TRENDS IN LENDING

2022

SEPTEMBER

TRENDS IN LENDING

2022

SEPTEMBER

Trends in lending

(September 2022)

Analysis prepared by Áron Drabancz, Beáta Szabó, Balázs Varga, Vivien Virágh
(Directorate Financial System Analysis)

This publication was approved by Barnabás Virág

Published by the Magyar Nemzeti Bank

Publisher in charge: Eszter Hergár

H-1013 Budapest, Krisztina körút 55.

www.mnb.hu

The objective of the publication 'Trends in Lending' is to present a comprehensive picture of the latest trends in lending and to facilitate the correct interpretation of these developments. To this end, the report elaborates on developments in credit aggregates, the demand for loans perceived by banks and credit conditions. Within credit conditions, a distinction is made between price and non-price conditions. Non-price conditions influence changes in the clientele considered creditworthy by banks and the conditions on access to credit. Price conditions, in turn, show the price of borrowing for creditworthy customers.

In particular, the key statistics examined in the analysis are the following:

- *The credit aggregates present quantitative developments in economic agents' loans outstanding based on the balance sheet statistics of the banking sector. Both the volume of new loans and net changes in the banking sector's outstanding (net of exchange rate effects) are presented. From 2013 Q4 on, the analysis presents the trends in lending in the overall credit institutions sector (banking system and foreign branches, cooperative credit institutions).*
- *Changes in non-price credit conditions are presented in a qualitative manner based on the Lending Survey, in which the banks that are active in the given segment and jointly cover 80–90 per cent of the credit market indicate the direction of change compared to the reference period. The Lending Survey includes price conditions in a qualitative manner as well, in the form of the spread over the funding costs, the premium on risky loans and the fees charged.*
- *The interest rate statistics contain the price conditions, i.e. aggregate interest rates on credit institutions' new loans realised, weighted by the contract amounts. The lending rate can be decomposed into the reference rate and the spread over the reference rate.*
- *Banks active in the given segment provide qualitative responses in the Lending Survey in respect of their expectations and the changes in loan demand they perceive. Similar to credit conditions, banks indicate the direction of the change.*

Detailed information on the methodology of the indicators describing the developments in lending is given in the Annex at the end of the analysis. Within the publication, the findings of the Lending Survey are presented in a condensed form, but the responses to the questions and the set of charts based on the findings are published in full on the Lending Survey page of the MNB's website.

Contents

Executive summary 6
1. Trends in lending in the corporate segment 7
1.1. Corporate lending in Hungary 7
1.2. International developments in corporate lending 12
2. Trends in lending in the household segment 16
2.1. Domestic household lending 16
2.2. International developments in household lending 22
3. Appendix: Notes on the methodology 24

Boxes

Key takeaways from interviews with senior loan officers 14

EXECUTIVE SUMMARY

Banks' outstanding loans to non-financial corporations expanded by HUF 344 billion in 2022 Q2, corresponding to an accelerating annual growth rate of 15 per cent. Loans to the small and medium-sized enterprise sector rose by 12.9 per cent year on year. With its increasing share, the Széchenyi Card Programme Go! contributed significantly to the expansion in loans outstanding. Taking corporate bonds subscribed and purchased by banks into consideration as well, the loans and bonds of credit institutions outstanding to non-financial corporations increased by a total of HUF 514 billion in the second quarter, and thus the annual growth rate of the stock including bonds as well amounted to 22.1 per cent in June. During the quarter, the disbursements of corporate loans in total and of SME loans were slightly higher than in the same period of the previous year. At the same time, the share of loan contracts concluded on a market basis declined to 60 per cent within new loans in view of the increased demand for the Széchenyi Card Programme Go! (SCP Go!); this falls significantly short of the 79-per cent ratio in the first quarter. The average interest rate on SME loans extended on a market basis increased during the quarter, in parallel with the rise in the interest rate environment.

According to responses of the banks participating in the Lending Survey, corporate credit conditions remained broadly unchanged in 2022 Q2. A pick-up in demand for loans to SMEs as well as for long-term loans was seen in this period. Looking ahead, one third of the banks are planning to tighten standards in 2022 H2. In parallel with that, 45 per cent expect a fall in demand for longer-term loans, while 30 per cent foresee stronger demand for working capital loans. According to the Bank Sentiment Survey, 55 and 50 per cent of the responding institutions are planning to increase their total corporate loans and SME loans outstanding, respectively, in 2022 H2.

In 2022 Q2, new loans provided to households exceeded repayments by HUF 284 billion in the credit institutions sector, and thus the annual growth rate of loans outstanding reached 11 per cent in June. One major contributor to the very strong lending registered during the quarter was the record-setting volume of HUF 427 billion in housing loans, with a prominent role played by demand brought forward due to interest rate hikes as well as by the FGS Green Home Programme (GHP). During the quarter, the GHP accounted for 33 per cent within housing loan disbursements and 85 per cent within loans for new homes. As a result of the loan programme, the share of loans for new homes increased within housing loans, and the average contract size advanced by nearly HUF 6 million to HUF 22 million in a year in the case of this loan purpose. In the second quarter, the average spread on new housing loan contracts dropped to a new historical low, falling into negative territory in the case of Certified Consumer-friendly Housing Loans, as the rapid rise in reference interest rates was still not completely included by banks in their lending rates.

According to responses to the Lending Survey, banks tightened their housing loan standards in 2022 Q2, whereas looking ahead to the second half of the year, both in the housing and consumer segments 40–50 per cent foresaw tightening in view of the uncertain economic outlook. 83 per cent of the banks expect a fall in housing loan demand in 2022 H2, following the pick-up seen during the quarter. According to the Bank Sentiment Survey, banking sector participants perceived a further increase in competition in the household segment, and they are planning to increase their exposure in the mortgage loan market in 2022 H2. Nevertheless, the rise in the costs of living may exert pressure on debt servicing, pointing to a deterioration in portfolio quality.

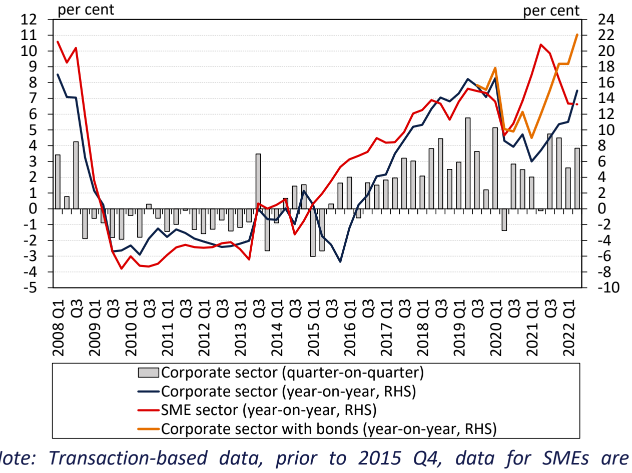
1. TRENDS IN LENDING IN THE CORPORATE SEGMENT

In 2022 Q2, corporate loans outstanding in the credit institutions sector expanded by HUF 344 billion, as a result of increases of HUF 240 billion and HUF 104 billion in forint loans and FX loans, respectively. The loans outstanding of non-financial corporations increased by 15 per cent, i.e. by a total HUF 1,404 billion between July 2021 and June 2022. Also taking account of corporate bonds subscribed and purchased by banks, credit institutions' loans and bonds outstanding vis-à-vis the non-financial corporations sector expanded by 22.1 per cent in total during the same period. The loans outstanding of the SME sector increased by an annual 12.9 per cent, with a significant contribution from the Széchenyi Card Programme Go! in the second quarter. New disbursements slightly exceeded the values for the same period of the previous year for corporate loans in total and SME loans as well, but the ratio of market-based loans declined in the case of both categories, with ratios of 60 per cent and 51 per cent, respectively, in second quarter. In parallel with the increasing interest rate environment, the weighted average interest rate on SMEs' market-based investment-purpose forint loans rose 2.7 percentage points versus the previous quarter.

According to the responses of the banks that participated in the Lending Survey, there were no significant changes in corporate credit conditions in 2022 Q2. Looking ahead to 2022 H2, however, one third of the respondents envisage the tightening of standards. In 2022 Q2, banks experienced increased demand for loans to small and micro enterprises as well as for long-term loans; however, in parallel with a decline in demand for investment loans, they expect a shift towards short-term loans in 2022 H2.

1.1. Corporate lending in Hungary

Chart 1: Growth rate of loans outstanding of the overall corporate sector and the SME sector

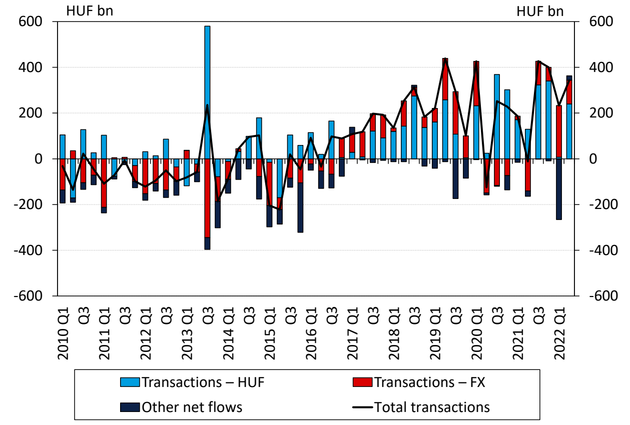


Note: Transaction-based data, prior to 2015 Q4, data for SMEs are estimated based on banking system data. Bonds outstanding include the corporate bonds in banks' balance sheets. Source: MNB

The annual growth rate of corporate loans outstanding accelerated to 15 per cent by the end of 2022 Q2. Between July 2021 and June 2022, non-financial corporations' bank loans outstanding expanded by HUF 1,404 billion, corresponding to a growth rate of 15 per cent (Chart 1). Corporate loans outstanding were up in most of the economic sectors, with contributions from the majority of credit institutions. In terms of company size, the increase in loans outstanding was balanced: expansion in the SME segment and the large corporations sector reached 12.9 per cent and 16.5 per cent, respectively. Also taking account of the transactions of corporate bonds subscribed by banks, credit institutions' loans and bonds outstanding vis-à-vis the non-financial corporations sector rose by 22.1 per cent in total during the same period.

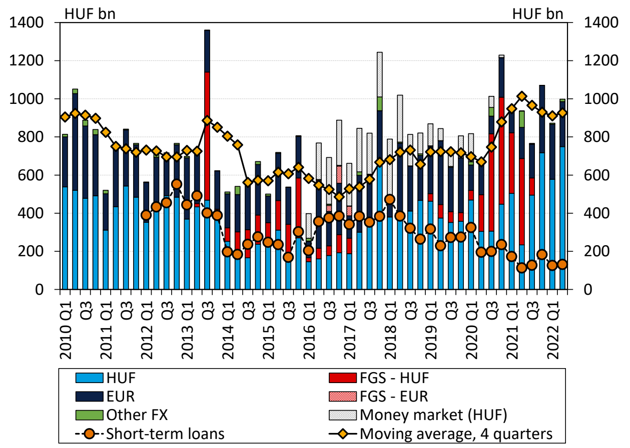
Longer-term forint loans were the main contributors to the quarterly expansion in loans outstanding. As a result of an increase of HUF 104 billion in foreign currency loan transactions and a HUF 240 billion rise in forint loans, corporate loans outstanding expanded by

Chart 2: Net quarterly changes in the corporate loan portfolio by currency



Note: Seasonally unadjusted net change in outstanding amounts, with rolling exchange rate adjustment, excluding individual institutional effects. Adjusted for the impact of the change in some banks' accounting standards at the beginning of 2017. Source: MNB

Chart 3: New corporate loans in the credit institutions sector



Source: MNB

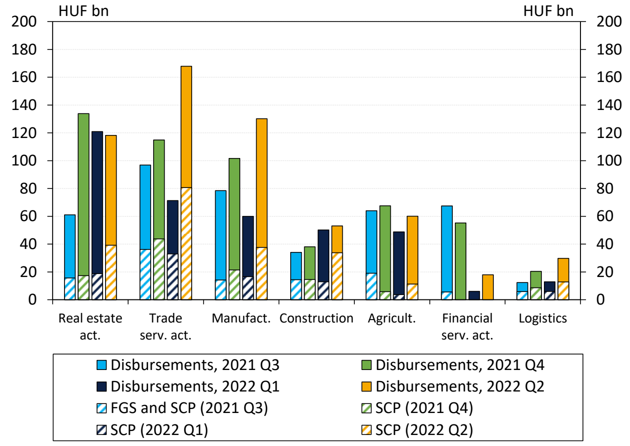
HUF 344 billion in 2022 Q2 (Chart 2). The contribution of the payment moratorium to the growth is no longer significant: a mere 2 per cent of the stock used the opportunity of the payment moratorium, which was extended under tighter conditions from November, and according to interviews conducted with banks in the summer, this ratio declined even further in the fourth phase of the moratorium (see Box 1). The contribution of the ending Széchenyi Card Programme Go! to the quarterly expansion in transactions increased considerably: it accounted for 12 per cent and around 45 per cent of the growth in loans outstanding in the first and second quarters, respectively. In the second quarter, the largest expansion was recorded in the fixed-rate SME loan portfolio, while roughly one fifth of the increase in loans outstanding was related to variable-rate loans. Financial service activities[1] as well as real estate transactions were major contributors to the expansion, which was balanced in terms of sectors, while a slight decline was observed only in the information and communication sector.

In the second quarter, the volume of new loan contracts slightly exceeded the disbursements of the same prior-year period. New lending in 2022 Q2, which amounted to HUF 998 billion, exceeded the volumes of the previous quarter and the prior-year period by 14 per cent and 7 per cent, respectively (Chart 3). Within the quarterly disbursements, the share of high-amount transactions (above HUF 5 billion) was moderate (18 per cent), while the share of SME loans rose to 70 per cent as a result of increased demand prior to the end of SCP Go!. Market-based lending[2] represented a share of 60 per cent within the loans issued in the period under review, which is much lower than the share of 85 per cent recorded in the quarter prior to the appearance of the coronavirus or the 79-per cent ratio observed in 2022 Q1. Some three quarters of the new contracts were related to forint loans and one quarter to foreign exchange loans.

[1] Within the sector of non-financial corporations, financial service activities mostly include holding companies.

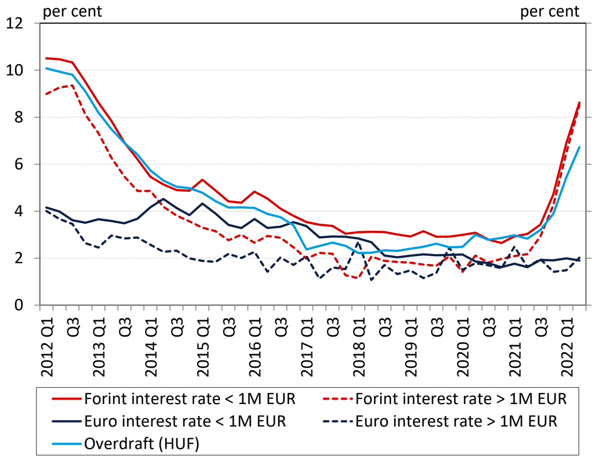
[2] When calculating the share of market-based loans, within credit institutions' contracts excluding the Hungarian Development Bank and the Eximbank, we examine the ratio of non-overdraft loans classified into 'normal market' category in banks' data reporting.

Chart 4: New SME loan disbursements in major sectors



Note: Examining data of the seven sectors with the largest SME loan portfolios. New contracts could be concluded within the framework of the FGS Go! until end-September 2021. Within the Széchenyi Card Programme (SCP) taking into account loans except from overdrafts. Source: MNB

Chart 5: Interest rates on new corporate loans



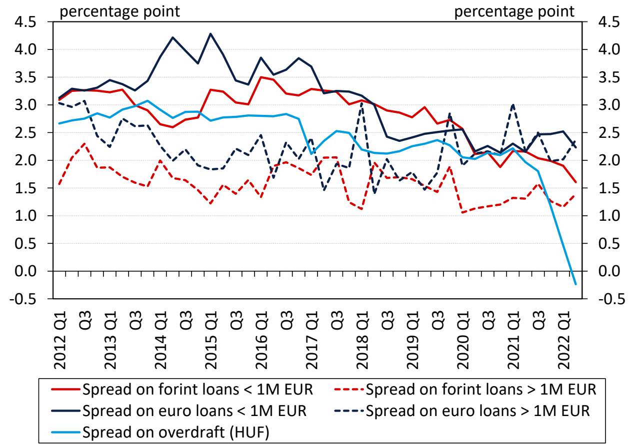
Note: Loans with variable interest rate or with up to 1-year initial rate fixation. From 2015, based on data net of money market loans exceeding EUR 1 million. Source: MNB

The share of subsidised SME loans within new contracts increased again in the second quarter. In 2022 Q2, partly as a result of the end of subsidised loan schemes (SCP Go!, MFB Crisis Loan Programme), loan contracts concluded in the SME segment reached a significant amount of HUF 695 billion, exceeding the volume of the same period of last year – which also included the elevated demand due to the FGS Go!, which was in its final months, as well as the end of SCP Plus – by 2 per cent. While in the last quarter of 2021 the share of the SCP was 21 per cent on average in the seven sectors with the largest SME loan portfolios, the share of loan contracts concluded within the framework of the programme rose to 37 per cent by 2022 Q2, with heterogeneity in the selected sectors (Chart 4). The biggest rise in the share of SCP loans was observed in the construction sector, but the share of the programme was also significant in the trade service activities as well as the logistics sectors. Regarding the overall SME portfolio, the share of market-based loans within the new SME volume declined from 71 per cent in 2021 Q4 to 64 per cent and 51 per cent in 2022 Q1 and Q2, respectively, as a result of the upswing in SCP Go!.

The average interest rate level of market-based corporate loans rose in Q2. The average interest rate level – excluding money market transactions[3] – on forint loans below one million euros with variable rate or with up to 1-year initial rate fixation increased by 173 basis points to 8.6 per cent compared to the previous quarter (Chart 5). The contract amount weighted average interest rate on variable-rate forint loans exceeding one million euros rose by 204 basis points to 8.5 per cent quarter on quarter. The increase in the interest rate on forint loans compared to the previous quarter was mainly attributable to the rise in the 3-month BUBOR. The volume-weighted interest rate level of overdrafts was up 128 basis points compared to the previous quarter, in parallel with a 70-basis point decrease in the spread. The interest rate on small-amount euro loans remained broadly unchanged during the quarter, while the average interest rate on

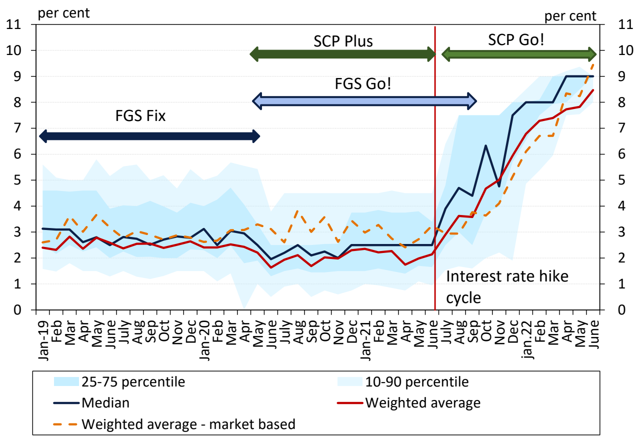
[3] Money market transactions are loans with a value of over EUR 1 million extended to non-financial corporations; their term is short (typically less than 1 month) and they serve to fund some kind of financial operation. It has been possible to exclude money market transactions since 2015, although in the previous period they did not significantly distort the observed average interest rates due to their low weight.

Chart 6: Interest rate spreads on new corporate loans



Note: Spreads on the 3-month BUBOR and EURIBOR. Loans with variable interest rate or with up to 1-year initial rate fixation. From 2015, based on data net of money market loans exceeding EUR 1 million. Source: MNB

Chart 7: Interest rate distribution and weighted average interest rate of new HUF-denominated investment loans in the SME segment



Note: Of the contracts reported as SME loans in the data supply submitted by credit institutions, only loans with a contract amount below HUF 3 billion were taken into account. In the case of the Széchenyi Card Programme, calculated with the total transaction interest rate that contains the state interest rate subsidy as well and constitutes the basis of banks' data reporting. Source: MNB

euro loans above one million euros amounted to 2 per cent, following an increase of 54 basis points. In the same period, in conjunction with a 26-basis point rise in the 3-month EURIBOR, a decline in the spread was observed in the case of the former, while an increase was seen in the spread on high-amount euro loans (Chart 6). It is important to emphasise that at present the loans tied to short-term interbank rates, in which the changes in the policy rate are reflected the earliest, only represent the smaller part of loan originations. Nevertheless, the companies eligible for the subsidised loan programmes could also access funds at customer interest rates of 1–2.5 per cent in the second quarter.

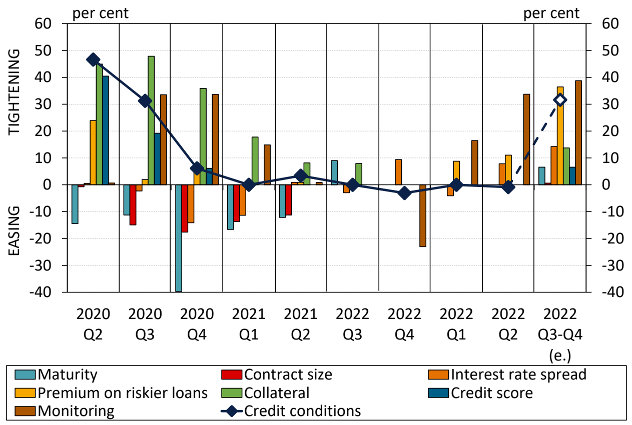
In the SME segment, average interest rates increased on both investment loans and working capital loans. The contract amount weighted average transaction interest rate on forint working capital loans to SMEs[4] (which also contains the subsidy paid by the state in the case of subsidised loans) rose by 77 basis points compared to the previous quarter, and amounted to 7.4 per cent at the end of Q2, while – following an increase of 108 basis points – the interest rate on investment loans[5] reached 8.5 per cent at the end of the period under review (Chart 7). During the quarter, the average interest rate on market-based forint working capital loans to SMEs rose by 122 basis points and reached 8.0 per cent, while the interest rate on investment loans advanced to 9.4 per cent, following an increase of 273 basis points. In the case of the total average interest rate, lower repricing compared to market interest rates was attributable to fixed-rate subsidised loans (SCP), which represent a higher share within new originations, as they do not rapidly follow changes in the reference rate. The rising interest rate environment played a role in the increase in lending rates.

In the second quarter, the terms of lending did not change substantively in the corporate segment, but tightening is expected in the future. Respondent credit institutions in the Lending Survey reported

[4] Working capital loans include factoring transactions, factoring transaction credit lines, working capital loans and loans materialising with a working capital loan purpose.

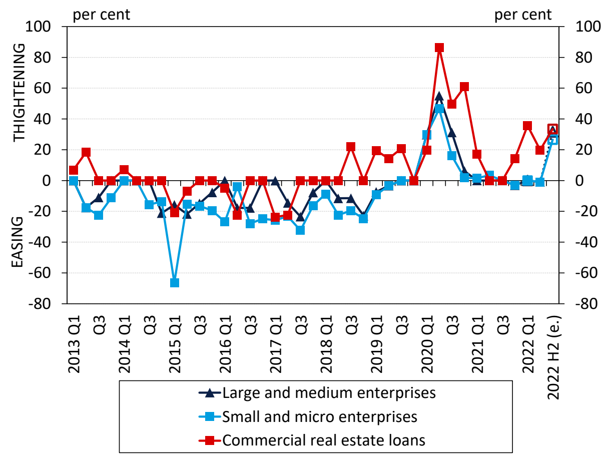
[5] Project loans include investment loans, credit lines with investment purpose, project loans and loans materialising with a project-purpose credit line loan purpose. Loans with a purpose that cannot be identified as investment or working capital loans (e.g. a credit line where the purpose is not yet known; other loans) were not classified into any of the categories.

Chart 8: Changes in credit conditions in the corporate segment



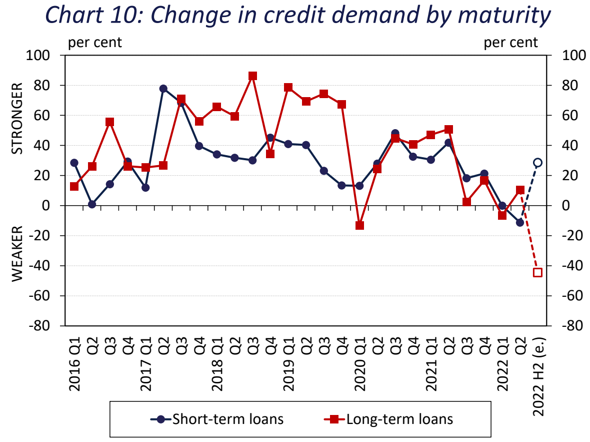
Note: Net ratio is the difference between tightening and easing banks weighted by market share. Source: MNB, based on banks' responses

Chart 9: Changes in credit conditions in corporate sub-segments



Note: Net ratio is the difference between tightening and easing banks weighted by market share. Source: MNB, based on banks' responses

Chart 10: Change in credit demand by maturity



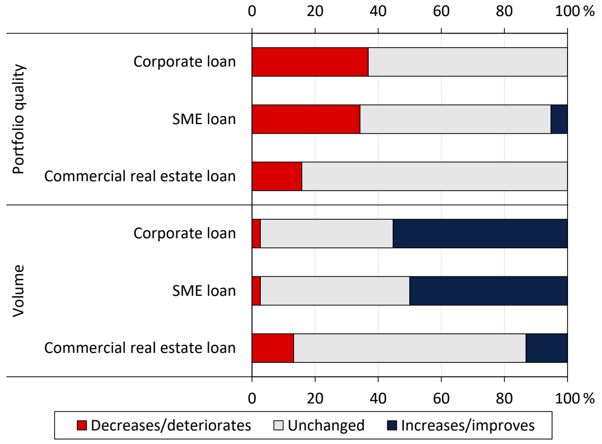
Note: Net percentage balance of respondent banks indicating stronger/weaker demands, weighted by market share. Source: MNB, based on banks' responses

steady credit conditions in all enterprise size categories during the second quarter. In terms of partial conditions, however, one third already tightened their respective customer monitoring activities, and a few banks raised the premium on riskier loans (Chart 8), as well as the fees charged for lending. In the quarter under review, in line with the negative economic impacts of the Russia–Ukraine war and rising energy and commodity prices, half of the institutions considered the deterioration in the economic situation and the increase in industry-specific problems as factors that induce tightening. By 2022 Q3 and Q4, one third of the banks are planning to further tighten lending conditions in view of the increasing industry-specific problems, the worsening economic environment and the change in risk tolerance. In net terms, 20 per cent of the respondents tightened conditions on commercial real estate loans in the second quarter, due the uncertainty in the outlook for the commercial real estate market, while looking ahead one third foresee further restrictions (Chart 9).

During the quarter, banks reported a pick-up in demand for loans to small and micro enterprises, as well as for long-term loans. In 2022 Q2, in net terms, 13 per cent of the respondents experienced an upswing in demand for corporate loans. In terms of company size, the majority of banks noted stronger demand for loans to small and micro enterprises, whereas according to maturity an increase in demand for long-term loans was indicated by most banks, with the SCP Go! loan programme as a significant contributing factor (Chart 10). With regard to 2022 H2, nearly half of the respondents expect declining demand for loans to small and micro enterprises and for long-term loans, due to the negative effect of the uncertain economic environment on investment activity. However, in parallel with the energy price shock and the partly related rise in operating costs, demand for short-term, working capital type loans may strengthen.

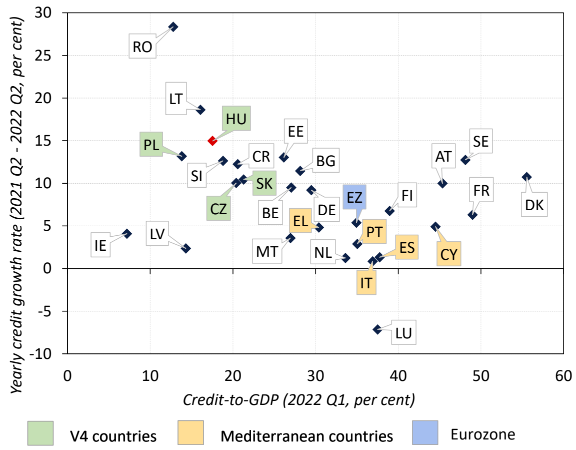
More than half of the banks are planning to increase their corporate loan portfolios in 2022 H2 as well. In addition to the assessment of business conditions, Hungarian banks also report on their strategic plans in the Bank Sentiment Survey. Of the respondents, 55 per

Chart 11: Banks' expectations related to changes in the loan volume and portfolio quality in the corporate segment



Note: Unweighted distribution of credit institutions. Source: MNB, based on banks' responses

Chart 12: Annual growth rate of corporate loans and the credit-to-GDP ratio in an international comparison



Source: ECB, MNB

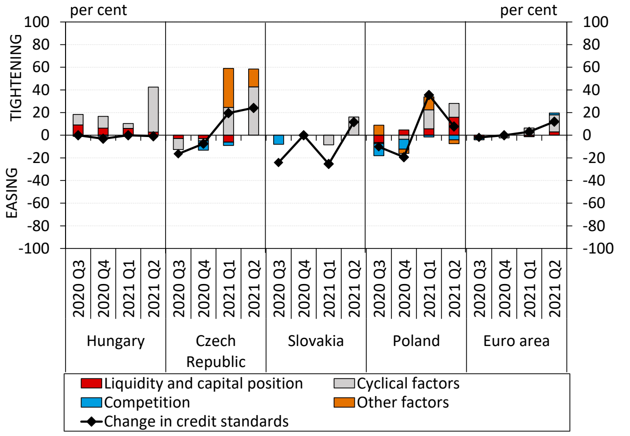
cent and 50 per cent are planning to increase their total loan portfolio and their loans to SMEs, respectively, in 2022 H2, while the aim of the remaining respondents is to maintain their outstanding loans (Chart 11). The ratio of banks planning portfolio expansion for the latter half of the year declined compared to the institutions that indicated an increase for 2022 H1. Three quarters of the banks are not planning to change their respective commercial real estate loan portfolios, while 13 per cent expected a reduction and 13 per cent foresaw an increase. Compared to the previous half year, a higher ratio of banks, i.e. 37 per cent, anticipate a deterioration in portfolio quality in view of the uncertain macroeconomic environment.

1.2. International developments in corporate lending

Growth in corporate lending in Hungary is the third highest in an EU comparison. In the past quarter, except for Czechia, the annual growth rate of corporate loans outstanding accelerated significantly in each of the Visegrád countries, amounting to 13.2 per cent in Poland and 10.4 per cent in Slovakia in June 2022, while a rate of 10 per cent in was recorded in Czechia (Chart 12). A similar trend was observed in the euro area as well, where annual loan growth accelerated to 5.4 per cent. Of the largest member countries, the expansion reached 9 per cent in Germany, 6 per cent in France, and one per cent in Spain and Italy as well. The annual growth rate of Hungarian banks' corporate loans outstanding was the third highest in an EU comparison. Similarly to the situation in the Visegrád Group, Hungary's corporate lending-to-GDP ratio remains low in an international comparison, indicating that there is ample space for a prudent deepening of loan penetration.

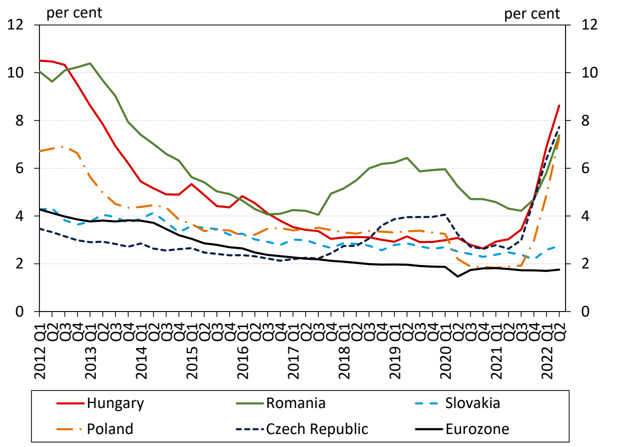
Limited tightening of lending conditions was typical in the other countries of the region. In parallel with the energy price shock and the increasing interest rate environment, limited tightening of lending standards characterised the countries of the region. The ratio of Czech banks that reported it was the highest: 20 per cent and 24 per cent of the Czech respondents tightened their credit conditions in the first and second quarters, respectively (Chart 13). In the second

Chart 13: Changes and factors contributing to changes in corporate credit conditions in an international comparison



Note: Category values are derived from the arithmetic average of the factors thematically classified therein. Positive values indicate tightening of conditions, while negative ones indicate easing. Source: MNB, ECB, national central banks

Chart 14: International comparison of interest rates on small-amount corporate loans extended in domestic currency



Note: Variable-rate loans below EUR 1 million, with maturities of up to one year; therefore, FGS loans with the maximum 2.5 percentage point spread are not included. Source: MNB, ECB, national central banks

quarter, tightening of lending conditions was typical in the euro area as well, in parallel with a pick-up in demand. According to an ECB survey,[6] demand for working capital loans due to supply difficulties and increased production input prices in relation to the high energy prices played a role in the rise in credit demand, while credit demand related to fixed investment declined in the uncertain environment. Looking at the four largest euro area Member States, a wider circle of banks in France and Italy, and a narrower circle in Spain and Germany tightened their standards. Banks expect further tightening of credit conditions and a decline in credit demand in the euro area in 2022 Q3.

Interest rate on corporate loans increased significantly in Hungary's region in quarter-on-quarter terms. In 2022 Q2, the average interest rate on new small-amount corporate loans with up to 1-year initial rate fixation rose in all of the countries of the region compared to the previous quarter. The increased amounted to more than 100 basis points in Poland, Hungary, Romania and Czechia, while a 17-basis point increase was observed in Slovakia (Chart 14). The tightening of monetary conditions was a major contributor to the rise in lending rates. The largest year-on-year rise was seen in Hungary at 559 basis points, followed by Poland (538 basis points) and the Czechia (509 basis points), while a year-on-year increase of 307 basis points was observed in Romania. A restrained, 27 basis point year-on-year increase took place in the euro area member Slovakia, where the main underlying reason was that in the euro area the first base rate hike was only carried out in July 2022. Spreads typically show a year-on-year decline, falling to the greatest degree in Romania (-88 basis points) and Poland (-64 basis points).

[6] ECB (2022): The euro area bank lending survey, 2022 Q2. European Central Bank. https://www.ecb.europa.eu/stats/ecb_surveys/bank_lending_survey/html/ecb.blssurvey2022q2~ce6d1a4597.en.html

BOX 1: KEY TAKEAWAYS FROM INTERVIEWS WITH SENIOR LOAN OFFICERS

Once a year the quarterly Lending Survey is supplemented with interviews conducted with banks' senior loan officers. This year, the interviews took place with the involvement of ten institutions in July and August 2022. The banks reported on the major trends in lending in 2022 H1. In addition, they also painted a picture of new challenges appearing in the macroeconomy, including the possible effects of the uncertain growth prospects as well as of the rising inflationary and interest rate environment on lending.

Corporate lending

Banks' senior corporate loan officers uniformly reported that in the first half year they succeeded in exceeding their plans concerning the volume of lending, with state-subsidised loans, such as the Széchenyi Card Programme Go!, as the main contributors. Closure of the programme at end-June was preceded by a strong upturn in demand, but the banks were able to handle all of the loan applications they received, while they will strive to provide subsidised funds for the undertakings that missed out on the favourable conditions within the framework of the SCP MAX. Most of the banks still expect an increase in corporate loans outstanding until end-2022. Nevertheless, they foresee a decline in the dynamics, as in view of the rising interest rate environment they are already experiencing a wait-and-see attitude and postponement regarding corporate investment. In addition, they perceived a shift in demand towards short-term working-capital loans. They also reported increasing demand for foreign exchange loans, but it is the firm position of all banks that they extend foreign exchange loans only to firms that have natural FX hedge.

In order to explore the risks, institutions monitor their respective corporate loan portfolios even more closely than before, focusing in particular on the impacts of the Russian–Ukrainian exposures, the exposure and sensitivity to rising energy prices as well as the feed-through of various supply chain problems. For the time being, banks do not see structural problems from the risk side, but continue to apply stricter monitoring.

Some banks reported extremely high corporate deposits, but at the same time they expect that firms will start to use these deposits to cover their increasing expenditures in the second half year. In the case of project loans, companies solve the overspending from their own resources as well; for the time being, at portfolio level there is no need to restructure the loans. At the majority of banks, a negligible number of companies participating in the third phase of the payment moratorium chose the option of extension, although at a few institutions 50–70 per cent of them may continue the suspension of repayment.

Commercial real estate lending

Senior loan officers already perceive increasing risks in some subsegments of the commercial real estate market. Therefore, they do not expect any major expansion in project loans outstanding. The increase in working from home due to the coronavirus and the widely applied hybrid working models have led to mounting uncertainty in the office market, which was reflected in rising vacancy rates as well. However, for the time being, firms are not returning office space, preferring instead to reschedule rent contracts. At the same time, banks are cautious and only finance prime offices at good locations. They see increasing risks in the hotel industry in connection with the rise in energy prices, the new waves of the pandemic and a related downturn in foreign tourism, whereas in the case of residential development projects they expect a major drop in purchasing power in view of the increasing interest rate environment and inflation. There was a credit institution where some property developers withdrew their respective loan applications, postponing the investment due to the aforementioned reasons. Banks see buoyant credit demand only in the case of logistics centres, as there is a shortage of warehouses in the market, and firms are competing for the existing capacities.

Household lending

All of the banks that participated in the interviews reported household loan disbursements above plans for 2022 H1. As they explained, this was attributable to the popularity of the FGS Green Home Programme as well as to demand brought forward due to interest rate hikes. The GHP reversed the seasonality observed in housing loans, bringing a new peak in lending for housing. According to banks, typically good-quality customers participated in the loan programme. Even the war between Russia and Ukraine did not result in a halt in lending to households in the first half, but in the summer months most of the institutions already experienced a reduction in loan applications, and they assume that this is attributable to the increasing interest rate environment, the rise in the costs of living due to inflation and a declining number of housing transactions. On the whole, banks anticipate a slowdown in lending for housing in the second half, due to the negative effect of the interest rate increase on demand. According to certain stakeholders, lending for housing may only return to a rising path in the summer of 2023.

The market of unsecured consumer loans was balanced in the first half year, as the feed-through of the effect of the interest rate hike was slower here. On the whole, institutions recorded a strong first half in hire purchase lending, but the increase in loan amounts was a result of price hikes for household durables. Disbursements of personal loans also exceeded the plans, although in the case of certain stakeholders the government transfers at the beginning of the year temporarily reduced the volume. 20–25 per cent of personal loans are already granted online, but at the majority of institutions this service is only available for their own clientele. The explanation they gave for the gradual decrease in the disbursement of prenatal baby support loans was that a narrowing of the market is observed, and with the increase in the interest rate environment, young couples became more cautious because of the higher interest penalties to be paid if the conditions are not complied with. In addition, declines in and postponements of home purchase plans and implemented transactions may also have played a role in the recent months. As for vehicle lending, H1 lending plans were met as a result of higher loan amounts due to vehicle price increases, but a decline is already expected in the second half of the year, in view of the car shortage.

Of the retail customers participating in the third phase of the moratorium, 50–60 per cent extended in the fourth phase of the programme. For the time being, banks do not see any problems in the portfolio. Some are afraid that in the case of lower-income customers the new utilities regulation will significantly increase the risks, as many of the debtors are close to the PTI limit. Accordingly, almost all banks will revise the minimum income requirements, and during their credit scoring they will take into account the increasing costs of living as well. Although some banks have recently experienced an increase in prepayments and early repayments and also replacements of variable-rate loans by fixed-rate ones, on the whole, their ratio is still low. In the banks’ opinion, this may be attributable to the interest rate cap as well.

In order to preserve their competitiveness, banks did not completely follow the rising reference rates in their pricing. Because of this, however, compared to the price of interest rate swaps, negative margins evolved in lending for housing at the majority of credit institutions. Customer acquisition by agents plays a key role for most of the banks. Therefore, in terms of competition, it is crucial for the bank to be among the first three institutions that offer the lowest interest rate in agents’ recommendations, because this can significantly influence customers. Some believe that a double-digit interest rate on housing loans is the psychological limit for customers, whereas others think that there will be credit demand as long as the interest rates remain below the inflation rate. In connection with the pricing of bank deposits, banks are of the opinion that they cannot compete with the high yields of retail government securities. Therefore, the majority of the actors in the sector do not expect increasing competition in the area of deposit rates.

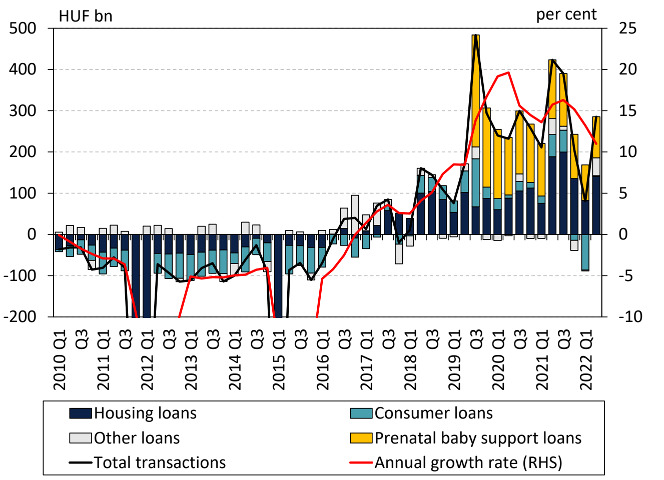
Sustainability objectives are present at the majority of institutions, and at banking group level as well. Against this background, and seeing the popularity of the GHP, several banks decided that they would soon enter the market with their own green mortgage loans, which could be spent either on the purchase of new energy-efficient homes and/or the renovation of used homes with an aim to improve energy efficiency.

2. TRENDS IN LENDING IN THE HOUSEHOLD SEGMENT

In 2022 Q2, as a result of disbursements and repayments, the household loans outstanding of the credit institutions sector expanded by HUF 284 billion, corresponding to an annual growth rate of 11 per cent. The gradual decline in household loan dynamics is partly explained by the ratio of payment moratorium participants, which was much lower than before. The contribution of housing and prenatal baby support loans to the expansion was significant during the quarter under review as well, with the latter already accounting for 18 per cent of household loans outstanding in June. During the quarter, a significant contributor to the high household loan disbursement was the record volume of housing loans amounting to HUF 427 billion, with a major role played by the FGS Green Home Programme as well, which accounted for one third of the contract amount of housing loans. In view of the GHP, the share of loans applied for the construction or purchase of new homes within housing loans increased, and the programme also resulted in a rise in the average contract size of these loans. Certified Consumer-friendly Housing Loans remain determinants among both housing and personal loans, and in parallel with the expansion of the market, the disbursement of Certified Consumer-friendly Personal Loans was also up during the quarter. The APR-based average spread on new housing loan contracts sank to another historical low in the second quarter, because, with the rapid change in the interest rate environment, the rising bank reference rates did not yet completely feed through into lending rates as a result of competition among banks.

According to responses to the Lending Survey, banks tightened their housing loan standards in 2022 Q2, while they reported an easing of price conditions in the case of consumer loans. Looking ahead to the second half of the year, they held out the prospect of tightening in both segments in view of the uncertain economic outlook. Of the banks, 83 per cent expect a fall in housing loan demand in 2022 H2, following the pick-up seen during the quarter. According to the Bank Sentiment Survey, the banking sector perceived a further increase in competition in the household segment, and nearly half of the responding institutions wish to increase their exposure in the mortgage loan market in 2022 H2. At the same time, as a result of the inflation, the rise in the costs of living may exert pressure on debt servicing, pointing to a deterioration in portfolio quality.

Chart 15: Quarterly transactions of the household loan portfolio by loan purpose

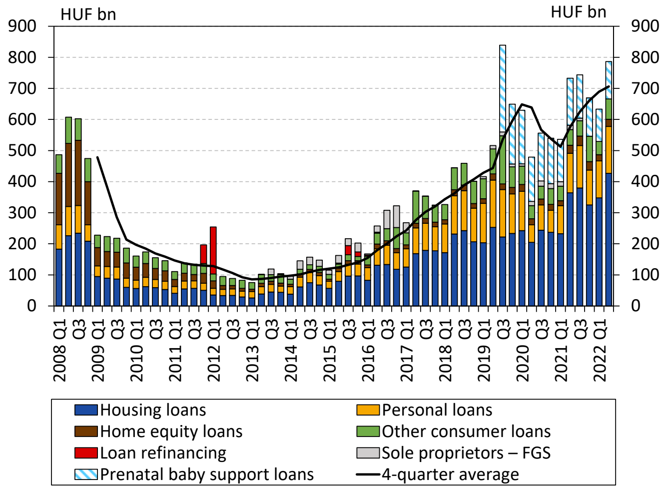


Note: Seasonally unadjusted net change in outstanding amounts, with rolling exchange rate adjustment. The transactions contain the effect of the settlement. Source: MNB

2.1. Domestic household lending

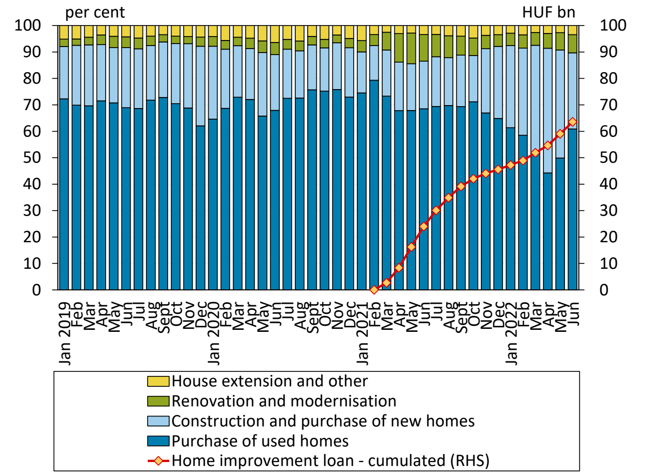
The annual growth rate of household loans outstanding declined to 11 per cent by the end of 2022 Q2. In 2022 Q2, the credit institutions sector's household loans outstanding expanded by HUF 285 billion as a result of transactions, and thus the stock amounted to HUF 9,525 billion in June. The expansion of HUF 981 billion in loans outstanding in the past 12 months resulted in an annual growth rate of 11 per cent, showing decelerating dynamics compared to the rate of 15.2 per cent registered at end-2021 (Chart 15). The gradual decline in the growth rate is partly attributable to the fact that the contribution of the payment moratorium to the expansion in loans is now only moderate, as in June a mere 5 per cent of the loans participated in the programme. Housing loan transactions accounted for nearly half (some HUF 141

Chart 16: New household loans in the credit institutions sector



Note: Loan refinancing indicates only refinancing related to the early repayment scheme and the FX-conversion. Other consumer loans include vehicle and hire purchase or other loans, excluding prenatal baby support loans. Source: MNB

Chart 17: Distribution of new housing loans by loan purpose



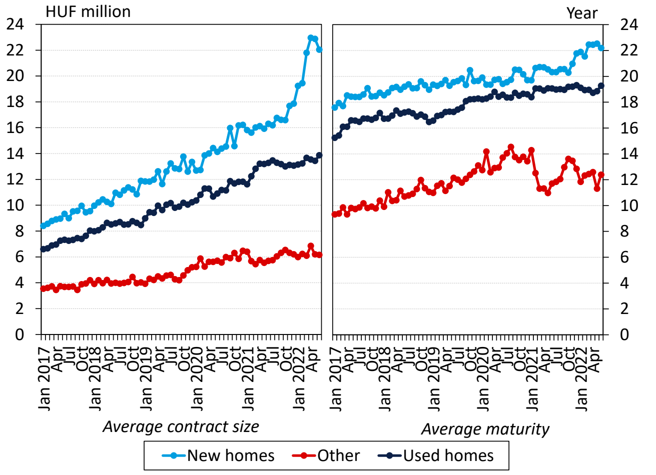
Source: MNB

billion) of the quarterly expansion in transactions, while in the case of consumer loans excluding prenatal baby support loans the repayments equalled the volume of loan disbursements. Following quarterly expansion of HUF 99 billion, prenatal baby support loans outstanding amounted to HUF 1,682 billion in June, corresponding to 18 per cent of household loans outstanding.

The disbursements of housing loans reached a new historical high. In 2022 Q2, the value of loan contracts concluded between credit institutions and households amounted to HUF 786 billion, exceeding the same period of the previous year by 9 per cent (Chart 16). The quarterly disbursement of HUF 427 billion of housing loans reached a record-setting volume, exceeding the level of the same quarter of 2021 by some 17 per cent. A major factor in this was the FGS Green Home Programme, which accounts for one third of the housing loans. Of unsecured consumer loans, the quarterly disbursement of HUF 151 billion of personal loans increased by an annual 18 per cent, while that of prenatal baby support loans (HUF 120 billion) fell by 21 per cent. The disbursement of HUF 23 billion of home equity loans declined by 11 per cent year on year. 40 per cent of the loan disbursements in the second quarter were state-subsidised loans or loans with preferential refinancing.

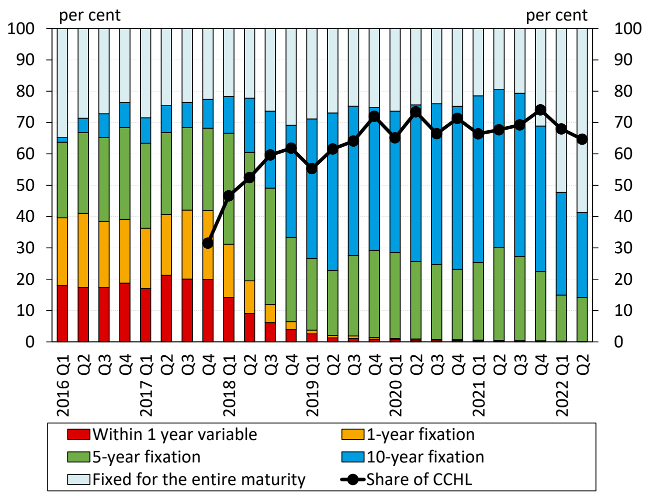
The FGS Green Home Programme was a major contributor to the increase in the share of loans for new homes. In 2022 Q2, half of the housing loans applied for were used to purchase used homes, down 17 percentage points on the same period of the previous year (Chart 17). This decline was caused by the increase in the share of loans spent on new homes as a result of the FGS Green Home Programme, which reached a ratio of 39 per cent during the quarter. The highest, 47-per cent share was observed in April, followed by a gradual restoration in the distribution of loan purposes as the envelope of the green product became depleted. The share of loans for improvement and modernisation increased slightly during the quarter. Of the subsidised mortgage loans introduced for the prefinancing of the home improvement subsidy, until June 2022 banks concluded contracts for a total volume of HUF 64 billion, of which HUF 12 billion was in 2022 Q2.

Chart 1: Average contract size and maturity of new housing loans



Note: Maturities are averages weighted by the contracted amount. Source: MNB

Chart 19: Distribution of new housing loan volume by interest rate fixation, and the share of Certified Consumer-friendly Housing Loan products



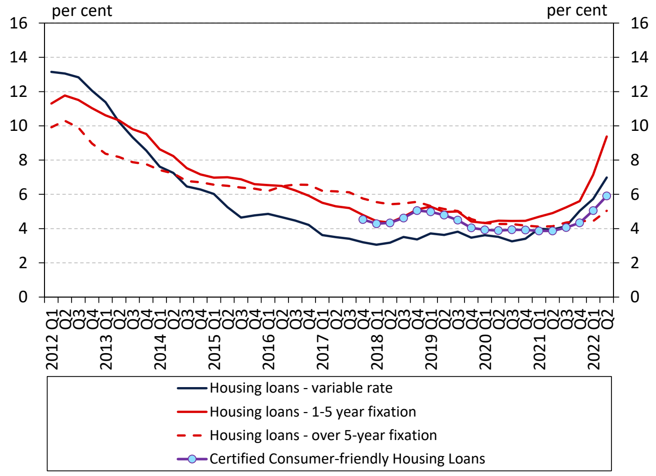
Note: Share of CCHL products compared to new issues with at least 3 years of interest rate fixation (at least 5 years since Q4 2018) excluding disbursements by building societies and without FGS GHP. Source: MNB

The average amount of loans borrowed for the building and purchase of new homes rose by nearly HUF 6 million over the span of one year. The number of loan contracts concluded in 2022 Q2 for the purchase of used homes and in the case of other housing purposes fell by 15 per cent and 31 per cent, respectively, year on year. By contrast, the number of loan contract applications for the construction or purchase of new homes rose by nearly 80 per cent, as a result of strong demand for the FGS GHP. Within the framework of the GHP, compared to market-based loans, a higher loan amount was available with a maturity of 25 years, which resulted in increases in the average loan sizes as well as the average maturities[7] in parallel with that: in the case of the construction and purchase of new homes, the average loan applied for amounted to HUF 22 million at the end of Q2, which is HUF 5.7 million more than a year earlier. At the same time, the contract amount weighted average maturity rose to 22.2 years (Chart 18). Following minimal annual growth, the average size of loans borrowed for used homes amounted to HUF 14 million in June, whereas the average maturity was 19.3 years.

The share of loans with interest rate fixed until maturity rose sharply within newly disbursed housing loans. In 2022 Q2, as a result of the significant volume of fixed-rate FGS GHP loans that were disbursed, the share of loans with interest rate fixed until maturity increased to nearly 60 per cent within new housing loans (Chart 19). At the same time, interest rate fixation for longer maturities was observed even excluding the loans disbursed within the framework of the Green Home Programme: 43 per cent of market-based housing loans were disbursed with fixed interest rate until maturity, whereas their share in the same quarter of the previous year was a mere 20 per cent. The shares of loans with an at least 10-year interest rate period and those with 5-year interest rate fixation declined by 13 percentage points and 10 percentage points in a year, reaching 38 per cent and 20 per cent, respectively. Certified Consumer-friendly Housing Loans available with an at least 5-year interest rate period continue to play a major role: the quarterly disbursement of consumer-friendly products

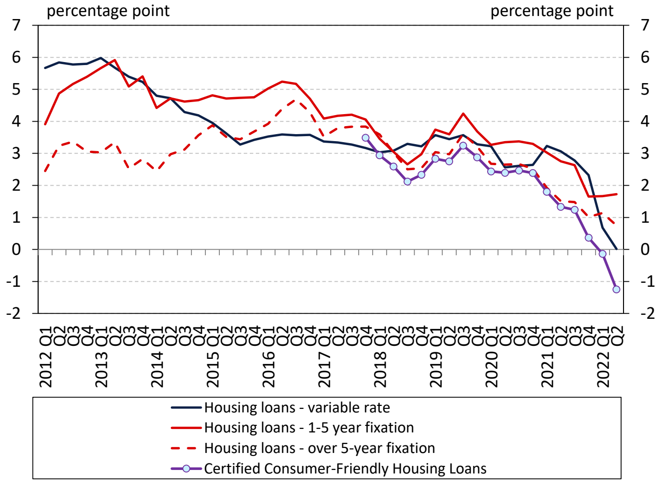
[7] Averages by contract and not by debtor for both the loan size and maturity.

Chart 20: Annual percentage rate of charge on new housing loans



Note: Volume-weighed APR. Source: MNB

Chart 21: APR-based spreads on new housing loans



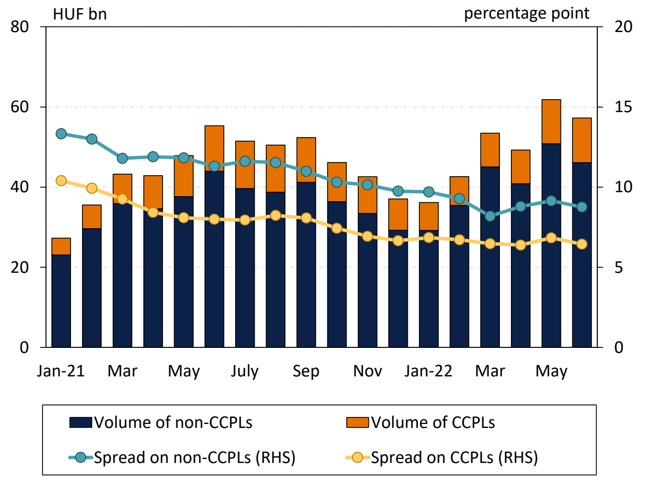
Note: In the case of variable-rate housing loans or ones with up to 1-year rate fixation, APR-based smoothed spread over the 3-month BUBOR, while in the case of housing loans fixed for a period longer than one year, the APR-based smoothed spread over the corresponding IRS. For FGS GHP, calculated at a funding cost of 0 per cent. Source: MNB

amounting to HUF 157 billion accounted for 65 per cent of the housing loans with similar interest rate periods, excluding the FGS GHP.

The slow feed-through of rapidly increasing reference rates into lending rates resulted in record low spreads in Q2. Within the housing loan contracts concluded in 2022 Q2, also including the state-subsidised products, during the quarter the average APR rose by 2.2 percentage points to 9.4 per cent for loans with interest rate fixation periods of 1–5 years and by 0.6 percentage point to 5 per cent for loans with interest rate fixation periods of more than 5 years (Chart 20). The APR-based, smoothed spread on housing loans advanced by 0.1 percentage point to 1.7 percentage points for loans with interest rate fixation for 1–5 years, while in the case of housing loans with interest rate fixation for more than 5 years the average interest margin dropped to 0.8 percentage point following a quarterly decline of 0.4 percentage point, taking into account the zero per cent cost of funds of the GHP in the case of the latter (Chart 21). The average spread on Certified Consumer-friendly Housing Loans fell to -1.25 percentage points, i.e. compared to the price of the interest rate swap (IRS) corresponding to the duration of the interest rate fixation, banks extended loans with a negative margin during the quarter. The significant decrease in spreads indicates that, with the rapid change in the interest rate environment, the increase in banks' costs of funds have not yet completely passed through into the lending rates, in which the slower adjustment observed in the case of the interest rate conditions of housing loans fixed for a longer period also plays a role.[8] Taking into account the zero-per cent cost of funds of GHP loans, the weighted average of the long-term yields affecting the pricing of housing loans (IRS) and the refinancing interest rates increased by 0.6 percentage point in 2022 Q2, while the average APR only rose by 0.5 percentage point to 5.8 per cent. Accordingly, following a decline of 0.1 percentage point, the average spread on housing loans dropped to 0.9 percentage point by end of June 2022.

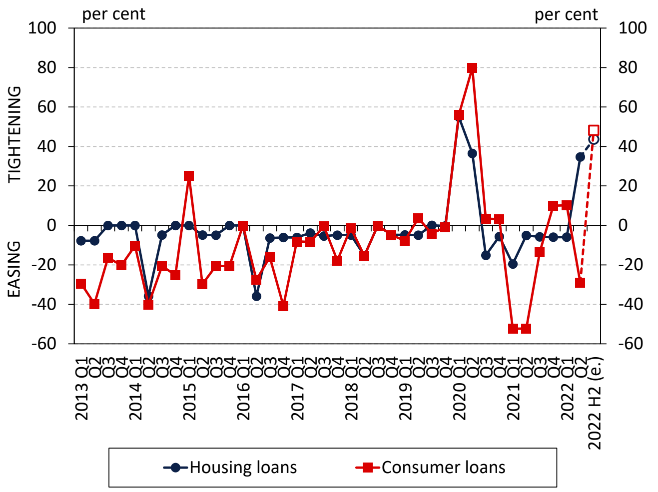
[8] For detailed information on the repricing practice of newly disbursed housing loans see Box 5 of the December 2021 Financial Stability Report: https://www.mnb.hu/letoltes/financial-stability-report-december-2021.pdf

Chart 22: Changes in volume and APR-based spread on new personal loans at institutions offering CCPLs



Note: Excluding employee loans. The APR-based spread was calculated as the difference between the APR and the BIRS yields corresponding to the maturity of the loans. Volume-weighted average APR spread. Source: MNB

Chart 23: Changes in credit conditions in the household segment

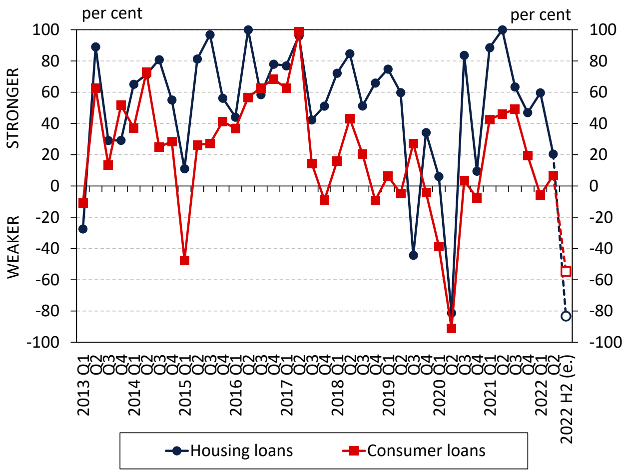


Note: Net ratio is the difference between tightening and easing banks weighted by market share. Source: MNB, based on banks' responses

Disbursements of Certified Consumer-friendly Personal Loans rose considerably. In 2022 Q2, banks disbursed Certified Consumer-friendly Personal Loans (CCPL) amounting to HUF 31 billion, and thus within the also increasing personal loan disbursements this product reached a share of 18 per cent, which was slightly below the ratios observed in 2021. Certified personal loans amounting to a total HUF 162 billion have been disbursed since the launch of the consumer-friendly product in January 2021. Compared to non-certified products, CCPL products were disbursed in a higher amount, with longer maturities and lower interest rates in 2022 Q2 as well. In June, the average CCPL amount of HUF 4.1 million was HUF 2.1 million higher than the average value of non-certified products. Compared to non-certified transactions, the maturity of CCPL products is half a year longer on average, while the average APR is 1 percentage point lower. The volume-weighted average APR spread on CCPL products declined to 6.4 percentage points by end of June, which was 2.3 percentage points lower compared to traditional personal loans at the institutions that sell CCPL (Chart 22).

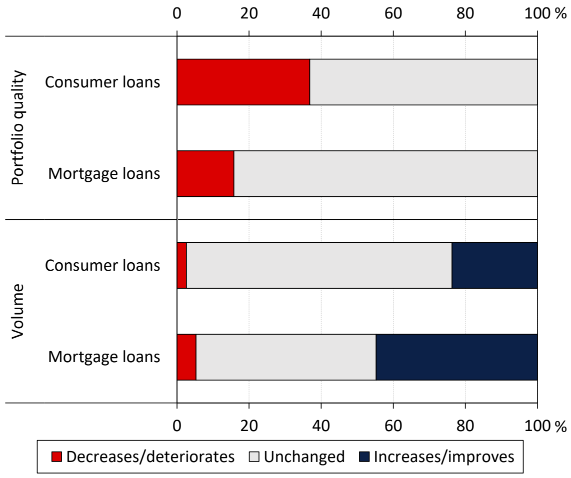
Credit conditions are expected to be tightened for both housing and consumer loans. According to responses to the Lending Survey, in 2022 Q2 a net 35 per cent of the responding institutions tightened the standards of housing loans with reference to less favourable economic prospects. They indicated tightening primarily in the minimum required credit score. At the same time, in net terms, 56 per cent reported further declines in spreads, which is attributable to the delayed feed-through of the increasing costs of funds into lending rates. Looking ahead to the next half year, 44 per cent foresaw a tightening of housing loan conditions, which they are planning to reflect in spreads as well (Chart 23). In net terms, 29 per cent eased conditions on consumer loans during the second quarter, which was reflected in a reduction of spreads. At the same time, in net terms, 37 per cent tightened non-price conditions, such as the payment-to-income ratio or the minimum required credit score during the quarter, due to the uncertain economic outlook. Looking ahead to the second half year, a net 48 per cent of the banks are planning to tighten the conditions of consumer loans in view of an

Chart 24: Credit demand in the household lending segment



Note: The net ratio is the difference between tightening and easing banks, weighted by the market share. Source: MNB, based on banks' responses

Chart 25: Banks' expectations concerning changes in loan volume and portfolio quality in the household segment



Note: Unweighted distribution of credit institutions. Source: MNB, based on banks' responses

expected deterioration in customers' creditworthiness.

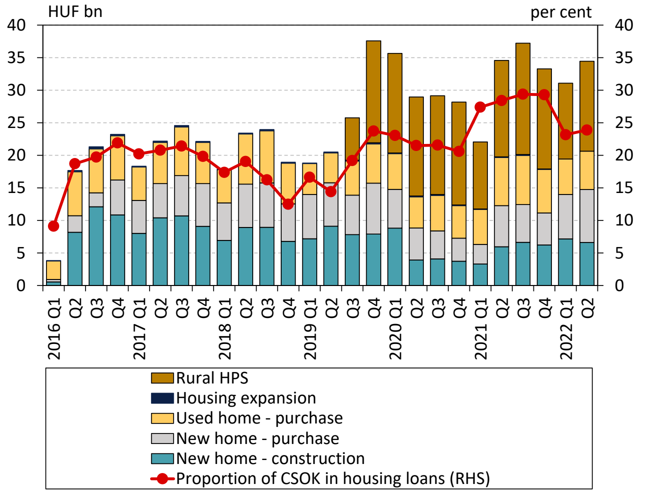
Banks expect a fall in housing loan demand in H2, following the pick-up seen during the quarter. In 2022 Q2, in net terms, 20 per cent of the institutions participating in the Lending Survey reported a pick-up in demand for housing loans, which may also have been a result of the popularity of the Green Home Programme (Chart 24). Nevertheless, in the second half year, a net 83 per cent already expect a fall in credit demand, which – in addition to the depletion of the GHP envelope – may be attributable to both the rising lending rates and the uncertain economic environment (see Box 1). During the quarter, banks reported broadly unchanged demand for consumer loans, whereas looking ahead 55 per cent expect lower demand in 2022 H2. Even more (81 per cent) anticipate a fall in demand for car loans.

Nearly half of the banks want to increase their mortgage loan market exposures in the household segment in 2022 H2. According to the Bank Sentiment Survey, the banking sector perceived a further increase in competition in the household segment. Of the respondent institutions, 24 per cent are planning to increase their consumer loans outstanding in 2022 H2, whereas one half of the respondents want to increase their mortgage loans outstanding. Compared to what was planned in 2022 H1, this represents a lower net ratio in the case of the former and a higher ratio for the latter (Chart 25). In net terms, 16 per cent of the banks expect portfolio deterioration in the case of mortgage loans and 37 per cent in the case of consumer loans, which only reflects a slight increase compared to the previous half year. The partial phase-out of the utility price reductions and the rising inflation environment point to portfolio quality deterioration, in view of the decline in households' disposable income.

The share of HPS for new homes increased. Various home purchase subsidies,[9] many of them related to the Home Purchase Subsidy Scheme for Families, continue to be available for households. The volume of Home

[9] Reduction of VAT to 5 per cent for new homes, VAT exemption of new properties purchased using the Home Purchase Subsidy Scheme for Families (HPS), exemption from duty for homes purchased using the HPS, multigenerational HPS, home renovation subsidy, subsidised housing loan for home renovation.

Chart 26: Volume of HPS contracts by purpose

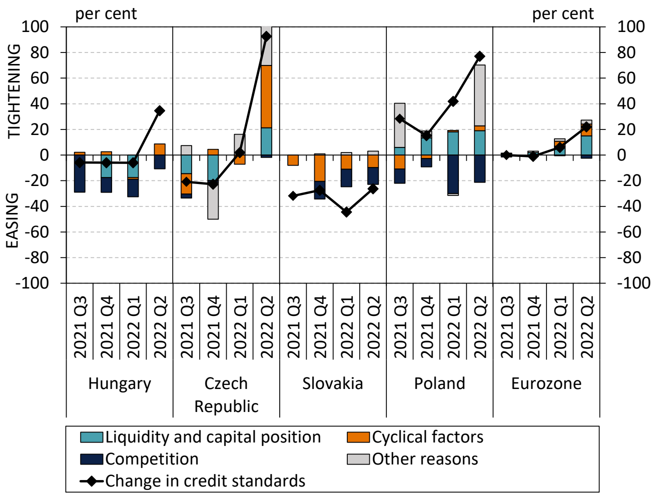


Note: The Rural HPS can be used for the purchase, as well as modernisation and extension of homes. Source: MNB, Ministry of Finance

Purchase Subsidy Scheme for Families applied for in 2022 Q2 amounted to HUF 21 billion, corresponding to nearly 8,000 subsidy contracts. 71 per cent of the subsidies were requested for the construction or purchase of new homes; the contract volume for this purpose was 20 per cent higher than in the same period of the previous year. This was also attributable to the HPS that can be applied for in addition to the FGS Green Home Programme. Nearly HUF 6 billion was disbursed for purchases of used homes, representing a year-on-year 20-per cent decline (Chart 26). Of the housing loans disbursed in Q2, 24 per cent, or around HUF 101 billion, was linked to the Home Purchase Subsidy Scheme for Families, also including rural HPS, 38 per cent of which were HPS-related market-based loans. The rural HPS available in the preferred small settlements accounted for 40 per cent, or some HUF 14 billion, of the quarterly HPS.

2.2. International developments in household lending

Chart 27: Changes and factors contributing to changes in housing loan conditions in the V4 countries

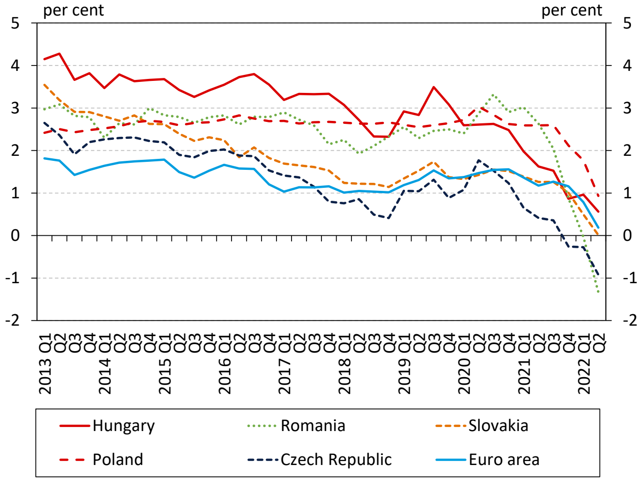


Note: Category values are derived from the arithmetic average of the factors thematically classified therein. Positive values indicate tightening of conditions, while negative ones indicate easing. Source: MNB, ECB, national central banks

Housing loan conditions became tighter in most of the countries of the region in the second quarter. In 2022 Q2, in net terms, 35 per cent of the Hungarian banks tightened conditions on housing loans, but even higher ratios of tightening were observed in the region. Almost all of the respondent banks tightened conditions in Czechia, and 77 per cent did so in Poland. Only in Slovakia did 26 per cent of banks in net terms ease their conditions during the quarter, indicating mounting competition among banks as the main reason (Chart 27). In the case of the Czech banks, the deterioration in the economic outlook as well as in banks' liquidity and capital positions were among the factors resulting in tightening. In the euro area, in net terms, 22 per cent of the respondents granted loans with tighter conditions compared to one quarter previously.

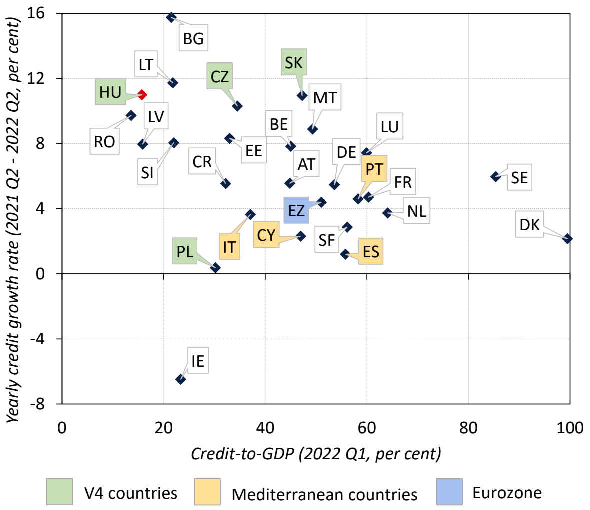
The spread on housing loans declined considerably in the region. In view of the inflation trends seen at the international level as well, the interest rate environment and together with that the reference interest rate of loans also increased significantly, which, however, only feeds through into lending rates with a delay in the case of products with longer interest rate periods. As a result of the above, the average

Chart 28: Interest rate spreads in international comparison for housing loans provided in domestic currency



Note: In the case of variable-rate housing loans or ones with up to 1-year rate fixation the 3-month interbank rate, while in the case of housing loans fixed for a period longer than one year, the 3-month smoothed spread over the corresponding IRS. For Hungary, also taking into account the funding cost of 0 per cent of the FGS GHP. Source: MNB, ECB, EMF, Datastream, national central banks

Chart 29: Annual growth rate of household loans and the credit-to-GDP ratio in an international comparison



Note: Growth rate of -13 per cent and a credit-to-GDP ratio of 23 per cent in the case of Greece. Source: ECB, MNB

interest rate spread on housing loans calculated in comparison with the reference interest rate in the given month fell considerably in all the countries of the region. In the case of housing loans in Hungary, the spread fell to 0.56 percentage point by end of June 2022, following an annual decline of 1.1 percentage points. Annual declines of 1.2 percentage points and 1.3 percentage points were observed in Slovakia and Czechia, respectively, and thus the spread stood at 0.01 percentage point and -0.97 percentage point, respectively. In the region, the spread on housing loans is the highest in Poland, amounting to 0.93 percentage point, while it is the lowest in Romania, where the spread decreased to -1.33 percentage points, following an annual decline of 4 percentage points (Chart 28). Euro area banks extend housing loans with an average spread of 0.19 percentage point.

Loan penetration in Hungary is the second lowest in the EU. Household loan dynamics in Hungary reached 11 per cent at the end of 2022 Q2, significantly exceeding the 4.4-per cent expansion in loans outstanding in the euro area (Chart 29). Of the countries in the region, the dynamics observed in Slovakia at end-June equalled the Hungarian rate, while it was 1 percentage point lower in Czechia. As a result of the high nominal GDP growth, the household loan-to-GDP ratio declined by 1.1 percentage points in a year, standing at 15.7 per cent at the end of 2022 Q1. Accordingly, after Romania, Hungary has the second lowest indicator across the EU countries, and thus, on the whole, there still seems to be ample room for an increase in domestic loan penetration in a sound structure. In Q1, the average of the household loan-to-GDP ratio of the V3 countries amounted to 33 per cent, while the average for the euro area was 51 per cent.

3. APPENDIX: NOTES ON THE METHODOLOGY

The analysis is based on statistical data and the findings of the Lending Survey.

1. *Credit aggregate and lending rate data*

One of the statutory tasks of the Magyar Nemzeti Bank is to publish statistical data regarding the functioning of the system of credit institutions and the financial position of the country. The statistics compiled, the press releases presenting the main data and the methodological descriptions of preparing the statistics are available on the MNB's website at: http://www.mnb.hu/statisztika

2. *Lending Survey*

The Lending Survey facilitates the analysis of how major Hungarian banks perceive and evaluate market developments and how they develop their respective strategies, in particular their lending policies. Eight banks responded to questions related to housing loans, while ten banks answered questions on consumer loans. Based on data from the end of 2022 Q2, the surveyed institutions accounted for 86 per cent of the banking sector in the case of outstanding housing loans and 96 per cent in the case of outstanding consumer loans. The corporate questionnaire was completed by thirteen banks in total, which represent 95 per cent of the corporate loan market, while the market share of the thirteen banks responding to the questionnaire related to commercial real estate loans is 97 per cent.

The survey consists of a standard questionnaire in each segment. The retrospective questions refer to 2022 Q2 (compared to 2022 Q1), whereas the forward-looking questions concern the next half-year period, i.e. covering 2022 H2 (relative to 2022 Q2). The current questionnaire was completed by the senior loan officers between 1 July and 18 July 2022.

To indicate changes, the survey uses the so-called net change indicator, expressed as a percentage of respondents. This indicator is calculated as follows: market share-weighted ratio of respondents projecting a change (tightening / increasing / strengthening) minus the market share-weighted ratio of respondents projecting a change in the opposite direction (easing / decreasing / weakening).

The detailed findings of the Lending Survey and the set of charts are available at: https://www.mnb.hu/en/financial-stability/publications/trends-in-lending.

TRENDS IN LENDING

September 2022

Print: Prospektus Kft.

H-8200 Veszprém, Tartu u. 6.

mnb.hu

H-1013 BUDAPEST, KRISZTINA KÖRÚT 55.