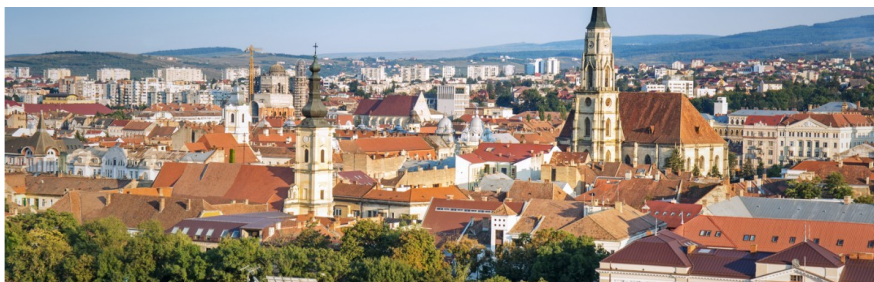


Romania: June lending at cruising speed

Our credit growth index expanded by 7.2% in June compared to 7.1% in the previous month. Momentum is still good considering the big picture

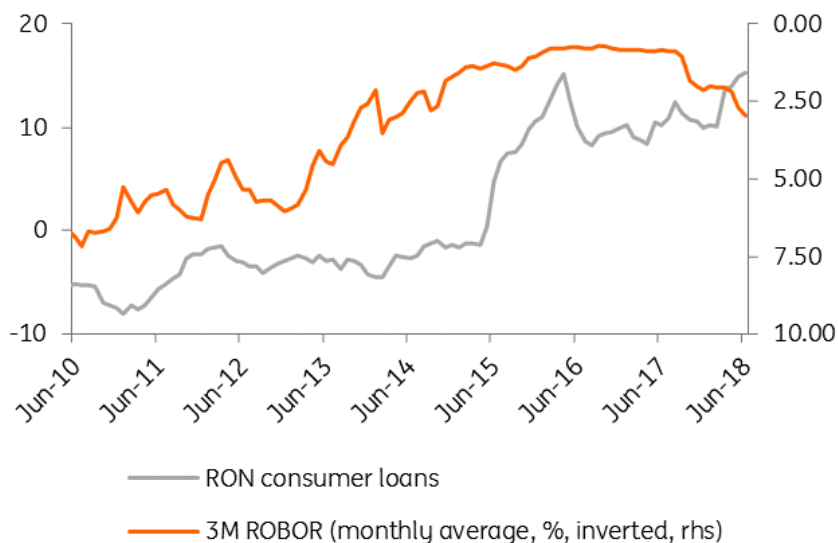


Lending seems to have stabilised in the higher single-digit area, posting quite stable growth rates for the past 12 months. FX lending seems to be recovering slightly as higher interest rates in local currency and a stable exchange rate make the prospect of FX loans interesting again.

Retail lending doing fine...

Retail lending growth was broadly flat compared to May at 11.6% year on year (adjusted for FX volatility). Consumer loans maintained a good pace at 17.1% YoY while mortgages accelerated in month-on-month terms by 3.9%, the highest rate in the last 12 months.

Consumer loans still holding up well

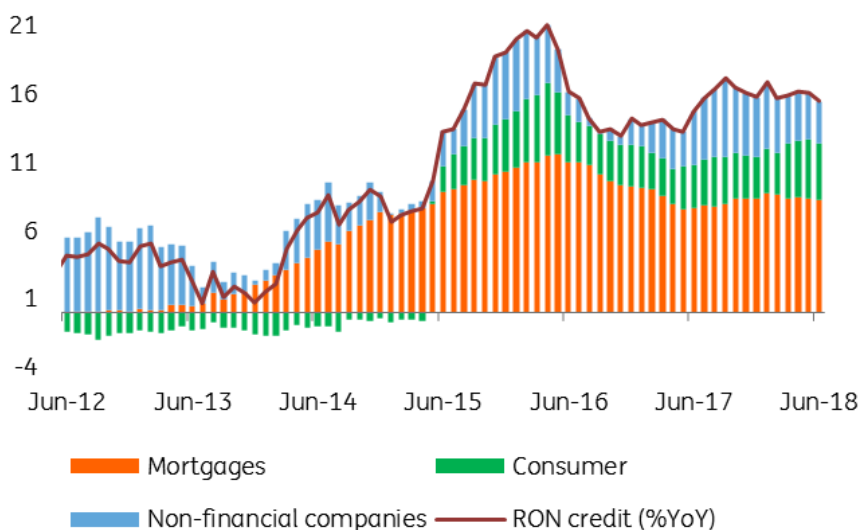


Source: NBR, ING

...and corporate lending is slightly better

Corporate lending expanded by 3.0% YoY (1.8% MoM) helped mainly by short- and medium-term (below five years) local currency loans. Corporate loans in Romanian leu with maturity above five years expanded by a modest 2.4% MoM. We monitor this indicator closely, as it should provide reasonable hints about the prospects for private investment.

RON credit growth breakdown



Source: NBR, ING

Despite sharply higher nominal interest rates for local currency, real interest rates are still quite deep into negative territory. Today's data shows again that central bank tightening hasn't had

much effect on slowing down the pace of lending, supporting the fact that recent economic expansion was not credit driven. However, consumer sentiment has been pointing south for some time now amid fiscal uncertainty and concern about job prospects; this could be more effective in slowing down lending than higher interest rates.

Author

Valentin Tataru

Chief Economist, Romania

valentin.tataru@ing.com

Disclaimer

This publication has been prepared by the Economic and Financial Analysis Division of ING Bank N.V. ("ING") solely for information purposes without regard to any particular user's investment objectives, financial situation, or means. *ING forms part of ING Group (being for this purpose ING Group N.V. and its subsidiary and affiliated companies).* The information in the publication is not an investment recommendation and it is not investment, legal or tax advice or an offer or solicitation to purchase or sell any financial instrument. Reasonable care has been taken to ensure that this publication is not untrue or misleading when published, but ING does not represent that it is accurate or complete. ING does not accept any liability for any direct, indirect or consequential loss arising from any use of this publication. Unless otherwise stated, any views, forecasts, or estimates are solely those of the author(s), as of the date of the publication and are subject to change without notice.

The distribution of this publication may be restricted by law or regulation in different jurisdictions and persons into whose possession this publication comes should inform themselves about, and observe, such restrictions.

Copyright and database rights protection exists in this report and it may not be reproduced, distributed or published by any person for any purpose without the prior express consent of ING. All rights are reserved. ING Bank N.V. is authorised by the Dutch Central Bank and supervised by the European Central Bank (ECB), the Dutch Central Bank (DNB) and the Dutch Authority for the Financial Markets (AFM). ING Bank N.V. is incorporated in the Netherlands (Trade Register no. 33031431 Amsterdam). In the United Kingdom this information is approved and/or communicated by ING Bank N.V., London Branch. ING Bank N.V., London Branch is authorised by the Prudential Regulation Authority and is subject to regulation by the Financial Conduct Authority and limited regulation by the Prudential Regulation Authority. ING Bank N.V., London branch is registered in England (Registration number BR000341) at 8-10 Moorgate, London EC2 6DA. For US Investors: Any person wishing to discuss this report or effect transactions in any security discussed herein should contact ING Financial Markets LLC, which is a member of the NYSE, FINRA and SIPC and part of ING, and which has accepted responsibility for the distribution of this report in the United States under applicable requirements.

Additional information is available on request. For more information about ING Group, please visit <http://www.ing.com>.