BULGARIA
95, Evlogi Georgiev blvd.
1142 Sofia
Tel. (+359 2) 9876363
www.bcra-bg.com

Hungary

November 2020

Kalina Dimitrova, Lead Economic Analyst
k.dimitrova@bcra-bg.com

Radostina Stamenova, Economic Analyst
stamenova@bcra-bg.com

SOVEREIGN RATING	Initial rating	Review	Review
Date of Rating Committee:	21.05.2019	14.05.2020	12.11.2020
Date of rating publication:	24.05.2019	15.05.2020	13.11.2020
Long-term rating:	BBB+ (ns)	BBB+ (ns)	BBB+ (ns)
Outlook:	Stable	Stable	Stable
Short-term rating:	A-2 (ns)	A-2 (ns)	A-2 (ns)

- (ns) – not solicited rating

***BCRA – CREDIT RATING AGENCY AD (BCRA)** is the third fully recognized rating agency in the EU, registered pursuant to Regulation No. 1060/2009 of the European Parliament and of the Council. The credit ratings, assigned by the BCRA are valid throughout the EU and are fully equal to those, of the other agencies, recognized by the European Securities and Markets Authorities, without any territorial or other limitations.*

The report has been prepared and the rating – assigned, based on public information, made available by the Hungarian National Bank (MNB), the Hungarian Central Statistical Office, the Ministry of Finance, the Government Debt Management Agency, the World Bank, the International Monetary Fund, the European Commission, BCRA's database etc. BCRA uses sources of information, which it considers reliable, however it cannot guarantee the accuracy, adequacy and completeness of the information used.

BCRA - CREDIT RATING AGENCY AD **affirms** the **unsolicited** long-term and short-term sovereign rating of Hungary and **maintains** the outlook related to them:

Long-term rating: **BBB+(ns)**
Short-term rating: **A-2(ns)**
Outlook: **Stable**

BCRA's officially adopted **Sovereign Rating Methodology has been applied:** *https://www.bcra-bg.com/files/Sovereign_Methodology_2019_en.pdf*

Notes:

1) Prior to the present publication the credit rating and the rating outlook were disclosed to the rated entity. Following that disclosure amendments in the credit rating and rating outlook have not been executed;
2) During the last two years, BCRA Credit Rating Agency AD has not provided ancillary services to the rated entity or a related third party;
3) The users of the rating can find information on the meaning of each rating category in the Global Scale (https://www.bcra-bg.com/files/global_scale_en.pdf). The definition of default can be found in the Sovereign rating Methodology (https://www.bcra-bg.com/files/Sovereign_Methodology_2019_en.pdf).

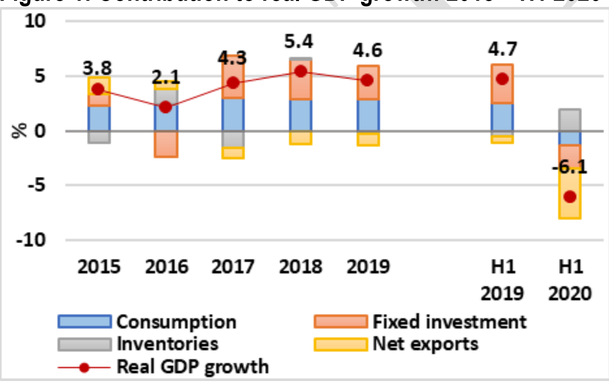
95, Evlogi Georgiev blvd., fl. 1
1142 Sofia
tel.: (+359-2) 987 6363
www.bcra-bg.com

Overview

National-conservative party Fidesz (Hungarian Civic Union), led by Viktor Orbán, has dominated Hungarian **politics** since 2010. Fidesz has the support of the small KDNP (Christian Democratic People's Party) as a coalition partner and a comfortable majority in the legislature. The state of emergency due to COVID-19 spreading in Hungary was in force from the 11th of March to the 18th of June 2020 and the government may declare a health crisis for a period of up to six months without parliamentary authorization thereafter. The containment measures were in general lifted in the summer months, but the government reintroduced the state of emergency as of November 4th, imposing a 12-5 a.m. curfew, and closing nightclubs as the second wave of the pandemic hard hit the country.

The emergency legislation of Hungary has triggered new episodes of tension in relationships with Brussels which have been strained in recent years. The European Commission decided to open another infringement procedure to Hungary on the asylum legislation amended in a way that asylum seekers to apply for protection while still outside the EU and be issued with a special entry permit for that purpose. Also, a slight deterioration in the World Bank's governance indicators, namely Voice and accountability and Control of corruption in 2019 was observed.

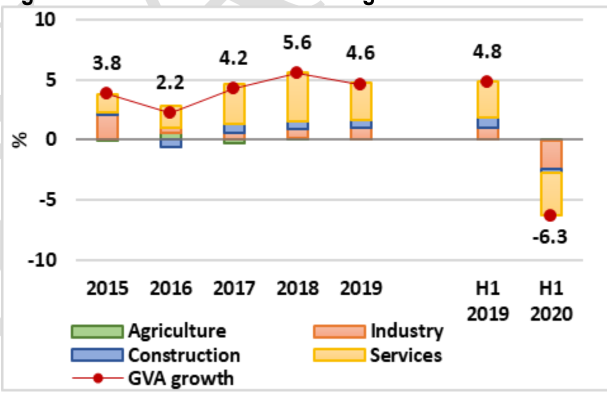
Figure 1: Contribution to real GDP growth: 2015 – H1 2020



Source: HCSO

The COVID-19 pandemic hit the Hungarian **economy** at the peak of the business cycle but measures taken to limit its spread have caused a sharp slump in both domestic and external demand, depressing each of economic growth engines – consumption, investment, and exports. As a result, country's GDP contracted by 6.1% on average in the first half of 2020. Affected by lockdown restrictions, increase in unemployment, and decline in confidence, households' consumption decreased by 2.5% in real terms, whereas public consumption expanded by 1.6% YoY. Following the rapid upswing in 2017-2019, fixed investment annually fell by 8.2%, being severely impacted by high uncertainty and shrinking demand. Concurrently, net exports provided the largest contribution to the economic contraction in the first half of 2020. Reflecting the parallel recession in main trading partners, supply chain disruptions and travel restriction, Hungarian exports of goods and services declined by 12.5% in real terms, while imports fell at a milder rate of 7.6%. In Q2 2020, net exports even recorded a negative balance for the first time since the fourth quarter of 2008.

Figure 2: Contribution to real GVA growth: 2015 – H1 2020



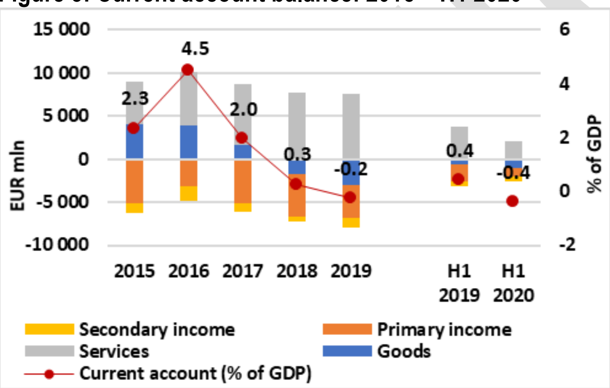
Source: HCSO

The spread of COVID-19 took its toll on almost all economic activities, thus, **gross value added** (GVA) declined by 6.3% on average in the first half of 2020. The aggregate services sector shrank by 5.1% in real terms as many activities were put at a standstill during the lockdown. The highest falls within the sector (of 27.1% and 24.6%) were recorded in arts and entertainment and transportation and storage, respectively, while only financial services as well as information and communication posted positive growth rates. Industry contracted by 9.7% in real terms and manufacturing was particularly hard hit due to the dominant role of the strongly cyclical automotive industry. After the booming performance in the past three years, construction activity fell by 7.2% in H1 2020.

The economic activity has begun to revive as the lockdown measures were eased but the strong second wave of infections will inevitably interrupt the recovery. In its latest autumn economic forecast[1], the EC projects that the Hungarian economy will contract by 6.4% in 2020 followed by a milder rebound of 4% in 2021. The recession magnitude and the recovery speed will be shaped by the pandemic evolution and the timelines of the associated containment measures in the country, as well as by the dynamics of the recovery in its main trading partners. However, these factors are yet increasingly uncertain to predict given the recent surge in global COVID-19 infections with restrictions being reinstated in many countries. The economic recovery will receive backing from monetary policy, stepped-up public investment, and targeted fiscal support, but the prospects for a swift rebound may be muted by the aftershocks of the crisis.

International trade dynamics have been strongly hampered by the pandemic and very open economies like Hungary are particularly affected. In the first six months of 2020, nominal exports of goods decreased by 11.5% YoY, while imports also recorded negative growth of 10.4%. Machinery and transport equipment which traditionally account for more than ½ of total exchanged goods suffered the greatest losses.

Figure 3: Current account balance: 2015 – H1 2020

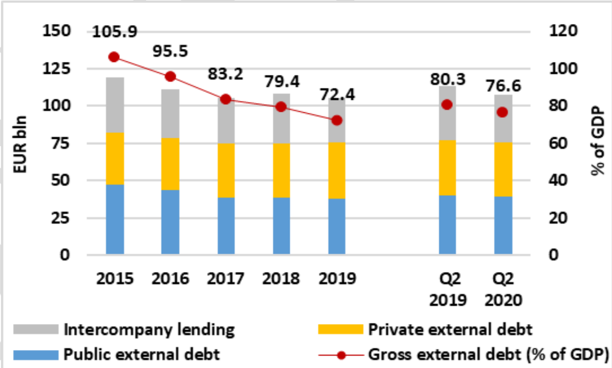


Source: MNB

The **current account** balance turned slightly negative (-0.2% of GDP) in 2019 and is expected to remain in deficit in 2020, driven by decreasing trade balance. In the first half of 2020, the current account posted a deficit of EUR 531 mln, compared to a surplus of EUR 595 mln recorded in the same prior-year period. The deterioration resulted mainly from the lower services surplus, which fell by 44.3% YoY, mainly due to the downturn in tourism. The crisis caused a decline in imports of goods, but the fall in exports was larger, which resulted in a 70.2% higher goods deficit. The secondary income deficit also slightly increased, whereas the primary income deficit annually decreased by 49.7% due to lower profit of foreign-owned companies, thus, limiting the overall CA balance reduction.

The external vulnerabilities have been mitigated by stable long-term **capital inflows** in the form of EU funds and foreign direct investments, which expanded in the H1 2020. The capital account surplus annually increased by 53.5% to EUR 1 224 mln, while net liabilities on direct investment reached EUR 1 300 mln.

Figure 4: Gross external debt: 2015 – H1 2020



Source: MNB

The persistently positive external position and active public debt management have led to a marked decline in Hungary's external liabilities. **Gross external debt** slightly increased to EUR 107 356 mln (76.6% of GDP) as of Q2 2020, from EUR 105 734 mln (72.4% of GDP) at the end of 2019, which reflected the increase in central bank's short-term liabilities and intercompany loans. The maturity profile remained favourable with 86% of total debt being long-term.

In January-September 2020, international **reserves** held by the MNB rose by 13.5% amid foreign currency inflows from government bonds issuance and EU transfers. In line with the increase in reserve assets, the **net international investment position** improved further - from -49.7% of GDP at the end of 2019 to -46.2% of GDP as of Q2 2020.

The real sector expansion in recent years has been transmitted into economic activity gains. The

[1] *https://ec.europa.eu/info/sites/info/files/economy-finance/ip136_en.pdf*

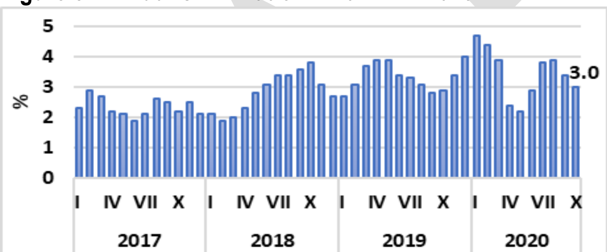
95, Evlogi Georgiev blvd., fl. 1
1142 Sofia
tel.: (+359-2) 987 6363
www.bcra-bg.com

unemployment rate in Hungary shrank to barely 3.4% as of 2019 reflecting a tight labour market. In 2020, unemployment turned upwards notwith-standing the measures for employment protection in combating pandemic effects on the economy and recorded the rate of 4.6% in Q2 2020 (3.3% as of Q2 2019). The government has launched schemes for net wage subsidies, reductions in social security contributions, and a series of tax and administrative reliefs pursuant to the sector of economic activity and levels of income. In May, a new wage subsidy program for new hires was announced requiring the employer to keep the new employees for at least nine months.

In Q2 2020, the employment rate lost 1.3 pp. (to 59.5%) compared to Q2 2019 as manufacturing and tourism were the economic sectors that released the largest headcount on an annual basis. However, employment in the manufacture of chemical products and of computer, electronic and optical products improved in the background of the overall recession in manufacturing.

The human health activities employed more people and marked a significant increment in the average remunerations following the targeted government support in the pandemic situation of H1 2020. The labour incomes grew nominally by 10.8% economy-wide after the 11.4% rise in 2019, and the national income measured by **GDP per capita** advanced to EUR 14 950 in 2019, which represented 46.7% of the EU average in nominal terms (and 73.7% in PPS), according to Eurostat data.

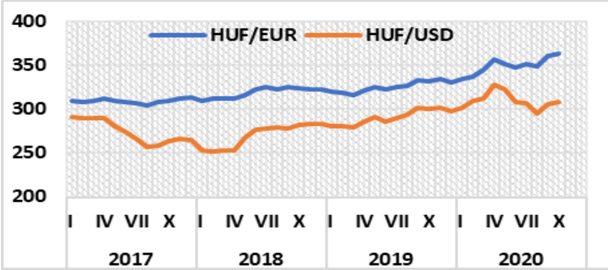
Figure 5: Annual CPI inflation: I 2017 – X 2020



Source: HCSO

Annual CPI **inflation** rapidly accelerated in the months before the COVID-19 outbreak to 4.7% in January 2020. However, the change in price level moderated in Q2 2020 amid the plunge in global oil prices and muted domestic demand, while food prices and HUF weakening counterbalanced them. The annual rate of increase of consumer prices reached the central bank's target of 3% in October 2020 and is expected to hover around it in the coming months in line with the muted external inflationary environment.

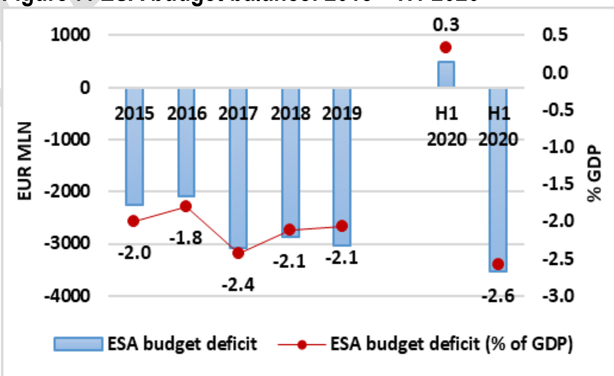
Figure 6: Exchange rates – monthly average: 2017 - X 2020



Source: MNB

The forint **exchange rate** has been adjusting flexibly. The national currency has witnessed a steady depreciation against the euro in 2019 and the trend accelerated in 2020 amid increasing concerns over the economic impact of the pandemic and loose monetary policy. Thus, the exchange rate reached record lows several times during the year. In October 2020, the Euro traded at 362.66 HUF on average, compared to at 330.80 HUF in December 2019.

Figure 7: ESA budget balance: 2015 – H1 2020



Source: Ministry of Finance

The budget deficit has remained below the 3% Maastricht threshold since 2012 but the coronavirus outbreak will have a strong negative impact on the **fiscal gap** this year. A significant deterioration is projected in main revenue sources - receipts from VAT and income taxes and contributions, reflecting the economic fallout, tax deferrals and cuts. In parallel, public spending is peaking to address the shock. Key fiscal measures adopted so far included: 1) additional funding for the health sector; 2) wage subsidy scheme; 3) 2 pp. cut to employers' social contributions from July 2020; 4) tax deferrals and temporary support to specific sectors; and

95, Evlogi Georgiev blvd., fl. 1
1142 Sofia

tel.: (+359-2) 987 6363
www.bcra-bg.com

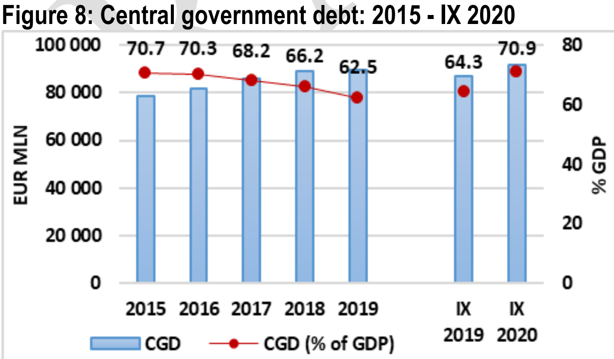
5) large sovereign guarantee schemes. Financing sources are partly provided from budgetary relocations and reserves absorption, as well as from new taxes on banks and retail companies.

Revenue shortfalls are already visible in the general government budget execution. In January – June 2020, total revenues annually decreased by 8.4%, driven by significant falls in social contributions, consumption taxes as well as income taxes. Concurrently, public expenditures rose by 4.6%, while interest payments declined by 0.2% and capital expenditures fell by 8.6%. As a result, the general government budget posted a negative balance of EUR 3 531 mln as of end-June 2020, which represented a major slippage compared to the surplus of EUR 484 mln recorded in the same prior-year period.

In line with the observed trends in the first half of the year, the full-year ESA budget deficit is now expected to reach about 8% of GDP, before narrowing back to around 3% of GDP in 2021. However, downside fiscal risks persist in case of a steeper decline of economic activity and much slower recovery. In particular, a strong second wave of coronavirus infection may result in a further decline in tax revenues and would make it necessary to take further supporting measures.

General government debt-to-GDP ratio followed a strict downward path, decreasing by 15 pp. between 2011 and 2019. However, it has remained above the 60% reference value of the Maastricht Treaty and is set to rise sharply - from 65.4% at the end of 2019 to about 75% in 2020, driven by the sizeable fiscal deficit, the contraction in nominal GDP and foreign currency debt revaluations. The ratio is then expected to gradually narrow in line with economic recovery.

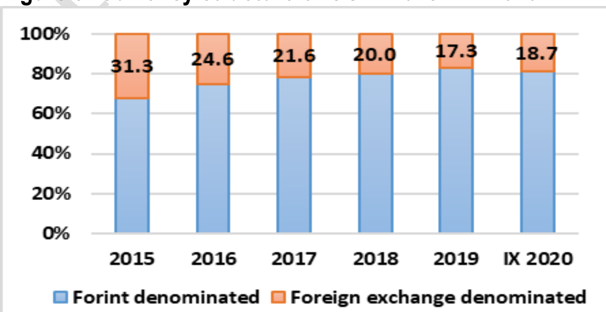
Figure 8: Central government debt: 2015 - IX 2020



Source: Government Debt Management Agency

As of end-September 2020, **central government debt** stood at EUR 91 854 mln, increasing by EUR 2 051 mln (2.3%) against the end of 2019, of which EUR 1 717 mln corresponded to the growth of external debt and EUR 376 mln to domestic debt. Debt management has heavily relied on the domestic retail sector since 2012, but its absorption capacity is limited given this year's elevated financing needs. In turn, the debt agency increased its 2020 target to EUR 4 bln worth of foreign bond issuance, plus EUR 500 mln worth of international loans. In April 2020, the government successfully issued a 6-year EUR 1 bln Eurobond with an interest of 1.125% and a 12-year EUR 1 bln Eurobond with an annual rate of 1.625%. In June 2020, Hungary made its debut on the green government bond market with a 15-year EUR 1.5 bln Eurobond issue which ended with multiple oversubscriptions. In September 2020, the remaining EUR 500 mln external financing was raised from four-tranche Samurai bonds in the Japanese market. One-third of the bonds issued were green bonds, in two tranches with maturities of 7 and 10 years. The other two were 3-year and 5-year traditional yen-denominated bonds.

Figure 9: Currency structure of CGD: 2015 – IX 2020



Source: Government Debt Management Agency

Hungary's debt profile has improved significantly over the past decade. In line with the negative net FX issuance, the share of foreign currency debt in central government debt fell from 48.5% in 2011 to 17.3% in 2019. Despite this year's foreign currency borrowing, its share increased only slightly - to 18.7%, while the strategic goal for keeping it under 20% of the total debt remains unchanged.

Fiscal measures in response to the pandemic are complemented by a broad array of monetary tools. Anti-crisis packages developed by the Hungarian government and central bank include financial support instruments such as loan products, guarantee instruments and capital programs for

95, Evlogi Georgiev blvd., fl. 1
1142 Sofia
tel.: (+359-2) 987 6363
www.bcra-bg.com

companies. The nationwide loan repayments moratorium has been extended for the first six months of 2021 for families with children, pensioners, jobless people, or employed through public work schemes, as well as for enterprises which revenues have fallen by at least 25% as a result of the crisis. The government has legally assured a precautionary capital programme for purchases of bonds issued by banks (with a HUF 150 billion overall amount). Bank system liquidity is supported by the release of bank capital buffers and the moratorium on FGS refinancing loans repaid by banks to the central bank. The MNB reduced the base rate to 0.60% from July 22, 2020.

The Hungarian **banking system** performed well in 2019. The preceding volatilities in size of assets and profitability were reduced along with an increase in attracted deposits and accelerated credit growth. The state-subsided products were a main driver of the robust credit activity in 2019 and the scope of some (New FGS Fix and FGS GO!) has been expanded and transformed to support lending and to ensure financial stability in the altered financial environment over the first half of 2020 when the dynamics of banking indicators were affected by the changed agents' behaviour concerning the pandemic-driven economic situation.

Concurrently, over the first half of 2020, the main prudential indicators for solvency (CAR of 17.9%) and liquidity (LCR of 188%) remained satisfactory, with the required minimum ratios being covered by all the credit institutions. From the previously high proportion of credit, the NPLs bottomed out to 4.1% at end-2019. The NPL ratio stood at 4.0% as of Q2 2020 as the absolute value of non-performing loans turned upwards, yet, lagging behind the overall credit growth. On the other hand, banks' profitability contracted sharply in the two quarters of 2020 and the ROA and ROE diminished to 0.4% and 3.8%, respectively (1.4% and 13.1% in end-2019). The operating income remained on the rise while impairment and provisions were the major drag.

Outlook:

The **stable outlook** of the Sovereign Rating of Hungary reflects the BCRA's opinion that risks are broadly balanced. After several years of outstanding performance, the Hungarian economy will contract sharply this year due to the pandemic shock. However, we consider that the fundamentals are sound, while strong fiscal and monetary policy coordination will safeguard the economy against a more pronounced contraction. The public debt burden is elevated, but the exposure to market volatility is contained by an improved debt profile. The stable outlook also reflects our view that the current counter-cyclical fiscal stance will be temporal by nature and will not jeopardize the public finance sustainability.

Positive pressures on the Sovereign Rating and/or the Outlook would be considered:

- Swift recovery of economic activity, once the COVID-19 outbreak is contained;
- Stronger than expected fiscal results;
- Sustained external debt reduction.

Negative pressures on the Sovereign Rating and/or the Outlook would be considered:

- Escalating conflicts with the EU institutions; jeopardising flow of EU funds;
- Sustained fiscal loosening, leading to a material increase of public debt level post-pandemic;
- Strong capital outflows related to a sudden shift in investors' sentiments.

95, Evlogi Georgiev blvd., fl. 1
1142 Sofia

tel.: (+359-2) 987 6363
www.bcra-bg.com

Regulatory announcements

Rating initiative:

This rating is unsolicited

Unsolicited sovereign rating	
With Rated Entity or Related Third Party Participation	NO
With Access to Internal Documents	NO
With Access to Management	NO

The complete version of BCRA's policy on unsolicited credit/sovereign ratings can be downloaded through the following link:
https://www.bcra-bg.com/files/policy_unsolicited_rating_en.pdf

Clarifying Notes:

There may be some differences in the stated values and changes in the analysed indicators due to the conversion of those values in another currency (namely in EUR). The used exchange rate is the publically announced by the Hungarian National Bank as the average value for the corresponding period (i.e. yearly, quarterly and monthly). There may also be some differences stemming from using average values for the period rather than end-period values. The cited growth rates in the current report are based on changes in national currency, with the exception of data recorded in EUR (i.e. Balance of payments, External debt, Net international investment position). The data on which the current report is based includes the public data available until November 2020.

Summary of the minutes of the Rating Committee:

On the 12th of November 2020, Rating Committee of BCRA – CREDIT RATING AGECY (BCRA) had a session, on which the **Report regarding the affirmation of an unsolicited sovereign rating of Hungary** was discussed. The session was headed by Dr Kiril Grigorov - chairmen of the Rating Committee.

The members of the Rating Committee reviewed numerous qualitative and quantitative risk factors included in the **Sovereign Rating Model** and analysed in the **Credit Rating Report** in accordance with our **Sovereign Rating Methodology**.

Key points discussed included: 1) domestic politics and institutional framework; 2) macroeconomic fundamentals and growth outlook; 3) external vulnerabilities; 4) fiscal and monetary measures in respond to the coronavirus crisis; 5) public debt sustainability and 6) banking sector developments.

The sovereign rating and the related outlook have been determined based on the above discussion.

BCRA CREDIT RATING AGENCY
95, Evlogi Georgiev blvd., fl. 1
1142 Sofia
tel.: (+359-2) 987 6363
www.bcra-bg.com

Tables:

Country	Development classification
Hungary	Emerging and Developing Europe (IMF classification)

MAIN MACROECONOMIC INDICATORS							
	2020 H1	2019 H1	2019	2018	2017	2016	2015
Gross domestic product (EUR mln)	63 207	68 993	146 039	135 940	126 883	116 122	112 737
Final consumption	46 855	48 698	100 367	93 770	89 289	81 471	77 607
Gross capital formation	15 292	17 123	41 118	36 184	28 935	24 569	26 164
Net exports of goods and services	1 060	3 172	4 554	5 985	8 660	10 082	8 966
Exports of goods and services	50 981	59 779	120 027	114 043	109 132	100 444	98 754
Imports of goods and services	49 921	56 606	115 473	108 058	100 472	90 362	89 788
Real GDP growth (% change)	-6.1	4.7	4.6	5.4	4.3	2.1	3.8
GDP per capita[1] (EUR)	-	-	14 950	13 910	12 960	11 830	11 450
Unemployment rate[2], (%)	4.2	3.4	3.4	3.7	4.2	5.1	6.8
Average net monthly earnings (EUR)	737	739	752	688	639	562	524
CPI - annual average rate of change	3.4	3.4	3.4	2.8	2.4	0.4	-0.1
HUF/EUR, annual average	345.15	320.57	325.4	318.9	309.2	311.5	309.9
HUF/USD, annual average	313.30	283.74	290.7	270.3	274.3	281.4	279.5
EXTERNAL SECTOR[3]							
EUR mln	2020 H1	2019 H1	2019	2018	2017	2016	2015
Current account	-531	595	-363	377	2 490	5 209	2 648
Goods	-981	-576	-2 992	-1 684	1 712	3 958	4 052
Services	2 085	3 744	7 565	7 687	6 947	6 126	4 907
Primary income	-1 012	-2 010	-3 892	-4 978	-5 063	-3 131	-5 131
Secondary income	-624	-563	-1 044	-648	-1 106	-1 744	-1 180
Capital account	1 224	798	2 617	2 988	1 075	-21	5 160
Gross external debt	107 356	113 170	105 734	107 975	105 600	110 940	119 339
International reserves	30 193	27 065	28 386	27 403	23 368	24 384	30 322
International investment position	-64 747	-74 357	-72 561	-74 357	-76 881	-79 411	-74 980
% of GDP[4]							
Current account	-0.4	0.4	-0.2	0.3	2.0	4.5	2.3
Goods	-0.7	-0.4	-2.0	-1.2	1.3	3.4	3.6
Services	1.5	2.7	5.2	5.7	5.5	5.3	4.4
Primary income	-0.7	-1.4	-2.7	-3.7	-4.0	-2.7	-4.6
Secondary income	-0.4	-0.4	-0.7	-0.5	-0.9	-1.5	-1.0
Capital account	0.9	0.6	1.8	2.2	0.8	0.0	4.6
Gross external debt	76.6	80.3	72.4	79.4	83.2	95.5	105.9
International reserves	21.5	19.2	19.4	20.2	18.4	21.0	26.9
International investment position	-46.2	-51.8	-49.7	-54.7	-60.6	-68.4	-66.5

95, Evlogi Georgiev blvd., fl. 1
1142 Sofia

tel.: (+359-2) 987 6363
www.bcra-bg.com

PUBLIC FINANCE[5]

EUR mln	2020 H1	2019 H1	2019	2018	2017	2016	2015
General government revenues	28 461	31 064	63 558	59 559	55 911	52 312	54 581
General government expenditures	31 992	30 580	66 585	62 436	58 996	54 401	56 842
Interest expenditures	1 602	1 606	3 255	3 200	3 364	3 589	3 882
Budget balance	-3 531	484	-3 028	-2 877	-3 085	-2 089	-2 261
Primary budget balance	-1 929	2 090	227	323	279	1 500	1 621
General government gross debt	93 110	94 180	94 026	93 193	91 288	87 135	84 600
% of GDP[4]							
General government revenues	20.8	21.9	43.5	43.8	44.1	45.0	48.4
General government expenditures	23.4	21.6	45.6	45.9	46.5	46.8	50.4
Interest expenditures	1.2	1.1	2.2	2.4	2.7	3.1	3.4
Budget balance	-2.6	0.3	-2.1	-2.1	-2.4	-1.8	-2.0
Primary budget balance	-1.4	1.5	0.2	0.2	0.2	1.3	1.4
General government gross debt	70.3	67.1	65.4	69.1	72.2	74.9	75.8

BANKING SYSTEM[6]

EUR mln	2020 Q2	2019 Q2	2019	2018	2017	2016	2015
Total assets	154 558	137 052	149 683	130 988	125 529	114 923	108 819
Deposits (total economy)	124 743	108 884	119 831	104 954	100 973	92 359	86 999
Loans (total economy)	98 870	84 996	94 104	79 154	74 670	71 095	70 184
%							
Non-performing loans ratio	4.0	4.9	4.1	5.4	7.5	10.7	14.6
Capital adequacy ratio	17.9	18.4	18.4	19.1	19.2	19.3	18.2
Liquidity coverage ratio (LCR)	188.0	176.8	163.9	186.8	192.2	216.6	223.4
Return on assets (ROA)	0.4	1.5	1.4	1.5	1.5	1.2	0.0
Return on equity (ROE)	3.8	12.7	13.1	13.4	13.2	10.6	0.9

1) Data from Eurostat;
2) Labour Force Survey data for population aged 15-74;
3) MNB data, excluding SPEs;
4) GDP ratios for H1 2019 and H1 2020 are calculated using the sum of GDP for the four last quarters;
5) EDP methodology;
6) MNB data - Prudential data of credit institutions.

Sources: Hungarian National Bank, Hungarian Central Statistical Office, Ministry of Finance, Government Debt Management Agency, World Bank, Eurostat, International Monetary Fund