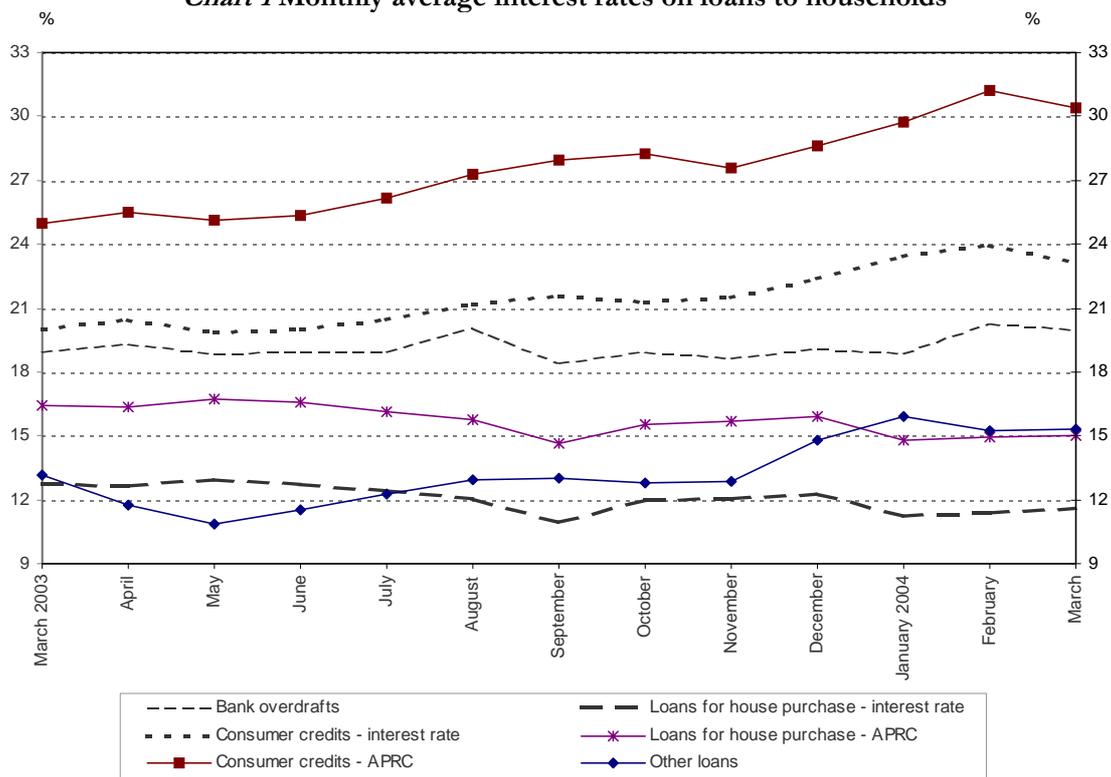


PRESS RELEASE

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

Average interest rates on overdrafts and consumer credit to the household sector fell in March, in contrast with those on house purchase loans and other loans, which slightly rose. Average interest rates on the sector's deposits with agreed maturity over two years increased, while those on deposits for shorter maturities fell. Forint deposit and borrowing rates of non-financial corporations changed only slightly, except average rates on deposits with agreed maturity over one year. Average interest rates on overnight loans rose in the interbank forint market in the month under review. By contrast, longer-term rates fell.

Chart 1 Monthly average interest rates on loans to households



¹ The data underlying this press release do not include those on foreign currency-based forint loans granted by credit institutions, irrespective of the fact that the loans were granted and repaid in forints.

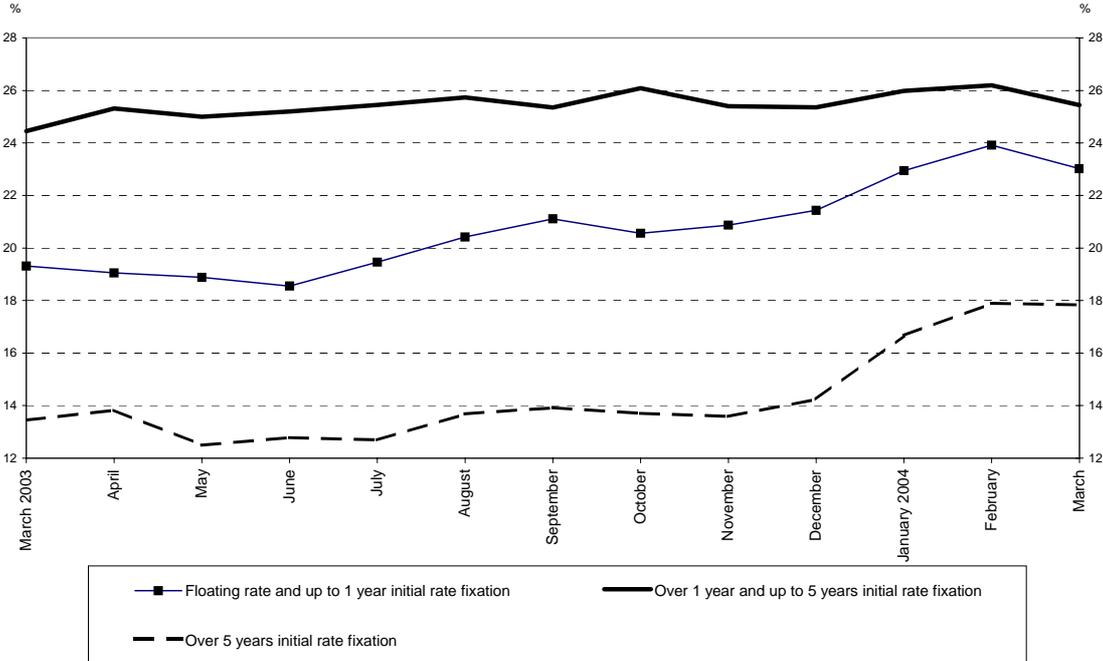
In the household sector, the interest rate on overdrafts fell by 33 basis points, from 20.31% in February to 19.98% in March. The average interest rate on housing loans changed by 23 basis points, from 11.36% to 11.59%, the APRC changing by 8 basis points, from 14.92% to 15.00%. The average interest rate on consumer credit was 83 basis points lower, down from 23.96% to 23.13%, the APRC falling by 84 basis points, from 31.25% to 30.41%. The interest rate on other loans changed by 7 basis points, from the preceding month's 15.23% to 15.3%.

The one-month amount of consumer credit was Ft 13.2 billion in March. That was Ft 2.7 billion higher than in the preceding month. Excluding overdrafts, consumer credit as a proportion of the amount of new consumer credit rose from 14.9% in February to 21.5% in the month under review.

The total amount of new housing loans was Ft 39.9 billion in March, down Ft 12.5 billion on the preceding month. Excluding overdrafts, housing loans as a proportion of the total amount of new loans fell from 74.1% to 64.8%.

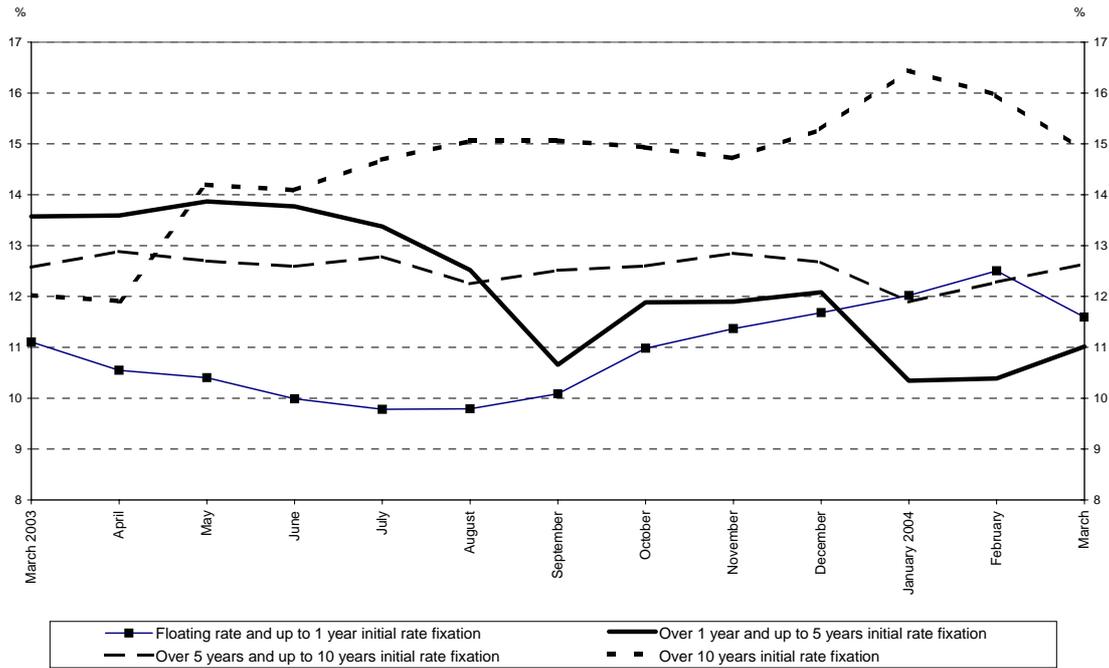
The amount of new other loans was Ft 8.4 billion in March, accounting for 13.7% of the total amount of loans granted. The amount of new other loans rose by Ft 0.6 billion and their percentage share of the total by 2.7 percentage points.

Chart 2 Monthly average interest rates on consumer credit



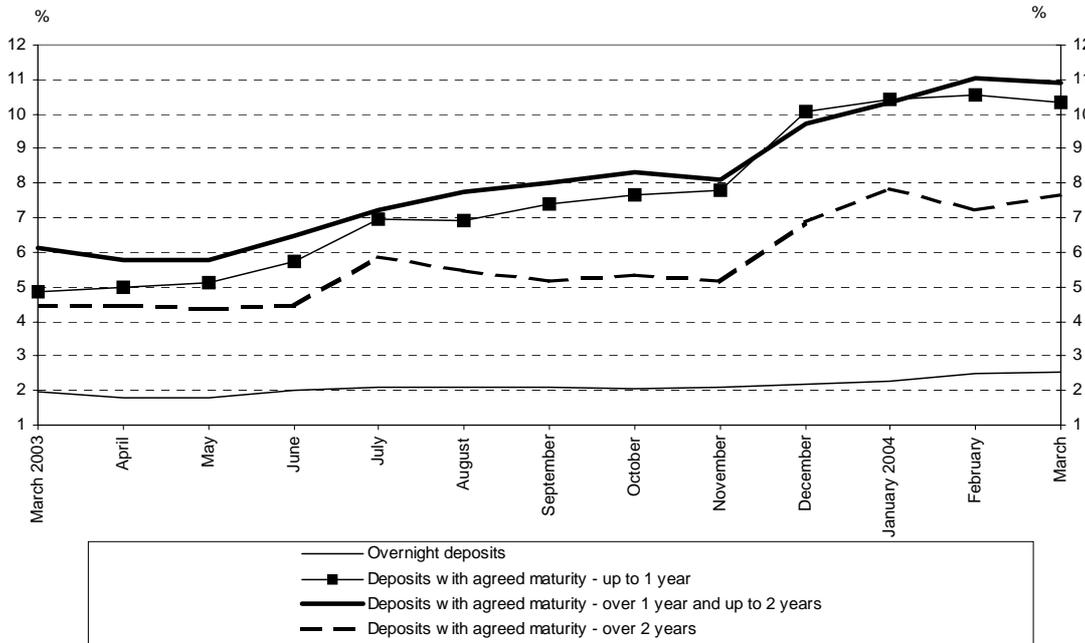
In the case of consumer credit to the household sector, the averages of floating interest rates and of those up to 1 year initial fixation fell by 90 basis points, from 23.92% to 23.02%, of those up to 5 years initial fixation by 76 basis points, from 26.2% to 25.44%, and of those over 5 years initial fixation by 6 basis points, from 17.9% to 17.84%.

Chart 3 Monthly average interest rates on housing loans



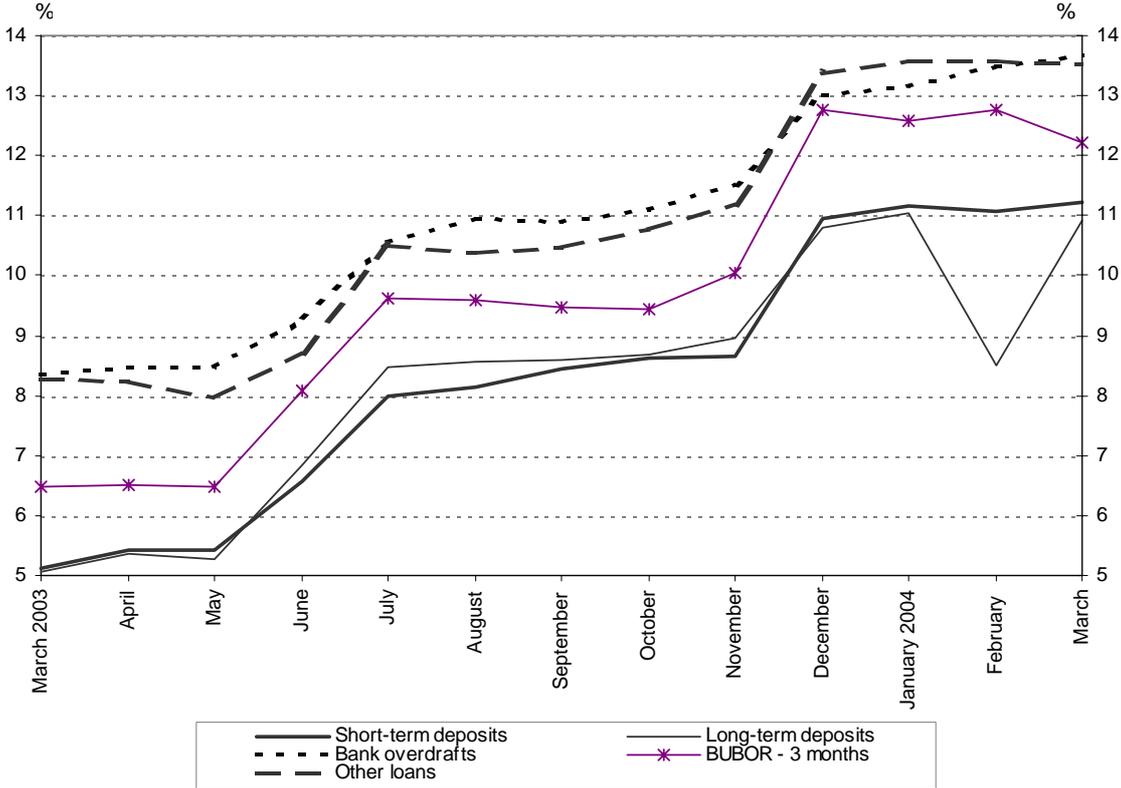
In the case of housing loans, the averages of floating interest rates or of those up to 1 year initial fixation fell by 91 basis points, from 12.50% to 11.59%. The average of interest rates over 1 year and up to 5 years initial fixation rose by 62 basis points, from 10.39% to 11.01%, and of those over 5 years and up to 10 years initial fixation by 36 basis points, from 12.28% to 12.64%, while of those over 10 years initial fixation fell by 110 basis points, from 15.96% to 14.86%.

Chart 4 Monthly average interest rates on households' deposit contracts



The average of interest rates on households' overnight deposits remained unchanged in the month under review. The average interest rate on deposits with agreed maturity up to one year dropped by 21 basis points, from 10.54% to 10.33%. The average interest rate on deposits with agreed maturity over one year and up to 2 years changed by 11 basis points higher, from 11.02% to 10.91%, and that on deposits with agreed maturity over 2 years by 47 basis points lower, from 7.2% to 7.67%. The amount of new deposits in March was Ft 525.1 billion, down Ft 9.1 billion on the preceding month.

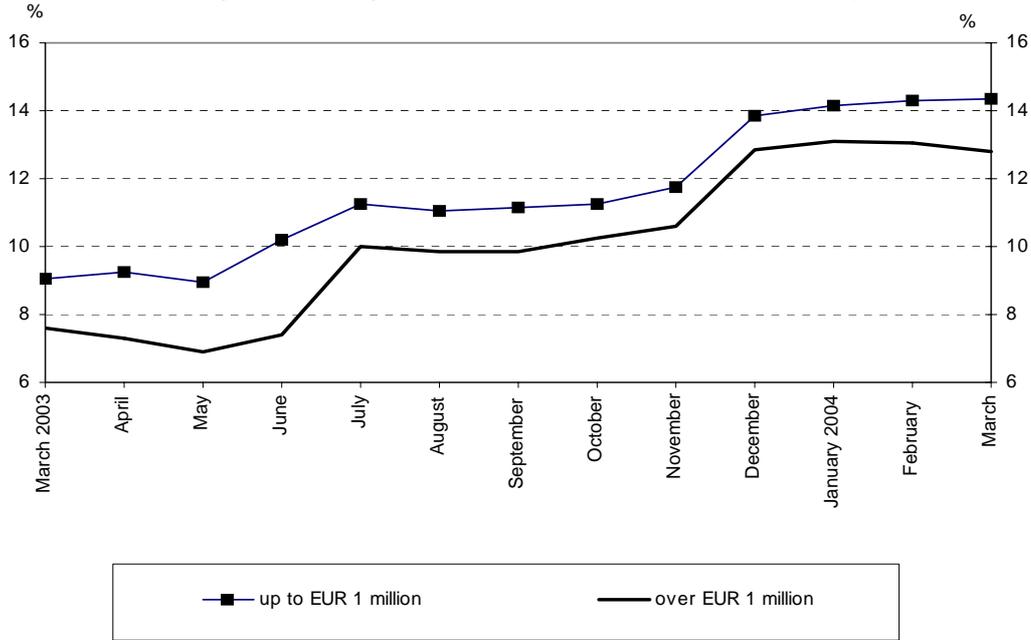
Chart 5 Monthly average interest rates on non-financial corporations' loan and deposit contracts and the BUBOR



The average interest rate on overdrafts, provided to non-financial corporations, changed by 18 basis points, from 13.5% to 13.68%, and that of interest rates on loans other than overdrafts by 7 basis points, from 13.59% to 13.52%. The amount of new loans, excluding overdrafts, was Ft 175.9 billion in March. That was Ft 43.4 billion higher than in the preceding month. The average of interest rates on deposits with agreed maturity up to one year rose by 15 basis points, from 11.07% to 11.22%, and that of interest rates on deposits with agreed maturity over one year by 242 basis points, from 8.49% to 10.91%.² The amount of new time deposits was Ft 1,110.1 billion in March. The average interest rate on overnight and current account deposits rose by 21 basis points, from 3.16% to 3.37%.

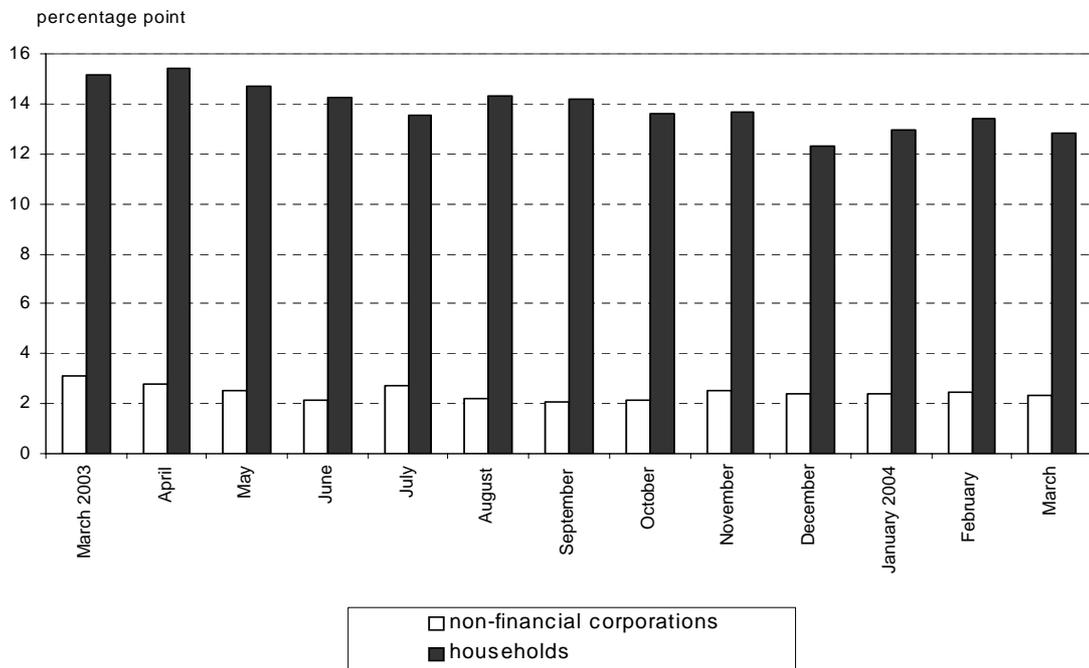
² Due to the low amount of existing deposits, the average interest rate on long-term deposits may change significantly, caused by a single market transaction. Long-term deposits saw a massive change in February, caused by a single factor, before returning to their previous level in March.

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,³ excluding bank overdrafts, changed by 6 basis points, from 14.28% to 14.34%, and that of loans over EUR 1 million by 29 basis points, from 13.07% to 12.78%.

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



³ 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. Conversion 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 changed from 13.42 percentage points to 12.8 percentage points in March. In the case of short maturities, which account for a significant share within non-financial corporate sector loans and deposits, the gap between average interest rates changed from 2.49 percentage points to 2.3 percentage points.

Chart 8 Average official and forint interbank rates in March 2004

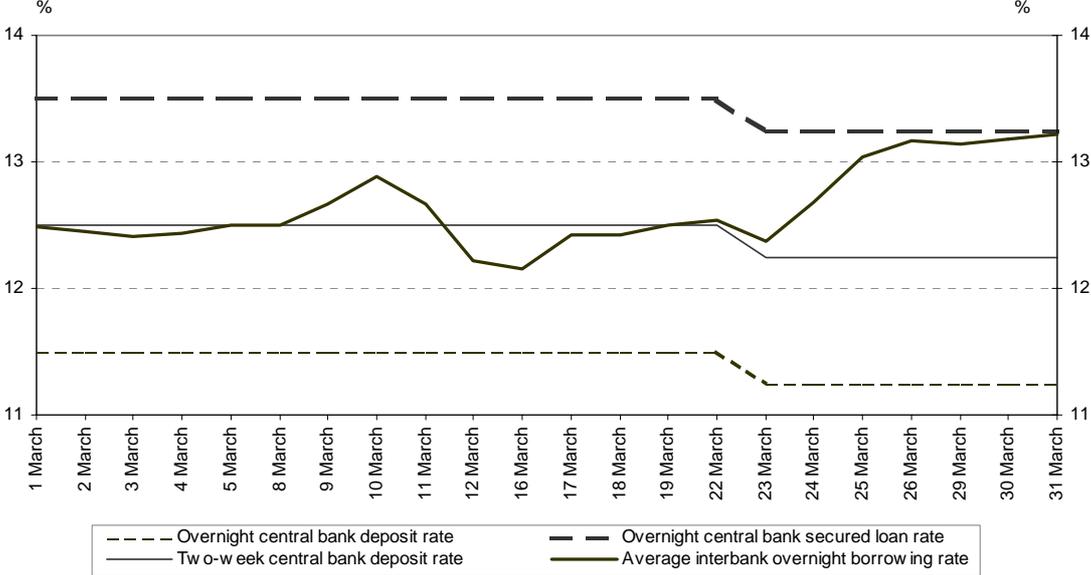
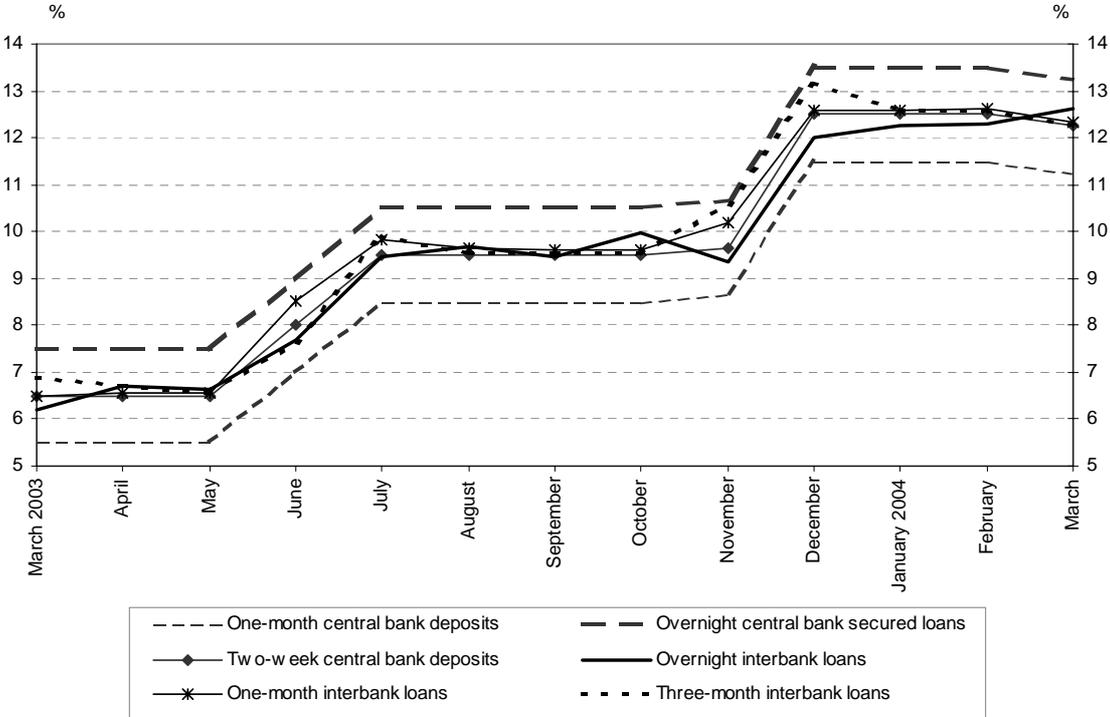


Chart 9 Average official and forint interbank rates



Turnover in the forint interbank market amounted to Ft 2,785 billion in March 2004. That was Ft 843.9 billion higher than in the preceding month. The average overnight lending rate, weighted by turnover, rose by 35 basis points, from 12.29% to 12.64%. The average of interest rates on loans provided for one month fell by 31 basis points, from 12.64% to 12.33%. At three months, the average interest rate was 33 basis points lower, down from 12.58% to 12.25%.

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Daily interbank rates are available on request at the MNB's External Communications Department. In addition, details of average interest rates and the values of new loans and deposits 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 interests rate 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. The rule underlying the calculation of the APRC, published by the MNB, is identical to that defined by Government Decree No. 41/1997, and it is applicable to all types of consumer credit and housing loans, irrespective of maturity.

Chart 2

- a) 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) 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.
- 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 4

Average interest rates on time deposits are calculated using new contracts as weights, in contrast with those on overnight and current account deposits, which are calculated using end-of-month stocks as weights. Time deposits are classified into the various categories on the basis of original maturity.

Chart 5

Average interest rates time deposits are calculated using the value of new contracts as weights, while those on overnight and current account deposits are calculated using end-of-month stocks as weights. Consequently, except in the case of overdrafts, the Bank uses the values of new loan

contracts and the end-of-month stocks of overdrafts as weights to calculate average interest rates. The average interest rate does not include interest rates 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.