

2 April 2002

## PRESS RELEASE

### Non-financial corporate sector and household sector borrowing and deposit rates, interbank lending rates

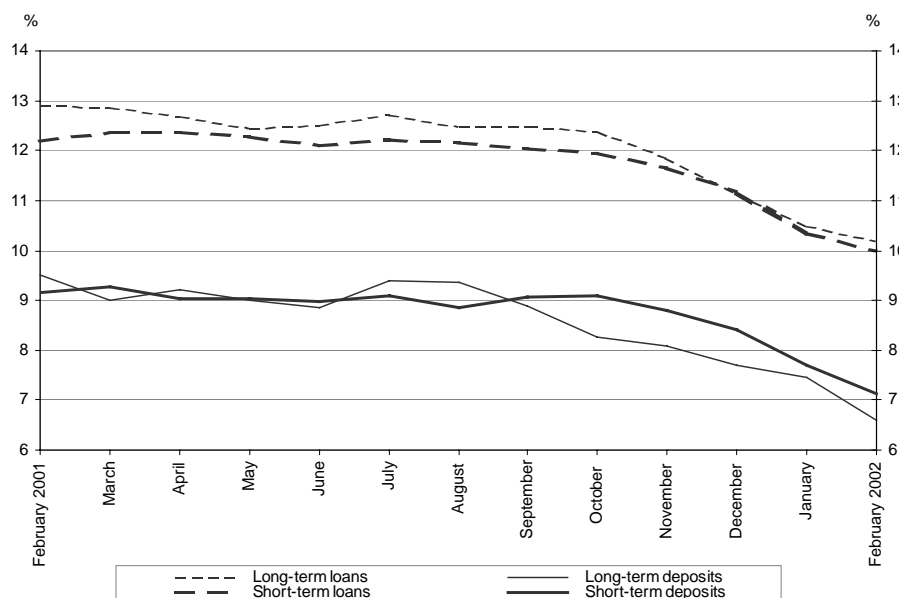
*February 2002*

*Starting from this press release and going back to May 2001, borrowing and deposit rates for sole proprietors within the household sector data are presented in a combined consolidated form. As of January 2002, total lending charges are published on all types of loans to the household sector, i.e. individuals and sole proprietors, in a breakdown by type of loan and maturity.<sup>1</sup> Appendix 1 gives detailed information on changes in the release.*

X X X

*In February, the downward trend of non-financial corporate sector average borrowing and deposit rates<sup>2</sup> continued. Household sector deposit rates and the rates on residential property loans given at market terms also fell, while rates on consumer and other loans as well as total lending charges increased on the previous month. Average rates in the forint interbank market were lower at every maturity, with the largest drop being recorded in interest rates on six-month interbank loans.*

#### Non-financial corporate sector forint average deposit and borrowing rates



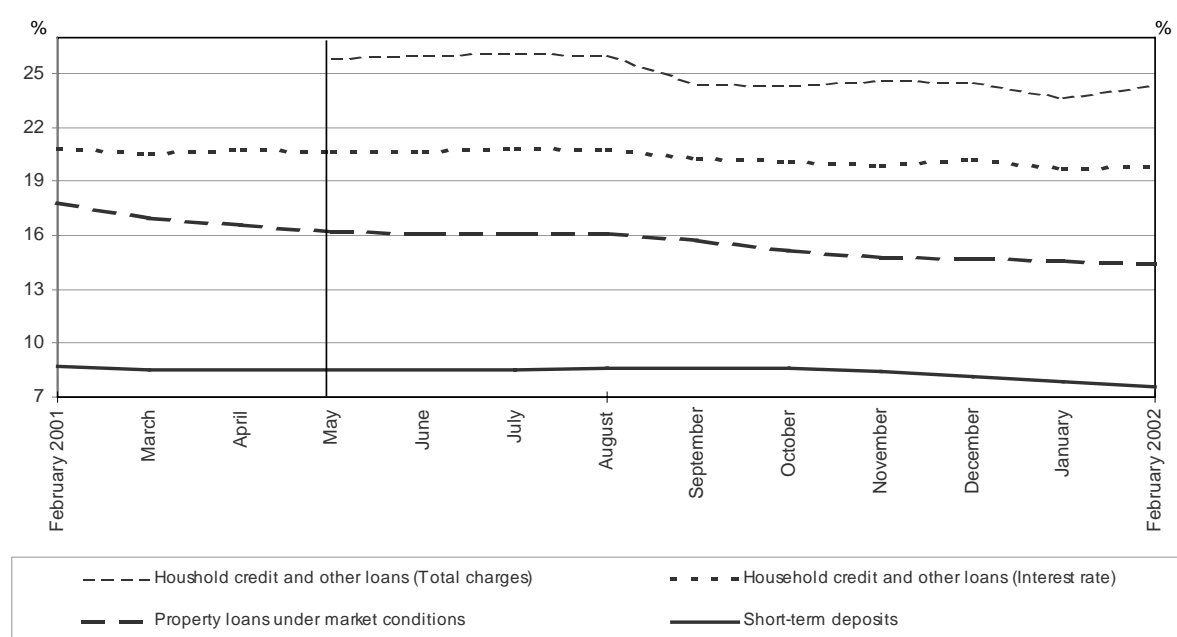
<sup>1</sup> For the period May–December 2001, total charges were only available on consumer credit and other loans with a maturity of more than three months.

<sup>2</sup> When calculating average rates and total charges for the individual sectors, depositing and lending during the month under review are applied as weights. The rates do not contain any additional charges (such as fees).

The average of interest rates on short-term loans provided to the non-financial corporate sector under market conditions fell 37 basis points, from 10.35% to 9.98%, due mostly to changes in interest rate conditions. Those on long-term loans were 29 basis points lower, down from 10.48% to 10.19%, on account of changes in composition. The sector's average of short-term deposit rates fell 55 basis points, from 7.69% to 7.14%, those on long-term deposits falling 86 basis points, from 7.45% to 6.59%, due to changes in interest rate conditions. The spread between interest rates on short-term loans and deposits, which play a major role for non-financial corporations, changed from 2.66 percentage points to 2.84 percentage points relative to January 2002.

Household sector<sup>3</sup> average interest rates on property loans provided under market conditions fell from 14.57% in January to 14.36% in February, the total charge being 15.26%, compared with 15.60% in January. Average rates on consumer credit and other loans changed from 19.67% to 19.84%, due to changes in interest rate conditions. Total charges on consumer credit and other loans rose from 23.67 in January to 24.31%. Individuals' average sight deposit rates fell 44 basis points, from 2.82% to 2.38%, due to changes in composition. Those on short-term deposits fell 23 basis points, from 7.84% to 7.61% in February 2002. Average long-term deposit rates fell 59 basis points, from 8.24% to 7.65%, in February, mainly due to interest rate changes.

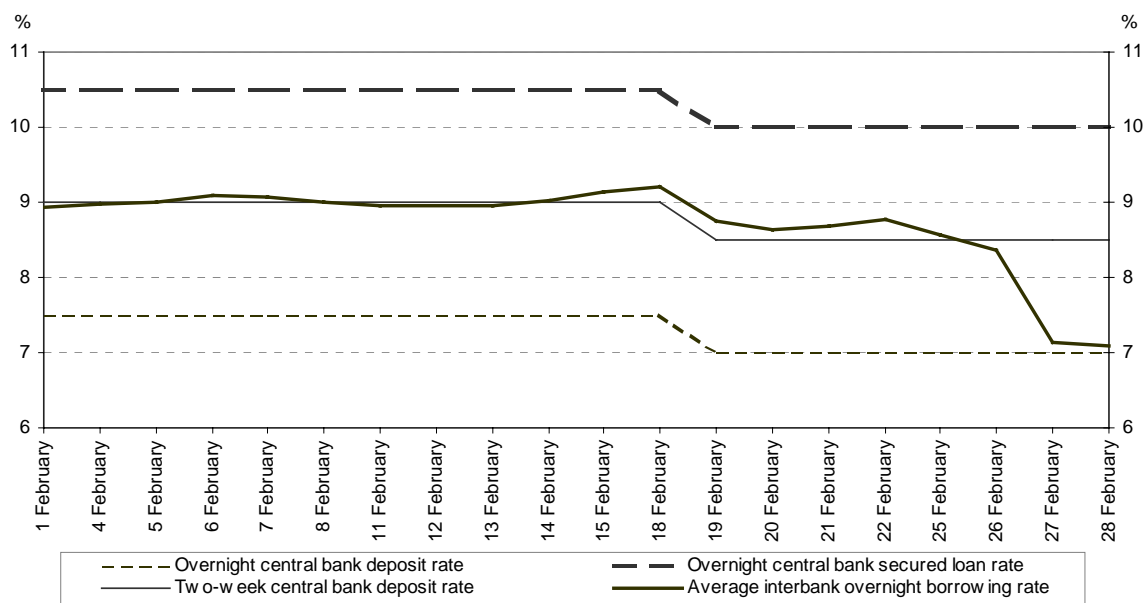
### The household sector forint average deposit and borrowing rates <sup>a) b)</sup>



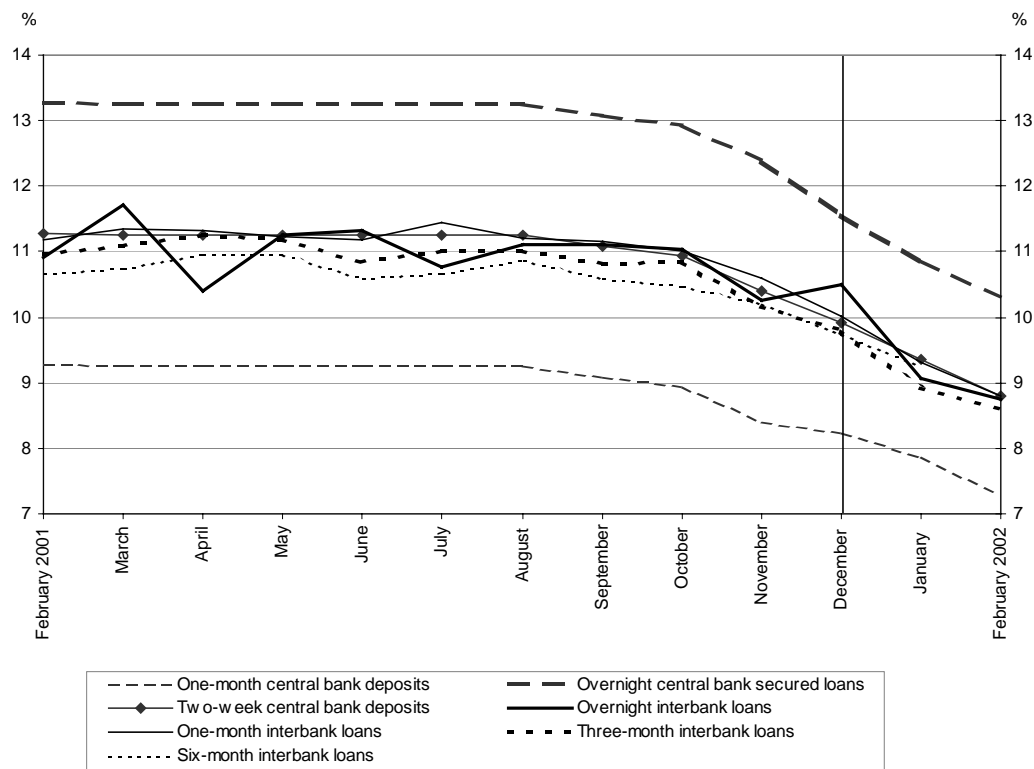
- a) For the period up to December 2001, total lending charges on household consumer credit and other loans contain data only on household borrowing for maturities longer than three months.  
b) Household borrowing and deposit rates also contain data on sole proprietors as of May 2001.

### Central bank rates and interbank borrowing rates in February 2002

<sup>3</sup> As of May 2001, household sector borrowing and deposit rates also contain data on sole proprietors. However, the value of total lending charges regarding sole proprietors is only available as of January 2002.



### Monthly average central bank rates and forint interbank borrowing rates since January 2001<sup>a)</sup>



a) The interest rate corridor narrowed to 300 basis points as of 11 December 2001.

Forint interbank turnover amounted to Ft 1,280.2 billion in February, showing a fall of Ft 233.6 billion relative to the preceding month. The daily averages of interest rates on overnight loans showed no excessive fluctuations in the month. The average interbank overnight interest rate fell 31 basis points, from 9.07% to 8.76%, and the average lending rates for one month fell 52 basis points, from 9.32% to 8.80%, relative to January. The three-month average interest rate fell 34 basis points, from 8.93% to 8.59% in one month. Six-month average borrowing rates fell 85 basis points, from 9.26% in January to 8.41% in February.

\* \* \* \* \*

Daily interbank rates are available on request at the Bank's Press and Public Relations Department.

**Changes in the February 2002 press release on non-financial corporate sector and household sector borrowing and deposit rates, and interbank lending rates**

The press release on February 2002 has been modified relative to earlier months. The following is a list of the main changes:

- Starting from this release and going back to May 2001, average rates on borrowing and deposits by individuals and sole proprietors are released in a combined structure for the whole household sector. Simultaneously, separate publication of interest rate data on individuals and sole proprietors ceases.
- For the period May to December 2001, total lending charges on all types of consumer credit and other loans contain data only on household consumer loans with a maturity of more than three months, while total charges on lending to sole proprietors is not available for the said period. From January 2002, in addition to consumer and other loans to the household sector, the Bank also publishes the average rate of total lending charges on property loans given under market terms. The calculation of this rate also takes account of total charges on loans for maturities less than three months.
- As for the period January to December 2001 short term rates on lending to non-financial corporations also include data on discounted bills of exchange, discount rates are not shown as a separate entry. As these rates are negligible in size, the series can be viewed as homogenous. As of January 2002, data on discounted bills are classified by credit institutions under the appropriate maturity class.

## Appendix 2

### Non-financial corporate sector<sup>a)</sup> forint average<sup>b)</sup> borrowing and deposit rates

Per cent

	2001											2002	
	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec	Jan	Feb
<b>Loans</b>													
Short-term loans <sup>c)</sup>	12,19	12,36	12,37	12,27	12,08	12,22	12,17	12,04	11,95	11,66	11,18	10,35	9,98
Long-term loans	12,91	12,87	12,69	12,45	12,51	12,72	12,50	12,49	12,39	11,85	11,15	10,48	10,19
<b>Time deposits</b>													
Short-term deposits	9,16	9,28	9,04	9,02	8,98	9,08	8,85	9,05	9,09	8,81	8,40	7,69	7,14
Less than one month	9,15	9,25	8,97	9,00	8,96	9,06	8,79	9,03	9,05	8,79	8,40	7,67	7,14
1 month<maturity=<1 year	9,31	9,47	9,62	9,20	9,27	9,19	9,36	9,30	9,45	9,05	8,38	7,88	7,17
Long-term deposits	9,52	9,00	9,22	9,01	8,86	9,38	9,35	8,89	8,26	8,08	7,70	7,45	6,59
<b>Settlement account deposits</b>													
Minimum	1,00	1,00	1,00	1,00	1,00	1,00	1,00	0,80	1,00	0,50	0,50	0,50	0,10
Maximum	12,00	12,00	12,00	11,50	12,30	11,80	11,60	11,80	11,80	12,00	12,00	11,00	10,75

a) Does not include interest rates for sole proprietors from May 2001. Data for sole proprietors account for an insignificant role within average rates, therefore, the time series are homogenous from a statistical perspective.

b) Weighted monthly average. Data on contracts concluded by banks and specialised credit institutions with non-financial corporations under market conditions in the given month. Borrowing rates do not include additional costs of loans (e.g. fees).

c) The interest rates on the discounted bills were recorded under the short-term loans until December 2001.

### Household sector forint average borrowing and deposit rates

Per cent

	2001											2002	
	Feb	March	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec	Jan	Feb
<b>Loans</b>													
Property loans at market conditions <sup>a)</sup>	17,82	16,95	16,57	16,19	16,11	16,12	16,10	15,73	15,18	14,78	14,63	14,57	14,36
Consumer credit and other loans <sup>b)</sup>	20,88	20,57	20,70	20,66	20,61	20,82	20,77	20,25	20,11	19,91	20,22	19,67	19,84
Short-term consumer credit and other	20,88	20,70	20,93	20,52	20,50	20,66	20,69	19,74	19,53	19,26	19,65	18,81	19,22
Long-term consumer credit and other	20,89	20,37	20,42	20,89	20,81	21,06	20,91	21,13	21,15	21,11	21,42	21,74	20,94
<b>Deposits</b>													
Sight deposits	3,37	3,37	3,36	3,19	3,27	3,17	3,07	3,18	3,25	3,31	2,94	2,82	2,38
Short-term deposits	8,66	8,52	8,53	8,51	8,54	8,53	8,62	8,59	8,58	8,44	8,17	7,84	7,61
Less than one month	8,49	8,34	8,36	8,30	8,35	8,36	8,39	8,36	8,31	8,20	7,95	7,63	7,50
1 month<maturity=<3 months	9,54	9,39	9,35	9,49	9,45	9,34	9,56	9,60	9,60	9,58	9,13	8,90	8,29
3month<maturity=<1 year	8,83	8,88	8,89	8,95	8,87	8,92	8,97	8,98	8,91	8,61	8,07	7,78	7,53
Long-term deposits	9,16	8,91	8,93	8,75	9,09	9,10	8,88	8,81	8,75	8,66	8,33	8,24	7,65

a) Housing loans (building, property, renovation and addition) and other (holiday homes, garages) provided under market conditions with or without mortgage.

b) Includes overdrafts, personal loans, Lombard ,loans, instalment credit, car purchase loans, mortgage loans etc.

## Appendix 3

Changes in household sector average interest rate<sup>a)</sup> on average total charge<sup>b)</sup> of forint loans

Per cent

	2001								2002	
	May	June	July	Aug	Sept	Oct	Nov	Dec	Jan	Feb
<b>Overdrafts</b>										
Average interest rate	20,12	20,09	20,33	20,27	18,98	19,07	18,97	18,90	18,16	18,78
Average total charge	26,56	26,53	26,82	26,75	23,98	24,14	23,82	23,79	21,69	23,08
<b>Personal loans</b>										
Average interest rate	23,73	23,46	23,08	22,94	23,05	23,48	23,12	21,32	22,69	22,13
Average total charge	29,12	29,66	28,72	28,62	28,83	29,29	28,09	26,72	27,76	28,03
<b>Lombard loans</b>										
Average interest rate	17,81	17,31	18,03	16,68	17,22	17,63	16,11	16,74	15,87	15,35
Average total charge	20,25	19,73	20,94	19,81	20,59	19,84	18,02	18,27	17,92	17,64
<b>Instalment credit</b>										
Average interest rate	27,05	28,06	28,16	27,31	27,88	27,54	27,95	28,97	27,44	28,71
Average total charge	33,45	34,61	35,15	33,88	33,90	34,25	34,54	35,14	35,73	35,68
<b>Car purchase loans</b>										
Average interest rate	19,75	19,69	19,60	19,79	19,75	19,22	18,56	17,93	18,55	18,62
Average total charge	22,40	22,40	22,28	22,47	22,39	20,84	20,31	18,54	20,29	20,78
<b>Mortgage loans</b>										
Average interest rate	18,64	18,72	18,59	18,68	18,61	18,60	18,44	18,59	18,64	18,51
Average total charge	21,15	21,05	20,37	20,79	20,14	19,39	20,85	20,99	22,91	22,60
<b>Other loans</b>										
Average interest rate <sup>c)</sup>	16,74	16,62	17,08	17,52	16,92	16,40	15,51	15,89	27,36	25,97
Average total charge	22,55	22,79	23,54	20,11	21,50	22,83	24,19	21,22	32,21	31,20
<b>Total consumer credit and other loans</b>										
Average interest rate	20,44	20,43	20,67	20,55	19,90	19,87	19,78	19,88	19,67	19,84
Average total charge	25,90	26,06	26,18	26,01	24,46	24,38	24,59	24,50	23,67	24,31
<b>Market-related mortgage</b>										
Average interest rate	..	..	..	..	..	..	..	..	14,57	14,36
Average total charge	..	..	..	..	..	..	..	..	15,60	15,26

a) From May to December 2001, rates on consumer credit and other loans comprise rates on lending to individuals and sole proprietors with a maturity of over three months. As of January 2002, rates on consumer credit and other loans apply to the whole household sector, and also include rates on loans with a maturity of less than three months.

b) For the period May to December 2001, total lending charges are only available on household consumer credit and other loans with a maturity of over three months.

c) The large gap between average interest rates on other loan types in 2001 and 2002 is explained by the high rates on other loans for periods shorter than three months, as average rates for the period prior to December 2001 do not cover loans for terms less than three months.

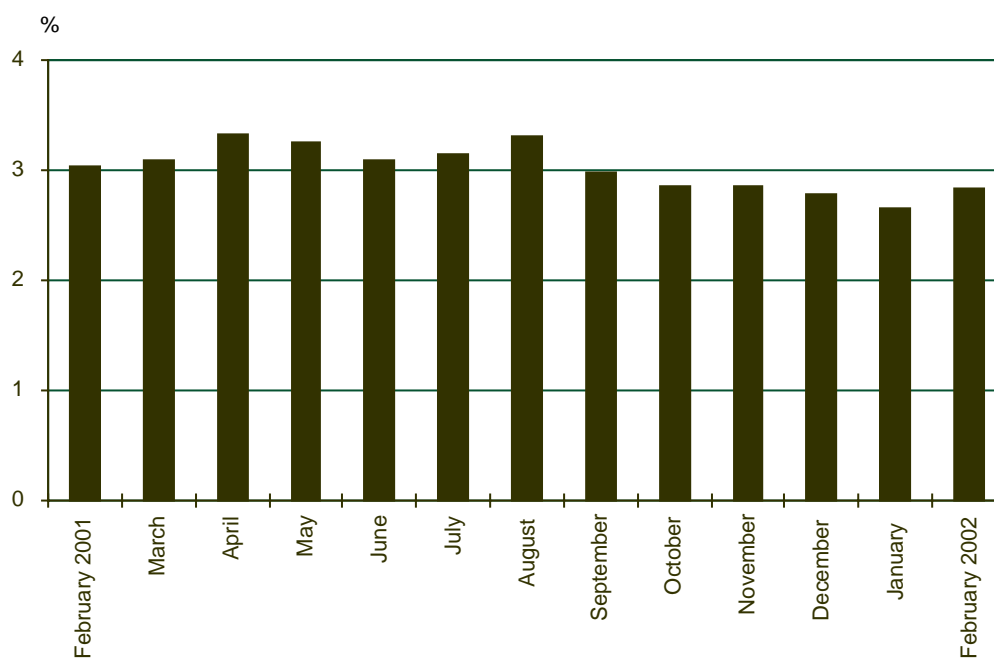
Composition of household sector consumer credit and other loans  
– percentage of shares of loans within total outstanding debt<sup>a)</sup>

Per cent

	2001								2002	
	May	June	July	Aug	Sept	Oct	Nov	Dec	Jan	Feb
<b>Consumer and other loans</b>										
Overdraft	51,29	51,94	52,92	54,55	53,67	54,67	52,48	52,45	67,01	64,56
Personal loans	11,89	12,18	11,84	11,53	12,04	10,47	11,17	11,50	7,00	8,36
Lombard loans	2,87	3,25	2,09	1,70	1,98	2,15	2,00	1,84	1,36	1,63
Instalment credit	5,22	5,07	6,55	6,07	6,18	6,35	7,84	9,41	6,81	4,15
Car purchase loans	7,89	7,81	7,14	6,16	6,17	6,60	7,75	5,44	4,15	3,47
Mortgage loans	17,23	16,08	15,92	16,16	16,31	15,76	12,91	15,67	7,89	11,43
Other loans	3,61	3,68	3,54	3,85	3,66	3,99	5,84	3,69	5,79	6,39
<b>Total</b>	100,00	100,00	100,00	100,00	100,00	100,00	100,00	100,00	100,00	100,00

a) For the period May to December 2001, the table shows the distribution of only those household sector consumer credit and other loans in a breakdown by type that have a maturity of over three months.

**Differential between short term average deposit and borrowing rates of non-financial corporations**



**Short term average rates**

