and 5.6% in 2027 and 2028, respectively. A weaker than expected rise in tourism and Suez Canal activities due to the Iranian Crisis are weighing on projections for growth. Tourist arrivals increased by 7% yoy during the first four months of 2026 compared to the boom in 2025 (+20.5% yoy). Average annual growth of ships transiting the Suez Canal dropped to 12.5% in March and April 2026 against 23.5% in February. On the other hand, logistics are gaining momentum, where Egyptian ports saw a 24.3% jump in container traffic in 2025, handling 11.1 million TEUs (up from 8.9 million in 2024), driven primarily by a 36% increase in transit containers. For industrial production, fertiliser companies are benefitting from rising global prices. Egypt has also aggressively reduced arrears owed to foreign oil and gas companies from over USD 6Bn to just USD 440M by May 2026, with plans to fully clear the remaining arrears by the end of June 2026.

Despite a temporary decline in annual inflation rate during April 2026, reaching 14.9%, projections were revised upwards to 15% on average during 2026 in light of persistent high energy prices.

### Financial Markets

We maintained March's forecast for the exchange rates, expecting it to hover around EGP 50 per USD by the end of the year considering the ongoing efforts to end the war (USD = EGP 51.8 as of 2 June). Egypt has secured USD 4.5Bn funds from the following sources: International bonds issuances (USD 2Bn), the International Islamic Trade Finance Corporation (USD 1.5Bn), and the World Bank (USD 1Bn). The IMF staff are currently conducting the seventh review of Egypt's Extended Fund Facility (EFF) programme and the second review under the Resilience and Sustainability Facility (RSF), which would potentially unlock USD 1.6Bn new financing for the country. Positively, remittances have soared to USD 12.8Bn in 1Q26 (36% yoy).

The CBE has decided to keep its key policy rates unchanged in May at 19% and 20% for overnight deposit and lending rates, respectively, because of concerns over inflation expectations. We now only expect a 200-bps cut in 4Q26, and MMR expectations were raised consequently.

### Banking Sector

Higher than anticipated inflation looks likely to raise the annual growth for private loans compared to March's projections. A strong performance of private deposits (+20.3% yoy in 1Q 2026) has led to an upward revision of 2026 projections as well. Net foreign assets for the banking sector (CBE + Commercial Banks) recorded a USD 1.6Bn increase in April, reaching USD 22.9Bn after witnessing a USD 6.1Bn monthly drop in March.

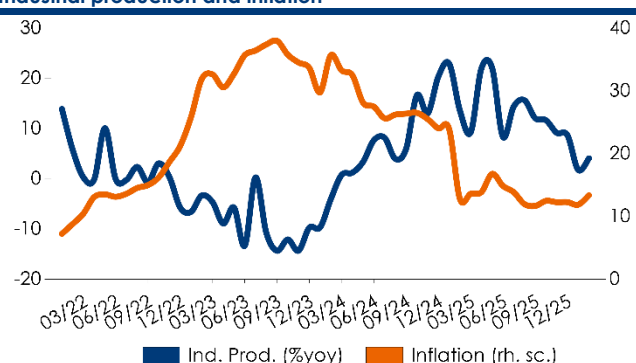
#### Forecasts

	2024	2025	2026F	2027F
Real GDP yoy	3.1	5.1	3.9	5.3
CPI (eop)	24.1	12.3	14.8	9.8
USD exch. rate (value, eop)	50.6	47.6	50.0	51.1
Euro exch. rate (value, eop)	53.0	55.7	58.7	61.7
Short-term rate (eop)	30.8	26.1	23.1	15.7
L/T bond yields (eop)	n.a.	n.a.	n.a.	n.a.
Bank loans (pr. sector, yoy)	29.8	21.1	15.9	10.0
Bank deposits (pr. sector, yoy)	34.4	20.4	15.2	11.1
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

Samer Halim

#### 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 <sup>1</sup> . chg.yoy			Export nom. chg yoy			Retail sales chg yoy			Inflation chg yoy			Unemployment rate			Wages chg yoy			Economic Survey <sup>2</sup>			
	1Q26	4Q25	2025	Last	mth	1Q26	Last	mth	1Q26	Last	mth	1Q26	Last	mth	1Q26	Last	mth	1Q26	Last	mth	1Q26	Last	mth	1Q26	
<b>CEE</b>																									
Czechia	2.1	2.5	2.6	0.9	Mar	1.6	4.0	Mar	-1.2	5.9	Mar	4.5	2.1	Apr	1.2	4.9	Apr	5.1	6.3	Mar	5.7	101.1	Apr	100.3	
Hungary	n.a.	n.a.	n.a.	6.7	Mar	0.9	-8.6	Mar	-6.9	10.6	Mar	5.8	2.1	Apr	1.8	4.5	Mar	4.6	9.2	Mar	15.1	99.6	Apr	95.6	
Poland	3.4	4.1	3.6	3.1	Apr	2.4	1.2	Feb	-1.5	8.7	Mar	6.0	3.4	Apr	2.7	6.1	Mar	6.1	6.6	Mar	6.3	100.2	Apr	101.0	
Slovakia	0.9	1.0	0.8	-0.9	Mar	-0.4	0.5	Mar	-0.6	6.2	Mar	0.0	4.1	Apr	4.0	5.2	Apr	5.5	5.4	Mar	5.3	94.2	Apr	92.3	
Slovenia	3.0	2.0	1.1	3.8	Mar	-1.5	-15.6	Mar	-26.1	2.1	Apr	1.6	3.4	Apr	2.6	4.6	Mar	4.9	6.2	Mar	5.8	98.0	May	98.3	
<b>SEE</b>																									
Albania	n.a.	3.8	n.a.	n.a.	n.a.	n.a.	-6.3	Mar	-9.5	n.a.	n.a.	n.a.	2.6	Mar	2.5	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	2.1	-2.8	Mar	-5.5	4.3	Apr	0.5	17.7	Mar	14.0	5.0	Mar	4.0	27.0	Mar	27.1	9.5	Mar	9.2	n.a.	n.a.	n.a.	
Bulgaria	2.9	3.1	3.1	4.8	Mar	-4.6	12.0	Mar	3.7	12.4	Mar	8.0	6.0	Apr	2.4	3.2	Mar	3.2	12.9	Mar	12.6	94.5	Apr	97.3	
Croatia	2.2	3.9	3.4	0.8	Mar	0.3	-11.3	Jan	n.a.	6.1	Mar	4.2	5.4	Apr	4.1	3.8	Apr	4.6	7.4	Mar	7.9	103.9	Apr	106.6	
Romania	n.a.	0.1	n.a.	-1.8	Feb	-2.9	1.1	Feb	-1.8	-6.8	Feb	-8.0	9.0	Mar	9.0	6.1	Mar	6.0	3.8	Feb	3.7	94.2	Sep	n.a.	
Serbia	3.0	2.2	2.0	6.4	Mar	-1.0	15.4	Mar	6.6	14.0	Mar	8.0	3.3	Apr	2.6	n.a.	n.a.	n.a.	12.2	Feb	11.2	n.a.	n.a.	n.a.	
<b>EE &amp; MENA</b>																									
Moldova	n.a.	3.9	0.1	12.3	Mar	5.9	15.3	Mar	22.9	n.a.	n.a.	n.a.	6.8	Apr	5.3	2.5	Nov	n.a.	8.9	Dec	n.a.	n.a.	n.a.	n.a.	n.a.
Russia	-0.2	1.0	1.0	1.9	Apr	0.2	72.1	Jan	n.a.	6.5	Apr	2.4	5.6	Apr	5.9	2.2	Dec	n.a.	4.7	Sep	n.a.	48.1	Apr	48.3	
Ukraine	-0.5	3.0	1.8	4.6	Mar	-1.1	-4.1	Sep	n.a.	12.8	Mar	11.3	8.6	Apr	7.6	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Egypt	5.0	5.3	5.1	4.1	Feb	2.9	-18.4	Jan	-18.4	n.a.	n.a.	n.a.	14.9	Apr	13.5	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	48.0	Mar	48.0	
<b>m.i. E. A.</b>	0.8	1.3	1.4	-2.1	Mar	-1.2	-5.5	Mar	-6.5				3.0	Apr	2.0										

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

### Markets and Ratings

	S/T rates			L/T rates <sup>1</sup>			Foreign exchanges <sup>2</sup>			Stock markets		CDS spread (bp)		FX res. chg (mln €) <sup>3</sup>			CA bal. (mln €) <sup>4</sup>		Rating						
	04/6	3M*	3M*	04/6	3M*	3M*	27/5	3M*	1Y*	3M*	1Y*	04/6	27/2	1Q26	4Q25	2025	1Q26	4Q25	Moody's						
<b>CEE</b>																									
Czechia	3.6	0.1	4.8	0.5	24.28	0.24	-2.40	-3.4	18.0	17.3	20.9	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	2,491.6	n.a.	Aa3					
Hungary	6.0	-0.1	5.5	-1.0	355.15	-5.48	-12.22	4.2	37.3	70.8	85.6	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	Baa2					
Poland	4.0	0.1	5.8	0.8	4.24	0.38	-0.20	7.3	32.1	51.5	53.0	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	-114.0	n.a.	A2					
Slovakia	2.2	0.2	3.6	0.5	n.a.	n.a.	n.a.	9.5	6.2	33.5	27.3	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	-6,108.6	n.a.	A3					
Slovenia	2.2	0.2	3.4	0.3	n.a.	n.a.	n.a.	-0.2	36.9	29.9	27.3	-4	92	287	397	236.8	n.a.	n.a.	n.a.	A2					
<b>SEE</b>																									
Albania	2.7	n.a.	n.a.	n.a.	95.36	-0.92	-2.95	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	-6	287	n.a.	n.a.	-254.0	n.a.	n.a.	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.	-126	150	293	n.a.	n.a.	-227.9	n.a.	n.a.	B3					
Bulgaria	2.2	0.2	3.1	0.0	n.a.	n.a.	n.a.	-4.5	25.1	34.8	36.7	n.a.	n.a.	n.a.	n.a.	n.a.	-3,819.8	n.a.	n.a.	Baa1					
Croatia	2.2	0.2	3.1	0.3	n.a.	n.a.	n.a.	4.0	20.6	44.4	44.4	22	332	378	n.a.	n.a.	-2,203.9	n.a.	n.a.	A3					
Romania	5.7	0.1	6.9	0.6	5.24	2.79	3.50	8.5	71.0	141.8	119.4	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	Baa3					
Serbia	5.8	0.0	n.a.	n.a.	117.40	0.02	0.15	0.1	6.1	139.5	129.6	-522	-43	-286	-179	-1,489.1	n.a.	n.a.	n.a.	Ba2					
<b>EE &amp; MENA</b>																									
Moldova	6.5	0.0	7.2	0.0	20.11	0-12	1.75	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	-1,099.7	n.a.	n.a.	B2				
Russia	n.a.	n.a.	n.a.	n.a.	73.40	-7.09	-6.7	n.a.	n.a.	n.a.	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.	44.34	1.51	5.32	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	Ca				
Egypt	23.6	-1.2	11.3	0.0	51.77	3.35	8.65	9.7	62.5	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	Caa1				
<b>m.i.A.E.</b>	2.2	0.2	3.0	0.3	1.2	-1.5	2.5	-1.2	13.2	2.50	2.21														

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

### Banking aggregates and interest rates (private sector)

	Loans			NPL/Loans			Foreign Liab.			Deposits			Loans rate1-NewB*			DepositsRate1-NewB*			Loans/Dep						
	chg yoy %			%			chg yoy %			chg yoy %			%			%			%						
	Last	Mth	2025	Last	mth	2025	Last	mth	2025	Last	Mth	2025	Last	mth	2025	Last	mth	2025	Last	mth	2025	Last	mth	2025	
<b>CEE</b>																									
Czechia	8.6	Mar	7.2	1.5	Mar	1.5	0.6	Mar	3.3	5.4	Mar	4.0	5.1	Mar	5.2 C	3.0	Mar	2.9 H	72.0	Mar	71.3				
Hungary	11.9	Mar	8.5	1.7	Dec	1.7	21.9	Mar	9.2	9.0	Mar	5.5	9.2	Mar	9.8 C	4.8	Mar	5.0 H	81.2	Mar	81.6				
Poland	7.6	Mar	5.7	n.a.	Mar	n.a.	n.a.	Mar	n.a.	10.3	Mar	9.8	5.7	Mar	5.8 C	2.9	Mar	3.1 H	62.8	Mar	61.9				
Slovakia	6.0	Mar	6.9	2.0	Mar	2.0	13.2	Mar	-3.3	7.3	Mar	5.5	4.2	Mar	4.2C <sup>2</sup>	0.5	Mar	0.5H <sup>2</sup>	104.9	Mar	104.8				
Slovenia	7.1	Mar	6.6	1.6	Feb	1.6	-3.8	Mar	2.4	6.8	Mar	7.0	3.8	Mar	3.9C <sup>2</sup>	0.7	Mar	0.7H <sup>2</sup>	62.5	Mar	60.8				
<b>SEE</b>																									
Albania	11.1	Mar	13.6	3.8	Feb	3.8	21.8	Mar	19.9	7.4	Mar	9.1	5.1	Mar	5.1PS	2.5	Mar	2.5PS	64.2	Mar	63.1				
Bosnia H.	11.0	Mar	10.4	2.4	Dec	2.4	15.0	Mar	2.4	11.4	Mar	10.0	3.4	Mar	3.4 C	1.2	Mar	1.8 H	89.5	Mar	87.6				
Bulgaria	16.2	Mar	15.5	2.8	Mar	2.7	-61.9	Mar	28.7	17.7	Mar	16.0	4.1	Mar	4.8 C	1.1	Mar	0.9 H	67.8	Mar	68.4				
Croatia	11.4	Mar	12.7	2.3	Dec	2.3	20.8	Mar	37.2	6.6	Mar	6.8	3.9	Mar	3.7PS	1.8	Mar	1.8PS	77.2	Mar	74.2				
Romania	6.9	Mar	5.8	2.7	Feb	2.7	19.3	Mar	21.3	6.4	Mar	6.5	7.9	Mar	7.9PS	5.3	Mar	5.5PS	68.9	Oct	n.a.				
Serbia	16.8	Apr	15.4	2.1	Feb	2.1	15.6	Apr	5.4	9.6	Apr	6.0	7.9	Apr	7.4PS	5.1	Apr	4.4PS	84.2	Dec	84.2				
<b>EE &amp; MENA</b>																									
Moldova	22.6	Apr	27.2	5.3	Apr	4.3	n.a.	Mar	n.a.	12.3	Apr	11.9	7.9	Apr	8.0 C	5.0	Apr	4.7 H	74.2	Apr	71.3				
Russia	7.4	Feb	5.6	6.1	Dec	n.a.	n.a.	Dec	n.a.	8.7	Feb	7.5	18.0	Feb	18.0 C	14.1	Feb	15.3 H	112.7	Feb	111.4				
Ukraine	7.2	Mar	4.6	12.9	Mar	13.9	18.9	Mar	15.6	14.4	Mar	16.1	19.6	Mar	19.2PS	9.8	Mar	10.3PS	40.9	Mar	37.7				
Egypt	21.1	Dec	21.1	2.1	Jun	n.a.	5.5	Feb	7.2	16.7	Feb	20.4	20.6	Mar	21.5 C	14.8	Mar	15.9 H	35.6	Dec	35.6				
<b>m.i. E. A.</b>	1.36	May	n.a.	n.a.	n.a.	n.a.	3.3	May	n.a.	4.6	May	n.a.	3.4	Mar	3.4 C	1.8	Mar	1.8 H	71.8	May	n.a.				

## Country Outlook

### The Economy

	GDP (% yoy)	2023	2024	2025	2026F	2027F	Inflation (% avg)	2023	2024	2025	2026F	2027F
CEE	Czech Rep.	0.1	1.2	2.6	2.1	2.3	Czech Rep.	12.1	2.7	2.3	2.1	2.2
	Hungary	-0.9	0.7	0.4	1.7	2.6	Hungary	17.6	3.7	4.5	3.0	3.8
	Poland	0.1	3.2	3.6	3.3	2.5	Poland	11.0	3.7	3.1	3.2	2.8
	Slovakia	2.1	1.9	0.8	0.8	1.7	Slovakia	11.0	3.2	4.2	4.7	3.4
	Slovenia	2.4	1.7	1.1	2.1	2.3	Slovenia	7.2	2.0	2.5	3.1	2.4
SEE	Albania	3.3	4.0	3.7	3.2	3.3	Albania	4.8	2.2	2.2	3.2	3.2
	Bosnia Herzegovina	3.8	2.6	2.1	2.1	2.5	Bosnia Herzegovina	6.1	1.7	4.0	4.4	3.3
	Bulgaria	1.7	3.4	3.1	2.7	2.8	Bulgaria	8.6	2.6	3.5	5.0	4.6
	Croatia	3.8	3.8	3.4	2.4	2.5	Croatia	8.4	4.0	4.4	4.8	3.0
	Romania	2.4	0.8	0.6	0.1	2.4	Romania	9.8	5.9	6.7	7.0	4.0
Serbia	3.7	3.9	2.0	2.6	3.5	Serbia	12.1	4.6	3.8	3.8	4.4	
EE & MENA	Moldova	-5.9	0.7	0.1	2.2	3.6	Moldova	14.0	4.7	7.8	7.0	5.8
	Russia	3.6	5.0	1.0	1.1	1.5	Russia	6.0	8.4	8.7	5.5	4.3
	Ukraine	5.5	3.2	1.8	1.4	2.4	Ukraine	13.4	6.5	12.8	8.2	7.7
	Egypt	2.9	3.1	5.1	3.9	5.3	Egypt	33.8	28.5	14.2	15.0	12.1

### Markets

	Exch.rate (avg Euro)	2023	2024	2025	2026F	2027F	Interest rate (% avg)	2023	2024	2025	2026F	2027F
CEE	Czech Rep.	24.0	25.1	24.7	24.4	24.0	Czech Rep.	7.1	5.0	3.6	3.6	3.6
	Hungary	381.8	395.5	397.7	370.4	365.7	Hungary	14.3	7.3	6.5	6.1	5.3
	Poland	4.5	4.3	4.2	4.3	4.4	Poland	6.4	5.8	5.0	3.9	3.7
	Slovakia	n.a.	n.a.	n.a.	n.a.	n.a.	Slovakia	3.4	3.6	2.2	2.4	2.8
	Slovenia	n.a.	n.a.	n.a.	n.a.	n.a.	Slovenia	3.4	3.6	2.2	2.4	2.8
SEE	Albania	108.4	100.5	98.0	96.4	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	1.7	2.8
	Croatia	n.a.	n.a.	n.a.	n.a.	n.a.	Croatia	3.4	3.6	2.2	2.4	2.8
	Romania	4.9	5.0	5.0	5.1	5.2	Romania	6.6	5.9	6.3	6.5	5.6
Serbia	117.3	117.1	117.2	117.5	117.6	Serbia	5.6	5.3	4.7	4.8	5.7	
EE & MENA	Moldova (USD)	18.2	17.7	17.4	17.2	17.3	Moldova	9.5	3.8	6.2	6.0	5.0
	Russia (USD)	85.2	92.8	83.8	81.8	86.6	Russia	9.4	18.0	18.9	14.3	9.1
	Ukraine (USD)	36.8	40.1	41.7	43.6	45.0	Ukraine	n.a.	n.a.	n.a.	n.a.	n.a.
	Egypt (USD)	30.7	45.3	49.3	50.3	50.6	Egypt	23.1	27.9	27.6	23.7	17.6

### Banking aggregates (% change yoy)

	Loans (pr. sector)	2023	2024	2025	2026F	2027F	Deposits (pr. sector)	2023	2024	2025	2026F	2027F
CEE	Czech Rep.	6.6	5.7	7.2	5.8	3.9	Czech Rep.	7.5	7.6	4.0	4.8	3.9
	Hungary	3.3	6.8	8.5	10.3	4.5	Hungary	0.3	8.4	5.5	7.1	5.1
	Poland	-2.5	3.6	5.7	5.0	4.3	Poland	10.5	8.1	9.8	6.0	5.0
	Slovakia	3.4	2.9	6.9	5.1	4.1	Slovakia	4.6	6.5	5.5	4.2	4.1
	Slovenia	-0.5	2.7	6.6	6.4	5.5	Slovenia	5.5	1.9	7.0	3.3	3.2
SEE	Albania	3.7	12.4	13.6	6.0	3.2	Albania	1.6	3.9	9.1	3.6	3.5
	Bosnia Herzegovina	6.8	9.3	10.4	8.5	6.3	Bosnia Herzegovina	10.2	10.8	10.0	8.0	6.7
	Bulgaria	11.2	15.0	15.5	7.9	6.0	Bulgaria	10.4	10.1	16.0	8.1	5.4
	Croatia	8.0	9.4	12.7	8.6	5.8	Croatia	3.5	3.7	6.8	5.1	3.8
	Romania	5.9	8.1	5.8	5.5	5.7	Romania	12.9	9.7	6.5	5.1	5.3
Serbia	1.0	7.9	15.4	6.7	4.7	Serbia	11.7	13.2	6.0	6.5	4.4	
EE & MENA	Moldova	3.7	26.5	27.2	19.4	14.3	Moldova	20.6	13.6	11.9	8.3	7.9
	Russia	24.2	16.0	5.6	4.9	5.0	Russia	23.4	23.8	7.5	6.5	5.4
	Ukraine	-0.3	10.2	4.6	3.5	5.0	Ukraine	26.7	14.4	16.1	6.0	6.6
	Egypt	22.1	29.8	21.1	15.9	10.0	Egypt	18.5	34.4	20.4	15.2	11.1

### Banking interest rates (%)

	Lending (Corp. avg)	2023	2024	2025	2026F	2027F	Deposits (HH avg)	2023	2024	2025	2026F	2027F
CEE	Czech Rep.	8.6	6.6	5.2	5.0	4.6	Czech Rep.	6.0	4.3	2.9	3.0	2.9
	Hungary	12.3	11.3	10.3	8.4	5.0	Hungary	11.6	5.5	4.9	4.5	3.0
	Poland	8.5	7.7	7.0	5.6	4.9	Poland	5.6	4.2	3.6	3.0	2.6
	Slovakia	4.3	5.7	4.4	4.4	4.5	Slovakia	0.4	0.7	0.6	0.8	1.4
	Slovenia	4.6	5.4	4.2	3.8	3.9	Slovenia	0.8	1.5	1.0	1.0	1.4
SEE	Albania	5.9	5.5	5.3	5.6	6.0	Albania	2.1	2.6	2.6	2.7	2.5
	Bosnia Herzegovina	3.7	4.2	3.9	3.6	n.a.	Bosnia Herzegovina	0.5	0.8	1.7	1.4	n.a.
	Bulgaria	4.5	4.7	4.3	5.6	5.3	Bulgaria	0.6	1.1	1.1	2.5	1.5
	Croatia	4.7	5.0	3.9	4.1	4.7	Croatia	2.4	3.0	1.9	2.0	2.2
	Romania	9.4	8.2	8.0	8.5	7.1	Romania	6.0	5.2	5.4	5.9	4.1
Serbia	11.6	10.3	8.5	8.2	8.7	Serbia	5.8	4.8	4.3	5.1	5.3	
EE & MENA	Moldova	11.3	7.8	7.8	8.8	7.5	Moldova	9.8	3.6	3.9	5.8	3.7
	Russia	11.6	18.9	20.6	16.2	9.1	Russia	7.6	16.7	17.7	12.7	5.6
	Ukraine	22.1	19.6	19.7	18.6	15.8	Ukraine	12.3	9.1	10.0	9.2	8.0
	Egypt	17.8	24.3	24.2	19.0	11.9	Egypt	12.7	19.2	18.2	14.0	8.6

Source: Intesa Sanpaolo Research Department forecasts

## Appendix

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