



# VI Bank Lending Survey in CESEE

## Autumn 2014

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**VI Plenary**  
13<sup>th</sup> November 2014, Brussels

# Executive summary

- ❖ Group level restructuring continues, with reinforced selective approach to CESEE countries
- ❖ For some countries, CESEE market potential reconsidered
- ❖ Supply constraints prominent - but easing. Demand in positive territory, generating a potential gap
- ❖ Credit quality and regulation (both domestic and international) remain key impediments to supply
- ❖ A new funding model for CESEE banks confirmed, with domestic funding partially compensating for reduced international funding - to be reassessed against current and future increased demand

# Agenda



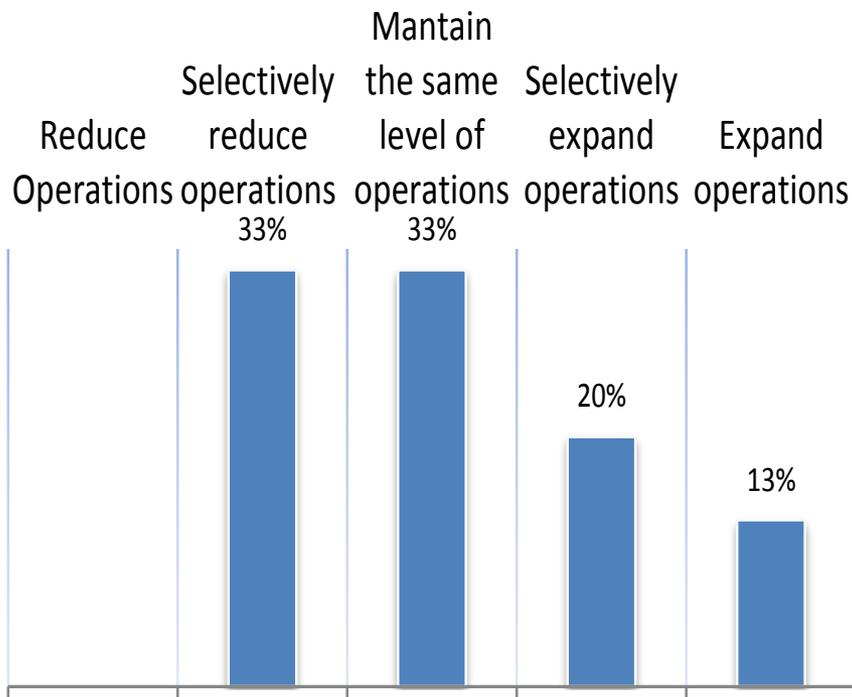
- Group level results
- Results at the subsidiaries level – overall region



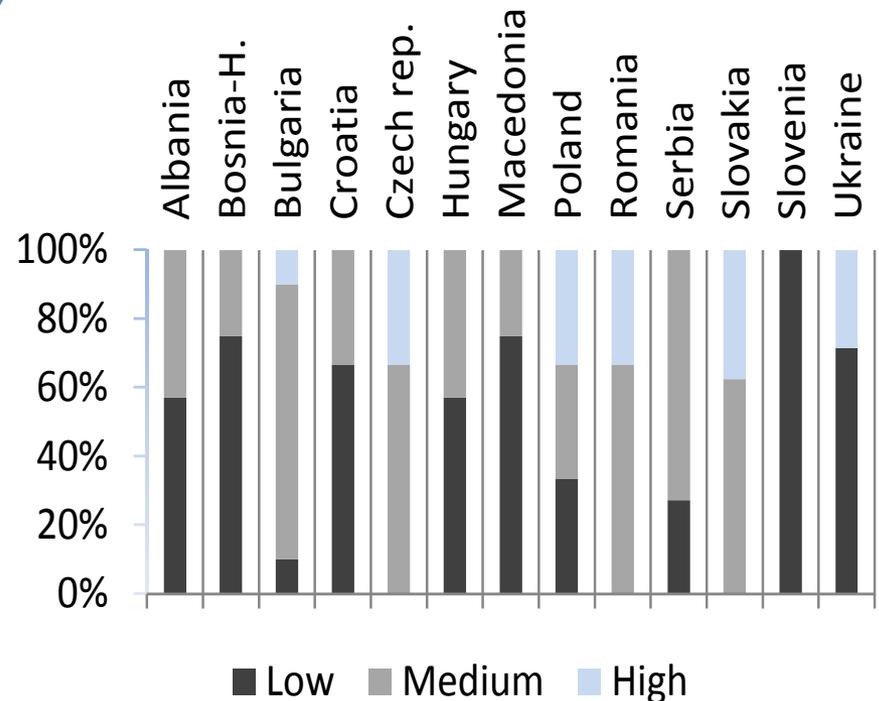
# Reinforced selective approach to CESEE

- Increased selective/discriminating approach to the region and across countries

Intensions on operations in CESEE



Assessed market potential



# Agenda



- Group level results
- Results at the subsidiaries level – overall region

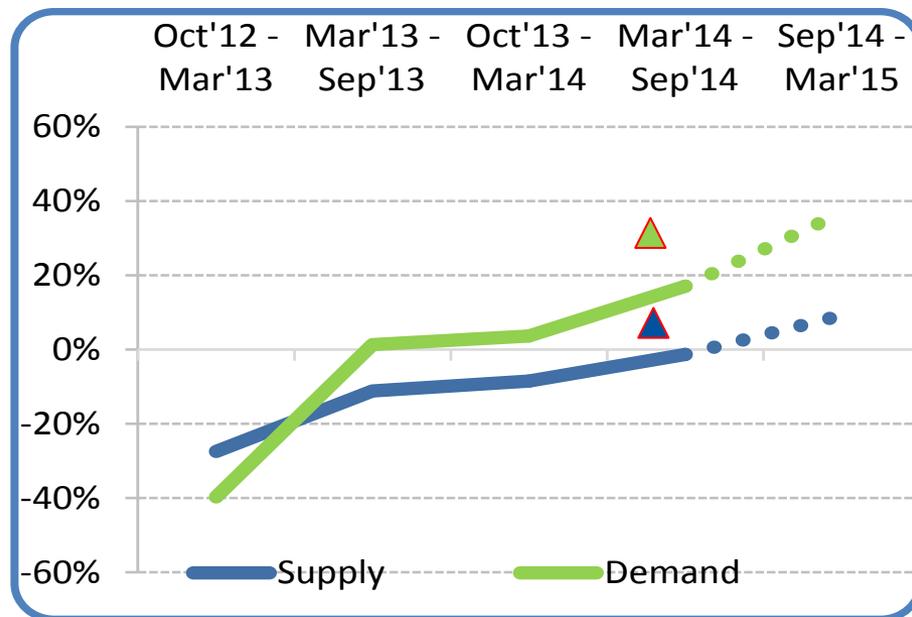
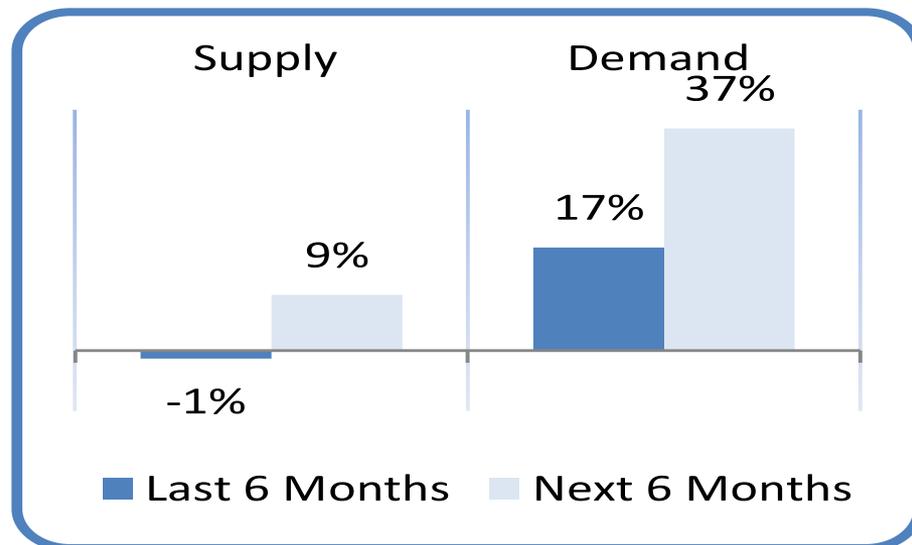


Both demand and supply constraints easing over time:

- Past 6M: supply basically neutral, while demand was positive (in line with expectations)

- Next 6M: demand expected to increase further, supply to mildly ease

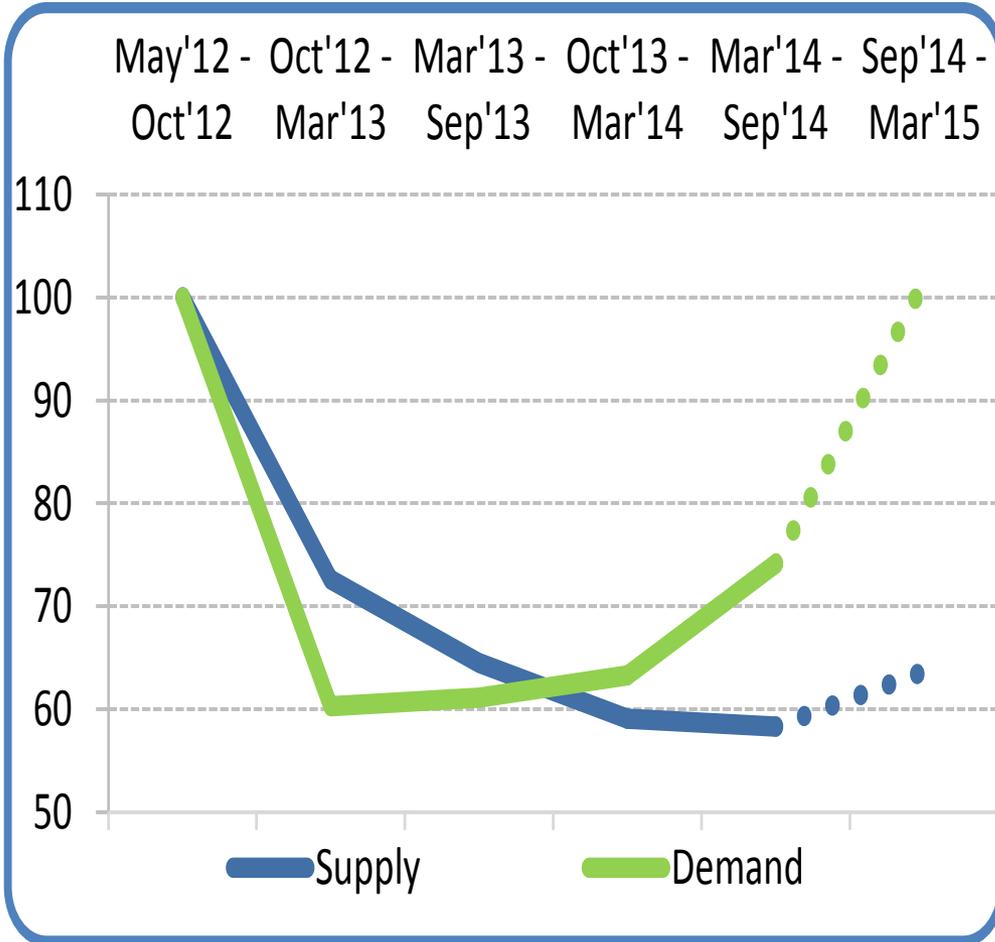
- Comparing past expectations versus actual: banks are good in forecasting future trends



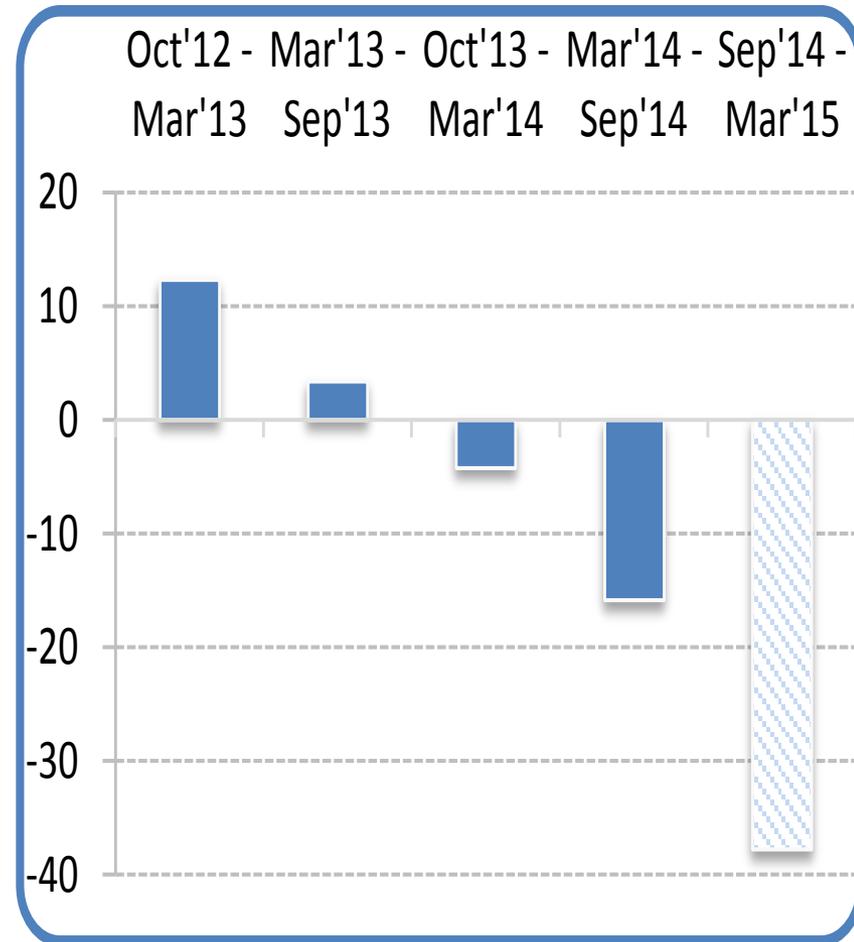
# Cumulated aggregate demand and supply – increasing gap



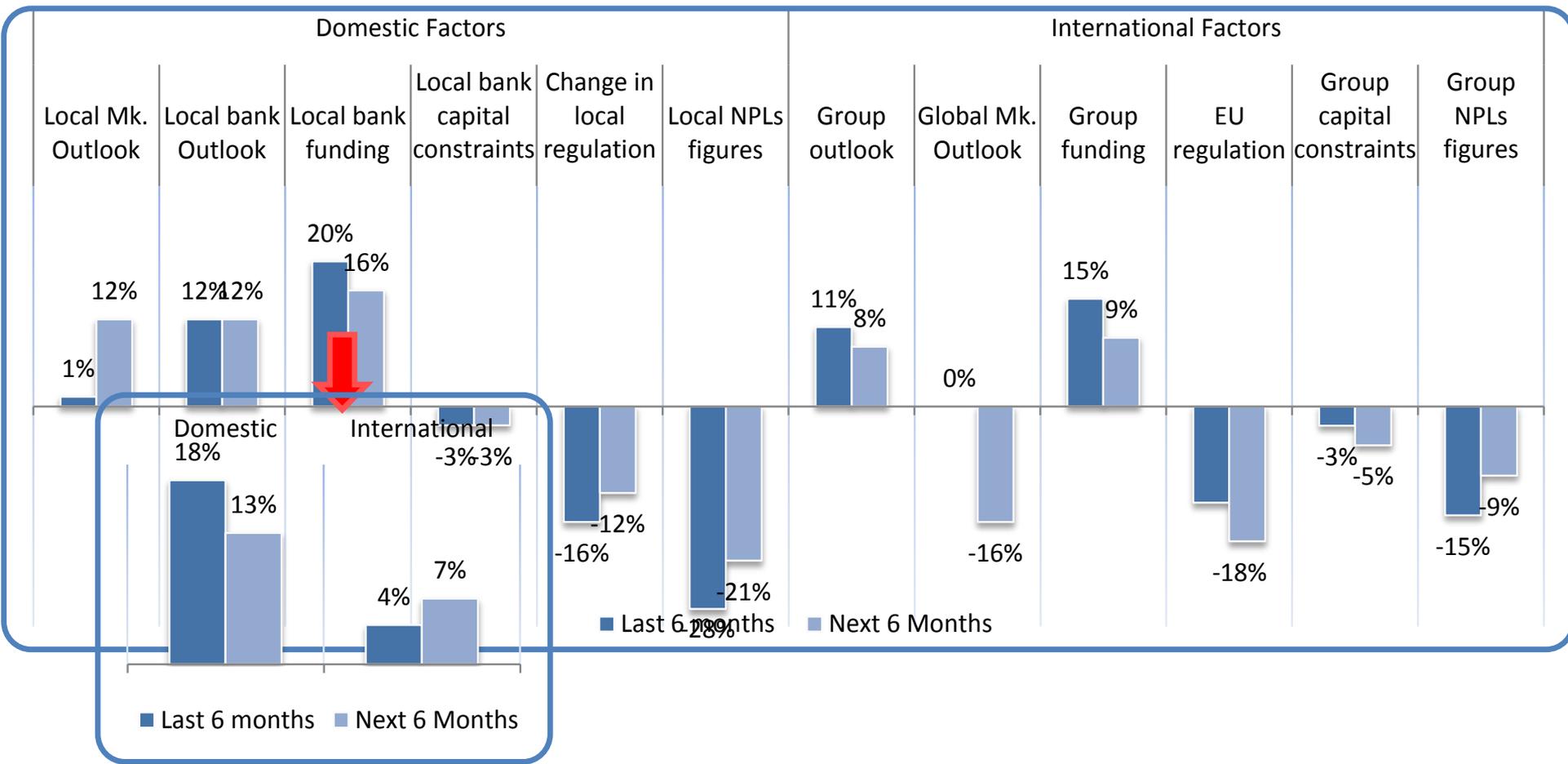
Cumulated net percentages



Cumulated net percentages GAP (supply-demand)



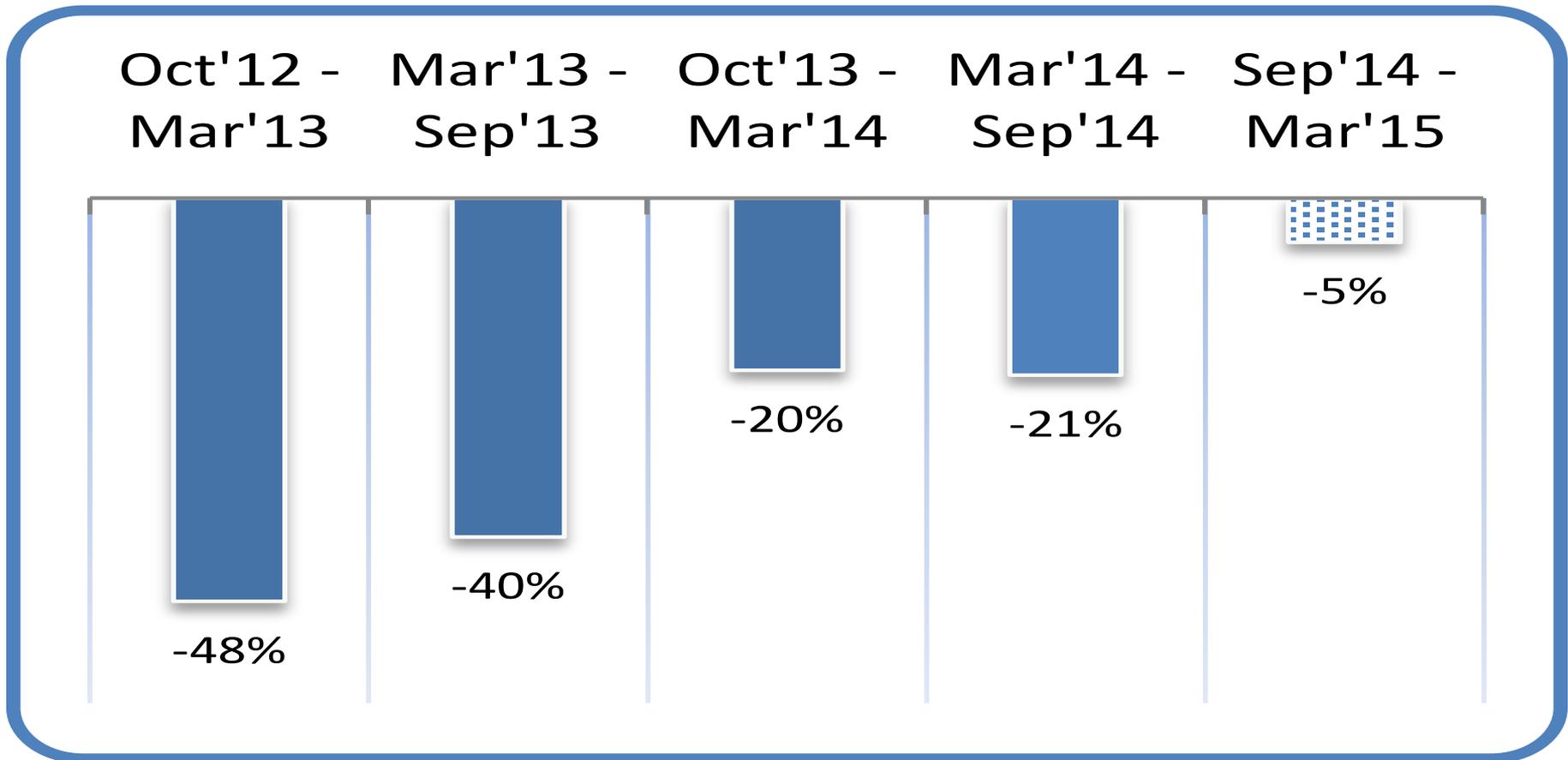
# Credit quality and regulation (domestic and international) the main drag on supply conditions





# Subsidiaries – NPLs / Credit quality

- ❖ NPL ratios still increasing but at a gradually decelerating speed
- ❖ Past decelerations were at halt over the recent past



# Conclusions & Policy

- Policy implications:
  - Business case in some countries being re-assessed
  - Funding might return as an issue at higher levels of demand
  - Deal with credit quality (stock and flow)



# Thank you

*For further details on the survey and its results contact:*

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