



12 January 2016

PRESS RELEASE

Preliminary statistical balance sheet of the MNB: December 2015

In December 2015, forint liquidity of the domestic banking sector rose, mainly reflecting an increase in three-month deposits and a decline in two-week deposits. The average and end-of-month stocks of external assets both fell relative to November. The average stock of currency in circulation increased significantly due to a seasonal effect usually occurring at the end of the year. The overnight interbank interest rate fluctuated near the central bank base rate throughout most of the month.

1 Balance sheet of the MNB containing monthly average stocks

Table 1 Statistical balance sheet of the MNB – monthly average stocks

				HUF billions			
Assets	Nov 2015	Dec 2015	Monthly changes	Liabilities	Nov 2015	Dec 2015	Monthly changes
External assets	10570,6	10425,7	-144,9	Currency in circulation	4204,8	4356,9	152,1
One-week and Two and Six-month loans of credit institutions ⁵	118,2	201,3	83,1	Current account balances of other MFIs	613,4	363,1	-250,3
Swap claims on foreign currency with credit institutions ¹	0,0	9,1	9,1	Overnight deposits of other MFIs	26,7	61,4	34,7
Swap claims on foreign currency related to Pillar 3 of the Funding for Growth Scheme with credit institutions ^{1,2}	150,2	149,2	-1,0	Two-week deposits of other MFIs	1861,1	1244,9	-616,2
Swap claims on HUF related to foreign currency sale tender for the settlement and conversation of FX loans with credit institutions ^{1,3}	1887,9	1867,1	-20,8	Three-month deposits of other MFIs ⁶	2017,9	2948,0	930,1
Remaining assets ⁴	1897,9	1948,3	50,4	Other deposits of other MFIs	82,8	80,5	-2,3
				Deposits of central government	1924,9	1622,1	-302,9
				Foreign liabilities	559,7	613,6	53,9
				Swap liabilities to HUF with credit institutions ¹	0,0	9,1	9,1
				Swap liabilities to HUF related to Pillar 3 of the Funding for Growth Scheme with credit institutions ^{1,2}	150,2	149,2	-1,0
				Swap liabilities to foreign currency related to euro sale tender for the settlement and conversation of FX loans with credit institutions ^{1,3}	1887,9	1867,1	-20,8
				Remaining liabilities	1295,5	1285,0	-10,5
Total assets	14624,8	14600,8	-24,0	Total liabilities	14624,8	14600,8	-24,0

¹ Includes the overnight, one-week, two-week, three-month and EUR/HUF central bank FX-swaps with credit institutions related to Pillar 3 of the Funding for Growth Scheme, and swaps related to euro sale tender for the settlement and conversation of FX loans on a gross basis. (See the Methodological notes.)

² The euro liquidity-providing FX swap tender, introduced under Pillar 3 of the Funding for Growth Scheme, was terminated on 1 July 2014. The monthly average amounts of FX swaps outstanding are shown in the table.

³ Includes the average stocks of Swiss franc sale tenders, in addition to those of euro sale tenders. A notice on EUR and CHF sale tenders related to the settlement and conversation of foreign currency loans is available on the MNB's website at <http://www.mnb.hu/en/monetary-policy/monetary-policy-instruments/tenders-quick-tenders/fx-spot-tenders>.

⁴ Includes loans offered to credit institutions under the Funding for Growth Scheme. <http://www.mnb.hu/en/monetary-policy/funding-for-growth-scheme-fgs>.

⁵ From September 2015, includes the stocks of loans allotted at one-week and three-month loan tenders introduced on 25 September 2015, replacing two-week and six-month loans.

⁶ From 23 September, the three-month deposit has been the MNB's new policy instrument.

In December, forint liquidity of the banking sector rose, which was reflected in increases in the average stocks of the sector's overnight and three-month deposits and a decline in the average stock of credit institutions' two-week deposits.

The average of credit institutions' current account balances fell significantly relative to the previous month, explained by the fact that, beginning from 1 December, the MNB requires all credit institutions subject to reserve requirements to use a fixed, 2% reserve ratio.¹

The average stock of currency in circulation rose significantly due to a seasonal effect usually occurring at the end of the year (Table 1 and Chart 5 of the chart-pack).

The average stock of swap transactions related to the settlement and forint conversion of household foreign currency loans is shown in Table 1 and Chart 8 of the chart-pack.²

The average and end-of-month stocks of external assets, including international reserves, fell in December. This was mainly accounted for in part by the maturity of swap transactions related to the settlement and forint conversion of household foreign currency loans and foreign currency allocation under the one-week EUR/HUF FX swap tender held at the end of the year. As the value date of one-week transactions fell on 30 December, the effect of the allocation was mainly reflected in a fall in the month-end stock and played a smaller role in the decline in the average stock. International reserves were also reduced by the maturity in December of Premium Euro Hungarian Government Bonds issued by the GDMA and the fall in the GDMA's margin account held with the MNB, due to exchange rate movements. The effect of the latter was also reflected in a decline in deposits of central government.

The average stock of other assets rose, reflecting in part the increase in the stock of loans granted under the Funding for Growth Scheme. However, based on month-end data, the stock of loans fell, which was closely related to the reduction by the MNB of its holdings of Hungarian foreign currency-denominated bonds purchased earlier.

The monthly average of the banking sector's current account balances with the MNB slightly exceeded reserve requirements. Excess reserves amounted to HUF 11.32 billion, which was moderate compared with the sector's total reserve requirements of HUF 351.74 billion (Charts 1 and 2 of the chart-pack).

The overnight interbank rate fluctuated near the central bank base rate throughout most of December, before approaching the bottom of the interest rate corridor towards the end of the month (Chart 12 of the chart-pack).

The MNB will publish preliminary, unaudited accounting results for the year 2015 later, in February. The Bank's management are committed to transferring profits to the MNB's retained earnings, as was the case in previous years.

¹ Prior to 1 December 2015, credit institutions had the opportunity to choose, at most semi-annually, different reserve ratios (2%, 3% or 5%). However, MNB Decree 46/2015. (XI.11.), in effect from 1 December 2015, requires credit institutions to hold reserves at a fixed, uniform ratio of 2 per cent, replacing the flexible reserve requirement system.

² Includes the stock of FX swaps entered into at the Swiss franc sale tender, in addition to the euro sale tender.

2 Balance sheet of the MNB compiled from end-of-month data

Table 2 Transactions and revaluations in the balance sheet of the MNB compiled from preliminary end-of-month data – December 2015

HUF billions

Assets	Opening stocks	Revaluations and other changes	Transactions	Closing stocks	Liabilities	Opening stocks	Revaluations and other changes	Transactions	Closing stocks
External assets	10685,9	-33,0	-807,0	9845,8	Currency in circulation	4228,4	0,0	90,0	4318,4
Remaining assets	2044,1	20,7	-370,9	1693,9	Other deposits of other MFIs	872,2	-0,1	-9,7	862,4
					Three-month deposits of other MFIs	2301,8	0,0	685,1	2986,8
					Two-week deposits of other MFIs	1447,1	0,0	-489,0	958,1
					Deposits of central government	2066,2	9,4	-1416,0	659,6
					External liabilities	566,4	-6,9	-7,3	552,2
					Remaining liabilities	1247,9	-14,7	-30,8	1202,3
Total assets	12730,0	-12,4	-1177,9	11539,7	Total liabilities	12730,0	-12,4	-1177,9	11539,7

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The seasonally adjusted data, published simultaneously with this press release in the [chart pack](#) and in the tables entitled '[Balance sheets of MFIs and the monetary aggregates](#)', are subject to more uncertainty than usual, due to fluctuations caused by the financial crisis.

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Detailed tables: [Time series](#)

Notes: [Methodological notes](#)

Charts: [Chart pack](#)

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