

Economic and Banking Monitor

Viewpoint

Gradual stabilisation supported by domestic demand and inflation easing

Macroeconomic scenario

- Overview - The macroeconomic scenario is moving towards gradual consolidation, marked by the gradual fading of global shocks and ongoing strength of domestic resilience.** Across Central, South-Eastern and Eastern Europe (CEE, SEE and EE), the balance of forces has shifted: although external demand remains subdued, household consumption, public investment, and service activities continue to sustain overall momentum. The interplay between lower inflation, slowing growth, and policy adjustments is setting the stage for a more balanced environment. Still, geopolitical uncertainty, trade fragmentation, and fiscal pressures maintain the cautious tone in both corporate and policy expectations.
- Economic Growth - Economic activity has become increasingly heterogeneous across subregions.** While the CEE area is adjusting to a weaker industrial cycle and tighter global conditions, SEE continues to benefit from strong domestic demand, construction, and tourism-related services. In Eastern Europe, recovery is being held back both by structural weaknesses and heightened geopolitical risks. The common factors are the shift from an export-led model to one where internal drivers – particularly consumption and public spending – play the leading role. This adjustment, though gradual, suggests the region is moving from a phase of cyclical rebound to one of structural consolidation.
- Inflation - The disinflation trend has strengthened, supported by the unwinding of previous supply shocks, stabilised commodity prices, and an easing of energy costs over time.** However, underlying price pressures persist, driven by wage growth, inflation in the services sector, and tight labour markets. The balance between disinflation and residual rigidity differs between economies, but inflation is generally returning to levels compatible with policy targets. This process is gradual and uneven, requiring central banks to carefully balance supporting growth and preserving credibility.
- Monetary Policies - Most central banks have adopted a pragmatic stance, keeping policy rates broadly stable after the initial signs of price normalisation emerged.** Easing measures have been limited and selective, reflecting a preference for caution and flexibility. Monetary authorities are increasingly focused on ensuring the smooth transmission of past tightening measures, and preventing renewed volatility in foreign exchange markets. In countries seeing faster disinflation, discussions about policy normalisation have begun. However, the overall bias remains data-dependent and oriented towards preserving financial stability rather than prematurely stimulating demand.

Banking Aggregates

- Loans - Credit activity is evolving in line with the broader macroeconomic adjustment. Household lending shows signs of recovery,** supported by improving sentiment, stable employment, and gradual rate adjustments. Conversely, **corporate borrowing remains more selective,** as firms continue to prioritise balance-sheet consolidation over new investment. Banks are focusing on asset quality and risk management, favouring longer-term, better-collateralised lending. Overall, credit expansion is proceeding at a measured and sustainable pace, consistent with the new equilibrium between risk appetite and funding conditions.
- Deposits - Deposit dynamics remain anchored by income growth and strong confidence in the banking system.** Household deposits are growing steadily, while corporate deposits are fluctuating in line with cash flow cycles and fiscal settlements. Liquidity remains ample, ensuring comfortable funding positions across the region. The composition of deposits is gradually shifting towards longer maturities, reflecting the normalisation of interest rates and a greater preference for stable returns.
- Interest Rates - Market rates are beginning to reflect the changing monetary environment. Lending costs are adjusting downwards, though unevenly, while deposit rates remain relatively stable.** The resulting compression of spreads signals a progressive return to normal conditions in the money and credit markets. This trend is fostering financial predictability, reducing uncertainty for both borrowers and savers, and contributing to a smoother policy transmission across the region.

November 2025

Countries with ISP subsidiaries

Quarterly Note

Research Department

International Research Network

Giovanni Barone

Head of International Research Network

International Research Team

- **Non-Performing Loans (NPLs) - The quality of banking assets remains high, bolstered by robust risk management, resilient labour markets, and stable household finances.** Non-performing loan (NPL) ratios remain contained, reflecting both prudent credit policies and continued debt-servicing capacity. While a mild upward adjustment could emerge as growth slows, the sector as a whole is well-positioned, with adequate provisioning and capital buffers to safeguard stability.

Conclusion

The region is entering a phase of measured stabilisation, supported by easing inflation, steady economic policies, and resilient banking systems.

Domestic demand remains the main growth driver, while external weakness and structural challenges limit any momentum.

Maintaining policy credibility, financial discipline, and investment confidence will be crucial to secure a sustained and balanced recovery.

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This note has been coordinated by Giovanni Barone. The names of the individual authors are listed in each section.

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

The Economic and Banking Monitor is released on a quarterly basis in January-February, April-May, July-August and October-November.

Cross-Country Analysis

CEE Area

In the second quarter of 2025, the economic cycle slightly softened in CEE countries, and remained relatively weak due to uncertainty on the international landscape owing to the strong geo-economic fragmentation. In Q2, GDP grew by 2.2% year-on-year from 2.5% in the previous quarter (weighted average in the region, on seasonally-adjusted data). The economic dynamic was mainly supported the private expenditure (2.1 and percentage points (pp) of contribution to GDP growth) and the public expenditure (0.5 pp) and the capital formation (0.2 pp), while the contribution of net exports was negative. At the country level, the economic dynamics have been very different, ranging from the 3.1% growth in Poland to 0.1% in Hungary. For the first part of the current year, high-frequency economic indicators indicate still-feeble GDP growth. The risks for the economy are predominantly negative; while the resumption of monetary easing in several countries, such as in Poland, could support consumer and investment demand, uncertainty over the current economic policies of major global players continues to weigh heavily on household and business confidence.

Antonio Pesce

In Q2 2025, the **Economic Sentiment Indicator** (ESI; in weighted average data) for the CEE region increased slightly, to 99.8 from 99.1; however, it is still well below the peak reached in Q2 2024 (100.3). Among the subcomponents of the indicator, consumer sentiment continued to improve owing to favourable conditions in the labour market and the expected recovery of disposable income from the wage dynamic. Meanwhile, the business component declined due to the weakness of external demand, in particular from the Eurozone, the most important trading partner of the CEE region.

Albeit with some country-to-country exceptions, annual **inflation** remained stable in the CEE area in September (at 3.0%, in weighted average harmonised data), after several months of increasing pressures on consumer prices since the beginning of this year. Energy and food are the components of the consumer basket that have contributed most to the stability of inflation, especially in countries where the exchange rate has strengthened most. Inflation risk remains mostly balanced as, on the one hand, geopolitical fragmentation and growing economic protectionism by major global economies could fuel price tensions internationally, but on the other, the softening in the real economy could cool prices on the demand side.

At their most recent meetings, in May, the central bank of Poland lowered its **policy rate** to 4.50% from 4.75%, while the pause in the monetary policy continued in Czech Republic and Hungary (3.5% and 6.5%, respectively). In the financial markets, **long-term yields** slightly decreased, roughly in line with the 10Y Bund yields, but in the Czech Republic the spread somewhat grew (10 basis points). In terms of the local **currency**, the recovery of the Hungarian forint and the strengthening of the Czech koruna have continued in recent months as the inflation differentials with respect to their main trading partners have narrowed.

On the **banking side, in the CEE area loans to the private sector strengthened slightly in August**, increasing by 5.6% year-on-year in the region versus 5.3% yoy in July, due to the vigorous corporate lending, especially in Poland. Loans confirmed the year-on-year increase in Hungary (7%), and accelerated in the other countries, mainly in the Czech Republic (to 6%). In Poland, the loan performance continued to accelerate in August and September (to 5% yoy). Lending was also robust in Slovakia (+7% yoy). In real terms, year-on-year changes were positive in all countries (2.6% in the area in August) because of lowering inflation, improving also in Slovenia despite increasing inflation. **NPL ratios remained stable**. The highest ratio was in Slovakia (2% as of August), and in Hungary according to IMF data (2.6% as of June). The ratio was the lowest in Slovenia (1.09% in July). Asset quality was thus generally good, but is expected to worsen slightly in line with the economic deceleration. According to the last Bank Lending Survey, Euro area banks reported a small net tightening impact from NPL ratios on their credit standards for loans to firms, while credit standards for housing loans and consumer credit were unaffected in the third quarter

Davidia Zucchelli

of 2025. In the fourth quarter of 2025, euro area banks expect a more noticeable tightening impact of credit quality on their lending conditions for consumer credit and loans to firms.

Corporate loans accelerated in August (+7% yoy), mainly because of a jump in the Czech Republic (to 3.4% in August from 1.5% in the previous month), despite German uncertainty, and in Slovenia (from 1.6% to 2.6% yoy). Corporate lending growth in Hungary remained stable (+3.4% yoy in August). Corporate lending was weak in Slovenia (1.3% yoy) despite decreasing interest rates. It is worth mentioning that the most dynamic performances were seen in Slovakia (8.1% yoy in August) and Poland (9.1%) despite macroeconomic uncertainties. **Household loans** stabilised in the area and in all countries (to 5.3% yoy in August), in line with strong labour market and decreasing wages, especially in Hungary (to 11.4% yoy in August) and Poland (to 3.1% yoy as of September) where banks are inclined to invest more heavily in government bonds. Total loans are expected to slow in the last quarter of the year.

Deposits from the private sector remained strong (+7.8% yoy in August) in the area, and continued to show dynamism in both the corporate (+7.9% yoy) and the household sector (8.2% yoy). Deposit growth accelerated mainly in Hungary (to 6.7% yoy from 5.5% in July). Data are expected to decelerate in the next months. **Household deposits expanded by 8.2%** yoy, in line with the 8% yoy in July, supported by a strong labour market. Corporate deposits accelerated to 7.9% yoy from 7.3% yoy in July, remaining very dynamic in Poland (12.2% yoy in September). They accelerated in Hungary and in the Czech Republic (to 3.5% and 1.7% respectively in August) and in Slovenia (to 6.3% yoy from 5.2%). The high granularity of deposits and large portfolios of liquid securities somewhat mitigated liquidity risks. The **loan/deposit ratio** (LTD) was below 100% in all countries, with the exception of Slovakia, where it increased to 107.1%, worsening from 106.3% in July. A deposit deceleration is expected due to a new government bond issue, and therefore a further increase of the LTD ratio with liquidity tensions in the system. **Foreign liabilities** were dynamic (10.3% yoy), even though they accounted for only 5% of total deposits in the country. Furthermore, volatile corporate deposits accounted for around 40% of total deposits. Liquidity shortage led banks to issue covered bonds.

Corporate lending interest rates declined slightly in many countries in August (but in Slovakia they rose from 3.9% to 4.2% in the period), while household deposit interest rates remained stable and declined marginally in Poland and in Slovenia (-0.1pp). Real deposit rates were in negative territory in all countries. Interest rates are expected to decrease further in 2025.

SEE Area

Economic growth in the South-Eastern Europe region increased in the second quarter of 2025, with GDP augmented by 2.6% yoy (from 1.2% in the previous quarter as weighted average in the region, on calendar adjusted data), confirming the good performance in Serbia and Croatia. On the demand side, domestic consumption drove the recovery, while the net contribution of external demand was still negative. In the first nine months of 2025, high frequency economic indicators suggest a steady economic dynamic mainly supported by the services sector. On the demand side, the real wage growth, together with the increase of employment, are supporting internal expenditure. As with the CEE region, the risks for the economy are prevailing on the negative side, even if the countries among the SEE area are less exposed to the negative impacts coming from the US tariffs.

In September, annual **inflation** in the SEE area remained high, close to 7.0%, for the second consecutive month, above the 3Q average (6.7%, on a regional weighted average basis, on harmonised data). The inflation rate has been quite different from country to country in this region, ranging from 2.5% in Albania to 8.6% in Romania. In their last meetings, the pause in monetary policies was continued, with the **central banks** of Albania, Romania, and Serbia keeping their policy rates at 2.75%, 6.5% and 5.75%, respectively. At the same time, **long-term yields** in Romania decreased to 7.1% (20 bps less than three months ago), but remained well above the long run average as inflation is very high. In the **FX** markets, local currencies remained stable in recent months, but weakened slightly in Romania.

Antonio Pesce

Loan growth to the private sector decelerated slightly to 9.3% year-on-year in August from 9.8% yoy in July, in a wide range (from 7.9% in Romania to 13% in Croatia), owing to a weaker economic context especially in Romania (loans slowed further to 7.1% in September from 8.2% yoy in July). Loans to the private sector continued on a decelerating path in August in Albania and Croatia, increasing by 11.4% yoy and 13% yoy, respectively. Owing to gradually improving inflation, **real yoy changes in loans** are rising and are particularly high in Albania (around 9%). **Deposits from the private sector decelerated** to 7.2% in August from 7.8% in July in the area, due to a decline in both Romania (to 6.6% yoy in September) and Croatia (to 7% yoy in August). In contrast, deposits strengthened in the other countries. Bosnia showed the highest dynamic (9.2% yoy in August).

Davidia Zucchelli

Asset quality remained good, as shown by NPL ratios, which were declining in many countries but increasing slightly in Albania (at 4.9% from 4.0% in July) and remaining stable in Romania (2.8% in August). **Household loans decelerated**, to 11.1% yoy in August (from 11.5% yoy in July), mainly in Romania (from 10% to 9.3% and further to 9.1% yoy in September) and showing an acceleration in Serbia (to 16.1% yoy in September from 14.9% yoy) and Albania (17.6% yoy) in particular due to strong labour markets (not in Bosnia). In Croatia, recent borrower-based macroprudential measures – that will limit debt service to income (DSTI) ratios for new housing loans to 45% and loan to value (LTV) ratios to 90% and set an upper limit on repayment periods to 30 years – could slow excessive growth in household loans but mitigate financial risks even though rate growth remained high as of August (+13.6% yoy as in the previous months). **Corporate lending decelerated as well** to 7.7% yoy in August from 8.3% yoy in July, mainly in Albania (to 7.5% yoy in August from 9.5% in July) and Romania (to 6.7% from 7.5%), as a reflection of growing working capital growth.

Deposit growth decelerated strongly in the corporate sector (from 4.2% yoy in July to 2.8%) while remained stable in the household sector (9.8% yoy in the same period) in the region, supported by wages albeit slightly decelerating. Total deposits accelerated in Serbia (to 9.5% yoy in September from 8.4% yoy in July) and in Albania (to 7.6% yoy in August from 6.9% yoy in July). Banks in the area can count on an ample and stable funding base, but **there is increasing competition from new T-bills and investment funds**, particularly in Croatia. Thus, owing also to a low and stable **loan/deposits ratio**, well under 100%, there are no signs of liquidity tensions.

Household deposit interest rates decreased slightly in many countries, mainly in Bosnia (to 1.45% in August from 1.88% in June), where corporate lending interest rates also decreased, from 4.4% to 3.5% in the same period. In contrast, **corporate lending interest rates increased slightly in the other countries**, for example, in Serbia where they increased to 6.6%. The spread reduced slightly (to 2.2pp in August from 2.08 pp in June in Serbia).

EE and MENA Areas

Uncertainty continues regarding an end of the conflict in Ukraine, with obvious repercussions, especially on the EE countries. In September 2025, **industrial production** in Russia (+0.3%) grew at a slower pace compared to August (+0.5%), and in August it grew in Ukraine (+0.6% vs. +3.3% in July). It continued to grow in Moldova (+3.3% in August vs. +6.2% in July). **Exports** in June decreased in Russia (-0.1% from -10.6% in May). Moldova's exports grew in August to 21.0% (from +21.8%), and in Ukraine they declined in August 2025 to -4.2% (from -3.5% in July 2025). In September, **retail sales** were positive in Russia (+1.8%), and in Ukraine (+6.4% from +5.7% in August). In terms of forward-looking indicators, in September 2025, **PMI** decreased to 48.2 vs. the August level (48.7) below 50 in Russia. On the **inflation** side, in September 2025 consumer prices increased in Russia (at +8.0%), which is somewhat above the CB's inflation target (4.0%). In Moldova, the inflation rate increased (to 6.9%, from 7.3% in August). Inflation also increased in Ukraine (11.9% in September from 13.2% in August) within the CB's target range (5.0%+/-1.0%). In 2025 the Bank of Russia lowered the **policy rate** four times from 21% to the present 16.5%. 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

Francesca Pascali

facilitated by restrictive monetary conditions. The Bank of Russia will therefore maintain monetary conditions as tight as necessary to bring inflation back to target. This also implies an average reference rate of between 13.0% and 15.0% per annum in 2026 and entails a long period of restrictive monetary policy. At its meeting on 23 October 2025, the National Bank of Ukraine decided to keep the policy rate unchanged at 15.5%. Despite the decline in inflation in recent months, inflation expectations have remained high, and risks have increased, particularly those related to greater energy shortages and higher budgetary needs. Under these conditions, in order to maintain the attractiveness of hryvnia assets, the sustainability of the currency market and the steady decline in inflation towards the 5% target over the policy horizon, the NBU is to maintain relatively tight monetary conditions. At its meeting on 18 September 2025, the National Bank of Moldova unanimously decided to cut the base rate applied to the main short-term monetary policy operations to 6.00%. The decision to continue monetary policy easing measures aims to keep medium-term inflation within a range of ± 1.5 pp from the 5.0% target. With this decision, the NBU consolidates its position of supporting and stimulating aggregate demand, including by encouraging consumption and investment, rebalancing the national economy and the current account, with an emphasis on anchoring inflation expectations.

Although decreasing, high inflation continues to impact **Egypt**. In July 2025, **industrial production** rose by 14.4% yoy (from +8.4% in June) and exports rose by 5.6% (from +11.8% in June). In September 2025, the **PMI** index still went below 50 (to 48.8) versus August (49.2). In September, **inflation** increased to 11.7% (down from 12.0% in August). It remains well above the CB's inflation target for Q4 2026 and Q4 2028 at 7% (± 2 p.p.) and 5% (± 2 p.p.) on average, respectively, in line with the CBE's gradual advance towards implementing a fully-fledged inflation-targeting regime. At its meeting on 2 October, the Central Bank of Egypt decided to reduce the overnight deposit rate, the overnight lending rate, and the CBE's main operations rate by 100 basis points, bringing them to 21.00%, 22.00%, and 21.50%, respectively. The Committee also decided to reduce the discount rate to 21.50%. This decision reflects the Committee's updated assessment of inflation dynamics and prospects since the previous MPC meeting. In the medium term, inflation is expected to continue to moderate, albeit at a slower pace, as the disinflation path remains constrained by the downward rigidity of non-food inflation and the impact of planned and higher-than-expected fiscal measures. As a result, the overall figure is expected to average around 14% in 2025, converging towards the ECB's target range in the fourth quarter of 2026.

The performance of banking aggregates continued to be dynamic in August in Moldova and Ukraine in the **EE area** in nominal terms. In contrast, in **Russia**, loans decelerated strongly (to 5.6% yoy in July from +16% yoy in December 2024 in nominal terms), particularly for households (-1.3% yoy in July from 9.5% in December vs 8.9% yoy from +19% yoy for corporates). The weak economy and high interest rates could worsen credit risk. Deposits decelerated strongly to 12.6% yoy in July, mainly in the corporates (to 3% from 19.4% in 2024). In **Moldova**, loans increased by 33.7% yoy in September (from +35% yoy in June) (+28.7% yoy to corporates, which accounted for 56% of total loans to the private sector, vs. 41% yoy to households, mainly mortgages accompanied by higher prices in the real estate market). The NPL ratio declined slightly, to 4.68% from 5.1% in July. As of September, deposit growth rose by 10.5% yoy (corporates by 4.7% yoy, households by 14.4% yoy). Loans to the private sector in **Ukraine** accelerated in August (14.6% yoy but around 0% in real terms in line with fragile GDP growth (0.8% in Q2)), both for households (24% yoy) and for corporates (10.9% yoy). The NPL ratio was 30% as of March, slightly decreasing. Total deposits decelerated further to +12.3% yoy in the weak context (from +14.4% yoy in December), for both households (+14.3% yoy) and corporates (9.4% yoy). Foreign liabilities fell slightly (-1.1% yoy).

In **Egypt**, banking aggregates (the latest data for loans to corporates is only through February) remained vigorous, with loans increasing by 30.9% year-on-year as of February and deposits by 25.1% yoy as of June in nominal terms (18% and around 8% in real terms). Loans increased by 26% yoy as of June in the household segment, and by 34.5% yoy (February) in the corporate sector.

Davidia Zucchelli

Country-Specific Analysis

Czech Republic

Real Economy

Hard data from industry have come out at the lower side of expectations, posting a 1.5% year-on-year decline in August, and making it the third consecutive monthly decline. Yet, the broader set of indicators, including forward-looking confidence surveys, suggest that the situation in the Czech industry has somewhat stabilised and may now start improving. In October, confidence in industry increased by 4.3 points, to a value of 99.8. Owing to this surge, and to a lesser extent in services, the overall business confidence indicator rose by 1.8 points to 103.4, the highest figure since mid-2022. Consumer confidence at the same time added 3.9 points to 107.4, the highest since March 2020. As such, these data confirm that Czech economic recovery should continue, led by solid household spending and may soon also be supported by a gradual recovery of the manufacturing and exports. The political backdrop meanwhile shifted markedly. The October parliamentary elections brought a clear win for populist ANO of ex-PM Andrej Babis, which is now negotiating a coalition. Markets have so far reacted calmly, but fiscal and EU-policy implications will be closely watched.

Zdenko Štefanides

Financial Markets

After cutting rates in May, the Czech National Bank (CNB) has turned more cautious as inflation has temporarily increased. In September, however, inflation unexpectedly dropped from 2.5% to 2.3%. Core inflation, nonetheless, remained flat and high at 2.8%, which will probably make the CNB unimpressed and affirm its rate-neutral stance when it meets on policy on 6 November. Bond yields meanwhile have increased in the run up to the elections, peaking at over 4.5% in late September. A month later, on 28 October, nonetheless the 10-year benchmark was back to below 4.4%. The koruna has continued to gradually appreciate alongside the trend set upon from the beginning of this year. Pre-election uncertainty has nonetheless interrupted this firming currency path, if probably only temporarily. As of 28 October, the koruna traded at 24.35 versus the euro, basically the same level as in early September.

Banking Sector

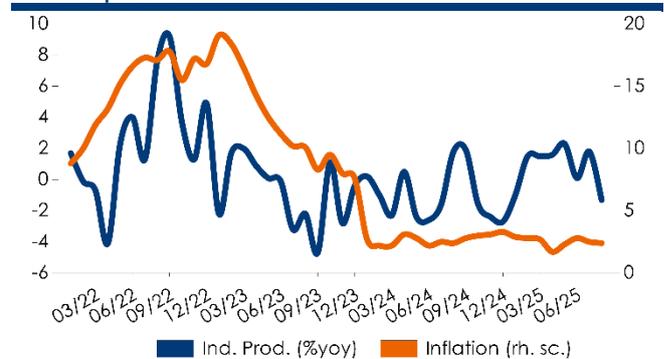
Easier funding conditions and healthier household balance sheets continue to revive housing demand. Average mortgage rates fell to 4.5% in September, 0.4% below a year earlier, helping new loan volumes rise 20% mom after seasonal adjustment and above 50% year-on-year. Corporate lending remains timid, mirroring industrial softness, but banks' liquidity and asset quality remain solid.

Latest economic indicators

	Last value	2Q25	1Q25
Industrial production, wda yoy	-1.3 (Aug)	1.3	0.7
Export of goods, nominal yoy	-6.8 (Aug)	1.3	4.4
CB refi rate	3.5 (27th Oct)	3.5	3.8
ESI (index)	102.4 (Sep)	99.1	101.5
Retail sales yoy	-6.8 (Aug)	1.3	4.4
Inflation rate, average yoy	2 (Sep)	2.3	2.8
Loans (priv. sector, yoy, eop)	6 (Aug)	6.5	5.5
Deposits (priv. sector, yoy, eop)	4.1 (Aug)	4.7	4.7
Lending interest rate (corp., eop)	4.7 (Aug)	4.8	5.5
Deposit interest rate (hh, eop)	2.8 (Aug)	2.8	3.0

Source: Czech National Bank, Czech Statistical Office

Industrial production and inflation



Source: Czech Statistical Office

Hungary

The recently released economic indicators still point to subdued and unbalanced economic activity. Industrial production posted a larger-than-expected decline in August, and construction also surprised on the weak side. On the other hand, retail sales continued to grow at a stable, albeit not spectacularly strong rate. Monthly activity indicators confirm that the engine of growth remains household consumption, which is likely to receive yet another boost from generous pre-election hand-outs. The persistent weakness in the manufacturing and export sectors may continue in the short run, with activity weighed down by weak external demand. Incoming indicators seem to underpin our below-consensus FY2025 GDP growth projection of 0.4%. The labour market is stable, with the unemployment rate fluctuating around 4.5%. Wage growth decelerated slightly, but remains close to 10% – implying strong real wage dynamics. Headline inflation was flat at 4.3% in September. However, underlying inflationary pressures are still strong, adjusting the headline for the impact of the different price caps, profit margin caps, inflation would run close to 6%.

Mariann Trippon

Financial Markets

The Monetary Council left its key interest rates unchanged in September, as expected. The MNB's communication remained hawkish, with the statement arguing for a cautious and patient monetary policy and the maintenance of positive real interest rates. According to policymakers, upside inflation risks are stronger, and inflation expectations remain high. In addition to domestic inflation risks, external uncertainty also warrants caution. The statement again emphasized the importance of financial market stability (forint exchange rate). Based on our assumptions regarding the inflation path and the external environment, and also taking account the hawkish central bank communication, we now 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. EUR/HUF moved below the 390 threshold. The forint is expected to keep its gains in the upcoming months as approaching the general election, the stable and relatively strong FX rate is gaining more importance not only from a monetary policy but also from a political perspective.

Banking Sector

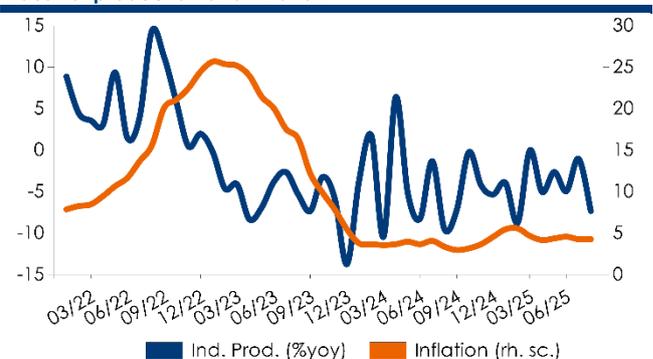
Private sector loans in the banking sector grew by 3.3% in the January-August period. Corporate loans stagnated during the first eight months with a growth rate of -0.3% and subdued economic growth, the uncertain outlook and still relatively high interest rates will hinder any meaningful acceleration this year. On the other hand, loans to household sector grew by 7.7% and the new 3% fixed rate subsidised mortgage loan available from September (Home Start) will give an extra boost in the last months of 2025. Deposit growth also came to a halt this year, the year-on-year growth rate was a mere 1.3% in January-August, as corporate deposits shrank by -2.2%, while households grew by +5.7%.

Latest economic indicators

	Last value	2Q25	1Q25
Industrial production yoy	-7.3 (Aug)	-4.2	-4.2
Nom. exports yoy	-4.4 (Aug)	0.1	0.4
ESI (index)	97.1 (Sep)	93.1	95.3
Retail sales yoy	1.9 (Aug)	4.0	1.4
Inflation rate yoy	4.3 (Sep)	4.4	5.3
CB reference rate	6.5 (27th Oct)	6.5	6.5
Loans (priv. sector, yoy, eop)	7 (Aug)	6.0	5.9
Deposits (priv. sector, yoy, eop)	6.7 (Aug)	5.0	7.4
Lending interest rate (corp., eop)	10.2 (Aug)	10.6	10.8
Deposit interest rate (hh, eop)	4.9 (Aug)	5.0	4.9

Source: Central Bank of Hungary, Hungarian Central Statistical Office

Industrial production and inflation



Source: Hungarian Central Statistical Office

Poland

Real Economy

Poland ended Q3 on a positive note: retail sales rose 6.4% yoy in September, from an already solid 3.1% gain in August, industrial production unexpectedly jumped 7.4% yoy, and construction output recovered to about +0.2% yoy in a marked contrast to 6.9% decline in August. These hard data point to a solid close to Q3 and helped underpin GDP momentum heading into Q4. That said, sentiment cooled in October, signaling a likely downshift in momentum at the start of Q4. Business-tendency indicators of the Polish Stats Office show a deterioration in key sectors of manufacturing (-8.0 in October, deteriorating from -6.5 in September) and construction (-7.3 from -5.3) and a still-negative but less-weak retail indicator (-1.6 vs -2.4 in September). Consumer confidence also worsened in October, as households grew more concerned about economic conditions. The Consumer Confidence Index of the Polish Stats Office dropped in October by 2.6 points over the month to -10.9, with both the current economic situation and the future outlook deteriorating. Together, the data imply that while consumption and industry delivered a strong September, firms and households entered Q4 more cautious.

Zdenko Štefanides

Financial Markets

The National Bank of Poland (NBP) continued to loosen policy, delivering another 25bps cut in early October that brought the reference rate to 4.50%. This latest rate cut came earlier than expected, and was mainly driven by surprisingly soft inflation, including wages, producer prices and CPI, which remained flat at 2.9% yoy in September – close to the NBP's 2.5% ± 1 pp target.

Following the rather surprising rate cut, the zloty experienced a slight depreciation, and market expectations shifted toward a more aggressive easing trajectory, helping to move down bond yields too. In the bigger view though, Polish government yields traded range-bound through autumn and the yield decline following the October rate cut was rather marginal – 10-year yields sit in the low-to-mid 5% area. Also, the rate cut-related movement of the zloty was rather short-lived. The bigger picture shows the zloty relatively stable and modestly appreciating in recent weeks, ending October around 4.23 versus the euro, compared to 4.26 a month ago.

Banking Sector

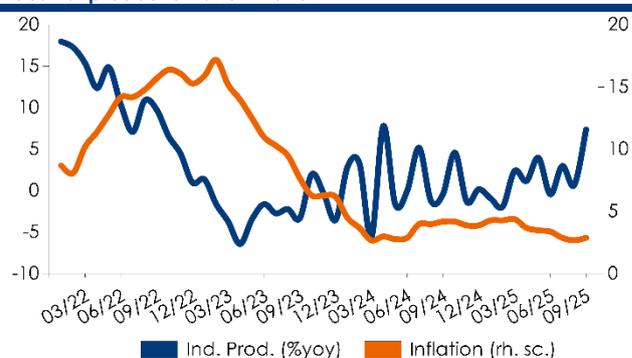
Banking activity remains stable though loan growth continues to lag deposits. Household credit expanded by 3.1% yoy in September from 2.6% in June, supported by lower mortgage rates and improving affordability. Deposit growth remains strong, buoyed by still-elevated nominal wage levels. M&A activity in the sector continues with Erste Group finalising its acquisition of a 49% stake in Santander Bank Polska earlier this autumn. The deal underscores foreign investors' confidence in the Polish banking market, which remains well capitalised and profitable.

Latest economic indicators

	Last value	2Q25	1Q25
Industrial production yoy	7.4 (Sep)	1.6	-0.1
Nom. exports yoy	-4.2 (Aug)	1.1	-1.0
ESI (index)	100 (Sep)	101.3	100.9
Retail sales yoy	4.8 (May)	n.a.	n.a.
Inflation rate yoy	2.9 (Sep)	3.5	4.3
CB reference rate	4.5 (27th Oct)	5.3	5.8
Loans (priv. sector, yoy, eop)	5 (Sep)	4.3	2.9
Deposits (priv. sector, yoy, eop)	9.7 (Sep)	9.6	8.6
Lending interest rate (corp., eop)	7 (Aug)	7.1	7.7
Deposit interest rate (hh, eop)	3.4 (Aug)	3.4	3.9

Source: Narodowy Bank Polski, Statistics Poland

Industrial production and inflation



Source: Statistics Poland

Slovakia

Real Economy

For the summer, monthly indicators implied further economic deceleration compared to the spring months. Industrial production posted marked year-on-year declines both for July and August (-4.6 and -6.3%), and retail sales hovered around zero (+0.4 and -0.7% resp.). The important automotive production is now down yoy despite lower tariff rate agreed between the EU and the US. Only construction production registered double-digit growth, albeit due to weak base months of 2024. Overall, we thus expect the 3Q GDP to remain very weak. The outlook, however, is not as bleak as the sentiment indicators, particularly in the euro area, improved by October, supporting expectations of growing foreign demand.

Employment could have decreased in 3Q as the seasonally-adjusted registered unemployment rate increased slightly each month, most notably in September. Local wage growth on the other hand decelerated from the 2Q peak to roughly 5% yoy in nominal terms, in line with expectations. The inflation rate remains higher and should stay so even after January, since the government plans to unfreeze regulated prices of heating for households.

Financial Markets

The ECB held its interest rates stable at its September meeting, and is expected to do the same at its meeting on 30 October. Our view converged with the market's, in that we see this stability prolonged at least until the beginning of 2026 as the euro area inflation is on target and economic conditions hold some growth prospects. The Euribor rate has thus stabilised as well. Longer-term benchmarks have been more volatile, but over longer periods they do not seem to move in either direction. Slovakia's risk premium has also remained stable around 75 bps vis-à-vis German government bonds at 10Y maturity. This was also confirmed by S&P, which affirmed the country's A+ rating, but with a negative outlook. The euro-dollar exchange rate remains stronger, at around 1.16, disadvantaging exports into the US on top of the new tariffs.

Banking Sector

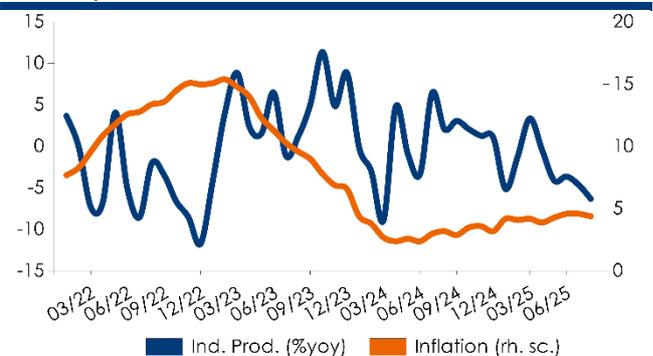
Banking business continued to accelerate, particularly on the credit provision side. Overall loan growth sped up to 6-7% year-on-year during the summer, driven by a still fast-growing mortgage segment. Deposits, on the other hand, slowed to 4-5% as households' saving rate is very low. Adjusted for pension saving and building-up housing wealth, it actually touched net zero in 2Q. This further increases the local already high loan-to-deposit ratio. The 2026 state consolidation budget did not change the legislation on the special bank levy, which decreases it from 25% this year to 20% next, but the banks may be expected to help their lower-income clients with re-fixing to higher mortgage rates.

Latest economic indicators

	Last value	2Q25	1Q25
Industrial production, wda yoy	-6.3 (Aug)	-2.7	-1.0
Nom. exports, yoy	-0.4 (Aug)	1.9	6.0
ESI (index)	95.6 (Sep)	93.0	96.1
Retail sales, yoy	-0.7 (Aug)	-0.9	-1.4
Inflation rate, yoy	4.6 (Sep)	4.3	4.2
ECB refi rate	2.1 (27th Oct)	2.2	2.7
Loans (priv.sector,yoy,eop)	7 (Aug)	6.1	4.7
Deposits (priv.sector,yoy,eop)	4.8 (Aug)	3.5	4.5
Lending interest rate (corp., eop)	4.2 (Aug)	4.1	4.5
Deposit interest rate (hh, eop)	0.6 (Aug)	0.6	0.6

Source: Statistical Office of Slovakia, National Bank of Slovakia

Industrial production and inflation



Source: Statistical Office of Slovakia

Slovenia

Real Economy

Industrial production showed some modest signs of recovery in the first two months of the third quarter, rising 0.2% year-on-year, after falling by 3.0% yoy in 2Q, owing to a pickup in manufacturing (+1.1% vs. -1.8% yoy), paired with the softer decline of electricity, gas, and steam supply (-9.2% vs. -11.0% yoy). Exports growth at the same time nearly doubled compared to 2Q, amounting to 10.7% yoy, mostly due to stronger exports to Switzerland (pharmaceuticals processing). However, GDP more aligned BOP data showed goods' exports in Jul-Aug narrowing, -3.7% yoy (-0.5% yoy in 2Q). Construction accelerated markedly in Jul-Aug to 24.1% yoy (from 3.4% yoy in 2Q), as works on buildings sped to 14.2%, civil engineering works to a steep 35.0%, and works on specialised construction activities rose to 20.8% yoy. Following a 2.0% yoy increase in 2Q, 3Q saw retail trade stagnating, whereby the main drag on the overall figure came from food sales which, after a modest 1.5% growth in 2Q, shrank by 0.6%. Thinner net wage growth in the upcoming period (real-term growth slowed from 5.0% yoy in June to 1.6% in July-August) due to the introduction of mandatory long-term care contribution from July (1% of gross earnings) will continue to weigh on consumer sentiment, in our view.

Ana Lokin

Following the peak in August at 3% yoy, inflation subsided in September to 2.7% yoy as Food price growth decelerated to 7.2%, Clothing & Footwear fell to 2.3%, and Restaurant and Hotel prices softened to 5.6%, while the disinflation of Transport eased to -1.1%. The rise in prices of services remained strong at 3.8% yoy, whereas prices of goods rose by a more modest 2.2% yoy. Average inflation in the first nine months thus amounted to 2.4% yoy.

Financial Markets

In early October, Fitch upgraded Slovenia's credit rating to A+ from A with a stable outlook, emphasising the resilience of the economy and improved public finances. Average 10Y government bond spread on benchmark stood at 0.4pp in September (yield at 3.1%), while remaining at the same level in October (yield down to 3.0%).

Banking Sector

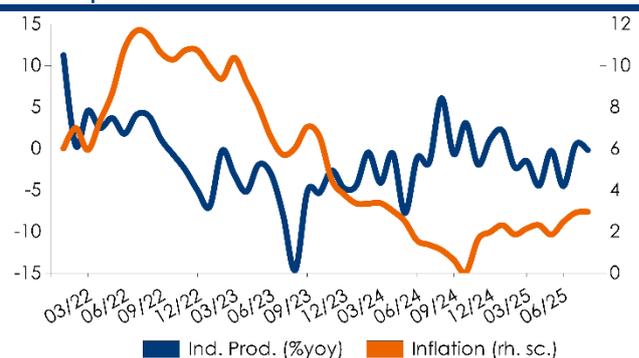
Loans continued to accelerate, coming in at 5.2% yoy in August, fuelled by buoyant household lending (7.1% yoy) paired with corporate picking up (2.6% yoy), against the backdrop of declining financing costs. Healthy deposit growth carried on, reaching 5.7% yoy in August, with both households and corporate expanding at a decent pace (5.5% and 6.3% yoy, respectively).

Latest economic indicators

	Last value	2Q25	1Q25
Industrial production, wda yoy	-0.1 (Aug)	-3.0	-0.5
Nom. exports yoy	12.4 (Aug)	5.5	50.4
ESI (index)	99.5 (Sep)	95.7	98.7
Consumer confidence indic.	-25 (Sep)	-26.5	-28.7
Inflation rate yoy	2.7 (Sep)	2.2	2.1
ECB refi rate	2.1 (27th Oct)	2.2	2.7
Loans (priv.sector, yoy, eop)	5.2 (Aug)	4.0	4.2
Deposits (priv.sector, yoy, eop)	5.7 (Aug)	5.4	3.4
Lending interest rate (corp., eop)	4 (Aug)	4.1	4.5
Deposit interest rate (hh, eop)	0.8 (Aug)	0.9	1.3

Source: Statistical Office of the Republic of Slovenia, National Bank of Slovenia

Industrial production and inflation



Source: Statistical Office of the Republic of Slovenia

Albania

Real Economy

In Q2 2025, Albanian real GDP grew by 3.51% year-on-year, lower from the 4.06% in the same period last year. Private consumption, public investments, and gross fixed capital formation remained the primary drivers of growth. Respectively at 3.88%, 12.44% and 4.33% expansion in Q2 2025 compared to same period of 2024. Meanwhile, the agricultural and industrial sectors continued to decline. In September 2025, the CPI was at 2.4%, mainly due to a rise in rents and wages. Exports of goods and services showed only limited growth at 0.97%, while imports continued to outpace exports, leaving the trade balance as a drag on headline growth. Tourism receipts and remittances provided important external buffers. Unemployment in Q2 2025 stood at the same rate at 8.5% as in Q2 2024. Public debt shrank to 54.02% of GDP compared to 55.72% in Q2 2024. Growth is expected to remain positive, but moderate in the coming quarters, supported by consumption and public investment, while constrained by external deficits.

Kledi Gjordeni

Financial Markets

The Bank of Albania has maintained a dovish tone, with the policy (repo) rate at 2.50% and the overnight corridor unchanged. INSTAT's latest CPI release (September 2025) indicates inflation at 2.4% year-on-year, enabling the central bank to keep policy rates on hold absent of new shocks. The CB target of inflation at 3% is expected to be reached by H1 2026. The lek continues to appreciate versus the FCY. In September, it gained almost 2% versus the Euro yoy. The Ministry of Finance continues to manage sovereign issuance (T-bills and bonds) to contain financing costs and smooth the yield curve. Short-term outlook: with moderate inflation and stable reserves, monetary conditions are likely to remain steady, and yields are expected to follow global trends and domestic funding needs.

Banking Sector

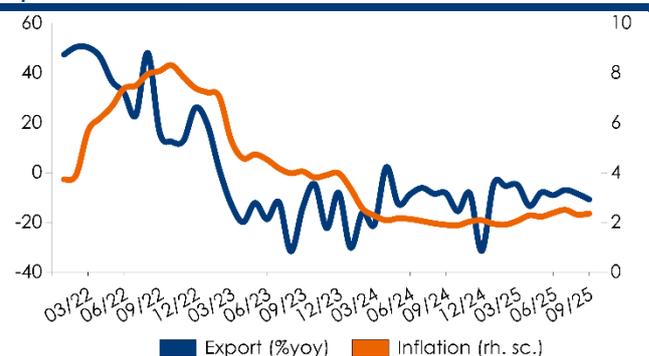
The Albanian banking system is well capitalised. Capital adequacy remains well above the regulatory minimum, at 19.25% in Q2 2025. Compared with the same period a year earlier, assets, loans, and deposits have shown year-on-year growth, while NPLs have edged modestly. In August 2025, the Total Loans expanded 11.40% yoy. The main contributors were households with a 17.61% expansion, whereas the corporate portfolio recorded a 7.55% increase. Total Deposits on the same month were up 7.63% than August 2024. Private savings saw a 9.44% increase, and only 1.93% were corporate savings, year-on-year. The August NPL rate stood at 4.19%. Short-term outlook: the banking sector's capital and liquidity buffers should sustain credit flow, though regulators will closely monitor asset quality and provisioning.

Latest economic indicators

	Last value	2Q25	1Q25
Industrial production, wda yoy	n.a.	n.a.	n.a.
Export of goods, nominal yoy	1.9 (Jun)	-0.3	4.7
Unemployment rate	n.a.	n.a.	8.7
Inflation rate, average yoy	2.5 (Jul)	2.3	2.0
CB reference rate	2.5 (31 Oct)	2.8	2.8
Loans (private sector, yoy, eop)	11.4 (Aug)	12.9	14.1
Deposits (private sector, yoy, eop)	7.6 (Aug)	6.4	5.2
Lending interest rate (pr.sect., eop)	5.3 (Aug)	5.3	5.4
Deposit interest rate (pr.sect., eop)	2.5 (Aug)	2.6	2.7

Source: National Statistical Institute, Bank of Albania

Export and inflation



Source: National Statistical Institute

Bosnia and Herzegovina

Real Economy

Although high frequency data indicated a stronger performance, the released GDP data for Q2 (by production method, while expenditure will be published jointly with Q3 data on December 31st), showed that the anticipated modest recovery was not strong enough, as real GDP growth edged up to 1.8% year-on-year, only 10 bp higher than in Q1, indicating a persistently sluggish pace of expansion. The report indicated that the manufacturing (+0.7%) and wholesale and retail trade (+3.0%) sectors had returned to (marginally) positive territory in Q2 after contracting/sluggish growth in Q1, in line with high-frequency indicators signals. However, this improvement was insufficient to significantly boost overall growth as electricity production, mining, and construction continued to post negative results simultaneously. On the other hand, several service sectors remained resilient, with accommodation, IT services, and transport recording the most robust growth rates. According to the available Q3 data, Industrial production saw a decline of 2.7% qoq and 4.2% yoy during July and August, primarily attributed to significant reductions in mining, quarrying, and electricity output. The manufacturing sector also registered a renewed decrease of 1.7%, following growth seen in Q2. In contrast, real retail trade remained steady on a qoq basis, and demonstrated an improvement year-on-year, rising by 2.1% compared to the 1.4% recorded in Q2. Labour market indicators reveal that employment growth has slowed since June, with a year-on-year reduction of 0.3%. As of August, there were 12,500 fewer employees relative to the end of 2024, with approximately one-third of the decrease originating from the manufacturing sector. These trends may be influenced by recent adjustments to the minimum wage and the implementation of the non-working Sunday policy.

Ivana Jović

On 30 September, the Council of Ministers unanimously adopted the long-awaited Reform Agenda. This approval grants access to EUR 917M from the EU Western Balkans Reform and Growth Facility, supporting economic recovery, regional integration, green and digital transitions, and progress toward the EU Single Market. The phased disbursement of funds, beginning with EUR 60m by the year-end, ensures that the reforms are executed in practice. Now, only two conditions remain unfulfilled for the opening formal negotiations with the EU: the adoption of the Law on Courts of BiH and the nomination of the Chief Negotiator.

Banking Sector

The rise in loans remained robust in August at 9.4% year-on-year, despite meek economic growth, due to a substantial rise in wages, solid labour market, and lower interest rates. Deposits at the same time went up by 9.2% yoy, with double-digit growth of household deposits recorded for the fourth consecutive month.

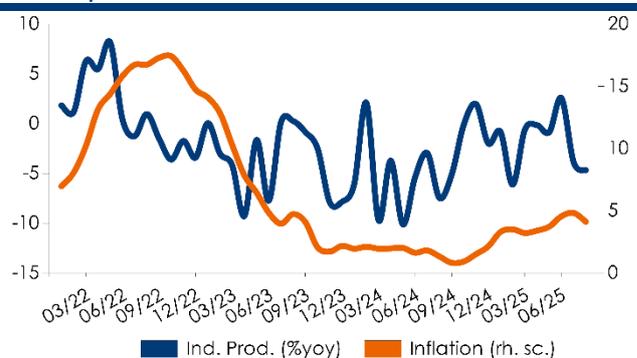
Ana Lokin

Latest economic indicators

	Last value	2Q25	1Q25
Industrial production, wda yoy	-4.6 (Aug)	-1.0	-0.2
Export of goods, nominal yoy	8.3 (Sep)	4.5	7.2
Retail trade, real, wda yoy	4.3 (Aug)	1.4	-2.9
Inflation rate, average yoy	4.1 (Aug)	3.9	3.3
Loans (private sector, yoy, eop)	9.4 (Aug)	9.4	9.2
Deposits (private sector, yoy, eop)	9.2 (Aug)	8.6	7.6

Source: Central Bank of Bosnia and Herzegovina, Agency for statistics of Bosnia and Herzegovina

Industrial production and inflation



Source: Agency for statistics of Bosnia and Herzegovina

Croatia

Real Economy

The Croatian Bureau of Statistics has released revised gross domestic product (GDP) data, indicating an upward adjustment in the growth rate for 2023 from the previously reported 3.3% to 3.8%. Conversely, the 2024 GDP growth estimate has been adjusted downward from 3.9% to 3.8%. Based on the expenditure method, the most significant revision for 2023 pertained to investments, with the growth rate updated from 10.1% to 22.7%. Consequently, the contribution of investments to overall growth increased from 2.2 to 4.9 pp. During the same period, the negative impact of inventory changes deepened from -3.9 to -6.4, while the positive effect of net foreign demand improved due to a slower decline in exports of goods and services and more moderate import growth. For 2024, the revisions primarily reflect stronger household consumption growth and notable gains among non-profit institutions serving households, raising total consumption growth from 5.6% to 6.0%. Public consumption growth was also revised upward from 7.0% to 7.3%. However, investment growth was reduced from 9.9% to 5.3%, while export growth was revised upward from 0.9% to 1.6%, driven by robust goods exports and a less pronounced decline in service exports. Nevertheless, the revised import growth rate, which increased from 5.3% to 8.4%, resulted in a larger negative contribution from net foreign demand, shifting from -2.5% to -3.8%. Additionally, the revisions led to higher recorded GDP growth in Q1 2025, rising from 2.9% to 3.3%, primarily due to a surge in investment activity. In Q2, the growth rate was adjusted from 3.4% to 3.6%, attributed to stronger public consumption and lower both exports and imports growth.

Ivana Jović

Monthly data for Q3 2025 indicates a slowdown in economic growth. August retail trade rose by 0.3% from July, but overall turnover in July–Aug was 0.7% below the prior 3m average due to weaker tourism, with foreign overnight stays down both in July and August. Improved September results balanced earlier declines, resulting in flat overnight stays and a slight rise (+0.3%) in arrivals for the quarter. Industrial production stagnated in August, as gains in intermediate, consumer goods and energy were offset by a drop in capital goods. As such, July-Aug activity increased only marginally. Construction increased by 3.5% in July, driven by higher investment in buildings and infrastructure.

Financial Markets

Average 10Y government bond yield spread on Bund stood at 0.4pp in September, with the yield at 3.1%. In October, the average spread amounted to 0.3pp and average yield to 3.0%.

Ana Lokin

Banking Sector

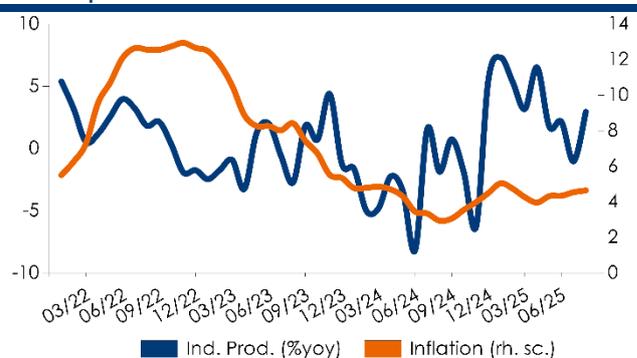
Loans went off the boil as the new CNB regulation came in force in July, coming in at 13% yoy in August. Household loans monthly pace moderated from over 1% in previous months to 0.4% in August, owing to a strong deceleration of both housing and cash loans. Deposits eased to 7% yoy.

Latest economic indicators

	Last value	2Q25	1Q25
Industrial production, wda yoy	3 (Aug)	-1.5	2.3
Export of goods, nominal yoy	-7.9 (Jul)	3.8	9.7
Retail trade, real, wda yoy	2.4 (Aug)	5.0	3.6
ESI (index)	104.6 (Sep)	104.4	103.2
Inflation rate, average yoy	4.6 (Sep)	4.2	4.7
Loans (priv. sector, yoy, eop)	13 (Aug)	12.9	12.0
Deposits (priv. sector, yoy, eop)	7 (Aug)	7.5	6.1
Lending interest rate (pr.sect., eop)	3.9 (Aug)	3.7	4.0
Deposit interest rate (pr.sect., eop)	1.7 (Aug)	1.7	2.1

Source: Croatian National Bank, Croatia Bureau of Statistics

Industrial production and inflation



Source: Croatia Bureau of Statistics

Romania

Real Economy

The National Statistical Institute announced GDP growth in the second-quarter of 2025 at 0.3%. The first signal for the third quarter is expected on 14 November. The expectation is for a slightly higher rate due to investments but not to consumption. The group forecast for the end of 2025 yoy GDP has been reduced to 0.6%.

Year-on-year CPI at the end of September was 9.88%, higher than NBR August latest projection. On a monthly basis, the CPI increased by 0.36% in September versus August. Harmonised CPI was 8.6% in September. The August NBR projection showed that, after a higher inflation in the third quarter (at around 9.2%), at the end of 2025, CPI will be at around 8.8%, re-entering in the Target Interval at the end of the fourth quarter 2026 (3.0%).

The Unemployment figures at the end of September showed a 5.9% level, similar to August, after NSI revised figures for the first half of 2025. The Wages growth decelerated to 4.4% yoy at the end of August 2025, one-third versus of the year-ago year-on-year figure.

The Budget Deficit at the end of September stood at 5.39% of GDP, at the same level as last year. Romanian Prime Minister stated that the Budget Deficit for 2025 should be at around 8.4% of GDP. The initial Fiscal Tightening package included: VAT increase, banks turnover tax increase, interest and pensions tax, social contributions increase, royalties on tobacco and alcohol increase, and revenues on gambling tax increase.

The Current Account Deficit at the end of August 2025 was Ron 18.80Bn, some 0.8Bn higher than the previous year. In the last months, a slight improvement on the Foreign trade balance can be seen.

Financial Markets

On 8 October, 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%. The next Monetary Policy Meeting is on the 12 November 2025. We do not expect any cut decision until the second part of next year. The liquidity on the Monetary Market re-entered in positive territory, with levels around RON 20Bn on a daily basis in September.

Banking Sector

At the end of September 2025, year-on-year growth on loans was 7.14% (out of which only 5.21% this year), with the component in RON at 5.99%, while EUR loans increased by 10.10%. On the deposits side, the overall growth year-on-year was 6.56% (out of which 2025 growth was 0.09%), with the component of RON at +2.69% and Foreign Currencies deposits at +15.82%.

Latest economic indicators

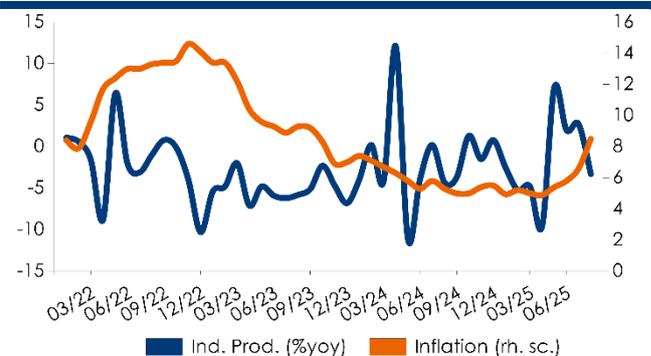
	Last value	2Q25	1Q25
Industrial production yoy	-3.3 (Aug)	-0.2	-4.2
Nom. exports yoy	3.6 (Aug)	3.9	2.7
ESI (index)	94.2 (Sep)	96.7	102.2
Retail sales yoy	-4 (Aug)	2.6	-1.2
Inflation rate yoy	8.6 (Sep)	5.4	5.1
CB reference rate	6.5 (27th Oct)	6.5	6.5
Loans (priv. sector, yoy, eop)	7.1 (Sep)	8.9	8.6
Deposits (priv. sector, yoy, eop)	6.6 (Sep)	7.8	7.3
Lending interest rate (pr.sect., eop)	8.2 (Aug)	8.0	8.0
Deposit interest rate (pr.sect., eop)	5.5 (Aug)	5.9	5.0

Source: National Bank of Romania, National Institute of Statistics

Marius Pacurari

Marius Pacurari

Industrial production and inflation



Source: National Institute of Statistics

Serbia

Real Economy

After modest GDP growth (+2.0% yoy) in the first half of the year, high-frequency data suggests no significant improvement in the third quarter. Industrial production recorded a slight 0.4% yoy rise in August, notably worsening compared to a month earlier, with manufacturing output lower by 1.7% yoy. Moreover, no improvement is expected in the last quarter either, considering the US sanctions against Russian-owned NIS (the only oil processing company in Serbia) that came into force in October after several delays. The impact of sanctions, both direct and indirect, is expected to be significant, considering that NIS is a systemically important company with the largest retail network, playing a key role in oil supply and energy security. Apart from bringing uncertainty to the market, sanctions are expected to cause fuel shortages and higher prices, harming not only the energy sector, but also other businesses and the agriculture sector. Moreover, Serbia is facing challenges with gas supply, as its contract with Russia, which was expected to be renewed for at least next three years, has been extended only until the year-end. Being highly dependent on Russian gas, which comes through the Balkan Stream pipeline via Bulgaria, Serbia could find itself in a difficult energy situation also due to the EU ban on Russian gas imports from 1 January 2026. While new EU regulation doesn't call for a ban on the transit of gas to third countries, it could still create occasional supply disruptions for Serbia. On a positive note, inflation fell to 2.9% yoy in September, from 4.7% in August. On a monthly basis, consumer prices were lower by 1.6%, the steepest monthly drop on record, which was almost entirely attributed to the implementation of the Government's cap on trade margins.

Katarina Bubonja

Financial Markets

The Central bank hasn't changed the key interest rate for the 13th consecutive month, keeping it at 5.75% in October. Although limited trade margins have had a positive effect providing relief to inflation in the short run, price pressures have become quite uneven, thus we believe that the NBS will refrain from delivering any cuts in the following months. A cautious monetary stance will be mandated by a number of risks escalating from the energy sector, as well as rising commodities prices. In September, the dinar remained unchanged against the EUR, while losing 0.2% since the beginning of the year. To mitigate prevailing appreciation pressures on the dinar, the National bank of Serbia net bought EUR 195M during September, and a total of EUR 430M since the start of 2025. Gross FX reserves reached EUR 29.1Bn at end-September covering 6.8 months' worth of the country's imports of goods and services.

Banking Sector

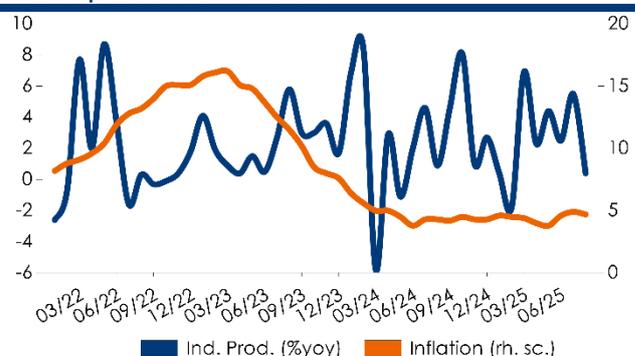
Banks' lending activity continues to grow at a strong pace, with the NPL ratio at 2.2% in August – its lowest level on record. Total loans to the private sector were higher by 12.3% yoy in September, with loans to households accelerating to 16.1% yoy, while lending to corporates rose by 8.8% yoy. Total deposits increased to 9.5% yoy, still supported by double-digit growth in the Households segment (+11.2% yoy), while the Corporate segment grew at a softer pace (6.9% yoy).

Latest economic indicators

	Last value	2Q25	1Q25
Industrial production yoy	0.4 (Aug)	3.1	1.8
Nom. exports yoy	-2.6 (Aug)	9.9	10.6
Retail sales yoy	2.7 (Aug)	3.4	1.1
Inflation rate yoy	2.9 (Sep)	4.1	4.5
CB reference rate, eop	5.8 (27th Oct)	5.8	5.8
Loans (priv.sector,yoy,eop)	12.3 (Sep)	10.2	9.4
Deposits (priv.sector,yoy,eop)	9.5 (Sep)	8.2	10.1
Lending interest rate (pr.sect., eop)	8.6 (Aug)	8.6	8.7
Deposit interest rate (pr.sect., eop)	4.5 (Aug)	4.2	4.1

Source: Statistical Office, National Bank of Serbia

Industrial production and inflation



Source: Statistical Office

Moldova

Real Economy

In Q2 2025, Moldova's economy recorded moderate growth, with real GDP up 1.1% year-on-year, leaving first-half output broadly unchanged from 2024. Growth was driven mainly by a 26.0% rise in gross fixed capital formation (+5.2 pps) and a 2.2% increase in household consumption (+1.8 pps). Net taxes on products, accounting for 13.9% of GDP, contributed 0.5% following a 3.7% gain. Service exports expanded by 9.9%, representing 55.8% of total exports and adding 1.6 pps to GDP, partially offsetting the trade deficit. Industrial output rose 3.3% yoy, led by manufacturing (+4.1%), while mining (-1.3%) and energy supply (-5.7%) declined.

The annual inflation rate in Moldova eased to 6.9% in September 2025 from 7.3% in the previous month. The slowdown was mainly due to softer price increases in food products, which rose 6.7% from 8.5% in August, particularly for fruits and vegetables. In contrast, inflation continued to edge up in non-food products to 2.8% from 2.2%, reflecting higher prices in footwear in the prior month.

Financial Markets

In an effort to support the national economy and maintain medium-term inflation within the target range of $5 \pm 1.5\%$, the National Bank of Moldova's Executive Committee reduced the base rate from 6.25% to 6.00% in September 2025, and correspondingly lowered the overnight credit, repo, and overnight deposit rates to 8.00%, 6.25%, and 4.00%, respectively. As of 30 September, the local currency depreciated by 0.82% against the euro, while appreciating by 3.98% against the US dollar compared to its value at the beginning of the year.

Throughout 2025, government bond yields exhibited an upward trend, reflecting both persistent inflationary pressures and shifting market expectations, in line with the monetary policy stance of the National Bank of Moldova. As of October 2025, yields on 91-day, 182-day, and 364-day government securities had increased by 0.53, 3.48, and 2.64 pps, respectively, compared to their levels at the end of December 2024.

Banking Sector

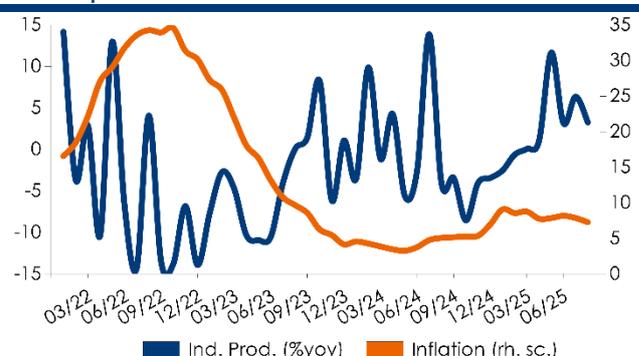
As of September 2025, the Bank's loan portfolio grew by 33.7%, with all segments contributing to this expansion. Household lending recorded a particularly strong increase of 40.8%, outpacing the 28.7% growth in corporate loans. In contrast, deposit growth was more moderate, rising by 10.5% yoy, driven by a 14.7% increase in household deposits and a 4.7% rise in corporate deposits. The deposit-to-loan ratio reached 138.3%, reflecting the Bank's robust liquidity position to support continued lending. Meanwhile, the Non-Performing Loan (NPL) ratio remained relatively stable throughout Q3 2025, with only minor monthly fluctuations and an average of 4.5% in 2025.

Latest economic indicators

	Last value	2Q25	1Q25
Industrial production yoy	3.3 (Aug)	5.3	-1.0
Nom. exports yoy	22 (Aug)	-8.1	-11.9
PMI manufacturing	22 (Aug)	-8.1	-11.9
Retail sales	n.a.	n.a.	n.a.
Inflation rate yoy	6.9 (Sep)	8.0	8.8
CB reference rate	6 (30th Sep)	6.5	6.5
Loans (Priv. Sector, yoy, eop)	33.7 (Sep)	35.0	34.6
Deposits (Priv. Sector, yoy, eop)	10.5 (Sep)	10.7	10.9
Lending interest rate (corp., eop)	8.1 (Sep)	8.0	7.7
Deposit interest rate (hh, eop)	4.4 (Sep)	3.9	3.5

Source: National Bureau of Statistics of the Republic of Moldova, National Bank of Moldova

Industrial production and inflation



Source: National Bureau of Statistics of the Republic of Moldova

Russia

Real Economy

After growth of 4.4% in 2024, the Russian economy began to slow this year, with figures of +1.4% and +1.1% in the first and second quarters of 2025, respectively. The expected deceleration in quarterly data is reflected in lower growth in both public spending and household consumption. The Intesa Sanpaolo Research Department expects growth to slow from 4.4% in 2024 to 1.6% in 2025. Monetary policy is expected to continue the easing path that began in June. Defence spending is expected to remain high for as long as the Ukraine conflict lasts, but this could have distorting effects on the labour market, where tensions are likely to persist until the economy cools or available workers are redeployed away from the war effort. The oil sector will remain a pillar of the economy despite the difficulty of circumventing sanctions. Additional non-oil taxes may be introduced to try to recoup lost revenue, but in the face of the economic slowdown, these too will create a fiscal drag and further compress growth.

Francesca Pascali

Financial Markets

On 24 October 2025, the CBR has 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 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 CBR will therefore maintain monetary conditions as tight as necessary to bring inflation back to target. This also implies an average reference rate of between 13.0% and 15.0% per annum in 2026, and entails a long period of restrictive monetary policy.

Banking Sector

According to the CBR, credit growth in the economy slowed in September after an acceleration in July and August, when the impact of monetary policy easing became apparent. As a result, the annual growth rate to 9.3% after 10.1%, respectively. The main contributor to the slowdown in credit growth to the economy was the decline in corporate lending: at the end of September, total claims on non-financial and financial institutions increased by 0.7% after a 2.1% rise in August. This was due to the repayment of accrued interest at the end of the quarter. In the ruble lending segment, long-term lending slowed, while short-term lending intensified. Retail lending dynamics also remained positive in September. Demands on the households increased by 0.5% after 0.8% in August, primarily due to mortgages. However, the annual growth rate remained in negative territory.

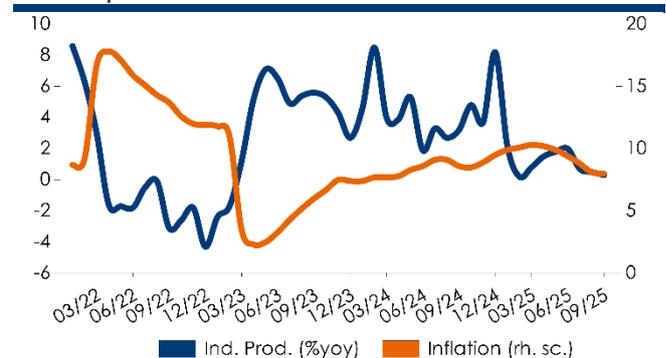
Davidia Zucchelli

Latest economic indicators

	Last value	2Q25	1Q25
Industrial production yoy	0.3 (Sep)	1.8	1.1
Nom. exports yoy	72.1 (Jan)	n.a.	n.a.
Retail sales yoy	2.8 (Aug)	1.6	3.3
PMI manufacturing	48.2 (Sep)	47.5	48.2
Inflation rate yoy	8 (Sep)	9.8	10.1
CB reference rate	16.5 (31th Oct)	20.0	21.0
Loans (priv.sector, yoy, eop)	5.6 (Jul)	6.5	10.3
Deposits (priv.sector, yoy, eop)	12.6 (Jul)	12.2	15.5
Lending interest rate (corp., eop)	21.2 (Jul)	21.8	22.2
Deposit interest rate (hh, eop)	17.3 (Jul)	18.6	20.0

Source: State Statistics Federal Service, Central Bank of Russia

Industrial production and inflation



Source: State Statistics Federal Service

Ukraine

Real Economy

In October, Ukraine's economy faced heightened wartime pressures from intensified Russian strikes on energy and civilian infrastructure, yet it exhibits tentative stabilisation. External aid inflows – \$13Bn received in the last three months alone – have bolstered fiscal buffers, while inflation continued its disinflationary path. GDP growth remained subdued in H1: Official State Statistics data peg Q2 2025 GDP growth at 0.8% year-on-year, down from 0.9% in Q1. Preliminary Q3 indicators suggest that economic growth picked up, owing to good wheat and barley harvests, steady consumer demand, and an improved situation in the energy sector, which persisted until the end of September. However, recent destruction of energy infrastructure and gas production facilities, coupled with the continuing labour shortage, will significantly limit business activity in Q4. Inflation eased in September to 11.9% yoy from August's 13.2%, the lowest in nine months, driven by falling food prices (-0.9% mom) offsetting energy pressures; core inflation ticked down to 11.0% yoy. The NBU revised its 2025 inflation forecast downward to 9.2% from 9.7%, but trimmed GDP growth to 1.9% from 2.1%, underscoring war-induced slowdowns. On the back of a widening trade deficit and budget shortfalls, Ukraine remains heavily relying on the external donors – \$37Bn of financial assistance has been received year-to-date, and some \$15Bn IS yet to be provided to year-end.

Artem Krasovskyi

Financial Markets

The NBU's MP October's meeting maintained the key rate at 15.5% for the fifth straight hold, signalling a "rather tight" stance amid persistent risks. Easing may likely begin in Q1 2026, per forward guidance, with the next review on 11 December. The UAH weakened to 42.10 against the USD in late October, down ~2% from Q2-Q3's relative steadiness, amid the allegedly ongoing talks between the IMF and the NBU on some required gradual UAH devaluation ahead of the next EFF review in December 2025, amplifying seasonal end-of-year pressures. Domestic bond auctions remain cautious, with 1Y maturities trading at 16–17% yields and 2–3Y at 18–19%. Investor preference remains shifted toward the longer end of the curve, as buyers seek higher carry to offset devaluation risks.

Banking Sector

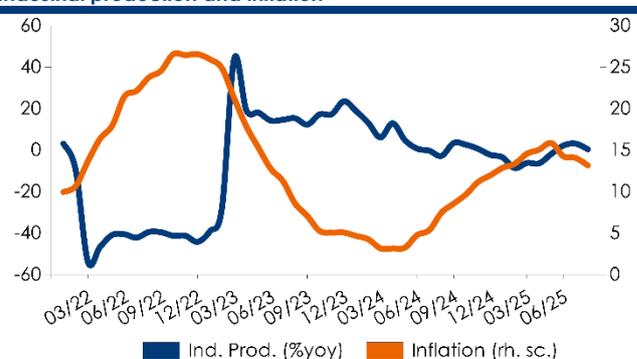
The banking sector remains sustained, well-capitalised and resilient amid ongoing war pressures, with accelerated lending growth offsetting modest profit moderation in Q3. The return on bank capital as of 1 September 2025 is estimated at 39.6%, higher than pre-war level. The Q3 data reveals stronger lending momentum and NPL improvement: gross UAH loans to corporates rose 17.8% yoy in September, while retail loans surged 24.7%, driven by reconstruction needs and consumer demand. NPLs edged down to ~25.3% by end-August (from 27% in H1), with further stabilisation in September as new loans improved portfolio quality.

Latest economic indicators

	Last value	2Q25	1Q25
Industrial production yoy	0.6 (Aug)	-1.8	-5.9
Nom. exports yoy	-4.2 (Aug)	0.6	-5.1
PMI manufacturing	-4.2 (Aug)	0.6	-5.1
Retail sales	5.7 (Aug)	6.4	4.8
Inflation rate yoy	11.9 (Sep)	15.1	13.6
CB reference rate	15.5 (31th Oct)	15.5	15.5
Loans (Priv. Sector, yoy, eop)	14.6 (Aug)	14.2	13.0
Deposits (Priv. Sector, yoy, eop)	12.3 (Aug)	12.8	13.5
Lending interest rate (pr.sect., eop)	18.9 (Aug)	20.1	19.9
Deposit interest rate (pr.sect., eop)	10.2 (Aug)	10.2	9.5

Source: State Statistics Service of Ukraine, National Bank of Ukraine

Industrial production and inflation



Source: State Statistics Service of Ukraine

Egypt

Real Economy

Egypt's non-oil manufacturing is picking up, supported by stability in FX market and foreign investments in key sectors (Chinese and Turkish in auto and textiles). To maintain this momentum, Egypt's government is availing EGP 90Bn in financing facilities during the current fiscal year at an interest rate not exceeding 15% to support industrial, agricultural, and renewable energy sectors.

The annual inflation rate fell to 11.7% in September 2025, the lowest in almost three years. Hence, the Central Bank of Egypt (CBE) lowered policy rates by 625 bps in 2025, a trend we expect to continue (even after an expected rise in inflation following the increase fuel prices). On a related note, yields on government securities are declining at a slower pace.

Financial Markets

The current account deficit improved to USD 4.5 Bn in 1H 2025 versus USD 11.2 Bn in the same period last year, reflecting the substantial increase in remittances (55% yoy), tourism (+21% yoy), and non-oil exports (+39% yoy). These positive developments helped offset the weaker outcome in Suez Canal revenues, which fell USD9 Bn in the past two years. However, it's expected to gradually regain shipping lines after the ceasefire in Gaza) and natural gas production (domestic gas production recorded its first increase in three years last August, and Egypt and Cyprus have signed commercial agreements to transport Cypriot natural gas through Egypt's infrastructure for processing and export to Europe).

Improving BOP (leading to a considerable increase in the banking sector's Net Foreign Assets) and the weakening US Dollar in international markets have resulted in the appreciation of the Egyptian Currency against the greenback. S&P Global Ratings upgraded Egypt's long-term sovereign credit rating to B from B-, the first upgrade since 2018, as the float of the EGP led to "GDP growth rebounding sharply" in the previous fiscal year. The rating agency added that the wider reform agenda has also increased tourism revenues and remittances and improved fiscal metrics. Furthermore, investment deals with the Gulf, improving CDS and financial assistance from the EU (EUR4 Bn) and the IMF (USD2.5 Bn) look set to contribute to support the path to recovery.

Banking Sector

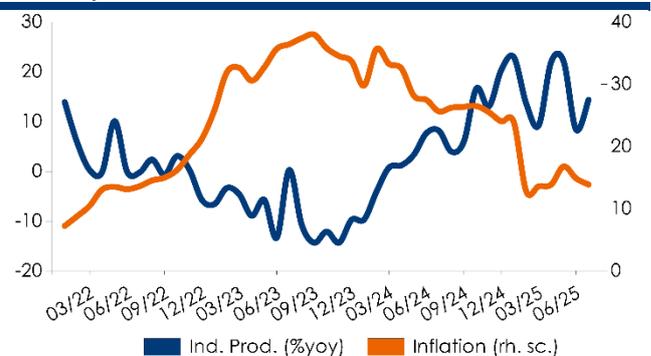
Egypt's banking sector has been marked with notable phenomena in 2025. (1) Banks are going digital, where the CBE has granted approval for "onebank", Egypt's first fully digital bank, (2) Financial inclusion rate has recorded 76.3% (53.8 million citizens) as of June 2025 against 27.4% in 2016, (3) A stable growth for Time & Saving Deposits and resurgence in short-term saving instruments amid the emergence of new alternatives such as stocks, gold and mutual funds. (4) More dependence on fees & commissions through raising their values and hosting more fees-based services like insurance and Mutual funds products offered by other entities.

Latest economic indicators

	Last value	2Q25	1Q25
Industrial production, wda yoy	14.4 (Jul)	17.5	15.3
Nom. exports yoy	5.6 (Jul)	16.1	29.2
Retail sales yoy	n.a.	n.a.	n.a.
PMI	48.8 (Sep)	48.8	49.2
Inflation rate yoy	11.7 (Sep)	15.2	16.8
CB reference rate	21 (27th Oct)	24.0	27.3
Loans (priv. sector, yoy, eop)	23.9 (May)	n.a.	22.2
Deposits (priv. sector, yoy, eop)	24.2 (Aug)	25.1	27.4
Lending interest rate (corp., eop)	24.2 (Aug)	24.2	26.6
Deposit interest rate (hh, eop)	17.8 (Aug)	18.1	20.2

Source: Ministry of Industry & Foreign Trade, Central Bank of Egypt

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			
	2Q25	1Q25	2024	Last	mth	2Q25	Last	mth	2Q25	Last	mth	2Q25	Last	mth	2Q25	Last	mth	2Q25	Last	mth	2Q25	Last	mth	2Q25	
CEE																									
Czechia	2.3	2.4	1.2	-1.3	Aug	1.3	-6.8	Aug	1.3	2.0	Aug	5.0	2.0	Sep	2.3	4.5	Sep	4.2	4.0	Aug	6.5	102.4	Sep	99.1	
Hungary	n.a.	0.0	n.a.	-7.3	Aug	-4.2	-4.4	Aug	0.1	1.9	Aug	4.0	4.3	Sep	4.4	4.5	Sep	4.3	8.7	Aug	9.1	97.1	Sep	93.1	
Poland	3.1	3.6	3.0	7.4	Sep	1.6	-4.2	Aug	1.1	6.4	Sep	4.7	2.9	Sep	3.5	5.5	Aug	5.1	7.5	Sep	8.9	100.0	Sep	101.3	
Slovakia	0.5	0.8	1.9	-6.3	Aug	-2.7	-0.4	Aug	1.9	-0.7	Aug	-0.9	4.6	Sep	4.3	5.0	Sep	4.9	4.8	Aug	6.2	95.6	Sep	93.0	
Slovenia	0.7	-0.6	1.7	-0.1	Aug	-3.0	12.4	Aug	5.5	-0.9	Aug	2.7	2.7	Sep	2.2	4.5	Jul	4.4	4.5	Jul	7.3	99.5	Sep	95.7	
SEE																									
Albania	n.a.	3.4	n.a.	n.a.	n.a.	n.a.	1.9	Jun	-0.3	n.a.	n.a.	n.a.	2.5	Jul	2.3	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Bosnia H.	n.a.	1.7	2.5	-4.6	Aug	0.1	8.3	Sep	4.5	3.2	Aug	1.7	4.1	Aug	3.9	27.6	Aug	27.1	13.5	Aug	13.3	n.a.	n.a.	n.a.	
Croatia	3.6	3.3	3.8	3.0	Aug	2.8	-7.9	Jul	3.8	0.9	Aug	6.3	4.6	Sep	4.2	4.1	Sep	4.2	9.2	Aug	9.4	104.6	Sep	104.4	
Romania	n.a.	0.2	n.a.	-3.3	Aug	-0.2	3.6	Aug	3.9	-4.0	Aug	2.6	8.6	Sep	5.4	5.9	Aug	6.0	4.4	Aug	7.6	94.2	Sep	96.7	
Serbia	2.1	1.9	3.9	0.4	Aug	3.1	-2.6	Aug	9.9	2.7	Aug	3.4	2.9	Sep	4.1	8.5	Jun	8.5	11.4	Jul	10.8	n.a.	n.a.	n.a.	
EE & MENA																									
Moldova	0.7	-1.1	0.1	3.3	Aug	5.3	22.0	Aug	-8.1	n.a.	n.a.	n.a.	6.9	Sep	8.0	4.5	May	4.0	10.0	Jun	10.2	n.a.	n.a.	n.a.	
Russia	1.1	1.4	4.4	0.3	Sep	1.8	72.1	Jan	n.a.	1.8	Sep	1.6	8.0	Sep	9.8	2.1	Aug	2.2	6.6	Jul	4.4	48.2	Sep	47.5	
Ukraine	0.8	0.9	2.9	0.6	Aug	-1.8	-4.2	Aug	0.6	6.4	Sep	6.4	11.9	Sep	15.1	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Egypt	5.4	4.8	3.1	14.4	Jul	17.5	5.6	Jul	16.1	n.a.	n.a.	n.a.	11.7	Sep	15.2	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	48.8	Sep	48.8	
m.i. E. A.	1.4	1.2	0.9	1.1	Aug	1.4	-4.7	Aug	0.2				2.2	Sep	2.0										

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	
	28/10	3M*	28/10	3M*	28/10	3M*	1Y*	3M*	1Y*	24/10	24/7	2Q25	1Q25	2024	2Q25	1Q25		Moody's
CEE																		
Czechia	3.5	0.0	4.5	0.2	24.33	-1.06	-4.08	5.9	42.9	22.7	25.3	n.a.	n.a.	n.a.	1,206	3,852.1	Aa3	
Hungary	6.5	0.0	6.8	-0.3	388.45	-2.22	-3.96	4.9	41.3	101.1	113.9	n.a.	n.a.	n.a.	n.a.	n.a.	Baa2	
Poland	4.4	-0.5	5.4	0.0	4.23	-0.52	-2.61	6.3	37.8	61.2	66.2	n.a.	n.a.	n.a.	n.a.	-1,234.0	n.a.	
Slovakia	2.1	0.1	3.4	-0.1	n.a.	n.a.	n.a.	-9.1	-13.9	30.8	28.9	n.a.	n.a.	n.a.	-3,117	-1,531.0	A3	
Slovenia	2.1	0.1	3.0	-0.1	n.a.	n.a.	n.a.	1.3	54.0	30.8	28.9	-23	80	577	862	471.4	A3	
SEE																		
Albania	2.7	n.a.	n.a.	n.a.	96.75	-0.73	-1.73	n.a.	n.a.	n.a.	n.a.	n.a.	576	n.a.	n.a.	-212.0	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.	110	-377	691	-196	-469.4	n.a.	
Croatia	0.4	0.0	2.8	-0.1	7.53	0.00	0.00	1.2	25.8	55.2	63.9	-234	222	331	-1,948	-3,633.6	A3	
Romania	6.2	-0.3	7.1	-0.2	5.08	0.26	2.21	14.3	29.2	151.9	147.6	n.a.	n.a.	n.a.	n.a.	n.a.	Baa3	
Serbia	5.8	0.0	n.a.	n.a.	117.23	0.07	0.15	0.7	8.3	159.1	162.2	-1,123	-768	4,386	-1,382	-609.0	Ba2	
EE & MENA																		
Moldova	6.0	0.0	6.9	-1.4	16.99	1.49	-4.82	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	-1,006	-1,019.6	B3	
Russia	24.7	0.0	15.1	0.0	80.80	1.13	-17.2	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	WR	
Ukraine	12.8	0.0	24.8	-0.8	41.95	0.46	1.26	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	-8,194	-6,934.0	Ca	
Egypt	27.3	-1.9	11.3	0.0	47.37	-2.73	-2.73	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	-2,190	-2,289.2	Caa1	
m.i.A.E.	2.1	0.1	2.6	-0.1	1.2	0.2	7.8	5.2	8.6	5.01	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	6.0	Aug	5.7	1.6	Aug	1.7	18.8	Aug	14.0	4.1	Aug	7.6	4.7	Aug	5.7	C	2.8	Aug	3.2	H	70.8	Aug	69.1	
Hungary	7.0	Aug	6.8	1.8	Jun	1.8	14.4	Aug	16.0	6.7	Aug	8.4	10.2	Aug	11.1	C	4.9	Aug	4.6	H	80.9	Aug	79.3	
Poland	5.0	Sep	3.6	n.a.	Jun	n.a.	n.a.	Aug	n.a.	9.7	Sep	8.1	7.0	Aug	7.7	C	3.4	Aug	3.9	H	64.1	Sep	64.3	
Slovakia	7.0	Aug	2.9	2.0	Aug	2.0	10.3	Aug	36.2	4.8	Aug	6.5	4.2	Aug	4.8	C ²	0.6	Aug	0.7	H ²	107.1	Aug	103.3	
Slovenia	5.2	Aug	2.7	1.1	Jul	1.0	-0.6	Aug	3.6	5.7	Aug	1.9	4.0	Aug	5.0	C ²	0.8	Aug	1.4	H ²	61.7	Aug	61.1	
SEE																								
Albania	11.4	Aug	12.4	4.9	Aug	4.2	15.5	Aug	13.8	7.6	Aug	3.9	5.3	Aug	5.5	PS	2.6	Aug	2.7	PS	61.9	Aug	60.6	
Bosnia H.	9.4	Aug	9.3	2.9	Jun	3.2	10.0	Aug	27.5	9.2	Aug	10.8	3.6	Aug	4.3	C	1.5	Aug	1.2	H	89.1	Aug	87.3	
Croatia	13.0	Aug	9.4	2.4	Jun	2.4	32.0	Aug	23.8	7.0	Aug	3.7	3.9	Aug	4.5	PS	1.7	Aug	2.5	PS	72.3	Aug	70.2	
Romania	7.1	Sep	8.1	2.8	Aug	2.5	2.6	Sep	0.6	6.6	Sep	9.7	8.2	Aug	7.7	PS	5.5	Aug	5.0	PS	69.0	Sep	65.7	
Serbia	12.3	Sep	7.9	2.3	Mar	2.5	-1.8	Sep	-1.8	9.5	Sep	13.2	8.6	Aug	8.7	PS	4.5	Aug	4.4	PS	82.9	Sep	77.3	
EE & MENA																								
Moldova	33.7	Sep	26.5	4.7	Sep	4.1	0.7	Jul	n.a.	10.5	Sep	13.6	8.1	Sep	7.3	C	4.3	Sep	3.1	H	72.3	Sep	62.7	
Russia	5.6	Jul	16.0	6.1	Dec	n.a.	13.3	Dec	n.a.	12.6	Jul	23.8	21.2	Jul	24.0	C	17.3	Jul	21.4	H	114.1	Jul	113.4	
Ukraine	14.6	Aug	10.2	25.3	Aug	30.3	-1.1	Aug	-2.4	12.3	Aug	14.4	18.9	Aug	18.8	PS	10.2	Aug	8.6	PS	45.6	Aug	41.8	
Egypt	23.9	May	29.8	2.7	Jun	n.a.	11.9	Aug	63.6	24.2	Aug	34.4	24.2	Aug	26.7	C	17.8	Aug	20.9	H	35.0	Feb	35.4	
m.i. E. A.	1.25	Feb	0.7	n.a.	n.a.	n.a.	5.7	Feb	2.4	5.0	Feb	4.2	3.1	Aug	4.2	C	1.7	Aug	2.5	H	72.0	Feb	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.

Appendix

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Intesa Sanpaolo Research Department – Head of Department Gregorio De Felice**Coordination International Research Network****e-mail address****Giovanni Barone (Head)**

giovanni.barone1@intesasnpaolo.com

ISP Research Department (Headquarter Team)**Macroeconomic Research**

Silvia Guizzo (Asia ex-Japan)

silvia.guizzo@intesasnpaolo.com

Debora Palmieri (Latin America and Sub-Saharan Africa)

debora.palmieri@intesasnpaolo.com

Francesca Pascali (MENA and EE)

francesca.pascali@intesasnpaolo.com

Antonio Pesce (CEE and SEE Countries and Quantitative Analysis)

antonio.pesce@intesasnpaolo.com

Francesco Martinelli (Data Base and Quantitative Analysis)

francesco.martinelli4@intesasnpaolo.com

Trade & Industry, Banking and Market Research

Vincenzo Petrignano (Financial Markets)

vincenzo.petrignano@intesasnpaolo.com

Davidia Zucchelli (Banking)

davidia.zucchelli@intesasnpaolo.com

ISP International Subsidiaries Research Departments:**VUB (Slovakia, Czech Republic and Poland)**

Zdenko Štefanides (Head)

zstefanides@vub.sk

Michal Lehuta

mlehuta1@vub.sk

Jacob Obst

jobst@vub.sk

CIB (Hungary)

Mariann Trippon (Head)

trippon.mariann@cib.hu

Andras Bukovszki

bukovszki.andras@cib.hu

PBZ (Croatia, Bosnia I Hercegovina and Slovenia)

Ivana Jovic (Head)

ivana.jovic@pbz.hr

Ana Lokin

ana.lokin@pbz.hr

Banca Intesa (Serbia)

Marija Savic (Head)

marija.v.savic@bancaintesa.rs

Tijana Matijasevic

tijana.matijasevic@bancaintesa.rs

Jelena Draskovic

jelena.draskovic@bancaintesa.rs

Sanja Djokic

sanja.djokic@bancaintesa.rs

Katarina Bubonja

katarina.bubonja@bancaintesa.rs

Alexbank (Egypt)

Samer Halim (Head)

samer.halim@alexbank.com

Mariam Massoud

mariam.massoud@alexbank.com

Aly Fayad

aly.fayad@alexbank.com

Mayada Hassan

mayada.hassan@alexbank.com

ISP International Subsidiaries Research Contacts:**Intesa Sanpaolo Bank (Albania)**

Kledi Gjordeni

kledi.gjordeni@intesasnpaolobank.al

Intesa Sanpaolo Bank (Romania)

Marius Pacurari (Head)

marius.pacurari@intesasnpaolo.ro

Pravex Bank (Ukraine)

Artem Krasovskiy

artem.krasovskiy@pravex.ua

Eximbank (Moldova)

Natalia Mihalas

natalia.mihalas@eximbank.com

Olga Pisla

olga.pisla@eximbank.com

Doina Caraman

doina.caraman@eximbank.com