

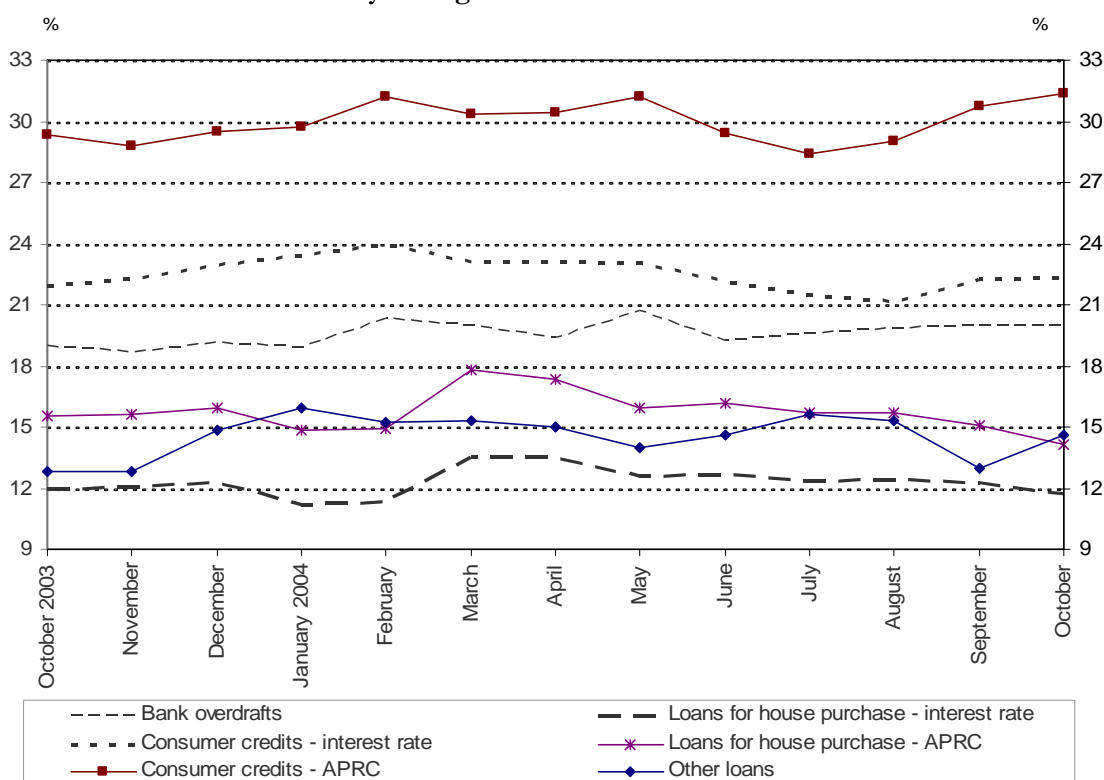
25 November 2004

PRESS RELEASE

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

In October, average interest rates on loans to the household sector rose, except those on overdrafts and housing loans. The average interest rate on the sector's deposits were slightly higher than in September, except that on deposits with agreed maturity up to one year. The averages of interest rates on non-financial corporations' loans and deposits fell. In the interbank forint market, average interest rates on loans remained practically unchanged in the month under review.

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.

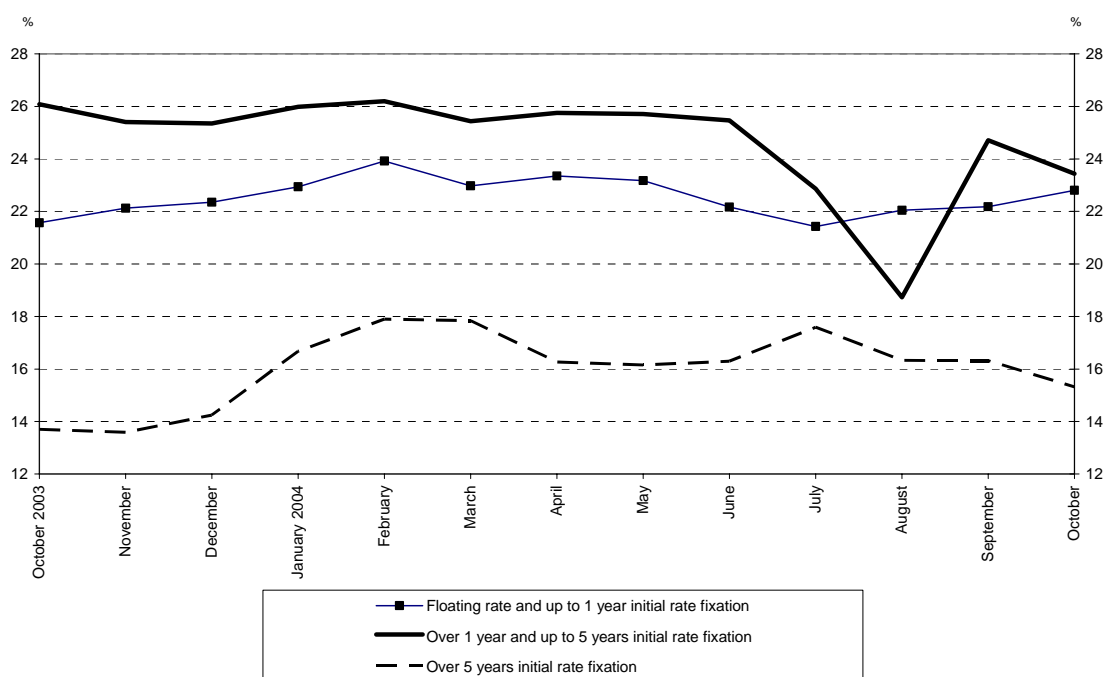
In the household sector, the average interest rate on overdrafts edged down by 3 basis points, from 19.98% in September to 19.95% in October. The average interest rate on housing loans was down by 53 basis points, from 12.29% to 11.76%, the APRC changing by 95 basis points, from 15.09% to 14.14%. The average interest rate on consumer credit rose by 12 basis points, from September's 22.24% to 22.36%, the APRC rising by 67 basis points, from 30.71% to 31.38%. The average interest rate on other loans was up by 167 basis points, from the preceding month's 12.95% to 14.62% in October.

The total amount of consumer credit provided was HUF 21.4 billion in October. That was HUF 1.2 billion lower than in the preceding month. Excluding overdrafts, consumer credit as a proportion of the total volume of new consumer credit rose from 38.9% in September to 43.1% in the month under review.

The total amount of loans granted for house purchase was HUF 22 billion, up HUF 1.8 billion on the preceding month. Excluding overdrafts, housing loans as a proportion of the total amount of new loans edged up from 34.7% to 44.4% in one month.

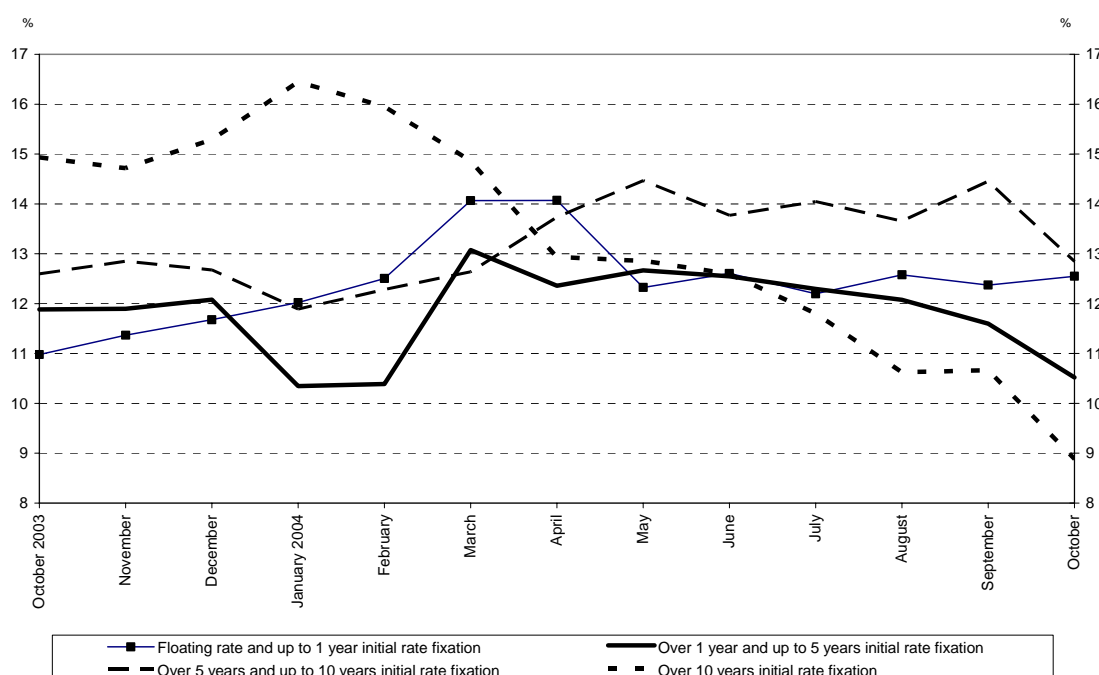
The amount of other loans granted was HUF 6.2 billion in October, accounting for 12.5% of the total amount of loans granted. The amount of new other loans rose by HUF 9.1 billion, their percentage share of the total falling by 13.8 percentage points in one month.

Chart 2 Monthly average interest rates on consumer credit



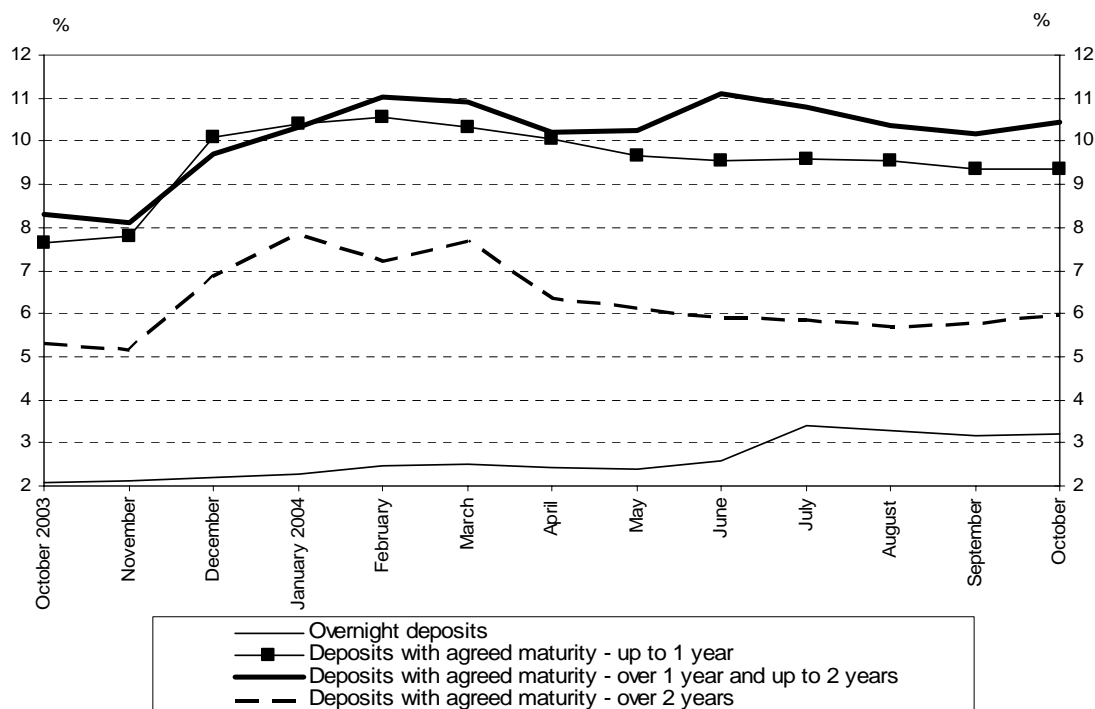
The average interest rate on consumer credit provided to the household sector with a floating interest rate or with up to 1 year initial rate fixation rose by 62 basis points, from 22.18% to 22.8%, and that with over 1 and up to 5 years initial rate fixation fell by 127 basis points, from 24.71% to 23.44%. The average interest rate on consumer credit with over 5 years initial rate fixation saw a 99 basis point change downwards, from 16.31% to 15.32%.

Chart 3 Monthly average interest rates on housing loans



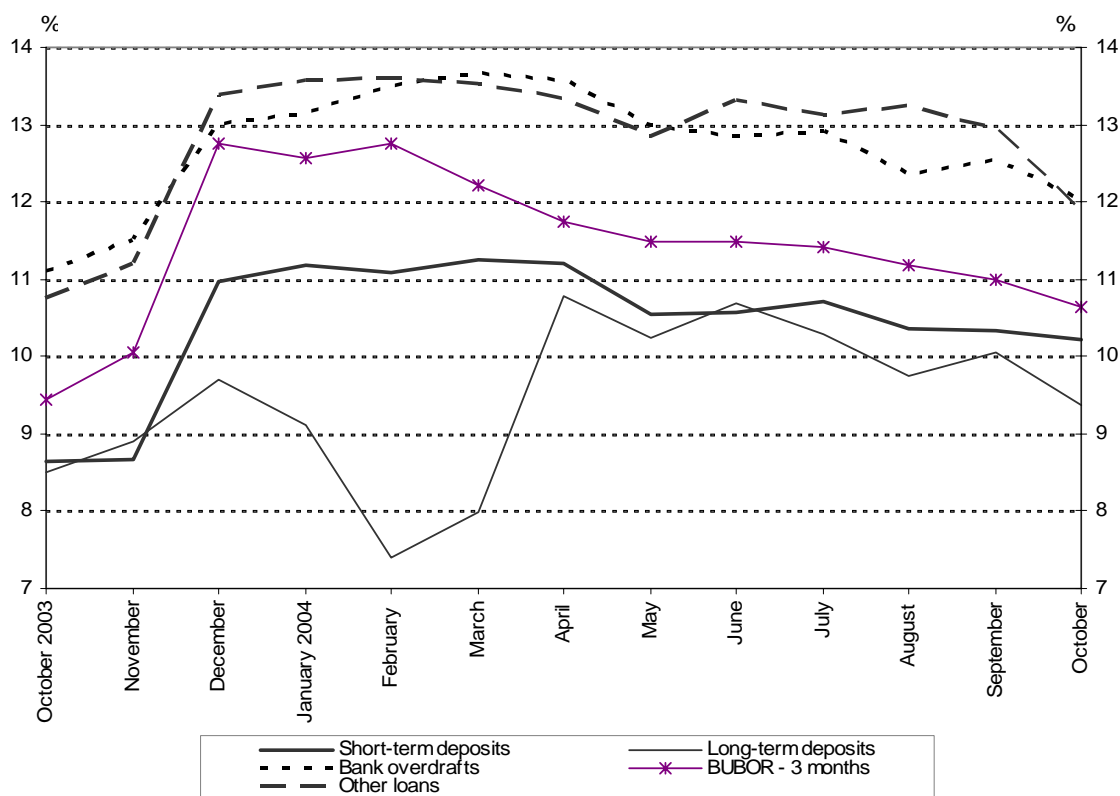
The average interest rate on loans for house purchase with floating interest rates or with up to 1 year initial rate fixation was up by 18 basis points, from 12.37% to 12.55%. The average of interest rates on loans with over 1 year and up to 5 years initial rate fixation fell by 108 basis points, from 11.6% to 10.52%, that on loans with over 5 years and up to 10 years initial rate fixation by 160 basis points, from 14.45% to 12.85%, and that on loans with over 10 years initial rate fixation by 178 basis points, from 10.66% to 8.88%.

Chart 4 Monthly average interest rates on households' deposit contracts



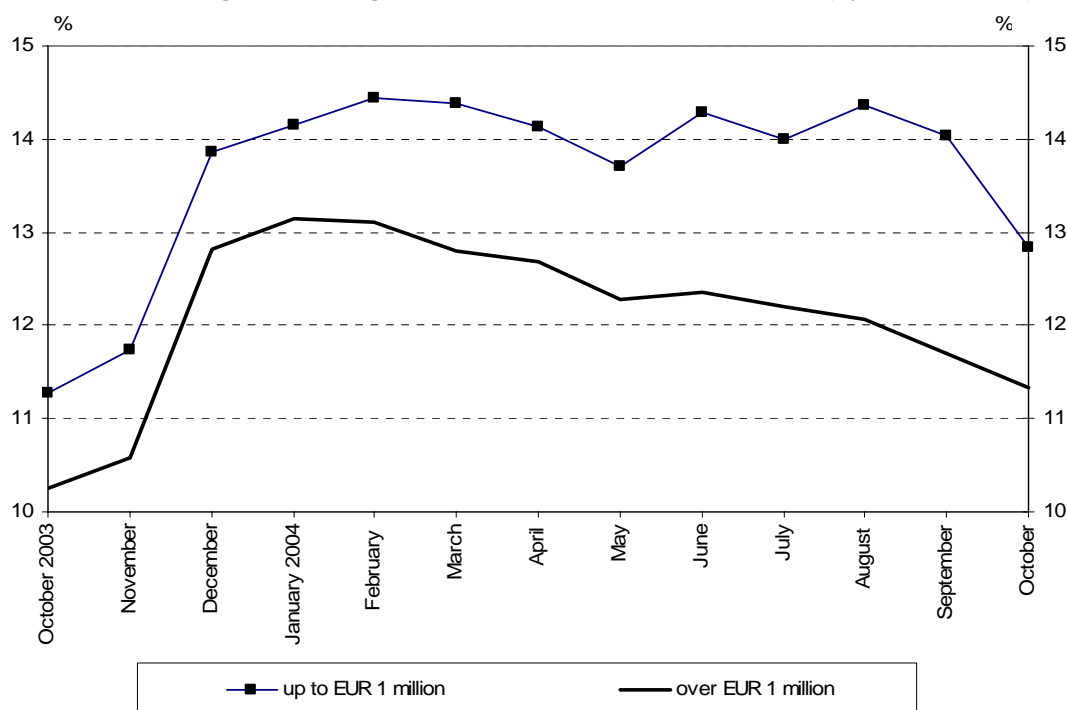
The average of interest rates on households' overnight deposits rose by 7 basis points, from 3.15% to 3.22% in one month. The average interest rate on deposits with agreed maturity up to one year dropped by 2 basis points, from 9.36% to 9.34%, that on deposits with agreed maturity over 1 year and up to 2 years rose by 31 basis points, from 10.15% to 10.46%, and that on deposits with agreed maturity over 2 years by 19 basis points, from 5.77% to 5.96%. The amount of new time deposits from households was HUF 423.2 billion in October, up HUF 14.66 billion on the preceding month.

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



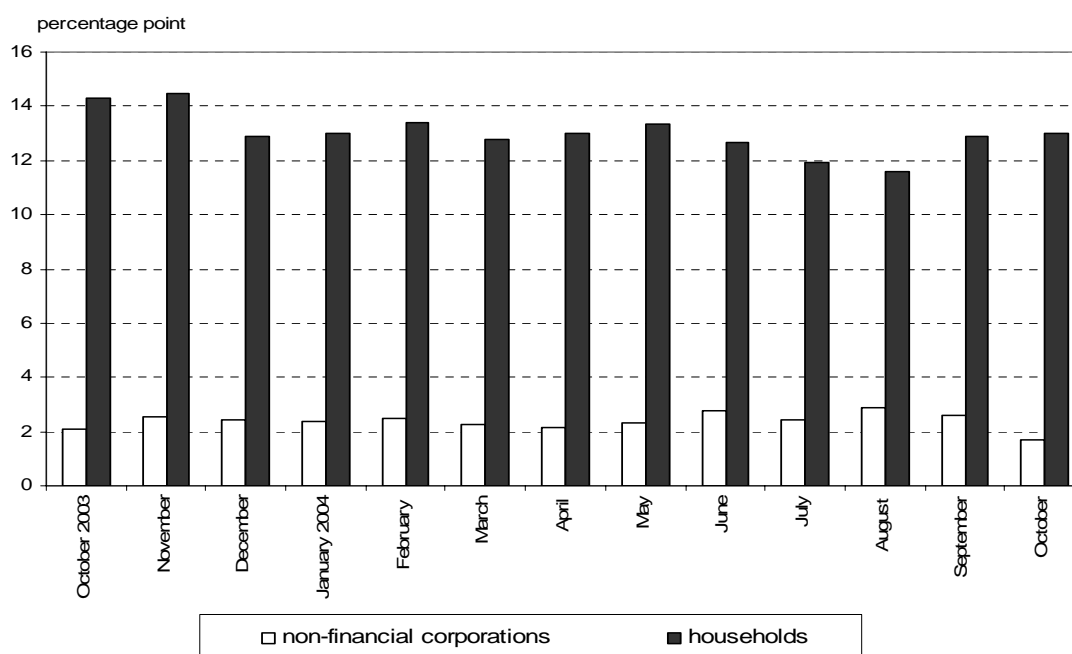
The average interest rate on overdrafts provided to non-financial corporations fell by 52 basis points, from 12.55% to 12.03%, and that of interest rates on loans other than overdrafts by 106 basis points, from 12.94% to 11.88%. The amount of loans granted, excluding overdrafts, was HUF 158.2 billion in October, after falling by HUF 99.2 billion relative to the preceding month. The average of interest rate on deposits with agreed maturity up to one year changed by 13 basis points, from 10.34% to 10.21%, and that of interest rates on deposits with agreed maturity over one year fell by 67 basis points, from 10.04% to 9.37%. The amount of new time deposits from non-financial corporations was HUF 1,358.2 billion in October. That meant a HUF 9.3 billion increase relative to September. The average interest rate on overnight and current account deposits saw a change of 16 basis points downwards, from 3.11% to 2.95%.

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, fell by 120 basis points, from 14.03% to 12.83%, and that of loans over EUR 1 million by 35 basis points, from 11.69% to 11.34%.

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 12.88 percentage points in September to 13.02 percentage points in October. At short maturities, which account for a significant share within NFC sector loans and deposits, the gap between average interest rates narrowed from 2.59 percentage points to 1.67 percentage points.

Chart 8 Average official and forint interbank rates in October 2004

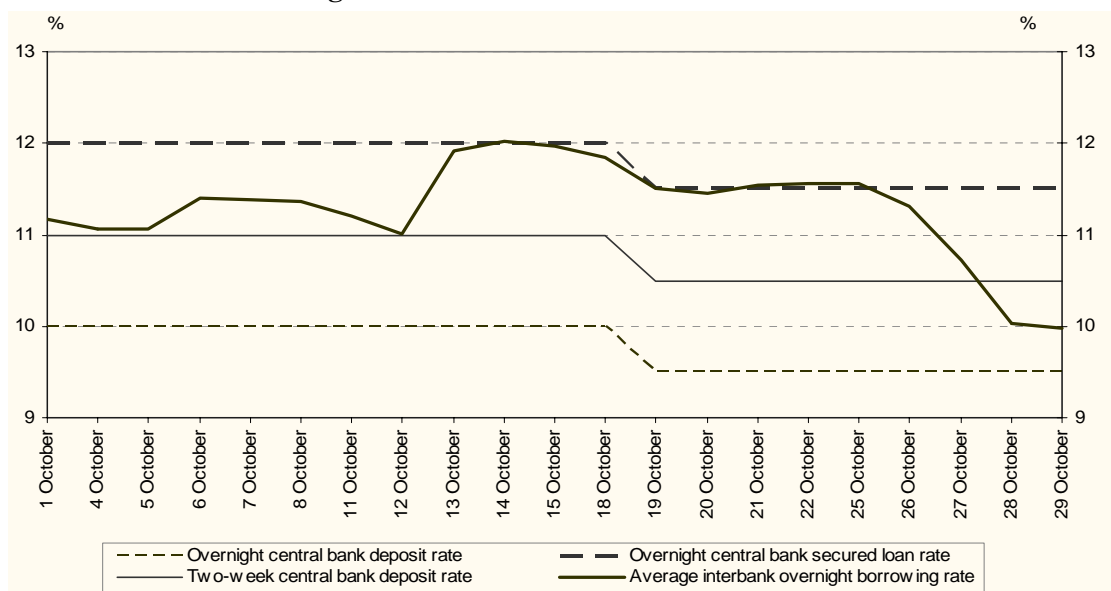
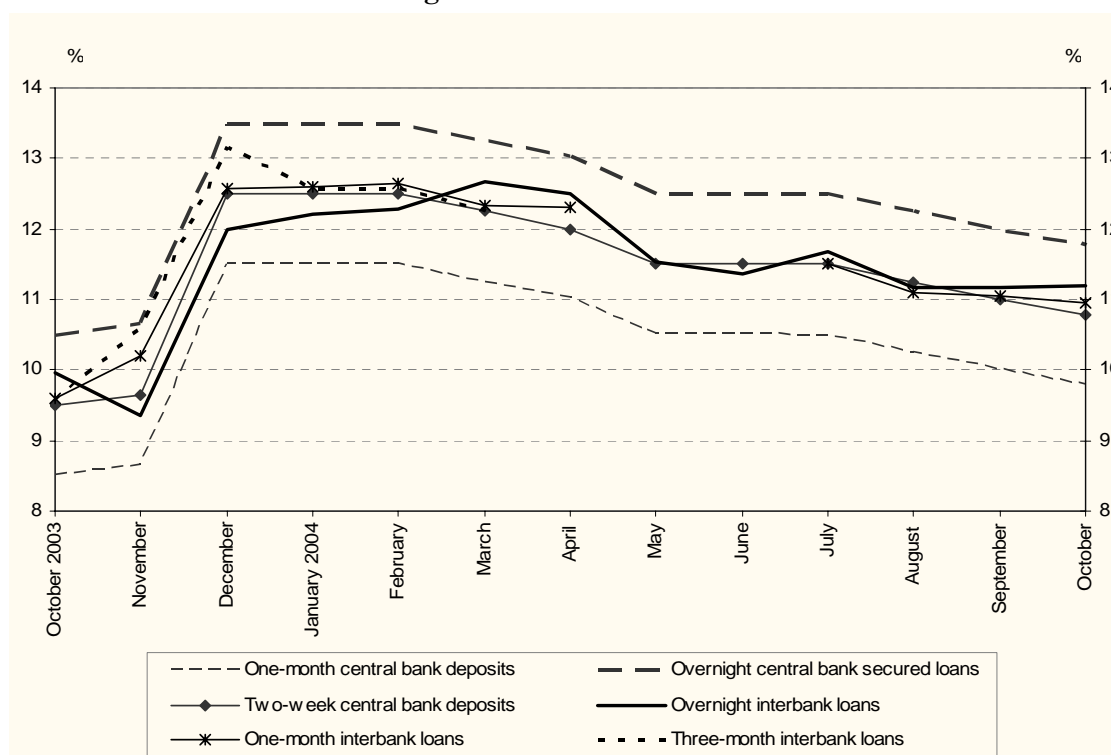


Chart 9 Average official and forint interbank rates³



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

Turnover in the forint interbank market amounted to HUF 2,432.5 billion in October. That was HUF 84.1 billion lower than in the preceding month. The average overnight lending rate, weighted by the total amount of transactions, edged up by 4 basis point, from 11.16% to 11.20%, and that on loans provided for one month fell by 11 basis points, from 11.06% to 10.95%. The average interest rate on three-month interbank loans at was 11.09% in the month under review.

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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 amounts 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.mnb.hu/Resource.aspx?ResourceID=mnbfile&resourcename=en0901_vallalkozoi

Households:

http://www.mnb.hu/Resource.aspx?ResourceID=mnbfile&resourcename=en0902_lakossagi

Interbank market:

http://www.mnb.hu/Resource.aspx?ResourceID=mnbfile&resourcename=en0903_bankkozi

MAGYAR NEMZETI BANK
STATISTICS DEPARTMENT

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. 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 assets-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.