Monthly Note
Countries with ISP Subsidiaries

April 2016

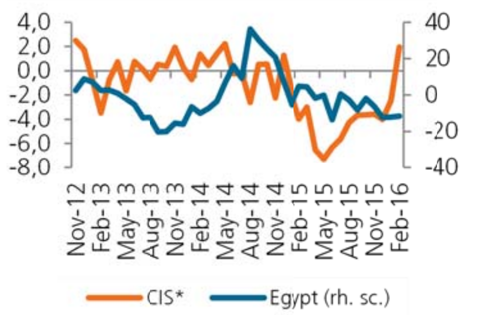
Monthly note

Intesa Sanpaolo
International Research Network

Business cycle indicators in CEE/SEE areas generally show signs of slight economic deceleration along a trend that remains of gradual recovery. Inflation on negative rates in most countries.

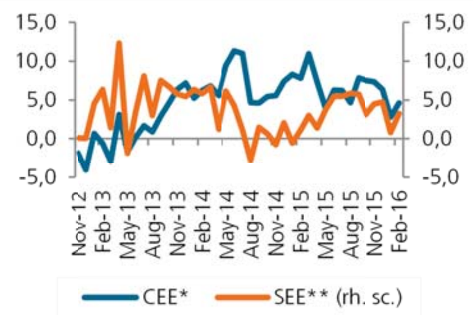
- The latest business cycle indicators generally confirm a stabilisation of the economic growth in the CEE/SEE area in the first quarter of 2016, with some differences among countries. In the CEE countries, industrial production accelerated in February in Slovakia and Slovenia, while its growth trend was below the 4Q2016 average in Hungary. In the SEE countries, in February industrial production maintained a strong pace in Croatia and Serbia, but contracted in Romania for the second consecutive month, although at a slower pace than in January. Exports were on positive trend in the remaining CEE/SEE countries, with the only exception being Albania.
- Confidence indicators receded slightly in March, although they stayed close to the historical high, thus confirming expectations of a slight deceleration of the activity in the region — along a trend that remains of gradual recovery. Business cycle indicators still anticipate a negative GDP growth rate in 1Q 2016 in Russia, but the service sector seems to be returned to a growth path. In Egypt, business activity in the non-oil private sector contracted for the sixth consecutive month in March.
- Deflation worsened in almost all CEE/SEE countries, with the only exceptions being Albania (0.3%) and Serbia (0.6%) where the inflation rates were still positive but well below the CB ranges. In CIS countries, inflation fell more than expected in the first quarter, but Central banks have remained cautious on rates, awaiting the unwind of one-off factors.
- The ECB Monetary policy is expected to remain expansionary for an extended period of time. In addition to the occurrence of negative or very low inflation rates domestically, this stance supports extended accommodative policies also in CEE/SEE countries. In this context, the central banks of the CEE/SEE countries are maintaining easy monetary conditions by keeping policy rates at the current low level or at least leaving the door open to further cuts. In parallel, long-term rates and CDS spreads have also slightly decreased in the last months.
- Banking aggregates indicate that loan performance improved slightly in some countries in January (particularly in Slovakia), but continued to decline in Slovenia, Hungary, Croatia and Albania. In Russia, loan performance increased by 1% (exchange-rate adjusted), whilst in the Ukraine, loan performance remained negative. On the funding side, the persistent drop in foreign liabilities, stronger in Croatia 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, the increase of corporates' deposits was partly due to lack of investments. The decrease of banking interest rates is continuing (with the exception of lending interest rates in Slovakia 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

See the final page for important information.

Contents

ALBANIA
INTESA SANPAOLO BANK Albania

ROMANIA
INTESA SANPAOLO BANK Romania

CROAZIA
PRIVREDNA BANKA ZAGREB

SLOVENIA
BANKA KOPER

BOSNIA-ERZEGOVINA
INTESA SANPAOLO BANKA Bosna i Hercegovina

SERBIA
BANCA INTESA Beograd

RUSSIA
BANCA INTESA

UCRAINA
PRAVEX-BANK

UNGHERIA
CIB BANK

EGITTO
ALEXBANK | بنك الإسكندرية

SLOVACCHIA E REPUBBLICA CECA
VÚB BANKA

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 20th April 2016.

Cross Country Analysis

CEE Area

Antonio Pesce

In the CEE Area, the most recent data signals a stabilisation of economic growth in the first months of 2016, although at a slower pace than in 4Q2015 in Hungary. After the significant performance in 4Q 2015 (5.1% yoy), industrial production in Slovakia accelerated to 7.4% yoy in February (calendar-adjusted data), largely due to the manufacturing sector (+7.8% yoy) and to the electrical equipment sector (+8.1%), which compensated for the contraction in the mining and quarrying segment (-5.9%). In March, the ESI increased at its highest value in the last year to 103.4. In January in Slovenia, the industrial production dynamic was stronger than in 4Q 2015 (+6.5% yoy vs 3.5% yoy) and the export profile (in nominal terms) accelerated in Februarry (4.7% yoy vs 1.4% in January). In March the ESI remained close to the hystorical high at 104.7.

In Hungary in January and February the trend of industrial production was still positive (2.1% yoy and 1.8% yoy, respectively), but well below the 4Q2015 growth rate (8.9%). Overall, the [macro]economic conditions in the country remain in good shape as export (in nominal terms and local currency) accelerated at 8.8% yoy in February from 0.5% in January, and the PMI manufacturing, whilst declining in March (51.7), was still above the 50 level.

The consumer price index dynamic was negative in both Slovakia (-0.5%) and Slovenia (-0.9%), where the deflation worsened in March, and in the same month, after five months of weak growth, the consumer price index contracted in Hungary (-0.2%).

The ECB Monetary policy is expected to remain expansionary for an extended period, with policy rates at current or lower level. Regarding the QE, the (extended) asset purchases are proceeding smoothly and are expected to have a favourable impact on the availability of credit for the economy. At the same time, in March the Hungarian CB board decided to cut the policy rate by 15bp at its historical minimum of 1.2%, leaving the door open to possible further cuts. In this context, both monetary rates and long-term yields slightly decreased in all three CEE countries.

Davidia Zucchelli

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

In detail, in Slovenia, loans continued to decrease (-7.8% in February, accelerating from -6.1% yoy in January), due to falling corporate loans (-13.7%) as a result of a restructuring process of banks' loan portfolios still at work (supply side) and weak demand from corporates (demand side). The liquidations of two banks (Probanka and Factor Banka) contributed to push down aggregates. Loans to households also decreased (-0.2%) February. In Slovakia, lending continued to perform well (+7.4% in February but decelerating from +8.7% yoy in December), both in the corporate (up by 6.1% from 8.9% in December) and the household sectors (up by 12.3% from 12.7% in December). Deposits also performed robustly (+8.4% in February from +9.9% in December), both in the households (+7.9%) and in the corporate sector (+8%).

In Hungary, in February, loans still showed a negative change (-13.9% yoy), due to a decrease in loans both to households (-15.7%) and corporates (-12.1%, worsening significantly from -5% yoy in November 2015, both in local and in foreign currencies). Foreign currency loans almost cleared among households (-99%), while in parallel domestic currency loans increased by 82%, due to the conversion process realised in 2015. Deposits recorded a rise, by +4.4% yoy in January (in deceleration from +7.5% in December), largely due to a further increase in business deposits (+9% in January), whereas households' deposits showed a more modest increase (+0.8%).

SEE Area

Antonio Pesce

The most recent data highlights a consolidation of economic growth among ISP countries in the SEE area, although Romanian industrial production saw some weakening in the last months. In February, as in the previous month, in Croatia industrial production was above the 4Q 2015 trend (+4.4% yoy vs +3.7%), and in March the ESI (118.4) remained close to its record high. In February 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 (+15.8% yoy). Industrial production in Romania contracted for the second consecutive month in February (-0.2% yoy), although at a slower pace than January (-2.0%), and in March exports decelerated by -4.1% yoy. In the same month, the ESI remained around 102 below the value recorded in January (104.5). Exports contracted further in Albania in February (-4.5% yoy) but in the same month in Bosnia they turned back in positive territory (0.4% yoy). In the latter country, the industrial production dynamic also improved turning back positive in February (6.0% yoy) and above the 4Q 2015 figure (+3.4% yoy).

The consumer price change was negative for almost all SEE countries in the month, ranging from -1.3% in Bosnia to -3.0% in Romania where, in addition to the low energy prices, also a base effect contributed to lower the consumer price index. The inflation was positive but contained in Albania and Serbia (0.3% and 0.6%, respectively) and well below the central banks' inflation target bands. Given the inflation figures, all the central banks of the SEE countries with ISP subsidiaries maintained easy monetary conditions by lowering the policy rate, as Albanian National Bank did in March, or by keeping it unchanged as the remaining National Banks did. Given this context, both monetary rates and long-term yields decreased slightly in the region where, in the last few months, the exchange rates remained roughly stable.

Davidia Zucchelli

Regarding the banking aggregates, yoy changes in lending growth showed different signs among countries, while deposits grew everywhere, particularly in the corporate sector, due to a lack of investment. As a consequence of these dynamics, the LTD ratio dropped to well below 100% in many countries, with Bosnia the only exception (114.4%).

In more detail, owing to a further acceleration in the economy, in Romania, loans rose in February (2.1% from 2.4% in January). Loans to corporates were weak (-0.8% yoy from 0% yoy the previous month), whereas loans to households rose by 5% yoy, supported by mortgages. Deposits continued to perform strongly (+9.6% yoy). In Serbia, loan growth intensified in February (2.2% from 0.9% yoy in January), especially loans to households (+5% yoy), with a sharp increase in loans denominated in local currency (+11.5% yoy). Loans to corporates showed modest growth in February (+0.4%, with a sharp decline in loans in local currency -21% yoy). Deposits continued to perform well (+7.2% yoy in February), both in households (5%) and in the corporate sector (11.3%), particularly in dinar, while foreign liabilities continued to decline (-6.7% yoy in February).

In Croatia, loans continued to fall (-5.9% in February from -3.1% yoy in December), due to a fall both among corporates (-4.7%, still burdened by heavy debt) and households (-6.8% yoy). The conversion of Swiss franc-denominated loans into euros is progressing. Deposits remained robust (+4.3% yoy in February), particularly in the business sector (18.7%, due to the sale of a tobacco company). The household sector showed a small increase (1.1%). In Albania, loans fell (-2.3% yoy) in February among corporates (-3.3% yoy), while households saw a small increase (0.4%), despite the slowdown of loans in foreign currency (-6.9%). Deposits continued to grow (+0.8%), driven by deposits of businesses (5.6%), while deposits of households remained unchanged (0.0%). Households deposits in local currency decreased slightly in February (-3.6% yoy), while deposits in foreign currency increased by 3.9%, owing to remittances. On the liability side, foreign liabilities continued to decline sharply (-17.4% yoy in February).

CIS and MENA Areas

Giancarlo Frigoli

In Russia the PMI indices for March point to a strong growth in the service sector, where business activity rose to 52, hitting a 10-month high, but in the manufacturing sector it continued to recede, falling to 48.3. Headline inflation rate dropped to 7.3% yoy in March from 8.1% yoy in February. The sharp fall in inflation over the past few months has been in large part the result of the fading effects of the ruble crisis in late 2014 and early 2015. But these effects now appear to have fully unwound. Against this backdrop, the central bank seems likely to remain cautious. Interest rate cuts look likely to come later in the year.

Inflation in Ukraine slowed more than expected in the first quarter of 2016 (in March the annual inflation rate fell to 20.9%, from 43.3% in December 2015) and the probability that inflation at the end of 2016 will be lower than the 12% forecast by the NBU has grown. Notwithstanding the slowdown in inflation, the Central Bank, after cutting the policy rate to 22% last October, has remained on the sidelines. Indeed, some of the factors than influenced inflation in the first quarter (and probably also in April to-date), namely the phasing out of the effects of the large devaluation at the beginning of last year and of the large tariff increases implemented in April 2015, have a short-term nature. In February, industrial production rose by 7.6% yoy, the first annual gain in three and half years, helped by an 8.1% increase in manufacturing output.

In Egypt, business activity in the non-oil private sector contracted for the sixth consecutive month in March. The PMI index fell to 44.5 last month, from 48.3 in February, its lowest level in two and half years, mainly reflecting declines in both new orders and output. The economy has been suffering for the currency shortage, only partly removed after the central Bank in mid-March devalued the currency and announced the shift to a more flexible exchange rate regime, and by the slide in tourist arrivals due to security concerns. The new commitment of Saudi Arabia in favour of Egypt (see country page) contributed to relieve the pressure on the Balance of Payments that in the second half of 2015 recorded a current account deficit of USD 8.9 billion, more than double the same figure in the year-ago period, mainly reflecting the fall in travel-related inflows and in net official transfers that were only USD 32 million during the second half of 2015, versus 2.6 billion in the same period in 2014.

Davidia Zucchelli

As regards banking aggregates, in Russia, loans decelerated in January (5.1%). Net of fx depreciation effect, they increased by approximately 1.1%. Corporate lending (+8.8% yoy in January), 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% yoy. In January, the nominal increase in deposits was 10.3%, but net of the fx effect, the increase was around 5% supported by a fair degree of confidence. Interest rates on new loans to businesses decreased in January to 13.4% in the wake of lower benchmark and interbank rates. The majority foreign-owned banks' share in banking assets declined from 15.3% in 2013 to 12.9% (in January).

In Ukraine, banking aggregates continued to be strongly affected by the economic recession. Nominal loans decreased by 1.4% in January (from 3.8% in December) up 2.9% for businesses but still negative (-15.8%) for households; net of the exchange rate effect, loans showed a decline of 37%. Deposits also showed a slight nominal increase (3.8% yoy in January), 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 (+15.9% in January from 18% in December) and in real terms (with inflation around 9%). Foreign liabilities recorded a new jump in January (+75% yoy from +92% in December, according to IMF data). Deposits maintained a strong pace (+19.5% in January from +20.4% in December), supported by the lack of alternative investment products.

Country-Specific Analysis

Albania

Kledi Gjordeni

Real Economy

Despite the turmoil caused from the global crisis and tensions in financial markets, the Albanian economy is now gradually recovering. The recovery is widely expected to trend higher, supported by both prudent policies and a gradual restoration of consumer confidence, despite some slowdown occurring in trading partners. Increased FDI in large energy-related projects is expected to boost growth in the near-term.

In March 2016, consumer price inflation was 0.3% compared with 2.2% a year before. According to the CB, the rapid fall of inflation reflects the effect of low food and oil prices that is also hampering Albanian exports. Low inflation on food items, especially fresh seasonal products, the direct and indirect effect of low oil prices and the high comparative base of prices in the same period a year earlier are the three factors that explain around 75% of the fall in inflation during this period.

Financial Markets

In response to the low CPI in the first months of the year, on 6 April 2016, the Supervisory Council of the Bank of Albania decided to lower the key interest rate by 0.25%, from 1.75% to 1.50%. The CB monetary policy remains highly expansionary in order to return the inflation rate to the target by 2018. In the first months of 2016, the exchange rates against the lek have remained mostly stable.

Banking Sector

As of February 2016, the private sector gross loans portfolio (performing and non-performing) showed a decrease of -2.3% yoy, due to a slowdown in corporate loans (-3.3% yoy), while loans to households continued to show a moderate increase by 0.4%. Loans denominated in FC decreased (-6% yoy) and up in LCY by 3.1%, which reflect the CB monetary policy. It is important to note the fact that the performing loans, net of the NPL reduction, recorded a 3.3% annual growth in February.

On the Deposits side, total Deposits in February 2016 went up by 0.8% yoy, particularly in the business sector, by +5.6% yoy, and especially in the FC component (+11.5%). On the liability side, foreign liabilities continued to decline significantly, by - 17.4%.

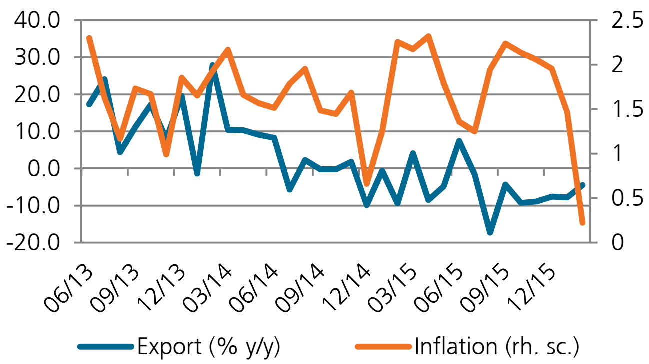
High bank risk aversion due to difficulties in NPL resolution continues to weigh on credit recovery. Mandatory write-offs have led to a sizable decline in the NPL ratio and there is welcome progress in addressing the NPLs from large borrowers. Nevertheless, credit growth remains weak, reflecting the still-high level of NPLs, currently at 18.9% level.

Last macroeconomic indicators

%	Last value	4Q 2015	3Q 2015
Industrial production, wda yoy	n.a.	n.a.	n.a.
Export of goods, nominal yoy	-4.5 (Feb)	-8.6	-7.9
Unemployment rate	n.a.	17.7	17.5
Inflation rate, average yoy	0.3 (Mar)	2.1	1.8
Loans (private sector, yoy, eop)	-2.3 (Feb)	-2.6	-1.8
Deposits (private sector, yoy, eop)	0.8 (Feb)	1.0	1.4

Source: INSTAT, Central Bank of Albania

Export and inflation



Source: INSTAT

Bosnia and Herzegovina

Real Economy

Ivana Jovic

The first data release of 4Q15 GDP growth (+2.1% yoy) was largely in line with our expectations, although the annual growth of 3.2% following a data revision for the 2nd (from 4.3% to 4.5%) and 3rd quarters (from 3.1% to 3.7%) mildly exceeded our growth forecast (3.0%). In 4Q, strengthened manufacturing and retail trade supported growth, with negative contributions streaming from electricity production and financial activities. In February, deflationary pressures strengthened further and CPI fell by 1.3% yoy, which led to a drop in the 12-month average to -1.1%. Meanwhile, the high frequency data for February improved the figures for the beginning of the year. Industrial production rose by 6.0% yoy, boosted by a strong increase in mining (+14.0% yoy) and manufacturing (+11.6% yoy), while negative movements in the production of electricity (-7.9% yoy) continued for the sixth consecutive month. In February, personal consumption strengthened further and the real retail trade turnover increased by 9.3% yoy. After a contraction of 3% and 7.1% in January, both exports and imports in February recorded growth rates of 0.4% and 1.5% yoy, respectively.

Banking Sector

An upwards trend in the BH banking sector was sustained and fastened in February on account of a sharp growth of deposit base. Total assets of banks posted a 4.8% yoy increase, and because of a surge of domestic funding, banks continued to reduce their borrowing abroad; foreign assets slid by 16.3% yoy. Loans to the private sector expanded by 3.4% yoy, owing to both a rise in loans to households and non-financial corporations. Loans to households grew by 4.4% yoy, where consumer loans recorded a 5.3% growth rate and housing loans 6.1%. Corporate loan growth rate accelerated slightly to 2.5%. By ownership, loans to privately-owned companies marked an increase of 3.0% yoy, whilst loans to public companies continued to decline, slipping by 7.2% yoy. Private sector deposits recorded a 7.8% yoy rise. The pace of growth of households' deposits slowed somewhat, but remained remarkably high at 7.6%, while deposits of non-financial corporations mounted by 8.5%, partially due to a lower last year's base. Deposits of privately-owned companies jumped by 11.8% yoy and of public companies by 2.3% yoy.

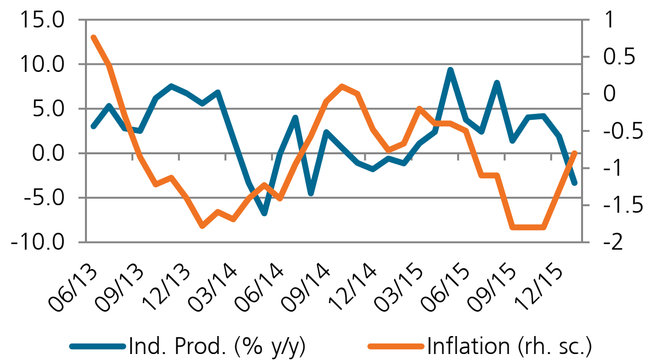
2015 saw a decrease in banking system profit by almost 40% yoy due to substantial losses of three Republika Srpska banks. ROAA and ROAE, after a recovery recorded in 2014, dropped in 2015 to 0.4% and 3.0%, respectively. The NPL ratio showed a modest decrease as a result of improvement of household NPLs (-0.5 p.p. qoq to 9.7%) and stood at 13.7% at 4Q15. The NPL ratio in loans to legal entities remained elevated at 17.2%.

Latest macroeconomic indicators

%	Last value	4Q 2015	3Q 2015
Industrial production, wda yoy	6.0 (Feb)	3.4	3.9
Export of goods, nominal yoy	0.4 (Feb)	1.4	4.4
Retail trade, real, wda yoy	9.3 (Feb)	4.9	8.0
Inflation rate, average yoy	-1.3 (Feb)	-1.6	-1.3
Loans (private sector, yoy, eop)	3.4 (Feb)	2.2	1.0
Deposits (private sector, yoy, eop)	7.8 (Feb)	7.8	6.8

Source: BHAS, CBBH

Industrial production and inflation



Source: Labour and employment agency

Croatia

Real Economy

Ivana Jovic

Positive trends continued in February, supported by 4.4% yoy growth in industrial production and 3.2% yoy growth in real retail trade. The pace of goods exports eased from last year's double-digit growth to 2.7% yoy over the first two months as indicated by preliminary trade data. Last year's BOP data revealed a record-breaking tourism intake (EUR 7.9 billion or 18.1% of GDP), which combined with narrowing primary account deficit (amid foreign-owned banks losses) and rising secondary account surplus (amid improved EU funds utilisation) resulted in a considerable increase in the current account surplus, which hiked from 0.9% of GDP in 2014 to 5.2% of GDP in 2015. Foreign debt statistics indicate continued financial sector deleveraging, partly offset by increased government and corporate indebtedness, resulting in an overall reduction in debt level by 2.4% yoy to 103.7% of GDP (from 108.4% in 2014). At the same time, public debt increased by 1.9% yoy, inching up to 86.7% of GDP compared to 86.5% at end-2014.

CPI declined in February by 1.7% yoy, reflecting low oil and food prices and pushing the 12-month average to -0.7%.

Financial Markets

Ana Lokin

Liquidity continues to break records. Daily surpluses in March were exceptionally high, which enticed the further fall of the short end of the curve. O/N Zibor at end of the month stood at 0.37% (-10 bps m/m), 1M at 0.63% (-6 bps), 3M at 0.83% (-1 bps), 1Y Tb rate remained below 1%. Since the foreign currency inflows from the tourist season are on the rise and demand was low, the average EURHRK rate slipped to 7.57 (-0.9% mom).

Banking Sector

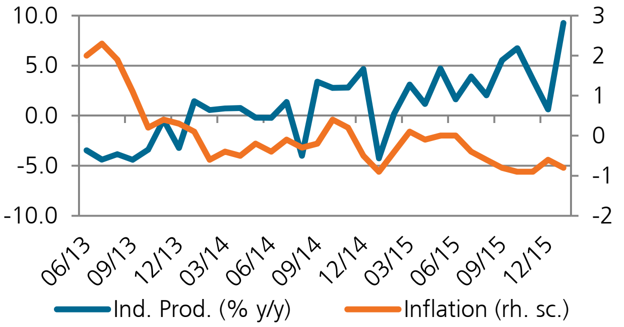
The assets of MFIs have continued to decrease for the third consecutive month yoy, mainly as a result of a reduction in the portfolio of housing loans due to the conversion and a decline of claims to companies. Loans in February sank by 5.9% yoy, where the non-financial corporations and households recorded a decrease of 4.7 and 6.8%, respectively. However, corporate loans rose mom for the second consecutive month (January +0.4%, February +1.6%), due to an increase in short-term borrowing (working capital loans +3.7%, other purpose loans +1.4%). Loans to households dipped by 1.8% m/m (-3.8 vs end-2015). Housing loans pegged to the franc fell by HRK 12.5bn from December 2015, while housing loans indexed to the euro rose by HRK 7.6bn. In terms of other types of retail loans, an increase yoy was recorded for kuna housing loans (+31.0%) and kuna general-purpose cash loans (+27.0%). Deposits in February grew by 4.3% yoy (households + 1.1%, corporate +18.7%), but the comparison with 4Q15 shows a decline in both sectors. We expect to see an upturn in the following months, when the tourist season picks up.

Latest economic indicators

%	Last value	4Q 2015	3Q 2015
Industrial production, wda yoy	4.4 (Feb)	3.7	3.8
Export of goods, nominal yoy	3.4 (Jan)	10.4	8.3
Retail trade, real, wda yoy	3.2 (Feb)	3.2	2.3
ESI (index)	118.4 (Mar)	120.9	114.3
Inflation rate, average yoy	-1.7 (Mar)	-0.8	-0.6
Loans (priv. sector, yoy, eop)	-5.9 (Feb)	-3.1	-1.5
Deposits (priv. sector, yoy, eop)	4.3 (Feb)	6.4	4.9

Source: CBS, EC, CNB

Industrial production and inflation



Source: EC

Egypt

Real Economy

Emil Eskander

Egypt's GDP growth rate declined during July-September 2015, reaching 3%, compared to 5.6% during the same period last year. Final consumption and investments continued to boost economic activity, increasing by 4.4% and 15.1%, respectively, while exports constrained growth after declining by 25.6%. On the supply side, the main sectors that led the growth are construction, growing by 7.5%, wholesale and retail trade (4.7%), and transportation & storage (4%). Tourism, natural gas extraction and manufacturing sectors constrained growth as they retreated by 9.1%, 8.7% and 1.7%, respectively.

It is important to highlight the results of Saudi King Salman's visit to Egypt as a deal worth USD23 billion was signed between the two countries to provide Egypt with 700,000 tons of petroleum products per month over five years. The kingdom will also offer a concessional loan worth USD1.5 billion and a grant worth USD200 million to upgrade Egypt's Sinai infrastructure, as well as financing transportation, housing and agricultural projects.

Industrial production continued its weak performance, declining by 11.7% in January 2016 due to the shortage of foreign currency that Egypt currently suffers from and difficulties facing manufacturers in importing raw materials and intermediate goods needed for production.

Financial Markets

Headline Inflation decreased for the third consecutive month to 9.02% in March 2016 from 9.13% in February, on the back of a favourable base effect from the previous year. The Central Bank of Egypt (CBE) is still maintaining in its FX auctions the EGP8.78 per US Dollar level for the Egyptian Pound exchange rate. The EGP is hovering around EGP10 per USD in the black market.

The Monetary Policy Committee (MPC) at the CBE raised in its latest meeting on 17 March 2016 the main interest rates by 1.5%. Overnight deposit and lending rates were raised to 10.75% and 11.75%, respectively. The discount rate was also raised by 1.5% to 11.25%.

Banking Sector

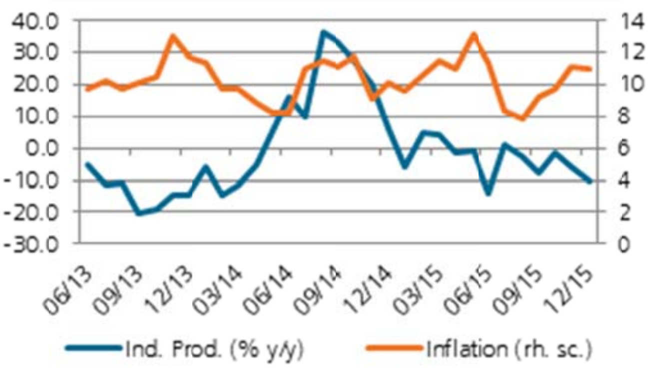
Total deposits of the private sector saw an annual growth rate by 19.5% as it recorded EGP1.6 trillion by the end of January 2016 compared with the same period last year. On the other hand, total loans to the private sector augmented by 15.9% to reach EGP606.5 billion in the same period compared to January 2015, supported by the increase in infrastructure projects.

Latest Economic Indicators

%	Last Month	4Q 2015	3Q 2015
Industrial Production yoy	-11.7 (Jan)	-6.6	-3.21
Nom. Exports yoy	-15.0 (Jan)	-14.1	-18.7
Retail Sales yoy	n.a	n.a	n.a
Inflation Rate yoy	9.0 (Mar.)	10.60	8.50
CB Reference Rate	10.75 (Mar)	9.25	8.75
Loans (Priv. Sector, yoy, eop)	15.9 (Jan)	18.0	15.8
Deposits (Priv. Sector, yoy, eop	19.5 (Jan)	20.4	21.7

Source: Central Bank of Egypt, Thomson Reuters

Industrial production and Inflation



Fonte: Central Bank of Egypt, Thomson Reuters

Hungary

Sandor Jobbagy

Real Economy

According to the final CSO data, Hungary's GDP grew by 3.2% yoy in Q4 (the full-year 2015 growth rate was 2.9%), with a strong contribution of industrial production in Q4, though GDP growth was supported by all sectors of the economy with the exception of agriculture and construction. At the beginning of 2016, industrial output showed a weaker-than-expected performance, partly as a result of car production stoppages with a lagged impact from December. This slowdown is widely considered as a temporary phenomenon.

Headline inflation not only failed to rise above 1% at the beginning of the year, but it showed negative value in yoy terms in March, following five consecutive months of fluctuation in positive territory. CPI in yoy terms dropped to -0.2%, as a result of a +0.1% mom change. Slipping into the negative was somewhat unexpected as reflected by the market consensus of +0.1% yoy. Average inflation in 2016 looks set to arrive below 1%, but a further potential downgrade of expectations still largely depends on global oil prices.

Financial Markets

At the beginning of the most recent rate-cutting cycle that began in March, the Monetary Council (MC) of the National Bank of Hungary (MNB) cut the base rate by 15bps to 1.20%. In addition, the MC indicated that a permanently loose monetary conditions should be expected. Parallel to the significant lowering of the central bank's inflation forecast, after the March ECB decisions (considered to be very important by the MNB management and which in line with expectations brought further easing), at its meetings at the end of March, the MC also decided on further monetary easing. The package of decisions included measures impacting the O/N interest rate corridor and other instruments, which for the most part were in line with expectations driven by earlier statements.

The HUF remained fairly stable, mostly resilient to external (EM) shock, even showing some revived strengthening versus the euro in the first half of March (EUR/HUF flirting with the 310 threshold). Bond yields remained supported by the NBH's self-financing programme.

Banking Sector

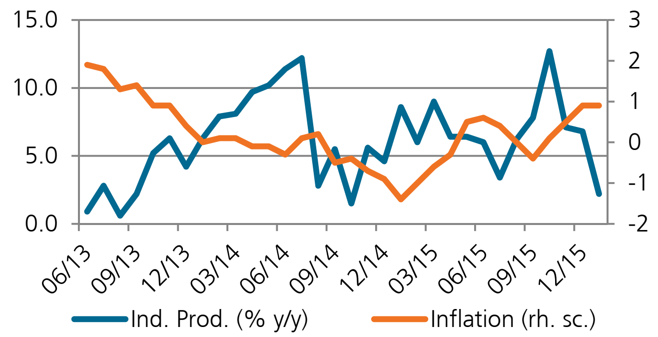
Real economic developments lent some support to the demand side of the loan market, while credit supply continued to be supported by the central bank's lending programmes. However, the dynamics of the corporate credit market remained negative. The recent rise of customer deposits has remained weak. Both deposit and lending rates started to move downwards at a faster pace in a reaction to monetary policy actions. At the same time, spreads are also showing signs of revived contractions.

Latest Economic Indicators

%	Last value	4Q 2015	3Q 2015
Ind. Production yoy	1.8 (Feb)	8.9	5.8
Nom. Exports yoy	8.0 (Feb)	7.3	6.2
ESI (index)	112.4 (Mar)	113.2	116.1
Retail Sales yoy	6.4 (Feb)	4.5	5.5
Inflation Rate yoy	-0.2 (Mar)	0.5	0.0
CB Reference Rate	1.2 (18th Apr)	1.4	1.4
Loans (priv. sector, yoy, eop)	-13.9 (Feb)	-12.3	-9.3
Deposits (priv. sector, yoy, eop)	4.4 (Feb)	7.5	3.9

Source: CSO, NBH, Bloomberg

Industrial production and inflation



Source: CSO

Romania

Real Economy

Sebastian Maneran

The latest data (mostly for February) showed that the Romanian economy rebounded somewhat, mainly due to the strength in private demand from Romania's biggest trading partner, the EU. Industry returned in positive territory as did the construction sector (the latter, probably driven by the loose fiscal stance that has been the status quo in Romania for more than a year now). Imports and exports had the best perfomance since the summer of 2015 (in a sign that the loose fiscal/monetary policies in developed European markets are dragging the smaller Eastern European economies along).

The strong fiscal impulse generated by tax cuts and wage growth is most evident in the wider current account gap, which is some EUR 337 million in deficit (a EUR 42 million higher deficit than the same period last year), mainly caused by the jump in the commercial deficit. Henceforth, the current direction of economic policies is likely to draw criticism from the EU as Romania's obligations in the Union will be in jeopardy. Conversly the criticisim will meet the strong opposion of politicians looking to enhance their standing in the polls as local elections loom and general elections are scheduled in the last quarter of the year.

Financial Markets

Lower-than-expected March inflation (-2.98% y/y) did not cause the bond yield to move lower. Quite the contrary, local currency bond yields moved higher, indicating that the bond market expects that inflation has reached the bottom.

The EURRON FX rate has been quite stable, with very low volatility and after a period of range-bound behaviour (between 4.45 and 4.49), it is showing signs of a start of a directional move higher, especially as of late. The current external environment is marred by uncertainties, and the domestic developments compound on the external risks, although the macro indicators are still broadly stable.

Banking Sector

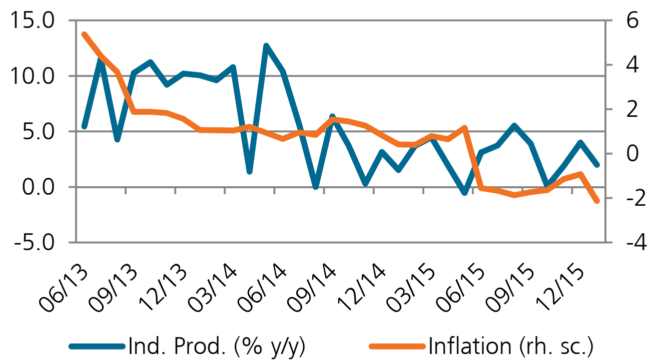
The law that allows debtors to basically drop the keys to a mortgage house to the bank that provided the credit passed Parliament and it is on the President's table, who can either sign the bill into law or send it to the Constitutional Court for a verdict of constitutionality. The central bank went further and called the law a "systemic risk" as the law will affect the banks provisions and profitability.

Latest Economic Indicators

%	Last value	4Q 2015	3Q 2015
Ind. Production yoy	-0.2 (Feb)	2.0	4.4
Nom. Exports yoy	4.1 (Mar)	2.4	2.8
ESI (index)	102.8 (Mar)	103.5	104.5
Retail Sales yoy	16.9 (Feb)	12.4	10.6
Inflation Rate yoy	-3.0 (Mar)	-1.2	-1.8
CB Reference Rate	1.8 (18th Apr)	1.8	1.8
Loans (priv. sector, yoy, eop)	2.1 (Feb)	2.7	0.4
Deposits (priv. sector, yoy, eop)	9.6 (Feb)	9.1	8.6

Source: National Statistical Institute, NBR

Industrial production and inflation



Source: NBR

Russia

Real Economy

Anna Mokina

In March the inflation rate for three categories of consumer expenses (food, non-food consumer products and services) on a yoy basis proceeded to decline and reached 7.3% (9.8% in January and 8.1% in February), which is below the expected average 8% in 2016. The industrial production index returned in negative area in March (it was -0.5% against March 2015), after rising by 1% yoy in February. In 1Q 2016 it fell by 0.6% against 1Q 2015. In February, retail sales continued to fall contracting by 5.9% yoy. On the other hand, large food retailers managed to adapt to new realities and consumers demonstrated their loyalty to certain food retail chains rather than searching for cheaper products.

Financial Markets

Despite the failure of the OPEC meeting in Doha, oil regained some strength after a short fall. Perhaps the value of the event was overestimated and the expected result had already been included in the quotes. After a long stable state of the Russian currency, it came under pressure against the background of the Doha meeting results. But the pressure was neutralised and came to naught because of the ambiguous market reaction to the failure of talks on oil production freezing. In addition, the active sale of export proceeds in anticipation of tax payments provides support for the ruble. In the near future, the ruble may again come under pressure against the background of correction of oil and demand for currency due to the approximation of the holiday season.

Banking Sector

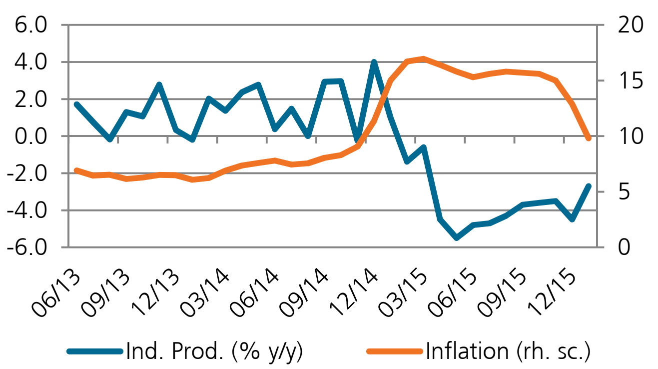
In January the total loans to the private sector increased by 771 bln. rubles (1.7%) mostly due to loans in foreign currency (by 660 bln. rubles). This fact could be explained that the situation in the Russian economy has been improving in recent months, in particular, business climate and sentiment. Also there are posititve movements in international economic relations despite of sanctions against Russia. Total Deposits from the private sector decreased by 445 bln. rubles (-1.1%). According to preliminary Central Bank of Russia statistical data, the volume of overdue debt in the corporate portfolio decreased by 3.7% in March. But due to portfolio contraction the share of overdue debt in the loans to non-financial organizations increased over the last month from 6.5% to 6.6%. In the retail portfolio overdue loans decreased by 0.7%, its share remained at the level of February (8.4%).

Latest Economic Indicators

%	Last value	4Q 2015	3Q 2015
Ind. Production yoy	1.0 (Feb)	-3.9	-4.2
Nom. Exports yoy	-31.4 (Feb)	-30.3	-36.7
Retail Sales yoy	-5.9 (Feb)	-13.4	-9.5
Inflation Rate yoy	7.3 (Mar)	14.5	15.7
CB Reference Rate	11.0 (29th Apr)	11.0	11.0
Loans (priv.sector, yoy, eop)	5.1 (Jan)	8.2	15.2
Deposits (priv.sector,yoy,eop)	10.3 (Jan)	18.8	28.5

Source: State Statistics Federal Service, Central Bank of Russia

Industrial production and inflation



Source: State Statistics Federal Service

Serbia

Real Economy

Marija Arsic

Sizeable fiscal consolidation and the impact of a severe drought were mitigated to a great extent primarily due to faster investment growth resulting in a GDP growth of 0.7% in 2015. Growth for 2016 has been projected to accelerate to 1.8%, underpinned by rising investments and household consumption turning out to be a positive contributor by contrast to 2015. This growth projection is already supported by the preliminary results for the first quarter of 2016, indicating that the investment growth has continued together with stronger net export and supported by a slight household consumption recovery.

In March 2016, the yoy inflation declined to 0.6%, mainly as a consequence of a significant fall in prices of oil as well as low imported inflation. Year on year inflation looks likely to remain low and stable in H1 2016, with a moderate rise expected as of H2 2016 supported by a pick-up in aggregate demand and the expected recovery in commodity prices and imported inflation, returning within the target band (4±1.5%) at year-end or beginning of 2017.

Financial Markets

The key policy rate is kept on hold at 4.25% for the second consecutive month after a decrease by 0.25pp in February 2016. The current degree of monetary policy expansiveness provides for a moderate rise in inflation from mid-year, while further cuts in the key policy rate can be expected if fiscal stabilisation continues and if there are no sudden external shocks. In the period ahead, the monetary policy remains cautious, monitoring carefully further Fed and ECB movements.
The dinar's weakening since the beginning of the year was caused by seasonal factors such as energy importers' increased demand for foreign currencies, but also the turbulence on the global financial markets. Slightly increased recent risk aversion due to elections scheduled for 24 April contributed to more massive interventions by the NBS (sold EUR655 million year to date) in order to keep the domestic currency stabilized.

Banking Sector

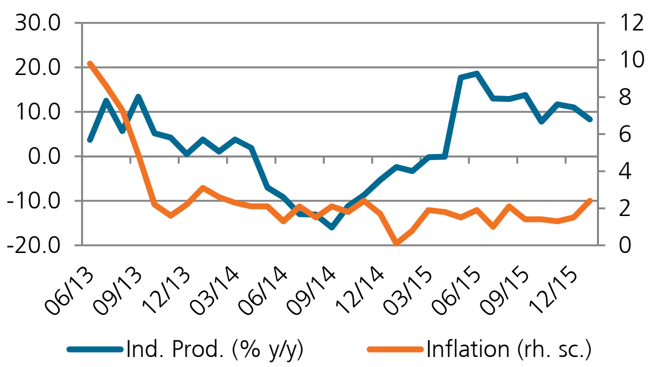
Past monetary policy relaxation was the main driver of the strong fall in dinar lending rates to both corporate and households, with interest rates on new dinar loans reaching their lowest level in February 2016, at 5.7% for corporates and 11.9% for households. In addition to monetary policy easing, increased bank competition in the lending market was also conducive to a fall of interest rates. In 2016, further recovery of domestic credit activity may be expected on the back of monetary policy easing results, the resulting fall in lending rates as well as increasing competition among banks and growing demand for loans.

Latest Economic Indicators

%	Last value	4Q 2015	3Q 2015
Ind. Production yoy	14.0 (Feb)	10.2	13.2
Nom. Exports yoy*	15.8 (Feb)	6.1	9.0
Retail Sales yoy	11.8 (Feb)	3.4	2.2
Inflation Rate yoy	0.6 (Mar)	1.4	1.5
CB Reference Rate, eop	4.2 (18th Apr)	4.5	5.0
Loans (priv.sector,yoy,eop)	2.2 (Feb)	3.0	3.1
Deposits (priv.sector,yoy,eop)	7.2 (Feb)	7.1	4.1

Source: Statistical Office, National Bank of Serbia

Industrial production and inflation



Source: Statistical Office, National Bank of Serbia

Slovakia

Real Economy

Andrej Arady

The latest data mapping of economic activity in February were rather encouraging in the industry and construction sectors, but less so in retail sales. On the former, both construction and industry increased by nearly 2% over the month on seasonally-adjusted terms, partially compensating for the previous correcion in January. The key driver of activity in manufacturing remained car production. The positive picture was supported also by solid growth of new orders in manufacturing, albeit confidence in both sectors had already slipped later in March. On the latter, retail sales, despite fast-improving labour market, grew only anaemically in the first two months of this year, by 0.5% yoy vs 2.6% average growth in 4Q, weighed down also on price development.

Headline inflation turned down again in March, by a tenth to -0.5% yoy. The bulk of this latest drop went on a decrease in demand-driven component. Despite the latest reacceleration in industry and construction in February, the economy seems to be growing at a notably lower pace than at the end of 2015.

Financial Markets

The latest surprising package from ECB announced in March has had only limited impact on the Slovak government bonds thus far. Yields in response to this package decreased only slightly and basically on par with benchmark German bunds. The current yield on 10-years Slovak government bonds hovers near its respective all-time low, but the same as a month ago, 20bps above German bunds.

Banking Sector

A sharp drop of interest rates in the euro area money market and Slovak debt market translated into a decrease of banking interest rates. In the core segment, which is for Slovak banks mortgage market, costs declined in the key, 1-5 year fix segment, in February to a new historic low, just 6 bps above Eurozone average. A recent legislative change that cut mortgage breakage fees since late March should prompt rates to further converge to core Eurozone contries in the months ahead, in our view.

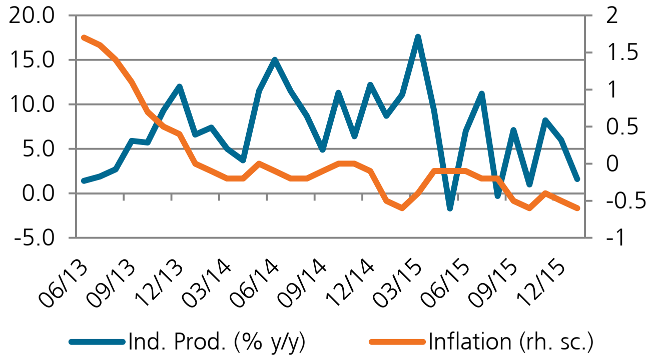
Surprisingly, on the saving side, households have not reacted to low rates on deposits in recent months through dissavings, but on the contrary, overall savings have actually been increasing. Adjusted for seasonal effects, both volumes and rates in retail followed previous trends in the first two months of current year, which means decently increasing volumes of deposits and loans along with decreasing interest rates.

Latest Economic Indicators

%	Last value	4Q 2015	3Q 2015
Ind. Production, wda yoy	7.4 (Feb)	5.1	6.0
Nom. Exports, yoy	6.5 (Feb)	7.3	5.8
ESI (index)	103.4 (Mar)	99.0	99.0
Retail sales, yoy	0.5 (Feb)	2.6	2.3
Inflation rate*, yoy	-0.5 (Mar)	-0.5	-0.3
ECB refi rate	0.0 (18th Apr)	0.0	0.0
Loans (priv.sector,yoy,eop)	7.4 (Feb)	8.7	7.9
Deposits (priv.sector,yoy,eop)	8.4 (Feb)	9.9	8.6

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

Although confidence in the Slovenian economy declined slightly in the early part of this year, the available data indicates a continuation of solid economic growth. Industrial production was higher by 6.5% yoy in January, while export growth in February amounted to 4.7% yoy. In March, the price growth remained negative (-0.9%), still reflecting lower oil and other energy prices.

Financial Markets

In March, short-term interest rates continued to decrease, in line with the latest ECB's monetary policy decisions. The 3-month EURIBOR rate still remained in negative territory and in the last three months it decreased by 10 bps, currently moving around -0.25%. Following the renewed easing of ECB's monetary policy on 10 March, Slovenian government bond yields continued their gradual decline. Currently the 10-year yield moves around 1.3%, which is by almost 35 bps lower than three months ago. On 29 March, Fitch Ratings Agency affirmed Slovenia's Long-term foreign and local currency Issue Default Rating (IDR) at BBB+ with a positive outlook.

Banking Sector

Loans to the private sector significantly declined at the beginning of 2016 (by EUR461 million or 2.4% compared to the year-end 2015), mainly as a result of the absorption of Probanka and Factor Banka by the Bad Assets Management Company (effect -EUR412 million). Excluding the above effect, the contraction in lending activity would nevertheless continue over the first two months, but the fall in loans volumes would be substantially lower (-0.3%). The trend of falling lending interest rates continued in February. The quality of the banks' credit portfolio is improving. The proportion of claims more than 90 days in arrears declined to 8.5% in February 2016.

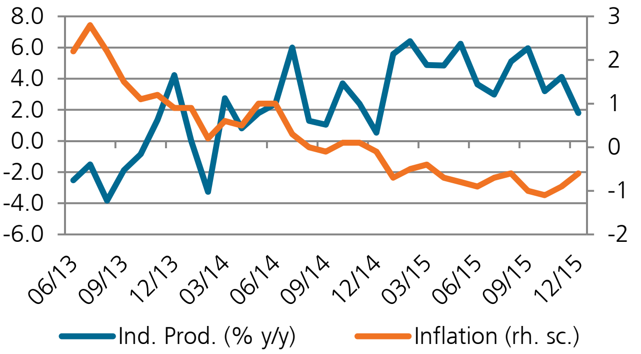
In contrast to loans, both household and corporate deposits continued to increase. Household deposits increased by EUR230 million over the first two months of the year, which was partly seasonal in nature, but was also a continuation of the stable growth from the previous period. Sight deposits in particular are increasing, as a reflection of the sharp fall in interest rates. Interest rate on new corporate deposits (up to one year) increased slightly in February, but nevertheless remained close to historically low levels. The banks generated a profit before tax of EUR79 million over the first two months of the year, which is over 40% more than in the same period of last year. As net interest income continues to decline, the improvement of the operating result was mainly attributable to the release of impairments and provisions.

Latest Economic Indicators

%	Last value	4Q 2015	3Q 2015
Ind. Production, wda yoy	6.5 (Jan)	3.5	5.3
Nom. Exports yoy	4.7 (Feb)	2.8	3.4
ESI (index)	104.7 (Mar)	109.4	109.7
Consumer Confidence Indic.	-19.0 (Mar)	-12.3	-8.3
Inflation Rate yoy	-0.9 (Mar)	-0.9	-0.8
ECB refi rate	0.0 (20th Apr)	0.0	0.0
Loans (priv.sector,yoy,eop)	-7.8 (Feb)	-5.2	-11.6
Deposits (priv.sector,yoy,eop)	6.2 (Feb)	5.8	3.9

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

New figures provided by the Ukraine statistical office showed that real GDP fell by 9.9% in 2015, slightly revising upward preliminary data that indicated a 10% decline. The IMF in its recently-released WEO report downgraded its forecasts for Ukraine's GDP in 2016 to 1.5% from 2% in October 2015's projections. The Fund expects a recovery in household consumption and in investments helped by a gradual increase in real incomes and the gradual easing of credit conditions. GDP growth is estimated to accelerate to 2.5% in 2017. Again the IMF projects inflation ending this year at 13%, followed by a decrease to 8.5% at end-2017

Financial Markets

Domestic political tensions, namely the resignation of Prime Minister Yatseniuk and his replacement with Vladimir Groysman, a faithful of President Poroshenko, led to the freezing of the financial support of the IMF. Talks between the Ukraine authorities and the IMF resumed in mid-April, after the formation of the new Government and an IMF delegation is expected to visit Ukraine soon. These developments had a limited impact on Ukraine's financial markets amid tight capital controls. The hryvnia weakened below 27 to the dollar at end February to early March, but it has now recovered, hovering around 25.5. The Kieibor rate has been little changed just below 24% since mid–January. However, Ukraine still depends on foreign capital inflows that will come mainly from Sovra-national Institutions and friendly countries. Notwithstanding, the fall in current account deficit (mainly due to the slide of domestic demand) the external financing requirement is higher than it was a few year ago. The mainly reflects the heavy short-term external debt burden, that has increased to over 50% of GDP.

Banking Sector

Davidia Zucchelli

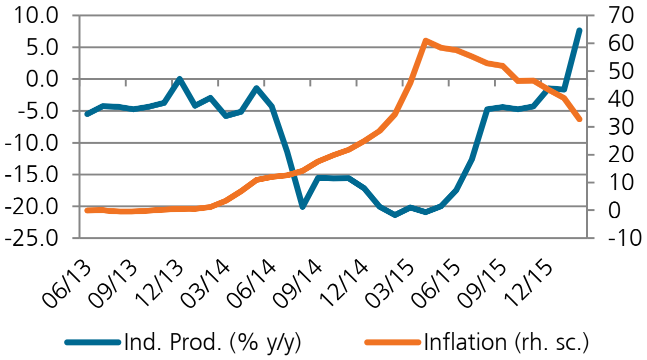
In Ukraine, banking aggregates continued to be affected by the economic recession. Nominal loans decreased by 1.4% in January (from 3.8% in December), up 2.9% for businesses but still negative (-15.8%) for households; net of the exchange rate effect, loans showed a decline of 37%. NPLs increased to 28.03% at the end of the year. Deposits also showed a slight nominal increase (3.8% yoy in January), but fell sharply (approximately -27%) net of the exchange rate, due to both plummeting remittances from Russia and a lack of confidence on the part of savers. According to the latest Lending survey conducted by the central bank, in Q4 2015, banks remained optimistic about expected changes in key indicators for the banking sector. In 2016, the corporate loan portfolio is expected to increase in volume and improve in quality, while the quality of the retail loan portfolio is also expected to improve (58%). The forecast on the volume of retail loans remains negative. As before, most banks expect deposit growth.

Latest Economic Indicators

	Last value	4Q 2015	3Q 2015
Ind. Production yoy	7.6 (Feb)		
Nom. Exports yoy	-20.9 (Feb)	-30.8	-34.1
PMI Manufacturing	n.a.	n.a.	n.a.
Retail Sales	-1.5 (Feb)		
Inflation Rate yoy	20.9 (Mar)	45.4	53.3
CB Reference Rate	22.0 (31th Mar)	22.0	22.0
Loans (Priv. Sector, yoy, eop)	-1.4 (Jan)	-3.8	-1.9
Deposits (Priv. Sector, yoy, eop)	3.8 (Jan)	1.5	-1.3

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***	
	4Q15	3Q15	2014	Last	mth	4Q15	Last	mth	4Q15	Last	mth	4Q15	2014	4Q15	3Q15	2014	4Q15	3Q15
CEE																		
Slovakia	4.3	3.7	2.5	7.4	Feb	5.1	6.5	Feb	7.3	-0.5	Mar	-0.5	-0.1	n.s.	n.s.	n.s.		-786
Slovenia	3.3	2.6	3.0	6.5	Jan	3.5	4.7	Feb	2.8	-0.9	Mar	-0.9	0.4	n.s.	n.s.	n.s.	634	901
Hungary	3.2	2.4	3.7	1.8	Feb	8.9	8.0	Feb	7.3	-0.2	Mar	0.5	-0.2	-1804	-2634	796	1010	1492
SEE																		
Albania	2.2	3.0	2.0	n.a.	n.a.	n.a.	-4.5	Feb	-8.6	0.3	Mar	2.1	1.6	169	312	97	-413	-326
Bosnia H.	2.1	3.7	1.1	6.0	Feb	3.4	0.4	Feb	1.4	-1.3	Feb	-1.6	-0.9	169	186	387	-231	-219
Croatia	1.9	2.8	-0.4	4.4	Feb	3.7	3.4	Jan	10.4	-1.7	Mar	-0.8	-0.2	270	-297	-220	-390	3922
Romania	3.7	3.6	2.8	-0.2	Feb	2.0	4.1	Mar	2.4	-3.0	Mar	-1.2	1.1	2456	-990	-5627	-826	-476
Serbia	1.2	2.3	-1.8	14.0	Feb	10.2	15.8	Feb	6.1	0.6	Mar	1.4	2.1	-181	18	-460	-451	-345
CIS MENA																		
Russia	-3.8	-3.7	0.6	1.0	Feb	-3.9	-31.4	Feb	-30.3	7.3	Mar	14.5	7.8	-2362	9021	-128720	14952	7975
Ukraine	-1.4	-7.2	-6.6	7.6	Feb	-3.5	-20.9	Feb	-30.8	20.9	Mar	45.4	12.1	581	2426	-12141	-283	221
Egypt		3.0	4.0	-11.7	Jan	-6.6	-15.0	Jan	-14.1	9.0	Mar	10.6	10.1	110	-3747	-1699	-4940	-3980
m.i. E. A.	*1.5*	*1.6*	*0.9*	*0.8*	*Feb*	*1.3*	*1.3*	*Feb*	*3.5*	*0.0*	*Mar*	*0.2*	*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
	20/04	chg bp 3M	20/04	chg bp 3M	20/04	3M chg%	1Y chg%	3M chg%	1Y chg%	20/04	20/01	S&P
CEE					Vs Euro							
Slovakia	-0.2	-0.1	0.8	0.0	Euro	Euro	Euro	6.1	31.4	37.4	43.3	A+
Slovenia	-0.2	-0.1	1.4	-0.3	Euro	Euro	Euro	8.5	-12.1	95.8	103.3	A-
Hungary	1.2	-0.2	3.2	-0.3	309.8	-1.7	2.9	19.5	25.6	136.7	153.0	BB+
SEE												
Albania	1.4	-1.1	n.a.	n.a.	138.3	0.1	-1.1	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	0.6	-0.2	3.6	-0.3	7.5	-2.1	-1.0	6.4	-2.7	264.6	293.4	BB
Romania	0.6	-0.1	3.6	0.0	4.5	-1.1	1.3	8.5	-12.3	106.2	120.3	BBB-
Serbia	4.2	-0.2	n.a.	n.a.	123.0	0.0	2.6	9.9	-21.5	262.4	277.5	BB-
CIS MENA					Vs USD							
Russia	11.7	-0.2	9.2	-1.8	65.6	-16.4	29.9	26.7	8.3	282.2	347.5	BB+
Ukraine	23.8	-0.2	9.7	0.0	25.4	4.0	11.3	17.5	-22.3	13957.0	13957.0	B-
Egypt	13.2	1.9	17.3	1.5	8.9	13.4	16.4	42.8	-6.7	494.0	468.0	B-
m.i.A.E.	*-0.2*	*-0.1*	*0.2*	*-0.3*	*1.1*	*4.0*	*5.4*	*8.7*	*-16.1*	*10.1*	*8.6*	

Source: Datastream, Reuters, and Bloomberg;* The data for Albania refers to january **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	7.8	Jan	6.4	5.1	Dec	5.8	1.1	Dec	42.5	9.4	Jan	3.8	2.83	Dec	3.25	C[2]	0.75	Dec	0.96	H[2]	90.3	Jan	90.9
Slovenia	-7.8	Feb	-13.4	8.5	Feb	11.9	-21.5	Feb	-10.9	6.2	Feb	6.6	3.28	Feb	4.99	C[2]	0.25	Feb	0.66	H[2]	86.6	Feb	99.5
Hungary	-13.9	Feb	-0.3	17.4	Dec	17.4	-5.4	Feb	-1.3	4.4	Feb	1.3	4.07	Feb	4.97	C	0.85	Feb	1.64	A	92.7	Feb	111.2
SEE																							
Albania	-2.7	Jan	2.2	18.4	Jan	22.8	-15.9	Jan	-10.9	1.4	Jan	2.9	9.24	Jan	8.19	A	1.18	Jan	1.51	H	53.9	Jan	56.2
Bosnia H.	3.4	Feb	1.7	13.7	Dec	14.2	-16.3	Feb	-11.1	7.8	Feb	6.4	5.24	Feb	5.8	C	0.83	Feb	1.26	H	114.4	Feb	120.7
Croatia	-5.9	Feb	-2.0	16.6	Dec	17.1	-26.3	Feb	-10.6	4.3	Feb	2.3	4.88	Feb	5.48	C	2.11	Feb	2.43	H	86.5	Feb	94.9
Romania	2.1	Feb	-3.7	13.6	Dec	20.7	-14.1	Feb	-14.2	9.6	Feb	8.9	4.35	Feb	5.87	C	1.22	Feb	2.79	H	89.8	Feb	95.0
Serbia	2.2	Feb	4.5	20.9	Feb	21.5	-6.7	Feb	-16.5	7.2	Feb	9.6	5.74	Feb	10.89	C	3.69	Feb	6.51	H	1.1	Feb	115.9
CIS MENA																							
Russia	5.1	Jan	25.4	8.6	Jan	6.7	1.1	Nov	38.4	10.3	Jan	27.9	13.37	Jan	18.31	C	8.21	Jan	12.29	H	111.1	Jan	118.6
Ukraine	-1.4	Jan	10.9	28.0	Dec	19.0	6.3	Dec	31.3	3.8	Jan	-1.8	26.01	Jan	19.08	R[3]	19.47	Jan	19.75	R[3]	148.8	Jan	154.3
Egypt	18.0	Dec	12.7	7.2	Sep	8.6	91.6	Dec	21.0	20.4	Dec	16.6	11.8	Dec	11.8	C	6.8	Dec	7.2	H	38.8	Dec	40.4
m.i. E. A.	*0.5*	*Jan*	*-1.6*	*n.a.*	*n.a.*	*n.a.*	*n.a.*	*n.a.*	*n.a.*	*2.9*	*Jan*	*2.4*	*1.4*	*Jan*	*1.8*	*C*	*0.6*	*Jan*	*1.0*	*H*	*82.7*	*Jan*	*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.

Intesa Sanpaolo Research Department – Head of Research Gregorio De Felice	
International Research Network Coordination	e-mail address
Gianluca Salsecci (Head)	gianluca.salsecci@intesasanpaolo.com
ISP - Research Department (Milan)	
Giancarlo Frigoli (CIS, MENA and Lat. Am. Countries)	giancarlo.frigoli@intesasanpaolo.com
Silvia Guizzo (Emerging Asia)	silvia.guizzo@intesasanpaolo.com
Antonio Pesce (CEE and SEE Countries)	antonio.pesce@intesasanpaolo.com
Wilma Vergi (Trade and Industry)	wilma.vergi@intesasanpaolo.com
Davidia Zucchelli (Banks and Financial Markets)	davidia.zucchelli@intesasanpaolo.com
International Subsidiaries' Research Departments:	
VUB (Slovakia)	
Zdenko Štefanides (Head)	zstefanides@vub.sk
Andrej Arady	aarady@vub.sk
PBZ (Croatia) and ISP Banka (Bosnia I Hercegovina)	
Ivana Jovic (Head)	ivana.jovic@pbz.hr
Ana Lokin	ana.lokin@pbz.hr
CIB (Hungary)	
Mariann Trippon (Head)	trippon.mariann@cib.hu
Sandor Jobbagy	jobbagy.sandor@cib.hu
Banca Intesa (Serbia)	
Marija Arsic (Head)	marija.arsic@bancaintesa.rs
Branka Babic	branka.babic @bancaintesa.rs
Tijana Matijasevic	tijana.matijasevic@bancaintesa.rs
Alexbank (Egypt)	
Emil Eskander (Head)	emil.eskander@alexbank.com
Omar Mostafa Ismaeil	omar.ismaeil@alexbank.com
Samer Samy Halim	samer.halim@alexbank.com
International Subsidiaries' Research Contacts:	
Banka Koper (Slovenia)	
Nastja Benčič	nastja.bencic@banka-koper.si
Banca Intesa (Russia)	
Anna Mokina	anna.mokina@bancaintesa.ru
Intesa Sanpaolo Bank (Romania)	
Sebastian Maneran	sebastian.maneran@intesasanpaolo.ro
Intesa Sanpaolo Bank (Albania)	
Kledi Gjordeni	kledi.gjordeni @intesasanpaolobank.al

Analyst Certification and Other Important Information

The financial analysts drafting this report state that the opinions, forecasts, and estimates contained herein are the result of independent and subjective evaluation of the data and information obtained and no part of their compensation has been, is, or will be directly or indirectly linked to the investment strategy recommended or proposed in this report.

This report has been produced by Intesa Sanpaolo S.p.A. The information contained herein has been obtained from sources that Intesa Sanpaolo S.p.A. believes to be reliable, but it is not necessarily complete and its accuracy can in no way be guaranteed. This report has been prepared solely for information and illustrative purposes and is not intended in any way as an offer to enter into a contract or solicit the purchase or sale of any financial product. This report may only be reproduced in whole or in part citing the name Intesa Sanpaolo S.p.A.

This report is not meant as a substitute for the personal judgment of the parties to whom it is addressed. Intesa Sanpaolo S.p.A., its subsidiaries, and/or any other party affiliated with it may act upon or make use of any of the foregoing material and/or any of the information upon which it is based prior to its publication and release to its customers. Intesa Sanpaolo S.p.A., its subsidiaries and/or any party affiliated with it, may from time to time have a long or short position in the aforementioned financial products.