



MAGYAR NEMZETI BANK

31 August 2012

PRESS RELEASE

Aggregated balance sheet of credit institutions: July 2012

In July 2012, households were net borrowers in the forint and net repayers in foreign currency, according to seasonally unadjusted data. As a result of these transactions, the sector's outstanding loans fell. Households reduced their forint deposits and increased their foreign currency deposits relative to the previous month. Their total deposits fell. Non-financial corporations were net borrowers in the forint and net repayers in foreign currency. As a result, their total outstanding loans fell. Both forint and foreign currency deposits of the sector increased in July relative to the previous month.

In July, the stock of outstanding household debt fell by HUF 19.7 billion due to transactions. This reflected an increase of HUF 14.5 billion in forint loans and a decline of HUF 34.3 billion in foreign currency loans due to transactions. These changes were due in part to conversions of non-performing foreign currency loans into forint:¹ non-performing foreign currency loans of around HUF 2.4 billion were converted into forint in July.² Credit institutions cancelled 25% of non-performing foreign currency loans converted into forint. Consequently, conversions increased the transaction value of forint loans by approximately HUF 1.8 billion. The increase in forint loans due to transactions also includes the amount of buffer account loans made by credit institutions;³ however, the effect of these is still insignificant.

¹ Act LXXV of 2011 on the fixing of exchange rates used for repayments on foreign exchange-denominated mortgage loans and the procedure for forced sales of residential properties (FX Loan Act) was amended on 1 April 2012. Under the amendment, a range of households with non-performing foreign currency loans, defined by the Act, are allowed to apply for the conversion of their non-performing foreign currency loans into forint. Credit institutions convert such loans between 15 June 2012 and 31 August 2012, and they are obliged to cancel 25% of the existing claim on the day of conversion into forint.

² Transaction values of foreign currency loans due to conversions are calculated at the MNB's end-of-month exchange rate, while those of forint loans are calculated at the average exchange rate defined by the FX Loan Act, which is identical to the average of official middle exchange rates published by the MNB between 15 May 2012 and 15 June 2012. The other transaction values included in the press release are calculated on the basis of the MNB's monthly average exchange rates prevailing in a given month.

³ Under the amendment to Act LXXV of 2011 on the fixing of exchange rates used for repayments on foreign exchange-denominated mortgage loans and the procedure for forced sales of residential properties (FX Loan Act), households have had the opportunity to participate in the scheme aimed at reducing their debt burden, known as the exchange rate cap. Data on buffer account loans are regularly published by the Hungarian Financial Supervisory Authority at: <http://www.pszaf.hu/data/cms2355149/Gyujtoszamlahitelek.xls>.

Total household deposits declined by HUF 8.9 billion due to transactions, reflecting net outflows of HUF 28.3 billion from forint deposits and net inflows of HUF 19.4 billion into foreign currency deposits.

Outstanding forint debt of non-financial corporations increased by HUF 47.6 billion and foreign currency debt fell by HUF 83.4 billion, excluding revaluations and other volume changes. The stock of bonds issued by the sector and held by credit institutions declined by HUF 0.3 billion due to transactions. As a result, the sector's outstanding borrowing fell by HUF 36.1 billion. Non-financial corporations' total deposits increased by HUF 105.0 billion, excluding revaluations and other volume changes; net inflows into forint and foreign currency deposits amounted to HUF 51.1 billion and HUF 54.0 billion respectively.

A [table](#), published in conjunction with this press release, contains further information on the monthly financing of households and non-financial corporations using preliminary statistical data on securities holdings, in addition to data reported by credit institutions.

In July, foreign liabilities of credit institutions accounted for 24.2% of the sector's balance sheet total.

The seasonally adjusted data are subject to more uncertainty than usual, due to fluctuations caused by the financial crisis.

Table 1 Aggregated balance sheet of credit institutions - not seasonally adjusted data

July 2012					HUF billions				
Assets	Opening stocks	Revaluations and other changes	Transactions	Closing stocks	Liabilities	Opening stocks	Revaluations and other changes	Transactions	Closing stocks
Non-financial corporations (S.11)	7246,2	-132,2	-36,1	7077,9	Non-financial corporations (S.11)	4050,0	-38,2	105,0	4116,9
HUF loans	3133,7	-3,6	47,6	3177,7	HUF deposits	2708,6	0,0	51,1	2759,7
FX loans	3999,1	-126,6	-83,4	3789,1	FX deposits	1341,4	-38,2	54,0	1357,1
Securities other than shares	113,4	-2,0	-0,3	111,1					
Other financial corporations (S.123+S.124+S.125)	1361,3	-29,2	-7,8	1324,3	Other financial corporations (S.123+S.124+S.125)	1099,8	-5,1	-28,6	1066,1
HUF loans	418,5	0,0	6,6	425,1	HUF deposits	913,7	0,0	-25,9	887,8
FX loans	914,4	-29,2	-14,4	870,8	FX deposits	186,1	-5,1	-2,7	178,3
Securities other than shares	28,5	0,0	-0,1	28,4					
Central government (S.131)	3749,0	-7,9	-1,1	3740,1	Central government (S.131)	237,5	-2,3	20,5	255,6
HUF loans	124,7	0,0	-2,3	122,4	HUF deposits	138,1	0,0	21,0	159,1
FX loans	126,1	-4,1	-0,5	121,5	FX deposits	99,4	-2,3	-0,5	96,5
Securities other than shares	3498,3	-3,8	1,7	3496,2					
Local authorities (S.132)	913,5	-15,3	19,5	917,6	Local authorities (S.132)	340,3	-1,5	-40,5	298,2
HUF loans	336,6	0,0	22,1	358,7	HUF deposits	292,3	0,0	-37,9	254,4
FX loans	116,6	-3,8	-1,4	111,4	FX deposits	47,9	-1,5	-2,6	43,8
Securities other than shares	460,2	-11,6	-1,1	447,5					
Households (S.14)	7502,9	-143,2	-19,7	7340,0	Households (S.14)	7538,7	-27,3	-8,9	7502,5
HUF loans	3202,2	-6,0	14,5	3210,8	HUF deposits	6551,4	0,0	-28,3	6523,1
FX loans	4300,7	-137,3	-34,3	4129,1	FX deposits	987,4	-27,3	19,4	979,4
					Debt securities issued (held by residents)	2245,6	-20,0	7,9	2233,5
Non-residents (S.2)	2986,2	-63,8	177,2	3099,6	Non-residents (S.2)	8230,6	-202,5	-377,2	7650,8
Remaining assets	8772,6	-28,8	-621,9	8121,9	Remaining liabilities	8789,3	-123,4	-168,2	8497,7
Total assets	32531,8	-420,4	-490,0	31621,4	Total liabilities	32531,8	-420,4	-490,0	31621,4

**MAGYAR NEMZETI BANK
STATISTICS**

One of the primary statutory duties of the Magyar Nemzeti Bank is to collect and publish statistical information. The statistical press release aims to help the reader understand the latest published data. The Quarterly Report on Inflation and the Report on Financial Stability, published periodically, contain the Bank's analyses of underlying economic processes and are accessible at www.mnb.hu.

Detailed tables: [Time series](#)

Charts: [Chart pack](#)

Notes: [Methodological notes](#)

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