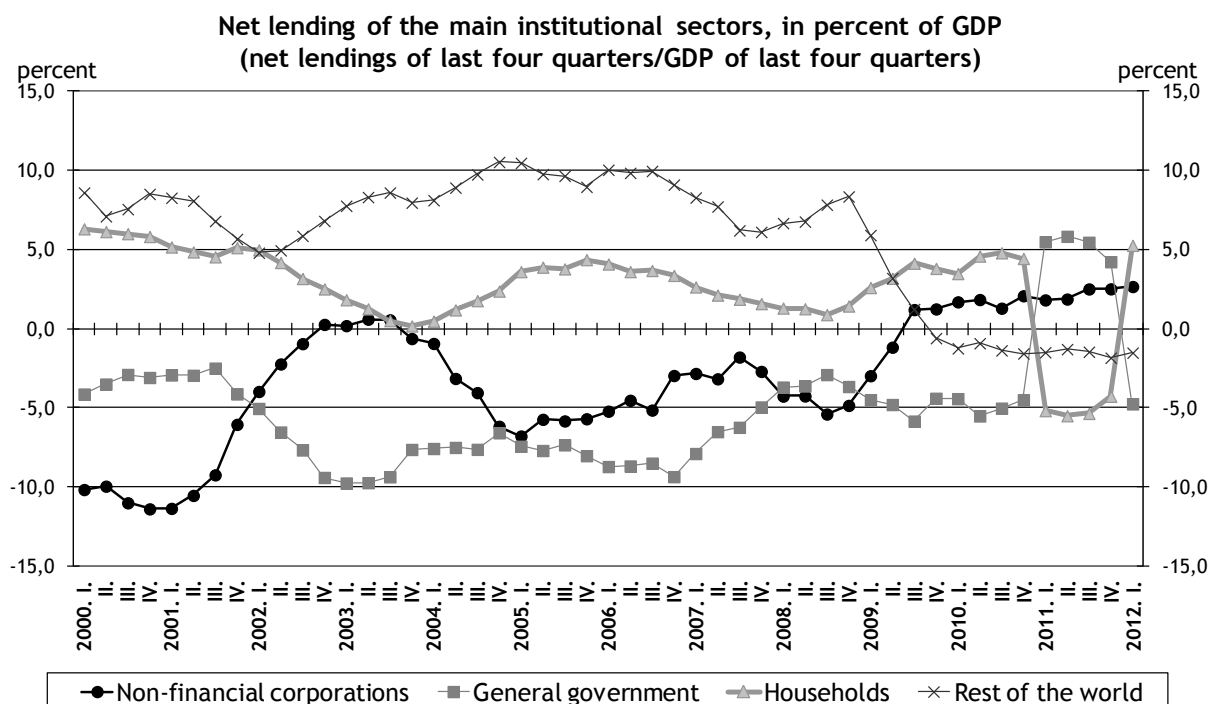


PRESS RELEASE

Hungary's financial accounts: 2012 Q1

According to financial accounts data, general government net lending was equal to -4.8 per cent of Hungary's GDP in the four quarters to 2012 Q1. Net lending of households was equivalent to 5.3 per cent of GDP in the same period. Net lending of non-financial corporations was equal to 2.7 per cent of GDP in the year to 2012 Q1. According to financial accounts data, net lending of the rest of the world was -1.5 per cent of GDP in the four quarters to 2012 Q1.

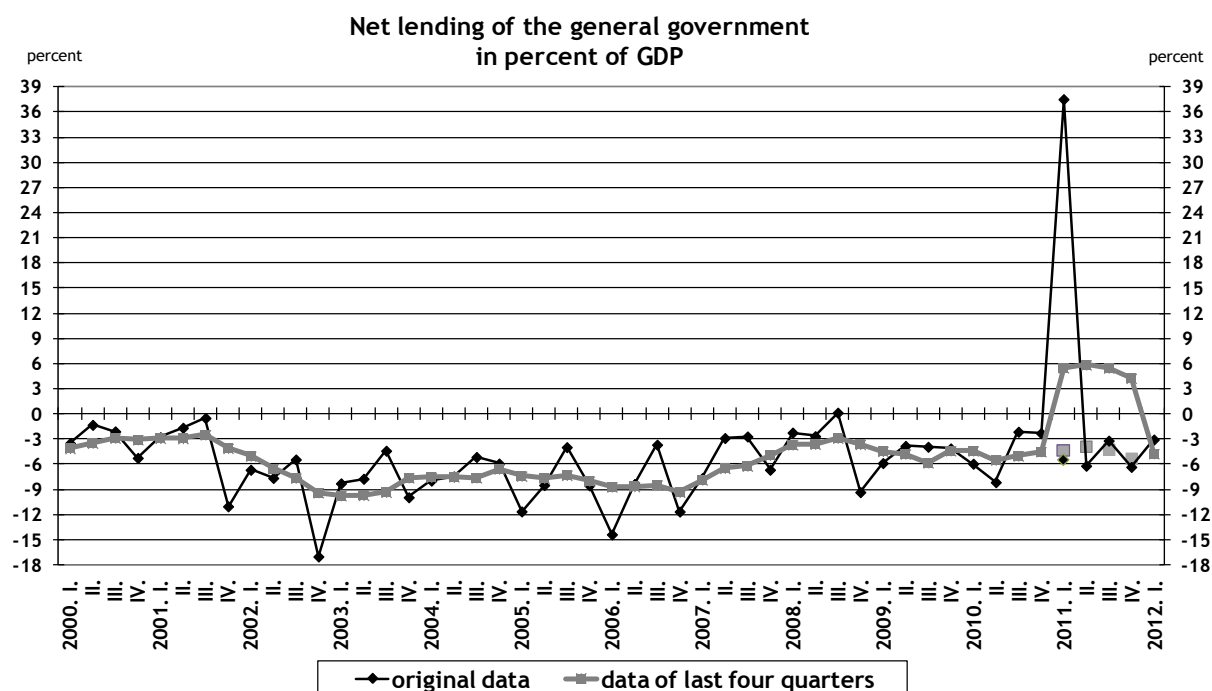


Note: For clarity, the Chart does not plot net lending of financial corporations and non-profit institutions serving households (their values are usually close to 0). Data for a given quarter show the sum of balances for the year ending with that quarter, expressed as a percentage of GDP for the same period.

According to financial accounts data, general government net lending amounted to HUF -1,348 billion or - 4.8 per cent of GDP in the four quarters to 2012 Q1. In 2012 Q1, general government net lending (HUF -202 billion) was equal to -3.1 per cent of quarterly GDP.

At the end of 2012 Q1, general government consolidated gross debt at nominal value (or Maastricht debt) was HUF 22,399 billion, equivalent to 79.0 per cent of GDP. Net borrowing (transaction) increased the debt by HUF 300 billion and the appreciation of the forint (revaluation) reduced it by HUF 594 billion.

In 2012 Q1, central government net borrowing was HUF 257 billion. On the assets side, loans, holdings of quoted shares and mutual fund shares, and other assets fell significantly. By contrast, deposits and debt securities increased. On the liabilities side, the increase in government securities and the declines in foreign borrowing and other liabilities were dominant. Net lending of local government authorities (HUF 69 billion) reflected, on the assets side, an increase in deposits with credit institutions and, on the liabilities side, sharp declines in bond liabilities and loan liabilities as well as an increase in other liabilities, due to transactions. Net borrowing of social security funds was HUF 15 billion. On the assets and liabilities sides, respectively, other assets and loans fell.



For 2011, the quarterly data (shown in black, only for Q1) and the data referring to the final four quarters (shown in grey), which show general government net lending excluding the effect of the capital transfer due to withdrawals from private pension funds, were plotted as separate data points.

According to financial accounts data, household net lending (HUF 1,494 billion) was equal to 5.3 per cent of GDP in the four quarters to 2012 Q1. In 2012 Q1, household net lending (HUF 350 billion) amounted to 5.4 per cent of quarterly GDP.

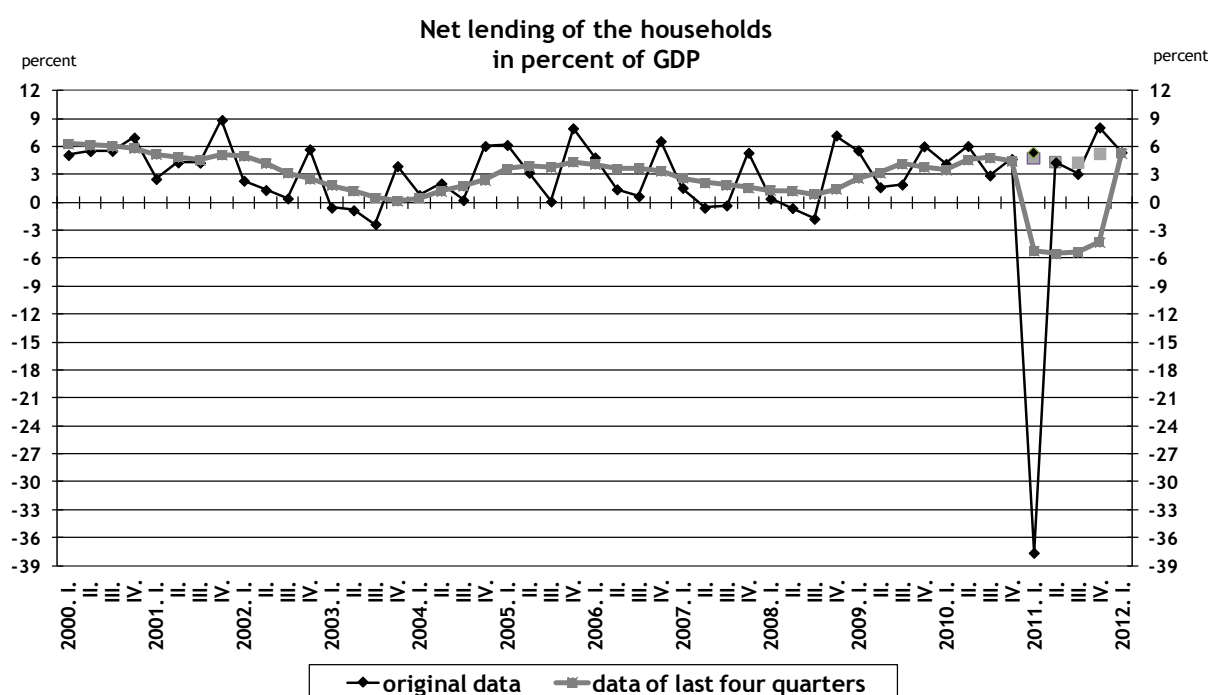
Early repayments of foreign currency mortgages had a significant impact on the structure of households' financial assets and liabilities in 2012 Q1. On the assets side, household holdings of forint deposits and mutual fund shares declined significantly, with forint cash, insurance reserves and other assets falling slightly, due to transactions. By contrast, holdings of foreign currency deposits and debt securities issued by central government increased. On the liabilities side, foreign currency deposits fell sharply and forint loans increased significantly, mainly reflecting the effect of early repayments of foreign currency loans.

Impact of early repayments on the sectors' net lending

Early repayments had a significant impact on net lending of households, general government and financial corporations in 2011 Q4 and 2012 Q1. A description of the methodology for recording early repayments is available under Section 1 of the methodological notes at the end of this press release.

Calculated at market exchange rates, households repaid HUF 642 billion of foreign currency loans in 2011 Q4, exploiting the advantages of the early repayment scheme. Under the programme, the sector received a HUF 174 billion capital transfer from financial corporations (HUF 125 billion) and general government (HUF 49 billion).

Calculated at market exchange rates, households repaid HUF 712 billion of foreign currency loans under the early repayment scheme in 2012 Q1. Under the programme, the sector received a HUF 196 billion capital transfer. According to the Bank's estimates, households received a HUF 141 billion and a HUF 55 billion capital transfer from financial corporations and general government, respectively.



Note: For 2011, the quarterly data (shown in black, only for Q1) and the data referring to the final four quarters (shown in grey), which show household sector net lending excluding the effect of the capital transfer due to withdrawals from private pension funds, were plotted as separate data points.

According to financial accounts data, net lending of non-financial corporations amounted to HUF 756 billion or 2.7 per cent of GDP in the four quarters to 2012 Q1. In 2012 Q1, the sector's net lending was HUF 30 billion, the equivalent of 0.5 per cent of quarterly GDP.

On the assets side, non-financial corporations mainly reduced their deposits and loans. By contrast, they increased their equity assets and other asset significantly. On the liabilities side, the increases in equity liabilities and the decline in loans were dominant.

According to financial accounts data, net lending of the rest of the world (or whole-economy net lending with an opposite sign) amounted to HUF -429 billion or -1.5 per cent of GDP in the four quarters to 2012 Q1. In 2011 Q1, the sector's net lending was HUF 31 billion, equal to 0.5 per cent of quarterly GDP.

On the assets side, non-residents increased their equity assets and reduced their deposits and loans granted. On the liabilities side, equity liabilities rose due to transactions, while deposits and loans fell.

Tables

Main data of the institutional sectors

	2009Q1	2009Q2	2009Q3	2009Q4	2010Q1	2010Q2	2010Q3	2010Q4	2011Q1	2011Q2	2011Q3	2011Q4	2012Q1
Net lending, quarterly transactions, billion HUF													
Non-financial corporations (S.11)	-70	328	156	-94	46	370	20	121	-19	390	203	132	30
Financial corporations (S.12)	-26	126	-110	-38	129	-31	-53	-222	57	-96	-113	-135	-234
General government (S.13)	-342	-244	-251	-290	-353	-536	-145	-170	2338	-425	-229	-491	-202
Households (S.14)	326	104	123	424	245	399	198	346	-2343	295	219	629	350
Non-profit institutions serving households (S.15)	4	-7	3	6	-13	11	8	-10	6	-2	-4	38	10
Rest of the world (S.2)	97	-308	81	-22	-70	-227	-42	-79	-55	-177	-93	-191	31
Net lending, quarterly transactions, excluding the effect of the capital transfer due to opt-outs from private pension funds in March 2011, billion HUF													
General government (S.13)	-342	-244	-251	-290	-353	-536	-145	-170	-340	-425	-229	-491	-202
Households (S.14)	326	104	123	424	245	399	198	346	335	295	219	629	350
Net lending of last four quarters, billion HUF													
Non-financial corporations (S.11)	-778	-303	310	320	436	477	342	557	492	512	695	707	756
Financial corporations (S.12)	-298	-133	-217	-48	106	-52	5	-179	-250	-315	-374	-287	-579
General government (S.13)	-1174	-1240	-1500	-1127	-1138	-1430	-1325	-1205	1486	1596	1513	1192	-1348
Households (S.14)	681	825	1063	977	897	1191	1266	1188	-1401	-1504	-1482	-1199	1494
Non-profit institutions serving households (S.15)	3	2	5	6	-12	7	12	-4	15	2	-9	38	42
Rest of the world (S.2)	1549	829	320	-153	-319	-238	-361	-418	-403	-353	-404	-515	-429
Net lending of last four quarters, excluding the effect of the capital transfer due to opt-outs from private pension funds in March 2011, billion HUF													
General government (S.13)	-1174	-1240	-1500	-1127	-1138	-1430	-1325	-1205	-1192	-1081	-1165	-1485	-1348
Households (S.14)	681	825	1063	977	897	1191	1266	1188	1277	1174	1195	1479	1494
Consolidated gross debt of the general government, billion HUF													
General government (S.13)	21864	20018	20470	20450	21075	22123	21759	21777	22478	21309	22958	22693	22399
Quarterly changes in consolidated gross debt of the general government, billion HUF													
changes in debt	2 490	-1846	452	-20	626	1047	-364	19	700	-1169	1649	-265	-294
of which: transactions	1154	-629	547	-52	717	166	40	-76	1226	-1193	572	-1029	300
revaluation	1322	-1217	-95	32	-92	881	-404	94	-526	24	1077	764	-594
other changes in volume	13	0	0	0	0	0	0	0	0	0	0	0	0
	2009Q1	2009Q2	2009Q3	2009Q4	2010Q1	2010Q2	2010Q3	2010Q4	2011Q1	2011Q2	2011Q3	2011Q4	2012Q1
Net lending, quarterly transactions, percent of GDP													
Non-financial corporations (S.11)	-1,2	5,2	2,4	-1,3	0,8	5,6	0,3	1,6	-0,3	5,7	2,8	1,7	0,5
Financial corporations (S.12)	-0,4	2,0	-1,7	-0,5	2,2	-0,5	-0,8	-3,0	0,9	-1,4	-1,6	-1,7	-3,6
General government (S.13)	-5,9	-3,8	-3,9	-4,1	-5,9	-8,2	-2,1	-2,3	37,5	-6,2	-3,2	-6,3	-3,1
Households (S.14)	5,6	1,6	1,9	6,0	4,1	6,1	2,9	4,7	-37,6	4,3	3,1	8,1	5,4
Non-profit institutions serving households (S.15)	0,1	-0,1	0,0	0,1	-0,2	0,2	0,1	-0,1	0,1	0,0	-0,1	0,5	0,1
Rest of the world (S.2)	1,7	-4,8	1,3	-0,3	-1,2	-3,4	-0,6	-1,1	-0,9	-2,6	-1,3	-2,4	0,5
Net lending, quarterly transactions, excluding the effect of the capital transfer due to opt-outs from private pension funds in March 2011, percent of GDP													
General government (S.13)	-5,9	-3,8	-3,9	-4,1	-5,9	-8,2	-2,1	-2,3	-5,5	-6,2	-3,2	-6,3	-3,1
Households (S.14)	5,6	1,6	1,9	6,0	4,1	6,1	2,9	4,7	5,4	4,3	3,1	8,1	5,4
Net lending of last four quarters, percent of GDP													
Non-financial corporations (S.11)	-3,0	-1,2	1,2	1,2	1,7	1,8	1,3	2,1	1,8	1,9	2,5	2,5	2,7
Financial corporations (S.12)	-1,1	-0,5	-0,8	-0,2	0,4	-0,2	0,0	-0,7	-0,9	-1,2	-1,4	-1,0	-2,0
General government (S.13)	-4,5	-4,8	-5,8	-4,4	-4,4	-5,5	-5,0	-4,5	5,5	5,8	5,5	4,2	-4,8
Households (S.14)	2,6	3,2	4,1	3,8	3,5	4,6	4,8	4,4	-5,2	-5,5	-5,4	-4,3	5,3
Non-profit institutions serving households (S.15)	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,1	0,0	0,0	0,1	0,1
Rest of the world (S.2)	5,9	3,2	1,2	-0,6	-1,2	-0,9	-1,4	-1,6	-1,5	-1,3	-1,5	-1,8	-1,5
Net lending of last four quarters, excluding the effect of the capital transfer due to opt-outs from private pension funds in March 2011, percent of GDP													
General government (S.13)	-4,5	-4,8	-5,8	-4,4	-4,4	-5,5	-5,0	-4,5	-4,4	-4,0	-4,2	-5,3	-4,8
Households (S.14)	2,6	3,2	4,1	3,8	3,5	4,6	4,8	4,4	4,7	4,3	4,3	5,3	5,3
Consolidated gross debt of the general government, percent of GDP													
General government (S.13)	83,5	77,4	79,7	79,8	81,9	85,3	82,5	81,4	83,1	78,0	82,9	80,8	79,0

Methodological notes

1 Statistical recording of early repayments of foreign currency mortgage loans

Under the relevant regulation, financial corporations are required to use fixed, significantly below-market exchange rates for early repayments by households. The resulting increase in wealth is treated as a capital transfer to households in the statistics. This capital transfer has been split 72 per cent to 28 per cent between financial corporations and general government, given the Bank's estimate that financial corporations may request general government to refund 28 per cent of their loss arising from early repayments. Capital transfers are recorded for the period in which households repay their debt; those related to repayments made before the end of the year were recorded for 2011 Q4. Capital transfers related to early repayments made in 2012 were recorded for 2012 Q1.

2 Uncertainties related to 2012 Q1 data for the household sector

Household sector financial accounts data for 2012 Q1 are only partially able to reflect the effects of economic events. Households are likely to have reduced their financial assets or increased liabilities in order to make early repayments, which can be captured only to a limited extent in the statistics. In addition, based on bank account turnover, the Bank has come to the conclusion that households may have increased further their foreign investments in the first quarter, which can be captured only partially in the statistics. Based on available information, households increased their deposits held abroad by HUF 58 billion in 2012 Q1.

3 Change to the accrual-based recording of VAT refunds

The Bank has changed its method of recording accrual-based data on VAT refunds for 2012 Q1 in order to ensure that the recording of VAT refunds and the real economic events are more closely related within a calendar year. However, data for the period prior to 2012 have remained unaffected by these changes. As a result, general government net lending in the year to 2012 Q1 is HUF 24 billion lower than would have been the case if the changes had been taken back to the period.

4 Recording withdrawals from private pension funds in 2012

In 2012, private pension fund members had the choice whether or not to withdraw from their pension fund until the end of March. Membership of members deciding to withdraw ceased at the end of May 2012. Consequently, the transactions associated with the withdrawals will be presented in the financial accounts for 2012 Q2.

5 Changes to the method of estimating annual data for corporate tax and simplified entrepreneurial tax

Until actual annual data become available, the Bank's forecast will be used to estimate annual revenue from corporate tax and simplified entrepreneurial tax and the related other receivables of general government as well as other payables of other sectors, instead of the Government's forecast used earlier. This change to the estimation method has reduced general government net lending by HUF 25 billion in 2012 Q1 relative to the preliminary data.

6 Uncertainties related to 2012 Q1 data for the general government sector

The estimates used at the time of publishing preliminary financial accounts data have been used to calculate certain general government assets and liabilities (loans granted, other assets and liabilities) related to the end of 2012 Q1. Using estimates has been made necessary by the fact that data sources of adequate quality were not available by the time of publication of data.

Revisions to past data

Changes in the net lending of the main institutional sectors compared to the last publication

	billion HUF								
	2006	2007	2008	2009	2010	2011Q1	2011Q2	2011Q3	2011Q4
Non-financial corporations (S.11)	0	0	0	0	0	-17	0	-16	30
Financial corporations (S.12)	0	0	0	0	0	1	0	-3	-21
General government (S.13)	0	0	0	0	0	0	0	0	-9
Households (S.14)	0	0	0	0	0	0	0	21	-10
Non-profit institutions serving households (S.15)	0	0	0	0	0	0	0	0	3
Rest of the world (S.2)	0	0	0	0	0	16	0	-2	6

Data revisions reflect changes in the data sources and the method of calculation of the financial accounts. The changes relating to the rest of the world sector were made in line with the revision of balance of payments data.

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.

References

[Comprehensive data](#)
[Time series](#)
[Diagrams](#)
[Financial accounts manual](#)

Contact information: sajto@mnb.hu