

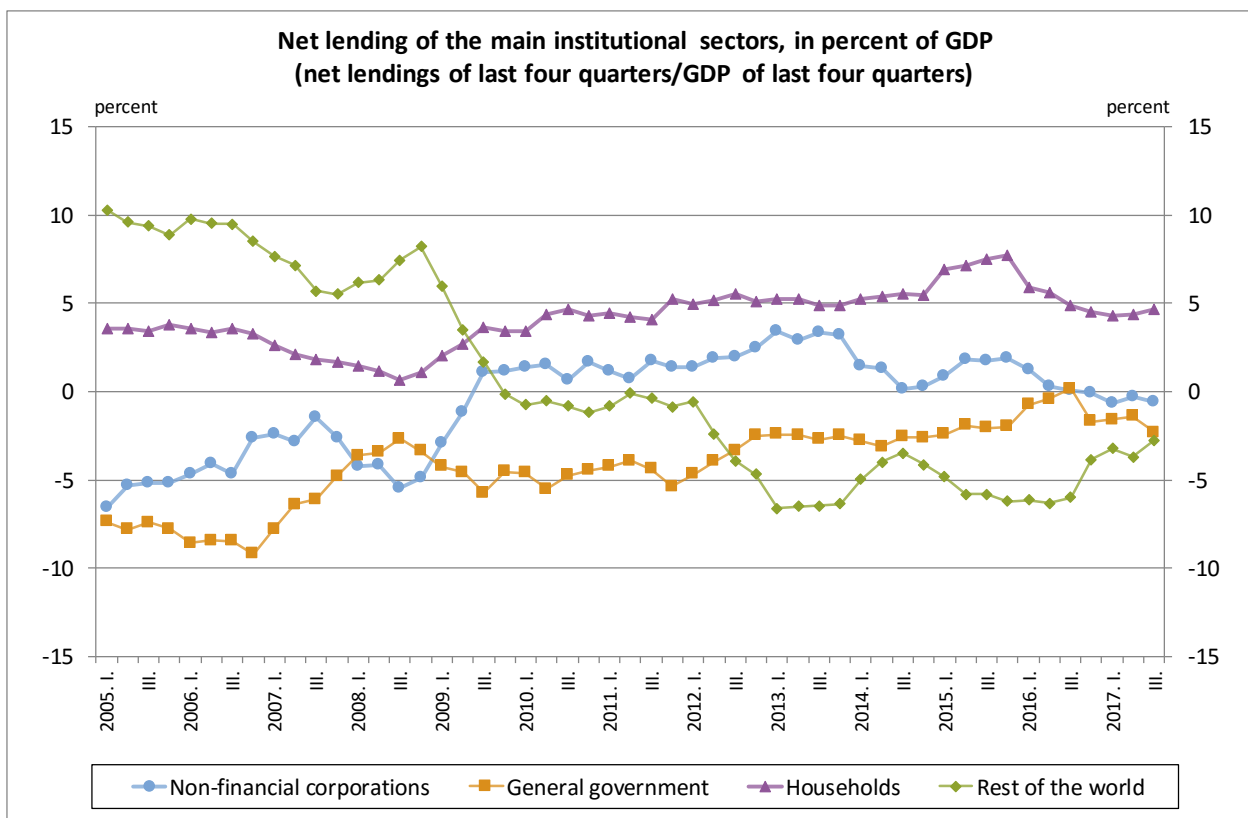


PRESS RELEASE

29 December 2017

Hungary's financial accounts: 2017 Q3

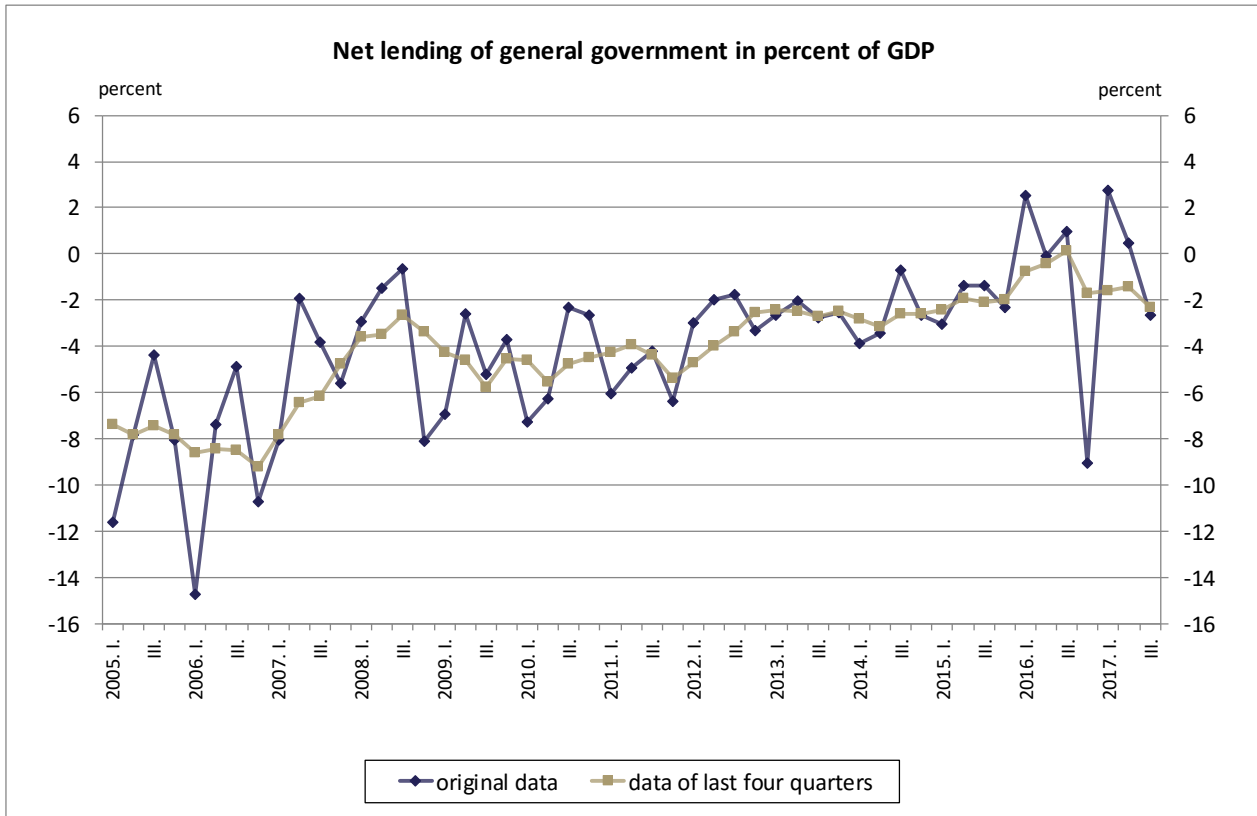
According to financial accounts data, net lending of general government amounted to -2.3 per cent in the four quarters to 2017 Q3. Net lending of households was 4.6 per cent of Hungary's GDP in the same period. Net lending of non-financial corporations amounted to -0.6 per cent of GDP and net lending of the rest of the world was -2.7 per cent of GDP in the four quarters to 2017 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.

According to preliminary data, general government net lending amounted to HUF -857 billion or -2.3 per cent of GDP in the four quarters to 2017 Q3. General government net lending calculated from the financing side (HUF -252 billion) was equal to -2.6 per cent of quarterly GDP in 2017 Q3. At the end of 2017 Q3, general government consolidated gross debt at nominal value (or Maastricht debt) was HUF 26,956 billion, equivalent to 72.4

per cent of GDP. Transactions reduced the government debt calculated at current prices by HUF 8 billion while revaluations increased it by HUF 54 billion. Net liabilities of general government amounted to HUF 23,317 billion or 62.7 per cent of GDP at the end of 2017 Q3.

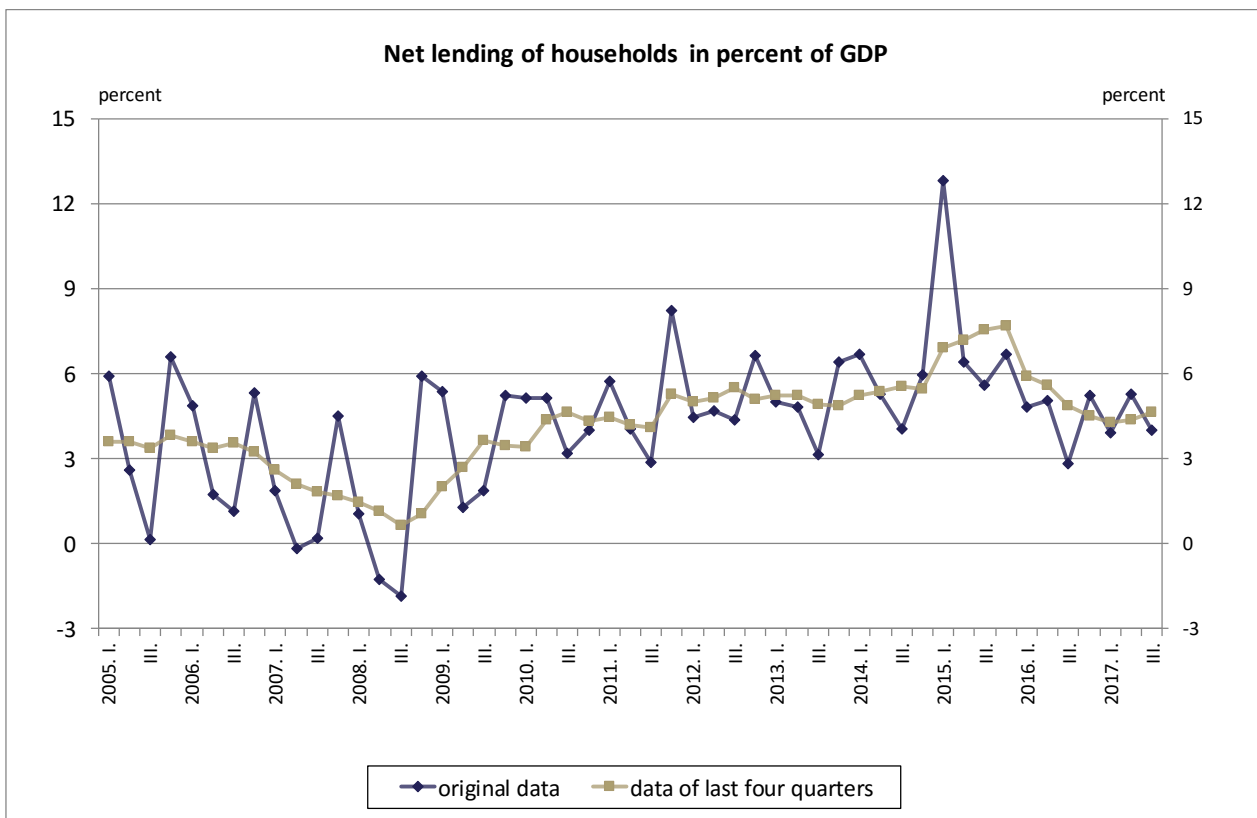


In 2017 Q3, net borrowing of central government amounted to HUF 405 billion. On the assets side there was a significant decrease in the stocks of deposits with the central bank and credit institutions as seen in the previous quarter, and the stock of short-term loans also fell. Within other financial assets receivables related to EU transfers fell sharply, which was mainly offset by the significant growth of assets related to the advances granted to local governments. Although much less sharply, the stock of trade and tax assets also rose. As a result, the central government’s other financial assets increased slightly. On the liabilities side, the stock of long-term securities increased significantly due to transactions, as seen in the previous quarters, with households and credit institutions being the main lending sectors. There was an opposite process to this in the case of Treasury bills, where a decreasing trend continued in nearly all creditor sectors. The outstanding loan liabilities of the central government also declined sharply, which mainly reflected the decrease in the stock of short-term loans to non-residents. In respect of other liabilities, there was a sharp decline in liabilities related to EU transfers.

Net lending of local governments was HUF 114 billion in 2017 Q3. Within the sector’s financial assets, deposits placed with credit institutions rose significantly. In respect of purchases of government securities investments by local governments in government bonds rose slightly in the quarter, while there were net sales of Treasury bills. Other

financial assets of the sub-sector also decreased slightly; however, this mainly affected tax receivables from non-financial corporations. On the liabilities side, there was a significant shift only in other liabilities, here, however, there was a sharp increase in their liabilities to central government, the tax liabilities to corporations also rose materially.

Net lending of the social security funds was HUF 39 billion in 2017 Q3. On the assets side of the sub-sector's balance sheet, contribution receivables from households decreased. On the liabilities side, only the stock of short-term loans by central government decreased significantly.



Net lending of households was equivalent to 4.6 per cent (HUF 1,725 billion) of GDP in the four quarters of 2017 Q3 and 4.0 per cent (HUF 387 billion) of quarterly GDP in 2017 Q3.

Within households' financial assets, the stock of long-term government securities grew most strongly due to transactions in the quarter, there was also a significant increase in cash, as well as shares and equity holdings. Deposits and pension fund reserves increased less sharply.

In terms of liabilities of households, the stock of housing loans grew significantly, while there was a less intense increase in the stock of consumption loans; however, the stock of other liabilities fell sharply due to transactions in 2017 Q3.

Net lending of non-financial corporations was HUF -229 billion or -0.6 per cent of GDP in the four quarters to 2017 Q3 and HUF -188 billion or -2.0 per cent of quarterly GDP in 2017 Q3.

Within the financial assets of non-financial corporations, the third quarter saw a considerable increase in deposits held at domestic credit institutions and other assets due to transactions, however the increase was less intense in debt securities, shares and equity holdings. On the liabilities side the most prominent increase was observed in shares and equity holdings, there was also a significant increase in debt securities; however, the stock of other liabilities fell sharply.

Net lending of the rest of the world was HUF -1,023 billion or -2.7 per cent of GDP in the four quarters to 2017 Q3 and HUF 31 billion or 0.3 per cent of quarterly GDP in 2017 Q3. Overall, the stocks of assets and liabilities remained broadly unchanged due to transactions in the quarter, net lending of the rest of the world in financial accounts was close to zero.

On the assets side of the sector's balance sheet the stock of shares and equity holdings increased the most strongly, the increase was less pronounced in deposits and debt securities, which was offset by the decrease in loans, financial derivatives and other receivables due to transactions.

With respect to the liabilities of the sector, a significant increase was observed in the stock of debt securities, shares and equity holdings due to transactions; however, deposits and financial derivative liabilities fell sharply.

Tables

Main data of the institutional sectors

	2014 Q3	2014 Q4	2015 Q1	2015 Q2	2015 Q3	2015 Q4	2016 Q1	2016 Q2	2016 Q3	2016 Q4	2017 Q1	2017 Q2	2017 Q3
Net lending, quarterly transactions, billion HUF													
Non-financial corporations (S.11)	41	262	-169	478	13	329	-404	168	-58	274	-626	311	-188
Financial corporations (S.12)	55	30	-309	-294	4	87	27	74	28	4	103	8	36
General government (S.13)	-59	-234	-230	-113	-118	-221	198	-7	87	-879	230	44	-252
Households (S.14)	344	526	974	542	488	641	377	449	254	512	329	497	387
Non-profit institutions serving households (S.15)	2	106	-2	-7	5	40	46	13	-14	218	7	22	-12
Rest of the world (S.2)	-383	-691	-263	-606	-392	-876	-245	-697	-297	-130	-42	-881	31
Net lending of last four quarters, billion HUF													
Non-financial corporations (S.11)	41	89	288	612	585	651	417	106	35	-20	-243	-99	-229
Financial corporations (S.12)	-96	34	-421	-518	-569	-512	-176	193	217	133	209	142	150
General government (S.13)	-824	-848	-800	-636	-695	-682	-254	-148	56	-601	-569	-518	-857
Households (S.14)	1 782	1 780	2 271	2 386	2 531	2 645	2 049	1 956	1 721	1 593	1 545	1 593	1 725
Non-profit institutions serving households (S.15)	215	300	249	99	101	35	83	104	85	263	224	233	234
Rest of the world (S.2)	-1 119	-1 354	-1 588	-1 943	-1 952	-2 138	-2 119	-2 210	-2 115	-1 368	-1 166	-1 350	-1 023
Consolidated gross debt of the general government, billion HUF													
General government (S.13)	25 042	24 495	25 071	25 970	26 082	25 654	26 400	26 179	26 135	26 162	26 677	26 910	26 956
Quarterly changes in consolidated gross debt of the general government, billion HUF													
changes in debt	-288	-548	576	900	111	-428	746	-221	-45	27	515	234	46
of which: transactions	-291	-678	1 001	394	173	-514	746	-278	132	-25	571	283	-8
revaluation	7	131	-434	505	-62	87	0	57	-177	52	-57	-49	54
other changes in volume	-3	0	9	0	0	0	0	0	0	0	0	0	0
	2014 Q3	2014 Q4	2015 Q1	2015 Q2	2015 Q3	2015 Q4	2016 Q1	2016 Q2	2016 Q3	2016 Q4	2017 Q1	2017 Q2	2017 Q3
Net lending, quarterly transactions, percent of GDP													
Non-financial corporations (S.11)	0,5	3,0	-2,2	5,7	0,2	3,4	-5,2	1,9	-0,6	2,8	-7,4	3,3	-2,0
Financial corporations (S.12)	0,7	0,3	-4,1	-3,5	0,0	0,9	0,4	0,8	0,3	0,0	1,2	0,1	0,4
General government (S.13)	-0,7	-2,6	-3,0	-1,3	-1,3	-2,3	2,5	-0,1	1,0	-9,0	2,7	0,5	-2,6
Households (S.14)	4,1	6,0	12,8	6,4	5,6	6,7	4,8	5,1	2,8	5,3	3,9	5,3	4,0
Non-profit institutions serving households (S.15)	0,0	1,2	0,0	-0,1	0,1	0,4	0,6	0,1	-0,2	2,2	0,1	0,2	-0,1
Rest of the world (S.2)	-4,5	-7,8	-3,5	-7,2	-4,5	-9,2	-3,1	-7,9	-3,3	-1,3	-0,5	-9,4	0,3
Net lending of last four quarters, percent of GDP													
Non-financial corporations (S.11)	0,1	0,3	0,9	1,8	1,7	1,9	1,2	0,3	0,1	-0,1	-0,7	-0,3	-0,6
Financial corporations (S.12)	-0,3	0,1	-1,3	-1,6	-1,7	-1,5	-0,5	0,6	0,6	0,4	0,6	0,4	0,4
General government (S.13)	-2,6	-2,6	-2,4	-1,9	-2,1	-2,0	-0,7	-0,4	0,2	-1,7	-1,6	-1,4	-2,3
Households (S.14)	5,6	5,5	6,9	7,2	7,5	7,7	5,9	5,6	4,9	4,5	4,3	4,4	4,6
Non-profit institutions serving households (S.15)	0,7	0,9	0,8	0,3	0,3	0,1	0,2	0,3	0,2	0,7	0,6	0,6	0,6
Rest of the world (S.2)	-3,5	-4,2	-4,8	-5,8	-5,8	-6,2	-6,1	-6,3	-6,0	-3,9	-3,2	-3,7	-2,7
Consolidated gross debt of the general government, percent of GDP													
General government (S.13)	78,2	75,2	76,1	78,0	77,6	74,7	76,4	74,8	74,2	73,9	74,1	73,6	72,4

Methodological notes

1 Reclassification of funds increasing the security of financial investments into the central government

In accordance with the Eurostat's decision and in consultation with the Hungarian Central Statistical Office, the funds increasing the security of financial investments have been removed from the sectors of financial corporations and non-financial corporations and reclassified into the general government sector with retroactive effect. The sectoral reclassification affected the following institutions: National Deposit Insurance Fund, Investor Protection Fund, Guarantee Fund for Cooperative Credit Institutions, Guarantee Fund of Pension Funds, Compensation Fund, Resolution Fund, Hungarian Resolution Asset Management Plc., Resolution Receivable Management Plc., RESIDEAL Plc. The reclassification increased gross general government debt; compared to previously published data, general government net lending declined in the period of transfers by the funds and moderately increased in other periods. The reclassification appeared in the full set of financial accounts of 2017 Q2 for the first time.

2 Uncertainties related to the use of general government sector data

The stocks of other assets and other liabilities of the general government sector related to transfers from the European Union for the first three quarters of 2017 are based on estimates. Therefore, these values may change in later publications.

3 Uncertainties related to 2017 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.

4 Changes in backwards data of financial accounts

For the whole period covered by the financial accounts there were changes in stock data with regards to assets and liabilities for taxes and contributions. In addition, data of equity positions, debt securities and loans have been clarified for the period between 1989 and 1992.

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.](#)

Revisions to past data

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

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017Q1	2017Q2
Non-financial corporations (S.11)	0	0	0	0	0	0	1	5	-4	-34	63
Financial corporations (S.12)	0	0	0	0	0	0	-1	-5	-24	-9	3
General government (S.13)	0	0	0	0	0	0	0	0	6	19	10
Households (S.14)	0	0	0	0	0	0	0	0	0	0	14
Non-profit institutions serving households (S.15)	0	0	0	0	0	0	0	0	21	0	0
Rest of the world (S.2)	0	0	0	0	0	0	0	0	0	24	-91

Data revisions reflect changes in the data sources of the financial accounts and the effect of data corrections. Relative to the full set of accounts for 2017 Q2, data for 2017 have changed as a result of the data revision of balance of payments statistics. Data sources related to EU transfers and commercial loans have been changed slightly in general government data sources. Backwards data of institutions classified to the general government in the previous quarter have been clarified. Revision of the sector of several institutions and their owners resulted in small changes in past data in the sectors of non-financial corporations and non-profit institutions serving households.

References:

[Comprehensive tables](#)

[Time series](#)

[Charts](#)

[Financial accounts manual](#)

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