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

Second 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 inde-
pendence.

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[1] 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).

Autumn 2024 survey wave: conducted during September-October 2024. In this report, "the last six months" refers to the period between May 2024 and September 2024, and "the next six months" refers to the period between October 2024 and March 2025. 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 the 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 concerning the exposure of cross-border banks and the Bank Lending Survey of the European Central Bank (which includes euro area countries only).

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1 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, Eastern and South-Eastern Europe (central banks and regulators; commercial banks; international financial institutions). For more information on the Vienna Initiative, see: Vienna Initiative (eib.org) and Vienna Initiative (vienna-initiative.com).

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 components covering the last six months and components referring to expectations for the next six months.

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. Its 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 bank's 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

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

Regional overview

Credit demand and – for the first time in two years – credit supply, were positive in the last six months. However, expectations for the next six months are less optimistic, with retail business slowing down. The exposure of groups to Central, Eastern and South-Eastern Europe grew and is expected to continue growing. Market potential is considered medium (mainly in the Western Balkans) or high, but never low.

Summary

Credit demand and credit supply: Both credit demand and supply improved in the last six months in Central, Eastern and South-Eastern Europe (CESEE). The CESEE Bank Lending Survey, which collected data in September and October 2024, helps disentangle the credit willingness of clients to borrow, and of banks to extend credit to their clients) in the region. **Credit demand** strengthened significantly, driven by retail business (mortgages and consumer credit). **Credit supply** turned positive after four six-month periods in negative territory (characterised by a decreasing appetite of banks to provide credit, which began in early 2022, following Russia's full-scale invasion of Ukraine). The main driver was business from small and medium-sized enterprises, according to the surveyed banks. However, both demand and supply are expected to soften in the period ahead, reflecting a weaker economic cycle in Europe and possibly in the region.

International banking group strategies: Most parent banks in Central, Eastern and South-Eastern European countries have maintained their level of exposure in the region in the last six months and expect to grow further. When asked about their **long-term strategies**, 45% of cross-border banking groups signalled they wanted to selectively expand (down from 58% in the first part of 2024) or maintain the same level of operations in the region (55%).

Market potential is assessed mainly as high (especially in Czechia and Romania) or medium (mainly in the Western Balkan markets), and practically never low (out of all the surveyed banks, only one bank in Slovenia sees the market potential as low). Banks say **profitability** is higher in the region than for overall group operations (especially in Hungary and Kosovo). This is significant since banks worldwide are experiencing a particularly profitable period, and even more so banks with activities in Central, Eastern and South-Eastern Europe. The picture is even rosier for most of the banks in the Western Balkan countries, with Albania being the only exception.

Access to funding for subsidiaries in the region remained strong, driven by retail funding (that is, retail deposits) but also wholesale debt, and is expected to remain favourable.

Credit quality improved in the last six months (fewer non-performing loans), in line with banks' expectations during the previous survey round. However, credit quality expectations are lowering again on retail and corporate business.

Figure 1
Banking outlook in CESEE (in %)
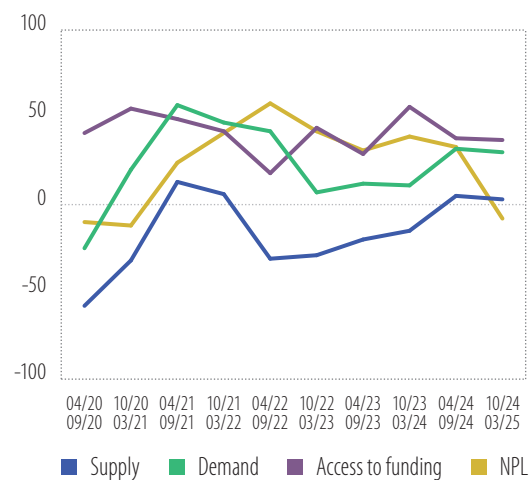
Source: EIB – CESEE Bank Lending Survey.
Note: All values are net percentages. Supply/demand: Positive values denote increasing (easing) demand (supply). Access to funding: Positive values indicate increased access to funding. NPL: Negative values indicate increasing non-performing loan ratios.

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, banking groups in the region are increasing their loan-to-deposit ratio or keeping it stable.

Around a quarter of banks said they sold some assets or branches (around 10%) or restructured their activities (around 10%) 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 2019 but had already slowed considerably in recent years. Now most banks predict the loan-to-deposit ratio will remain stable, and a quarter predict the ratio will increase (Figure 3). None of the banking groups expect the ratio to decrease.

Figure 2
Strategic operations to increase capital ratio (in %)
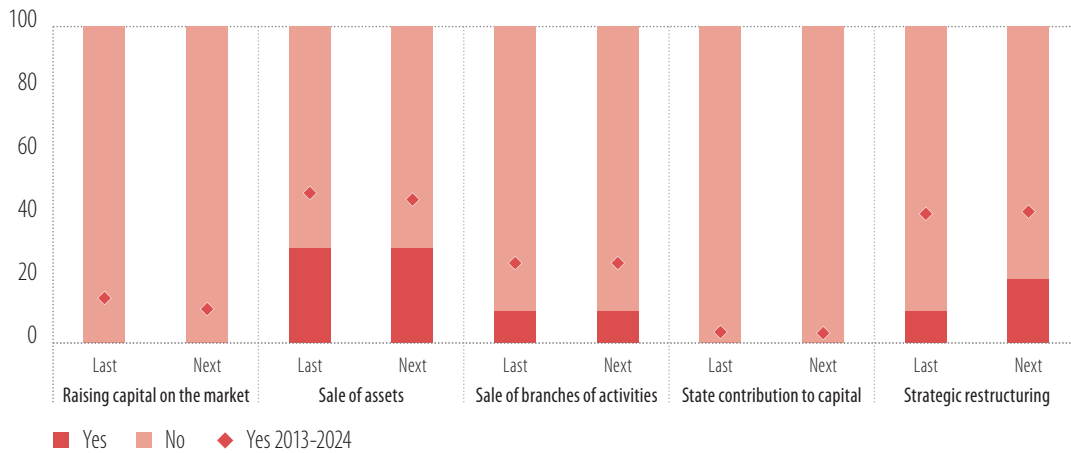
Source: *EIB – CESEE Bank Lending Survey.*
Note: *"Last" indicates the last six months (March 2024 to September 2024). "Next" indicates the next six months (September 2024 to March 2025). See Question A.Q2 in the Annex.*

Figure 3
**Deleveraging: Loan-to-deposit ratio (expectations over the next six months)** (in %)
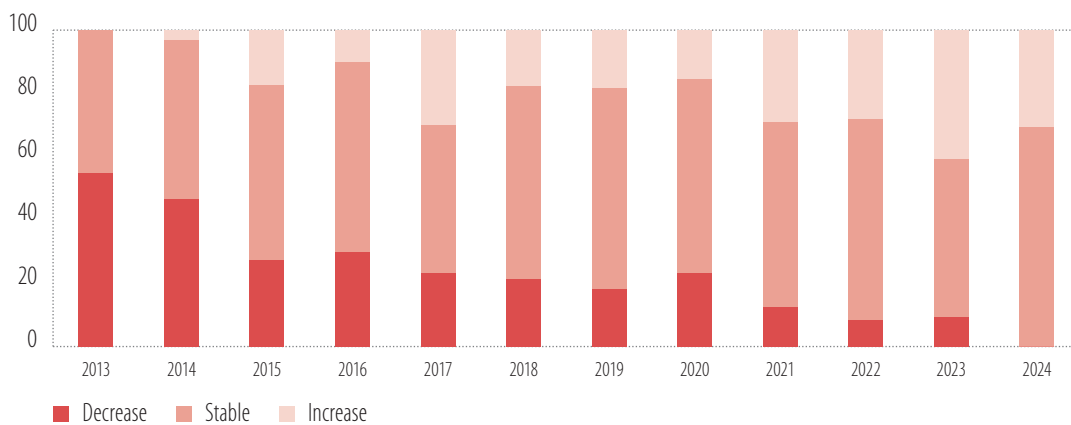
Source: *EIB – CESEE Bank Lending Survey.*
Note: *See Question A.Q4 in the Annex.*

Access to funding at the group level remained good over the last six months, mainly thanks to retail funding (like previous years) and wholesale debt. The funding situation at the group level is expected to improve further in the next six months, again driven by the retail component.

Banking groups' overall access to funding remained positive. Retail funding (or the collection of retail deposits) was one of the major drivers, along with wholesale funding (borrowing from the market). Funding from central banks dropped again (Figure 4a). Corporate deposits also contributed positively.

Over the next six months, banking groups expect the positive funding environment to strengthen, driven mainly by retail, but also by the corporate component, while wholesale debt is expected to contribute positively but less so than in the last six months.

Figure 4a
Access to funding conditions (in %)
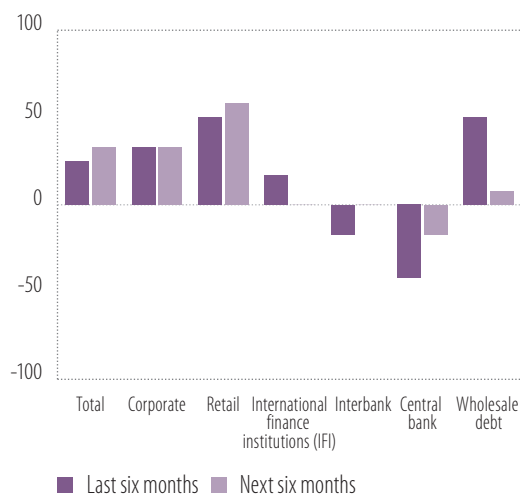
Source: EIB – CESEE Bank Lending Survey.
Note: The chart shows net percentages, with positive values indicating increased access to funding. See Question A.Q3 in the Annex.

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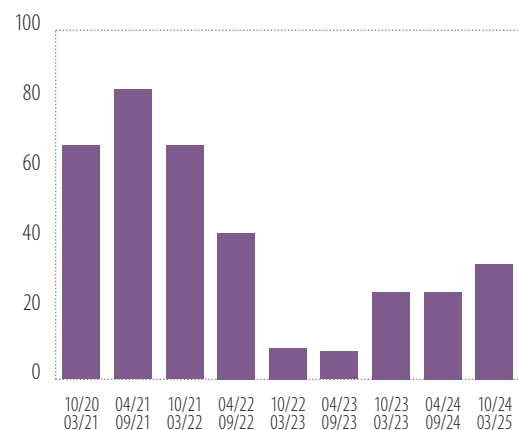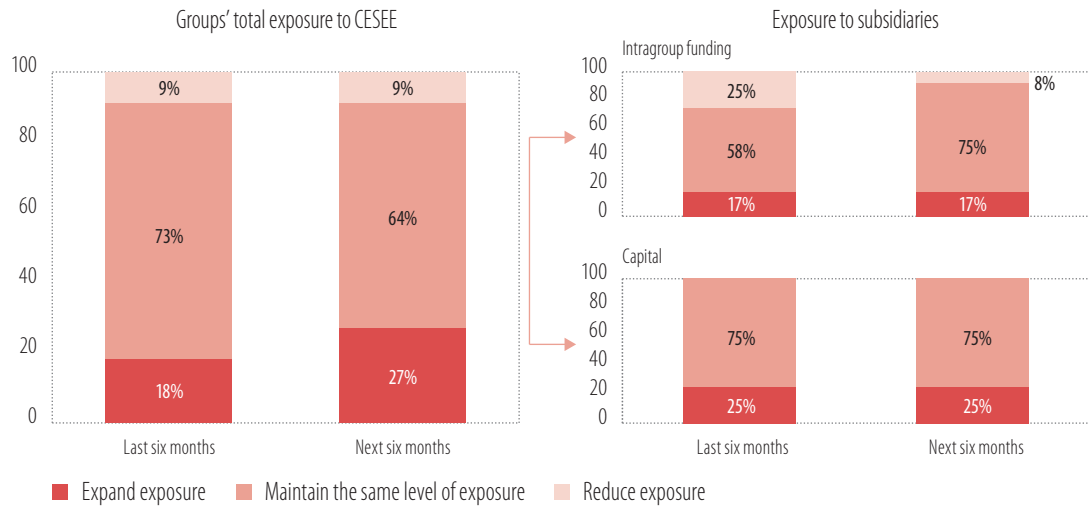

Source: EIB – CESEE Bank Lending Survey.
Note: The chart shows net percentages, with positive values indicating increased access to funding. See Question A.Q3 in the Annex.

Cross-border groups' exposure to Central, Eastern and South-Eastern European banking markets increased in the last six months and is expected to increase further.

The total exposure of groups to banking markets in Central, Eastern and South-Eastern Europe overall increased on average (Figure 5b). Most banks (73%) maintained the same level of exposure in the last six months, while 9% reduced their exposure (vs. 17% in the previous survey round) and 18% increased it (Figure 5a, left). In the next six months, banks expect to strengthen their exposure to the region. The share of international banking groups willing to increase their exposure is higher than before, at 27% (while 64% say they intend to maintain their current level of exposure).

Figure 5a

Groups' exposure to Central, Eastern and South-Eastern Europe

Groups' total exposure to CESEE

Exposure to subsidiaries

Intragroup funding

Capital

■ Expand exposure   ■ Maintain the same level of exposure   ■ Reduce exposure

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

Figure 5b

Evolution of groups' total exposure to Central, Eastern and South-Eastern Europe (in %)
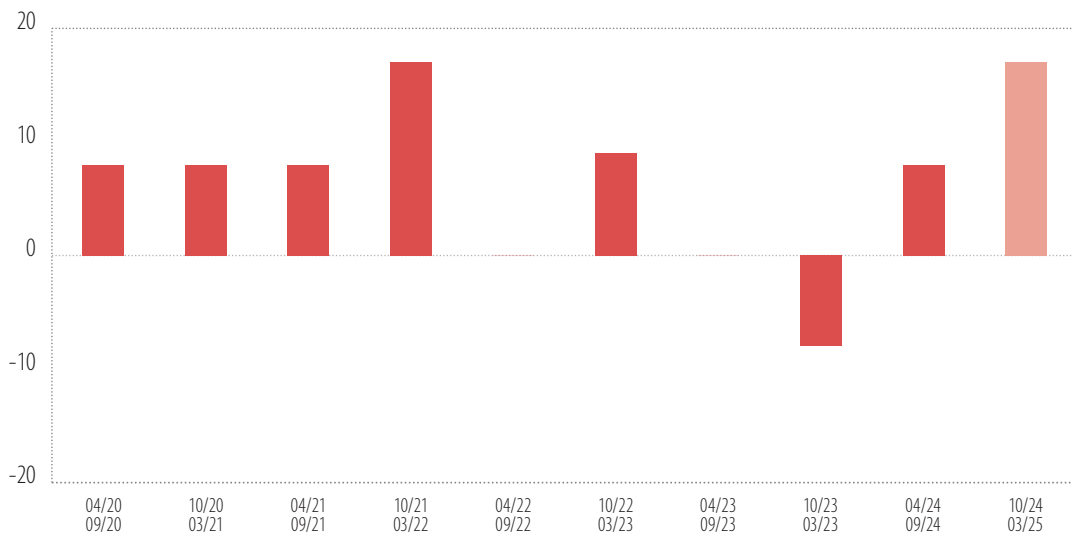
Source: *EIB – CESEE Bank Lending Survey.*
Note: *Cross-border operations involving countries in the region. The chart shows net percentages, with negative values denoting decreased exposure.*
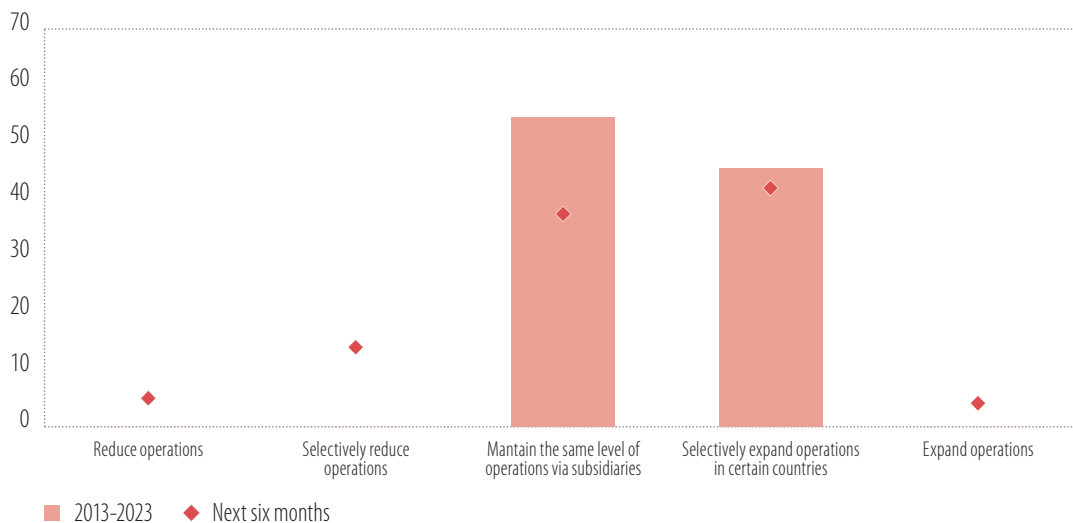*See Question A.Q8 in the Annex.*

Regarding long-term strategies for operations in Central, Eastern and South-Eastern Europe, banking groups are leaning towards stability (55%) or expansion (45%), with no bank planning any reduction of operations in the region. Their view on profitability, compared to overall group operations, is still positive.

When asked about their **long-term strategies**, 45% of cross-border banking groups signalled they wanted to selectively expand (down from 58% in the first part of 2024, which was up from 50%, 45% and 30% respectively in the three previous survey rounds) or maintain the same level of operations in the region (55%). No banking group is signalling its intention to reduce activities in the region (vs. 10% in the previous survey round).

Overall, **market potential** is assessed by parent banks as strong, on average (see Additional CESEE regional data, A.4, at the end of the regional overview). Specifically, market potential is considered high or medium by all banks in all countries, except one bank in Slovenia. Banks are more optimistic about market potential in Czechia and Romania. Similarly, banks perceive their overall **market positioning** as mainly optimal or satisfactory in most countries in the region. Only one subsidiary in the region assesses its positioning as weak (see Additional CESEE regional data, A.5).

Banks say that compared with overall group operations, **profitability in the region** is strong in terms of return on assets and return on equity (RoA and RoE, adjusted for cost of equity in both cases). The situation is particularly favourable for Hungary and Kosovo, with Albania the only exception (the Albanian subsidiaries appear to be less profitable than the mother banks). (See Additional regional CESEE data, A.6 and A.7.) This is amid very high profitability 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

Credit demand and credit supply of subsidiaries and local banks in Central, Eastern and South-Eastern Europe showed clear improvements in the last six months. Notably, credit supply turned positive after four six-month periods in negative territory. However, credit demand and supply conditions are expected to weaken in the next six months.

Credit demand (indicating clients' willingness to borrow from banks – see Figure 7) strengthened 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, despite stronger investments on the corporate side and solid demand on the retail side, overall credit demand is set to weaken.

Credit supply conditions (representing banks' willingness to extend credit) turned positive in the last six months, after four six-month periods in negative territory, which began in the first half of 2022 following Russia's invasion of Ukraine and the subsequent inflation and rise in interest rates (Figure 7). Business from small and medium-sized enterprises was among the main drivers.

However, the positive trend in credit supply may wane in the next six months and move to neutral territory, weakened by conditions in the retail segment. Supply conditions in the small firm segment are expected to improve compared with conditions for large corporates and the retail segment (see Additional CESEE regional data, A.3).

Figure 7
Total supply and demand: Past, current and expected developments (in %)
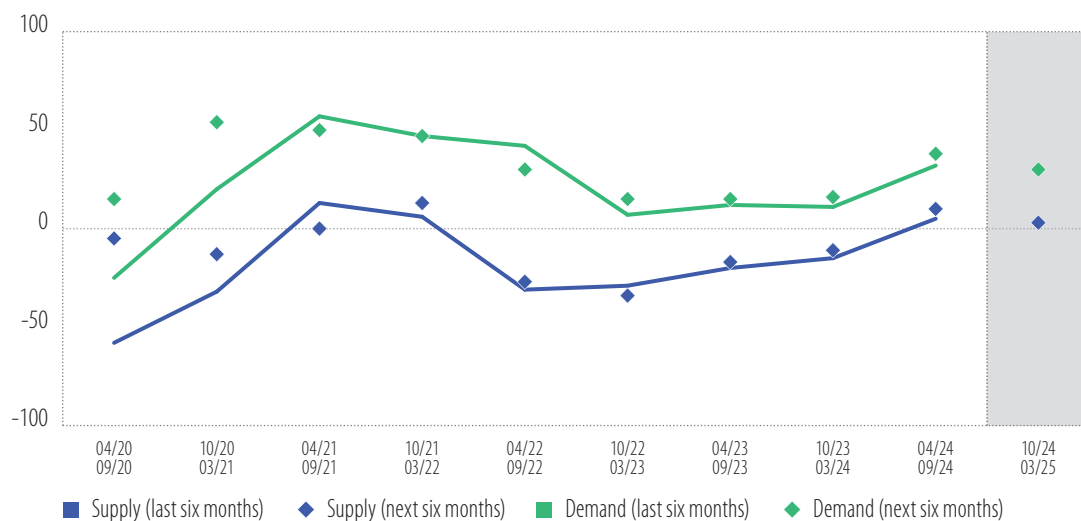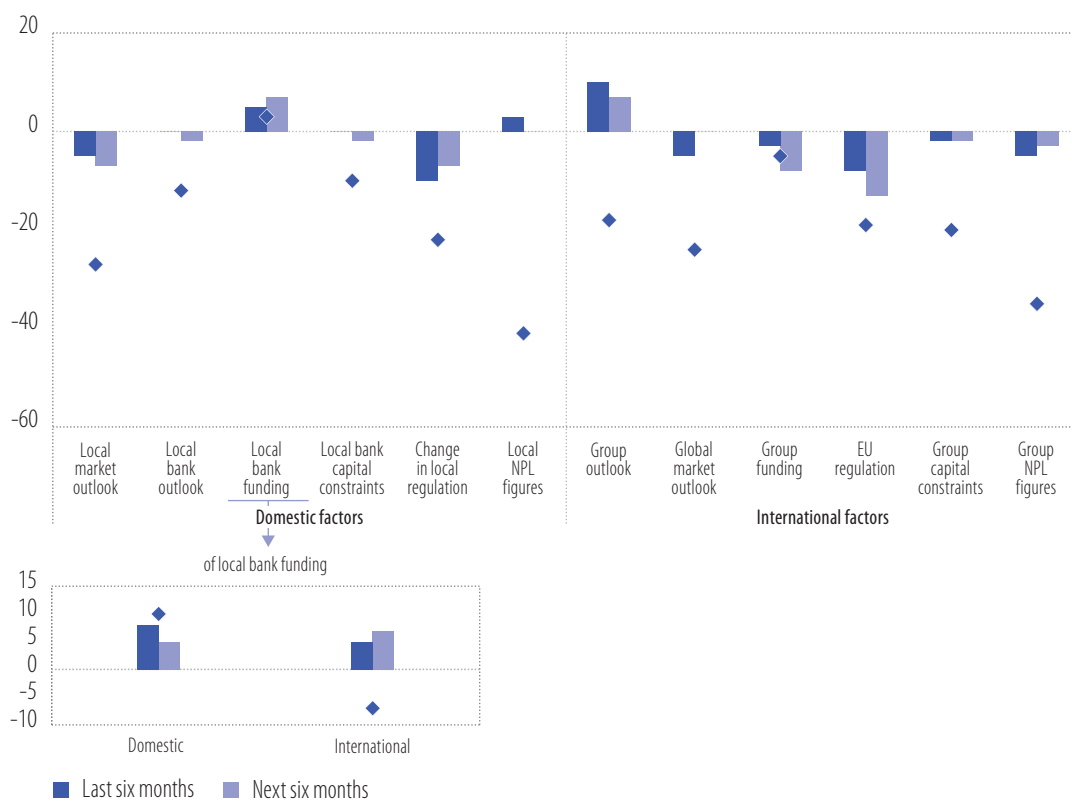

Source: EIB – CESEE Bank Lending Survey.
Note: All values are net percentages. Positive values denote increasing (easing) demand (supply). Diamonds represent expectations from previous rounds of the survey; lines show actual values. See Questions B.Q1 and B.Q5 in the Annex.

The improvement in supply conditions in the last six months was driven mainly by the positive outlook at the group level. The local market outlook is less supportive.

International banking groups with a presence in Central, Eastern and South-Eastern Europe also benefited from the positive performance of the banking sectors worldwide and in Europe, driven by several factors, especially higher interest margins. The positive group outlook was a major driver for the improvement of supply conditions in the region, according to surveyed banks. Local bank funding was also positive, while most of the other factors, domestic and international, contributed negatively.

Banking groups expect supply conditions to decline towards neutral territory in the next six months, mainly due to EU and local regulations, deteriorating group funding conditions and the local market outlook.

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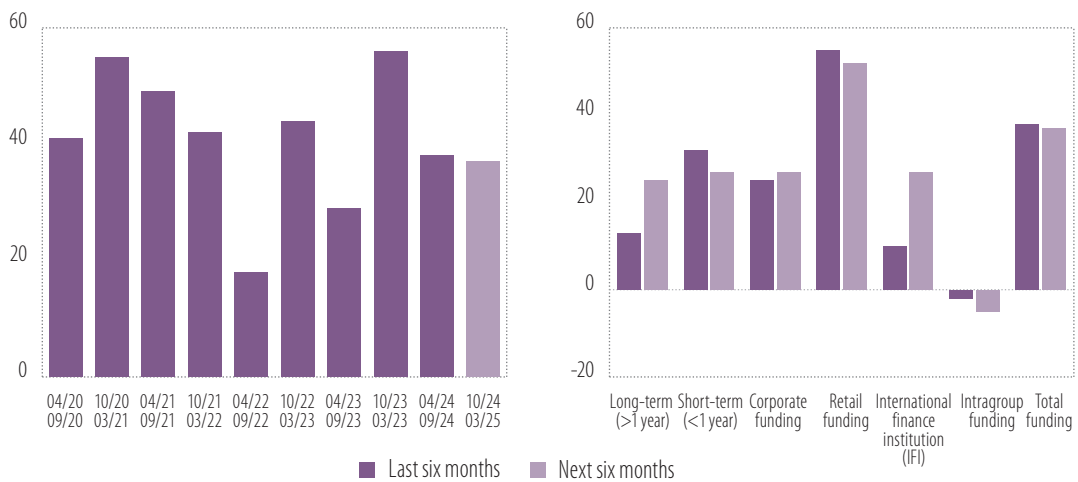**Factors contributing to supply conditions** (credit standards) (in %)

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 in the last six months (though less than previously). It is expected to remain strong over the next six months, driven by retail and corporate funding.

Easy access to corporate and, especially, retail deposits supported good funding conditions over the last six months. Access to international financial institution (IFI) funding was also positive, whereas intragroup funding contributed negatively.

Banking groups expect funding conditions to remain positive over the next six months (Figure 9), in line with the last six months. Corporate and retail deposits are expected to be the main drivers.

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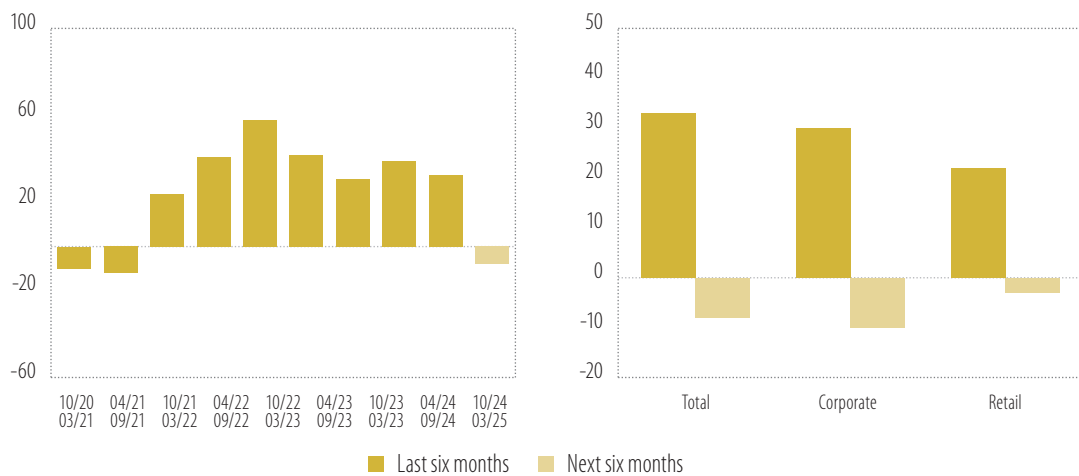**Access to funding for subsidiaries in Central, Eastern and South-Eastern Europe** (in %)

Source: EIB – CESEE Bank Lending Survey.
Note: The chart shows net percentages, with positive values representing an easing of access to funding. See Question B.Q9 in the Annex.

Credit quality improved again in the last six months. Banks predict that the situation of non-performing loans will deteriorate in the next six months.

Credit quality continued to improve following the deterioration in 2020-2021 (mitigated by various policy measures), as Figure 10 illustrates. Credit quality improved further for the retail and, especially, the 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. Despite the improvements of the last six months, banks are less optimistic for the upcoming six months and foresee a deterioration of credit quality, affecting both the corporate and retail business.

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

Last six months   Next six months

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 %)

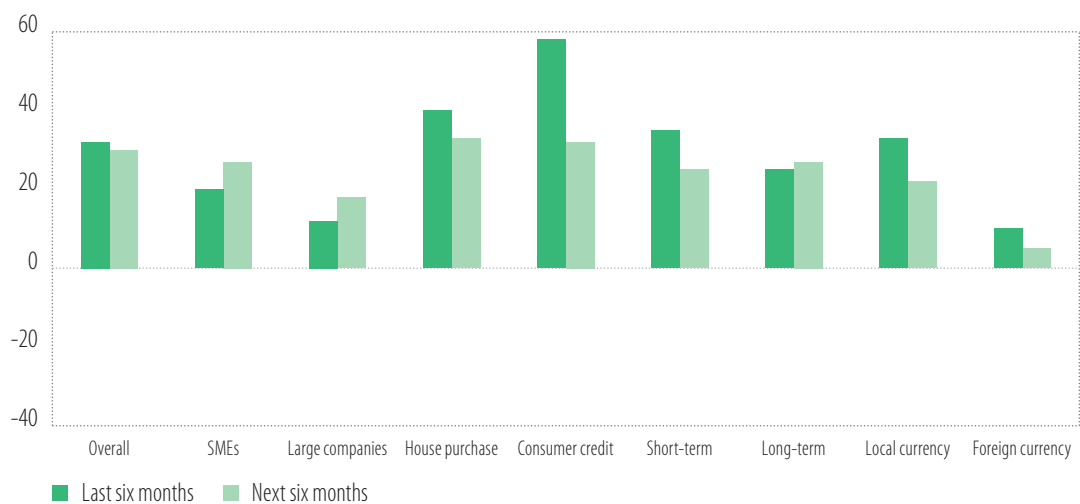■ Last six months ■ Next six months

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 %)
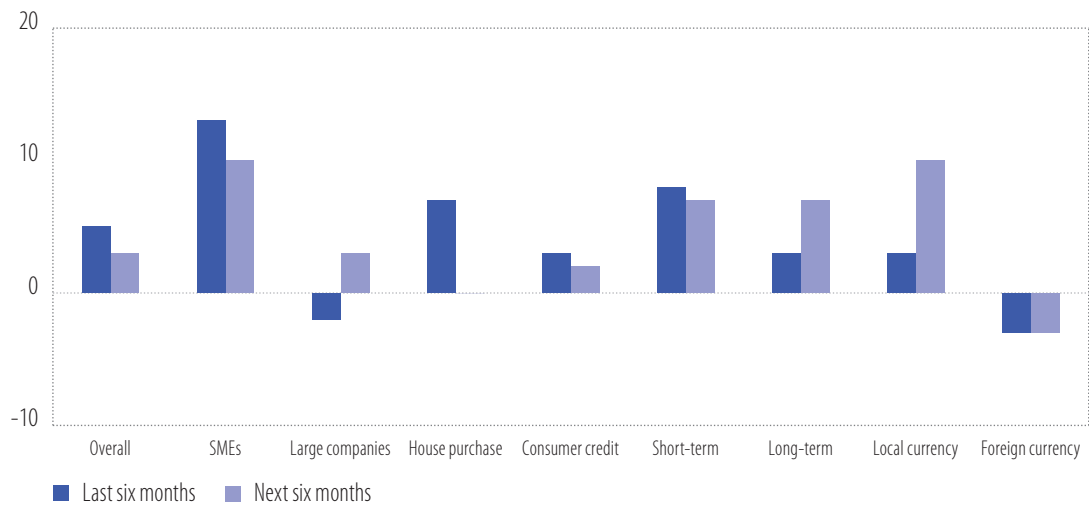

■ Last six months ■ Next six months

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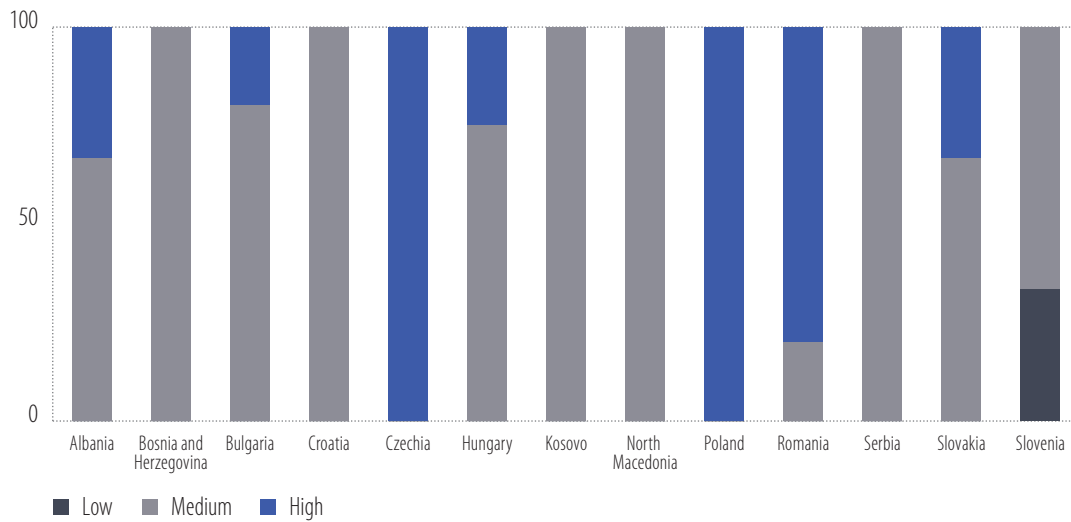**Credit supply (credit standards) – client breakdown** (in %)

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.*
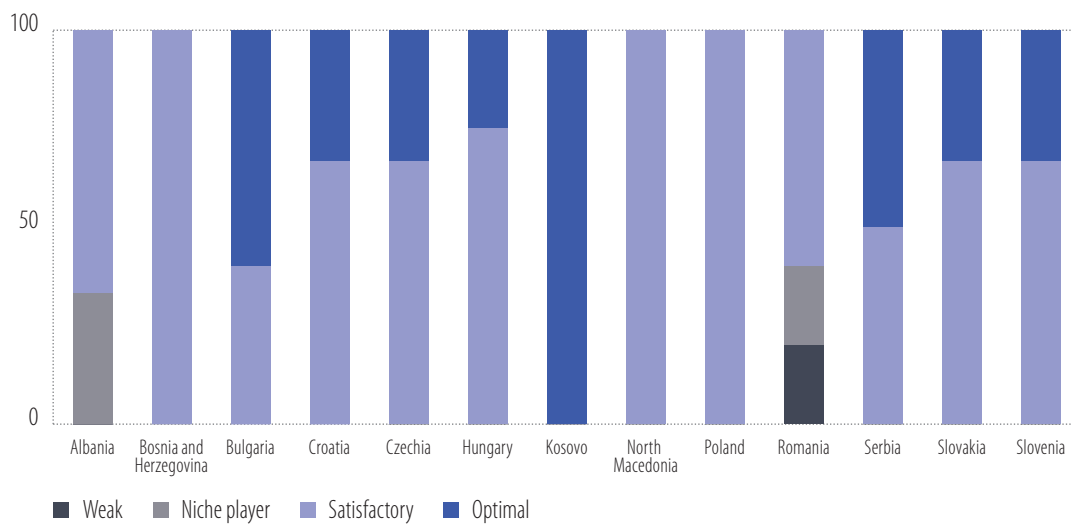
A.4
Market potential

Source: EIB – CESEE Bank Lending Survey.
Note: See Question A.Q1 in the Annex.
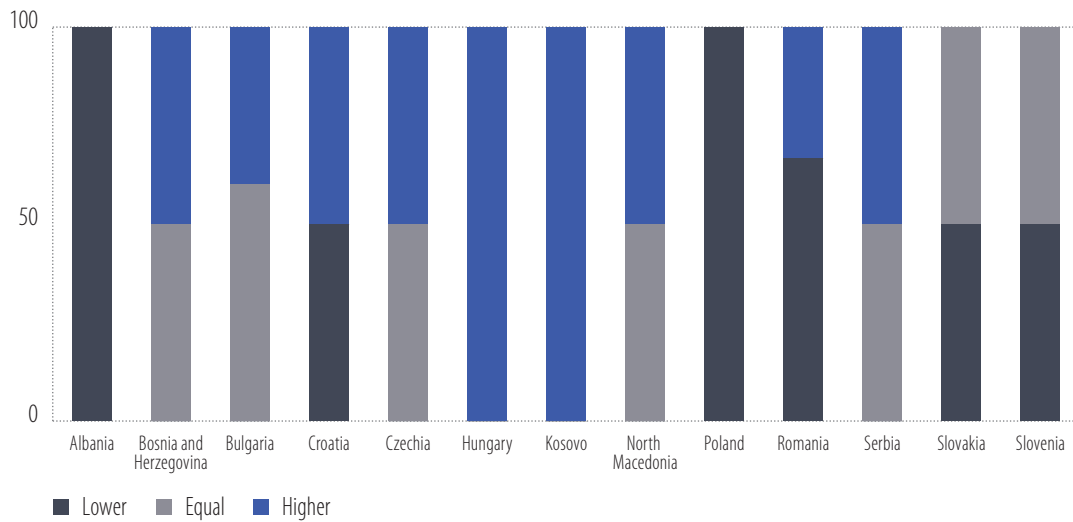
A.5
Market positioning

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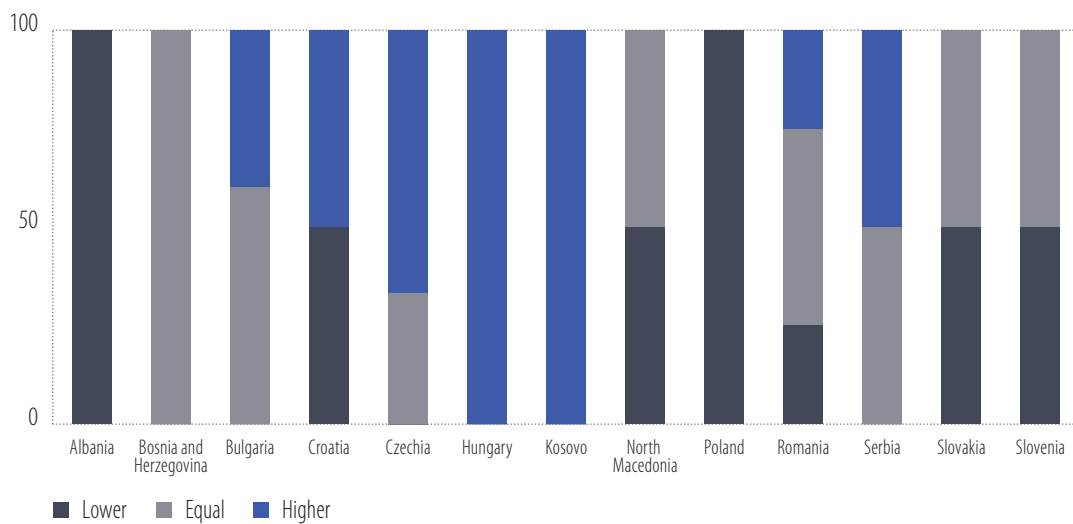Note: See Question A.Q1 in the Annex.

A.6

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

A.7

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

Albania

Credit demand increased substantially in the last six months, while supply conditions tightened. A similar trend (strong demand, weak supply) is expected in the next six months. Liquidity and credit quality have improved and are expected to continue improving.

Summary

Group assessment of positioning and market potential: All international banking groups reported lower 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, more than 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) tightened, and are expected to tighten further, while the regional trend is neutral.

Access to funding remained in positive territory after one year of decreasing and is expected to improve further in the next six months.

Non-performing loan (NPL) ratios: Credit quality improved over the last six months and is expected to improve further in the next six-month period in the retail and corporate segments.

Credit supply and credit demand (in %)
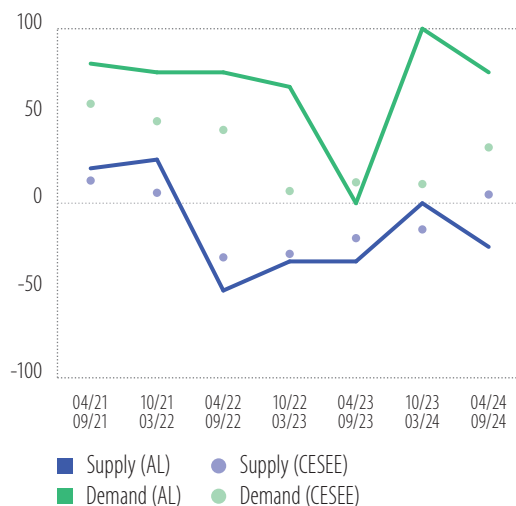
Supply (AL) Supply (CESEE)
Demand (AL) Demand (CESEE)

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 %)

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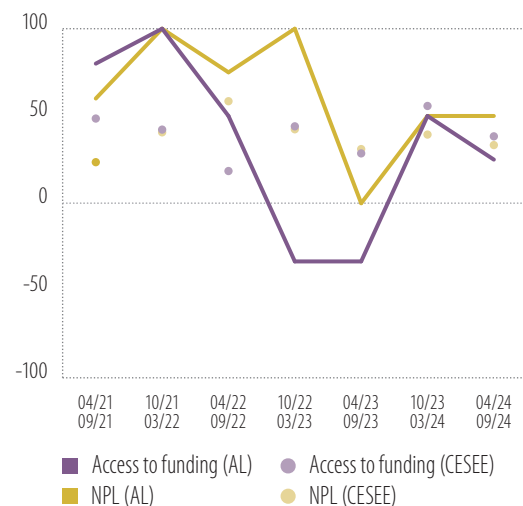
Source: EIB – CESEE Bank Lending Survey.
Note: All values are net percentages. Access to funding: Positive values
                indicate increased access. NPL: Negative values indicate an increase
                in the non-performing loan ratio.

CESEE Bank Lending Survey results – parent bank level

Banking groups in Central, Eastern and South-Eastern Europe see Albania's market potential as medium (67%) or high (33%), but all groups report lower profitability of the local branches compared with the parent bank.
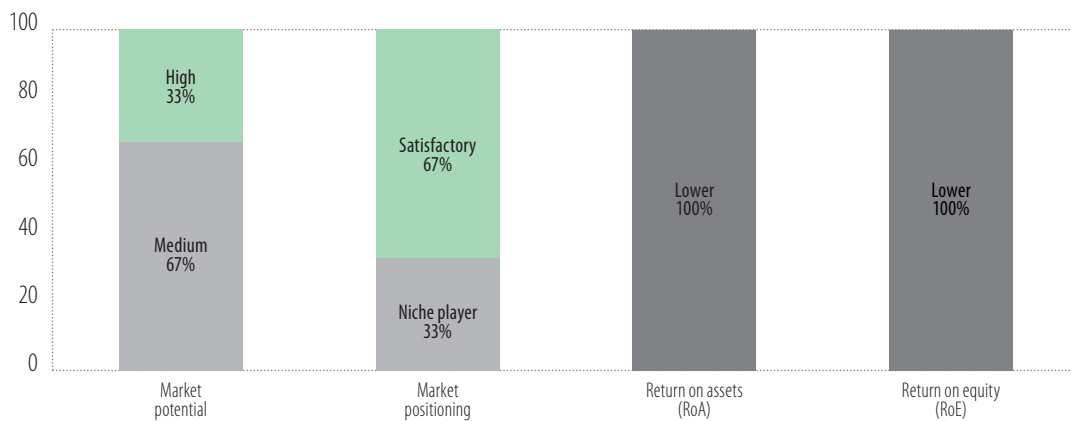
Figure 1
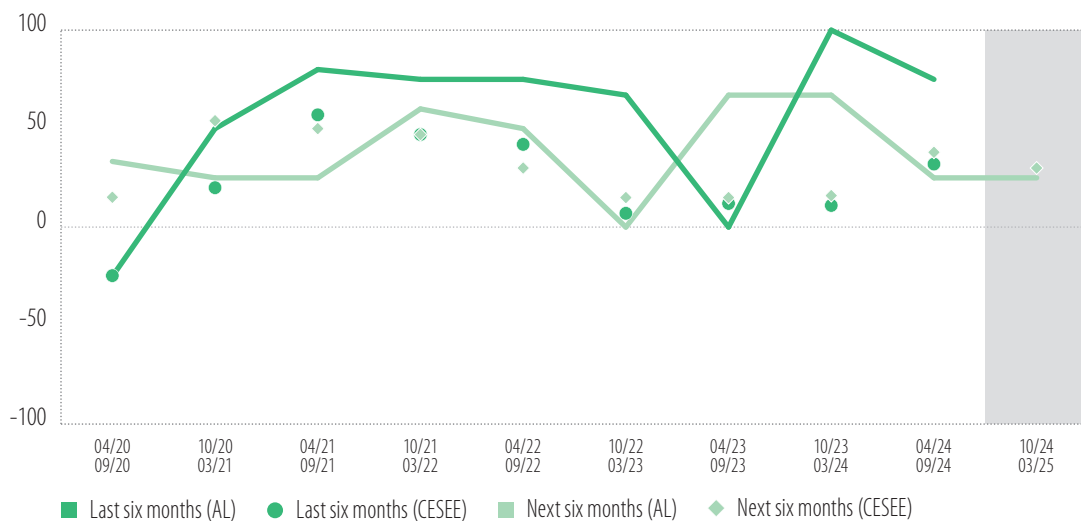**Market potential and positioning**

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

CESEE Bank Lending Survey results – local bank/subsidiary level

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

Figure 2
Aggregate demand developments (in %)

■ Last six months (AL)   ● Last six months (CESEE)   ■ Next six months (AL)   ◆ Next six months (CESEE)

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 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 in credit demand except for the foreign currency loans segment.

Figure 3
Demand components and segments (in %)
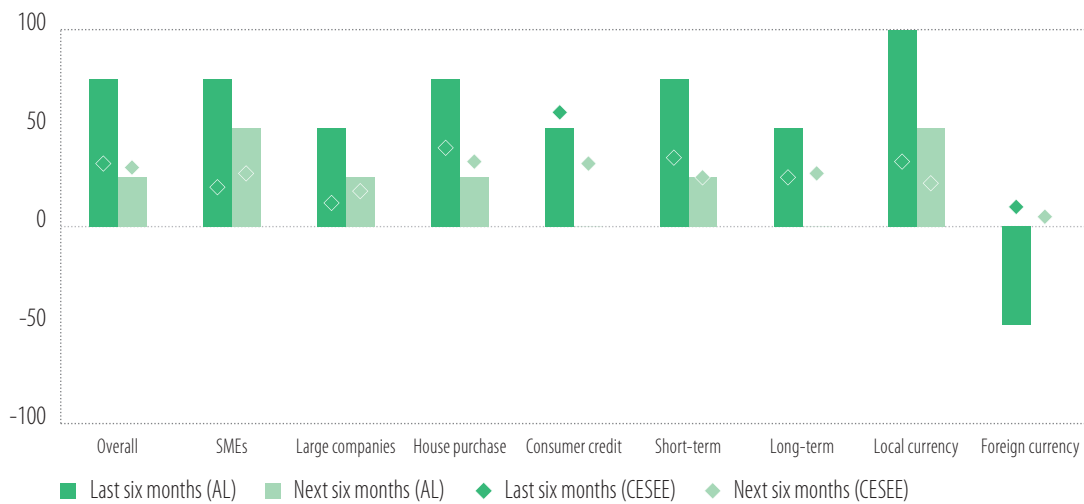
Source: EIB – CESEE Bank Lending Survey.
Note: The chart shows net percentages, with positive values indicating increasing demand. See Question B.Q5 in the Annex.

Demand for inventories and working capital, along with good housing market prospects were the main contributors to the positive trend. Household segment factors are expected to drive credit demand in the next six months.
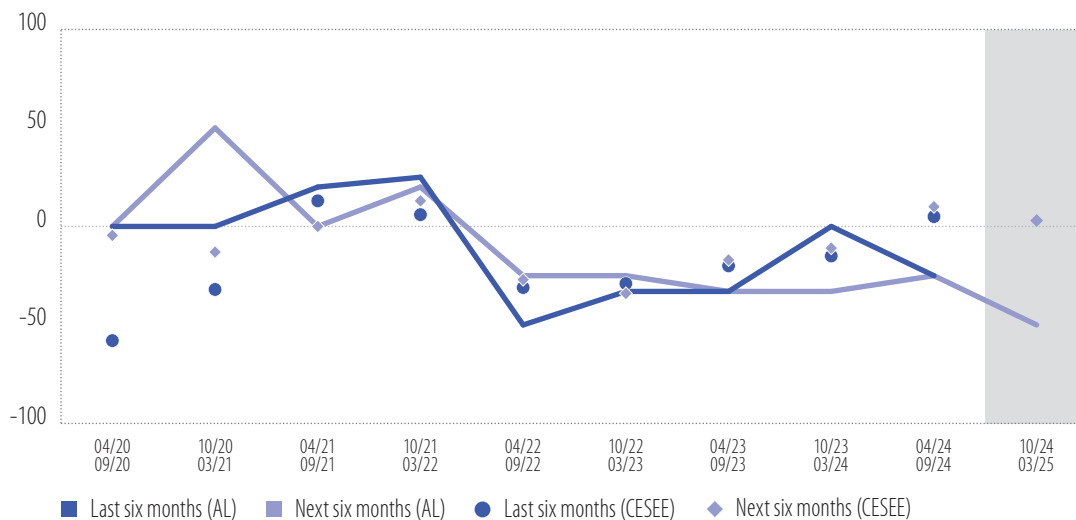
Figure 4
Factors affecting demand for loans (in %)

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 tightened and is expected to tighten further in Albania, unlike in the rest of the region, where credit supply is expected to remain unchanged.

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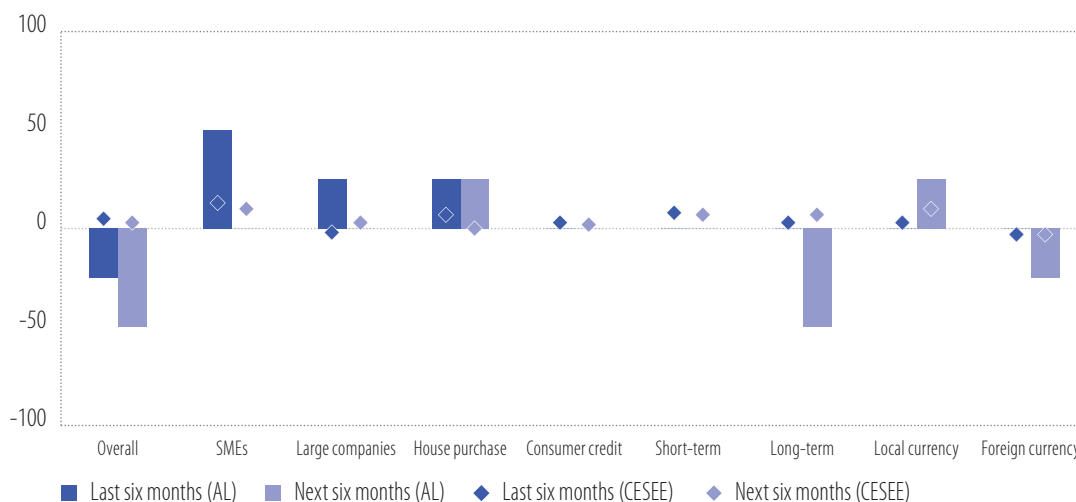**Aggregate supply developments** (in %)

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 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 tightened overall but eased for corporates and mortgages. Further tightening is expected for long-term foreign currency loans.

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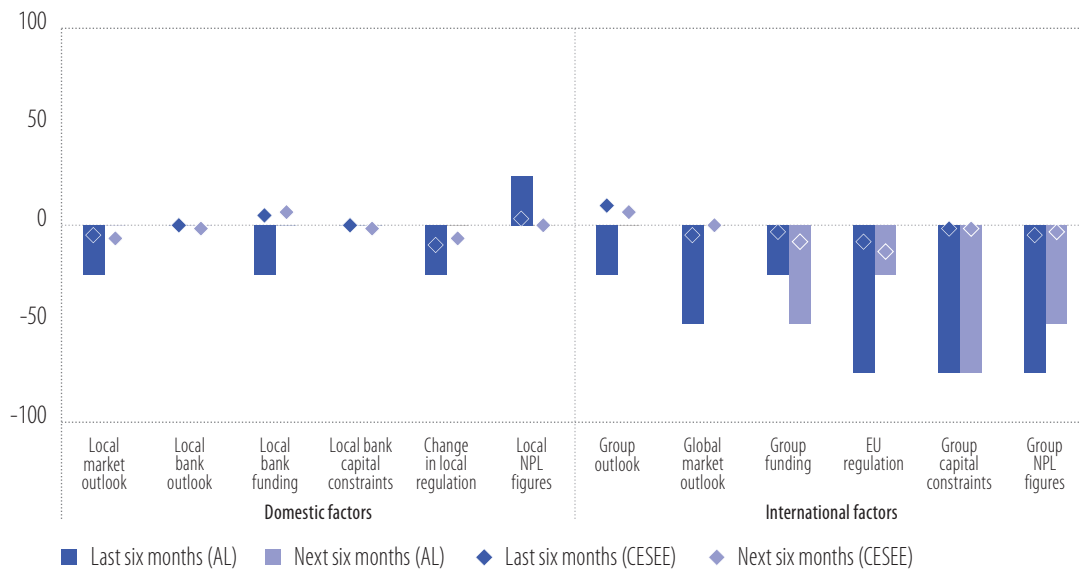**Supply components and segments** (in %)

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 international factors contributed negatively to credit supply in the last six months, while domestic factors were mixed, with local non-performing loan figures contributing positively.
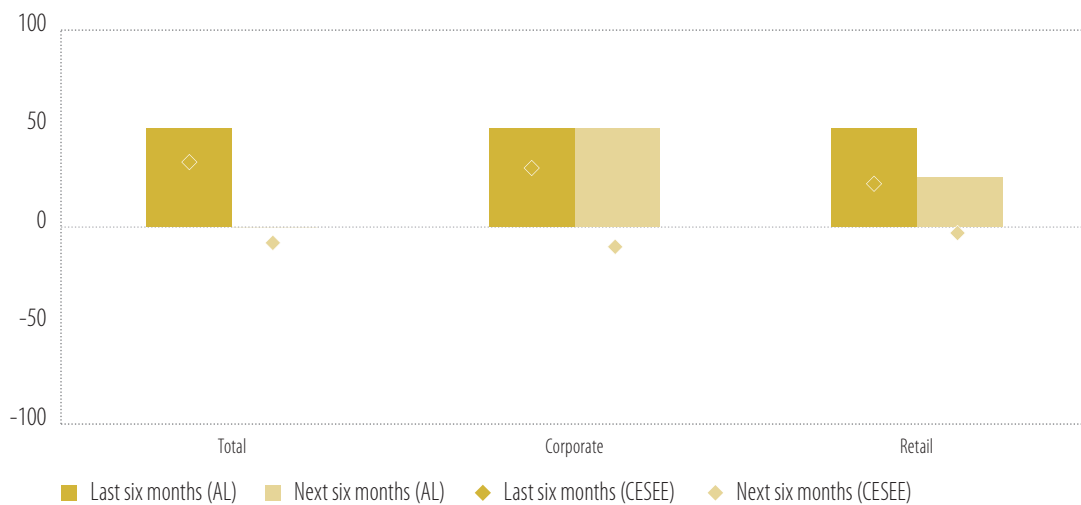
Figure 7
Factors contributing to supply conditions (in %)

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 and retail segments.
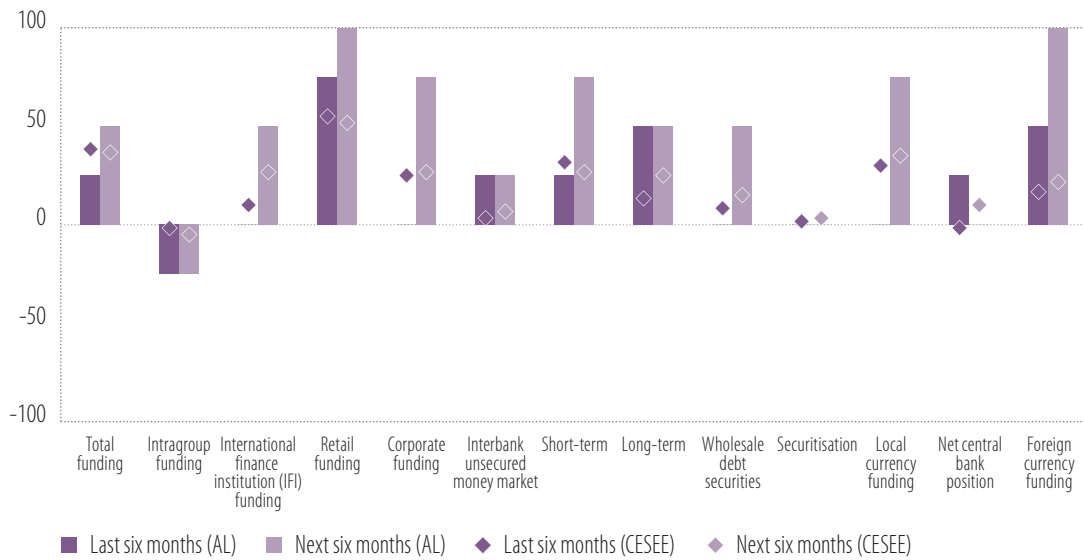
Figure 8
Credit quality and non-performing loan ratios (in %)

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 have been positive and are expected to remain favourable, driven by better access to retail and foreign currency 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.

Bosnia and Herzegovina

Credit demand increased in the last six months, while supply conditions remained neutral. Further recovery in demand and neutral supply conditions are expected in the next six months, in line with the regional trend. Credit quality remained unchanged overall while liquidity conditions improved.

Summary

Group assessment of positioning and market potential: All international banking groups reported equal or higher profitability for operations in Bosnia and Herzegovina compared to overall group operations, with an improvement since the previous survey round. All parent banks consider the local market to have medium potential.
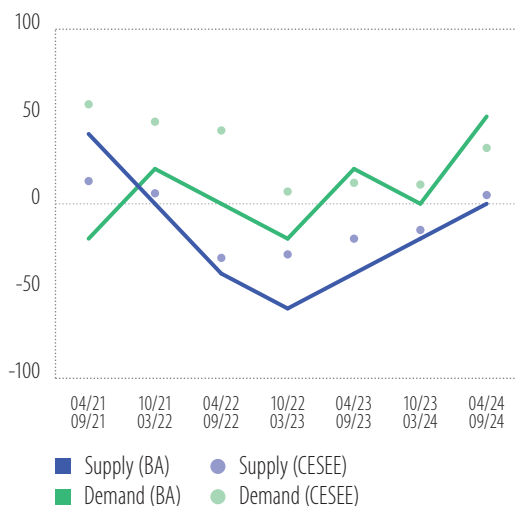
Credit demand in Bosnia and Herzegovina increased, like the regional average, driven by loans for households and small and medium-sized enterprises (SMEs). Stronger demand conditions are expected to continue in the next six months, in line with the wider region.

Credit supply conditions (indicating the banks' willingness to extend credit to their clients) stayed neutral, in line with the regional trend, and are expected to remain unchanged 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 stayed unchanged over the last six months but are expected to deteriorate in the next six months.

Credit supply and credit demand (in %)

- Supply (BA)
- Supply (CESEE)
- Demand (BA)
- Demand (CESEE)

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 %)

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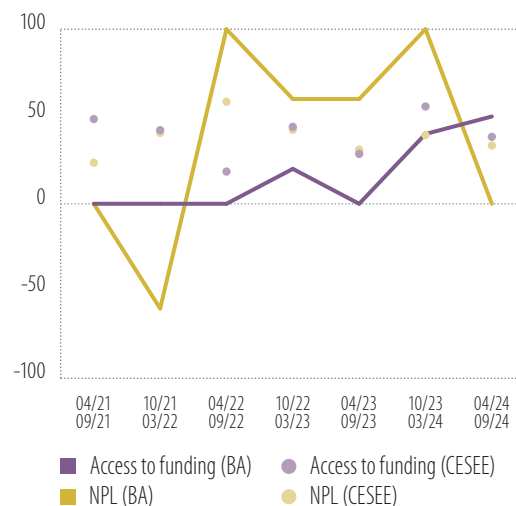
Source: EIB – CESEE Bank Lending Survey.
Note: All values are net percentages. Access to funding: Positive values indicate increased access. NPL: negative values indicate an increase in the non-performing loan ratio.

CESEE Bank Lending Survey results – parent bank level

All CESEE banking groups see Bosnia and Herzegovina's market potential as medium and report profitability to be equal or higher compared to the parent banks.

Figure 1
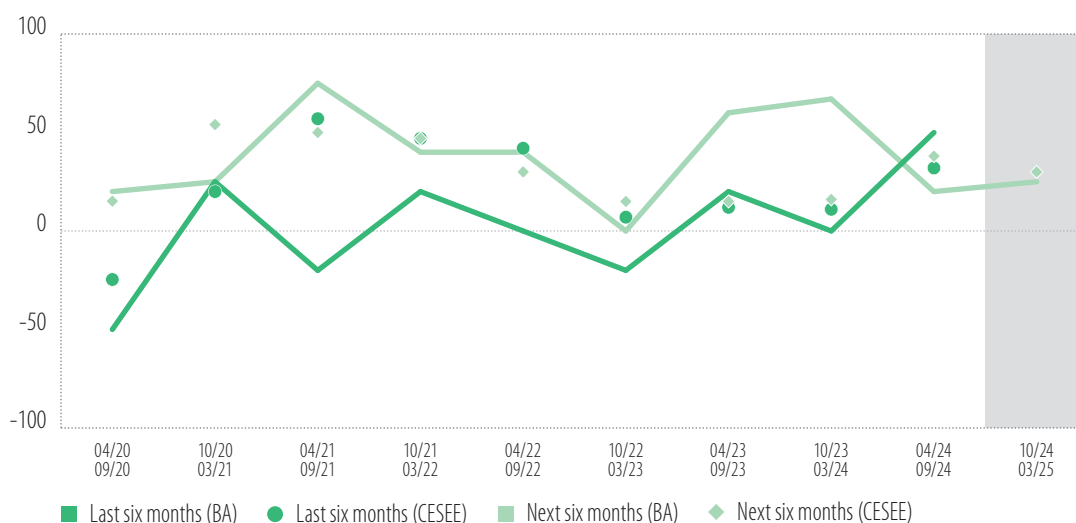**Market potential and positioning**
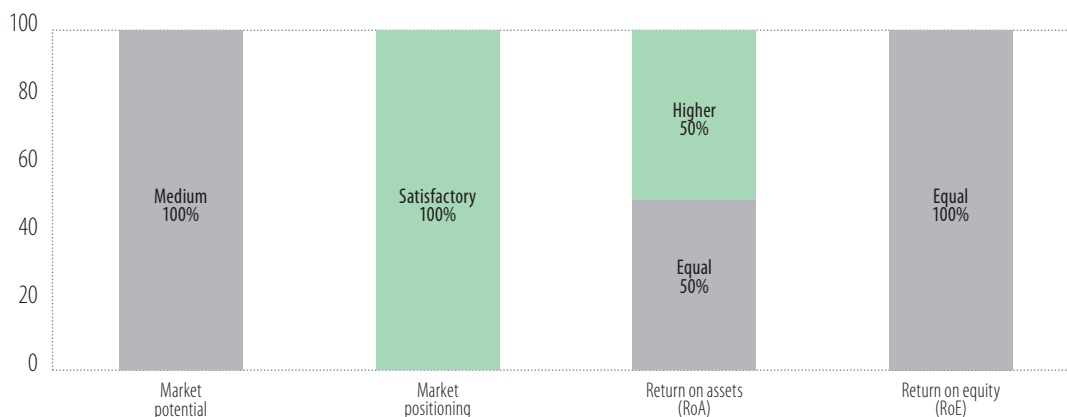
Source: *EIB – CESEE Bank Lending Survey.*
Note: *Return on assets (adjusted for cost of risk) compared to overall group operations; return on equity (adjusted for cost of equity) compared to overall group return on equity. See Question A.Q1 in the Annex.*

CESEE Bank Lending Survey results – local bank/subsidiary level

Credit demand increased in the last six months, with banks expecting the positive trend to continue, in line with regional trends.

Figure 2
Aggregate demand developments (in %)

Last six months (BA)   Last six months (CESEE)   Next six months (BA)   Next six months (CESEE)

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 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 was driven by mortgage and consumer loans from the retail segment, and loans for small firms from the corporate segment.
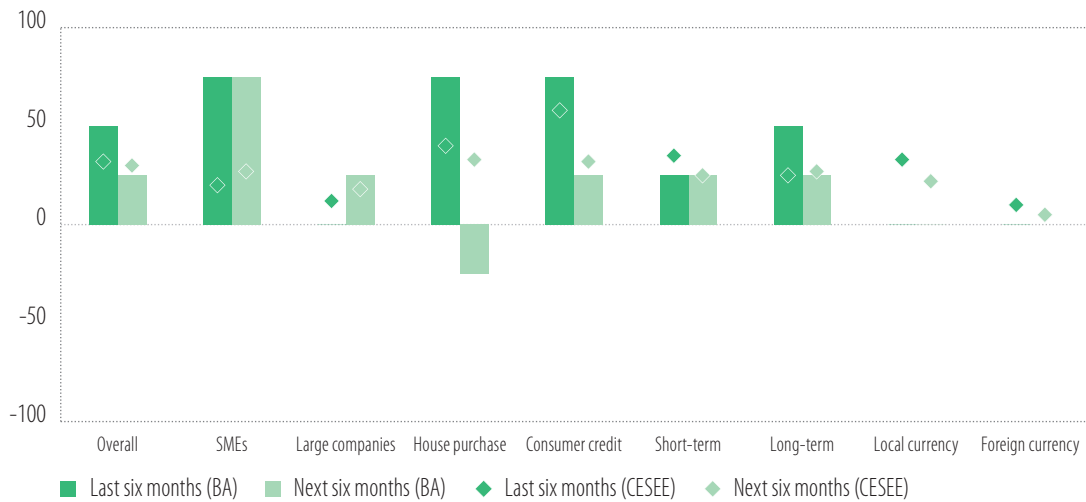
Figure 3
Demand components and segments (in %)

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.

Factors affecting the household segment and loans for inventory and working capital are expected to continue driving the positive credit demand in the next six months.
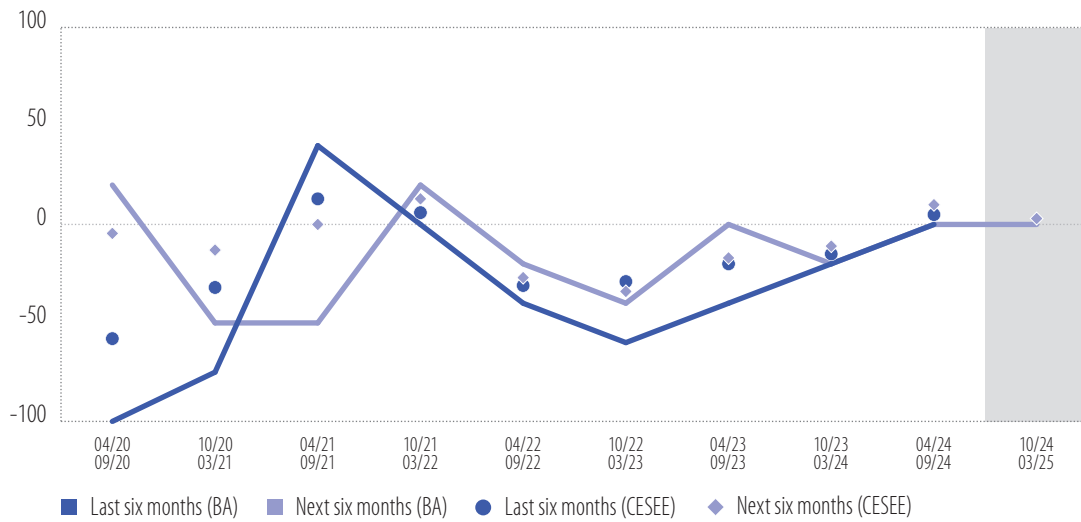
Figure 4
Factors affecting demand for loans (in %)

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 conditions were neutral and are expected to remain unchanged, like the regional average.

Figure 5
Aggregate supply developments (in %)
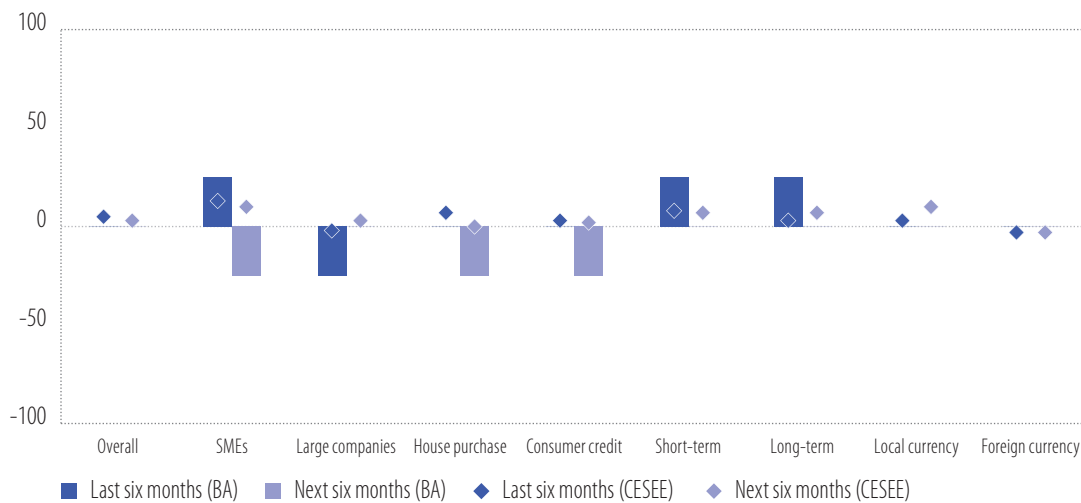

Source: EIB – CESEE Bank Lending Survey.
Note: The chart shows net percentages, with positive values indicating easing supply. The two expectations series (light purple line and diamonds) are shifted forward to be comparable to the perceptions series (dark line and circles). In other words, expectations 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
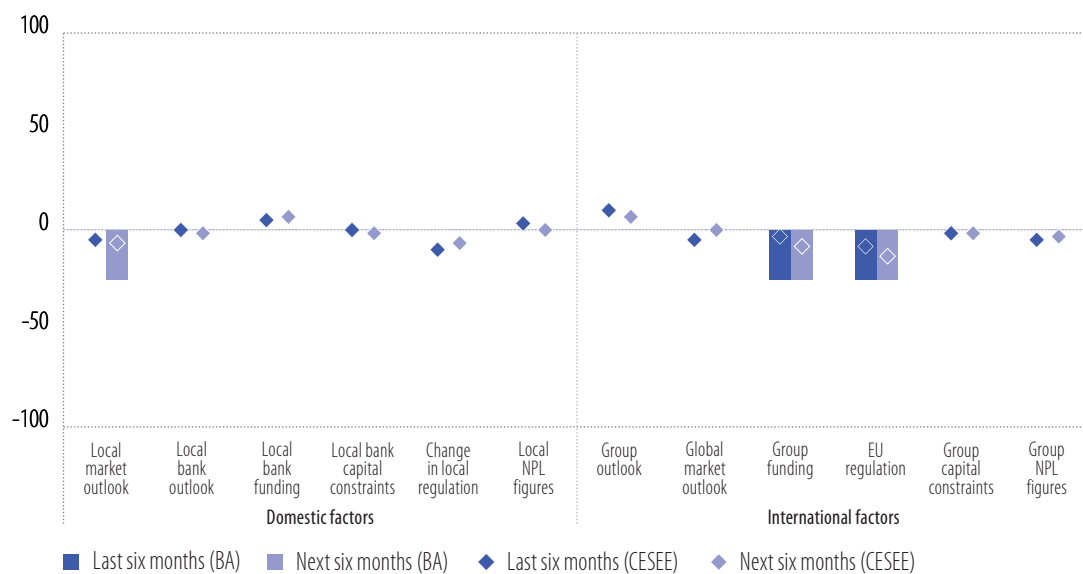**Supply components and segments** (in %)

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 the domestic factors had a neutral contribution to supply conditions in the last six months. Of the international factors, group funding and EU regulation contributed negatively. The same international factors are expected to have a negative contribution in the next six months, and among the domestic factors, the local market outlook is expected to turn negative.

Figure 7
Factors contributing to supply conditions (in %)

■ Last six months (BA)   ■ Next six months (BA)   ◆ Last six months (CESEE)   ◆ Next six months (CESEE)
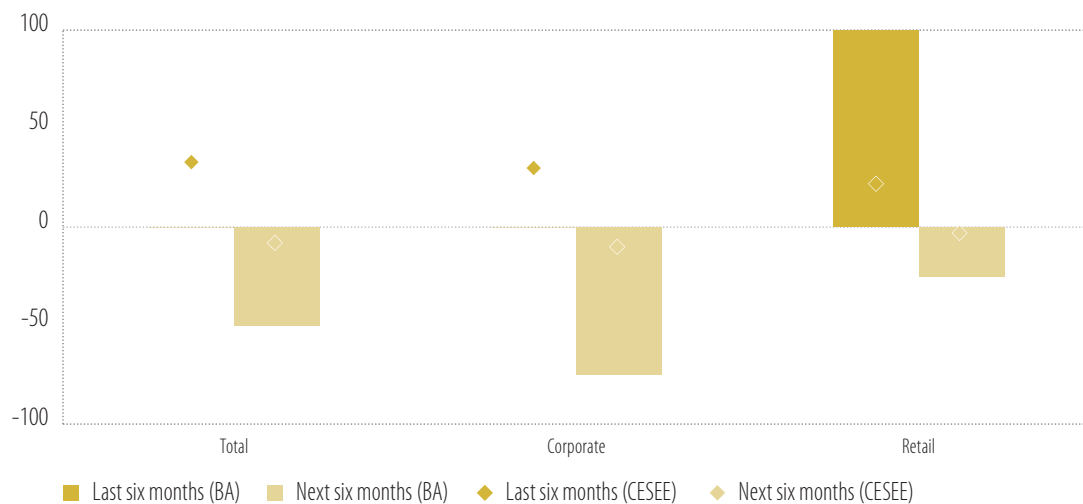
Source: EIB – CESEE Bank Lending Survey.
Note: The chart shows net percentages, with positive values indicating a positive contribution to supply. See Question B.Q4 in the Annex.

Credit quality remained unchanged overall (improving in the retail segment) but is expected to deteriorate in both segments in the next period.

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

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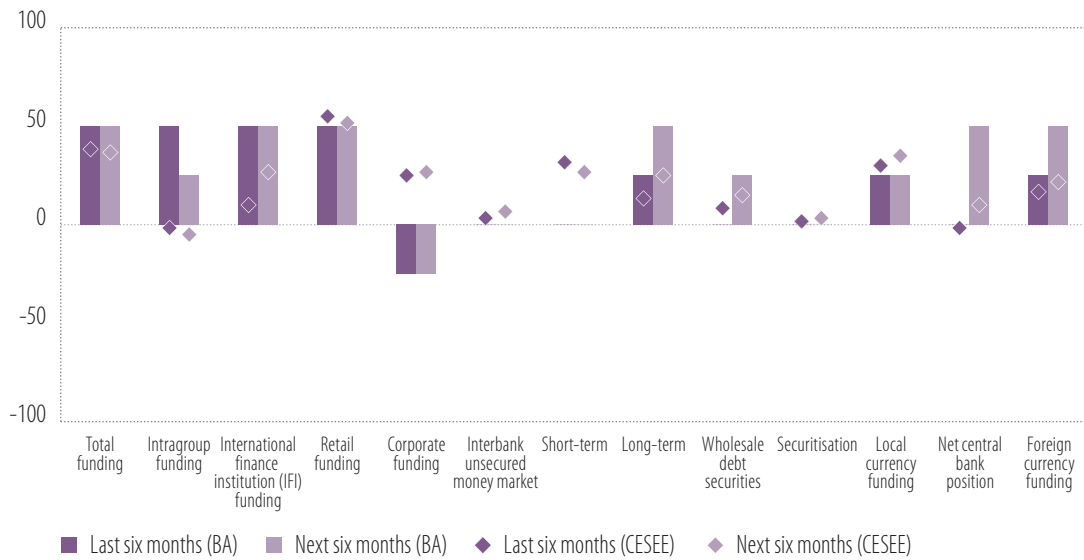
Source: EIB – CESEE Bank Lending Survey.
Note: The chart shows net percentages, with positive values indicating improving credit quality (in other words, decreasing NPL ratios). See Question B.Q8 in the Annex.

Funding conditions have been positive and are expected to remain favourable, driven mainly by intra-group funding, international financial institutions and retail funding.

Figure 9
Access to funding (in %)

Legend:
- ■ Last six months (BA)
- ■ Next six months (BA)
- ◆ Last six months (CESEE)
- ◆ Next six months (CESEE)

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 in Bulgaria stagnated in the past six months, while supply slightly improved. In the next six months demand is not expected to improve, and supply might tighten again and reverse recent gains.

Summary

Group assessment of positioning and market potential: All international banking groups assess the market potential of their Bulgarian operations as medium or high. All respondents see returns from their Bulgarian operations as equal or higher than at the group level.

Credit demand in Bulgaria decelerated again in the past six months and is expected to be stagnant in the next six months, in contrast with positive developments in the region. Demand is driven by the household sector.

Credit supply conditions (indicating the banks' willingness to extend credit to their clients) have slightly improved over the past six months, but banks expect these improvements to be reversed in the next six months.

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

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

Credit supply and credit demand (in %)
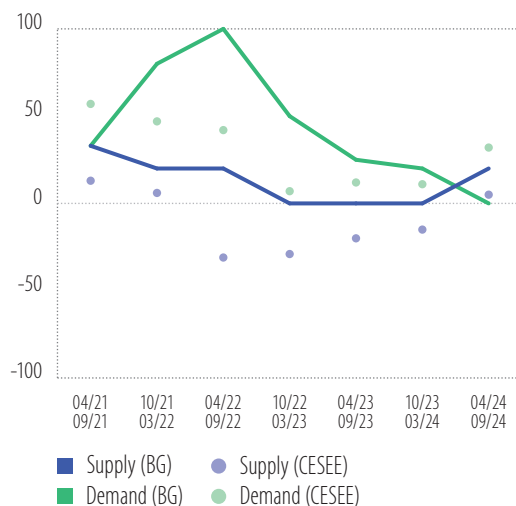
- Supply (BG)
- Supply (CESEE)
- Demand (BG)
- Demand (CESEE)

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 %)

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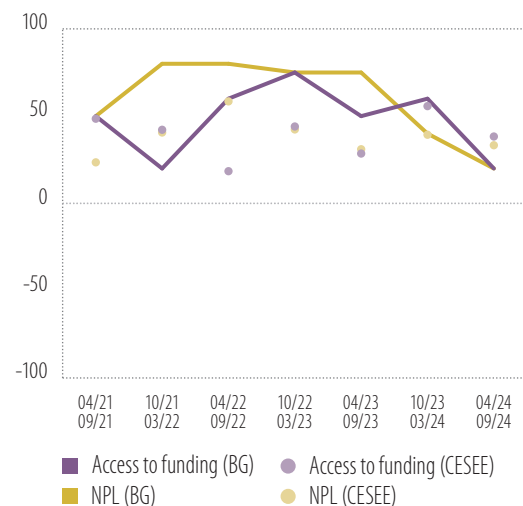
Source: EIB – CESEE Bank Lending Survey.
Note: All values are net percentages. Access to funding: Positive values indicate increased access. NPL: negative values indicate an increase in the non-performing loan ratio.

CESEE Bank Lending Survey results – parent bank level

Banking groups in Central, Eastern and South-Eastern Europe see Bulgaria's market potential as medium (80%) or high (20%). Profitability remains high compared to the parent banks, and market positioning of all subsidiaries is seen as satisfactory or optimal.

**Figure 1**
Market potential and positioning
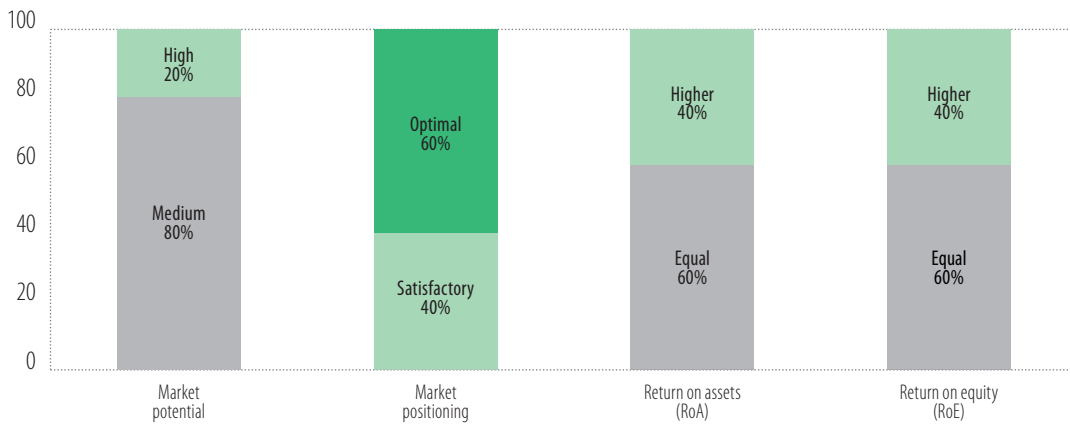
Source: EIB – CESEE Bank Lending Survey.
Note: Return on assets (adjusted for cost of risk) compared to overall group operations; return on equity (adjusted for cost of equity) compared to overall group return on equity. See Question A.Q1 in the Annex.

CESEE Bank Lending Survey results – local bank/subsidiary level

Credit demand stagnated over the last six months and this is expected to continue, unlike in the rest of the region, where banks are more optimistic about demand.

Figure 2
Aggregate demand developments (in %)
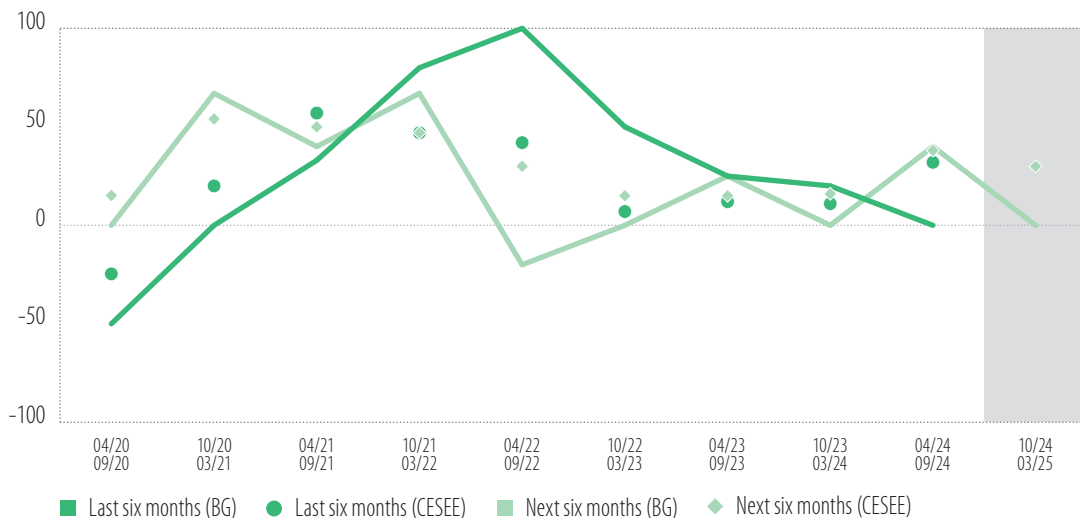
Last six months (BG)   Last six months (CESEE)   Next six months (BG)   Next six months (CESEE)

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 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 household segments have driven credit demand in Bulgaria in the last six months and are expected to continue doing so in the next six months.

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 household segments have been – and are expected to continue being – the main positive contributor to credit demand.
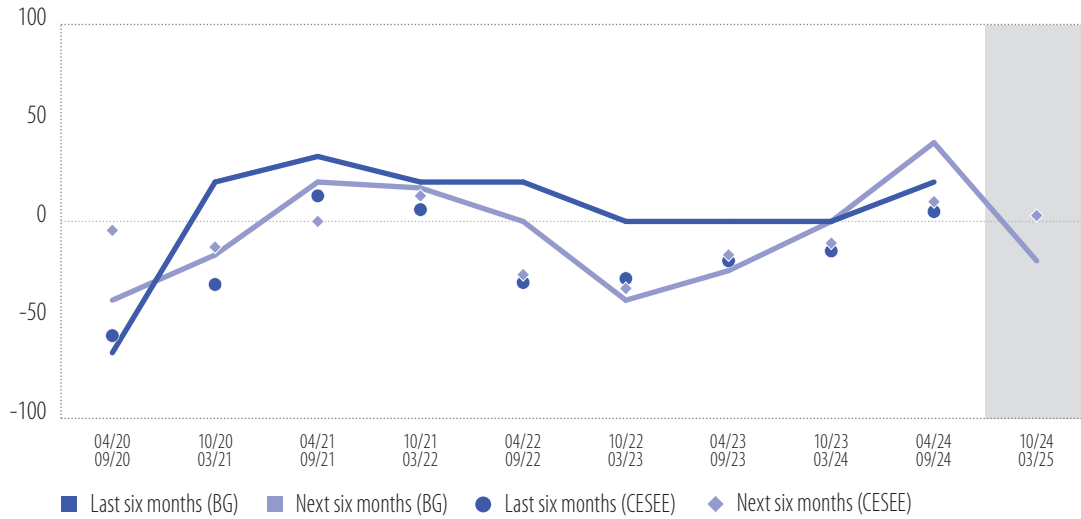
Figure 4
Factors affecting demand for loans (in %)

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 improved slightly over the past six months but banks expect a reversal of this positive development.

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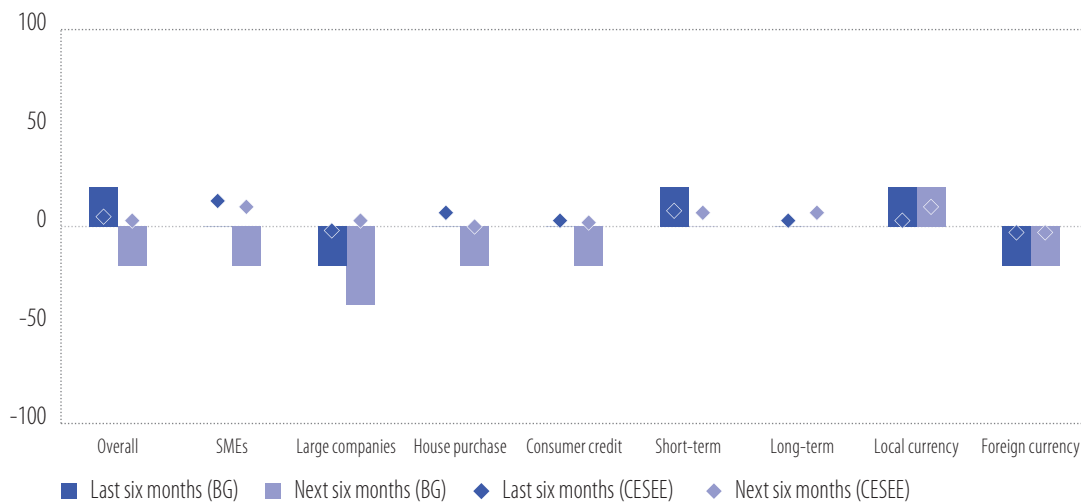**Aggregate supply developments** (in %)

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 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.

Banks are pessimistic about supply conditions in Bulgaria for the next six months across all market segments.

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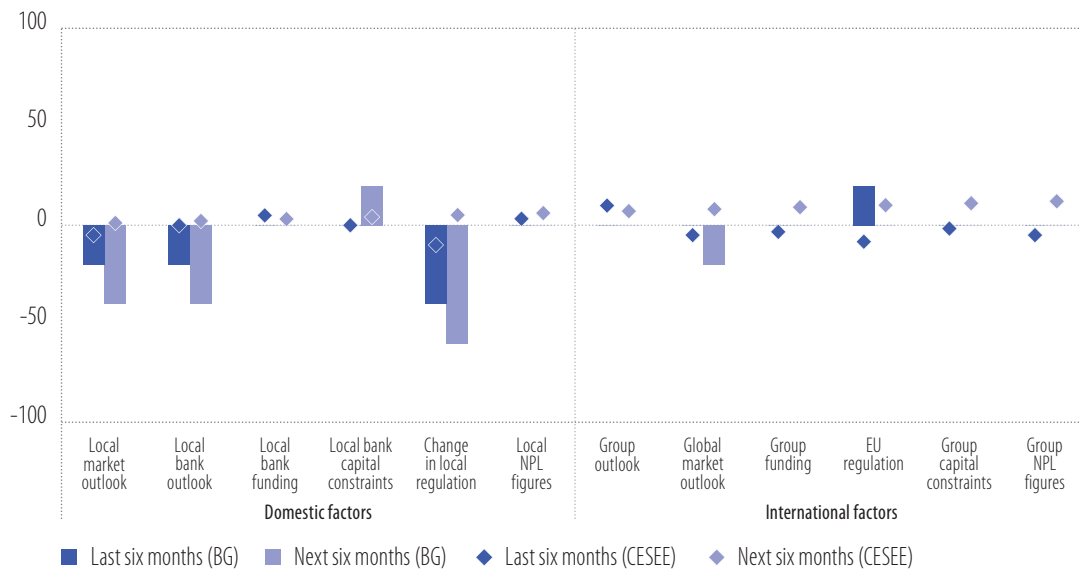**Supply components and segments** (in %)

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.

Changes in local regulations and the outlook for the local market have affected supply conditions negatively. The global market outlook is expected to contribute to this negative effect in the next six months.

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 worsen, particularly in the corporate segment, 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, maintaining a trend that has lasted several years.

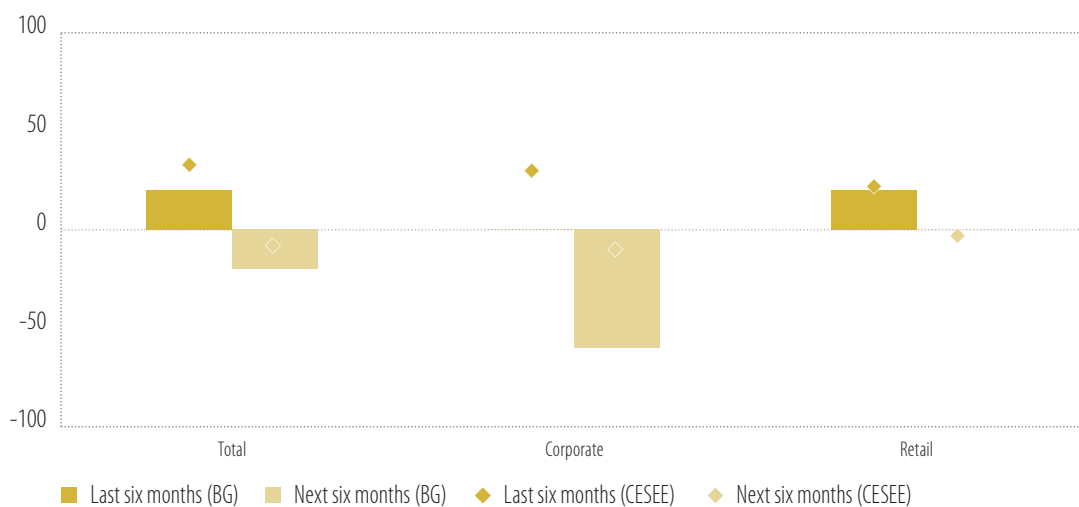**Figure 9**
Access to funding (in %)
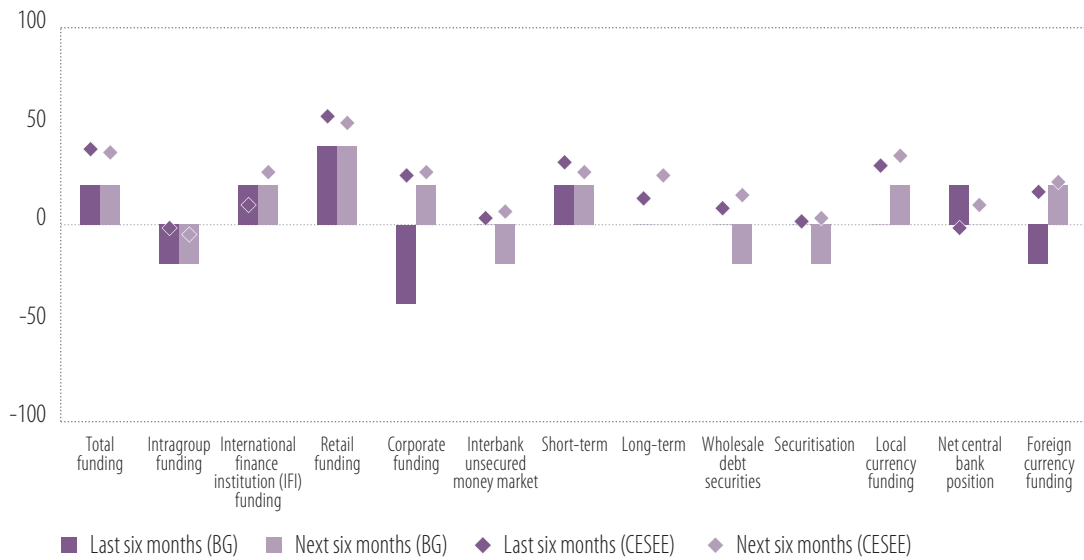
Source: EIB – CESEE Bank Lending Survey.
Note: The chart shows net percentages, with positive values indicating improved access to funding. See Question B.Q9 in the Annex.

Croatia

Credit demand in Croatia softened in the last six months but is still on a positive trend, while supply conditions improved and turned neutral. Demand is expected to continue growing and supply conditions to soften slightly in the next six months. Liquidity and credit quality are expected to stay favourable.

Summary

Group assessment of positioning and market potential: Profitability of Croatian operations compared to overall group operations was equally split between groups reporting higher and lower profitability, as in the previous survey round. 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, approaching the regional average. Consumer loans registered an improvement, but mortgage loans decreased. Positive 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) turned neutral, in line with the regional trend, and a softening is expected in the next six months.

Access to funding was positive in Croatia in the last six months and is expected to remain favourable.

Non-performing loan (NPL) ratios improved over the last six months and are expected to improve further.

Credit supply and credit demand (in %)
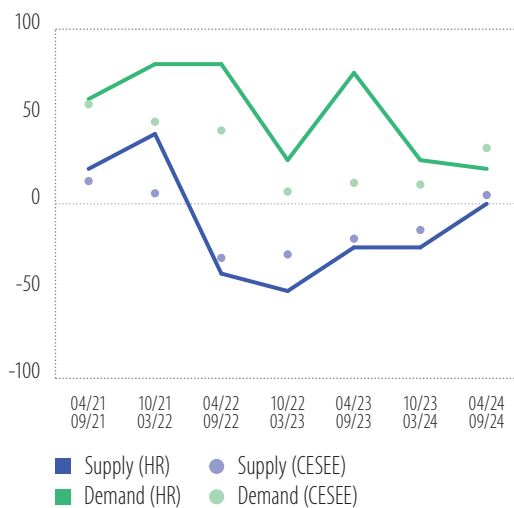
■ Supply (HR)   ● Supply (CESEE)
■ Demand (HR)   ● Demand (CESEE)

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 %)

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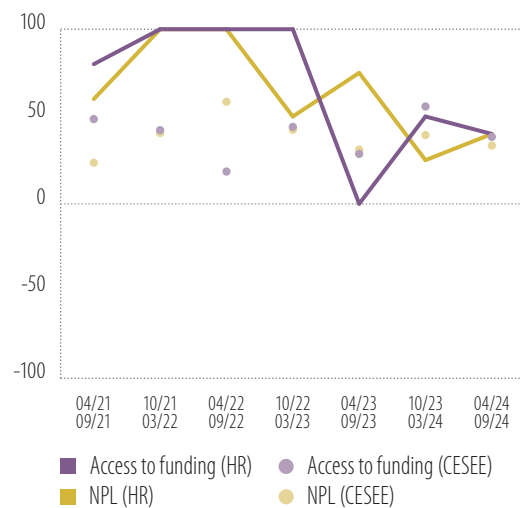
Source: EIB – CESEE Bank Lending Survey.
Note: All values are net percentages. Access to funding: Positive values indicate increased access. NPL: negative values indicate an increase in the non-performing loan ratio.

CESEE Bank Lending Survey results – parent bank level

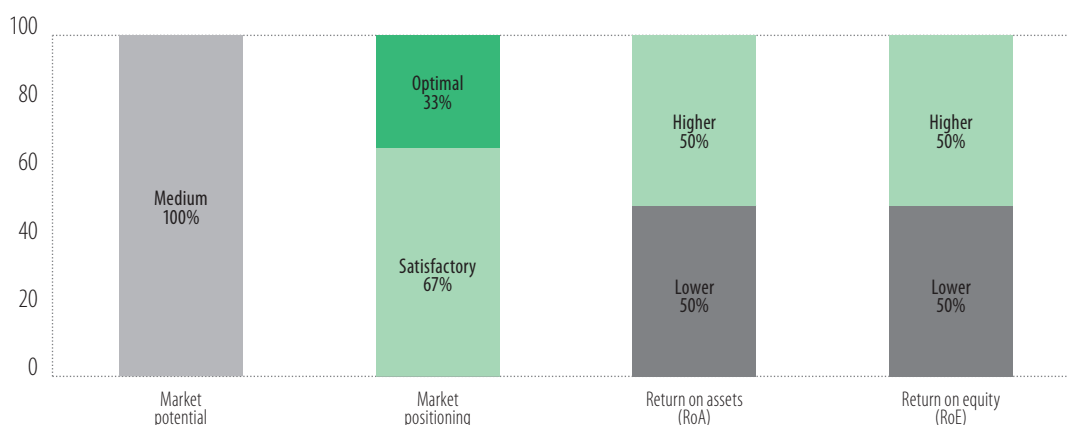All Central, Eastern and South-Eastern European banking groups see Croatia's market potential as medium, while half report lower profitability and half higher profitability compared to the parent bank.

Figure 1
Market potential and positioning

CESEE Bank Lending Survey results – local bank/subsidiary level

Credit demand softened but stayed positive and is expected to increase further, in line with the regional trend.
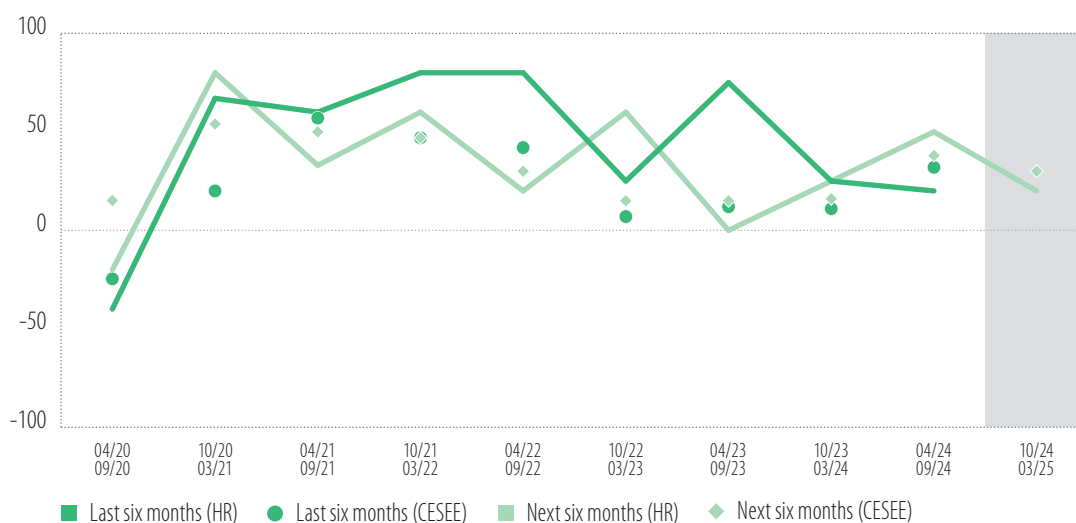
Figure 2
Aggregate demand developments (in %)

Last six months (HR)   ● Last six months (CESEE)   Next six months (HR)   ◆ Next six months (CESEE)

Positive demand was driven particularly by consumer credit, while demand for mortgages declined. Demand from large companies and demand for consumer credit are expected to strengthen in the next period.

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 were the main drivers of positive demand, while housing market prospects contributed negatively. Fixed investments 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 after two years of tightening and is expected to maintain the positive trend.

Figure 5
Aggregate supply developments (in %)

■ Last six months (HR) ■ Next six months (HR) ● Last six months (CESEE) ◆ Next six months (CESEE)
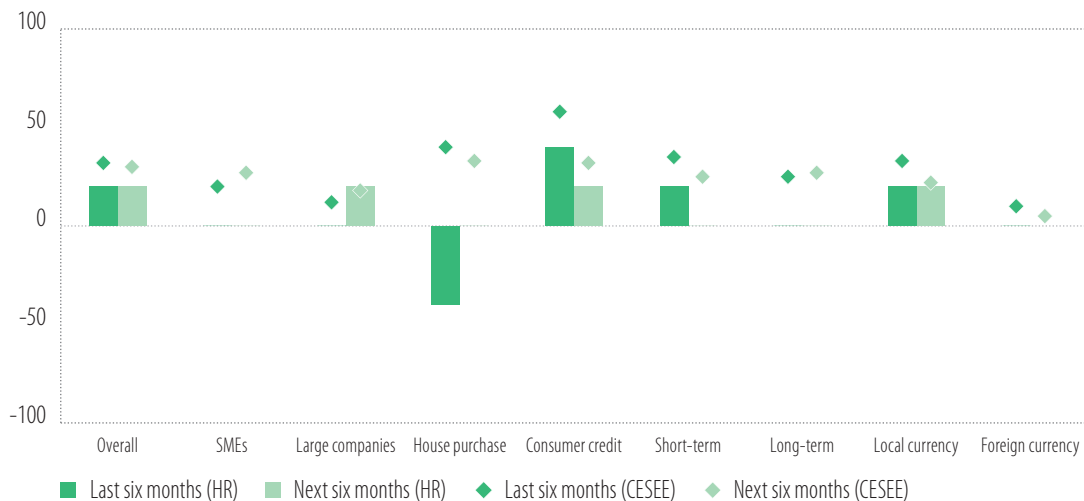
Source: EIB – CESEE Bank Lending Survey.
Note: The chart shows net percentages, with positive values indicating easing supply. The two expectations series (light purple line and diamonds) are shifted forward to be comparable to the perceptions series (dark line and circles). In other words, expectations 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 ease overall, driven by large companies, and to tighten for household loans.

Figure 6
Supply components and segments (in %)

■ Last six months (HR) ■ Next six months (HR) ◆ Last six months (CESEE) ◆ Next six months (CESEE)

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 improvement in local non-performing loan figures.
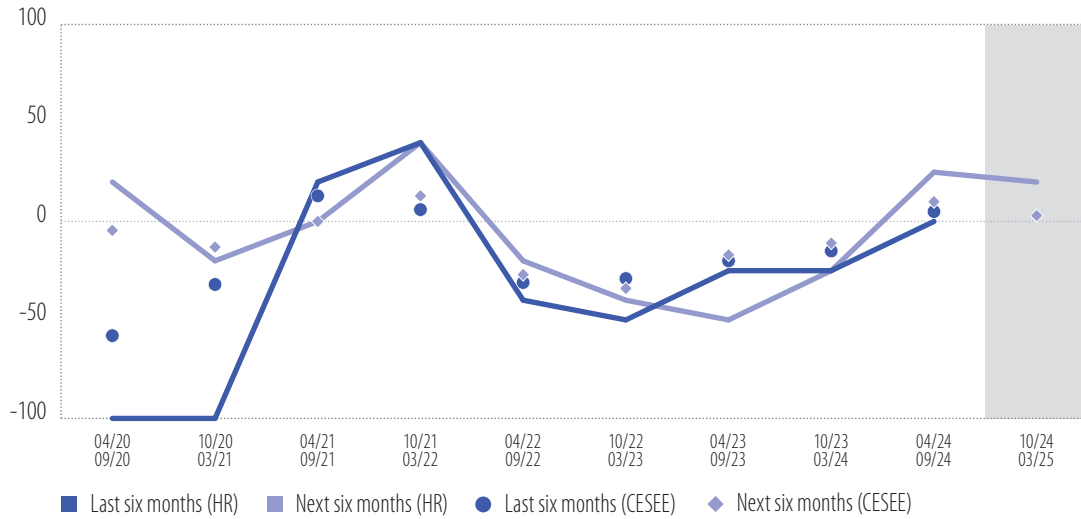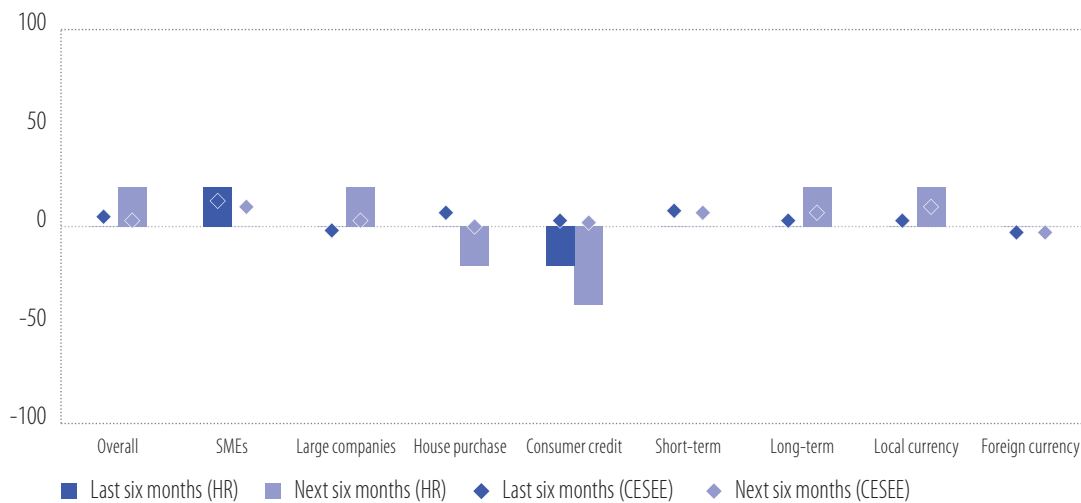
Factors contributing to supply conditions (in %)

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 and is expected to remain favourable in the next six months (better than the regional average).

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 for
most of the funding sources, especially retail and corporate funding.

Figure 9
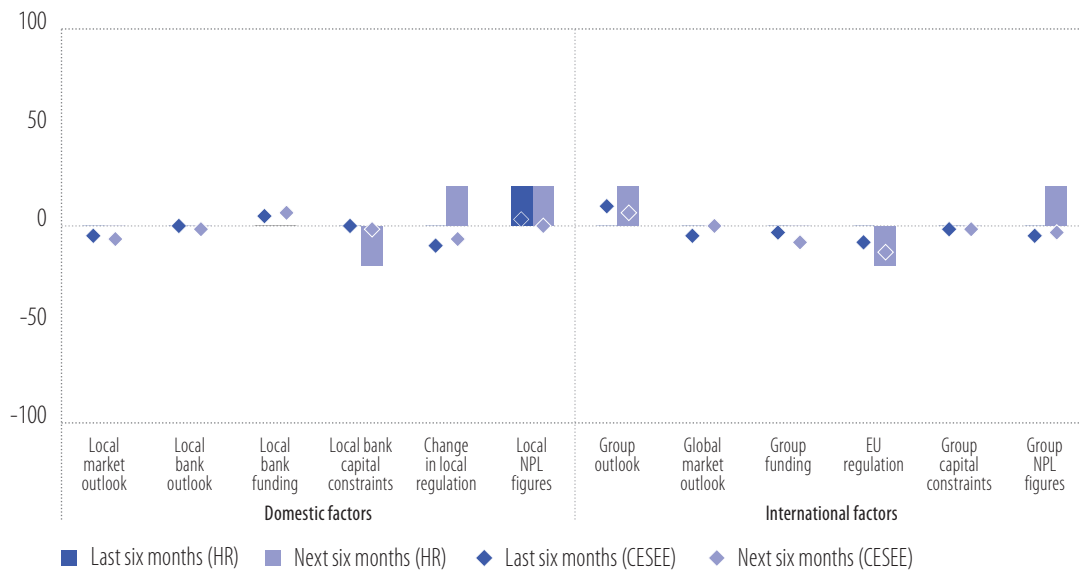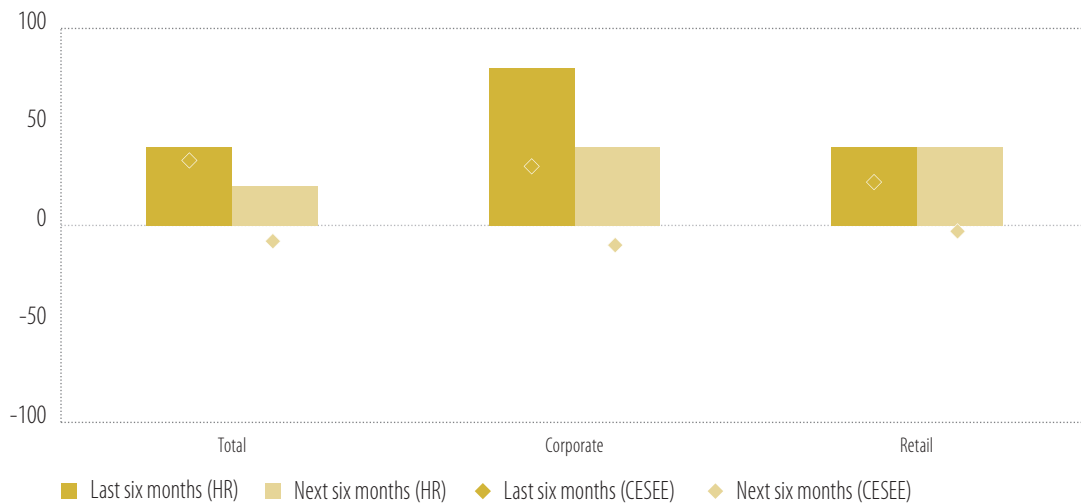**Access to funding** (in %)
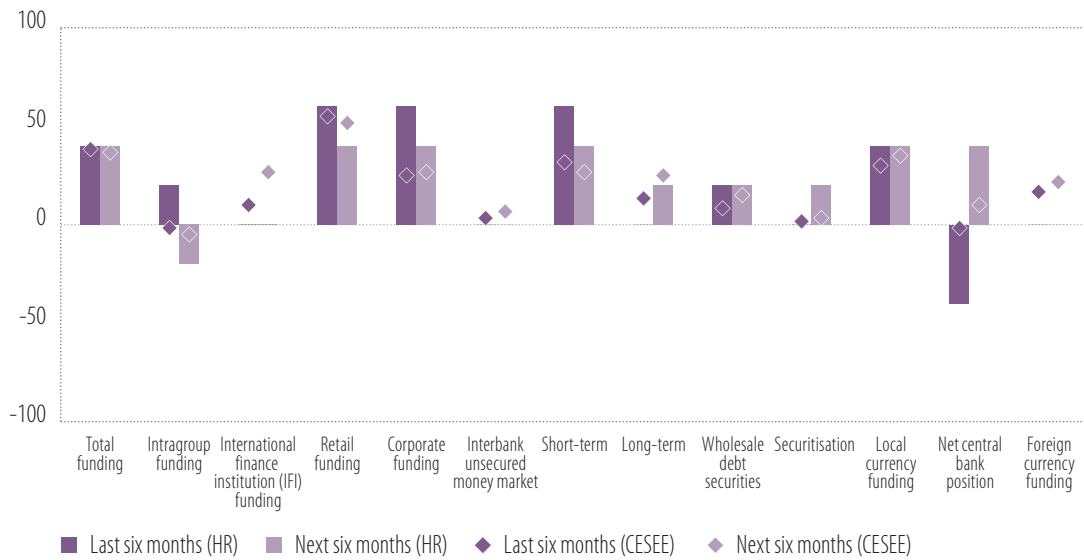
Source: EIB – CESEE Bank Lending Survey.
Note: The chart shows net percentages, with positive values indicating improved access to funding. See Question B.Q9 in the Annex.

Czechia

Banks report that the demand for their loans in Czechia continued to increase in the last six months, more than in the rest of the region, and will remain strong. On balance, the supply of credit has eased. Banks expect their funding situation to continue improving.

Summary

Group assessment of positioning and market potential: All international banking groups report that the Czech banking market has high potential and that they are satisfied with their market position. A large share of subsidiaries in Czechia report that their profitability is higher than the group's.

Credit demand in Czechia 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) eased somewhat more than in the rest of the region. This trend is expected to continue.

Access to funding continued to improve across types of funding, in particular for local currency funding.

Non-performing loan (NPL) ratios are expected to deteriorate slightly, as in the rest of the region.

Credit supply and credit demand (in %)
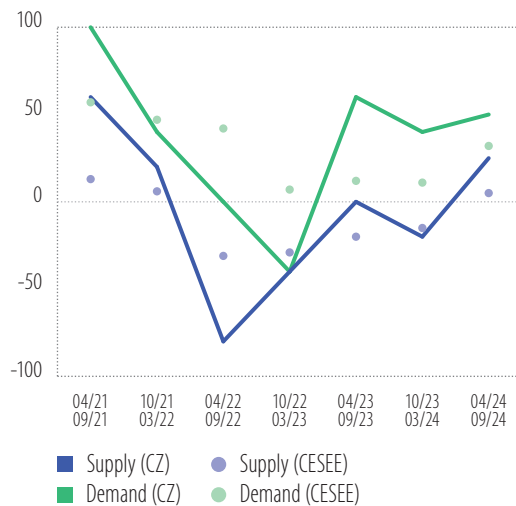
■ Supply (CZ)   ● Supply (CESEE)
■ Demand (CZ)   ● Demand (CESEE)

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 %)

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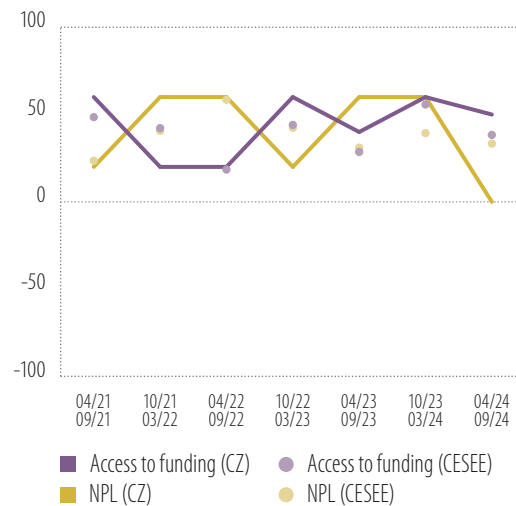
Source: EIB – CESEE Bank Lending Survey.
Note: All values are net percentages. Access to funding: Positive values indicate increased access. NPL: Negative values indicate an increase in the non-performing loan ratio.

CESEE Bank Lending Survey results – parent bank level

All CESEE banking groups believe that the banking market in Czechia has high potential and are satisfied with their market position. The profitability of their local operations tends to be higher than in other parts of their group.

Figure 1
Market potential and positioning
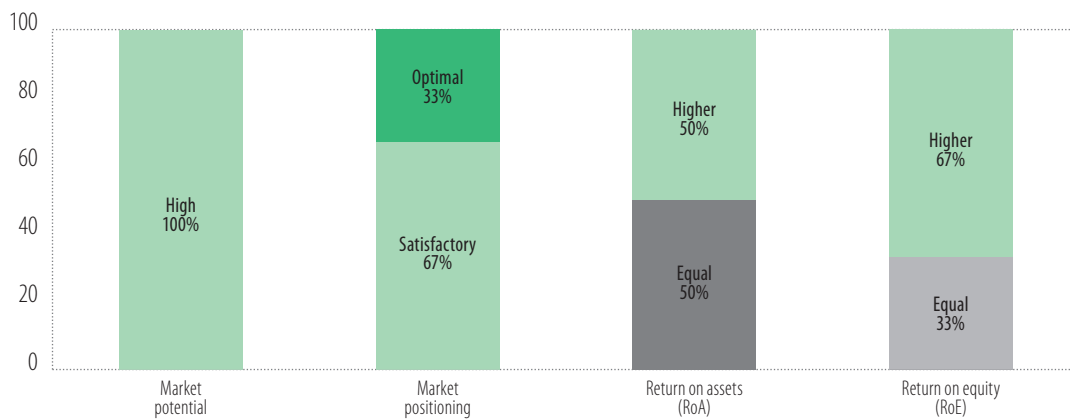
Source: EIB – CESEE Bank Lending Survey.
Note: Return on assets (adjusted for cost of risk) compared to overall group operations; return on equity (adjusted for cost of equity) compared to overall group return on equity. See Question A.Q1 in the Annex.

CESEE Bank Lending Survey results – local bank/subsidiary level

In line with the rest of the region, credit demand improved over the past six months and is expected to remain strong.

Figure 2
Aggregate demand developments (in %)
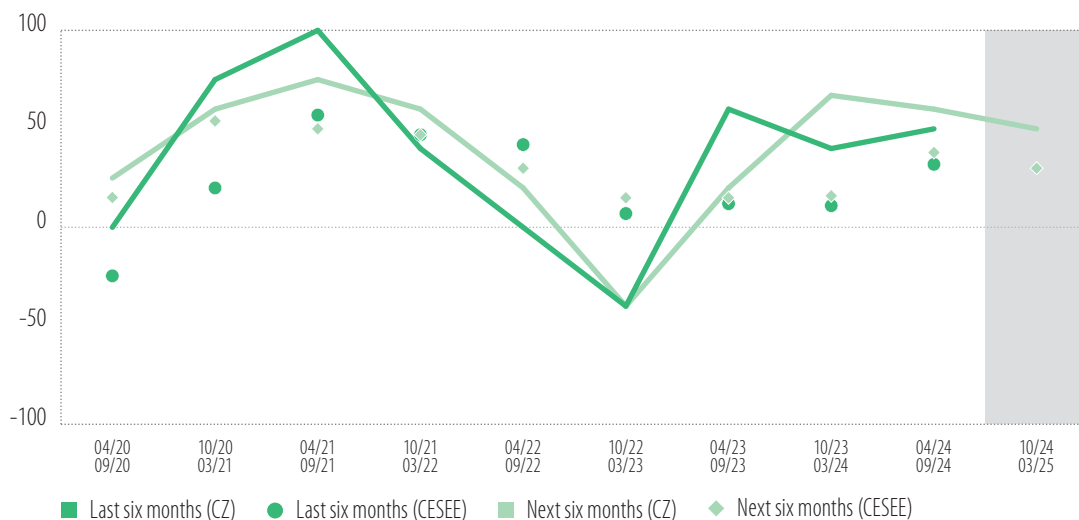
Last six months (CZ) ● Last six months (CESEE) Next six months (CZ) ◆ Next six months (CESEE)

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 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 retail market (mortgages and consumer credit).

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 corporate and household loans – supported by improving prospects for the housing market and rising consumer confidence – to increase.

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 improved in the last six months and may ease over the next six months, similar to the rest of the region.
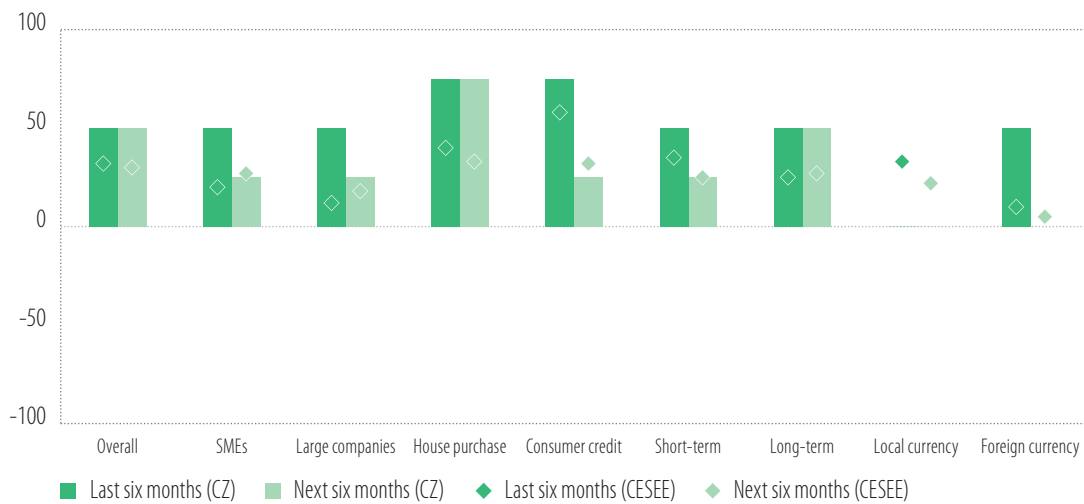
Figure 5
Aggregate supply developments (in %)

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 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.

Banks report that credit supply eased somewhat more for corporate loans than for household loans, which were affected by mortgages. This trend is expected to continue.

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.

The local bank and market outlook and an easing in funding conditions supported loan supply. International factors played less of a role on balance. This trend is expected to continue and is slightly more positive than in the rest of the region.
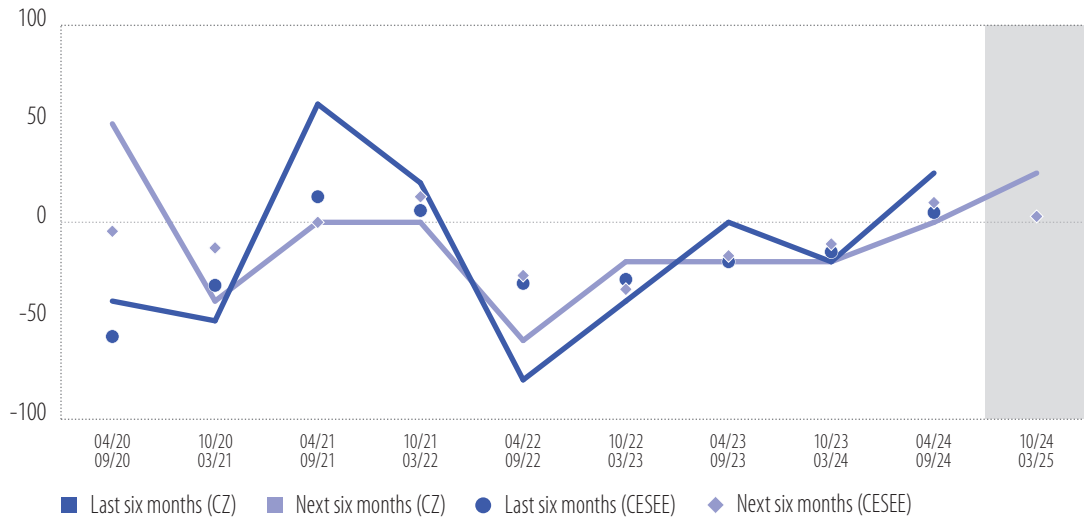
Figure 7
Factors contributing to supply conditions (in %)

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 report that the quality of their loans in Czechia remained largely unchanged but they expect them to deteriorate over the next six months.

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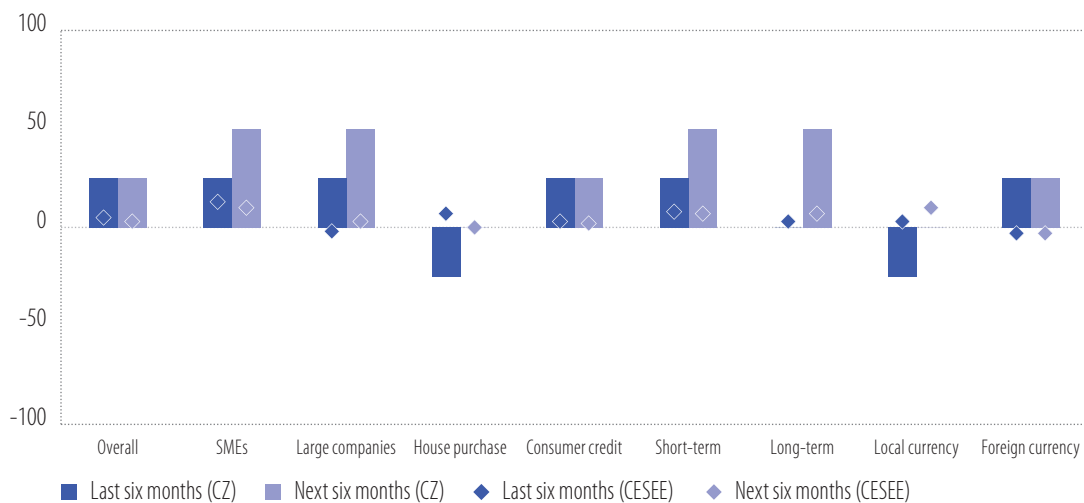

Source: EIB – CESEE Bank Lending Survey.
Note: The chart shows net percentages, with positive values indicating improving credit quality (in other words, decreasing NPL ratios). See Question B.Q8 in the Annex.

Banks expect their funding conditions to continue improving across types of funding, broadly in line with the rest of the region. With official interest rates lowered, almost all banks expect easier access to local currency funding. As in the rest of the region, access to retail funding improved further. Banks expect these developments to continue, although in a slightly muted fashion.
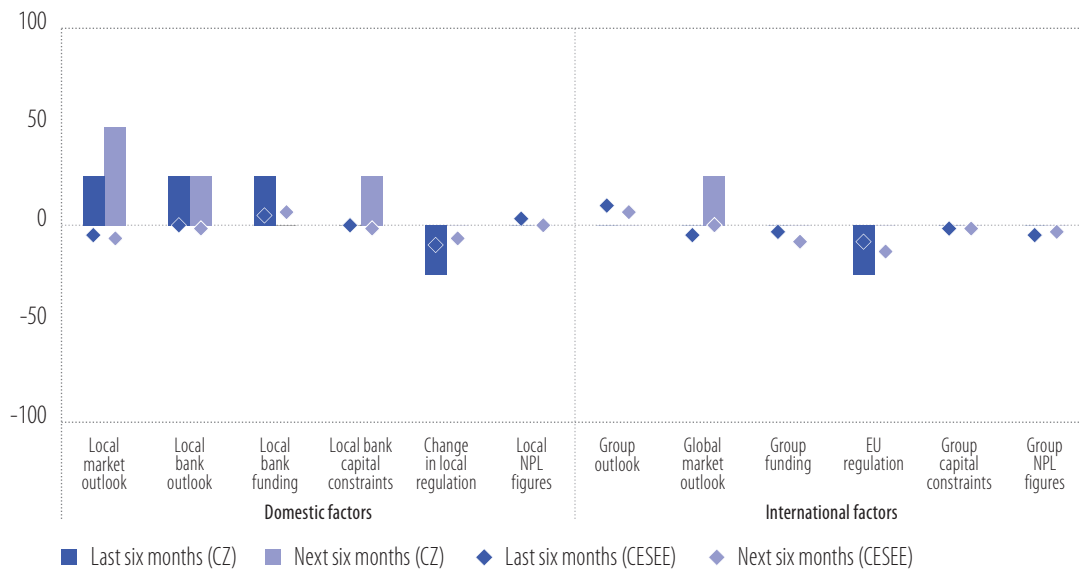
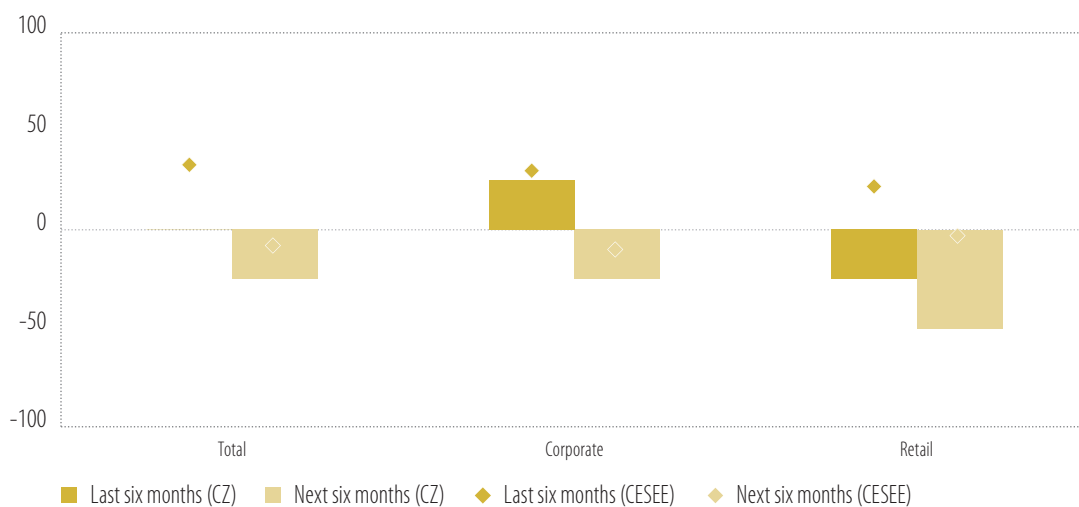**Figure 9**
Access to funding (in %)
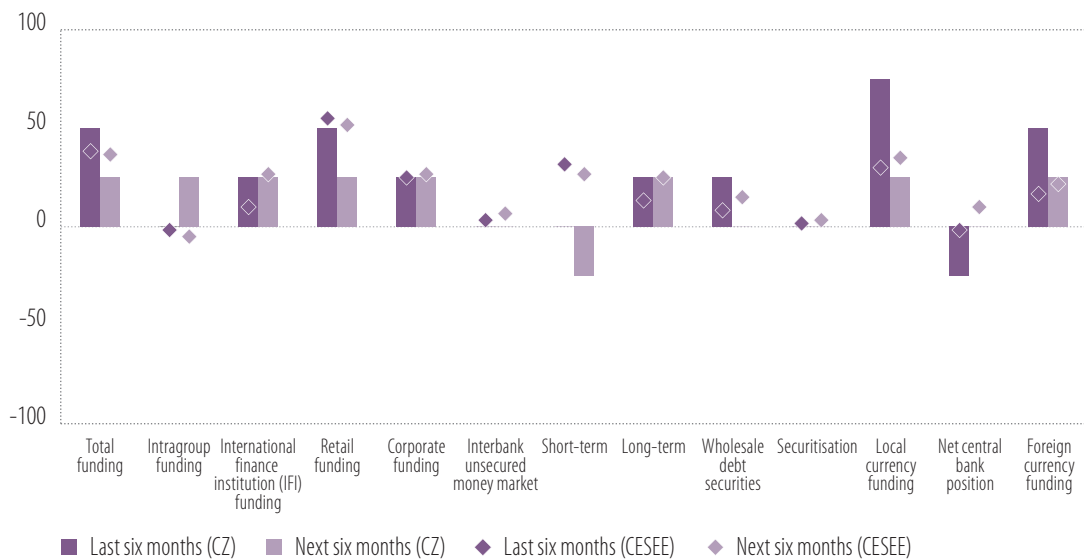
Source: EIB – CESEE Bank Lending Survey.
Note: The chart shows net percentages, with positive values indicating improved access to funding. See Question B.Q9 in the Annex.

Hungary

Credit demand and supply in Hungary remained unchanged in the last six months, but banks are optimistic and expect demand and supply to improve in the next six months. Credit quality has improved.

Summary

Group assessment of positioning and market potential: Most international banking groups reported higher profitability for Hungarian operations compared with overall group operations, an improvement from the previous survey round. The perception of Hungary's market potential also improved, with all banks marking it as either high or medium. Banks' market positioning in Hungary improved slightly from the previous survey round, with 25% of banks considering it optimal and 75% satisfactory.

Credit demand in Hungary remained unchanged overall as demand from consumers increased while demand from corporates declined. In the next six months, banks expect a recovery in credit demand from the enterprise segment and a deceleration of growth in household demand.

Credit supply conditions (indicating the banks' willingness to extend credit to their clients) remained unchanged in the last six months but are expected to ease slightly.

Access to funding improved in Hungary in the last six months and is expected to continue improving in the next six months.

Non-performing loan (NPL) ratios in Hungary improved overall, mainly due to improvements in the retail segments over the last six months, like the regional trend, despite the somewhat pessimistic forecasts in the previous survey round.

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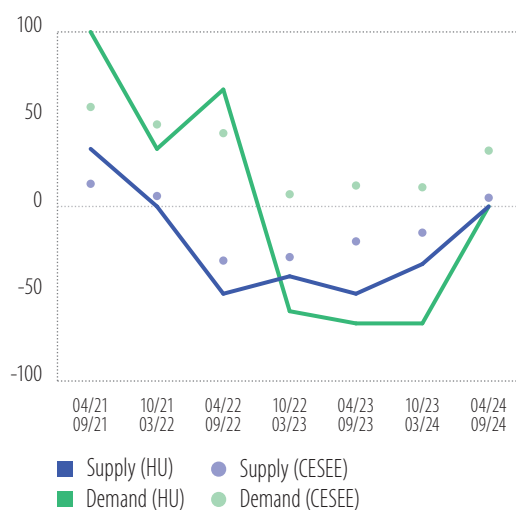
Source: EIB – CESEE Bank Lending Survey.
Note: All values are net percentages. Positive values denote increasing (easing) demand (supply).

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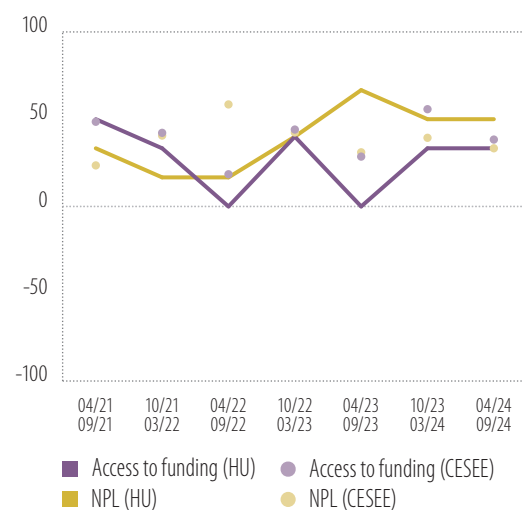
Source: EIB – CESEE Bank Lending Survey.
Note: All values are net percentages. Access to funding: Positive values indicate increased access. NPL: Negative values indicate an increase in the non-performing loan ratio.

CESEE Bank Lending Survey results – parent bank level

Banking groups in Central, Eastern and South-Eastern Europe see the Hungarian market potential as medium (75%) or high (25%), and all banks report that profitability is higher than for the parent bank.

Figure 1
Market potential and positioning
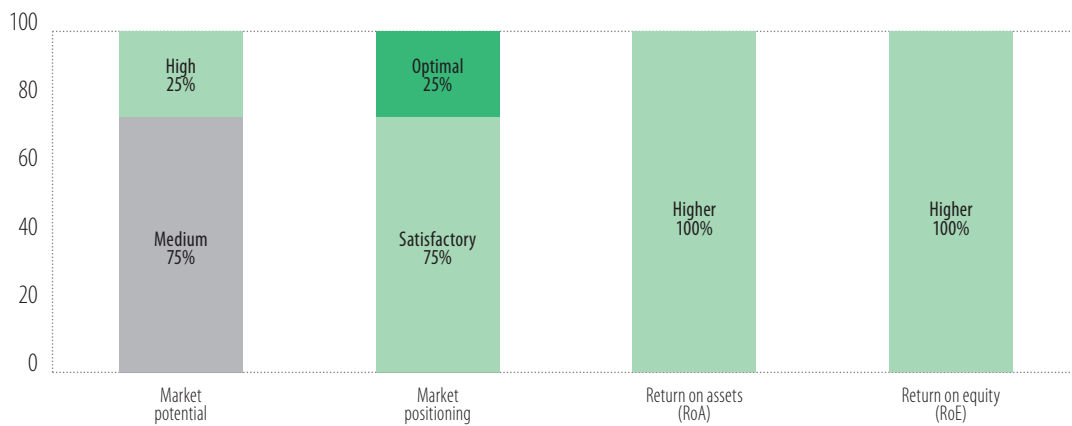
Source: EIB – CESEE Bank Lending Survey.
Note: Return on assets (adjusted for cost of risk) compared to overall group operations; return on equity (adjusted for cost of equity) compared to overall group return on equity. See Question A.Q1 in the Annex.

CESEE Bank Lending Survey results – local bank/subsidiary level

Credit demand remained unchanged (whereas it increased regionally) but is expected to improve, in line with the regional trend.
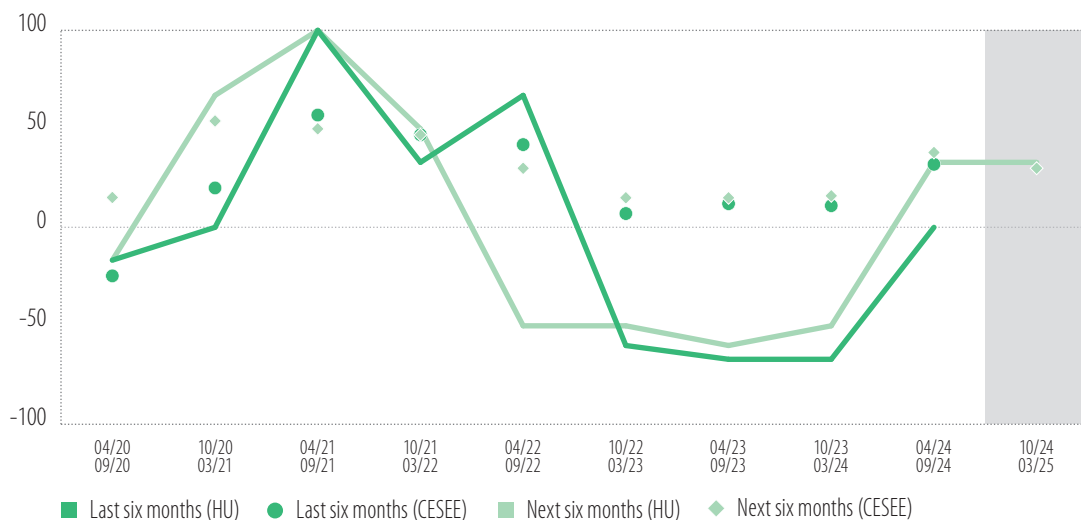
Figure 2
Aggregate demand developments (in %)

Last six months (HU)   ● Last six months (CESEE)   Next six months (HU)   ◆ Next six months (CESEE)

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 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 remained unchanged in the last six months as a result of opposing trends: an increase in demand from consumers and a drop in demand from corporates, chiefly small and medium-sized enterprises (SMEs).

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 a small increase in credit demand from the enterprise segment in the next six months. Past growth in household credit demand is expected to decelerate.

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 unchanged, ending a tightening of credit conditions which lasted two years, and is expected to ease slightly.

Figure 5
Aggregate supply developments (in %)

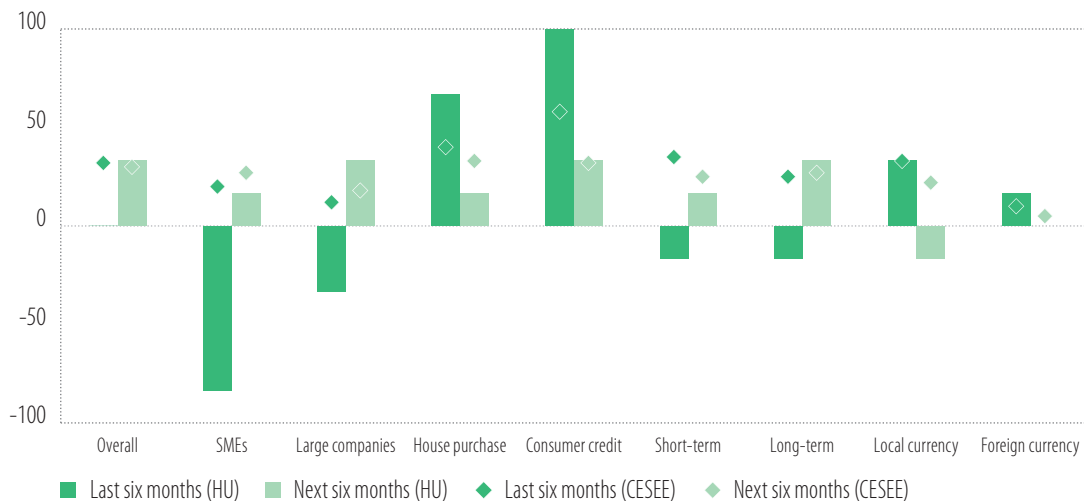Source: EIB – CESEE Bank Lending Survey.
Note: The chart shows net percentages, with positive values indicating easing supply. The two expectations series (light purple line and diamonds) are shifted forward to be comparable to the perceptions series (dark line and circles). In other words, expectations 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 most for consumer credit and small and medium-sized enterprises.

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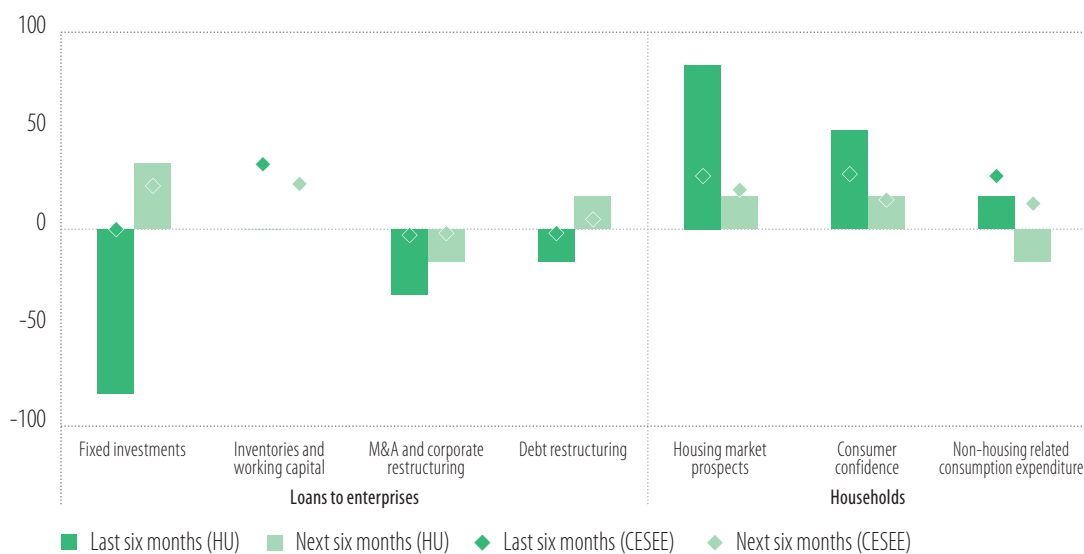**Supply components and segments** (in %)

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 domestic and international factors are contributing negatively to credit supply, except for the group outlook and local bank 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.

Non-performing loan ratios in Hungary improved overall, mainly due to improvements in the retail segments over the last six months, despite somewhat pessimistic forecasts in the previous survey round. No significant change is expected for the next six months.

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, mainly due to retail funding, and are expected
to remain favourable, driven again by retail funding.

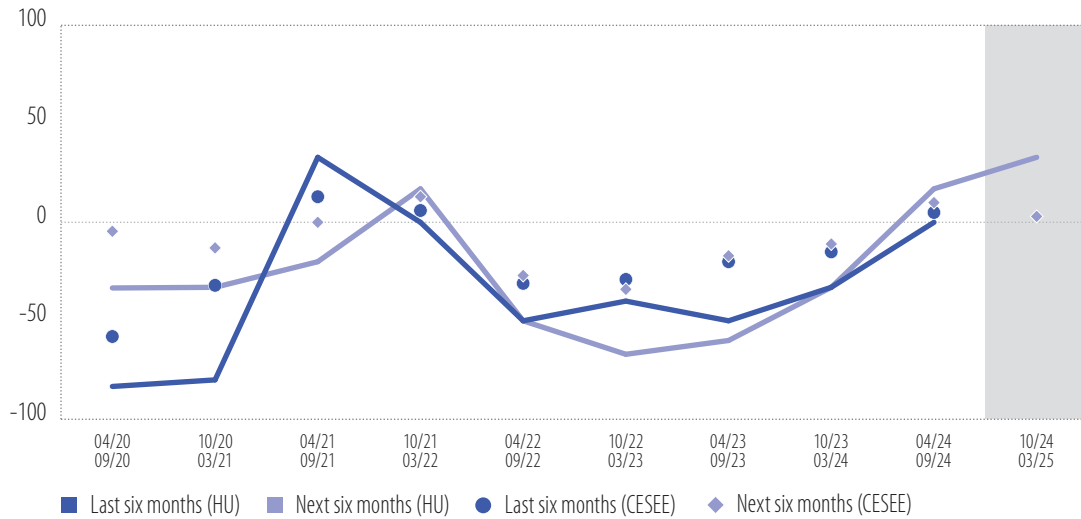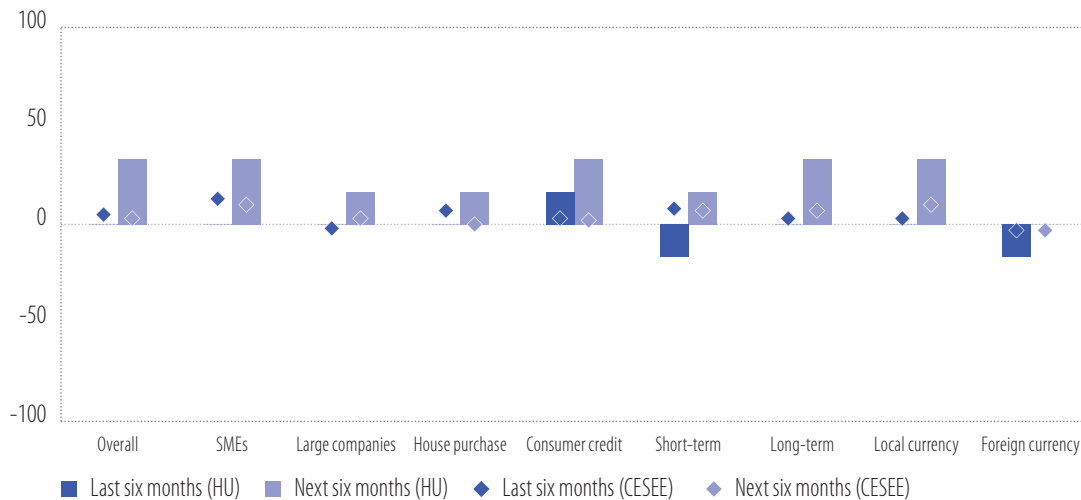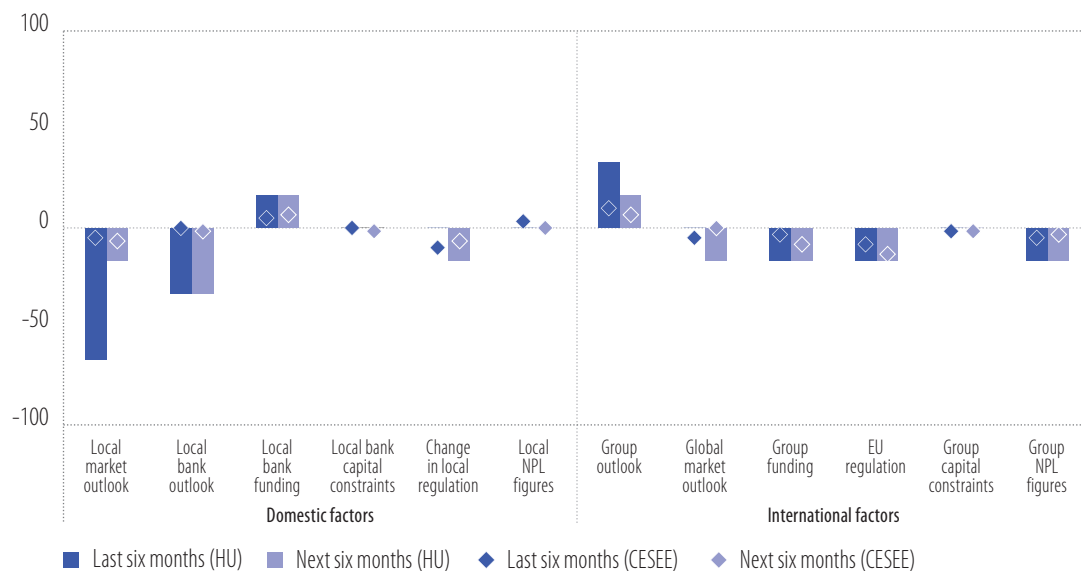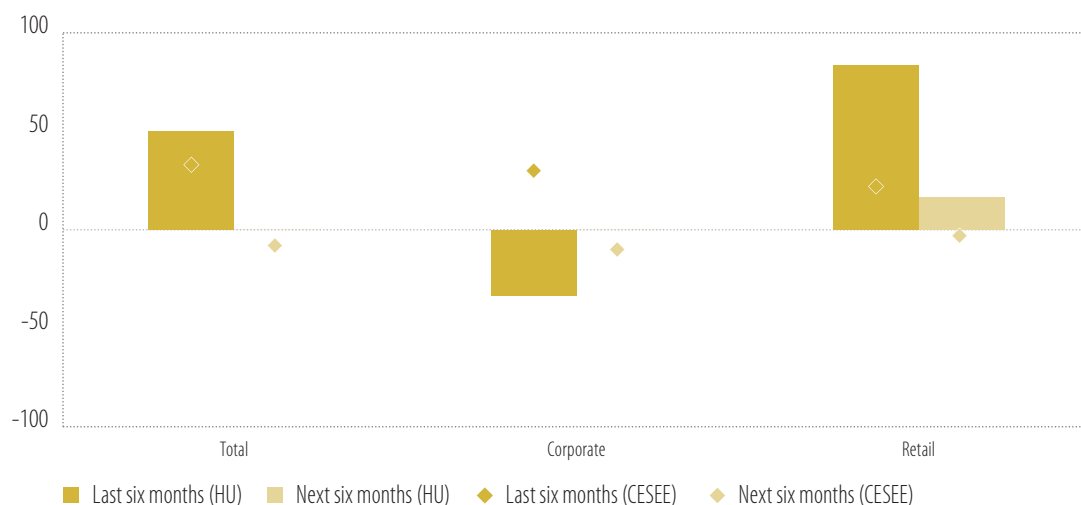**Figure 9**
Access to funding (in %)
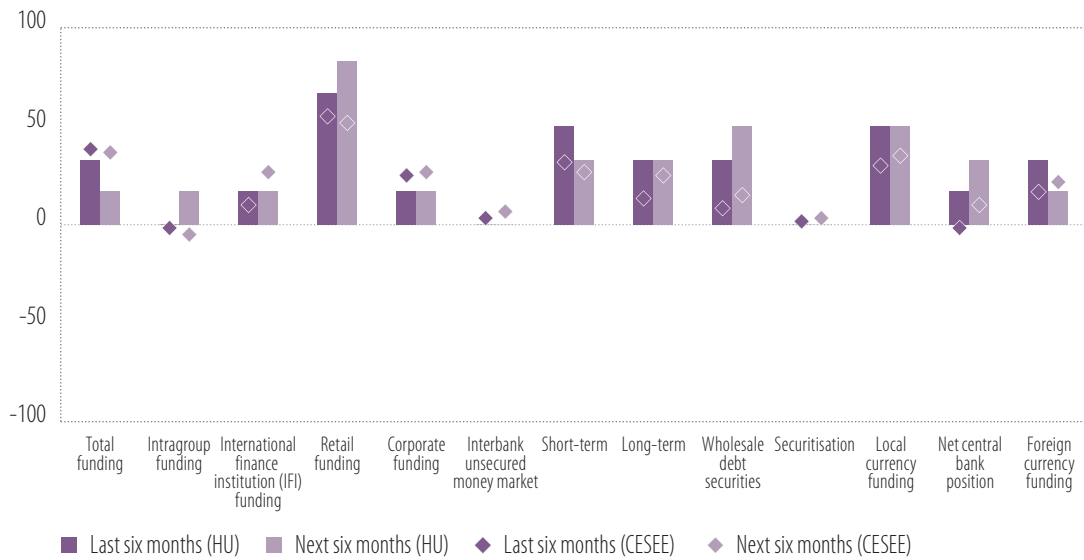
Source: EIB – CESEE Bank Lending Survey.
Note: The chart shows net percentages, with positive values indicating improved access to funding. See Question B.Q9 in the Annex.

Kosovo

Credit demand remained buoyant in the past six months, while supply conditions were broadly flat. 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 remained positive and credit quality remained stable.

Summary

Group assessment of positioning and market potential: All international banking groups reported the market potential in Kosovo* as medium and their position as optimal, in line with results in the previous survey round. Profitability is 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, consumer credit and house purchase 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) were neutral in the last six months and are expected to remain stable, 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 remained unchanged over the last six months and are expected to be neutral in the next period (deteriorating for corporate, improving for retail), marginally better than regional trends.

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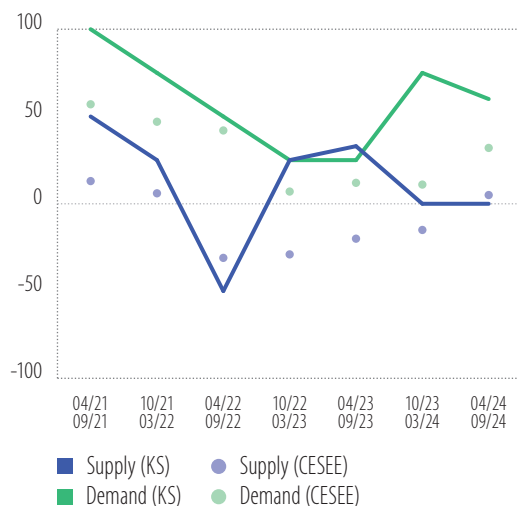
Source: EIB – CESEE Bank Lending Survey.
Note: All values are net percentages. Positive values denote increasing (easing) demand (supply).

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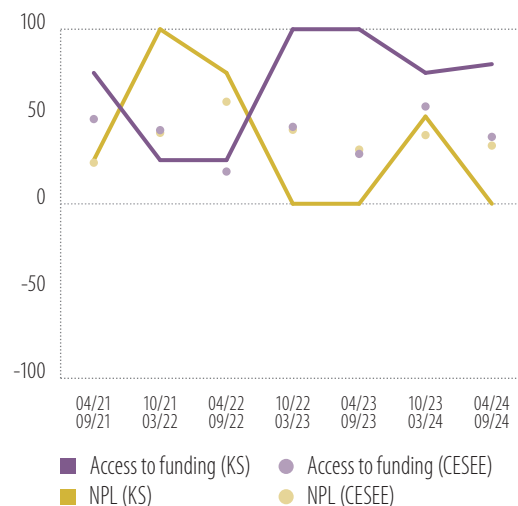
Source: EIB – CESEE Bank Lending Survey.
Note: All values are net percentages. Access to funding: Positive values indicate increased access. NPL: Negative values indicate an increase in the non-performing loan ratio.

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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.

CESEE Bank Lending Survey results – parent bank level

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

Figure 1
Market potential and positioning
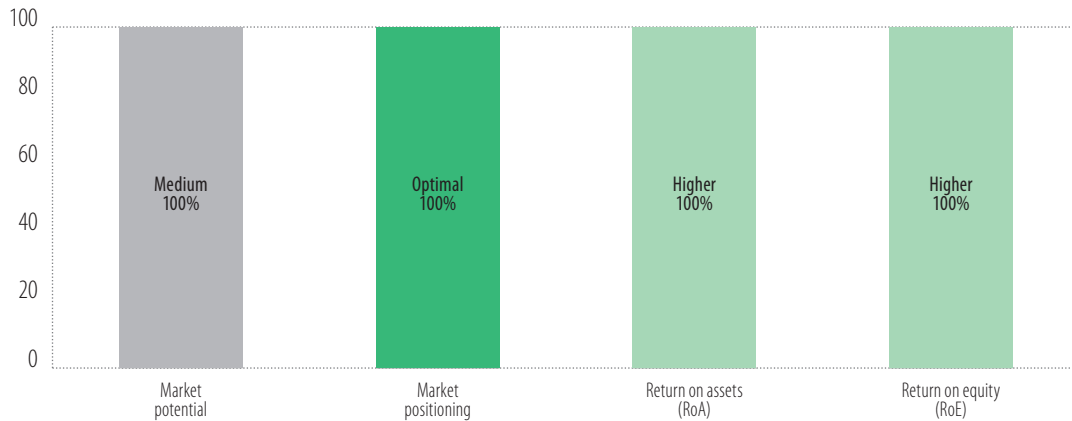
Source: EIB – CESEE Bank Lending Survey.
Note: Return on assets (adjusted for cost of risk) compared to overall group operations; return on equity (adjusted for cost of equity) compared to overall group return on equity. See Question A.Q1 in the Annex.

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 %)
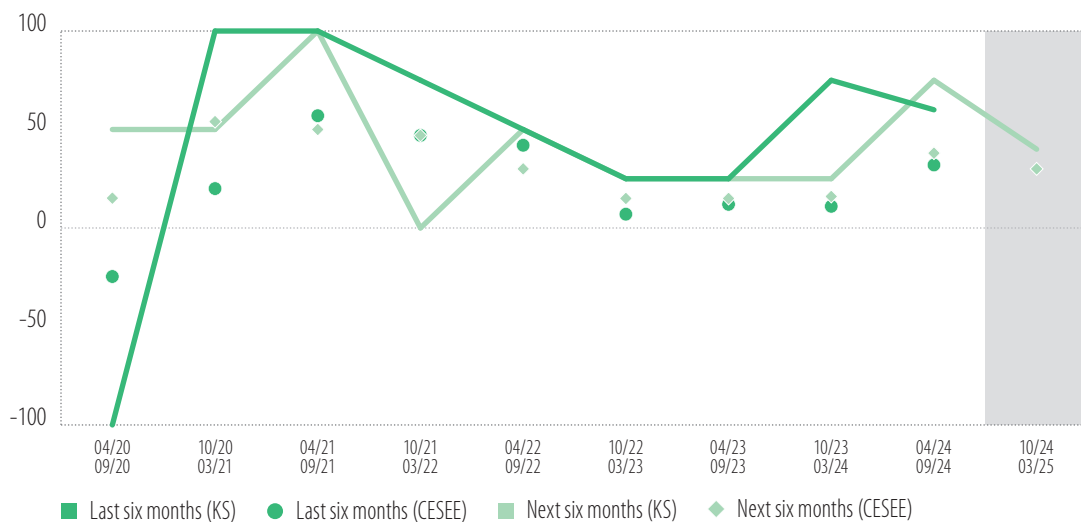
■ Last six months (KS)   ● Last six months (CESEE)   ■ Next six months (KS)   ◆ Next six months (CESEE)

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 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 %)

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 %)

Credit supply remained flat in the past six months and is expected to remain unchanged in the next six months, close to the regional average.
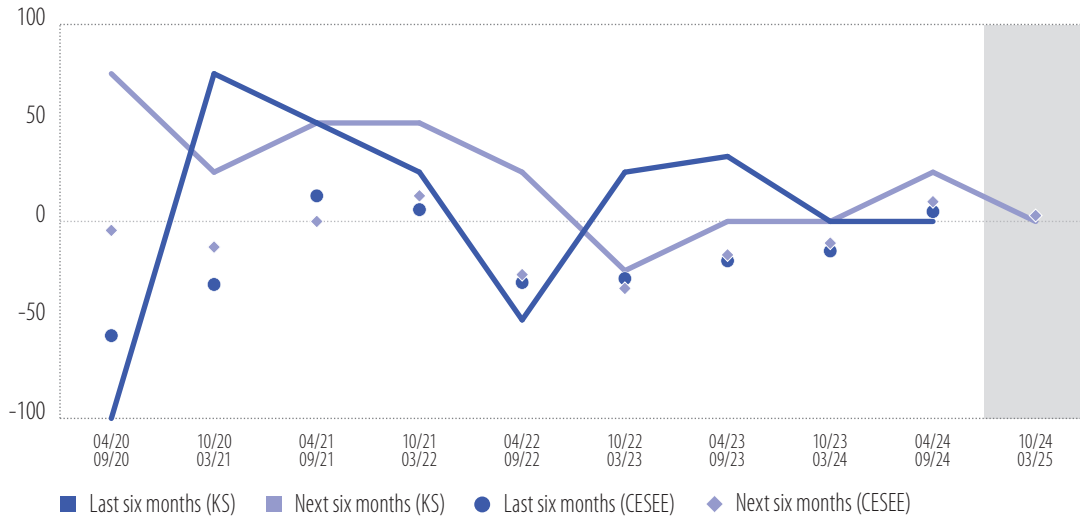
Figure 5
Aggregate supply developments (in %)

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 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 remain neutral, with positive contributions only from small and medium-sized enterprises and 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 only by the improving group outlook and global market outlook, while EU regulation is expected to detract from 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 did not change in the last six months and is expected to remain neutral (with improvements in retail and a deterioration in corporate), somewhat better than the regional trend.
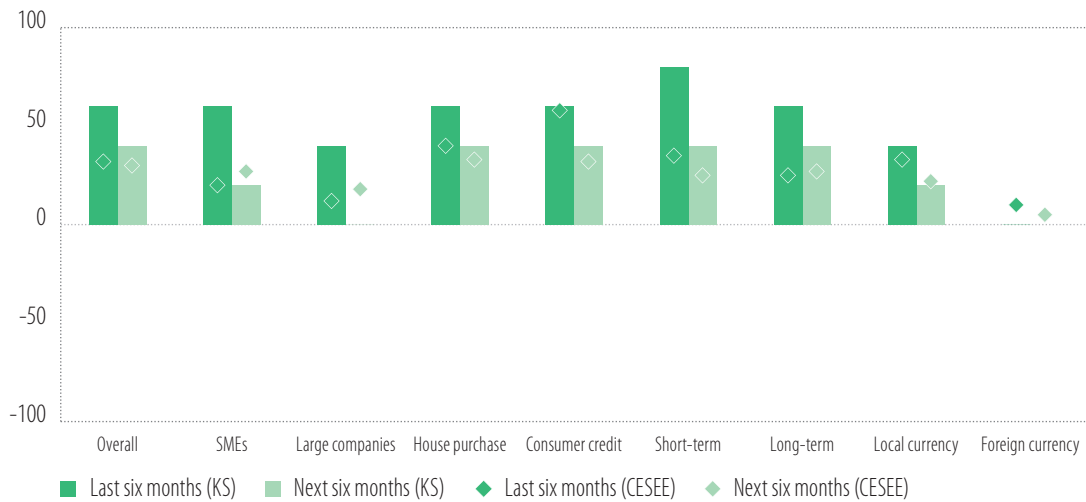
Figure 8
Credit quality and non-performing loan ratios (in %)
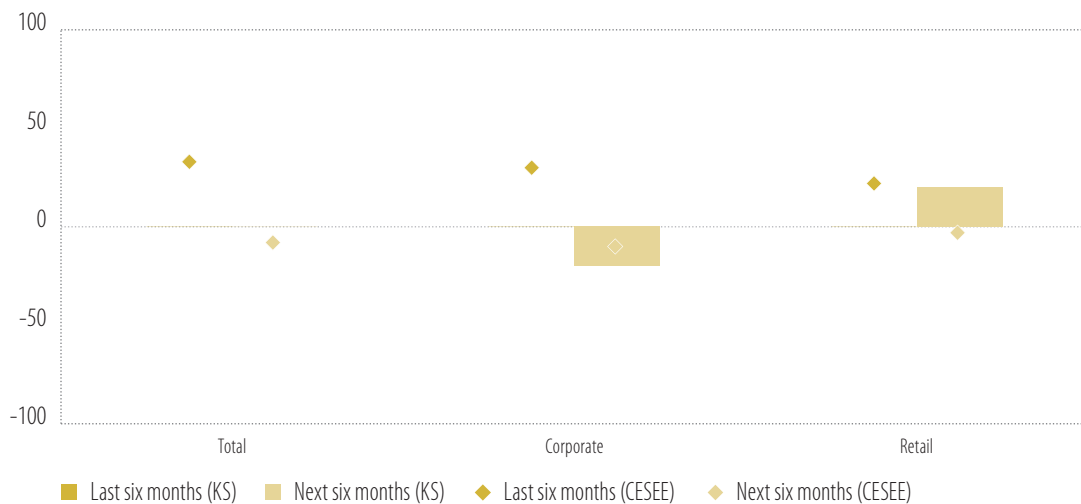
Source: EIB – CESEE Bank Lending Survey.
Note: The chart shows net percentages, with positive values indicating improving credit quality (in other words, decreasing NPL ratios). See Question B.Q8 in the Annex.

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

Figure 9
Access to funding (in %)

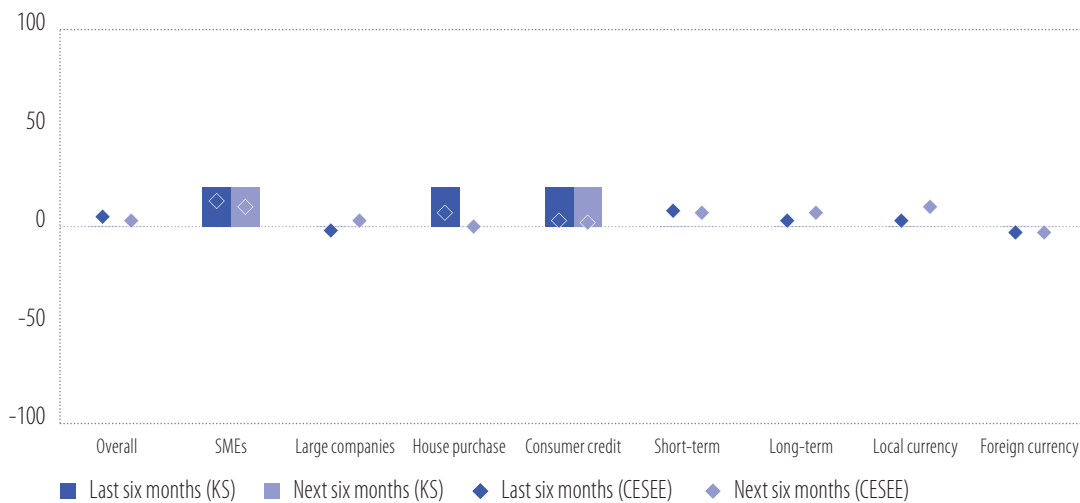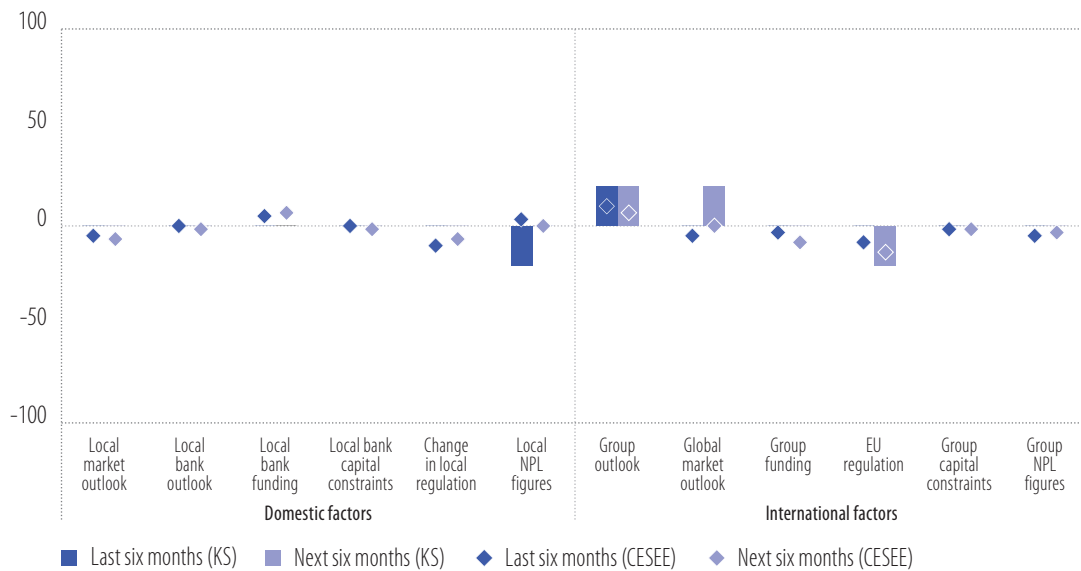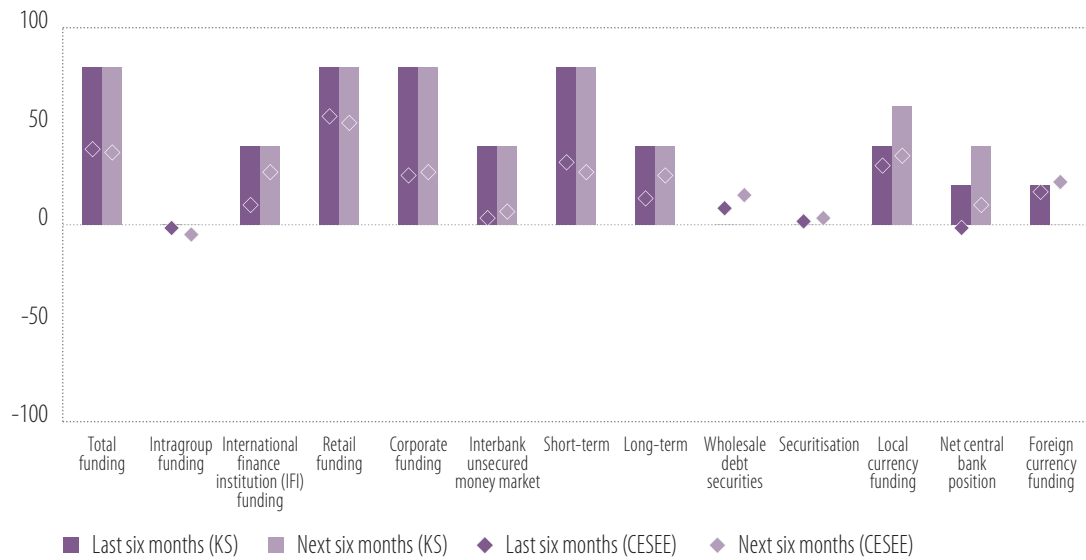
Source: *EIB – CESEE Bank Lending Survey.*
Note: *The chart shows net percentages, with positive values indicating improved access to funding. See Question B.Q9 in the Annex.*

North Macedonia

Credit demand rebounded while supply conditions remained tight amid improved funding conditions and credit quality. In the next six months, demand will be stronger and supply neutral.

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 rebounded in the last six months, above the regional average, supported by positive developments in both the corporate and household sectors. Demand conditions are expected to improve further in the next six months, outpacing the regional trend.

Credit supply conditions (indicating the banks' willingness to extend credit to their clients) remained tight, somewhat worse than the regional trend, but is expected to ease somewhat in the next six months (to neutral) 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 thanks to the retail and corporate segments.

Non-performing loan (NPL) ratios improved over the last six months due to positive developments in the corporate and retail segments and are expected to improve further overall in the next six months (though with weaker credit quality in retail).

Credit supply and credit demand (in %)

- Supply (MK)
- Supply (CESEE)
- Demand (MK)
- Demand (CESEE)

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 %)

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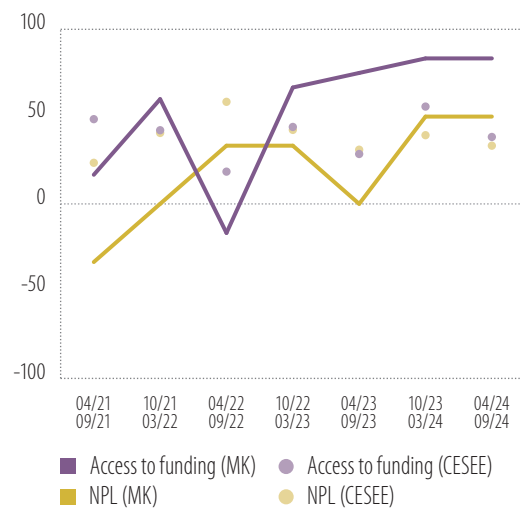
Source: EIB – CESEE Bank Lending Survey.
Note: All values are net percentages. Access to funding: Positive values indicate increased access. NPL: negative values indicate an increase in the non-performing loan ratio.

CESEE Bank Lending Survey results – parent bank level

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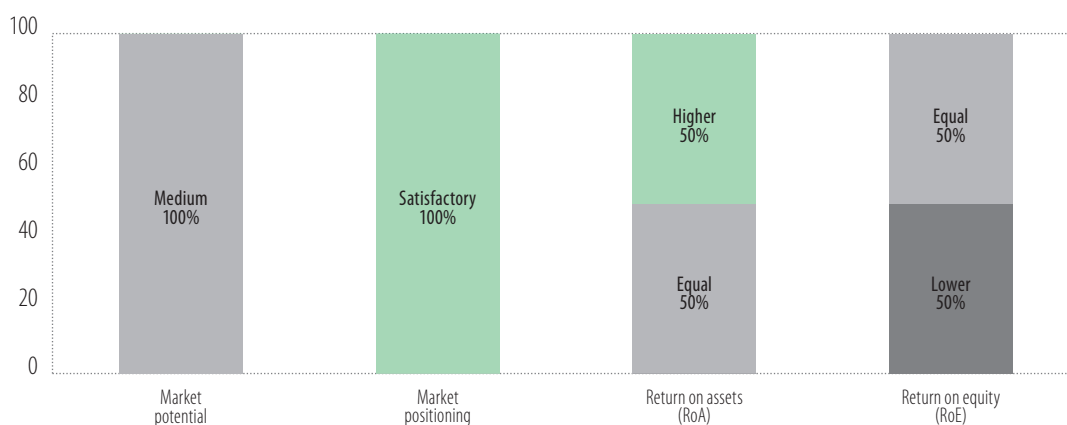
Source: EIB – CESEE Bank Lending Survey.
Note: Return on assets (adjusted for cost of risk) compared to overall group operations; return on equity (adjusted for cost of equity) compared to overall group return on equity. See Question A.Q1 in the Annex.

CESEE Bank Lending Survey results – local bank/subsidiary level

Credit demand increased in the past six months and is expected to expand further, more than the regional average.

Figure 2
Aggregate demand developments (in %)
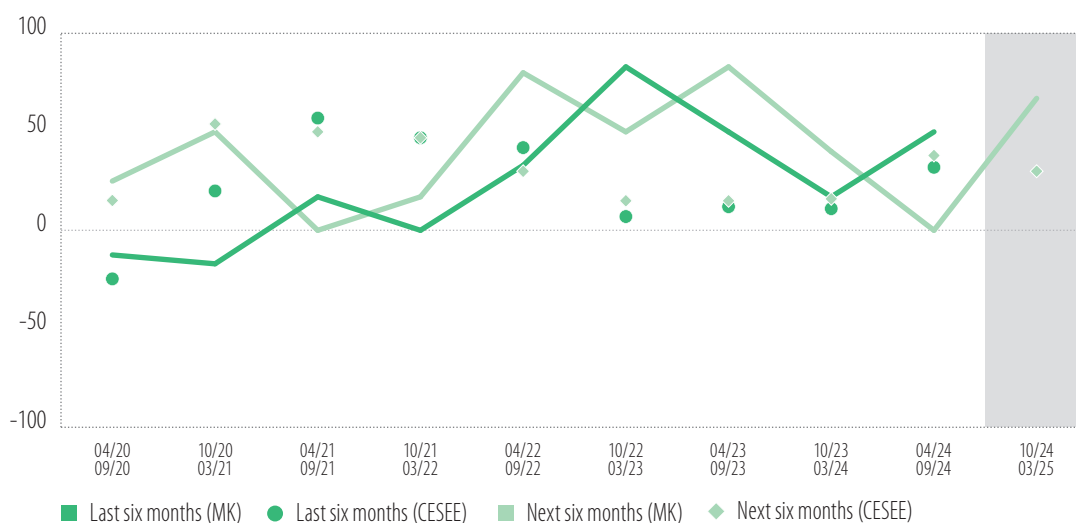
Last six months (MK) ● Last six months (CESEE) Next six months (MK) ◆ Next six months (CESEE)

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 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.

In the last six months, the corporate and retail segments drove credit demand, which is expected to expand further in the next six months across all segments and maturities.

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.

Higher investments in fixed assets and working capital are expected to support credit demand in the next six months, combined with recovering housing prospects 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 be neutral in the next six months, in line with the regional trend, possibly bringing an end to the tight credit conditions which began in 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 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.

The broadly unchanged credit supply in the next six months is reflected across components and market 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 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 %)

■ Last six months (MK)   ■ Next six months (MK)   ◆ Last six months (CESEE)   ◆ Next six months (CESEE)

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 %)
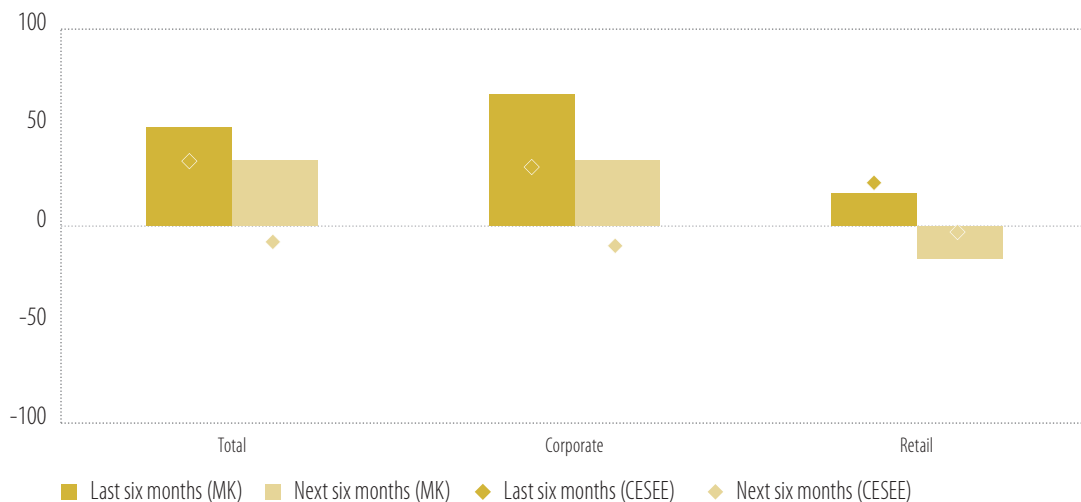
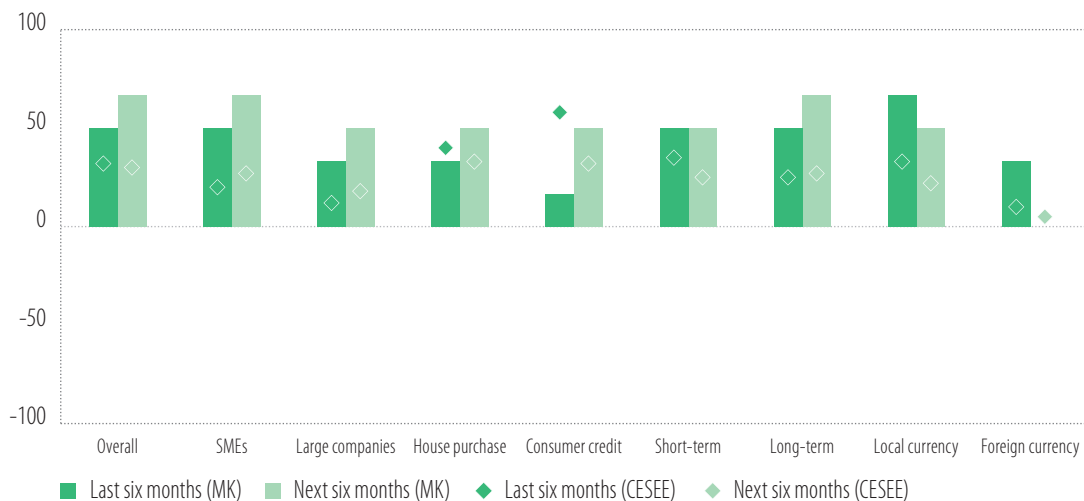■ Last six months (MK)   ■ Next six months (MK)   ◆ Last six months (CESEE)   ◆ Next six months (CESEE)

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,
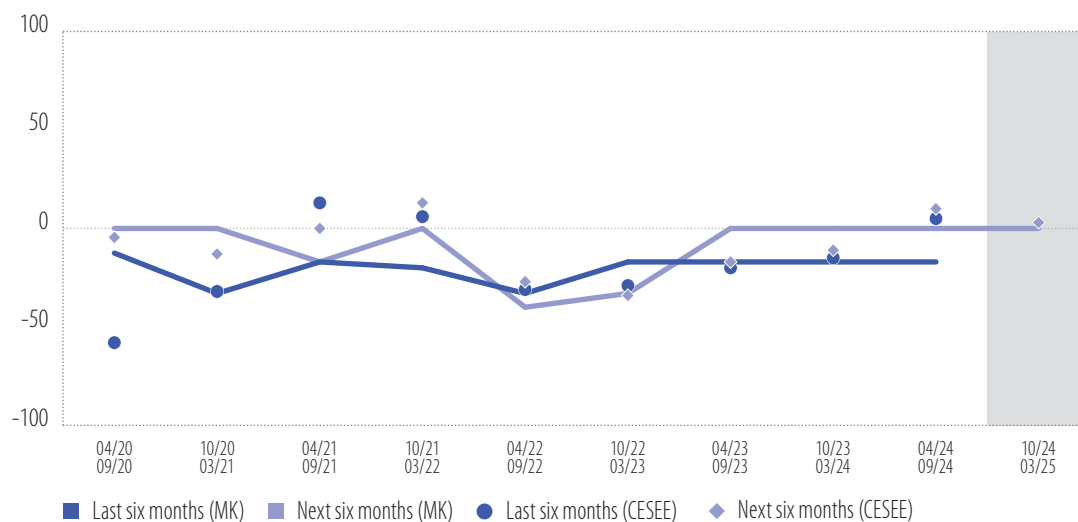especially in the retail and corporate segments.

Figure 9
Access to funding (in %)
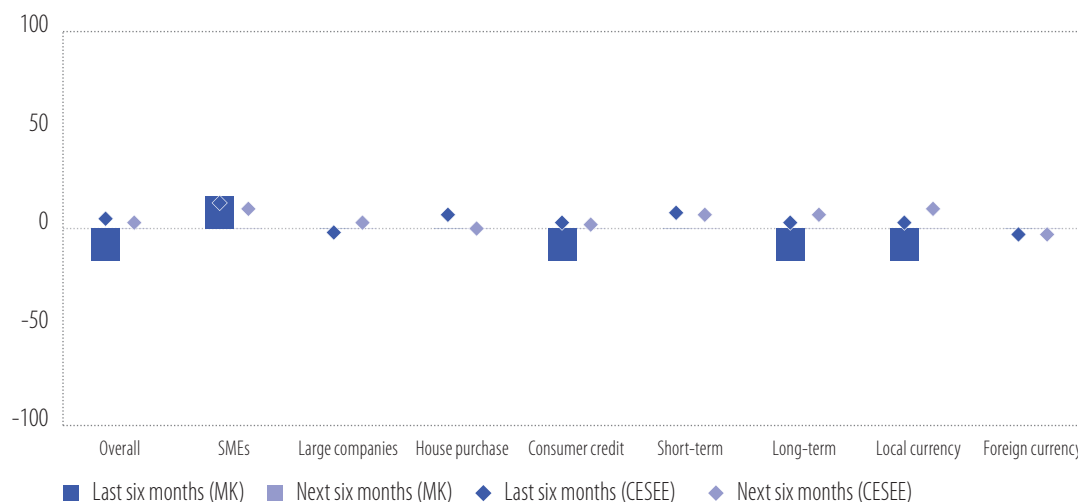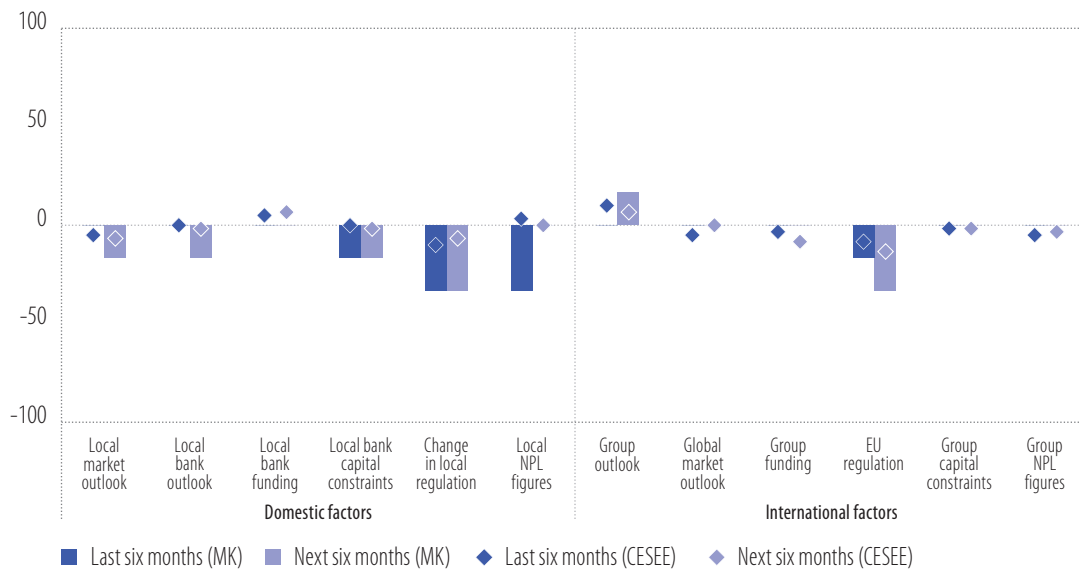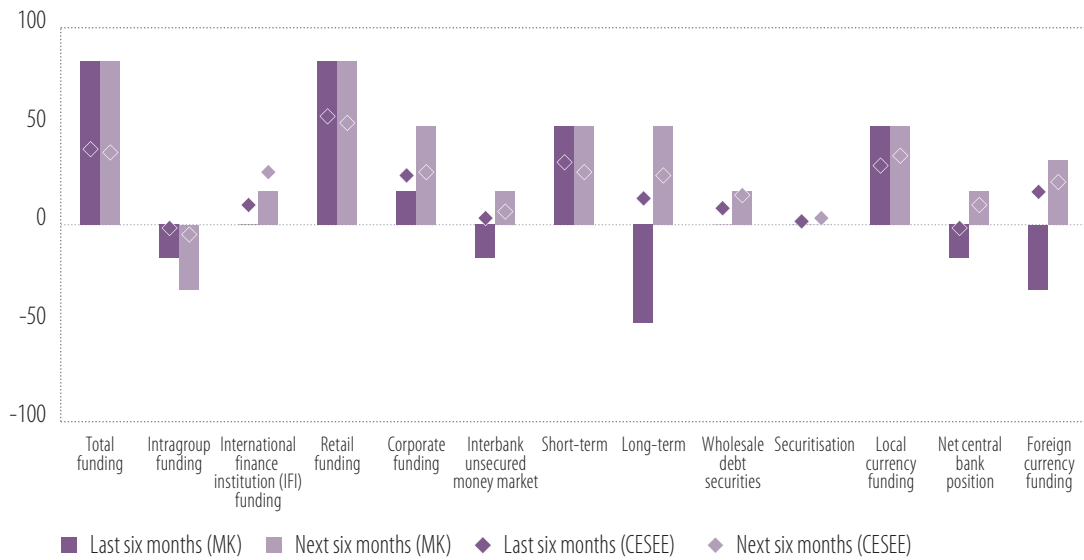

Source: EIB – CESEE Bank Lending Survey.
Note: The chart shows net percentages, with positive values indicating improved access to funding. See Question B.Q9 in the Annex.

Romania

Credit demand in Romania continued to increase in the last six months, while supply conditions softened. Demand is expected to keep growing and supply conditions to stay neutral in the next six months. Credit quality and liquidity have improved but some deterioration is expected in non-performing loan ratios.

Summary

Group assessment of positioning and market potential: Most parent banks consider the Romanian market to have high potential, but a considerable share of banks continues to report lower profitability than at the group level.

Credit demand in Romania continued to increase, more than the regional average. Most segments registered an improvement, and only 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) softened slightly, but conditions are expected to stay neutral 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 over the last six months but are expected to deteriorate in the next period, mainly due to the corporate segment.

Credit supply and credit demand (in %)
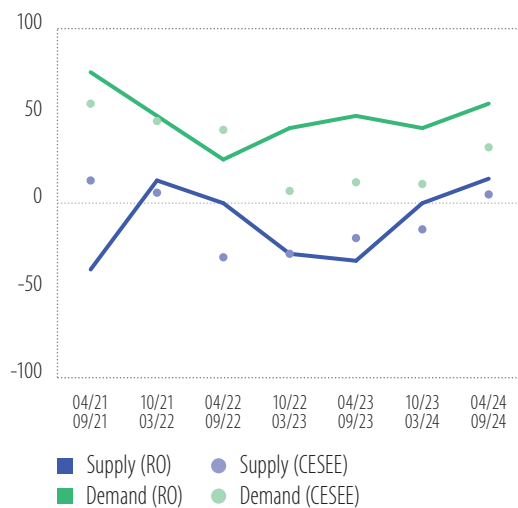
Access to funding and credit quality (in %)

Source: EIB – CESEE Bank Lending Survey.
Note: All values are net percentages. Positive values denote increasing (easing) demand (supply).
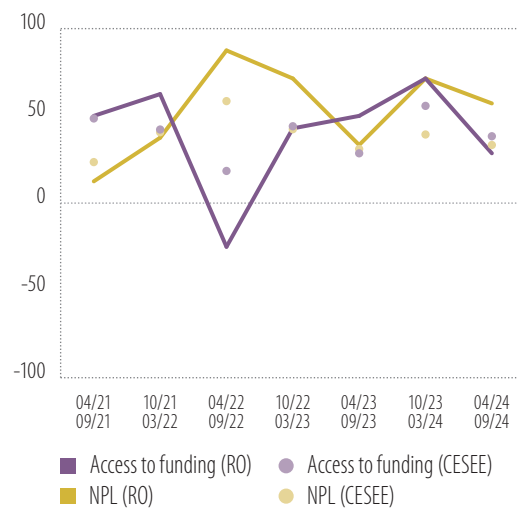
Source: EIB – CESEE Bank Lending Survey.
Note: All values are net percentages. Access to funding: Positive values indicate increased access. NPL: negative values indicate an increase in the non-performing loan ratio.

CESEE Bank Lending Survey results – parent bank level

Banking groups in Central, Eastern and South-Eastern Europe see Romania's market potential as high (80%) or medium (20%), but some report lower profitability compared with the parent bank.
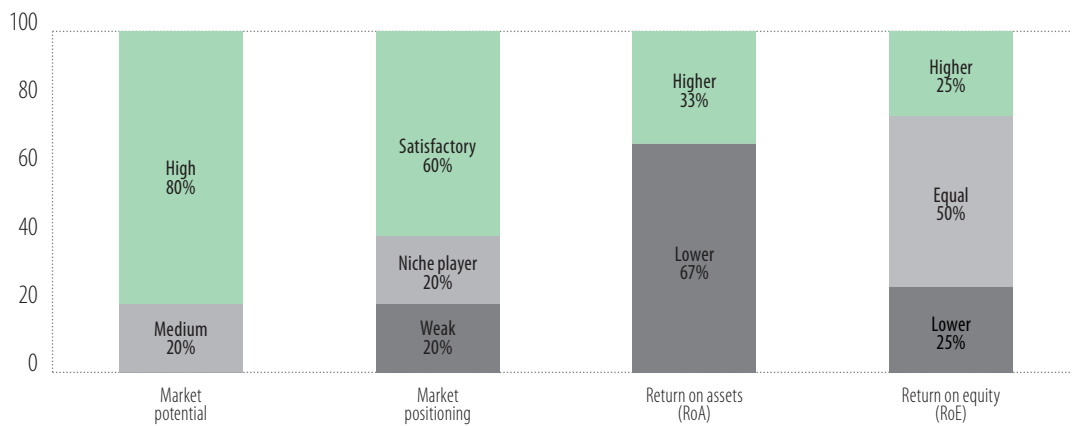
Figure 1
Market potential and positioning

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

CESEE Bank Lending Survey results – local bank/subsidiary level

Credit demand in Romania is strong, above the regional average, and is expected to remain positive.

Figure 2
Aggregate demand developments (in %)
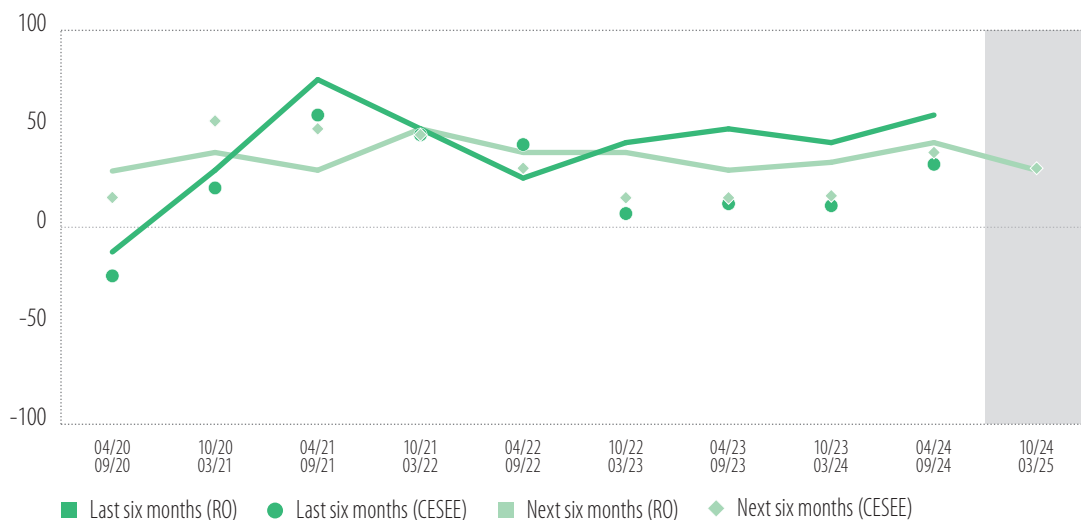
■ Last six months (RO) ● Last six months (CESEE) ■ Next six months (RO) ◆ Next six months (CESEE)

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 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 by the retail and corporate segments.

Demand components and segments (in %)

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

Factors affecting demand for loans (in %)

Credit supply improved in the last six months and is expected to stay neutral in the next period, aligned with 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 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 slightly for the household segment and small and medium-sized enterprises (SMEs).

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.

Better local bank funding and an improving group outlook were supporting factors for supply conditions. Some of the local and international factors are expected to deteriorate in the next six months.

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 in the last six months but is expected to deteriorate slightly, driven by the corporate segments.

Figure 8
Credit quality and non-performing loan ratios (in %)
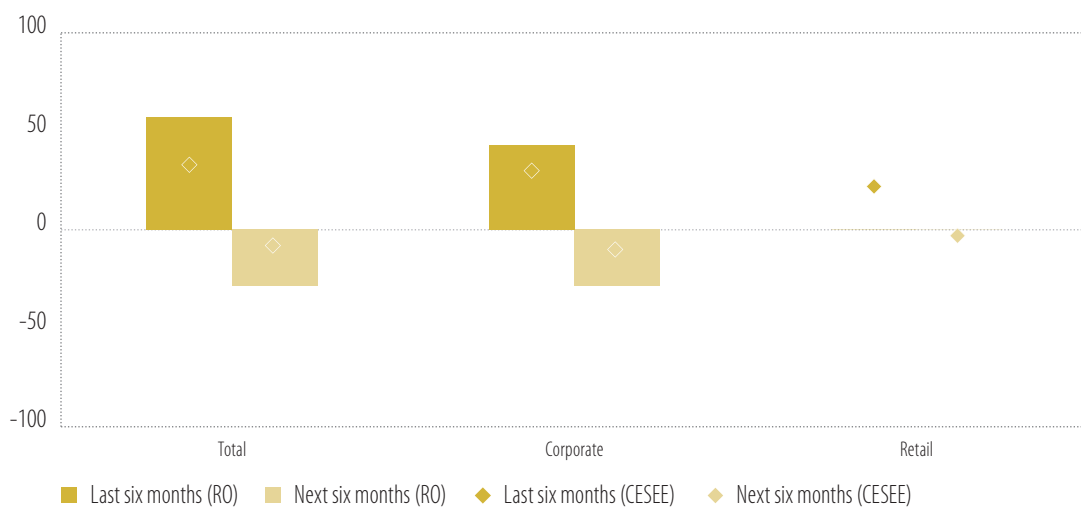
Source: EIB – CESEE Bank Lending Survey.
Note: The chart shows net percentages, with positive values indicating improving credit quality (in other words, decreasing NPL ratios). See Question B.Q8 in the Annex.

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

Figure 9
Access to funding (in %)
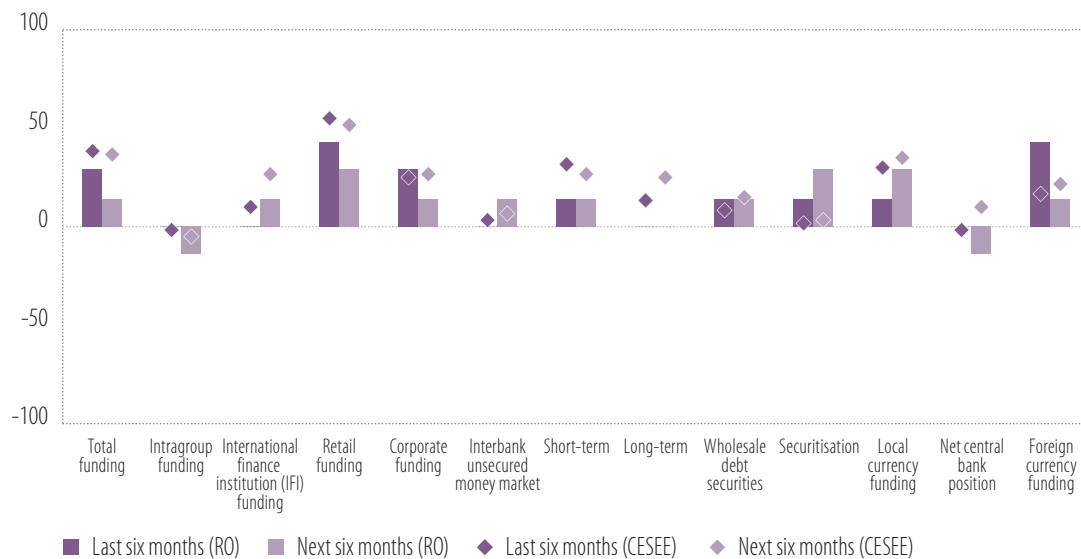
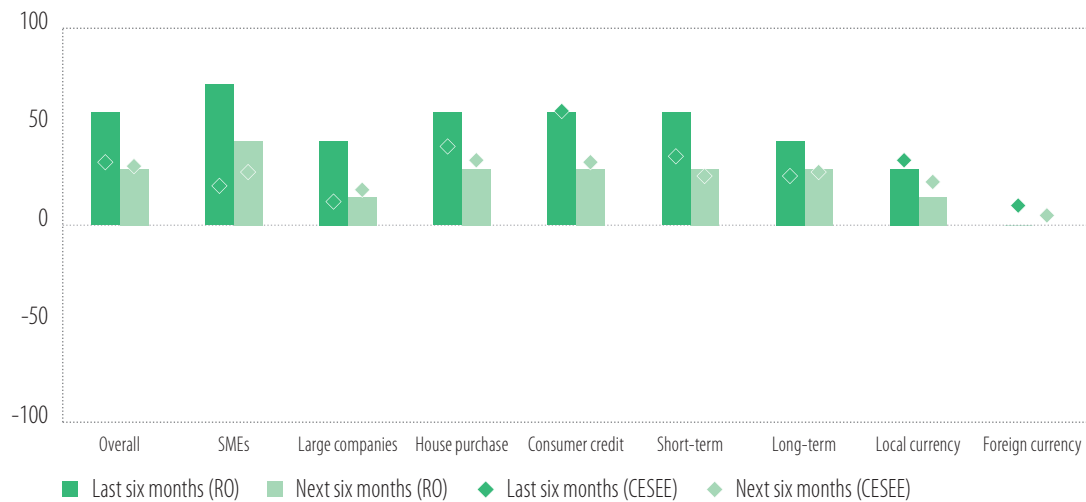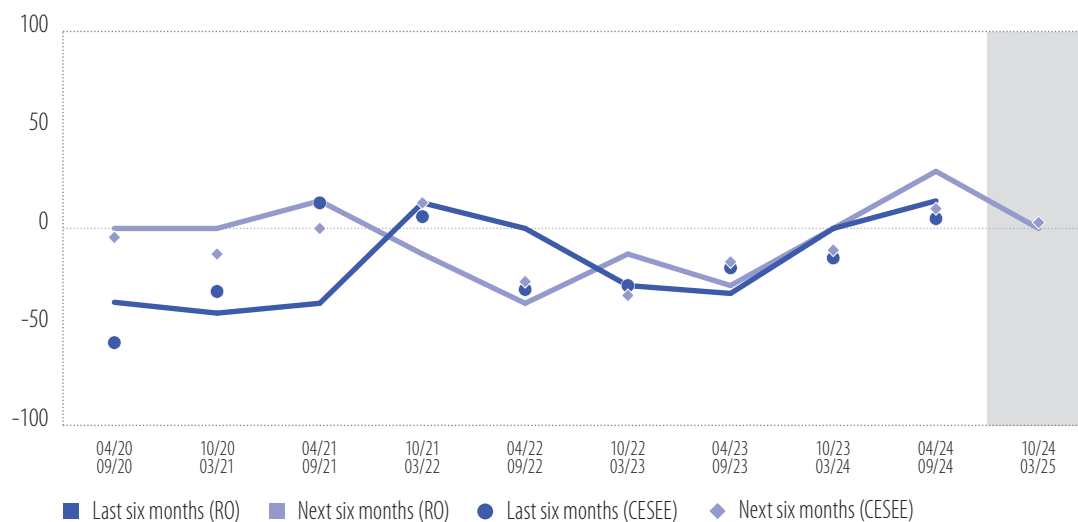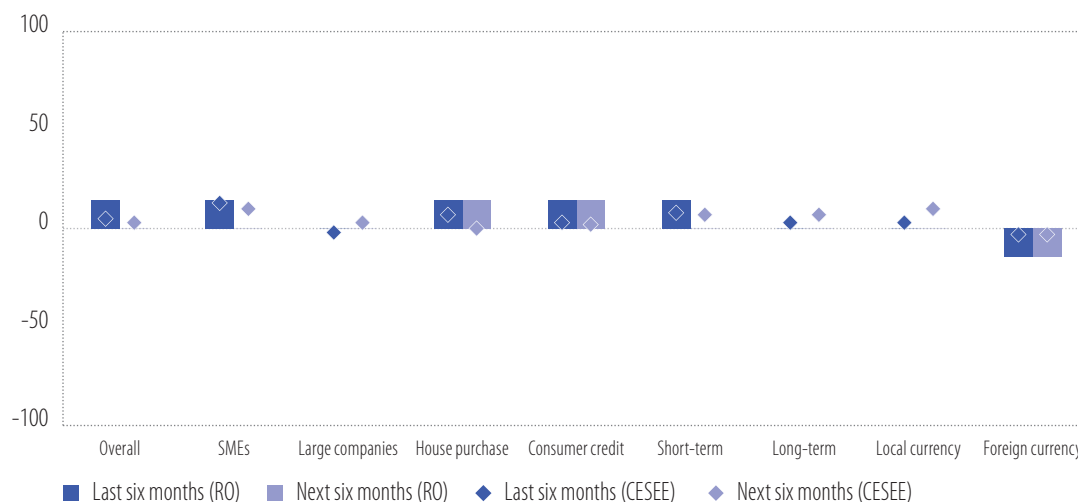
Source: EIB – CESEE Bank Lending Survey.
Note: The chart shows net percentages, with positive values indicating improved access to funding. See Question B.Q9 in the Annex.

Serbia

Credit demand and supply recovered in the past six months despite a deterioration in access to funding. A further gradual recovery in demand conditions is expected in the next six months, while supply is expected to remain broadly stable. Credit quality has improved but is expected to deteriorate.

Summary

Group assessment of positioning and market potential: All 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 continues to be strong, with all parent banks considering the Serbian market to have medium potential, and their positioning as either satisfactory or optimal.

Credit demand in Serbia rebounded during the past six months, but less than the regional average. Demand for consumer credit remained particularly strong for the second consecutive survey round. Credit demand is expected to improve across all consumer segments in the next six months.

Credit supply conditions (indicating the banks' willingness to extend credit to their clients) improved, in line with the regional average, supported by stronger lending to households, but they may soften in the next six months.

Access to funding was neutral in Serbia in the last six months and is expected to improve in the next six months, with funding from international financial institutions (IFIs) as a driver.

Non-performing loan (NPL) ratios improved over the last six months, especially in the corporate segment, but are expected to deteriorate in the next six months.
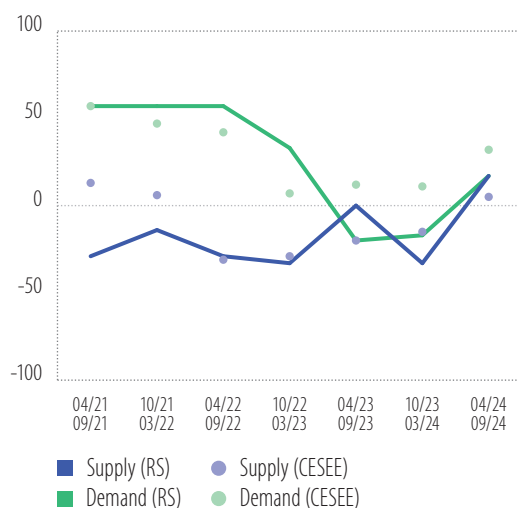
Credit supply and credit demand (in %)

- Supply (RS)
- Demand (RS)
- Supply (CESEE)
- Demand (CESEE)

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 %)

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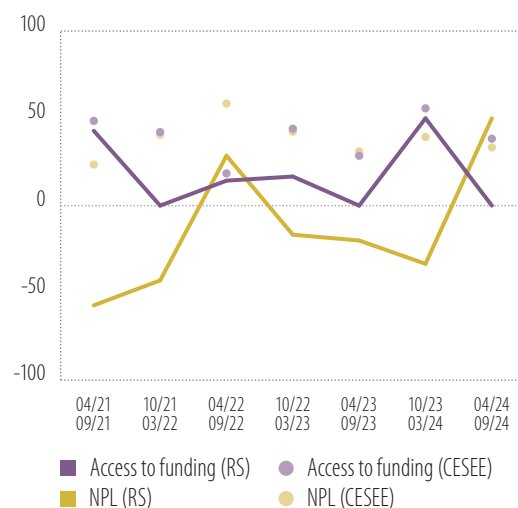
Source: EIB – CESEE Bank Lending Survey.
Note: All values are net percentages. Access to funding: Positive values indicate increased access. NPL: Negative values indicate an increase in the non-performing loan ratio.

CESEE Bank Lending Survey results – parent bank level

CESEE banking groups see the market potential in Serbia as medium and their positioning as either satisfactory or optimal. Profitability is equal or higher than the parent bank, an improvement compared to the previous survey round.

Figure 1
Market potential and positioning
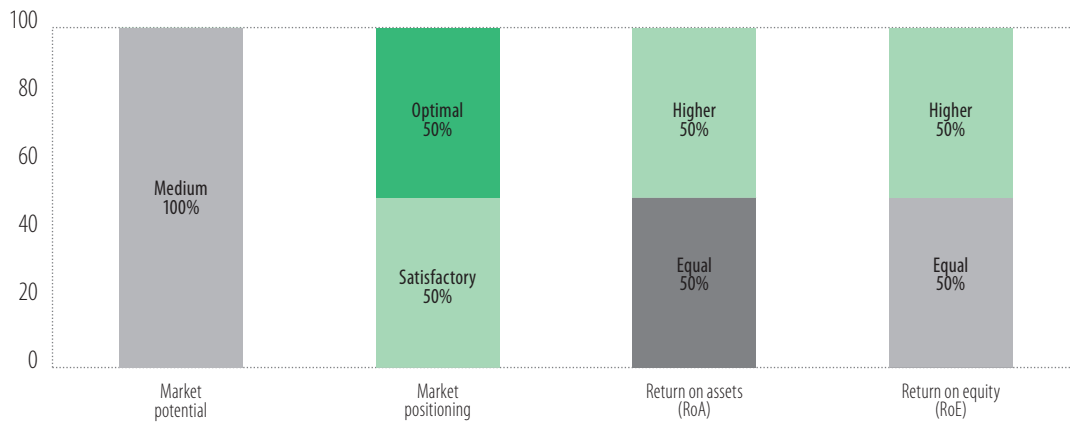
CESEE Bank Lending Survey results – local bank/subsidiary level

Credit demand, which improved in the last six months and is expected to remain positive, is in line with regional trends.

Figure 2
Aggregate demand developments (in %)

■ Last six months (RS)   ● Last six months (CESEE)   ■ Next six months (RS)   ◆ Next six months (CESEE)

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

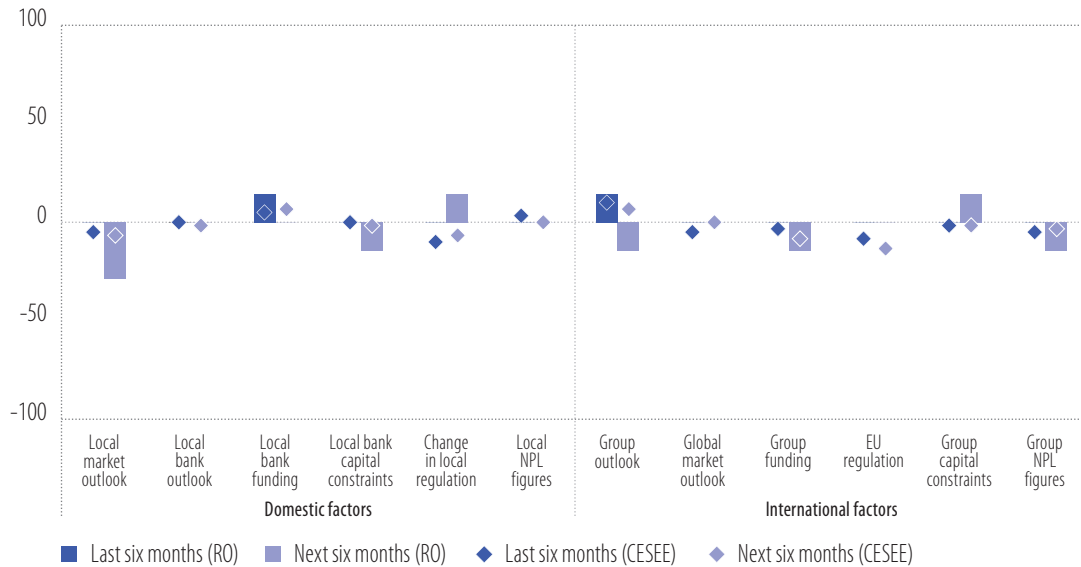**Figure 3**
Demand components and segments (in %)
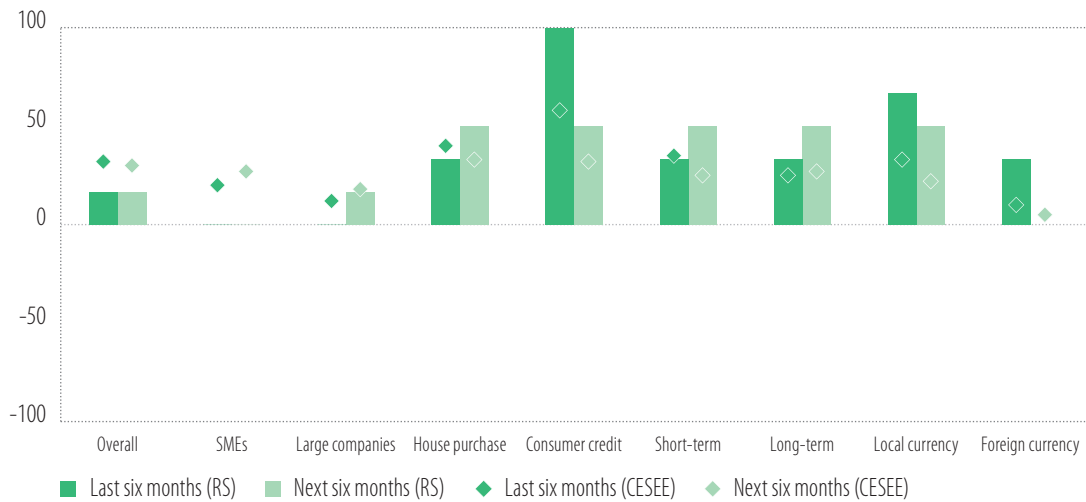
Source: EIB – CESEE Bank Lending Survey.
Note: The chart shows net percentages, with positive values indicating increasing demand. See Question B.Q5 in the Annex.

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

Figure 4
Factors affecting demand for loans (in %)
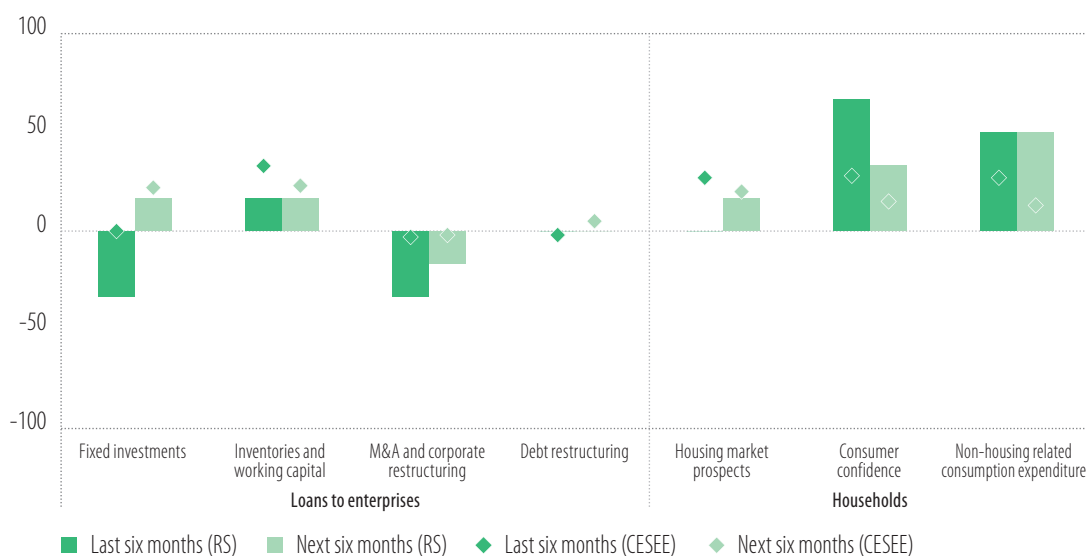
Source: EIB – CESEE Bank Lending Survey.
Note: The chart shows net percentages, with positive values indicating a positive contribution to demand. M&A refers to mergers and acquisitions. See Question B.Q7 in the Annex.

Credit supply has recovered over the past six months (expanding for the first time in many years), and is expected to remain neutral, in line with regional trends.

Figure 5
Aggregate supply developments (in %)
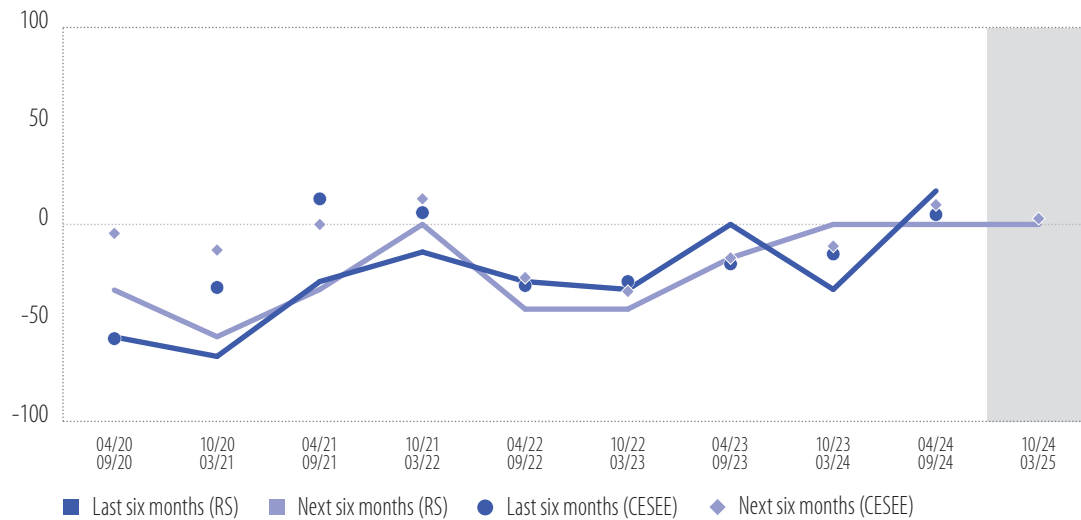
Last six months (RS)   Next six months (RS)   Last six months (CESEE)   Next six months (CESEE)

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 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 remain largely neutral for most market segments, except for a recovery in lending to small and medium-sized enterprises.

Figure 6
Supply components and segments (in %)

Last six months (RS)   Next six months (RS)   Last six months (CESEE)   Next six months (CESEE)

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 local bank and market outlooks 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.

Following the improvements of the last six months, credit quality is expected to deteriorate in the corporate and retail segments.

Figure 8
Credit quality and non-performing loan ratios (in %)
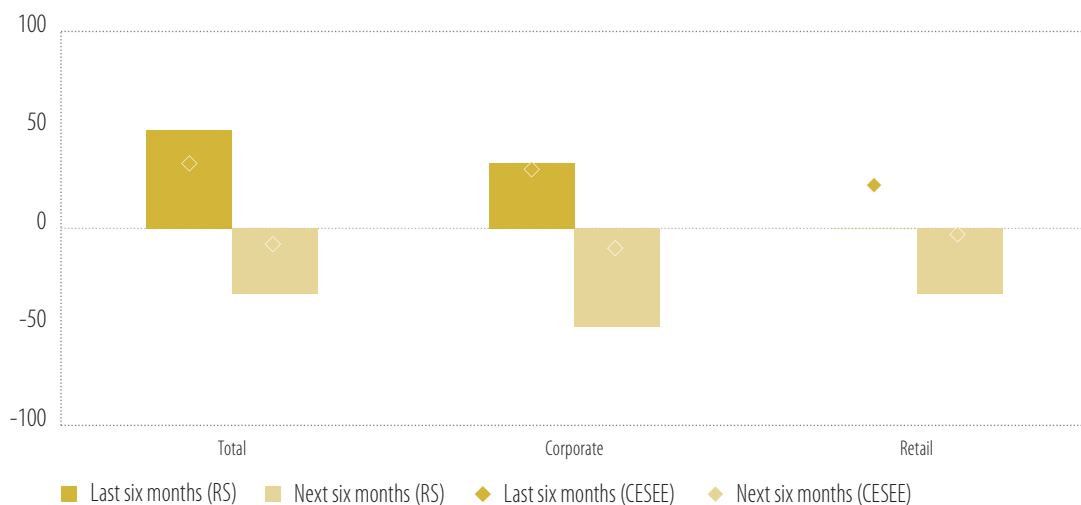
Source: EIB – CESEE Bank Lending Survey.
Note: The chart shows net percentages, with positive values indicating improving credit quality (in other words, decreasing NPL ratios). See Question B.Q8 in the Annex.

Funding conditions are expected to improve compared to the past six months,
supported by funding from international financial institutions.

Figure 9
Access to funding (in %)
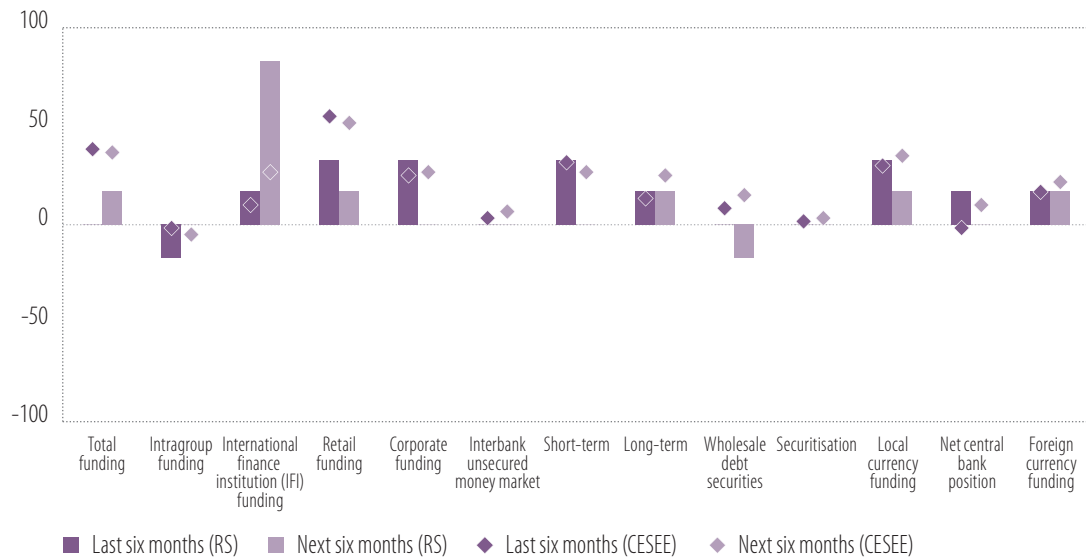
Source: EIB – CESEE Bank Lending Survey.
Note: The chart shows net percentages, with positive values indicating improved access to funding. See Question B.Q9 in the Annex.

Slovakia

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

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 in Slovakia 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 %)
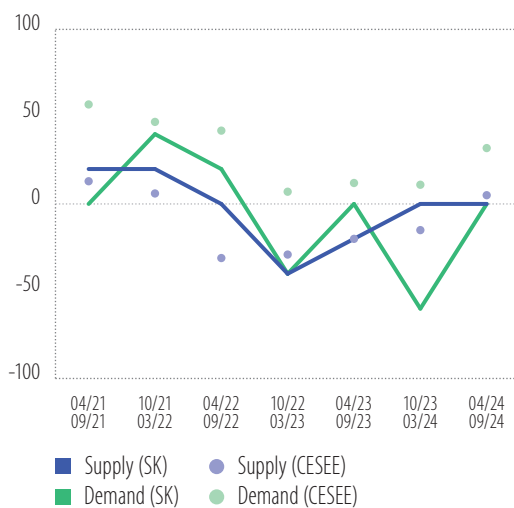
- Supply (SK)
- Supply (CESEE)
- Demand (SK)
- Demand (CESEE)

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 %)

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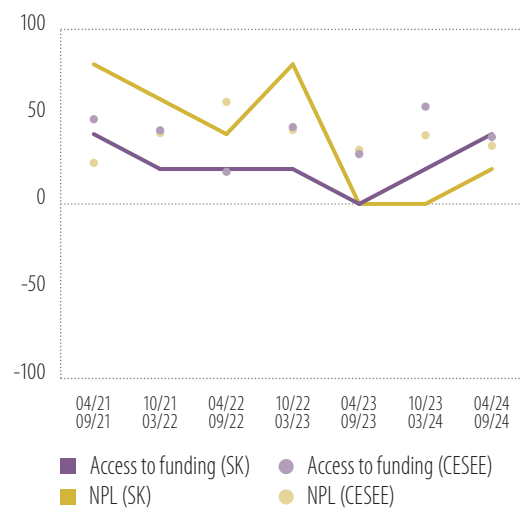
Source: EIB – CESEE Bank Lending Survey.
Note: All values are net percentages. Access to funding: Positive values indicate increased access. NPL: Negative values indicate an increase in the non-performing loan ratio.

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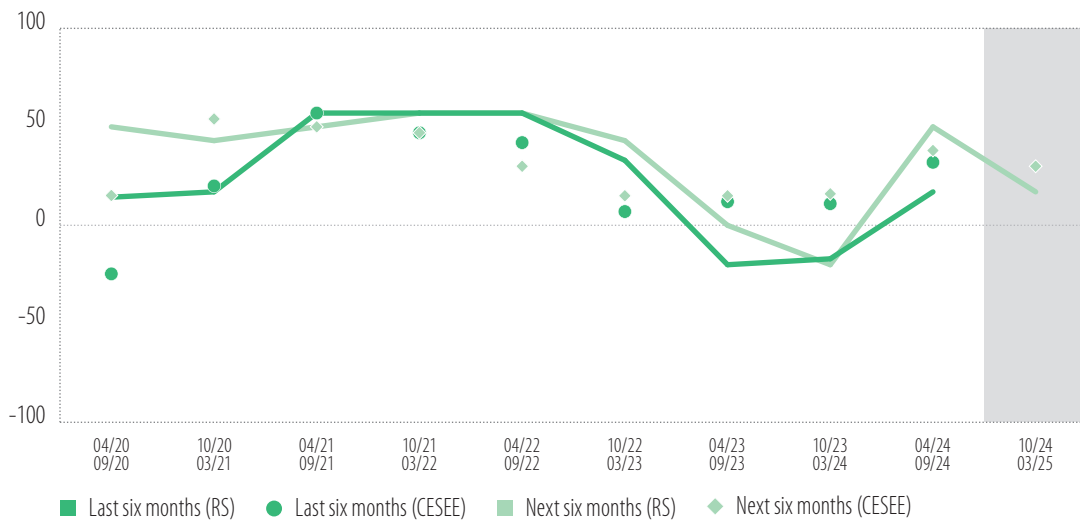**Market potential and positioning**
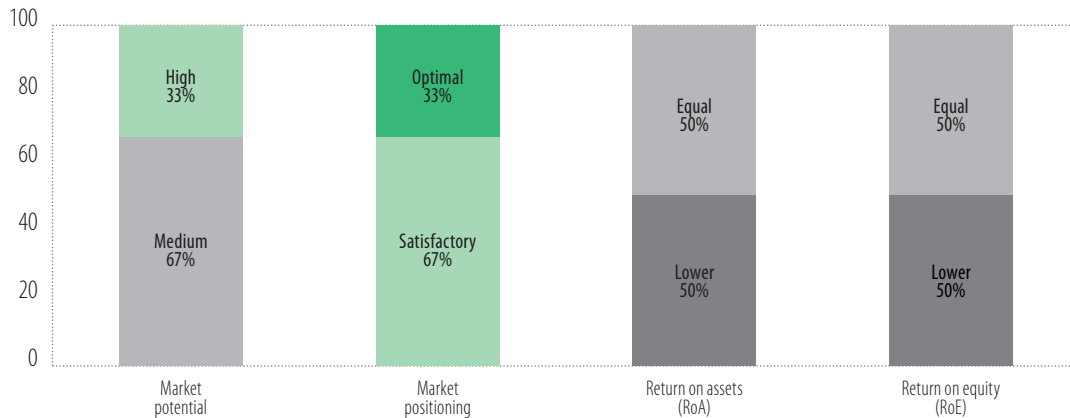
Source: *EIB – CESEE Bank Lending Survey.*
Note: *Return on assets (adjusted for cost of risk) compared to overall group operations; return on equity (adjusted for cost of equity) compared to overall group return on equity. See Question A.Q1 in the Annex.*

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.
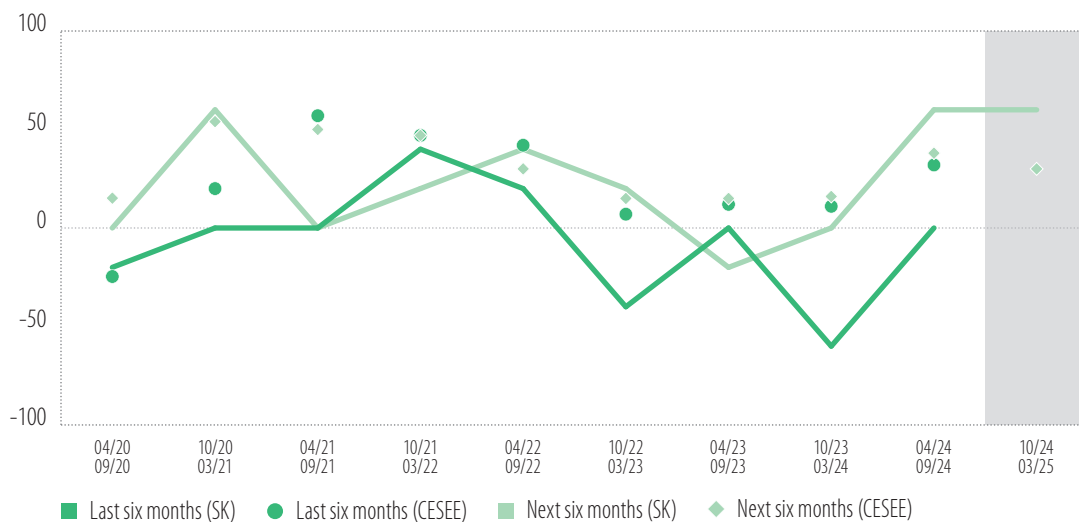
Figure 2
Aggregate demand developments (in %)

■ Last six months (SK)   ● Last six months (CESEE)   ■ Next six months (SK)   ◆ Next six months (CESEE)
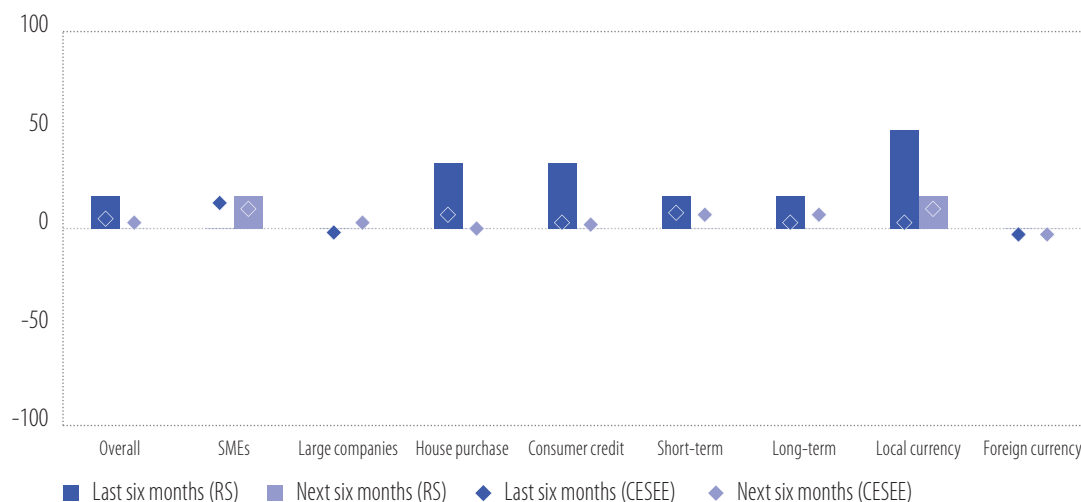
Source: *EIB – CESEE Bank Lending Survey.*
Note: *The chart shows net percentages, with positive values indicating increasing demand. The two expectations series (light green line and diamonds) are shifted forward to be comparable to the perceptions series (dark line and circles). In other words, expectations 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, with banks most optimistic about the mortgage market.

Figure 3
Demand components and segments (in %)
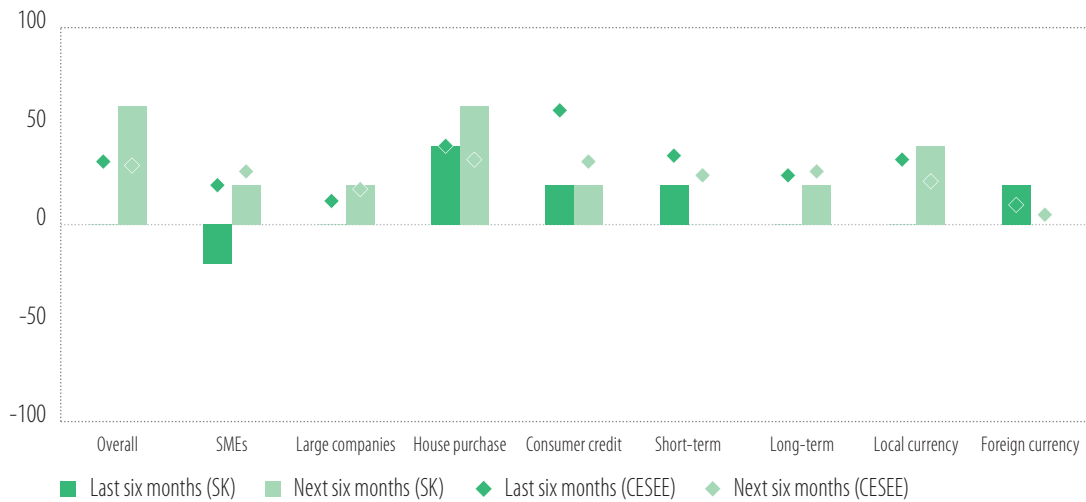
Loan demand in the next six months is expected to improve most for working capital and house purchases.

Figure 4
Factors affecting demand for loans (in %)

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 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.*

Banks expect credit supply to remain unchanged for all types of lending, apart from small and medium-sized enterprises (SMEs).
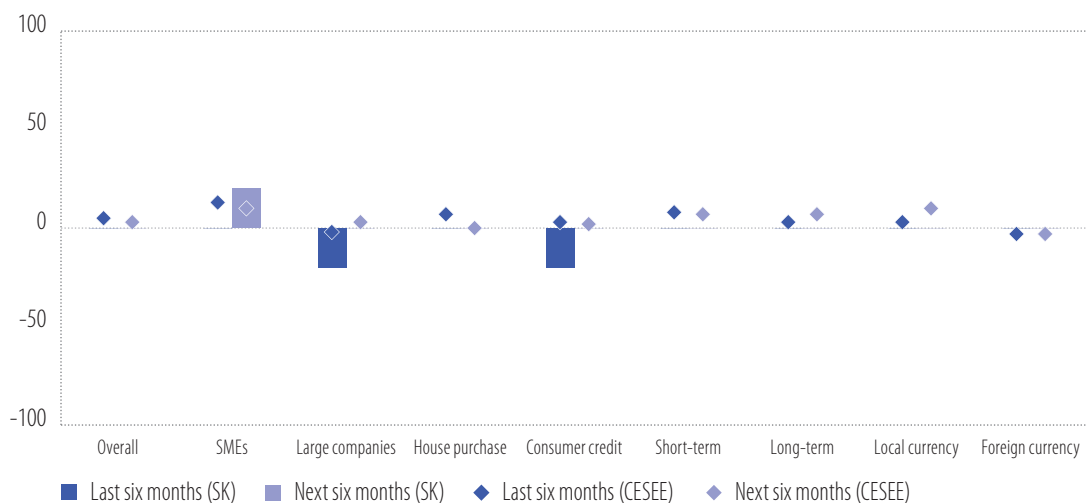
Figure 6
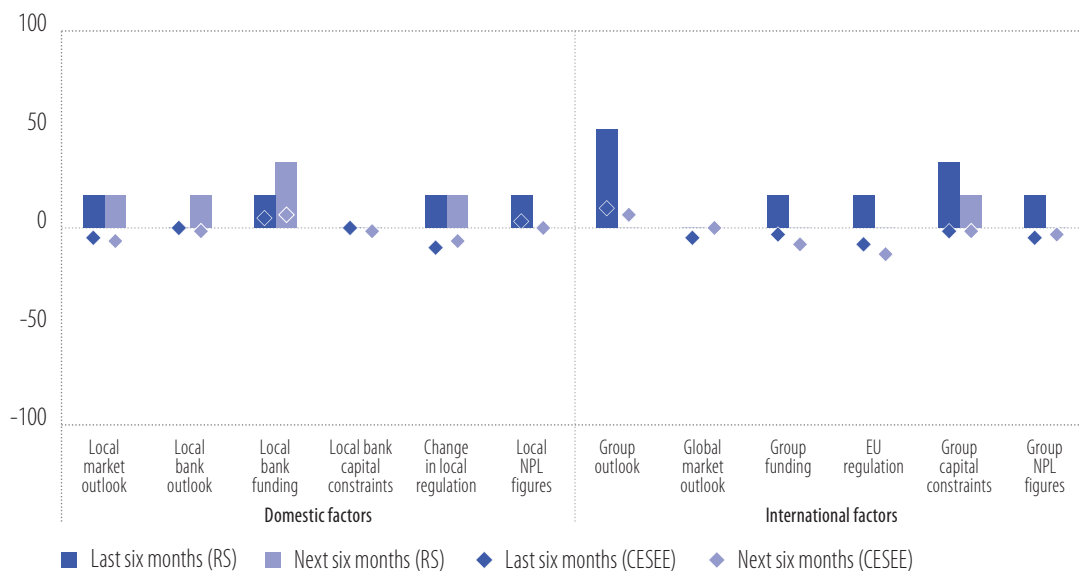**Supply components and segments** (in %)

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 continue to be optimistic regarding the impact of the domestic outlook and local funding on loan supply. The positive group outlook and better credit quality at the group level are expected to contribute positively in the next six months.
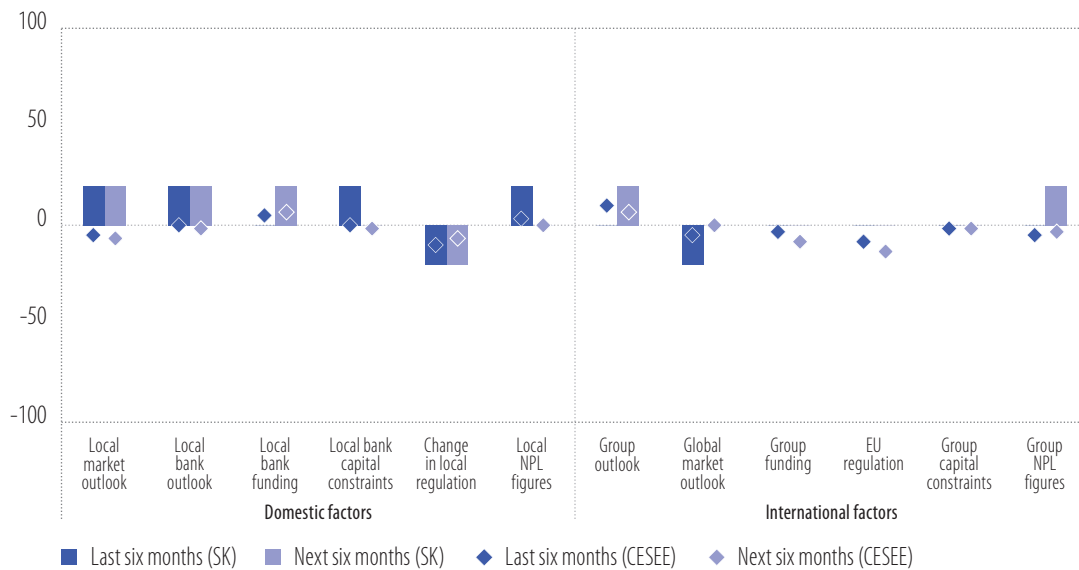
Figure 7
Factors contributing to supply conditions (in %)

■ Last six months (SK)　■ Next six months (SK)　◆ Last six months (CESEE)　◆ Next six months (CESEE)

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 %)
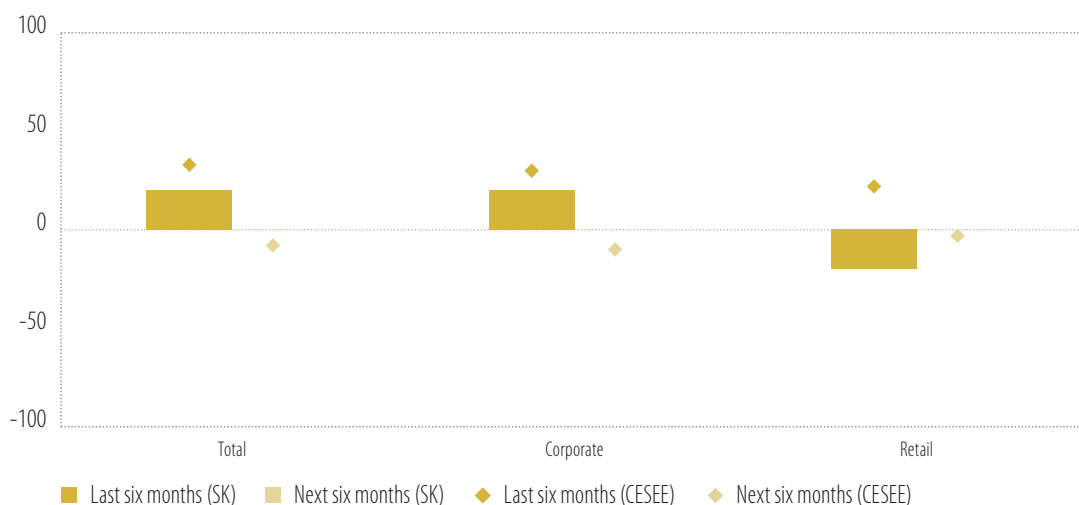
■ Last six months (SK)　■ Next six months (SK)　◆ Last six months (CESEE)　◆ Next six months (CESEE)

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 %)
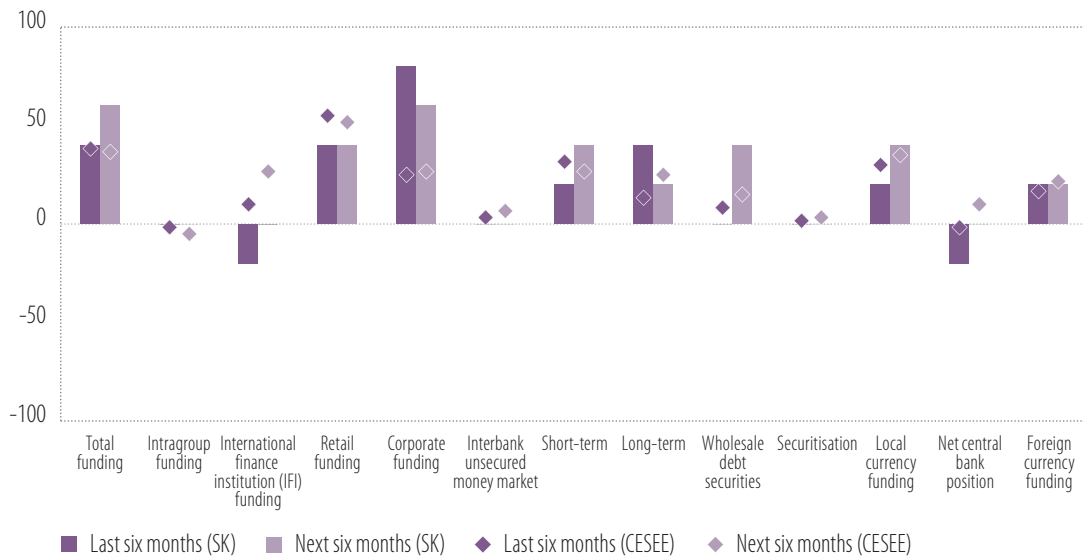
Source: *EIB – CESEE Bank Lending Survey.*
Note: *The chart shows net percentages, with positive values indicating improved access to funding. See Question B.Q9 in the Annex.*

Annex

Non-performing loan (NPL) figures

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

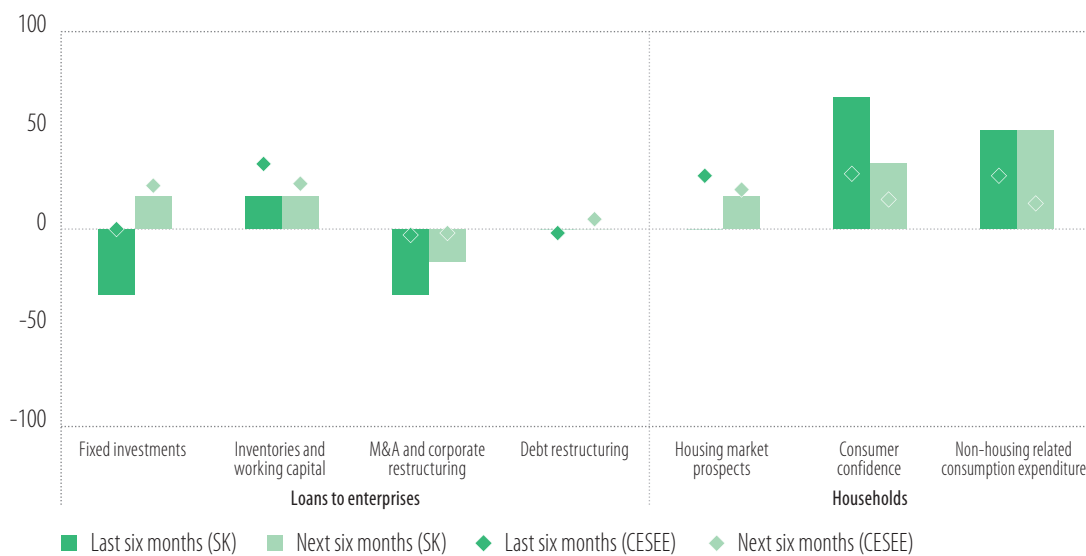|	AL	BA	BG	HR	CZ	HU	KS	MK	PL	RO	RS	SK	CESEE
2024Q3			3.55		1.70			2.89				1.80	0.00
2024Q2	4.70	3.49	3.64	2.57	1.70	2.45	2.10	2.94	5.20	2.49	2.90	1.78	3.55
2024Q1	4.64	3.61	3.74	2.61	1.70	2.47	2.00	2.90	5.30	2.41	3.00	1.80	3.59
2023Q4	4.74	3.82	3.63	2.62	1.60	2.54	2.00	2.65	5.40	2.33	3.00	1.70	3.59
2023Q3	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

Source: WIIW.

Credit to private sector, y/y growth rate

	AL	BA	BG	HR	CZ	HU	KS	MK	PL	RO	RS	SK	CESEE
2024Q3	11.85	8.89	13.73	7.76	5.72	5.34	14.61	7.59	1.56	7.52	6.45	1.46	6.17
2024Q2	10.92	8.95	13.24	8.35	5.40	6.09	12.96	6.45	0.80	5.80	4.75	1.70	4.70
2024Q1	6.77	8.17	12.37	7.81	7.07	4.06	12.63	6.14	-1.02	4.21	1.29	2.29	1.77
2023Q4	1.81	6.79	11.13	8.36	6.57	3.24	12.69	5.04	-2.50	5.91	1.02	3.00	1.39
2023Q3	-1.30	6.07	10.20	7.99	4.83	2.31	13.18	5.77	-4.17	3.96	-0.49	4.03	-0.02
2023Q2	-0.53	5.04	10.87	9.18	5.65	6.99	14.32	6.49	-3.09	5.79	0.33	6.18	0.90
2023Q1	1.76	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
2019Q2	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

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 **LAST** six months?	...How do you expect it to change over the **NEXT** six months?
Total		
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...

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

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
Total exposure		
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?
Overall		
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?
Overall		
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 have they changed over the **LAST** six months?	...How do you expect them to change over the **NEXT** six months?
Impact on credit standards		
A) Domestic factors – affecting your subsidiary		
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) International factors – affecting your subsidiary		
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 **LAST** six months?	...How do you expect it to change over the **NEXT** six months?
Overall		
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 **LAST** six months?	How do you expect them to change over the **NEXT** six months?
Loans or credit lines to enterprises		
A) Financing needs		
Fixed investments		
Inventories and working capital		
Mergers and acquisitions and corporate restructuring		
Debt restructuring		
Loans to households		
A) Financing needs		
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 **LAST** six months?	How do you expect the non-performing loan ratio to change over the **NEXT** six months?
Total		
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 **LAST** six months	Over the **NEXT** six months
A) Total funding		
A.1) Intragroup funding		
A.2) International financial institution (IFI) **funding**		
A.3) Retail funding (deposits and bonds to clients)		
A.4) Corporate funding (deposits and bonds to clients)		
A.5) Interbank unsecured money market		
A.6) Wholesale debt securities		
A.7) Securitisation		
A.8) Net central bank position		
B.1) Local currency funding		
B.2) Short-term (less than 1 year)		
C.1) Long-term (more than 1 year)		
C.2) Foreign currency funding		

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

Second half of 2024

European
Investment Bank