Monthly Note
Countries with ISP Subsidiaries

May 2016

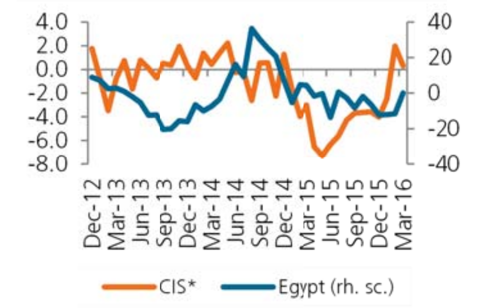
Monthly note

Intesa Sanpaolo
International Research Network

GDP growth slows down in CEE, but strengthens in SEE area. Inflation data continue to support low monetary rates. Egyptian cycle weakens.

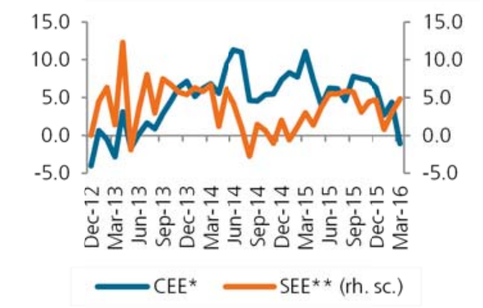
- Based on flash estimates, among countries with ISP subsidiaries, the GDP profile, as expected, slowed in the CEE Area while strengthening in the SEE region, where recovery, however, had comparatively started with some delay.
- In 1Q16, the Slovakian GDP growth rate remained strong at 3.3%, but was below the 4Q15 dynamic, while Hungarian GDP growth saw a weak 0.9% growth. In both countries, industrial production and exports also fell in March. In Slovenia, where GDP data for 1Q16 have not been released yet, industrial production grew at a 5.4% rate. Among the SEE countries, GDP accelerated in 1Q16 in Romania and Serbia (reaching 4.2% and 3.5%, respectively). In Croatia and Bosnia, where first-quarter GDP data also have not yet been released, industrial production continued on a strong positive trend.
- In the CIS area, GDP eventually fell less than expected in 1Q16 in Russia and returned to growth in Ukraine. In the MENA region, the latest data on industrial production and revenues from tourism and the Suez Canal point instead to a slowdown in Egypt. S&P has issued a negative outlook on the Country Rating.
- In parallel with the dynamics in the Euro area, consumer price inflation was still negative in most countries, both in the CEE region and especially in the SEE region (with Bosnia recording -1.7% in March and Croatia seeing -1.8% in April). The only exceptions were Hungary, Albania and Serbia, where inflation rates were in any case just above zero.
- In the presence of well-below-target inflation and ECB announcements of easy monetary policy for an extended period of time, all the other central banks of CEE/SEE countries maintained favourable conditions. In May, the Albanian and Hungarian National Banks cut rates to 1.25 and 0.9% respectively. Long-term yields remained essentially unchanged or declined slightly, thanks to a further narrowing of risk premia on the markets while exchange rates remained roughly stable. Among CIS countries, in Russia, where the Ruble has strengthened thanks to the oil price recovery, the central bank remains on the sidelines for the time being notwithstanding the slowdown in inflation. In Ukraine, the central bank cut policy rates in April to 19%. The IMF seems ready to resume its financial help.
- March banking data referring to the CEE/SEE region indicate positive loan growth in some countries, particularly in Slovakia (+8.1%), but also in Bosnia, Romania and Serbia. However, the dynamic is still negative among the other countries, especially in Slovenia (-8.4%), Hungary (-13.9%) and Croatia (-7%). In the CIS area, in Russia, loans increased by c.1% when exchange-rate adjusted, while in Ukraine, rates declined severely. On the funding side, the persistent fall in foreign liabilities, quite strongly 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 significant increase of deposits is related to a strong rise of the corporates' component still signalling lack of investments.

Industrial production % y/y – CIS - Egypt



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

Industrial production % y/y – CEE - SEE



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

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

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

The figures in this document have been updated as of 20th May 2016.

Cross Country Analysis

CEE Area

Antonio Pesce

In the **CEE countries** with ISP subsidiaries, the GDP dynamic slowed down in 1Q16. In **Slovakia**, GDP still grew at a very significant rate (+3.3% y/y according to the flash estimate), but this was still lower than in 4Q15 (4.3% y/y). Industrial production contracted in March (-1.4% y/y in calendar adjusted data) due to the negative performance of the manufacturing (-1.9% y/y) and mining (-8.4%) sectors, while the performance of the electricity and gas sector was positive (+4.6%). External demand deteriorated in March, as the exports dynamic was negative (-6.3% y/y in nominal terms).

Hungarian GDP rose by 0.9% y/y in 1Q16 (flash estimate), much lower than expected, from 3.2% in 4Q15. The weakness of industrial production (0.5% y/y in 1Q, but -2.4% in March) hindered economic growth. In March, exports also contracted (-3.4%). In April, however, the Hungarian manufacturing PMI increased to 52.2, signalling expectations of a still growing economy in the coming months. In May, Fitch significantly upgraded the Hungarian sovereign rating to BBB- (investment grade) from BB+, based on improvement in the public debt level (expected to decrease to 73.2% of GDP in 2017 from 75.3% at the end of 2015). The 1Q16 GDP growth flash estimate for Slovenia is not available yet; nevertheless, in the same quarter, industrial production grew by 5.4% and exports at 3.1% y/y.

Inflation remained negative in April both in Slovakia (-0.4%) and **Slovenia** (-0.7%). It was slightly positive (0.2%) in Hungary, but still lower than in 1Q16. Following the ECB board's announcements, monetary policy in Slovakia and Slovenia will remain expansionary, with official rates at current or lower levels for an extended period of time. In May, the Hungarian CB board decided to lower the policy rate to 0.9% from the previous 1.05%. The easing cycle might be at an end, but monetary conditions are expected to remain expansionary also in Hungary for an extended period. In this context, both money market rates and long-term yields decreased slightly in all three CEE countries.

Davidia Zucchelli

Regarding banking aggregates, the previous trends in lending for Slovenia and Hungary, on the one hand (negative), and for Slovakia, on the other hand (positive), have been confirmed by the latest data. Unlike loans, deposits continue to increase in all three countries.

In detail, in March in **Slovenia,** loans decreased by 8.4% y/y (down further from -7.8% in February), due to falling corporate loans (-14.9%) as a result of a restructuring process of banks' loan portfolios still in process (supply side) and weak demand from corporates (demand side). Two banks entering liquidation contributed to push down aggregates. Loans to households are decreasing as well (-0.1%). In **Slovakia,** lending continued to perform well (+8.1% in March from +7.4% yoy in February), both in the corporate (up by 7.4% from 6.1%) and the household sectors (up by 12.5%). Deposits also performed robustly (+8.5% in March from +8.4% in February), both in the household (+8.9%) and in the corporate (+7.3%) sectors.

In **Hungary**, in February, loans still showed a negative change (-13.9% y/y), due to a decrease in loans both to households (-15.7%, partly due to the nominal exchange-rate effect related to the conversion of foreign-currency-denominated loans) and corporates (-12.1%), the latter worsening significantly, both in local and in foreign currency terms, from the -5% y/y seen in November. After the conversion process which took place in 2015, foreign currency loans almost cleared among households (-99% with a parallel increase in domestic currency loans by 82%). Deposits recorded a rise, by 4.4% y/y in February (a deceleration from +7.5% in December), in particular due to a further increase in business deposits (+9% in February), whereas household deposits showed a more modest increase (+0.8%), as a result of a decrease of deposits in local currency (-1% y/y) and an increase of those in foreign currencies (+12 y/y%).

SEE Area

Antonio Pesce

In the SEE countries with ISP subsidiaries, economic growth consolidated in 1Q16. It still accelerated in Romania (4.2% y/y, according to the flash estimate, from 3.7% in 4Q15). In March, the dynamics of industrial production were slightly negative (-0.4% y/y), but exports remained on a positive trend (4.1%), in line with the 1Q16 average. In April, in addition, the Economic Sentiment Indicator (ESI) rose further to 104.1 from the previous month's 102.8. In Serbia, GDP grew at a surprisingly strong 3.5% in 1Q16 (flash estimate) from 1.2% registered in 4Q15, driven by double-digit production growth in the industrial sector in the first quarter (10.4%). In March, industrial production rose at an 8.8% rate and exports remained on a strong positive trend (8.3% growth).

GDP data for 1Q16 are not available yet for Croatia; however, industrial production grew at a 6.8% rate y/y in 1Q16 and exports at 2.9%. In Bosnia in March, exports and especially industrial production confirmed a positive trend, while in Albania, data on exports (-12.8% y/y) deteriorated further, with a performance below the 1Q average.

Consumer inflation was negative for almost all SEE countries (ranging from -1.7% in Croatia to -3.3% in Romania in April). It was positive but still very contained in Albania and Serbia (0.3% and 0.4%, respectively), well below the targets of their respective central banks. Given the low inflation, all the central banks of SEE countries with ISP subsidiaries confirmed easy monetary conditions. In May the Albanian Central Bank cut the policy rate to 1.25%. In the last few months, exchange rates remained roughly stable in Albania, Romania and Serbia, with respect to the euro, but appreciated slightly in Croatia.

Davidia Zucchelli

Regarding banking aggregates, there is nothing new to highlight: year-on-year changes in lending diverged among countries, while deposits grew everywhere, particularly in the corporate sector. As a consequence of the loan and deposit dynamics, the LTD ratio dropped to well below 100% in the countries of the region, with Bosnia the only exception (114.4%).

In detail, in Romania, loans rose in March (2.3% from 2.1% in February). Loans to corporates were weak (-0.7% y/y from -0.8% y/y the previous month) whereas loans to households increased by 5.4% y/y, supported by mortgages. Deposits continued to perform strongly (+9.6% yoy). In Serbia, loans continued to grow in March (2.1% from 2.2% y/y in February), especially to households (+5.4% y/y), with a sharp increase in local currency loans (+12.5% y/y). Loans to corporates fell slightly (-0.1%, with deep decline seen in local currency loans -17.6% y/y). Deposits continued to perform well (+7.3% y/y in March), in both the household (5.1%) and corporate (12.4%) sectors, particularly in dinar. Foreign liabilities continued to decline (-9% y/y in January), as was the case in all other CEE/SEE countries (with the notable exception of Slovakia).

In Croatia, loans continued to decrease (-7% in March from -5.9% y/y in February), due to falls recorded by both corporates (-5.5%, still burdened by heavy debt) and households (-8% y/y). The conversion of Swiss franc-denominated loans into euros is progressing. Deposits remained robust (+3.7% y/y in March), particularly among corporates (+18.6%, thanks to the sale of a tobacco company), while the household sector showed only a small increase (0.3%). In Albania, loans fell (-2% y/y) in March among corporates (-2.7% y/y), while households saw a minor decrease (-0.1%), due to the slowdown of loans in foreign currencies (-6.9%) almost balanced by an increase of loans in local currency. Deposits continued to grow (+0.9%), driven by corporate deposits (9.3%), while household deposits declined by 0.3%. Household deposits in local currency decreased slightly in March (-3.7% y/y), while deposits in foreign currencies increased by 3.3%, owing to remittances. On the liability side, foreign liabilities continued to decline sharply (-14.7% y/y in March).

CIS and MENA Areas

Giancarlo Frigoli

The Russian economy shrank by 1.2% y/y in 1Q16 according to the flash estimate by Rosstat. It was a shallower fall in GDP than in 4Q15, when output declined by 3.8% y/y. Data, however, flattered by an additional working day in 1Q16 compared with 1Q15 due to the leap year.

Industrial production fell by 0.6% y/y in March, but it returned to positive territory in April (+0.5% y/y). The breakdown shows that a number of subsectors are now growing in y/y terms. In March, machinery and equipment grew by 11.3% y/y and the food and chemicals subsectors continued to be among the best performers. Consumers are still being squeezed, though. Labour market conditions remain difficult (in April, real wages dropped by 1.7% y/y) and retail sales contracted by 4.8% y/y (-5.8% in March). Construction output fell by 1.4% y/y in March, suggesting that investment activity remains weak. The Manufacturing PMI eased to 48 in April, from the previous 48.3 reading, marking the fifth consecutive month below 50. But, the Service PMI improved to 54.2 in April, from 52 in March, reaching the highest level since March 2013.

In April, inflation slowed to 7.3% (core 7.6%) from the 7.4% average in 1Q. The inflation rate is expected to temporarily accelerate (due to a base effect) in May and June, before starting to fall again from July. It could end the year below 6%.

In Ukraine, GDP moved up by 0.1% y/y in 1Q16, the first annual gain since 4Q13. Indications that the economy has started a recovery phase also came from industrial production, which rose by 3.7% y/y in 1Q. Inflation slowed to 9.8% in April, from 20.9% in March, on a favourable base effect and due to lower food prices. New upward pressures from higher tariffs are expected in the coming months, but the year-end 12% inflation target looks to be within reach. The central bank cut the policy rate to 19% in April, from 22% in March (the first cut since last August). The IMF agreed to release the long-delayed third loan tranche (USD 1.7Bn) next July, if reforms are implemented.

In Egypt, the latest data point to a significant slowdown in the economy in the first months of 2016, suggesting that the 4% annual growth pace seen in 4Q15 is unlikely to have been maintained. Industrial production fell by 11.9% in the January-February period. The slowdown mainly reflected the slide in revenues from tourism (-57%) and the Suez Canal (-27%). The PMI index for the non-oil private sector rose to 46.9 in April, from 44.5 in March, but for the seventh consecutive month, it was below the critical level of 50. S&P has put in place a negative outlook on the foreign currency sovereign debt of Egypt (rating B-) on worsening GDP growth and fiscal consolidation prospects.

Davidia Zucchelli

As regards banking aggregates, in Russia, loans increased in February by 7.8% y/y. Net of fx depreciation effects, they increased by approximately 0.4%. Corporate lending (+12% y/y in February), which accounts for around 70% of loans to the private sector, was supported by the restrictions on domestic access to foreign financial markets. Household lending, which is more fragile, showed a decrease of 4.4% y/y. In February, deposits increased by 14.3% (from 10.3% in January), but net of the fx effect, the increase is estimated at 5%, still below inflation. Interest rates on new loans to businesses increased slightly in February, from 13.37% to 13.41%.

In Ukraine, banking aggregates remain weak. Nominal loans decreased by 14% y/y in March (from -22% in February) both in the corporate (-9% y/y) and the household (-29%) sectors; net of the exchange-rate effect, loans showed a decline of 21%. Deposits also showed a nominal decrease (-4.3% y/y in March), but fell (approximately by -11%) net of the exchange rate. Deposits in local currency showed a remarkable recovery (+40% y/y), connected to the rapid decline seen last year in the same month.

Loans continued to rise in Egypt in nominal (+15.1% in February from 15.9% in January) and real terms (with inflation around 9%). Foreign liabilities recorded a new jump in February (+82% y/y from +75% in January, according to IMF data). Deposits maintained a strong pace (+19% in February, but on a declining trend since September 2015, when they grew by 21.75%).

Country-Specific Analysis

Albania

Real Economy

Kledi Gjordeni

Although the central bank lowered its GDP growth estimate for 2016, from 3.2-3.4% to 3.0-3.2%, growth is still seen better than in 2015 (when it was 2.6%) and maintains an upward trend. This growth is partly the result of the expansion of foreign direct investments in Albania. During 2015, FDI grew by 11.5%. For 2016, we expect the same positive trend taking into account the two major investments represented by the TAP project and a hydropower plant.

In April 2016, the annual rate of consumer inflation signalled another low figure, 0.3%, at the same level seen in March. Last year, the annual rate was 2.3 %. Inflation fell due to supply-side shocks which originated, to a large extent, in the global markets and are reflected in a rapid drop of inflation across all the countries of the region.

The external environment of Albania appears to have deteriorated – in terms of both demand growth for Albanian exports and the disinflationary pressures. While the main decrease in inflation originates from Albania's international partners, the overall pressures in the country remain low. Though moving upward, aggregate demand is not yet able to generate full utilisation of production capacity, both in labour and capital markets. Therefore, pressures on wages and production costs remain weak, which is reflected in low core inflation rates.

Financial Markets

After its cuts in February and April 2016, in May, the central bank decided to cut the key interest rate by a further 0.25%, which resulted in the rate falling to a record-low of 1.25%. This happened in response to the recent low CPI figures. The lowering of the key interest rate is aimed at boosting monetary stimulus for the economy. This move signals the Bank of Albania's intention to take all the necessary measures to maintain price stability in accordance with an inflation target of 3%. The Eur/Lek rate remains stable between 138.00 and 138.50.

Banking Sector

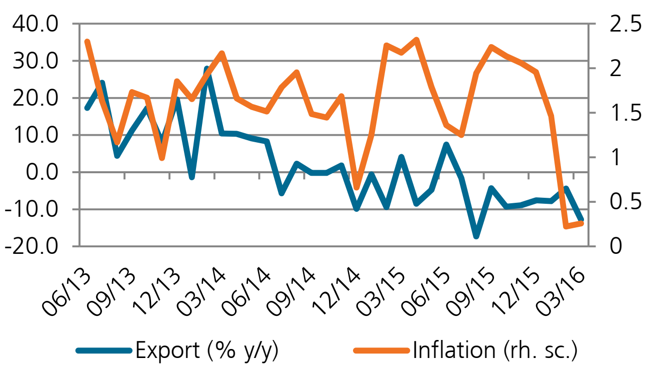
As of March 2016, total loans fell by 2% y/y (-2.3% in Q1) due to a slowdown in corporate loans (-2.7% y/y and -3.3% in Q1).The monetary policy (reduction of Lek interest rates) resulted in a lowering of the loans in foreign currencies (-5.4%) and in increasing those in local currency (2.9%). Total loans to the private sector, cleaned up via the write off of non-performing loans, recorded 3.1% annual growth in March 2016. Nevertheless, credit growth remains weak, reflecting the currently still-high level of NPLs at 19.3% of loans. On the deposits side, total deposits in March 2016 rose by 0.9% y/y (1% in Q1) particularly in the business sector, which increased by 9.3 % y/y, as well as in the FC component (4.9%). On the liability side, foreign liabilities continued to decline significantly, falling by 14.7 %.

Last macroeconomic indicators

	Last value	4Q 2015	3Q 2015
Industrial Production, wda y/y	n.a.	n.a.	n.a.
Export of Goods, Nominal y/y	-12.8 (Mar)	-8.6	-7.9
Unemployment Rate	n.a.	17.7	17.5
Inflation Rate, avg y/y	0.3 (Apr)	2.1	1.8
Loans (Priv. Sector, y/y, eop)	-2.0 (Mar)	-2.6	-1.8
Deposits (Priv. Sector, y/y, eop)	0.9 (Mar)	1.0	1.4

Source: INSTAT, Central Bank of Albania

Export and inflation



Source: INSTAT

Bosnia and Herzegovina

Real Economy

Ivana Jovic

The first quarter high frequency data indicate a strong economic performance, as industrial production increased by 4.5% y/y, boosted by a 6.5% hike in manufacturing. The strong IP rise was limited by a 1.8% decrease in electricity production amid unfavourable hydrologic conditions over the first two months of the year. A decline in electricity production also affected exports, which in Q1 decreased by 0.3% y/y, even though manufacturing exports increased by 3.3%. Private consumption outperformed over Q1, as real retail trade increased by 8.2% y/y. Overall, a positive performance of high frequency data could translate into Q1 GDP growth closer to the upper end of the estimated 2-3% y/y growth range.

As deflationary pressures intensified in March (-1.8% y/y), the average Q1 CPI declined by 1.3%, largely reflecting the oil price-driven decline in transportation CPI (-6.7%) in addition to a 1.4% decline in food prices. Among the few CPI components that registered the annual increase was a 12.3% increase in tobacco amid excise harmonisation.

Banking Sector

Ana Lokin

Loans to the private sector retained c. 3% y/y pace in March as a result of stronger retail (+4.2% y/y) and private company borrowing (+3.2%). From 1 July, the CBBH will introduce a negative interest rate on the amount of funds exceeding the required reserve at a rate equal to 50% of the ECB deposit facility rate in order to stimulate banks to use the liquidity surplus to extend loans. Further to the above, the CBBH introduced a uniform 10% rate for required reserves (instead of the two rates, 7% and 10%, which apply now) and will not calculate compensation on the amount of the required reserve funds. Private-sector deposits recorded a 7.9% y/y increase in March, with households' deposits rising 7.6% y/y, while the growth rate for corporate deposits accelerated slightly, to 8.8% y/y.

Interest rates on loans and deposits recorded a downward trend in 1Q16. While rates on corporate loans declined strongly, by up to 90 bps compared to the 2015 average, rates on loans to households decreased at a more modest pace of up to 20 bps. The rates on household savings in KM and Eur dropped by 20-50 bps and the rates on KM corporation deposits dropped by 30-70 bps.

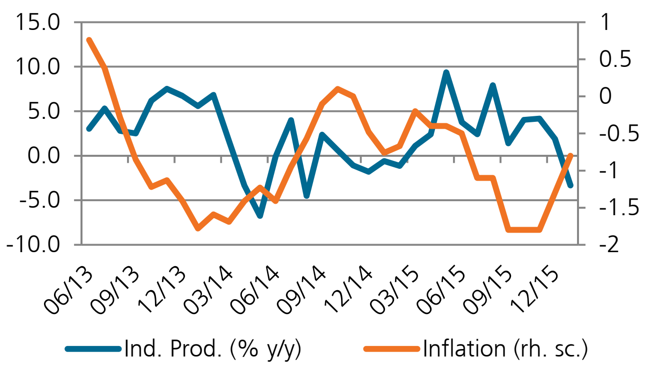
One of the main requirements for entering into an arrangement with the IMF is that Bosnia and Herzegovina solve accumulated problems in the banking sector of Repablika Srpska. The first step in this direction has already been taken: the RS banking agency has revoked the banking licence of Banka Srpska and started the liquidation process.

Latest macroeconomic indicators

%	Last value	4Q 2015	3Q 2015
Industrial Production, wda y/y	10.3 (Mar)	3.4	3.9
Export of Goods, Nominal y/y	1.6 (Mar)	1.4	4.4
Retail Trade, Real, wda y/y	6.6 (Mar)	4.9	8.0
Inflation Rate, avg y/y	-1.8 (Mar)	-1.6	-1.0
Loans (Priv. Sector, y/y, eop)	3.3 (Mar)	2.2	1.0
Deposits (Priv. Sector, y/y, eop)	7.9 (Mar)	7.8	6.8

Source: BHAS, CBBH

Industrial production and inflation



Source: Labour and employment agency

Croatia

Real Economy

Ivana Jovic

According to high frequency data, the Croatian economy strengthened and we expect that Q1 GDP growth will be around 2% (data due on 31 May).

Over Q1, the economic upswing was based on strong industrial production (+6.8% y/y, +1.9% q/q), marking Croatia as one of the best-performing EU members in terms of IP growth. Exports figures confirmed improved competitiveness as, according to the preliminary data, exports increased by 2.9% y/y, which resulted in the trade deficit remaining unchanged despite a 1.8% increase in imports. Domestic demand strengthened as higher real disposable incomes for households translated into consumption (real retail trade increased by 3.2% y/y) and construction works emerged to positive growth (+4.9% y/y in the first two months). Last year's record-breaking tourist season trend has continued, with Q1 arrivals increasing by 17.3% y/y.

Although April's CPI increased by 0.1% m/m, the annual inflation rate remained in negative territory (-1.7%, same as the Q1 average) reflecting low oil prices.

Financial Markets

Ana Lokin

The money market was calm in April and rates recorded only small changes. At the end of April, the O/N Zibor stood at 0.38% (+1 bps m/m), the 1M at 0.61% (-2bps), the 3M at 0.80% (-3bps), and the 1Y Tb rate slid to 0.97% (-2bps m/m). The average Eur/HRK rate slipped to 7.49 (-0.9% m/m), owing to the strong growth of fx inflows from tourism. The observed trends continued in May: rates stagnated, while the average fx rate remained around 7.5.

Banking Sector

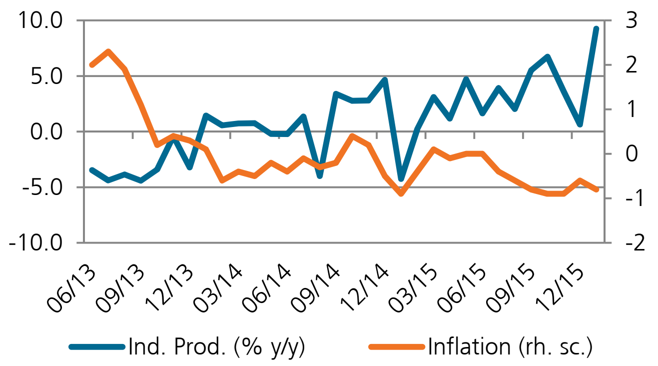
Loans dipped by 7.0% y/y in March as a result of a 5.5% decline in loans to non-financial corporations and 8.0% lower loans to households. Housing loans dropped by 14.8% y/y (conversion), other loans by 5.4% y/y, and credit card loans by 5.1% y/y. At the same time, kuna housing loans posted a 40.3% y/y rise (refinancing of housing loans pegged to fx) and kuna cash loans surged by 27.3% y/y. And, we are witnessing a small revival of car loans, which have grown by 2.9% q/q. Private-sector deposits in March were higher by 3.7% y/y (households +0.3%, corporate +18.6%). The average interest rate on kuna loans dropped in Q1 by 50bps vs the 2015 average, when the decline of households (-60bps) was stronger than the decline of corporates (-20bps). Rates on kuna deposits dropped in both sectors by 30bps, which resulted in a narrowing of spreads by 20bps. The rate on loans pegged to fx dropped by 30bps and on fx deposits by 50bps, resulting in a 20bps rise in spreads.

Latest economic indicators

%	Last value	4Q 2015	3Q 2015
Industrial Production, wda y/y	6.9 (Mar)	3.7	3.8
Export of Goods, Nominal y/y	6.4 (Feb)	10.4	8.3
Retail Trade, Real, wda y/y	3.5 (Mar)	3.2	2.3
ESI (index)	118.6 (Apr)	120.9	114.3
Inflation Rate, avg y/y	-1.7 (Apr)	-0.8	-0.5
Loans (Priv. Sector, y/y, eop)	-7.0 (Mar)	-3.1	-1.5
Deposits (Priv. Sector, y/y, eop)	3.7 (Mar)	6.4	4.9

Source: CBS, EC, CNB

Industrial production and inflation



Source: EC

Egypt

Real Economy

Emil Eskander

The GDP growth rate slowed to 3.5% in H1 2015/16 compared to 4.8% recorded in the same period last year, with exports continuing to constrain growth by retreating by 11.7%. The extractions sector was negatively affected by the decline in oil prices and fell by 4.1%. The tourism sector was hit by concerns related to terrorism. It's worth mentioning that Russia will loan Egypt USD 25Bn to finance building and operating Egypt's first nuclear power plant, to be paid off over 35 years at a 3% interest rate annually. The nuclear plant is due to be completed in 2022 and the first of its four reactors is expected to begin producing power in 2024 with the aim of eradicating the energy shortage Egypt has faced in the last few years.

Financial Markets

Annual headline inflation increased significantly to 10.3% during April 2016 on the back of the devaluation of the Egyptian pound against the US dollar and the shortage of foreign currency in general. The Central Bank of Egypt (CBE) is still maintaining in its fx auctions at a EGP 8.78/USD1 rate. The fx rate is hovering around EGP 10.85/USD1 in the black market. At its last meeting the Monetary Policy Committee (MPC) decided to keep its policy rates unchanged

S&P's downgraded its outlook on Egypt's long-term sovereign credit to negative from stable because of "external and fiscal difficulties" which "could dampen the country's economic recovery and exacerbate socio-political tensions". Similarly, S&P revised outlooks on the National Bank of Egypt (NBE), Banque Misr and Commercial International Bank (CIB) to "negative" from "stable". The three banks face significant risks, as they hold a high amount of Egyptian government debt compared with their equity bases and earnings capacity. At the same time, the agency affirmed its 'B-/C' long- and short-term counterparty credit ratings for the three banks.

Banking Sector

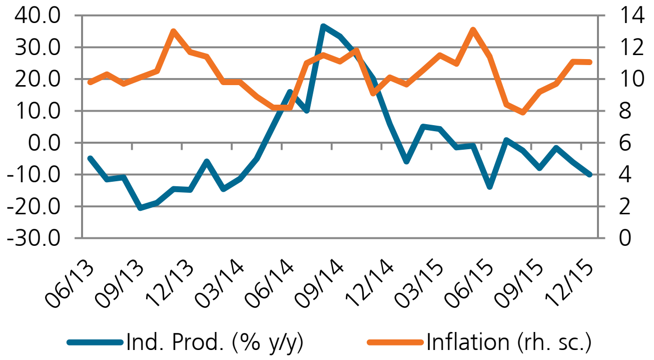
The total deposits of the private sector experienced an annual growth rate of 19% and were recorded to be EGP 1.56Tn by the end of February 2016. At the same time, total loans to the private sector rose by 15.1%, to reach EGP 610.5Bn, supported by the increase in investments and the launch of mega projects, especially infrastructure projects.

Latest Economic Indicators

%	Last value	4Q 2015	3Q 2015
Industrial Production, wda yoy	-11.8 (Feb)	-6.6	-3.2
Nom. Exports yoy	-0.9 (Mar)	-14.1	-18.7
Retail Sales yoy	n.a.	n.a.	n.a.
Inflation rate yoy	10.3 (Apr)	10.6	8.5
CB Reference Rate	10.8 (20th May)	9.2	8.8
Loans (priv. sector, yoy, eop)	15.1 (Feb)	18.0	15.8
Deposits (priv. sector, yoy, eop)	19.0 (Feb)	20.4	21.7

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

According to the preliminary CSO data, Hungary's GDP grew by 0.9% y/y, while the swda figure showed only a 0.5% y/y rise as a result of an 0.8% q/q drop (the first negative q/q figure since 2012). The poor performance of manufacturing, including flagship car production, made a strong negative contribution, while construction suffered an extreme drop. Services and other sectors supported by rising domestic demand were unable to compensate for this negative shift. Overall, the weak GDP figure reflects a significant drop in projects financed by EU funds. This slowdown is widely considered as a temporary phenomenon, but the overall 2016 growth figure will still be lower than previously projected and close to or even possibly slightly below 2.0%.

Headline inflation was higher than expected, but only at +0.2% in April, on the back of a +0.8% m/m change. The upward correction of oil/fuel prices played a significant role. Average inflation in 2016 may be close to 0.5%, but a further potential shift of expectations remains largely dependent on global oil prices.

Financial Markets

At the beginning of the most recent rate-cutting cycle (starting in March), the Monetary Council (MC) of the National Bank of Hungary (MNB) cut base rate by 15bps, to 1.20%. After the MC had indicated that permanently loose monetary conditions should be expected (parallel to the significant lowering of the central bank's inflation forecast, after the March ECB decisions), the MC decided on further monetary easing in April and May, pushing the base rate down to a new historical low of 0.9%. This is likely to be the end of the current cycle, as suggested by the MC statement: based on available information, the inflation outlook and the cyclical position of the real economy point to maintaining the 0.9% base rate for an extended period.

The forint moved on to a weakening path partly due to the revived domestic monetary easing cycle, partly as a result of the announcements about the 2017 fiscal plan and the release of the weaker-than-expected Q1 GDP figure. While the Eur/HUF rate hit a four-month record in May, the Eur/HUF cross rate remained within the 310-320 range. Bond yields also showed some negative correction.

Banking Sector

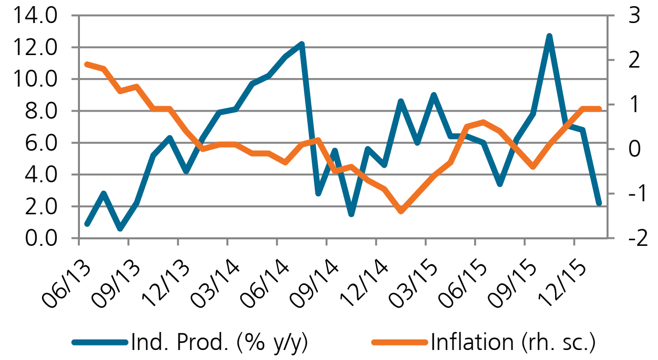
Real economic developments lent some support to the demand side of the loan market, while credit supply remained supported by the central bank's lending programmes. However, the dynamics of the corporate market remained negative. Customer deposits started to increase after a long period of decline. Both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

Latest Economic Indicators

%	Last value	4Q 2015	3Q 2015
Ind. Production y/y	-2.4 (Mar)	8.9	5.8
Nom. Exports y/y	-3.4 (Mar)	7.3	6.2
ESI (index)	110.1 (Apr)	113.2	116.1
Retail Sales y/y	4.2 (Mar)	4.5	5.5
Inflation Rate y/y	0.2 (Apr)	0.5	-0.1
CB Reference Rate	0.9 (20th May)	1.4	1.4
Loans (Priv. Sector, y/y, eop)	-13.9 (Feb)	-12.3	-9.3
Deposits (Priv. Sector, y/y, eop)	4.4 (Feb)	7.5	3.9

Source: CSO, NBH, Bloomberg

Industrial production and inflation



Source: CSO

Romania

Real Economy

Sebastian Maneran

The GDP flash estimate for Q116 showed exceptionally strong growth at +4.3%, slightly higher than market consensus. On a quarterly basis, growth was 1.6% compared to the last quarter in 2015. Detailed data is not yet available; however, the macro data released so far points out that the main growth driver was domestic demand (household consumption in particular), which was strongly stimulated by the fiscal impulse (lower taxes and higher wages).

Industry disappointed in the first quarter, as it did across most of the EU, going negative on a yearly basis, mainly due to low energy prices. Conversely, retail sales continued to grow at a robust pace (again driven by the fiscal stimulus, as non-food sectors outperformed by a wide margin). Consumer sentiment reached a six-month high in April, as consumers felt better with an improved liquidity position. April inflation caught the market by surprise, falling to a new all-time low of -3.3% in April.

Financial Markets

The NBR kept the monetary policy rate at 1.75% and the reserve ratios unchanged, and cut its inflation forecast again for 2016 to 0.6% from 1.4% and for 2017 to 2.7% from 3.4%. The Eur vs the RON exchange rate saw slightly higher volatility (in line with that of regional peers) which resulted in a weaker RON.

The yield curve was, broadly speaking, stable in the short end (heavily influenced by the local liquidity abundance in the money markets). Notwithstanding this, the longer end of the yield curve showed sensitivity, as did RON fx levels, to the string of negative news from the domestic environment (the bill that allows debtors to walk away from a mortgage signed into law by the president towards the end of April is the main stand-out event that generated RON fx weakness and higher yields at the long of the yield curve).

Banking Sector

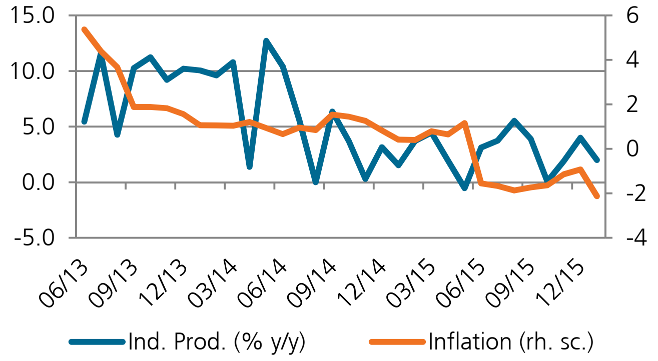
RON-denominated credit continues to grow much faster than fx loans, with households leading the charge. However, the latest available data do not incorporate the effects of the above-mentioned mortgage walk-away law. The law was intensely debated within Romania but the risks in terms of credit origination were not adequately considered. The new law is highly likely in fact to have a negative impact on the credit supply side.

Latest Economic Indicators

%	Last value	4Q 2015	3Q 2015
Ind. Production y/y	-0.4 (Mar)	2.0	4.4
Nom. Exports y/y	4.1 (Mar)	2.4	2.8
ESI (index)	104.1 (Apr)	103.5	104.5
Retail Sales y/y	18.5 (Mar)	12.4	10.6
Inflation Rate y/y	-3.0 (Mar)	-1.2	-1.8
CB Reference Rate	1.75 (20th May)	1.8	1.8
Loans (Priv. Sector, y/y, eop)	2.3 (Mar)	2.7	0.4
Deposits (Priv. Sector, y/y, eop)	9.6 (Mar)	9.1	8.6

Source: National Statistical Institute, NBR

Industrial production and inflation



Source: NBR

Russia

Real Economy

Anna Mokina

According to the preliminary assessment of Rosstat, Russia's GDP fall in Q116 amounted to -1.2%, a result that was better than market expectations. The fact that the actual number is not so pessimistic as it was previously forecast suggests that the annual growth rate could return to a positive path sooner than was previously expected.

The inflation rate in April 2016 slowed to 7.3% (y/y), whereas in April 2015 it was 16.4% (y/y). Industrial production in April grew by 0.5% (y/y). From January till April 2016 industrial production fell by 0.1% against January-April 2015 (extraction of minerals +3.1%; manufacturing -1.8%; production distribution of energy, gas and water -0.4%).

Financial Markets

The Central Bank of Russia at its board meeting on 29 April decided to leave the policy rate unchanged at 11.00%. The CBR foresees a positive process of slowing inflation and the economy getting closer to entering a recovery phase. If inflationary risks, which are considered high at the momemt, decline, the CBR might think about decreasing the policy rate.

The ruble foreign exchange rate has been re-appreciating from RUB 76/USD1 in January to Rub 66/USD1 in April. Due to the strong dependence of the ruble on oil prices, the partial recovery of the "black gold", since the beginning of this year, has supported in parallel the Russian currency.

Banking Sector

In February, loans to the private sector grew by 7.8% (y/y); in January, the growth was 5.1%(y/y). Deposits in February increased by 14.3%(y/y) vs 10.2%(y/y) in January. The share of NPLs in total loans amounted to 8.8% in February and 9.2% in March.

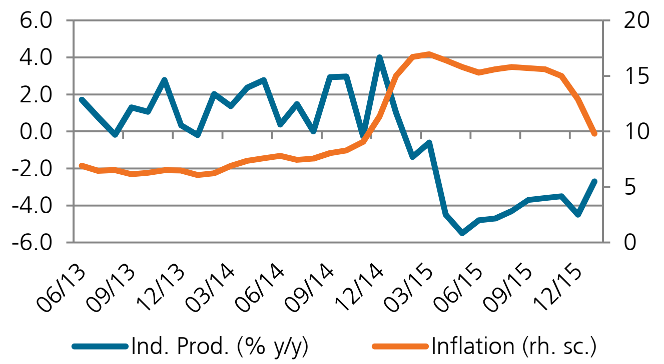
Both loans and deposits rates have decreased slightly since December 2015: lending rates have moved from 24.2% to 23.65% for households and from 13.8% to 13.4% for corporates; deposit rates went from 8.4% to 7.7% for households and from 9.9% to 9.7% for corporates. The loans/deposits ratio amounted to 111.5% in February (108.1% in December 2015).

Latest Economic Indicators

%	Last value	4Q 2015	3Q 2015
Ind. Production y/y	0.5 (Apr)	-3.9	-4.2
Nom. Exports y/y (in USD)	-30.1 (Mar)	-30.3	-36.7
Retail Sales y/y	-5.8 (Mar)	-12.5	-9.9
Inflation Rate y/y	7.3 (Apr)	14.5	15.7
CB Reference Rate	11.0 (20th May)	11.0	11.0
Loans (Priv. Sector, y/y, eop)	7.8 (Feb)	8.2	15.2
Deposits (Priv. Sector, y/y, eop)	14.3 (Feb)	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

Branka Babic

According to the Statistical Office flash estimate, real GDP increased by 3.5% in Q116 compared to the same period last year, as favourable trends from 2015 continued. The National Bank of Serbia projects that GDP will accelerate to 2.25-2.5% in 2016 primarily due to better performances in manufacturing, construction and some service sectors.

In April 2016, y/y inflation declined to 0.4%, which is likely to be the lowest level this year, according to NBS estimates. Inflationary pressures remained low in Q116, resulting from lower prices of primary commodities and generally low inflation abroad. Y/Y, inflation is projected to rise moderately from May and to return to within the central bank's target band (4±1.5%) at the beginning of 2017.

Financial Markets

The key policy rate has been kept on hold at 4.25% for the third consecutive month after a decrease of 0.25pp in February 2016. In making this decision, the NBS was focused on low inflationary pressures and an improvement in macroeconomic fundamentals. But, it also concluded that there are still uncertainties in the international environment and therefore decided to maintain a cautious approach to monetary policy. The European Central Bank's expansive monetary policy contributes to the reduction of external risks along with the domestic factors, notably the narrowing of internal and external imbalances.

The dinar's weakening since the beginning of the year was caused by uncertainties in the international financial market, but by energy importers' increased demand for foreign currencies and servicing of foreign credit liabilities as well. Slightly increased recent risk aversion due to elections held on 24 April contributed to more significant interventions by the NBS (it sold EUR 725Million in the first four months of 2016) in order to keep the domestic currency stable. On the other hand, depreciation pressures were softened by the improved export performance and the inflow of foreign direct investment.

Banking Sector

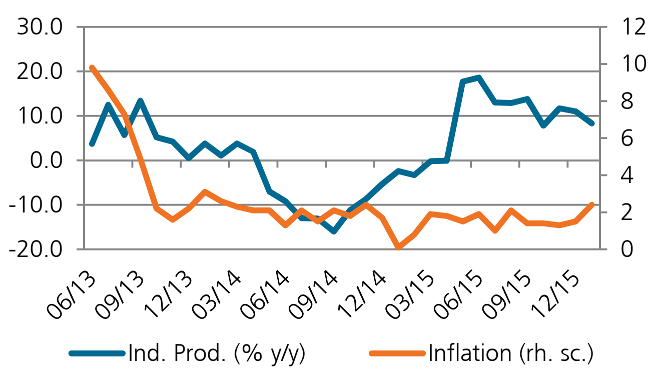
Past monetary policy easing was the main driver of the fall in banking interest rates in the first quarter, together with increased bank competition. The fall in interest rates and the acceleration of economic growth are expected to support further growth in lending.The NBS stated that monetary policy will continue to support economic growth through lending activity, to the extent permitted by the direction of inflation and uncertainties stemming from the international environment.

Latest Economic Indicators

%	Last value	4Q 2015	3Q 2015
Ind. Production y/y	8.8 (Mar)	10.2	13.2
Nom. Exports y/y*	8.3 (Mar)	6.1	9.0
Retail Sales y/y	12.7 (Mar)	3.4	2.2
Inflation Rate y/y	0.4 (Apr)	1.4	1.4
CB Reference Rate, eop	4.2 (20th May)	4.5	5.0
Loans Priv. Sector, y/y, eop)	2.1 (Mar)	3.0	3.1
Deposits (Priv. Sector, y/y, eop)	7.3 (Mar)	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

After stellar growth at the end of 2015, the Slovak economy decelerated in the opening quarter of 2016. On a sequential basis, GDP growth decelerated from 1.0% q/q in H215 to 0.7% in Q116. Headline year-on-year growth decreased from 4.3% in Q415 to 3.3% in Q116, still close to last year's average. The latest GDP numbers were in line with our expectations. We do not see the deceleration as a negative factor but rather as a normalisation, as last year's volume of public investments associated with EU funds were extraordinary high. We hold our previous full-year forecast of GDP growth at 3.2% y/y.

The composition of GDP growth will be known only in early June. Monthly activity data however signalled that private consumption most likely disappointed in the first quarter when considering cumulative progress in labour market conditions, which was compensated for by a milder-than-expected correction in investments. At the end of Q1, these trends seemed to reverse, however - retail sales picked slightly up in March while construction output recorded a y/y contraction. Forward-looking indicators remain rather positive, suggesting ongoing growth in the economy above 3% y/y through 2Q as well.

Regarding price developments, similar to neighbouring countries, prices picked up at the beginning of Q2, which eased the y/y deflation rate, from -0.5% in March to –0.4% in April. The bulk of the m/m increase related to higher fuel prices, but after a weak period, a demand-driven component of inflation also increased.

Financial Markets

On the bond market, the past month has seen few changes. Despite the latest disappointing fiscal results from 2015, yields on 10-year Slovak government bonds, pushed down by ECB's asset purchases, move on par with German bunds with relatively stable spread of 20bps.

Banking Sector

Zdenko Štefanides

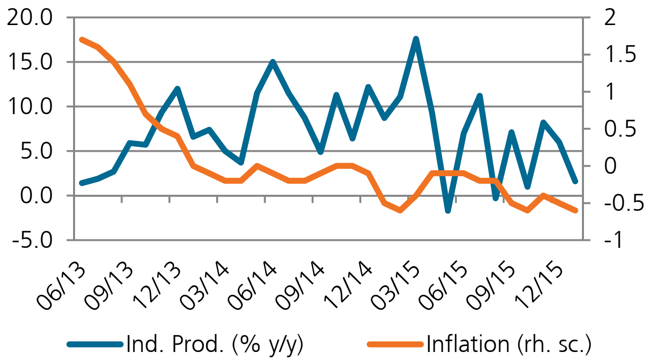
In the banking sector, trends of loans and deposits also remained unchanged through March, both growing above 8% y/y. The key change pertains to interest rates on new mortgage loans, which dropped sharply in March, by 44bps over the month. This move brought the Slovak APR on mortgages to a new all-time low of just 2.32%, below the Eurozone average, for the first time ever. This rate decline was primarily associated with aggressive refinancing competition spurred by regulatory changes represented by the cap on mortgage breakage costs. Given that mortgages account for a nearly 30% share of Slovak banking assets, margin pressure, already the biggest challenge for the sector, will likely intensify further.

Latest Economic Indicators

%	Last value	4Q 2015	3Q 2015
Ind. Production, wda y/y	-1.4 (Mar)	5.1	6.0
Nom. Exports, y/y	-6.3 (Mar)	7.3	5.8
ESI (index)	102.8 (Apr)	99.0	99.0
Retail Sales, y/y	2.0 (Mar)	2.6	2.3
Inflation Rate*, y/y	-0.4 (Apr)	-0.5	-0.3
ECB Refi Rate	0.0 (20th May)	0.0	0.0
Loans (Priv. Sector, y/y, eop)	8.1 (Mar)	8.7	7.9
Deposits (Priv.Sector, y/y, eop)	8.5 (Mar)	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

In March 2016, the value of industrial production decreased compared to the previous month, but remained on a strong y/y path (4.3%). However, exports decreased slightly compared to the same period of the previous year (-0.3%). In April, both the consumer confidence and economic sentiment indicators improved compared to the previous month.

Labour market conditions continue to improve. The number of registered unemployed declined further in April. At the end of the month, 105,453 people were registered as unemployed, which is 8.2% less than one year earlier.

Consumer prices declined further y/y in April (-0.7%). The decline was still largely due to lower oil and other energy prices. In the absence of cost pressures, prices of durable goods also remained down y/y. Food prices were similar to those in the same period of last year. Price growth in services and semi-durable goods strengthened slightly, but remained modest.

Financial Markets

In April, the slight downward trend of short-term interest rates continued, still reflecting the ECB's accommodative monetary policy stance. The three-month Euribor is currently moving around -0.26%, having remained negative for one full year. In April, the 10-year Slovenian government bond yield was on average around 1.40%. From mid-April, it turned slightly upward and currently it is around 1.5%. However, the current level is still almost 20 bps lower than three months ago. In the last three months, the Slovenian five-year CDS spread remained relatively stable and it is currently moving around 95 bps.

Banking Sector

Lending activity is continuing to contract. In March, loans to the corporate sector were lower compared to the previous month (-Eur 167M); however, the decrease in total loans was partially offset by higher loans to households (where all types of loans – mortgages, consumer, and other – increased m/m). In the last 12 months, loans to the private sector declined by Eur 1.7Bn, which was only partially a consequence of the liquidation of two smaller banks in February 2016 (effect: -Eur 412M). Despite favourable financing conditions and increasing demand for loans, banks have remained cautious with regard to investment.

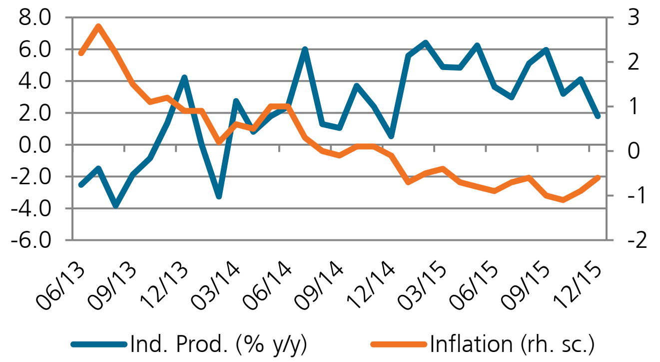
Deposits from the private sector continued to increase (up Eur 256M m/m) despite falling interest rates on new production. In particular, overnight deposits rose more visibly.

Latest Economic Indicators

%	Last value	4Q 2015	3Q 2015
Ind. Production, wda y/y	4.3 (Mar)	4.0	5.4
Nom. Exports y/y	-0.3 (Mar)	2.8	3.4
ESI (index)	107.4 (Apr)	109.4	109.7
Consumer Confidence Indic.	-18.0 (Apr)	-12.3	-8.3
Inflation Rate y/y	-0.7 (Apr)	-0.9	-0.8
ECB refi rate	0.0 (20th May)	0.0	0.0
Loans (Priv. Sector, y/y, eop)	-8.4 (Mar)	-5.2	-11.6
Deposits (Priv. Sector, y/y, eop)	6.3 (Mar)	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

Real GDP rose by 0.1% y/y in Q1. This gain mainly reflected the rise in industrial production (+3.7% from January to March), construction (+1.9% y/y) and cargo shipments (+4.6% y/y) while in the January-March period, agricultural production was down by 1.7% compared to the same period last year. Inflation pressure eased more than expected in April, with the annual rate slowing to 9.8% y/y, the first single-digit reading in more than two years. Although new upward pressures are expected in the near future, the NBU has kept its headline inflation projection unchanged at 12% by the end of 2016 and 8% by the end of 2017.

Financial Markets

In the second half of April, the board of the National Bank of Ukraine decided to cut the key policy rate to 19% from 22% previously. The first easing action since August last year was made possible by a decline in currency pressure (the UAH/USD rate has hovered around 25 in recent weeks) and by a further alleviation of risks to price stability. At the same time, the NBU has streamlined the operational framework of monetary policy. From now, the NBU will set the discount rate at the level of the key money interest rate. Identifying a single policy rate through the convergence of the discount rate and the 14-day CD interest rate (currently set at 19%) will improve the first factor in the transmission mechanism of monetary policy and therefore increase its effectiveness to steer short-term interbank market interest rates. Second, the NBU has ceased the practice of holding CD placement tenders at maturities of less than 14 days. On the one hand, this move will boost the development of the interbank credit market. On the other hand, the key policy rate will convey a clearer signal of changes in the stance of monetary policy.

Banking Sector

Davidia Zucchelli

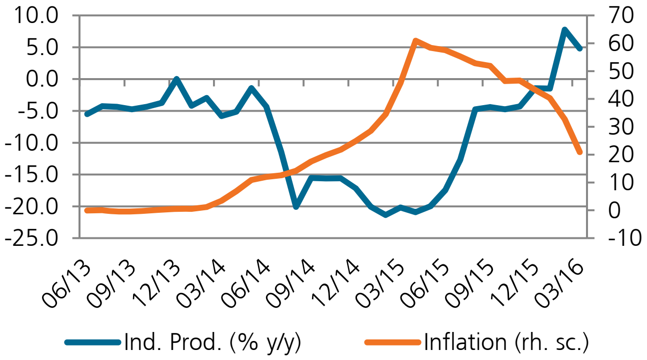
Banking aggregates remain weak. Nominal loans decreased by 14% y/y in March (from -22% in February) both in the corporate (-9% y/y) and in the household (-29%) sectors; net of the exchange rate effect, loans showed a decline of 21%. Deposits also showed a nominal decrease (-4.3% y/y in March), but fell (by approximately -11%) net of the exchange rate. According to the latest lending survey conducted by the central bank, in Q116, 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. Most banks expect growth in their corporate loan portfolios. Furthermore, in Q1, for the first time in recent last years, corporate lending standards loosened, particularly for lending in domestic currency and for extending loans to SMEs, which had been dragged down by banks' higher liquidity and competition for solvent borrowers.

Latest Economic Indicators

	Last value	4Q 2015	3Q 2015
Ind. Production y/y	4.8 (Mar)	-3.4	-7.3
Nom. Exports y/y (in USD)	-18.1 (Mar)	-30.8	-34.1
PMI Manufacturing	n.a.	n.a.	n.a.
Retail Sales	12.2 (Apr)	-15.9	-19.1
Inflation Rate y/y	9.8 (Apr)	45.4	53.3
CB Reference Rate	19.0 (20th May)	22.0	22.0
Loans (Priv. Sector, y/y, eop)	-13.9 (Mar)	-3.8	-1.9
Deposits (Priv. Sector, y/y, eop)	-4.3 (Mar)	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 balance****	
	1Q16	4Q15	2015	Last	mth	1Q16	Last	mth	1Q16	Last	mth	1Q16	2015	1Q16	4Q15	2015	1Q16	4Q15
CEE																		
Slovakia	3.3	4.3	3.6	-1.4	Mar	2.5	-6.3	Mar	0.2	-0.4	Apr	-0.5	-0.3	n.s.	n.s.	n.s.	n.a.	-227
Slovenia	n.a.	3.3	2.9	4.3	Mar	5.4	-0.3	Mar	3.1	-0.7	Apr	-0.9	-0.8	n.s.	n.s.	n.s.	n.a.	673
Hungary	0.9	3.2	2.9	-2.4	Mar	0.5	-3.4	Mar	1.8	0.2	Apr	0.3	-0.1		-1804	-4256	n.a.	1010
SEE																		
Albania	n.a.	2.2	2.6	n.a.	n.a.	n.a.	-12.8	Mar	-8.4	0.3	Apr	0.7	1.8	n.a.	169	n.a.	n.a.	-413
Bosnia H.	n.a.	2.1	3.2	10.3	Mar	4.5	1.6	Mar	-0.3	-1.8	Mar	-1.3	-1.0	-7	169	399	n.a.	-231
Croatia	n.a.	1.9	1.6	6.9	Mar	6.8	6.4	Feb	2.9	-1.7	Apr	-1.3	-0.5	n.a.	270	1019	n.a.	-390
Romania	4.3	3.7	3.7	-0.4	Mar	-0.9	4.1	Mar	4.0	-3.3	Apr	-2.6	-0.6	n.a.	2456	-3990	n.a.	-826
Serbia	3.5	1.2	0.7	8.8	Mar	10.4	8.3	Mar	11.1	0.4	Apr	1.5	1.4	n.a.	-181	171	n.a.	-451
CIS MENA																		
Russia	-1.2	-3.8	-3.7	0.5	Apr	-0.7	-30.1	Mar	-33.4	7.3	Apr	8.4	15.8	9478	-2362	-18340	n.a.	14952
Ukraine	0.1	-1.4	-9.9	4.8	Mar	3.7	-18.1	Mar	-23.5	9.8	Apr	31.3	48.5	-729	581	5741	-942	-283
Egypt	n.a.	4.0	3.5	-11.8	Feb	-12.0	-0.9	Mar	-5.4	10.3	Apr	9.4	10.4	116	110	1112	n.a.	-4940
m.i. E. A.	*1.6*	*1.5*	*1.6*	*0.2*	*Mar*	*1.6*	*-2.7*	*Mar*	*-1.2*	*-0.2*	*Apr*	*0.0*	*0.0*					

Source: Datastream, Reuters, Bloomberg;* 1Q 16 flash estimate, **Wda data for Slovakia, Slovenia; Bosnia, Croatia, Egypt; ***USD for Russia, Egypt, Ukraine, Romania; ****Export and CA balance in USD for Russia, Egypt, Ukraine

Markets and Ratings

	S/T rates*		L/T rates**		Foreign exchanges***			Stock markets		CDS spread		Rating
	18/05	chg bp 3M	18/05	chg bp 3M	18/05	3M chg%	1Y chg%	3M chg%	1Y chg%	18/05	18/02	S&P
CEE						Vs Euro						
Slovakia	-0.3	-0.1	0.9	0.3	Euro	Euro	Euro	0.4	30.6	38.0	41.4	A+
Slovenia	-0.3	-0.1	1.5	-0.2	Euro	Euro	Euro	5.3	-11.6	95.3	96.2	A-
Hungary	1.1	-0.3	3.3	0.0	315.6	1.9	3.1	12.4	17.0	134.5	149.0	BB+
SEE												
Albania	1.4	-1.1	n.a.	n.a.	137.3	-0.7	-2.3	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	-0.1	3.6	-0.1	7.5	-1.6	-0.6	4.4	-1.9	250.6	289.6	BB
Romania	0.6	0.0	3.6	0.3	4.5	0.8	1.2	3.6	-14.0	103.8	117.4	BBB-
Serbia	4.2	0.0	n.a.	n.a.	122.8	-0.3	1.9	10.6	-20.5	254.0	282.8	BB-
CIS MENA						Vs USD						
Russia	11.4	-0.6	8.8	-1.2	64.5	-17.1	29.0	8.7	4.6	235.8	306.6	BB+
Ukraine	21.7	-2.7	9.7	0.0	25.2	-4.4	16.0	15.7	-23.5	13957.0	13957.0	B-
Egypt	13.0	1.4	17.2	1.4	8.9	13.4	16.4	38.5	-8.5	494.8	484.2	B-
m.i.A.E.	*-0.3*	*-0.1*	*0.2*	*0.0*	*1.1*	*1.6*	*-0.7*	*2.2*	*-17.3*	*12.8*	*12.6*	

Source: Datastream, Reuters, and Bloomberg;* The data for Albania refers to April **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	2015	Last	mth	2015	Last	mth	2015	Last	Mth	2015	Last	mth	2015	S*	Last	mth	2015	S*	Last	mth	2015
CEE																							
Slovakia	8.1	Mar	8.7	5.1	Mar	5.1	21.3	Mar	1.1	8.5	Mar	9.9	2.84	Mar	2.83	C[2]	0.71	Mar	0.75	H[2]	90.6	Mar	90.0
Slovenia	-8.4	Mar	-5.2	8.5	Feb	9.9	-25.3	Mar	-20.7	6.3	Mar	5.8	3.37	Mar	3.45	C[2]	0.24	Mar	0.28	H[2]	85.0	Mar	89.2
Hungary	-13.9	Feb	-12.3	13.7	Dec	13.7	-5.4	Feb	-8.1	4.4	Feb	7.5	4.07	Feb	4.1	C	0.85	Feb	1.0	A	92.7	Feb	90.8
SEE																							
Albania	-2.0	Mar	-2.6	19.3	Mar	18.2	-14.7	Mar	-14.4	0.9	Mar	1.0	9.28	Mar	8.35	A	1.07	Mar	1.27	H	54.4	Mar	54.2
Bosnia H.	3.3	Mar	2.2	13.7	Dec	13.7	-9.0	Mar	-11.7	7.9	Mar	7.8	4.59	Mar	4.99	C	0.85	Mar	1.06	H	114.1	Mar	114.4
Croatia	-7.0	Mar	-3.1	16.6	Dec	16.6	-31.1	Mar	-25.1	3.7	Mar	6.4	4.48	Mar	5.08	C	1.82	Mar	2.15	H	86.7	Mar	86.5
Romania	2.3	Mar	2.7	13.6	Dec	13.6	-14.1	Feb	-10.2	9.6	Mar	9.1	4.43	Mar	4.32	C	1.18	Mar	1.48	H	90.9	Mar	89.5
Serbia	2.1	Mar	3.0	20.9	Feb	21.6	-9.0	Mar	-6.3	7.3	Mar	7.1	6.57	Mar	6.24	C	3.58	Mar	4.17	H	111.0	Mar	111.4
CIS MENA																							
Russia	7.8	Feb	8.2	9.2	Mar	8.3	-1.1	Feb	-0.8	14.3	Feb	18.8	13.41	Feb	13.8	C	7.68	Feb	8.43	H	111.5	Feb	108.1
Ukraine	-13.9	Mar	-3.8	28.0	Dec	28.0	-34.6	Feb	6.3	-4.3	Mar	1.5	25.92	Mar	26.09	R[3]	18.92	Mar	20.06	R[3]	149.9	Mar	146.3
Egypt	15.1	Feb	18.0	6.8	Dec	6.8	82.3	Feb	91.6	19.0	Feb	20.4	11.9	Feb	11.8	C	7.0	Feb	6.8	H	39.0	Feb	38.8
m.i. E. A.	*0.7*	*Feb*	*0.9*	*n.a.*	*n.a.*	*n.a.*	*n.a.*	*n.a.*	*n.a.*	*3.1*	*Feb*	*3.3*	*1.3*	*Feb*	*1.5*	*C*	*0.6*	*Feb*	*0.6*	*H*	*82.4*	*Feb*	*83.0*

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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