

ECONOMICS – REGIONAL STUDIES

# Central, Eastern and South-Eastern Europe (CESEE) Bank Lending Survey

First half of 2024



European  
Investment Bank



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### **About the Economics Department**

The mission of the EIB Economics Department is to provide economic analyses and studies to support the Bank in its operations and in the definition of its positioning, strategy and policy. The department and its team of economists is headed by Debora Revoltella, director of economics.

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\* The designation of Kosovo is without prejudice to positions on status and it is in line with UNSCR 1244/1999 and the ICJ Opinion on the Kosovo declaration of independence.

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# Introduction to the survey

## The CESEE Bank Lending Survey

The **Central, Eastern and South-Eastern Europe (CESEE) Bank Lending Survey** was developed in the context of the Vienna Initiative 2.0<sup>1</sup> and has been endorsed by the various participating institutions as an instrument for:

- monitoring cross-border banking activities and deleveraging in the region;
- better understanding the determinants and constraints of credit growth;
- gaining insights into the business strategies and market expectations of cross-border banks.

**Target groups:** international banks active in Central, Eastern and South-Eastern Europe (interviewed at the group level); subsidiaries of those banking groups and local banks (interviewed at the single-entity level).

**Countries covered:** Albania, Bosnia and Herzegovina, Bulgaria, Croatia, Czechia, Hungary, Kosovo, North Macedonia, Poland, Romania, Serbia and Slovakia. Details for Slovenia and Ukraine are not presented on a standalone basis because of the low number of banks operating in these countries. Russia and Belarus are outside the scope of the survey.

**Frequency:** semi-annual (March and September).

**Spring 2024 survey wave:** conducted during March-April 2024. In the following, “last six months” refers to the period between October 2023 and March 2024, and “next six months” refers to the period between April 2024 and September 2024. Given the small number of answers received from Polish banks during the fieldwork, data from Poland are not significant and the Polish chapter is not included in this report.

**Participating banks:** The latest survey involved 12 international groups operating in Central, Eastern and South-Eastern Europe and 70 local subsidiaries and independent domestic players. It is highly representative of international groups active in the region and of local market conditions, as survey participants collectively represent 50% of local banking assets.

The survey investigates the strategies of major international banks operating in the region and their local subsidiaries, taking into account the particular regional characteristic that many banks are foreign-owned. The survey also covers relevant domestic players in specific local markets, aiming to better understand market conditions and expectations.

The survey is a unique instrument for monitoring banking sector trends and challenges in Central, Eastern and South-Eastern Europe. It complements domestic bank lending surveys by enabling comparison between countries and offers the unique feature of specifically addressing the parent/subsidiary nexus. The survey also complements data from the Bank for International Settlements (BIS) concerning the exposure of cross-border banks and from the the Bank Lending Survey of the European Central Bank (which includes euro area countries only).

The survey is administered by the European Investment Bank (EIB) under a confidentiality agreement with the individual participating banks. It is addressed to those banks’ senior officials. Most questions have backwards and forwards-looking components, respectively covering the last six months and expectations for the next six months.

<sup>1</sup> The Vienna Initiative is a forum for decision-making and coordination which brings together all the relevant public and private sector stakeholders of EU-based cross-border banks active in Central, East and South-Eastern Europe (central banks and regulators, commercial banks and international financial institutions). For more information on the Vienna Initiative, see: [Vienna Initiative \(eib.org\)](https://www.vienna-initiative.com/) and [Vienna Initiative \(vienna-initiative.com\)](https://www.vienna-initiative.com/).

**Survey questionnaire:** The complete survey questionnaire is presented in the Annex. The survey is divided into two sections, the first addressed to international groups and the second to domestic banks and international subsidiaries. The first section investigates international banks' strategies, restructuring plans, access to funding and deleveraging at the global and group levels. The questions cover the long-term strategic approaches adopted for Central, Eastern and South-Eastern Europe, the profitability of regional operations, and the groups' exposure to the region. The second section investigates the main determinants of local banking conditions. Among the supply conditions, attention is given to credit standards and credit terms and conditions, as well as various factors that may cause them to change. Credit standards are the internal guidelines or criteria for a bank's loan policy, while credit terms and conditions are the specific obligations included in a loan contract, such as the interest rate, collateral requirements and maturity.

One set of questions assesses the underlying factors affecting the responding banks' credit standards. Factors are clustered into domestic and international components. Examples of domestic factors are the local market outlook, the local bank outlook and access to funding, changes in local regulations, and local bank capital constraints and non-performing loans (NPLs). The international factors include, for example, the group outlook, global market outlook, EU regulations, group capital constraints and group non-performing loans.

Demand for loans is investigated by considering loan applications. Various aspects of the financing needs of companies and households are examined, among the elements potentially affecting loan demand. For companies, the survey covers fixed investment, inventories and working capital, corporate restructuring and debt restructuring. For households, it considers housing market prospects, consumer confidence and non-housing-related consumption expenditure.

Most of the questions on supply and demand are classified into two borrower sectors – households and companies – with subsectors also considered where relevant. For example, the survey investigates developments for small and medium-sized enterprises (SMEs) and large corporates, as well as for the household sector, such as consumer credit and loans for house purchases. Maturity and currency dimensions are also explored.

The survey includes questions on credit quality and funding conditions for banks in the CESEE region, specifically covering non-performing loan ratio developments in the retail and corporate subsectors. It also investigates aggregate access to funding and the funding conditions for an extensive list of funding sources, including intragroup, retail and corporate, international financial institutions (IFIs) and wholesale.

Most of the survey responses are presented as net percentages – in other words, as positive minus negative responses (excluding neutral answers) – irrespective of the size of the increase or decrease. For instance, regarding change in loan demand over the last six months, the net percentage is the difference between responses reporting an increase and responses reporting a decrease. This is an oft-cited indicator, and its barometer function helps to detect potential drifts and trends among survey respondents. Answers are not weighted by the size of participating banks.



## Glossary

CESEE: Central, Eastern and South-Eastern Europe

IFI: International financial institution

NPL: Non-performing loan

SME: Small and medium-sized enterprise

### Country acronyms:

AL: Albania

BA: Bosnia and Herzegovina

BG: Bulgaria

HR: Croatia

CZ: Czechia

HU: Hungary

KS: Kosovo\*

MK: North Macedonia

PL: Poland

RO: Romania

SK: Slovakia

SR: Serbia

\* The designation of Kosovo is without prejudice to positions on status and it is in line with UNSCR 1244/1999 and the ICJ Opinion on the Kosovo declaration of independence.



# Regional overview

The last six months were very positive for banks in Central, Eastern and South-Eastern Europe overall. The tightening of credit supply, which began in 2022, appears to be ending. Demand will further strengthen, and the large supply and demand gap seen in previous survey periods (when demand was resilient but supply tightened) is expected to diminish. More banks say they want to expand in the region.

## Summary

**International banking group strategies:** Most parent banks in Central, Eastern and South-Eastern Europe (CESEE) countries have maintained their level of exposure in the last six months. When asked about their **long-term strategies**, 58% of cross-border banking groups signalled they wanted to selectively expand (this share was up from 50%, 45% and 30% in the three previous survey rounds, respectively) or maintain the same level of operations in the region (33%). **Market potential** is assessed as stronger than in the previous survey round: It is considered high or medium by all banks in all countries, with only one exception (a few banks in Bosnia and Herzegovina assessed the market potential as low). Banks are more optimistic about market potential in Romania, followed by Czechia and Hungary.

The situation is favourable for banks internationally, and even more so for those with activities in the region. The top six major groups operating in Central, Eastern and South-Eastern Europe more than doubled their group profit pool between 2021 and 2023 (85% driven by higher interest margins). Banks say **profitability** in the region compared to overall group operations has improved. And the picture is even rosier for most of the players in the Western Balkan countries.

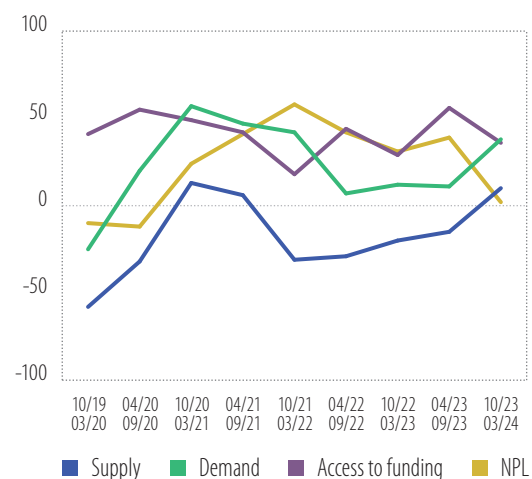
The results of the CESEE Bank Lending Survey, which collected data in March and April 2024, also help to disentangle the credit demand and supply trends in the region (the willingness of clients to borrow, and of banks to extend credit to their clients). When looking at the local market, both **credit demand** (from banks' clients) and **credit supply** (from banks) show clear improvements in the last six months and are expected to further strengthen in the next six months.

The tightening of **credit supply**, which began in the region during the first months of 2022 (because of the war in Ukraine, inflation and higher interest rates), is expected to end soon with strong improvements in all segments, especially on the retail side. Regarding **credit demand**, banks expect stronger investments on the corporate side, and stronger mortgage demand on the retail side.

The positive trend in **access to funding** for subsidiaries in the region is expected to remain unchanged, driven especially by retail funding.

The anticipated deterioration of **credit quality** did not materialise in the last six months and, for the first time in three years, banks expect an improvement in credit quality (or fewer non-performing loans), mainly in the corporate sector.

**Figure 1**  
Banking outlook in CESEE (in %)



Source: EIB – CESEE Bank Lending Survey.  
Note: All values are net percentages. Supply/demand: Positive values denote increasing (easing) demand (supply). Access to funding: Positive values indicate increased access to funding. NPL: Negative values indicate increasing non-performing loan ratios.

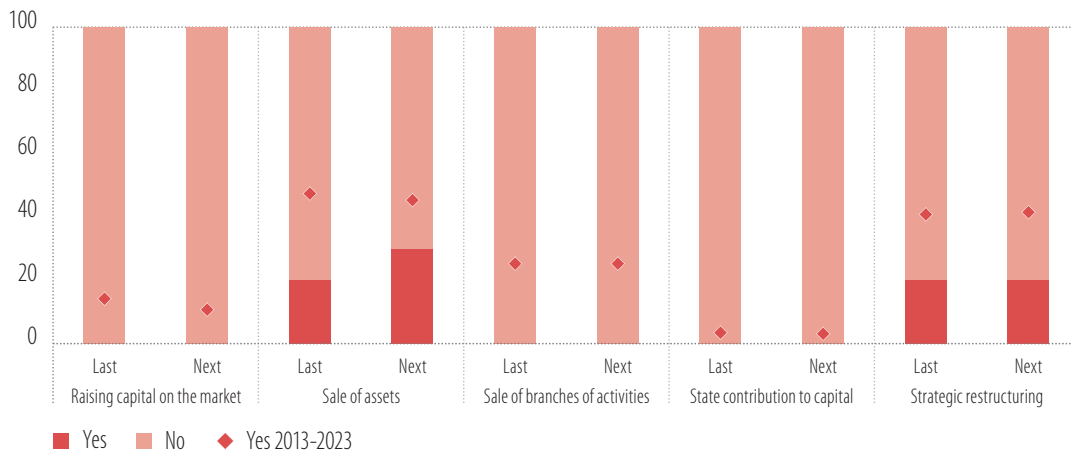
## CESEE Bank Lending Survey results – parent bank level

**Some 20% of parent banks in Central, Eastern and South-Eastern Europe expect some sale of assets at the group level and strategic restructuring. In terms of deleveraging, none of the banking groups expect the loan-to-deposit ratio to decrease.**

Around one-fifth of banks (more than in the previous survey round) said they sold some assets or branches (around 10%), or restructured their activities (below 20%) in the last six months, and they expect further measures in the next six months (see Figure 2). Some major banking groups in Central, Eastern and South-Eastern Europe with a strong foothold in the regional markets still have a presence in Russia (Russia, Belarus and Ukraine are outside the scope of the survey).

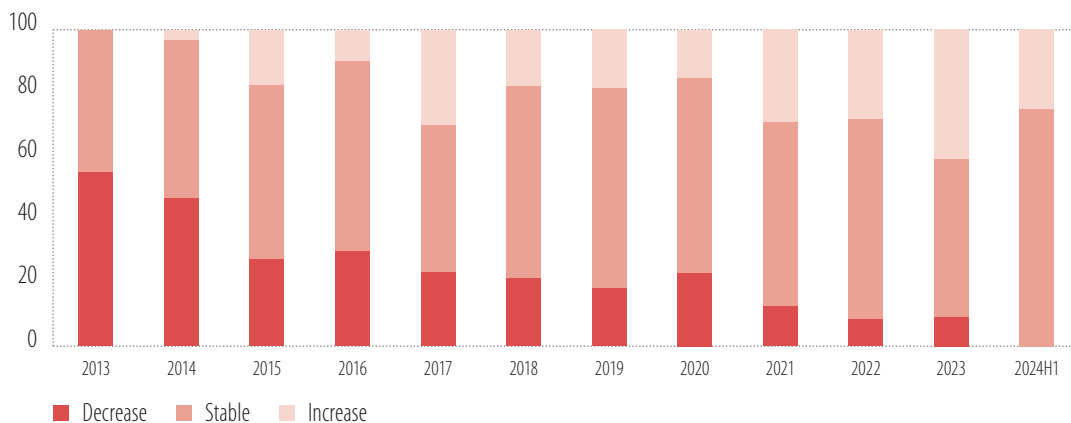
Group-level deleveraging – lowering the loan-to-deposit ratio – was significant before 2017 but had already slowed considerably in recent years. The large majority of banks predict the loan-to-deposit ratio to remain stable, and one-fifth of banks predict their ratio will increase (Figure 3). None of the banking groups expect the ratio to decrease.

**Figure 2**  
Strategic operations to increase capital ratio (in %)



Source: EIB – CESEE Bank Lending Survey.  
Note: "Last" indicates the last six months (September 2023 to March 2024). "Next" indicates the next six months (March 2024 to September 2024). See Question A.Q2 in the Annex.

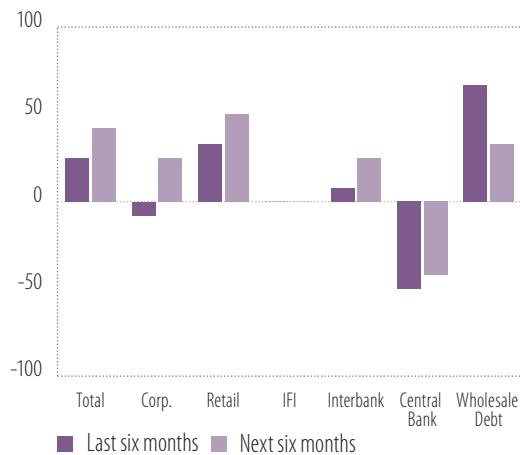
**Figure 3**  
Deleveraging: loan-to-deposit ratio (expectations over the next six months) (in %)



Source: EIB – CESEE Bank Lending Survey.  
Note: See Question A.Q4 in the Annex.

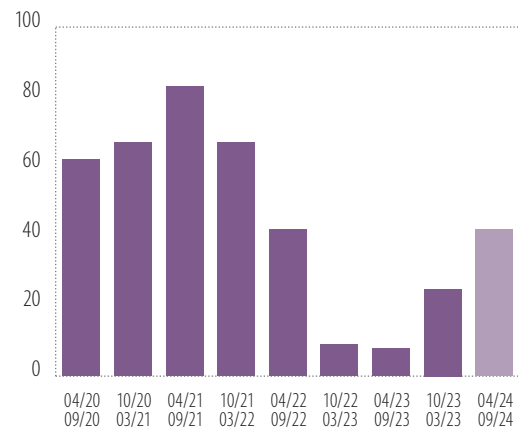
Access to funding at the group level remained benign over the last six months, mainly thanks to retail funding. The funding situation at the group level is expected to further improve in the next six months, again driven by the retail component.

**Figure 4a**  
Access to funding conditions (in %)



Source: EIB – CESEE Bank Lending Survey.  
Note: The chart shows net percentages, with positive values indicating increased access to funding. See Question A.Q3 in the Annex.

**Figure 4b**  
Total access to funding conditions (in %)



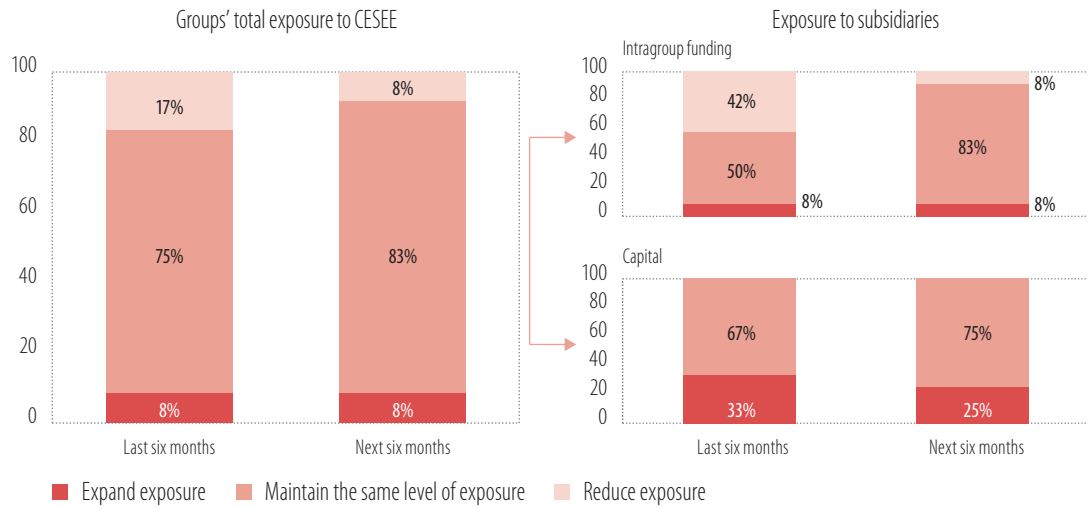
Source: EIB – CESEE Bank Lending Survey.  
Note: The chart shows net percentages, with positive values indicating increased access to funding. See Question A.Q3 in the Annex.

**Cross-border groups' exposure to Central, Eastern and South-Eastern European banking markets was slightly smaller in the last six months. Most of the banks (83%) expect their exposure to remain neutral in the next six months.**

The total exposure of groups to banking markets in Central, Eastern and South-Eastern Europe slightly decreased (Figure 5b), contrary to neutral expectations in the previous survey round. Most banks (75%) maintained the same level of exposure (in terms of intragroup funding to the subsidiaries, and capital) in the last six months, 17% reduced their exposure and 8% increased it (Figure 5a, left).

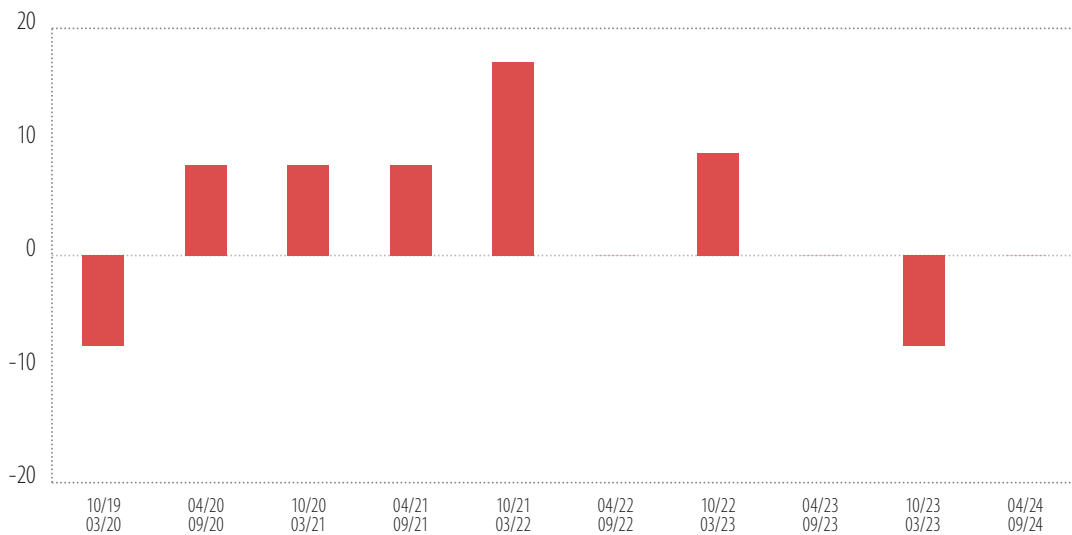
In the next six months, banks expect an overall neutral stance towards the banking markets in the region: 8% of the international banking groups plan to increase their exposure in the region (similar to the previous survey round), 8% plan to reduce their exposure, and the vast majority (83%) say they will be happy to maintain their current level of exposure.

**Figure 5a**  
**Groups' total exposure to Central, Eastern and South-Eastern Europe**



Source: EIB – CESEE Bank Lending Survey.  
Note: Cross-border operations involving countries in the region. See Question A.Q8 in the Annex.

**Figure 5b**  
**Groups' total exposure to Central, Eastern and South-Eastern Europe (in %)**



Source: EIB – CESEE Bank Lending Survey.  
Note: Cross-border operations involving countries in the region. The chart shows net percentages, with negative values denoting decreased exposure. See Question A.Q8 in the Annex.

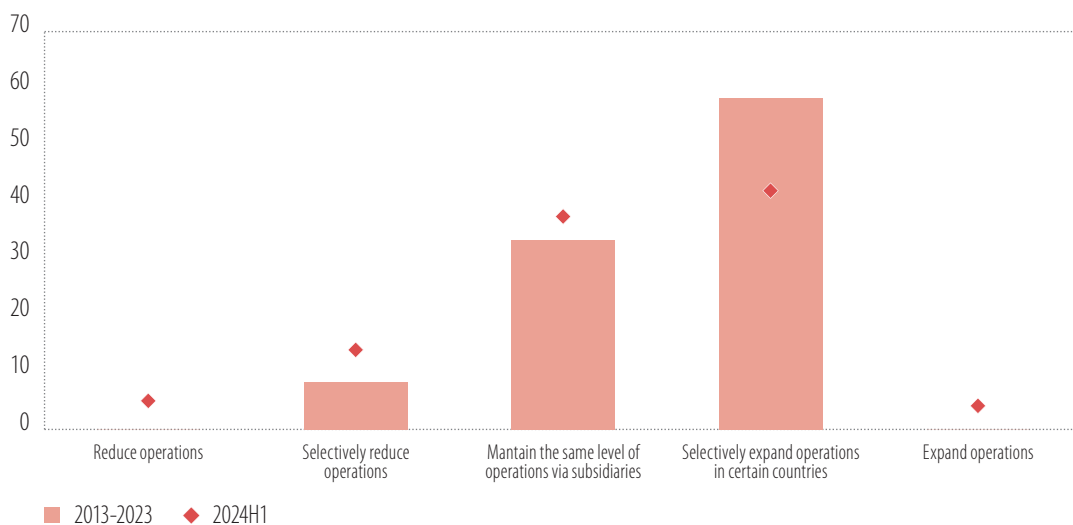
Regarding long-term strategies for operations in Central, Eastern and South-Eastern Europe, banking groups are leaning towards expansion (58%, vs. 50% in the previous survey round and 45% in the round before that) or stability (33%). Their view on profitability, compared to overall group operations, is still positive.

When asked about their long-term strategy, 58% of cross-border banking groups signal that they want to selectively expand (growing from 50%, 45% and 30% in the previous survey rounds – see Figure 6) or at least maintain the same level of operations in the region (33%). Less than 10% of banking groups plan to selectively reduce activities in the region.

Overall, market potential is assessed by parent banks as strong, and stronger than in the previous survey round (see Additional CESEE regional data, A.4, at the end of the regional overview). It is considered high or medium in all countries by all banks, with the exception of a few banks in Bosnia and Herzegovina. Banks are more optimistic about market potential in Romania, followed by Czechia and Hungary. Similarly, most of them perceive their overall market positioning as optimal or satisfactory. In total, only some 15-20% of banks – in Croatia, Hungary, and Romania – assess their positioning as weak (see Additional CESEE regional data, A.5).

Banks say profitability in the region improved, compared to overall group operations, in terms of return on assets and return on equity (adjusted for cost of equity in both cases). And the situation is even better for most of the banks in the Western Balkan markets, such as Kosovo, North Macedonia, and Bosnia and Herzegovina, and in Bulgaria (see Additional regional CESEE data, A.6 and A.7). This must be put in the perspective of very high profitability of the European banking sector and at the group level: The top six major groups operating in Central, Eastern and South-Eastern Europe more than doubled their group profits between 2021 and 2023 (85% driven by higher interest margins).

**Figure 6**  
Group-level long-term strategies (beyond 12 months) in Central, Eastern and South-Eastern Europe (in %)



Source: EIB – CESEE Bank Lending Survey.  
Note: See Question A.Q5 in the Annex.

## CESEE Bank Lending Survey results – local banks/subsidiaries

**Subsidiaries and local banks in Central, Eastern and South-Eastern Europe report stable positive credit demand (from banks' clients), and tight supply conditions (from banks) over the last six months.**

**But both credit demand and credit supply are expected to strengthen in the next six months.**

Credit demand (indicating clients' willingness to borrow from banks – see Figure 7) remained healthy in the last six months, driven by household factors and working capital needs for corporates, despite the overall weak investment environment (see Additional CESEE regional data, A.1).

In the next six months, banks expect stronger investments on the corporate side and stronger mortgage demand on the retail side, driving up credit demand.

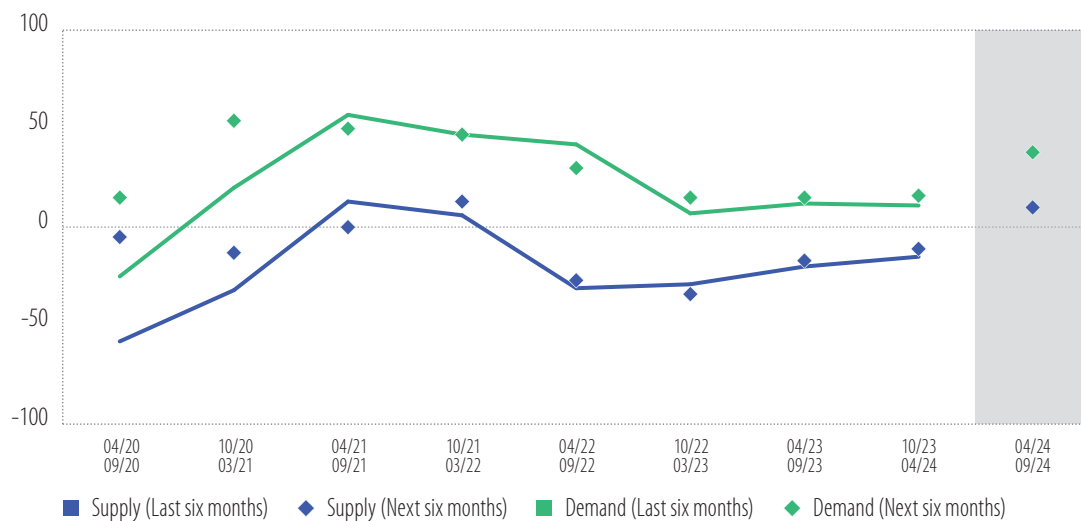
Credit supply conditions (representing banks' willingness to extend credit) were again tight over the last six months (Figure 7). All business segments have been affected. The tightening began in the first months of 2022, likely because of the war in Ukraine, inflation, higher rates and economic slowdowns.

In the next six months, the tightening credit supply that began in 2022 is expected to end, and the large supply and demand gap seen in previous six-month periods (when demand was resilient but supply tightened) will be reduced.

The retail segment will experience better conditions on the supply side compared to the corporate segment (see Additional CESEE regional data, A.3).

**Figure 7**

**Total supply and demand: Past, current and expected developments (in %)**



Source: EIB – CESEE Bank Lending Survey.

Note: All values are net percentages. Positive values denote increasing (easing) demand (supply). Diamonds represent expectations from previous rounds of the survey; lines show actual values. See Questions B.Q1 and B.Q5 in the Annex.

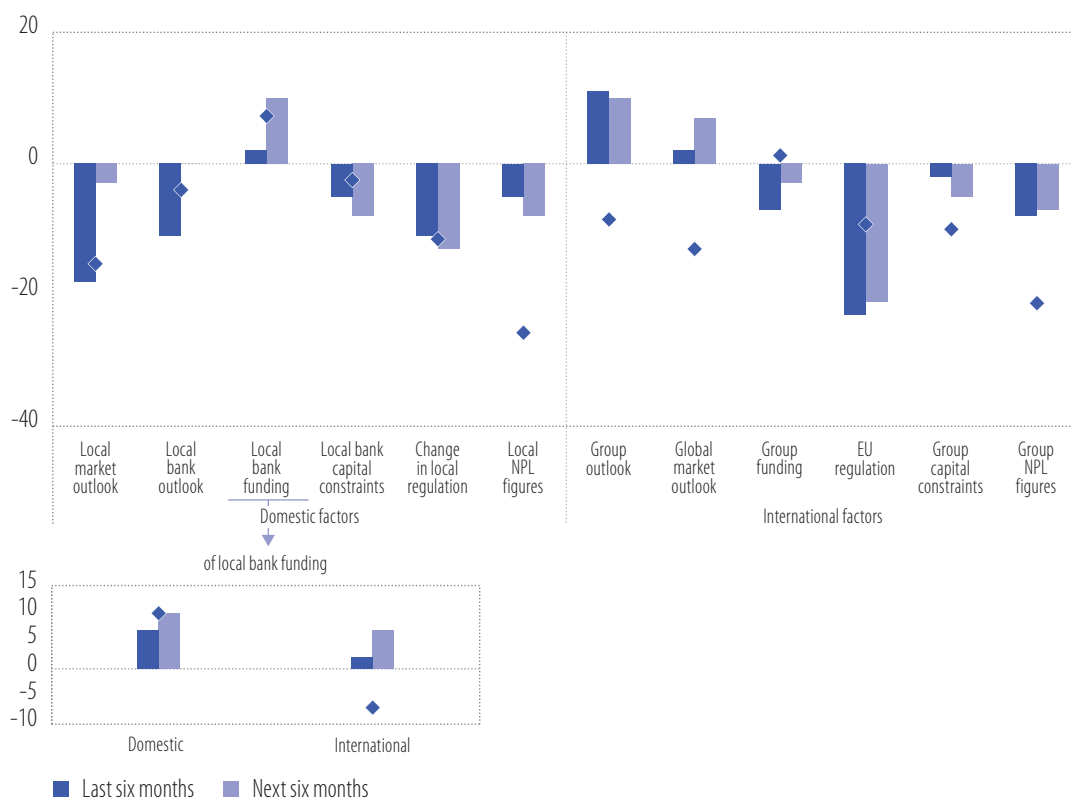


The expected improvement in supply conditions is driven mainly by the positive outlook at the group level, but the global outlook and funding conditions are also supportive.

Domestically and internationally, most factors contributed to the worsening of supply conditions over the last six months, with particularly negative contributions from the local market outlook, EU regulation and local regulation.

The expected improvement in supply conditions in the next six months is driven by the positive situation at the group level, with exceptionally high profitability in the last two years and high capital ratios, among others, while other factors are not supportive (such as local and EU regulation, expectations regarding non-performing loans, and capital constraints).

**Figure 8**  
Factors contributing to supply conditions (credit standards) (in %)



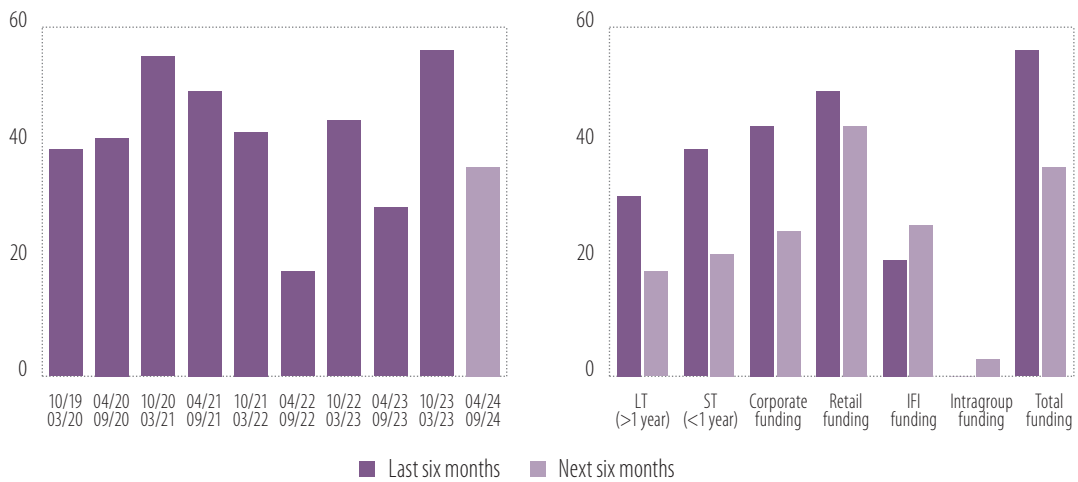
Source: EIB – CESEE Bank Lending Survey.  
Note: The chart shows net percentages, with negative values representing a negative contribution to supply. See Question B.Q4 in the Annex.

Access to funding was again favourable for Central, Eastern and South-Eastern European banking subsidiaries (even stronger than before). It is expected to remain strong over the next six months, driven by retail and corporate funding.

Easy access to corporate and retail deposits supported benign funding conditions over the last six months. Access to intragroup and international financial institution (IFI) funding was also positive.

Banking groups expect funding conditions to remain positive over the next six months (Figure 9), though slightly less than before. Corporate and retail deposits will be the main drivers.

**Figure 9**  
Access to funding for subsidiaries in Central, Eastern and South-Eastern Europe (in %)



Source: EIB – CESEE Bank Lending Survey.

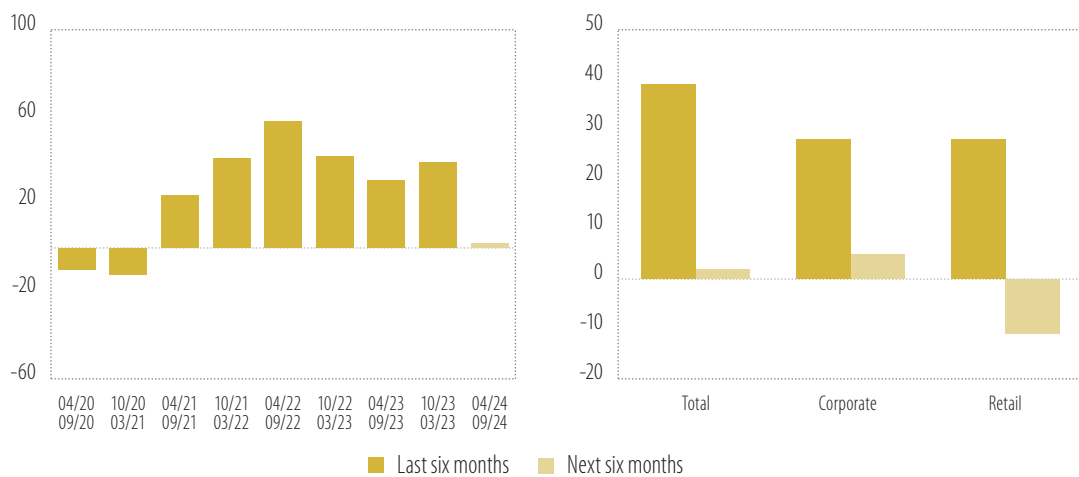
Note: The chart shows net percentages, with positive values representing an easing of access to funding. LT is long-term and ST is short-term. See Question B.Q9 in the Annex

Once again, the deterioration of credit quality predicted in the four previous survey rounds did not materialise and credit quality improved again in the last six months. Banks predict that the situation of non-performing loans will remain unchanged in the next six months.

Credit quality continued to improve following the deterioration in 2020-21 (mitigated by various policy measures), as Figure 10 illustrates. Credit quality improved further for the retail and corporate segments in the last six months. The banking sector’s non-performing loans as a percentage of total loans provided by central banks can be seen in the Annex of the report.

Banks are more optimistic for the upcoming six months and foresee a neutral evolution of credit quality. They expect the corporate segments to be more resilient, while the retail segment could be more affected by higher non-performing loans. Expectations on overall credit quality are negative for Bulgaria, Hungary and Serbia, and positive for Croatia, Albania and Romania.

**Figure 10**  
Credit quality and non-performing loan ratios (in %)



Source: EIB – CESEE Bank Lending Survey.  
Note: The chart shows net percentages, with negative values indicating deteriorating credit quality (in other words, increasing non-performing loan ratios). See Question B.Q8 in the Annex.

## Additional CESEE regional data

### A.1

#### Factors affecting demand for credit (in %)

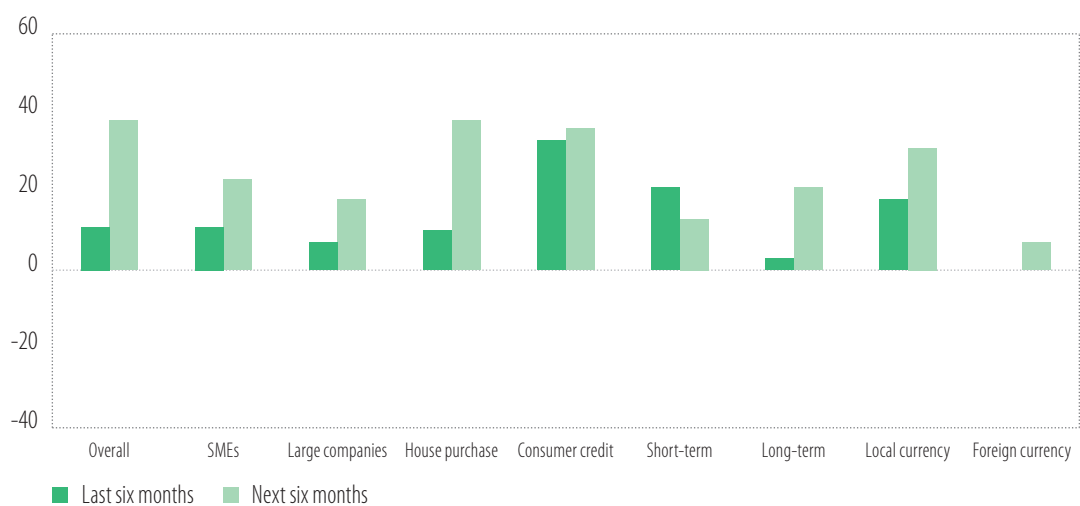


Source: EIB – CESEE Bank Lending Survey.

Note: The chart shows net percentages, with positive values indicating a positive contribution to demand conditions. M&A refers to mergers and acquisitions. See Question B.Q7 in the Annex.

### A.2

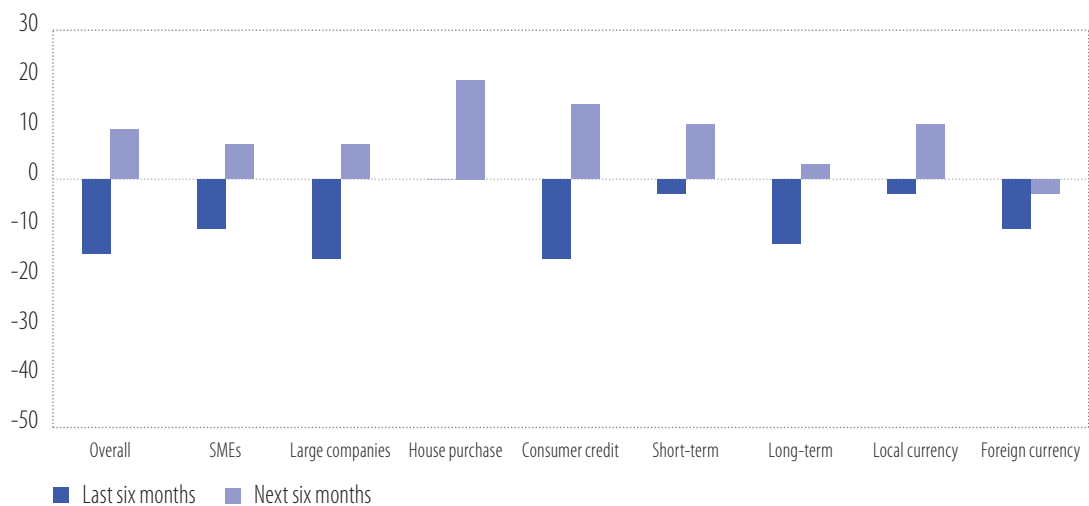
#### Demand for loans or credit lines – client breakdown (in %)



Source: EIB – CESEE Bank Lending Survey.

Note: The chart shows net percentages, with positive values indicating increasing demand. See Question B.Q5 in the Annex.

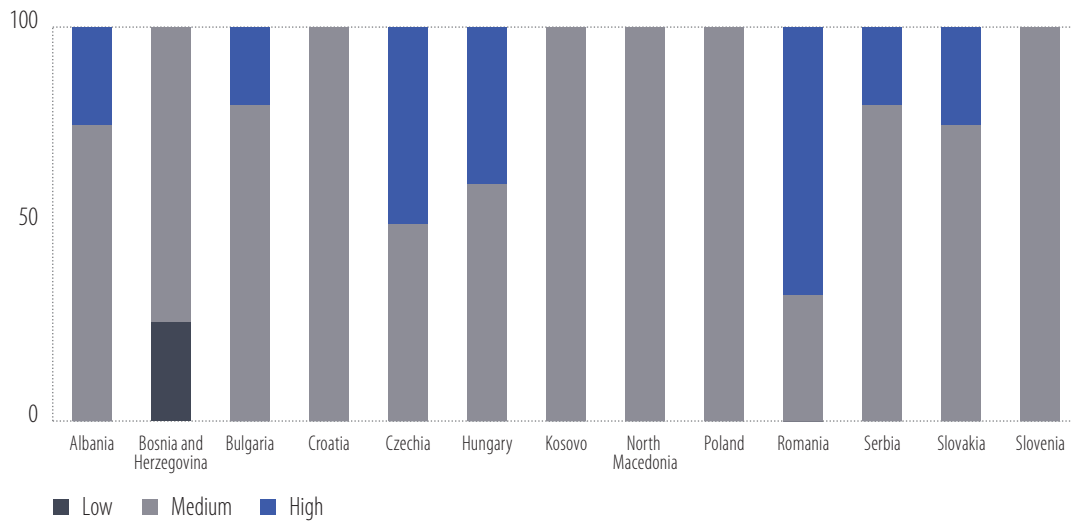
**A.3**  
**Credit supply (credit standards) – client breakdown (in %)**



Source: EIB – CESEE Bank Lending Survey.  
 Note: The chart shows net percentages, with negative values indicating tighter supply conditions. See Question B.Q1 in the Annex.

#### A.4

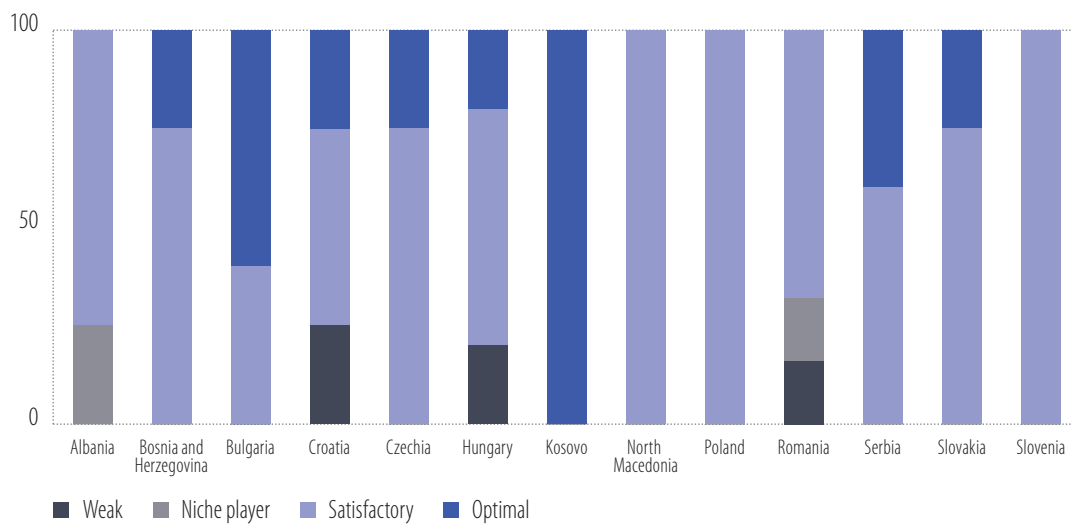
#### Market potential



Source: EIB – CESEE Bank Lending Survey.  
Note: See Question A.Q1 in the Annex.

#### A.5

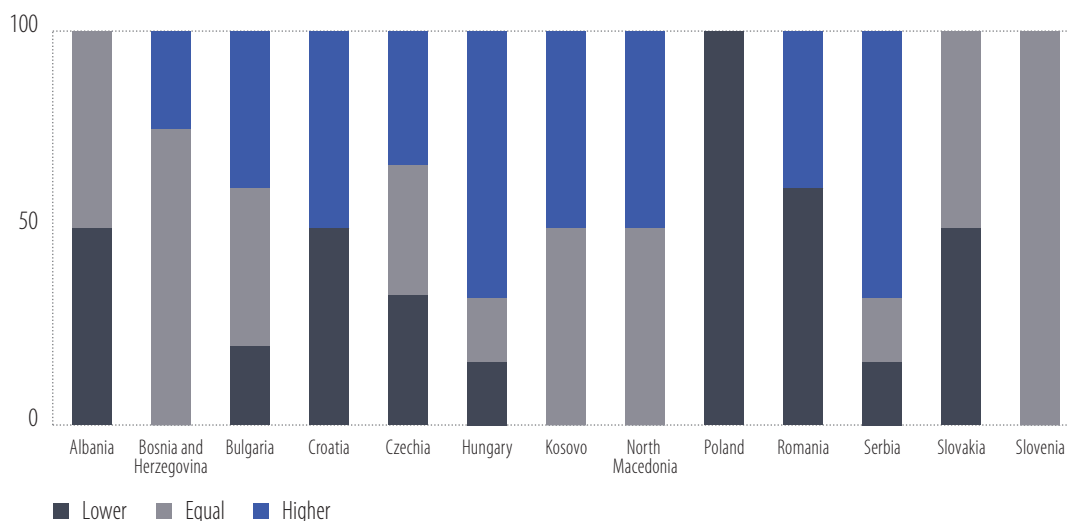
#### Market positioning



Source: EIB – CESEE Bank Lending Survey.  
Note: See Question A.Q1 in the Annex.

**A.6**

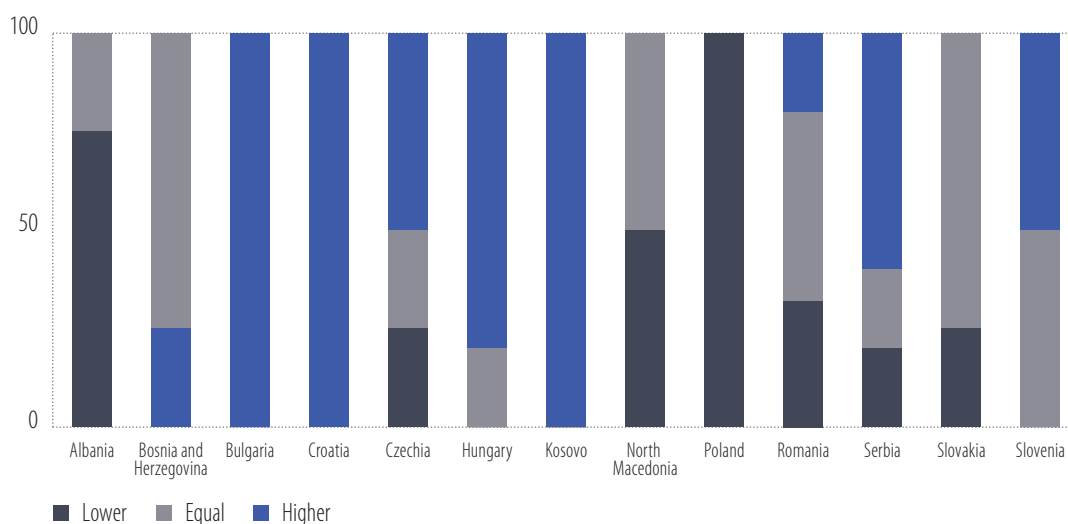
**Return on assets (adjusted for cost of risk) compared to overall group operations**



Source: EIB – CESEE Bank Lending Survey.  
Note: See Question A.Q1 in the Annex.

**A.7**

**Return on equity (adjusted for cost of equity) compared to overall group operations**



Source: EIB – CESEE Bank Lending Survey.  
Note: See Question A.Q1 in the Annex.





# Albania

**Credit demand increased substantially, while supply conditions remained neutral, both above expectations. Liquidity and credit quality improved and are expected to stay on the positive trend.**

## Summary

**Group assessment of positioning and market potential:** All international banking groups reported lower or equal profitability for Albanian operations compared to overall group operations. Not much changed from the previous survey round in perception of market potential and market positioning, with all parent banks considering the Albanian market to have medium or high potential.

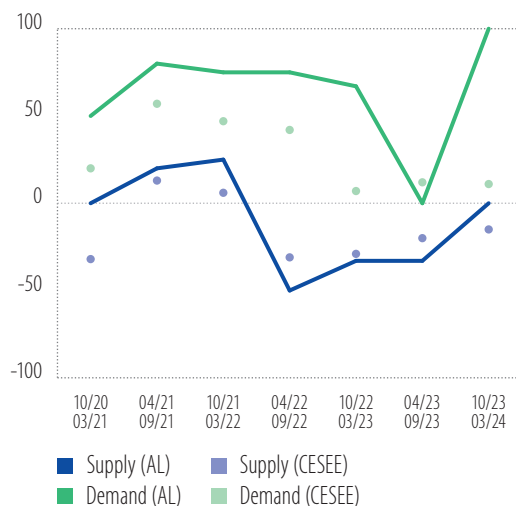
**Credit demand in Albania** increased strongly, above the regional average. All segments registered an improvement, except foreign currency loans, which decreased. Demand conditions are expected to soften but remain positive in the next six months, closer to the average of the wider region.

**Credit supply conditions** (indicating the banks' willingness to extend credit to their clients) remained neutral, while tightening is still the regional trend.

**Access to funding** returned to positive territory after one year of deterioration in access and is expected to improve further in the next six months.

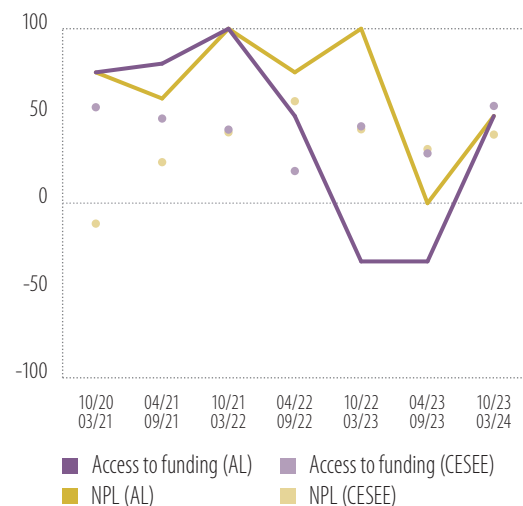
**Non-performing loan (NPL)** ratios improved over the last six months, driven by the retail segments, and are expected to improve for the next period in the corporate segment.

**Credit supply and credit demand (in %)**



Source: EIB – CESEE Bank Lending Survey.  
Note: All values are net percentages. Positive values denote increasing (easing) demand (supply).

**Access to funding and credit quality (in %)**

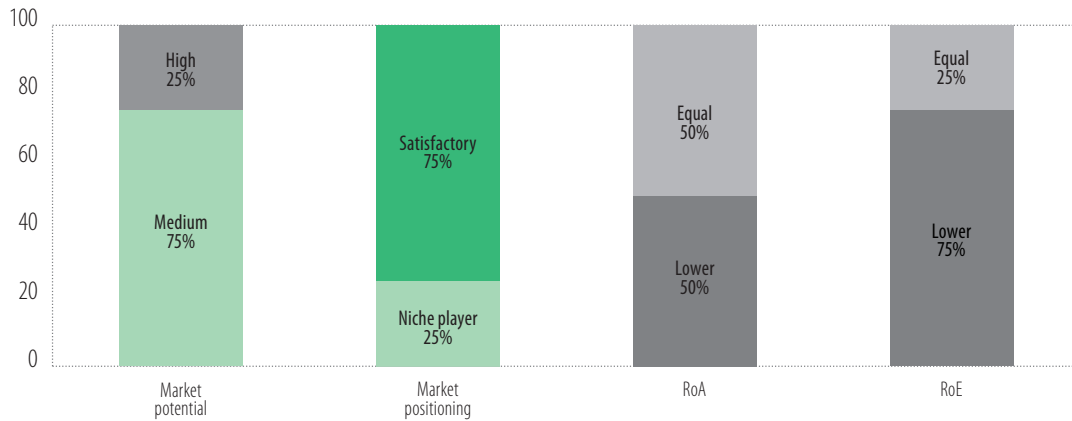


Source: EIB – CESEE Bank Lending Survey.  
Note: All values are net percentages. Access to funding: Positive values indicate increased access. NPL: Negative values indicate an increase in the non-performing loan ratio.

### CESEE Bank Lending Survey results – parent bank level

CESEE banking groups see Albania’s market potential as medium (75%) or high (25%), but some are reporting lower profitability compared to the parent bank.

**Figure 1**  
Market potential and positioning

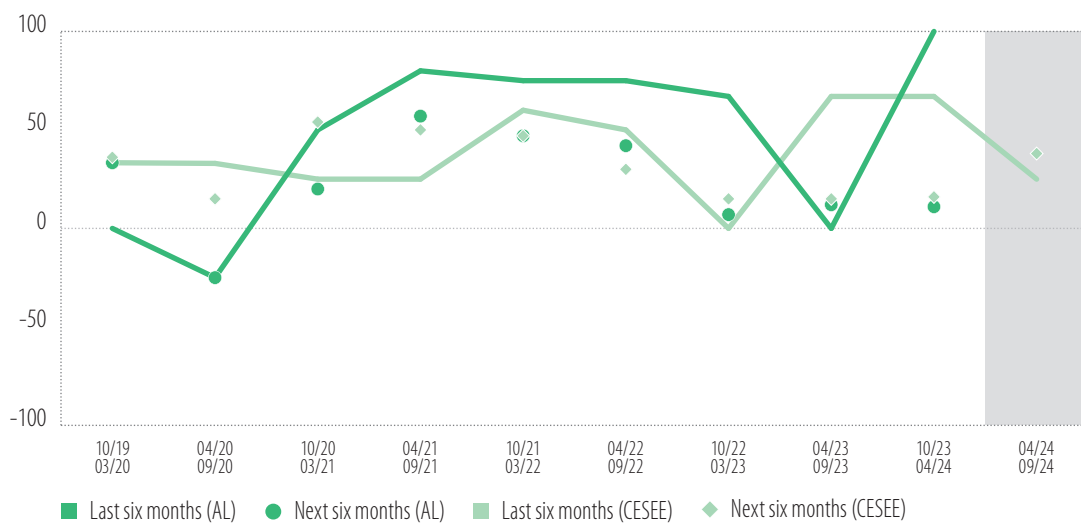


Source: EIB – CESEE Bank Lending Survey.  
Note: RoA: return on assets (adjusted for cost of risk) compared to overall group operations; RoE: return on equity (adjusted for cost of equity) compared to overall group RoE. See Question A.Q1 in the Annex.

### CESEE Bank Lending Survey results – local bank/subsidiary level

Credit demand is strong and expected to remain positive, in line with regional trends.

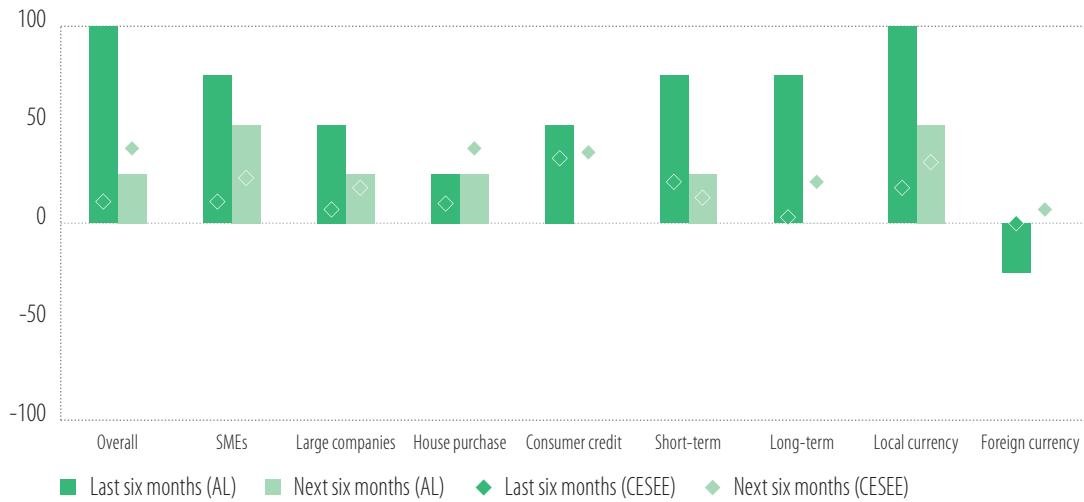
**Figure 2**  
Aggregate demand developments (in %)



Source: EIB – CESEE Bank Lending Survey.  
Note: The chart shows net percentages, with positive values indicating increasing demand. The two expectations series (light green line and diamonds) are shifted forward to be comparable to the perceptions series (dark green line and circles). In other words, expectations reported at time t for the next six months are plotted on the chart at time t+1. See question B.Q5 in the Annex.

All segments registered positive trends except for the foreign currency loans segment.

**Figure 3**  
Demand components and segments (in %)

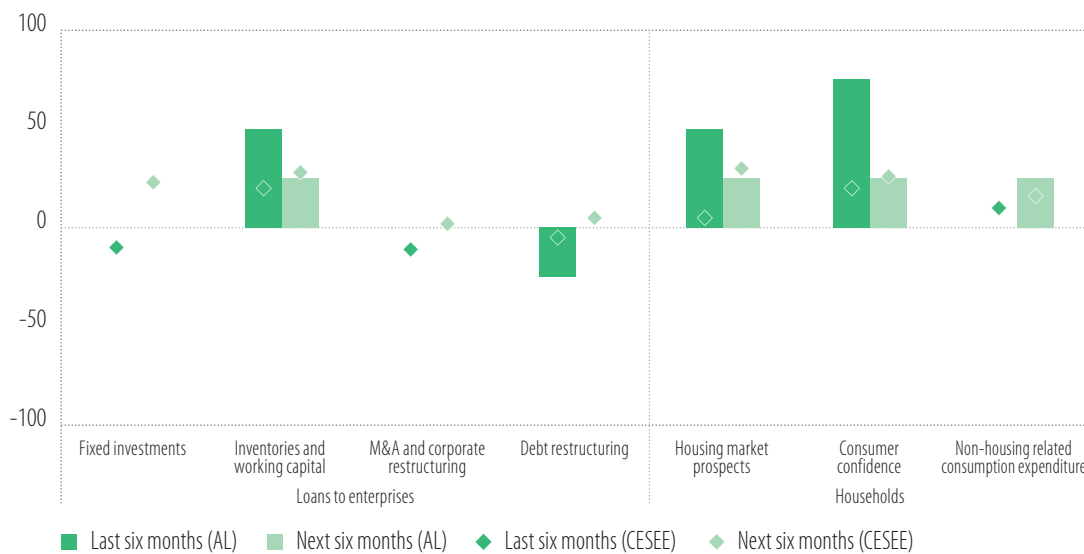


Source: EIB – CESEE Bank Lending Survey.

Note: The chart shows net percentages, with positive values indicating increasing demand. See Question B.Q5 in the Annex.

Factors related to the household segments are expected to drive credit demand in the next six months.

**Figure 4**  
Factors affecting demand for loans (in %)

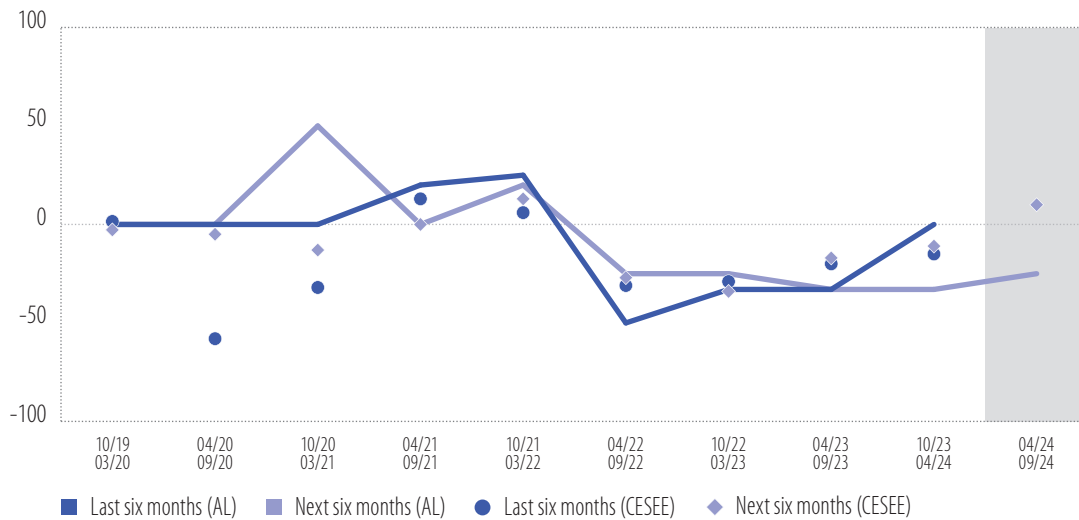


Source: EIB – CESEE Bank Lending Survey.

Note: The chart shows net percentages, with positive values indicating a positive contribution to demand. M&A refers to mergers and acquisitions. See Question B.Q7 in the Annex.

Credit supply stayed neutral and is expected to tighten slightly, contrary to the softening trend expected for the region.

**Figure 5**  
Aggregate supply developments (in %)

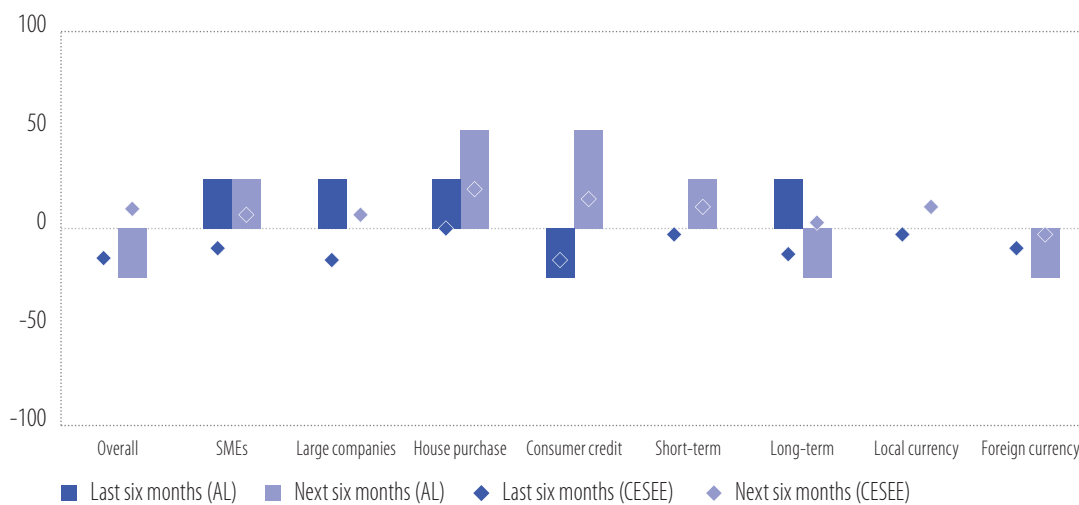


Source: EIB – CESEE Bank Lending Survey.

Note: The chart shows net percentages, with positive values indicating easing supply. The two expectations series (light purple line and diamonds) are shifted forward to be comparable to the perceptions series (dark purple line and circles). In other words, expectations reported at time  $t$  for the next six months are plotted on the chart at time  $t + 1$ . See Question B.Q1 in the Annex.

Supply conditions eased slightly for corporates and mortgage loans and are expected to improve further for households in the next six months.

**Figure 6**  
Supply components and segments (in %)

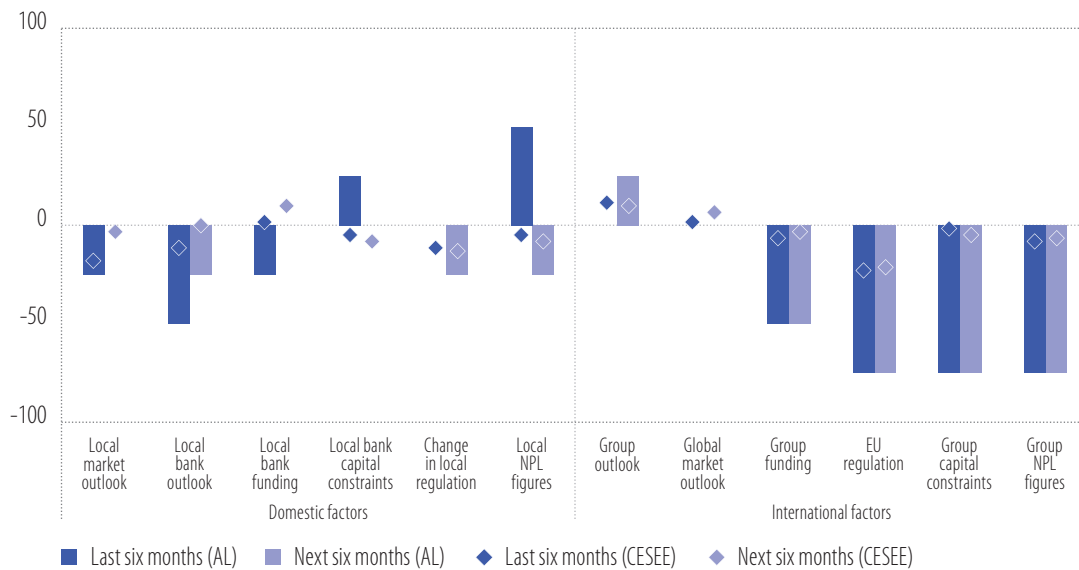


Source: EIB – CESEE Bank Lending Survey.

Note: The chart shows net percentages, with positive values indicating easing supply conditions. See Question B.Q1 in the Annex.

Most of the international factors are contributing negatively to credit supply while domestic factors are mixed, with local bank capital constraints and non-performing loan figures contributing positively.

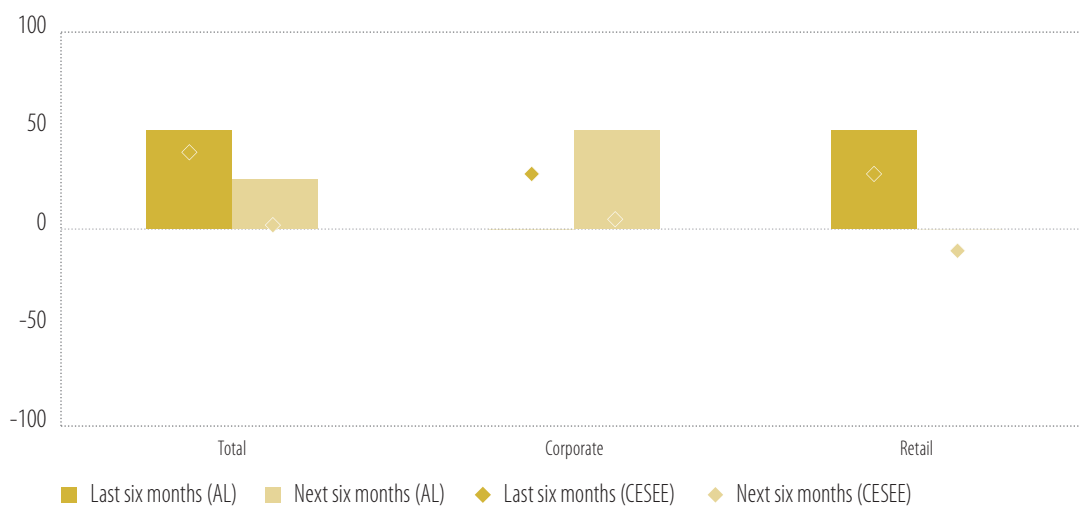
**Figure 7**  
Factors contributing to supply conditions (in %)



Source: EIB – CESEE Bank Lending Survey.  
Note: The chart shows net percentages, with positive values indicating a positive contribution to supply. See Question B.Q4 in the Annex.

Credit quality is expected to remain favourable, with improvements in the corporate segment.

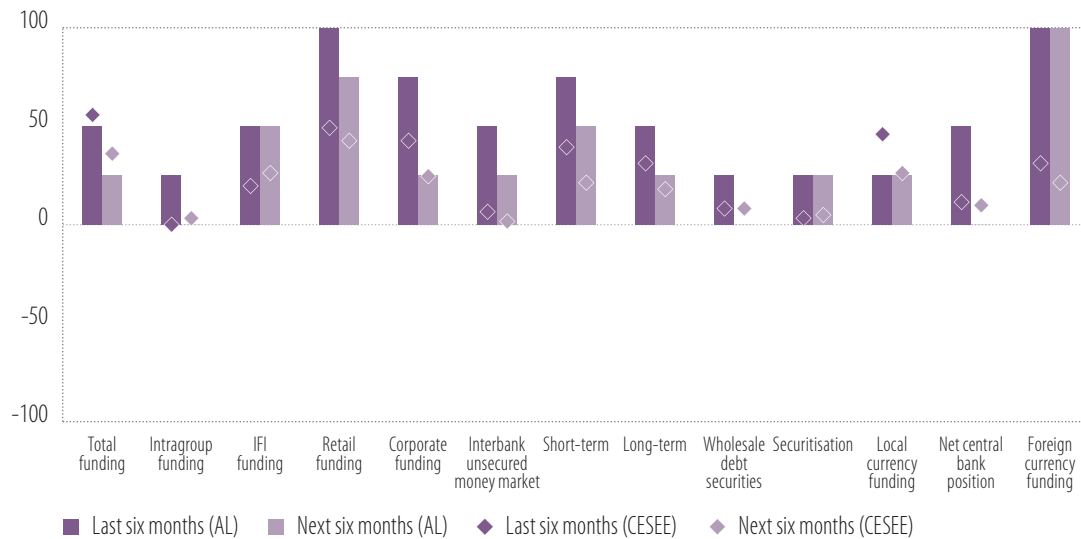
**Figure 8**  
Credit quality and non-performing loan ratios (in %)



Source: EIB – CESEE Bank Lending Survey.  
Note: The chart shows net percentages, with positive values indicating improving credit quality (in other words, decreasing NPL ratios). See Question B.Q8 in the Annex.

Funding conditions are positive and expected to remain favourable, driven by better access to retail and corporate deposits.

**Figure 9**  
**Access to funding (in %)**



Source: EIB – CESEE Bank Lending Survey.

Note: The chart shows net percentages, with positive values indicating improved access to funding. See Question B.Q9 in the Annex.

# Bosnia and Herzegovina

**Credit demand stagnated, while supply conditions tightened further. Some recovery in demand and neutral supply conditions are expected in the next six months, in line with the regional trend. Credit quality and liquidity have improved.**

## Summary

**Group assessment of positioning and market potential:** All international banking groups reported lower or equal profitability for operations compared to overall group operations, with a deterioration since the previous survey round. Some improvements have been registered in market potential and market positioning, with all parent banks considering the local market to have medium or high potential.

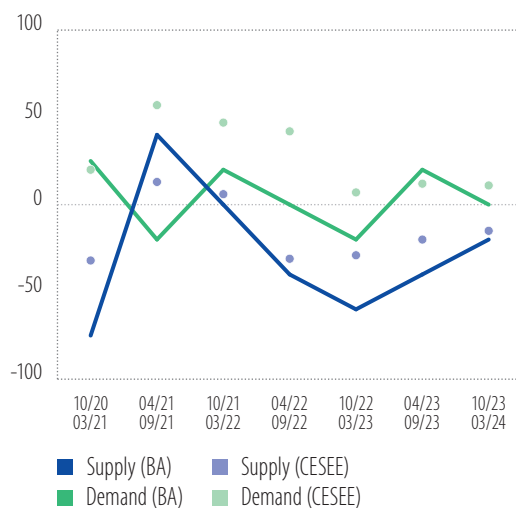
**Credit demand in Serbia** stagnated, like the regional average. Corporate segments registered an improvement, but mortgage loans decreased. Stronger demand conditions are expected to return in the next six months, in line with the wider region.

**Credit supply conditions** (indicating the banks' willingness to extend credit to their clients) continued to tighten, in line with the regional trend, and are expected to remain neutral in the next six months.

**Access to funding** improved in Bosnia and Herzegovina in the last six months and is expected to stay favourable.

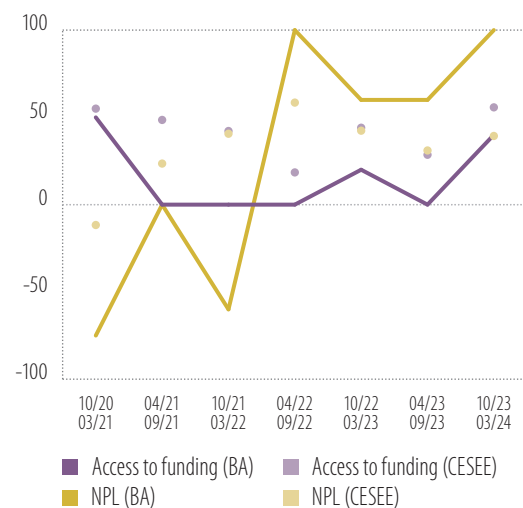
**Non-performing loan (NPL) ratios** improved strongly over the last six months, exceeding regional trends, and are expected to stay unchanged in the next six months.

**Credit supply and credit demand (in %)**



Source: EIB – CESEE Bank Lending Survey.  
Note: All values are net percentages. Positive values denote increasing (easing) demand (supply).

**Access to funding and credit quality (in %)**



Source: EIB – CESEE Bank Lending Survey.  
Note: All values are net percentages. Access to funding: Positive values indicate increased access. NPL: Negative values indicate an increase in the non-performing loan ratio.

## CESEE Bank Lending Survey results – parent bank level

CESEE banking groups see Bosnia and Herzegovina's market potential as medium (75%) or low (25%), and 75% report profitability to be in line with the parent banks.

**Figure 1**  
Market potential and positioning



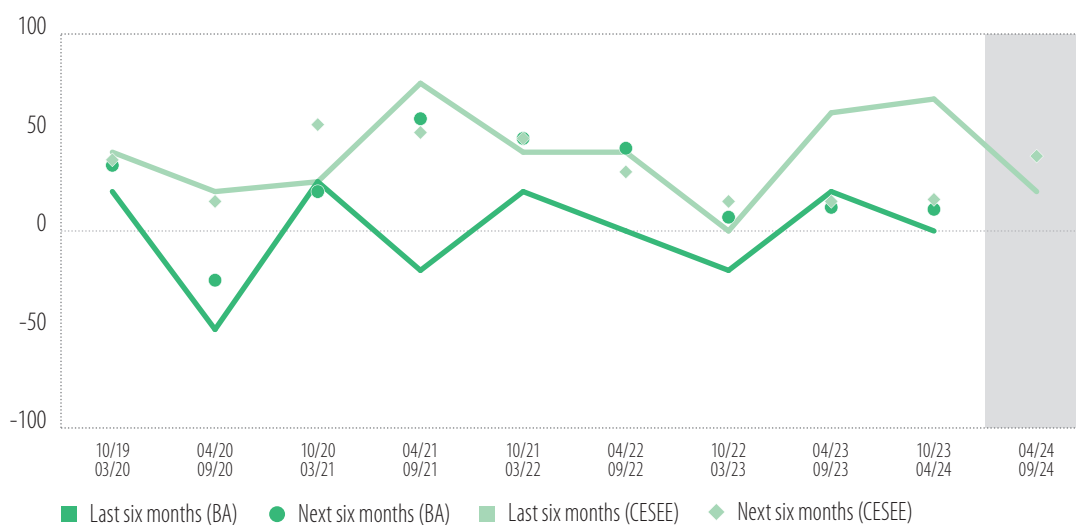
Source: EIB – CESEE Bank Lending Survey.

Note: RoA: return on assets (adjusted for cost of risk) compared to overall group operations; RoE: return on equity (adjusted for cost of equity) compared to overall group RoE. See Question A.Q1 in the Annex.

## CESEE Bank Lending Survey results – local bank/subsidiary level

Credit demand, which was weak in the last six months, is expected to rebound strongly, in line with regional trends.

**Figure 2**  
Aggregate demand developments (in %)



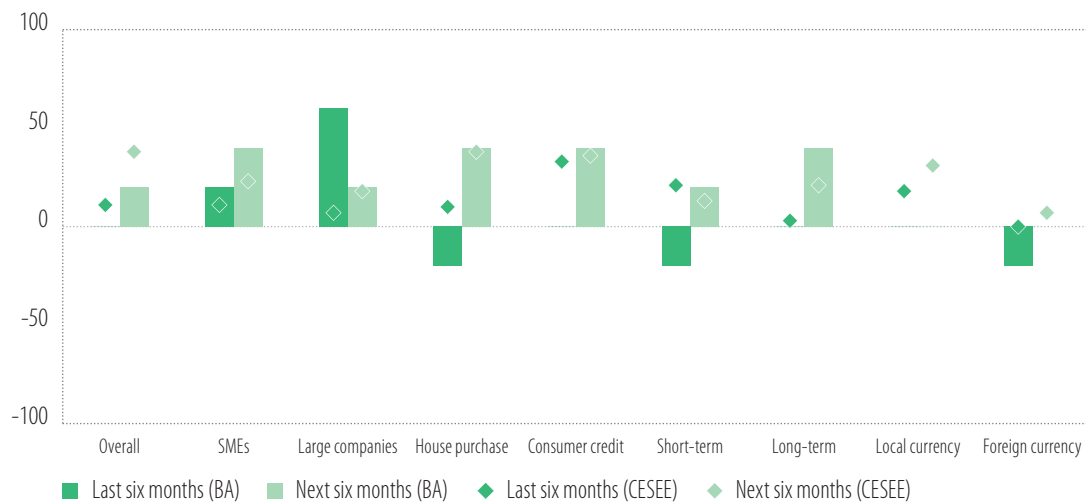
Source: EIB – CESEE Bank Lending Survey.

Note: The chart shows net percentages, with positive values indicating increasing demand. The two expectations series (light green line and diamonds) are shifted forward to be comparable to the perceptions series (dark green line and circles). In other words, expectations reported at time  $t$  for the next six months are plotted on the chart at time  $t+1$ . See question B.Q5 in the Annex.



The positive credit demand by the corporate segment was counterbalanced by the household segment's decreasing demand.

**Figure 3**  
Demand components and segments (in %)



Source: EIB – CESEE Bank Lending Survey.  
Note: The chart shows net percentages, with positive values indicating increasing demand. See Question B.Q5 in the Annex.

Factors affecting the corporate segment are expected to continue driving the positive credit demand in the next six months.

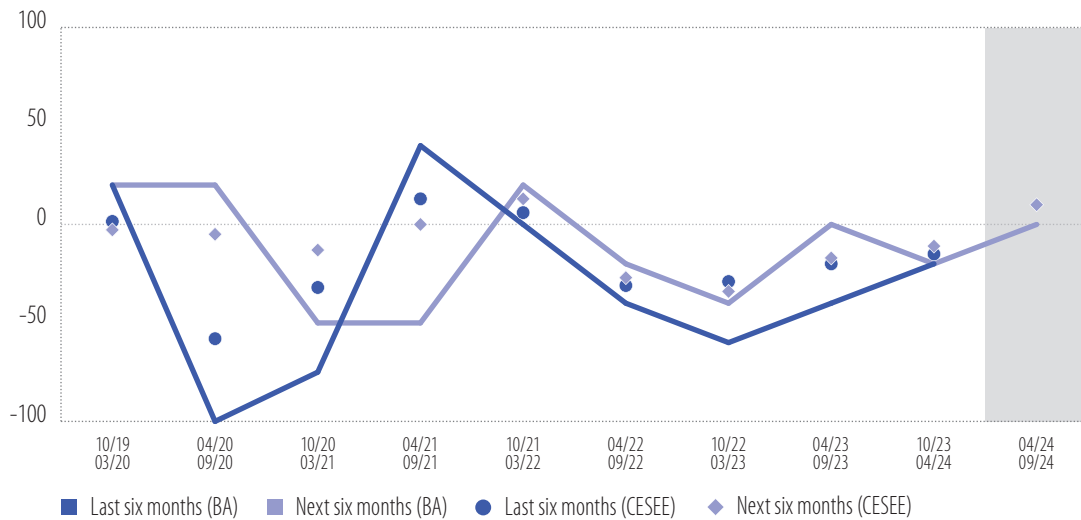
**Figure 4**  
Factors affecting demand for loans (in %)



Source: EIB – CESEE Bank Lending Survey.  
Note: The chart shows net percentages, with positive values indicating a positive contribution to demand. M&A refers to mergers and acquisitions. See Question B.Q7 in the Annex.

Credit supply remained tight but is expected to become neutral, while an improvement is expected for the CESEE region on average.

**Figure 5**  
Aggregate supply developments (in %)

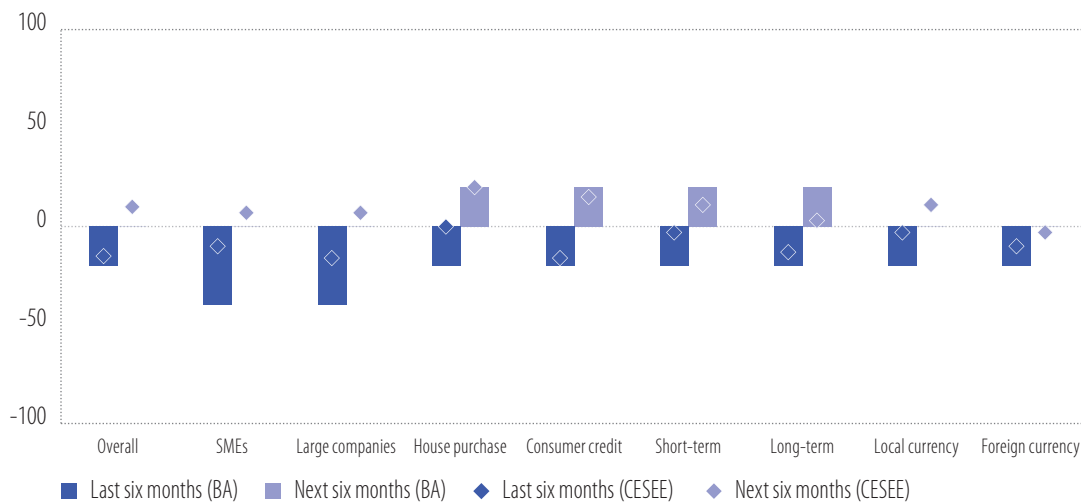


Source: EIB – CESEE Bank Lending Survey.

Note: The chart shows net percentages, with positive values indicating easing supply. The two expectations series (light purple line and diamonds) are shifted forward to be comparable to the perceptions series (dark purple line and circles). In other words, expectations reported at time  $t$  for the next six months are plotted on the chart at time  $t + 1$ . See Question B.Q1 in the Annex.

Supply conditions are expected to improve for households, on both mortgages and consumer credit, and stay neutral for corporates.

**Figure 6**  
Supply components and segments (in %)

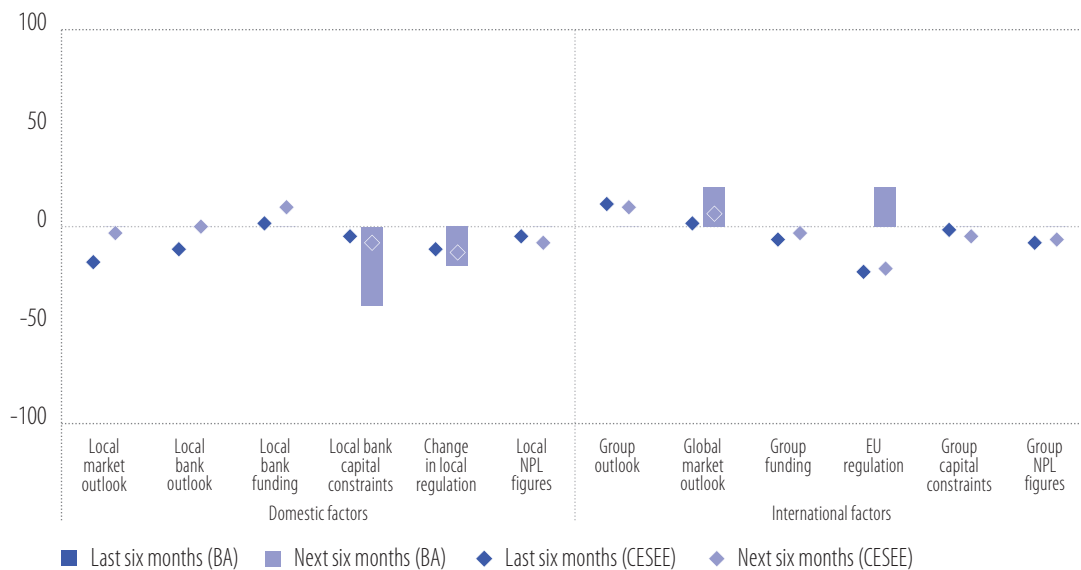


Source: EIB – CESEE Bank Lending Survey.

Note: The chart shows net percentages, with positive values indicating easing supply conditions. See Question B.Q1 in the Annex.

All of the domestic and international factors had a neutral contribution to supply conditions. In the next period, certain international factors (global market outlook and EU regulation) are expected to compensate for the negative contribution of domestic factors (local bank capital constraints and local regulation).

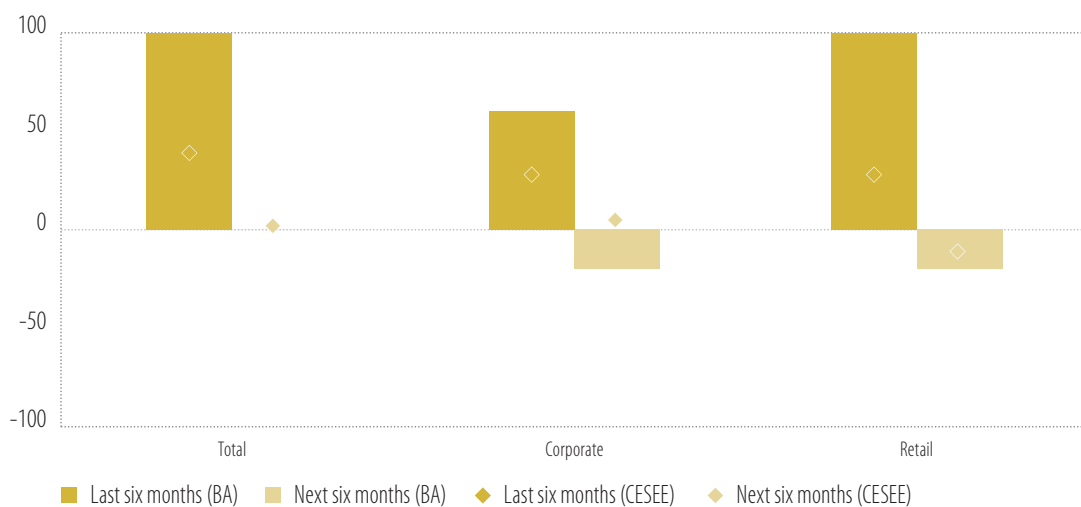
**Figure 7**  
**Factors contributing to supply conditions (in %)**



Source: EIB – CESEE Bank Lending Survey.  
Note: The chart shows net percentages, with positive values indicating a positive contribution to supply. See Question B.Q4 in the Annex.

Credit quality improved considerably and is expected to remain unchanged overall.

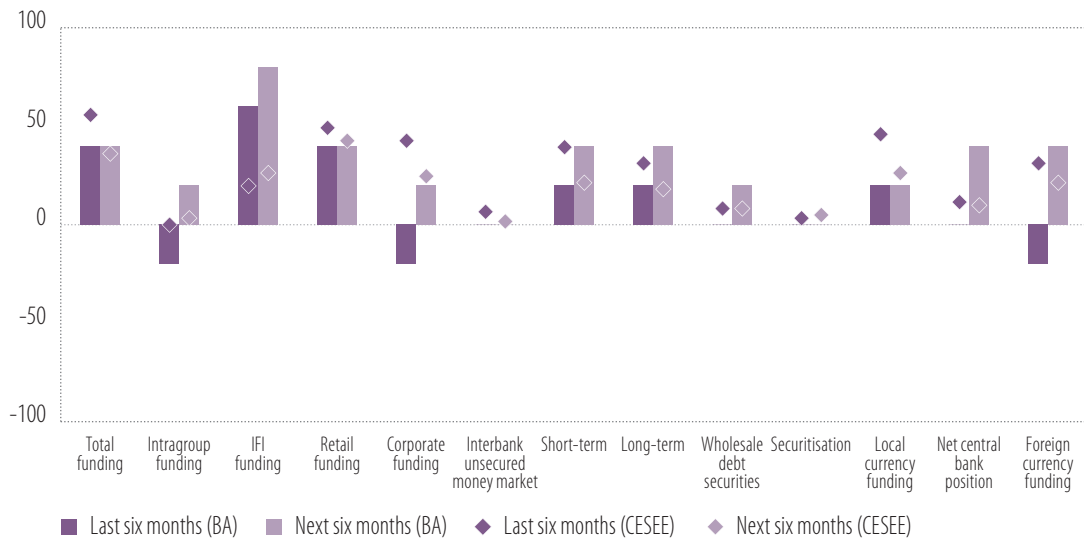
**Figure 8**  
**Credit quality and non-performing loan ratios (in %)**



Source: EIB – CESEE Bank Lending Survey.  
Note: The chart shows net percentages, with positive values indicating improving credit quality (in other words, decreasing NPL ratios). See Question B.Q8 in the Annex.

Funding conditions are positive and expected to remain favourable, driven mainly by international financial institutions and retail funding.

**Figure 9**  
**Access to funding (in %)**



Source: EIB – CESEE Bank Lending Survey.

Note: The chart shows net percentages, with positive values indicating improved access to funding. See Question B.Q9 in the Annex.

# Bulgaria

**Credit demand increased in the past six months, while supply was stagnant. Supply is expected to catch up over the next six months, but credit quality is expected to deteriorate, after years of gradual improvement.**

## Summary

**Group assessment of positioning and market potential:** All international banking groups assess the market potential of their Bulgarian operations as medium or high. A large majority reports returns from their Bulgarian operations as equal to or higher than at the group level.

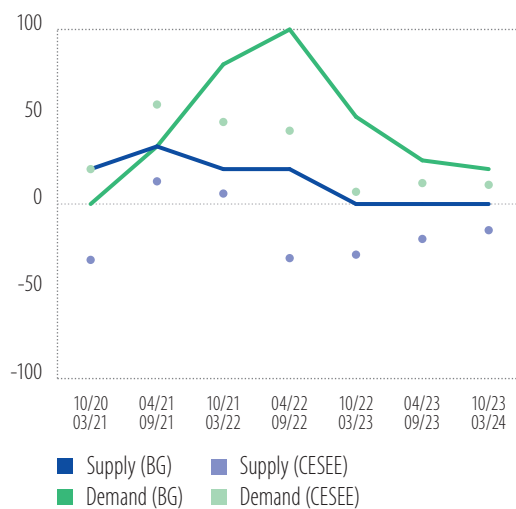
**Credit demand in Bulgaria** has increased, in line with the regional average. Demand is driven by the household sector. It is expected to continue increasing in the next six months, in line with developments in the region.

**Credit supply conditions** (indicating the banks' willingness to extend credit to their clients) have remained stagnant over the past 18 months, affected by higher monetary policy rates, like the rest of the region. Nevertheless, supply conditions are expected to improve in the next six months.

**Access to funding** has been improving and it is expected to continue to improve in the next six months.

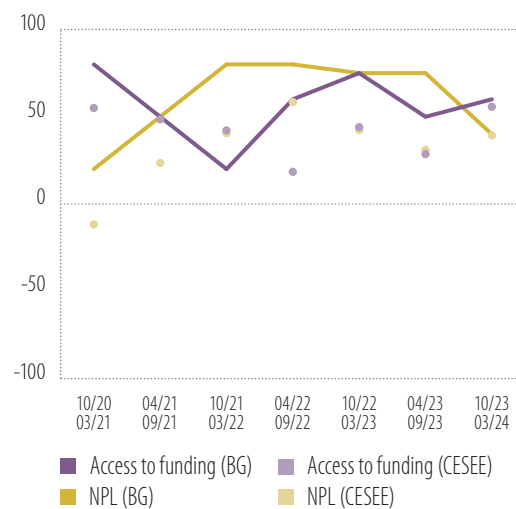
**Non-performing loan (NPL) ratios** have improved across segments over the past six months but are expected to deteriorate in the next period.

**Credit supply and credit demand (in %)**



Source: EIB – CESEE Bank Lending Survey.  
Note: All values are net percentages. Positive values denote increasing (easing) demand (supply).

**Access to funding and credit quality (in %)**

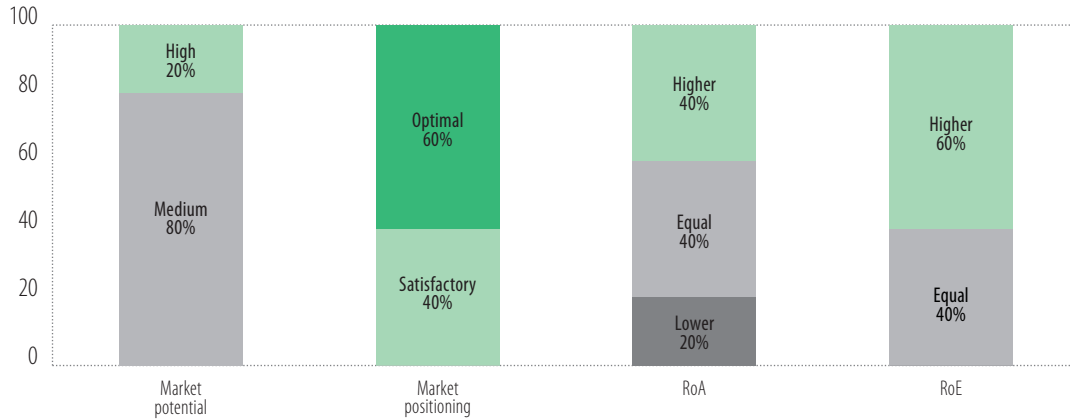


Source: EIB – CESEE Bank Lending Survey.  
Note: All values are net percentages. Access to funding: Positive values indicate increased access. NPL: Negative values indicate an increase in the non-performing loan ratio.

### CESEE Bank Lending Survey results – parent bank level

CESEE banking groups see Bulgaria’s market potential as medium (80%) or high (20%), but some report lower profitability compared to the parent bank.

**Figure 1**  
Market potential and positioning

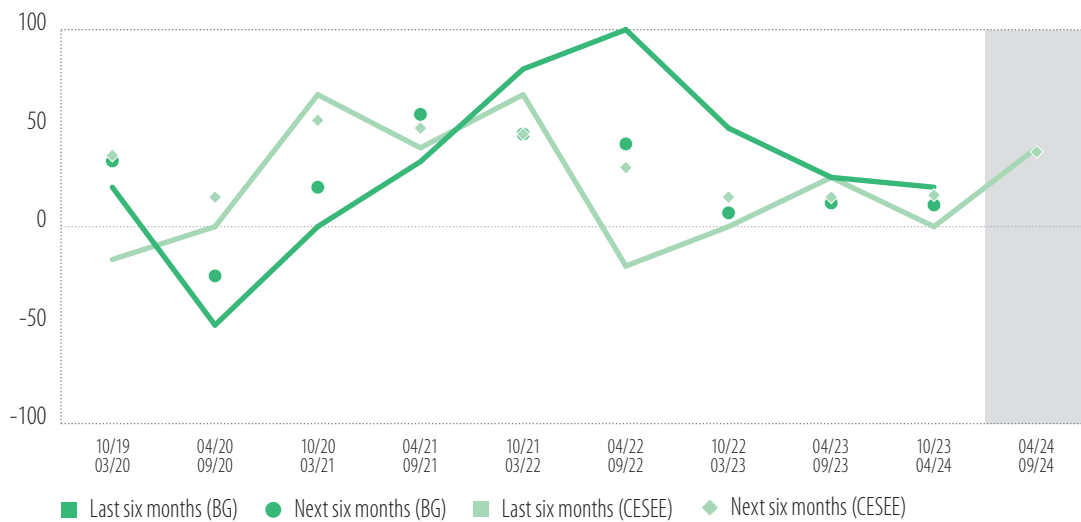


Source: EIB – CESEE Bank Lending Survey.  
Note: RoA: return on assets (adjusted for cost of risk) compared to overall group operations; RoE: return on equity (adjusted for cost of equity) compared to overall group RoE. See Question A.Q1 in the Annex.

### CESEE Bank Lending Survey results – local bank/subsidiary level

Credit demand is expected to further strengthen, in line with the regional trend.

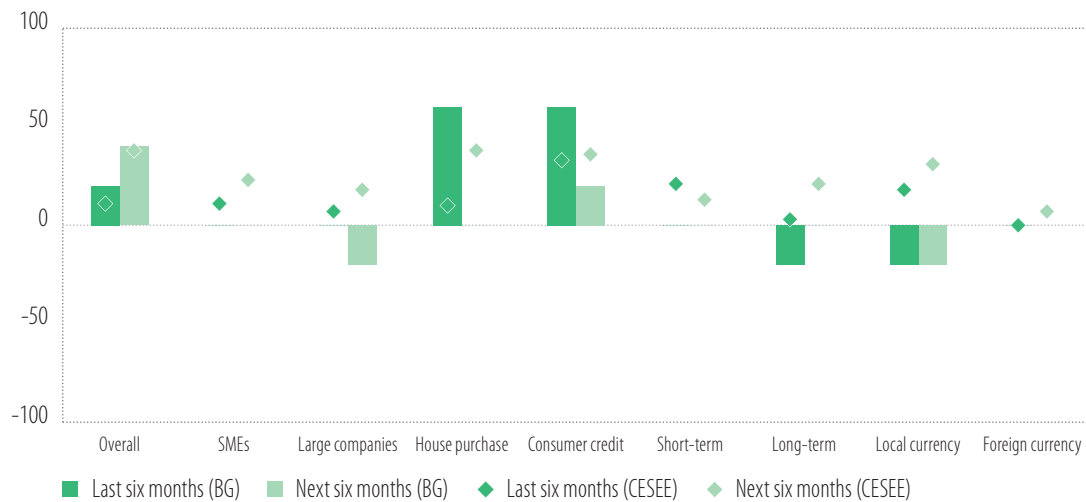
**Figure 2**  
Aggregate demand developments (in %)



Source: EIB – CESEE Bank Lending Survey.  
Note: The chart shows net percentages, with positive values indicating increasing demand. The two expectations series (light green line and diamonds) are shifted forward to be comparable to the perceptions series (dark green line and circles). In other words, expectations reported at time t for the next six months are plotted on the chart at time t+1. See question B.Q5 in the Annex.

Credit demand is driven by the household segments.

**Figure 3**  
Demand components and segments (in %)



Source: EIB – CESEE Bank Lending Survey.  
Note: The chart shows net percentages, with positive values indicating increasing demand. See Question B.Q5 in the Annex.

Investment demand and consumer confidence are expected to drive credit demand in the next six months.

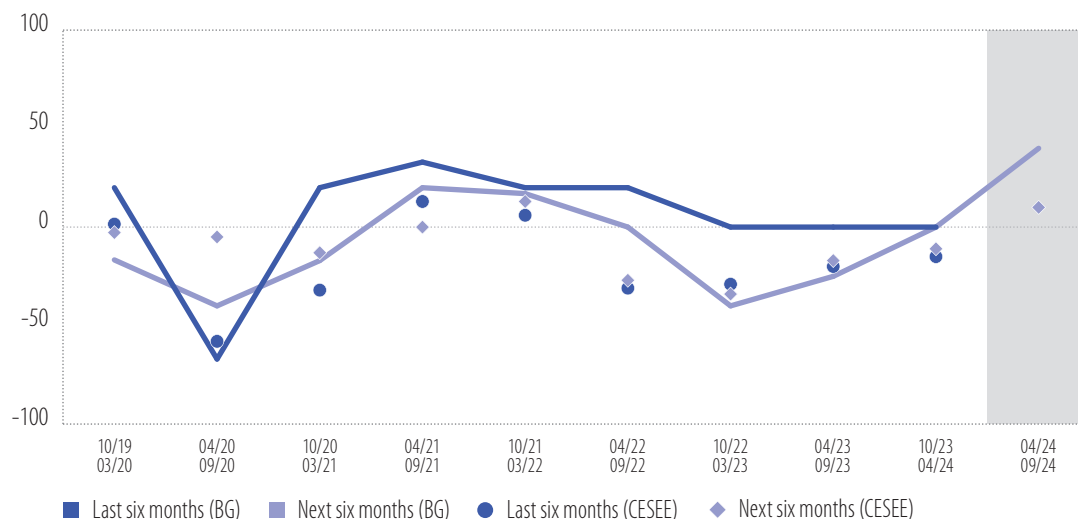
**Figure 4**  
Factors affecting demand for loans (in %)



Source: EIB – CESEE Bank Lending Survey.  
Note: The chart shows net percentages, with positive values indicating a positive contribution to demand. M&A refers to mergers and acquisitions. See Question B.Q7 in the Annex.

Credit supply has remained stagnant since 2022, but expectations are positive.

**Figure 5**  
Aggregate supply developments (in %)

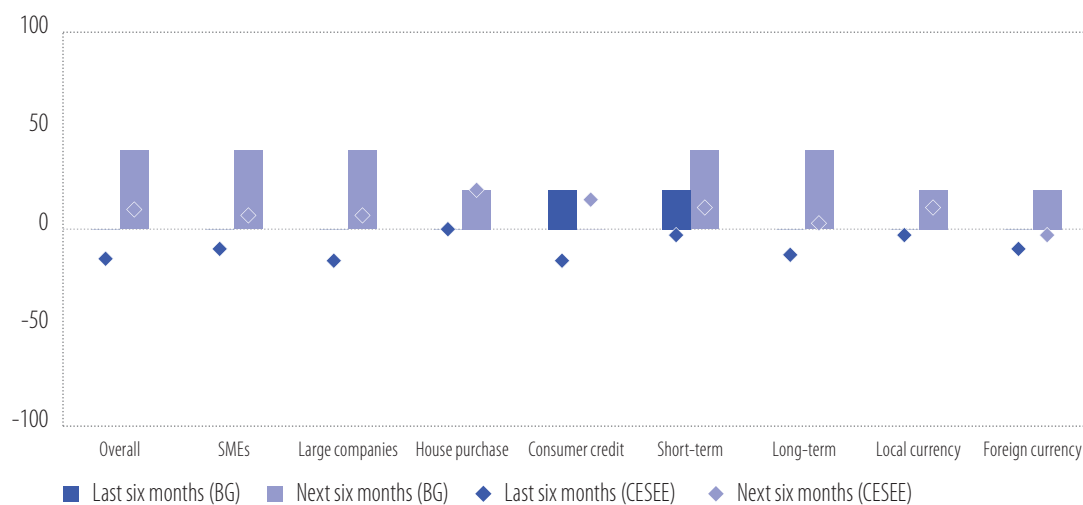


Source: EIB – CESEE Bank Lending Survey.

Note: The chart shows net percentages, with positive values indicating easing supply. The two expectations series (light purple line and diamonds) are shifted forward to be comparable to the perceptions series (dark purple line and circles). In other words, expectations reported at time  $t$  for the next six months are plotted on the chart at time  $t + 1$ . See Question B.Q1 in the Annex.

Supply conditions are expected to improve for the corporate sector, but less so for households.

**Figure 6**  
Supply components and segments (in %)



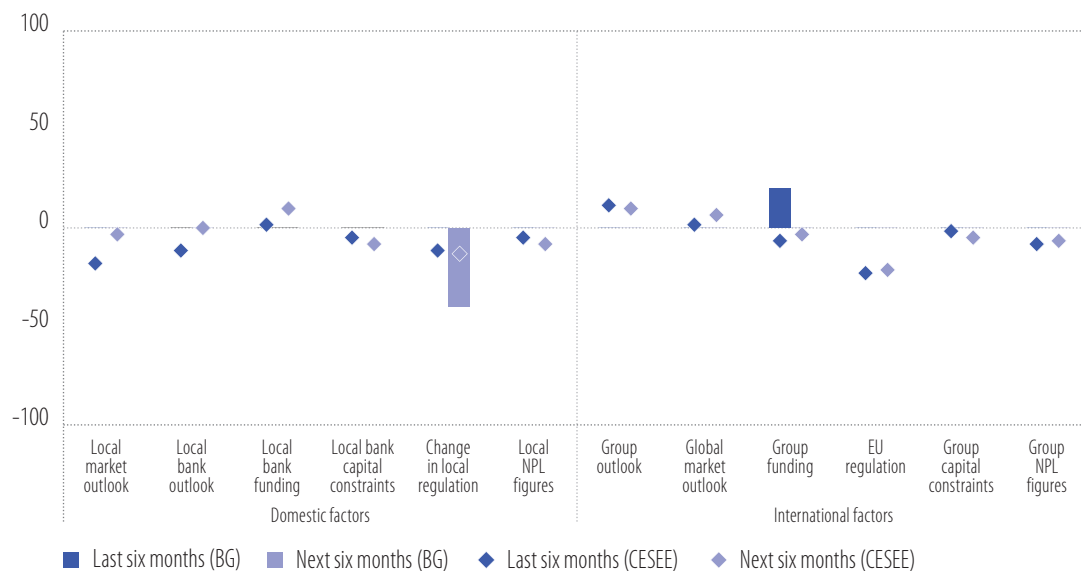
Source: EIB – CESEE Bank Lending Survey.

Note: The chart shows net percentages, with positive values indicating easing supply conditions. See Question B.Q1 in the Annex.



Opposite developments in domestic and international factors have led to a stagnant credit supply.

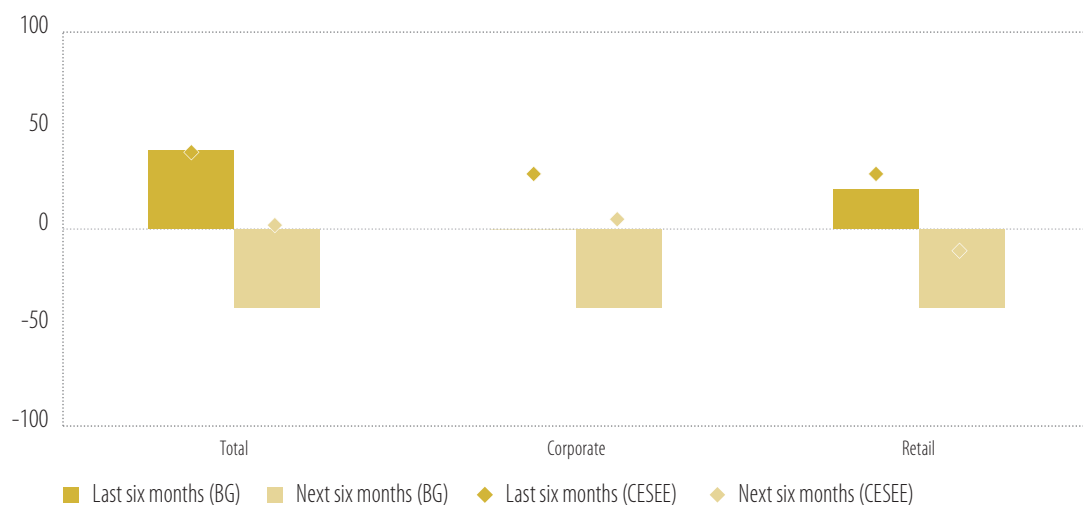
**Figure 7**  
Factors contributing to supply conditions (in %)



Source: EIB – CESEE Bank Lending Survey.  
Note: The chart shows net percentages, with positive values indicating a positive contribution to supply. See Question B.Q4 in the Annex.

Credit quality is expected to decline following a long period of improvement.

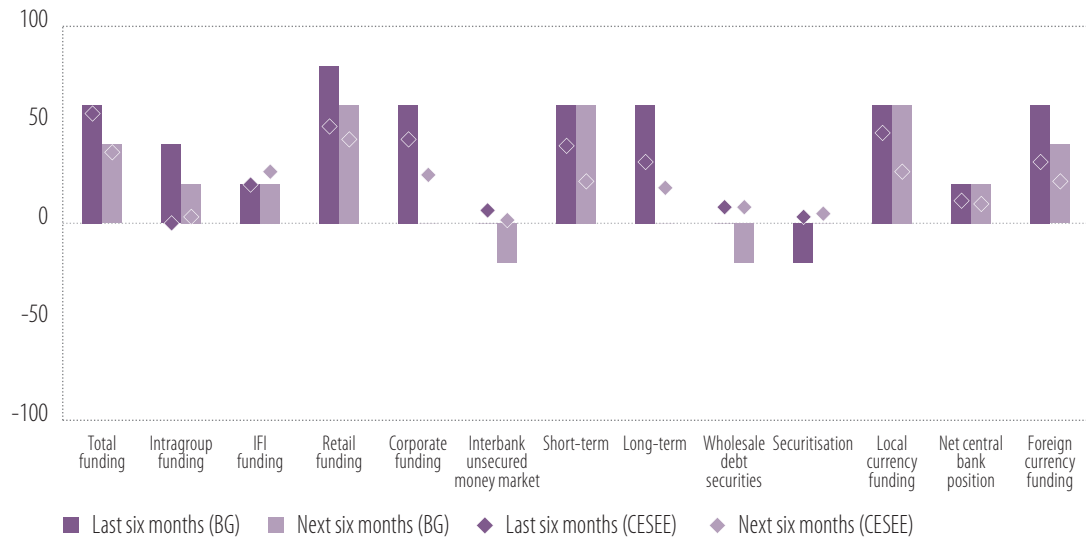
**Figure 8**  
Credit quality and non-performing loan ratios (in %)



Source: EIB – CESEE Bank Lending Survey.  
Note: The chart shows net percentages, with positive values indicating improving credit quality (in other words, decreasing NPL ratios). See Question B.Q8 in the Annex.

Funding conditions have improved and are expected to continue improving.

**Figure 9**  
**Access to funding (in %)**



Source: EIB – CESEE Bank Lending Survey.

Note: The chart shows net percentages, with positive values indicating improved access to funding. See Question B.Q9 in the Annex.

# Croatia

**Credit demand has softened but is still on a positive trend, while supply conditions remained tight. Demand is expected to continue growing and supply conditions to soften slightly in the next six months. Liquidity and credit quality are expected to improve further.**

## Summary

**Group assessment of positioning and market potential:** Profitability of Croatian operations compared to overall group operations improved since the previous survey round, with an equal split between those reporting higher and lower profitability. Market potential and market positioning remained relatively unchanged, with all parent banks considering the Croatian market to have medium potential.

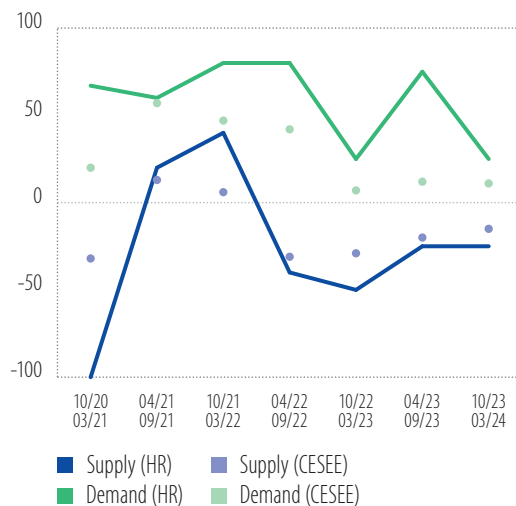
**Credit demand in Croatia** softened but remained positive, getting closer to the regional average. More segments registered an improvement, but mortgage loans decreased. Stronger demand conditions are expected in the next six months, in line with the wider region.

**Credit supply conditions** (indicating the banks' willingness to extend credit to their clients) continued to tighten, in line with the regional trend, but a softening is expected in the next six months.

**Access to funding** improved in Croatia in the last six months. It is expected to strengthen.

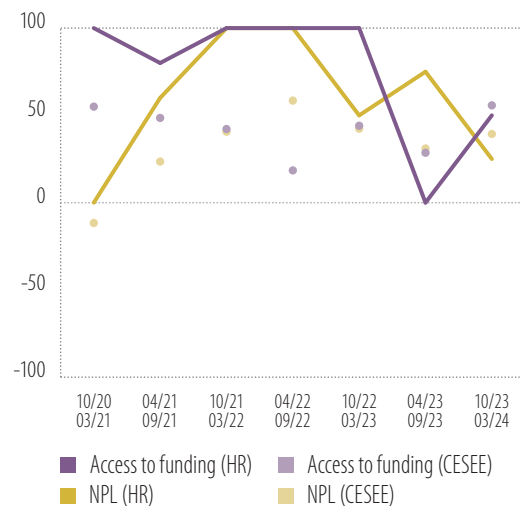
**Non-performing loan (NPL) ratios** improved, driven by the retail segments over the last six months, and the situation is expected to improve further, notably in the corporate segment.

**Credit supply and credit demand (in %)**



Source: EIB – CESEE Bank Lending Survey.  
Note: All values are net percentages. Positive values denote increasing (easing) demand (supply).

**Access to funding and credit quality (in %)**

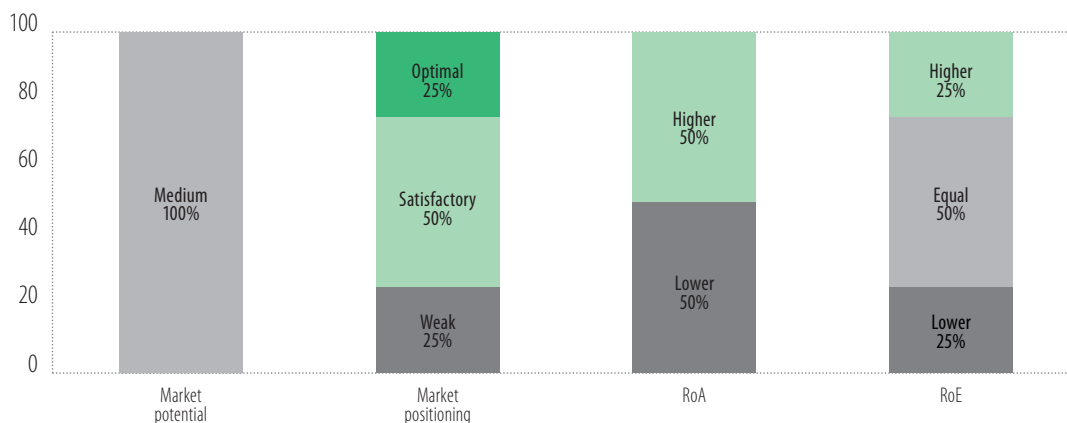


Source: EIB – CESEE Bank Lending Survey.  
Note: All values are net percentages. Access to funding: Positive values indicate increased access. NPL: Negative values indicate an increase in the non-performing loan ratio.

## CESEE Bank Lending Survey results – parent bank level

All CESEE banking groups see Croatia's market potential as medium, while half report lower profitability and half higher profitability compared to the parent bank.

**Figure 1**  
Market potential and positioning



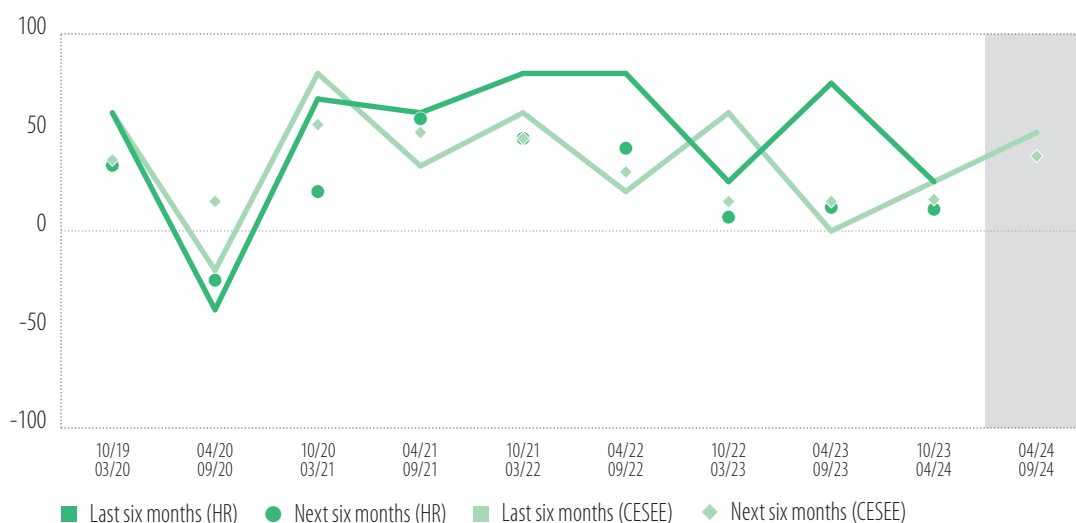
Source: EIB – CESEE Bank Lending Survey.

Note: RoA: return on assets (adjusted for cost of risk) compared to overall group operations; RoE: return on equity (adjusted for cost of equity) compared to overall group RoE. See Question A.Q1 in the Annex.

## CESEE Bank Lending Survey results – local bank/subsidiary level

Credit demand softened but stayed positive and expected to remain robust, in line with the regional trend.

**Figure 2**  
Aggregate demand developments (in %)

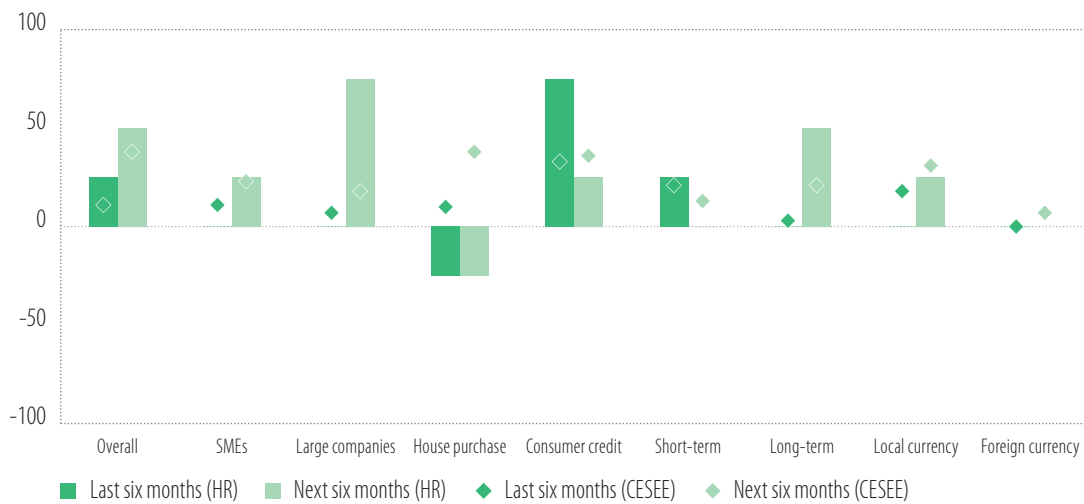


Source: EIB – CESEE Bank Lending Survey.

Note: The chart shows net percentages, with positive values indicating increasing demand. The two expectations series (light green line and diamonds) are shifted forward to be comparable to the perceptions series (dark green line and circles). In other words, expectations reported at time  $t$  for the next six months are plotted on the chart at time  $t+1$ . See question B.Q5 in the Annex.

Positive demand was driven particularly by consumer credit. Corporate demand is expected to strengthen.

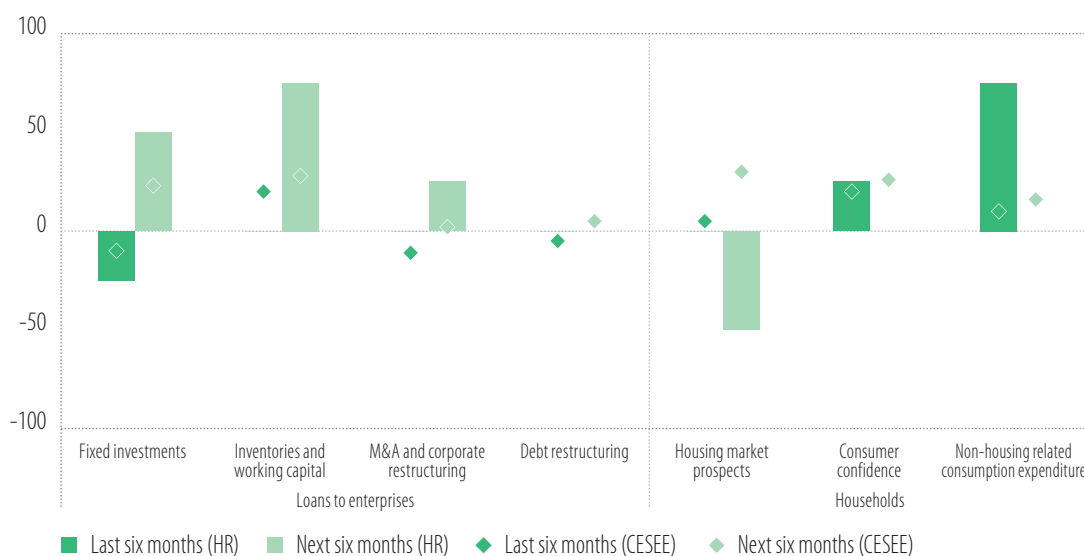
**Figure 3**  
Demand components and segments (in %)



Source: EIB – CESEE Bank Lending Survey.  
Note: The chart shows net percentages, with positive values indicating increasing demand. See Question B.Q5 in the Annex.

Factors affecting demand for corporate loans (investments in fixed assets and working capital) are expected to drive credit demand in the next six months.

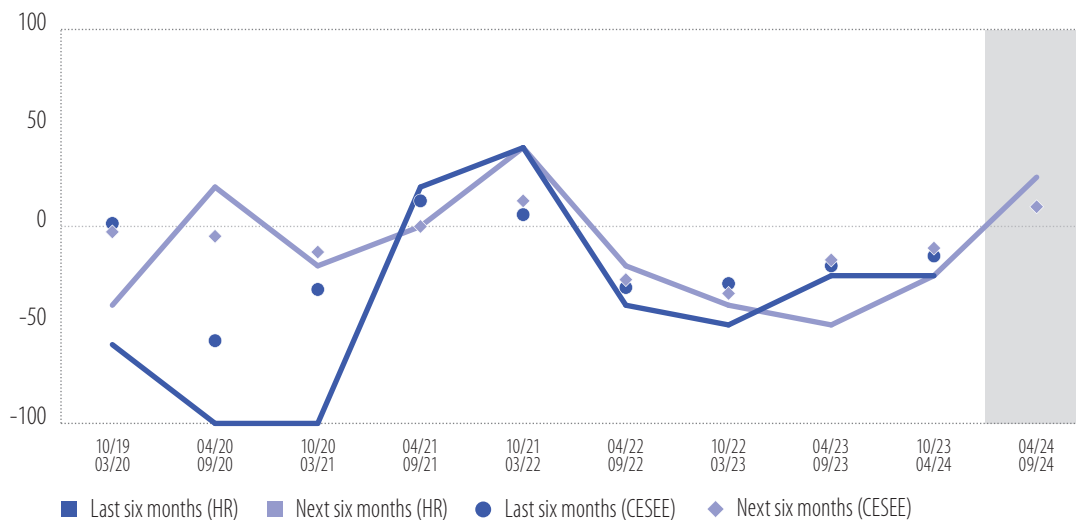
**Figure 4**  
Factors affecting demand for loans (in %)



Source: EIB – CESEE Bank Lending Survey.  
Note: The chart shows net percentages, with positive values indicating a positive contribution to demand. M&A refers to mergers and acquisitions. See Question B.Q7 in the Annex.

Credit supply is expected to improve after two years of tightening, in line with the regional trend.

**Figure 5**  
Aggregate supply developments (in %)

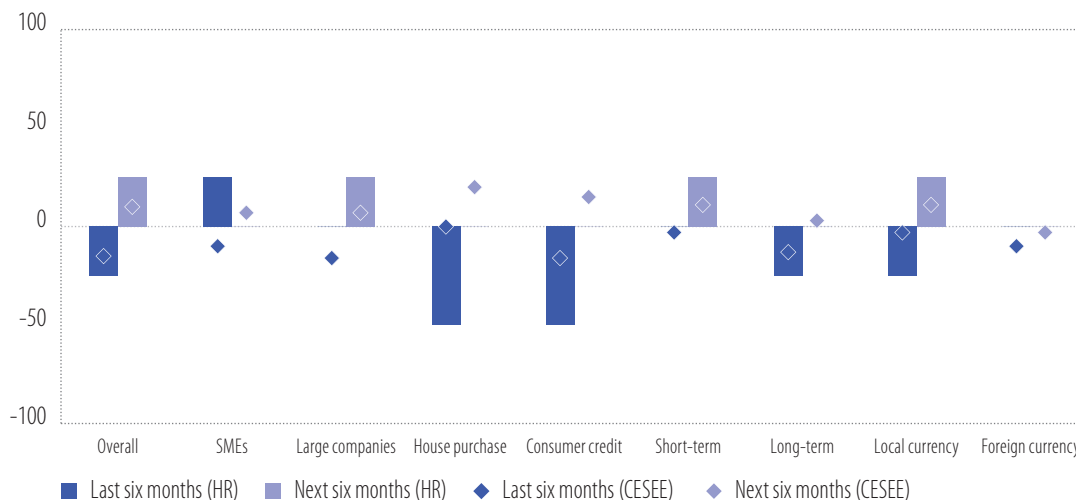


Source: EIB – CESEE Bank Lending Survey.

Note: The chart shows net percentages, with positive values indicating easing supply. The two expectations series (light purple line and diamonds) are shifted forward to be comparable to the perceptions series (dark purple line and circles). In other words, expectations reported at time  $t$  for the next six months are plotted on the chart at time  $t + 1$ . See Question B.Q1 in the Annex.

Supply conditions are expected to improve for large companies and to remain neutral for other segments.

**Figure 6**  
Supply components and segments (in %)

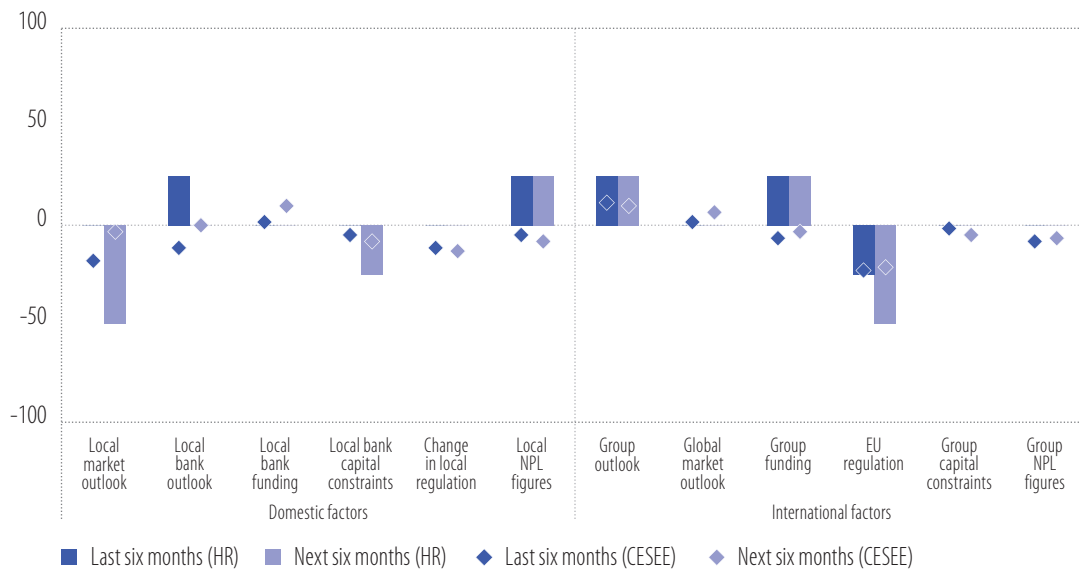


Source: EIB – CESEE Bank Lending Survey.

Note: The chart shows net percentages, with positive values indicating easing supply conditions. See Question B.Q1 in the Annex.

Most of the domestic and international factors did not affect credit supply, apart from the better local bank outlook and domestic non-performing loan figures, and improved group outlook and group funding.

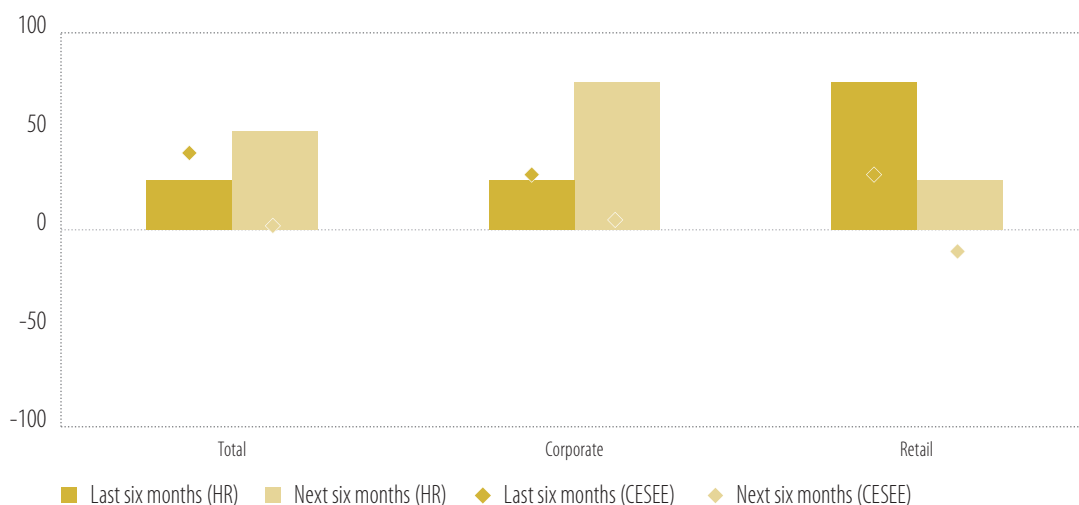
**Figure 7**  
Factors contributing to supply conditions (in %)



Source: EIB – CESEE Bank Lending Survey.  
Note: The chart shows net percentages, with positive values indicating a positive contribution to supply. See Question B.Q4 in the Annex.

Credit quality is expected to remain favourable in the next six months (better than the regional average), with stronger improvement in the corporate segment.

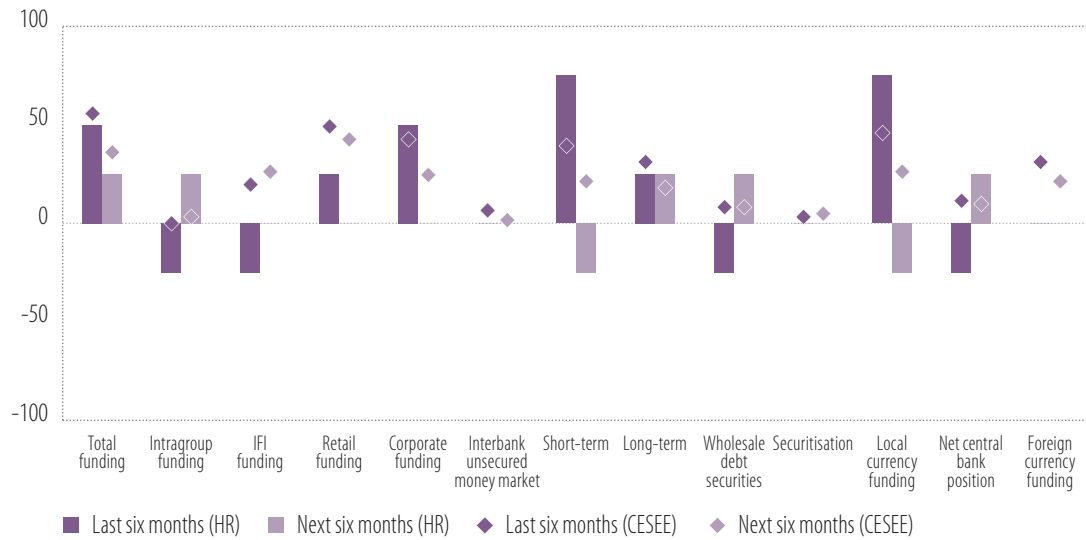
**Figure 8**  
Credit quality and non-performing loan ratios (in %)



Source: EIB – CESEE Bank Lending Survey.  
Note: The chart shows net percentages, with positive values indicating improving credit quality (in other words, decreasing NPL ratios). See Question B.Q8 in the Annex.

Funding conditions are positive and are expected to remain favourable.

**Figure 9**  
**Access to funding (in %)**



Source: EIB – CESEE Bank Lending Survey.

Note: The chart shows net percentages, with positive values indicating improved access to funding. See Question B.Q9 in the Annex.



# Czechia

**Banks report that the demand for their loans in Czechia has continued to increase and will remain strong. A small majority of banks report that credit supply conditions have somewhat deteriorated, but supply conditions are finally expected to be neutral in the next six months. Banks expect their funding situation to continue to improve and their credit quality is to remain broadly unchanged.**

## Summary

**Group assessment of positioning and market potential:** All international banking groups reported higher or equal market potential for their Czech operations compared to overall group operations. Some are reporting lower profitability of their local operations, and others higher profitability compared to the group.

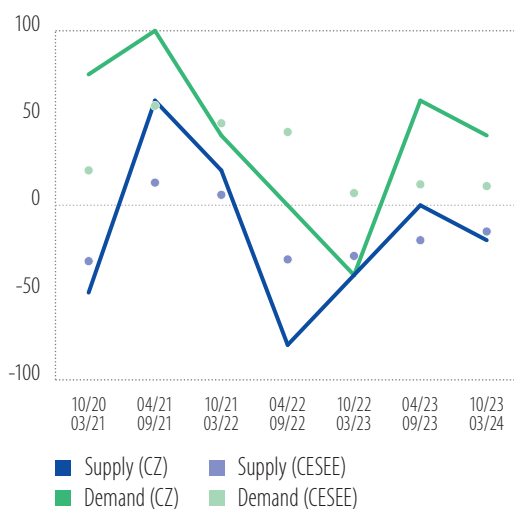
**Credit demand** improved by more than in the rest of the region over the past six months. In the next six months, it is set to continue to strengthen.

**Credit supply conditions** (indicating the banks' willingness to extend credit to their clients) are expected to remain broadly unchanged, similar to the rest of the region, following various periods of credit tightening since 2022.

**Access to funding** continued to improve across types of funding, broadly in line with the rest of the region.

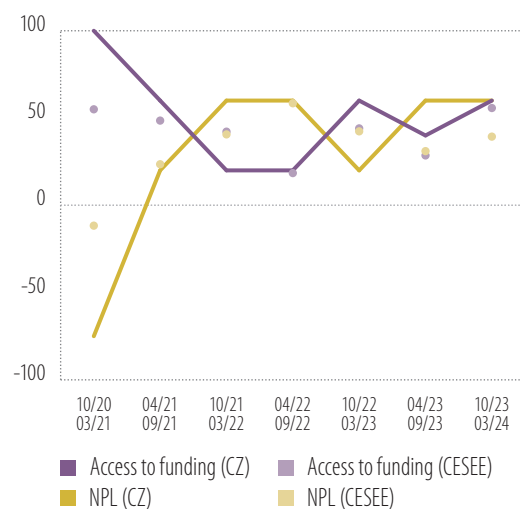
**Non-performing loan (NPL) ratios** are expected to remain favourable, following improvements in the past six months.

**Credit supply and credit demand (in %)**



Source: EIB – CESEE Bank Lending Survey.  
Note: All values are net percentages. Positive values denote increasing (easing) demand (supply).

**Access to funding and credit quality (in %)**

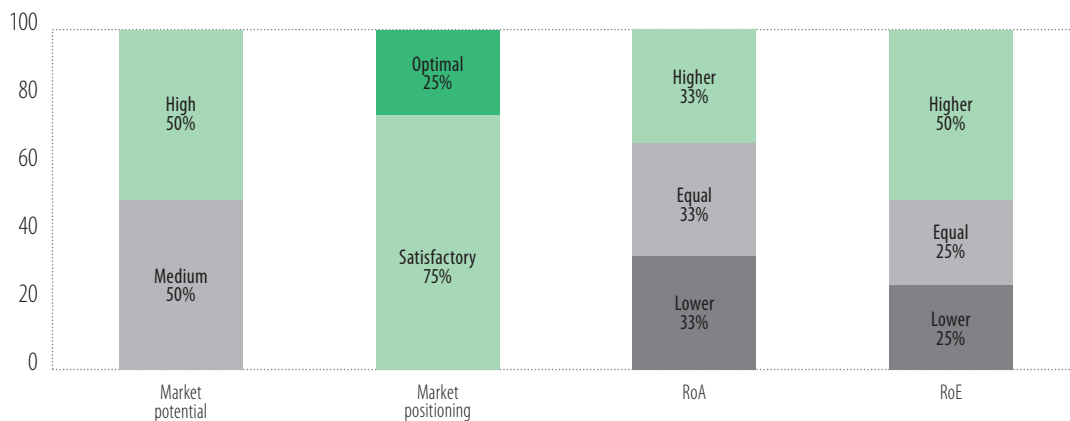


Source: EIB – CESEE Bank Lending Survey.  
Note: All values are net percentages. Access to funding: Positive values indicate increased access. NPL: Negative values indicate an increase in the non-performing loan ratio.

## CESEE Bank Lending Survey results – parent bank level

CESEE banking groups see market potential in Czechia as medium (50%) or high (50%). Some report lower profitability of their local operations and others higher profitability compared to their group.

**Figure 1**  
Market potential and positioning



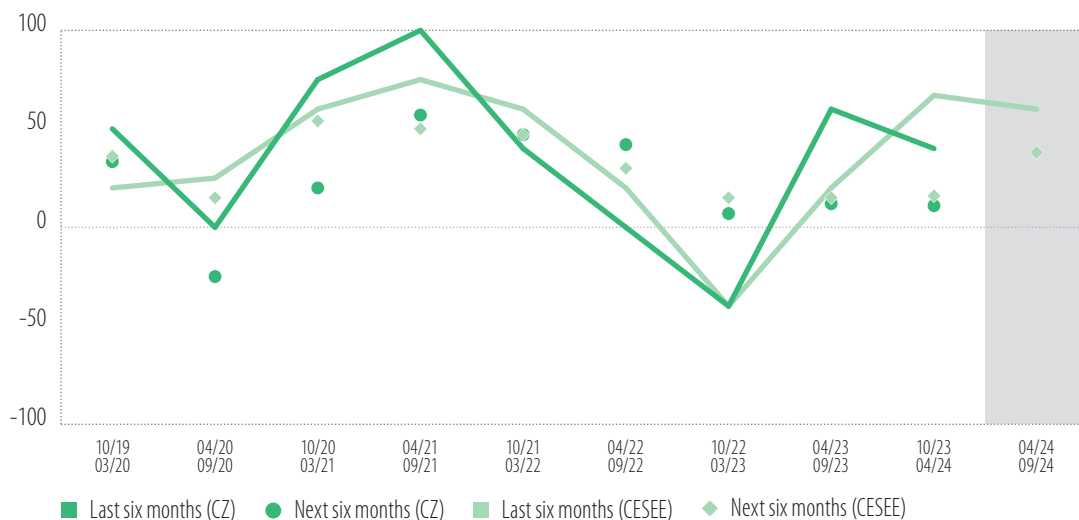
Source: EIB – CESEE Bank Lending Survey.

Note: RoA: return on assets (adjusted for cost of risk) compared to overall group operations; RoE: return on equity (adjusted for cost of equity) compared to overall group RoE. See Question A.Q1 in the Annex.

## CESEE Bank Lending Survey results – local bank/subsidiary level

Credit demand improved more than in the rest of the region over the past six months, and it is set to continue to strengthen.

**Figure 2**  
Aggregate demand developments (in %)

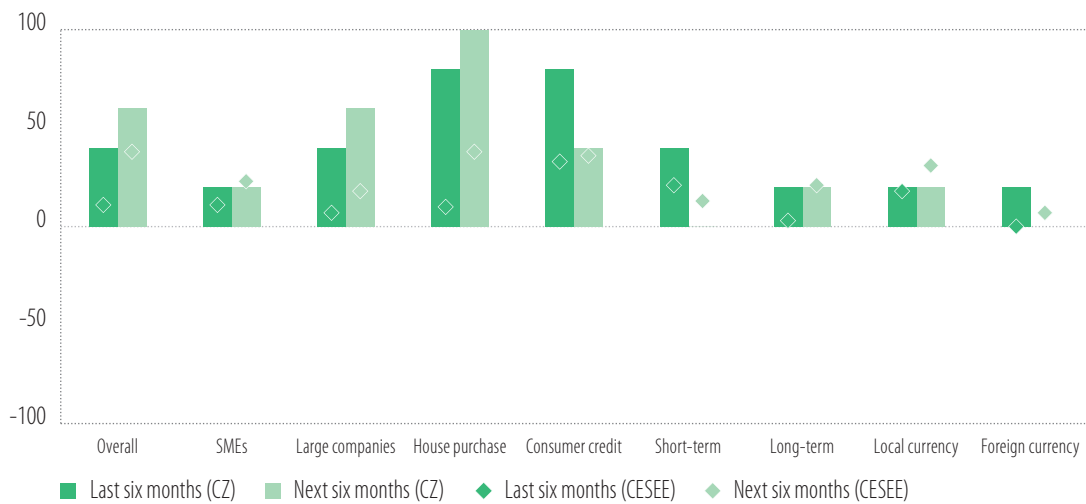


Source: EIB – CESEE Bank Lending Survey.

Note: The chart shows net percentages, with positive values indicating increasing demand. The two expectations series (light green line and diamonds) are shifted forward to be comparable to the perceptions series (dark green line and circles). In other words, expectations reported at time t for the next six months are plotted on the chart at time t+1. See question B.Q5 in the Annex.

While overall demand for loans is expected to further improve across product lines, banks remain most optimistic regarding the mortgage market.

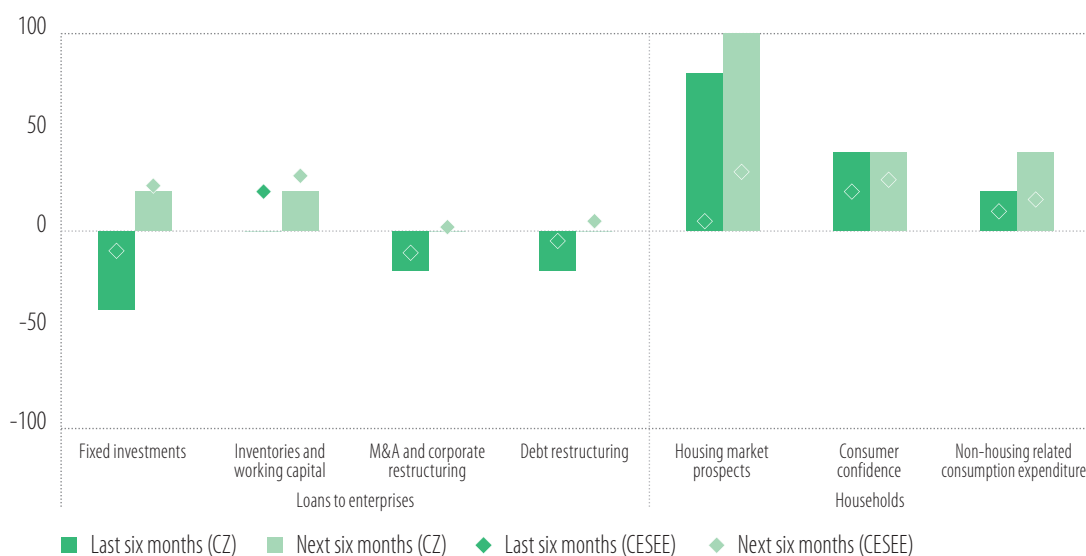
**Figure 3**  
Demand components and segments (in %)



Source: EIB – CESEE Bank Lending Survey.  
Note: The chart shows net percentages, with positive values indicating increasing demand. See Question B.Q5 in the Annex.

Banks expect better prospects for the household segment, driven by the housing market.

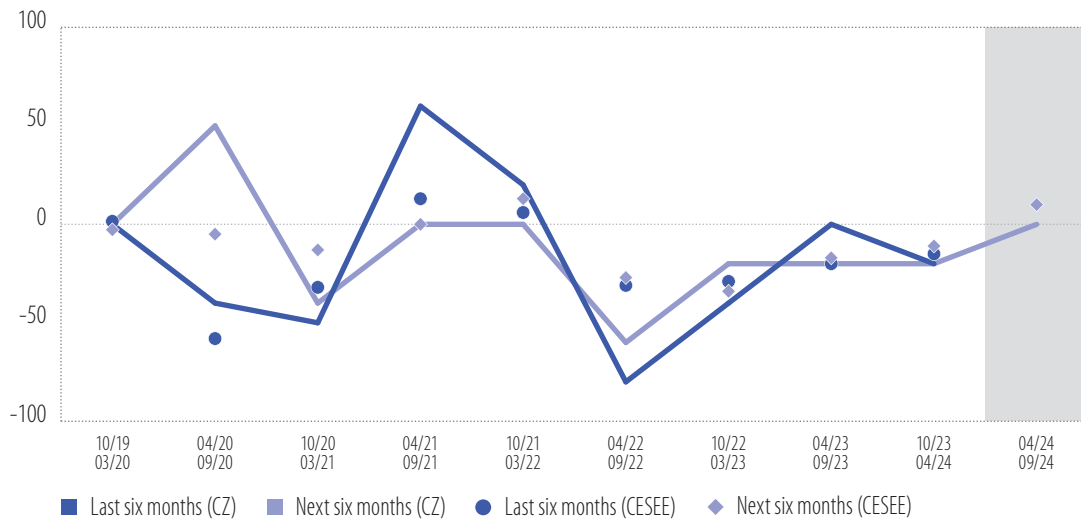
**Figure 4**  
Factors affecting demand for loans (in %)



Source: EIB – CESEE Bank Lending Survey.  
Note: The chart shows net percentages, with positive values indicating a positive contribution to demand. M&A refers to mergers and acquisitions. See Question B.Q7 in the Annex.

Following various periods of credit tightening since 2022, banks believe that their credit supply will remain broadly unchanged, similar to the rest of the region.

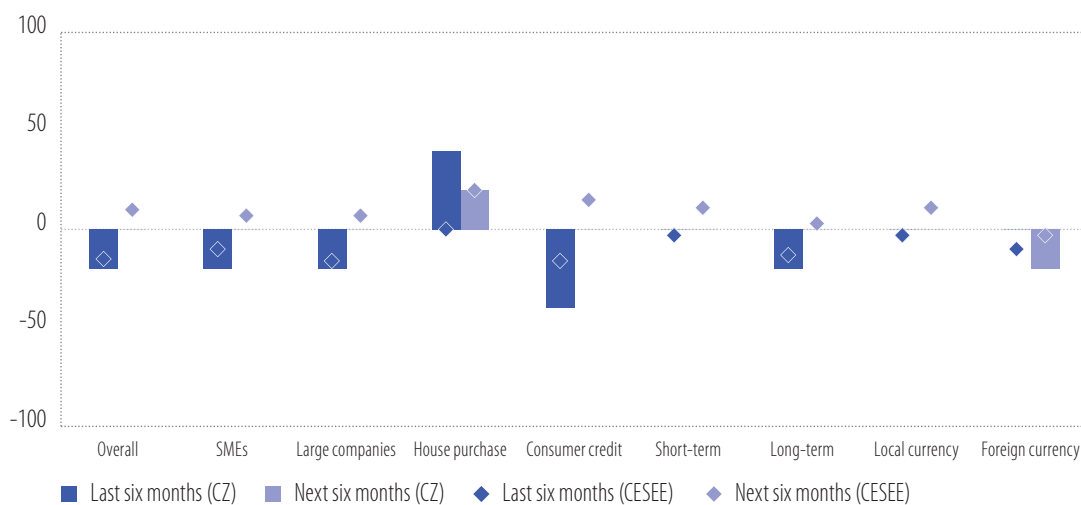
**Figure 5**  
**Aggregate supply developments (in %)**



Source: EIB – CESEE Bank Lending Survey.  
Note: The chart shows net percentages, with positive values indicating easing supply. The two expectations series (light purple line and diamonds) are shifted forward to be comparable to the perceptions series (dark purple line and circles). In other words, expectations reported at time *t* for the next six months are plotted on the chart at time *t* + 1. See Question B.Q1 in the Annex.

On balance, banks reported that supply conditions for corporates and consumer credit have deteriorated. Further changes are generally not expected.

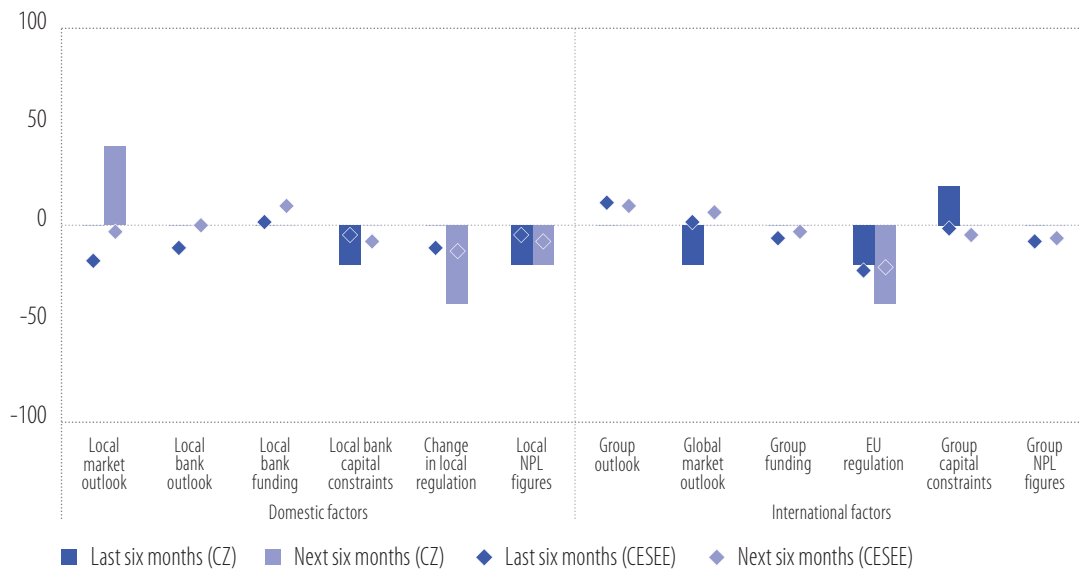
**Figure 6**  
**Supply components and segments (in %)**



Source: EIB – CESEE Bank Lending Survey.  
Note: The chart shows net percentages, with positive values indicating easing supply conditions. See Question B.Q1 in the Annex.

Banks report that the deterioration of credit supply was due to regulation, asset quality and local bank capital constraints. The local market outlook is set to improve supply conditions.

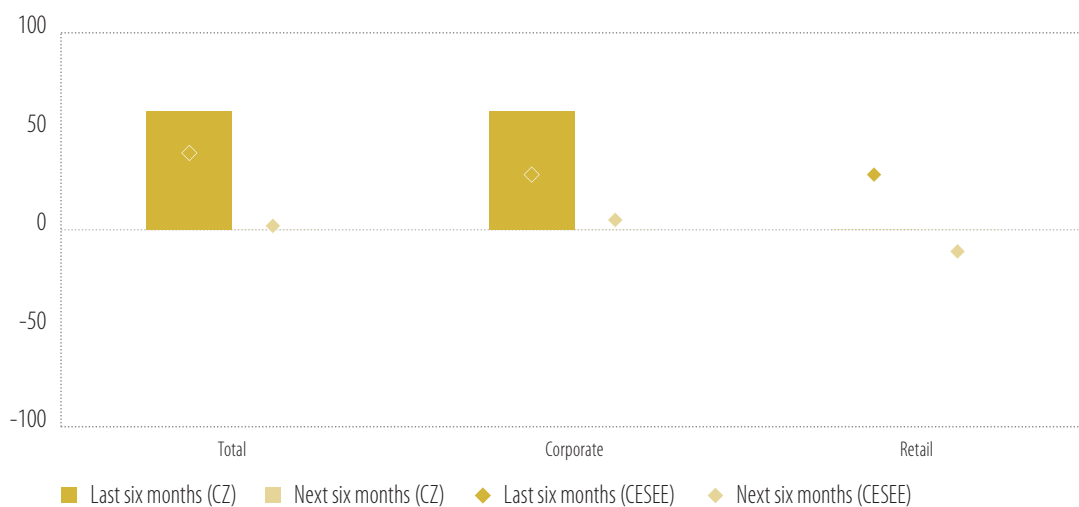
**Figure 7**  
Factors contributing to supply conditions (in %)



Source: EIB – CESEE Bank Lending Survey.  
Note: The chart shows net percentages, with positive values indicating a positive contribution to supply. See Question B.Q4 in the Annex.

Banks expect the quality of their loans to remain neutral following improvements in the last six months, in line with regional trends.

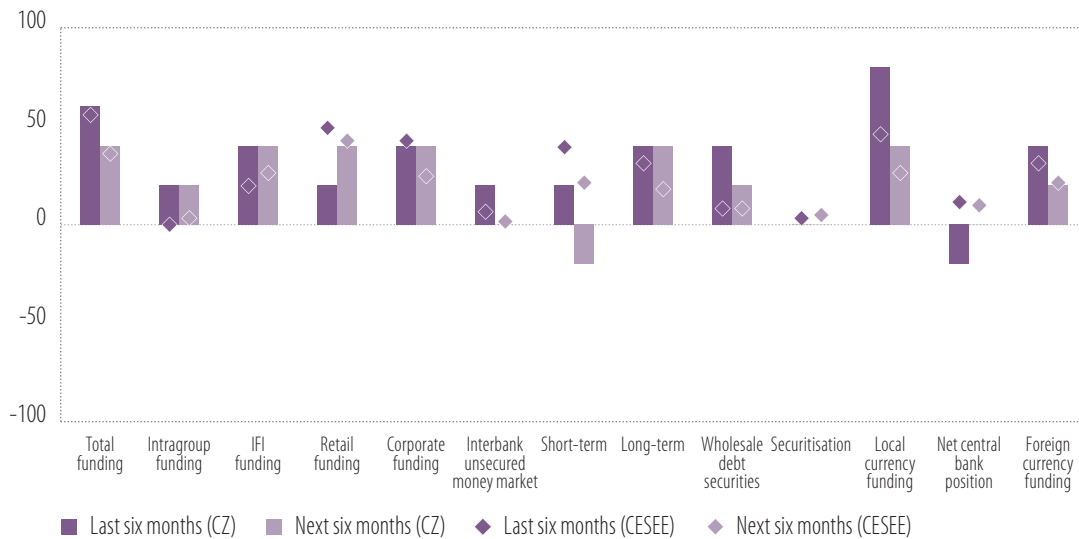
**Figure 8**  
Credit quality and non-performing loan ratios (in %)



Source: EIB – CESEE Bank Lending Survey.  
Note: The chart shows net percentages, with positive values indicating improving credit quality (in other words, decreasing NPL ratios). See Question B.Q8 in the Annex.

Banks expect their funding conditions to continue to improve across types of funding, broadly in line with the rest of the region.

**Figure 9**  
**Access to funding (in %)**



Source: EIB – CESEE Bank Lending Survey.

Note: The chart shows net percentages, with positive values indicating improved access to funding. See Question B.Q9 in the Annex.

# Hungary

**Credit demand and credit supply were weak in the last six months in Hungary. But banks are optimistic and expect demand and supply to improve in the next six months. Credit quality is also expected to improve.**

## Summary

**Group assessment of positioning and market potential:** Most international banking groups reported higher or equal profitability for Hungarian operations compared to overall group operations, a clear improvement from the previous survey round. Some improvement was also registered in how banks perceive the Hungarian market potential, with all banks marking it either high or medium. Banks' market positioning in Hungary deteriorated slightly compared to the to the previous survey round, though 80% of banks still consider it optimal or satisfactory.

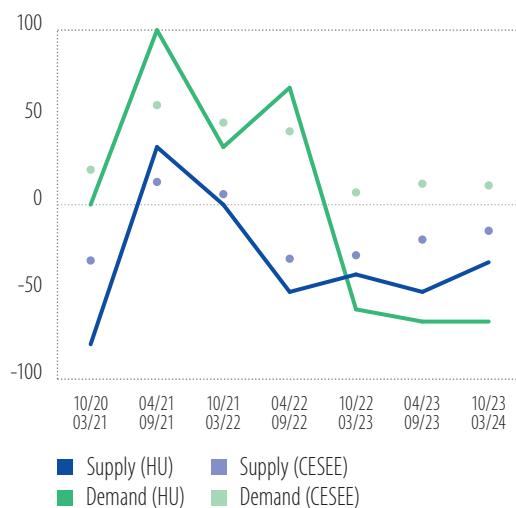
**Credit demand in Hungary** has decreased, but significant improvement is expected in the next six months, especially in the consumer segment and house purchases.

**Credit supply conditions** (indicating the banks' willingness to extend credit to their clients) have tightened but are expected to slightly ease in line with the regional trend.

**Access to funding** improved in Hungary in the last six months and is expected to improve in the next six months.

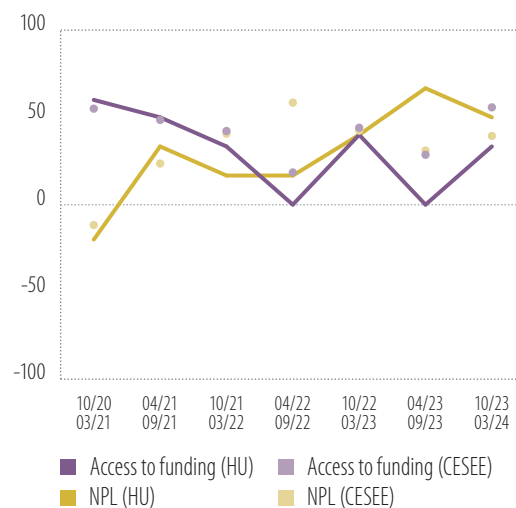
**Non-performing loan (NPL)** ratios in Hungary improved in the corporate and retail segments over the last six months, similarly to the regional trend, despite somewhat pessimistic forecasts in the previous survey round.

**Credit supply and credit demand (in %)**



Source: EIB – CESEE Bank Lending Survey.  
Note: All values are net percentages. Positive values denote increasing (easing) demand (supply).

**Access to funding and credit quality (in %)**



Source: EIB – CESEE Bank Lending Survey.  
Note: All values are net percentages. Access to funding: Positive values indicate increased access. NPL: Negative values indicate an increase in the non-performing loan ratio.

### CESEE Bank Lending Survey results – parent bank level

CESEE banking groups see the Hungarian market potential as medium (60%) or high (40%), and most report that profitability is higher or equal to that of to the parent bank.

**Figure 1**  
Market potential and positioning

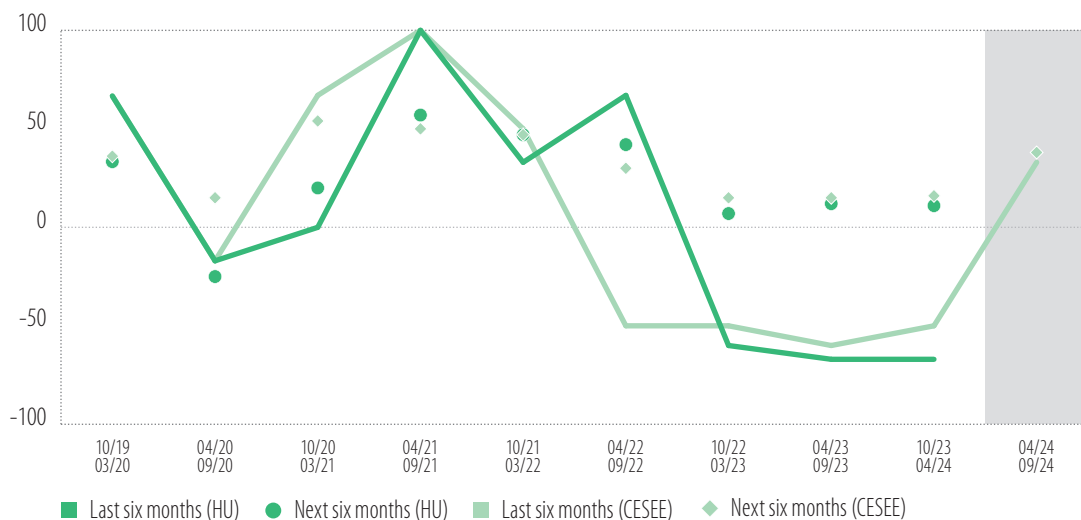


Source: EIB – CESEE Bank Lending Survey.  
Note: RoA: return on assets (adjusted for cost of risk) compared to overall group operations; RoE: return on equity (adjusted for cost of equity) compared to overall group RoE. See Question A.Q1 in the Annex.

### CESEE Bank Lending Survey results – local bank/subsidiary level

Credit demand worsened (contrary to the regional average) but is expected to improve, in line with the regional trend.

**Figure 2**  
Aggregate demand developments (in %)

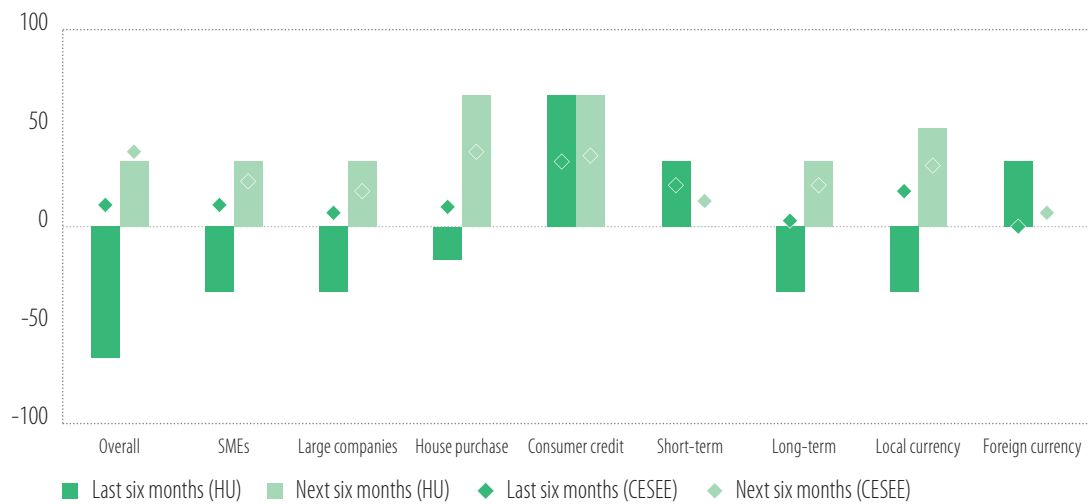


Source: EIB – CESEE Bank Lending Survey.  
Note: The chart shows net percentages, with positive values indicating increasing demand. The two expectations series (light green line and diamonds) are shifted forward to be comparable to the perceptions series (dark green line and circles). In other words, expectations reported at time t for the next six months are plotted on the chart at time t+1. See question B.Q5 in the Annex.



The weak demand in the last six months was mainly due to low demand from corporations.

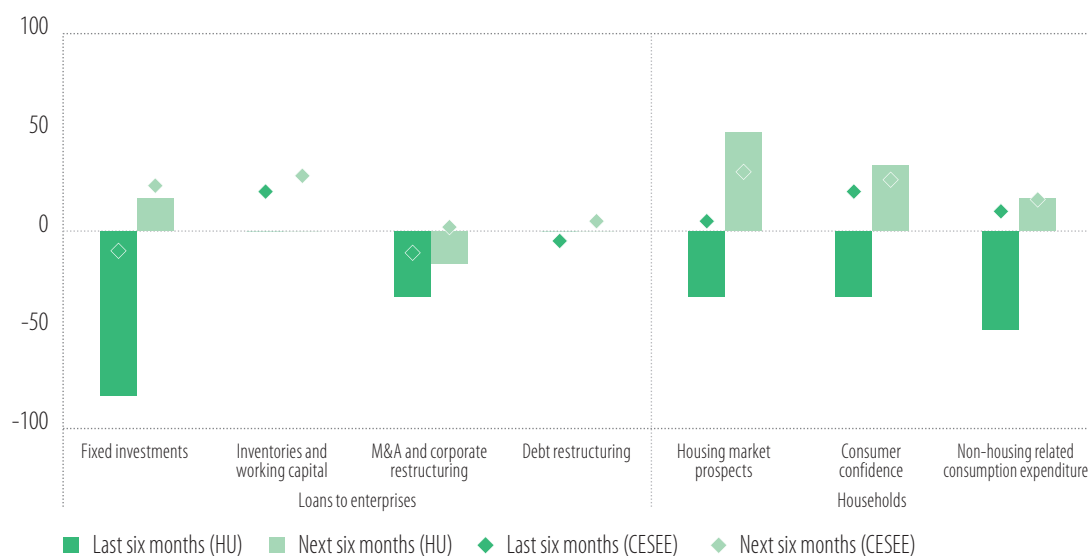
**Figure 3**  
Demand components and segments (in %)



Source: EIB – CESEE Bank Lending Survey.  
Note: The chart shows net percentages, with positive values indicating increasing demand. See Question B.Q5 in the Annex.

Banks expect increasing credit demand from the retail segment, especially from mortgages. Corporates' fixed investments are expected to recover.

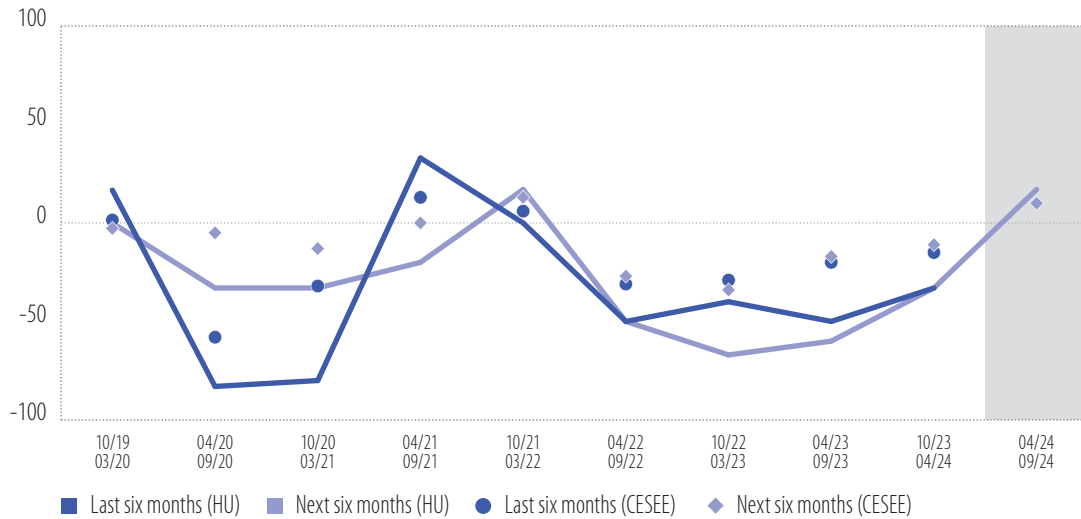
**Figure 4**  
Factors affecting demand for loans (in %)



Source: EIB – CESEE Bank Lending Survey.  
Note: The chart shows net percentages, with positive values indicating a positive contribution to demand. M&A refers to mergers and acquisitions. See Question B.Q7 in the Annex.

Credit supply is expected to ease slightly, in line with the regional trend.

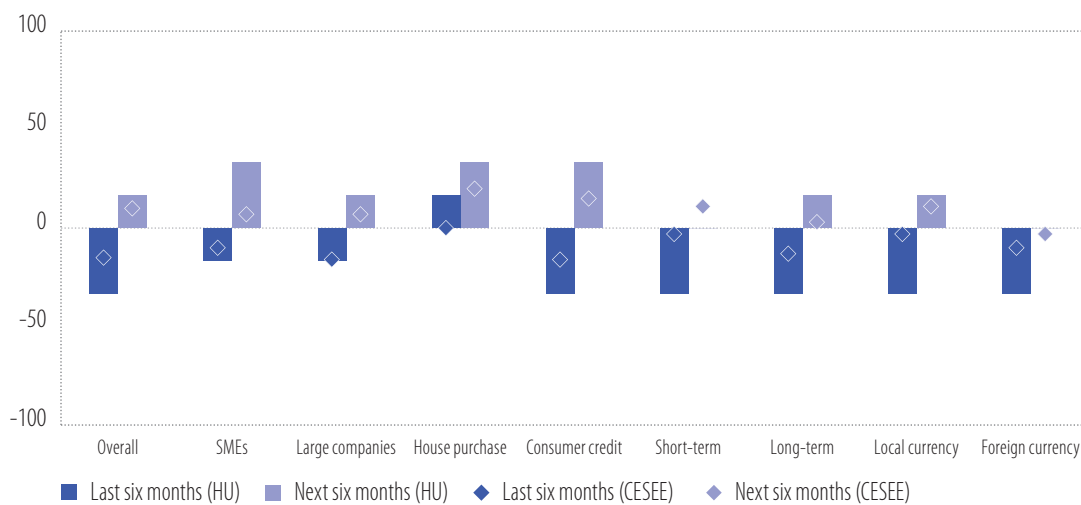
**Figure 5**  
Aggregate supply developments (in %)



Source: EIB – CESEE Bank Lending Survey.  
Note: The chart shows net percentages, with positive values indicating easing supply. The two expectations series (light purple line and diamonds) are shifted forward to be comparable to the perceptions series (dark purple line and circles). In other words, expectations reported at time  $t$  for the next six months are plotted on the chart at time  $t + 1$ . See Question B.Q1 in the Annex.

Supply conditions are expected to improve for house purchases and consumer credit and small and medium-sized enterprises.

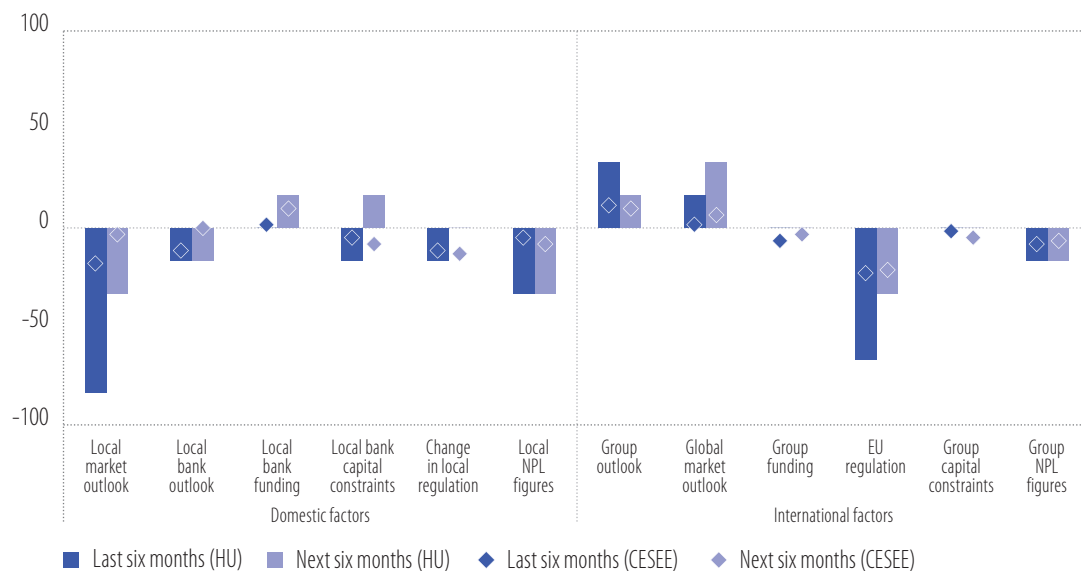
**Figure 6**  
Supply components and segments (in %)



Source: EIB – CESEE Bank Lending Survey.  
Note: The chart shows net percentages, with positive values indicating easing supply conditions. See Question B.Q1 in the Annex.

Most of domestic and international factors are contributing negatively to credit supply, except for the group outlook and the global outlook.

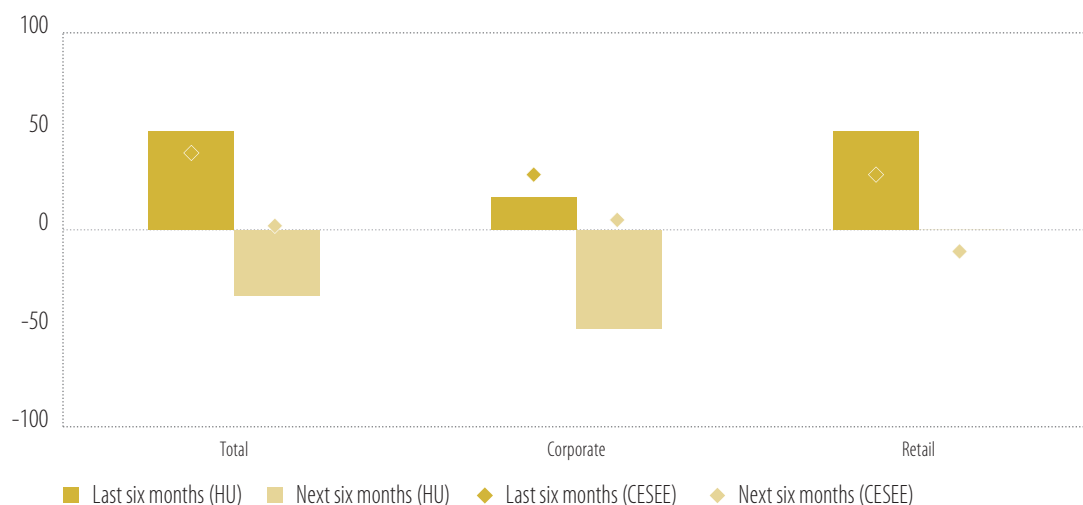
**Figure 7**  
Factors contributing to supply conditions (in %)



Source: EIB – CESEE Bank Lending Survey.  
Note: The chart shows net percentages, with positive values indicating a positive contribution to supply. See Question B.Q4 in the Annex.

Non-performing loan ratios in Hungary improved in the corporate and retail segments over the last six months, despite somewhat pessimistic forecasts in the previous survey round. The outlook for the corporate segment remains pessimistic.

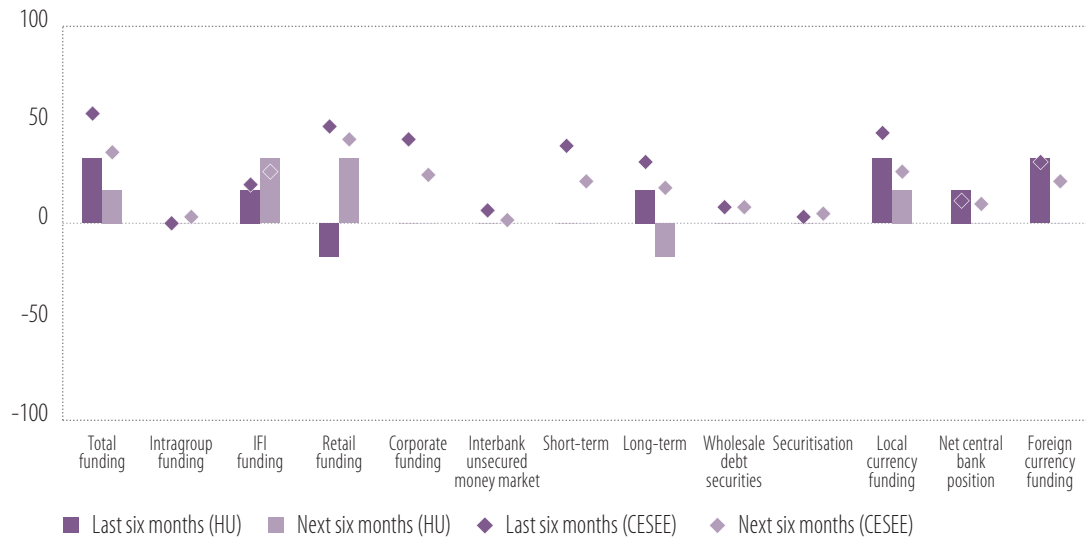
**Figure 8**  
Credit quality and non-performing loan ratios (in %)



Source: EIB – CESEE Bank Lending Survey.  
Note: The chart shows net percentages, with positive values indicating improving credit quality (in other words, decreasing NPL ratios). See Question B.Q8 in the Annex.

Funding conditions are positive and are expected to remain favourable.

**Figure 9**  
**Access to funding (in %)**



Source: EIB – CESEE Bank Lending Survey.

Note: The chart shows net percentages, with positive values indicating improved access to funding. See Question B.Q9 in the Annex.

# Kosovo

**Credit demand expanded materially in the past six months, while supply conditions deteriorated somewhat. In the next six months, credit demand is expected to grow more than supply, pointing to a continuation of the demand-supply gap. Funding conditions and credit quality have remained positive.**

## Summary

**Group assessment of positioning and market potential:** All international banking groups reported Kosovo’s market potential as medium and their position as optimal, in line with results in the previous survey round. Profitability has been equal to or higher than overall group operations.

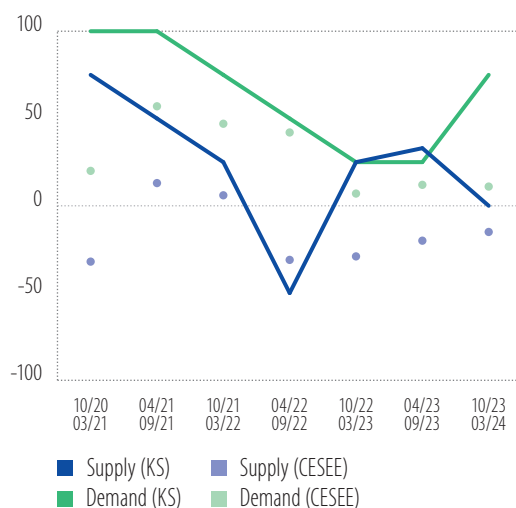
**Credit demand in Kosovo\*** expanded more than the regional average, supported by positive developments in the small and medium-sized enterprise and consumer credit segments. Strong demand conditions are expected to continue in the next six months, above the regional average.

**Credit supply conditions** (indicating the banks’ willingness to extend credit to their clients) deteriorated somewhat in the last six months but are expected to recover, broadly in line with regional patterns.

**Access to funding** has been strong and is expected to remain positive in the next six months.

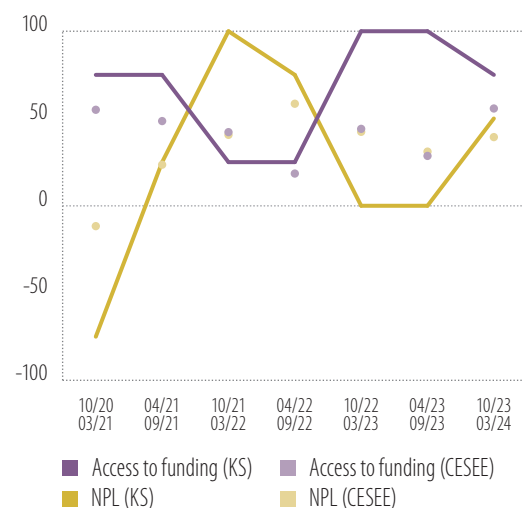
**Non-performing loan (NPL) ratios** declined in the corporate and retail segments over the last six months and are expected to be neutral for the next period, similar to regional trends.

**Credit supply and credit demand (in %)**



Source: EIB – CESEE Bank Lending Survey.  
Note: All values are net percentages. Positive values denote increasing (easing) demand (supply).

**Access to funding and credit quality (in %)**



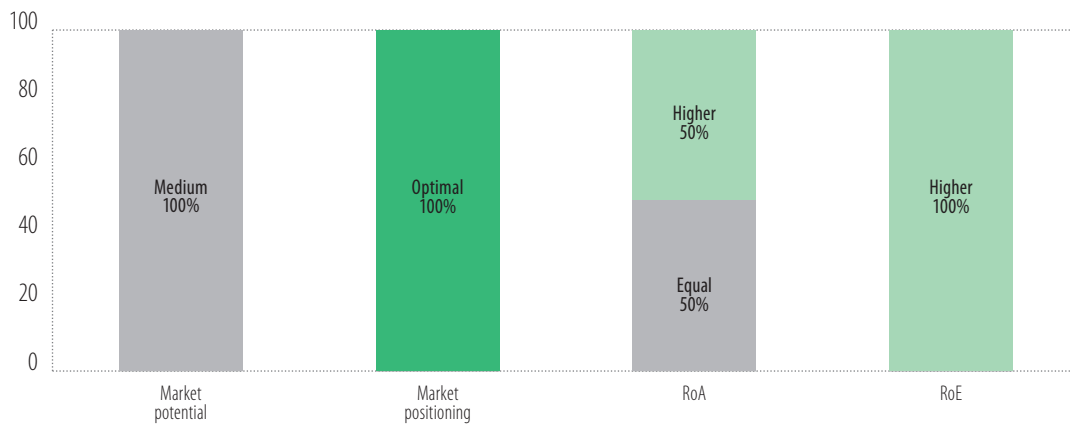
Source: EIB – CESEE Bank Lending Survey.  
Note: All values are net percentages. Access to funding: Positive values indicate increased access. NPL: Negative values indicate an increase in the non-performing loan ratio.

\* The designation of Kosovo is without prejudice to positions on status and it is in line with UNSCR 1244/1999 and the ICJ Opinion on the Kosovo declaration of independence.

## CESEE Bank Lending Survey results – parent bank level

CESEE banking groups assess Kosovo's market potential as medium and their positioning as optimal, and they report equal or higher profitability than the parent bank.

**Figure 1**  
Market potential and positioning



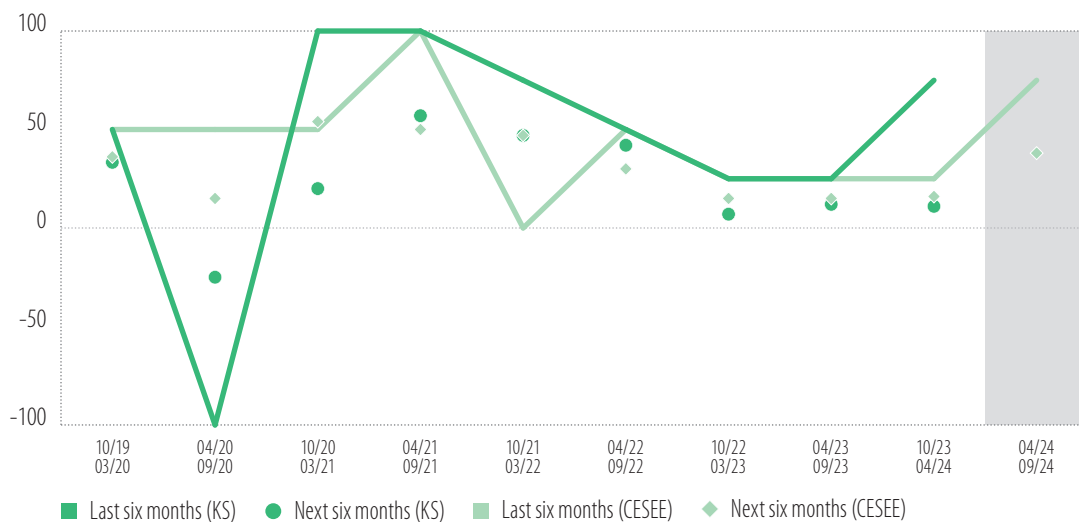
Source: EIB – CESEE Bank Lending Survey.

Note: RoA: return on assets (adjusted for cost of risk) compared to overall group operations; RoE: return on equity (adjusted for cost of equity) compared to overall group RoE. See Question A.Q1 in the Annex.

## CESEE Bank Lending Survey results – local bank/subsidiary level

Credit demand has been strong in the past six months and is expected to remain positive, above regional trends.

**Figure 2**  
Aggregate demand developments (in %)

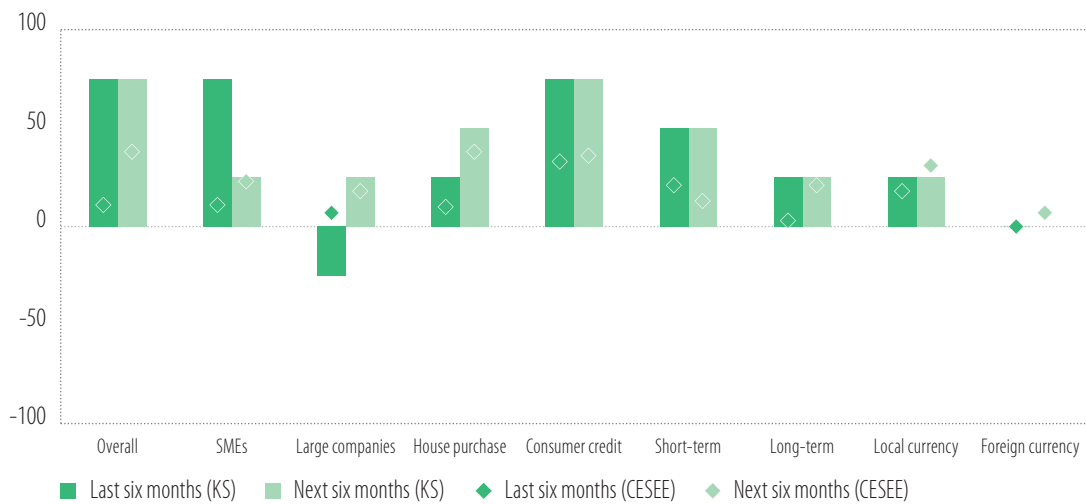


Source: EIB – CESEE Bank Lending Survey.

Note: The chart shows net percentages, with positive values indicating increasing demand. The two expectations series (light green line and diamonds) are shifted forward to be comparable to the perceptions series (dark green line and circles). In other words, expectations reported at time  $t$  for the next six months are plotted on the chart at time  $t+1$ . See question B.Q5 in the Annex.

Credit demand is expected to be supported by positive developments across the corporate and household sectors, especially in the consumer credit segment.

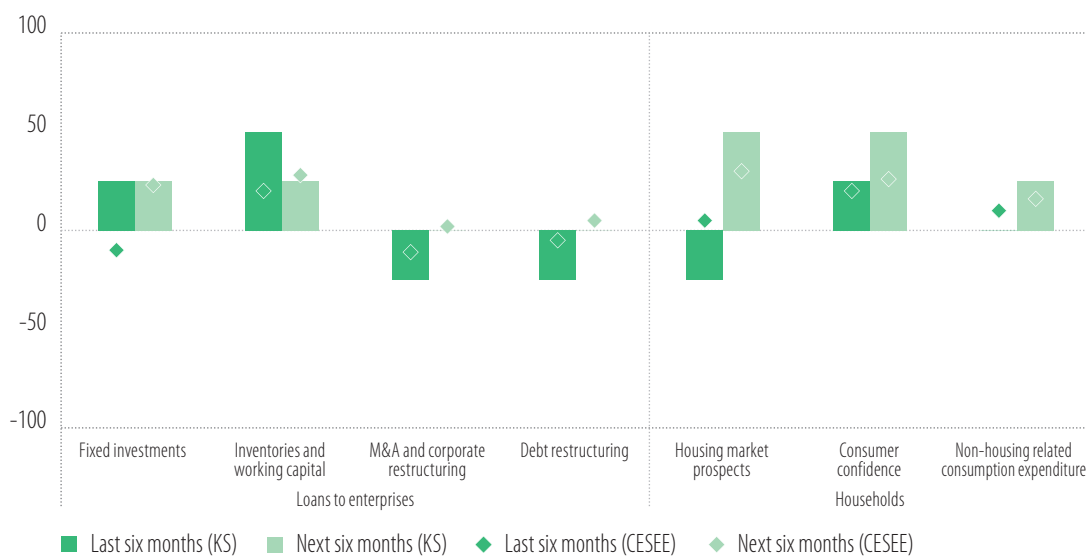
**Figure 3**  
Demand components and segments (in %)



Source: EIB – CESEE Bank Lending Survey.  
Note: The chart shows net percentages, with positive values indicating increasing demand. See Question B.Q5 in the Annex.

Fixed investments and working capital will support corporate credit demand, while a recovery in the housing market and higher consumer confidence will support household credit demand in the next six months.

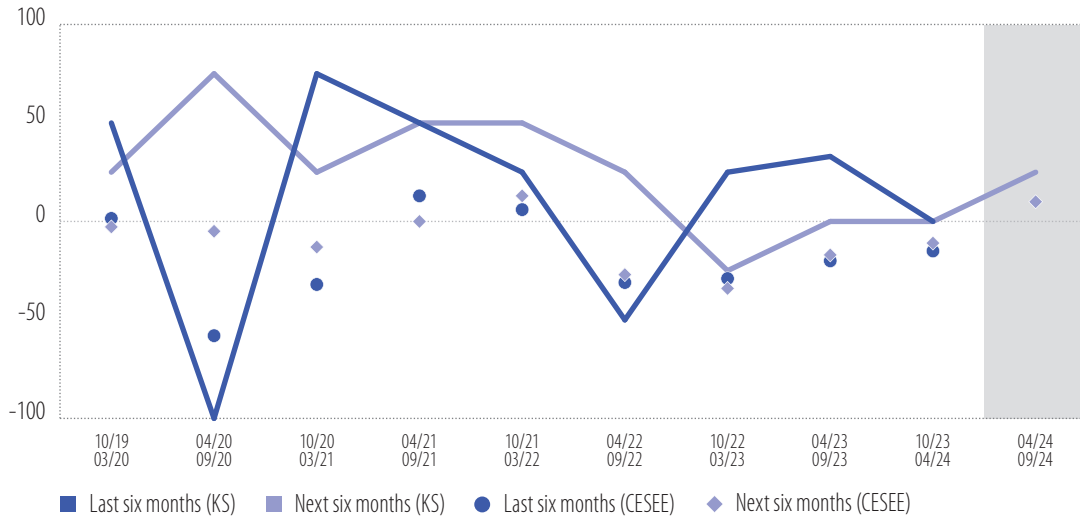
**Figure 4**  
Factors affecting demand for loans (in %)



Source: EIB – CESEE Bank Lending Survey.  
Note: The chart shows net percentages, with positive values indicating a positive contribution to demand. M&A refers to mergers and acquisitions. See Question B.Q7 in the Annex.

Credit supply is expected to rebound in the next six months, more than the trend in the region.

**Figure 5**  
Aggregate supply developments (in %)

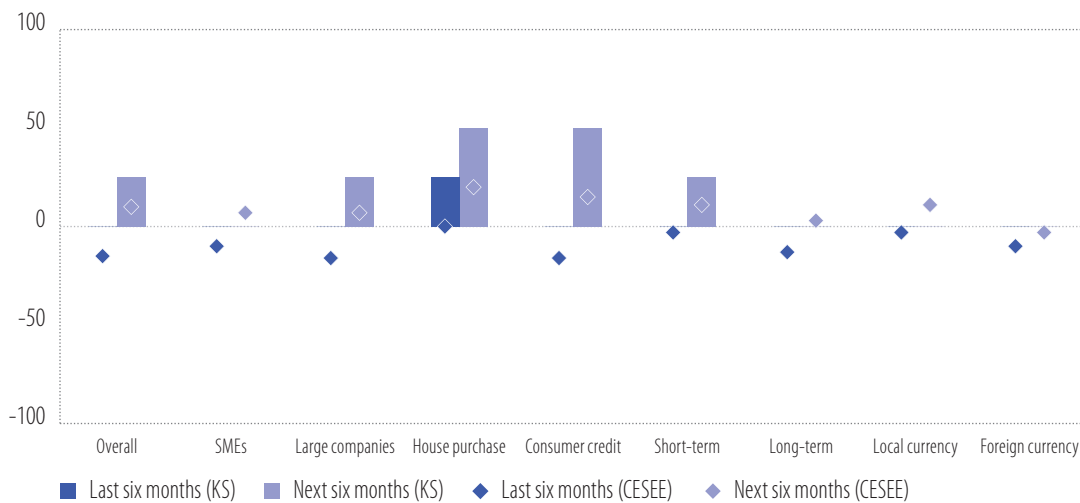


Source: EIB – CESEE Bank Lending Survey.

Note: The chart shows net percentages, with positive values indicating easing supply. The two expectations series (light purple line and diamonds) are shifted forward to be comparable to the perceptions series (dark purple line and circles). In other words, expectations reported at time  $t$  for the next six months are plotted on the chart at time  $t + 1$ . See Question B.Q1 in the Annex.

Supply conditions are expected to improve overall, thanks to positive contributions from large companies, loans provisions and higher consumer credit.

**Figure 6**  
Supply components and segments (in %)



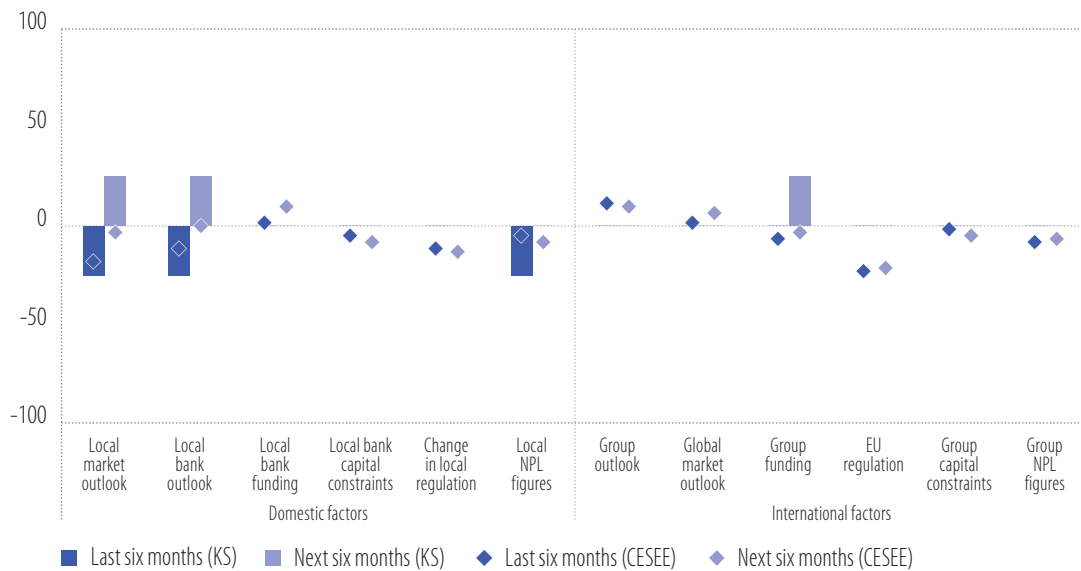
Source: EIB – CESEE Bank Lending Survey.

Note: The chart shows net percentages, with positive values indicating easing supply conditions. See Question B.Q1 in the Annex.



Credit supply is expected to be supported by the improving local market and bank outlook, as well as by better group funding.

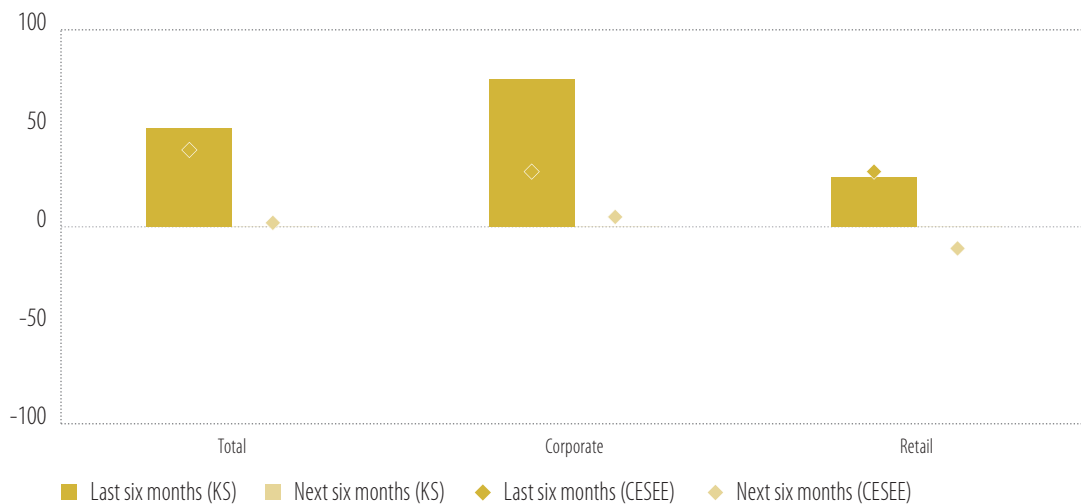
**Figure 7**  
Factors contributing to supply conditions (in %)



Source: EIB – CESEE Bank Lending Survey.  
Note: The chart shows net percentages, with positive values indicating a positive contribution to supply. See Question B.Q4 in the Annex.

Credit quality has improved in the last six months, contrary to expectations, especially in the corporate segment. It is expected to remain neutral, broadly in line with the regional trend.

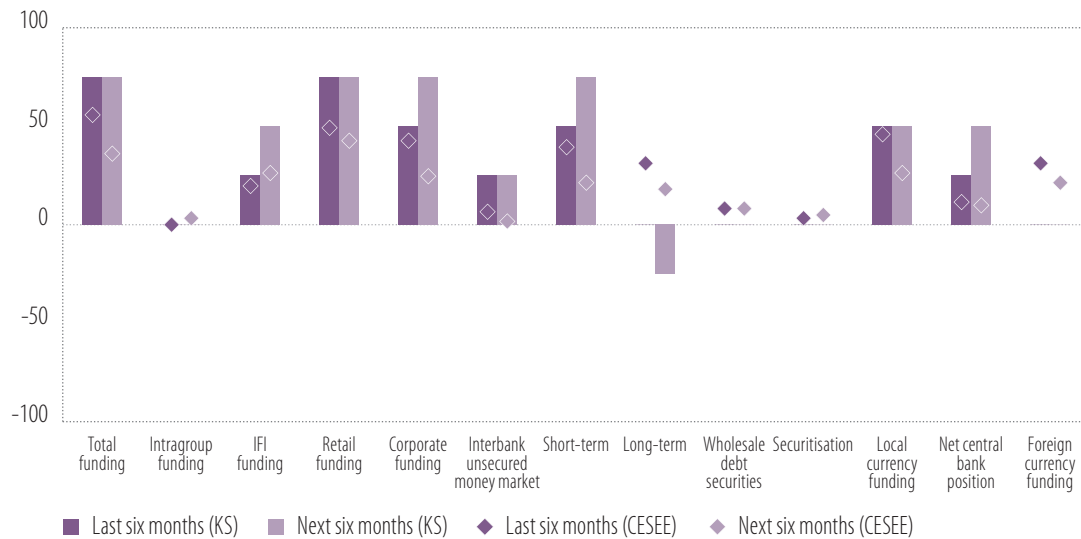
**Figure 8**  
Credit quality and non-performing loan ratios (in %)



Source: EIB – CESEE Bank Lending Survey.  
Note: The chart shows net percentages, with positive values indicating improving credit quality (in other words, decreasing NPL ratios). See Question B.Q8 in the Annex.

Funding conditions are expected to remain positive, above the regional average, driven by retail, corporate and international financial institution (IFI) funding.

**Figure 9**  
**Access to funding (in %)**



Source: EIB – CESEE Bank Lending Survey.

Note: The chart shows net percentages, with positive values indicating improved access to funding. See Question B.Q9 in the Annex.

# North Macedonia

**Credit demand softened while supply conditions remained tight amid improved funding conditions and credit quality. In the next six months, the gap between credit demand and supply is expected to diminish.**

## Summary

**Group assessment of positioning and market potential:** Parent banking groups perceive their market positioning as satisfactory and continue to assess the market potential of their North Macedonian operations as medium. Most banks report that profitability is in line with the market potential, unchanged from the last survey round.

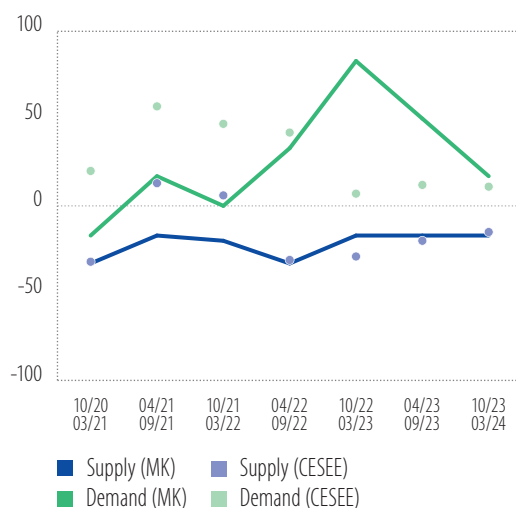
**Credit demand in North Macedonia** continued to soften in the last six months but remained positive, approaching the regional average, as strong credit demand in the small and medium-sized enterprise (SME) sector was partly offset by a more moderate expansion among larger corporates and households. Demand conditions are expected to soften in the next six months, and recovery is expected in the region.

**Credit supply conditions** (indicating the banks' willingness to extend credit to their clients) remained tight, in line with the regional trend, but are expected to ease somewhat in the next six months and possibly bring an end to the tight credit conditions that have been in place since 2020.

**Access to funding** improved in North Macedonia in the last six months and is expected to remain favourable, especially in the retail and corporate segments.

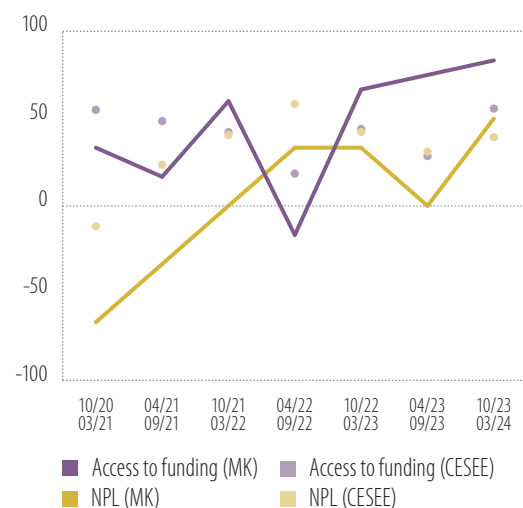
**Non-performing loan (NPL) ratios** improved over the last six months because of improvements in the corporate and retail segments and are expected to remain neutral in the next six months.

**Credit supply and credit demand (in %)**



Source: EIB – CESEE Bank Lending Survey.  
Note: All values are net percentages. Positive values denote increasing (easing) demand (supply).

**Access to funding and credit quality (in %)**



Source: EIB – CESEE Bank Lending Survey.  
Note: All values are net percentages. Access to funding: Positive values indicate increased access. NPL: Negative values indicate an increase in the non-performing loan ratio.

## CESEE Bank Lending Survey results – parent bank level

CESEE banking groups assess North Macedonia's market potential as medium and are satisfied with their positioning. Profitability is in line with the parent bank for most subsidiaries.

**Figure 1**  
Market potential and positioning



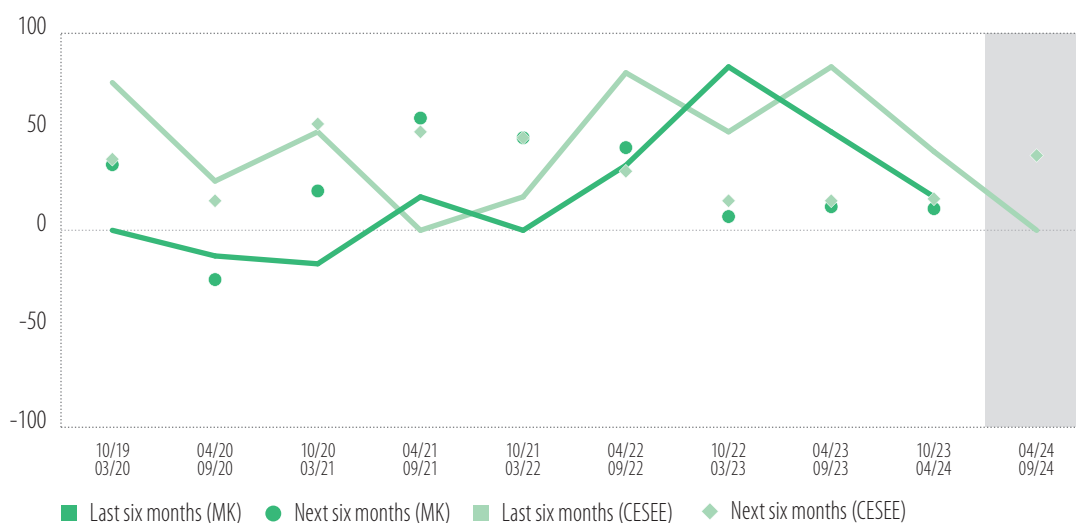
Source: EIB – CESEE Bank Lending Survey.

Note: RoA: return on assets (adjusted for cost of risk) compared to overall group operations; RoE: return on equity (adjusted for cost of equity) compared to overall group RoE. See Question A.Q1 in the Annex.

## CESEE Bank Lending Survey results – local bank/subsidiary level

Credit demand softened but stayed positive in the past six months and is expected to remain broadly unchanged, yet weaker than the regional average.

**Figure 2**  
Aggregate demand developments (in %)

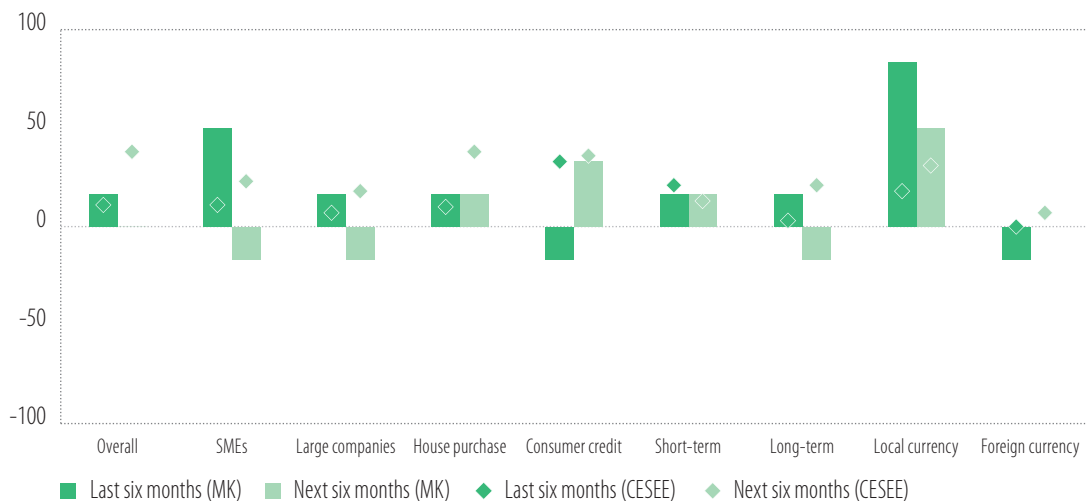


Source: EIB – CESEE Bank Lending Survey.

Note: The chart shows net percentages, with positive values indicating increasing demand. The two expectations series (light green line and diamonds) are shifted forward to be comparable to the perceptions series (dark green line and circles). In other words, expectations reported at time  $t$  for the next six months are plotted on the chart at time  $t+1$ . See question B.Q5 in the Annex.

Credit demand from the corporate segment has been positive but is expected to deteriorate, offsetting higher demand expected from the household segment.

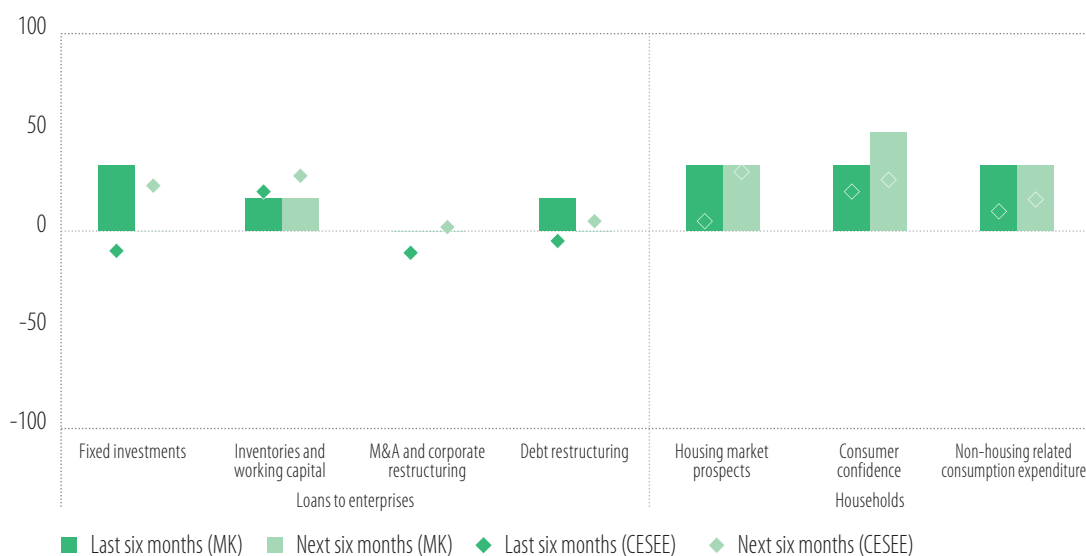
**Figure 3**  
Demand components and segments (in %)



Source: EIB – CESEE Bank Lending Survey.  
Note: The chart shows net percentages, with positive values indicating increasing demand. See Question B.Q5 in the Annex.

In the household segment, an improved real estate outlook and stronger consumer confidence are expected to support credit demand in the next six months.

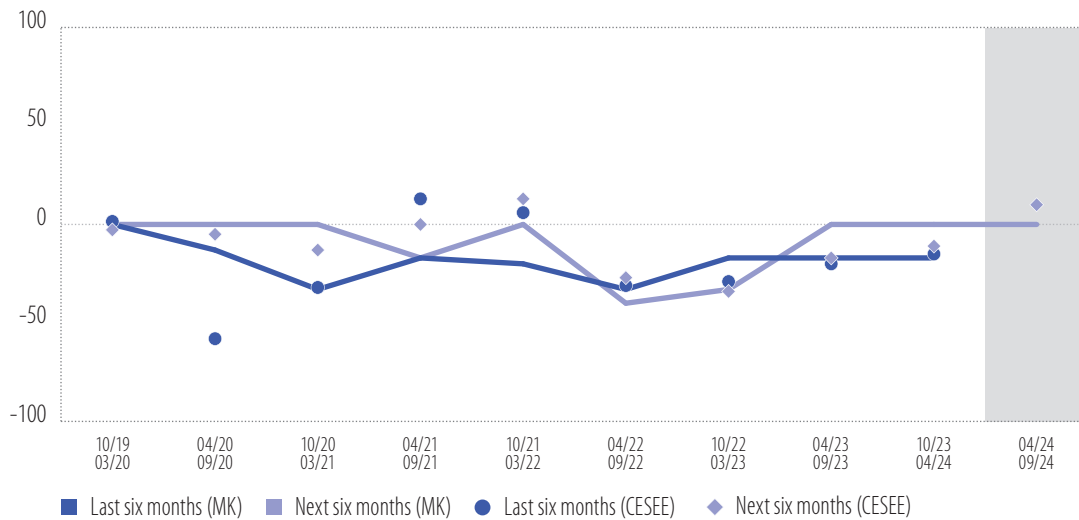
**Figure 4**  
Factors affecting demand for loans (in %)



Source: EIB – CESEE Bank Lending Survey.  
Note: The chart shows net percentages, with positive values indicating a positive contribution to demand. M&A refers to mergers and acquisitions. See Question B.Q7 in the Annex.

Credit supply is expected to ease somewhat, in line with the regional trend, possibly bringing an end to the tight credit conditions which have lasted since 2020.

**Figure 5**  
**Aggregate supply developments (in %)**

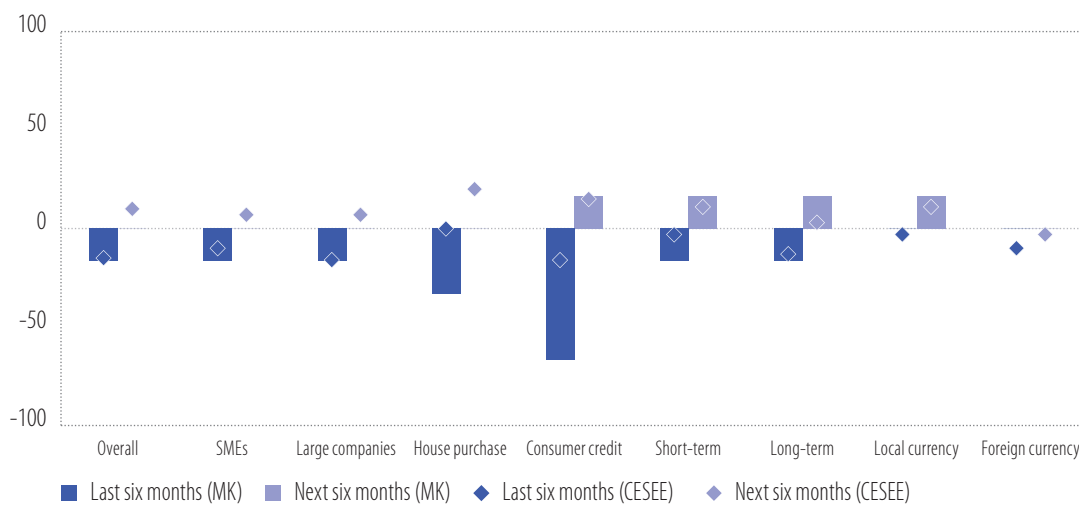


Source: EIB – CESEE Bank Lending Survey.

Note: The chart shows net percentages, with positive values indicating easing supply. The two expectations series (light purple line and diamonds) are shifted forward to be comparable to the perceptions series (dark purple line and circles). In other words, expectations reported at time  $t$  for the next six months are plotted on the chart at time  $t + 1$ . See Question B.Q1 in the Annex.

Credit supply in the past six months tightened across all market segments and maturity horizons. It is expected to improve only for consumer credit.

**Figure 6**  
**Supply components and segments (in %)**

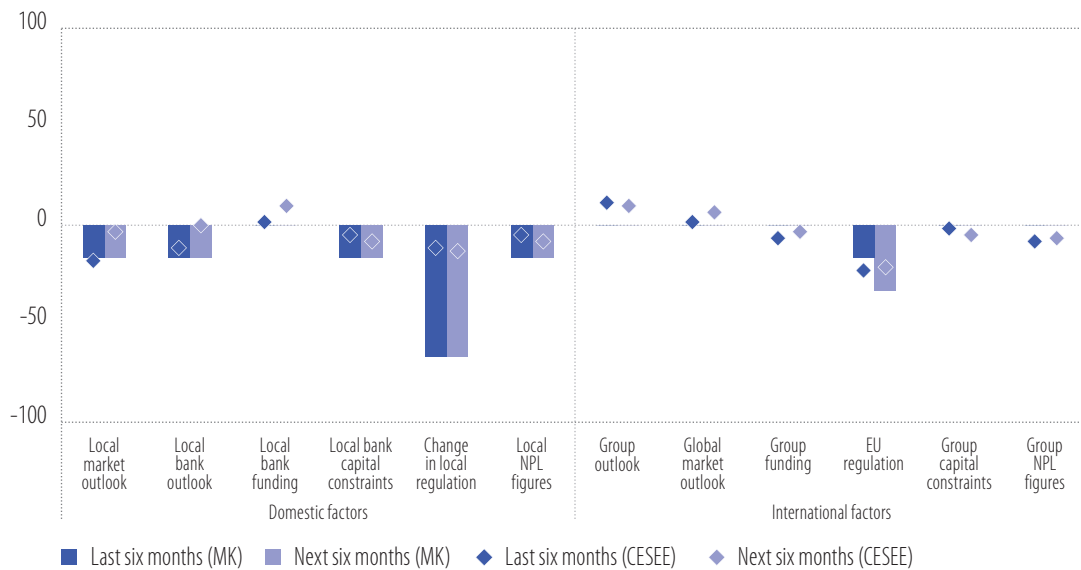


Source: EIB – CESEE Bank Lending Survey.

Note: The chart shows net percentages, with positive values indicating easing supply conditions. See Question B.Q1 in the Annex.

Most domestic factors, except local bank funding, are expected to continue to contribute negatively to credit supply, while international factors are expected to be neutral, except for a negative contribution from EU regulatory changes.

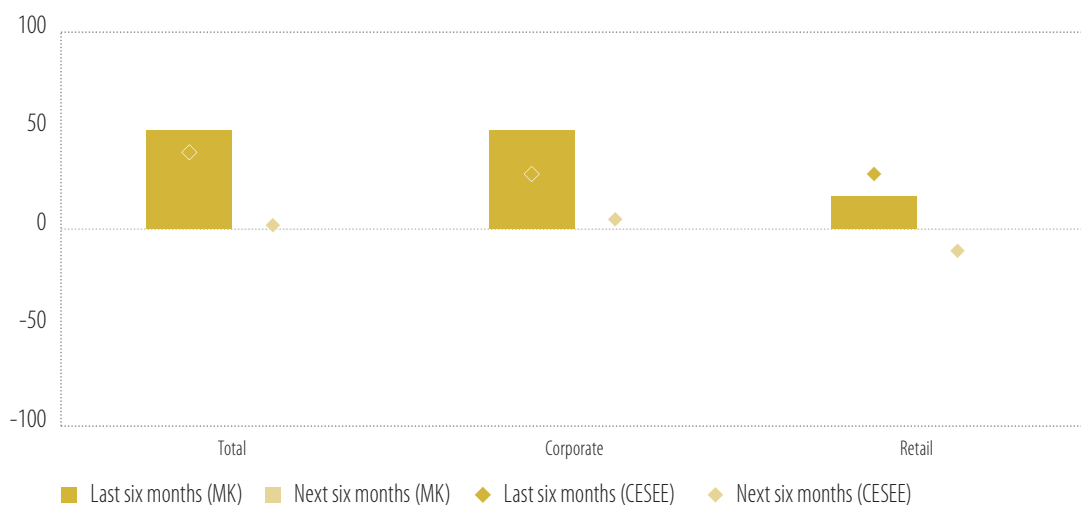
**Figure 7**  
Factors contributing to supply conditions (in %)



Source: EIB – CESEE Bank Lending Survey.  
Note: The chart shows net percentages, with positive values indicating a positive contribution to supply. See Question B.Q4 in the Annex.

Credit quality improved across both corporate and retail segments in the past six months and is expected to be neutral overall in the future, in line with regional developments.

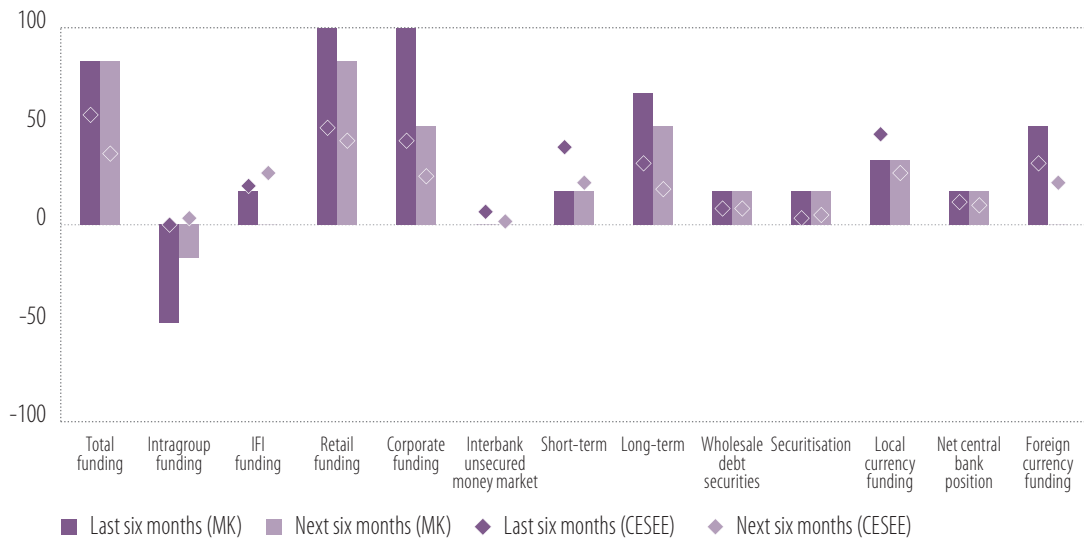
**Figure 8**  
Credit quality and non-performing loan ratios (in %)



Source: EIB – CESEE Bank Lending Survey.  
Note: The chart shows net percentages, with positive values indicating improving credit quality (in other words, decreasing NPL ratios). See Question B.Q8 in the Annex.

Funding conditions have been positive and are expected to remain favourable, especially in the retail and corporate segments.

**Figure 9**  
**Access to funding (in %)**



Source: EIB – CESEE Bank Lending Survey.

Note: The chart shows net percentages, with positive values indicating improved access to funding. See Question B.Q9 in the Annex.



# Romania

**Credit demand increased further, while supply conditions remained neutral. Demand is expected to continue to grow and supply conditions are expected to soften in the next six months. Credit quality and liquidity improved and are expected to continue improving.**

## Summary

**Group assessment of positioning and market potential:** Profitability for Romanian operations compared to overall group operations improved slightly since the previous survey round, but a considerable share of “international banking groups” continues to report lower profitability than at the group level. Nevertheless, most parent banks consider the Romanian market to have high potential.

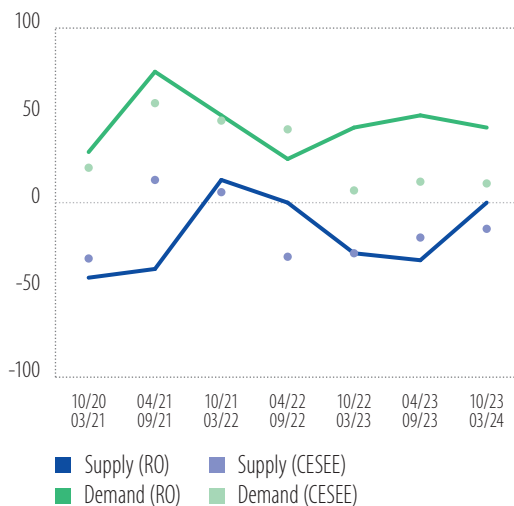
**Credit demand in Romania** increased, more than the regional average. Most of the segments registered an improvement, but consumer and foreign-currency loans stagnated. Positive demand conditions are expected to continue in the next six months, in line with the wider region.

**Credit supply conditions** (indicating the banks’ willingness to extend credit to their clients) stayed neutral, but conditions are expected to soften in the next six months.

**Access to funding** improved further in Romania and is expected to stay positive in the next six months.

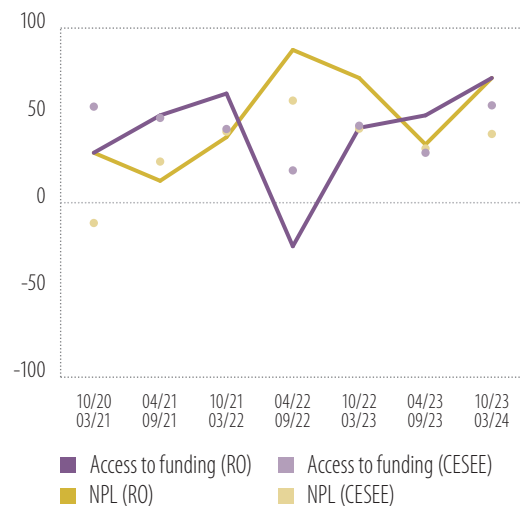
**Non-performing loan (NPL) ratios** improved mainly in the corporate segments over the last six months and are expected to improve further for the next period, exceeding regional trends.

**Credit supply and credit demand (in %)**



Source: EIB – CESEE Bank Lending Survey.  
Note: All values are net percentages. Positive values denote increasing (easing) demand (supply).

**Access to funding and credit quality (in %)**

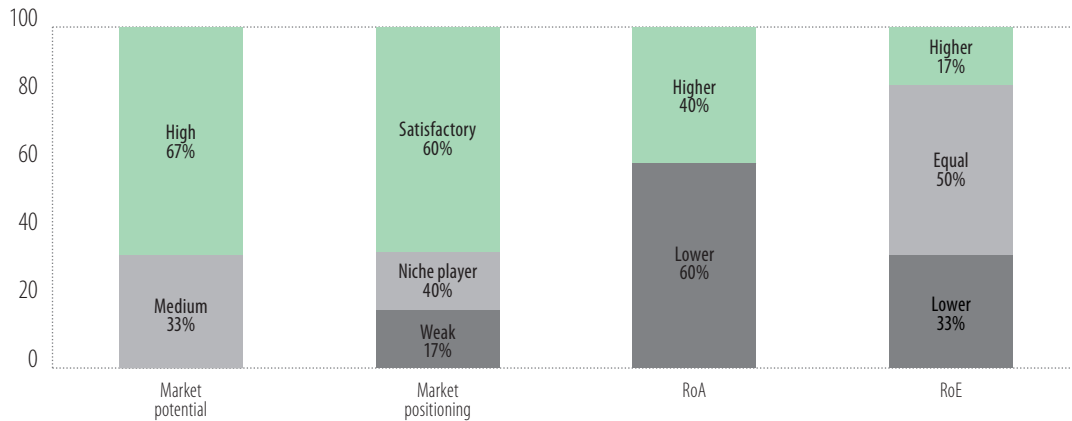


Source: EIB – CESEE Bank Lending Survey.  
Note: All values are net percentages. Access to funding: Positive values indicate increased access. NPL: Negative values indicate an increase in the non-performing loan ratio.

### CESEE Bank Lending Survey results – parent bank level

CESEE banking groups see Romania’s market potential as medium (33%) or high (67%), but some report lower profitability compared to the parent bank.

**Figure 1**  
Market potential and positioning

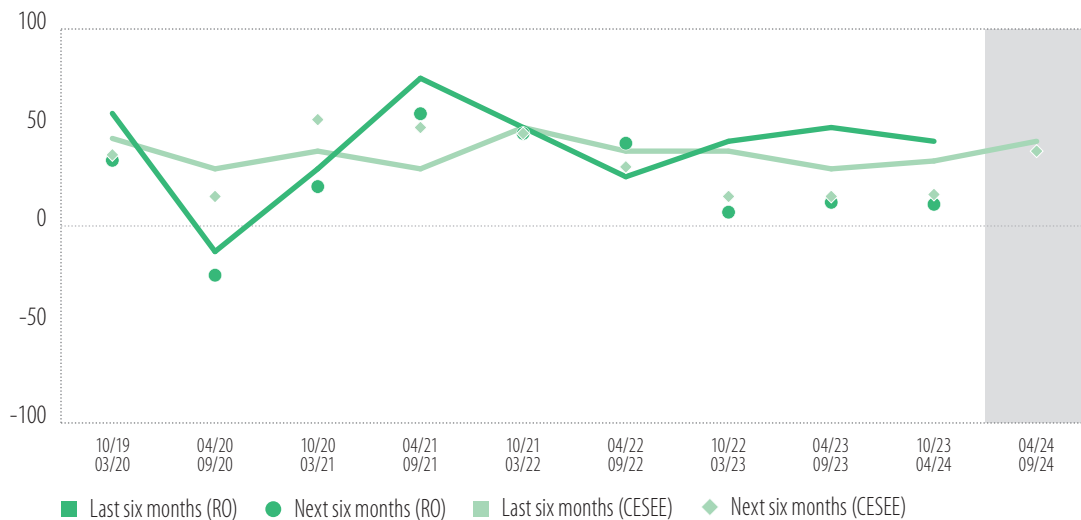


Source: EIB – CESEE Bank Lending Survey.  
Note: RoA: return on assets (adjusted for cost of risk) compared to overall group operations; RoE: return on equity (adjusted for cost of equity) compared to overall group RoE. See Question A.Q1 in the Annex.

### CESEE Bank Lending Survey results – local bank/subsidiary level

Credit demand is increasing, more than the regional average, and is expected to remain positive.

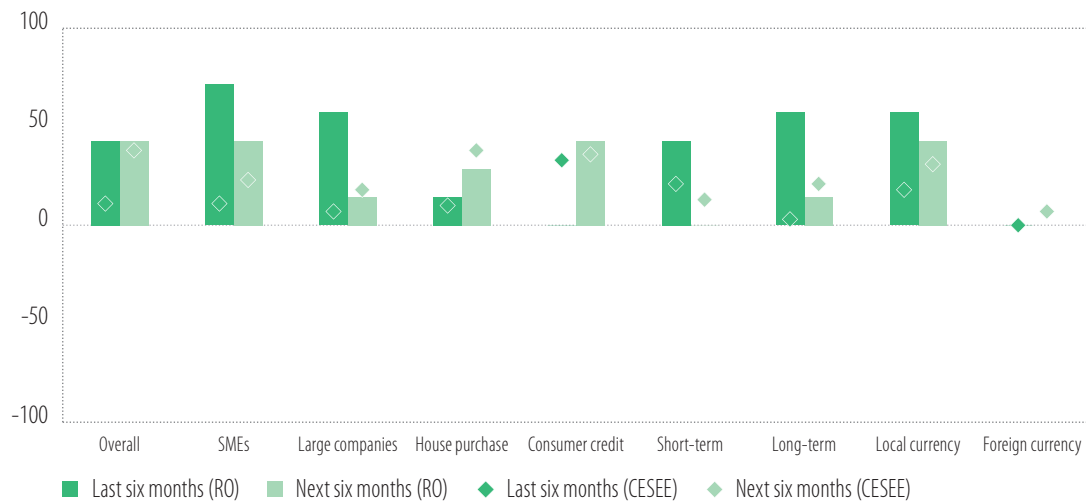
**Figure 2**  
Aggregate demand developments (in %)



Source: EIB – CESEE Bank Lending Survey.  
Note: The chart shows net percentages, with positive values indicating increasing demand. The two expectations series (light green line and diamonds) are shifted forward to be comparable to the perceptions series (dark green line and circles). In other words, expectations reported at time t for the next six months are plotted on the chart at time t+1. See question B.Q5 in the Annex.

The positive demand trend was driven mainly by the corporate segment.

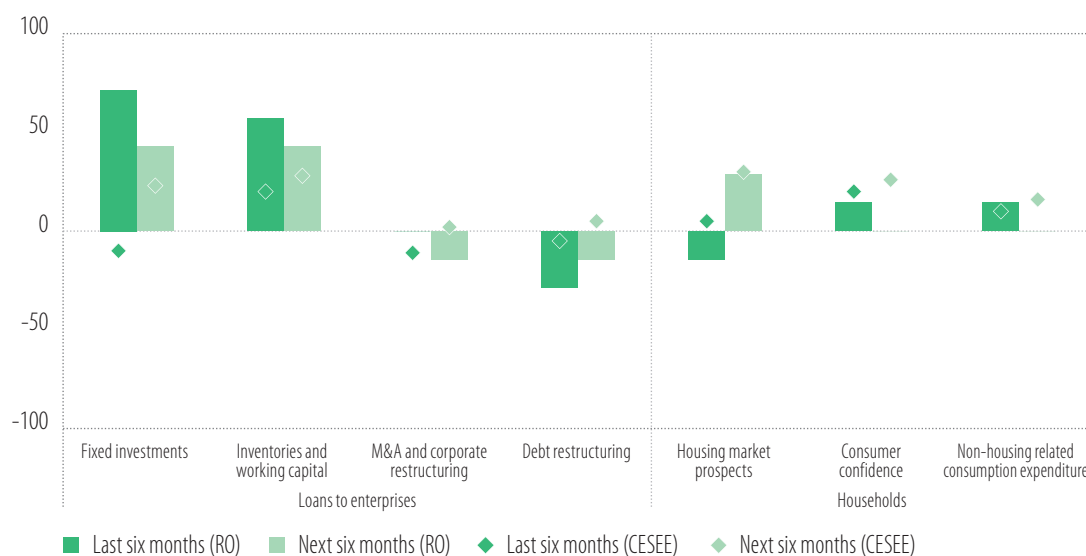
**Figure 3**  
Demand components and segments (in %)



Source: EIB – CESEE Bank Lending Survey.  
Note: The chart shows net percentages, with positive values indicating increasing demand. See Question B.Q5 in the Annex.

Investments in fixed assets and inventories contributed positively to the demand for loans and are expected to continue being the main positive contributing factors in the next six months.

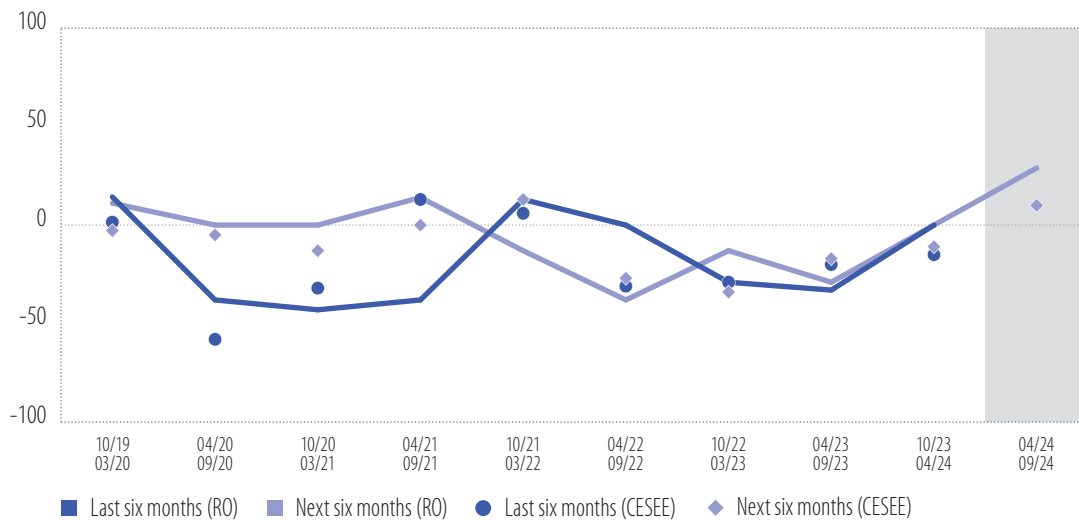
**Figure 4**  
Factors affecting demand for loans (in %)



Source: EIB – CESEE Bank Lending Survey.  
Note: The chart shows net percentages, with positive values indicating a positive contribution to demand. M&A refers to mergers and acquisitions. See Question B.Q7 in the Annex.

Credit supply is expected to soften slightly, in line with the regional trend.

**Figure 5**  
Aggregate supply developments (in %)

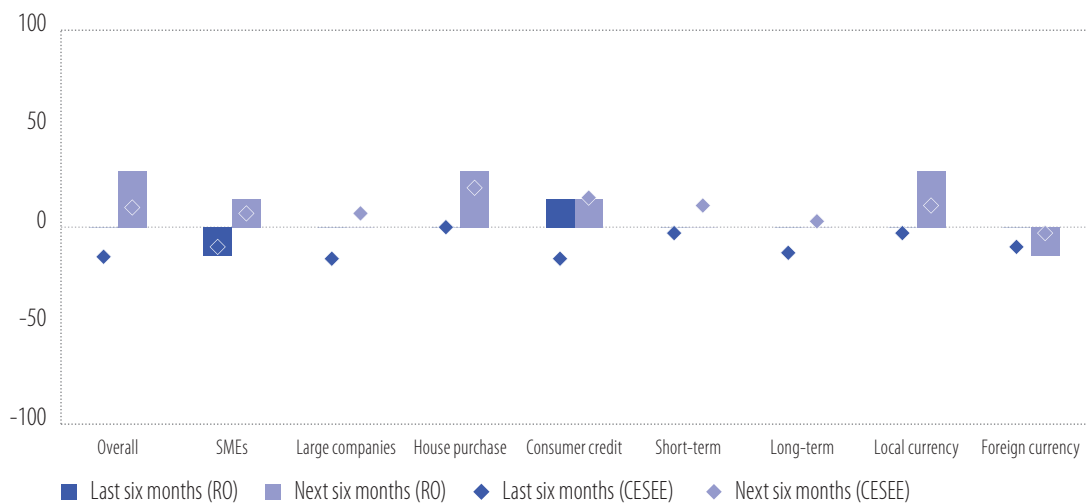


Source: EIB – CESEE Bank Lending Survey.

Note: The chart shows net percentages, with positive values indicating easing supply. The two expectations series (light purple line and diamonds) are shifted forward to be comparable to the perceptions series (dark purple line and circles). In other words, expectations reported at time  $t$  for the next six months are plotted on the chart at time  $t + 1$ . See Question B.Q1 in the Annex.

Supply conditions are expected to improve for the household segment and small and medium-sized enterprises.

**Figure 6**  
Supply components and segments (in %)

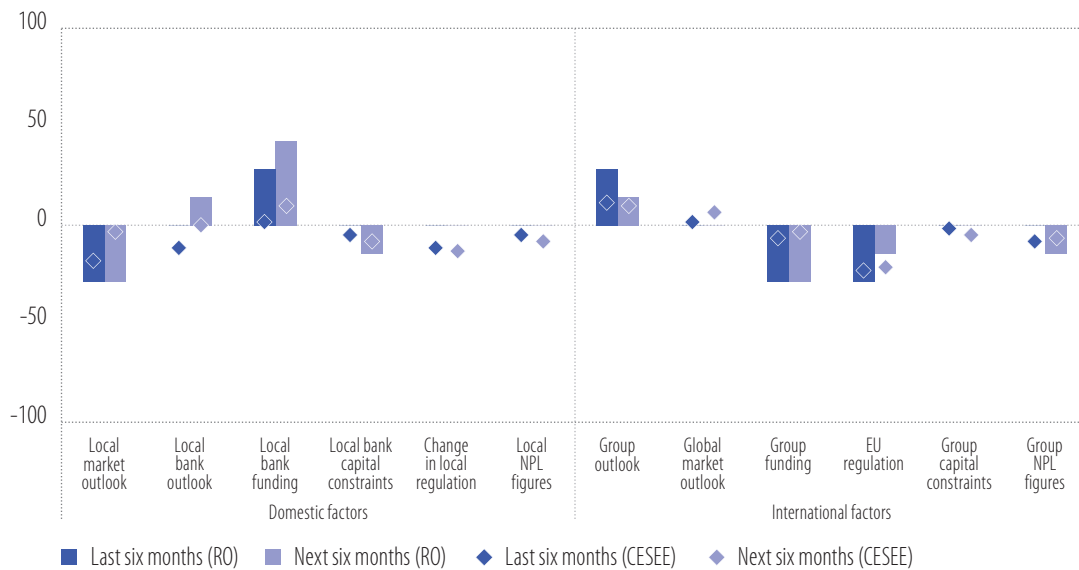


Source: EIB – CESEE Bank Lending Survey.

Note: The chart shows net percentages, with positive values indicating easing supply conditions. See Question B.Q1 in the Annex.

Most of the domestic and international factors did not affect credit supply, apart from better local bank funding and an improving group outlook. The local market outlook, group funding and EU regulation contributed negatively.

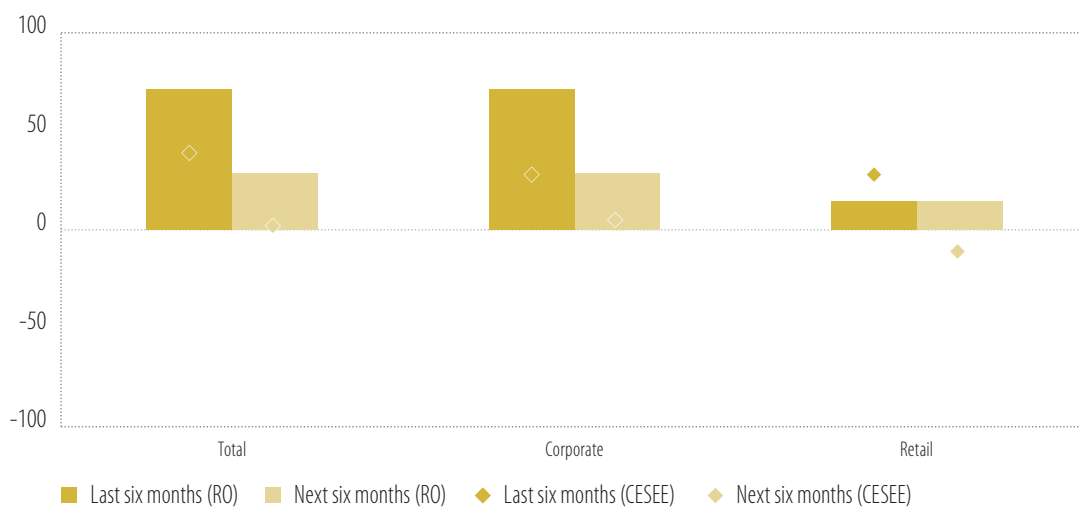
**Figure 7**  
Factors contributing to supply conditions (in %)



Source: EIB – CESEE Bank Lending Survey.  
Note: The chart shows net percentages, with positive values indicating a positive contribution to supply. See Question B.Q4 in the Annex.

Credit quality is expected to remain favourable, with slight improvements in the corporate and retail segments.

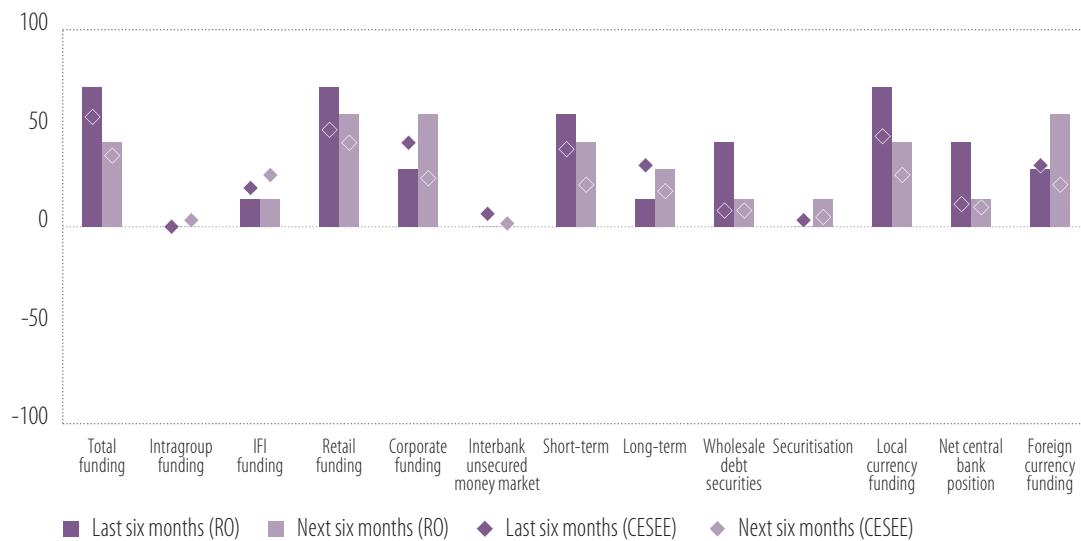
**Figure 8**  
Credit quality and non-performing loan ratios (in %)



Source: EIB – CESEE Bank Lending Survey.  
Note: The chart shows net percentages, with positive values indicating improving credit quality (in other words, decreasing NPL ratios). See Question B.Q8 in the Annex.

Funding conditions are positive and are expected to remain favourable, driven mainly by retail and local currency funding. Many other funding sources also improved.

**Figure 9**  
Access to funding (in %)



Source: EIB – CESEE Bank Lending Survey.

Note: The chart shows net percentages, with positive values indicating improved access to funding. See Question B.Q9 in the Annex.

# Serbia

**Credit demand declined, while supply conditions tightened further despite better access to funding. A material recovery in demand conditions is expected in the next six months, while supply is expected to remain broadly stable. Credit quality has deteriorated and is expected to remain weak.**

## Summary

**Group assessment of positioning and market potential:** Most international banking groups reported higher or equal profitability for Serbian operations compared to overall group operations, marking an improvement from the previous survey round. The assessment of market potential and market positioning has also improved, with all parent banks considering the Serbian market to have medium or high potential.

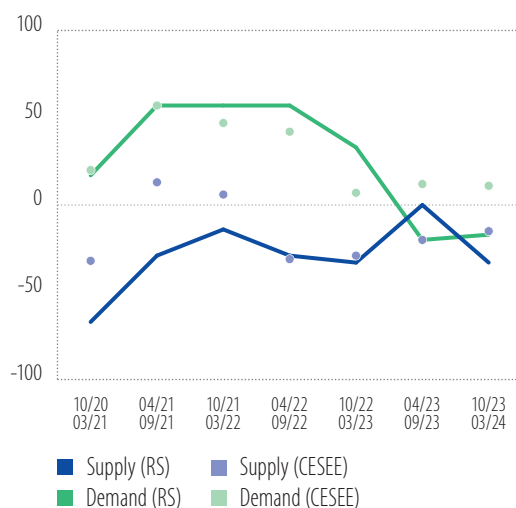
**Credit demand in Serbia** declined for the second consecutive survey round, as opposed to the regional average, which remained positive. A notable exception is the demand for short-term loans and consumer credit, which was positive. A material recovery in credit demand is expected to return in the next six months.

**Credit supply conditions** (indicating the banks' willingness to extend credit to their clients) continued to tighten, more so than the regional average.

**Access to funding** rebounded strongly in Serbia in the last six months, and domestic funding is expected to improve further in the next six months.

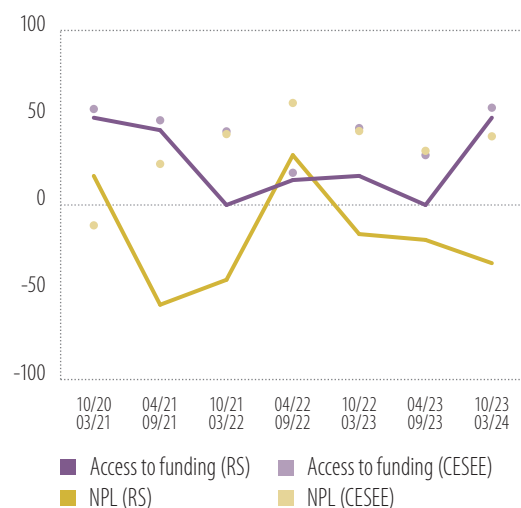
**Non-performing loan (NPL) ratios** deteriorated in the corporate and retail segments over the last six months, contrary to the regional average, and are expected to deteriorate in the next period.

**Credit supply and credit demand (in %)**



Source: EIB – CESEE Bank Lending Survey.  
Note: All values are net percentages. Positive values denote increasing (easing) demand (supply).

**Access to funding and credit quality (in %)**

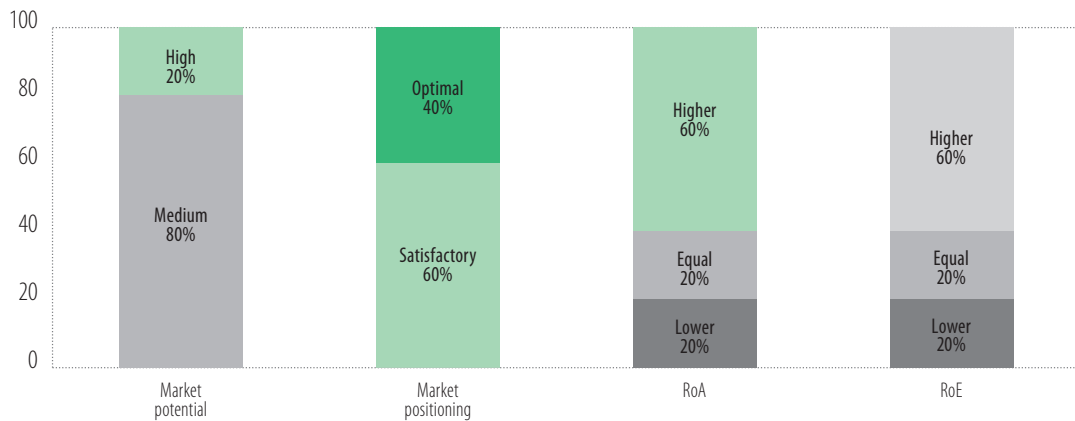


Source: EIB – CESEE Bank Lending Survey.  
Note: All values are net percentages. Access to funding: Positive values indicate increased access. NPL: Negative values indicate an increase in the non-performing loan ratio.

## CESEE Bank Lending Survey results – parent bank level

CESEE banking groups see the market potential in Serbia as medium (80%) or high (20%). Most of the banks (60%) report higher profitability than the parent bank, but 20% report lower profitability.

**Figure 1**  
Market potential and positioning



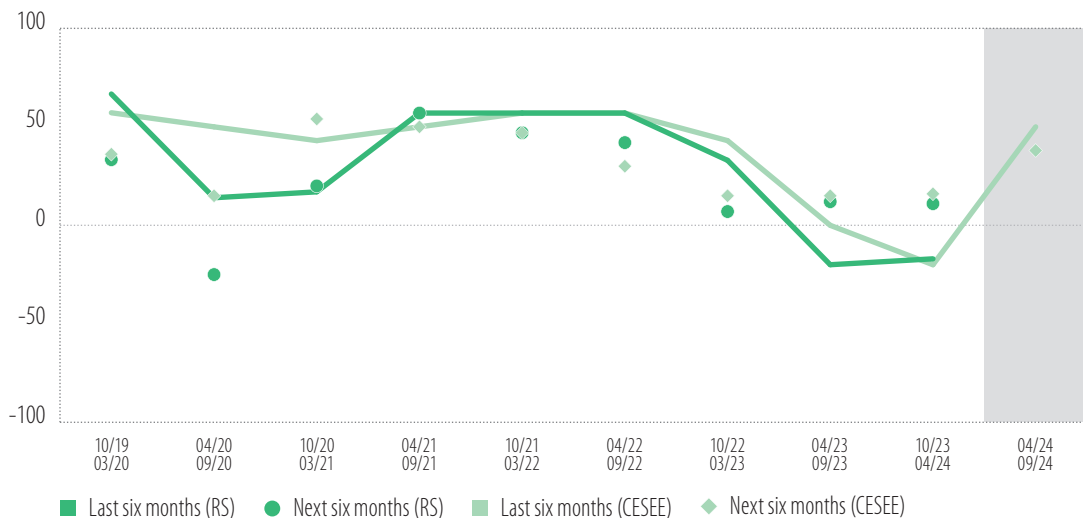
Source: EIB – CESEE Bank Lending Survey.

Note: RoA: return on assets (adjusted for cost of risk) compared to overall group operations; RoE: return on equity (adjusted for cost of equity) compared to overall group RoE. See Question A.Q1 in the Annex.

## CESEE Bank Lending Survey results – local bank/subsidiary level

Credit demand, which was weak in the last six months, is expected to rebound strongly, in line with regional trends.

**Figure 2**  
Aggregate demand developments (in %)



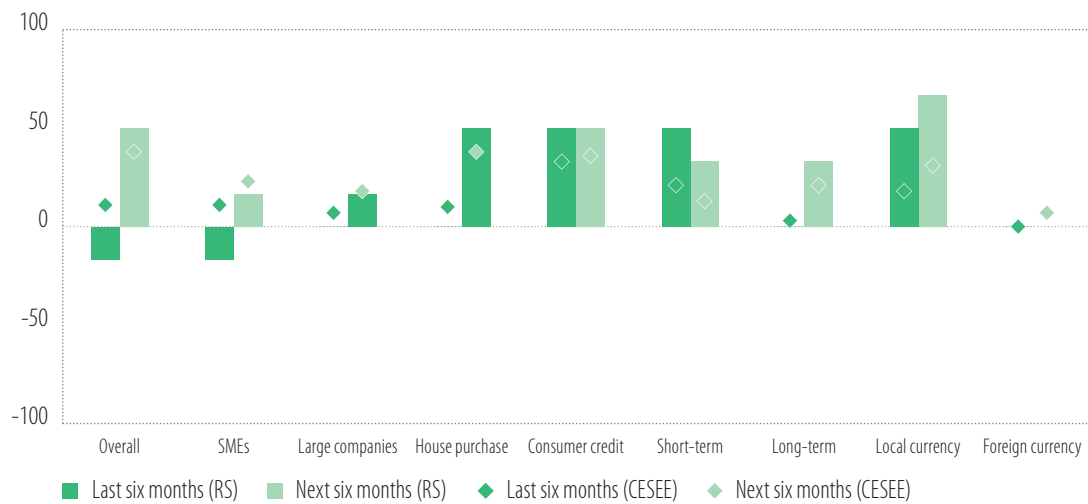
Source: EIB – CESEE Bank Lending Survey.

Note: The chart shows net percentages, with positive values indicating increasing demand. The two expectations series (light green line and diamonds) are shifted forward to be comparable to the perceptions series (dark green line and circles). In other words, expectations reported at time  $t$  for the next six months are plotted on the chart at time  $t+1$ . See question B.Q5 in the Annex.



The expected recovery in credit demand is concentrated in the housing and consumer credit segments.

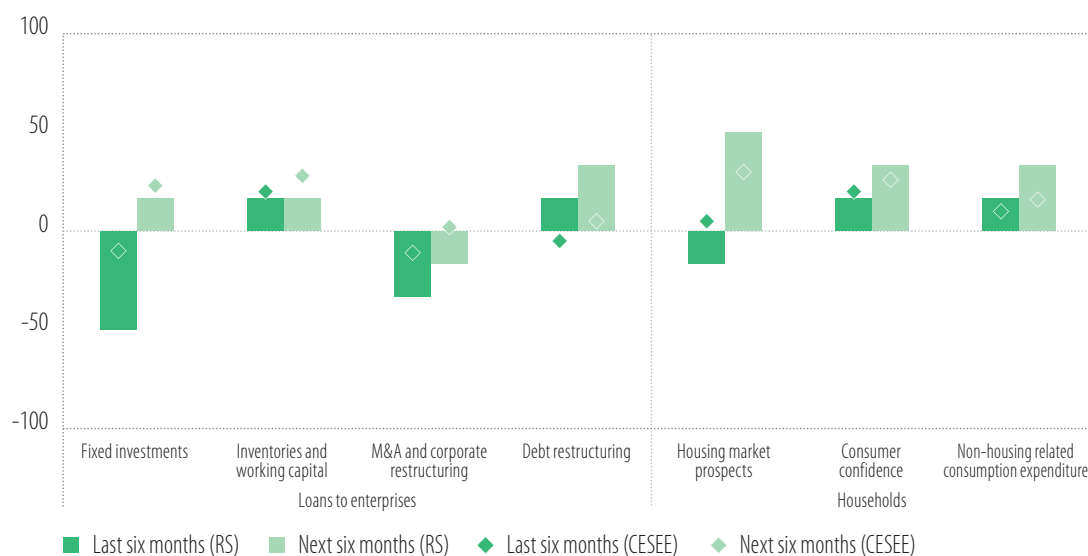
**Figure 3**  
Demand components and segments (in %)



Source: EIB – CESEE Bank Lending Survey.  
Note: The chart shows net percentages, with positive values indicating increasing demand. See Question B.Q5 in the Annex.

The expected recovery is supported by the improved outlook in the housing market and stronger consumer confidence.

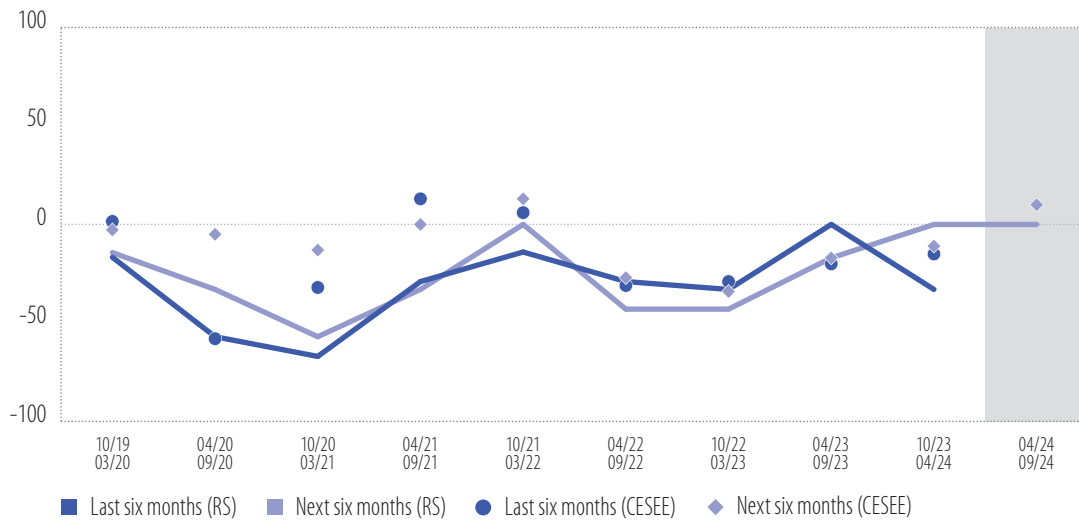
**Figure 4**  
Factors affecting demand for loans (in %)



Source: EIB – CESEE Bank Lending Survey.  
Note: The chart shows net percentages, with positive values indicating a positive contribution to demand. M&A refers to mergers and acquisitions. See Question B.Q7 in the Annex.

Credit supply is expected to recover, in line with regional trends, despite the recent contraction.

**Figure 5**  
Aggregate supply developments (in %)

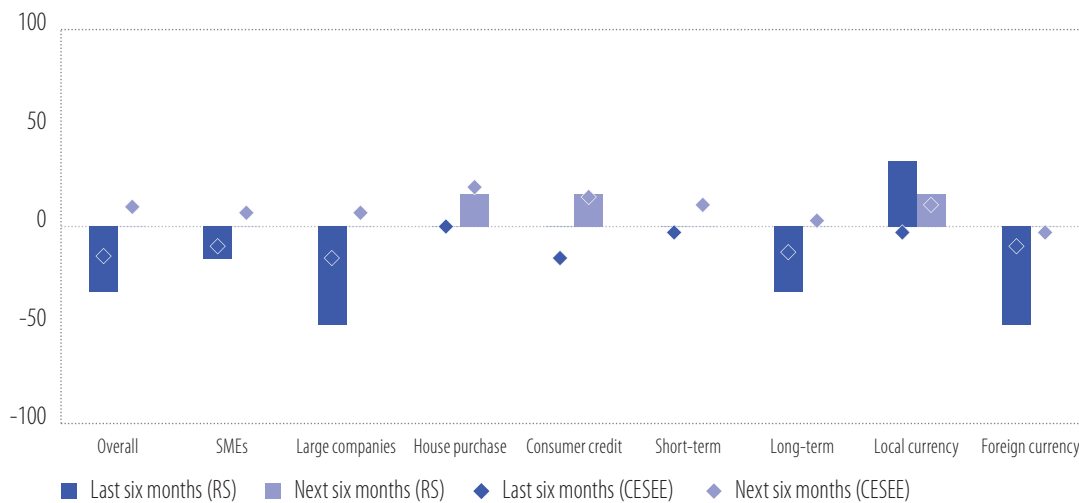


Source: EIB – CESEE Bank Lending Survey.

Note: The chart shows net percentages, with positive values indicating easing supply. The two expectations series (light purple line and diamonds) are shifted forward to be comparable to the perceptions series (dark purple line and circles). In other words, expectations reported at time  $t$  for the next six months are plotted on the chart at time  $t + 1$ . See Question B.Q1 in the Annex.

Supply conditions are expected to improve for the household sector, while they may stay neutral for the corporate segments.

**Figure 6**  
Supply components and segments (in %)

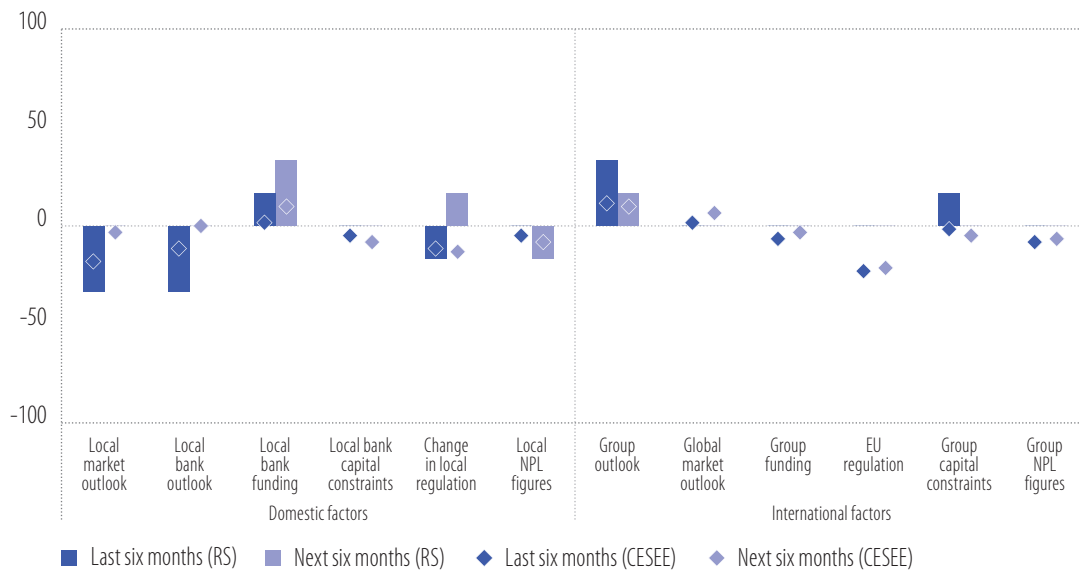


Source: EIB – CESEE Bank Lending Survey.

Note: The chart shows net percentages, with positive values indicating easing supply conditions. See Question B.Q1 in the Annex.

Domestic funding conditions, regulatory changes and the parent bank outlook are expected to contribute positively to credit supply.

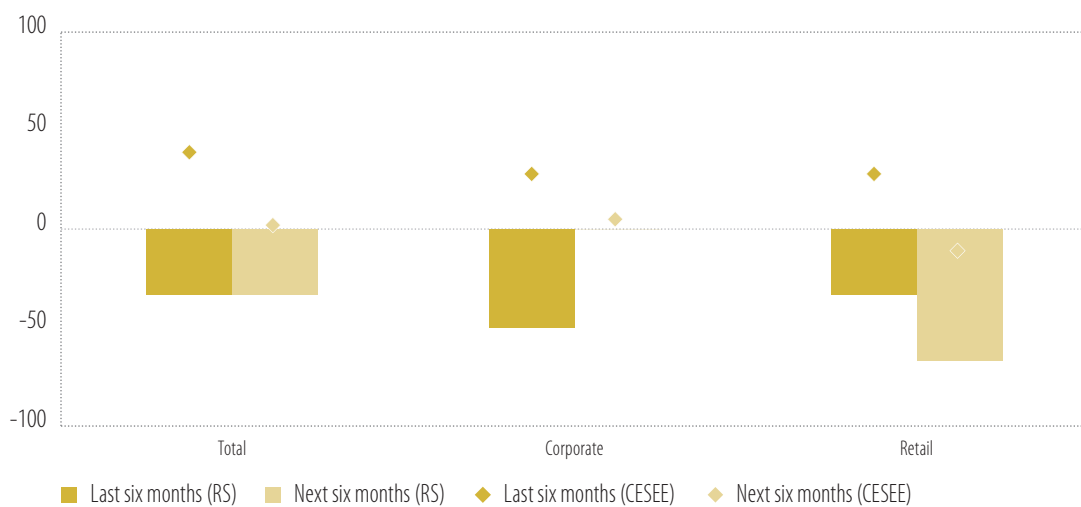
**Figure 7**  
Factors contributing to supply conditions (in %)



Source: EIB – CESEE Bank Lending Survey.  
Note: The chart shows net percentages, with positive values indicating a positive contribution to supply. See Question B.Q4 in the Annex.

Credit quality is expected to deteriorate, particularly in the retail segment.

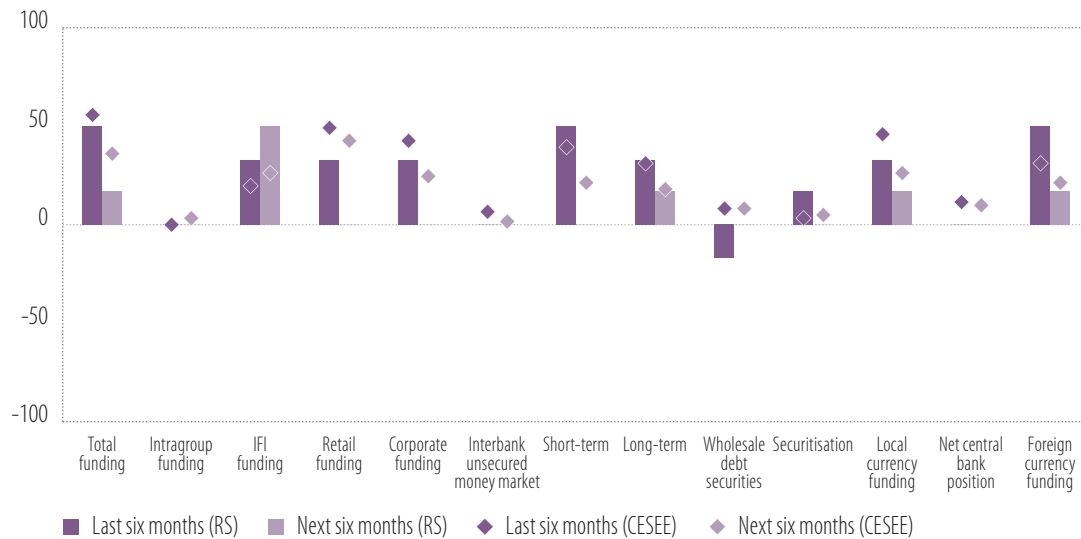
**Figure 8**  
Credit quality and non-performing loan ratios (in %)



Source: EIB – CESEE Bank Lending Survey.  
Note: The chart shows net percentages, with positive values indicating improving credit quality (in other words, decreasing NPL ratios). See Question B.Q8 in the Annex.

Funding conditions are expected to remain favourable, albeit less than in the past six months, supported by funding from international financial institutions (IFIs).

**Figure 9**  
**Access to funding (in %)**



Source: EIB – CESEE Bank Lending Survey.

Note: The chart shows net percentages, with positive values indicating improved access to funding. See Question B.Q9 in the Annex.

# Slovakia

**Loan demand is set to recover. Banks report that on balance, their clients' demand for loans fell over the last six months but that demand will improve, while the conditions for the supply of bank loans are likely to remain unchanged. Banks expect loan quality to remain broadly unchanged and their own funding position to continue to improve.**

## Summary

**Group assessment of positioning and market potential:** Banking groups see Slovakia's market potential as medium (75%) or high (25%). Some report lower profitability than their parent bank.

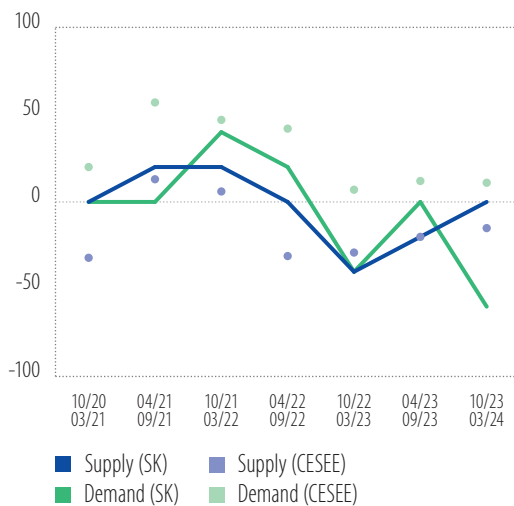
**Credit demand** is expected to improve across product lines, especially in the mortgage market.

**Credit supply conditions** (indicating the banks' willingness to extend credit to their clients) are expected to remain unchanged, as in the rest of the region.

**Access to funding:** Banks report that their funding conditions have improved for both retail and corporate funding and are expected to improve further.

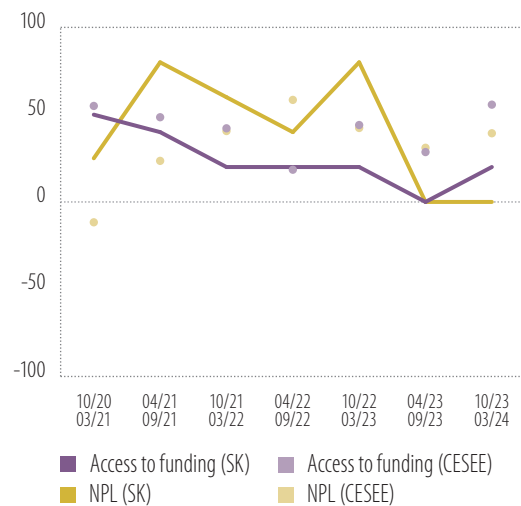
**Non-performing loan (NPL) ratios** are expected to remain broadly unchanged.

**Credit supply and credit demand (in %)**



Source: EIB – CESEE Bank Lending Survey.  
Note: All values are net percentages. Positive values denote increasing (easing) demand (supply).

**Access to funding and credit quality (in %)**

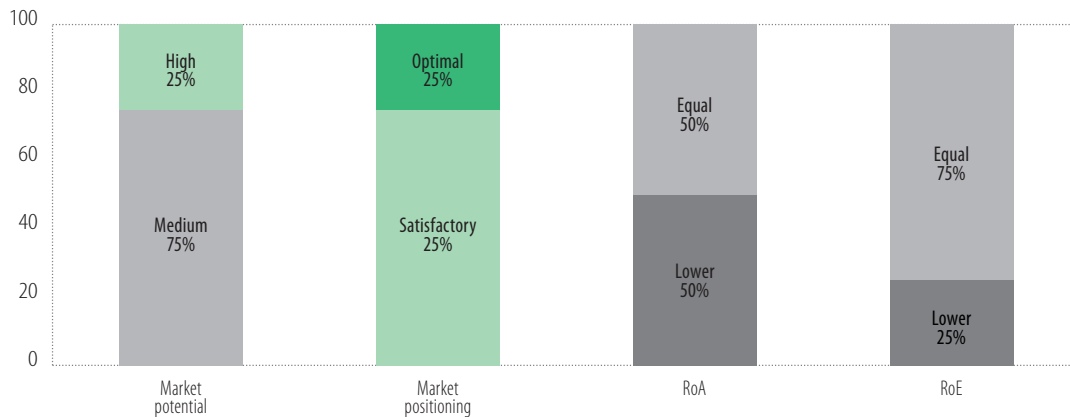


Source: EIB – CESEE Bank Lending Survey.  
Note: All values are net percentages. Access to funding: Positive values indicate increased access. NPL: Negative values indicate an increase in the non-performing loan ratio.

## CESEE Bank Lending Survey results – parent bank level

Banking Groups see Slovakia's market potential as medium (75%) or high (25%). Some report lower profitability than their parent bank.

**Figure 1**  
Market potential and positioning



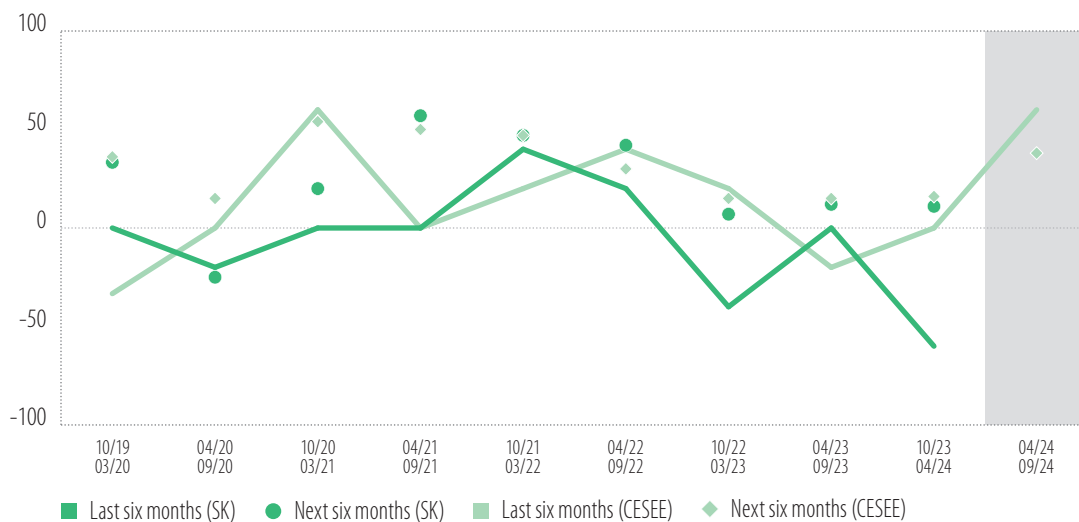
Source: EIB – CESEE Bank Lending Survey.

Note: RoA: return on assets (adjusted for cost of risk) compared to overall group operations; RoE: return on equity (adjusted for cost of equity) compared to overall group RoE. See Question A.Q1 in the Annex.

## CESEE Bank Lending Survey results – local bank/subsidiary level

Credit demand is set to significantly strengthen after a weak six months, in line with regional trends.

**Figure 2**  
Aggregate demand developments (in %)

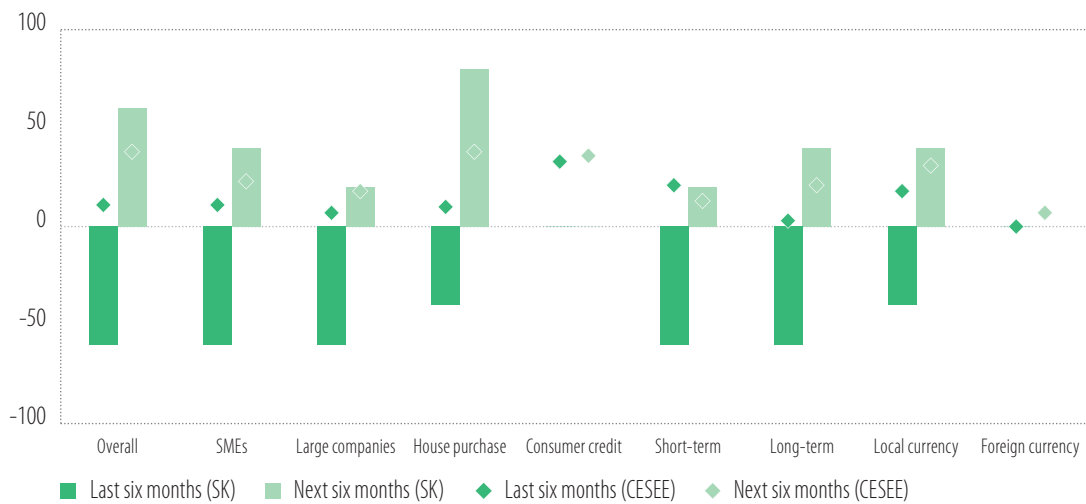


Source: EIB – CESEE Bank Lending Survey.

Note: The chart shows net percentages, with positive values indicating increasing demand. The two expectations series (light green line and diamonds) are shifted forward to be comparable to the perceptions series (dark green line and circles). In other words, expectations reported at time t for the next six months are plotted on the chart at time t+1. See question B.Q5 in the Annex.

Demand for loans is expected to improve across most product lines, but banks are most optimistic about the mortgage market.

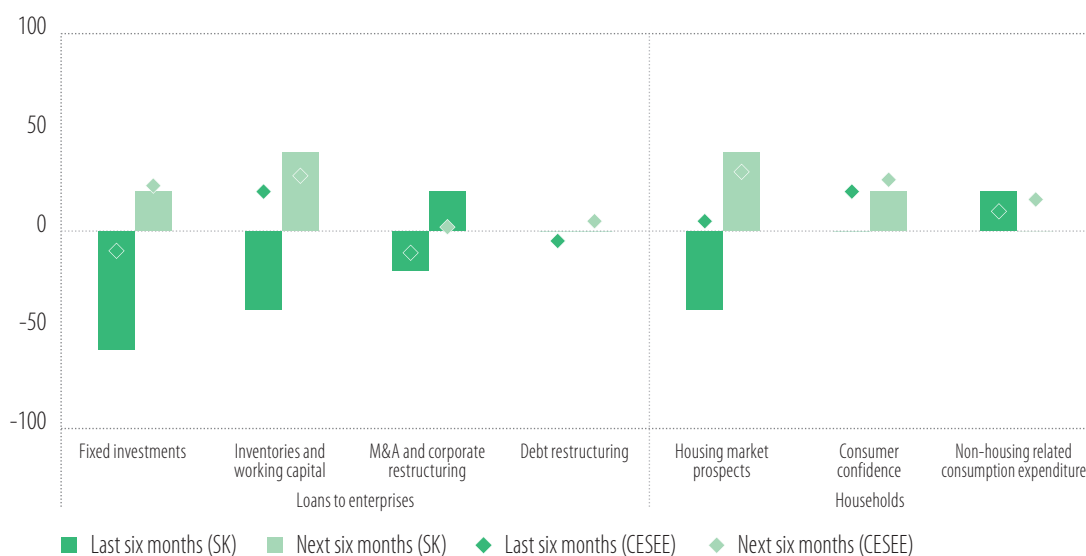
**Figure 3**  
Demand components and segments (in %)



Source: EIB – CESEE Bank Lending Survey.  
Note: The chart shows net percentages, with positive values indicating increasing demand. See Question B.Q5 in the Annex.

Loan demand in the next six months is expected to improve most for working capital and house purchases.

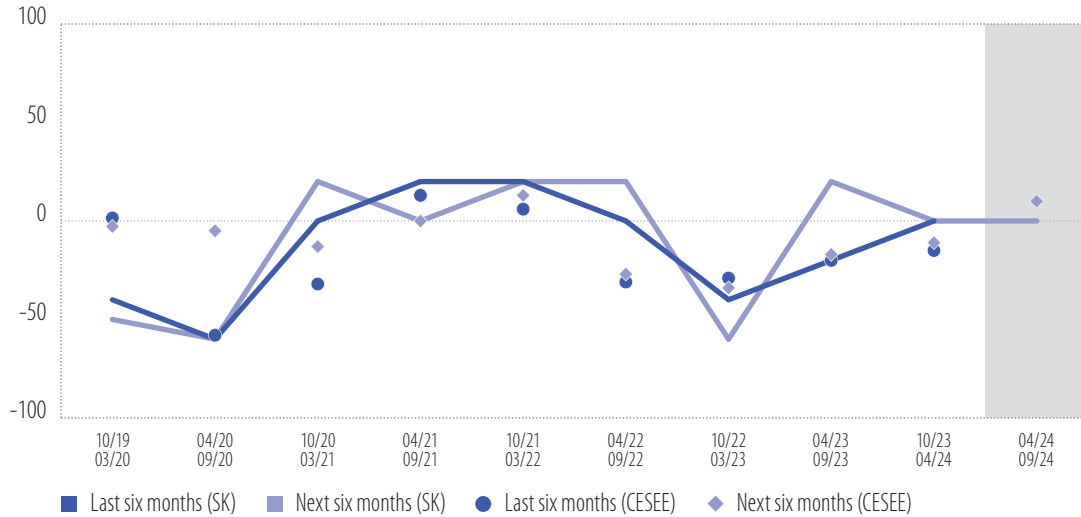
**Figure 4**  
Factors affecting demand for loans (in %)



Source: EIB – CESEE Bank Lending Survey.  
Note: The chart shows net percentages, with positive values indicating a positive contribution to demand. M&A refers to mergers and acquisitions. See Question B.Q7 in the Annex.

Credit supply is expected to remain unchanged, as in the rest of the region.

**Figure 5**  
Aggregate supply developments (in %)



Source: EIB – CESEE Bank Lending Survey.  
Note: The chart shows net percentages, with positive values indicating easing supply. The two expectations series (light purple line and diamonds) are shifted forward to be comparable to the perceptions series (dark purple and circles). In other words, expectations reported at time *t* for the next six months are plotted on the chart at time *t* + 1. See Question B.Q1 in the Annex.

Banks expect credit supply to remain unchanged for all types of lending.

**Figure 6**  
Supply components and segments (in %)

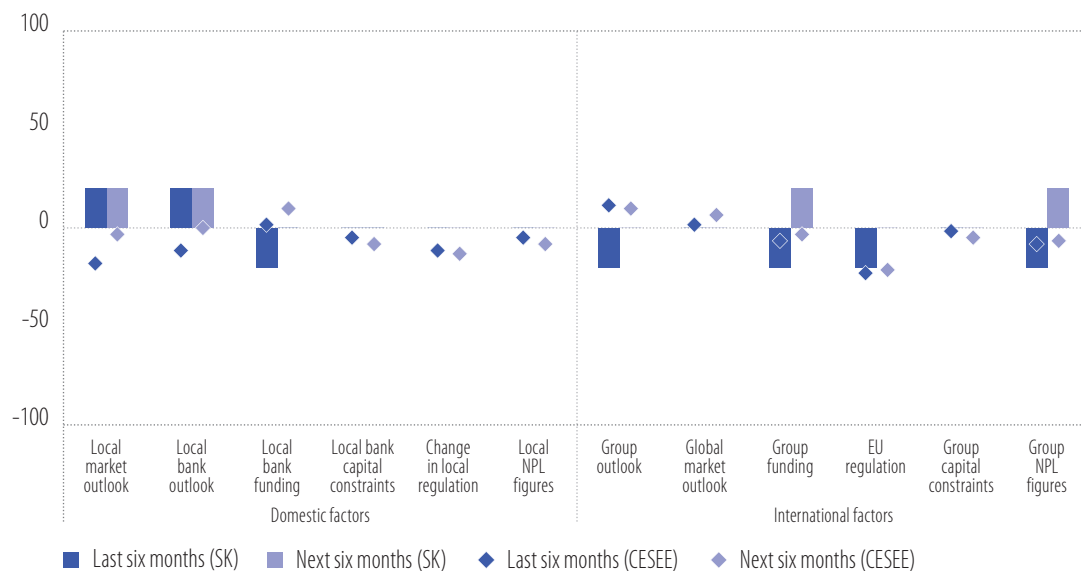


Source: EIB – CESEE Bank Lending Survey.  
Note: The chart shows net percentages, with positive values indicating easing supply conditions. See Question B.Q1 in the Annex.



Banks became slightly more optimistic regarding the impact of the domestic outlook on loan supply, and slightly more pessimistic regarding the international outlook.

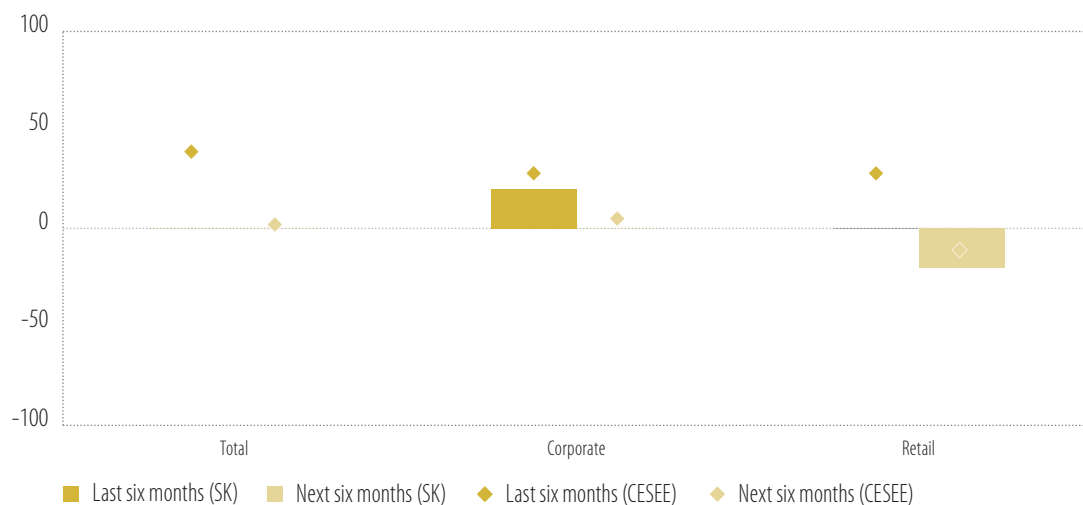
**Figure 7**  
Factors contributing to supply conditions (in %)



Source: EIB – CESEE Bank Lending Survey.  
Note: The chart shows net percentages, with positive values indicating a positive contribution to supply. See Question B.Q4 in the Annex.

Banks expect credit quality to remain broadly unchanged, though they are slightly more pessimistic regarding the retail segment.

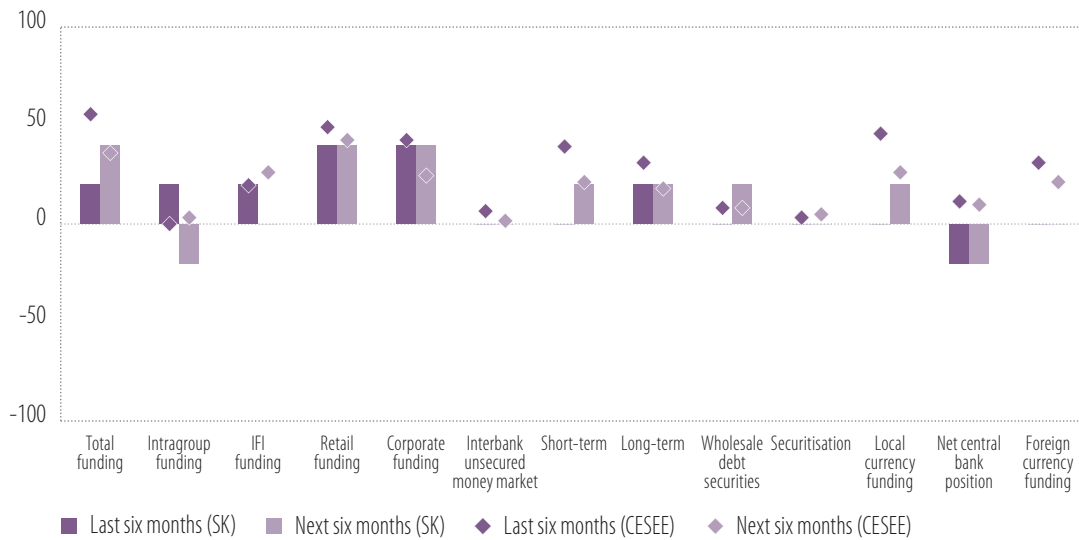
**Figure 8**  
Credit quality and non-performing loan ratios (in %)



Source: EIB – CESEE Bank Lending Survey.  
Note: The chart shows net percentages, with positive values indicating improving credit quality (in other words, decreasing NPL ratios). See Question B.Q8 in the Annex.

Banks in Slovakia report that their funding conditions have improved for both retail and corporate funding, including for long-term funding. As in the rest of the region, they expect the improvement to continue.

**Figure 9**  
**Access to funding (in %)**



Source: EIB – CESEE Bank Lending Survey.

Note: The chart shows net percentages, with positive values indicating improved access to funding. See Question B.Q9 in the Annex.

# Annex

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## Non-performing loan (NPL) figures

### Non-performing loans in % of total loans (more than 90 days overdue)

	AL	BA	BG	HR	CZ	HU	KS	MK	PL	RO	RS	SK	CESEE
2024Q1								2.90					
2023Q4	4.74	3.82	3.63	2.62	1.67	2.60	2.00	2.65	5.40	2.33	3.00	1.70	3.61
2023Q3	5.24	3.97	3.81	2.66	1.76	2.75	2.00	2.71	5.70	2.61	3.00	1.77	3.81
2023Q2	5.20	4.08	3.80	2.99	1.80	2.81	2.00	2.79	5.60	2.65	3.00	1.66	3.79
2023Q1	5.15	4.20	4.05	3.17	1.90	3.21	2.00	2.76	5.50	2.73	3.00	1.67	3.83
2022Q4	5.00	4.50	4.63	3.01	1.90	3.21	2.00	2.83	5.60	2.65	3.00	1.69	3.89
2022Q3	5.06	4.90	5.09	3.29	2.00	3.41	2.10	3.24	5.70	2.82	3.20	1.82	4.04
2022Q2	5.32	5.20	5.24	3.82	2.10	3.47	2.10	3.21	5.60	3.01	3.26	1.93	4.08
2022Q1	5.24	5.40	5.50	4.16	2.30	3.15	2.10	3.06	5.70	3.31	3.40	1.97	4.19
2021Q4	5.65	5.78	6.03	4.33	2.40	3.20	2.30	3.20	5.80	3.35	3.50	1.90	4.30
2021Q3	6.49	5.55	6.44	4.68	2.60	3.04	2.40	3.49	6.30	3.65	3.55	1.98	4.61
2021Q2	7.12	5.70	6.72	5.07	2.70	3.40	2.50	3.44	6.50	3.78	3.60	2.10	4.79
2021Q1	7.96	6.00	7.10	5.27	2.80	3.57	2.70	3.39	6.80	3.94	3.90	2.23	5.02
2020Q4	8.11	6.10	7.45	5.43	2.70	3.60	2.70	3.28	7.00	3.83	3.70	2.34	5.12
2020Q3	8.30	6.60	7.78	5.49	2.30	3.84	2.70	3.33	7.00	4.06	3.40	2.48	5.13
2020Q2	8.09	6.70	8.11	5.50	2.40	3.98	2.60	4.56	6.90	4.38	3.70	2.69	5.20
2020Q1	8.21	6.60	8.00	5.39	2.40	4.15	2.90	4.83	6.60	3.94	4.00	2.81	5.06
2019Q4	8.37	7.40	6.62	5.53	2.50	4.06	2.00	4.61	6.60	4.09	4.10	2.81	5.04
2019Q3	10.61	7.74	7.56	6.03	2.70	4.48	2.30	4.81	6.80	4.58	4.70	2.80	5.37
2019Q2	11.23	8.03	7.31	7.25	2.80	4.92	2.50	5.36	6.80	4.74	5.20	2.89	5.54
2019Q1	11.38	8.50	7.55	7.40	3.20	5.22	2.60	5.11	6.80	4.90	5.50	2.95	5.69
2018Q4	11.08	8.80	7.80	7.56	3.30	5.43	2.70	5.11	6.80	4.96	5.70	3.06	5.77
2018Q3	12.89	9.39	8.68	8.07	3.30	6.17	2.80	4.95	7.00	5.56	6.41	3.40	6.14
2018Q2	13.27	9.31	9.29	8.89	3.40	6.59	2.80	5.02	7.10	5.71	7.81	3.46	6.39
2018Q1	13.43	9.66	9.56	8.92	3.60	6.98	2.90	5.04	7.70	6.16	9.20	3.60	6.81
2017Q4	13.23	10.05	10.43	11.35	4.00	7.52	3.10	6.24	6.80	6.41	9.85	3.61	6.85
2017Q3	14.78	10.78	11.73	12.51	4.00	8.47	3.60	6.49	6.90	7.96	12.21	3.92	7.42
2017Q2	15.58	11.09	12.39	13.16	4.30	9.23	3.90	6.63	6.90	8.32	15.58	4.02	7.80
2017Q1	17.44	11.49	12.92	13.91	4.50	10.16	4.50	6.18	6.90	9.36	16.82	4.26	8.21
2016Q4	18.27	11.78	13.17	13.80	4.80	10.75	4.90	6.39	7.10	9.62	17.03	4.37	8.49
2016Q3	21.29	12.12	14.02	14.65	5.20	12.50	5.10	7.19	7.30	10.00	19.51	4.67	9.10
2016Q2	19.96	12.11	14.40	14.99	5.30	13.59	5.30	7.41	7.30	11.30	20.22	4.70	9.42
2016Q1	19.31	13.24	14.74	16.12	5.50	14.50	5.90	10.52	7.40	13.52	20.92	4.71	10.00
2015Q4	18.22	13.71	14.51	16.65	5.80	13.59	6.20	10.43	7.50	13.51	21.58	4.81	10.00
2015Q3	20.57	13.83	14.48	17.05	6.10	15.54	6.80	11.26	7.90	15.73	21.98	5.31	10.74
2015Q2	20.94	14.07	15.01	17.34	6.00	14.90	7.20	11.02	8.00	16.20	22.78	5.48	10.83

Source: WIIW.

**Credit to private sector, y/y growth rate**

	AL	BA	BG	HR	CZ	HU	KS	MK	PL	RO	RS	SK	CESEE
2024Q1	6.75		12.37				12.63	6.14		4.19	1.29		
2023Q4	3.84	6.79	11.13	8.36	6.55	3.27	12.53	5.04	-2.49	5.93	1.02	3.00	1.40
2023Q3	0.66	6.07	10.20	7.99	4.58	2.31	13.18	5.77	-4.17	3.96	-0.49	4.03	-0.03
2023Q2	1.43	5.04	10.87	9.18	5.37	6.99	14.32	6.49	-3.09	5.79	0.33	6.18	0.89
2023Q1	3.76	5.05	10.80	10.18	3.30	11.52	14.60	6.51	-1.26	9.25	2.70	8.39	2.97
2022Q4	7.01	5.26	12.22	10.89	4.52	11.58	16.06	9.36	0.23	11.21	6.46	10.83	5.77
2022Q3	12.77	4.69	13.09	10.45	7.03	14.96	18.32	9.92	4.82	15.12	11.16	11.77	8.85
2022Q2	12.46	4.77	12.36	7.35	8.06	13.36	17.34	9.94	5.66	16.65	12.81	11.32	9.16
2022Q1	12.16	4.26	10.53	4.65	9.28	9.77	18.37	9.79	5.38	14.96	12.38	8.77	8.33
2021Q4	9.55	3.70	8.27	2.77	8.36	12.83	15.42	8.23	4.61	14.26	10.23	7.19	7.52
2021Q3	7.20	2.74	7.33	3.09	6.32	11.49	12.25	6.17	2.89	12.96	6.92	5.98	5.91
2021Q2	6.06	2.05	6.20	2.65	4.18	10.26	12.23	5.01	0.47	10.88	7.26	5.08	4.08
2021Q1	2.42	-0.40	4.51	1.50	3.21	9.01	7.68	5.12	-2.04	6.93	8.93	5.12	2.33
2020Q4	6.92	-2.50	4.46	1.93	4.10	13.45	7.07	4.61	0.42	5.00	11.06	5.02	3.64
2020Q3	5.32	-0.55	4.25	2.49	4.75	12.55	7.65	7.40	0.56	4.19	14.38	5.29	3.84
2020Q2	6.60	0.36	4.88	1.74	5.61	13.68	6.39	6.71	2.91	4.10	13.89	6.05	5.03
2020Q1	8.85	3.46	7.05	3.31	6.40	18.36	9.17	5.88	5.97	6.23	11.47	6.56	7.13
2019Q4	6.62	6.68	7.36	3.49	5.20	13.14	10.02	6.07	4.65	7.02	8.93	6.55	6.03
2019Q3	5.06	6.04	6.51	2.10	5.15	13.25	10.26	5.53	6.05	7.15	9.71	7.63	6.62
2019Q2	3.62	6.03	5.98	2.42	5.43	11.37	10.51	8.07	5.34	6.66	8.95	7.22	6.12
2019Q1	-0.77	5.28	7.51	3.52	6.79	11.53	11.47	8.97	7.07	7.73	9.61	8.54	7.42
2018Q4	-3.59	5.48	7.54	2.63	6.83	10.57	10.81	7.21	7.17	7.84	9.91	9.78	7.46
2018Q3	-3.53	6.32	6.10	2.50	6.70	9.63	11.47	7.83	5.84	6.44	6.40	9.52	6.50
2018Q2	-2.44	6.98	5.73	2.53	6.12	8.72	11.41	6.15	5.50	6.95	4.44	10.20	6.22
2018Q1	0.36	7.19	3.80	0.86	5.52	5.05	10.57	5.65	4.44	5.89	2.16	9.86	5.07
2017Q4	0.72	7.33	3.27	1.51	6.53	5.47	11.65	5.43	3.08	5.26	2.13	9.85	4.65
2017Q3	0.88	7.34	4.14	0.70	6.47	4.63	10.26	4.01	4.10	7.24	0.77	11.20	5.25
2017Q2	-1.52	6.22	3.57	0.24	7.27	2.30	10.17	4.09	4.02	3.94	2.21	11.74	4.89
2017Q1	0.09	4.75	3.33	-1.22	6.75	0.14	10.93	-1.16	4.69	2.67	4.48	11.24	4.69
2016Q4	0.24	3.54	0.97	-3.30	6.73	-1.33	10.50	-0.06	5.28	0.89	2.35	9.30	4.19
2016Q3	0.49	2.41	-0.69	-4.44	6.48	-4.59	9.67	1.52	4.90	0.46	5.97	8.75	3.64
2016Q2	-0.10	2.18	-1.21	-5.41	6.51	-5.75	8.33	2.50	5.22	0.57	4.65	7.36	3.42
2016Q1	-2.05	3.31	-2.27	-5.47	7.94	-6.44	8.80	8.53	5.38	2.34	2.07	8.02	3.80
2015Q4	-2.64	2.02	-1.57	-2.83	6.63	-12.34	7.23	9.60	7.07	2.50	3.02	9.69	4.18
2015Q3	-1.89	0.96	-10.07	-1.58	8.57	-9.36	7.76	8.89	6.43	0.37	3.11	8.15	3.70
2015Q2	0.72	0.69	-10.17	-0.86	5.88	-8.26	7.87	9.09	6.82	-0.45	5.43	8.69	3.58

Source: *WIIW*.

## The Questionnaire – PART A

### A.Q1 – How do you assess in each country...

Country	... Market potential	... Your subsidiary's current positioning	... Return on assets (adjusted for cost of risk)	... Return on assets (adjusted for cost of risk) compared to overall group RoA	... Return on equity (adjusted for cost of equity)	... Return on equity (adjusted for cost of equity) compared to overall group RoE
Albania						
Bosnia and Herzegovina						
Bulgaria						
Croatia						
Czechia						
Estonia						
Hungary						
Kosovo*						
Latvia						
Lithuania						
Macedonia						
Poland						
Romania						
Serbia						
Slovakia						
Slovenia						
Ukraine						

### A.Q2 – Strategic operations: Has your group conducted strategic operations to increase the capital ratio and/or will it conduct strategic operations? If yes, which type?

	LAST six months	NEXT six months
Strategic restructuring		
Sale of assets		
Sale of branches of activities		
Raising capital on the market		
State contribution to capital		

\* This designation is without prejudice to positions on status and it is in line with UNSCR 1244/1999 and the ICJ Opinion on the Kosovo declaration of independence.

**A.Q3 – Group funding: group's access to funding...**

	...How has it changed over the <b>LAST</b> six months?	...How do you expect it to change over the <b>NEXT</b> six months?
<b>Total</b>		
Retail (deposits and bonds to clients)		
Corporate (deposits and bonds to clients)		
Interbank market		
International financial institutions (IFIs)		
Wholesale debt securities		
Loans or credit lines from the central bank		
Securitisation		
Short-term funding (any source)		
Long-term funding (any source)		

**A.Q4 – Deleveraging: Over the next six months, you expect the loan-to-deposit ratio of your group to...**

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**A.Q5 – Longer-term strategic approach (beyond 12 months): Looking at operations via subsidiaries in CESEE, your group intends to...**

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**A.Q6 – Profitability of the strategy in the CESEE region: The contribution of activities in CESEE in total return on assets (RoA) of the group is/will...**

	LAST six months	NEXT six months

**A.Q7 – Profitability of the strategy in the CESEE region: Return on assets (RoA) of your CESEE operations is higher/lower/equal to that for the overall group...**

	LAST six months	NEXT six months



**A.Q8 – Group total exposure to CESEE: Concerning cross-border operations to CESEE countries, your group did/intends to...**

	LAST six months	NEXT six months
<b>Total Exposure</b>		
Exposure to subsidiaries – intragroup funding		
Exposure to subsidiaries – capital		
Direct cross-border lending to domestic clients, booked in the balance sheet of the parent company		
MFIs (monetary financial institutions) – funding to banks not part of the group, booked in the balance sheet of the parent company		

**A.Q9 – Conditions of your funding to your own subsidiaries in CESEE...**

	...How have they changed over the LAST six months?	...How do you expect them to change over the NEXT six months?
Overall		
Pricing		
Maturity		



## The Questionnaire – PART B

### B.Q1 – Credit supply: Bank’s (local subsidiary’s) credit standards applied when assessing credit applications...

	...How have they changed over the LAST six months?	...How do you expect them to change over the NEXT six months?
<b>Overall</b>		
Loans to small and medium-sized enterprises		
Loans to large companies		
Loans to households for house purchase		
Consumer credit (other than loans for house purchase)		
Short-term loans		
Long-term loans		
Local currency		
Foreign currency		

### B.Q2 – Credit supply: Bank’s (local subsidiary’s) approval rate for loan applications...

	...How has it changed over the LAST six months?	...How do you expect it to change over the NEXT six months?
<b>Overall</b>		
Loans to small and medium-sized enterprises		
Loans to large companies		
Loans to households for house purchase		
Consumer credit (other than loans for house purchase)		
Short-term loans		
Long-term loans		
Local currency		
Foreign currency		

**B.Q3 – Credit supply: Have the bank’s conditions and terms (maturity, pricing, size of average loan, etc.) for approving loans or credit lines changed/will they change?**

	Over the LAST six months	Over the NEXT six months
A) Your bank's margin on average loan (wider margin = --, narrower margin = ++)		
B) Size of the average loan or credit line		
C) Maturity		
D) Non-interest rate charges		
E) Collateral requirements		

**B.Q4 – Factors affecting your bank’s credit standards (credit supply):  
Have the following domestic and international factors contributed to the tightening (or easing) of your credit standards over the last six months, and do you expect them to contribute to the tightening (or easing) of your credit standards over the next six months?**

	...How has it changed over the LAST six months?	...How do you expect it to change over the NEXT six months?
<b>Impact on credit standards</b>		
<b>A) Domestic factors – affecting your subsidiary</b>		
i) Local market outlook		
ii) Local bank outlook		
iii) Local bank access to total funding		
a) of which: domestic		
b) of which: international/intragroup		
iv) Local bank capital constraints		
v) Change in local regulation		
vi) Competition		
vii) Credit quality (non-performing loans)		
viii) Bank's liquidity position		
ix) Risk on collateral demanded		
<b>B) International factors – affecting your subsidiary</b>		
i) Group company outlook		
ii) Global market outlook		
iii) Overall group access to funding		
iv) EU regulation		
v) Group capital constraints		
vi) Global competition		
vii) Credit quality (non-performing loans)		

**B.Q5 – Loan applications: Demand for loans or credit lines to enterprises and households (to your local subsidiary/branch)...**

	...How has it changed over the <b>LAST</b> six months?	...How do you expect it to change over the <b>NEXT</b> six months?
<b>Overall</b>		
Loans to small and medium-sized enterprises		
Loans to large companies		
Loans to households for house purchase		
Consumer credit (other than loans for house purchase)		
Short-term loans		
Long-term loans		
Local currency		
Foreign currency		

**B.Q7 – Factors affecting clients' demand for loan applications**

	How have they changed over the <b>LAST</b> six months?	How do you expect them to change over the <b>NEXT</b> six months?
<b>Loans or credit lines to enterprises</b>		
<b>A) Financing needs</b>		
Fixed investments		
Inventories and working capital		
Mergers and acquisitions and corporate restructuring		
Debt restructuring		
<b>Loans to households</b>		
<b>A) Financing needs</b>		
Housing market prospects		
Consumer confidence		
Non-housing related consumption expenditure		

**B.Q8 – Gross non-performing loan ratio in your local subsidiary/branch (excluding extraordinary operations)**

	Has the non-performing loan ratio changed over the <b>LAST</b> six months?	How do you expect the non-performing loan ratio to change over the <b>NEXT</b> six months?
<b>Total</b>		
Retail		
Corporate		

**B.Q9 – In terms of funding: Has access to funding of your local subsidiary/branch changed over the last six months, or do you expect it to change over the next six months?**

	Over the <b>LAST</b> six months	Over the <b>NEXT</b> six months
<b>A) Total funding</b>		
<b>A.1) Intragroup funding</b>		
<b>A.2) International financial institution (IFI) funding</b>		
<b>A.3) Retail funding</b> (deposits and bonds to clients)		
<b>A.4) Corporate funding</b> (deposits and bonds to clients)		
<b>A.5) Interbank unsecured money market</b>		
<b>A.6) Wholesale debt securities</b>		
<b>A.7) Securitisation</b>		
<b>A.8) Net central bank position</b>		
<b>B.1) Local currency funding</b>		
<b>B.2) Short-term</b> (less than 1 year)		
<b>C.1) Long-term</b> (more than 1 year)		
<b>C.2) Foreign currency funding</b>		



# Central, Eastern and South-Eastern Europe (CESEE) Bank Lending Survey

First half of 2024



European  
Investment Bank