

European Department

# Deleveraging and Credit Monitor Update



Vienna Full Forum  
London, March 12, 2018

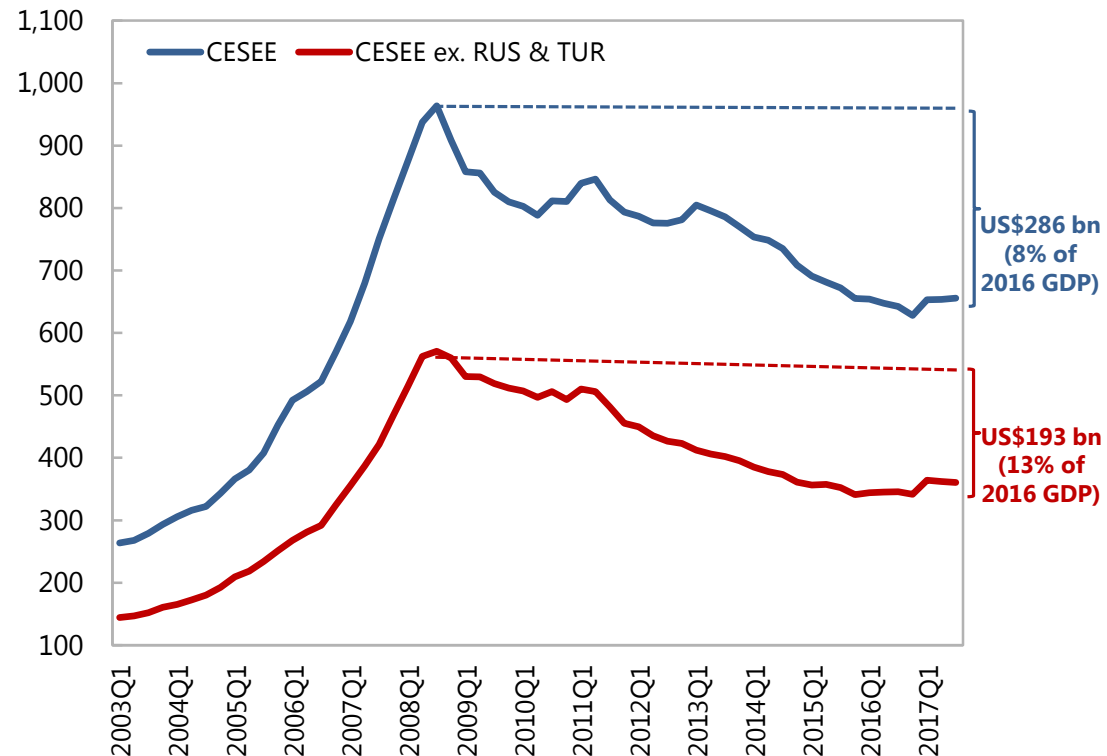
Bas B. Bakker  
Senior Regional Resident Representative  
for Central, Eastern and Southeastern Europe

# Deleveraging in the CESEE region seems to have come to an end...



## CESEE: External Position of BIS-reporting Banks, 2003Q1-2017Q3

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

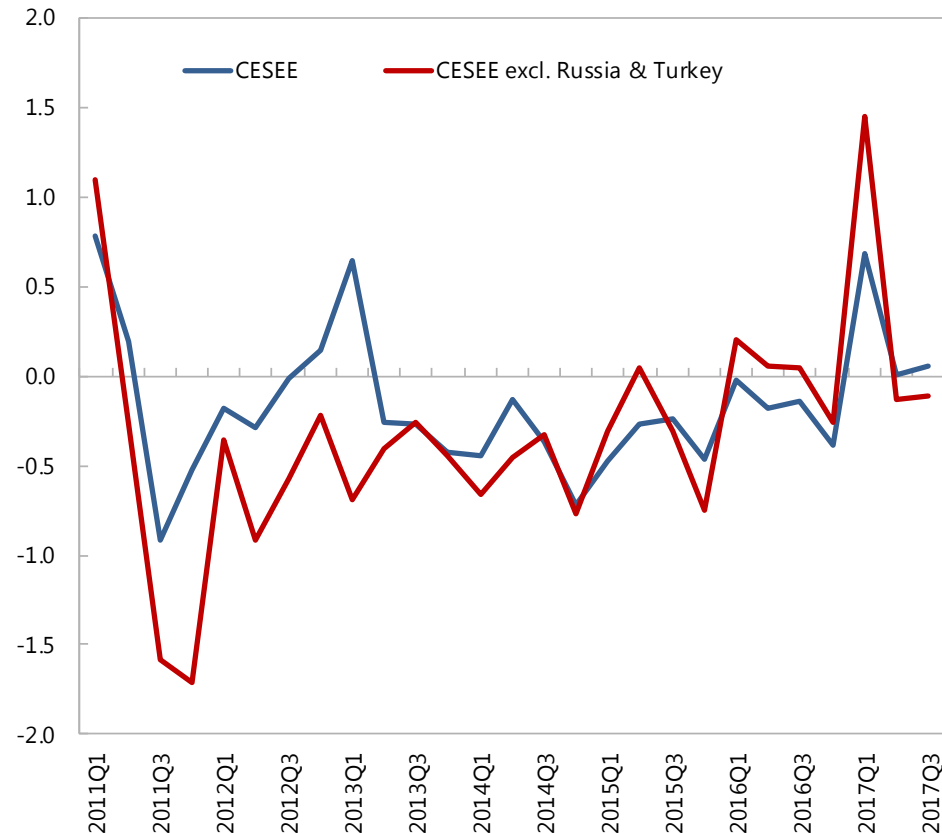


- Following a prolonged period of deleveraging, external positions of BIS reporting banks have remained stable since 2016

# ...with external positions stabilizing in 3Q17 after a temporary spike in 2Q17



**CESEE: Change of External Positions of BIS-reporting Banks, 2011Q1-2017Q3**  
(Percent of 2016 GDP)



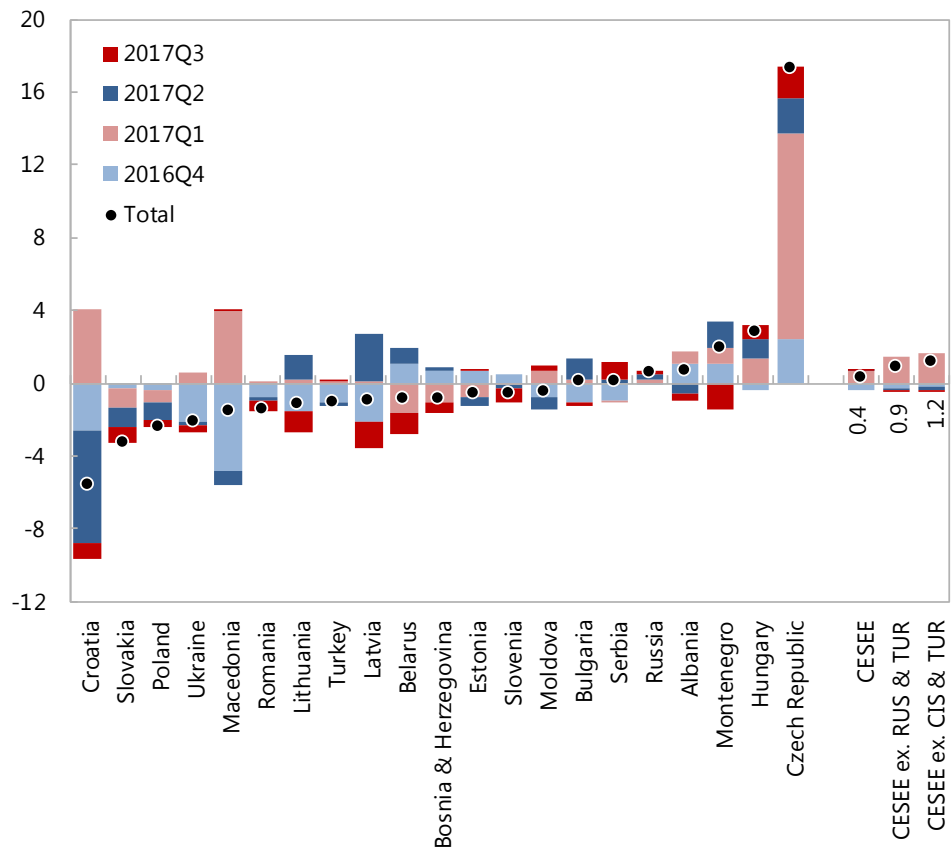
- External position of BIS reporting banks stabilized again in 3Q17...
- ...following a spike in 2Q17 due to one-off factors associated with the lift of the Koruna floor by the CNB

# Foreign bank funding for the region has improved



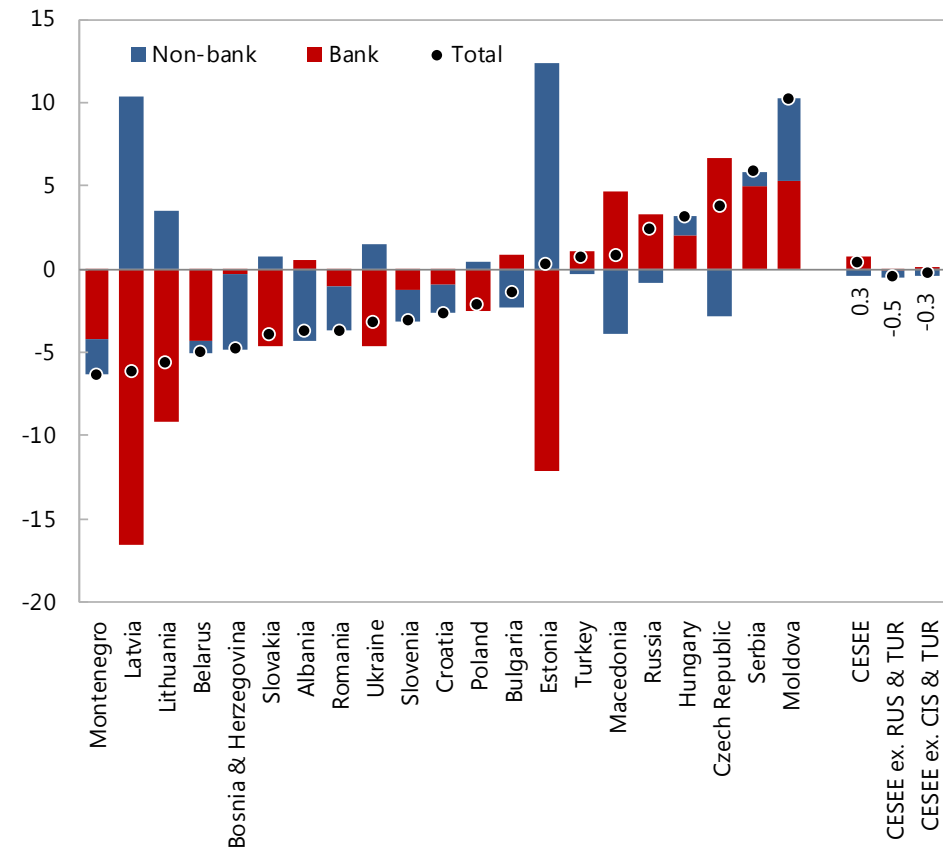
**CESEE: External Positions of BIS-reporting Banks, 2016Q4 - 2017Q3**

(Change, percent of 2016 GDP)



**CESEE: External Positions of BIS-reporting Banks, 2017Q3**

(2017Q3 flows as percent of 2017Q2 stocks)

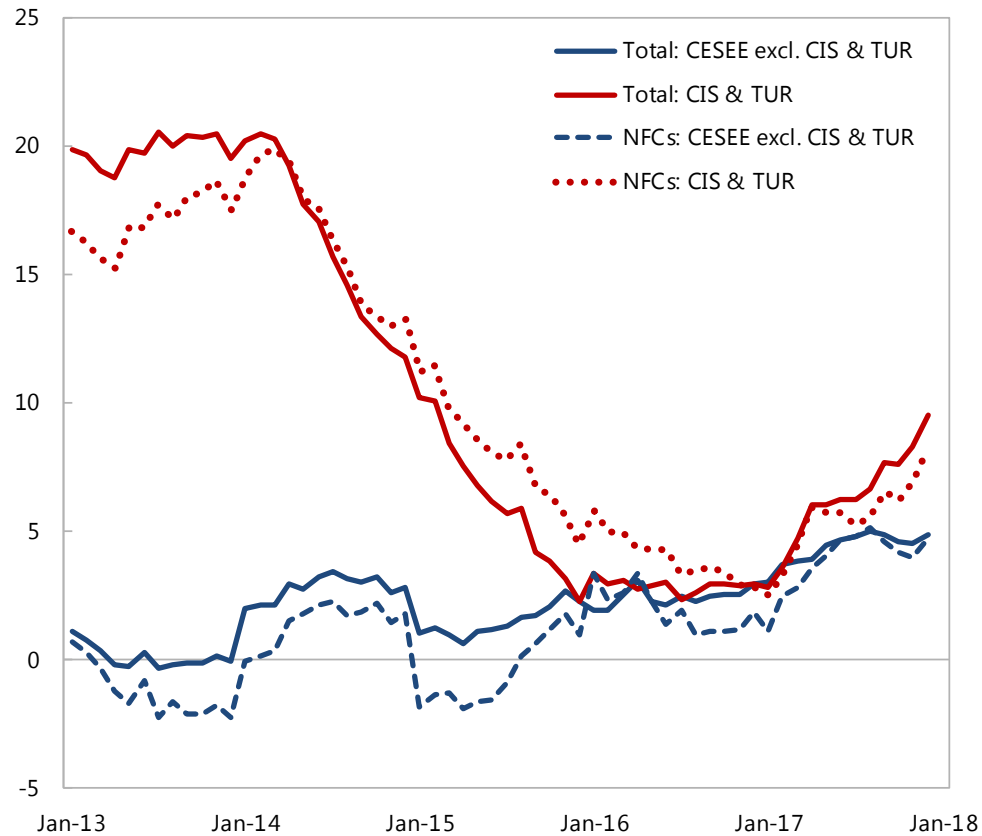


# More broadly, developments suggest a firm lending recovery, especially for households...



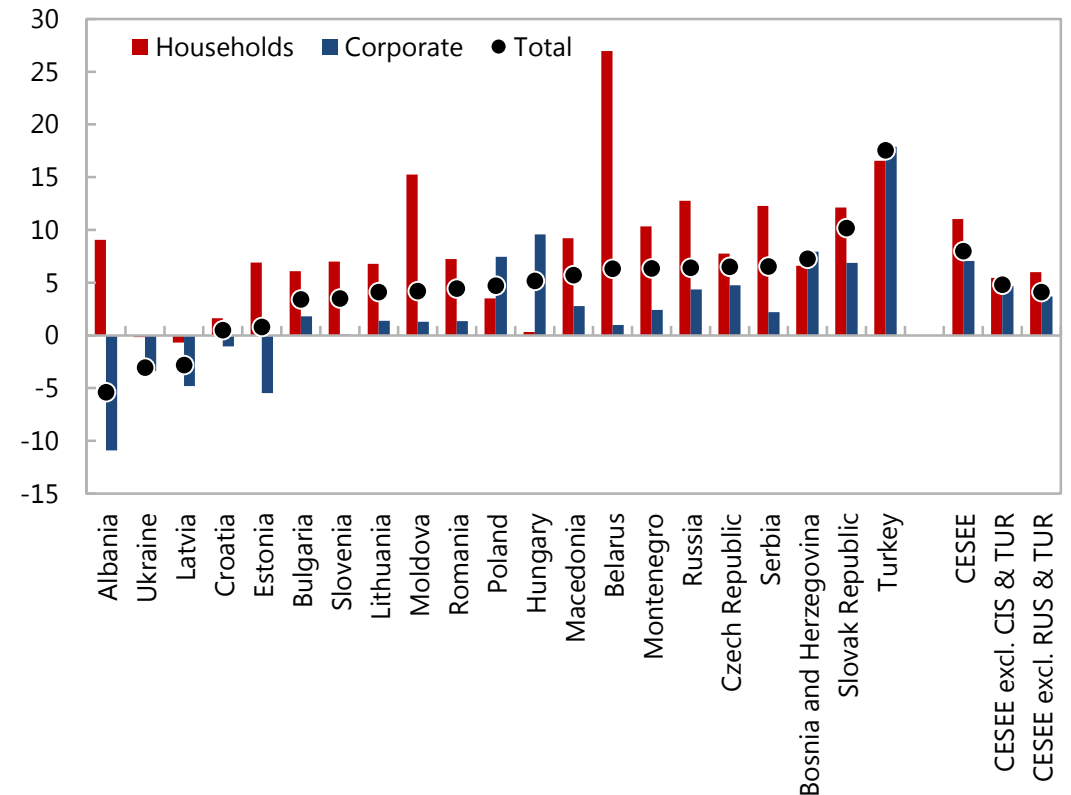
## Credit to Private Sector, Jan 2013 - Dec 2017

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



## Growth of Credit to Households and Corporations, Dec-2017

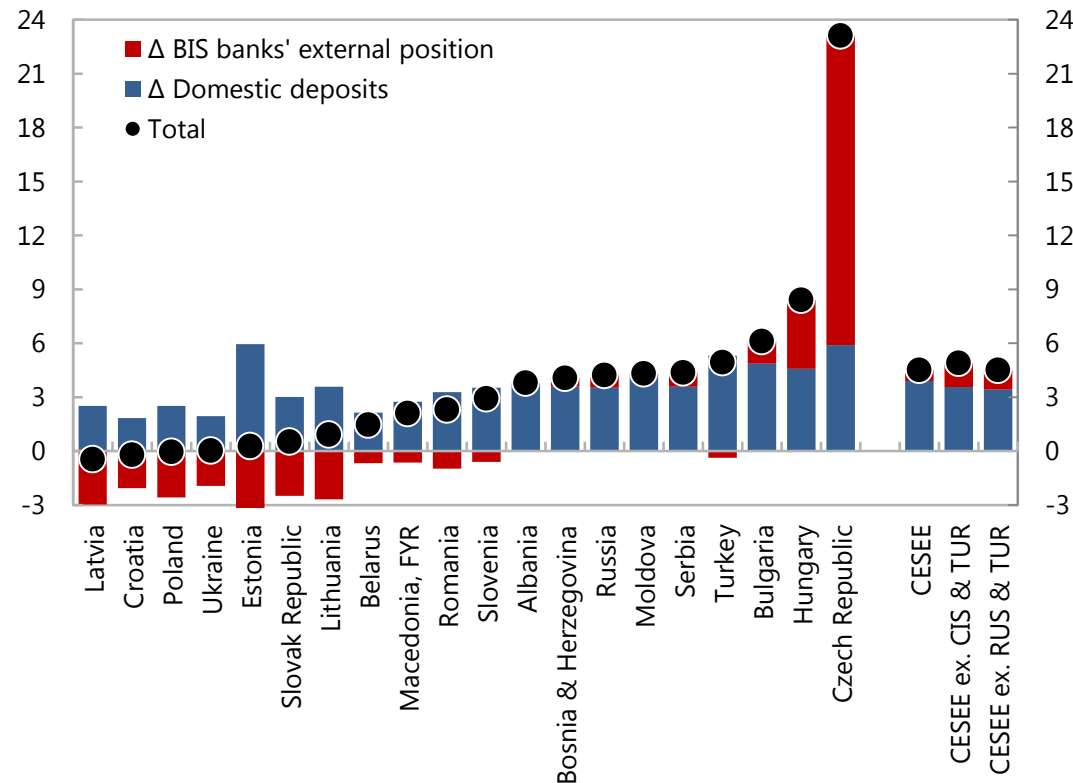
(Percent, year-on-year, nominal, exchange-rate adjusted)



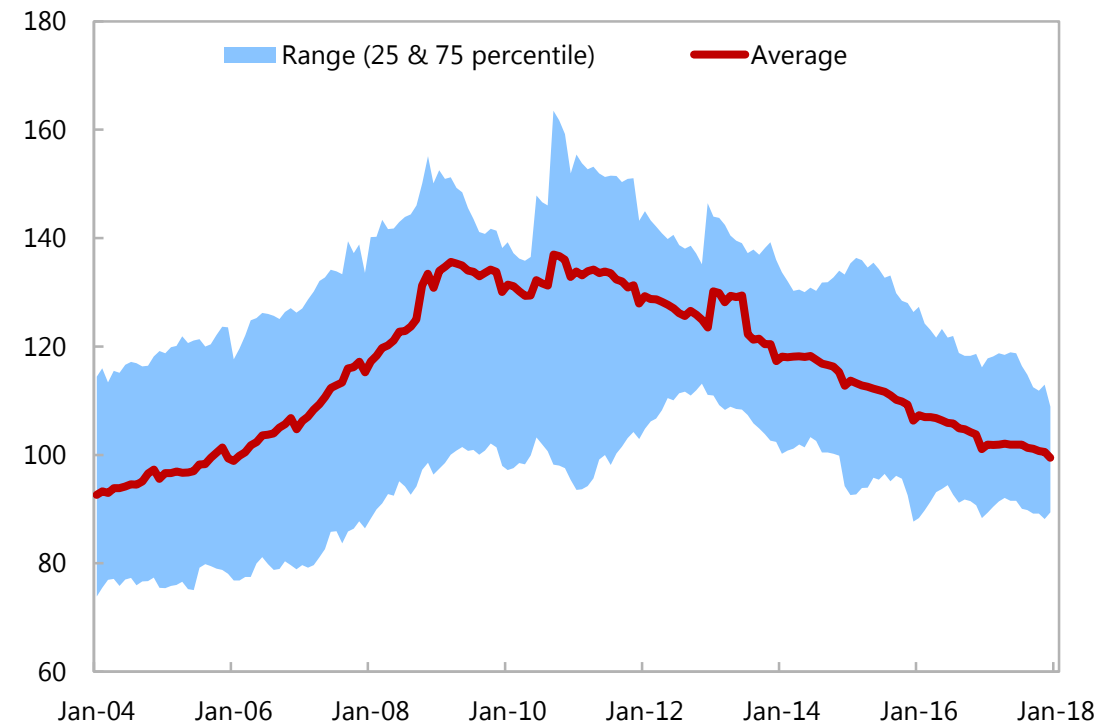
...funded mainly by domestic deposits, with a smaller contribution from foreign banks and continued reduction in the loan to deposit ratios

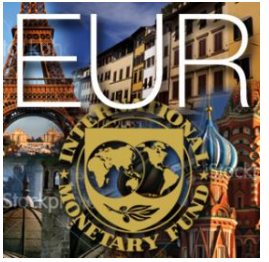


**CESEE: Main Bank Funding Sources, 2017Q3**  
(Percent of 2016 GDP, year-over-year, exchange-rate adjusted)



**Domestic Loan to Domestic Deposit Ratios, January, 2004 - December, 2017**  
(Percent)





Thank you