

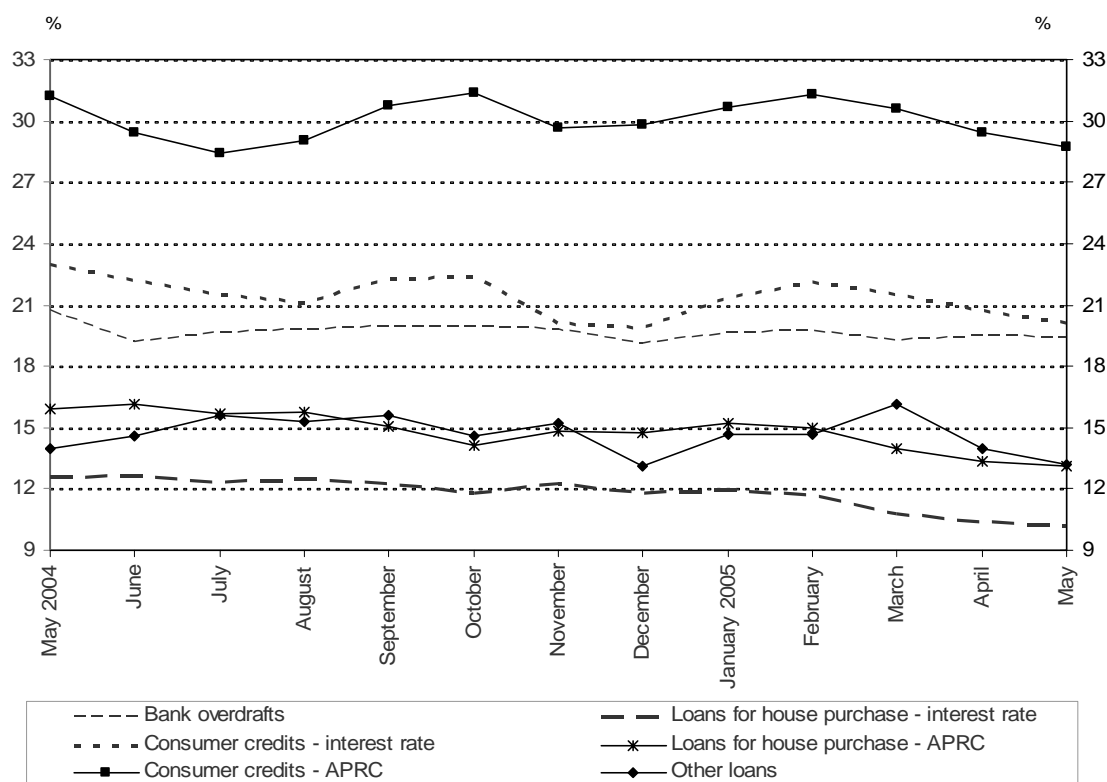
28 June 2005

PRESS RELEASE

**Household and non-financial corporate sector forint interest rates,
interbank lending rates: May 2005¹**

In May 2005, average interest rates on loans to the household sector fell in all categories. So did average interest rates on the sector's deposits, except for those on overnight and current account deposits and deposits with agreed maturity over 2 years. The averages of interest rates on both non-financial corporations' loans and time deposits fell. Average interest rates on interbank unsecured forint loans, except those on loans with agreed maturity of three months, decreased.

Chart 1 Monthly average interest rates and APR on household forint-denominated loans



In the household sector, the average interest rate on overdrafts decreased by 13 basis points from 19.50% in April to 19.37% in May 2005. The average market interest rate² on housing loans edged down by 25 basis points from 10.42% to 10.17%. The APR also fell by 21 basis points from 13.36% to 13.15%. The average interest rate on consumer credit

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.

² This press release discloses market interest rates and APR on housing loans. In the case of subsidised housing loans, average interest rates and APR denote the interest rate adjusted by the rate of subsidy.

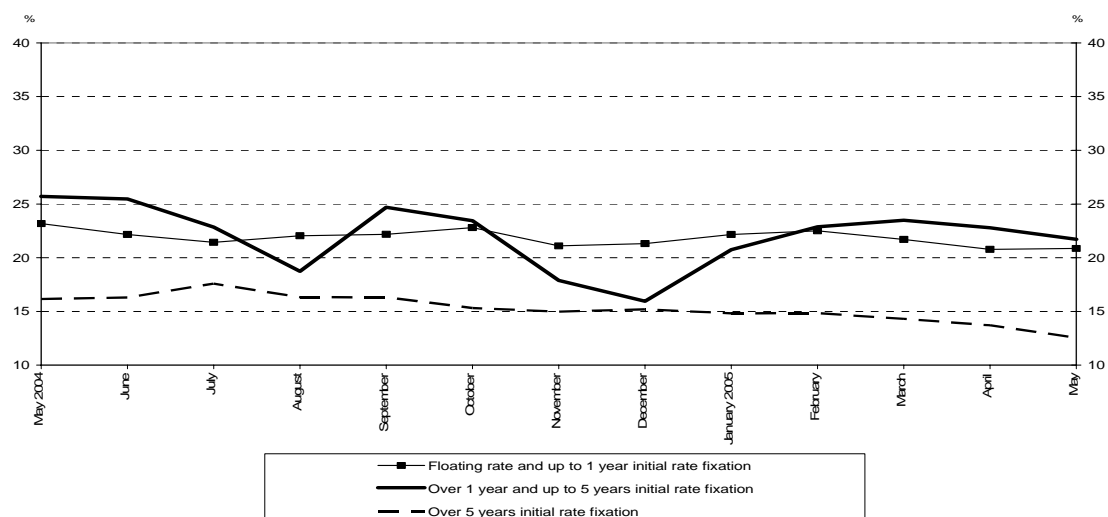
fell by 56 basis points from 20.69% in April to 20.13% in May 2005, with APR falling by 75 basis points from 29.46% to 28.71%. The average interest rate on other loans was down by 77 basis points from 13.98% to 13.21%.

The amount of consumer credit provided was HUF 22.7 billion in May 2005. That was HUF 0.3 billion higher than in the preceding month. Excluding overdrafts, consumer credit as a proportion of new loans fell from 52.2% in April to 51.0% in May.

The amount of loans granted for house purchase was HUF 17.6 billion in May, up HUF 0.1 billion on the preceding month. Excluding overdrafts, housing loans as a proportion of new loans edged down from 40.6% in April to 39.6% in May.

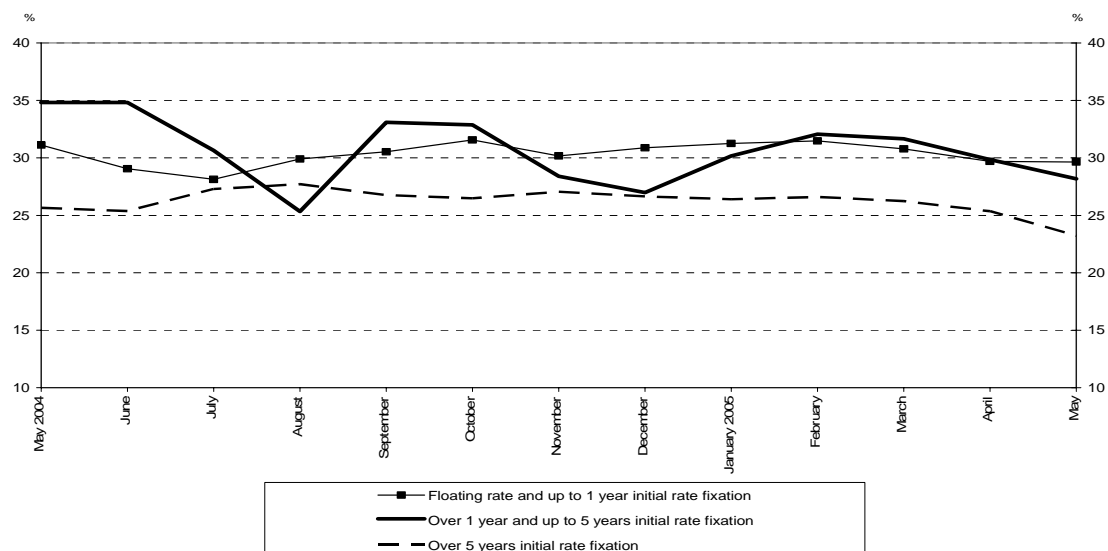
The amount of other loans granted was HUF 4.2 billion in May, accounting for 9.3% of the total amount of new loans, excluding overdrafts. The amount of new other loans rose by HUF 1.1 billion, with their percentage share of the total increasing by 2.2 percentage points in one month.

Chart 2 Monthly average interest rates on forint-denominated consumer credit



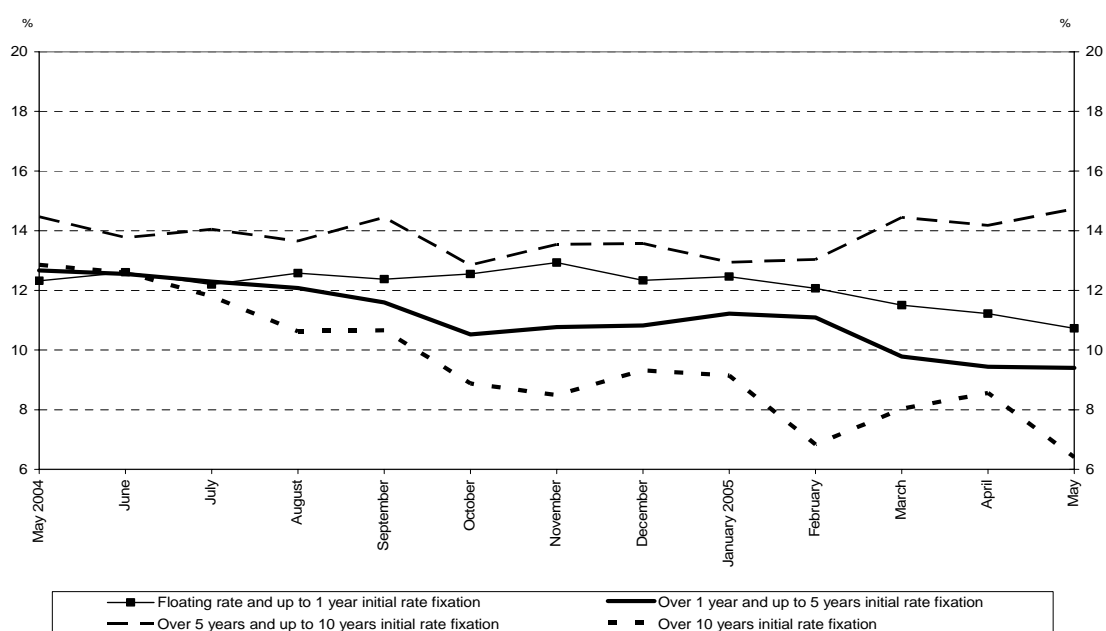
The average interest rate on consumer credit provided to the household sector with a floating interest rate or with up to 1 year initial rate fixation rose by 8 basis points from 20.78% to 20.85%, and that with over 1 and up to 5 years initial rate fixation fell by 109 basis points from 22.79% to 21.70%. The average interest rate on consumer credit with over 5 years initial rate fixation saw a 116-basis point change from 13.71% to 12.55%.

Chart 3 Monthly average APR on forint-denominated consumer credit



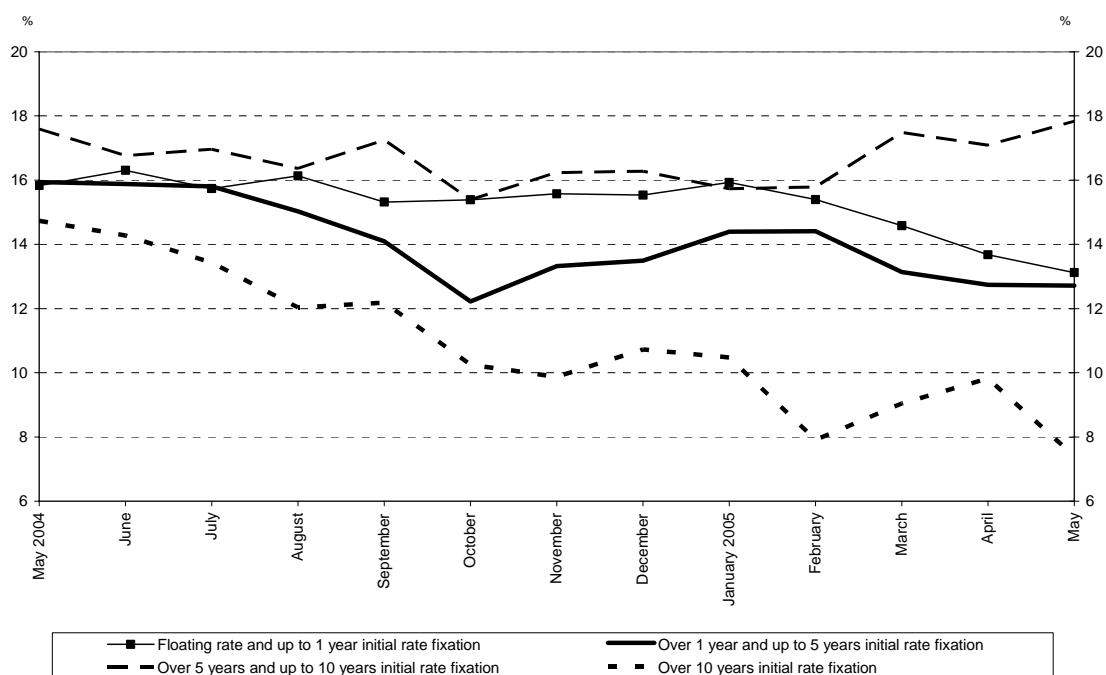
The average APR on consumer credit provided to the household sector with a floating interest rate or with up to 1 year initial rate fixation declined by 6 basis points from 29.70% to 29.64% in May; and that with over 1 and up to 5 years initial rate fixation decreased by 166 basis points from 29.84% to 28.19%. The average interest rate on consumer credit with over 5 years initial rate fixation saw a fall of 214 basis points from 25.36% to 23.22%.

Chart 4 Monthly average interest rates on forint-denominated housing loans



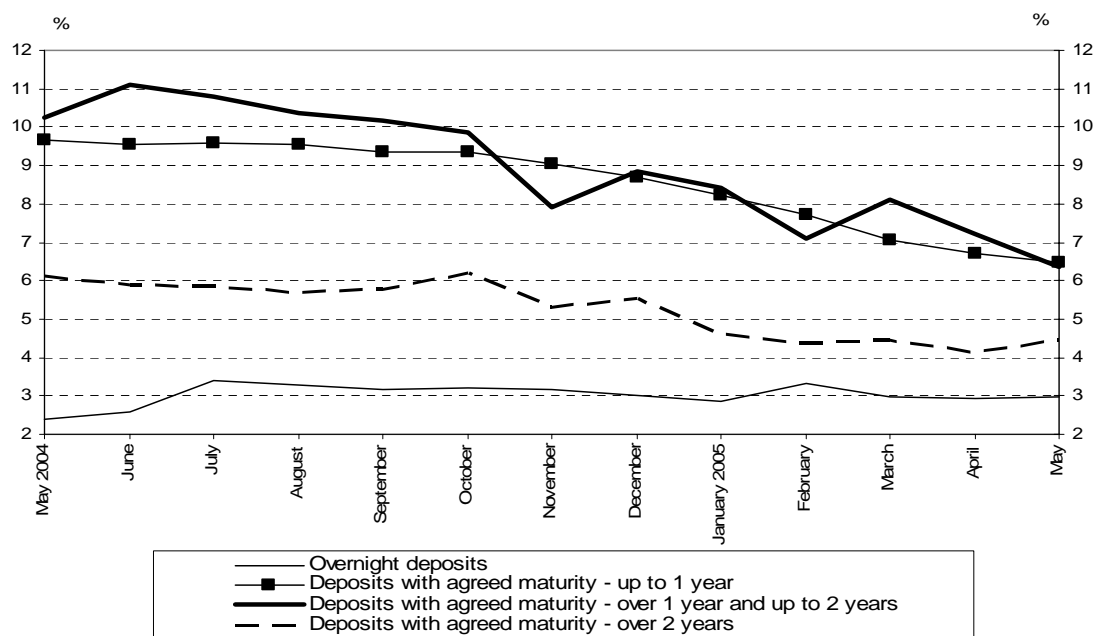
The average interest rate on loans for house purchase with floating interest rates or with up to 1 year initial rate fixation was down by 49 basis points from 11.22% to 10.73% in May; that on loans with over 1 year and up to 5 years initial rate fixation by 4 basis points from 9.44% to 9.40%. The average interest rate on loans for house purchase with over 10 years initial rate fixation saw a fall of 215 basis points from 8.56% to 6.41%. Average interest rate on housing loans with over 5 years and up to 10 years initial rate fixation, with interest rates set on a case-by-case basis remaining unchanged, rose by 56 basis points from 14.18% to 14.73% due to the composition effect.

Chart 5 Monthly average APR on forint-denominated housing loans



The average APR on loans for house purchase with floating interest rates or with up to 1 year initial rate fixation edged down by 56 basis points from 13.68% in April to 13.12% in May; that on loans with over 1 year and up to 5 years initial rate fixation was down by 3 basis points from 12.74% to 12.71%; by contrast, that on loans with over 5 years and up to 10 years initial rate fixation rose by 75 basis points from 17.09% to 17.83%, while that on loans for house purchase with over 10 years initial rate fixation fell by 242 basis points from 9.82% to 7.40%.

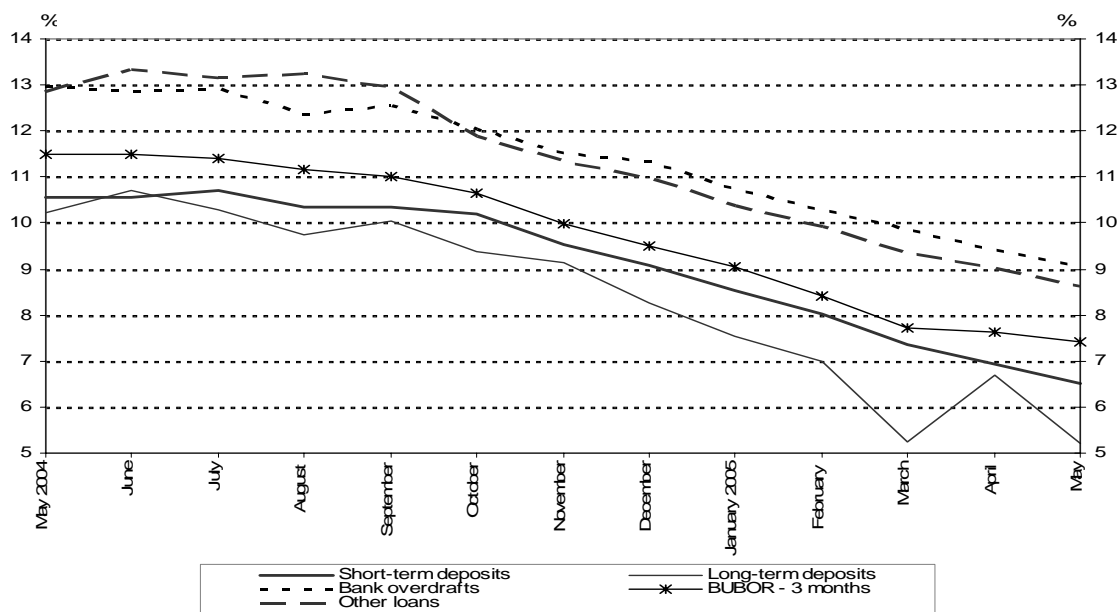
Chart 6 Monthly average interest rates on household forint-denominated deposits



The average of interest rates on households' overnight deposits rose by 3 basis points from 2.95% in April to 2.98% in May. The average interest rate on deposits with agreed maturity up to one year fell by 22 basis points from 6.70% to 6.48%, that on deposits with agreed maturity over 1 year and up to 2 years by 83 basis points from 7.20% to 6.37%, while that on deposits with agreed maturity over 2 years rose by 29 basis points from 4.15% to 4.44%. The amount of new

time deposits from households was HUF 617.2 billion, up by HUF 48.5 billion on the preceding month.

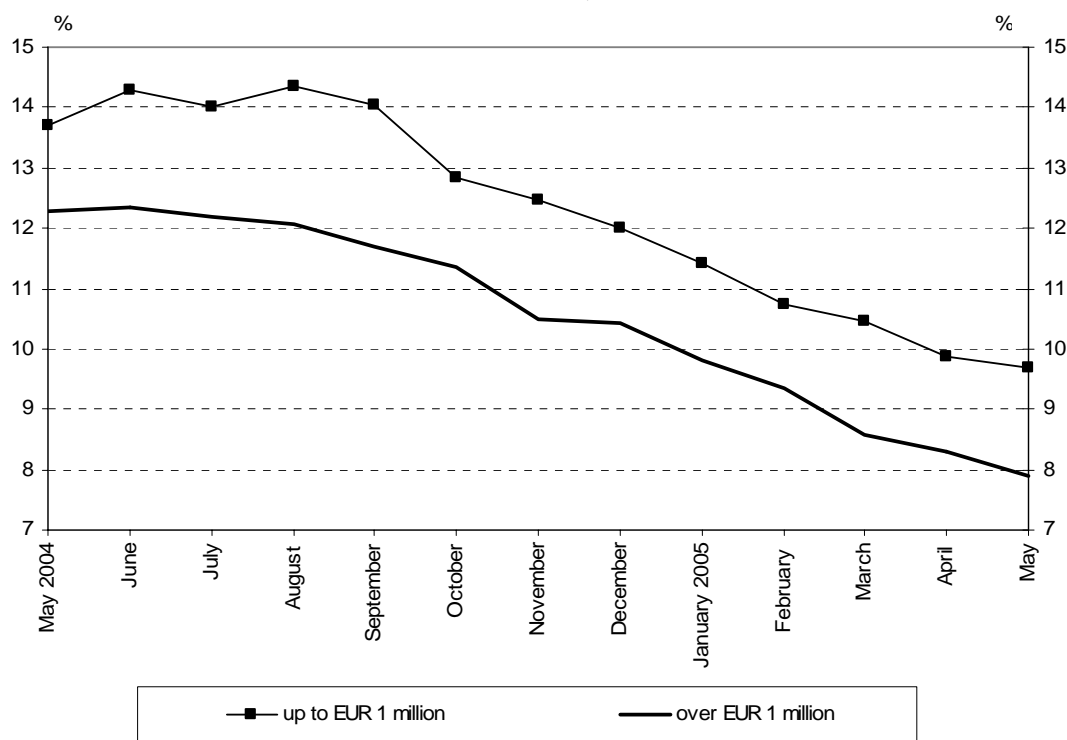
Chart 7 Monthly average interest rates on non-financial corporations' forint-denominated loans and deposits and the BUBOR



The average interest rate on overdrafts provided to non-financial corporations fell by 37 basis points from 9.42% to 9.05%, and that on loans other than overdrafts by 39 basis points from 9.01% to 8.62%. The amount of loans granted, excluding overdrafts, was HUF 168.7 billion in May, down by HUF 12.8 billion relative to the preceding month.

The average of interest rate on deposits with agreed maturity up to one year fell by 45 basis points from 6.95% to 6.50%, and that of interest rates on deposits with agreed maturity over one year by 149 basis points from 6.70% to 5.21%. The amount of new time deposits from non-financial corporations was HUF 1,228.5 billion in May. That meant an increase of HUF 63.5 billion relative to April. The average interest rate on overnight and current account deposits saw a change of 7 basis points from 2.17% to 2.10%.

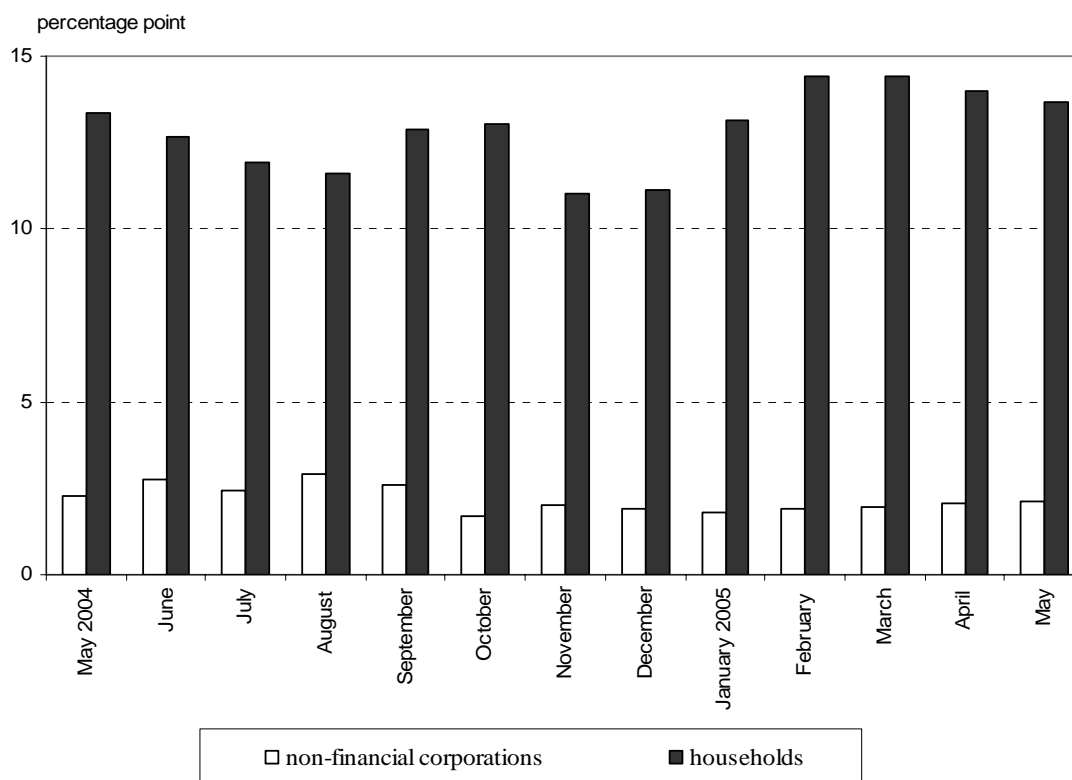
Chart 8 Average forint-denominated borrowing rates of non-financial corporations (by loan amount)



The average interest rate on loans provided to non-financial corporations up to EUR 1 million³, excluding bank overdrafts, fell by 17 basis points from 9.87% to 9.70%, and that on loans over EUR 1 million by 41 basis points from 8.30% to 7.89%.

Chart 9 Differential between non-financial corporate and household sector forint-denominated 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 decreased from 13.99 percentage points in April to 13.65 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 2.04 percentage points to 2.10 percentage points.

Chart 10 Average official and forint interbank rates in May 2005

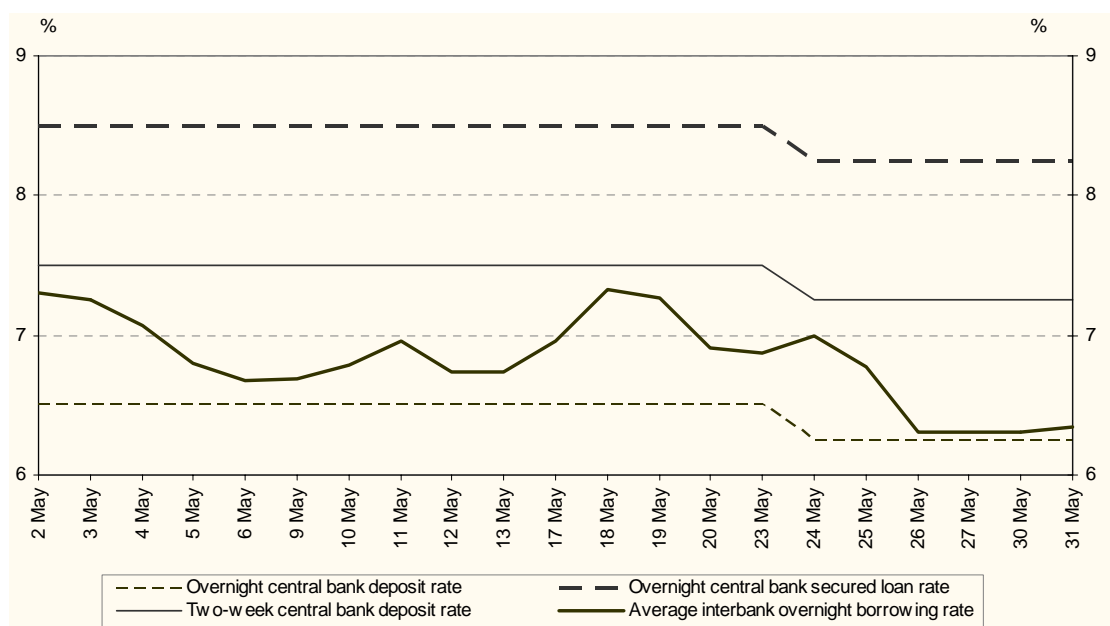
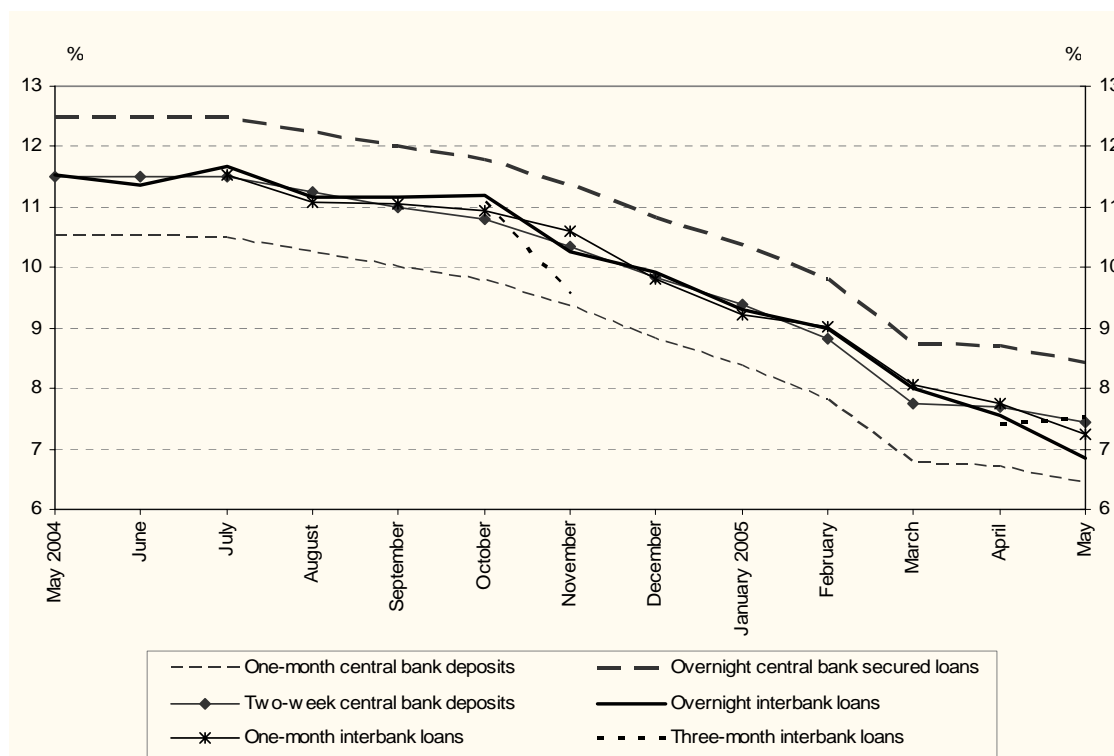


Chart 11 Average official and forint interbank rates



Turnover in the forint interbank market amounted to HUF 2,004.5 billion in May. That was HUF 19.6 billion lower than in the preceding month. Relative to April, the average overnight lending rate, weighted by the total amount of transactions, fell by 71 basis points from 7.55% to 6.84%, and that on loans provided for one month by 51 basis points from 7.74% to 7.23%. The average lending rate at three months was 7.52% in May 2005, representing a change of 9 basis points over the preceding month.

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=hu0901_vallalkozoi

Households:

http://www.mnb.hu/Resource.aspx?ResourceID=mnbfile&resourcename=hu0902_lakossagi

Interbank

market:

http://www.mnb.hu/Resource.aspx?ResourceID=mnbfile&resourcename=hu0903_bankkoi

MAGYAR NEMZETI BANK
STATISTICS DEPARTMENT

Notes to the press release charts

In addition to data on interbank forint transactions, this press release also discloses the interest rates on loans and deposits charged and granted respectively by credit institutions to households and the non-financial corporate sector (S.11) as well as aggregate data on new loans granted to and new deposits accepted from these sectors. For the purposes of interest rate statistics, the term 'households' refers to both the household sector (S.14) and the non-profit sector providing assistance for households (S.15). The category of credit institutions also includes building societies, which accept deposits from the household and the non-financial corporate sector at low interest rates and also grant (housing) loans at an interest rate considerably lower than market rates.

The interest rate differential disclosed in this press release was calculated from unrounded data. Hence, differentials may differ from those computed from the rounded interest rates data published.

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 total amount of new loans and the end-of-month stocks as weights to calculate average interest rates on the first three categories of loans and on overdrafts, respectively. Average interests rate do not include those on non-performing loans.
- b) Other loans include, among other categories, sole proprietors' entrepreneurial loans as well as non-consumer credit and loans for purposes other than house purchase.
- c) In addition to interest rates on consumer credit and other loans, the Bank also publishes the APR expressing total costs of consumer credit and housing loans of the household sector. The method underlying the calculation of the APR, 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.

Charts 2 and 3

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 loan contracts. All floating rate loans and part of fixed interest loans, where the interest rate is fixed for up to 1 year in the original contracts, are classified in to the category 'Floating rate or up to 1 year initial rate fixation'.

Charts 4 and 5

- a) The weighted average interest rate on housing loans include data on loans provided under market conditions and on subsidised loans. The rate of subsidy is incorporated in the interest rate of 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 loan contracts. All floating rate loans and part of fixed interest loans where the interest rate is fixed for up to 1 year in the original contracts are classified in to the category 'Floating rate or up to 1 year initial rate fixation'.

Chart 6

Average interest rates on time deposits are calculated using the total amount of new loans as weight, 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 7

Average interest rates on time deposits are calculated using the total amount of new loans as weight, 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 amounts of new loans 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 8

The euro equivalent of forint-denominated loans granted on a case-by-case basis is calculated using the MNB's central 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.