

credit trends

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BIURO INFORMACJI KREDYTOWEJ

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The growing trend on the market of housing loans begun in the 4th quarter 2015 is still in progress. In the 1st quarter 2016, there were 4.5% more housing loans granted than a year before. March was weaker, but April saw strong, even double digit, increases (the April data are not included in this report). It seems that the increased borrower's own contribution has not done any harm to the market so far. The market is still supported by the MdM programme (Flat for the Young). The situation was different in the 1st quarter on the consumer credit market, where generally falling trends of the second half

of 2015 were continued. The decline in the number of granted credits resulted from the restrictions imposed by banks and SKOK credit unions with regard to the lending of small amounts. This trend was observed already in the previous quarters, but in the 1st quarter 2016 the decline in granted credits in comparison with the 1st quarter 2015 included also the credit segments of up to 50,000 zlotys, not only small amount credits. There was a falling number of customers servicing consumer credits as well as credit cards and overdrafts. To a certain extent, it could result from the development of loan companies. In 2015 the decline in the number

of consumer credits went together with the increase in their amounts. However, in the 1st quarter 2016 we noted also y/y declines. The average amounts of granted consumer credits are on the rise. There are also strong limitations in the number of credit card contracts signed; the number of cards in use is falling. Customers servicing currency loans and credits can still manage to pay off the growing credit instalments. The number of Swiss franc borrowers is dwindling. Many franc accounts are being closed.



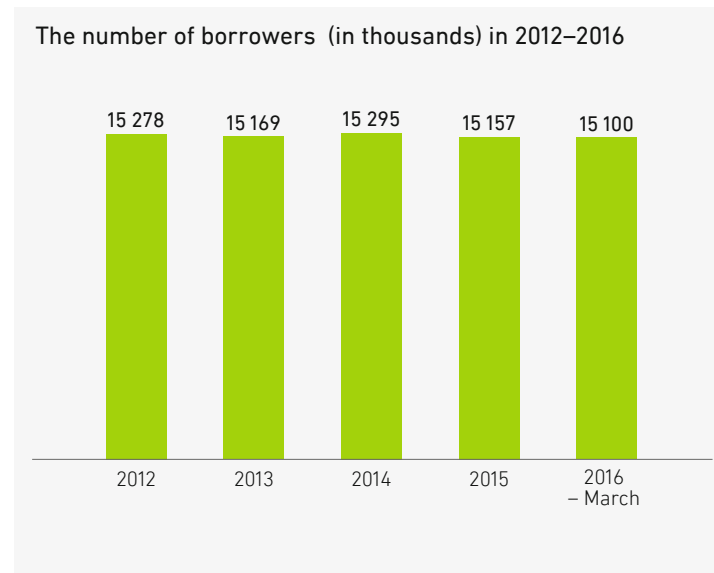
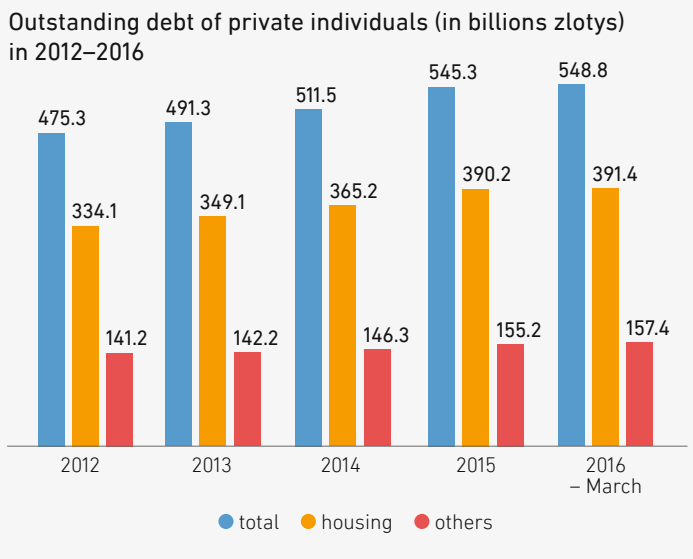
Andrzej Topiński, PhD
BIK Chief Economist

Outstanding debt, the number of borrowers

In the first quarter 2016 the so-far trends were continued: the debt of private individuals in the banks and SKOK credit unions grew, and the number of customers servicing credits declined.

The debt of private individuals at the end of March 2016 was 73.5 billion zlotys higher than in 2012. In 1Q 2016 it rose by 3.5 billion zlotys, 1.2 billion of which in the housing loans and 2.2 billion in others.

The number of people servicing private loans and credits in banks and SKOK credit unions falls, slowly but steadily. At the end of March 2016, in comparison with December 2015, the number of borrowers is lower by 57,000.



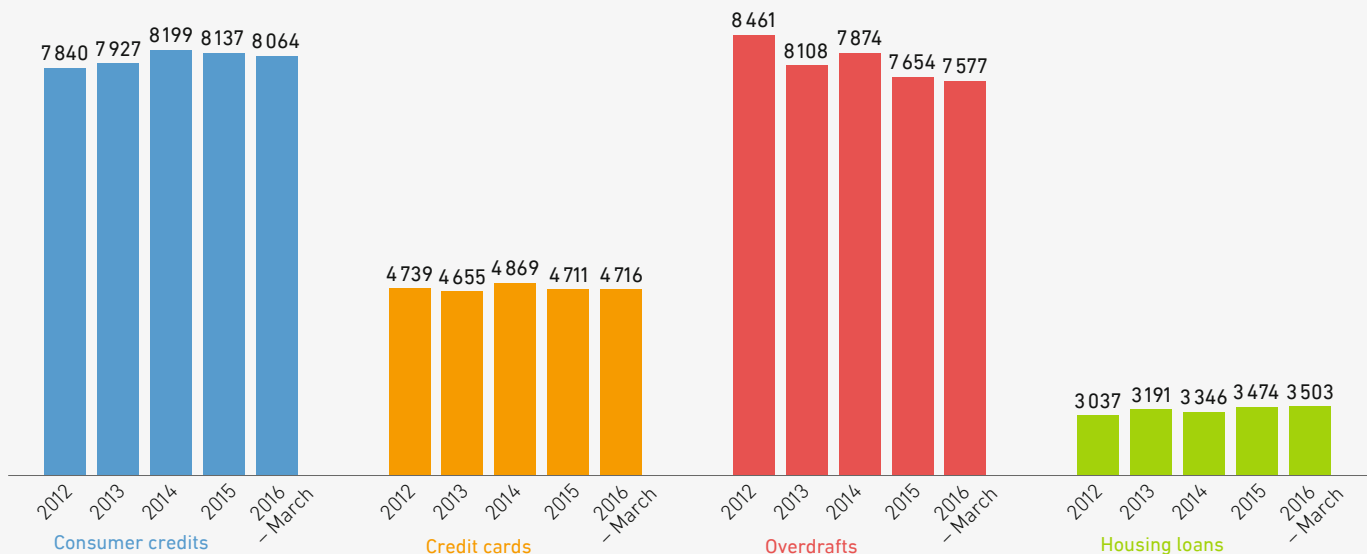
Borrowers by products

The number of borrowers continues to grow only in the housing loan portfolio. In 1st quarter the number of people having overdrafts at their disposal on their accounts dropped significantly (by 77%).

In 2012–2015, the number of private individuals servicing consumer credits and credit card account debt was fairly stable, and the number of people using overdrafts even declined. However, the number of people servicing housing loans increases. This increase results from a short

history of housing loans in Poland. It started on a serious scale in the middle of the previous decade. There are more new borrowers, and the repayment dates of many oldest credits are still running.

The number of borrowers (in thousands) per type of product in 2012–2016 (March)



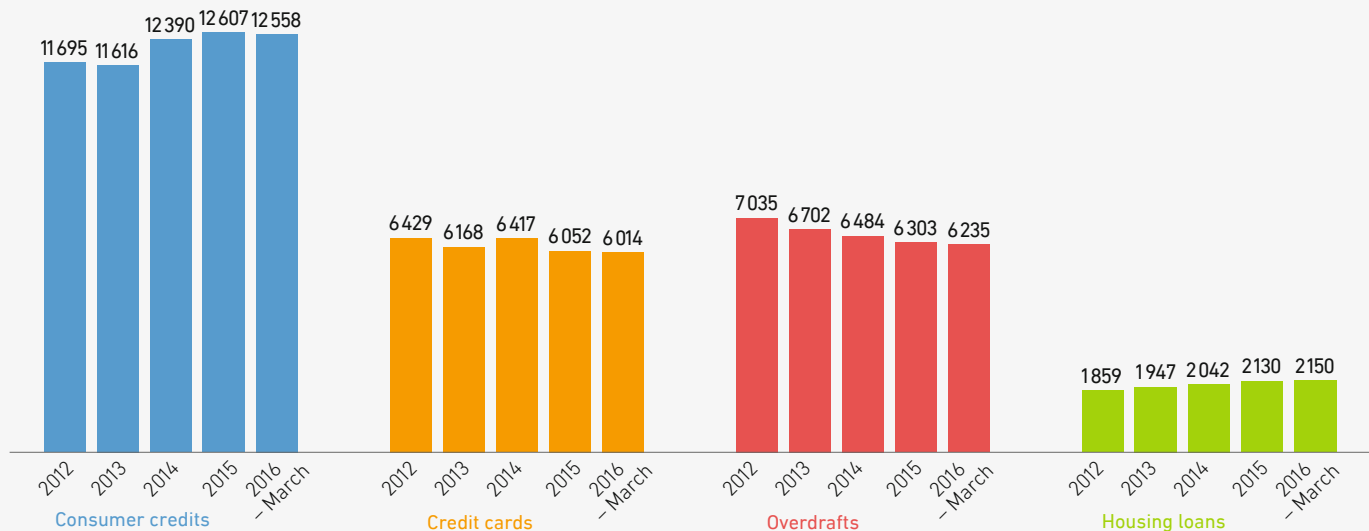
The number of accounts by products

In the 1st quarter 2016 the number of bank accounts in use declined slightly. The numbers of credit card accounts and overdrafts also declined. There are more housing loans.

The number of bank consumer credits rose by nearly 6% at the end of 2015 in comparison with 2012 but this increase resulted primarily from the return of hire-purchase servicing credits to banks from loan companies connected with these banks. The number of consumer credits at

the end of 2015, referred to 2011, when banks did not have their own loan companies yet, was 13% lower. The number of credit card bank accounts and overdrafts on personal accounts decreased. The number of housing loans grew.

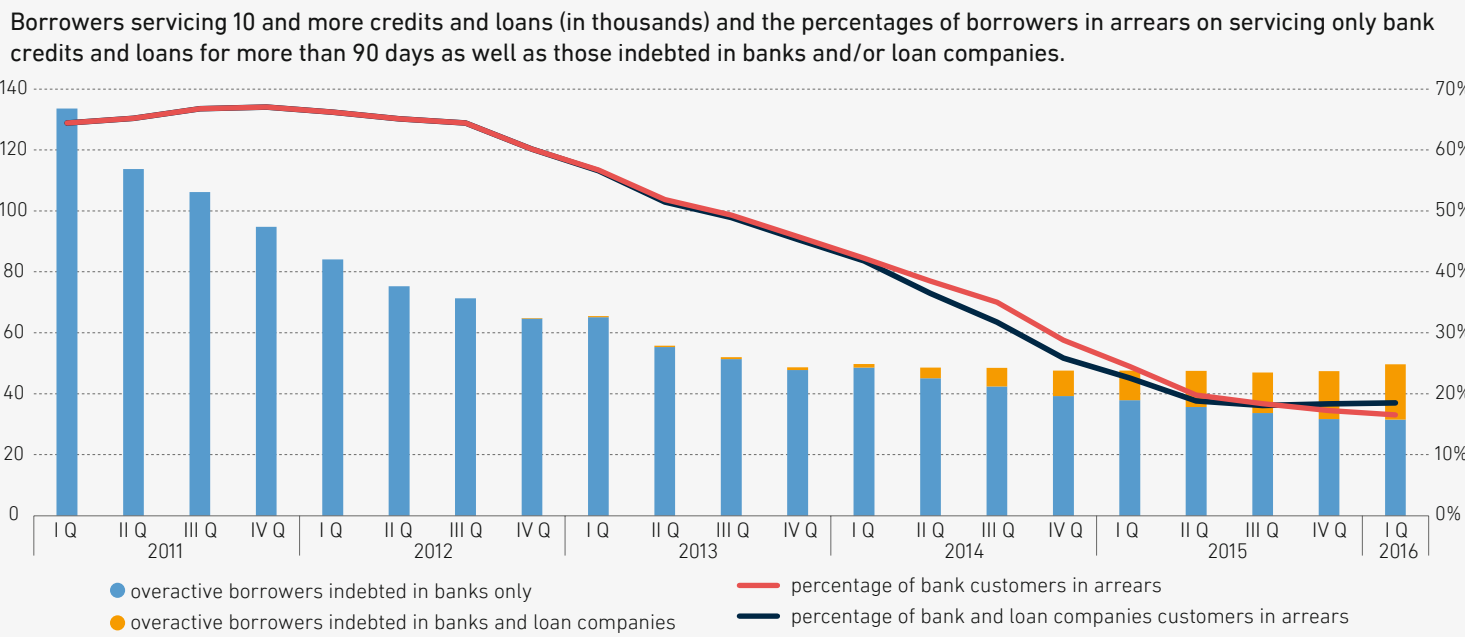
The number of accounts in use (in thousands) in 2012–2016



Overactive borrowers (servicing 10 and more loans) in banks and loan companies

At the beginning of 2011, over 130,000 people serviced 10 and more credits and loans, nearly two thirds of them had debts past due for more than 90 days on at least one account. In the following years, the number of such people declined rapidly, and there are 31,500 of them at present. There is a lower percentage of those among them that are in arrears on servicing at least one loan. It is still a group of increased

risk. 17% of overactive borrowers servicing bank loans and credits are in arrears on servicing them at present. In the group of less active borrowers, 9% are in arrears. The use of services rendered by loan companies which submit credit histories of their customers to BIK does not have a significant impact on the risk level of overactive borrowers.



Key findings

- The number of consumer credit contracts concluded in 1 Q 2016 was 6.5% lower than in 1 Q 2015. Low interest rates and the rise in real incomes have not stimulated this market so far.
- Most banks focus on consumer credits for higher amounts. The amendment to Recommendation S made banks return to the crediting of hire-purchase, but did not restore the interest of banks in granting loans and credits for low amounts. In the 1st quarter the declines in the segment of low amount loans and credits went deeper.
- In the first half of 2015, the value of loans and credits granted managed to grow due to the rise in loans and credits for higher amounts, but in the second half of 2015 the growing values of the concluded contracts faded. In the 1st quarter 2016 the value of (y/y) contracts concluded was lower by 1.3%.
- A positive sales dynamics of consumer credits for higher amounts, and probably also the extension of an average tenor of loans and credits made the consumer credit debt of private individuals rise in 1 Q 2016 compared to December 2015 by 2,600 billion zlotys. At the end of March 2016 the number of people repaying consumer credits was lower by 38,000 over the end of December 2015.
- The quality of loans and credits granted measured by the share of past due loans in the number of loans and credits granted in the following years is good. The number of consumer credits “falling out” of the status of regular servicing in 1 Q 2016 showed a downward trend. It resulted in the rise in the BIK Index value of the Consumer Credit Health.

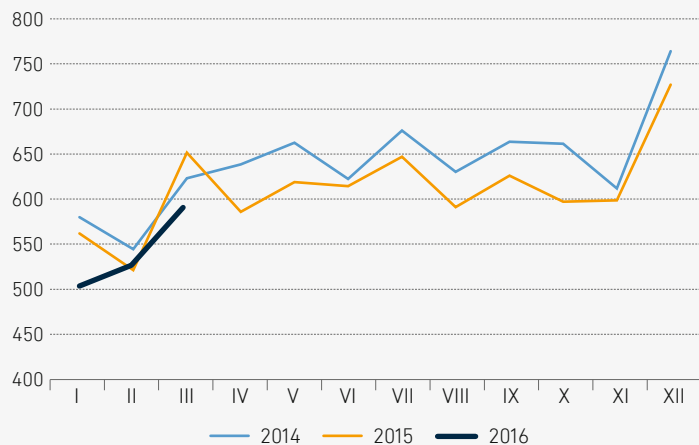
The number of granted credits

A smaller number of consumer credits granted (instalment and cash) falls steadily.

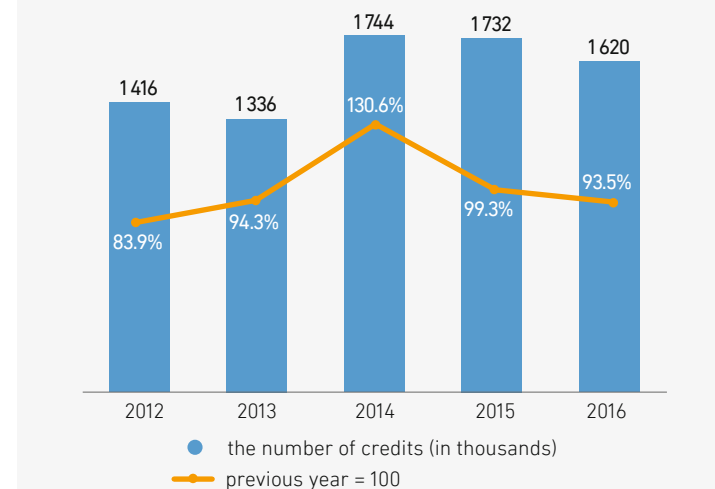
Only in February, in which there was one working day more, more credit contracts were concluded in 1 Q 2016 over the previous year. Despite an early Easter, March was worse this year than a year ago. In 1 Q 2016, the volume of consumer credits granted was 4.5% smaller than a year ago. We noted the same dynamics indicator for the whole

of 2015. The falling trend is clear and durable. A strong increase, seen in the graph, in the number of credits granted in 2014 resulted from the return to some banks of the hire-purchase credits granted in 2012 and 2013 by loan companies connected with the banks.

The number of consumer credits (in thousands) granted monthly in 2014–2015



The number of consumer credits granted in 1 Qs in the years 2012–2016



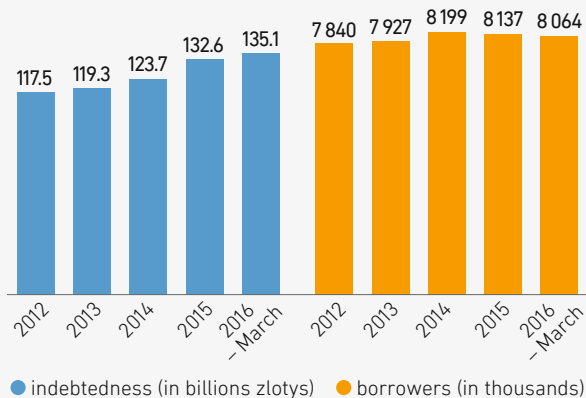
Outstanding debt, the number of borrowers

An increase in outstanding debt in consumer credits combined with a falling number of borrowers.

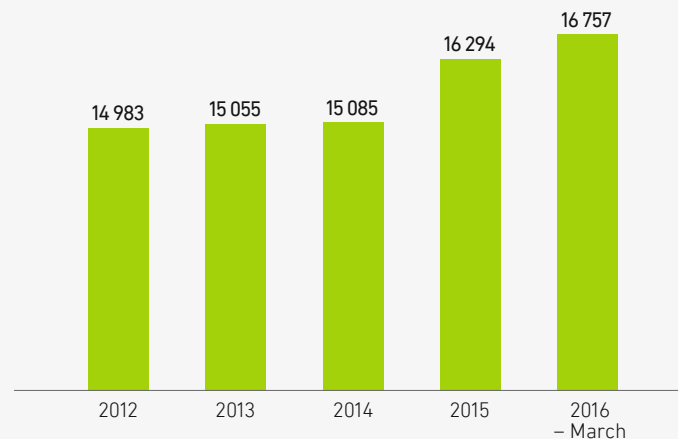
8,064,000 people had consumer credits at the end of March 2016, i.e. 73,000 less than in December 2015. The debt of these consumer credit borrowers, despite the decline in the number of borrowers, has been

growing in banks and SKOK credit unions since 2012. In 1 Q 2016 it rose by 2.5 billion zlotys. The outstanding debt in consumer credits per one borrower increased by 447 zlotys.

The outstanding debt in consumer credits and the number of active borrowers in 2012–2016



The outstanding debt in consumer credits per borrower in zlotys in 2012–2016



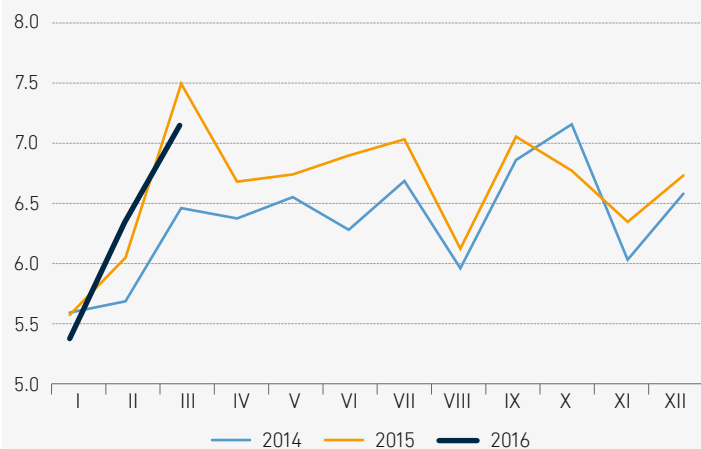
The value of granted credits

Despite a smaller number of contracts concluded, the amounts of the contracts grow from year to year; however, in the 1st quarter the value of contracts concluded was lower than a year ago.

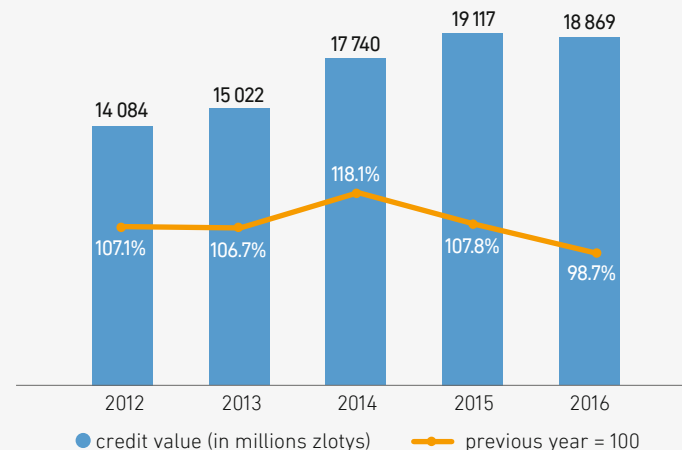
In 2015, a downward trend in the number of consumer credits granted went together with the increases in the value of the concluded contracts. 1Q 2016 saw declines over 2015, except for February, in the credits granted also in terms of value.

In the 1st quarter 2016 the value of the contracts signed amounted to 18,869 million zlotys, i.e. 1.3% less than a year ago.

The value of consumer credits (in billions zlotys) granted monthly in the years 2014–2016



The value consumer credits granted in 1Qs in the years 2012–2016



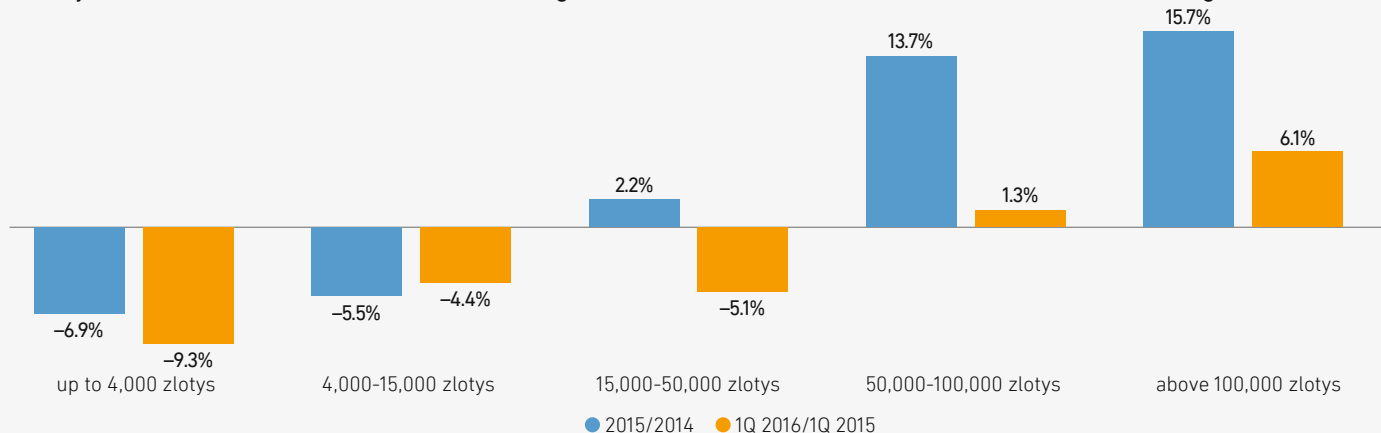
The amount ranges of consumer credits

The first quarter 2016 sees positive dynamics in the number of consumer credits granted in the lower amount segments.

The credit action decline in low amount segments becomes deeper. In the segment of up to 4,000 zlotys, in the 1st quarter there were (y/y) 9.3% credits less. In the whole of 2015 the (y/y) decline in this segment was 2.4% lower. In the first quarter 2016 the increases in the number

of credits granted took effect only in the segments of above 50,000 zlotys. In 2015 there was also a growth in the segment of 15,000–50,000 zlotys. An average amount of credit granted was 11,645 zlotys, a year before it was 611 lower.

Annual dynamics in the number of consumer credits granted in 2015 and in 1 Q 2016 in different credit amount segments.



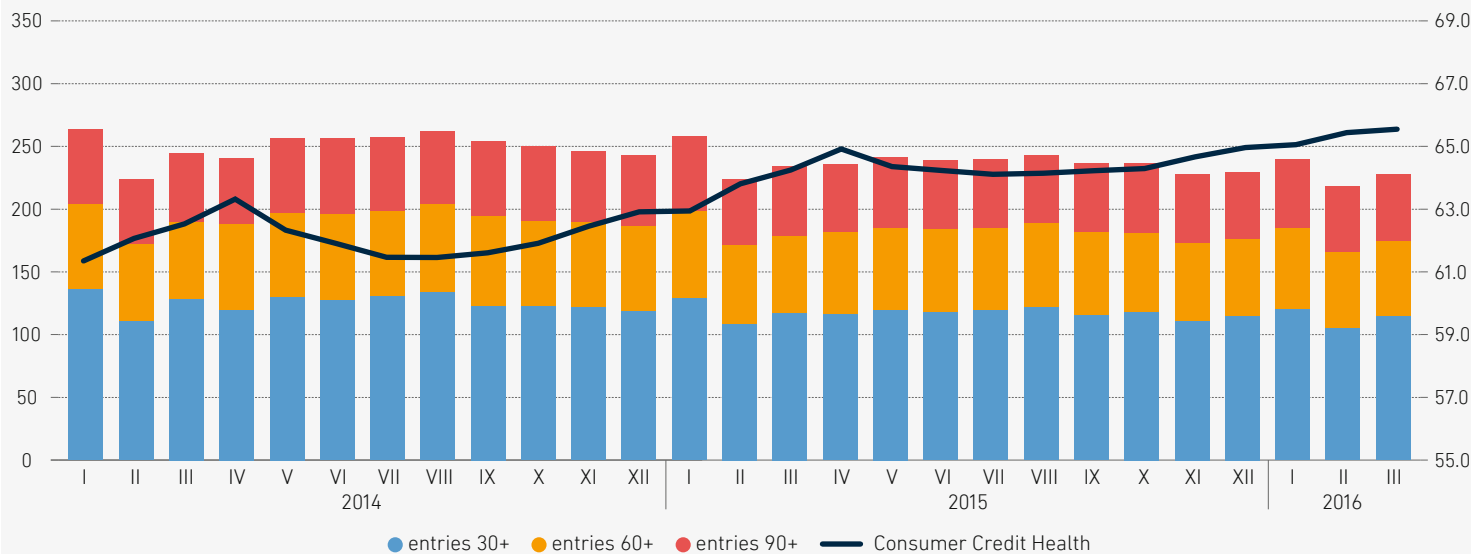
The Consumer Credit Health BIK Index

Consumer credit portfolios are of good quality.

In March 2016 the Consumer Credit Health BIK Index stood at 65.5 points; it rose compared to December 2015, when it amounted to 65.0 points, it also improved over March last year, when it amounted to 64.2 points. The index is calculated as a weighted mean of credit

shares which worsened their status to the credits of a given status. We identify three statuses: credits remaining past due for more than 30, 60 and 90 days. The index growth means that fewer credits worsened their status.

The value of the Consumer Credit Health Index and the number of entries to the higher past due status in the subsequent months of 2014–2015



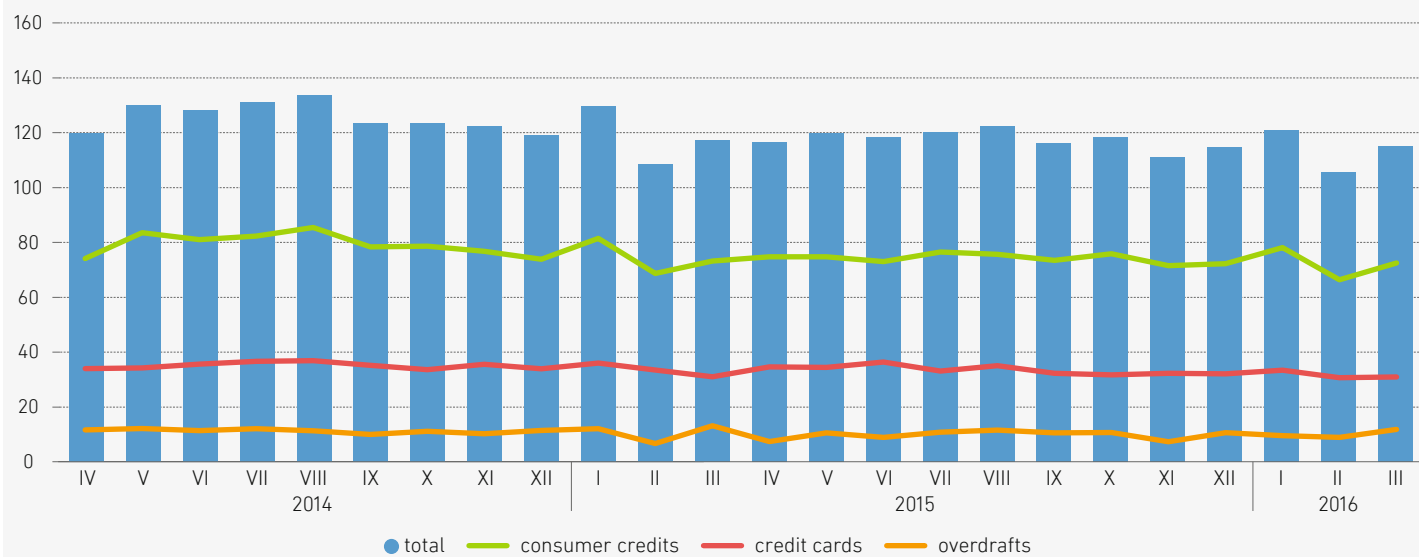
The Consumer Credit Health BIK Index

Consumer credit portfolios are of good quality.

In the graph above, we present the number of “entries” from the regular status to the first past due status (more than 30 days). A health improvement of consumer credit portfolios in 2015 over 2014 can be seen; the number of such “entries” is smaller. In 2H 2015, on average

117,000 credits entered the 30+ status per month; and 114 credits in 1Q 2016. About 55% credits entering the status of 30+ are not serviced in the next month, and then more than 80% reach the past due status of more than 90 days in the following month.

The number of credits (in thousands) reaching the past due status of > 30 days in a particular month



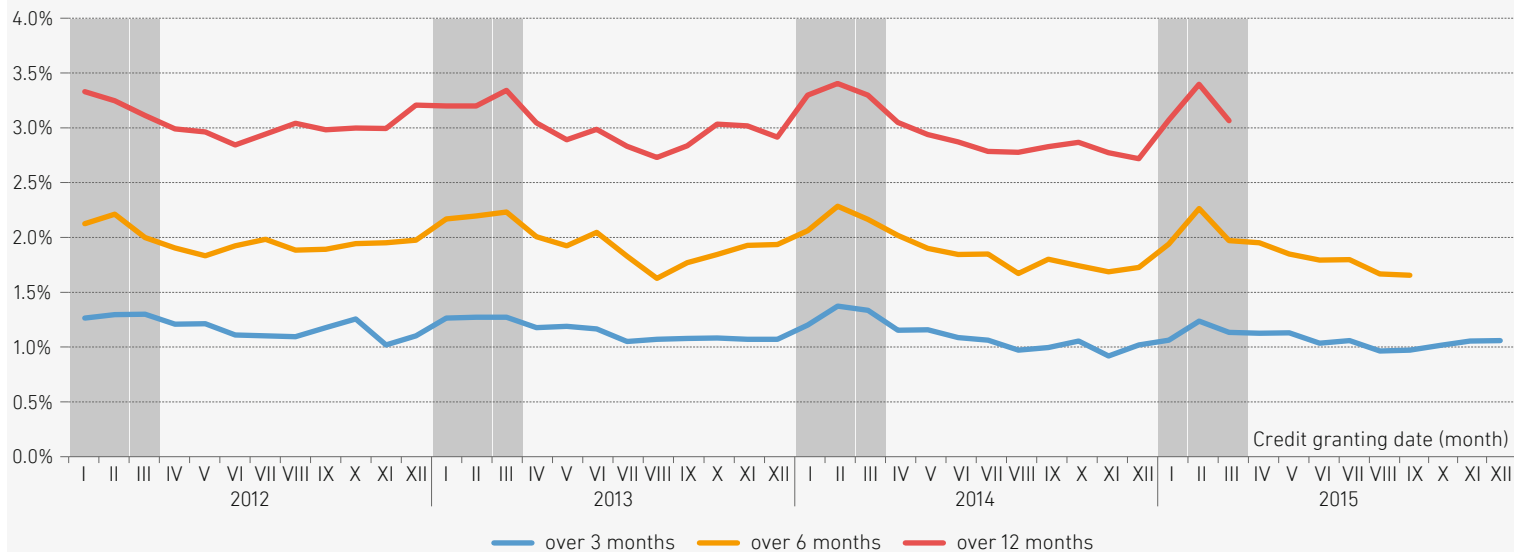
The quality of consumer credits granted

Good and stable quality of consumer credits granted in 2012–2015.

The share of accounts remaining past due for more than 30 days in portfolios generated in 2012–2015 is at a stable level. The graph highlights a much worse quality of credits generated in January and February of each year. In these months the number of credits granted is relatively

small, and their quality proves worse. About half of the accounts entering the 30+ past due status in one month returns to the status of regular servicing in the next month.

The share of accounts past due > 30 days in the number of credits granted in a particular month



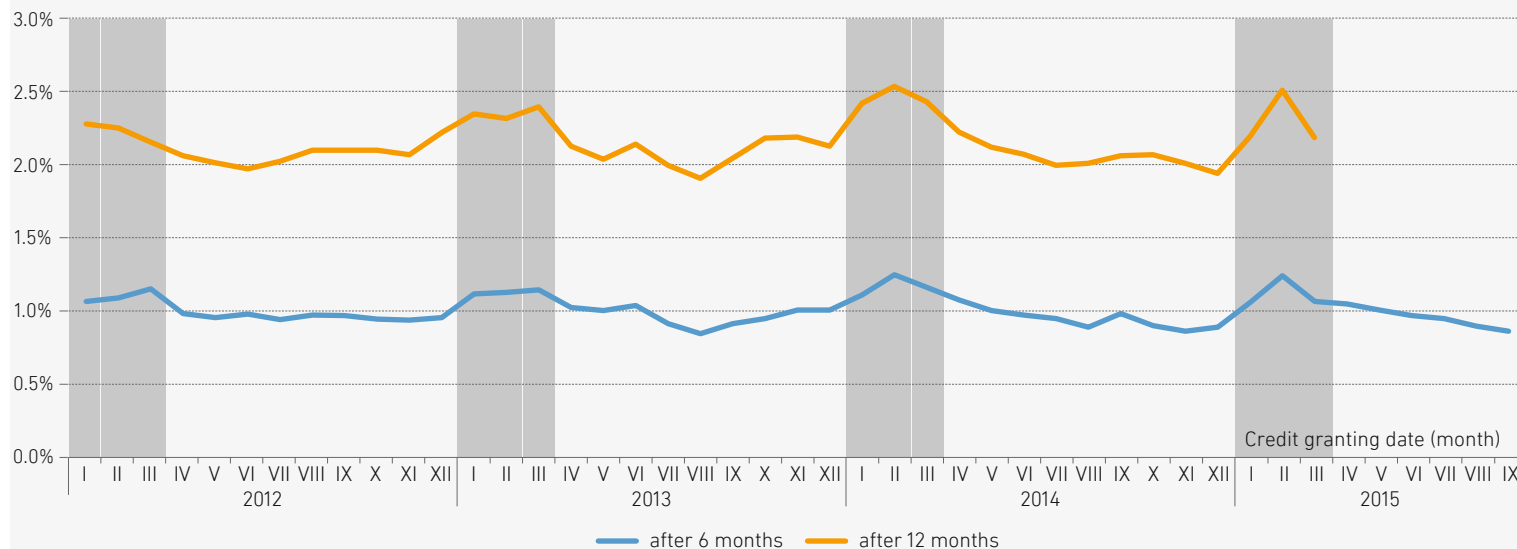
The quality of consumer credits granted

Good and stable quality of consumer credits granted in 2012–2015.

A substantial part of the credits which entered the status of past due for more than 90 days may prove unrecoverable. Currently (in March 2016), this share in portfolios from 2014, measured in the 12th month after granting, amounts to approx. 2%. Based on the observations of

the preceding years, this share is likely to double in the next two years and the final level of lost accounts this year and in the next years will amount to 4–5%. It will be more than twice less than in the crisis years of 2008–2009, when it amounted to 12%.

The share of accounts past due > 90 days in the number of credits granted in a particular month



Key findings

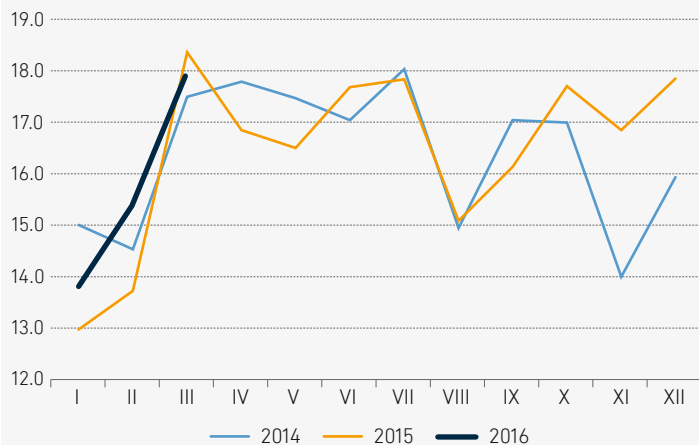
- A high level of credit action in the second half of 2015, in particular in the fourth quarter, was retained in January and February 2016. In February we noted a double digit dynamics (12% in terms of numbers and 14% in terms of value.) It could have resulted from the MdM (Flat for the Young) programme still in progress and concluding contracts on the last year's terms with regard to the borrower's own contribution.
- In the 1st quarter 2016 the number of borrowers servicing housing loans and the amount of their liabilities were still on the rise, but only in the zloty portfolio, in the currency portfolio these figures decreased.
- An average amount of a housing loan granted went on growing.
- The quality of the serviced housing loans remains at a high level. Currency housing loans in the subsequent generations/years are repaid better than zloty loans, but the share of NLPs in the currency portfolio is on the rise due to the practically ceased foreign currency lending, and in March 2016 it was higher than in the zloty portfolio.
- In 2016 new regulations come into effect, with a direct or indirect impact on housing loans: an increase in the share of borrower's own contribution, an emphasis on bridging long-term liquidity gaps by banks, a new fiscal burden. At present, it is difficult to predict the impact of these changes on the credit action in the segment of housing loans.

The number of loans granted

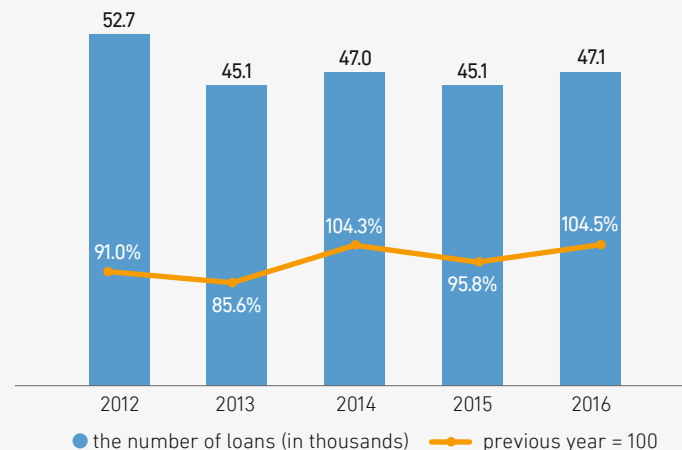
In January and February a high number of contracts concluded, begun in the fourth quarter 2016, was retained. In January there were 6.4% housing loans granted more than a year before, in February 12%, but March saw a 2.5% (y/y) decline in the number of granted loans. April saw again a high dynamics of contracts concluded in terms of numbers

and value. In the first quarter 2016 there were 4.5% housing loans more compared to the respective quarter in 2015. In comparison with the 4th quarter 2015 the number of granted loans was 12% lower. Such a considerable drop results from a seasonal factor, but also from exceptionally high sales in the 4th quarter 2015.

The number of housing loans granted monthly in 2014–2016 (in thousands)



The number of housing loans granted in the 1st Qs 2012–2016



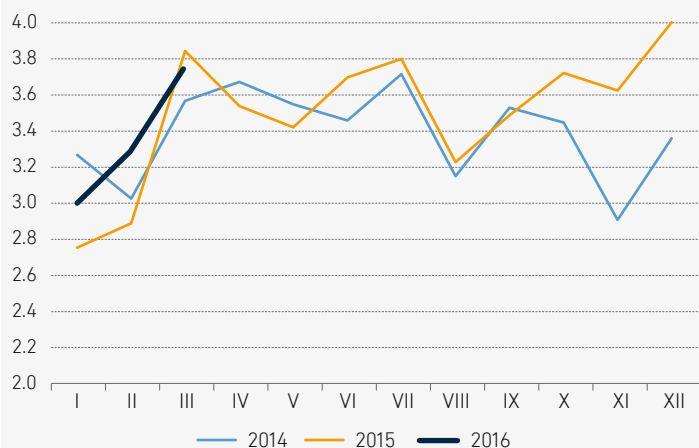
The value of loans granted

The value of contracts for housing loans and credits concluded in the 1st quarter 2016 was higher by 5.7% compared to the respective quarter in 2015, due to high sales in January and February.

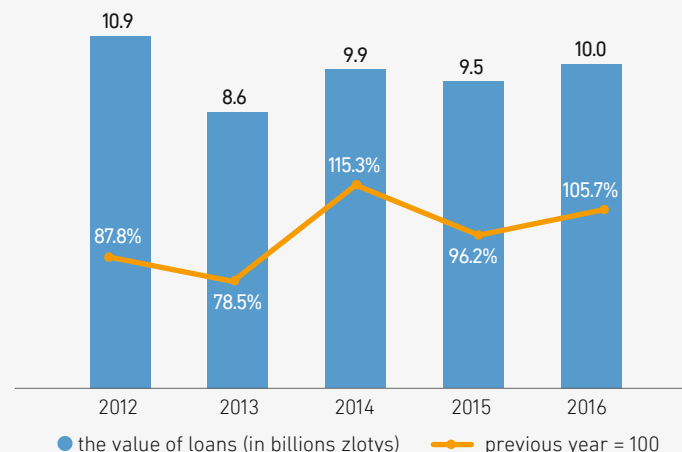
In January and February high sales of housing loans were continued in terms of the value of concluded contracts. In January they rose (y/y) by 9% and in February by 14%. The rises faded in March, when the value of contracts signed proved to be lower by 2.6% (y/y). The trend volatility may have resulted from the impact of the regulatory environment (borrower's own contribution, the fading of MdM funds, bank tax). April saw strong

growths return. In the 1st quarter 2016 the value of housing loans signed reached 10 billion zlotys and was higher than in the respective quarter of 2015 despite 5.7% lower sales in March. An average loan amount in the 1st quarter came up to 213,100, and was higher by 2,500 than in the 1 quarter last year.

The value of housing loans granted in the subsequent months of 2014–2016 (in billions zlotys)



The value of housing loans granted in the first quarters of 2012–2016

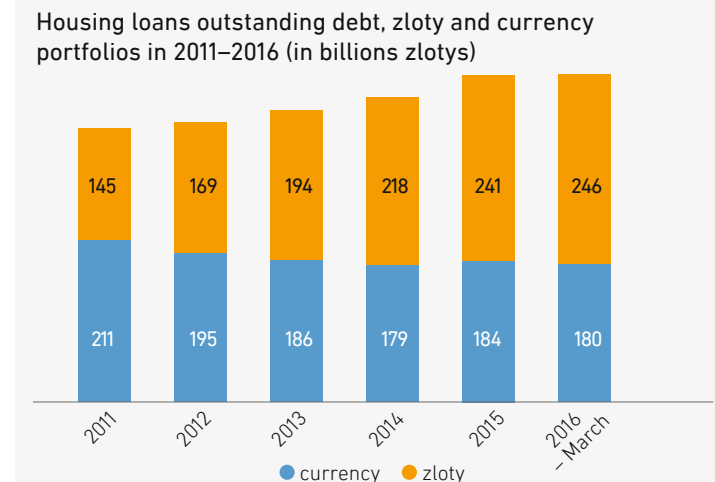
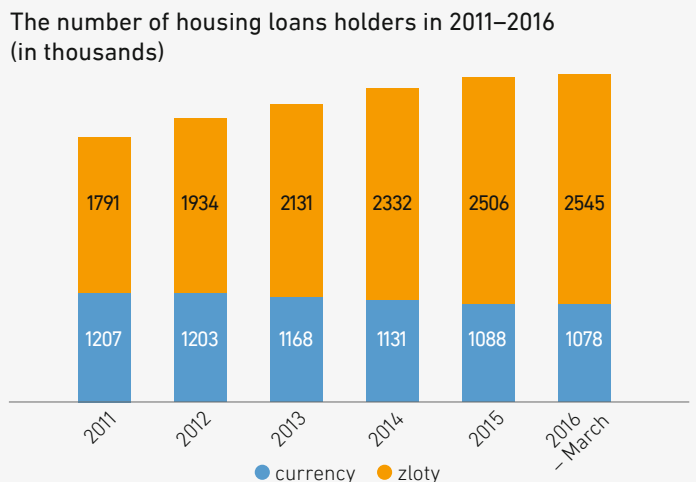


The number of borrowers, housing loan debt

The number of housing loan borrowers is on the rise, so are their housing loan liabilities.

Because banks nearly stopped granting loans in foreign currencies, the rise in the number of borrowers refers only to the borrowers servicing zloty loans. The number of borrowers servicing currency loans falls steadily. In the 1st quarter 10,000 “currency people” were gone due to the completed repayment. 312 loans having the 90+ status were converted into zlotys probably due the loan call.

In the period of 2011–2016 the zloty portfolio rose by 101 billion zlotys, and the currency portfolio fell by 31 billion zlotys. In the years 2011–2016 the loans of 1.7 billion zlotys (calculated at the rate on the day of conversion) may have “passed” from the currency to the zloty portfolio due to compulsory conversion of the called in loans. In the 1st quarter 2016 loans with the balance of 172 million zlotys were converted in this mode.



The quality of housing loans granted

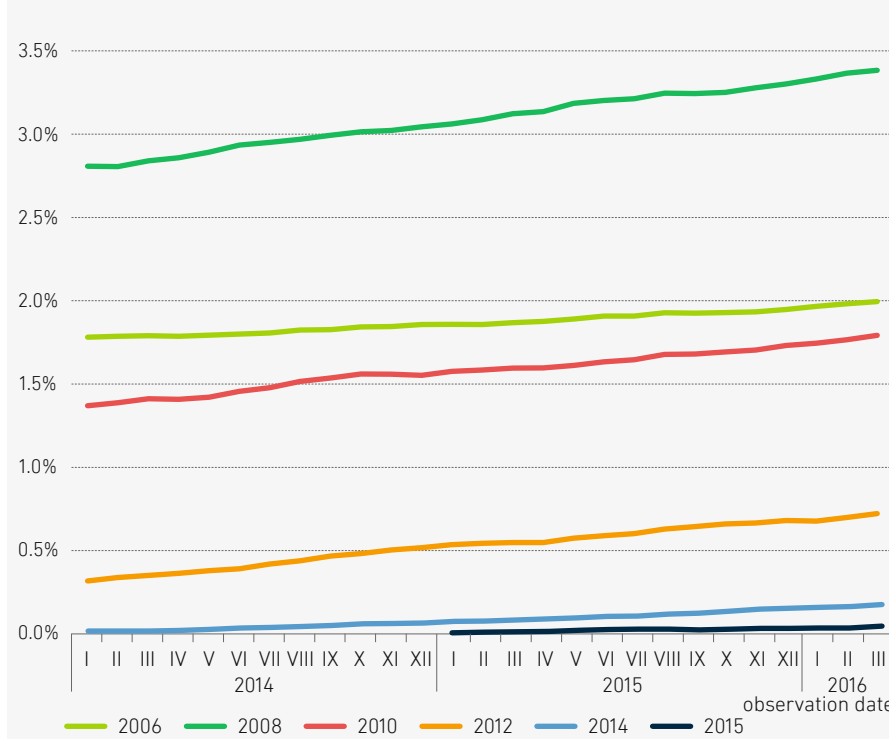
Good quality of housing loans.

In the graph you can see an increase in the share of loans past due > 90 days in the selected years in the period of 2013–2015. There are clear differences in the level of loss ratios in the subsequent generations of loans. They are not based only on the age of the portfolio, e.g. the loss ratio in 2008 is higher than earlier in 2006.

The process of a growing share of past due loans progresses, also with regard to the oldest years, linearly over time, although the growth rates, expressed by line inclinations in the graphs referring to each year, vary.

On the developed markets (Western Europe, the USA), 7–8 years after granting, the portfolios of mortgage loans attain a phase of relative maturity and deteriorate much more slowly, while in Poland at the end of the first decade after the account opening, they continue to deteriorate linearly. This may be due to the more frequent refinancing of mortgage loans on the developed markets and a much larger share, in the mortgage portfolios, of loans granted for shorter tenors than the loans for purchasing real property. And these decisively dominate mortgage loans in Poland.

The share of accounts past due > 90 days in the number of loans granted in a particular year*



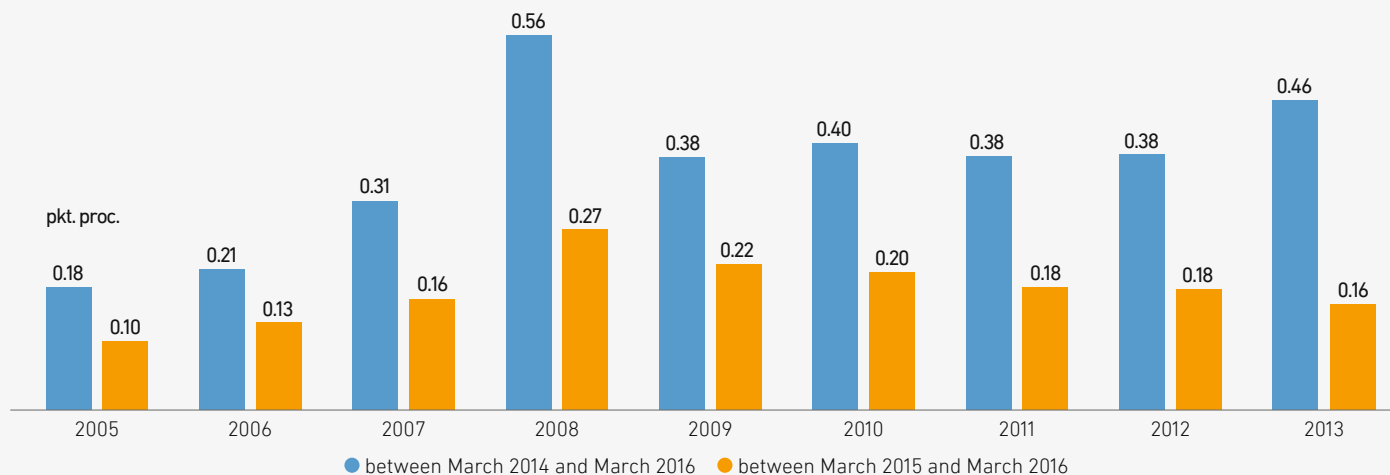
The quality of housing loans granted

Pre-crisis loans have deteriorated more slowly in the last two years than the post-crisis loans.

In the graph you can see increases in the share of accounts past-due > 90 days, expressed in percentage points, in the number of loans granted in the subsequent generations (years) of housing loans in the period between March 2014, March 2015 and March 2016, i.e. in the last 12 and 24 months.

The worst year from the period of the credit boom (2008) still deteriorates most quickly. In the last two years pre-crisis loan generations (2005–2007) have deteriorated more slowly than the generations of 2009–2013, which have deteriorated similarly in the last two years (2013 slightly more quickly).

An increase in the share of accounts past-due > 90 days in the number of loans granted in a particular year

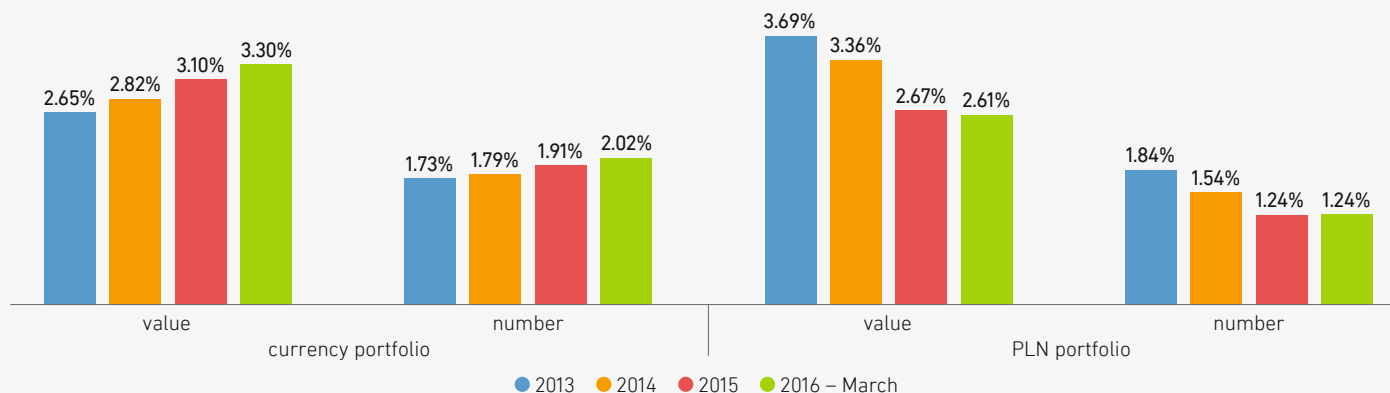


The quality of housing loan portfolios

The share* of past due loans in the zloty portfolio steadily decreases as a result of a low loss ratio of newly granted loans and continuously very active lending, which makes older and more risky years of loans dilute in the same portfolio with newly granted loans. There is a reverse process in the currency portfolio, leading to an increase in the share of past-due loans in this portfolio. At present, banks are granting few currency loans, which results in an increase in the average age of loans

in use, leading to an increase in the share of non-performing loans in the currency portfolio. As a result of these processes, already in 2015, the NPL ratio in bank currency portfolios (without SKOK credit unions), both in terms of numbers and value, was higher than in the zloty portfolio. The inclusion of the SKOK credit unions portfolio in the analysis raises the NPL ratio of the zloty portfolio by 0.5 percentage point.

The share (in terms of numbers and value) of loans past due > 90 days in zloty and currency portfolios at the end of 2012–2016



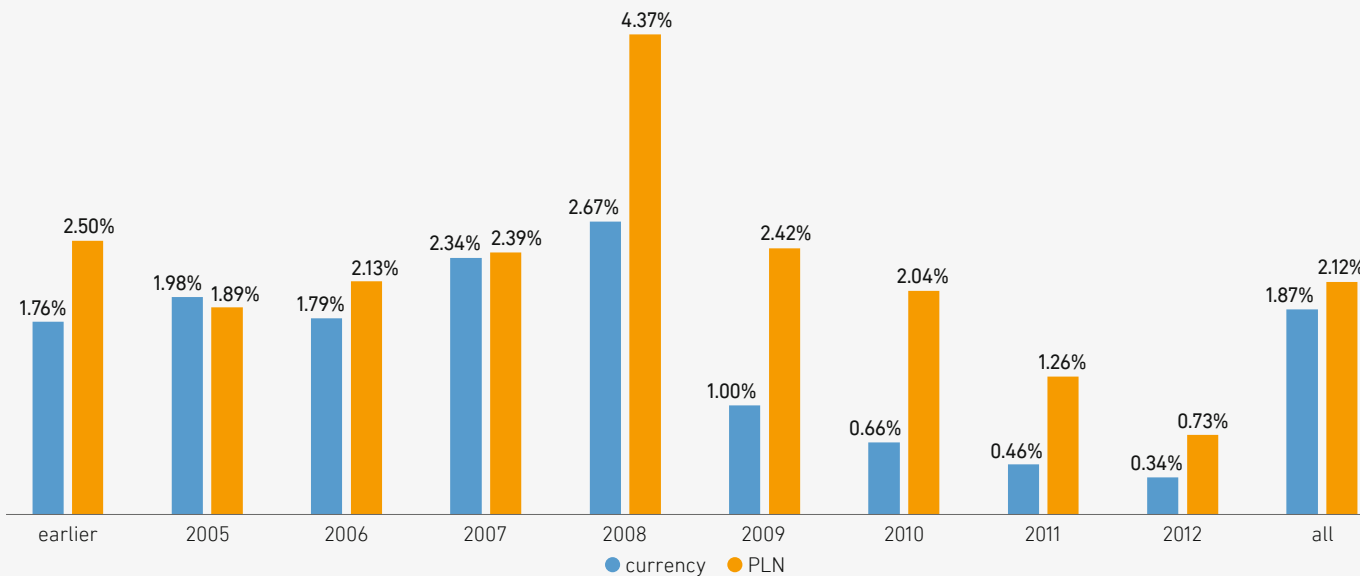
* NPL (Non-Performing Loan) ratio expresses the relation between past-due debts and the value of the portfolio of debts in use. In terms of numbers, it illustrates the relation between the number of past due accounts and the number of accounts in use. The NPL ratio is significantly affected by the average age of the portfolio. Both indicators presented in the graphs were calculated after eliminating the effect of conversion of currency loans into zloty loans in connection with the maturity of the former.

The quality of housing loans granted: zloty and currency loans

In the portfolio approach (the previous slide), the share of non-performing loans in the currency portfolio is bigger compared to the zloty portfolio after eliminating the effects of conversions. On the other hand, in the approach comparing the share of past due loans in the number of loans granted in the subsequent generations/ years, i.e. sets of loans

with similar granting dates, the share of accounts past due above 90 days in currency portfolios is smaller than in zloty portfolios (also after eliminating the effects of conversions). In this approach, unlike in the portfolio approach, zloty portfolios deteriorate more than currency portfolios.

The share of accounts past due > 90 days in the number of loans granted in a particular loan year at the end of March 2016



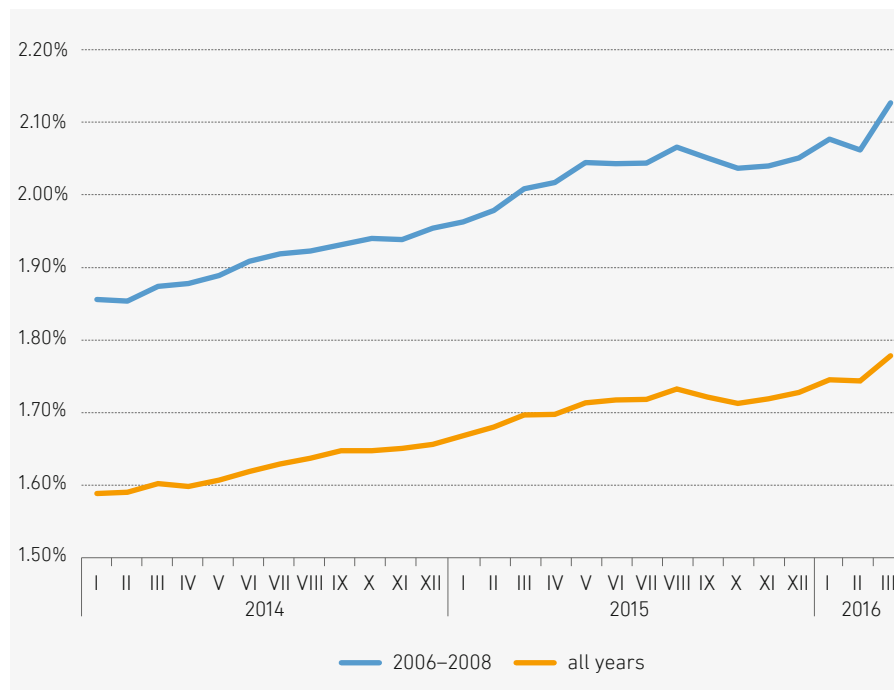
The quality of housing loans granted, including CHF loans

Currency borrowers bravely endured the weakening of the zloty against the Swiss franc in January 2015.

The increases in the share of loans past due > 90 days in the number of loans granted grow over time linearly.

In 2015, there was a strong rise (of about 14%) in the exchange rate of the Swiss franc, in which the majority of currency loans were denominated. The rise in the exchange rate of the Swiss franc, and consequently the instalments paid by the borrowers, did not accelerate the growth in the share of past-due loans.

In the previous edition of Credit Trends we indicated in a similar graph that currency portfolios did not deteriorate considerably as an aftereffect of the rapid franc hike at the beginning of 2015. In the 1st quarter 2016 the deterioration rate of currency portfolios was slightly quicker (by 0.01 pct point) in comparison with the 1st quarter 2015.

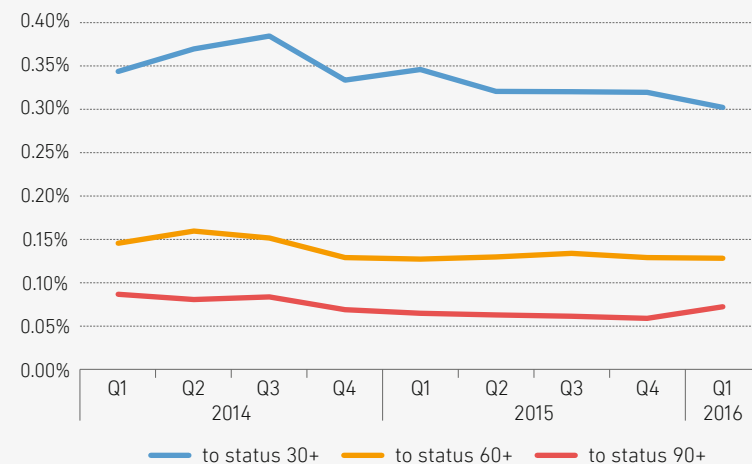


The quality of housing loans granted: currency and zloty loans, another approach

A sensitive measure of the quality of loan portfolios is the number of entries into higher statuses of past due loans calculated monthly (here: quarterly) by the relation of this number to the number of accounts placed in a lower status at the beginning of the month. The rise in the number of entries into a higher status indicates the portfolio quality deterioration. This measure, unlike the NPL indicator, ignores the impact of debt sales on the result of the portfolio quality measure.

The number of passes from a regular status to the status past due above 30 days as well as the number of passes to higher statuses calculated as a share of these passes in the number of accounts in use steadily declined in 2014–2015, which is confirmed by a conclusion on an improving portfolio health drawn from other measurements.

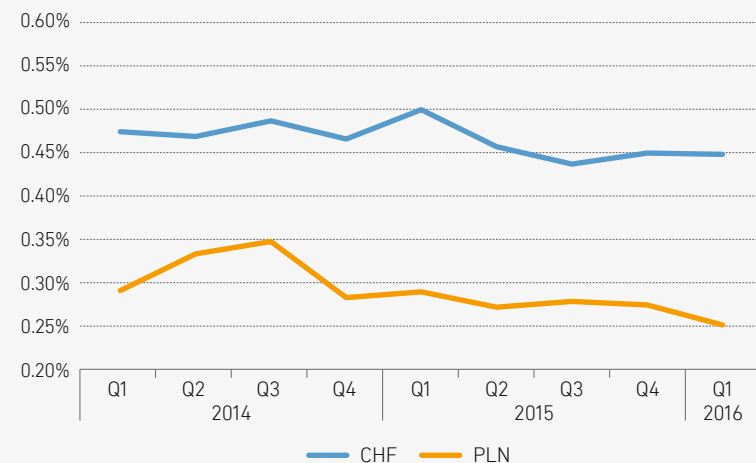
The share of accounts entering higher statuses in the subsequent months in the % of the number of accounts placed in a lower status at the beginning of the preceding month (quarterly averages)



The quality of housing loans granted: currency and zloty loans, another approach

In 2014–2016 there was a falling trend in the number of entries into the status of past due >30 days in the zloty and currency portfolios, which indicates an improvement in the portfolio quality. Even in 1H 2015, in the conditions of strong weakening of the zloty against the Swiss franc, the share of accounts entering the 30+ status in the currency portfolio in the number of accounts classified as regular in the preceding month was on the decline. At present the number of entries into the 30+ status falls together with the decline in the number of accounts in use (a stable share of entries in the graph); in the zloty portfolio despite a growing number of accounts in use (in the denominator) the share of entries into the 30+ status falls.

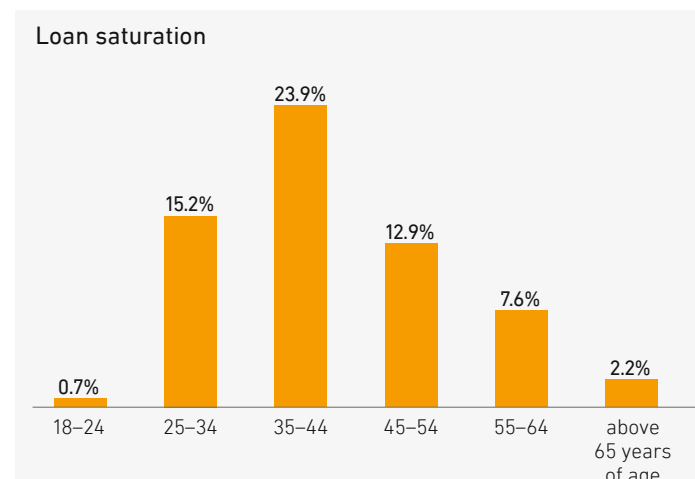
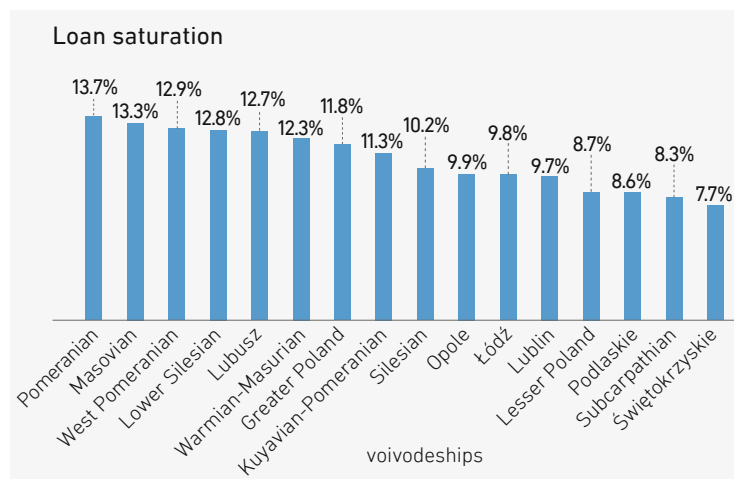
The share of accounts entering the 30+ status in the subsequent months in the % of the number of accounts placed in the regular status at the beginning of the preceding month (quarterly averages)



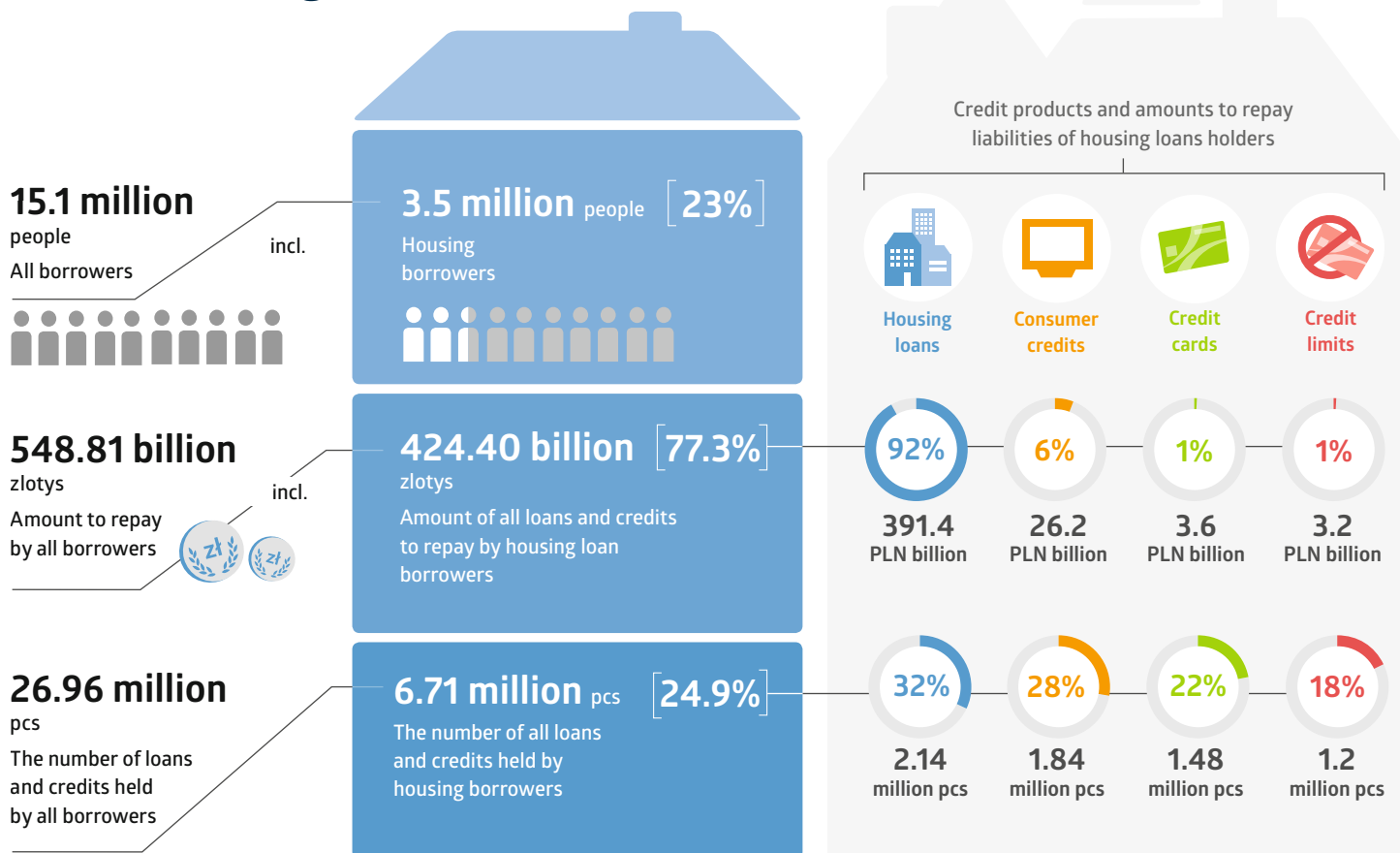
Different popularity of housing loans by age groups and territorial ranges

The most housing borrowers in relation to the number of population are in north-western voivodeships, the fewest in south-eastern voivodships. Territorially, the highest number of borrowers in relation to the number of population is in the Pomorskie Voivodeship (14%), and the lowest in the Świętokrzyskie and Podkarpackie Voivodship (8% each). The most

housing borrowers are among people of 35–44, every fourth person at this age is presently repaying a housing loan. For comparison: every fourth person at the age of 35–44 services a housing loan, and less than one in one hundred people at the age of 18–24 holds such a loan.



Housing borrowers. Their housing loans and other loans and credits.

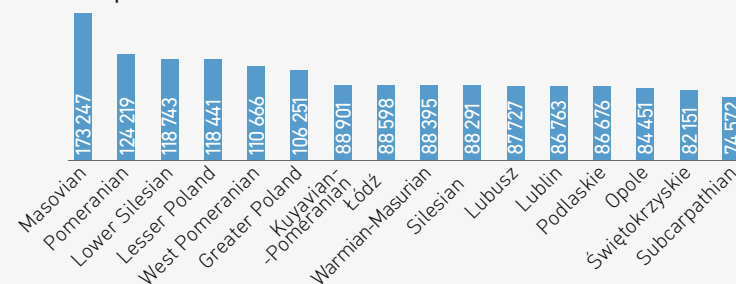


An average housing debt – spatial and demographic dimensions

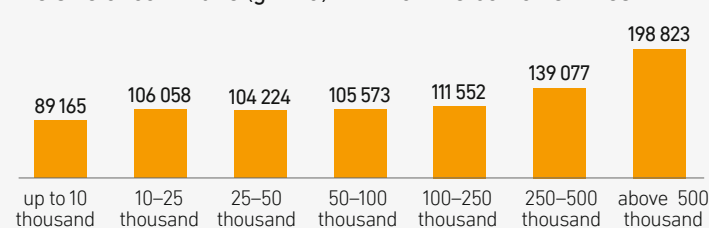
An average amount to repay by one borrower varies due to geographical location, borrower's age and size of the commune the borrower lives in.

Different amounts of housing loans to repay result from the price of 1 square metre housing area in different voivodeships and places of different sizes as well as varied accommodation needs at different ages. The highest amount of 173,300 zlotys is to be repaid by an inhabitant of the Masovian Voivodeship; the lowest of 74,500 zlotys by an inhabitant of the Subcarpathian Voivodeship. More than twice less is to be repaid on account of a housing loan by a borrower living in a commune of up to 10,000 inhabitants in comparison with a borrower living in a commune of above 500,000 inhabitants. The highest amount of 133,650 zlotys is to be repaid by a person at the age of 35–44.

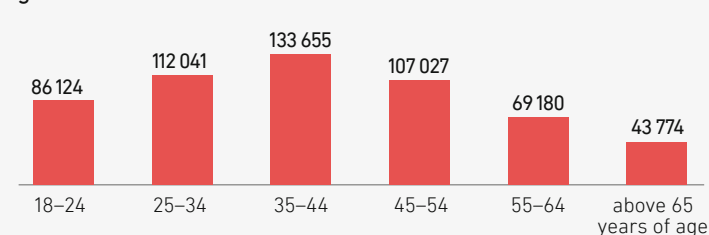
An average amount of housing loan per capita to repay in voivodships



An average amount of housing loan per capita to repay depending on the size of commune (gmina) in which the borrower lives



An average amount of housing loan per capita to repay in age ranges



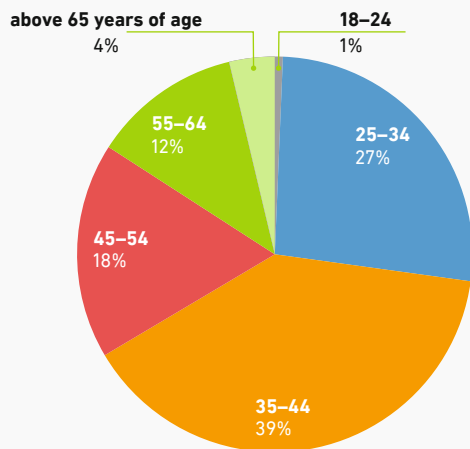
Housing borrowers: age structure

The concentration of housing borrowers in one age range of 35–44 (39%)

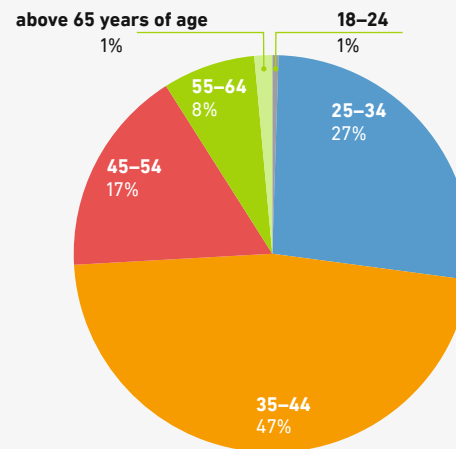
Four borrowers in ten repaying housing loans at present are at the age of 35–44.

Nearly half of the housing loan outstanding debt is to be repaid by people at the age 35–44.

The structure of housing loan borrowers



The structure of housing loan outstanding debt by age



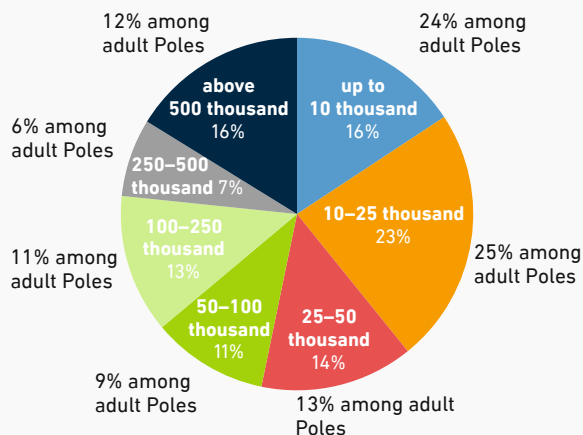
Housing borrowers: place of residence

The concentration of housing borrowers in places below 25,000 inhabitants (39%).

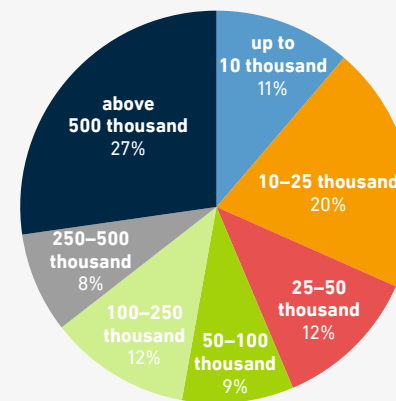
One fourth of housing borrowers live in communes inhabited by 10,000 to 25,000 people, which is compliant with the level of urbanisation: 25% of adult Poles live in these places. The differences between the share among housing borrowers and the share among adult inhabitants occur only in the case of inhabitants of the smallest (16%* – 24%** respectively) and the largest towns (16%* – 12%** respectively).

Above one fourth of the total outstanding debt on account of housing loans is to be paid by the inhabitants of communes above 500,000 inhabitants, and only 12% of adult Poles live there.

The structure of housing loan borrowers by the size of places they live in and the percentage of adult Poles living in places of a given number of inhabitants.



The structure of housing loan outstanding debt by the size of place borrowers live in



Key findings

- The number of credit card accounts opened in the 1st quarter 2016 was lower in the y/y comparisons; also the value of limits on opened accounts was lower.
- The number of cards in use and active cards declined. There were 6 million cards in use in March 2016; 3.7 million active cards. Only 4.7 million people have credit cards, and 3 million use them (this the number of people with a credit balance of above 200 zlotys on their accounts in March 2016).
- The number of credit card holders, including the number of people using them has not indicated upward trends since 2011; on the contrary it has fallen recently.
- Many banks distinctly limited signing credit card contracts concentrating on the existing customers. In 2016, further declines in the numbers and value of credit card contracts signed are to be expected. Banks may be promoting credit cards worse following the last year's decrease in the interchange rates.

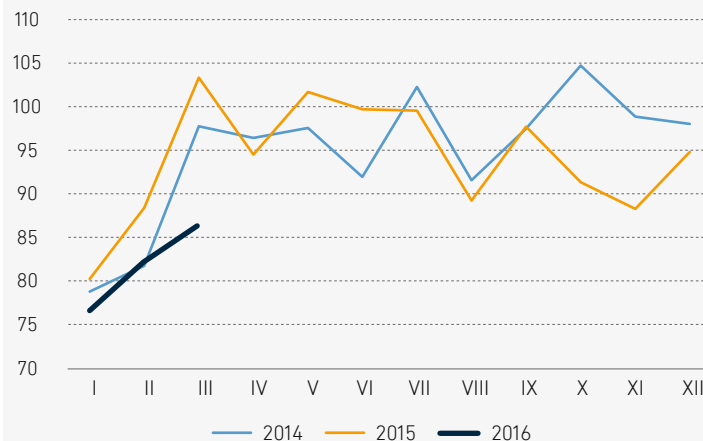
The number of credit cards issued

In 1Q 2016 there was a further decline in the number of newly opened credit card accounts.

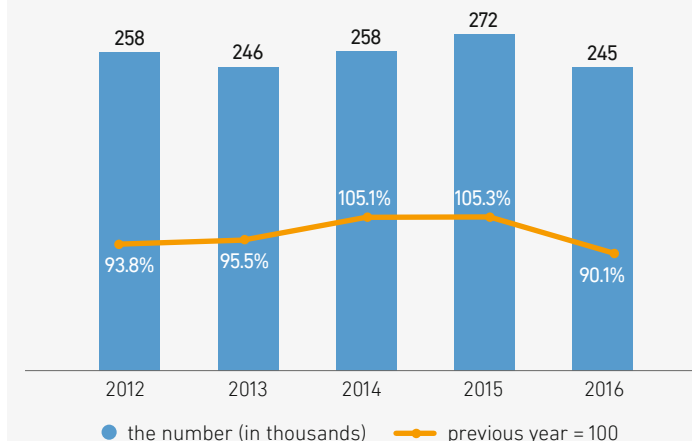
In 1Q 2016, 9.9% credit card contracts less were signed compared to 1Q 2015. The q/q decline amounted to 10.6%. In March in comparison with March last year, the decline in the number of newly opened accounts amounted to as much as 16.5% despite an early Easter in 2016, which should be in favour of credit actions, also in the area of credit cards.

In the next quarters we expect further deepening of the decrease in the number of credit cards issued. We think that the decreases may come as a result of a weaker promotion of credit cards pursued by banks due to a lower profitability of card products after the statutory interchange rates reductions.

The number of credit cards issued monthly in 2014–2016 (in thousands)



The number of credit card accounts opened in 1Qs in 2012–2015 (in thousands)

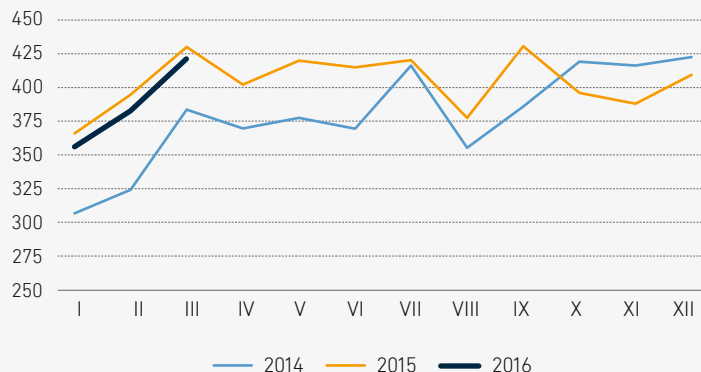


The value of credit card limits granted

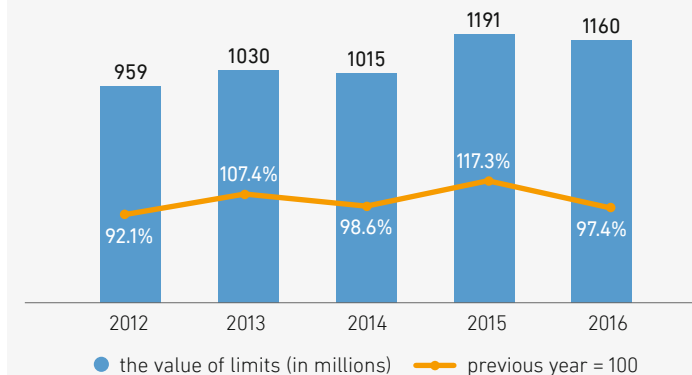
The declines in the issuance of credit cards in terms of value (limit amounts on newly opened accounts) are considerably lower than in terms of numbers. The limit amounts on accounts opened in the 1st quarter were y/y lower by 2.6%. In March alone a yearly dynamics amounted to -2%. Fewer cards are being issued, but the limits on them are higher. Most banks seem to focus on issuing cards to their own reliable customers, who are offered cards with higher limits on them.

The results of the first quarters are not necessarily confirmed by the annual results. For example, in 1Q 2015 we noted a 17% annual dynamics rate of limit amounts granted. The result of the whole of 2015 showed only a 6% rise.

Limit amounts on credit card issued monthly in 2014–2016 (in millions zlotys)



Limit amounts on credit cards issued in 1Qs in 2012–2016 (in millions zlotys)

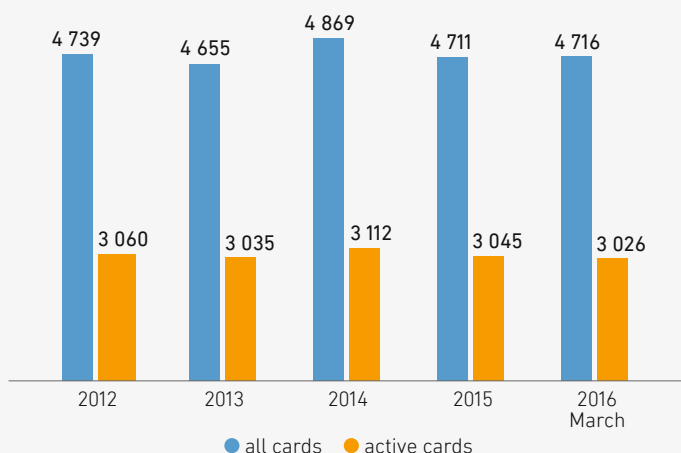


The number of credit card holders, the number of accounts

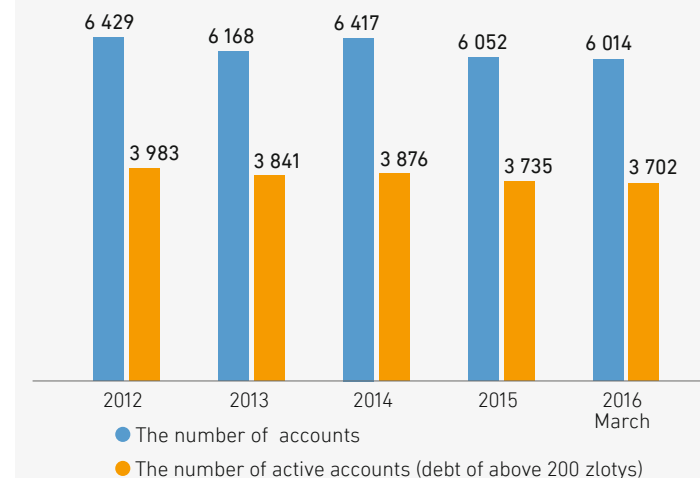
6.1 million credit cards in Poles' wallets, 3.7 million of which are actively used. The number of credit card holders has changed slightly since 2012, but recently we have noticed a downward trend. It results from the decline in the number of new card accounts.

In March 2016, in comparison with December 2015, the number of card holders did not change much, but the number of holders of active cards fell by 19,000. The number of accounts in use decreased by 38,000, and active accounts by 33,000 (0.9%).

The number of credit card holders in 2011–2016 (in millions of people)



The number of credit card accounts, including active accounts in 2012–2016 (in millions pcs)



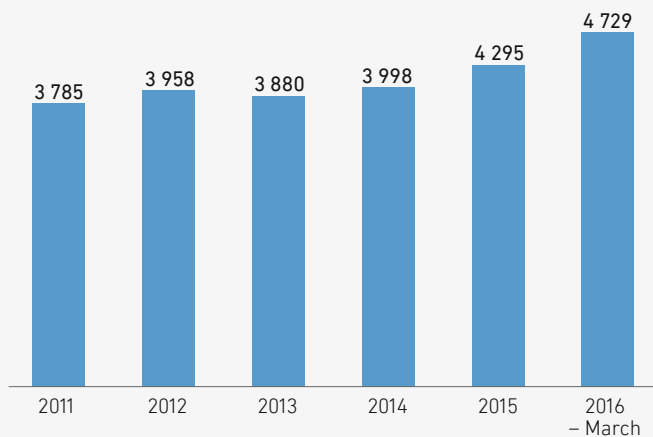
Limits on card accounts and their utilisation

Average limits on the newly opened credit card accounts are growing, so are the limits on accounts in use, but the degree of utilisation of limits by credit card holders is on the decline all the time.

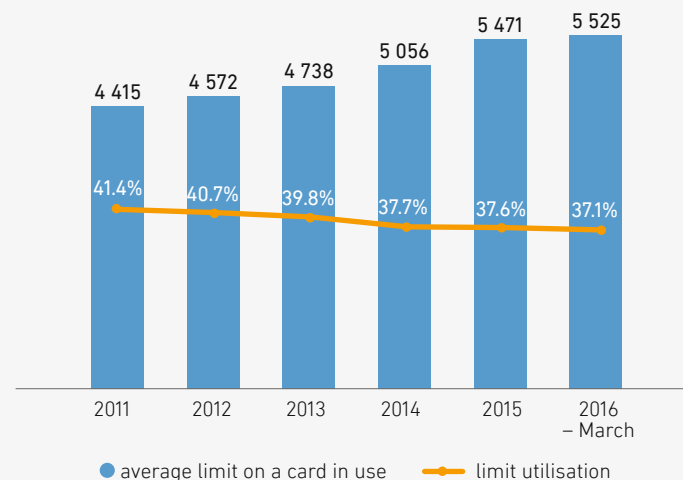
The limits on the newly opened credit card accounts are steadily growing. The average level of limits on newly opened accounts exceeds the level of average remuneration.

The average limit on accounts in use is higher than that on newly opened accounts. Two thirds of card accounts have limits higher than 4,000 zlotys. Only 6% of cards have been granted limits exceeding 15,000 zlotys. The degree of utilisation of limits by card holders declines steadily (the relation of outstanding debt to the limit amount).

An average limit on a credit card account opened in 2011–2016



An average limit on a credit card account in use in March in 2011-2016



CREDIT TRENDS Credit Information Bureau Quarterly Report

Developed by the Business Intelligence Department at the Credit Information Bureau.

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