

## Notification template for national macroprudential measures not covered by of the Capital Requirements Regulation (CRR)/ Capital Requirements Directives (CRD) (other than borrower-based measures)

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This notification will be made public by the ESRB once the relevant authorities have adopted and published the notified macroprudential measure<sup>1</sup>.

E-mailing/uploading this template to the above addresses constitutes official notification; no further official letter is required. To facilitate the work of the notified authorities, please send the notification template in a format that allows the information to be read electronically.

1. Notifying national authority and scope of the notification		
1.1	Name of the notifying authority	Magyar Nemzeti Bank (MNB)
1.2	Country of the notifying authority	Hungary
1.3	Name of the macroprudential measure that is notified	Mortgage Funding Adequacy Ratio (MFAR)
2. Description of the measure		
2.1	Description of the measure	<p>The Magyar Nemzeti Bank (MNB) introduced the MFAR regulation in 2017.</p> <p>The current amendment introduces several modifications in the regulation:</p> <ul style="list-style-type: none"> <li>• Increase of the de minimis limit from HUF 40 billion to HUF 100 billion, exempting non-material banks as of 1 November 2025</li> <li>• Extending MFAR-eligible long term stable funding to funds other than mortgage bonds issued by specialised mortgage banks, including mortgage-backed bonds regardless of the issuer</li> </ul>

<sup>1</sup> On request by the notifying authority, it may be agreed with the Head of the ESRB Secretariat that this notification, or a part thereof, should not be published for reasons of confidentiality or financial stability.

		<p>and securitisation structures as of 1 October 2026</p> <ul style="list-style-type: none"> <li>• Introduction correction factor disincentivising the bank's cross-holdings of mortgage-backed bonds as of 1 October 2026</li> <li>• Requirement of stock exchange listing for new mortgage-backed bond issuances as of 1 October 2026</li> </ul>
2.2	Legal basis and process of implementation of the measure	<p>As macroprudential authority in Hungary, the MNB has the power to issue legally binding regulations to reduce systemic risks, as stipulated in Law CXXXIX of 2013 on the Magyar Nemzeti Bank (the MNB Act).</p> <p>Article 171 (1) k) kc) of the MNB Act authorises the Governor of the MNB to decree the measures required to prevent the build-up of systemic risks and to reduce systemic risks, and to increase the resilience of the financial intermediary system, within the strategic framework defined by the Monetary Council, based on the decision of the Financial Stability Board, including requirements for the reduction of systemic liquidity risks. Furthermore, Article 4 (7) of the MNB Act states that the MNB shall explore risks threatening the financial intermediary system, it shall help to prevent the build-up of systemic risks and to mitigate or eliminate the systemic risks that may already exist.</p>
2.3	Coverage	<p>The measure applies to credit institutions operating as companies limited by shares and the Hungarian branches of third country credit institutions, as well as the institutions of groups including credit institutions under consolidated supervision. The scope of the measure does not cover the MFB Zrt., the Eximbank Zrt., the KELER Zrt. and building societies not subject to consolidated supervision.</p> <p>A de minimis limit also applies: banks with a stock of retail residential mortgages with a remaining maturity of over 1 year of less than HUF 100 billion are exempted (the limit is changing currently from 1 November 2025).</p>

2.4	Any other relevant information	Most of the amendments will step into effect on 1 October 2026, with the de minimis limit modification becoming effective on 1 November 2025.
<b>3. Timing for the measure</b>		
3.1	Timing for the decision	22/10/2025
3.2	Timing for publication	What is the date of publication for the notified measure? 30/10/2025
3.3	Disclosure	Decree is available (only in Hungarian): <a href="https://njt.hu/jogszabaly/2022-22-20-2C">https://njt.hu/jogszabaly/2022-22-20-2C</a>  The press release of the amendments is available here:  Every information concerning the regulation available here: <a href="https://www.mnb.hu/en/financial-stability/macprudential-policy/the-macprudential-toolkit/mortgage-funding-adequacy-ratio-mfar">https://www.mnb.hu/en/financial-stability/macprudential-policy/the-macprudential-toolkit/mortgage-funding-adequacy-ratio-mfar</a>
3.4	Timing for application	01/10/2026
3.5	End date (if applicable)	
<b>4. Reason for the activation of the measure</b>		
4.1	Description of the macroprudential risk to be addressed	Since the introduction of the regulation, the mortgage bond market has developed substantially from both an investor and structural perspective, but challenges remain. These include the extent of bank cross-ownership, and on the other hand, the still relatively low proportion of institutional investors other than domestic banks, which limits system-wide stable funding and also may cause contagion risks.  Currently the volume growth of the mortgage bond market can be expected primarily due to the substantial

		<p>increase in loan portfolios, partly in connection with the Government's Home Start program.</p> <p>The MNB is aiming to finetune the MFAR regulation without increasing the required level to support the systemic stable funding of growing mortgage portfolios in the medium term.</p> <p>The current modifications aim at improving financial stability via improving and differentiating the investor base attracting more funds from outside the banking sector and the MNB, while also contributing to the market development of funds and securities covered by mortgage portfolios, also increasing the quality of these funds. The change in the de minimis exemption limit helps smaller banks with no or minimal systemic risk importance to operate without extra costs of funding.</p>
4.2	Indicators used for activation of the measure	<p>The MNB considers numerous factors while calibrating the measure. These include the maturity mismatch between assets and liabilities of credit institutions, the distribution of the maturity of assets and liabilities, the share of long-term funds relative to all liabilities and indicators related to the development of the mortgage financing market (yields, maturities, issuances, secondary market turnover, bonds on regulated and on unregulated market, market making, ratings, ownership structure, type of interest rates, etc.). The changing macroeconomic environment, regulatory developments affecting mortgage portfolios and bond issuances and information from the issuers and potential investors of mortgage bonds regarding the factors that affect demand used to be considered as well. For the current decision also the developments in lending, including the government Home Start program and its likely impact on mortgage tendencies were considered.</p>

4.3	Effects of the measure	The amendment provides banks with a longer (almost 1 year) preparation time without resulting in additional or unexpected accommodation costs while posing no financial stability risks. The step supports the financial stability objective of long-term systemic stable funding of mortgages, while also helping market development and deepening.
<b>5. Sufficiency, consistency and non-overlap of the policy response</b>		
5.1	Sufficiency of the policy response	The finetuning amendments and their timing are deemed sufficient in easing the adjustment costs of banks and in preventing anomalies on the mortgage-backed bond market. The risks related to maturity mismatches of banks is still sufficiently mitigated by the current form of the regulation.
5.2	Consistency of application of the policy response	<p>This measure is an amendment of the MFAR requirement, which was introduced to achieve an intermediate objective (Mitigate and prevent excessive maturity mismatch and market illiquidity) specified in the ESRB recommendation ESRB/2013/1.</p> <p>The requirement encourages the maintenance of prudent liquidity and funding positions and is designed to mitigate excessive maturity mismatches. The current modification has no negative impact on the core financial stability objective, while ensures proper room for banks to accommodate and diversify their bond portfolio.</p>
5.3	Non-overlap of the policy response	<p>The modification is specific to the MFAR requirement and related to the challenges of the current lending market situation and outlook also with a view to the current state of long-term fund raising covered by mortgages.</p> <p>Therefore, no overlap occurs with the current modification and other policy measures.</p>
<b>6. Cross-border and cross-sector impact of the measure</b>		

6.1	Assessment of cross-border effects and the likely impact on the Internal Market (Article 133(11)(d) CRD and Recommendation ESRB/2015/2 <sup>2</sup> )	The regulation is not expected to have a significant impact on the cross-border activities of banks, or on the internal market because the current amendment contains only a finetuning and current individual MFAR levels are also high with significant buffers. The MNB will monitor the accommodation to and the impact of the changes continuously.
6.2	Assessment of leakages and regulatory arbitrage within the notifying Member State	The MNB expects no material leakages and regulatory arbitrage within Hungary due to the targeted nature of the measure. The MNB will monitor the accommodation to and the impact of the changes continuously.
6.3	Request for reciprocation	The MNB does not request the ESRB to issue a recommendation to other Member States to reciprocate the measure as it is not expected to have material cross-border effects.

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<sup>2</sup> Recommendation of the European Systemic Risk Board of 15 December 2015 on the assessment of cross-border effects of and voluntary reciprocity for macroprudential policy measures (ESRB/2015/3) (OJ C 97, 12.3.2016, p. 9).

6.4	Justification for the request for reciprocation	
<b>7. Miscellaneous</b>		
7.1	Contact person(s)/mailbox at notifying authority.	<p><b>ÁDÁM BANAI, PHD MRICS</b>  Executive Director and Chief Economist  EXECUTIVE DIRECTORATE MONETARY POLICY AND FINANCIAL STABILITY  1054 Bp., Szabadság tér 8-9.  Phone: +36 (1) 428 2600/1864  Mobile: +36 (30) 789 9890  Email: <a href="mailto:banaia@mnb.hu">banaia@mnb.hu</a></p> <p><b>TAMÁS NAGY</b>  Director  DIRECTORATE FINANCIAL STABILITY AND MONETARY POLICY INSTRUMENTS  H-1054 Budapest, Szabadság tér 8-9.  Phone: +36 (1) 428 2600/2639  Mobil: +36 (20) 354 1282  E-mail: <a href="mailto:nagyt@mnb.hu">nagyt@mnb.hu</a></p>
7.2	Any other relevant information.	

7.3	Date of the notification	28/10/2025
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