

Press release on the loans granted in the third phase of the Funding for Growth Scheme (FGS)¹

4 April 2017

39,253 domestic enterprises have obtained financing amounting to HUF 2,811 billion under the Funding for Growth Scheme since 2013

From 1 January 2016 to 31 March 2017, credit institutions participating in the third phase of the Scheme concluded contracts for a total amount of HUF 685 billion, in 21,766 transactions with 13,934 enterprises. The total loan stock effectively outstanding – that is the loan amount not including repaid instalments and undrawn parts – amounts to HUF 442 billion. Since June 2013 39,253 enterprises have obtained financing amounting to almost HUF 2,811 billion in the three phases of the Scheme and in the FGS+ altogether.

Until 31 March 2017 within the HUF 684.9 billion contracted in the third phase, the share of new investment loans is 78 per cent, while the share of new leasing transactions amounted to 22 per cent (only these two types of financing are available in the third phase, while working capital financing and redemption of existing loans are not possible). In the contracted amount of HUF 474.3 billion in Pillar I – which is available to provide forint loans – investment loans account for HUF 365.9 billion, and leasing transactions account for HUF 108.4 billion. Of the contracted amount of HUF 210.6 billion² (EUR 676.3 million) in Pillar II – which is available to provide FX loans – HUF 168.2 billion (EUR 540.2 million) was provided in the form of investment loans and HUF 42.4 billion (EUR 136.1 million) in leasing transactions.

Within the contracts concluded under Pillar I, the average loan amount is HUF 24.1 million (the median contract size is HUF 6.8 million), reaching HUF 43.3 million in the case of investment loans and HUF 9.7 million in the case of leasing transactions. The average amount is significantly higher under Pillar II, at EUR 322,000 (HUF 100.4 million; the median contract size is HUF 20.9 million), reaching almost EUR 1.4 million (HUF 447.3 million) in the case of investment loans and EUR 79,000 (HUF 24.6 million) in the case of leasing transactions. The average maturity weighted by loan size is 8 years in both pillars. In Pillar I the average maturity is 9 years for new investment loans and 4.8 years for leasing transactions, while in Pillar II it is 8.9 years and 4.2 years for the two different types of financing, respectively (Table 1).

In terms of the size of enterprises, in Pillar I, almost 63 per cent of the loan amount is linked to micro enterprises, and there's no significant difference in the share of loans and leasing transactions among the different sized enterprises. In Pillar II, nearly two thirds of the amount was provided to mid-sized enterprises, almost 85 per cent of which takes the form of loans (Chart 1). In the two pillars together, almost 92 per cent of the transactions are linked to micro- and small-sized enterprises.

Regarding the sectoral distribution, agriculture, trade & repair and manufacturing sectors represent a highest share in Pillar I, jointly accounting for almost 60 per cent of the loans, while in Pillar II real estate

¹ On the first business Tuesday of each calendar month, the Magyar Nemzeti Bank (MNB) publishes information on the utilisation of the pillars, based on the total amount of SME loans submitted to the MNB by the last working day of the previous week.

² The contracts concluded under Pillar II in the second half of March 2017 were taken into account at the EUR/HUF exchange rate prevailing on 4 April, although the amount of the corresponding refinancing HUF loans will be calculated at the exchange rate for 11 April.

activities, manufacturing and transport & storage are dominant with a joint share of nearly 71 per cent (Chart 2).

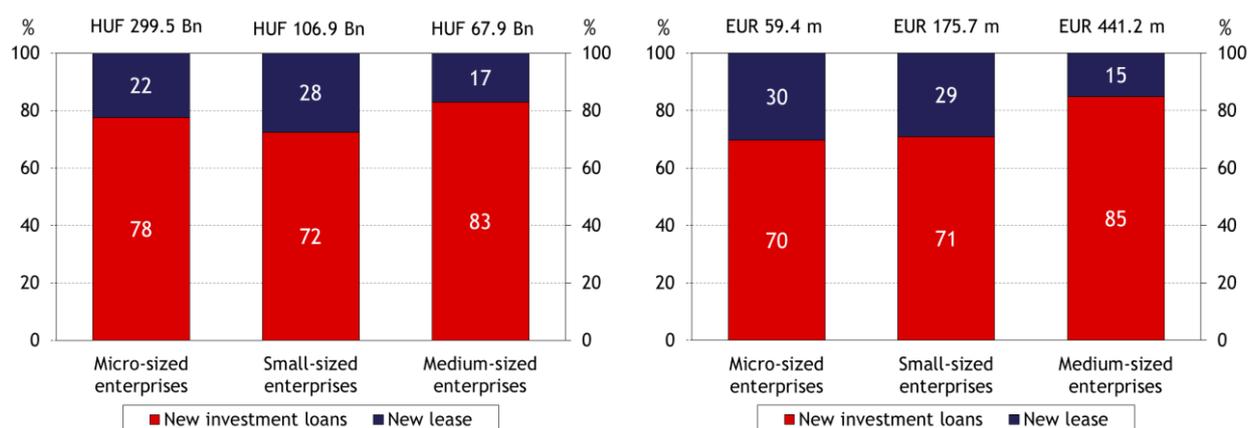
The regional distribution of the loans under the third phase of the FGS (two pillars together) is more balanced, relative to the total SME loans outstanding as well. Although in Pillar I most loans were disbursed in the region of Central Hungary (Budapest and Pest county), the concentration of loans is significantly lower than that of total SME loans outstanding before the launch of the Scheme. While around 54 per cent of the SME loans outstanding at the launch of the second phase were linked to enterprises incorporated in Central Hungary, almost one fourth of the amount of all loan contracts concluded under Pillar I in the third phase of the FGS was disbursed just in this region (Chart 3, left). In Pillar II the share of this region is 56 per cent (Chart 3, right).

Table 1: Distribution of loans provided in the third phase of the FGS, by form of financing

FGS, third phase	Pillar I (HUF)		Pillar II (EUR)	
	New investment loan	New lease	New investment loan	New lease
Contracted amount	HUF 365.9 Bn	HUF 108.4 Bn	EUR 540.2 m (HUF 168.2 Bn*)	EUR 136.1 m (HUF 42.4 Bn*)
Average contract size	HUF 43.3 m	HUF 9.7 m	EUR 1.44 m (HUF 447.3 m*)	EUR 0.08 m (HUF 24.6 m*)
Median contract size	HUF 15 m	HUF 5.3 m	EUR 0.44 m (HUF 138.3 m*)	EUR 0.06 m (HUF 18.9 m*)
Average maturity weighted by loan size	9 years	4.8 years	8.9 years	4.2 years

* based on the corresponding HUF refinancing loans

Chart 1: Distribution of the HUF (Pillar I) and EUR (Pillar II) loans by the type of financing and the size of enterprises³



³ Loans taken out by business partnerships have been classified on the basis of the enterprises' 2015 (in absence of that, on the previous year's) annual report data, in accordance with the limits specified in the SME law and, in the case of unavailable data, on the basis of loan size. Loans taken out by entrepreneurs are indicated among loans of micro-sized enterprises, in general. Regardless of this classification, loans between HUF 600 million and HUF 3,000 million are shown among small-sized enterprises' loans and loans exceeding HUF 3,000 million are shown among medium-sized enterprises' loans.

Chart 2: Sectoral distribution of loans⁴

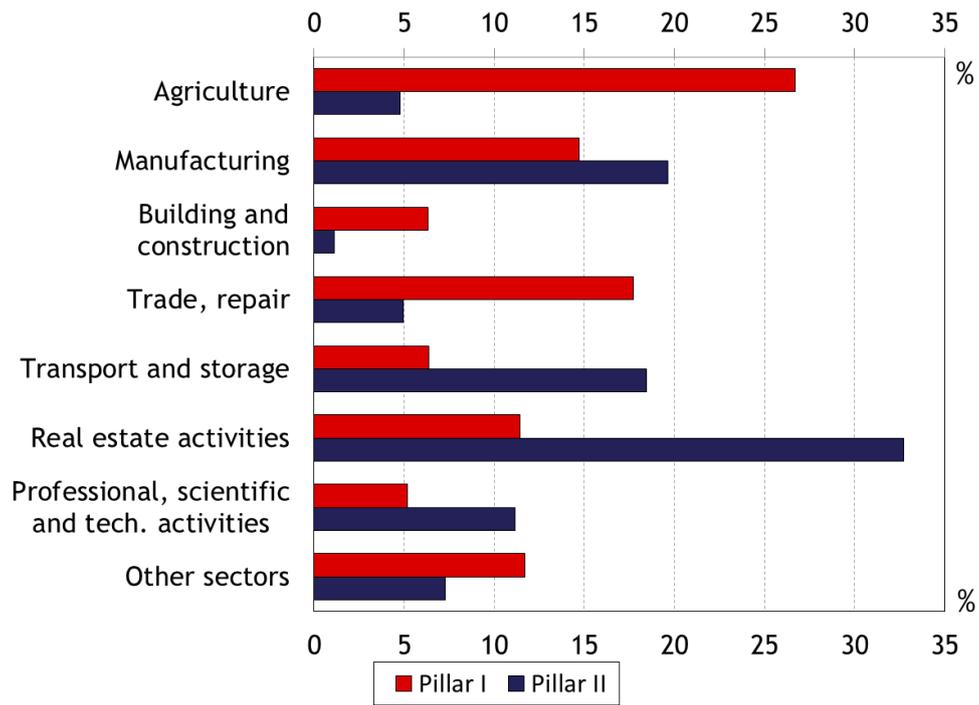
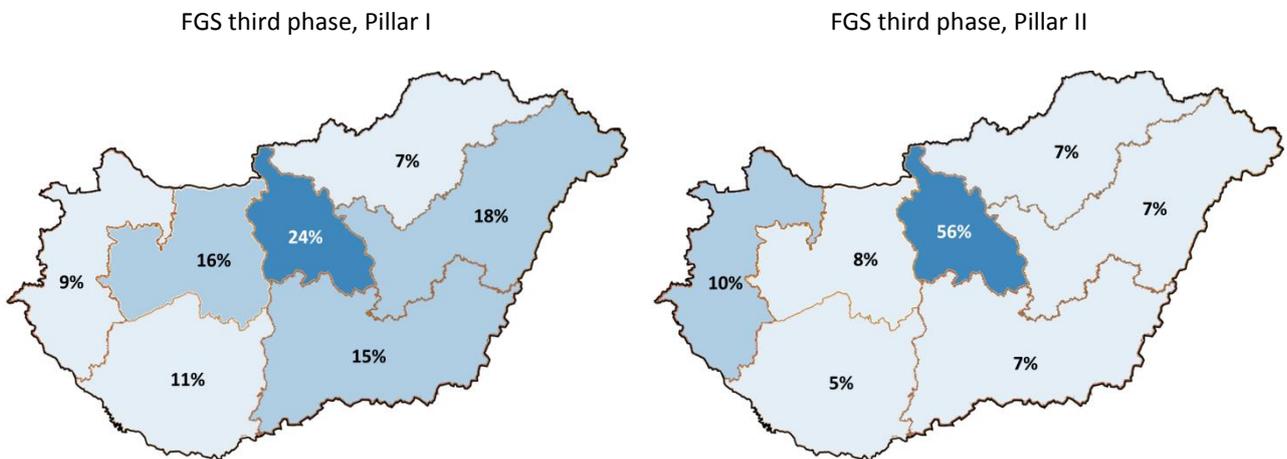


Chart 3: Regional distribution of loans



⁴ The sectoral distribution of loans does not include sole proprietors.