

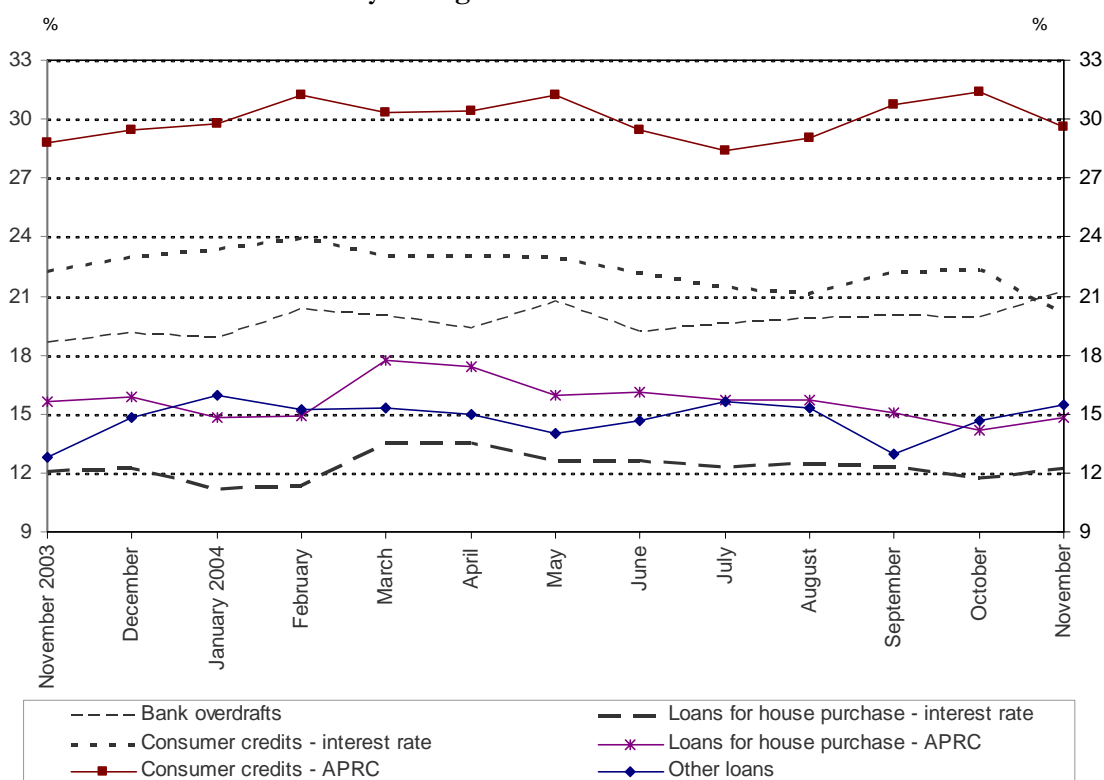
27 December 2004

PRESS RELEASE

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

In November, average interest rates on consumer credit to the household sector fell, while those on other lending facilities rose. Average interest rates on the sector's deposits were slightly lower at every maturity than in October. The averages of interest rates on non-financial corporations' loans and time deposits fell, in contrast with those on overnight deposits and overdrafts, which rose slightly. In the interbank forint market, average interest rates on loans fell at every maturity in the month under review, the average interest rate on three-month interbank loans showing the largest increase.

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.

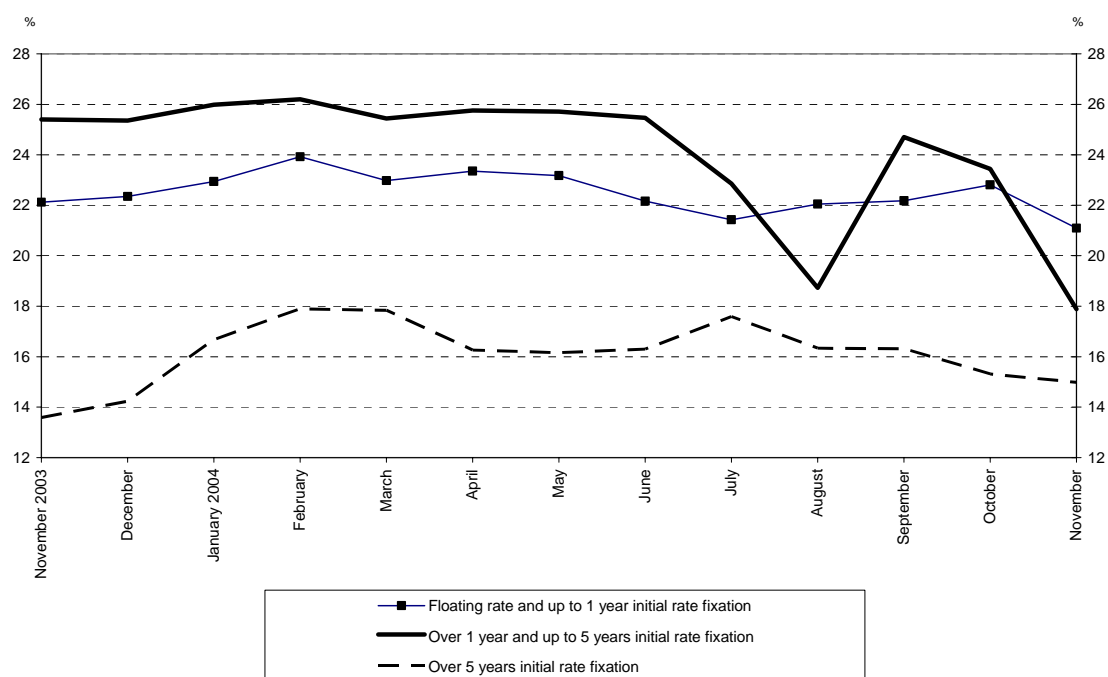
In the household sector, the average interest rate on overdrafts rose by 121 basis points, from 19.95% in October to 21.16% in November. The average interest rate on housing loans was up by 46 basis points, from 11.76% to 12.22%, the APRC rising by 67 basis points, from 14.14% to 14.81%. The average interest rate on consumer credit fell by 229 basis points, from October's 22.36% to 20.07%, the APRC falling by 175 basis points, from 31.38% to 29.63%. The average interest rate on other loans was up by 83 basis points, from the preceding month's 14.62% to 15.45% in November.

The amount of consumer credit provided was HUF 22.4 billion in November. That was HUF 1 billion higher than in the preceding month. Excluding overdrafts, consumer credit as a proportion of new loans rose from 43.1% in October to 47.1% in the month under review.

The amount of loans granted for house purchase was HUF 18.6 billion, down HUF 3.4 billion on the preceding month. Excluding overdrafts, housing loans as a proportion of new loans edged down from 44.4% to 39.2% in one month.

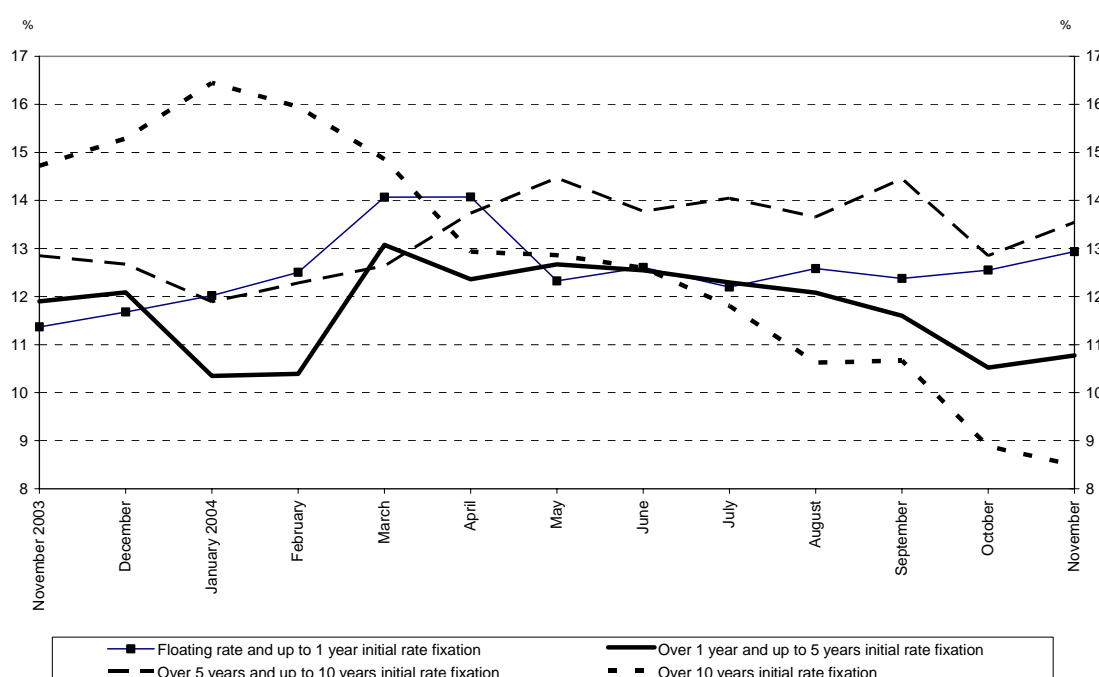
The amount of other loans granted was HUF 6.5 billion in November, accounting for 13.7% of the total amount of new loans, excluding overdrafts. The amount of new other loans rose by HUF 0.3 billion, their percentage share of the total rising by 1.2 percentage points in one month.

Chart 2 Monthly average interest rates on consumer credit



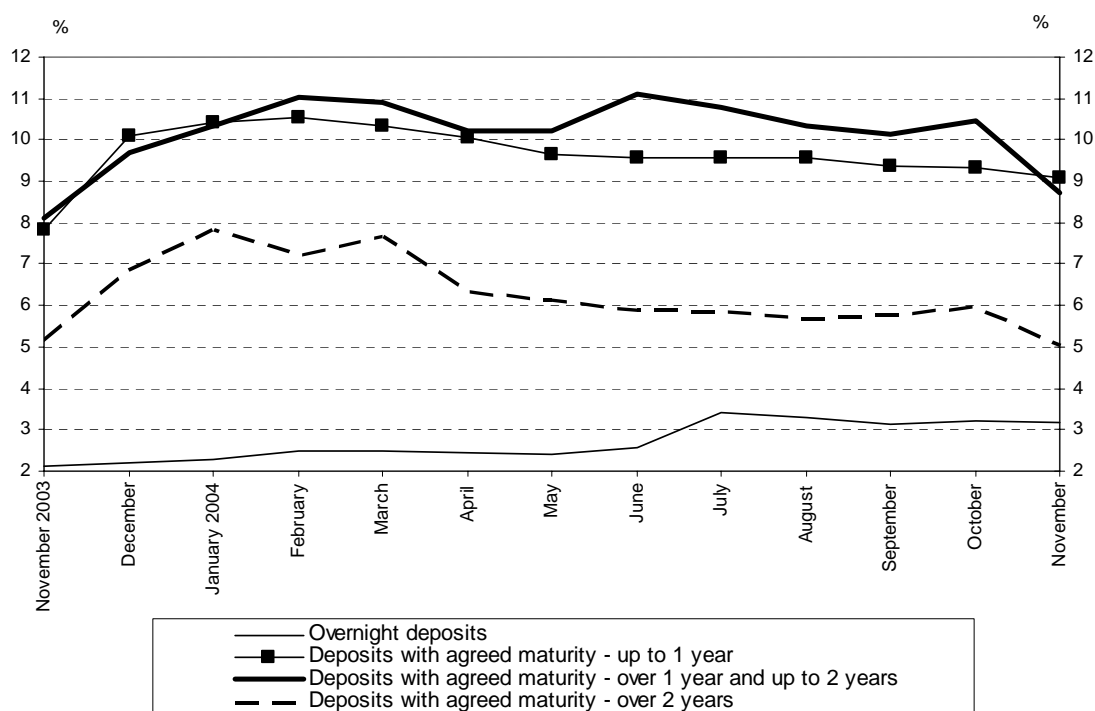
The average interest rate on consumer credit provided to the household sector with a floating interest rate or with up to 1 year initial rate fixation fell by 171 basis points, from 22.8% to 21.09%, that with over 1 and up to 5 years initial rate fixation by 555 basis points, from 23.44% to 17.89%. The average interest rate on consumer credit with over 5 years initial rate fixation saw a 33 basis point change downwards, from 15.32% to 14.99%.

Chart 3 Monthly average interest rates on housing loans



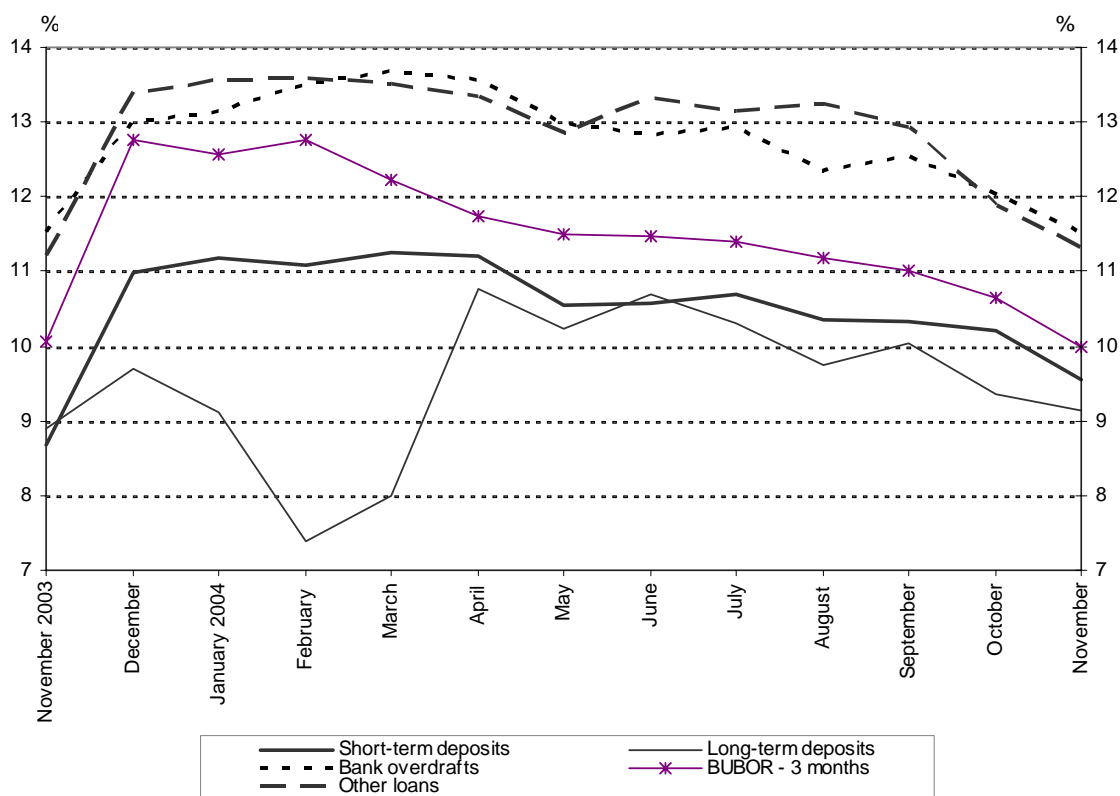
The average interest rate on loans for house purchase with floating interest rates or with up to 1 year initial rate fixation was up by 39 basis points, from 12.55% to 12.94%, that on loans with over 1 year and up to 5 years initial rate fixation by 25 basis points, from 10.52% to 10.77%, and that on loans with over 5 years and up to 10 years initial rate fixation by 69 basis points, from 12.85% to 13.54%. The average interest rate on loans for house purchase with over 10 years initial rate fixation fell by 39 basis points, from 8.88% to 8.49%.

Chart 4 Monthly average interest rates on households' deposit contracts



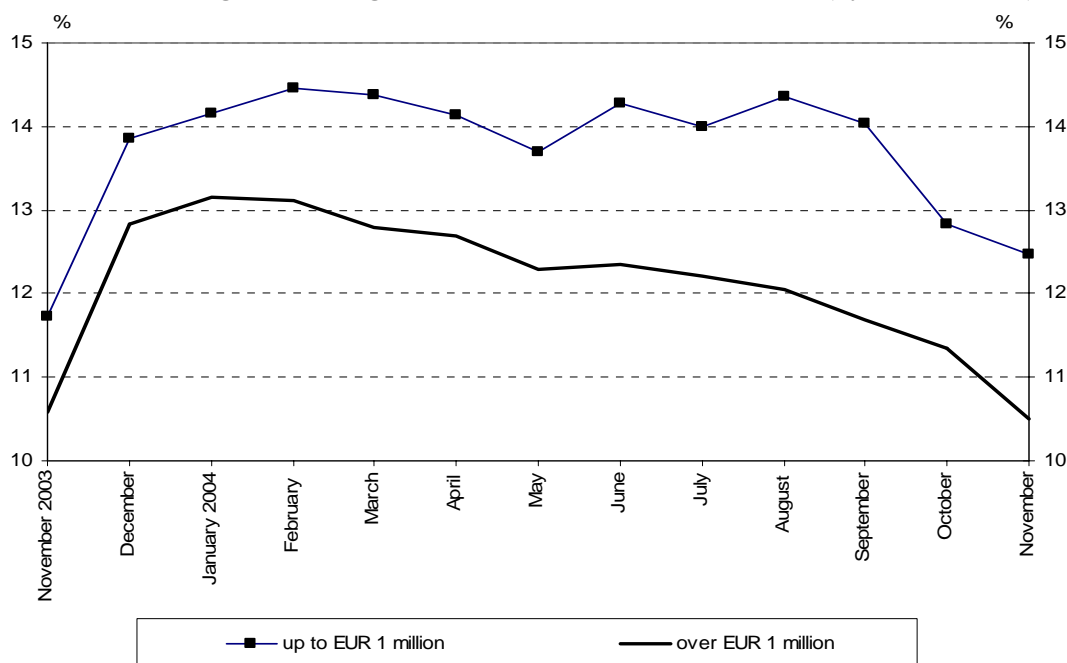
The average of interest rates on households' overnight deposits changed by 4 basis points, from 3.22% to 3.18% in one month. The average interest rate on deposits with agreed maturity up to one year fell by 26 basis points, from 9.34% to 9.08%, that on deposits with agreed maturity over 1 year and up to 2 years by 174 basis points, from 10.46% to 8.72%, and that on deposits with agreed maturity over 2 years by 90 basis points, from 5.96% to 5.06%. The amount of new time deposits from households was HUF 441.3 billion in November, up HUF 18.1 billion on the preceding month.

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



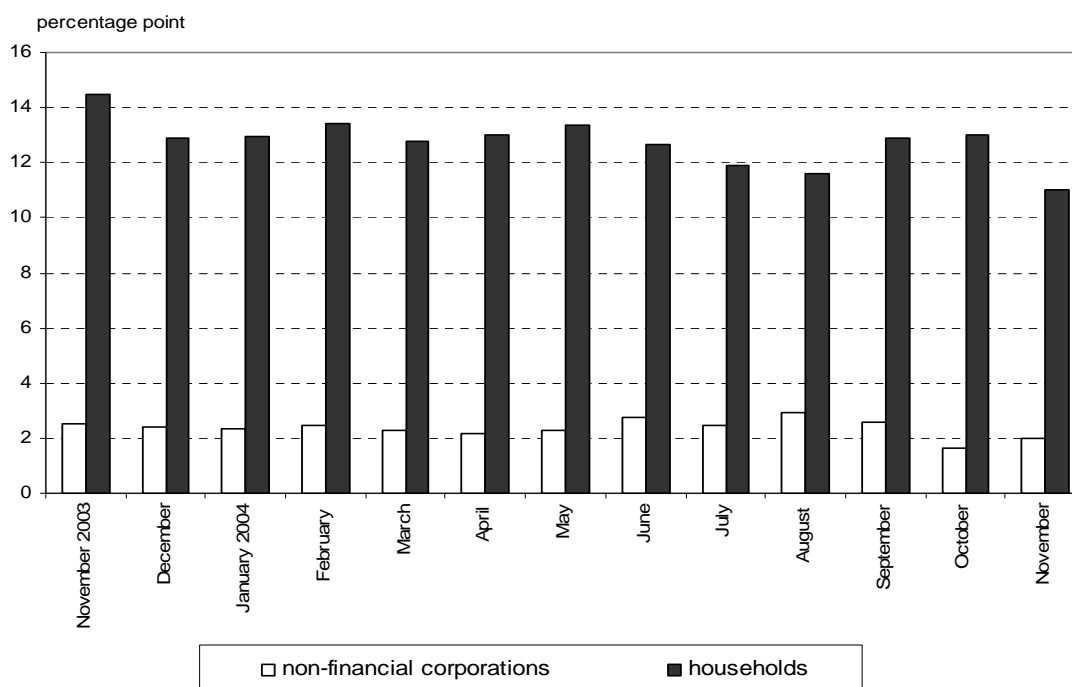
The average interest rate on overdrafts provided to non-financial corporations fell by 51 basis points, from 12.03% to 11.52%, and that of interest rates on loans other than overdrafts by 54 basis points, from 11.88% to 11.34%. The amount of loans granted, excluding overdrafts, was HUF 182.6 billion in November, after rising by HUF 24.4 billion relative to the preceding month. The average of interest rate on deposits with agreed maturity up to one year fell by 67 basis points, from 10.21% to 9.54%, and that of interest rates on deposits with agreed maturity over one year by 23 basis points, from 9.37% to 9.14%. The amount of new time deposits from non-financial corporations was HUF 1,285.2 billion in November. That meant a HUF 73 billion decrease relative to October. The average interest rate on overnight and current account deposits saw a change of 3 basis points upwards, from 2.95% to 2.98%.

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 36 basis points, from 12.83% to 12.47%, and that of loans over EUR 1 million by 85 basis points, from 11.34% to 10.49%.

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 narrowed from 13.02 percentage points in October to 10.99 percentage points in November. At short maturities, which account for a significant share within NFC sector loans and deposits, the gap between average interest rates widened from 1.67 percentage points to 2.01 percentage points.

Chart 8 Average official and forint interbank rates in November 2004

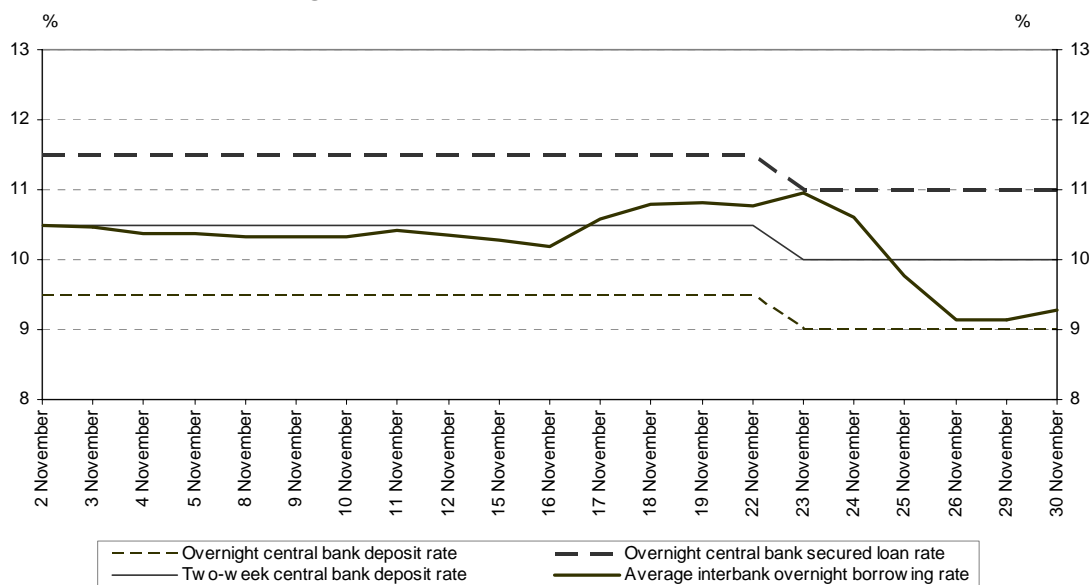
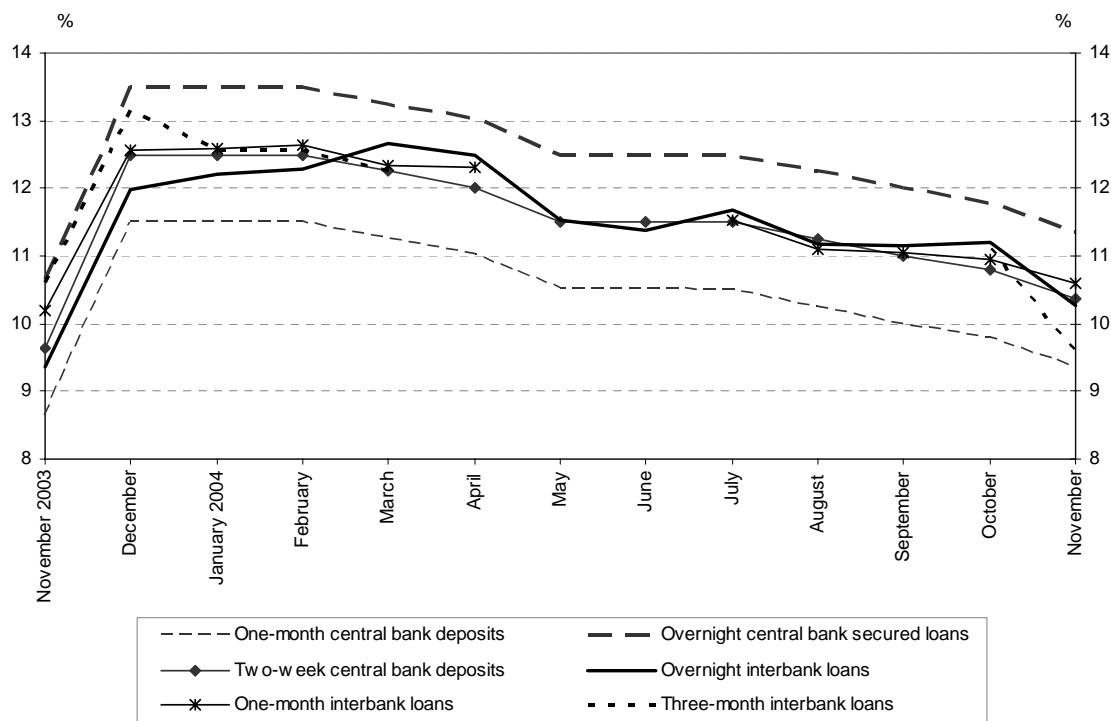


Chart 9 Average official and forint interbank rates



Turnover in the forint interbank market amounted to HUF 2,454.1 billion in November. That was HUF 21.6 billion higher than in the preceding month. The average overnight lending rate, weighted by the total amount of transactions, fell by 94 basis point, from 11.2% to 10.26%, that on loans provided for one month by 36 basis points, from 10.95% to 10.59%, and that on three-month interbank loans by 152 basis points, from 11.09% to 9.57%.

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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.