



6th ALB National Conference

Two years of crisis

Dynamic and diagnosis of consumer credit in Romania versus Europe



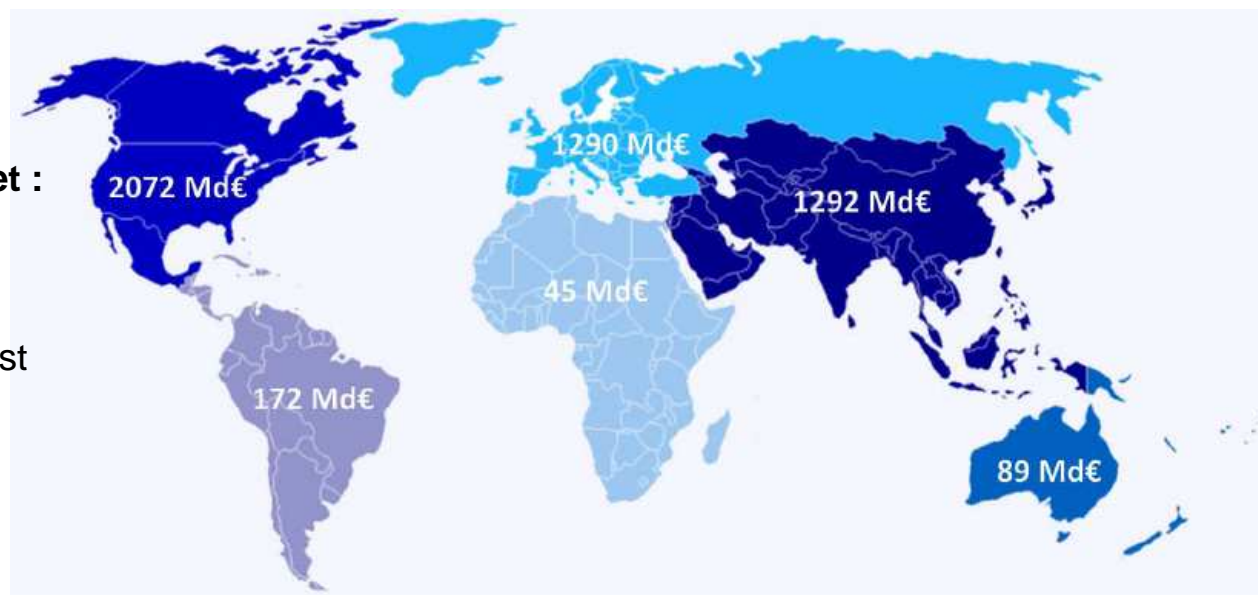
L'impression de ce document est-elle indispensable ?
Si oui, pensez à imprimer plusieurs dispositifs par feuille,
en noir et blanc de préférence.

Gilles Zeitoun – Cetelem IFN
Bucarest 18 nov 2010

The European market accounts for 26% of the global market

Consumer Credit European Market :

- ✓ 1290 bn € outstanding end 2009
- ✓ #2 Region, equal to Asia –Mid.East



Source: Asterès

Average outstanding per capita : relatively low in Europe

- ✓ Eastern countries pull the average down
- ✓ Western European countries have amounts lower than many other industrial countries (USA, Canada, Japan,...)



Source: Asterès

The Romanian consumer credit market

Consumer credit outstanding : 73.8 bn RON = 17.3 bn € (sept 2010)

- **A small part of European outstandings (1.3%) , but a significant one in CEE Region (#2 after Poland)**

- **Huge growth until crisis : +87% 2007/2006 , +30% 2008/2007**

→ It went too fast, and led to a high level of indebtedness in consumer credit

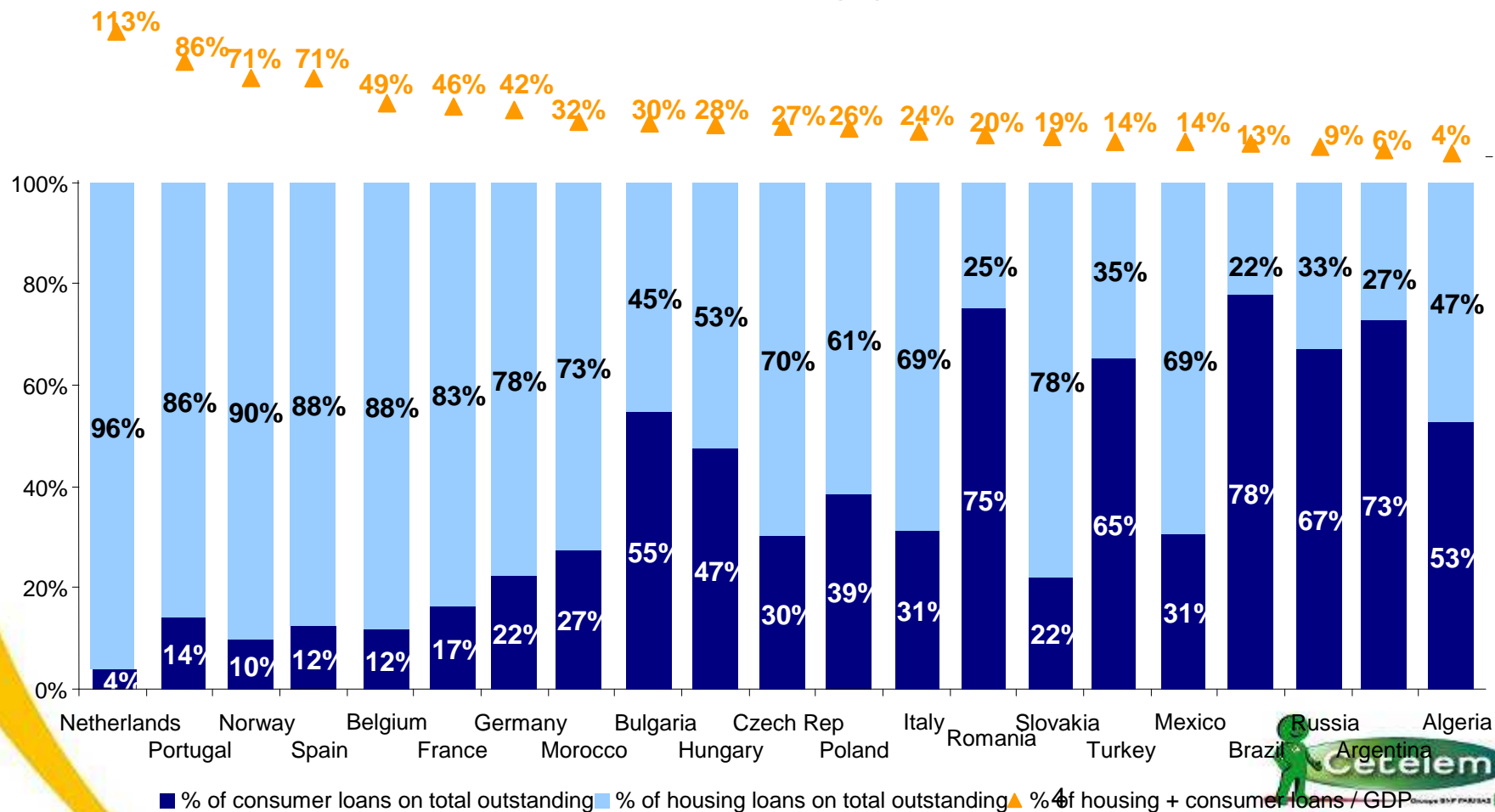
- **Even higher growth for foreign currency loans, which accounts for 52% today**
 - ✓ 30 % of total outstanding end 2006
 - ✓ 44 % of total outstanding end 2007
 - ✓ 50 % of total outstanding end 2008, stabilised after (52% in sept 2010)

→ A risky situation

Total credit penetration in Romania : near the european average

Romania :

- ✓ Mortgage + credit consumer outstandings = 20% of GDP, in the average
- ✓ But one of the lowest proportion of mortgages

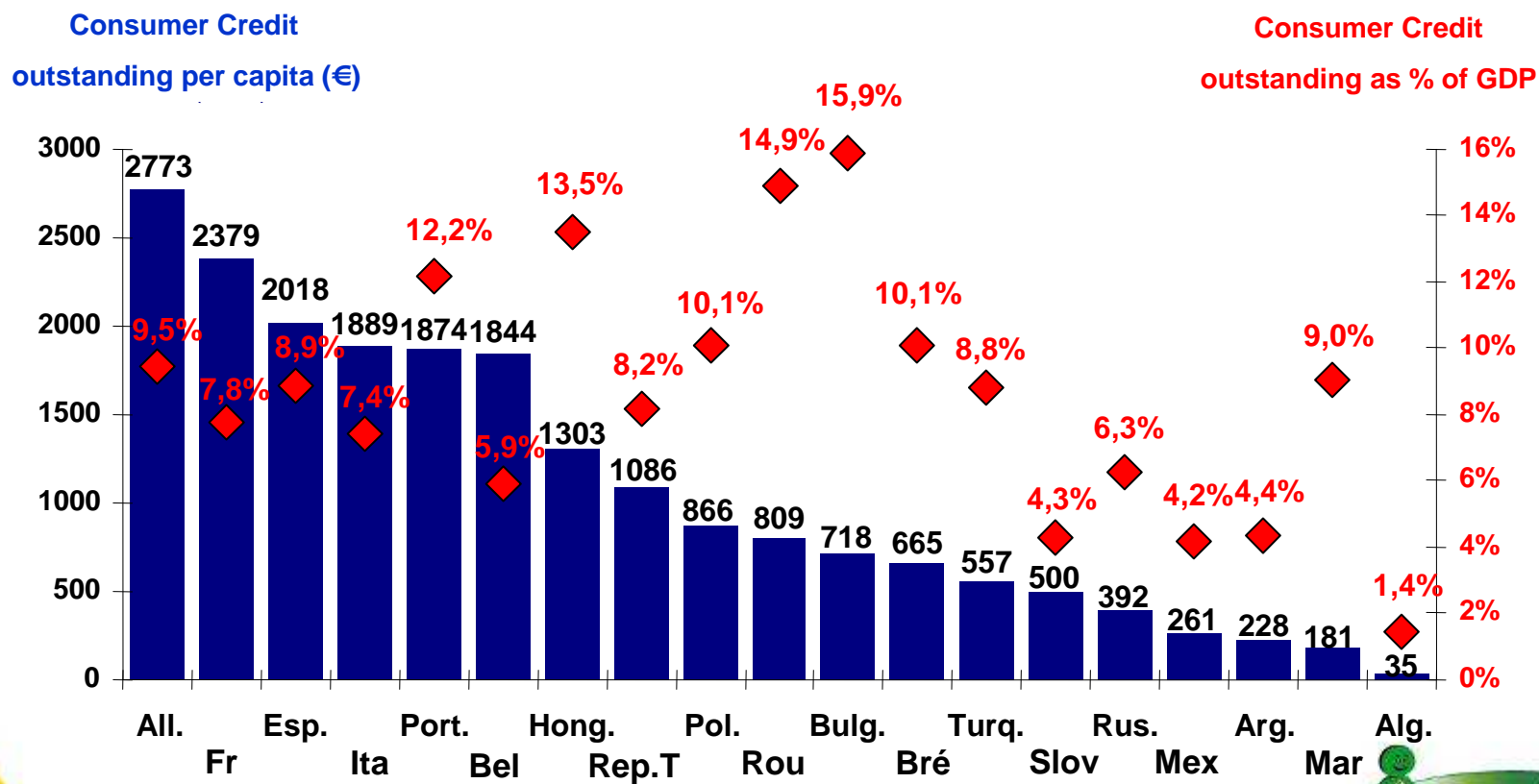


■ % of consumer loans on total outstanding ■ % of housing loans on total outstanding ▲ % of housing + consumer loans / GDP

Romania shows one of the highest level of consumer credit penetration

Romania :

- ✓ Credit consumer outstandings = 15.9% of GDP
- ✓ Consequence of the fast development of the consumer credit during 2003-2008



The European market shrank in 2009

European consumer credit outstandings shrank in 2009...

...but less than other developed markets

New credit production decreased much more

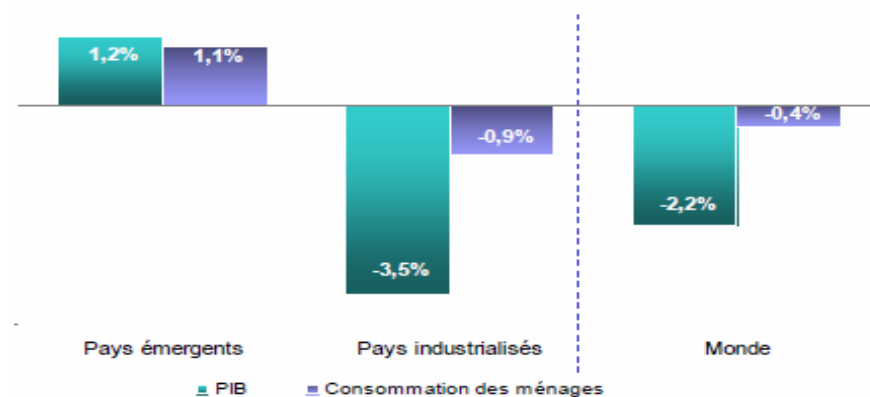
Consumer Credit market evolution is highly linked with GDP and Consumption evolution...

...which shows big differences between industrialized and developing emerging countries

Market Evolution 2009/2008
Consumer Credit Outstandings



Croissance annuelle en 2009 (vol., %)



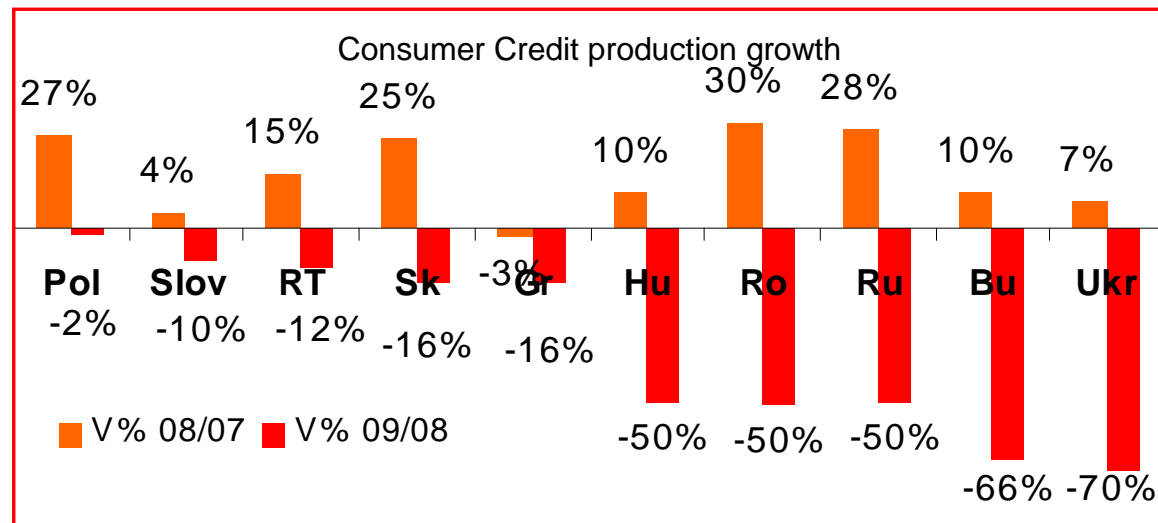
Romanian market was one of the most affected markets in 2009 and 2010

- **General drop in new credit production , but big differences between countries and between products**

- ✓ The card activity has withstood well
- ✓ While the auto loans and the currency loans have decreased much

- **Romania :**

- ✓ -50% drop estimated in production : one of the most affected countries



Source: Global Insight

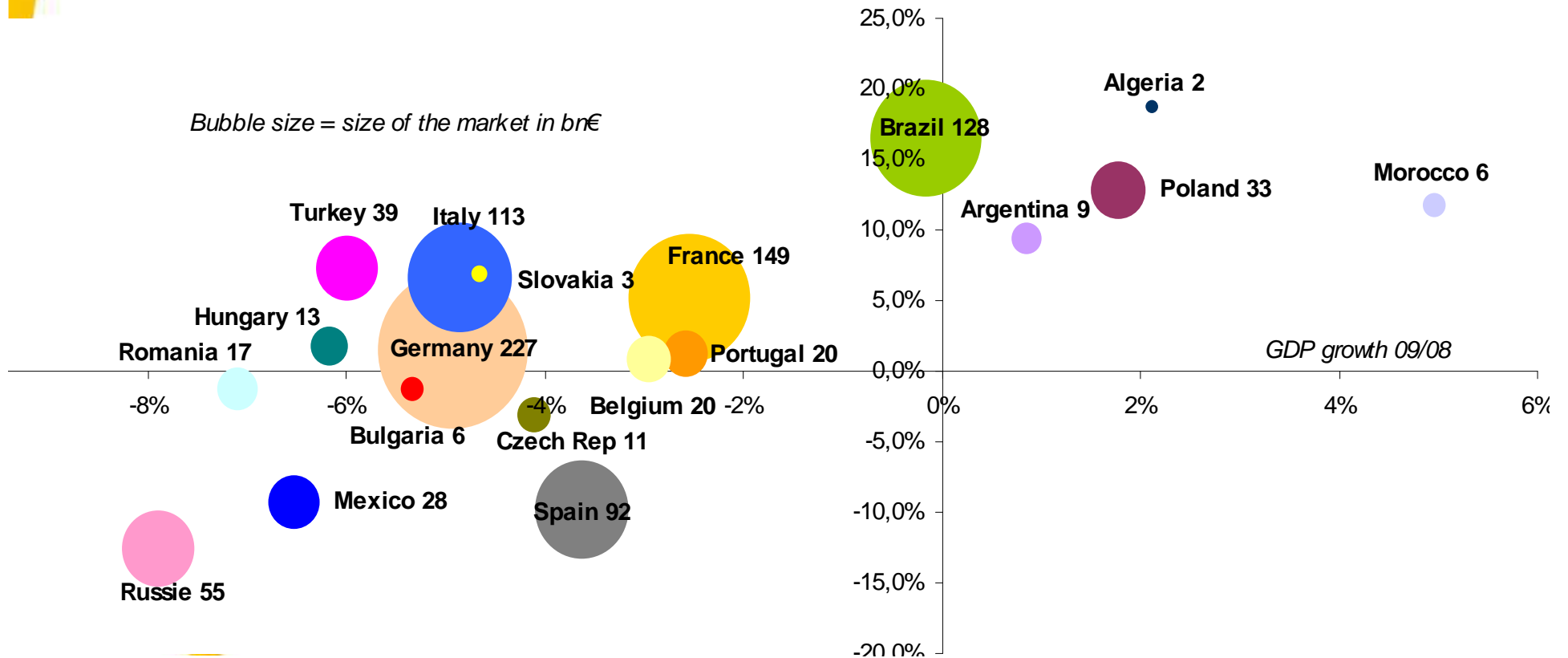
Romania : consumer credit outstanding decreased in 2009 and 2010

Romania :

- ✓ Outstanding evolution 2009/2008 (converted in RON) : - 5.8% at constant exchange rate
- ✓ Outstanding evolution sept 2010 / sept 2009 (converted in RON) : - 3.7% at constant exchange rate
- ✓ Outstanding dropped less than several other countries because credit durations are longer

Consumer credit market growth 09/08 (Real exchange rate)

Bubble size = size of the market in bn€



Romania : why such a drop in consumer credit production, and what outlook ?

Like in most of the countries, the reasons of the drop are :

- Decrease of consumption
- Fear of the future, uncertainty regarding job stability and future revenues
- Increased interest rates, due to credit risk rise and to liquidity issues
- Tightened granting rules on banks' side

But in Romania, the drop is stronger and the recovery of consumer credit will be longer :

- The economic crisis is particularly severe and is lasting (GDP : -7.1% in 2009, -1.9% est. in 2010)
- The pre-crisis consumer credit growth has been too fast, leading to excessive indebtedness on long credit durations
 - limited room in households' budget to add new credits
 - long-lasting credit risk issues, limiting interest rates decrease and release in granting rules
- Lack of confidence of consumers towards consumer credit, fostered by indebtedness situation and public debate about OUG 50

We expect the consumer credit production to recover the 2008 level only in 2013, while it is in 2010 or 2011 in western european countries