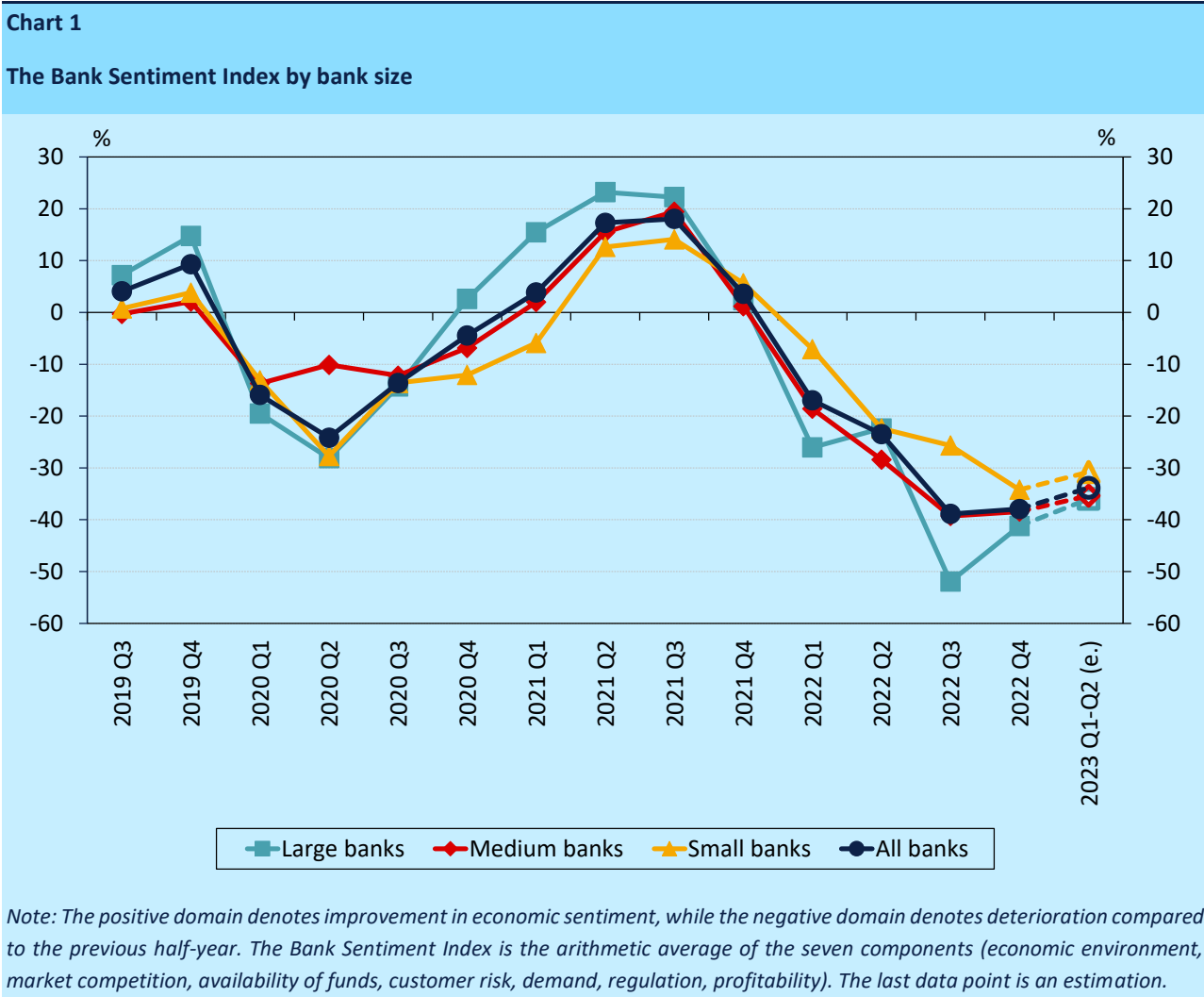


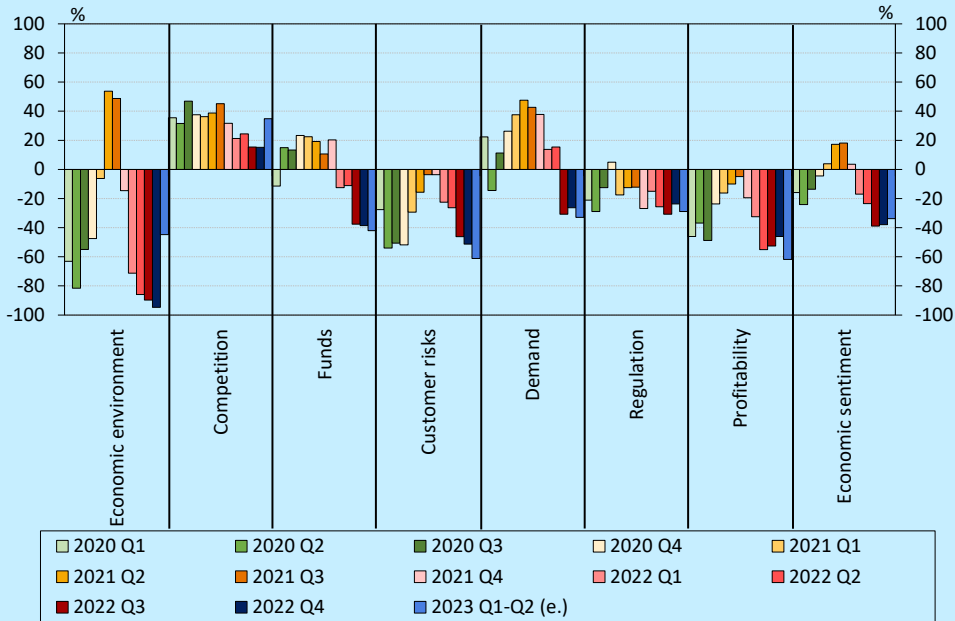
# MNB BANK SENTIMENT SURVEY

## 1. Bank Sentiment Index



**Chart 2**

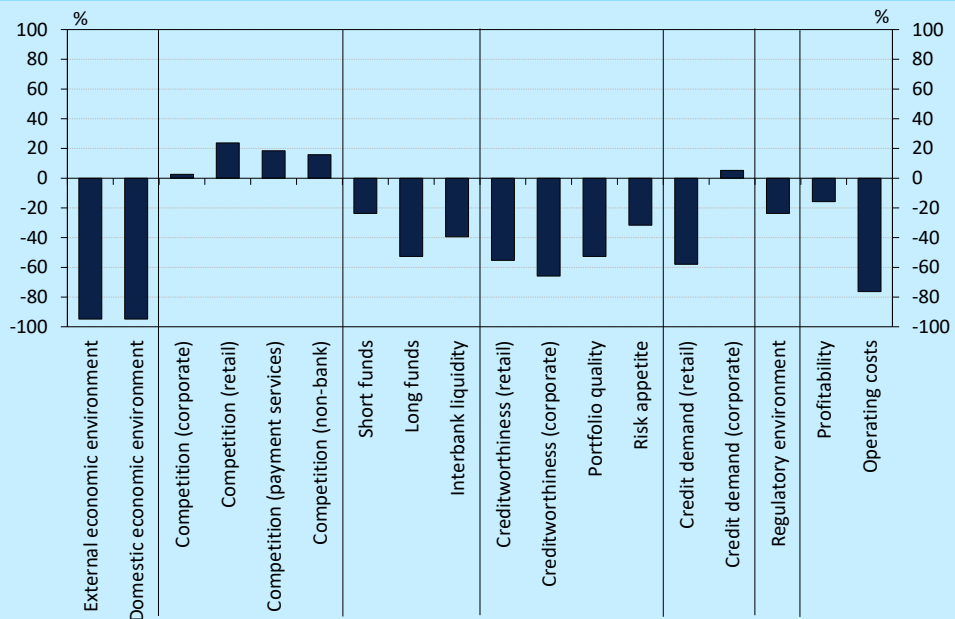
**The Bank Sentiment Index and its components**



Note: Positive values are factors influencing the strengthening of the economy (improvement / increase / intensification), negative values are factors influencing the deterioration of the economy (deterioration / decrease / slackening). Each value shows the unweighted net ratio, i.e. the difference between the number of banks indicating an improvement and a deterioration in the economy, divided by the number of respondent banks.

**Chart 3**

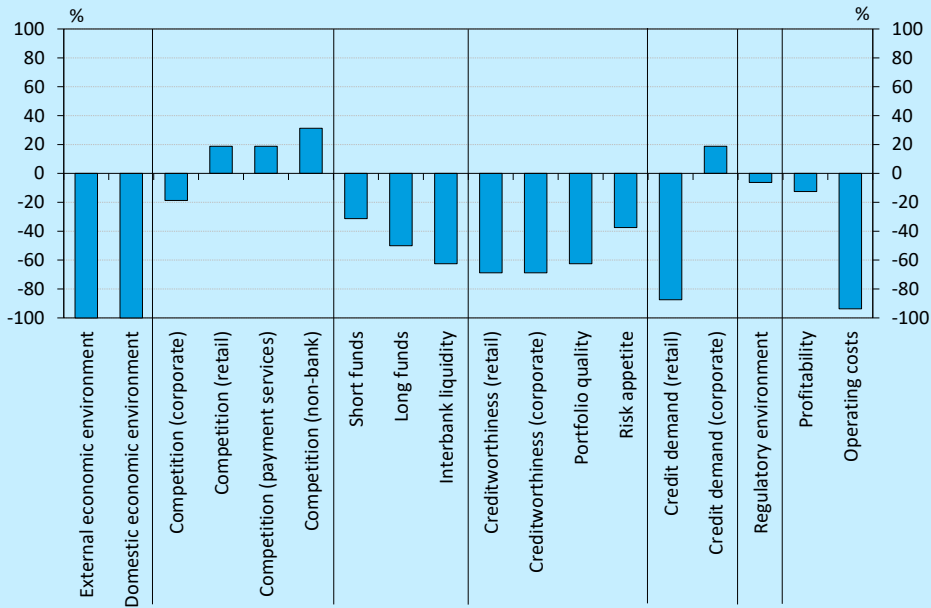
**Subcomponents of the Bank Sentiment Index – all banks**



Note: Positive values are factors influencing the strengthening of the economy (improvement / increase / intensification), negative values are factors influencing the deterioration of the economy (deterioration / decrease / slackening). Each value shows the unweighted net ratio, i.e. the difference between the number of banks indicating an improvement and a deterioration in the economy, divided by the number of respondent banks.

**Chart 4**

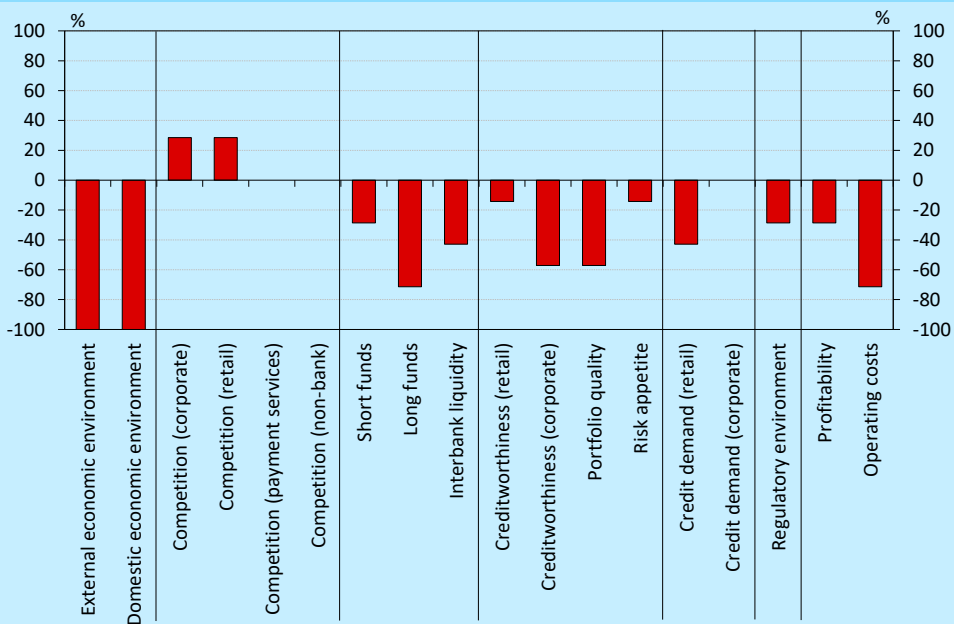
**Subcomponents of the Bank Sentiment Index – large banks**



Note: Positive values are factors influencing the strengthening of the economy (improvement / increase / intensification), negative values are factors influencing the deterioration of the economy (deterioration / decrease / slackening). Each value shows the unweighted net ratio, i.e. the difference between the number of banks indicating an improvement and a deterioration in the economy, divided by the number of respondent banks.

**Chart 5**

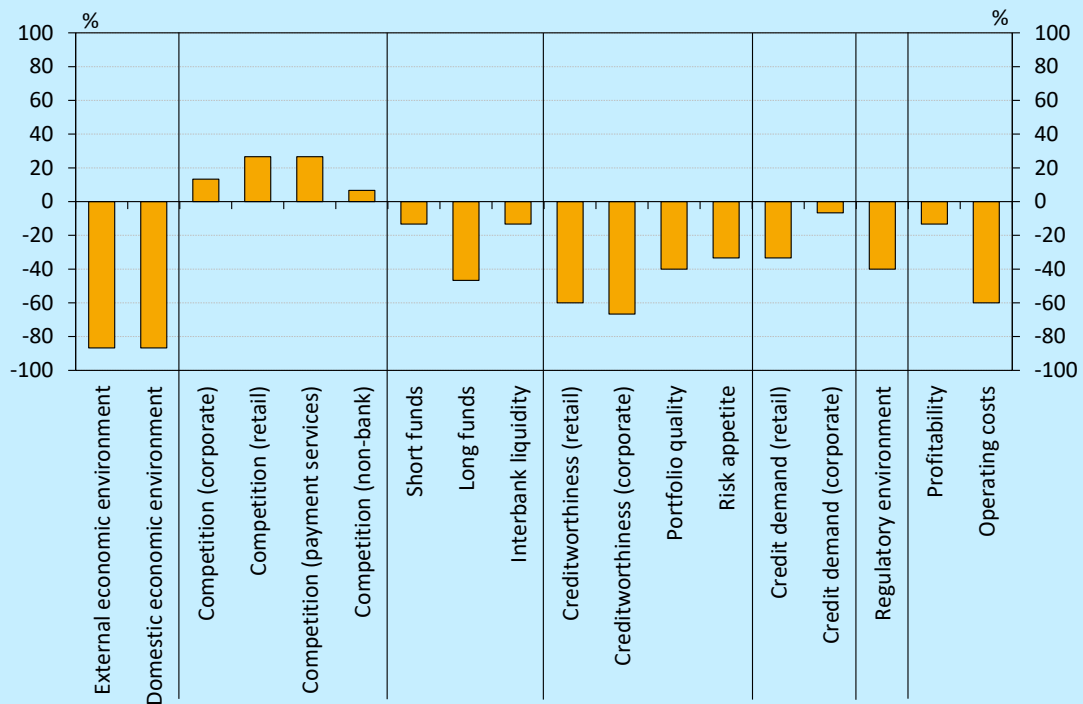
**Subcomponents of the Bank Sentiment Index – medium banks**



Note: Positive values are factors influencing the strengthening of the economy (improvement / increase / intensification), negative values are factors influencing the deterioration of the economy (deterioration / decrease / slackening). Each value shows the unweighted net ratio, i.e. the difference between the number of banks indicating an improvement and a deterioration in the economy, divided by the number of respondent banks.

**Chart 6**

**Subcomponents of the Bank Sentiment Index – small banks**



*Note: Positive values are factors influencing the strengthening of the economy (improvement / increase / intensification), negative values are factors influencing the deterioration of the economy (deterioration / decrease / slackening). Each value shows the unweighted net ratio, i.e. the difference between the number of banks indicating an improvement and a deterioration in the economy, divided by the number of respondent banks.*

## 2. Strategy and Profitability

Chart 7

Strategic plans for portfolio sales and purchases over the next 6 months

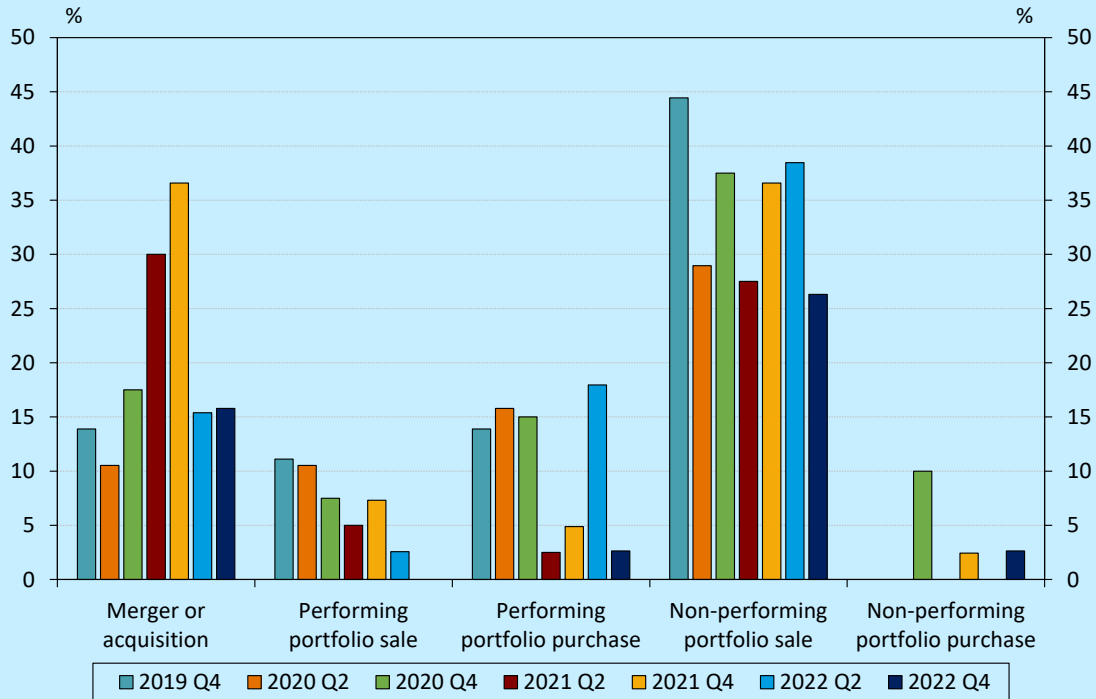
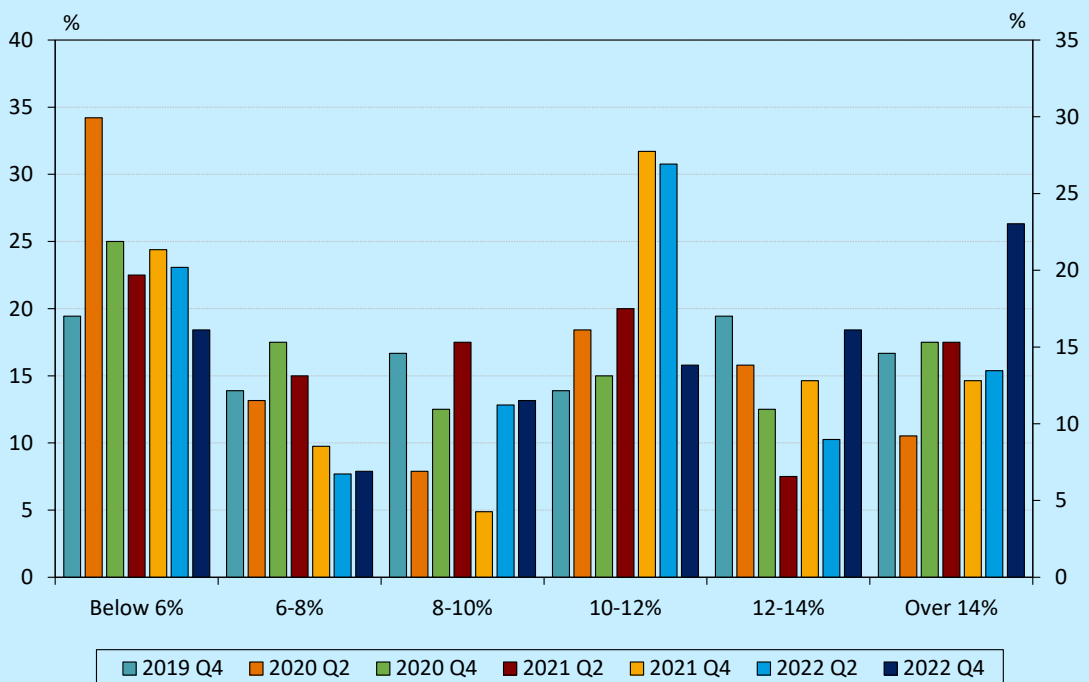


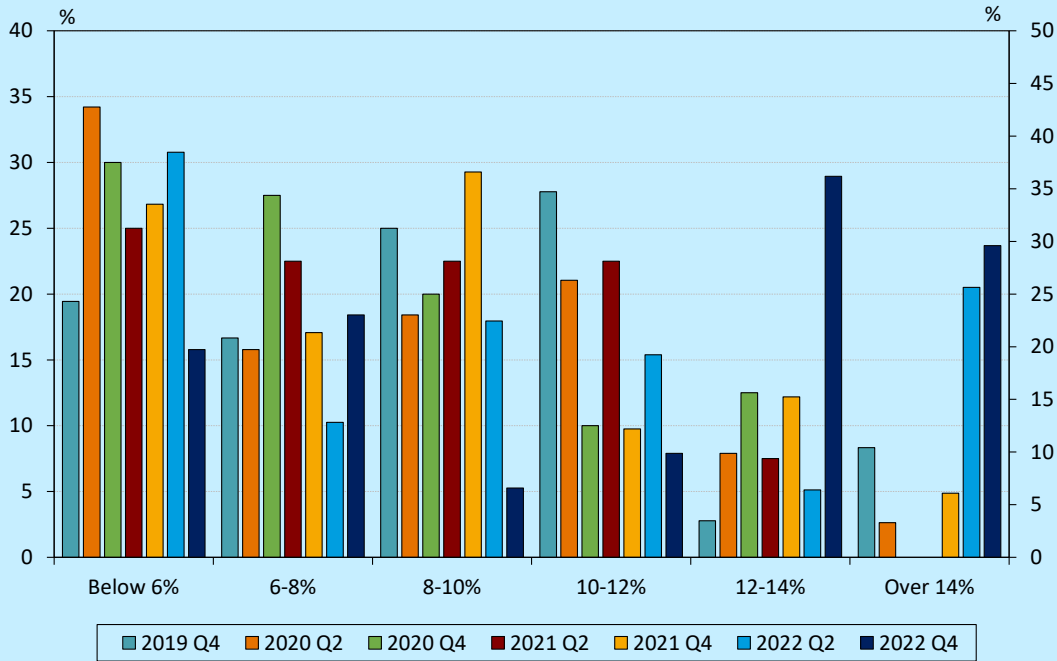
Chart 8

Distribution of banks by their long-term return on equity (ROE)



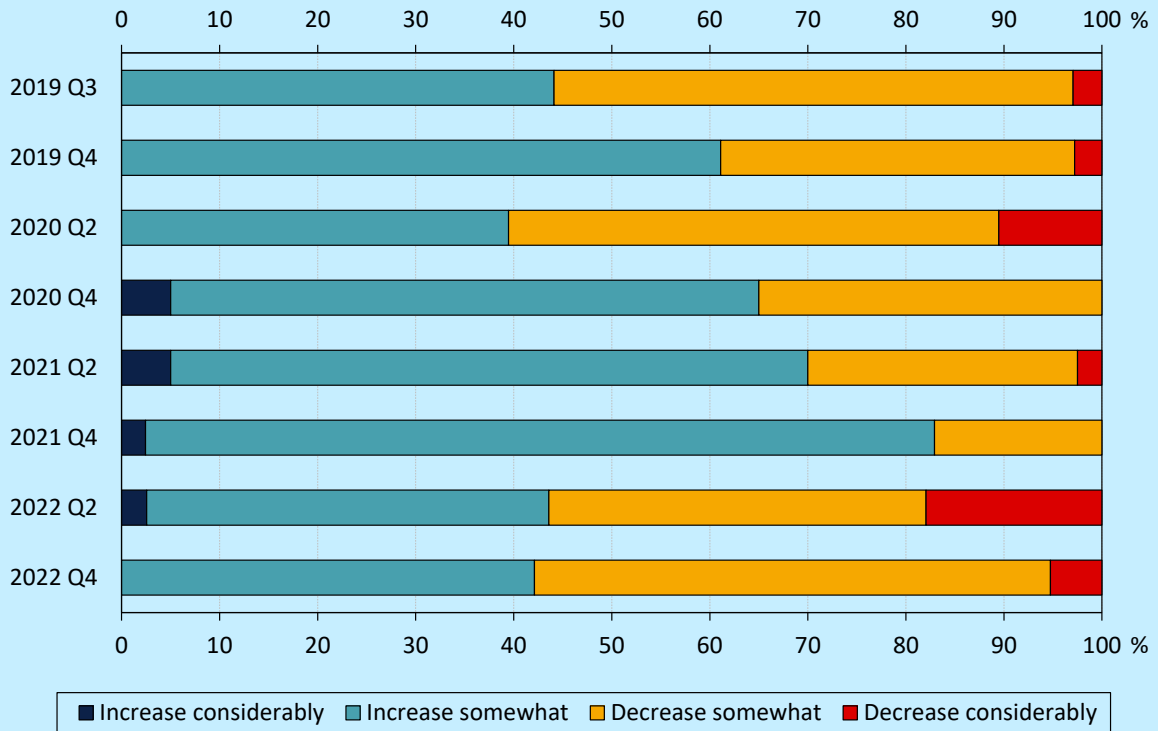
**Chart 9**

**Distribution of banks by their cost of capital**



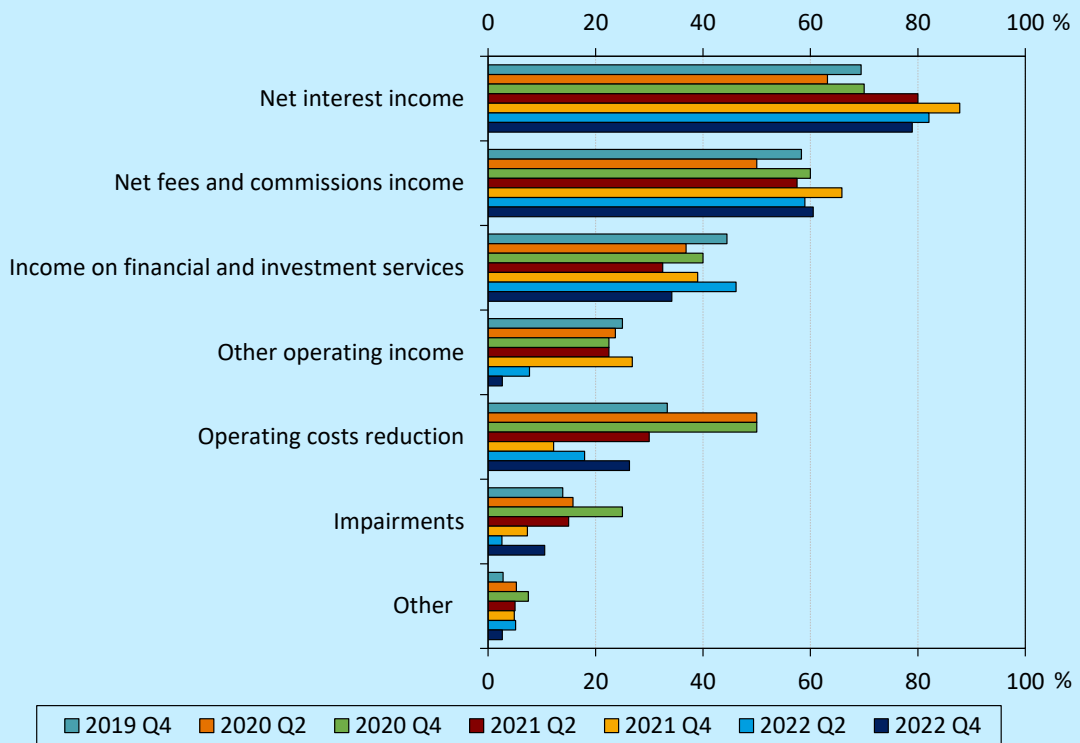
**Chart 10**

**Expected development of bank profitability in the next 6 months (disregarding within-year seasonal effects)**



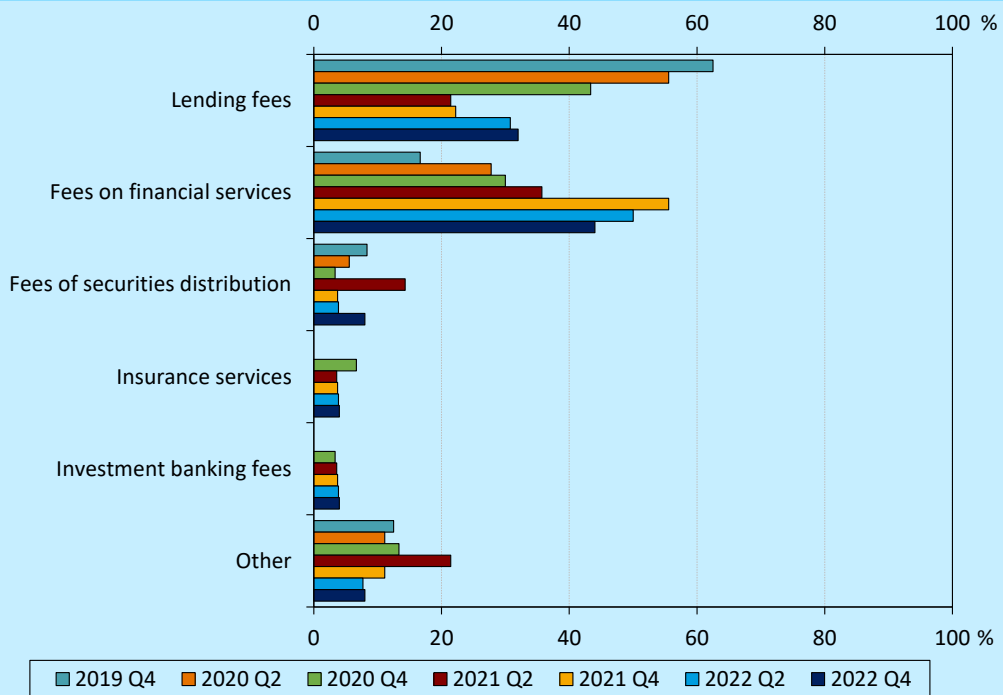
**Chart 11**

**Items to improve return on assets over the next 6 months**



**Chart 12**

**Items to improve profitability within net fees and commissions income**



*Note: Responses only from institutions that indicated an increase in net fees and commissions income.*

Chart 13

Ways to rationalise operating costs

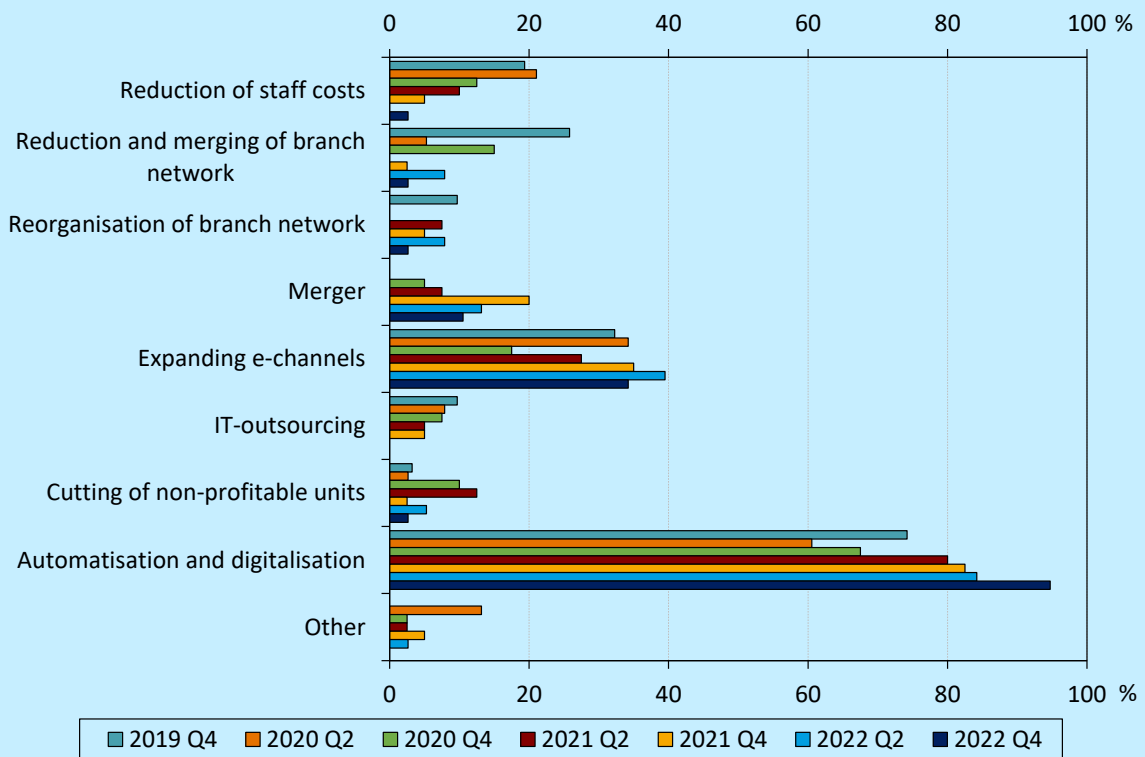
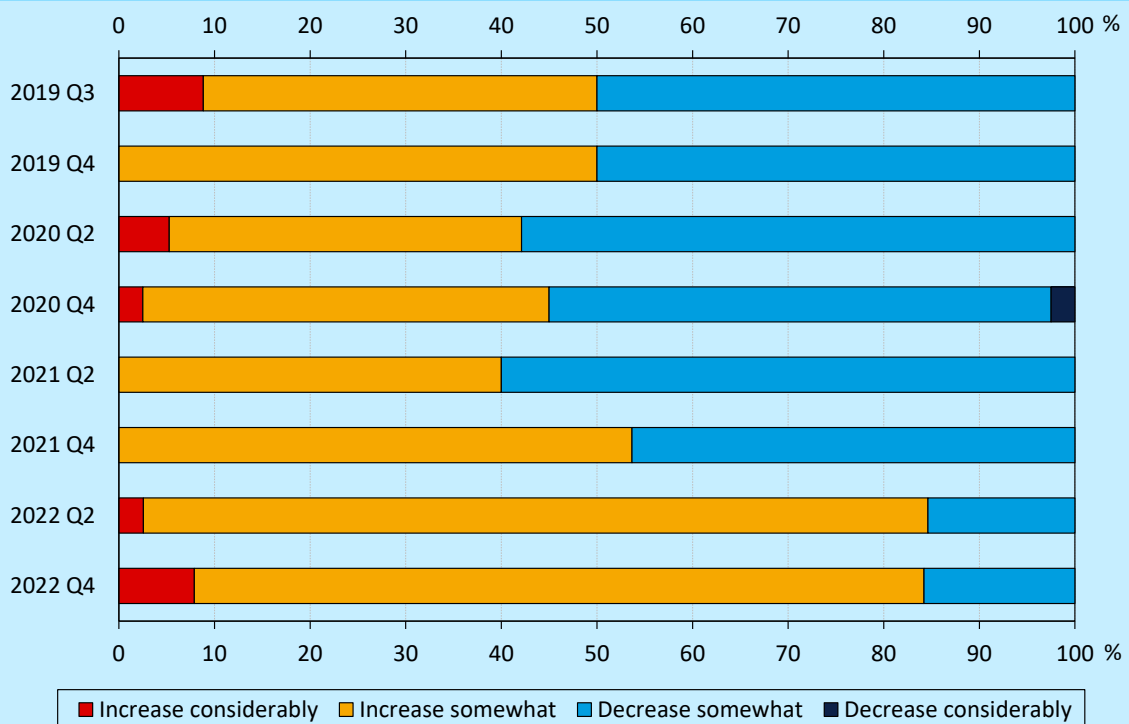


Chart 14

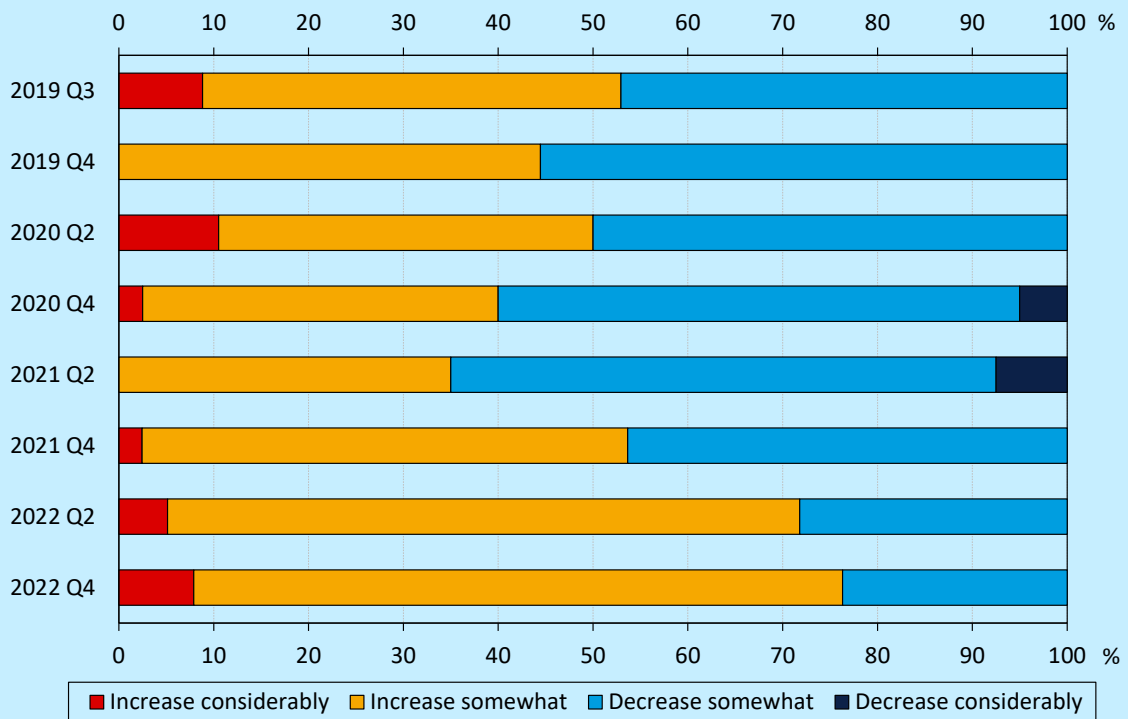
Expected development of cost-to-asset ratio (C/A) in the next 6 months (disregarding within-year seasonal effects)





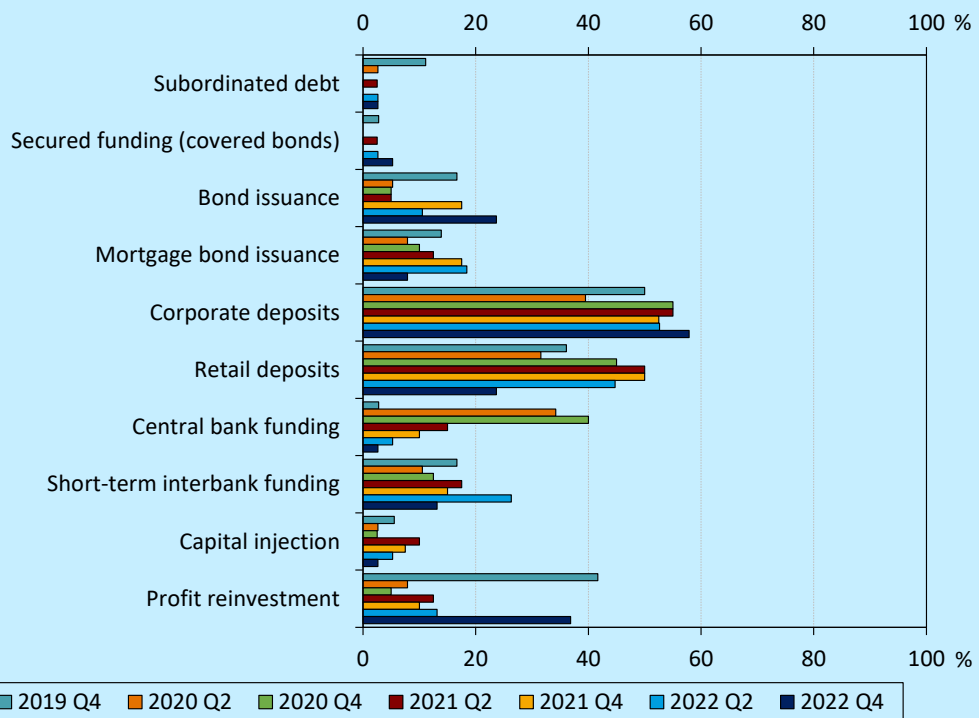
**Chart 15**

**Expected development of cost-to-income ratio (C/I) in the next 6 months (disregarding within-year seasonal effects)**



**Chart 16**

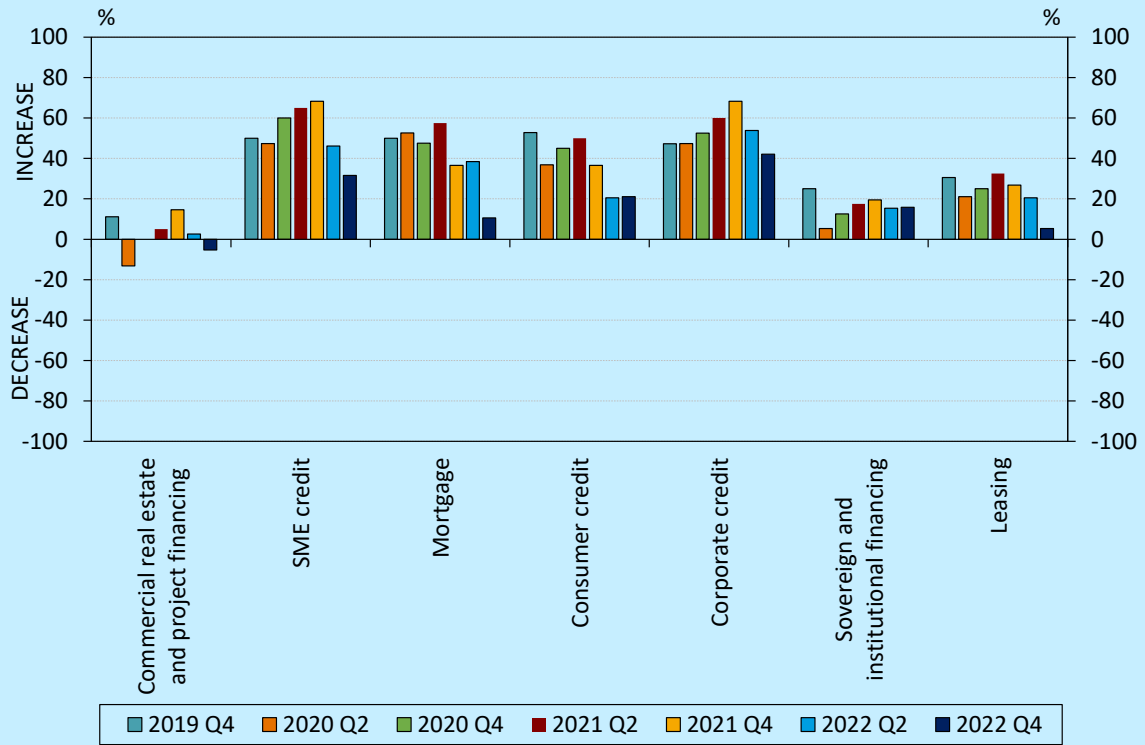
**Liability-side items that are planned to increase in the next 6 months**



### 3. Assets and Portfolio Quality

Chart 17

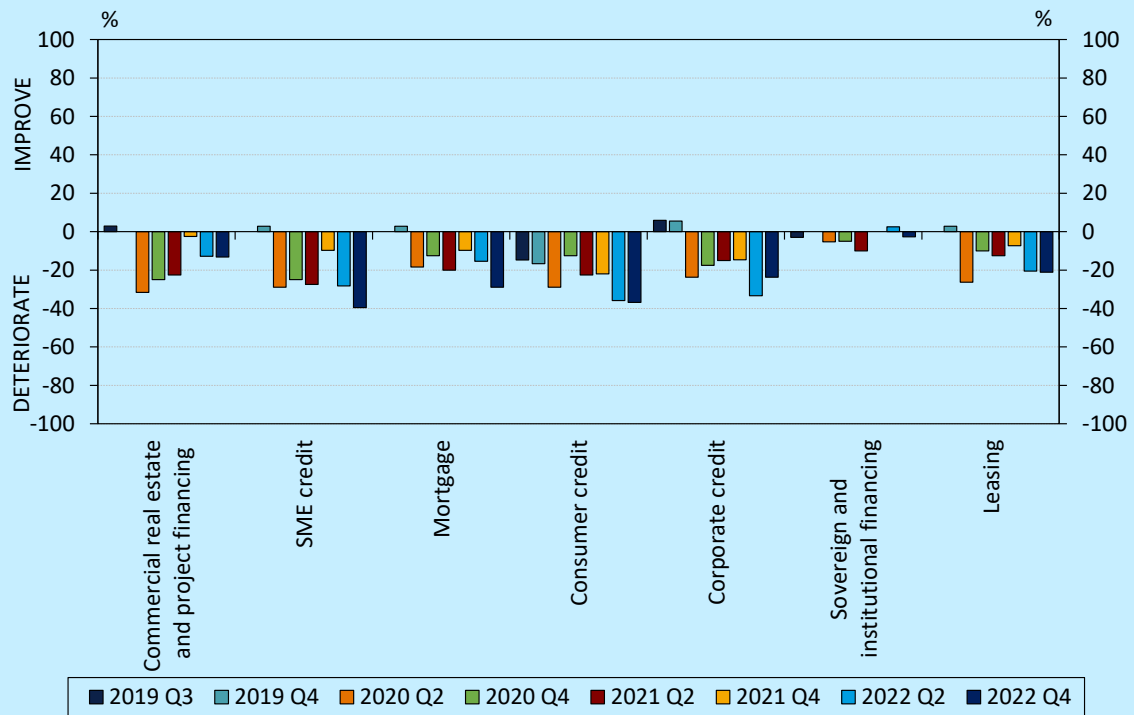
Planned change in the volume of portfolios in the next 6 months



Note: Each value shows the unweighted net ratio, i.e. the difference between the number of banks indicating an increase and a decrease in the portfolio, divided by the number of respondent banks.

**Chart 18**

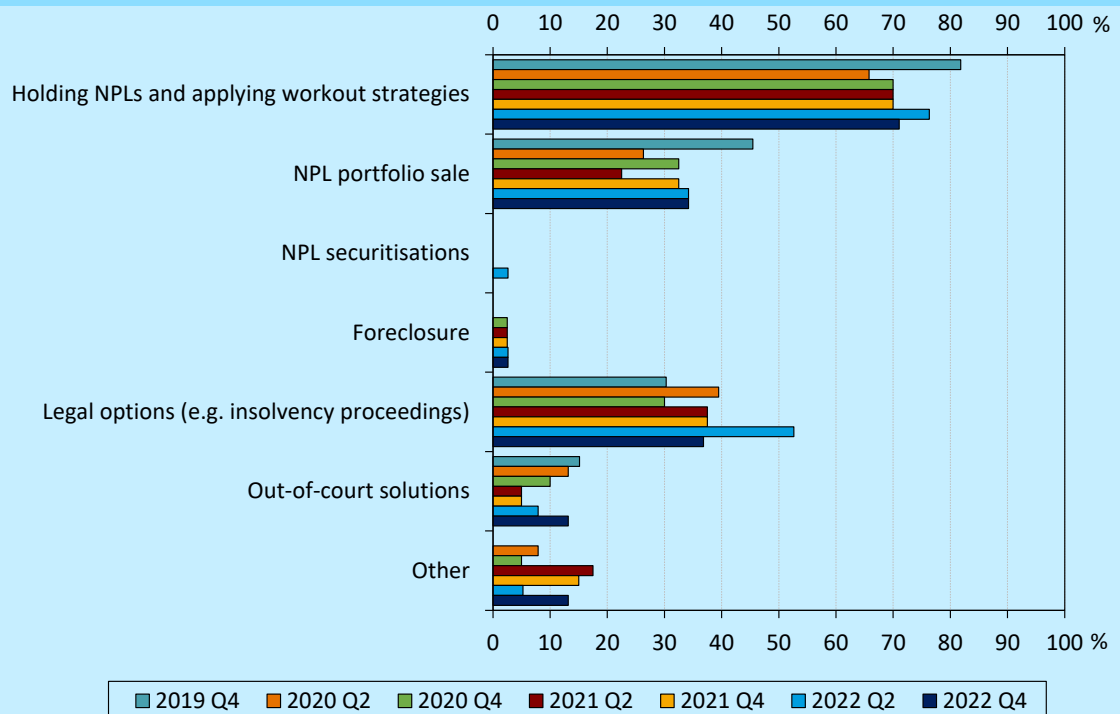
**Expected change in the quality of each portfolio in the next 6 months**



Note: Each value shows the unweighted net ratio, i.e. the difference between the number of banks indicating an improvement and a deterioration in the portfolio quality.

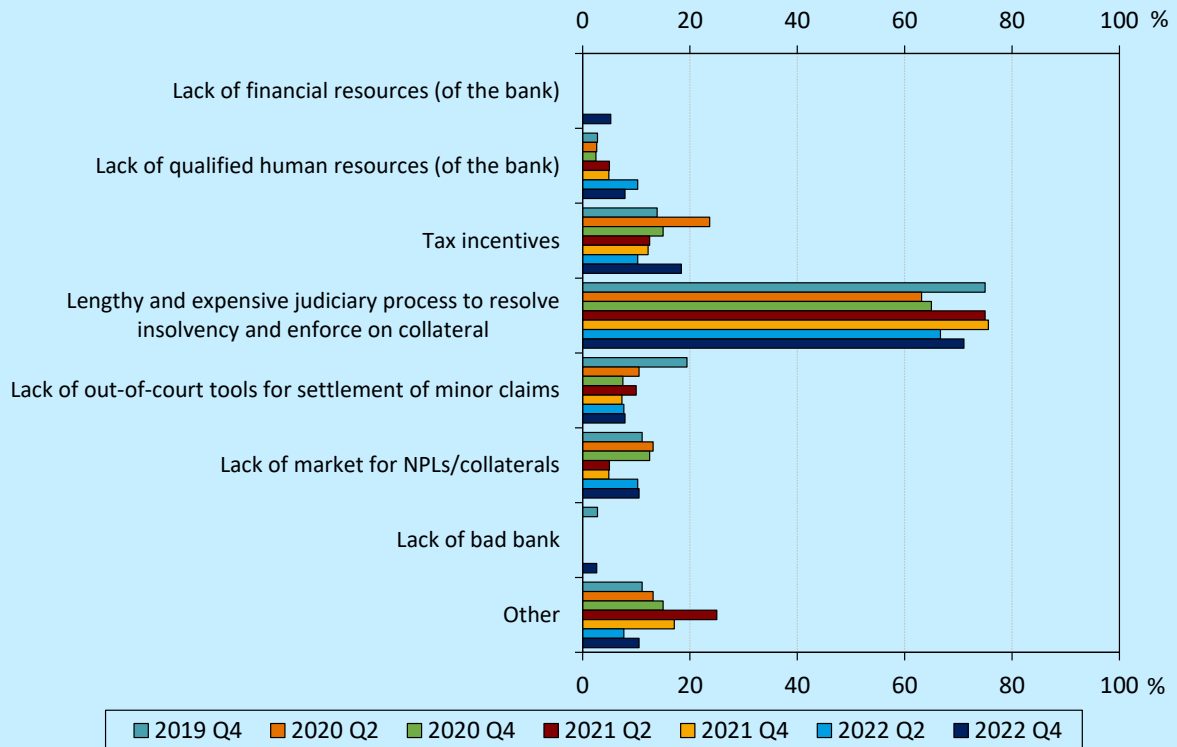
**Chart 19**

**Most commonly applied strategies for NPL reduction**



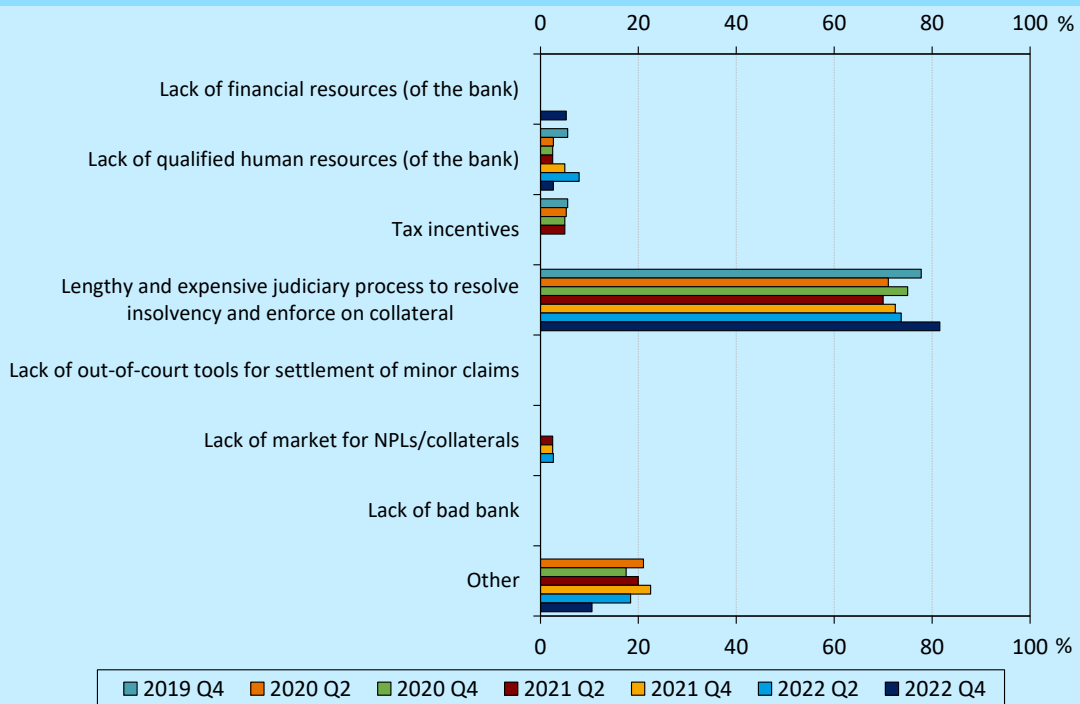
**Chart 20**

**Impediments to resolving non-performing loans**



**Chart 21**

**Main impediment to resolving non-performing loans**



# 4. Operational Risks

Chart 22

Factors leading to an increase in operational risks in the next 6 months

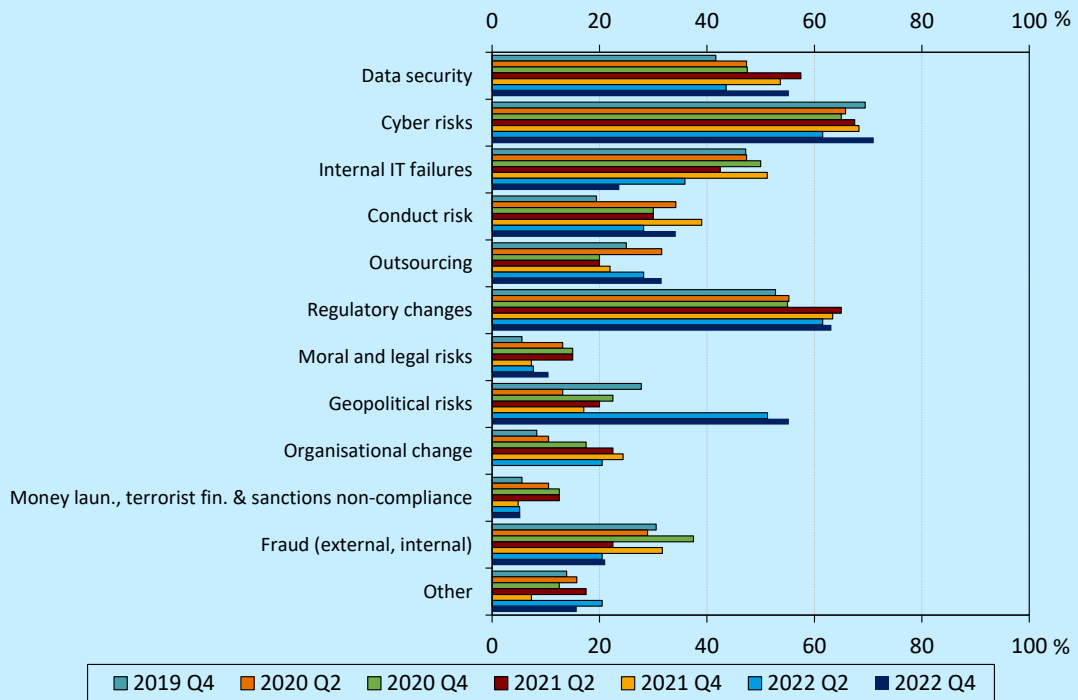
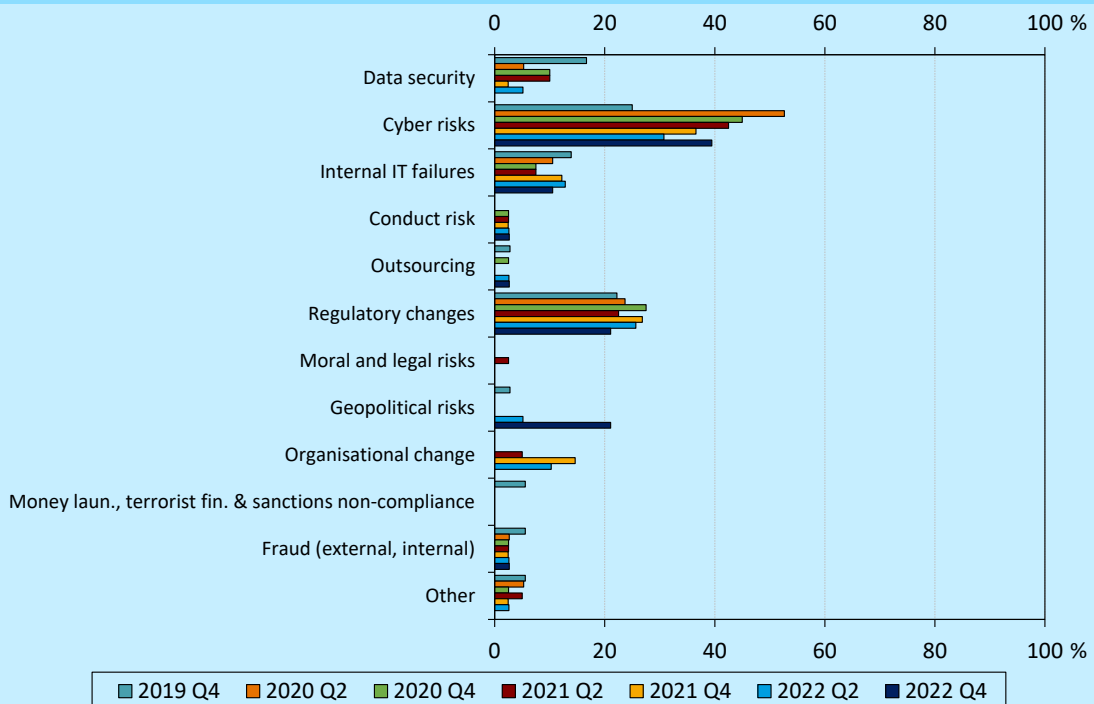


Chart 23

Main operational risk in the next 6 months



# 5. Costs and FinTech

Chart 24

Form of engagement with FinTech firms

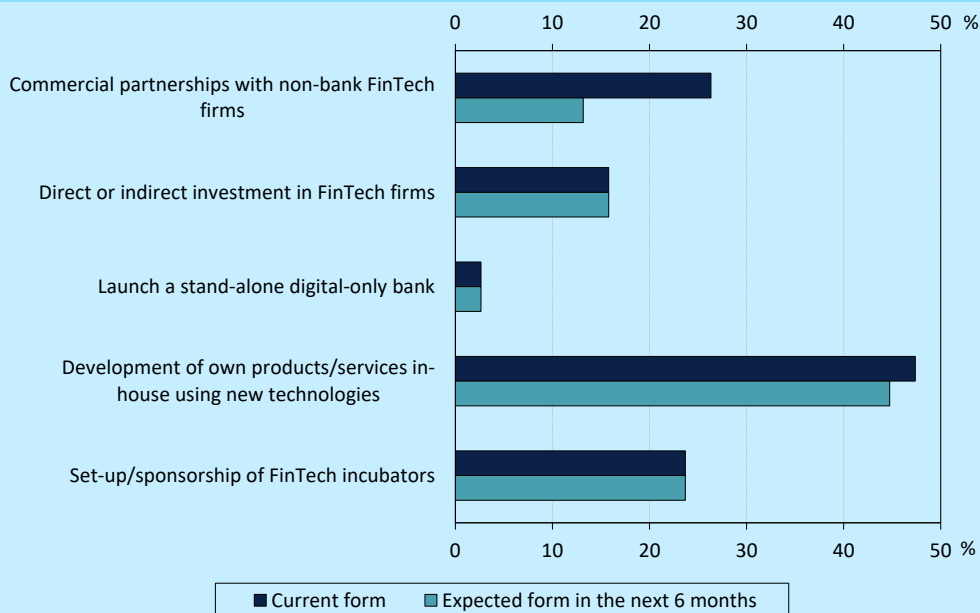
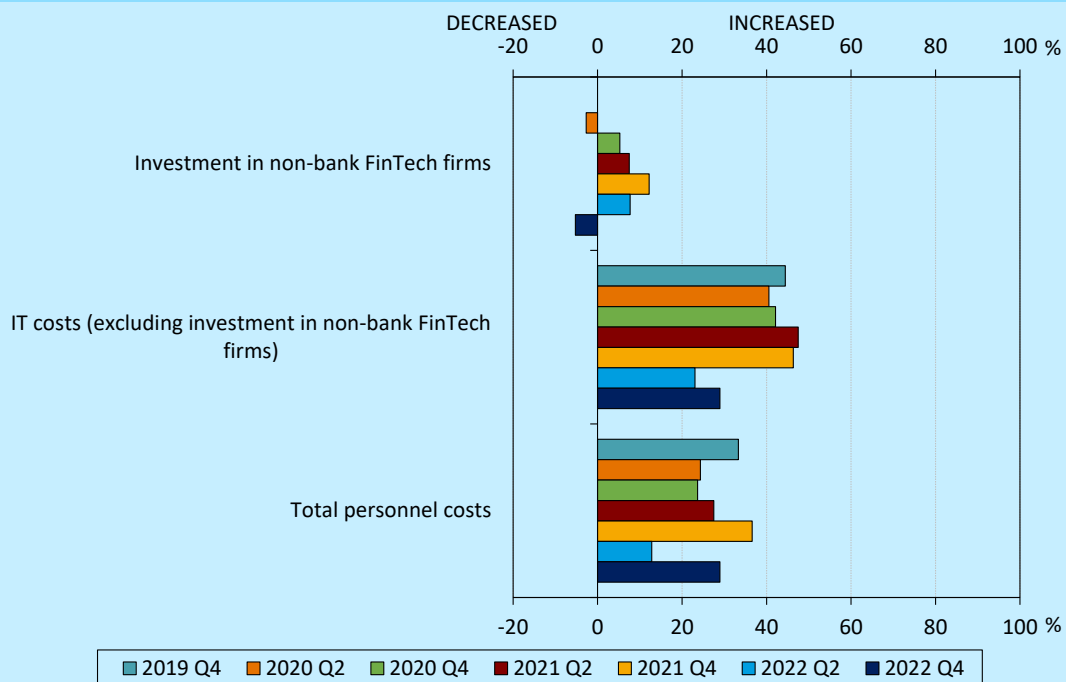


Chart 25

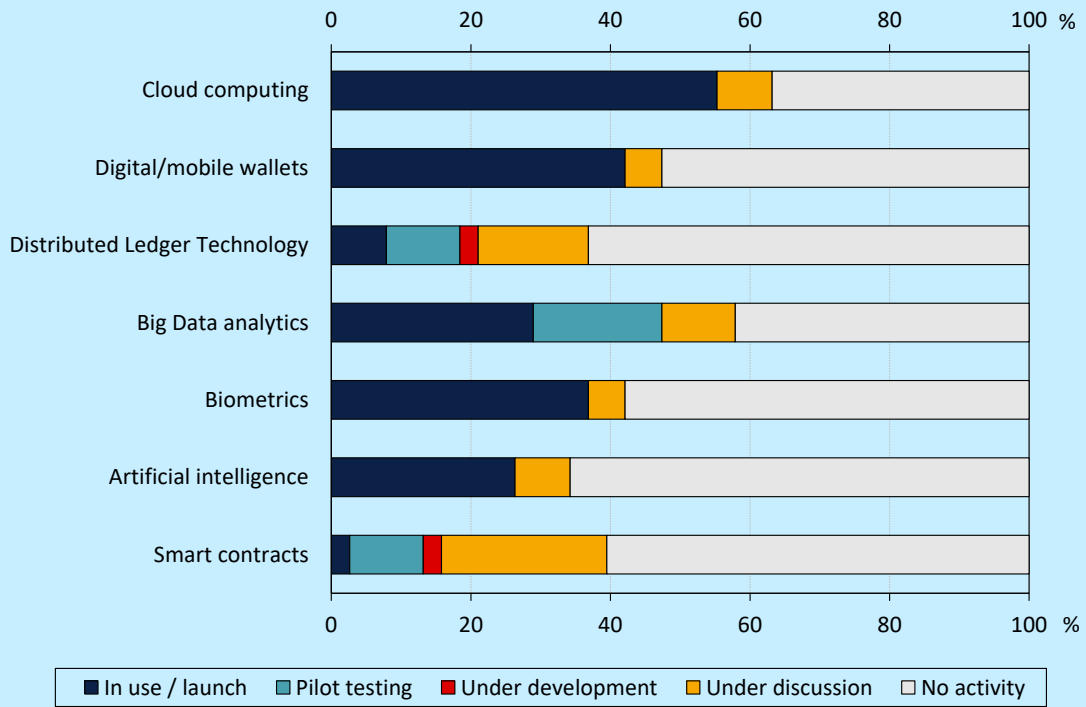
Change in IT and FinTech costs to assets in the last 6 months



Note: Each value shows the unweighted net ratio, i.e. the difference between the number of banks indicating an increase and a decrease in the costs, divided by the number of respondent banks.

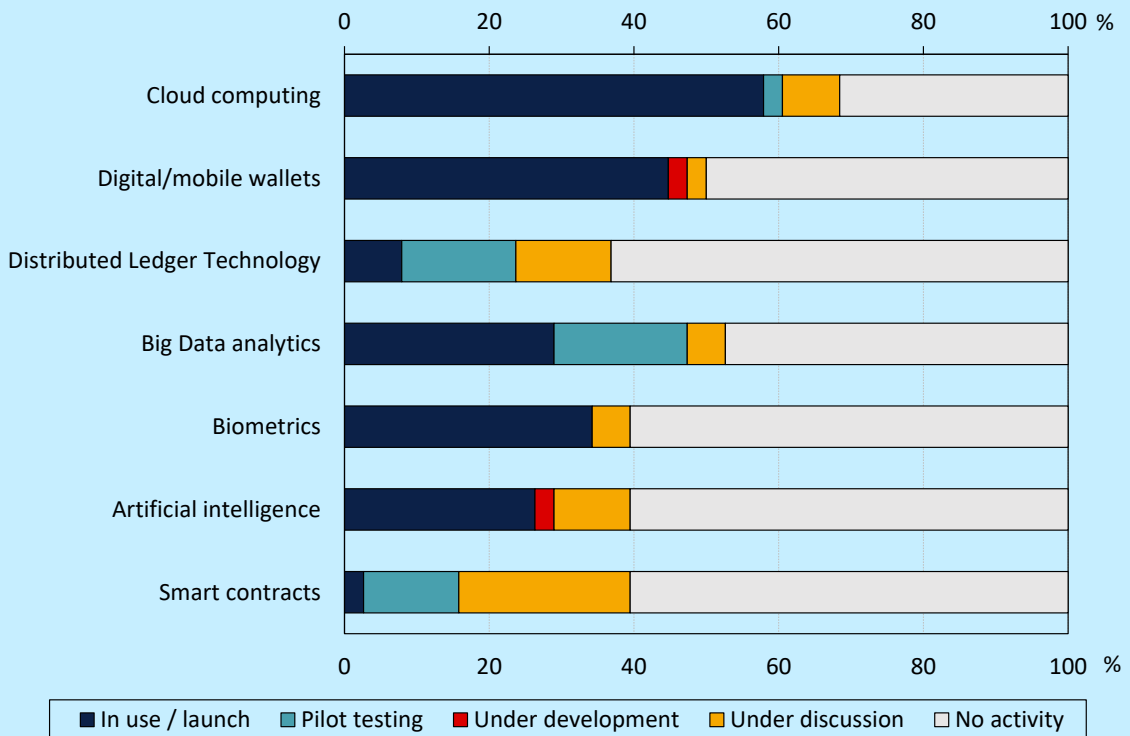
**Chart 26**

**Involvement in applying the following technologies**



**Chart 27**

**Estimated changes in the involvement in applying the following technologies in the next 6 months**



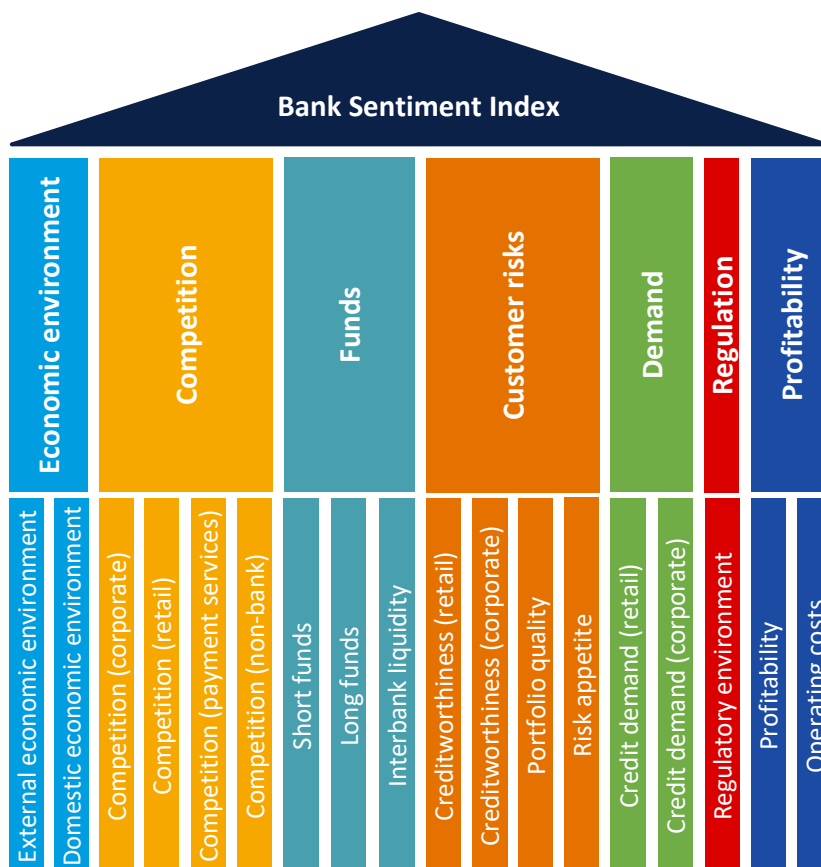
# Methodological Notes

The Bank Sentiment Survey is based on the BSI (Bank Sentiment Index) data required by the MNB for credit institutions at a non-consolidated level from the first quarter of 2020.<sup>1</sup>

Banks fill in Table 1 required for the calculation of the Bank Sentiment Index every quarter. In the second and fourth quarters of the year, the institutions also complete five additional tables on the following topics: (2) strategy and profitability; (3) assets and portfolio quality; (4) operational risks; (5) costs and FinTech; (6) others.

The Bank Sentiment Index is the unweighted arithmetic average of seven components (economic environment, market competition, availability of funds, customer risks, demand, regulation, profitability). The components are the unweighted arithmetic mean of a total of 18 subcomponents. Positive values are factors influencing the strengthening of economic sentiment (improvement / increase / intensification), negative values are factors influencing the deterioration of economic sentiment (deterioration / decrease / slackening). The individual values show the unweighted net ratio, i.e. the difference between the number of banks indicating an improvement and a deterioration in economic sentiment.

*Structure of the Bank Sentiment Index*



<sup>1</sup> In 2019 Q3 and Q4, completion of the survey was not yet mandatory. In the third quarter, 81 per cent of credit institutions filled in the questionnaire on the basis of number of units and 92 per cent on the basis of balance sheet total. In the fourth quarter, the participation rate was 90 per cent based on the number of units and 92 per cent based on the balance sheet total. In both rounds, we requested Tables 2–5 as well.



## *Banks by size category*

### **Large Banks**

ERSTE BANK HUNGARY Ltd.  
ERSTE Building Society Ltd.  
ERSTE Mortgage Bank Ltd.  
K&H Bank Ltd.  
K&H Mortgage Bank Ltd.  
Merkantil Bank Ltd.  
MKB Plc.  
MTB Ltd.  
OTP Bank Plc.  
OTP Building Society Ltd.  
OTP Mortgage Bank Ltd.  
Raiffeisen Bank Ltd.  
Takarék Mortgage Bank Plc.  
Takarékbank Ltd.  
UniCredit Bank Ltd.  
UniCredit Mortgage Bank Ltd.

### **Medium Banks**

Bank of China Hungarian Branch  
CIB Bank Ltd.  
Citibank Europe plc. Hungarian Branch Office  
Eximbank Ltd.  
Fundamenta Building Society Ltd.  
GRÁNIT Bank Ltd.  
MFB Ltd.

### **Small Banks**

Bank of China (CEE) Ltd.  
BNP Paribas Hungary Branch  
China Construction Bank (Europe) S.A. Hungarian Branch  
Cofidis Hungarian Branch  
Deutsche Bank AG Hungary Branch  
DUNA TAKARÉK BANK Ltd.  
HYPO-BANK BURGENLAND AG Hungary Branch  
ING Bank N.V. Hungarian Branch Office  
KDB Bank Europe Ltd.  
KELER Ltd.  
MagNet Bank Ltd.  
Cetelem Hungary Ltd.  
Oberbank AG Hungary Branch  
Polgári Bank Ltd.  
Trive Bank Hungary Ltd.