Press release on the loans granted in the second phase of the Funding for Growth Scheme

5 May 2015

On the first business Tuesday of each calendar month, the Magyar Nemzeti Bank (MNB) publishes information on the utilisation of the overall amount made available under the Funding for Growth Scheme (hereinafter: Scheme), based on the total amount of SME loans submitted to the MNB by the last working day of the previous week.

Up to 30 April 2015, credit institutions participating in the first and second phase of the Scheme concluded contracts for a total amount of HUF 693.6 billion, in 24919 transactions with 16675 enterprises. Of this amount, credit institutions have so far disbursed HUF 537.6 billion[1] to small and medium-sized enterprises participating in the Scheme. As a result, so far almost 22000 enterprises got financing amounting to almost HUF 1400 bn in the first and second phases of the Scheme altogether.

In the second phase, new loans account for more than 96 per cent of the contracted HUF 693.6 billion (loan redemptions cannot exceed 10 per cent of the overall amount). Within new loans, the share of new investment loans (and new leasing transactions) is 63 per cent, while the share of new working capital loans is 26 per cent and the share of loans granted to pre-finance EU funds (hereinafter: EU loans) is 11 per cent. In Pillar II (redemption of forint and foreign currency loans), the share of loans disbursed for the redemption of outstanding investment loans is 74 per cent, while 26 per cent has been provided for the redemption of outstanding working capital loans. 77 per cent of the loans under Pillar II was used to redeem forint-denominated loans, while 23 per cent served for the redemption of foreign currency loans. Within the contracts concluded under Pillar I, the average amount of new investment loans is HUF 22 million, that of new working capital loans is HUF 58 million, while in case of EU loans the average size is HUF 33 million.

In Pillar I, weighted by loan size, the average maturity of new investment loans is 6.8 years, compared to 2.4 years for new working capital loans and 1.5 years for EU loans, while in Pillar II it is 6.7 years for loans granted for the redemption of outstanding investment loans and 2.5 years for the redemption of outstanding working capital loans.

New investment loans account for half of the lending by large banks, whereas new investment loans constitute the vast majority of loans granted by small and medium-sized banks and cooperative credit institutions. EU loans are mainly granted by large banks under the Scheme. In terms of company size, nearly 80 per cent of loans to micro enterprises are new investment loans, while this share is around 50 per cent in the case of small and medium-sized enterprises.

Regarding sectoral distribution, the agriculture, manufacturing, and trade and repair sectors are overrepresented, as they account for nearly three quarters of the loans.

[1] Loan outstanding, i.e. disbursements reduced by instalments.

Table 1.: Distribution of loans provided in the second phase of the Scheme, by purpose

FGS, second phase	Pillar I			Pillar II	
	New investment loan	New working capital loan	EU funds	Investment loan	Working capital loan
Contracted amount (billion HUF)	422.9	172.1	71.5	20.1	6.9
Average contract size (million HUF)	21.9	58.2	32.9	48.5	77.2
Average maturity weighted by loan size (year)	6.8	2.4	1.5	6.7	2.5

Chart 1: Distribution of loans provided under Pillar I, by purpose and banking group[2]

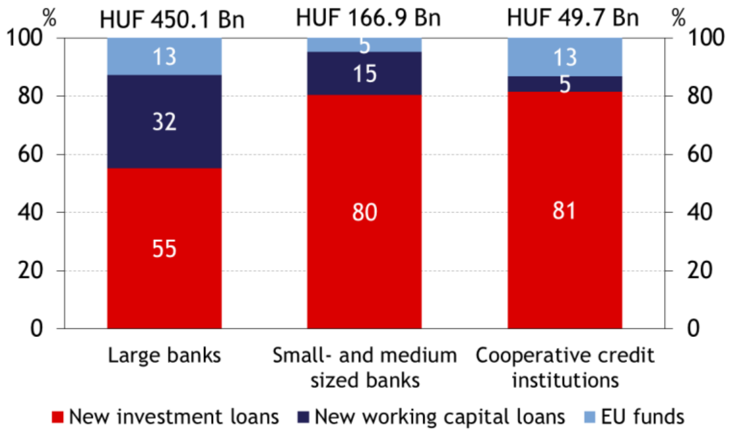
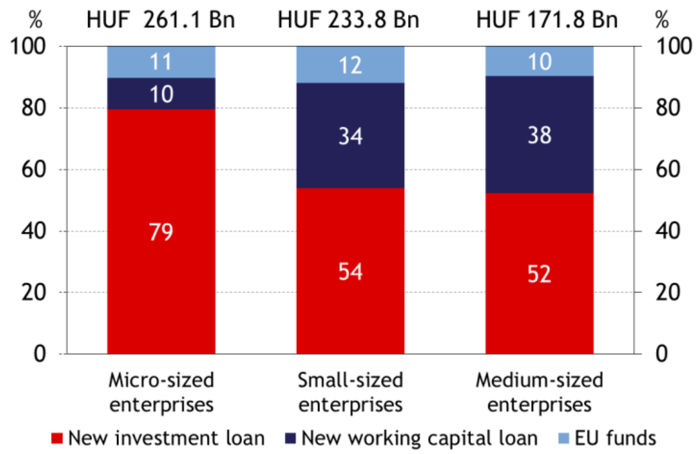


Chart 2: Distribution of loans provided under Pillar I, by purpose and company size



[2] Disbursements by financial enterprises are included in the group corresponding to the size of the banks refinancing them.

Chart 3: Sectoral distribution of loans[3]

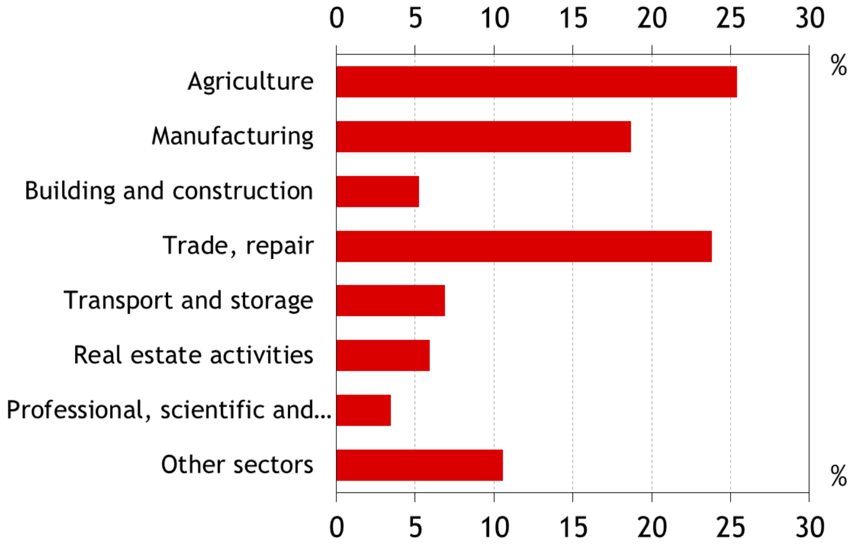
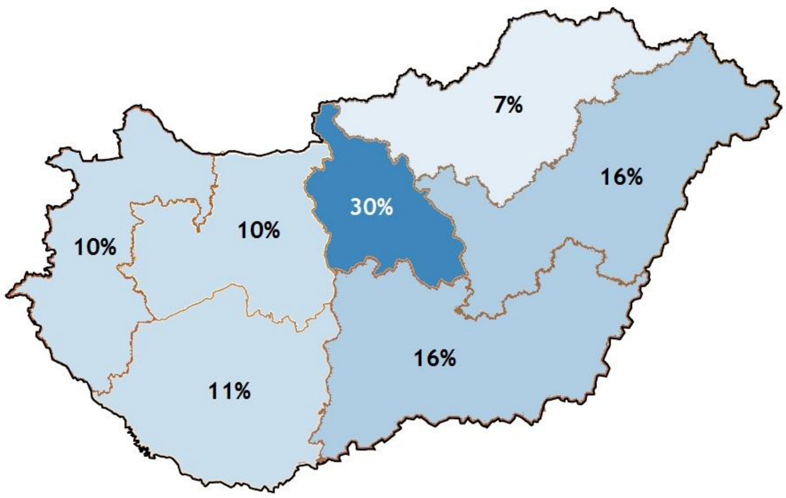


Chart 4: Regional distribution of loans



[3] The sectoral distribution of loans does not include sole proprietors.