



MAGYAR NEMZETI BANK

31 October 2012

PRESS RELEASE

Aggregated balance sheet of credit institutions: September 2012

In September 2012, households were net borrowers in the forint and net repayers in foreign currency, according to seasonally unadjusted data. As a result of these transactions, the sector's outstanding loans fell. Households reduced both their forint and foreign currency deposits relative to the previous month. Non-financial corporations were net borrowers in the forint and net repayers in foreign currency. As a result of these transactions, their total outstanding loans increased. The sector's forint deposits increased and foreign currency deposits fell in the month, with a resulting decline in total deposits.

In September, the stock of outstanding household debt fell by HUF 40.3 billion due to transactions. This reflected an increase of HUF 21.8 billion in forint loans and a decline of HUF 62.1 billion in foreign currency loans due to transactions. These changes were due in part to conversions of non-performing foreign currency loans into forint. In contrast with the compulsory conversions in the period June-August,¹ conversions in September were voluntary.² Under the compulsory conversion programme in the period June, July and August, banks converted non-performing foreign currency loans of HUF 25.3 billion.³ Credit institutions cancelled 25% of non-performing foreign currency loans converted into forint. Consequently, conversions in June, July and August increased the transaction value of forint loans by approximately HUF 19.6 billion.

¹ Act LXXV of 2011 on the fixing of exchange rates used for repayments on foreign exchange-denominated mortgage loans and the procedure for forced sales of residential properties (FX Loan Act) was amended on 1 April 2012. Under the amendment, a range of households with non-performing foreign currency loans, defined by the Act, are allowed to apply for the conversion of their non-performing foreign currency loans into forint. Credit institutions convert such loans between 15 June 2012 and 31 August 2012, and they are obliged to cancel 25% of the existing claim on the day of conversion into forint.

² Act LIX of 2006 on the Special Tax Aimed at Improving the Central Budget Balance encouraged voluntary conversions by allowing credit institutions to deduct 30% of a claim voluntarily cancelled from the amount of special levy to be paid in 2012, similarly to the treatment of claims cancelled under the FX Loan Act, provided that such claim was cancelled by 15 September 2012.

³ Transaction values of foreign currency loans due to conversions are calculated at the MNB's end-of-month exchange rate, while those of forint loans are calculated at the average exchange rate defined by the FX Loan Act, which is identical to the average of official middle exchange rates published by the MNB between 15 May 2012 and 15 June 2012. The other transaction values included in the press release are calculated on the basis of the MNB's monthly average exchange rates prevailing in a given month.

The Bank estimates the total amount of voluntary conversions of both forint and foreign currency loans to have exceeded the amounts converted under the compulsory conversion programme. The increase in forint loans due to transactions also includes the amount of buffer account loans made by credit institutions.⁴

Total household deposits fell by HUF 11.5 billion due to transactions, reflecting net outflows of HUF 6.8 billion and HUF 4.7 billion from forint and foreign currency deposits respectively.

Outstanding forint debt of non-financial corporations increased by HUF 35.8 billion, while foreign currency debt fell by HUF 26.4 billion, excluding revaluations and other volume changes. The stock of bonds issued by the sector and held by credit institutions increased by HUF 1.7 billion due to transactions. As a result, the sector's outstanding borrowing rose by HUF 11.2 billion.

Non-financial corporations' total deposits fell by HUF 6.1 billion, excluding revaluations and other volume changes; net inflows into forint deposits amounted to HUF 4.0 billion and net outflows from and foreign currency deposits amounted to HUF 10.1 billion.

A [table](#), published in conjunction with this press release, contains further information on the monthly financing of households and non-financial corporations using preliminary statistical data on securities holdings, in addition to data reported by credit institutions.

In September, foreign liabilities of credit institutions accounted for 23.2% of the sector's balance sheet total.

The seasonally adjusted data are subject to more uncertainty than usual, due to fluctuations caused by the financial crisis.

⁴ Under an amendment to the FX Loan Act, households have had the opportunity to participate in the scheme aimed at reducing their debt burden, known as the exchange rate cap, from 1 April 2012. Data on buffer account loans are regularly published by the Hungarian Financial Supervisory Authority at: http://www.pszaf.hu/bal_menu/jelentesek_statisztikak/statisztikak/arfolyamgat -> Rögzített árfolyamon törlesztő devizakölcsönök adatai [Data on foreign currency loans repaid at fixed exchange rates].

Table 1 Aggregated balance sheet of credit institutions - not seasonally adjusted data

September 2012

HUF billions

Assets	Opening stocks	Revaluations and other changes	Transactions	Closing stocks	Liabilities	Opening stocks	Revaluations and other changes	Transactions	Closing stocks
Non-financial corporations (S.11)	7103,8	-19,7	11,2	7095,3	Non-financial corporations (S.11)	4243,7	-6,4	-6,1	4231,1
HUF loans	3172,8	-14,1	35,8	3194,5	HUF deposits	2761,6	0,0	4,0	2765,6
FX loans	3818,7	-5,5	-26,4	3786,9	FX deposits	1482,1	-6,4	-10,1	1465,5
Securities other than shares	112,3	-0,2	1,7	113,9					
Other financial corporations (S.123+S.124+S.125)	1321,0	-4,1	-13,8	1303,1	Other financial corporations (S.123+S.124+S.125)	1090,9	-0,9	8,9	1098,9
HUF loans	425,1	0,0	0,8	425,9	HUF deposits	893,5	0,0	3,3	896,8
FX loans	867,4	-4,1	-14,6	848,7	FX deposits	197,5	-0,9	5,6	202,1
Securities other than shares	28,5	0,0	-0,1	28,4					
Central government (S.131)	3673,5	0,8	-31,5	3642,8	Central government (S.131)	314,7	-0,4	-98,1	216,2
HUF loans	125,1	0,0	-4,9	120,2	HUF deposits	252,2	0,0	-97,1	155,1
FX loans	123,6	-0,2	-0,3	123,1	FX deposits	62,5	-0,4	-1,1	61,1
Securities other than shares	3424,8	1,0	-26,3	3399,5					
Local authorities (S.132)	939,0	-3,3	-48,8	887,0	Local authorities (S.132)	277,8	0,0	159,9	437,7
HUF loans	371,8	0,0	-48,5	323,4	HUF deposits	232,6	0,0	161,4	394,0
FX loans	112,8	-0,5	-1,4	110,9	FX deposits	45,2	0,0	-1,5	43,7
Securities other than shares	454,4	-2,8	1,1	452,7					
Households (S.14)	7366,6	-36,8	-40,3	7289,5	Households (S.14)	7535,1	-5,7	-11,5	7517,9
HUF loans	3228,0	-5,6	21,8	3244,2	HUF deposits	6482,0	0,0	-6,8	6475,1
FX loans	4138,7	-31,2	-62,1	4045,4	FX deposits	1053,1	-5,7	-4,7	1042,8
					Debt securities issued (held by residents)	2219,7	0,0	151,8	2371,5
Non-residents (S.2)	2956,2	-19,2	-3,8	2933,3	Non-residents (S.2)	7426,1	-28,5	-55,2	7342,3
Remaining assets	8340,9	-3,2	147,1	8484,7	Remaining liabilities	8593,0	-43,4	-129,5	8420,0
Total assets	31701,0	-85,4	20,0	31635,6	Total liabilities	31701,0	-85,4	20,0	31635,6

**MAGYAR NEMZETI BANK
STATISTICS**

One of the primary statutory duties of the Magyar Nemzeti Bank is to collect and publish statistical information. The statistical press release aims to help the reader understand the latest published data. The Quarterly Report on Inflation and the Report on Financial Stability, published periodically, contain the Bank's analyses of underlying economic processes and are accessible at www.mnb.hu.

Detailed tables: [Time series](#)

Charts: [Chart pack](#)

Notes: [Methodological notes](#)

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