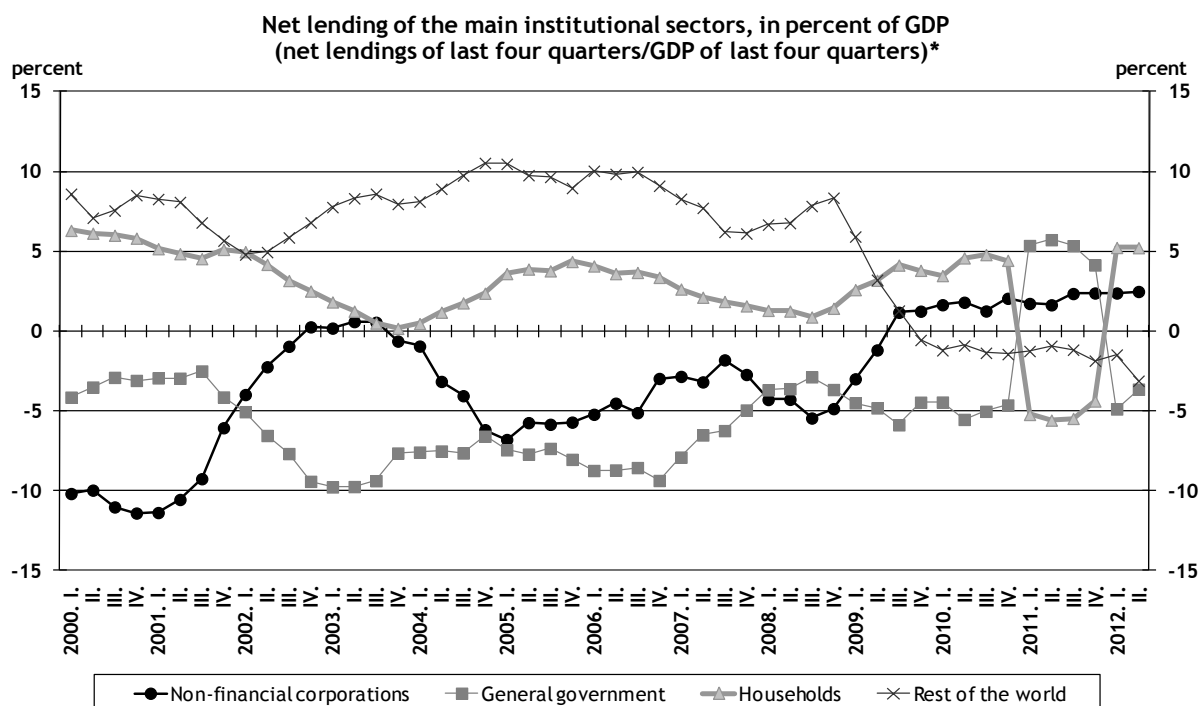


## PRESS RELEASE

### Hungary's financial accounts: 2012 Q2

According to financial accounts data, general government net lending was equal to -3.6 per cent of Hungary's GDP in the four quarters to 2012 Q2.<sup>1</sup> Net lending of households was equivalent to 5.2 per cent of GDP in the year to 2012 Q2. Net lending of non-financial corporations was equal to 2.5 per cent of GDP in the four quarters to 2012 Q2. According to financial accounts data, net lending of the rest of the world was -3.1 per cent of GDP in the four quarters to 2012 Q2.



\*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 -1,036 billion or -3.6 per cent of GDP in the four quarters to 2012 Q2. In 2012 Q2, general government net lending (HUF -76 billion) was equal to -1.1 per cent of GDP in the quarter.

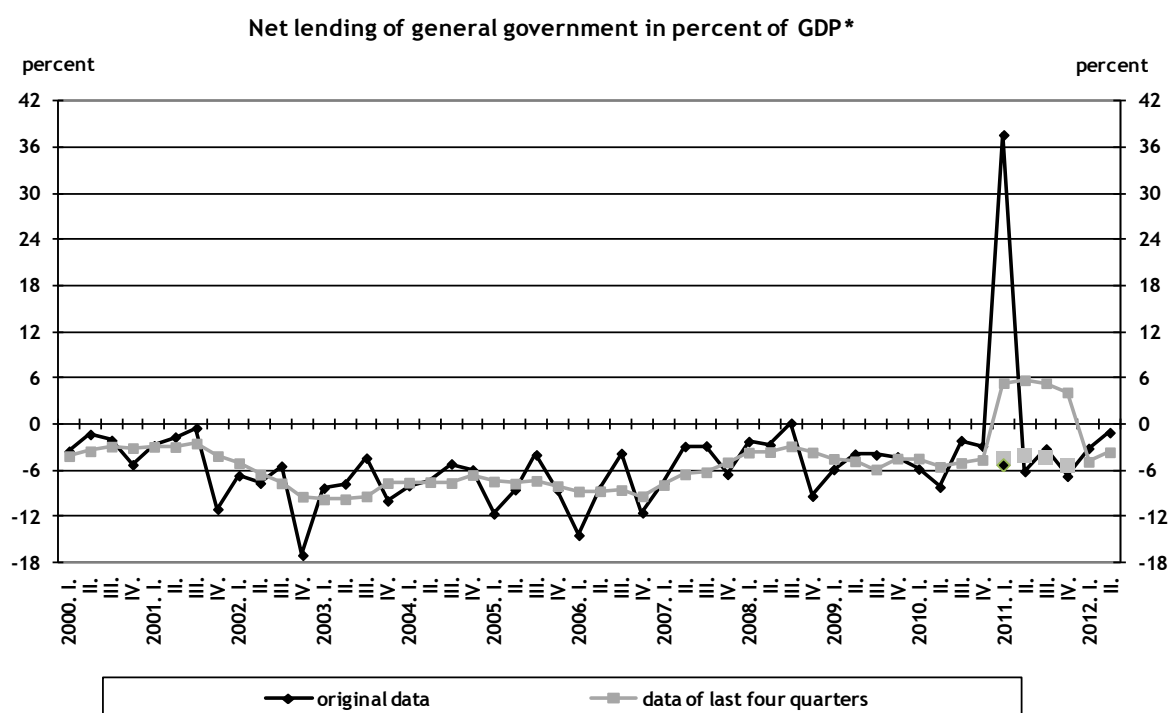
<sup>1</sup> The Central Statistical Office published backward revisions to Hungary's GDP data on 21 September 2012. The financial accounts data being published do not yet reflect the effect of this revision on the sectors' net lending as a percentage of GDP, given that the CSO has not yet modified the quarterly GDP data. The CSO will revise quarterly GDP data in December 2012.

At the end of 2012 Q2, general government consolidated gross debt at nominal value (or Maastricht debt) was HUF 22,168 billion, equivalent to 77.7 per cent of GDP. The appreciation of the forint (revaluation) reduced the debt by HUF 252 billion and net borrowing (transaction) increased it by HUF 25 billion.

In 2012 Q2, central government net borrowing amounted to HUF 74 billion. On the assets side, the increase in financial assets of central government due to transactions mainly reflected the sharp rise in deposits. That was offset in part by the decline in long-term loans and equity assets (primarily mutual fund shares) due to transactions. Another factor contributing to the increase in financial assets of central government was that, as a result of new withdrawals from private pension funds, households provided a HUF 56 billion capital transfer to general government. The change in the stock of financial liabilities due to transactions exceeded that in financial assets, with long-term securities (government bonds) and other, mainly tax, liabilities, being the main contributing factors. The declines in long-term loan liabilities and short-term securities liabilities contributed slightly to the fall in financial liabilities.

Net borrowing of local government authorities was HUF 21 billion. This reflected simultaneous declines in financial assets and liabilities. The significant decline in deposits due to transactions was offset in part by the fall in other, mainly tax, liabilities due to transactions.

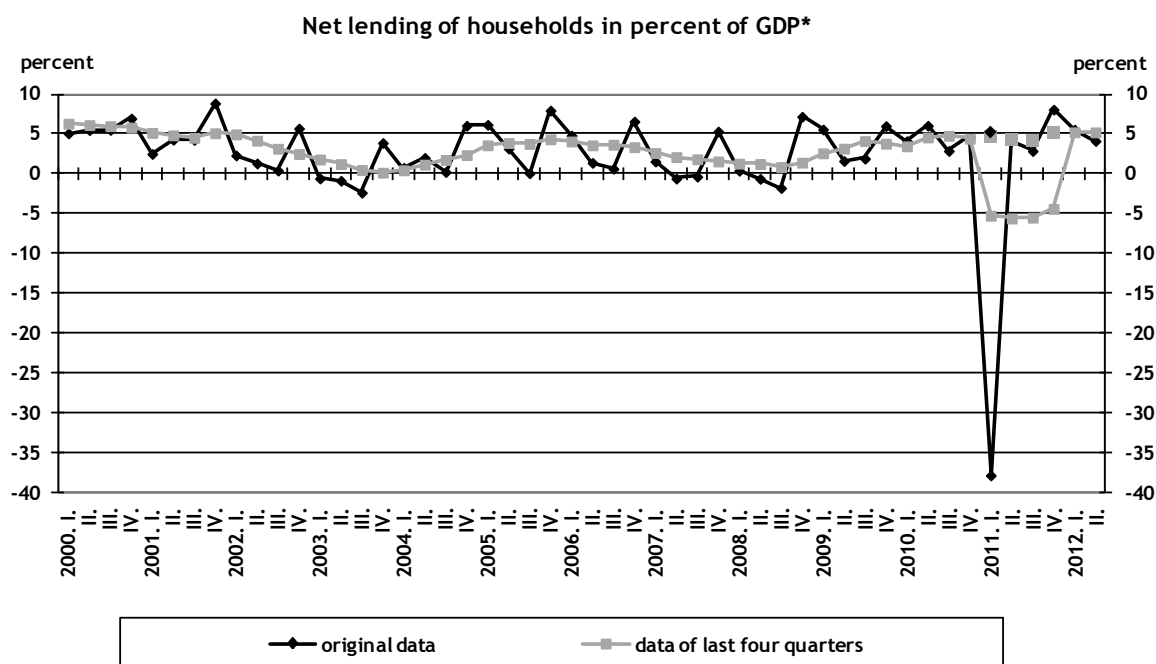
Net lending of social security funds amounted to HUF 19 billion. On the assets side, other assets rose significantly. On the liabilities side, loans fell.



\*Note: For 2011, the quarterly data (shown in black, only for Q1) and the data referring to the 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 in March 2011, were plotted as separate data points.

According to financial accounts data, household net lending (HUF 1,492 billion) was equal to 5.2 per cent of GDP in the four quarters to 2012 Q2. In 2012 Q2, household net lending (HUF 292 billion) amounted to 4.1 per cent of quarterly GDP.

On the assets side, household holdings of forint deposits, securities issued by central government, mutual fund shares as well as equity assets and other assets increased significantly due to transactions in 2012 Q2. By contrast, insurance reserves and pension fund reserves fell. The latter reflected withdrawals from private pension funds. On the liabilities side, foreign currency loans and forint-denominated housing loans fell due to transactions.



\*Note: For 2011, the quarterly data (shown in black, only for Q1) and the data referring to the 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 in March 2011, were plotted as separate data points.

According to financial accounts data, net lending of non-financial corporations amounted to HUF 709 billion or 2.5 per cent of GDP in the four quarters to 2012 Q2. In 2012 Q2, the sector's net lending was HUF 387 billion, the equivalent of 5.5 per cent of GDP in the quarter.

On the assets side, non-financial corporations mainly reduced their deposits and loans in 2012 Q2. By contrast, they increased their equity assets. On the liabilities side, the decreases in loans and other liabilities 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 -885 billion or -3.1 per cent of GDP in the four quarters to 2012 Q2. In 2012 Q2, the sector's net lending was HUF -613 billion, equal to -8.7 per cent of GDP in the quarter. The sector's net lending, calculated in a top-down approach of the non-financial accounts, amounted to HUF -287 billion or -4.1 per cent of GDP. The sign of the difference between the two indicators is opposite of those of previous periods.

On the assets side, non-residents increased their deposits. By contrast, they reduced their loans granted, holdings of securities other than shares, equities and other assets. On the liabilities side,

their loans increased due to transactions, while deposits, securities other than shares declined significantly due to transactions. Equity liabilities and other liabilities fell slightly.

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## Tables

### Main data of the institutional sectors\*

	2009Q1	2009Q2	2009Q3	2009Q4	2010Q1	2010Q2	2010Q3	2010Q4	2011Q1	2011Q2	2011Q3	2011Q4	2012Q1	2012Q2
<b>Net lending, quarterly transactions, billion HUF</b>														
Non-financial corporations (S.11)	-73	330	151	-87	32	374	14	131	-49	356	215	150	-43	387
Financial corporations (S.12)	-26	126	-110	-38	132	-32	-53	-222	56	-90	-97	-62	-209	5
General government (S.13)	-342	-247	-253	-298	-345	-537	-144	-211	2343	-421	-230	-527	-203	-76
Households (S.14)	326	104	123	424	245	399	198	346	-2352	287	207	631	362	292
Non-profit institutions serving households (S.15)	4	-7	3	6	-13	11	8	-10	6	-2	-4	38	-5	-9
Rest of the world (S.2)	99	-306	88	-23	-67	-230	-38	-49	-19	-144	-109	-246	83	-613
<b>Net lending, quarterly transactions, excluding the effect of the main capital transfers due to opt-outs from private pension funds and early repayment of foreign exchange loans, billion HUF</b>														
General government (S.13)	-342	-247	-253	-330	-403	-537	-144	-211	-335	-421	-230	-478	-148	-132
Households (S.14)	326	104	123	456	303	399	198	346	326	287	207	457	166	348
<b>Net lending of last four quarters, billion HUF</b>														
Non-financial corporations (S.11)	-781	-304	304	321	426	470	333	551	469	451	653	672	678	709
Financial corporations (S.12)	-298	-133	-216	-48	110	-48	9	-175	-251	-309	-353	-193	-458	-363
General government (S.13)	-1174	-1243	-1506	-1140	-1142	-1433	-1324	-1237	1451	1567	1481	1165	-1381	-1036
Households (S.14)	681	825	1063	977	896	1191	1265	1187	-1410	-1522	-1512	-1228	1486	1492
Non-profit institutions serving households (S.15)	3	2	5	6	-12	7	12	-4	15	2	-9	38	27	19
Rest of the world (S.2)	1552	833	332	-141	-308	-232	-357	-384	-336	-250	-321	-518	-416	-885
<b>Net lending of last four quarters, excluding the effect of the main capital transfers due to opt-outs from private pension funds and early repayment of foreign exchange loans, billion HUF</b>														
General government (S.13)	-1174	-1243	-1506	-1172	-1232	-1523	-1414	-1295	-1227	-1111	-1196	-1464	-1277	-988
Households (S.14)	681	825	1063	1009	986	1281	1355	1245	1267	1156	1165	1276	1116	1178
<b>Consolidated gross debt of the general government, billion HUF</b>														
General government (S.13)	21860	20016	20469	20448	21074	22121	21757	21775	22475	21306	22955	22690	22396	22168
<b>Quarterly changes in consolidated gross debt of the general government, billion HUF</b>														
changes in debt	2489	-1843	452	-20	625	1047	-364	18	700	-1169	1649	-265	-294	-227
of which: transactions	713	-956	302	-53	717	166	40	-76	1226	-1193	572	-1030	300	25
revaluation	1763	-888	150	32	-92	881	-404	94	-526	24	1077	764	-594	-252
other changes in volume	13	0	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	2012Q2
<b>Net lending, quarterly transactions, percent of GDP</b>														
Non-financial corporations (S.11)	-1,3	5,2	2,4	-1,2	0,5	5,7	0,2	1,8	-0,8	5,2	3,0	1,9	-0,7	5,5
Financial corporations (S.12)	-0,4	2,0	-1,7	-0,5	2,2	-0,5	-0,8	-3,0	0,9	-1,3	-1,3	-0,8	-3,2	0,1
General government (S.13)	-5,9	-3,9	-4,0	-4,2	-5,8	-8,2	-2,1	-2,8	37,6	-6,1	-3,2	-6,7	-3,1	-1,1
Households (S.14)	5,6	1,6	1,9	6,0	4,1	6,1	2,9	4,7	-37,8	4,2	2,9	8,1	5,6	4,1
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	-0,1
Rest of the world (S.2)	1,7	-4,8	1,4	-0,3	-1,1	-3,5	-0,5	-0,7	-0,3	-2,1	-1,5	-3,2	1,3	-8,7
<b>Net lending, quarterly transactions, excluding the effect of the main capital transfers due to opt-outs from private pension funds and early repayment of foreign exchange loans, percent of GDP</b>														
General government (S.13)	-5,9	-3,9	-4,0	-4,7	-6,8	-8,2	-2,1	-2,8	-5,4	-6,1	-3,2	-6,1	-2,3	-1,9
Households (S.14)	5,6	1,6	1,9	6,5	5,1	6,1	2,9	4,7	5,2	4,2	2,9	5,8	2,5	4,9
<b>Net lending of last four quarters, percent of GDP</b>														
Non-financial corporations (S.11)	-3,0	-1,2	1,2	1,3	1,7	1,8	1,3	2,1	1,7	1,7	2,4	2,4	2,4	2,5
Financial corporations (S.12)	-1,1	-0,5	-0,8	-0,2	0,4	-0,2	0,0	-0,7	-0,9	-1,1	-1,3	-0,7	-1,6	-1,3
General government (S.13)	-4,5	-4,8	-5,9	-4,4	-4,4	-5,5	-5,0	-4,6	5,4	5,7	5,3	4,1	-4,9	-3,6
Households (S.14)	2,6	3,2	4,1	3,8	3,5	4,6	4,8	4,4	-5,2	-5,6	-5,5	-4,4	5,2	5,2
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	0,1
Rest of the world (S.2)	5,9	3,2	1,3	-0,6	-1,2	-0,9	-1,4	-1,4	-1,2	-0,9	-1,2	-1,8	-1,5	-3,1
<b>Net lending of last four quarters, excluding the effect of the main capital transfers due to opt-outs from private pension funds and early repayment of foreign exchange loans, percent of GDP</b>														
General government (S.13)	-4,5	-4,8	-5,9	-4,6	-4,8	-5,9	-5,4	-4,8	-4,5	-4,1	-4,3	-5,2	-4,5	-3,5
Households (S.14)	2,6	3,2	4,1	3,9	3,8	4,9	5,1	4,7	4,7	4,2	4,2	4,5	3,9	4,1
<b>Consolidated gross debt of the general government, percent of GDP</b>														
General government (S.13)	83,5	77,4	79,7	79,8	81,9	85,3	82,5	81,4	83,1	77,9	82,9	80,8	79,0	77,7

\* The sectors' net lending as a percentage of GDP does not yet reflect the effect of the latest revision by the CSO. See explanation in footnote 1.

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### **Methodological notes**

#### **1 Dissolution of a credit institution and compensation from the National Deposit Insurance Fund (OBA)**

In 2012 Q2, financial assets and liabilities of customers of a credit institution were liquidated through other changes in volume, due to the dissolution of the credit institution. This, however, did not have an impact on net lending. Consistent with the national accounts methodology, the amount of compensation from the National Deposit Insurance Fund has been recorded as a capital transfer, which has increased net lending of the sectors affected. According to our estimate, the effect was significant only in the case of households: household net lending increased by nearly HUF 30 billion in 2012 Q2 due to this capital transfer.

#### **2 Recording withdrawals from private pension funds in 2012**

In 2012 Q2, withdrawals from pension funds and entries into the state pension scheme were recorded using the same statistical methodology as a year earlier. The difference between the two approaches was that private pension funds paid the amount due to households (amount in excess of capital guaranteed investment plus personal membership fees) directly and that the transfer took place in cash and government securities, and not on the basis of the actual composition of the portfolio. The assets transferred were recorded as a capital transfer for central government and households' claims on pension funds were reduced by the combined amount of capital transfer and disbursements by pension funds. The value of the capital transfer is currently estimated to be HUF 56 billion (of which HUF 47 billion was actually disbursed by the end of June).

#### **3 Uncertainties related to 2012 Q2 data for the household sector**

Foreign financial assets of households are not fully captured by the statistics. Consequently, financial accounts data on financial savings of the sector contain uncertainties.

#### **4 Uncertainties related to general government sector data**

In the absence of reported data, certain general government assets and liabilities (loans granted, other assets and liabilities) for 2012 were estimated in previous releases of financial accounts data. This publication contains available balance sheet data instead of estimates, which has caused a change relative to previous data releases. The balance sheet data used in this release may change in the future as a result of corrections by data providers.

#### **5 Recording the capital injection to Hungarian Development Bank (MFB)**

Central government granted a HUF 130 billion capital injection to Hungarian Development Bank in 2011. Of this amount, HUF 41 billion was recorded previously as a capital transfer and HUF 89 billion as a capital increase in the statistics. As a result of a revision of data, this publication contains a HUF 76 billion capital transfer and a HUF 54 billion capital increase, which has caused general government net lending to be HUF 35 billion lower in 2011 relative to previous data releases.

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## Revisions to past data

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

	2006	2007	2008	2009	2010	2011Q1	2011Q2	2011Q3	2011Q4	2012Q1
Non-financial corporations (S.11)	0	-3	0	1	-6	-30	-35	12	17	-73
Financial corporations (S.12)	0	0	0	1	4	-1	6	16	73	25
General government (S.13)	0	3	0	-13	-32	5	4	-1	-36	-1
Households (S.14)	0	0	0	0	-1	-9	-9	-12	1	11
Non-profit institutions serving households (S.15)	0	0	0	0	0	0	0	0	0	-15
Rest of the world (S.2)	0	0	0	12	34	35	33	-16	-55	52

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. The change in general government data was caused in part by the reclassification of PPP projects from 2006 and by the re-recording of the accrual-based correction of EU transfers from 2009, which also caused a difference for the rest of the world sector. Recent data derived from the balance sheets of budgetary institutions and the changes to data resulting from the accrual-based recording of tax revenues required a further adjustment in the financial accounts of general government.

## 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](http://www.mnb.hu).*

## References

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

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