

30 April 2008

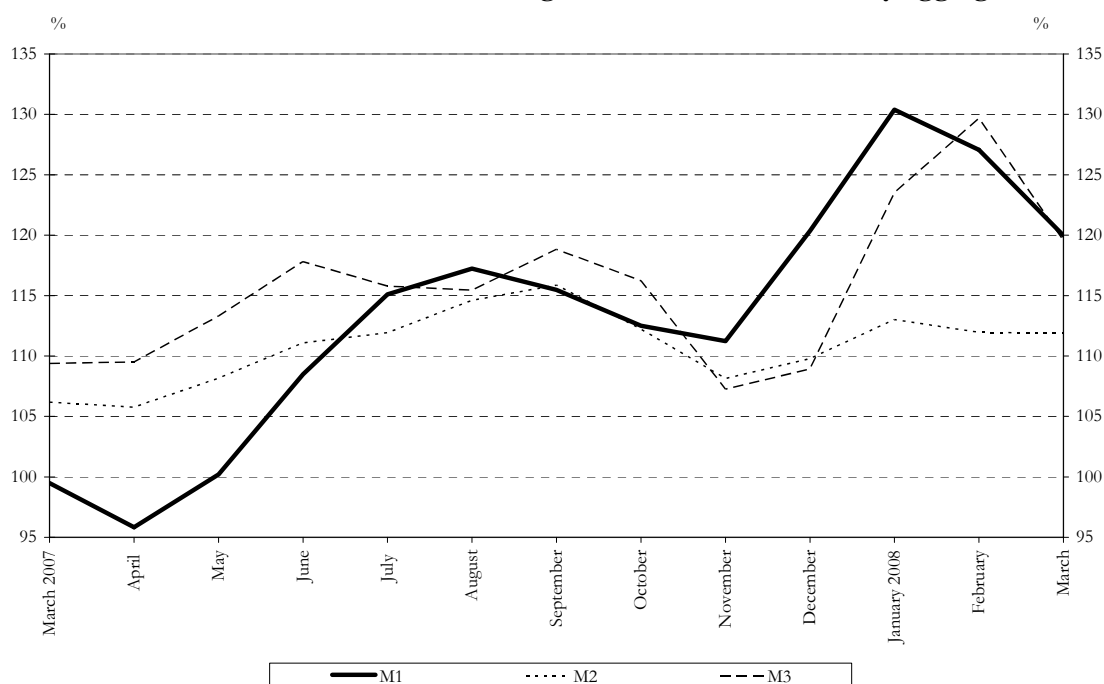
PRESS RELEASE

Consolidated balance sheet of MFIs March 2008

In March 2008, the monetary base rose by HUF 153.6 billion to HUF 3,076.2 billion. The annualised month-on-month growth index¹ of the monetary base (M0) stood at 117.1%, down 8 percentage points on the previous month.

The annualised month-on-month growth index of the monetary aggregate M1 fell by 7.1 percentage points to 120.0% and that of M2 by 0.1 percentage point to 111.9%. The annualised month-on-month growth index of M3, at 119.5%, was 10.2 percentage points lower than in the previous month.

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



The not seasonally adjusted stock of the monetary aggregate M3 rose by HUF 31.2 billion to HUF 14,687.5 billion.

The percentage share of M1 – which comprises currency outside monetary financial institutions and overnight deposits – rose from 42.7% to 43.7%, with its stock rising by HUF 162.5 billion. Within this figure, the stock of overnight deposits rose by HUF 132.2 billion to HUF 4,350.3 billion.

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

The percentage share of M2-M1 – a measure of deposits with an agreed maturity of up to two years – fell from 48.2% to 47.5%, the combined stock of M2-M1 falling by HUF 92.3 billion.

The percentage share of M3-M2 – comprising outstanding repos, money market fund shares and debt securities with maturities of up to two years – fell from 9.1% to 8.8%. The combined stock of M3-M2 was down by HUF 39.0 billion on the previous month.

Chart 2 Components of the monetary aggregates

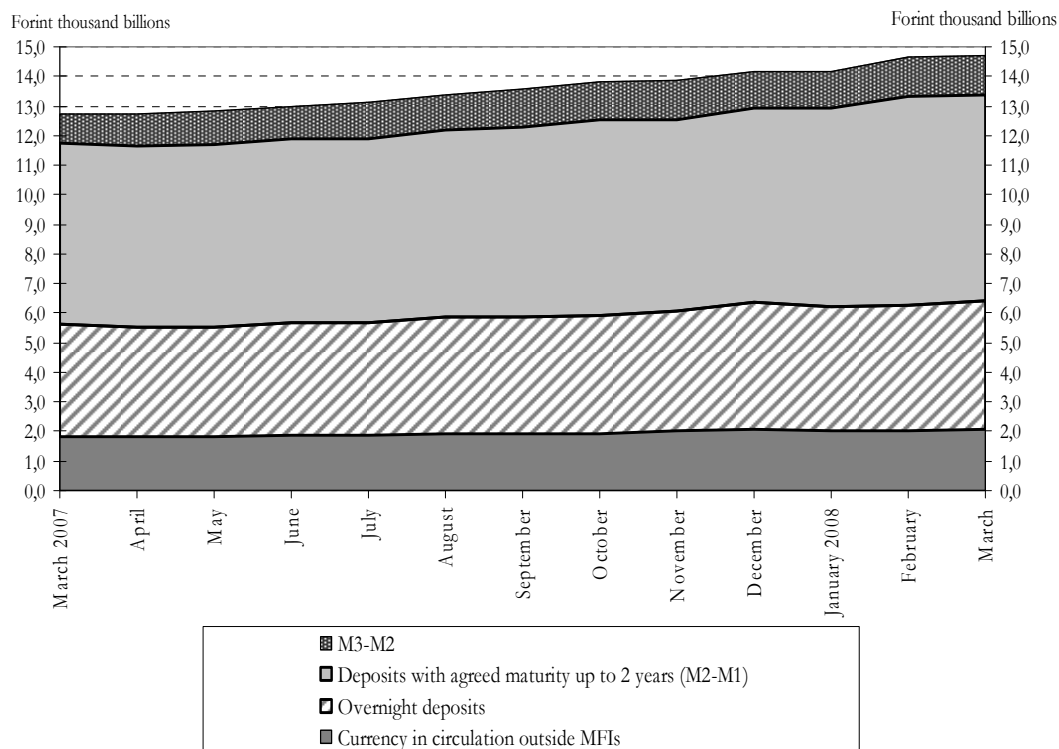


Chart 3 Seasonally adjusted M1

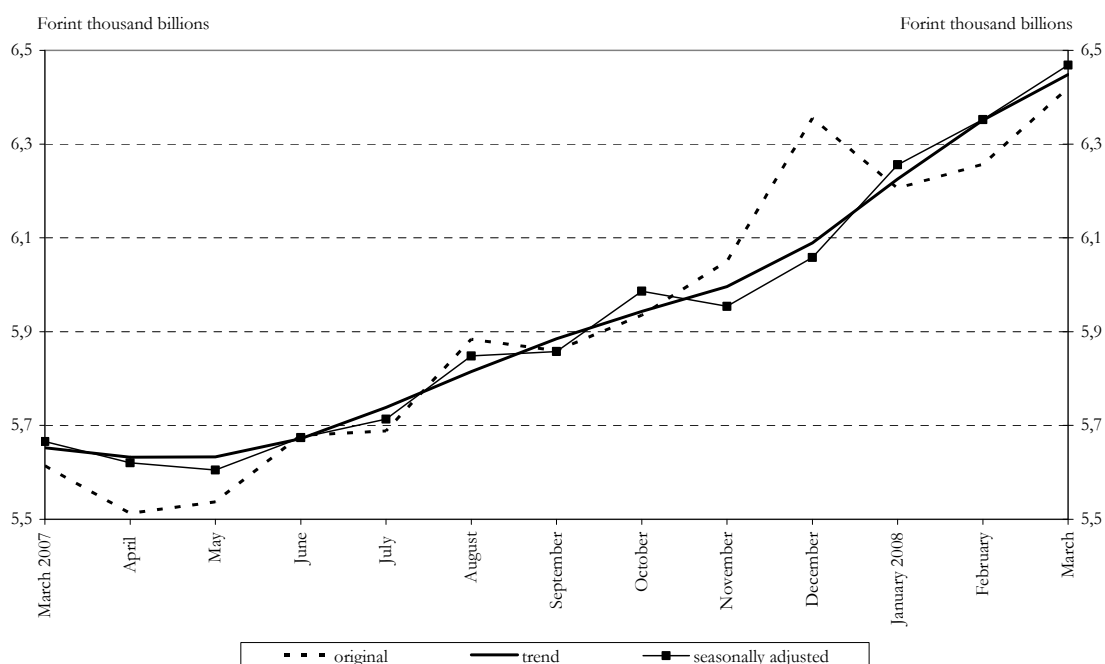


Chart 4 Seasonally adjusted M2

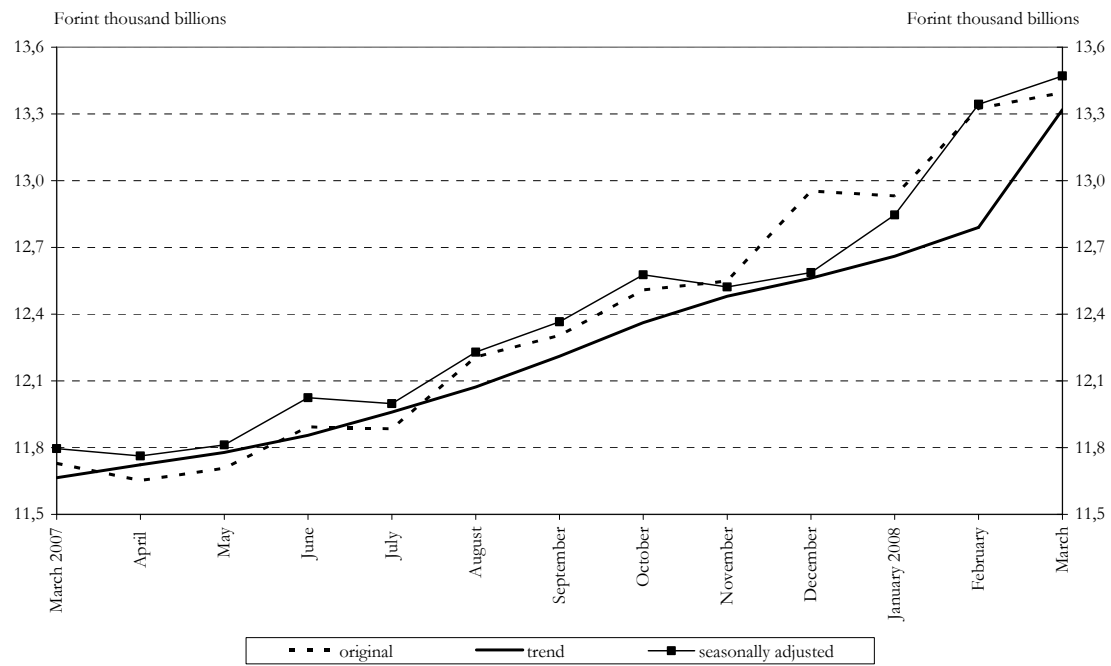
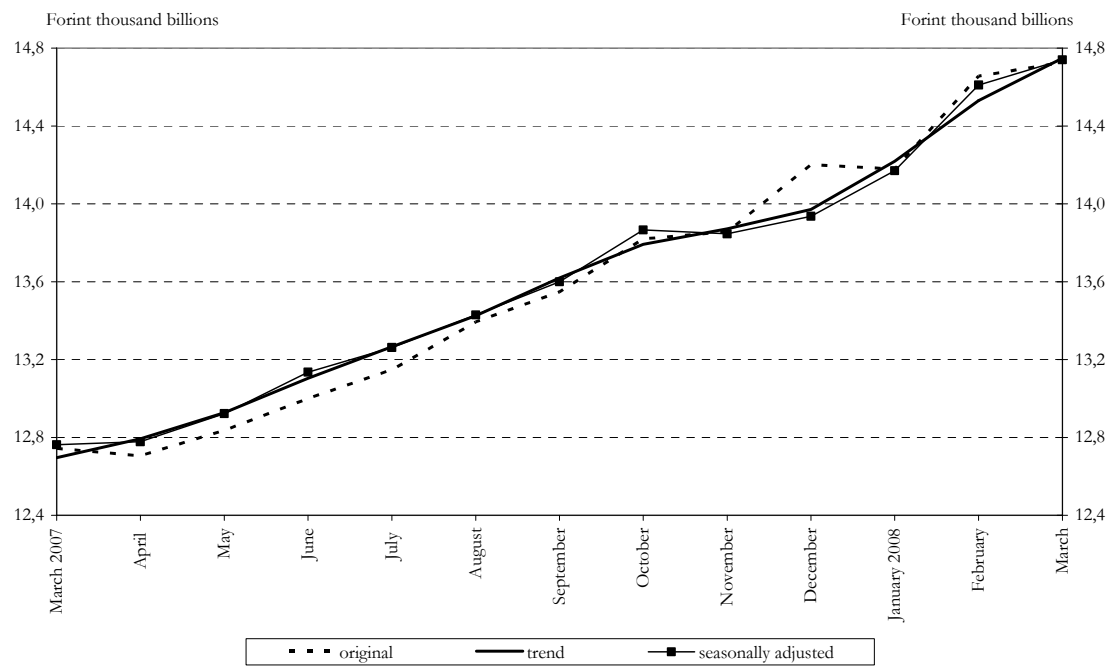


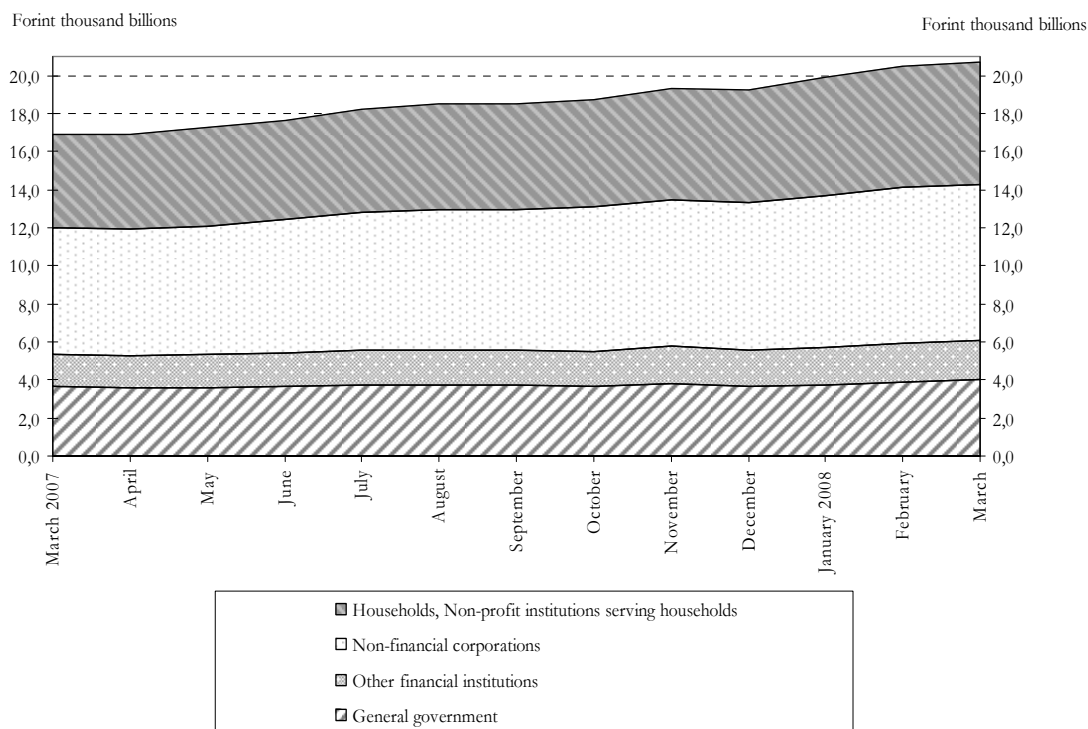
Chart 5 Seasonally adjusted M3



Domestic assets of monetary financial institutions² rose by HUF 252.4 billion to HUF 20,711.4 billion in the month under review. Here, assets with general government rose by HUF 138.6 billion and those with households and non-profit institutions serving households by HUF 105.2 billion. In contrast, assets with non-financial corporations fell by HUF 19.5 billion.

Within the total stock of domestic assets, those with non-financial corporations continued to account for the highest percentage share, although their ratio fell by 0.6 percentage points to 39.3%. The ratio of MFIs' assets with households and NPISHs to total domestic assets was 31.2%. And assets with general government accounted for 19.4% of total assets.

Chart 6 Composition of the stock of domestic loans



The rise in the total stock of loans granted by monetary financial institutions to non-financial corporations since October 2007 was reversed. In March, loans fell by HUF 26.0 billion to HUF 7,680.4 billion.

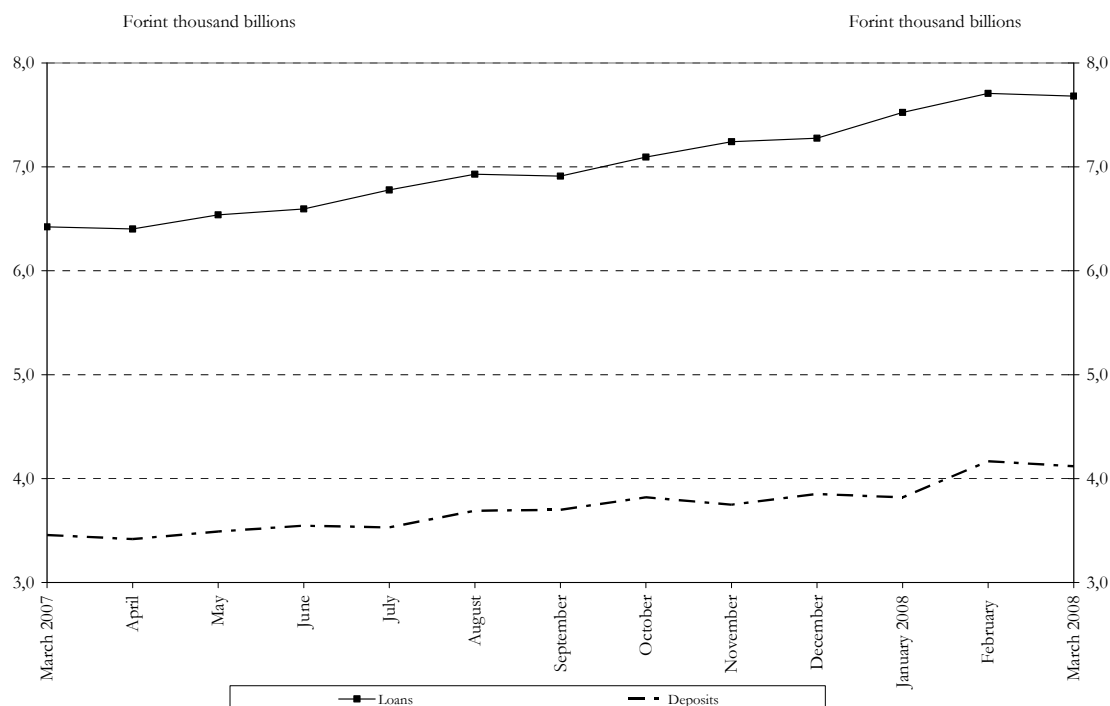
Short-term loans were up by HUF 3.1 billion to HUF 2,828.7 billion. Loans with a maturity of over one year fell by HUF 29.1 billion to HUF 4,851.7 billion. Within longer-term term loans, loans with a maturity of up to five years fell by HUF 22.3 billion to HUF 2,026.8 billion and loans with a maturity of over five years by HUF 6.8 billion to HUF 2,824.9 billion. Short-term loans and loans with a maturity of over five years both accounted for a 36.8% share as a percentage of total loans. The share of loans with a maturity of up to five years was 26.4% in the month.

The percentage share of foreign currency loans with a maturity of up to one year fell from 36.4% to 35.5%. The share of loans with a maturity of over one year and up to five years rose from 57.3% to 57.9% and that of loans with a maturity of over five years from 72.3% to 72.4%. The total stock of foreign currency loans was HUF 29.5 billion lower than in February. Here, exchange rate changes and transactions accounted for HUF 34.8 billion and HUF 5.3 billion, respectively, of the fall in the value of loans.

² MFIs' domestic assets include debt securities, and shares and other equity, in addition to loans.

The sector's deposits with monetary financial institutions fell by HUF 47.1 billion to HUF 4,119.5 billion. Within total deposits, the share of overnight deposits was 50.6%, that of deposits with an agreed maturity was 49.2% and that of outstanding repos was 0.2%. Overnight deposits rose by HUF 41.7 billion to HUF 2,086.0 billion. Here, foreign currency deposits accounted for nearly 97% of the increase. Deposits with a maturity of up to one year fell by HUF 85.0 billion to HUF 1,972.0 billion. Deposits with a maturity of over one year and outstanding repos, at HUF 2.3 billion and HUF 1.4 billion, respectively, remained below the levels of the previous month.

Chart 7 Loans and deposits of non-financial corporations



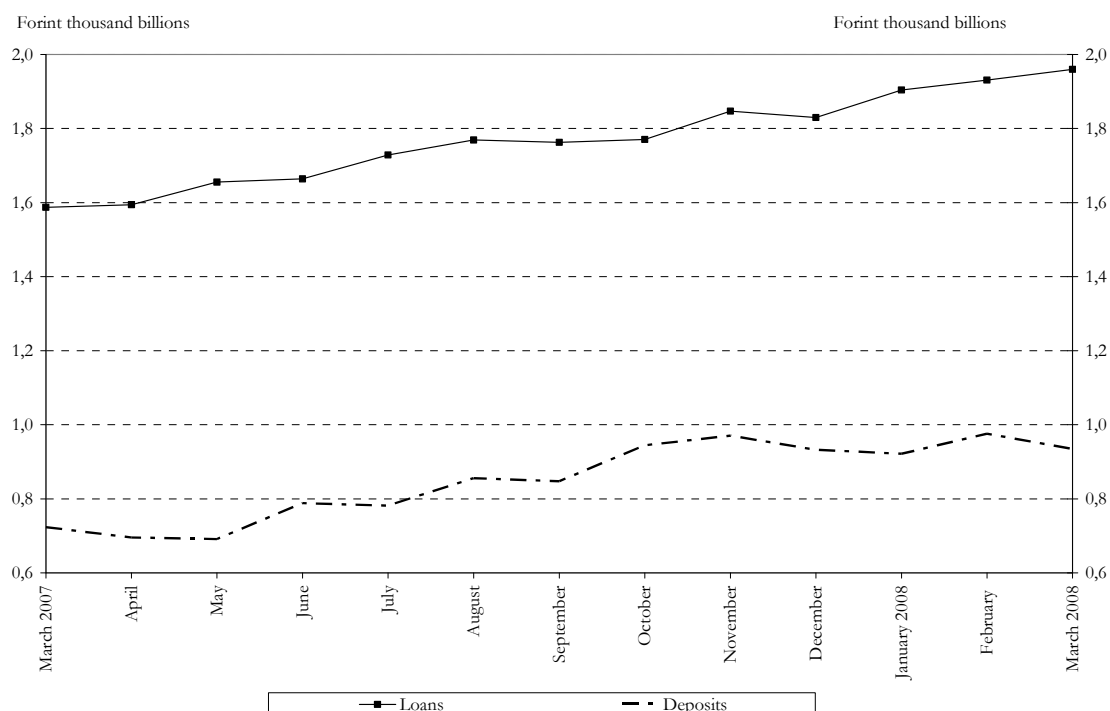
The stock of loans granted to other financial corporations rose by HUF 28.8 billion to HUF 1,959.7 billion. Loans with a maturity of up to five years account for the highest value within the total. Their share rose from 43.7% to 44.7%. In contrast, the share of loans with a maturity of up to one year fell from 30.0% to 29.0% and that of loans with a maturity of over five years from 26.3% to 26.2%.

Within loans granted to the sector, the stocks of forint and foreign currency loans rose almost equally, by HUF 14.7 billion and HUF 14.1 billion, respectively. Exchange rate changes and transactions accounted for HUF 2.2 billion and HUF 11.9 billion, respectively, of the increase in foreign currency loans.

In March, loans to other financial corporations rose by HUF 28.1 billion to HUF 2,075.1 billion. The sector's deposits, in contrast, fell by HUF 40.6 billion to HUF 935.0 billion.

The value of overnight deposits increased by HUF 6.2 billion and that of deposits with an agreed maturity by HUF 1.6 billion. Outstanding repos were down by HUF 48.5 billion on February.

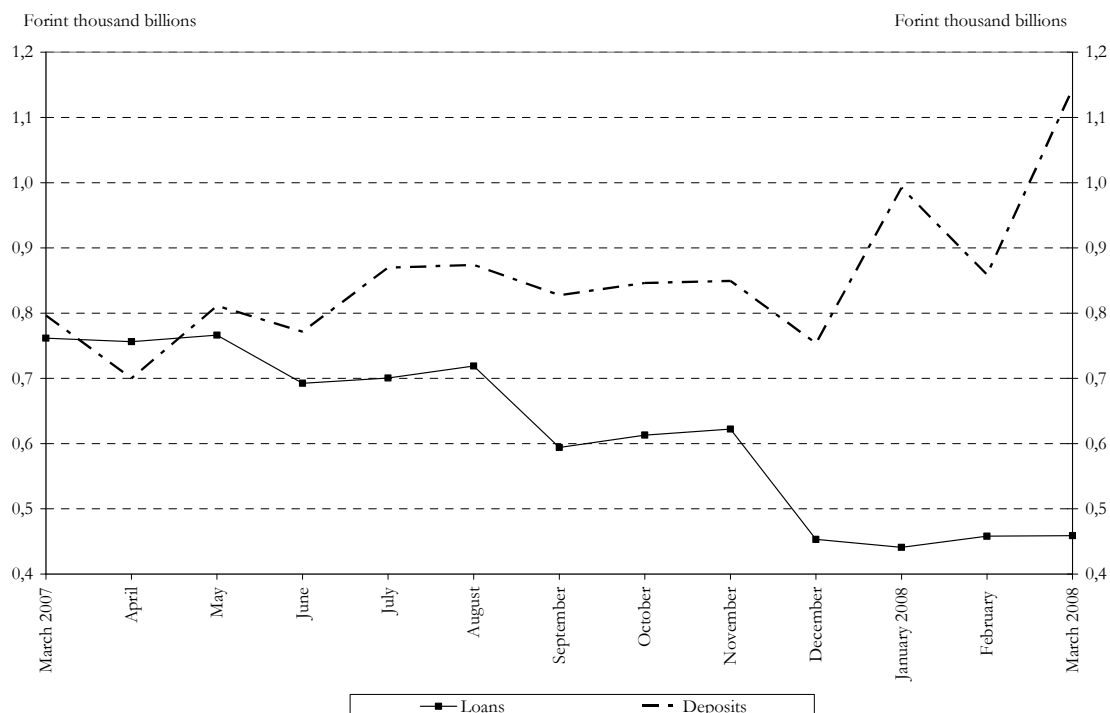
Chart 8 Loans and deposits to other financial corporations



Loans granted by monetary financial institutions to the general government sector rose by HUF 0.8 billion to HUF 459.0 billion.

The stock of the general government sector's deposits with monetary financial institutions rose by HUF 287.4 billion to HUF 1,143.6 billion. That reflected increases of HUF 157.4 billion and HUF 127.4 billion, respectively, in deposits of the central government and the local government sub-sector.

Chart 9 Loans and deposits of the general government sector

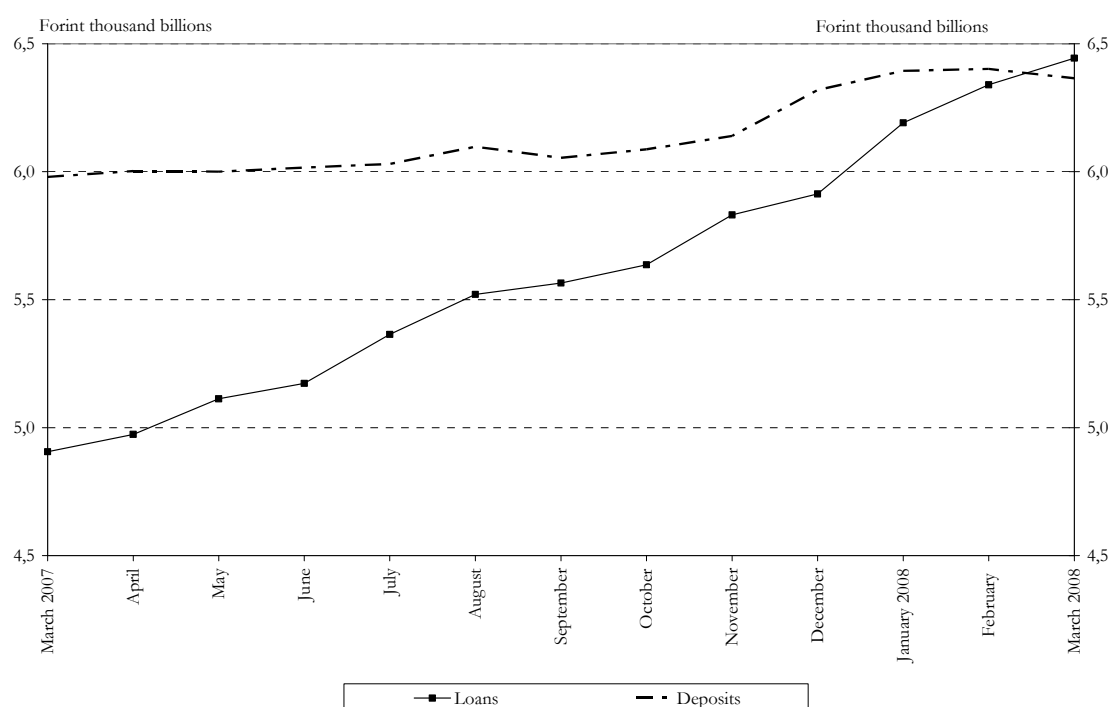


Loans granted to the household sector grew at a somewhat more modest pace compared with the previous month: total loans outstanding rose by HUF 104.2 billion to HUF 6,443.9 billion. Forint loans were down by HUF 7.9 billion and foreign currency loans were up by HUF 112.1 billion. Transactions and exchange rate valuation effects contributed HUF 11.9 billion and HUF 100.3 billion, respectively, to the increase in the value of foreign currency loans. The share of foreign currency loans within the total continued to rise: this month it was up from 58.5% to 59.3%.

In March, household deposits with MFIs fell by HUF 36.3 billion to a total of HUF 6,365.4 billion.

At the end of the March, outstanding loans of households were higher than their deposits.

Chart 10 Loans and deposits of the household sector



Within loans granted to households, the share of housing loans fell from 52.3% to 52.1%, with their stock rising by HUF 36.7 billion. Foreign currency loans rose from 50.1% to 51.1% as a percentage of housing loans. The percentage share of consumer credit within the total stock of loans to households was up from 42.3% to 42.6%, with the outstanding amount of loans increasing by HUF 64.6 billion. Foreign currency loans changed from 71.0% to 71.4% as a percentage of total consumer credit. The share of other loans was 5.3%, with an increase of HUF 2.9 billion in their stock. Here, the percentage share of foreign currency loans rose from 41.7% to 42.3%.

Chart 11 Composition of household loans

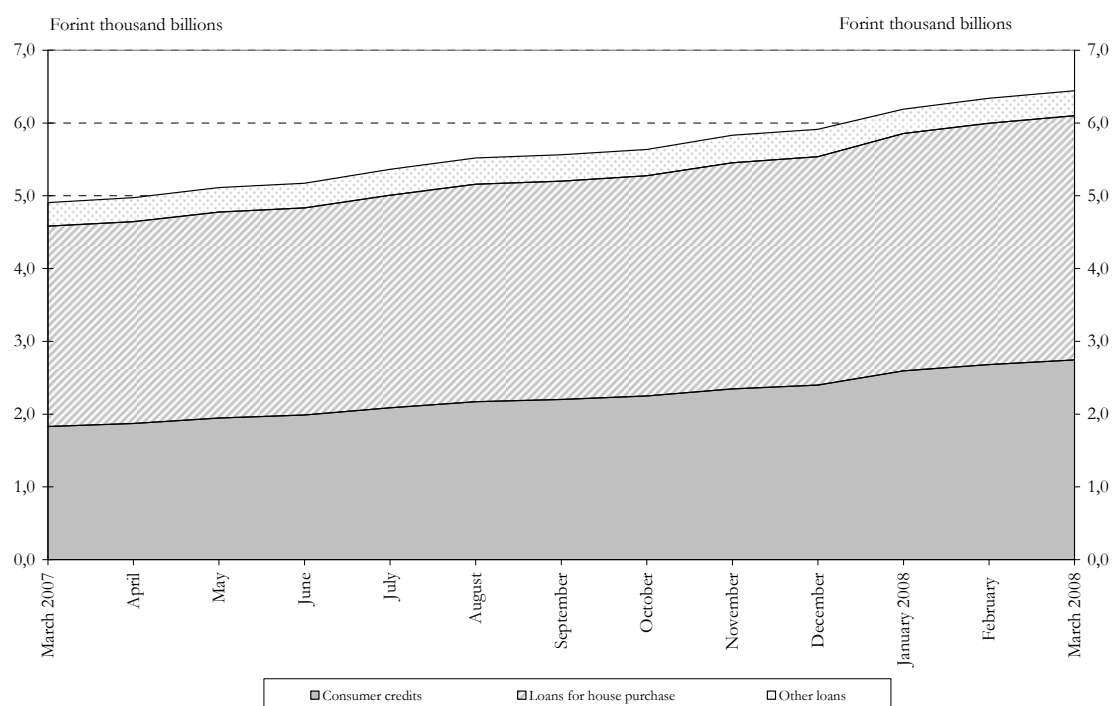
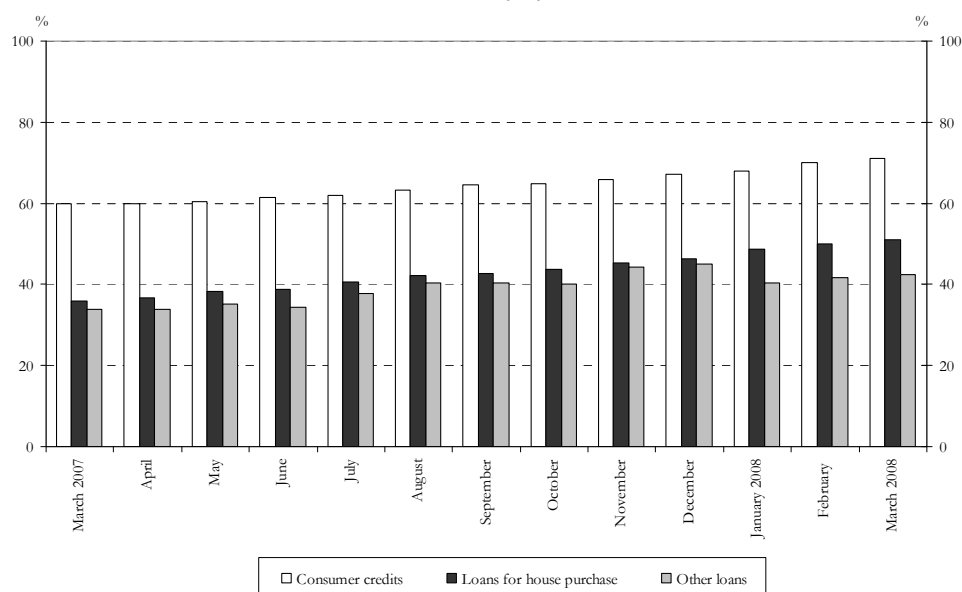


Chart 12 Percentage share of foreign currency loans to households in a breakdown by types of loan



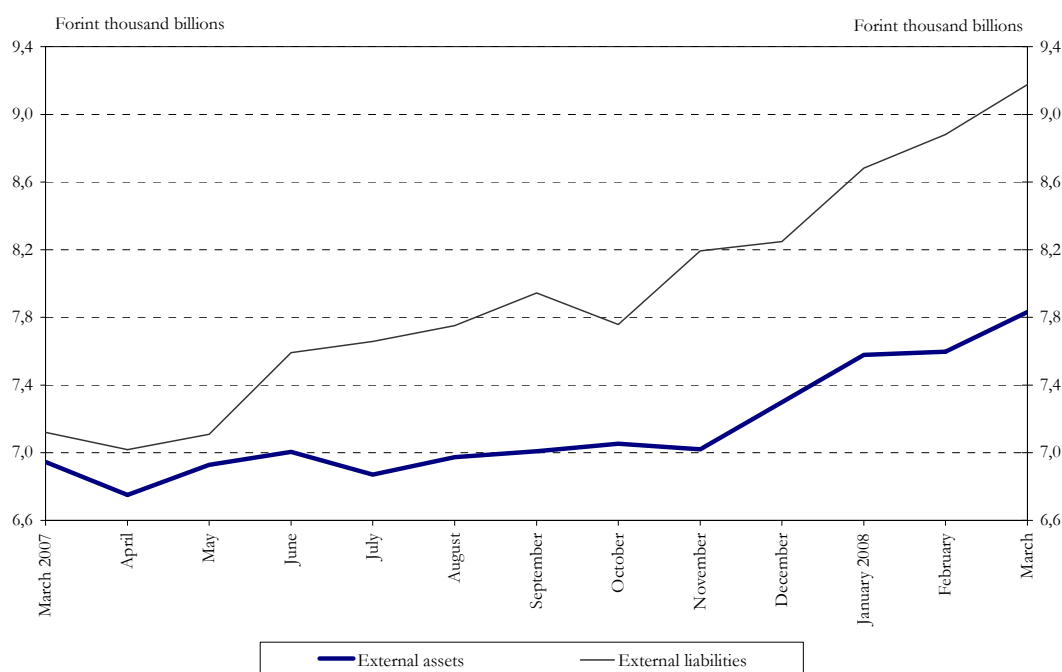
Household deposits with monetary financial institutions fell by HUF 36.3 billion in one month. The stocks of deposits within the various maturity categories fell, except deposits with a maturity of over two year. Foreign currency overnight deposits rose by HUF 4.9 billion, while foreign currency deposits with an agreed maturity fell by HUF 5.9 billion, similarly to forint deposits.

External assets and liabilities of monetary financial institutions rose by HUF 234.7 billion to HUF 7,831.7 billion and by HUF 294.7 billion to HUF 9,176.2 billion, respectively. On balance, monetary financial institutions' net external liabilities increased by HUF 60.0 billion to HUF 1,344.5 billion.

Assets of the central bank vis-à-vis the rest of the world rose by HUF 133.5 billion, from HUF 4,438.0 billion to HUF 4,571.5 billion, its liabilities falling by HUF 51.3 billion to HUF 406.7 billion. As a consequence, the stock of net external assets rose by HUF 184.8 billion to HUF 4,164.8 billion.

Net liabilities of other monetary financial institutions with non-residents were up by HUF 244.8 billion on the month. External assets increased by HUF 101.2 billion to HUF 3,260.2 billion. Here, exchange rate changes made a negative contribution of HUF 65.4 billion and transactions contributed HUF 166.9 billion. External liabilities rose by HUF 346.0 billion to HUF 8,769.5 billion. Exchange rate changes reduced the value of liabilities by HUF 78.2 billion and transactions increased it by HUF 424.2 billion.

Chart 13 External assets and liabilities



Methodological notes

Percentages and ratios are calculated from data without rounding. The sums of sub-totals may not add to total due to rounding.

Ensuring comparability of data over different periods requires eliminating seasonal variations and distortions. The time series for the monetary aggregates are therefore 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 constructed from trend data by dividing the data in the reference period by that in the previous period, and annualising the quotient by raising it to the 12th power. The underlying reason for using trend data is that the month-on-month growth rates tend to be more variable and may

contain one-off effects without eliminating seasonal effects. As an effect, the annualised month-on-month growth rates are comparable with other annual indices.

The advantage of month-on-month indices is that they reflect only the developments of the last month. In contrast, the year-on-year indices (monthly year-on-year changes over the last 12 months) represent an entire year's movements; however, they are more stable.

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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