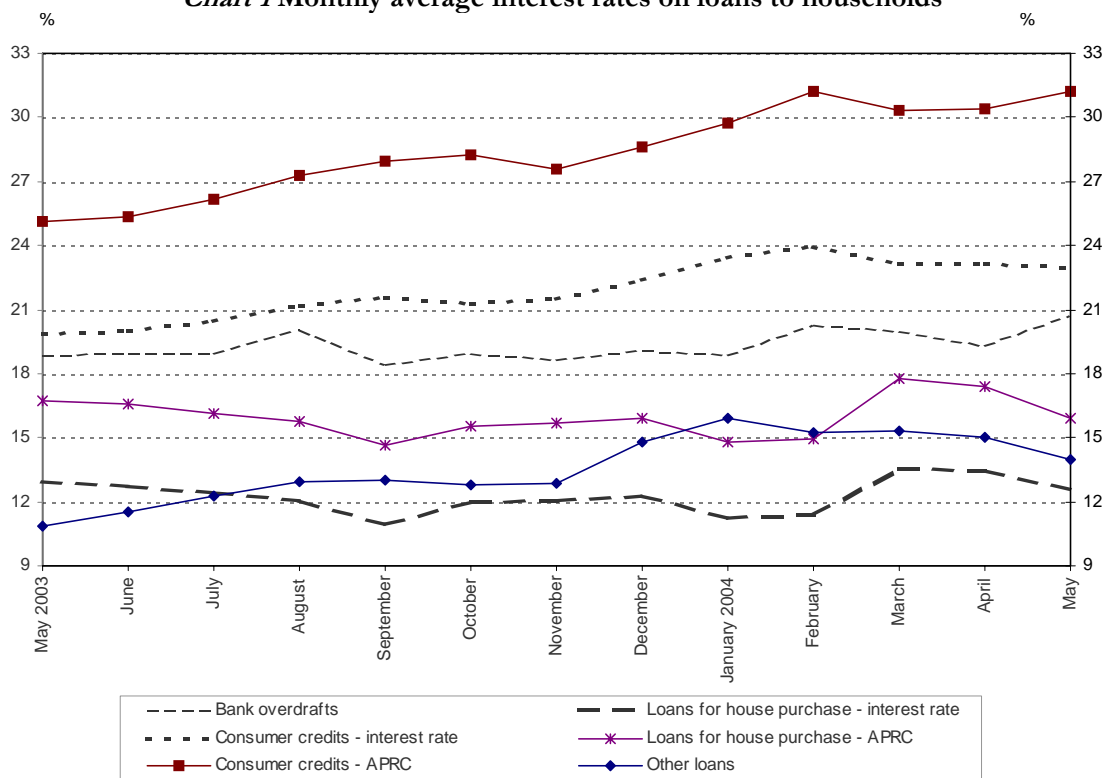


PRESS RELEASE

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

In May, the average interest rate on overdrafts of the household sector increased, in contrast with those on other credit facilities, which fell. Average interest rates on the sector's deposits were lower at every maturity relative to the preceding month. The averages of forint deposit and borrowing rates of non-financial corporations also fell in the month under review. The average interest rate on overnight loans in the interbank forint market were lower than in April.

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 such loans are granted and repaid in forints.

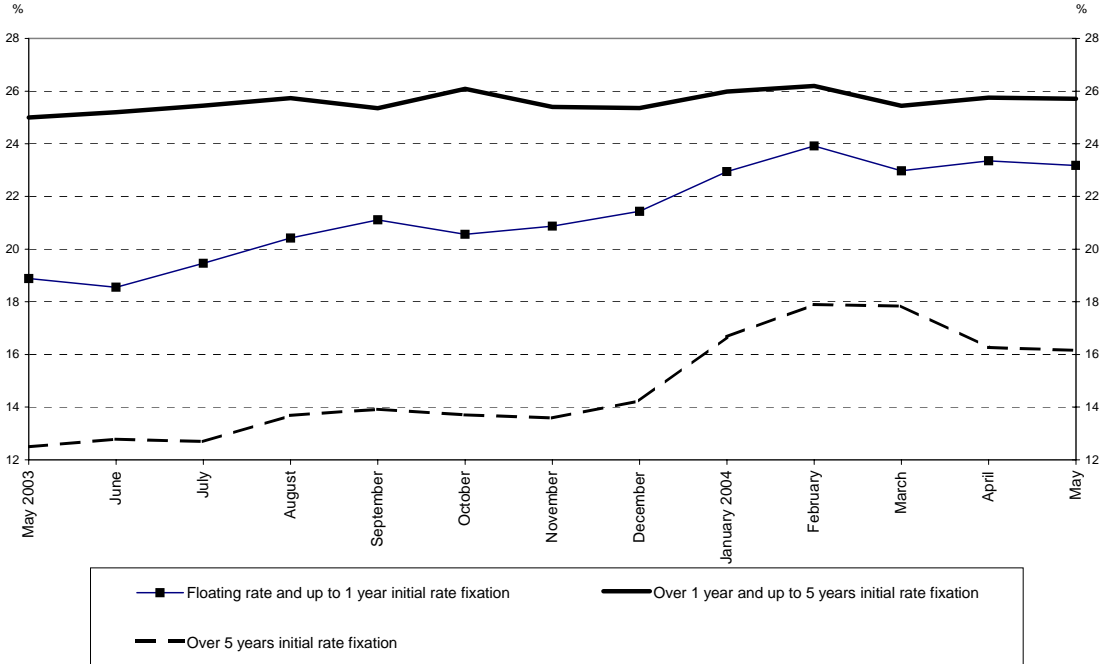
In the household sector, the interest rate on overdrafts rose by 135 basis points, from 19.36% in April to 20.71% in May. The average interest rate on housing loans changed by 88 basis points, from 13.48% to 12.6%, the APRC changing by 143 basis points, from 17.36% to 15.93%. The average interest rate on consumer credit was 23.0%, down 8 basis points from April's 23.08%, the APRC changing by 76 basis points, from 30.43% to 31.19%. The average interest rate on other loans fell by 100 basis points, from the preceding month's 14.99% to 13.99%.

The one-month amount of consumer credit was Ft 23.2 billion in May. That was Ft 10 billion higher than in the preceding month. Excluding overdrafts, consumer credit as a proportion of the total volume of new consumer credit rose from 27.3% in April to 42.8% in the month under review.

The total amount of new loans for house purchase was Ft 18.9 billion in May, down Ft 4.7 billion on the preceding month. Excluding overdrafts, housing loans as a proportion of the total amount of new loans fell from 48.8% to 34.8%.

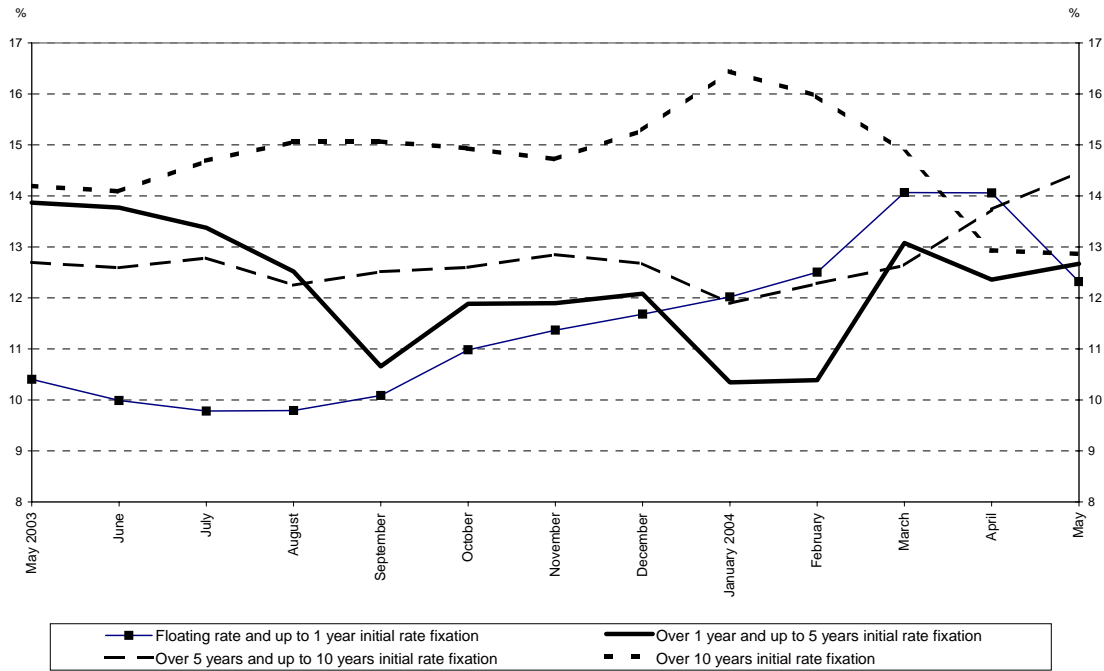
The amount of new other loans was Ft 12.2 billion in May, accounting for 22.4% of the total amount of loans granted. The amount of new other loans rose by Ft 0.6 billion, their percentage share of the total falling by 1.5 percentage points in one month.

Chart 2 Monthly average interest rates on consumer credit



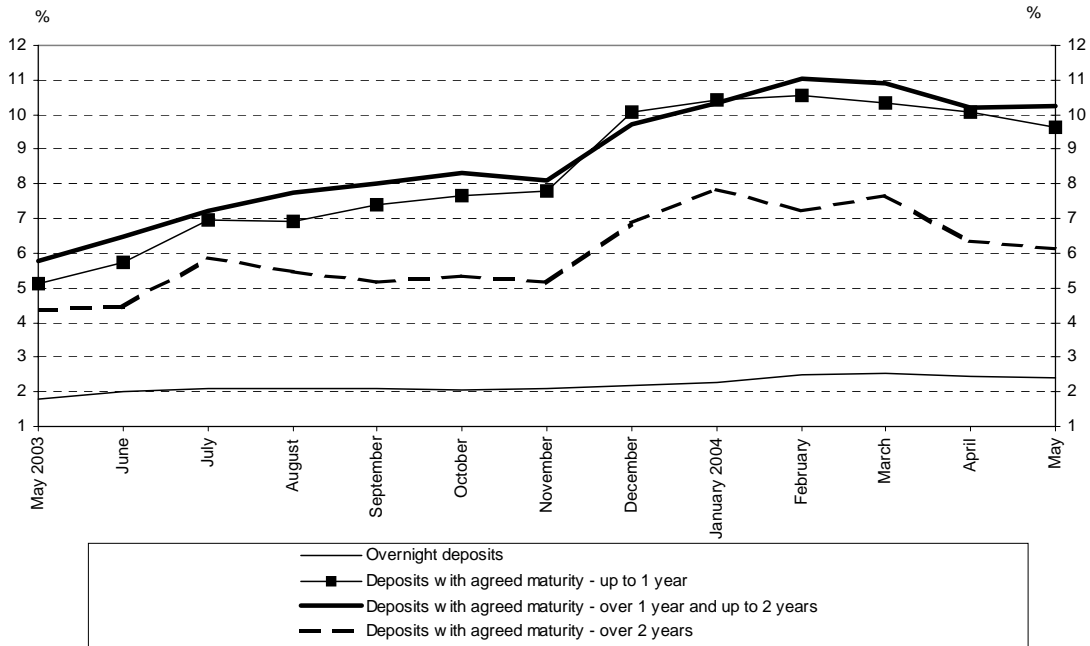
The average interest rate on consumer credit to the household sector with a floating interest rate or with up to 1 year initial rate fixation fell by 19 basis points, from 23.36% to 23.17%, that with over 1 and up to 5 years initial rate fixation by 4 basis points, from 25.75% to 25.71%, and that with over 5 years initial rate fixation by 10 basis points, from 16.26% to 16.16%.

Chart 3 Monthly average interest rates on housing loans



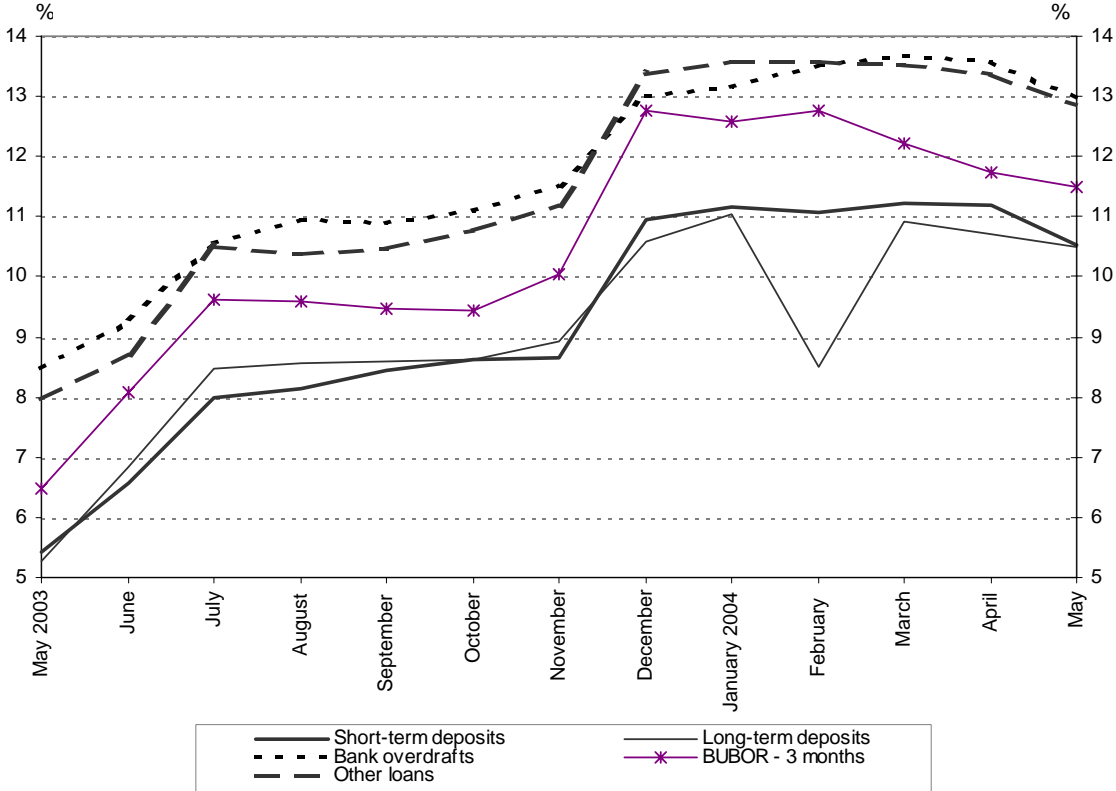
The average interest rate on loans for house purchase with floating interest rates or with up to 1 year initial rate fixation fell by 174 basis points, from 14.06% to 12.32%. The average of interest rates on loans with over 1 year and up to 5 years initial rate fixation increased by 31 basis points, from 12.36% to 12.67%, and that on loans with over 5 years and up to 10 years initial rate fixation by 74 basis points, from 13.73% to 14.47%. By contrast, the average interest rate on loans with over 10 years initial rate fixation fell by 7 basis points, from 12.93% to 12.86%.

Chart 4 Monthly average interest rates on households' deposit contracts



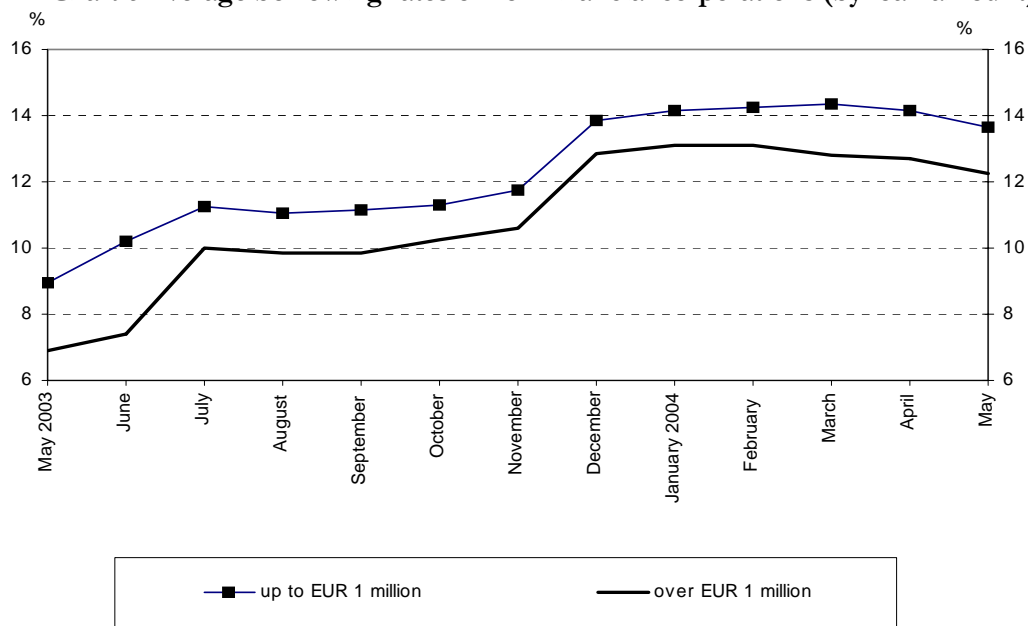
The average of interest rates on households' overnight deposits changed from 2.46% to 2.42% in one month. The average interest rate on deposits with agreed maturity up to one year dropped by 42 basis points, from 10.05% to 9.63%. The average interest rate on deposits with agreed maturity over 1 year and up to 2 years changed by 3 basis points, from 10.2% to 10.23%, and that on deposits with agreed maturity over 2 years by 22 basis points, from 6.34% to 6.12%. The amount of new time deposits from households was Ft 419.3 billion in May, down Ft 57.1 billion on the preceding month.

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



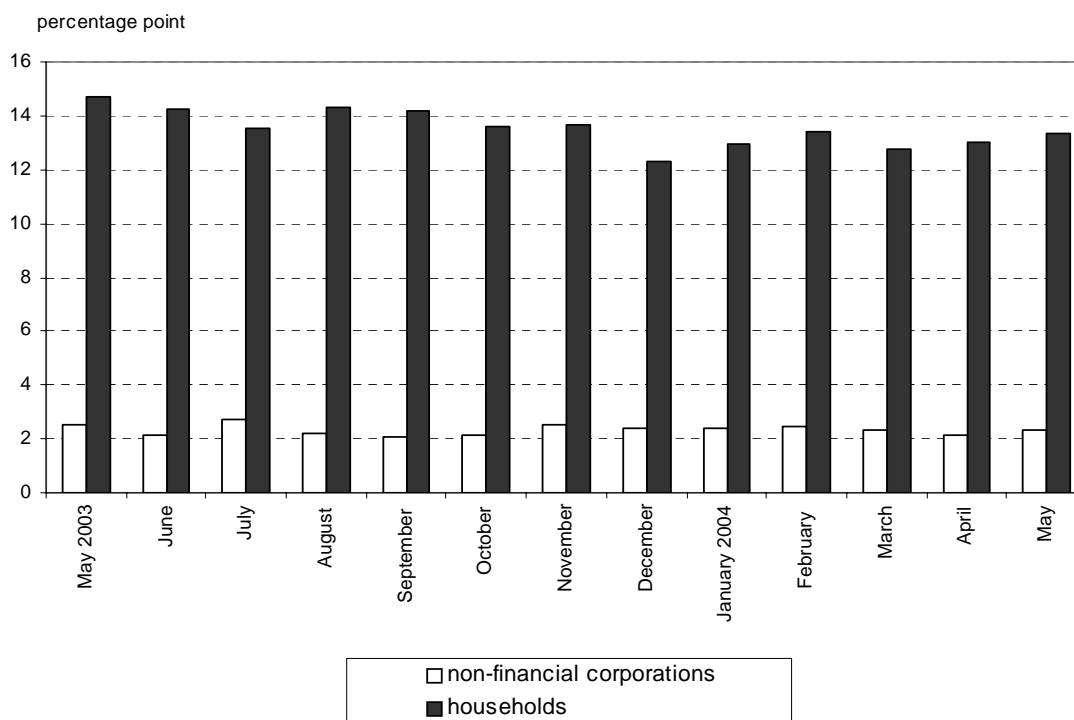
The average interest rate on overdrafts, provided to non-financial corporations, changed by 59 basis points, from 13.57% to 12.98%, and that of interest rates on loans other than overdrafts by 51 basis points, from 13.36% to 12.85%. The amount of new loans, excluding overdrafts, was Ft 164.2 billion in May. That was Ft 37.3 billion lower than in the preceding month. The average of interest rates on deposits with agreed maturity up to one year fell by 65 basis points, from 11.19% to 10.54%, and that of interest rates on deposits with agreed maturity over one year by 20 basis points, from 10.69% to 10.49%. The amount of new time deposits from non-financial corporations was Ft 1,132.1 billion in May, down Ft 47.9 billion on April. The average interest rate on overnight and current account deposits changed by 27 basis points, from 3.31% to 3.04%.

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, changed by 47 basis points, from 14.14% to 13.67%, and that of loans over EUR 1 million by 42 basis points, from 12.68% to 12.26%.

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. 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 widened from 13.03 percentage points to 13.37 percentage points in May. At short maturities, which account for a significant share within NFC sector loans and deposits, the gap between average interest rates widened from 2.16 percentage points to 2.31 percentage points.

Chart 8 Average official and forint interbank rates in May 2004

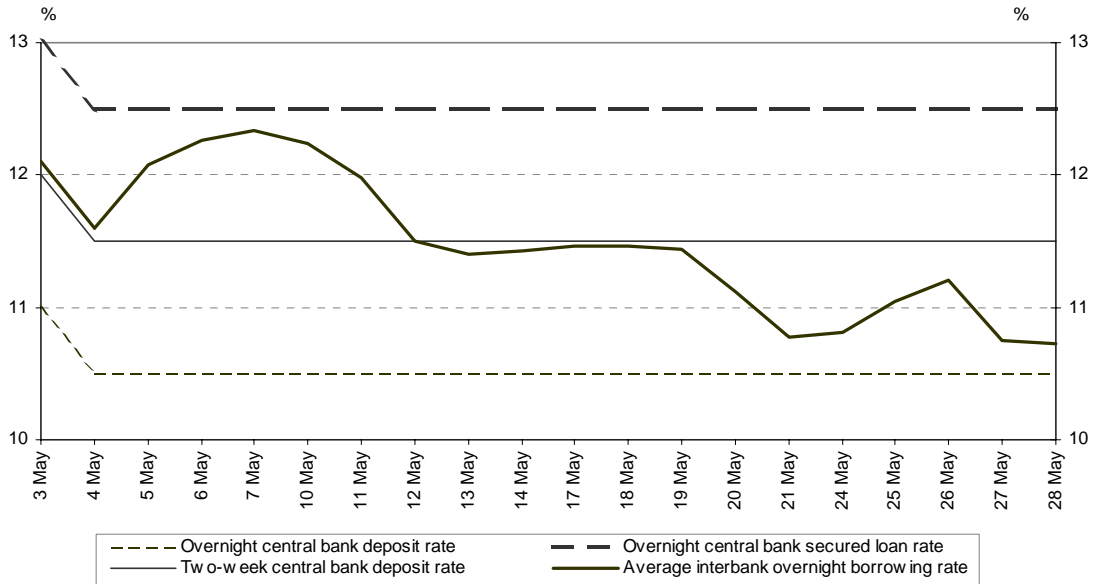
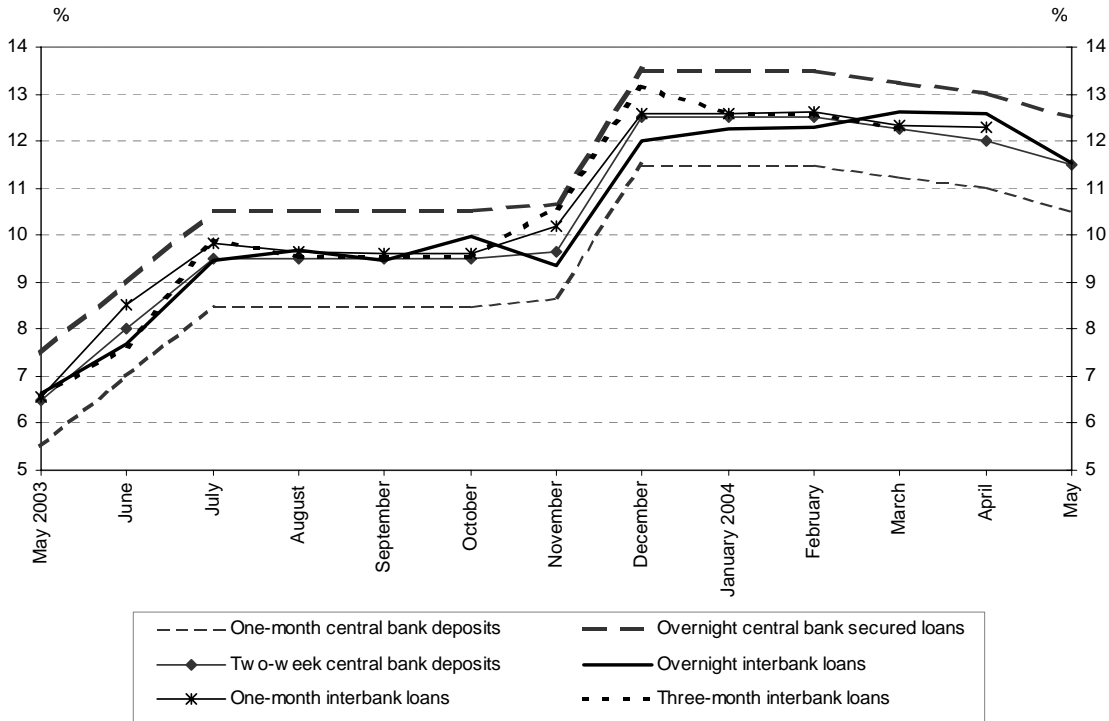


Chart 9 Average official and forint interbank rates³



³ No loans were made for three months in the interbank market in April. In May, market participants did not make loans at one and three months.

Turnover in the forint interbank market amounted to Ft 2,929.4 billion in May 2004. That was Ft 293.3 billion higher than in the preceding month. The average overnight lending rate, weighted by turnover, fell by 104 basis points, from 12.57% to 11.53%. No interbank loans were made at one and three months in May.

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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.