Monthly Note

Countries with ISP Subsidiaries

January 2016

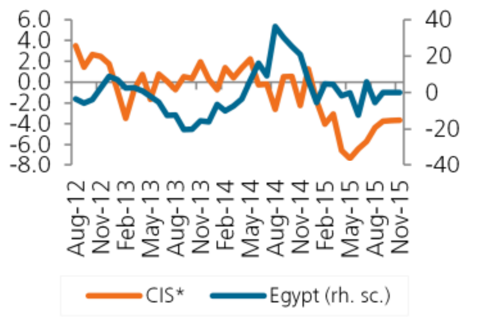
Monthly note

Intesa Sanpaolo
International Research
Network

Business cycle indicators support recovery and easy monetary policy in the CEE/SEE area. Russian Rouble hit by new oil price lows.

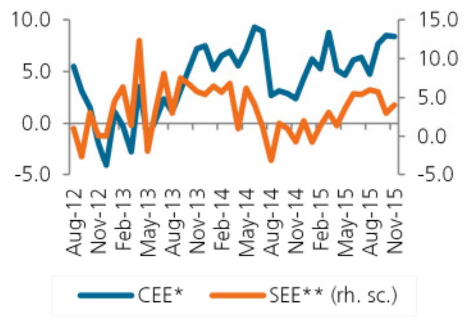
- The business cycle indicators generally confirm a stabilisation of the recovery path in the CEE/SEE area in 4Q15, with some differences among countries. Industrial production and exports accelerated in November in Slovakia, Hungary and Croatia but decelerated in Slovenia, Romania and Serbia (where it maintained a strong performance). Confidence indicators slightly receded overall in December, partly due to the turbulences occurring in international financial markets, but improved again in the region in January. Growth was supported by the EA recovery and only indirectly affected by the slowdown in major emerging countries. Cycle indicators still anticipate a negative GDP growth rate in 4Q2015 in Russia and some slowdown in Egypt.
- Owing to still-falling energy prices, inflation rates in December were negative in almost all CEE/SEE countries, with the only exceptions being Hungary (+0.9% due to base effect), Albania (2.2% in line with the CB target) and Serbia (1.5% below the CB range). Inflation is only slowly decelerating in CIS countries, partly due to currency depreciation, and slightly increasing in Egypt, due to subsidy revisions.
- In its last meeting the ECB board decided to keep the reference rates unchanged, while confirming that they will remain at present or lower levels for an extended period of time. This move further supports (in addition to the occurrence of negative or very low inflation rates domestically) extended accommodative policies also in CEE/SEE countries. In this context the MNB, while keeping unchanged the policy rate, signalled in October that the rate would remain at the current level until the end of 2017 and the Serbian CB has further lowered the policy rate in November to 4.5%. In parallel, long-term rates, after generally retreating in autumn in all the regions from summer peaks, have remained substantially unchanged.
- In CIS countries, in Russia, due to the currency depreciation that occurred in January, the new oil price lows and the related inflation risks the Central Bank remained cautious. Ukraine expects to receive the third IMF loan tranche in February, following the passage of the 2016 budget. In Egypt, last month the CB kept the currency substantially stable, after the pound lost about 8% against the USD in 2015. Recently measures have been adopted to contain imports, such as tighter rules to finance imports, in an attempt to reduce pressure on the exchange rates.
- Loans growth slightly improved in some countries in November, notably in Slovakia and in Serbia, but continued to decline in Slovenia, Hungary, Croatia and Albania. In CIS countries, lending, net of the foreign exchange effect, was still negative in Ukraine and in Russia, where the increase of NPLs is a source of concern. On the funding side, the persistent drop in foreign liabilities, in particular in Albania and Slovenia, was partially offset by the increase in deposits, which continued to perform well, especially in Bosnia and Romania.

Industrial production % yoy – CIS - Egypt



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

Industrial production % yoy – CEE - SEE



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

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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 CSI Countries and Egypt among MENA Countries.

The figures in this document have been updated to 19 January 2016.

Cross Country Analysis

CEE Area

Antonio Pesce

In the CEE Area, the most recent data confirm a stabilisation of the cycle in the last quarter of 2015. In Slovakia in November industrial production jumped to 11.9% yoy (working day adjusted), especially thanks to the manufacturing sector (13.4% yoy), but in December the ESI declined slightly. In November in Slovenia the industrial production dynamic was marginally lower than in 3Q (4.1% yoy vs 4.7% yoy) and the export dynamic in October was very feeble (0.5% yoy vs 3.2% in 3Q). In December the ESI declined, although it remained close to the historical high.

In Hungary in November industrial production went up by 7.0% yoy (above the 5.8% recorded in 3Q 2015). In the same month, exports increased slightly in comparison with 3Q2015 (6.5% vs 6.2%). The economic conditions in the country remain in a good shape. In December the ESI improved (114.5, up from 113.6 in November) but the PMI manufacturing index went below the 50 level.

The consumer price index dynamic in December was negative in Slovakia (-0.5%) and Slovenia (-0.6%), while it was positive (0.9%) in Hungary for the third consecutive month owing to the cut in household utility prices that occurred in 2014. In its last meeting the ECB decided to keep the reference interest rate unchanged (0.05%), while announcing that it will remain at present or lower levels for an extended period of time. Regarding the QE, its board highlighted that the asset purchases are proceeding smoothly and continue to have a favourable impact on the availability of credit for the economy.

At the same time, the Hungarian CB board decided to leave unchanged the policy rate 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.

Davidia Zucchelli

As far as banking aggregates are concerned, in **Hungary**, loans showed a negative change in October (-7.7% yoy), due to a decrease in loans both to households (-10.6%) and corporates (-4.9%, but improving from -7.5% yoy in September). FX loans continued their strong decrease in households (-95%) due to the conversion process realised last February. In contrast, domestic currency loans increased by 83% yoy. Deposits recorded a rise, accelerating to 5.3% yoy in October (from 3.9% in September) due, above all, to a significant increase in business deposits (+10.2% in October), whereas household deposits experienced a more modest increase (+1.6%). The central bank asked nine banks (among them OTP, UniCredit, Erste and Raiffeisen) to build additional capital buffers. Hungary's state-owned MKB Bank could be privatised by the end of June, according to a statement from the central bank.

In **Slovenia** loans continued to decrease (-8.1% in November from -8% yoy in October) due to falling corporate loans (-14.6%) in the presence of a still-high level of indebtedness. Loans to households are, however, recovering (+0.7%) thanks to a recent increase in mortgage lending.

In **Slovakia** lending continued to perform well (+9.0% in November from +8.2% yoy in October) but the growth gap between corporates (up by 6.2%) and households (up by 12.7%) was confirmed. The increase in FX lending continued to be strong (+21% yoy in November) in the corporate sector. Deposits also performed robustly (+9% in November), both in the household sector (+7.7%) and in the corporate sector (+10.2%). Foreign liabilities returned to a strong increase (+23% yoy) last November.

SEE Area

Antonio Pesce

The most recent data highlight a stronger pace of economic recovery among ISP countries in the SEE area with respect to the CEE area, although a small deceleration was signalled by cycle indicators in the last quarter of 2015. In November industrial production slowed in Croatia (2.7% yoy vs 4.0% in Q3) but the ESI improved in December to 127.2, from 124.5 the previous month. In November in Romania both industrial production (1.8% vs 4.4% in Q3) and exports (2.2% vs 2.8% in 3Q) decelerated, while the ESI slightly deteriorated in December (103.5 from 104.8). Exports contracted further in Albania in November (-9.1% yoy) and went back into negative territory in Bosnia in December (-1.2% yoy). In the latter case the industrial production growth was still positive ([2.7% yoy). although lower than in 3Q (3.7% yoy). In November in Serbia industrial production remained on the double-digit positive trend (partly explained by the base effect due to last year's flood), and exports maintained a very strong dynamic (8.8% yoy).

In December the consumer price change was negative for almost all SEE countries (ranging from -0.6% in Croatia to -0.9% in Romania) and 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 (1.5%) it was still well below the target.

Given the inflation figures, all the central banks of the SEE countries with ISP subsidiaries maintained easy monetary conditions by keeping unchanged the policy rates. In the last few months the exchange rates remained roughly stable in Albania and Croatia and slightly depreciated in Romania and Serbia, reaching 4.5 and 123.2, with respect to the Euro.

Davidia Zucchelli

In terms of **banking aggregates**, in **Romania** the increase in loans carried on in November (1.9% from 0.3% in October) and deposits continued to perform well (+8.1% from +8.2% in October). Loans to corporates were weak (-1.8%), particularly in foreign currency (-10.9%), whereas loans to households went up by 5.8% yoy (-10% in the foreign currency loans).

In **Croatia**, loans continued to fall (-2.4% yoy in November) due to a reduction both in businesses (-4.4%, still burdened by heavy debt) and in households (-1% yoy). The conversion of loans denominated in Swiss francs into Euros is under way. Deposits remained robust (+6.6% yoy in November), particularly in business (23.6%, particularly from the tourist sector); the households sector saw a small increase (2.7%). The LTD ratio dropped to below 100%.

In **Serbia**, loans growth decelerated (3.2% yoy) in November, especially loans to households, which increased by 4.3% yoy Loans to the business sector also showed modest growth in November (+2.4%), with a sharp decline in loans denominated in local currency (-19% yoy), whereas loans in foreign currency increased by 9.5%. Deposits continued to perform well (+5.7% yoy in November) among households (3.2%) and corporates (11.6%), particularly in dinar. In the corporate sector the mismatch between deposits and loans in foreign currency remains relevant (the LTD in foreign currency is almost 400%). Overall, the total LTD ratio is gradually decreasing (to 113%). Foreign liabilities continued to decline (-8.9% yoy in November).

In **Albania**, loans continued to decline (-2.2% yoy) in November due to the fall in corporates (-3.5% yoy), while households experienced an increase (1.8%) despite the slowdown of loans in foreign currency (-4.5%). Deposits continued to grow (+1.6%), driven by deposits to businesses (9%), while deposits to households increased by just 0.5%. Household deposits in local currency decreased slightly in November (1.6% yoy) while deposits in foreign currency increased by 2.7% owing to remittances. On the liability side foreign liabilities continued to decline significantly (-18% yoy in November).

CIS and MENA Areas

Giancarlo Frigoli

In **Russia,** according to preliminary data provided by Rosstat, real GDP fell by 3.7% in the whole of last year, which implied a 3.6% drop in GDP in 4Q15, from -4.1% in 3Q15. Forward-looking indicators and anecdotal evidence point to a persisting weakness of the economy. The PMI indices in December 2015 were both well below the critical level of 50 (48.7 manufacturing and 47.8 services). Revised forecasts by the IMF, based on oil at $42 per barrel in 2016 and $48 in 2017, predict gross domestic product to shrink by 1% this year and to rebound by 1% next year. The fall in inflation in December to 12.9% provided the first sign that the impact of the 2014 rouble crisis has started to unwind. However, the recent new sharp drop of the currency (above 80 RUB: 1 USD) implies new risks for inflation.

Russia threatened to file a court claim against **Ukraine**, which has defaulted on $3Bn in Eurobonds acquired by Russia late in 2013 with the National Welfare Fund vehicle. The loan was supposed to be redeemed by New Year's Eve. Notwithstanding the fact Ukraine declared a moratorium on servicing a sovereign debt, Ukraine's loan deal with the IMF has not been endangered as the lender has changed its rules to allow funding to governments that are in arrears on bilateral debt, providing that the debtor country is ready to open discussions for a mutual settlement with the creditor countries. Ukraine expects to receive the third IMF loan tranche in February, following the passage of the 2016 budget. The recent turmoil on world financial markets has led the authorities to cut their GDP growth forecast for this year to 1%, from 2% previously.

In **Egypt** the PMI index rose to 48.2% in December but it continued to indicate a fall in activity in the non-oil private sector, although at a slower pace than in November, when the PMI had dropped to 45, a two-year low for this index. Inflation ended last year at 11.1%, well above the year’s low of 7.9% seen last August. The stubbornness of inflation led the Egyptian central bank to hike rates by 50bp in December. Egypt has recently signed with Saudi Arabia a deal for a total of $3Bn in loans and grants to fund public works and imports.

Davidia Zucchelli

With regard to **banking aggregates**, in **Russia** loans rose by 11.5% in October. Net of FX depreciation, they decreased by approximately 1.7%. Corporate lending (+17.8% yoy in October), which accounts for about 70% of loans to the private sector, was supported by the restrictions on access to foreign financial markets. Households are more fragile, which led to a decrease in loans by 4.4% yoy. In October, the nominal increase in deposits was 22.1% but, net of the FX effect, this translated into an increase of nearly 4%. Interest rates on new business loans to businesses decreased in September to 14% in the wake of lower benchmark and interbank rates.

In **Ukraine** banking aggregates continued to be strongly affected by the economic recession. Nominal loan growth was 1.7% in November (from 1.6% in October), rising 6.3% for businesses but still negative (-13.8%) for households; net of the exchange rate effect it showed a decline of 33%. Deposits also showed a slight nominal increase (0.35% yoy in November), but fell sharply (approximately 31%) net of the exchange rate, due to plummeting remittances from Russia and a lack of confidence from savers.

In the MENA area, loans continued to rise both in nominal terms in **Egypt** (+16.6% in October from 15.8% in September) and in real terms (with inflation around 10%) thanks to a more stable political context and to positive sentiment towards the country. Foreign liabilities recorded a new jump in October (+88.6% from +81.3% in September, according to IMF data). Deposits maintained their strong pace (+21.6% in October), supported by the lack of alternative investment products.

Country-Specific Analysis

Albania

Real Economy

Kledi Gjordeni

GDP growth in the third quarter of 2015 was reported at 3% with respect to the third quarter of 2014. The main contributors were the construction, professional services and administrative services sectors. In this context, the GDP growth for 2015 is estimated to be 2.7%, broadly in line with the forecasts of both the CB and the IMF. In November 2015, the country's exports decreased by 9.1% yoy. The main negative contributor to the export figures was from the group "Minerals, fuels, electricity". In contrast, a positive contribution was made by the "Textile and footwear" and "Food, beverages, and tobacco" sectors. Imports increased by 1.7% yoy in the same quarter, driven by the sector "Machinery, equipment spare parts". The trade deficit increased by 10.3% compared with November 2014, yet decreased by 2% compared to October 2015. For 2016, economic growth is expected to be above 3%, driven, according to the CB, by the growth of domestic demand and consumption, and of foreign investments. In 2015, we saw increasing flows of foreign investments, and we expect to see the same trend continue in 2016.

In December 2015, the annual rate of inflation was 2.0% with respect to 0.7% a year before. Regarding foreign exchange rates, in the last 3 months we note a slight appreciation of the Lek against the Euro.

Financial Markets

The continuing accommodative monetary policy of the Bank of Albania through its record-low key interest rate of 1.75% has not rendered the expected results. The lowering of the key interest rate has helped expand the country's credit portfolio, but the expectations are more ambitious. The Bank of Albania is analyzing other financial mechanisms or instruments to bolster lending and investment. However, banks have already a liquidity surplus and the challenge is to transfer this liquidity from the financial sector to the broader economy.

Banking Sector

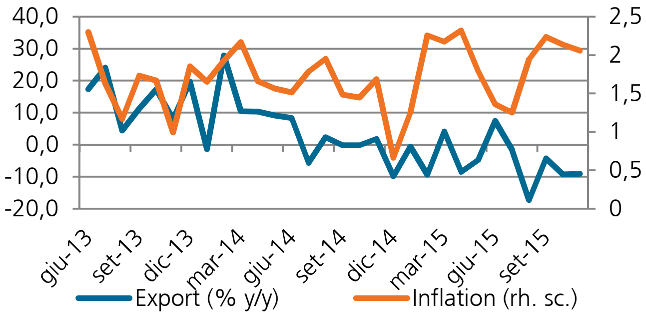
As of November 2015, loans showed a decrease of 2.2% yoy, due to a slowdown in corporate loans (-3.5% yoy), while loans to households continued to show a moderate increase, of 1.8%. Loans denominated in foreign currency went down (-5.5% yoy). Deposits increased by 1.6% yoy in November, particularly in the business sector, +9% yoy, and in the foreign currency component (+4.6%). On the liability side, foreign liabilities continued to decline sharply (-18.4% yoy). Whereas the total Liabilities increased by 3.56%.NPLs remains high, but the level dropped significantly, from 25% to 20% yoy.

Last macroeconomic indicators

%	Last value	3Q 2015	2Q 2015
Industrial production, wda yoy	n.a.	n.a.	n.a.
Exports of goods, nominal yoy	-9.1 (Nov)	-7.9	-2.0
Unemployment rate	n.a.	17.5	17.3
Inflation rate, average yoy	2.0 (Dec)	1.8	1.8
Loans (private sector, yoy, end of period)	-2.2 (Nov)	-1.8	0.8
Deposits (private sector, yoy, end of period)	1.6 (Nov)	1.4	1.7

Source: INSTAT, Central Bank of Albania

Export and inflation



Source: INSTAT

Bosnia and Herzegovina

Real Economy

Ivana Jovic

According to official data, third quarter 2015 GDP grew by 3.1% compared to the same period of 2014, while 0.1% growth was recorded on a quarterly basis. Major growth drivers over the third quarter were agriculture (+4.0 yoy growth), manufacturing (+5.0% yoy growth) and the wholesale and retail trade (+4.4% yoy growth).

The available data for the fourth quarter indicates continued positive developments, although at a somewhat slower pace. Namely, industrial production in the October-November period increased by 3.3% yoy compared to the 3.7% growth in the third quarter. Real retail trade slipped down to 3.4% from 7.9% in the third quarter, amid extremely low 1.9% yoy growth in October. Exports of goods also recorded a slowdown in the fourth quarter, to 1.4% vs 3.9% yoy growth in the previous quarter; amid a 1.2% yoy decline in December. Overall, 2015 goods exports posted a 3.5% annual increase (to KM 8,987 million), while at the same time imports declined by 2.1% (to KM 15,851 million) lowering the country's trade deficit by 8.7% compared to 2014 and improving the coverage ratio to 56.7% in 2015.

Exports to the EU increased by 3.0% yoy, accounting for 71.8% of total BiH exports, among which the major trading partners are Germany, Italy and Croatia. Exports to CEFTA countries, which account for an additional 14.8% of total exports, declined by 1.8% yoy amid declining exports to neighbouring Montenegro and Serbia.

A strong deflation path eased somewhat in December and the CPI index declined by 1.3% yoy, rounding a 2015 annual average inflation rate at -1.0%, for the third consecutive deflation year.

On the political front, BiH Presidency is to submit an application for EU membership on 15 February, in a bid to obtain EU candidate status in early 2017.

Banking Sector

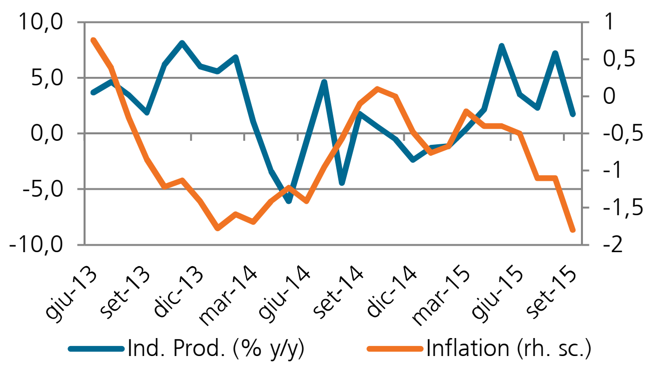
Loans to the private sector in November grew by 2.9% yoy (2.3% vs end-2014) amid usually strong 5.3% growth in household loans but this time also supported by a 0.8% growth in corporates loans, which was the first positive growth recorded over the last 12 months. Growth in household loans was predominantly based on the growth in credit card loans (+2.9% yoy) and non-purpose consumer loans (+6.6% yoy), while housing loans continued to decline (-2.5% yoy). At the same time, private sector deposits continued to grow by a high +7.6% yoy (6.7% vs end-2014), as a result of both household (7.6% yoy) and corporate deposit (7.4% yoy) rise.

Latest macroeconomic indicators

%	Last value	3Q 2015	2Q 2015
Industrial production, wda yoy	2.7 (Nov)	3.7	4.5
Export of goods, nominal yoy	-1.2 (Dec)	4.4	6.4
Retail trade, real, wda yoy	5.2 (Nov)	7.9	11.1
Inflation rate, average yoy	-1.3 (Dec)	-1.3	-0.4
Loans (private sector, yoy, end of period)	2.9 (Nov)	1.2	1.1
Deposits (private sector, yoy, end of period)	7.6 (Nov)	6.8	8.7

Source: BHAS, CBBH

Industrial production and inflation



Source: Labour and employment agency

Croatia

Real Economy

Ivana Jovic

After long-lasting negotiations following the November 2015 elections, on 22 January 2016 the Parliament finally approved the new Government. The new PM, Mr Oreskovic clearly stated five main areas that need to be addressed: public sector efficiency, business competitiveness, investments and EU funds' utilisation, public debt management and education and health care system reforms. The first and most important task of the new Government will be the 2016-budget outline, which, according to the recent announcements, will be nominally lower than in 2015. Over the next few weeks, the MoF is to issue an updated macroeconomic forecast and the budget guidelines indicating the magnitude of fiscal consolidation measures set for the 2016-2018 period.

Real economy developments suggest a continued recovery as depicted by a 13.2% yoy growth in exports (October 2015), 2.7% growth in industrial production, and 3.2% growth in real retail trade (Nov 2015) but also supported by the ESI hike to 127.2 points in December.

Financial Markets

In anticipation of the announced structural repo operations (to start in February with three-to-four years maturity), CNB regulary conducts weekly reverse repo auctions with the 0.5% rate, pursuing an expansionary monetary policy. A high level of liquidity is keeping money market interest rates on a downward trend: 3M rate declined towards 0.8% from 1.2% at end-December. The nominal kuna/euro exchange rate remained stable throughout 4Q2015, and the average fx rate for the year amounted to 7.61 (0.3 less than in 2014). As usual, January brought modest depreciation trends and fx rate slipped towards 7.7 kuna per euro.

Banking Sector

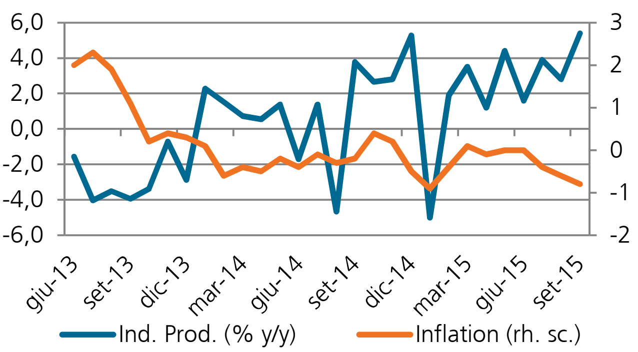
Private sector deposit growth remained elevated in November (+6.6% yoy) amid a surge in corporate deposits (+23.6% amid sale of Rovinj Tobacco Factory and an exceptionally good tourist season) and a 2.7% growth in household deposits. On the other hand, private sector loans declined by 2.4%, reflecting continued deleveraging trends in both corporate (-4.4% yoy) and household loans (-0.9% yoy). However, within household loans a 20% surge in "kuna" housing loans is a result of fx risks avoiding preferences but also a possible early sign of a modest demand recovery. At the moment, the share of "kuna" housing loans in the overall housing loans is 9.1% or 1.5 p.p. more than at end-2014.

Latest economic indicators

%	Last value	3Q 2015	2Q 2015
Industrial production, wda yoy	2.7 (Nov)	4.0	2.4
Export of goods, nominal yoy	13.2 (Oct)	8.8	15.2
Retail trade, real, wda yoy	3.2 (Nov)	2.2	2.5
Economic Sentiment Indic. (index)	127.2 (Dec)	119.6	121.8
Inflation rate, average yoy	-0.6 (Dec)	-0.6	0.0
Loans (priv. sector, yoy, end of period)	-2.4 (Nov)	-1.5	-0.6
Deposits (priv. sector, yoy, end of period)	6.6 (Nov)	4.9	3.2

Source: CBS, EC, CNB

Industrial production and inflation



Source: EC

Egypt

Real Economy

Emil Eskander

GDP accelerated during FY 2014/15 reaching growth of about 4.2%, compared to 2.2% over the previous fiscal year, supported by the year-on-year improvement in the performance of key sectors including construction, wholesale and retail trade, and non-oil manufacturing. The economic activity is expected to be negatively affected in the short term by the imbalances that have emerged in the Egyptian economy, such as foreign currency shortage, declines in exports, high inflation and unemployment rates and security risks. However, Egypt's GDP is expected to maintain a positive growth level in FY 2015/16 of 3.5%, supported by achieving more stability after electing a new Parliament, pledged aid from Saudi Arabia, and the continuity of launching projects particularly infrastructure ones. The manufacturing sector rose by 5% due to the improvement in energy supplies provided to plants and to local demand picking up.

Financial Markets

Average annual inflation accelerated during 2015 to record a figure of 10.4%, compared to 10.1% the previous year. This is mainly attributed to the devaluation of the Egyptian Pound against the US Dollar and supply bottlenecks. The inflation rate is expected to be high in 2016, but remaining in the upper single-digit range with a gradual devaluation of the Egyptian Pound against the US Dollar - (6-10%) is expected. The upside risks to the inflation outlook from domestic supply shocks are expected to be mitigated by contained imported inflation.

The Central Bank of Egypt (CBE) has kept the Egyptian Pound’s exchange rate against the US Dollar stable since November 2015 when the Egyptian Pound appreciated by 20 Piasters to EGP 7.73 during its FX auction in order to contain the current inflationary pressures. Moreover, the Monetary Policy Committee (MPC) decided to raise the overnight deposit rate, overnight lending rate, and the rate of the CBE's main operation by 50 bps to 9.25%, 10.25%, and 9.75%, respectively, in December 2015 for the same reason.

Banking Sector

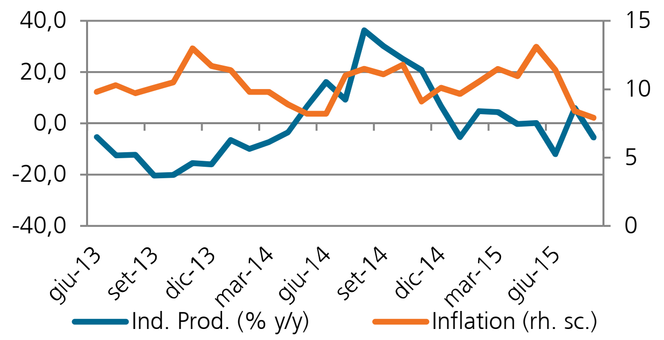
Total deposits of the private sector were EGP 1.51Tn at the end of October 2015, up 17.3% from the December 2014 figure (+21.6% yoy). Total loans to the private sector also increased in the same period, to EGP 589.9Bn by the end of October 2015, up 15.9% from December 2014 (+16.6% yoy). It is important to note that the CBE has issued a number of new regulations to encourage banks to finance Small and Medium Enterprises (SMEs), with the aim of SMEs accounting for not less than 20% of banks’ total loan portfolios within the next four years. Moreover, it has obligated banks to limit the aggregate monthly instalments of any retail client to 35% (up to 40% in the event of the customer holding a mortgage) of his/her total net monthly income compared to the current ratio of 50-60% at some banks.

Latest Economic Indicators

%	Last value	3Q 2015	2Q 2015
Industrial Production, wda yoy	-5.5 (Aug)	0.2	-4.6
Nom. Exports yoy	-2.9 (Oct)	-18.7	-21.5
Retail Sales yoy	n.a.	n.a.	n.a.
Inflation rate yoy	11.1 (Dec)	8.5	11.8
CB Reference Rate	9.2 (21th Jan)	8.8	8.8
Loans (priv. sector, yoy, end of period)	16.6 (Oct)	15.8	17.1
Deposits (priv. sector, yoy, end of period)	21.6 (Oct)	21.7	17.7

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

Industrial production and inflation



Source: Ministry of Planning, CAPMAS

Hungary

Real Economy

Sandor Jobbagy

The recently-released high frequency indicators have not altered the main economic picture: although the economy has lost some momentum recently, the growth picture remains benign. For 2015 our average GDP growth rate projection remains 2.8%. Industrial output gained momentum in October and November with higher y/y growth rates partly due to the base effect, partly supported by strong export performance. The car industry has remained the main driver of manufacturing growth, with no visible impacts from the VW scandal. The cumulative (Jan-Nov.) trade surplus rose close to EUR 7.5Bn (up 24% versus the same period of 2014). The FY 2015 trade surplus looks set to approach EUR 8Bn.

Inflation is showing only a moderate rise, well below the central bank's target. Headline inflation switched to rising mode in Q3, moving up from negative territory in September (-0.4% yoy), reaching 0.5% in November and 0.9% in December. The annual average CPI was still in negative territory (-0.1%) as it was weighed by falling commodity prices and partly also by food prices. CPI is expected to inch higher in the coming months, but no strong trend above 1% is likely. Average inflation in 2016 looks likely to arrive in the 1-1.5% range, according to our forecast.

Financial Markets

NBH left the policy rate on hold in December, and maintained a stance that suggests that rates might remain at the current level throughout the forecast horizon, while monetary easing is executed through quantitative measures (ie. Self Financing Program). The HUF remained fairly stable, mostly resilient to external (EM) shocks with only moderate depreciation versus the euro (EUR/HUF at 312-318). Bond yields remained supported by the NBH's self-financing program.

Banking Sector

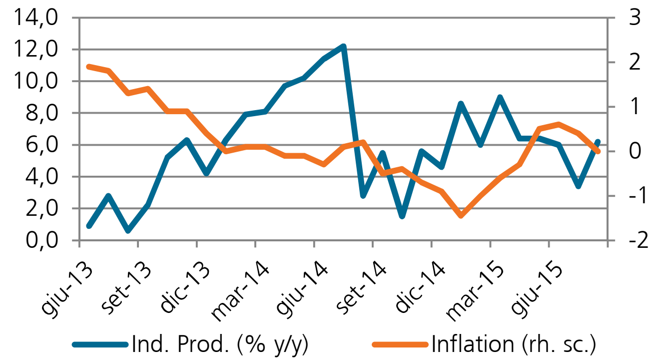
Real economic developments lent some support to the demand side of the loan market, while credit supply remained supported by the central bank's lending programs. With slower GDP growth the impact on the demand side of the corporate credit market may remain moderate. Customer deposits started to increase after a long period of decline. Corporate, retail clients and investment funds all contributed to the growing volume of deposits.

Latest Economic Indicators

%	Last value	3Q 2015	2Q 2015
Ind. Production yoy	7.0 (Nov)	5.8	6.3
Nom. Exports yoy	6.5 (Nov)	6.2	8.0
Economic Sentiment Indicator	114.5 (Dec)	117.5	113.9
Retail Sales yoy	4.4 (Nov)	5.5	5.5
Inflation Rate yoy	0.9 (Dec)	0.0	0.3
CB Reference Rate	1.4 (21st Jan)	1.4	1.5
Loans (priv. sector, yoy, eop	-7.7 (Oct)	-9.3	-8.3
Deposits (priv. sector, yoy, eop)	5.3 (Oct)	3.9	4.8

Source: CSO, NBH, Bloomberg

Industrial production and inflation



Source: CSO

Romania

Real Economy

Sebastian Maneran

The economy grew by 1.4% qoq in Q3 2015, after being flat in Q2 2015. On a yearly basis, Q3 2015 GDP growth was 3.6%, up from 3.4% in Q2 2015. The GDP dynamic was mainly driven by strong domestic demand, which was up 6.4% yoy – the strongest since 2008. Investments had a positive effect as well. Industry continued to slow (for the second consecutive month) in November 2015, by 0.2% qoq, yet it remained positive on an yearly basis at 1.82% yoy.

December headline inflation was still negative, at -0.93% yoy (mainly due to the base effects of the cut in VAT from 24% to 9% for food items), but on a monthly basis, inflation stood at +0.11% mom, for the fourth consecutive month.

Financial Markets

On 7 January, NBR left the policy rate unchanged at 1.75%, citing concerns over inflation dynamic once the base effects wear off (starting June 2016). Minimum required reserves for FX liabilities were cut from 14% to 12%, thus releasing some EUR 500 million in the market.

Low EURRON FX volatility and low currency beta were cited as visible effects of the macro improvements in the economy, notwithstanding significant swings in core markets' sentiment and increased geo-political tensions. Romania's story for financial markets in 2016 is growth prospects close to 4%, with a low debt to GDP ratio below 40%, and a budget deficit under 3%.

Banking Sector

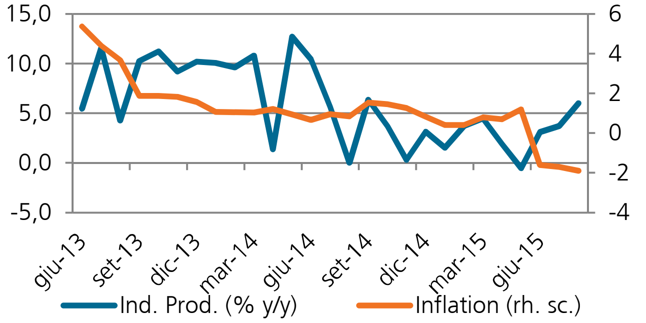
NPL sales, a return to profit in 2015 of the system overall, and the controversial and delayed "datio in solutum" law were key themes of late, as the system continues to consolidate (through M&A, stakeholders buyouts, and foreign investment funds negotiate for equity stock in local banks). Meanwhile, RON private credit continues its robust growth (+18.7% yoy in November 2015) and FX credit continues to contract (-10.6% yoy in Nov 2015) – mainly on the back of banks shedding non-performing loans from their balance sheets. Overall deposits growth was a healthy 7.3% yoy in November 2015, with no significant difference between RON or FX, corporates or households.

Latest Economic Indicators

%	Last value	3Q 2015	2Q 2015
Ind. Production yoy	1.8 (Nov)	4.4	1.5
Nom. Exports yoy	2.2 (Nov)	2.8	7.2
Economic Sentiment Indicator (index)	103.5 (Dec)	104.5	103.8
Retail Sales yoy	11.1 (Oct)	10.6	6.2
Inflation Rate yoy	-0.9 (Dec)	-1.8	0.1
CB Reference Rate	1.8 (21th Jan)	1.8	1.8
Loans (priv. sector, yoy, end of period)	1.9 (Nov)	0.4	-0.5
Deposits (priv. sector, yoy, end of period)	8.1 (Nov)	8.6	9.0

Source: National Statistical Institute, NBR

Industrial production and inflation



Source: NBR

Russia

Real Economy

Anna Mokina

In 3Q 2015 GDP fell by 4.1% (yoy), up slightly on the -4.6% reported in 2Q 2015. According to preliminary estimates, GDP decreased by 3.7% in 2015. The revised forecast of the Ministry of economic development of Russia in 2016 assumes GDP falls by 0.8% with an average annual oil price at $40/bbl. Oil companies conduct stress-tests with the oil prices at $45, $35 and $25 per barrel. Preliminary results of the tests on the whole are not yet worrisome for the producers, but may weigh on the budget of the country. The ministries' elaborate proposals target a budget expenses reduction by 10%.

Inflation in January-December 2015 to January-December 2014 amounted to 15.5%. In 2016 it is expected at around 8.5%. Industrial production in November 2015 fell by 3.5%, while the annual rate was -3.4%.

Financial Markets

The Central Bank's policy rate is currently at the level of 11%, and will probably remain at the same level after the next CBR Board of directors meeting in late January. Further monetary policy of the Central Bank will depend on inflationary risks and stability of economic growth. Previous forecasts on rate reduction within 2016 may be revised in accordance with the economic development. High volatility and dependence of the Ruble on the oil prices looks set to persist in 1H 2016. In 2H 2016 we expect a certain stabilisation of the ruble. Relatively strong balance of payments may somehow support ruble as the rates of import contraction are quicker than the export rates.

Banking Sector

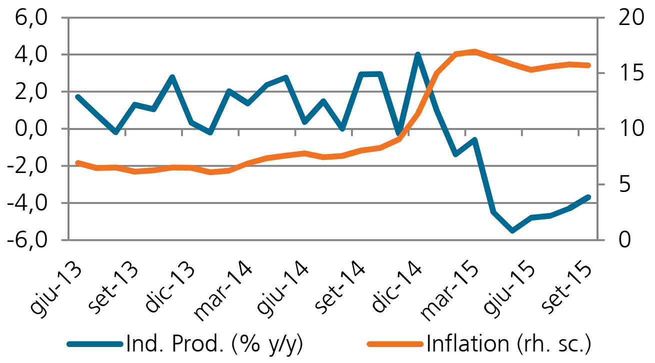
In January-October the main balance indicators of the banking sector grew (in nominal and fx unadjusted terms): assets by +0.6%, total volume of loans by +3.6%, loans to non-financial organisations by 7.1%. In contrast, loans to households decreased by 5.4%. Interbank lending increased by 1.2% to the resident banks, and decreased by 4.4% to the non-resident banks. Total loans to the private sector in October increased by 11.5% (yoy), total deposits from the private sector increased by 22.0%. The banking sector in general sees some lack of liquidity and capital, which may lead to the risk of further revocation of licences by the Central Bank.

Latest Economic Indicators

%	Last value	3Q 2015	2Q 2015
Ind. Production yoy	-3.5 (Nov)	-4.2	-4.9
Nom. Exports yoy	-30.5 (Nov)	-36.7	-29.8
Retail Sales yoy	-13.1 (Nov)	-9.5	-9.2
Inflation Rate yoy	12.9 (Dec)	15.7	15.8
CB Reference Rate	11.0 (31th Dec)	11.0	11.5
Loans (priv.sector, yoy, end of per.)	11.5 (Oct)	15.2	15.1
Deposits (priv.sector,yoy, end of per.)	22.0 (Oct)	28.5	23.7

Source: State Statistics Federal Service, Central Bank of Russia

Industrial production and inflation



Source: State Statistics Federal Service

Serbia

Real Economy

Marija Savic

The Serbian economy recouped its previous losses rapidly in 2015 on the back of recovery in both the energy and mining sectors, robust growth in fixed investment and smaller-than-expected fall in private consumption. According to the Statistical Office estimate, real GDP grew by 0.8%. In November 2015, industrial production expanded at a double-digit rate, the sixth time during year, while an overall increase in 2015 is projected to be at around 8% and is mainly contributed to by electricity, gas, steam and air conditioning supply.

Year-on-year inflation was recorded at 1.5% in December 2015, while average annual inflation amounted to 1.9%. CPI remained below the lower bound of the target (4% ±1.5%) throughout the year, mainly as a result of low oil prices, low inflation in the international environment, restrictive fiscal policy in the country and muted aggregate demand. Return within the target tolerance band is expected in the second half of 2016 on account of stronger demand and administrative price and excise increases.

Financial Markets

The dinar weakened against the euro in last few months of 2015 due to the FED's decision to raise its benchmark interest rate, turbulence in global financial markets as well as domestic factors such as seasonally higher foreign exchange demand of local energy importers and recognition of allowances for impairment of bank receivables supported by special diagnostic studies carried out by central bank. To date in 2016, the NBS has sold a total of EUR 120M on the FX market to bolster the dinar. After lowering the key policy rate by 3.5pp in 2015 to a record low of 4.5%, the central bank decided to keep it unchanged in January 2016, for the third consecutive month. Monetary policy easing was put on hold due to uncertainties arising with the dynamics of the FED's policy rate hikes in 2016 and its impact on commodity and financial markets and capital flows towards emerging economies (including Serbia).

Banking Sector

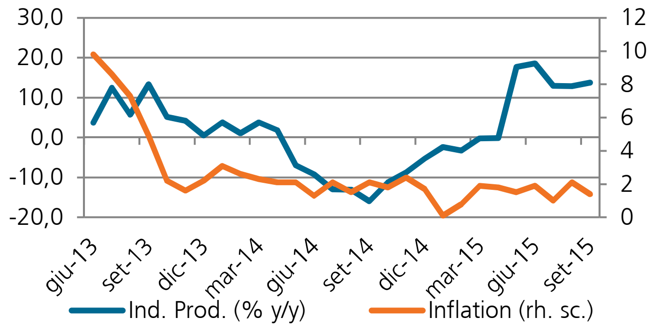
NBS monetary policy relaxation created conditions for interest rates on newly-approved dinar loans to go down reaching their historical lows in November (6.7% for the corporate and 12.5% for the household sector). Interest rates on EUR-indexed loans also continued to fall, supported by ECB relaxation as well as fall in savings interest rates. Despite the maturing of subsidised loans, credit activity remains positive. Further recovery is expected in 2016, mainly as a result of past monetary policy easing through key policy changes and lower reserve requirements ratios as well as faster economic growth.

Latest Economic Indicators

%	Last value	3Q 2015	2Q 2015
Ind. Production yoy	11.7 (Nov)	13.2	12.1
Nom. Exports yoy*	8.8 (Nov)	9.0	10.8
Retail Sales yoy	2.3 (Nov)	2.2	0.9
Inflation Rate yoy	1.5 (Dec)	1.5	1.7
CB Reference Rate, eop	4.5 (21th Jan)	5.0	6.0
Loans (priv.sector,yoy,end of per.)	3.2 (Nov)	3.1	5.4
Deposits (priv.sector,yoy,eop)	5.7 (Nov)	4.1	8.4

Source: Statistical Office, National Bank of Serbia

Industrial production and inflation



Source: Statistical Office, National Bank of Serbia

Slovakia

Real Economy

Zdenko Štefanides

Slovakia continues to perform well in terms of growth. In the latest available monthly activity data, mapping November 2015, industrial output posted a year-on-year gain of 11.9%, double the growth year-to-date. Growth continued to be driven by car manufacturing, up 27.5% yoy in November. And judging by new orders, up 10.9% yoy in November, near-term prospects for growth in industry remain sound. Construction, however, posted payback for the extraordinary, over-25% yoy growth in the previous two months, but still expanded significantly, by 15.2% from November a year earlier.

Fast growth continued to pull down the unemployment rate. In December, the registered claimant measure of jobless rate fell 14bps over the month to 10.67%, the lowest rate since 2009. The cumulative seasonally-adjusted 4Q decline in unemployment was even steeper than already sizable drop in 3Q. This latest extraordinary sharp decline though owed largely to finishing EU infrastructure construction projects and mild weather. Some payback thus seems likely going forward.

The key change in Slovak macro picture appears to be inflation development, which continued to surprise on the downside. At -0.5% yoy in December, inflation finished the year one percentage point lower than envisaged half a year ago. Moreover, due to the latest oil price and cuts in administered energy prices and VAT on basic foodstuff (from 20% to 10%), inflation looks set to remain negative until mid-2016.

Financial Markets

Amidst the turmoil on the equity and emerging markets at the start of the year, the Slovak bond market remained remarkably stable. Nonetheless, the spread against German bunds widened, as Germany and other core Eurozone countries benefitted from flight to quality.

Banking Sector

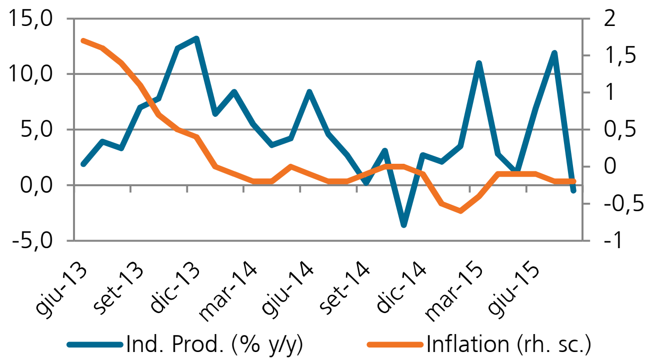
On the banking market, volumes continued to grow at a brisk pace. Loans geared up to 9% yoy growth in November, the fastest pace in four years. Deposit volumes also remained fast-growing, up 8.6% yoy. Lending growth continued to be driven by retail, which maintained its 12.6% trend growth. The loan growth to non-financial corporates gradually accelerated to 6.2% yoy growth in November, from 4.7% in October.

Latest Economic Indicators

%	Last value	3Q 2015	2Q 2015
Ind. Production, wda yoy	11.9 (Nov)	6.2	3.6
Nom. Exports, yoy	8.7 (Nov)	5.7	3.8
Economic sentiment (index)	99.0 (Dec)	99.0	101.2
Retail sales, yoy	3.2 (Nov)	2.3	1.3
Inflation rate*, yoy	-0.5 (Dec)	-0.3	-0.1
ECB refi rate	0.05 (19th Jan)	0.05	0.05
Loans (priv.sector,yoy,eop)	9.0 (Nov)	7.9	7.8
Deposits (priv.sector,yoy, eop)	9.0 (Nov)	8.6	7.3

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

Industrial production and inflation



Source: Statistical Office of Slovak Republic

Slovenia

Real Economy

Nastja Benčič

On the basis of the latest available monthly figures, economic growth in Slovenia slowed slightly more towards the end of the year, but remained relatively stable. At the end of 2015, Slovenia recorded deflation of -0.6%. This was the result of factors both from the international and domestic environment. With further oil price declines on global markets, the negative contribution of low energy prices was even more pronounced than in the preceding year. Prices of durable goods also remained lower, while growth of domestic demand remained week.

The number of people registered as unemployed at the end of December totalled 113,076, some 5.3% lower compared to the last year, but uncertain forms of employment remained prevalent. The general government deficit totalled EUR 785M in the first 10 months of 2015, which is substantially lower than the same period of 2014. This is partially the result of improvements in economic activity and labour market conditions, and partially a result of government measures for increasing revenue and lowering expenditure.

Financial Markets

In the last month, short-term interest rates continued their slight downward trend, in line with the ECB’s monetary easing mode. The three-month EURIBOR rate remains in negative territory already from April 2015 onwards and in the last three months it decreased by almost 10 bps, currently moving around -0.15%. On the other side, movements of Slovenian government bond yields have remained limited so far, with no significant changes. The 10-year government bond yield is currently around 1.70%, but it is still continuing to gradually decline. On 18 December 2015, Standard & Poor's Ratings Agency affirmed its 'A-/A-2' long- and short-term sovereign credit ratings on the Republic of Slovenia. The outlook according to S&P remains positive.

Banking Sector

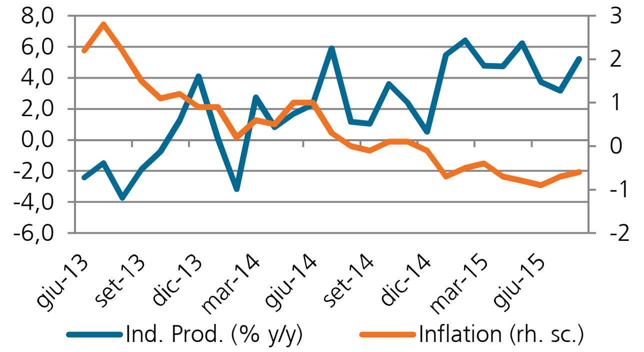
Lending continued to decline in November as a consequence of strong corporate deleveraging. On the other hand, household loans expanded owing to a larger volume of mortgage loans and a smaller decline in consumer loans and loans for other purposes. The quality of credit portfolio increased slightly in October, with non-performing claims accounting for 10.8% of the banking system’s total exposure. Total deposits from the private sector were higher by 3.9% compared to December 2014. The loan-to-deposit ratio further decreased, reaching 91%. Both lending and deposit interest rates continue to fall, lending rates falling even faster in 2015 than the previous year.

Latest Economic Indicators

%	Last value	3Q 2015	2Q 2015
Ind. Production, wda yoy	4.1 (Nov)	4.7	4.9
Nom. Exports yoy	0.5 (Oct)	3.2	6.3
Economic Sentiment (Index)	109.9 (Dec)	110.2	109.1
Consumer Confidence Indicator	-10.0 (Dec)	-8.3	-10.0
Inflation Rate yoy	-0.6 (Dec)	-0.8	-0.8
ECB refi rate	0.05 (19th Jan)	0.05	0.05
Loans (priv.sector,yoy,end of per.)	-8.1 (Nov)	-11.6	-11.1
Deposits (priv.sector,yoy,eop)	4.6 (Nov)	3.9	4.5

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

Industrial production and inflation



Source: Statistical Office of the Republic of Slovenia

Ukraine

Real Economy

Giancarlo Frigoli

Industrial production indices for January-December 2015 were recorded at 86.6% versus the same period of 2014. Indices of agricultural production volume in 2015 compared with 2014 was 95.2%. These data are compatible with a 10% drop in GDP last year.

Inflationary pressures were strong last year. Headline inflation rose to 43.3% in December 2015, from 24.9% in December 2014. Underlying inflation, obtained by scrapping out changes in prices due to administrative (tariffs), event base and seasonal (food) factors, also rose significantly, ending last year at 34.7% from 22.8% in 2014. Ukrainian authorities project that inflation will be 12% by end-2016, following the phasing out of the effects of the currency devaluation and tariff increases.

Financial Markets

The exchange rate of Ukraine's hryvnia weakened to a 10-month low of 24.93 to the dollar in the second half of January. The central bank has carried out four auctions to support the hryniva so far in 2016. The 2016 Budget was based on an average rate of UAH 24.1 : 1 USD. There are clearly many factors that are beyond the monetary policy control and that could affect the hryvnia exchange rate. Among these risks the Central bank outlines the worsening of the situation on the global markets and the continuation of the fall in steel and grain prices. The NBU head also pointed at the cycle of increasing rates by the Federal Reserve, which creates pressure on currencies of developing countries and difficulties with borrowing. These risks could be balanced by positive factors, in particular, the fall in the prices of oil and other energy, and inflow of investment due to the resumption of economic growth in Ukraine

Banking Sector

Davidia Zucchelli

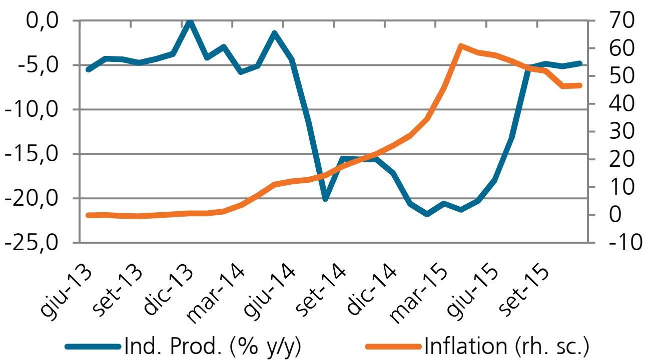
In Ukraine banking, aggregates continued to be strongly affected by the economic recession. Nominal loan growth was 1.7% in November (from 1.6% in October) with +6.3% for businesses and still negative (-13.8%) for households; net of the exchange rate effect, it shows a decline of 33%. Deposits also showed a slight nominal increase (0.35% yoy in November), but fell sharply (by approximately -31%) net of the exchange rate, due to plummeting remittances from Russia and a lack of confidence by savers. According to the central bank’s report on banks' prudential ratios, Ukrainian banks' regulatory capital increased by UAH 30.5Bn to UAH 129.8Bn in December 2015. The regulatory capital adequacy ratio rose from 8.92% to 12.31%.

Latest Economic Indicators

	Last value	3Q 2015	2Q 2015
Ind. Production yoy	-4.8 (Nov)	-7.8	-19.9
Nom. Exports yoy	-31.1 (Nov)	-34.1	-35.4
PMI Manufacturing	n.a.	n.a.	n.a.
Retail Sales	-12.9 (Dec)	-19.1	-26.5
Inflation Rate yoy	43.3 (Dec)	53.3	58.9
CB Reference Rate	22.0 (31th Dec)	22.0	30.0
Loans (Priv. Sector, yoy,)	1.7 (Nov)	-1.9	5.9
Deposits (Priv. Sector, yoy)	0.4 (Nov)	-1.3	1.4

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

Industrial production and inflation



Source: State Statistics Service of Ukraine

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

Economy

	GDP chg yoy			Ind. Prod*. ch.yoy			Export nom. ch yoy			Inflation chg yoy				FX reserves chg**			CA bal ance***	
	3Q15	2Q15	2014	Last	mth	3Q15	Last	mth	3Q15	Last	mth	3Q15	2014	3Q15	2Q15	2014	3Q15	2Q15
CEE																		
Slovakia	3.7	3.4	2.4	11.9	Nov	6.2	8.7	Nov	5.7	-0.5	Dec	-0.3	-0.1	n.s.	n.s.	n.s.	-786	-333
Slovenia	2.5	2.7	3.0	4.1	Nov	4.7	0.5	Oct	3.2	-0.6	Dec	-0.8	0.4	n.s.	n.s.	n.s.	959	826
Hungary	2.4	2.7	3.7	7.0	Nov	5.8	6.5	Nov	6.2	0.9	Dec	0.0	-0.2	-2524	-1635	742	1725	1036
SEE																		
Albania	3.0	3.0	2.0	n.a.	n.a.	n.a.	-9.1	Nov	-7.9	2.0	Dec	1.8	1.6	312	16	97	-326	-181
Bosnia H.	3.1	4.3	1.0	2.7	Nov	3.7	-1.2	Dec	4.4	-1.3	Dec	-1.3	-0.9	186	59	387	-224	-262
Croatia	2.8	1.2	-0.4	2.7	Nov	4.0	13.2	Oct	8.8	-0.6	Dec	-0.6	-0.2	-297	-424	-220	3891	19
Romania	3.6	3.4	2.8	1.8	Nov	4.4	2.2	Nov	2.8	-0.9	Dec	-1.8	1.1	-990	883	-5627	-476	-809
Serbia	2.2	0.9	-1.8	11.7	Nov	13.2	8.8	Nov	9.0	1.3	Nov	1.5	2.1	18	-192	-460	-343	-287
CIS MENA																		
Russia	-4.1	-4.6	0.6	-3.5	Nov	-4.2	-30.5	Nov	-36.7	12.9	Dec	15.7	7.8	9021	4063	-128720	5400	15818
Ukraine	-7.2	-14.6	-6.8	-4.8	Nov	-7.8	-31.1	Nov	-34.1	43.3	Dec	53.3	12.1	2426	298	-12141	77	210
Egypt	n.a.	4.5	2.2	-5.5	Aug	0.2	-2.9	Oct	-18.7	11.1	Dec	8.5	10.1	-3747	4789	-1699	-3980	-3800
m.i. E. A.	1.6	1.2	0.9	1.1	Nov	1.8	6.1	Nov	4.4	0.2	Dec	0.1	0.4					

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
	19/01	chg bp 3M	19/01	chg bp 3M	19/01	3M chg%	1Y chg%	3M chg%	1Y chg%	19/01	19/10	S&P
CEE						Vs Euro						
Slovakia	-0.1	-0.1	0.9	0.0	Euro	Euro	Euro	7.0	34.9	44.5	43.7	A+
Slovenia	-0.1	-0.1	1.7	-0.1	Euro	Euro	Euro	-1.3	-13.4	102.5	102.2	A-
Hungary	1.4	0.0	3.5	0.2	315.0	1.9	-1.0	6.2	46.9	152.2	150.8	BB+
SEE												
Albania	2.6	-0.1	n.a.	n.a.	139.1	-0.4	-0.8	n.a.	n.a.	n.a.	n.a.	B
Bosnia H.	n.a.	n.a.	n.a.	n.a.	1.96	Board	Board	n.a.	n.a.	n.a.	n.a.	B
Croatia	0.8	-0.7	3.9	-0.4	7.7	0.5	-0.3	-5.7	-11.0	292.7	295.0	BB
Romania	0.7	-0.4	3.6	0.1	4.5	2.5	0.6	-12.9	-11.4	119.4	116.0	BBB-
Serbia	4.5	0.0	n.a.	n.a.	122.9	-2.5	-0.4	-7.0	-21.5	276.8	272.7	BB-
CIS MENA						Vs USD						
Russia	11.9	0.1	10.6	0.5	78.7	28.2	20.7	-10.8	-3.5	343.2	268.4	BB+
Ukraine	24.0	-1.7	9.7	-0.2	24.7	14.4	55.8	-19.0	-30.5	13957.0	13957.0	B-
Egypt	11.6	0.4	15.8	0.8	7.8	-2.5	8.0	-22.2	-33.1	468.5	344.5	B-
m.i.A.E.	-0.1	-0.1	0.5	-0.1	1.1	-3.6	-6.3	-9.6	-8.7	8.6	7.2	

Source: Datastream, Reuters, and Bloomberg;* The data for Albania refers to November **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 Chg yoy %			NPL/Loans %			Foreign Liab. Chg yoy %			Deposits Chg yoy %			Loans rate[1]-NewB*. %				DepositsRate[1]-NewB*. %				Loans/Dep %		
	Last	Mth	2014	Last	mth	2014	Last	mth	2014	Last	Mth	2014	Last	mth	2014	S*	Last	mth	2014	S*	Last	mth	2014
CEE																							
Slovakia	9.0	Nov	6.4	5.3	Nov	5.8	22.7	Nov	42.5	9.0	Nov	3.8	2.94	Nov	3.25	C[2]	0.79	Nov	0.96	H[2]	92.5	Nov	90.9
Slovenia	-8.1	Nov	-13.4	10.8	Oct	11.9	-17.7	Nov	-10.9	4.6	Nov	6.6	3.67	Nov	4.99	C[2]	0.28	Nov	0.66	H[2]	91.4	Nov	99.5
Hungary	-7.7	Oct	-0.3	17.4	Dec	17.4	-0.3	Oct	-1.3	5.3	Oct	1.3	4.29	Oct	4.97	C	1.04	Oct	1.64	A	100.7	Oct	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.	2.9	Nov	1.9	13.8	Sep	14.2	-7.5	Nov	-9.1	7.6	Nov	6.4	4.62	Nov	5.8	C	0.94	Nov	1.26	H	118.8	Nov	124.0
Croatia	-2.4	Nov	-2.0	17.0	Sep	17.1	-11.7	Nov	-10.6	6.6	Nov	2.3	5.22	Nov	5.48	C	2.18	Nov	2.43	H	87.7	Nov	94.9
Romania	1.9	Nov	-3.7	12.3	Sep	13.9	-11.5	Nov	-14.2	8.1	Nov	8.9	4.37	Nov	5.87	C	1.59	Nov	2.79	H	96.1	Nov	95.0
Serbia	3.2	Nov	4.5	22.3	Nov	21.5	-8.9	Nov	-16.5	5.7	Nov	9.7	6.69	Nov	10.89	C	4.8	Nov	6.51	H	113.0	Nov	115.8
CIS MENA																							
Russia	11.5	Oct	25.4	8.3	Oct	6.7	22.7	Sep	38.4	22.0	Oct	27.9	13.58	Oct	18.31	C	6.92	Oct	12.29	H	110.8	Oct	118.6
Ukraine	1.7	Nov	10.9	25.6	Sep	19.0	19.3	Oct	31.3	0.4	Nov	-1.8	26.58	Nov	19.08	R[3]	19.98	Nov	19.75	R[3]	157.9	Nov	154.3
Egypt	16.6	Oct	12.7	7.2	Sep	8.6	88.6	Oct	21.0	21.6	Oct	16.6	11.6	Sep	11.8	C	6.8	Sep	7.2	H	39.1	Oct	40.4
m.i. E. A.	0.8	Nov	-1.6	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	4.0	Nov	2.4	1.4	Nov	1.8	C	0.6	Nov	1.0	H	83.6	Nov	85.1

Source: Central Banks, IMF, Moody's ;[1]monthly average; [2]lending rate on current account overdraft; on deposits up to 1 year; [3]does not include banks
*Sector A=All, C=Corporates, H=Household, PS=Private Sector, R=Residents.

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