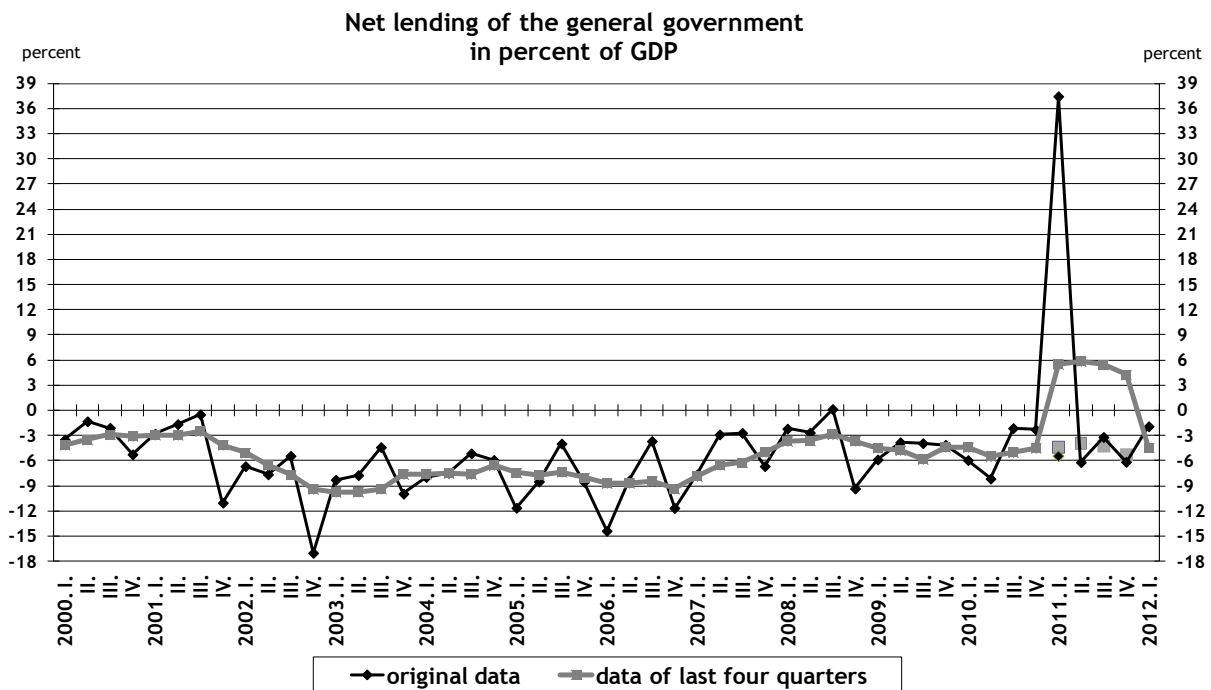


PRESS RELEASE

Preliminary financial accounts for general government and households: 2012 Q1

According to preliminary financial accounts data, general government net lending was equal to -4.4 per cent of Hungary's GDP in the four quarters to 2012 Q1. General government consolidated gross debt at nominal value amounted to 78.9 per cent of GDP at the end of 2012 Q1. Transactions in liabilities increased the debt by HUF 231 billion, while the appreciation of the forint reduced it by HUF 526 billion in Q1.

Net lending of households was equivalent to 5.2 per cent of GDP in the four quarters to 2012 Q1, according to preliminary financial accounts data.



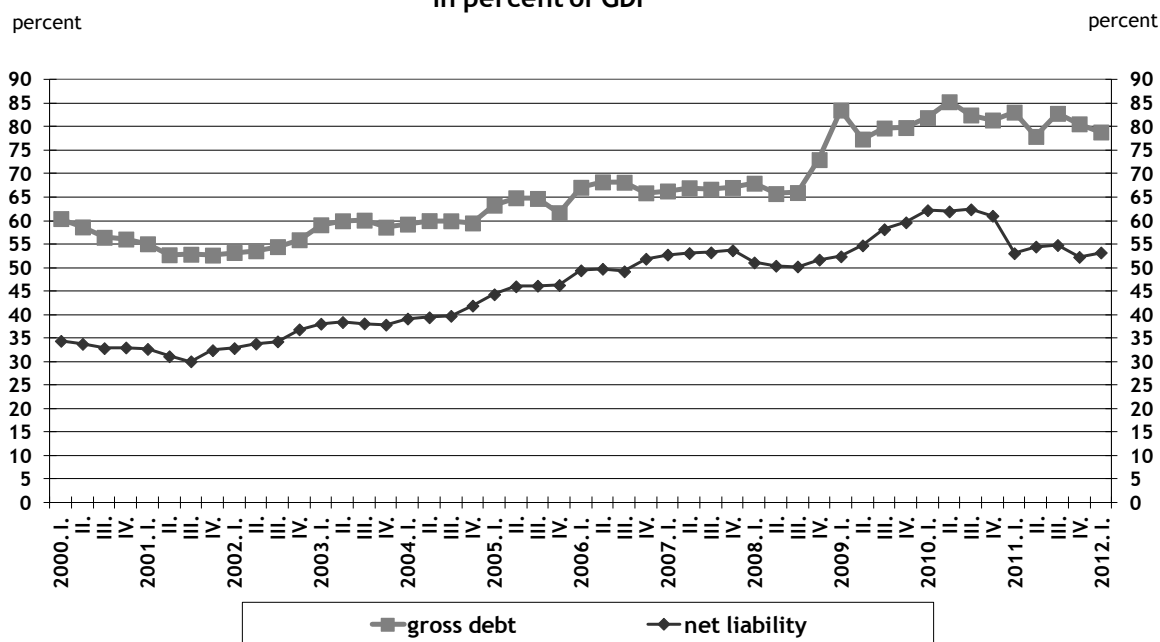
2012 Q1 data are based on the MNB's own GDP estimate.

For 2011, the quarterly data (shown in black, only for Q1) and the data referring to the final four quarters (shown in grey), which show general government net lending excluding the effect of the capital transfer due to withdrawals from private pension funds, were plotted as separate data points.

According to preliminary data, general government net lending amounted to HUF -1,262 billion or -4.4 per cent of Hungary's GDP in the four quarters to 2012 Q1. General government net lending (HUF -124 billion) was equal to -1.9 per cent of quarterly GDP in 2012 Q1.

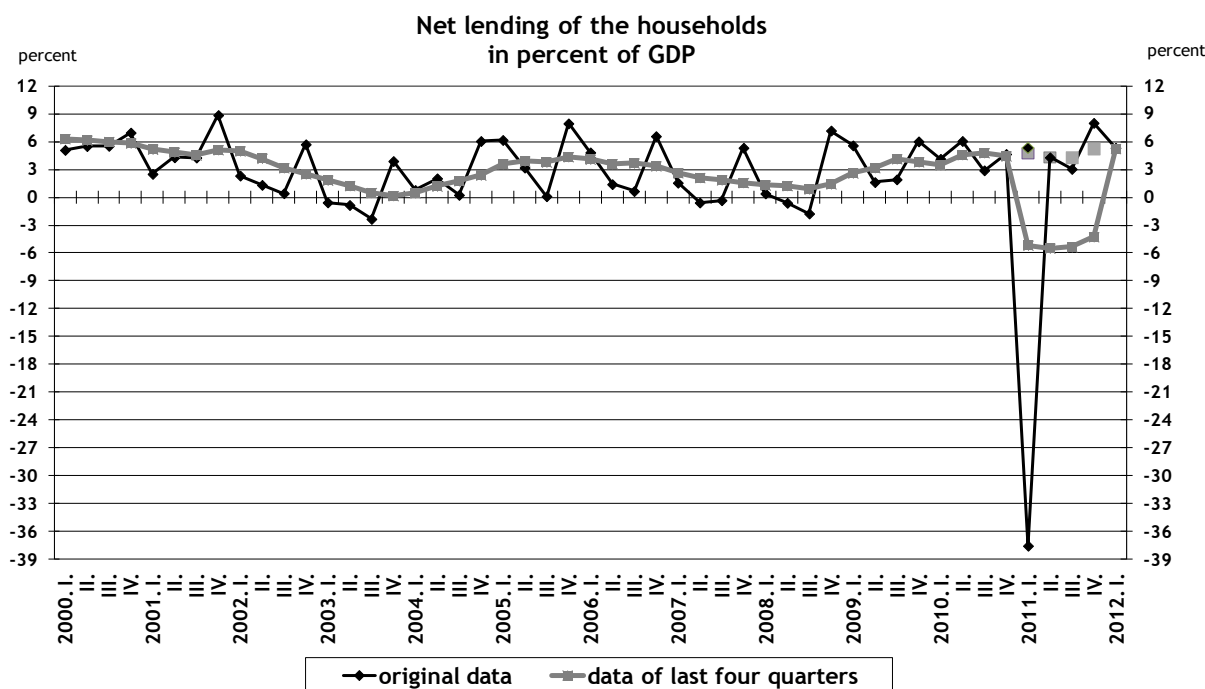
At the end of 2012 Q1, general government consolidated gross debt at nominal value (or Maastricht debt) was HUF 22,397 billion, equivalent to 78.9 per cent of GDP. Transactions increased the debt by HUF 231 billion and the appreciation of the forint (revaluation) reduced it by HUF 526 billion. Net liabilities of general government amounted to HUF 15,112 billion or 53.2 per cent of GDP at the end of 2012 Q1.

Maastricht debt and net liability of the general government in percent of GDP



The Maastricht measure of general government debt is defined as the sector's consolidated gross debt at nominal value, excluding other liabilities (AF.7). Net liability is equal to net worth (i.e. the difference between the market values of total financial assets and total liabilities) with the opposite sign. 2012 Q1 data are based on the MNB's own GDP estimate.

In 2012 Q1, net borrowing of central government amounted to HUF 203 billion. On the assets side, loans, quoted shares, mutual fund shares and other assets fell significantly, while deposits and holdings of debt securities rose due to transactions. On the liabilities side, the increase in holdings of government securities and the declines in foreign borrowing and other liabilities were dominant. Net lending of local government authorities amounted to HUF 89 billion. On the assets side of the balance sheet, deposits with credit institutions rose sharply. On the liabilities side, bond and loan liabilities declined sharply and other liabilities increased due to transactions. Net borrowing of social security funds was HUF 10 billion. Within their assets and liabilities, respectively, other assets and loans fell.



2012 Q1 data are based on the MNB's own GDP estimate.

For 2011, the quarterly data (shown in black, only for Q1) and the data referring to the final four quarters (shown in grey), which show general government net lending excluding the effect of the capital transfer due to withdrawals from private pension funds, were plotted as separate data points.

According to preliminary financial accounts data, household net lending (HUF 1,489 billion) was equivalent to 5.2 per cent of GDP in the four quarters to 2012 Q1. Net lending (HUF 345 billion) amounted to 5.3 per cent of quarterly GDP in 2012 Q1. Excluding the effect of the capital transfer related to early repayments of foreign currency mortgages, household net lending amounted to HUF 149 billion or 2.3 per cent of quarterly GDP in 2012 Q1.

On the assets side, holdings of forint deposits and mutual fund shares declined sharply and forint cash, life insurance reserves and other assets fell slightly due to transactions. By contrast, foreign currency deposits and holdings of debt securities issued by central government increased. On the liabilities side, foreign currency loans fell sharply due to transactions, mainly as a result of early repayments. By contrast, forint loans increased considerably, also mainly driven by early repayments.

The effect of early repayments on the sectors' net lending

In 2011 Q4 and 2012 Q1, early repayments of foreign currency mortgages had a significant impact on net lending of the household, general government and financial corporations sectors. A description of the methodology for recording early repayments can be found in Point 1 of the Methodological notes at the end of this press release.

Calculated at market exchange rates, households repaid HUF 642 billion of their foreign currency mortgage loans, taking advantage of the early repayment option, and they received a HUF 174 billion capital transfer from financial corporations (HUF 122 billion) and general government (HUF 52 billion) in 2011 Q4.

Calculated at market exchange rates, households repaid HUF 712 billion of their foreign currency mortgage loans under the early repayment scheme, and they received a HUF 196 billion capital transfer in 2012 Q1. Capital transfers from financial corporations and general government to households are estimated to be HUF 144 billion and HUF 52 billion respectively in 2012 Q1.

Preliminary financial accounts data are available on the MNB's website at: Statistics/Statistical Data and Information/Statistical Time Series/XII. Financial Accounts/Preliminary Financial Accounts of Households and General Government. The full set of financial accounts for the institutional sectors of the national economy for the period 2012 Q1 will be published on 2 July 2012.

Tables

Main data of the general government and the households

	2009Q1	2009Q2	2009Q3	2009Q4	2010Q1	2010Q2	2010Q3	2010Q4	2011Q1	2011Q2	2011Q3	2011Q4	2012Q1
Net lending, quarterly transactions, billion HUF													
General government (S.13)	-342	-244	-251	-290	-353	-536	-145	-171	2337	-425	-229	-483	-124
Households (S.14)	326	104	123	424	245	399	198	346	-2343	295	219	629	345
Net lending, quarterly transactions, excluding the effect of the capital transfer due to opt-outs from private pension funds in March 2011, billion HUF													
General government (S.13)	-342	-244	-251	-290	-353	-536	-145	-171	-340	-425	-229	-483	-124
Households (S.14)	326	104	123	424	245	399	198	346	335	295	219	629	345
Net lending of last four quarters, billion HUF													
General government (S.13)	-1174	-1240	-1500	-1127	-1138	-1430	-1325	-1205	1485	1596	1512	1199	-1262
Households (S.14)	681	825	1063	977	897	1191	1266	1188	-1401	-1504	-1482	-1199	1489
Net lending of last four quarters, excluding the effect of the capital transfer due to opt-outs from private pension funds in March 2011, billion HUF													
General government (S.13)	-1174	-1240	-1500	-1127	-1138	-1430	-1325	-1205	-1192	-1082	-1166	-1478	-1262
Households (S.14)	681	825	1063	977	897	1191	1266	1188	1277	1174	1195	1479	1489
Consolidated gross debt of the general government, billion HUF													
General government (S.13)	21864	20018	20470	20450	21075	22123	21759	21777	22478	21309	22958	22693	22397
Quarterly changes in consolidated gross debt of the general government, billion HUF													
changes in debt	2490	-1846	452	-20	626	1047	-364	19	700	-1169	1649	-265	-296
of which: transactions	1154	-629	547	-52	717	166	40	-76	1226	-1193	572	-1030	231
revaluation	1322	-1217	-95	32	-92	881	-404	94	-526	24	1077	764	-526
other changes in volume	13	0	0	0	0	0	0	0	0	0	0	0	0
	2009Q1	2009Q2	2009Q3	2009Q4	2010Q1	2010Q2	2010Q3	2010Q4	2011Q1	2011Q2	2011Q3	2011Q4	2012Q1
Net lending, quarterly transactions, percent of GDP													
General government (S.13)	-5,9	-3,8	-3,9	-4,1	-5,9	-8,2	-2,1	-2,3	37,5	-6,2	-3,2	-6,2	-1,9
Households (S.14)	5,6	1,6	1,9	6,0	4,1	6,1	2,9	4,7	-37,6	4,3	3,1	8,0	5,3
Net lending, quarterly transactions, excluding the effect of the capital transfer due to opt-outs from private pension funds in March 2011, percent of GDP													
General government (S.13)	-5,9	-3,8	-3,9	-4,1	-5,9	-8,2	-2,1	-2,3	-5,5	-6,2	-3,2	-6,2	-1,9
Households (S.14)	5,6	1,6	1,9	6,0	4,1	6,1	2,9	4,7	5,4	4,3	3,1	8,0	5,3
Net lending of last four quarters, percent of GDP													
General government (S.13)	-4,5	-4,8	-5,8	-4,4	-4,4	-5,5	-5,0	-4,5	5,5	5,8	5,5	4,3	-4,4
Households (S.14)	2,6	3,2	4,1	3,8	3,5	4,6	4,8	4,4	-5,2	-5,5	-5,3	-4,3	5,2
Net lending of last four quarters, excluding the effect of the capital transfer due to opt-outs from private pension funds in March 2011, percent of GDP													
General government (S.13)	-4,5	-4,8	-5,8	-4,4	-4,4	-5,5	-5,0	-4,5	-4,4	-4,0	-4,2	-5,3	-4,4
Households (S.14)	2,6	3,2	4,1	3,8	3,5	4,6	4,8	4,4	4,7	4,3	4,3	5,3	5,2
Consolidated gross debt of the general government, percent of GDP													
General government (S.13)	83,5	77,4	79,7	79,8	81,9	85,3	82,5	81,4	83,1	77,9	82,8	80,6	78,9

Methodological notes

1 Statistical recording of early repayments of foreign currency mortgage loans

Under the relevant regulation, financial corporations are required to use fixed, significantly below-market exchange rates for early repayments by households. The resulting increase in wealth is treated as a capital transfer to households in the statistics. In the previous statistical releases, this capital transfer was assumed to have been granted 70-30 per cent by financial corporations and general government, given that financial corporations would request a 30 per cent reimbursement from general government for losses incurred on early repayments. It has since turned out that financial corporations are unable to take full advantage of the option to request a reimbursement. Consequently, the amount of capital transfer granted to households has been split 72-28 per cent between financial corporations and general government. Capital transfers are recorded at the time households repay their debt; those related to repayments made before the end of the year were recorded for 2011 Q4. Capital transfers related to early repayments made in 2012 were recorded for 2012 Q1.

2 Uncertainties related to 2012 Q1 data for the household sector

2012 Q1 household financial accounts data are only partially able to reflect the effects of economic events. During early repayments, households are likely to have reduced their financial assets or increased liabilities which can be captured only to a limited extent in the statistics. In addition, based on bank account turnover households are likely to have increased further their foreign investments in 2012 Q1, which can be captured only partially in the statistics. According to available data, households increased their deposits abroad by HUF 58 billion in 2012 Q1. In compiling data for 2012 Q1, estimates were used for developments in deposits held abroad, claims on voluntary pension funds and other household assets. The estimates may change in later publications or may be replaced by actual data as they become available.

3 Change to the accrual-based recording of VAT refunds

2012 Q1 accrual-based data on VAT refunds have been changed in order to ensure that the recording of VAT refunds and the real economic events are more closely related within a calendar year. However, data for the period prior to 2012 have remained unaffected by these changes. Consequently, general government net lending in the year to 2012 Q1 is HUF 24 billion lower than would have been the case if the changes had been taken back to the period.

4 Recording withdrawals from private pension funds in 2012

In 2012, private pension fund members had the choice whether or not to withdraw from their pension fund until the end of March. Membership of members deciding to withdraw will cease at the end of May 2012. Consequently, the transactions associated with the withdrawals will be presented in the financial accounts for 2012 Q2.

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.

References

[Data](#)
[Financial accounts manual](#)
[Methodological notes](#)

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