Deleveraging and Credit Monitor Update

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Deleveraging in the CESEE region seems to have come to an end…

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

- 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.
Thank you