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ÁLLAMADÓSSÁG KEZELŐ KÖZPONT RT.

GOVERNMENT SECURITIES MARKET

MONTHLY REPORT

MARCH 2006

The deficit of the central government amounted to HUF 789.2 billion in the first three months of 2006. The net prefinancing of cash transfers from the EU's EAGGF fund decreased the net borrowing requirement by HUF 13.1 billion, however, the capital transfer to the National Bank of Hungary (NBH) by law increased the financing needs by HUF 14.8 billion. The total net financing requirement was met by a net issuance of HUF 1161.0 billion (ca. EUR 4.6 billion), out of which net domestic currency issuance was HUF 581.9 billion (ca. EUR 2.3 billion) and net foreign exchange issuance totalled HUF 579.2 billion (ca. EUR 2.3 billion).

The HUF denominated debt of the central government increased by HUF 582.3 billion until the end of March (the difference between the total net change and the net issuance was caused by the change in the volume of matured but unclaimed securities). Out of the increase in domestic debt, government bonds accounted for HUF 271.2 billion, discount Treasury bills for HUF 287.0 billion and retail government securities for HUF 24.2 billion. The stock of domestic loans remained unchanged.

The foreign currency debt of the central government increased by HUF 776.4 billion in the first three months of the year. The foreign currency bond issues increased the debt by HUF 538.2 billion, loan drawdowns by HUF 44.6 billion, while the redemptions of foreign currency loans decreased it by HUF 3.6 billion. Exchange rate losses of HUF 197.3 billion increased the HUF value of the foreign currency debt compared to the end of last year.

At the end of March 2006, 68.8% of the domestic government securities were fixed rate, 31.2% floating rate securities, compared to 69.0% and 31.0% at the end of 2005, which means that the proportion of fixed rate securities remained stable.

Secondary market yields rose significantly on all maturities in March. T-bill yields increased by 36-55 basis points, bond yields by 28-48 basis points. Overall, in the course of the month the 1-year yield increased by 55 basis points to 6.80%, the 3-year yield rose by 48 bps and amounted to 7.27%, while the 10-year benchmark yield reached 7.11% at the end of March after increasing by 31 basis points.

Monthly OTC turnover of government securities was 42.8% higher in March than a month before and reached HUF 3908.0 billion. Primary dealers, who account for the decisive part of all secondary government securities trading, made 39% of their secondary government securities deals with non-resident investors.

The volume of non-residents' holdings of Hungarian government securities increased altogether by HUF 68.7 in March, and amounted to HUF 2764.6 billion at the end of the month. This volume represented 30.3% of the total amount of domestic government bonds and discount Treasury bills.

The HUF/EUR mid exchange rate at the end of March 2006 was 265.54.

The credit rating of the long-term foreign currency debt of the Republic of Hungary is as follows: A- / A1 / BBB+

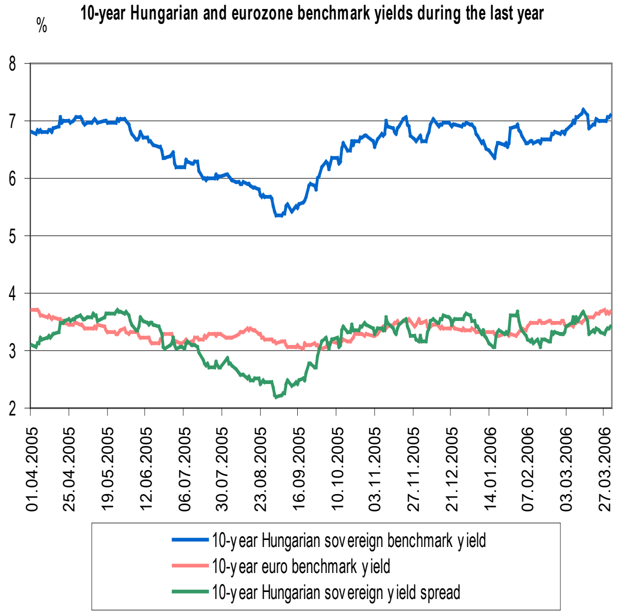
CENTRAL GOVERNMENT GROSS DEBT

HUF BILLION

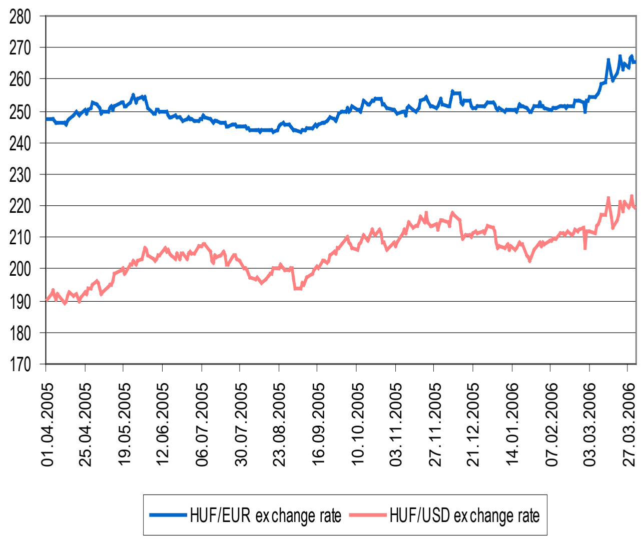
	2000	2001	2002	2003	2004	2005	Jan 2006	Feb 2006	Mar 2006
1. Forint denominated debt	4,717.5	5,397.4	6,956.9	8,008.7	8,608.8	9,153.5	9,286.7	9,322.4	9,735.8
1.1. Loans	303.8	228.3	353.2	117.9	4.7	0.8	0.8	0.8	0.8
1.2. Government securities	4,413.6	5,169.1	6,603.7	7,890.8	8,604.2	9,152.7	9,285.8	9,321.6	9,735.0
1.2.1. Public issues	3,582.4	4,360.0	5,826.3	7,131.5	7,860.6	8,418.8	8,629.9	8,705.2	9,119.4
1.2.1.1. Bonds	2,221.2	2,782.0	3,829.2	5,056.5	5,768.9	6,299.1	6,443.7	6,558.2	6,668.7
1.2.1.2. Discount T-bills	837.9	1,033.3	1,436.8	1,541.4	1,463.3	1,530.9	1,582.8	1,542.2	1,817.9
1.2.1.3. Retail securities	523.3	544.7	560.3	533.5	628.4	588.7	603.4	604.8	612.9
1.2.2. Private placements	831.3	809.1	777.4	759.3	743.6	733.9	655.9	616.4	615.5
2. Foreign currency denominated debt*	2,508.8	2,322.1	2,267.3	2,579.0	2,983.5	3,590.7	3,835.3	3,838.6	4,367.1
2.1. Loans	1,772.8	1,410.4	1,394.3	1,084.1	916.8	720.6	716.2	716.8	799.1
2.1.1. Foreign loans	368.8	317.8	461.9	598.8	528.9	616.9	612.6	613.1	690.0
2.1.2. Domestic loans	1,404.0	1,092.6	932.3	485.3	387.8	103.8	103.6	103.7	109.0
2.1.2.1. Raised from National Bank of Hungary (NBH)	1,404.0	1,092.6	849.6	466.5	355.7	96.1	96.0	96.0	100.9
2.1.2.2. Other loans	0.0	0.0	82.8	18.8	32.2	7.7	7.7	7.7	8.1
2.2. Government securities	736.0	911.7	873.0	1,494.9	2,066.8	2,870.1	3,119.1	3,121.8	3,568.1
2.2.1. Issued abroad	715.7	911.7	873.0	1,494.9	2,066.8	2,870.1	3,119.1	3,121.8	3,568.1
2.2.1.1. Foreign currency bonds	715.4	911.5	872.9	1,494.7	2,066.7	2,870.0	3,119.0	3,121.7	3,568.0
2.2.1.2. Kingdom of Hungary 1924 issues	0.3	0.3	0.2	0.1	0.1	0.1	0.1	0.1	0.1
2.2.2. Issued domestically	20.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total	7,226.2	7,719.5	9,224.2	10,587.7	11,592.4	12,744.2	13,121.9	13,161.0	14,102.9
Marketable HUF debt (1.2.1.1+1.2.1.2.+1.2..2.)	*3,890.4*	*4,624.4*	*6,043.4*	*7,357.3*	*7,975.8*	*8,563.9*	*8,682.4*	*8,716.7*	*9,122.1*
Gross debt/GDP	*54.4%*	*51.5%*	*54.5%*	*56.8%*	*56.8%*	*58.5%*			

*Foreign exchange debt is recorded at the mid exchange rate of the NBH at the end of the year/month.

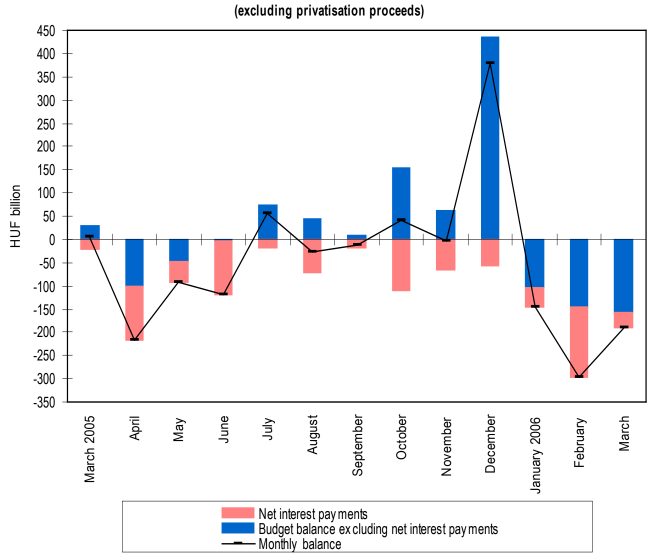
10-year Hungarian and eurozone benchmark yields during the last year



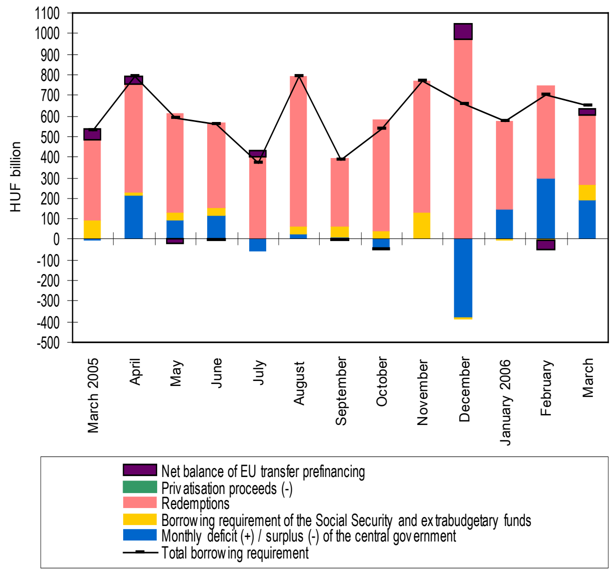
The exchange rate of the Hungarian Forint during the last year



Monthly balance of the central government budget (excluding privatisation proceeds)



Gross borrowing requirement

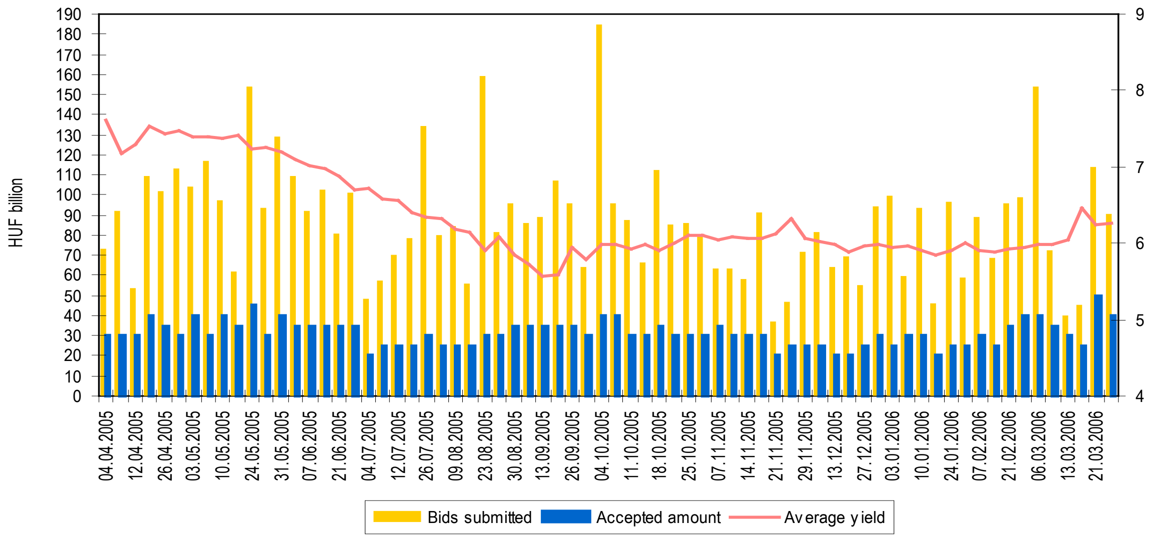


DISCOUNT TREASURY BILL AUCTION RESULTS

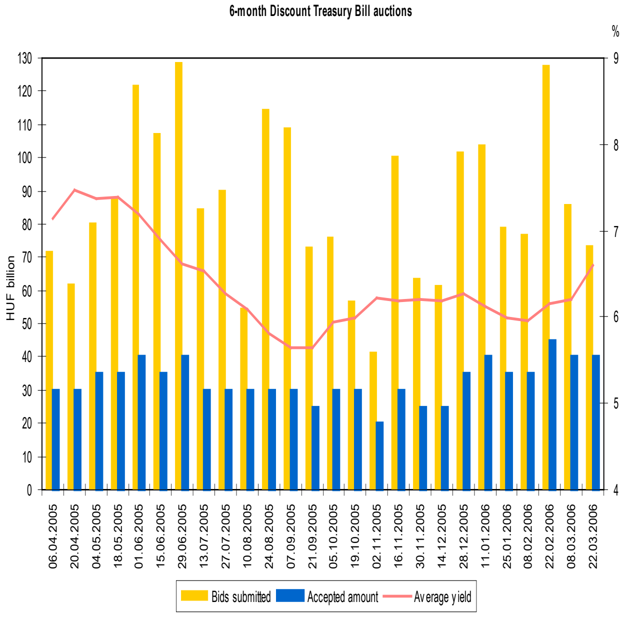
	Liquidity Discount T-Bills		3-month Discount T-bills				6-month Discount T-bills		12-month Discount T-bills	
Code of T-bills	D060426	D060426	D060614	D060621	D060628	D060705	D060927	D060927	D070214	D070214
ISIN code	HU0000515630	HU0000515630	HU0000515697	HU0000515713	HU0000515721	HU0000515341	HU0000515705	HU0000515705	HU0000515663	HU0000515663
Maturity in days	49	41	90	91	91	91	195	182	335	322
Date of auction	06.03.2006	13.03.2006	07.03.2006	14.03.2006	21.03.2006	28.03.2006	08.03.2006	22.03.2006	09.03.2006	23.03.2006
Date of financial settlement	08.03.2006	16.03.2006	16.03.2006	22.03.2006	29.03.2006	05.04.2006	16.03.2006	29.03.2006	16.03.2006	29.03.2006
Redemption date	26.04.2006	26.04.2006	14.06.2006	21.06.2006	28.06.2006	05.07.2006	27.09.2006	27.09.2006	14.02.2007	14.02.2007
Maximum yield (%) - ISMA	5.99	6.15	6.00	6.67	6.26	6.31	6.26	6.65	6.67	6.75
Minimum yield (%) - ISMA	5.80	6.03	5.93	6.20	6.15	6.05	5.90	6.40	6.58	6.55
Average yield (%) - ISMA	5.98	6.05	5.98	6.47	6.24	6.27	6.21	6.60	6.65	6.72
Maximum yield (%) - EHM	6.07	6.24	6.08	6.76	6.35	6.40	6.35	6.74	6.76	6.84
Minimum yield (%) - EHM	5.88	6.11	6.01	6.29	6.24	6.13	5.98	6.49	6.67	6.64
Average yield (%) - EHM	6.06	6.13	6.06	6.56	6.33	6.36	6.30	6.69	6.74	6.81
Average selling price (%)	99.1926	99.3157	98.5270	98.3908	98.4472	98.4398	96.7457	96.7711	94.1724	94.3301
Amount offered for sale (HUF million)	30,000.00	30,000.00	35,000.00	35,000.00	40,000.00	40,000.00	40,000.00	40,000.00	40,000.00	40,000.00
Amount of bids submitted (HUF million)	154,004.53	40,200.00	72,072.49	45,389.97	113,688.48	90,472.27	85,984.29	73,504.14	123,303.55	127,736.51
Amount of bids accepted (HUF million)	40,000.00	29,999.97	34,999.91	25,000.00	49,999.91	39,999.95	39,999.97	39,999.95	44,999.95	49,999.91
Bid-to-cover ratio	3.85	1.34	2.06	1.82	2.27	2.26	2.15	1.84	2.74	2.55
Bids submitted (pcs)	60	22	132	65	114	122	119	98	130	137
Bids accepted (pcs)	11	22	78	56	67	89	72	68	80	60
Market sales* (HUF million)	40,000.00	29,999.97	34,999.91	25,000.00	49,999.91	39,999.95	39,999.97	39,999.95	44,999.95	49,999.91
Retained on ÁKK's own account (HUF million)	0.00	0.03	3,500.09	2,500.00	5,000.09	4,000.05	12,000.03	8,000.05	9,000.05	10,000.09
Total amount issued (HUF million)	40,000.00	30,000.00	38,500.00	27,500.00	55,000.00	44,000.00	52,000.00	48,000.00	54,000.00	60,000.00

* Without issuance onto ÁKK's own account

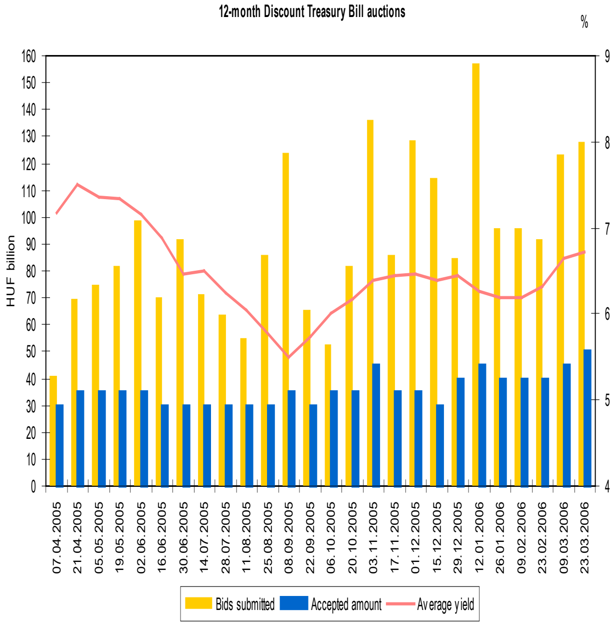
3-month Discount Treasury Bill and Liquidity Discount Treasury Bill auctions



6-month Discount Treasury Bill auctions



12-month Discount Treasury Bill auctions

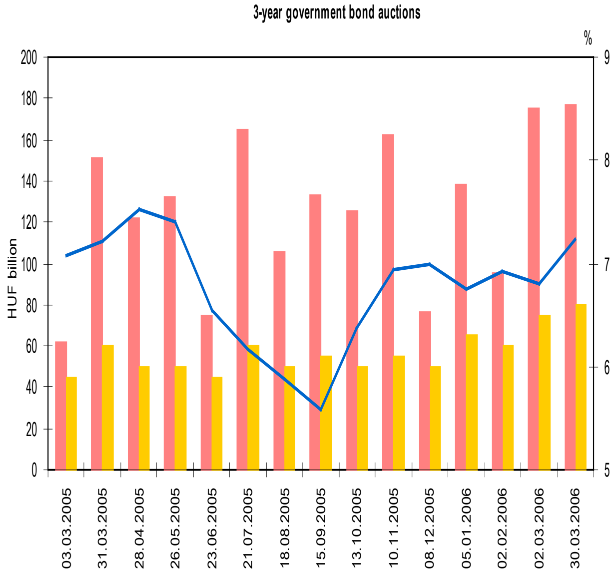


GOVERNMENT BOND AUCTION RESULTS

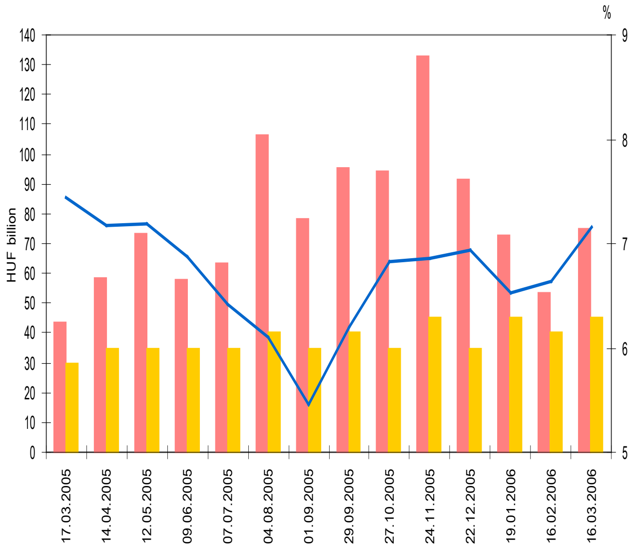
Government Bond	2009/E	2011/B	2016/C	2009/E	2020/A
ISIN code	HU0000402326	HU0000402334	HU0000402318	HU0000402326	HU0000402235
Maturity (in years)	3	5	10	3	15
Coupon (%)	6.25%	6.00%	5.50%	6.25%	7.50%
Auction	3rd auction	3rd auction	7th auction	4th auction	15th auction
Date of auction	02.03.2006	16.03.2006	16.03.2006	30.03.2006	30.03.2006
Date of financial settlement	08.03.2006	22.03.2006	22.03.2006	05.04.2006	05.04.2006
Redemption date	24.04.2009	12.10.2011	12.02.2016	24.04.2009	12.11.2020
Maximum annual yield (%) - ISMA	6.82	7.18	7.07	7.25	6.88
Minimum annual yield (%) - ISMA	6.65	7.13	7.02	7.20	6.81
Average annual yield (%) - ISMA	6.81	7.15	7.06	7.23	6.85
Maximum annual yield (%) - EHM	6.81	7.18	7.07	7.24	6.87
Minimum annual yield (%) - EHM	6.64	7.13	7.02	7.19	6.80
Average annual yield (%) - EHM	6.81	7.15	7.05	7.22	6.84
Maximum price (%)	98.9132	94.9693	89.3947	97.4789	106.2024
Minimum price (%)	98.4522	94.7539	89.0713	97.3436	105.5422
Average price (%)	98.4743	94.8766	89.1479	97.4081	105.8561
Amount offered for sale (HUF million)	65,000.00	45,000.00	35,000.00	70,000.00	20,000.00
Amount of bids submitted (HUF million)	174,918.00	75,069.66	85,561.01	176,986.00	27,970.00
Amount of bids accepted (HUF million)	74,999.90	44,999.97	34,999.95	79,999.77	20,000.00
Bid-to-cover ratio	2.33	1.67	2.44	2.21	1.40
Bids submitted (pcs)	164	114	101	171	77
Bids accepted (pcs)	67	74	50	119	58
Tail (average price - minimum price)	0.02	0.12	0.08	0.06	0.31
Market sales* (HUF million)	74,999.90	44,999.97	34,999.95	79,999.77	20,000.00
Retained on ÁKK's own account (HUF million)	8,500.10	9,000.03	3,500.05	0.23	4,000.00
Total amount issued (HUF million)	83,500.00	54,000.00	38,500.00	80,000.00	24,000.00

*Without issuance onto ÁKK's own account

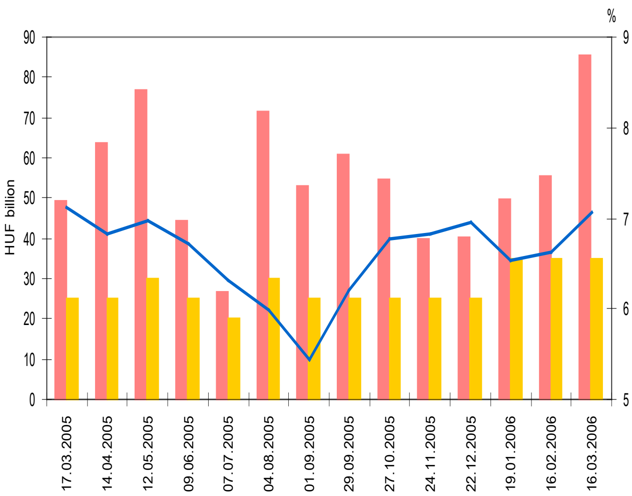
3-year government bond auctions



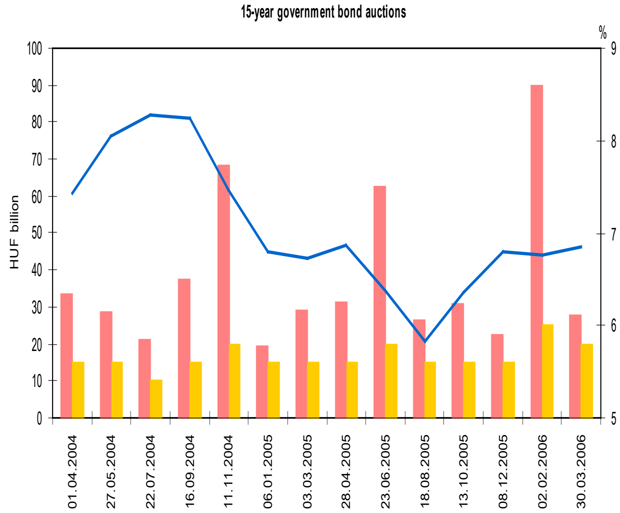
5-year government bond auctions



10-year government bond auctions



15-year government bond auctions

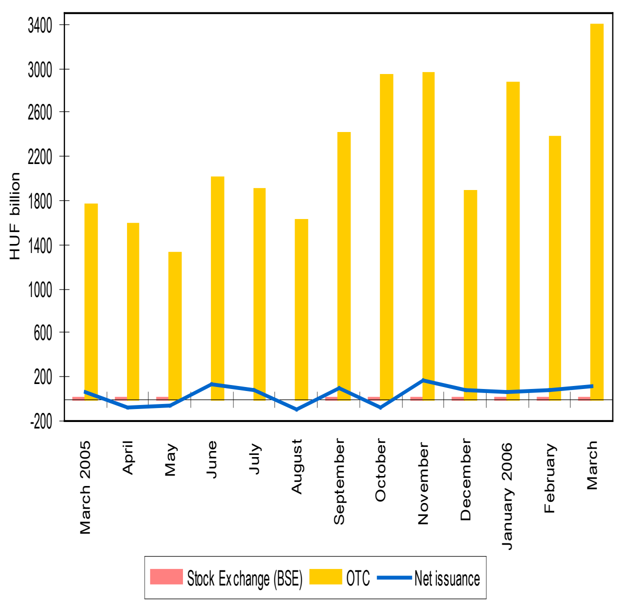


Bids submitted   Accepted amount   Average yield

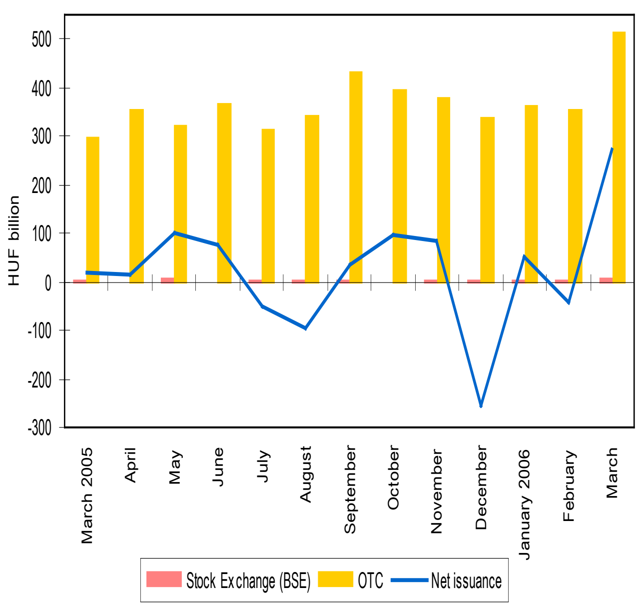
GOVERNMENT BOND BUY-BACK AUCTION RESULTS

Government bond	2006/E	2006/G	2006/E	2006/G
ISIN code	HU0000401963	HU0000402201	HU0000401963	HU0000402201
Coupon (%)	8.50%	6.50%	8.50%	6.50%
Date of reverse auction	01.03.2006	01.03.2006	14.03.2006	14.03.2006
Date of financial settlement	08.03.2006	08.03.2006	22.03.2006	22.03.2006
Redemption date	12.05.2006	24.08.2006	12.05.2006	24.08.2008
Minimum annual yield (%)	6.00	6.11	-	6.45
Average annual yield (%)	6.07	6.14	-	6.52
Amount of bids submitted (HUF million)	13,739.17	41,814.98	9,259.99	28,777.76
Amount of bids accepted (HUF million)	13,739.17	13,786.95	0.00	10,277.76

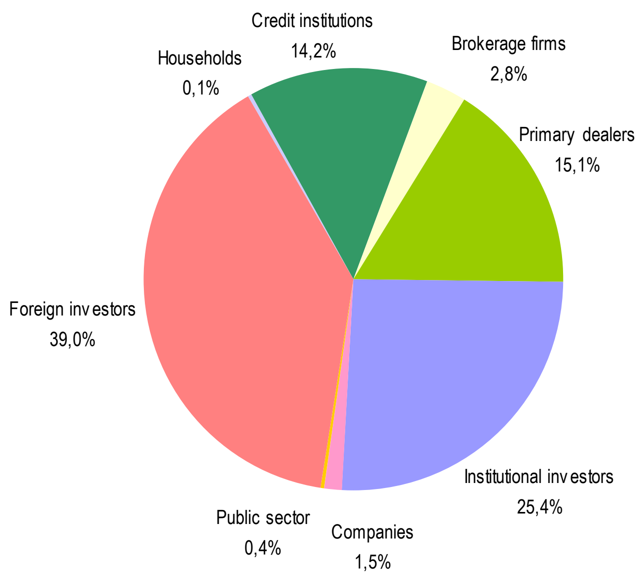
Secondary market trading of government bonds



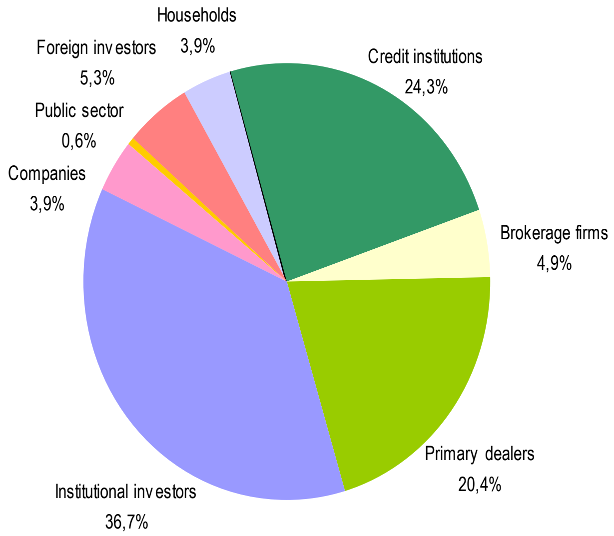
Secondary market trading of Discount Treasury Bills



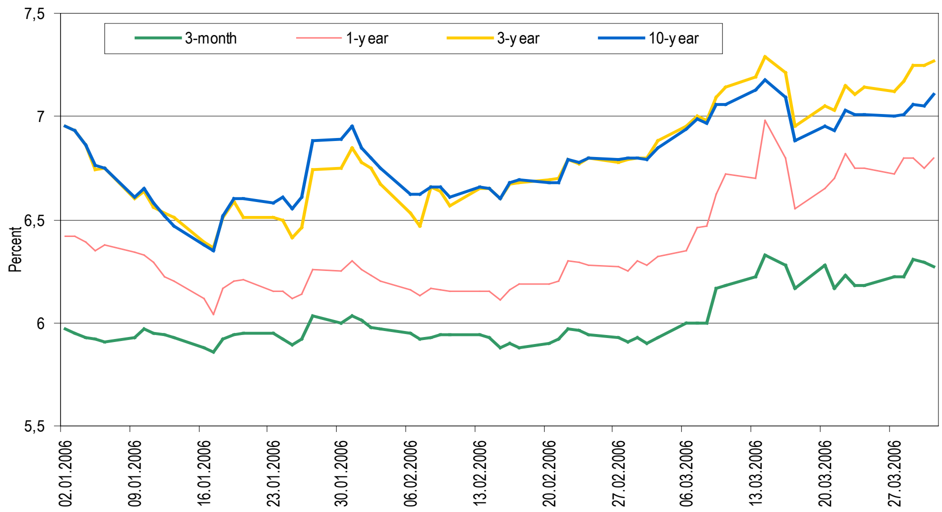
Breakdown of primary dealers' secondary market turnover in government bonds by investor groups in March 2006



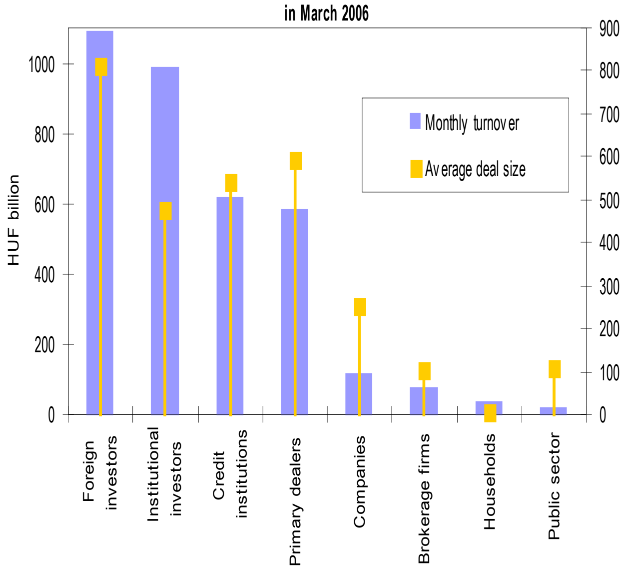
Breakdown of primary dealers' secondary market turnover in Discount Treasury Bills by investor groups in March 2006



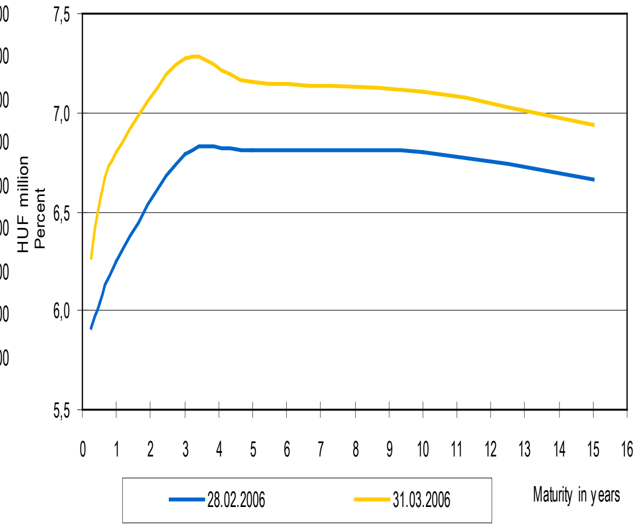
Benchmark yields in the past three months



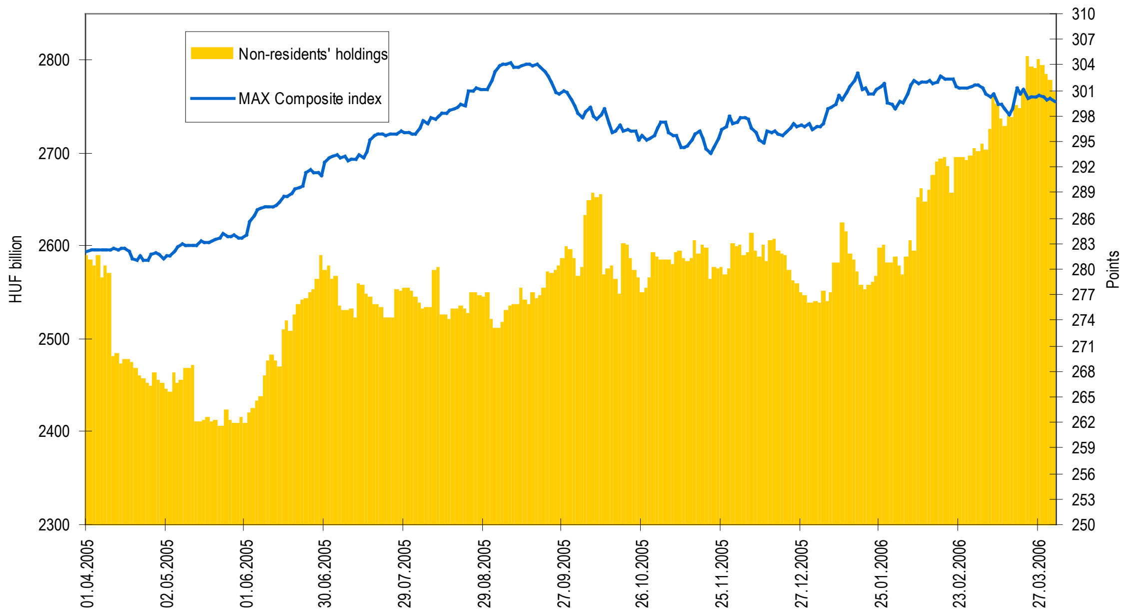
Primary dealers' trading with different investor groups in March 2006



Benchmark yield curves



Non-residents' holdings of Hungarian government securities during the last year



INTEREST RATE RESETS OF FLOATING RATE GOVERNMENT BONDS IN MARCH 2006

Government Bond	Date of interest rate reset	Interest period		Date of interest payment	Reset interest rate (%)	Interest payable (%)
2013/A	17.03.2006	20.03.2006	20.09.2006	20.03.2007	6.00	-
2016/A	30.03.2006	31.03.2006	30.06.2006	30.06.2006	5.75	1.43

HUNGARIAN GOVERNMENT SECURITIES INDICES

	MAX index	RMAX index	MAX Composite index	ZMAX index
Value as at 31 March 2006	303.6440	299.8568	299.7094	301.2832
Changes compared to the end of the month before	-2.3773	1.1611	-1.7723	1.4686
Annual yield earned on the index portfolio	6.07%	7.03%	6.30%	6.76%

Government securities with the highest secondary market turnover in March 2006

Government security	Date of redemption	Turnover (HUF billion)
2009/E	24.04.2009	313.1
2011/B	12.10.2011	311.9
2008/E	12.08.2008	293.3
2010/B	12.10.2010	227.5
D070214	14.02.2007	192.0
2015/A	12.02.2015	176.9
2013/C	20.12.2013	176.6
2016/C	12.02.2016	127.1
D060607	07.06.2006	126.0
2007/G	12.10.2007	125.0

The outstanding volume of government bonds with benchmark status at the end of March 2006

	HUF billion	
Government bond	28.02.2006	31.03.2006
2009/E	125.59	200.63
2011/B	85.09	133.21
2016/C	170.49	208.85
2020/A	221.73	223.68

PRIMARY DEALERS - AS AT 31 MARCH 2006

Primary dealers:		Primary dealers for retail securities:
CIB Bank ZRt.	ING Bank Rt.	CIB Bank ZRt.
CITIBANK ZRt.	Kereskedelmi és Hitelbank Rt.	HVB Bank Hungary ZRt.
Deutsche Bank ZRt.	Magyar Külkereskedelmi Bank NyRt.	Kereskedelmi és Hitelbank Rt.
Dresdner Bank AG (Frankfurt)	Magyar Takarékszövetkezeti Bank Rt.	Magyar Takarékszövetkezeti Bank Rt.
ERSTE Bank Befektetési Magyarország Rt.	Országos Takarékpénztár és Kereskedelmi Bank Rt	Országos Takarékpénztár és Kereskedelmi Bank Rt.
HVB Bank Hungary ZRt.		the branch network of the Hungarian State Treasury