

LMA Market Outlook in Central Eastern Europe 2026

March 2026

Executive Summary

The Loan Market Association recently hosted member roundtables in Vienna and Budapest, to gather knowledge on the Central Eastern Europe (CEE) regional loan markets. We explored the key trends shaping the loan market today. We covered a wide range of topics, including deal flow, liquidity, the role of local and regional banks, international capital, and geopolitics.

Key trends in the market:

1. Overall, there is a positive sentiment in the market. There is enough bank liquidity, with opportunities for private real assets funds. Plus, technology adoption is accelerating
2. The market is led by regional and local banks. Liquidity is increasingly international, with Chinese and Korean investors particularly active
3. Bilateral and club deals dominate. Typically, there is a buy and hold strategy to capital deployment
4. Energy transition is a core theme, particularly Solar, Wind, and Battery Energy Storage
5. The geopolitical backdrop continues to shape markets and capital deployment

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There is a positive sentiment in the market. There is enough bank liquidity, with opportunities for private real assets funds. Plus, technology adoption is accelerating

There was a consensus that there is enough liquidity in the market, with increasing competition and complexity of deals across different segments. People were positive about the current and future direction of the region.

Credit demand remains robust, particularly from corporates, while banks anticipate a slight improvement in credit supply following a period of relative contraction. Lending appetite from banks is expected to grow, especially for Small and Medium Sized Enterprises (SMEs) and consumer credit, although banks show limited willingness to extend further credit to the commercial real estate sector.

The growing confidence around credit supply could help narrow the supply–demand gap that has persisted in recent years. This positive outlook is supported by rising retail and corporate deposits and continued access to funding from international financial institutions and wholesale debt issuance.

Corporate deals are increasingly competitive, but banks remain selective in sectors such as real estate and infrastructure, creating opportunities for private debt investors. However, real estate continues to present challenges in terms of returns and deal volumes are low.

Infrastructure and energy transition investments emerged as a core area for deal flow and banks are generally keen to support. It was noted that there is increasing complexity of deal structures in project finance, including negotiation complexity.

There are a variety of reasons for this. The primary driver is the wide range of infrastructure and energy transition investment subsectors. Infrastructure assets often have complex holding structures that may include multiple Special Purpose Vehicles (SPVs). These SPVs may hold Operating Companies, and/or Development and Construction assets. As a result, infrastructure assets often require specialised knowledge to structure.

On the regulatory front, the EU's Alternative Investment Fund Managers Directive (AIFMD II) is scheduled to apply from April 2026. Focus areas for the new rules include risk retention, liquidity risk management, leverage limits, and concentration limits

Technology and AI adoption is accelerating, with the AI 'big bang' being integrated as part of daily workflows. AI may speed up deal flow in future, by helping with deal origination. It is also impacting loan agency teams and affecting hiring processes.

More locally focused lenders are looking towards the big banks as first movers in the technology space. This is creating two different speeds, with smaller banks moving at a different pace.

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The market is led by regional and local banks. Liquidity is increasingly international, with Chinese and Korean investors particularly active

The CEE region continues to be led by local and regional banks. In order to succeed, banks need a local presence to do deals. Nonetheless, given the size of the market, there is a limited amount of native debt in CEE. There is an increasing presence of international capital, which tends to be more sophisticated, and helps drive up knowledge and competition.

In particular, Asian banks are investing, with a large number of Chinese and Korean banks providing capital. Korean lenders tend to be interested in state-related risk, and Asian banks are also involved in refinancings in the region.

Other notable international sources of capital include the UAE, USA, UK and Germany.

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Bilateral and club deals dominate. Typically, there is a buy and hold strategy to capital deployment

Club deals are the bread and butter of the market, with bilaterals still an important feature. Loan club deals and smaller syndicates are the mainstay, with notable activity in Romania, Poland, and the Czech Republic. These deals typically involve 2–7 banks pooling capital for a single borrower, offering a simpler and more flexible structure. Deal sizes in the range of EUR 400–500mn are most typical.

The market mainly operates with longer term financing, and buy-and-hold strategies are particularly attractive for the region. For private infrastructure funds, the investment time horizon may be as long as 5–15 years. There is sufficient liquidity, and spreads are at a historical (or at least 15-year) low, which means it is a good time to be a borrower.

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Energy transition is a core theme, particularly Solar, Wind, and Battery Energy Storage

The energy transition emerged as a core area for deal flow and future growth, and energy and infrastructure bankers and funds are particularly busy.

Renewable energy investments in CEE have seen significant growth in recent years, driven by a combination of EU mandates, national energy policies, and growing investor interest in green energy and climate solutions. There is a focus on decarbonizing the energy mix, reducing dependence on coal, and increasing renewable capacity.

The boom in renewable energy investments means that the Compound Annual Growth Rate is expected to be above 4.5% in CEE (1). The market was valued at USD 7.39 billion in 2024 and is forecast to reach USD 10.98 billion by 2032 (2). Renewable energy investments are commercially attractive so can operate without government subsidies. Plus, investments in the energy transition are driving activity in Sustainability-linked Loans and Green Loans.

Solar power is growing fast, and so is wind. There is no doubt that the energy transition will require a dramatic increase in capital spending on the electricity grid. Battery Energy Storage Systems (BESS) will have an important role to play in stabilising the grid as the energy mix shifts towards intermittent and weather dependent renewables.

Multilateral Development Banks (MDBs) and Development Finance Institutions (DFIs) play a significant role in financing infrastructure across the CEE. Key players include the EIB, EBRD, and IFC, who are funding the energy transition in the region. However, it was noted that some MDBs may be affecting the market in terms of timing and flexibility, because they typically have longer and more complex decision-making processes, compared to smaller investors. In addition, climate financing deals can be hard to structure, especially for local banks.

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The geopolitical backdrop continues to shape markets and capital deployment

The challenging geopolitical and economic backdrop is continuing to affect markets, and politicians are pushing political risk onto banks. This highly politicised environment means that even technical items are becoming political.

There is an election in Hungary this year, so investors are adopting a 'wait and see' approach. Plus, the economic impact of the Russian and Ukrainian war continues to bite. Sanctions clauses are a problematic area, causing issues for borrowers who are worried about the implications on their key personnel, including potential criminal procedures. This is causing risk management issues, as it is often hard to find common ground.

More broadly, an economic downturn creates a different environment, and market players are behaving in a different way.

Future directions

Overall, there is positivity for the direction of the market, with an increase in international and private capital bringing liquidity and knowledge. The macroenvironment continues to be challenging, but investments in the infrastructure and energy space are driving deal flow. Transaction volumes and speed are also increasing as the market embraces AI, which helps save time and cost.

Despite this, and in a world that is increasingly embracing technology, relationships are more important than ever in a market that is based around local and regional players.

Sources

1. [East Europe Renewable Energy Market](#), Mordor Intelligence
2. [Eastern European Renewable Energy Market Trends That Will Shape 2026](#), Green Recruitment Company;

Acknowledgement

The Loan Market Association extends its sincere thanks to all participating firms and contributors for their insights, leadership and commitment to advancing liquidity, transparency and liquidity across the loan markets. Their contributions were instrumental in shaping a rich and forward looking discussion throughout our visit to Central Europe.

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