

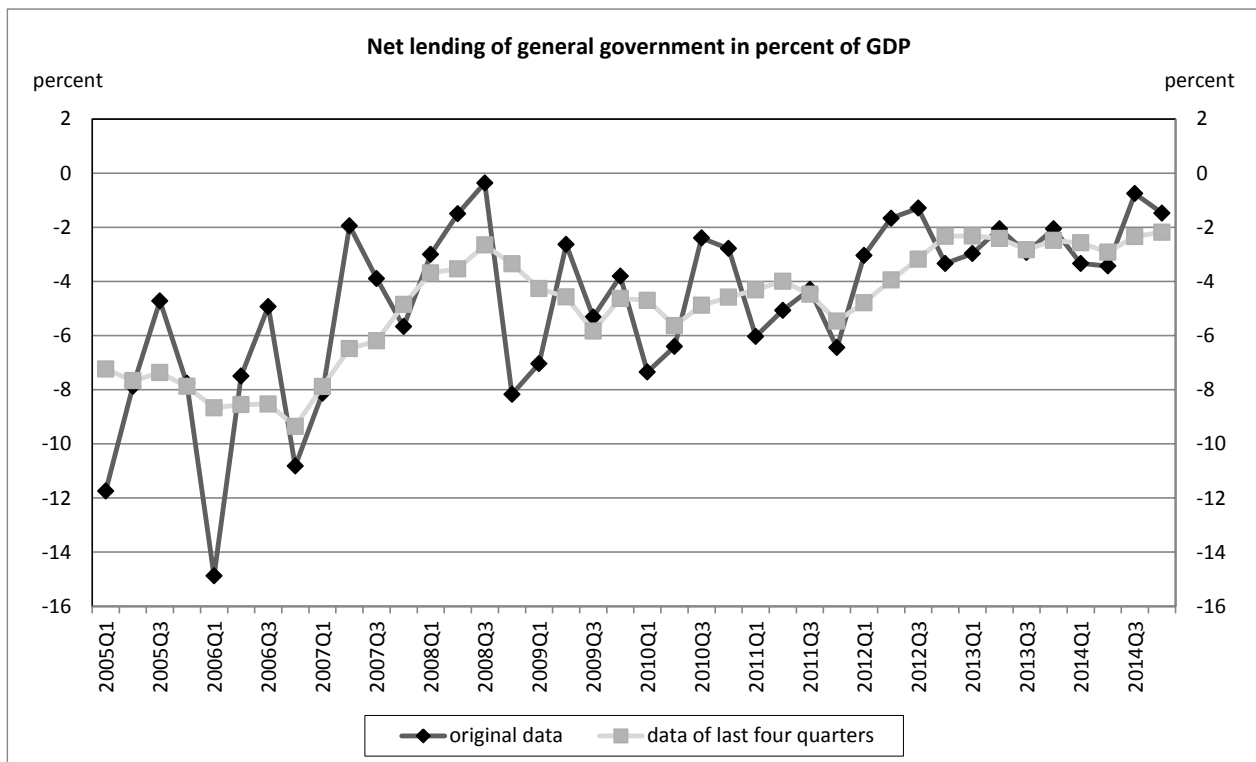


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PRESS RELEASE

Preliminary financial accounts for general government and households 2014 Q4

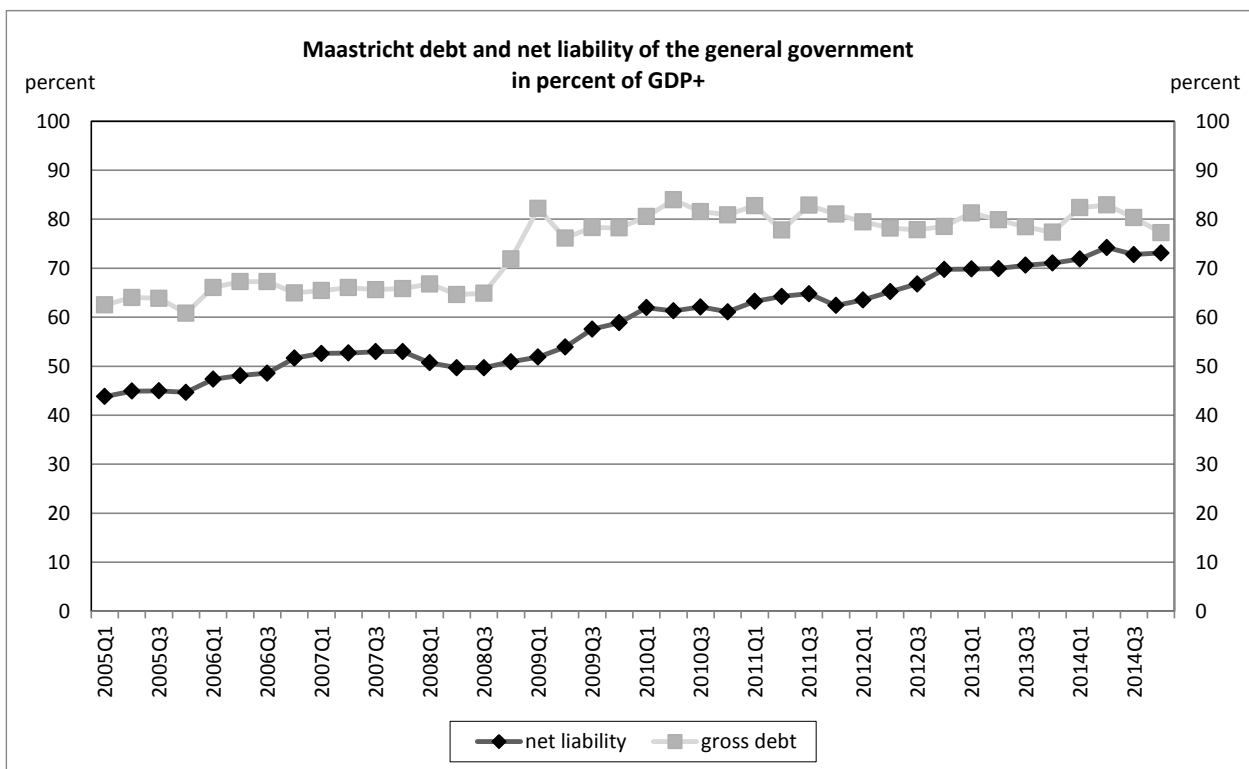
According to preliminary financial accounts data, general government net lending was equal to -2.2 per cent of Hungary's GDP in 2014. General government consolidated gross debt at nominal value amounted to 77.3 per cent of GDP at the end of 2014. In 2014 Q4, net repayments reduced the sector's debt by HUF 739 billion and exchange rate changes increased it by HUF 142 billion. According to preliminary financial accounts data, net lending of households was equivalent to 5.9 per cent of GDP in 2014.



2014 Q4 data are based on the MNB's own GDP estimate.

According to preliminary data, general government net lending amounted to HUF -692 billion or -2.2 per cent of Hungary's GDP in 2014. General government net lending (HUF -127 billion) was equal to -1.5 per cent of quarterly GDP in the final quarter of 2014. At the end of 2014 Q4, general government consolidated gross debt at nominal value (or Maastricht debt) was HUF 24,521 billion, equivalent to 77.3 per cent of GDP. The sector's debt fell by HUF 739 billion due to net repayments and increased by HUF 142 billion due to the depreciation of the

forint exchange rate. Net liabilities of general government amounted to HUF 23,207 billion or 73.1 per cent of GDP at the end of 2014 Q4.



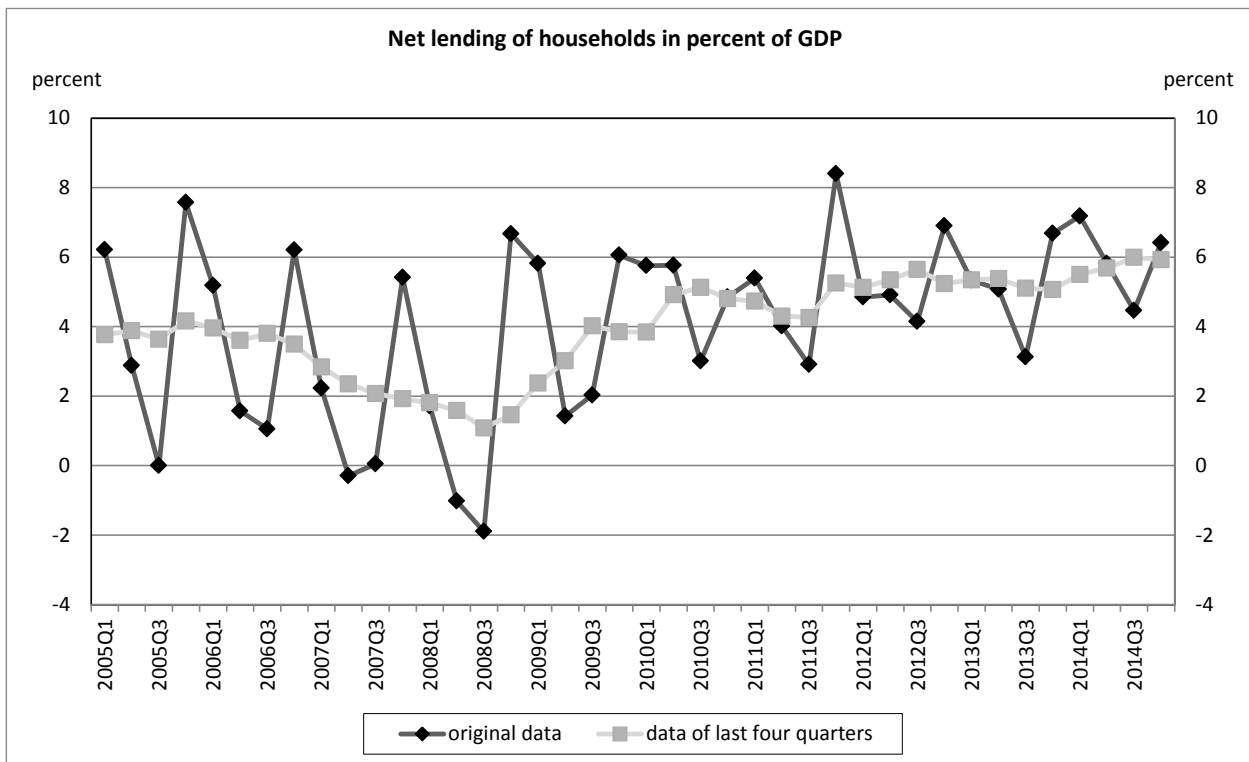
* The Maastricht measure of general government debt is defined as the sector’s consolidated gross debt at nominal value, excluding other liabilities (AF.8). Net liability is equal to net worth (i.e. the difference between the market values of total financial assets and total liabilities) with the opposite sign.

2014 Q4 data are based on the MNB’s own GDP estimate.

In 2014 Q4, net lending of central government amounted to HUF 108 billion. The stock of deposits with the central bank declined significantly, due to repayments of loans from abroad. On the assets side of the sub-sector’s balance sheet, receivables from non-financial corporations, mainly tax receivables, also fell sharply. On the liabilities side, outstanding long-term borrowing, mainly from non-residents, declined considerably, due to repayments of loans. In the case of short-term debt securities, large amounts of Treasury bills were redeemed, as in previous quarters, while issuance of long-term government debt securities increased sharply. As a result of these contrasting developments, the outstanding stock of government securities fell slightly due to transactions. Primarily, credit institutions continued to account for the reallocation of the government debt portfolio, with securities held by non-residents increasing strongly. Within other liabilities, other accounts payable vis-à-vis the EU fell significantly.

Net borrowing of local governments was HUF 116 billion in 2014 Q4. Within financial assets, local government deposits with credit institutions fell and there were significant sales of local government shares. On the liabilities side, borrowing by local governments increased, while it was mainly other accounts payable vis-à-vis non-financial corporations which fell.

Net borrowing of social security funds was HUF 118 billion in 2014 Q4. On the assets side, deposits with the Treasury fell significantly, while contribution claims vis-à-vis households increased. On the liabilities side, stock of short-term loans by central government and other accounts payable vis-à-vis non-financial corporations increased significantly.



2014 Q4 data are based on the MNB's own GDP estimate.

According to preliminary financial accounts data, net lending of households (HUF 1,882 billion) was equivalent to 5.9 per cent of GDP in 2014. Net lending of the sector (HUF 551 billion) amounted to 6.4 per cent of quarterly GDP in 2014 Q4.

In 2014 Q4, household holdings of currency and current accounts deposits increased as seen at the end of previous years. Furthermore, in the period there were increases in investments in foreign assets and in holdings of long-term government securities, as well as holdings of non-market mutual fund shares increased due to transactions. Atypically, the increase in financial derivatives as a result of fixation of exchange rate of foreign currency mortgage loans includes the difference between the exchange rate set by legislation and the MNB's official exchange rate.¹ Within financial assets of households, short-term securities, money market mutual fund shares and other accounts receivable fell. The latter mainly reflected the decline in wage claims and transfer receivables vis-à-vis the European Union. On the liabilities side, repayments of foreign currency loans continued, but the increase in forint borrowing, seen in previous quarters, stopped. The significant rise in other accounts payable reflected simultaneous increases in tax liabilities, in line with the increase in tax receivables, as well as early payments of family allowances and social security benefits.

¹ Details on the recording of conversions of foreign currency loans are provided in the Methodological notes.

Detailed 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 2014 Q4 will be published on 31 March 2015.

Tables

Main data of the institutional sectors

	2011 Q4	2012 Q1	2012 Q2	2012 Q3	2012 Q4	2013 Q1	2013 Q2	2013 Q3	2013 Q4	2014 Q1	2014 Q2	2014 Q3	2014 Q4
Net lending, quarterly transactions, billion HUF													
General government (S.13)	-501	-195	-117	-95	-259	-196	-152	-226	-167	-235	-268	-62	-127
Households (S.14)	653	311	345	304	535	353	377	240	543	506	456	369	551
Net lending of last four quarters, billion HUF													
General government (S.13)	-1 532	-1 352	-1 121	-908	-665	-667	-702	-833	-741	-780	-896	-732	-692
Households (S.14)	1 473	1 448	1 518	1 614	1 496	1 538	1 569	1 504	1 513	1 666	1 745	1 874	1 882
Consolidated gross debt of the general government, billion HUF													
General government (S.13)	22 721	22 432	22 204	22 237	22 414	23 371	23 272	23 116	23 085	24 935	25 437	25 118	24 521
Quarterly changes in consolidated gross debt of the general government, billion HUF													
changes in debt	-265	-289	-228	33	177	957	-99	-156	-31	1 850	502	-319	-596
of which: transactions	-1 043	311	21	148	-112	479	213	-281	10	1 478	437	-328	-739
revaluation	778	-600	-249	-115	289	478	-312	125	-41	317	65	6	142
other changes in volume	0	0	0	0	0	0	0	0	0	55	0	3	0
	2011 Q4	2012 Q1	2012 Q2	2012 Q3	2012 Q4	2013 Q1	2013 Q2	2013 Q3	2013 Q4	2014 Q1	2014 Q2	2014 Q3	2014 Q4
Net lending, quarterly transactions, percent of GDP													
General government (S.13)	-6,4	-3,0	-1,7	-1,3	-3,3	-3,0	-2,1	-2,9	-2,1	-3,3	-3,4	-0,8	-1,5
Households (S.14)	8,4	4,9	4,9	4,1	6,9	5,3	5,1	3,1	6,7	7,2	5,8	4,5	6,4
Net lending of last four quarters, percent of GDP													
General government (S.13)	-5,5	-4,8	-3,9	-3,2	-2,3	-2,3	-2,4	-2,8	-2,5	-2,6	-2,9	-2,3	-2,2
Households (S.14)	5,3	5,1	5,3	5,7	5,2	5,3	5,4	5,1	5,1	5,5	5,7	6,0	5,9
Consolidated gross debt of the general government, percent of GDP													
General government (S.13)	81,0	79,5	78,2	77,8	78,5	81,3	79,9	78,4	77,3	82,4	82,9	80,3	77,3

Methodological notes

1 Liquidation of credit institutions and compensations by the National Deposits Insurance Fund (NDIF)

In 2014 Q4, customer claims and liabilities vis-à-vis credit institutions were cancelled through other changes in volume due to the liquidation of four credit institutions, similarly to cases of previous quarters. The amount of compensation paid by the NDIF was recorded as a capital transfer in the financial accounts, which contributed HUF 29 billion to net lending of households. Half of the claims of discontinuing credit institutions were written off in the financial accounts, with the rest recorded as loan liabilities of households to non-financial corporations until future sale or termination. Consequently, households incurred a HUF 3 billion loan liability through other changes in volume vis-à-vis credit institutions reclassified into the non-financial corporate sector.

2 Effect of the fixation of exchange rate of foreign currency mortgage loans on the recording

Residential foreign currency mortgage loans are recorded in the MNB's statistics at forint value recalculated at the MNB's official exchange rates until the time of their actual/effective conversion into forints. The value of corresponding outstanding loans calculated at the exchange rate fixed by legislation is HUF 66 billion lower than the year-end stock of loans recorded at market value. Until the effective conversion into forints, the effect of exchange rate fixation will be recorded as a financial derivative claim vis-à-vis credit institutions among households' financial assets. Accordingly, households' foreign currency loans affected by the conversion were almost equally revalued to the amount of financial derivative receivable in 2014 Q4.

3 Uncertainties related to general government sector data for 2014

The full sets of balance sheets of central government and local government were not yet fully available at the time the preliminary financial accounts of general government were compiled. Therefore, certain assets and liabilities of the general government sector for the period have not been used directly but have served as a basis for expert estimates. Estimates have been made for the following instruments: loans granted, trade credits and advances as well as other accounts receivable and payable. These data, and consequently the sector's net lending, may change in later publications.

4 Uncertainties related to 2014 Q4 data for households

In compiling preliminary household data for 2014 Q4, estimates were used to calculate certain assets (primarily wage claims) and liabilities to general government. Foreign financial assets of households are not fully captured by the statistics; therefore, data on financial savings of the household sector contain uncertainties in the financial accounts. The estimated values may change in later publications or may be replaced by actual data as they become available.

References:

[Data](#)

[Financial accounts manual](#)

[Methodological notes](#)

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