Presentation to the Bulgarian Banking Association

Sofia, 24 May 2017
**Euro area real GDP, composite PMI and ESI**

(annual % change)

**Distribution of growth rates across sectors in euro area countries**

(kernel density distributions)

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**Sources:** Markit, DG-ECFIN and Eurostat.

Note: The ESI and PMI are normalised.

Latest observations: 2017Q1 for GDP outcome, April 2017 for the ESI and the PMI.

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**Sources:** Eurostat and ECB calculations.

Note: The distributions are calculated for each period on the year-on-year growth rates for 162 country-sectors (i.e. 9 sectors across 18 countries).
Sources: European Commission, ECB calculations.
Note: Counterfactual GDP assumes that potential GDP continued to grow at its 2007 growth rate (i.e. it reflects the observation that potential growth already slowed down before the crisis).

Sources: Eurostat, ECB calculations.
Latest observation: 2017Q1.
6-10 years ahead growth expectations for the euro area
(annual % change)

Bank loans to the private sector
(annual % changes)

Source: Consensus Economics.

Source: ECB.
HICP inflation and HICP excluding food and energy
(annual % changes)

Source: Eurostat.

Price of inflation and deflation protection
(% p.a.)

Source: Bloomberg.
Note: The price of inflation (deflation) protection refers to the price of a five-year year-on-year inflation option with a 4% cap (0% floor).
M3 and loan growth
(annual % changes)

Source: ECB.

Central bank balance sheets
(Jan. 2007 = 100)

Sources: ECB, Federal Reserve.
Composite lending rates to NFCs
(percent per annum)

Source: ECB.
Notes: The indicator for the total cost of bank borrowing is calculated by aggregating short and long-term rates using a 24-month moving average of new business volumes. The cross-country dispersion displays the min and max range over a fixed sample of 12 euro area countries.
**Bank profitability**  
(ROE; percent)

- EU-28
- US
- Asia-Pacific

**EU banks’ cost to income ratio**  
(percent)

Source: Standard & Poor’s Global Market Intelligence.

Source: EBA.
NPL ratio
(percent)

Cross-country dispersion in NPL coverage ratios in 2016
(percent)

Source: EBA.

Note: The coverage ratio is the share of the face value of the loan covered by loan loss provisions. The yellow line represents the EU weighted average.
### ECB monetary policy measures since June 2014

<table>
<thead>
<tr>
<th>Period</th>
<th>Rate cuts</th>
<th>TLTROs</th>
<th>Private asset purchases</th>
<th>Public asset purchases</th>
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</thead>
<tbody>
<tr>
<td>Jun. 2014</td>
<td>MRO: 0.15%; MLF: 0.40%; DRF: -0.10%</td>
<td>Fixed rate (MRO) Max. maturity: Sep. 2018 Uptake depends on net lending Mandatory early repayment</td>
<td>Broad portfolio of simple &amp; transparent ABS and CBs</td>
<td>Purchases in EA sov. debt markets €60bn monthly purchases, incl. ABSPP/CBPP3</td>
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<tr>
<td>Sep. 2014</td>
<td>MRO: 0.05%; MLF: 0.30%; DRF: -0.20%</td>
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<td>Dec. 2015</td>
<td>MRO: 0.05%; MLF: 0.30%; DRF: -0.30%</td>
<td>Fixed rate at MRO or below if lending &gt; benchmark <em>(min. DFR)</em> No mandatory early repayment</td>
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<tr>
<td>Mar. 2016</td>
<td>MRO: 0.00%; MLF: 0.25%; DRF: -0.40%</td>
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**Rate cuts**
- **MRO**: Main Refi Rate
- **MLF**: Monthly Lending Facility
- **DRF**: Direct Refinancing Facility

**TLTROs**
- **Fixed rate**: (MRO)
- **Max. maturity**: Sep. 2018
- **Uptake depends on net lending**
- **Mandatory early repayment**

**Private asset purchases**
- **Broad portfolio**
- **Simple & transparent ABS and CBs**

**Public asset purchases**
- **Purchases in EA sov. debt markets**
- **€60bn monthly purchases, incl. ABSPP/CBPP3**

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**APP recalibration I**
- Extension to Mar. 2017
- Reinvestment of principal payments

**APP recalibration II**
- €80bn monthly purchases
- Higher issue share limit for certain issuers

**APP recalibration III**
- €60bn monthly purchases until December 2017
- Min. remaining maturity for PSPP eligible securities decreased from 2y to 1y
- Purchases below DF rate allowed if necessary