

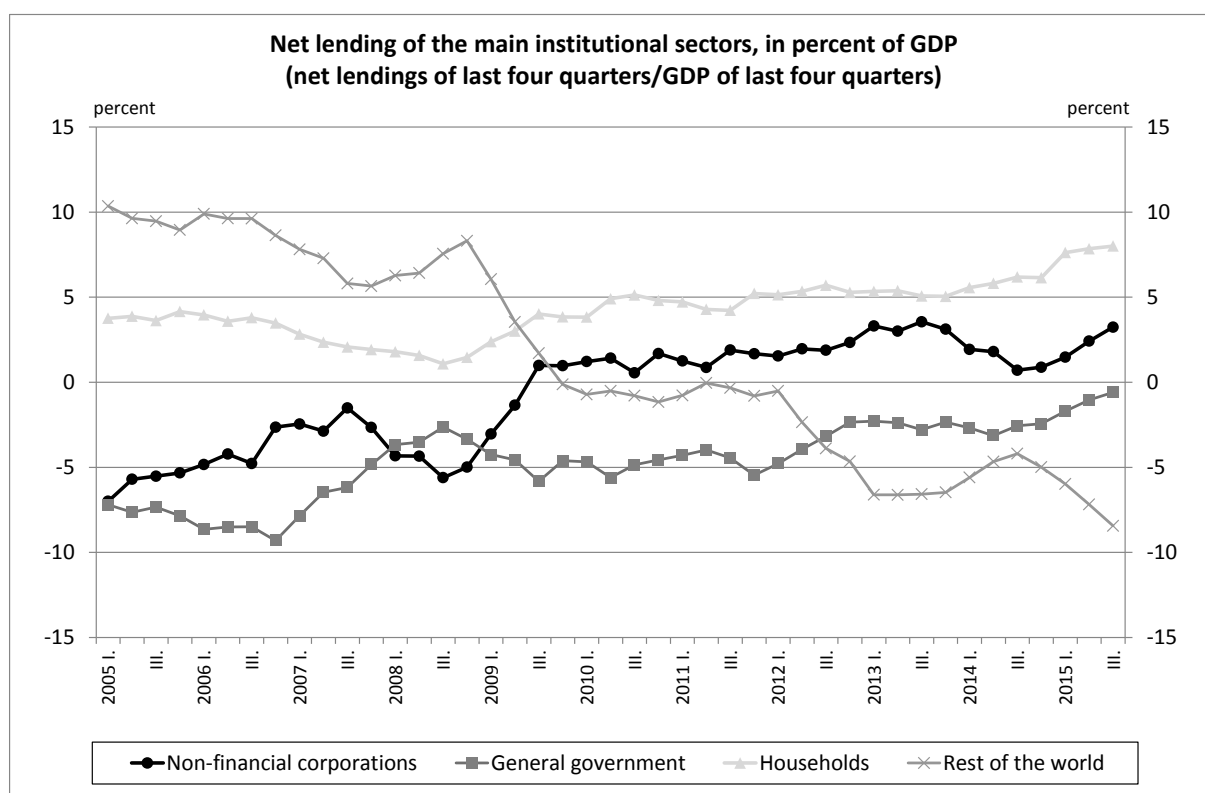


31 December 2015

## PRESS RELEASE

### Hungary's financial accounts: 2015 Q3

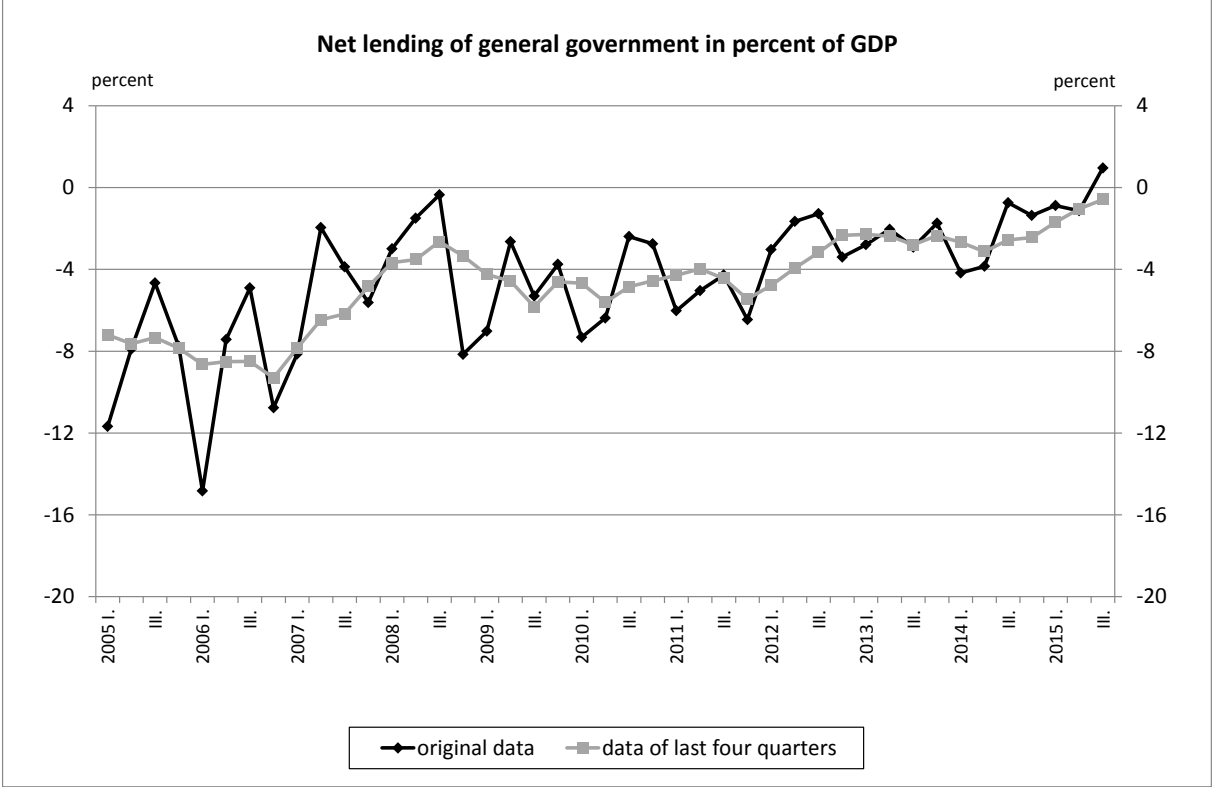
According to financial accounts data, net lending of general government amounted to -0.6 per cent of Hungary's GDP in the four quarters to 2015 Q3. Net lending of households amounted to 8.0 per cent of GDP in the period. Net lending of non-financial corporations was 3.2 per cent of GDP and net lending of the rest of the world was -8.4 per cent of GDP in the four quarters to 2015 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.

Net lending of general government amounted to HUF -197 billion or -0.6 per cent of Hungary's GDP in the four quarters to 2015 Q3. In 2015 Q3, the surplus of general government, calculated from the financing side, amounted to HUF 83 billion or 1.0 per cent of quarterly GDP. At the end of 2015 Q3, general government

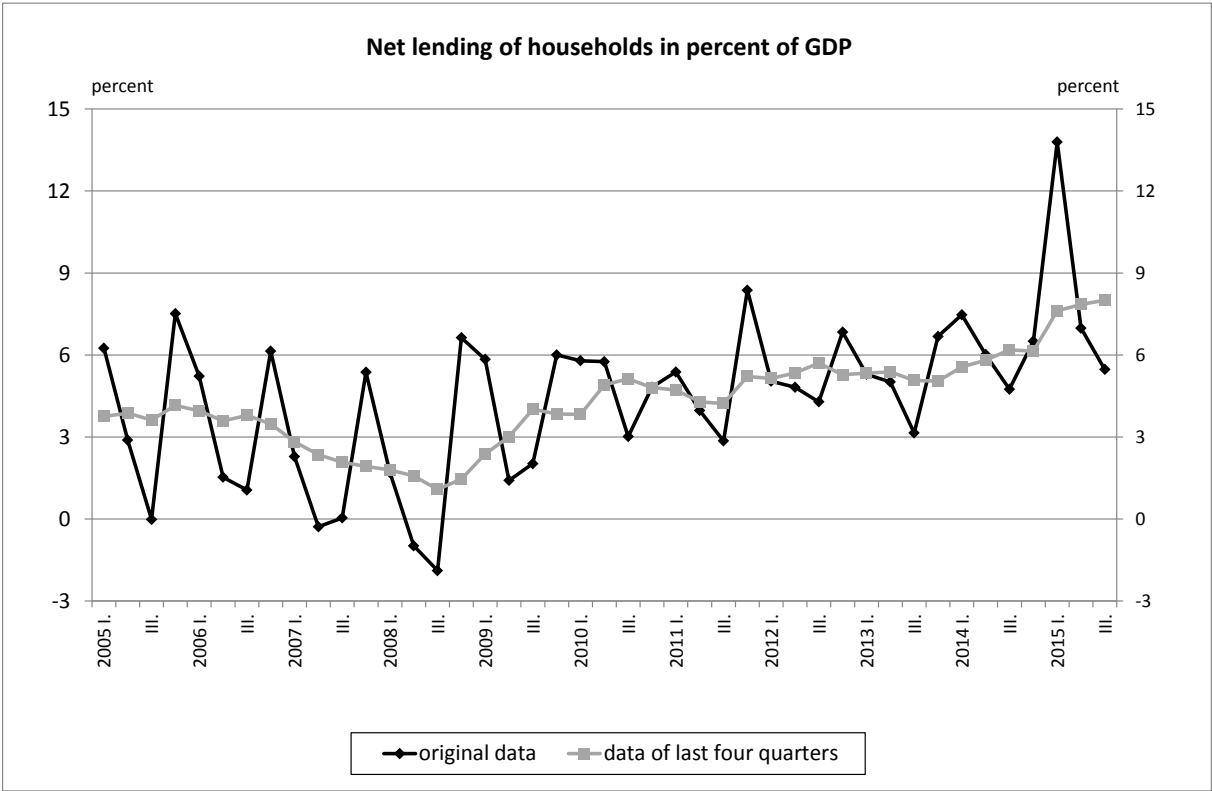
consolidated gross debt at nominal value (or Maastricht debt) was HUF 25,910 billion, equivalent to 78.0 per cent of GDP. General government debt increased by HUF 92 billion due to net borrowing and fell by HUF 60 billion due to the appreciation of the forint. Net liabilities of the general government sector amounted to HUF 22,941 billion or 69.0 per cent of GDP at the end of 2015 Q3.



In 2015 Q3, net lending of central government amounted to HUF 2 billion. On the assets side of the sub-sector's balance sheet, there were considerable changes in other accounts receivable, explained by the significant increase in claims against the European Union. There were only minor shifts in deposits of central government, with a decline in deposits held with the central bank and an increase in deposits with credit institutions. On the liability side, the stock of short-term securities increased slightly: the effect of the significant amount of Treasury bill purchases by households was partly offset by securities redemptions by the other sectors (mainly the financial corporations sector). As regards long-term securities, there were strong purchases of government bonds in the quarter, accounted for mainly by financial corporations, but the central bank and households also purchased significant amounts of securities. This increase in securities holdings due to transactions was partly offset by significant redemptions of bonds held by non-residents, similar to previous quarters. As regards loans, the stock of long-term lending declined significantly, with large repayments of both domestic and foreign borrowing. Within other liabilities, there was a significant increase in tax liabilities.

Net lending of local governments was HUF 82 billion in 2015 Q3. Within the sub-sector's financial assets, local government deposits with credit institutions increased significantly. Parallel with this, the sub-sector's tax liabilities also increased. There were no significant changes in local governments' other financial assets and liabilities in the period.

Net borrowing of the social security funds was HUF 1 billion in 2015 Q3. On the assets side of the sub-sector’s balance sheet, tax and social contribution claims vis-à-vis the household sector fell. Liabilities remained broadly unchanged.



Net lending of households (HUF 475 billion) was equivalent to 5.5 per cent of quarterly GDP in 2015 Q3. The change in the sector’s net financial savings was driven by a smaller increase in financial assets than in the previous quarter and by a larger decline in financial liabilities. Compensation of injured persons due to the failure of Quaestor started in the period, which contributed to an increase in households’ financial assets.

Within the sector’s financial assets, household holdings of debt securities showed the strongest increase in 2015 Q3. Here, there were net sales of bonds issued by credit institutions, while demand for government debt securities continued to be strong. The volume of transactions in both short and long-term securities increased; however, the most significant increase occurred in short-term securities. In addition, households increased their holdings of currency significantly. Deposits fell, continuing the decline seen in the previous quarter. Although the stock of current account deposits increased, this was offset by significant withdrawals from time deposits. Household holdings of mutual fund shares fell again due to transactions. Here, demand for non-money market funds increased and investments in money market funds declined. The increase in investments in insurance technical reserves by the sector in the quarter resulted from contributions to voluntary and mutual pension funds.

On the liabilities side, the decline in households’ loan liabilities continued in 2015 Q3. The sector was a net repayer of real estate loans and consumption loans. The stocks of its forint and foreign currency loans fell due to transactions.

According to financial accounts data, net lending of non-financial corporations was HUF 366 billion or 4.2 per cent of quarterly GDP in 2015 Q3. The increase in non-financial corporations' net financial savings mainly reflected a decline in their accounts payable, with their receivables from the other sectors rising only slightly due to transactions. Within financial assets, claims vis-à-vis the general government sector rose significantly, mainly reflecting increases in tax and social contribution receivables. By contrast, transactions in receivables from financial corporations and non-residents fell. Here, the largest change occurred to the stocks of deposits, loans and equities. Net deposits increased, while the stock of loans extended to the non-resident sector fell due to transactions. Equity in financial corporations fell significantly, which was partly offset by investments by non-financial corporations abroad.

Within liabilities, payables to non-residents saw the strongest decline. Within this, there were large net repayments of loans and a decline in other liabilities due to dividend payments. This was partly offset by an increase in liabilities in the form of equities due to transactions. Non-financial corporations' payables to general government and financial corporations rose only slightly.

Net lending of the rest of the world amounted to HUF -837 billion or -9.6 per cent of quarterly GDP in 2015 Q3, i.e. the national economy financed the rest of the world to such an extent. Claims vis-à-vis all resident sectors fell. Although holdings of equity by non-residents in resident financial and non-financial corporations increased, receivables on other asset categories fell due to transactions. Net sales of government securities held by non-residents continued in the period. In addition, deposits held with domestic credit institutions and intercompany loans extended by non-residents to domestic non-financial corporations fell significantly.

On the liabilities side, non-residents' accounts payable to the financial sector fell significantly in the period, mainly reflecting declines in the stocks of deposits and debt securities due to transactions. Loans taken by non-residents from non-financial corporations declined sharply due to transactions in the period. By contrast, the increase in investments by non-financial corporations in foreign equities continued. Accounts payable related to EU transfers increased in the quarter.

\*\*\*

## Tables

### Main data of the institutional sectors

	2012 Q3	2012 Q4	2013 Q1	2013 Q2	2013 Q3	2013 Q4	2014 Q1	2014 Q2	2014 Q3	2014 Q4	2015 Q1	2015 Q2	2015 Q3
<b>Net lending, quarterly transactions, billion HUF</b>													
Non-financial corporations (S.11)	244	257	141	235	419	141	-204	201	85	202	-11	518	366
Financial corporations (S.12)	44	-96	111	105	81	-120	108	-216	-26	-20	-410	-280	-81
General government (S.13)	-94	-264	-186	-153	-226	-143	-299	-305	-62	-120	-66	-94	83
Households (S.14)	316	532	352	375	243	547	535	476	395	571	1 037	577	475
Non-profit institutions serving households (S.15)	-7	21	3	1	-4	20	48	142	1	93	-23	-5	-6
Rest of the world (S.2)	-503	-450	-422	-564	-514	-446	-188	-299	-394	-725	-527	-716	-837
<b>Net lending of last four quarters, billion HUF</b>													
Non-financial corporations (S.11)	538	669	954	878	1 053	937	591	557	224	285	478	795	1 076
Financial corporations (S.12)	-185	-198	66	165	202	177	174	-147	-254	-154	-672	-737	-792
General government (S.13)	-910	-671	-661	-697	-828	-707	-820	-972	-808	-785	-553	-342	-197
Households (S.14)	1 633	1 512	1 540	1 575	1 502	1 518	1 701	1 803	1 954	1 977	2 479	2 579	2 659
Non-profit institutions serving households (S.15)	37	21	9	17	21	20	65	206	211	284	213	66	59
Rest of the world (S.2)	-1 114	-1 333	-1 909	-1 938	-1 949	-1 946	-1 711	-1 446	-1 326	-1 606	-1 945	-2 362	-2 805
<b>Consolidated gross debt of the general government, billion HUF</b>													
General government (S.13)	22 237	22 414	23 362	23 263	23 107	23 076	24 915	25 420	25 084	24 514	24 973	25 878	25 910
<b>Quarterly changes in consolidated gross debt of the general government, billion HUF</b>													
changes in debt	33	177	948	-99	-156	-31	1 839	505	-336	-570	459	906	32
of which: transactions	148	-112	470	219	-261	10	1 470	444	-338	-706	898	399	92
revaluation	-115	289	478	-318	105	-41	314	61	6	136	-440	507	-60
other changes in volume	0	0	0	0	0	0	55	0	-4	0	0	0	0
	2012 Q3	2012 Q4	2013 Q1	2013 Q2	2013 Q3	2013 Q4	2014 Q1	2014 Q2	2014 Q3	2014 Q4	2015 Q1	2015 Q2	2015 Q3
<b>Net lending, quarterly transactions, percent of GDP</b>													
Non-financial corporations (S.11)	3,3	3,3	2,1	3,1	5,4	1,7	-2,8	2,5	1,0	2,3	-0,1	6,3	4,2
Financial corporations (S.12)	0,6	-1,2	1,7	1,4	1,0	-1,5	1,5	-2,7	-0,3	-0,2	-5,5	-3,4	-0,9
General government (S.13)	-1,3	-3,4	-2,8	-2,0	-2,9	-1,7	-4,2	-3,8	-0,7	-1,4	-0,9	-1,1	1,0
Households (S.14)	4,3	6,8	5,3	5,0	3,1	6,7	7,5	6,0	4,7	6,5	13,8	7,0	5,5
Non-profit institutions serving households (S.15)	-0,1	0,3	0,0	0,0	0,0	0,2	0,7	1,8	0,0	1,1	-0,3	-0,1	-0,1
Rest of the world (S.2)	-6,8	-5,8	-6,3	-7,5	-6,6	-5,4	-2,6	-3,8	-4,7	-8,3	-7,0	-8,7	-9,6
<b>Net lending of last four quarters, percent of GDP</b>													
Non-financial corporations (S.11)	1,9	2,3	3,3	3,0	3,6	3,1	1,9	1,8	0,7	0,9	1,5	2,4	3,2
Financial corporations (S.12)	-0,6	-0,7	0,2	0,6	0,7	0,6	0,6	-0,5	-0,8	-0,5	-2,1	-2,2	-2,4
General government (S.13)	-3,2	-2,3	-2,3	-2,4	-2,8	-2,4	-2,7	-3,1	-2,6	-2,4	-1,7	-1,0	-0,6
Households (S.14)	5,7	5,3	5,3	5,4	5,1	5,0	5,6	5,8	6,2	6,1	7,6	7,8	8,0
Non-profit institutions serving households (S.15)	0,1	0,1	0,0	0,1	0,1	0,1	0,2	0,7	0,7	0,9	0,7	0,2	0,2
Rest of the world (S.2)	-3,9	-4,7	-6,6	-6,6	-6,6	-6,5	-5,6	-4,7	-4,2	-5,0	-6,0	-7,2	-8,4
<b>Consolidated gross debt of the general government, percent of GDP</b>													
General government (S.13)	77,6	78,3	81,0	79,5	77,9	76,8	81,5	81,9	79,4	76,2	76,8	78,7	78,0

\*\*\*

## Methodological notes

### 1 Effect of the exchange rate fixation, forint conversion and settlement of foreign currency mortgage loans on statistics

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 conversion into forints. The effect of exchange rate fixation will be recorded as a financial derivative claim vis-à-vis credit institutions and other financial intermediaries among households' financial assets until actual conversion. The amount of financial derivatives is equal to the difference between the forint values of the stocks of loans recorded at market exchange rates and fixed exchange rates.

The conversion of foreign currency loans into forints has been recorded as transaction in the financial account statistics, in line with monetary statistics. The decline in household loans arising from forint conversion (HUF 344 billion) in 2015 Q1 is equal to the difference between the stocks of loans recorded at market exchange rates and fixed exchange rates. Households' derivative claims against credit institutions and other financial intermediaries fell by the same amount due to conversion. Consequently, forint conversion had no effect on net lending of households and financial corporations, but protected households from incurring a significant revaluation loss of HUF 66 billion in 2014 Q4 and one of HUF 278 billion in 2015 Q1.

In 2015 Q1, the decline in the stock of household loans due to financial settlements (HUF 370 billion) was recorded as transaction in the financial account statistics. Financial assets of households no longer having outstanding debt and participating in the settlement increased due to transactions on account of the settlement (by around HUF 130 billion). Accordingly, capital transfers from financial corporations as a result of financial settlement increased household net lending in the financial accounts by approximately HUF 500 billion in 2015 Q1. Financial settlement will continue to have an effect on net lending of households and financial corporations in 2015 Q2–Q3, but to a significantly lesser degree than in the first quarter.

### 2 Compensation of customers of investment service providers put into liquidation; compensation by the Investor Protection Fund (BEVA)

BEVA pays compensation to investors having claims against member institutions put into liquidation. In accordance with the national accounts methodology, the amount of compensation received from BEVA is recorded as capital transfer, which increases household net lending. Compensation of holders of Quaestor bonds started in the period. In relation to this, HUF 86 billion has been paid out to injured persons so far. This has had an increasing effect on net financial savings of households.

### 3 Uncertainties related to general government sector data

The balance sheets of the central government and local government sub-sectors for 2015 Q3 were already available at the time of compilation of preliminary financial accounts. However, the balance sheet data were not used directly, similarly to balance sheet reports for the previous quarter, but served as a basis of expert

estimates in calculating data for other assets and other liabilities and loans granted. These data, and consequently the sector's net lending, may change in later publications.

#### 4 Uncertainties related to 2015 Q3 data for households

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.

\*\*\*

#### About the publication of information related to the financial accounts

The tables showing the key financial data of state and local government owned large non-financial enterprises, the differences between the financial accounts and balance of payments statistics, the differences 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://www.mnb.hu/en/statistics/statistical-data-and-information/statistical-time-series/xii-financial-accounts-financial-assets-and-liabilities-of-institutional-sectors/other-data-relating-to-financial-accounts>.

\*\*\*

#### Revisions to past data

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

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015Q1	2015Q2
Non-financial corporations (S.11)	0	0	0	0	0	0	0	0	0	15	-24
Financial corporations (S.12)	0	0	0	0	0	0	6	0	0	18	-5
General government (S.13)	0	0	0	0	0	0	-6	0	0	-5	-7
Households (S.14)	0	0	0	0	0	0	0	0	0	-4	-7
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	-24	43

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 2015 Q2 were mainly related to revisions of balance of payments statistics as well as to updated data sources and information.

#### References

[Comprehensive tables](#)

[Time series](#)

[Charts](#)

[Financial accounts manual](#)

**MAGYAR NEMZETI BANK**  
DIRECTORATE STATISTICS

**Contact information:**  
Phone: + (36) 428-2750  
Fax: + 36 (1) 429-8000  
Email: [info@mbn.hu](mailto:info@mbn.hu)