



CONFERENCE ON EUROPEAN
ECONOMIC INTEGRATION

Economic & monetary policy under wartime conditions – implications for CESEE

Panel 2 “Banks in transition: need for rescoping toward sustainable markets
and products?”

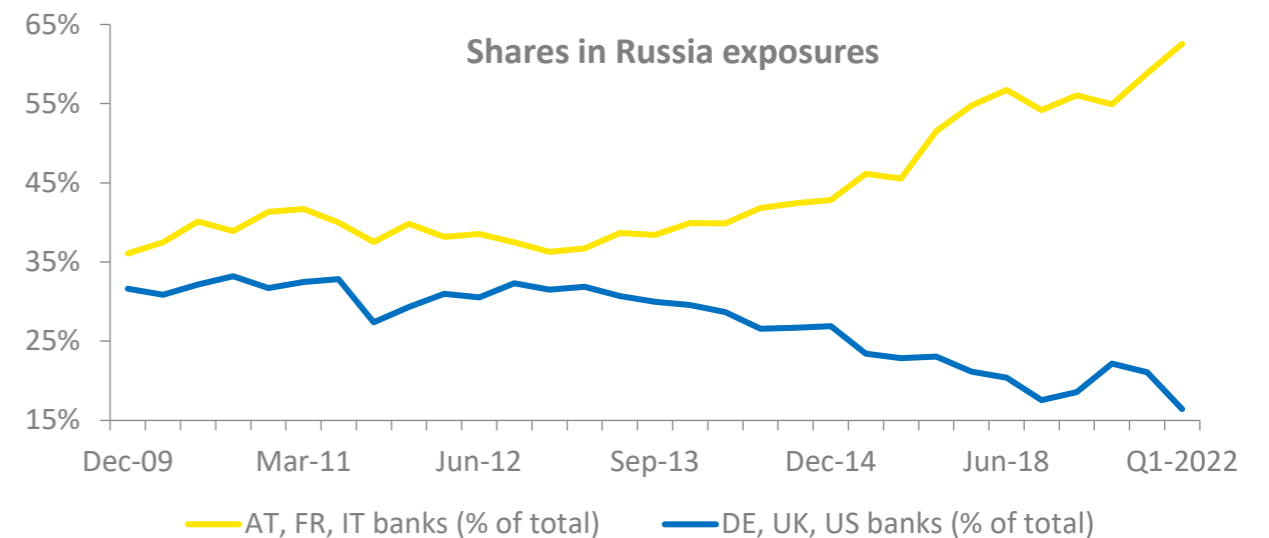
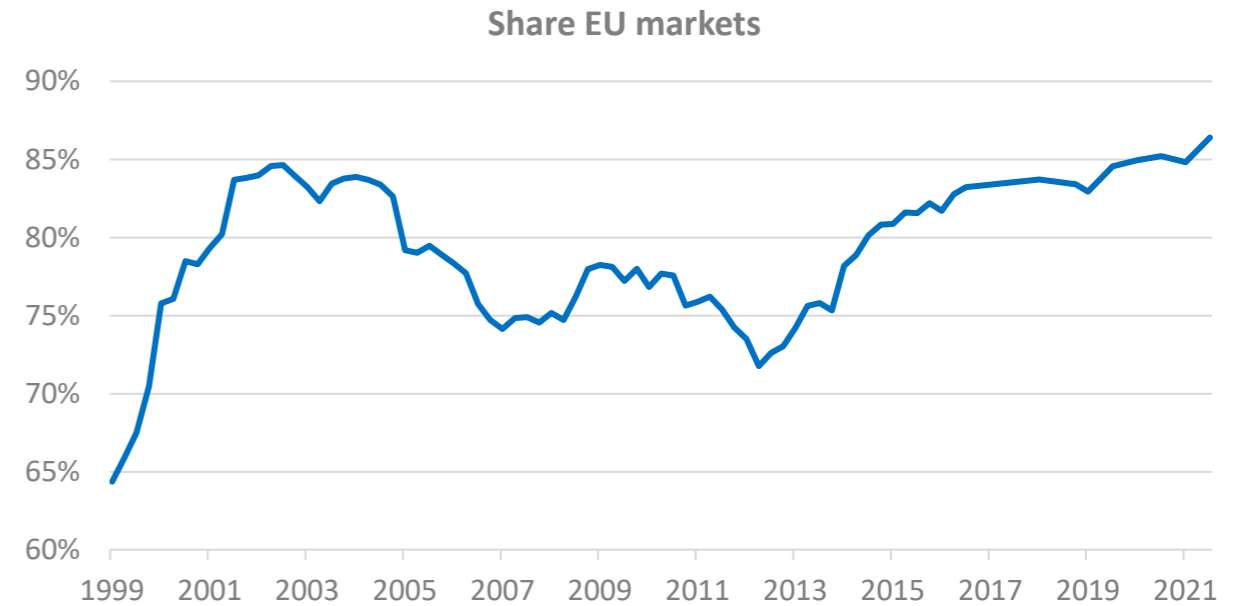
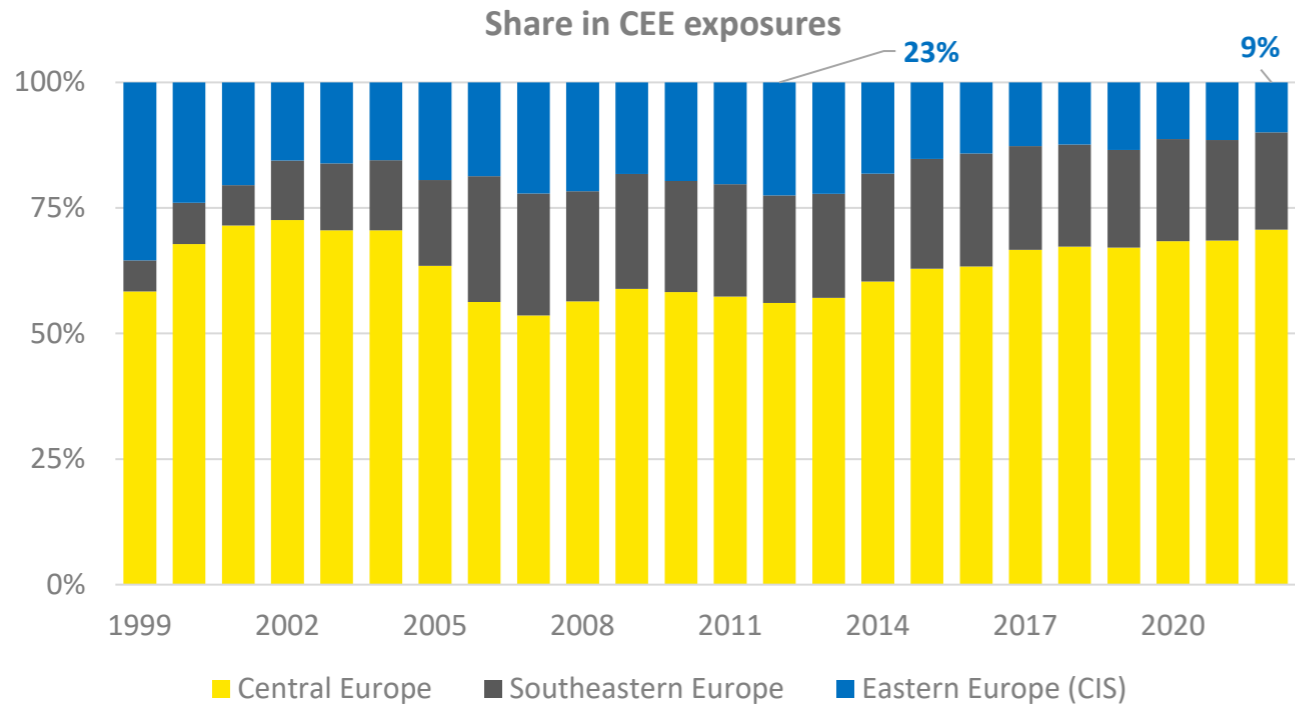
CEEI Conference, 22 November 2022, Vienna

Gunter Deuber, Managing Director, Head of Raiffeisen Research, RBI Vienna



WESTERN BANKS IN CEE

From “convergence optimism” back to square number one & risk-reduction

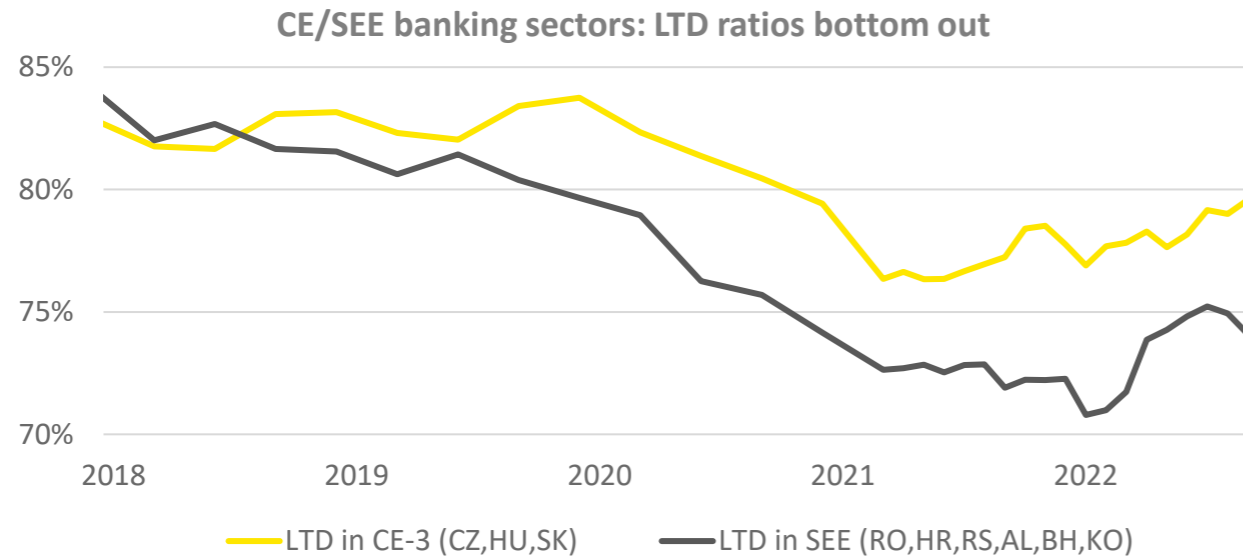


- Reorientation of (Western) CEE banks away from Eastern European markets since 2014, SEE push also came to an end
- Turn towards CE markets and EU markets, Western CEE banks not “blind” in relation to geopolitical risks/EE exposures
- European banks “banking” against geopolitical trends in Russia ... lessons learned?!

Source: Company data, BIS, RBI/Raiffeisen Research

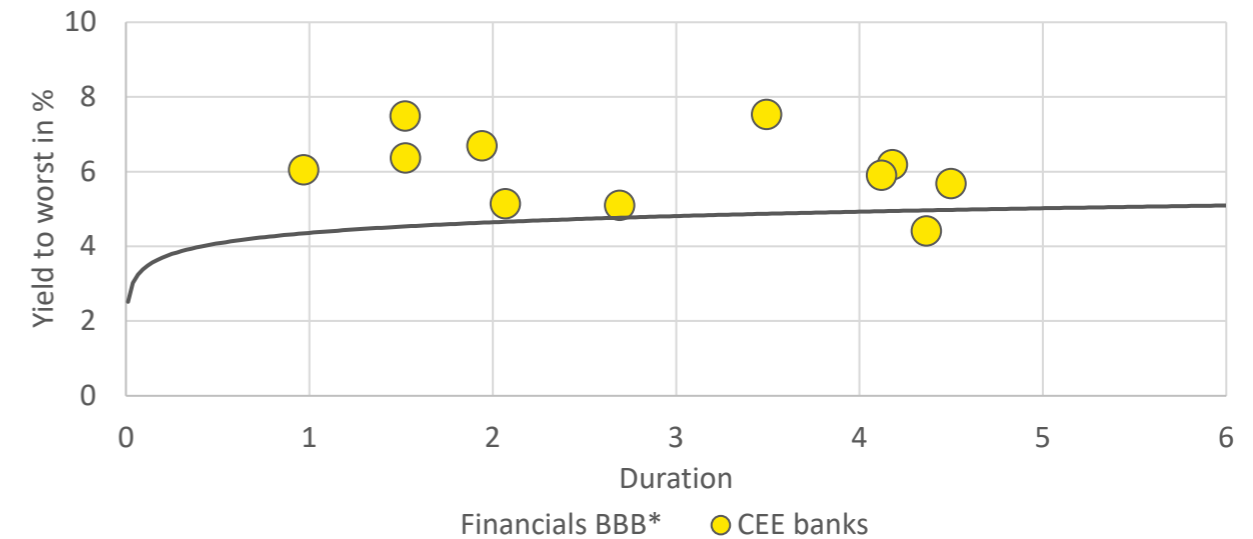
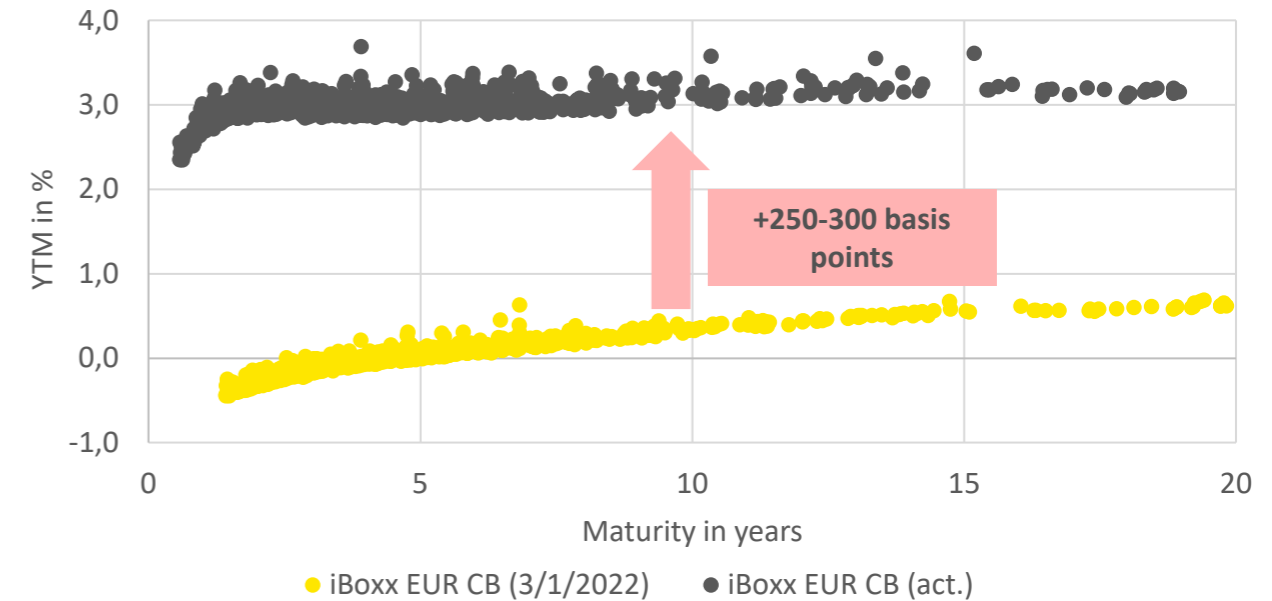
WESTERN BANKS IN CEE

Funding issues at the European and local/CEE level



Data till Q3 2022; Source: ECB, national Banks, RBI/Raiffeisen Research

- **Funding CE/SEE banking: Times of ample deposit funding coming to an end plus local challenge of external MREL funding gap (~EUR 9 bn)**
- **Overall more challenging funding situation/outlook for European banks** (Covered Bond Curve 250bp+ up YTD), while **funding disadvantages for CE/SEE banks/region prevail**
- **“Greenium” is NOT the main factor for Green funding structures anymore – for getting deal done green structures are helpful ... however, ESG capital markets in CE/SEE in its infancy, while capital market “penalty” for CE/SEE countries correlate currently strongly with ESG country scores**

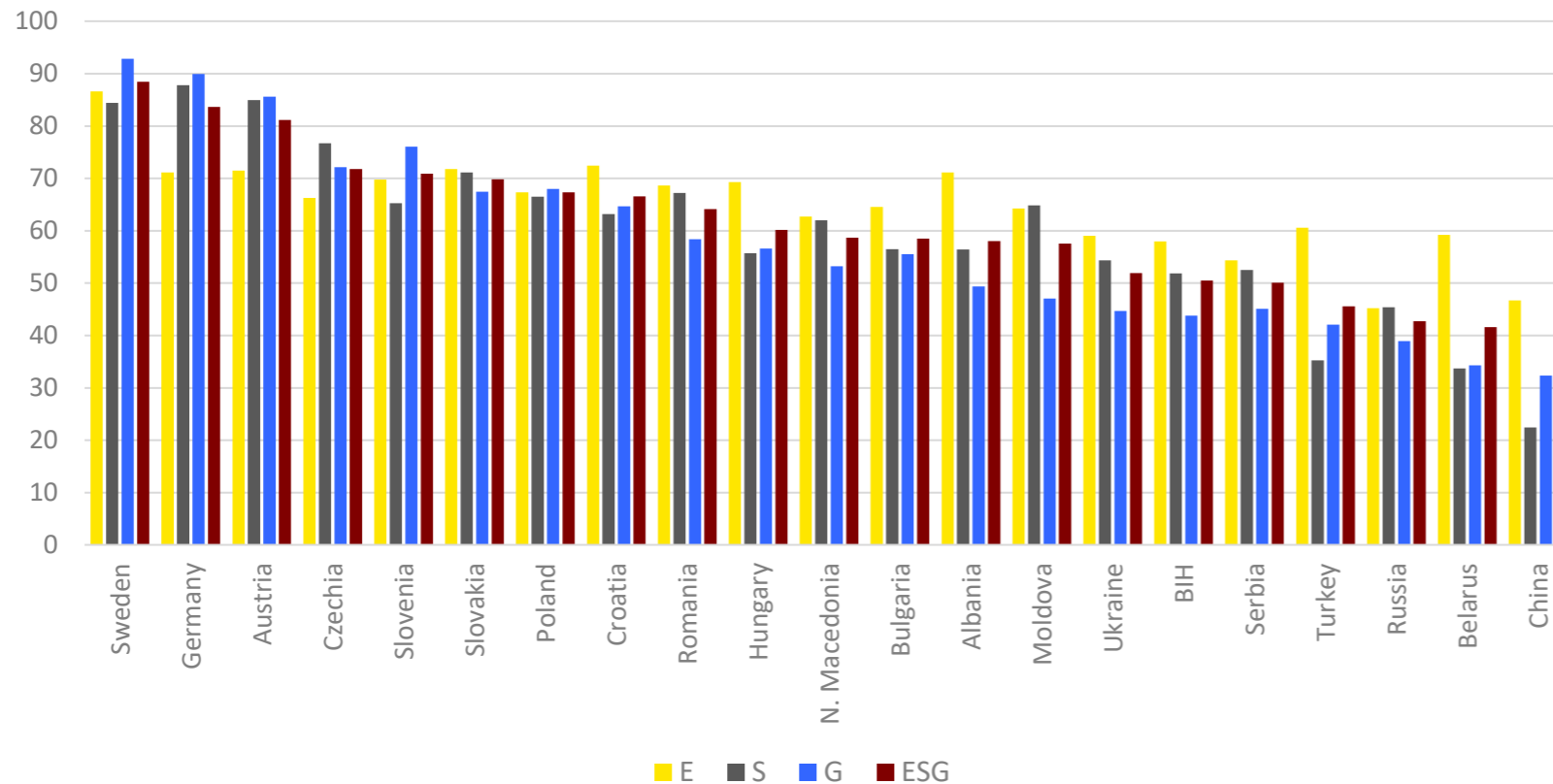


* ICE BofA Euro Unsubordinated Financials BBB; as of 09.11.2022, all values indicative
Source: Eikon, Bloomberg Finance LP, iBoxx, RBI/Raiffeisen Research

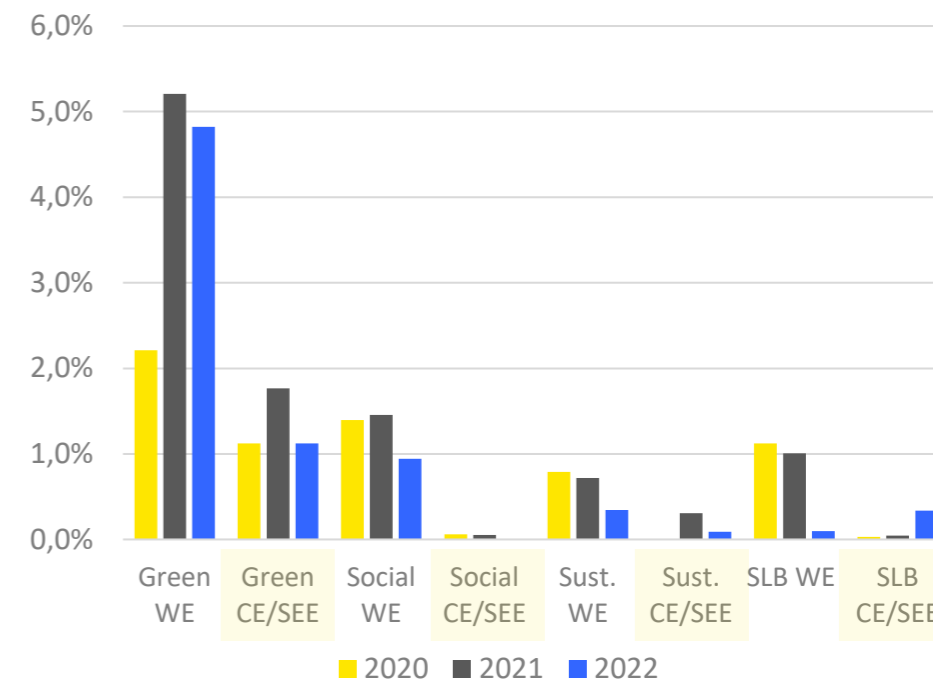
WESTERN BANKS IN CEE

An attractive region for Green Finance & ESG banking? Yes and No!

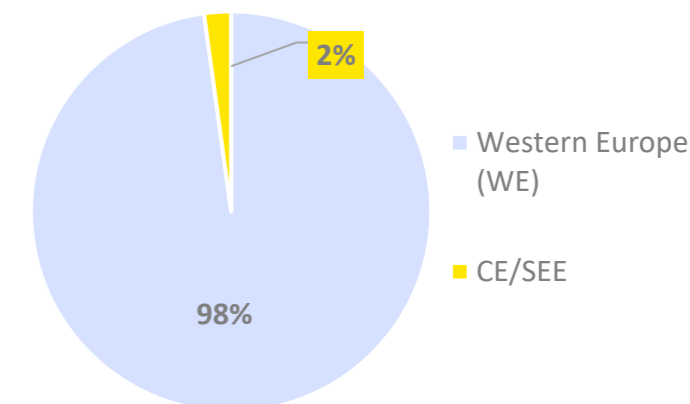
CEE: strengths on the E, weaknesses at S & G (ESG scoring Raiffeisen Research)



Green Finance/ESG Issuance (% of total)



- **NGEU** to support sustainable investments and technology transfer in CE/SEE vs. **“Green” & ESG capital markets reality** in CE/SEE funding, **“super-niche” market**, major countries not very actively supporting capital markets development, limited market development
- **CE/SEE**: Especially in comparison to EM starting point for most CE/SEE countries is favourable, with **opportunities in Transition Finance & SLB-structures**; increasing focus on ESG factors in line with geographical re-orientation of Western CEE banks



Source: Bloomberg Finance LP, RBI/Raiffeisen Research

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