

Methodological notes to the green finance volume data publication

1. The aim of the publication is the presentation of:
 - a) key metrics of MNB's preferential capital treatment programmes for green corporate and municipal financing and green housing financing;
 - b) data on lending to resident non-financial corporations, self-employed persons (including primary agricultural producers) as well as municipals;
 - c) green housing loans of domestic households;
 - d) energy performance data of residential property included as collateral for housing loans;
 - e) data on assets with environmental and social focus in the insurance, pension fund and investment fund sectors;
 - f) green securities issued by domestic operators;
 - g) green investment products available at the reference date.
2. Publication of revisions:
 - a) The data of the publication is updated every time it is published: the reports are supplemented with the data of the new period, and the values may change retroactively as a result of the modifications sent by the data providers, which results in improved data quality.
3. In relation to the **1 GPCR overview** table:
 - a) The table shows the stock of loans and bonds included in the preferential capital treatment programme for green corporate and municipal financing, as well as the total stock of domestic corporate and municipal loans, and the stock of loans included in the preferential capital treatment programme for green housing financing. The table does not include green exposures that failed for any reason and therefore no discount can be applied. The reason for this failure may be: proof of unmet green objectives of the loan, non-compliance with the program requirements (e.g. non-performance/default, contract date outside the program period).
 - b) For the preferential capital treatment programmes, the source of the loan stocks is HITREG and the source of the bond stocks is the E22 regular data reports. In addition to these, the data sources are the voluntary quarterly data reports for the programmes, the ZVT and ZTP data reports.
 - c) The gross value is the sum of the gross book value (INSTR.BRUTTO_KSZE_OSSZEG) and the undrawn credit lines (INSTK.REND_HKERET_OSSZEG, INSTR.LNH_KERET_TOKE_OSSZEG) from the HITREG database. The exposure values are always converted into forints at the MNB central rate valid at the reference date. In the case of loans included in the preferential capital treatment programme for green corporate and municipal financing, the amount is multiplied by the green ratio of the exposure belonging to the transaction reported in the ZVT data report. The capital requirement discount is applied to this value.
 - d) The outstanding principal value is from the HITREG database, which is the amount of the total outstanding principal, including any capitalised interest (INSTR.FENNALLO_TOKE_OSSZEG). Principal amount outstanding at the end of the reference date, including unpaid past capitalised interest, but excluding accrued interest. The exposure values are always converted into forints at the MNB central rate valid at the reference date. In the case of loans included in the preferential capital treatment programme for green corporate and municipal financing, the amount is multiplied by the green ratio of the exposure belonging to the transaction reported in the ZVT data report.

- e) Stock data on bonds held by credit institutions are shown at fair market value and are sourced from the E22 data reports.
- f) Entities includes non-financial corporations, self-employed persons and municipalities, these types of borrowers can be included in the preferential capital treatment programme for green corporate and municipal financing.
- g) The segregation of domestic (residents) and foreign (non-residents) sectors, as well as self-employed persons are defined in Annex 2, subsection I. A. of MNB Decree 54/2021 (XI. 23.) on the obligations to report data to the central bank's information system primarily to enable the Magyar Nemzeti Bank to carry out its basic duties
- h) The borrowers of the preferential capital requirements programme for green housing financing are consumers within the meaning of the Act CLXII of 2009 on Consumer Credit (Fhtv), as well as condominiums and housing cooperatives.
- i) In relation to the total domestic corporate and municipal loans column:
 - i. Within the framework of the data collection conducted by the MNB for supervisory purposes the published time series contain the data provided by credit institutions derived from templates SF07H (A/B/T) ("Changes in loans granted by the financial institution") and template SF1801 („Performing and non-performing loans”). The value shown in the column is the sum of the „Corporate lending activities of credit institutions” time series (1) All by forint-foreign curr. sheet total loans value and the „Non consolidated prudential data of credit institutions” 4.1. Asset quality sheet 4.1.* Total loans – General governments – of which: local governments row value.
 - ii. The column contains data on lending to resident non-financial corporations, self-employed persons, as well as municipals by domestic credit institutions including branches of foreign credit institutions in both the EEA and third countries.
 - iii. The total domestic corporate and municipal loans column shows loans at their gross book value. Gross book value; upon applying the IFRS, in the case of loans recorded at amortised cost, it means the book value not reduced by accumulated impairment, in the case of loans at fair value through other comprehensive income, it means amortised cost not reduced by accumulated impairment, while in the case of performing loans at fair value through profit/loss, it means fair value, and in the case of non-performing loans at fair value through profit/loss, it means book value not adjusted by the accumulated negative changes in fair value due to credit risk.

4. In relation to the **2 Concentration** table:

- a) The table provides the concentration of green housing loans and green corporate and municipal loans across institutions in an anonymized format.
- b) The stocks included in the calculation of the concentration of green corporate and municipal loans are the same as the exposures identified in section 5.
- c) The stocks included in the calculation of the concentration of green housing loans are the same as the exposures identified in section 6.
- d) The order is always determined by the calculated share of the total volume based on the current quarter. The order of institutions may vary between quarters.

5. In relation to the **3 Corporate loan** table:

- a) The table includes green credit exposures of resident corporations, self-employed persons and municipals as defined in subsection 5.b).

- b) The segregation of domestic (residents) and foreign (non-residents) sectors, as well as self-employed persons are defined in Annex 2, subsection I. A. of MNB Decree 54/2021 (XI. 23.) on the obligations to report data to the central bank's information system primarily to enable the Magyar Nemzeti Bank to carry out its basic duties.
- c) Green credit exposures are defined as non-failed loans in the preferential capital treatment programme for green corporate and municipal financing (for failure, see subsection 3.a). Other green loans are exposures that are not part of the preferential capital requirements programme for green corporate and municipal financing but affected by infrastructure support factor (INSTR.ISF_KOD = 'I'), or taxonomy aligned loans (INSTR.TAX_IGAZODAS_KOD = 'TAX_IGAZODO'), or Baross Gábor green loans (INSTR.HITKONSTR_KOD = 'EXIM_BG_UJRAIP_ZOLDH'), or a combination of those. If a loan is a failed loan under the preferential capital treatment programme for green corporate and municipal financing but meets one of the criteria for other green loans the transaction is included in the other green loan portfolio.
- d) The outstanding principal value is from the HITREG database, which is the amount of the total outstanding principal, including any capitalised interest (INSTR.FENNALLO_TOKE_OSSZEG). Principal amount outstanding at the end of the reference date, including unpaid past capitalised interest, but excluding accrued interest. The exposure values are always converted into forints at the MNB central rate valid at the reference date. If the institution indicates that the entire principal value is not considered green, in the event that the transaction is a loan included in the preferential capital treatment programme for green corporate and municipal financing, the principal value is multiplied by the green ratio of the exposure belonging to the transaction reported in the ZVT data report, or if the transaction Taxonomy-aligned, then the capital amount is multiplied by the taxonomy-alignment ratio (INSTR.TAX_IGAZODAS_SZAZLK) from the HITREG data report.

6. In relation to the **4 Housing loan** table:

- a) The table includes the green housing loan (INSTR.TIP_KOD = 'LAKAS_HIT') exposures of resident households as defined in subsection 6.b), and the total housing loan portfolio of the population.
- b) The segregation of domestic (residents) and foreign (non-residents) sectors, as well as households are defined in Annex 2, subsection I. A. of MNB Decree 54/2021 (XI. 23.) on the obligations to report data to the central bank's information system primarily to enable the Magyar Nemzeti Bank to carry out its basic duties.
- c) Green credit exposures are defined as non-failed loans participating in the preferential capital treatment programme for green housing financing (for failure, see subsection 3.a). Other green loans are exposure that are not part of the preferential capital treatment programme for green housing financing, but is a transaction affected by the green home program (INSTR.HITKONSTR_KOD = 'NHPZ') or taxonomy aligned loan (INSTR.TAX_IGAZODAS_KOD = 'TAX_IGAZODO') or a certified consumer-friendly green housing loans (INSTR.FBM_LAK_HIT_KOD = 'I_ZOLD'), or a combination of these. If a loan is a failed loan under the preferential capital treatment programme for green housing financing but meets one of the criteria for other green loans, the transaction is included in the other green loan portfolio.
- d) The outstanding principal value is from the HITREG database, which is the amount of the total outstanding principal, including any capitalised interest (INSTR.FENNALLO_TOKE_OSSZEG). Principal amount outstanding at the end of the reference date, including unpaid past capitalised interest, but excluding accrued interest. The exposure values are always converted into forints at the MNB central rate valid at the reference date. If the institution indicates that the entire principal value is not considered green, then the capital amount is multiplied by the taxonomy-alignment ratio (INSTR.TAX_IGAZODAS_SZAZLK) from the HITREG data report.
- e) e) The breakdown of loans is based on the HITREG type of property financing (INSTR.ING_FIN_KOD) field.

- f) f) The values in total housing loan portfolio column are the same as the values in column B of Table 2 of the Balance sheets of financial institutions – Monetary and other balance sheet statistics – Other monetary financial institutions – Amount of housing loans by sector, original maturity and currency.

7. In relation to the **5 Energetics – new loans** table:

- a) The table includes the residential properties (FEDE.FED_KOD = 'ING_LAKO', FEDE.FED_INGATLAN_KOD IN ('CS_HAZ', 'E_LAKO', 'I_HAZ', 'LAKAS', 'S_HAZ')) used as collateral for the mortgages of the housing loans (INSTR.TIP_KOD = 'LAKAS_HIT') originated in a given quarter (based on INSTR.SZERZ_KOTES_NAP) of resident households defined in subsection 7.b). The table includes the number of residential properties used as collateral, including additional collateral.
- b) The segregation of domestic (residents) and foreign (non-residents) sectors, as well as households are defined in Annex 2, subsection I. A. of MNB Decree 54/2021 (XI. 23.) on the obligations to report data to the central bank's information system primarily to enable the Magyar Nemzeti Bank to carry out its basic duties.
- c) Properties were classified into two categories based on the HITREG property type field (FEDE.FED_INGATLAN_KOD). A conservative classification approach was applied: if the property type could not be clearly determined, it was assigned to the “family house” category, which is considered on average less energy efficient compared to apartments. Apartment category: only properties explicitly coded as “LAKAS”. Family house category: properties coded as “CS_HAZ” (detached house), “I_HAZ” (semi-detached house), “S_HAZ” (terraced house), and “E_LAKO” (other residential real estate).
- d) The table shows the distribution of residential property collateral based on the energy performance classification of the Energy Performance Certificate (hereinafter: EPC) belonging to the property. The EPC data comes from several sources: the HITREG data reporting, the current collateral (FEDE.HET_AKT_KOD) or original collateral (FEDE.HET_E_KOD) table, the ZTP data reports related to the preferential capital treatment programme for green housing financing, and the data report regarding real estate transactions required by Section 11 of MNB Decree 57/2023. (XI. 24.).
- e) The breakdown by energy performance is presented only for collaterals that have one of the classifications to be used from 1 November 2023 (A+++, A++, A+, A, B, C, D, E, F, G, H, I) based on Government Decree 176/2008 on the certification of the energy performance of buildings. The no energy certificate column displays those collaterals that were reported with the letter codes of the previous classification categories, and those for which EPC data was not reported.

8. In relation to the **6 Energetics – stock** table:

- a) The table includes the residential properties (FEDE.FED_KOD = 'ING_LAKO', FEDE.FED_INGATLAN_KOD IN ('CS_HAZ', 'E_LAKO', 'I_HAZ', 'LAKAS', 'S_HAZ')) used as collateral for the mortgages of outstanding housing loans (INSTR.TIP_KOD = 'LAKAS_HIT') of resident households defined in subsection 8.b). The table includes the number of residential properties used as collateral, including additional collateral.
- b) The segregation of domestic (residents) and foreign (non-residents) sectors, as well as households are defined in Annex 2, subsection I. A. of MNB Decree 54/2021 (XI. 23.) on the obligations to report data to the central bank's information system primarily to enable the Magyar Nemzeti Bank to carry out its basic duties.
- c) Properties were classified into two categories based on the HITREG property type field (FEDE.FED_INGATLAN_KOD). A conservative classification approach was applied: if the property type could not be clearly determined, it was assigned to the “family house” category, which is considered on average less energy efficient compared to apartments. Apartment category: only properties explicitly coded as “LAKAS”. Family house category: properties coded as “CS_HAZ”

(detached house), "I_HAZ" (semi-detached house), "S_HAZ" (terraced house), and "E_LAKO" (other residential real estate).

- d) The table shows the distribution of residential property collateral based on the energy performance classification of the Energy Performance Certificate (hereinafter: EPC) belonging to the property. The EPC data comes from several sources: the HITREG data reporting, the current collateral (FEDA.HET_AKT_KOD) or original collateral (FEDE.HET_E_KOD) table, the ZTP data reports related to the preferential capital treatment programme for green housing financing, and the data report regarding real estate transactions required by Section 11 of MNB Decree 57/2023. (XI. 24.).
- e) The breakdown by energy performance is presented only for collaterals that have one of the classifications to be used from 1 November 2023 (A+++, A++, A+, A, B, C, D, E, F, G, H, I) based on Government Decree 176/2008 on the certification of the energy performance of buildings. The no energy certificate column displays those collaterals that were reported with the letter codes of the previous classification categories, and those for which EPC data was not reported.

9. In relation to the **7 SFDR – insurance**, **8 SFDR – investment funds**, and **9 SFDR – pension funds** tables:

- a) SFDR stands for Sustainable Finance Disclosures Regulation, Regulation (EU) 2019/2088 of the European Parliament and of the Council (hereinafter: SFDR). According to the SFDR Regulation, financial products can fall into three broad categories:
 - i. traditional products that do not have a sustainability objective (Article 6 "non-green"),
 - ii. products that aim to promote environmental and/or social characteristics (Article 8, "light green"),
 - iii. products that contribute to an environmental and/or social objective through sustainable investments (Article 9, "dark green").
- b) The compliance of each financial product with the SFDR is recorded in the MNB's green financial product finder database and in a register compiled from information gathered during the supervisory process.

10. In relation to the **7 SFDR – insurance** table:

- a) The table shows the changes in the value of assets related to unit-linked or index-linked insurance contracts belonging to domestic insurance undertakings based on the unit-linked or index-linked insurance contracts' SFDR compliance. The meaning of SFDR is explained in subsection 9.a).
- b) The values in the total value of assets related to unit-linked or index-linked insurance contracts column are the same as the values of assets related to unit-linked or index-linked insurance contracts shown in table 2A_Q_EXPOSURES in the time series of data for sectors supervised by Magyar Nemzeti Bank – the insurance sector publication.
- c) The net asset value of the asset fund(s) related to each SFDR Article 8-9 unit-linked insurance contract is derived from supervisory reporting table 42N9G1.

11. In relation to the **8 SFDR – investment funds** table:

- a) The table shows the changes in assets in investment funds under management by domestic supervised investment fund managers based on the funds' SFDR compliance. The meaning of SFDR is explained in subsection 9.a).
- b) The values in the total assets under management column are the same as the values in the investment funds row of table 2_net asset value_inv pol in the time series of data on sectors supervised by the MNB - Investment funds publication.
- c) The net asset value data for each SFDR Article 8-9 investment fund is derived from supervisory reporting table 50C.

- d) These time series do not include data on many alternative investment fund managers (mostly venture capital fund managers) and the funds, which were removed from the list of supervised entities, pursuant to Paragraph a) of Section 1 of Act XVI of 2014 on January 1 2020.

12. In relation to the **9 SFDR – pension funds** table:

- a) The table shows the changes in assets under management by domestic voluntary pension funds based on the portfolios' SFDR compliance. The meaning of SFDR is explained in subsection 9.a).
- b) The values in the total assets under management column are the same as the values in the total portfolio row of table vpf(6a)-portfolio in the time series of sectors supervised by Magyar Nemzeti Bank – Pension funds publication.
- c) The market value data for each SFDR Article 8-9 portfolio is derived from supervisory reporting table 72OB.

13. In relation to the **10 Securities** table:

- a) The table shows the list of green securities issued by domestic operators. The table also includes securities that have already matured.
- b) Green securities include government bonds, mortgage bonds and corporate bonds.
- c) Data in the table are from the MNB's statistical securities register.
- d) The issuer's identification number is the first 8 digits of the tax number or the unique statistical number.
- e) Sectors as defined in Annex 2, subsection I. A. of MNB Decree 54/2021 (XI. 23.) on the obligations to report data to the central bank's information system primarily to enable the Magyar Nemzeti Bank to carry out its basic duties.

14. In relation to the **11 Investment products** table:

- a) The table includes the green investment products available in the MNB's green financial product finder at the reference date. The green financial product finder can be accessed at the following link: <https://zoldpenzugyitermek.mnb.hu>.
- b) The scope of green investment products includes investment funds, insurance asset funds, and voluntary pension fund portfolios.
- c) The data in the table comes from the database of the MNB's green financial product finder.
- d) Products becoming available between the publication and the reference date are not included. The available full list can be accessed here: <https://zoldpenzugyitermek.mnb.hu>. Neither the publication, nor the green financial product finder include privately distributed products or products not in distribution anymore.
- e) The product category column presents the available green financial products according to the categorization laid down in the SFDR Regulation specified in subsection 9.a).