

Methodological notes for credit institutions' non-consolidated prudential data

1. General notes

The time series on a non-consolidated basis include data for supervisory purposes for credit institutions established in Hungary on an individual basis. In this microprudential time series, financial enterprises qualifying as credit institutions from a prudential perspective are also considered as credit institutions¹. Each credit institution is listed by name on the List of Credit Institutions page.

For a non-consolidated approach, the time series is based on the data required for supervision at national ² and international ³ level.

Financial and prudential data presented in the time series are confidential on an individual level, although most of them are required to disclose at least annually by the institutions. Therefore, only aggregated data points containing data from at least 3 reporting entities are included in the quarterly time series.

In the event of termination or a merger within the year, the flow data (profit) of the institution(s) that dissolved are included in the sector's data for the year under review if the MNB considers that their exclusion would significantly affect the comparability of the actual performance of the sector.

The data occasionally may differ from the previously published data due to taking into consideration the modifications, received after the publication has been closed. The data already published are normally revised and amended as necessary on a quarterly basis, going back to the previous 4 quarters.

Data expressed in HUF are rounded to the nearest billion, therefore the totals of the individual parts may appear different from the total due to rounding. Figures expressed in percentages are rounded to one decimal place. Stock and flow data denominated in foreign currency are converted into HUF pursuant to the provisions of Annex 1 to the domestic data reporting regulation for supervisory purposes currently in effect. The individual balance sheet and profit and loss items have been taken into account according to the accounting principles applied. As of 01.01.2019, all credit institutions prepare their annual reports and keep their books according to IFRS.

2. Data content

The non-consolidated time series consists of the following topics:

1. General information
2. Balance sheet Statement
 - Assets main rows
 - Assets breakdown
 - Liabilities main rows
 - Liabilities breakdown
 - Equity breakdown

¹ Financial enterprises complying with prudential regulations equivalent to a credit institution are those entities that the MNB has decided to recognise as such an institution, pursuant to Articles 103-105 of Act CCXXXVII of 2013 (Act on the Credit Institutions Act).

² The MNB Decree No.55/2024 (XII.3.) on data reporting obligations to the central bank information system primarily in order to fulfil the Magyar Nemzeti Bank's supervisory tasks over money and credit market institutions (effective from 1 January 2025)

³ Commission Implementing Regulation (EU) 2024/3117 on the reporting of supervisory data by institutions under the CRR (effective from 1 January 2025)

3. Profit and loss account
 - Profit and loss account - main rows
 - Profit and loss account - breakdown
4. Asset Quality
5. Capital Adequacy
6. Other information

The data content of the items in the published tables is available from the current MNB Regulation on data reporting obligations in performing MNB's supervisory tasks and the Commission Implementing Regulation on the provision of supervisory information by institutions under the CRR, which can be found at the following link: <https://www.mnb.hu/felugyelet/adatszolgaltatas/hitelintezetek>

2.1. Balance sheet and profit and loss account

The '_main rows' pages present the changes in the balance sheet and profit and loss account by main category, while the '_breakdown' pages provide a full sector-level aggregation of a single data reporting table. These tables (with code and name) are as follows:

Assets: "SF0101 Supervisory balance sheet - Assets (Carrying amount)"

Liabilities: "SF0102 Supervisory balance sheet - Liabilities (Carrying amount)"

Equity: "SF0103 Supervisory balance sheet – Shareholders' equity (Carrying amount)"

Profit and loss account: "SF02 Supervisory profit and loss account"

2.1.1. Some balance sheet main rows

The row "Loans" includes advances and loans classified as loans held for sale as defined in IFRS 5, "Other assets" includes tangible assets, tax assets, other assets classified as assets held for sale according to IFRS 5 and "Fair value changes of the hedged items in portfolio hedge of interest rate risk".

'Other liabilities' include Other financial liabilities, tax liabilities, short positions, 'Other liabilities in disposal groups classified as held for sale' as defined in IFRS 5, 'Fair value changes of the hedged items in portfolio hedges of interest rate risk' and 'Share capital repayable on demand'.

2.1.2. The profit or loss account main rows

The row '*Net trading and investment income*' includes, from 2019 onwards, Net gains or (-) losses on financial assets and liabilities held for trading, Net gains or (-) losses on financial assets not held for trading, mandatorily at fair value through profit or loss, as well as Net gains or (-) losses on financial assets and liabilities designated at fair value through profit or loss.⁴

The row, '*Net other operating income*', includes, in addition to Dividend income, Gains or (-) losses on the derecognition of financial assets and liabilities not measured at fair value through profit or loss, Expenses on share capital repayable on demand, Net gains or (-) losses on the derecognition of non-financial assets, and Net gains or (-) losses on the derecognition of investments in subsidiaries, joint ventures and associates, Other operating income, minus the amount of Other operating expenses.

'*Administrative expenses and depreciation*' include Administrative expenses, Depreciation and the amount of cash contributions to resolution and deposit guarantee schemes.

⁴ Until the end of 2018, the row '*Net trading and investment income*' only contains the amount of Net gains or (-) loss from financial assets and liabilities held for trading. The items Gains or (-) loss on financial assets that are classified as mandatorily at fair value through profit or loss and Gains or (-) losses on financial assets and liabilities designated as at fair value through profit or loss, as well as the Net gains or losses from the accounting for hedging, were previously included in the row '*Net other operating income*'.

The row 'Other' shows the Share of profit or (-) loss on investments in subsidiaries, joint ventures and associates accounted for using the Equity Method, the profit or (-) loss from non-current assets classified as held for sale not classified as discontinued operations, the Modification gains or losses.

2.2. Asset Quality

Credit institutions' asset quality is shown separately by type of instruments, days of past due (arrears) and counterparty sector. Data on loan arrears are classified by contract within each maturity category, based on the number of days of the oldest past due amount unpaid at the reference date (arrears).

The gross carrying amount of exposures and impairment losses are shown in separate sections, highlighting the foreign currency holdings by the currency of the transaction.

Non-performing exposure is a definition offered by the MNB Regulation 39/2016 (X. 11.):

- the exposure past due for more than 90 days, if the past due part is considered material - in line with the applied accounting policy;
- the exposure, where the debtor presumably will not be able to meet his liabilities without liquidizing the collateral in line with the contract irrespective of whether the receivables are past due and the number of days past due.

Gross carrying amount:

In the case of debt instruments calculated at amortised cost, the gross carrying amount is the carrying amount before adjusting for any impairment loss, and for debt instruments calculated at fair value through other comprehensive income, it is the amortised cost before adjusting for any loss allowance.

The gross carrying amount of debt instruments recognised at fair value through profit or loss, excluding those held for trading, is dependent on the classification of the instrument. For performing instruments, gross carrying amount is equivalent to the fair value. As for non-performing instruments, the gross carrying amount is the fair value after adding back any accumulated negative changes in fair value due to credit risk.

2.3. Capital Adequacy

Branches do not have to comply with the regulatory capital requirements individually, but only jointly with the foreign credit institution establishing them, so the time series on capital adequacy does not include data on branches.

The capital adequacy ratio is the per cent ratio of credit institutions' existing regulatory capital to their risk-weighted exposure amounts. A distinction is made between different types of capital adequacy ratios, which are the ratio of the available regulatory capital of credit institutions at a particular level (CET1, Tier 1, total) to their risk-weighted exposure amounts.

2.4. Other information:

The data content in the rows is specified in the instructions for completing table 'Information Data Table 7C' of the current MNB data reporting regulation concerning the data reporting obligations to be met in order to perform the Magyar Nemzeti Bank's supervisory tasks.

Number of borrowers: the total number of clients relating to the stock of loans reported by the credit institutions in the respective rows (SF0101090, SF0101096, SF0101130, SF0101144, SF0101183 és SF0101373) – excluding loans disbursed to domestic and foreign credit institutions and other financial corporations.

Number of depositors: the total number of clients with a current account or deposit relating to the stock of deposits reported by the credit institutions in the respective rows (SF0102040, SF0102080, SF0102120, SF0102291) – excluding the stock of deposits from monetary financial institutions.

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