CENTRAL, EASTERN AND SOUTH-EASTERN EUROPE (CESEE) BANK LENDING SURVEY

SECOND HALF OF 2025

European Investment Bank

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European Investment Bank
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KEY MESSAGES

International banking groups have increased their exposure to Central, Eastern and South-Eastern Europe in recent months, and this trend is expected to continue. Two-thirds of cross-border banking groups participating in the latest bank lending survey have indicated plans for further long-term expansion in the region. Over the past six months, credit demand has remained strong while credit supply conditions have been relatively weak. Looking ahead, expectations for credit supply are slightly more optimistic, which could help narrow the supply-demand gap that has persisted in recent years.

Credit demand and supply: Credit demand has remained strong in recent years and has continued to strengthen over the past six months. In contrast, credit supply has been weak since 2022, showing only modest improvement in 2024 before slipping again in early 2025. The Central, Eastern and South-Eastern Europe (CESEE) Bank Lending Survey, conducted in September and October 2025, provides insights into regional trends regarding credit demand (clients' willingness to borrow) and credit supply (banks' willingness to extend credit to their clients).[1]

Looking ahead, **credit demand** is expected to remain favourable in the next six months, driven mainly by companies, while household demand – for consumer credit and mortgages – is likely to soften. On the **credit supply** side, after a period of contraction, banks anticipate a slight improvement. Appetite for lending is expected to increase, especially for small and medium-sized enterprises and consumer credit, with less enthusiasm for large companies and mortgages.
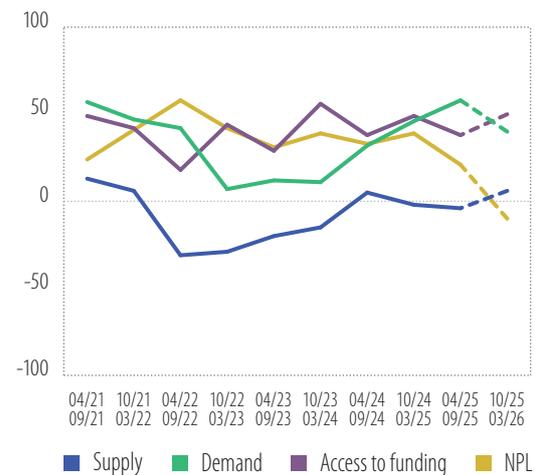
Banking group strategies: Most parent banks operating in Central, Eastern and South-Eastern Europe have expanded or maintained their exposure over the past six months. When asked about their **long-term plans**, two-thirds indicated they wanted to grow, including 10% aiming to significantly expand and more than 50% planning to selectively expand. About 30% expect to maintain the same level of operations in the region, and none have reported plans to reduce activities in the region.

Market potential: Market potential is generally assessed as high (particularly in Czechia, Romania and Slovakia) or medium (mainly in the Western Balkans markets). **Profitability** in the region is viewed as strong compared with overall group operations, especially for Bosnia and Herzegovina, Bulgaria, Czechia, Hungary, Kosovo[2] and North Macedonia.

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. Non-performing loans: Negative values indicate increasing non-performing loan ratios.

Access to funding: Access to funding for subsidiaries in the region remains favourable, and is expected to improve further, supported by rising retail and corporate deposits, as well as funding from international financial institutions and wholesale debt issuance.

Credit quality: Credit quality has continued to improve over the past six months, with fewer non-performing loans reported. Expectations for the next six months are once again negative for the retail and corporate segments, although similar pessimistic forecasts in recent years have often failed to materialise.

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1 The **CESEE Bank Lending Survey** is semi-annual. It collects data from 12 international banking groups operating in Central, Eastern and South-Eastern Europe and 65 local subsidiaries and independent domestic banks. The survey investigates the strategies of major international banks operating in the region and their local subsidiaries, as well as domestic banks in specific local markets, with the aim of better understanding market conditions and expectations. (For more details about the methodology, please read the Survey context and methodology section on page 81.)

2 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.

REGIONAL OVERVIEW

CESEE Bank Lending Survey results – parent bank level

10% of parent banks in Central, Eastern and South-Eastern Europe expect some asset sales and strategic restructuring at the group level.

Over the past six months, roughly 10% of banking groups have reported selling assets, another 10% have sold branches and a similar share have restructured their activities. All of these groups anticipate further measures in the next six months (see Figure 2). Some major banking groups with a strong presence in regional markets still have a presence in Russia (however, Russia, Belarus and Ukraine are outside the scope of this survey).
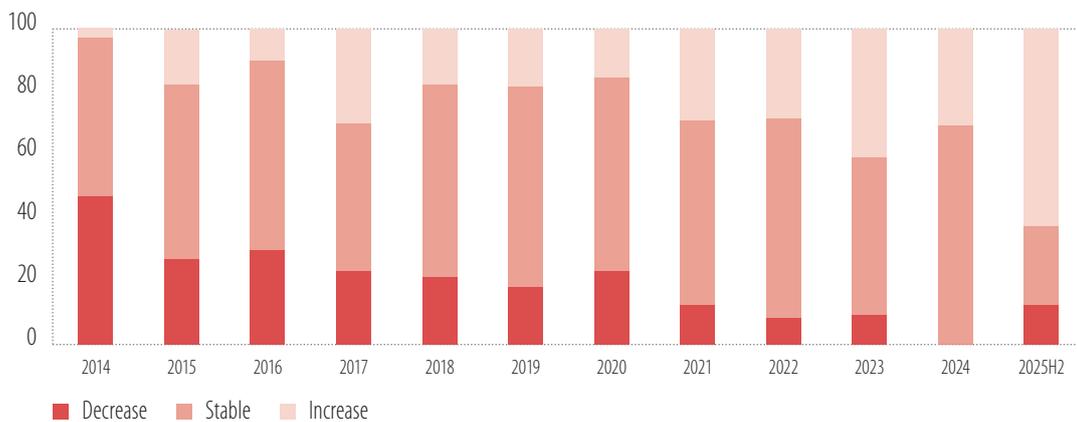
Group-level deleveraging – reducing the loan-to-deposit ratio – was significant before 2020 but eased in the previous survey round. The latest results show that nearly two-thirds of banks now aim to increase their loan-to-deposit ratio, while a smaller share plans to reduce it (see Figure 3).

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

Source: *EIB – CESEE Bank Lending Survey.*
Note: *"Last" indicates the last six months (September 2024 to March 2025). "Next" indicates the next six months (March 2025 to September 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 has remained strong over the past six months and is expected to improve further. This positive outlook is supported by rising retail and corporate deposits and continued access to funding from international financial institutions (IFIs) and wholesale debt issuance.

Overall, banking groups report favourable funding conditions, with retail deposits and interbank funding serving as the main drivers. In contrast, funding from central banks has declined again (Figure 4a).
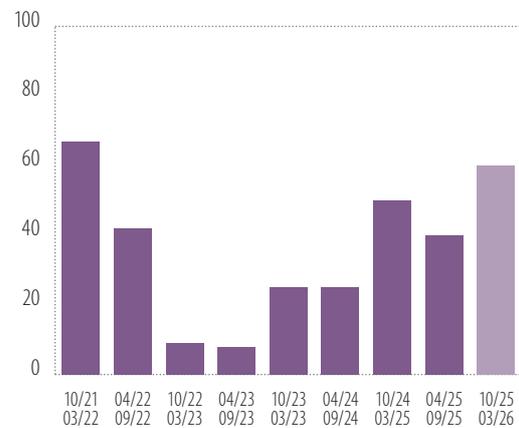
Looking ahead, banking groups expect the positive funding environment to persist and even strengthen over the next six months. Retail and corporate deposits will remain the primary source, complemented by wholesale market borrowing and international financial institutions.

Figure 4a
Access to funding conditions (in %)

■ Last six months ■ Next six months

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
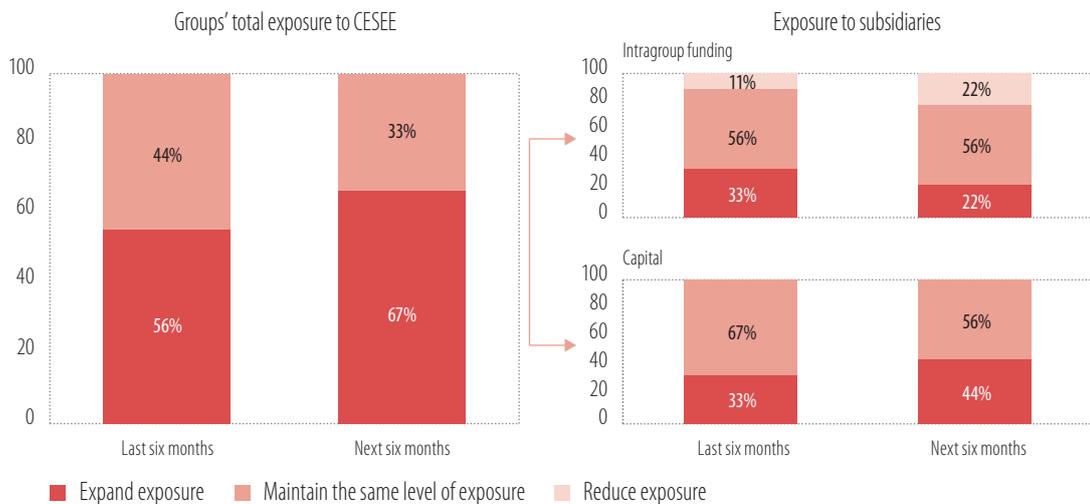**Total access to funding conditions** (in %)

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 banking groups' exposure to Central, Eastern and South-Eastern European markets has increased over the past six months and is expected to increase further in the coming months.
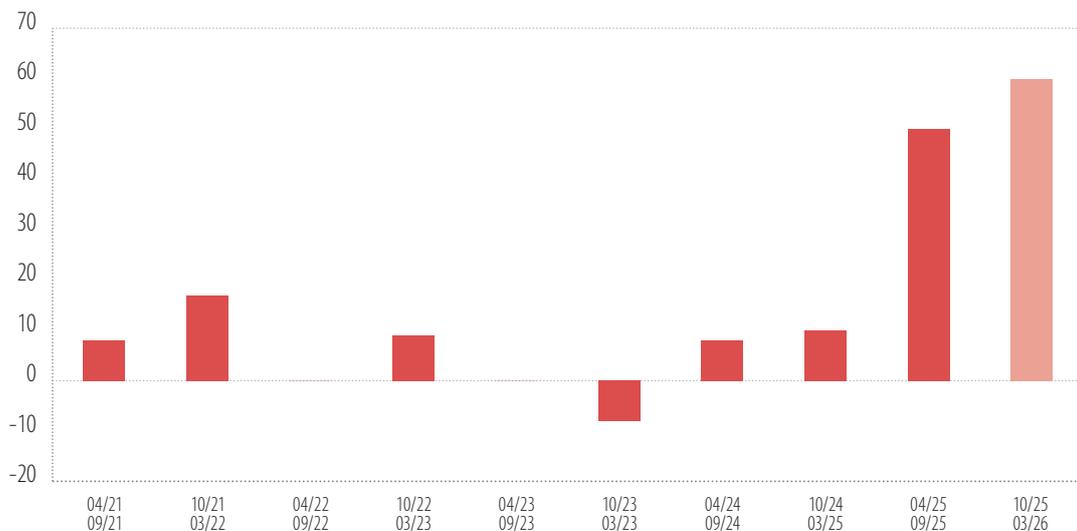
On average, groups' total exposure to the region has grown over the last six months (Figure 5b). Of the banks surveyed, 44% have maintained their existing level of exposure, and 56% have increased it (Figure 5a, left). None of the banks have reported a reduction. Looking ahead, the outlook appears positive: One-third of banks expect to maintain their current exposure, while two-thirds expect to strengthen their presence in the region.

Figure 5a

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

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

Figure 5b

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

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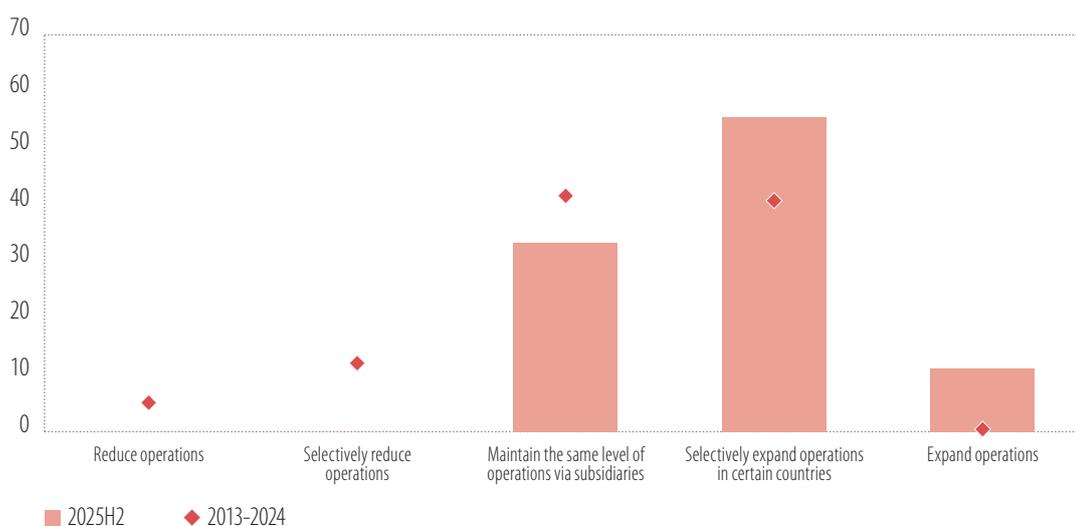   *See Question A.Q8 in the Annex.*

Regarding long-term strategies in Central, Eastern and South-Eastern Europe, two-thirds of banking groups are leaning towards expansion and one-third towards stability, with none planning to reduce operations in the region. Their view on profitability compared to overall group operations remains positive.

When asked about future plans, almost two-thirds of cross-border banking groups want to expand their operations (10% indicated they want to expand, and more than 50% are planning selective growth), and nearly 30% expect to maintain their current level of operations in the region. None reported any intentions to scale back their activities.

Overall, market potential is assessed as high – particularly in Czechia, Romania and Slovakia – or medium – mostly in the Western Balkans markets (see Additional CESEE regional data, A.4, at the end of this chapter). Banks also rate their overall market positioning as mostly optimal or satisfactory across the region, with only a few subsidiaries in Croatia, Czechia and Romania considering their position as weak (see Additional CESEE regional data, A.5).

Profitability in the region continues to outperform group averages, particularly in Bosnia and Herzegovina, Bulgaria, Czechia, Hungary, Kosovo and North Macedonia. This is reflected in higher returns on assets and equity (RoA and RoE), adjusted for cost of equity in both cases (see Additional regional CESEE data, A.6 and A.7).

Figure 6

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

■ 2025H2   ◆ 2013–2024

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

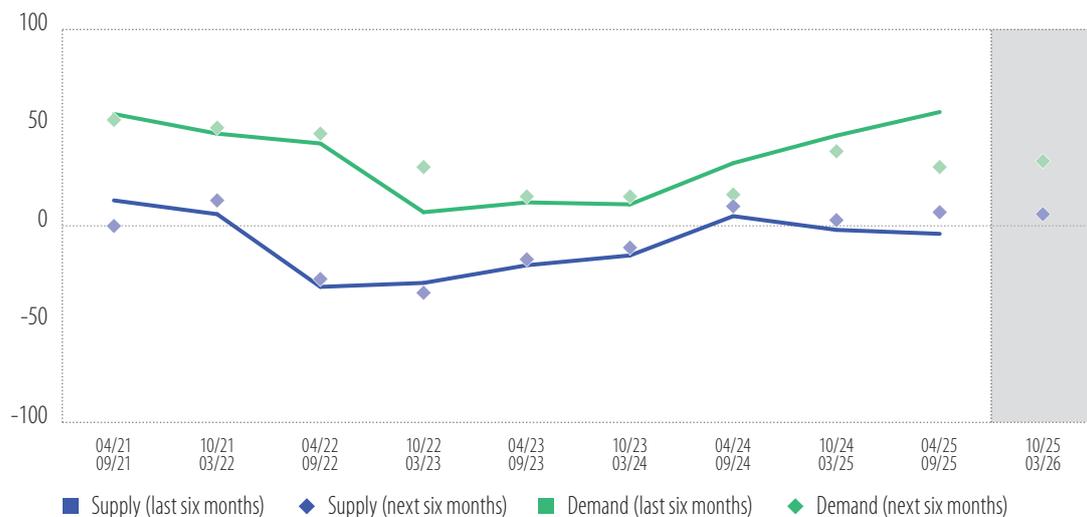## CESEE Bank Lending Survey results – local banks/subsidiaries

Credit demand has continued to strengthen over the past six months, while credit supply has remained weak in the second part of 2025. With slightly better supply conditions in the next six months, the gap between supply and demand may begin to narrow.

Credit demand – reflecting clients' willingness to borrow from banks – has continued to strengthen over the past six months, driven mainly by retail segments, including mortgages and consumer credit (see Figure 7 and Additional CESEE regional data, A.1).

Credit supply conditions – representing banks' willingness to lend – have turned slightly negative again over the past six months, following a brief improvement in the previous half year. This comes after a prolonged phase of weak supply conditions in the region since early 2022, influenced by Russia's full-scale invasion of Ukraine, rising inflation and higher interest rates (see Figure 7).

Looking ahead, **credit demand** is expected to remain strong over the next six months. **Credit supply** is projected to improve slightly, supported by increased lending appetite for small firms and consumer credit (see Additional CESEE regional data, A.3). In contrast, banks' willingness to extend credit to large companies and for mortgages is expected to remain subdued.

Figure 7

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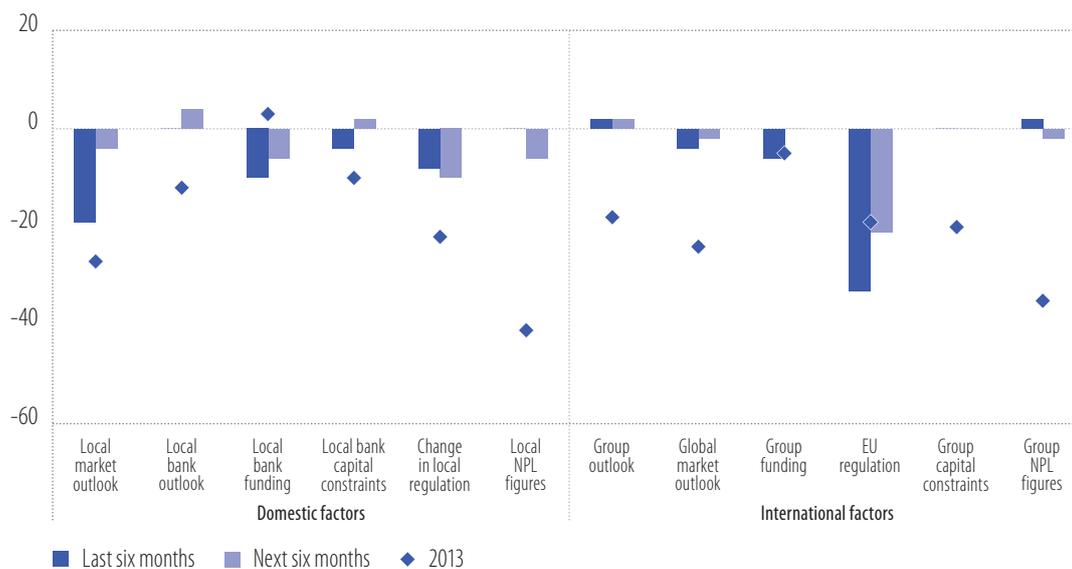

Source: EIB – CESEE Bank Lending Survey.
Note: All values are net percentages. Positive values denote increasing (easing) demand (supply). Diamonds represent expectations from previous rounds of the survey; lines show actual values. See Questions B.Q1 and B.Q5 in the Annex.

The deterioration in supply conditions over the past six months has been driven by a combination of domestic and international factors, especially regulatory changes.

International banking groups operating in Central and South-Eastern Europe are benefiting from the strong performance of the global and European banking sectors. However, several domestic and international factors – particularly regulatory changes – are weighing on credit supply conditions in the region, according to the banks surveyed.

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. NPL: Non-performing loan. See Question B.Q4 in the Annex.*
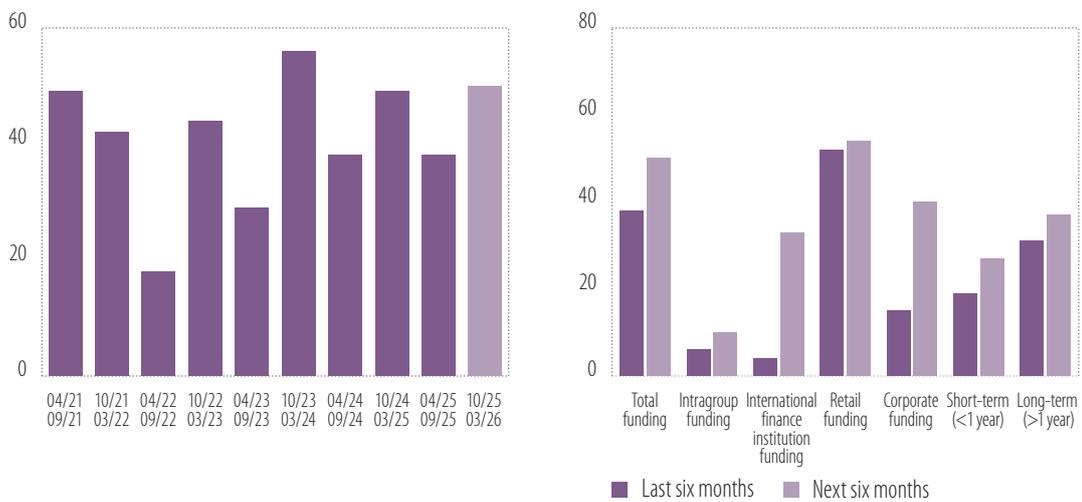
Access to funding for subsidiaries in Central, Eastern and South-Eastern European has remained favourable over the past six months and is expected to strengthen further in the coming months.

Easy access to corporate deposits – especially retail deposits – has supported favourable funding conditions over the last six months. Access to intragroup funding has also been positive, though less significant. Looking ahead, banking groups expect funding conditions to improve further (see Figure 9), driven primarily by corporate and retail deposits and funding from international financial institutions.

Figure 9

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

A. Trends in total funding conditions (shaded bar = expectations)

B. Breakdown of funding conditions: Results from the latest survey
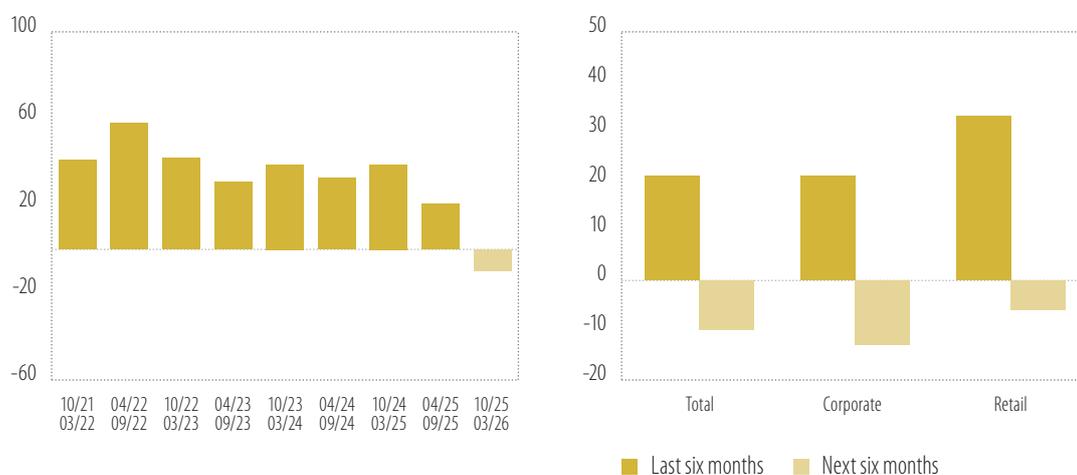

Source: EIB – CESEE Bank Lending Survey.
Note: The chart shows net percentages, with positive values representing an easing of access to funding. See Question B.Q9 in the Annex.

Credit quality has improved again over the past six months. Banks anticipate a deterioration in non-performing loans in the next six months, although similar negative expectations in recent years have often failed to materialise.

Credit quality has continued to improve for the ninth consecutive survey round, as shown in Figure 10. Over the past six months, improvements have been particularly strong in the retail segment, followed by the corporate sector. Data on non-performing loans as a percentage of total loans provided by central banks can be found in the Annex to this report. Despite these positive developments, banks remain pessimistic about the next six months, anticipating a deterioration in credit quality across corporate and retail portfolios. However, it is worth noting that similar negative expectations in previous years often failed to materialise.

Figure 10
Non-performing loan ratios (in %)

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

Additional CESEE regional data

A.1
Factors affecting demand for credit (in %)

■ 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 %)
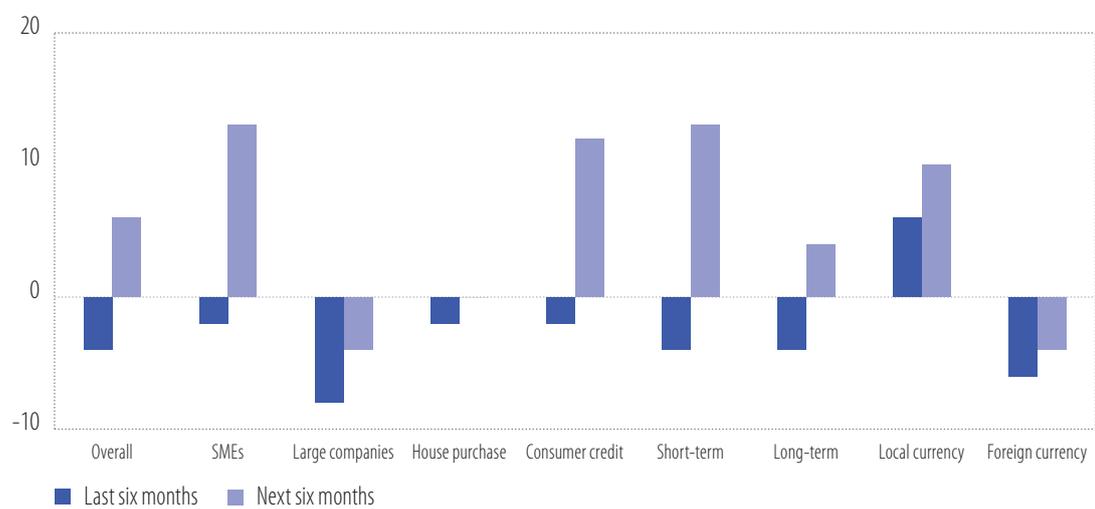

Source: *EIB – CESEE Bank Lending Survey.*
Note: *The chart shows net percentages, with negative values indicating tighter supply conditions. See Question B.Q1 in the Annex.*

A.4
Market potential (in %)

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

A.5
Market positioning (in %)

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 with overall group operations (in %)

■ Lower ■ Equal ■ Higher

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

A.7

Return on equity (adjusted for cost of equity) compared with overall group operations (in %)

■ Lower ■ Equal ■ Higher

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

ALBANIA

Credit demand has increased further, while supply conditions have tightened. Over the next six months, a similar trend is expected on the demand side, while supply conditions are likely to remain neutral. Liquidity and credit quality have improved, although a moderate increase in non-performing loans is expected in the next period.

SUMMARY

Group assessment of positioning and market potential: The majority of international banking groups have reported lower or equal profitability for their Albanian operations compared to their overall group operations, marking a deterioration from the previous survey round. The perception of market potential and market positioning has remained relatively unchanged, with all parent banks rating Albania's market potential as medium or high.
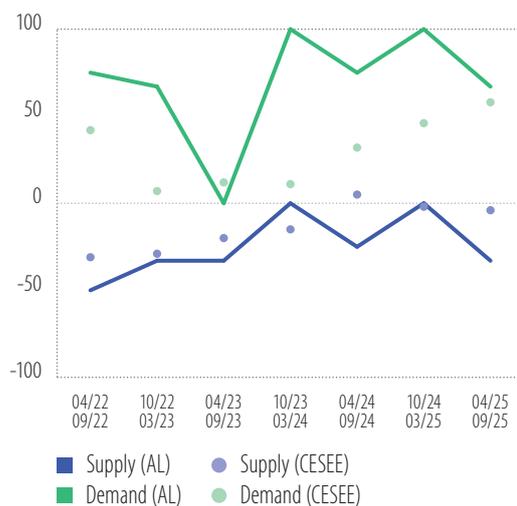
Credit demand: Credit demand in Albania has increased, in line with the regional average. All segments have registered an improvement, except for foreign currency loans, which have decreased. Demand conditions are expected to follow the same trend over the next six months, slightly above the average for the wider region.

Credit supply conditions: Credit supply conditions – which indicate banks' willingness to extend credit to their clients – have tightened slightly but are expected to remain neutral, in line with the regional trend.

Access to funding: Access to funding in Albania has remained in positive territory and is expected to continue improving in the next six months.

Non-performing loans: Credit quality has improved over the last six months, but a slight deterioration is expected in the next period.

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 – parent bank level

CESEE banking groups rate Albania's market potential as either medium (75%) or high (25%). The majority reported lower or equal profitability for their operations in Albania compared to the parent bank, which marks a deterioration from the previous period.

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.
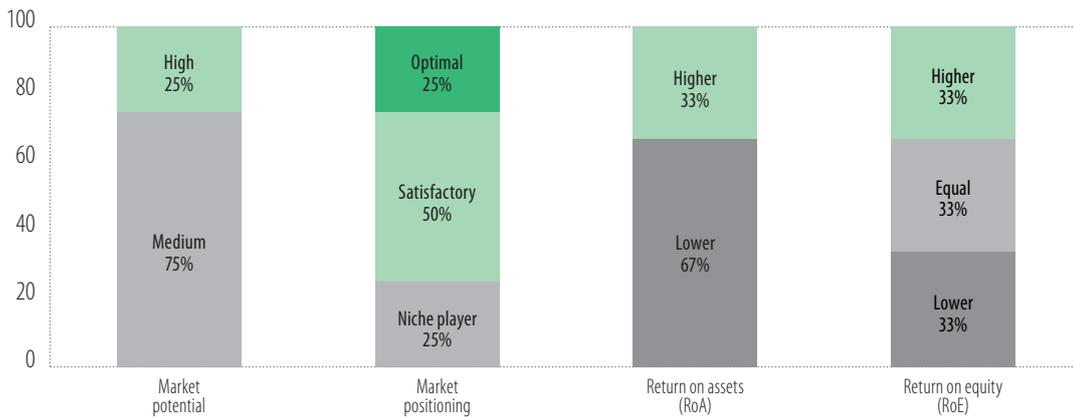
CESEE Bank Lending Survey – local bank/subsidiary level

Credit demand has remained strong, in line with the regional trend. It is expected to hold steady at this level, slightly exceeding regional trends.

Figure 2
Aggregate demand developments (in %)

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

Positive credit demand trends have been observed across all segments, except for foreign currency loans.

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.

Housing market prospects and consumer confidence, along with fixed investments, have been the main positive contributors. Over the next six months, the same two household segments are expected to remain positive, while factors affecting corporate loans are likely to remain neutral or turn negative.

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.

ALBANIA

Credit supply has turned negative but is expected to remain neutral in the next period, in line with the regional trend.

Figure 5
Aggregate supply developments (in %)

Source: EIB – CESEE Bank Lending Survey.
Note: The chart shows net percentages, with positive values indicating easing supply. The two expectations series (light purple line and diamonds) are shifted forward to be comparable to the perceptions series (dark 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 have been negative, driven by mortgages. Some softening is expected for consumer credit and short-term loans over the next period.
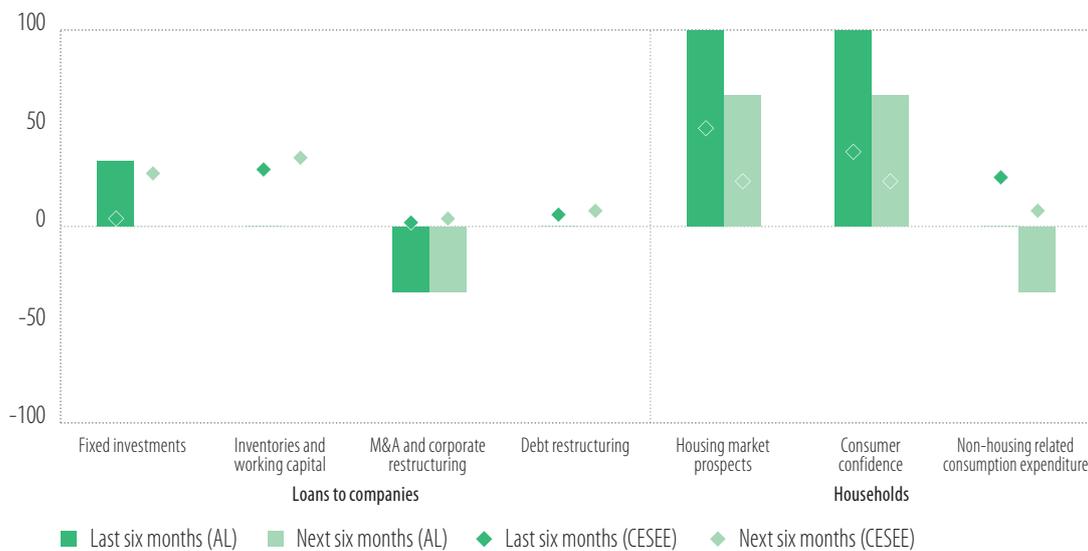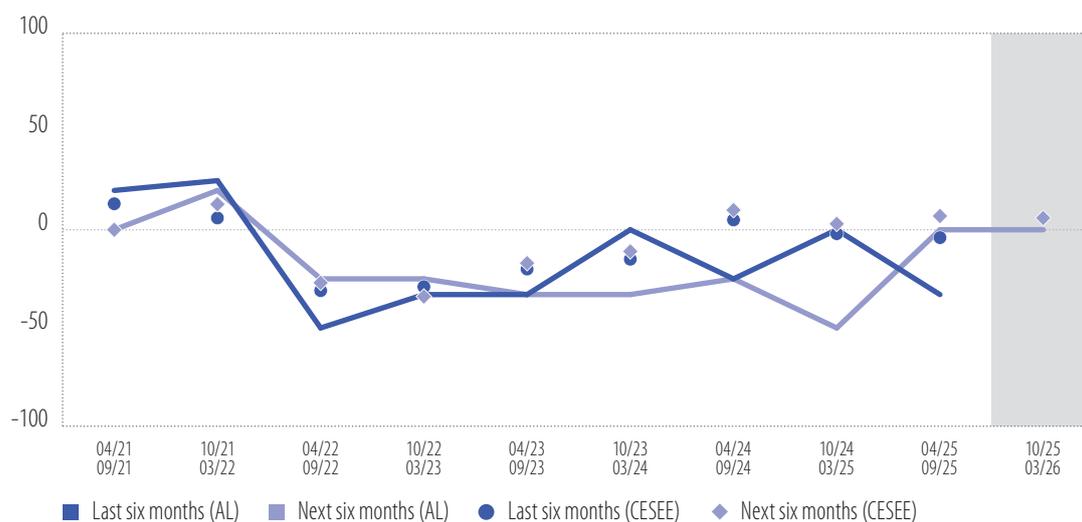
Figure 6
Supply components and segments (in %)

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 international factors have had a neutral effect on supply conditions. In contrast, the impact of domestic factors has been mixed: local non-performing loan figures and the local market and local bank outlook have contributed positively to supply conditions, while local bank funding and changes in local regulation have had a negative impact.

Figure 7
Factors contributing to supply conditions (in %)

Credit quality has improved in the last six months; however, a deterioration is expected in the next period.

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

Funding conditions are currently positive and are expected to remain favourable, with a positive contribution from most funding sources.

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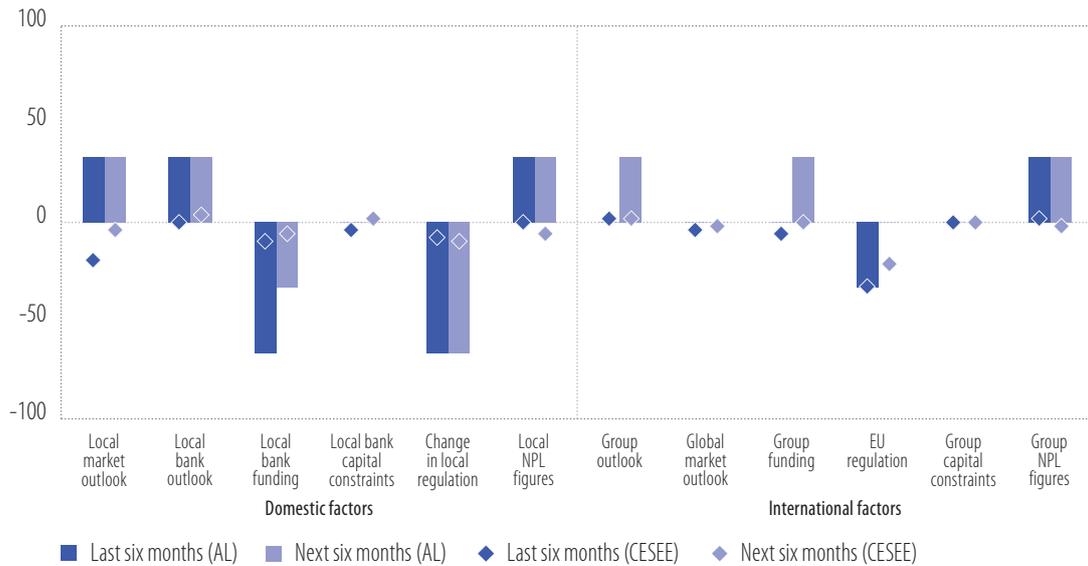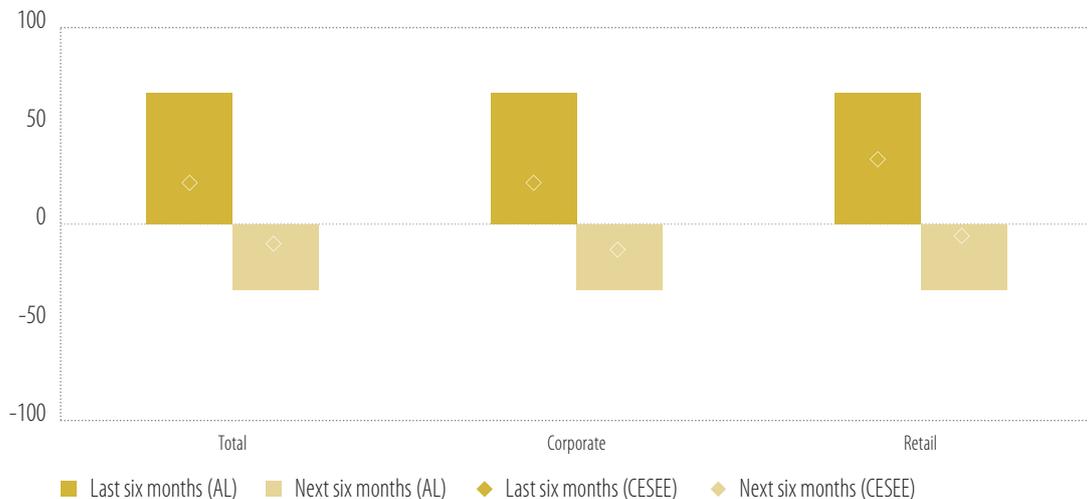**Access to funding** (in %)

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

Demand has remained on a positive trend, while supply conditions have tightened further. Over the next six months, similar conditions are expected on the demand side, while supply conditions are expected to remain neutral. Both credit quality and liquidity conditions have continued to improve.

SUMMARY

Group assessment of positioning and market potential: Most international banking groups reported higher profitability for their operations in Bosnia and Herzegovina compared to their overall group operations. The vast majority of parent banks consider the local market to have medium potential.

Credit demand: Credit demand in Bosnia and Herzegovina has increased but is slightly below the regional average. Similar demand conditions are expected in the next six months, driven by most segments.

Credit supply conditions: Credit supply conditions – which indicate banks' willingness to extend credit to their clients – have tightened, while remaining neutral across the region overall. They are expected to remain neutral in the next six months.

Access to funding: Access to funding in Bosnia and Herzegovina has improved over the last six months and further improvement is expected.

Non-performing loans (NPLs): The non-performing loan ratio has improved over the last six months and is expected to continue improving.

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 operating in Bosnia and Herzegovina reported higher profitability than their parent banks in terms of return on assets, marking an improvement on the previous period. The vast majority of them view the country's market potential as medium.

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 – local bank/subsidiary level

Credit demand has increased over the last six months, but is slightly below the CESEE regional average. This positive trend is expected to continue, in line with the region.

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.

BOSNIA AND HERZEGOVINA

Overall demand has increased in the last six months, driven by all segments except foreign currency loans, which has remained neutral. In the next period, growth is expected from all segments except foreign currency loans.

Figure 3
Demand components and segments (in %)

All factors affecting the household segment have contributed positively. For corporate loans, inventories and working capital along with debt restructuring have been the main positive drivers. Most factors are expected to have a positive impact in the next period.

Figure 4
Factors affecting demand for loans (in %)

Credit supply conditions have tightened but are expected to remain neutral, in line with the average for the CESEE 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.

All supply components have tightened over the last six months, and most of them are expected to remain neutral in the next period.

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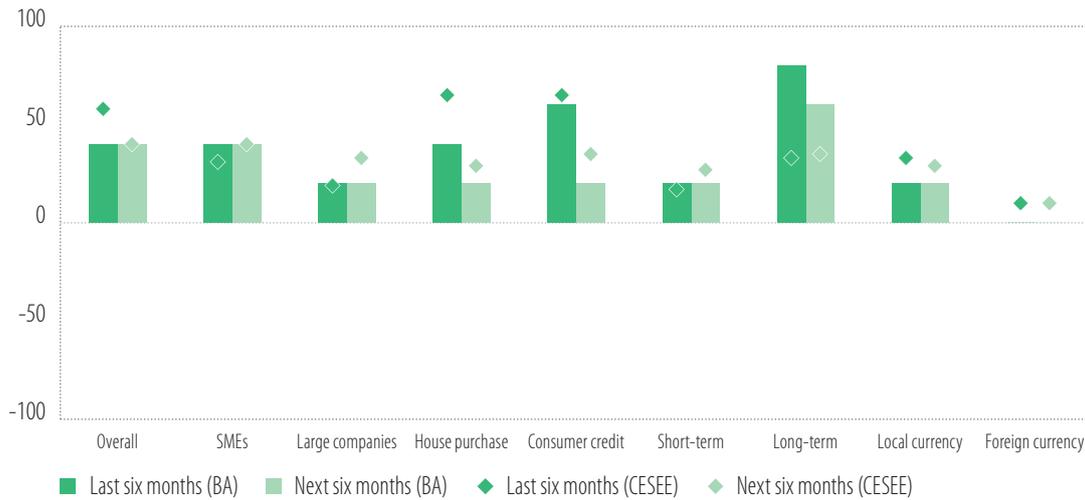**Supply components and segments** (in %)

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 have made a neutral contribution to supply conditions and are expected to remain neutral in the next period.

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. NPL: Non-performing loan. See Question B.Q4 in the Annex.

Credit quality has improved overall, driven by both segments. Some further improvement is expected in the next period.

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 non-performing loan ratios). See Question B.Q8 in the Annex.

Total funding conditions have improved and are expected to continue improving in the next period.

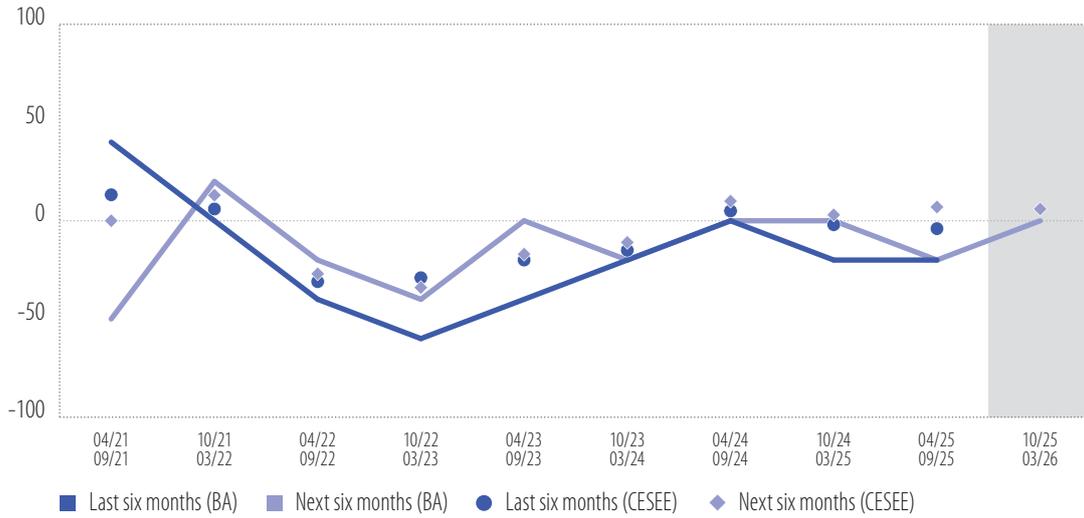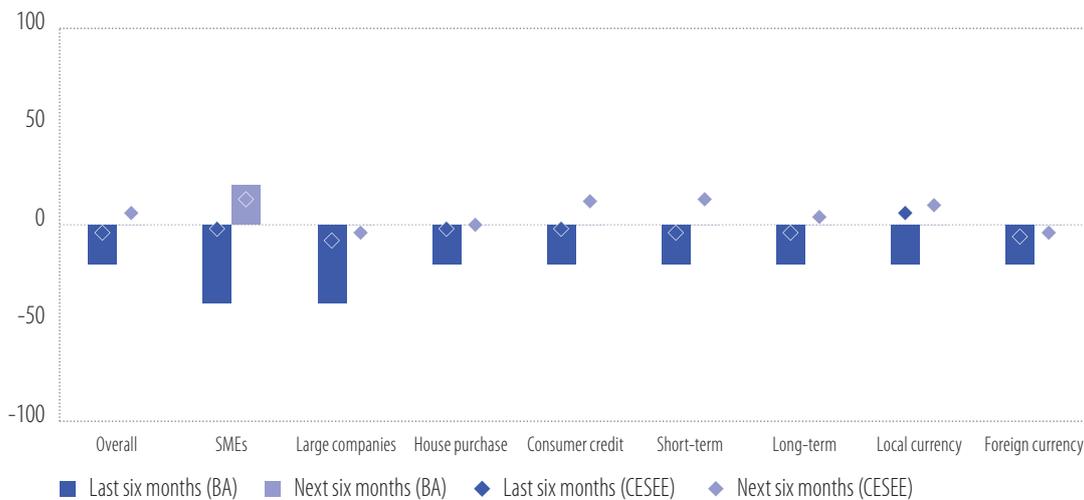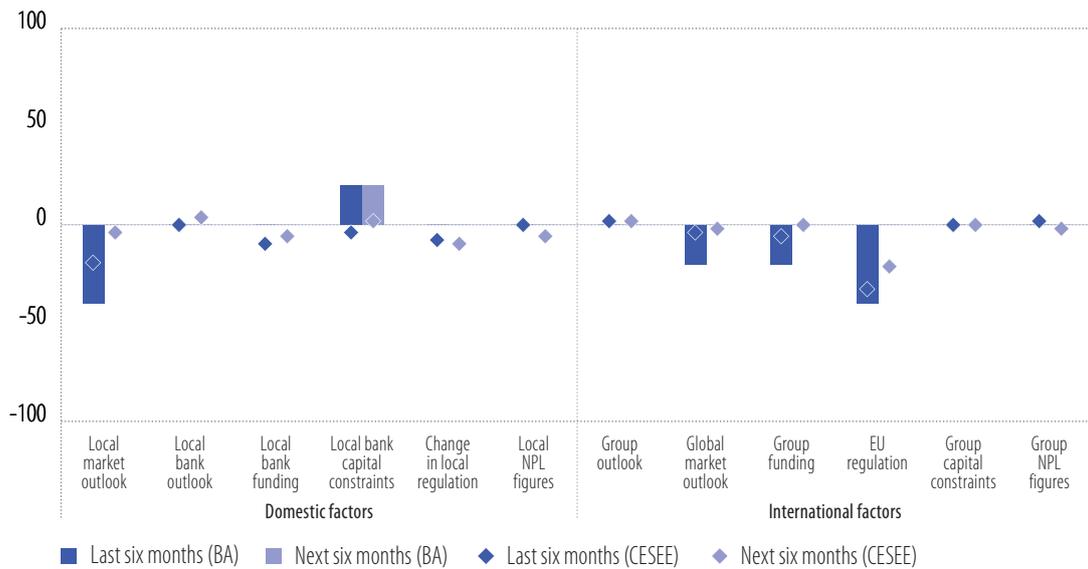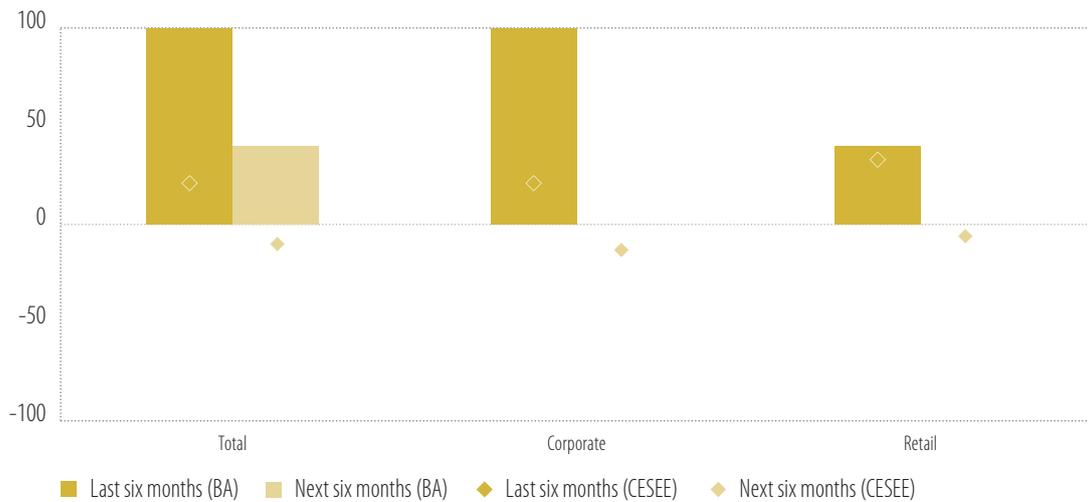**Figure 9**
Access to funding (in %)

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

BULGARIA

Credit conditions in Bulgaria are volatile: Credit demand has sustained the pick-up seen in the previous period, while supply has rebounded sharply following a significant deterioration. Demand is expected to improve further, while supply may return to a more neutral level.

SUMMARY

Group assessment of positioning and market potential: All international banking groups rate the market potential of their Bulgarian operations as either medium or high. All respondents say profitability from their Bulgarian operations is equal to or higher than the group level.

Credit demand: Credit demand in Bulgaria has continued to improve following a pick-up in the previous period and is in line with developments in the region. Demand is driven by small and medium-sized enterprises and households. This improvement is likely to continue over the next six months.

Credit supply conditions: Credit supply conditions – which indicate banks' willingness to extend credit to their clients – have rebounded sharply over the last six months following an equally abrupt deterioration in the preceding six months, driven by consumer credit. Supply conditions are expected to remain unchanged over the next six months.

Access to funding: Access to funding in Bulgaria has been improving and is expected to maintain this positive trajectory in the next six months.

Non-performing loans (NPLs): Non-performing loan ratios have increased in the corporate segment over the past six months. This trend is expected to continue in the next period and spread to the retail segment.

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 – parent bank level

CESEE banking groups rate Bulgaria's market potential as either medium (50%) or high (50%). Profitability remains high compared to the parent bank, and the market positioning of all subsidiaries is 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 – local bank/subsidiary level

Most respondents reported an improvement in credit demand and expect this trend to continue over the next six months, in line with the rest of the region.

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.

Credit demand has been driven by small and medium-sized enterprises (SMEs) and retail. These two segments are expected to drive credit demand over the next six months as well.

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.

Consumer confidence and working capital have been the main positive contributors to credit demand. Consumer confidence is expected to return to a more neutral level over 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.

BULGARIA

Credit supply has rebounded sharply over the past six months in line with banks' expectations in the previous period. Credit supply conditions are expected to remain unchanged over the next six months.

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 for consumer credit have been driving the rebound, while those for corporates have moved in the opposite direction.

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 funding, local regulations and EU regulation have negatively affected supply conditions. The global market outlook is expected to exacerbate this impact over 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. NPL: Non-performing loan. See Question B.Q4 in the Annex.*

According to most respondents, credit quality has deteriorated, driven by corporate loans. These developments are expected to continue in the next six months and spread to the retail sector.

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 non-performing loan ratios). See Question B.Q8 in the Annex.*

Funding conditions have improved and are expected to maintain this positive trajectory, continuing the multi-year trend. Intragroup and retail funding have contributed to this trend over the past six months.
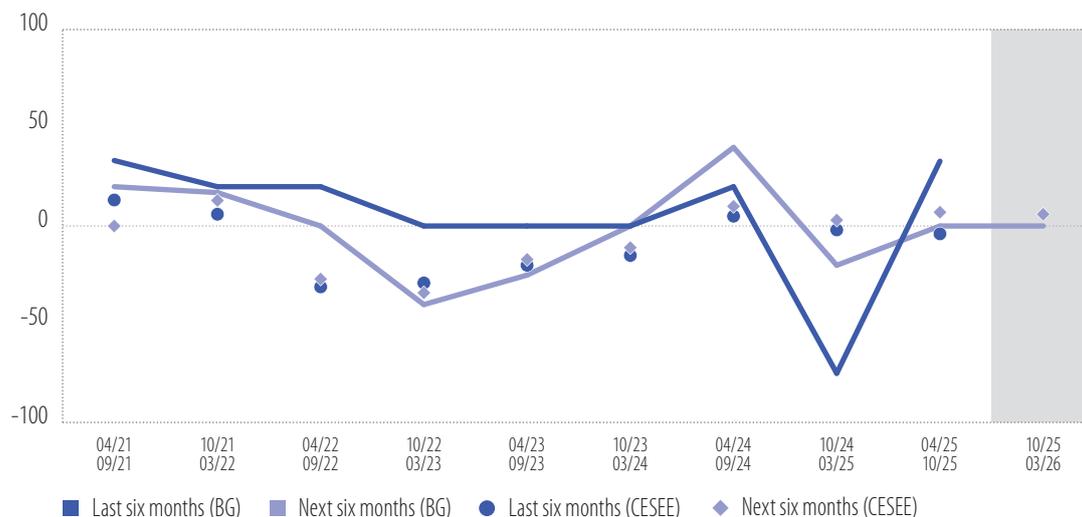
Figure 9
Access to funding (in %)
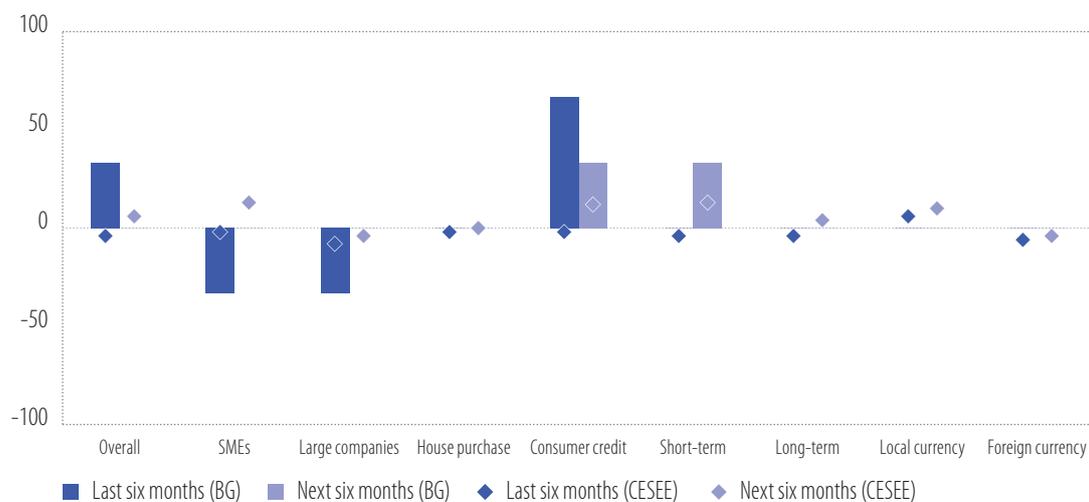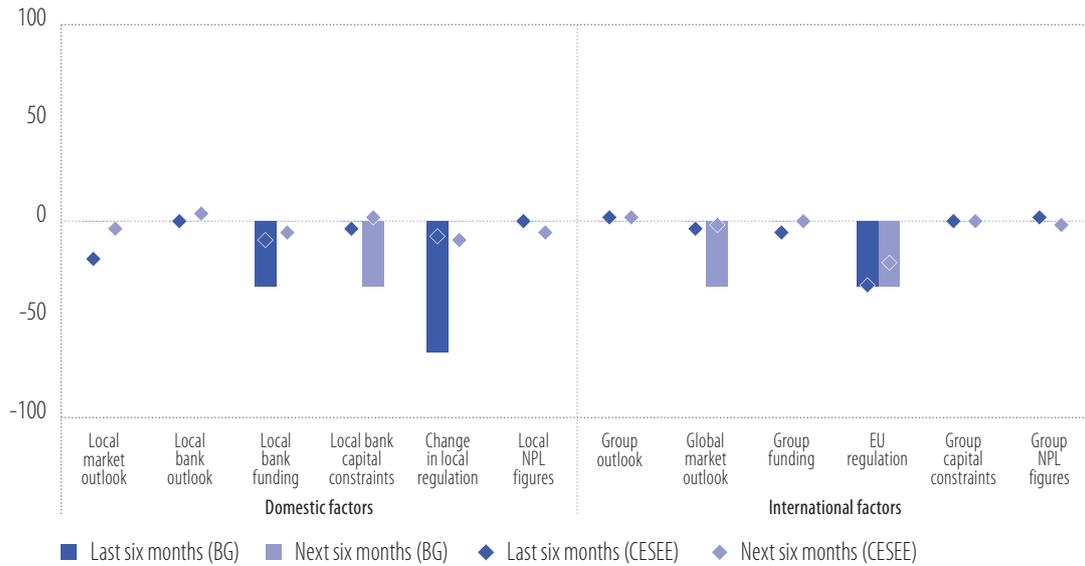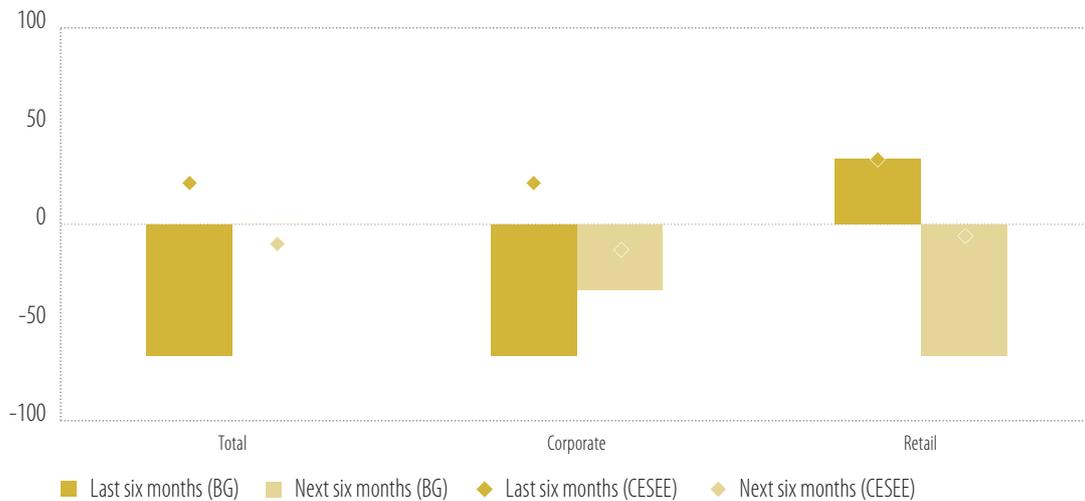

Source: EIB – CESEE Bank Lending Survey.
Note: The chart shows net percentages, with positive values indicating improved access to funding. See Question B.Q9 in the Annex.

CROATIA

Credit demand has increased, while supply conditions have remained neutral. Both demand and supply conditions are likely to deteriorate in the next six months. Credit quality is expected to remain favourable and access to funding is expected to improve further.

SUMMARY

Group assessment of positioning and market potential: The majority of banking groups reported equal profitability in Croatia and at group level. Most of them consider the Croatian market to have medium potential.

Credit demand: Credit demand in Croatia has improved, in line with the regional average. Demand for both corporate and household loans has increased. Over the next six months, demand for corporate loans is expected to increase further, while demand for household loans is expected to decrease.

Credit supply conditions: Credit supply conditions – which indicate banks' willingness to extend credit to their clients – have improved, exceeding the regional trend. However, a tightening is expected in the next six months, mainly in the household segment.

Access to funding: Access to funding in Croatia has improved in the last six months and is expected to improve further in the next period.

Non-performing loans (NPLs): Non-performing loan ratios have improved over the last six months and are expected to remain favourable, driven by the retail segment.

Credit supply and credit demand (in %)

Legend: ■ 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 %)

Legend: ■ 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

CESEE banking groups view Croatia's market potential as either medium (60%) or high (40%), with most reporting equal profitability compared to their parent banks.

Figure 1
Market potential and positioning

CESEE Bank Lending Survey results – local bank/subsidiary level

Credit demand has increased in the last six months but is expected to turn negative, well below 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)

Demand has increased in both the corporate and household segments. Corporate demand is expected to increase, particularly among small and medium-sized enterprises (SMEs), while a negative trend is expected for the household segment.

Figure 3
Demand components and segments (in %)

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

Most factors affecting demand for corporate loans (fixed investments, mergers and acquisitions (M&A) and corporate restructuring, and debt restructuring) and all household segments have contributed positively to demand. Over the next six months, inventories and working capital are expected to remain positive, while most household factors are likely to turn negative.

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.

CROATIA

Credit supply conditions have remained neutral but are expected to tighten, below regional trends.

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 deteriorate, driven by the household segment.

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 have not affected credit supply. However, a change in local regulation has contributed negatively to supply, while local non-performing loan figures have had a positive impact.

Figure 7
Factors contributing to supply conditions (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 a positive contribution to supply. NPL: Non-performing loan. See Question B.Q4 in the Annex.*

Credit quality has improved in the last six months and is expected to remain favourable overall in the next six months, exceeding the regional average.

Figure 8
Credit quality and non-performing loan ratios (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 improving credit quality (in other words, decreasing non-performing loan ratios). See Question B.Q8 in the Annex.*

Funding conditions have improved and are expected to remain favourable in the next six months, driven by better retail and corporate funding.

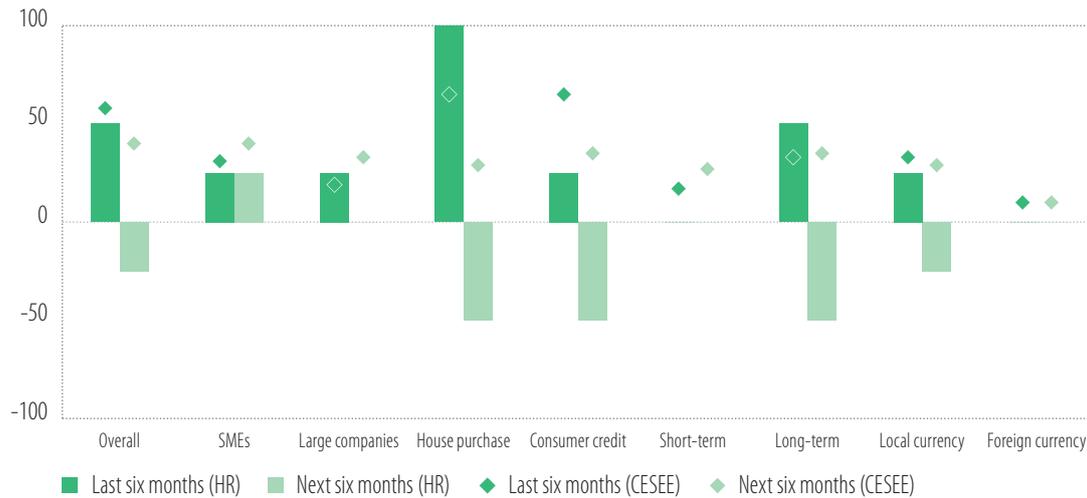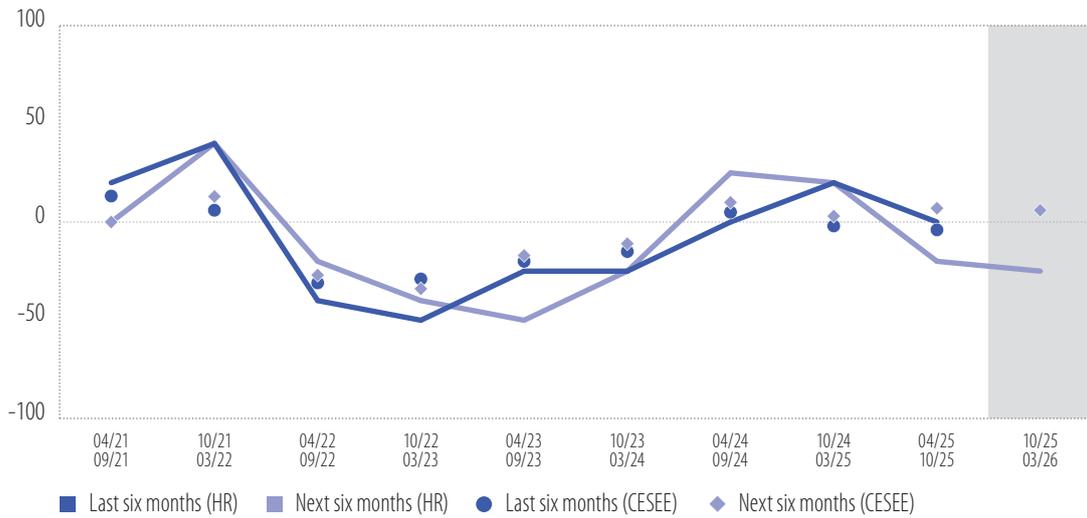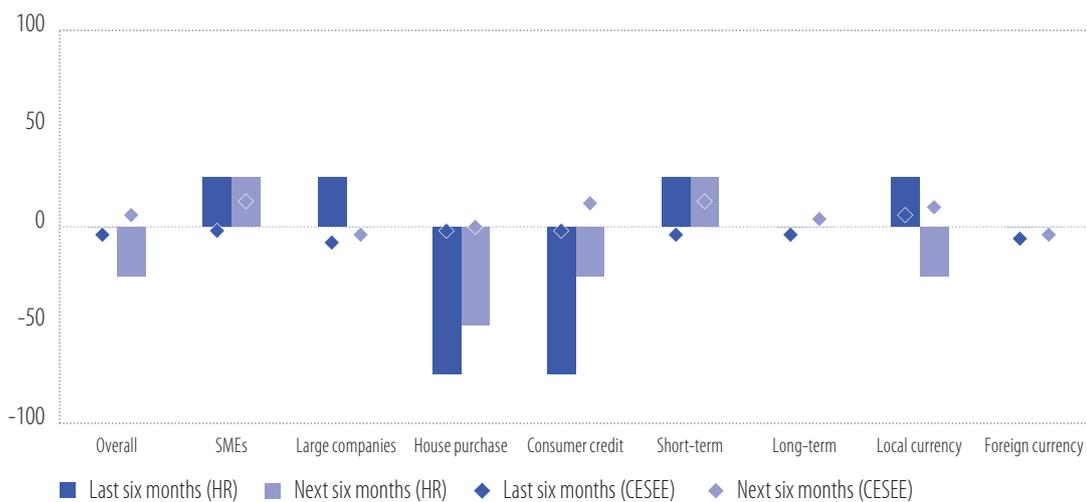**Figure 9**
Access to funding (in %)

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 demand for their loans in Czechia has continued to increase and will remain strong. Credit supply conditions have not changed. Banks expect their funding situation to continue improving.

SUMMARY

Group assessment of positioning and market potential: Most international banking groups have said that the Czech banking market has high potential, and that they are generally satisfied with their market position. The profitability of their local operations tends to be equal to or higher than that in other parts of their groups.

Credit demand: Credit demand has improved at most banks in Czechia over the past six months. On balance, banks expect this upward trend to continue over the next six months, with investment activity set to become an increasingly significant driver of corporate loans.

Credit supply conditions: Credit supply conditions – which indicate banks' willingness to extend credit to their clients – have remained broadly stable, with little change expected.

Access to funding: Access to funding in Czechia has continued to improve, driven by retail funding.

Non-performing loans (NPLs): Non-performing loan ratios are expected to remain broadly unchanged, following improvements in corporate lending over the last six months.

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 – parent bank level

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

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 – local bank/subsidiary level

As in the rest of the region, banks report that, on balance, credit demand has improved over the past six months. Credit demand is set to remain strong, even more so than in the rest of the region.

Figure 2
Aggregate demand developments (in %)

Source: EIB – CESEE Bank Lending Survey.
Note: The chart shows net percentages, with positive values indicating increasing demand. The two expectations series (light green line and diamonds) are shifted forward to be comparable to the perceptions series (dark 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 be strong across all product lines, with Czech banks notably more optimistic about corporate loan demand than their CESEE peers.

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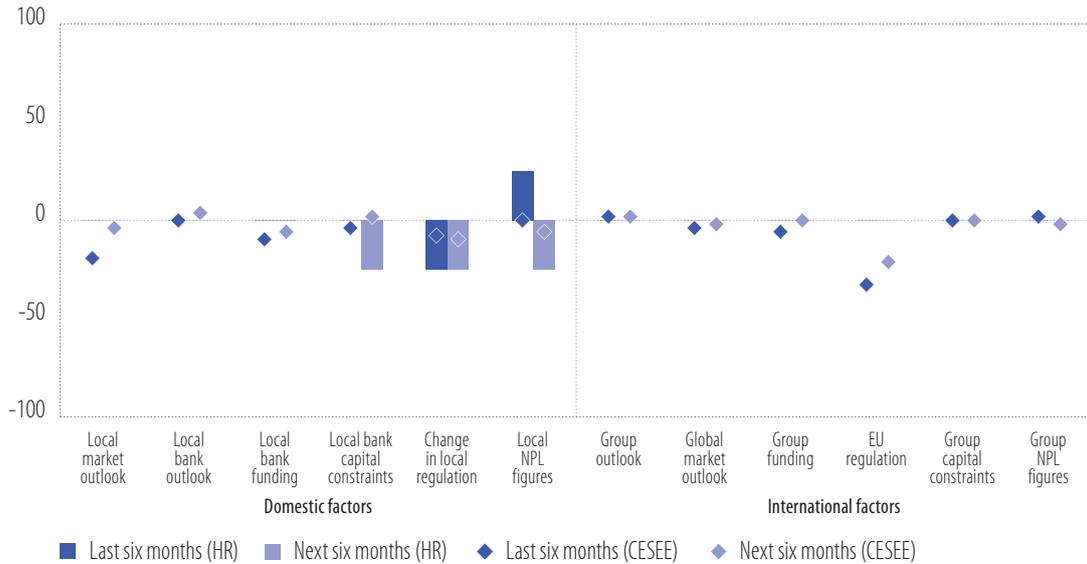**Demand components and segments** (in %)
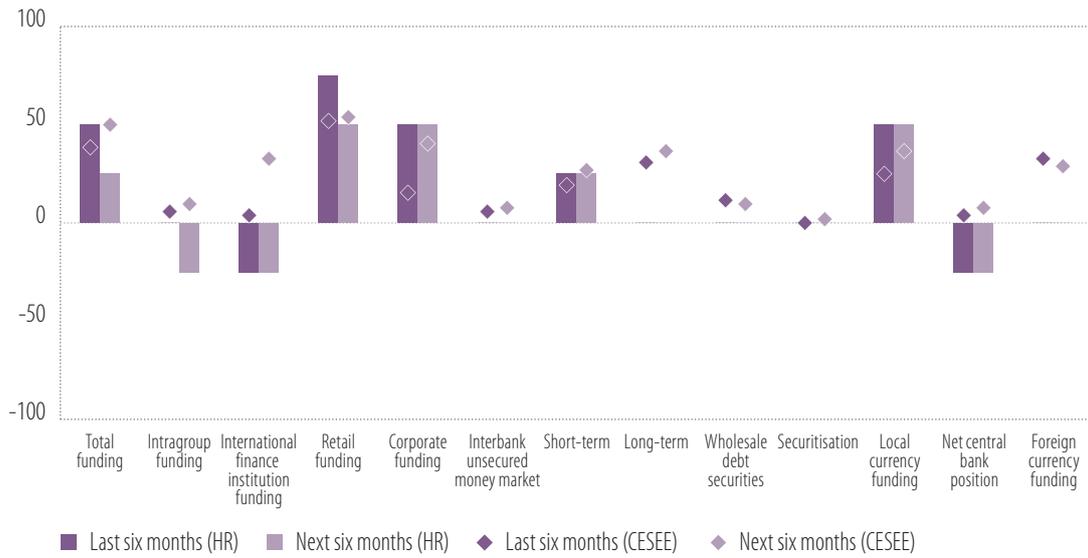

Source: EIB – CESEE Bank Lending Survey.
Note: The chart shows net percentages, with positive values indicating increasing demand. See Question B.Q5 in the Annex.

Banks report that mergers and acquisitions (M&A) activity and corporate restructuring have boosted loan demand from enterprises, while the housing market and stronger consumer confidence have supported household demand. Over the next six months, banks expect investment to become an increasingly important driver of corporate loans.

Figure 4
Factors affecting demand for loans (in %)

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

Credit supply has remained broadly unchanged in the last six months, similar to the rest of the region. On balance, banks do not expect substantial changes over the coming six months.

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.

On balance, banks report that credit supply has eased somewhat for corporates – including small and medium-sized enterprises (SMEs) and large corporations – while remaining unchanged for household, including 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 market outlook and EU regulation have slightly reduced loan supply; however, this has been partially offset by more optimistic local and global bank outlooks. Overall, neither domestic nor international factors are expected to significantly constrain or boost loan supply.

Figure 7
Factors contributing to supply conditions (in %)

■ Last six months (CZ)   ■ Next six months (CZ)   ◆ 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. NPL: Non-performing loan. See Question B.Q4 in the Annex.*

Banks report that corporate loan quality has improved; however, they do not anticipate further changes over the next six months. Retail loan quality has remained broadly stable and is expected to remain unchanged.

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

■ Last six months (CZ)   ■ Next six months (CZ)   ◆ 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 non-performing loan ratios). See Question B.Q8 in the Annex.*

Most banks report that funding conditions have improved and expect this trend to continue, driven primarily by retail funding, with additional contributions from wholesale debt issuance.

Figure 9
Access to funding (in %)

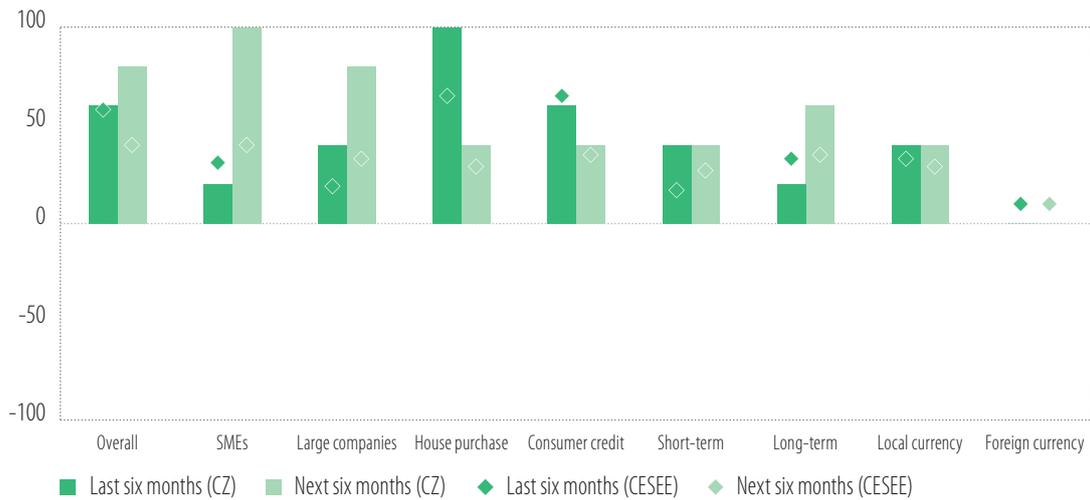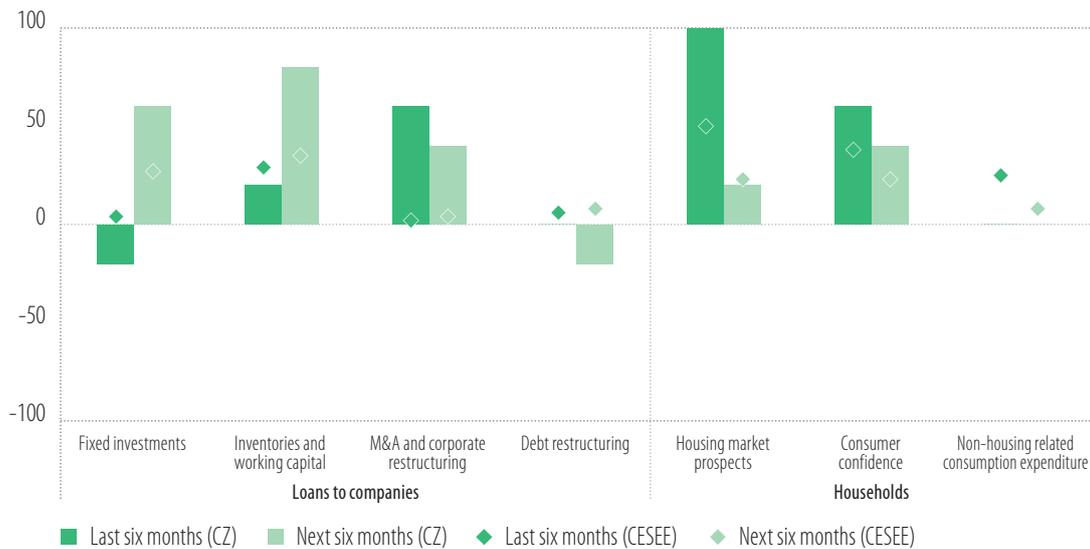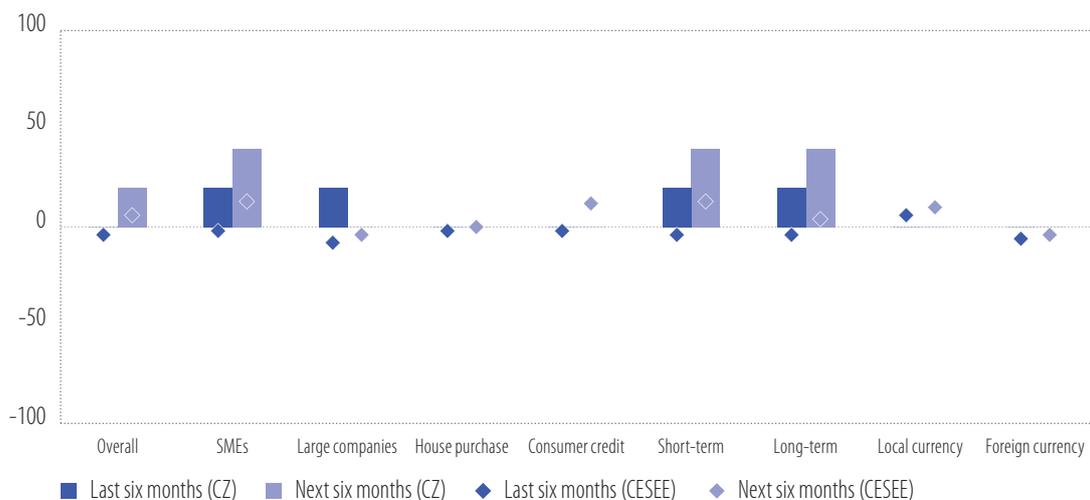

Source: *EIB – CESEE Bank Lending Survey.*
Note: *The chart shows net percentages, with positive values indicating improved access to funding. See Question B.Q9 in the Annex.*

HUNGARY

Credit demand has increased and credit supply has declined slightly in Hungary in the last six months. According to banks operating in Hungary, market potential is broadly unchanged. Loan quality has improved slightly, and the outlook is positive.

SUMMARY

Group assessment of positioning and market potential: Perceptions of market potential in Hungary are broadly unchanged, with all banks rating it as either high or medium. Most international banking groups have reported higher or equal profitability for their Hungarian operations compared to their overall group operations, reflecting banks' somewhat more favourable evaluation than in the previous survey round. Banks' market positioning in Hungary has improved slightly compared to the previous survey round, with 17% of banks considering it optimal, while 88% deem it satisfactory.

Credit demand: Credit demand in Hungary has increased overall. Demand from consumers has increased, while demand from large corporates has declined. In the next six months, banks expect an increase in credit demand from the enterprise and mortgage segments.

Credit supply conditions: Credit supply conditions – which indicate banks' willingness to extend credit to their clients – have declined slightly in the last six months. Banks expect similar conditions over the next six months.

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

Non-performing loans (NPLs): Non-performing loan ratios in Hungary have improved overall in the last six months, both in the corporate and retail segments.

Credit supply and credit demand (in %)

Legend: ■ Supply (HU) ● Supply (CESEE) ■ Demand (HU) ● 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 %)

Legend: ■ Access to funding (HU) ● Access to funding (CESEE) ■ NPL (HU) ● 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 – parent bank level

CESEE banking groups rate Hungary's market potential as either medium (67%) or high (33%). Banks' market positioning in Hungary has improved slightly compared to the previous survey round, with 17% of banks considering it optimal and the rest considering it satisfactory. Most banks report that profitability is higher than or equal to 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 – local bank/subsidiary level

Credit demand has **increased as expected, in line with the regional trend.**

Figure 2
Aggregate demand developments (in %)

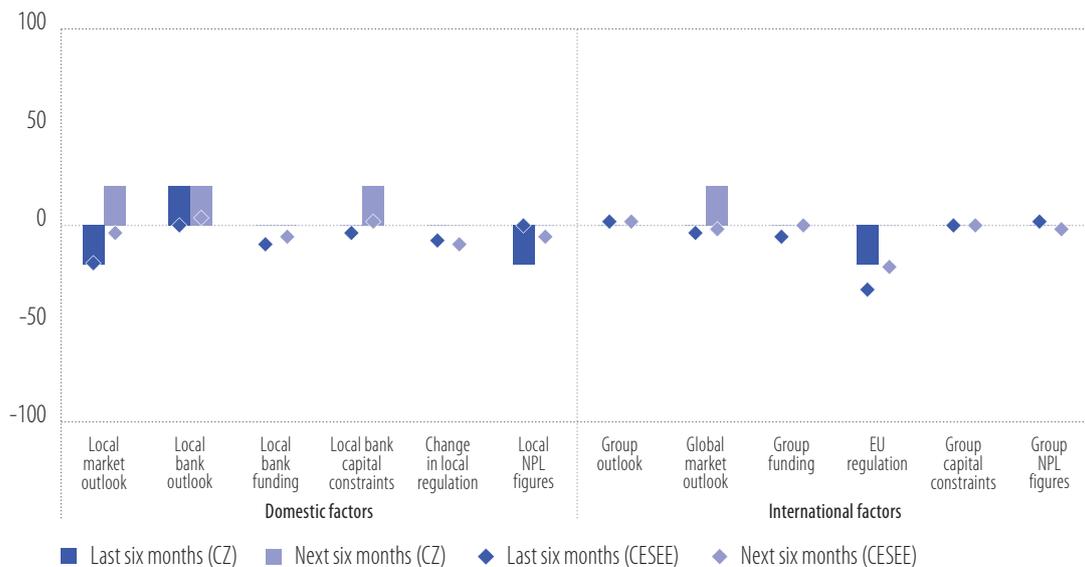■ Last six months (HU)   ● Last six months (CESEE)   ■ Next six months (HU)   ◆ Next six months (CESEE)

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.

The increase in demand has mainly been driven by the mortgage market and the consumer credit segments. Demand from large corporates has declined.

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 an increase in credit demand from the enterprise segment. Household credit demand has grown less than in the previous survey round and is expected to decelerate further.

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.*

HUNGARY

Banks have reported a slight decline in credit supply, despite the positive outlook in the last survey round. They expect similar conditions over the next six months.

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.

Overall supply conditions are expected to remain the same. Easing is expected in some segments, namely small and medium-sized enterprises (SMEs), mortgages 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.

Compared to the previous survey round, domestic factors have not weighed negatively on credit supply. However, EU regulation has remained a negative international factor.

Figure 7
Factors contributing to supply conditions (in %)

Credit quality in Hungary has improved in both the retail and corporate segments over the last six months, in line with the outlook of the last survey round. The outlook for the next six months foresees some improvements in the corporate segment and no change in the retail segment.

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

Funding conditions are currently positive and are expected to remain favourable, driven
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[3]

Credit demand has expanded over the past six months, while supply has declined. In the next six months, credit supply is likely to expand further amid lower demand. Credit quality has deteriorated and access to funding is expected to be positive.

SUMMARY

Group assessment of positioning and market potential: International banking groups have reported that the market potential in Kosovo is either medium or low, while market positioning is optimal. Profitability is higher than overall group operations.

Credit demand: Credit demand in Kosovo has expanded in line with the regional average, supported by positive developments in the small and medium-sized enterprise, consumer credit and house purchase segments. Demand conditions are expected to stabilise in the next six months, below the regional average.

Credit supply conditions: Credit supply conditions – which indicate banks' willingness to extend credit to their clients – have declined in the last six months but are expected to improve, broadly in line with regional patterns.

Access to funding: Access to funding has been positive and better than the regional average, and is expected to remain favourable in the next six months.

Credit quality: Credit quality has declined more sharply than the regional average over the last six months, as reflected by the increase in non-performing loan ratios. Further deterioration is expected in the corporate sector in the next period.

Credit supply and credit demand (in %)

Supply (KS)   Supply (CESEE)
Demand (KS)   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 (KS)   Access to funding (CESEE)
NPL (KS)   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.

3   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.

CESEE Bank Lending Survey results – parent bank level

Half of CESEE banking groups rate Kosovo's market potential as medium, while the other half rate it as low. All banking groups assess their positioning on the market as optimal, and most of them have reported higher profitability than the parent bank.
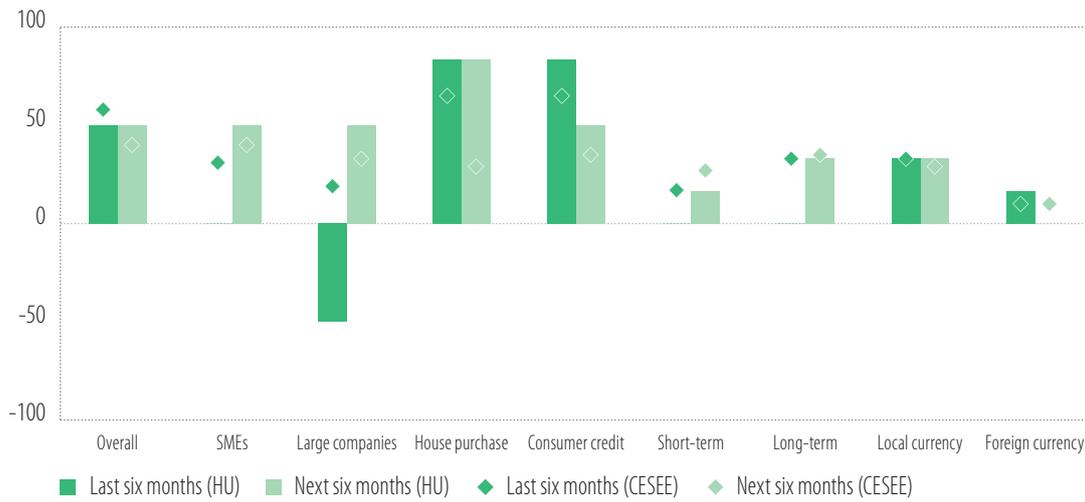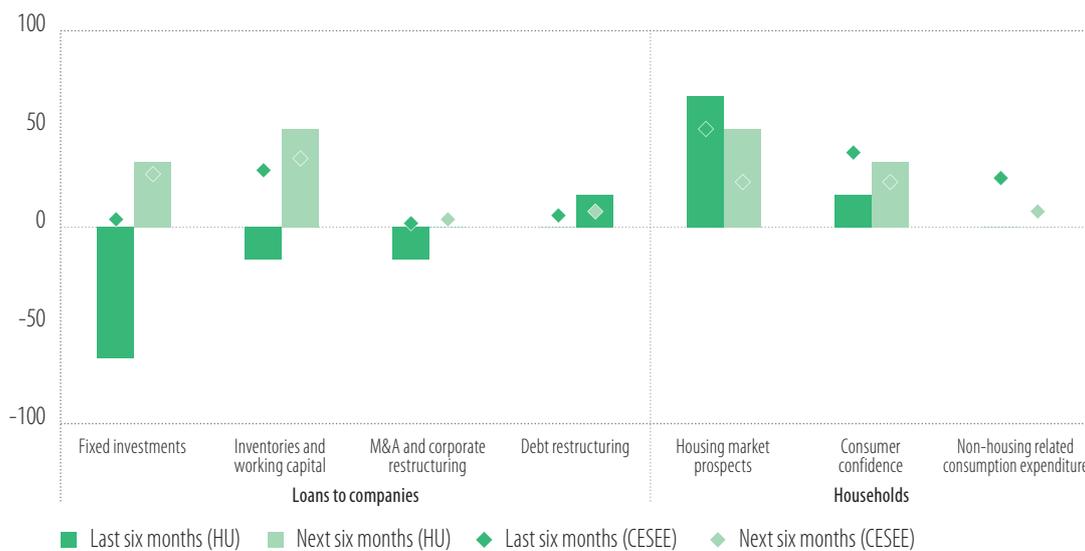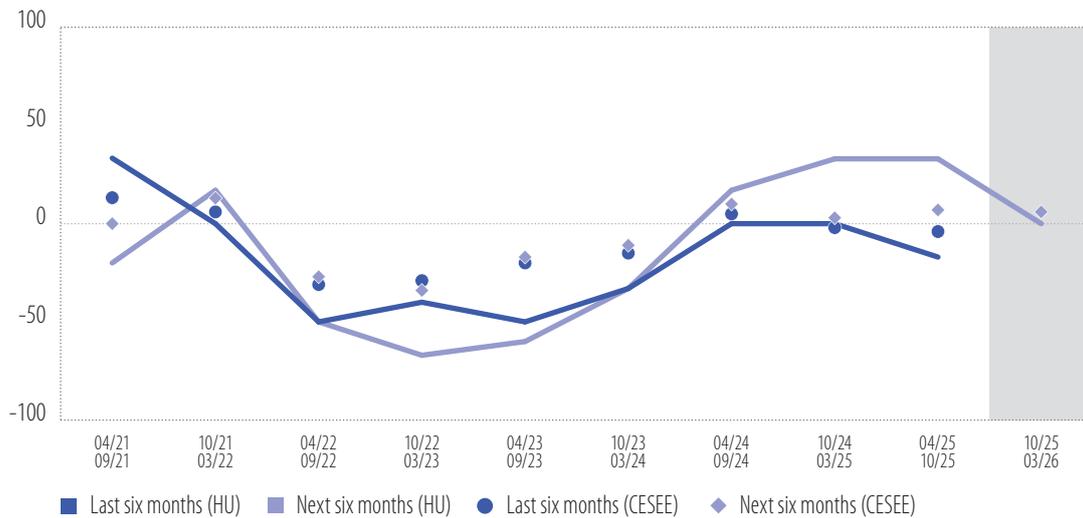
Figure 1
Market potential and positioning

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 positive over the past six months but is expected to stabilise in the next six months, falling below regional trends.

Figure 2
Aggregate demand developments (in %)

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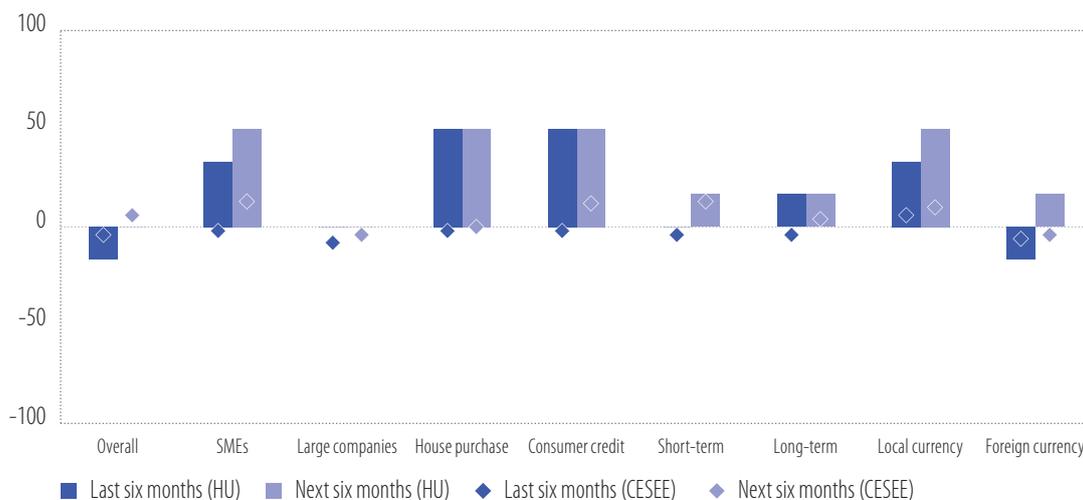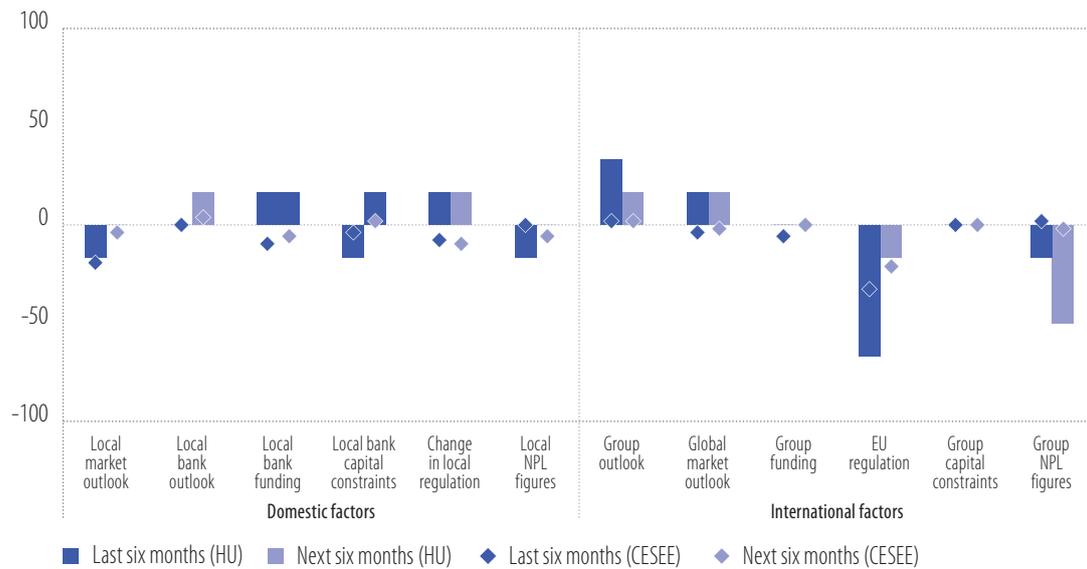
Source: EIB – CESEE Bank Lending Survey.
Note: The chart shows net percentages, with positive values indicating increasing demand. The two expectations series (light green line and diamonds)
            are shifted forward to be comparable to the perceptions series (dark line and circles). In other words,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

Overall, credit demand is expected to be muted, trailing the regional trend.

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.

Although corporate demand is likely to weaken, the housing market and consumer confidence are expected to remain stable and support credit demand in the next six months.

Figure 4
Factors affecting demand for loans (in %)

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

KOSOVO

Credit supply has declined in the last six months and is expected to expand moderately in the next six months, slightly exceeding 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, with positive contributions from housing loans 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 will be supported by improving local market and bank outlooks, and stronger bank funding and capital outlooks.

Figure 7
Factors contributing to supply conditions (in %)

Last six months (KS) Next six months (KS) 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. NPL: Non-performing loan. See Question B.Q4 in the Annex.

Credit quality has declined in the last six months (while improved at CESEE level, on average) and is expected to deteriorate further in the next six months.

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

Last six months (KS) Next six months (KS) 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 non-performing loan ratios). See Question B.Q8 in the Annex.

Funding conditions are expected to be positive, broadly in line with the regional average, driven by retail funding (deposits) and international financial institutions (IFIs).

Figure 9
Access to funding (in %)

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

NORTH MACEDONIA

Credit demand has continued to expand strongly, and supply conditions have also improved amid favourable funding conditions. In the next six months, demand is expected to taper off and supply is expected to remain neutral.

SUMMARY

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

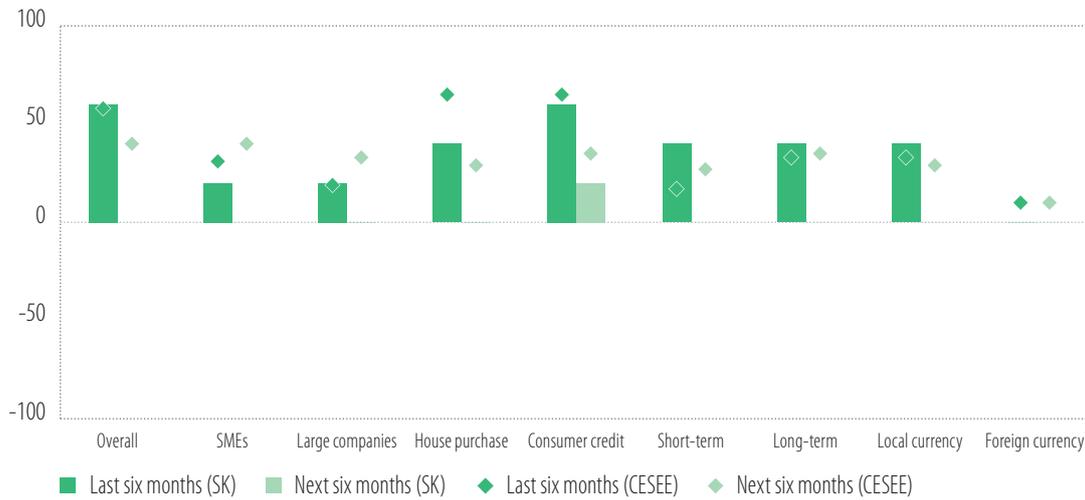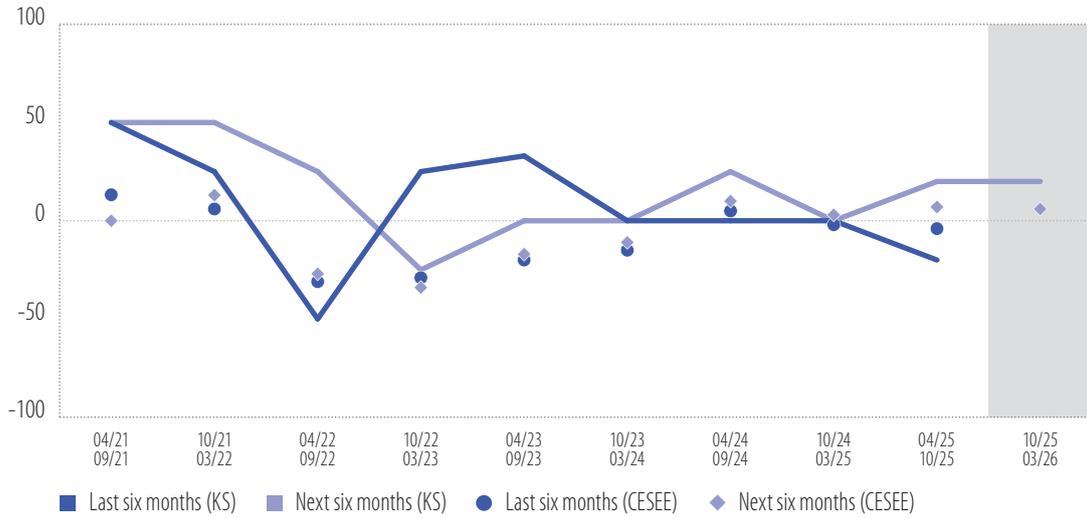**Credit demand:** Credit demand in North Macedonia has continued to expand in the last six months, exceeding the regional average. This was supported by positive developments in both the corporate and household sectors. Demand conditions are expected to remain positive in the next six months, outpacing the regional trend.

Credit supply conditions: Credit supply conditions – which indicate banks' willingness to extend credit to their clients – have improved marginally, outperforming the regional trend. They are expected to remain neutral over the next six months.

Access to funding: Access to funding has continued to improve in North Macedonia in the last six months and is expected to remain favourable, owing especially to retail and corporate deposits.

Credit quality: Credit quality conditions have been favourable over the last six months, supported by positive developments in both the corporate and retail segments. However, they are expected to deteriorate in the next six months due to weaker credit quality in the corporate segment.

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 – parent bank level

All CESEE banking groups rate 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

CESEE Bank Lending Survey – local bank/subsidiary level

Credit demand has increased in the last six months and is expected to remain buoyant, stronger than the regional average.

Figure 2
Aggregate demand developments (in %)

Both the corporate and retail segments have driven credit demand, which is expected to expand over the next six months across all segments and maturities.

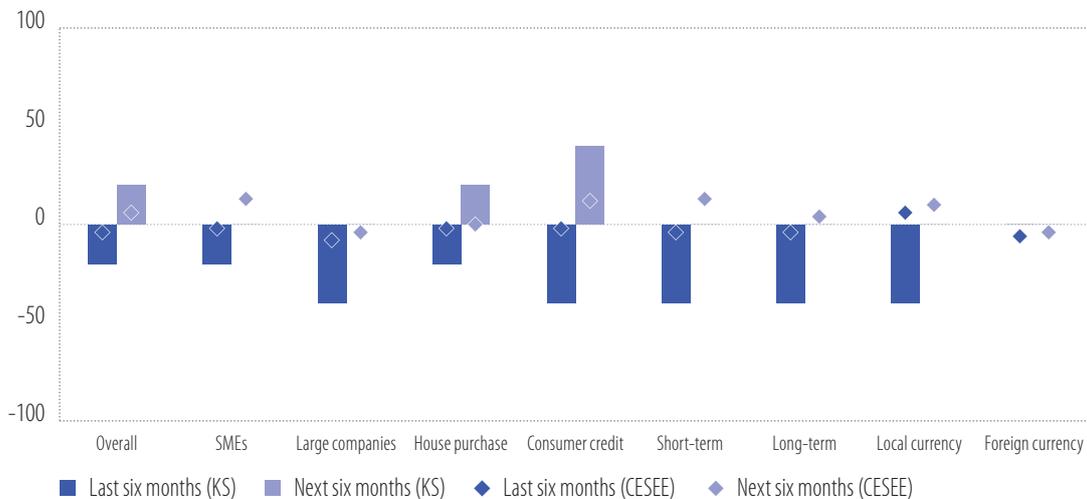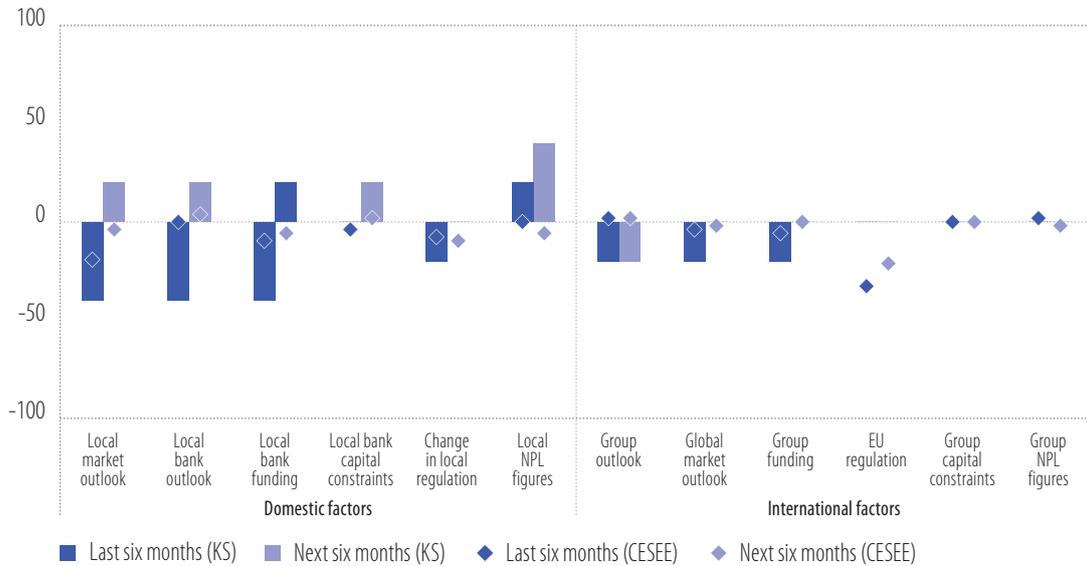**Demand components and segments** (in %)

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 higher 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 remain neutral, in line with the regional trend.

Figure 5
Aggregate supply developments (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 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.

Credit supply is expected to remain broadly unchanged in the next six months, which is reflected across components and market segments.

Figure 6
Supply components and segments (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 easing supply conditions. See Question B.Q1 in the Annex.

Changes in domestic regulation are expected to contribute negatively to credit supply, while most other domestic and international factors (except for EU regulation) are expected to be neutral.

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. NPL: Non-performing loan. See Question B.Q4 in the Annex.

Overall, credit quality has improved in the past six months thanks to a positive contribution from the corporate and retail segments. However, it is expected to deteriorate in the future due to a negative contribution from the corporate segment.

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

Source: EIB – CESEE Bank Lending Survey.
Note: The chart shows net percentages, with positive values indicating improving credit quality (in other words, decreasing non-performing loan 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 has increased further, while supply conditions have remained neutral. Demand conditions are expected to continue the positive trend while supply conditions may soften slightly in the next six months. Funding conditions and loan portfolio quality have shown signs of deterioration.

SUMMARY

Group assessment of positioning and market potential: The majority of parent banks consider the Romanian market to have high potential, and most banks reported higher profitability than at the group level in terms of return on assets.

Credit demand: Credit demand in Romania has continued to increase, exceeding the regional average. All segments have registered improvement. This positive trend is expected to continue over the next six months, closely mirroring trends in the wider region.

Credit supply conditions: Credit supply conditions – which indicate banks' willingness to extend credit to their clients – have remained neutral and are expected to soften slightly in the next six months.

Access to funding: Access to funding in Romania has deteriorated, but some improvement is expected in the next six months.

Non-performing loans (NPLs): Non-performing loan ratios have deteriorated over the last six months and are expected to remain on a negative trend for the next period as well.

Credit supply and credit demand (in %)

- ■ Supply (RO)
- ● Supply (CESEE)
- ■ Demand (RO)
- ● 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 (RO)
- ● Access to funding (CESEE)
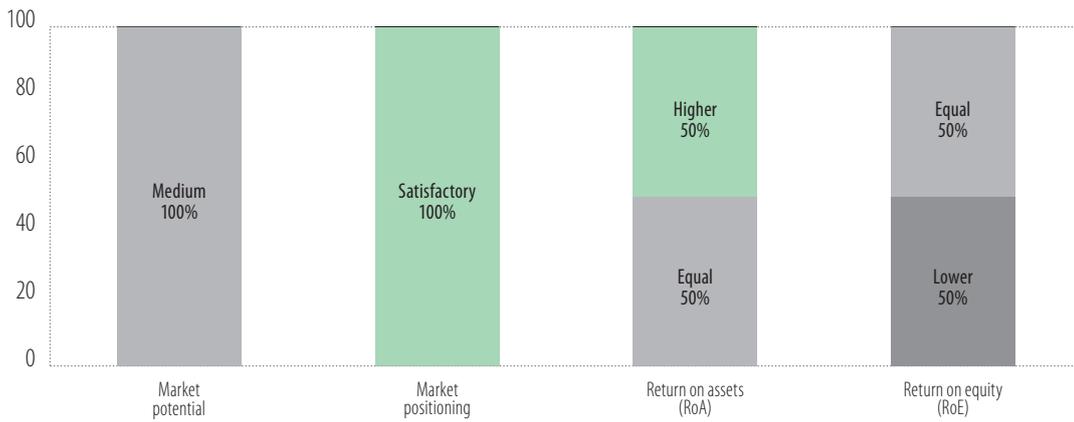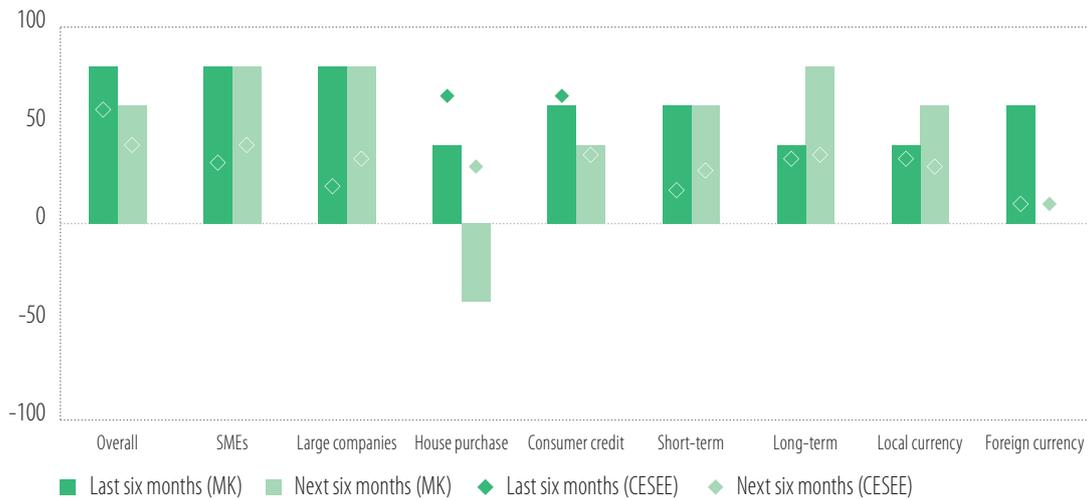- ■ NPL (RO)
- ● NPL (CESEE)

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 – parent bank level

The majority of CESEE banking groups rate Romania's market potential as high, and 75% of banks operating in Romania reported higher profitability than their parent banks in terms of return on assets. However, only 25% have achieved higher profitability in terms of return on equity.

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 – local bank/subsidiary level

Credit demand has increased, in line with the regional average. This positive trend is expected to continue over the next six months.
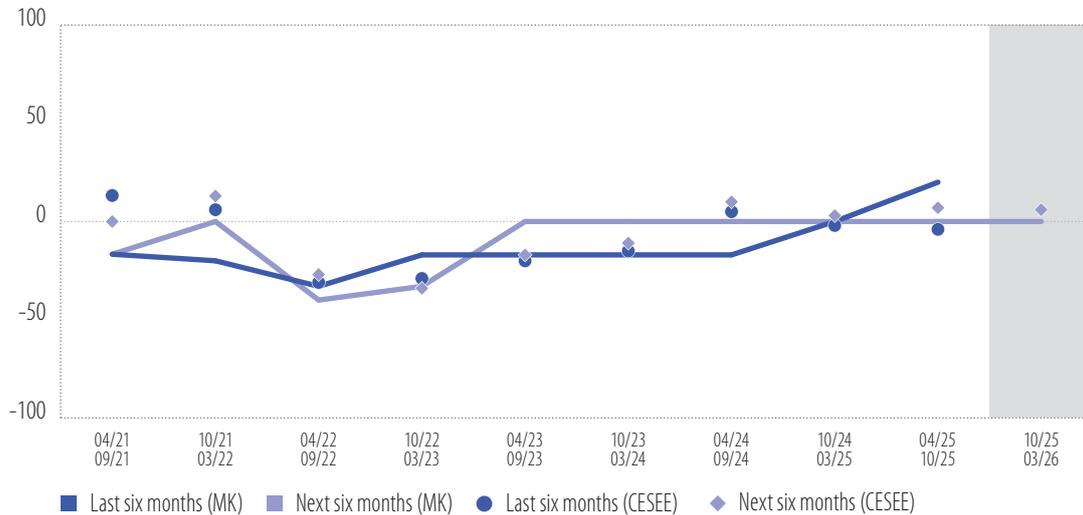
Figure 2
Aggregate demand developments (in %)

Source: EIB – CESEE Bank Lending Survey.
Note: The chart shows net percentages, with positive values indicating increasing demand. The two expectations series (dotted line and diamonds) are shifted forward to be comparable to the perceptions series (solid lines 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 sustained increase in demand has been driven by all segments, including both corporate and retail, and is expected to continue in the coming 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.

Investments in inventories and all household factors have contributed positively to the demand for loans. Inventories and household consumption-related factors are expected to continue supporting credit demand over 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 have remained neutral over the last six months and are expected
to soften slightly in the next period.

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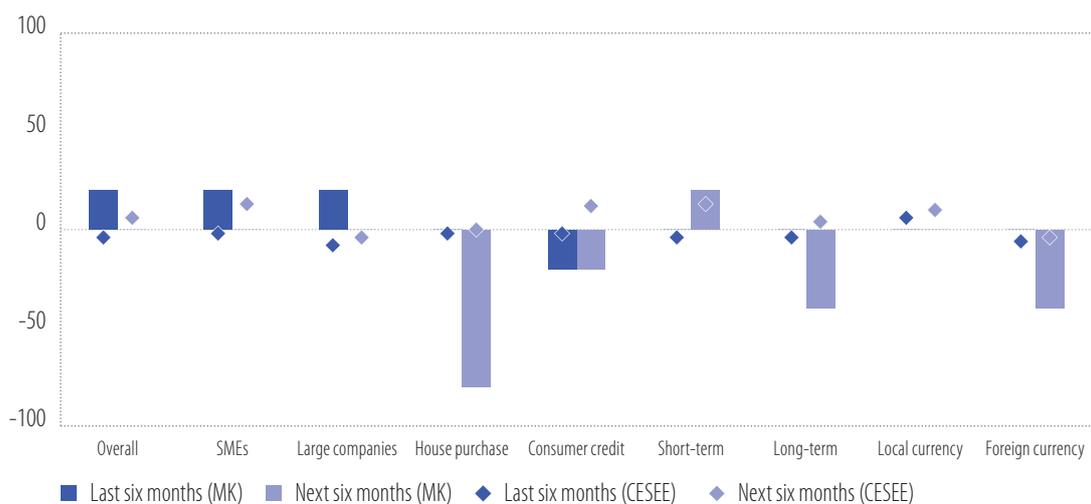**Aggregate supply developments** (in %)

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 have improved slightly for most components and conditions are
expected to improve further for the household segments in the next six months.

Figure 6
Supply components and segments (in %)
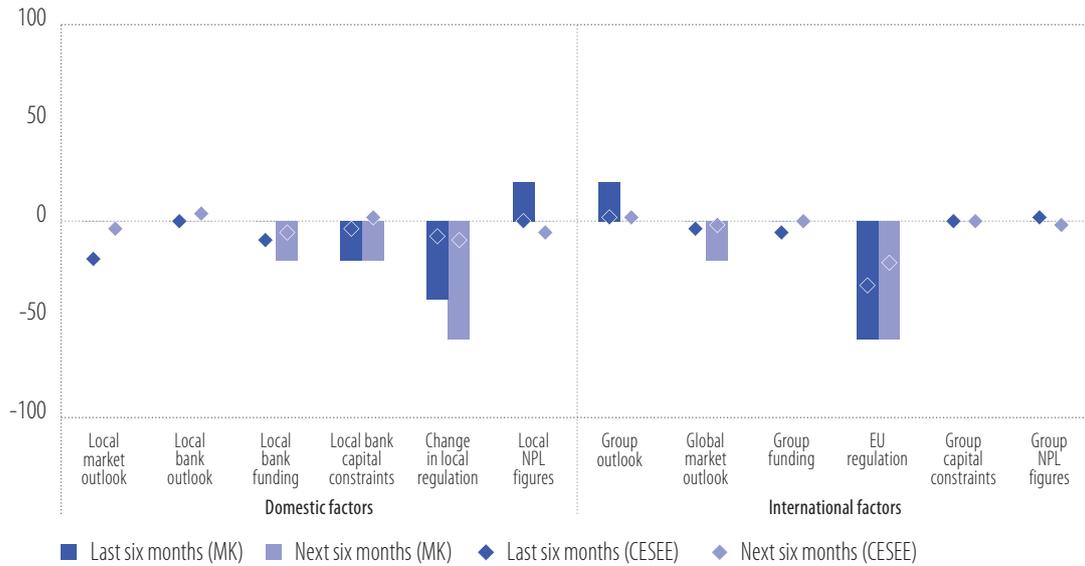

Source: EIB – CESEE Bank Lending Survey.
Note: The chart shows net percentages, with positive values indicating easing supply conditions. See Question B.Q1 in the Annex.

Most factors have contributed negatively to supply conditions, and this downward trend is expected to persist over the next six months. Among these, the local market outlook has been the most significant negative contributor.

Factors contributing to supply conditions (in %)

Credit quality has deteriorated over the last six months and a similar trend is expected for the next period, driven by both corporate and retail segments.

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

Funding conditions are currently negative but are expected to return to neutral in the next six months. Some visible improvement is expected for retail and corporate funding, particularly for deposits.

Figure 9
Access to funding (in %)

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

SERBIA

Credit demand has continued to expand in the past six months, while supply has remained flat. An expansion in both demand and supply conditions is expected in the next six months. Funding conditions are likely to improve. Credit quality has improved but is expected to deteriorate.

SUMMARY

Group assessment of positioning and market potential: The assessment of market potential and market positioning remains strong. Most parent banks rate Serbia's market potential as medium or high, although some say it is low. They consider their positioning as either satisfactory or optimal. The majority of international banking groups have reported higher or equal profitability for their Serbian operations compared to their overall group operations, but some have reported lower profitability.

Credit demand: Credit demand in Serbia has increased over the past six months, broadly in line with the regional average. Credit demand for consumer credit remains particularly strong. Credit demand is expected to remain favourable in the next six months.

Credit supply conditions: Credit supply conditions – which indicate banks' willingness to extend credit to their clients – have been neutral due to muted corporate activity, in line with the regional average. However, they are expected to improve in the next six months.

Access to funding: Access to funding in the last six months has been positive, albeit below the regional average. It is expected to improve in the next six months, in particular funding from international financial institutions.

Credit quality: Credit quality has improved over the last six months, especially in the retail segment, but is expected to deteriorate in the next six months for both retail and corporates.

Credit supply and credit demand (in %)

- Supply (RS)
- Supply (CESEE)
- Demand (RS)
- 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)
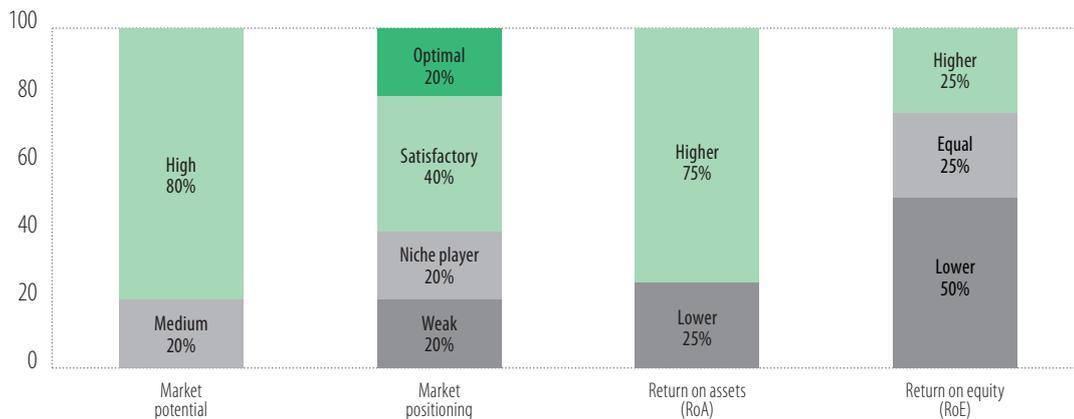- Access to funding (CESEE)
- NPL (RS)
- NPL (CESEE)

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 – parent bank level

Most CESEE banking groups rate Serbia's market potential as medium or high, although some banks say it is low. They consider their positioning as either satisfactory or optimal. Profitability is higher than the parent bank for most banks, but some have reported lower profitability.

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 – local bank/subsidiary level

Credit demand has improved in the last six months and is expected to remain strong, in line with the regional trend.

Figure 2
Aggregate demand developments (in %)

■ Last six months (RS)   ● Last six months (CESEE)   ■ Next six months (RS)   ◆ 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 expected expansion in credit demand is concentrated in the consumer credit mortgage segments.

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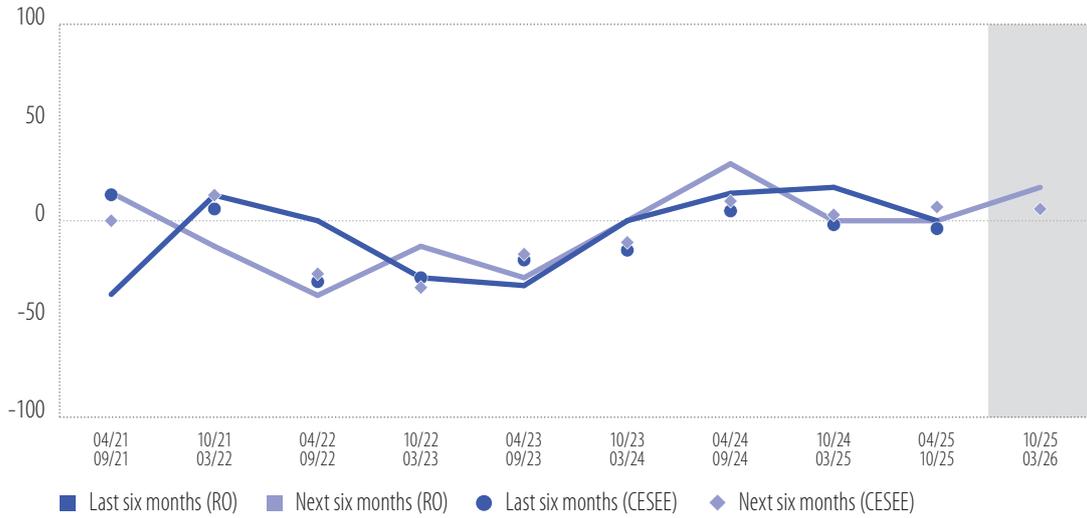**Demand components and segments** (in %)

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.

Better housing market prospects and stronger consumer confidence are expected to support credit demand, while demand in the corporate segment is projected to remain weak.

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 been stable over the past six months, and is expected to rebound modestly, slightly higher than regional trends.
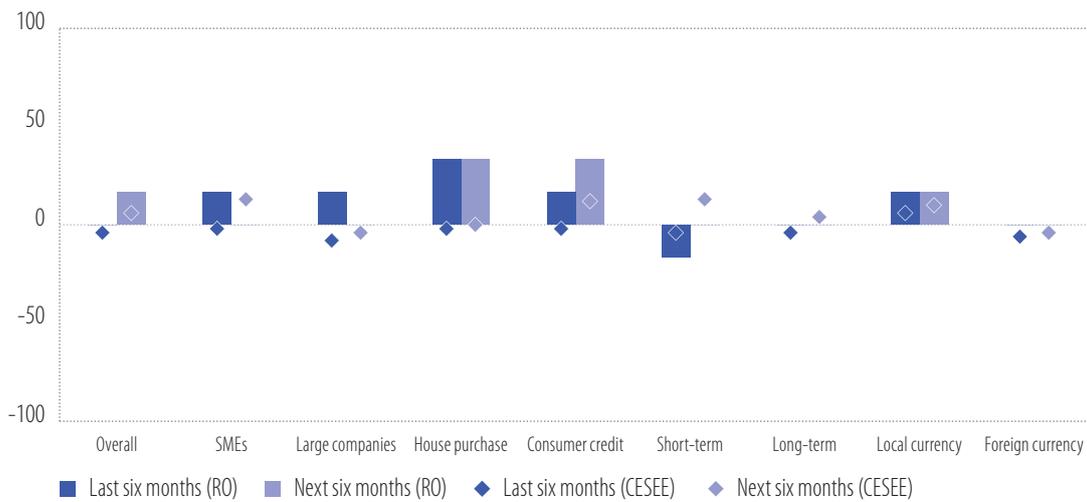
Figure 5
Aggregate supply developments (in %)

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 somewhat, especially for small and medium-sized enterprises (SMEs) and housing loans.
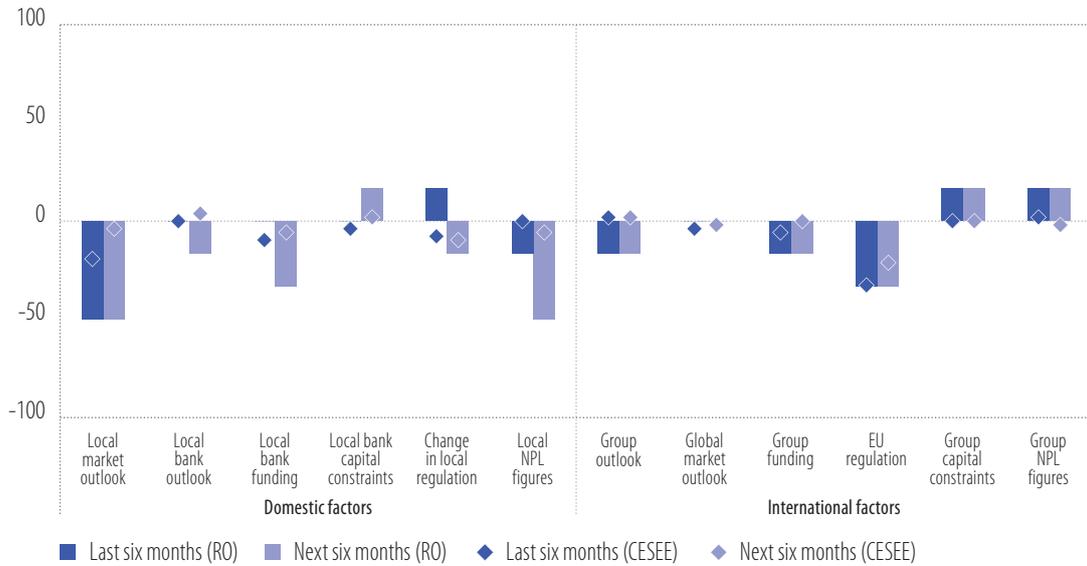
Figure 6
Supply components and segments (in %)

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.

SERBIA

Domestic regulatory changes are expected to contribute positively to credit supply, along with improving domestic conditions.
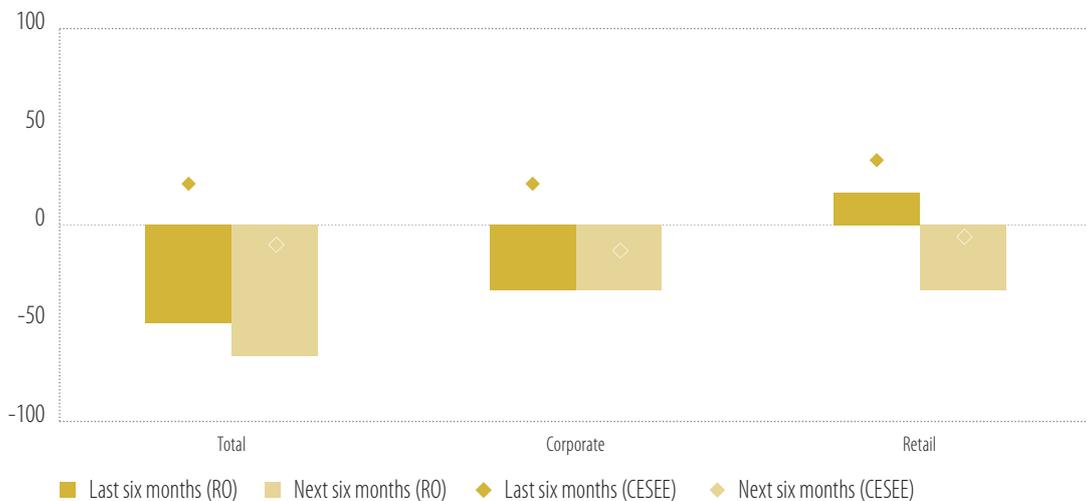
Figure 7
Factors contributing to supply conditions (in %)

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

Following an improvement over the last six months, credit quality is expected to deteriorate in both the corporate and retail segments.
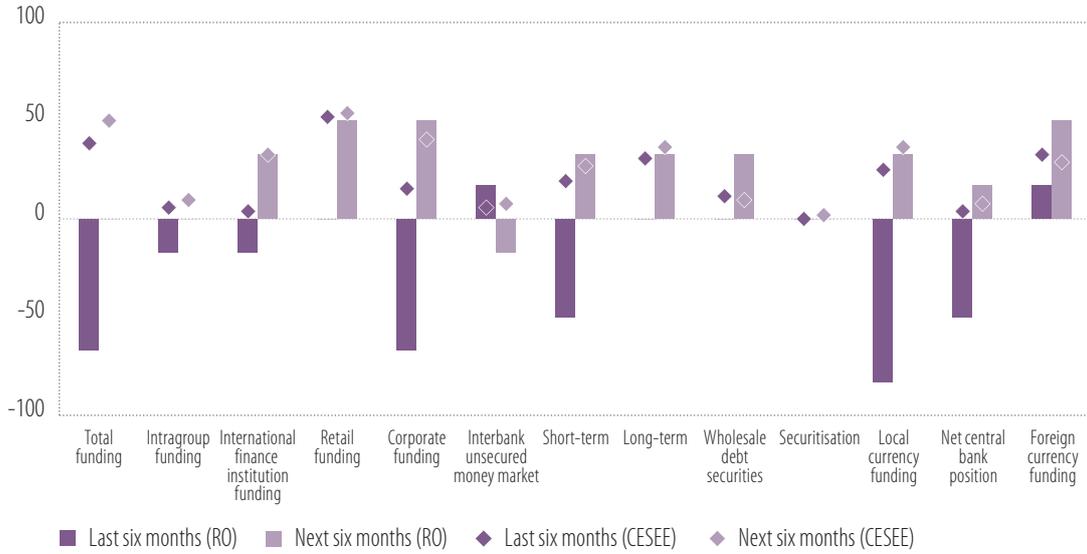
Figure 8
Credit quality and non-performing loan ratios (in %)

Source: *EIB – CESEE Bank Lending Survey.*
Note: *The chart shows net percentages, with positive values indicating improving credit quality (in other words, decreasing non-performing loan 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, and retail and corporate deposits.

Figure 9
Access to funding (in %)

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

SLOVAKIA

Banks report that, on balance, overall demand for loans has increased, driven by mortgages and consumer credit, and they expect this trend to continue. Lending conditions are likely to improve somewhat, while non-performing loan ratios have worsened and are expected to deteriorate further.

SUMMARY

Group assessment of positioning and market potential: Banking groups are generally optimistic about Slovakia's market potential. Some have reported lower profitability than their parent bank.

Credit demand: Credit demand is expected to continue improving, especially in the mortgage and consumer credit market, in line with the rest of the CESEE region.

Credit supply conditions: Credit supply conditions – which indicate banks' willingness to extend credit to their clients – have improved somewhat in the last six months and are expected to ease further.

Access to funding: Banks report that their retail funding conditions have improved somewhat and that they should improve further.

Non-performing loans (NPLs): Non-performing loan ratios have worsened and are expected to deteriorate further in the retail segment.

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 %)

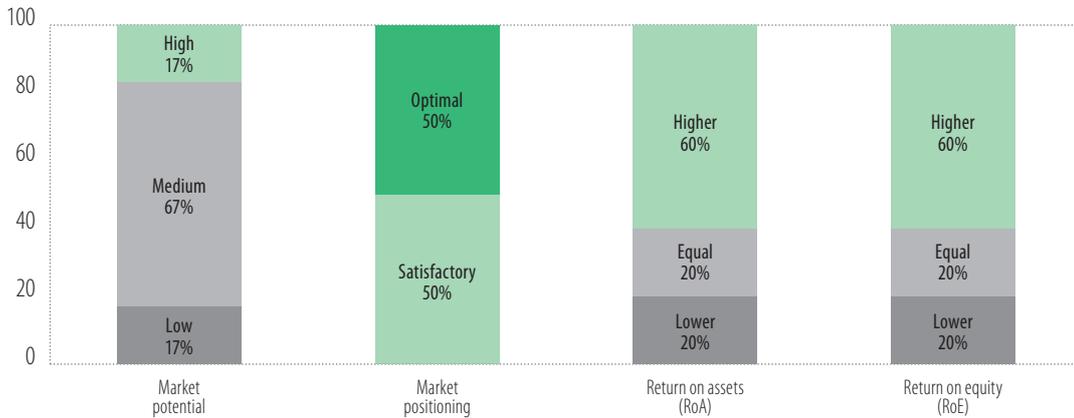| | Access to funding (SK) | | Access to funding (CESEE) |
| NPL (SK) | | NPL (CESEE) |

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.

SLOVAKIA

CESEE Bank Lending Survey – parent bank level

Cross-border banking groups view Slovakia's market potential as either medium (40%) or high (60%). Some reported lower profitability than their parent bank.

Figure 1
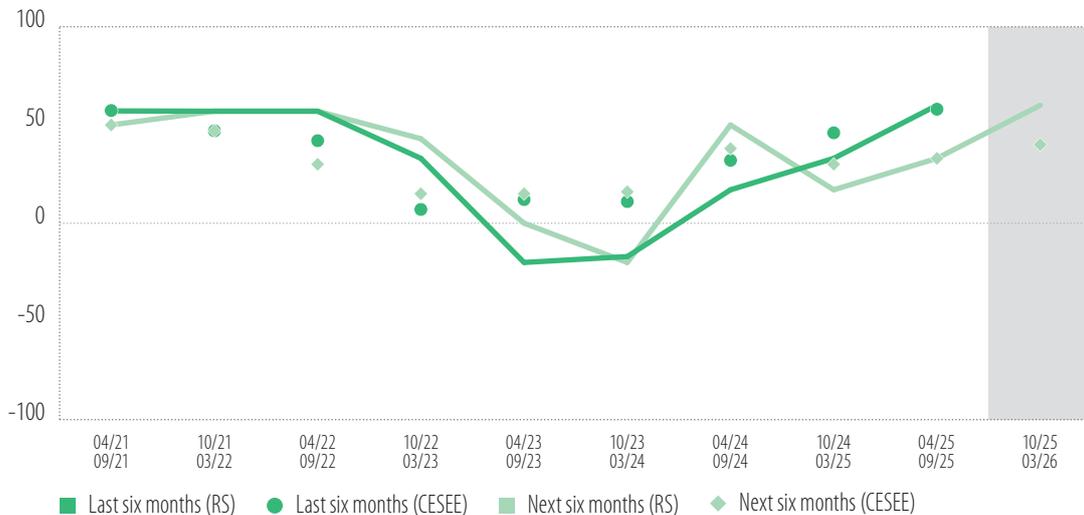**Market potential and positioning**

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 – local bank/subsidiary level

On balance, banks expect credit demand to remain strong, similar to 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.

All banks have observed rising demand for mortgages and consumer credit over the past six months, while demand for corporate loans has stagnated. Looking ahead, banks expect mortgage and consumer credit demand to continue growing and demand for loans among small and medium-sized enterprises to recover, in line with trends across the region.

Figure 3
Demand components and segments (in %)

Legend: ■ 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 increasing demand. See Question B.Q5 in the Annex.

Loan demand has been supported by improving housing market prospects and rising consumer confidence, while corporate investment, working capital needs and debt restructuring have not contributed to growth. Over the next six months, further growth is likely to come primarily from the consumer segment.

Figure 4
Factors affecting demand for loans (in %)

Legend: ■ 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 demand. M&A refers to mergers and acquisitions. See Question B.Q7 in the Annex.

SLOVAKIA

Banks in Slovakia expect their credit supply to increase somewhat over the next six
months, somewhat more than in the rest of the region.

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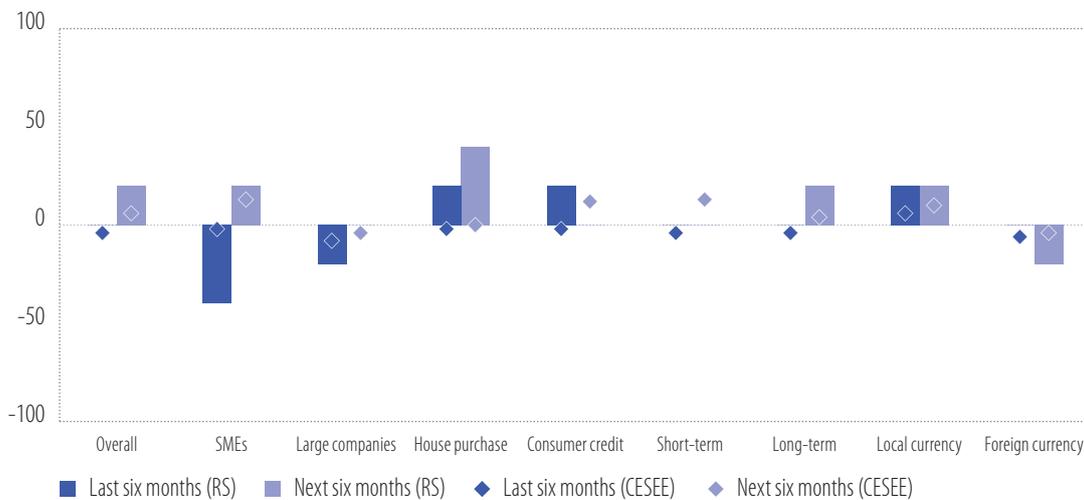**Aggregate supply developments** (in %)

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 in Slovakia expect their credit supply to increase somewhat over the coming six
months, more so than in the rest of the region.

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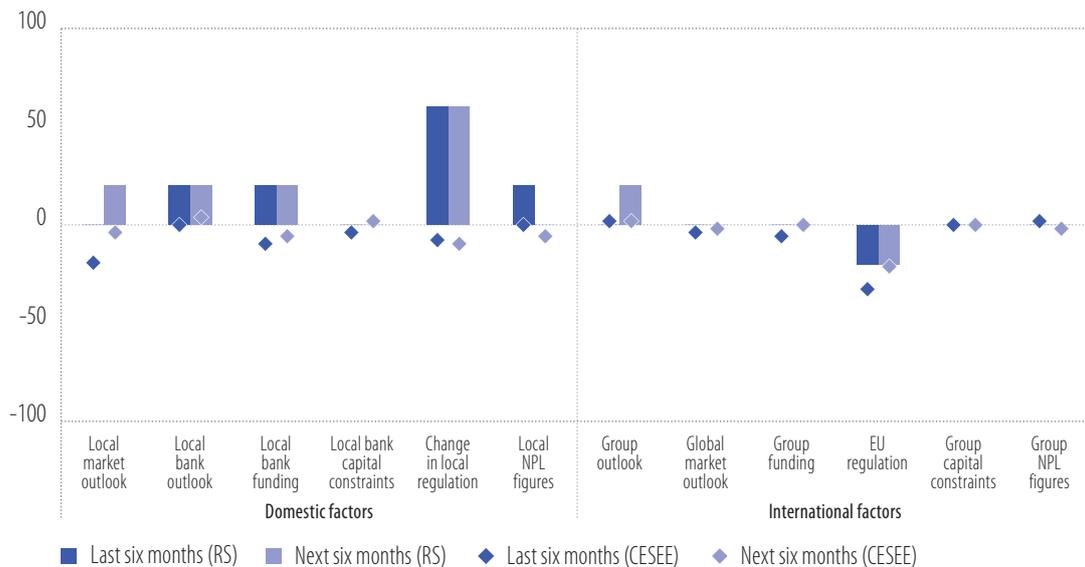**Supply components and segments** (in %)

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 in Slovakia have only slightly increased lending supply, in line with other CESEE countries, and this is likely to remain unchanged over the next six months.
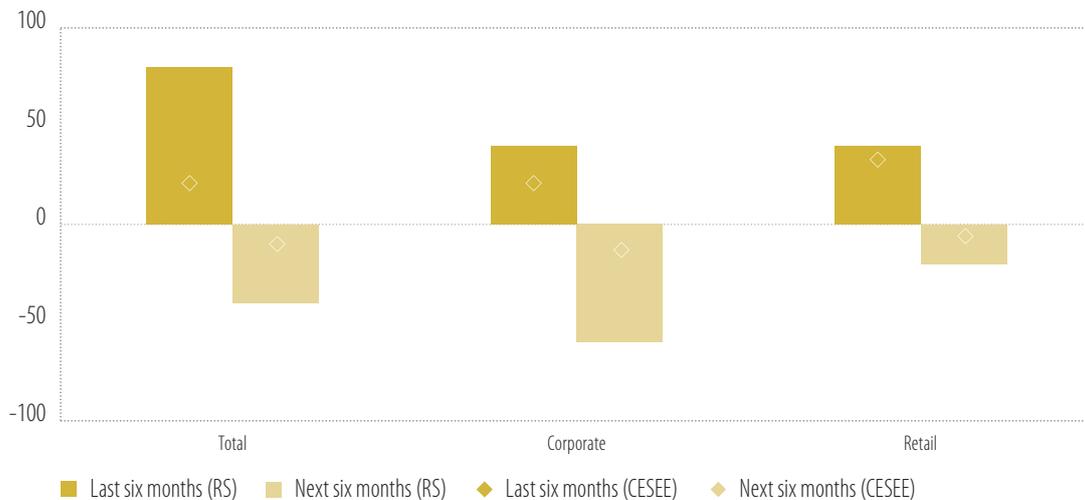
Figure 7
Factors contributing to supply conditions (in %)

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

Most banks have observed a rise in non-performing loan ratios and expect credit quality to continue deteriorating in the retail segment.
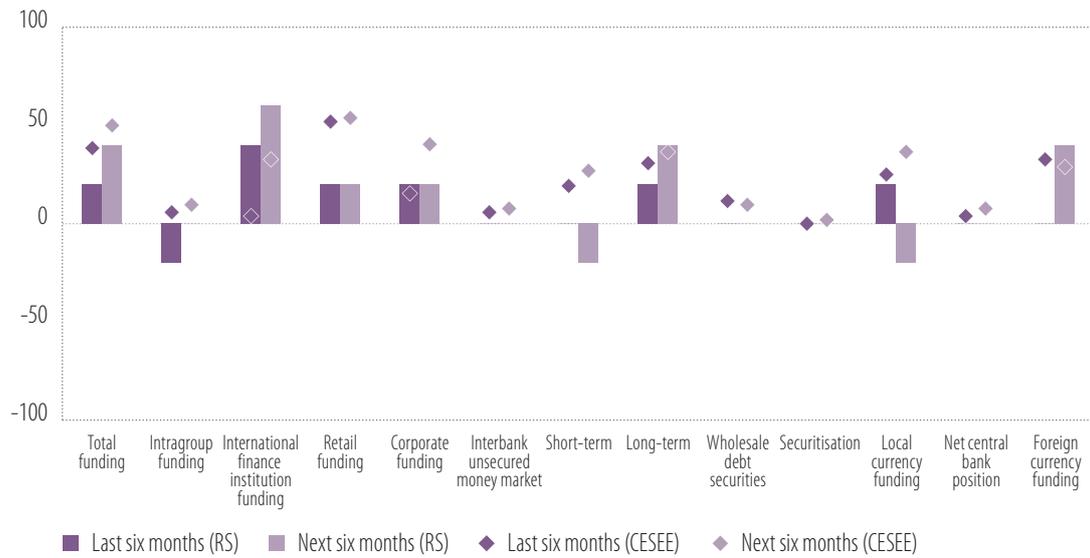
Figure 8
Credit quality and non-performing loan ratios (in %)

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

Banks in Slovakia report that their funding conditions have improved and they expect this trend 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.

SURVEY CONTEXT AND METHODOLOGY

The **Central, Eastern and South-Eastern Europe (CESEE) Bank Lending Survey** was developed in the context of the Vienna Initiative 2.0[4] 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: The survey's target groups are 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: The survey covers Albania, Bosnia and Herzegovina, Bulgaria, Croatia, Czechia, Hungary, Kosovo,[5] North Macedonia, Poland, Romania, Serbia and Slovakia. Details for Slovenia and Ukraine are not presented on a standalone basis because the number of banks operating in these countries is low. Russia and Belarus are outside the scope of the survey.

Frequency: The survey is conducted on a semi-annual basis (in March and September).

Spring 2025 survey wave: The survey for autumn 2025 was conducted in September and October 2025. In this report, "the last six months" refers to the period between April 2025 and September 2025, and "the next six months" refers to the period between October 2025 and March 2026. Given the low number of responses from Polish banks during the fieldwork, data from Poland are not significant and the Polish chapter has not been published.

Participating banks: The latest survey involved 12 international groups operating in Central, Eastern and South-Eastern Europe and 65 local subsidiaries and independent domestic banks. 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, considering that many banks are foreign-owned. The survey also covers relevant domestic players in specific local markets, aiming to better understand market conditions and expectations.

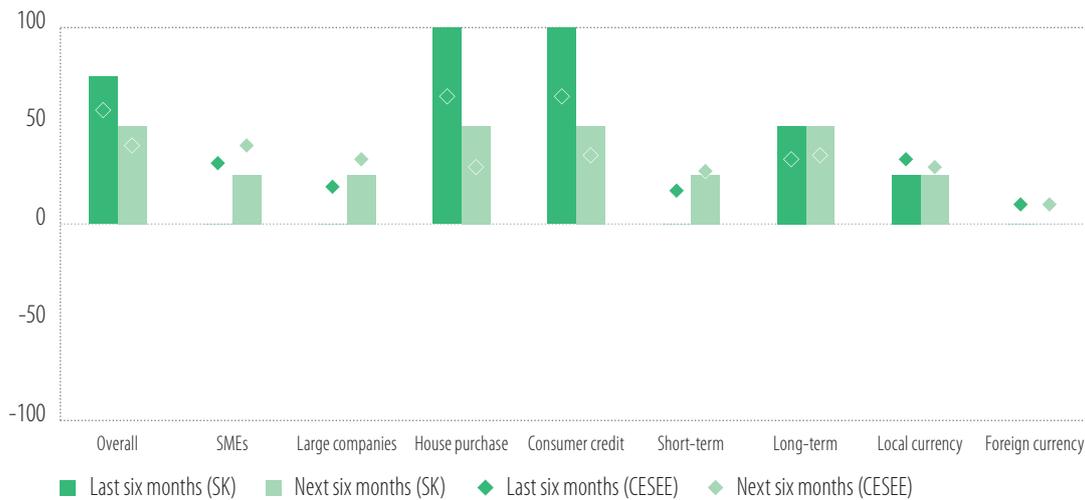The survey is a unique instrument for monitoring banking sector trends and challenges in Central, Eastern and South-Eastern Europe. It complements domestic bank lending surveys by enabling comparison between countries and offers the unique feature of specifically addressing the parent/subsidiary nexus.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

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

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4   The Vienna Initiative is a forum for decision-making and coordination that brings together all the relevant public and private sector stakeholders of EU-based cross-border banks active in Central, East and South-Eastern Europe (central banks and regulators, commercial banks, and international financial institutions). For more information on the Vienna Initiative, see: Vienna Initiative and Vienna Initiative.

5   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.

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

One set of questions assesses the underlying factors affecting the bank's credit standards. Factors are clustered into domestic and international components. Examples of domestic factors include the local market outlook, the local bank outlook and access to funding, changes in local regulation, and local bank capital constraints and non-performing loans. 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 as part of 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 the corporate sector, the survey investigates developments for small and medium-sized enterprises (SMEs) and large corporates, and for the household sector, it investigates 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 Central, Eastern and South-Eastern Europe, 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 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, for the 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 abbreviations:
AL: Albania
BA: Bosnia and Herzegovina
BG: Bulgaria
HR: Croatia
CZ: Czechia
HU: Hungary
KS: Kosovo[6]
MK: North Macedonia
RO: Romania
SK: Slovakia
SR: Serbia

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6   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.

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
2025Q2	4.01	2.90	2.99	2.41	1.62	2.18	2.00	2.42	4.89	2.81	2.31	1.86	3.15
2025Q1	4.02	3.00	2.96	2.47	1.68	2.15	1.80	2.47	5.04	2.53	2.30	1.81	3.19
2024Q4	4.17	3.20	3.16	2.36	1.66	2.25	1.80	2.61	5.05	2.46	2.50	1.70	3.19
2024Q3	4.58	3.50	3.55	2.50	1.70	2.37	2.10	2.89	5.30	2.54	2.70	1.80	3.37
2024Q2	4.70	3.49	3.64	2.57	1.70	2.45	2.10	2.94	5.10	2.49	2.90	1.78	3.31
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	3.40
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	3.38
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	3.55
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	3.57
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	3.60
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	3.67
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	3.83
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	3.92
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	4.04
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	4.17
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	4.47
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	4.68
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	4.90
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	5.01
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	5.03
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	5.13
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	5.01
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	4.99
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	5.28
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	5.44
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	5.59
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	5.66
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	5.99
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	6.21
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	6.64
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	6.59
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	7.08
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	7.42
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	7.77
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	8.03
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	8.56
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	8.87
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	9.35

Source: WIIW.

Credit to private sector

Credit to private sector, year-on-year growth rate

	AL	BA	BG	HR	CZ	HU	KS	MK	PL	RO	RS	SK	CESEE
2025Q3	11.37	10.08	15.14	13.20	6.00	6.71	16.71	13.51	4.97	7.14	12.25	6.21	7.28
2025Q2	12.93	9.38	14.53	12.91	6.53	5.97	19.00	13.07	4.28	8.97	10.21	5.09	7.03
2025Q1	14.07	9.24	14.98	12.05	5.50	5.89	19.66	12.36	2.89	8.58	9.37	3.91	6.12
2024Q4	12.39	9.27	15.04	9.42	5.67	6.77	17.67	11.24	3.61	8.10	7.86	2.35	6.04
2024Q3	11.85	8.89	13.72	7.76	5.72	5.34	14.61	7.59	1.56	7.52	6.45	1.46	4.77
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	4.24
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	3.37
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	2.81
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	1.66
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	2.99
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	4.27
2022Q4	7.01	5.26	12.22	10.89	4.52	11.58	16.06	9.36	0.23	11.21	6.46	10.83	5.77
2022Q3	12.77	4.69	13.09	10.45	7.03	14.96	18.32	9.92	4.82	15.12	11.16	11.77	8.85
2022Q2	12.46	4.77	12.36	7.35	8.06	13.36	17.34	9.94	5.66	16.65	12.81	11.32	9.16
2022Q1	12.16	4.26	10.53	4.65	9.28	9.77	18.37	9.79	5.38	14.96	12.38	8.77	8.33
2021Q4	9.55	3.70	8.27	2.77	8.36	12.83	15.42	8.23	4.61	14.26	10.23	7.19	7.52
2021Q3	7.20	2.74	7.33	3.09	6.32	11.49	12.25	6.17	2.89	12.96	6.92	5.98	5.91
2021Q2	6.06	2.05	6.20	2.65	4.18	10.26	12.23	5.01	0.47	10.88	7.26	5.08	4.08
2021Q1	2.42	-0.40	4.51	1.50	3.21	9.01	7.68	5.12	-2.04	6.93	8.93	5.12	2.33
2020Q4	6.92	-2.50	4.46	1.93	4.10	13.45	7.07	4.61	0.42	5.00	11.06	5.02	3.64
2020Q3	5.32	-0.55	4.25	2.49	4.75	12.55	7.65	7.40	0.56	4.19	14.38	5.29	3.84
2020Q2	6.60	0.36	4.88	1.74	5.61	13.68	6.39	6.71	2.91	4.10	13.89	6.05	5.03
2020Q1	8.85	3.46	7.05	3.31	6.40	18.36	9.17	5.88	5.97	6.23	11.47	6.56	7.13
2019Q4	6.62	6.68	7.36	3.49	5.20	13.14	10.02	6.07	4.65	7.02	8.93	6.55	6.03
2019Q3	5.06	6.04	6.51	2.10	5.15	13.25	10.26	5.53	6.05	7.15	9.71	7.63	6.62
2019Q2	3.62	6.03	5.98	2.42	5.43	11.37	10.51	8.07	5.34	6.66	8.95	7.22	6.12
2019Q1	-0.77	5.28	7.51	3.52	6.79	11.53	11.47	8.97	7.07	7.73	9.61	8.54	7.42
2018Q4	-3.59	5.48	7.54	2.63	6.83	10.57	10.81	7.21	7.17	7.84	9.91	9.78	7.46
2018Q3	-3.53	6.32	6.10	2.50	6.70	9.63	11.47	7.83	5.84	6.44	6.40	9.52	6.50
2018Q2	-2.44	6.98	5.73	2.53	6.12	8.72	11.41	6.15	5.50	6.95	4.44	10.20	6.22
2018Q1	0.36	7.19	3.80	0.86	5.52	5.05	10.57	5.65	4.44	5.89	2.16	9.86	5.07
2017Q4	0.72	7.33	3.27	1.51	6.53	5.47	11.65	5.43	3.08	5.26	2.13	9.85	4.65
2017Q3	0.88	7.34	4.14	0.70	6.47	4.63	10.26	4.01	4.10	7.24	0.77	11.20	5.25
2017Q2	-1.52	6.22	3.57	0.24	7.27	2.30	10.17	4.09	4.02	3.94	2.21	11.74	4.89
2017Q1	0.09	4.75	3.33	-1.22	6.75	0.14	10.93	-1.16	4.69	2.67	4.48	11.24	4.69
2016Q4	0.24	3.54	0.97	-3.30	6.73	-1.33	10.50	-0.06	5.28	0.89	2.35	9.30	4.19
2016Q3	0.49	2.41	-0.69	-4.44	6.48	-4.59	9.67	1.52	4.90	0.46	5.97	8.75	3.64
2016Q2	-0.10	2.18	-1.21	-5.41	6.51	-5.75	8.33	2.50	5.22	0.57	4.65	7.36	3.42

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 return on assets	...return on equity (adjusted for cost of equity)	...return on equity (adjusted for cost of equity) compared to overall group return on equity
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 2025

European Investment Bank