

30 June 2008

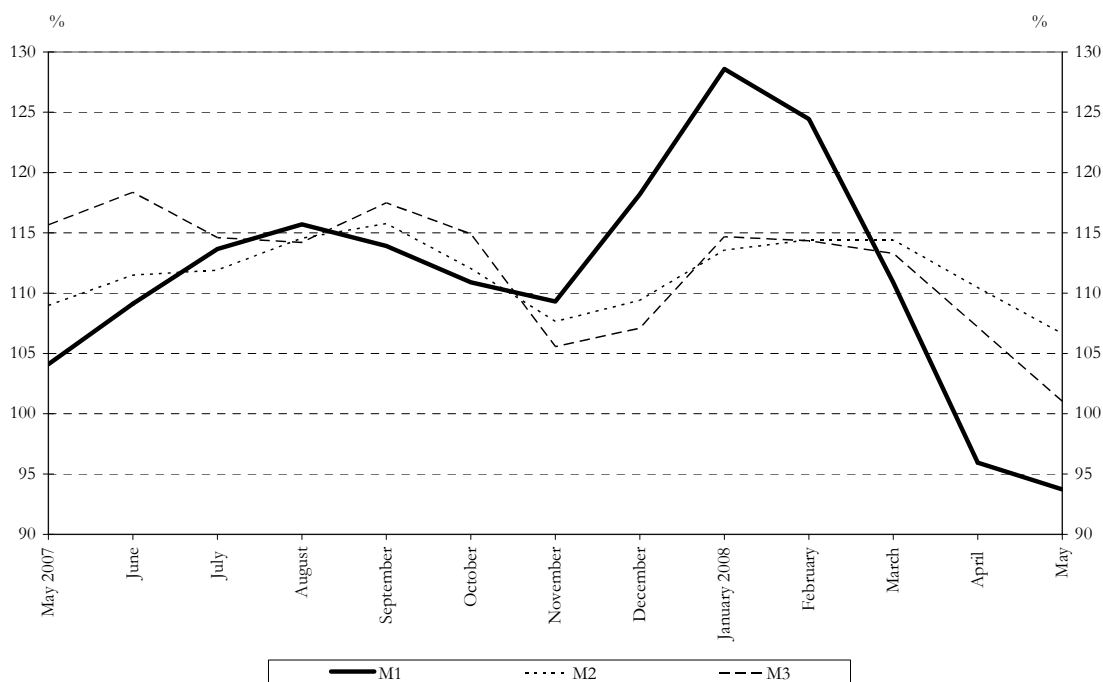
PRESS RELEASE

Consolidated balance sheet of MFIs: May 2008

In May 2008, the monetary base rose by HUF 61.2 billion to HUF 3,046.2 billion. The annualised month-on-month growth index¹ of the monetary base (M0) stood at 106.4%, down 1.74 percentage points on the previous month.

The annualised month-on-month growth index of the monetary aggregate M1 fell by 2.2 percentage points to 93.7% and that of M2 by 3.8 percentage points to 106.6%. The annualised month-on-month growth index of M3, at 101.0%, was 6.1 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 fell by HUF 277.4 billion to HUF 14,404.1 billion.

The percentage share of M1 – comprising currency outside monetary financial institutions and overnight deposits – within M3 remained unchanged at 42.5%. The stock of the aggregate amounted to HUF 6,118.0 billion. Within this figure, the stock of overnight deposits was HUF 4,083.2 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 – rose to 49.1%, the combined stock of M2-M1 being HUF 7,068.6 billion.

The percentage share of M3-M2 – comprising outstanding repos, money market fund shares and debt securities with maturities of up to two years – was 8.5%. The combined stock of M3-M2 amounted to HUF 1,217.4 billion in the month.

Chart 2 Components of the monetary aggregates

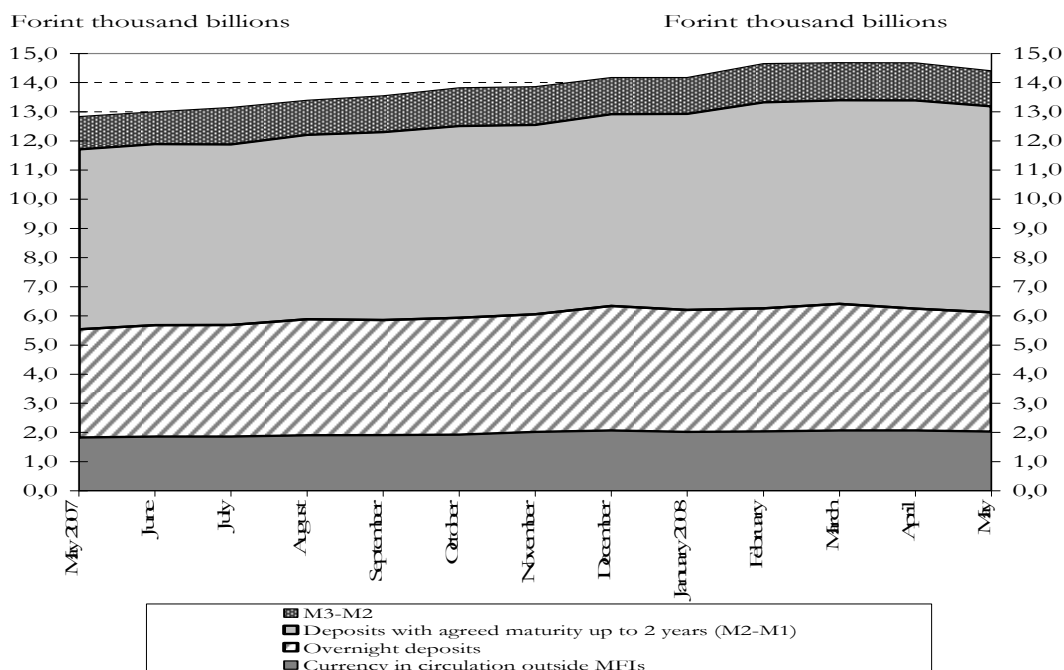


Chart 3 Seasonally adjusted M1

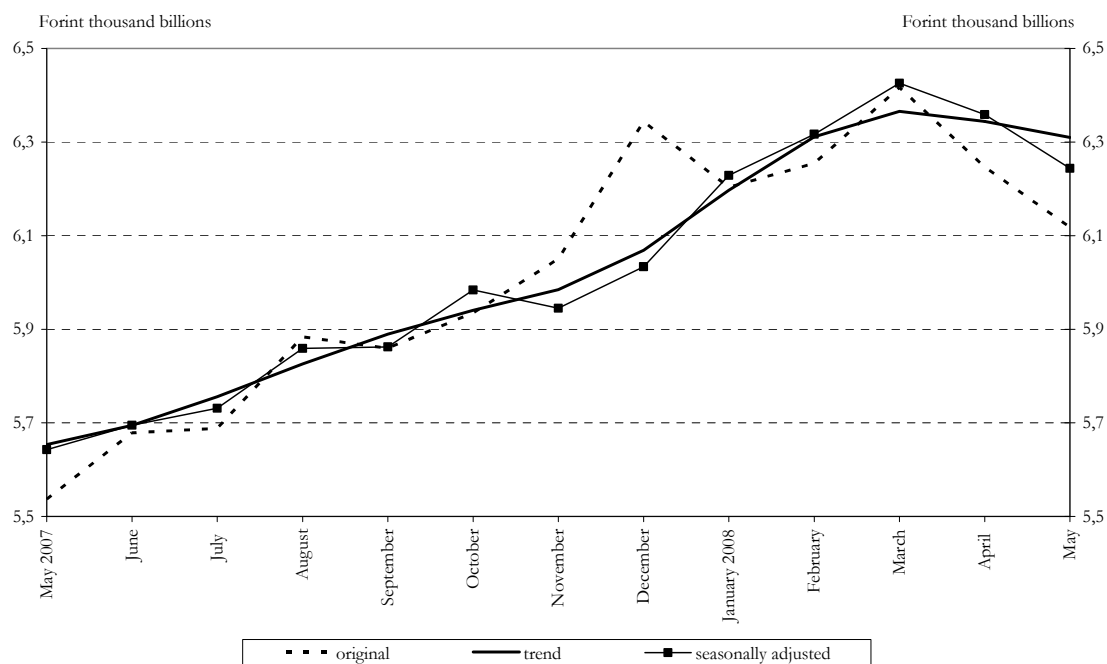


Chart 4 Seasonally adjusted M2

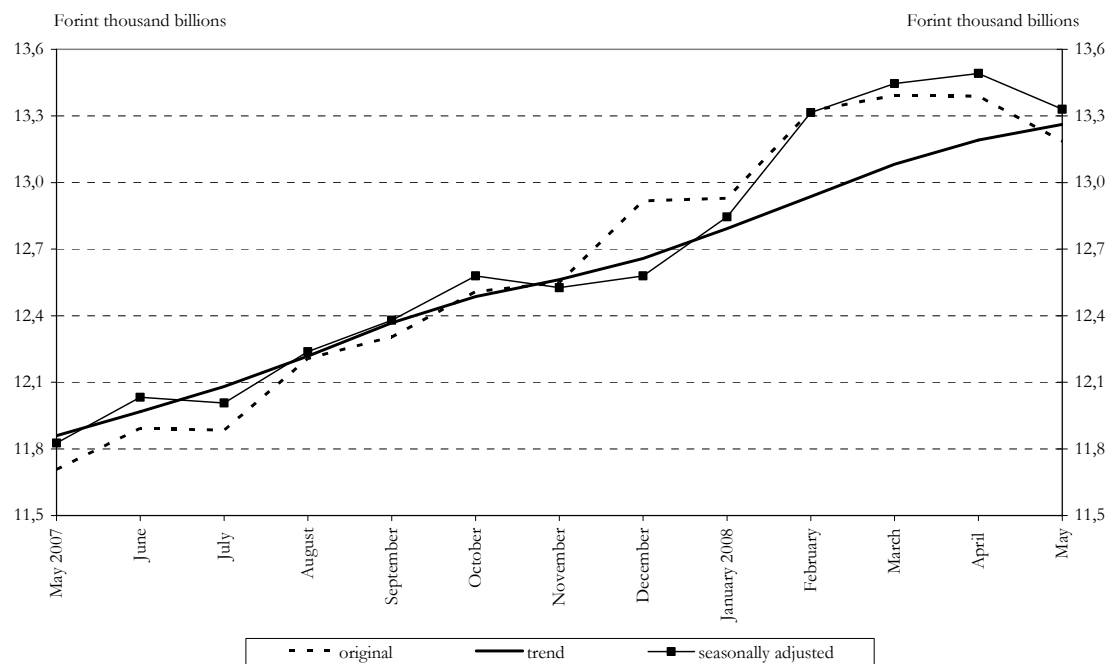
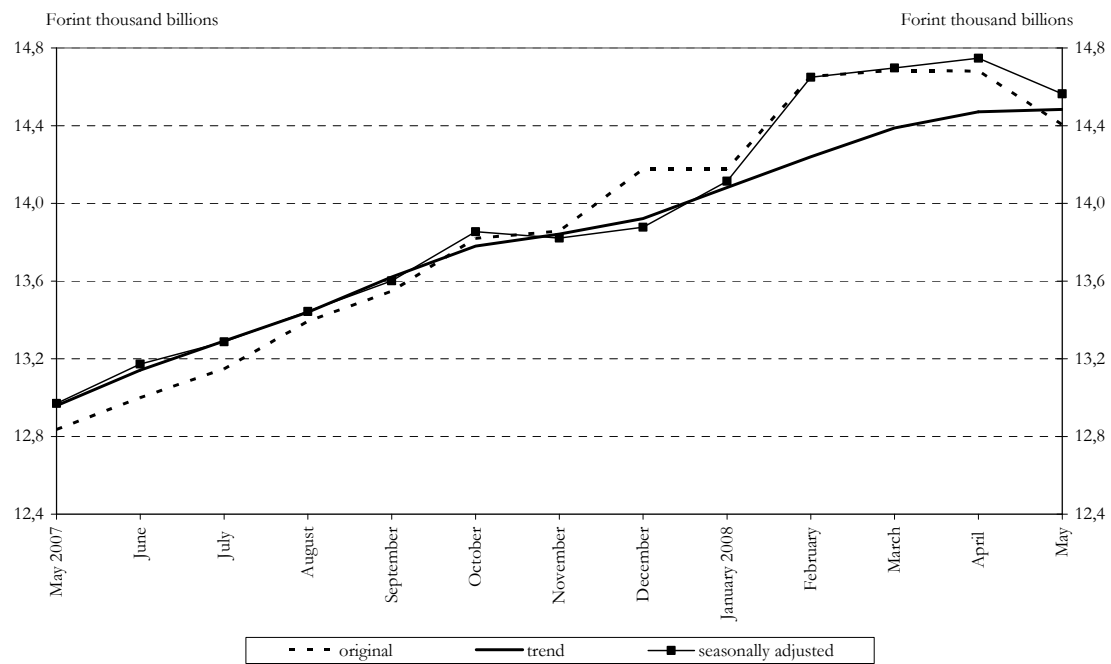


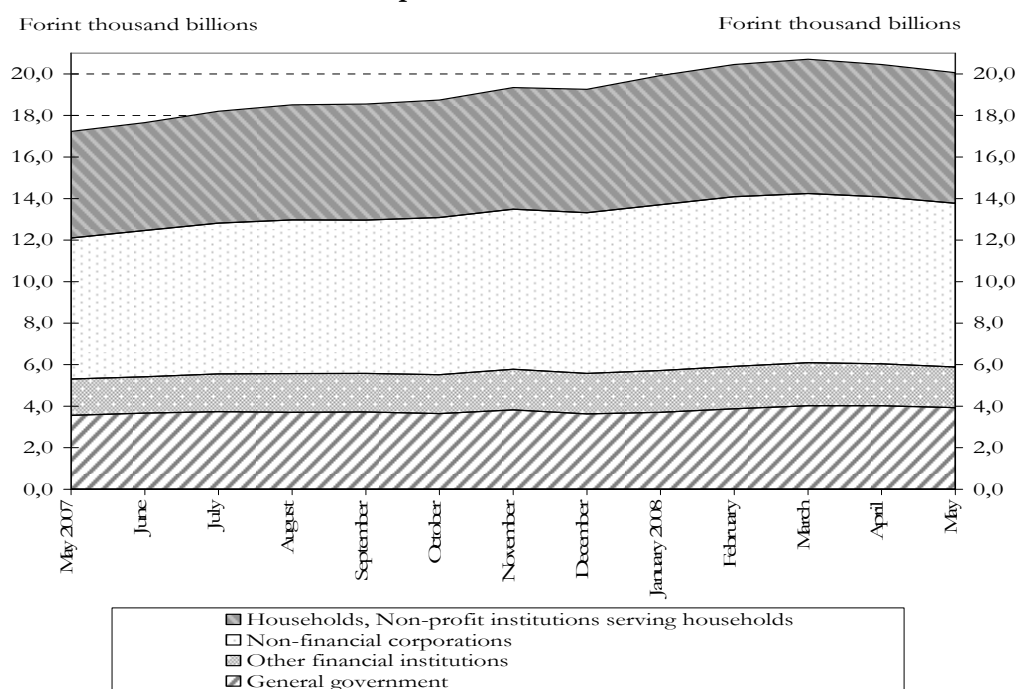
Chart 5 Seasonally adjusted M3



Domestic assets of monetary financial institutions² fell by HUF 398.9 billion to HUF 20,053.4 billion in May. Here, assets with general government fell by HUF 84.2 billion, those with other financial corporations by HUF 76.9 billion and those with non-financial corporations by HUF 146.3 billion. Assets with households and non-profit institutions serving households were down HUF 91.4 billion on the previous month.

Within the total stock of domestic assets, the percentage share of assets with non-financial corporations was unchanged at 39.3% and that of assets with households and NPISHs was 31.4%, up 0.2 percentage points on its level in April. Assets with general government remained unchanged at 19.6% as a share of total assets, and those with other financial corporations fell by 0.2 percentage points to account for 9.7%.

Chart 6 Composition of the stock of domestic loans



The total stock of loans granted by monetary financial institutions to non-financial corporations fell by HUF 146.2 billion to HUF 7,421.6 billion.

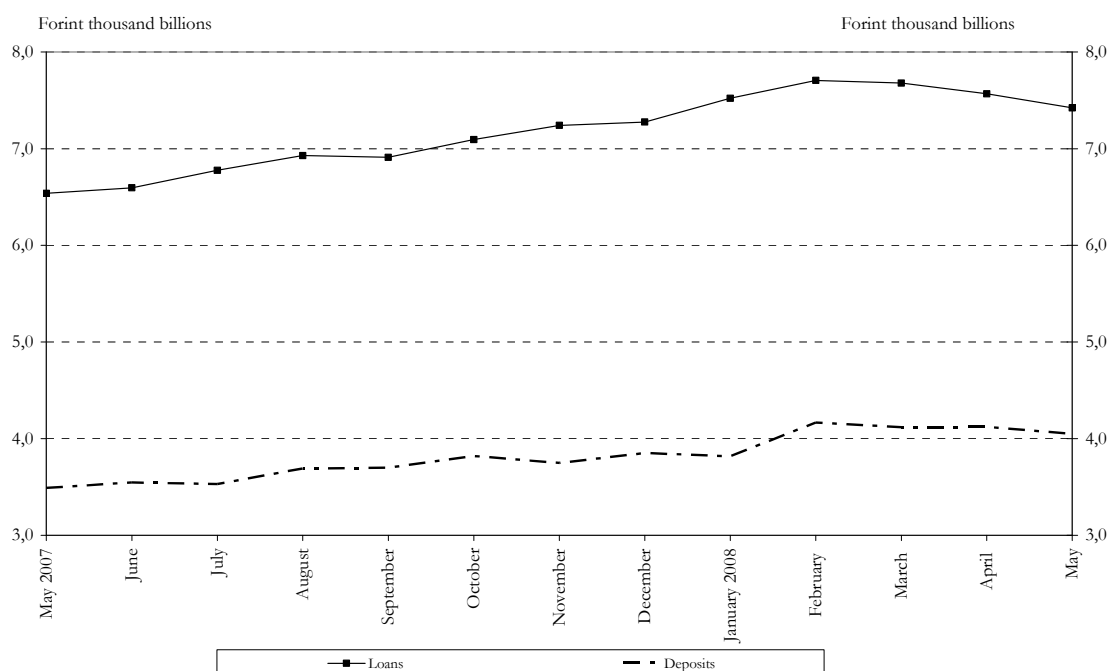
Short-term loans, at HUF 2,742.0 billion, were down HUF 32.9 billion. Loans with a maturity of over one year fell by HUF 113.3 billion to HUF 4,679.6 billion. Within longer-term term loans, loans with a maturity of up to five years fell by HUF 41.2 billion to HUF 1,944.5 billion and loans with a maturity of over five years by HUF 72.0 billion to HUF 2,735.1 billion. Short-term loans and loans with a maturity of over five years both accounted for 36.9% of total loans. The percentage share of loans with a maturity of up to five years remained unchanged at 26.2%.

The percentage share of foreign currency loans with a maturity of up to one year fell from 32.5% to 28.2%, that of loans with a maturity of over one year and up to five years from 56.0% to 53.1% and that of loans with a maturity of over five years from 70.8% to 68.3%. The total stock of foreign currency loans, at HUF 3,674.8 billion, was HUF 328.7 billion lower than in April. Here, exchange rate changes and transactions accounted for HUF 203.4 billion and HUF 125.3 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 71.9 billion to HUF 4,049.4 billion. Within total deposits, the share of overnight deposits was 49.3% and that of deposits with an agreed maturity was 50.5%. The share of outstanding repos was 0.2%, unchanged from April. Overnight deposits rose by HUF 0.2 billion to HUF 1,997.7 billion. Here, forint deposits fell by HUF 14.0 billion and foreign currency deposits rose by HUF 14.2 billion. Deposits with a maturity of up to one year fell by HUF 74.5 billion to HUF 1,988.1 billion. The combined stock of deposits with a maturity of over one year and outstanding repos rose by HUF 2.4 billion to HUF 63.7 billion.

Chart 7 Loans and deposits of non-financial corporations

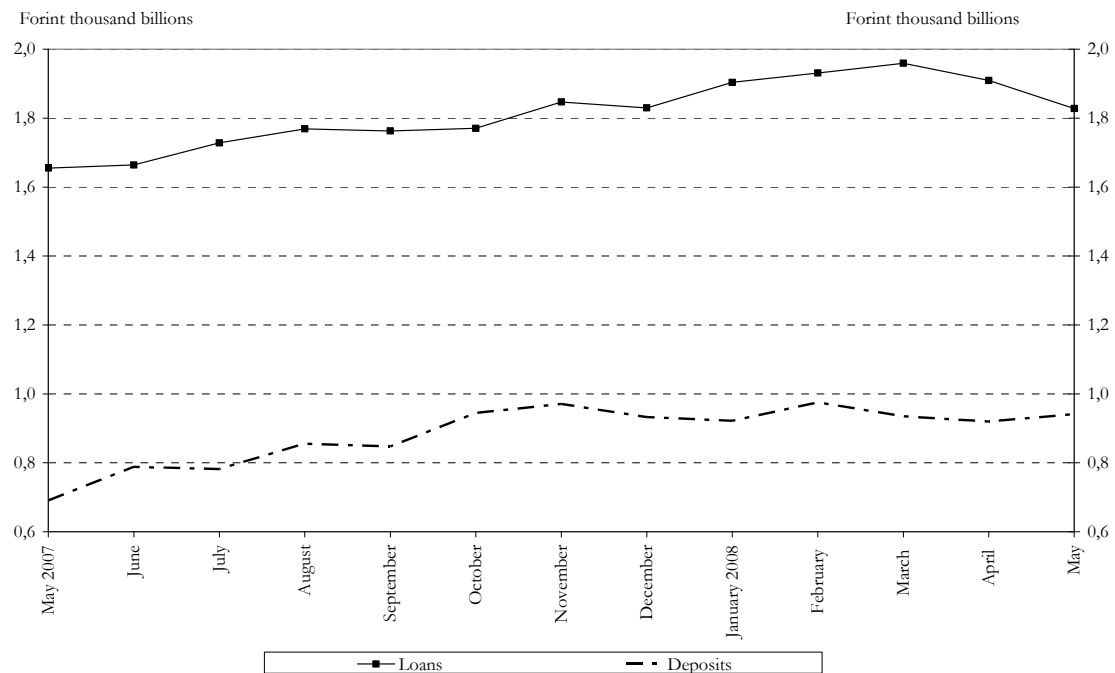


The stock of loans granted to other financial corporations fell by HUF 81.6 billion to HUF 1,828.1 billion. Loans with a maturity of up to five years, at 44.0%, continued to account for the highest percentage share within the total. The shares of loans with a maturity of up to one year and that of loans with a maturity of over five years rose slightly to 29.8% and 26.1%, respectively.

The stock of forint loans rose by HUF 8.6 billion to HUF 244.8 billion and that of foreign currency fell by HUF 90.1 billion to HUF 1,583.4 billion. Exchange rate changes reduced the value of foreign currency loans by HUF 94.2 billion and transactions increased it by HUF 4.1 billion.

In May, deposits of other financial corporations rose by HUF 21.5 billion to HUF 941.4 billion. Within total deposits, the value of overnight deposits rose by HUF 5.7 billion to HUF 187.9 billion and that of deposits with an agreed maturity by HUF 17.2 billion to HUF 729.4 billion. In contrast, outstanding repos fell by HUF 1.4 billion to HUF 24.1 billion.

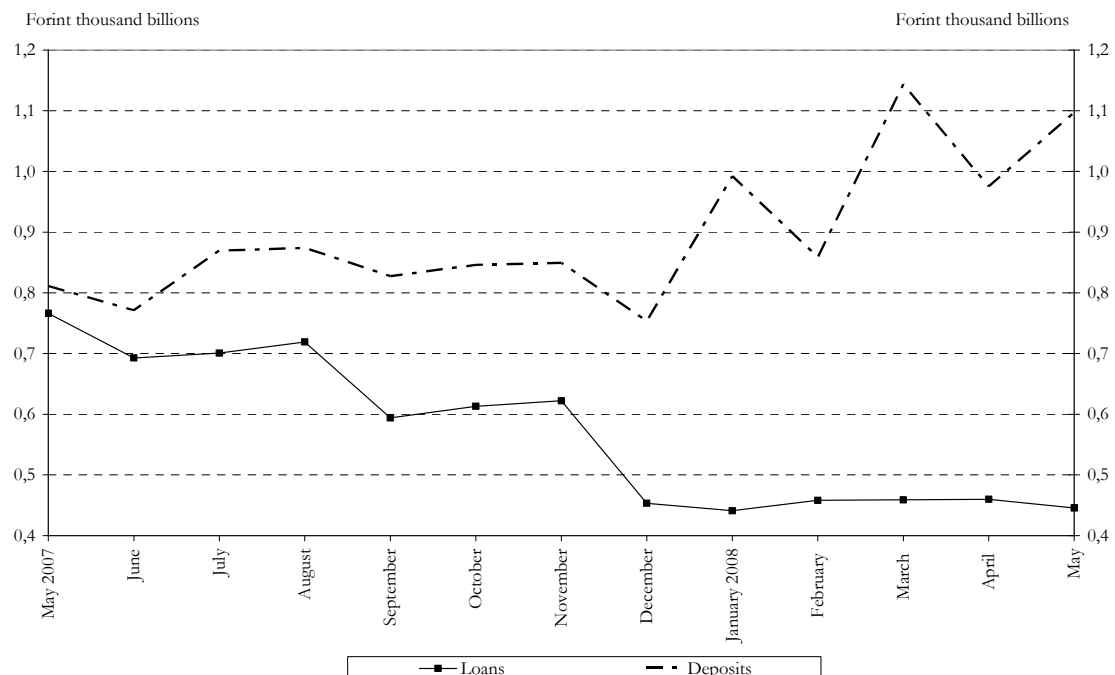
Chart 8 Loans and deposits to other financial corporations



Loans granted by monetary financial institutions to the general government sector fell by HUF 14.4 billion to HUF 445.5 billion.

The stock of the general government sector's deposits with monetary financial institutions rose by HUF 121.8 billion to HUF 1,097.1 billion. That reflected an increase of HUF 143.1 billion in deposits of the central government and a HUF 21.4 billion fall in deposits of the local government sub-sector.

Chart 9 Loans and deposits of the general government sector

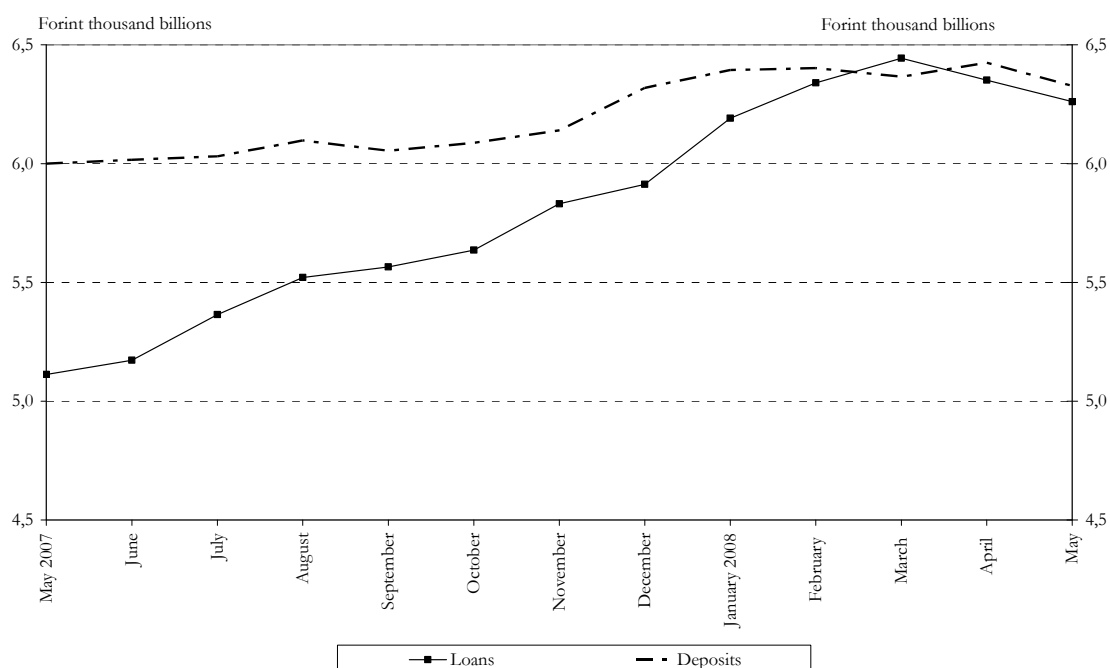


Loans granted to the household sector fell by HUF 90.6 billion to HUF 6,260.6 billion. Here, forint were up HUF 20.9 billion and foreign currency loans were down HUF 111.5 billion. Exchange rate valuation effects reduced the value of foreign currency loans by HUF 214.1 billion and transactions increased it by HUF 102.6 billion.

The shares of foreign currency and forint loans within the total were 58.2% and 41.8%, respectively.

In May, household deposits with monetary financial institutions fell by HUF 97.7 billion to a total of HUF 6,326.6 billion. Within this figure, foreign currency deposits rose by HUF 7.9 billion in one month.

Chart 10 Loans and deposits of the household sector



Within loans granted to households, the share of housing loans edged down from 52.2% to 52.0%, while their stock fell by HUF 59.3 billion. Foreign currency loans fell from 50.9% to 50.4% as a percentage of housing loans. The percentage share of consumer credit within the total stock of loans to households rose from 42.4% to 42.6%, while the outstanding amount of loans fell by HUF 28.2 billion to HUF 2,667.7 billion. Foreign currency loans fell from 71.6% to 70.4% as a percentage of total consumer credit. The share of other loans edged up from 5.3% to 5.4%, but their stock fell by HUF 3.2 billion. Here, the percentage share of foreign currency loans fell 39.3% to 36.5%.

Chart 11 Composition of household loans

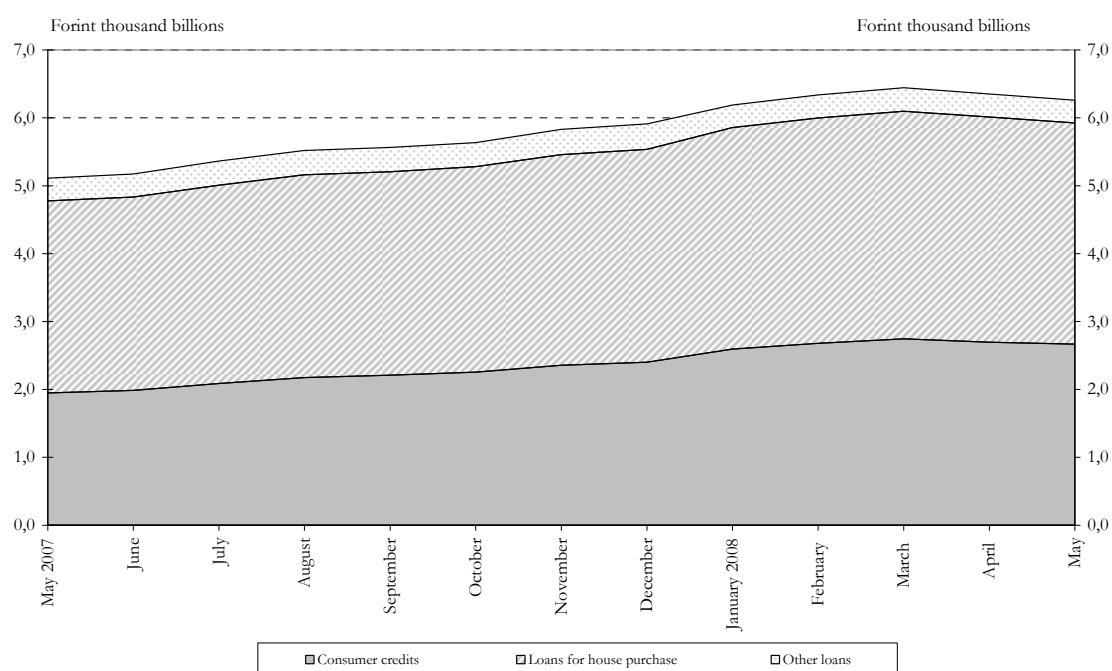
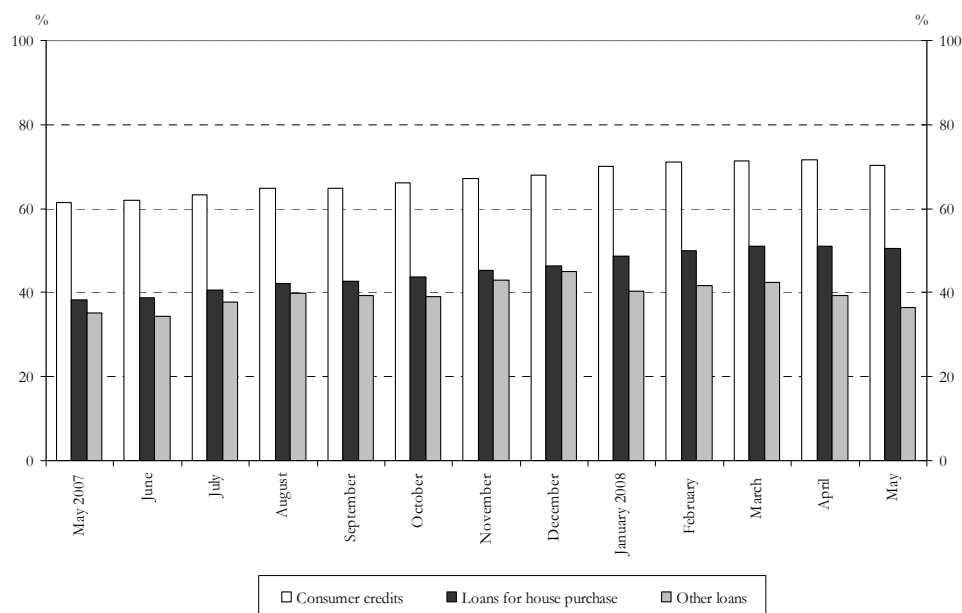


Chart 12 Percentage share of foreign currency loans to households in a breakdown by types of loan



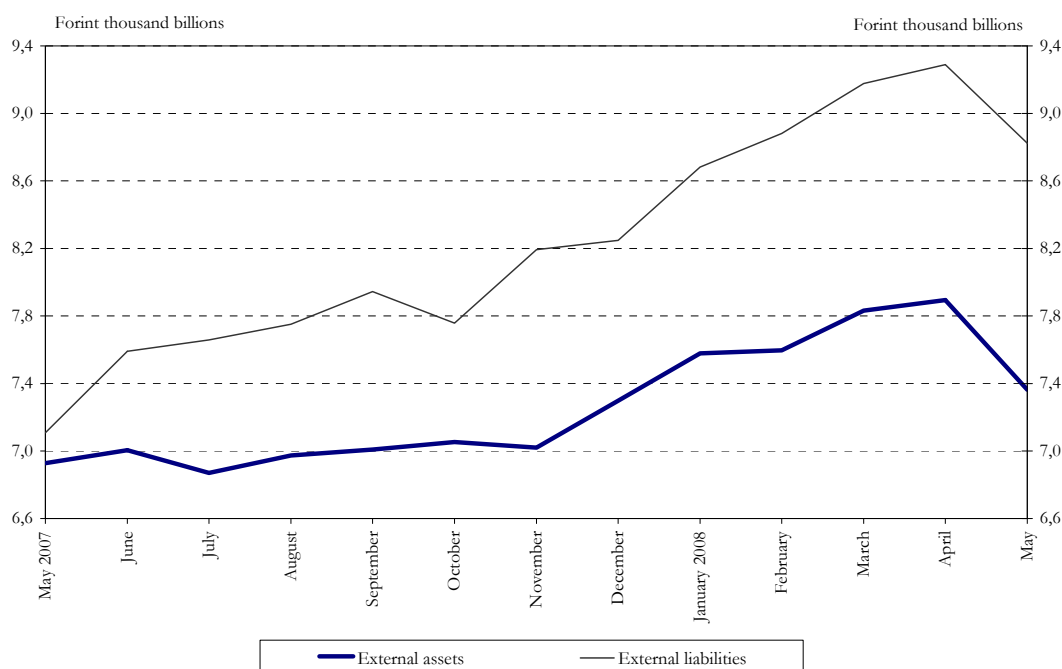
Household deposits with monetary financial institutions fell by HUF 97.7 billion to HUF 6,326.6 billion. Overnight deposits fell by HUF 103.5 billion. Deposits with an agreed maturity was HUF 5.8 billion higher than in the previous month. Here, deposits with a maturity of over one year rose by HUF 20.6 billion.

External assets and liabilities of monetary financial institutions fell by HUF 530.2 billion to HUF 7,363.9 billion and by HUF 465.1 billion to HUF 8,823.4 billion, respectively. On balance, monetary financial institutions' net external liabilities fell by HUF 65.1 billion. The value of net external assets was HUF 1,459.4 billion.

Assets of the central bank vis-à-vis the rest of the world fell by HUF 220.8 billion to HUF 4,266.7 billion and its liabilities by HUF 35.4 billion to HUF 364.3 billion. As a result, the stock of net external assets fell by HUF 185.4 billion to HUF 3,902.4 billion.

Net liabilities of other monetary financial institutions with non-residents fell by HUF 120.3 billion in the month under review. External assets fell by HUF 309.4 billion to HUF 3,097.3 billion. Here, exchange rate changes and transactions reduced the value of assets by HUF 132.7 billion and HUF 176.7 billion, respectively. External liabilities fell by HUF 429.7 billion to HUF 8,459.1 billion. Exchange rate changes and transactions, respectively, accounted for HUF 415.9 billion and HUF 13.8 billion of the fall in the value of liabilities.

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=mnbfiler&resourcename=0708_monstatpubl_en.xls.*

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