

Economic and Banking Outlook

Viewpoint

Macroeconomic rebalancing and stabilisation across regions. Disinflation allows for cautious monetary policies normalisation.

Macroeconomic scenario

- Overview** – The global macroeconomic environment is transitioning towards a phase of **gradual rebalancing, rather than a marked cyclical slowdown**. Economic activity has remained broadly resilient, supported by both domestic demand in major economies and by structural investment trends related to digitalisation, energy transition, and defence spending. At the same time, the international context has become structurally more challenging. Geopolitical tensions remain elevated, trade relationships are increasingly fragmented, and financial conditions – despite some recent easing – are expected to remain tighter than in the pre-pandemic period. **Inflation has moderated across major economies, allowing central banks to largely step back from high restrictive policy stances**. However, the disinflation process remains incomplete, and price dynamics continue to be exposed to supply-side risks, fiscal pressures, and commodity price volatility. As a result, **monetary policy globally is shifting towards a more cautious and risk-aware configuration, rather than a rapid return to accommodative settings**. In this context, growth prospects and financial conditions are increasingly shaped by domestic fundamentals. This is particularly relevant for CEE, SEE, EE, and Egypt, where structural characteristics, policy credibility and macroeconomic buffers play a key role in determining relative performance and risk perception.
- Economic growth** – Within this global setting, growth prospects across CEE, SEE, EE, and Egypt diverge meaningfully. In **Central and Eastern Europe**, GDP growth is stabilising at around 2.5% over the medium term, with domestic demand acting as the main driver while external demand remains subdued. **South-Eastern Europe** is expected to accelerate from weaker levels, with growth moving towards around 3%, supported by consumption and a gradual recovery in investment, albeit constrained by fiscal and external vulnerabilities in several countries. In **Eastern Europe**, growth remains structurally weaker, hovering close to 1%, reflecting persistent geopolitical uncertainty and subdued investment. **Egypt** stands out, with growth remaining comparatively stronger, at around 5%, underpinned by large-scale investment programmes and a positive demographic dynamic.
- Inflation** – **Inflationary pressures are easing across all areas, but the pace of convergence towards price stability differs markedly**. In **CEE**, inflation has declined towards around 3%, broadly consistent with central bank targets. In **SEE**, CPIs remains higher, close to 4%, reflecting stronger domestic price drivers and administered components. **Eastern Europe and Egypt** continue to face more challenging inflation dynamics, with price growth remaining elevated – around 4% in EE and still in double-digit territory in Egypt – implying a more gradual and uneven disinflation path.
- Monetary policies** – **Monetary policy across CEE, SEE, EE, and Egypt is characterised by cautious normalisation**. In **CEE**, policy rates are on a gradual downward path, converging toward the 3–4% range. In **SEE**, easing is proceeding more slowly, with policy rates remaining above 4% in most countries. In **Eastern Europe**, monetary policy remains restrictive, with policy rates still in high single-digit territory, reflecting elevated inflation risks. In **Egypt**, despite some easing, policy rates remain well above 10%, underscoring the priority given to both inflation control and macro-financial stability.

Macroeconomic forecasts

	GDP (yoy % chg)				CPI (avg, yoy % chg)				Policy rates (avg, %)			
	2024	2025F	2026F	2027F	2024	2025F	2026F	2027F	2024	2025F	2026F	2027F
CEE	2.2	2.4	2.4	2.6	3.4	3.4	2.8	2.6	5.6	4.7	3.8	3.5
SEE	1.9	1.4	2.3	3.1	5.1	5.6	4.6	3.0	5.7	5.3	5.0	4.3
EE	4.2	0.9	1.0	1.4	8.2	9.3	5.4	4.2	17.4	18.6	14.3	8.0
CEE SEE EE	3.4	1.4	1.5	2.0	6.5	7.2	4.6	3.6	12.8	13.2	10.3	6.3

Source: Intesa Sanpaolo Research Department F= forecasts

Based on information available to 15 December 2025

See the final page for important information

December 2025

Countries with ISP subsidiaries

Quarterly Note

Research Department

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Banking aggregates

- Loans – Credit dynamics across CEE, SEE, EE, and Egypt remain overall supportive**, though increasingly differentiated. In **CEE**, loan growth has stabilised at mid-single-digit rates (around 5%), reflecting resilient household demand and a gradual recovery in corporate lending, despite still-selective investment activity. **SEE** continues to record comparatively stronger credit expansion, close to 6%, supported largely by household lending and improving confidence, although momentum is expected to moderate over time. In **Eastern Europe**, loan growth has slowed markedly, remaining at around 5% after a sharp deceleration, as tighter financial conditions and uncertainty weigh on credit demand. **Egypt** stands out, with loan growth remaining robust, close to 10%, reflecting both nominal effects and sustained financing needs linked to investment programmes.
- Deposits – Deposit growth remains solid across all regions, albeit normalising after exceptionally strong performances in recent years**. In **CEE**, deposits continue to expand at around 5%, supported by household savings and stable labour markets, although growth has slowed as real incomes recover and consumption resumes. **SEE** shows a similar profile, with deposit growth slightly above 5%, reflecting still-high precautionary savings. In **Eastern Europe**, deposit growth has stabilised at around 5%, following a sharp slowdown from earlier peaks. **Egypt** continues to record comparatively strong deposit growth, at around 10%, driven by high nominal rates and a preference for banking instruments in a volatile macroeconomic environment.
- Rates (Loans and Deposits) – Interest rate dynamics reflect the broader process of cautious monetary normalisation**. In **CEE**, average lending rates are gradually declining towards around 4%, while deposit rates are converging towards below 2%, supporting a gradual recovery in credit demand while compressing deposit remuneration. In **SEE**, lending rates remain higher, at around 6–7%, and deposit rates above 2–3%, reflecting both slower easing cycles and higher inflation persistence. In **Eastern Europe**, both lending and deposit rates remain elevated, with lending rates still in double-digit territory, consistent with restrictive monetary conditions. **Egypt** continues to operate in a high-rate environment, with lending rates well above 15% and deposit rates remaining firmly in double digits, underscoring the priority given to macro-financial stabilisation.
- NPLs – Asset quality across the region remains broadly sound**. In **CEE** and **SEE**, non-performing loan ratios remain low and manageable, supported by resilient labour markets, prudent underwriting standards, and still-supportive nominal growth. In **Eastern Europe**, asset quality warrants closer monitoring, but remains contained so far despite the challenging macroeconomic backdrop. In **Egypt**, NPLs remain under control, supported by both regulatory oversight and cautious lending practices, although elevated interest rates imply the need for continued vigilance as financial conditions remain tight.

Banking forecasts

	Loans (yoy % chg, avg)			Deposits (yoy % chg, avg)			Lending Interest rates (avg, %)			Deposit Interest rates (avg, %)		
	2025F	2026F	2027F	2025F	2026F	2027F	2025F	2026F	2027F	2025F	2026F	2027F
CEE	5.8	4.9	4.5	6.1	4.8	4.7	6.8	5.2	3.9	3.3	2.6	1.8
SEE	8.5	6.1	5.6	4.6	5.3	5.1	7.0	7.1	6.6	4.4	4.2	2.6
EE	2.6	5.2	5.1	3.4	5.3	5.3	20.6	15.8	10.3	17.1	11.9	6.5
CEE SEE EE	4.1	5.2	4.9	4.3	5.1	5.1	15.2	11.8	8.0	11.8	8.4	4.7

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 **2.8% year-on-year in the third quarter of 2025 on an annual basis** (seasonally-adjusted data), compared with 2.3% in the previous quarter, owing to the still-strong economic performance in both Poland and Czech Republic that offset the economic weakness in Hungary, Slovakia, and Slovenia. Within rather wide bounds, in 3Q25 the economic trend was in a range from 0.6% in Hungary to 3.6% in Poland. **Among the countries in the SEE area**, in the third quarter, the only data currently available relates to Croatia, Romania, and Serbia, where **the GDP expanded at about 1.5% yoy** (weighted average on seasonally-adjusted data), weakening from 2.6% in previous quarter due to the softening of growth in Croatia and Romania.

The latest releases of high-frequency economic indicators are still mixed but generally point to a weakening economic dynamic in the short term. In October, in the CEE area, the **industrial production** dynamic remained in positive, but decelerated to 1.2% yoy from 4.7% in the previous month (in weighted-average data), with Hungary still on a negative trend. In the same month, the annual growth of industry in Croatia increased to 5.5% (recovering the contraction of previous month, -0.3%), while in Serbia it remained weak (-2.2% from 1.3%). In November, the **Economic Sentiment indicator** decreased slightly in the CEE region with respect to October (to 99.6 from 103.0) and remained below the 3Q data (100.7). In the same month, the same indicator in the SEE area increased to 96.2, from 94.7 of previous month, in line with the 3Q average.

Although varying across countries, the decline in **inflationary pressure** has practically stopped in recent months in the CEE and SEE regions, owing to the temporary acceleration of inflation due to base effects and, in countries such as Czech Republic, due to relatively strong economic growth, as well as exchange-rate weakness as in Hungary. Aggregating the data (weighted average), in October (3.0%), albeit lower than the 4.2% in January, the annual inflation rate in the CEE area is still above the low of 2.8% in June 2024 (harmonised measures). In the SEE area, annual inflation remained at 6.8%, close to previous month, driven by the high inflation in Romania and also in Croatia.

At their most recent meetings, Poland's central bank reduced its **policy rate** to 4.0% from 4.25%, while the remaining national banks held their rates steady at 6.5% for Hungary and 3.5% for the Czech Republic, respectively, in the CEE region. Among the SEE countries, in Albania, Romania, and Serbia the policy rates remained at 2.5%, 6.5% and 5.75%, respectively. In the financial markets, **long-term yields** decreased slightly in several CEE and SEE countries versus three months ago, with a small reduction of spreads with respect to the Bund 10Y yields. The previous depreciation of local currencies seen in previous months, due to uncertainties in the international context that are influencing trade and investors' choices, now seems to have partially recovered.

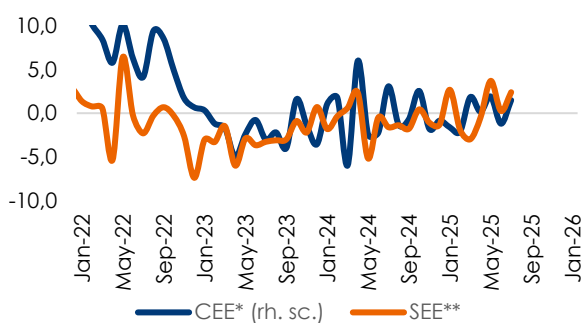
Antonio Pesce, Francesca Pascali, Davidia Zucchelli

The high-frequency indicators are still mixed, and surveys point to a feeble cyclical phase in the short term

Temporary halt to the decline in inflation

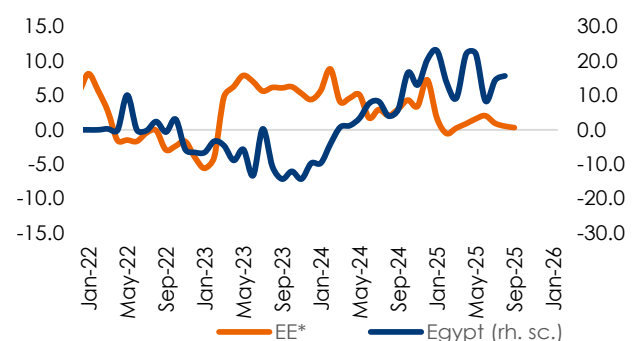
Poland CB eased monetary policy further. Temporary pauses in monetary easing in the other countries

Industrial production % yoy – CEE/SEE



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

Industrial production % yoy – EE/Egypt



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

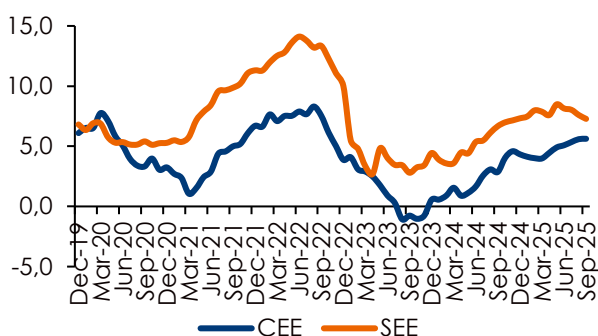
In the EE countries, some signs of a slowdown continue to emerge. In **Russia** 3Q 2025 preliminary data ended with a 0.6% increase in **GDP** (+1.1% in 2Q) and in 3Q25 it increased by 2.1% year-on-year in **Ukraine** (from +0.7% in 2Q25); in **Moldova** it increased in 2Q25 by 0.7% (from -1.1% in 1Q25). In **Egypt**, GDP expanded by 5.3% yoy in 3Q25 (5.4% in 2Q25). Moving to high-frequency indicators, in **October**, **industrial production** grew (by 3.1% yoy) in Russia (from 0.3% in September), it increased in Moldova (+9.0% in September) and remained unchanged in Ukraine (0.0% in September 2025). In Egypt, it increased by 15.7% in August (+14.4% in July). In October, **retail sales** increased in Russia by 4.8% (1.8% in September), and in October they increased by 9.5% in Ukraine (vs. +6.4% in September). In Russia, **consumer prices** reached their peak in March (+10.3%), up to the CB targets (4.0%) and in November they rose by 6.6%. In November, prices also rose in Ukraine to 9.3% (+10.9% in October). In Moldova, the CPI stood at 7.0% vs. 7.0% in October. In Egypt, inflation rose by 12.3% in November, down from the +12.5% of October, and still well above the upper end of the CB's corridor (7% ± 2%).

Banking aggregates accelerated slightly **in many CEE countries** in Q3, still supported by credit demand, and despite a weaker economic environment, while **in SEE countries**, performance decelerated mainly due to Romania. Loans accelerated particularly in Slovakia (from 6.1% yoy in June to 7.4% yoy in September), and in Hungary (from 6% to 6.7% yoy) (+5.6% yoy in the CEE area). In the **SEE countries**, loan growth still accelerated in Croatia to 13.2%, pushed up by the still-good GDP performance, and in Serbia to 12.3%. Lending accelerated in the CEE in both **the corporate segment** (by 6.5% yoy in September), mainly in Slovakia (8.3% yoy) and Poland (8.6% yoy), and in the **household sector** (5.6% yoy, and 11.4% yoy in Hungary, owing to family support programmes, and 7.9% in the Czech Republic). In the **SEE countries, lending was particularly strong in the household segment** (11.2% yoy, and +17.8% yoy in Albania and 16% in Serbia, both accelerating). **NPL ratios have remained low** throughout the region so far. Higher wages continued to support **deposit growth** in the CEE area, particularly in Poland (to 9.7% yoy in September) in nominal terms, and in Bosnia (10.1% yoy) in the SEE countries, but decelerating in Romania (6.6% yoy). **Banking interest rates** showed different performances in Q3. They are decreasing in many countries, mainly in Slovenia and Bosnia, but they increased slightly in Croatia and Poland. However, revisions to policy rates and slightly higher customer risks could have a moderate impact on interest margins and profitability from 2025. **In the EE area**, loan growth decelerated sharply in Russia (4.6% yoy in August from 16% yoy in 2024) mainly in the households (-1.6% vs. 9.5% in 2024 and vs 7.5% yoy in August in the corporates). In Moldova, the strong loan performance (33.7% in September from +26.5% yoy in 2024, high also in real term with the inflation around 7%) was vigorous for corporates (28.7% yoy) and still particularly robust for the household sector (40.8% vs. 34.9% yoy). **Total deposit growth** remained dynamic (10.8% yoy in August in Russia), rapidly decelerating in both the corporate (1.7% yoy in August from 2.5% yoy in June) and the household sector (+19.3% yoy from 21% yoy in June). In **Egypt**, banking aggregates saw continued strong dynamics in nominal terms, with loans increasing by 23.9% yoy (in May, last available data) and deposits by 23.8% yoy in September (changes in positive territory in real terms due to slowing inflation, which has been around 12% in the last few months).

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

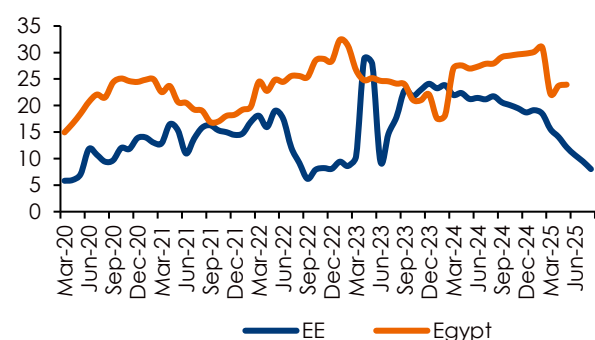
Banking aggregates still better than expected

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

In the third quarter of this year, **global economic growth**, though marked by multiple uncertainties and risks, remained stable at an annual rate of 2.8%, only slightly below the 3.0% recorded in the first half of 2025. This resilience has been primarily driven by relatively favourable fiscal policies, technological innovation – particularly in the United States, where investments in artificial intelligence are supporting productivity – and a gradual normalisation of monetary conditions in major advanced economies.

Central banks in advanced economies are transitioning, or have already transitioned, from a restrictive stance to a more neutral approach. The Federal Reserve, after maintaining high interest rates to counter inflation, has initiated monetary easing that is expected to continue into 2026, while the ECB has kept its deposit rate steady at 2%, signalling caution but also a degree of confidence in price stabilisation. On the **fiscal policy** front, the United States maintains an expansionary policy, with new measures supporting investment and consumption, whereas the Eurozone has adopted a gradually more prudent orientation, with most countries engaged in fiscal consolidation.

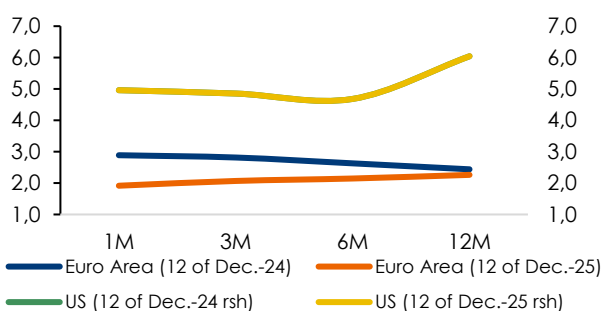
International trade, in general, has shown signs of slowing, as the total volume of global goods trade this year to-date grew by just 1.2%. This reflects increasing fragmentation of value chains, persistent high tariffs, and geopolitical uncertainty that limits the predictability of exchanges. The trajectory of global growth thus remains positive but fragile (2.6% forecast for 2026), with advanced economies at 1.7% and emerging economies around 4.0%.

The **United States** leads the dynamics of advanced economies, with GDP growth projected at 1.9% in 2026, supported by resilient consumption and robust investment. However, international trade is affected by tensions and protectionist measures, with U.S. exports growing at less than 1.5% annually and the trade balance remaining negative.

The **Euro Area** exhibits more moderate growth, with a forecast of 1.1% in 2026. Despite the favourable effects of a progressive reduction in inflation, the fragmented global trade environment is particularly penalising for export-oriented industrial sectors.

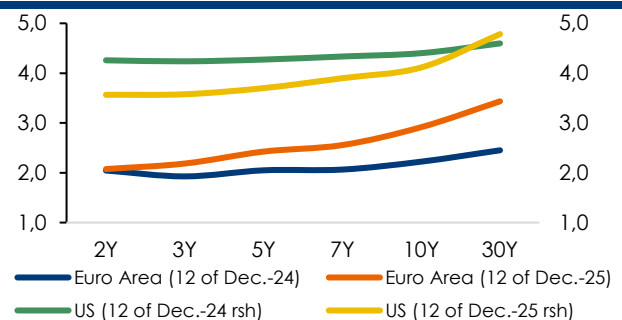
Among **emerging economies**, China maintains a robust pace of GDP growth (5.0% forecast for 2025), leveraging export growth that, after the slowdown in 2024, has stabilised at around +3% annually. Nevertheless, the country shows weakness in domestic demand and faces deflationary pressures, partly due to subdued external demand. Authorities are resorting to selective fiscal stimuli and an accommodative monetary stance, seeking to balance financial stability with the need for stimulus. India has confirmed its role as the engine of emerging markets (6.8% projected GDP growth in 2026), with export growth exceeding 4% annually, benefiting from dynamic domestic demand and a relatively favourable position in global value chains. Brazil, where GDP growth in 2026 is forecast at 1.8%, faces internal challenges and commodity price volatility, with exports stagnating (+1% in 2025) and monetary policy remaining restrictive to contain inflation.

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

Antonio Pesce

Global economic growth remains steady but with considerable divergence among regions and countries

The economic outlook

Growth and inflation

Looking ahead, we expect **GDP in the CEE and SEE areas** to continue their positive trend in the coming months, basically in line with September projections, excluding Hungary and Croatia, for which a downward revision occurred due to both the weak data released and the feeble surveys published more recently.

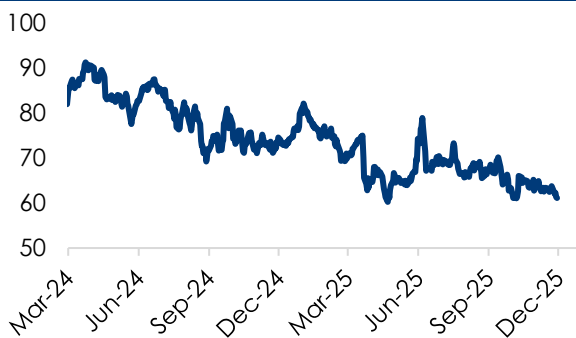
In the CEE area, 2026 GDP growth is projected at 2.4% (10 bps lower than September forecast) and then in acceleration at 2.6% in 2027 (as our previous forecast). In the SEE region, we expect GDP growth at 2.3% in 2026 (20 bps lower than September baseline), and at 3.1% in the following year (as in September baseline).

The prevailing **risks to the outlook** remain broadly on the negative side because of the general weakness of the international landscape. The geopolitical fragmentation and the impact of the trade tariff policies of the administration in the US, and in the main international trade players in response to US policies, persist as negative risks for the global economic performance.

Inflation, after the temporary surge of consumer price pressure, is projected to decline as in the September scenario, as wage dynamics are still relatively high. So for both the two regions, CEE and SEE, average inflation rates have been confirmed in line with our previous baseline for 2026 and 2027 years.

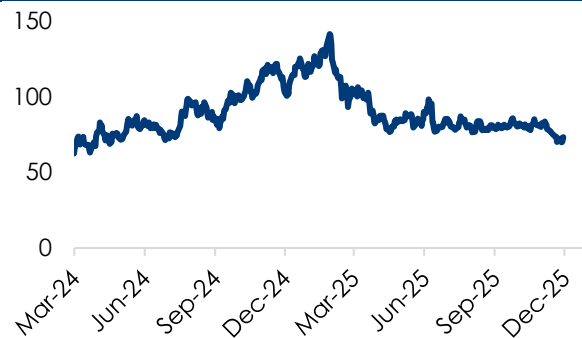
In the **EE** countries, we have slightly adjusted our forecasts. For Russia, we lowered our 2025 and 2026 GDP to 0.9% (from 1.6 and 1.4% respectively). For Ukraine, we have lowered our estimates to +1.7% from +2.0% in 2025 and left unchanged for 2026 (to 2.5%). We estimated for Moldova a rise (+1.8% in 2025 from +1.3% and 2.4% in 2026). Price pressures are expected to decline in Russia, Ukraine, and Moldova. In Russia, where inflation began to accelerate again from April 2024, it is not expected to reach the CB's targets before 2027. For **Egypt**, we raised our GDP growth estimate to 4.9% for calendar year 2025 (from 4.6% of September forecasts) and we lowered to 4.3% for 2026 (from 4.6% of September). Inflation is expected to reach 13.5% by year-end 2025 and 10.8% in 2026. It is not expected to move back to the CB's target before 2027.

ICE-BRENT CRUDE OIL (Barrels \$)



Source: LSEG Workspace

ICE-NATURAL GAS (Therm £)



Source: LSEG Workspace

Monetary policy and financial markets

In line with our September scenario, we continue to believe that the policy rate-reduction cycle could resume during next year for almost all countries, but on a higher path than projected in our previous baseline. **Hungary** is now expected to reach 5.75% by the end of 2026, and then to continue down to 4.5% at the end of 2027, while the **Czech Republic** is forecast to arrive at the target point of 3.25% in 2026. For **Poland**, we confirm our expectation of the target policy rate at 3.5% in 2026. In the SEE area, we believe that the monetary easing has been concluded in **Albania**, while in **Romania** and **Serbia** further reductions are expected up to 6.0% (upward

Francesca Pascali, Antonio Pesce

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

Risks to our forecasts are on the negative side

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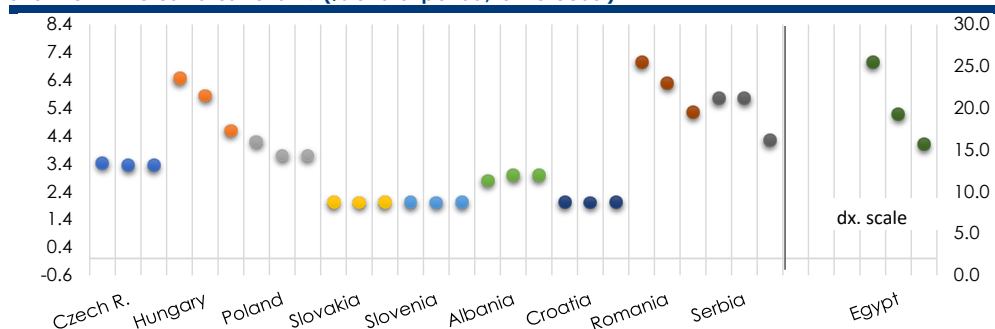
The policy rate easing cycle is expected to continue, but on a higher path than previously expected

revised) in Romania and 5.75% in Serbia by year-end 2026, and in a further reduction by the end of 2027.

Outside the CEE/SEE regions, due to a persistent phase of rising inflation, **Russia's CB**, at its meeting on 24 October, decided to reduce its key rate by 50 basis points to 16.50% per annum. The underlying indicators of the current price rise have not changed significantly and remain above 4% on an annual basis. The economy continues to return to a balanced growth path. Inflation expectations remain high. The cut comes at a time when Russian economic growth is set to slow sharply, from 4.3% last year to 0.9% in 2025, high interest rates are hampering investment, and the government has had to raise taxes to balance next year's budget. The CBR has stated that current inflationary pressure will increase temporarily between late 2025 and early 2026 due to a number of factors, including price adjustments and the reaction of expectations to the upcoming VAT increase. As these factors fade, disinflation will continue. This will be facilitated by restrictive monetary conditions. The Bank of Russia will therefore maintain monetary conditions as tight as necessary to bring inflation back to target. At **Moldova's** central bank meeting on 11 December 2025, it was unanimously decided to reduce the base rate applied to main short-term monetary policy operations to 5.00% per annum, the rate for overnight loans to 7.00% per annum for repo operations to 5.25% per annum, and for overnight deposits to 3.00% per annum. With this decision, the NBM is continuing its monetary policy easing measures and thus aims to bring inflation back within a range of ± 1.5 percentage points of the 5.0% target, considered favourable for the growth and economic development of the Republic of Moldova, and to maintain it there in the medium term. In December, the Board of the National Bank of Ukraine (NBU) has decided to keep the reference rate at 15.5% per annum. Given the persistent inflationary risks, particularly those related to future international financing, this decision is necessary to support the attractiveness of hryvnia instruments, the sustainability of the currency market, and the controllability of expectations, in order to bring inflation back to the 5% target. The NBU will respond flexibly to further changes in the distribution of risks to price dynamics. In **Egypt**, at its meeting on 20 November, the Monetary Policy Committee (MPC) decided to keep the overnight deposit rate, overnight lending rate, and main operations rate unchanged at 21.00%, 22.00% and 21.50%, respectively. The Committee also decided to keep the discount rate unchanged at 21.50%. This decision reflects the MPC's assessment to pursue the stabilisation of inflation expectations and safeguard the disinflationary process. The Committee favoured a wait-and-see approach, deciding to keep the ECB's key interest rates unchanged in order to contain inflationary pressures, anchor expectations, and restore the path of disinflation. We therefore estimate a 75 bp cut at the December meeting and a total of 4 pp of cuts in 2026, which will allow the ECB to steer inflation towards its target of 7% (± 2 p.p.) in the fourth quarter of 2026, on average.

For 2026, the profiles for **long-term yields** have been revised slightly downwards overall across the forecast horizon with respect to our September scenario in the CEE/SEE region, with the spreads respecting the 10y Bund which remain roughly unchanged 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 2026-2027 forecast period, driven by a gradual reduction of the inflation differential on the main economic partners.

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



Source: ISP Research Department forecasts

Banking aggregates and interest rates

We revise our forecasts for **banking aggregates** slightly upward for several countries for 2025 and confirm them for the following years, on a gradually decelerating path, supported by positive regional spillover effects induced by Germany's expansive fiscal policy. On the asset side, banks are benefiting from still-low non-performing loan ratios (also due to lending performances). Profitability and capital remain high. Profits are expected to remain robust due to only slightly interest rate-cut. Banks can count on broad bases of core, sticky domestic deposits and have a moderate reliance on market-sensitive institutional or external funding. In general, they can rely on conservative liquidity buffers. Funding tensions could increase in some countries, mainly in Slovakia and Russia, where **LTD ratios remain high**. However, revisions to policy rates and moderately higher customer risks and provisions or interest rates caps (in Serbia) and taxes in some countries (recently approved also in Ukraine) could have negative impacts on interest margins and profitability from 2025.

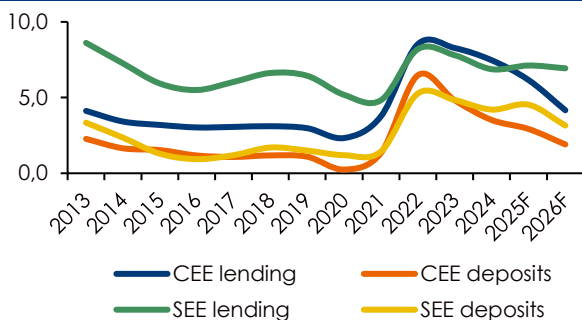
Loan growth in the CEE is forecast to increase by 5.8% in 2025 (revised from 5% in September). The main revisions to our forecasts are for Slovenia (to 7.6% in 2025 from 3.5%) and Hungary (to 5.1% from 3.4% in our September forecast). Lending will be still negatively affected by higher interest rates in real terms, due to decreasing inflation. Demand for credit could be sustained by improving real disposable incomes supporting consumer lending and new packages (in Hungary). Taxes will weigh on bank activity, particularly in Slovakia, where the tightening of the counter-cyclical capital buffer from 1% to 1.5% (from August) is also expected to slow lending marginally next year. **Forecasts for banking aggregates have been revised slightly for many SEE countries for 2025**, mainly in Serbia and Bosnia (to 12.8% and 10.4% respectively) because of better-than-expected recent monthly performances in the household sector. In Croatia and Bosnia, corporate loans also accelerated. The new economic landscape will affect **loan growth**, which is forecast to increase in 2025 by 8.5% in the area (from 7.5% in our previous forecast), and is then expected to slow slightly (+6.1% and 5.6% slightly revised upward) in the following two years. Banks are benefitting from low non-performing loan ratios and high profitability and capital as in the CEE countries. **NPLs are expected to rise** slightly, in a more prudent economic context. **Taxes** are likely to weigh on the economy and bank activity also in Romania. **Deposit forecasts** have been substantially confirmed in 2025 to 6.1%, as a result of an upward revision in Slovenia and a correction in the Czech Republic, and revised downward to 4.6% in the SEE area (mainly in Serbia 6.1% and Romania 3.2%) and also confirmed at around 5% for the following years. In the past few months, **corporate deposits**, a volatile component, accelerated in many countries (Poland and Croatia in particular). In 2025 and 2026, **deposits are expected** to decelerate in many countries because of both low interest rates and the growing popularity of mutual and pension funds, but uncertainties about the economy and the evolution of the war could still support deposit growth. **Interest rates** are expected to decline in 2025 in many countries in line with the money markets rates, with the exception of interest rates in the SEE area due to resilience of interest rates in Romania (the biggest country) (lending rate rising from 7.7% in 2024 to 8.4%) in 2025 and to slow afterwards in all countries. In Russia, deposits are expected to slow dramatically, to 3.1% in 2025 (from 23.8% in 2024). **Ukraine's** parliament recently passed a bill raising the corporate income tax rate for banks to 50% for 2026 and the first quarter of 2027. In **Egypt**, loans are seen at 12.6% (as in our previous forecasts), but deposits are forecast at 20.3% in 2025 and decelerating in the following years (at around 10%).

Davidia Zucchelli

Both lending and ...

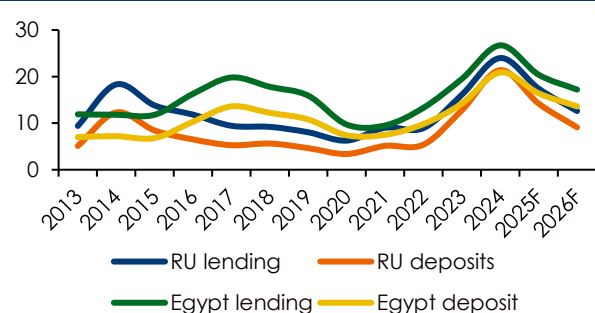
...deposits are expected to slow in almost all CEE/SEE/EE countries in the forecast period

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

Owing to robust recovery of consumer demand, the Czech economy continues to withstand the somewhat unfavourable global backdrop. In the third quarter of 2025, real GDP growth even picked up to 2.8% year-on-year from 2.6% in the previous quarter, on the back of strong household consumption, which contributed half of the yoy real GDP growth. A positive contribution to GDP growth was nevertheless also posted by investments and government consumption. The latter was partly related to fiscal electioneering ahead of the 4 October parliamentary election, which was won by the opposition, and may see some payback in the next months as the new government of PM Andrej Babis takes power. For this reason, and also given the ongoing challenging external environment, we keep our full-2025 GDP growth estimate unchanged from our previous forecast of 2.4%, albeit noting the potential upside given the favourable 3Q national accounts results. In 2026, we continue to see growth of the Czech economy to remain close to the 2025 result, supported by stable consumer spending driven by low inflation, solid real wage gains, and still relatively tight labour market. There could even be a potential acceleration in GDP growth if the forecast improvement in foreign demand driven by the recovery in Germany, the Czech Republic's key trading partner, materialises.

Zdenko Štefanides

Financial Markets

On inflation, November brought it back to just a tenth of a percentage point above the 2% target of the Czech National Bank (CNB), a result which justifies the recent and forecast stability of the official interest rates. While we continue to believe the risks to Czech rates remain skewed to the downside, we now project only one rate cut in this cycle rather than the two cuts foreseen three months ago. The case for less easing rests on a more robust performance of the Czech economy and elevated price developments in some segments of the economy, including the services sector. Less easing also seems justified by the stronger exchange rate. Indeed, the appreciation of the koruna versus the euro has been more solid than we had foreseen. As a result, we now project the end-2025 value of EURCZK at 24.3 rather than 24.6 forecast three months ago. For 2026, we continue to project the koruna stronger still at 24.0, in line with the previous forecast. Yield-wise, we maintain the view of relatively stable yields, prospectively edging lower in 2026.

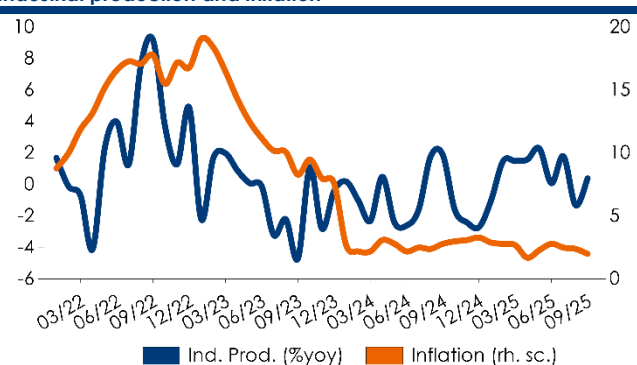
Banking Sector

In the banking market, we continue to foresee a broadly balanced growth of loans and deposits, around 4-5% year-on-year in 2026-2027, albeit noting that in 2025 loans have grown a bit faster than previously foreseen. The loan-to-deposit ratio nonetheless remains at a very comfortable level of around 70% even as, compared to previous years, growth of deposits is lower as households release their pent-up demand for consumer goods and services, built up during the past high-inflation era.

Forecasts

	2024	2025F	2026F	2027F
Real GDP yoy	1.2	2.4	2.3	2.3
CPI (eop)	3.3	2.3	2.0	2.0
Euro exch. rate (value, eop)	25.1	24.3	24.0	24.0
Short-term rate (eop)	3.9	3.4	3.4	3.4
L/T bond yields (eop)	4.1	4.2	3.9	3.7
Bank loans (pr. sector, yoy)	5.7	6.2	5.4	4.2
Bank deposits (pr. sector, yoy)	7.6	3.3	4.0	4.0
Lending int. rate (corp., eop)	5.7	4.5	3.7	3.2
Deposit int. rate (hh, eop)	3.2	2.6	2.3	1.8

Industrial production and inflation



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

Source: Czech Statistical Office

Hungary

Real Economy

Economic activity continues to be subdued and unbalanced. On the production side, industrial activity remained weighed down by the persistent weakness of external demand. On the absorption side, consumption is the key driver. In our December scenario, we have marginally revised down the FY 2025 GDP projection and now expect only 2.3% growth for 2026. Next year, consumption will we believe be supported by rising real wages and generous pre-election fiscal transfers, investments may stabilise, and we may also see a slow, gradual recovery in the industrial sector. The inflation picture is still strongly shaped by different government measures aimed at containing price pressures. Headline CPI fell below the 4% threshold in November. A significant but temporary slowdown is expected at the beginning of next year. The postponement of inflation-linked tax increases and the extension of price caps, together with the extremely supportive base effect, could result in an average inflation below 3% in the first quarter, with the annual price index approaching 2% in February. However, inflation may gradually re-accelerate during the rest of the year, and we expect the year-on-year index to exceed 4% again by December 2026.

Financial Markets

The Monetary Council left the policy rate unchanged at 6.5% throughout the year. The NBH is hawkish and argues for a cautious and patient monetary policy and the maintenance of positive real interest rates. In its view, upside inflation risks are stronger, and inflation expectations remain high, while external uncertainty also warrants caution. The central bank now explicitly aims for a stable and relatively strong FX rate as it can help mitigate the impact of stubbornly high services inflation. We believe that the policy rate will remain at 6.5% well into 2026. The forint benefits from the high carry and the relatively supportive global risk sentiment. The forint is expected to keep its gains in the coming months as approaching the election, the stable and relatively strong FX rate is gaining more importance not only from a monetary policy, but also from a political point of view.

Banking Sector

Private sector loans in the banking sector grew by 3.4% in the January-September period. Corporate loans stagnated with a growth rate of -0.3%. Subdued economic growth, the uncertain outlook, and still relatively high interest rates will hinder any meaningful acceleration this year. On the other hand, loans to household sector grew by 7.7% and the new 3% fixed rate subsidised mortgage loan will give extra boost in the last months of 2025. With the support of the households, FY 2025 loan volume growth could reach 5.1% and accelerate to 6% next year. Deposit growth also came to a halt this year, as corporate deposits shrank by -2.0%, while households' deposits grew by +5.7%. Our projection for deposit volume growth is 4.6% and 5.2% in 2025-2026, respectively, mainly driven by the Households sector.

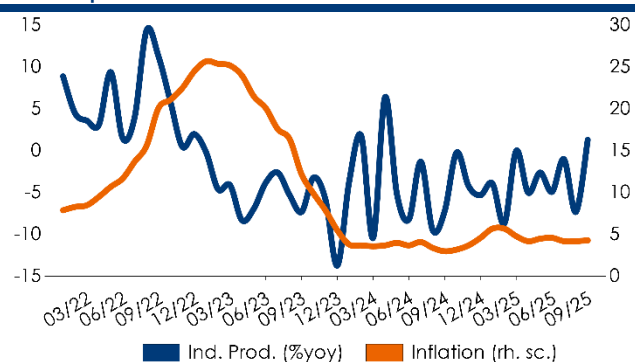
Forecasts

	2024	2025F	2026F	2027F
Real GDP yoy	0.7	0.3	2.3	3.0
CPI (eop)	4.6	3.6	4.2	3.5
Euro exh. rate (value, eop)	411.9	383.0	388.7	392.6
Short-term rate (eop)	6.5	6.5	5.9	4.6
L/T bond yields (eop)	6.4	7.0	6.2	6.1
Bank loans (pr. sector, yoy)	6.8	5.1	6.0	4.9
Bank deposits (pr. sector, yoy)	8.4	4.6	5.2	5.2
Lending int. rate (corp., eop)	11.1	9.4	4.8	3.9
Deposit int. rate (hhs, eop)	4.6	4.4	2.8	1.9

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

Mariann Trippon

Industrial production and inflation



Source: Hungarian Central Statistical Office

Poland

Real Economy

Poland's economy continues to grow at a solid pace, exceeding our expectations. In Q3, real GDP growth stood at 3.8% year-on-year, which has made us revise the full-2025 forecast up by a tenth, to 3.3%. Growth this year has been driven by strong household and public consumption, but also investment and external trade, with exports outperforming expectations. Looking into 2026, activity should remain strong, in our view, albeit GDP will likely ease a bit on challenging external environment and at least some fiscal consolidation – that is, provided the government adheres to its plan to bring the overall fiscal deficit down to 6.5% of GDP in 2026 from this year's expected 7%.

Poland's fiscal position, however, remains challenging. The deficits clearly remain uncomfortably high, driven not only by elevated military spending but also by rising social spending and public sector wages alongside rising debt-service costs. Public debt is expected to exceed 66% of GDP by 2026, leaving the rating outlook under pressure as agencies highlight deteriorating public finances and persistent fiscal slippage.

Financial Markets

Inflation has meanwhile been moderating, from 4.1% yoy in June to 2.8% by August, allowing the National Bank of Poland (NBP) to ease rates by 25bps on 3 September. The key rate is now at 4.75%, a full percentage point lower than a year ago. Ahead, with inflation within the NBP's target range of 1.5-3.5%, rates will likely be cut further. We continue see the terminal rate at 3.50%.

Bond yields are still forecast to edge lower next year as lower inflation and official rates work through. The persistent fiscal pressure and possible ratings actions though may work in its stead. The foreign exchange market has meanwhile remained stable, with the EUR/PLN exchange rate fluctuating within a narrow range. Our baseline forecast remains – stability through to year-end, with a slight depreciation next year due to monetary easing and fiscal pressure.

Banking Sector

In the banking market, we see volumes of both loans and deposits growing nicely alongside expanding real economy. Relative to the previous forecast, growth of loans in 2025 appears even stronger. Yet, as the deposit growth will continue exceed the loans' the liquidity situation on the Polish banking market will remain very comfortable, with the loan-to-deposit ratio of 63% compared to 64% in 2024.

Note that as part of fiscal consolidation, an increase in the corporate income tax on banks has been proposed, from the current rate of 19% to 30% in 2026. If approved, the rate should then decline to 26% in 2027 and to 23% from 2028 onwards.

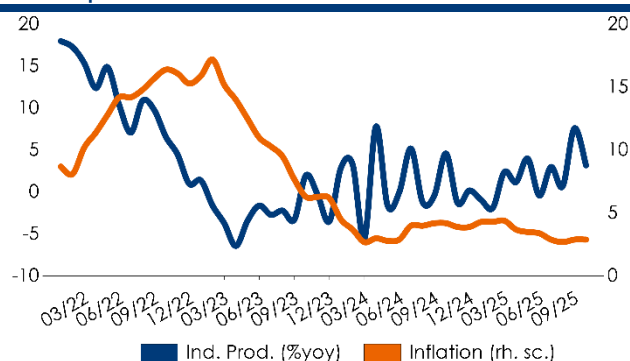
Forecasts

	2024	2025F	2026F	2027F
Real GDP yoy	3.0	3.3	2.6	2.5
CPI (eop)	3.9	2.9	2.5	2.5
Euro exh. rate (value, eop)	4.3	4.3	4.4	4.5
Short-term rate (eop)	5.8	4.2	3.7	3.7
L/T bond yields (eop)	5.7	5.0	5.0	5.0
Bank loans (pr. sector, yoy)	3.6	5.5	4.5	4.5
Bank deposits (pr. sector, yoy)	8.1	7.8	5.0	5.0
Lending int. rate (corp., eop)	7.7	6.4	4.4	3.9
Deposit int. rate (hh, eop)	3.9	3.2	1.9	1.9

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

Zdenko Štefanides

Industrial production and inflation



Source: Statistics Poland

Slovakia

Real Economy

Slovakia's economy continues to struggle with weaker aggregate demand, both from domestic and foreign sources. In 2026, it could accelerate a little due to higher growth expected in Germany, higher drawing of EU money from the Recovery and Resilience Fund and, it hopes, a more peaceful situation on the US trade war front. In addition, during the second half of the year, a new Volvo plant will start testing production of electric cars in the east of the country, with full operation planned for the start of 2027. In general, local automotive producers have been relatively successful in finding new markets to sell their products as the US has become more restrictive, particularly in Europe.

Consumer inflation should remain elevated, partly due to the hike in regulated energy prices. Services' inflation also remains high, and could decelerate only slowly. Most households will continue to have energy commodities subsidised, however, and the impact on disposable income is to be limited. Still, we expect wage growth to slow as the labour market cools, and the labour productivity dynamic is expected to be closer to 5% year-on-year in nominal terms.

Financial Markets

As inflation in the euro area remains close to the 2% target and is expected to remain there for the foreseeable future, we do not expect the ECB to cut its key rates anymore. This means that the deposit rate may stay at 2.0% up until anything important and unexpected happens to the European economy and the inflation outlook. For bond yields, we expect even a little increase, as the yield curve steepens. Sovereign spreads, however, do not have to rise much, limiting a potential negative impact of rising yields on the commercial interest rates. Slovakia's fiscal situation still faces severe challenges, but the financial markets seem rather complacent about both sovereign as well as corporate risks, at least for now.

Banking Sector

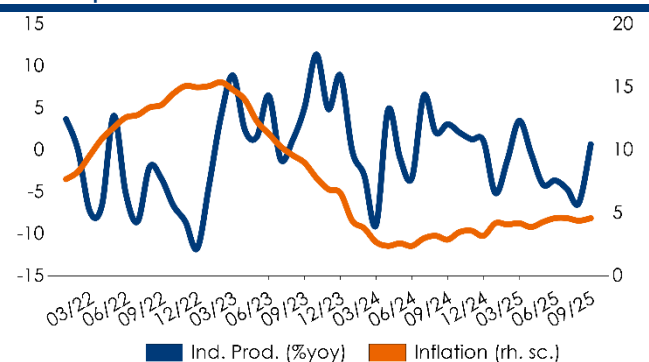
We expect the mortgage boom of 2025 to moderate in 2026, as interest rates have no further room for a decrease, bringing total loan growth in the banking sector closer to nominal GDP development. Investment loans could remain subdued, except for projects tied to the EU's Recovery and Resilience Fund. Deposits' growth, on the other hand, will be limited by lower real wage growth and low saving rate, and, again, also by state issuance of retail bonds with favourable interest rates in amount of €500M. The special bank levy will go down in line with legislation to 20% from January, helping net profitability.

Forecasts

	2024	2025F	2026F	2027F
Real GDP yoy	1.9	0.8	1.4	2.6
CPI (eop)	2.9	3.8	3.5	3.0
Short-term rate (eop)	2.8	2.0	2.0	2.0
L/T bond yields (eop)	3.2	3.6	3.9	4.2
Bank loans (pr. sector, yoy)	2.9	7.1	4.5	4.5
Bank deposits (pr. sector, yoy)	6.5	4.0	4.6	4.4
Lending int. rate (corp., eop)	4.8	3.7	3.2	2.8
Deposit int. rate (hh, eop)	0.7	0.3	0.4	0.9

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

Industrial production and inflation



Source: Statistical Office of Slovakia

Slovenia

Real Economy

The annual rate of growth of GDP in the third quarter strengthened to 1.7% n. s. a. (quarterly seasonally adjusted growth pace eased from 0.9% to 0.8%). Personal consumption lost pace to 1.0% year-on-year, amid a base effect and softer wage rise, while government consumption picked up to 1.2% yoy, owing to both the rise in employment and higher healthcare costs. Investments markedly fastened, mounting by 9.1% yoy, mostly due to public infrastructure projects, thus contributing a high 2 percentage points to the overall growth. The contribution of net exports saw a downturn at -1.4pp as exports decreased -1.1% yoy (goods -1.7%, services +0.1%), while imports advanced by 0.7% yoy. GVA in Manufacturing bounced back and rose by a modest 0.3% on an annual level, while registering a sharp 14.2% increase in Construction and stagnation in Trade, Transportation, Accommodation & Food service. In the three quarters of the year economic growth stood at 0.7% yoy. As for the closing quarter, retail trade opened it on a strong footing, rising 2.2% yoy and 0.9% mom in October, while the industrial production deepened the downturn, shrinking -2.0% yoy amid 1.7% yoy activity in Manufacturing. For 2025, we stick to our 0.9% yoy growth estimate, while for 2026, we leave our projection at 2.2% yoy, expecting a more favourable impact of external environment paired with the healthy personal consumption, recovering investments and higher defence spending. Risks are still seen tilted to the downside, whereby a recovery of the main trading partners might be stalled, and the environment remains instable.

Ana Lokin

November saw sharp drop of inflation to 2.4% yoy (stagnation mom), as food price growth softened and the negative contribution of transport prices deepened. Average inflation in January-November thus reached 2.5% yoy, and for the whole year it is estimated at 2.5% yoy. In 2026, pressures are expected to abate and the headline rate to average 2.3% yoy.

Financial Markets

The average 10Y government bond spread on Bund in January-November stood at 0.5pp and the average yield at 3.1% (eop 0.3pp, 3.0%). In 2026, the average spread is seen remaining around 0.3pp with the yield flattish around 3.1%.

Banking Sector

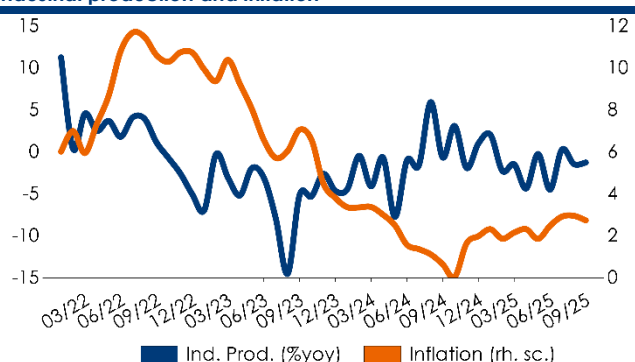
Loans and deposits both up by 6.2% yoy in October, year-end seen at 7.6% yoy and 6.4% yoy, respectively. In 2026, the loan and deposit rise is forecasted to soften to around 4% yoy. Credit demand, particularly of the households, is seen gradually moderating towards more sustainable levels.

Forecasts

	2024	2025F	2026F	2027F
Real GDP yoy	1.7	0.9	2.2	2.4
CPI (eop)	2.0	2.4	2.0	2.0
Short-term rate (eop)	2.8	2.0	2.0	2.0
L/T bond yields (eop)	2.9	3.0	3.2	3.2
Bank loans (pr. sector, yoy)	2.7	7.6	4.4	3.4
Bank deposits (pr. sector, yoy)	1.9	6.4	3.6	3.3
Lending int. rate (corp., eop)	5.0	3.9	3.3	3.2
Deposit int. rate (hhs, eop)	1.4	0.7	0.7	0.9

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

Industrial production and inflation



Source: Statistical Office of the Republic of Slovenia

Albania

Real Economy

The preliminary data suggests that Albania's real economy continued to expand through the third quarter of 2025, supported by both resilient domestic demand and stable macroeconomic conditions. According to INSTAT, GDP grew by 3.51% year-on-year in Q2, reflecting broad-based contributions across services, construction, and trade. Private consumption increased by 3.88%, driven by rising wages, solid labour market performance, and strong household confidence. Government consumption also played a meaningful role, with public expenditure rising by 12.44%, primarily linked to ongoing investment projects and higher operational spending. Inflation moderated significantly, standing at 2.3% in October 2025, nearing the Bank of Albania's target range 3%, and supported by stabilising food prices and lower imported inflation. Labour market conditions improved, with unemployment declining to 8.5% in Q2 and rise in wages, indicating strengthening economic activity. Tourism maintained strong momentum during the summer months, sustaining double-digit growth in arrivals and supporting service exports. Goods exports remain subdued (1.01% in September), but this persistent weakness continues to be offset by growth in services exports.

Kledi Gjordeni

Financial Markets

Financial market conditions remained stable during Q3 2025, with monetary policy geared toward maintaining price stability amid easing inflationary pressures. The Bank of Albania kept the key base interest rate at 2.50%, reflecting a balanced stance supportive of economic growth while ensuring inflation remains anchored. Government bond yields adjusted moderately in line with improved liquidity conditions and lower inflation expectations. The exchange rate remained exceptionally strong, with the lek averaging 96.5 ALL per euro, supported by robust tourism inflows, remittances, and foreign direct investment. Fiscal indicators showed a stable performance, characterised by solid revenue collection and contained budget execution, which contributed to maintaining investor confidence in domestic financial markets.

Banking Sector

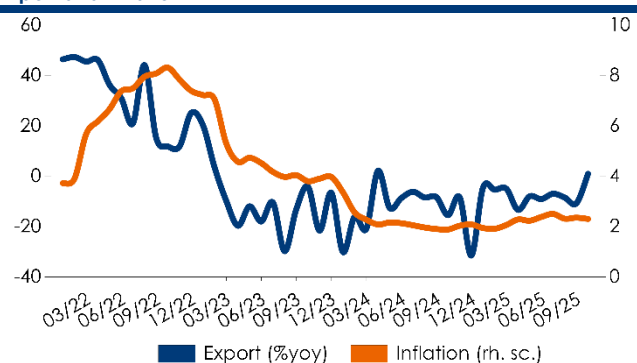
The Banking system is well capitalised. Capital adequacy remains well above regulatory minimum, 20.30% in October 2025. Compared with the same period a year earlier, assets, loans and deposits show solid growth while NPLs September rate has edged up modestly to 4.37%. In September 2025, the Total Loans expanded 11.37% year-on-year. The main contributors were households with 17.75% expansion, whereas the corporate portfolio saw a 7.38% increase. Total Deposits on the same month was 8.06% more than a year ago. Private savings saw a 9.54% increase while corporate savings rose 5.61%. Short-term outlook: the banking sector's capital and liquidity buffers should sustain credit flow, though regulators will closely monitor asset quality and provisioning.

Forecasts

	2024	2025F	2026F	2027F
Real GDP yoy	3.9	3.7	3.4	3.4
CPI (eop)	2.1	2.6	3.0	3.0
Euro exch. rate (value, eop)	98.2	98.5	97.5	98.0
Short-term rate (eop)	3.0	2.8	3.0	3.0
L/T bond yields (eop)	3.1	2.9	3.1	3.1
Bank loans (pr. sector, yoy)	12.4	10.2	4.9	3.4
Bank deposits (pr. sector, yoy)	3.9	6.9	3.4	3.4
Lending int. rate (pr. sec., eop)	5.5	5.3	5.7	5.9
Deposit int. rate (pr. sec., eop)	2.7	2.5	2.5	2.1

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

Export and inflation



Source: National Statistical Institute

Bosnia and Herzegovina

Real Economy

While awaiting the combined end-of-year release of second and third quarter GDP figures via the expenditure method, existing high-frequency data offer mixed signals. Retail trade volumes showed growth in the second (1.4% year-on-year) and third (2.3% yoy) quarters, suggesting a recovery in consumption after the -2.9% drop earlier in the year. October data indicated an even stronger rebound, with retail volumes surging 9.0% yoy – the highest since mid-2024 – driven by an 8.3% increase in food sales, a 12.7% rise in non-food sales, and a 12.6% uptick in fuel consumption. Industrial production also saw some relief: after a -3.7% drop in the third quarter, activity decreased by only -0.7% yoy, supported by significant gains in electricity production (14.4%) and mining/quarrying (3.5%). However, manufacturing continued its slump, posting an almost identical -4% decline for the second consecutive month, reinforcing a sluggish year for the sector. Exports maintained relatively solid nominal growth at 4.5% in the second quarter and 6.3% in the third quarter, though October's data revealed a slowdown to 3.5% yoy growth. Meanwhile, softer growth in goods imports implied a reduced trade deficit in the third quarter; however, monthly data shows that imports gained pace again in October, increasing by 6.5% yoy.

Ivana Jović

Overall, a weak performance in the first half of 2025 (1.7% yoy according to the production method) suggests that even with improved results later in the year, GDP growth is unlikely to exceed 2.0%, aligning with our forecasts. Looking ahead, growth is expected to accelerate to about 2.5% next year, spurred by robust private consumption driven by wage growth and investment supported by the unlocking of the European Commission's Western Balkans reform and growth facility as well as reduced political tensions. Conversely, foreign demand will likely remain weak due to slow recovery in major trading partners and declining price competitiveness. Furthermore, the implementation of the Carbon Border Adjustment Mechanism (CBAM) in January 2026 will raise the cost of carbon-intensive exports – such as electricity, aluminium, iron, and steel – which form a significant part of the country's export profile.

Throughout 2025, inflationary pressures intensified, with average inflation over the first 10 months rising to 3.9%, mainly due to higher prices for food, services, and electricity. As a result, after an estimated 4.0% inflation in 2025, inflation is projected to decrease to around 3.3% next year, mainly owing to lower import prices, although domestic inflation drivers are expected to persist.

Banking Sector

Loan growth reached 10.3% yoy in October, whereas deposits at the same time expanded by an equally sharp 10.1% yoy. In 2026, the increase in loans is seen softening to 6.8% yoy, while deposit growth is projected to ease to 7.5% yoy.

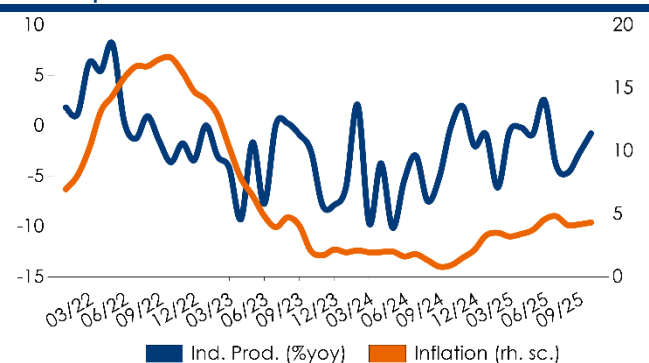
Ana Lokin

Forecasts

	2024	2025F	2026F	2027F
Real GDP yoy	2.5	2.0	2.5	2.8
CPI (eop)	2.2	4.1	3.3	3.0
Euro exch. rate (value, eop)	2.0	2.0	2.0	2.0
Short-term rate (eop)	n.a.	n.a.	n.a.	n.a.
L/T bond yields (eop)	n.a.	n.a.	n.a.	n.a.
Bank loans (pr. sector, yoy)	9.3	10.4	6.8	5.6
Bank deposits (pr. sector, yoy)	10.8	9.0	7.5	5.9
Lending int. rate (corp., eop)	n.a.	n.a.	n.a.	n.a.
Deposit int. rate (hh, eop)	n.a.	n.a.	n.a.	n.a.

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

Industrial production and inflation



Source: Agency for statistics of Bosnia and Herzegovina

Croatia

Real Economy

As expected, the initial estimate released by the Croatian Bureau of Statistics indicated a marked deceleration in economic growth in the third quarter. Specifically, published data show that quarterly GDP growth was limited to 0.3%. On an annual basis, the unadjusted growth rate declined from 3.6% in Q2 to 2.3% in Q3, while seasonally-adjusted figures reflect a slowdown from 3.3% to 2.6%. Data confirms both a reduced pace of private consumption growth and a further decrease in service exports. Private consumption growth moderated to 1.9%, compared to 4.0% in the preceding quarter, effectively halving its contribution to overall GDP growth. Concurrently, the contraction in exports of services intensified (from -1.1% in Q2 to -4.6%), which, despite a stronger performance in goods exports (up 4.1%), led to an overall decline in total exports of -1.1%. Conversely, total imports, after remaining flat in Q2, rebounded with growth accelerating to 2.4%. This comprised a modest 0.3% increase in goods, and a significant 12.7% rise in service imports. Consequently, net foreign demand contributed negatively to GDP by 2.6 pp in Q3, whereas gross capital formation provided a positive contribution of 3.5 pp–1.6 pp, attributable to a 7.5% rise in investment, with the remainder due to changes in inventories. Available data for the final quarter suggest that retail trade maintained a monthly growth rate of 1.3% in October, consistent with September's performance, and the annual growth rate accelerated to 4.1% from 3.1%, suggesting a rebound in private consumption in the last quarter. Additionally, October saw notable increases in industrial production both month-on-month (3.1%) and year-on-year (5.5%), with manufacturing also achieving 5.5% annual growth and electricity production advancing by 9.4%. Overall, data supports our view that this year's GDP will be at or very near our 2.9% estimate. Looking ahead, next year's growth projection has been revised slightly downwards from 2.9% to 2.6%, aligning with our previous 2026 call from a year ago, reflecting a softer positive contribution from domestic demand, while net foreign demand will remain in the red. Risks remain tilted downwards as trade tensions could act as headwinds to foreign demand, while bottlenecks in the construction sector may delay the EU funds absorption pace. Inflation is set to ease as domestic demand moderates, although remaining elevated compared to the EA average.

Ivana Jović

Financial Markets

The average 10Y government bond yield spread on Bund in January–November is at 0.5pp, with an average yield at 3.1%. In 2026, the spread is seen at 0.4pp, and average yield nearly stagnant yoy at 3.1%.

Ana Lokin

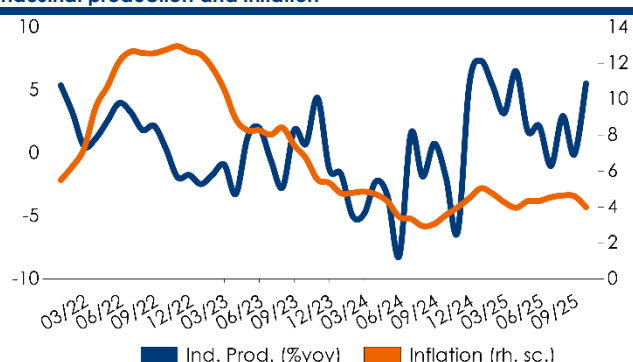
Banking Sector

2026 is expected to see loans decelerating to 5% yoy as household lending goes off the boil amid the CNB measure. Deposits are set to ease below 5% yoy as GDP and wage rises moderate.

Forecasts

	2024	2025F	2026F	2027F
Real GDP yoy	3.8	2.9	2.6	2.6
CPI (eop)	4.5	3.7	3.0	2.0
Short-term rate (eop)	2.8	2.0	2.0	2.0
L/T bond yields (eop)	2.8	3.0	3.3	3.3
Bank loans (pr. sector, yoy)	9.4	11.8	5.0	3.8
Bank deposits (pr. sector, yoy)	3.7	7.3	4.7	3.4
Lending int. rate (pr. sec., eop)	4.5	3.6	3.7	3.8
Deposit int. rate (pr. sec., eop)	2.5	1.6	1.5	1.3

Industrial production and inflation



Source: Croatia Bureau of Statistics

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

Romania

Real Economy

The National Statistical Institute announced GDP growth in the third quarter of 2025 at 1.6% year-on-year (-0.2% qoq). We should see a yearly GDP growth of around 0.8%, slightly higher than our projection.

Year-on-year CPI at the end of November was 9.76%, in line with the NBR November latest projection. On a monthly basis, CPI increased 0.42% in November versus October. Harmonised CPI was 8.6% on November. The latest NBR projection shows that at the end-of-year period, CPI will be at around 9.6%, re-entering in the Target Interval in 2027.

The Unemployment figures at the end of October showed a 5.9% level, similar with August and September, after the NSI revised figures for the first half of 2025. The Wages growth decelerated to 4.1% year-on-year at the end of September 2025, significantly lower than the year-ago yoy figure.

The Budget Deficit at the end of October was at 5.72% of GDP, showing an improvement versus last year. The Romanian Prime Minister stated that the Budget Deficit for 2025 should be at around 8.4% of GDP. The first Fiscal Tightening package included: VAT increase, banks turnover tax increase, interest and pensions tax, social contributions increase, royalties on tobacco and alcohol increase, revenues on gambling tax increase. The second Fiscal Tightening Package has been validated by Constitutional Court and will enter in force. It is still expected the answer of Constitutional Court on Justice System pensions reform measures.

The Current Account Deficit at the end of September 2025 was EUR 22.28Bn, more than 10% higher than the previous year. With further fiscal tightening measures, we can expect a slight improvement on the Foreign Trade Balance for the last quarter of 2025.

Financial Markets

On 12 November, at the Monetary Policy Meeting, the Romanian Central Bank kept the Monetary Policy Rates unchanged at: Deposit Facility Rate 5.50%, Reference Rate 6.50%, and Credit Facility Rate 7.50%. Next Monetary Policy Meeting is on 19 January 2026. We do not expect any cut decision until the second half of next year. The liquidity on Monetary Market re-entered on positive territory with levels around RON 22.5Bn RON on a daily basis in October and November.

Banking Sector

At the end of October 2025, year-on-year growth on loans was 6.85% (out of which only 5.60% this year), with component on RON at 5.07%, while EUR loans increased by 11.52%. On the deposits side, the overall growth yoy was 5.93% (out of which 2025 growth was 0.68%), with the component of RON at -1.96% and Foreign Currencies deposits at +15.41%.

Forecasts

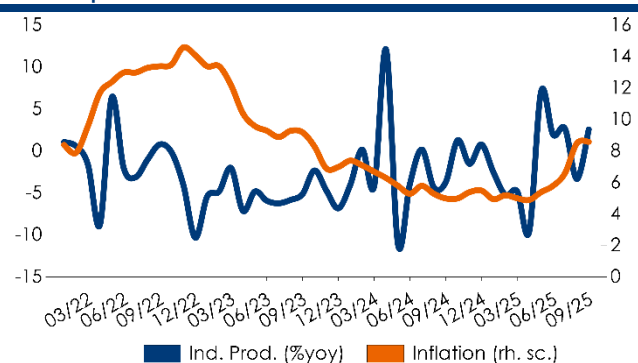
	2024	2025F	2026F	2027F
Real GDP yoy	0.8	0.8	2.0	3.0
CPI (eop)	5.5	8.6	3.5	2.5
Euro exch. rate (value, eop)	5.0	5.1	5.1	5.2
Short-term rate (eop)	5.9	7.0	6.3	5.3
L/T bond yields (eop)	7.4	7.0	6.2	6.1
Bank loans (pr. sector, yoy)	8.1	6.6	6.5	6.2
Bank deposits (pr. sector, yoy)	9.7	3.2	5.4	5.4
Lending int. rate (pr. sec., eop)	7.7	8.4	8.1	7.3
Deposit int. rate (pr. sec., eop)	5.0	5.8	3.8	2.7

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

Marius Pacurari

Marius Pacurari

Industrial production and inflation



Source: National Institute of Statistics

Serbia

Real Economy

Recent economic developments have been strongly influenced by sanctions imposed on the NIS oil company. Economic activity followed the expected trajectory in 3Q25, with real growth confirmed at 2%. Personal consumption remained the main driver, supported by sustained increases in wages and pensions, double-digit growth in cash loans, and a rebound in remittances. On the production side, services continued to dominate the overall momentum, followed by a positive impetus from both manufacturing and mining. The automotive sector was a major driver of manufacturing output and goods exports in 2025, but the Q4 oil-sector downturn is expected to offset much of these gains. The recent suspension of refinery operations, coupled with potential disruptions in related chemical-industry facilities, has already been dragging on industrial output, with the sharpest impact expected in December and early next year or until crude-oil supply stabilises. GDP growth is expected to average 1.9% in 2025, while our baseline scenario projects a 2.9% growth in 2026, assuming continuity of NIS' operations in the first part of the year. Moderate economic expansion will primarily reflect a gradual increase in personal consumption, although substantial downside risks could lead to weaker-than-expected outcomes.

Following substantial disinflation trend in recent months, trade margins cap will continue to keep prices close to the central bank's target mid-point in the first part of 2026, before inching up to 4% at year-end. However, risks are entitled to the upside, as a prolonged halt in oil processing could extensively increase oil derivatives imports, lifting price pressures that could be amplified by gas supply vulnerabilities later in the year.

Financial Markets

Despite a pronounced deceleration in domestic inflation, the NBS hasn't intervened since September 2024. Given the blurred economic outlook and the risk of inflation rebound, we expect NBS to hold a restrictive stance, keeping policy rate unchanged at 5.75% throughout 2026. In November, the dinar remained stable, depreciating by 0.1% against the EUR month-on-month, while weakening by 0.3% since the beginning of the year. Usual seasonal trends and heightened citizens' demand for foreign currency considering the uncertain economic environment, created more pronounced depreciation pressures in early December. However, record high FX reserves at EUR 29.4Bn provide ample room for NBS to offset stronger depreciation pressures.

Banking Sector

Lending by banks is still growing at a robust rate, with the NPL ratio at its lowest point (2.2% in September). Total loans to the private sector kept its double-digit pace (+12.8% yoy in October), on the back of vigorous growth of loans to households (+17.1% yoy) and a solid increase in lending to corporates at 8.9% yoy. Overall deposit momentum moderated to 8.4% yoy, notably in the corporate sector (+4.7% yoy), while HH deposits recorded double-digit growth (+11% yoy).

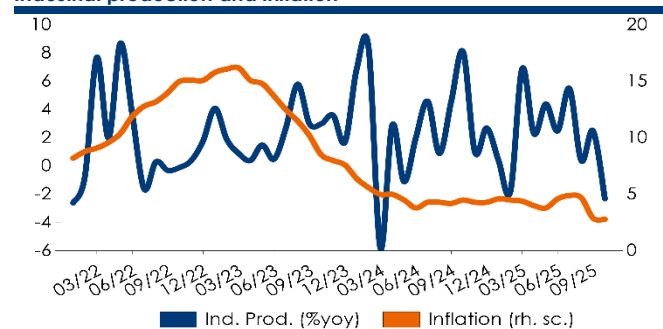
Forecasts

	2024	2025F	2026F	2027F
Real GDP yoy	3.9	1.9	2.9	4.0
CPI (eop)	4.3	3.1	4.0	3.0
Euro exch. rate (value, eop)	117.0	117.5	117.7	117.6
Short-term rate (eop)	5.8	5.8	5.8	4.3
L/T bond yields (eop)	n.a.	n.a.	n.a.	n.a.
Bank loans (pr. sector, yoy)	7.9	12.8	5.5	5.0
Bank deposits (pr. sector, yoy)	13.2	6.1	4.9	5.5
Lending int. rate (pr. sec., eop)	8.7	8.2	8.0	7.4
Deposit int. rate (pr. sec., eop)	4.4	4.1	3.3	3.0

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

Jelena Draskovic

Industrial production and inflation



Moldova

Real Economy

Moldova's economy was flat in first half of 2025, after recording a 0.1% growth in 2024, with a first-quarter dip offset by a second-quarter rebound. Growth is projected at 1.8% in 2025, driven by stronger incomes, rising investment, better agriculture, and easing inflation. Medium-term growth is expected to reach 2.4% in 2026 and 3.3% in 2027, supported by structural reforms, and expanding IT and service sectors. The EUR 1.9Bn EU Growth Plan will be a key catalyst for modernisation and EU integration.

Inflation has eased from earlier spikes, averaging 8.3% in the first 10 months of 2025 and projected at 7.7% in 2025, with an annual level of 6.7% above the 5% target but close to the upper acceptable limit of the NBM's range and expected to fall below target in the following years. Energy and food prices remain the main drivers, due to adjustments in regulated energy tariffs after the shift to EU-priced electricity and pressure on food prices due to adverse weather conditions. While headline inflation is moderating, core pressures – especially in services – remain elevated.

Financial Markets

After lifting the policy rate from 3.5% in 2024 to 6.5% at the start of 2025, the NBM began a gradual easing cycle, cutting it to 5% in December. The move aimed to support economic activity while containing inflation risks from potential energy or food shocks. Market rates have been slow to adjust: the average interest rate on new loans reached 9.22% in October, 0.83pp higher than at the start of the year. Despite higher rates, credit demand strengthened, with increased loan issuance and lower excess liquidity compared to 2024. Yields on 91-, 182-, and 364-day Treasury bills increased by 0.53, 3.49, and 2.64pps, respectively, from December 2024 to November 2025, reflecting base rate adjustments.

Banking Sector

As of October 2025, Moldova's loan portfolio expanded by 32.1% year-on-year, driven mainly by a 39.0% increase in household lending, while corporate loans rose by a more moderate 27.0%. Deposit showed a solid expansion, up to 9.8%, supported by increases in household deposits (+14.6%) and also corporate deposits (+2.0%).

For 2025, loan growth is projected at about 26.3%, with deposits rising by 8.1%, followed by a gradual slowdown in subsequent years. Double-digit loan growth is expected through 2027, while deposit growth is forecast to ease to 8.0% in 2026 and stabilise to near 7.7% annually thereafter. Interest rates on loans and deposits are expected to rise slightly in 2025 compared to 2024, with only modest adjustments projected for 2026–2027, in line with monetary conditions.

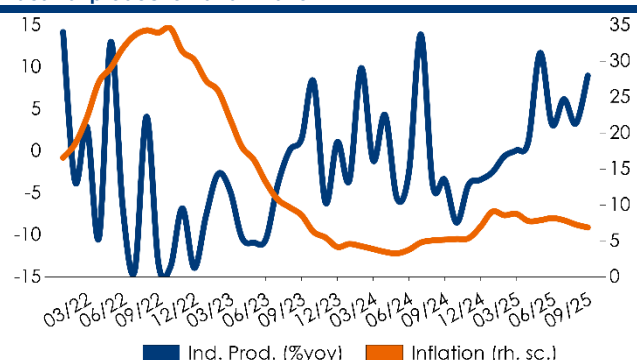
Forecasts

	2024	2025F	2026F	2027F
Real GDP yoy	0.1	1.8	2.4	3.3
CPI (eop)	7.0	6.7	4.6	3.8
USD exh. rate (value, eop)	18.3	16.6	16.8	17.5
Euro exh. rate (value, eop)	19.1	19.7	20.1	20.7
Short-term rate (eop)	3.6	5.0	5.0	4.0
L/T bond yields (eop)	6.5	4.4	2.9	2.8
Bank loans (pr. sector, yoy)	26.5	26.3	19.9	15.8
Bank deposits (pr. sector, yoy)	13.6	8.1	8.0	7.8
Lending int. rate (corp., eop)	7.3	8.2	7.6	7.5
Deposit int. rate (hh, eop)	3.1	4.2	3.6	3.5

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

Doina Caraman

Industrial production and inflation



Source: National Bureau of Statistics of the Republic of Moldova

Russia

Real Economy

The Russian economy is set to slow, with limited GDP growth in 2025 and 2026 and a modest recovery in subsequent years, strongly influenced by the duration of the war. Inflation will gradually decline but remain high, while tax pressure will increase with new taxes and higher VAT, penalising domestic demand and business profitability. Western sanctions and the gradual detachment from the West are pushing Russia towards greater dependence on Asian markets, but the modernisation of production is hampered by a lack of investment. Even if the conflict ends, political risks and residual sanctions will continue to discourage large Western investments.

Francesca Pascali

Financial Markets

At its meeting on 24 October, the Bank of Russia decided to reduce the key rate by 50 basis points to 16.50% per annum. The underlying indicators of the current rise in prices have not changed significantly and remain above 4% on an annualised basis. The economy continues to return to a balanced growth path. Expectations remain high.

Inflation, although expected to decline gradually, will remain high: the expected rate at the end of 2025 is 7.0%, falling to 4.2% in 2026, and stabilising at around 4% in subsequent years. The Bank of Russia intends to maintain a restrictive monetary policy, with a reference rate expected to be 16.5% at the end of 2025, falling to 10% in 2026 and 7% in 2027. The rouble, after a period of strengthening, is expected to weaken in 2026, with an estimated average of 84.5 roubles per US dollar and an end-of-period value of 89.1; in 2027, it could exceed 94 roubles per dollar if the conflict and sanctions persist.

Banking Sector

Both loan and deposit growth continued to decelerate in August (4.6% yoy vs. 10.8% yoy) for both corporates (7.5% year-on-year and deposits increased by 1.7% yoy only) and households (-1.6% for loans and +19.3% yoy for deposits). As anticipated by the CBR, the growth rate of bank lending to companies (including bonds) rose from 0.7% in September 2025 to 2.5% in October 2025, since the demand for financing is typically elevated at the end of the year. As in previous months, the expansion was mostly driven by rouble-denominated corporate loans. The increase in outstanding household mortgages accelerated from 0.8% in September to 1.2% in October. The proportion of government subsidised mortgages edged down, while remaining high (~75%). The downward trend in consumer lending continued. Specifically, the portfolio shrank by 0.4%, as in the previous month, primarily in the segment of cash loans. In January–June 2025, the number of borrowers using the services of banks and microfinance organisations (MFOs) dropped by 0.2 million to 49.7 million. We confirmed our forecasts for the next few years, around 5% yoy annually, for both lending and deposits. It is important to highlight that the slump in credit growth, high interest rates, slowing GDP growth, and modest bank capital adequacy ratio could require the State's support (the Russian banking system is heavily state-owned).

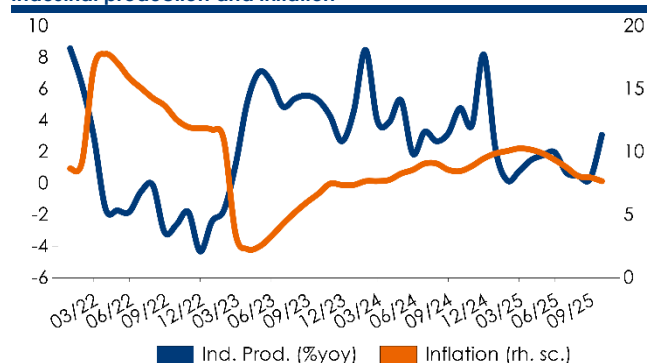
Davidia Zucchelli

Forecasts

	2024	2025F	2026F	2027F
Real GDP yoy	4.4	0.9	0.9	1.3
CPI (eop)	9.5	7.0	4.2	4.1
USD exh. rate (value, eop)	103.9	80.2	89.1	94.4
Euro exh. rate (value, eop)	108.8	95.3	106.5	111.4
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)	16.0	1.4	5.2	5.1
Bank deposits (pr. sector, yoy)	23.8	3.1	5.3	5.2
Lending int. rate (corp., eop)	24.0	17.4	12.6	9.6
Deposit int. rate (hh, eop)	21.4	14.2	9.1	6.1

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

Industrial production and inflation



Source: State Statistics Federal Service

Ukraine

Real Economy

In December 2025, Ukraine remains in a state of “wartime normality”: politically and militarily resolved, economically stable but constrained, and financially vulnerable yet working hard to stabilise debt. The pressure on the frontline remains intense, exacerbated by the increased Russian assaults on energy and logistics infrastructure. The 2026 state budget newly approved by the parliament shows a strong emphasis on defence, with roughly 27.2% of GDP set aside for security needs. Ukraine has reached a staff-level agreement with the IMF on a new four-year USD 8Bn programme, but the final approval is conditional. Internally the political situation remains fragile, especially over energy-sector corruption cases and broader economic costs of prolonged mobilisation. Aided by a fiscal stimulus and steady consumer demand, Ukraine’s economy picked up in Q3 2025, with GDP growing by 2.1% year-on-year, following 0.8% in Q2. However, real activity shows tentative Q4 softening amid industrial halts from blackouts and export drags. The NBU’s business sentiment index fell to 49.4 in November from 50.3 in October – crossing below neutral for the first time since summer – signalling guarded outlooks due to shelling and energy outages, though above November 2024’s 47.2. The labour market shows some signs of cautious improvement: hiring has somewhat increased, yet many businesses still report difficulty finding skilled workers. Real wages have continued to rise in 2025, but more slowly than previously: roughly +5% real wage growth, compared to a 15% jump the previous year. Inflation eased to 9.3% year-n-year in November from October’s 10.9%, the lowest since September 2024, and the first sub-10% reading in a year, with a monthly rise of 0.4% led by food stabilisation.

Artem Krasovskyi

Financial Markets

December’s NBU MPC meeting kept the key rate at 15.5% for the sixth straight hold, citing faster-than-expected disinflation but elevated risks from uncertain 2026 financing and high expectations. Easing could start in Q1 2026 if trends hold. The hryvnia has remained on a gradual devaluation pass, with USD/UAH settled within 42.00-42.50 in early December, having lost some 2.5% since October’s lows. International reserves surged to a record USD 54.7Bn as of 1 December, up 10.6% month-on-month, on nearly USD 8Bn in partner credits. Domestic bond auctions drew steady but selective demand, with 1-year OVDP yields at 16–17% and 2–3-year at 18–19% (flat from October-November); investors allocated >70% to longer maturities for inflation hedges.

Banking Sector

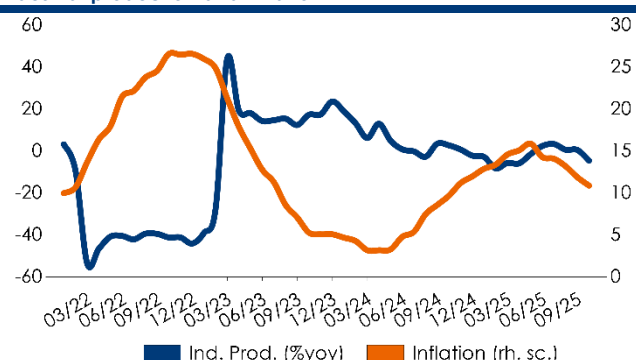
Sector resilience holds per NBU’s November Review, with nine-month profits at UAH 119Bn (+1.9% yoy), including Q3 UAH 39.9Bn. Lending continued to grow in Q3: UAH loans to corporates +30.8% yoy (+ 7.9% qoq), and retail +32.9% yoy (+ 8.5% qoq). The NPL reduction accelerated: -2.0 ppt qoq and -7.3 ppt yoy to 25.0%, which is the minimum level over the last decade.

Forecasts

	2024	2025F	2026F	2027F
Real GDP yoy	2.9	1.7	2.5	2.8
CPI (eop)	12.0	10.0	6.3	5.4
USD exch. (value, eop)	41.7	42.5	44.1	45.5
Euro exch. rate (value, eop)	43.7	50.5	52.7	53.7
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	13.3	3.8	4.5
Bank deposits (pr. sector, yoy)	14.4	6.8	4.8	5.6
Lending interest rate (pr.sect., eop)	18.8	19.1	14.5	13.7
Deposit interest rate (pr.sect., eop)	8.6	10.1	7.2	6.7

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

Industrial production and inflation



Source: State Statistics Service of Ukraine

Egypt

Real Economy

Medium-term projections for real growth were revised upwards to 5.5% year-on-year in light of an improving performance of different sectors and recording 5.3% yoy in 1Q 2025/26 (highest in three years). Private investment rose 25.9% yoy, representing 66% of total implemented investments in the country during the reported period. On a sectoral level, growth was led by telecom, non-oil manufacturing, and tourism. Looking ahead, growth is set to maintain its momentum as lower cost of borrowing and a more stable foreign-exchange market are expected to bolster a broad range of economic activities.

Annual headline CPI is projected to gradually decline to 10–11% (end-of-period) in 2026, aligning with the Central Bank of Egypt's (CBE) target of 7% \pm 2% on average in 4Q.

Financial Markets

Easing inflation has led the CBE to reduce key policy rates by 625 bps in 2025, a trend expected to continue as inflation moderates further. Egypt's net foreign assets (NFA) in the banking sector (CBE + commercial banks) rose to USD 22.6Bn in October 2025, the highest level since February 2021. This improvement reflects a strengthening external position, supported by: (a) A better-performing current account – notably higher remittances, tourism revenues, non-oil exports, and Suez Canal receipts, which increased by 17.5% yoy between July and November 2025, (b) Higher FDI inflows, including Qatari Diar's partnership agreement to invest USD 29.7Bn in the Alam El-Room project on Egypt's North Coast (USD 3.5Bn for the land and USD 26.2Bn for development), (c) Continued portfolio inflows. Additionally, the IMF mission is visiting Egypt from 1-12 December to conduct the fifth and sixth reviews of the USD 8Bn Extended Fund Facility (EFF) programme. Given the improved FX inflows, the EGP is expected to depreciate at a slower pace going forward.

Banking Sector

Growth in private-sector loans and deposits is expected to slow gradually in 2025 and 2026 after being inflated by last year's currency depreciation. Retail deposits remain the sector's primary funding base, although the landscape is being reshaped by several trends: (a) Digital transformation – the CBE has approved "onebank", Egypt's first fully digital bank, with operations expected to begin in 2026, (b) Intensifying competition – Depositors are on a relative basis shifting to alternative investment channels such as equity, gold, and mutual funds. On the other hand, consumer finance provided by non-bank financial institutions grew 61% year-on-year during the first eight months of 2025, driven by fast and convenient access to financing solutions.

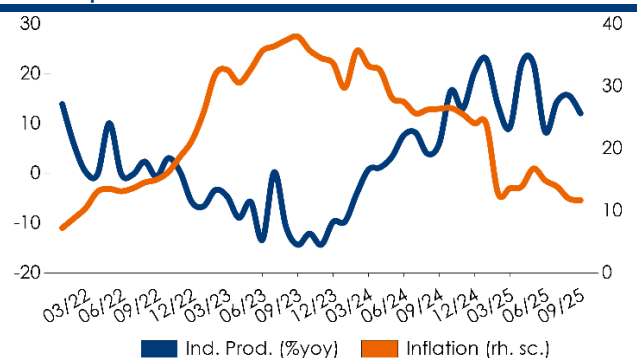
Forecasts

	2024	2025F	2026F	2027F
Real GDP yoy	3.1	4.9	4.3	5.3
CPI (eop)	24.1	13.5	10.8	8.5
USD exch. rate (value, eop)	50.6	47.3	48.5	51.1
Euro exch. rate (value, eop)	53.0	56.2	58.0	60.3
Short-term rate (eop)	30.8	25.5	19.3	15.7
L/T bond yields (eop)	n.a.	n.a.	n.a.	n.a.
Bank loans (pr. sector, yoy)	29.8	12.6	9.5	9.5
Bank deposits (pr. sector, yoy)	34.4	20.3	11.0	10.0
Lending int. rate (corp., eop)	26.7	20.4	17.2	13.2
Deposit int. rate (hh, eop)	20.9	16.4	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 ¹ . chg.yoy			Export nom. chg yoy			Retail sales chg yoy			Inflation chg yoy			Unemployment rate			Wages chg yoy			Economic Survey ²			
	3Q25	2Q25	2024	Last	mth	3Q25	Last	mth	3Q25	Last	mth	3Q25	Last	mth	3Q25	Last	mth	3Q25	Last	mth	3Q25	Last	mth	3Q25	
CEE																									
Czechia	2.7	2.3	1.2	0.4	Sep	0.3	5.7	Sep	1.4	4.3	Sep	3.4	2.3	Oct	2.3	4.6	Oct	4.5	6.7	Sep	5.2	99.6	Nov	102.6	
Hungary	n.a.	n.a.	n.a.	1.3	Sep	-2.3	-3.1	Oct	-0.1	3.4	Sep	2.3	4.2	Oct	4.2	4.4	Oct	4.4	9.5	Sep	9.1	96.7	Oct	97.1	
Poland	3.7	3.3	3.0	3.2	Oct	3.8	3.6	Sep	1.3	5.4	Oct	4.8	2.9	Oct	2.8	5.6	Oct	5.5	7.5	Sep	7.4	98.4	Oct	99.9	
Slovakia	0.9	0.5	1.9	0.7	Sep	-3.4	1.8	Sep	1.4	1.4	Sep	0.4	3.9	Oct	4.5	5.0	Oct	5.0	5.7	Sep	5.3	91.5	Nov	95.4	
Slovenia	1.7	0.8	1.7	-1.2	Sep	-0.8	11.8	Sep	11.2	2.6	Oct	0.6	2.3	Nov	2.9	4.5	Sep	4.5	5.8	Sep	4.9	100.3	Nov	99.6	
SEE																									
Albania	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	1.0	Oct	2.4	n.a.	n.a.	n.a.	2.3	Oct	2.4	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Bosnia H.	n.a.	n.a.	2.6	-0.7	Oct	-3.8	3.5	Oct	6.3	9.5	Oct	2.1	4.3	Oct	4.4	27.0	Sep	27.3	14.7	Sep	14.3	n.a.	n.a.	n.a.	
Croatia	2.3	3.6	3.8	5.5	Oct	0.6	8.8	Aug	0.6	4.6	Oct	1.9	4.3	Nov	4.6	4.2	Oct	4.1	10.1	Sep	9.5	106.9	Nov	104.8	
Romania	1.6	0.3	n.a.	2.6	Sep	0.7	4.2	Sep	4.9	-2.0	Sep	-0.2	8.4	Oct	7.9	5.9	Sep	5.9	4.1	Sep	4.6	94.2	Sep	94.2	
Serbia	2.0	2.0	3.9	-2.3	Oct	2.8	4.9	Oct	4.9	7.4	Oct	3.1	2.8	Oct	4.2	n.a.	n.a.	8.2	13.6	Sep	11.4	n.a.	n.a.	n.a.	
EE & MENA																									
Moldova	n.a.	0.7	0.1	9.0	Sep	6.2	23.0	Sep	22.3	n.a.	n.a.	n.a.	7.0	Nov	7.4	4.1	Aug	3.5	9.7	Sep	9.8	n.a.	n.a.	n.a.	
Russia	0.6	1.1	4.4	3.1	Oct	0.5	-7.9	Aug	n.a.	3.8	Oct	2.2	6.6	Nov	8.3	2.2	Oct	2.2	4.7	Sep	5.0	48.0	Oct	48.2	
Ukraine	2.1	0.8	2.9	-4.5	Oct	1.6	-4.1	Sep	-4.0	9.5	Oct	5.1	9.3	Nov	13.1	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Egypt	5.3	5.0	3.1	12.1	Sep	14.1	37.4	Sep	19.2	n.a.	n.a.	n.a.	12.3	Nov	12.5	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	51.1	Nov	48.8	
m.i. E. A.	1.3	1.4	0.9	1.2	Sep	1.4	7.7	Sep	1.2				2.2	Nov	2.1										

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

Markets and Ratings

	S/T rates		L/T rates ¹		Foreign exchanges ²			Stock markets		CDS spread (bp)		FX res. chg (mln €) ³			CA bal. (mln €) ⁴		Rating	
	12/12	3M*	12/12	3M*	12/12	3M*	1Y*	3M*	1Y*	12/12	12/9	3Q25	2Q25	2024	3Q25	2Q25		Moody's
CEE																		
Czechia	3.6	0.0	4.7	0.4	24.30	-0.10	-3.08	12.0	47.7	20.8	21.7	n.a.	n.a.	n.a.	n.a.	1,205.7	Aa3	
Hungary	6.5	0.0	6.9	-0.2	383.88	-1.97	-6.33	8.3	36.1	105.6	99.3	n.a.	n.a.	n.a.	n.a.	n.a.	Baa2	
Poland	4.1	-0.7	5.3	-0.2	4.23	-0.76	-1.28	6.9	39.2	58.8	59.9	n.a.	n.a.	n.a.	n.a.	-1,623.0	n.a.	
Slovakia	2.1	0.1	3.6	0.1	n.a.	n.a.	n.a.	2.7	-9.5	27.2	27.1	n.a.	n.a.	n.a.	n.a.	-3,890	A3	
Slovenia	2.1	0.1	3.2	0.2	n.a.	n.a.	n.a.	-1.6	47.4	27.2	27.1	138	-23	577	1,062	893.9	A3	
SEE																		
Albania	2.7	n.a.	n.a.	n.a.	96.57	-0.27	-1.55	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Bosnia H.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	410	110	691	n.a.	-195.9	n.a.	
Croatia	0.4	0.0	3.0	0.1	7.53	0.00	0.00	-0.4	20.2	45.3	54.2	58	-234	331	n.a.	-1,947.9	A3	
Romania	6.1	-0.3	7.0	-0.6	5.09	0.41	2.41	14.9	37.7	126.9	135.9	n.a.	n.a.	n.a.	n.a.	-13,900.0	Baa3	
Serbia	5.8	0.0	n.a.	n.a.	117.46	0.25	0.42	2.8	9.9	139.5	151.8	1,648	-1,123	4,386	-928	-1,233.9	Ba2	
EE & MENA																		
Moldova	5.0	6.0	6.9	0.0	17.10	3.92	-6.49	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	
Russia	n.a.	n.a.	n.a.	n.a.	77.20	-7.70	-22.80	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.	42.25	2.51	1.69	n.a.	n.a.	n.a.	n.a.	2,257	3,273	2,600	-9,716	-8,194.0	Ca	
Egypt	26.4	-1.2	11.3	0.0	47.55	-0.88	-5.84	n.a.	n.a.	n.a.	n.a.	834	943	11,889	n.a.	-2,190.4	Caa1	
m.i.A.E.	2.1	0.1	2.8	0.2	1.2	-0.9	9.8	5.2	9.1	3.12	5.01							

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

Banking aggregates and interest rates (private sector)

	Loans			NPL/Loans			Foreign Liab.			Deposits			Loans rate1-NewB*			DepositsRate1-NewB*			Loans/Dep					
	chg yoy %			%			chg yoy %			chg yoy %			%			%			%					
	Last	Mth	2024	Last	mth	2024	Last	mth	2024	Last	Mth	2024	Last	mth	2024	Last	mth	2024	Last	mth	2024			
CEE																								
Czechia	5.7	Oct	5.7	1.6	Oct	1.7	1.2	Oct	14.0	3.2	Oct	7.6	5.1	Oct	5.7 C	2.9	Oct	3.2 H	71.3	Oct	69.1			
Hungary	6.7	Sep	6.8	1.8	Jun	1.8	13.8	Sep	16.0	8.6	Sep	8.4	10.2	Sep	11.1 C	4.9	Sep	4.6 H	81.3	Sep	79.3			
Poland	5.3	Oct	3.6	n.a.	Mar	n.a.	-7.7	May	n.a.	8.9	Oct	8.1	6.5	Oct	7.7 C	3.6	Oct	3.9 H	63.8	Oct	64.3			
Slovakia	7.3	Oct	2.9	2.0	Oct	2.0	8.2	Oct	36.2	4.6	Oct	6.5	4.1	Oct	4.8C ²	0.6	Oct	0.7H ²	107.9	Oct	103.3			
Slovenia	6.2	Oct	2.7	1.2	Sep	1.0	2.7	Oct	3.6	6.2	Oct	1.9	4.1	Sep	5.0C ²	0.8	Sep	1.4H ²	62.1	Oct	61.1			
SEE																								
Albania	11.4	Sep	12.4	4.4	Sep	4.2	6.7	Sep	13.8	8.6	Sep	3.9	5.2	Sep	5.5 PS	2.4	Sep	2.7 PS	61.5	Sep	60.6			
Bosnia H.	10.3	Oct	9.3	2.7	Sep	3.2	4.8	Oct	27.5	10.1	Oct	10.8	4.2	Sep	4.3 C	1.5	Sep	1.2 H	88.8	Oct	87.3			
Croatia	12.7	Oct	9.4	2.3	Sep	2.4	26.8	Oct	23.8	7.1	Oct	3.7	3.8	Oct	4.5 PS	1.7	Oct	2.5 PS	73.9	Oct	70.2			
Romania	6.9	Oct	8.1	2.8	Aug	2.5	8.8	Oct	0.6	5.9	Oct	9.7	8.1	Oct	7.7 PS	5.5	Oct	5.0 PS	68.9	Oct	65.7			
Serbia	12.8	Oct	7.9	2.2	Sep	2.5	-0.3	Oct	-1.8	8.4	Oct	13.2	8.1	Oct	8.7 PS	4.3	Oct	4.4 PS	83.3	Oct	77.3			
EE & MENA																								
Moldova	32.1	Oct	26.5	4.7	Oct	4.1	0.7	Jul	n.a.	9.3	Oct	13.6	8.1	Oct	7.3 C	4.4	Oct	3.1 H	72.7	Oct	62.7			
Russia	4.6	Aug	16.0	n.a.	Jun	n.a.	n.a.	Jun	n.a.	10.8	Aug	23.8	18.7	Aug	24.0 C	15.7	Aug	21.4 H	114.1	Jul	113.4			
Ukraine	17.3	Oct	10.2	24.5	Oct	30.3	4.7	Oct	-2.4	13.8	Oct	14.4	19.3	Oct	18.8 PS	10.4	Oct	8.6 PS	46.1	Oct	41.8			
Egypt	24.0	Jun	29.8	2.1	Jun	2.3	7.0	Oct	63.6	22.3	Oct	34.4	22.1	Oct	26.7 C	16.5	Oct	20.9 H	35.6	Jun	35.4			
m.i. E. A.	1.36	May	0.7	n.a.	n.a.	n.a.	3.3	May	2.2	4.6	May	4.2	3.2	Oct	4.2 C	1.8	Oct	2.5 H	71.8	May	71.9			

Source: Central Banks, IMF, Moody's; ¹monthly average; ²lending rate on current account overdraft; on deposits up to 1 year.³Sector C=Corporates, H=Household, PS=Private Sector.

Country Outlook

The Economy

GDP (% yoy)		2023	2024	2025F	2026F	2027F	Inflation (% avg)		2023	2024	2025F	2026F	2027F
CEE	Czech Rep.	0.1	1.2	2.4	2.3	2.3	Czech Rep.	12.1	2.7	2.4	2.1	2.0	
	Hungary	-0.9	0.7	0.3	2.3	3.0	Hungary	17.6	3.7	4.5	3.6	3.6	
	Poland	0.1	3.0	3.3	2.6	2.5	Poland	11.0	3.7	3.4	2.6	2.5	
	Slovakia	2.1	1.9	0.8	1.4	2.6	Slovakia	10.5	2.8	4.2	3.8	3.1	
	Slovenia	2.4	1.7	0.9	2.2	2.4	Slovenia	7.2	2.0	2.5	2.3	2.0	
SEE	Albania	3.3	3.9	3.7	3.4	3.4	Albania	4.8	2.2	2.3	2.9	3.0	
	Bosnia Herzegovina	1.9	2.5	2.0	2.5	2.8	Bosnia Herzegovina	6.1	1.7	4.0	3.3	3.0	
	Croatia	3.8	3.8	2.9	2.6	2.6	Croatia	8.4	4.0	4.4	3.3	2.6	
	Romania	2.4	0.8	0.8	2.0	3.0	Romania	9.8	5.9	6.7	5.4	3.0	
	Serbia	3.7	3.9	1.9	2.9	4.0	Serbia	12.1	4.6	3.9	3.6	3.2	
EE & MENA	Moldova	0.7	0.1	1.8	2.4	3.3	Moldova	14.0	4.7	7.7	4.3	4.1	
	Russia	3.6	4.4	0.9	0.9	1.3	Russia	6.0	8.4	8.9	5.2	4.0	
	Ukraine	5.5	2.9	1.7	2.5	2.8	Ukraine	13.4	6.5	13.0	7.4	6.4	
	Egypt	2.9	3.1	4.9	4.3	5.3	Egypt	33.8	28.5	14.4	12.3	9.6	

Markets

Exch.rate (avg Euro)		2023	2024	2025F	2026F	2027F	Interest rate (% avg)		2023	2024	2025F	2026F	2027F
CEE	Czech Rep.	24.0	25.1	24.7	24.1	24.0	Czech Rep.	7.1	5.0	3.6	3.4	3.4	
	Hungary	381.8	395.5	397.6	386.1	390.8	Hungary	14.3	7.3	6.5	6.0	5.1	
	Poland	4.5	4.3	4.2	4.4	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	2.0	2.0	
	Slovenia	n.a.	n.a.	n.a.	n.a.	n.a.	Slovenia	3.4	3.6	2.2	2.0	2.0	
SEE	Albania	108.4	100.5	98.3	98.0	97.8	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.	
	Croatia	n.a.	n.a.	n.a.	n.a.	n.a.	Croatia	3.4	3.6	2.2	2.0	2.0	
	Romania	4.9	5.0	5.0	5.1	5.2	Romania	6.6	5.9	6.5	6.6	5.6	
	Serbia	117.3	117.1	117.2	117.4	117.6	Serbia	6.1	6.1	5.8	5.8	4.6	
EE & MENA	Moldova (USD)	18.2	17.7	17.4	16.6	17.3	Moldova	9.5	3.8	5.0	5.0	4.4	
	Russia (USD)	85.2	92.8	84.1	84.5	93.1	Russia	9.4	18.0	19.0	14.5	7.7	
	Ukraine (USD)	36.8	40.1	41.7	43.2	44.8	Ukraine	n.a.	n.a.	n.a.	n.a.	n.a.	
	Egypt (USD)	30.7	45.3	47.6	47.9	49.8	Egypt	23.1	27.9	27.6	22.6	17.6	

Banking aggregates (% change yoy)

Loans (pr. sector)		2023	2024	2025F	2026F	2027F	Deposits (pr. sector)		2023	2024	2025F	2026F	2027F
CEE	Czech Rep.	6.6	5.7	6.2	5.4	4.2	Czech Rep.	7.5	7.6	3.3	4.0	4.0	
	Hungary	3.3	6.8	5.1	6.0	4.9	Hungary	0.3	8.4	4.6	5.2	5.2	
	Poland	-2.5	3.6	5.5	4.5	4.5	Poland	10.5	8.1	7.8	5.0	5.0	
	Slovakia	3.4	2.9	7.1	4.5	4.5	Slovakia	4.6	6.5	4.0	4.6	4.4	
	Slovenia	-0.5	2.7	7.6	4.4	3.4	Slovenia	5.5	1.9	6.4	3.6	3.3	
SEE	Albania	3.7	12.4	10.2	4.9	3.4	Albania	1.6	3.9	6.9	3.4	3.4	
	Bosnia Herzegovina	6.8	9.3	10.4	6.8	5.6	Bosnia Herzegovina	10.2	10.8	9.0	7.5	5.9	
	Croatia	8.0	9.4	11.8	5.0	3.8	Croatia	3.5	3.7	7.3	4.7	3.4	
	Romania	5.9	8.1	6.6	6.5	6.2	Romania	12.9	9.7	3.2	5.4	5.4	
	Serbia	1.0	7.9	12.8	5.5	5.0	Serbia	11.7	13.2	6.1	4.9	5.5	
EE & MENA	Moldova	3.7	26.5	26.3	19.9	15.8	Moldova	20.6	13.6	8.1	8.0	7.8	
	Russia	24.2	16.0	1.4	5.2	5.1	Russia	23.4	23.8	3.1	5.3	5.2	
	Ukraine	-0.3	10.2	13.3	3.8	4.5	Ukraine	26.7	14.4	6.8	4.8	5.6	
	Egypt	22.1	29.8	12.6	9.5	9.5	Egypt	18.5	34.4	20.3	11.0	10.0	

Banking interest rates (%)

Lending (Corp. avg)		2023	2024	2025F	2026F	2027F	Deposits (HH avg)		2023	2024	2025F	2026F	2027F
CEE	Czech Rep.	8.6	6.6	5.1	4.1	3.6	Czech Rep.	6.0	4.3	2.9	2.5	2.2	
	Hungary	12.3	11.3	10.3	6.9	4.1	Hungary	11.6	5.5	4.8	3.9	2.1	
	Poland	8.5	7.7	7.0	5.5	4.1	Poland	5.6	4.2	3.6	2.8	1.9	
	Slovakia	4.3	5.7	4.3	3.2	2.7	Slovakia	0.4	0.7	0.6	0.3	0.5	
	Slovenia	4.6	5.4	4.2	3.5	3.2	Slovenia	0.8	1.5	1.0	0.7	0.7	
SEE	Albania	5.9	5.5	5.3	5.5	5.9	Albania	2.1	2.6	2.6	2.5	2.3	
	Bosnia Herzegovina	3.7	4.2	4.0	n.a.	n.a.	Bosnia Herzegovina	0.5	0.8	1.6	n.a.	n.a.	
	Croatia	4.7	5.0	3.9	3.7	3.8	Croatia	2.4	3.0	1.9	1.6	1.4	
	Romania	9.4	8.2	8.1	8.3	7.6	Romania	6.0	5.2	5.5	5.2	3.0	
	Serbia	11.6	10.3	8.6	8.1	7.8	Serbia	5.8	4.8	4.2	4.0	3.0	
EE & MENA	Moldova	11.3	7.8	7.8	7.8	7.5	Moldova	9.8	3.6	3.8	3.6	3.5	
	Russia	11.6	18.9	20.7	15.9	9.9	Russia	7.6	16.7	17.8	12.4	6.5	
	Ukraine	22.1	19.6	19.6	15.7	13.8	Ukraine	12.3	9.1	9.9	7.9	6.9	
	Egypt	17.8	24.3	24.0	18.5	15.1	Egypt	12.7	19.2	18.3	15.2	11.8	

Source: Intesa Sanpaolo Research Department forecasts

Appendix

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