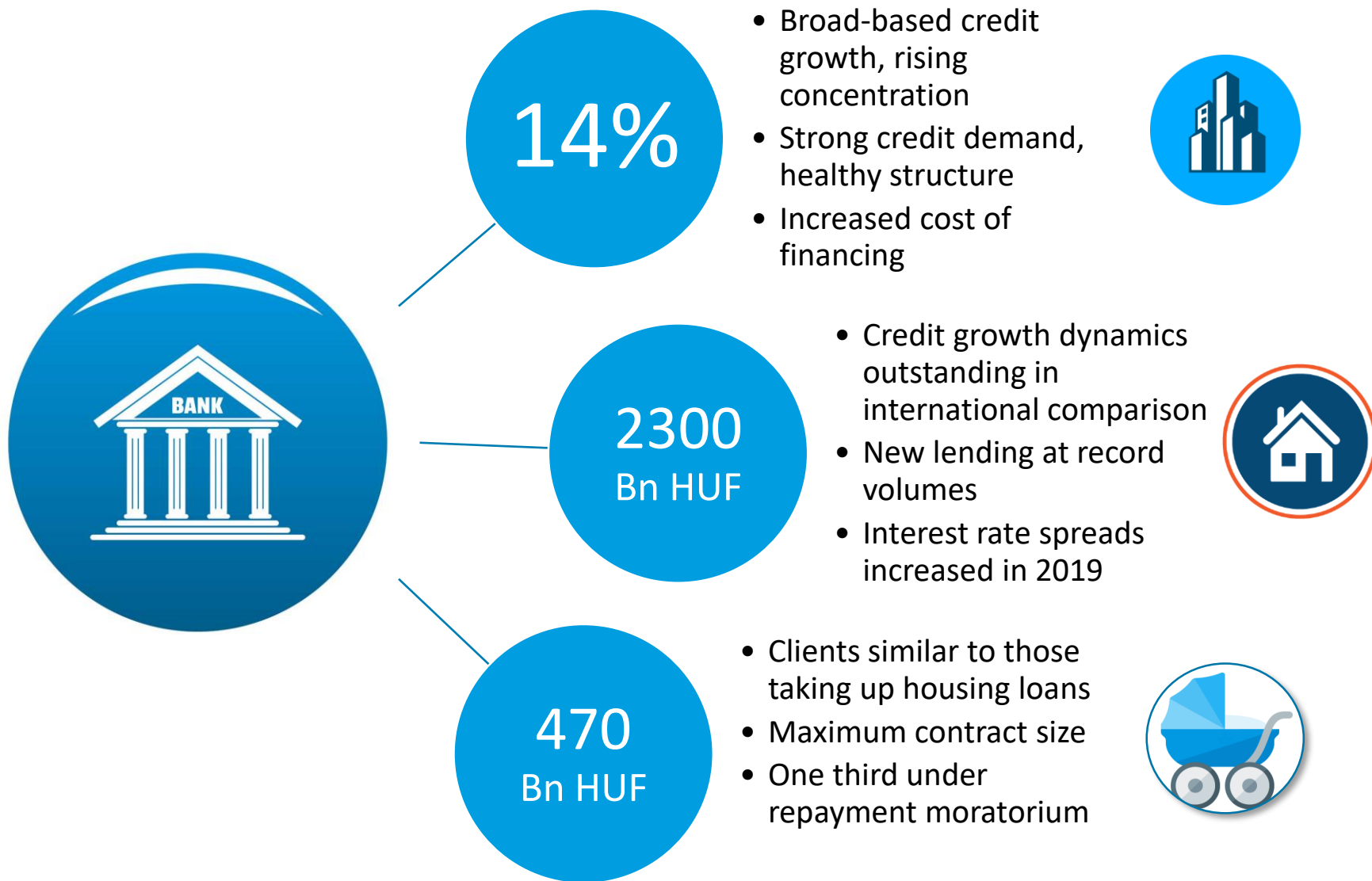




TRENDS IN LENDING, MARCH 2020

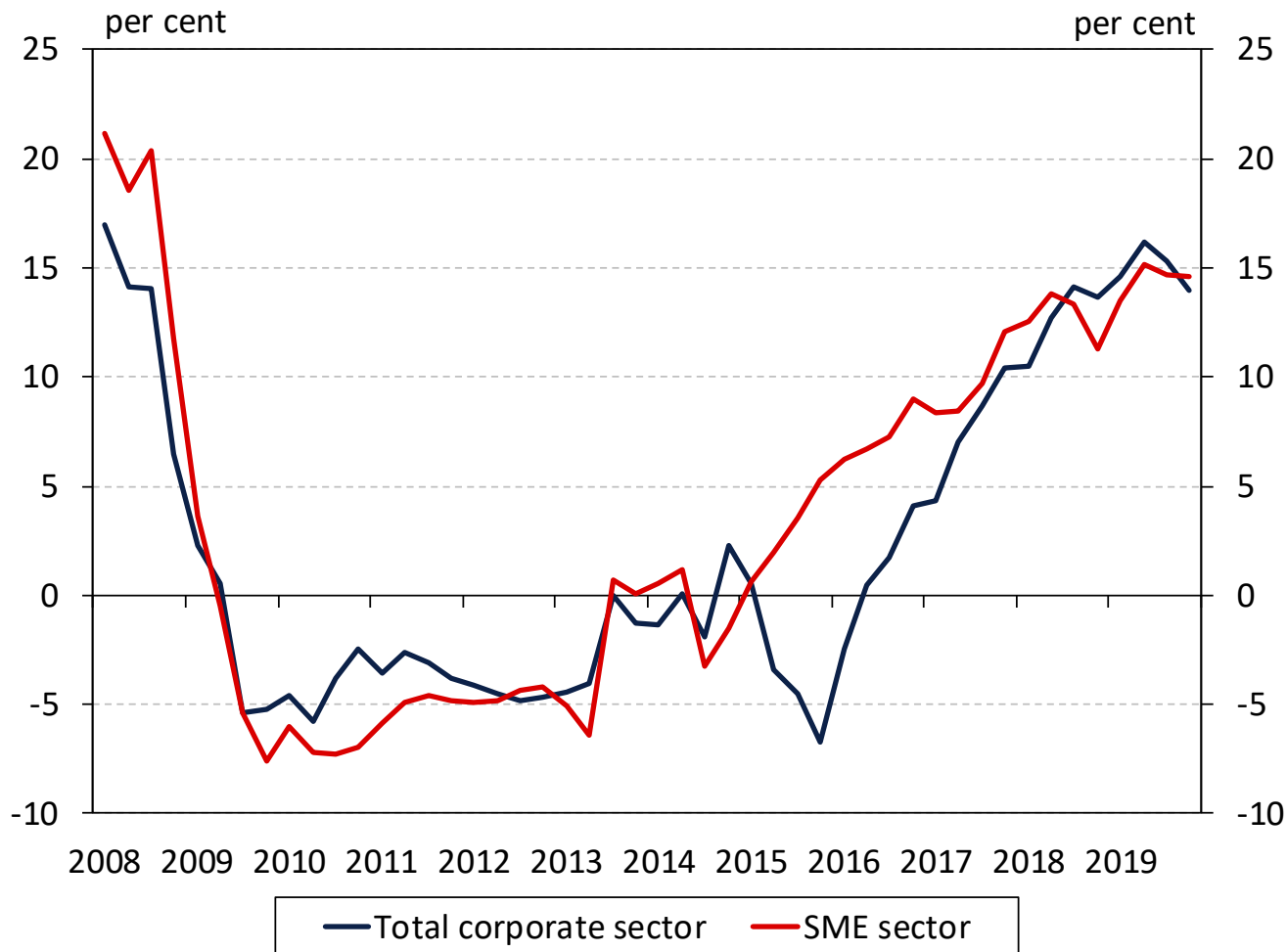






CORPORATE SEGMENT

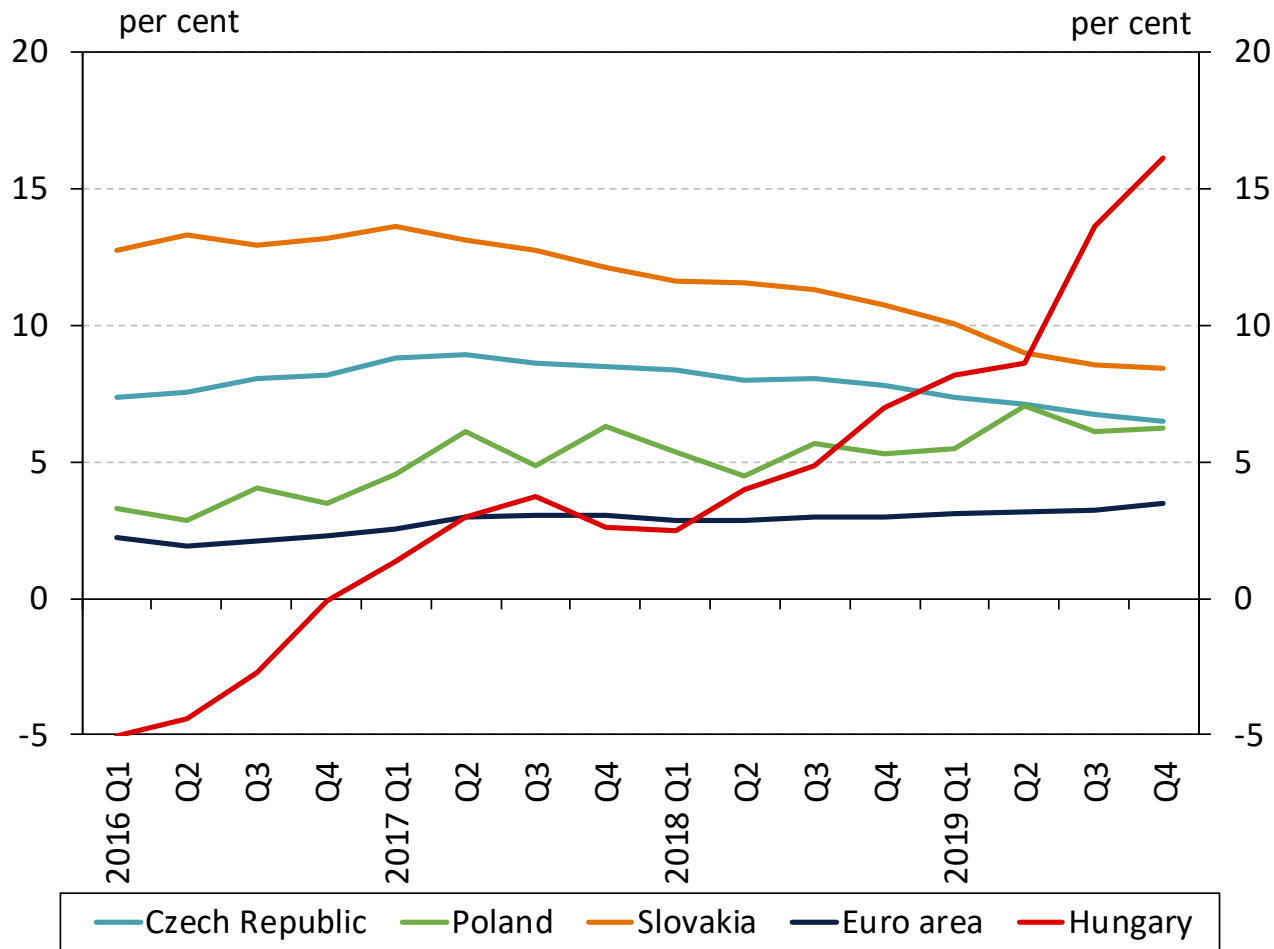
DESPITE LARGE-SUM REPAYMENTS AT THE END OF THE YEAR, CORPORATE LOANS INCREASED BY 14 PER CENT IN 2019








ANNUAL GROWTH RATE OF LOANS OUTSTANDING OF THE TOTAL CORPORATE SECTOR AND THE SME SECTOR

Note: Transaction based, prior to 2015 Q4 data for SMEs are estimated based on banking system data.

CORPORATE CREDIT DYNAMICS ARE OUTSTANDING IN EUROPEAN COMPARISON



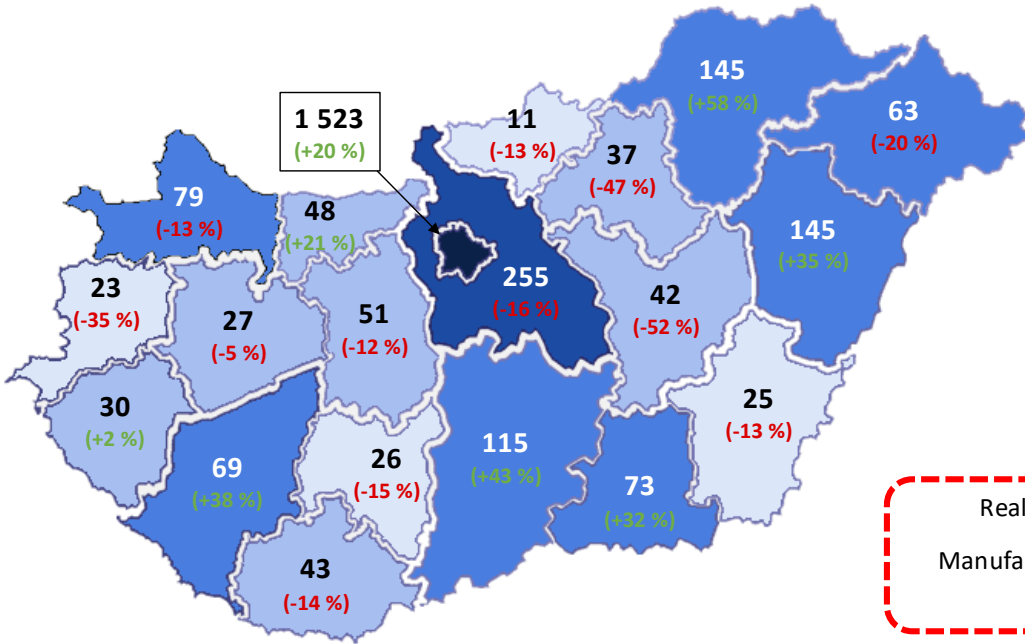
Credit-to-GDP

-  34%
-  21%
-  21%
-  18%
-  16%

ANNUAL GROWTH RATE OF CORPORATE LOANS OUTSTANDING IN EUROPEAN COMPARISON

Note: Transaction-based annual growth rate.

CONCENTRATION HAS GROWN IN CORPORATE LENDING



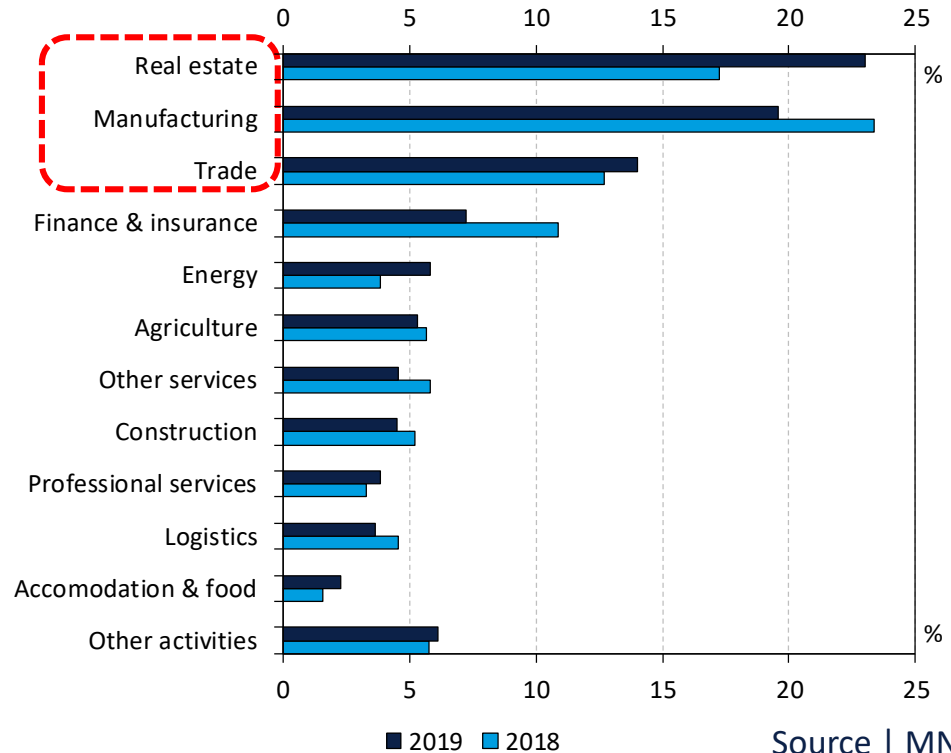
Large banks' share reached two-thirds within new disbursements

The share of the TOP3 sectors increased to 60 per cent

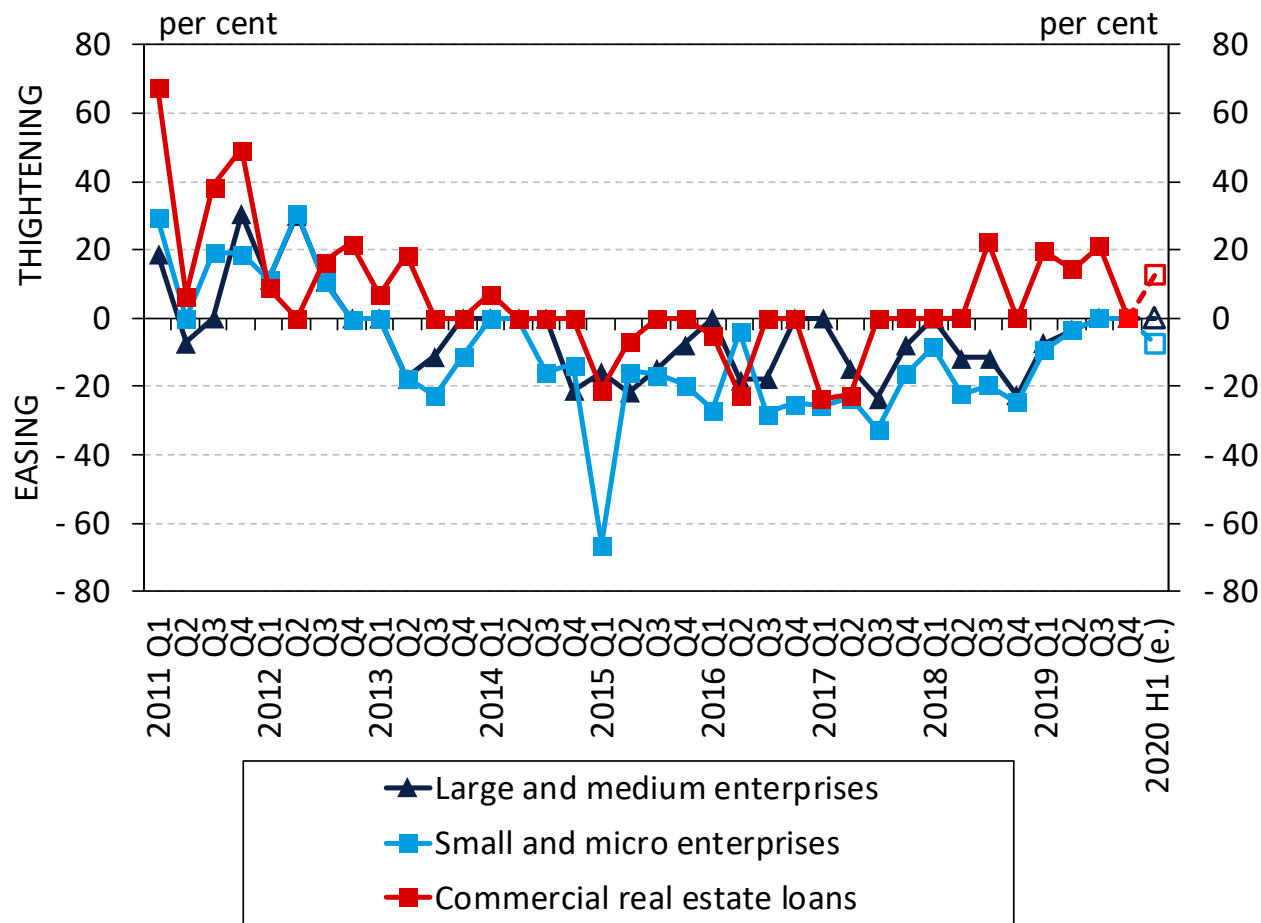
Budapest reached 54 per cent in annual disbursement, mostly with the growth of real estate sector

DISTRIBUTION OF NEW CORPORATE LOANS IN 2019

Note: Data on the map is in HUF Bn, and the annual change in brackets.



BANKS REMAIN CAUTIOUS WHEN FINANCING COMMERCIAL REAL ESTATE

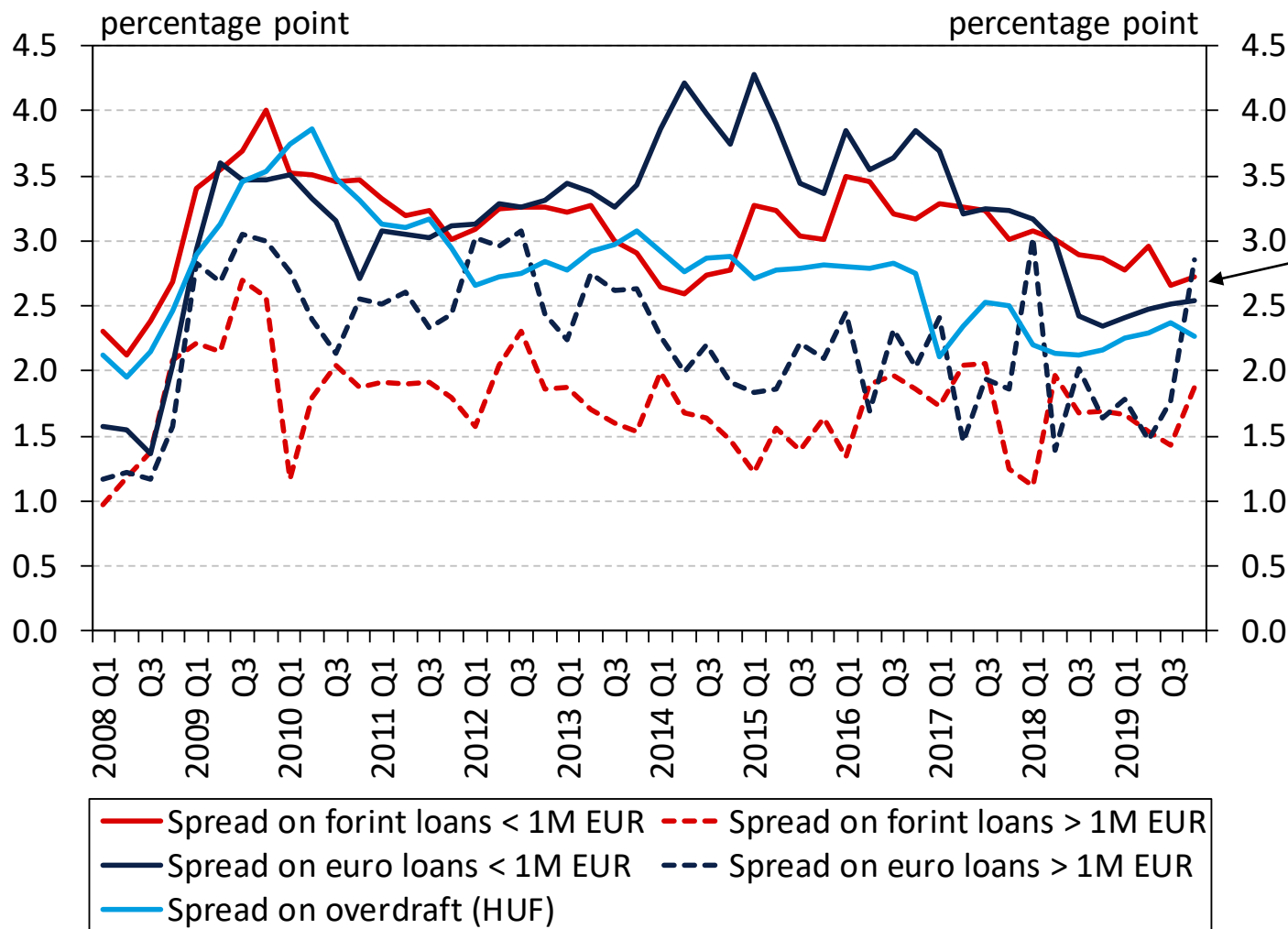


Overall, credit standards remained unchanged, but price conditions have already been tightened.

CHANGES IN CREDIT CONDITIONS IN THE CORPORATE SUB-SEGMENTS

Note: Net percentage of respondents tightening/easing credit conditions weighted by market share.

INCREASED SPREAD ON LARGE SUM (EURO)LOANS IS ATTRIBUTABLE TO THE GREATER SHARE OF REAL ESTATE LOANS

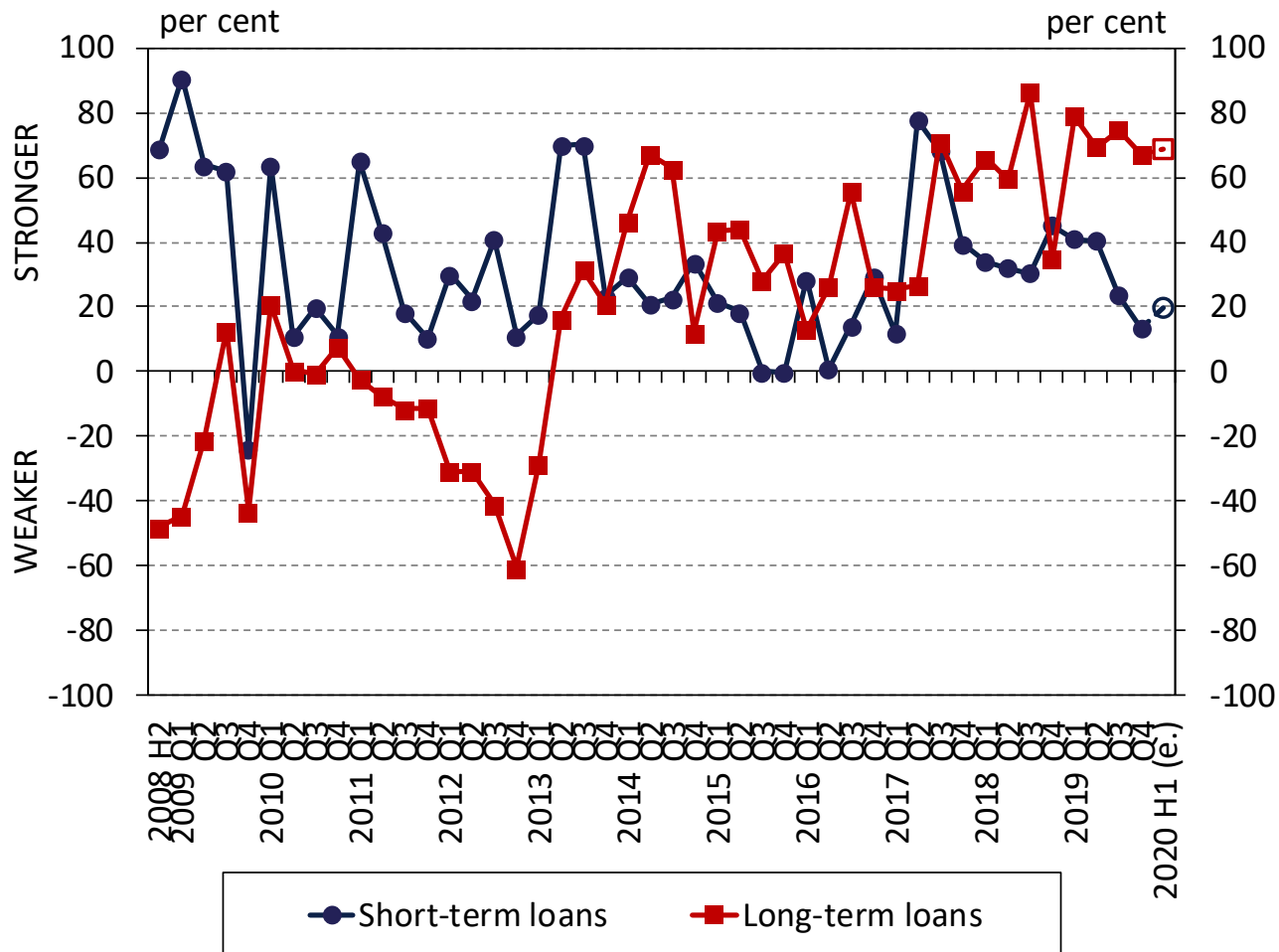


Higher share of large-sum real estate loans, with higher risk premium

INTEREST RATE SPREADS ON NEW CORPORATE LOANS

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

CORPORATE CREDIT DEMAND GREW MAINLY FOR LONG-TERM LOANS

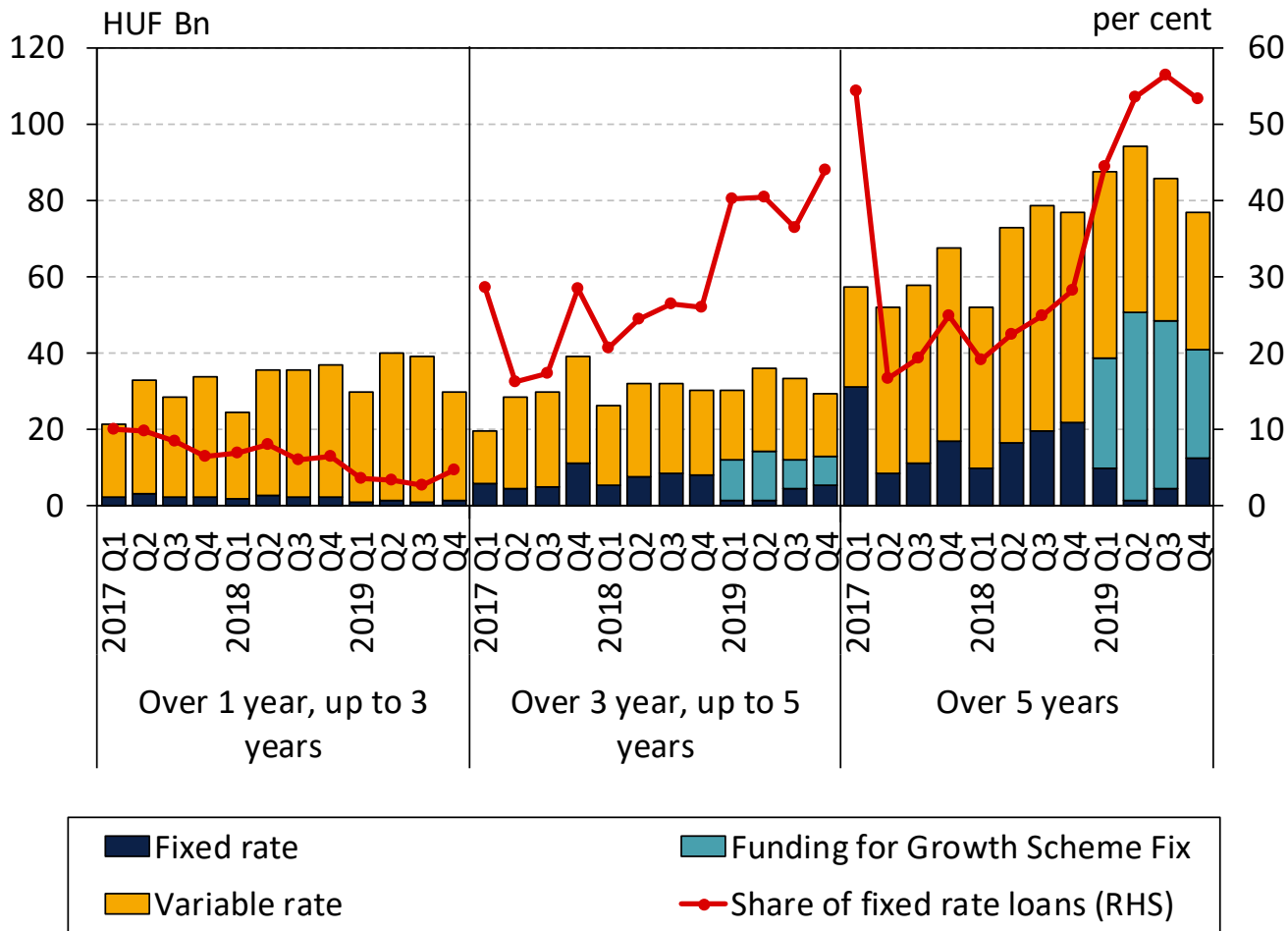


CHANGE IN CREDIT DEMAND BY MATURITY

Note: Net percentage balance of respondent banks indicating stronger/weaker demands, weighted by market share.

Source | MNB, based on banks' responses.

THE SHARE OF LOANS WITH INTEREST-RATE FIXATION IS ABOVE 50 PER CENT WITHIN LONGER-TERM LOAN DISBURSEMENT



Contracts concluded by credit institutions with enterprises* under the FGSfix scheme amounted to 265 Bn HUF in 2019

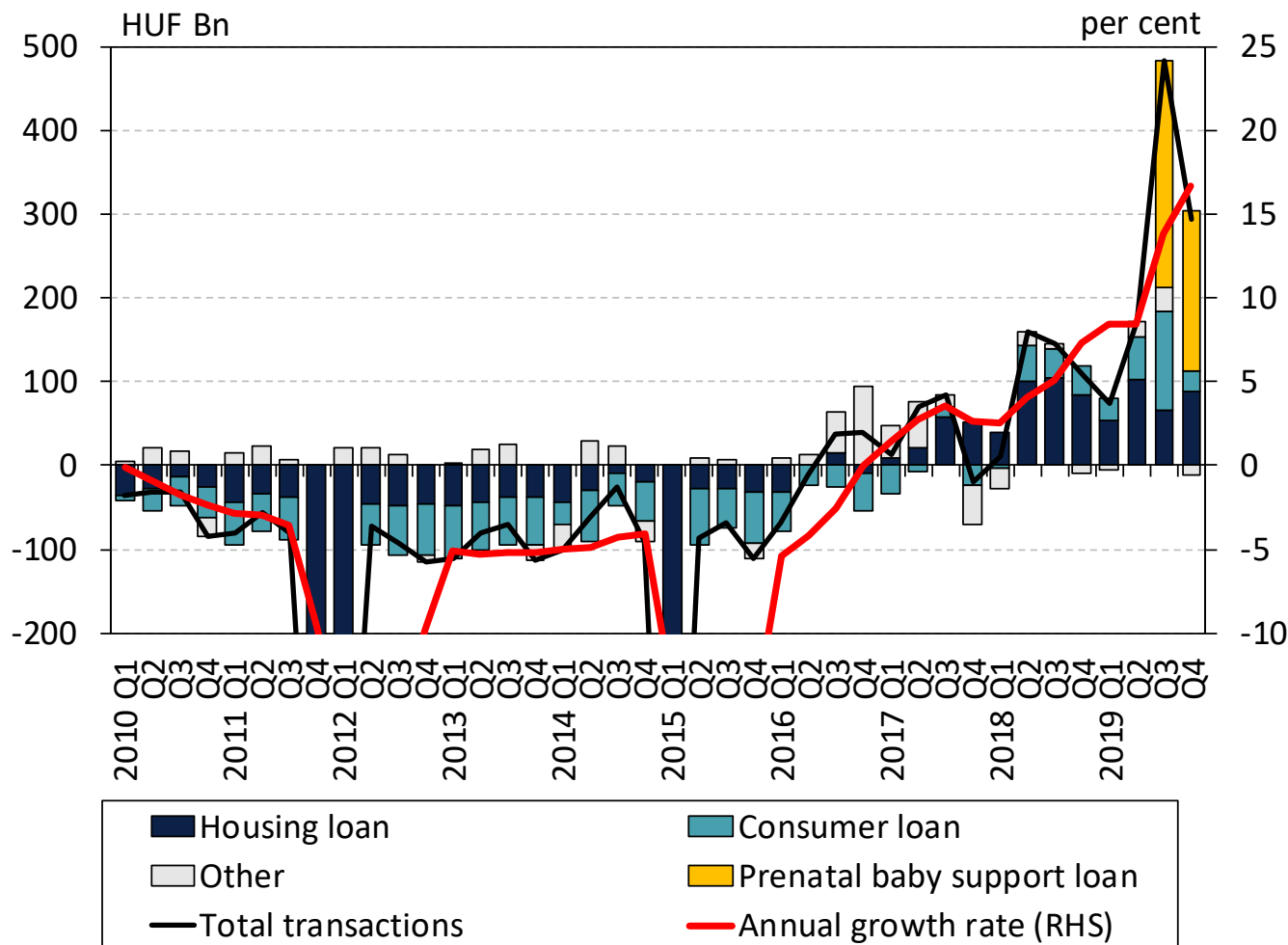
NEW LOW-AMOUNT HUF CORPORATE LOANS BY INTEREST RATE FIXATION AND MATURITY

* Excluding sole proprietors



HOUSEHOLD SEGMENT

IN 2019 LOANS OUTSTANDING IN THE HOUSEHOLD SEGMENT GREW BY 17 PER CENT, MAINLY AS A RESULT OF THE PRENATAL BABY SUPPORT

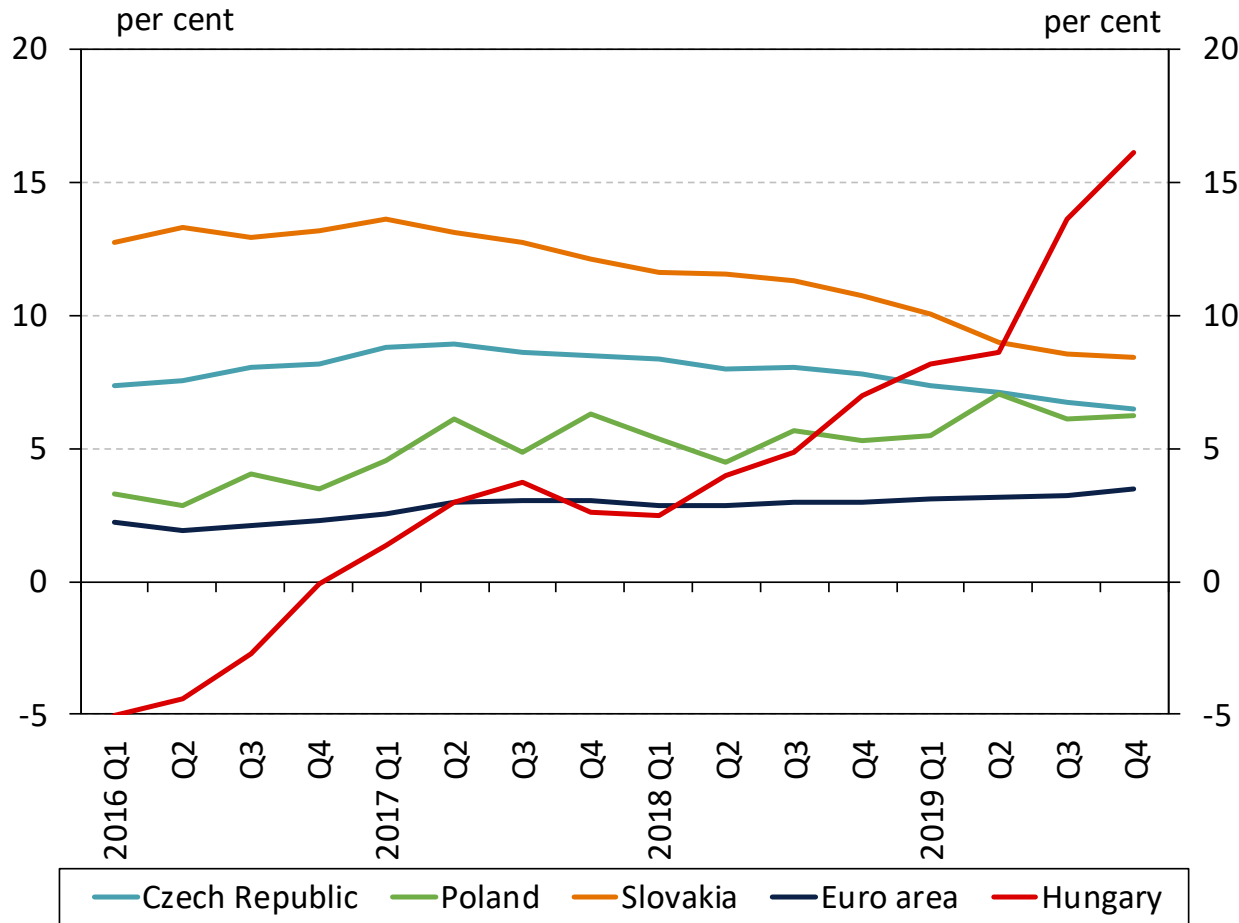


Loan dynamics reached 9 per cent when excluding prenatal baby support






QUARTERLY TRANSACTIONS OF THE HOUSEHOLD LOAN PORTFOLIO BY LOAN PURPOSE

Note: Transactions reflect the effect of the settlement.

DESPITE OUTSTANDING GROWTH, THERE IS STILL AMPLE ROOM FOR IMPROVEMENT



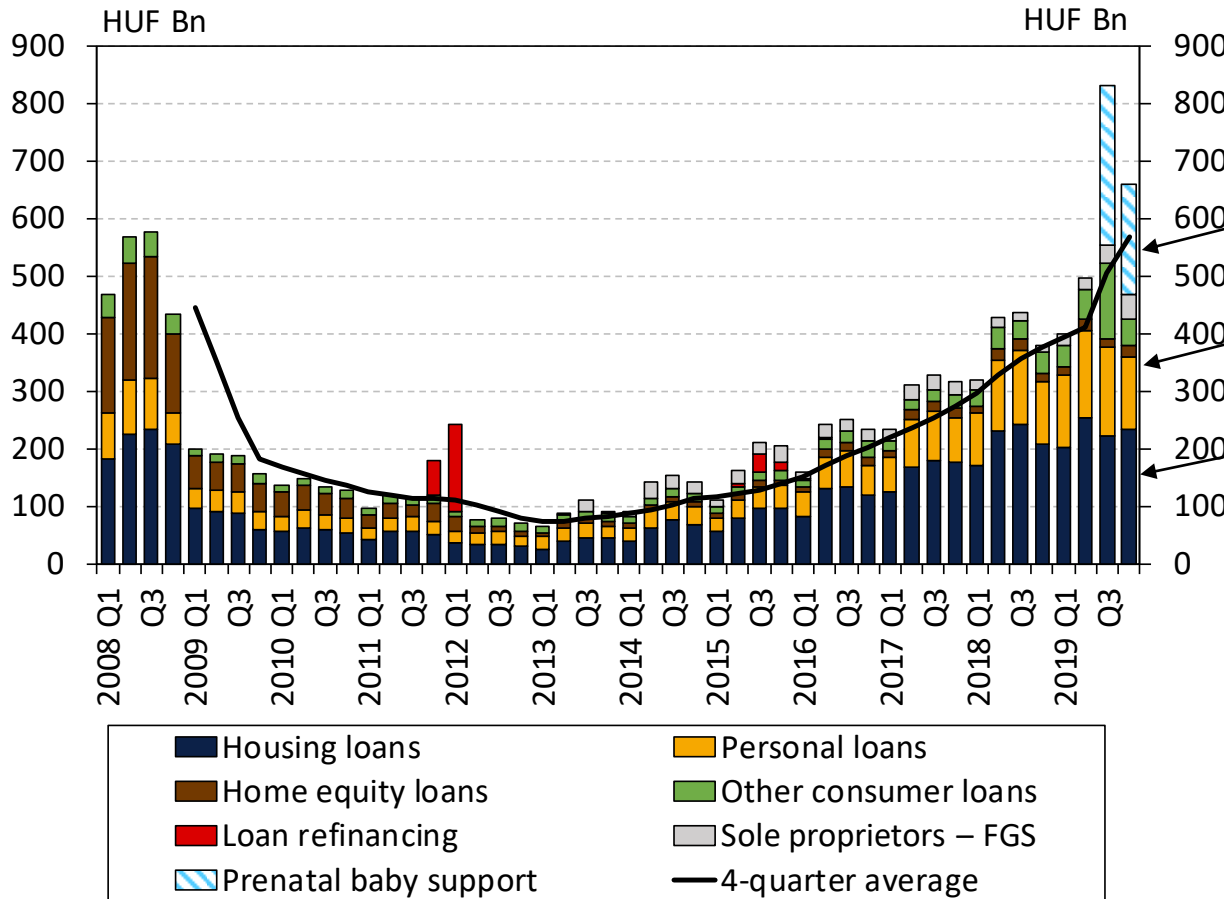
Credit-to-GDP:

-  49%
-  42%
-  34%
-  31%
-  14%

ANNUAL GROWTH RATE OF HOUSEHOLD LOANS OUTSTANDING IN EUROPEAN COMPARISON

Note: Transaction-based annual growth rate.

PRENATAL BABY SUPPORT LOANS HAVE NO MAJOR CROWDING-OUT EFFECT WITHIN NEW DISBURSEMENTS



Σ 2270 Bn HUF new disbursement: historical peak!

PBS loans: 470 Bn

Personal: 23%

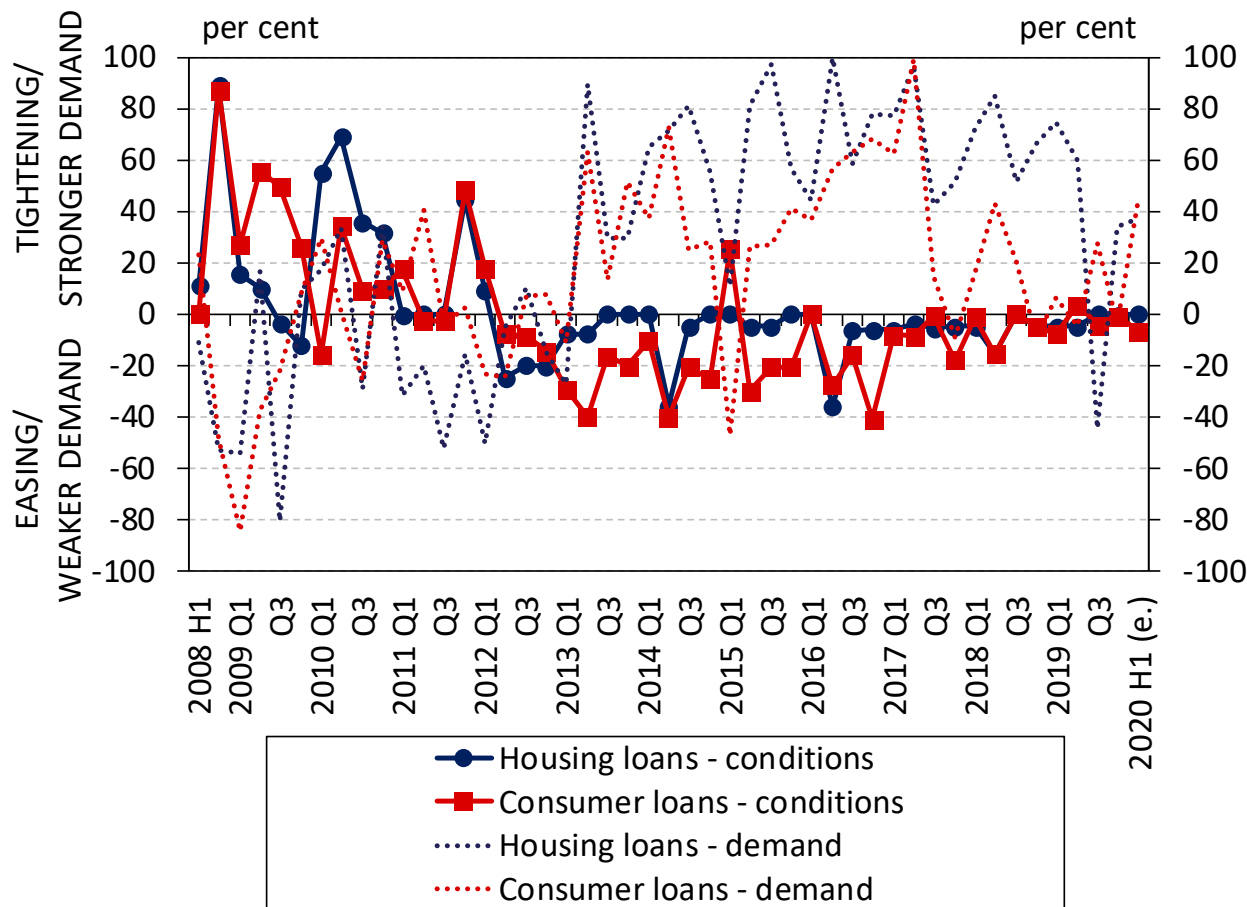
Housing: 7%

Annual disbursement in real terms reached only 80 per cent of the 2008 new volume

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, hire purchase and other loans, without prenatal baby support.

CREDIT CONDITIONS REMAINED UNCHANGED, BANKS PREDICT STRONG DEMAND AND INTENSE COMPETITION



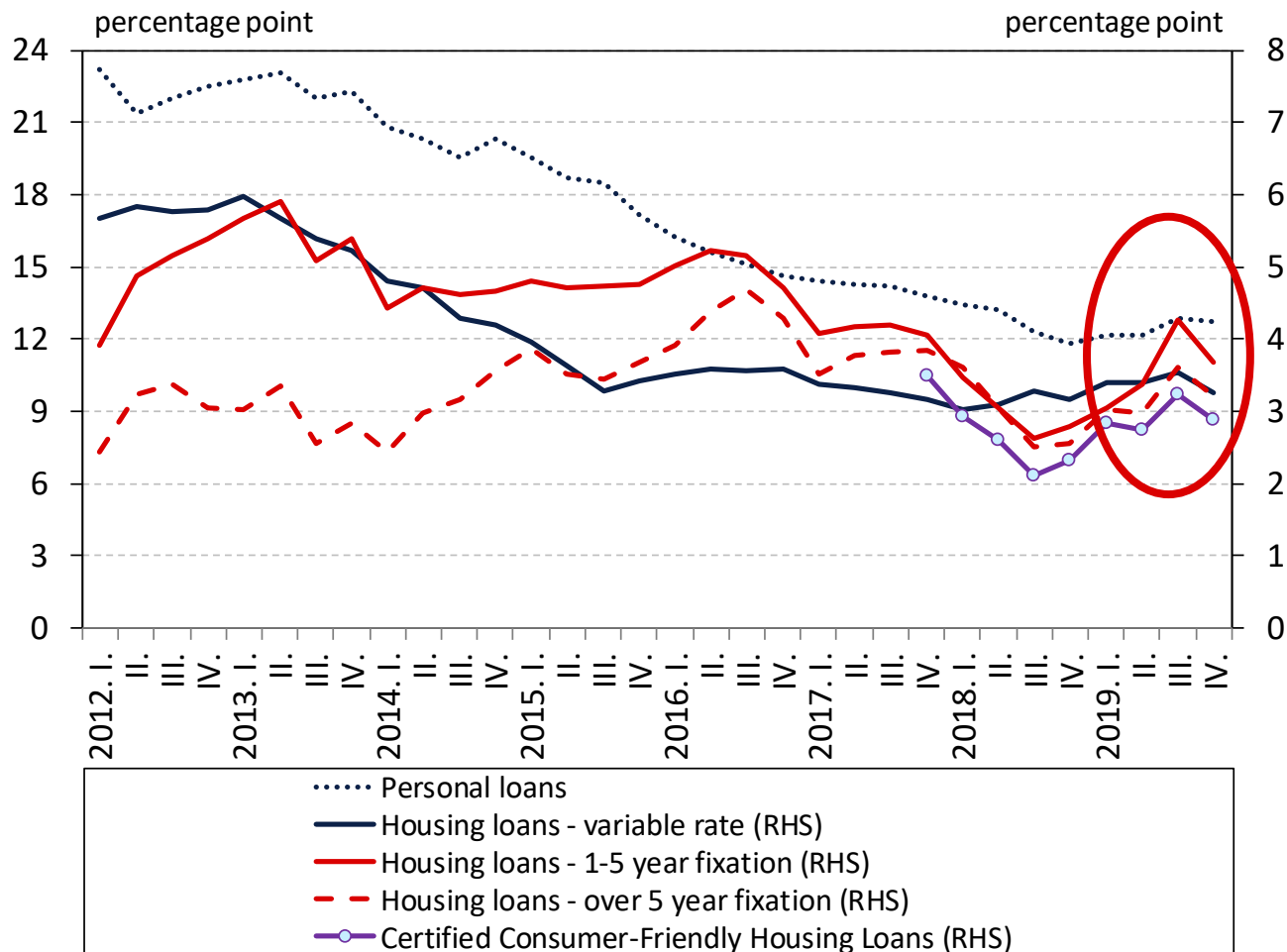
According to banks' estimates consumer loan portfolio quality will deteriorate in 2020 H1



CHANGES IN CREDIT CONDITIONS AND CREDIT DEMAND IN THE HOUSEHOLD SEGMENT

Note: Net ratio is the difference between tightening and easing banks, and banks signalling stronger and weaker demand, weighted by market share.

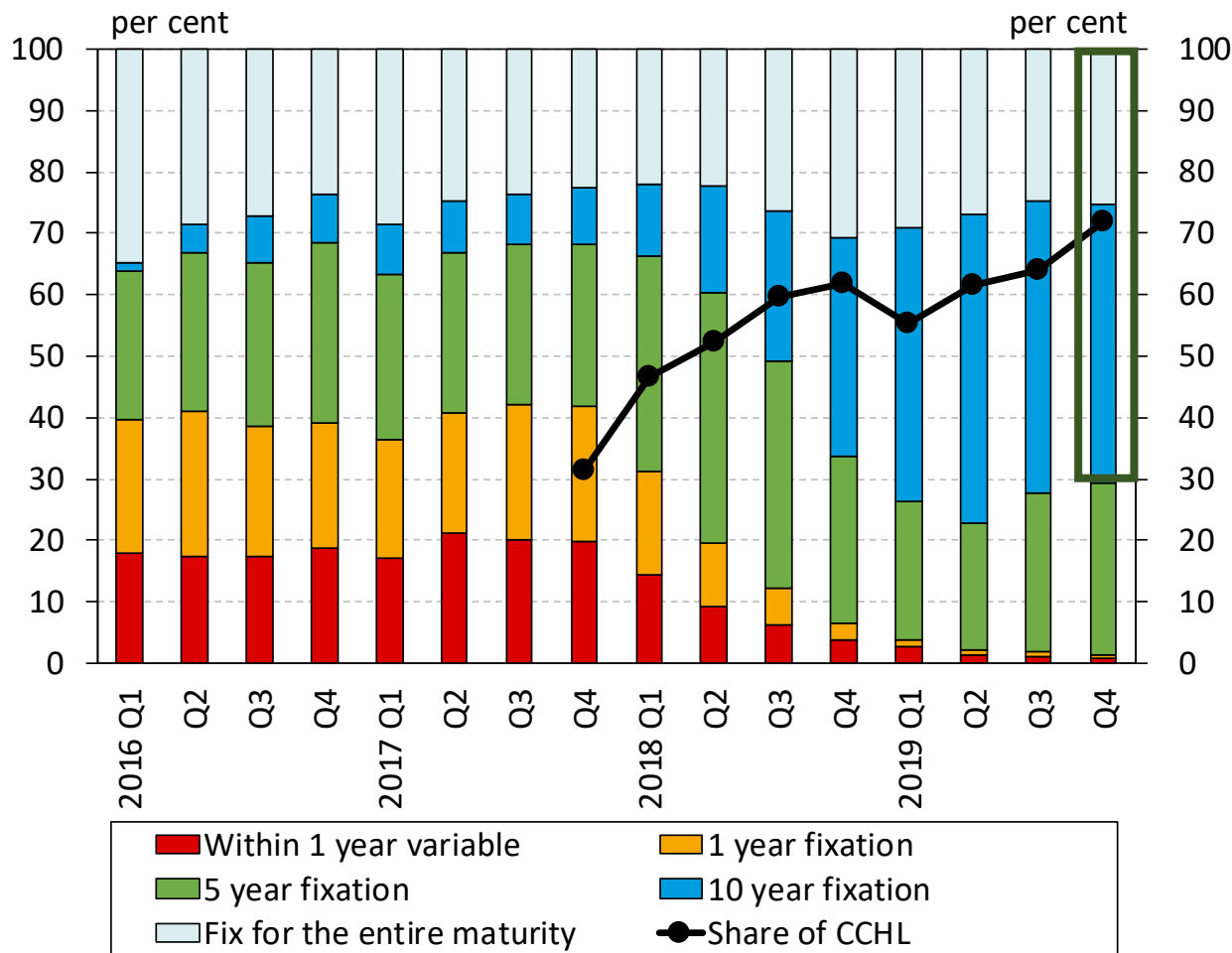
AVERAGE INTEREST RATE SPREADS ON NEW LOANS HAVE INCREASED IN 2019



INTEREST RATE SPREADS ON NEW HOUSEHOLD LOANS

Note: In the case of variable-rate housing loans or ones with up to 1-year interest 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 personal loans, APR-based smoothed spread over the 3-month BUBOR.

INTEREST RATE RISK OF NEW LOANS IS LIMITED, BUT MATURITIES AND AVERAGE CONTRACT SIZES ARE INCREASING



New homes:
+1,8 million HUF,
~20 years

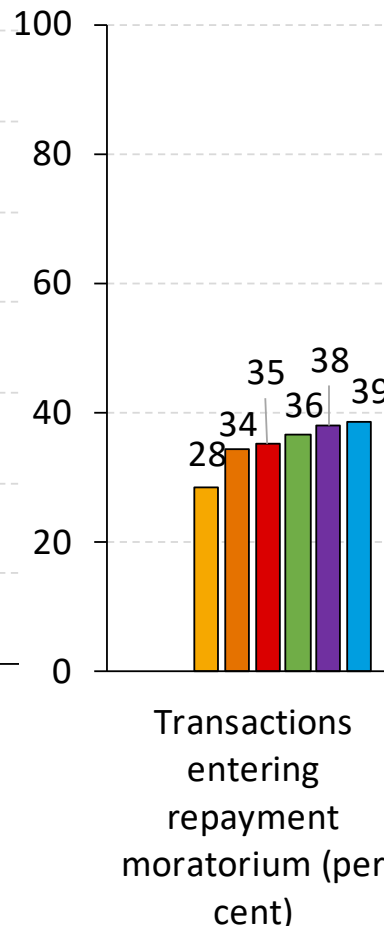
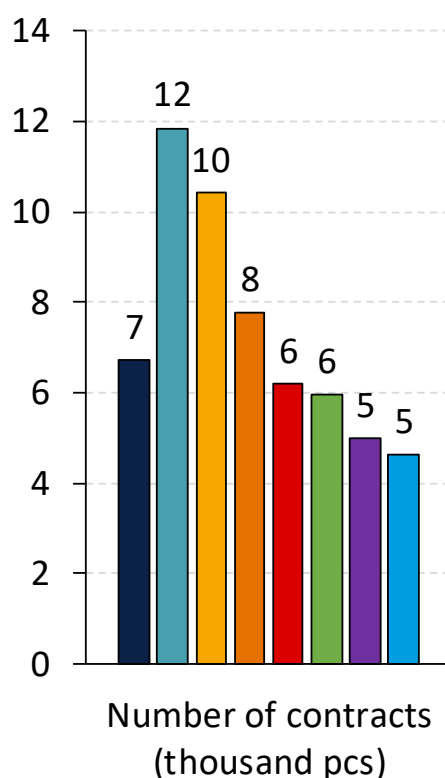
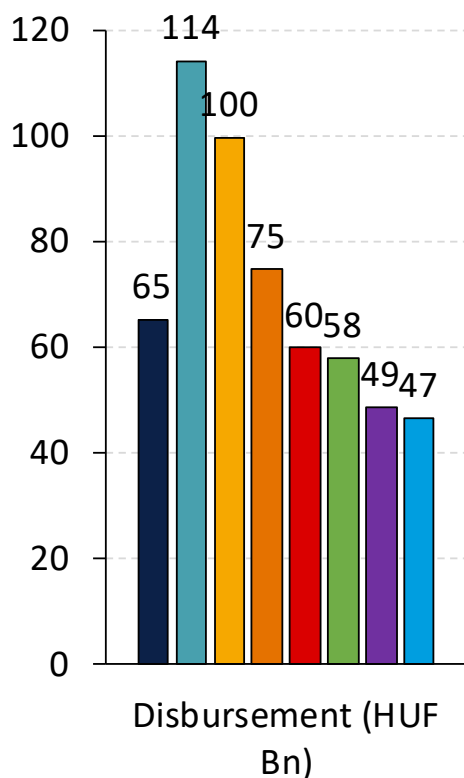
Used homes:
+1,5 million HUF,
~18 years

DISTRIBUTION OF THE NEW HOUSING LOAN VOLUME BY INTEREST RATE FIXATION, AND THE SHARE OF CERTIFIED CONSUMER-FRIENDLY HOUSING LOAN PRODUCTS



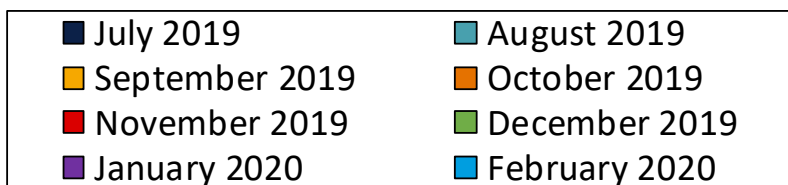
PRENATAL BABY SUPPORT LOANS

OVER ONE THIRD OF THE 59 THOUSAND PRENATAL BABY SUPPORT LOAN CONTRACTS ALREADY FALL UNDER REPAYMENT MORATORIUM



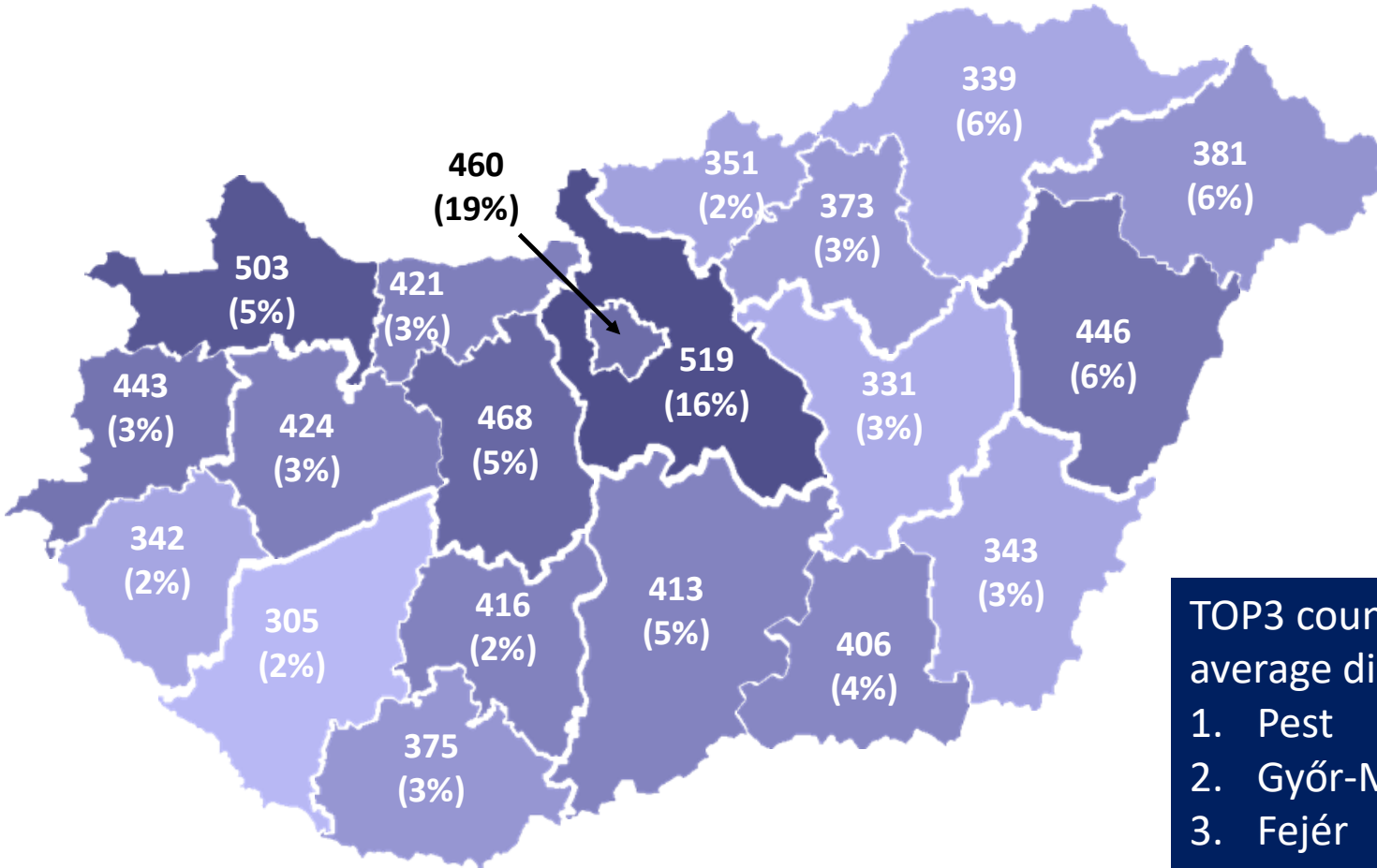
Average contract size:
9,7 million HUF

Annual growth in the number of marriages:
26%



ISSUANCE AND CHARACTERISTICS OF PRENATAL BABY SUPPORT LOANS

35 PER CENT OF THE AMOUNT DISBURSED LAST YEAR TARGETED BUDAPEST AND PEST COUNTY



TOP3 county based on average disbursed volume:

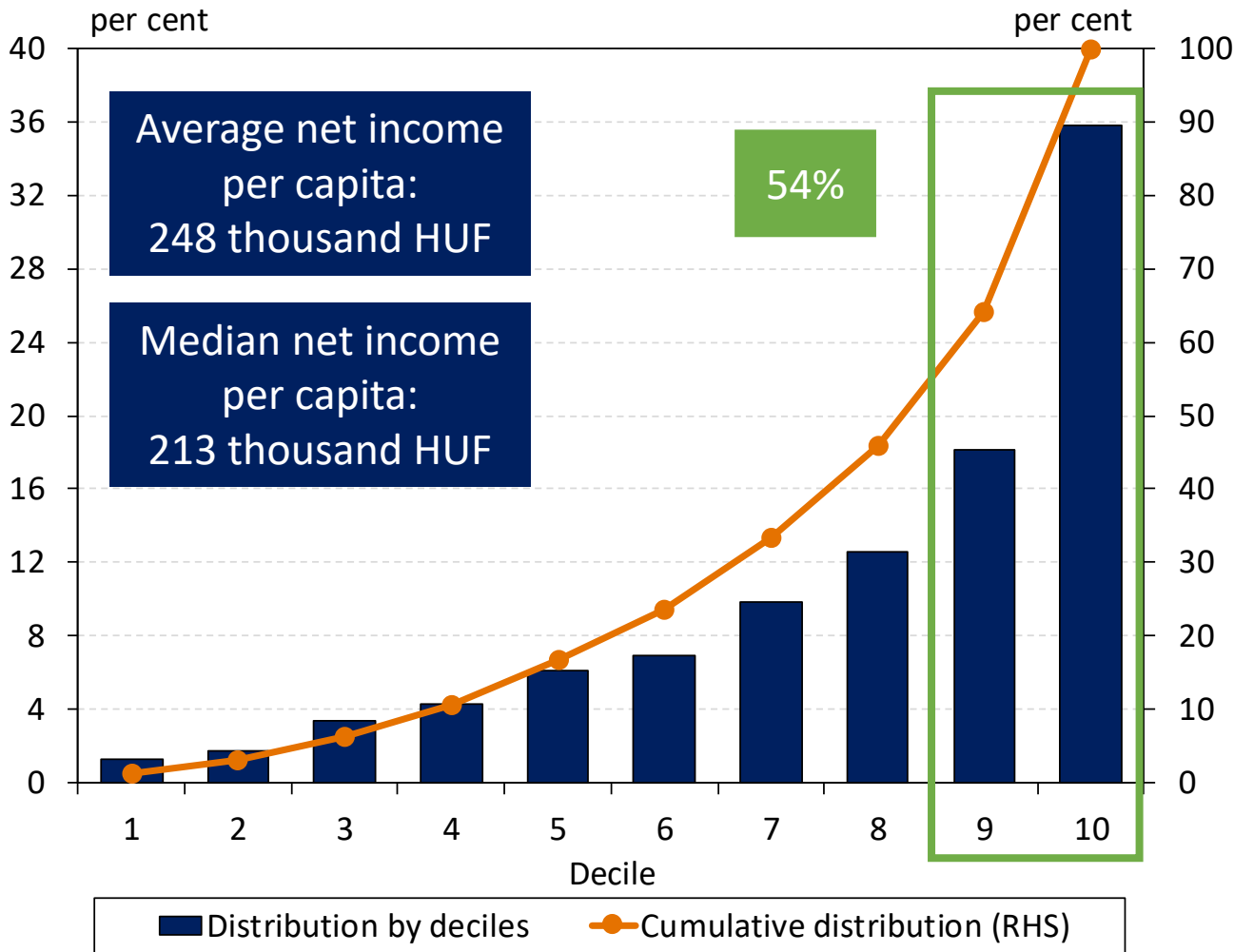
1. Pest
2. Győr-Moson-Sopron
3. Fejér

DISBURSED PRENATAL BABY SUPPORT LOANS PER WOMEN (AGE 18-39) BY COUNTIES (HUF THOUSANDS)

Note: In brackets the share of the county in the total amount of prenatal baby support loans.

Source | Ministry of Human Capacities, HCSO

THE WEALTHIER ARE STILL OVERREPRESENTED AMONG PRENATAL BABY SUPPORT LOAN CLIENTS



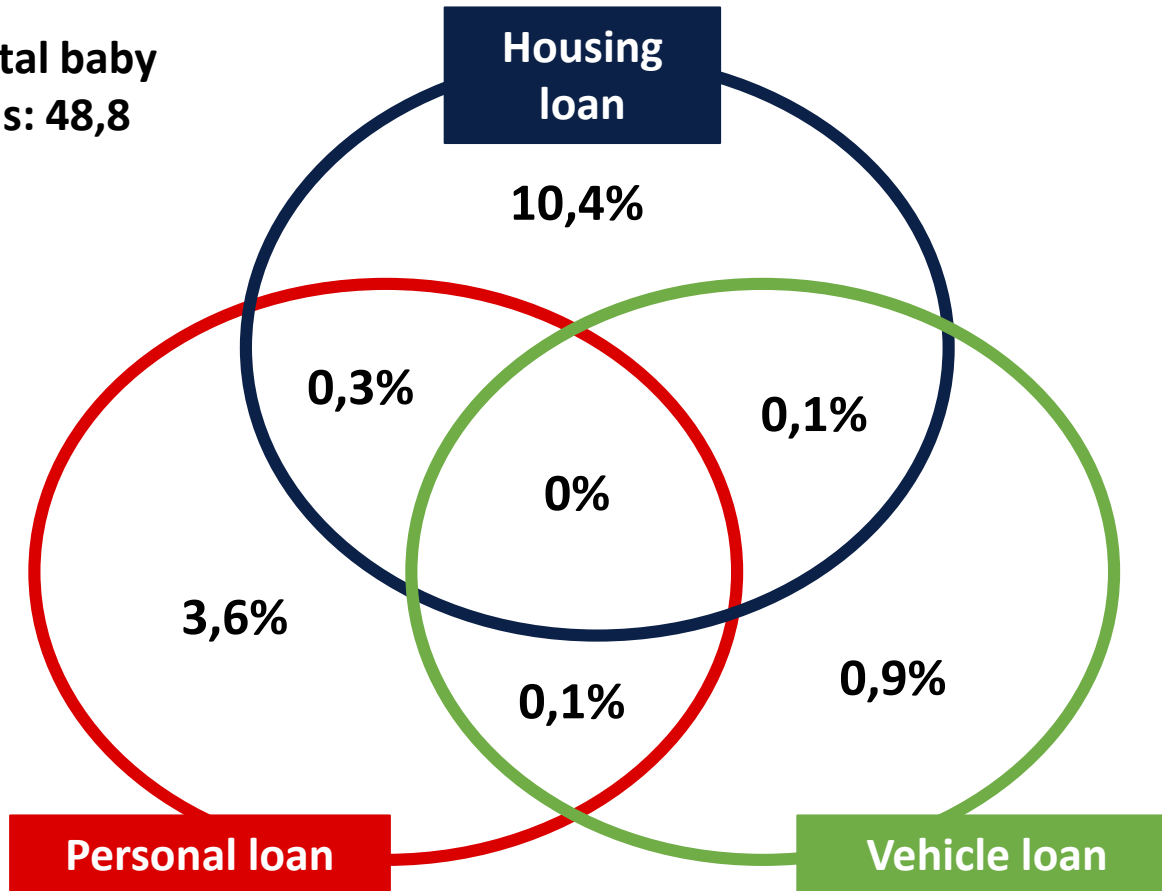
	Net monthly income per capita within categories
1	0-76 thousand
2	76-92 thousand
3	92-109 thousand
4	109-124 thousand
5	124-140 thousand
6	140-156 thousand
7	156-177 thousand
8	177-204 thousand
9	204-252 thousand
10	over 252 thousand

DISTRIBUTION OF DISBURSED PRENATAL BABY SUPPORT LOANS BY INCOME DECILES

PRENATAL BABY SUPPORT LOAN CUSTOMERS DO NOT ACCUMULATE DEBTS...

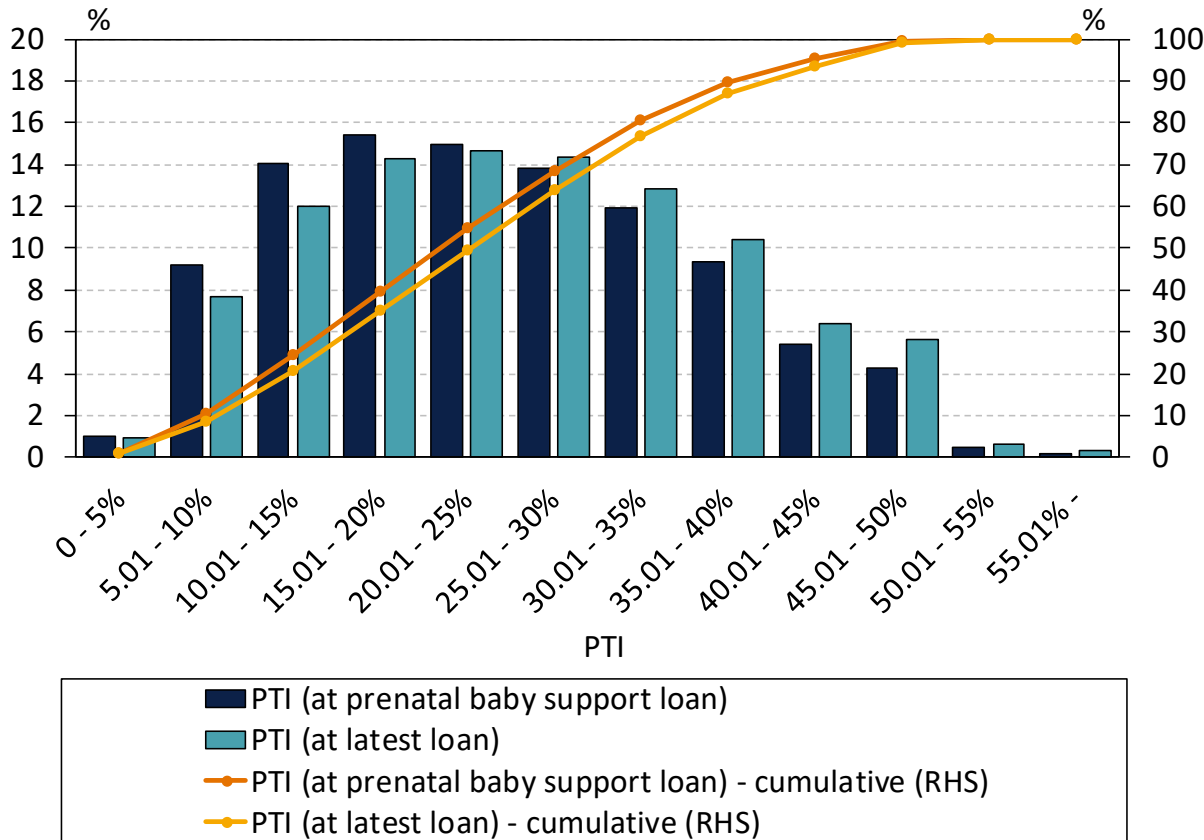


No. of prenatal baby support loans: 48,8 thousand



PRENATAL BABY SUPPORT LOAN CUSTOMERS' OTHER LOANS, TAKEN IN THE SECOND HALF OF 2019

...THUS THEY DO NOT DISPLAY HIGH LEVEL OF INDEBTEDNESS



87 per cent of debtors have below 40 per cent current PTI

PTI-DISTRIBUTION OF PRENATAL BABY SUPPORT DEBTORS

Appearance of the less affluent segment



Permanent monitoring!

Note: The PTI at latest loan is applicable only to one of the couple members if the other one was not involved in the latest loantaking.

Source | MNB

Despite large-sum repayments at the end of the year, **corporate loans outstanding grew by 14 per cent** in 2019, which is exceptional in international comparison

Within new corporate loan disbursement, **concentration increased** from geographical, sectoral, customer and bank aspects as well

Price-conditions have been tightened, especially for large-sum (euro)loans; banks remain **cautious** when financing **commercial real estates**

The outstanding, **17 per cent credit dynamics in the household segment** is mostly attributable to the prenatal baby support, though credit penetration is still low

The better-off are overrepresented among **prenatal baby support loan customers**: no over-indebtedness is detectable, but monitoring is warranted

Thus far prenatal baby support loans had no major **crowding-out effect**; it is estimated to begin with the appearance of the less affluent segments



**THANK YOU FOR YOUR
ATTENTION!**