



PRESS RELEASE

Household and non-financial corporate sector interest rates, interbank lending rates: March 2007

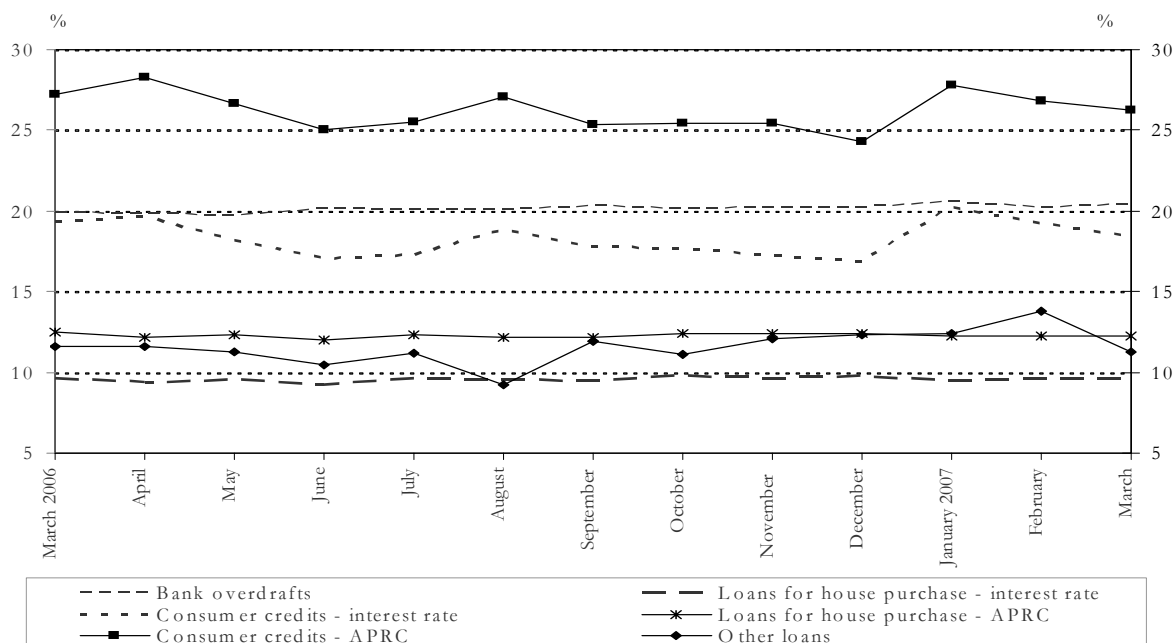
In March 2007, average interest rates on forint-denominated household sector consumer credit show a downward trend after an increase in January. Average interest rates on other credit decreased in March due to its composition. The average interest rate on forint deposits with an agreed maturity of up to one year has been decreasing slightly for the third month in a row while the average interest rate on deposits with an agreed maturity of over two years increased slightly compared to the previous month. Average interest rates on the sector's euro-denominated overdrafts and consumer credits decreased while those of housing loans increased.

The average interest rate on non-financial corporations' forint-denominated credits and deposits with an agreed maturity of over one year increased slightly. The average interest rate on non-financial corporations' euro-denominated overdrafts and deposits with an agreed maturity of up to one year increased slightly.

1 Households

1.1 Forint loans and deposits

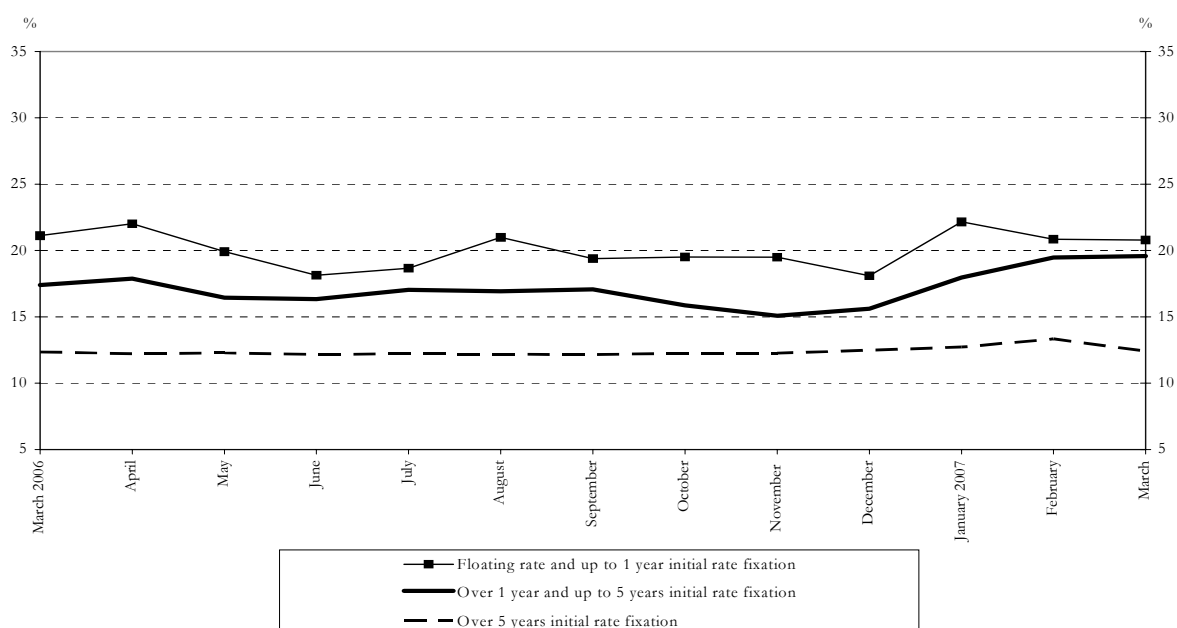
Chart 1 Monthly average interest rates and APR on forint loans to households



The average interest rate on the **household sector's** overdrafts was 20.40% in March. The average market rate and APR on bank housing loans¹ was the same as in January. The average interest rate was 9.61% and APR stood at 12.27% in March. The average interest rate and the APR on consumer credit shows a decreasing tendency after an increase in January. The average interest rate in March fell by 81 basis points to 18.45%, and the average APR decreased by 55 basis points to 26.26%. In March the average interest rate on other loans decreased to 11.25% due to a change in the composition of the loans and the interest rate returned to the October 2006 level.

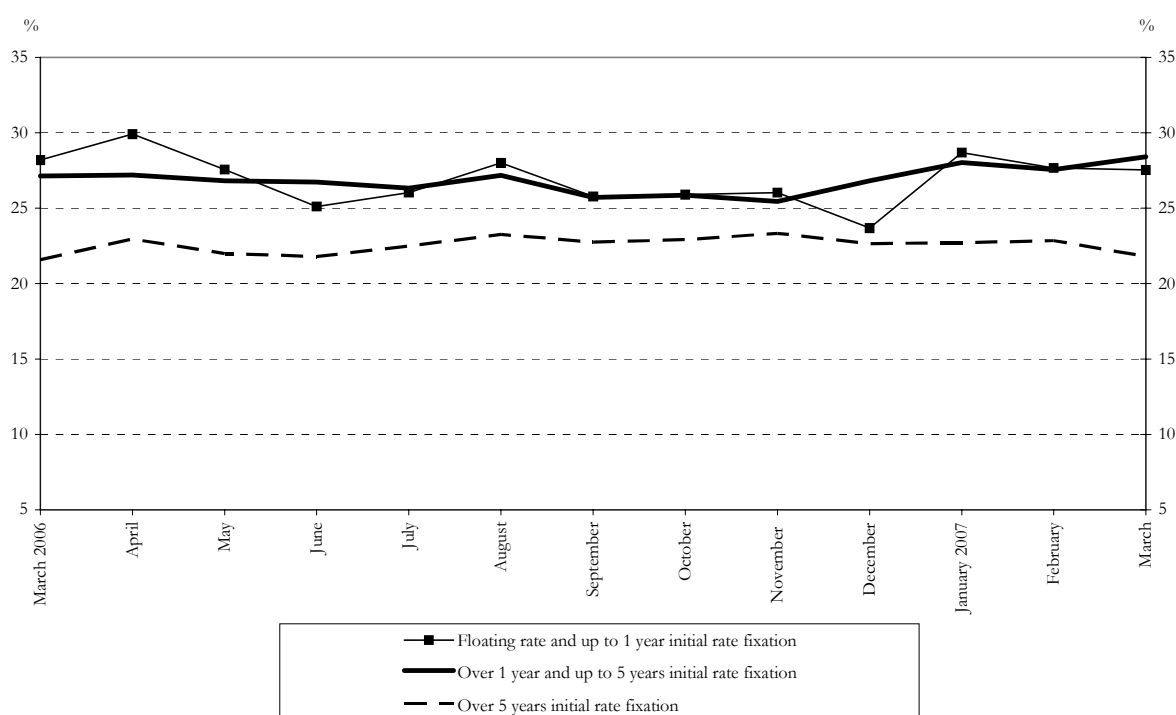
The amounts of new consumer credit, housing loans and other credit increased in March. The value of new consumer credit was HUF 18.0 billion, the amount of housing loans was HUF 8.7 billion and that of other loans was HUF 9.2 billion.

Chart 2 Monthly average interest rates on forint consumer credit



¹ This press release contains market interest rates and APR on bank loans for home purchase. In the case of subsidised housing loans, average interest rates and the APR include interest rates after adjusting for the amount of government subsidy.

Chart 3 Monthly average APR on forint consumer credit



The average interest rate on consumer loans with a floating interest rate or with up to one year initial rate fixation stayed the same as in the previous month. The interest rate was 20.78% while average APR was 27.53%. The average interest rate on consumer credit with over 1 and up to 5 years initial rate fixation did not change compared to February and stood at 19.57% in March. The APR rose by 86 basis points to 28.42%. The average interest rate on consumer credit with over 5 years initial rate fixation broke the upward trend which began last October and fell by 92 basis points to 12.41%. The APR also decreased in March and stood at 21.80%.

Chart 4 Monthly average interest rates on forint housing loans

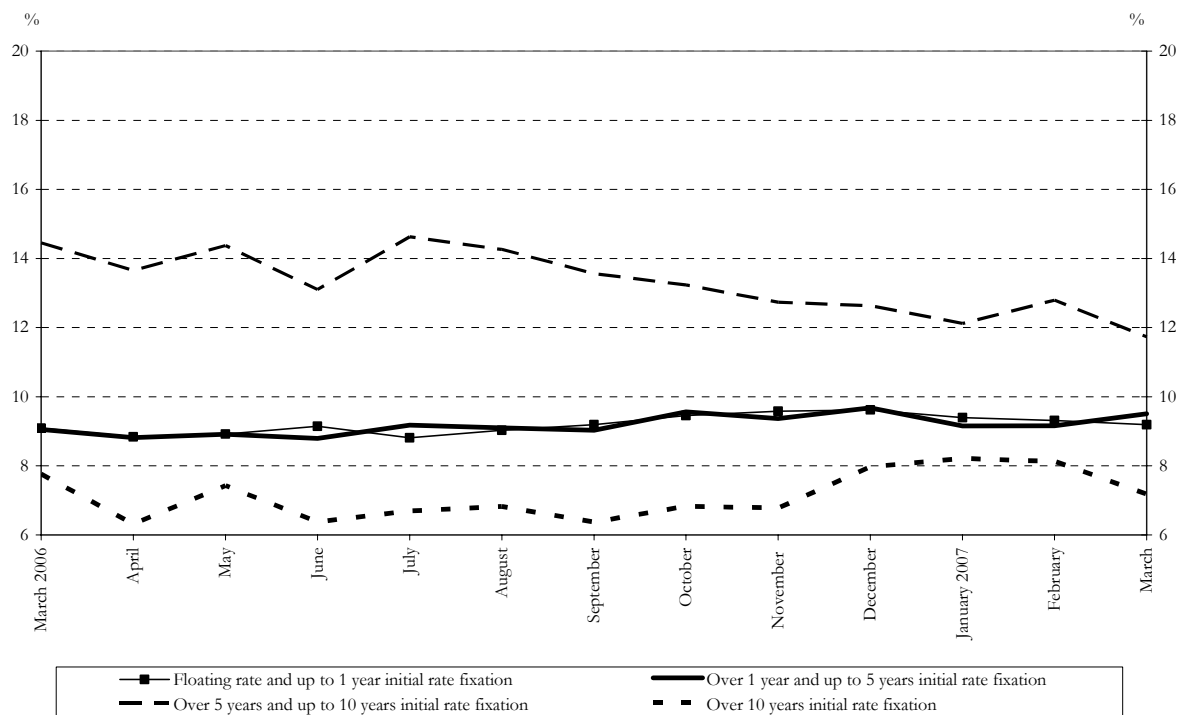
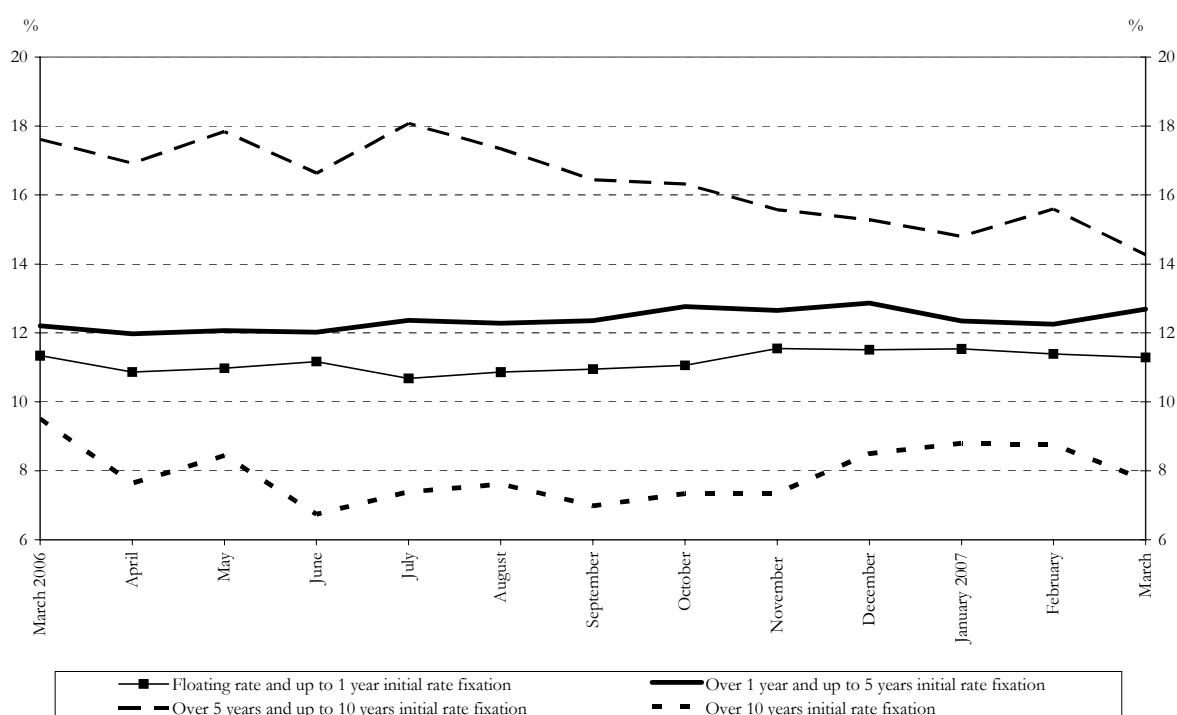


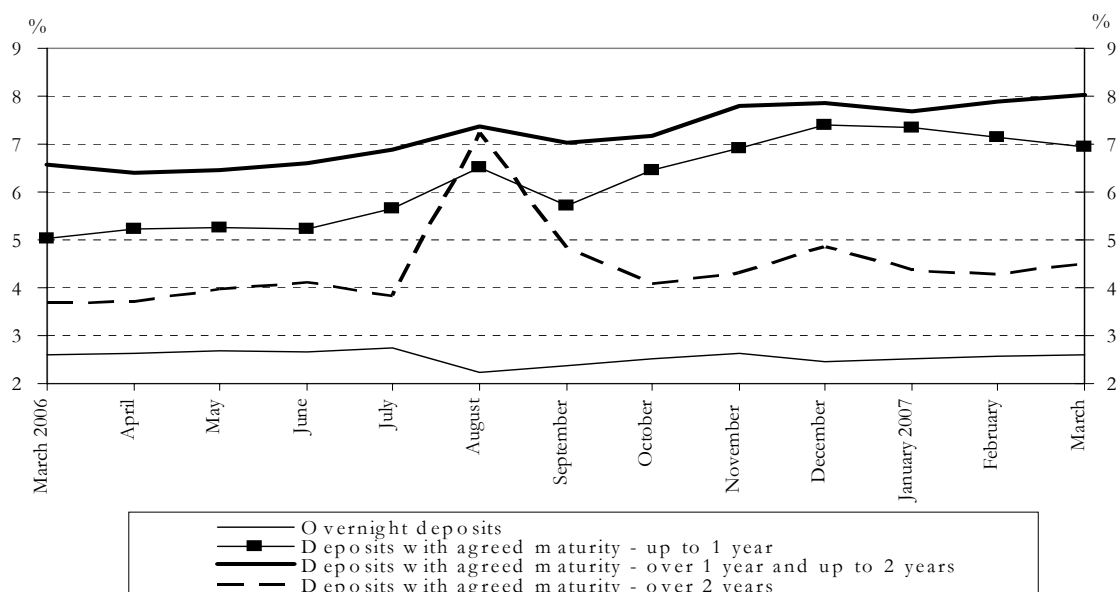
Chart 5 Monthly average APR on forint housing loans



The average interest rate and the APR on forint-denominated loans with a floating interest rate and on loans with a maximum of 1 year initial rate fixation did not change considerably: the average interest rate was 9.19% and the APR stood at 11.29%. The average interest rate and APR on loans with over 1 year and up to 5 year initial rate fixation increased slightly after lower levels in the previous two months: the interest rate was 9.50% and the APR stood at 12.69% in March.

The downward trend of housing loans with over 5 and up to 10 year initial rate fixation, which began in August 2006 and which stopped in February, resumed. The average interest rate fell by 106 basis points to 11.73%, and the APR decreased by 132 basis points to 14.27%. The average interest rate and APR on housing loans with over 10 year initial rate fixation fell close to the November level after higher levels in the previous three months. In March the average interest rate was 7.18% and the APR stood at 7.73%.

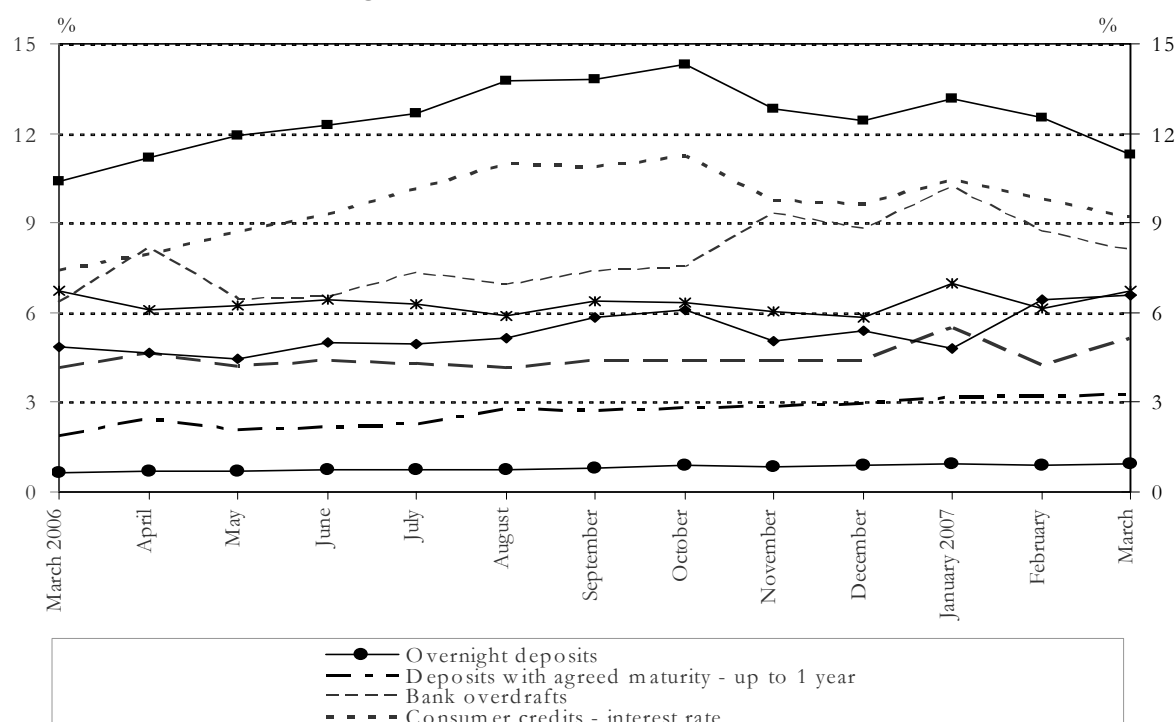
Chart 6 Monthly average interest rates on household forint deposits



The average interest rates on households' on sight and current account deposits was 2.59% in March. The average interest rate on forint deposits with an agreed maturity of up to one year has been decreasing slightly for the third month in a row; the interest rate in March fell to the 2006 November level and stood at 6.95%. The average interest rate on deposits with an agreed maturity of over 1 year and up to two years stood at 8.02% in March. The average interest rate on deposits with an agreed maturity of over two years increased somewhat compared to the previous month and was 4.53%. In March the amount of new time deposits increased by HUF 37.6 billion to HUF 574.2 billion.

1.2 Euro loans and deposits

Chart 7 Monthly average interest rates and APR on euro loans to households and monthly average interest rates on household euro deposits²



The average interest rate on overdrafts fell by 64 basis points and stood at 8.08% in March. In March the average interest rate and the APR on housing loans with a floating interest rate and on loans with a maximum of one year initial rate fixation increased to the January level. The average interest rate stood at 5.16% and the APR was 6.75%. The average interest rate and the APR on consumer loans with a floating interest rate and on loans with a maximum of 1 year initial rate fixation fell again to 9.21% and 12.27% respectively. In March the average interest rate on other loans with a floating interest rate and on loans with a maximum of 1 year initial rate fixation did not change compared to the previous month and stood at 6.58%.

The average interest rate on euro deposits remained unchanged. The average rate on on sight deposits and overdrafts stood at 0.95% and on euro deposits with a fixed maturity of less than 1 year was 3.25% in March.

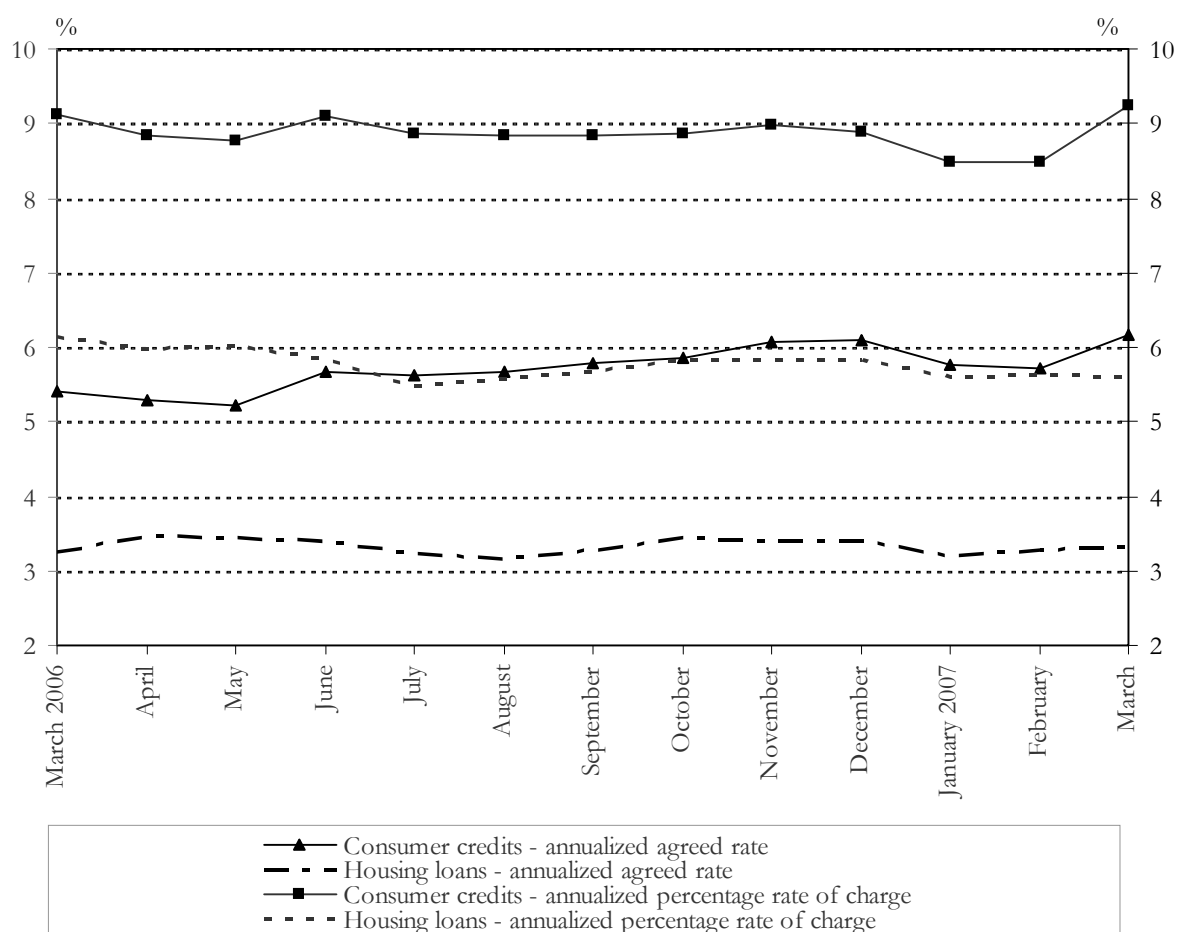
In March the monthly amount of households' euro deposits with an agreed maturity of up to one year rose by HUF 19.4 billion to HUF 143.5 billion. The amount of new euro-denominated loans,³ rose slightly in all three types of loans and stood at HUF 1.4 billion in March.

² Chart 7 plots data on consumer credit, housing loans and other loans with a floating interest rate or with up to 1 year initial rate fixation.

³ The amounts of consumer, housing and other loans with floating interest rates or with up to one year initial rate fixation, excluding overdrafts.

1.3 Swiss franc-denominated consumer credit and housing loan rates

Chart 8 Average annualised agreed rates and APR on Swiss franc consumer credit and housing loans with floating interest rates or with up to one year initial rate fixation⁴



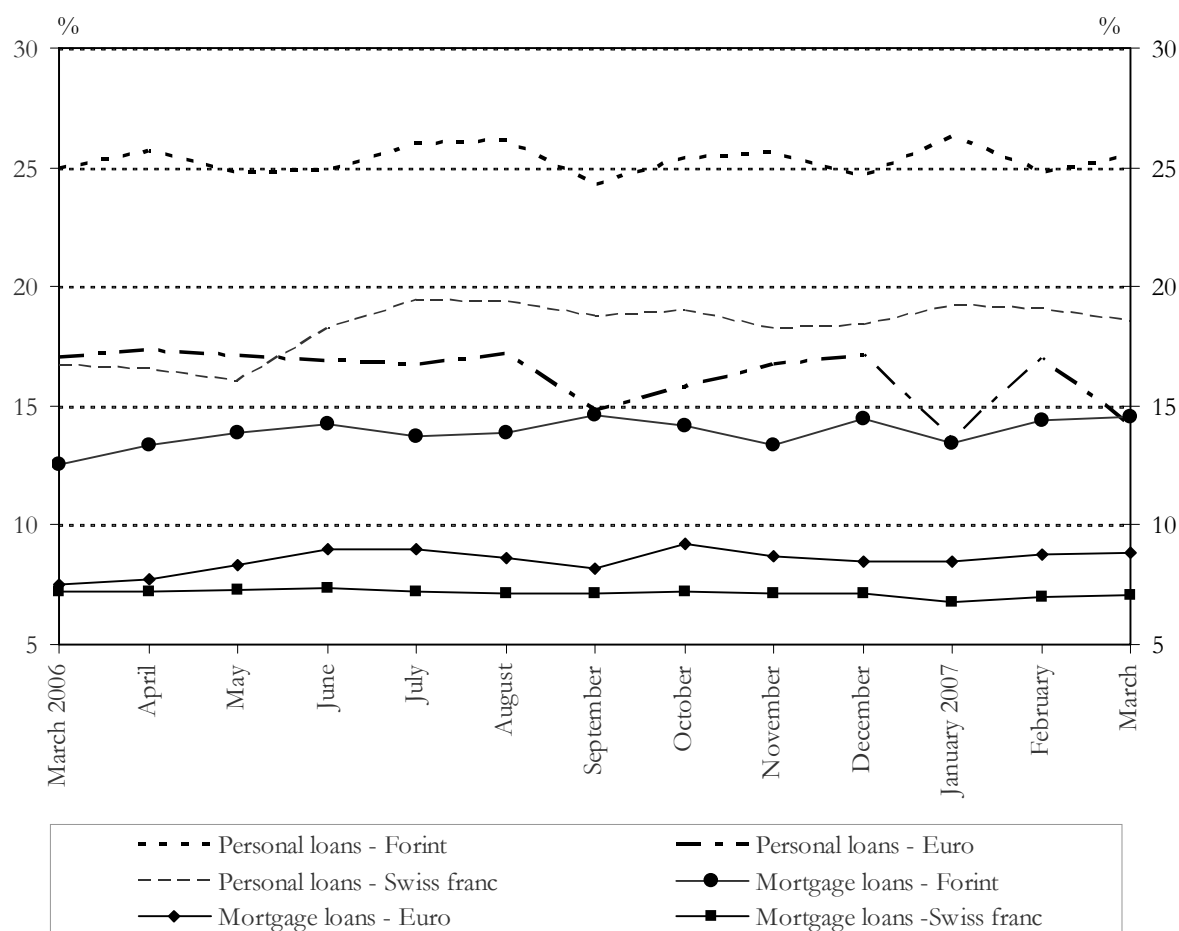
The average interest rate on Swiss franc-denominated consumer loans with floating interest rates or with up to one year initial rate fixation rose above 6% again after lower levels in the previous two months and stood at 6.17%, and the APR increased to 9.25%, the highest level of the previous year.

The average interest rate and APR on Swiss franc-denominated housing loans with floating interest rates or with up to one year initial rate fixation was 3.32% and 5.59% respectively.

⁴ Swiss franc-denominated consumer credit includes only personal loans and mortgage loans for consumption. Data on auto loans are not included, given that figures from few data providers are available. The Bank does not collect statistics on other loans denominated in Swiss francs (e.g. hire purchases).

1.4 Comparison of households' forint, euro and Swiss franc-denominated loans

Chart 9 APR on forint, euro and Swiss franc personal loans and mortgage loans for consumption with floating interest rates or with up to one year initial rate fixation



The average APR on forint personal loans with floating interest rates or with up to one year initial rate fixation increased again after a decrease in February and stood at 25.51% in March. The APR on euro-denominated personal loans fell by 280 basis points to 14.19% after reaching a higher level in the previous month. In March the APR on Swiss franc personal loans fell by 54 basis points to 18.52% and returned to the same level as in December.

The average APR on mortgage loans for consumption with floating interest rates or with up to one year initial rate fixation stayed at the same level as in February and stood at 14.57% in March. In March the APR on euro loans was 8.88% and the APR on Swiss franc loans was 7.11%.

Chart 10 New forint, euro and Swiss franc-denominated personal loans and mortgage loans for consumption with floating interest rates or with up to one year initial rate fixation

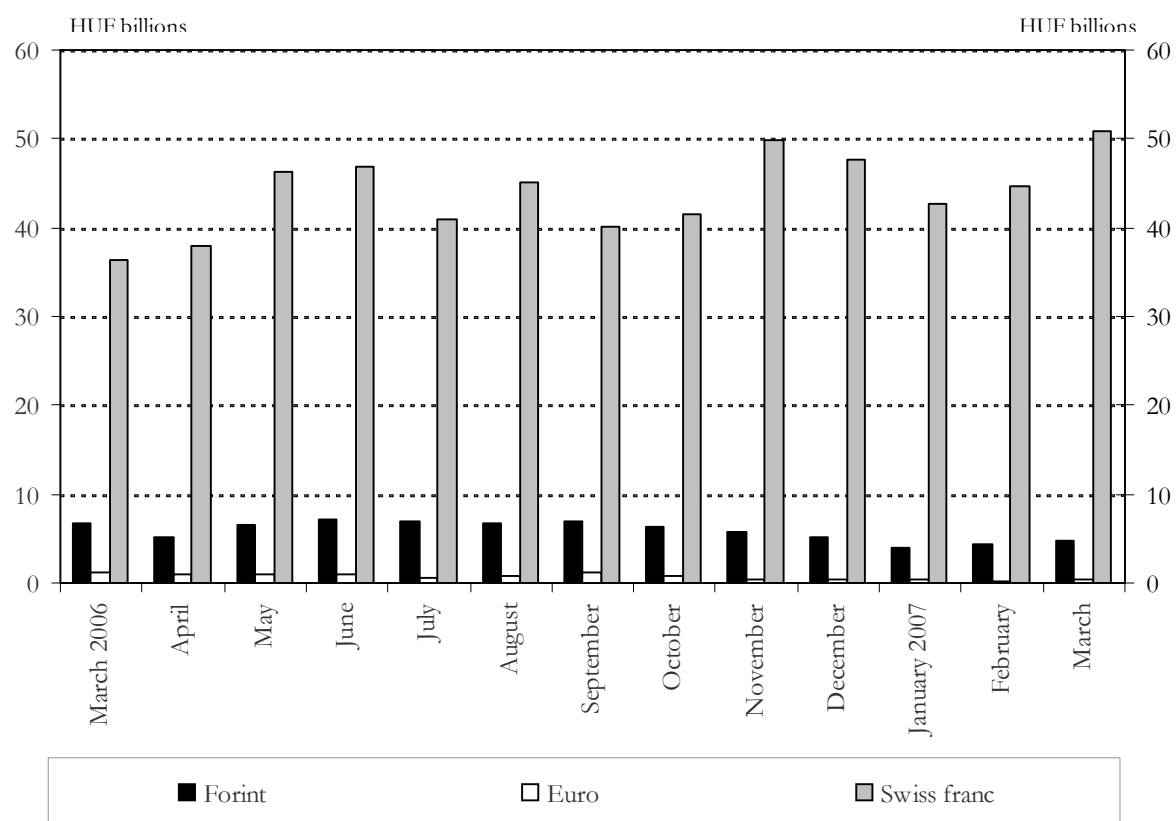
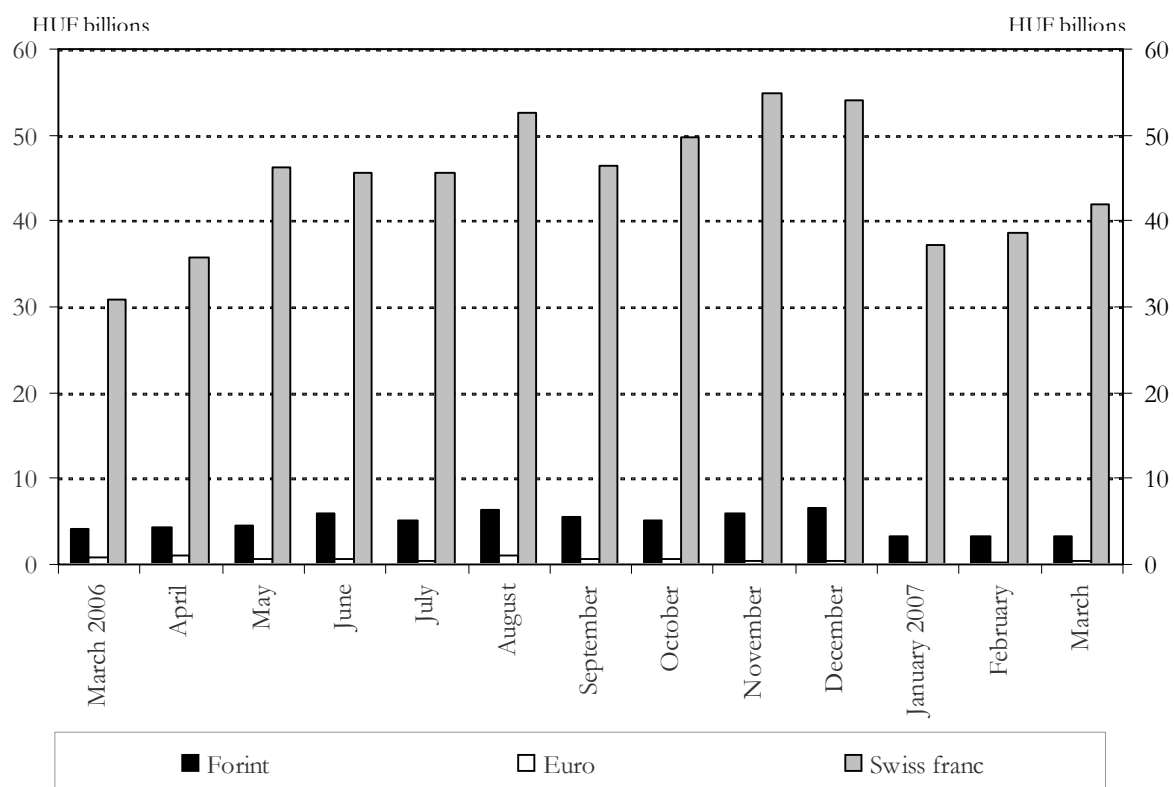


Chart 11 New forint, euro and Swiss franc-denominated housing loans with floating interest rates or with up to one year initial rate fixation

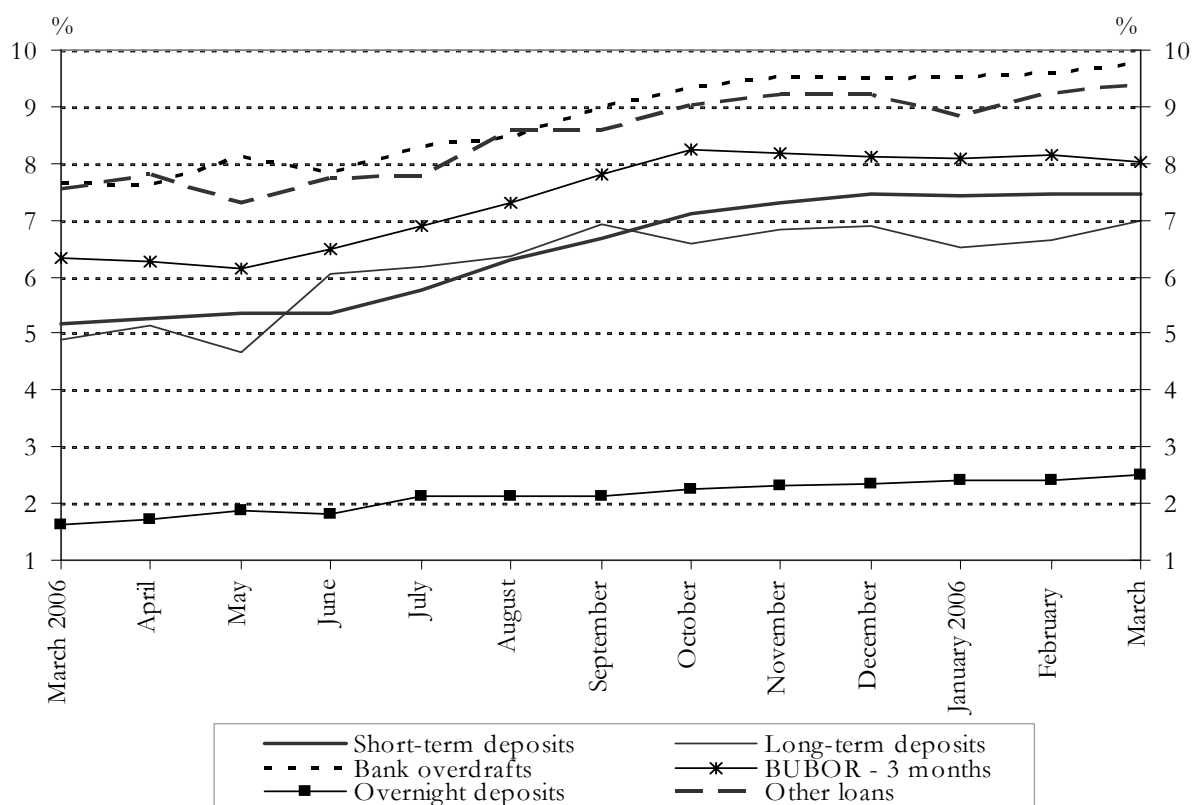


Swiss franc-denominated loans account for a major share within new contracts. In March, the value of new Swiss franc-denominated consumer credit and new Swiss franc-denominated housing loans rose slightly. In March the value of new Swiss franc-denominated consumer credit was HUF 50.9 billion and that of housing loans was HUF 41.9 billion.

2 Non-financial corporations

2.1 Forint loans and deposits

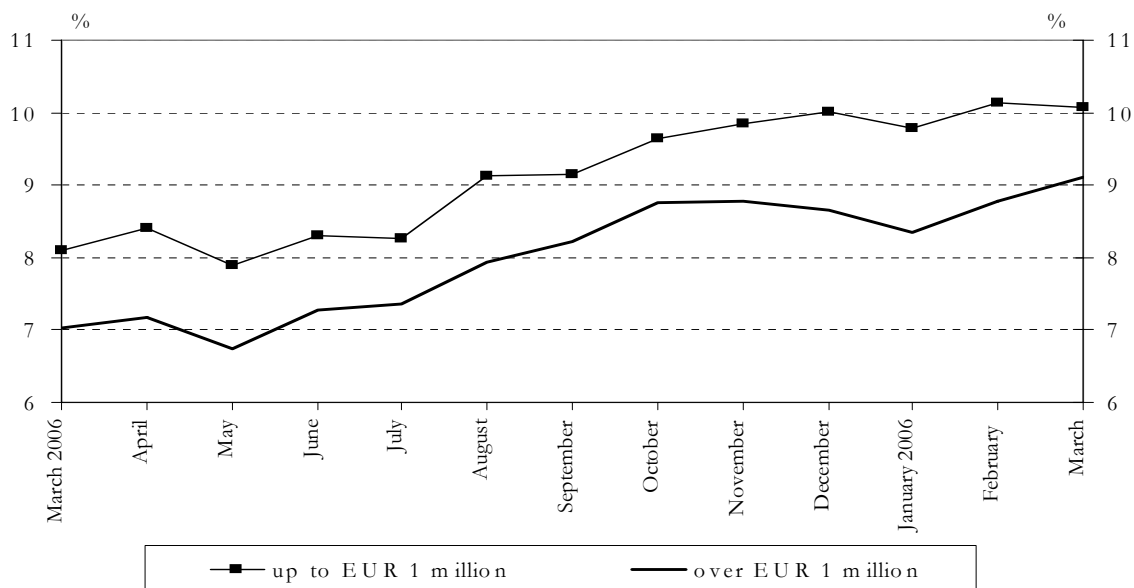
Chart 12 Monthly average forint borrowing and deposit rates of non-financial corporations and BUBOR



The slight upward trend, which started in July 2006, of average interest rates on non-financial corporations' forint-denominated overdrafts continued in March after a few months of stagnation and grew by 20 basis points to 9.78%. In March the average interest rate on loans other than overdrafts increased again and stood at 9.42%. The amount of new loans with floating interest rates or with up to one year initial rate fixation, excluding overdrafts, rose by HUF 45.4 billion to HUF 205.4 billion.

The average interest rate on overnight deposits was 2.49% in March; and that on deposits with an agreed maturity of up to one year was 7.45%, similarly to the previous month. The average interest rate on deposits with an agreed maturity of over one year rose again in March to 6.99% and returned to the September 2006 level. In March the amount of new deposits with agreed maturity from non-financial corporations fell by HUF 36.8 billion to HUF 1,344.0 billion.

Chart 13 Average forint borrowing rates of non-financial corporations by loan amount

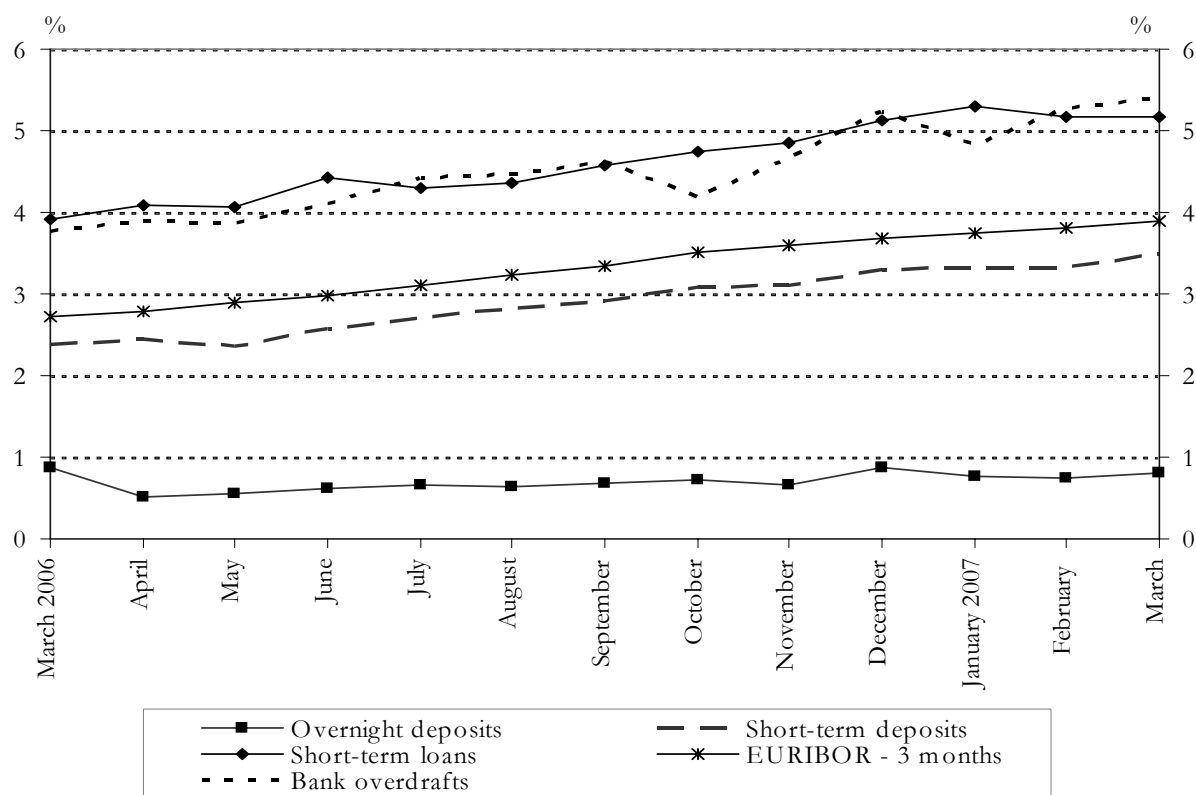


The average interest rate on loans to non-financial corporations up to the equivalent of EUR 1 million,⁵ excluding overdrafts, stayed at the same level as in the previous month and stood at 10.07%, the highest value in the previous year. The average interest rate on loans over the equivalent of EUR 1 million rose by 33 basis points to 9.11% and in the course of the past year reached the highest level in March.

⁵ 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.

2.2 Euro loans and deposits

Chart 14 Monthly average forint borrowing and deposit rates of non-financial corporations and EURIBOR

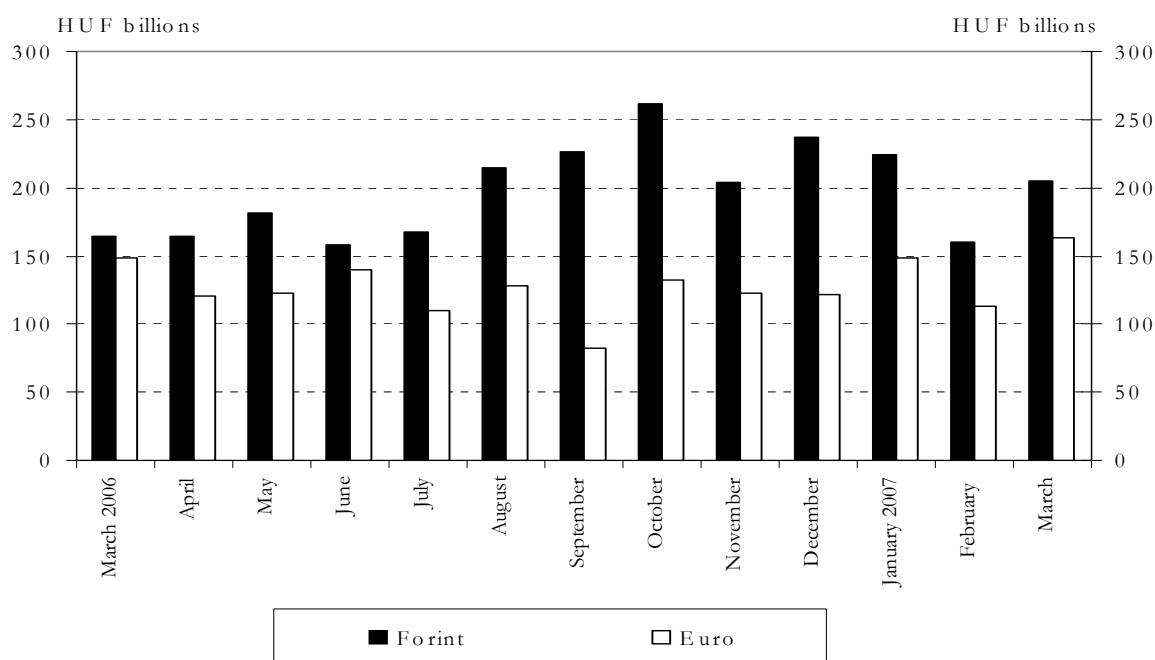


The average interest rate on loans with floating interest rates or with up to one year initial rate fixation, other than overdrafts, stayed at the same level as in the previous month and stood at 5.18%. The average interest rate on overdrafts continued to increase and stood at 5.41% in March which is the highest level of the past year.

The average interest rate on NFCs' euro-denominated overnight deposits was the same as in the previous month and stood at 0.80%. The average interest rate on deposits with an agreed maturity of up to one year increased slightly compared to the past three months and stood at 3.48%.

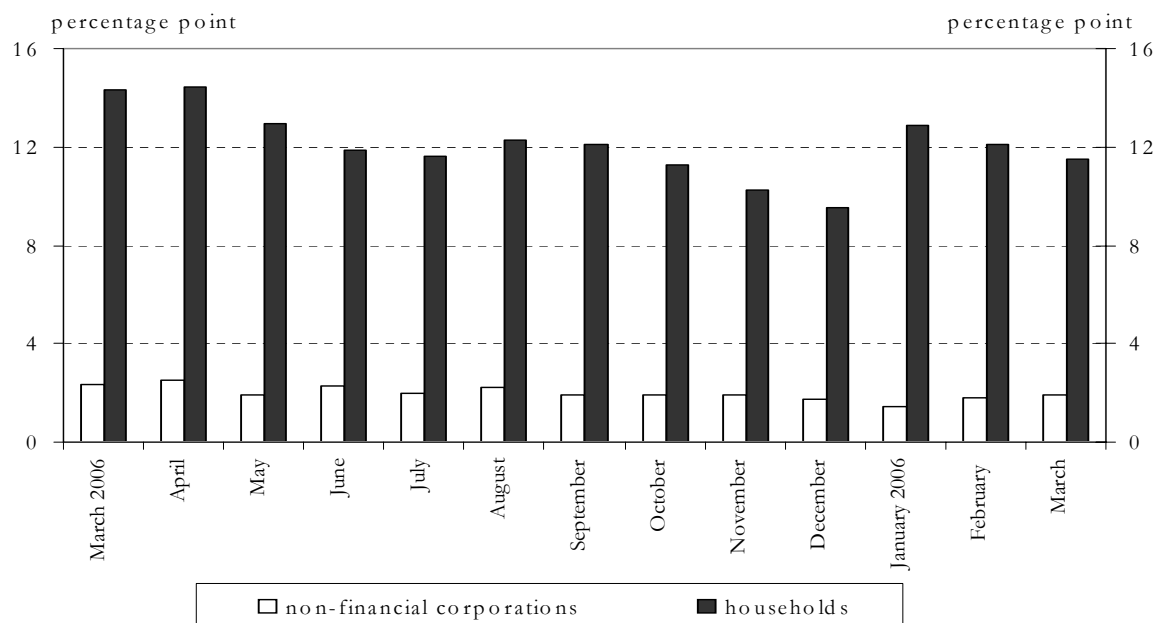
The amount of new loans with floating interest rates or with up to one year initial rate fixation, excluding overdrafts, rose by HUF 49.9 billion to HUF 162.9 billion. The amount of new deposits with an agreed maturity of up to one year fell by HUF 57.3 billion to HUF 840.0 billion.

Chart 15 New forint and euro-denominated loans to NFCs' with floating interest rates or with up to one year initial interest rate fixation



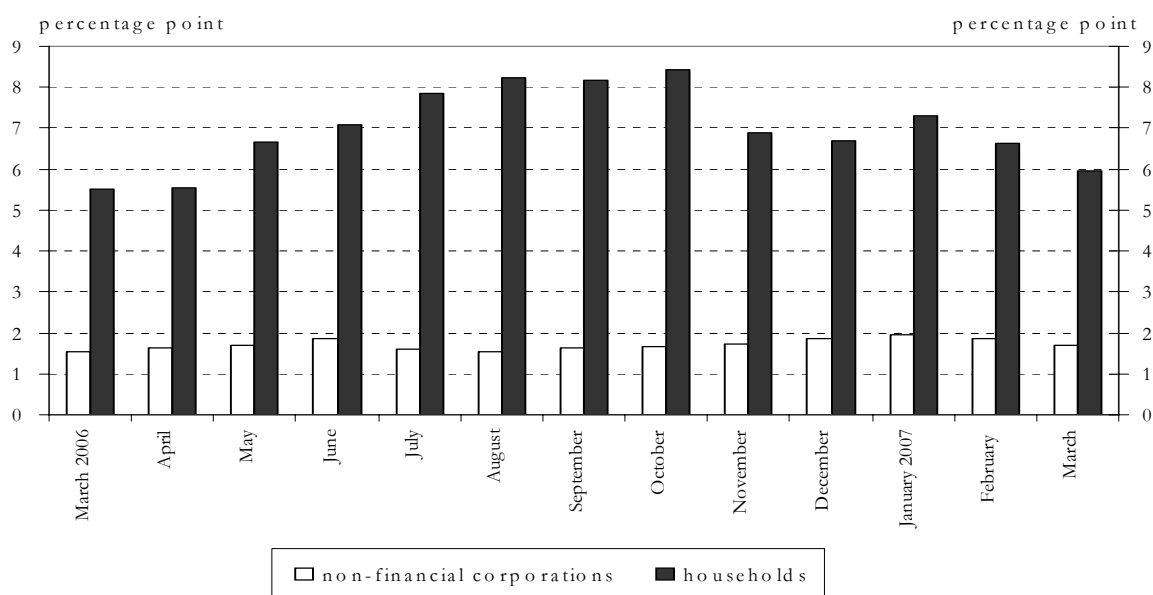
3 Differentials between loan and deposit rates

Chart 16 Differential between non-financial corporate and household sector forint borrowing and deposit rates



In the household market, the differential between average interest rates on consumer credit and on deposits with an agreed maturity of up to one year decreased further in March and stood at 11.51 percentage points. At short maturities, which account for a significant share within NFC sector loans and deposits, the gap between average interest rates stood at 1.92 percentage points.

Chart 17 Differential between non-financial corporate and household sector euro borrowing and deposit rates



In the household market, the difference between average interest rates on euro-denominated consumer credit with floating interest rates or with up to one year initial rate fixation and on deposits with an agreed maturity of up to one year fell by 66 basis points to 5.96 percentage points and returned to the previous year's level. The difference between average interest rates on non-financial corporations' euro-denominated loans with floating interest rates or with up to one year initial rate fixation and on deposits with an agreed maturity of up to one year was 1.70 percentage points in March.

4 Interbank unsecured forint loans

Chart 18 Average official and forint interbank rates in March 2007

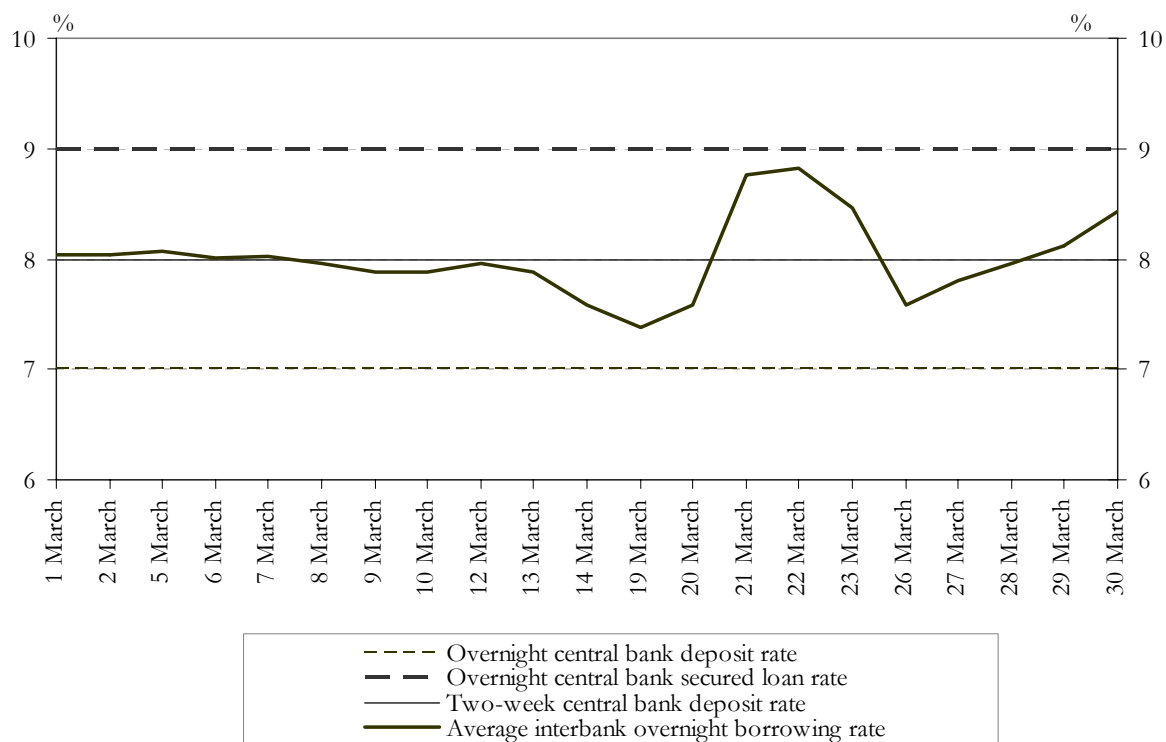
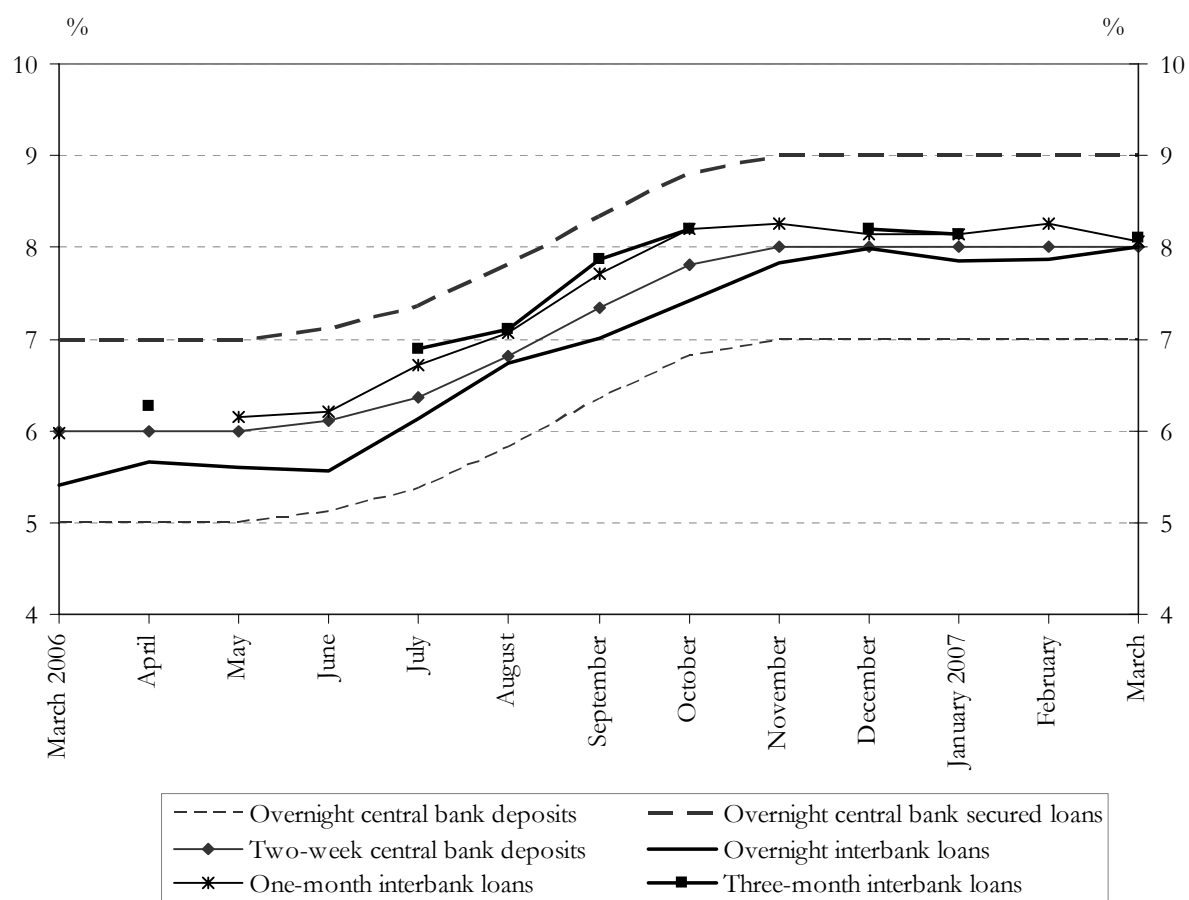


Chart 19 Average official and forint interbank rates



In March turnover in the forint interbank market increased by HUF 596.1 to HUF 3,068.2 billion. Turnover in the interbank market reached the second highest level in March after August 2006. In March the average overnight lending rate, weighted by the total value of transactions, was 8.00%, the average interest rate on loans provided for one month stood at 8.06% and interbank loans provided for three months stood at 8.10%.

Daily interbank rates are available on request at the MNB's 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:

<http://english.mnb.hu/engine.aspx?page=mnbstatistikaiidosorok>

IX. Money and capital markets

Budapest, 27 April 2007.

MAGYAR NEMZETI BANK
STATISTICS

Notes to the press release charts

From 2006, the Bank has been using a sampling technique to define the range of data providers, in order to reduce the cost burden on reporting institutions. The disaggregation of the reporting population into homogenous strata has served as a basis for setting the sample. As a result, the composition of reporting institutions has changed, with the number of data providers falling.

Generally, the change in the range of data providers has not influenced developments in average interest rates, except in the case of certain loan facilities (e.g. loans for house purchase with over 10 years initial rate fixation), where few data providers reported significantly different data in 2005. Here, the change in the range of reporting institutions has amplified the effect of changes in the composition of loans.

This press release includes, in addition to data on transactions in the forint interbank market, credit institutions' lending and deposit rates applied in their loan and deposit transactions with Non-financial corporations (S.11) and Households (S.14), as well as the aggregate amounts of new loans provided to and deposits accepted from the two sectors. The interest rate statistics also include data on Non-profit institutions serving households (S.15), in addition to households. Furthermore, credit institutions also include building societies whose business is to accept deposits from households and non-financial corporations at low interest rates and to provide loans – mainly for house purchase – at below-market interest rates.

The average interest rates, published in the press release, are calculated in a multi-stage process. The different levels of aggregation are illustrated by the table below:

Levels of aggregation (i.e. of calculating averages)	Stages of aggregation (calculation of averages)	Who aggregates?
4	Average interest rate calculated for data providers	Magyar Nemzeti Bank
3	Average interest rate on all products of data provider (e.g. consumer credit)	Data provider
2	Average interest rate on one product (e.g. hire purchase)	Data provider
1	Interest rate agreed in contract	Data provider

A change in the average interest rate may be caused by a combination of a change in individual interest rates and the composition of loans. In the press release, mention is made of the effect which has more weight in changes in average interest rates (interest rate change or composition effect).

The table also shows that interest rates reported to the MNB are averages and, therefore, the MNB is only able to segregate the effects of interest rate changes or composition changes for average interest rates by data providers individually. Consequently, an interest rate change derived at the highest level of aggregation only means that (provided that there is no supplementary information available for the MNB) a change in the banking sector's average interest rate has been caused by a change in average interest rates at data providers individually. However, individual data providers' average interest rates may also change as a result of composition effects, i.e. because there has been a shift in the percentage shares accounted for by the various

facilities and/or within the individual facilities. Generally, the MNB has no information on the size of a composition effect or actual interest rate change occurring at individual data providers.

In the time series downloadable from the MNB's website, consumer credit is further broken down by purpose:

- Personal loans,
- Car purchase loans,
- Mortgage loans for consumption,⁶
- Loans for purchase of goods or other⁷

The differences between interest rates in this press release are calculated from data before rounding. Consequently, the differences may differ from those derived from rounded interest rates published.

Charts 1 and 7

a) Average interest rates on consumer credit, housing loans and other loans refer to new contracts. By contrast, interest rates on overdrafts refer 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 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 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, 3, 4, 5, 7, 8, 9, 14

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 those fixed interest loans, for which the interest rate is fixed for up to one year in the original contracts, are classified in to the category 'Floating rate or up to one year initial rate fixation'.

Chart 5

a) The weighted average interest rate on housing loans include data on home loans whether they are provided under market conditions or subsidised. Interest rates on loans subsidised by the government include the amount of the subsidy. Data providers adjust the averages of assets-side subsidised interest rates by adding the amount of government subsidy to the interest rate charged to customers. In the case of liabilities-side subsidised loans, 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 is added to the interest rate charged to customers. 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 a loan contract. All floating rate loans and those fixed interest loans, for which the

⁶ The Bank has been collecting data on forint, euro and Swiss franc equity loans since January 2005.

⁷ The Bank collects data only on forint instalment loans and other consumer credit.

interest rate is fixed for up to one year in the original contracts, are classified in to the category 'Floating rate or up to one year initial rate fixation'.

c) In the case of housing loans with a maturity of over 10 years, the change in the method of selecting data providers, which was introduced in January 2006, had a significant impact on the average interest rate and the APR. As a result of the change in methodology, the weight of building societies decreased significantly in the case of this facility which is offered by rather few banks. The higher average interest rate published from January 2006 provides a more realistic picture of market conditions because building society loans offered at a 6% interest rate are more difficult to obtain than the more expensive facilities offered by the banks.

Charts 6 and 7

Average interest rates on deposits with agreed maturity are calculated using the total amount of new loans as weight, while those on overnight deposits are calculated using end-of-month stocks as weights. Deposits with agreed maturity are classified into the various categories on the basis of original maturity.

Chart 8

Annualised interest rate is an indicator which takes into account the frequency of interest payment. If interest was paid only once a year, the annualised interest rate would be equal to the agreed interest rate. However, in the case of the majority of loan and deposit contracts, interest is paid more than once a year, so the annualised interest rate slightly exceeds the agreed interest rate. If interest was paid with a frequency of less than a year, the annualised interest rate would be lower than the agreed interest rate.

For example, assuming monthly interest payments, the annualised interest rate calculated on the basis of a 10% p.a. interest rate is 10.5%, and 10.3% assuming semi-annual interest payments.

Charts 12 and 14

Average interest rates on deposits with agreed maturity are calculated using the total amount of new loans as weight, while those on overnight deposits are calculated using end-of-month stocks as weights. Consequently, loans excluding overdrafts are weighted by the amounts of new loans, while overdrafts are weighted by end-of-month stocks to calculate average interest rates. Average interest rates do not include interest rates on non-performing loans.

Chart 13

The euro equivalent of forint loans is calculated using the MNB's central exchange rate for the last day of the month. The interest rates refer only to forint-denominated loans. Consequently, loans denominated and recorded in forints are converted into euros retrospectively.