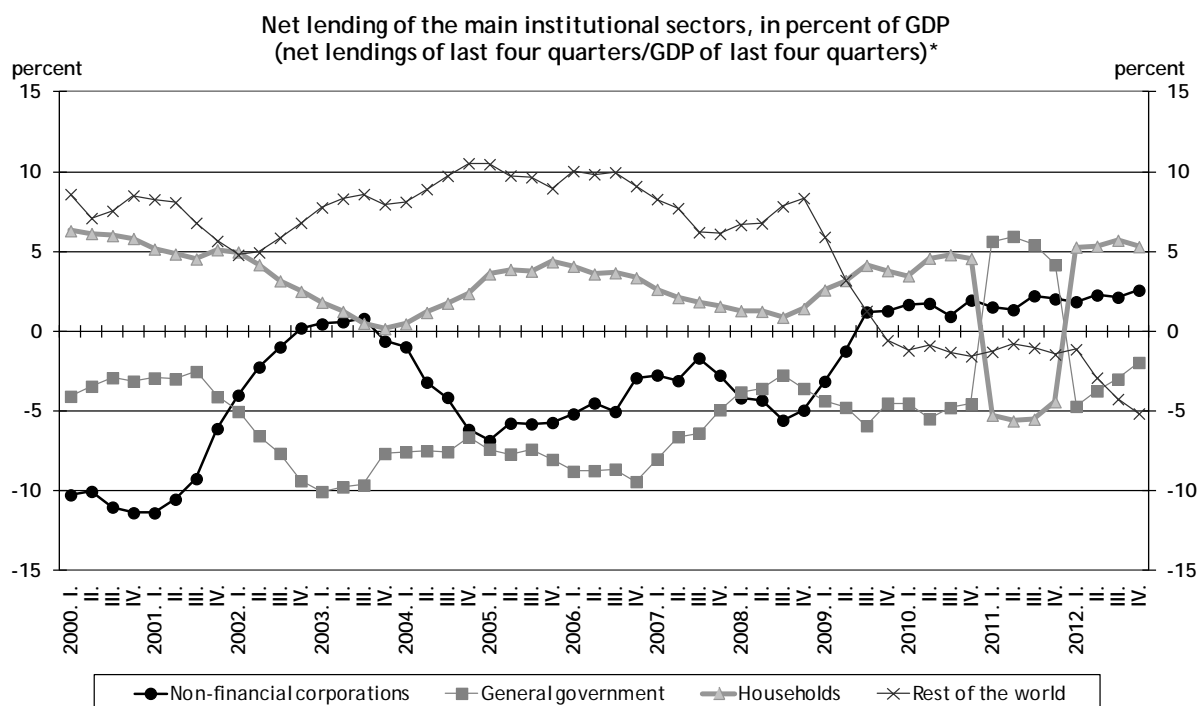


2 April 2013

PRESS RELEASE*

Hungary's financial accounts: 2012 Q4

According to financial accounts data, general government net lending was equal to -1.9 per cent of Hungary's GDP in 2012. Net lending of households was equivalent to 5.3 per cent of GDP in the year under review. Net lending of non-financial corporations was equal to 2.6 per cent of GDP in 2012. According to financial accounts data, net lending of the rest of the world was -5.1 per cent of GDP last year.



* 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 -549 billion or -1.9 per cent of GDP in 2012. In 2012 Q4, general government net lending (HUF -234 billion) was equal to -3.0 per cent of GDP in the quarter.

At the end of 2012, general government consolidated gross debt at nominal value (or Maastricht debt) was HUF 22,381 billion, equivalent to 79.2 per cent of GDP. In 2012 Q4, general government

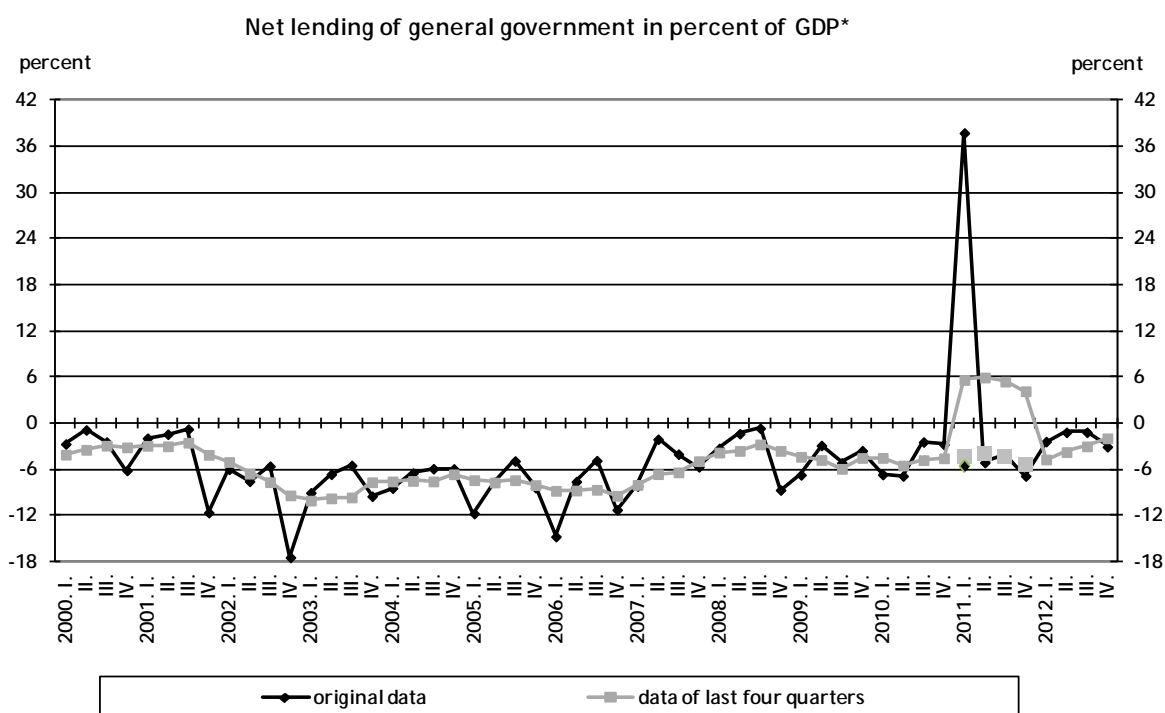
* Modified on 22 April 2013 to ensure consistency with the EDP notification.

sector debt fell by HUF 102 billion due to repayments of loans and increased by HUF 278 billion due to the depreciation of the forint. Net liabilities of the sector amounted to HUF 17,118 billion or 60.5 per cent of GDP at the end of 2012.

In 2012 Q4, central government net borrowing amounted to HUF 315 billion. On the assets side, the sector's central bank deposits fell significantly. On the liabilities side, repayments of loans taken from abroad and the fall in other liabilities to the rest of the world contributed significantly to the decline in total liabilities. This was partly offset by the issuance of government securities.

Net lending of local government authorities was HUF 70 billion in 2012 Q4. On the assets side, the sector's deposits and loans to the corporate sector fell significantly. Liabilities also fell in the period as a result of declines in long-term securities, long-term loans as well as in tax liabilities.

In 2012 Q4, net lending of social security funds amounted to HUF 10 billion. On the assets side, tax claims increased. The sector's liabilities also increased, due mainly to rises in short-term loans and accounts payable.

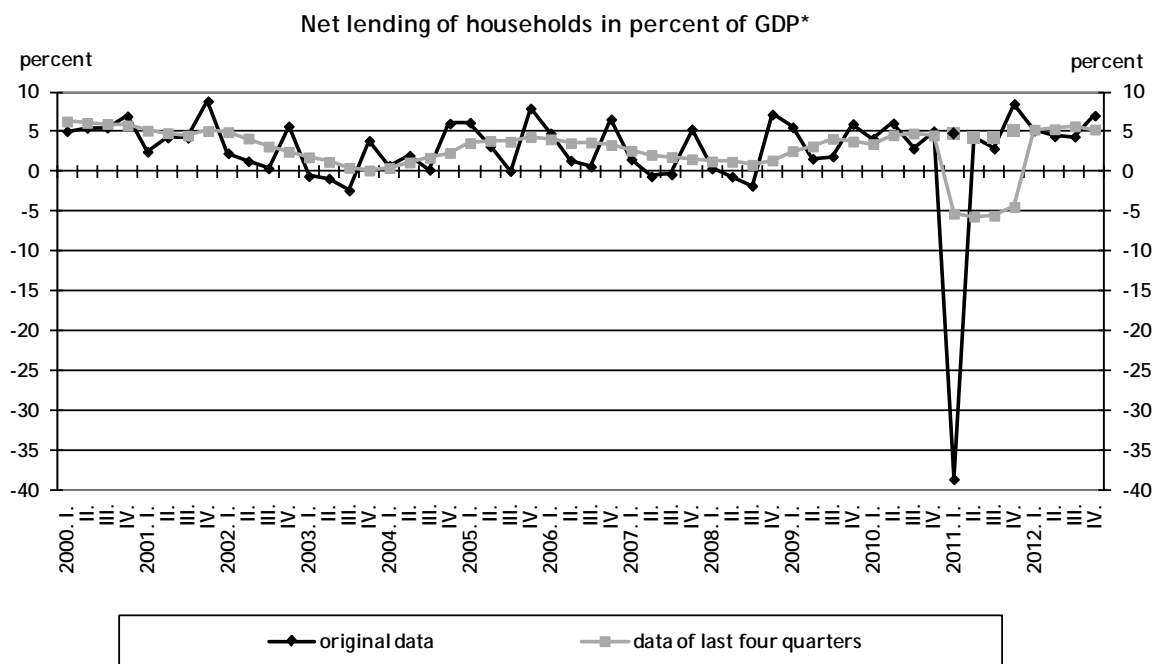


* For 2011, the quarterly data (shown in black, only for Q1) and the data referring to the four quarters (shown in grey), which show general government net lending excluding the effect of the capital transfer due to withdrawals from private pension funds in March 2011, were plotted as separate data points.

According to financial accounts data, net lending of households (HUF 1,502 billion) was equal to 5.3 per cent of GDP in 2012. In 2012 Q4, net lending of households (HUF 544 billion) amounted to 7.1 per cent of GDP in the quarter.

On the assets side, the sector's holdings of forint cash and deposits, debt securities issued by central government and mutual fund shares increased due to transactions. This was partly offset by declines in holdings of foreign equity assets and debt securities issued by credit institutions due to

transactions. The decline in liabilities mainly reflected repayments of foreign currency loans, which was partly offset by an increase in other liabilities 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 was HUF 731 billion or 2.6 per cent of GDP in 2012. In 2012 Q4, the sector's net lending was HUF 218 billion, the equivalent of 2.8 per cent of GDP in the quarter.

On the assets side, non-financial corporations increased their forint deposits, short-term loans and foreign equity assets, and reduced their foreign currency deposits, long-term loans and other assets. On the liabilities side, long-term loans and foreign equity increased significantly due to transactions, while short-term loans and other liabilities fell.

According to financial accounts data, net lending of the rest of the world (or whole-economy net borrowing) amounted to HUF -1,454 billion or -5.1 per cent of GDP in 2012. In 2012 Q4, the sector's net lending was HUF -471 billion, equal to -6.1 per cent of GDP in the quarter.

On the assets side, non-residents increased their holdings of equity assets. By contrast, their holdings of foreign currency deposits, securities other than shares, loans and other assets fell due to transactions. On the liabilities side, foreign currency deposits, short-term loans and equity liabilities increased due to transactions, while securities other than shares, long-term loans and other liabilities fell.

Tables*

Main data of the institutional sectors

	2010Q1	2010Q2	2010Q3	2010Q4	2011Q1	2011Q2	2011Q3	2011Q4	2012Q1	2012Q2	2012Q3	2012Q4
Net lending, quarterly transactions, billion HUF												
Non-financial corporations (S.11)	78	287	17	141	-33	244	262	95	-78	365	226	218
Financial corporations (S.12)	133	-33	-53	-222	56	-100	-100	-63	-204	0	8	-135
General government (S.13)	-393	-448	-164	-203	2332	-347	-289	-530	-150	-81	-83	-234
Households (S.14)	245	399	198	376	-2383	287	207	660	329	311	319	544
Non-profit institutions serving households (S.15)	-13	11	8	-10	6	-2	-4	38	-5	-9	-4	15
Rest of the world (S.2)	-66	-230	-21	-97	6	-97	-93	-217	94	-600	-477	-471
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												
General government (S.13)	-451	-448	-164	-203	-345	-347	-289	-481	-95	-132	-83	-234
Households (S.14)	303	399	198	376	295	287	207	486	133	361	319	544
Net lending of last four quarters, billion HUF												
Non-financial corporations (S.11)	434	456	248	523	412	370	615	569	523	644	607	731
Financial corporations (S.12)	110	-49	8	-176	-253	-320	-366	-207	-467	-367	-259	-331
General government (S.13)	-1153	-1419	-1255	-1207	1518	1618	1493	1166	-1316	-1050	-845	-549
Households (S.14)	896	1191	1265	1217	-1410	-1522	-1512	-1228	1483	1507	1618	1502
Non-profit institutions serving households (S.15)	-12	7	12	-4	15	2	-9	38	27	19	19	-4
Rest of the world (S.2)	-305	-230	-340	-414	-343	-209	-281	-402	-313	-816	-1199	-1454
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												
General government (S.13)	-1243	-1509	-1345	-1265	-1160	-1059	-1185	-1463	-1213	-997	-792	-545
Households (S.14)	986	1281	1355	1275	1267	1156	1165	1276	1113	1188	1299	1357
Consolidated gross debt of the general government, billion HUF												
General government (S.13)	21074	22121	21757	21775	22476	21307	22956	22691	22398	22171	22205	22381
Quarterly changes in consolidated gross debt of the general government, billion HUF												
changes in debt	625	1047	-364	18	701	-1169	1649	-265	-293	-226	34	176
of which: transactions	717	166	28	-76	1226	-1193	572	-1041	308	23	149	-102
revaluation	-92	881	-392	94	-526	24	1077	776	-601	-249	-115	278
other changes in volume	0	0	0	0	0	0	0	0	0	0	0	0
	2010Q1	2010Q2	2010Q3	2010Q4	2011Q1	2011Q2	2011Q3	2011Q4	2012Q1	2012Q2	2012Q3	2012Q4
Net lending, quarterly transactions, percent of GDP												
Non-financial corporations (S.11)	1.3	4.4	0.3	1.9	-0.5	3.6	3.7	1.2	-1.2	5.2	3.1	2.8
Financial corporations (S.12)	2.2	-0.5	-0.8	-3.0	0.9	-1.5	-1.4	-0.8	-3.2	0.0	0.1	-1.8
General government (S.13)	-6.6	-6.8	-2.4	-2.8	37.7	-5.1	-4.1	-6.8	-2.4	-1.2	-1.2	-3.0
Households (S.14)	4.1	6.1	2.9	5.1	-38.5	4.2	2.9	8.5	5.2	4.5	4.4	7.1
Non-profit institutions serving households (S.15)	-0.2	0.2	0.1	-0.1	0.1	0.0	-0.1	0.5	-0.1	-0.1	-0.1	0.2
Rest of the world (S.2)	-1.1	-3.5	-0.3	-1.3	0.1	-1.4	-1.3	-2.8	1.5	-8.6	-6.6	-6.1
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												
General government (S.13)	-7.6	-6.8	-2.4	-2.8	-5.6	-5.1	-4.1	-6.2	-1.5	-1.9	-1.2	-3.0
Households (S.14)	5.1	6.1	2.9	5.1	4.8	4.2	2.9	6.3	2.1	5.2	4.4	7.1
Net lending of last four quarters, percent of GDP												
Non-financial corporations (S.11)	1.7	1.8	0.9	2.0	1.5	1.4	2.2	2.0	1.9	2.3	2.1	2.6
Financial corporations (S.12)	0.4	-0.2	0.0	-0.7	-0.9	-1.2	-1.3	-0.7	-1.7	-1.3	-0.9	-1.2
General government (S.13)	-4.5	-5.5	-4.8	-4.5	5.6	6.0	5.4	4.2	-4.7	-3.7	-3.0	-1.9
Households (S.14)	3.5	4.6	4.8	4.6	-5.2	-5.6	-5.5	-4.4	5.3	5.3	5.7	5.3
Non-profit institutions serving households (S.15)	0.0	0.0	0.0	0.0	0.1	0.0	0.0	0.1	0.1	0.1	0.1	0.0
Rest of the world (S.2)	-1.2	-0.9	-1.3	-1.6	-1.3	-0.8	-1.0	-1.4	-1.1	-2.9	-4.2	-5.1
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												
General government (S.13)	-4.8	-5.8	-5.1	-4.8	-4.3	-3.9	-4.3	-5.2	-4.3	-3.5	-2.8	-1.9
Households (S.14)	3.8	4.9	5.2	4.8	4.7	4.3	4.2	4.6	4.0	4.2	4.6	4.8
Consolidated gross debt of the general government, percent of GDP												
General government (S.13)	82.0	85.3	82.7	81.8	83.6	78.5	83.4	81.4	79.8	78.6	78.4	79.2

* Modified on 22 April 2013 to ensure consistency with the EDP notification.

Methodological notes

1 The 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. Under the relevant regulation, financial corporations were 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. Calculated at market exchange rates, households repaid HUF 712 billion of foreign currency loans under the early repayment programme in 2012 Q1. Here, the sector received a HUF 196 billion capital transfer, shared between financial corporations (HUF 144 billion) and general government (HUF 52 billion), according to statistical records.

2 The effects of compensation from the National Deposit Insurance Fund (NDIF) on household savings

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. The amount of compensation from the NDIF was recorded as a capital transfer in the national accounts, which increased net lending of the sectors affected. As a result of this capital transfer, household net lending increased by nearly HUF 30 billion in 2012 Q2, consistent with earlier data releases.

3 Recording withdrawals from private pension funds in 2012

A HUF 51 billion capital transfer between the household sector and general government was recorded in the national accounts in 2012 Q2, due to withdrawals from private pension funds and entries into the state pension scheme. Consistent with earlier data releases, this amount is reflected as a decline in pension fund reserves of households and an increase in financial assets of central government, reducing financial savings of households and increasing general government net lending in 2012 Q2.

4 Recording the proceeds from the sale of a mobile phone concession*

Of the amount received by the National Media and Infocommunications Authority from the sale of mobile phone frequency, HUF 10 billion has not been treated as government revenue in 2012, as one of the four winning service providers has not started to use the frequency. The item has been recorded as other liability of central government in 2012.

5 Recording the proceeds from the sale of emission trading permits*

Altogether HUF 10.6 billion emission trading permits were sold in the second half of 2012 by the government. Since the trading permits were not used in 2012, the amount paid for it cannot be considered as government revenue but the item has been recorded as other accounts payable of central government in the financial accounts.

6 Uncertainties related to 2012 general government sector data

Fiscal balance sheet reports for 2012 contain preliminary data which may change as a result of subsequent corrections by data providers. The transformation of budgetary institutions, debt assumptions and asset reallocations in 2012 had a significant impact on the structure of general government and may have caused uncertainty in information from the central budget and general government used for statistical purposes.

7 Uncertainties related to 2012 data for households

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

* Modified on 22 April 2013 to ensure consistency with the EDP notification.

Revisions to past data*

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

	billion HUF									
	2005	2006	2007	2008	2009	2010	2011	2012Q1	2012Q2	2012Q3
Non-financial corporations (S.11)	-2	10	-7	-22	11	-31	-104	-22	1	30
Financial corporations (S.12)	0	0	0	0	0	-1	-14	2	0	8
General government (S.13)	2	-10	7	22	-11	32	2	57	-1	-6
Households (S.14)	0	0	0	0	0	30	0	-31	11	-1
Non-profit institutions serving households (S.15)	0	0	0	0	0	0	0	0	0	-2
Rest of the world (S.2)	0	0	0	0	0	-30	116	-6	-11	-28

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 resulted primarily from the revision of balance of payments data. Other assets and liabilities of the general government sector (and within that local government authorities) vis-à-vis non-financial corporations have been revised back to 1999 Q1, as an effect of new data sources incorporated in order to update data corrections on an accrual basis. In addition, data on securities and wage liabilities of general government (central government) have also been revised back to 2010, which affected net lending of the rest of the world and households (as counterparty sectors).

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](#)

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* Modified on 22 April 2013 to ensure consistency with the EDP notification.