

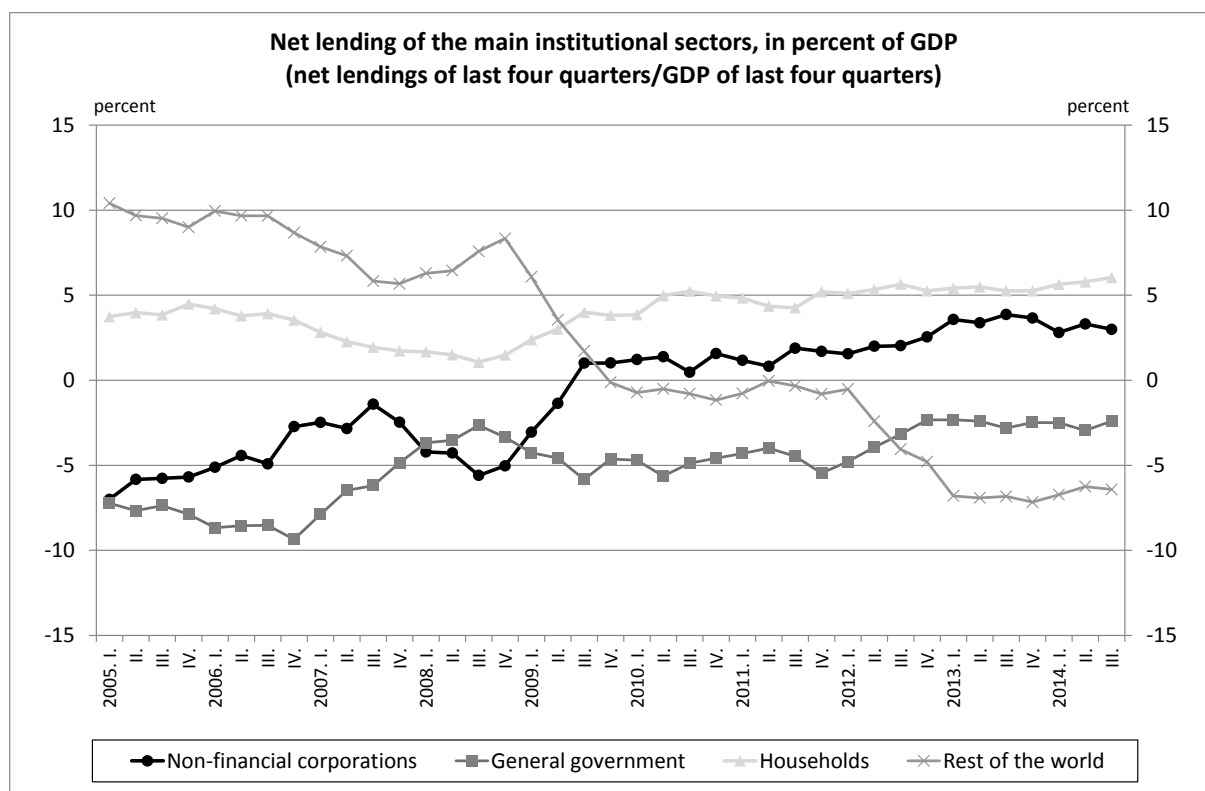


31 December 2014

PRESS RELEASE

Hungary's financial accounts: 2014 Q3

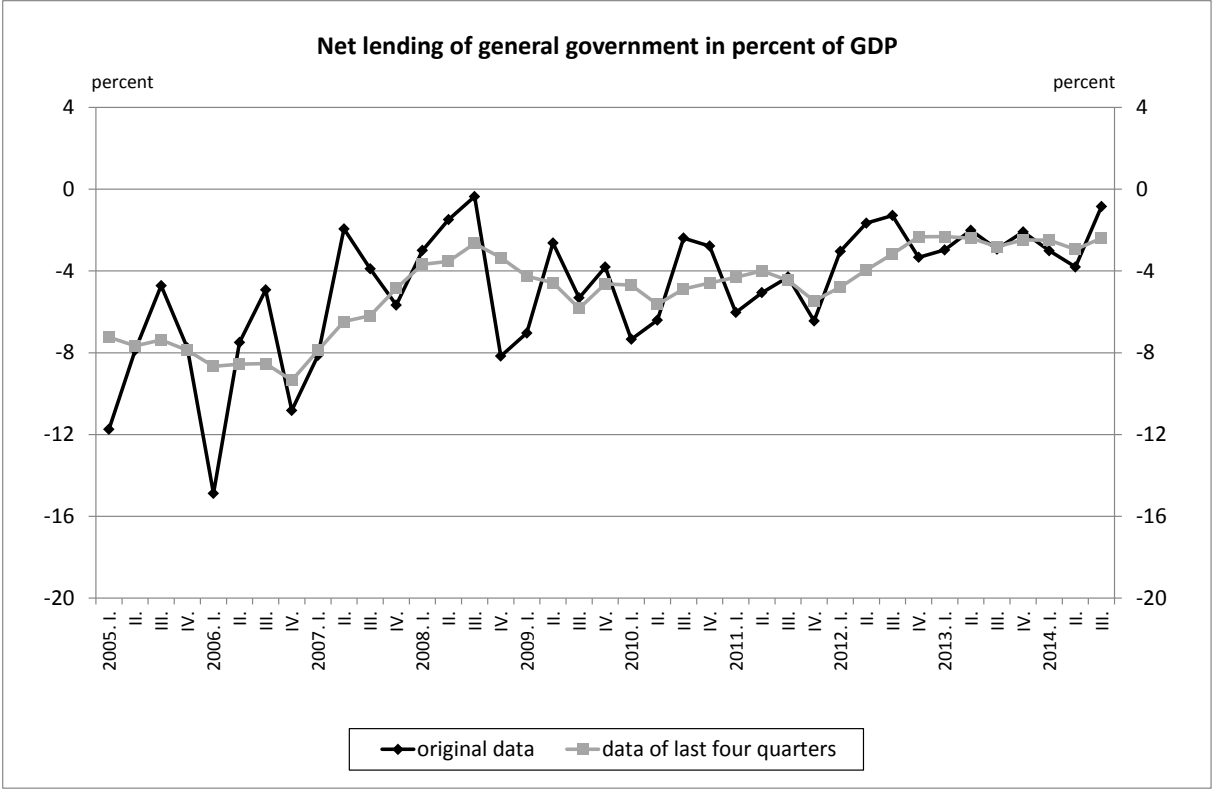
According to financial accounts data, general government net lending was equal to -2.4 per cent of Hungary's GDP in the four quarters to 2014 Q3. Net lending of households was equivalent to 6 per cent of GDP in the period.¹ Net lending of non-financial corporations was 3 per cent of GDP and net lending of the rest of the world was -6.4 per cent of GDP in the four quarters to 2014 Q3.



* Note: For clarity, the Chart does not plot net lending of financial corporations and non-profit institutions serving households (their values are usually close to 0). Data for a given quarter show the sum of balances for the year ending with that quarter, expressed as a percentage of GDP for the same period.

¹ Unlike the preliminary release, indicators as a percentage of GDP published as part of the financial accounts do not reflect the effect of the revision of quarterly GDP data.

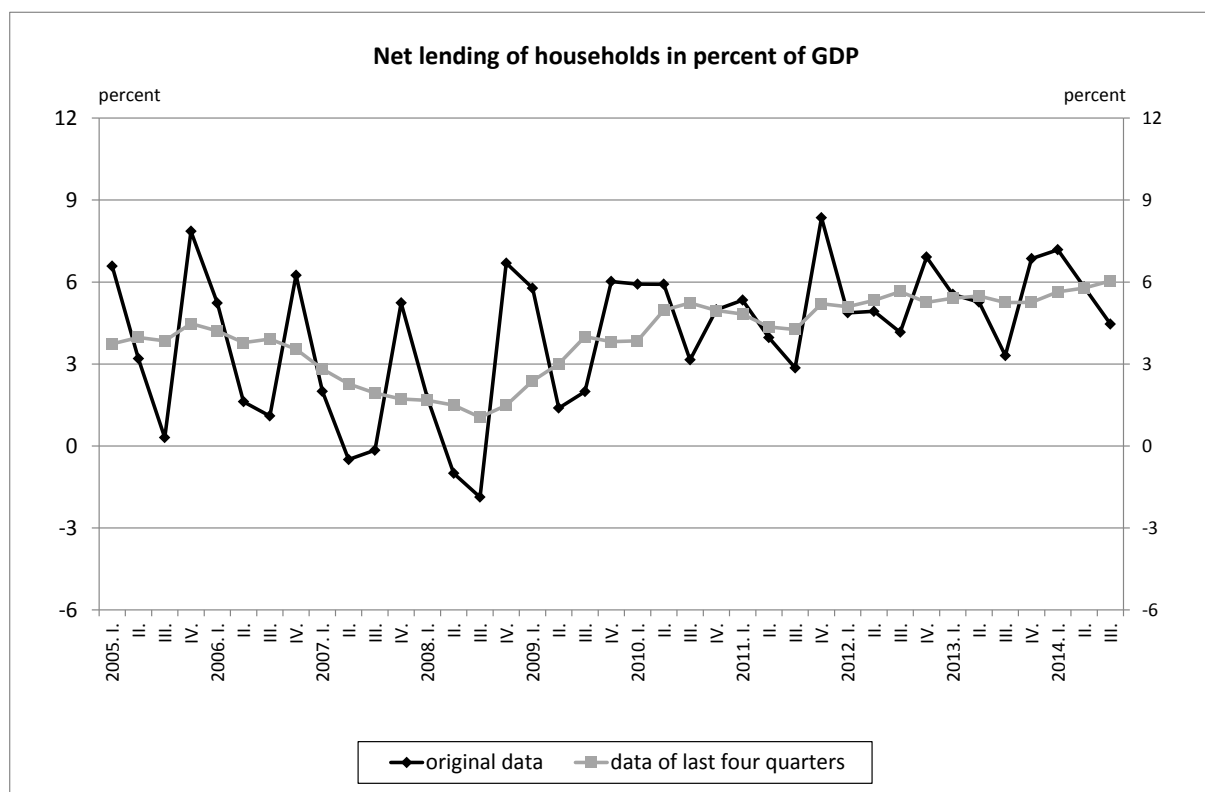
In the four quarters to 2014 Q3, general government net lending amounted to HUF -750 billion or -2.4 per cent of Hungary’s GDP. General government net lending (HUF -71 billion) was equal to -0.9 per cent of quarterly GDP in 2014 Q3. At the end of 2014 Q3, general government consolidated gross debt at nominal value (or Maastricht debt) was HUF 25,118 billion, equivalent to 80.3 per cent of GDP. In 2014 Q3, general government debt fell by HUF 325 billion due to net repayments of loans and rose by HUF 6 billion due to the depreciation of the forint. Net liabilities of the general government sector amounted to HUF 22,790 billion or 72.9 per cent of GDP at the end of 2014 Q3.



Central government net borrowing amounted to HUF 103 billion in 2014 Q3. On the assets side of the sub-sector’s balance sheet, deposits with the central bank declined sharply while other receivables vis-à-vis non-financial corporations and the EU increased. On the liabilities side, long-term loans from credit institutions fell significantly due to repayments. In the case of short-term debt securities, there were large redemptions of Treasury bills and issues of government securities increased significantly. As a result of the two contrasting developments, outstanding government securities fell slightly due to transactions. The reallocation of government securities holdings was accounted for mainly by credit institutions, and only long-term securities held by non-residents fell significantly. Within other liabilities, other accounts payable vis-à-vis non-financial corporations and the EU increased significantly.

Net borrowing of local government was HUF 1 billion in 2014 Q3. On the assets side of the sub-sector’s balance sheet, local government deposits with credit institutions increased and other receivables vis-à-vis non-financial corporations declined. On the liabilities side, other accounts payable vis-à-vis non-financial corporations increased significantly.

Net lending of the social security funds amounted to HUF 33 billion in 2014 Q3. On the assets side, deposits with the Treasury increased, while contribution receivables vis-à-vis households fell. On the liabilities side, other accounts payable vis-à-vis non-financial corporations fell slightly.



Net lending of households (HUF 1,888 billion) was equal to 6 per cent of GDP in the four quarters to 2014 Q3. The sector's net lending (HUF 369 billion) amounted to 4.5 per cent of quarterly GDP in 2014 Q3.

In 2014 Q3, the structural transformation of household portfolios continued in the manner observed in previous quarters. Similarly to recent periods, holdings of currency and current account deposits increased strongly. Households purchased significant amounts of long-term government securities and their holdings of mutual fund shares continued to increase strongly. Insurance technical reserves increased slightly. Within financial assets, other deposits and short-term securities fell markedly, with the former falling due to the combined effect of transactions and other changes in volume recorded due to the dissolution of a cooperative credit institution. The decline in the sector's liabilities mainly reflected repayments of foreign-currency loans. Household forint borrowing strengthened.

Net lending of the non-financial corporation sector was HUF 936 billion or 3 per cent of GDP in the four quarters to 2014 Q3. In 2014 Q3, net lending of non-financial corporations was HUF 355 billion, the equivalent of 4.3 per cent of quarterly GDP.

On the assets side, non-financial corporations increased their holdings of current account and other deposits, long-term loans and equity in non-resident companies. Tax receivables as well as inter-company trade credits and advances increased significantly. By contrast, outstanding short-term loans fell sharply due to transactions. On the liabilities side of the balance sheet, long-term loans, equity holdings and other accounts payable

increased strongly, in line with the increase in other accounts receivable. Non-financial corporations repaid large amounts of short-term loans in the period.

According to financial accounts data, net lending of the rest of the world (or whole-economy net borrowing) amounted to HUF -2,008 billion or -6.4 per cent of GDP in the four quarters to 2014 Q3. In 2014 Q3, net lending of the rest of the world was HUF -621 billion, equal to -7.5 per cent of quarterly GDP.

On the assets side of their balance sheet, non-residents increased strongly their holdings of equity in resident companies, and their other deposits held with domestic credit institutions increased slightly. By contrast, debt securities and loans fell sharply. The decline in short-term securities predominantly reflected the transformation of the MNB's main policy instrument, the former two-week MNB bill, into a deposit facility. On the liabilities side, short-term debt securities as well as equity and other accounts payable increased significantly. By contrast, the stocks of long-term securities and short-term loans fell.

Tables

Main data of the institutional sectors

	2011 Q2	2011 Q3	2011 Q4	2012 Q1	2012 Q2	2012 Q3	2012 Q4	2013 Q1	2013 Q2	2013 Q3	2013 Q4	2014 Q1	2014 Q2	2014 Q3
Net lending, quarterly transactions, billion HUF														
Non-financial corporations (S.11)	190	267	126	-145	318	280	272	156	276	434	227	-86	440	355
Financial corporations (S.12)	-95	-100	-81	-138	5	49	-130	106	88	72	-68	76	-255	-33
General government (S.13)	-348	-308	-501	-195	-117	-95	-259	-196	-149	-226	-170	-212	-298	-71
Households (S.14)	272	205	650	312	347	306	536	367	391	254	557	506	456	369
Non-profit institutions serving households (S.15)	-10	-6	37	15	-7	-7	21	3	1	-4	20	50	142	2
Rest of the world (S.2)	-9	-58	-231	150	-546	-533	-440	-436	-605	-531	-567	-334	-485	-621
Net lending of last four quarters, billion HUF														
Non-financial corporations (S.11)	226	523	477	438	566	580	726	1026	984	1138	1093	851	1015	936
Financial corporations (S.12)	-299	-351	-208	-414	-313	-164	-213	31	113	136	198	168	-174	-280
General government (S.13)	-1 095	-1 239	-1 532	-1 352	-1 121	-908	-665	-667	-699	-830	-741	-756	-905	-750
Households (S.14)	1 194	1 182	1 459	1 439	1 514	1 614	1 501	1 555	1 599	1 548	1 569	1 708	1 773	1 888
Non-profit institutions serving households (S.15)	-13	-23	31	36	39	37	21	9	17	21	20	67	209	214
Rest of the world (S.2)	-12	-92	-226	-148	-685	-1 160	-1 369	-1 955	-2 014	-2 012	-2 139	-2 038	-1 918	-2 008
Consolidated gross debt of the general government, billion HUF														
General government (S.13)	21 336	22 986	22 721	22 432	22 204	22 237	22 414	23 371	23 272	23 116	23 085	24 935	25 437	25 118
Quarterly changes in consolidated gross debt of the general government, billion HUF														
changes in debt	1 168	1 650	-265	-289	-228	33	177	957	-99	-156	-31	1 850	502	-319
of which: transactions	1 145	573	-1 043	311	21	148	-112	479	213	-281	10	1 478	437	-325
revaluation	23	1 077	778	-600	-249	-115	289	478	-312	125	-41	317	65	6
other changes in volume	0	0	0	0	0	0	0	0	0	0	0	55	0	0

	2011 Q2	2011 Q3	2011 Q4	2012 Q1	2012 Q2	2012 Q3	2012 Q4	2013 Q1	2013 Q2	2013 Q3	2013 Q4	2014 Q1	2014 Q2	2014 Q3
Net lending, quarterly transactions, percent of GDP														
Non-financial corporations (S.11)	2,8	3,7	1,6	-2,3	4,5	3,8	3,5	2,4	3,7	5,6	2,8	-1,2	5,6	4,3
Financial corporations (S.12)	-1,4	-1,4	-1,0	-2,1	0,1	0,7	-1,7	1,6	1,2	0,9	-0,8	1,1	-3,3	-0,4
General government (S.13)	-5,1	-4,3	-6,4	-3,0	-1,7	-1,3	-3,3	-3,0	-2,0	-2,9	-2,1	-3,0	-3,8	-0,9
Households (S.14)	4,0	2,9	8,4	4,9	4,9	4,2	6,9	5,6	5,3	3,3	6,9	7,2	5,8	4,5
Non-profit institutions serving households (S.15)	-0,1	-0,1	0,5	0,2	-0,1	-0,1	0,3	0,0	0,0	0,0	0,2	0,7	1,8	0,0
Rest of the world (S.2)	-0,1	-0,8	-3,0	2,3	-7,8	-7,3	-5,7	-6,6	-8,2	-6,9	-7,0	-4,7	-6,2	-7,5
Net lending of last four quarters, percent of GDP														
Non-financial corporations (S.11)	0,8	1,9	1,7	1,6	2,0	2,0	2,5	3,6	3,4	3,9	3,7	2,8	3,3	3,0
Financial corporations (S.12)	-1,1	-1,3	-0,7	-1,5	-1,1	-0,6	-0,7	0,1	0,4	0,5	0,7	0,6	-0,6	-0,9
General government (S.13)	-4,0	-4,5	-5,5	-4,8	-3,9	-3,2	-2,3	-2,3	-2,4	-2,8	-2,5	-2,5	-3,0	-2,4
Households (S.14)	4,4	4,3	5,2	5,1	5,3	5,7	5,3	5,4	5,5	5,3	5,3	5,6	5,8	6,0
Non-profit institutions serving households (S.15)	0,0	-0,1	0,1	0,1	0,1	0,1	0,1	0,0	0,1	0,1	0,1	0,2	0,7	0,7
Rest of the world (S.2)	0,0	-0,3	-0,8	-0,5	-2,4	-4,1	-4,8	-6,8	-6,9	-6,8	-7,2	-6,7	-6,2	-6,4
Consolidated gross debt of the general government, percent of GDP														
General government (S.13)	77,8	82,9	81,0	79,5	78,2	77,8	78,5	81,3	79,9	78,4	77,3	82,4	82,9	80,3

Changes in indicators expressed as a percentage of GDP reflect the effect of latest revisions on quarterly GDP data.

Methodological notes

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

In 2014 Q1 and Q3, three cooperative credit institutions were removed from the banking sector due to dissolution. Customer claims and liabilities vis-à-vis these credit institutions were cancelled through other changes in volume, which, however, did not have an impact on household net lending. The cancellation of deposits of the corresponding sectors resulted in HUF 28 billion and HUF 73 billion other changes in volume in Q1 and Q3, respectively. Consistent with the national accounts methodology, the amount of compensation paid by the NDIF was recorded as a capital transfer, which has increased the sectors' net lending. Half of the claims of discontinuing credit institutions were written off in the financial accounts, with the rest recorded for the non-financial corporation sector until the future sale or termination. As a result, a HUF 8 billion and a HUF 24 billion loan debt vis-à-vis non-financial corporations was created by other changes in volume in the case of households of non-financial corporations, respectively.

2 Uncertainties related to general government sector data for 2014 Q1–Q3

The full sets of quarterly audited government balance sheets for 2014 Q1-Q3 were not yet available at the time the preliminary financial accounts of general government were compiled. Therefore, certain assets and liabilities of the general government sector for these periods have been calculated using estimates. Estimates have been made for the following instruments: loans granted, trade credits and advances as well as other assets and other liabilities. These data, and consequently the sector's net lending, may change in later publications.

About the publication of information related to the financial accounts

The tables showing the differences between the financial accounts and balance of payments statistics, between the financial accounts and the monetary balance sheets as well as the tables showing the financial accounts of companies in collective ownership (state and local government) are being released in conjunction with this press release. They can be accessed by clicking on the following link: http://english.mnb.hu/Statisztika/data-and-information/mnben_statistikai_idosorok/mnben_elv_net_lending/background-data-of-financial-accounts.

Revisions to past data

Changes in the net lending of the main institutional sectors compared to the last publication (billion HUF)

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014Q1	2014Q2
Non-financial corporations (S.11)	0	0	0	0	0	14	10	-5	4	-10	21
Financial corporations (S.12)	0	0	0	0	0	-15	-52	52	0	13	-1
General government (S.13)	0	0	0	0	0	1	42	-47	-4	5	-3
Households (S.14)	0	0	0	0	0	0	0	0	0	3	0
Non-profit institutions serving households (S.15)	0	0	0	0	0	0	0	0	0	0	0
Rest of the world (S.2)	0	0	0	0	0	0	0	0	0	-12	-16

Data revisions reflect changes in the data sources and the methods of calculation of the financial accounts. The changes relative to the full set of accounts for 2014 Q2 were mainly related to data for enterprises and non-profit institutions newly classified into general government and as a result of data corrections as well as to revisions of balance of payments data.

References

[Summary tables](#)

[Time series](#)

[Charts](#)

[Financial accounts manual](#)

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