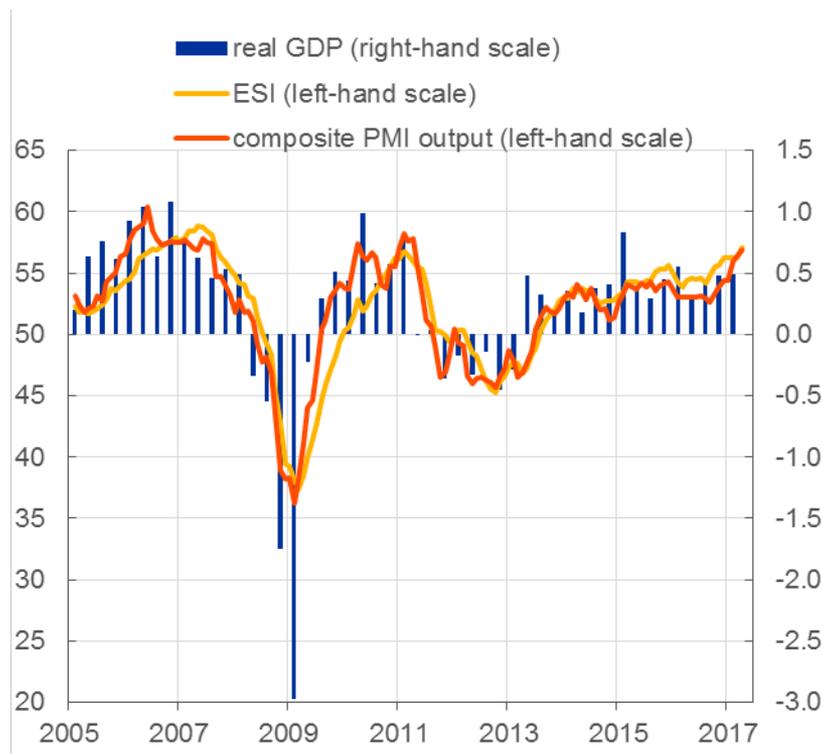**EUROPEAN CENTRAL BANK**

EUROSYSTEM

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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)

Legend (left chart):
- real GDP (right-hand scale)
- ESI (left-hand scale)
- composite PMI output (left-hand scale)

Legend (right chart):
- 2015-2016
- 2013-2014
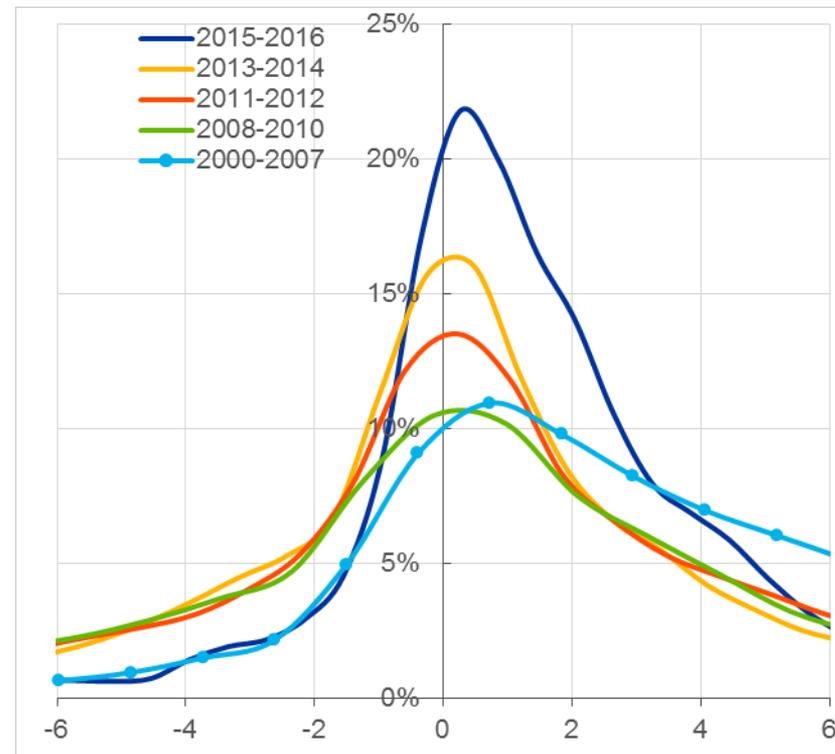- 2011-2012
- 2008-2010
- 2000-2007

Sources: Markit, DG-ECFIN and Eurostat.
Note: The ESI and PMI are normalised.
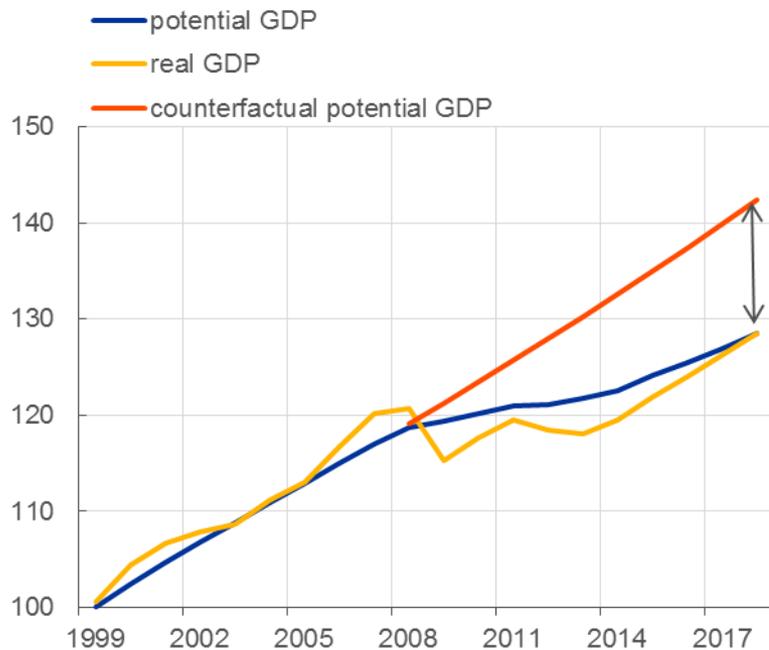Latest observations: 2017Q1 for GDP outcome, April 2017 for the ESI and the PMI.
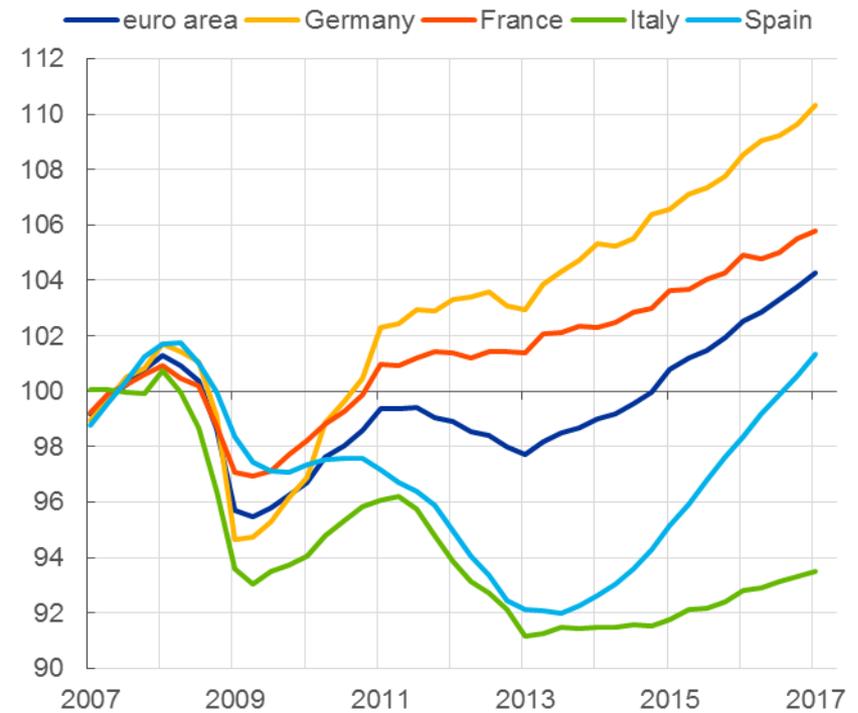
Sources: Eurostat and ECB calculations.
Note: The distributions are calculated for each period on the year-on-year growth rates for 162 country-sectors (i.e. 9 sectors across 18 countries).

## Euro area actual and counterfactual real GDP growth path
(1999 = 100)

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).

Real GDP growth path in selected euro area countries
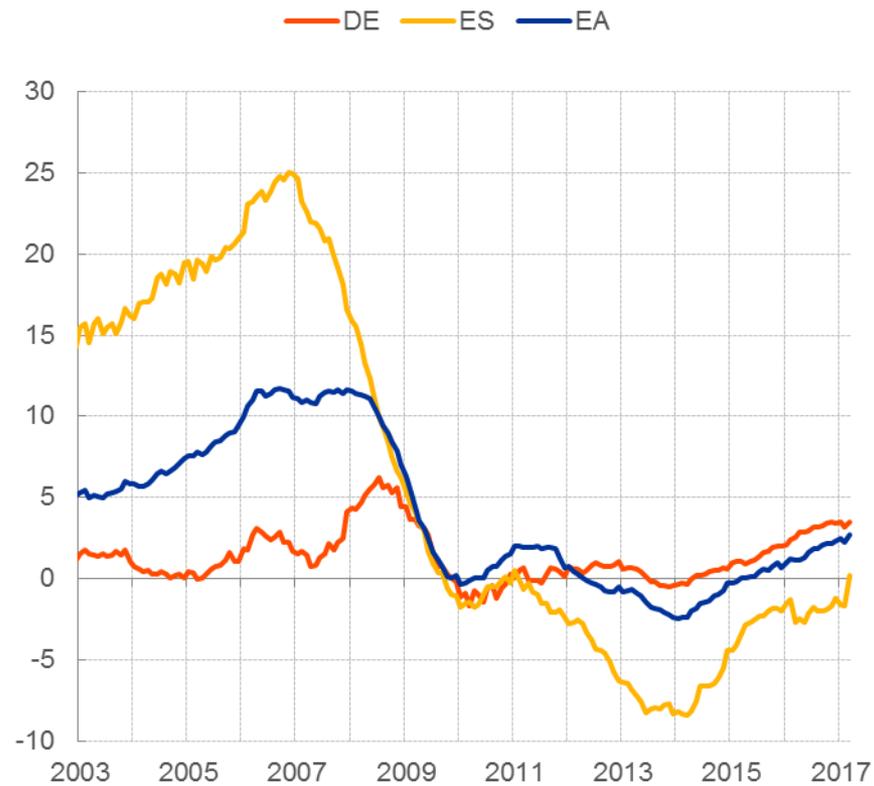### (2007 = 100)

Sources: Eurostat, ECB calculations.
Latest observation: 2017Q1.

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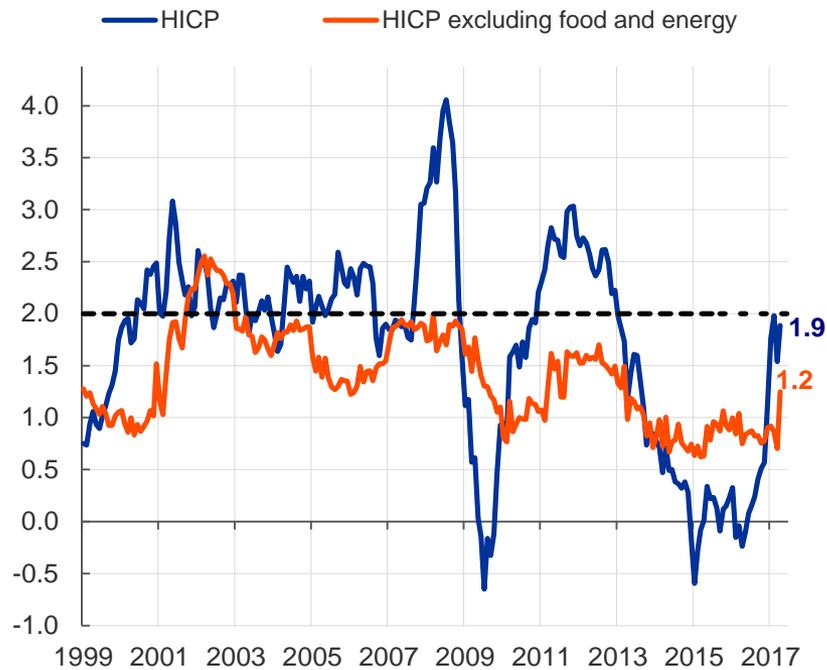## 6-10 years ahead growth expectations for the euro area
(annual % change)

Bank loans to the private sector
(annual % changes)
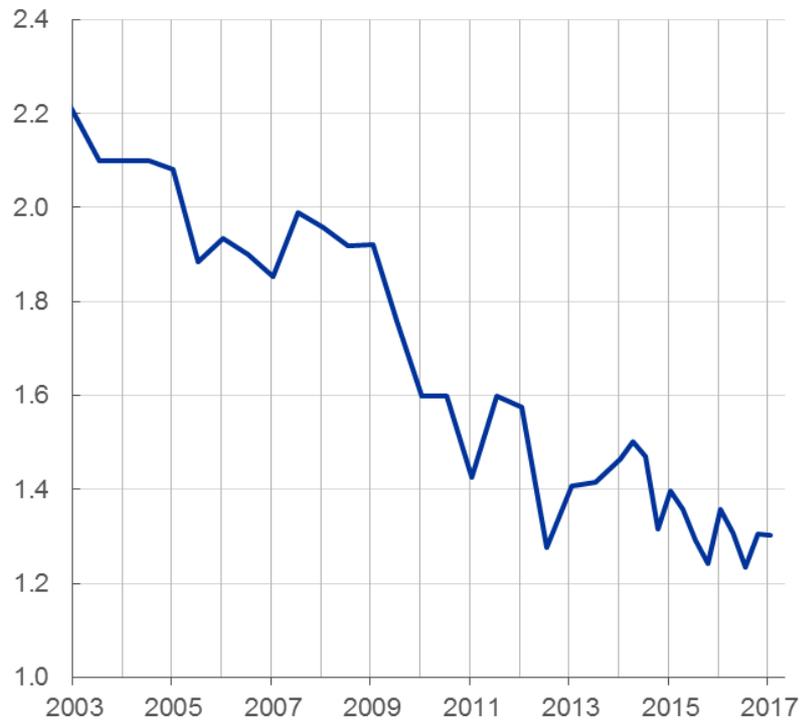
Source: Consensus Economics.
Latest observation: April 2017.

Source: ECB.
Latest observation: March 2017.

HICP inflation and HICP excluding food and energy
(annual % changes)

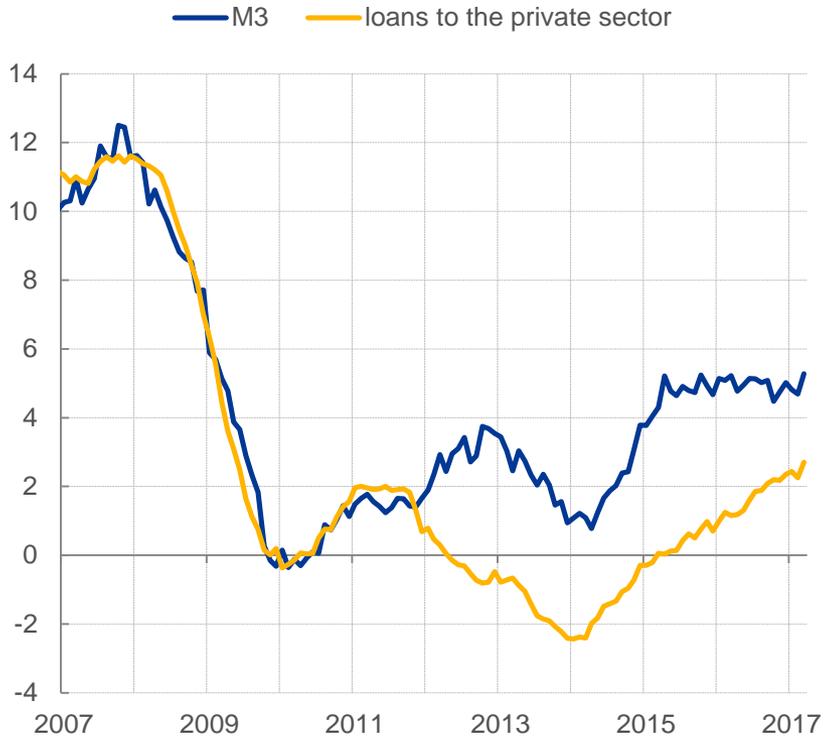Legend: HICP — HICP excluding food and energy

Values shown on chart: 1.9, 1.2

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

Legend: Price of deflation protection — Price of inflation protection

M3 and loan growth
(annual % changes)

Central bank balance sheets
(Jan. 2007 = 100)

Source: ECB.
Latest observation: March 2017.
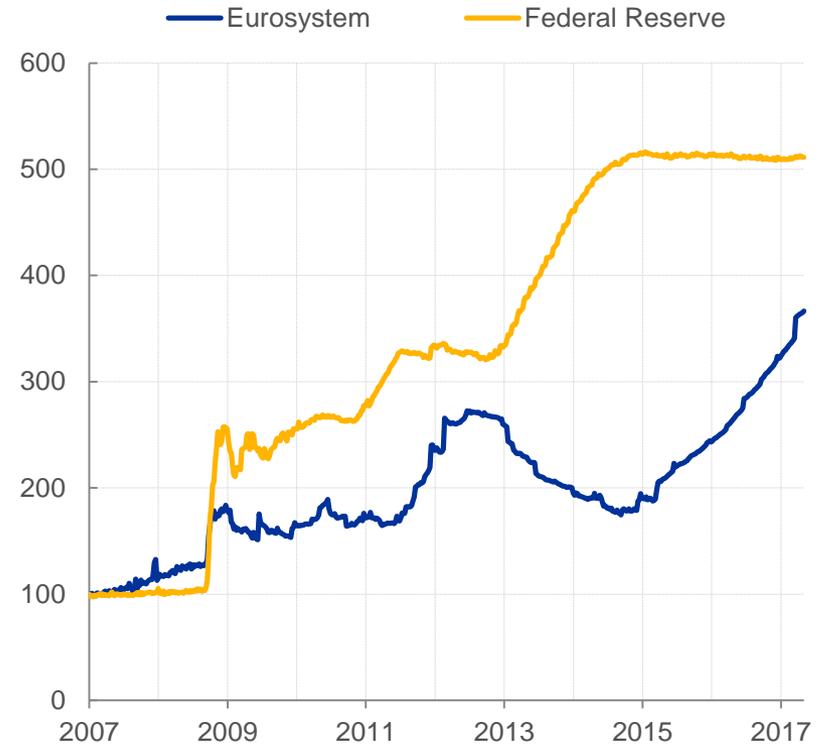
Sources: ECB, Federal Reserve.
Latest observation: 12 May 2017.

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Composite lending rates to NFCs
## (percent per annum)
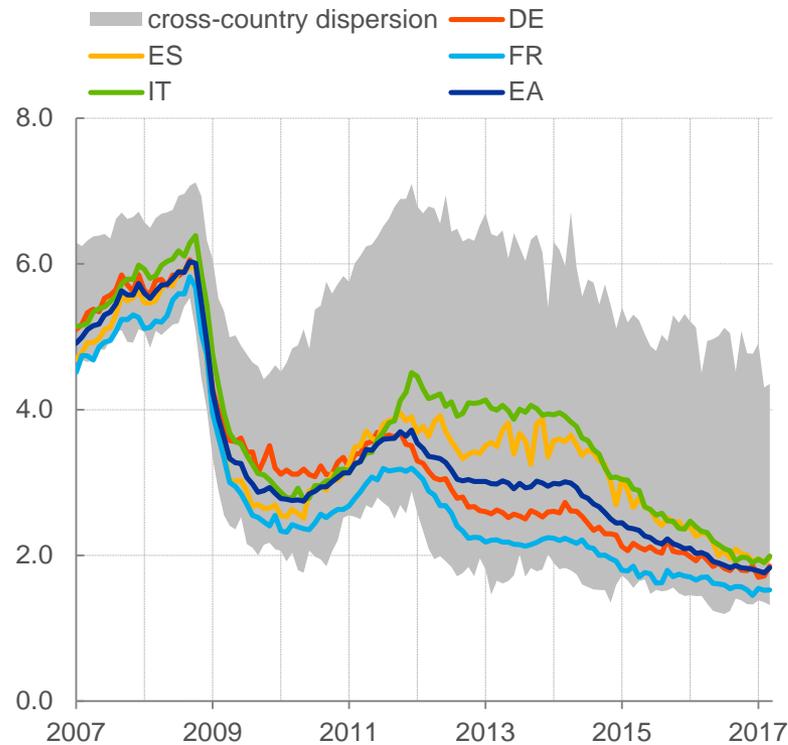
Source: ECB.
Notes: The indicator for the total cost of bank borrowing is calculated by aggregating short and long-term rates using a 24-month moving average of new business volumes. The cross-country dispersion displays the min and max range over a fixed sample of 12 euro area countries.
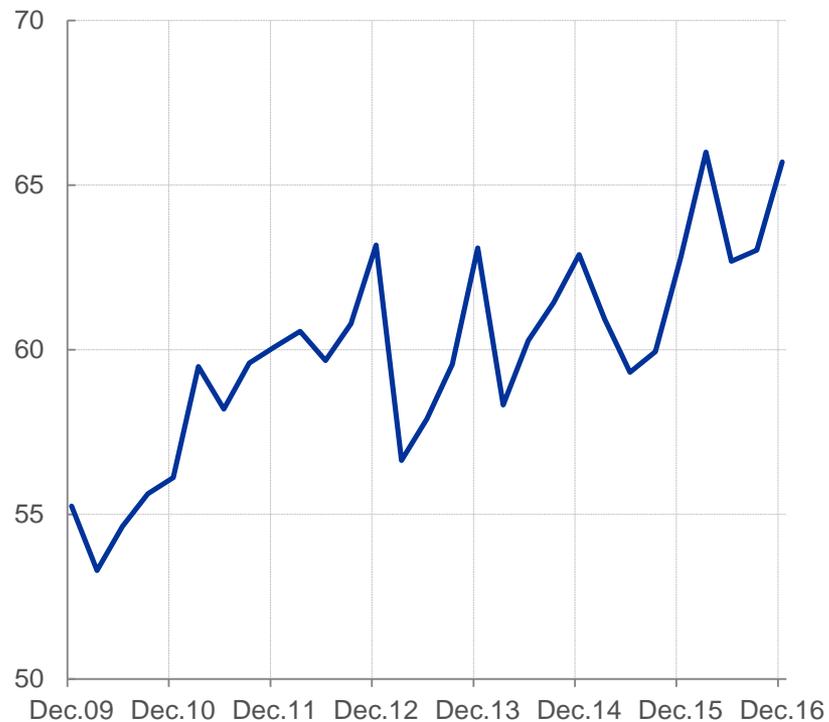Latest observation: March 2017.

Bank profitability
(ROE; percent)
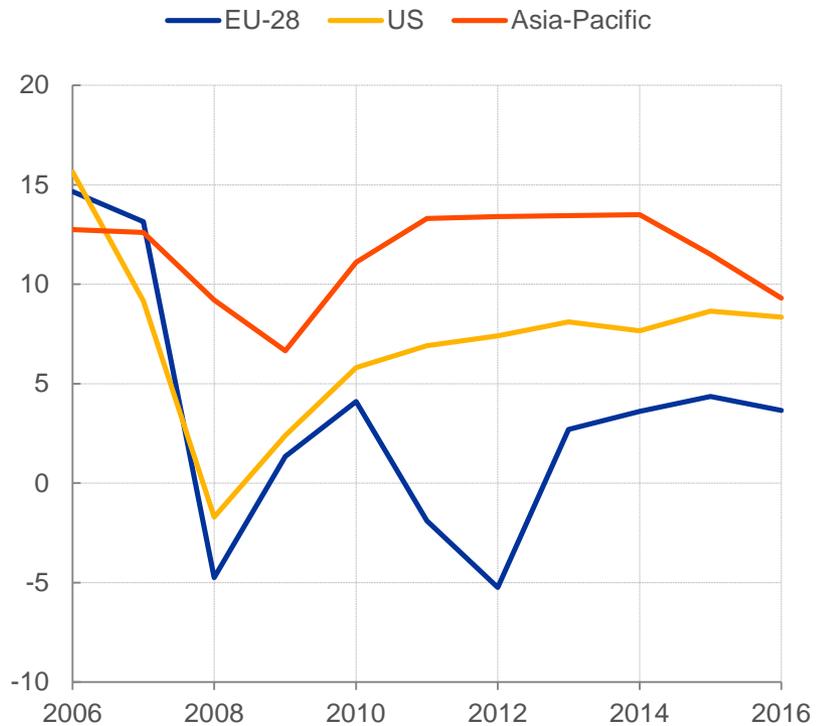
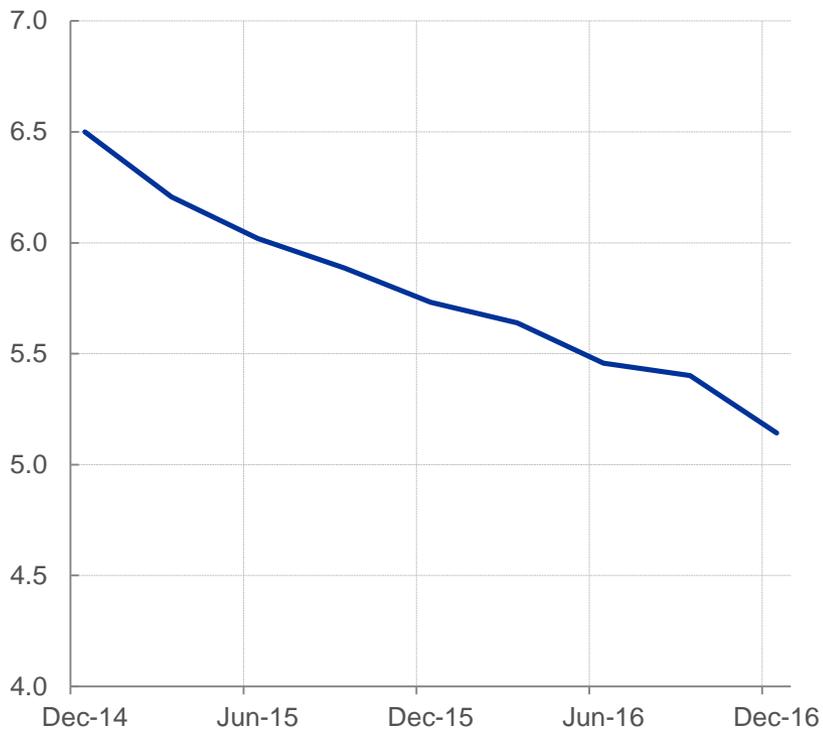Source: Standard & Poor's Global Market Intelligence.

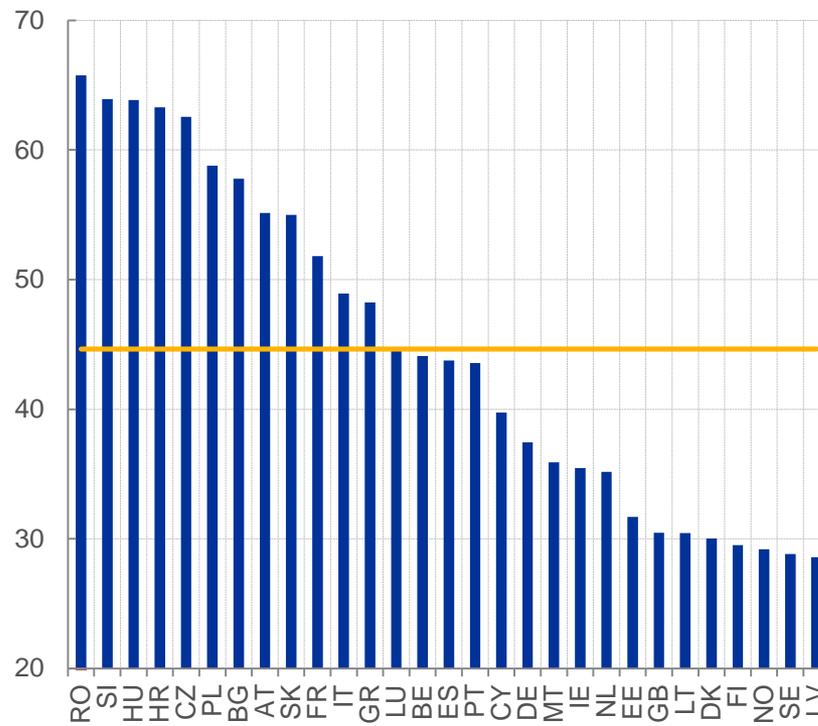## EU banks' cost to income ratio
(percent)

Source: EBA..

NPL ratio
(percent)

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

Source: EBA.

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Sources: 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

	Jun. 2014	Sep. 2014	Jan. 2015	Dec. 2015	Mar. 2016	Dec. 2016
Rate cuts	MRO: 0.15%: MLF: 0.40%; DRF: -0.10%	MRO: 0.05%: MLF: 0.30%; DRF: -0.20%		MRO: 0.05%: MLF: 0.30%; DRF: -0.30%	MRO: 0.00%: MLF: 0.25%; DRF: -0.40%	
TLTROs	Fixed rate (MRO) Max. maturity: Sep. 2018 Uptake depends on net lending Mandatory early repayment				Fixed rate at MRO or below if lending > benchmark (min. DFR) No mandatory early repayment	
Private asset purchases		Broad portfolio of simple & transparent ABS and CBs		APP recalibration I • Extension to Mar. 2017 • Reinvestment of principal payments	Purchase of inv.-grade NFC bonds … with high pass-through to real economy	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
Public asset purchases			Purchases in EA sov. debt markets €60bn monthly purchases, incl. ABSPP/CBPP3		APP recalibration II • €80bn monthly purchases • Higher issue share limit for certain issuers	