

## Central and Eastern Europe is a region of growth for Europe and UniCredit

UniCredit economists expect the economies in EU-CEE to grow by around 3.0% in 2024 and 2025, with similar growth rates in the Western Balkans. ***“The growth rate of the CEE region is close to potential this year, while in Western Europe, at 0.5%, it is below potential”***, commented **Dan Bucsa**, UniCredit’s Chief CEE Economist during **The Central and Eastern European Forum**, held in Vienna. UniCredit is a lead sponsor of the event, which in 2024 attracted 1200 attendees from 45 countries.

According to the latest **CEE Quarterly “A year of crucial choices”** of UniCredit Research, presented at the CEE Forum, private consumption is likely to lead the growth rebound in CEE, helped by faster real wage growth, rising borrowing amid lower interest rates and a positive wealth effect from house prices. Capex and exports are expected to contribute to growth from 2H24 at the earliest.

The economists of UniCredit see budget deficits below 3% of GDP in 2024-25 in Bosnia-Herzegovina, Bulgaria, Croatia, Czechia and Serbia, with negative fiscal impulses in most CEE countries. They believe the fiscal adjustment will be slowed by a busy election schedule.

***“We expect pro-EU parties to win most of the EU-CEE seats in the European Parliament, with Poland leading a revived EU-CEE group that will argue for deeper economic and political integration in Europe”***, say the economists in the CEE Quarterly. They add that the 2024-25 elections will be the last ones before CEE politicians will be forced to tackle demographic and economic challenges.

Among the main decisions to be made in CEE, are: 1. Bulgaria’s euro adoption in 2025 or 2026; 2. faster enlargement negotiations between the EU, the Western Balkans, Moldova and Ukraine; 3. Poland and Romania establishing their geopolitical importance; and 4. more support for Ukraine. The economists see the main potential risks in a further populist tilt from mainstream parties, rating downgrades, weak foreign demand leading to recession, among others.

In this macroeconomic and geopolitical scenario **Central Europe and Eastern Europe continue to be engines of growth also for UniCredit**. ***“The region maintains its strategic importance for UniCredit and our plan is to continue to grow at an accelerated pace, leveraging on strong local teams and knowledge and global expertise.”***, commented **Teodora Petkova**, Global Head for Central Europe and Eastern Europe of UniCredit, during the CEE Forum. Central Europe and Eastern Europe contribute **33% of the total loans of UniCredit, 31% of the total deposits, and 30% of the group net revenues**, based on the financial results as of 9M2023.

***“With clients at the heart of everything we do, we offer them an unparalleled geographical footprint through 10 leading banks, of which in Austria, Bosnia and Herzegovina and Croatia we are number one on the market, and number three in Bulgaria”***, Petkova said. This makes UniCredit the **second biggest group in CEE** in terms of assets as of 9M2023, amounting to **236bn euro**, including Alpha Bank Romania.

Petkova sees a **strong upward trend in the digital adoption**, which UniCredit facilitates through continuous ICT investments. She presented data, according to which about **60% of the clients in the region** are already mobile active users (as of 9M2023), up from 53% in 2022. Digital sales in Central Europe almost doubled on a yearly basis and increased to 50% of all sales in Eastern Europe.

Also in International Payments UniCredit processes more than 20% of the transactions originated in the CE&EE area **with a constant growing trend**. More than 95% of overall payments are ordered via digital channels.

UniCredit is the undisputable bank of choice for international companies. ***“Two out of three top international customers are our clients”***, said **Tedora Petkova**, and emphasized that UniCredit’s competitive advantage in servicing corporate clients is linked to the group’s pan-European reach. ***“The best-in-class factories in Asset Management, Insurance, Payments, Trade Finance and Client***



**Risk Management connect seamlessly through our integrated distribution channels and our first line allowing us to deliver for all of our clients to a level that no one else can**", commented Petkova. She reminded that the bespoke investment opportunities through **onemarkets Fund** is now available to clients of the bank in **Czech Republic, Slovakia, Hungary, and Bulgaria**, with **Romania** to follow shortly.

**"Along with digitalization, our commitment to ESG principles is another key enabler for our service"**, said Petkova. With **2.3bn euro green lending** and **1.1bn euro social lending** for the first 9M2023 in Central and Eastern Europe, UniCredit is leading by example and supporting its clients' green and social transition. The pan-European partnerships of UniCredit Foundation with **Junior Achievement** and **Teach for all**, which also extend in CEE countries, support the advancement of children and youth education cross-countries. In the first nine months of 2023 there are around **45.4 thousand beneficiaries of financial education in CEE**, delivered through global and local partnerships and with the help of volunteers from the banks.

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### **About UniCredit**

**UniCredit** is a pan-European Commercial Bank with a unique service offering in Italy, Germany, Central and Eastern Europe. Our purpose is to empower communities to progress, delivering the best-in-class for all stakeholders, and unlocking the potential of our clients and our people across Europe.

We serve over 15 million customers worldwide. They are at the heart of what we do in all our markets. UniCredit is organized in four core regions and several product factories for Corporate and Individual Solutions, and Group Payment Solutions. This allows us to be close to our clients and use the scale of the entire Group for developing and offering the best products across all our markets.

Digitalization and our commitment to ESG principles are key enablers for our service. They help us deliver excellence to our stakeholders and creating a sustainable future for our clients, our communities, and our people.

### **About Eurmoney CEE Forum**

**The Central and Eastern European Forum** is well established as the **most important gathering for financial market participants interested in CEE**. It provides a unique opportunity to hear from top representatives from leading corporates, Financial Ministers and Central Banks officials on the future of this region.

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