

PRESS RELEASE

Household and non-financial corporate sector interest rates, interbank lending rates: February 2008

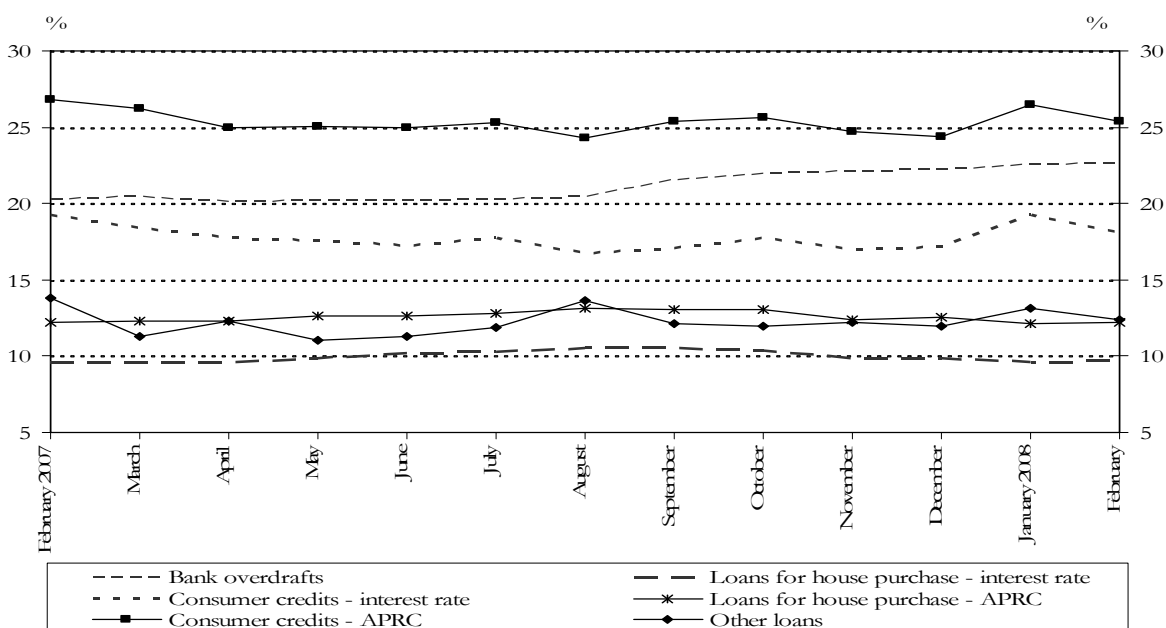
Average interest rates on forint-denominated consumer credit and other loans to the household sector as well as the interest rates on this sector's forint deposits with agreed maturity over one year declined. The value of households' new Swiss franc-denominated loans for house purchase fell, while those of consumer credit increased.

Average interest rates on non-financial corporations forint deposits with agreed maturity over one year and euro deposits with agreed maturity up to one year increased, while interest rates on euro loans other than overdrafts with up to one year initial rate fixation declined.

1. Households

1.1. Forint loans and deposits

Chart 1: Monthly average interest rates and APR on forint loans to households

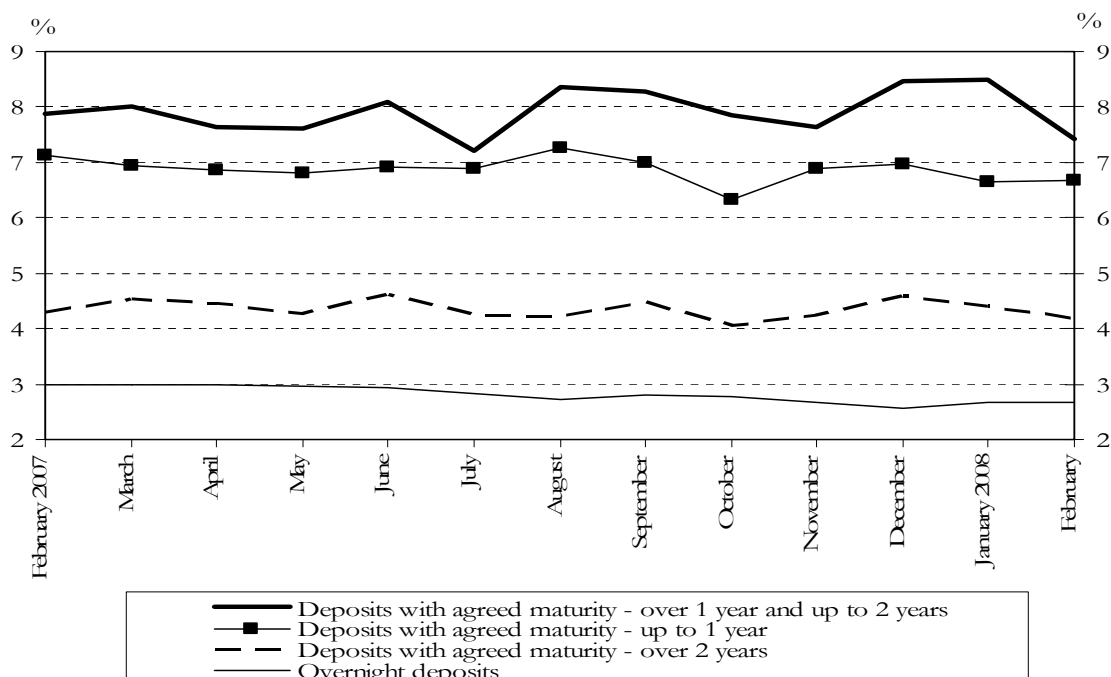


The average interest rate on overdrafts to the household sector has been increasing slightly, but steadily from 20% in April 2007, amounting to 22.63% in February. The average interest rate on consumer credit fell by 115 basis points to 18.12%, with the average APR declining by 106 basis points to 25.38%. The average market rate on housing loans¹ changed by 12 basis points to 9.72%, and the average APR on housing loans by 7 basis points to 12.19%. The average interest rate on other loans declined by 79 basis points to 12.73%.

In February 2008, the values of new contracts for forint-denominated consumer and other loans increased, while the value of new contracts was down in case of housing loans. The amount of new consumer loans, housing loans and other loans was HUF 20.3 billion, HUF 6.4 billion and HUF 5.4 billion, respectively.

¹ This press release contains market interest rates and APR on bank loans for house purchase. In the case of subsidised housing loans, average interest rates and the APR include interest rates after adjusting for the amount of government subsidy.

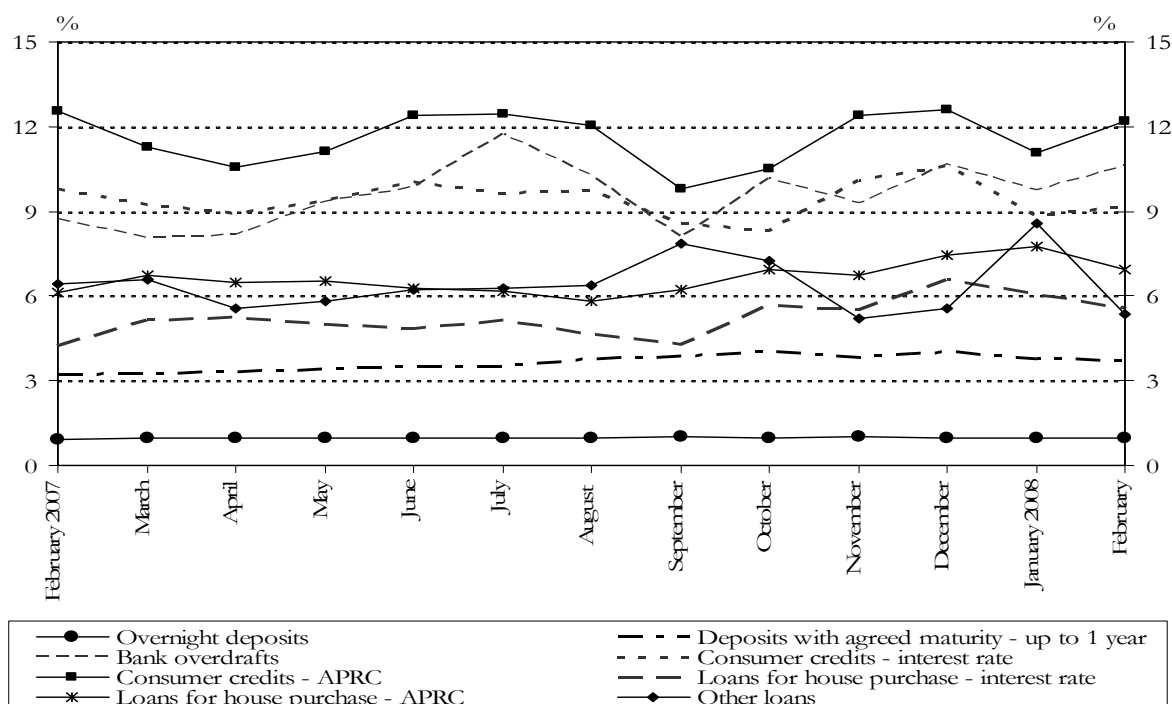
Chart 2: Monthly average interest rates on household forint deposits



The average interest rate on the household sector's overnight deposits and on deposits with an agreed maturity of up to one year remained unchanged, standing at 2.66% and 6.67%, respectively. Due to a change in the composition of deposits, the average interest rate on deposits with an agreed maturity of over one year and up to two years declined by 107 basis points to 7.41%. The average interest rate on deposits with an agreed maturity of over two years fell by 20 basis points to 4.20%. In February, the total amount of new time deposits was HUF 830.8 billion.

1.2. Euro loans and deposits

Chart 3: Monthly average interest rates and APR on euro loans to households and monthly average interest rates on household euro deposits²



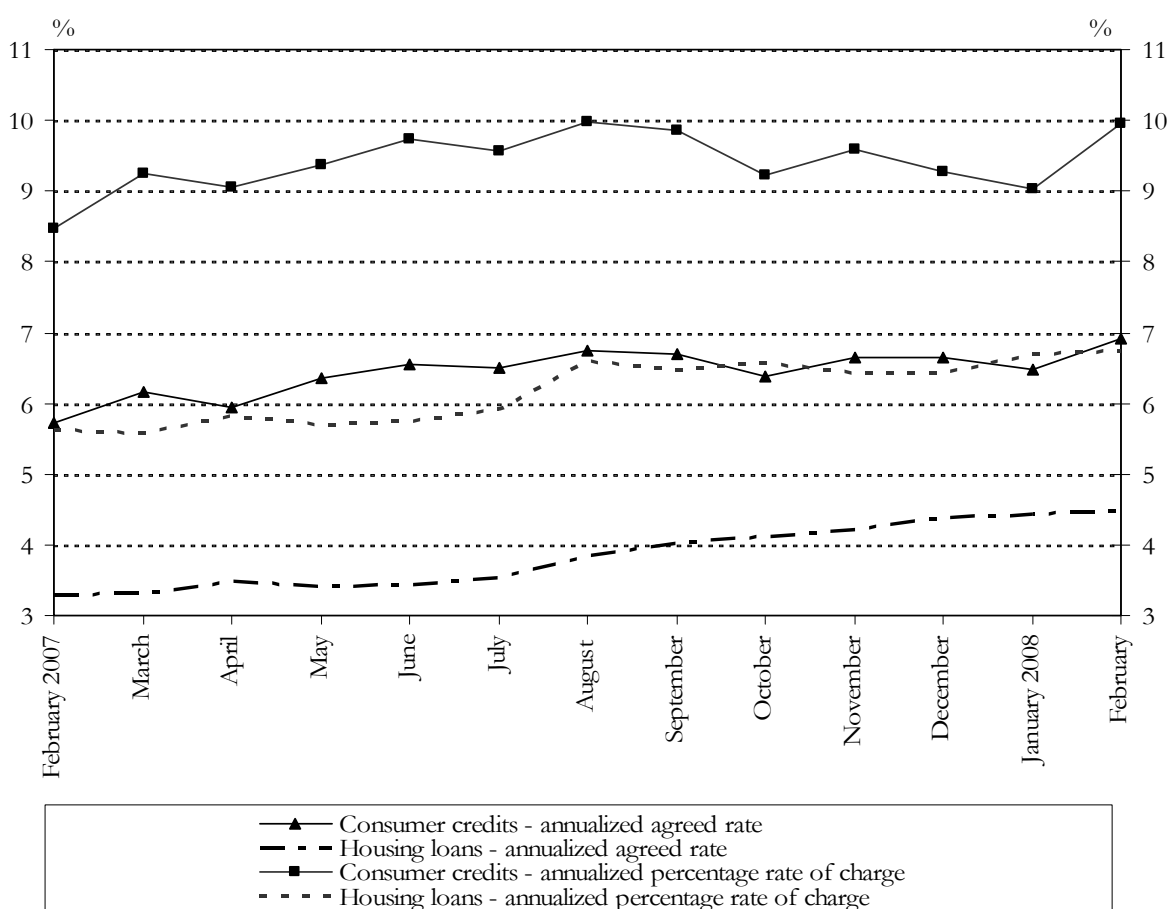
² This chart plots data on consumer credit, housing loans and other loans with a floating interest rate or with up to 1 year initial rate fixation.

The amount of new euro-denominated loans³ was a total HUF 3.0 billion in February, exceeding the value for the previous month by HUF 2.3 billion. The average interest rate on overdrafts increased by 83 basis points to 10.59%, that on consumer loans by 38 basis points to 9.20%, while the average APR on consumer loans rose more considerably, by 115 basis points to 12.20%. The average interest rate on housing loans was down by 50 basis points to 5.58%, with a more significant fall in the average APR, by 82 basis points to 6.93%. The average interest rate on other loans declined by 325 basis points to 5.33%.

The average interest rate on overnight deposits amounted to 0.95%, while that on euro deposits with an agreed maturity of up to one year was 3.73%. The value of households' new euro deposits with an agreed maturity of up to one year was HUF 131.4 billion, i.e. HUF 13.7 billion below the value of the previous month.

1.3. Swiss franc-denominated consumer credit and housing loan rates

Chart 4: Average annualised agreed rates and APR on Swiss franc consumer credit and housing loans with floating interest rates or with up to 1 year initial rate fixation⁴



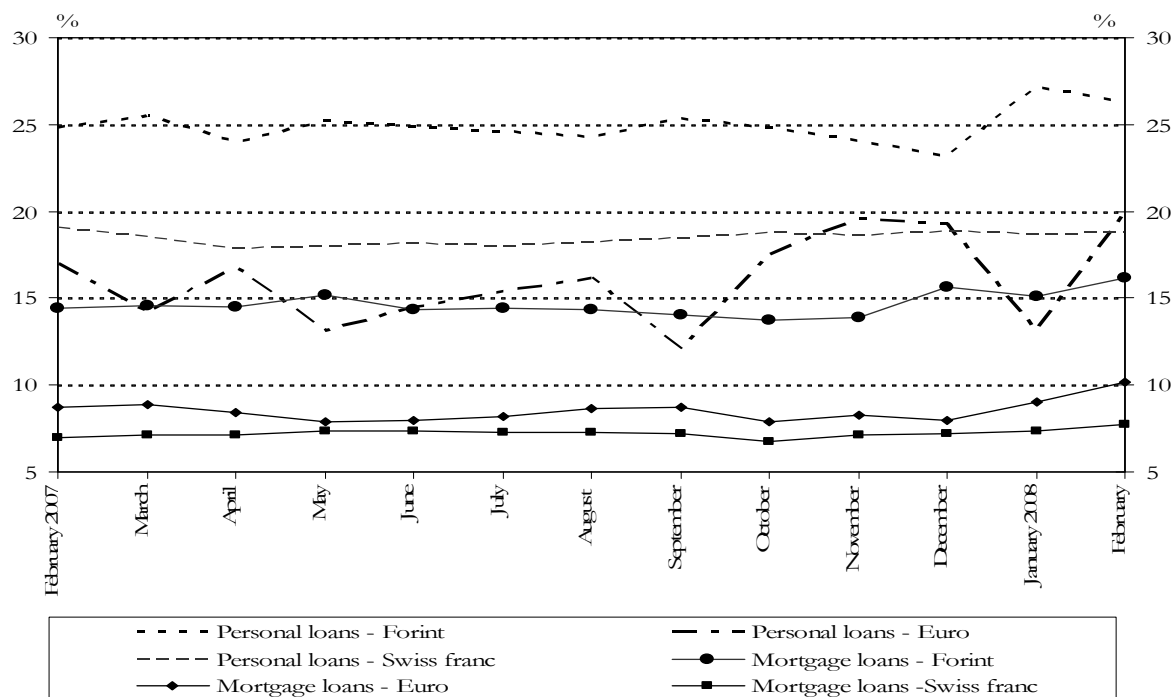
The average annualised interest rate on Swiss franc-denominated consumer loans with floating interest rates or with up to one year initial rate fixation increased by 43 basis points to 6.91%, with a more significant increase, by 94 basis points to 9.96%, in the average APR. The average annualised interest rate and the average APR on housing loans amounted to 4.48% and 6.74%, respectively.

³ New loans are: consumer credit, housing loans and other loans with a floating interest rate or with up to 1 year initial rate fixation.

⁴ Swiss franc-denominated consumer credit includes only personal loans and mortgage loans for consumption. Data on auto loans are not included, given that figures from few data providers are available. The Bank does not collect statistics on other loans denominated in Swiss francs (e.g. hire purchases).

1.4. Comparison of the household sector's forint, euro and Swiss franc loans

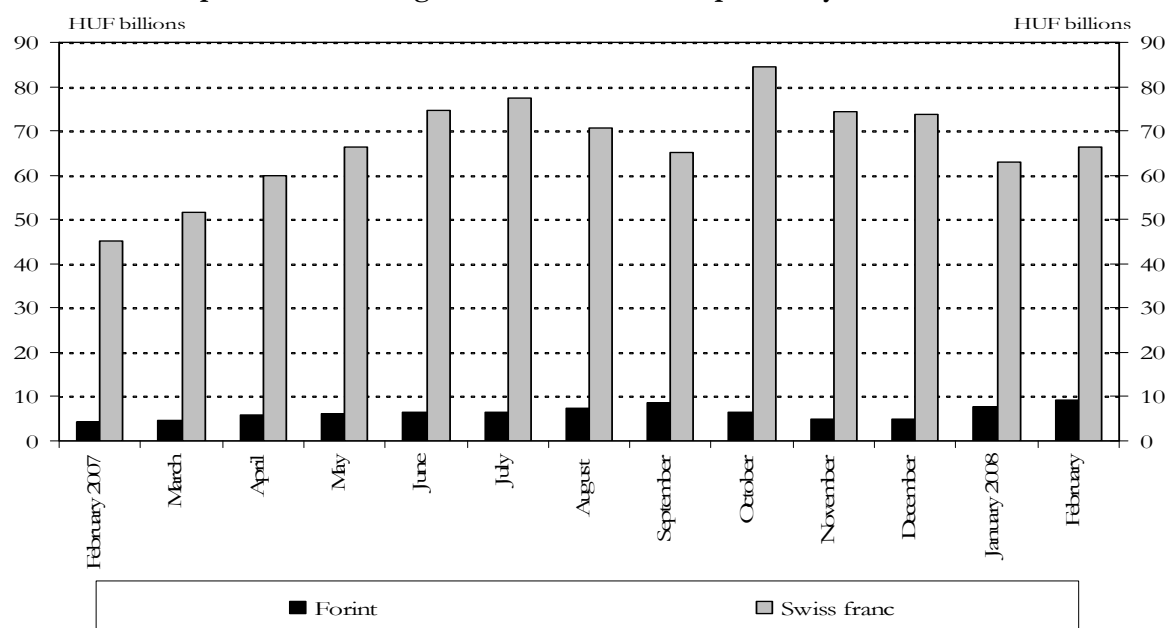
Chart 5: APR on forint, euro and Swiss franc personal loans and mortgage loans for consumption with floating interest rates or with up to one year initial rate fixation



The average APR on forint-denominated personal loans declined by 93 basis points to 26.26%. The average APR on euro-denominated loans increased by 684 basis points to 19.99%, due to a change in the composition of loans. The average APR on Swiss franc personal loans changed by 2 basis points to 18.72%.

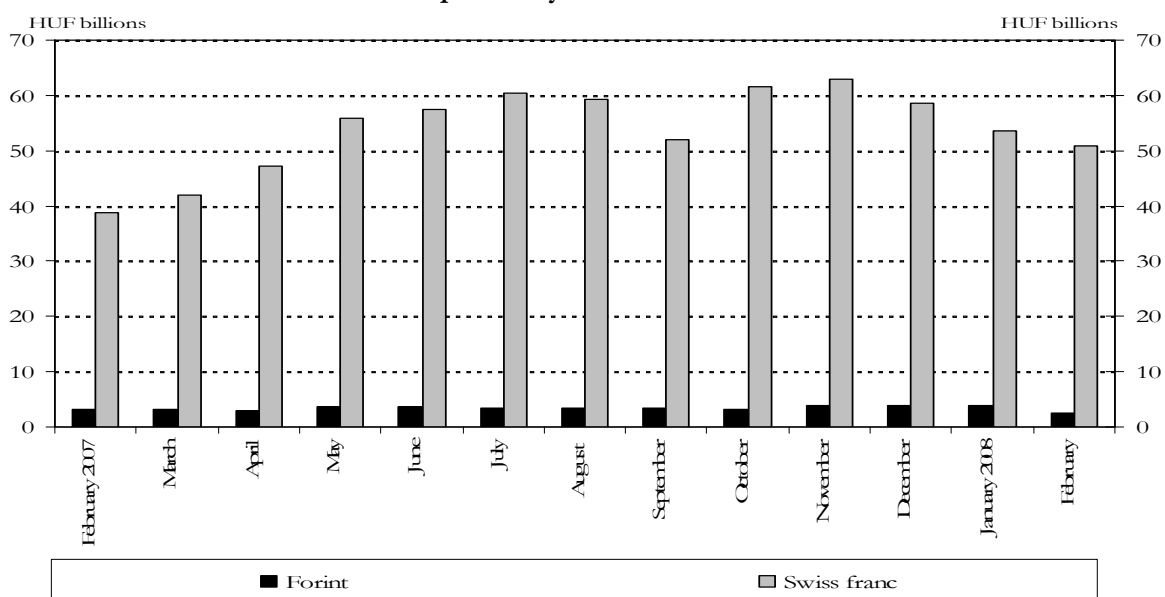
The average APR on forint-denominated mortgage loans for consumption with floating interest rates or with up to one year initial rate fixation rose by 101 basis points to 16.15%. The average APR on euro-denominated loans was up by 114 basis points to 10.20%, while on Swiss franc-denominated loans it increased by 42 basis points to 7.77%.

Chart 6: New forint and Swiss franc-denominated personal loans and mortgage loans for consumption with floating interest rates or with up to one year initial rate fixation



Following the continuous decline typical of the past three months, the value of new Swiss franc-denominated consumer loans⁵ increased by HUF 3.3 billion to HUF 66.4 billion.

Chart 7: New forint and Swiss franc-denominated housing loans with floating interest rates or with up to one year initial rate fixation

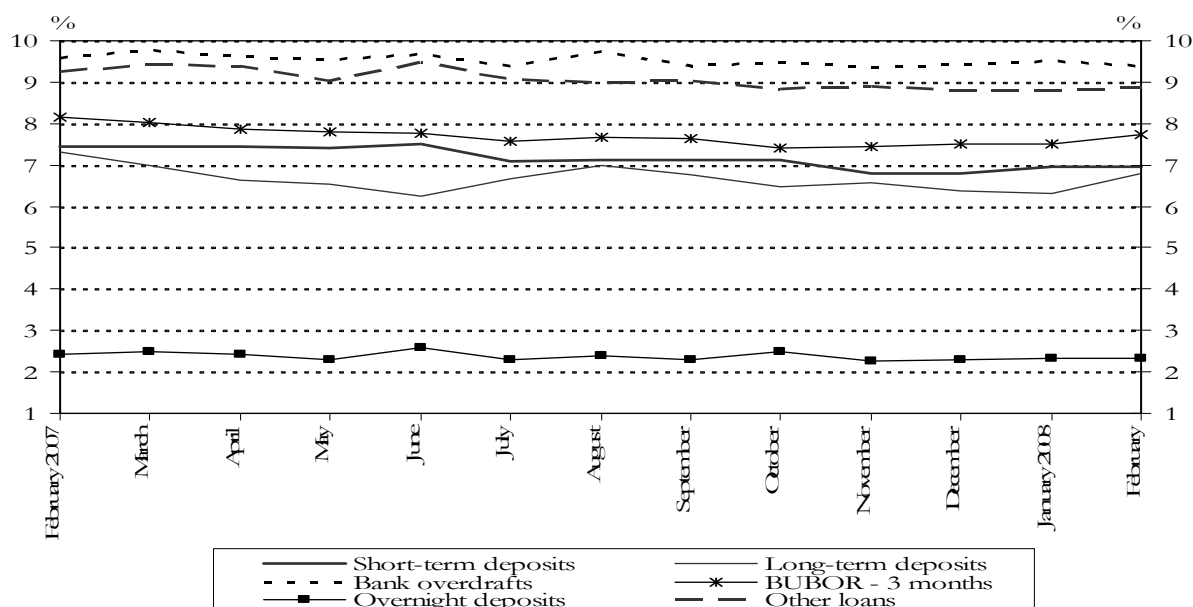


The value of new Swiss franc-denominated housing loans amounted to HUF 50.8 billion, falling again after the decline observed in the last two months, to a value lower by HUF 2.8 billion compared to the previous month.

2. Non-financial corporations

2.1. Forint loans and deposits

Chart 8: Monthly average forint borrowing and deposit rates of non-financial corporations and the BUBOR



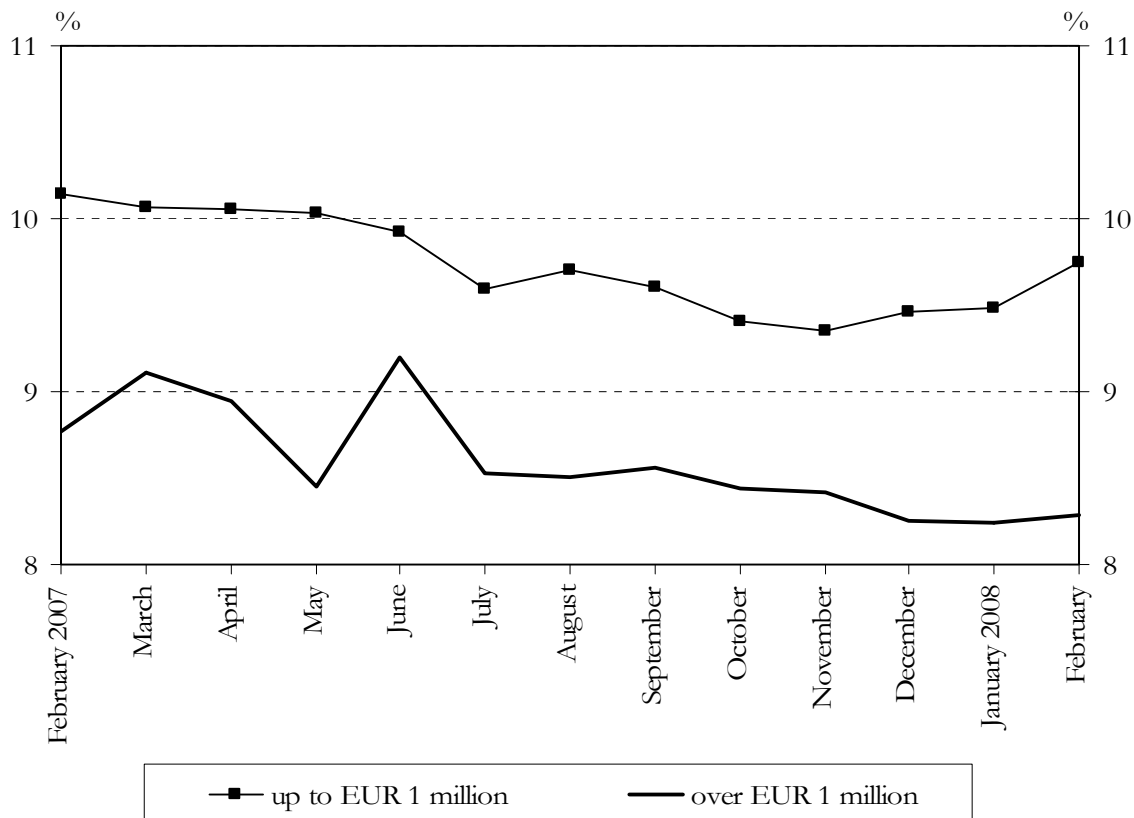
Average interest rates on non-financial corporations' forint-denominated loans hardly changed in February. The average interest rate on overdrafts and that on loans other than overdrafts amounted to 9.40% and 8.88%, respectively. The amount of other new loans with floating

⁵ Swiss franc-denominated consumer credit includes only personal loans and mortgage loans for consumption.

interest rates or with up to one year initial rate fixation, excluding overdrafts, declined by HUF 10.7 billion to HUF 134.5 billion.

Average interest rates on non-financial corporations' overnight deposits and on deposits with an agreed maturity of up to one year remained unchanged in February as well, standing at 2.32% and 6.95%, respectively. The average interest rate on deposits with an agreed maturity of over one year increased by 49 basis points to 6.80%. The value of new time deposits was HUF 1820.3 billion.

Chart 9: Average forint borrowing rates of non-financial corporations by loan amount

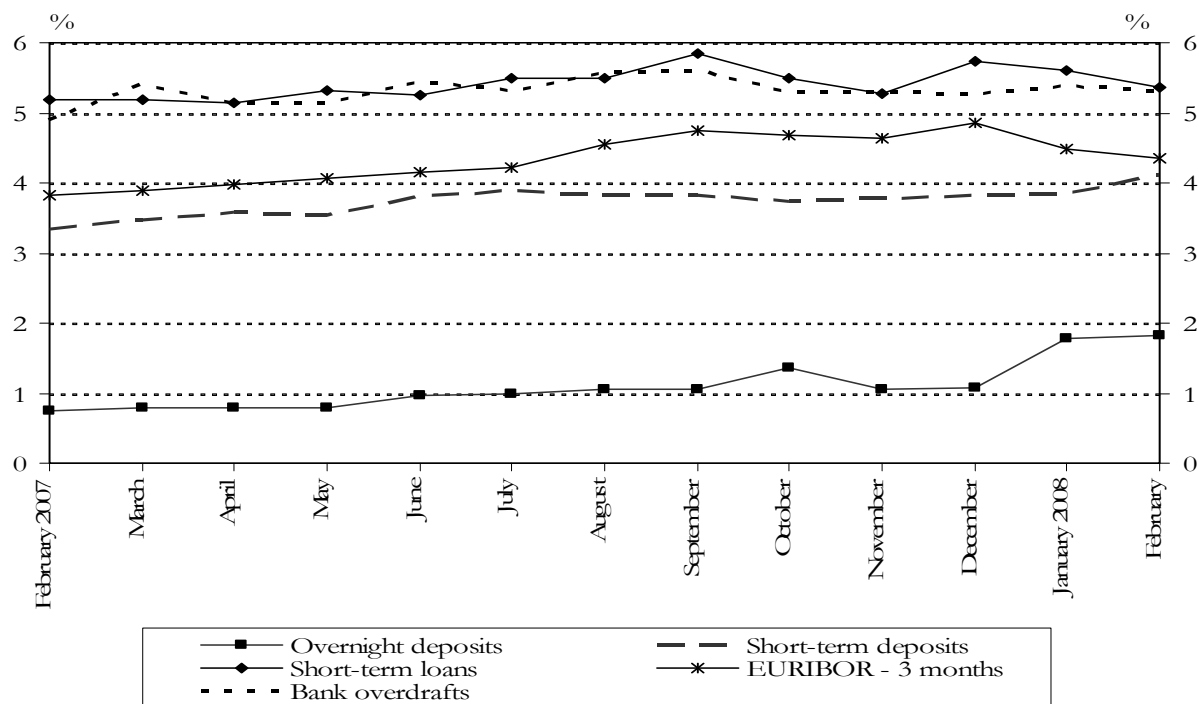


In February, the average interest rate on forint loans provided to non-financial corporations up to the equivalent of EUR 1 million,⁶ excluding overdrafts, increased by 27 basis points to 9.75%, while that on loans over the equivalent of EUR 1 million rose by 4 basis points to 8.28%.

⁶ The interest rates only refer to forint loans. Loans denominated and recorded in forints are converted into euros retrospectively, at the MNB's middle exchange rate for the last day of the month. Conversion is important to make Hungarian data comparable with those of the European Central Bank and euro area Member States.

2.2. Euro loans and deposits

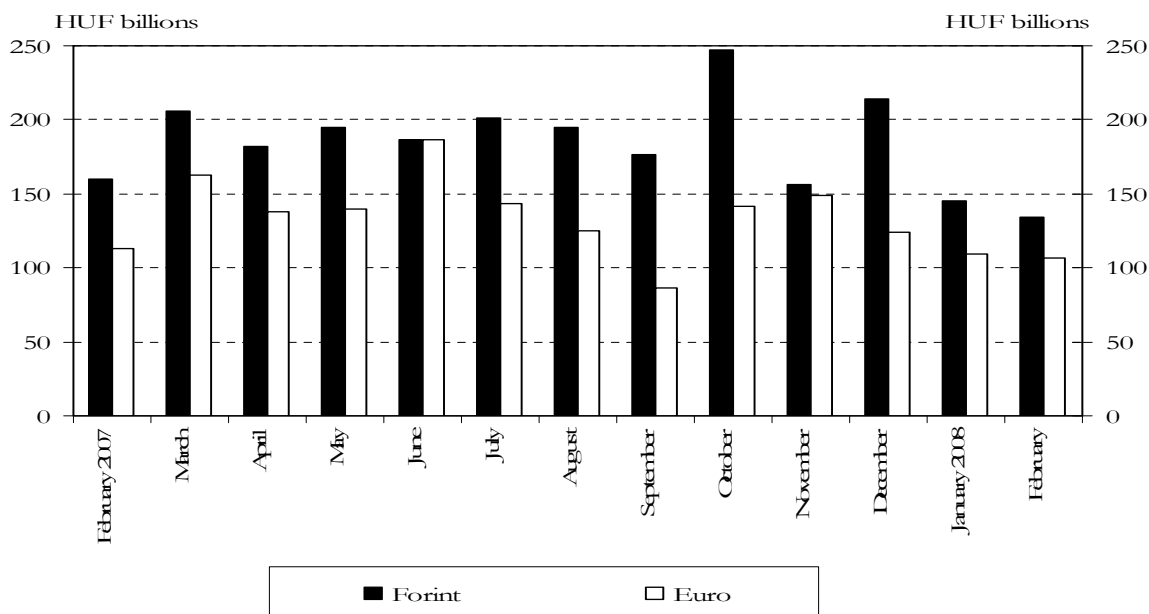
Chart 10: Monthly average forint borrowing and deposits rates of non-financial corporations and the EURIBOR



In February, the average interest rate on euro-denominated overdrafts was 5.32%. The average interest rate on loans with floating interest rates or with up to one year initial rate fixation, other than overdrafts, declined by 24 basis points to 5.36%. The average interest rate on overnight deposits was 1.83%. The average interest rate on deposits with an agreed maturity of up to one year was 4.11%, exceeding the value for the previous month by 26 basis points.

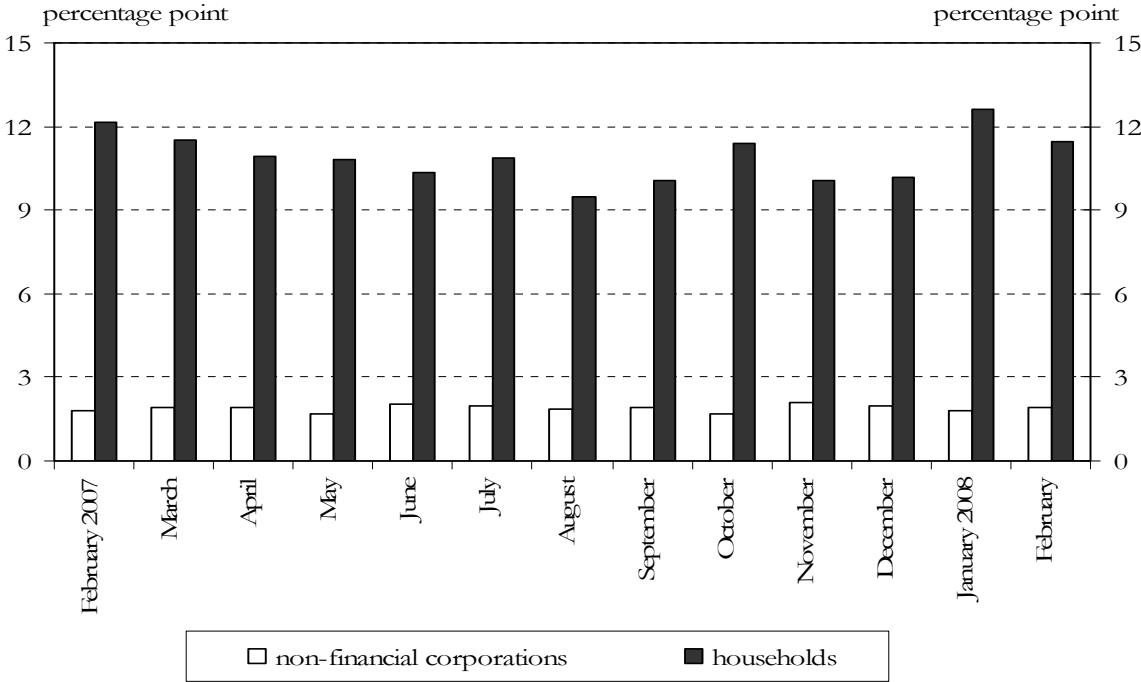
The amount of new euro loans with floating interest rates or with up to one year initial rate fixation, excluding overdrafts, has been declining since December 2007, standing at HUF 106.3 billion in February. The amount of new euro deposits with an agreed maturity of up to one year increased by HUF 131.3 billion to HUF 847.7 billion, continuing the growth observed in the previous month.

Chart 11: New loans to non-financial corporations with floating interest rates or with up to one year initial rate fixation



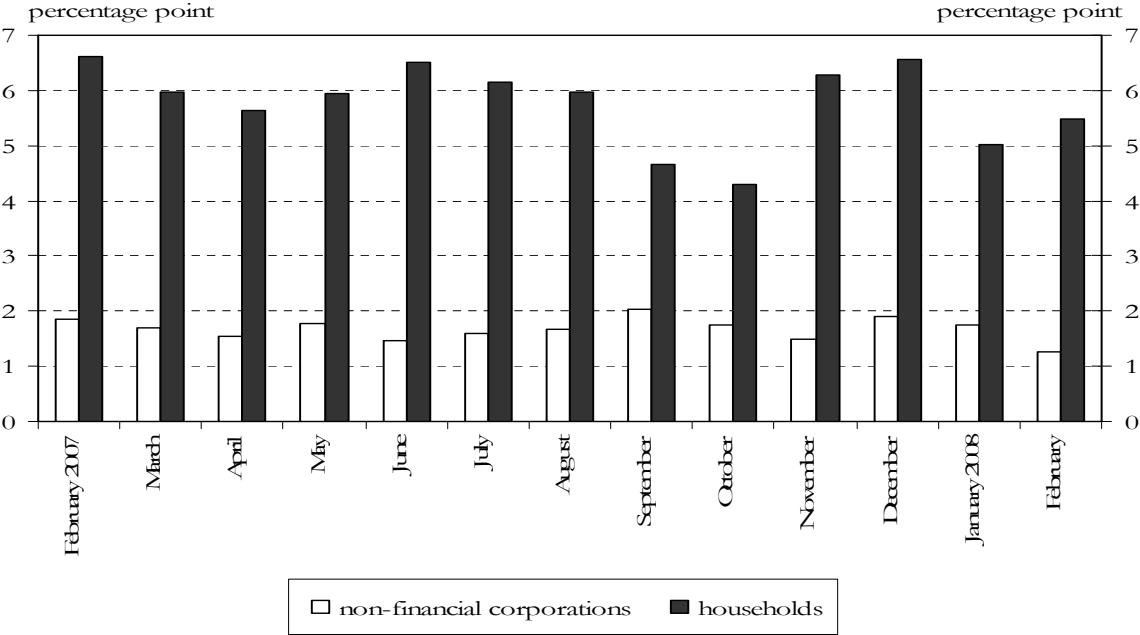
3. Differentials between loan and deposit rates

Chart 12: Differential between forint borrowing and deposit rates



In the household market, the differential between average interest rates on forint consumer credit and on forint deposits with an agreed maturity of up to one year was 11.45 percentage points in February. At short maturities, which account for a significant share within NFC sector loans and deposits, the gap between average interest rates was 1.94 percentage points.

Chart 13: Differential between euro borrowing and deposit rates



In the household market, the difference between the average interest rates on euro-denominated consumer credits with floating interest rates or with up to one year initial rate fixation and on euro deposits with agreed maturity up to one year amounted to 5.47 percentage points. The difference between average interest rates on non-financial corporations' euro denominated loans

with floating interest rates or with up to one year initial rate fixation and on euro deposits with agreed maturity up to one year was 1.25 percentage points.

4. Interbank unsecured forint loans

Chart 14: Average official and forint interbank rates in February 2008

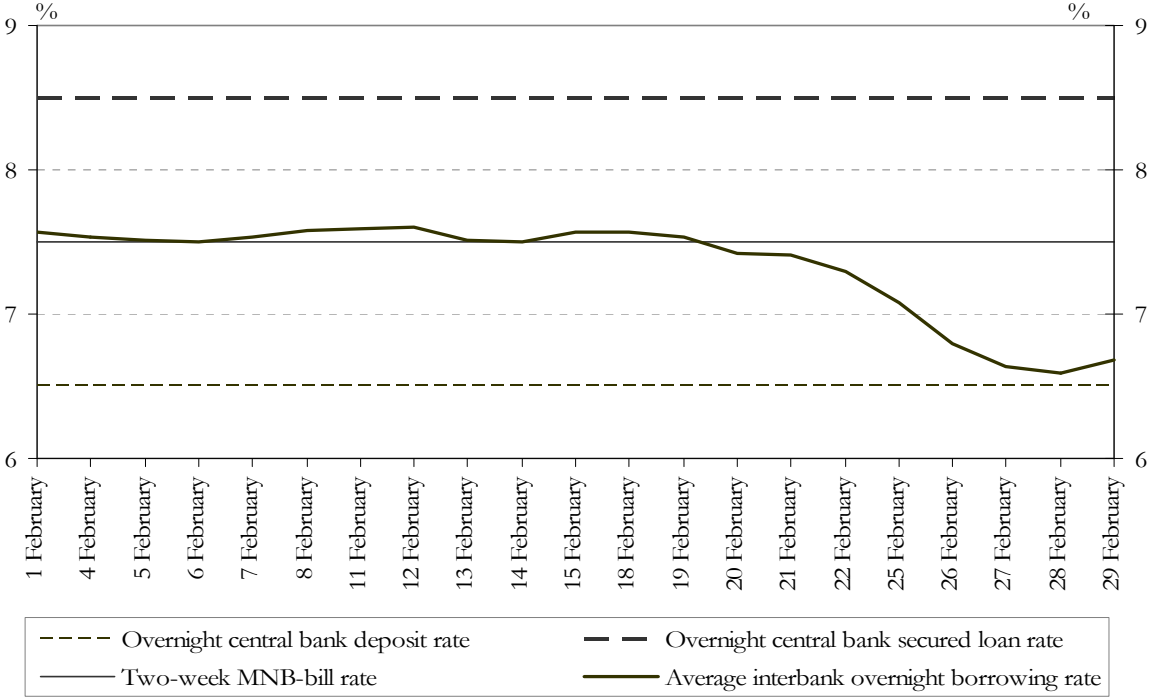
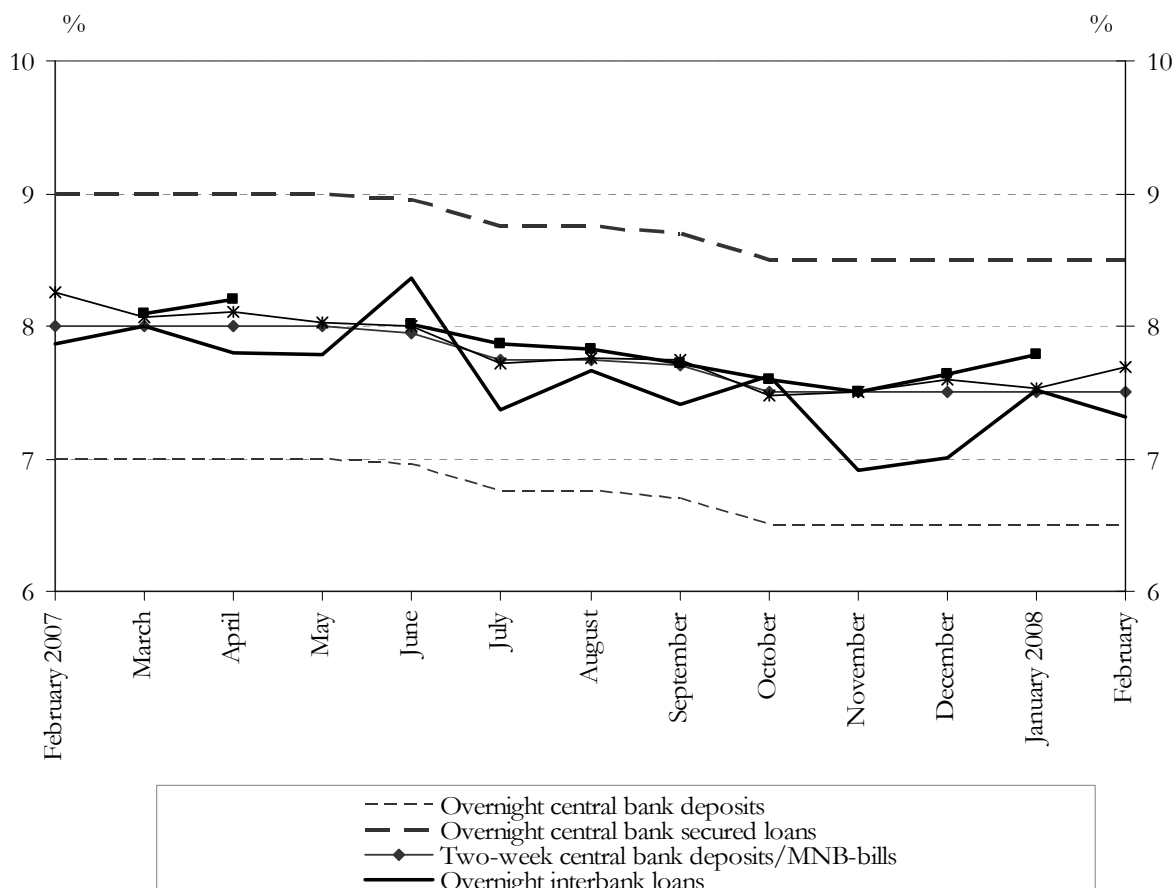


Chart 15: Average official and forint interbank rates



In February 2008, the turnover in the forint interbank market declined by HUF 332.9 billion to HUF 2690.7 billion. The average overnight interbank lending rate, weighted by the total value of transactions, declined by 20 basis points to 7.32%, while that on loans provided for one month rose by 16 basis points to 7.69%. No interbank loan was provided for three months in this month.

Interbank rates for the days of the month are published daily by the MNB on the REUTERS pages. The daily average interest rates on overnight interbank forint loans are available on the MNB's website as well:

http://www.mnb.hu/Resource.aspx?ResourceID=mnbfile&resourcename=on_bankkoz_i_adatok

Details of average interest rates and the amounts of new loans and deposits in the reference month which the MNB uses to calculate average interest rates as well as interest rates, weighted by month-end stocks, are available on the Bank's website at:

http://english.mnb.hu/engine.aspx?page=mnbstatistikai_idosorok

IX. Money and capital markets

MAGYAR NEMZETI BANK
STATISTICS

Methodological notes

2006. From 2006, the Bank has been using a sample technique to define the range of data providers, in order to reduce the cost burden on reporting institutions. The disaggregation of the reporting population into homogenous strata has served as a basis for setting the sample. As a result, the composition of reporting institutions has changed, with the number of data providers falling.

Generally, the change in the range of data providers has not influenced developments in average interest rates, except in the case of certain loan facilities (e.g. loans for house purchase with over 10 years initial rate fixation), where few data providers reported significantly different data in 2005. Here, the change in the range of reporting institutions has amplified the effect of changes in the composition of loans.

This press release includes, in addition to data on transactions in the forint interbank market, credit institutions' lending and deposit rates applied in their loan and deposit transactions with Non-financial corporations (S.11) and Households (S.14), as well as the aggregate amounts of new loans provided to and deposits accepted from the two sectors. The interest rate statistics also include data on non-profit institutions serving households (S.15) in addition to households. Furthermore, credit institutions also include building societies whose business is to accept deposits from households and non-financial corporations at low interest rates and to provide loans – mainly for house purchase – at below-market interest rates.

The average interest rates published in the press release are calculated in a multi-stage process. The different levels of aggregation are illustrated by the table below:

Levels of aggregation (i.e. of calculating averages)	Stages of aggregation (calculation of averages)	Who aggregates?
4	Average interest rate calculated for data providers	Magyar Nemzeti Bank
3	Average interest rate on all products of data provider (e.g. consumer credit)	data provider
2	Average interest rate on one product (e.g. hire purchase)	data provider
1	Interest rate agreed in contract	data provider

A change in the average interest rate is caused by a combination of a change in individual interest rates and the composition of loans. In the press release, mention is made of the effect which has more weight in changes in average interest rates (interest rate change or composition effect).

The above table also shows that interest rates reported to the MNB are averages, and, therefore, the MNB is only able to segregate the effects of interest rate changes or composition changes for average interest rates by data providers individually. Consequently, an interest rate change derived at the highest level of aggregation only means that (provided that there is no supplementary information available for the MNB) a change in the banking sector's average interest rate has been caused by a change in average interest rates at data providers individually. However, individual data providers' average interest rates may also change as a result of composition effects, i.e. because there has been a shift in the percentage shares accounted for by the various facilities and/or within the individual facilities. Generally, the MNB has no information on the size of a composition effect or actual interest rate change occurring at individual data providers.

In the time series downloadable from the MNB's website, consumer credit is further broken down by purpose:

- Personal loans,
- Car purchase loans,
- Mortgage loans for consumption,⁷
- *Loans for purchase of goods or other.*⁸

The differences between interest rates in this press release are calculated from data before rounding. Consequently, the differences may differ from those derived from rounded interest rates published.

The conclusions regarding interest rate trends are based on trend data from the Demetra Tramo/Seats seasonal adjustment programme.

Charts 1 and 3

a) Average interest rates on consumer credit, housing loans and other loans refer to new contracts. By contrast, interest rates on overdrafts refer to end-of-month stocks. Consequently, the Bank uses the total amount of new loans and the end-of-month stocks as weights to calculate average interest rates on the first three categories of loans and overdrafts, respectively. Average interest rates do not include those on non-performing loans.

b) Other loans include, among others, sole proprietors' entrepreneurial loans as well as non-consumer and loans for purposes other than house purchase.

c) In addition to interest rates on consumer credit and other loans, the Bank also publishes the APR expressing total costs of consumer credit and housing loans of the household sector. The method underlying the calculation of the APR published by the MNB is identical to that defined by Government Decree No. 41/1997, and it is applicable to all types of consumer credit and housing loans, irrespective of maturity.

d) The weighted average interest rate on housing loans includes data on housing loans whether they are provided under market conditions or subsidised. The interest rate on state-subsidised loans also includes the extent of state subsidy. Data providers adjust the averages of assets-side subsidised interest rates by adding the amount of government subsidy to the interest rate charged to customers. In the case of liabilities-side subsidised loans, the difference between the reference yield on government securities, nearest to the term of the loan, and the interest rate on funds borrowed in the interbank market is added to the interest rate charged to customers. Consequently, interest rates on housing loans also depend on variations in money and capital market interest rates.

Charts 3, 4, 5 and 10

Since January 2003, contractual data on loans have been broken down by initial interest rate fixation instead of original maturity. Interest rate fixation refers to the period for which the interest rate is fixed in loan contracts. All floating rate loans and those fixed interest loans, for which the interest rate is fixed for up to 1 year in the original contracts, are classified into the category 'Floating rate or up to one year initial rate fixation'.

Charts 2 and 3

Average interest rates on time deposits are calculated using the total amount of new loans as weight, while those on overnight deposits are calculated using end-of-month stocks as weights. Time deposits are classified into the various categories on the basis of original maturity.

Chart 4

⁷ The Bank has been collecting data on forint, euro and Swiss franc mortgage loans for consumption since January 2005.

⁸ The Bank collects data only on forint instalment loans and other consumer credit.

Annualised interest rate is an indicator which takes into account the frequency of interest payment. If interest was paid only once a year, the annualised interest rate would be equal to the agreed interest rate. However, in the case of the majority of loan and deposit contracts, interest is paid more often than once a year, so the annualised interest rate slightly exceeds the agreed interest rate. If interest was paid with a frequency of less than a year, the annualised interest rate would be lower than the agreed interest rate.

For example, assuming monthly interest payments, the annualised interest rate calculated on the basis of a 10% p.a. interest rate is 10.5%, and 10.3% assuming semi-annual interest payments.

Charts 8 and 10

Average interest rates on time deposits are calculated using the total amount of new loans as weight, while those on overnight deposits are calculated using end-of-month stocks as weights. Consequently, loans excluding overdrafts are weighted by the amounts of new loans, while overdrafts are weighted by end-of-month stocks to calculate average interest rates. Average interest rates do not include those on non-performing loans.

Chart 9

Forint-denominated loans are converted into euros at the MNB's middle exchange rate for the last day of the month. The interest rates only refer to forint loans. Consequently, loans denominated and recorded in forints are converted into euros retrospectively.

Chart 15

From 9 January 2007, the central bank base rate is equal to the yield on the two-week MNB bill, as from that date the Bank has ceased to accept two-week central bank deposits, replacing the facility with the two-week MNB bill as its main policy instrument.