

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 and profitability
 - Profit and loss account - main rows
 - Profit and loss account – breakdown
 - Profitability
 - Profitability bands
4. Asset Quality
5. Capital Adequacy
6. Liquidity
 - Loan-to-deposit (L/D) indicator
 - Liquidity coverage ratio (LCR)
 - Net stable funding ratio (NSFR)
7. 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

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, '*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.

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.

2.1.3. Profitability

Among the profitability indicators, the numerators of the RoA (Return on Assets) and RoE (Return on Equity) are annualised by multiplying the (after-tax) cumulated net profit/loss of the respective period (e.g. at the end of Q2: cumulated Q2 net profit/loss x 2), while the denominator contains the balances at the end of the period without adjustments (equity, balance sheet total). No RoE is calculated for branches.

The cost/income ratio is calculated on the basis of the cumulative flows of the respective period, i.e. it is not annualised. The cost in the numerator contains the administrative costs and the depreciation⁵, while the operating income in the denominator includes the net interest income, the fee and commission income, the trading and investment income, the gains or losses from hedge accounting, the exchange differences and the other operating income.

The non-consolidated prudential time series – similarly to the consolidated – contains a few further topics relevant to bank supervision.

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. The data relating to coverage for non-performing exposures (impairment and collateral) and the data for NPL ratios are presented on separate sides.

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.

⁵ Until 31 12 2024 the numerator contains the monetary contributions to resolution and deposit guarantee funds

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.

NPL ratio: is the ratio of non-performing loans to total loans, the calculation includes the balances at central banks and other demand deposits along with the loans. The basis of the published indicators is the gross carrying amount of the assets.

The value of collateral is presented in the publication up to the on-balance sheet asset value recorded in the books.

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. Liquidity

The loan-to-deposit ratio is calculated on the basis of the outstanding loans and deposits of the non-financial corporation and household sectors, as the quotient of those. The resident and non-resident client sectors are not differentiated, neither in the numerator nor in the denominator.

Article 415 of the regulation (EU) No 575/2013 of the European Parliament and of the Council (CRR) sets the data reporting obligations regarding liquidity coverage requirements (LCR). The minimum required level of LCR is 100%. The publication only contains the individual level data of institutions, which are subject to CRR and are expected to comply.

The numerator of LCR comprises liquid assets callable within 30 days in stress situations, referred to as liquidity buffer. The denominator of the LCR is the net liquidity outflow, determined on the basis of the liquidity inflows and liquidity outflows within 30 days. The published LCR indicator is the ratio of the aggregate liquidity buffer of credit institutions to the aggregate net liquidity outflows.

Article 428b of Regulation (EU) No 575/2013 of the European Parliament and of the Council (CRR) sets out the requirement for a net stable funding ratio (NSFR). The minimum required level of NSFR is 100%. The publication only contains the individual level data of institutions, which are subject to CRR. In case of institutions, which belong to a liquidity sub-group there are no individual compliance requirements.

The numerator of the NSFR is formed by the available stable funding, which is the sum of the liabilities and own funds of credit institutions weighted by various stable funding factors depending on their maturity. The denominator of the NSFR required stable funding, which is the sum of the various categories of assets and off-balance sheet items of credit institutions weighted by the stable funding factors at the levels required by the CRR. The published NSFR indicator is the ratio of the aggregate value of available stable funding to credit institutions to the value of their total required stable funding.

2.5. 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.

MNB Directorate Statistics, Supervisory Reporting and Statistics Department