

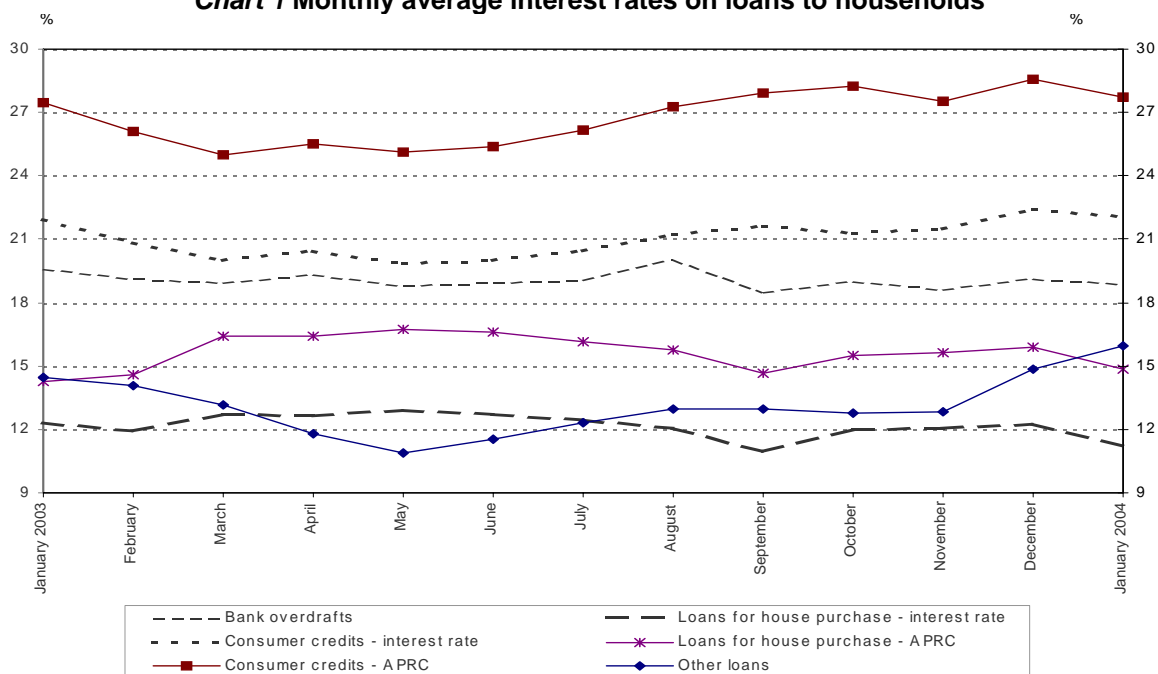
PRESS RELEASE

Household and non-financial corporate sector forint interest rates, interbank lending rates: January 2004¹

Beginning with the publication of January 2004 data, the structure of this press release will change. In the future, the MNB will publish (i) the value of new loan and deposit contracts concluded in the reference month, (ii) interest rates on consumer credit and housing loans in a breakdown by interest rate fixation, (iii) interest rates on deposits in more detail, broken down by original maturity, (iv) interest rates on loans of non-financial corporations in a breakdown by the amount of loan and (v) interest rates on overdrafts, and overnight and current account deposits of non-financial corporations.

Following the significant increase in interest rates in December 2003, household sector average borrowing rates, except other loan rates, fell in January 2004. By contrast, the sector's average deposit rates increased at every maturity, although less strongly than in December. Forint deposit and borrowing rates of non-financial corporations slightly rose in the month under review. At one month, interest rates rose a little in the interbank forint market, while at three months they fell.

Chart 1 Monthly average interest rates on loans to households



¹ The number of institutions reporting data on household and non-financial corporate sector interest rates changed in 2004. 2003 data included those reported by banks, specialised credit institutions and 41 co-operative credit institutions. In January 2004, the number of co-operative credit institutions reporting interest rate data increased by 13 to a total 54.

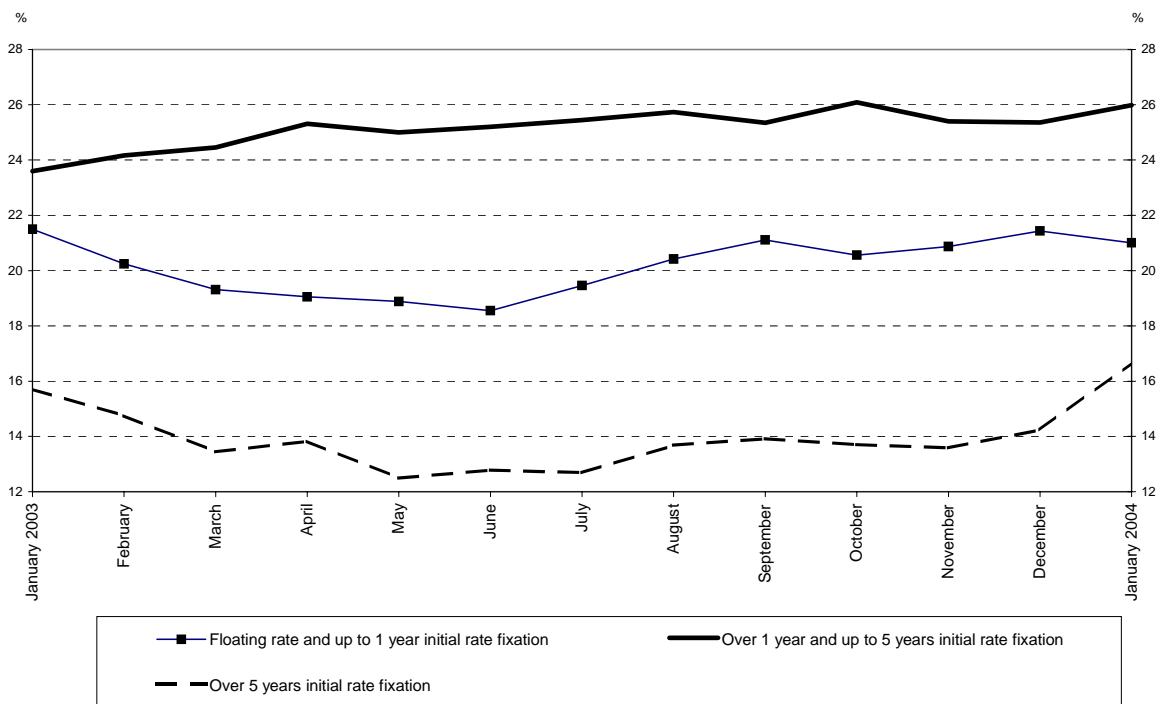
In the household sector, the interest rate on overdrafts fell by 25 basis points, from 19.13% in December 2003 to 18.88% in January 2004. The average interest rate on housing loans fell by 107 basis point, from 12.28% to 11.21%, the APRC falling by 107 basis points, from 15.91% to 14.84%. The average interest rate on consumer credit was 34 basis points lower, down from 22.38% to 22.04%, the APRC changing by 85 basis points, from 28.60% to 27.75%. The interest rate on other loans increased by 111 basis points, from the preceding month's 14.83% to 15.94%.

The value of consumer credit contracts, concluded in January, was Ft 11.5 billion. This was Ft 10.5 billion lower than in the preceding month. Excluding overdrafts, consumer credit as a proportion of the value of new contracts, fell from 22.9% in December to 17.8% in the month under review.

The value of new housing loan contracts was Ft 47.7 billion in January, down Ft 14.4 billion on the preceding month. Excluding overdrafts, housing loans as a proportion of the value of new contracts, rose from 64.7% to 73.9%.

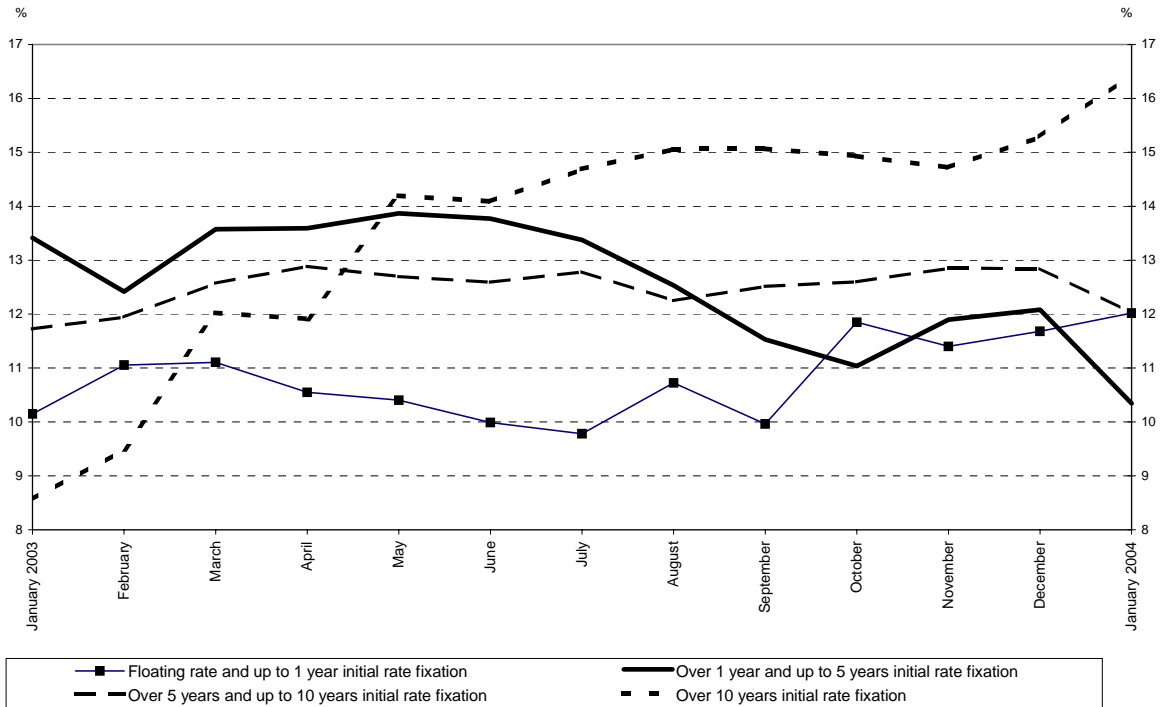
The value of new other loan contracts was Ft 5.3 billion in January, accounting for 8.2% of the total amount of loans. The value of new contracts fell by Ft 6.6 billion and their percentage share of the total by 4.2% in one month.

Chart 2 Monthly average interest rates on consumer credit



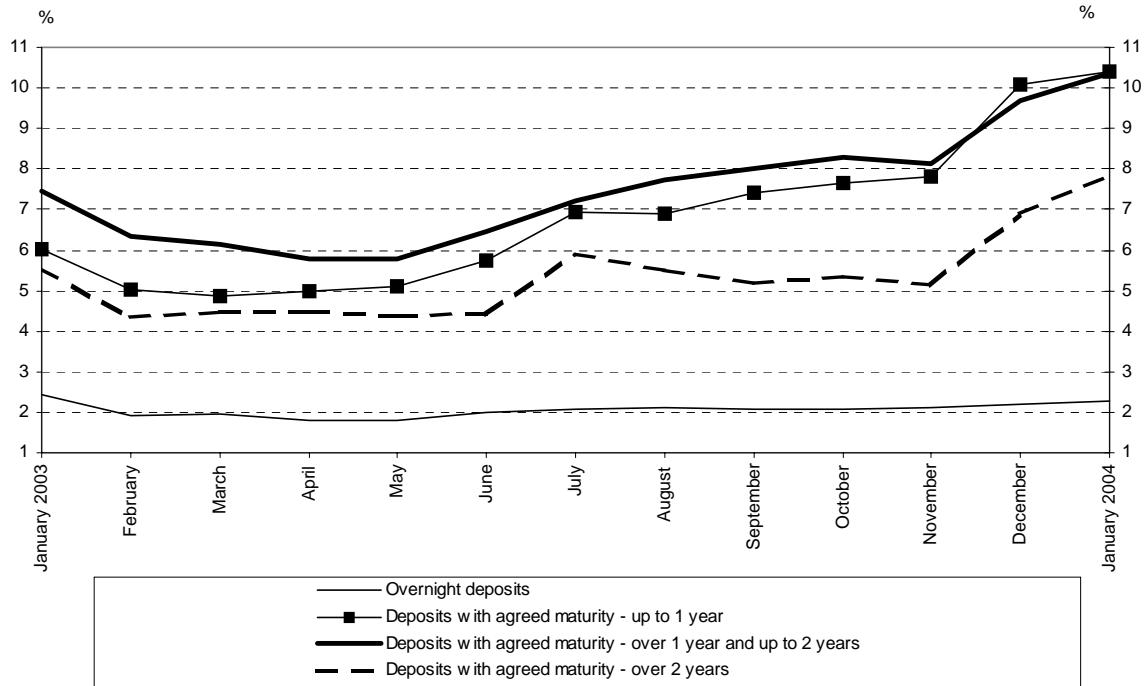
In the case of consumer credit to the household sector, the averages of floating interest rates and of those up to 1 year initial fixation changed by 42 basis points, from 21.43% to 21.01%, of those up to 5 years initial fixation by 63 basis points, from 25.35% to 25.98%, and of those over 5 years initial fixation by 243 basis points, from 14.24% to 16.67%.

Chart 3 Monthly average interest rates on housing loans



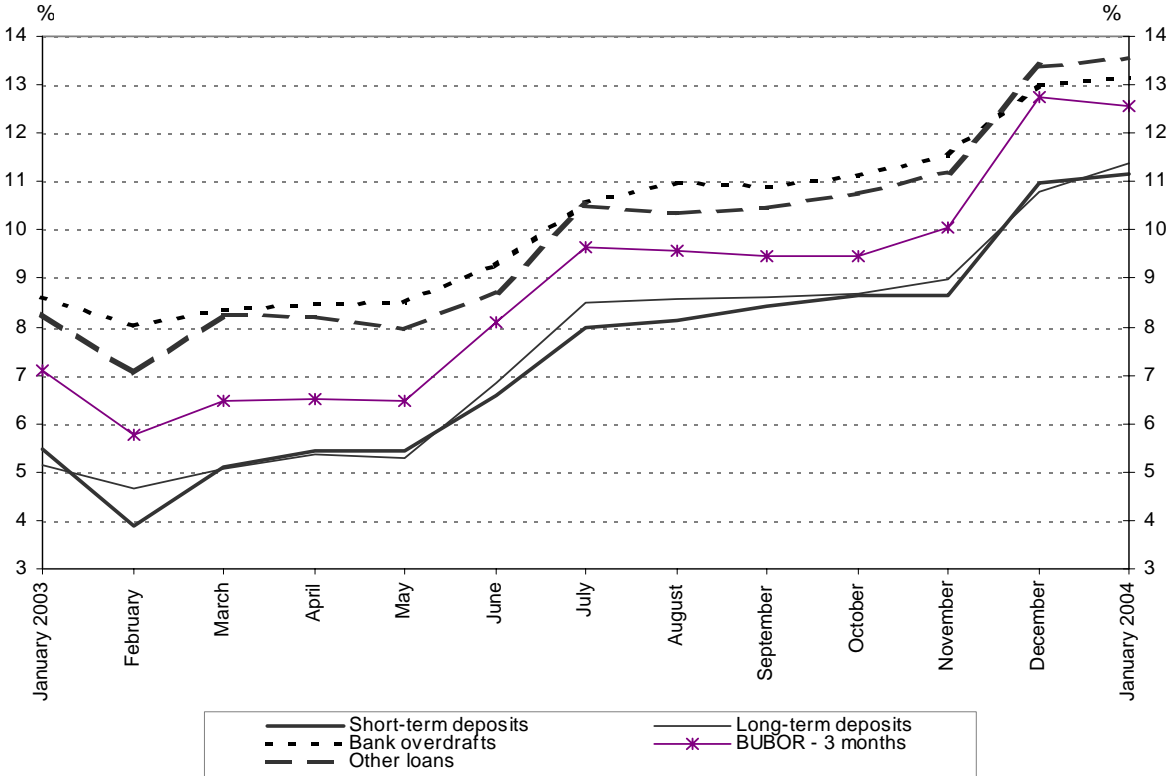
In the case of housing loans, the average of floating interest rates and up to 1 year initial fixation rose by 34 basis points, from 11.68% to 12.02%. The averages of interest rates over 1 year and up to 5 years initial fixation fell by 174 basis points from 12.08% to 10.34%, of those over 5 years initial fixation by 83 basis points, from 12.85% to 12.02% and of those over 10 years initial fixation by 115 basis points, from 15.29% to 16.44%..

Chart 4 Monthly average interest rates on households' deposit contracts



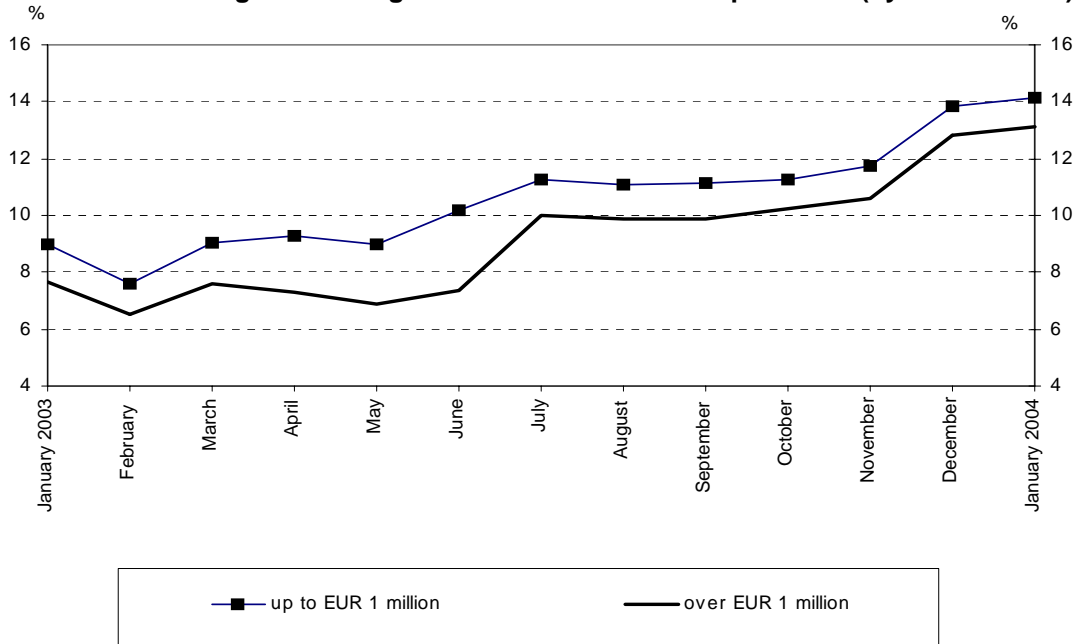
The average of interest rates on households' overnight deposits changed by 9 basis points, from 2.20% in December to 2.29% in the month under review. The average interest rate on deposits with agreed maturity up to one year rose by 32 basis points, from 10.08% to 10.40%. The average interest rate on deposits with agreed maturity over one year and up to 2 years was 65 basis points higher, up from 9.70% to 10.35%, and that on deposits with agreed maturity over 2 years was 96 basis points higher, up from 6.88% to 7.84%. The value of new deposit contracts in January was Ft 588.6 billion, down Ft 86.4 billion on the preceding month.

Chart 5 Monthly average interest rates on non-financial corporations' loan and deposit contracts and the BUBOR



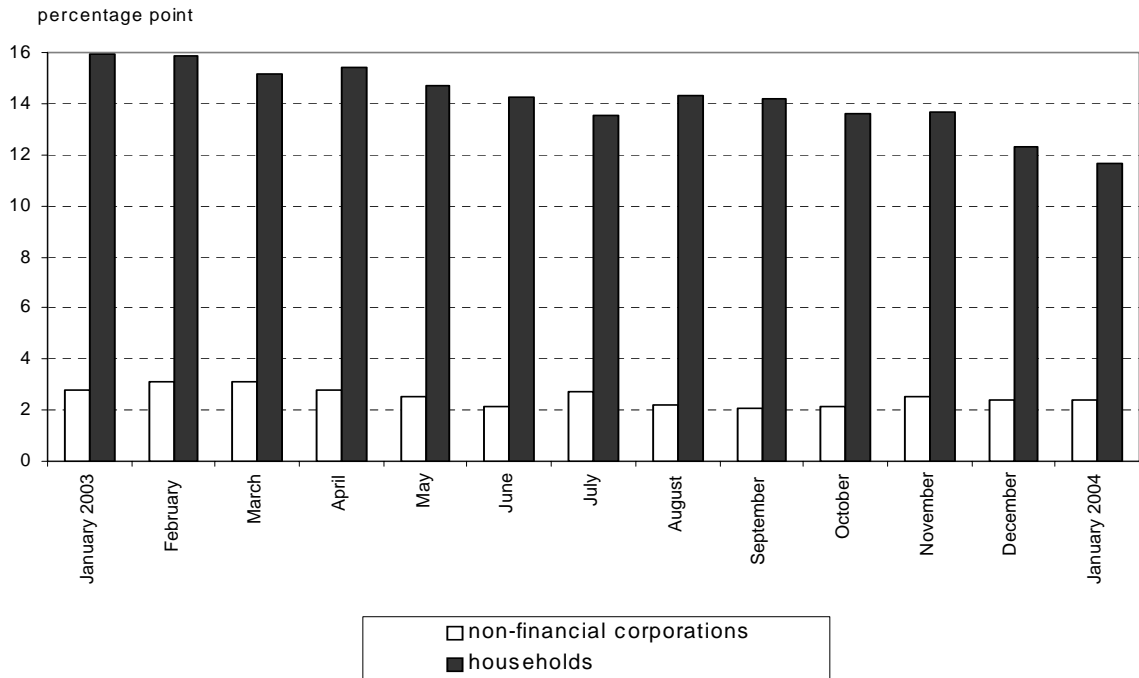
The average interest rate on overdrafts, provided to non-financial corporations, rose by 14 basis points, from 13.01% to 13.15%, and that of interest rates on loans other than overdrafts rose by 19 basis points, from 13.38% to 13.57%. The value of new contracts, excluding overdrafts, was Ft 142 billion in January. That was Ft 99.4 billion lower than in December. The average of interest rates on deposits with agreed maturity up to one year rose by 20 basis points, from 10.96% to 11.16%, and that of interest rates on deposits with agreed maturity over one year by 57 basis points, from 10.80% to 11.37%. The value of new time deposit contracts was Ft 1,115.2 billion in January. The average interest rate on overnight and current account deposits rose by 35 basis points, from 2.64% to 2.99%.

Chart 6 Average borrowing rates of non-financial corporations (by loan amount)



The average interest rate on loans provided to non-financial corporations up to EUR 1 million,² excluding bank overdrafts, rose by 28 basis points, from 13.85% to 14.13%, and that of loans over EUR 1 million by 29 basis points, from 12.83% to 13.12%.

Chart 7 Differential between non-financial corporate and household sector borrowing and deposit rates



² Forint-denominated loans are converted into euros at the MNB's middle exchange rate for the last day of the month. The interest rates only refer to forint loans. Consequently, loans denominated and recorded in forints are converted into euros retrospectively. Converting is important to make Hungarian data comparable with those of the European Central Bank and euro area Member States.

In the household sector, the differential between average interest rates on consumer credit and on deposits with agreed maturity up to one year narrowed from 12.3 percentage points to 11.64 percentage points in January. Explanation for this was the fall in consumer credit rates and the increase in deposit rates. In the case of short maturities, which account for a significant share of non-financial corporate sector loans and deposits, the gap between average interest rates changed from 2.42 percentage points to 2.37 percentage points. This slight change was attributable to the increase in short-term lending rates exceeding that in short-term deposits rates.

Chart 8 Average official and forint interbank rates in January 2004

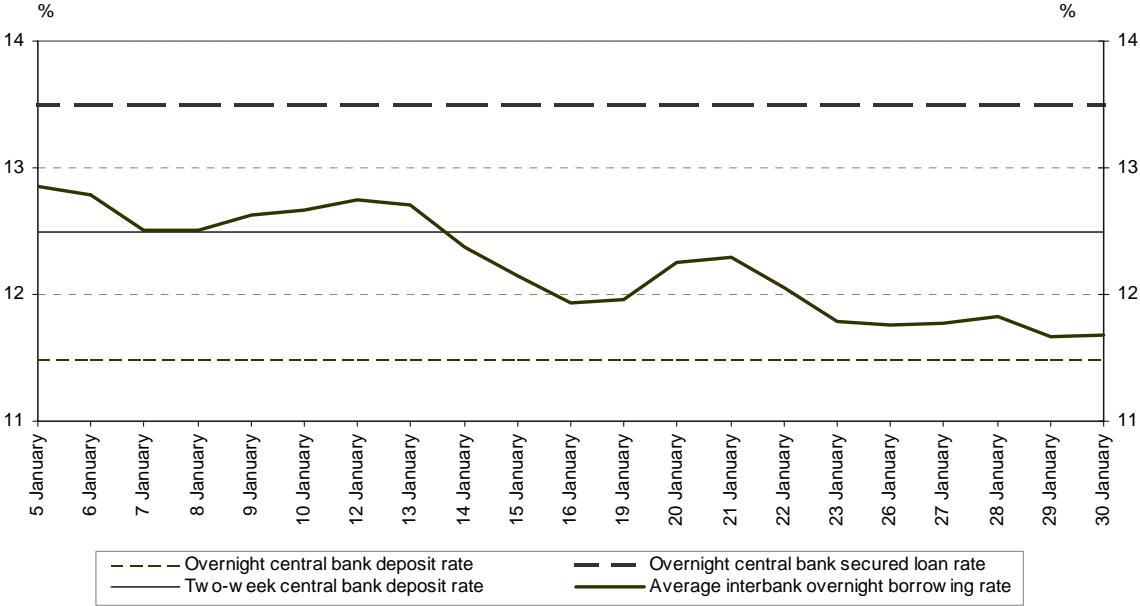
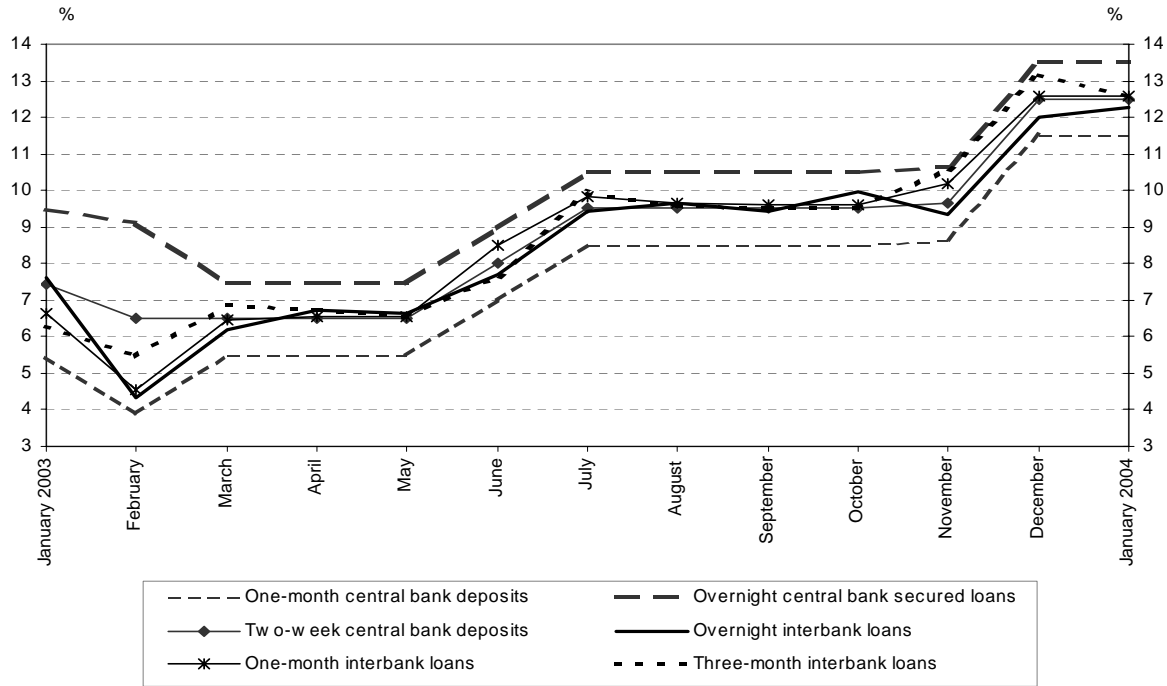


Chart 9 Average official and forint interbank rates



Turnover in the forint interbank market amounted to Ft 1,971.4 billion in January 2004. That was Ft 231.2 billion lower than in the preceding month. The average overnight lending rate, weighted by turnover, rose by 27 basis points, from 11.99% to 12.26%, and the average of interest rates on loans provided for one month rose by 3 basis points, from 12.57% to 12.60%. At three months, the average interest rate was 58 basis points lower, down from 13.15% to 12.57%.

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Daily interbank rates are available on request at the MNB's External Communications Department. In addition, details of interest rates and the values of new contracts concluded in the reference month which the MNB uses to calculate average interest rates as well as interest rates, weighted by month-end stocks, 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) Average interest rates on consumer credit, housing loans and other loans refer to new contracts. By contrast, the interest rate on overdrafts refers to end-of-month stocks. Consequently, the Bank uses the values of new contracts and the end-of-month stocks as weights to calculate average interest rates on the first three categories and overdrafts, respectively. Average interest rates do not include those on non-performing loans.

b) Other loans include, among others, sole proprietors' entrepreneurial loans as well as non-consumer and non-housing loans.

c) In addition to interest rates on consumer credit and other loans, the Bank also publishes the APRC expressing total costs of consumer credit and housing loans of the household sector. Applicable to all types of consumer credit and housing loans, irrespective of maturity, the rules of calculating credit costs are identical to those of APRC.

Chart 2

a) Consumer credit is comprised of loans taken out for the purpose of consumption (e.g. personal loans and hire purchase loans).

b) From January 2003, contractual data on loans are broken down by initial interest rate fixation instead of original maturity. Interest rate fixation refers to the period for which the interest rate is fixed in the loan contract. All floating rate loans and part of fixed interest loans, where the interest rate is fixed for up to 1 year in the original contract, are classified in to the category 'Floating rate or up to 1 year initial rate fixation'.

Chart 3

a) Housing loans comprise those provided for the purpose of house purchase.

b) The weighted average interest rate on housing loans include data on loans provided under market conditions and subsidised loans. 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 government securities, nearest to the term of the loan, and the interest rate on funds borrowed in the interbank market. Consequently, interest rates on housing loans also depend on variations in money and capital market interest rates.

c) From January 2003, contractual data on loans are broken down by initial interest rate fixation instead of original maturity. Interest rate fixation refers to the period for which the interest rate is fixed in the loan contract. All floating rate loans and part of fixed interest loans where the interest rate is fixed for up to 1 year in the original contract are classified in to the category 'Floating rate or up to 1 year initial rate fixation'.

Chart 4

Average interest rates on time deposits refer to new contracts, in contrast with those on overnight and current account deposits which refer to end-of-month stocks. Consequently, the Bank uses the values of new contracts and the end-of-month stocks as weights to calculate average interest rates on time deposits and, overdrafts and current account deposits, respectively. Time deposits are classified into the various categories on the basis of original maturity.

Chart 5

Average interest rates on overdrafts of non-financial corporations refer to end-of-month stocks, in contrast with those on other loans which refer to new contracts. Consequently, the Bank uses the values of new contracts and the end-of-month stocks as weights to calculate average interest rates on loans other than overdrafts and overdrafts, respectively. Average interest rates do not include those on non-performing loans.

Chart 6

The euro equivalent of forint-denominated loans is calculated using the MNB's middle exchange rate for the last day of the month. The interest rates only refer to forint-denominated loans. Consequently, loans denominated and recorded in forints are converted into euros retrospectively.