

Abstract

Numerous external shocks have challenged the banking sector in the CEE region and thus attracted a lot of academic attention since the 1990s. Among all the studies, more scholars have taken into consideration what factors affect the banking sector performance in this special region. This dissertation aims to find out the influence of specific factors in banks' financial performance, including bank-specific, industry-specific, and macroeconomic factors, and several dummies are also considered to proxy whether a bank is in the euro area or not and whether the banks' performance has improved or deteriorated during the research period. In this dissertation, an unbalanced panel data with 96 banks from 15 CEE countries and 11 years from 2011 to 2021 was selected and 5 CAMEL indicators were used to measure the bank's financial performance. The empirical results show that the four bank-specific factors, the industry-specific factors, and the GDP growth tend to have distinct impacts on the five CAMEL indicators. Generally, a lower inflation rate would improve banks' financial performance. Meanwhile, differences are also disclosed in those influential factors behind banks' financial performance in euro-area countries and non-euro area countries or EU countries and non-EU countries.