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

6 October 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 2 October 2015, credit institutions participating in the second phase of the Scheme concluded contracts for a total amount of HUF 1014.1 billion, in 35783 transactions with 21875 enterprises. (Credit institutions used the amount over and above HUF 1,000 billion against the funds allocated to the FGS+.[1]) The total contract amount of loans not matured yet is HUF 918.3 billion, whereas the loans effectively outstanding – not including the repaid instalments and undrawn loan parts – account for HUF 705.9 billion. The utilisation of the second phase of the Scheme in the first 9 months of the year exceeds the amount observed in the same period of last year by HUF 42 billion. As a result, so far more than 26000 enterprises got financing amounting to almost HUF 1715 billion 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 1014.1 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 58 per cent, while the share of new working capital loans is 30 per cent and the share of loans granted to pre-finance EU funds (hereinafter: EU loans) is 12 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 68 per cent, while 32 per cent has been provided for the redemption of outstanding working capital loans. 76 per cent of the loans under Pillar II was used to redeem forint-denominated loans, while 24 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 57 million, while in case of EU loans the average size is HUF 30 million.

In Pillar I, weighted by loan size, the average maturity of new investment loans is 6.8 years, compared to 2.2 years for new working capital loans and 1.7 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 and cooperative credit institutions under the Scheme. In terms of company size, 76 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 43 per cent in the case of medium-sized enterprises.

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[1] According to a decision made by the Monetary Council on 22 September 2015, credit institutions may also use their total credit line of HUF 500 billion allocated to the FGS+ to supply credit under the second phase of the FGS.

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

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 loan	Investment loan	Working capital loan
Contracted amount (billion HUF)	565.5	288.0	115.0	31.0	14.5
Average contract size (million HUF)	21.7	57.2	30.2	48.2	77.8
Average maturity weighted by loan size (year)	6.8	2.2	1.7	6.7	2.5

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

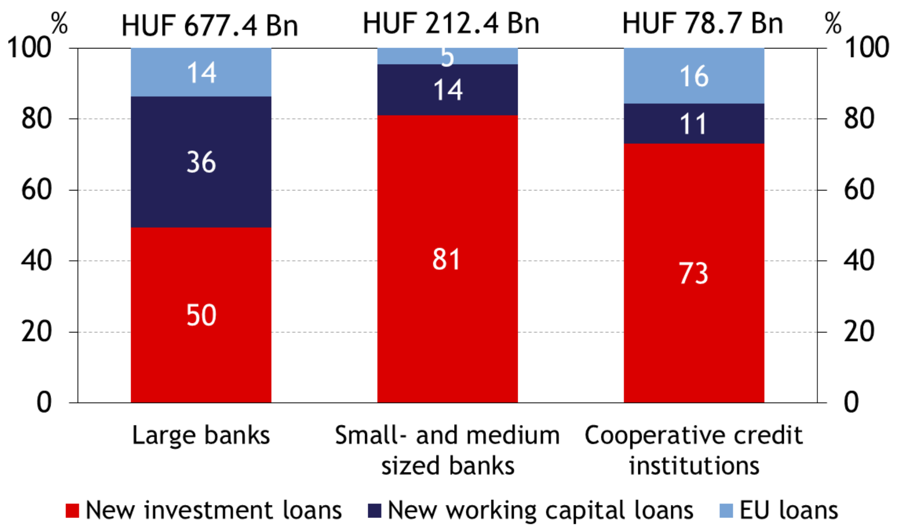
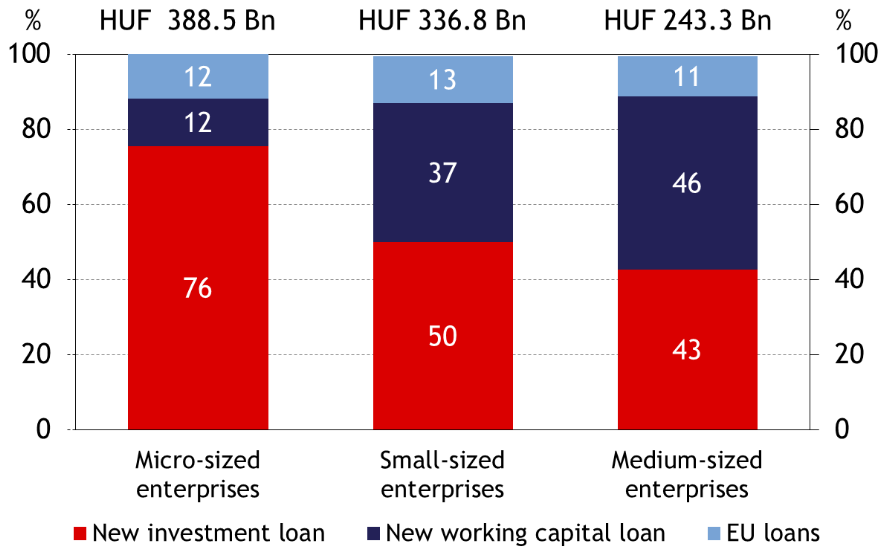


Chart 2: Distribution of loans provided under Pillar I, by purpose and company size



[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]

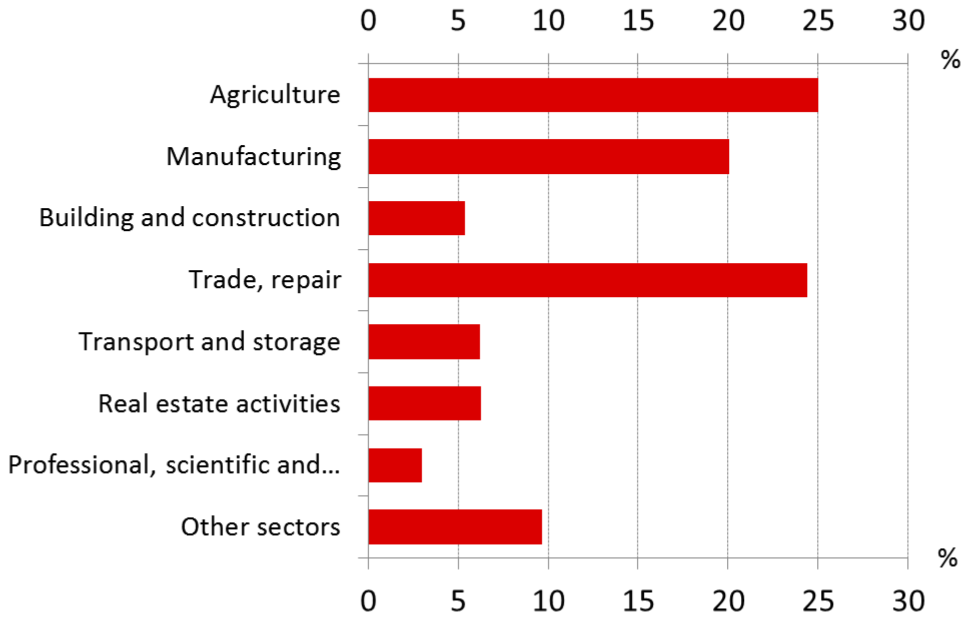
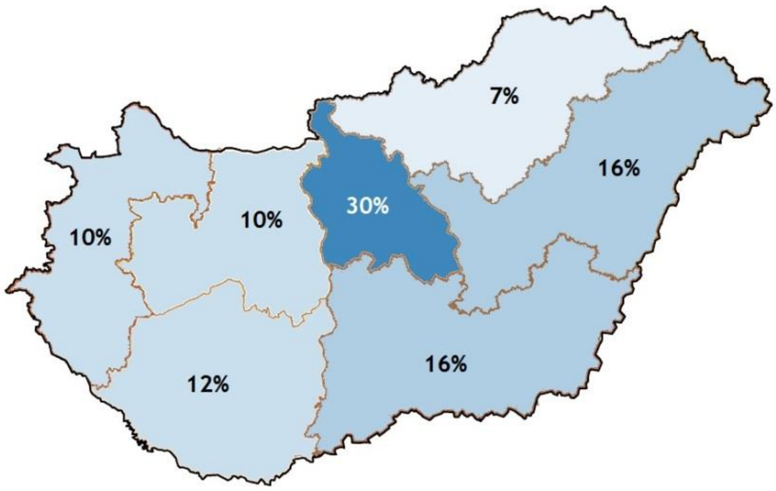
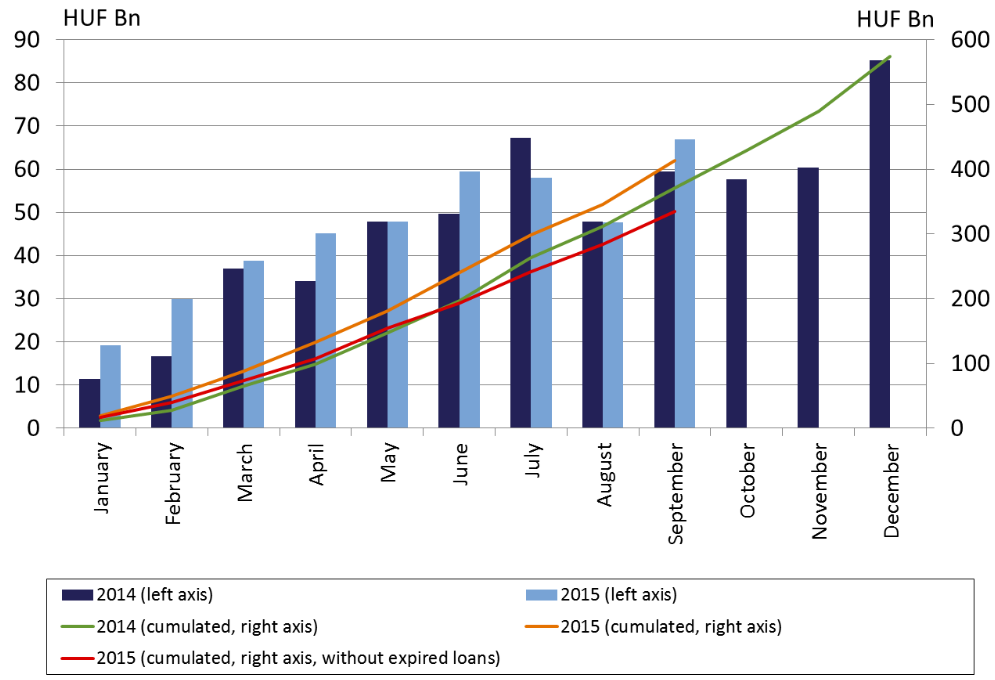


Chart 4: Regional distribution of loans



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

Chart 5: Utilisation of the second phase of the FGS (1)



Note: Based on the date of submission for refinancing of the SME contracts

Chart 6: Utilisation of the second phase of the FGS (2)