

February 2016

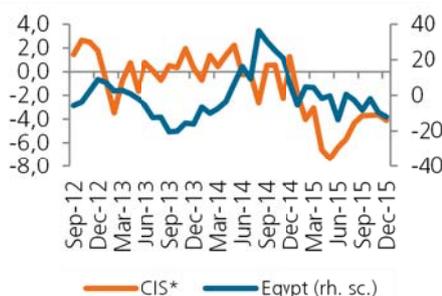
Monthly note

Intesa Sanpaolo
International Research
Network

In 4Q15, GDP grew above expectations in CEE/SEE areas. Cycle indicators remain weak in Russia and worsen in Egypt. Financial markets still affected by uncertainty on future direction of oil price.

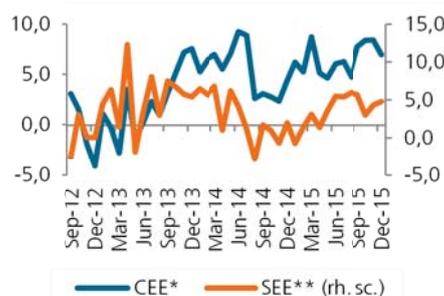
- In 4Q15, based on flash estimates, among the countries with ISP subsidiaries, the GDP profile picked up in CEE and consolidated its dynamics in the SEE region. GDP grew, in particular by 4.2% y/y in Slovakia and rose by 3.2% y/y in Hungary, in the former area, and by 3.7% in Romania and 1.9% in Croatia, in the latter. Growth is benefitting from quite favourable external conditions (deeply declining oil prices, accommodative monetary policy by the ECB) and from a partial recovery of domestic demand (quite often household consumption, while investments remain weak).
- The dynamic of the consumer price index was still negative in most cases or, where positive, below the central banks' target bands in almost all CEE and SEE countries. The only exception was Albania, where inflation was 2.0% in December, in line with the target.
- In the presence of below-target inflation rates and ECB announcements of easy monetary policy for an extended period of time (QE is expected to be prolonged, and negative deposit interest rates to be cut further), all the other central banks of the CEE/SEE countries maintained favourable conditions. In February, the Serbian National Bank cut rates further, from 4.5% to 4.25%. The long-term yields remained essentially unchanged in this context and exchange rates stayed roughly stable.
- In the CIS area, the most recent data remain weak even if they show signs of improvements. In Russia, GDP slowed the pace of contraction, while in Ukraine even if still falling in year-on-year terms, it rose in seasonally-adjusted quarter-on-quarter terms. In the MENA region, the most recent statistics indicate a worsening of the cycle in Egypt, partly due to the negative impacts of the shortage of foreign currency on trade and of terrorist attacks on tourism.
- Financial and currency markets in the CIS area remain volatile – in Russia due to high uncertainty surrounding future oil prices and in Ukraine due to political turmoil (after the Minister of Finance resigned) and concerns that the IMF might freeze the payment of the latest tranche of the supporting programme. The hryvna has depreciated by c. 15% over the last three months.
- Banking aggregates indicate that loan performance improved slightly in some countries in December (in Slovakia and Serbia), but continued to decline in Slovenia, Hungary, Croatia and Albania. In Ukraine and Russia, loan performance, net of the foreign exchange effect, was still negative. On the funding side, the persistent drop in foreign liabilities, in particular in Albania and Slovenia, was partially offset by the increase in deposits, a segment that continued to perform well, especially in Slovakia and Romania. In many countries, corporates' deposits are increasing, partly because of poor investment opportunities.

Industrial production % y/y – CIS - Egypt



Sources: National Statistics Offices; note * weighted average on Russia and Ukraine data

Industrial production % y/y – CEE - SEE



Sources: National Statistics Offices; note * weighted average on Slovakia, Slovenia and Hungary data; ** weighted average on Bosnia, Croatia, Romania and Serbia data

See the final page for important information.

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This note has been coordinated by Gianluca Salsecci. The names of the authors are reported in the single sections.

The note considers the countries with Intesa Sanpaolo subsidiaries and in particular: Slovakia, Slovenia and Hungary among CEE countries; Albania, Bosnia, Croatia, Serbia and Romania among SEE countries; Russia and Ukraine among CIS countries; and Egypt among MENA countries.

The figures in this document have been updated as of 24th February 2016.

Cross Country Analysis

CEE Area

For CEE countries with ISP subsidiaries, the GDP profile picked up in 4Q15. In Slovakia, GDP grew in the fourth quarter at a remarkable rate (+4.2% y/y in the flash estimate, after +3.7% recorded in 3Q15), bringing the full-year GDP dynamic to 3.6%. Industrial production remained on a strong positive trend in December (8.2% y/y), driven by the manufacturing sector (10.3% y/y) and the mining segment (8.6%), while the energy sector recorded a lower dynamic (1.1%). External demand contributed to the economic improvement, as exports growth was also strong in December (7.7% y/y in nominal terms).

Antonio Pesce

Hungarian GDP rose to 3.2% y/y in 4Q15 (flash estimate) from 2.4% in Q315, and now GDP growth for the full year is estimated at 2.9%. The industrial production growth was still strong in December (6.9% y/y), thanks to the manufacturing and the energy sectors (10.2% and 6.3%, respectively). In the same month, exports also continued their solid trend (7.3%). In January, the Hungarian manufacturing PMI grew to 53, signalling expectations of a growing economy at the beginning of 2016. The 4Q15 GDP flash estimate for Slovenia is not available yet; nevertheless, industrial production growth was 1.8% in 4Q15, only slightly lower than in 3Q15 (3.0%), and in November, the exports dynamic was at 4.2% y/y.

The consumer price index dynamic remained negative in Slovakia (-0.5%) in December and in Slovenia (-0.8%) in January, while it was positive (0.9%) in Hungary for the fourth consecutive month. Still regarding Slovakia and Slovenia, as announced by the ECB board, the policy rate will remain at current or lower levels for an extended period of time. In February, the Hungarian CB board decided to leave the policy rate unchanged at 1.35%. As highlighted by the board, monetary conditions might remain expansionary for an extended period. In this context, both monetary rates and long-term yields remained essentially unchanged in all three CEE countries.

As far as banking aggregates are concerned, the previous trends in lending for Slovenia and Hungary on the one hand (negative) and for Slovakia on the other hand (positive) have been confirmed by the latest data. Unlike loans, deposits are increasing strongly in all the countries.

Davidia Zucchelli

In detail, in **Slovenia**, loans continue to decrease (-5.2% in December, decelerating, however, from -8% y/y in November), due to falling corporate loans (-10%) as a result of a restructuring process of banks' loan portfolios still at work (supply side) and weak demand from corporates (demand side). Loans to households are, however, recovering (+1.1%), thanks to a further increase in mortgage lending. In **Slovakia**, lending continued to perform well (+8.7% in December from +9% y/y in November), both in the corporate (up by 8.9%) and the household sectors (up by 12.7%). The increase of foreign currency lending continued to be strong (+22% y/y in November) in the corporate sector, but the share of total lending is very modest (around 1% of loans to corporates). Deposits also performed robustly (+9.9% in December), both in the households (+8.4%) and in the corporate sector (+11.4%).

In **Hungary**, in December, loans still showed a negative change (-12.3% y/y), due to a decrease in loans both to households (-12.5%) and corporates (-12%, worsening significantly from -5% y/y in November, both in local and in foreign currencies). Foreign currency loans almost cleared among households (-98%), while in parallel domestic currency loans increased by 84%, due to the conversion process realised in February 2015. Deposits recorded a rise, by 7.5% y/y in December (in line with +7.6% in November), above all due to a significant increase in business deposits (+14% in December), whereas households' deposits showed a more modest increase (+2.3%).

SEE Area

In SEE countries with ISP subsidiaries, economic growth consolidated in 4Q15. It accelerated slightly in Romania (3.7% y/y in flash estimate from 3.6% in 3Q15), leading the estimated annual growth to 3.7%. In December, the dynamics of industrial production and exports (4.0% y/y and 3.7%, respectively) were above the 4Q15 average; and in January, the Economic Sentiment Indicator (ESI) went up to 104.5 from the previous month's 103.3. In Serbia, GDP grew by 1.3% in 4Q15 (flash estimate) from 2.2% in 2Q15, and the annual growth rate is now estimated at 0.8%. The industrial production dynamic rose above 10% in December, and in the same month, export growth remained on a positive trend (3.0%). In Croatia, the estimate points to GDP growth of 1.9% in 4Q15. Industrial production grew at 3.4% y/y in 4Q15, and the export dynamics grew at a double-digit rate in November (11.3% in nominal terms). Data on the GDP growth rate in 4Q15 are not available for Albania and Bosnia. For Albania, data on exports in November were in negative territory, while for Bosnia, industrial production in December confirmed a positive trend.

Antonio Pesce

The consumer price change was negative for almost all SEE countries (ranging from -0.6% in Croatia in December to -2.1% in Romania in January). It was positive but contained in Albania and Serbia. In Albania, the inflation rate (2%) was within the central bank's inflation target band, while in Serbia (2.4% in January), it was close but still below the inflation tolerance band. Given the low inflation dynamics, all the central banks of the SEE countries with ISP subsidiaries maintained easy monetary conditions by either lowering the policy rate, as the Serbian National Bank did in February (from 4.50% to 4.25%), or keeping it unchanged, as the remaining central banks did. In the last few months, exchange rates remained roughly stable in Albania, Croatia and Romania, while they depreciated slightly in Serbia.

Regarding the **banking aggregates**, y/y changes in 2015 lending growth showed different signs among countries, while deposits grew everywhere, particularly in the corporate sector, due to a lack of investment opportunities. As a consequence of these dynamics, the LTD ratio dropped to below 100% in many countries, with Bosnia the only exception (114%).

Davidia Zucchelli

In more detail, thanks to an acceleration in the economy and to the *First Home Program*, in **Romania**, loans rose in December (2.7% from 1.9% in November). Loans to corporates were weak (-0.1% y/y but improving from -1.8% y/y the previous month), particularly in foreign currency (-8.3%), whereas loans to households rose by 5.7% y/y, supported by mortgages (+31% y/y for loans in leu; -10.7% y/y for loans in foreign currency). Deposits performed strongly (+9.1% from +8.1% in November). In **Serbia**, loan growth decelerated (3.0% y/y) in December, especially loans to corporates, which increased by 2% y/y (from 2.4% y/y in November), with a sharp decline in loans denominated in local currency (-21% y/y). Loans to households showed stronger growth in December (+4.7%). Deposits continued to perform well (+7% y/y in December), both in households (3.5%) and in the corporate sector (15.3%), particularly in dinar, while foreign liabilities continued to decline (-6.4% y/y in December).

In **Croatia**, loans continued to fall (-3.1% y/y in December), due to a fall both among corporates (-5.2%, still burdened by heavy debt) and households (-1.5% y/y). The conversion of Swiss franc-denominated loans into euros is progressing and is expected to be completed before the end of February. Deposits remained robust (+6.4% y/y in 2015), particularly in business (21.8%, thanks to the sale of a tobacco company). The household sector showed a small increase (2.7%). In **Albania**, loans fell (-2.2% y/y) in November among corporates (-3.5% y/y), while households saw an increase (1.8%), despite the slowdown of loans in foreign currency (-4.5%). Deposits continued to grow (+1.6%), driven by deposits of businesses (9%), while deposits of households increased by just 0.5%. Households deposits in local currency decreased slightly in November (1.6% y/y), while deposits in foreign currency increased by 2.7%, owing to remittances. On the liability side, foreign liabilities continued to decline sharply (-18% y/y in November).

CIS and MENA Areas

Most recent data showed that the **Russian** economy remain weak but shows signs of improvements. Encouragingly, there are early signs that falling inflation is starting to ease pressure on households' real incomes. Overall, GDP is still contracting in y/y terms, but the pace of contraction is slowing. Industrial production fell by 2.7% y/y in January, a better result compared to a fall of 4.5% y/y in December. Finally, the 7.3% y/y drop in retail sales in January 2016 was lower than in December (-15.3% y/y). Annual inflation also slowed to 9.8% in January from 12.9% in December. The slowdown mainly reflected the phasing out of the effects of the large depreciation of the ruble at the end of 2014 and the start of 2015. Even though it remained below 50, the PMI for the manufacturing sector rose to 49.8 in January from 48.7 in December. The same index for services eased to 47.1 from 47.8 in the previous month. Financial and currency markets remain volatile, due to high uncertainty surrounding future oil prices.

Giancarlo Frigoli

In **Ukraine**, on the real side there are some signs of stabilisation. While GDP is still falling in y/y terms, it rose in seasonally-adjusted q/q terms in 3Q15 and 4Q15. In 4Q15, industrial production eased by 4% y/y compared to a 7.7% drop in 3Q, with manufacturing output down by 4.7% y/y from October to December, compared to -9.5% in 3Q. Manufacturing activity was mainly sustained by the steel industry, with steel output increasing by 3.1% y/y in the final quarter of 2015. Domestic demand remains particularly weak, although recovering from its lows. Retail sales fell by 15.9% in 4Q15 versus a fall of 19.1% in 3Q. Inflationary pressures remain strong. Headline inflation was 40.3% in January 2016, slightly down from 43.3% in December 2015. The hryvnia was hit by new downward pressures on concerns the IMF might freeze the financing programme to Ukraine after the resignation of the reform-minded Minister of Finance.

The most recent statistics indicate a worsening of the economic situation in **Egypt**. The industrial production index fell by 6% y/y in the October-November 2015 period. This index accounts for 65% of the Egyptian economy and includes manufacturing, some services (electricity, transport and tourism), construction, oil and natural gas. Considering that in the above-mentioned two-month period, manufacturing production grew slightly on an annual basis (+0.3%), the decline reflects the negative trend in other sectors, above all the tourism sector, severely penalised in November by the Russian plane crash in the Sinai peninsula (in October-November, the sub-index in the tourism sector fell by 33% y/y), followed by transportation services (-15% y/y). In contrast, the construction sector recorded a 14% increase. The non-oil private sector PMI, amounting to 48 in January 2016, recorded a decline for the fourth consecutive month.

As regards **banking aggregates**, in **Russia**, loans rose by 9.3% in November. Net of fx depreciation effect, they decreased by approximately 1.4%. Corporate lending (+15.1% y/y in November), which accounts for around 70% of loans to the private sector, was supported by the restrictions on access to foreign financial markets. Household lending, which is more fragile, showed a decrease of 5.7% y/y. In November, the nominal increase in deposits was 19.2%, but net of the fx effect, the increase was around 4%. Interest rates on new loans to businesses decreased in November to 13.6% in the wake of lower benchmark and interbank rates.

Davidia Zucchelli

In **Ukraine**, banking aggregates continued to be strongly affected by the economic recession. Nominal loans decreased by 3.8% in December (from 1.7% in November) up 0.2% for businesses but still negative (-17.2%) for households; net of the exchange rate effect, loans showed a decline of 31%. Deposits also showed a slight nominal increase (1.5% y/y in December), but fell sharply (approximately -27%) net of the exchange rate, due to plummeting remittances from Russia and a lack of confidence on the part of savers.

In the MENA area, loans continued to rise, both in nominal terms in **Egypt** (+17.1% in November from 16.6% in October) and in real terms (with inflation around 10%). Foreign liabilities recorded a new jump in November (+122% y/y in November from +88.6% in October, according to IMF data). Deposits maintained a strong pace (+21.1% in November), supported by the lack of alternative investment products.

Country Specific Analysis

Albania

Real Economy

During the second half of 2015, the economy performed on the upside of expectations. As a result, the economic growth rate for the year was revised slightly up by the Bank of Albania, which also expects economic growth to improve further in 2016. After the two negative first quarters of 2015, the household consumption in 3Q15 grew by 1.9% y/y. Albania's exports are suffering from the sluggish performances of Albania's trading partners and low prices in international markets. In December 2015, exports decreased by 7.7% y/y, with a negative contribution mainly from minerals, fuels and electricity. Positive contributions came from the textile, food, beverages and tobacco sectors. Imports decreased by 2.2% y/y. In December 2015, exports to EU countries accounted for 80.3% of total exports and imports from EU countries accounted for 62.0% of total imports. The main trade partners remain Italy (36.9%), Turkey (7.4%), China (7.2%) and Germany (7.0%).

Julian Cela

In January 2016, the annual rate of consumer price inflation was 1.5%. The deceleration in food item prices and the fall in oil prices have contributed to the lowering of the inflation rates. Inflation is expected to average around 2% in 2016.

Financial Markets

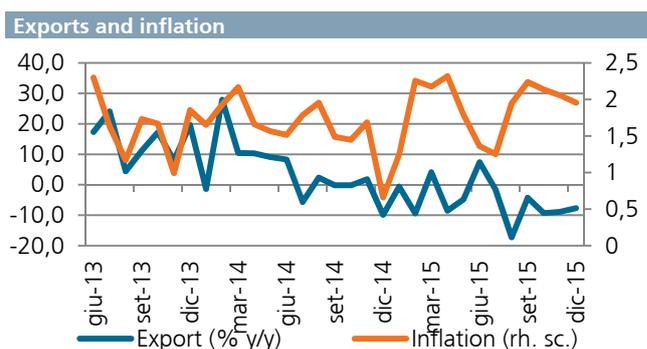
The central bank's strongly accommodative monetary policy stance has brought interest rates in financial markets to historically low levels. The issuance of the euro bond led to a reduction of public borrowing from domestic financial markets. This has brought interest rates down. In the last two auctions, the short-term interest rate dropped from 2.57% to 1.45% and from 8.8% to 7.9% for long-term 10Y government bonds. The Bank of Albania judges that the effect of the issuance will be also present over the next two years.

Banking Sector

Lending, however, remains sluggish, especially in business loans and foreign currency loans. The reduction was dictated by the low business demand for financing and tighter conditions regarding banks' supply of loans. Many banks that operate in Albania are subsidiaries of EU-based banks which have rigid conditions regarding loans supply, with strict risk parameters because of high levels of NPLs. Moreover, the payment of arrears by the public sector has provided an alternative source of liquidity and financing for businesses, introducing an additional temporary effect on the decline of credit demand partly due to the modest pace of the recovery. In February, S&P upgraded its rating on Albania from B to B+.

Last economic indicators			
%	Last value	4Q15	3Q15
Industrial production, wda y/y	n.a.	n.a.	n.a.
Export of goods, nominal y/y	-9.1 (Nov)	-9.2	-7.9
Unemployment rate	n.a.		17.5
Inflation rate, average y/y	2.0 (Dec)	2.1	1.8
Loans (private sector, y/y, end of period)	-2.2 (Nov)		-1.8
Deposits (private sector, y/y, end of period)	1.6 (Nov)		1.4

Source: INSTAT, Central Bank of Albania



Bosnia and Herzegovina

Real Economy

This month's economic data release was overshadowed by BiH's submission of the EU membership application to Brussels on 15 February. The creation of the coordination mechanism, as the first step in assuring credibility, had already been done by the BiH Council of Ministers in January. However, the first round of negotiations on the adaptation of the Stabilization and Association Agreement aimed to normalise BiH's trade relations with the EU collapsed on the issue of the traditional trade principle for Croatia (now EU, prior CEFTA member). Regardless of Brussels' response, the country is challenged by difficult reforms, which tend to improve economic growth, rule of law and the public administration.

Ivana Jovic

On the economic front, the December data confirmed that almost all the indicators signal positive trends. Industrial production grew by 1.8% y/y, somewhat slower than in the previous two months; however, this result was solid enough to keep average annual growth at 2.6% y/y, for the third consecutive year. Growth was supported by a rise in manufacturing (4.8% y/y) and mining and quarrying (3.5% y/y), while the electricity, gas and water supply declined by 1.2% y/y. Real retail trade regained momentum and grew by 9.0% y/y, improving the overall annual growth rate to a strong 7.9% (vs 1.9% y/y in 2014). Although in January merchandise exports declined by 2.8% y/y, the deficit improved by 15% due to a strong 7% decline in imports.

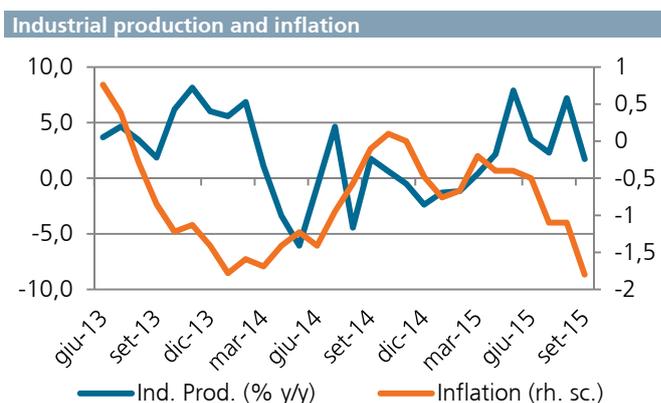
Banking Sector

Private sector loans and deposits recorded stronger annual growth rates in 2015 than in the previous year. Loans to the private sector ended 2015 at a 2.2% y/y higher level, which is the result of a 4.8% rise in retail loans (mainly consumer and housing loans). Corporate loans slipped back into negative territory in December and ended the year at a 0.3% y/y lower level, resulting in the lowest share of corporate loans in total loans since 1997. Negative rates of loans reflect a lack of larger and long-term investment in the economy. The analysis by maturity and structure shows in addition that citizens are taking out long-term loans to finance consumption, whereas companies use significant portions of loans to finance short-term liabilities. In 2015, private sector deposits recorded a sharp 7.8% y/y increase as a result of both corporate (4.7% y/y) and household (9.1% y/y) deposit growth, where the latter was supported by the inflow of funds on the basis of "old" foreign currency savings. A steep deposit rise followed by modest loan growth led to a decline in the loan/deposit ratio to 114% (2014: 121%).

Ana Lokin

Latest economic indicators			
%	Last value	4Q15	3Q15
Industrial production, wda y/y	1.8 (Dec)	2.8	3.8
Export of goods, nominal y/y	-1.2 (Dec)	1.4	4.4
Retail trade, real, wda y/y	9.0 (Dec)	5.2	7.9
Inflation rate, average y/y	-1.3 (Dec)	-1.6	-1.3
Loans (private sector, y/y, end of period)	2.2 (Dec)	2.2	1.0
Deposits (private sector, y/y, end of period)	2.8 (Dec)	2.8	0.8

Source: BHAS, CBBH



Source: Labour and employment agency

Croatia

Real Economy

According to the first release, 2015 GDP recorded 1.6% annual growth, overshooting slightly our 1.3% estimate amid stronger than expected third quarter output (2.8%) and sub-consensus GDP growth in fourth quarter (1.9% y/y). And while personal consumption continued to recover (2.4% y/y in 4Q; 1.2% in 2015), supported by a rise in real net wages and above all a strong and extended tourist season, government consumption in 4Q15 increased by 0.8% y/y, pushing annual growth to 0.6%, as stronger revenue collection eased pressures on expenditures. Supported by an improved EU funds utilisation, investment activity again posted solid growth (3.7% y/y in 4Q), resulting in full-year 2015 growth of 1.6% y/y. Contrary to previous quarters in 4Q net exports contribution to headline figure was negative 1.1 p.p. (13.6% increase in imports vs 11.6% in exports of g&s) as higher imports reflected increased consumption. First high frequency data for 2016 will be published starting first week of March.

Ivana Jovic

Financial Markets

The regular reverse repo auctions which the CNB holds and continued ample liquidity put downward pressure on money market rates in January. O/N Zibor ended the month at 0.59% (-2 bps m/m), 1M at 0.83% (-13 bps) and 3M at 0.97% (-10 bps). On 16 February, the first of four structural repo operations planned for this year was held: the offers amounting to HRK 565Mn, at the fixed 1.8% repo rate maturing on 18 February 2020, were accepted. The central bank started the structural repo auctions in order to ensure long-term kuna liquidity to banks (which is scarce, due to a high level of euro-isation) and thus boost lending activity in domestic currency. The average EUR/HRK rate inched upwards in January, to 7.65 (+0.2% m/m) amid a calm market and strong liquidity supported by reverse repo auctions.

Ana Lokin

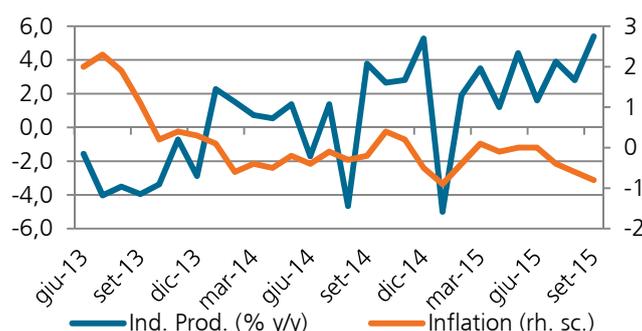
Banking Sector

2015 ended with a 3.1% lower y/y level of private sector loans, due to debt reduction, but also the conversion of CHF loans, and selling and write-offs of a part of the portfolio. Retail loans dropped by 1.5% y/y; a positive rate was recorded only by kuna cash loans (+24.3%), which, however, could not compensate for the decline in other types of loans, particularly housing loans. Housing loans decreased by 1.9% y/y, mostly as a result of the conversion of loans in CHF into EUR, due to which the amount of CHF loans fell by 12.9%, while the amount of loans pegged to the euro rose by 1.2%. Corporate loans in 2015 dipped by 5.2% y/y, as the already highly indebted sector continued to deleverage, while big corporations have exploited more favourable financing conditions abroad. Private sector deposits grew by 6.4% y/y in 2015. A net wage surge, a good tourist season and deflation supported household deposits, which recorded an increase of 2.7% y/y. Corporate deposits rose by 21.8% y/y, due to a sale of a large local tobacco company to a multinational player, a successful tourist season and increased exports.

Latest economic indicators			
%	Last value	4Q15	3Q15
Industrial production, wda y/y	1.0 (Dec)	3.4	4.0
Export of goods, nominal y/y	11.3 (Nov)	12.0	8.4
Retail trade, real, wda y/y	4.8 (Dec)	3.2	2.2
Economic Sentiment Indic. (index)	127.2 (Dec)	127.2	119.6
Inflation rate, average y/y	-0.6 (Dec)	-0.8	-0.6
Loans (priv. sector, y/y, end of period)	-3.1 (Dec)	-3.1	-1.5
Deposits (priv. sector, y/y, end of period)	6.4 (Dec)	6.4	4.9

Source: CBS, EC, CNB

Industrial production and inflation



Source: EC

Egypt

Real Economy

GDP growth slowed to 3% in 3Q15 compared to 4.5% in 2Q15, while preliminary estimates of GDP growth rate in the second half of 2015 showed that GDP would be less than 4%, which indicates that the GDP for 2015 will hover around 3.5%.

Emil Eskander

Industrial production continued to be negatively affected by the shortage of foreign currency Egypt currently suffers from, which decreased by 9.7% in November 2015. So, manufacturers still face difficulties in importing raw materials and intermediate goods needed for production, which thus affected manufacturing exports. In an attempt to support exporters, the Central Bank of Egypt raised the monthly limit imposed on foreign currency deposits at banks to USD 1Mn instead of USD 250,000 specifically for exporters, for the second time within a month, to help exporters purchase imported raw materials and production inputs.

Financial Markets

Annual headline inflation was recorded at 10.1% during January 2016, down from 11.1% posted in December 2015, and up from 9.7% in January 2015, on the back of a favourable base effect. Inflation is expected to continue to rise, despite the fall in prices internationally, due to underlying domestic inflationary pressures.

The shortage of foreign currencies that Egypt is witnessing pushed the USD exchange rate against the Egyptian pound in the parallel market to above EGP 9 compared to EGP 7.83 at banks. Recently, the CBE took some measures to control the fx market, include banning the use of Points Of Sale (POS) in purchases done in foreign currency for cards issued in Egypt, and cracking down on exchange bureaus that have been selling the USD at unofficial rates. In addition, the CBE declared its intention not to float the Egyptian pound until foreign reserves reach USD 25Bn-30Bn from the current USD 16.48Bn. Some banks operating in Egypt have also placed limits on using POS and ATMs abroad, besides raising the fx fees to rationalise foreign currency withdrawals from outside Egypt.

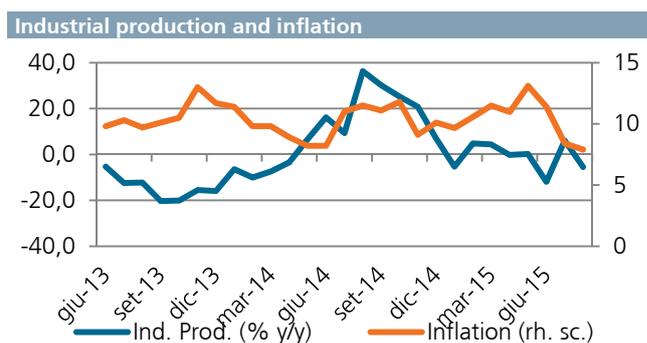
In January 2016, the Monetary Policy Committee (MPC) kept the overnight deposit rate, overnight lending rate, and the rate of the CBE's main operation unchanged at 9.25%, 10.25%, and 9.75%, respectively. The discount rate was also kept unchanged at 9.75%.

Banking Sector

Total private sector deposits were EGP 1.5Tn by the end of November 2015, up by 21.1% from November 2014. Total loans to the private sector also increased in the same period, to EGP 594.1Bn by the end of November 2015, up by 17.1% on a y/y basis.

Latest economic indicators			
%	Last value	4Q15	3Q15
Industrial Production, wda y/y	-9.7 (Nov)	n.a.	0.2
Nom. Exports y/y	-12.6 (Dec)	-15.1	-18.7
Retail Sales y/y	n.a.	n.a.	n.a.
Inflation rate y/y	10.1 (Jan)	10.6	8.5
CB Reference Rate	9.2 (Feb)	9.2	8.8
Loans (priv. sector, y/y, eop)	17.1 (Nov)		15.8
Deposits (priv. sector, y/y, eop)	21.1 (Nov)		21.7

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



Source: Ministry of Planning, CAPMAS

Hungary

Real Economy

According to preliminary data, Hungary's GDP grew by 3.2% y/y in 4Q15. Hence, the full-year 2015 growth rate was 2.9%, close to our original projection of 2.8%. According to the CSO report, GDP growth was supported by all branches of the economy with the exception of agriculture and construction. Industrial output gained momentum in 4Q (8.9%, on average, above the annual average), while domestic demand was also an important driver of growth. FY 2016 growth is still likely to moderate compared to the 2015 dynamics. Last year's trade surplus rose above HUF 8Bn (based on preliminary December figures from the CSO), exceeding the 2014 performance.

Sandor Jobbagy

Headline inflation failed to rise above 1% in January, following the switch to rising mode in 3Q-4Q of last year. (The annual average CPI was still in negative territory at -0.1% last year.) The January figure came in below the market consensus and it was primarily driven by a 4.2% m/m drop in fuel prices. Prices of clothing also pulled the general price level down, but this mostly matched the general pattern of January price changes. The rises of alcoholic beverages/tobacco and service prices did not compensate for these impacts. Items more relevant for monetary policy (services, durable goods) showed a moderate rise of price levels. Average inflation in 2016 may be closer to 1%, but further potential downgrades of expectations largely depend on global oil prices.

Financial Markets

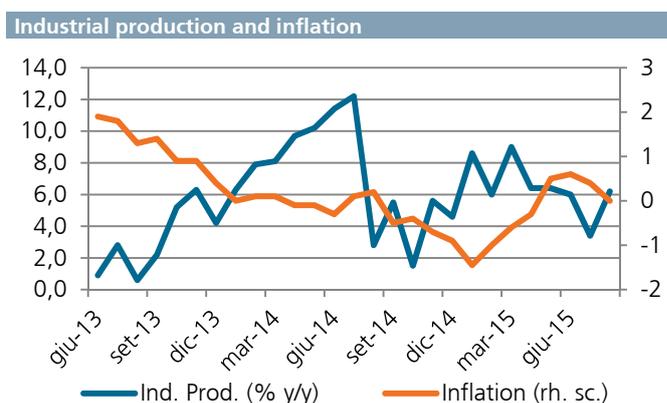
The NBH left the policy rate on hold in January, and maintained a stance that suggests rates might remain at the current level throughout the forecast horizon, while monetary easing is executed through quantitative measures. The HUF remained fairly stable, mostly resilient to external (EM) shocks, even showing some strengthening versus the euro in January (EUR/HUF at 311.50-315 in the second half of the month). Bond yields remained supported by the NBH's self-financing programme.

Banking Sector

Real economic developments lent some support to the demand side of the loan market, while credit supply remained supported by the central bank's lending programmes. However, the dynamics of the corporate credit market remained negative. Customer deposits started to increase after a long period of decline. Both the corporate and the retail side contributed to the growing volume of deposits.

Latest economic indicators			
%	Last value	4Q15	3Q15
Ind. Production y/y	6.9 (Dec)	8.9	5.8
Nom. Exports y/y	7.3 (Dec)	7.6	6.2
Economic Sentiment Indicator	115.6 (Jan)	113.2	116.1
Retail Sales y/y	4.5 (Dec)	4.5	5.5
Inflation Rate y/y	0.9 (Jan)	0.5	0.0
CB Reference Rate	1.4 (18th Feb)	1.4	1.4
Loans (priv. sector, y/y, eop)	-12.3 (Dec)	-12.3	-9.3
Deposits (priv. sector, y/y, eop)	7.5 (Dec)	7.5	3.9

Source: CSO, NBH, Bloomberg



Source: CSO

Romania

Real Economy

2015 GDP was 3.7% y/y, according to the flash estimate. Domestic demand was the main driver (2015 retail sales were +8.9%, the strongest growth pace since 2008); however, industry and construction data showed other sectors were not far behind (2015 industrial production was +2.7% y/y and 2015 construction was +10.4% y/y, although the latter was from a base skewed lower).

Sebastian Maneran

Loose domestic fiscal policy and low interest rates in core markets are likely to provide continued support for growth in 2016, with market consensus currently standing a tad above 4%. January 2016 headline inflation was -2.13% y/y, mostly due to the VAT cut from 24% to 20% at the beginning of the year. Ceteris paribus, headline inflation is expected to slowly grind higher, and turn positive in the second half of the year.

Financial Markets

The EUR/RON fx spot market has seen quite a steep decline in a relatively short period of time, moving from mid 4.5 to mid 4.4 as the hunt for yield in core markets, a good macro picture and robust growth prospects pushed core market flows into local currency bonds.

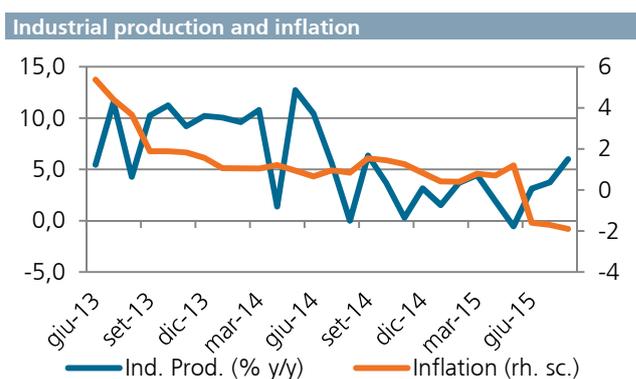
Although the volatility seen in core markets since the start of the year is broadly perceived as the new norm, RON assets still seem to find enough demand, though domestically driven volatility in RON fx is likely, as local and general elections are scheduled towards the end of the year.

Banking Sector

Low interest rates, improved business and consumer sentiment, and robust demand on First House Programme boosted new credit in 2015 by 29.5% y/y to reach RON 66.1Bn (equal to EUR 14.7Bn). Regulatory changes (*datio in solutum* law currently being intensely debated in Parliament) have the potential to act as a break on the current credit growth cycle. Notwithstanding this, the low interest rate environment is expected to out-muscle the regulatory landscape when it comes to the forces that will shape credit creation in 2016.

Latest economic indicators			
%	Last value	4Q15	3Q15
Ind. Production y/y	4.0 (Dec)	2.0	4.4
Nom. Exports y/y	3.7 (Dec)	2.4	2.8
Economic Sentiment Indicator (index)	104.5 (Jan)	103.5	104.5
Retail Sales y/y	13.0 (Dec)	12.4	10.6
Inflation Rate y/y	-2.1 (Jan)	-1.2	-1.8
CB Reference Rate	1.8 (18th Feb)	1.8	1.8
Loans (priv. sector, y/y, eop)	2.7 (Dec)	2.7	0.4
Deposits (priv. sector, y/y, eop)	9.1 (Dec)	9.1	8.6

Source: National Statistical Institute, NBR



Source: NBR

Russia

Real Economy

Rosstat confirmed the forecast of Russia's GDP fall in 2015 by 3.7%. The volume of GDP in 2015 at current prices amounted to RUB 80.4 Tn. The highest growth last year was recorded in agriculture (+3.5% y/y), in activities of households (+1.4%), in mining (+1.1%), and in the healthcare and social services sectors (+0.3%). The sharpest falls were registered in wholesale and retail trade (-10.1%), construction (-7.5%), manufacturing (-5.5%), and hotels and restaurants (-5.2%). The share of final consumption in the structure of Russia's GDP by the end of 2015 was 71.6%, which is 0.6 pp less than in 2014 (72.2%). This trend is explained by a decrease in the share of household expenditure by 0.6 pp, to 52.6% of GDP. In contrast, the share of net exports in GDP increased by 1.4 pp, to 8%. The share of gross capital formation in GDP declined by 0.8 pp, to 20.4% (RUB 16.81Tn). The share of gross fixed capital formation (investment) remained unchanged at 21.5% (RUB 17.69Bn).

Anna Mokina

Financial Markets

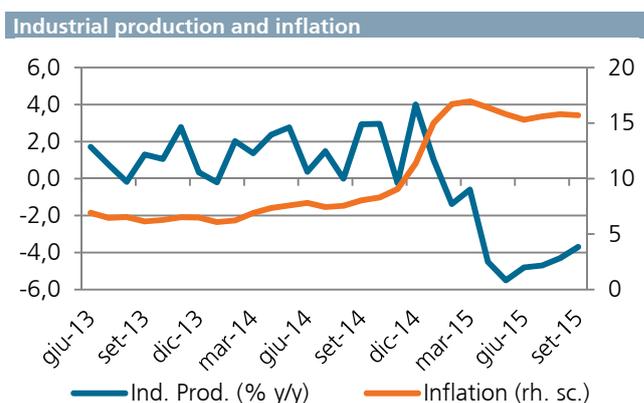
In February, Russian assets in general and the ruble in particular were affected by a moderately negative external environment and a weak oil price. Investors were concerned about the economic news coming from China and America, which was the basis for choosing risk-free assets instead of more risky ones. High volatility has been characterising the markets almost from the first trading days of the year, and signals from the key central banks of additional incentives are no longer seen as sufficient to tackle the problems. The report from the head of the US Federal Reserve, Janet Yellen, highlighted the recent growing concerns about the prospects for the global economy, ie, emerging markets will hardly grow in the short term. In Russia fiscal and external revenues will benefit from the approaching period of local tax payments and from the effect on nominal exports of the depreciation occurred sofar of the pair USD/RUB, in this way favouring the stabilisation of the exchange rate.

Banking Sector

According to Survey data released after the CB's Monthly statistics publication, in January the assets of the banking sector grew by 0.9%, total volume of loans by 1.6%, and loans to non-financial organisations by 2.4%. In contrast, loans to households decreased by 0.6%. Interbank lending increased by 7.8% to the resident banks, and decreased by 11.5% to the non-resident banks. Household deposits in January decreased by 1.8%. The volume of organisations' deposits and funds in current accounts increased in January by 1.5%.

Latest economic indicators			
%	Last value	4Q15	3Q15
Ind. Production y/y	-2.7 (Jan)	-3.8	-4.2
Nom. Exports y/y	-26.0 (Dec)	-32.4	-36.7
Retail Sales y/y	-10.0 (Dec)	-11.6	-9.5
Inflation Rate y/y	9.8 (Jan)	14.5	15.7
CB Reference Rate	11.0 (Feb)	11.0	11.0
Loans (priv.sector, y/y, end of per.)	9.3 (Nov)		15.2
Deposits (priv. sector, y/y, end of per.)	19.2 (Nov)		28.5

Source: State Statistics Federal Service, Central Bank of Russia



Source: State Statistics Federal Service

Serbia

Real Economy

Based on Statistical Office estimates, real GDP grew by 1.3% y/y in the 4Q15, due to positive movements in industrial production and construction. Overall, economic activity increased by 0.8% in 2015, driven by growth in investments which resulted from lower operating expenses of businesses owing to more favourable lending terms and lower oil prices, as well as an improved investment environment.

Year on year inflation rose temporarily to 2.4% in January 2016, due to a low base effect. CPI remained below the lower bound of the target for the last two years as a result of a strong fall in global oil and primary agricultural prices, as well as lower imported inflation. Y/Y, inflation is projected to rise from mid-2016 and return to within the target band (4%±1.5%) late this or early next year.

Financial Markets

The weakening of the dinar against the euro since the beginning of the year is a consequence of higher payments for energy imports and dividend payments to foreign owners. The NBS has sold a total of EUR 310Mn and bought EUR 10Mn on the fx market so far to bolster the dinar.

After keeping it unchanged for three consecutive months, the NBS decided to cut the key policy rate by 0.25 pp, to 4.25%. Monetary policy easing was supported by subdued domestic inflation and expectations for weaker imported inflation (on the back of lower oil prices).

In addition, the central bank narrowed the interest rate corridor from ±2.0% to ±1.75% relative to the key policy rate with the aim to further stabilise interest rates in the interbank money market, gradually reduce the spread between the effective rate and the key policy rate, and further strengthen the interest rate transmission channel.

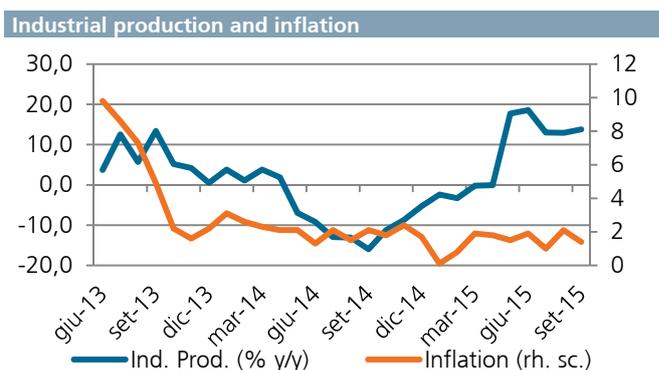
Banking Sector

February 2016 saw the last in the six-month cycle of the fx-required reserve ratio cuts that the NBS implemented to stimulate credit activity. In 2015, lending activity recorded growth, despite the maturing of subsidised loans, while new investment loans granted were 2.5 times higher than in 2014.

The central bank published results from the Special Diagnostic Study of banks' balance sheets showing that all 14 banks (accounting for 88% of banking sector assets) involved in the study are well capitalised. The overall net impact of the Special Diagnostic Study adjustment on the capital of those banks was a decrease of the capital adequacy ratio by 1.76 pp (from 20.21% to 18.45%), which is still well above the regulatory minimum of 12%.

Latest economic indicators			
%	Last value 4Q15 3Q15		
Ind. Production y/y	11.0 (Dec)	10.2	13.2
Nom. Exports y/y	3.0 (Dec)	6.1	9.0
Retail Sales y/y	5.4 (Dec)	3.4	2.2
Inflation Rate y/y	2.4 (Jan)	1.4	1.5
CB Reference Rate, end-period	4.2 (18th Feb)	4.5	5.0
Loans (priv. sector, y/y, end of per.)	3.0 (Dec)	3.0	3.1
Deposits (priv. sector, y/y, end of per.)	7.1 (Dec)	7.1	4.1

Source: Statistical Office, National Bank of Serbia



Slovakia

Real Economy

The Slovak economy finished 2015 with a bang. On a sequential basis, output grew in 4Q15 by a steady and strong 1% for the third consecutive quarter, which lifted the headline y/y growth pace to above 4%, the highest in the region. Activity was driven mainly by car production and public EU-funded infrastructure projects, boosted by the last-minute efforts to utilise EU funding from a programme that was set to expire at the end of 2015. In 2016, the outlook is for normalisation in public investments associated with EU funds after the previous boom. Correction in public investments should however be to a large extent compensated for by the private sector – mainly by two already-initiated big automotive projects of VW and JLR, together exceeding EUR 2Bn in value in next few years. The economy is nevertheless broadly expected to slow from 3.6% growth y/y in 2015 to 3.2% y/y in 2016.

Andrej Arady

The overall picture provided by the latest round of real activity data mapping December remained unchanged and positive. Industry, thanks to strong 30% growth of car production, showed resistance to the pan-European decline in the final month of 2015, posting 8.2% growth (even though down from the previous 11.8%, this still exceeded the trend seen in the previous three months). New orders remained strong too. Construction finished the year with extraordinarily strong 26% growth, raising the full-year growth to nearly 18% after six years of contraction.

The unemployment rate continued on a downward trend, declining to a nearly seven-year low of 10.6%, just two-tenths of a percent above the Euro-area average. Despite the recovering labour market and increasing household incomes, inflationary pressures still affect the economy. In January, inflation slipped back to the previous year's low of -0.6%.

Financial Markets

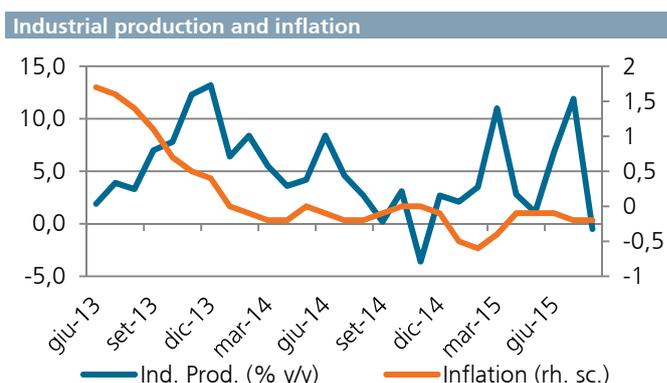
Yields on Slovak government bonds did not fully follow German bunds in the past few weeks. Spread on 10-year benchmark bonds thus widened on average by c. 15 basis points. A combination of the ECB's purchases and scarcity in local markets, however, favoured local yields by erasing this latest uptick.

Banking Sector

In the banking market, both loans and deposits in the private sector grew at very solid rates through December. Favourable lending conditions, with lending rates at all-time lows in December, supported growth of lending at 8.7% y/y, close to the previous peak. Deposits, boosted by the highest savings rates ever, along with growing household incomes, slightly reaccelerated to 9.9% y/y, a few tics above the average of the previous three months.

Latest economic indicators			
%	Last value	4Q15	3Q15
Ind. Production, wda y/y	8.2 (Dec)	8.0	6.5
Nom. Exports, y/y	7.7 (Dec)	7.6	5.7
Economic sentiment (index)	98.3 (Jan)	99.0	99.0
Retail sales, y/y	2.7 (Dec)	2.6	2.3
Inflation rate, y/y	-0.5 (Dec)	-0.5	-0.3
ECB refi rate	0.05 (18th Feb)	0.05	0.05
Loans (priv.sector, y/y, eop)	8.7 (Dec)	8.7	7.9
Deposits (priv.sector, y/y, eop)	9.9 (Dec)	9.9	8.6

Source: Statistical Office of Slovak Republic, National Bank of Slovak Republic



Source: Statistical Office of Slovak Republic

Slovenia

Real Economy

The Slovenian 4Q15 GDP flash estimate is not available yet. Nevertheless, industrial production growth was 1.8% in 4Q15, only slightly lower than in 3Q15 (3.0%), and in November, the exports dynamic was at 4.2% y/y. In the final quarter of 2015, Slovenia experienced a large influx of refugees, equating to some 18% of the population, transiting through the country. The refugee-related expenditure in 2015 was partially met by exceptional payments from EU funds.

Nastja Benčič

Inflation turned negative in 2015, mainly caused by falling oil prices. Petroleum products prices continue to decrease and therefore should lower the inflation rate also in 2016. Measured with the harmonised index of consumer prices, in January, the annual growth was -0.8% (in January 2015, it was -0.7%).

At the end of December, the unemployment rate stood at 12.3% and remained at roughly the same level at the beginning of 2016. Despite a larger inflow into the unemployment register, due to the termination of fixed-term contracts, unemployment in January was still lower y/y.

Financial Markets

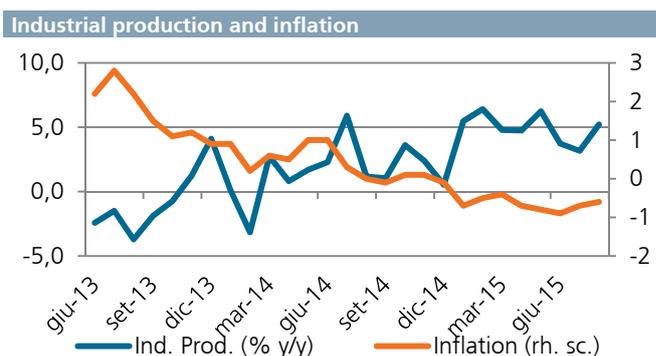
Short-term interest rates are continuing to decline, following market expectations that the ECB's monetary policy will remain accommodative for a prolonged period of time. The three-month EURIBOR rate, which has been in negative territory since April 2015, is currently moving around -0.20%. In the last three months, Slovenian government bond yields have remained relatively stable. The 10-year government bond yield currently moves around 1.7%. Considering the market projections for additional ECB monetary easing next month (in order to boost low inflation and growth), the 10-year government bond yield is expected to continue its slight downward trend.

Banking Sector

At the end of 2015, total loans to the private sector were lower by 5.2% y/y; however, the decline in the volume slowed in comparison with 2014. Household loans were actually slightly above the 2014 volumes, owing to a 3% increase in mortgage loans. The quality of credit portfolios improved further: in November, non-performing claims accounted for 10.3% of the banking system's total exposure. Deposits continued to increase in December, but the growth can only be noticed in sight deposits, while short- and long-term deposits were lower y/y. Growth of corporate deposits was even more pronounced in 2015, which could also have been a consequence of low investment activity of the companies. The loan/deposit ratio stood at 89% at the end of the year, which is the lowest value in years.

Latest economic indicators			
%	Last value	4Q15	3Q15
Ind. Production, wda y/y	1.8 (Dec)	3.0	4.7
Nom. Exports y/y	4.2 (Nov)	2.4	3.4
Economic Sentiment Indicator	105.3 (Jan)	109.4	109.7
Consumer Confidence Indicator	-15.0 (Jan)	-12.3	-8.3
Inflation Rate y/y	-0.8 (Jan)	-0.9	-0.8
ECB refi rate	0.05 (18th Feb)	0.05	0.05
Loans (priv.sector, y/y, eop)	-5.2 (Dec)	-5.2	-11.6
Deposits (priv.sector, y/y, eop)	5.8 (Dec)	5.8	3.9

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



Source: Statistical Office of the Republic of Slovenia

Ukraine

Real Economy

GDP for 4Q15 as compared to 3Q15 increased by 1.5% (seasonally adjusted). For the first time in two years, an increase of GDP was recorded for two quarters in a row (for 3Q15, it increased by 0.5%). Real GDP fell by 10% in 2015, following the 6.8% drop recorded in 2014. Last year, all the main activity sectors posted two-digit declines, with the exception of agriculture, which was down by 4.8% y/y. In more detail, manufacturing production tumbled by 13.7%, construction decreased by 14.9%, and sale services plunged by 20.7%. Following new domestic and international tensions, the central bank has recently cut its GDP growth forecast for this year to 1.1% (from 2.4% previously), notwithstanding positive signs from domestic demand. Helped by a favourable base effect, retail sales edged marginally higher in January 2016 compared to the same month in 2015.

Giancarlo Frigoli

Financial Markets

The hryvnia came under new downward pressure in recent weeks, following fresh doubts about whether Ukraine will continue to receive financial support from the IMF. These concerns were raised by the resignation of the Minister of Finance in protest at the Parliament's lack of determination in fighting corruption. The outgoing minister was one of the main supporters of the stabilisation programme sponsored by the IMF. The USD/UAH rate rose above 27 for the first time in a year, with the hryvnia depreciating by over 10% compared to the end-December rate.

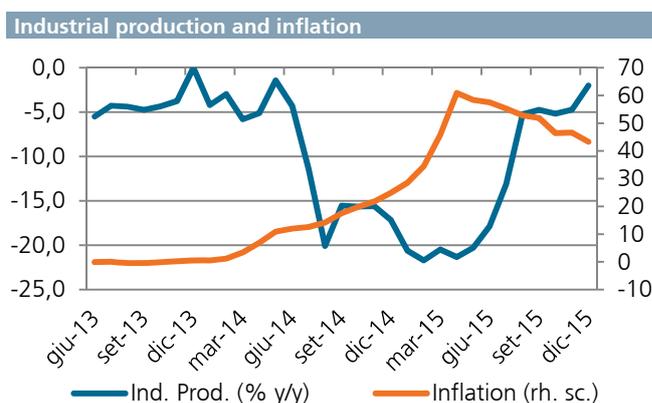
These renewed downward pressures on the currency, combined with stubbornly high inflation and tensions in global markets are likely to delay further the resumption of the easing cycle. The Ukraine central bank has remained on the sidelines in recent months, after cutting the policy rate to 22% last August.

Banking Sector

In Ukraine, banking aggregates continued to be strongly affected by the economic recession. Nominal loan change became negative in December (-3.8% y/y from +1.7% in November, with +0.8% for businesses and -17.2% for households; net of the exchange rate effect, it shows a decline of 31%). NPLs increased to 28.03% at the end of the year. Deposits also showed a slight nominal increase (1.5% y/y in December), but fell sharply (approximately -27%) net of the exchange rate, due to plummeting remittances from Russia and a lack of confidence by savers. The regulatory capital adequacy ratio rose from 8.92% to 12.31% as of December, but profitability has been strongly negative in 2015 (ROA -5.54% and ROE -65.51%).

Davidia Zucchelli

Latest economic indicators			
	Last value	4Q15	3Q15
Ind. Production y/y	-2.0 (Dec)	-4.0	-7.7
Nom. Exports y/y	-29.3 (Dec)	-30.8	-34.1
PMI Manufacturing	n.a.	n.a.	n.a.
Retail Sales	0.1 (Jan)	-15.9	-19.1
Inflation Rate y/y	40.3 (Jan)	45.4	53.3
CB Reference Rate	22.0 (Feb)	22.0	22.0
Loans (priv. sector, y/y, eop)	-3.8 (Dec)	-3.8	-1.9
Deposits (priv. sector, y/y, eop)	1.5 (Dec)	1.5	-1.3



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

Source: State Statistics Service of Ukraine

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

Economy																		
	GDP chg y/y			Ind. Prod*. ch/y/y			Export nom. ch y/y			Inflation chg y/y				FX reserves chg**			CA bal ance***	
	4Q15	3Q15	2014	Last	mth	4Q15	Last	mth	4Q15	Last	mth	4Q15	2014	4Q15	3Q15	2014	4Q15	3Q15
CEE																		
Slovakia	4.2	3.7	2.4	8.2	Dec	8.0	7.7	Dec	7.6	-0.5	Dec	-0.5	-0.1	n.s.	n.s.	n.s.	n.a.	-786
Slovenia	n.a.	2.5	3.0	1.8	Dec	3.0	4.2	Nov	n.a.	-0.8	Jan	-0.9	0.4	n.s.	n.s.	n.s.	n.a.	959
Hungary	3.2	2.4	3.7	6.9	Dec	8.9	7.3	Dec	7.6	0.9	Jan	0.5	-0.2	n.a.	-2524	742	n.a.	1725
SEE																		
Albania	n.a.	3.0	2.0	n.a.	n.a.	n.a.	-9.1	Nov	n.a.	2.0	Dec	2.1	1.6	n.a.	312	97	n.a.	-326
Bosnia H.	n.a.	3.1	1.0	1.8	Dec	2.8	-1.2	Dec	1.4	-1.3	Dec	-1.6	-0.9	169	186	387	n.a.	-224
Croatia	1.9	2.8	-0.4	1.0	Dec	3.4	11.3	Nov	n.a.	-0.6	Dec	-0.8	-0.2	n.a.	-297	-220	n.a.	3891
Romania	3.7	3.6	2.8	4.0	Dec	2.0	3.7	Dec	2.4	-2.1	Jan	-1.2	1.1	2456	-990	-5627	-826	-476
Serbia	1.3	2.2	-1.8	11.0	Dec	10.2	3.0	Dec	6.1	2.4	Jan	1.4	2.1	-181	18	-460		-343
CIS MENA																		
Russia	-3.6	-4.1	0.6	-2.7	Jan	-3.9	-26.0	Dec	-30.3	9.8	Jan	14.5	7.8	-2362	9021	-128720	n.a.	5400
Ukraine	-1.2	-7.2	-6.8	-2.0	Dec	-4.0	-29.3	Dec	-30.8	40.3	Jan	45.4	12.1	582	2426	-12141	46	77
Egypt	n.a.	3.0	4.3	-9.7	Nov	n.a.	-12.6	Dec	-15.1	10.1	Jan	10.6	10.1	n.a.	-3747	-1699	n.a.	-3980
<i>m.i.E.A.</i>	<i>1.5</i>	<i>1.6</i>	<i>0.9</i>	<i>-1.3</i>	<i>Dec</i>	<i>0.7</i>	<i>3.4</i>	<i>Dec</i>	<i>3.2</i>	<i>0.4</i>	<i>Jan</i>	<i>0.2</i>	<i>0.4</i>					

Source: Datastream, Reuters, Bloomberg; *WDA data for Slovakia, Slovenia, Bosnia, Croatia, Egypt; **USD for Russia, Egypt, Ukraine, Romania; ***USD for Russia, Egypt, Ukraine

Markets and Ratings														
	S/T rates*			L/T rates**			Foreign exchanges***			Stock markets		CDS spread		Rating
	24/02	chg bp	3M	24/02	chg bp	3M	24/02	3M chg%	1Y chg%	3M chg%	1Y chg%	24/02	24/11	S&P
CEE														
Vs Euro														
Slovakia	-0.2	-0.1		0.5	-0.3		Euro	Euro	Euro	5.9	25.6	41.5	46.2	A+
Slovenia	-0.2	-0.1		1.6	0.0		Euro	Euro	Euro	-3.6	-13.6	96.6	104.4	A-
Hungary	1.4	0.0		3.3	0.0		310.0	-0.6	1.4	-1.9	24.0	149.4	144.2	BB+
SEE														
Albania	2.6	-0.1		n.a.	n.a.		138.2	0.7	-1.5	n.a.	n.a.	n.a.	n.a.	
Bosnia H.	n.a.	n.a.		n.a.	n.a.		1.96	Board	Board	n.a.	n.a.	n.a.	n.a.	
Croatia	0.6	-0.5		3.7	-0.5		7.6	0.1	-1.1	-3.6	-7.1	290.0	292.4	BB
Romania	0.5	-0.3		3.4	-0.2		4.5	0.7	0.8	-13.9	-14.6	117.8	118.4	BBB-
Serbia	4.2	-0.2		n.a.	n.a.		123.7	2.3	2.8	-15.3	-25.5	285.6	266.7	BB-
CIS MENA														
Vs USD														
Russia	12.0	0.1		10.0	0.1		77.1	17.6	25.0	-5.8	-5.9	307.6	242.4	BB+
Ukraine	23.8	-0.6		9.7	0.0		27.3	14.8	-15.8	-8.0	-38.8	13957.0	13957.0	B-
Egypt	11.4	0.2		15.8	0.5		7.8	0.0	2.6	-0.5	-36.3	484.0	387.3	B-
<i>m.i.A.E.</i>	<i>-0.2</i>	<i>-0.1</i>		<i>0.1</i>	<i>-0.4</i>		<i>1.1</i>	<i>3.6</i>	<i>-2.8</i>	<i>-16.1</i>	<i>-19.9</i>	<i>14.2</i>	<i>6.7</i>	

Source: Datastream, Reuters, and Bloomberg; * The data for Albania refers to October **For Ukraine, the long-term rate refers to a government issue in dollars; *** The (-) sign indicates appreciation. Sources: Thomson Reuters-Datastream, Bloomberg

Aggregates and bank rates for the private sector																							
	Loans			NPL/Loans			Foreign Liab.			Deposits			Loans rate ¹ -NewB*.			DepositsRate ¹ -NewB*.			Loans/Dep				
	Chg y/y %	Last	Mth	2014	Last	Mth	2014	Last	Mth	2014	Last	Mth	2014	Last	Mth	2014	S*	Last	Mth	2014	%		
CEE																							
Slovakia	8.7	Dec	6.4	5.1	Dec	5.8	1.1	Dec	42.5	9.9	Dec	3.8	2.83	Dec	3.25	C ²	0.75	Dec	0.96	H ²	90.0	Dec	90.9
Slovenia	-5.2	Dec	-13.4	10.3	Nov	11.9	-20.7	Dec	-10.9	5.8	Dec	6.6	3.45	Dec	4.99	C ²	0.28	Dec	0.66	H ²	89.2	Dec	99.5
Hungary	-12.3	Dec	-0.3	17.4	Dec	17.4	-8.1	Dec	-1.3	7.5	Dec	1.3	4.1	Dec	4.97	C	1.0	Dec	1.64	A	90.8	Dec	111.2
SEE																							
Albania	-2.2	Nov	2.2	19.9	Nov	22.8	-18.4	Nov	-10.9	1.6	Nov	2.9	8.38	Nov	8.19	A	1.44	Nov	1.51	H	55.2	Nov	56.2
Bosnia H.	2.2	Dec	1.7	13.8	Sep	14.2	-11.7	Dec	-11.1	2.8	Dec	4.7	4.62	Nov	5.8	C	0.94	Nov	1.26	H	114.4	Dec	120.7
Croatia	-3.1	Dec	-2.0	17.0	Sep	17.1	-25.1	Dec	-10.6	6.4	Dec	2.3	5.08	Dec	5.48	C	2.15	Dec	2.43	H	86.5	Dec	94.9
Romania	2.7	Dec	-3.7	12.3	Sep	13.9	-10.2	Dec	-14.2	9.1	Dec	8.9	4.32	Dec	5.87	C	1.48	Dec	2.79	H	89.5	Dec	95.0
Serbia	3.0	Dec	4.5	22.3	Nov	21.5	-6.4	Dec	-16.5	7.1	Dec	9.7	6.24	Dec	10.89	C	4.17	Dec	6.51	H	111.4	Dec	115.8
CIS MENA																							
Russia	9.3	Nov	25.4	8.3	Dec	6.7	22.7	Sep	38.4	19.2	Nov	27.9	13.75	Nov	18.31	C	7.45	Nov	12.29	H	111.3	Nov	118.6
Ukraine	-3.8	Dec	10.9	25.6	Sep	19.0	9.6	Nov	31.3	1.5	Dec	-1.8	26.58	Nov	19.08	R ³	19.98	Nov	19.75	R ³	146.3	Dec	154.3
Egypt	17.1	Nov	12.7	7.2	Sep	8.6	122.0	Nov	21.0	21.1	Nov	16.6	11.6	Nov	11.8	C	6.8	Nov	7.2	H	39.1	Nov	40.4
<i>m.i.E.A.</i>	<i>0.9</i>	<i>Dec</i>	<i>-1.6</i>	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>	<i>3.3</i>	<i>Dec</i>	<i>2.4</i>	<i>1.5</i>	<i>Dec</i>	<i>1.8</i>	<i>C</i>	<i>0.6</i>	<i>Dec</i>	<i>1.0</i>	<i>H</i>	<i>83.1</i>	<i>Dec</i>	<i>85.1</i>

Source: Central Banks, IMF, Moody's; monthly average; ¹lending rate on current account overdraft; on deposits up to 1 year; ²does not include banks

*Sector A=All, C=Corporates, H=Household, PS=Private Sector, R=Residents.

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