



30 YEARS
MONETARY
INDEPENDENCE



Building resilience in time of crisis: The role of policies
National Bank of Republic of North Macedonia,
8th Research Conference, organized jointly with European Investment Bank

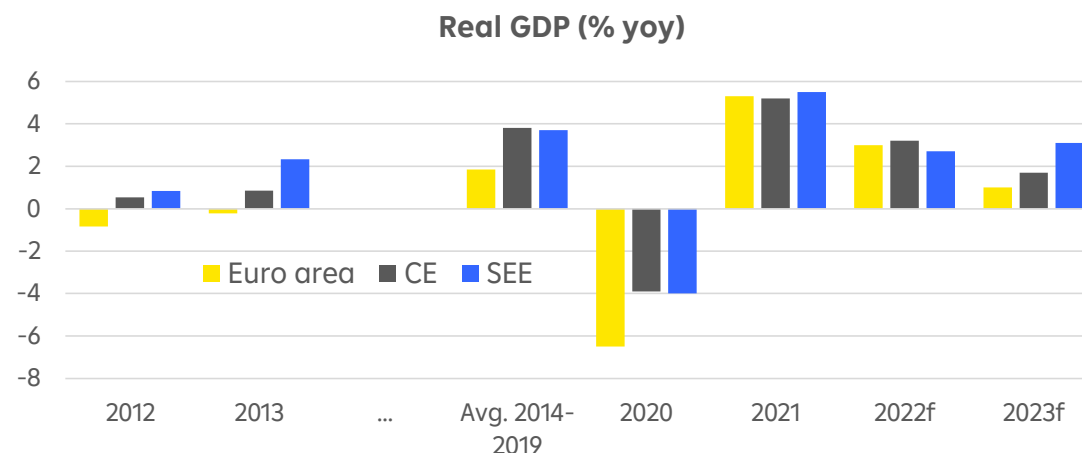
Panel II: Is the financial sector fit for SME needs?
How to improve access to finance for SMEs in the region?

Gunter Deuber, Head of Research, Raiffeisen Bank International AG, Vienna
28-29 April 2022, Skopje, Republic of North Macedonia (& hybrid form)



RAIFFEISEN RESEARCH: ECONOMIC OUTLOOK

Global	GDP (real, % yoy)				IMF WEO		Δ IMF	
	2020	2021e	2022f	2023f	2022f	2023f	2022	2023
Euro area	-6.5	5.3	3.0	1.0	2.8	2.3	↑ 0.2	↓ -1.3
Austria	-6.7	4.5	2.7	1.5	2.6	3.0	↑ 0.1	↓ -1.5
CE	-3.9	5.3	3.2	1.7	3.3	3.5	↓ -0.1	↓ -1.8
Czechia	-5.8	3.3	2.8	0.9	2.3	4.2	↑ 0.5	↓ -3.3
Hungary	-5.2	7.1	2.5	2.0	3.7	3.6	↓ -1.2	↓ -1.6
Poland	-2.7	5.7	3.7	1.8	3.7	2.9	↔ 0.0	↓ -1.1
Slovakia	-4.4	3.0	2.0	2.0	2.6	5.0	↓ -0.6	↓ -3.0
Slovenia	-4.2	8.1	3.5	2.8	3.7	3.0	↓ -0.2	↓ -0.2
SEE	-4.0	6.6	2.7	3.2	2.6	3.6	↑ 0.1	↓ -0.5
Albania	-3.5	8.5	3.4	3.6	2.0	2.8	↑ 1.4	↑ 0.8
Bosnia a. H.	-3.1	7.1	3.2	3.0	2.5	2.3	↑ 0.7	↑ 0.7
Bulgaria	-4.4	4.2	3.0	3.2	3.2	4.5	↓ -0.2	↓ -1.3
Croatia	-8.1	10.2	3.5	3.7	2.7	4.0	↑ 0.8	↓ -0.3
Kosovo	-5.3	10.5	3.7	3.9	2.8	3.9	↑ 0.9	↔ 0.0
Romania	-3.7	5.9	2.2	3.0	2.2	3.4	↔ 0.0	↓ -0.4
Serbia	-0.9	7.5	3.3	3.0	3.5	4.0	↓ -0.2	↓ -1.0
EE	-3.0	4.4	-9.6	-1.5	-10.3	-2.1	↑ 0.7	↑ 0.6
Belarus	-0.9	2.3	-4.0	0.0	-6.4	0.4	↑ 2.4	↓ -0.4
Russia	-3.0	4.6	-8.0	-2.3	-8.5	-2.3	↑ 0.5	↔ 0.0
Ukraine	-3.8	3.4	-33.0	9.0	-35.0		↑ 2.0	↑ 9.0



• **Most likely we are in for a substantive softening of business cycle dynamics in the whole of Europe and CE/SEE going forward and into the winter-half 2022/2023, being also somewhat more downbeat on regional dynamics than recent IMF forecasts**

• **... possibly we are in for weakest GDP growth since euro area crisis (2012/2013); not taking the Corona recession into account**

• **We see biggest impact on 2023 GDP growth, while solid Q1/Q2 numbers might still provide a cushion for 2022**

• **Challenging growth and inflation outlook possibly more a topic for retail and SME than large corporates**

Green arrow: RBI more optimistic, red arrow: RBI more pessimistic

Source: Refinitiv, RBI/Raiffeisen Research

RAIFFEISEN RESEARCH: INFLATION OUTLOOK & PRICE CAPS MEASURES

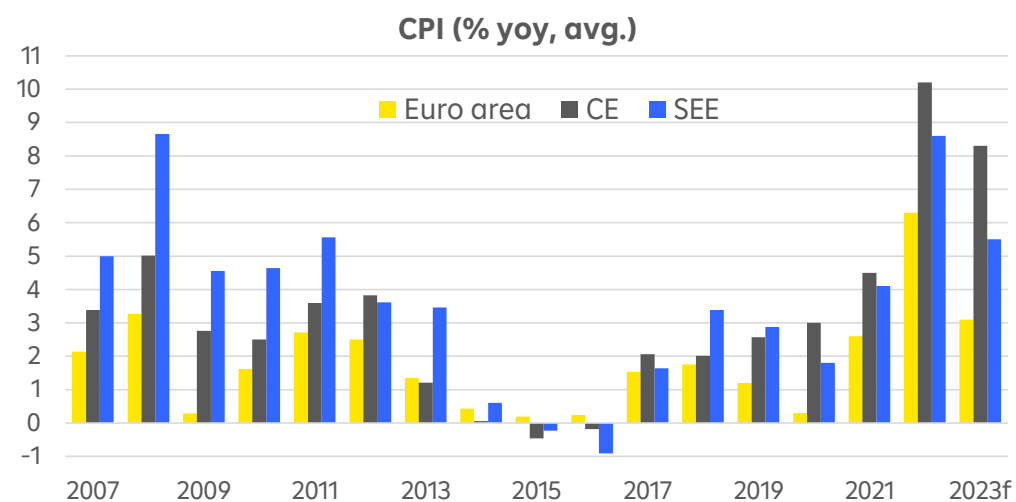
Global	CPI (avg, % yoy)				IMF WEO		Δ IMF		2023	
	2020	2021	2022f	2023f	2022f	2023f	2022	2023		
Euro area	0.3	2.6	6.3	3.1	5.3	2.3	↑	1.0	↑	0.8
Austria	1.4	2.8	6.5	3.5	5.6	2.2	↑	0.9	↑	1.3
CE	3.0	4.2	10.1	7.0	9.2	5.8	↑	1.0	↑	1.2
Czechia	3.2	3.8	12.6	6.0	9.0	2.3	↑	3.6	↑	3.7
Hungary	3.3	5.1	10.0	6.0	10.3	6.4	↓	-0.3	↓	-0.4
Poland	3.4	5.1	10.1	11.1	8.9	10.3	↑	1.2	↑	0.8
Slovakia	2.0	2.8	7.7	4.9	8.4	4.1	↓	-0.7	↑	0.8
SEE	1.0	3.2	7.6	4.1	7.9	3.5	↓	-0.3	↑	0.5
Albania	1.6	2.0	5.6	2.6	5.5	3.7	↑	0.1	↓	-1.1
Bosnia a.H.	-1.0	2.0	6.1	3.0	6.5	3.0	↓	-0.4	→	0.0
Bulgaria	1.7	3.3	7.8	4.5	11.0	3.3	↓	-3.2	↑	1.2
Croatia	0.1	2.6	7.5	3.1	5.9	2.7	↑	1.6	↑	0.4
Kosovo	0.2	3.4	8.0	3.9	9.5	3.3	↓	-1.5	↑	0.6
Romania	2.6	5.1	10.0	7.1	9.3	4.0	↑	0.7	↑	3.1
Serbia	1.6	4.0	8.1	4.2	7.7	4.7	↑	0.4	↓	-0.5
EE	3.9	8.5	19.7	16.1						
Belarus	5.5	9.5	26.0	24.0	12.6	14.1	↑	13.4	↑	9.9
Russia	3.5	6.6	18.0	10.8	21.3	14.3	↓	-3.3	↓	-3.4
Ukraine	2.7	9.3	15.0	13.5						

Green arrow: RBI forecast higher, **red arrow:** RBI forecast lower

Source: Refinitiv, RBI/Raiffeisen Research

	Food (price caps, tax cuts)	Energy (price caps, tax cuts)	Duration*	Expiry**
Poland	Yes	Yes	12 months +	Dec 2022
Czechia	No	Yes	2 months (2021)	Dec 2021
Hungary	Yes	Yes	3 months	May 2022
Slovakia	No	Yes		Dec 2024
Romania	No	Yes	17 months	Mar 2023
Albania	No	Yes		Jun 2022
Kosovo	Yes	Yes	Unlimited for the time being	
Serbia	Yes	Yes		Dec 2022
Croatia	Yes	Yes	12 months	Mar 2023
Bosnia a. H.	Yes	Yes	6 months: oil and food; 12 months: energy	

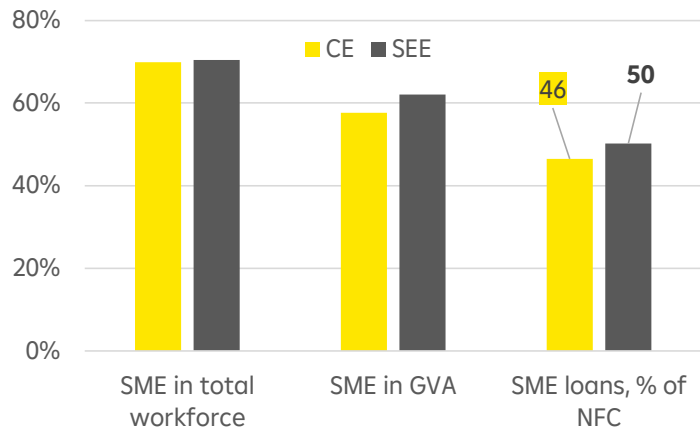
*Rough estimate of duration of the measures as they are implemented in varied timeframes depending on measure; **Expiry of all temporary measures; RBI/Raiffeisen Research



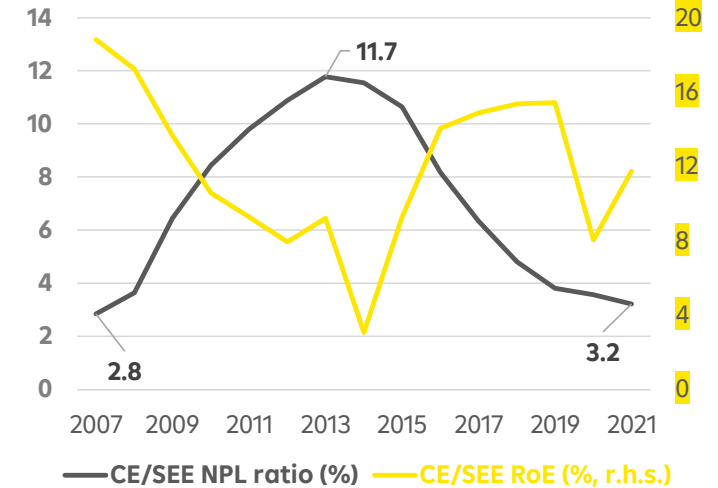
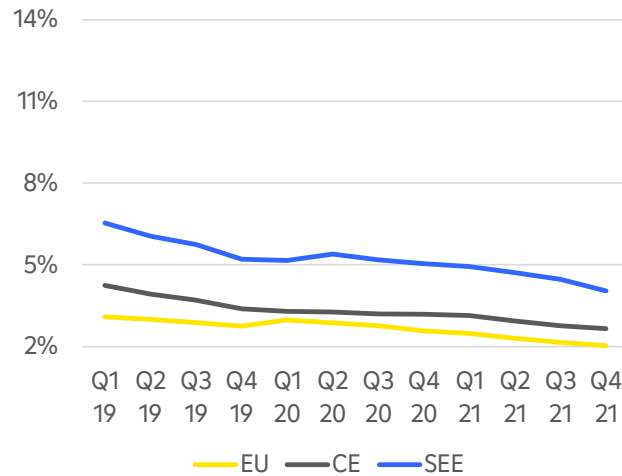
CEE BANKING OUTLOOK & IMPORTANCE OF SME LENDING

Solid starting position vs SME challenges

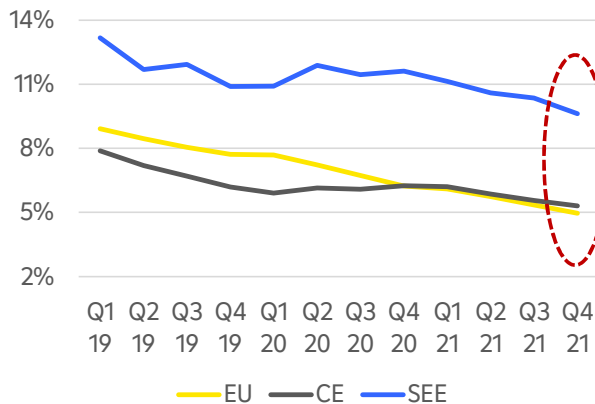
Economic / banking importance SME



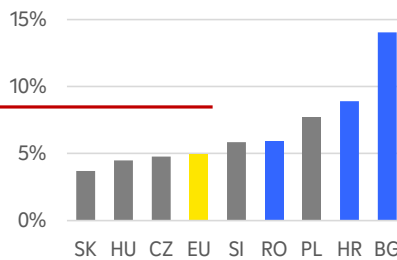
NPL ratio (total)



NPL ratio SME business



NPL ratio SME business



- **CEE Banking Sector is entering 2022/2023 on a solid footing**, so here a replay of 2012/2013 is possibly not in the cards!
- **SMEs and SME loans a major part of regional economies plus local banking sector corporate portfolios**, a lot of initiatives ongoing in Raiffeisen Bank International to cater this market segment (see next slide)

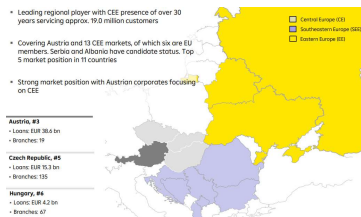
Source: Eurostat, EBA, national sources, RBI/Raiffeisen Research

CEE SME/MID-MARKET BANKING OUTLOOK & VALUE PROPOSITION

of deeply embedded and experienced local "cross-border" players

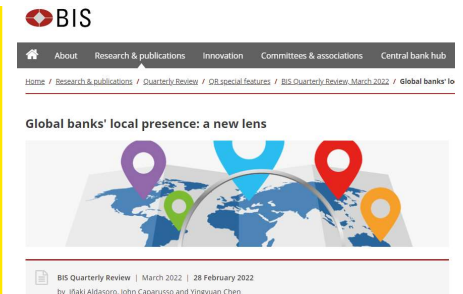
- **More challenging economic outlook vs. regional knowledge** (sometimes also painfully gained) coming from decades of market presence, with lessons learned
- **A real partner to a diverse customer base, while investing into future, differentiation between retail & corporate approach for SMEs is key** (automated processes vs. human touch), re-use of retail for small ticket lending only, freeing up resources for client management, but only smaller part of SME business
- **Competition of neobanks/FinTechs mainly in daily banking & beyond banking services** (mostly below banking regulation); **SME lending still a more complex topic and importance of lending part in client relationship, as shown in the context of COVID-19 crisis and in general**
- **Cooperation with EIB & local guarantee providers more important in SEE markets, less so in CE markets**

- **ESG will arrive in CEE SME lending more forcefully due to various factors ...**
 - Banking regulation (Western Europe, locally?)
 - Other regulation (e.g. supply chain regulation)
 - Overarching trend in society
- **Leading Western CEE banks well positioned to support local clients in their ESG transition, but currently we see this still some time away**



Cross-border banking in CEE NOT about bringing cheap finance or "just" Western knowledge to CEE; cross-border banking in CEE is about

- **Sharing smart solutions** from a cross-country perspective/ technological perspective among a large customer base (e.g. automated client screening and decision engine tools)
- **Supporting SMEs in international & regional business approach**
- **SME lending/business activity** is neither about "suitcase" banking nor the turf of neobanks/FinTechs yet, **human & local touch are key as well**



[Global banks' local presence: a new lens \(bis.org\)](https://www.bis.org/quarterlyreview/202203/global-banks-local-presence-a-new-lens.htm)

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