

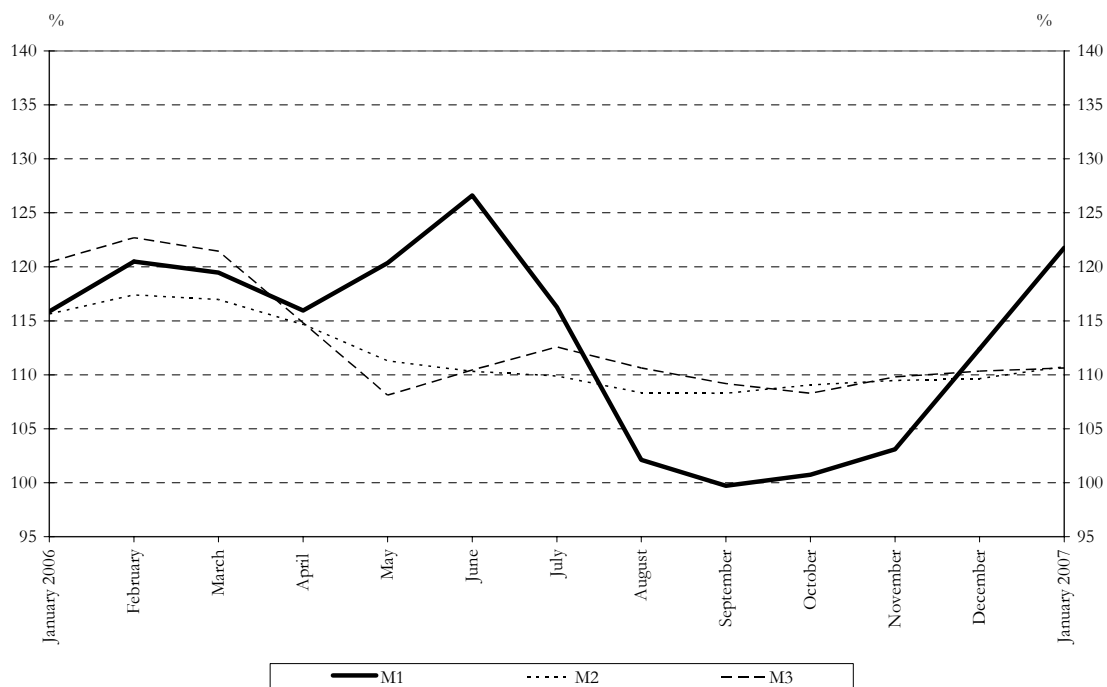
PRESS RELEASE

Consolidated balance sheet of MFIs: January 2007

In January 2007, the monetary base fell by HUF 172.1 billion to HUF 2,565.7 billion. The annualised month-on-month growth index¹ of the monetary base (M0) was 107.0% in the month.

The annualised month-on-month growth index of the narrow monetary aggregate M1 has been rising since October. The indicator was 121.8% in the month, increasing by 9.4 percentage points on December 2006. The annualised month-on-month growth rates of M2 and M3 have been fluctuating in a range between 108% and 113%. They changed only slightly in January: the former rose by 1.1 percentage points to 110.8% and the latter by 0.3 percentage points to 110.6%.

Chart 1 Annualised month-on-month growth rates of the monetary aggregates



¹ For an explanation, see the methodological notes at the end of this press release.

Chart 2 Components of the monetary aggregates

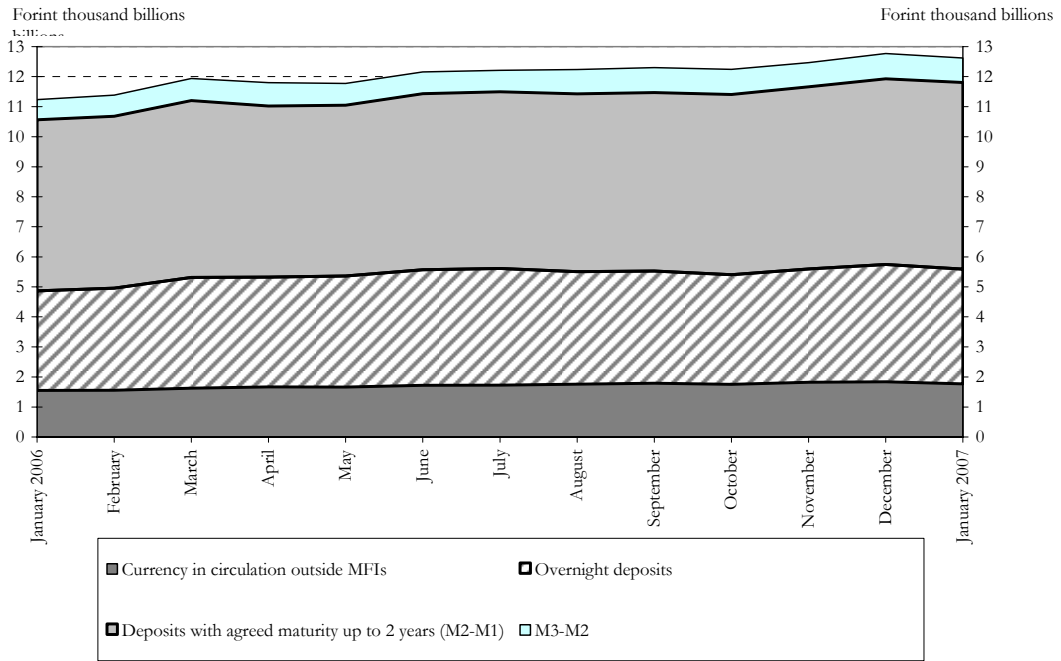


Chart 3 Seasonally adjusted M1

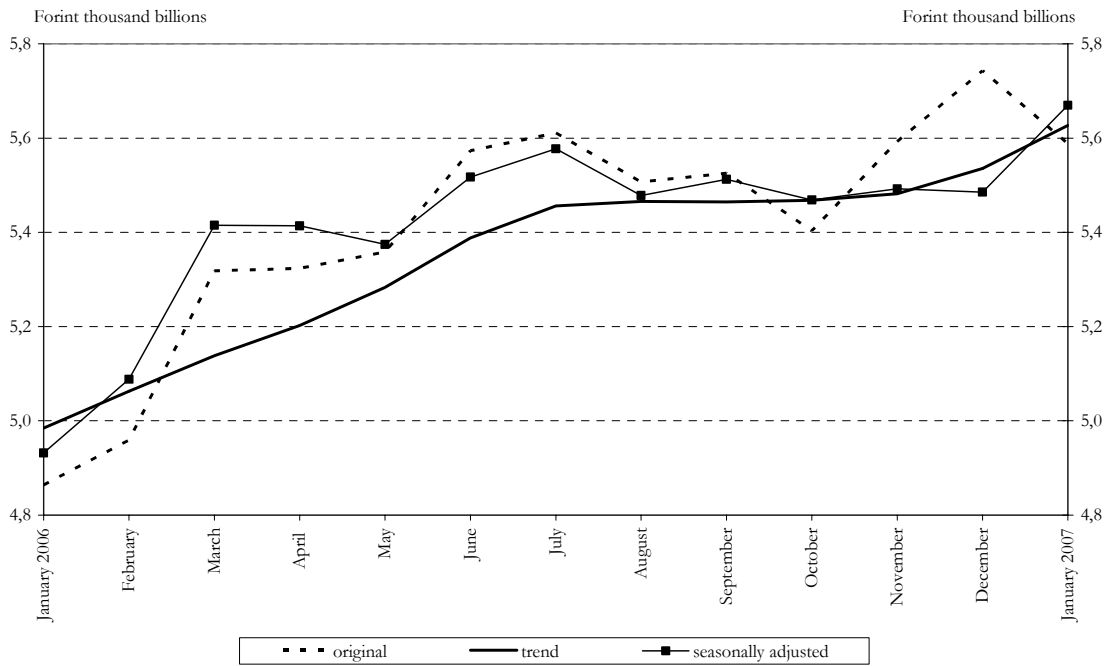


Chart 4 Seasonally adjusted M2

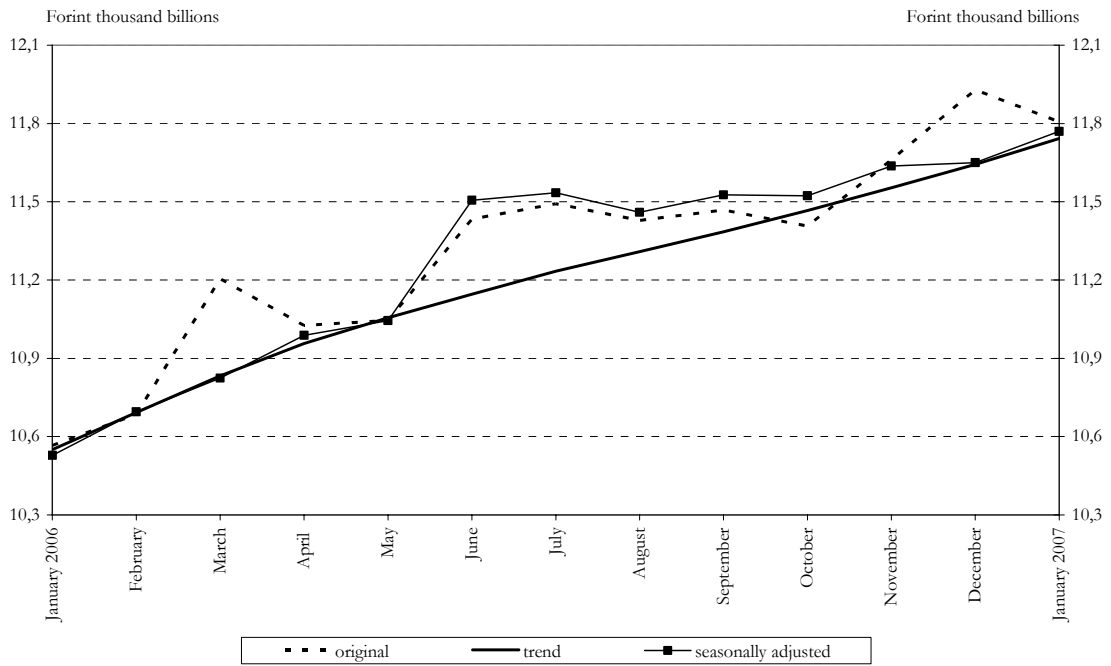
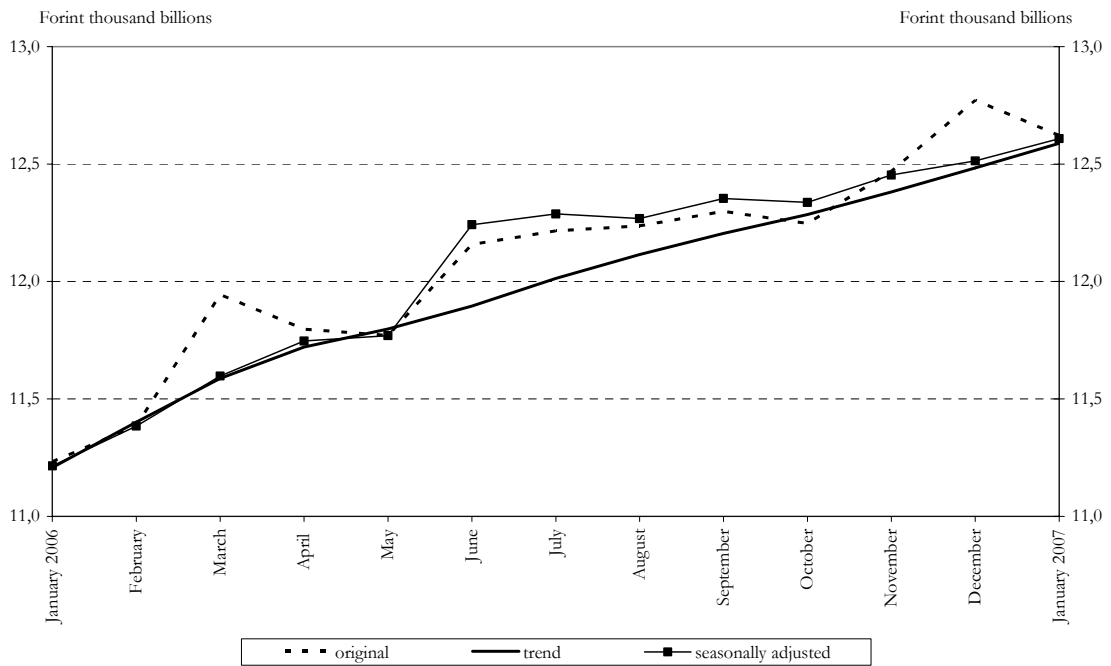
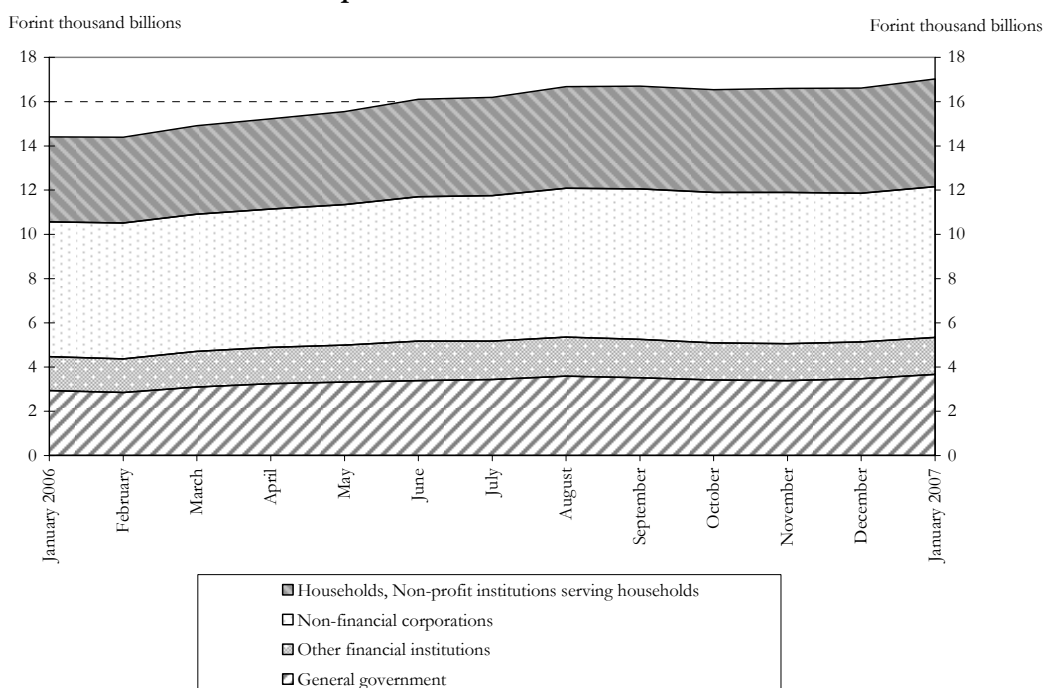


Chart 5 Seasonally adjusted M3



Following the decline in October, in January the total stock of domestic loans continued the upward trend which began in March 2006, rising above its highest level in 2006.

Chart 6 Composition of the stock of domestic loans

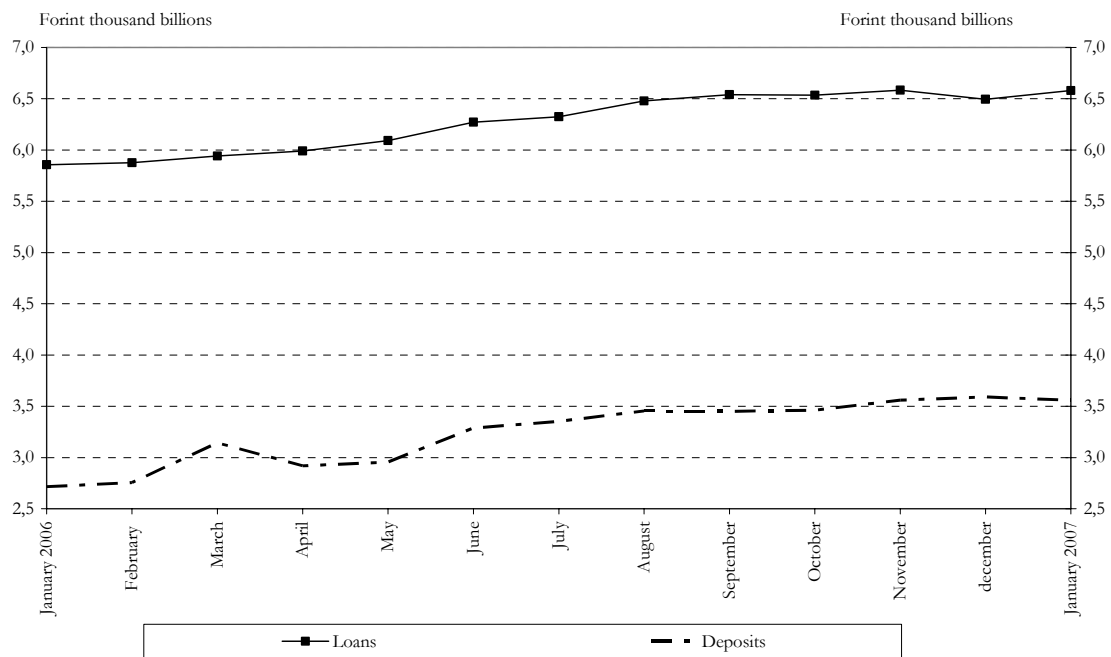


The total stock of loans granted by monetary financial institutions to non-financial corporations rose by HUF 85.7 billion to HUF 6,580.7 billion, after falling in the preceding month. Within loans to non-financial corporations, the increase in short-term loans which began in March stalled in December. It then rose by HUF 23.4 billion to HUF 2,481.6 billion in January. Long-term loans fell in the preceding three months. In January, they rose by HUF 62.3 billion to HUF 4,099.0 billion. Within long-term loans, loans with a maturity of up to five years fell by HUF 2.4 billion to HUF 1,782.6 billion and those with a maturity of over 5 years rose by HUF 64.7 billion to HUF 2,316.4 billion. Short-term loans as a percentage of total loans edged down from 37.8% to 37.7%. The share of loans with a maturity of up to five years fell from 27.5% to 27.1% and that of loans with a maturity of over 5 years rose from 34.7% to 35.2%.

The share of foreign currency loans rose at all three maturities. Loans with a maturity of up to one year were up from 30.3% to 30.7%, those with a maturity of up to 5 years from 43.6% to 44.3% and those with a maturity of over 5 years from 64.3% to 65.6%. The total stock of foreign currency loans was HUF 102.5 billion higher than in December. Exchange rate changes and transactions, respectively, accounted for HUF 62.5 billion and HUF 40.0 billion of the increase.

The rise in the sector's deposits with monetary financial institutions which began in May 2006 stalled. In January, deposits fell by HUF 32.6 billion to HUF 3,558.2 billion, returning close to their level in December. Within total deposits, the share of overnight deposits was 51.7%, that of deposits with an agreed maturity was 47.8% and that of outstanding repos was 0.6%. Overnight deposits fell by HUF 40.4 billion. Here, the fall in forint deposits accounted for HUF 27.6 billion. Deposits with a maturity of up to one year rose by HUF 13.4 billion. Within this figure, forint deposits rose by HUF 68.2 billion and foreign currency deposits fell by HUF 54.8 billion. Deposits with a maturity of over one year were up HUF 6.5 billion on December. Outstanding repos fell by HUF 12.1 billion.

Chart 7 Loans and deposits of non-financial corporations

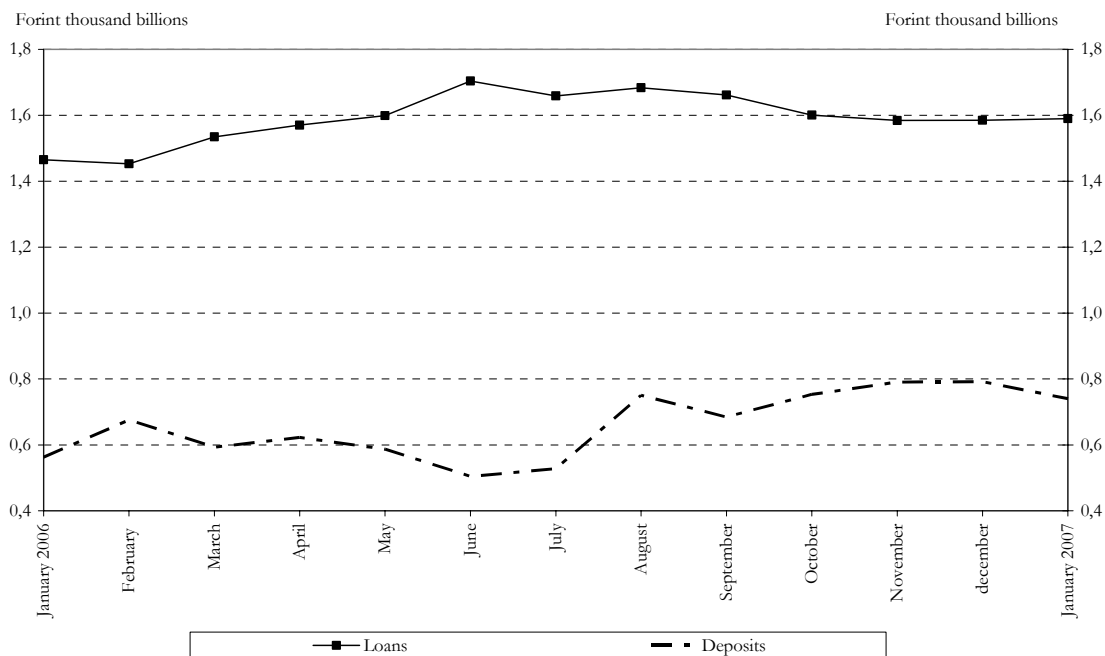


The stock of loans granted to other financial corporations had been downwards since September. Then it rose by HUF 1.0 billion in December and by another HUF 5.0 billion to HUF 1,590.1 billion in January. The share of loans with a maturity of up to 5 year, the highest within the total, edged up from 41.5% to 42.3%, with their stock rising by HUF 15.1 billion. The share of loans with a maturity of over 5 years fell by HUF 2.8 billion and that of loans with a maturity of up to one year by HUF 7.2 billion.

Within loans granted to the sector, forint loans fell by HUF 14.7 billion, while foreign currency loans rose by HUF 19.7 billion. Exchange rate changes accounted for HUF 18.8 billion of the change in the stock of foreign currency loans.

The sector's deposits with monetary financial institutions fell by HUF 51.8 billion to HUF 740.2 billion. The value of overnight deposits fell by HUF 39.2 billion and that of deposits with an agreed maturity rose by HUF 6.6 billion. Outstanding repos fell by HUF 19.2 billion.

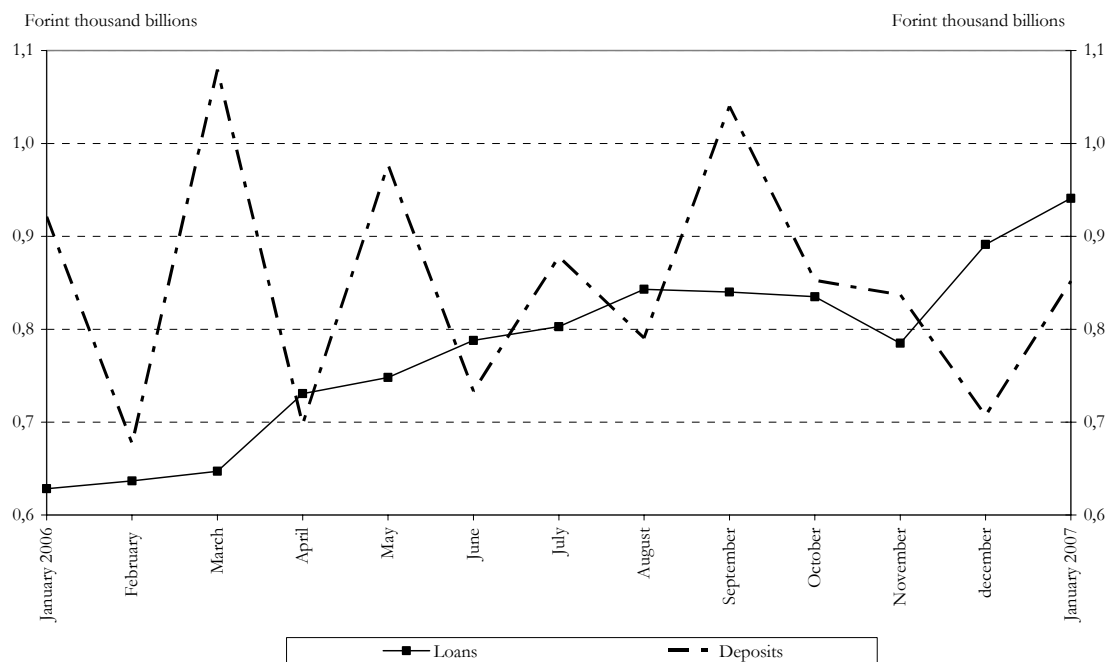
Chart 8 Loans and deposits to other financial corporations



Loans granted by monetary financial institutions to the general government sector rose in the past two months, after falling since September. In January, loans increased by HUF 49.7 billion to HUF 941.0 billion.

The stock of the general government sector's deposits with monetary financial institutions rose by HUF 144.9 billion to HUF 851.7 billion, as a result of deposits of the central government sub-sector rising by HUF 194.5 billion and those of the local government sub-sector falling by HUF 49.6 billion.

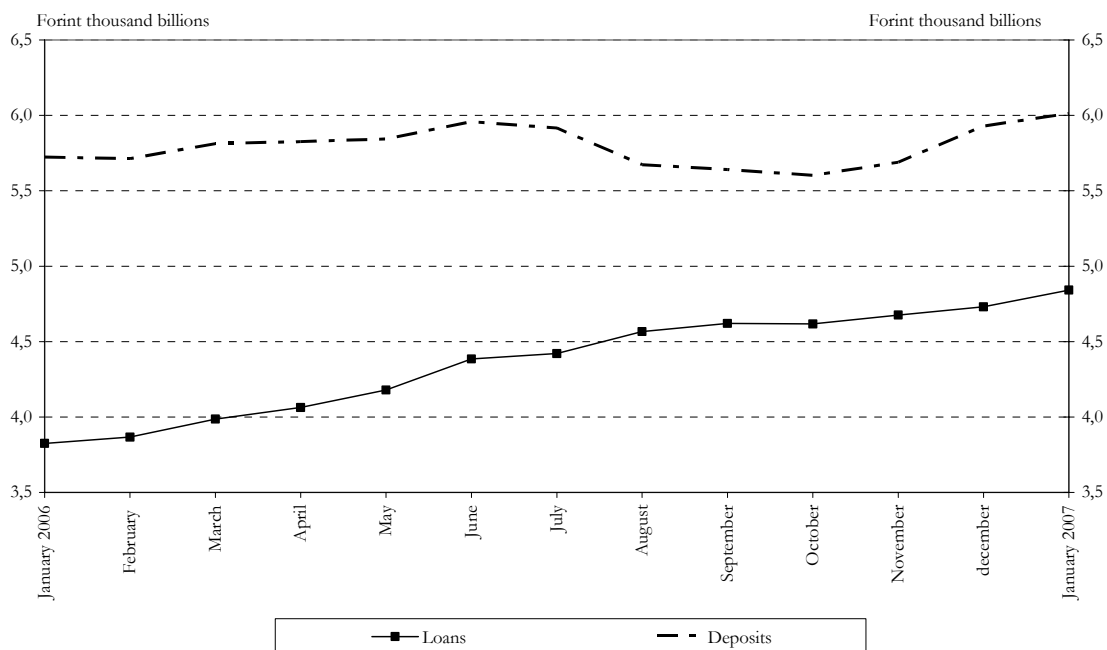
Chart 9 Loans and deposits of the general government sector



After stalling in October, the increase in loans granted to the household sector over the past several years continued: total loans outstanding rose by HUF 111.7 billion to HUF 4,841.6 billion in January. Forint loans fell by HUF 5.9 billion and foreign currency loans rose by HUF 117.7 billion. The increase in the latter was made up of transactions totalling HUF 91.8 billion and positive exchange rate valuation effects amounting to HUF 25.8 billion. The share of foreign currency loans within the total climbed up from 42.4% to 43.9%. Foreign currency loans have been rising continuously over the past two years; and their value was more than three times its level in January 2005.

The fall in household deposits with monetary financial institutions which began in July came to a halt in November. After rising in December, their stock increased by another HUF 82.1 billion to HUF 6,012.0 billion in the month under review.

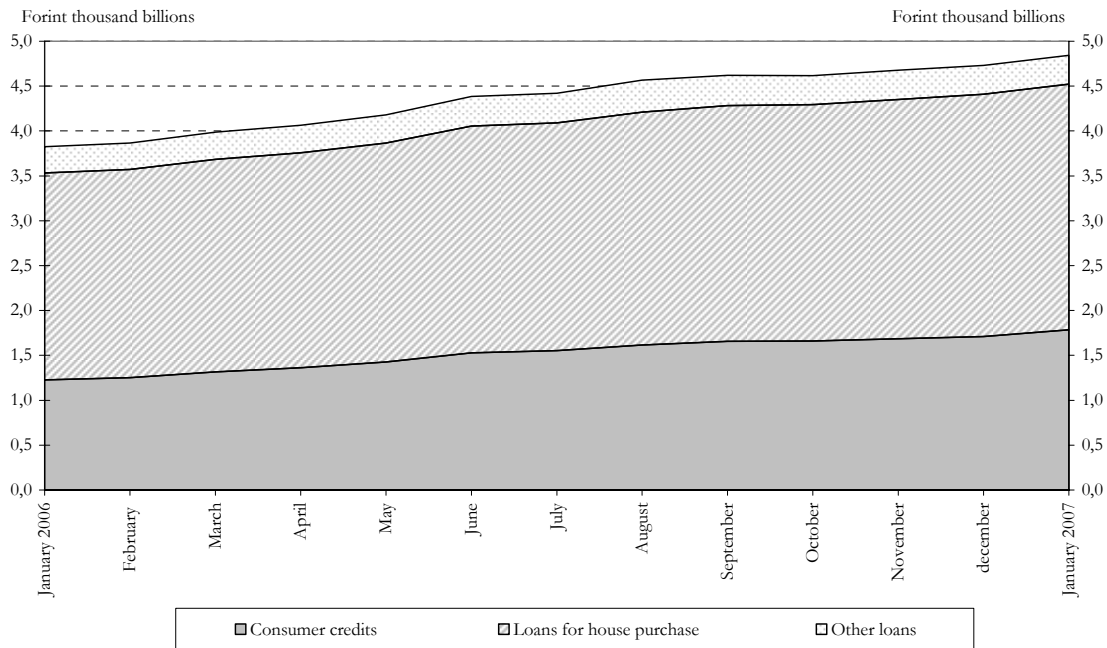
Chart 10 Loans and deposits of the household sector



Within loans granted to households, the share of housing loans edged down from 57.1% to 56.5%. The stock of loans rose by HUF 37.4 billion. Foreign currency loans were 34.9% as a percentage of housing loans. The percentage share of consumer credit within the total stock of housing loans rose from 36.1% to 36.9%, with their outstanding amount increasing by HUF 75.6 billion. Foreign currency loans were 59.2% as a percentage of total consumer credit. The stock of other loans fell by HUF 1.3 billion. Here, the percentage share of foreign currency loans was 34.6%.

Within household deposits with monetary financial institutions, overnight deposits increased by HUF 28.8 billion. Deposits with agreed maturity rose by HUF 53.2 billion. Here, deposits with a maturity of up to one year increased by HUF 19.6 billion and those with a maturity of over one year by HUF 33.7 billion to HUF 638.0 billion.

Chart 11 Composition of household loans

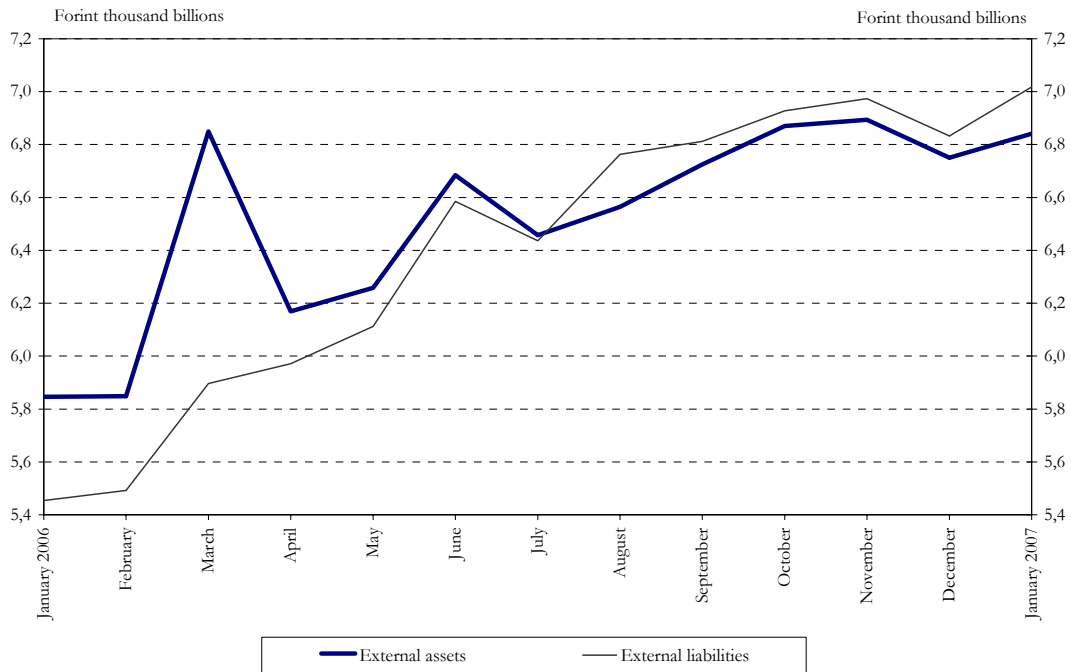


Following the fall in December, assets and liabilities of monetary financial institutions vis-à-vis non-residents both rose in January, returning to their level in November. External assets exceeded liabilities, as seen in earlier months. External assets and liabilities, respectively, were HUF 91.2 billion and HUF 184.8 billion higher than in December. As a consequence, MFI's net external assets fell by HUF 93.6 billion.

Assets of the central bank vis-à-vis non-residents rose by HUF 66.9 billion. Here, exchange rate changes accounted for HUF 108.2 billion. This was offset in part by a decrease of HUF 37.7 billion due to transactions. External liabilities rose by HUF 15.4 billion. As a consequence, net external assets were up HUF 51.5 billion on the preceding month.

Net assets of other monetary financial institutions vis-à-vis non-residents fell by HUF 145.1 billion. The sector's external assets rose by HUF 24.3 billion and its external liabilities by HUF 169.4 billion. Exchange rate movements accounted for HUF 107.0 billion of the increase in liabilities.

Chart 12 External assets and liabilities



Methodological notes

Ensuring comparability of data over different periods requires eliminating seasonal variations and distortions. Consequently, the time series for the monetary aggregates are individually seasonally adjusted. Trend data are obtained from the seasonally adjusted data by eliminating outliers relating to deterministic effects and irregular components identified in the seasonal adjustment process. The annualised month-on-month growth indices in this press release are generated from trend data by dividing the trend data for the base period by that for the previous period, and by raising the quotient to the 12th power. The month-on-month growth rates derived using this method better reflect developments of the most recent period than annual (twelve-month-on-twelve-month) growth indices.

Percentages and ratios are calculated from data before rounding. The sums of sub-totals may not add to total due to rounding.

The data underlying this press release are available on the MNB's website at http://english.mnb.hu/Resource.aspx?ResourceID=mnbfile&resourcename=0708_monstatpubl_enxls.

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