



# Bank Deleveraging in Europe

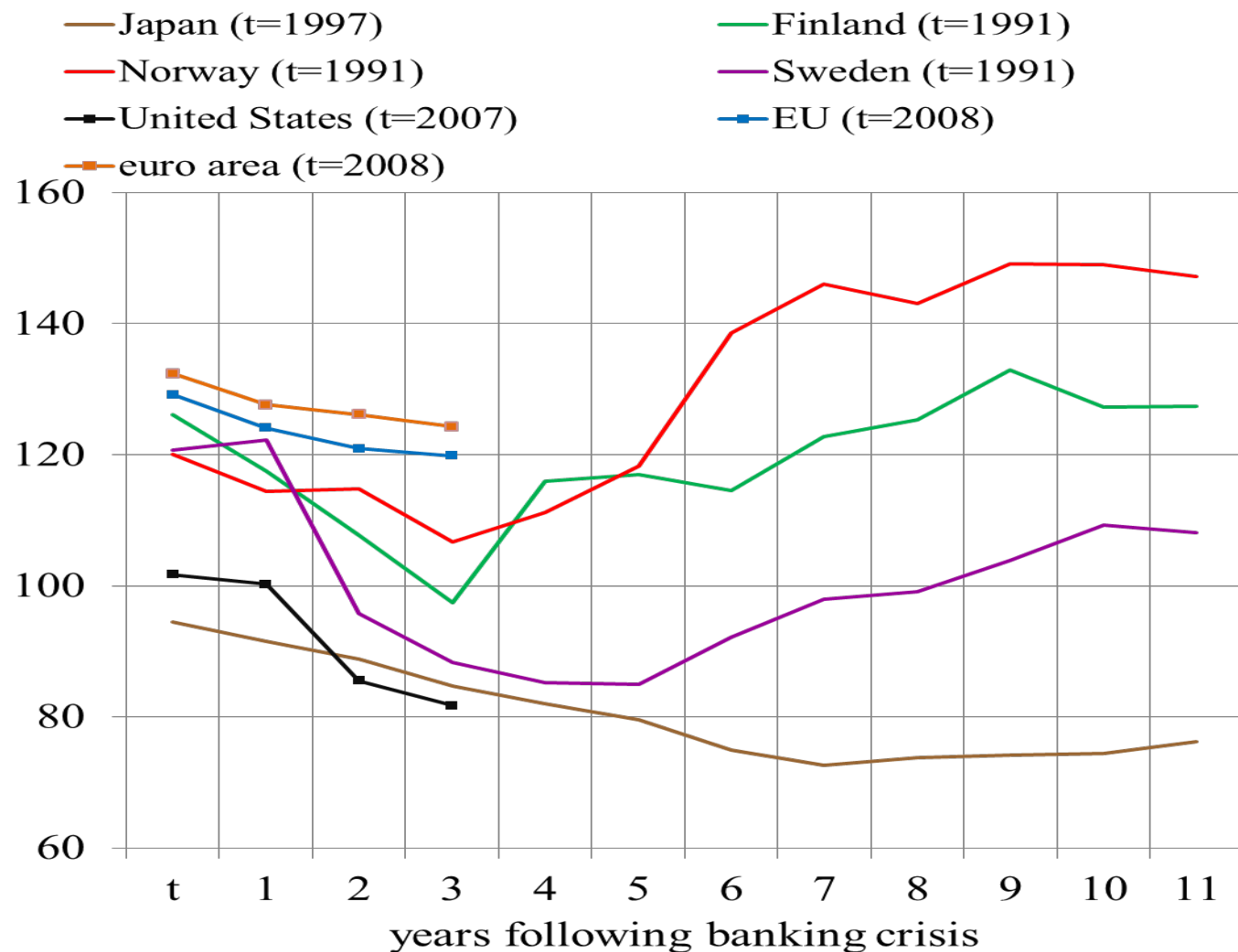
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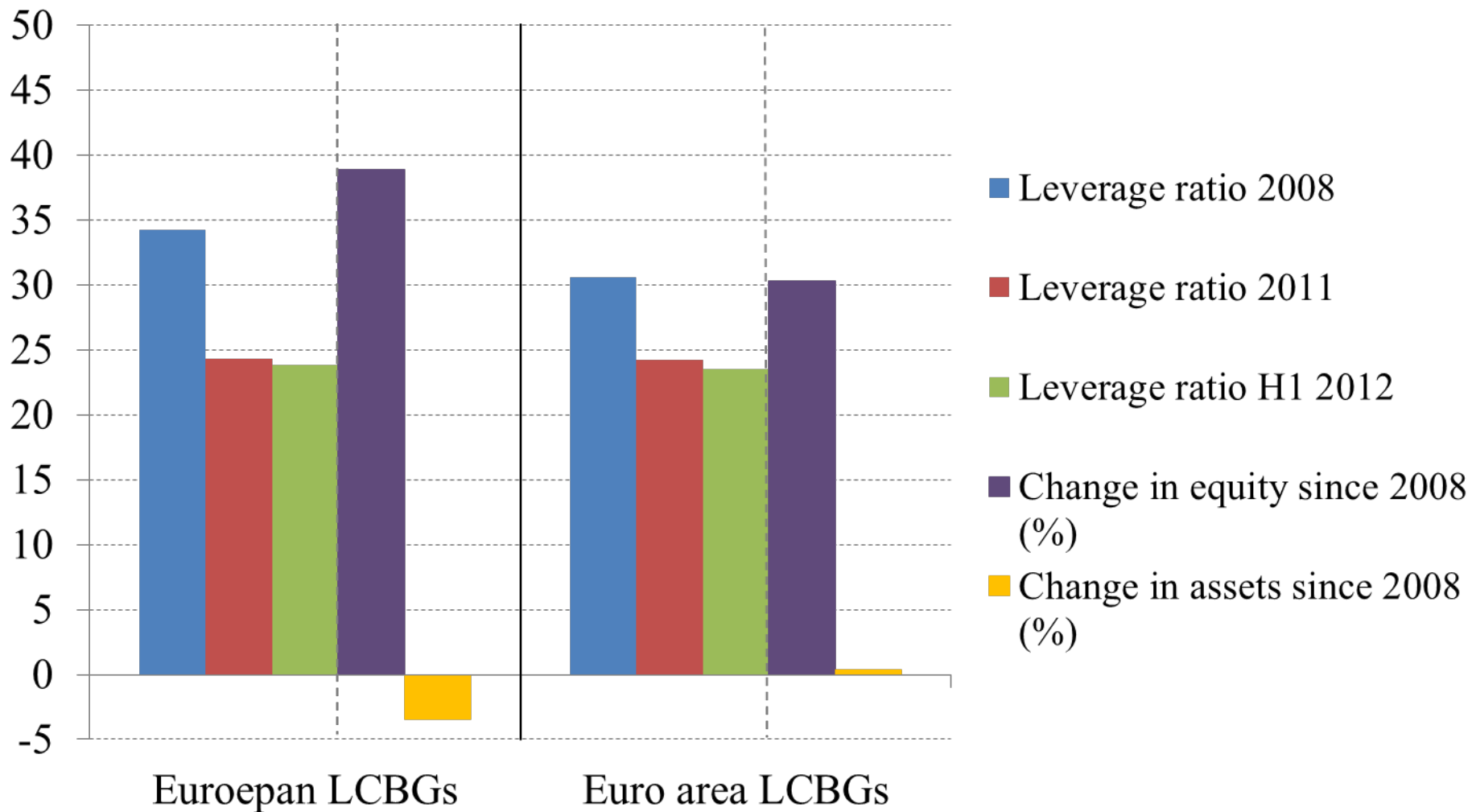
# Bank deleveraging following banking crises

## Loan-to-deposit ratio (percentage)



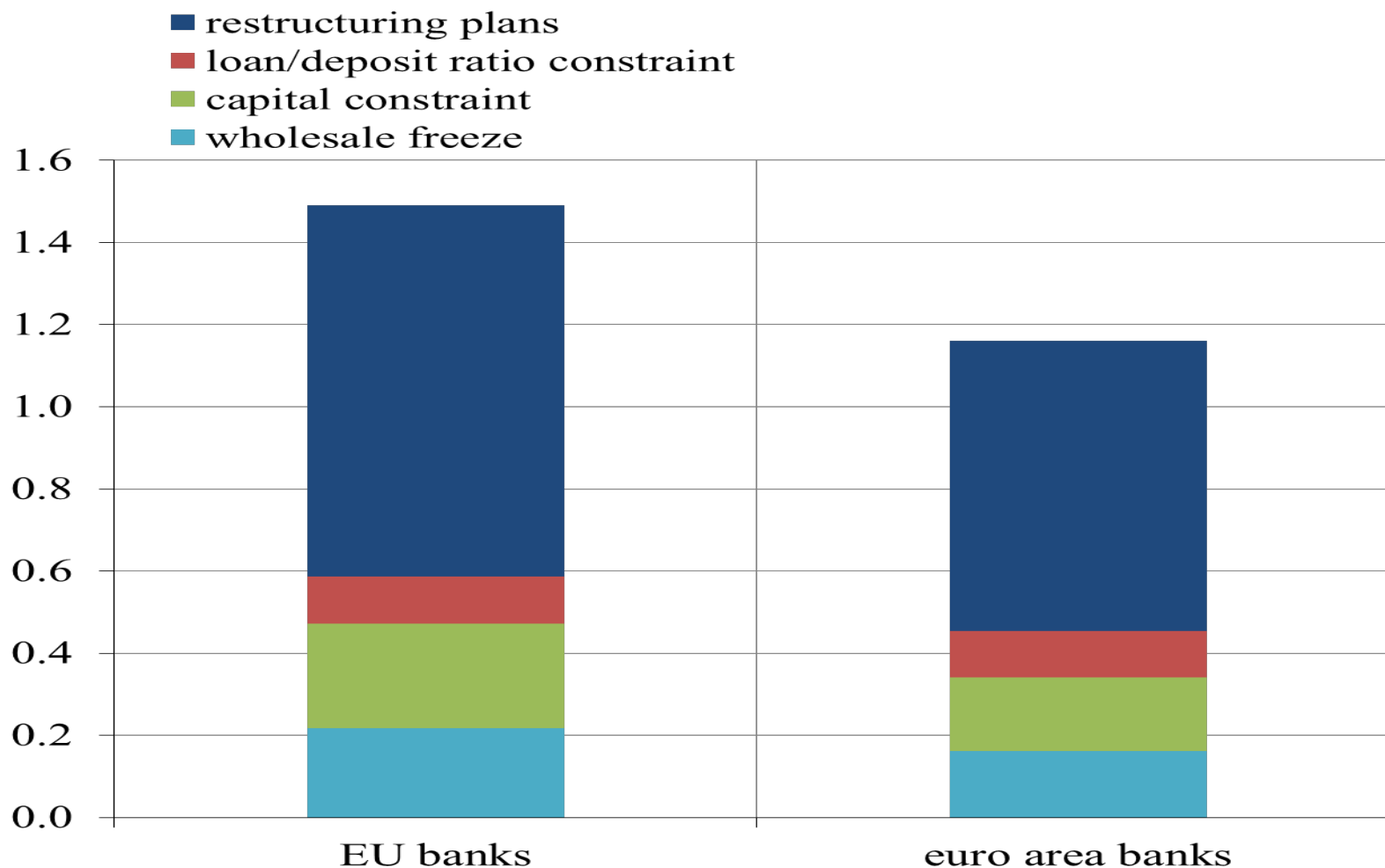
# So far more equity issuance than asset shedding

## Asset-to-equity ratio



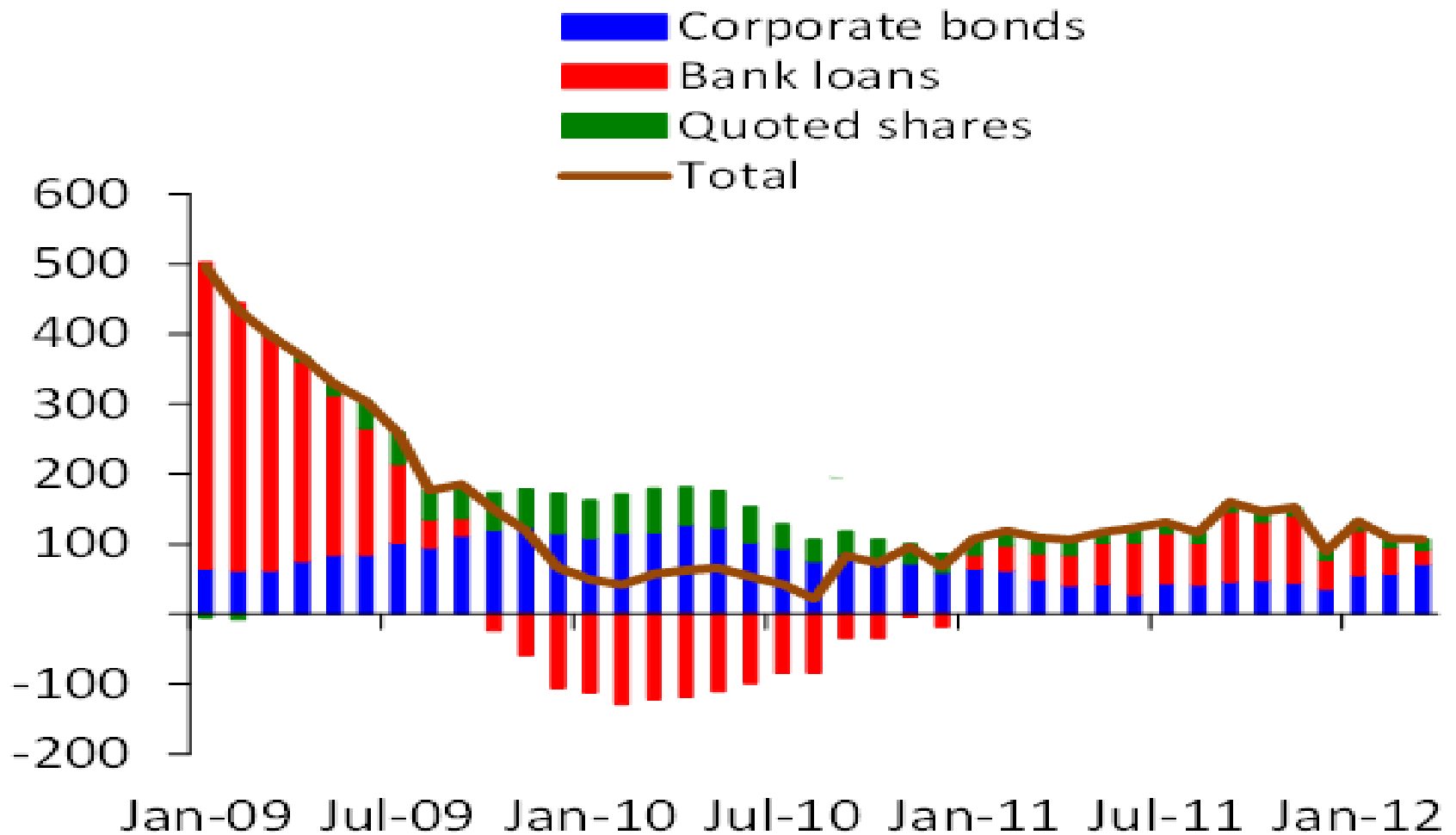
# Deleveraging needs of European banks

2012-2013 for 70 banks that participated in the EBA 2011 stress tests (trillion EUR)



# Substitution across external financing sources

Euro area non-financial corporations (billion EUR, 12-month cumulated flows)

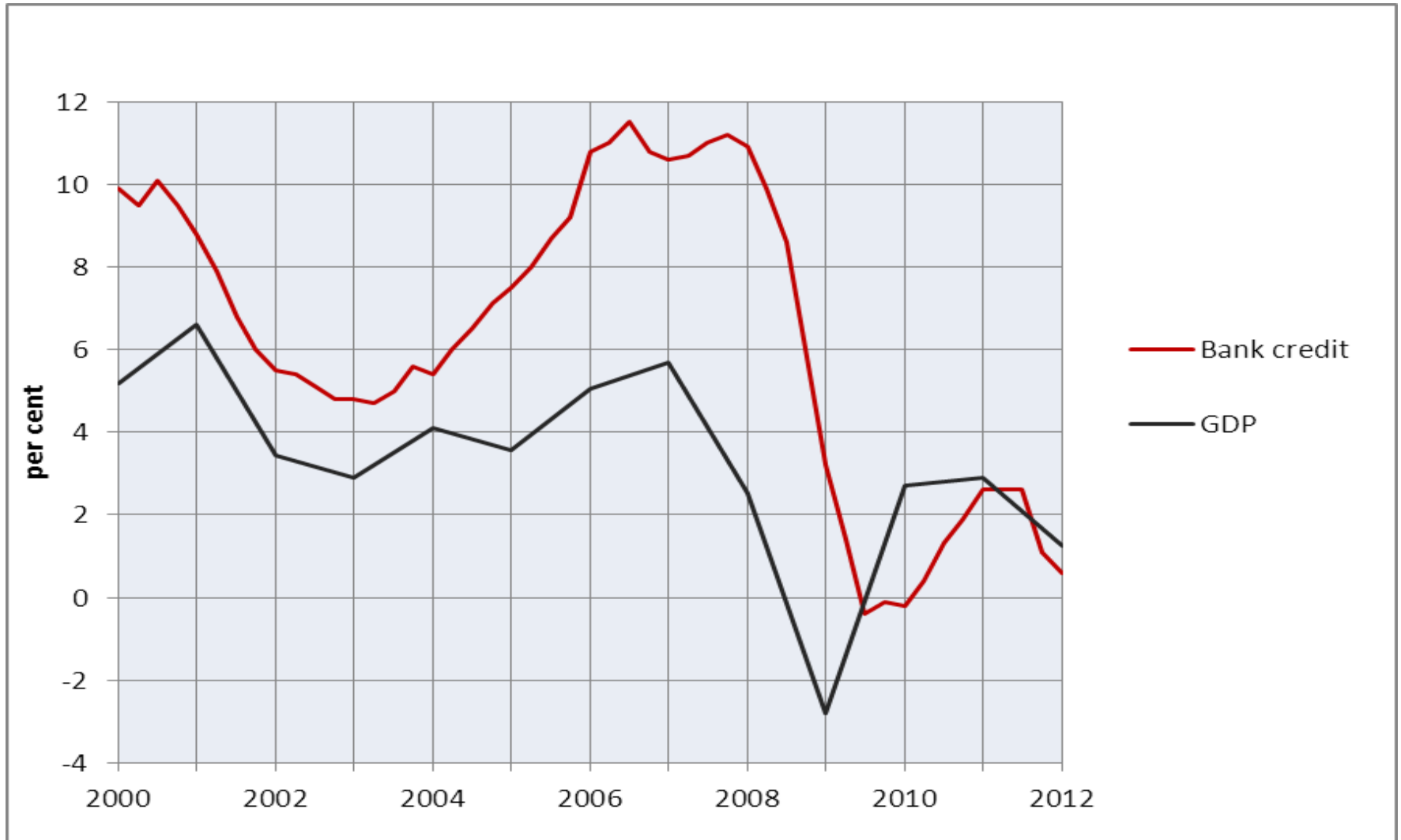


# References

- **European Banking Authority (2012), Update on the implementation of Capital Plans following the EBA's 2011 Recommendations on the creation of temporary capital buffers to restore market confidence, London, 11 July**
- **European Central Bank (2012a), EU bank deleveraging – driving forces and strategies, Financial Stability Review, Frankfurt, June**
- **European Central Bank (2012b), The euro area bank lending survey, 2<sup>nd</sup> Quarter of 2012, ECB, Frankfurt, July**
- **Hartmann (2012), Credit, deleveraging and economic activity during the crisis, Jack Revell Lecture at the Annual Conference of the Wolpertinger Club, Valetta/Malta, 30 August**

# Annex

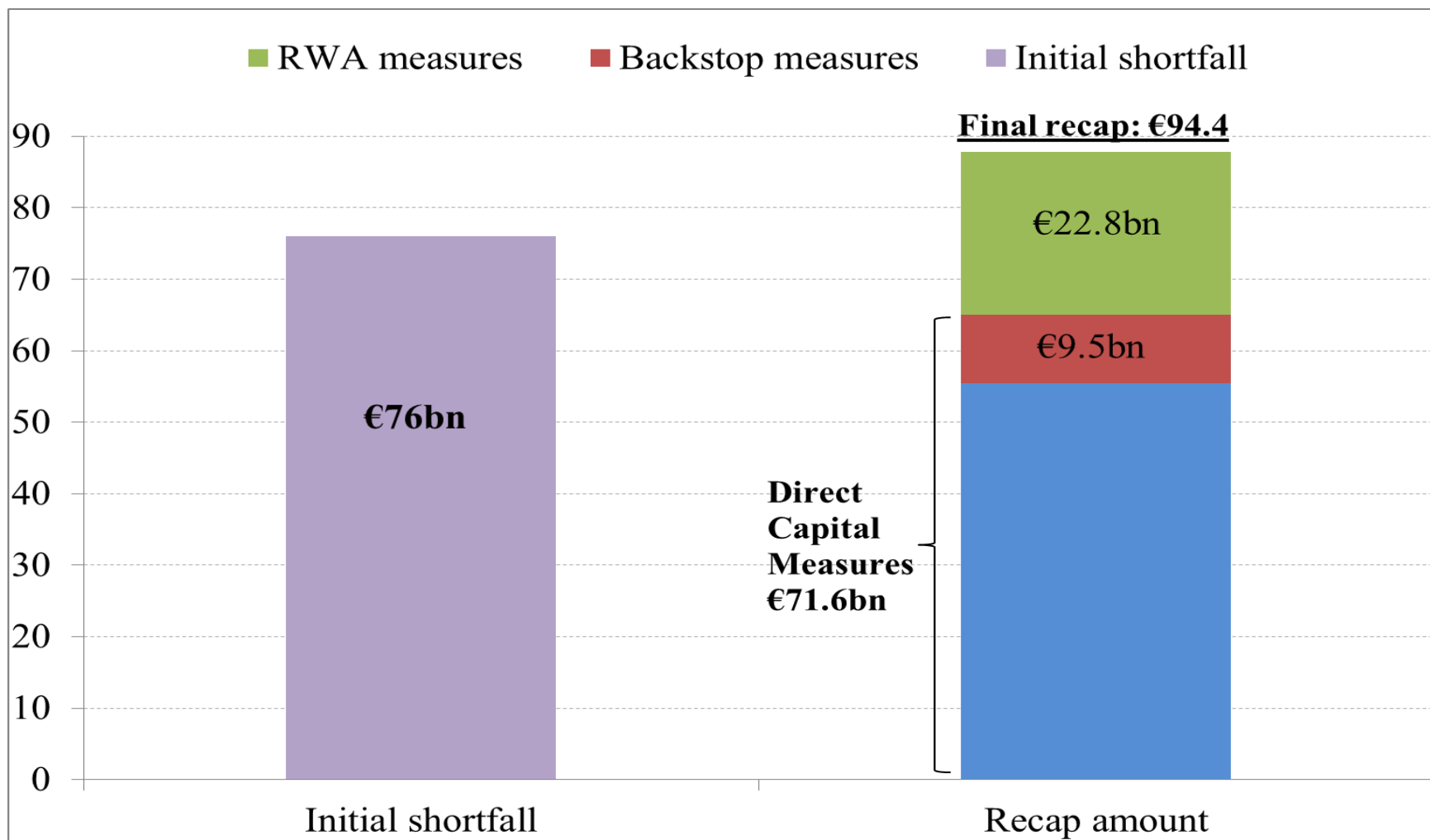
# Credit and economic growth in the euro area





# Progress on EBA-driven European bank recapitalisations and deleveraging

27 banks for which EBA 2011 stress tests identified capital shortfall (30 June deadline)



# Impact of Basel III, EBA or national capital exercises on deleveraging

Net percentage of banks reporting reductions in RWA and increases in capital (lending survey)

