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CESEE Deleveraging and Credit Monitor[1]

June 5, 2018

Key Developments in BIS Banks' External Positions and Domestic Credit and Key Messages from the CESEE Bank Lending Survey

Deleveraging of western banks in Central, Eastern, and Southeastern Europe (CESEE) seems to have come to an end, with their exposure vis-à-vis the region remaining stable in 2017 at about US$630 billion. After a long credit-less recovery, credit growth is picking up on the back of robust economic activity. Domestic deposits remain the main source of bank funding but CESEE banks resumed tapping into foreign founding sources in 2017.

The CESEE Bank Lending Survey, for the period October 2017 to March 2018, shows positive developments in the credit market. Banking groups consider their positioning in the region to be either improving or stabilizing, on the back of brighter profitability performances. Regional supply conditions improved, but still lagged behind very robust demand. Survey-based quality and quantity indicators continue progressing, thus signaling further support to already positive aggregate net credit extensions.

Deleveraging of western banks in Central, Eastern, and Southeastern Europe (CESEE) seems to have come to an end. Following a prolonged period of deleveraging, external positions of BIS reporting banks vis-à-vis the region remained stable in 2017 at about US$630 billion (Figure 1 and Table 1). This corresponded to 15 percent of the region's GDP, down from the peak of 21 percent of the region's GDP in 2008Q3. Excluding Russia and Turkey, exposure of BIS-reporting banks stabilized in the early 2016 and stayed around about US$350 billion in 2017. However,

[1] Prepared by the staff of the international financial institutions participating in the Vienna Initiative's Steering Committee. It is based on the BIS Locational Banking Statistics and the latest results of the EIB Bank Lending Survey for the CESEE region.

foreign bank funding remains significantly below pre-crisis levels in most countries, except in Albania, the Czech Republic, Macedonia, Montenegro, and Turkey (Figure 2). Only the Czech Republic has received a significant cumulative increase in foreign bank funding of 20 percent of GDP since 2008Q3. Most of these inflows took place in 2017Q1, ahead of the expected exit from the Koruna exchange rate floor.

Most CESEE countries saw no major changes in foreign bank funding in 2017 (Figure 3). BIS reporting banks increased their external positions vis-à-vis CESEE countries by 0.5 percent of GDP in 2017, with a small decrease of -0.1 percent of GDP recorded in the second half of the year. Overall, only the Czech Republic and Montenegro saw marked inflows of foreign bank funding of about 13 percent and 4 percent of GDP, respectively. One-off factors explain most of these inflows: the lift of the Koruna floor in the Czech Republic and a large syndicated bank loan to the government in Montenegro. The largest funding reductions by BIS reporting banks took place in Estonia, Croatia, and Lithuania. In most countries, the changes in foreign bank funding in 2017Q4 were driven by claims on banks (Figure 4 and Table 2). Estonia, Lithuania, and Macedonia saw notable declines in 2017Q4 of about 3 percent of GDP or more. In Estonia, this decline reflects the establishment of Luminor Bank through the merger of Nordea and DNB Nord's Baltic operations. As a result, the BIS statistics no longer show Nordea as financing Estonian banks, but directly the Estonian economy.

The balance of payments (BoP) data paint a slightly more positive picture than the BIS data in 2017Q3 (Figures 5 and 6). Other investment flows in the BoP data, where cross-border bank financing is captured, showed larger increases than changes in BIS banks' positions in the Czech Republic, Estonia, Moldova, and Serbia, suggesting additional capital flows from sources other than BIS reporting banks. For about half of the countries, overall BoP flows were positive while BIS banks' positions declined; the gap was the largest in Latvia, Lithuania, and Montenegro. Overall, other investment flows increased by 0.25 percent of GDP in CESEE excluding Russia and Turkey while BIS banks' positions declined marginally by 0.1 percent of GDP.

Similar to external positions, foreign claims of BIS banks on CESEE recovered in 2017 (Figures 7 and 8). Consolidated foreign claims on immediate borrower basis, which include cross-border claims and total local claims of foreign banks' affiliates, have generally traced developments in external positions and stabilized in early 2015. Foreign claims on CESEE fell during 2016Q4–2017Q1 to about US$ 1.2 billion, but since then recovered to almost US$1.4 billion, or close to 80 percent of their peak in 2008 (75 percent excluding Russia and Turkey). Foreign claims on Estonia, Moldova, Russia, and Turkey are currently higher than in 2008Q3.

After a long credit-less recovery, credit growth is picking up on the back of robust activity (Figure 9). Total credit to private sector expanded at 8 percent year-on-year in February 2018, in line with strong real GDP and investment growth. Lending to both households and nonfinancial corporations is increasing, though corporate credit growth continues to be sluggish. Except for

Latvia, all CESEE countries recorded positive credit growth in February 2018 (Figure 10). In Belarus, where household credit contracted appreciably during the 2015–16 recession to less than 8 percent of GDP from 14 percent of GDP in 2010, lending in domestic currency rebounded strongly at a rate of almost 30 percent year-on-year in early 2018. In Turkey, a sizeable credit impulse—driven by state loan guarantees—has resulted in a strong pick up of lending to both households and corporates.

CESEE banks resumed tapping into foreign founding sources in 2017 (Figure 11). While domestic deposits remain the main source of bank funding, foreign bank funding returned in 2016Q4 after almost seven years of withdrawals. Foreign funding increased by about 1 percent of GDP in CESEE excluding Russia and Turkey, mostly driven by inflows to Bulgaria, the Czech Republic, and Hungary. Domestic deposits grew about 3.5 percent of GDP in the region (excluding Russia and Turkey). As a result, average domestic loan-to-domestic deposit ratio for the region as a whole fell to just below 100 percent at the end of 2017 (Figure 12).

Key Messages - CESEE Bank Lending Survey[2]: H1-2018

Restructuring of global activities has been less intense than in the past. Capital increases have been achieved mainly via sales of assets and branches. Fewer banking groups than in 2015-2017 have continued to deleverage. The survey highlights an improving picture wherein slightly upbeat expectation prevail. A rather limited number of banking groups have continued to be engaged in various forms of restructuring at the global level to increase their group capital ratios. Capital has been raised primarily through sales of assets and branches. Deleveraging at the group level (Figure 13) has slowed significantly compared to 2013 and 2014, but also compared to already improved conditions in 2015 and 2016. Only 20 percent of banking groups expect a decrease in their loan-to-deposit (LTD) ratio in the next six months.

Banking groups' strategies are tilted towards selective expansion in the CESEE region. The assessment of market prospects essentially shows a stabilisation at somewhat improved levels compared to the results reported a year ago and before then. A large majority of international groups described the ROA of CESEE operations as being higher than that of the overall group. Only 20 percent of banking groups report intentions to reduce operations as well as showing diminishing returns. This solidifies a positive trend that emerged a little more than two years ago. While cross-border banking groups continue to discriminate in terms of countries of operation

[2] A full report with country chapters of the Autumn H1 2018 survey release will be published in May/June 2018 on the EIB website http://www.eib.org/about/economic-research/surveys.htm as well as on the Vienna Initiative webpage.

(Figure 14), around 50 percent of the groups have a medium-to-long term strategy of selective expansion of operations.

About a fifth of banking groups have reduced their total exposure to the CESEE region. On the contrary, around 30 percent have increased their exposure. As a result, and for the first time, the aggregate net balance has been positive over the last six months. However, the net balance is expected to turn slightly negative again. About a fifth of banking groups have reduced their total exposure to the CESEE region and around 30 percent have increased their exposures. As a result, total exposure to the region has been trending positively over the past six months. This is the first positive development recorded since the inception of the survey. Most of the enduring negative contributions to the CESEE exposures stemmed from reduced intra-group funding to subsidiaries. At the same time, 30 percent of groups expanded their intra-group funding to CESEE subsidiaries. This process is expected to continue over the next six months, although at a marginally slower pace (Figures 15a and 15b), with more groups maintaining the same level of exposure. However, the net balance is expected to turn slightly negative again. This suggests that the tentative positive developments should be interpreted with caution.

CESEE subsidiaries and local banks report another robust increase in demand for credit as well as a second consecutive period of easing of supply conditions over the past six months. Nevertheless, optimism on the demand side is still not fully compensated by credit standards' developments.

- **Demand** for loans and credit lines continued to increase robustly in net balances (Figure 16). These results mark the tenth consecutive half-year of increased credit demand for loans. The improvement was fully aligned to the expectations embedded in the September 2017 release of the survey. This signals that, on average, banks are able to better predict future conditions of demand, thus suggesting less volatility and uncertainty in the operating environment than couple of years ago, when expectations were largely overstating actual results. For the seventh time in a row all factors influencing demand made a positive contribution. Notably, contributions to demand from investment exerted a significant positive impact. On the contrary, corporate and debt restructuring contributions were minimal.

- **Supply** conditions eased over the past six months, and this is the second significant easing over the past two years. Across the client spectrum, supply conditions (credit standards) eased on SME lending and consumer credit, whilst they continued to tighten on mortgages. Supply conditions eased on both short-term and long-term loans, primarily in local currency. In the period ahead, aggregate supply conditions are expected to ease somewhat; and the easing seems to be broad-based, except on mortgages.

The domestic regulatory environment, groups' NPLs and the global market outlook are partially constraining supply conditions. Their contributions have become smaller over time, signaling a situation of stabilization. The number of limiting factors at domestic level has decreased substantially compared to 2013 recordings. Figure 17 shows that primarily the volatility of the regulatory environment remained a limiting element at domestic level. Fewer international factors are playing a constraining role: Group NPLs and the global market outlook are mentioned as having a limited negative effect on credit supply conditions. Overall, a further improvement is detected compared to the previous release of the survey. This signals a situation of significant stabilization in terms of supply conditions.

Starting from high NPL levels, credit quality has continued to improve, even accelerating further over the past six months. The speed of deterioration in NPL ratios has been slowing down over time. In 2015, the survey firmly indicated a turning point in the negative spiral of NPL flows. Over the past six months, and for the seventh time, aggregate regional NPL ratios recorded another improvement in net balance terms for both the corporate and retail segments (Figure 18).

Figure 1. CESEE: External Positions of BIS-reporting Banks

(Billions of US$, exchange-rate adjusted, vis-à-vis all sectors)

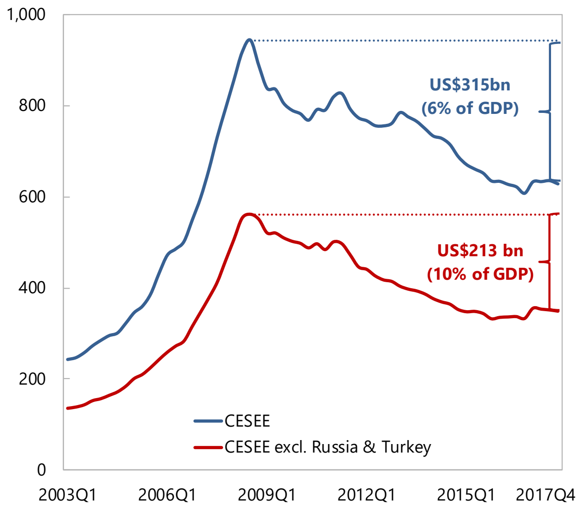


Figure 2. CESEE: Change in External Positions of BIS-reporting Banks, 2017Q4

(Percent of GDP; cumulative change since 2008Q3)

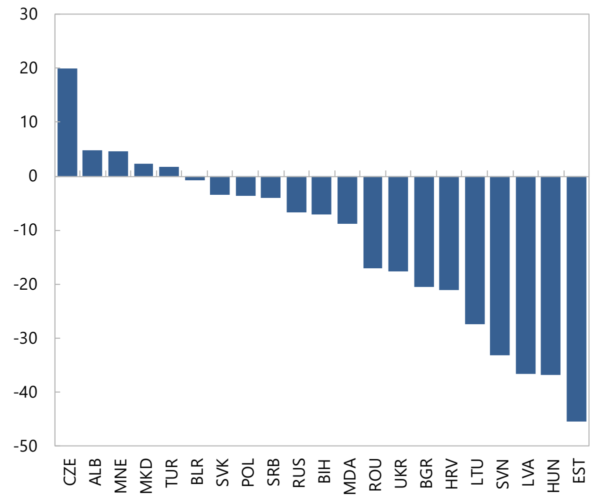


Figure 3. CESEE: External Positions of BIS-reporting Banks, 2017Q1–2017Q4

(Change from the previous quarter; percent of GDP)

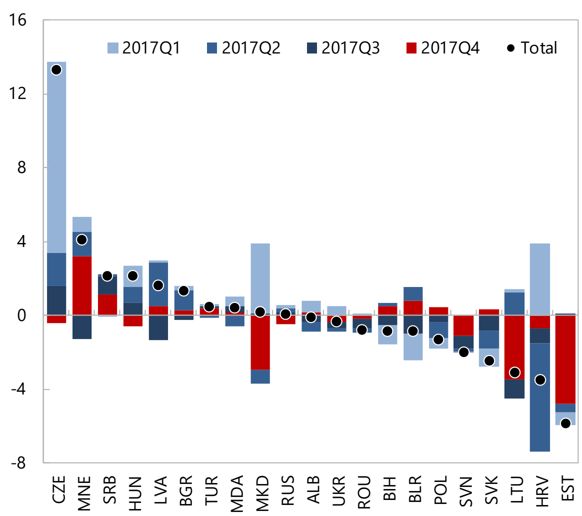
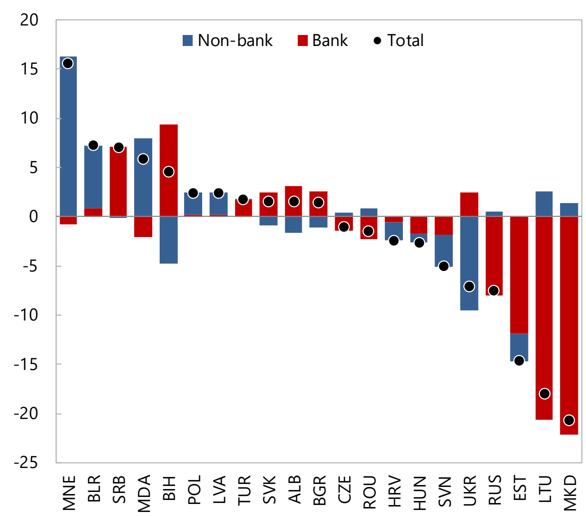


Figure 4. CESEE: Change in External Positions of BIS-reporting Banks, 2017Q4

(2017Q4 flows in percent of 2017Q3 stocks)



Sources: BIS, Locational Banking Statistics; and IMF staff calculations.

Note: Data labels in the figures use International Organization for Standardization (ISO) country codes.

Figure 5. CESEE: Change in BIS External Positions and Other Investment Liabilities from BOP, 2017Q3

(Percent of GDP)

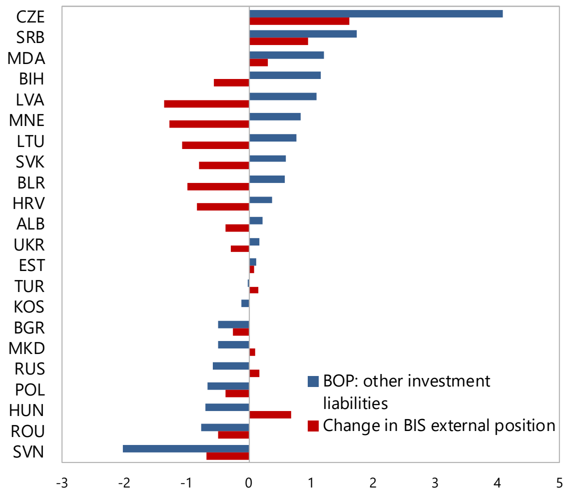


Figure 6. CESEE excl. Russia and Turkey: Change in BIS External Positions and Other Investment Liabilities from BOP

(Billions of US dollars)

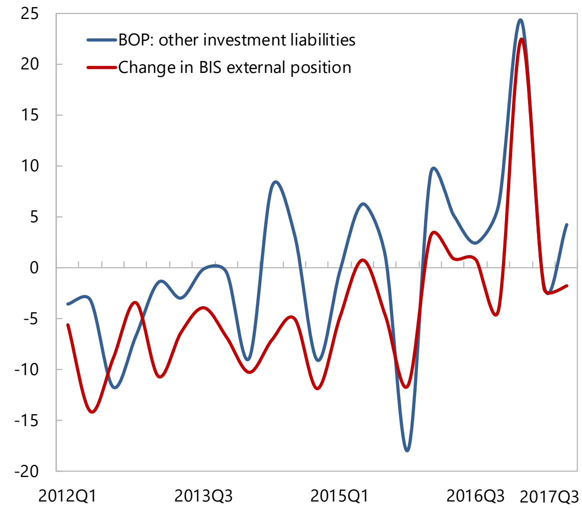


Figure 7. CESEE: External Positions and Foreign Claims, 2008Q3–2017Q4

(2008Q3 = 100, not exchange-rate adjusted)

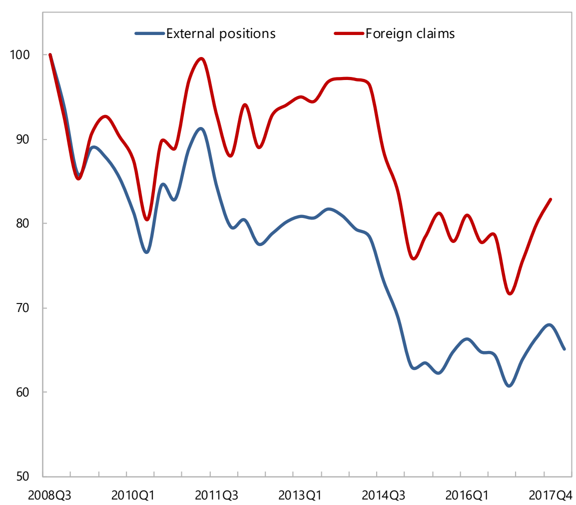
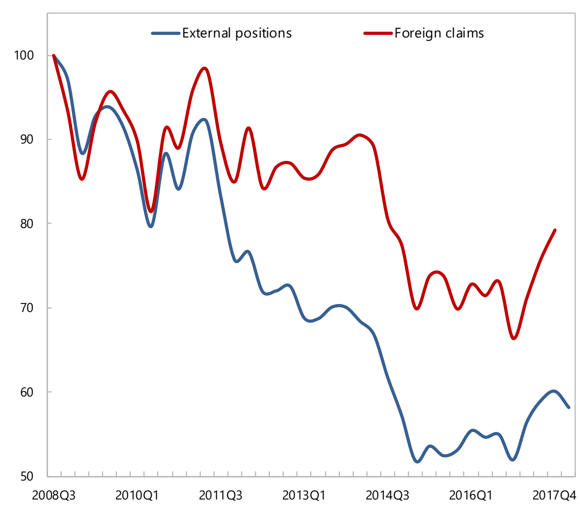


Figure 8. CESEE excl. Russia &Turkey: External Positions and Foreign Claims, 2008Q3–2017Q4

(2008Q3 = 100, not exchange-rate adjusted)



Sources: BIS, Locational and Consolidated Banking Statistics; Haver Analytics; and IMF, World Economic Outlook, and staff calculations.

Note: Data on foreign claims for 2017Q4 are not yet available. Data labels in the figures use International Organization for Standardization (ISO) country codes.

Figure 9. CESEE: Credit to Private Sector, January 2013–February 2018

(Percent change, year-over-year, nominal, exchange-rate adjusted, GDP-weighted)

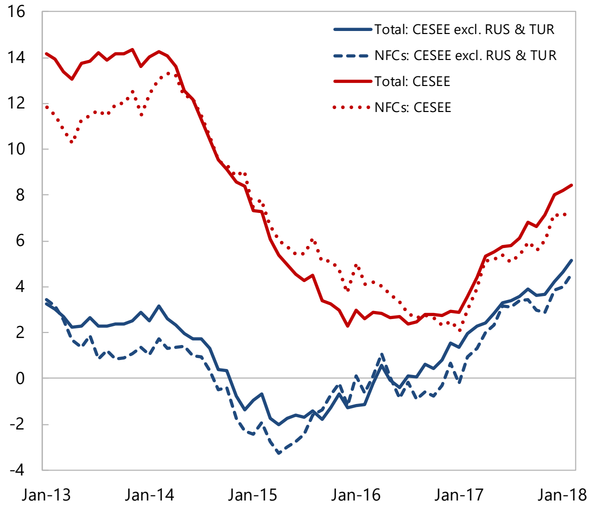


Figure 10. CESEE: Growth of Credit to Households and Corporations, February 2018?

(Percent, year-on-year, nominal, exchange-rate adjusted)

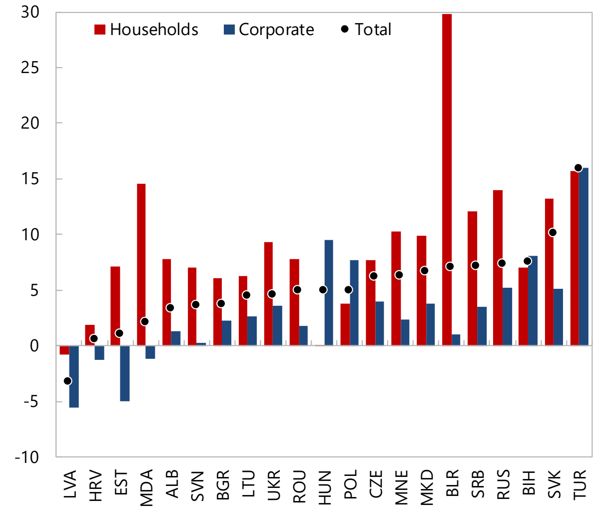


Figure 11. CESEE excl. Russia and Turkey: Main Bank Funding Sources, 2007Q1–2017Q4

(Percent of GDP, year-on-year, exchange-rate adjusted)

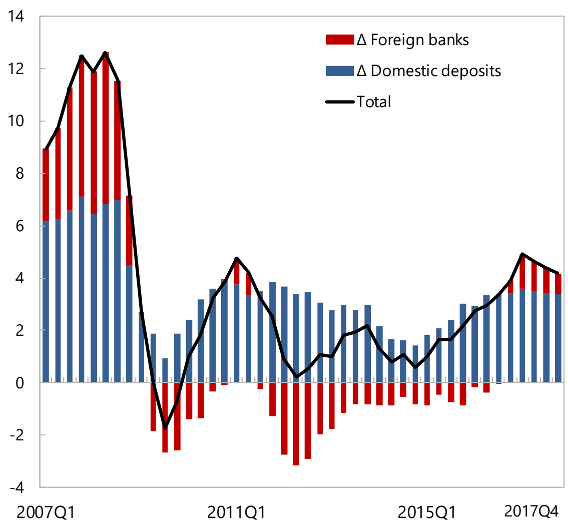
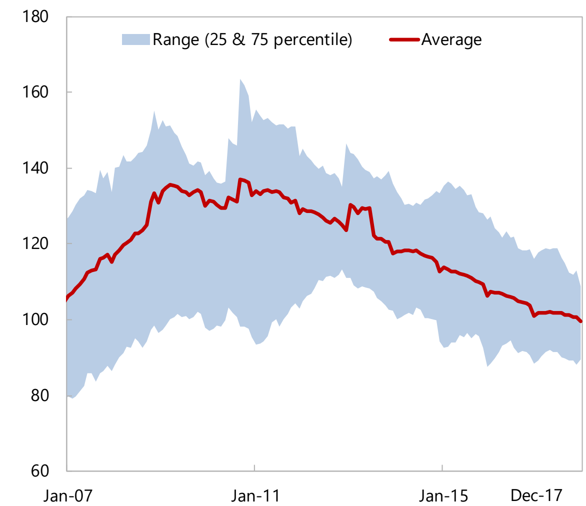


Figure 12. CESEE: Domestic Loan to Domestic Deposit Ratio, January 2007–December 2017

(Percent change, year-over-year, nominal, exchange-rate adjusted)



Sources: National authorities; BIS; ECB; EBRD; and IMF, Monetary and Financial Statistics, and staff calculations.
Note: Data labels in the figures use International Organization for Standardization (ISO) country codes.

Figure 13. Deleveraging: Loan-to-Deposit Ratio

(Percent, expectations over the next six months)

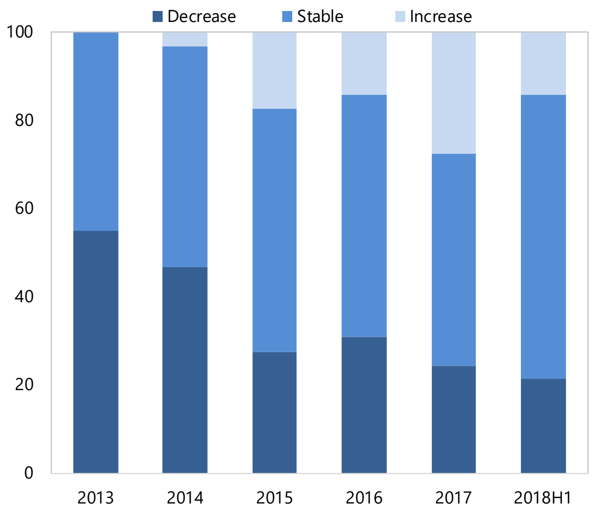


Figure 14. CESEE: Group-level Long-term Strategies

(Percent; beyond 12 months, triangles refer to average outcomes between 2013 and 2016)

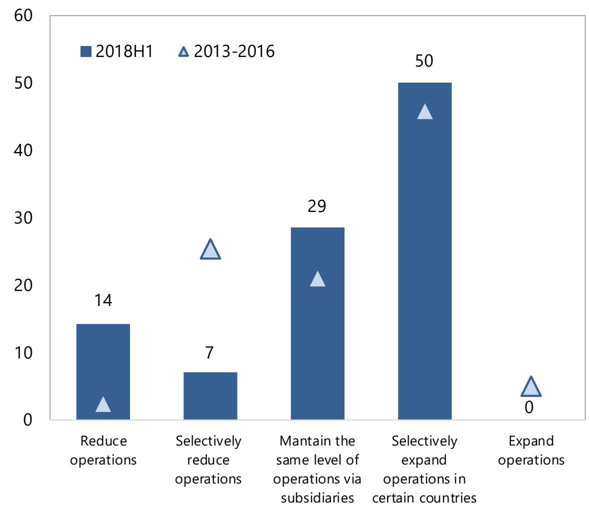
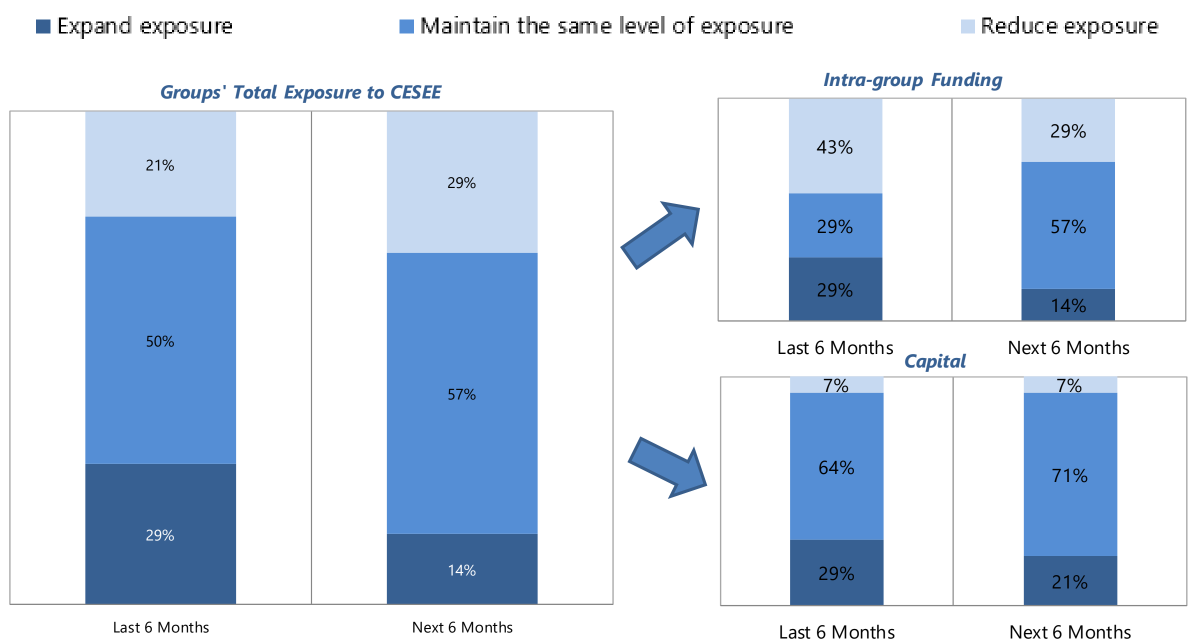


Figure 15a. Groups' Total Exposure to CESEE: Cross-border Operations Involving CESEE Countries



Source: EIB, CESEE Bank Lending Survey.

Figure 15b. Groups' Total Exposure to CESEE: Cross-border Operations Involving CESEE Countries

(Net percentages; negative figures refer to decreasing total exposure to CESEE region)

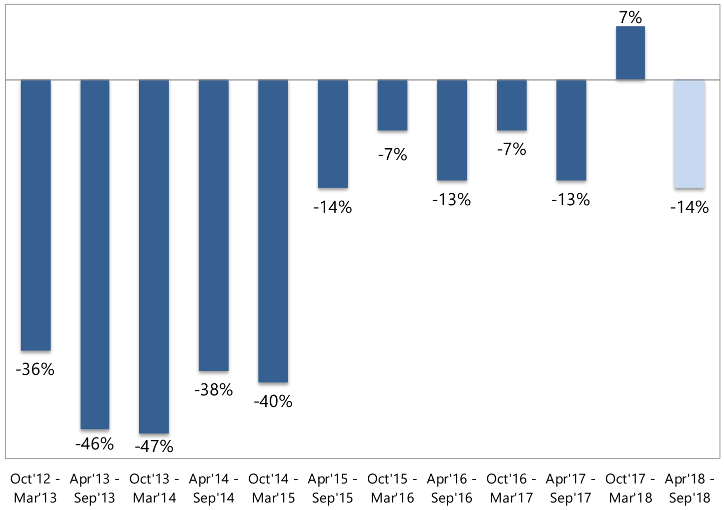
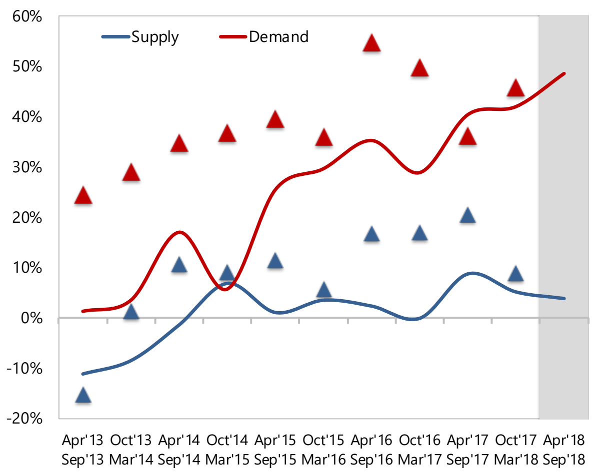
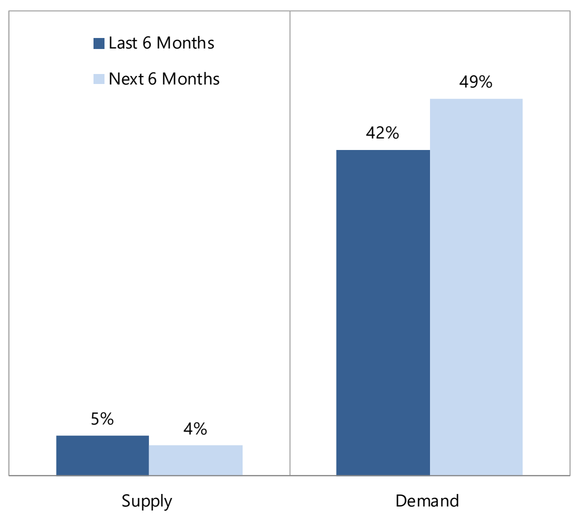


Figure 16. Total Supply and Demand, Past and Expected Developments

(Net percentages, positive figures refer to increasing (easing) demand (supply), triangles refer to expectations derived from previous runs of the survey, lines report actual values, and the shaded area reflects expectations in the last run of the survey)





Source: EIB, CESEE Bank Lending Survey.

Figure 17. Factors Contributing to Supply Conditions (Credit Standards)

(Net percentages, positive figures refer to a positive contribution to supply)

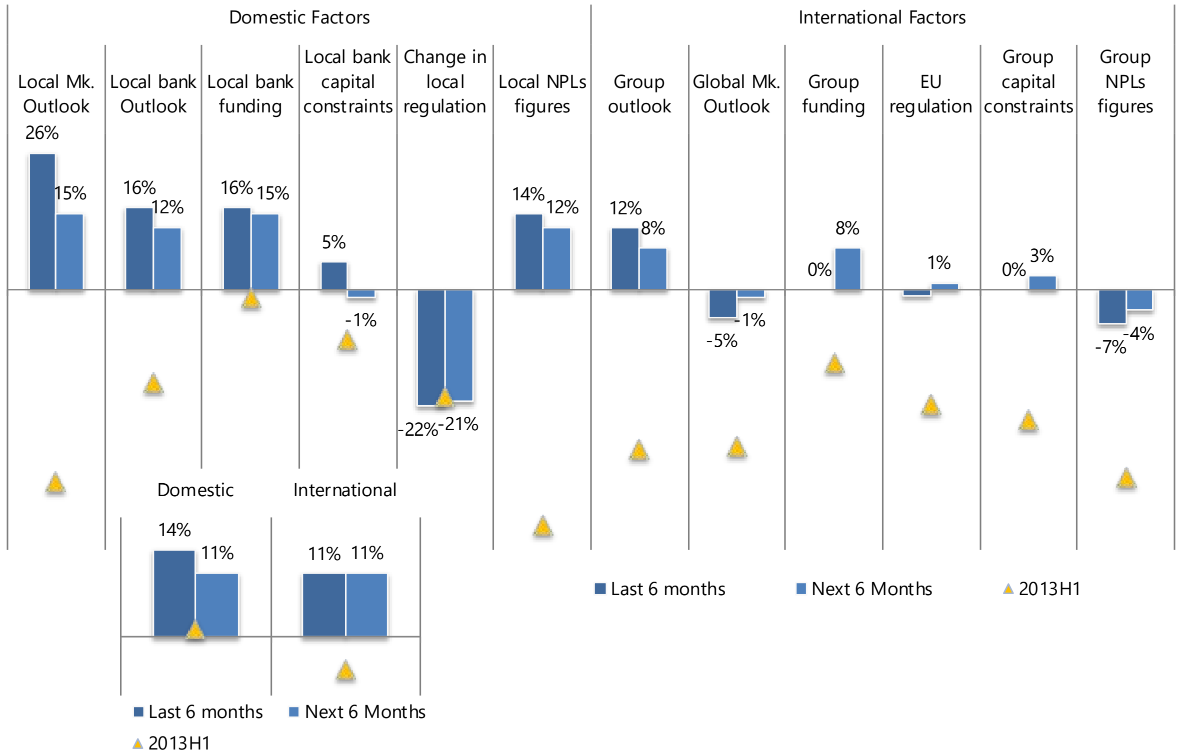
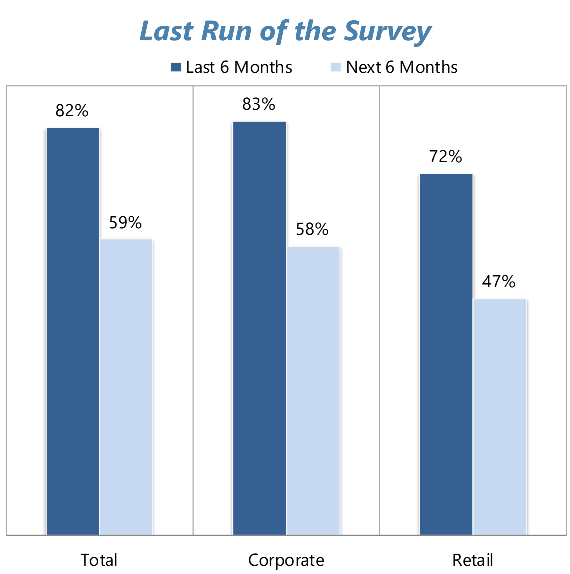
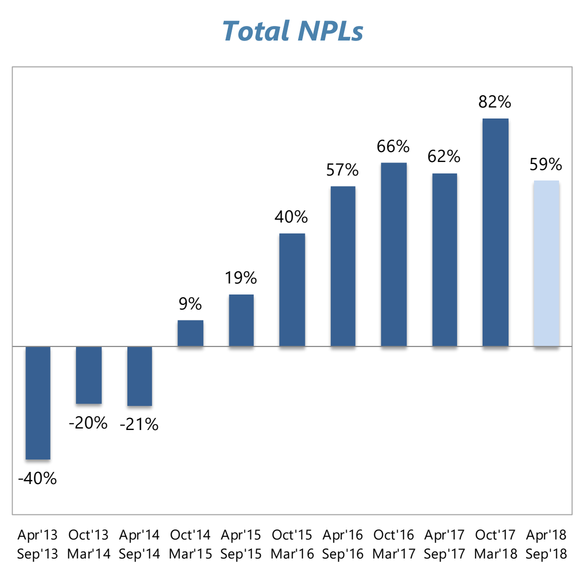


Figure 18. Non-performing Loan Ratios

(Net percentage; net balance is the difference between positive answers (decreasing NPL ratios) and negative answers (increasing NPL ratios))





Source: EIB, CESEE Bank Lending Survey.

Table 1. CESEE: External Position of BIS-reporting Banks, 2016H1 – 2017H2

(Vis-à-vis all sectors, based on the full sample of BIS-reporting banks for 2016H1–2017H1, and the partial sample for 2017H2)

	2017H2 stocks		*Exchange-rate adjusted flows (US$m)*					*Exchange-rate adjusted flows (% change)*					*Exchange-rate adjusted flows (% of GDP)*				
	US$ m	*% of GDP*	*2016H1*	*2016H2*	*2017H1*	*2017H2*	*Total*	*2016H1*	*2016H2*	*2017H1*	*2017H2*	*Total*	*2016H1*	*2016H2*	*2017H1*	*2017H2*	*Total*
Albania	1,346	10.2	-12	135	15	-28	110	-1.0	11.0	1.1	-2.0	8.9	-0.1	1.1	0.1	-0.2	0.9
Belarus	6,526	12.0	-741	515	-378	-97	-701	-10.3	7.9	-5.4	-1.5	-9.7	-1.6	1.1	-0.7	-0.2	-1.3
Bosnia-Herzegovina	2,088	11.6	-134	190	-148	-9	-101	-6.1	9.2	-6.6	-0.4	-4.6	-0.8	1.1	-0.8	0.0	-0.5
Bulgaria	10,607	18.6	441	-1,166	750	10	35	4.2	-10.6	7.6	0.1	0.3	0.8	-2.2	1.3	0.0	0.0
Croatia	15,603	28.6	-615	-2,011	-1,057	-836	-4,519	-3.1	-10.3	-6.0	-5.1	-22.5	-1.2	-3.9	-1.9	-1.5	-8.6
Czech Republic	90,965	42.7	4,018	6,083	25,838	2,513	38,452	7.7	10.8	41.3	2.8	73.2	2.1	3.1	12.1	1.2	18.5
Estonia	7,277	28.0	-401	333	-290	-1,229	-1,587	-4.5	3.9	-3.3	-14.4	-17.9	-1.7	1.4	-1.1	-4.7	-6.1
Hungary	32,129	21.1	269	-1,161	3,077	169	2,354	0.9	-3.9	10.7	0.5	7.9	0.2	-0.9	2.0	0.1	1.4
Latvia	6,701	22.1	-921	-211	744	-254	-642	-12.5	-3.3	12.0	-3.7	-8.7	-3.3	-0.8	2.5	-0.8	-2.5
Lithuania	7,406	15.7	433	-399	672	-2,134	-1,428	4.9	-4.3	7.6	-22.4	-16.2	1.0	-0.9	1.4	-4.5	-3.0
Macedonia	1,284	11.3	357	-328	345	-323	51	29.0	-20.6	27.3	-20.1	4.1	3.3	-3.0	3.0	-2.8	0.5
Moldova	252	3.1	-6	-65	-3	39	-35	-2.1	-23.1	-1.4	18.3	-12.2	-0.1	-1.0	0.0	0.5	-0.6
Montenegro	1,140	23.9	-17	45	101	93	222	-1.9	5.0	10.7	8.9	24.2	-0.4	1.0	2.1	2.0	4.7
Poland	96,014	18.3	5,432	347	-7,342	336	-1,227	5.6	0.3	-7.1	0.4	-1.3	1.2	0.1	-1.4	0.1	-0.1
Romania	27,445	13.0	-1,629	-1,793	-287	-1,427	-5,136	-5.0	-5.8	-1.0	-4.9	-15.8	-0.9	-1.0	-0.1	-0.7	-2.6
Russia	93,912	6.1	-11,752	-5,610	5,790	-5,004	-16,576	-10.6	-5.7	6.2	-5.1	-15.0	-0.9	-0.4	0.4	-0.3	-1.3
Serbia	7,132	17.2	-222	-167	27	867	505	-3.3	-2.6	0.4	13.8	7.6	-0.6	-0.4	0.1	2.1	1.1
Slovakia	19,289	20.1	-1,516	-591	-1,890	-465	-4,462	-6.4	-2.7	-8.7	-2.4	-18.8	-1.7	-0.7	-2.0	-0.5	-4.8
Slovenia	10,081	20.6	-157	-112	-119	-867	-1,255	-1.4	-1.0	-1.1	-7.9	-11.1	-0.4	-0.3	-0.2	-1.8	-2.6
Turkey	185,466	21.8	140	-10,557	-621	4,469	-6,569	0.1	-5.5	-0.3	2.5	-3.4	0.0	-1.2	-0.1	0.5	-0.8
Ukraine	5,462	5.0	-549	-2,909	357	-740	-3,841	-5.9	-33.2	6.1	-11.9	-41.3	-0.6	-3.1	0.3	-0.7	-4.1
CESEE 1/	628,125	15.3	-7,582	-19,432	25,581	-4,917	-6,350	-1.2	-3.1	4.2	-0.8	-1.0	-0.2	-0.5	0.6	-0.1	-0.2
Emerging Europe 2/	486,406	13.4	-9,038	-24,535	626	-2,481	-35,428	-1.7	-4.8	0.1	-0.5	-6.8	-0.2	-0.7	0.0	-0.1	-1.0
CESEE ex. RUS & TUR	348,747	20.3	4,030	-3,265	20,412	-4,382	16,795	1.2	-1.0	6.1	-1.2	5.1	0.2	-0.2	1.2	-0.3	1.0
CESEE ex. CIS & TUR 3/	336,507	21.7	5,326	-806	20,436	-3,584	21,372	0.0	0.0	0.0	0.0	0.0	0.3	-0.1	1.3	-0.2	1.4

Sources: BIS; and IMF staff calculations.

1/ All countries listed above.

2/ CESEE excluding the Czech Republic, Estonia, Latvia, Lithuania, Slovakia, and Slovenia.

3/ CIS = Russia, Ukraine, Moldova and Belarus.

Table 2. CESEE: External Position of BIS-reporting Banks, 2016H2 – 2017H2

(Exchange rate adjusted flows, based on the full sample of BIS-reporting banks for 2016H2–2017H1, and the partial sample for 2017H2)

	2017H2		Assets - Banks				Assets - Non-banks				Loans - Banks				Loans - Non-Banks			
	US$ m	% of GDP	2016H2	2017H1	2017H2	Total	2016H2	2017H1	2017H2	Total	2016H2	2017H1	2017H2	Total	2016H2	2017H1	2017H2	Total
Albania	-28	-0.2	-13	58	50	95	148	-43	-78	15	30	10	33	70	153	-43	-25	76
Belarus	-97	-0.2	544	-268	-412	-817	-29	-110	315	116	-160	19	-25	-640	7	-213	315	102
Bosnia-Herzegovina	-9	0.0	170	-41	182	146	20	-107	-191	-247	99	84	170	224	21	-107	-191	-245
Bulgaria	10	0.0	-616	1,014	362	949	-550	-264	-352	-914	-47	207	122	11	-565	-263	-353	-947
Croatia	-836	-1.5	-1,252	-102	-260	-1,918	-759	-955	-576	-2,601	-900	-1,997	-340	-3,735	-428	-959	-681	-2,559
Czech Republic	2,513	1.2	6,743	22,555	4,784	37,870	-660	3,283	-2,271	582	4,719	7,179	2,291	17,048	-352	1,395	-3	750
Estonia	-1,229	-4.7	228	-362	-2,050	-2,201	105	72	821	614	284	-1,221	-2,060	-2,970	136	51	944	707
Hungary	169	0.1	262	3,815	96	5,177	-1,423	-738	73	-2,823	-185	2,454	-716	2,379	-448	-531	-451	-2,024
Latvia	-254	-0.8	-177	572	-1,094	-1,315	-34	172	840	673	-140	-602	-822	-1,779	-203	139	874	564
Lithuania	-2,134	-4.5	-382	317	-2,681	-1,642	-17	355	547	214	-354	-526	-2,237	-1,994	54	83	463	298
Macedonia	-323	-2.8	-354	356	-283	28	26	-11	-40	23	-307	1	-297	-281	12	1	-52	21
Moldova	39	0.5	-59	49	8	-4	-6	-52	31	-31	-20	2	-2	-27	-6	-53	31	-32
Montenegro	93	2.0	8	50	-47	24	37	51	140	198	3	-21	-53	-55	56	90	149	295
Poland	336	0.1	-608	-8,199	-2,190	-4,621	955	857	2,526	3,394	1,840	-6,714	-4,201	-1,770	406	126	2,461	3,235
Romania	-1,427	-0.7	-2,063	-36	-929	-4,544	270	-251	-498	-592	-1,902	-871	-1,169	-5,243	2	-158	-566	-591
Russia	-5,004	-0.3	-561	4,034	-4,616	-8,387	-5,049	1,756	-388	-8,189	-1,662	4,928	-5,416	-7,448	-5,200	1,259	97	-8,981
Serbia	867	2.1	5	27	814	425	-172	0	53	80	177	489	626	1,079	-69	-158	-75	-246
Slovakia	-465	-0.5	-328	-1,025	-446	-3,541	-263	-865	-19	-921	-246	-1,512	-716	-4,305	50	-447	293	66
Slovenia	-867	-1.8	-97	-204	-317	-883	-15	85	-550	-372	-213	-38	-153	-736	139	-321	-498	-449
Turkey	4,469	0.5	-10,007	542	5,044	-10,521	-550	-1,163	-575	3,952	-8,804	844	5,350	-6,310	271	-1,676	-367	3,243
Ukraine	-740	-0.7	-1,877	135	-322	-1,697	-1,032	222	-418	-2,144	-1,713	-670	-531	-3,010	-992	144	-459	-2,191
CESEE 1/	-4,917	-0.1	-10,434	23,287	-4,307	2,623	-8,998	2,294	-610	-8,973	-9,501	2,045	-10,146	-19,492	-6,956	-1,641	1,906	-8,908
Emerging Europe 2/	-2,481	-0.1	-16,421	1,434	-2,503	-25,665	-8,114	-808	22	-9,763	-13,551	-1,235	-6,449	-24,756	-6,780	-2,541	-167	-10,844
CESEE ex. RUS & TUR	-4,382	-0.3	134	18,711	-4,735	21,531	-3,399	1,701	353	-4,736	965	-3,727	-10,080	-5,734	-2,027	-1,224	2,176	-3,170
CESEE ex. CIS & TUR 3/	-3,584	-0.2	1,526	18,795	-4,009	24,049	-2,332	1,641	425	-2,677	2,858	-3,078	-9,522	-2,057	-1,036	-1,102	2,289	-1,049

Sources: BIS; and IMF staff calculations.

1/ All countries listed above.

2/ CESEE excluding the Czech Republic, Estonia, Latvia, Lithuania, Slovakia, and Slovenia.

3/ CIS = Russia, Ukraine, Moldova and Belarus.