

RETAIL BANKING MARKETS MONITORING REPORT

2020



BANCO DE
PORTUGAL
EUROSYSTEM

RETAIL BANKING MARKETS MONITORING REPORT

2020



BANCO DE PORTUGAL
EUROSISTEMA

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Abbreviations

APR	Annual percentage rate of charge
Euribor	Euro Interbank Offered Rate
KID	Key information document
SIS	Standardised Information Sheet

Executive summary

The *Retail Banking Markets Monitoring Report 2020* analyses the markets of simple and structured deposits, housing and mortgage loans and consumer credit, subject to supervision by Banco de Portugal.

Chapter I focuses on the marketing of simple time deposits in the most representative maturities of deposits at the end of 2020. The characteristics of deposits for the general public are presented, comparing those available in traditional channels and exclusively in digital channels. Deposits aimed at capturing new customers and new amounts are also analysed.

Chapter II describes the characteristics of structured deposits marketed in 2020, namely the type of depositors, currency of denomination, reference rate markets and maturity of deposits, as well as the remunerations paid on matured deposits.

Chapter III analyses the evolution and characteristics of new home loans and other mortgage loans agreements as well as agreements in the portfolio at the end of 2020, such as the amounts, maturity of deposits, types of interest rate and spreads. This chapter also looks at early repayments and renegotiations that occurred in this type of agreements during the year.

Chapter IV addresses the evolution and characteristics of new consumer credit agreements, such as the amounts, maturity of deposits, types of interest rate and marketing channels, breaking down this information into the three credit segments: personal loans, car loans and revolving credit.

Simple time deposits

⋮ Around one-fifth of deposits were available on digital channels.

At the end of 2020, the 19 analysed institutions had 276 deposits being marketed, compared with 273 deposits at the end of 2019.

Deposits made available exclusively on digital channels accounted for 18.5% of total deposits on the market at the end of 2020, four of which were marketed exclusively on the institutions' mobile apps.

Most deposits (67.4%) were intended for the general public. The rest had special conditions of access, especially deposits with remuneration dependent on the optional sale of other products and services (22.3%), such as homebanking and salary domiciliation. Also noteworthy were the deposits intended for young people (21.1%) and deposits for emigrants (15.6%).

Among the 186 deposits aimed at the general public, the most important maturities were one year (25.8% of the total), six months (22.6%) and three months (22%).

⋮ Most of the deposits on the market had interest rates of 0.1% or less.

In 66.7% of the deposits intended for the general public, the remuneration rate (gross annual nominal rate) was equal to or lower than 0.1% and in 14.5% of the deposits the rate was null. In most maturities, the average remuneration rates went down in comparison to 2019, maintaining the downward trend observed since 2012.

• The average interest rate was lower in deposits with lower minimum opening amounts or that allowed early withdrawal, further additions or renewal.

The majority of deposits for the general public had a minimum opening amount of EUR 500 or less (around 64%) and 5.4% required no minimum opening amount. In deposits with lower minimum amounts, the average interest rate was 0.08%, lower than the rest (0.29%).

Most deposits allowed for the early withdrawal of the amounts invested (90.9%), but, of these, more than half had a total interest penalty if customers took advantage of this possibility. The average interest rate on deposits allowing early withdrawal was 0.27%, compared with 0.15% of the remaining deposits.

About one fifth of the deposits on the market allowed further additions of the amounts invested and more than half allowed renewal. The average interest rate on deposits allowing further additions was 0.07% (0.18% in the remaining deposits) and on deposits allowing renewals it was 0.06% (0.29% in the remaining deposits).

• The deposits marketed in digital channels had shorter maturities and lower remuneration rates.

In digital channels, the minimum opening amounts were lower and the payment of interest at maturity was more frequent. The possibility of early withdrawal, further additions and renewal were also more frequent in digital channels than in traditional channels.

All deposits sold exclusively through digital channels had a maturity of one year or less (compared with 72.4% in traditional channels).

The average interest rates paid in digital channels were lower than in traditional channels. At the end of 2020, this differential was practically zero for deposits with a one-month maturity and its maximum value occurred in deposits with three months maturity. In this period, the average interest rate was 0.13% on deposits marketed through digital channels and 0.26% through traditional channels.

• The offer of deposits for new customers and new amounts remained practically unchanged.

At the end of 2020, there were 12 deposits for new customers and new amounts on the market, compared to 13 deposits at the end of 2019.

In deposits with a maturity of up to one year, these deposits had, on average, a higher rate of return than the rest of the offer.

Structured deposits

• The structured deposits market contracted for the fifth year running.

Six institutions marketed 51 structured deposits in 2020, which represents a drop of 30.1% in relation to the number of deposits marketed in 2019.

In 2020, EUR 250.4 million was invested in structured deposits (down 68% from the previous year) by 13,338 depositors (down 61.9%).

Individual customers accounted for almost all depositors (99.5%) and invested an average of EUR 18,620 in structured deposits (16% less than in 2019). In the case of corporate customers, the average amount deposited was EUR 48,483 (39.5% less than in 2019).

⋮ All structured deposits were linked to developments in the equity market.

Most of the structured deposits marketed were denominated in euros (94.1%) and had a maturity of two years (88.2%). All of the structured deposits marketed in 2020 were linked to a basket of shares, except for one deposit that was linked to a basket of stock price indices.

⋮ Most matured deposits paid the minimum remuneration rate foreseen in the pre-contractual information document.

In 2020, 105 structured deposits matured, the majority of which had a maturity of two years (43.8% of the total) or one and a half years (32.4%).

Most of the matured deposits (85.7%) were linked to the equity market, although there were also deposits linked to the money market (7.6%), to the equity and money market (4.8%) and to the commodities market (1.9%).

Around 76% of matured deposits paid the minimum remuneration rate foreseen in the pre-contractual information document, and 3.8% earned zero remuneration. Conversely, 10.5% paid the maximum rate, which ranged between 0.98% and 3%.

Of the deposits that matured in 2020, slightly more than a third paid a remuneration rate higher than the gross annual nominal rate of the simple time deposit marketed by the same institution for the same maturity.

Home loans

⋮ The amount of home loans granted went up once again in 2020, but at a slower pace than in the last seven years.

On average, 7,553 home loan agreements were concluded per month, with a credit amount granted of EUR 901.6 million. The number of agreements concluded fell 1.9%, compared to 2019, counteracting the 4.8% increase in that year. The amount of credit increased by 4.7%, compared with a growth of 8% in 2019.

On average, EUR 119,371 was granted per home loan agreement, up from the average amount in 2019 (EUR 111,858).

⋮ The home loans market contracted at the beginning of the COVID-19 pandemic, but recovered in the second half of the year.

In the first quarter of 2020, the amount of home loans granted exceeded that seen in the same period of 2019 (up 17.1%). However, in the second quarter of the year, the amount granted decreased by 8.1%, a development that may be related to the mitigation measures of the COVID-19 pandemic. In the second half of 2020, home loans grew once again, with an emphasis to the 8.8% increase in the credit amount granted in the fourth quarter, compared to the same period of 2019.

⋮ The number of agreements in the portfolio of institutions remained stable, however the balance outstanding went up.

At the end of 2020 there were about 1.45 million home loan agreements in the portfolios of institutions, a value identical to that of 2019. These agreements corresponded to an outstanding balance of EUR 90.2 billion, a 3.2% increase compared to 2019.

⋮ The maturity of agreements concluded in 2020 increased.

New home loan agreements had, on average, a maturity of 33.1 years, above that of 2019 (32.8 years). The average maturity of agreements in the portfolio also went up (from 32.9 years at the end of 2019 to 33.2 years at the end of 2020). This resulted not only from the growth in the maturity of new agreements, but also from the application of the public moratorium regime, as of March 2020, since the introduction of grace periods on principal (or principal and interest) was accompanied by an increase in the maturity of agreements.

⋮ The importance of mixed rates and fixed rates increased, however variable rates continued to predominate.

Most of the agreements concluded in 2020 (82.3%) had a variable rate, but this type of rate lost importance in relation to 2019 (86.4%). In contrast, mixed rates came to represent 12% of the agreements concluded (10.3%, in 2019) and fixed rates represented 5.7% of the new agreements, also above the proportion of 2019 (3.3%).

⋮ The average spread decreased once again in new agreements.

The average spread of agreements concluded at a variable rate and indexed to 3, 6 and 12-month Euribor was 1.19 percentage points, a decrease of 0.13 percentage points compared to 2019. The majority of these contracts (65%) had spreads between 1 and 1.5 percentage points. However, particularly noteworthy is the increase in the weight of spreads between 0.5 and 1 percentage points, which represented 24.5% of agreements concluded at a variable rate (8% in 2019).

Agreements indexed to 12-month Euribor continued to be the most frequent, corresponding to 73.7% of agreements concluded at a variable rate, however below the proportion of 2019 (93.5%). On the other hand, 6-month Euribor increased in importance, being the reference rate used in 25.3% of new variable-rate agreements (5.5% in 2019). The 3-month Euribor continued to have a residual importance (0.2% of the agreements concluded at a variable rate in 2020).

⋮ In the context of moratoria application, the number of early repayments and the amount repaid were below the 2019 values.

There were 98,330 total or partial early repayments on home loan agreements (down 5.8% compared to 2019), which corresponded to an amount repaid of EUR 4.2 billion (down 13.4%).

The number of early repayments made in the first quarter of 2020 exceeded that in the same period of 2019 (11% more). However, in the second quarter of 2020, repayments dropped by 24.1% and remained below the figures seen in 2019 in the third and fourth quarters of the year.

∴ The number of agreements renegotiated went down.

There were 25,404 renegotiations, involving 24 497 home loan agreements and a total renegotiated amount of EUR 2,431 million. The number of renegotiations and the number of agreements involved decreased by more than 15%, compared to the 2019 figures, while the total amount renegotiated decreased by 13.6%. This reduction is in line with the application of credit moratoria, which does not constitute a renegotiation of the agreement.

In the first quarter of 2020, the number of renegotiated agreements exceeded the value of 2019 by 33.3%. However, the number of renegotiated agreements decreased significantly from the second quarter onwards, highlighting the reduction of 36.1% recorded in the third quarter, compared to the same period of 2019. The amount of renegotiated credit had a similar evolution, with emphasis on the 35.5% reduction recorded in the third quarter of 2020.

In most of the renegotiated agreements in 2020 (88.1%) the borrowers were not in default.

Other mortgage loans

∴ In other mortgage loans, the number of agreements concluded and the number of agreements in the portfolio decreased.

In 2020, 13,536 other mortgage loans were concluded (3.7% less than in 2019), corresponding to EUR 772 million (4.5% less). In the total housing and mortgage loans market, other mortgage loans represented 13% of the number of agreements concluded and 6.7% of the amount granted.

At the end of 2020, institutions had approximately 497 thousand other mortgage loan agreements in their portfolios (3.9% less than at the end of 2019), which corresponded an outstanding balance of EUR 11.5 billion (3.8% less). Other mortgage loans accounted for 25.5% of the number of agreements and 11.3% of the outstanding balance in the institutions' total portfolio of housing and mortgage loans.

Consumer credit

∴ Consumer credit was particularly affected by the COVID-19 pandemic.

An average of 101,419 consumer credit agreements were concluded per month, with a credit amount granted of EUR 490.3 million. These figures represent decreases of more than 20% compared to the figures for 2019 (an average of 133,264 agreements and EUR 632.8 million per month).

The impact of the COVID-19 pandemic was particularly evident in the second quarter of the year, with the credit amount granted and the number of agreements concluded corresponding to around half of the values seen in the same period of 2019. In the third and fourth quarters of 2020, the amount of consumer credit granted continued to fall short of the 2019 figures.

⋮ The amount of credit granted decreased in all the three types of consumer credit.

In personal loans, the amount granted in 2020 dropped by 30.2% compared to 2019, a decrease that followed the 10.3% growth seen that year. The amount of car loans granted in 2020 went down by 15.1%, following the decrease in the previous year (4.1%). In revolving credit, the amount granted in 2020 decreased by 18.4%, compared to 2019, and was the lowest value since 2010.

In the second quarter of 2020, the credit amount granted declined significantly in all types of credit, with emphasis on the decrease in personal loans (55.4% less than in the same period of 2019). Car loans recovered in the third quarter of the year, with the credit amount granted showing similar values to those of 2019, an evolution not seen in the other types of credit.

The importance of personal loans decreased in total consumer credit (from 45.9% of the total credit amount granted, in 2019, to 41.3%, in 2020). In contrast, the relative weight increased in car loans (from 39.4% to 43.1%) and revolving credit (from 14.7% to 15.6%).

In personal loans, an average of EUR 6,500 was granted per agreement, which represents a decrease of EUR 500, compared to 2019. In this type of credit, the agreements concluded had an average maturity of 4.7 years, identical to that of 2019.

In car loans, the average amount per loan remained stable at EUR 14,200. The agreements concluded in 2020 had an average maturity of 7.3 years, slightly above the average maturity of 2019 (7.2 years). In new cars, maturities of more than 7 years represented more than a third of new credit agreements, a proportion that rises to more than half in used cars.

In revolving credit, each agreement granted an average of EUR 1,400 (EUR 100 more than in 2019).

⋮ The cost of credit decreased slightly.

The average market APR declined 0.1 percentage points in the last quarter of 2020, compared to the end of 2019, an evolution that reflects the decreases in the average APRs of revolving credit (0.4 percentage points less) and car loans (0.1 percentage points less). In personal loans, the average APR increased 0.1 percentage points between the last quarters of 2019 and 2020.

⋮ The weight of specialised institutions went up, representing almost 60% of the amount of consumer credit granted.

Institutions with specialised activity gained importance in personal loans, now representing 34.1% of the amount granted (32.5% in 2019). The higher weight of these institutions also contributed to the higher weight of car loans in total consumer credit, since this type of credit is mostly granted by institutions with specialised activity (87.6% of the total in 2020).

⋮ Credit intermediaries now represent around half of the amount of consumer credit granted.

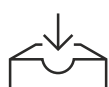
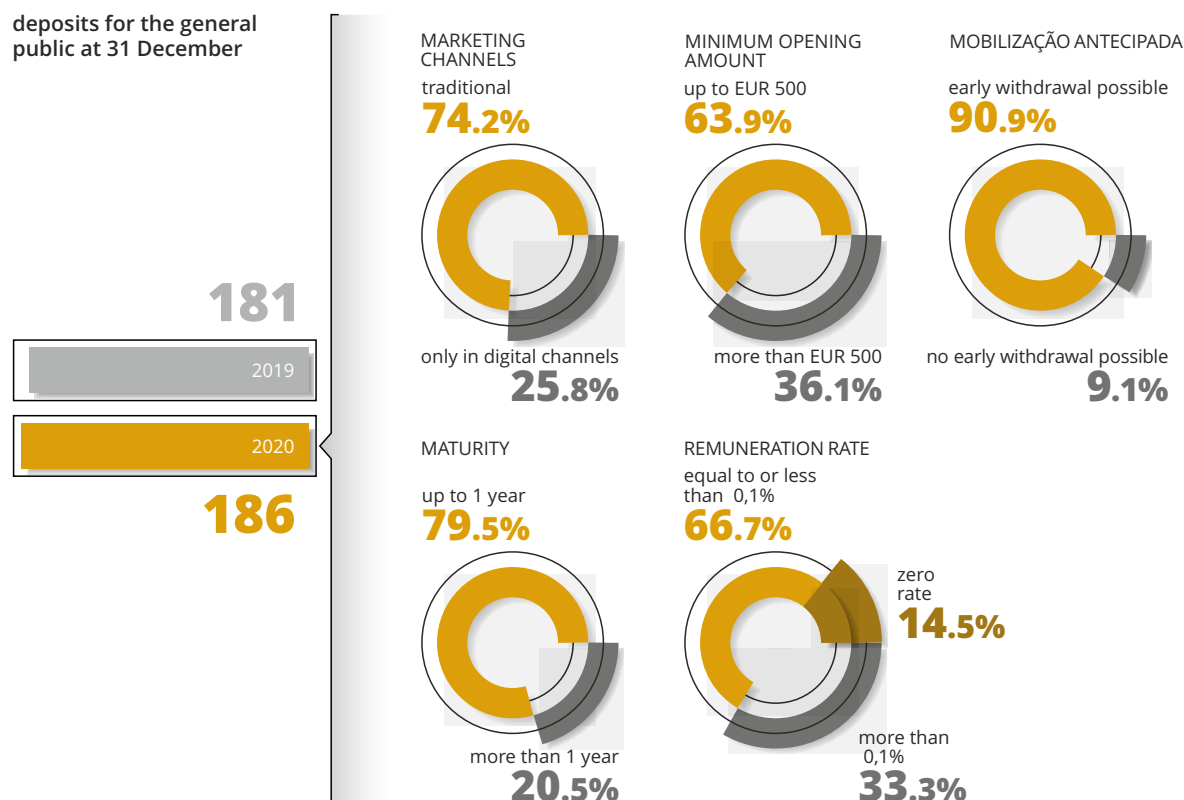
The weight of credit intermediaries in an ancillary capacity increased both in personal loans (from 10% of the credit amount granted in 2019 to 15.4% in 2020) and in revolving credit (from 28.7% to 35.7%). The increase in the weight of car loans in total consumer credit also contributed to the growth in the importance of credit intermediaries, as this channel represented 88.8% of the amount of car loans granted in 2020.

Retail banking markets 2020

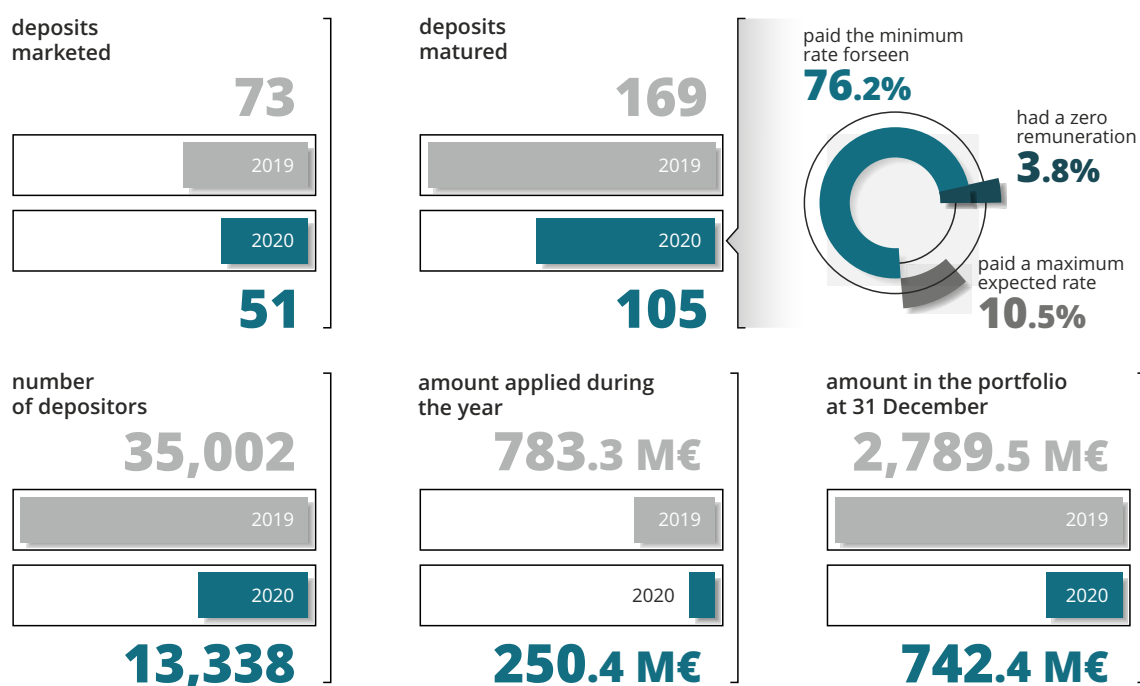


Simple time deposits on the market

deposits for the general public at 31 December



Structured deposits





Home loans and other mortgage loans

HOME LOANS

new agreements
monthly average

7,697



7,553

amount granted
monthly average

860.9 M€



901.6 M€

outstanding amount
at 31 December

87.4 mM€



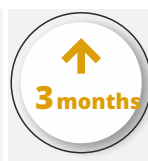
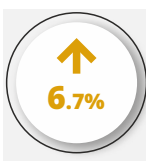
90.2 mM€

AVERAGE
AMOUNT

119,371€

AVERAGE
MATURITY

33.1 years



number of contracts
renegotiated

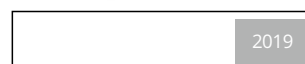
29,131



24,497

total amount
renegotiated

2,813 M€



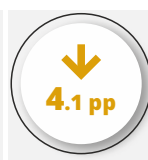
2,431 M€

AVERAGE
SPREAD

1.19 pp

VARIABLE RATE
AGREEMENTS

82.3%



number of
repayments

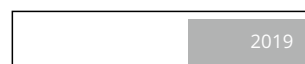
104,389



98,330

total amount
repaid

4,865 M€



4,213 M€

OTHER MORTGAGE LOANS

new agreements
monthly average

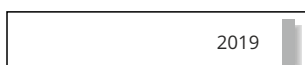
1,171



1,128

amount granted
monthly average

67.4 M€



64.4 M€

outstanding amount
at 31 December

11,994 M€

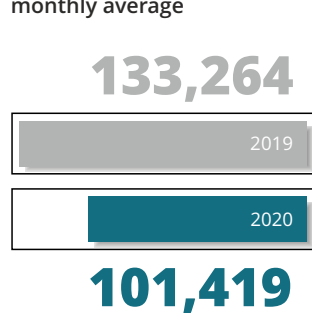


11,536 M€



Consumer credit

new agreements
monthly average



PERSONAL LOANS



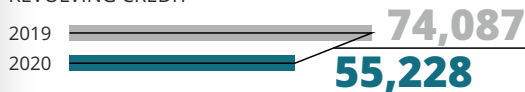
↓
24.8%

CAR LOANS



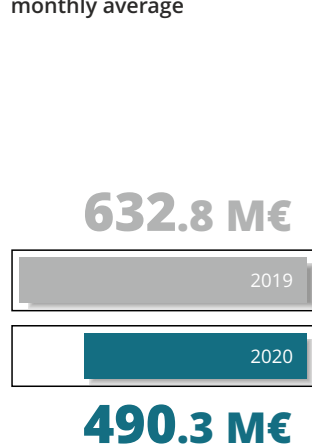
↓
15.2%

REVOLVING CREDIT



↓
25.5%

amount granted
monthly average

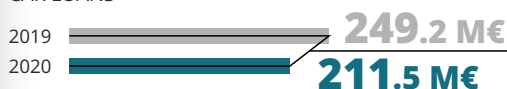


PERSONAL LOANS



↓
30.2%

CAR LOANS



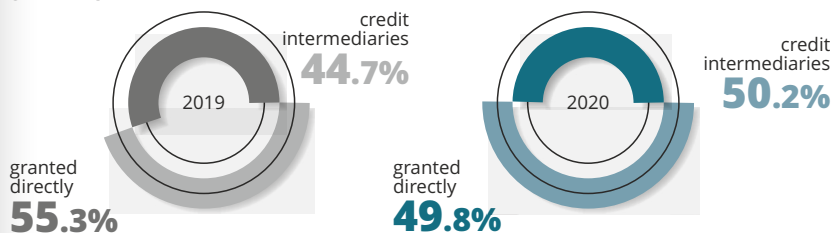
↓
15.1%

REVOLVING CREDIT



↓
18.4%

MARKETING CHANNELS



average amount
per agreement

PERSONAL LOANS



AVERAGE TERM

4.7 years

=

CAR LOANS



AVERAGE TERM

7.3 years

↑
1 month

REVOLVING CREDIT



I Simple time deposits

1 Market developments

2 Simple time deposits
for the general public

3 Simple time deposits for
new customers and new amounts

1 Market developments

At the end of 2020, the 19 analysed institutions had 276 simple time deposits in the most representative maturities¹, compared with 273 deposits at the end of the previous year.

All the deposits on the market had a fixed interest rate and, in general, this rate was constant throughout the term of the deposit. There were also 15 deposits with increasing fixed interest rates over the term of the deposit² (14 deposits in 2019).

In December 2020, around EUR 88 billion was invested in time deposits by individual customers, slightly higher than the figures seen at the end of 2019 (up 1.1%). Most of this amount was invested in deposits with a maturity of less than one year (77.8%), a higher proportion than at the end of 2019 (72.1%). Conversely, the weight of deposits with maturities of more than two years decreased from 18.9% in 2019 to 14.6% in 2020^{3,4}.

EUR 43.6 billion were invested in new time deposits by individual customers (EUR 56.3 billion in 2019). Most of this amount was applied in deposits with a maturity of up to one year (83%, compared with 78.2% in 2019).

... Around one fifth of the deposits were marketed in digital channels,
... four of which exclusively in mobile apps.

Simple time deposits are marketed through traditional channels (e.g. over the counter) or digital channels (homebanking or app). At the end of 2020, 81.5% of deposits were marketed in traditional channels and 18.5% exclusively in digital channels⁵ (19.8% in 2019). Of the 51 deposits marketed exclusively in digital channels, four deposits were marketed exclusively through the institution's mobile app.

Table I.1.1 • Simple time deposits | December 2018 to December 2020

		Dec. 2018		Dec. 2019		Dec. 2020	
		Number	Distribution	Number	Distribution	Number	Distribution
General public	Traditional channels	146	47.5%	131	48.0%	138	50.0%
	Digital channels	57	18.6%	50	18.3%	48	17.4%
Special conditions	Traditional channels	100	32.6%	88	32.2%	87	31.5%
	Digital channels	4	1.3%	4	1.5%	3	1.1%
Total		307	100.0%	273	100.0%	276	100.0%

Source: Banco de Portugal.

1. The most representative maturities are one month, three months, six months and one, two, three, four and five years. There were deposits with other maturities that were not considered in the analysis because they were less representative.

2. In some of these deposits, the increasing rate throughout the maturity is the result of a permanence bonus.

3. Source – BPSStat (March 2021).

4. In 2020, the deposits of individual customers held by resident banks in Portugal increased 8.1% over the previous year. Demand deposits, which represent 45% of total deposits, grew 17.6%.

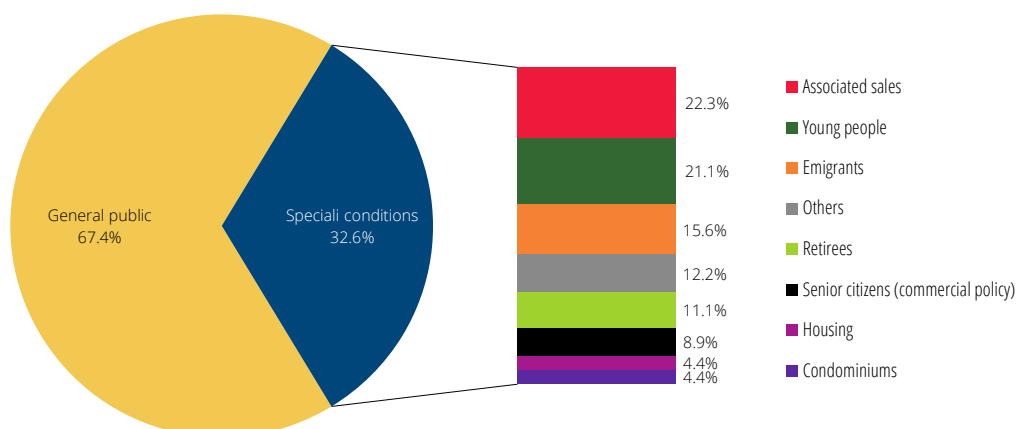
5. Deposits marketed simultaneously in traditional channels and digital channels are not considered to be deposits exclusively marketed in digital channels.

Most simple time deposits were aimed at the general public.

Around 67% of the deposits on the market were for the general public and the remaining 32.6% were deposits with special conditions, intended for certain target audiences, for specific purposes or linked to the sale of other financial products⁶, proportions in line with the previous year.

Of the 90 deposits with special conditions marketed by 11 institutions, those aimed at customers who had other financial products or services with the same credit institution or who met other binding conditions (associated sales) stood out, representing 22.3% of this supply⁷. Of the conditions for binding customers, the institution's homebanking service, domiciliation of pensions or wages and holding a debit card were those that stood out the most. They were followed by deposits for young people, which corresponded to 21.1% of the deposits with special conditions, and deposits for emigrants (15.6%). Deposits for retirees⁸ and senior citizens⁹ represented 11.1% and 8.9% of the offer of deposits with special conditions, respectively.

Chart I.1.1 • Simple time deposits by target public | December 2020



Source: Banco de Portugal.

6. Access conditions may be related to criteria such as age, residence (i.e. emigrants), gender, ownership of other bank products or fulfilment of binding conditions (i.e. optional associated sales) or specific purposes (e.g. retirement, housing, condominiums).

7. For customers who have other financial products or services at the same credit institution (e.g. domiciliation of salary/pension, digital statements, debit card, credit card, securities portfolio), who meet other binding conditions or who are under protocols.

8. Aimed at retired individuals whose monthly retirement income does not exceed, at the time the deposit is made, the amount equivalent to three times the national minimum wage. These deposits are covered by a special regime of exemption from tax on interest on an amount invested that does not exceed a value defined annually in the State Budget (Decree-Law 138/86 of 14 June).

9. Aimed at customers over the age of 55, made available within the scope of the credit institution's commercial policy (i.e. not framed by a specific legal regime).

2 Simple time deposits for the general public

Of the 186 simple time deposits marketed to the general public in the 19 analysed institutions, 138 were made available through traditional channels and 48 exclusively through digital channels.

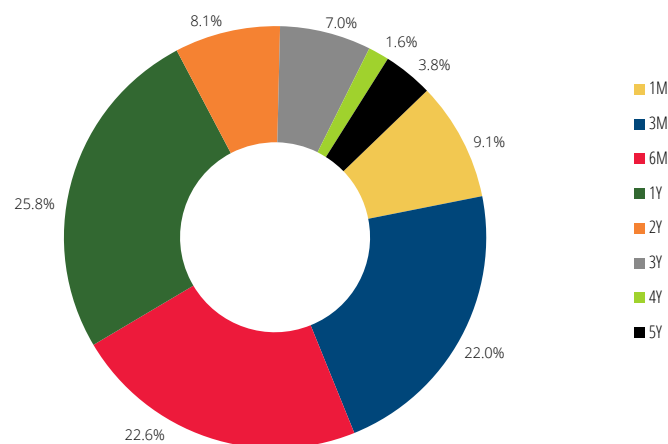
2.1 Maturity of deposits

The most frequent maturities of simple time deposits were one year, six months and three months.

Simple time deposits for the general public had mainly (79.5%) maturities up to one year. The most frequent maturities were one year (25.8%), six months (22.6%) and three months (22.0%), a distribution similar to that of the previous year.

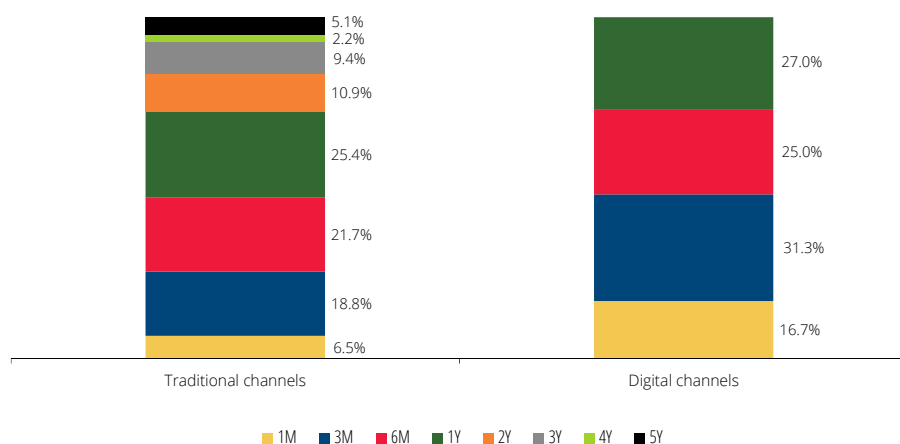
The shorter maturities were more frequent in digital channels than in traditional channels. All the deposits marketed through digital channels had a maturity of one year or less, compared to 72.4% through traditional channels.

Chart I.2.1 • Simple time deposits for the general public, by maturity | December 2020



Source: Banco de Portugal.

Chart I.2.2 • Simple time deposits for the general public, by maturity and by marketing channel
| December 2020



Source: Banco de Portugal.

2.2 Remuneration rates¹⁰

The **remuneration rates** offered by credit institutions on time deposits have different characteristics, namely in terms of minimum opening amounts, interest payment frequency, conditions for early withdrawal, possibility of interest capitalisation, renewal or further additions, and also different marketing channels (traditional or digital). These rates can also be exclusively aimed at new customers or new amounts applied with the credit institution.

... The remuneration rates went down once again in most of the
... maturities analysed.

Average remuneration rates on deposits fell slightly in 2019, reinforcing the downward trend observed since 2012. These rates fell in all maturities, with the exception of the four-year maturity, in which the average rate remained unchanged. The reductions in deposits with a maturity of three months (0.07 percentage points less compared to 2019) and two years (0.06 percentage points less) were particularly noteworthy.

The remuneration rates at the end of 2020 ranged between 0% and 2%, with the maximum value corresponding to a three-month deposit for new customers. At the end of 2020, two thirds of the deposits had remuneration rates of 0.1% or less and 14.5% had a zero remuneration rate.

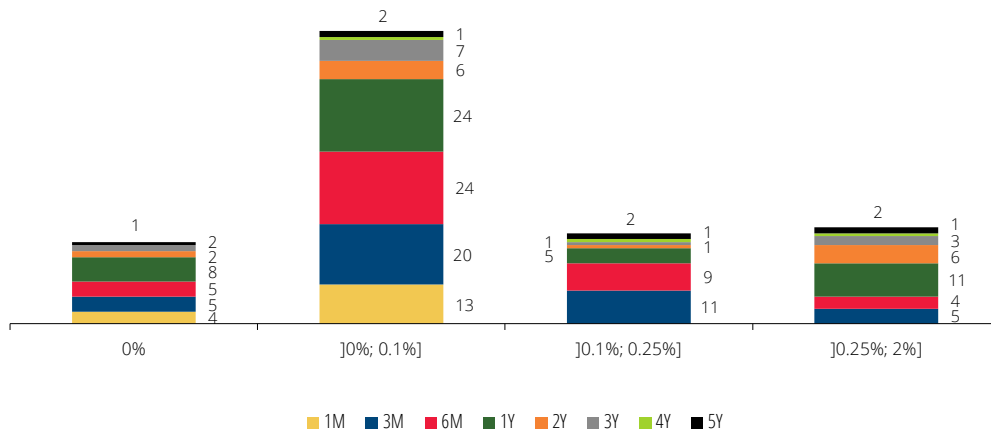
10. When comparing remuneration rates, the gross annual nominal rate, or the average gross annual nominal rate in the case of deposits with more than one gross annual nominal rate, is used. The average gross annual nominal rate is the average of the different gross annual nominal rates applicable over the term of the deposit, weighted by their respective maturities. In the auction offer, where the rate can take a value within a given range, the highest rate was considered.

Chart I.2.3 • Evolution of average remuneration rates of simple time deposits for the general public, by maturity | December 2018 to December 2020



Source: Banco de Portugal.

Chart I.2.4 • Simple time deposits for the general public, by remuneration rate and maturity



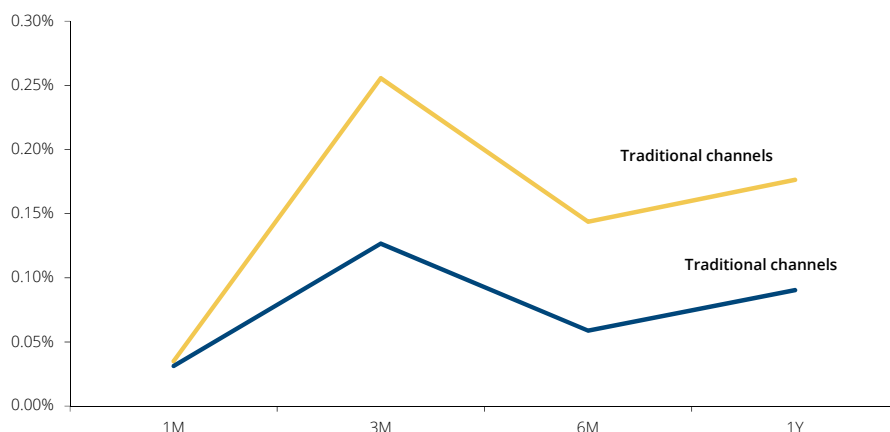
Source: Banco de Portugal.

Average interest rates in traditional channels were higher than in digital channels.

The average interest rate on deposits marketed through traditional channels was higher than that on deposits made available exclusively through digital channels, in all maturities. This spread was practically null in the one-month maturity and peaked at 0.13 percentage points in the three-month maturity. In this period, the average interest rate was 0.13% for deposits marketed through digital channels, compared with 0.26% for traditional channels.

The deposits marketed exclusively through digital channels were more flexible than those marketed through traditional channels in terms of minimum amounts, possibility of early withdrawal, further additions and renewal, which contributed to explain the difference in the average gross annual nominal rate between the two marketing channels.

Chart I.2.5 • Average remuneration rates, by maturity (up to one year) and by marketing channel
| December 2020



Source: Banco de Portugal.

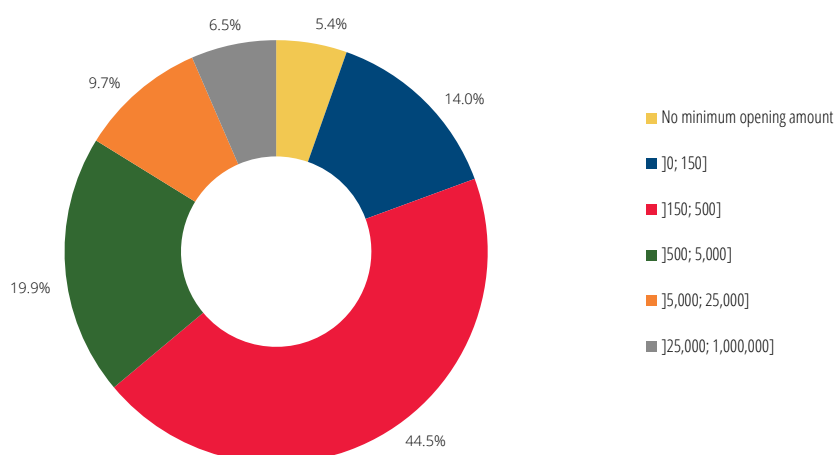
2.3 Other characteristics

... Around 64% of deposits had a minimum opening amount
... of 500 euros or less.

Almost one fifth of the deposits (19.4%) had a minimum amount of 150 euros or less and 5.4% had no minimum amount. In contrast, 6.5% of the deposits on the market required a minimum opening amount of more than 25,000 euros.

The average interest rate on deposits with minimum opening amounts of 500 euros or less was 0.08%, which was lower than the average interest rate of 0.29% on other deposits requiring higher amounts.

Chart I.2.6 • Minimum opening amounts of simple time deposits for the general public
| December 2020



Source: Banco de Portugal.

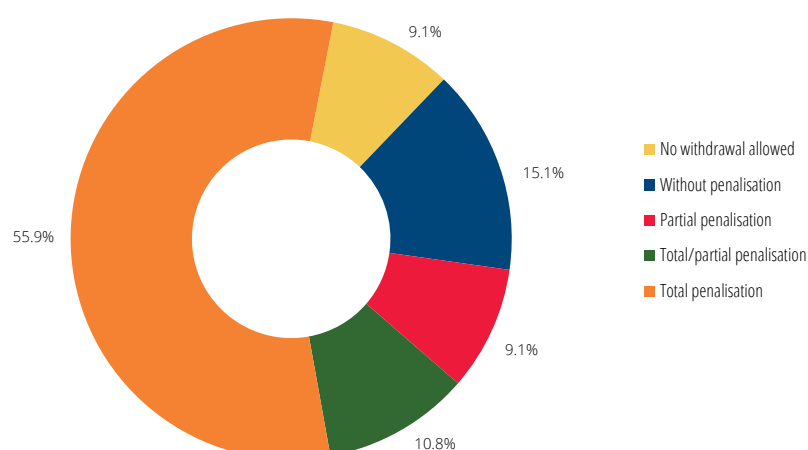
Most deposits allowed early withdrawal.

At the end of 2020, 90.9% of time deposits on the market allowed the **early withdrawal** of funds, with no liquidity risk for the customer. The vast majority of deposits (80.6%) allowed total or partial early withdrawal of the amounts, but there was also a percentage of deposits (10.2%) that only allowed total early withdrawal.

The average interest rate on deposits that allowed early withdrawal was 0.27%, compared with 0.15% for deposits that did not allow this possibility.

The deposits marketed that had total interest penalisation in the event of early mobilisation¹¹ amounted to 55.9% of the total. In 10.8% of the deposits, the interest penalisation was total or partial, depending on the time that had elapsed between the opening of the deposit and the early withdrawal, and 9.1% of the deposits only partially penalised interest in the event of withdrawal. There were also deposits on the market that could be withdrawn without penalising interest (15.1%), most of which had maturities of one year or less and zero interest.

Chart I.2.7 • Conditions for early withdrawal of simple time deposits for the general public
| December 2020



Source: Banco de Portugal.

More than three-quarters of marketed deposits paid interest only at maturity.

At the end of 2020, 77.3% of deposits **paid interest only at maturity**. This type of interest payment was more frequent in deposits with maturities of up to one year (84.5%) than in deposits with maturities of more than one year (50%).

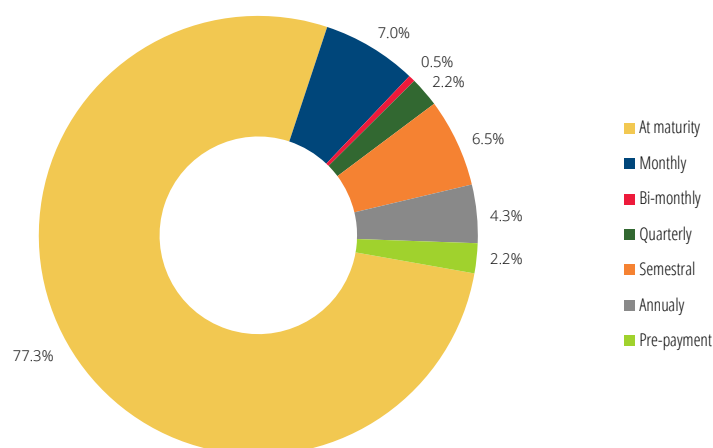
The **interim payment of interest** was a characteristic that was present in 20.5% of the deposits on the market¹², with monthly and semi-annual payments standing out.

11. Deposits with full/partial penalisation have an interest penalisation in full or in part, depending on the time elapsed between the opening of the deposit/ payment of interest and early withdrawal, whereas deposits with a full penalisation penalise the interest in full, irrespective of the time elapsed between the opening of the deposit/payment of interest and withdrawal.

12. In deposits with interim interest payments that allow customers to choose the frequency, the shortest time interval was considered.

There were also four deposits with pre-payment of interest, corresponding to 2.2% of the total. These deposits had a reduced maturity of deposits (three or six months) and did not allow the early withdrawal of the amounts invested. Deposits with pre-payment of interest had an average interest rate higher than the rest of the offer (0.62 percentage points more).

Chart I.2.8 • Interest payment frequency of simple time deposits for the general public
| December 2020



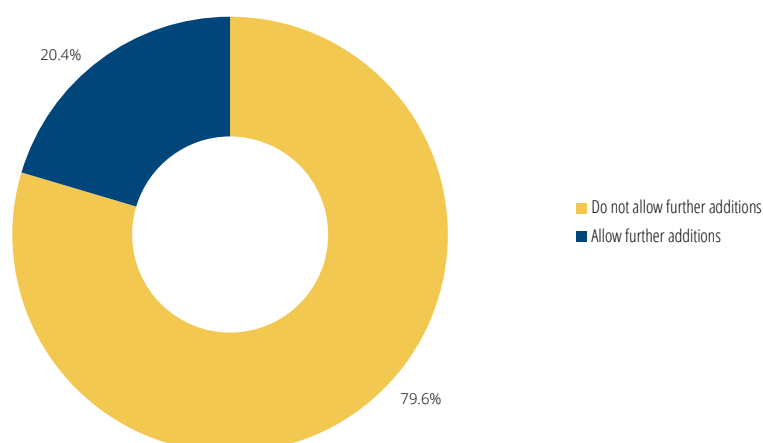
Source: Banco de Portugal.

... Around one-fifth of the deposits allowed further additions to the amounts invested.

At the end of 2020, 20.4% of simple time deposits allowed further additions to the amounts invested. Of these deposits, 21.1% did not require a minimum further amount and all allowed early withdrawal of funds.

The deposits that allowed further additions to the amounts deposited had an average interest rate of 0.07%, lower than the 0.18% of deposits that did not have this possibility.

Chart I.2.9 • Possibility of further additions to simple time deposits for the general public
| December 2020



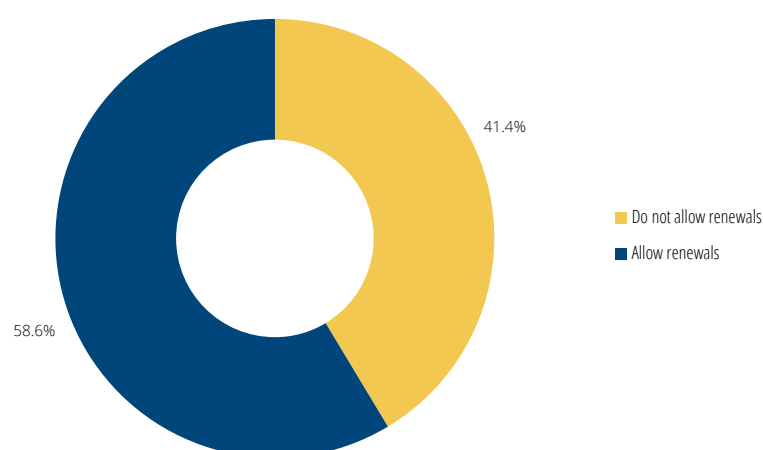
Source: Banco de Portugal.

More than half of the deposits allowed the renewal of the amounts at maturity.

Of the deposits on the market, 58.6% allowed for **renewal**¹³ and, of these, most renewed for a period equal to their initial maturity (96,3%).

The average rate of return on deposits with the possibility of renewal was 0.06%, lower than that on deposits without this possibility (0.29%).

Chart I.2.10 • Possibility of renewal of simple time deposits for the general public
| December 2020



Source: Banco de Portugal.

The possibilities of early withdrawal, further additions and renewal of the deposit were more frequent in digital channels.

Deposits for the general public marketed through digital channels had more flexible characteristics than those marketed through traditional channels.

In digital channels, 85.4% of deposits had lower **minimum opening amounts** (EUR 500 or less), a proportion that falls to 56.5% in traditional channels.

All deposits in digital channels allowed total or partial **early withdrawal**, while in traditional channels deposits with this possibility accounted for 87.7% of the total. More than one fifth (22.9%) of the deposits marketed on digital channels did not impose any type of penalisation in the event of early withdrawal, compared with 12.3% on deposits in traditional channels.

The payment of interest at maturity was more frequent in deposits marketed through digital channels (95.8%) than in those made available through traditional channels (71%). At the end of the year, no deposits with pre-payment of interest were being marketed on digital channels.

13. In accordance with the agreement, renewal may be automatic or require an express request from the customer at the end of the deposit's maturity. At the end of 2020, there was still a minority of deposits that imposed time limits on renewals, i.e. deposits that renew for a limited period of time, after which the deposit is settled. Moreover, the renewal may involve the same conditions or give rise to a new deposit, with different conditions from the initial ones.

The possibility of further additions to amounts invested was more frequent in digital channels (22.9%) than in traditional channels (19.6%). In digital channels, the possibility of renewing the deposit was also more frequent (75%) than in traditional channels (52.9%).

Table I.2.1 • Main characteristics of simple time deposits marketed in digital channels and in traditional channels | December 2020

	Traditional channels	Digital channels
Minimum opening amount of 500 euros or less	56.5%	85.4%
Possibility of early withdrawal	87.7%	100.0%
Payment of interest only at maturity	71.0%	95.8%
Possibility of further additions	19.6%	22.9%
Possibility of renewal	52.9%	75.0%

Source: Banco de Portugal.

3 Simple time deposits for new customers and new amounts

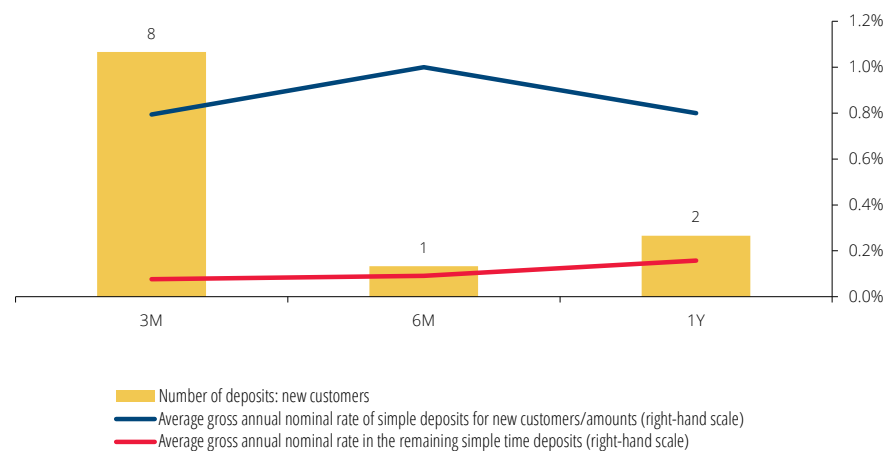
Simple time deposits for new customers and new amounts are usually aimed at attracting customers and resources by credit institutions. For this reason, they generally have a higher interest rate than the rest.

In December 2020, eight institutions marketed 12 deposits for new customers and new amounts (13 deposits from nine institutions in the previous year), with two deposits being marketed exclusively through digital channels. Of the 12 deposits for new customers and new amounts, nine were for the general public and three were linked to the optional sale of other financial products and services. Almost all of them had a maturity of one year or less (11 deposits), with an emphasis on the three-month maturity (eight deposits).

... The deposits aimed at new customers and new amounts had, on average, a higher rate than the rest of the offer, in maturities up to one year.

The spread was 0.72 percentage points in the three-month maturity, 0.91 percentage points in the six-month maturity and 0.64 percentage points in the one-year maturity.

Chart I.3.1 • Remuneration of deposits for new customers and new amounts vis-à-vis the remaining offer of simple time deposits, by maturity (up to one year) | December 2020



Source: Banco de Portugal.

Of the 12 deposits aimed at new customers or new amounts, ten allowed the **early withdrawal** of the funds deposited and, of these, the majority (eight deposits) had full interest penalisation.

Almost all of these deposits **paid interest** only at maturity (nine deposits) and two deposits had pre-payment of interest.

None of them allowed the **renewal** or **further additions** to the amounts invested, as they were intended for a specific moment of attracting new customers or reinforcing the banking relationship.

The **minimum opening amounts** of these deposits were, in general, more demanding than the rest of the offer. All of them had minimum opening amounts of 500 euros or more, three of which had minimum opening amounts of ten thousand euros or more. They also had **maximum opening amounts** that ranged from ten thousand euros (one deposit) to 200 thousand euros (two deposits).

II Structured deposits

- 1 Market developments
- 2 Structured deposits marketed
- 3 Remuneration of matured structured deposits

1 Market developments

Structured deposits are time deposits whose remuneration depends, in full or in part, on the evolution of financial instruments or relevant economic or financial variables (e.g. stocks, stock indices, commodity prices).

The number of structured deposits marketed and the amount invested fell for the fifth consecutive year.

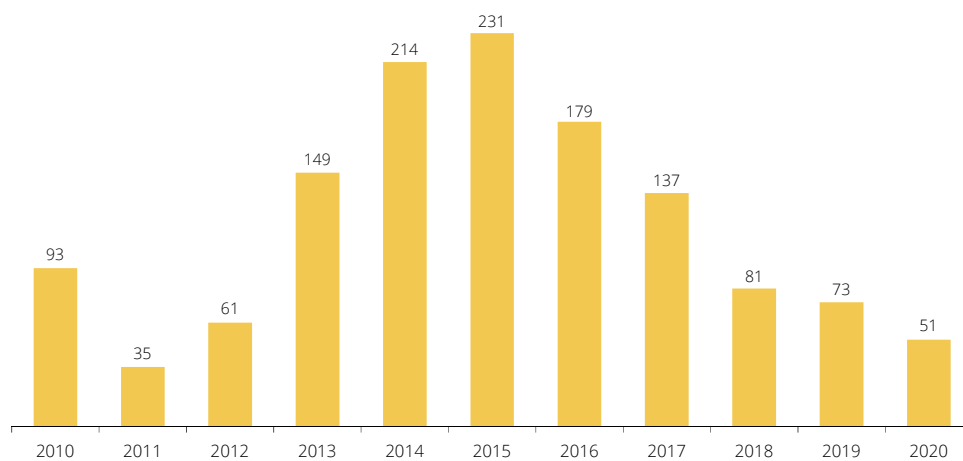
The number of structured deposits marketed in 2020 fell once again. Six institutions marketed 51 structured deposits¹, 22 fewer deposits than in 2019.

EUR 250.4 million was invested in structured deposits by 13,338 depositors, respectively, 68% and 61.9% less than in the previous year.

In 2020, 105 structured deposits matured. Most matured structured deposits (76.2%) paid the minimum expected gross annual nominal rate and 3.8% had a zero gross annual nominal rate. The maximum expected gross annual nominal rate was paid on 10.5% of matured deposits.

At the end of the year, the total amount invested in this type of deposits was EUR 742.4 million, compared with EUR 2789.5 million at the end of 2019 (73.4% less). In the total amount invested by bank customers in time deposits, structured deposits had a residual weight (0.8% in 2020, compared to 3.2% in 2019).

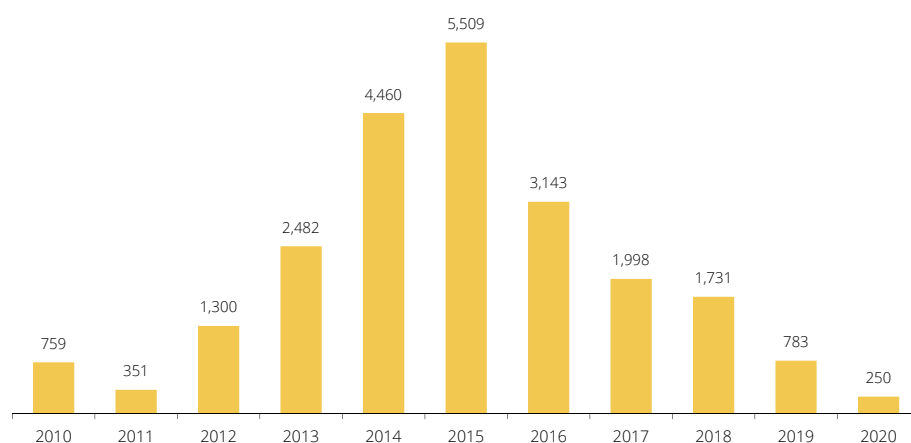
Chart II.1.1 • Number of structured deposits marketed | 2010-2020



Source: Banco de Portugal.

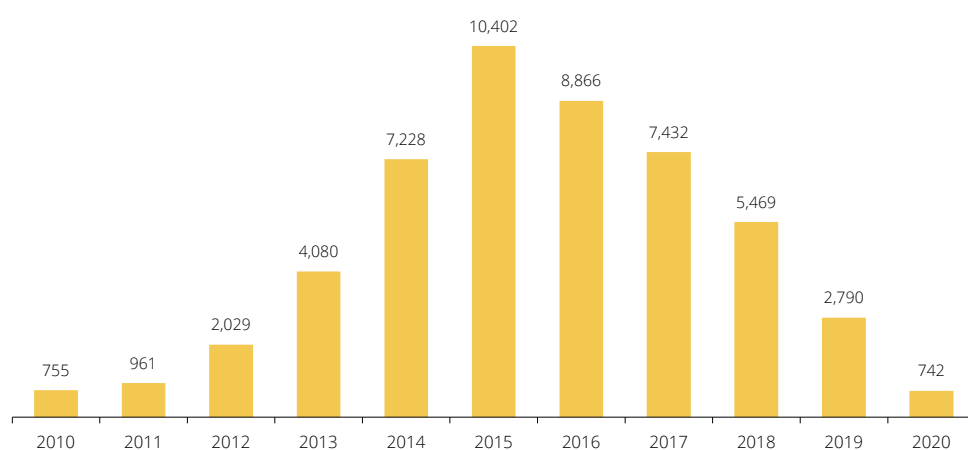
1. The supervisory role of Banco de Portugal in 2020 regarding structured deposits is presented in the *Banking Conduct Supervision Report 2020*.

Chart II.1.2 • Amounts invested in structured deposits | EUR million | 2010-2020



Source: Banco de Portugal.

Chart II.1.3 • Amounts invested in structured deposits at end of period | EUR million | 2010-2020



Source: Banco de Portugal.

2 Structured deposits marketed

Fifty-one structured deposits were marketed, 30.1% less than in the previous year. The drop in supply in 2020 was more pronounced than in 2019 (9.9% less) and occurred in most institutions that marketed structured deposits.

... The number of depositors and the amount invested fell more than
... the supply of structured deposits.

EUR 250.4 million was invested in structured deposits by 13 338 depositors (compared to EUR 783.3 million and 35,002 depositors in 2019). The demand for structured deposits fell significantly in terms of the number of depositors (61.9% less than in 2019) and the amount invested in these deposits (68% less), reductions that were greater than in 2019 (53.5% and 54.8% less, respectively).

The average amount invested per depositor also went down, from EUR 22,377 in 2019 to EUR 18,772 in 2020 (16.1% less).

Table II.2.1 • Evolution of structured deposits marketed^(a) | 2018-2020

	2018	2019	2020	2017-2018	2018-2019	2019-2020
Number of deposits marketed	81	73	51	-40.9%	-9.9%	-30.1%
Amount deposited (EUR million) ^(b)	1,731.3	783.3	250.4	-13.3%	-54.8%	-68.0%
Number of depositors ^(c)	75,249	35,002	13,338	-27.1%	-53.5%	-61.9%
Average amount per depositor	23,008	22,377	18,772	18.9%	-2.7%	-16.1%

Source: Banco de Portugal. | Notes: (a) For deposits in currencies other than euro, the amounts deposited were converted into euro based on the exchange rates published by the ECB on the dates the deposits were opened. (b) The number of depositors corresponds to the number of subscriptions of structured deposits, where the customer may subscribe different deposits.

2.1 Type of depositors

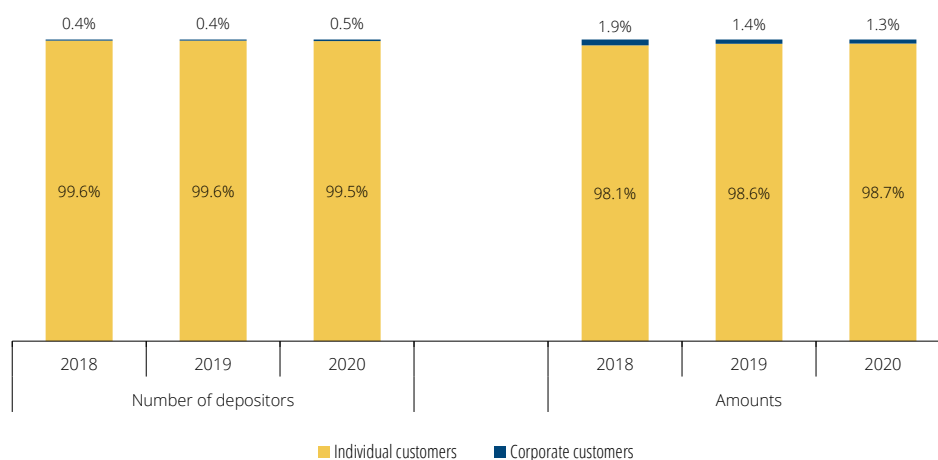
... Structured deposits continued to be subscribed mainly
... by individual customers.

Individual customers accounted for 99.5% of depositors and 98.7% of the amounts invested in structured deposits in 2020, figures similar to those of the previous year.

... The average amount deposited went down, particularly
... for corporate customers.

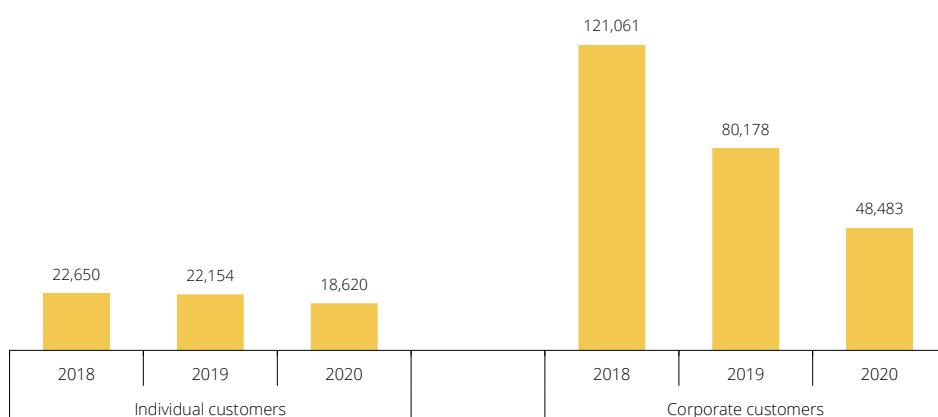
Individual customers deposited, on average, EUR 18,620 in structured deposits, which corresponds to a reduction of 16%, compared to 2019 (EUR 3,534 less). For corporate customers, the average amount deposited was EUR 48,483, 39.5% less than in 2019 (EUR 31,695 less).

Chart II.2.1 • Distribution of the number of depositors and of the amount deposited, by type of depositors | 2018-2020



Source: Banco de Portugal.

Chart II.2.2 • Average amount deposited in structured deposits, by type of depositors | EUR | 2018-2020



Source: Banco de Portugal.

2.2 Currency of denomination

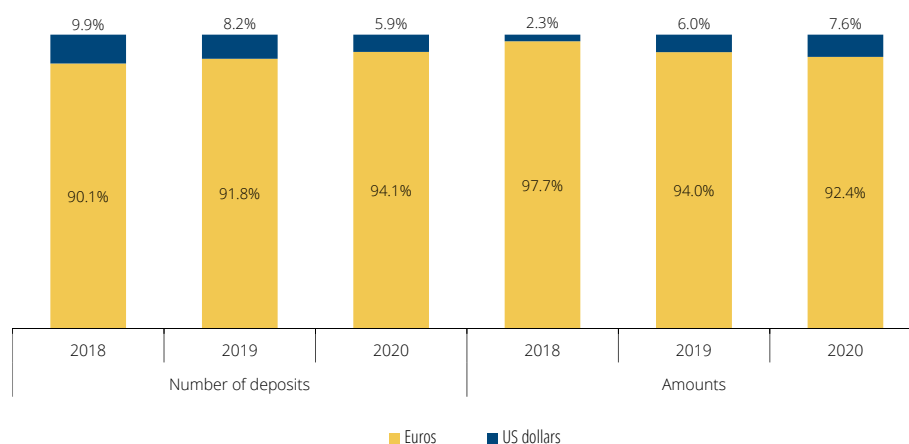
Almost all structured deposits marketed were denominated in euros.

Most of the structured deposits marketed continued to be denominated in euros (94.1%), a higher percentage than in 2019 (91.8%). Of the amounts invested in structured deposits in 2020, 92.4% were deposits denominated in euros, slightly less than in 2019 (94%).

Three US dollar-denominated structured deposits were marketed, corresponding to 5.9% of the number of structured deposits and 7.6% of the amounts invested (8.2% and 6%, respectively, in 2019). No structured deposits denominated in other currencies were marketed.

The average amount per depositor in euro-denominated structured deposits was EUR 17,979, significantly lower than the average amount of EUR 40,565 in deposits denominated in US dollars.

Chart II.2.3 • Distribution of the number of structured deposits and of the amount deposited, by currency of denomination | 2018-2020



Source: Banco de Portugal.

2.3 Markets of reference rates

The remuneration of structured deposits depends on the evolution of economic and financial instruments or variables associated to the equity, monetary, foreign exchange or commodities markets.

... All deposits marketed had their remuneration linked to reference rates of the equity market, as in 2019.

Deposits with remuneration associated to the **equity market** may be based on the performance of a share, a basket of shares, a stock index, a basket of indices or an Exchange Traded Fund (ETF). In 2020, the diversity of stock market reference rates declined once again. Fifty deposits marketed had a basket of shares as reference and only one had its remuneration linked to the evolution of a **basket of stock indices**.

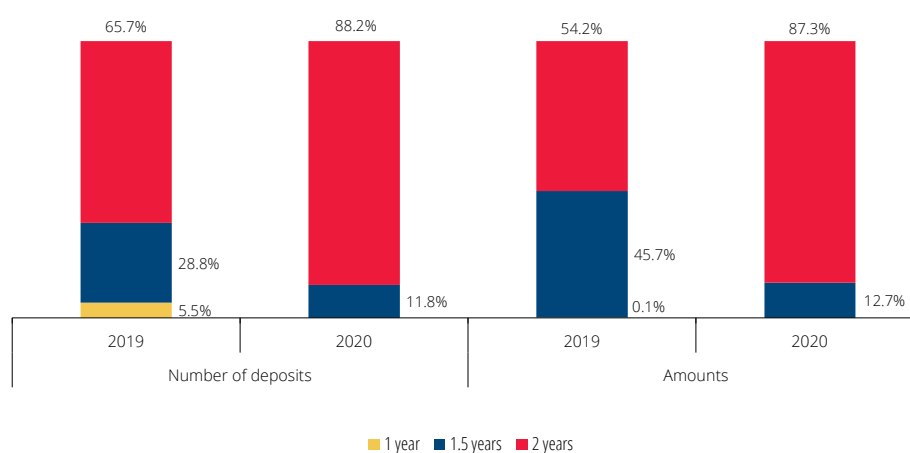
2.4 Maturities

... The weight of the two-year maturity increased in the number
... of deposits marketed and in the amounts invested.

Structured marketed deposits with a **two-year maturity** continued to be predominant², with their relative weight increasing from 65.7% in 2019 to 88.2% in 2020. Six deposits with a maturity of one and a half years were also marketed, representing 11.8% of the total (28.8% in 2019).

The weight of amounts invested in two-year deposits also increased from 54.2% in 2019 to 87.3% in 2020. EUR 218.6 million was invested in deposits with a maturity of two years and EUR 31.8 million in deposits with a maturity of one and a half years.

Chart II.2.4 • Distribution of the number of deposits and of the amount deposited, by maturity
| 2019 and 2020



Source: Banco de Portugal.

2.5 Depository institutions

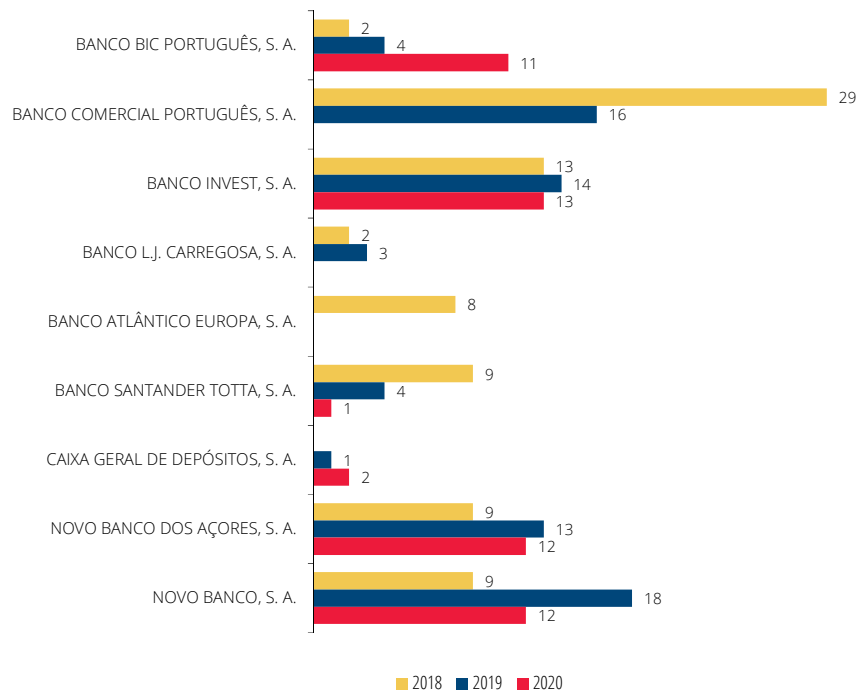
... Six institutions marketed structured deposits, two less than
... in 2019.

The institutions that marketed this type of deposits were the same as in the previous year, except for Banco Comercial Português and for Banco L. J. Carregosa, which did not market structured deposits in 2020.

Banco Invest was the institution that marketed the largest number of structured deposits (13 deposits), followed by Novo Banco and Novo Banco dos Açores, both marketing 12 deposits.

2. The maximum maturity of two years in the marketing of structured deposits is related with guidelines issued by Banco de Portugal to credit institutions in 2016. In the context of historically low interest rates, Banco de Portugal has indicated that it does not consider the marketing of structured deposits with maturities of more than two years to be appropriate, given that these deposits do not allow early withdrawal and prevent depositors from retrieving their savings for an extended period of time.

Chart II.2.5 • Number of structured deposits marketed, by institution | 2018-2020



Source: Banco de Portugal.

3 Remuneration of matured structured deposits

The 105 matured structured deposits³ had maturities between one and five years and their remuneration rate (gross annual nominal rate) varied between zero and 3.93%, with a median rate of 0.1%.

Table II.3.1 • Matured structured deposits^(a) | 2018-2020

	Depósitos vencidos		
	2018	2019	2020
Number	161	169	105
Amount repaid (EUR million) ^(b)	3,693.5	3460.0	2,294.5
Gross remuneration (EUR million)	43.9	80.3	29.0
Number of depositors ^(c)	203,374	182,925	107,354

Source: Banco de Portugal. | Note: (a) The number of depositors corresponds to the number of subscriptions to structured deposits, with the same customer being able to subscribe several deposits.

3. A simple component of a structured deposit, which had been subscribed in 2017 with a maturity of three years, also matured. This simple component earned a gross annual nominal rate of 0.46%.

3.1 Type of depositors, currency and maturity of deposits

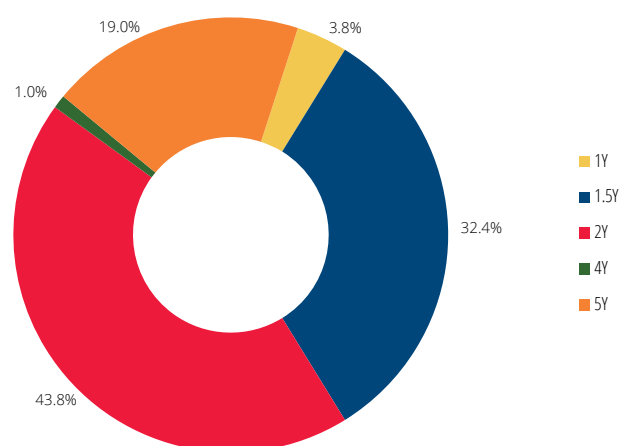
The 105 structured deposits that matured in 2020 had been mostly subscribed by individual customers (99.5%).

Of these deposits, 100 were denominated in euros (95.2% of the matured deposits) and five in US dollars (4.8%).

..... Mated structured deposits had mainly two years or one
..... and a half years maturities.

The most frequent maturity of matured structured deposits was two years (43.8%), followed by a maturity of one and a half years (32.4%) and five years (19%).

Chart II.3.1 • Distribution of the number of matured structured deposits, by maturity^(a) | 2020



Source: Banco de Portugal. | Note: (a) In 2020, 20% of matured structured deposits had maturities of more than two years. These are deposits subscribed in 2015 and 2016, before the guidelines on maturities issued by Banco de Portugal in mid-2016.

3.2 Markets of reference rates

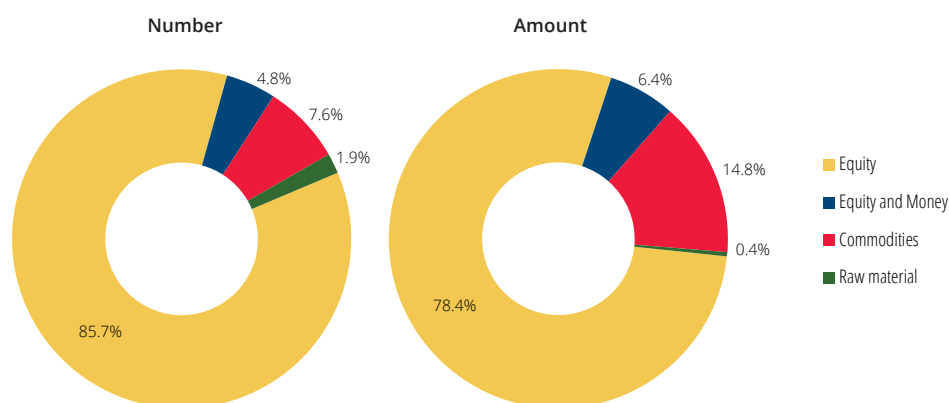
..... Mated deposits continued to be most frequently indexed
..... to the equity market and to pay the minimum remuneration.

Of the 105 structured deposits that matured in 2020, 90 (85.7% of the total) were indexed to the evolution of the **equity market**. Of the remaining structured deposits that matured in 2020, eight were linked to the performance of the **money market** (7.6%), five were linked to the performance of both the **equity and money markets** (4.8%) and two were linked to the performance of the **commodities market** (1.9%).

Of the total number of matured structured deposits, more than three quarters (76.2%) paid the minimum remuneration rate foreseen in the pre-contractual information and 3.8% (four deposits) earned a rate of zero. Conversely, 10.5% earned the maximum expected gross annual nominal rate, which ranged between 0.98% and 3%.

Of the 105 structured deposits that matured, just over one third (36.2%) paid a remuneration rate higher than the gross annual nominal rate of a simple time deposit marketed by the same institution for the same maturity.

Chart II.3.2 • Distribution of the number of deposits and of the amount deposited of matured structured deposits, by reference rate market | 2020



Source: Banco de Portugal.

Table II.3.2 • Remuneration rates of matured structured deposits | 2020

Market of reference rates	Total deposits	Gross annual nominal rate paid							
		Minimum foreseen in the pre-contractual information document		of which: zero		Maximum foreseen in the pre-contractual information document		Higher than that of a simple time deposit	
		Number of deposits	Proportion	Number of deposits	Proportion	Number of deposits	Proportion	Number of deposits	Proportion
Equity	90	66	73.3%	4	4.4%	10	11.1%	28	31.1%
Money	8	7	87.5%			1	12.5%	8	100.0%
Equity and money	5	5	100.0%					2	40.0%
Commodities	2	2	100.0%						
Total	105	80	76.2%	4	3.8%	11	10.5%	38	36.2%

Source: Banco de Portugal.

3.2.1 Structured deposits indexed to the equity market

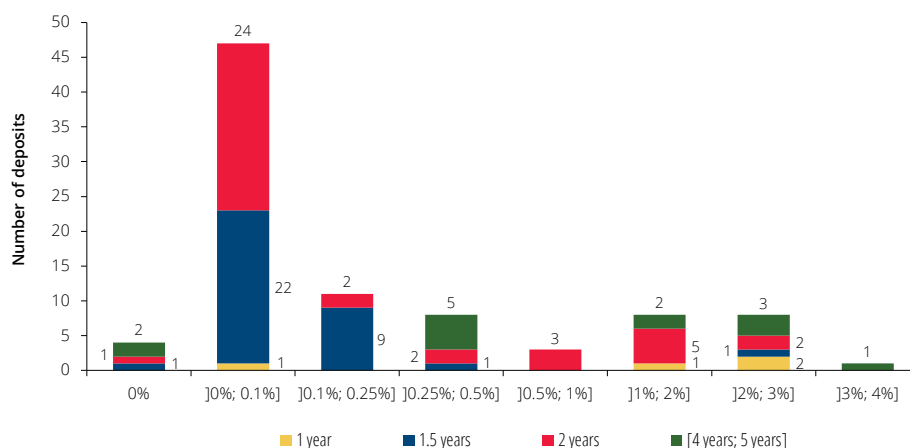
Of the 90 matured structured deposits that were linked to the performance of the equity market, 39 had a maturity of two years, 34 had a maturity of one and a half years and 4 had a maturity of one year. There were also 13 matured deposits with a five-year maturity.

More than half of the matured deposits linked to the equity market paid a gross annual nominal rate of 0.1% or less.

Of the matured deposits whose remuneration was linked to the performance of equity markets, 56.7% paid a gross annual nominal rate of 0.1% or less. In contrast, 10% of the deposits had a gross annual nominal rate between 2% and 4%.

Higher remuneration rates were more frequent in deposits with longer maturities. Of the 17 deposits with remuneration rates above 1%, 76.5% had a maturity of two years or more, and the only deposit with a remuneration rate between 3% and 4% had a maturity of five years.

Chart II.3.3 • Gross annual nominal rate of matured structured deposits linked to the equity market, by remuneration category | 2020



Source: Banco de Portugal.

Most matured deposits linked to the equity market (73.3%) paid the minimum remuneration indicated in the pre-contractual information document and 4.4% had a gross annual nominal rate of zero. In contrast, 11.1% of these deposits paid the maximum remuneration rate pre-determined in the pre-contractual information document (between 0.98% and 3%).

Of these deposits, 31.1% earned a gross annual nominal rate higher than that of a simple deposit offered by the same institution and for the same maturity.

Table II.3.3 • Remuneration rates of matured structured deposits indexed to the equity market | 2020

Maturity of the deposit	Total deposits	Gross annual nominal rate paid							
		Minimum foreseen in the pre-contractual information document		of which: zero		Maximum foreseen in the pre-contractual information document		Higher than that of a simple time deposit	
		Number of deposits	Proportion	Number of deposits	Proportion	Number of deposits	Proportion	Number of deposits	Proportion
1 year	4	1	25.0%			3	75.0%	3	75.0%
1,5 years	34	32	94.1%	1	2.9%	0	0.0%	1	2.9%
2 years	39	27	69.2%	1	2.6%	6	15.4%	14	35.9%
[4 years; 5 years]	13	6	46.2%	2	15.4%	1	7.7%	10	76.9%
Total	90	66	73.3%	4	4.4%	10	11.1%	28	31.1%

Source: Banco de Portugal.

3.2.2 Structured deposits indexed to other markets

In 2020, eight structured deposits linked to the **money market** matured, six benchmarked to the Euribor rate and two linked to the swap rate in the five and ten-year maturities. These eight deposits, with maturities of four and five years, paid remuneration rates between 0.35% and 1.77%. The minimum rate foreseen in the pre-contractual information document was paid in seven of these deposits, varying between 0.35% and 1.23%. Only one deposit paid the maximum rate indicated (1.77%). All these deposits registered a rate of return higher than the rate of the simple deposits offered by the institution, for the same maturity.

All of the five structured deposits linked simultaneously to the **equity and money market** that matured, had as reference a basket of shares and the Euribor rate. All these deposits had a maturity of two years and paid a gross annual nominal rate of 0.03%, which corresponded to the minimum gross annual nominal rate foreseen in the respective pre-contractual information documents. In two of these deposits, the remuneration rate was slightly higher than that of the simple deposits offered by the institution, for the same maturity.

Two deposits linked to the **commodities market**, in particular to developments in the price of oil, also matured. These deposits had a maturity of two years and paid a gross annual nominal rate of 0.05%, which corresponded to the minimum rate indicated in the pre-contractual information document. Both earned a gross annual nominal rate lower than the remuneration rate of a simple time deposit offered by the institution, for the same maturity.

III Home loans and mortgage loans

1 Market developments

2 Home loans

3 Other mortgage loans

1 Market developments

⋮ The amount of home loans granted increased but the number of new agreements decreased.

In the **home loans' market**, 90,633 new agreements were concluded in 2020 (1.9% less than in 2019¹) and around EUR 10.8 billion was granted (4.7% more).

There were 1.45 million home loan agreements outstanding at the end of 2020, a very similar figure to that at the end of 2019. These agreements corresponded to an outstanding balance of EUR 90.2 billion (3.2% more). The growth in the average amount granted for agreements concluded in 2020 (6.7% more than in 2019) contributed to this increase.

⋮ The amount of other mortgage loans decreased.

In the **other mortgage loans market**², 13,536 new agreements were concluded in 2020 (3.7% less than in 2019) and around EUR 772 million were granted (4.5% less than in 2019). There were about 497 thousand other mortgage loans agreements outstanding at the end of 2020 (3.9% less), with an outstanding balance of EUR 11.5 billion (3.8% less). In new agreements there was a slight decrease in the average amount granted (0.9% less).

Table III.1.1 • Main indicators of the home loan and other mortgage loans market

In 2020	Home loans	Other mortgage loans
Credit amount granted	EUR 10.8 billion (+4.7% versus 2019)	EUR 772 million (-4.5% versus 2019)
Number of agreements concluded	90,633 (-1.9% versus 2019)	13,536 (-3.7% versus 2019)
Average amount per agreement	EUR 119,371 (+6.7% versus 2019)	EUR 57,048 (-0.9% versus 2019)
Position at 31-12-2020	Home loans	Other mortgage loans
Balance outstanding	EUR 90.2 billion (+3.2% versus 2019)	EUR 11.5 billion (-3.8% versus 2019)
Number of agreements	1.45 million (0.0% versus 2019)	497 thousand (-3.9% versus 2019)

Source: Banco de Portugal.

1. The figures for 2019 published in this report may differ from those published in the 2019 Banking Markets Monitoring Report due to corrections to the information reported by institutions.

2. Agreements that do not have a housing purpose, but are guaranteed by a mortgage on property.

2 Home loans

Home loan agreements are those aimed at the acquisition or construction of residential real estate and land, whether or not backed by mortgage on real estate. This category includes agreements in the form of financial leasing of residential real estate.

2.1 Developments in the contracting of home loans

... The growth in the amount of home loans was less expressive
... than in the last seven years.

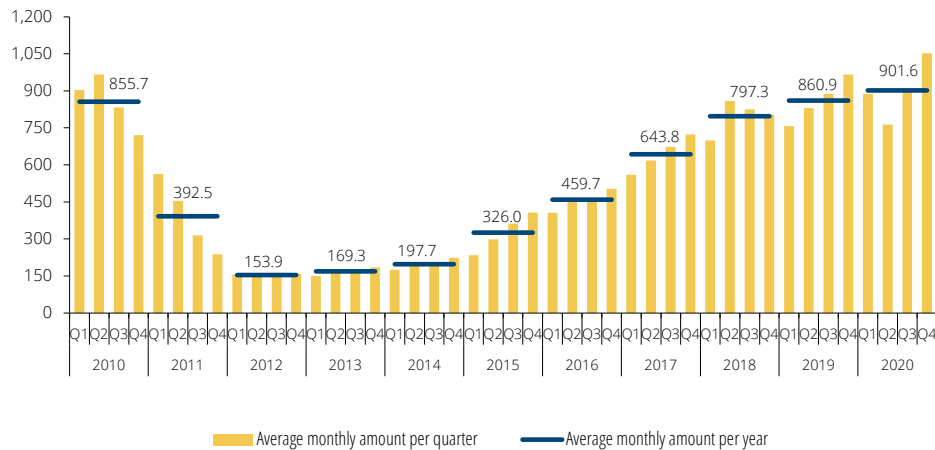
An average of 7553 home loan agreements were concluded per month, which corresponds to a drop of 1.9%, versus 2019, and compares with a 4.8% growth in that year. These agreements corresponded, on average, to **EUR 901.6 million** in home loans per month, 4.7% more than in 2019, which compares to a growth of 8% in that year. The growth in the amount of home loan agreements was the lowest since 2013 and the number of new agreements decreased for the first time in this period.

... After contracting in the second quarter, the home loans' market
... recovered in the second half of 2020.

The **amount of home loans** granted increased by 17.1% in the first quarter of the year, versus the same period of 2019. However, in the second quarter of 2020 there was a year-on-year decrease of 8.1%, which may be related to the implementation of mitigation measures for the COVID-19 pandemic. In the third and fourth quarters, the home loans market recovered, with the amount of credit granted once again surpassing the values seen in the same periods of the previous year. Particularly noteworthy was the 8.8% growth in the fourth quarter, versus the same period of 2019.

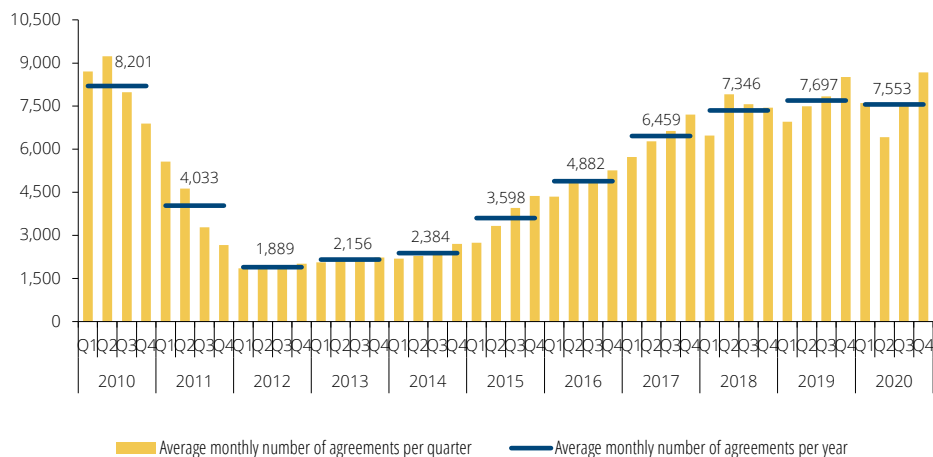
The **number of agreements concluded** grew 9.4% in the first quarter of the year, versus the same period of 2019, but decreased in the second and third quarters (down by 14.4% and 4%, respectively). In the fourth quarter of the year, the number of agreements concluded recovered, once again surpassing the value recorded in the same period of 2019 (up by 1.9%).

Chart III.2.1 • Home loans | Average monthly credit amount granted | EUR million | 2010-2020



Source: Banco de Portugal.

Chart III.2.2 • Home loans | Average monthly number of agreements concluded | 2010-2020



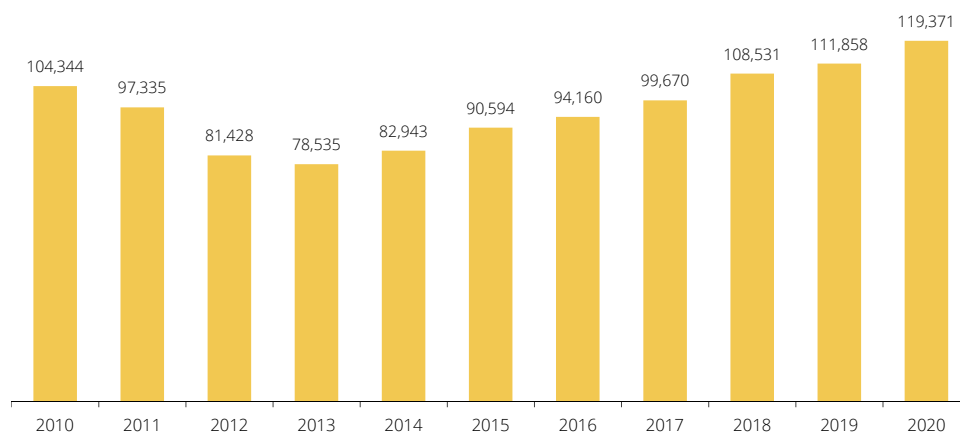
Source: Banco de Portugal.

∴ The average loan amount continued the upward trend.

The **average loan amount granted for new agreements** increased by around EUR 7500 (from EUR 111,858 in 2019 to EUR 119,371 in 2020).

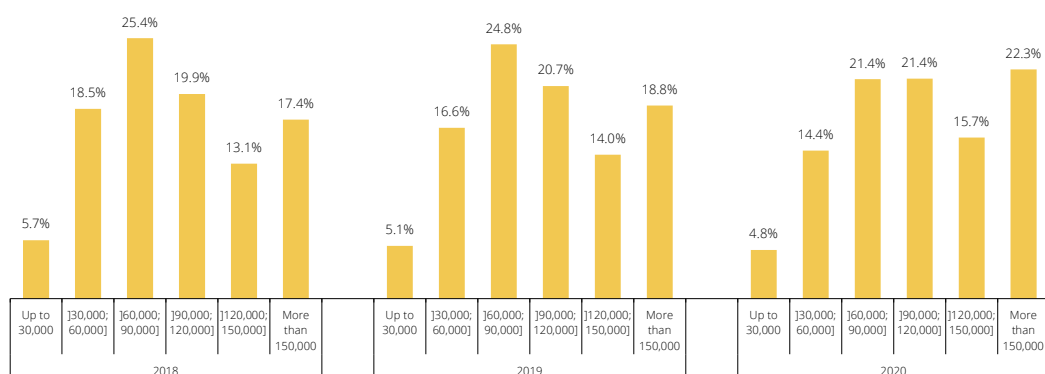
Amounts over EUR 120 thousand were more frequent, representing 38% of the agreements concluded in 2020 (32.8% in 2019). In contrast, the weight of new agreements with amounts of less than EUR 90 thousand decreased, now representing around 40% of the agreements concluded in 2020 (46.5% in 2019).

Chart III.2.3 • Home loans | Average amount granted for agreements concluded | 2010-2020



Source: Banco de Portugal.

Chart III.2.4 • Home loans | Distribution of the number of new agreements by credit amount granted | Agreements concluded 2018-2020



Source: Banco de Portugal.

Most home loan agreements concluded in 2020 were guaranteed by a mortgage (99.3% of the agreements and 99.4% of the amount granted). In that year, 612 mortgage-free home loan agreements, with an loan amount granted of approximately EUR 55 million, and 50 home loan agreements in the form of leasing, with an amount of approximately EUR 7 million, were also concluded.

Table III.2.1 • Home loans | Credit amount granted, number of agreements concluded and average amount per loan, by type of credit | Agreements concluded 2018-2020

		2018	2019	2020	2019-2018	2020-2019
Credit amount granted (EUR million)	Mortgage-backed home loans	9,530	10,308	10,758	8.2%	4.4%
	Mortgage-free home loans	33	19	55	-42.0%	187.7%
	Real-estate financial lease	4	4	7	0.3%	54.8%
	Total	9,567	10,331	10,819	8.0%	4.7%
Number of agreements	Mortgage-backed home loans	87,840	92,114	89,971	4.9%	-2.3%
	Mortgage-free home loans	289	230	612	-20.4%	166.1%
	Real-estate financial lease	24	14	50	-41.7%	257.1%
	Total	88,153	92,358	90,633	4.8%	-1.9%
Average amount per loan (EUR)	Mortgage-backed home loans	108,495	111,900	119,566	3.1%	6.9%
	Mortgage-free home loans	113,229	82,562	89,262	-27.1%	8.1%
	Real-estate financial lease	181,727	312,612	135,530	72.0%	-56.6%
	Total	108,531	111,858	119,371	3.1%	6.7%

Source: Banco de Portugal.

2.2 Portfolio developments

... The amount outstanding in the home loan portfolio of institutions went up more than in the previous year.

Credit institutions had around 1.45 million home loan agreements in their portfolio at the end of 2020 (similar to 2019)³. These agreements had an **outstanding balance** of EUR 90.2 billion (3.2% more), a development that reinforces the increase seen in 2019 (1.7% more).

Table III.2.2 • Home loans | Number, balance outstanding and average balance of agreements outstanding | Position at 31 December (2018-2020)

	Position of the portfolio			Variation	
	31-12-2018	31-12-2019	31-12-2020	2019-2018	2020-2019
Balance outstanding (EUR million)	85,932	87,396	90,152	1.7%	3.2%
Number of agreements	1,456,320	1,447,868	1,447,536	-0.6%	0.0%
Average balance outstanding per agreement (EUR)	59,007	60,362	62,280	2.3%	3.2%

Source: Banco de Portugal.

3. The evolution of the number of agreements in the portfolio is influenced by not only the agreements concluded, but also the total early repayments, the sales of portfolios by some credit institutions and the maturity of agreements due to the normal course of time.

The agreements concluded in the last five years represented 41.2% of the outstanding balance in the institutions' portfolios at the end of 2020, compared to 36% at the end of 2019. The agreements concluded between 2004 and 2010 continued to represent a significant proportion of the portfolio of the credit institutions at the end of 2020 (39.9% of the outstanding balance), although their weight decreased, compared to the end of 2019 (44.8%).

Most of the home loans' portfolio was backed by a mortgage.

At the end of 2020, the 1,441,183 mortgage-backed home loan agreements in the portfolio had an outstanding balance of EUR 89,874 million. There were also 5601 mortgage-free home loans in the portfolio, with an outstanding balance of EUR 206 million, and 752 real-estate financial lease agreements, with an outstanding balance of EUR 73 million.

Table III.2.3 • Home loans | Number of agreements, balance outstanding and average balance by type of credit | Position at 31 December (2018-2020)

		Position of the portfolio			Variation	
		31-12-2018	31-12-2019	31-12-2020	2019-2018	2020-2019
Balance outstanding (EUR million)	Mortgage-backed home loans	85,621	87,158	89,874	1.8%	3.1%
	Mortgage-free home loans	216	165	206	-23.5%	24.6%
	Real-estate financial lease	95	73	73	-23.7%	0.0%
	Total	85,932	87,396	90,152	1.7%	3.2%
Number of agreements	Mortgage-backed home loans	1,449,237	1,442,271	1,441,183	-0.5%	-0.1%
	Mortgage-free home loans	6,140	4,888	5,601	-20.4%	14.6%
	Real-estate financial lease	943	709	752	-24.8%	6.1%
	Total	1,456,320	1,447,868	1,447,536	-0.6%	0.0%
Average balance per agreement (EUR)	Mortgage-backed home loans	59,080	60,431	62,361	2.3%	3.2%
	Mortgage-free home loans	35,136	33,782	36,734	-3.9%	8.7%
	Real-estate financial lease	101,265	102,771	96,851	1.5%	-5.8%
	Total	59,007	60,362	62,280	2.3%	3.2%

Source: Banco de Portugal.

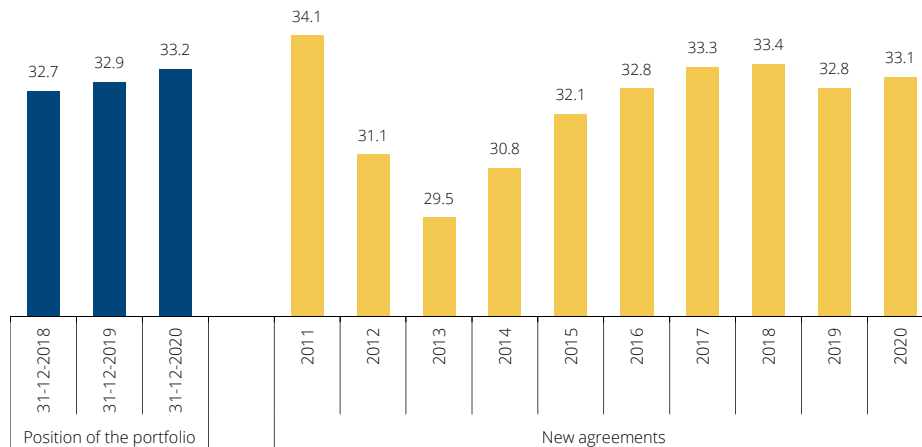
2.3 Maturities of home loans

The average maturity of new home loan agreements and of agreements in the portfolio increased.

The average maturity of home loan agreements concluded in 2020 was 33.1 years, an increase compared to the maturity of agreements concluded in 2019 (32.8 years), in opposition to the decrease that was seen in that year.

The average maturity of **agreements in the portfolio at 31 December 2020** was 33.2 years, which compares to 32.9 years at the end of 2019. This evolution is related to the increase in the average maturity of agreements concluded in 2020, but may also be related to the entry into force of the public moratorium regime, in March 2020⁴, since the temporary suspension of the repayment of principal (or principal and interest) implies an increase in the maturity of the agreement.

Chart III.2.5 • Home loans | Average loan maturity (years) | Position at 31 December (2018-2020) and agreements concluded (2011-2020)



Source: Banco de Portugal.

· Maturities between 35 and 40 years were the most frequent in new home loan agreements.

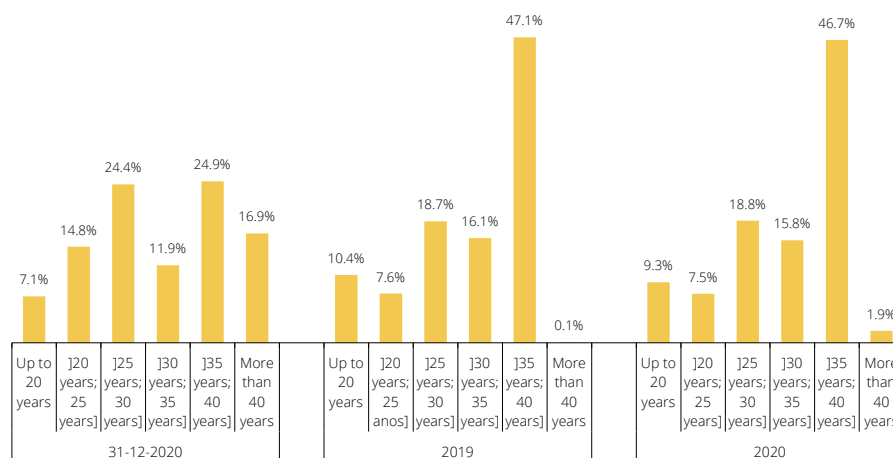
Maturities between 35 and 40 years represented 46.7% of the **agreements concluded** in 2020, but their importance decreased slightly (47.1% in 2019). The importance of shorter initial maturities (25 years or less) also decreased, now representing 16.8% of agreements concluded (18% in 2019). Agreements with a maturity of more than 40 years increased slightly, but continued to have a residual importance (1.9% in 2020).

Most **agreements outstanding in the portfolio at the end of 2020** (61.2%) had initial maturities between 25 and 40 years, with the maturities between 35 and 40 years (24.9%) and between 25 and 30 years (24.4%) standing out.

The remaining maturity of home loan agreements outstanding in the portfolio at the end of 2020 was 21.1 years, higher than at the end of 2019 (20.9 years). This increase occurred in the context of the application of the public moratorium regime, where the introduction of grace periods for principal (or principal and interest) resulted in a lengthening of the remaining loan maturity.

4. Decree-Law No. 10-J/2020, of 26 March, successively amended by Law No. 8/2020, of 10 April, Decree-Law No. 26/2020, of 16 June, Law No. 27-A/2020, of 24 July, Decree-Law No. 78-A/2020, of 29 September, and Decree-Law No. 107/2020, of 31 December.

Chart III.2.6 • Home loans | Distribution of the maturity of agreements | Number of agreements
| Position at 31-12-2020, agreements concluded in 2019 and 2020



Source: Banco de Portugal.

2.4 Type of interest rate⁵

Most of the new home loan agreements continued to have a variable rate, however this type of rate lost importance.

The variable rate represented 82.3% of agreements concluded in 2020 and 82.9% of the amount of credit granted, proportions lower than in 2019 (86.4% and 87.4%, respectively).

Conversely, the importance of **mixed-rate agreements** (which have an initial fixed-rate period followed by a variable-rate period) increased. This type of interest rate now represents 12% of the agreements concluded (10.3% in 2019) and 12.1% of the credit amount granted (9.8% in 2019).

The proportion of **fixed-rate agreements** also increased, representing 5.7% of the number of agreements concluded and 5% of the credit amount granted (compared to 3.3% and 2.8% in 2019, respectively).

The **average APR⁶** of home loan agreements concluded in 2020 was 2.9%. For new variable-rate agreements, the average APR was 2.8%, below the APR of mixed-rate agreements and fixed-rate agreements (3.3% in both cases).

5. Credit agreements can be concluded with three types of interest rate: variable rate, fixed rate and mixed rate. In variable-rate agreements, the interest rate is the sum of the reference rate (e.g. Euribor) and the credit institution's spread. In fixed-rate agreements, the interest rate remains unchanged for the whole maturity of the agreement. Mixed rates are generally associated to agreements with an initial fixed-rate period, followed by a variable rate in the remaining part of the loan maturity.

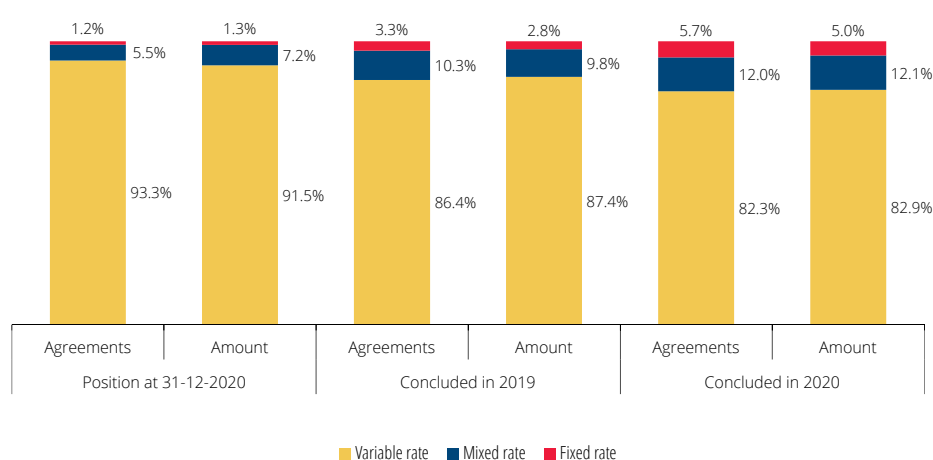
6. In agreements with a variable rate or a mixed rate, the calculation of the APR assumes that the interest rate remains at the same value for the whole duration of the agreement.

In the home loans' portfolio, agreements with a variable rate predominated.

Variable-rate agreements accounted for 93.3% of the number of agreements in the portfolio at the end of 2020 and 91.5% of the balance outstanding.

The mixed rate corresponded to 5.5% of the agreements in the portfolio and 7.2% of the balance outstanding, while the fixed rate continued to have a residual weight, representing 1.2% of the number of agreements in the portfolio and 1.3% of the balance outstanding.

Chart III.2.7 • Home loans | Distribution of the number of agreements and loan amount by type of interest rate | Position at 31-12-2020, agreements concluded in 2019 and 2020



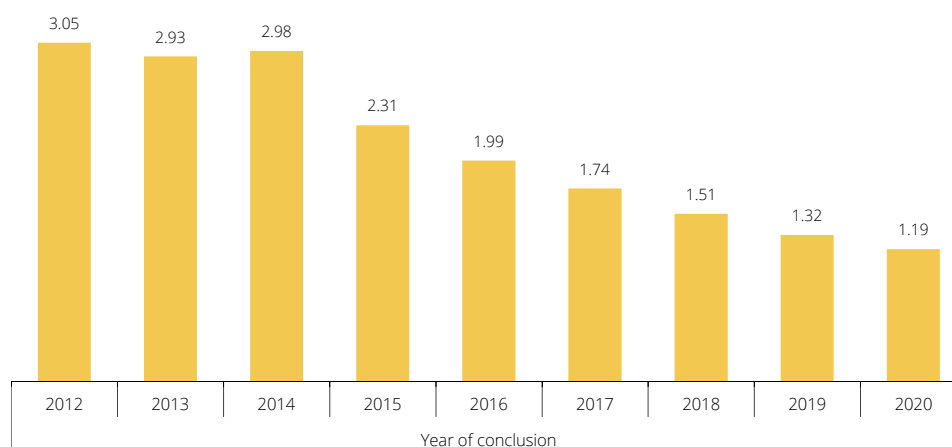
Source: Banco de Portugal.

2.4.1 Variable rate

The average spread of new agreements declined once again.

The average spread of new agreements for home loans indexed to 3, 6 and 12-month Euribors was 1.19 percentage points, 0.13 percentage points less than in 2019 (when there was a 0.19 percentage point decrease).

Chart III.2.8 • Home loans | Evolution of average spreads of variable rate agreements indexed to 3, 6 and 12-month Euribors | Agreements concluded 2012-2020

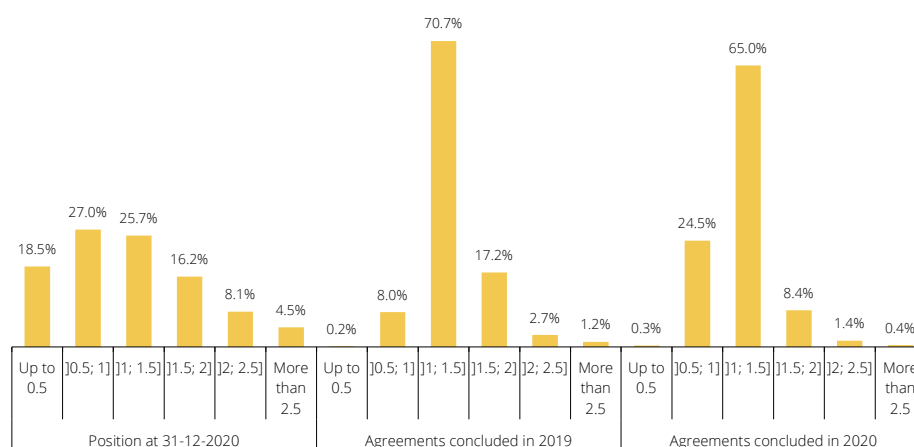


Source: Banco de Portugal.

Most agreements concluded at a variable rate in 2020 (65%) continued to have spreads between 1 and 1.5 percentage points, although the spreads in this range lost importance in relation to 2019 (70.7%). Also noteworthy is the decrease in the weight of spreads between 1.5 and 2 percentage points, from 17.2% in 2019, to 8.4% in 2020. In contrast, the weight of spreads between 0.5 and 1 percentage points increased significantly, representing around a quarter of the variable-rate agreements in 2020, compared to 8% in 2019.

The evolution of average spreads of new agreements contributed to a slight reduction in the average spread of the portfolio, which stood at 1.24 percentage points at the end of 2020 (1.27 percentage points at the end of 2019).

Chart III.2.9 • Home loans | Distribution of the spreads in variable-rate agreements | Position at 31-12-2020, agreements concluded in 2019 and 2020



Source: Banco de Portugal.

The number of agreements indexed to the 6-month Euribor increased, although the 12-month Euribor continued to be more frequent.

The 12-month Euribor represented 73.7% of **new agreements** and of the credit amount granted in 2020, which represents a decline compared to 2019 (93.5% of agreements signed and 93.7% of the amount granted, respectively).

In contrast, the 6-month Euribor was the reference rate of 25.3% of the new variable-rate home loan agreements, corresponding to 25.5% of the credit amount granted, proportions that represent significant increases in relation to the values verified in 2019 (5.5% and 5.4%, respectively).

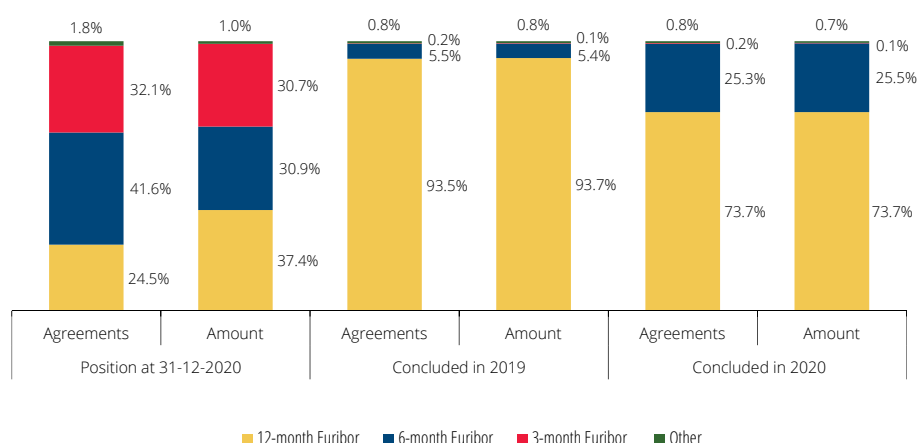
The 3-month Euribor continued to be of residual importance (0.2% and 0.1%, respectively, of the number of agreements and of the amount granted).

More than 40% of variable-rate agreements in the portfolio were indexed to the 6-month Euribor.

Out of the **agreements in the portfolio on 31 December 2020**, the most frequent reference rates were the 6-month Euribor, in terms of number of agreements, and the 12-month Euribor, in terms of balance outstanding. The 6-month Euribor was the reference rate in 41.6% of the agreements and 30.9% of the balance outstanding, while the 12-month Euribor was the reference rate in 24.5% of the agreements and 37.4% of the balance outstanding.

The 3-month Euribor continued to represent almost one third of the variable-rate home loan portfolio (32.1% of agreements and 30.7% of the balance outstanding).

Chart III.2.10 • Home loans | Distribution of the number of agreements and of the amount granted by reference rate of the variable interest rate | Position at 31-12-2020, agreements concluded in 2019 and 2020



Source: Banco de Portugal.

2.4.2 Mixed rate

∴ The initial period of interest rate fixation went up once again.

New home loan agreements concluded at a mixed rate had, on average, an initial fixed-rate period of 12.7 years, around three years and four months more compared to the agreements concluded in the previous year and around six years more than the average period of agreements outstanding at the end of the year.

The nominal annual rate in the initial fixed-rate period of new agreements was, on average, 1.43% (compared to 1.76% in 2019). This rate was, as usual, higher than that of agreements concluded in 2020 at a variable rate indexed to 3, 6 and 12-month Euribor (0.83%).

In the **portfolio**, the average spread of mixed-rate agreements, in which the reference rate was the 3, 6 and 12-month Euribor and which were in the variable-rate period, was 1.16 percentage points, slightly lower than that of variable-rate agreements (1.24 percentage points).

2.4.3 Fixed rate

∴ The average maturity of new fixed-rate agreements increased.

New fixed-rate agreements not related to the settlement of arrears⁷ had an average maturity of 27.2 years, higher than that verified in 2019 (25 years). However, on average, the maturity of these agreements remained considerably shorter than that of the other home loan agreements concluded in 2020 (33.4 years).

The nominal annual rate on fixed-rate agreements was, on average, 2% (2.4% in 2019). These agreements continued to show higher nominal annual rates than variable-rate agreements.

2.5 Early repayments

∴ The number of early repayments and the average amount per repayment went down.

There were 98,330 total or partial early repayments in home loan agreements (5.8% less than in 2019). These repayments involved an amortised principal of EUR 4.2 billion (13.4% less than in 2019), corresponding to around 4.7% of the portfolio's outstanding balance as of 31 December 2020. The average amount per repayment declined from EUR 46,600, in 2019, to EUR 42,844, in 2020.

∴ The number of early repayments in 2020 was affected by the COVID-19 pandemic.

In the first quarter of the year, the number of repayments exceeded that for the same period in 2019 (11% more). However, in the second quarter of 2020, the number of repayments fell by 24.1%, versus

7. About 1.1% of new fixed-rate home loan agreements had a duration of less than five years and had reduced amounts. These were mostly aimed at settling defaults on agreements previously concluded with institutions.

2019, and continued to remain below the 2019 figures in the third and fourth quarters of the year (4.9% less and 5.8% less in comparison to 2019, respectively).

Of the 98,330 early repayments that were made in 2020, 66,475 were **total early repayments**, which corresponded to an amount repaid of EUR 3.9 billion. These figures represent decreases of 14.2% in the number of total early repayments and of 13.6% in the amount repaid, vis-a-vis 2019. In this type of reimbursements, the average amount repaid increased slightly, from EUR 57,595, in 2019, to EUR 57,978, in 2020. Around 30% of total early repayments had amounts of EUR 25,000 or less and more than half of the repayments (52.1%) did not exceed EUR 50,000.

Home loan agreements subject to total early repayment had an average maturity of 32.5 years and, at the time of early repayment, the average remaining maturity was 20.6 years.

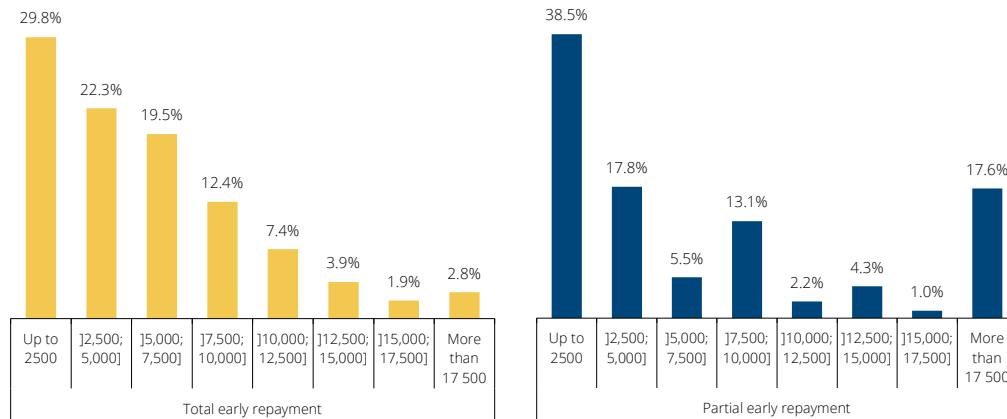
There were also 31,855 **partial early repayments** in home loans, which corresponded to a repaid amount of EUR 359 million. These figures represent an increase in the number of partial early repayments made (18.3% more than in 2019), but a decrease in the amount repaid (10.9% less). On average, each partial repayment made in 2020 corresponded to EUR 11,262, a lower amount than in 2019 (EUR 14,955). In 56.3% of partial early repayments, the amount repaid did not exceed EUR 5,000, and in 17.6% of cases the amount repaid was more than EUR 17,500.

Table III.2.4 • Home loans | Early repayments | 2018-2020

		2018	2019	2020	2019-2018	2020-2019
Amount repaid (EUR million)	Total repayment	4,281	4,462	3,854	4.2%	-13.6%
	Partial repayment	444	403	359	-9.4%	-10.9%
	Total	4,725	4,865	4,213	3.0%	-13.4%
Number of repayments	Total repayment	73,342	77,473	66,475	5.6%	-14.2%
	Partial repayment	26,470	26,916	31,855	1.7%	18.3%
	Total	99,812	104,389	98,330	4.6%	-5.8%
Average amount per repayment (EUR)	Total repayment	58,365	57,595	57,978	-1.3%	0.7%
	Partial repayment	16,781	14,955	11,262	-10.9%	-24.7%
	Total	47,337	46,600	42,844	-1.6%	-8.1%

Source: Banco de Portugal.

Chart III.2.11 • Home loans | Distribution of the amount repaid in advance | EUR | 2020



Source: Banco de Portugal.

2.6 Renegotiation of agreements

From the second quarter onwards, the number and amount of renegotiations decreased in the context of the COVID-19 pandemic.

There were 25,404 renegotiations in home loan agreements (15.7% less than in the previous year), involving 24,497 credit agreements (15.9% less). Renegotiations carried out in 2020 corresponded to a renegotiated credit amount of EUR 2431 million, a reduction of 13.6% versus 2019.

In the first quarter of the year, the number of agreements renegotiated was higher than in the same period of the previous year (33.3% more). However, in the second quarter of 2020, the number of agreements renegotiated fell by 23.2%, versus 2019, having remained below the 2019 values in the third and fourth quarters of the year (36.1% less and 28.9% less versus 2019, respectively). This evolution may be related to the context of the COVID-19 pandemic and, in particular, the application of the public moratorium regime on home loan agreements⁸, as from March 2020.

The amount of renegotiated credit had a similar evolution. In the first quarter of the year, the renegotiated amount grew by 42.5%, versus the same period of 2019. From the second quarter of 2020 onwards, the renegotiated amount was lower than in 2019, with emphasis on the 35.5% reduction seen in the third quarter.

8. The agreements covered by this scheme were not considered renegotiated agreements.

Table III.2.5 • Home loans | Renegotiations | 2018-2020

	2018	2019	2020	2019-2018	2020-2019
Number of renegotiations	23,733	30,149	25,404	27.0%	-15.7%
Number of agreements renegotiated	23,076	29,131	24,497	26.2%	-15.9%
Credit amount renegotiated (EUR million)	2,039	2,813	2,431	37.9%	-13.6%
Average amount renegotiated (EUR)	85,922	93,289	95,690	8.6%	2.6%

Source: Banco de Portugal.

In most of the agreements subject to renegotiation (88.1%), the borrowers were not in default, as in previous years. The number of renegotiated home loan agreements in which the borrower was in default⁹ fell (23.4% less) more significantly than the number of renegotiated agreements in which there was no default (14.8% less), which is likely associated to the application of home loan moratoria.

Table III.2.6 • Home loans | Distribution of the number of agreements subject to renegotiation, by credit situation | 2018-2020

	2018	2019	2020	2019-2018	2020-2019
Default on the home loan or on other loans from the same credit institution	4,246	3,805	2,916	-10.4%	-23.4%
No default in the institution where the home loan is held	18,830	25,326	21,581	34.5%	-14.8%
Total	23,076	29,131	24,497	26.2%	-15.9%

Source: Banco de Portugal.

Of the renegotiations carried out in 2020, 16.3% changed only the maturity of the agreement and 14.5% changed both the spread and other conditions with financial effect.

In 18.3% of the renegotiations, more than two financial conditions were changed and around 14.7% had the sole purpose of changing other conditions of the agreement with financial effect (other than the spread, the maturity, the grace periods or the type of interest rate), which may include, for example, changing the reference rate or fixing a lower instalment for a limited period of time.

9. Defaults on that agreement or on other credit agreements held with the same institution are taken into account.

Table III.2.7 • Home loans | Characterisation of renegotiations | 2020

	Distribution of the number of renegotiations	Average balance renegotiated (EUR)
More than two conditions renegotiated	18.3%	96,717
Only maturity	16.3%	73,534
Only other conditions with financial effect	14.7%	96,537
Spread and other conditions with financial effect	14.5%	80,507
Type of interest rate and spread	11.4%	104,376
Maturity and spread	9.0%	106,588
Only the grace period for principal	7.7%	100,333
Type of interest rate and other conditions with financial effect	3.4%	71,551
Only the type of interest rate	2.6%	85,931
Others	2.1%	78,544
Total	100.0%	91,093

Source: Banco de Portugal.

3 Other mortgage loans

Other mortgage loans are non-housing credit agreements that are secured by a mortgage on property. This type of credit may have specific purposes, such as the consolidation of credits previously held by the bank customer or may be granted without identifying the purpose of the loan.

3.1 Developments in the contracting of other mortgage loans

∴ The number of new agreements and the amount granted fell.

A total of 13,536 new mortgage loan agreements were concluded for non-housing purposes, with a total amount granted of EUR 772 million. Considering the total mortgage and home loan market, these loans represented 13% of the number of agreements concluded and 6.7% of the credit amount granted in 2020.

The number of new agreements of other mortgage loans concluded in 2020 fell by 3.7% in relation to 2019 and the credit amount granted decreased by 4.5%. This evolution resulted in a decrease in the average amount of new agreements (from EUR 57,574 in 2019 to EUR 57,048 in 2020).

Considering the new agreements of other mortgage loans, the importance of amounts between EUR 20 and 40 thousand increased, now representing 35.8% of the agreements concluded (compared to 33.4%, in 2019). In contrast, new agreements with amounts of less than EUR 20 thousand were less frequent (representing 17.3% of the agreements concluded in 2020 and 20.1% in 2019). The amounts exceeding EUR 50 thousand continued to represent approximately one third of the agreements concluded (33.8%).

Table III.3.1 • Other mortgage loans | Credit amount granted, number of agreements concluded and average amount per loan, by type of credit | Agreements concluded 2018-2020

		2018	2019	2020	2018-2019	2019-2020
Credit amount granted (EUR million)	Consolidated credit	16	27	10	71.5%	-61.9%
	Other purposes	771	782	762	1.4%	-2.5%
	Total	787	809	772	2.8%	-4.5%
Number of agreements	Consolidated credit	453	587	294	29.6%	-49.9%
	Other purposes	14,452	13,462	13,242	-6.9%	-1.6%
	Total	14,905	14,049	13,536	-5.7%	-3.7%
Average amount per loan (EUR)	Consolidated credit	35,222	46,610	35,466	32.3%	-23.9%
	Other purposes	53,320	58,052	57,527	8.9%	-0.9%
	Total	52,770	57,574	57,048	9.1%	-0.9%

Source: Banco de Portugal.

Chart III.3.1 • Other mortgage loans | Distribution of the number of new agreements by credit amount granted | Agreements concluded 2018-2020



Source: Banco de Portugal.

Most other mortgage loan agreements concluded in 2020 had purposes other than credit consolidation¹⁰ (98% of the number of agreements and 99% of the credit amount granted). During this year, 294 mortgage-backed agreements were concluded with the purpose of consolidating loans previously held by the customer, representing a loan amount of EUR 10 million.

Other mortgage loans for other purposes had an average amount of EUR 57,527 in 2020, compared to EUR 35,466 in other mortgage loans for credit consolidation. The significant decrease in the average loan amount of other mortgage loans for credit consolidation (23.9% less versus 2019) is noteworthy.

10. This sub-segment includes credit agreements with a specific identified purpose, in particular those for the purchase of cars or other vehicles, as well as credit agreements without a specific identified purpose, including revolving credit agreements. Mortgage loan agreements for the purchase of vehicles and mortgage-backed revolving credit agreements have a residual expression in the total of other mortgage loans.

3.2 Portfolio developments

... The number of agreements in the portfolio and the amount outstanding went down.

At the end of 2020, credit institutions had about 497 thousand other mortgage loan agreements in their portfolios (3.9% less than at the end of 2019), which corresponded to an outstanding balance of EUR 11.5 billion (3.8% less). These loans represented 25.5% of the number of agreements and 11.3% of the outstanding amount in the total mortgage and home loan portfolio.

Table III.3.2 • Other mortgage loans | Number, balance outstanding and average balance by type of credit | Position at 31 December (2018-2020)

		Position of the portfolio			Variation	
		31-12-2018	31-12-2019	31-12-2020	2019-2018	2020-2019
Balance outstanding (EUR million)	Consolidated credit	214	220	206	2.7%	-6.5%
	Other purposes	12,495	11,774	11,331	-5.8%	-3.8%
	Total	12,710	11,994	11,536	-5.6%	-3.8%
Number of agreements	Consolidated credit	8,628	8,818	8,601	2.2%	-2.5%
	Other purposes	532,537	507,831	488 145,	-4.6%	-3.9%
	Total	541,165	516,649	496,746	-4.5%	-3.9%
Average balance per agreement (EUR)	Consolidated credit	24,809	24,936	23,911	0.5%	-4.1%
	Other purposes	23,464	23,185	23,211	-1.2%	0.1%
	Total	23,485	23,215	23,224	-1.2%	0.0%

Source: Banco de Portugal.

3.3 Maturities of mortgage loans

... The average maturity of new agreements for other mortgage loans was similar to that observed in the previous year.

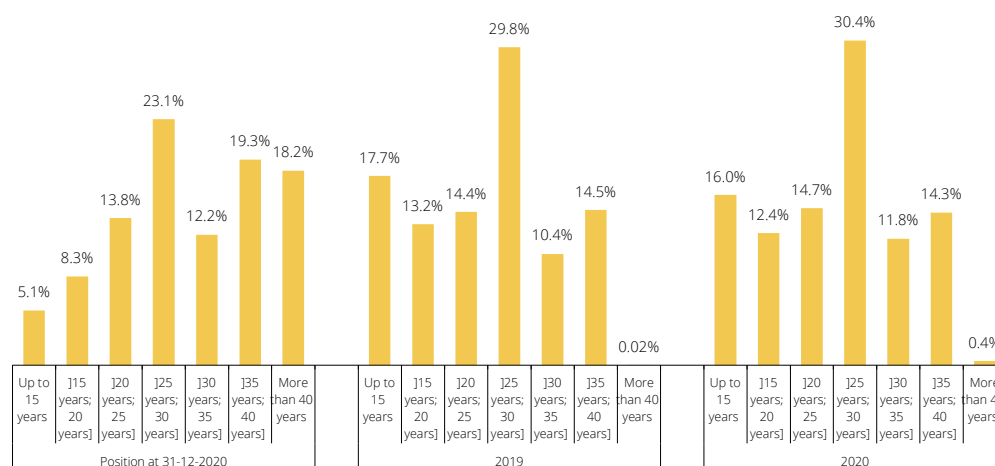
The average maturity of other mortgage loans concluded in 2020 was 26 years, a similar value to that seen in 2019 (25.7 years).

Agreements outstanding on 31 December 2020 had, on average, a maturity of 31.9 years. This maturity is mainly explained by the agreements concluded between 2004 and 2010, which represented 61.3% of agreements in the portfolio on 31 December 2020 and had an average maturity of 34.1 years.

... Initial maturities between 25 and 30 years continued to be the most frequent.

The importance of maturities between 25 and 30 years increased slightly, from 29.8% of new agreements, in 2019, to 30.4%, in 2020. The importance of agreements with maturities between 30 and 35 years also increased, from 10.4%, in 2019, to 11.8%, in 2020. In contrast, the weight of agreements with maturities of less than 20 years decreased from 30.9% of the agreements concluded in 2019 to 28.4% in 2020.

Chart III.3.2 • Other mortgage loans | Distribution of the loan maturity | Number of agreements
| Position at 31-12-2020, agreements concluded in 2019 and 2020



Source: Banco de Portugal.

3.4 Type of interest rate

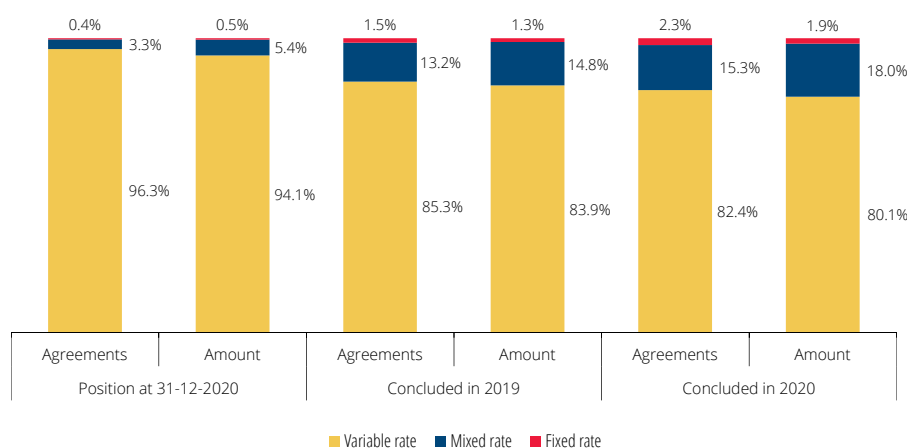
... The variable rate was the most frequent in new agreements,
... but continued to lose importance.

The **variable rate** represented 82.4% of other mortgage loans concluded in 2020 and 80.1% of the credit amount granted, below the proportions of 2019 (85.3% and 83.9%, respectively). These agreements were mostly indexed to the 12-month Euribor (73.1% of the agreements concluded and 74.9% of the credit amount granted). For new agreements with variable rate indexed to 3, 6 and 12-month Euribor, the average spread was 1.91 percentage points, below the average spread of agreements concluded in 2019 (2.11 percentage points).

The weight of other mixed-rate mortgage loans increased, both in the number of agreements concluded (from 13.2% in 2019 to 15.3% in 2020) and in the credit amount granted (from 14.8% in 2019 to 18% in 2020). The importance of the **fixed rate** also increased, representing 2.3% of other mortgage loan agreements concluded in 2020 and 1.9% of the amount granted, slightly above the proportions of 2019 (respectively, 1.5% and 1.3%).

For other mortgage loans concluded in 2020, the **average APR** was 4.4%. Fixed-rate agreements continued to have the highest average APR (5.1%). The average APR of new mixed-rate agreements was 4.8%, higher than the APR of 4.3% seen in variable-rate agreements.

Chart III.3.3 • Other mortgage loans | Distribution of the number of agreements and loan amount by type of interest rate | Position at 31-12-2020, agreements concluded in 2019 and 2020



Source: Banco de Portugal.

3.5 Early repayments

... The number of early repayments and the amount repaid fell more sharply than in the previous year.

For other mortgage loans agreements there were 31,004 **early repayments**, which corresponded to an amortised principal of EUR 620 million (5.4% of the outstanding balance of the portfolio at 31 December 2020).

There were 26,083 **total early repayments** on other mortgage loans agreements (17.3% less than in 2019), which corresponded to a repaid amount of EUR 576 million (20.7% less than in 2019).

There were 4,921 **partial early repayments** on other mortgage loan agreements, which involved an amount of around EUR 44 million. These figures represent decreases of 10.4% in the number of repayments and 17.2% in the amount of credit repaid.

Table III.3.3 • Other mortgage loans | Early repayments | 2018-2020

		2018	2019	2020	2019-2018	2020-2019
Amount repaid (EUR million)	Total repayment	766	726	576	-5.3%	-20.7%
	Partial repayment	67	54	44	-19.4%	-17.2%
	Total	833	780	620	-6.4%	-20.4%
Number of repayments	Total repayment	32,329	31,539	26,083	-2.4%	-17.3%
	Partial repayment	5,688	5,494	4,921	-3.4%	-10.4%
	Total	38,017	37,033	31,004	-2.6%	-16.3%
Average amount per repayment (EUR)	Total repayment	23,696	23,013	22,071	-2.9%	-4.1%
	Partial repayment	11,718	9,773	9,031	-16.6%	-7.6%
	Total	35,414	32,787	31,102	-7.4%	-5.1%

Source: Banco de Portugal.

3.6 Renegotiation of agreements

The number of renegotiations and the amount renegotiated decreased.

There were 4,995 renegotiations of other mortgage loan agreements (26.8% less than in the previous year), involving 4,776 credit agreements (27.2% less than in 2019). These renegotiations corresponded to approximately EUR 203 million of credit, 22.3% less than in 2019.

Table III.3.4 • Home loans | Renegotiations | 2018-2020

	2018	2019	2020	2019-2018	2020-2019
Number of renegotiations	5,861	6,821	4,995	16.4%	-26.8%
Number of renegotiated agreements	5,734	6,564	4,776	14.5%	-27.2%
Amount of credit renegotiated (EUR million)	228	261	203	14.4%	-22.3%
Average amount renegotiated (EUR)	38,982	38,325	40,662	-1.7%	6.1%

Source: Banco de Portugal.

In most agreements subject to renegotiation in 2020 (75.1%), the borrowers were not in default.

The number of other mortgage loans renegotiated in which the borrower was in default (in that agreement or in other credit agreements held with the same institution) dropped by 29.5% compared to 2019.

Table III.3.5 • Other mortgage loans | Distribution of the number of agreements subject to renegotiation, by credit situation | 2018-2020

	2018	2019	2020	2019-2018	2020-2019
Default on the other mortgage loan or other loans from the same credit institution	1,924	1,687	1,190	-12.3%	-29.5%
No default in the institution where the other mortgage loan is held	3,810	4,877	3,587	28.0%	-26.5%
Total	5,734	6,564	4,776	14.5%	-27.2%

Source: Banco de Portugal.

In 15.3% of the renegotiations made in 2020, only the maturity of the agreement was changed. In 14.5% of the renegotiations, the spread and other conditions with financial effect were simultaneously changed, while in 9.3% of the renegotiations a grace period was introduced.

About 38% of the renegotiations in other mortgage loan agreements had the sole purpose of changing other conditions of the agreement with financial effect (other than the spread, the maturity, the grace period or the type of interest rate), and may include, for example, changing the reference rate or fixing a lower instalment for a limited period of time.

Table III.3.6 • Other mortgage loans | Characterisation of renegotiations | 2020

	Distribution of the number of renegotiations	Average balance renegotiated (EUR)
Only other conditions with financial effect	38.4%	48,926
Only maturity	15.3%	29,908
Spread and other conditions with financial effect	14.5%	32,794
Only the grace period for principal	9.3%	52,513
Type of interest rate and spread	7.0%	34,015
More than two conditions renegotiated	5.3%	32,810
Maturity and spread	4.8%	40,800
Others	3.5%	30,908
Maturity and other conditions with financial effect	1.9%	56,984
Total	100.0%	41,250

Source: Banco de Portugal.

IV Consumer credit

1 Market developments

2 Personal loans

3 Car loans

4 Revolving credit

5 Maximum rates

1 Market developments

The consumer credit market contracted sharply in the context of the COVID-19 pandemic.

In the context of the COVID-19 pandemic, the consumer credit market registered a significant decrease in the number of agreements concluded and the amount of credit granted, in 2020, interrupting the growth trend that had been in place since 2013. The amount of consumer credit decreased 22.5% and the number of agreements concluded fell 23.9%, compared to the previous year.

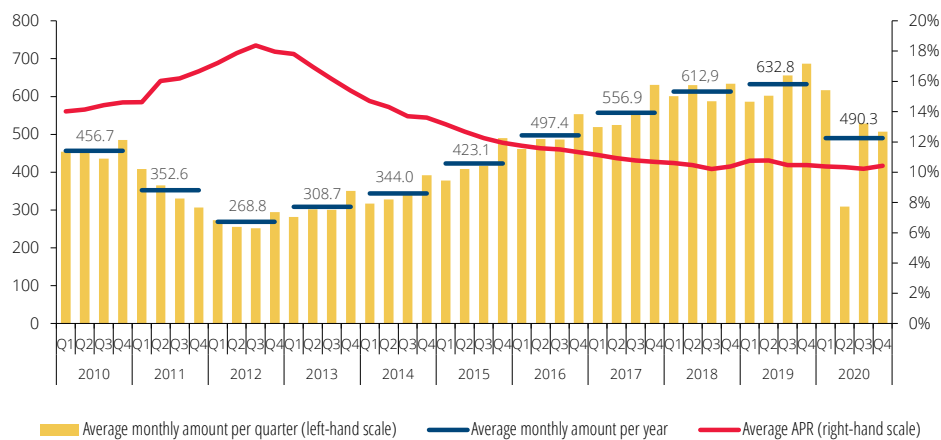
An average of EUR 490.3 million of consumer credit was granted per month, compared to an average of EUR 632.8 million in 2019. The credit amount granted in 2020 was close to the values seen in 2016. The average number of agreements concluded per month also decreased (from 133,264 in 2019 to 101,419 agreements in 2020).

In the first quarter of 2020, the **credit amount granted** increased by 5.2%, versus the same quarter of 2019. In contrast, in the remaining quarters of the year there were year-on-year decreases, with emphasis on the 48.7% decrease in the second quarter, versus the same period of 2019, following the outbreak of the COVID-19 pandemic.

The **number of agreements concluded** remained stable in the first quarter of 2020, versus the same period of the previous year (+0.3%), while in the remaining quarters of the year it showed year-on-year decreases. This decrease was also particularly evident in the second quarter (down 48%, versus the same period of 2019).

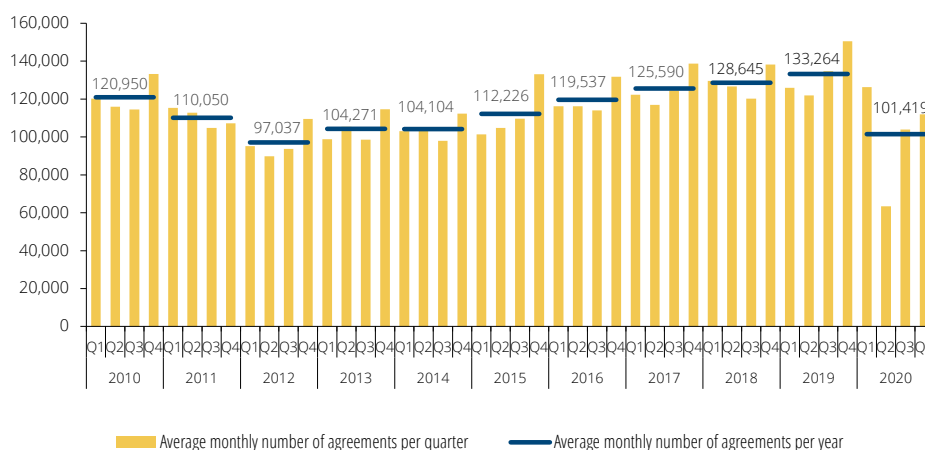
The **cost of consumer credit** decreased slightly in 2020. The market average annual percentage rate of charge (APR) was 10.4% in the fourth quarter of 2020, a decrease of 0.1 percentage points compared to the fourth quarter of 2019. This decrease results from the evolution of the average APR of revolving credit and car loans, since the average APR of personal loans increased in the last quarter of 2020.

Chart IV.1.1 • Consumer credit | Average monthly credit amount granted and average APR
| EUR million | 2010-2020



Source: Banco de Portugal. | Note: In the analysis carried out in this chapter, the information on overdraft facility agreements considers only information on credit agreements in the form of an overdraft facility with a repayment period of more than one month.

Chart IV.1.2 • Consumer credit | Average monthly number of agreements concluded | 2010-2020



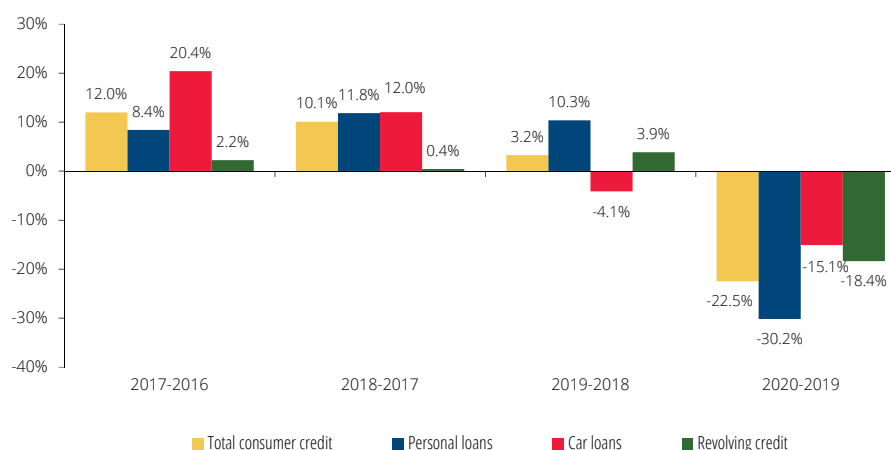
Source: Banco de Portugal.

1.1 Type of credit

⋮ All types of credit registered decreases versus the previous year.

Personal loans was the segment that showed the most expressive reduction in the amount granted in 2020 (30.2% less than in 2019), which followed the increase in the previous year (10.3% more). **Revolving credit** fell by 18.4%, after the growth of 3.9% seen in 2019. In car loans, the credit amount granted dropped by 15.1%, following the 4.1% decrease recorded in 2019.

Chart IV.1.3 • Consumer credit | Credit amount granted | Rate of change | 2017-2020



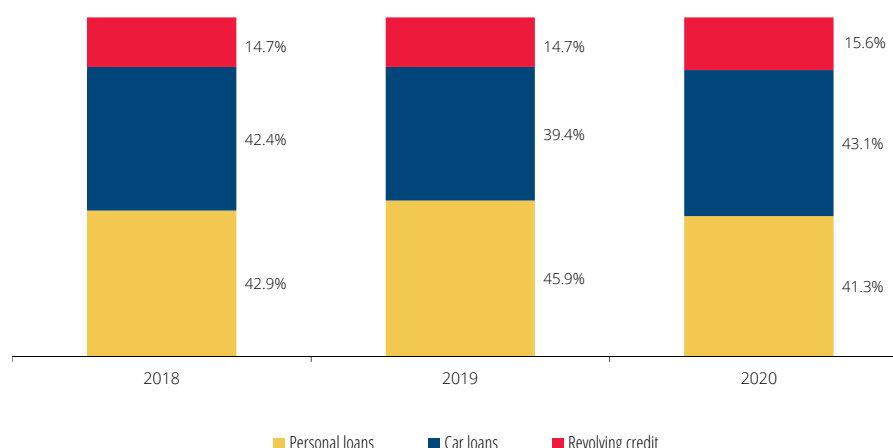
Source: Banco de Portugal.

⋮ The weight of personal loans decreased in total consumer credit.

This evolution was reflected in the structure of the credit amount granted, with a decrease in the relative importance of personal loans and, on the other hand, an increase in the relative importance of car loans and revolving credit.

The weight of personal loans in the credit amount granted fell from 45.9% in 2019 to 41.3% in 2020. In contrast, car loans now represent 43.1% of the credit amount granted (39.4% in 2019) and the weight of revolving credit increased from 14.7% in 2019 to 15.6% in 2020.

Chart IV.1.4 • Consumer credit | Distribution of the amount of credit granted | 2018-2020



Source: Banco de Portugal.

1.2 Type of credit institution

Credit institutions with universal activity and institutions specialised in this type of financing operate in the consumer credit market¹.

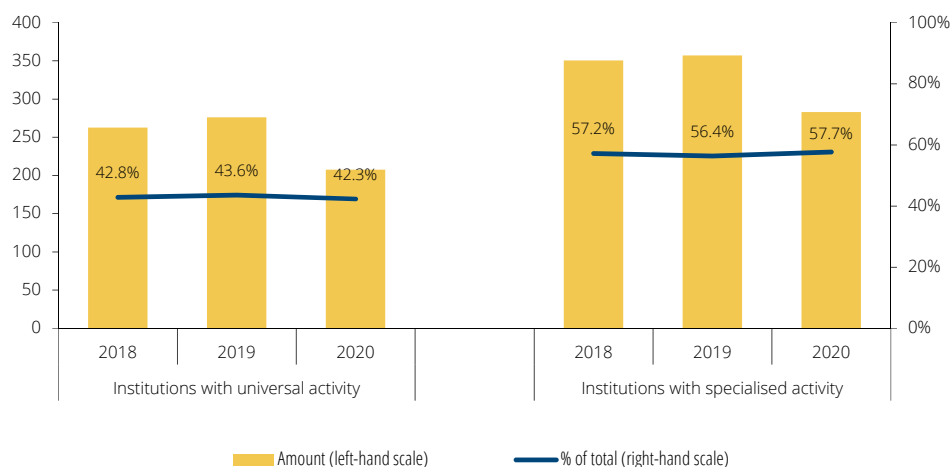
⋮ Most of the credit was granted by specialised institutions, with their weight increasing compared to the previous year.

More than half of the amount of consumer credit was granted by institutions with specialised activity (57.7%), a higher proportion than in 2019 (56.4%). This increase is related, on the one hand, to the increase of importance of these institutions in personal loans and, on the other hand, to the increase in the weight of car loans in total consumer credit, as in this segment most of the credit is granted by institutions with specialised activity.

Both types of institutions recorded reductions in the amount of credit granted. However, the reduction in institutions with universal activity (down 24.8%) was sharper than that in institutions with specialised activity (down 20.8%).

1. Universal activity includes the regular reception of deposits. Institutions with specialised activity may be authorised to receive deposits, but they do not carry out this activity on a regular basis.

Chart IV.1.5 • Average monthly credit amount granted, by type of institution | EUR million
| 2018-2020



Source: Banco de Portugal.

1.3 Marketing channel

More than half of the consumer credit was granted through credit intermediaries.

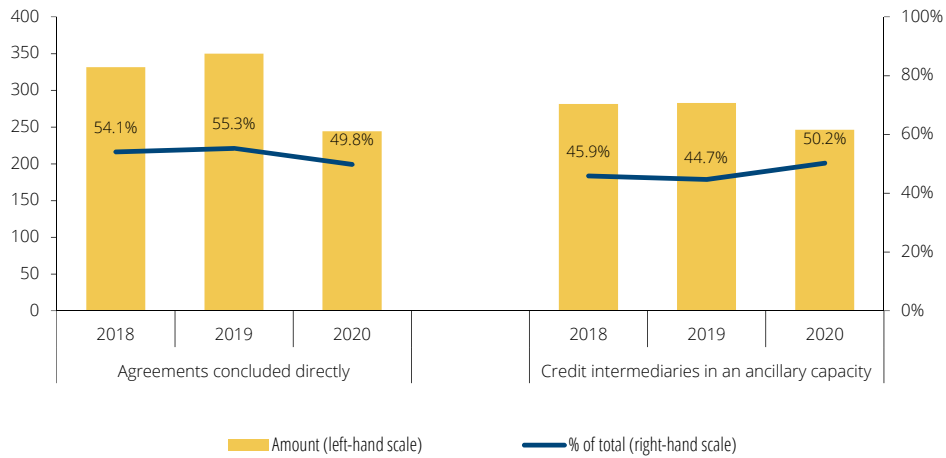
Credit intermediaries in an ancillary capacity² accounted for 50.2% of the credit amount granted, a higher proportion than in 2019 (44.7%). In contrast, 49.8% of the credit amount was granted **directly by the credit institution**³ (55.3% in 2019).

This evolution is related not only to the increase in the importance of credit intermediaries in an ancillary capacity in terms of personal loans and revolving credit, but also to the increase in the relative weight of car loans, mostly granted through credit intermediaries in an ancillary capacity.

2. A natural or legal person who supplies goods or services and who, on behalf of and under the full and unconditional responsibility of the creditor or several creditors, acts as credit intermediary with a view to selling the goods or services they offer.

3. Direct contracting can be carried out at the branch of the credit institution or through remote communication means (e.g. telephone, online channel, mobile applications).

Chart IV.1.6 • Consumer credit | Average monthly credit amount granted, by marketing channel | EUR million | 2018-2020



Source: Banco de Portugal.

2 Personal loans

∴ The amount of personal loans granted decreased to levels close to 2016.

The **credit amount granted** decreased by 30.2%, following the growth recorded in 2019 (10.3%). The **number of agreements concluded** dropped 24.8%, after a growth of 4.6% in 2019.

This was mainly due to the sub-segment **“other personal loans”**⁴, which represented around 97% of the amount of personal loans granted. This sub-segment showed reductions of 30.3% in the amount granted and 24% in the number of agreements concluded, after increases of 9.7% and 2.7%, respectively, in 2019.

The sub-segment **“for education, health, renewable energies and financial leasing of equipment”** recorded decreases of 27.8% in the amount granted and 37.4% in the number of agreements concluded, after the expressive increases recorded in 2019 (32.2% and 51.2%, respectively). This sub-segment continued to represent a reduced proportion of the total amount of personal loans (around 3%).

4. In personal loans the repayment schedule, the amount of the loan and its duration are defined at the beginning of the agreement. This type of credit is intended for the purchase of goods and services other than cars or other vehicles. “Other personal loans” include the categories of “non-specific”, “for the home”, “consolidated credit”, “other purposes” and “credit for construction/renovation”.

Table IV.2.1 • Personal loans | Amount and average monthly number of agreements concluded | 2018-2020

		Value			Percentage change		
		2018	2019	2020	2018-2017	2019-2018	2020-2019
Amount (EUR thousand)	For education, health, renewable energies and financial leasing of equipment	7,222	9,549	6,895	39.5%	32.2%	-27.8%
	Other personal loans	255,821	280,682	195,685	11.2%	9.7%	-30.3%
	Total	263,043	290,230	202,581	11.8%	10.3%	-30.2%
Number of agreements	For education, health, renewable energies and financial leasing of equipment	1,590	2,404	1,505	62.4%	51.2%	-37.4%
	Other personal loans	38,169	39,190	29,781	8.6%	2.7%	-24.0%
	Total	39,759	41,595	31,286	10.1%	4.6%	-24.8%

Source: Banco de Portugal.

An average of EUR 202.6 million in personal loans was granted per month, with a monthly average of 31,286 agreements concluded, lower than in 2019 (an average of EUR 290.2 million per month, corresponding to 41,595 agreements).

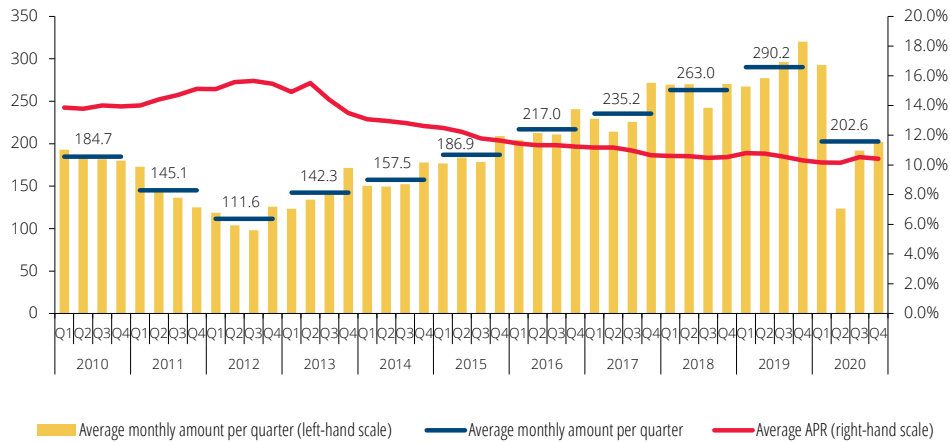
⋮ The decline in personal loans was more expressive in the second quarter of 2020.

The **amount of personal loans granted** showed significant year-on-year decreases from the first quarter of the year, highlighting the decrease in the second quarter, following the implementation of mitigation measures for the COVID-19 pandemic (55.4% less than in 2019). In the first quarter, the amount of personal loans granted grew by 9.5%, in comparison to the same period of 2019.

A similar evolution was seen in the **number of agreements concluded**. In the first quarter, there was an increase of 4.3%, versus the same period of 2019, while, in the remaining quarters of the year, the number of agreements concluded was always lower than in 2019, with emphasis on the 44.7% reduction in the second quarter.

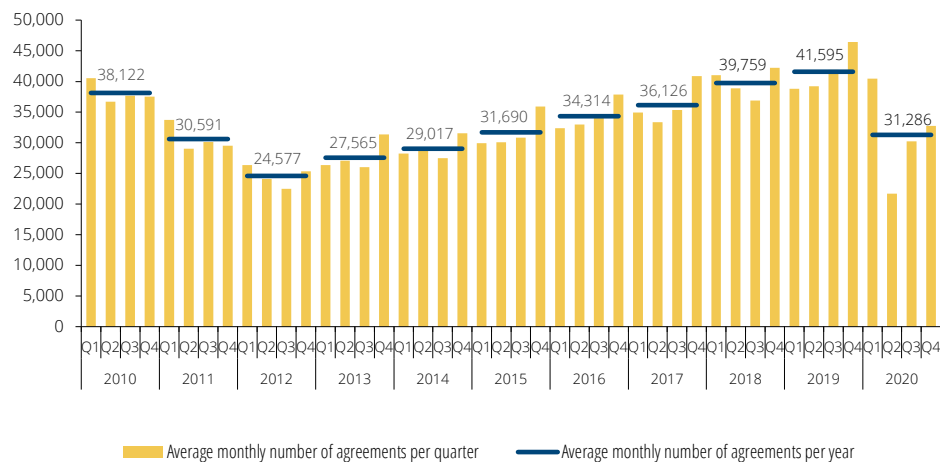
The **average APR** of this segment went up 0.1 percentage points in the last quarter of the year, in comparison to the average APR of the same period of 2019, after the reduction of 0.2 percentage points recorded between 2019 and 2018.

Chart IV.2.1 • Personal loans | Average monthly loan amount granted and average APR
| EUR million | 2010-2020



Source: Banco de Portugal.

Chart IV.2.2 • Personal loans | Average monthly number of agreements concluded | 2010-2020



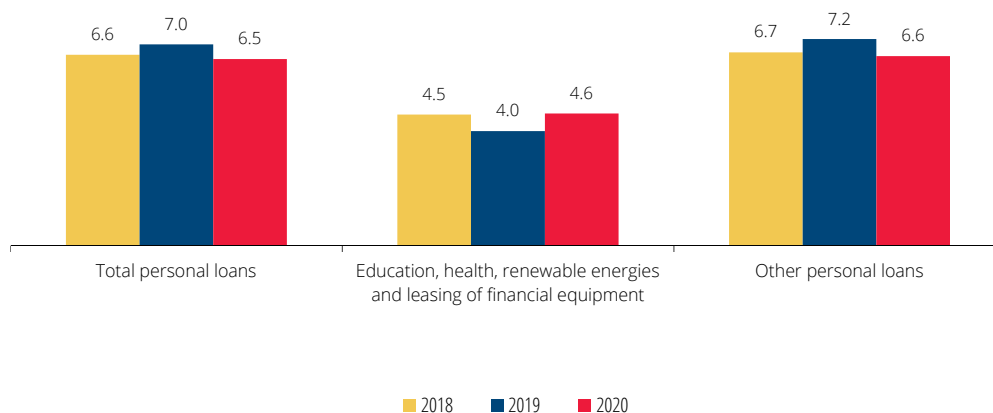
Source: Banco de Portugal.

2.1 Amounts of agreements

∴ The average amount of personal loans decreased.

The average amount per loan decreased from EUR 7,000 in 2019 to EUR 6,500 in 2020, contrary to the growth trend seen in recent years. This evolution was due exclusively to the decrease in the average amount per loan in the sub-segment “other personal loans” (from EUR 7,200 in 2019 to EUR 6,600 in 2020). On the other hand, the average amount per loan in the personal loans sub-segment “for education, health, renewable energy and leasing of financial equipment” increased from EUR 4,000 in 2019 to EUR 4,600 in 2020.

Chart IV.2.3 • Personal loans | Average loan amount, by loan sub-segment | EUR thousand
| 2018-2020

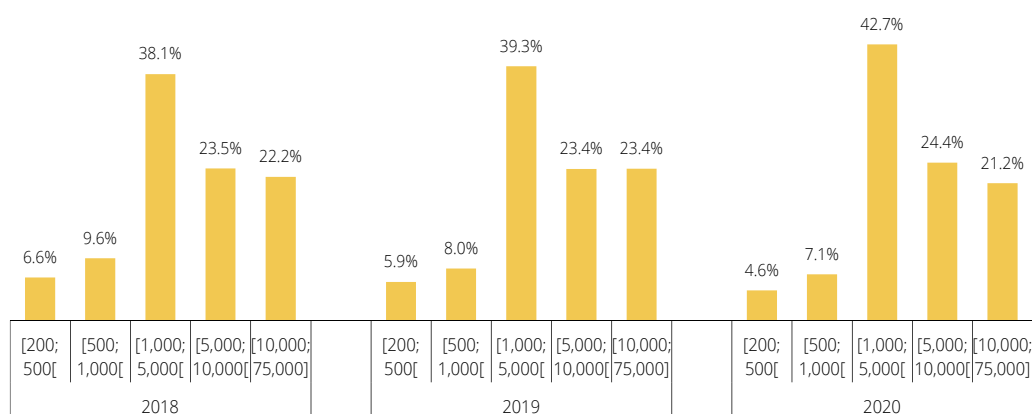


Source: Banco de Portugal.

Personal loan agreements for amounts between EUR one thousand and EUR five thousand were the most frequent.

Loans with amounts between EUR one thousand and EUR five thousand represented 42.7% of the total loans concluded, a higher percentage than in 2019 (39.3%). In contrast, the proportion of loans with smaller amounts (less than EUR one thousand) fell from 13.9% in 2019 to 11.7% in 2020. The weight of loans with higher amounts (more than EUR ten thousand) also went down (from 23.4% in 2019 to 21.2% in 2020).

Chart IV.2.4 • Personal loans | Distribution of the number of agreements, by amount | EUR
| 2018-2020



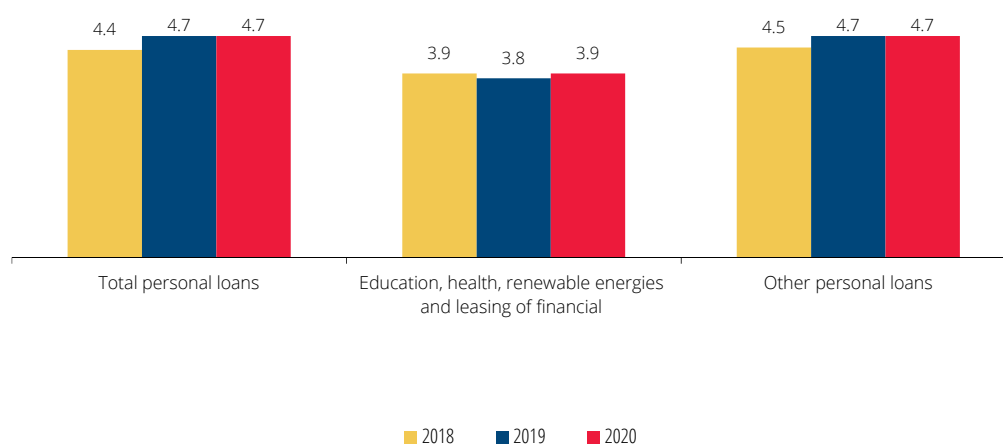
Source: Banco de Portugal.

2.2 Maturities of agreements

⋮ The average maturity of personal loans remained unchanged.

The average maturity of personal loans was 4.7 years, the same as in the previous year, as a result of the stabilisation of the average maturity of “other personal loans”. In the sub-segment personal loans “for education, health, renewable energies and financial leasing of equipment”, the average loan maturity was 3.9 years, about one month longer than in 2019.

Chart IV.2.5 • Personal loans | Average maturities of agreements , by loan sub-segment (in years) | 2018-2020

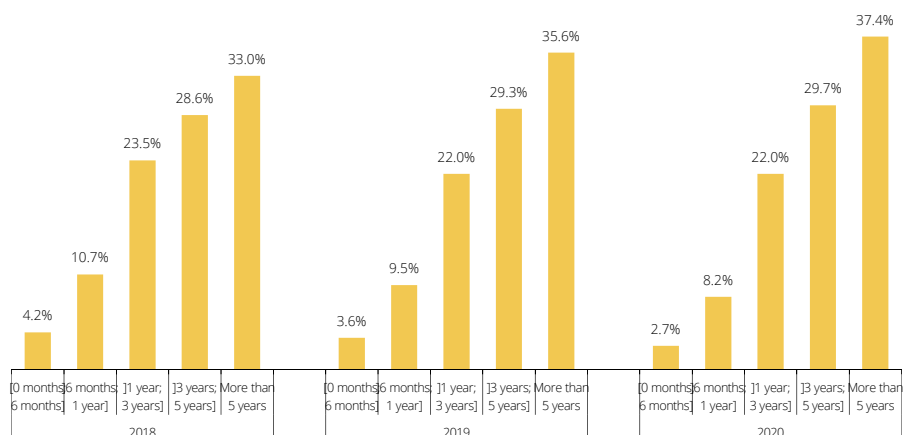


Source: Banco de Portugal.

⋮ The importance of personal loan agreements with a maturity of more than five years increased once again.

Longer-term agreements (more than five years) accounted for 37.4% of the total, above the proportion seen in 2019 (35.6%). The weight of agreements with a maturity of between three and five years also increased slightly (from 29.3% in 2019 to 29.7% in 2020). In contrast, there was a reduction in the weight of agreements with a maturity of less than three years, which represented 32.9% of agreements concluded in 2020 (35.1% in 2019).

Chart IV.2.6 • Personal loans | Distribution of the number of agreements, by maturity | 2018-2020



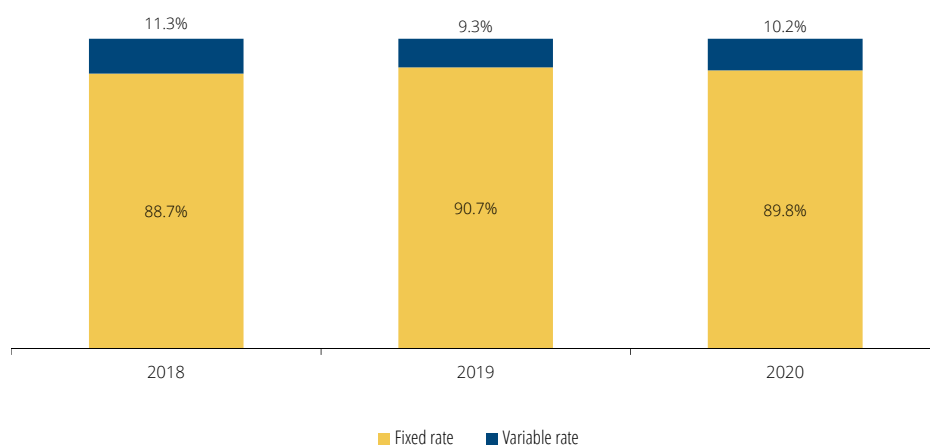
Source: Banco de Portugal.

2.3 Type of interest rate

⋮ The fixed interest rate continued to be predominant in personal loans.

Most personal loans were granted in fixed-rate agreements (89.8%), although the relative importance of this type of interest rate declined slightly compared to the previous year (90.7%). In contrast, the weight of agreements concluded at a variable interest rate increased from 9.3% in 2019 to 10.2% in 2020.

Chart IV.2.7 • Personal loans | Type of interest rate as a percentage of the amount granted | 2018-2020



Source: Banco de Portugal..

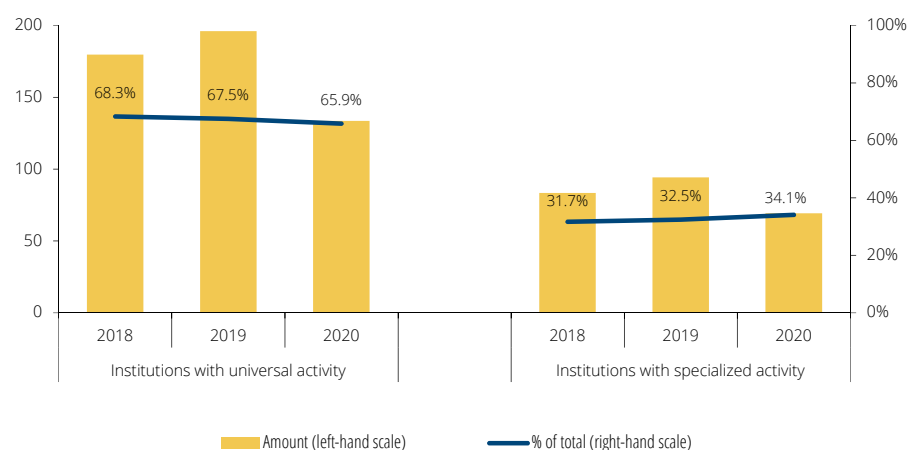
2.4 Type of credit institution

In personal loans, the weight of specialised institutions went up once again.

Most personal loans continued to be granted by **institutions with universal activity** (65.9%). However, there was an increase in the relative importance of **institutions with specialised activity**, which represented 34.1% of the amount of personal loans granted (32.5% in 2019).

Both types of institutions reduced the amount granted, but the decrease in institutions with universal activity (31.9%) was more pronounced than in institutions with specialised activity (26.6%).

Chart IV.2.8 • Personal loans | Average monthly credit amount granted, by type of institution
| EUR million | 2018-2020



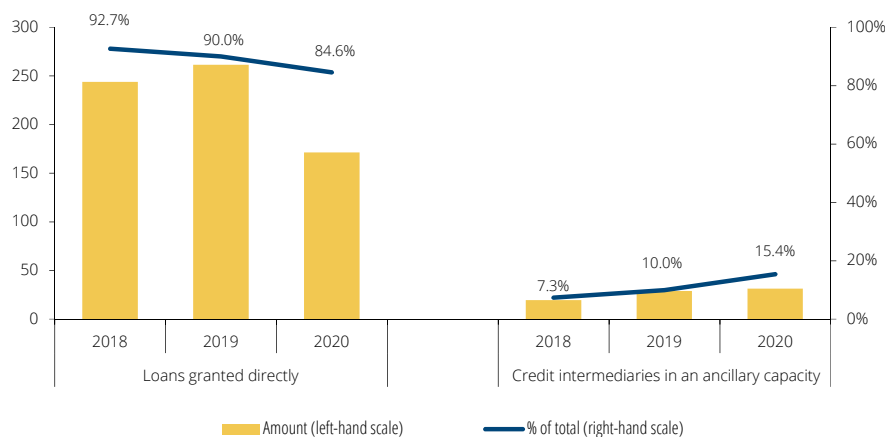
Source: Banco de Portugal.

2.5 Marketing channel

The importance of credit intermediaries in personal loans went up once again.

Personal loans granted directly by the **credit institution** continued to be the most frequent marketing channel (84.6% of the amount granted). However, the weight of loans granted through **credit intermediaries in an ancillary capacity** increased and now represents 15.4% of the amount of personal loans granted (10% in 2019).

Chart IV.2.9 • Personal loans | Average monthly credit amount granted, by marketing channel
| EUR million | 2018-2020



Source: Banco de Portugal.

3 Car loans

... In car loans, the amount granted and the number of agreements concluded fell by more than 15%.

The **credit amount granted** decreased by 15.1% in relation to 2019, after the 4.1% decrease in that year. Along the same lines, the **number of agreements concluded** dropped by 15.2%, versus 2019, a sharper reduction than in that year (minus 3.5%). In 2020, the amount of car loans granted and the number of agreements concluded fell to levels close to 2016.

... All the car loans sub-segments recorded fewer agreements and fewer amounts granted than in the previous year.

The sub-segment **“financial leasing or long-term rental: new”** was the one that recorded the most significant decreases (25.9% in the credit amount granted and 33.5% in the number of agreements concluded), reinforcing the decreases seen in 2019 (13.6% and 12.7%, respectively).

The sub-segment **“financial leasing or long-term rental: used”** showed reductions of 16.9% in the amount granted and 19.9% in the number of agreements concluded, after the increases seen in 2019 (4.5% and 4.4%, respectively).

In the sub-segment **“subject to the retention of the ownership and others: new”**, the credit amount granted and the number of agreements concluded dropped 18.6% (in both cases), compared with decreases of 11.1% and 9.3%, respectively, in 2019.

In the sub-segment **“subject to the retention of the ownership and others: used”**, the decreases were 12.1% and 12.7%, respectively, in the credit amount granted and in the number of agreements concluded, after the relative stabilisation seen in the previous year (minus 0.2% and minus 1%).

Table IV.3.1 • Car loans | Amount and average monthly number of agreements concluded
| 2018-2020

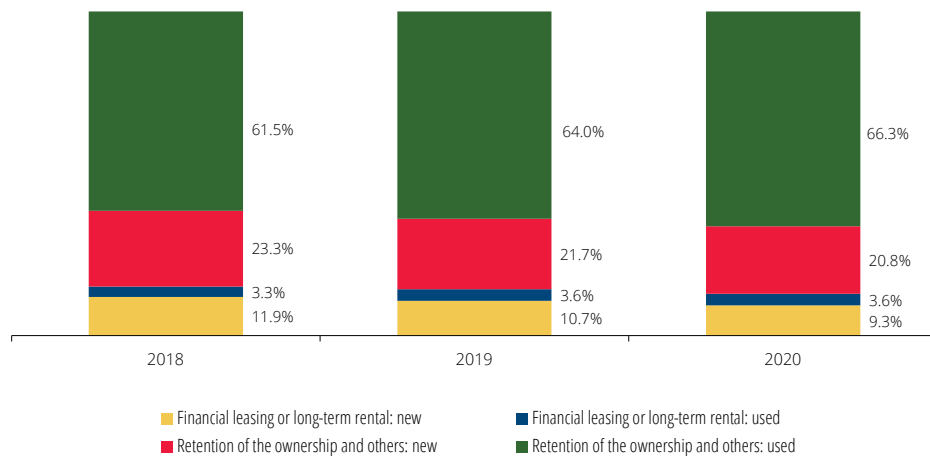
		Value			Percentage change		
		2018	2019	2020	2018-2017	2019-2018	2020-2019
Amount (EUR thousand)	Financial leasing or long-term rental: new	30,834	26,647	19,739	-1.5%	-13.6%	-25,9%
	Financial leasing or long-term rental: used	8,653	9,040	7,515	3.4%	4.5%	-16,9%
	Subject to the retention of the ownership and others: new	60,700	53,988	43,961	11.0%	-11.1%	-18,6%
	Subject to the retention of the ownership and others: used	159,796	159,542	140,301	16.0%	-0.2%	-12,1%
	Total	259,984	249,216	211,517	12.0%	-4.1%	-15,1%
Number of agreements	Financial leasing or long-term rental: new	1,058	924	614	-7.1%	-12.7%	-33,5%
	Financial leasing or long-term rental: used	368	384	308	-1.2%	4.4%	-19,9%
	Subject to the retention of the ownership and others: new	4,257	3,863	3,145	10,0%	-9.3%	-18,6%
	Subject to the retention of the ownership and others: used	12,532	12,412	10,838	11,9%	-1.0%	-12,7%
	Total	18,215	17,583	14,905	9,9%	-3.5%	-15,2%

Source: Banco de Portugal.

∴ The weight of car loans for the acquisition of used vehicles increased.

The sub-segment “subject to the retention of the ownership and others: used” represented, in 2020, around two thirds of the amount of car loans granted (66.3%), compared with 64% in 2019. The relative importance of the sub-segment “financial leasing or long-term rental: used” remained stable (3.6%, in 2019 and 2020). In contrast, the importance of the sub-segments for the acquisition of new vehicles decreased. The sub-segment “subject to the retention of the ownership and others: new” accounted for around a fifth of the amount granted (20.8%), below the proportion seen in 2019 (21.7%). The sub-segment “financial leasing or long-term rental: new” represented 9.3% of the amount granted, which compares with 10.7% in 2019.

Chart IV.3.1 • Car loans | Distribution of the amount of credit granted | 2018-2020



Source: Banco de Portugal.

In the third quarter, car loans recovered to levels close to those of 2019.

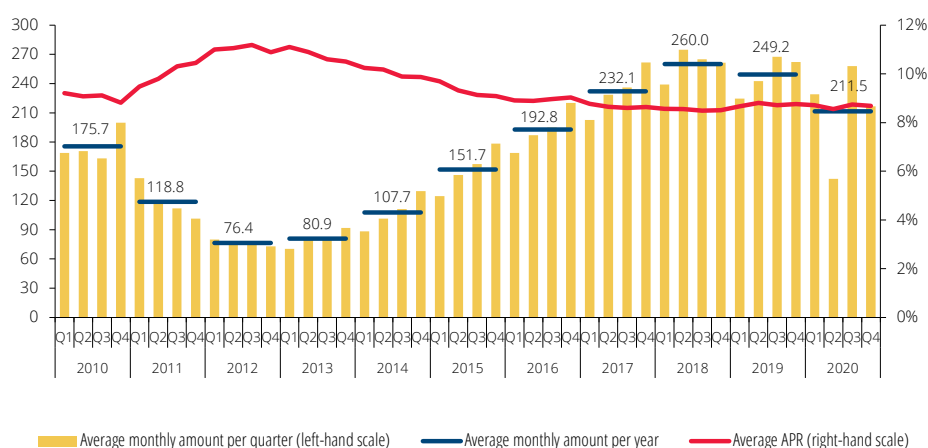
In 2020, EUR 211.5 million of car loans were granted on average per month, corresponding to 14,905 agreements, lower than in 2019 (on average, EUR 249.2 million of car loans per month, corresponding to 17,583 agreements).

After the slight increase of 2% in the first quarter of 2020, versus the same period of 2019, the **amount of car loans granted** decreased significantly in the second quarter (41.3%), reflecting the mitigation measures of the COVID-19 pandemic. Despite this significant contraction, in the third quarter of the year car loans recovered, with the amount granted in this period representing a reduction of only 3.6% versus the same period of 2019. In the last quarter of the year, the amount of car loans granted fell sharply once again (17.4%, versus the same period of 2019).

In the **number of agreements concluded**, the evolution was similar, with emphasis on the year-on-year reduction in the number of agreements concluded in the second quarter (40.2%).

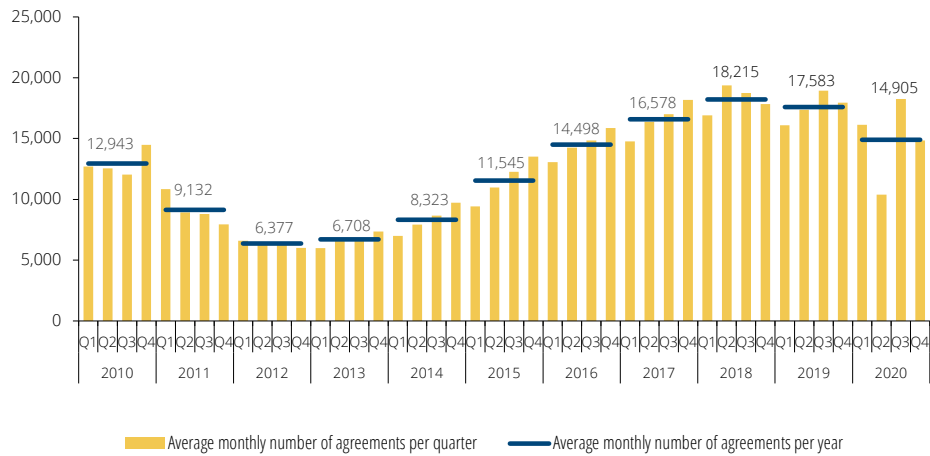
In the last quarter of 2020, the **average APR** of this segment decreased 0.1 percentage points, compared to the average APR of the same period of 2019, contrary to the increase of 0.2 percentage points between the end of 2018 and the end of 2019.

Chart IV.3.2 • Car loans | Average monthly loan amount granted and average APR | EUR million | 2010-2020



Source: Banco de Portugal.

Chart IV.3.3 • Car loans | Average monthly number of agreements concluded | 2010-2020



Source: Banco de Portugal.

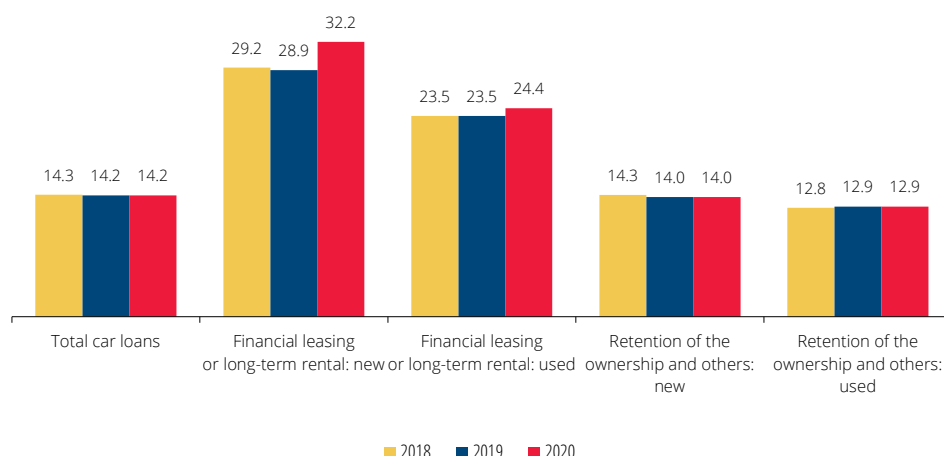
3.1 Amounts of agreements

⋮ The average amount of car loans remained unchanged.

An average of EUR 14,200 was granted per car loan agreement, the same amount as in the previous year. This stabilisation reflects the evolution of average amounts per agreement in the sub-segments “subject to the retention of the ownership and others”. In the sub-segment of loans for the purchase of used vehicles, the average amount per loan remained unchanged at EUR 12,900, while in the purchase of new vehicles, the average loan amount remained unchanged at EUR 14,000.

In contrast, the average amount per loan increased in the sub-segments “financial leasing or long-term rental”. In the sub-segment of loans for the purchase of new vehicles, the average amount per loan was 32,200, a higher value than in 2019 (28,900 euros). In the sub-segment of credit intended for the acquisition of used vehicles, the average amount per loan was EUR 24,400, which corresponds to an increase by around EUR 900, versus 2019. These increases had no impact on the average amount of total car loans due to the reduced weight of the sub-segments.

Chart IV.3.4 • Car loans | Average loan amount, by loan sub-segment | EUR thousand | 2018-2020



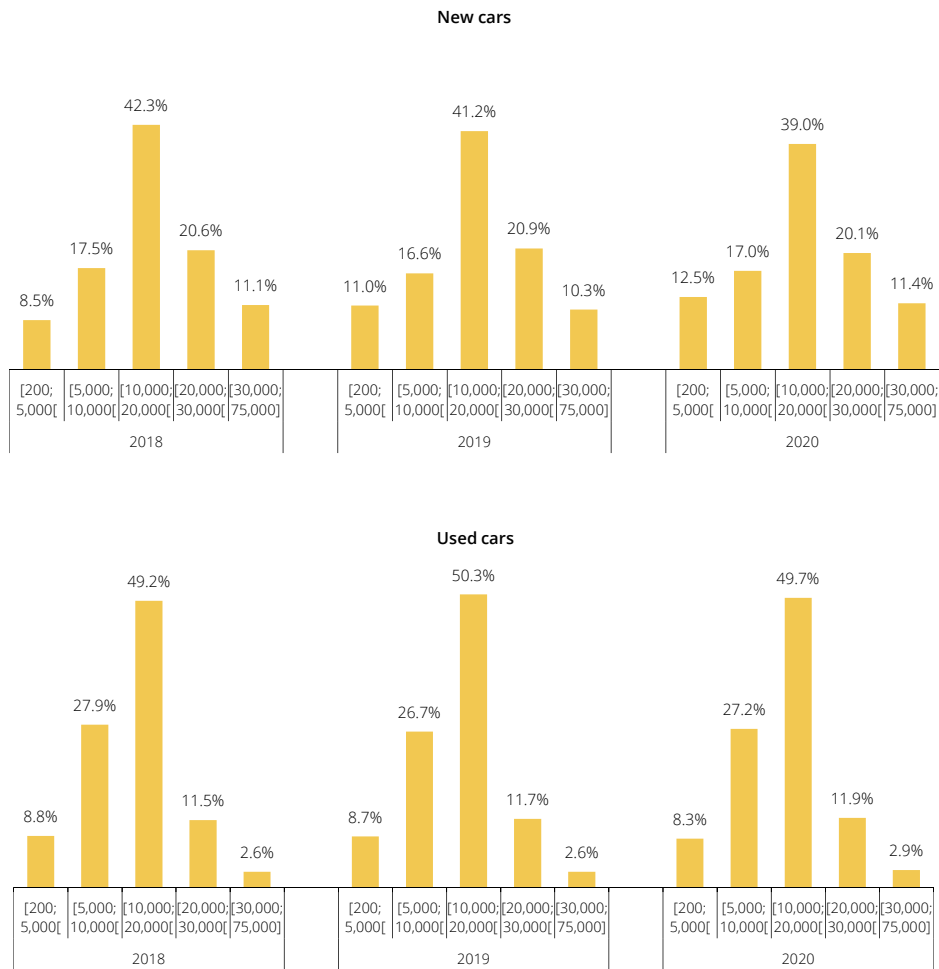
Source: Banco de Portugal.

Car loan agreements with amounts between EUR 10 and 20 thousand were the most frequent.

In car loans for the acquisition of **new cars**, amounts between EUR 10,000 and EUR 20,000 represented 39% of the agreements concluded, below that of 2019 (41.2%). In contrast, the importance of agreements with smaller amounts (less than EUR 10 thousand) increased from 27.6%, in 2019, to 29.5%, in 2020. The weight of agreements with amounts of more than EUR 30,000 also increased (from 10.3% in 2019 to 11.4% in 2020).

In car loans for the acquisition of **used cars**, agreements with amounts between EUR 10,000 and EUR 20,000 represented 49.7% of the agreements concluded (50.3% in 2019). Agreements with higher amounts (more than EUR 20 thousand), now represent 14.8% of the total, when in 2019 they represented 14.3%.

Chart IV.3.5 • Car loans | Distribution of the number of agreements, by amount | 2018-2020



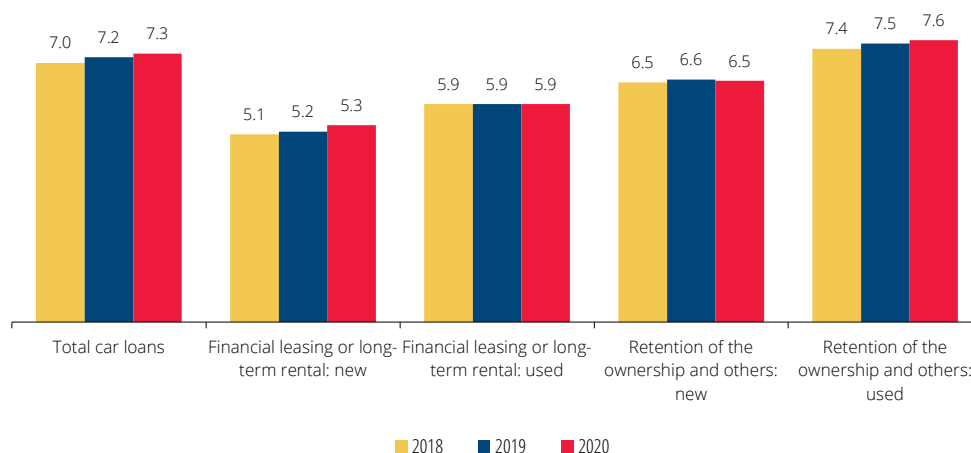
Source: Banco de Portugal.

3.2 Maturities of agreements

∴ The average maturity of car loans continued to increase.

The average maturity of car loans went up from 7.2 years in 2019 to 7.3 years in 2020. In the sub-segment “subject to the retention of the ownership and others: used”, the average maturity stood at 7.6 years, above the average maturity of 2019 (7.5 years). The average maturity of the sub-segment “financial leasing or long-term rental: new” also went up (from 5.2 years in 2019 to 5.3 years in 2020). In contrast, the sub-segment “subject to the retention of the ownership and others: new” was the only one in which the average maturity went down (from 6.6 years in 2019 to 6.5 years in 2020). In the sub-segment “financial leasing or long-term rental: used” the average maturity remained unchanged at 5.9 years.

Chart IV.3.6 • Car loans | Average maturities of agreements (in years), by loan sub-segment | 2018-2020



Source: Banco de Portugal.

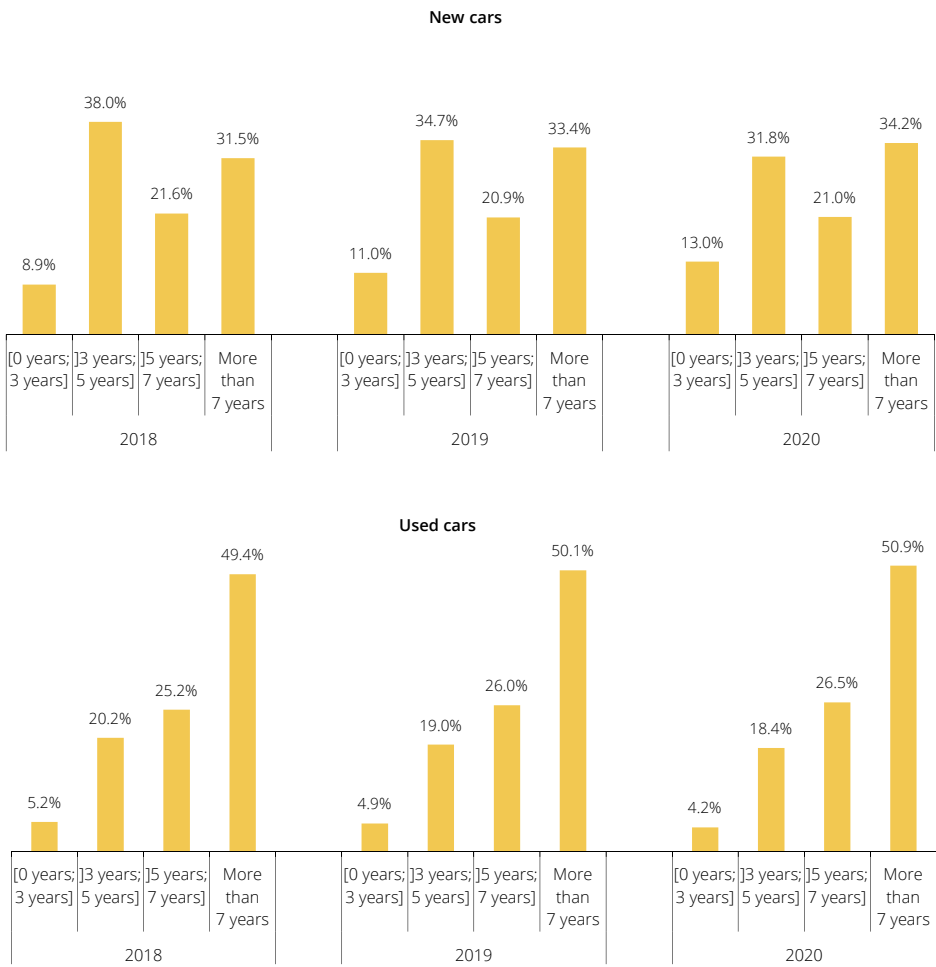
• Maturities of more than seven years were the most frequent in car loans.

The importance of agreements with longer maturities (more than seven years) increased, both in loans for the purchase of new cars, and in loans for the purchase of used cars.

In the case of new cars, agreements with maturities of more than seven years became the most frequent, representing 34.2% of the agreements in 2020, when in 2019 they represented approximately one third of the total (33.4%). The importance of agreements with maturities of less than three years also went up (from 11% in 2019 to 13% in 2020). In contrast, the importance of agreements with maturities between three and five years fell significantly (from 34.7% in 2019 to 31.8% in 2020).

In the case of used cars, the distribution of agreements by maturity remained virtually unchanged. The most frequent maturities were those of more than seven years (50.9%, compared with 50.1% in 2019), followed by agreements with maturities between five and seven years, which represented 26.5% of the total (26% in 2019).

Chart IV.3.7 • Car loans | Distribution of the number of agreements, by maturity | 2018-2020



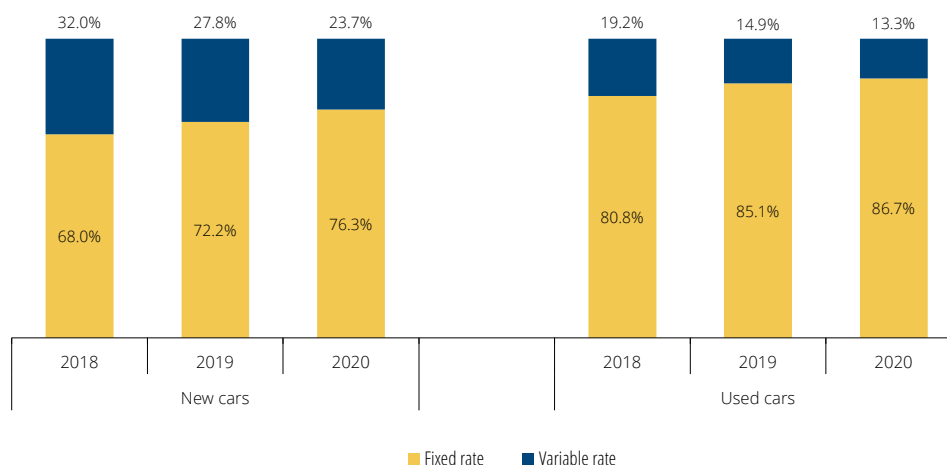
Source: Banco de Portugal.

3.3 Type of interest rate

The importance of car loan agreements concluded at a fixed rate increased.

Most of the amount of car loans was granted at a fixed rate, with the importance of this type of interest rate having increased. In new cars, fixed-rate agreements came to represent 76.3% of the credit amount granted in 2020, when in 2019 they represented 72.2%. In used cars, 86.7% of the credit amount was granted with this type of interest rate (85.1% in 2019).

Chart IV.3.8 • Car loans | Type of interest rate as a percentage of the amount granted | 2018-2020



Source: Banco de Portugal.

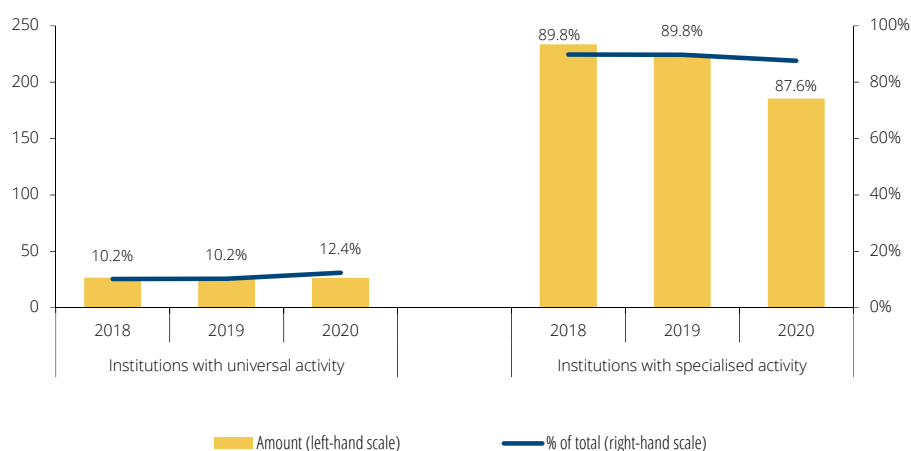
3.4 Type of credit institution

Most car loans were granted by institutions with specialised activity.

Most of the amount of car loans continued to be granted by **institutions with specialised activity** (87.6% in 2020). However, **institutions with universal activity** represented 12.4% of the amount of car loans granted in 2020, above the proportion in 2019 (10.2%).

This evolution is related, on the one hand, to the increase in the amount of car loans granted by institutions with universal activity (2.5% more than in 2019) and, on the other hand, to the decrease in the amount of credit granted by institutions with specialised activity (17.1% less).

Chart IV.3.9 • Car loans | Average monthly credit amount granted, by type of institution | EUR million | 2018-2020



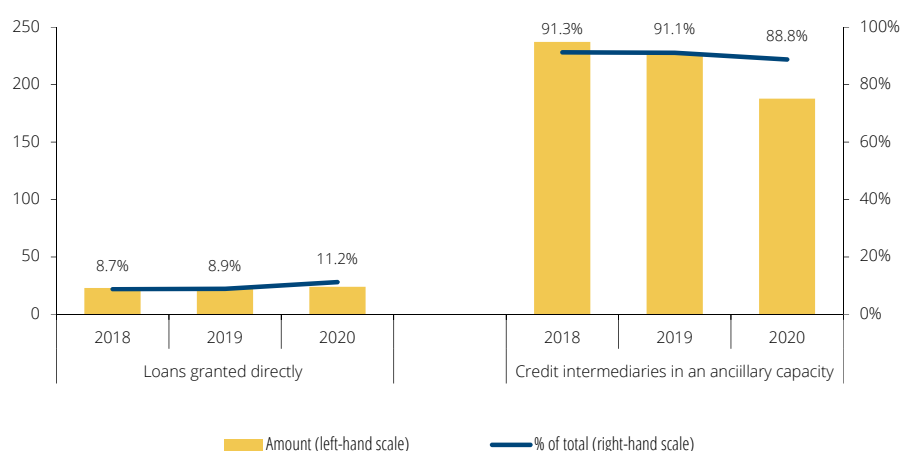
Source: Banco de Portugal.

3.5 Marketing channel

Most car loans were granted through credit intermediaries.

The majority of car loans continued to be granted through credit intermediaries in an ancillary capacity, which were responsible for 88.8% of the amount granted in 2020. However, the granting of loans directly at the institution now accounted for 11.2% of the amount of car loans, higher than the proportion in 2019 (8.9%).

Chart IV.3.10 • Car loans | Average monthly credit amount granted, by marketing channel
| EUR million | 2018-2020



Source: Banco de Portugal.

4 Revolving credit⁵

The granting of revolving credit decreased, after the growth seen in the previous year.

The amount of revolving credit granted⁶ and the number of agreements concluded fell by 18.4% and 25.5%, respectively, after the increases recorded in 2019 (respectively, 3.9% and 4.8%).

In this segment, credit cards continued to represent most of the amount of credit granted (90%), although they lost importance when compared to 2019 (92%).

5. For revolving credit, the analysis by maturity and type of interest rate is not presented, since the agreements included in this credit segment are almost all of indeterminate duration and with fixed interest rate.

6. In the case of revolving credit, the amount of credit corresponds to the maximum ceiling made available to the customer.

Table IV.4.1 • Revolving credit | Amount and average monthly number of agreements concluded | 2018-2020

	Value			Percentage change		
	2018	2019	2020	2018-2017	2019-2018	2020-2019
Amount (EUR thousand)	89,922	93,387	76,207	0.4%	3.9%	-18.4%
Number of agreements	70,671	74,087	55,228	-3.0%	4.8%	-25.5%

Source: Banco de Portugal. | Note: Overdraft facility agreements included in revolving credit are only those with a repayment term of more than one month.

Revolving credit agreements recorded the lowest values since 2010.

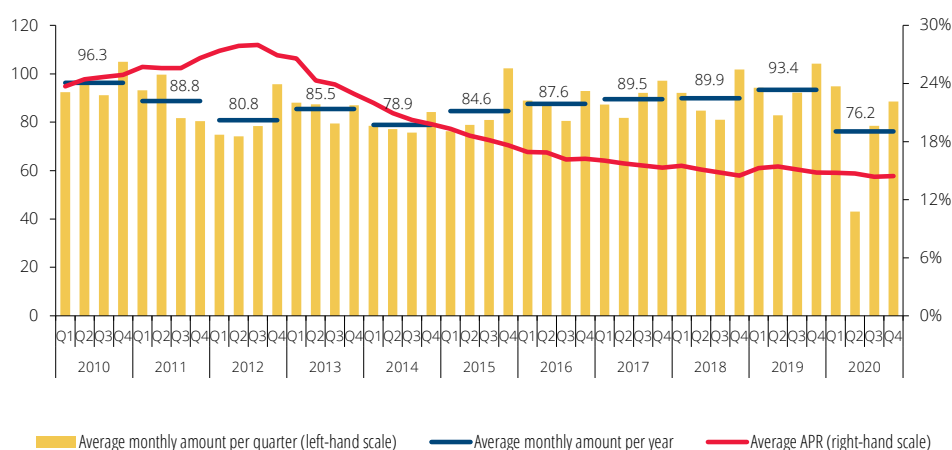
On average, EUR 76.2 million of revolving credit was granted per month, corresponding to 55,228 agreements. Both of these figures are the lowest since 2010.

With the exception of the first quarter of the year, in which revolving credit remained stable versus the same period of 2019 (0.5% more), all quarters showed lower average monthly amounts of credit granted than in 2019. The 48% decrease in the second quarter, in the context of the COVID-19 pandemic was noteworthy.

This evolution was similar in the **number of agreements concluded**, with emphasis on the decrease of 52.1% in the second quarter of the year, versus the same period of 2019.

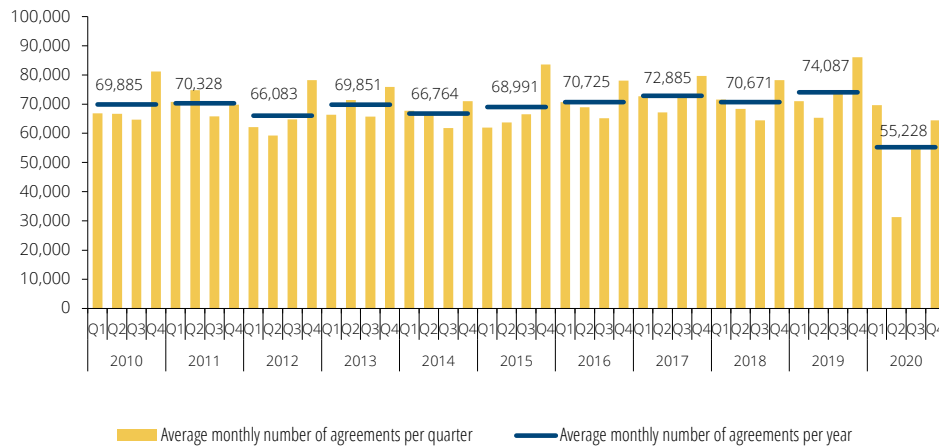
In the last quarter of 2020, the **average APR** of revolving credit was 14.4%, lower than in the last quarter of 2019 (14.8%), counteracting the increase seen in the last quarter of 2019, versus the same period of 2018 (0.3 percentage points more).

Chart IV.4.1 • Revolving credit | Average monthly loan amount granted and average APR | EUR million | 2010-2020



Source: Banco de Portugal. | Note: In revolving credit agreements, the credit amount granted in each agreement corresponds to the maximum credit limit made available to the customer (ceiling) and not to the amount actually used.

Chart IV.4.2 • Revolving credit | Average monthly number of agreements concluded | 2010-2020



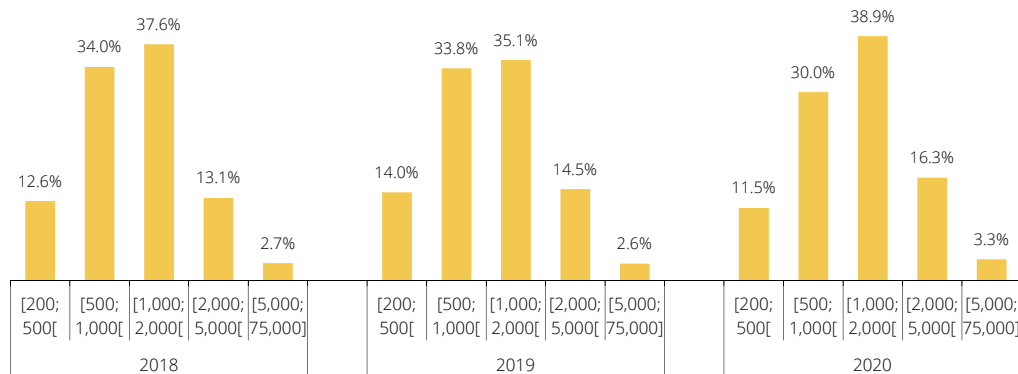
Source: Banco de Portugal.

4.1 Amounts of agreements

∴ The average amount per revolving credit agreement increased.

In revolving loans, the average amount per loan rose from EUR 1,300 in 2019 to EUR 1,400 in 2020. Agreements with amounts between EUR 1,000 and 2,000 represented 38.9% of revolving credit agreements (35.1%, in 2019). The weight of agreements with higher amounts (more than EUR 2,000) also increased (from 17.1%, in 2019, to 19.6%, in 2020). In contrast, the proportion of agreements with smaller amounts (less than EUR 1,000) fell from 47.8% in 2019 to 41.5% in 2020.

Chart IV.4.3 • Revolving credit | Distribution of the number of agreements, by amount | EUR | 2018-2020



Source: Banco de Portugal.

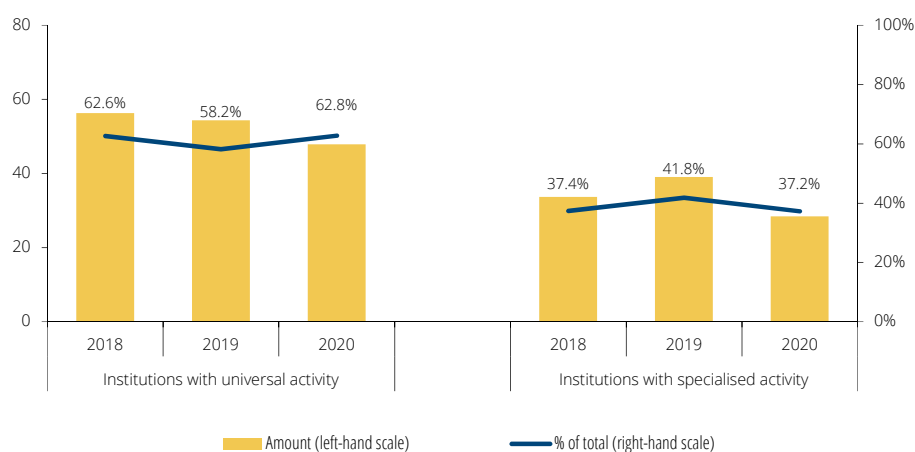
4.2 Type of credit institution

... The importance of institutions with universal activity in revolving credit increased.

More than half of the amount of revolving credit was granted by **institutions with universal activity** (62.8%), with their relative importance increasing in relation to 2019 (58.2%). Conversely, the importance of **institutions with specialised activity** in the total revolving credit granted fell from 41.8% in 2019 to 37.2% in 2020.

In institutions with specialised activity the amount of revolving credit granted decreased 27.3% in relation to 2019, a sharper reduction than that seen in institutions with universal activity (12%).

Chart IV.4.4 • Revolving credit | Average monthly credit amount granted, by type of institution
| EUR million | 2018-2020



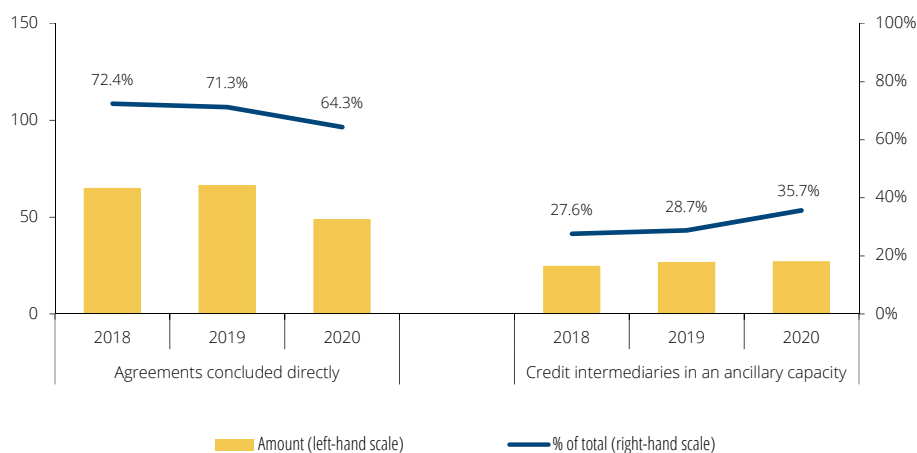
Source: Banco de Portugal.

4.3 Marketing channel

... The weight of revolving credit granted through credit intermediaries increased.

The **granting of credit directly at the credit institution** continued to be the most frequent marketing channel for revolving credit, representing 64.3% of the amount granted in 2020. However, **credit intermediaries in an ancillary capacity** now account for more than a third of the amount of revolving credit granted in 2020 (35.7%), compared with 28.7% in 2019.

Chart IV.4.5 • Revolving credit | Average monthly credit amount granted, by marketing channel
| EUR million | 2018-2020



Source: Banco de Portugal.

5 Maximum rates

In the fourth quarter of 2020, maximum APRs⁷ varied between 4.1% in the car loan sub-segment “financial leasing or long-term rental: new” and 15.3% in revolving credit.

Maximum rates declined in most credit segments and sub-segments.

The maximum rate of the car loan sub-segment “financial leasing or long-term rental: used” was the one that showed the most expressive decrease in the last quarter of 2020 (0.6 percentage points less in comparison to the last quarter of 2019). This was followed by decreases in the maximum APR of the revolving credit segment and in the car loan sub-segment “financial leasing or long-term rental: new” (0.4 percentage points less in the last quarter of 2020, versus the same period of 2019).

In the car loan sub-segment “subject to the retention of the ownership or others: used”, the maximum rate fell by 0.2 percentage points in the last quarter of 2020, versus the same period of 2019.

The maximum rates of the car loan sub-segment “subject to the retention of the ownership and others: new” and “other personal loans” sub-segment remained unchanged between the last quarter of 2019 and the last quarter of 2020.

The maximum rate of the personal loan sub-segment “for education, health, renewable energies and leasing of financial equipment” was the only one that increased in the last quarter of 2020, versus the same period of 2019 (0.2 percentage points more).

7. It should be recalled that the maximum rates correspond to the average APR practiced by credit institutions on each type of credit in the previous quarter, plus one quarter. In addition, the maximum rate of any type of credit may not exceed the market average by more than 50%.

Table IV.5.1 • Consumer credit | Maximum rates | 4th quarter of 2019 – 4th quarter of 2020

	Q4 2019	Q1 2020	Q2 2020	Q3 2020	Q4 2020
Personal loans					
For education, health, renewable energies and financial leasing of equipment	6.5%	6.3%	6.8%	6.3%	6.7%
Other personal loans	13.4%	13.1%	13.1%	12.8%	13.4%
Car loans					
Financial leasing or long-term rental: new	4.5%	4.3%	4.3%	4.0%	4.1%
Financial leasing or long-term rental: used	5.9%	5.7%	5.7%	5.5%	5.3%
Subject to retention of ownership and others: new	9.5%	9.5%	9.6%	9.3%	9.5%
Subject to retention of ownership and others: used	12.3%	12.2%	12.2%	12.1%	12.1%
Credit cards, credit lines, current bank accounts and overdraft facilities	15.7%	15.7%	15.8%	15.5%	15.3%

Source: Banco de Portugal.

