

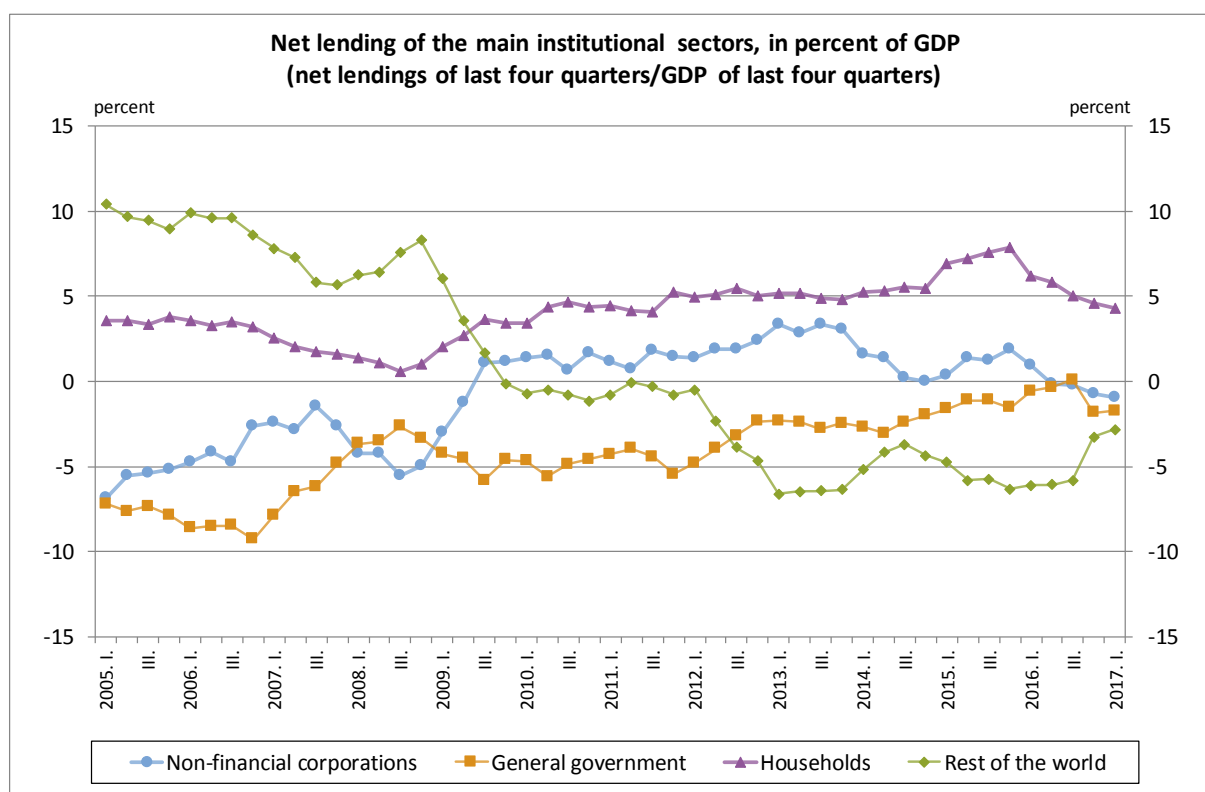


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## PRESS RELEASE

### Hungary's financial accounts: 2017 Q1

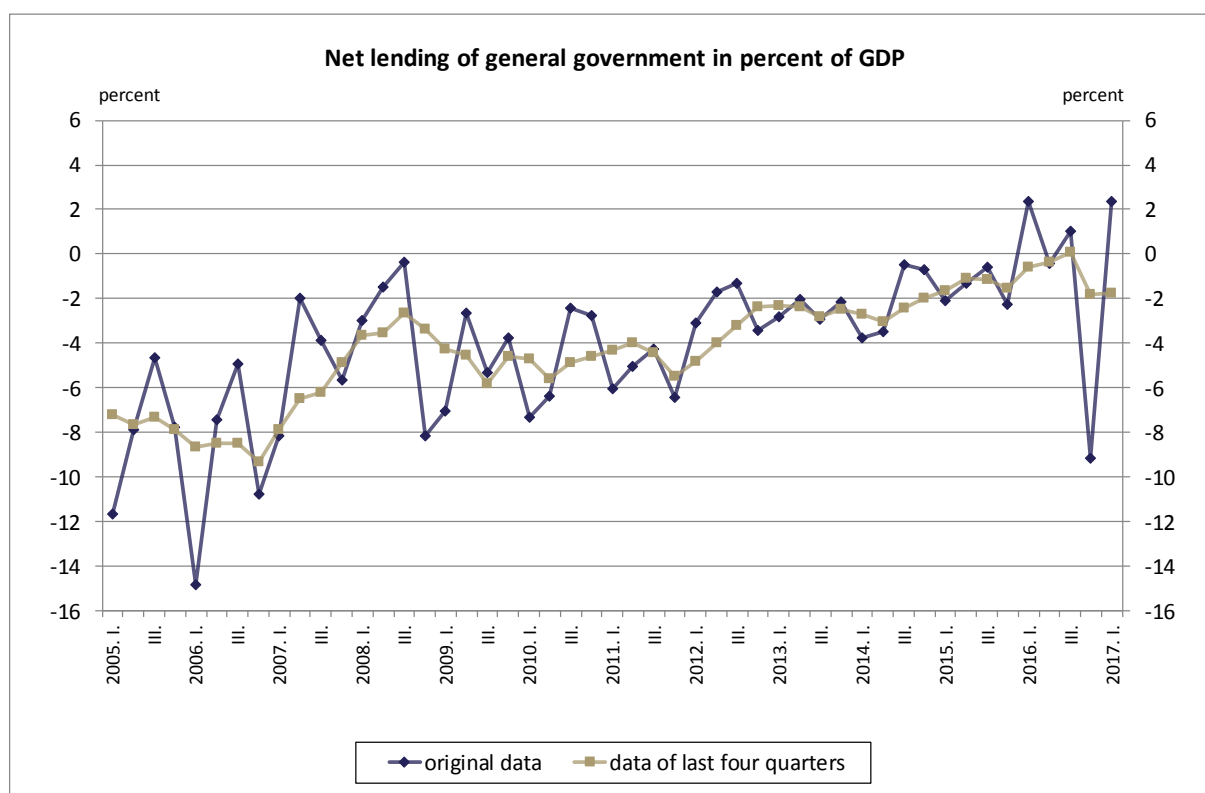
**According to financial accounts data, net lending of general government amounted to -1.8 per cent in the four quarters to 2017 Q1. Net lending of households was 4.3 per cent of Hungary's GDP in the same period. Net lending of non-financial corporations amounted to -1.0 per cent of GDP and net lending of the rest of the world was -2.8 per cent of GDP in the four quarters to 2017 Q1.**



\* 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 -623 billion or -1.8 per cent of Hungary's GDP in the four quarters to 2017 Q1. In 2017 Q1, general government net lending calculated from the financing side was equal to 2.4 per cent (HUF 197 billion) of quarterly GDP. At the end of 2017 Q1, general government consolidated gross debt at nominal value (or Maastricht debt) was HUF 26,451 billion, equivalent to 74.3 per cent of GDP.

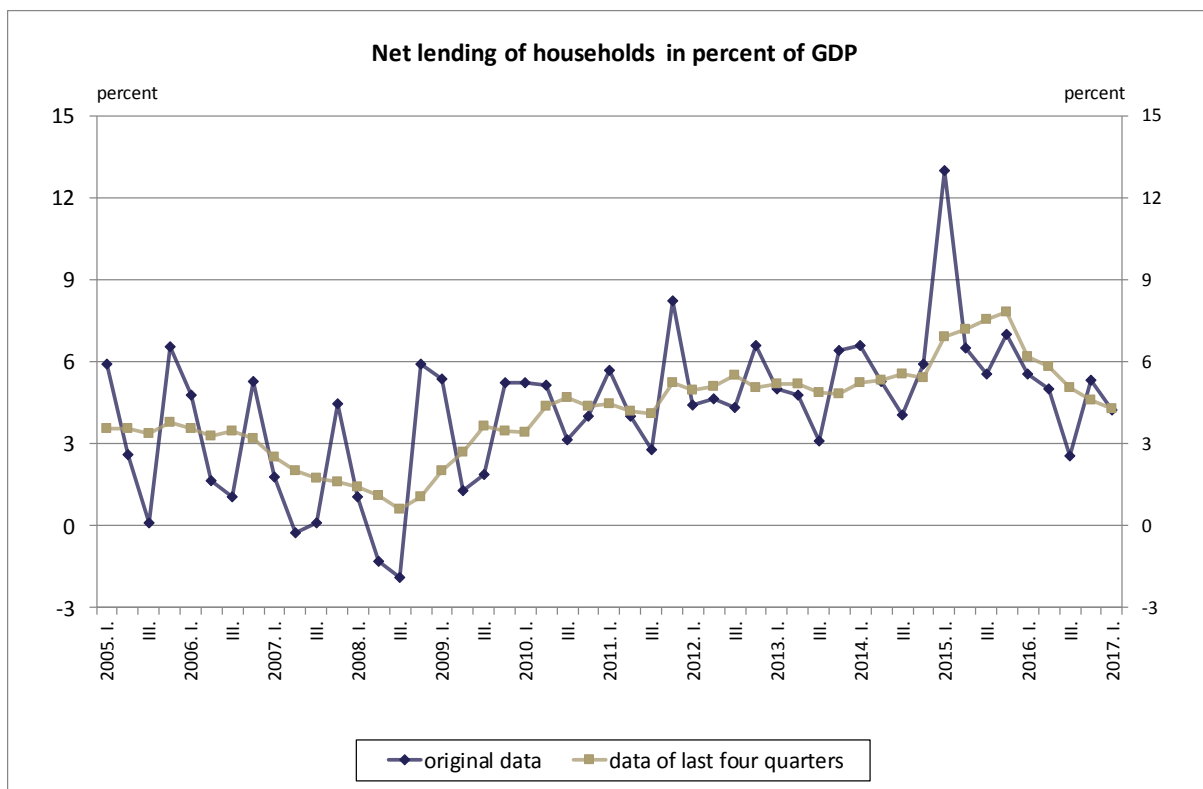
Transactions contributed HUF 585 billion to the increase in government debt calculated at current prices. This was partly offset by the HUF 56 billion downward revaluation of foreign currency debt. Net liabilities of general government amounted to HUF 22,697 billion or 63.8 per cent of GDP at the end of 2017 Q1.



In 2017 Q1, net lending of central government was HUF 106 billion. On the assets side of the sub-sector's balance sheet, deposits placed with the central bank and credit institutions increased significantly. This increase in assets was partly offset by a decline in the receivables of central government from the European Union. On the liabilities side, there was a marked increase in the stocks of short and long-term securities, due to transactions. In the case of both instruments, credit institutions and households were the main lending sectors, although purchases of Treasury bills by local governments were also significant. By contrast, the amount of government securities held by the non-resident sector decreased further. In respect of other liabilities, liabilities of central government declined sharply, which mainly reflected the pick-up in tax refunds.

Net lending of local governments was HUF 183 billion in 2017 Q1. On the assets side of the sub-sector's balance sheet, local government deposits placed with credit institutions rose. The amount of Treasury bills held by local governments increased significantly and there were some purchases of government bonds as well. On the liabilities side, short-term loans from central government were repaid. But the stock of other liabilities rose, due mainly to an increase in tax liabilities.

Net borrowing of the social security funds was HUF 93 billion in 2017 Q1. On the assets side of the sub-sector's balance sheet, deposits held with central government and contribution receivables from households fell. On the liabilities side, only the stock of short-term loans from central government increased slightly.



Net lending of households was equivalent to 4.3 per cent (HUF 1,526 billion) of GDP in the four quarters of 2017 Q1 and 4.2 per cent (HUF 349 billion) of quarterly GDP in 2017 Q1. On the assets side of the sub-sector's balance sheet, households increased their savings in government securities particularly strongly in the period. Here, demand for long-term paper was greatest. In addition, the stocks of quoted shares and other equity also rose due to transactions. The latter reflected the fact that part of owners of limited liability companies carried out the compulsory capital increases in the first quarter of the year. Insurance reserves continued to increase in the quarter, primarily affecting non-life insurance reserves. Households reduced their investments in a number of instruments in the period. Holdings of currency and deposits fell due to transactions and there were net sales of bonds issued by credit institutions and of mutual fund shares. The termination of advance payments recorded earlier in relation to sales of land by the government reduced the stock of households' other receivables.

Loan liabilities of the household sector barely changed in 2017 Q1. Net repayments of housing loans from credit institutions and non-residents were dominant. The stocks of loans from other financial intermediaries and the non-financial sectors increased slightly due to transactions.

Net lending of non-financial corporations was HUF -343 billion or -1.0 per cent of quarterly GDP in the first quarter to 2017 Q1 and HUF -585 billion or -7.1 per cent of quarterly GDP in 2017 Q1. Both financial assets and liabilities vis-à-vis non-residents increased significantly in the first quarter, mainly affecting other equity and trade credits. This was partly offset by the fact that both loans to and from non-residents declined sharply. There was a significant decline in claims of non-financial corporations from the general government sector, due mainly to a decline in their tax receivables. The sector's claims from financial corporations also fell, reflecting a decline

in its deposits and holdings of mutual fund shares. Liabilities of non-financial corporations increased due to transactions in the quarter.

Net lending of the rest of the world was HUF -1,006 billion or -2.8 per cent of GDP in the four quarters to 2017 Q1 and HUF -45 billion or -0.5 per cent of quarterly GDP in 2017 Q1. Both the stock of financial assets and the stock of liabilities increased in the first quarter, although the latter slightly more strongly than the former. As a result, the national economy continued to finance the rest of the world sector. On the assets side of the sector's balance sheet, claims from financial corporations increased the most strongly, mainly affecting other equity and trade credits. This, however, was partly offset by a decline in loans granted to the sector. Deposits with credit institutions rose significantly due to transactions in the quarter; and there were net purchases of bonds issued by banks. By contrast, there were net sales of government securities held by the sector.

On the liability side of the sector's balance sheet, there was a decline in liabilities to general government and an increase in liabilities to the other domestic sectors. Foreign equity held by non-financial corporations rose the most strongly due to transactions. Trade credit payables and the stock of deposits held abroad increased. Liabilities of the European Union to the central government sub-sector fell in the quarter.

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## Tables

### Main data of the institutional sectors

	2014 Q1	2014 Q2	2014 Q3	2014 Q4	2015 Q1	2015 Q2	2015 Q3	2015 Q4	2016 Q1	2016 Q2	2016 Q3	2016 Q4	2017 Q1
<b>Net lending, quarterly transactions, billion HUF</b>													
Non-financial corporations (S.11)	-285	130	54	106	-180	475	17	330	-491	100	-25	167	-585
Financial corporations (S.12)	135	-186	26	12	-387	-299	-73	97	49	106	12	20	77
General government (S.13)	-269	-279	-39	-59	-157	-110	-51	-209	180	-36	94	-878	197
Households (S.14)	478	422	339	523	977	541	486	660	428	436	231	510	349
Non-profit institutions serving households (S.15)	49	143	2	106	-2	-7	5	40	18	13	-14	225	7
Rest of the world (S.2)	-106	-231	-383	-688	-252	-600	-383	-917	-184	-619	-299	-43	-45
<b>Net lending of last four quarters, billion HUF</b>													
Non-financial corporations (S.11)	492	436	76	5	110	456	418	642	330	-44	-86	-249	-343
Financial corporations (S.12)	258	-55	-121	-13	-534	-647	-747	-662	-226	178	263	186	215
General government (S.13)	-824	-951	-764	-646	-533	-364	-377	-527	-190	-117	29	-640	-623
Households (S.14)	1 603	1 666	1 764	1 762	2 262	2 381	2 527	2 664	2 115	2 009	1 755	1 605	1 526
Non-profit institutions serving households (S.15)	69	210	215	300	249	99	101	35	56	76	58	243	231
Rest of the world (S.2)	-1 599	-1 307	-1 171	-1 408	-1 554	-1 924	-1 923	-2 152	-2 084	-2 103	-2 019	-1 145	-1 006
<b>Consolidated gross debt of the general government, billion HUF</b>													
General government (S.13)	24 915	25 420	25 084	24 514	24 986	25 887	25 921	25 403	26 157	25 909	25 883	25 922	26 451
<b>Quarterly changes in consolidated gross debt of the general government, billion HUF</b>													
changes in debt	1 839	505	-336	-570	471	902	34	-518	754	-248	-26	40	529
of which: transactions	1 472	433	-340	-700	896	396	95	-606	754	-305	150	-12	585
revaluation	312	72	7	131	-434	506	-62	88	0	57	-176	52	-56
other changes in volume	54	0	-3	0	9	0	0	0	0	0	0	0	0
	2014 Q1	2014 Q2	2014 Q3	2014 Q4	2015 Q1	2015 Q2	2015 Q3	2015 Q4	2016 Q1	2016 Q2	2016 Q3	2016 Q4	2017 Q1
<b>Net lending, quarterly transactions, percent of GDP</b>													
Non-financial corporations (S.11)	-4,0	1,6	0,6	1,2	-2,4	5,7	0,2	3,5	-6,4	1,2	-0,3	1,7	-7,1
Financial corporations (S.12)	1,9	-2,3	0,3	0,1	-5,1	-3,6	-0,8	1,0	0,6	1,2	0,1	0,2	0,9
General government (S.13)	-3,7	-3,5	-0,5	-0,7	-2,1	-1,3	-0,6	-2,2	2,3	-0,4	1,0	-9,1	2,4
Households (S.14)	6,6	5,3	4,0	5,9	13,0	6,5	5,6	7,0	5,6	5,0	2,6	5,3	4,2
Non-profit institutions serving households (S.15)	0,7	1,8	0,0	1,2	0,0	-0,1	0,1	0,4	0,2	0,1	-0,2	2,3	0,1
Rest of the world (S.2)	-1,5	-2,9	-4,6	-7,8	-3,4	-7,2	-4,4	-9,8	-2,4	-7,1	-3,3	-0,5	-0,5
<b>Net lending of last four quarters, percent of GDP</b>													
Non-financial corporations (S.11)	1,6	1,4	0,2	0,0	0,3	1,4	1,3	1,9	1,0	-0,1	-0,2	-0,7	-1,0
Financial corporations (S.12)	0,8	-0,2	-0,4	0,0	-1,6	-2,0	-2,2	-1,9	-0,7	0,5	0,8	0,5	0,6
General government (S.13)	-2,7	-3,1	-2,4	-2,0	-1,6	-1,1	-1,1	-1,5	-0,6	-0,3	0,1	-1,8	-1,8
Households (S.14)	5,2	5,3	5,6	5,4	6,9	7,2	7,6	7,8	6,2	5,8	5,0	4,6	4,3
Non-profit institutions serving households (S.15)	0,2	0,7	0,7	0,9	0,8	0,3	0,3	0,1	0,2	0,2	0,2	0,7	0,6
Rest of the world (S.2)	-5,2	-4,2	-3,7	-4,3	-4,8	-5,8	-5,8	-6,3	-6,1	-6,1	-5,8	-3,3	-2,8
<b>Consolidated gross debt of the general government, percent of GDP</b>													
General government (S.13)	81,2	81,6	78,9	75,7	76,4	78,3	77,5	74,7	76,6	75,0	74,4	74,1	74,3

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### Methodological notes

#### 1 Changes to the collection of data on credit institutions

From 2017, the MNB introduced new data collections from credit institutions for statistical purposes, replacing the earlier joint supervisory and statistical reports. The framework of the new data collections made it possible to give greater effect to statistical methodological standards. As a result, the contents of individual instruments both in monetary balance sheet statistics and in the financial accounts have changed. These changes appeared in monetary statistics with the release of data for January 2017 and in the financial accounts with the release of preliminary data for 2017 Q1 for the first time. In the financial accounts, part of the changes has been backdated at the entire length of the time series, another part being carried over as other volume change in the stocks for the end of December 2016. The main changes are the following:

- The stocks of assets and liabilities related to investment services, previously recorded among trade credits, have been recorded mainly under loans and deposits. The reclassifications have also been implemented retroactively.

- Claims purchased from other financial institutions must be recorded at gross capital value in the balance sheet of a credit institution, instead of the previous historical cost. This has led to an increase in the stock of loans relative to the previous data release. This change has not been backdated in the financial accounts due to a lack of information.

- The stock of loans from credit institutions rose also because of the fact that the stock of accrued interest, included in the outstanding stock in the financial accounts, also includes part of interest previously made conditional (derecognised from the balance sheet) for a part of credit institutions. An estimate for the retroactive adjustment of the stock of loans will be made at the time of transition by credit institutions to the use of IFRSs at solo level.

## 2 Uncertainties related to 2017 Q1 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

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 tables showing 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>.

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## Revisions to past data

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

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016Q1	2016Q2	2016Q3	2016Q4
Non-financial corporations (S.11)	-20	-20	0	-56	-36	-1	0	-4	7	51	36	126	-94
Financial corporations (S.12)	20	20	0	61	31	1	-1	5	-4	3	41	-11	19
General government (S.13)	0	0	0	0	0	0	0	0	1	3	-43	4	2
Households (S.14)	0	0	0	-5	5	0	1	-1	-3	0	-1	-4	-18
Non-profit institutions serving households (S.15)	0	0	0	0	0	0	0	0	0	0	0	0	7
Rest of the world (S.2)	0	0	0	0	0	0	0	0	0	-57	-33	-115	85

Data revisions reflect changes in the data sources and the methods of calculation of the financial accounts. Relative to the full set of accounts for 2016 Q4, data have changed mainly as a result of the overall revision of balance of payments statistics, which mainly affected the non-financial corporate sector. Second, the revision of data reported by financial corporations has resulted in a retroactive change in the relationship of financial and non-financial corporations.

## References

[Comprehensive tables](#)

[Time series](#)

[Charts](#)

[Financial accounts manual](#)

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