

How does Central Europe think?

Central-European Treasury Conference
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Capital Confidence Barometer



About the Barometer

This section is based on EY's *Capital Confidence Barometer*, which is a regular survey of senior executives from large companies around the world, conducted by the Economist Intelligence Unit (EIU).

The respondent community comprises an independent EIU panel of senior executives and select EY clients and contacts.

Our Barometer provides a snapshot of our findings, gauges corporate confidence in the economic outlook, and identifies boardroom trends and practices in the way companies manage their Capital Agenda.

1600 European executives (CEO, CFO and other C-level executives) were surveyed in 2015, out of which 209 executives are from the CSE region.

What is your perspective on the state of the economy today?

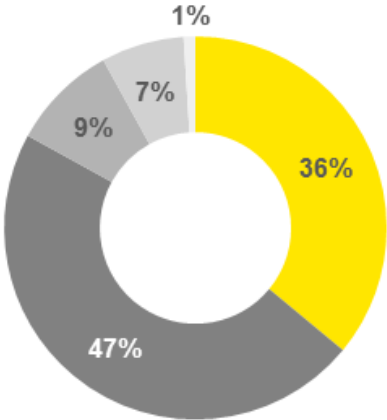
- Strongly improving
- Modestly improving
- Stable
- Modestly declining
- Strongly declining

Executives show resilience in the face of short-term macro volatility

What is your perspective on the state of the *global* economy today?

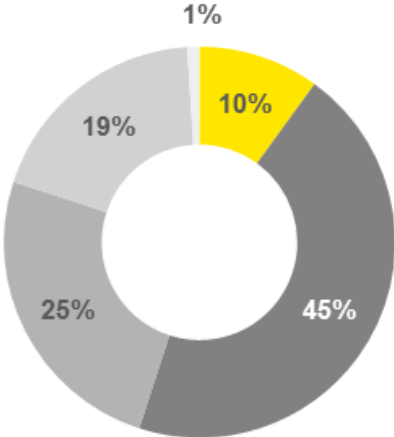
Global respondents

Oct-15



CSE respondents

Oct-15

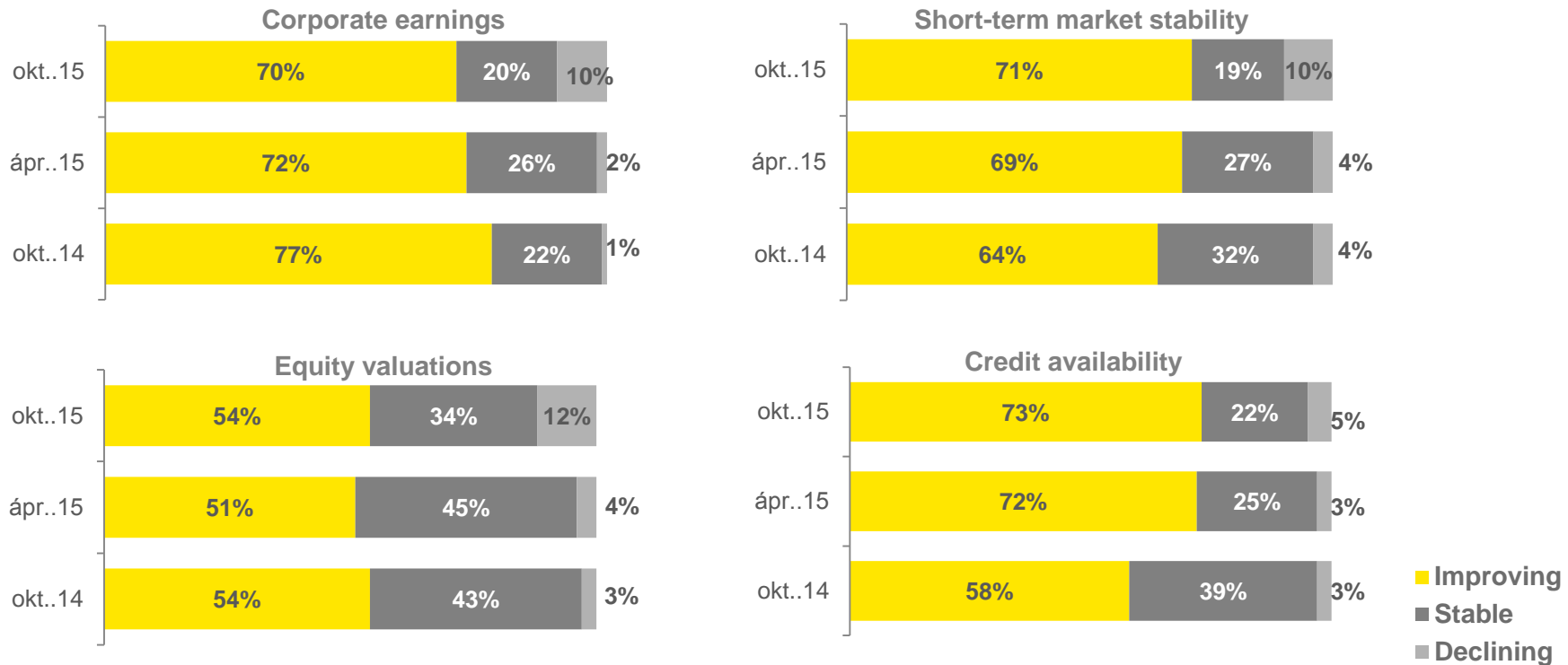


■ Strongly improving ■ Modestly improving ■ Stable ■ Modestly declining ■ Strongly declining

Corporate earnings and other leading market indicators remain overwhelmingly positive

Please indicate your level of confidence in the following at the *global* level:

Global respondents

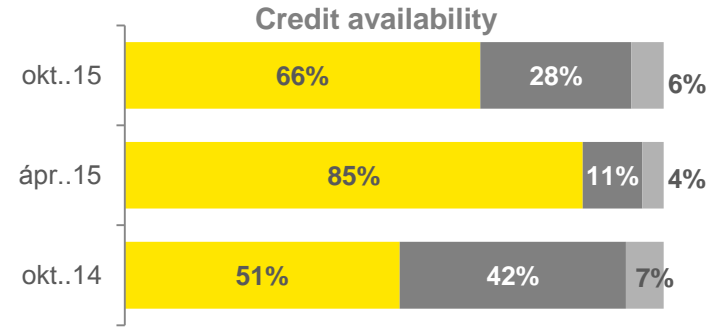
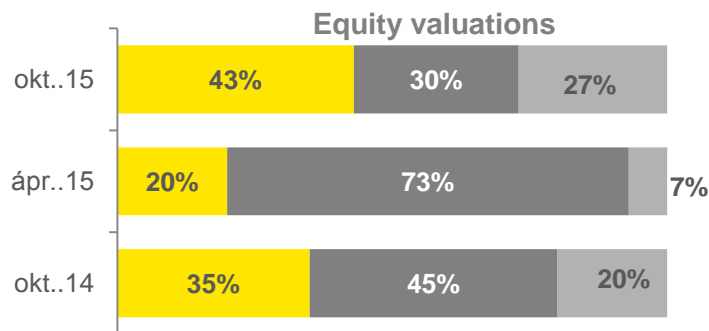
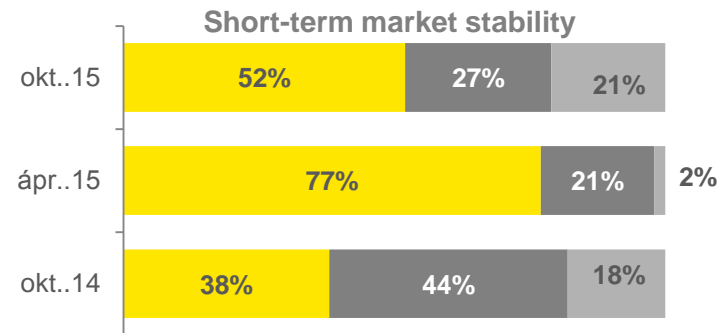
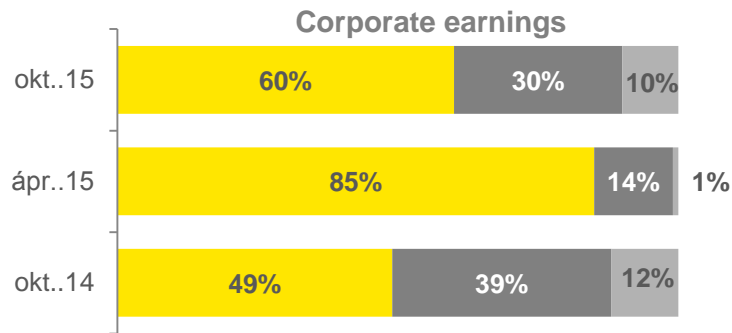


- ▶ For most companies, 2015 earnings have exceeded analyst expectations, corroborating executive sentiment—given recent currency fluctuations, stability in earnings sentiment is positive overall.
- ▶ Looking beyond recent short-term market volatility, executives are taking a more robust view of capital markets.
- ▶ Credit availability continues to be boosted by QE in the eurozone and Japan, as well as policy shifts in China.

Corporate earnings and other leading market indicators remain positive

Please indicate your level of confidence in the following at the *global* level:

CSE respondents

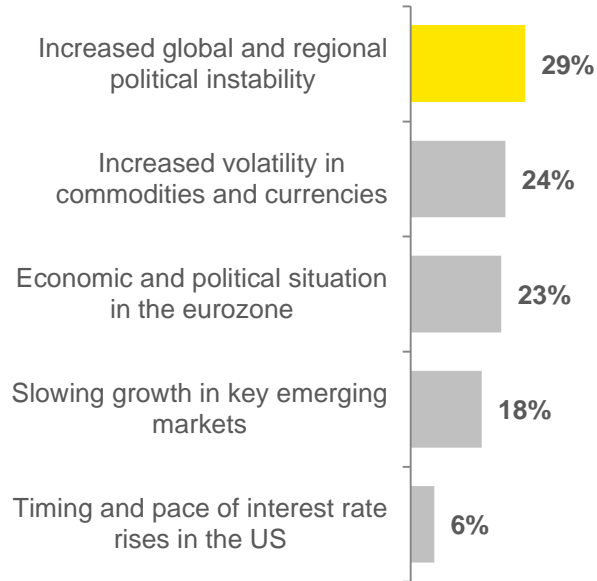


■ Improving
■ Stable
■ Declining

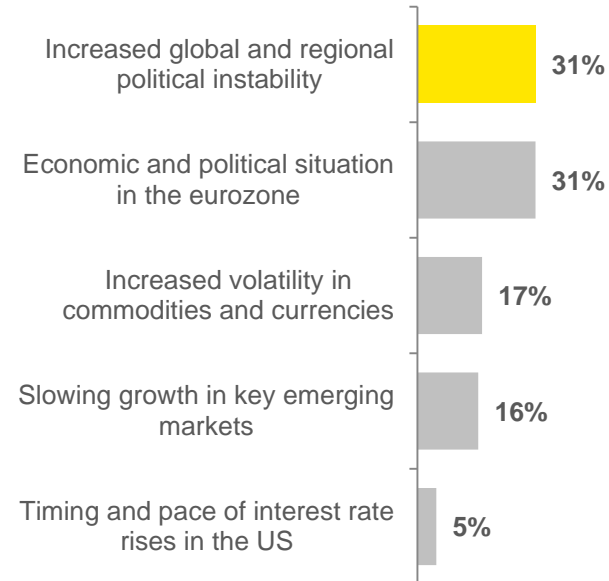
Currency and commodity volatility concerns persist as major economic risks

What do you believe to be the greatest economic risk to your business over the next 6–12 months?

Global respondents



CSE respondents

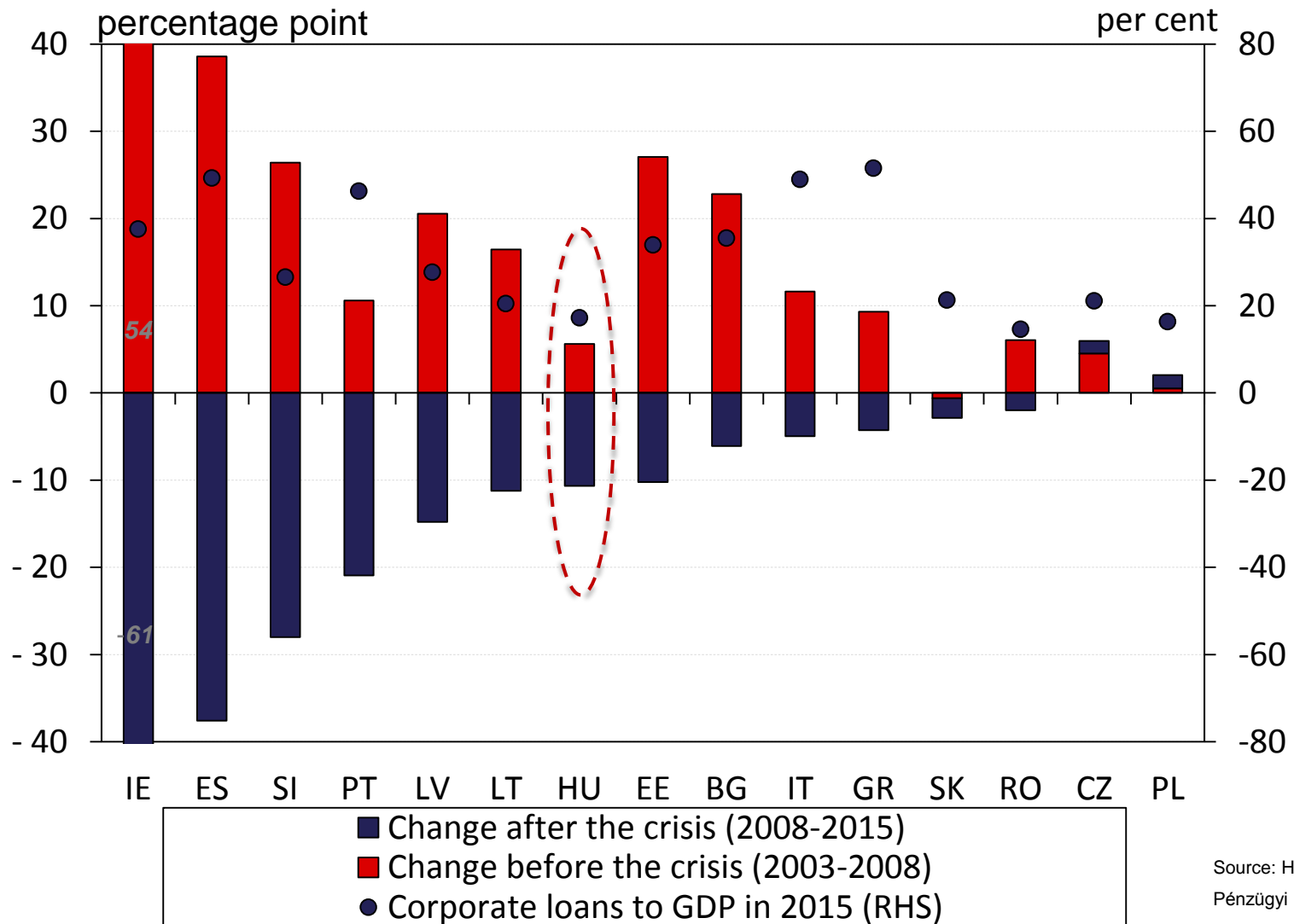


- ▶ Continuing geopolitical issues in Eastern Europe, the Middle East and Southeast Asia cause the greatest concern around economic risk.
- ▶ Ongoing high volatility in commodities and currencies continues to challenge companies' long-term planning.
- ▶ Concerns around the stability of the eurozone are becoming more prominent.

Trends in corporate credit segment

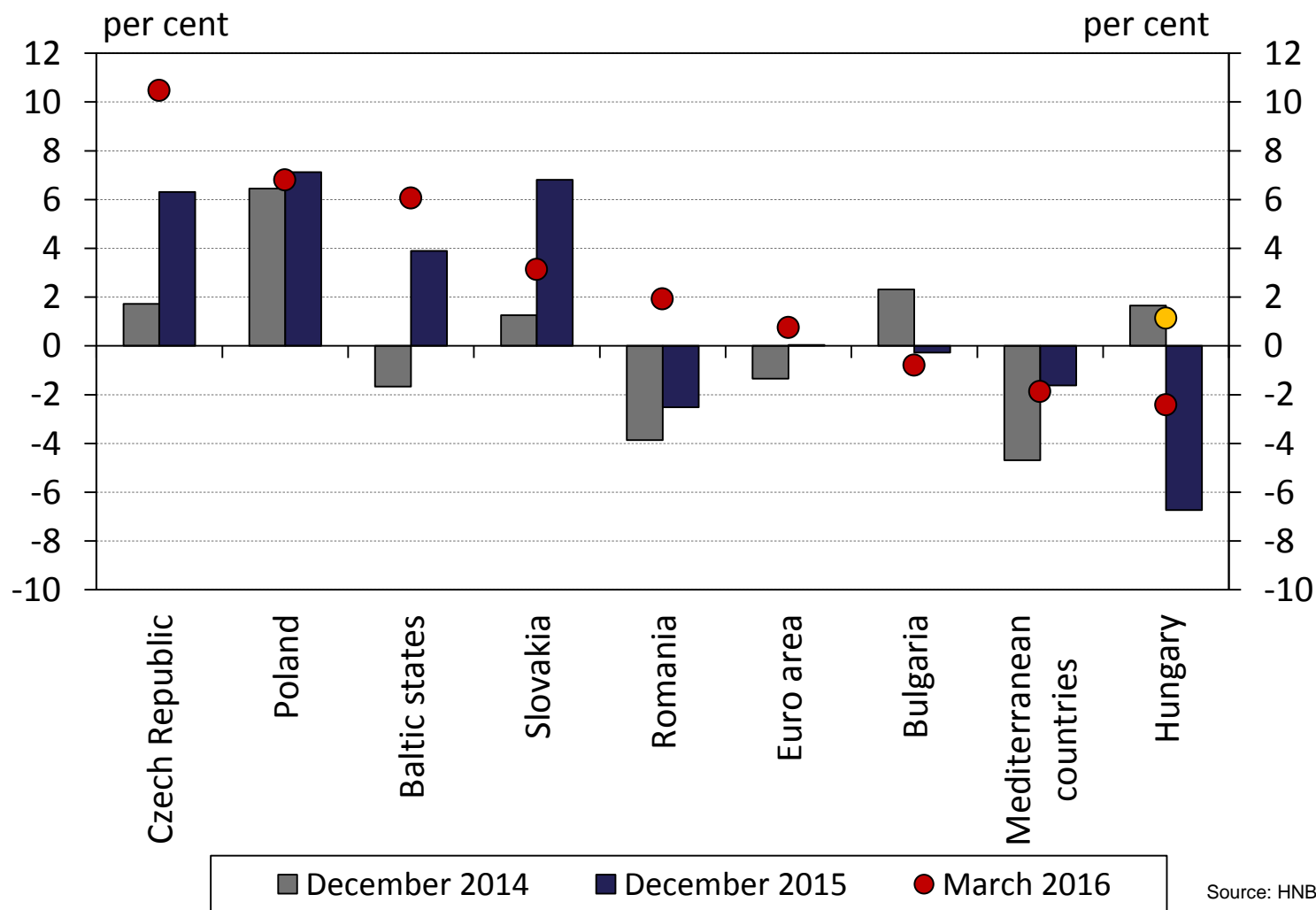


Cumulative changes in corporate loans as a proportion of GDP before and after the crisis in an international comparison



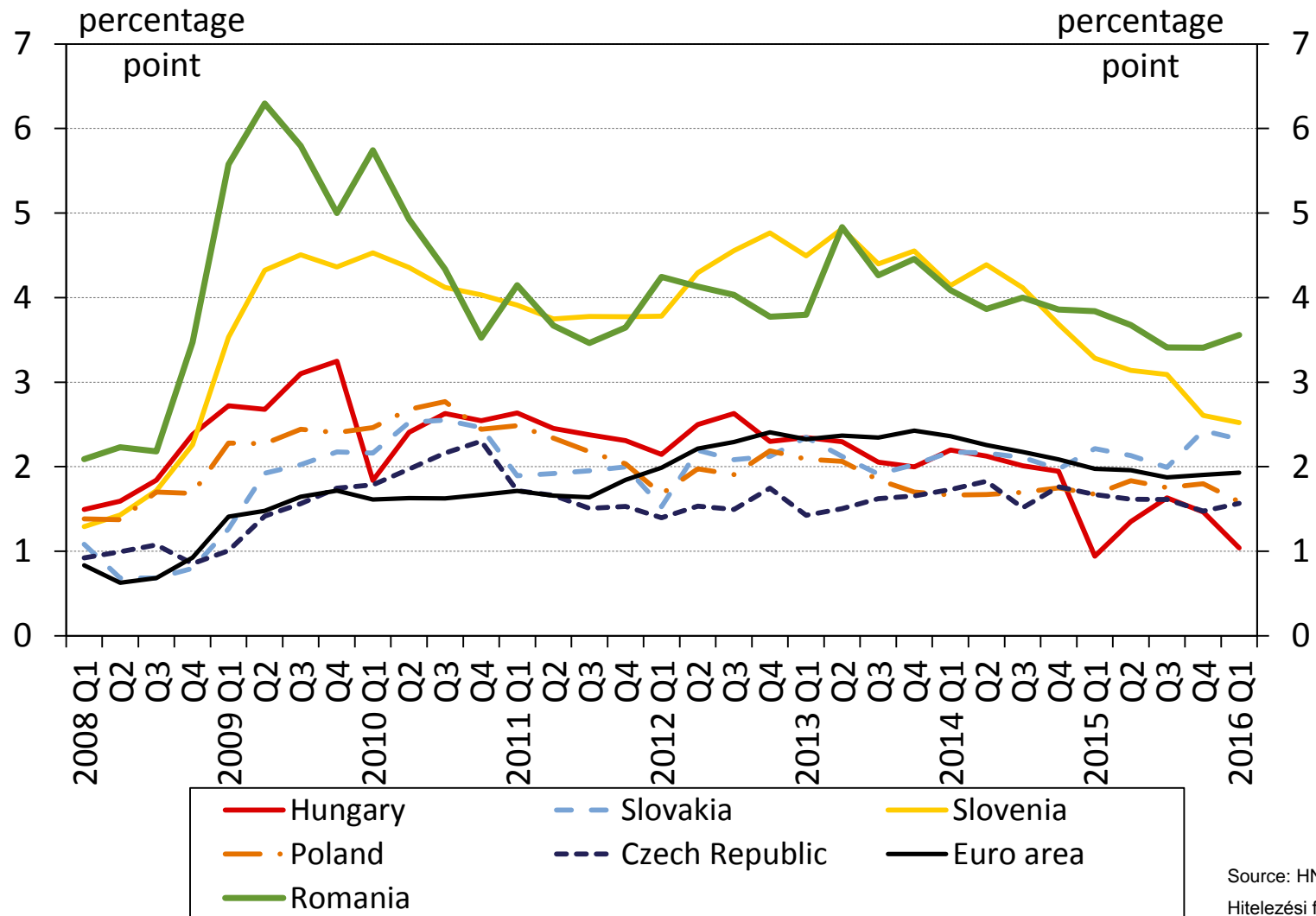
Source: HNB, May 2016, Pénzügyi Stabilitási Jelentés

Annual transaction-based growth rate of corporate loans in international comparison



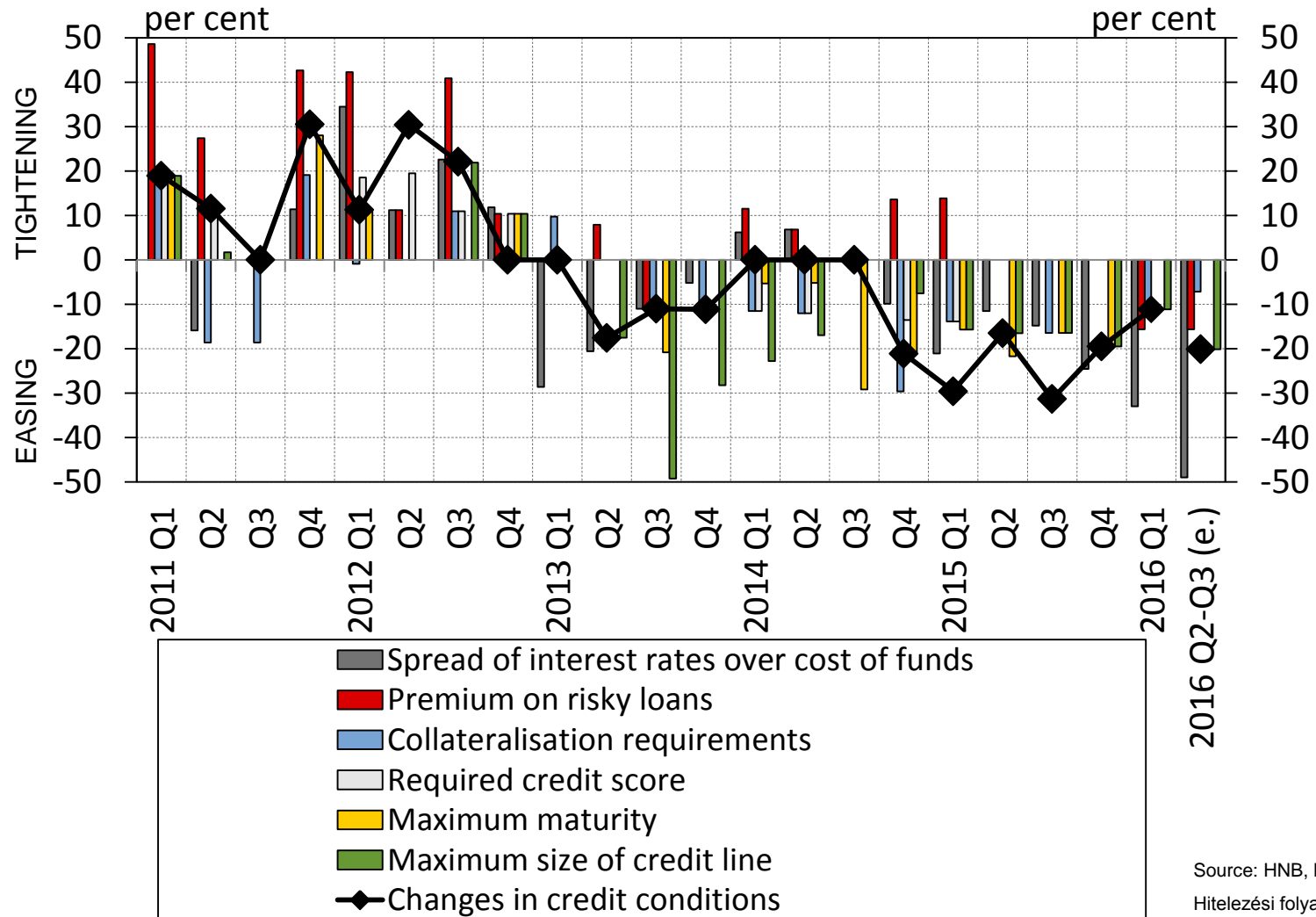
Source: HNB, May 2016, Hitelezési folyamatok

International comparison of interest rate spreads on corporate loans in domestic currency



Source: HNB, May 2016, Hitelezési folyamatok

Changes of credit conditions in the corporate segment in Hungary



Source: HNB, May 2016, Hitelezési folyamatok

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