

Countercyclical capital buffer rate applicable to Hungarian exposures from 1 October 2016 and the justification thereof

In view of the capital buffer guide and the other supplementary indicators relevant in terms of domestic financial systemic risks, the rate of the countercyclical capital buffer to be applied to exposures to counterparties in Hungary as of 1 October 2016 is 0 per cent.

	Current data (31 March 2016)
Countercyclical capital buffer rate applicable to exposures to counterparties in Hungary (per cent)	0
Countercyclical capital buffer rate based on the additional credit-to-GDP gap (per cent) – <i>buffer guide</i>	0
Countercyclical capital buffer rate based on the standardised credit-to-GDP gap (per cent)	0
Additional credit-to-GDP ratio (per cent)	42.4
Additional credit-to-GDP gap (percentage point)	-27.6
Standardised credit-to-GDP ratio (per cent)	107.5
Standardised credit-to-GDP gap (percentage point)	-30.2

Justification

Based on the analyzed indicators and the available credit market information, the current status of the credit cycle continues to signal the absence of systemic overheating and a low probability of its build-up.

The additional credit-to-GDP gap, serving as a guide for the determination of the countercyclical capital buffer rate, is -27.6 per cent, i.e. lending to the economy is below its long-term trend. On the basis of the complementary indicators of the cyclical systemic risk map, the risks of overheating are estimated to be pronouncedly low and the risks of vulnerability are not significant.

On the whole, the degree of cyclical systemic risk still does not justify the raising of the current rate of the countercyclical buffer. Systemic risk stemming from lending developments which would require regulatory intervention is not expected in 2016.

For more details on the method of defining the capital buffer guide and other monitored indicators, see the methodological notes, as well as the indicators of the cyclical systemic risk map underlying the current decision on the rate.