

28 December 2007

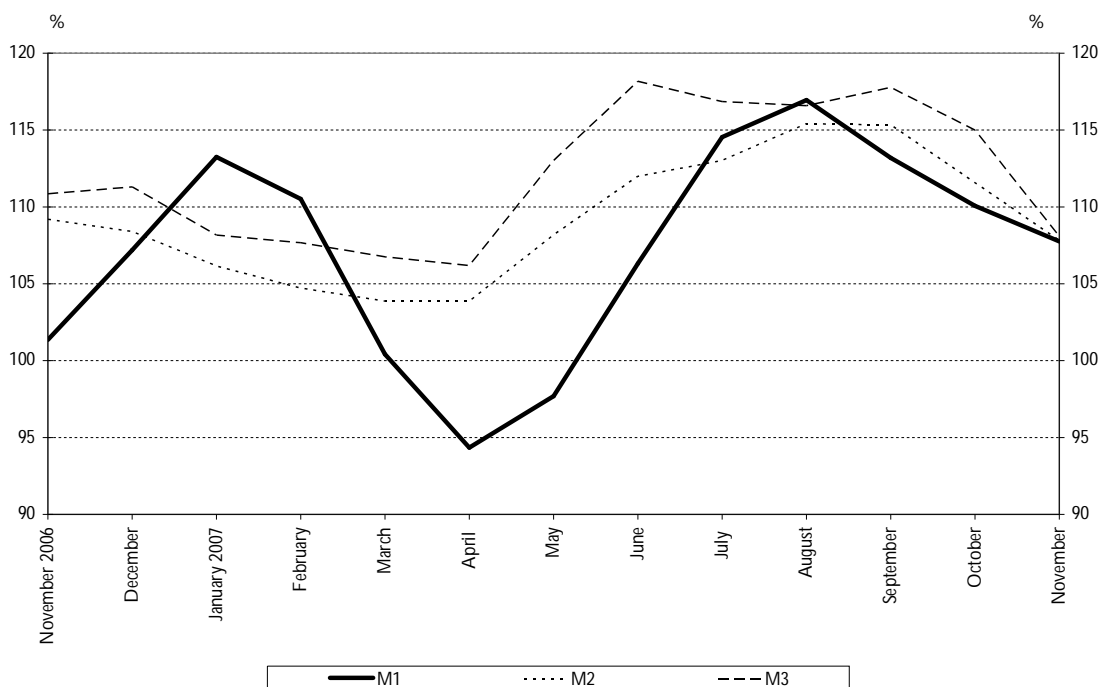
PRESS RELEASE

Consolidated balance sheet of MFIs: November 2007

In November 2007 the monetary base increased by HUF 143.7 billion to HUF 2,856.3 billion. The annualised month-on-month growth index¹ of the monetary base (M0) was 120.3%.

The annualised month-on-month index of all the three monetary aggregates declined. Similarly to the previous two months, the annualised month-on-month index of monetary aggregates M1 and M2 declined by 2.3 percentage points to 107.8% and by 3.7 percentage points to 107.8%, respectively. The month-on-month growth index of M3 was down by 6.9 percentage points to 108.1%.

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



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

The original (not seasonally adjusted) stock of monetary aggregate M3 increased by HUF 35.6 billion to HUF 13,855.9 billion.

The percentage share of M1 – which comprises currency in circulation outside MFIs and overnight deposits – increased from 42.9% to 43.7%, with its stock up by HUF 115.5 billion. Within this, currency in circulation outside MFIs increased by HUF 100.9 billion.

The percentage share of M2-M1 (deposits with an agreed maturity of up to two years) declined from 47.6% to 46.9%, while the stock fell by HUF 75.6 billion.

The percentage share of M3-M2 (repo, mutual fund shares of money market funds and debt securities with maturities of up to two years) declined from 9.5% to 9.4%, with the stock down by HUF 4.3 billion.

Chart 2: Components of the monetary aggregates

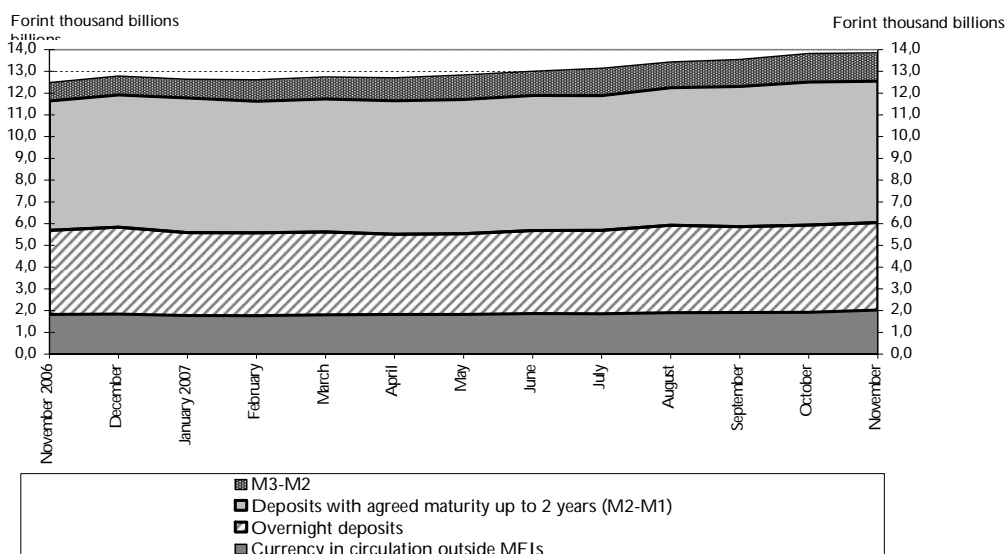


Chart 3: Seasonally adjusted M1

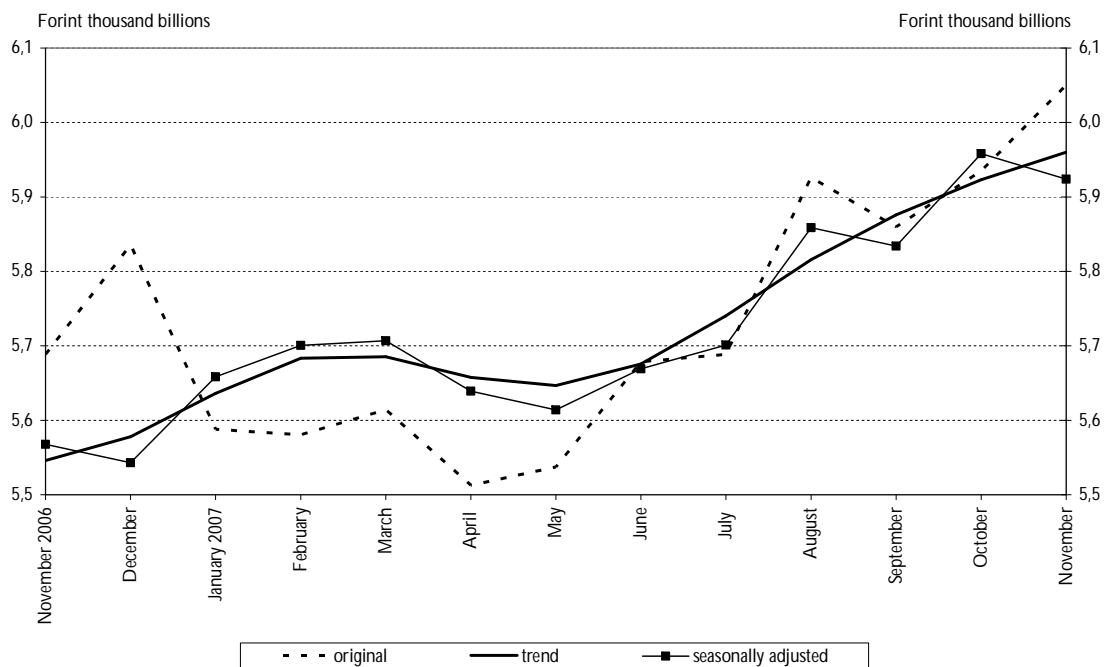


Chart 4: Seasonally adjusted M2

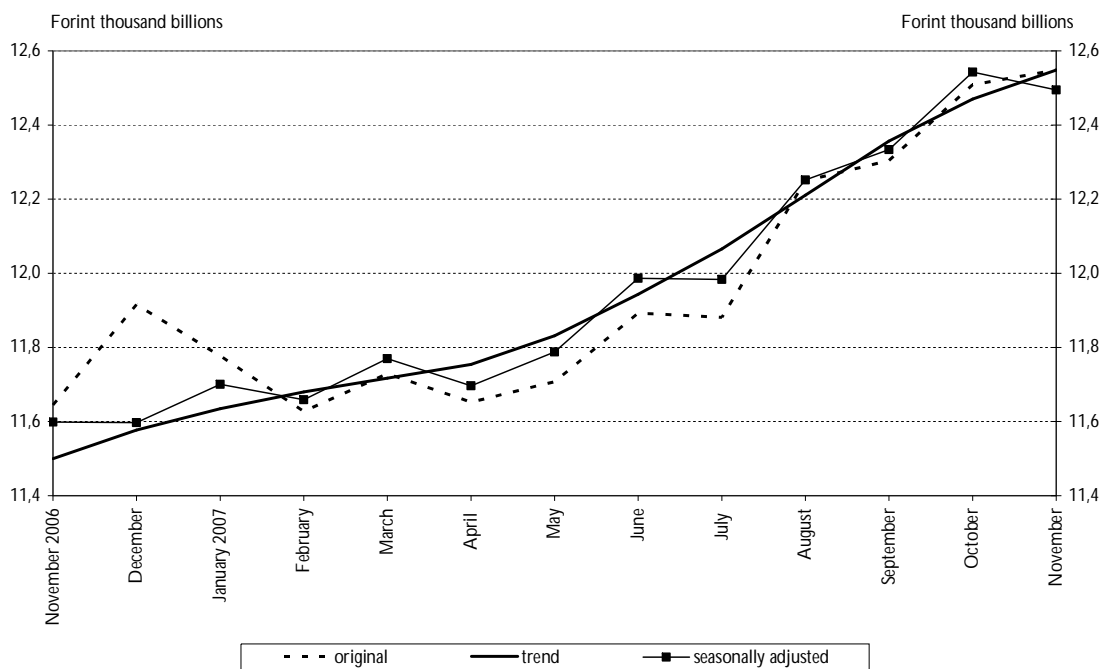
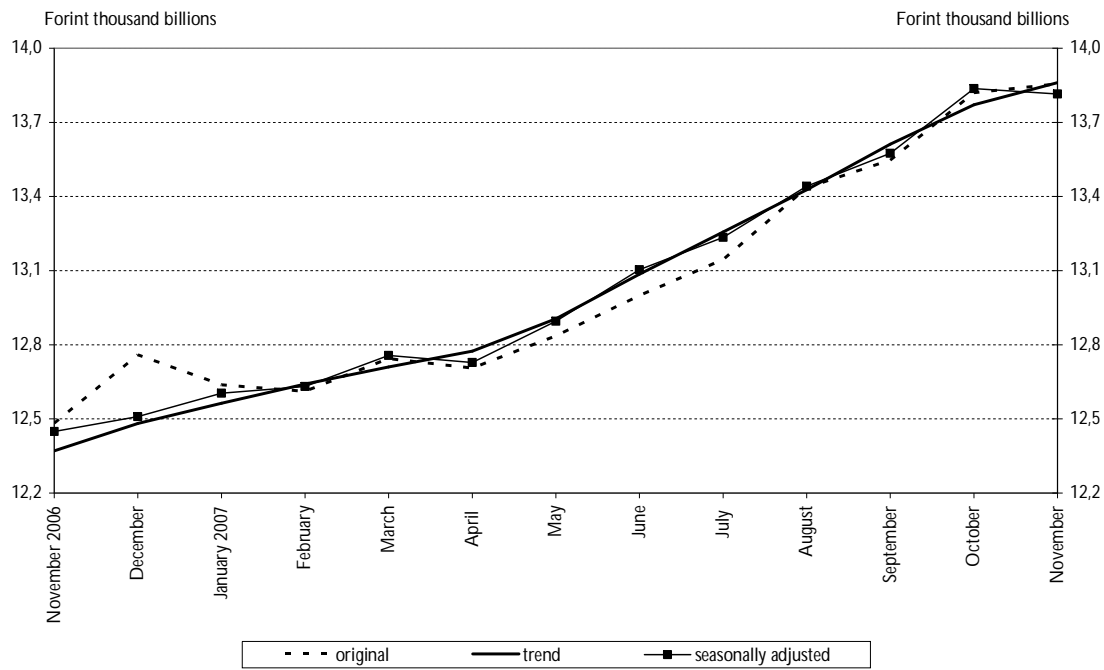


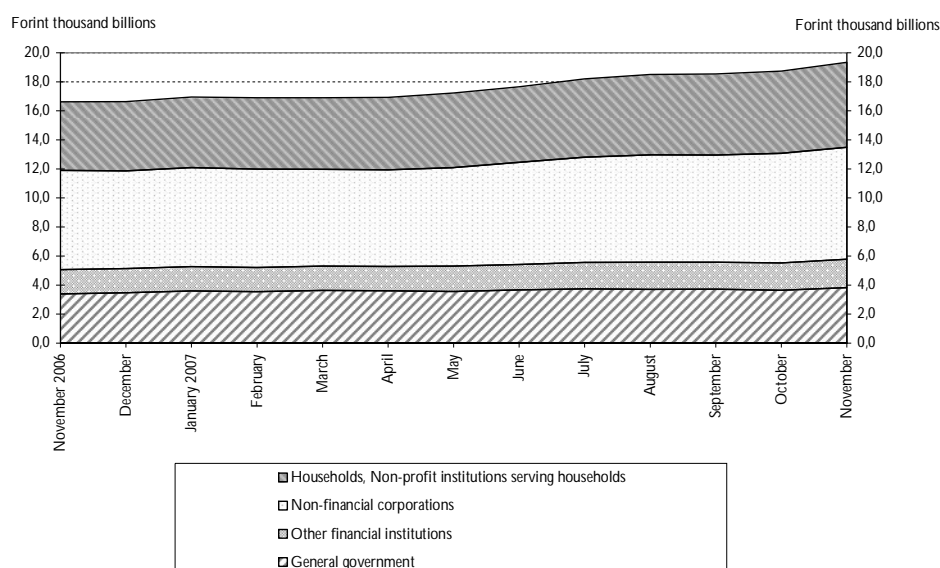
Chart 5: Seasonally adjusted M3



The value of domestic receivables of monetary financial institutions² has been increasing since April. In November, in case of all domestic sectors under review the stock increased by a total HUF 600.5 billion to HUF 19,343.3 billion.

Within domestic receivables, amounts owed by non-financial corporations account for the highest share. In November, their share declined by 0.5 percentage point to 39.8%. The share within total domestic receivables owed to monetary financial institutions by households and non-profit institutions serving households increased by 0.1 percentage point to 30.3%. The share of amounts owed by the general government rose by 0.3 percentage point to 19.8%, whereas the share of amounts owed by other financial corporations changed by 0.1 percentage point to 10.1%.

Chart 6: Composition of the stock of domestic loans



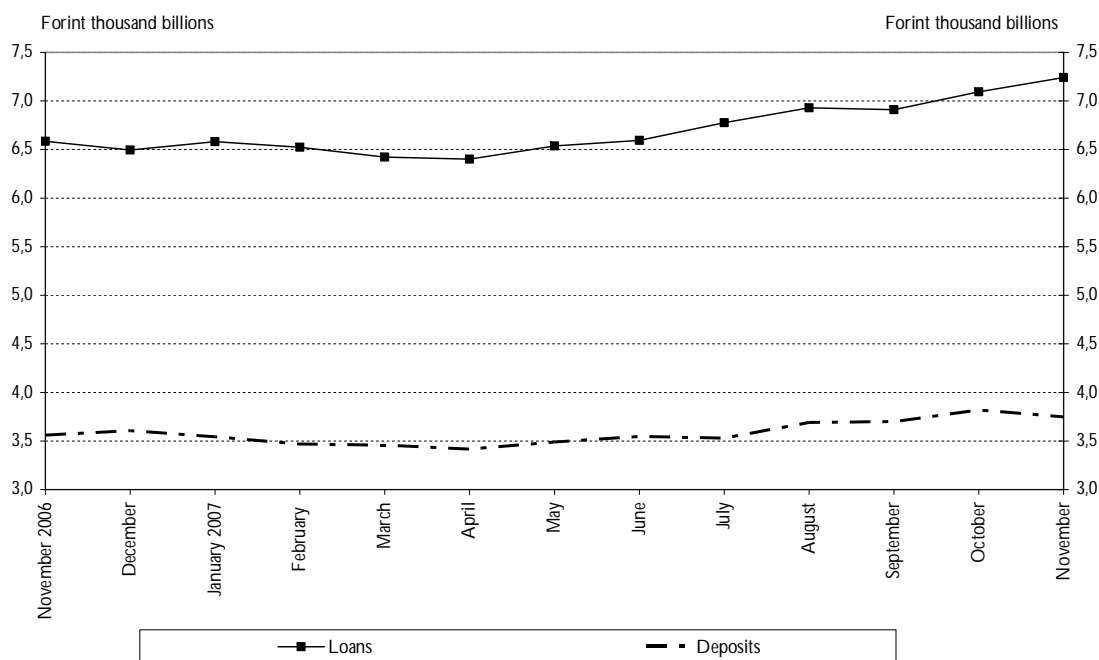
Apart from a decline in September, the amount of loans extended by monetary financial institutions to non-financial corporations has been increasing since May, rising by HUF 146.8 billion to HUF 7,241.2 billion in November. The stocks of loans rose in all the three maturity categories under review. Short-term loans increased by HUF 37.5 billion to HUF 2,691.8 billion, while loans with a maturity of over one year by HUF 109.3 billion to HUF 4,549.4 billion. Within long-term loans, loans with a maturity of up to five years increased by HUF 37.5 billion to HUF 1,877.5 billion and those with a maturity of over five years by HUF 71.9 billion to HUF 2,671.9 billion. In November, the percentage share of loans with a maturity of up to one year was the highest, declining by 0.2 percentage point to 37.2%. The percentage share of loans with a maturity of over five years increased by 0.2 percentage point to 36.9%, whereas the percentage share of loans with a maturity of up to five years remained unchanged at 25.9%.

² In addition to loans it includes debt securities, shares and ownership interests as well.

The share of foreign currency loans within loans with a maturity of up to one year changed from 30.0% to 32.1%, within long-term loans with a maturity of up to five years from 50.2% to 52.7%, and within loans with a maturity of over five years from 68.9% to 69.8%. The total value of foreign currency loans exceeded the value of the previous month by HUF 206.4 billion. Within this, transactions and exchange rate changes accounted for HUF 163.7 billion and HUF 42.7 billion, respectively.

Following an increase experienced in the previous three months, the sector's deposits with monetary financial institutions declined by HUF 72.1 billion to 3,748.1 billion. Within total deposits, the share of overnight deposits was 51.8%, that of deposits with an agreed maturity was 47.9% and that of repos was 0.3%. Overnight deposits increased by HUF 30.4 billion to HUF 1,942.5 billion. Within this, forint deposits rose by HUF 77.7 billion, while deposits denominated in foreign currency declined by HUF 47.3 billion. Deposits with a maturity of up to one year declined by HUF 106.9 billion. Within this, forint and foreign currency deposits decreased by HUF 33.2 billion and HUF 73.7 billion, respectively. Deposits with a maturity of over one year changed slightly, increasing by HUF 3.0 billion. Outstanding repos rose by HUF 1.5 billion.

Chart 7: Loans and deposits of non-financial corporations

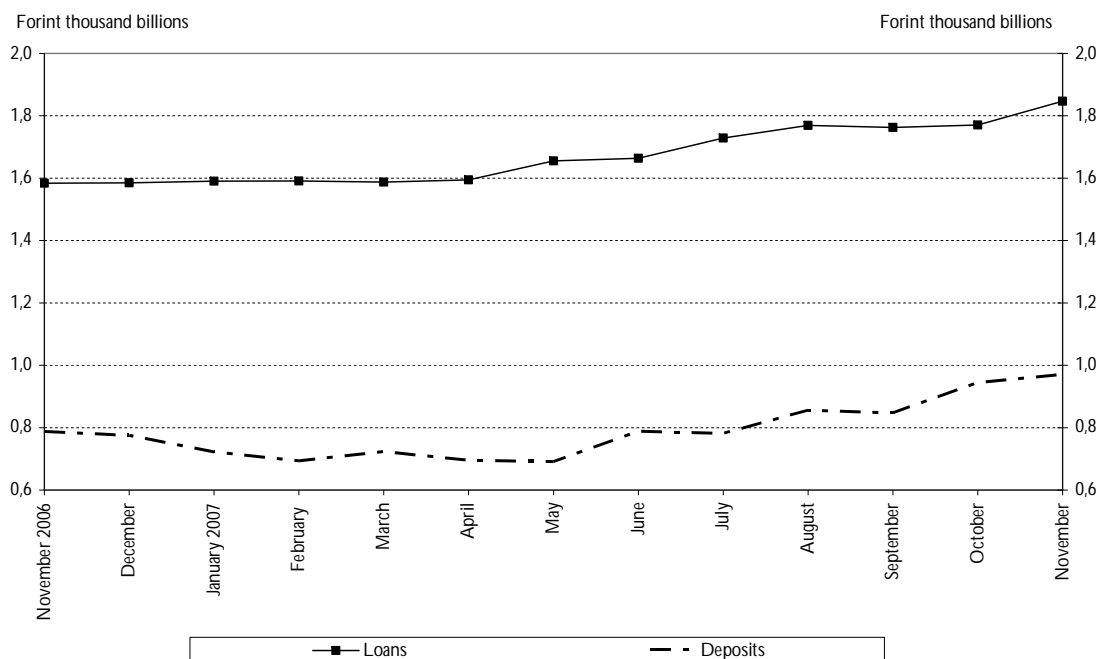


With the exception of a decline in September, loans to other financial corporations have been increasing since April. In November, they rose by HUF 76.4 billion to HUF 1,847.0 billion. The share of loans with a maturity of up to five years, which have the highest share within total loans, changed from 46.6% to 45.4%, that of loans with a maturity of over five years from 24.2% to 24.7%, while that of loans with a maturity of up to one year from 29.2% to 29.9%.

Forint and foreign currency loans increased by HUF 20.5 billion and HUF 55.9 billion, respectively. This latter change resulted from a HUF 32.9 billion change in the exchange rate and a HUF 23.0 billion increase originating from transactions.

The sector's deposits with monetary financial institutions exceeded the value of the previous month by HUF 26.1 billion, amounting to HUF 970.8 billion. The value of overnight deposits increased by HUF 16.1 billion, deposits with an agreed maturity declined by HUF 25.4 billion, while repos were up by HUF 35.4 billion.

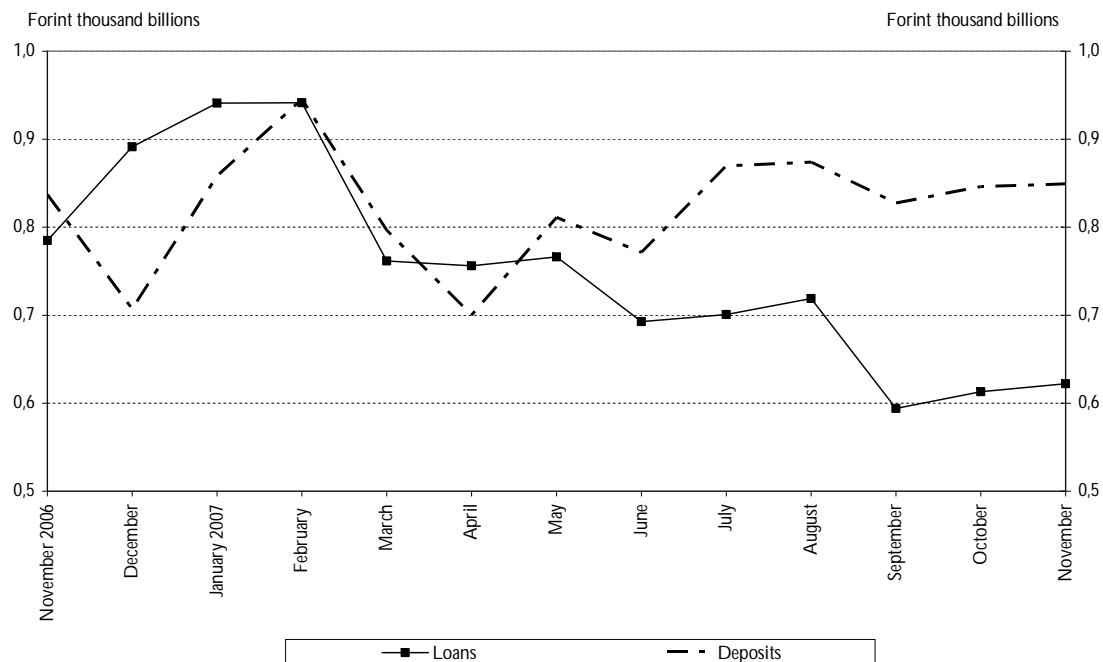
Chart 8: Loans and deposits of other financial corporations



Loans granted by monetary financial institutions to the general government increased by HUF 9.2 billion to HUF 622.2 billion.

Deposits of the general government with monetary financial institutions rose by HUF 3.3 billion to HUF 849.9 billion, resulting from a HUF 23.1 billion increase in the central government's deposits and a HUF 19.8 billion decline in local governments' deposits.

Chart 9: Loans and deposits of the general government sector

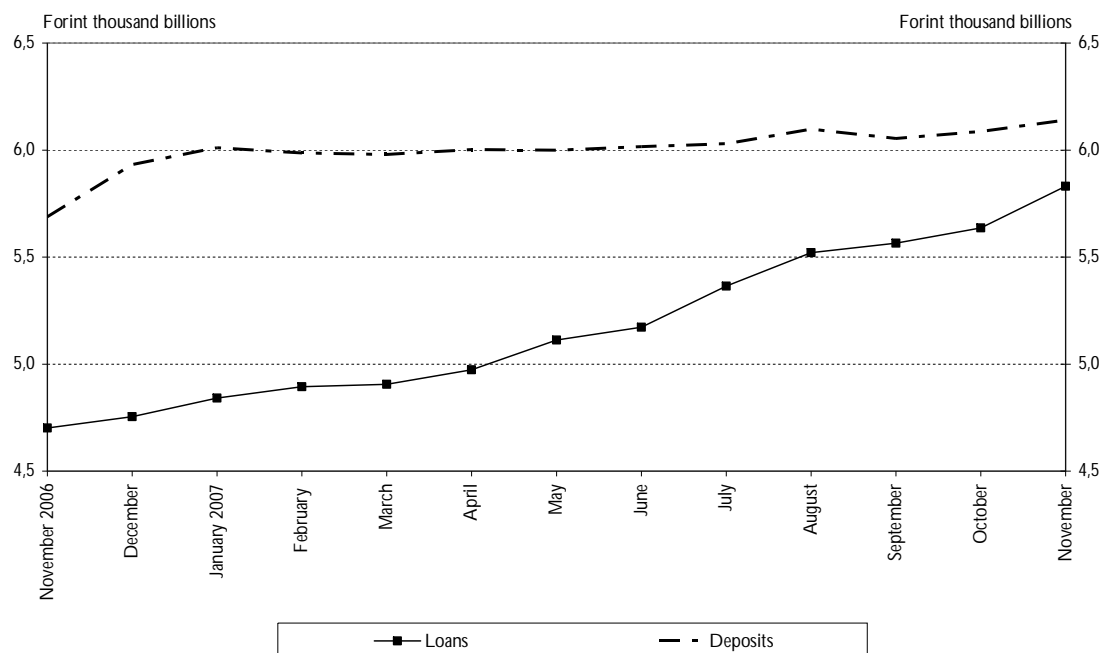


The growth trend of loans to the household sector observed in recent years continued, and total loans outstanding rose by HUF 195.1 billion to HUF 5,831.3 billion. Forint loans declined by HUF 9.2 billion, while foreign currency loans increased by HUF 204.2 billion. Regarding the components of the increase in foreign currency loans, transactions and exchange rate changes account for HUF 134.9 billion and HUF 69.3 billion, respectively. Within total loans, the share of foreign currency loans continued to rise from 52.3% in October to 54.1%. This ratio has steadily been increasing for two years, and in this month it was twice as much as the value in November 2005.

The stock of households' deposits with monetary financial institutions increased by HUF 52.7 billion to HUF 6,140.0 billion.

Compared to November 2006, loans to households increased by 24.0%, while their deposits increased by 7.9%. Consequently, the difference between the values of loans and deposits fell by 68.7% in the last one year.

Chart 10: Loans and deposits of the household sector



Within loans to households, the shares of loan types have not changed significantly. The share of housing loans amounted to 53.2%, with their stock rising by HUF 76.1 billion. Within housing loans, the share of foreign currency loans was up from 43.7% to 45.4%. The weight of consumer credit within total loans to households was 40.3%, with the outstanding amount growing by HUF 99.2 billion. The share of foreign currency loans within consumer credit changed from 66.0% to 67.2%. The stock of other loans increased by HUF 19.8 billion; within this, the share of foreign currency loans was 44.2%.

Chart 11: Composition of loans to households

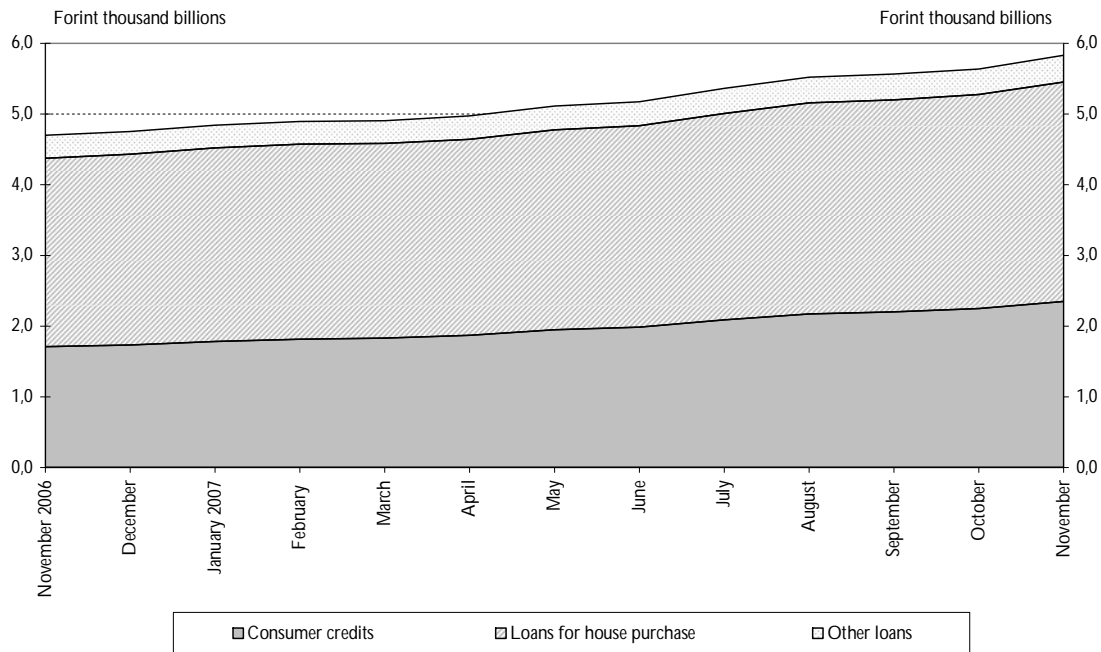
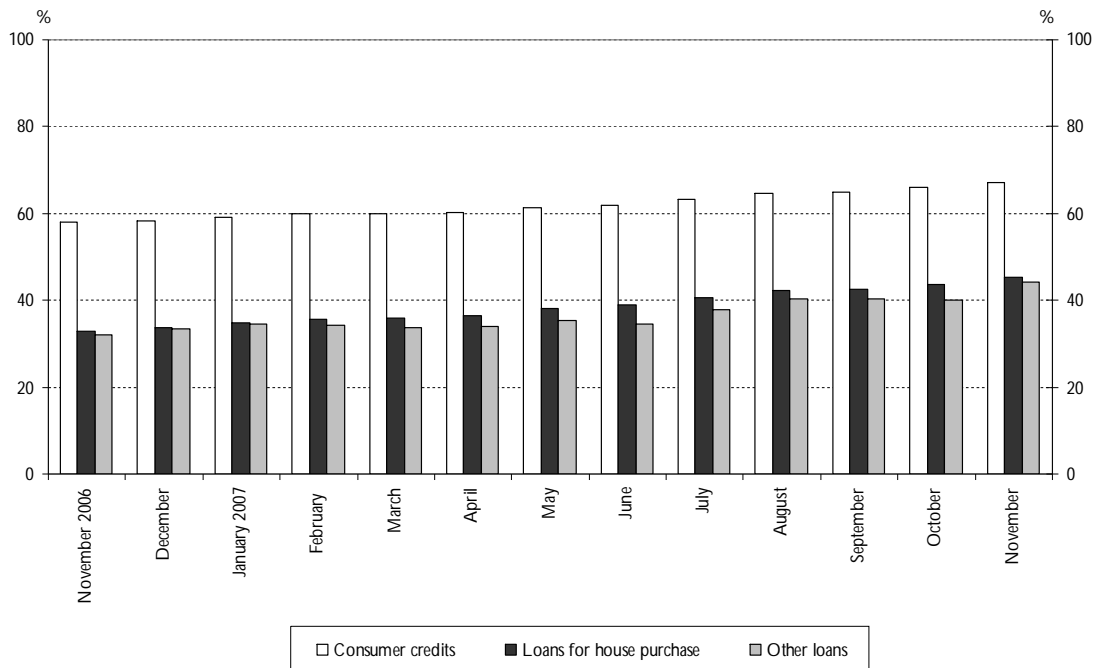


Chart 12: Percentage share of foreign currency loans to households within types of loan



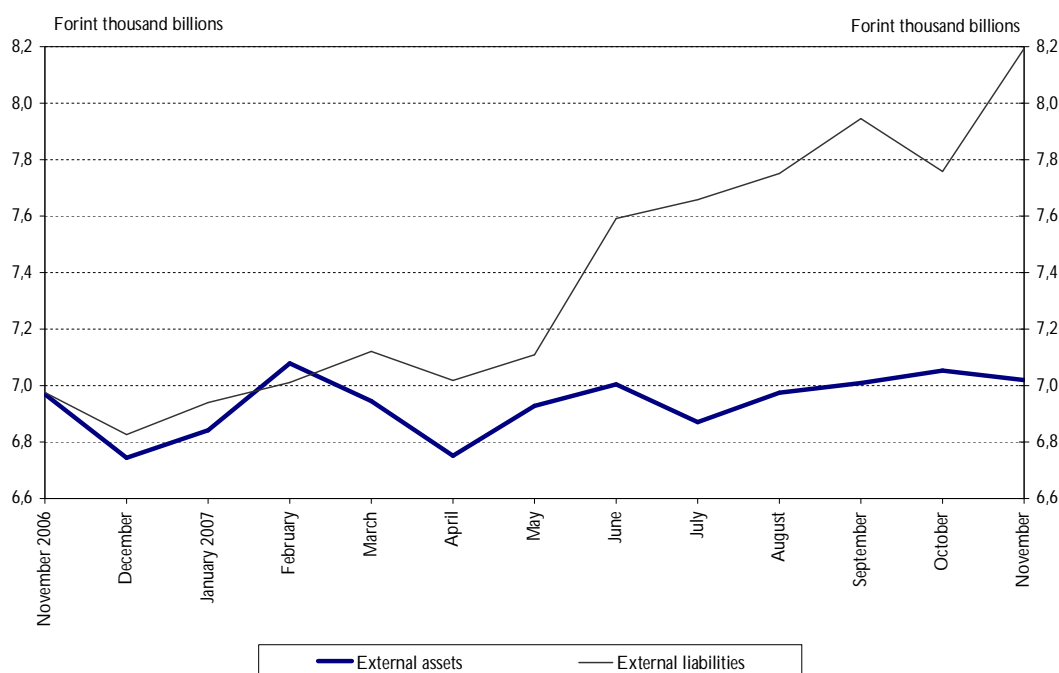
Within households' deposits with monetary financial institutions, overnight deposits declined by HUF 24.4 billion. Deposits with an agreed maturity increased by HUF 77.0 billion. Within this, deposits with a maturity of up to one year was up by HUF 76.8 billion, while those with a maturity of over one year rose by HUF 0.2 billion.

The difference between external assets and liabilities of monetary financial institutions continued to increase. External assets declined by HUF 33.3 billion to HUF 7,019.5 billion, while external liabilities increased by HUF 435.3 billion to HUF 8,193.4 billion, reaching the highest level to date. Net liabilities of the sector increased by HUF 468.5 billion.

Assets of the central bank vis-a-vis the rest of the world increased by HUF 38.0 billion to HUF 4,412.4 billion, while its external liabilities were up by HUF 8.5 billion to HUF 435.9 billion. Net assets increased by HUF 29.6 billion.

Net liabilities of other monetary financial institutions vis-a-vis non-residents increased by HUF 498.1 billion. External assets declined by HUF 71.3 billion to HUF 2,607.1 billion, while liabilities rose by HUF 426.8 billion to HUF 7,757.5 billion. Of this latter increase exchange rate changes and transactions accounted for HUF 77.6 billion and HUF 349.2 billion, respectively. The increase in transactions is mainly attributable to some major individual transactions.

Chart 13: External assets and liabilities



Methodological notes

Percentages and ratios are calculated from data before 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. 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 growth indices in this press release are derived from trend data by dividing the base period data by data for the previous period, and by raising the quotient to the 12th power. Using trend data is required by the fact that the month-on-month growth rates tend to be

more variable and can contain one-off effects as well if seasonality is not eliminated. After annualising, the month-on-month growth rates become 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 and 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_enxls.

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