

PRESS RELEASE

Household and non-financial corporate sector interest rates, interbank lending rates: April 2007

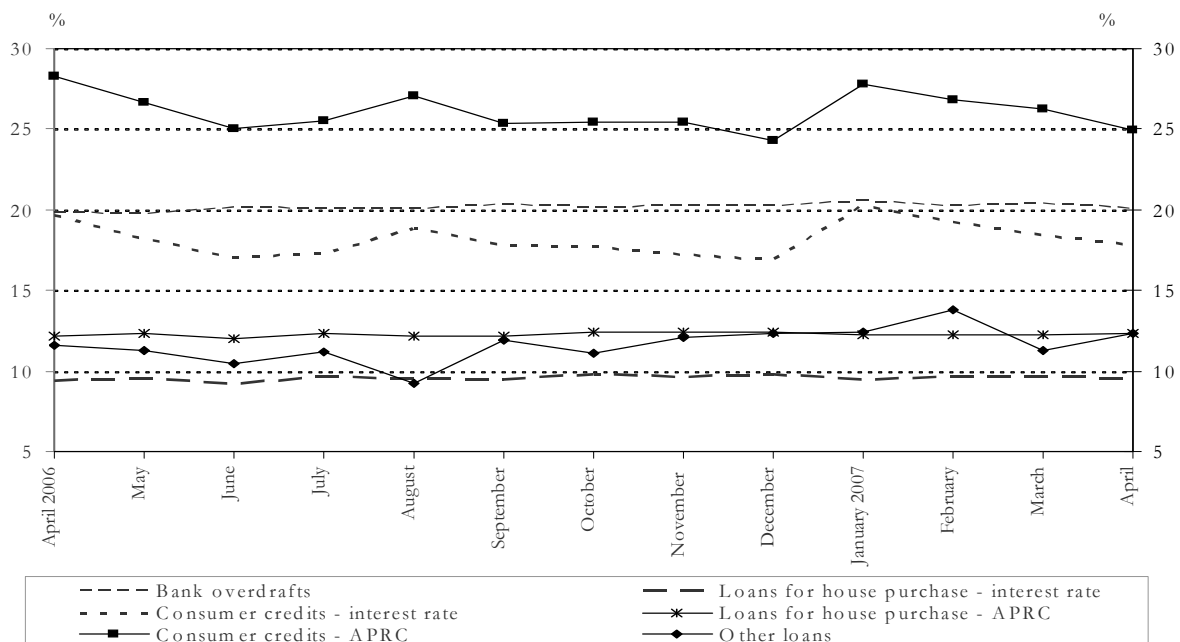
Average interest rates on forint-denominated household sector loans have remained largely unchanged in the past twelve months. The average interest rate on forint deposits with an agreed maturity of up to one year has continued to fall since January. The average interest rate on deposits with an agreed maturity of up to two years has been rising in the past one year. From its peak in March, it fell slightly in April. The value of the sector's new Swiss franc-denominated consumer credit rose to its highest level in April. After falling in January, the value of new Swiss franc-denominated housing loans has been rising in the past three months.

Average interest rates on non-financial corporations' forint-denominated loans and deposits have remained broadly unchanged since November 2006.

1 Households

1.1 Forint loans and deposits

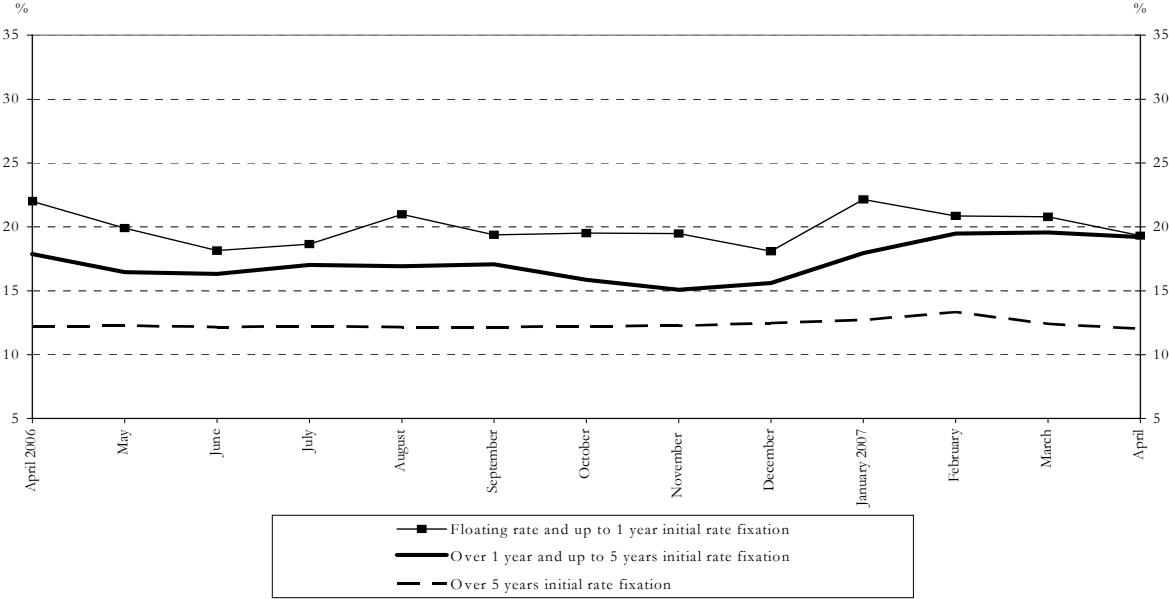
Chart 1 Monthly average interest rates and APR on forint loans to households



The average interest rate on the household sector’s overdrafts has been static in the past twelve months: it was 20.08% in April. The average market rate and APR on bank housing loans¹ were unchanged for the fourth consecutive month. The average interest rate was 9.58% and the APR was 12.30%. The average interest rate and the APR on consumer credit have been falling since February, after an increase in January. In April, the average interest rate was 17.78%, and the average APR was 24.96%. The average interest rate on other loans rose by 106 basis points to 12.31% in one month. The interest rate returned to the January 2007 level.

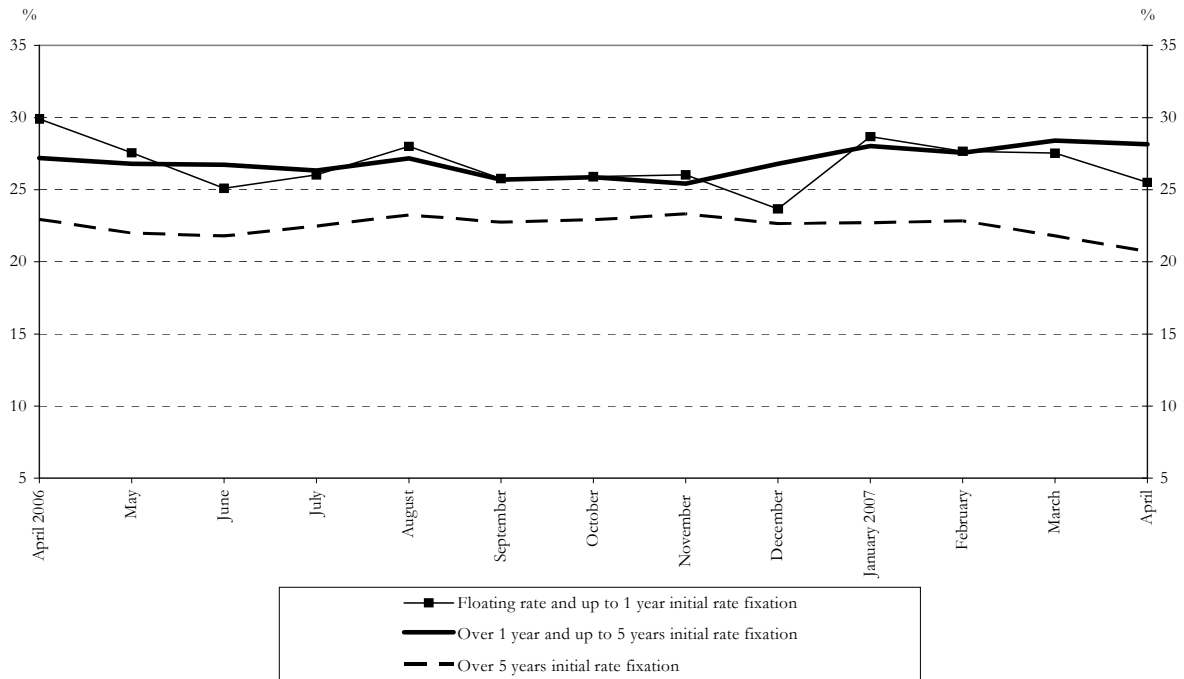
In April, the amounts of new consumer credit and housing loans increased slightly, while that of other credit fell. The value of new consumer credit was HUF 18.1 billion, that of housing loans was HUF 9.1 billion and that of other loans was HUF 6.5 billion.

Chart 2 Monthly average interest rates on forint consumer credit



1 This press release contains market interest rates and APR on bank loans for home 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 3 Monthly average APR on forint consumer credit



The average interest rates and the APR on consumer loans both have been little changed in the various rate fixation categories. The average interest rate on consumer loans rate with a floating interest rate or with up to one year initial rate fixation was 19.32% and the average APR was 25.51%. The average interest rate on consumer credit with over one and up to five years initial rate fixation was 19.22% and the average APR was 28.16%. The average interest rate on consumer credit with over five years initial rate fixation continued to fall. The interest rate was 12.02% and the APR was 20.72%, the lowest level in one year.

Chart 4 Monthly average interest rates on forint housing loans

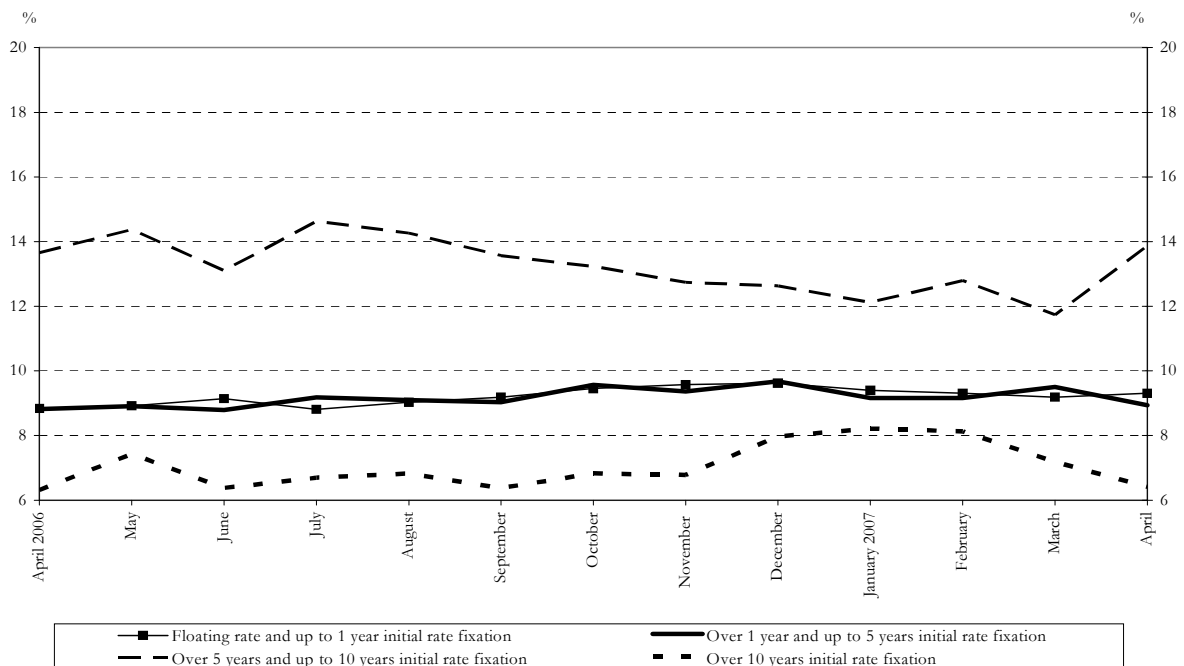
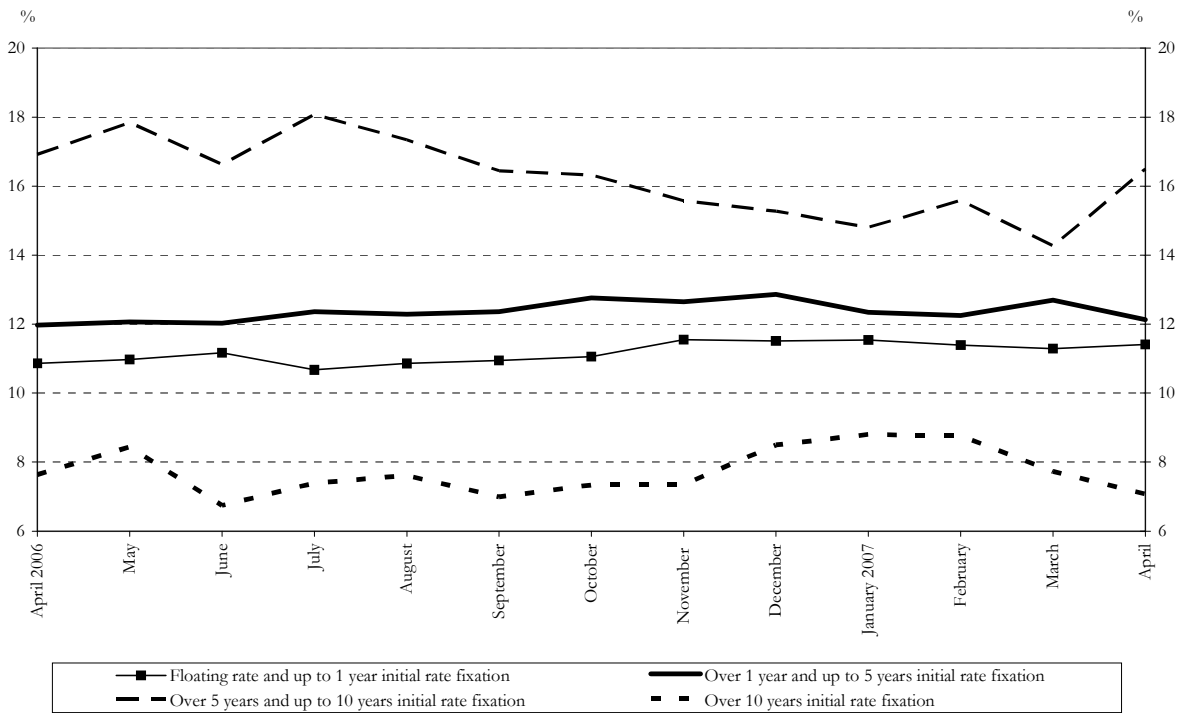
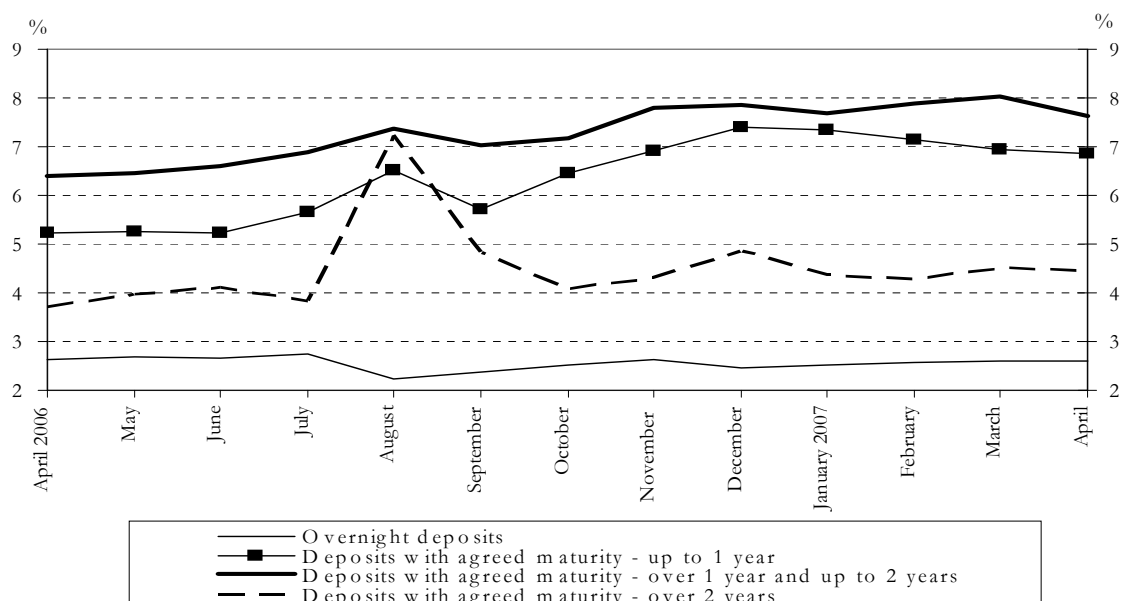


Chart 5 Monthly average APR on forint housing loans



The average interest rate and the APR on forint-denominated loans with a floating interest rate and or with up to one year initial rate fixation have changed little in the past one year: the average interest rate was 9.31% and the APR was 11.41%. The average interest rate and APR on loans with over one year and up to five years initial rate fixation also barely changed in the past twelve months: the former was 8.94% and the latter was 12.13%. The average interest rate on housing loans with over 5 and up to 10 years initial rate fixation rose, after falling to its lowest level of the previous one year in March. The average interest rate was 13.87% and the APR was 16.50%. The average interest rate and the APR on housing loans with over 10 year initial rate fixation have fluctuated in the same band in the past one year. In April, the average interest rate was 6.41% and the APR was 7.07%.

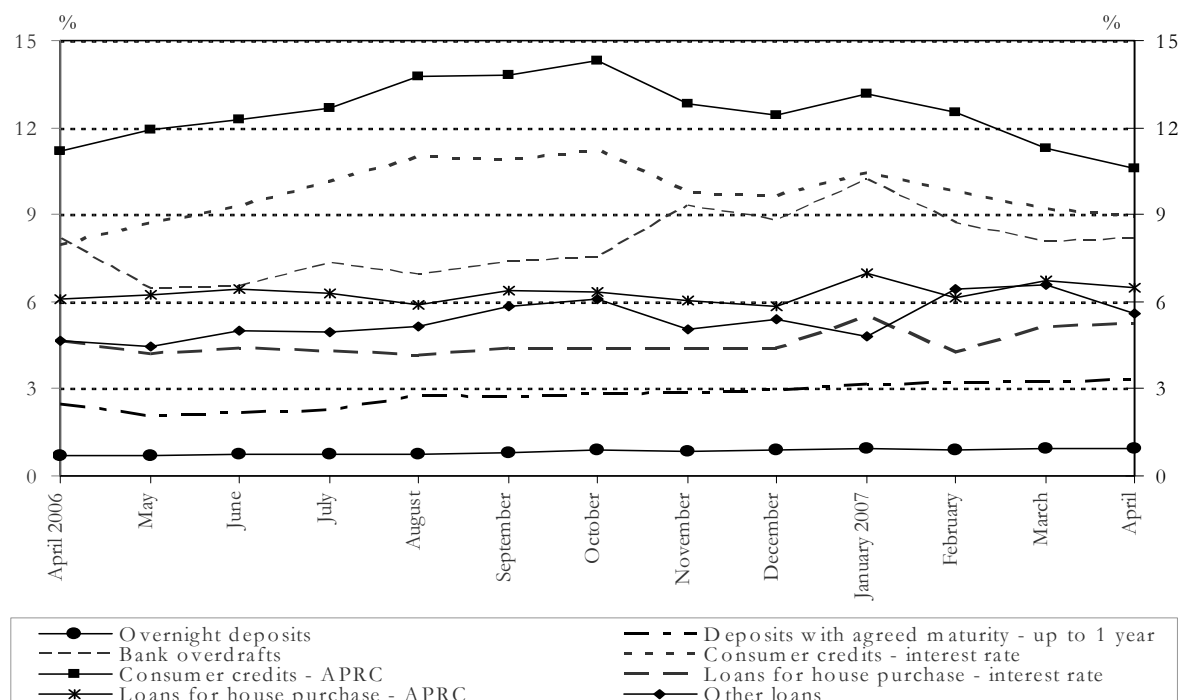
Chart 6 Monthly average interest rates on household forint deposits



The average interest rates on households' overnight deposits was 2.60% in April. The average interest rate on forint deposits with an agreed maturity of up to one year has been downwards slightly since January: it was 6.86% in April. The average interest rate on deposits with an agreed maturity of over one year and up to two years fell slightly to 7.64%, after rising to its highest level in March. The average interest rate on deposits with an agreed maturity of over two years remained unchanged at 4.46%. In April, the amount of new time deposits fell by HUF 87.6 billion to HUF 486.6 billion.

1.2 Euro loans and deposits

Chart 7 Monthly average interest rates and APR on euro loans to households and monthly average interest rates on household euro deposits²



The average interest rate on overdrafts remained unchanged at 8.17% in April. The average interest rate on housing loans with a floating interest rate or up to one year initial rate fixation remained unchanged at 5.26%, with the APR falling slightly to 6.50%. The average interest rate and the APR on consumer loans with a floating interest rate and on loans with up to one year initial rate fixation fell to below the level of the past twelve months. The interest rate was 8.95% and the APR was 10.58%. The average interest rate on other loans with a floating interest rate or with up to one year initial rate fixation has been rising slightly in the past twelve months: it was 5.58% in April.

The average interest rate on euro-denominated overnight deposits was 0.96%. The average interest rate on euro deposits with a maturity of up to one year has been falling slightly since October: it was 3.31% in April.

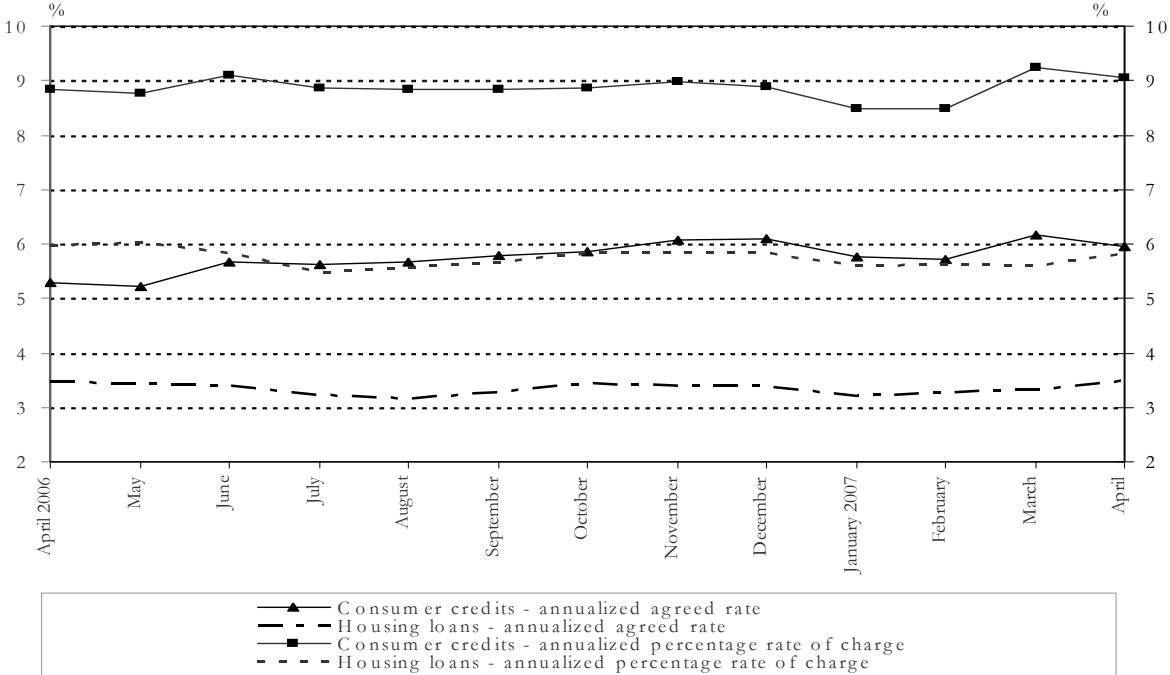
In April, the monthly amount of households' new euro deposits with an agreed maturity of up to one year rose by HUF 3.7 billion to HUF 147.3 billion. The amount of new euro-denominated loans³ fell by HUF 0.2 billion. The values of new loans changed little in the various types of loans.

² Chart 7 plots data on consumer credit, housing loans and other loans with a floating interest rate or with up to 1 year initial rate fixation.

³ The amounts of consumer, housing and other loans with floating interest rates or with up to one year initial rate fixation, excluding overdrafts.

1.3 Swiss franc-denominated consumer credit and housing loan rates

Chart 8 Average annualised agreed rates and APR on Swiss franc consumer credit and housing loans with floating interest rates or with up to one year initial rate fixation⁴



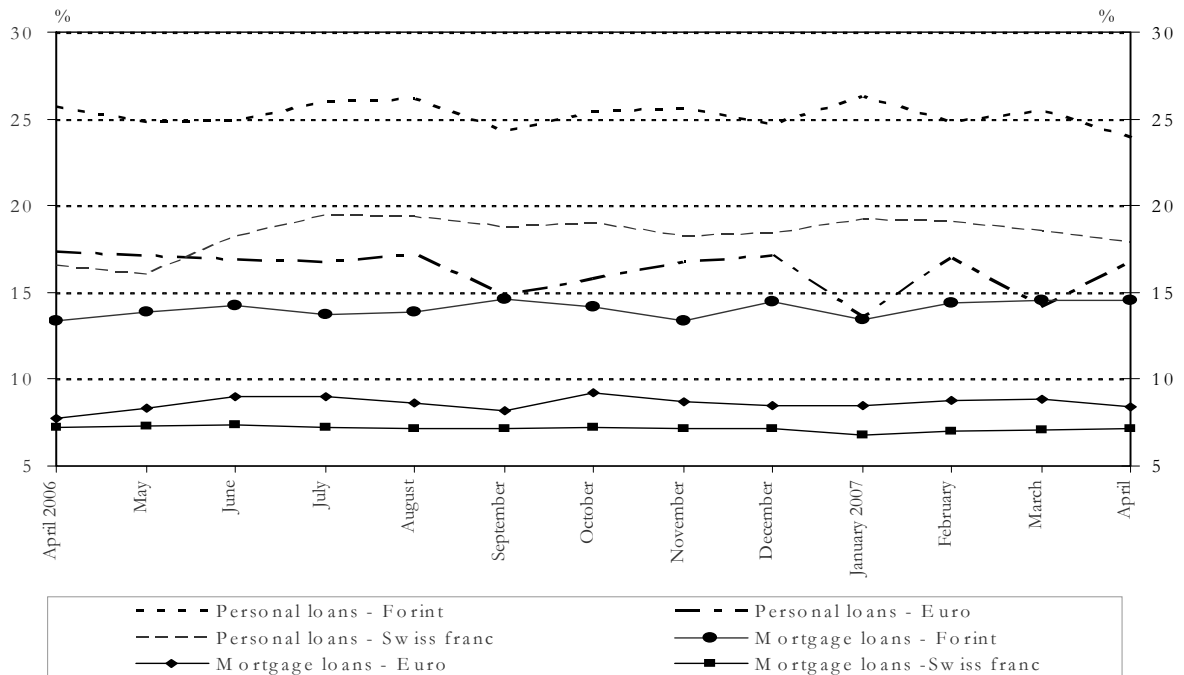
The average interest rate on Swiss franc-denominated consumer loans with floating interest rates or with up to one year initial rate fixation has been unchanged in the past twelve months, while the APR has risen slightly. The average interest rate was 5.95% and the APR was 9.06%.

The average interest rate and the APR on Swiss franc-denominated housing loans with floating interest rates or with up to one year initial rate fixation have changed little in the past one year: the former was 3.49% and the latter was 5.83%.

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 households' forint, euro and Swiss franc-denominated loans

Chart 9 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 personal loans and mortgage loans of households has been almost unchanged across the three different denominations in the past twelve months. Consequently, the higher interest rates on foreign currency loans remained. The average APR on forint personal loans with floating interest rates or with up to one year initial rate fixation was 23.96% in April. The APR on euro-denominated personal loans was 16.78% and the APR on Swiss franc personal loans was 17.85%. The average APR on forint mortgage loans with floating interest rates or with up to one year initial rate fixation was 14.52%, that on euro loans was 8.43% and that on Swiss franc loans was 7.14%.

Chart 10 New forint, euro and Swiss franc-denominated personal loans and mortgage loans for consumption with floating interest rates or with up to one year initial rate fixation

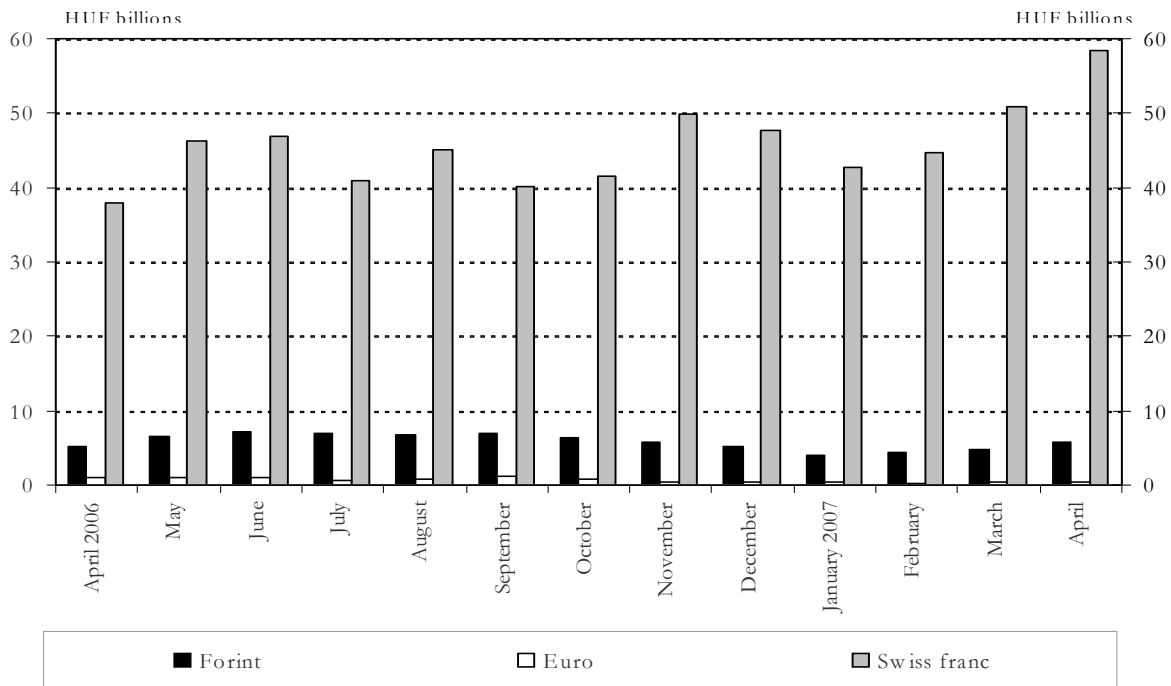
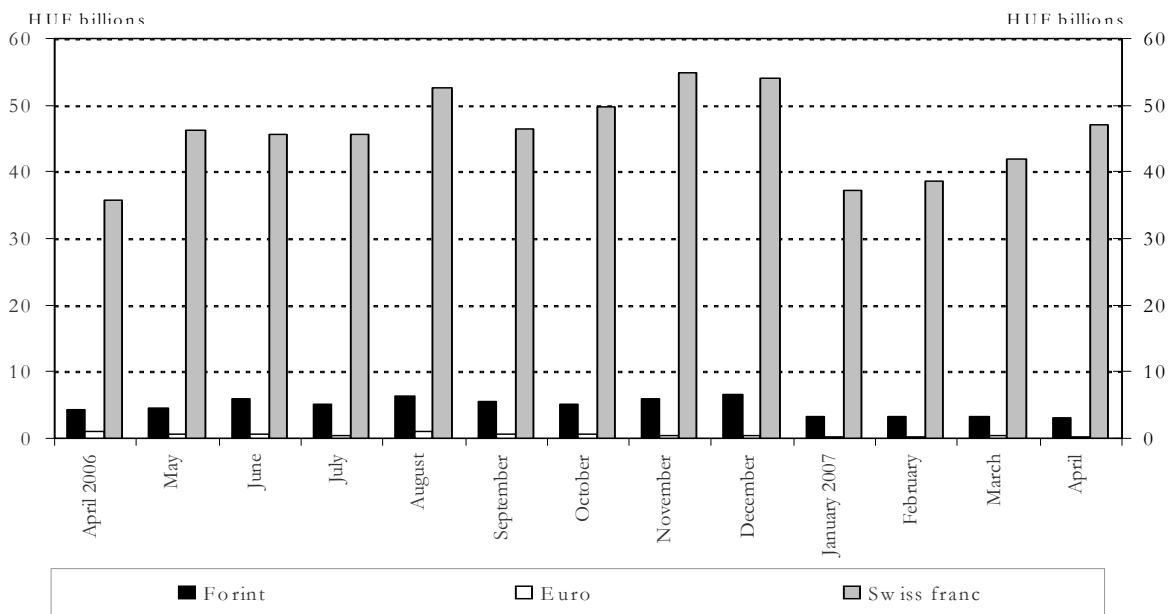


Chart 11 New forint, euro and Swiss franc-denominated housing loans with floating interest rates or with up to one year initial rate fixation

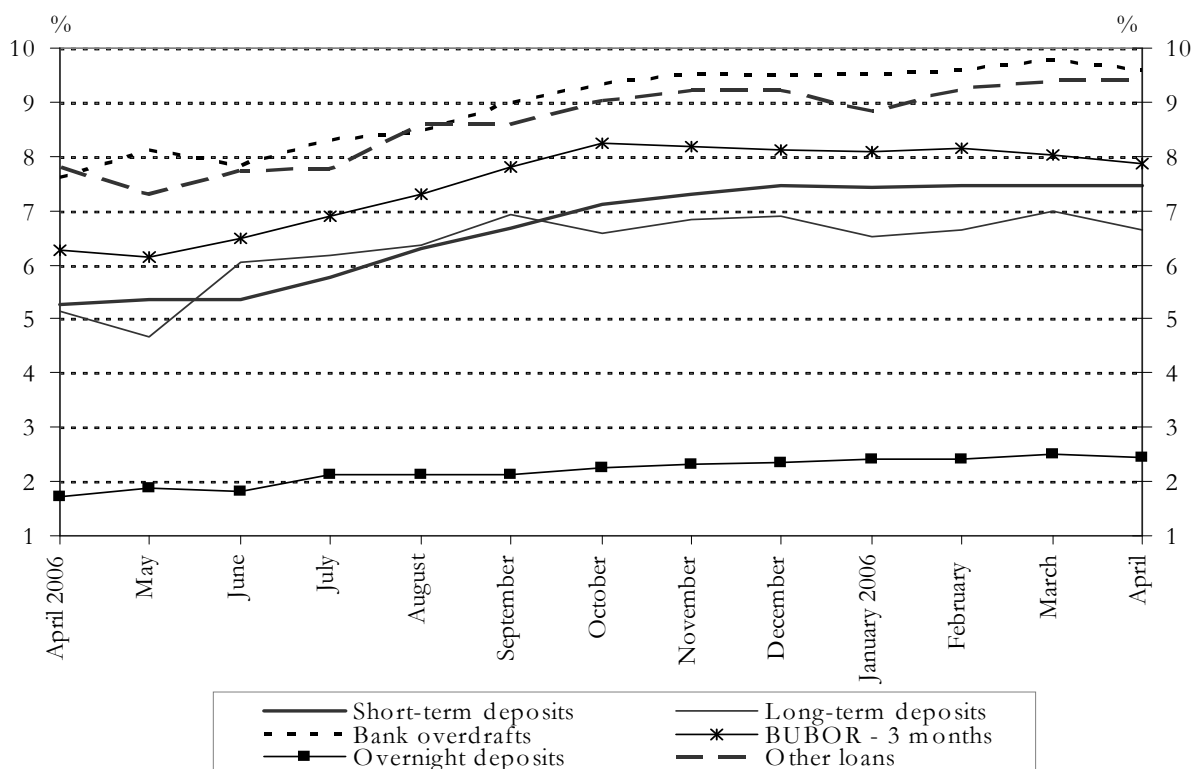


The values of new Swiss franc-denominated consumer loans and housing loans account for a dominant share within new contracts. In April, their value continued to rise. The value of new Swiss franc-denominated consumer credit was HUF 58.5 billion and that of housing loans was HUF 47.0 billion.

2 Non-financial corporations

2.1 Forint loans and deposits

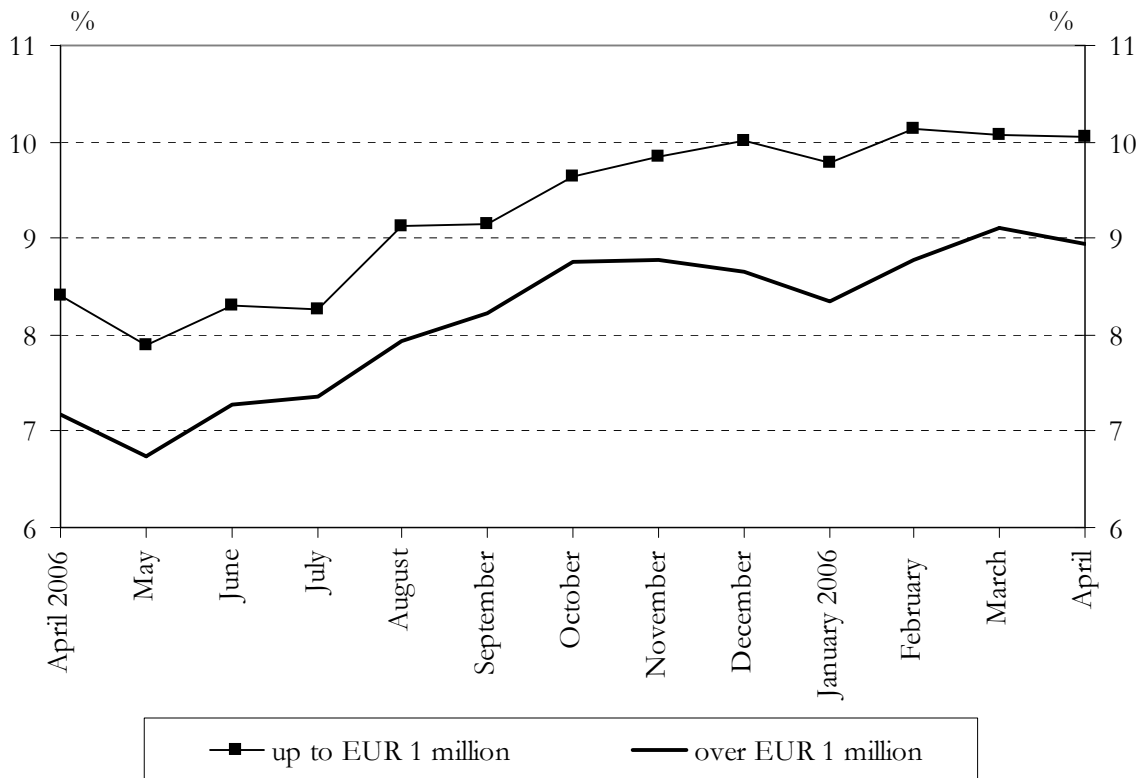
Chart 12 Monthly average forint borrowing and deposit rates of non-financial corporations and BUBOR



The average interest rates on non-financial corporations' forint-denominated loans follow the changes in official interest rates. Average borrowing rates have remained practically unchanged since the rise in the official interest rate in October 2006. In April, the average interest rate on non-financial corporations' forint-denominated overdrafts was 9.60% and that on loans other than overdrafts was 9.39%. The value of new loans with floating interest rates or with up to one year initial rate fixation, excluding overdrafts, fell by HUF 23.3 billion to HUF 182.1 billion.

The average interest rate on overnight deposits has been rising in the past twelve months: it was 2.44% in April. The average interest rate on deposits with an agreed maturity of up to one year was 7.45%, unchanged since December. The average interest rate on deposits with an agreed maturity of over one year returned to its level in February, after rising in March: it was 6.63% in April. The amount of new deposits with agreed maturity from non-financial corporations rose to HUF 1,494.9 billion, the highest level in the past 16 months.

Chart 13 Average forint borrowing rates of non-financial corporations by loan amount

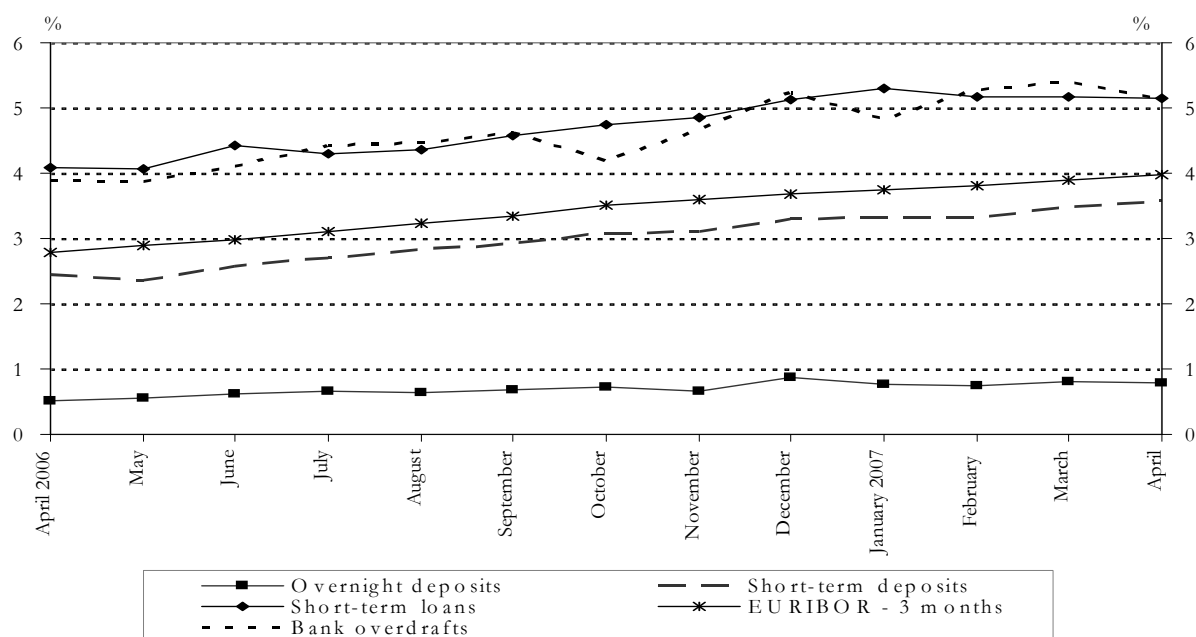


The average interest rate on loans to non-financial corporations up to the equivalent of EUR 1 million,⁵ excluding overdrafts, was 10.05%, remaining unchanged at the level of the previous month. The average interest rate on loans over the equivalent of EUR 1 million was 8.95%, remaining close to 9.0%.

⁵ 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. 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 14 Monthly average forint borrowing and deposit rates of non-financial corporations and EURIBOR

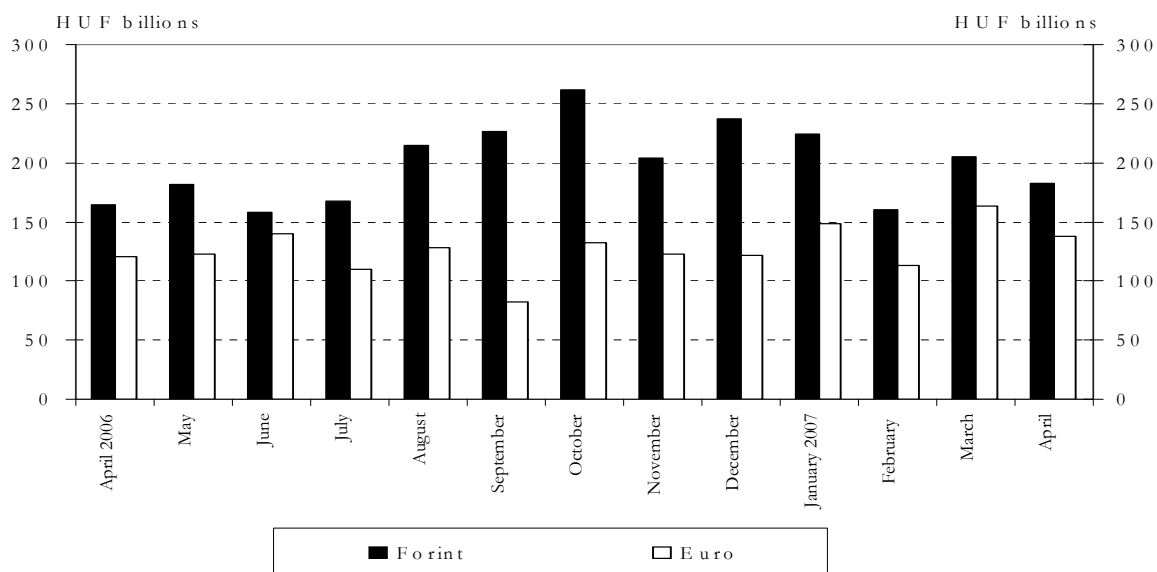


The average interest rate on loans with floating interest rates or with up to one year initial rate fixation, other than overdrafts, remained at the level of the previous two months, at 5.14%. The average interest rate on overdrafts rose by 26 basis points to 5.15%, returning near to the level in February.

The average interest rate on NFCs' euro-denominated overnight deposits was 0.78%, broadly the same as in the previous month. The slight upward trend of the average interest rate on deposits with an agreed maturity of up to one year over the past twelve months continued: it was 3.58% in April.

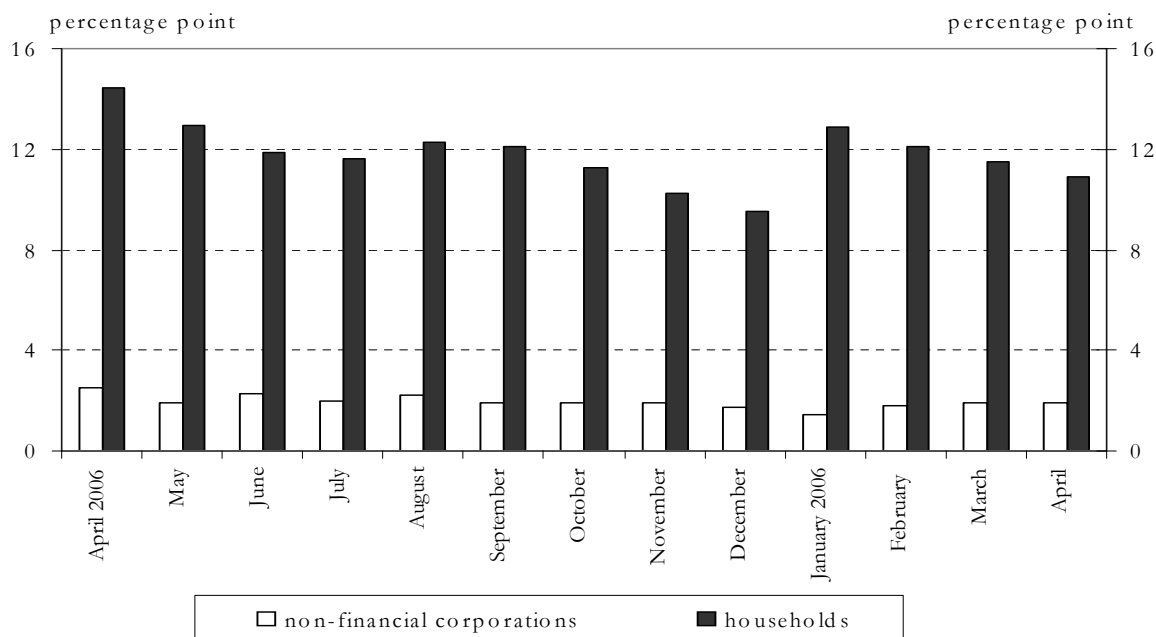
The amount of new loans with floating interest rates or with up to one year initial rate fixation, excluding overdrafts, fell by HUF 25.1 billion to HUF 137.8 billion. The amount of new deposits with an agreed maturity of up to one year rose by HUF 163.3 billion to HUF 1,003.3 billion.

Chart 15 New forint and euro-denominated loans to NFCs' with floating interest rates or with up to one year initial interest rate fixation



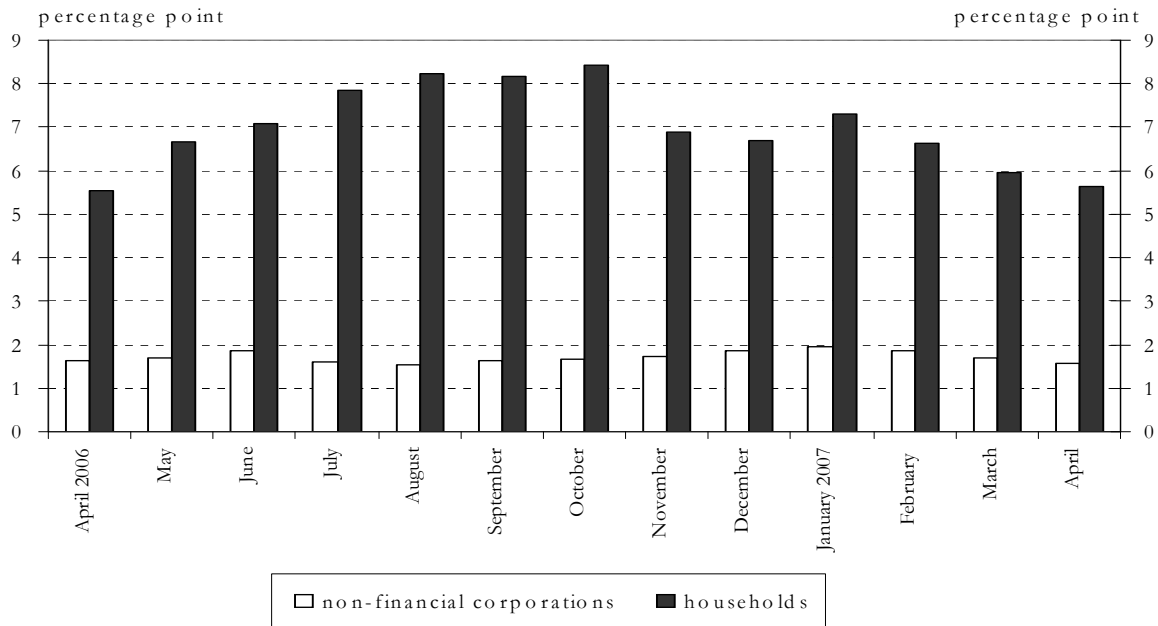
3 Differentials between loan and deposit rates

Chart 16 Differential between non-financial corporate and household sector forint borrowing and deposit rates



In the household market, the differential between average interest rates on consumer credit and on deposits with an agreed maturity of up to one year has fallen further since February, due to a drop in the average interest rate on consumer credit. In April, the differential was 10.92 percentage points. At short maturities, which account for a significant share within NFC sector loans and deposits, the gap between average interest rates was 1.92 percentage points, unchanged from March.

Chart 17 Differential between non-financial corporate and household sector euro borrowing and deposit rates



In the household market, the difference between average interest rates on euro-denominated consumer credit with floating interest rates or with up to one year initial rate fixation and on deposits with an agreed maturity of up to one year was 5.64 percentage points in April. 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 deposits with an agreed maturity of up to one year was 1.56 percentage points. The value of new euro-denominated loans is insignificant within household sector loans.

4 Interbank unsecured forint loans

Chart 18 Average official and forint interbank rates in March 2007

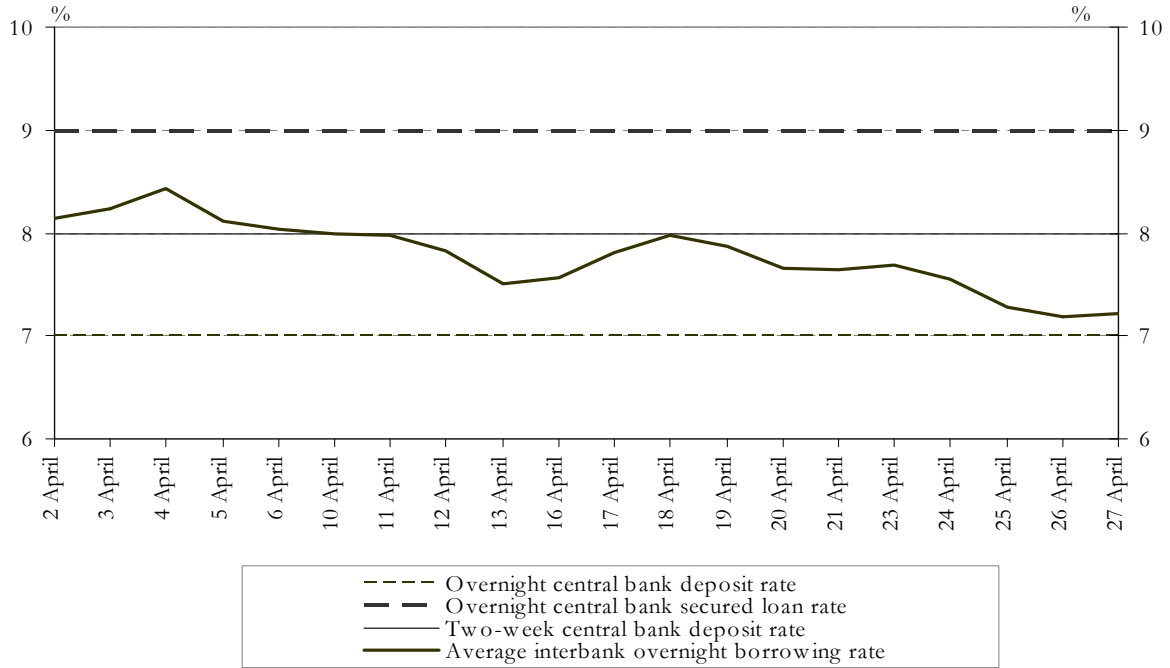
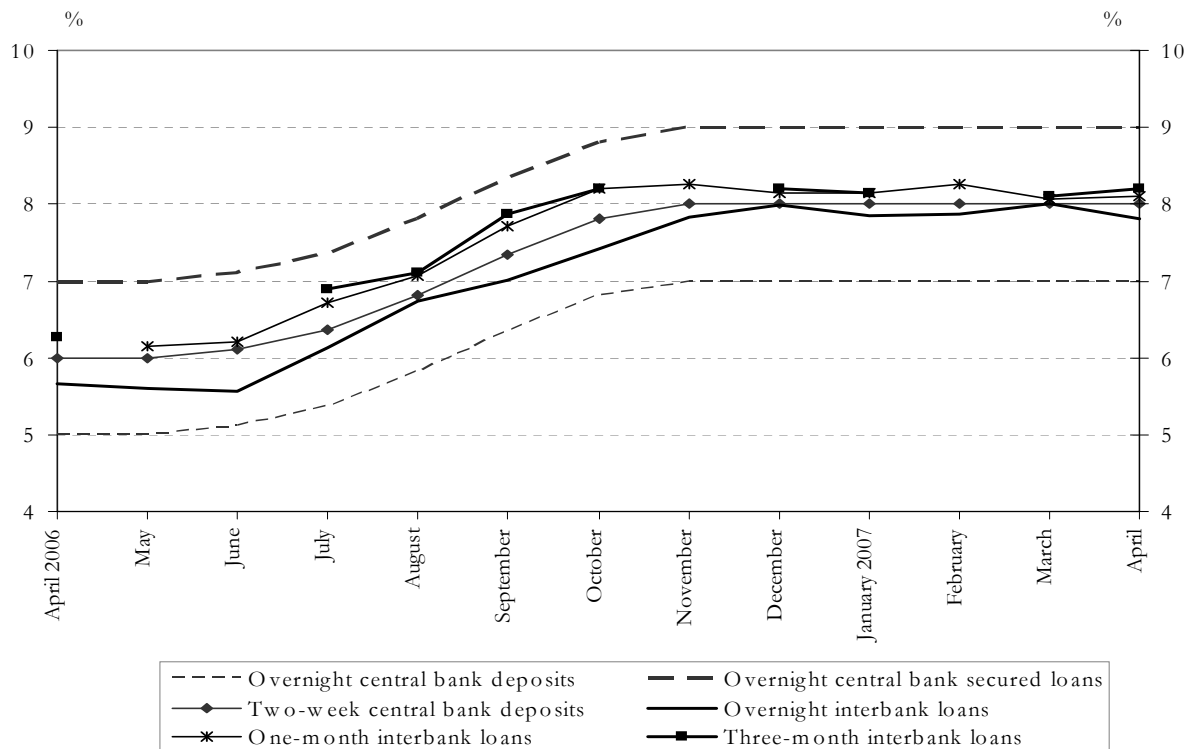


Chart 19 Average official and forint interbank rates



In April, turnover in the forint interbank market fell by HUF 942.0 billion to HUF 2,126.2 billion. The average overnight lending rate, weighted by the total value of transactions, fell by 20 basis points to 7.80%. The average interest rate on loans provided for one month changed to 8.11% and that on interbank loans provided for three months to 8.20%.

Daily interbank rates are available on request at the MNB's Communications Department. In addition, 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=mnben_statisztikai_idosorok

IX. Money and capital markets

MAGYAR NEMZETI BANK
STATISTICS

Notes to the press release charts

From 2006, the Bank has been using a sampling 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 may be 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 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,⁶
- Loans for purchase of goods or other⁷

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.

Charts 1 and 7

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 on 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.

Charts 2, 3, 4, 5, 7, 8, 9, 14

Contractual data on loans are 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 one year in the original contracts, are classified in to the category 'Floating rate or up to one year initial rate fixation'.

Chart 5

a) The weighted average interest rate on housing loans include data on home loans whether they are provided under market conditions or subsidised. Interest rates on loans subsidised by the government include the amount of the 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, 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.

b) From January 2003, contractual data on loans are 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 a loan contract. All floating rate loans and those fixed interest loans, for which the

⁶ The Bank has been collecting data on forint, euro and Swiss franc equity loans since January 2005.

⁷ The Bank collects data only on forint instalment loans and other consumer credit.

interest rate is fixed for up to one year in the original contracts, are classified in to the category 'Floating rate or up to one year initial rate fixation'.

c) In the case of housing loans with a maturity of over 10 years, the change in the method of selecting data providers, which was introduced in January 2006, had a significant impact on the average interest rate and the APR. As a result of the change in methodology, the weight of building societies decreased significantly in the case of this facility which is offered by rather few banks. The higher average interest rate published from January 2006 provides a more realistic picture of market conditions because building society loans offered at a 6% interest rate are more difficult to obtain than the more expensive facilities offered by the banks.

Charts 6 and 7

Average interest rates on deposits with agreed maturity 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. Deposits with agreed maturity are classified into the various categories on the basis of original maturity.

Chart 8

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 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 12 and 14

Average interest rates on deposits with agreed maturity 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 interest rates on non-performing loans.

Chart 13

The euro equivalent of forint loans is calculated using the MNB's central exchange rate for the last day of the month. The interest rates refer only to forint-denominated loans. Consequently, loans denominated and recorded in forints are converted into euros retrospectively.