INTESA SANPAOLO

International Research

Economic and Banking Monitor

May 2025

Viewpoint

Fragile Recovery Amid Disinflation and Shifting Monetary Equilibria

Countries with ISP subsidiaries

Quarterly Note

Research Department

International Research Network

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Macroeconomic scenario

- **Overview** - The macroeconomic environment is defined by **persistent uncertainty**, with global protectionism and trade fragmentation weighing on sentiment. While **domestic demand** – fueled by robust labour markets and fiscal support – continues to anchor activity, the external sector remains a drag. The recovery path is uneven, shaped by geography, exposure to global value chains, and fiscal room for manoeuvre.
- **Economic Growth** - Growth is **gradually resuming**, particularly in Central and Southeastern Europe, supported by private consumption and real wage growth. However, signs of fatigue are evident, especially in industrial output and investment. In Eastern Europe, structural fragilities and war-related disruptions continue to restrain momentum. The **consumption-driven cycle** dominates, while net exports offer limited support due to weakening global demand.
- **Inflation** - The **disinflationary trend** is gaining traction, aided by declining food and energy prices, exchange rate stabilisation, and tighter monetary policy pass-through. Still, **inflation differentials** persist across regions, and underlying price pressures remain elevated in conflict-affected or supply-constrained economies. The balance of risks is improving, yet vulnerable to renewed global tensions.
- **Monetary Policies** - Several central banks have cautiously started to **ease policy**, responding to falling inflation and subdued growth. In the CEE region, rate cuts have begun, while in higher-risk markets – such as Hungary, Romania, and Russia – monetary stances remain tight. The forward path points to selective loosening, though central banks remain vigilant, especially where exchange rate volatility and inflation expectations are not yet fully anchored.

Banking Aggregates

- **Loans** - Credit dynamics remain **heterogeneous**. Lending to households is accelerating, driven by rising incomes and stable employment. Conversely, corporate credit is **moderating**, particularly where investment sentiment is dampened or banks shift towards sovereign exposure. In nominal terms, loan growth remains high in inflation-heavy countries, though real activity lags.
- **Deposits** - Deposit growth is **solid but decelerating**, with household savings remaining the main driver. Corporate deposits are more volatile, influenced by **portfolio reallocations** and tax dynamics. In certain countries, a rising **loans-to-deposits** ratio reflects tightening liquidity, especially where government bond issuance diverts savings from bank deposits.
- **Interest Rates** - Interest rates on loans and deposits are slowly adjusting downwards, in line with **monetary easing** and reduced inflation. In countries with previously elevated nominal rates, **real rates have turned positive**, enhancing the effectiveness of monetary transmission. That said, spreads remain wide in high-risk economies, reflecting persistent uncertainty.
- **Non-Performing Loans (NPLs)** - Asset quality remains **broadly stable**, supported by strong initial conditions and prudent underwriting. NPLs are low in most CEE and SEE markets, but elevated in Eastern Europe, particularly in Ukraine. Going forward, any material deterioration in growth or a renewed tightening in financial conditions could expose latent credit risks.

Conclusion

The region stands at a delicate juncture: **inflation is receding, and monetary policy is turning more supportive**, but the recovery remains patchy and exposed to external fragilities. Banking systems are robust, yet face shrinking margins and asymmetrical credit trends. Strategic policy coordination – balancing support for demand with financial stability – will be essential to navigate this evolving landscape.

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

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

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

Cross-Country Analysis

CEE Area

Antonio Pesce

In the fourth quarter of 2024, the economic cycle broadly improved in CEE countries, although remained relatively weak due to a combination of the uncertainty on the international landscape owing to the rising commercial protectionism with tariffs and a strong geo-economic fragmentation trend. In Q4 2024, GDP grew at 2.9% year-on-year from 1.3% in the previous quarter (weighted average in the region, on seasonally adjusted data). The economic dynamic remained positive due to both private and public expenditure (2.8 percentage points (pp) of contribution to GDP growth) and the capital formation (0.8 pp), while the contribution of net exports was negative (-0.7 pp). Looking at the country level, the economic dynamics have been very different, ranging from the 4.1% growth in Poland to 0.4% in Hungary. For the first part of the current year, high-frequency economic indicators suggest still-feeble GDP growth. Risks for the economy are prevailing on the negative side. On the one hand, the resumption of monetary easing in several countries, such as the Czech Republic and Poland, together with the higher-than-expected decline in inflation, may support demand for consumption and investment but, on the other, uncertainty about the current economic policies of important global players continues to severely weigh on the confidence of households and businesses.

In 1Q 2025, the **Economic Sentiment Indicator** (ESI; in weighted average data) for the CEE region increased slightly, to 98.3 from 97.4; however, after the peak reached in March (99.8), the ESI slightly decreased in April (98.4). Among the subcomponents of the indicator, consumer sentiment continued to improve owing to favourable conditions in the labour market and the expected recovery of disposable income due to the expected declining trend in inflation. Meanwhile, the business component declined due to the weakness of external demand, in particular in Germany, one of the most important trading partners of the CEE region, and owing to the uncertainty coming from the increasing international commercial protectionism.

Albeit with some country-to-country exceptions, annual **inflation** remained stable in the CEE area in March (at 4.1%, in weighted average harmonised data), after several months of increasing pressures on consumer prices. Energy and food are the components of the consumer basket that have contributed most to the stability of inflation, especially in countries where the exchange rate has strengthened most. Inflation risk remains mostly balanced as, on the one hand, geopolitical fragmentation and growing economic protectionism by major global economies could fuel price tensions internationally, but on the other hand, the slowdown in the real economy could cool prices on the demand side.

At their most recent meetings, in May, the central banks of the Czech Republic and Poland lowered their **policy rates** to 3.50% and 5.25%, respectively, while the Hungarian pause in the monetary policy continued (6.50% in April). In the financial markets, **long-term yields** slightly increased in all Slovakia and Slovenia vs. three months ago, roughly in line with the 10Y Bund yields, but in Slovakia the spread somewhat grew. In Poland, the long-term yield decreased instead as inflation fell. In terms of the local **currency**, the recovery of the Hungarian forint and the strengthening of the Czech koruna have continued in recent months as the inflation differentials with respect to their main trading partners have narrowed.

Davidia Zucchelli

On the **banking side, in the CEE area loans to the private sector slowed slightly in March**, increasing by 4% year-on-year in the region versus 4.3% yoy in December, due to the softening of the cyclical phase in CEE countries. In Poland, the loan performance reflected a deceleration in March after the **significant recovery shown in the last months of 2024** (2.9% yoy from 3.6% in 2024 improving from -2.9% yoy in 2023). Lending in the Czech Republic and Hungary remained robust (5.5% and 5.9% yoy in March, from 5.7% yoy and 3.6% yoy in 2024, respectively). In Slovakia and Slovenia, loans also accelerated (to 4.7% yoy and 4.2% yoy, respectively, in March). In real terms, year-on-year changes were still negative, in Poland (-2% pp) because of persistent inflation. **NPL ratios remained stable**. The highest ratio was in Poland and in Slovakia (2% as of September according to IMF data). The ratio was the lowest in Slovenia (0.98% in December). Asset quality was thus good, but is expected to worsen slightly in line with the economic deceleration.

Corporate loans decelerated in March (3.2% yoy), mainly because of a slowdown in Poland (to 3% yoy from 5.3% yoy in December) due to weak credit demand that led Polish banks to invest more heavily in government bonds. Corporate lending growth in Hungary was also weak (2% yoy in March). Owing to stable interest rates corporate lending was weak in Slovenia (1.3% yoy). It is worth mentioning that loans strengthened in Slovakia (4.8% yoy in March) despite macroeconomic uncertainties. **Household loans** rose in the area and in all countries (to 4.9% yoy in March from 4.5%), in line with macroeconomic improvements and increasing wages, especially in Hungary (to 10.6% yoy in March from 9.4% yoy in December).

Deposits from the private sector remained strong (+7.2% yoy in March) in the area, were still dynamic in the corporate sector (+4.3% yoy), but mainly in the household sector (8.8% yoy). Deposit growth decelerated in Hungary (to 7.4% yoy from 8.4% in 2023). Data are expected to improve in the next months. **Household deposits expanded 8.8%** yoy, broadly stable from 9% yoy in December, supported by a strong labour market, while corporate deposits decelerated to 4.3% yoy in the same period from 5.2% yoy in December, mainly in the Czech Republic (from 8.7% to 2% also due to strong corporate profitability) and in Slovakia (to 0.5% yoy from 7.2%). The high granularity of deposits and large portfolios of liquid securities somewhat mitigated liquidity risks. The **loan/deposit ratio** (LTD) was below 100% in all countries, with the exception of Slovakia, where it remained at 106.2%, worsening from 103% in December. In April, a deposit deceleration is expected due to a new government bond issue, and therefore a further increase of the LTD ratio. This highlighted ongoing liquidity tensions in the system, accompanied by dynamic **foreign liabilities** (15.7% yoy, even though foreign liabilities accounted for only 5% of total deposits). Furthermore, corporate deposits, which are more volatile than household deposits, accounted for around 40% of total deposits.

Corporate interest rates eased slightly in many countries in March (particularly in Slovakia -0.36pp in Q1). Household deposit interest rates declined as well. Surprisingly, they increased in Hungary (+0.32pp). Real rates were in positive territory in the Czech Republic and in Hungary where interest rates are nominally high (6.9% yoy in lending and 0.23% in deposits in real terms). Interest rates are expected to decrease further especially in Poland and the Czech Republic after the recent cut of the policy rates due to soft inflation data (-50bp and -25bp, to 5.25% and 3.5%, respectively).

SEE Area

Antonio Pesce

Economic growth in the South-Eastern Europe region increased in the fourth quarter of 2024. In the SEE region, **GDP was augmented by 1.4% yoy in 4Q24** (from 1.1% in the previous quarter as weighted average in the region, on calendar adjusted data) confirming the good performance in Serbia and Croatia. On the demand side, domestic consumption drove the recovery, while the net contribution of external demand was still negative. In the first part of 2025, high frequency economic indicators suggest a steady economic dynamic mainly supported by the services sector. On the demand side, the real wage growth, together with the increase of employment, are supporting internal expenditure. As the CEE region, the risks for the economy are prevailing on the negative side, even if the countries among the SEE area are less exposed to the negative impacts coming from the US tariffs.

In March, annual **inflation** in the SEE area fell (4.8%) for the second consecutive month, falling below the first quarter average (4.9%, on a regional weighted average basis, on harmonised data). The inflation rate has been quite different country to country in this region, ranging from 2.1% in Albania to 5.0% in Romania. In their last meetings, the pause in monetary policies was continued, with the **central banks** of Albania, Romania and Serbia keeping their policy rates at 2.75%, 6.5% and 5.75%, respectively. At the same time, **long-term yields** in Romania decreased to 7.5% (20 bps less than three months ago) but remained well above the long run average due to the actual political uncertainty. In the **FX** markets, local currencies remained stable in recent months.

Loan growth to the private sector accelerated to 9.4% yoy in March from 8.6% yoy in December, in a wide range (from 8.6% in Romania to 14.1% in Albania) owing to good macroeconomic data as of Q3 and Q4, and despite a weak economic context in Romania (to 8.6% in March from 8.2% yoy in December). **Deposits from the private sector decelerated** to 7.4% in March from 9.2% in December, but in Croatia and in Albania, deposits strengthened (to 6.1% yoy in March from 3.7% yoy in December and to 5.2% yoy from 3.9%, respectively). These two countries showed the highest dynamic also in lending. Loans to the private sector accelerated further in March in Albania and Croatia, increasing by 14.1% yoy and 12% yoy, respectively. Owing to gradually improving inflation, **real yoy changes in loans** are rising, especially in Croatia (7.8% yoy in real terms) and are particularly high in Albania (12%).

Davidia Zucchelli

Asset quality remained good, as shown by NPL ratios, which were declining slightly in Albania (at 4.06% from 4.2% in December) and in Romania (2.4% in November). **As in the CEE countries, household loans accelerated,** to 10.4% yoy in March (from 10% yoy in December) showing an acceleration in Serbia (to 11.6% yoy from 10.2%), Bosnia (to 9.8% from 9.3% yoy), and Albania (14.7% yoy) in particular due to strong labour market. **Corporate lending accelerated as well** to 8.6% yoy in March from 7.1% yoy in December, mainly in Albania (to 13.7% yoy in March from 11.4% in December) and Serbia (to 7.4% from 5.8%), mainly as a reflection of growing working capital growth. In Croatia, recent borrower-based macroprudential measures – that will limit debt service to income (DSTI) ratios for new housing loans to 45% and loan to value (LTV) ratios to 90%, and set an upper limit on repayment periods to 30 years – could slow excessive growth in household loans but mitigate financial risks.

Deposit growth decelerated strongly in the corporate sector (from 6% yoy in December to 2.8%) and also in the household sector (from 11.1% yoy to 10.2% yoy in the same period) in the region. Total deposits accelerated in Croatia (to 6.1% yoy in March from 3.7% yoy in December) and in Albania (to 5.2% yoy from 3.9% yoy in the same period), despite a slight decrease in the corporate sector (to -1.1% from 0.1% yoy), while in the household sector deposits accelerated to 7.1% yoy from 5.1%, supported by wage growth. Banks in the area can count on an ample and stable funding base, but **there is increasing competition from new T-bills and investment funds,** particularly in Croatia. Thus, owing also to a low and stable **loan/deposits ratio,** well under 100%, there are no signs of liquidity tensions.

Deposit interest rates decreased slightly in all countries but Bosnia (to 1.7% in the first quarter from 1.2%). **Corporate lending interest rates decreased slightly as well,** but not in Romania where they increased and consequently the spread widened (to 4pp in March from 3.4pp in December).

EE and MENA Areas

Uncertainties about the resolution of conflict in Ukraine continue to affect Eastern European economies and in the Middle East also the end of the war seems far away. In March 2025, **industrial production** in Russia (+0.8%) grew at a greater pace compared to February (+0.2%), and in December it declined in Ukraine (-3.3% vs. -0.3% in November). It continued to decrease in Moldova (-3.4% in December vs. -4.0% in November). **Exports** in December decreased in Russia (-2.9% from -8.5% in November). Moldova's exports also declined in November to -11.5% (from -3.2%), and in Ukraine they declined in February 2025 to -7.7% (from -6.5% in January 2025). In March **retail sales** were positive in Russia (+2.2%), and in Ukraine (+10.0% in December 2024 from +6.9% in November). In terms of forward-looking indicators, in March 2025 **PMI** decreased to 48.2 vs. the February level (50.2) below 50 in Russia. On the **inflation** side, in March 2025 consumer prices increased in Russia (at +10.3%), which is somewhat above the CB's inflation target (4.0%). In Moldova, the inflation rate increased (to 8.8%, from 8.6% in February). Inflation also increased in Ukraine (15.1% in April from 14.6% in March) within the CB's target range (5.0%+/-1.0%). In 2024 as a whole, the Bank of Russia raised the **policy rate** three times from 16% to the present 21% as a reflection of the significant rise in interest rates for borrowers and the cooling of lending activity. Current inflationary pressures have decreased but remain high, especially the underlying ones. The CBR estimates that the monetary tightening achieved will create the necessary conditions for inflation to return to target in 2026. Achieving the target will require a long period of

Francesca Pascali

maintaining tight monetary conditions. Inflationary pressures look set to begin to subside in the coming months. At its meeting on 20 March 2025, the National Bank of Moldova decided unanimously to keep the base rate applied to the main short-term monetary policy operations unchanged at 6.50% p.a.. The aim of this decision was to anchor inflationary expectations, to bring inflation within a range of ± 1.5 pp from the target of 5.0% over the medium term and to keep it within it, and is part of the moderation of the inflationary process and the propagation of the restrictive monetary policy measures adopted previously, the effects of which will continue to be felt, considering the delays in their transmission. Inflation looks set to be on a downward trend until the end of this year, against the backdrop of lower-than-potential aggregate demand, which will continue to exert a disinflationary impact on prices, and moderating inflationary expectations. In April, the National Bank of Ukraine (NBU) decided to keep the key policy rate unchanged at 15.5%. This decision will help maintain the sustainability of the foreign exchange market, keep expectations in check and gradually reduce inflation to 5% over the monetary policy horizon. Given the high level of uncertainty, which has only increased in recent months, the NBU will respond flexibly to changes in the balance of risks to price dynamics and expectations.

High inflation continues to impact **Egypt**. In February 2025, **industrial production** rose by 13.7% yoy (from +23.0% in January) and exports rose in February, by 32.0% from +26.3% in January. In March 2025, the **PMI** index went below 50 (to 49.2) versus February (50.1). In April, **inflation** increased to 13.9% (up from 13.6% in March). It remains far above the CB's inflation target for Q4 2026 and Q4 2028 at 7% (± 2 p.p.) and 5% (± 2 p.p.) on average, respectively, in line with the CBE's gradual advance towards implementing a fully-fledged inflation-targeting regime. At its meeting on 17 April, the Central Bank of Egypt decided to cut the overnight deposit rate, the overnight lending rate, and the reference rate for refinancing operations by 225 basis points to 25.0%, 26.0%, and 25.5% respectively. The sharp decline in headline inflation (around 9.0 percentage points yoy in Q1 2025), has significantly tightened the monetary stance, creating ample room to start the easing cycle.

Davidia Zucchelli

The performance of banking aggregates continued to be very dynamic in March in the **EE area** in nominal terms. In **Russia**, loans continued to grow strongly but rapidly decelerating (to 14.3% yoy in January from +19.8% yoy in October in nominal terms), particularly for corporates, (17.1% yoy from +22.1% yoy vs. +8.3% from +14.8% yoy for households). High interest rates could worsen credit risk (NPLs were 3.9% and 5.1% of loans in the corporate and in the household sectors, respectively as of February). Deposits decelerated strongly to 19.7% yoy in January, mainly in the corporates (to 12.6% and particularly in March, according to preliminary data, due to the transfer of taxes). Foreign currency funds remained almost unchanged. In **Moldova**, loans increased by 34.6% yoy in March (from +26.5% yoy in December) (+30.7% yoy to corporates, which accounted for 57.8% of total loans to the private sector, vs. 42.2% yoy to households, mainly mortgages accompanied by higher prices in the real estate market). The NPL ratio increased only slightly, to 4.25% from 4.1% in December. As of March, deposit growth rose by 10.8% yoy (corporates by 6.5% yoy, households by 13.9% yoy). Loans to the private sector in **Ukraine** accelerated in March (12.9% yoy but -1.6% in real terms in line with fragile GDP growth (0.1% in Q4)), both for households (22.4% yoy) and for corporates (9.4% yoy). The NPL ratio was 30% as of March slightly decreasing. Total deposits decelerated further to +13.5% yoy in the weak context (from +14.4% yoy in December), for both households (+13.1% yoy) and corporates (14.2% yoy). Foreign liabilities rose only slightly (1.3% yoy).

In **Egypt,** banking aggregates (the latest data for loans to corporates is only through September) remained vigorous, with loans increasing by 29.1% yoy as of September and deposits by 27.4% yoy as of March in nominal terms (2.7% and 13.8% in real terms). Loans increased by 23.4% yoy as of March in the household segment, and by 31.9% yoy (September) in the corporate sector. NPL ratio data stopped in June 2024 (at 2.7%) and only a small increase is expected in the current year. Banks are still able to rely on ample low-cost customer deposits, which have seen strong growth of 28.9% for households and 22.4% for corporates in nominal terms.

Country-Specific Analysis

Czech Republic

Real Economy

Zdenko Štefanides

The Czech economy continues to recover, posting real GDP growth of 0.5% quarter-on-quarter and 2.0% year-on-year in 1Q, up from 1.8% in the 4Q of 2024. The composition is as yet unknown, albeit partial activity data and the commentary of the Stats Office hint that domestic demand and particularly household consumption continued to drive the recovery. A positive contribution to growth is also likely to have come from increased government spending, whereas investments are lagging the recovery. Foreign trade was said to have had a negative net impact on yoy GDP growth in 1Q, albeit on a sequential, seasonally-adjusted qoq metric, the contribution from foreign demand was mildly positive. The impact of the incipient tariff war launched by the new US administration is yet to be felt in hard industrial and export data – albeit, in soft, surveys indicators, it has clearly made an impact already. Confidence among businesses fell in April, and ended the previous three-month streak of improvements. Confidence fell the most in industry, struggling particularly with insufficient demand, which is cited as a barrier to production growth by almost 44% of surveyed businesses.

Financial Markets

Following a rapid decline in borrowing costs last year, the Czech National Bank (CNB) switched to a more cautious approach by pausing in December, then lowering interest rates again in February, and holding them in March, citing persistent growth in the cost of services, wages, housing and the budget deficit as key domestic price risks. Since then, however, consumer prices declined in April by 0.1% over the month, which pulled year-on-year inflation down sharply, from 2.7% in March to just 1.8%, the lowest since early 2018. As a result, inflation moved abruptly from the upper half of the CNB tolerance band to the lower half, and opened the door to a further rate cut, which was delivered on the meeting on May 7 – the CNB has lowered all its rates by 25bps, bringing the key two-week repo rate to 3.50%. Investors, in fact, have boosted bets on the scope of Czech rate cuts even before the latest inflation print, indicating expectations of a terminal rate at around 3% within the next 12 months. 10-year yields have decreased towards 4.0% by early May, from 4.3% in March. The Koruna has been rather volatile amid the incipient US tariff war, but settled to levels under 25 versus the euro, the same as it was back in March.

Banking Sector

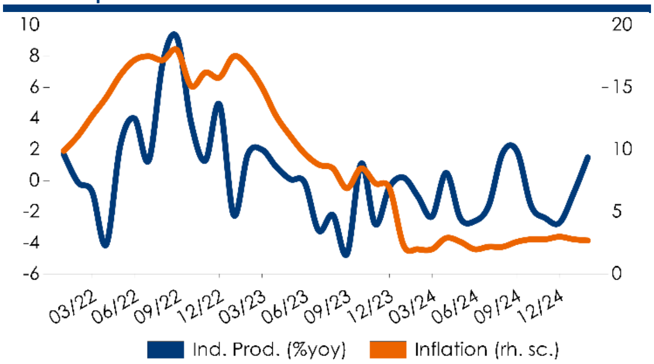
In the banking market, mortgage rates have continued to decline, albeit slower than the official rates of the CNB. In March, the average rate on new mortgage according to the data of Czech Banking Association fell to 4.68%, some 0.50ppt below the level of year ago. Gradually decreasing interest rates alongside the continuing recovery of household financial situation have continued to support demand for mortgages, which was up 75% in volume terms over March a year ago.

Latest economic indicators

	Last value	1Q25	4Q24
Industrial production, wda yoy	1.5 (Feb)	0.4	-2.2
Export of goods, nominal yoy	-1.8 (Feb)	3.0	8.2
CB refi rate	3.8 (7th May)	3.8	4.0
ESI (index)	96.4 (Apr)	101.2	96.4
Retail sales yoy	-1.8 (Feb)	3.0	8.2
Inflation rate, average yoy	2.7 (Mar)	2.7	2.9
Loans (priv. sector, yoy, eop)	5.5 (Mar)	5.5	5.7
Deposits (priv. sector, yoy, eop)	4.7 (Mar)	4.7	7.6
Lending interest rate (corp., eop)	5.5 (Mar)	5.5	5.7
Deposit interest rate (hh, eop)	3 (Mar)	3.0	3.2

Source: Czech National Bank, Czech Statistical Office

Industrial production and inflation



Source: Czech Statistical Office

Hungary

Real Economy

Mariann Trippon

Q1 GDP growth came out at below the most pessimistic expectations. GDP growth was minus 0.2% quarter-on-quarter (swda), the year-on-year growth rate was 0% unadjusted and -0.4% swda. Details are not yet available, but monthly frequency data suggest that the sole engine of growth remained consumption and on the production side, services. The industrial sector remains weighed down by weak external demand. Industrial output decreased by 4.4% yoy, retail sales rose by 2.6% yoy in Q1. Following the disappointing Q1 figure, FY GDP growth is highly unlikely to surpass 1%, in our view. Inflation decelerated in March on the back of cheaper food items and the decline in gasoline prices. Headline yoy CPI fell from 5.6% to 4.7%. Core CPI also inched down, but at 5.7% remains well above the central bank's target range. Despite weak activity, the labour market is stable. The unemployment rate stood at 4.3% both in March and Q1, and the employment and activity rates are close to record highs. Nominal wage growth decelerated to 9.3% in February, but real wage dynamics remain strong – providing support for consumption.

Financial Markets

The central bank left the policy rate unchanged at 6.5% in April. The NBH stressed that monetary policy will remain prudent, stability-oriented, and that rates may remain at the current level for a prolonged period of time. The NBH may re-start the easing cycle in Q3. However, the pace and size of the rate cuts will strongly depend on incoming new information. The forint remains extremely sensitive to shifts in global risk appetite. The EUR/HUF ratio briefly rose above 410 amid the tariff turmoil in April, but the Hungarian unit recovered part of its losses later – in tandem with calmer global markets. We still expect the EUR/HUF to trade above the 400 threshold in 2025. Long yields eye core markets for direction. The 10Y yield jumped in early April but stabilised below 7% later. The spread versus Bunds widened only temporarily.

Banking Sector

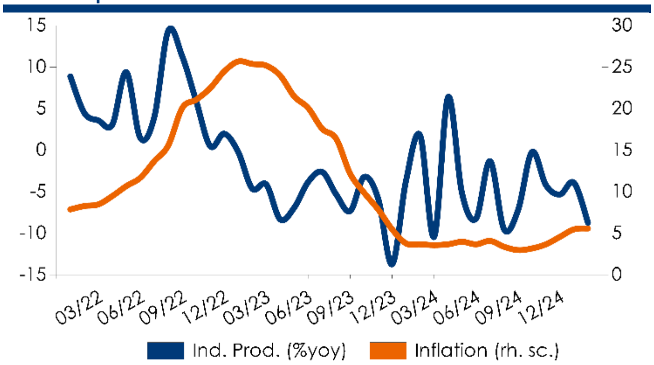
Loans in the banking sector stagnated in the first quarter of 2025, the rate of growth was -0,1%. Corporate loans declined by 3.1%, suffering from the low demand for investments, but the stronger local currency also dragged down the growth rate. Lending to Households on the other hand increased by 2,2%, owing to record high mortgage new disbursements, but demand for personal loans and the new workers loan also contributed to the increase. Customer deposits went up by 1.9% in the same period, mostly driven also by the Households sector (+4,0%), where the large government bond interest payments and growing net wages boosted the deposit volume. On the corporate deposit market, there was a decrease of -3.8% in the same period. With subdued economic growth and still relatively high interest rates, loan volume may grow by around 4-5% in 2025, if there will be a positive change in corporate lending during the remaining part of the year. For deposits, our expectation is a growth rate of 4.6% for 2025, driven by the Household sector.

Latest economic indicators

	Last value	1Q25	4Q24
Industrial production yoy	-8.7 (Feb)	-6.3	-3.2
Nom. exports yoy	-3.3 (Feb)	0.3	-0.5
ESI (index)	93.6 (Apr)	95.3	91.7
Retail sales yoy	-0.2 (Feb)	2.3	2.7
Inflation rate yoy	4.7 (Mar)	5.3	3.8
CB reference rate	6.5 (7th May)	6.5	6.5
Loans (priv. sector, yoy, eop)	5.9 (Mar)	5.9	6.8
Deposits (priv. sector, yoy, eop)	7.4 (Mar)	7.4	8.4
Lending interest rate (corp., eop)	10.8 (Mar)	10.8	11.1
Deposit interest rate (hh, eop)	4.9 (Mar)	4.9	4.6

Source: Central Bank of Hungary, Hungarian Central Statistical Office

Industrial production and inflation



Source: Hungarian Central Statistical Office

Poland

Real Economy

Zdenko Štefanides

Growth of the Polish economy appears to have lost some steam. Year-on-year growth of industrial production and retail sales eased in the first quarter of 2025. Retail sales fell by 0.3% yoy in March, following a 0.5% decline in February. Industrial output grew by mediocre 2.5% yoy in March, even as many export-oriented manufacturers reported solid output growth, most likely reflecting stock building ahead of the tariff increase in the US, which could boost production in Europe. Construction output recorded a decline of 1.1% yoy in March, driven mainly by civil engineering, which fell by 4.9% yoy, resp. Confidence indicators meanwhile point to a continuing cautious approach from businesses in the face of elevated uncertainty about the global growth outlook. Cautious also now appear consumers. Their confidence, measured by an indicator reported by the local Stats Office, posted in April a deterioration in both current and future consumer sentiment compared to the previous month and compared to April of 2024. The deterioration in consumer sentiment coincides with less hot labour market than before, exhibiting gradually slower wage growth and a decline in employment, by -0.9% yoy in March.

Financial Markets

With inflation slowing from 4.9% yoy in March to 4.2% in April, and surprising expectations of the National Bank of Poland (NBP) on the downside, the mood of policymakers has clearly shifted to the dovish side. In fact, several NBP Board members, including governor Glapinski, have recently alluded to the possibility of a 50bp cut in May, which indeed was delivered on 7 May. This is a major shift in policy, which hitherto kept the key rate at 5.75% since October 2023. In fact, in a recent interview, Mr Glapinski went even further indicating that a total of 100bp of cuts were to come in 2025 and the terminal rate of 3.50% would be reached in 2026. While this terminal rate is in line with our forecast presented in March scenario, it is materially more dovish than the market had been pricing. Bond yields in response plunged substantially, from nearly 6% in March to below 5.2% in early May. The Polish currency has also reacted to the policy pivot and lower forward rates, weakening as a result. In early May, the zloty traded around 4.3 vs the euro compared to 4.15-4.20 range prior to the shift in the NBP rhetoric.

Banking Sector

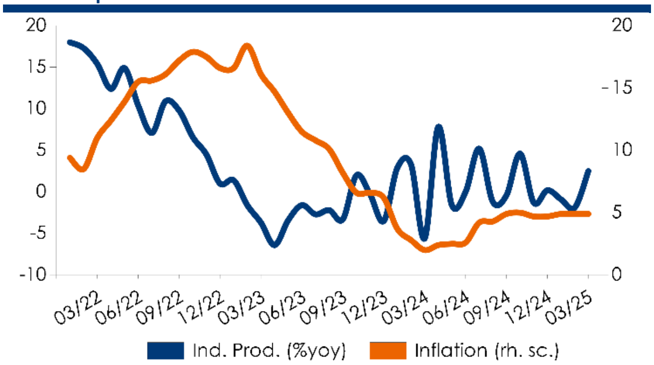
In the banking market, deposits continued to grow stronger than loans also in 1Q, particularly as households were supported by wage growth. Loans grew almost the same in the household and in the corporate sector (2.8% and 3.0% yoy respectively in March). Local interest rates stayed relatively stable due to no change in NPB policy. It was also announced that 49% stake in the Polish Santander subsidiary, formerly known as Bank Zachodni WBK, was going to be sold to Austrian Erste group, with Santander keeping 13% and the remaining shares publicly traded on the Warsaw Stock Exchange.

Latest economic indicators

	Last value	1Q25	4Q24
Industrial production yoy	2.5 (Mar)	-0.1	1.2
Nom. exports yoy	-9 (Feb)	-4.9	-3.6
ESI (index)	101 (Apr)	101.0	99.5
Retail sales yoy	4.8 (May)	n.a.	n.a.
Inflation rate yoy	4.2 (Apr)	4.9	4.8
CB reference rate	5.8 (7th May)	5.8	5.8
Loans (priv. sector, yoy, eop)	2.9 (Mar)	2.9	3.6
Deposits (priv. sector, yoy, eop)	8.6 (Mar)	8.6	8.1
Lending interest rate (corp., eop)	7.7 (Mar)	7.7	7.7
Deposit interest rate (hh, eop)	3.9 (Mar)	3.9	3.9

Source: Narodowy Bank Polski , Statistics Poland

Industrial production and inflation



Source: Statistics Poland

Slovakia

Michal Lehuta

Real Economy

Only partial data is available as yet for Slovakia's 1Q real economic activity. The country saw a significant quarterly drop in retail sales of more than 5% after seasonal adjustment, due to the strong pre-stocking effect of the rising basic VAT rate noted in December. In addition, industrial production also posted negative year-on-year dynamic for the available two months of the year, even though exports of goods in real terms were stronger, particularly in February. This means a negative expectation for household consumption, but perhaps a stronger net export position ahead of the US tariffs in the coming flash estimate of 1Q GDP expected mid-May.

The local labour market remained tight, as the registered unemployment rate reached a new all-time low of 4.8% in March, and the number of job vacancies posted record high. The wage growth stayed close to 5% yoy in selected industries. The economic sentiment deteriorated, mainly due to the escalation of the US trade war, which creates further negative risk for the near future in addition to the direct effects of e.g. 25% tariffs on car producers and their suppliers. The inflation rate stayed around 4% in March and April, when the core component sped up to 3.0% on strong price increases in services.

Financial Markets

The ECB continued cutting interest rates in the euro area in April, and is largely expected to do so also in June as the inflation rate for the monetary union may slow to 2.0% in the current months. With the negative economic expectations stemming from the US trade war, the markets now expect even further cuts in the deposit rate than just one more to 2.0%. This also kept longer-term benchmarks lower in April, when Slovak 10Y government bond yields decreased to around 3.4%. The risk premium against Germany initially increased with the US trade policy changes, but then corrected down to 85 bps – despite S&P changing the country's rating outlook to negative. The fiscal situation remains challenging, and the governing coalition will have to introduce new measures to reach the target deficit of 4.1% of GDP in 2026.

Banking Sector

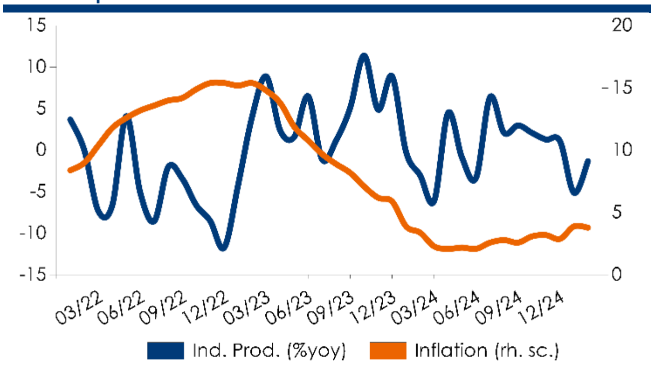
Local mortgage business continued to recover, as the offered prices of housing increased by 4% in 1Q compared to the end of last year, which meant need for larger loans in nominal terms. In addition, mortgage rates continued to slightly decrease. The good news is also that corporate loans are now on the rise (4.9% yoy in March), mainly in the 1-5-year segment. On the deposit side, households' deposits continued briskly by March, but local corporate ones are now down year-on-year. April may see a decrease in household deposits due to the emission of government retail bonds worth EUR 500M. This may also deteriorate slightly the local high loan-to-deposit ratio currently at 108%.

Latest economic indicators

	Last value	1Q25	4Q24
Industrial production, wda yoy	-1.3 (Feb)	-3.2	1.5
Nom. exports, yoy	4.3 (Feb)	2.5	3.7
ESI (index)	93.4 (Apr)	96.2	101.0
Retail sales, yoy	-2.6 (Feb)	-0.9	6.7
Inflation rate, yoy	4 (Mar)	3.9	3.1
ECB refi rate	2.4 (7th May)	2.7	3.2
Loans (priv.sector,yoy,eop)	4.7 (Mar)	4.7	2.9
Deposits (priv.sector,yoy,eop)	4.5 (Mar)	4.5	6.5
Lending interest rate (corp., eop)	4.5 (Mar)	4.5	4.8
Deposit interest rate (hh, eop)	0.6 (Mar)	0.6	0.7

Source: Statistical Office of Slovak, National Bank of Slovak

Industrial production and inflation



Source: Statistical Office of Slovakia

Slovenia

Real Economy

Ana Lokin

High frequency data point to stronger GDP growth in the first quarter, as real retail trade picked up and rose 2.3% yoy in 1Q (+1.3% qoq), with food sales rising 1.1% yoy. Industrial production remained meek, registering 0.2% yoy drop in the first two months of the year due to a negative performance of Manufacturing. Construction works remained in red, declining by 4.3% year-on-year in Jan-Feb, but the pace of decline eased notably compared to the previous quarters, with the works on buildings and specialised activities even increasing. Goods' exports surged by 48.4% yoy, mainly owing to stronger exports to Switzerland (pharmaceuticals), and paired with much softer increase of imports of 15.2% yoy, helped bring the trade balance back into positive territory. Per balance of payments data share of goods' exports to the US in total exports was low at 2.2% in February this year (12-month moving average), whereby the bulk of exports in 2024 represented machinery and transport equipment. Direct impact of tariffs thus might seem limited, but via global value chains, particularly linkages to Germany and Switzerland turns significant. The central banks elaborations on OECD data show that exports to the US, including indirect flows via other countries, reached 6.5% of total exports in 2020. Seen by industry, the strongest exposure had the production of pharmaceutical raw materials and preparations where 20% of total exports represented exports to the US market. OECD data show that the share of employment in the country included in exports to the USA was 1.4% in 2020 (around 15,000 jobs).

Inflation came in at 2.3% yoy in April (+0.8% mom), of which Food prices rose 6.0%, Clothing and Footwear prices saw a bit stronger seasonal growth of 3.5%, drop of Utilities prices strengthened to -2.6%, and Transport prices fell -0.9%, while Restaurant and Hotel prices sped to 4.8%. In the first four months of the year, average inflation stood at 2.2% yoy. Although services price growth remains strong (+3.8% yoy), it is gradually moderating.

Financial Markets

Turbulence on global markets caused the widening of 10Y government bond spread on Bund from an average 50bps in March to 60bps in April, while the average yield fell from 3.3% to 3.2%.

Banking Sector

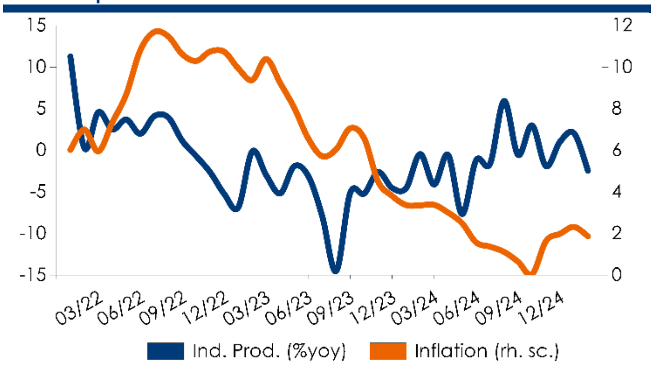
Loans in March grew by 4.2% yoy amid modest corporate demand (+1.3% yoy) and stable households (+6.5% yoy). Consumer lending lost pace (albeit from high levels) whilst housing loans are picking up, encouraged with interest rate decline. Deposits slightly slowed to 3.4% yoy in March due to retail bond issue (EUR 0.2Bn) lowering household deposits on monthly level.

Latest economic indicators

	Last value	1Q25	4Q24
Industrial production, wda yoy	-2.4 (Feb)	-0.2	0.7
Nom. exports yoy	50 (Mar)	49.7	14.9
ESI (index)	97.8 (Apr)	98.7	97.9
Consumer confidence indic.	-29.3 (Apr)	-28.9	-27.7
Inflation rate yoy	2.3 (Apr)	2.1	1.2
ECB refi rate	2.4 (7th May)	2.7	3.2
Loans (priv.sector,yoy,eop)	4.2 (Mar)	4.2	2.7
Deposits (priv.sector,yoy,eop)	3.4 (Mar)	3.4	1.9
Lending interest rate (corp., eop)	4.5 (Feb)	n.a.	5.0
Deposit interest rate (hh, eop)	1.2 (Feb)	n.a.	1.4

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

Industrial production and inflation



Source: Statistical Office of the Republic of Slovenia

Albania

Kledi Gjordeni

Real Economy

The Albanian economy maintained solid momentum throughout 2024, growing by around 3.85% yearly. Though lower than the previous two quarters (Q2, Q3), the GDP in the fourth quarter of 2024 expanded by 3.63%. The growth was fuelled by strong domestic demand, expanding tourism activity, and infrastructure spending. Household consumption (3.26%) and public investments (0.56%) played the major roles in sustaining this growth, while exports of goods and services contributed negatively (-1.73%). Inflation continues to decline, averaging about 2.2% in 2024, and in March 2025 reduced at 2.1%. This is aided by lower energy, unprocessed food prices and currency appreciation. Employment improved steadily. The 8.8% drop of the unemployment rate seen in Q4, is a national record in over a decade. The average salary in 2024 increased more than 11%. Wages in sectors such as construction and services saw above-average gains. However, youth unemployment, still near 19%, remains a structural issue. Medium-term prospects remain favourable, with slightly below the previous year growth.

Financial Markets

Financial market indicators reflected greater investor confidence in 2024. Albania's sovereign risk profile improved, prompting upgrades by major credit rating agencies (BB). The current account deficit in 2024 was around 2.55% of GDP, largely due to higher capital goods imports. Nonetheless, remittance flows and growing tourism revenues continue to provide reliable external financing. FDI reached record highs exceeding EUR 1.5Bn in 2024. Real estate, energy, and tourism remained the leading destination for capital inflow. Monetary policy stayed moderately tight to preserve inflation expectations, although space for rate adjustments may emerge later in 2025 if inflation remains low.

Banking Sector

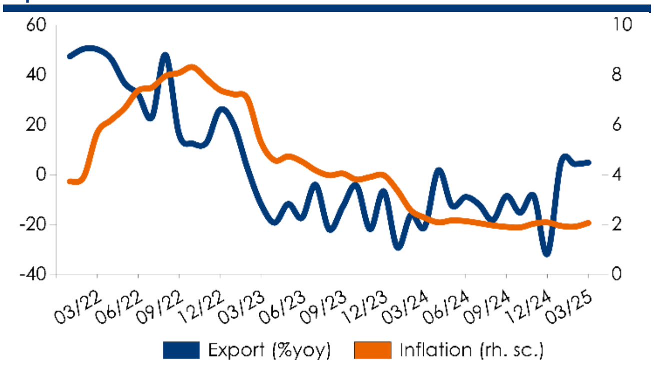
The Albanian banking sector remained healthy and expansionary. Total loans to the private sector grew by 14.07% YoY in March 2025, mainly driven by increased demand in the real estate and services sectors. Loans to Households climbed by 14.67% and corporate by 13.69%, YoY. Total deposits, in March 2025 grew by 5.16%, of which Households were at 7.13% and the corporate sector decreased by -1.14%. The NPL rate continued its declining record. In February 2025, it reached 4.06%, reflecting both recovery efforts and better underwriting standards.

Latest economic indicators

	Last value	1Q25	4Q24
Industrial production, wda yoy	n.a.	n.a.	n.a.
Export of goods, nominal yoy	4.9 (Mar)	4.7	-18.5
Unemployment rate	n.a.	n.a.	8.8
Inflation rate, average yoy	2.1 (Mar)	2.0	2.0
CB reference rate	2.8 (31th May)	2.8	2.8
Loans (private sector, yoy, eop)	14.1 (Mar)	14.1	12.4
Deposits (private sector, yoy, eop)	5.2 (Mar)	5.2	3.9
Lending interest rate (pr.sect., eop)	5.4 (Mar)	5.4	5.5
Deposit interest rate (pr.sect , eop)	2.7 (Mar)	2.7	2.7

Source: National Statistical Institute, Bank of Albania

Export and inflation



Source: National Statistical Institute

Bosnia and Herzegovina

Real Economy

Ivana Jović

The final quarter of 2024 registered 2.5% year-on-year growth, wrapping up the FY24 performance at 2.5%, aligning perfectly with our own estimate. The headline growth in the fourth quarter of 2024 was driven by a 1.9% increase in private consumption and a 7.3% rise in GCF. Additional support came from public consumption, which grew by 2.0%. However, net foreign demand contributed negatively, as positive exports (1.7%, following six consecutive quarters of decline) were overshadowed by a 3.5% increase in imports. On the production side, both agriculture and industry continued to decline, with gross value added (GVA) decreasing by 0.3% and 6.8%, respectively. In contrast, construction saw a 5.2% increase, while trade, transport, and hospitality services grew by 8.9%. On a FY24 scale, the main GDP segments showed varying growth trends. Private consumption expanded by 2.1% yoy, accelerating from 1.1% in 2023. Public consumption maintained steady growth at 2.2%, (vs 2.1% in 2023). On the external front, imports grew by 2.8% (vs -1.3% in 2023), while exports contracted by 3%, deepening the 1.2% decline recorded in 2023, underscoring persistent challenges in international trade, especially reduced EU demand. High-frequency data for 1Q25 indicates ongoing challenges in industrial production, with a qoq decline of 0.2% and a yoy decrease of 2.6%. The most significant negative impact came from a 4.1% drop in intermediate goods production. This was followed by a substantial 20% decline in consumer durables and decreases of 2.4% and 1.3% in capital goods and consumer non-durables production, respectively. The only positive contribution was a 1.9% yoy increase in energy production. At the same time, domestic demand, as measured by retail trade volume, fell by 2.9% yoy, suggesting weaker private consumption's support for first-quarter GDP growth.

In reference to unfolding trade war, Bosnia's direct exposure to the US market is relatively small, with 1.5% share in total merchandise exports, arms and ammunition as leading exports. Thus, the primary channel for tariff spillovers is indirect, occurring through countries main trading partners.

During 1Q25, the inflation rate rose to 3.4%, reflecting broad-based upward pressures. Food inflation spiked to 7.1%, marking its highest level in the past six quarters. Additionally, the service component saw an increase, estimated at 4.7%, up from 4.4% in the 4Q24. Consequently, core inflation climbed to 4.2% from 3.7% in the 4Q24.

Banking Sector

Ana Lokin

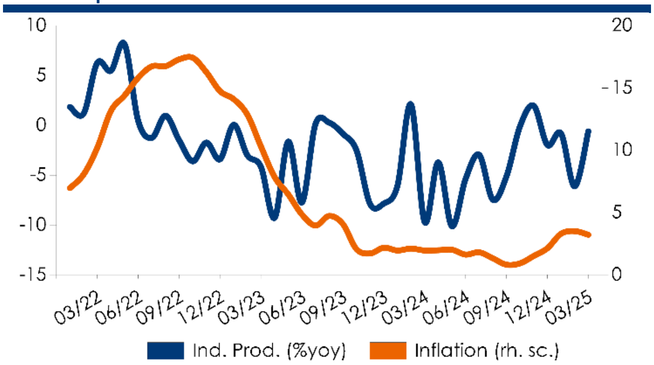
Loans carried on at stable rhythm, expanding 9.2% yoy in March. Corporate loans gradually moderated to 8.7%, while loans to households gained pace and rose 9.8% yoy. A breakdown of the latter by the purpose shows housing loans continued to sharply accelerate (15.2% yoy), while consumer loans ticked up to 8.5% yoy. Deposits in March decelerated for the fourth consecutive month, coming in 7.6% yoy, as corporates slowed to 4.9% yoy, and households to 9.1% yoy.

Latest economic indicators

	Last value	1Q25	4Q24
Industrial production, wda yoy	-0.6 (Mar)	-0.2	0.4
Export of goods, nominal yoy	8.2 (Mar)	6.8	3.6
Retail trade, real, wda yoy	-4.4 (Feb)	n.a.	1.2
Inflation rate, average yoy	3.2 (Mar)	3.3	1.5
Loans (private sector, yoy, eop)	9.2 (Mar)	9.2	9.3
Deposits (private sector, yoy, eop)	7.6 (Mar)	7.6	10.8

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

Industrial production and inflation



Source: Agency for statistics of Bosnia and Herzegovina

Croatia

Real Economy

Ivana Jović

Following the revision of 4Q24 GDP growth to 3.9% from the previously reported 3.7%, driven solely by stronger government consumption, the high-frequency data for 1Q25 presents mixed signals. Private consumption appears less supportive, with retail trade volume growth declining by 0.9% qoq for the first time in the last nine quarters. Year-on-year growth slowed to 3.5% (wda), and to just 0.6% according to unadjusted data, reflecting the different timing of the Easter holidays and consumer boycotts in place over the first two months. Meanwhile, industrial production increased by 2.3% qoq and by 5.2% yoy, driven by a 25% surge in energy production (refined petroleum), followed by a 1.9% increase in intermediate and a 7.6% rise in capital goods production, possibly due to tariff front-running via other EU markets as growth in industrial production was accompanied by 8.6% growth in goods' exports, with 2/3 of positive contribution coming from exports to the EU markets. Croatia is among the EU countries with minimal direct exposure to the US, as goods exports represent less than 1% of its GVA and only 3.4% of total exports. The most significant sectors affected are the production of arms, ammunition, and pharmaceuticals. Consequently, the primary channel for tariff spillovers is indirect, occurring through Croatia's main EU trading partners, such as Germany, Italy, Austria, and Slovenia. Additionally, there may be a potential decrease in the number of US tourists, currently accounting for 2% of total foreign overnights and 4% of tourism BOP revenue.

HICP inflation slowed to 3.9% in April, from 4.3% in March (1Q25 4.7%), driven by a slowdown in all main components except industrial goods. Notably, energy inflation decreased to 1.1% from 2.2%, food fell to 4.6% from 5.2%, and services inflation dropped to 7.2% from 7.6%. Meanwhile, industrial goods inflation increased inched up to 0.5% and core inflation remained steady at 4.2%.

Financial Markets

Ana Lokin

Despite markets reeling, the average 10Y government bond spread on Bund in April edged down mom to 40bps, while the average yield dipped from 3.2% to 3.0%.

Banking Sector

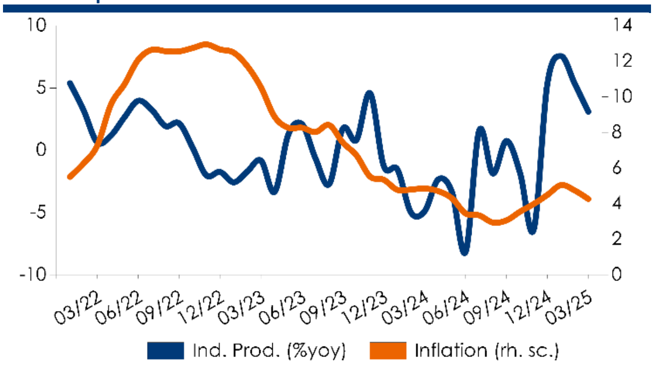
Loans accelerated notably (to 12.0% yoy in March) amid one larger corporate placement that moved corporate loan growth rate and an announcement of the regulation tightening household credit standards (implementation postponed to July) which prompted stronger household lending. Cash loans subsided from record highs, while housing loans gained momentum. Deposit growth accelerated in the first months of the year, reaching 6.1% yoy in March, owing to a base effect, a healthy labour market, but also decreasing interest of households for the government securities as noted by T-bills and bond refinancing in 1Q.

Latest economic indicators

	Last value	1Q25	4Q24
Industrial production, wda yoy	3.1 (Mar)	2.3	-0.6
Export of goods, nominal yoy	11.4 (Jan)	n.a.	8.0
Retail trade, real, wda yoy	3.6 (Mar)	3.5	6.6
ESI (index)	103.4 (Apr)	103.2	106.6
Inflation rate, average yoy	3.9 (Apr)	4.7	4.0
Loans (priv. sector, yoy, eop)	12 (Mar)	12.0	9.4
Deposits (priv. sector, yoy, eop)	6.1 (Mar)	6.1	3.7
Lending interest rate (pr.sect., eop)	4 (Mar)	4.0	4.5
Deposit interest rate (pr.sect , eop)	2.1 (Mar)	2.1	2.5

Source: Croatian National Bank, Croatia Bureau of Statistics

Industrial production and inflation



Source: Croatia Bureau of Statistics

Romania

Real Economy

Marius Pacurari

Romania's National Statistical Institute announced GDP growth for the fourth quarter 2024 at 0.5% Q4 2024/Q4 2023 and 0.8% yoy. These levels are lower than expectations, and are driven by agriculture, trade, IT and communication. Construction and industry made negative contributions. The result confirmed our last forecast.

Year-on-year the CPI at the end of March was 4.86%. On a monthly basis, CPI increased 0.27% in March versus February. Harmonised CPI was 5.1% in March. The new NBR projection shows that, after a period of volatility, at the end of 2025, CPI will be at around 3.8%.

The Unemployment figures at the end of March came in at 5.5%, lower than February at 0.1%. Wages growth remained high, at 9.7% yoy also at the end of February 2025.

The Budget Deficit at the end of March is at 2.28% from GDP, one of the highest levels in the last years, while the target for Budget Deficit in 2025 is at 7.0% from GDP. Is hard to believe this target will be reached without further fiscal measures.

The Current Account Deficit at the end of February 2025 was EUR 4.81Bn, a record level. Consumption and higher wages contributed to this record level CA deficit.

Financial Markets

In April, at the Monetary Policy Meeting, Romanian Central Bank kept unchanged the Monetary Policy Rates at: Deposit Facility Rate 5.50%, Reference Rate 6.50%, and Credit Facility Rate 7.50%. Next Monetary Policy Meeting is on 7 April 2025. We do not expect any cut decision till the second part of the year.

Also, with the First Round of Presidential Elections, the volatility on Financial Markets increased significantly, EUR/RON rate suffer a sharp depreciation from 4.9780 to 5.1250 in only few days. Also, the ROBOR curve depreciate significantly, from 5.90% (3M) to 7.25% (3M) in a couple of days. Implied Yield on FX SWAP, disconnected from ROBOR, shows two-digit figures for up to six months tenors. The situation is very volatile.

Banking Sector

Marius Pacurari

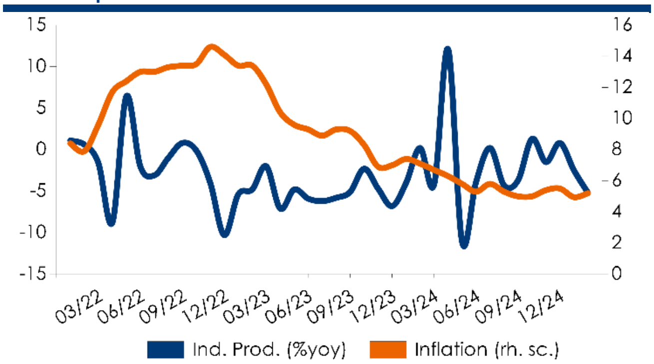
At the end of March 2025, year-on-year growth on loans was 8.59%, with a strong component on RON (10.94%), while EUR loans increased only 2.93%. On the deposits side, the overall growth yoy was 7.29%, with component of RON at +6.69% and Foreign Currencies deposits at +8.71%.

Latest economic indicators

	Last value	1Q25	4Q24
Industrial production yoy	-5.2 (Feb)	-3.9	0.2
Nom. exports yoy	2.4 (Jan)	2.4	3.1
ESI (index)	102.6 (Nov)	n.a.	n.a.
Retail sales yoy	-5.5 (Feb)	-4.3	9.2
Inflation rate yoy	5 (Mar)	5.1	5.3
CB reference rate	6.5 (7th May)	6.5	6.5
Loans (priv. sector, yoy, eop)	8.6 (Mar)	8.6	8.1
Deposits (priv. sector, yoy, eop)	7.3 (Mar)	7.3	9.7
Lending interest rate (pr.sect., eop)	8 (Mar)	8.0	7.7
Deposit interest rate (pr.sect , eop)	5 (Mar)	5.0	5.0

Source: National Bank of Romania, National Institute of Statistics

Industrial production and inflation



Source: National Institute of Statistics

Serbia

Real Economy

Tijana Matijasevic

The Serbian Statistical Office's flash estimate of the 1Q GDP growth brought an unpleasant surprise, as it showed a modest 2%-growth of the Serbian economy at the start of the year. Although high-frequency data signalled a slowdown in all major sectors, this is much weaker than the preliminary estimate of the NBS and the Ministry of Finance (3.0%). In 1Q25, industrial output rose by 2.1% yoy, sustained by mining and manufacturing, while the poor hydrological situation continued to weigh on electricity production. In the same period, retail activity increased by 0.7% yoy (down from 2.1% in 4Q24), reflecting weaker consumer confidence, the boycott of large retail chains, and much lower paid salaries in the education sector. In late April, the IMF revised its GDP projection for Serbia from 4.2% to 3.5% in 2025, factoring the impact of tariff shock and subdued performance in early 2025 amid increased global and local uncertainties. The direct impact of the new tariffs on Serbia's growth looks likely to be rather limited due to low share of the U.S. in the exports, but they create higher downside risks to some sectors (automotive and defence industry). The primary impact channel would be through economic slowdown in the key economic partners, notably EU, which would affect the country's exports, FDI and remittances inflow. In March, yoy inflation inched down to 4.4%, while core inflation eased by 0.5pp to 5.1% yoy, as last year's increase in the price of mobile services dropped out of the calculation. We see inflation moving close to the upper band of the target during 2Q, with a more meaningful drop as of summer, assuming the upcoming agricultural season is the average one.

Financial Markets

In April, the NBS kept the key policy rate unchanged at 5.75%, making the seventh on-hold decision in a row since the last cut in September 2024. We believe the Central bank will hold steady for now, as still high inflation levels and uncertainty surrounding new trade policies mandate cautious stance. Amid prevailing depreciations pressures, the dinar has lost 0.2% against euro since the beginning of the year, prompting stronger interventions by the NBS to keep EURRSD at around 117.2. A total of EUR 955M was net bought during 1Q25, while gross FX reserves slightly fell in March, to EUR 28.5Bn (still well above the standards that determine their adequacy).

Banking Sector

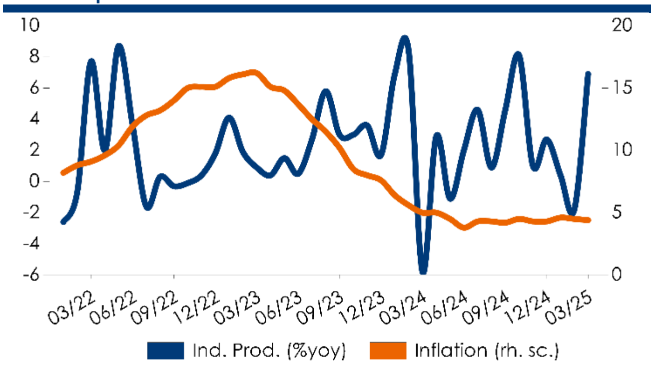
Lending activity accelerated during 1Q25, supported by credit demand and slightly lower interest rates. Loan growth was particularly strong in the household segment (+11.6% yoy in March), with new production higher by 37% yoy in January-March. Corporate loans picked up by 7.4% yoy in March, sustained by both working capital (+8.4%) and investment loans (+10.9%). On the deposit side, total volumes expanded by 10.1% yoy in March, decelerating from 13.1% at end-2024, on the back of slowing deposit dynamic in the corporate segment. The NPL ratio remains unchanged from end-2024, at 2.5%.

Latest economic indicators

	Last value	1Q25	4Q24
Industrial production yoy	6.9 (Mar)	1.8	3.9
Nom. exports yoy	4 (Mar)	0.5	1.3
Retail sales yoy	0 (Mar)	0.7	1.9
Inflation rate yoy	4.4 (Mar)	4.5	4.4
CB reference rate, eop	5.8 (7th May)	5.8	5.8
Loans (priv.sector,yoy,eop)	9.4 (Mar)	9.4	7.9
Deposits (priv.sector,yoy,eop)	10.1 (Mar)	10.1	13.2
Lending interest rate (pr.sect., eop)	8.7 (Mar)	8.7	8.7
Deposit interest rate (pr.sect , eop)	4.1 (Mar)	4.1	4.4

Source: Statistical Office, National Bank of Serbia

Industrial production and inflation



Source: Statistical Office

Moldova

Doina Caraman

Real Economy

Severe drought and the ongoing war in Ukraine significantly impacted foreign investment and domestic consumption, leading to economic stagnation. As such, Moldova's economy saw minimal growth in 2024, with GDP rising by just 0.1%. This growth was led by the information and communication sector, contributing 0.4pp, while agriculture, forestry, and fishing dragged it down by 1.3pp. On the demand side, net exports fell 5% in 2024, reducing real GDP growth by 4.8pp, while government consumption shaved off 0.6pp. In contrast, household consumption and gross fixed capital formation added 2 and 3.3pps, respectively. Despite these challenges, economic growth is estimated at around 2% in 2025.

The energy crisis in early 2025, following the cessation of Russian gas supplies to Transnistria, has led to an 80% surge in electricity tariffs, fuelling inflation. The most recent value is 8.75% as of March 2025, exceeding the upper limit of the target range of 5.0% ±1.5pp. Thus, annual inflation increased compared to the December 2024 value of 6.97%, though decelerating versus the 9% recorded as of January.

Financial Markets

The National Bank of Moldova kept its base interest rate at 6.5% during its March meeting, emphasising that the current policy stance remains suitable for bringing inflation back within a ±1.5pp range of the 5.0% target over the medium term.
As of April 30, 2025, the local currency had depreciated by 1.35% against EUR and by 6.90% against the US dollar compared to its value at the beginning of the year. In 2025, government bond yields trended upward, aligning with persistent inflationary pressures and evolving market expectations. This movement reflects broader macroeconomic conditions as well as the monetary policy stance of the National Bank. As of April 2025, yields on 91-day, 182-day, and 364-day government securities had increased by 0.51pp, 3.71pp, and 3.47pp, respectively, relative to their levels at the end of December 2024.

Banking Sector

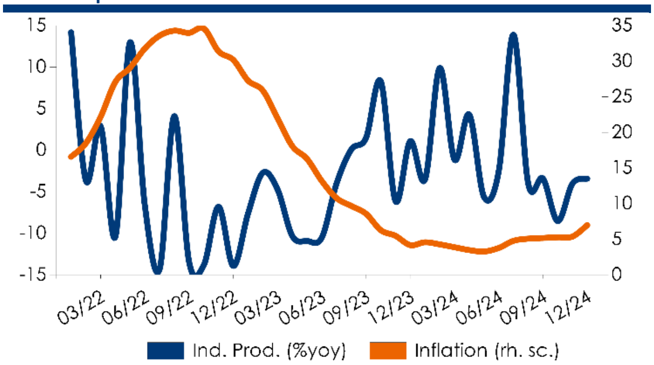
As of March 2025, the Bank's loan portfolio expanded by 34.6%, with all segments contributing to this growth. Household loans saw a notable increase of 40.3%, surpassing the 30.7% growth in corporate loans. Conversely, deposit growth moderated, registering a 10.8% YoY increase. This was largely driven by a 13.9% rise in household deposits and a 6.5% increase in corporate deposits. The loan-to-deposit ratio stood at 148.2%, indicating that the Bank maintains ample liquidity to support further lending. The Non-Performing Loan (NPL) ratio remained relatively stable throughout the first quarter of 2025, exhibiting only minor fluctuations, and averaging 4.2% on a monthly basis.

Latest economic indicators

	Last value	1Q25	4Q24
Industrial production yoy	-3.4 (Dec)	n.a.	-5.3
Nom. exports yoy	-11.5 (Nov)	n.a.	-7.4
PMI manufacturing	-11.5 (Nov)	n.a.	-7.4
Retail sales	-5.6 (Dec)	n.a.	n.a.
Inflation rate yoy	9.1 (Jan)	9.1	5.9
CB reference rate	6.5 (31th Mar)	6.5	3.6
Loans (Priv. Sector, yoy, eop)	34.6 (Mar)	34.6	26.5
Deposits (Priv. Sector, yoy, eop)	10.8 (Mar)	10.8	13.4
Lending interest rate (corp., eop)	7.7 (Mar)	7.7	7.4
Deposit interest rate (hh, eop)	3.5 (Mar)	3.5	3.2

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

Industrial production and inflation



Source: National Bureau of Statistics of the Republic of Moldova

Russia

Real Economy

Francesca Pascali

The Russian economy continues to grow. It grew al 4.5% in Q4 2024 vs. 3.3% in Q3 2024. The whole year 2024 was +4.3%. 2024 ended with GDP growth of 4.5%, in line with substantial government spending and war-related investments, and up from +3.6% in 2023. 2025 is expected to end, according to our estimates, at +1.4% yoy. According to the Rosstat Institute of Statistics data, activity in Russia showed growth in industrial production (+0.2% y/y in February 2025, but down from +2.2% in January). There was a contraction in the mining sector (-4.9%) and in the utilities sector (-2.8%). Retail sales climbed from April 2023 (+7.4%) to February 2025 (+2.2%). After falling in September (49.5), the manufacturing PMI index rose above 50 until February (50.2), and in March fell to 48.2. The services PMI rose to 50.1 in March from 50.5 in February.

Financial Markets

On 25 April 2025, the Russian central bank (CBR) decided to maintain the policy rate at 21.0% per annum. Current inflationary pressures, including core inflation pressures, continue to decline, but remain high. The Bank of Russia will keep monetary conditions as tight as necessary to bring inflation back to the 4% target in 2026. The updated medium-term projections show only very limited changes in inflation and the reference rate compared to February. The most interesting revision seems to have been the assumption of lower oil prices, which did not result in an upward revision of inflation, but in a downward revision of the current account surplus. The decision to leave interest rates unchanged was widely expected by analysts, and marks the fourth consecutive meeting in which rates have been left unchanged. However, the Russian Central Bank removed the reference to the possibility of further interest rate hikes from its statement.

Banking Sector

Davidia Zucchelli

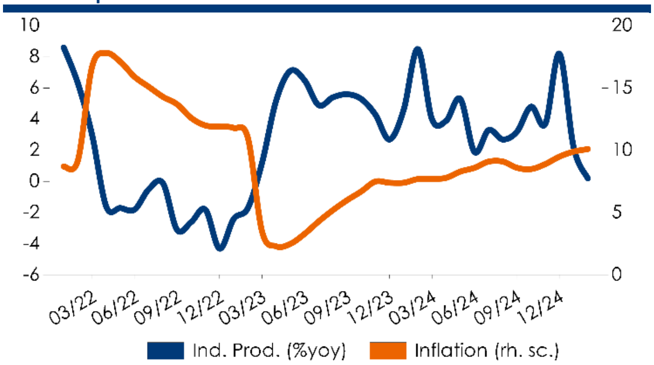
Loans continued to grow strongly, but rapidly decelerating (14.3% yoy in January from +19.8% yoy in October in nominal terms), particularly for corporates, (17.1% yoy from +22.1% yoy vs. +8.3% from +14.8% yoy for households). According to the CBR, lending slowed in general because they had increased very strongly in 2024 and owing to still high interest rates. The cooling of lending was also due to use of the previously accumulated capital reserves to finance rapid growth. Household lending growth was moderate still supported by government measures (the popular Family Mortgage). The consumer credit decreased slightly (-0,9% in February). In January, the share of problem loans in retail lending increased at 4.9%, and in corporate lending to 3.9% (5.1% and still 3.9% respectively in February according to preliminary data). Deposits decelerated strongly to 19.7% yoy in January, mainly in the corporates (to 12.6% and particularly in March due to the transfer of taxes). Foreign currency funds remained almost unchanged.

Latest economic indicators

	Last value	1Q25	4Q24
Industrial production yoy	0.2 (Feb)	1.2	5.6
Nom. exports yoy	72.1 (Jan)	n.a.	n.a.
Retail sales yoy	2.2 (Mar)	3.3	5.3
PMI manufacturing	48.2 (Mar)	48.2	50.8
Inflation rate yoy	10.3 (Mar)	10.1	9.0
CB reference rate	21 (30th Apr)	21.0	21.0
Loans (priv.sector, yoy, eop)	14.3 (Jan)	n.a.	16.0
Deposits (priv.sector,yoy,eop)	19.7 (Jan)	n.a.	23.8
Lending interest rate (corp., eop)	23.8 (Jan)	n.a.	24.0
Deposit interest rate (hh, eop)	21 (Jan)	n.a.	21.4

Source: State Statistics Federal Service, Central Bank of Russia

Industrial production and inflation



Source: State Statistics Federal Service

Ukraine

Artem Krasovskyi

Real Economy

Ukraine's economic outlook in early May 2025 remains strained, with modest growth indicators and persistent structural challenges. The geopolitical landscape has not been significantly improving, with Russian forces maintaining pressure along the frontlines and the U.S. continuing to withhold military assistance. In contrast to the 1.5% yoy GDP growth seen in January, economic momentum softened further in Q1 25, with preliminary estimates indicating a marginal 0.5% quarterly expansion. In response, the NBU revised its 2025 GDP growth projection downward from 3.6% (January estimate) to 3.1%, reflecting persistent issues such as labour shortages, energy infrastructure damage, and weaker external demand. Inflation remains a concern, with the annual rate reaching 14.6% yoy in March. Even though core inflation continues to run high, driven by wage growth and elevated logistics costs, consumer prices began to show tentative signs of stabilisation and are expected to start gradual easing in H2 25. The NBU projects a year-end rate of 8.7% yoy, slightly up from its previous estimate 8.4%. Ukraine continues to rely heavily on external financial support, with USD 55Bn in aid projected for 2025. While this funding is crucial for budgetary needs and reconstruction efforts, the anticipated decline in aid in subsequent years underscores the importance of developing sustainable domestic revenue streams.

Financial Markets

Following three consecutive rate hikes since December 2024, the NBU kept its key policy rate unchanged at 15.5% during its April meeting, citing stabilization in inflation expectations and the need to assess monetary transmission effects. The regulator is expected to maintain its current stance until Q3 2025, including elevated deposit facility rates, to preserve FX market stability and anchor retail savings in UAH. The UAH has maintained relative stability in May, trading within the 41.2–41.8 UAH/USD range (slightly stronger than the peak 42.10 seen in January), supported by substantial foreign aid inflows and prudent monetary policy. International reserves rose to a record USD 46.7Bn during April, bolstered by USD 6.3Bn in external financing and reduced foreign exchange interventions. Strategically, the NBU signalled an ongoing evaluation of shifting its reserve currency structure towards the euro, reflecting a strategic pivot towards European markets and hedging against dollar volatility in the wake of changing U.S. policy dynamics.

Banking Sector

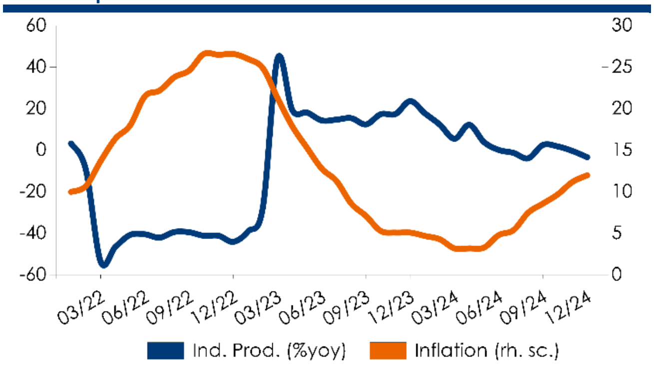
The Ukraine's banking sector continues to show resilience, bolstered by strong capitalisation and ample liquidity. Profitability indicators remain solid, although the pace of net income growth moderated slightly from the January peak. Lending volumes remain subdued: both corporate and household UAH loans showed minimal growth in Q1 2025, reflecting risk aversion and stagnating industrial demand. The NPL ratios remain contained, supported by targeted government-backed credit programs and prudent provisioning.

Latest economic indicators

	Last value	1Q25	4Q24
Industrial production yoy	-3.3 (Dec)	n.a.	-0.6
Nom. exports yoy	-7.7 (Feb)	-7.1	16.1
PMI manufacturing	-7.7 (Feb)	-7.1	16.1
Retail sales	10 (Dec)	n.a.	8.5
Inflation rate yoy	14.6 (Mar)	13.6	11.0
CB reference rate	15.5 (30th Apr)	15.5	13.5
Loans (Priv. Sector, yoy, eop)	13 (Mar)	13.0	10.2
Deposits (Priv. Sector, yoy, eop)	13.5 (Mar)	13.5	14.4
Lending interest rate (pr.sect., eop)	19.9 (Mar)	19.9	18.8
Deposit interest rate (pr.sect , eop)	9.5 (Mar)	9.5	8.6

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

Industrial production and inflation



Source: State Statistics Service of Ukraine

Egypt

Real Economy

Samer Halim

Egypt's Purchasing Managers' Index (PMI) fell from 49.2 in March 2025 to 48.5 in April, its lowest reading in 2025 to-date. This can be primarily attributed to weakened demand across non-oil companies. Latest data shows that real growth in 4Q 2024 was led by tourism, non-oil manufacturing, finance, telecom, and transportation. Egypt's cabinet approved a draft state budget for FY 2025/26. The new budget targets a primary surplus of 4% of GDP and a lower public debt (82.9% of GDP from an expected 92% in 2024/25).

Annual urban headline inflation rose to 13.6% in March 2025, from 12.8% in February 2025, driven by a temporary increase in volatile food items. Nevertheless, it remains subdued, supported by favourable base effects and broadly stable monthly dynamics.

Financial Markets

The Central Bank of Egypt (CBE) lowered key interest rates by 225 bps to 25% and 26% for overnight deposit and lending rates respectively due to lower inflation expectations and stable FX market. However, the IMF indicated that further reductions in interest rates should be carefully judged given the current risks.

The exchange rate against the US Dollar has been stable in light of a number of factors: (1) Improving current account deficit to USD 5.2Bn in Q4 2024 against USD 6.8Bn in Q4 2023, on the back of rising remittances and tourism revenues, offsetting the decline in Suez Canal revenues and gas exports. It's worth mentioning that US President Donald Trump announced reaching an agreement with the Houthis, under which they would cease attacks on ships in the Red Sea, but it's too early to measure the impact of such move on transiting the canal. (2) Egypt was able to attract Gulf investments including USD 7.5Bn from Qatar, USD15Bn from Saudi Arabia, and is negotiating with Kuwait to convert its USD 4Bn deposits in the CBE into investments. (3) On the borrowing side, the European Parliament approved the disbursement of the second tranche of financial assistance package to Egypt, totalling EUR 4Bn. Egypt also received USD 1.2Bn, the 4th tranche of the IMF's EFF programme.

Banking Sector

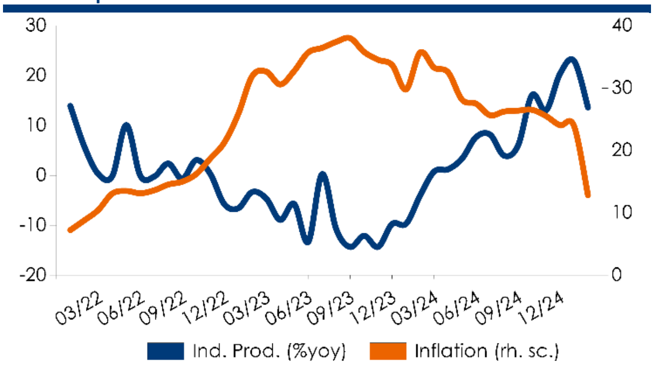
Annual growth of private deposits went down notably in March 2025 compared to the previous month, due to the base year effect. Retail deposits remain the main funding base of Egypt's banks. Retail loans are slowing down as well due to weaker demand. Net foreign assets for the banking system (CBE + Commercial Banks) recorded a surplus of USD 15Bn in March 2025 against USD 10.2Bn as of February.

Latest economic indicators

	Last value	1Q25	4Q24
Industrial production, wda yoy	13.6 (Feb)	18.3	16.5
Nom. exports yoy	32 (Feb)	29.2	12.5
Retail sales yoy	n.a.	n.a.	n.a.
PMI	49.2 (Mar)	49.2	48.1
Inflation rate yoy	13.6 (Mar)	16.8	25.4
CB reference rate	25 (7th May)	27.3	27.3
Loans (priv. sector, yoy, eop)	29.1 (Sep)	n.a.	n.a.
Deposits (priv. sector, yoy, eop)	27.4 (Mar)	27.4	34.4
Lending interest rate (corp., eop)	26.6 (Mar)	26.6	26.7
Deposit interest rate (hh, eop)	20.2 (Mar)	20.2	20.9

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

Industrial production and inflation



Source: Ministry of Planning, CAPMAS

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

The Economy

		GDP chg yoy			Ind.prod[1]. chg.yoy			Export nom. chg yoy			Retail sales chg yoy			Inflation chg yoy			Unemployment rate			Wages chg yoy			Economic Survey[2]		
		1Q25	4Q24	2024	Last	mth	1Q25	Last	mth	1Q25	Last	mth	1Q25	Last	mth	1Q25	Last	mth	1Q25	Last	mth	1Q25	Last	mth	1Q25
CEE	Czechia	2.0	1.8	1.1	1.5	Feb	0.4	-1.8	Feb	3.0	1.3	Feb	2.4	2.7	Mar	2.7	4.3	Mar	4.3	3.7	Feb	4.8	96.4	Apr	101.2
	Hungary	0.0	0.4	0.7	-8.7	Feb	-6.3	-3.3	Feb	0.3	-0.2	Feb	2.3	4.7	Mar	5.3	4.3	Mar	4.3	9.3	Feb	9.9	93.6	Apr	95.3
	Poland	n.a.	4.1	2.9	2.5	Mar	-0.1	-9.0	Feb	-4.9	-0.3	Mar	1.4	4.2	Apr	4.9	5.3	Mar	5.4	7.7	Mar	8.3	101.0	Apr	101.0
	Slovakia	n.a.	1.7	2.1	-1.3	Feb	-3.2	4.3	Feb	2.5	-2.6	Feb	-0.9	4.0	Mar	3.9	4.8	Mar	5.0	4.9	Feb	5.6	93.4	Apr	96.2
	Slovenia	n.a.	1.5	1.6	-2.4	Feb	-0.2	50.0	Mar	49.7	-2.0	Mar	0.4	2.3	Apr	2.1	4.9	Feb	5.0	6.7	Feb	6.7	97.8	Apr	98.7
SEE	Albania	n.a.	3.6	n.a.	n.a.	n.a.	n.a.	4.9	Mar	4.7	n.a.	n.a.	n.a.	2.1	Mar	2.0	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
	Bosnia H.	n.a.	2.5	2.5	-0.6	Mar	-2.7	8.2	Mar	6.8	-3.5	Mar	-3.1	3.2	Mar	3.3	27.4	Feb	27.4	12.6	Feb	13.1	n.a.	n.a.	n.a.
	Croatia	n.a.	3.9	3.9	3.1	Mar	3.2	11.4	Jan	n.a.	-0.7	Mar	0.7	3.9	Apr	4.7	5.1	Mar	5.3	13.5	Feb	12.9	103.4	Apr	103.2
	Romania	n.a.	0.7	0.8	-5.2	Feb	-3.9	2.4	Jan	2.4	-5.5	Feb	-4.3	5.0	Mar	5.1	5.5	Mar	5.5	9.7	Feb	9.7	100.9	Apr	101.3
	Serbia	n.a.	3.3	3.9	6.9	Mar	1.8	4.0	Mar	0.5	0.0	Mar	0.7	4.4	Mar	4.5	n.a.	n.a.	n.a.	10.0	Feb	11.1	n.a.	n.a.	n.a.
EE & MENA	Moldova	n.a.	-1.2	0.0	-3.4	Dec	n.a.	-11.5	Nov	n.a.	-5.6	Dec	n.a.	8.8	Mar	9.1	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
	Russia	n.a.	4.5	4.4	0.8	Mar	1.0	-6.6	Jan	-1.1	2.2	Mar	3.3	10.3	Mar	10.1	2.3	Mar	2.4	3.2	Feb	4.9	48.2	Mar	48.2
	Ukraine	n.a.	0.1	2.9	-3.3	Dec	n.a.	-7.7	Feb	-7.1	10.0	Dec	n.a.	15.1	Apr	13.6	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
	Egypt	n.a.	4.3	3.1	13.6	Feb	18.3	32.0	Feb	29.2	n.a.	n.a.	n.a.	13.9	Apr	16.8	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	49.2	Mar	49.2
	m.i. E. A.	*1.2*	*0.9*	*0.9*	*1.2*	*Feb*	*0.3*	*6.2*	*Feb*	*4.5*				*2.2*	*Apr*	*2.3*									

Source: Refinitiv; [1]Wda data for Slovakia, Slovenia; Bosnia, Croatia, Egypt; [2]PMI manufacturing for Russia and Egypt, ESI for remaining countries.

Markets and Ratings

		S/T rates		L/T rates[1]		Foreign exchanges[2]			Stock markets		CDS spread (bp)		FX res. chg (mln €)[3]			CA bal. (mln €)[4]		Rating
		2/5	3M*	2/5	3M*	2/5	3M*	1Y*	3M*	1Y*	2/5	31/1	1Q25	4Q24	2024	1Q25	4Q24	Moody's
CEE	Czechia	3.7	-0.2	4.0	0.0	24.92	-1.08	-0.28	10.1	32.4	27.0	27.1	n.a.	n.a.	n.a.	n.a.	5,593.7	Aa3
	Hungary	6.5	0.0	6.8	0.0	404.61	-0.81	3.86	7.8	35.3	122.1	112.0	n.a.	n.a.	n.a.	n.a.	n.a.	Baa2
	Poland	5.3	-0.7	5.3	-0.6	4.28	1.47	-1.32	15.8	19.9	74.6	68.4	n.a.	n.a.	n.a.	n.a.	1,710.0	n.a.
	Slovakia	2.1	-0.4	3.5	0.3	n.a.	n.a.	n.a.	-2.4	-4.7	30.6	29.8	n.a.	n.a.	n.a.	-1,447	-3,516.0	A3
	Slovenia	2.1	-0.4	3.1	0.1	n.a.	n.a.	n.a.	4.6	41.0	33.3	31.6	80	160	577	n.a.	557.8	A3
SEE	Albania	2.7	n.a.	n.a.	n.a.	98.43	-1.44	-1.98	n.a.	n.a.	n.a.	n.a.	n.a.	293	n.a.	n.a.	-374.0	n.a.
	Bosnia H.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	-378	397	691	n.a.	-245.3	n.a.
	Croatia	0.4	0.0	2.8	-0.2	7.53	0.00	0.00	-5.3	17.2	88.3	80.5	213	278	331	n.a.	-1,570.6	A3
	Romania	5.8	0.0	7.5	-0.2	4.98	0.03	0.04	0.8	-0.5	210.5	189.7	n.a.	n.a.	n.a.	n.a.	n.a.	Baa3
	Serbia	5.8	0.0	n.a.	n.a.	117.21	0.06	0.09	1.2	13.6	169.1	149.4	n.a.	1,015	4,386	n.a.	-1,824.3	Ba2
EE & MENA	Moldova	6.5	0.0	8.3	1.2	17.10	-7.72	-2.84	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	B3
	Russia	n.a.	n.a.	n.a.	n.a.	81.3	-17.04	-10.78	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	WR
	Ukraine	n.a.	n.a.	n.a.	n.a.	41.49	-0.49	4.80	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	Ca
	Egypt	27.4	-1.4	11.3	0.0	50.77	1.08	5.88	7.0	23.0	672.4	532.5	648	372	11,889	n.a.	-5,170.0	Caa1
	m.i.A.E.	*2.1*	*-0.4*	*2.5*	*0.1*	*1.1*	*9.4*	*6.4*	*-2.0*	*4.6*	*5.01*	*4.06*						

Source: Refinitiv; [1]For Ukraine, the long-term rate refers to a government issue in dollars; [2]The (-) sign indicates appreciation; [3]USD for Russia, Egypt, Ukraine, Romania; [4]USD for Russia, Egypt, Ukraine. (*) % change.

Banking aggregates and interest rates (private sector)

		Loans chg yoy %			NPL/Loans %			Foreign Liab. chg yoy %			Deposits chg yoy %			Loans rate1-NewB*. %				DepositsRate1-NewB*. %				Loans/Dep %		
		Last	Mth	2024	Last	mth	2024	Last	mth	2024	Last	Mth	2024	Last	mth	2024	S[4]	Last	mth	2024	S[4]	Last	mth	2024
CEE	Czechia	5.5	Mar	5.7	1.7	Mar	1.7	24.7	Mar	14.0	4.7	Mar	7.6	5.5	Mar	5.7	C	3.0	Mar	3.2	H	69.8	Mar	69.1
	Hungary	5.9	Mar	6.8	1.8	Dec	1.8	15.1	Mar	16.0	7.4	Mar	8.4	10.8	Mar	11.1	C	4.9	Mar	4.6	H	79.1	Mar	79.3
	Poland	2.9	Mar	3.6	4.0	Mar	n.a.	-7.7	May	n.a.	8.6	Mar	8.1	7.7	Mar	7.7	C	3.9	Mar	3.9	H	64.3	Mar	64.3
	Slovakia	4.7	Mar	2.9	2.0	Mar	2.0	15.7	Mar	36.2	4.5	Mar	6.5	4.5	Mar	4.8	C[2]	0.6	Mar	0.7	H[2]	106.2	Mar	103.3
	Slovenia	4.2	Mar	2.7	1.0	Dec	1.0	11.6	Mar	3.6	3.4	Mar	1.9	4.5	Feb	5.0	C[2]	1.2	Feb	1.4	H[2]	62.3	Mar	61.1
SEE	Albania	14.1	Mar	12.4	4.1	Feb	4.2	-4.7	Mar	13.8	5.2	Mar	3.9	5.4	Mar	5.5	PS	2.7	Mar	2.7	PS	62.0	Mar	60.6
	Bosnia H.	9.2	Mar	9.3	3.2	Dec	3.2	35.8	Mar	27.5	7.6	Mar	10.8	4.5	Mar	4.3	C	1.7	Mar	1.2	H	89.9	Mar	87.3
	Croatia	12.0	Mar	9.4	2.4	Dec	2.4	19.6	Mar	23.8	6.1	Mar	3.7	4.0	Mar	4.5	PS	2.1	Mar	2.5	PS	73.8	Mar	70.2
	Romania	8.6	Mar	8.1	2.4	Nov	n.a.	4.7	Mar	0.6	7.3	Mar	9.7	8.0	Mar	7.7	PS	5.0	Mar	5.0	PS	66.3	Mar	65.7
	Serbia	9.4	Mar	7.9	2.5	Feb	2.5	-2.8	Mar	-1.8	10.1	Mar	13.2	8.7	Mar	8.7	PS	4.1	Mar	4.4	PS	79.7	Mar	77.3
EE & MENA	Moldova	34.6	Mar	26.5	4.2	Mar	4.1	n.a.	Mar	n.a.	10.8	Mar	13.4	7.7	Mar	7.3	C	3.4	Mar	3.1	H	67.5	Mar	62.6
	Russia	14.3	Jan	16.0	6.1	Dec	n.a.	n.a.	Dec	n.a.	19.7	Jan	23.8	23.8	Jan	24.0	C	21.0	Jan	21.4	H	113.6	Jan	113.4
	Ukraine	13.0	Mar	10.2	30.0	Feb	30.3	1.3	Mar	-2.4	13.5	Mar	14.4	19.9	Mar	18.8	PS	9.5	Mar	8.6	PS	43.7	Mar	41.8
	Egypt	29.1	Sep	n.a.	2.7	Jun	n.a.	10.8	Mar	63.6	27.4	Mar	34.4	26.6	Mar	26.7	C	20.2	Mar	20.9	H	35.7	Sep	n.a.
	m.i. E. A.	*1.07*	*Jan*	*0.7*	*n.a.*	*n.a.*	*n.a.*	*5.0*	*Jan*	*2.4*	*4.4*	*Jan*	*4.2*	*3.9*	*Feb*	*4.3*	*C*	*2.2*	*Feb*	*2.5*	*H*	*72.2*	*Jan*	*71.9*

Source: Central Banks, IMF, Moody's ;[1]monthly average; [2]lending rate on current account overdraft; on deposits up to 1 year.[4]Sector C=Corporates, H=Household, PS=Private Sector.

Appendix

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