

Bálint Dancsik | Head of Department  
Directorate Financial System Analysis



Press conference | 12 March 2021

# TRENDS IN LENDING MARCH 2021

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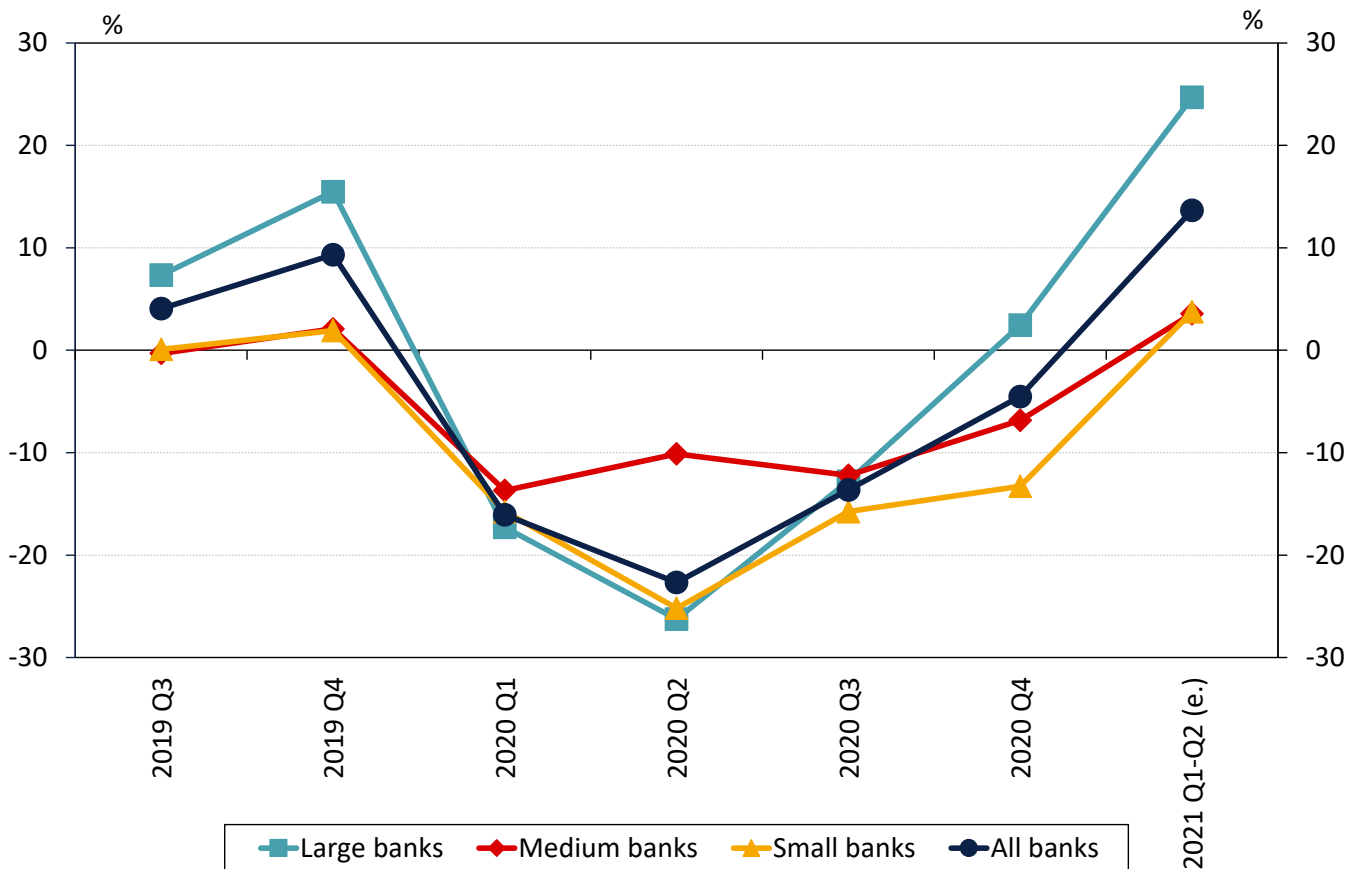




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# NEW STATISTICS ON THE WEBSITE: BANK SENTIMENT INDEX AND ITS COMPONENTS

## IN THE FIRST HALF OF 2021, BANKS EXPECT THE ECONOMY TO IMPROVE



*THE BANK SENTIMENT INDEX BY BANK SIZE*

The results of the MNB's Bank Sentiment Survey are now available on the website.

The Bank Sentiment Index is the average of the seven components:

- economic environment
- market competition
- availability of funds
- customer risk
- demand
- regulation
- profitability

Note: The positive range denotes the improvement of the economic sentiment, the negative range denotes its deterioration compared to the previous half-year. The last data point is an estimation. Each value shows the unweighted net ratio. Source: MNB Bank Sentiment Survey



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Corporate lending

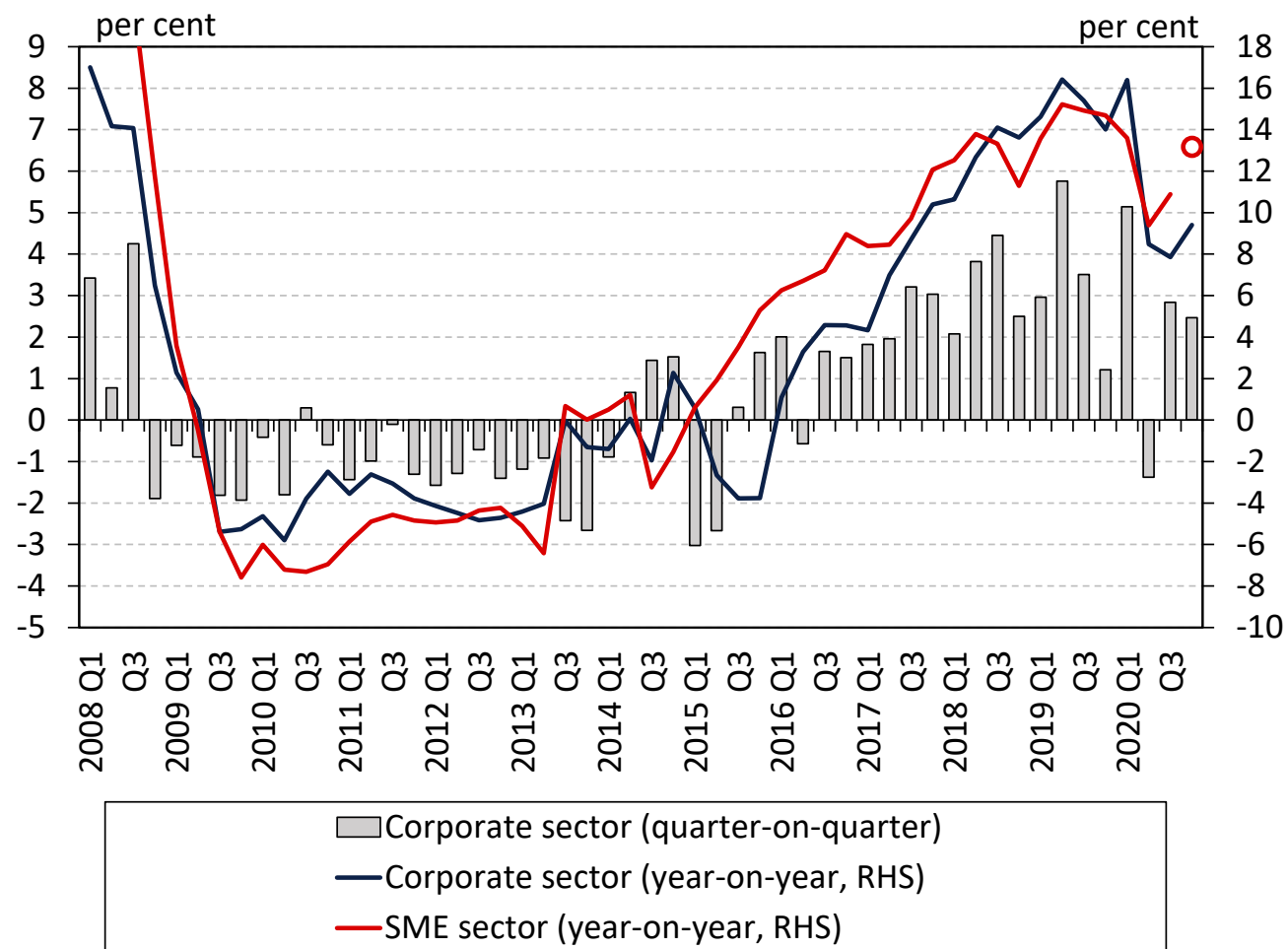
Household lending

In focus: the impact of central bank  
and state loan programmes on the  
credit market



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## AS A RESULT OF STATE AND CENTRAL BANK PROGRAMMES, SME CREDIT DYNAMICS ROSE TO 13.2 PERCENT



Quarterly growth rate: 2,5%

Annual growth rate: 9,4%

SME annual growth rate: 13,2%

The loan portfolio  
increased by HUF  
227 billion in the  
quarter

On a quarterly  
basis, SME lending  
increased  
significantly

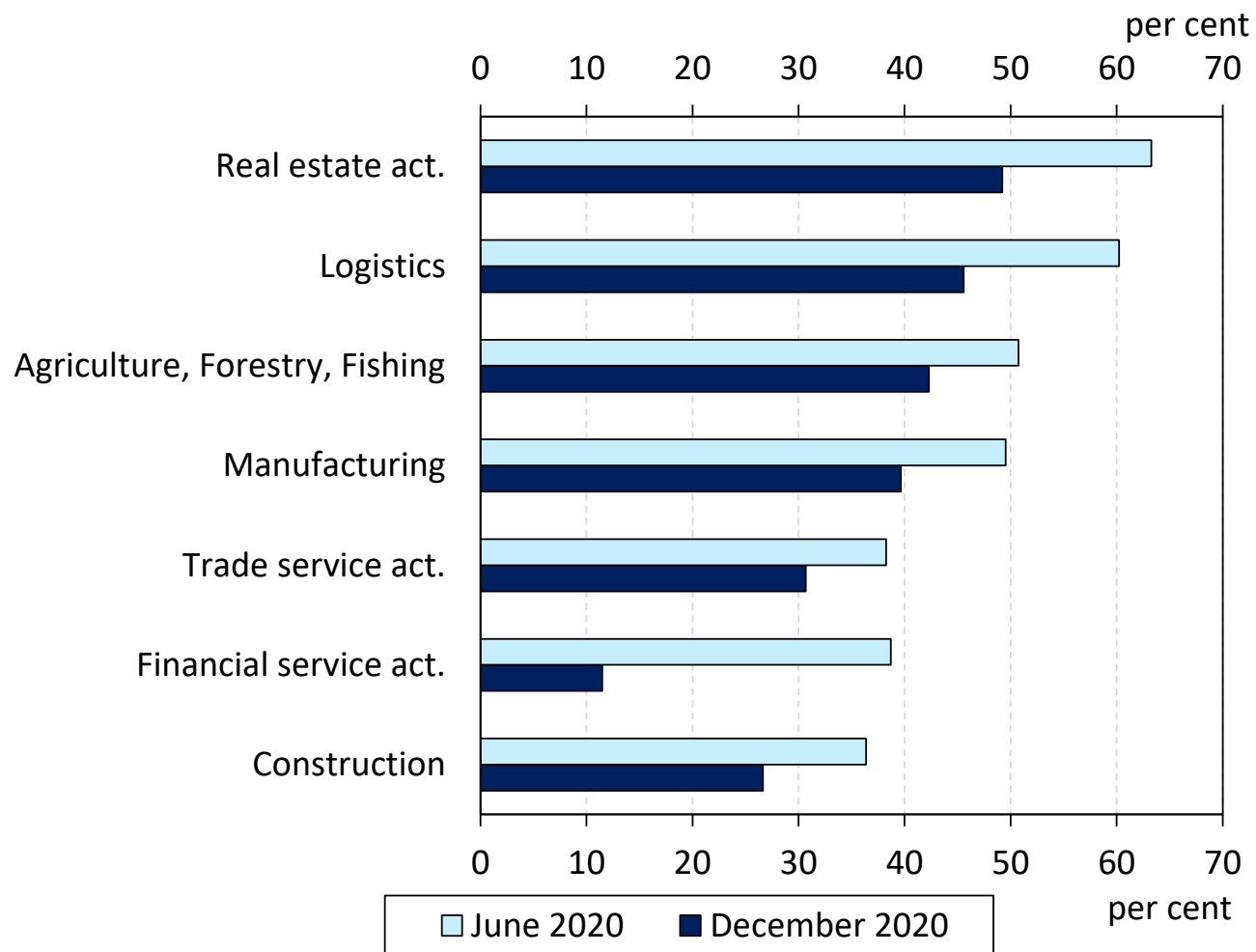
GROWTH RATE OF LOANS OUTSTANDING OF THE OVERALL  
CORPORATE SECTOR AND THE SME SECTOR

Source: MNB.



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## THE PARTICIPATION IN THE PAYMENT MORATORIUM FELL BY ABOUT 10 PERCENTAGE POINTS IN THE SECOND HALF OF 2020



In December 2020,  
39 per cent of  
eligible loan  
portfolio was in  
moratorium

### RECOURSE TO THE MORATORIUM IN THE SEVEN SECTORS WITH THE LARGEST LOAN PORTFOLIOS

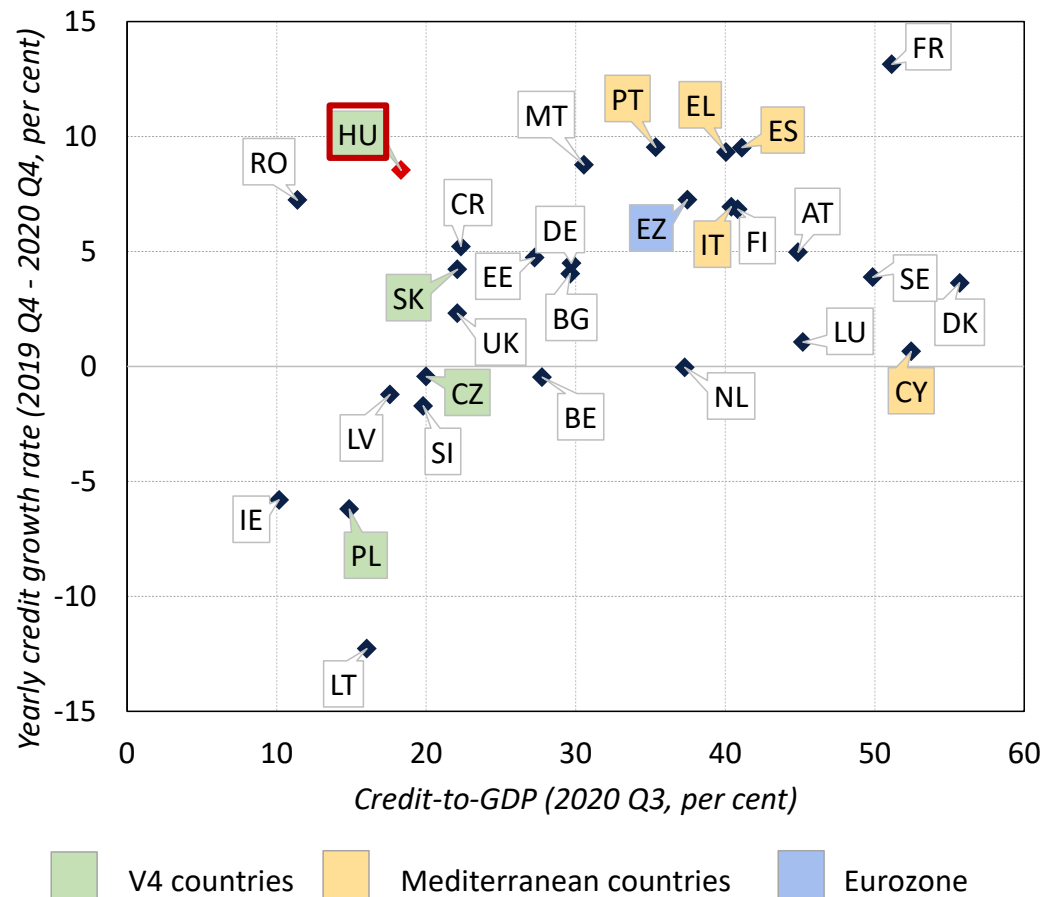
Source: MNB.

Note: As a percentage of the outstanding, eligible (performing loans disbursed before 18 March 2020) loan portfolio. | 5



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# CORPORATE CREDIT DYNAMICS AT THE FOREFRONT OF THE EUROPEAN UNION



Supported loan and guarantee programmes significantly supported credit dynamics both in the EU and Hungary

The credit-to-GDP ratio remains low

## Credit-to-GDP:

 37%

 18%

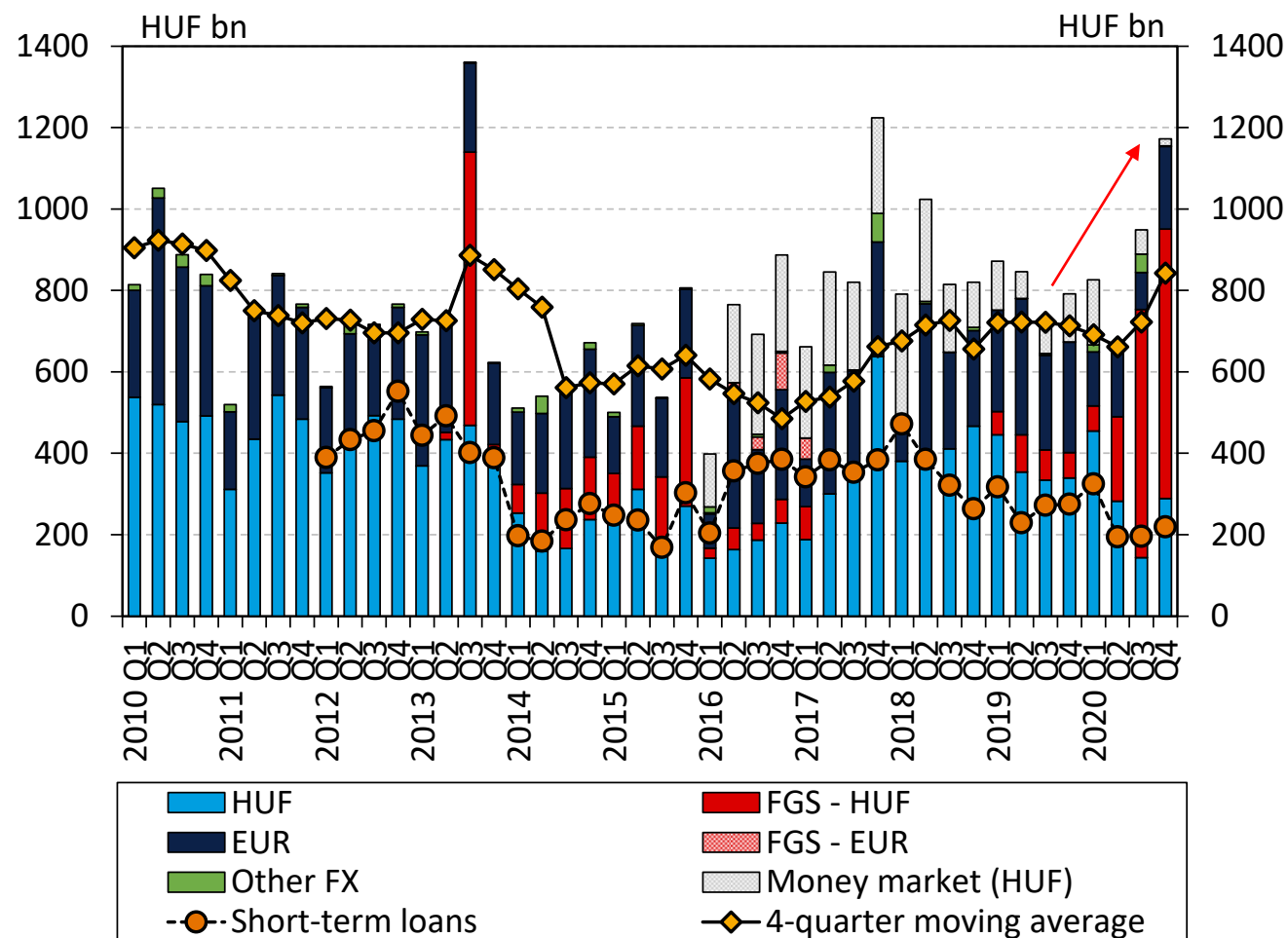
ANNUAL GROWTH RATE OF CORPORATE LOANS AND THE CREDIT-TO-GDP RATIO IN AN INTERNATIONAL COMPARISON

Source: ECB, MNB.



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## NEW DISBURSEMENTS WERE 70 PERCENT HIGHER THAN THE SAME PERIOD LAST YEAR



Fourth-quarter loan disbursements exceeded the year-on-year level by 71 per cent

FGS accounted for 58 per cent of total corporate loan disbursements and roughly for 90 per cent of new SME contracts

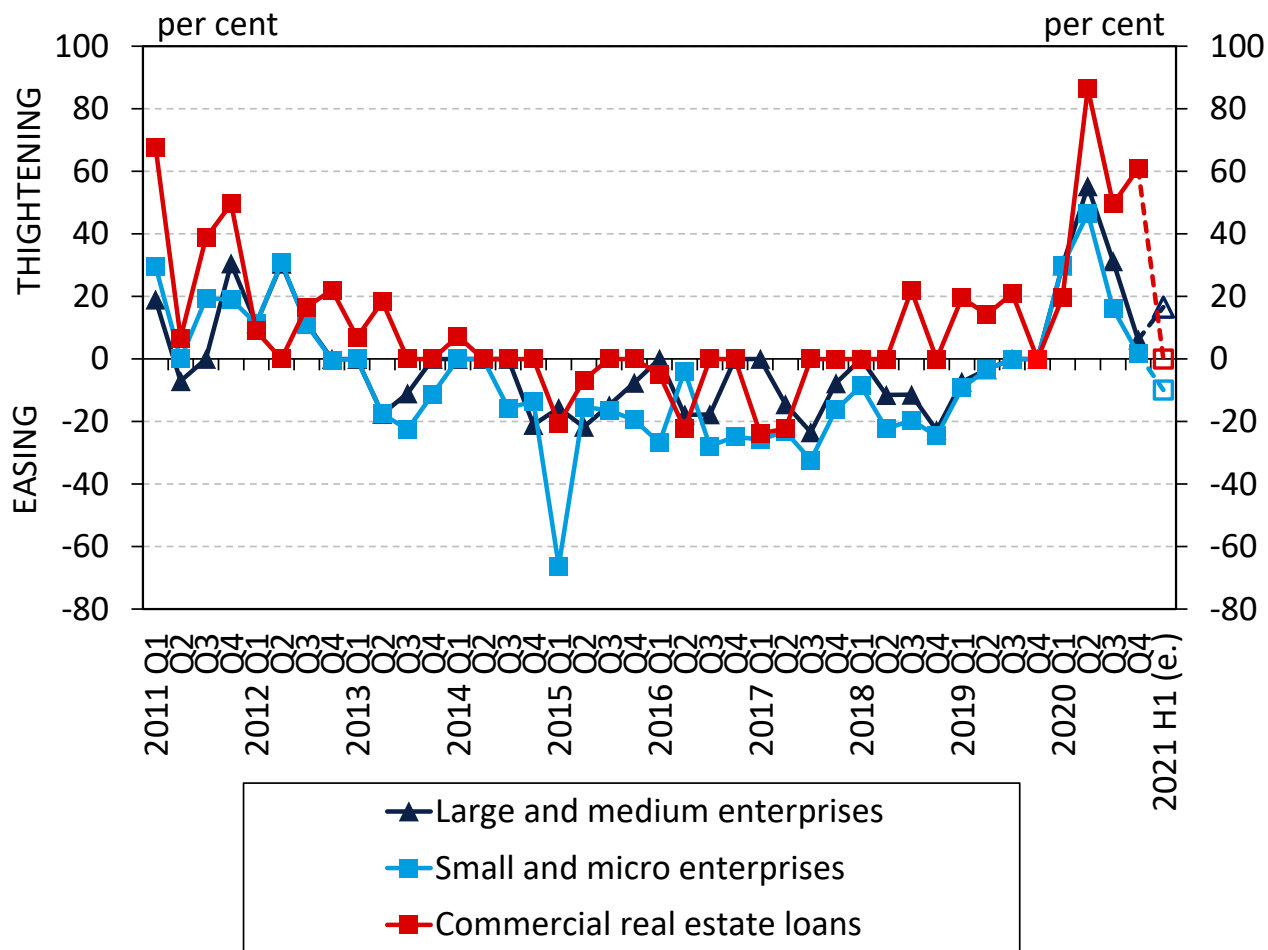
NEW CORPORATE LOANS IN THE CREDIT INSTITUTIONS SECTOR

Source: MNB.



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## THE TERMS OF LENDING DID NOT CHANGE MATERIALLY IN THE CORPORATE SEGMENT



In the fourth quarter, **lending standards did not change significantly** in any of the enterprise size categories, while **61 per cent** of credit institutions **tightened the conditions for commercial real estate loans**.

In the first half of 2020, **no significant tightening or easing is expected** in any of the corporate subsegments

*Demand picked up significantly in the fourth quarter, which may continue in the future*

CHANGES IN CREDIT CONDITIONS IN THE CORPORATE SUBSEGMENTS

Source: MNB, based on banks' responses.  
Note: Net percentage balance of respondents tightening/easing credit conditions weighted by market share.





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Corporate lending

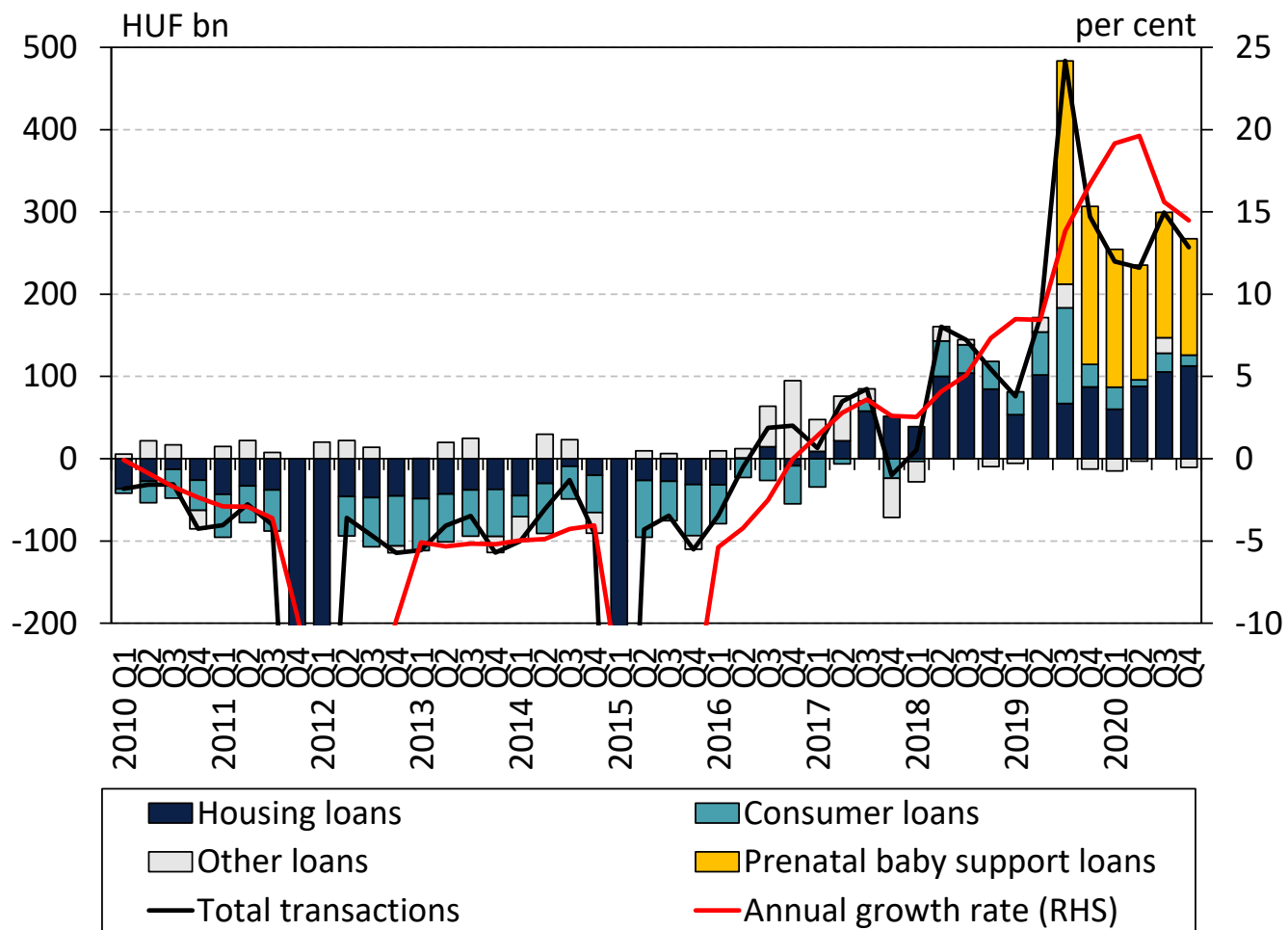
**Household lending**

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## WITHOUT THE PAYMENT MORATORIUM, THERE WOULD BE A SINGLE-DIGIT ANNUAL GROWTH RATE IN HOUSEHOLD LENDING



**Q4 2020**  
Household loans  
outstanding:  
*+ HUF 257 billion*

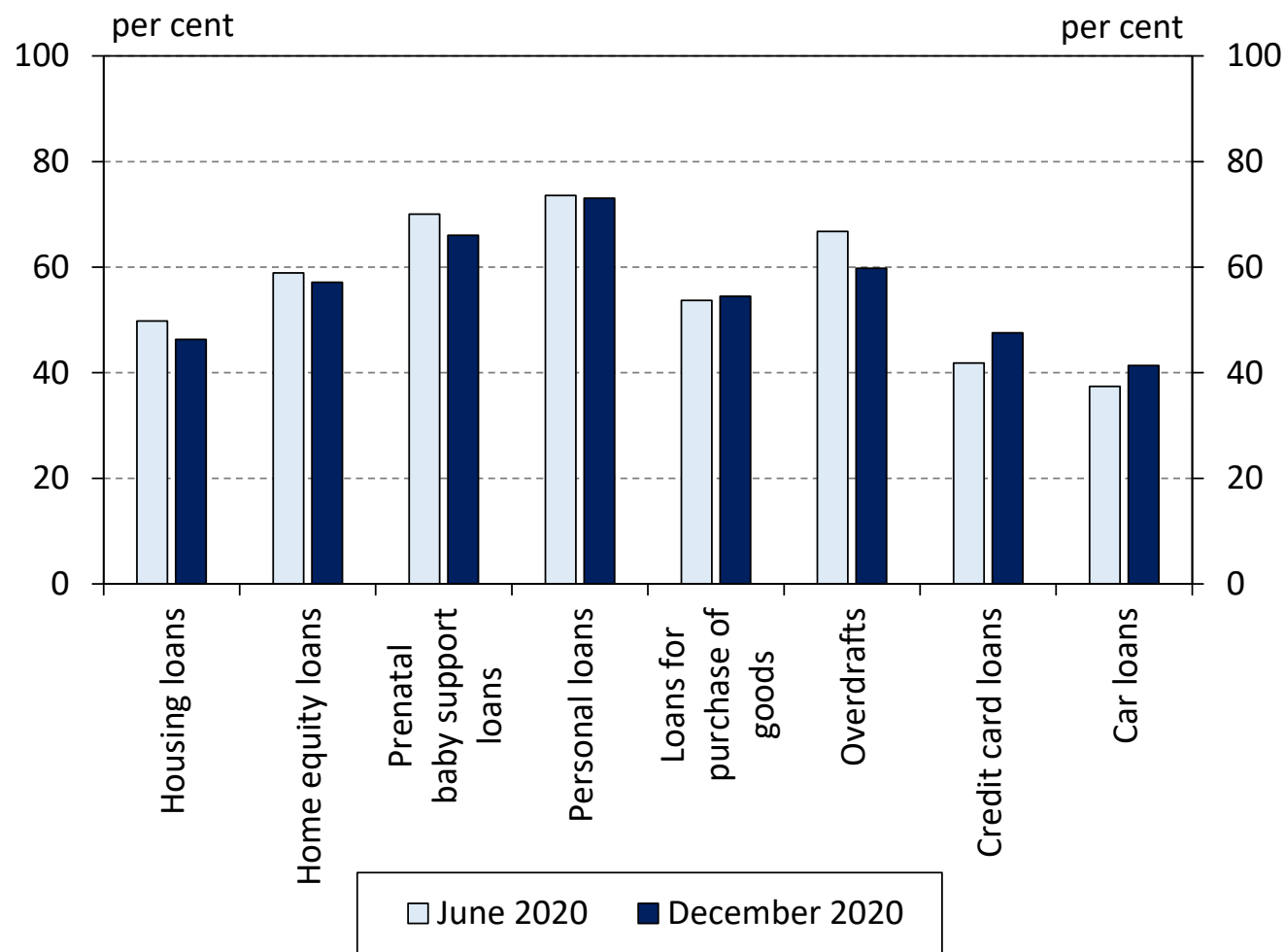
**Annual growth rate  
(Dec 2020)**  
**14,5%**  
Annual growth rate  
without moratorium  
**8,4%**

QUARTERLY TRANSACTIONS OF THE HOUSEHOLD LOAN PORTFOLIO BY LOAN PURPOSE



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## AT THE END OF 2020, 54 PER CENT OF THE ELIGIBLE RETAIL LOAN PORTFOLIO PARTICIPATED IN THE PAYMENT MORATORIUM



### SHARE OF CREDIT STOCK UNDER MORATORIUM BY LOAN TYPE

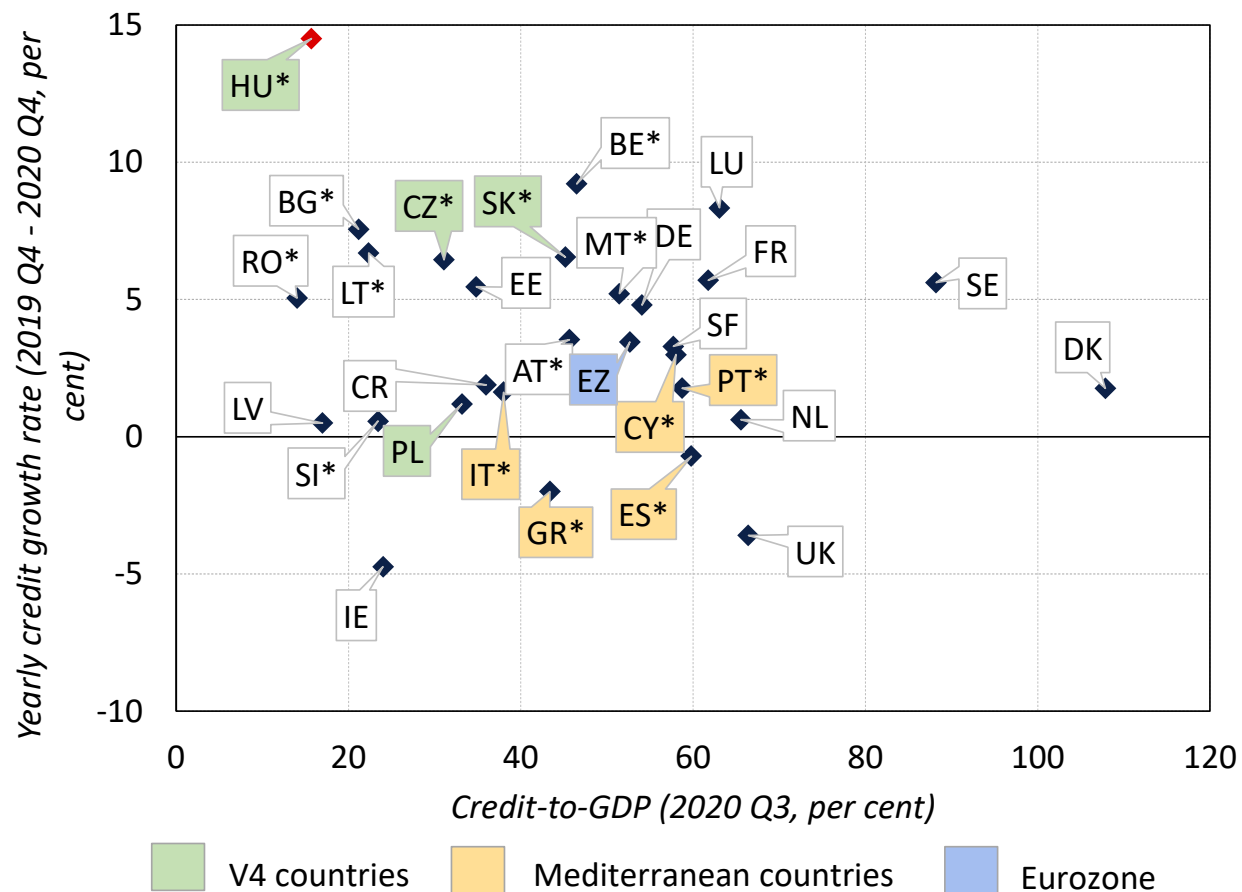
Source: MNB.

*Note: Only the credit institution sector and natural person debtors (excluding sole proprietors and primary producers). The moratorium ratio of prenatal baby support loans also includes the data related to the suspension of instalment connected to having children.*



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## DESPITE THE OUTSTANDING CREDIT DYNAMICS, THERE IS STILL ROOM FOR CATCHING UP



### Credit-to-GDP:

- € 53%
- 🇸🇰 45%
- 🇵🇱 33%
- 🇨🇪 31%
- 🇮🇪 16%

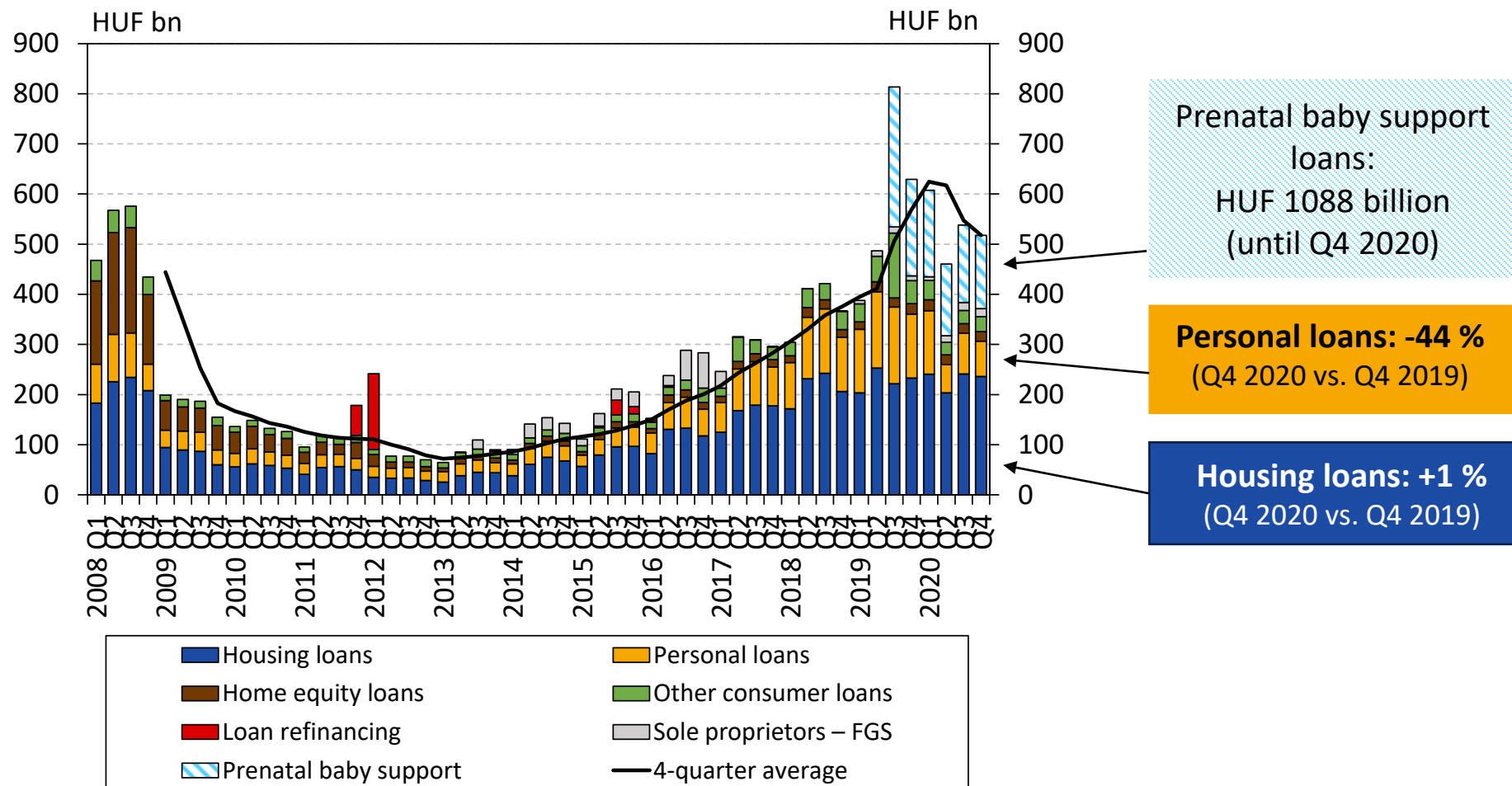
ANNUAL GROWTH RATE OF HOUSEHOLD LOANS AND THEIR  
RATIO TO GDP IN AN INTERNATIONAL COMPARISON

Source: ECB, MNB.



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## THE NEGATIVE IMPACT OF THE CORONAVIRUS ON RETAIL CREDIT MARKET CAN STILL BE OBSERVED IN THE NEW DISBURSEMENT



### NEW HOUSEHOLD LOANS IN THE CREDIT INSTITUTION SECTOR

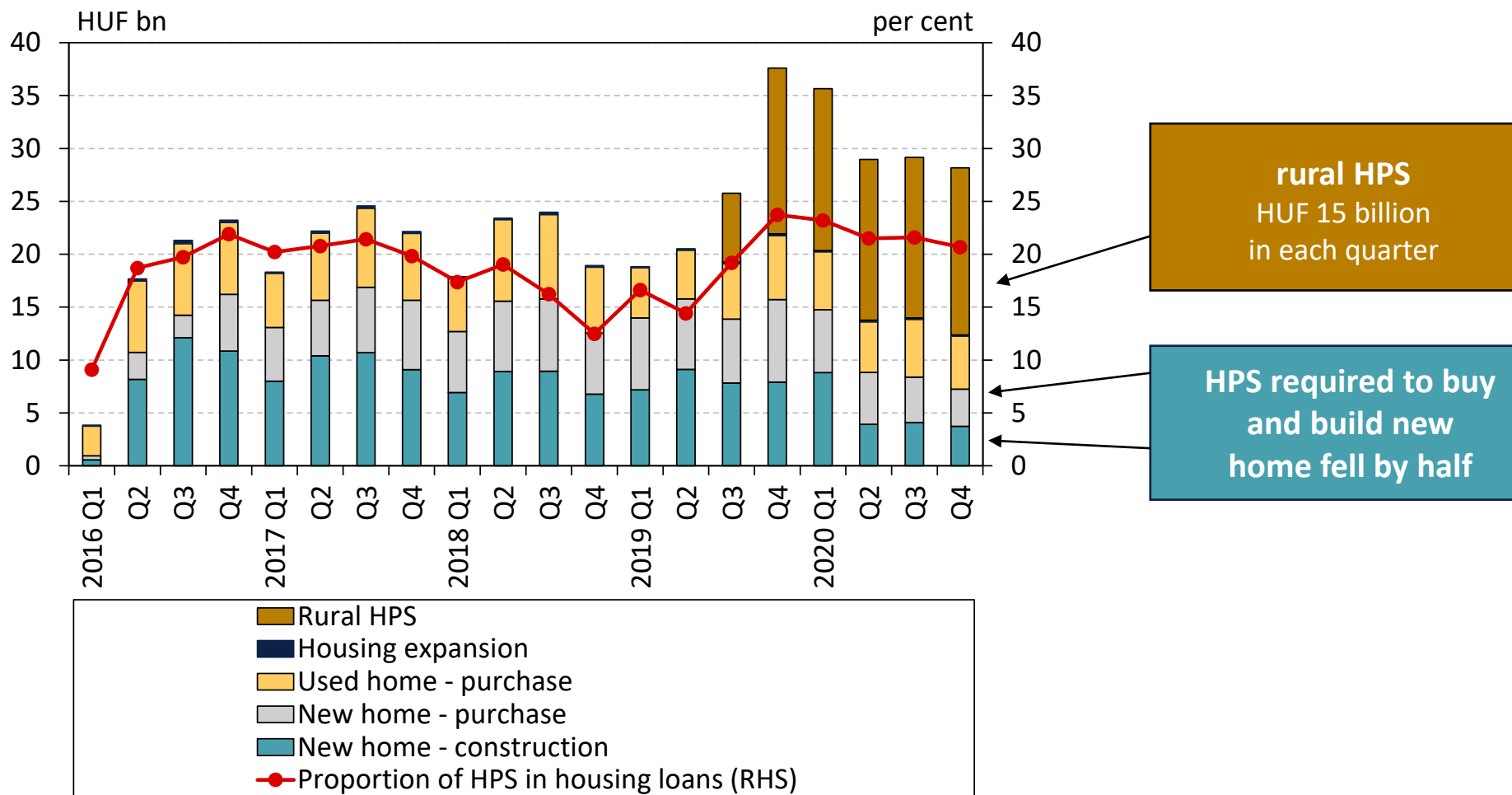
Note: Loan refinancing indicates only refinancing related to the early repayment scheme and the FX-conversion. Other consumer loans include vehicle loans and hire purchase and other loans, without prenatal baby support loans.

Source: MNB.



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# DESPITE THE PANDEMIC, THE USE OF THE RURAL HPS DID NOT DECREASE



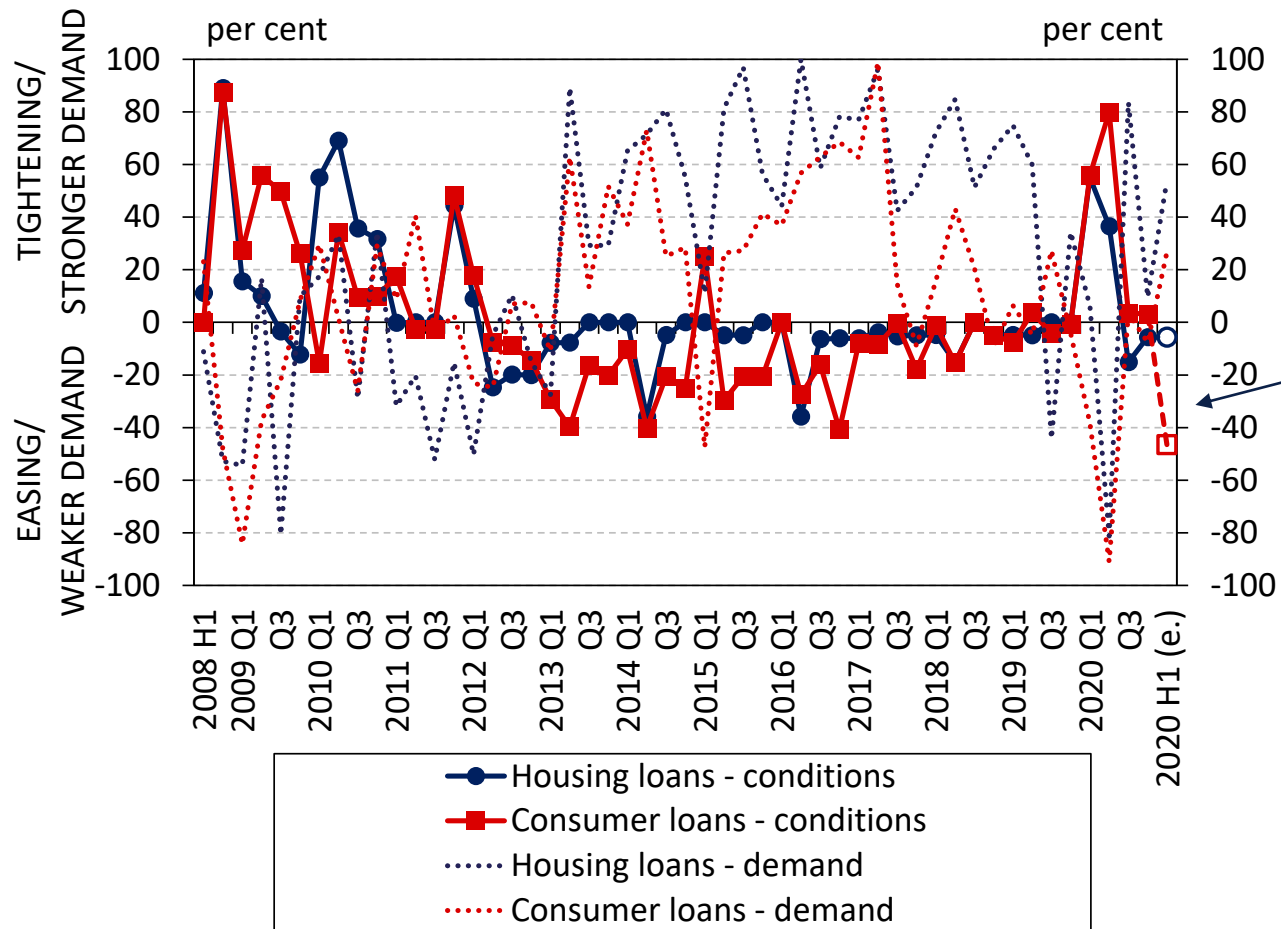
VOLUME OF HPS CONTRACTS BY PURPOSE

Source: MNB, Ministry of Finance.



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## WITH THE LAUNCH OF HOME IMPROVEMENT SUBSIDY, BANKS EXPECT A PICK-UP IN DEMAND



47 per cent of banks plan to ease consumer loan conditions

### CREDIT CONDITION AND CREDIT DEMAND IN THE HOUSEHOLD LENDING SEGMENT

Note: Net ratio of the difference between tightening and easing and banks indicating stronger and weaker demand weighted by market share.

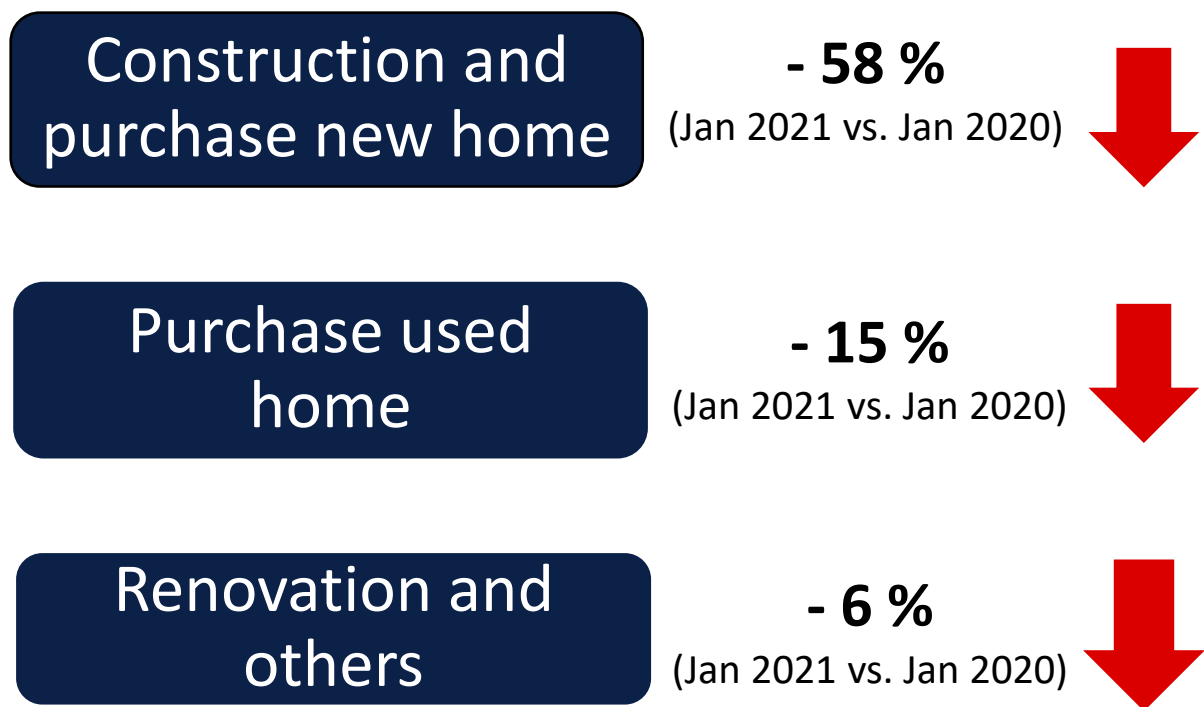
Source: MNB, based on banks' responses.



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## JANUARY 2021: EXPECTATIONS DUE TO NEW FAMILY SUPPORT PROGRAMS STARTING IN 2021 ALSO PLAYED A ROLE IN THE DECLINE IN DISBURSEMENT

In January, housing loan disbursement fell by 26 per cent year-on-year, however, this is not necessarily a permanent relapse



After concluding home purchase agreements, time is required to enter into loan contracts.





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Corporate lending

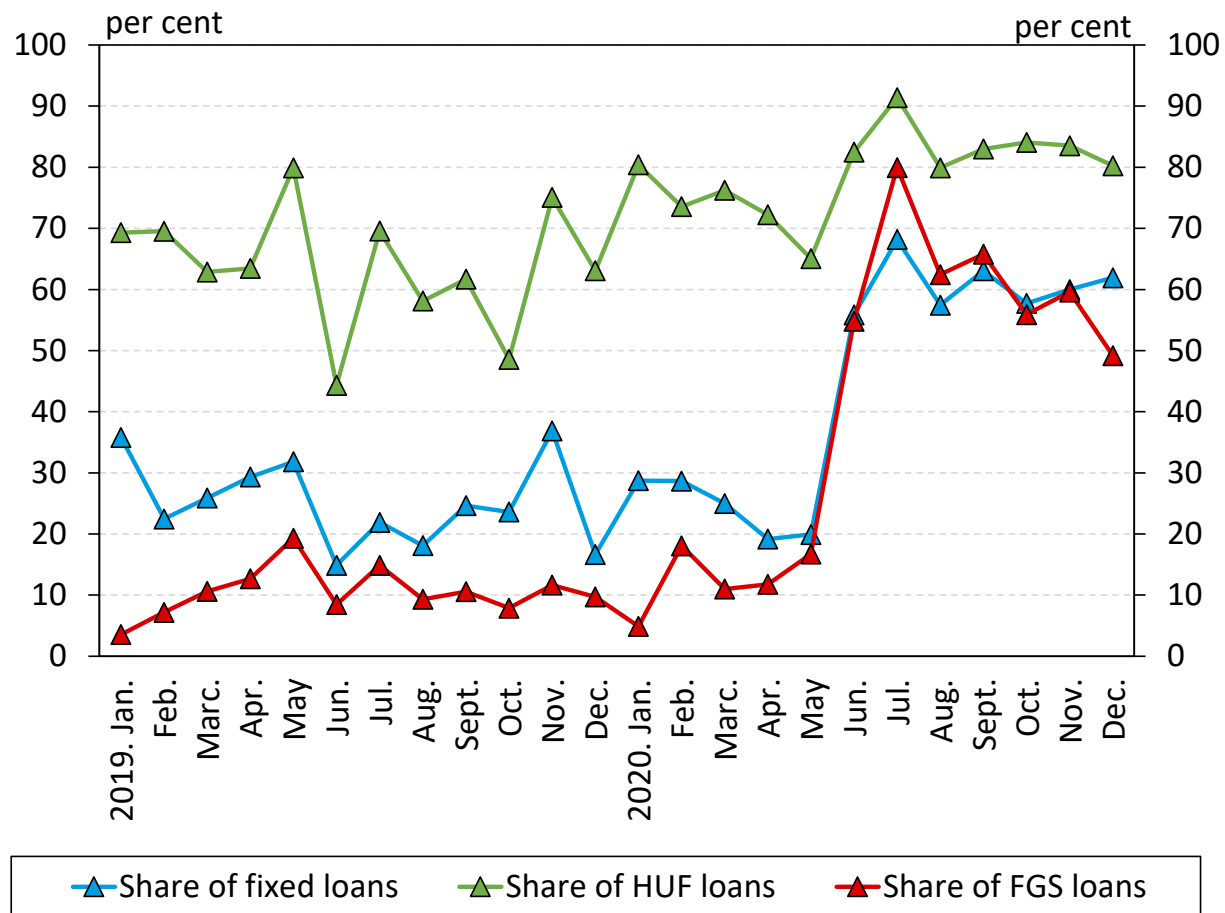
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## NEARLY 60 PER CENT OF NEW CORPORATE CONTRACTS WERE TIED TO SUBSIDIZED LOAN PROGRAMMES



### Share of HUF loans

2019: 62%  
2020: 80%

### Share of fixed loans

2019: 24%  
2020: 49%

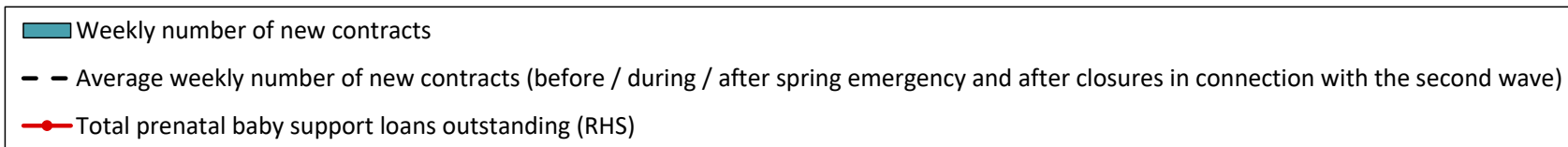
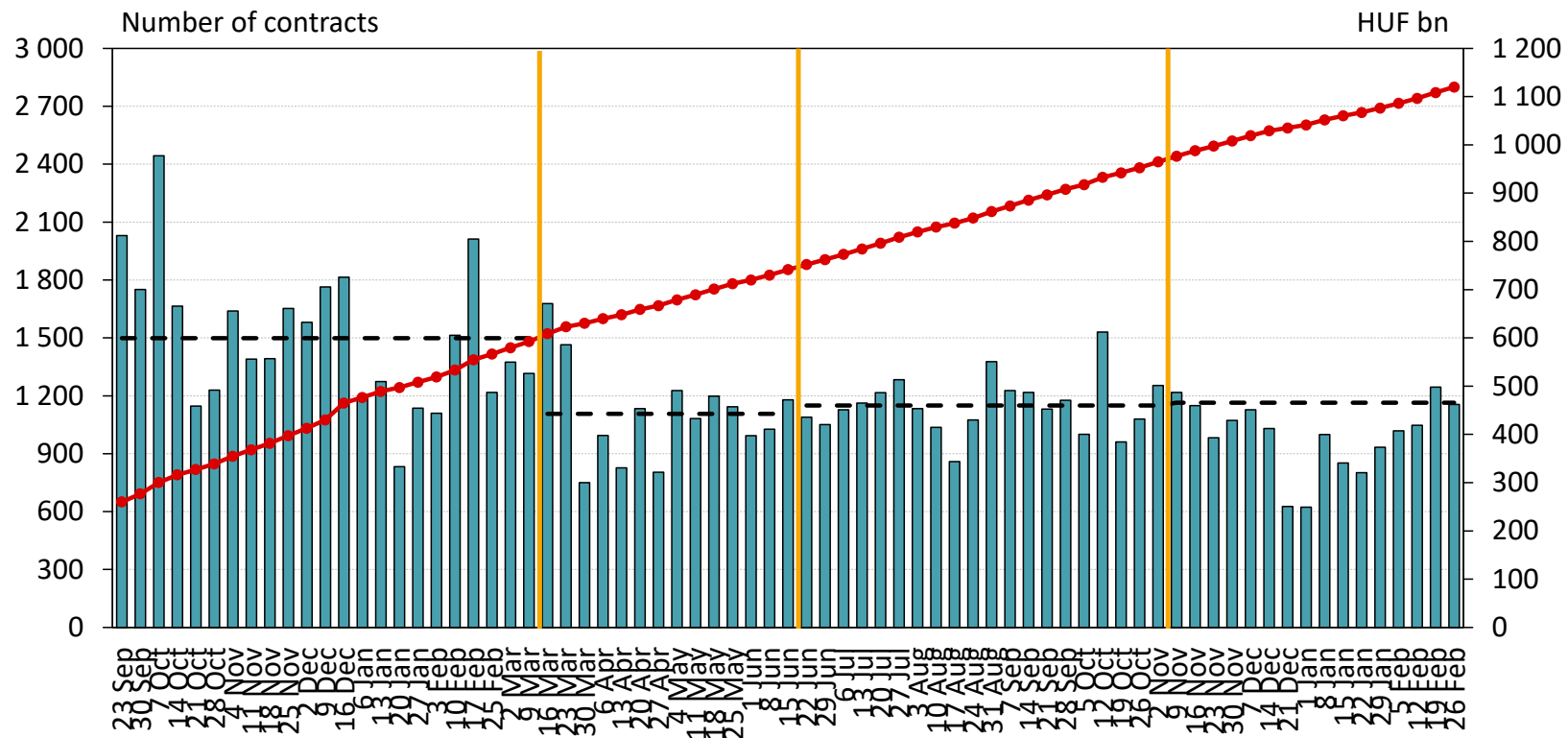
The **FGS** accounted for roughly half of new disbursements and **nearly 90 per cent of SME contracts**

SHARE OF FIXED-, HUF- AND FGS LOANS IN NEW DISBURSEMENTS IN THE CORPORATE SEGMENT



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# PRENATAL BABY SUPPORT LOANS ALREADY ACCOUNT FOR 13 PER CENT OF RETAIL LOANS



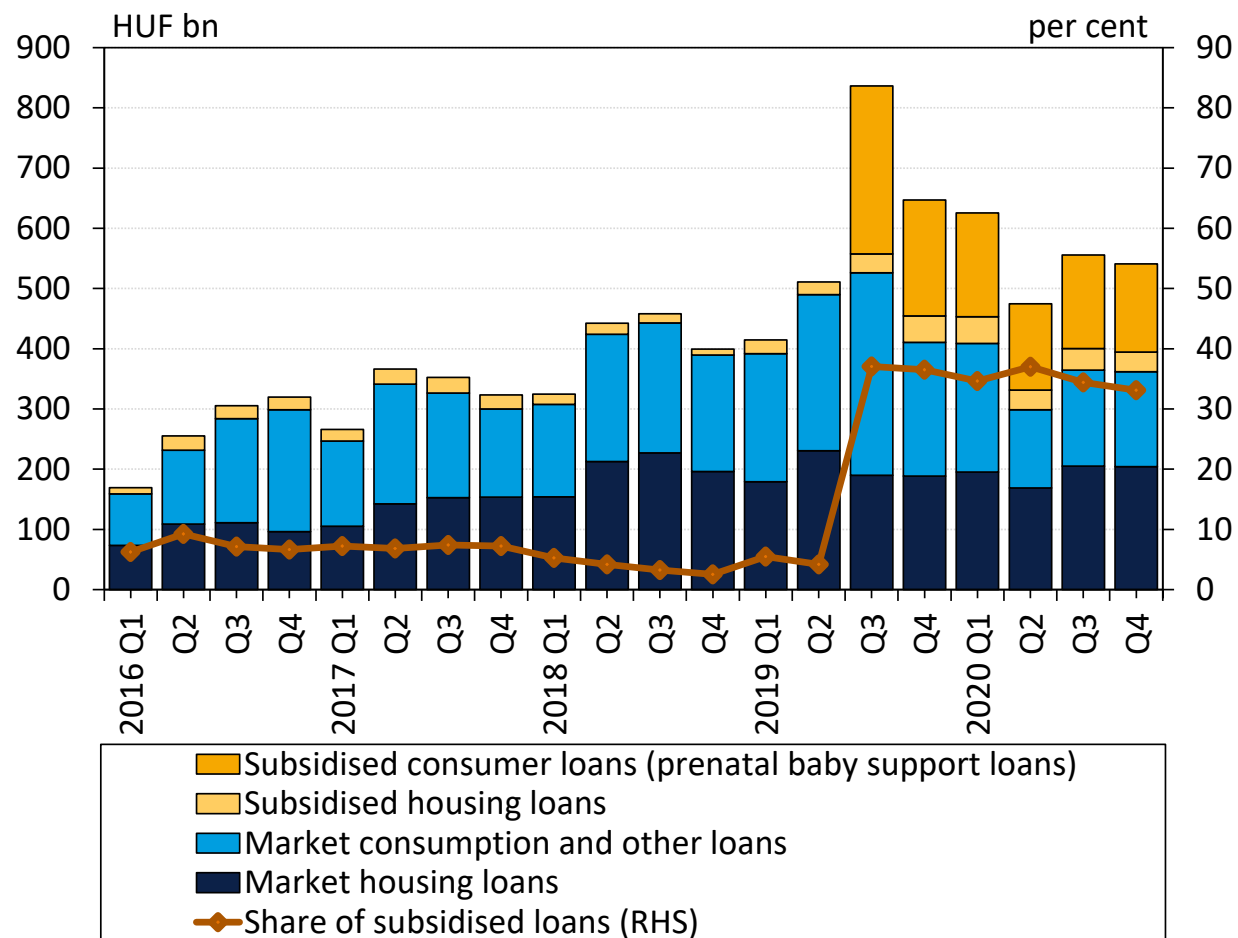
## DEVELOPMENT OF WEEKLY PRENATAL BABY SUPPORT LOAN CONTRACTS

Source: EMMI, MNB.



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## EVERY THIRD RETAIL LOAN CONTRACT WAS ACCOMPANIED BY A STATE INTEREST SUBSIDY



Annual growth rate without additional impact of the prenatal baby support loans: **9 %**

**Fellner, Marosi, Szabó (2021):**  
The effects of prenatal baby support loans on the credit market and the real economy. *Economic Review*, February 2021

### DISBURSEMENT OF MARKET AND SUBSIDIZED LOANS IN RETAIL SEGMENT



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# STATE-SUBSIDISED LOAN PROGRAMMES WILL CONTINUE TO PROVIDE LENDING IN 2021

## Corporate

- MFB Growth Guarantee Program**  
(HUF 700 billion)
- MFB Interest Free Restart Quick Loan**  
(HUF 100 billion)
- EXIM Spin Up Investment Loan**
- Budget increase**  
(GHG, EXIM, FGS Go!)

## Retail

- Home improvement subsidy**  
(max HUF 3 million)
- Home improvement loan**  
(max HUF 6 million, 3 % interest rate, max 10 years)
- Duty exemption**  
(in case of HPS)
- 5% VAT**  
(new homes)
- VAT exemption**  
(new homes with HPS)
- Multigenerational HPS subsidy**  
(attic installation, max HUF 10 million)



THANK YOU FOR YOUR  
ATTENTION!