SME Banking Club
SME Banking Professionals Association

SME BANKING 2018

CENTRAL & EASTERN EUROPE

FOREWORD

This is the second issue of the CEE SME Banking Report. The report is structured around Central and Eastern Europe with a detailed regional analysis of the following countries: Bulgaria, Hungary, Poland, Romania, and Serbia.

When preparing the report, data from state statistical services, central banks, annual bank reports and other public sources of information were used. The data was current as of January 1, 2018; where information was unavailable as of that date, the latest available data on the bank was used.

This report includes a series of annual reviews of regional markets, allowing you to familiarize yourself with the situation in other markets, in particular the CEE countries.

It is not our intention to present a perfect picture with this report, but we are sure that we can achieve a clearer perspective on the state of development in the SME banking segment and its potential by working together. In the end, this will contribute to improving the efficiency of business management and the quality of managerial decisions by top managers of financial organizations, as well as generate greater interest in the segment from both existing and new players.

Knowledge is power, and we will have achieved our goal if this information gives you more significant insights into your daily work and strategic plans.

If you have any suggestions or proposals, feel free to send them to cee@smebanking.club.

Yours sincerely,
SME Banking Club team

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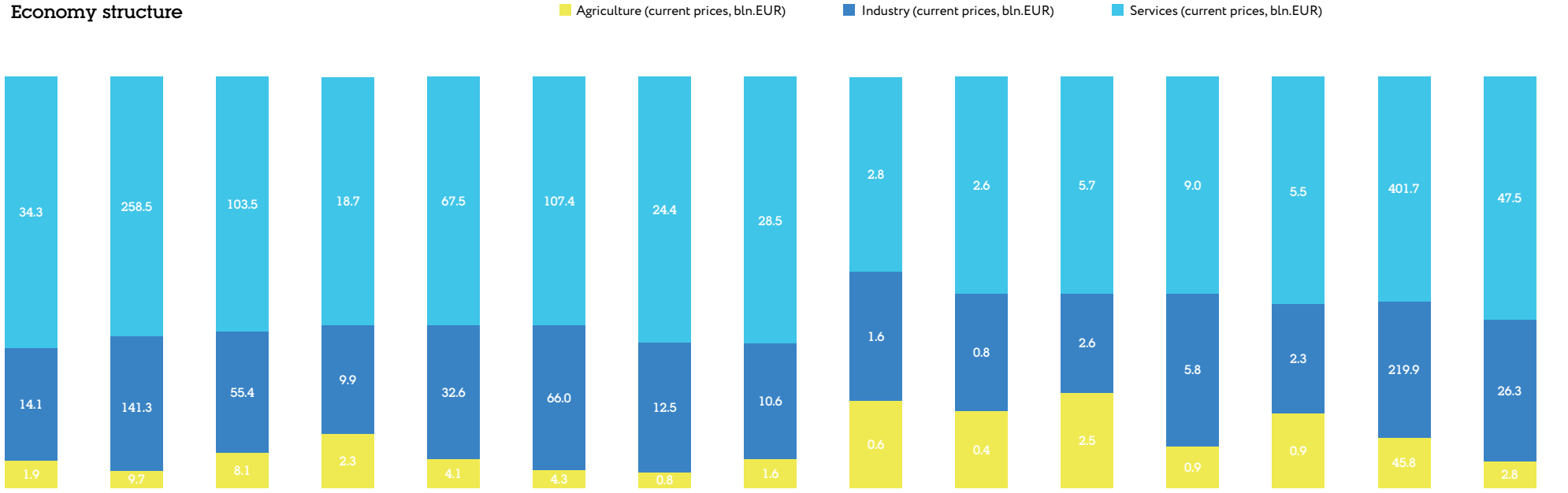
CEE SME BANKING REPORT 2018

BANKING OUTLOOK

Brief economic overview of key indicators
Part 1

	Bulgaria	Poland	Romania	Serbia	Hungary	Czech Republic	Slovenia	Croatia	Kosovo	Montenegro*	Albania*	Bosnia & Herzegovina	FYRM	Turkey	Slovak Republic
	1.96 / €1	4.17/ €1	4.66 / €1	118.47 / €1	310.14 / €1	25.54 / €1	1.00 / €1	7.51 / €1	1.00 / €1	1.00 / €1	132.95 / €1	1.96 / €1	61.49 / €1	4.55 / €1	1.00 / €1
	http://www.bnb.bg	http://www.nbp.pl	http://www.bnr.ro	https://www.nbs.rs	https://www.mnb.hu	https://www.cnb.cz	http://www.bsi.si	Source: https://www.hnb.hr	http://www.bqk-kos.org	http://www.cb-cg.org	https://www.bankofalbania.org/	http://www.cbbh.ba	http://www.nbrm.mk	http://www.tcmb.gov.tr	http://www.nbs.sk
GDP (current prices, bln.EUR)	50.4	465.5	184.2	37.5	123.1	192.0	43.3	48.7	6.3	3.8	10.7	16.1	10.1	753.5	85.0
Population, total (millions)	7.1	38.4	19.6	7.1	9.8	10.6	2.1	4.1	1.8	0.6	2.9	3.5	2.1	80.8	5.4
Surface area (sq. km, thousands)	7.1	312.7	238.4	88.4	785.4	78.9	20.3	56.6	10.9	13.8	28.8	51.2	25.7	93.0	49.0

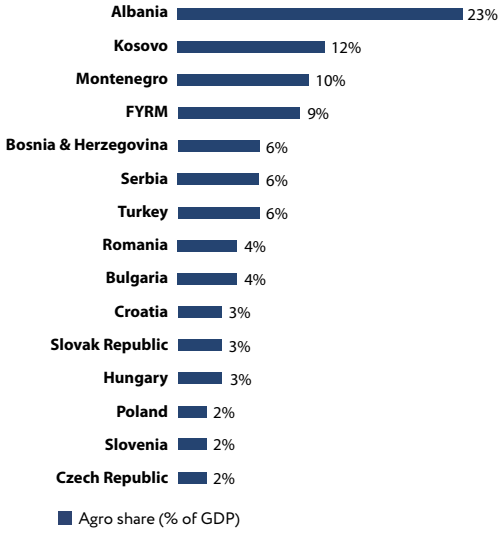
Economy structure

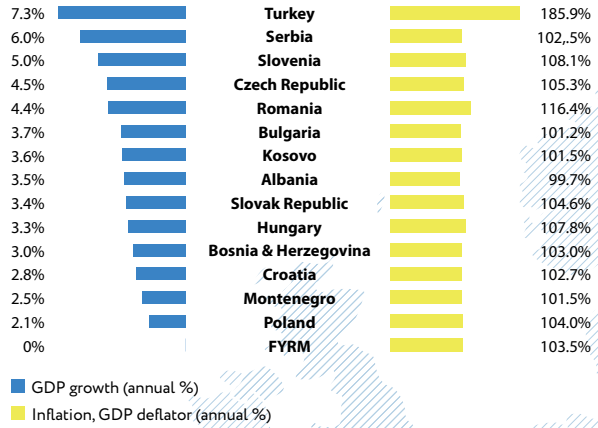


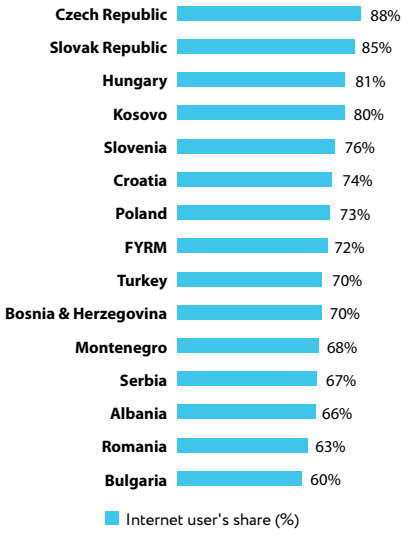
http://www.nsi.bg | http://stat.gov.pl | http://www.insse.ro | http://www.stat.gov.rs | https://www.ksh.hu | https://www.czso.cz | http://www.stat.sie | Source: https://www.dzs.hr | http://ask.rks-gov.net | http://www.monstat.org | http://www.instat.gov.al | http://www.bhas.ba | http://www.stat.gov.mk | http://www.turkstat.gov.tr | https://slovak.statistics.sk

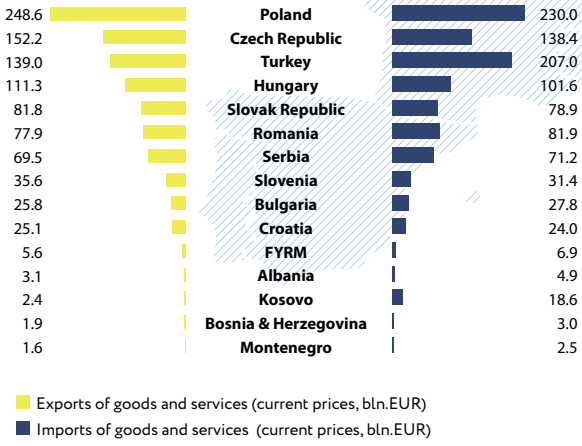
* — 2016

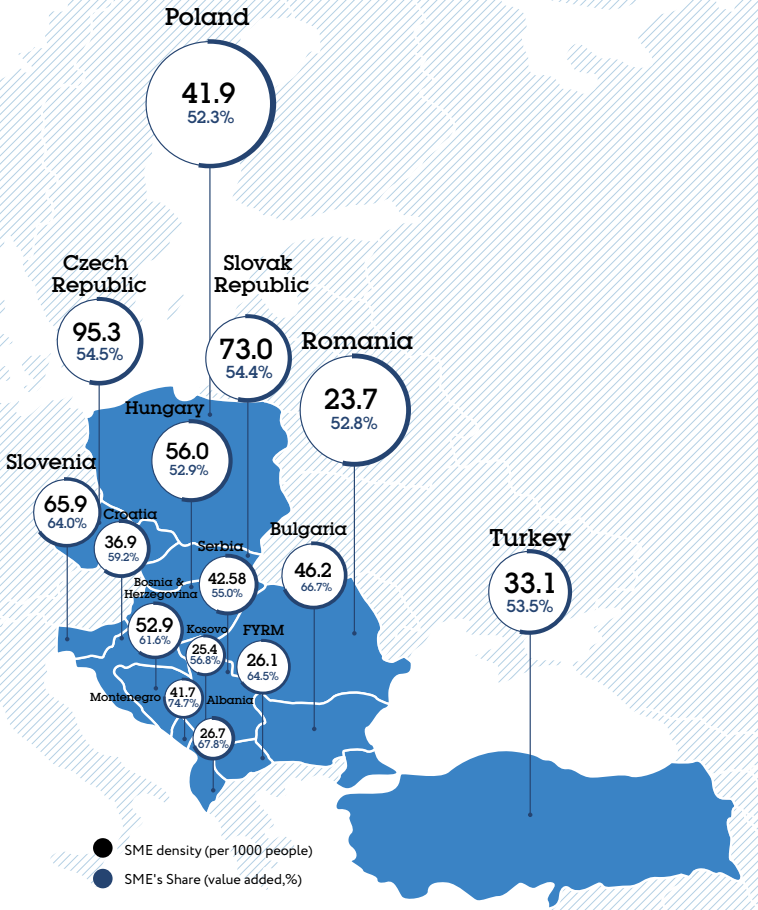
Brief economic overview of key indicators
Part 2











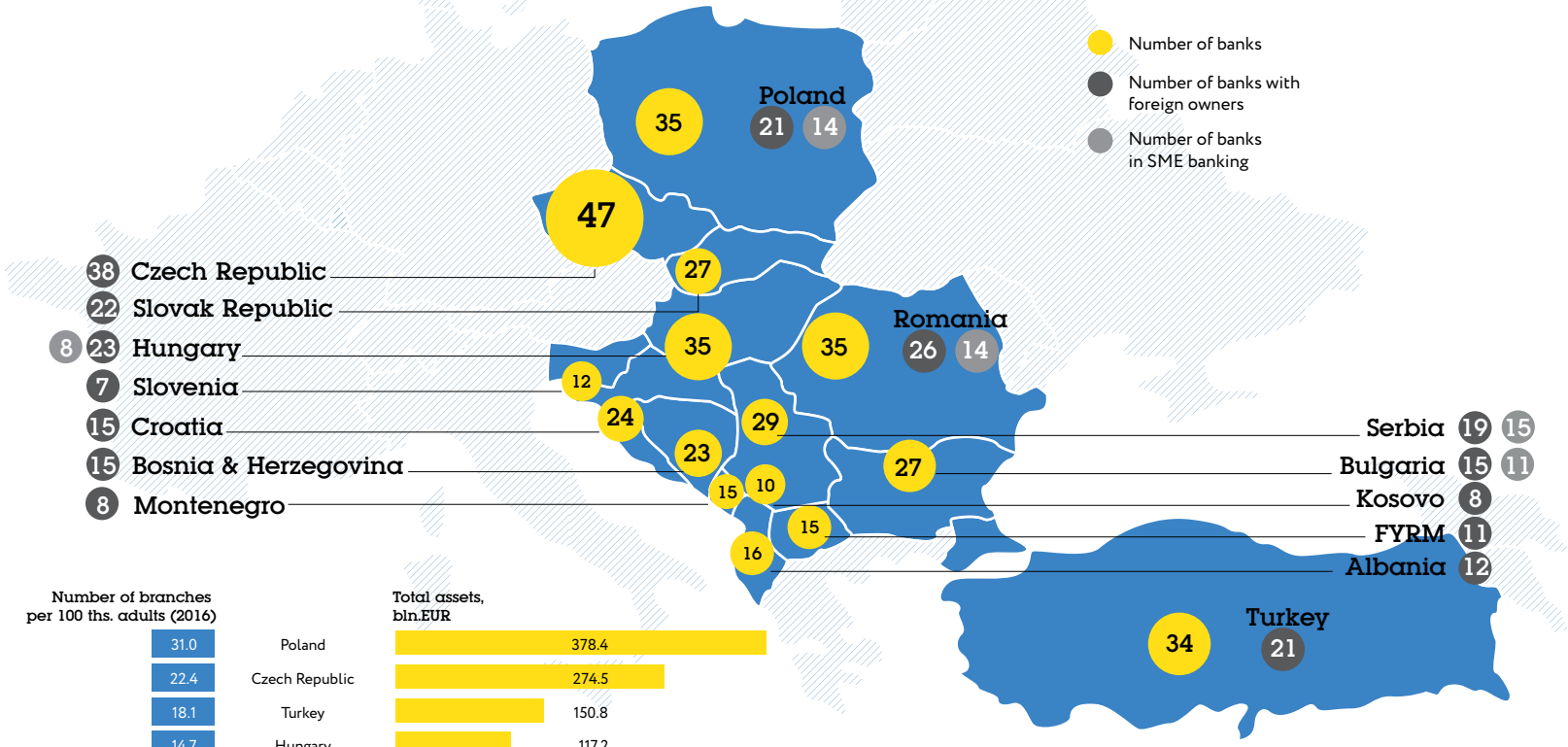
Doing business rating

Country	Rating	Change	Rating	Change	Rating	Change
Bosnia & Herzegovina	64.20	+0.42	63.78	Starting a Business		
Albania	68.70	+0.96	67.74	Getting Credit		
Turkey	69.14	+1.16	67.98	Getting Credit		
Croatia	71.70	+0.05	71.65	Registering Property		
Bulgaria	71.91	+0.10	71.81	Getting Electricity		
Hungary	72.39	+0.26	72.13	Enforcing Contracts		
Romania	72.87	+0.17	72.70	Registering Property		
Serbia	73.13	+0.26	72.87	Registering Property		
Montenegro	73.18	+1.64	71.54	Getting Electricity		
Kosovo	73.49	+4.98	68.51	Starting a Business		
Slovak Republic	74.90	-0.25	75.15	Resolving Insolvency		
Slovenia	75.42	+0.99	74.43	Getting Credit		
Czech Republic	76.27	+0.03	76.24	Starting a Business		
Poland	77.30	+0.18	77.12	Starting a Business		
FYRM	81.18	-0.21	81.39	Getting Electricity		

2018 — 2017 — The best/the worst parameter

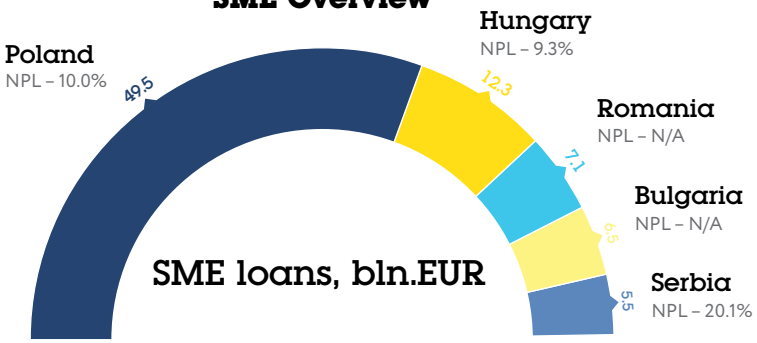
Rating changes

Country Banking Overview



Number of branches per 100 ths. adults (2016)		Total assets, bln.EUR
31.0	Poland	378.4
22.4	Czech Republic	274.5
18.1	Turkey	150.8
14.7	Hungary	117.2
28.0	Romania	98.7
28.3	Slovak Republic	75.8
32.9	Croatia	53.4
48.5	Bulgaria	50.0
30.5	Slovenia	37.9
29.7	Serbia	28.4
28.9	Bosnia & Herzegovina	15.7
21.5	Albania	10.9
25.0	FYRM	7.5
44.2	Montenegro	4.2
20.0	Kosovo	3.9

SME Overview



TOP SME BANKS* (RANKING BY SME PORTFOLIO)

#	Bank	SME Portfolio, mln.EUR	Country
1	PKO Bank Polski	7 096.8	Poland
2	Bank Zachodni WBK	4 334.8	Poland
3	Alior Bank	3 074.9	Poland
4	Bank BGŻ BNP Paribas	2 589.4	Poland
5	UniCredit Bulbank**	2 432.1	Bulgaria
6	Bank Millennium	2 304.1	Poland
7	mBank	2 282.6	Poland
8	UniCredit	2 133.5	Romania
9	K&H (KBC) Bank	1 991.7	Hungary
10	Idea Bank	1 799.3	Poland
11	CEC Bank	1 721.3	Romania
12	MKB Bank	1 698.5	Hungary
13	Raiffeisen Bank Polska	1 551.2	Poland
14	Citi Handlowy	1 189.1	Poland
15	Bank Pekao	1 174.3	Poland
16	Budapest Bank	1 109.2	Hungary
17	ING Bank Śląski	1 070.5	Poland
18	Banca Transilvania	922.8	Romania
19	United Bulgarian Bank (KBC Group)	900.5	Bulgaria
20	Intesa Bank Serbia	884.4	Serbia

TOP SME BANKS* (RANKING BY NO. SME CLIENTS)

#	Bank	NO. SME clients, thsd.	Country
1	PKO Bank Polski	1 192	Poland
2	CEC Bank	1 022	Romania
3	Alior Bank	905	Poland
4	Bank Pekao	851	Poland
5	BRD	760	Romania
6	Bank Zachodni WBK	576	Poland
7	Banca Transilvania	529	Romania
8	Banca Comercială Română (BCR, Erste)	529	Romania
9	Bank BGŻ BNP Paribas	476	Poland
10	Raiffeisen Bank Romania	454	Romania
11	ING Bank Śląski	357	Poland
12	Bank Millennium	355	Poland
13	mBank	300	Poland
14	Raiffeisen Bank Polska	237	Poland
15	Bank Pocztowy	214	Poland
16	UniCredit	156	Romania
17	Bancpost (Eurobank)**	149	Romania
18	Alpha Bank Romania	130	Romania
19	Sberbank Serbia	120	Serbia
20	Banca Romaneasca**	109	Romania

* - the rank was compiled only for banks from 5 countries, which were analyzed in details in current report,according to available open data.

** - 2016

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COUNTRY OVERVIEW
POLAND

CEE SME BANKING REPORT 2018

Doing Business Distance to Frontier (DTF)

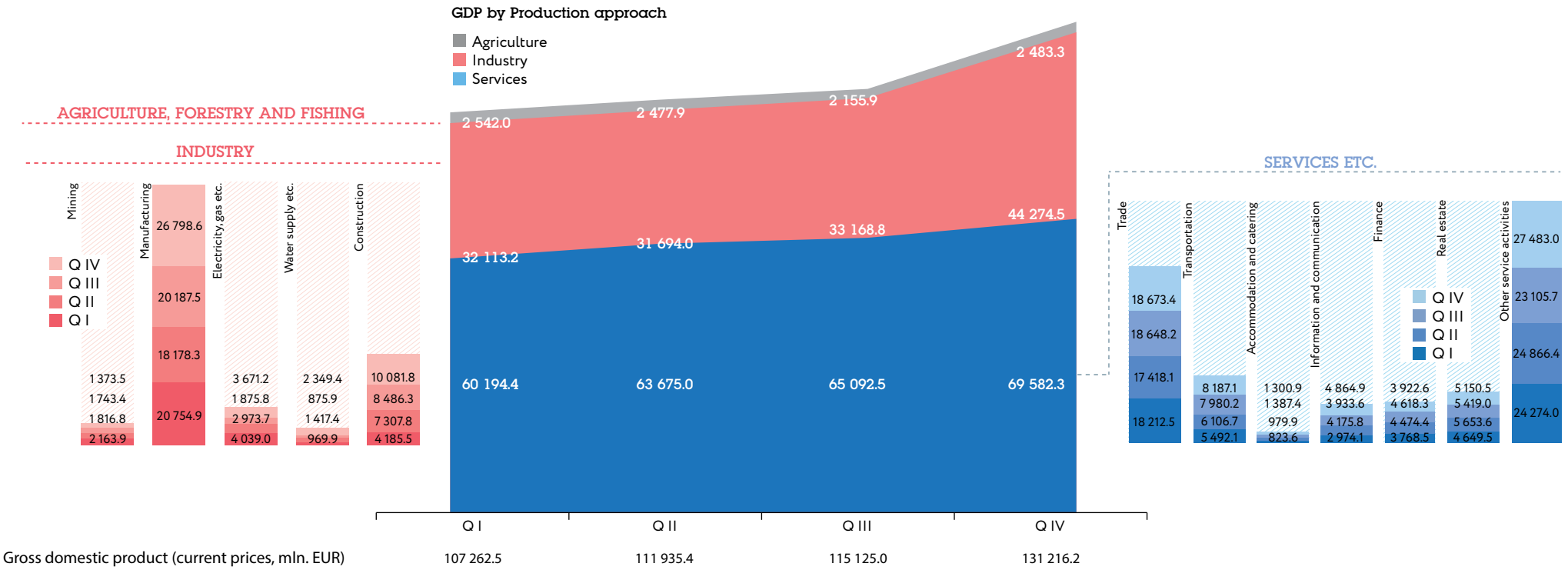
77,30 (77,12) +0.18

Resolving Insolvency

41.9 SME density (per 1000 people)

465.5	104.0%	4.6%	2.1%	53.0%	52.5%	73.0%
38.4						
312.7						
12 100.0	Inflation, GDP deflator (annual %)	GDP growth (annual %)			SME	

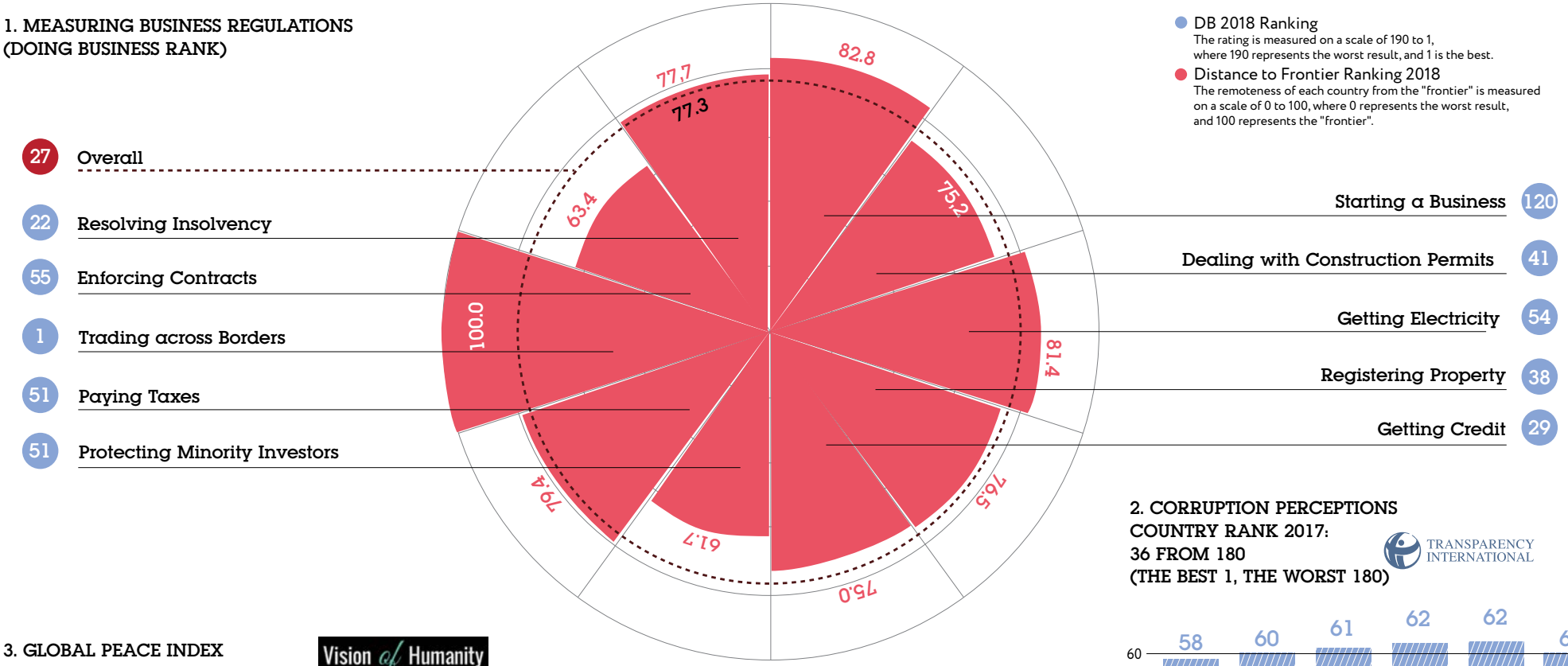
GDP (current prices, bln.EUR) | Population, total (millions) | Surface area (sq. km, thousands) | GDP per capita (current price, EUR) | Agro share (% of GDP) | Export share (% of GDP) | SME's share (value added, %) | Internet user's share (%)



	Q I	Q II	Q III	Q IV
Gross domestic product (current prices, mln. EUR)	107 262.5	111 935.4	115 125.0	131 216.2

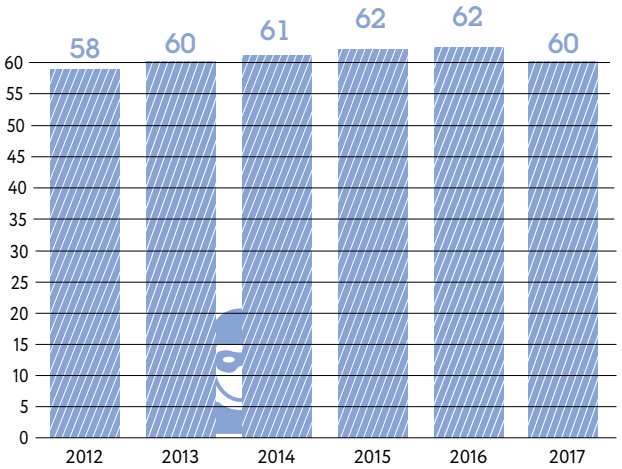
BUSINESS ENVIRONMENT

1. MEASURING BUSINESS REGULATIONS (DOING BUSINESS RANK)



2. CORRUPTION PERCEPTIONS COUNTRY RANK 2017: 36 FROM 180 (THE BEST 1, THE WORST 180)

TRANSPARENCY INTERNATIONAL



3. GLOBAL PEACE INDEX VISION OF HUMANITY RANK

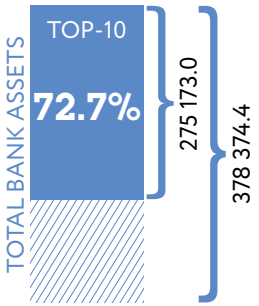
Vision of Humanity

COUNTRY	WORLD RANK 2018	WORLD RANK 2017	WORLD RANK CHANGE	EUROPE RANK 2018	EUROPE RANK 2017	EUROPE RANK CHANGE
Poland	**32**	**33**	**1↑**	**22**	**22**	**—**
Greece	79	73	6↓	32	32	—
Czech Republic	7	6	1↑	5	5	—

BANKING INDUSTRY

TOP10 BANKS - RANKED BY TOTAL ASSETS*

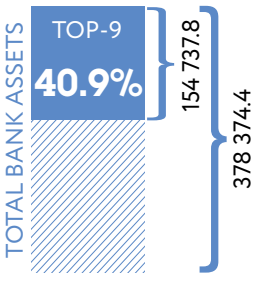
1	PKO Bank Polski	71 113.0	18.8%
2	Bank Pekao	44 420.0	11.7%
3	Bank Zachodni WBK	36 567.0	9.7%
4	mBank	31 477.0	8.3%
5	ING Bank Śląski	30 181.0	8.0%
6	Bank BGŻ BNP Paribas*	17 424.0	4.6%
7	Bank Millennium	17 039.0	4.5%
8	Alior Bank	16 644.0	4.4%
9	Getin Noble Bank	N/A	N/A
10	Citi Handlowy	10 308.0	2.7%



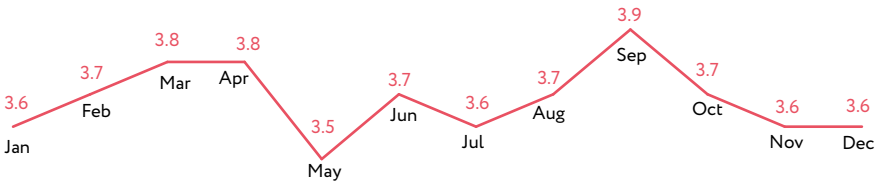
Total Assets, EUR Million
Share of Total Assets, %

TOP9 FOREIGN BANKS - RANKED BY TOTAL ASSETS*

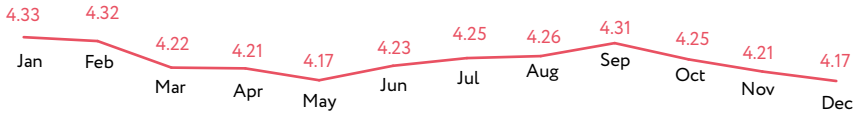
1	Bank Zachodni WBK	36 567.0	9.7%
2	mBank	31 477.0	8.3%
3	ING Bank Śląski	30 181.0	8.0%
4	Bank BGŻ BNP Paribas	17 424.0	4.6%
5	Bank Millennium	17 039.0	4.5%
6	Raiffeisen Bank Polska*	11 741.8	3.1%
7	Citi Handlowy	10 308.0	2.7%
8	Credit Agricole Bank Polska	N/A	N/A
9	Eurobank	N/A	N/A



WEIGHTED AVERAGE INTEREST RATES FOR BANKS' LOANS IN 2017 (LCU)

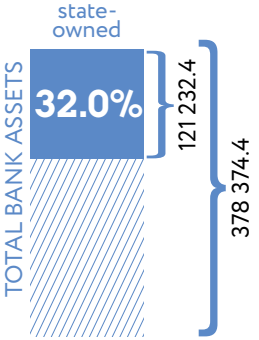


END OF MONTH EXCHANGE RATES IN 2017



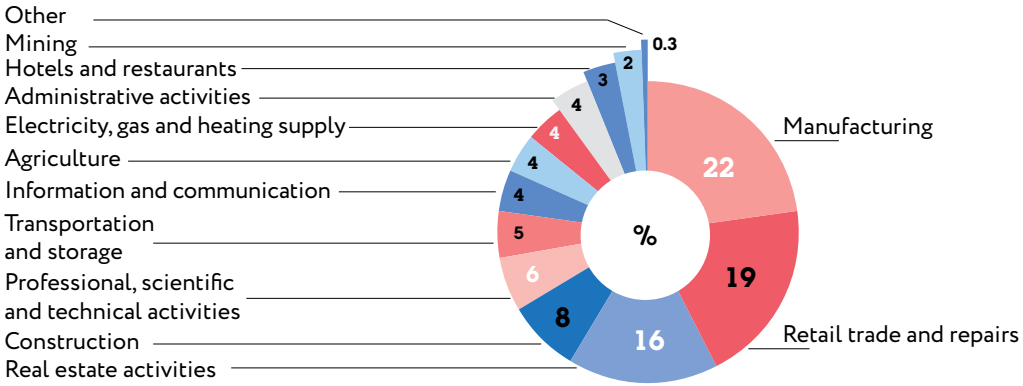
TOP STATE-OWNED BANKS - RANKED BY TOTAL ASSETS*

PKO Bank Polski	71 113.0	18.8%
Bank Pekao	43 654.1	11.5%
BOŚ Bank	4 713.0	1.2%
Bank Pocztowy	1 752.3	0.5%

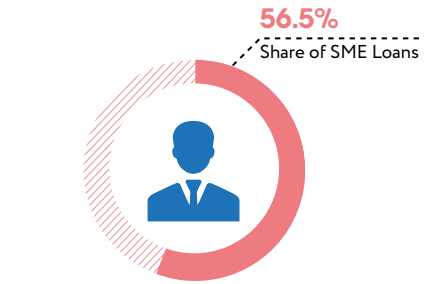


Total Assets, EUR Million
Share of Total Assets, %

LOANS GRANTED BY CREDIT INSTITUTIONS

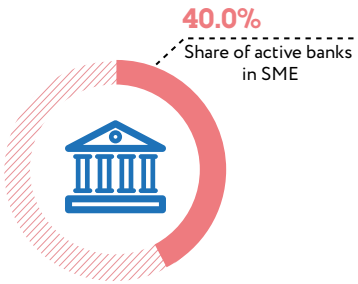


*Ranked by Total Assets, as of December 31, 2017



BUSINESS LOANS, MLN. EUR

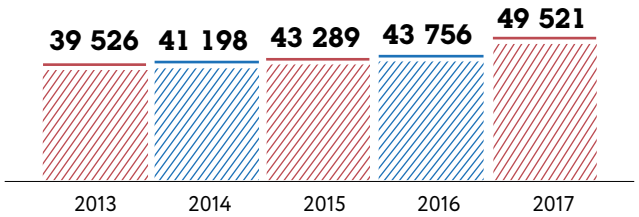
Total	SME
88 000	50 000



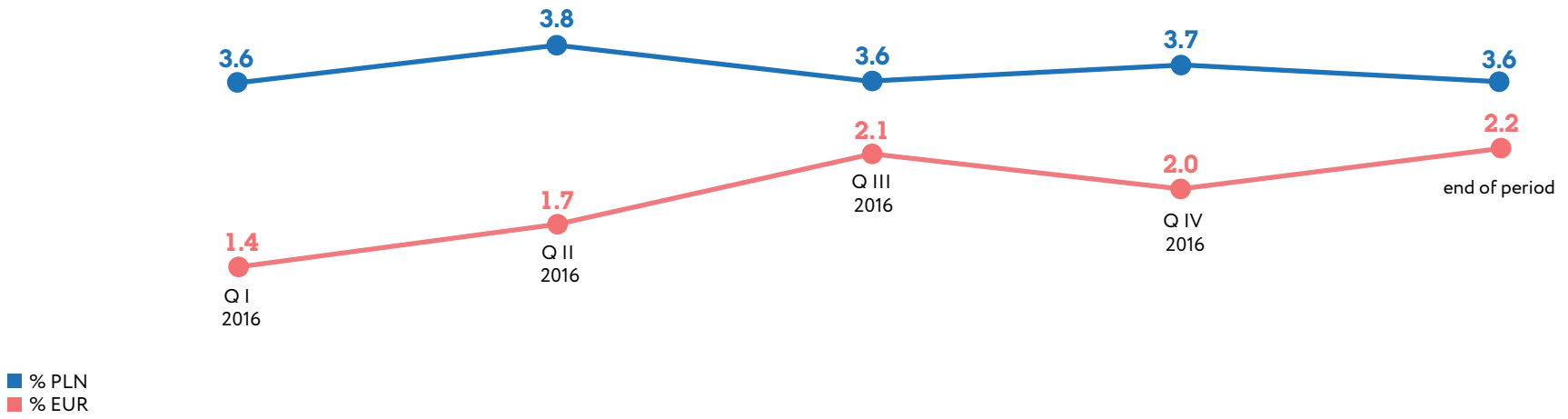
TOTAL NUMBER OF BANKS

35	14

COUNTRY SME LOANS PORTFOLIO, MLN.EUR

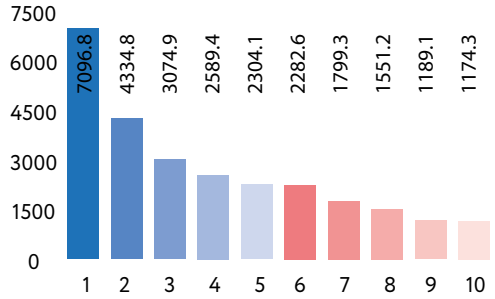


WEIGHTED AVERAGE INTEREST RATES OF THE BANKING SECTOR (NEW BUSINESS, NON-FINANCIAL CORPORATIONS)

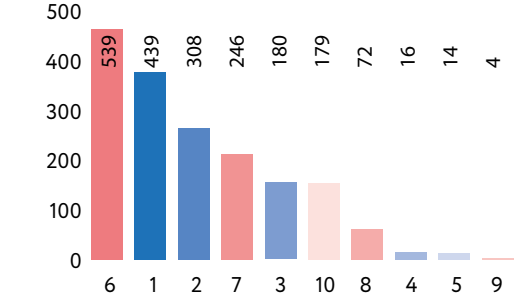


TOP BANKS

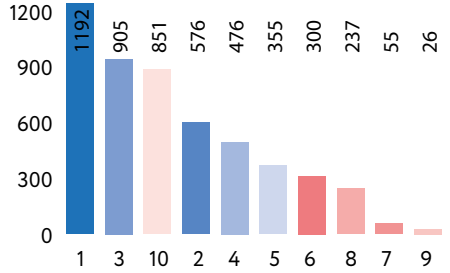
SME PORTFOLIO, MLN.EUR



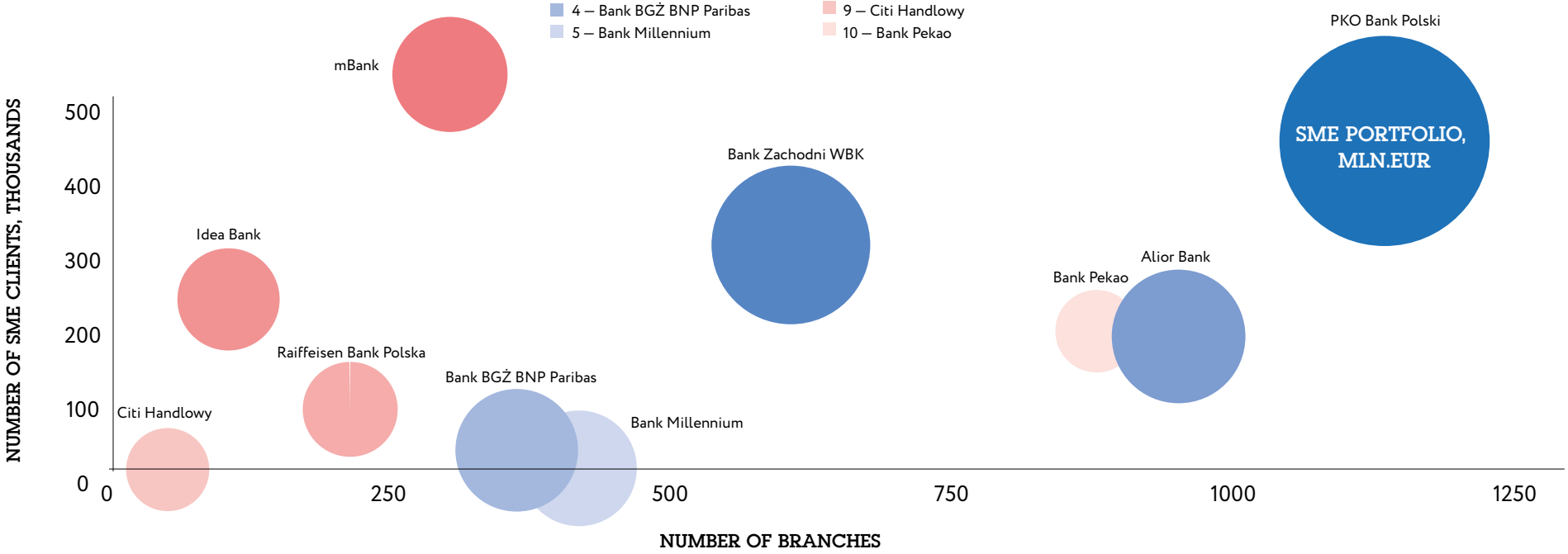
NUMBER OF SME CLIENTS, THOUSANDS



BRANCHES



1 – PKO Bank Polski
2 – Bank Zachodni WBK
3 – Alior Bank
4 – Bank BGŻ BNP Paribas
5 – Bank Millennium
6 – mBank
7 – Idea Bank
8 – Raiffeisen Bank Polska
9 – Citi Handlowy
10 – Bank Pekao



At the end of 2017, 35 commercial banks and 28 branches of credit institutions were operating in Poland. There were also 556 cooperative banks operating in the domestic market. The market share of state-owned banks (percentage of total assets) was 32 percent, while that of foreign-owned banks (percentage of total assets) was almost 50 percent.

The NPL ratio of Polish banks has been steadily declining over the last three years, reaching 5.9 percent in 2017, and this trend is expected to continue. The decline of the SME NPL ratio accelerated the previous year, dropping from 12.3 percent in 2015 to 10.0 percent in 2017.

ROE in the Polish banking sector fell from 7.76 percent in 2016 to 7.07 percent in 2017, and ROA fell from 0.84 to 0.78 accordingly.

Loan volumes to enterprises in the banking sector increased by 8 percent in fixed exchange rates, amounting to EUR 87.7 billion. Around 40 percent of banks worked with SMEs, while SME loans accounted for 57 percent of business loans, amounting to EUR 49.5 billion.

According to the 2017 SBA Fact Sheet by the European Commission, Poland continued to perform well with respect to providing SMEs with access to finance. Poland has taken many measures to ensure access to funding since 2008, as this sector was considered a priority for growth. There is now a wide range of financing sources available to SMEs, such as loan instruments and state guarantees, grants and access to tax and export credits. Poland's performance in this area is broadly in line with the EU average, with the country making progress in recent years. However, in 2016 some indicators fell. A higher percentage of rejected loan applications was recorded than in 2015, although bank loans and credit lines remain the most common sources of financing for SMEs.

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COUNTRY OVERVIEW
BULGARIA

CEE SME BANKING REPORT 2018

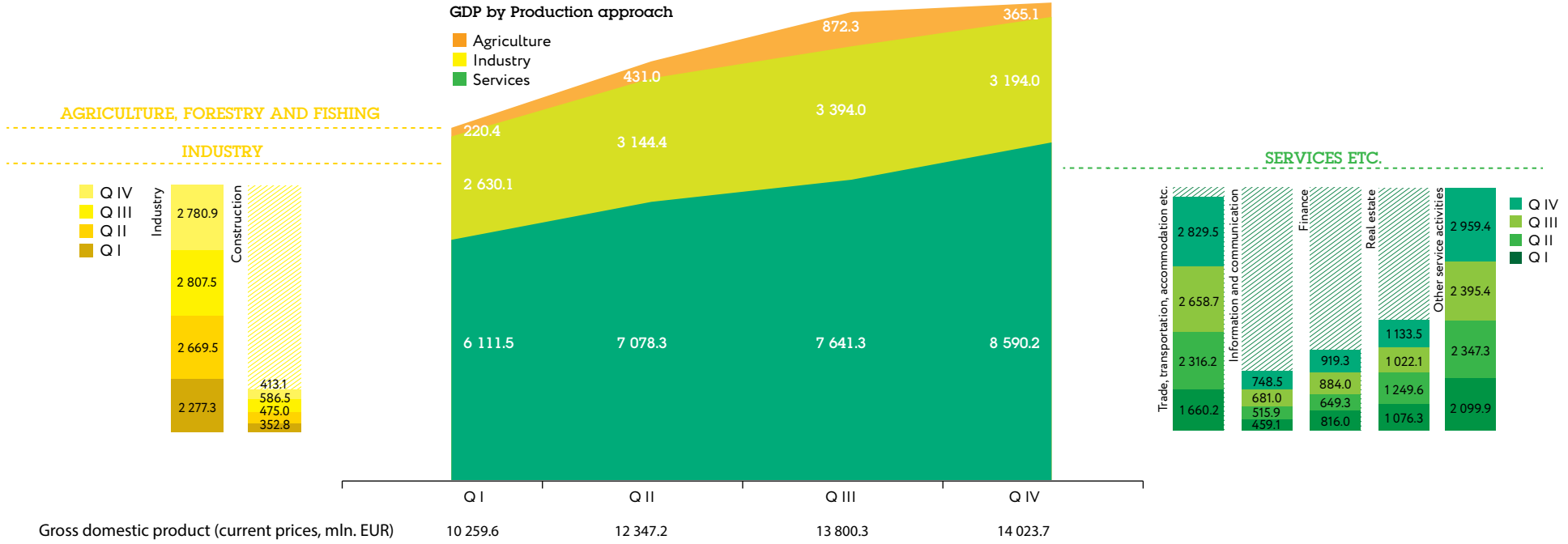
Doing Business Distance to Frontier (DTF)

71,91 (71,81 + 0,10)

Getting Electricity

46.2 SME density (per 1000 people)

GDP (current prices, bln.EUR)	50.4
Population, total (millions)	7.1
Surface area (sq. km, thousands)	7.1
GDP per capita (current price, EUR)	7 153.3
Inflation, GDP deflator (annual %)	101.2%
GDP growth (annual %)	3.7%
Agro share (% of GDP)	3.7%
Export share (% of GDP)	51.1%
SME's share (value added, %)	66.7%
Internet user's share (%)	59.8%

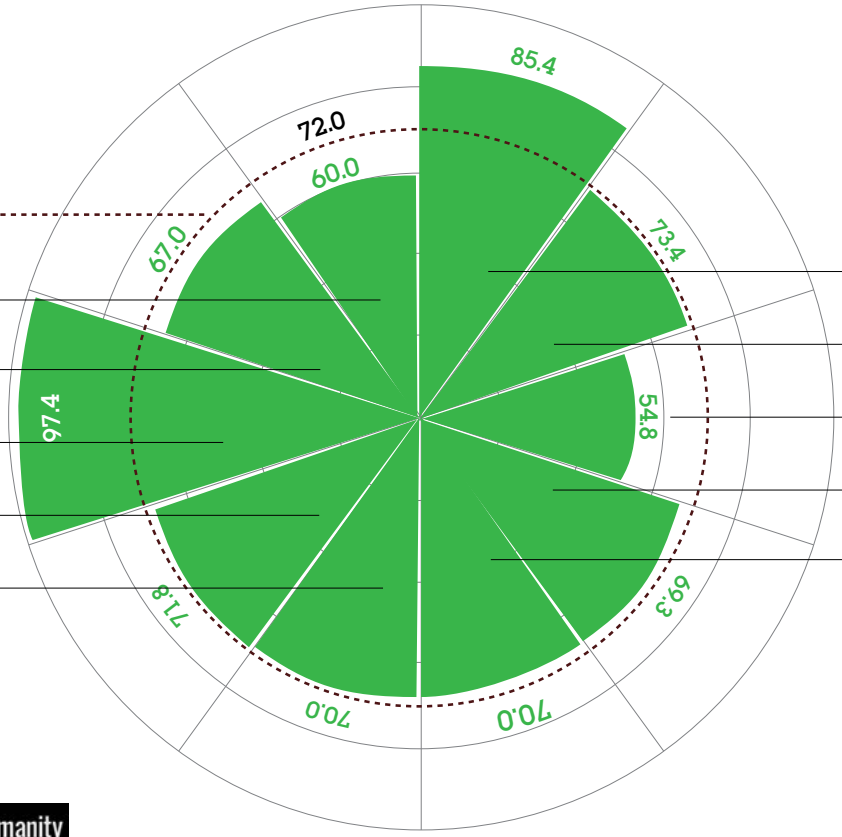


Gross domestic product (current prices, mln. EUR)	Q I	Q II	Q III	Q IV
	10 259.6	12 347.2	13 800.3	14 023.7

BUSINESS ENVIRONMENT

1. MEASURING BUSINESS REGULATIONS (DOING BUSINESS RANK)

- 50 Overall
- 50 Resolving Insolvency
- 40 Enforcing Contracts
- 21 Trading across Borders
- 90 Paying Taxes
- 24 Protecting Minority Investors



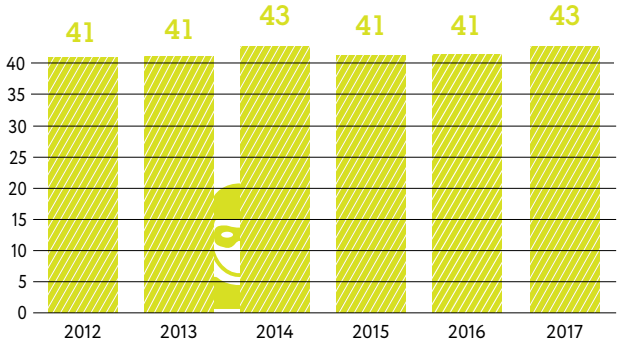
- Starting a Business 95
- Dealing with Construction Permits 51
- Getting Electricity 141
- Registering Property 67
- Getting Credit 42

DB 2018 Ranking
The rating is measured on a scale of 190 to 1, where 190 represents the worst result, and 1 is the best.

Distance to Frontier Ranking 2018
The remoteness of each country from the "frontier" is measured on a scale of 0 to 100, where 0 represents the worst result, and 100 represents the "frontier".

2. CORRUPTION PERCEPTIONS COUNTRY RANK 2017: 71 FROM 180 (THE BEST 1, THE WORST 180)

TRANSPARENCY INTERNATIONAL



Corruption Perceptions Index
180 countries participate in the rating, the worst rating is 10 (Somalia), the best 90 (New Zealand, Denmark)

3. GLOBAL PEACE INDEX VISION OF HUMANITY RANK

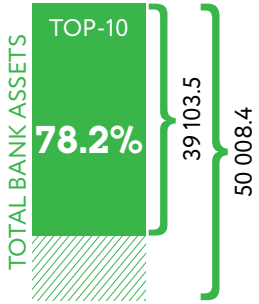
Vision of Humanity

COUNTRY	WORLD RANK 2018	WORLD RANK 2017	WORLD RANK CHANGE	EUROPE RANK 2018	EUROPE RANK 2017	EUROPE RANK CHANGE
Bulgaria	**26**	**28**	**2 ↑**	**18**	**19**	**1 ↑**
Turkey	149	146	3 ↓	36	36	—
Romania	24	25	1 ↑	17	17	—

BANKING INDUSTRY

TOP10 BANKS - RANKED BY TOTAL ASSETS*

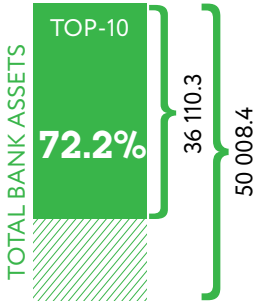
1	UniCredit Bulbank	9 763.7	19.5%
2	DSK Bank	5 952.9	11.9%
3	First Investment Bank	4 526.2	9.1%
4	Eurobank Bulgaria	3 493.0	7.0%
5	United Bulgarian Bank	3 486.1	7.0%
6	Raiffeisenbank (Bulgaria)	3 233.2	6.5%
7	Societe General Expressbank	3 034.4	6.1%
8	Central Cooperative Bank	2 541.1	5.1%
9	Cibank	1 586.2	3.2%
10	Piraeus Bank Bulgaria	1 486.7	3.0%



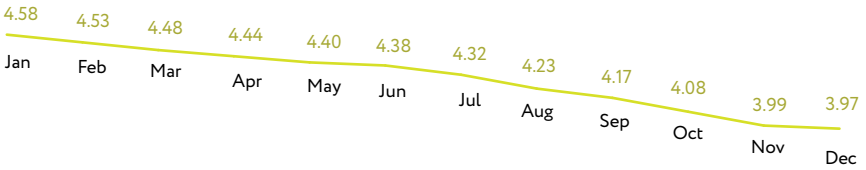
Total Assets, EUR Million
Share of Total Assets, %

TOP10 FOREIGN BANKS - RANKED BY TOTAL ASSETS*

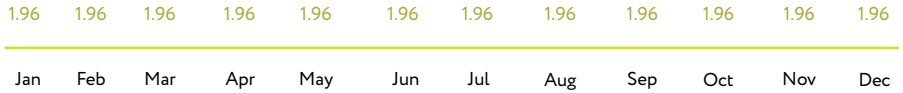
1	UniCredit Bulbank	9 763.7	19.5%
2	DSK Bank	6 212.3	12.4%
3	Eurobank Bulgaria	3 794.5	7.6%
4	United Bulgarian Bank	3 757.8	7.5%
5	Raiffeisenbank Bulgaria	3 577.7	7.2%
6	Societe General Expressbank	3 287.8	6.6%
7	Cibank	1 850.8	3.7%
8	Piraeus Bank Bulgaria	1 552.7	3.1%
9	Allianz Bank Bulgaria	1 308.8	2.6%
10	ProCredit Bank (Bulgaria)	1 004.2	2.0%



WEIGHTED AVERAGE INTEREST RATES FOR BANKS' LOANS IN 2017 (LCU)

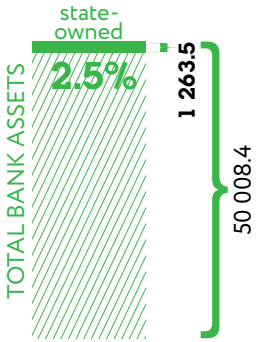


END OF MONTH EXCHANGE RATES IN 2017



TOP STATE-OWNED BANKS - RANKED BY TOTAL ASSETS*

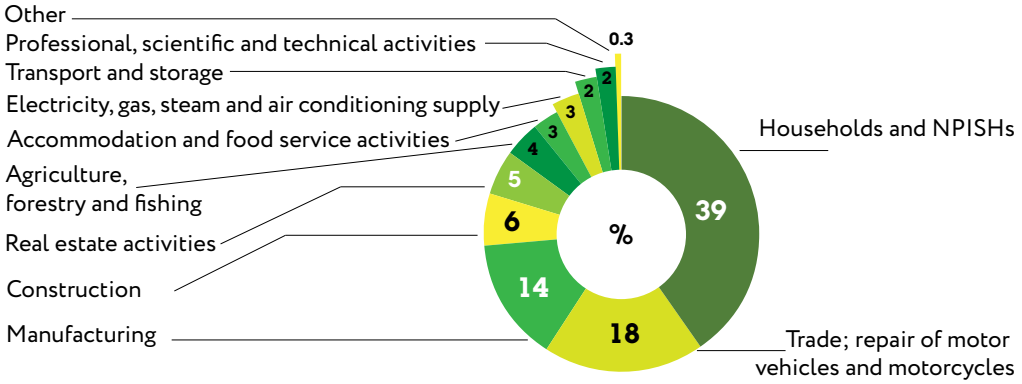
	Bulgarian Development Bank	1 263.5	2.5%

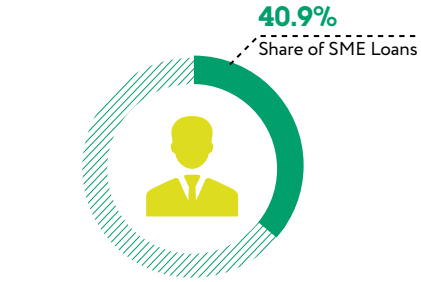


Total Assets, EUR Million
Share of Total Assets, %

*Ranked by Total Assets, as of December 31, 2017

LOANS GRANTED BY CREDIT INSTITUTIONS

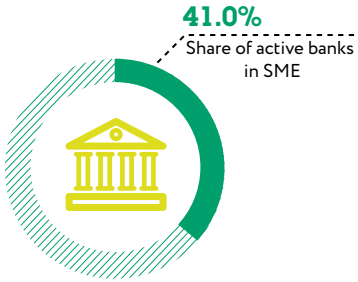




BUSINESS LOANS, MLN. EUR

15 985 6 530

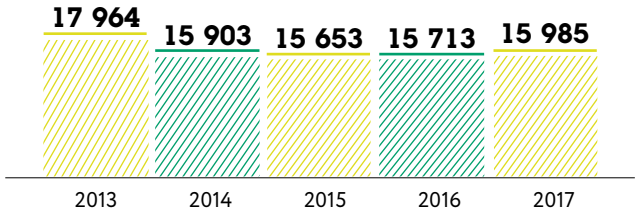
Total SME



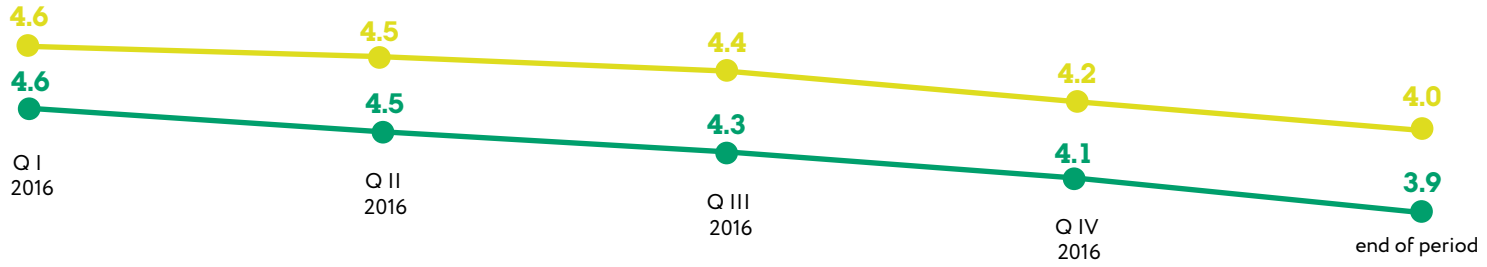
TOTAL NUMBER OF BANKS

27 13

COUNTRY BUSINESS LOANS PORTFOLIO, SME INCLUDED, MLN.EUR



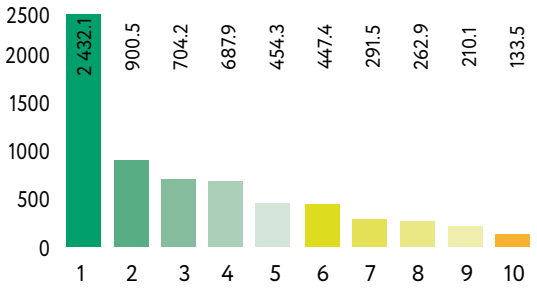
WEIGHTED AVERAGE INTEREST RATES OF THE BANKING SECTOR (NEW BUSINESS, NON-FINANCIAL CORPORATIONS)



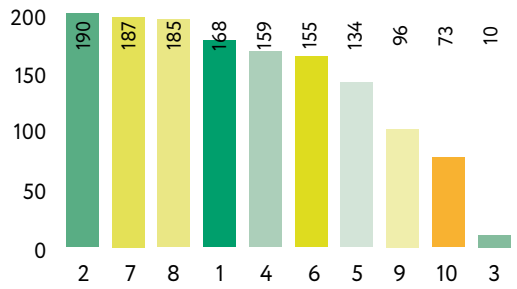
% BGN
% EUR

TOP BANKS

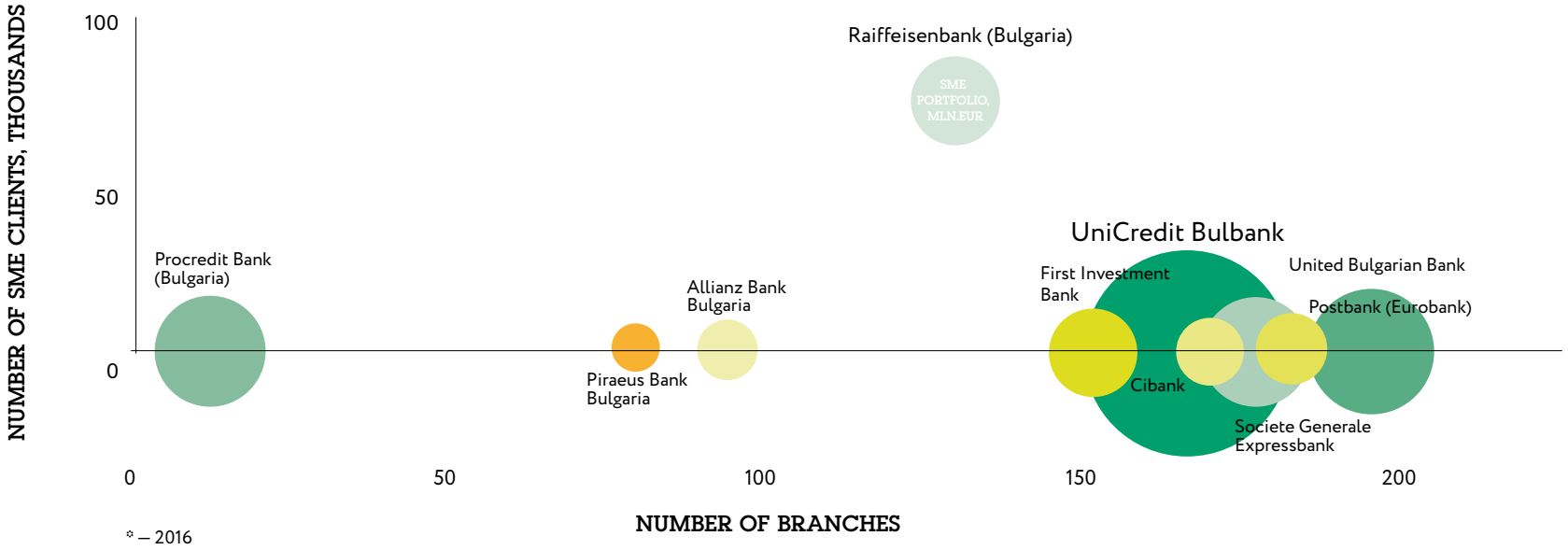
SME PORTFOLIO, MLN.EUR



BRANCHES



1 – UniCredit Bulbank*
2 – United Bulgarian Bank
3 – Procredit Bank (Bulgaria)
4 – Societe Generale Expressbank
5 – Raiffeisenbank (Bulgaria)
6 – First Investment Bank
7 – Postbank (Eurobank)
8 – Cibank
9 – Allianz Bank Bulgaria
10 – Piraeus Bank Bulgaria



* – 2016

SUMMARY

Banking assets increased to BGN 97.8 billion (EUR 50 billion) in the course of one year. The market share of foreign subsidiary banks rose from 72.9 percent to 74.6 percent. The share of domestic bank assets rose slightly to 25.4 percent.

Efforts undertaken by banks to optimize their portfolios led to a gradual decline in the share and amount of non-performing loans. As of December 31, 2017, the amount of non-performing loans (excluding central banks and credit institutions) declined to BGN 5.65 billion (EUR 2.89 billion) in absolute terms, or to 10.07%, as the tendency for decline continued.

Interest rates on loans continued their decline in 2017. At the end of December 2017, the annual percentage rate, which includes an interest rate component as well as that of all other fees and commissions related to the loan, dropped to 4.01% for housing loans in BGN and to 4.44% for those in EUR. Average interest rates on new business loans for non-financial corporations fell to 3.71% for loans in BGN and 3.38% for loans in EUR. The decrease was from 3.90% and 4.16%, respectively. It could be concluded that lower interest rates increased lending activity. In combination with the favorable development of the Bulgarian economy, the lower interest rates provided additional grounds for accelerating lending activity.

Loan portfolio growth, the higher quality of the lending portfolio, lower impairments and declining interest rates influenced the financial result of the sector. As a result, at the end of December 2017, the net profit of the banking system was BGN 1.17 billion (EUR 598.2 million) compared to BGN 1.262 billion (EUR 645.3 million) in 2016. As of December 31, 2017, the value of Return on Assets (ROA) decreased to 1.2% from 1.42%, recorded as of December 31, 2016, and the Return on Equity (ROE) – to 9.32% from 10.57%.

Around 41 percent of banks worked with SMEs, but there was no publicly available information about the percentage of business loans that the SME sector accounted for. According to the 2017 SBA Fact Sheet by the European Commission on access to finance, Bulgaria is on par with the EU average. Compared to the previous year, some progress has been made. At the same time, it is still difficult to obtain public guarantees, and risk capital remains limited. Bulgarian SMEs are lagging behind in their access to alternative financings, such as crowdfunding.

SME Banking Club
SME Banking Professionals Association

COUNTRY OVERVIEW
SERBIA

CEE SME BANKING REPORT 2018

COUNTRY OVERVIEW

Doing Business Distance to Frontier (DTF)

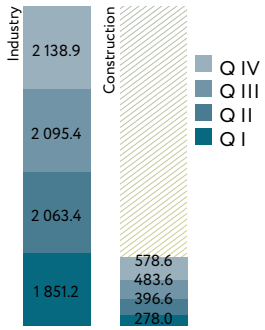
73,13 (72,87) + 0,26 Registering Property

42.6 SME density (per 1000 people)

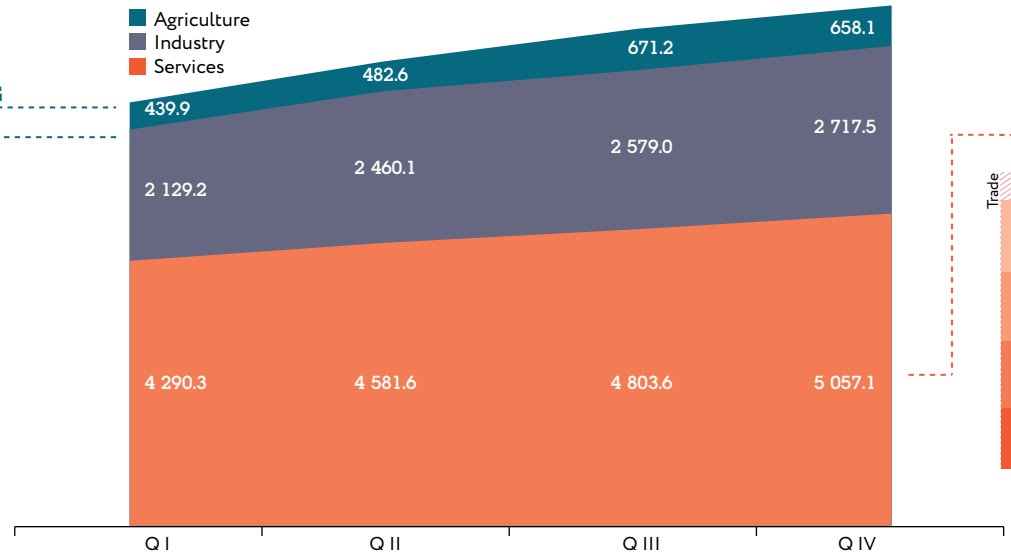
37.5	7.1	88.4	5 322.8	102.5%	1.9%	6.0%	51.0%	55.0%	67.1%
GDP (current prices, bln.EUR)	Population, total (millions)	Surface area (sq. km, thousands)	GDP per capita (current price, EUR)	Inflation, GDP deflator (annual %)	GDP growth (annual %)	Agro share (% of GDP)	Export share (% of GDP)	SME SME's share (value added, %)	Internet user's share (%)

AGRICULTURE, FORESTRY AND FISHING

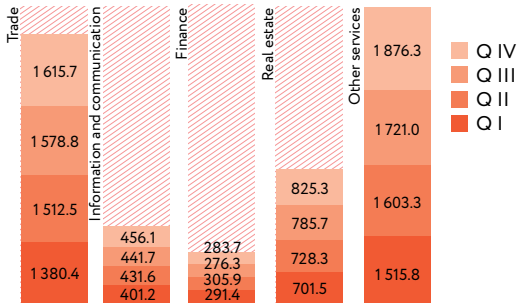
INDUSTRY



GDP by Production approach



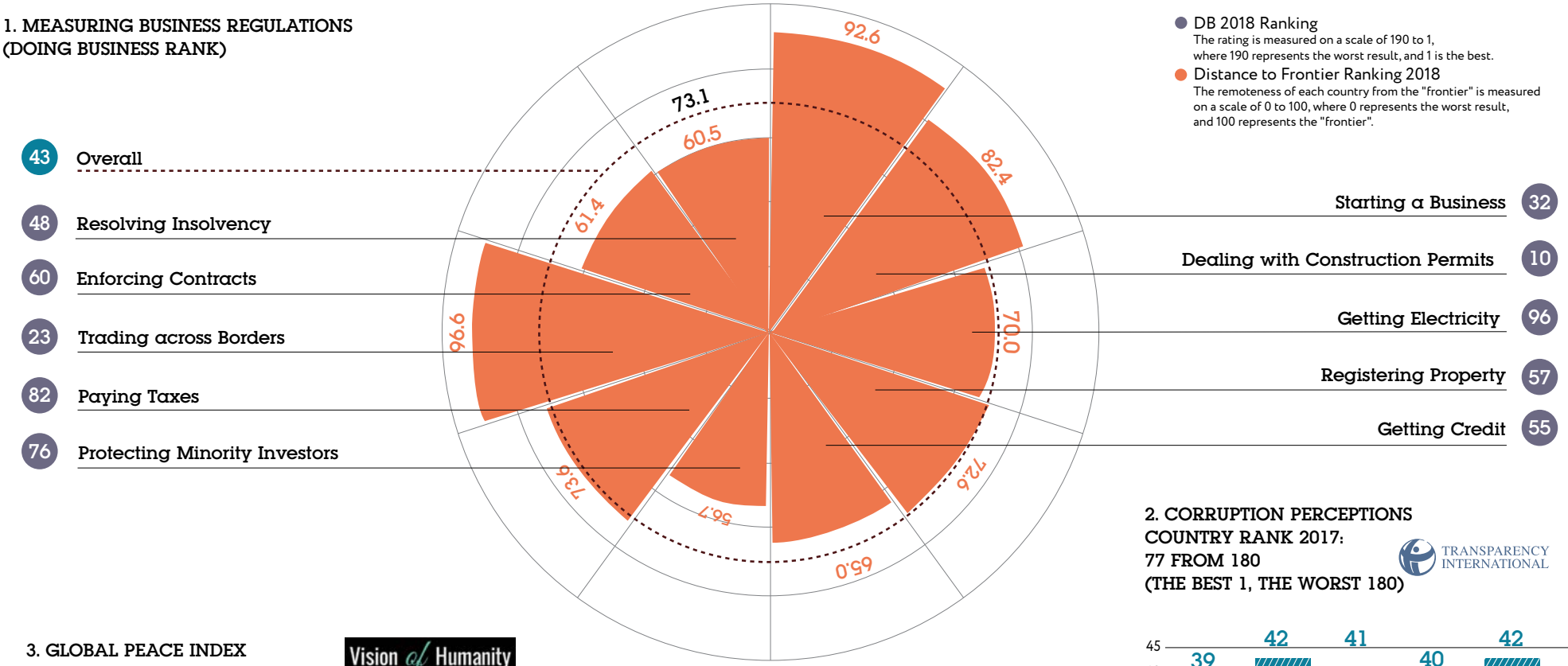
SERVICES ETC.



	Q I	Q II	Q III	Q IV
Gross domestic product (current prices, mln. EUR)	8 302.2	9 185.7	9 740.0	10 246.1

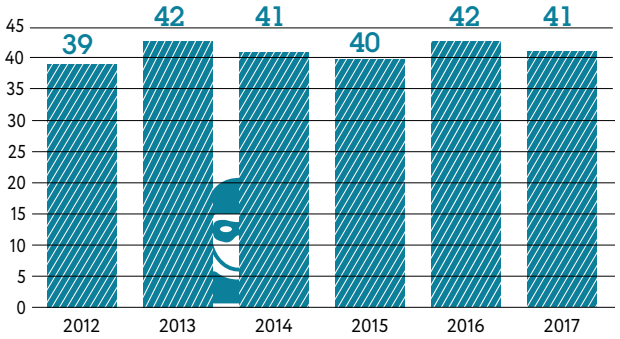
BUSINESS ENVIRONMENT

1. MEASURING BUSINESS REGULATIONS (DOING BUSINESS RANK)



2. CORRUPTION PERCEPTIONS COUNTRY RANK 2017: 77 FROM 180 (THE BEST 1, THE WORST 180)

TRANSPARENCY INTERNATIONAL



3. GLOBAL PEACE INDEX VISION OF HUMANITY RANK

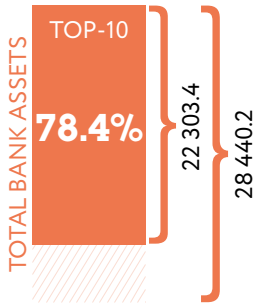
Vision of Humanity

COUNTRY	WORLD RANK 2018	WORLD RANK 2017	WORLD RANK CHANGE	EUROPE RANK 2018	EUROPE RANK 2017	EUROPE RANK CHANGE
Serbia	**54**	**56**	**2 ↑**	**27**	**28**	**1 ↑**
Hungary	17	15	2 ↓	12	10	2 ↓
Bulgaria	26	28	2 ↑	18	19	1 ↑

BANKING INDUSTRY

TOP10 BANKS - RANKED BY TOTAL ASSETS*

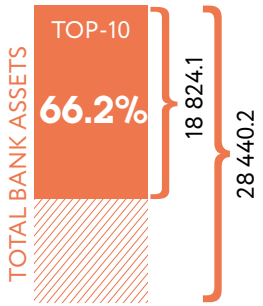
1	Intesa Bank Serbia	4 767.9	16.8%
2	Komercijalna banka	3 116.2	11.0%
3	Unicredit Bank Serbia	3 061.9	10.8%
4	Societe Generale Bank Serbia	2 430.8	8.5%
5	Raiffeisen Bank Serbia	2 233.6	7.9%
6	Agroindustrijska komercijalna banka	1 767.2	6.2%
7	Erste Bank Serbia	1 366.7	4.8%
8	Eurobank Serbia	1 337.4	4.7%
9	Banka Poštanska štedionica	1 185.8	4.2%
10	Vojvođanska banka (OTP Group)	1 035.9	3.6%



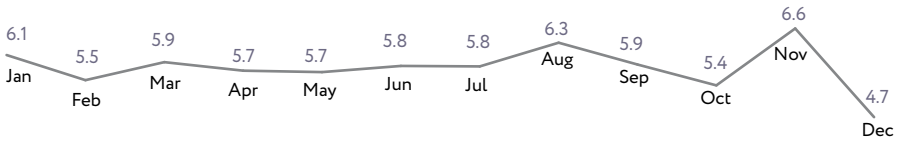
Total Assets, EUR Million
Share of Total Assets, %

TOP10 FOREIGN BANKS - RANKED BY TOTAL ASSETS*

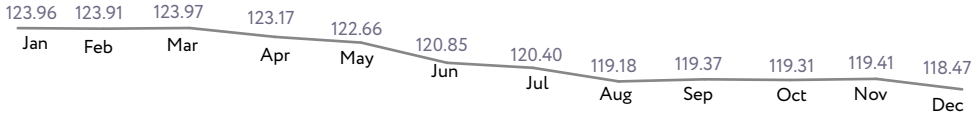
1	Intesa Bank Serbia	4 767.9	16.8%
2	Unicredit Bank Serbia	3 061.9	10.8%
3	Societe Generale Bank Serbia	2 430.8	8.5%
4	Raiffeisen Bank Serbia	2 233.6	7.9%
5	Erste Bank Serbia	1 366.7	4.8%
6	Eurobank Serbia	1 337.4	4.7%
7	Vojvođanska banka (OTP Group)	1 035.9	3.6%
8	Sberbank Serbia	979.4	3.4%
9	ProCredit Serbia	816.1	2.9%
10	Addiko Bank Serbia	794.4	2.8%



WEIGHTED AVERAGE INTEREST RATES FOR BANKS' LOANS IN 2017 (LCU)

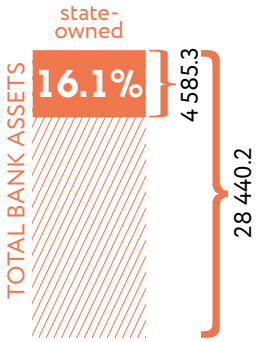


END OF MONTH EXCHANGE RATES IN 2017



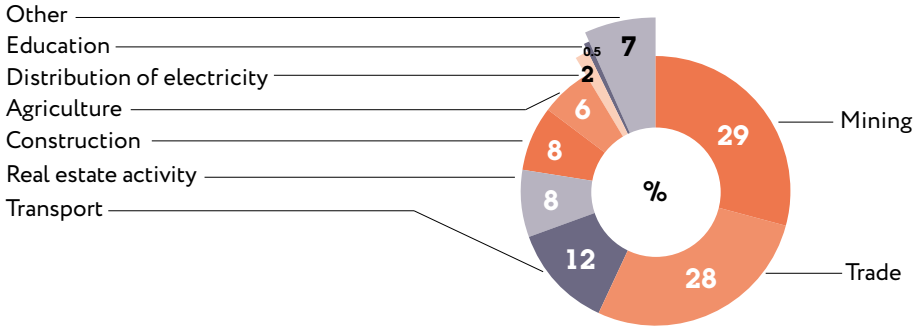
TOP STATE-OWNED BANKS - RANKED BY TOTAL ASSETS*

	Komercijalna banka	3 116.2	11.0%
	Banka Poštanska štedionica	1 185.8	4.2%
	Srpska banka	119.0	0.4%
	JUBMES banka	98.8	0.3%
	MTS banka	65.5	0.2%

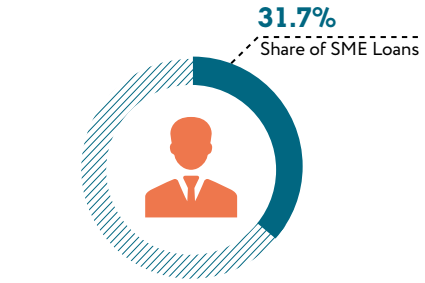


Total Assets, EUR Million
Share of Total Assets, %

LOANS GRANTED BY CREDIT INSTITUTIONS



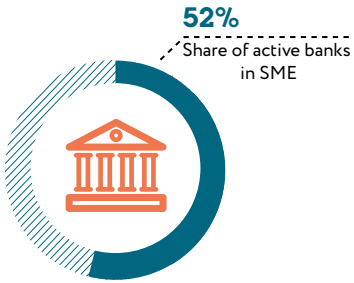
*Ranked by Total Assets, as of December 31, 2017



BUSINESS LOANS, MLN. EUR

17 500 | 5 500

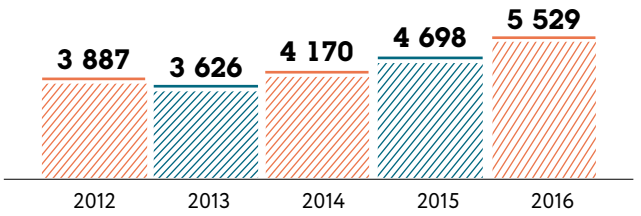
Total | SME



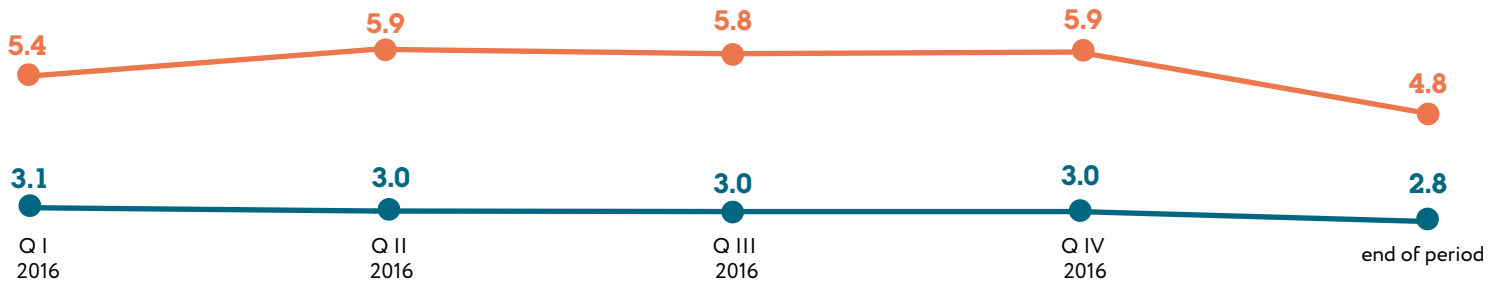
TOTAL NUMBER OF BANKS

29 | 15

COUNTRY SME LOANS PORTFOLIO, MLN.EUR



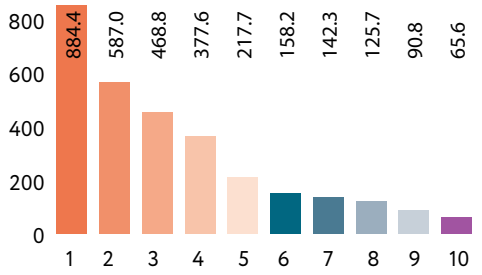
WEIGHTED AVERAGE INTEREST RATES OF THE BANKING SECTOR (NEW BUSINESS, NON-FINANCIAL CORPORATIONS)



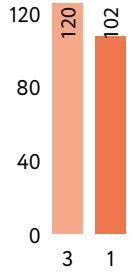
% RSD
% EUR

TOP BANKS

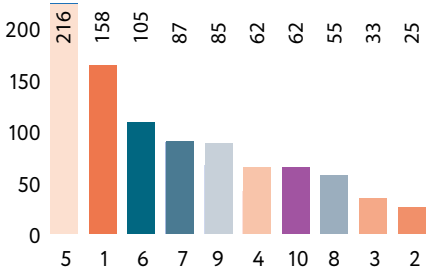
SME PORTFOLIO, MLN.EUR



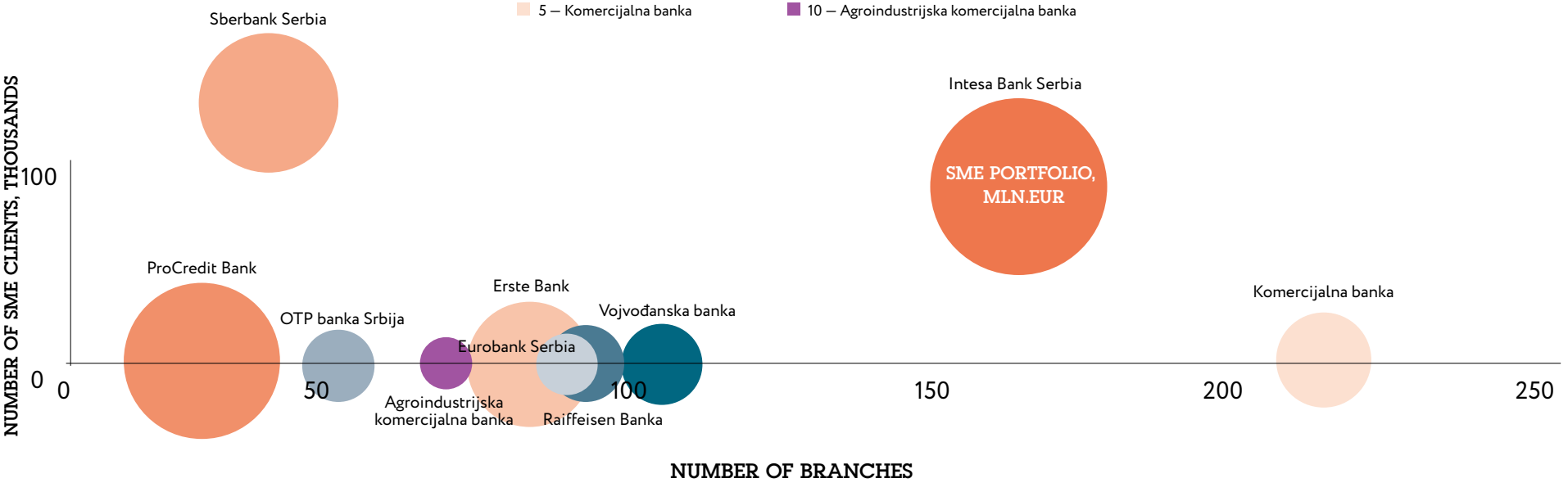
NUMBER OF SME CLIENTS, THOUSANDS



BRANCHES



1 – Intesa Bank Serbia
2 – ProCredit Bank Serbia
3 – Sberbank Serbia
4 – Erste Bank Serbia
5 – Komercijalna banka
6 – Vojvođanska banka (OTP Group)
7 – Raiffeisen Bank Serbia
8 – OTP Banka Serbia
9 – Eurobank Serbia
10 – Agroindustrijska komercijalna banka



SUMMARY

At the end of December 2017, the Serbian banking sector included 29 banks with an operating license for a total of 1,627 business units. There were eight domestic commercial banks (six state-owned and two privately owned), as well as 21 foreign-owned banks.

Serbian banking sector stability has been preserved and further reinforced. Encouraged by the NBS measures, the share of NPLs in total loans plummeted to 8.8% at the end of April 2018 which is the lowest level since 2008 when this indicator of portfolio quality was introduced.

In 2017, the results of the Serbian banking sector at the end of Q3 2017 indicate that bank profitability has continued to improve. As of September 30, 2017, the banking sector's pre-tax net result was RSD 53.5 billion, up by 63.1%% compared to the same period last year.

The balance of total assets in the Serbian banking sector at the end of December 2017 equaled RSD 3,369.4 billion (EUR 28.4 billion), an increase of RSD 127.9 billion (EUR 1.08 billion).

Despite falling interest rates, ROE increased to 10.6 percent in the first three quarters of 2017, compared to 3.4 percent during the same period in 2016. Improved profitability was mainly driven by declines in loan loss provisions, economic growth, a stable FX rate, as well as improving NPL ratios.

Around 52 percent of banks worked with SMEs and loans to SMEs accounted for 31.7 percent of business loans. Serbia's performance in providing access to financing for SMEs was below average. In absolute terms, Serbia has recorded an overall deterioration in this area since 2008.

SME Banking Club
SME Banking Professionals Association

COUNTRY OVERVIEW
ROMANIA

CEE SME BANKING REPORT 2018

Doing Business Distance to Frontier (DTF)

72.87 (72.70 + 0.17)

Registering Property

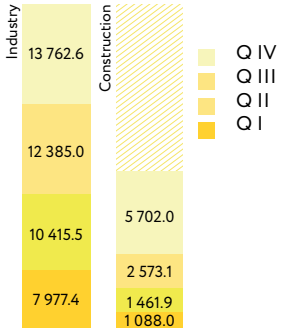
23.7 SME density (per 1000 people)

184.2	116.4%	6.9%	4.4%	42.3%	52.8%	62.8%
19.6	Inflation, GDP deflator (annual %)	GDP growth (annual %)			SME	
238.4						
9 596.1						

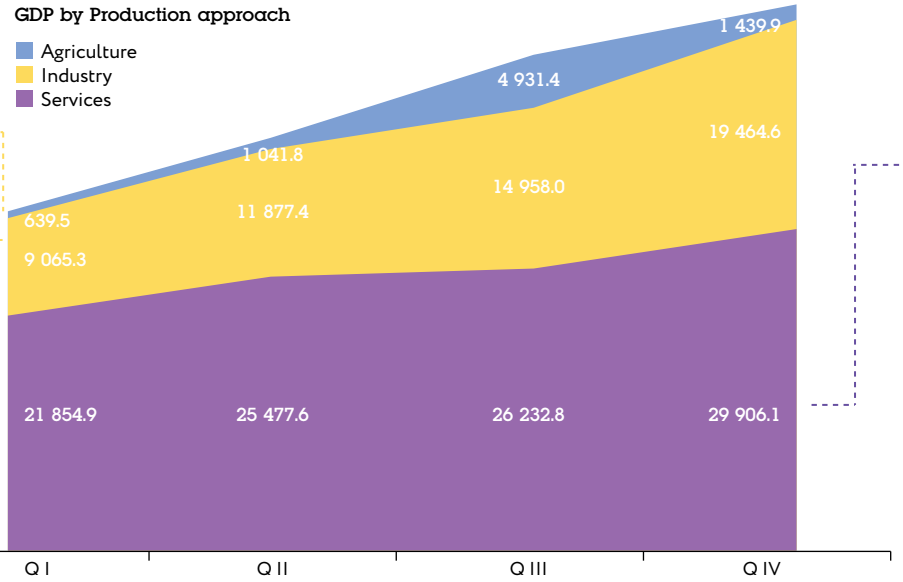
GDP (current prices, bln.EUR) | Population, total (millions) | Surface area (sq. km, thousands) | GDP per capita (current price, EUR) | Agro share (% of GDP) | Export share (% of GDP) | SME SME's share (value added, %) | Internet user's share (%)

AGRICULTURE, FORESTRY AND FISHING

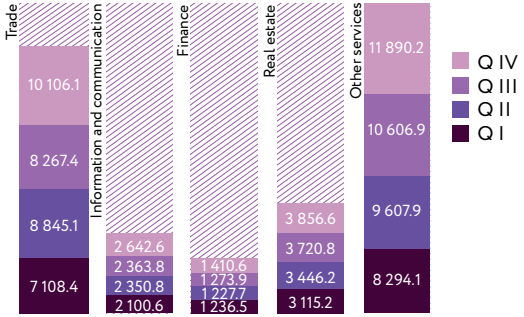
INDUSTRY



GDP by Production approach



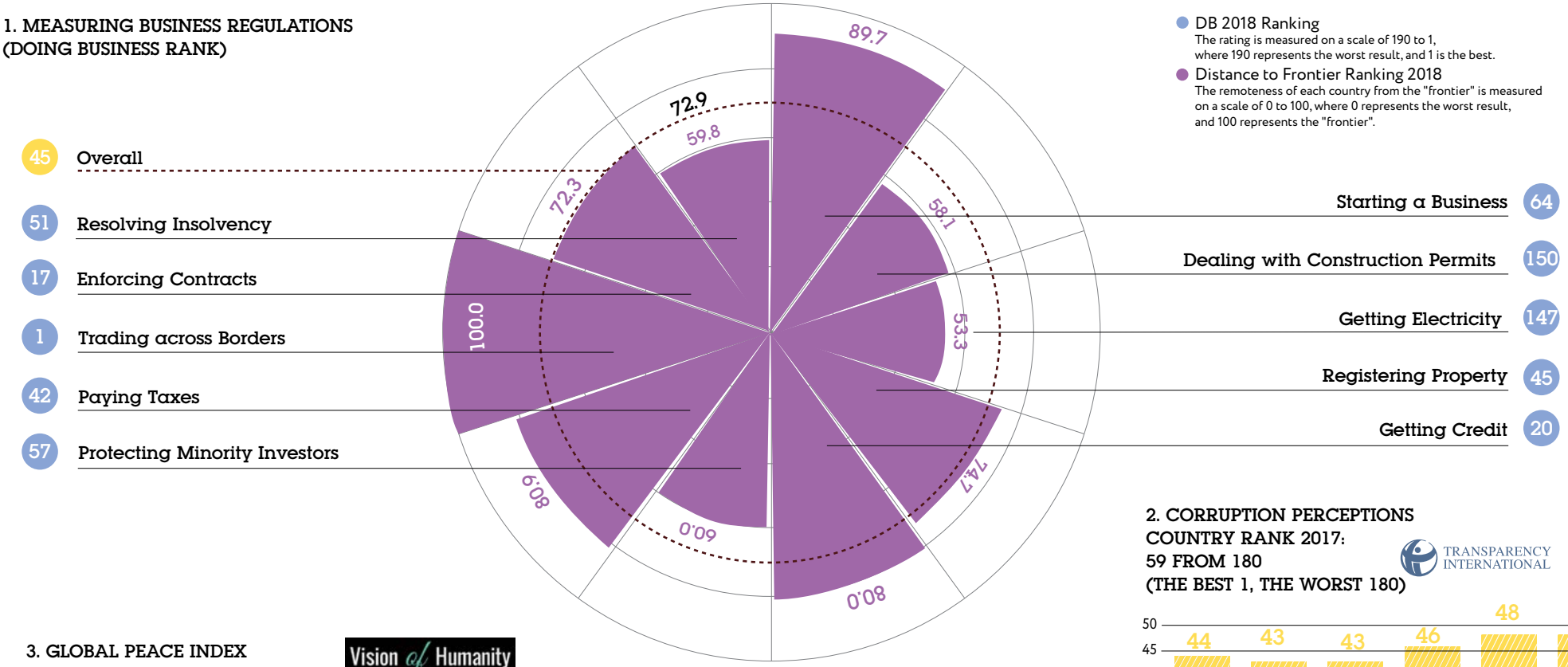
SERVICES ETC.



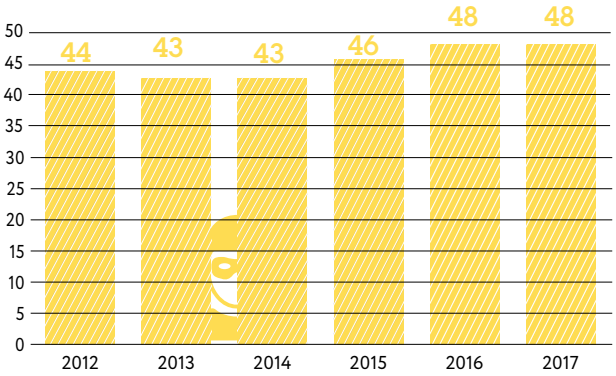
	Q I	Q II	Q III	Q IV
Gross domestic product (current prices, mln. EUR)	35 256.3	42 369.8	51 018.5	55 558.8

BUSINESS ENVIRONMENT

1. MEASURING BUSINESS REGULATIONS (DOING BUSINESS RANK)



2. CORRUPTION PERCEPTIONS COUNTRY RANK 2017: 59 FROM 180 (THE BEST 1, THE WORST 180)



3. GLOBAL PEACE INDEX VISION OF HUMANITY RANK

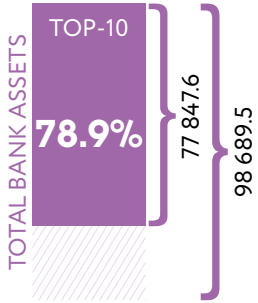
Vision of Humanity

COUNTRY	WORLD RANK 2018	WORLD RANK 2017	WORLD RANK CHANGE	EUROPE RANK 2018	EUROPE RANK 2017	EUROPE RANK CHANGE
Romania	**24**	**25**	1↑	**17**	**17**	–
Serbia	54	56	2↑	27	28	1↑
Hungary	17	15	2↓	12	10	2↓

BANKING INDUSTRY

TOP10 BANKS - RANKED BY TOTAL ASSETS*

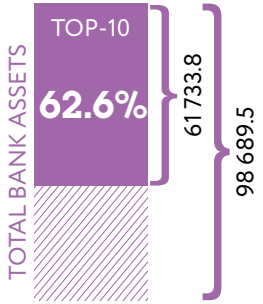
1	Banca Comercială Română (BCR)	14 5362	14.7%
2	Banca Transilvania	12 726.6	12.9%
3	BRD (SocGen)	11 479.5	11.6%
4	UniCredit	9 335.2	9.5%
5	Raiffeisen	7 912.9	8.0%
6	ING Bank	7 222.8	7.3%
7	CEC Bank	6 792.6	6.9%
8	Alpha Bank	3 354.9	3.4%
9	Bancpost	2 344.1	2.4%
10	Garanti bank	2 142.8	2.2%



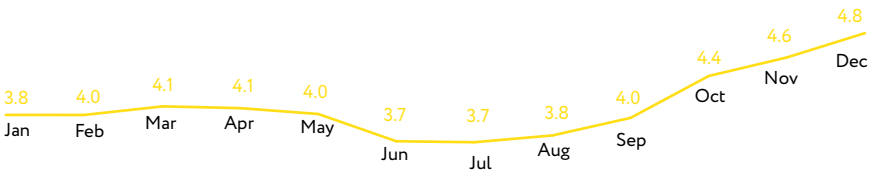
Total Assets, EUR Million
Share of Total Assets, %

TOP10 FOREIGN BANKS - RANKED BY TOTAL ASSETS*

1	Banca Comercială Română (BCR)	14 536.2	14.7%
2	BRD	11 479.5	11.6%
3	UniCredit	9 335.2	9.5%
4	Raiffeisen	7 912.9	8.0%
5	ING Bank	7 222.8	7.3%
6	Alpha Bank	3 354.9	3.4%
7	Bancpost	2 344.1	2.4%
8	Garanti bank	2 142.8	2.2%
9	OTP Bank	1 963.9	2.0%
10	City Bank	1 441.5	1.5%



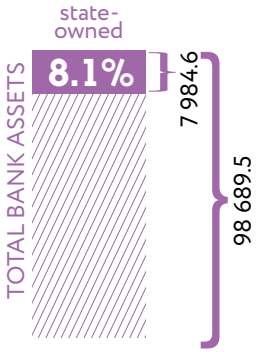
WEIGHTED AVERAGE INTEREST RATES FOR BANKS' LOANS IN 2017 (LCU)



END OF MONTH EXCHANGE RATES IN 2017

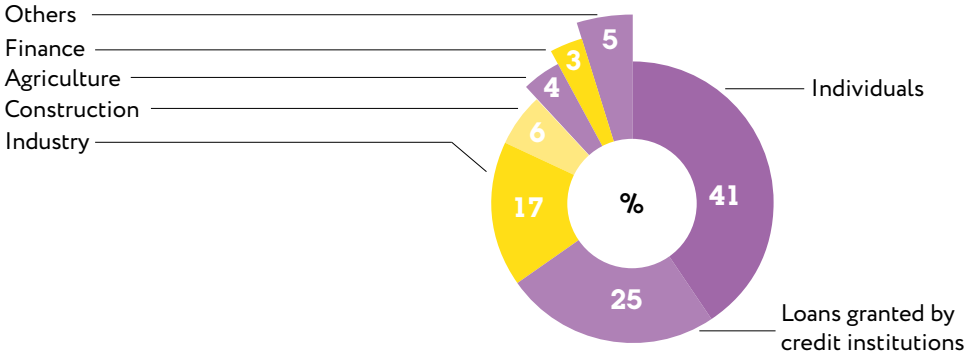
TOP STATE-OWNED BANKS - RANKED BY TOTAL ASSETS*

	CEC Bank	6 792.6	6.90%
	EximBank	1 192.1	1.20%

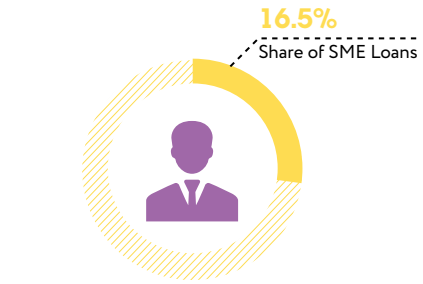


Total Assets, EUR Million
Share of Total Assets, %

LOANS GRANTED BY CREDIT INSTITUTIONS

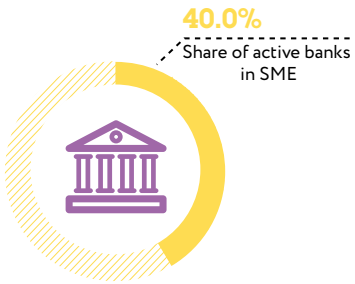


*Ranked by Total Assets, as of December 31, 2017



BUSINESS LOANS, MLN. EUR

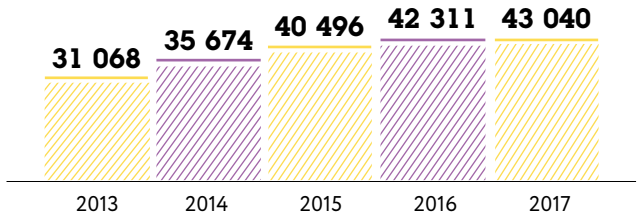
Total	SME
43 040	7 109



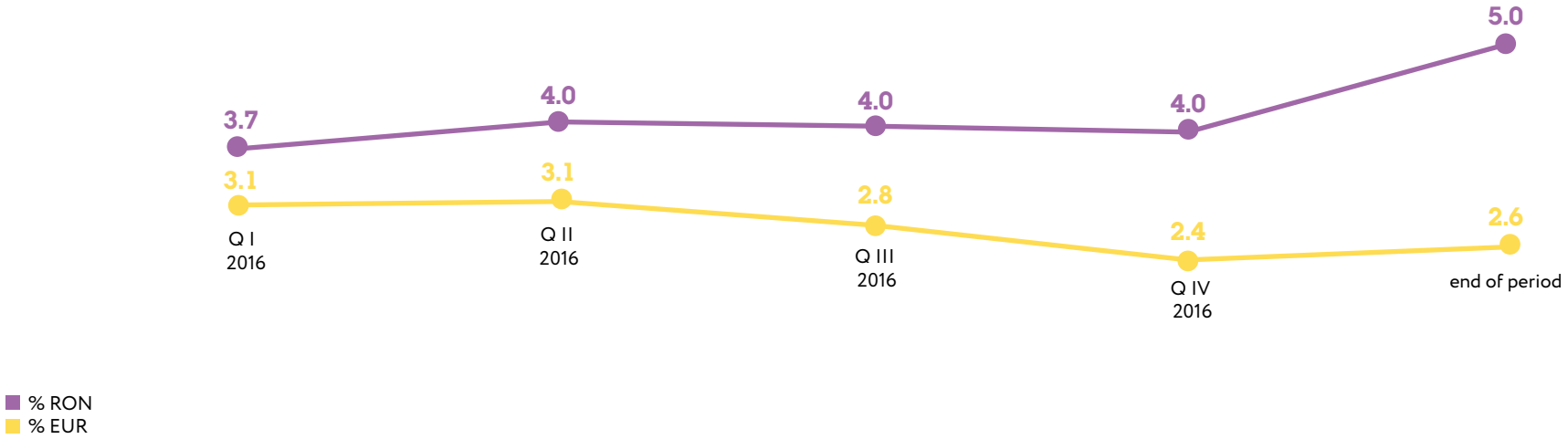
TOTAL NUMBER OF BANKS

35	14

COUNTRY BUSINESS LOANS PORTFOLIO, SME INCLUDED, MLN.EUR

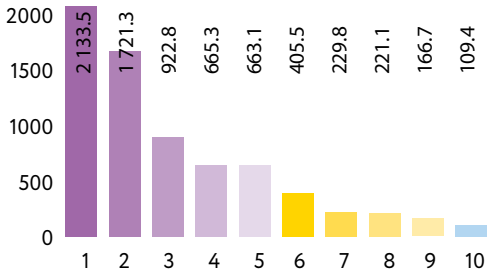


WEIGHTED AVERAGE INTEREST RATES OF THE BANKING SECTOR (NEW BUSINESS, NON-FINANCIAL CORPORATIONS)

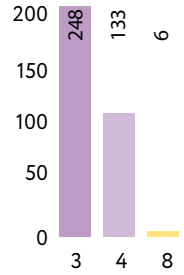


TOP BANKS

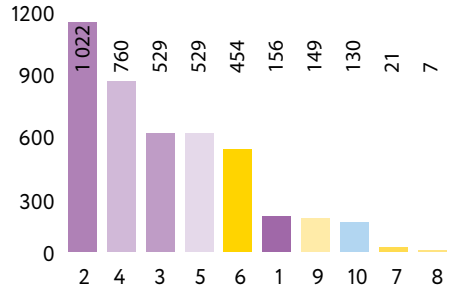
SME PORTFOLIO, MLN.EUR



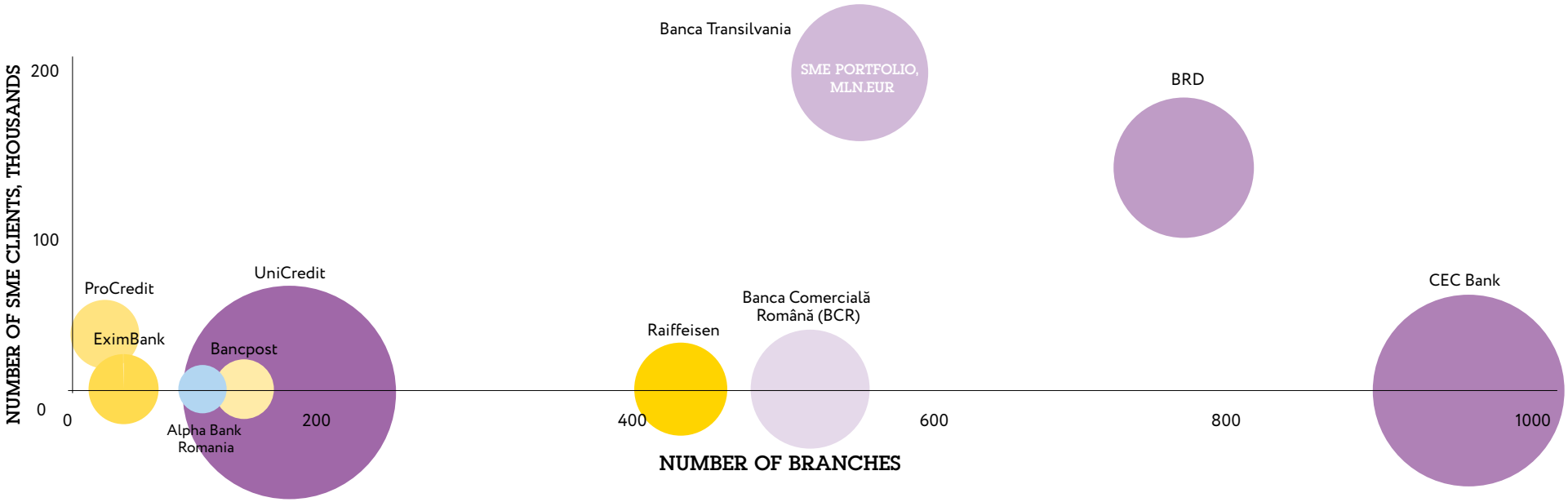
NUMBER OF SME CLIENTS, THOUSANDS



BRANCHES



1 – UniCredit
2 – CEC Bank
3 – Banca Transilvania
4 – BRD
5 – Banca Comercială Română (BCR, Erste)
6 – Raiffeisen Bank Romania
7 – EximBank
8 – ProCredit Bank Romania
9 – Bancpost (Eurobank)*
10 – Alpha Bank Romania



* – 2016

A total of 35 banks operated in Romania at the end of 2017, 7 of which were subsidiaries of foreign groups and 2 fully or majority state-owned capital.

The total net assets of local banks went up by 8.6% in 2017, reaching RON 427 billion (EUR 92 billion). The overall non-performing loans ratio of local banks dropped to 6.4% at the end of December 2017, from 9.62% in December 2016. The loans to deposits ratio also went down from 79% in 2016 to 74.7% in 2017, as deposits increased faster than loans.

Romania's banking system recorded an overall net profit of RON 5.36 billion (EUR 1.17 billion) in 2017, up by 31% compared to the previous year. This was the best nominal result ever for the local banks.

Banks in Romania ended the year with a return on equity (ROE) of 12.68%, up by 1.26 percentage points versus 2016, according to preliminary data released by Romania's National Bank (BNR). The local banks recorded a better ROE only in 2008 when the indicator reached 17.04%. The return on assets (ROA) reached 1.32% at the end of 2017, up from 1.08% at the end of 2016.

Around 40 percent of banks worked with SMEs actively. There was no publicly available information about the percentage of business loans that the SME sector accounted for. Romania's overall performance concerning access to finance lies within the EU average, the same as last year.

SME Banking Club
SME Banking Professionals Association

COUNTRY OVERVIEW
HUNGARY

CEE SME BANKING REPORT 2018

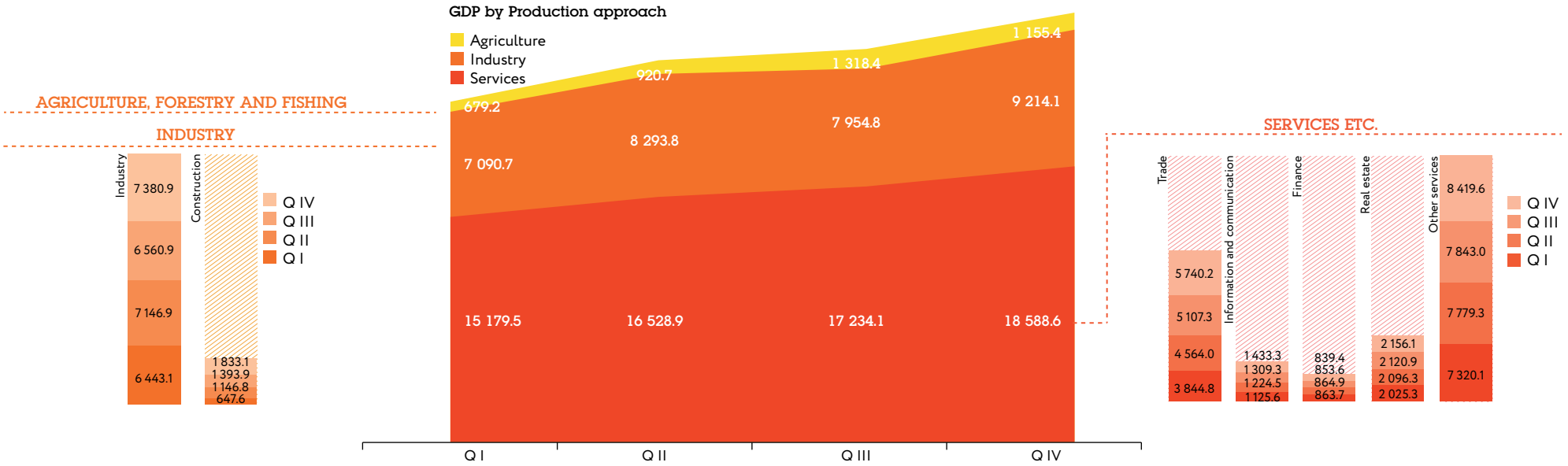
Doing Business Distance to Frontier (DTF)

72.39 +0.26 (72.13)

Enforcing Contracts

56.0 SME density (per 1000 people)

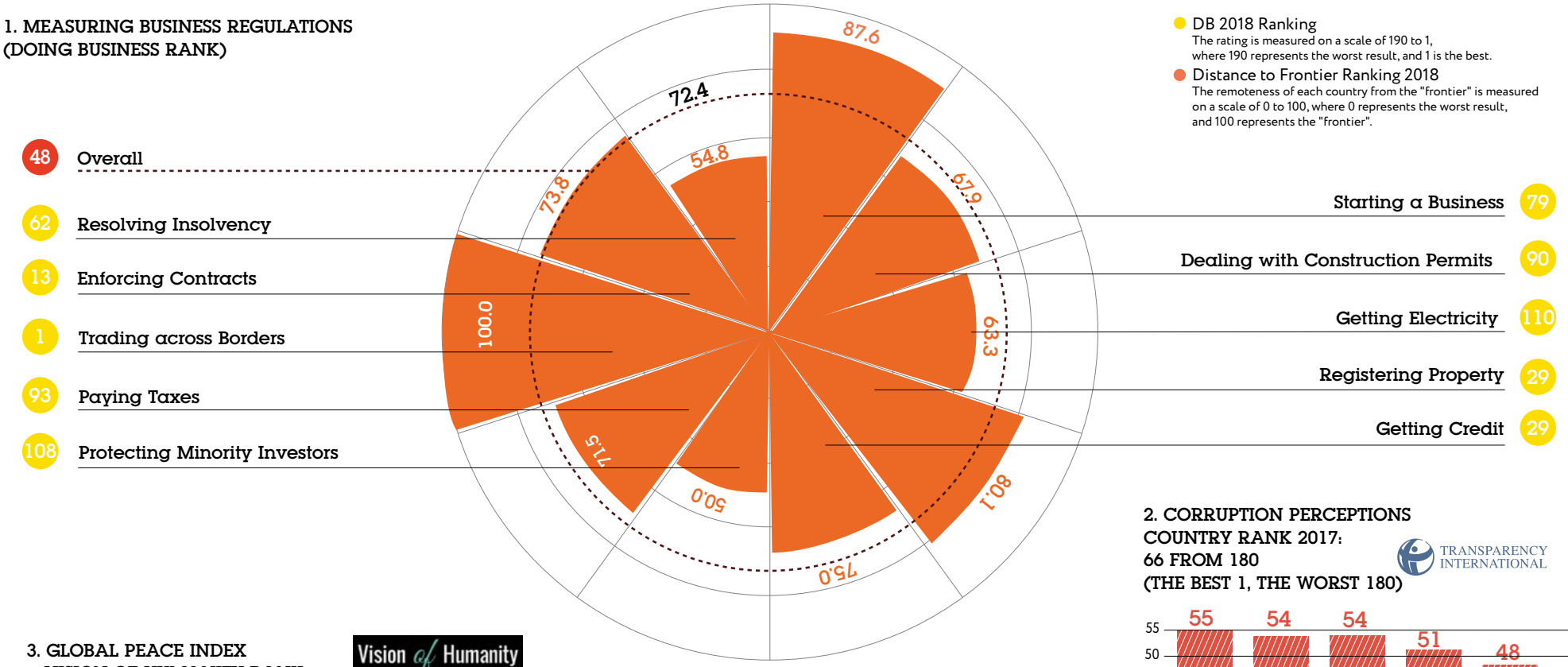
GDP (current prices, bln.EUR)	123.1
Population, total (millions)	9.8
Surface area (sq. km, thousands)	93.0
GDP per capita (current price, EUR)	12 600.0
Inflation, GDP deflator (annual %)	107.8%
GDP growth (annual %)	4.0%
Agro share (% of GDP)	3.3%
Export share (% of GDP)	90.4%
SME's share (value added, %)	52.9%
Internet user's share (%)	80.5%



	Q I	Q II	Q III	Q IV
Gross domestic product (current prices, mln. EUR)	27 124.6	30 478.0	31 284.0	34 229.7

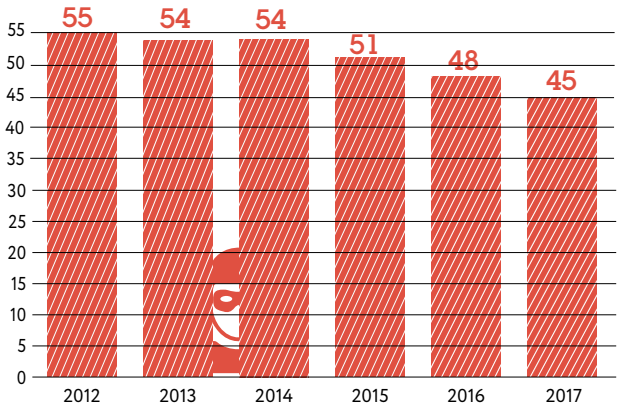
BUSINESS ENVIRONMENT

1. MEASURING BUSINESS REGULATIONS (DOING BUSINESS RANK)



2. CORRUPTION PERCEPTIONS COUNTRY RANK 2017: 66 FROM 180 (THE BEST 1, THE WORST 180)

TRANSPARENCY INTERNATIONAL



3. GLOBAL PEACE INDEX VISION OF HUMANITY RANK

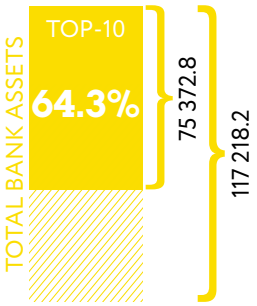
Vision of Humanity

COUNTRY	WORLD RANK 2018	WORLD RANK 2017	WORLD RANK CHANGE	EUROPE RANK 2018	EUROPE RANK 2017	EUROPE RANK CHANGE
Hungary	**17**	**15**	**2↓**	**12**	**10**	**2↓**
Greece	79	73	6↓	32	32	—
Serbia	54	56	2↑	27	28	1↑

BANKING INDUSTRY

TOP10 BANKS - RANKED BY TOTAL ASSETS*

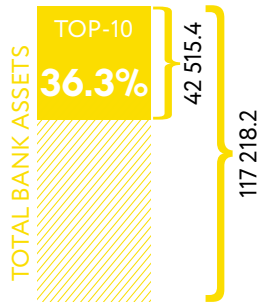
1	OTP Bank	24 840.8	21.2%
2	K&H Bank	9 806.3	8.4%
3	UniCredit Bank Hungary	8 856.6	7.6%
4	Erste Bank Hungary	7 025.9	6.0%
5	MKB Bank	6 650.9	5.7%
6	Raiffeisen Bank Hungary**	6 430.4	5.5%
7	CIB Bank Hungary	5 427.3	4.6%
8	Budapest Bank	3 221.8	2.7%
9	FHB Bank	1 968.7	1.7%
10	Sberbank Hungary	1 144.3	1.0%



Total Assets, EUR Million
Share of Total Assets, %

TOP10 FOREIGN BANKS - RANKED BY TOTAL ASSETS*

1	K&H Bank	9 806.3	8.4%
2	UniCredit Bank Hungary	8 856.6	7.6%
3	Erste Bank Hungary	7 025.9	6.0%
4	Raiffeisen Bank Hungary**	6 430.4	5.5%
5	CIB Bank Hungary	5 427.3	4.6%
6	FHB Bank	1 968.7	1.7%
7	Sberbank Hungary	1 144.3	1.0%
8	Commerzbank**	776.1	0.7%
9	KDB Bank Európa	682.2	0.6%
10	MagNet**	397.9	0.3%

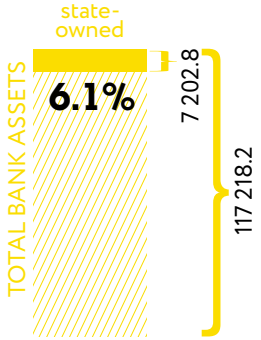


WEIGHTED AVERAGE INTEREST RATES FOR BANKS' LOANS IN 2017 (LCU)

END OF MONTH EXCHANGE RATES IN 2017

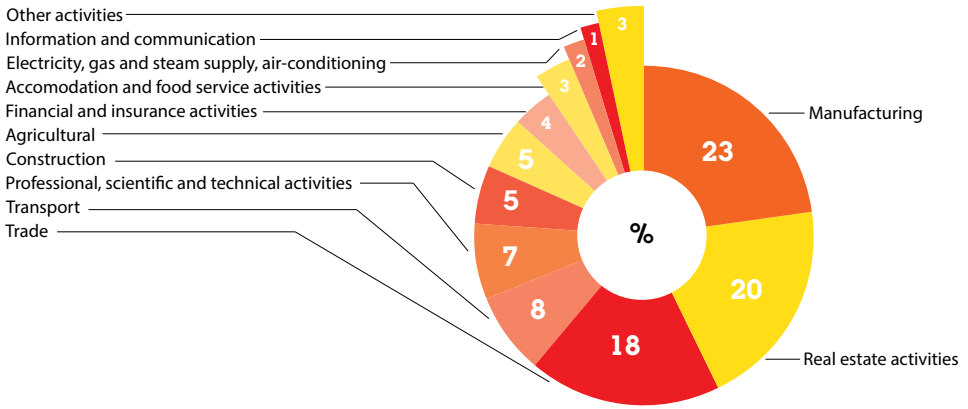
TOP STATE-OWNED BANKS - RANKED BY TOTAL ASSETS*

	MFB	4 218.6	3.6%
	EXIM Bank	2 984.2	2.5%

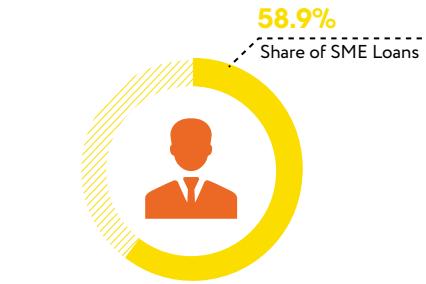


Total Assets, EUR Million
Share of Total Assets, %

LOANS GRANTED BY CREDIT INSTITUTIONS



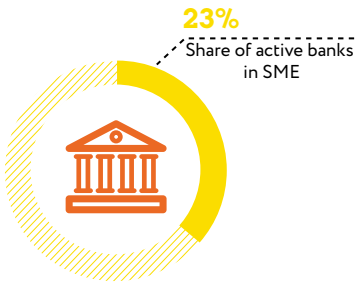
*Ranked by Total Assets, as of December 31, 2017
** December 31, 2016



BUSINESS LOANS, MLN. EUR

20 800 | 12 300

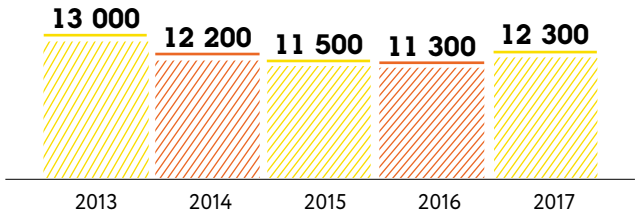
Total | SME



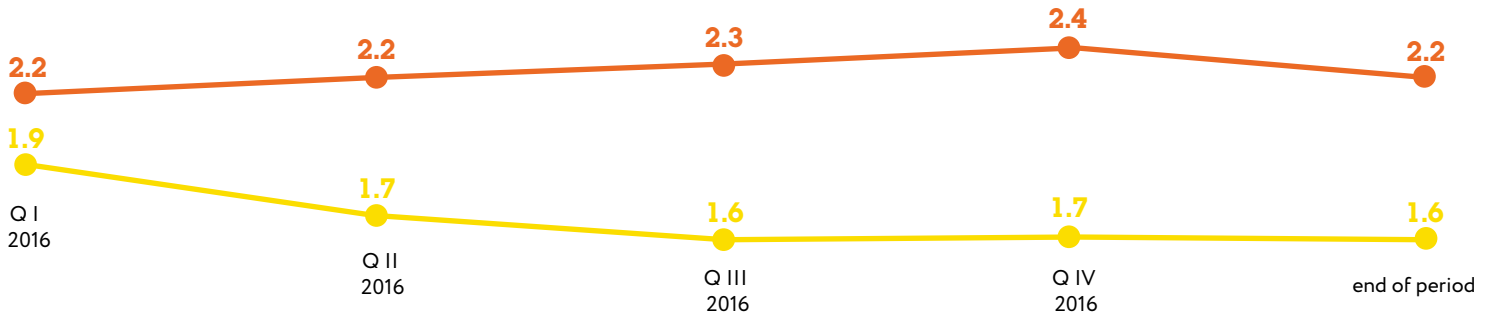
TOTAL NUMBER OF BANKS

35 | 8

COUNTRY SME LOANS PORTFOLIO, MLN.EUR



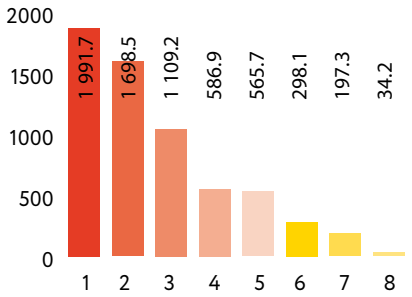
WEIGHTED AVERAGE INTEREST RATES OF THE BANKING SECTOR (NEW BUSINESS, NON-FINANCIAL CORPORATIONS)



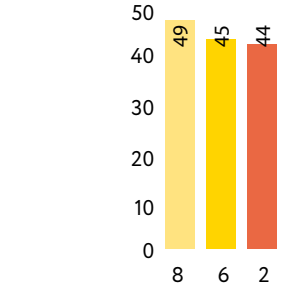
% HUF
% EUR

TOP BANKS

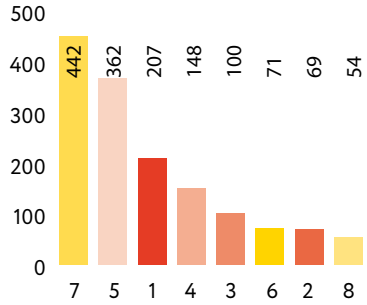
SME PORTFOLIO, MLN.EUR

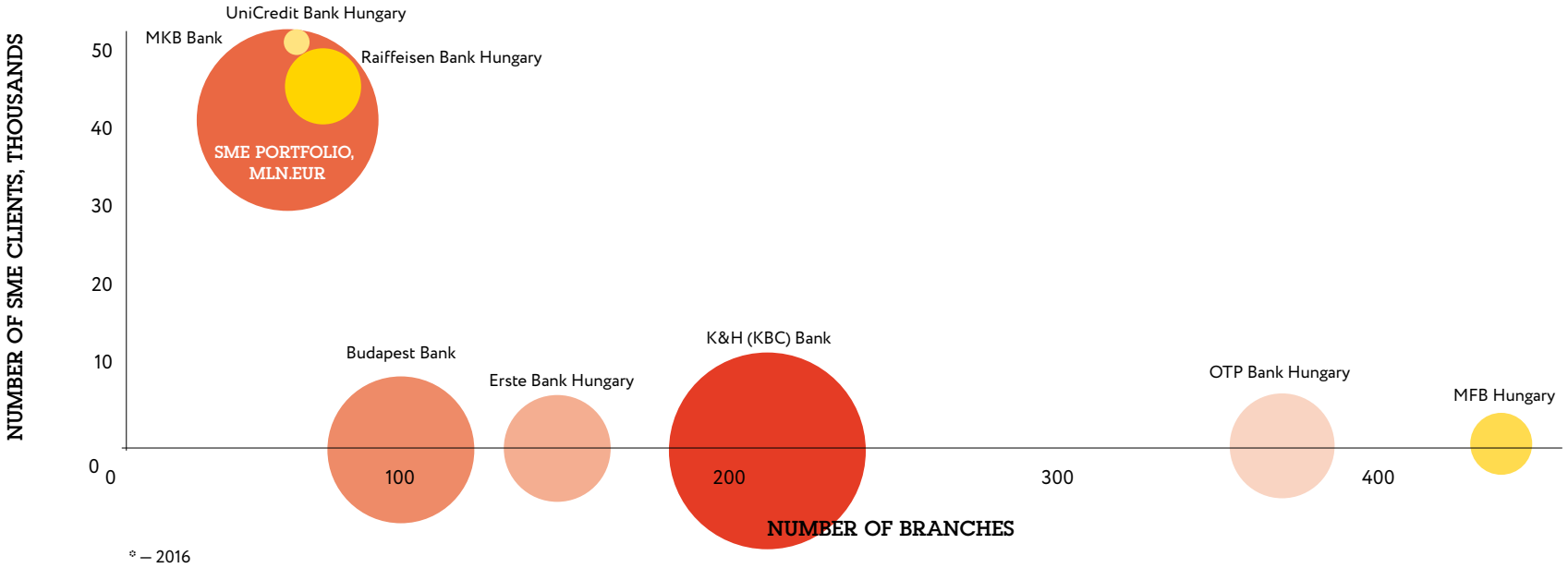


NUMBER OF SME CLIENTS, THOUSANDS



BRANCHES





* – 2016

There are 35 banks in Hungary, 23 of which hold significant foreign capital (foreign investors own 44.6 percent of total assets). Total assets of the bank sector stood at HUF 36.354 trillion at the end of last year, up 6% from January 1, 2017. Net assets were up 12% at HUF 4.188 trillion during the period.

Corporate lending grew at a rate of 10 percent in annual terms in 2017, owing to continued, significant (12 percent) growth in SME lending and expansion in the large company segment. The annual growth rate of the SME sector's outstanding loans, including the self-employed, was 11.8 percent in 2017, while outstanding loans in the sector of micro, small and medium-sized enterprises in a narrow sense increased by 11.4 percent.

The MNB also noted that the ratio of non-performing loans (NPLs) in Hungarian lender portfolios fell to 6.6% at the end of December, down from 10.0% on January 1. The ratio in the corporate portfolio dropped from 12.8% to 7.2%, while the ratio in the retail portfolio declined from 14.9% to 10.9%.

The annual average return on assets (ROA), calculated from the unaudited after-tax profit using the accumulated method, was broadly unchanged at 1.8%. The average yearly return on equity (ROE) fell slightly to 16.1% at the end of 2017.

According to the 2017 SBA Fact Sheet by the European Commission on access to finance, Hungary has experienced significant improvements in this SBA principle since 2008, with the share of rejected SME loan applications dropping from 9.1 % in 2009 to 6.6 % in 2016, and fewer businesses reporting a deterioration in the willingness of banks to provide loans. At the same time, the cost of borrowing for small loans relative to large ones increased from 50.2 % in 2015 to 65.3 % in 2016 and was the second highest in the EU.

SME Banking Club
SME Banking Professionals Association

CEE SME BANKING REPORT 2018

BANKING GROUPS

Countries of Eastern Europe where groups are present

Number of branches

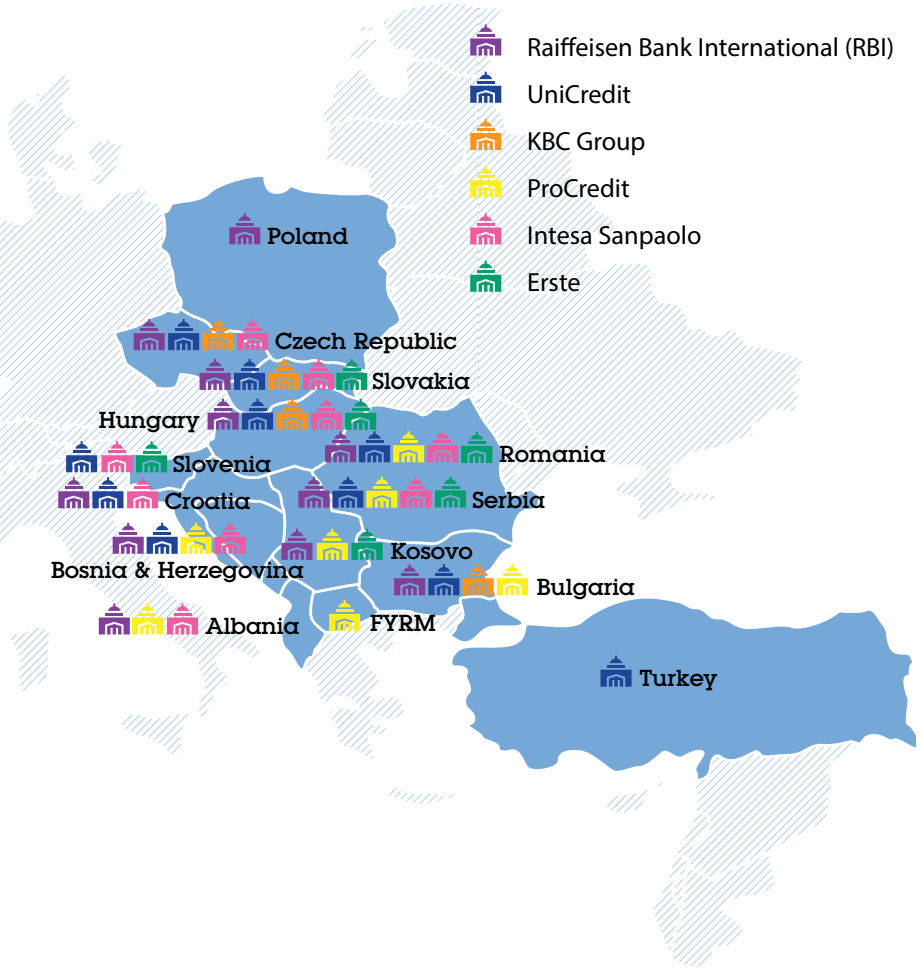
	BG	PL	RO	RS	TR	CZ	SI	HR	XK	ME	AL	BA	MK	HU	SK
RBI	134	237	454	87		132		75	48		78	98		71	190
UniCredit	168		156	71	787	129	26	117				113		54	
KBC Group	375					287								207	125
ProCredit	10		7	25					28		7	6	11		
Intesa Sanpaolo			30	158		1	52	201			47	54		76	230
Erste			529	62		517		153						148	271

Number of customers (ths.)

	BG	PL	RO	RS	TR	CZ	SI	HR	XK	ME	AL	BA	MK	HU	SK
RBI	69	72	100	n/a		n/a		n/a	15		n/a	n/a		45	111
UniCredit	n/a		n/a	n/a	1 100	10	n/a	n/a				n/a		49	
KBC Group	1 163					130								n/a	n/a
ProCredit	n/a		6	n/a					n/a		10	n/a	9		
Intesa Sanpaolo			n/a	102		n/a	n/a	60			n/a	n/a		62	n/a
Erste			n/a	n/a		177		n/a						n/a	5

SME Loan Portfolio, mln.EUR

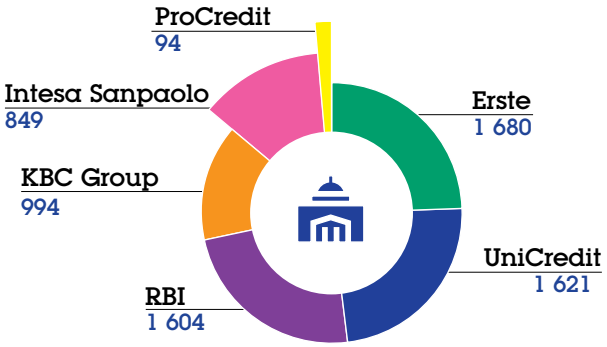
	BG	PL	RO	RS	TR	CZ	SI	HR	XK	ME	AL	BA	MK	HU	SK
RBI	454	1 551	405	142		248		n/a	74		92	116		298	336
UniCredit	2 432		2 133	21	6 156	4 717	152	1 388				264		34	
KBC Group	1 163					3 375								1 992	281
ProCredit	704		221	587					508		195	137	259		
Intesa Sanpaolo			n/a	884		1 590	234	34			n/a	n/a		n/a	1 541
Erste			663	378		2 247		1 673						587	480

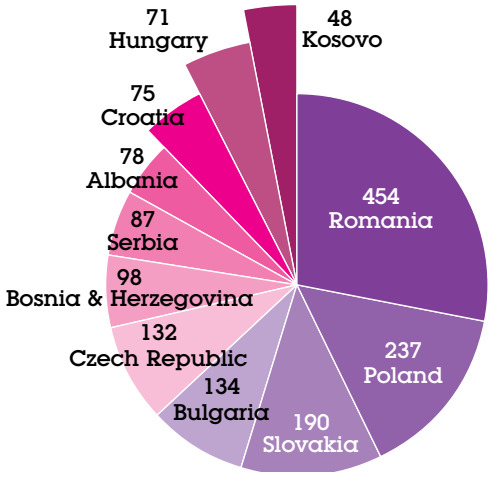


RAIFFEISEN BANK INTERNATIONAL

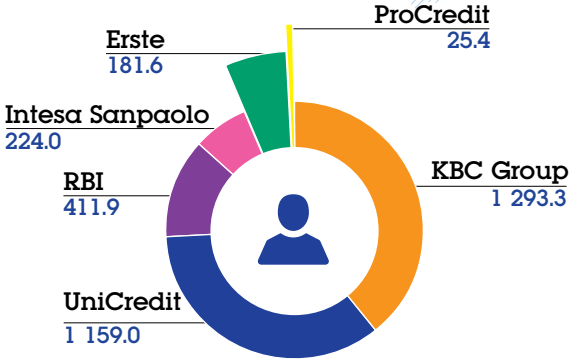
Raiffeisen Bank International in CEE countries in 2017

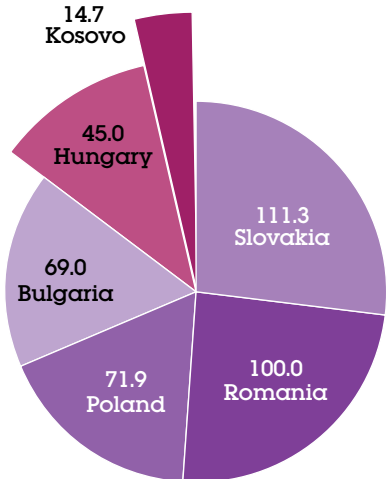
Number of branches



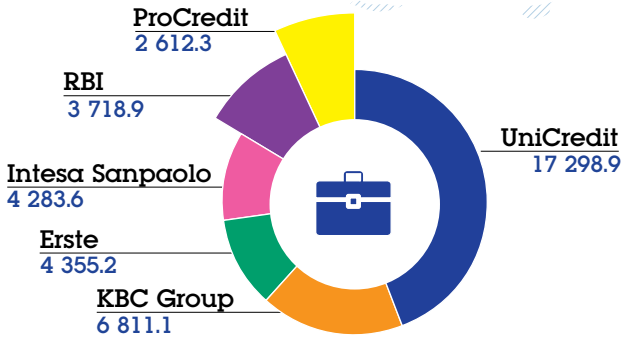


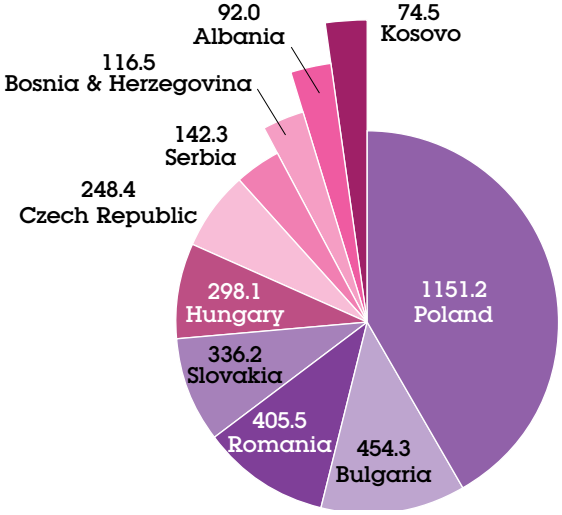
Number of customers (ths.)





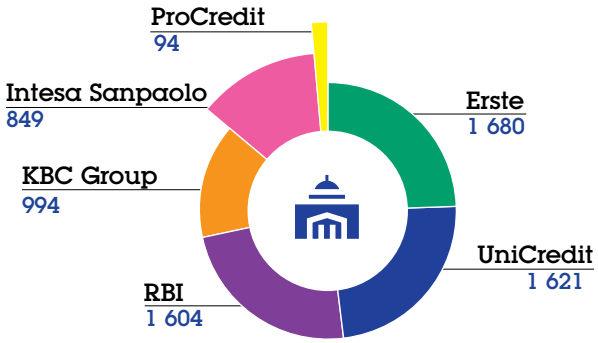
SME Loan Portfolio, mln.EUR

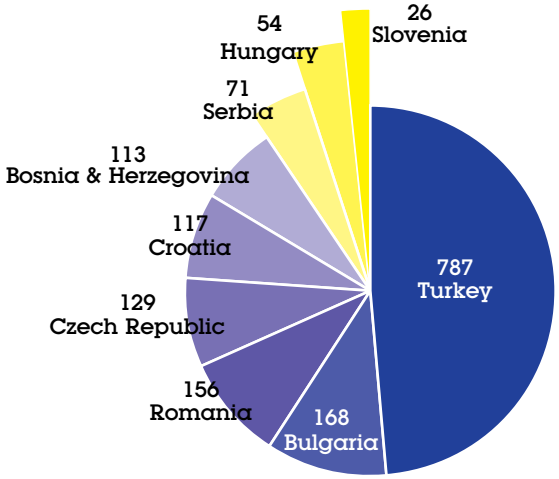




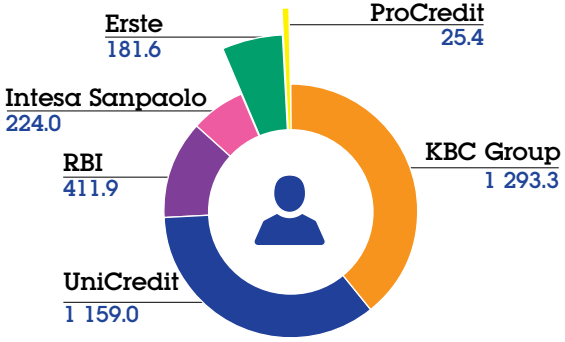
UniCredit in CEE countries in 2017

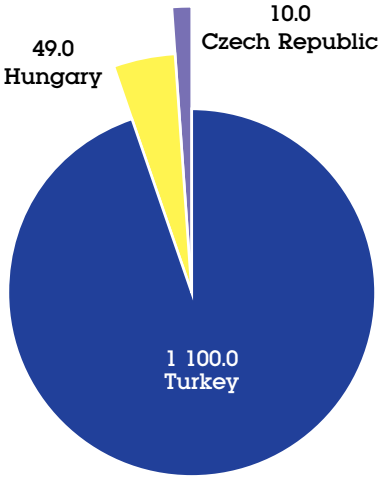
Number of branches



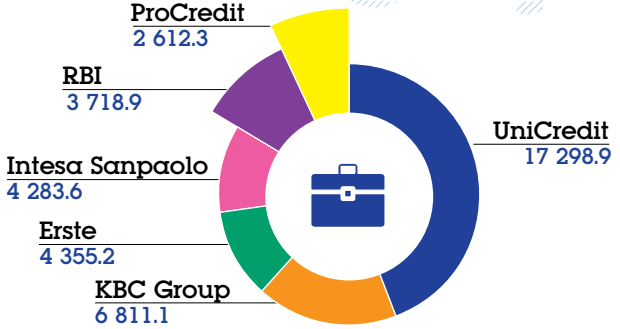


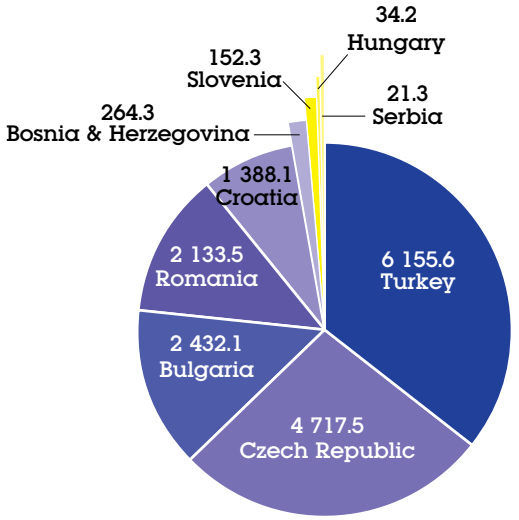
Number of customers (ths.)





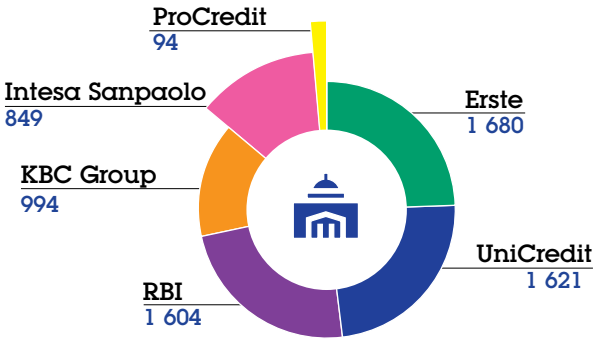
SME Loan Portfolio, mln.EUR

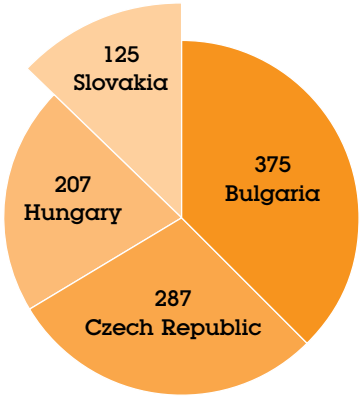




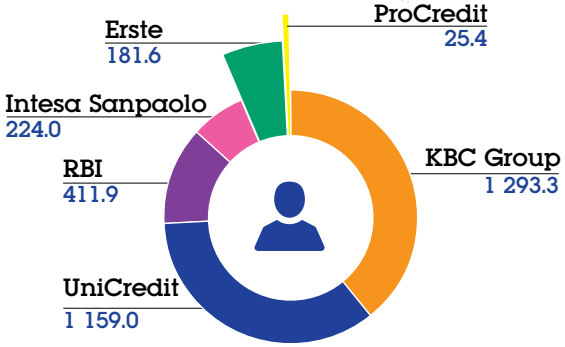
KBC Group in CEE countries in 2017

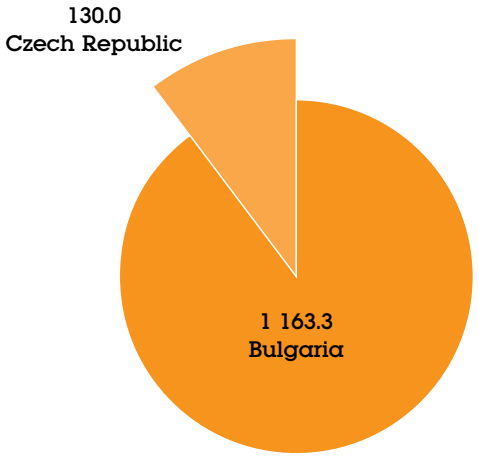
Number of branches



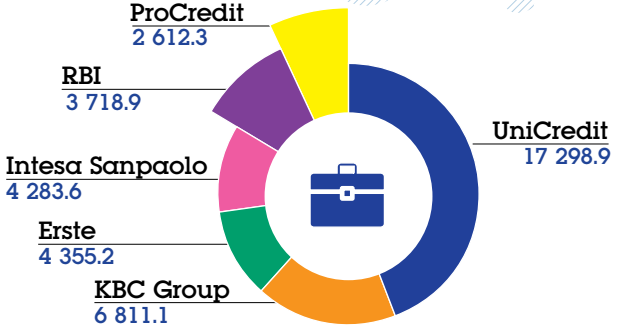


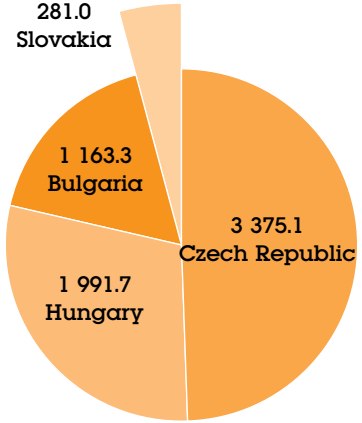
Number of customers (ths.)





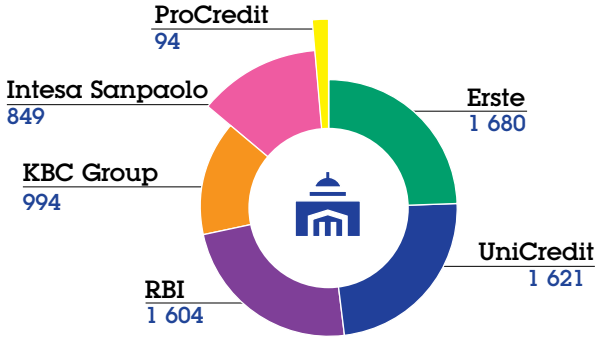
SME Loan Portfolio, mln.EUR

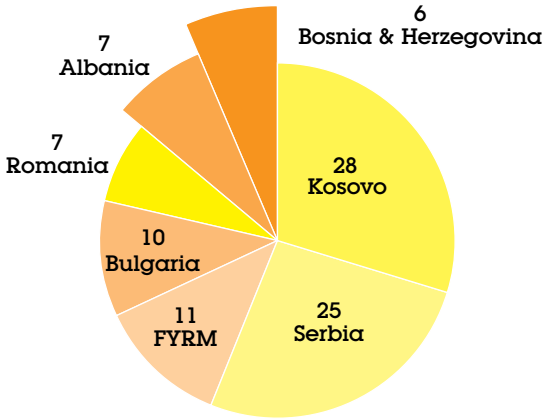




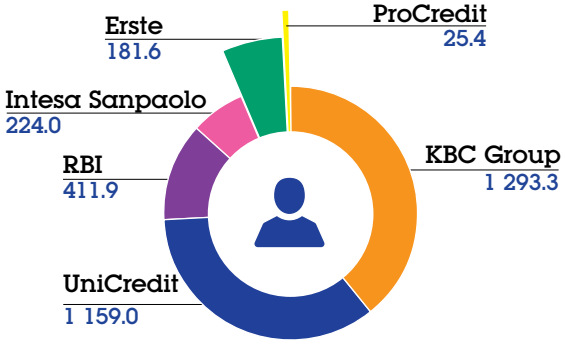
ProCredit in CEE countries in 2017

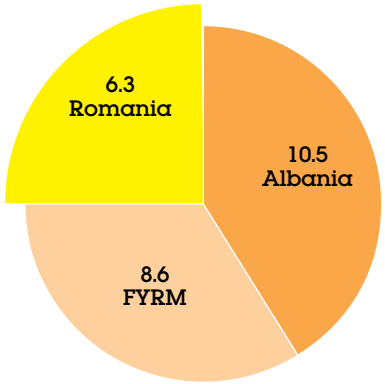
Number of branches



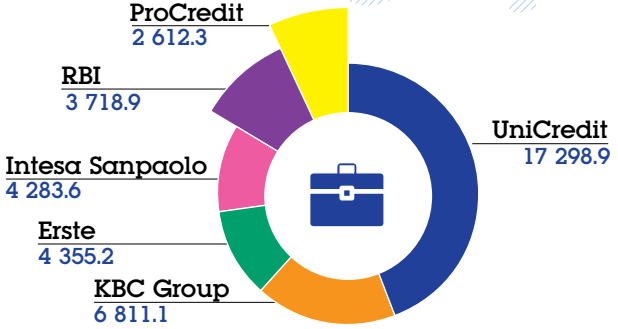


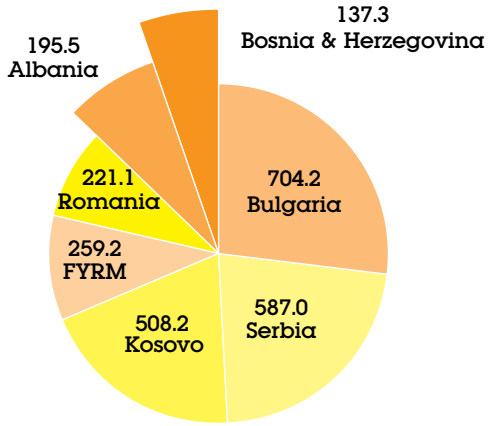
Number of customers (ths.)





SME Loan Portfolio, mln.EUR

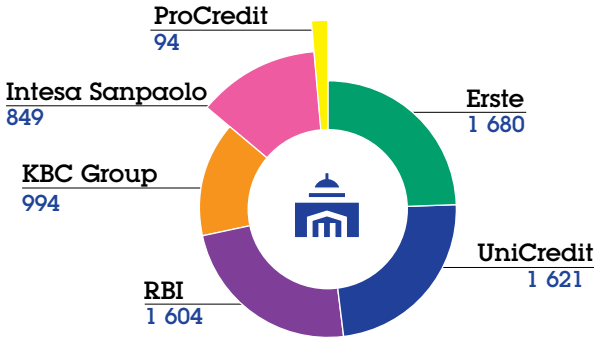


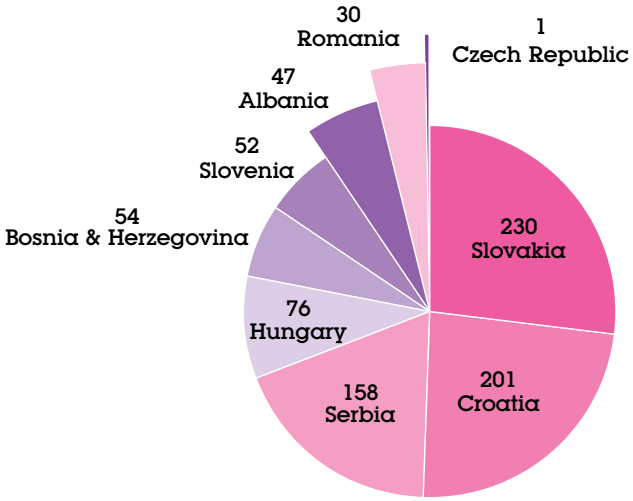


INTESA SANPAOLO

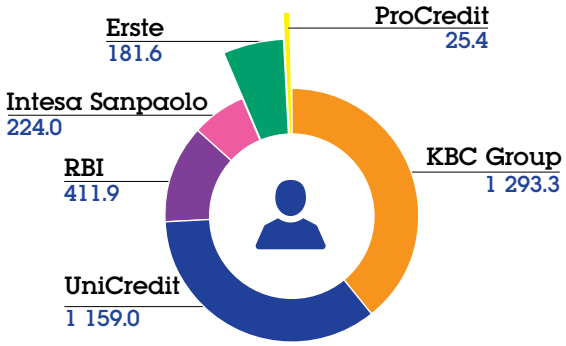
Intesa Sanpaolo in CEE countries in 2017

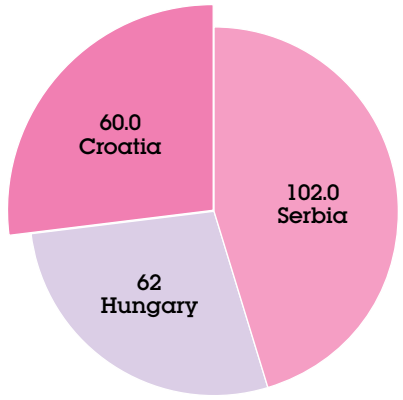
Number of branches



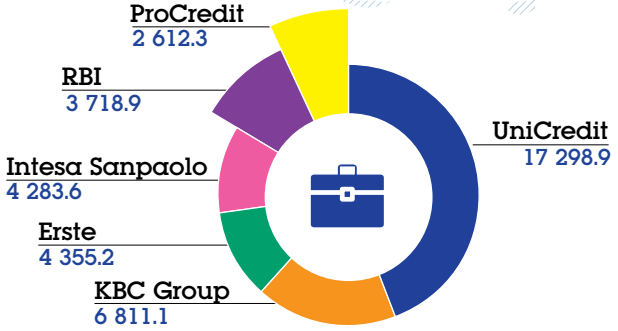


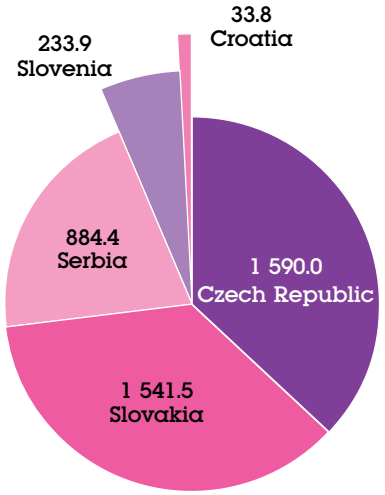
Number of customers (ths.)





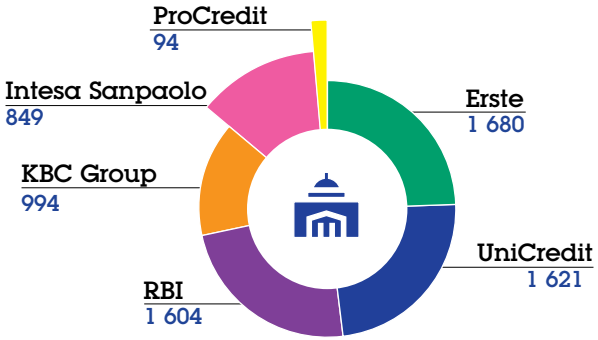
SME Loan Portfolio, mln.EUR

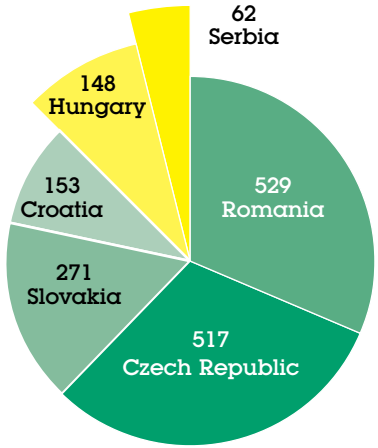




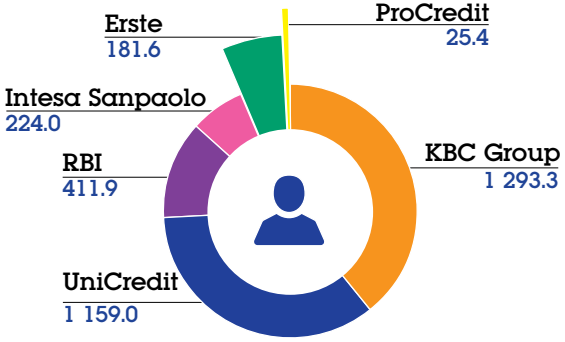
Intesa Sanpaolo in CEE countries in 2017

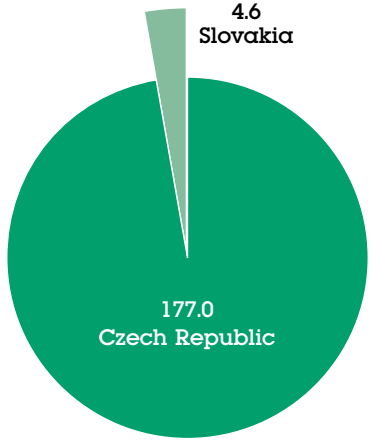
Number of branches



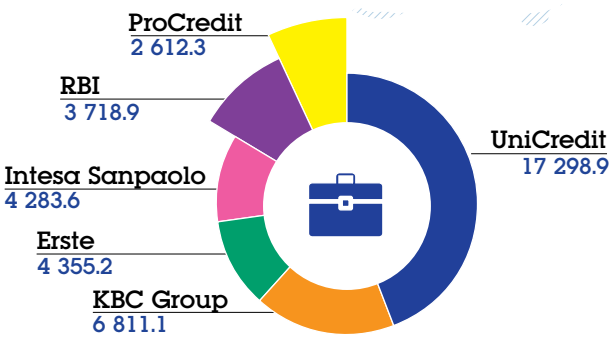


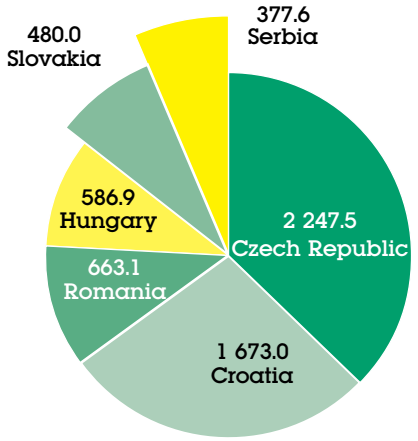
Number of customers (ths.)





SME Loan Portfolio, mln.EUR





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