

PRESS RELEASE

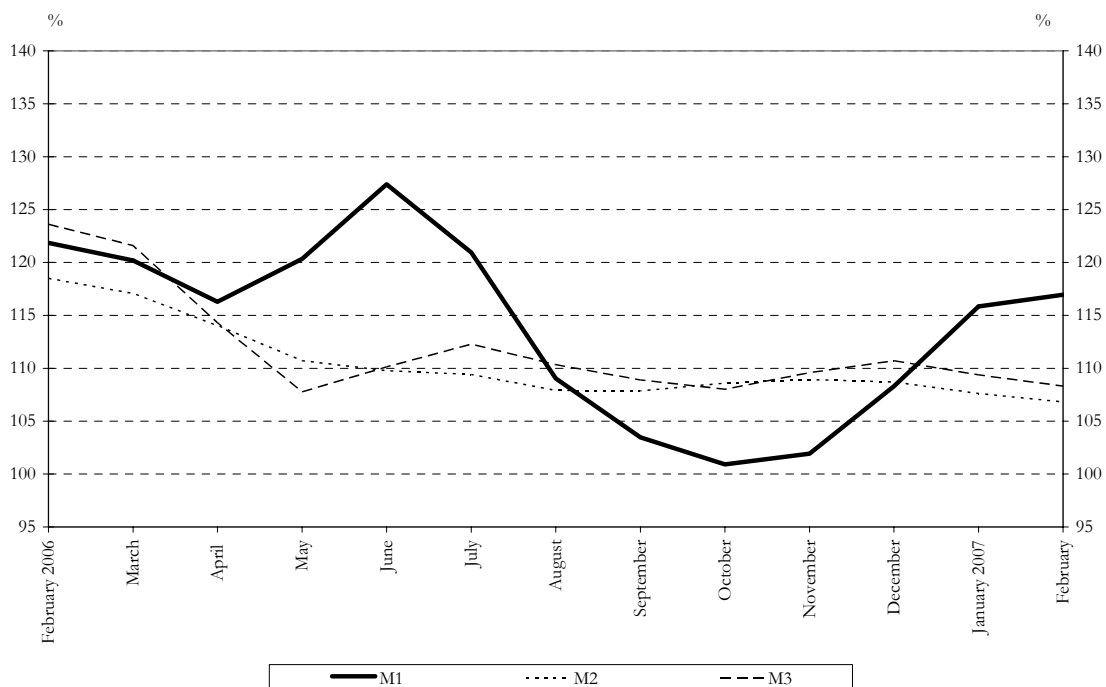
Consolidated balance sheet of MFIs: February 2007

In February 2007, the monetary base fell by HUF 17.9 billion to HUF 2,547.8 billion. The annualised month-on-month growth index¹ of the monetary base (M0) was 114.0%.

The not seasonally adjusted value of the narrow monetary aggregate M1 barely changed, while that of M2 fell by HUF 144.1 billion to HUF 11,662.4 billion. The underlying reason for this was that deposits with agreed maturity up to two years of several sectors also fell. The value of M3, not seasonally adjusted, changed only slightly, as the HUF 112.7 billion increase in debt securities with maturity up to two years offset the fall in the value of M2. This increase in debt securities holdings was closely related to the rise in holdings of two-week MNB bills.

The annualised month-on-month growth index of the narrow monetary aggregate M1 rose slightly, by 1.1 percentage points to 117.0%. The annualised month-on-month growth indices of M2 and M3 have been fluctuating in a range between 107% and 112% since May 2006. They changed only slightly in February: the former fell by 0.8 percentage points to 106.8% and the latter by 1.1 percentage points to 108.3%.

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

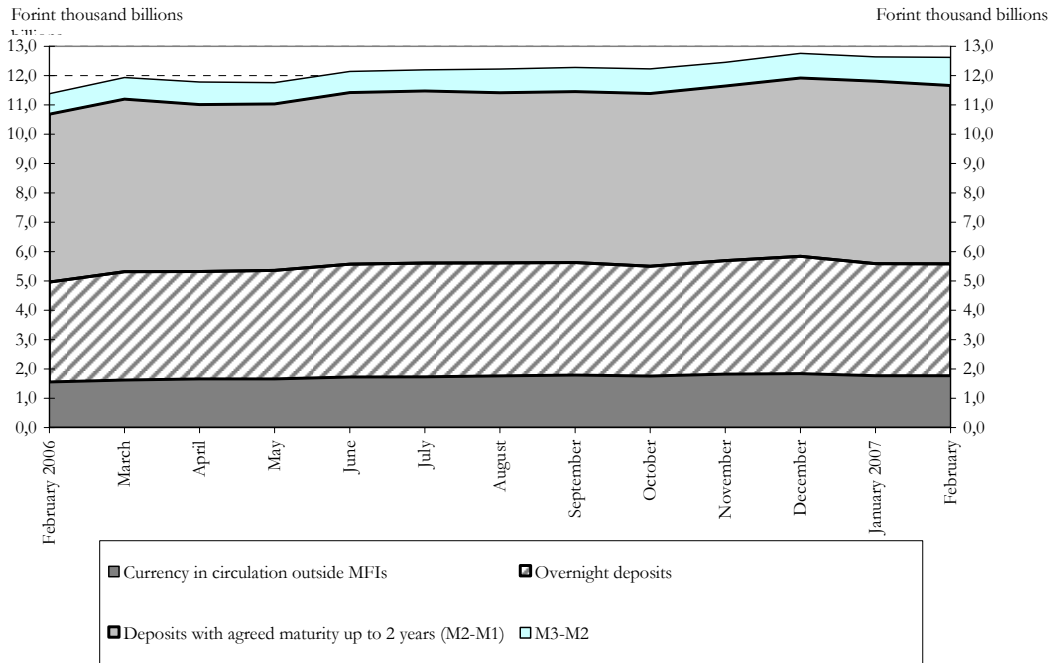


Chart 3 Seasonally adjusted M1

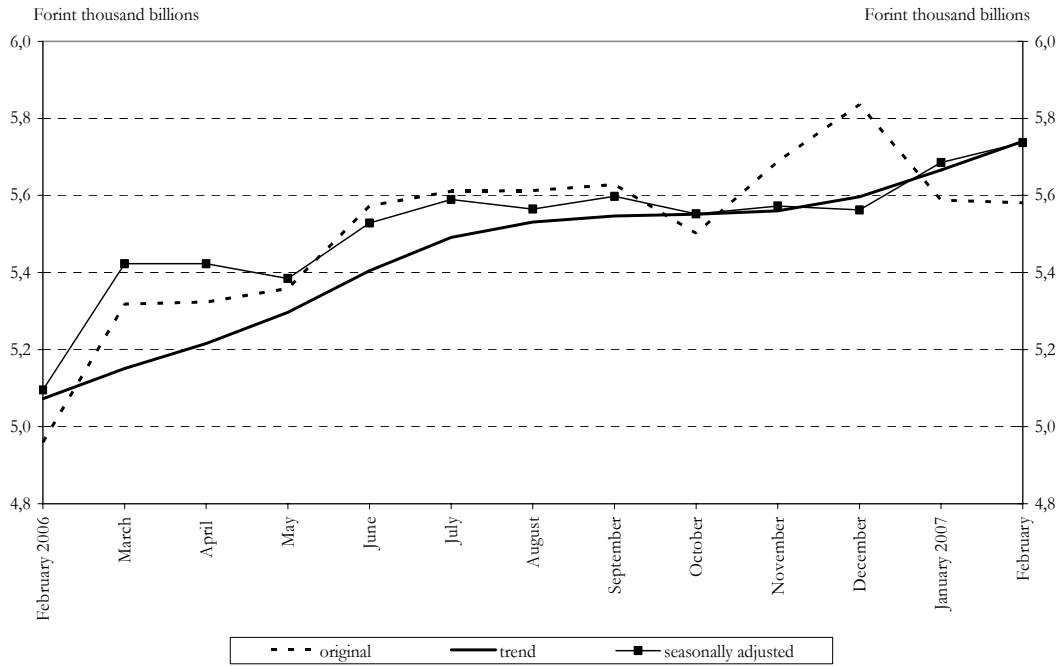


Chart 4 Seasonally adjusted M2

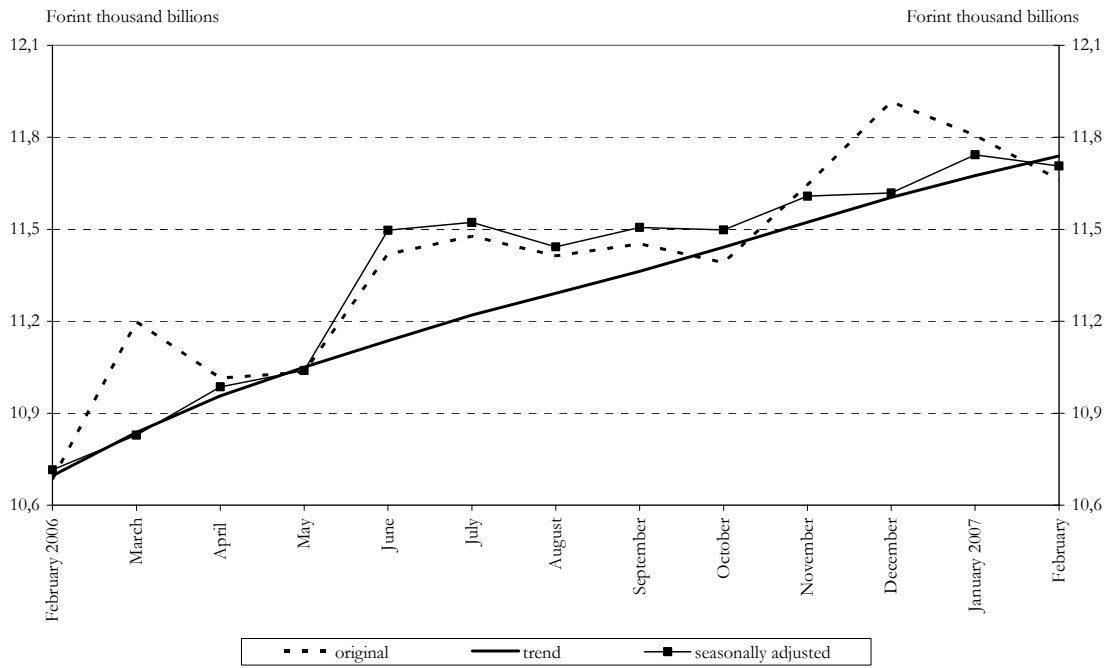
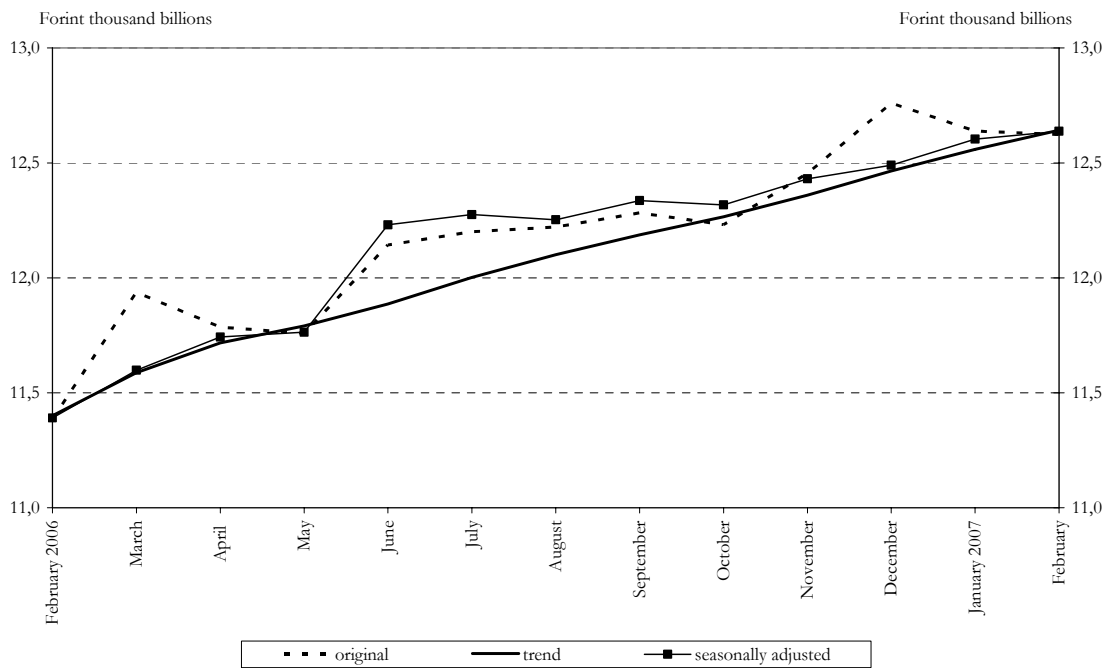
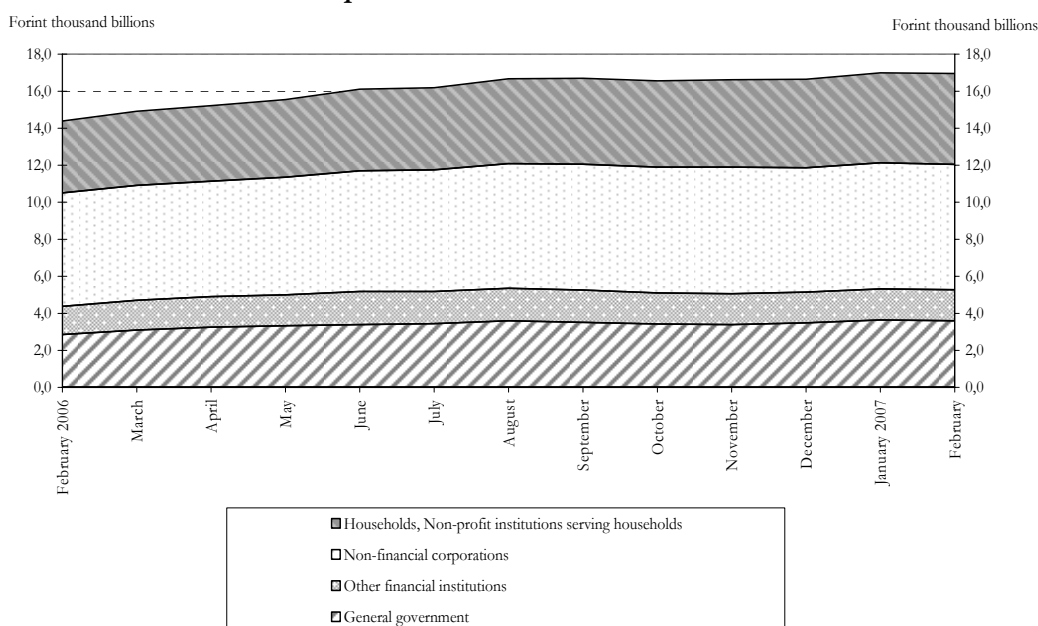


Chart 5 Seasonally adjusted M3



Following the significant increase in January, the total stock of domestic loans fell slightly in February, reversing the upward trend which began in November 2006.

Chart 6 Composition of the stock of domestic loans

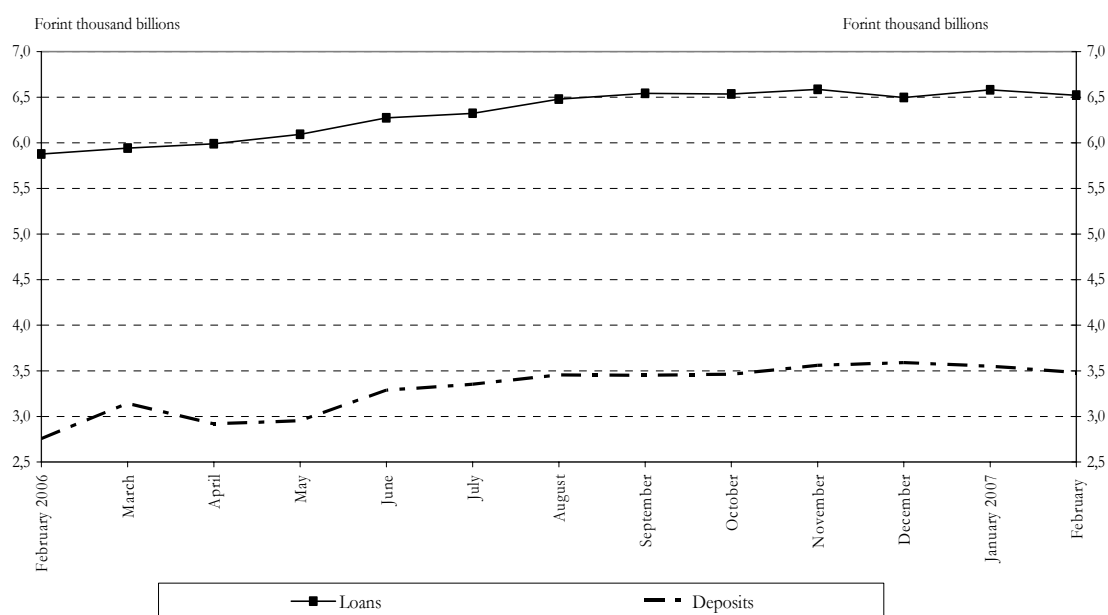


The total stock of loans granted by monetary financial institutions to non-financial corporations has been fluctuating around HUF 6,500 billion since August 2006. It fell by HUF 57.4 billion to HUF 6,523.3 billion in February. Within loans to non-financial corporations, the increase in short-term loans which began in March 2006 stalled in December. And, following the slight rise in January, it fell by HUF 23.0 billion to HUF 2,458.7 billion. Long-term loans fell in the final months of 2006. Then, following the increase in January, they fell again, by HUF 34.4 billion to HUF 4,064.6 billion. Within long-term loans, loans with a maturity of up to five years fell by HUF 20.3 billion to HUF 1,762.3 billion and those with a maturity of over five years by HUF 14.2 billion to HUF 2,302.3 billion. Short-term loans as a percentage of total loans remained broadly unchanged. The share of loans with a maturity of up to one year was 37.7%, that of loans with a maturity of up to five years changed to 27.0% and that of loans with a maturity of over five years to 35.3%.

The share of foreign currency loans with a maturity of up to one year was down from 30.7% to 29.1%, and the share of those with a maturity of up to five years from 44.3% to 44.0%. By contrast, the share of loans with a maturity of over five years was up from 65.6% to 65.9%. The total stock of foreign currency loans was HUF 3,482.0 billion, falling by HUF 68.7 billion relative to January. Exchange rate changes and transactions, respectively, accounted for HUF 35.5 billion and HUF 28.4 billion of the decline.

The rise in the sector's deposits with monetary financial institutions which began in May 2006 stalled in January. In February, deposits fell by HUF 68.7 billion to HUF 3,482.0 billion. Within total deposits, the share of overnight deposits was 51.8%, that of deposits with an agreed maturity was 47.7% and that of outstanding repos was 0.5%. Overnight deposits fell by HUF 34.7 billion. Here, the fall in forint deposits accounted for HUF 19.2 billion and that in foreign currency deposits for HUF 15.5 billion of the decline. Deposits with a maturity of up to one year fell by HUF 31.7 billion. Within this figure, forint deposits and foreign currency deposits, respectively, were HUF 24.4 billion and HUF 7.2 billion lower. Deposits with a maturity of over one year were up HUF 1.4 billion on January. Outstanding repos fell by HUF 3.8 billion.

Chart 7 Loans and deposits of non-financial corporations

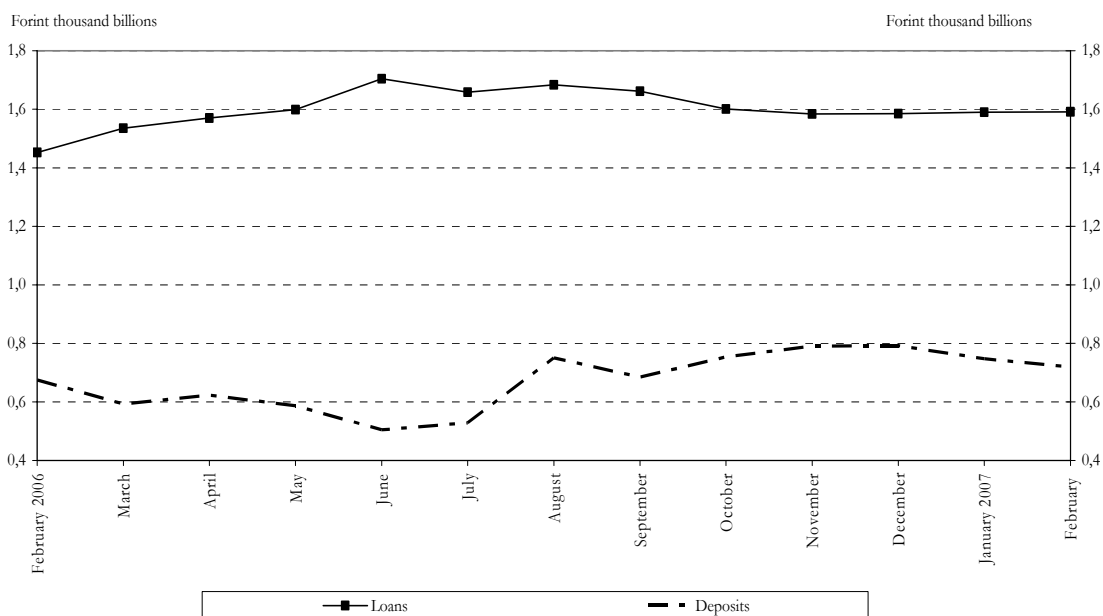


As seen in the preceding three months, the stock of loans granted to other financial corporations rose slightly, by HUF 1.1 billion to HUF 1,591.2 billion in February. The share of loans with a maturity of up to five years – with the highest value within the total – edged up from 42.3% to 42.4%, with their stock rising by HUF 2.1 billion. The value of loans with a maturity of over five years rose by HUF 1.3 billion and that of loans with a maturity of up to one year fell by HUF 2.3 billion.

Within loans granted to the sector, forint loans rose by HUF 2.2 billion, while foreign currency loans fell by HUF 1.1 billion. The stock of foreign currency loans fell by HUF 9.3 billion due to exchange rate changes and it rose by HUF 8.1 billion due to transactions.

The sector's deposits with monetary financial institutions rose in the final quarter of 2006, before falling in January. In February, they fell by another HUF 28.1 billion to HUF 719.5 billion. The value of overnight deposits rose by HUF 13.4 billion and that of outstanding repos by HUF 8.0 billion. By contrast, deposits with an agreed maturity fell by HUF 49.5 billion.

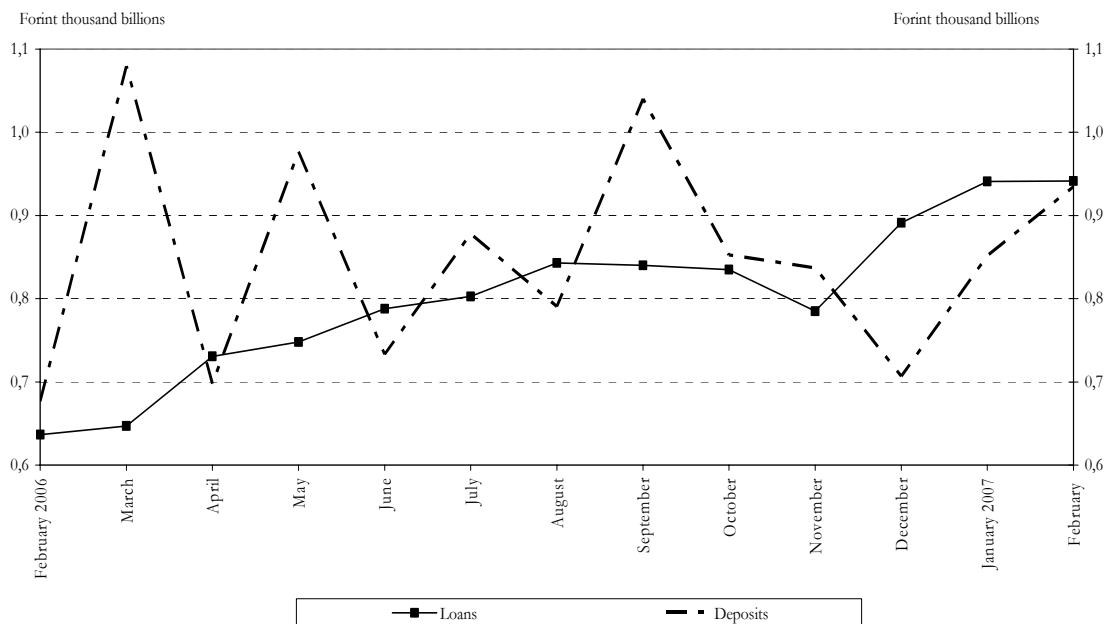
Chart 8 Loans and deposits to other financial corporations



Loans granted by monetary financial institutions to the general government sector were barely changed in February, following the significant rises in the preceding two months, edging up by HUF 0.5 billion to HUF 941.5 billion.

The stock of the general government sector's deposits with monetary financial institutions fell in the final three months of 2006, then it rose in January. In February, deposits rose by another HUF 82.6 billion to HUF 934.3 billion. This reflected an increase of HUF 89.3 billion in deposits of the central government sub-sector and a HUF 6.7 billion fall in deposits of the local government sub-sector.

Chart 9 Loans and deposits of the general government sector

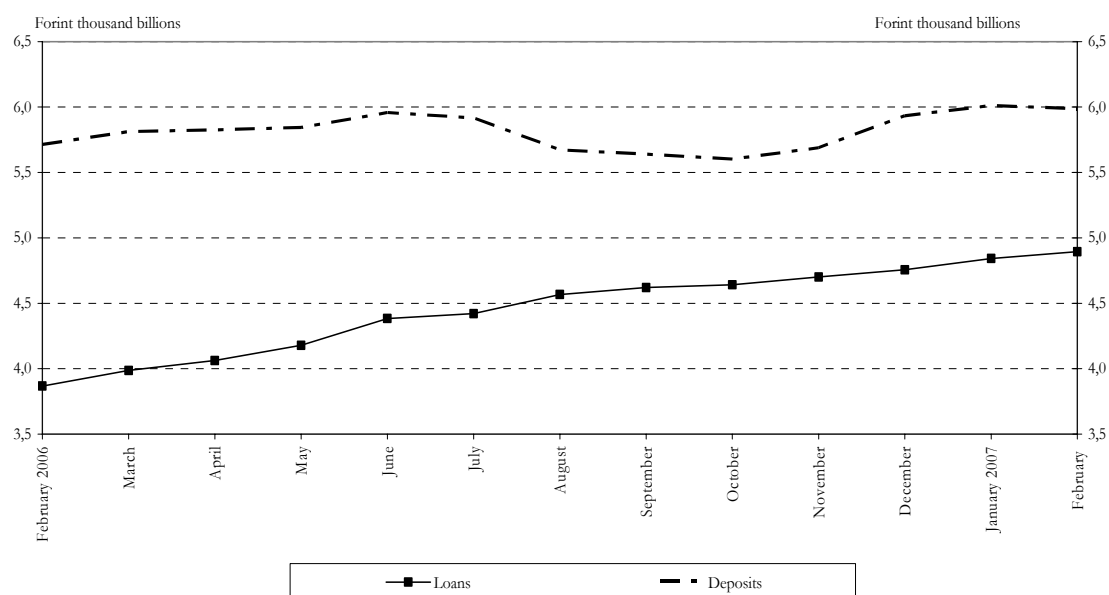


After stalling in October 2006, loans granted to the household sector over the past several years continued to increase in February: total loans outstanding rose by HUF 52.9 billion to HUF 4,894.5 billion. Forint loans fell by HUF 4.0 billion and foreign currency loans rose by HUF 57.0 billion. The increase in the latter was made up of transactions totalling HUF 69.9 billion and negative exchange rate valuation effects amounting to HUF 12.9 billion. The share of foreign currency loans within the total climbed up from 43.9% to 44.5%. Foreign currency loans as a percentage of total loans have been rising continuously over the past two years; and their value was more than three times its level in February 2005.

The fall in household deposits with monetary financial institutions which began in July came to a halt in November. After rising in December 2006 and January 2007, their stock fell by HUF 24.1 billion to HUF 5,987.9 billion in the month under review.

Outstanding household loans surged by 26.6% relative to a year earlier and deposits rose only slightly, by 4.8%. Consequently, the difference between the values of loans and deposits fell by 40.8% in twelve months.

Chart 10 Loans and deposits of the household sector



Within loans granted to households, the share of housing loans edged down from 56.5% to 56.4%. The stock of loans rose by HUF 21.8 billion. Foreign currency loans rose from 34.9% to 35.6% as a percentage of housing loans. The percentage share of consumer credit within the total stock of housing loans were up from 36.9% to 37.1%, with their outstanding amount increasing by HUF 31.4 billion. Foreign currency loans rose from 59.2% to 59.9% as a percentage of total consumer credit. The stock of other loans fell by HUF 0.3 billion. Here, the percentage share of foreign currency loans was 34.3%.

Chart 11 Composition of household loans

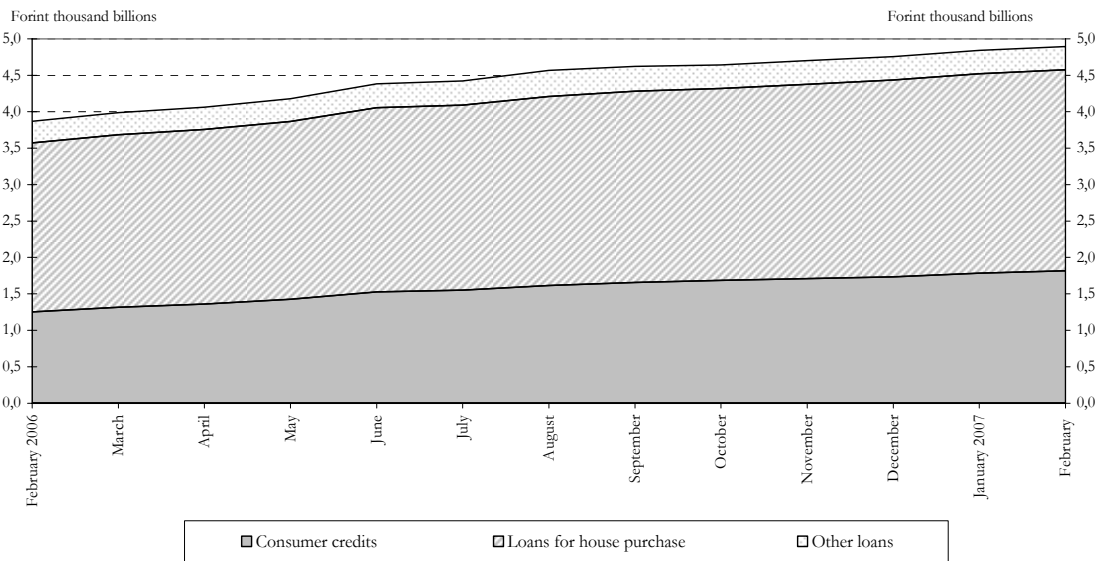
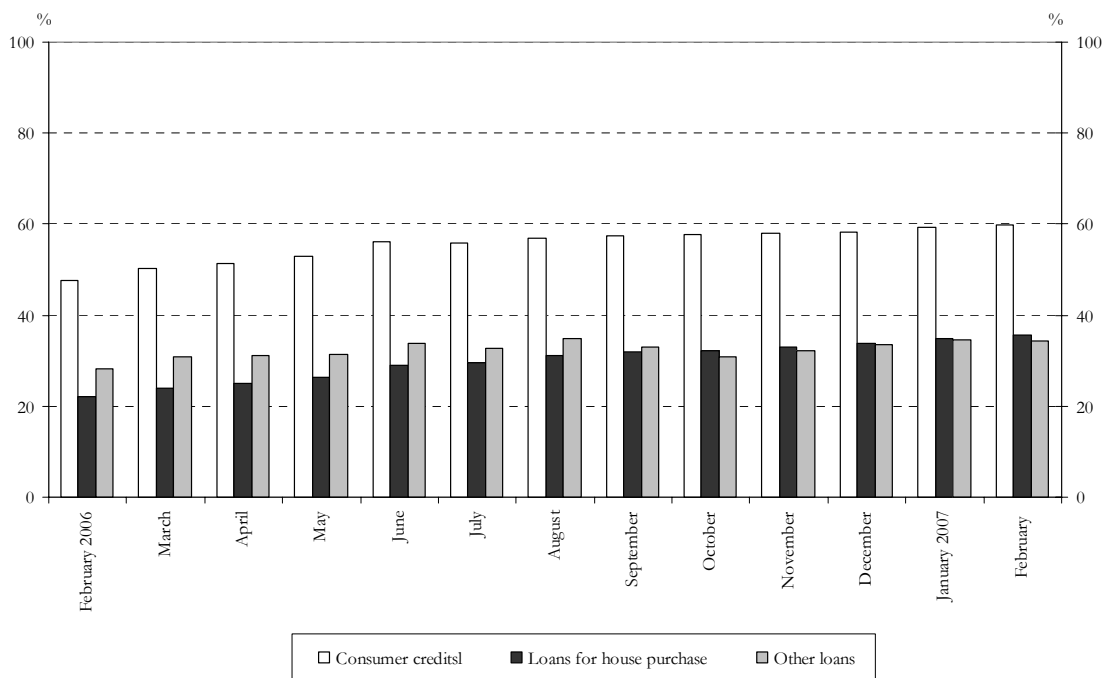


Chart 12 Percentage share of foreign currency loans to households in a breakdown by types of loan



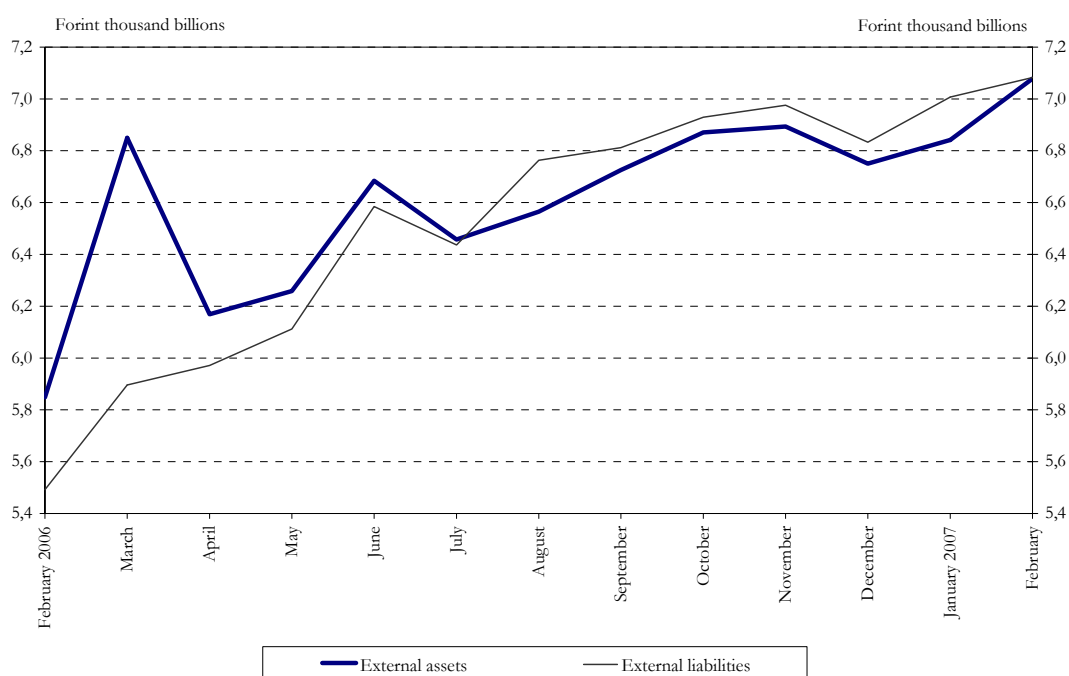
Within household deposits with monetary financial institutions, overnight deposits increased by HUF 14.8 billion in February. Deposits with agreed maturity were down HUF 38.9 billion. Within this figure, deposits with a maturity of up to one year fell by HUF 35.0 billion and those with a maturity of over one year by HUF 3.9 billion.

Following the fall in December, assets and liabilities of monetary financial institutions vis-à-vis non-residents both rose in February, similarly to January, and rose to above their level in November 2006. External liabilities exceeded external assets slightly. External assets and liabilities, respectively, were HUF 237.1 billion and HUF 75.2 billion higher than in the preceding month. As a consequence, MFI's net external assets rose by HUF 161.8 billion in the month under review.

Assets of the central bank vis-à-vis the rest of the world rose by HUF 180.8 billion. Here, transactions accounted for HUF 241.6 billion and price changes for HUF 5.2 billion. This was offset in part by a HUF 66.0 billion fall due to exchange rate changes. External liabilities fell by HUF 11.1 billion. As a consequence, net external assets were up HUF 191.9 billion on the preceding month.

Net assets of other monetary financial institutions vis-à-vis non-residents fell by HUF 30.1 billion. The sector's external assets rose by HUF 56.2 billion and its external liabilities by HUF 86.3 billion.

Chart 13 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_en.xls.

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