



# Banking Sector trends in CESEE and Western Balkans



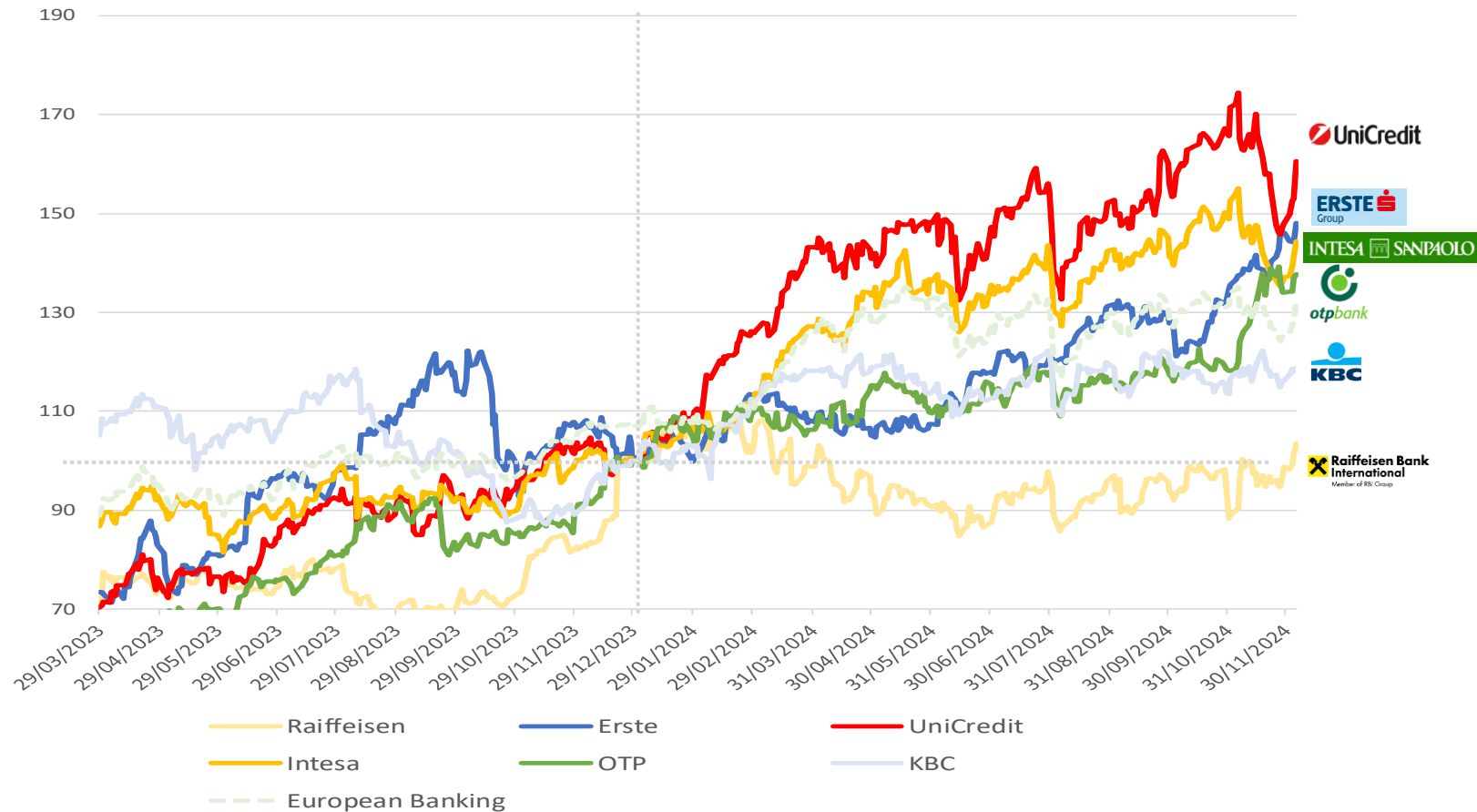
**European  
Investment Bank**

**Matteo Ferrazzi - Senior Economist, European Investment Bank**

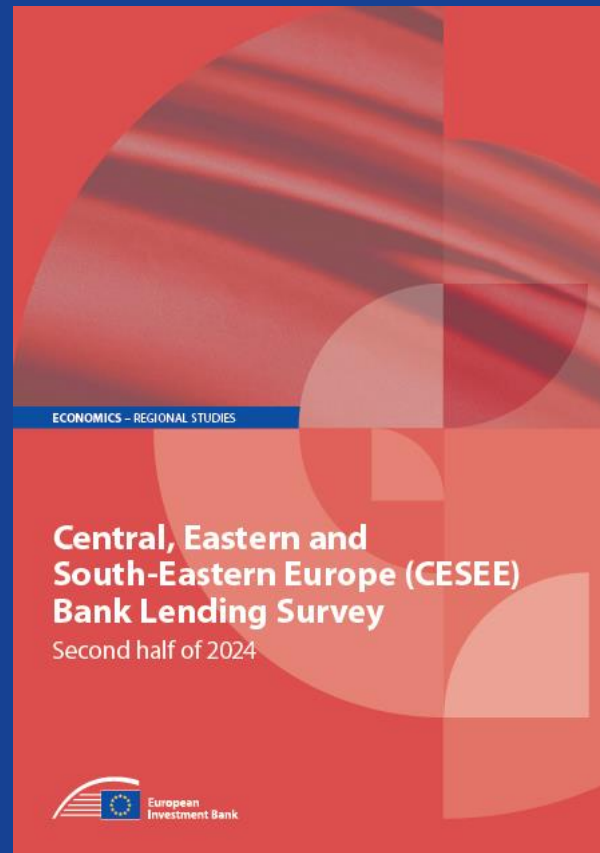
webinar – December 10<sup>th</sup>, 2024

# An extremely good period for the European banking sector

Share price of major CESEE Groups (31.12.2023 = 100)

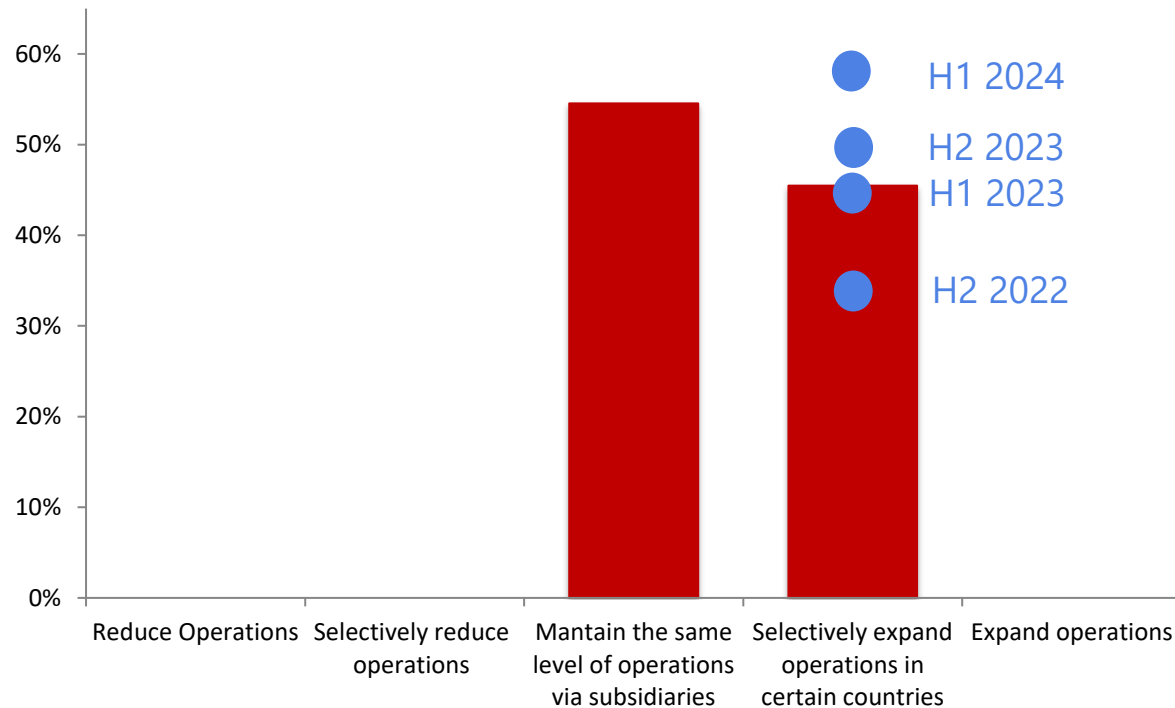


# Evidence from the CESEE Bank Lending Survey



# Long-term commitment of CESEE banking Groups to the region remains strong

## Group-level long-term strategies (beyond 12 months) in CESEE



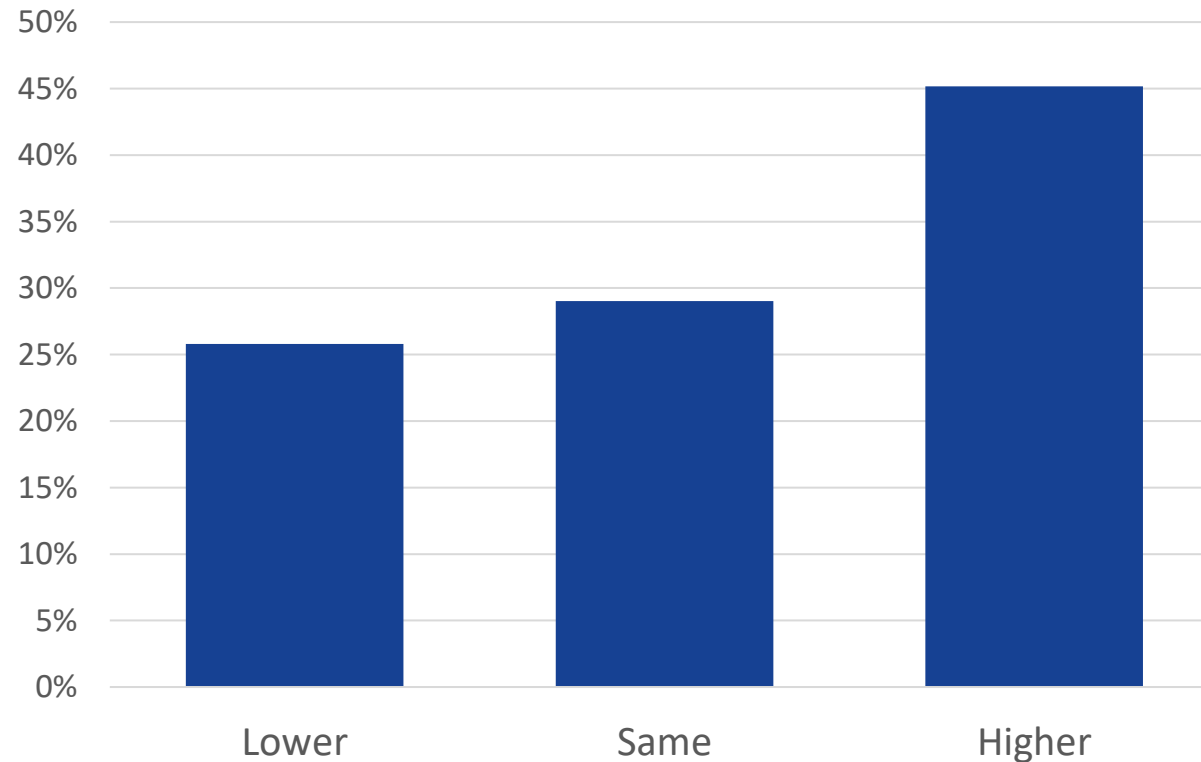
Long-term commitment of CESEE banking Groups is stronger:

- 45% willing to “selectively expand” (from 58% in the previous round)
- None of the Groups willing to reduce operations

Source: EIB CESEE Bank Lending Survey (Autumn 2024)

# Profitability on a relative terms (compared to Group operations): still a rosy picture

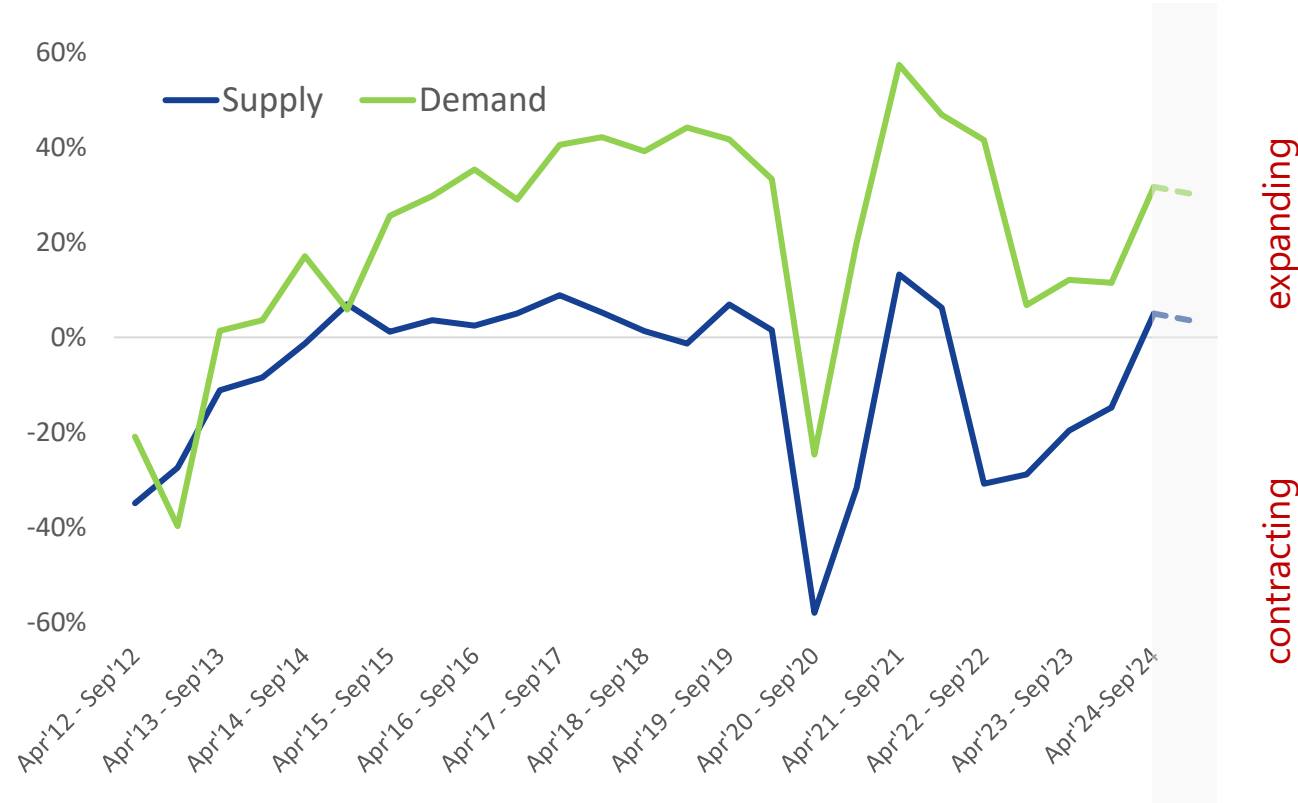
## Assessment of Return on Assets (RoA) compared to overall Group operations



Source: EIB CESEE Bank Lending Survey (Autumn 2024)

# Credit demand and supply: an improving trend in the last years, but some uncertainty ahead

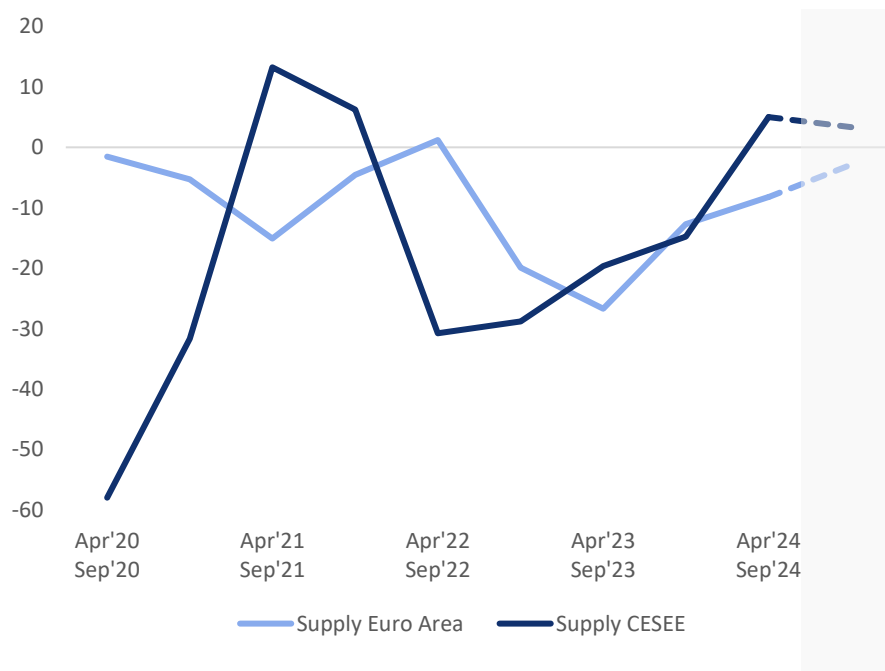
## Banking outlook in CESEE (credit supply and demand: net percentage)



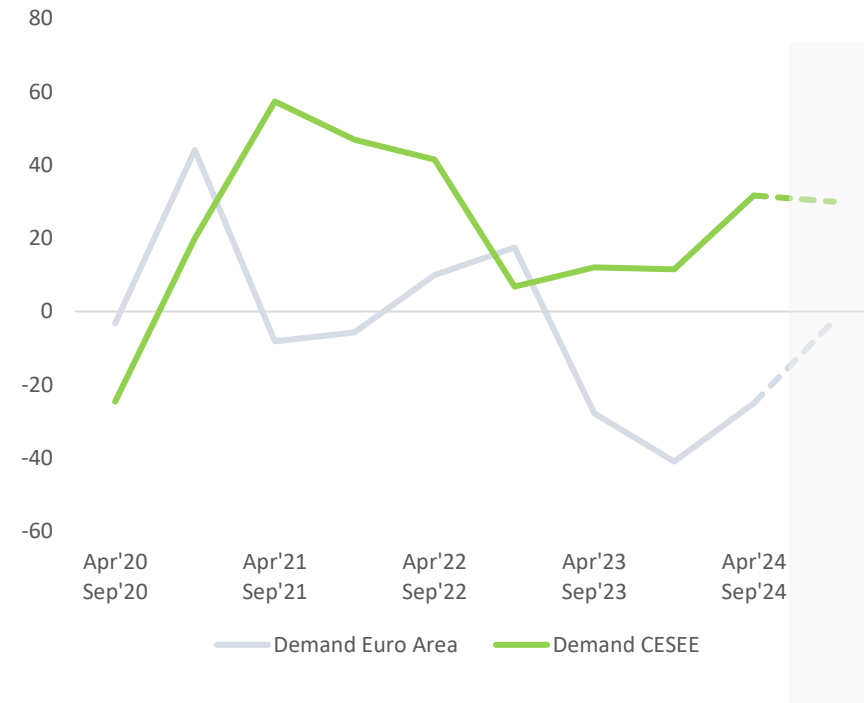
All values are in net percentages. Positive values denote increasing supply/demand. Source: EIB CESEE Bank Lending Survey (Autumn 2024)

# Demand remained stronger in CESEE compared to euro area

**Credit Supply/standards: CESEE vs Euro area**  
(net percentage)



**Credit demand: CESEE vs Euro area**  
(net percentage)

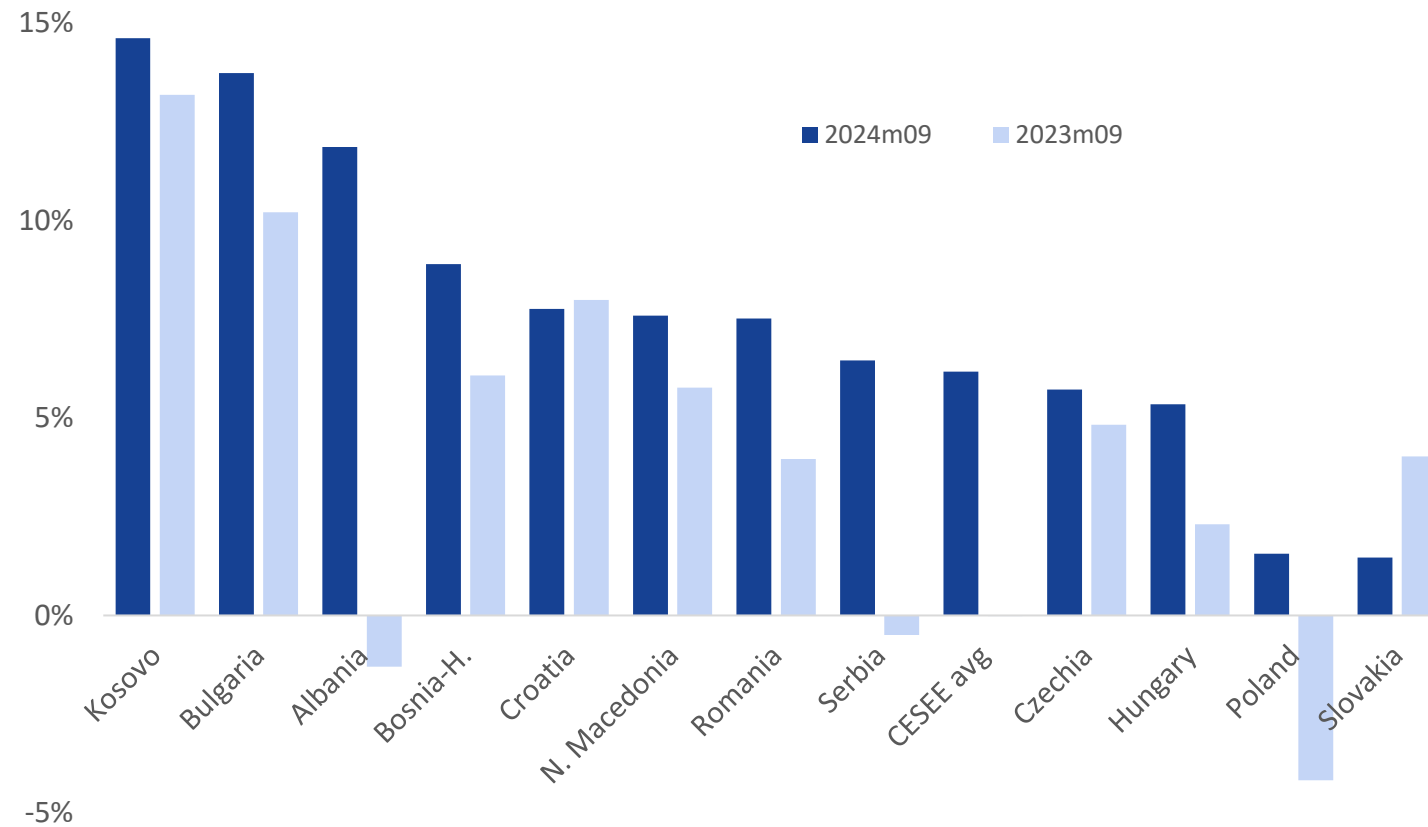


contracting expanding

All values are in net percentages. Positive values denote increasing supply/demand.  
Source: EIB CESEE Bank Lending Survey (Spring 2024); ECB Bank Lending Survey

# Credit growth has been picking up significantly in most of the CESEE countries

## Credit growth in CESEE (nominal, yoy)

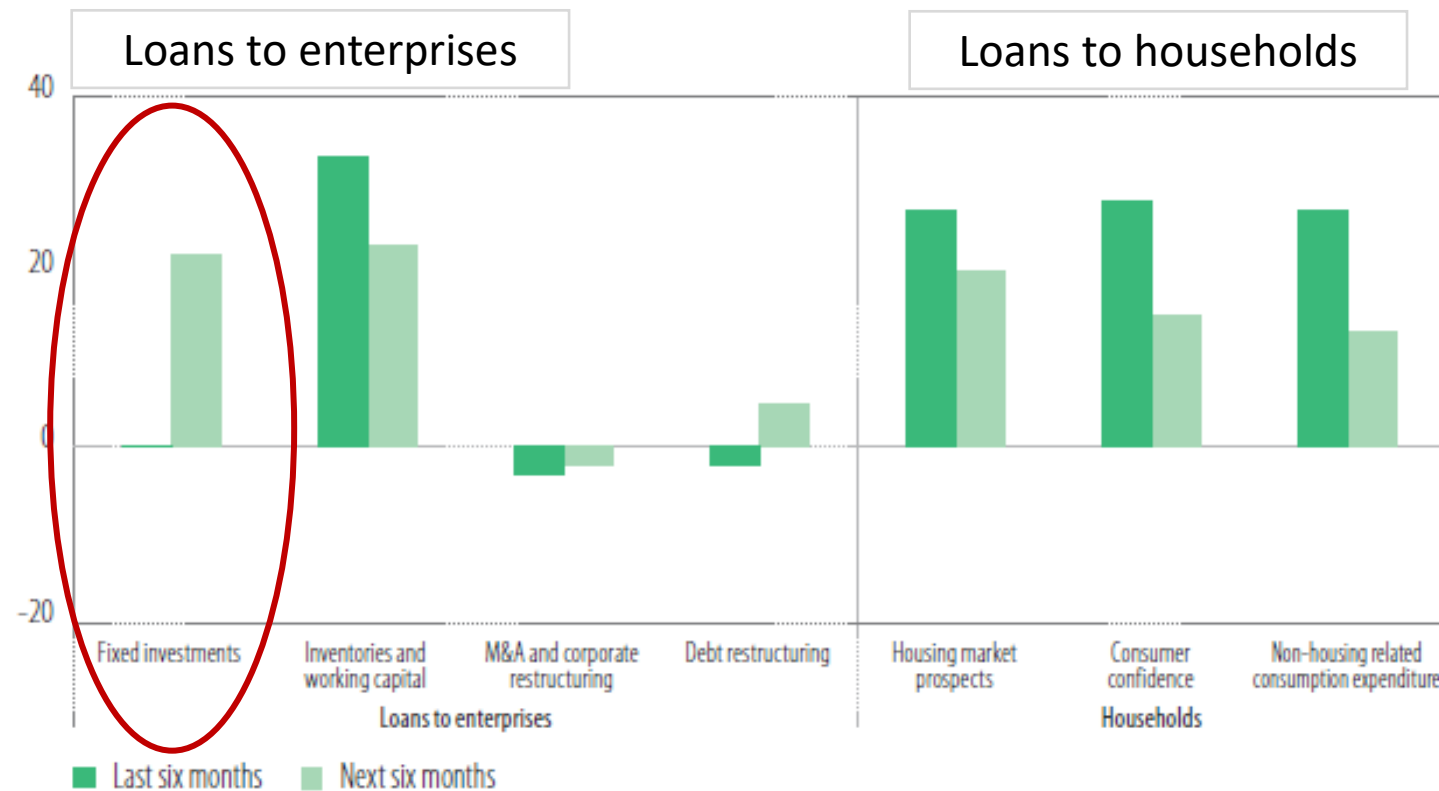


Source: wiiw, Central Banks



# Credit demand: a rebound of investments is expected

## Factors affecting clients' demand for loan applications in CESEE



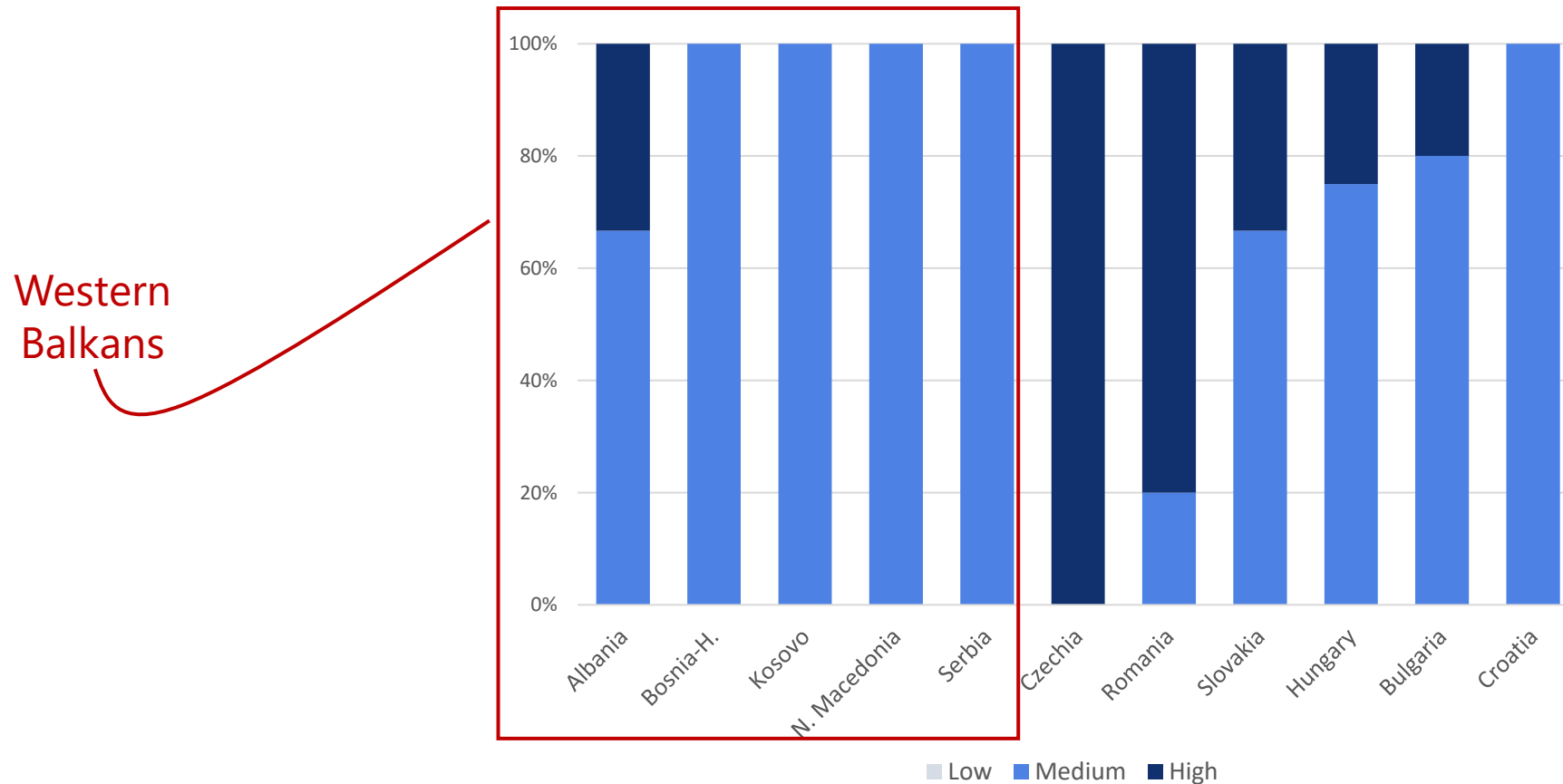
All values are in net percentages. Negative values denote decreasing demand and vice versa. Source: EIB CESEE Bank Lending Survey (Autumn 2024)

# Focus on Western Balkans



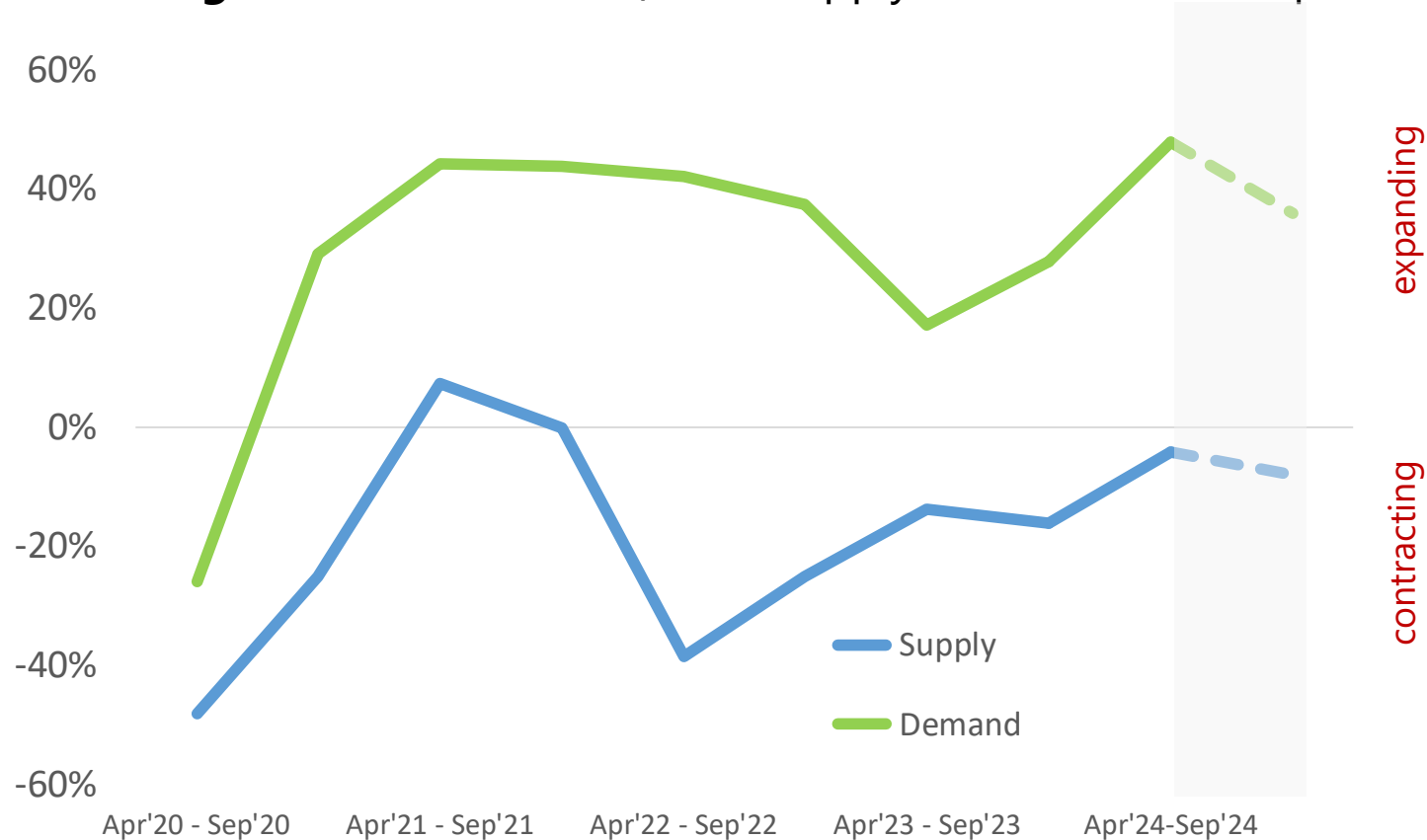
# Western Balkans: a mixed picture in terms of market potential

## Market potential in CESEE



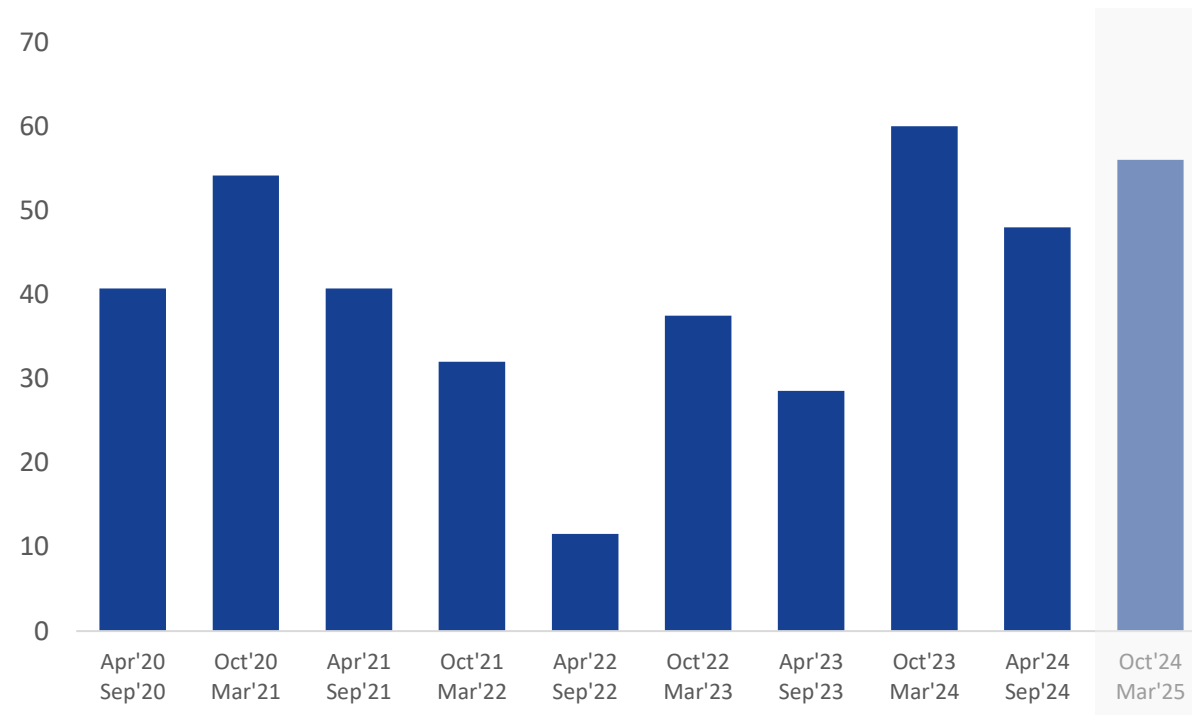
# Credit in the Western Balkans: improvements in demand and supply in the last two years, but some uncertainty ahead

**Banking outlook in CESEE** (credit supply and demand: net percentage)



# Strong funding conditions are expected in the Western Balkans

## Funding conditions in Western Balkans

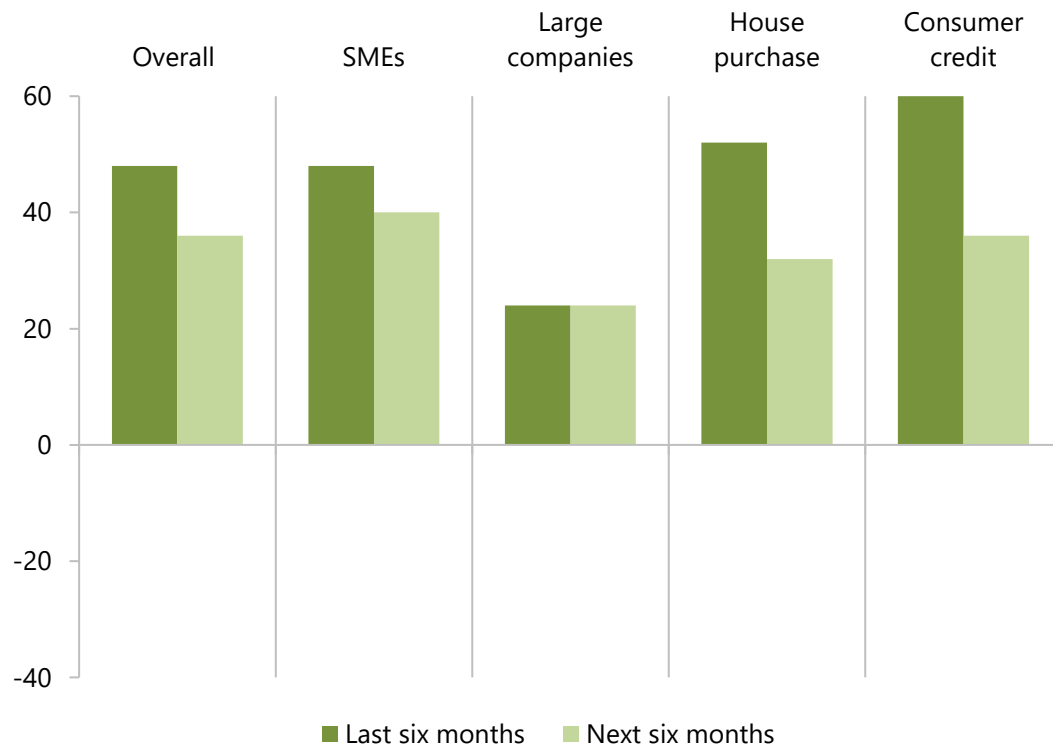


Q: "In terms of funding: has access to funding of your local subsidiary/branch changed over the past six months, or do you expect it to change over the next six months?"

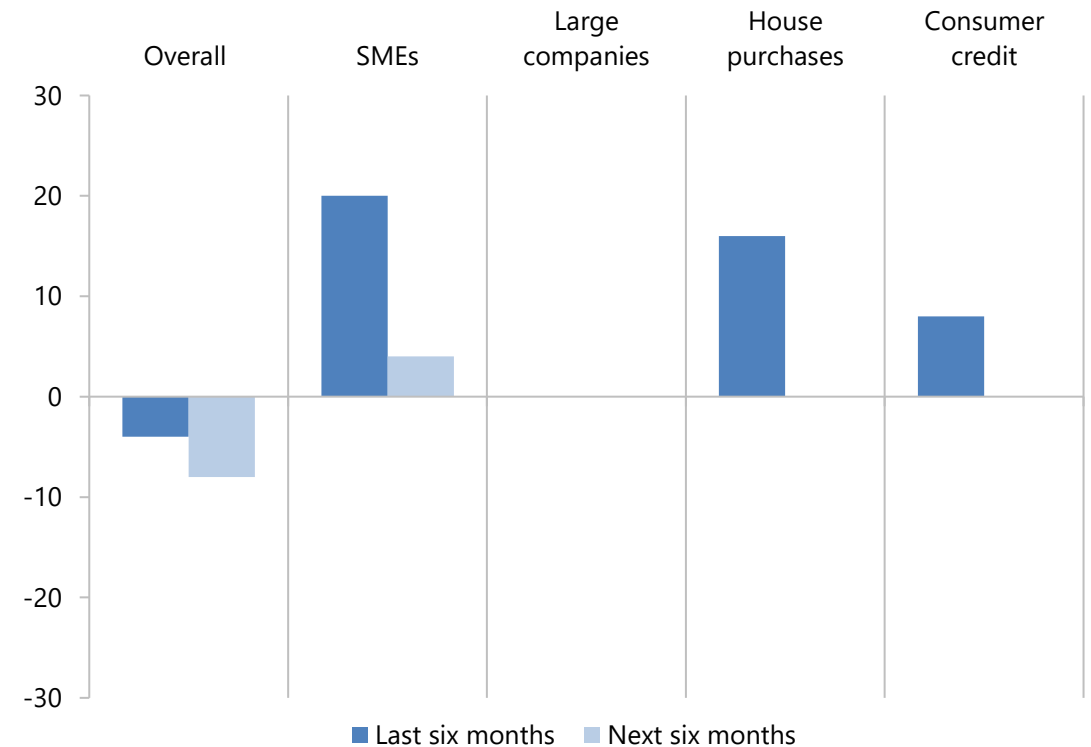
All values are in net percentages. Source: EIB CESEE Bank Lending Survey (Autumn 2024)

# Western Balkans's subsidiaries signaling strong demand and weakening supply conditions again

## Credit Demand in the Western Balkans' subsidiaries



## Credit Supply in the Western Balkans' subsidiaries



# In summary, from CESEE Bank Lending Survey

## CESEE:

- Long-term commitment of CESEE banking Groups to the region remains strong - willing to expand (45%)
- Credit supply (representing banks' willingness to extend credit) turned positive after 2 years in negative territory
- Demand is strong: it may see a rebound of corporates' investments

## Western Balkans:

- In relative terms, a more moderate market potential
- Weaker supply conditions ahead, despite strong funding



# THANK YOU

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