

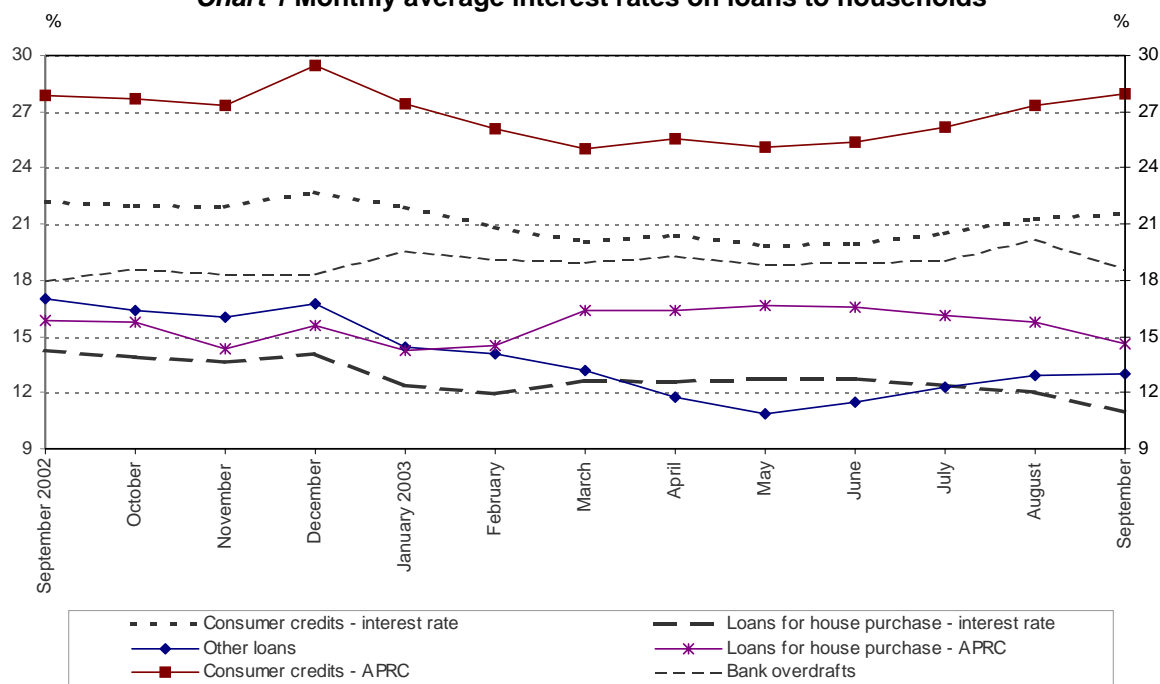
28 October 2003

PRESS RELEASE

Household and non-financial corporate sector forint interest rates, interbank lending rates: September 2003

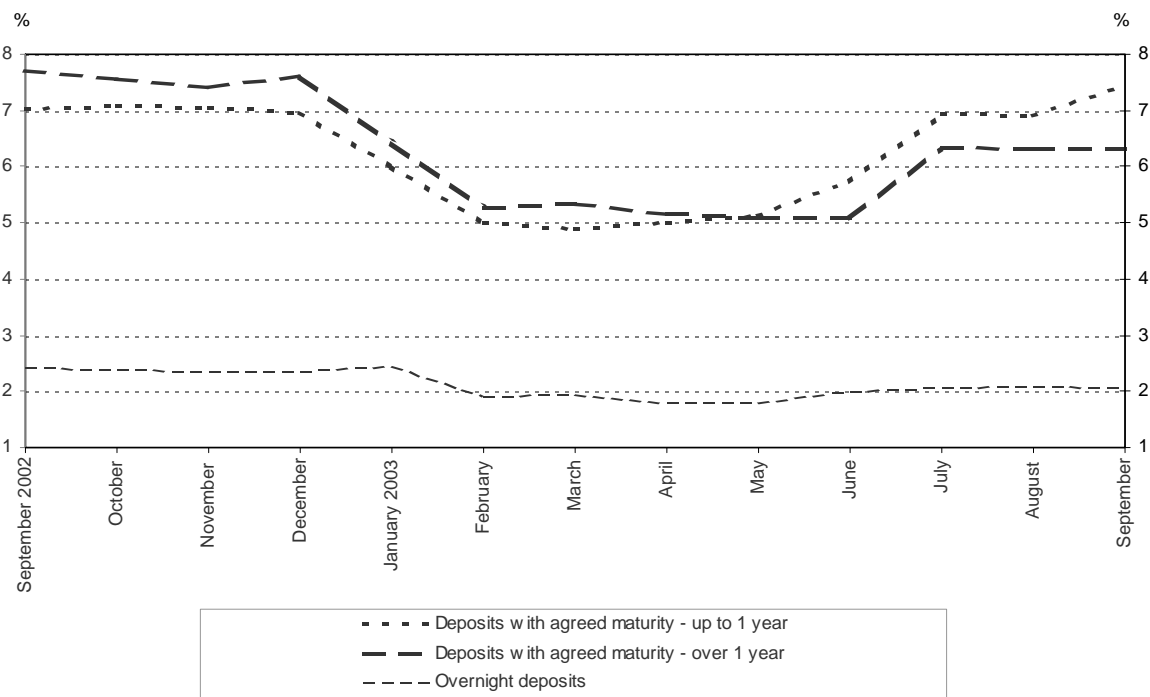
In September 2003, the average of interest rates on consumer credit and other loans increased, while that of interest rates on bank overdrafts and housing loans fell. Within household deposit rates, only that on deposits with agreed maturity up to one year changed significantly. Interest rates on the non-financial corporate sector's short-term loans and deposits slightly rose. In the interbank market, the overnight lending rate fell, the averages of those for other maturities remaining broadly unchanged.

Chart 1 Monthly average interest rates on loans to households



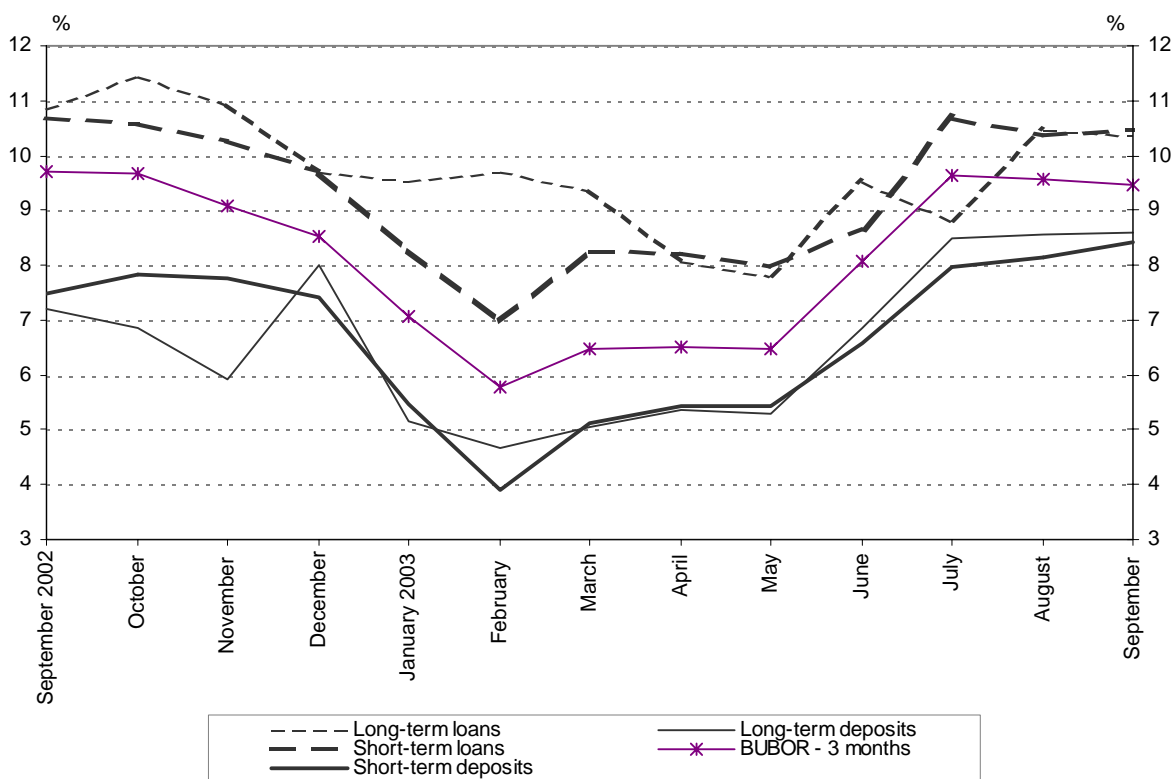
In the household sector, the interest rate on overdrafts fell 157 basis points, from 20.17% in August to 18.60% in September. The average interest rate on housing loans fell 111 basis point, from 12.04% to 10.93%, the APRC falling 110 basis points, from 15.75% to 14.65%. The average interest rate on consumer credit was 34 basis points higher, up from 21.25% to 21.59%, with the APRC rising 62 basis points, from 27.31% to 27.93%. The interest rate on other loans edged up by 3 basis points in September, from the preceding month's 12.95% to 12.98%.

Chart 2 Monthly average interest rates on household deposits



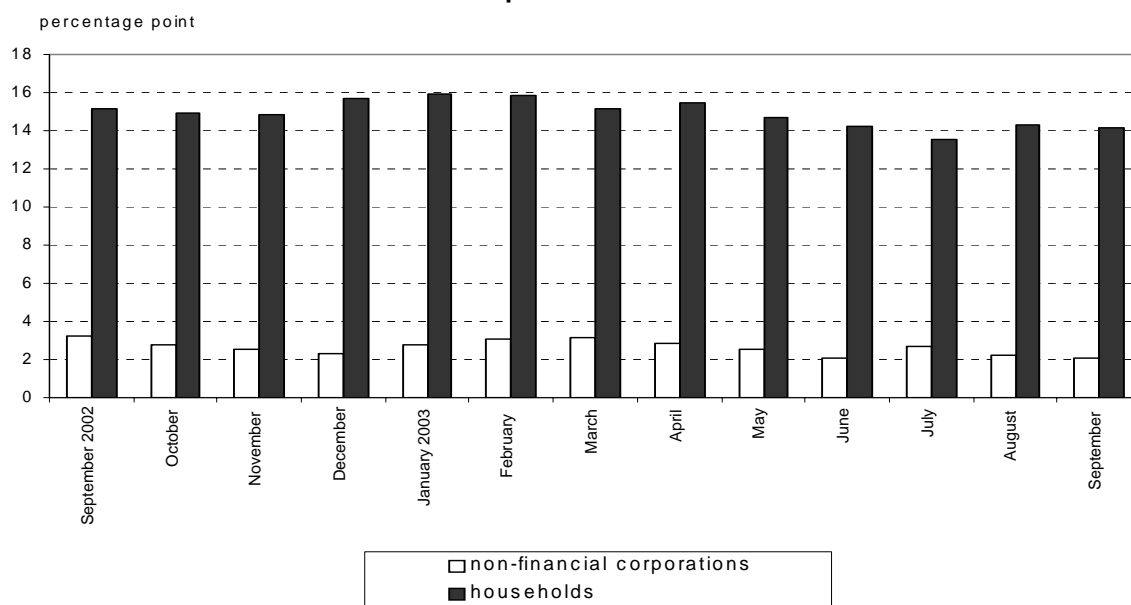
The average of interest rates on households' overnight deposits changed by 2 basis points, down from 2.10% in August to 2.08% in the month under review. The average interest rate on deposits with agreed maturity up to one year rose 53 basis points, from the preceding month's 6.90% to 7.43%. The average interest rate on deposits with agreed maturity over one year remained unchanged at 6.31% in September.

Chart 3 Borrowing and deposit rates of non-financial corporations



The average interest rate on short-term loans, provided to non-financial corporations, rose 13 basis points, from 10.35% to 10.48%, while that of interest rates on long-term loans fell 12 basis points, from 10.47% to 10.35%. The average of interest rates on deposits with agreed maturity up to one year rose 30 basis points, from 8.14% to 8.44%, and that of interest rates on deposits with agreed maturity over one year rose 4 basis points, from 8.56% to 8.60%.

Chart 4 Differential between non-financial corporate and household sector borrowing and deposit rates



In the household sector, the differential between average interest rates on consumer credit and deposits with agreed maturity up to one year narrowed from 14.34 percentage points to 14.16 percentage points. In the case of short maturities, which account for a significant share of non-financial corporate sector loans and deposits, the differential between average interest rates narrowed from 2.21 percentage points to 2.04 percentage points.

Chart 5 Average official and forint interbank rates in September 2003

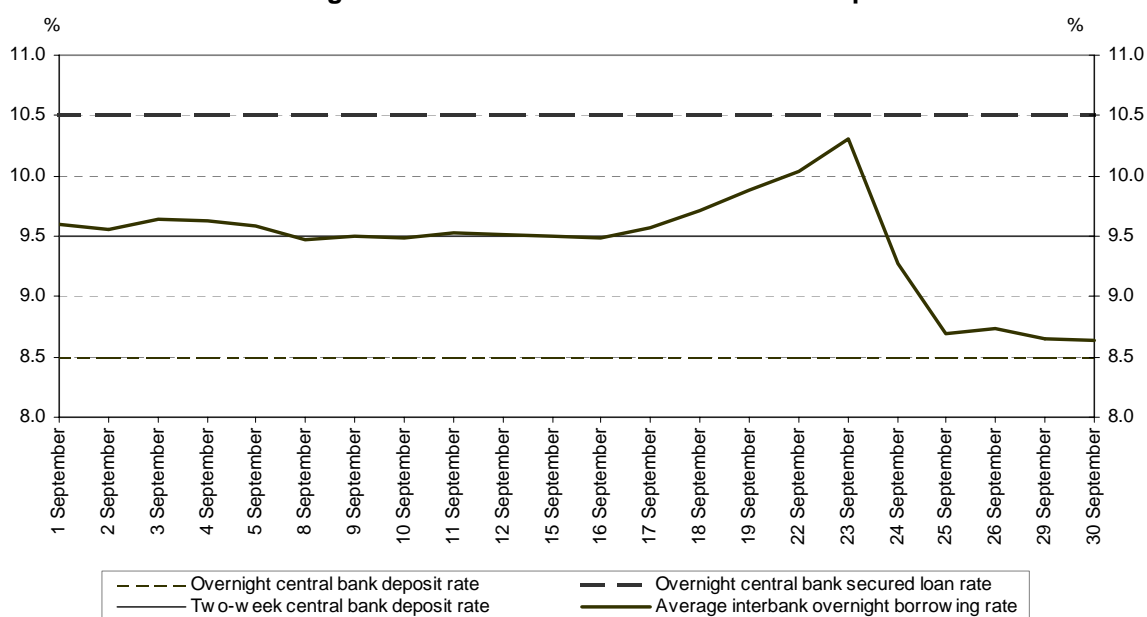
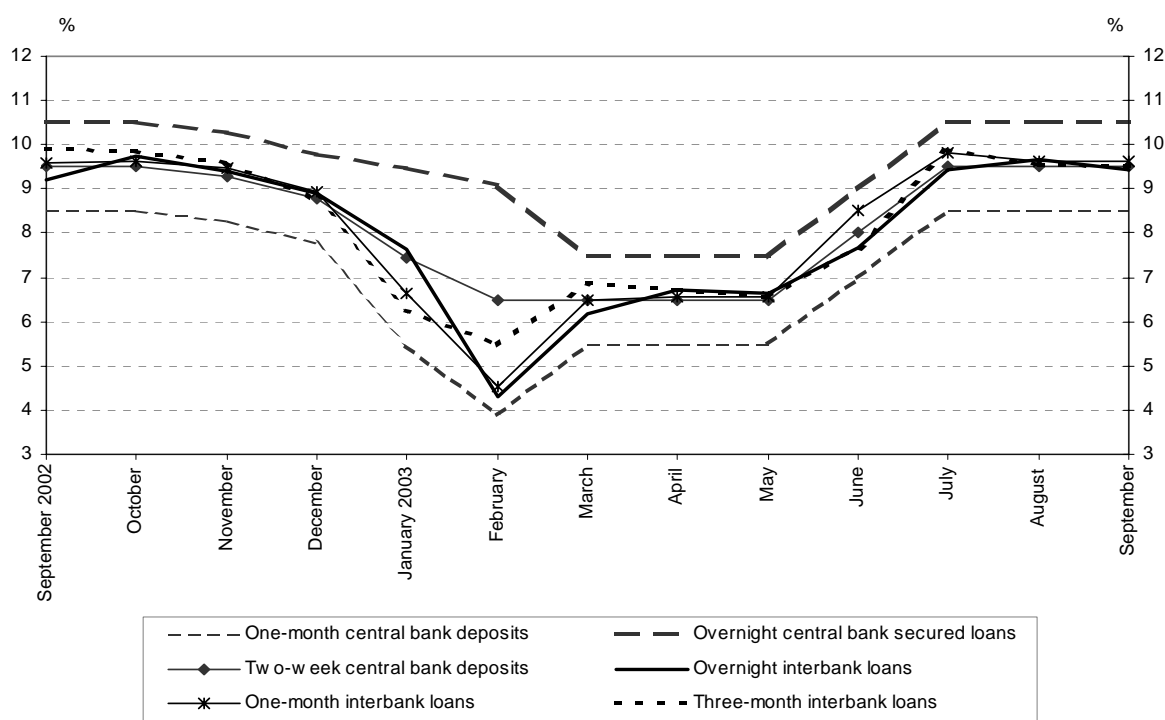


Chart 6 Average official and forint interbank rates



Turnover in the forint interbank market amounted to Ft 2,095.9 billion in September 2003. That was Ft 196.4 billion higher than in the preceding month. The daily average of interest rates on overnight loans only fluctuated widely in the last third of the month. The average overnight lending rate, weighted by turnover, fell 22 basis points in one month, from 9.67% to 9.45%, the average of interest rates on loans provided for more than one day remaining unchanged. The one-month average lending rate was 9.62%. At three months, the average interest rate was 9.53%.

Daily interbank rates are available on request at the MNB's Communication Department. In addition, details of interest rates are available on the Bank's website at:

NFCs: http://www.english.mnb.hu/dokumentumok/en0901_vallalkozoi.xls

Households: http://www.english.mnb.hu/dokumentumok/en0902_lakossagi.xls

Interbank market: http://www.english.mnb.hu/dokumentumok/en0903_bankkozi.xls

Notes to the press release charts

Chart 1

- a) In the case of bank overdrafts, interest rates weighted by lending are published for 2002 and those weighted by end-of-month stocks for 2003.
- b) Consumer credit includes personal, hire purchase and car loans provided in 2002. For 2003, loans classified as consumer credit by data providers are published.
- c) Loans for house purchase include loans provided for housing purposes in 2003. The weighted average interest rate on loans for house purchase in 2003 include data on loans provided under market conditions and subsidised loans. By contrast, data for 2002 only include loans provided under market conditions. The interest rate on state-subsidised loans also includes the amount of state subsidy. Data providers adjust the averages of asset-side subsidised interest rates by adding to the interest rate charged to customers the amount of government subsidy. In the case of liabilities-side subsidised loans, they add to the interest rate charged to customers the difference between the reference yield on the government securities market and the interest rate on funds borrowed in the interbank market. Consequently, interest rates on house loans also depend on variations in money and capital market interest rates.
- d) Other loans include, among others, sole proprietors' entrepreneurial loans as well as non-consumer and non-housing loans. 2002 data on other loans include Lombard and non-housing mortgages as well as facilities published under other loans.
- e) In 2002, the Bank only published provision of consumer credit and loans for house purchase and, in the case of other loans, new lending. From January 2003, data on new contracts concluded in a given month are published.
- f) Data on other loans also include credit card facilities in 2002. From January 2003, credit card facilities have been reclassified into overdrafts, and data providers are only obliged to report average interest rates on the month-end stocks of outstanding overdrafts. In calculating the average interest rate, loan stocks within interest-free periods are indicated at 0% interest rates, while those maturing beyond interest-free periods are indicated at high penalty interest rates. Consequently, average interest rates are lower than penalty interest rates treated as contractual interest rates.
- g) In addition to annualised interest rates, the Bank also releases the APRC expressing total costs on consumer credit and house loans of the household sector. Applicable to all kinds of consumer credit and housing loans, irrespective of their respective maturity, the rules of calculating credit costs are identical to those of APRC.

Chart 2

- a) In the case of overnight deposits, data on interest rates weighted by lending are published for 2002. For 2003, data on interest rates weighted by end-of-month stocks are published. From January 2003, overnight deposits also include deposits fixed for one day.
- b) Deposits with an agreed maturity are those fixed for periods of more than one day. Average interest rates weighted by new deposits are published for 2002 and those weighted by the total amount of new deposit contracts for 2003.

Chart 3

- a) From January 2003, short and long-term interest rate fixings are used instead of a breakdown of borrowings into short and long-term loans.
- b) In 2002, the Bank published new lending and deposits. From January 2003, data on new contracts concluded with non-financial corporations are published.

Chart 4

- a) From 2003, data on variable rate loans or loans with interest rates fixed for maximum one year are available, rather than those on short-term loans, in the case of lending to non-financial corporations.