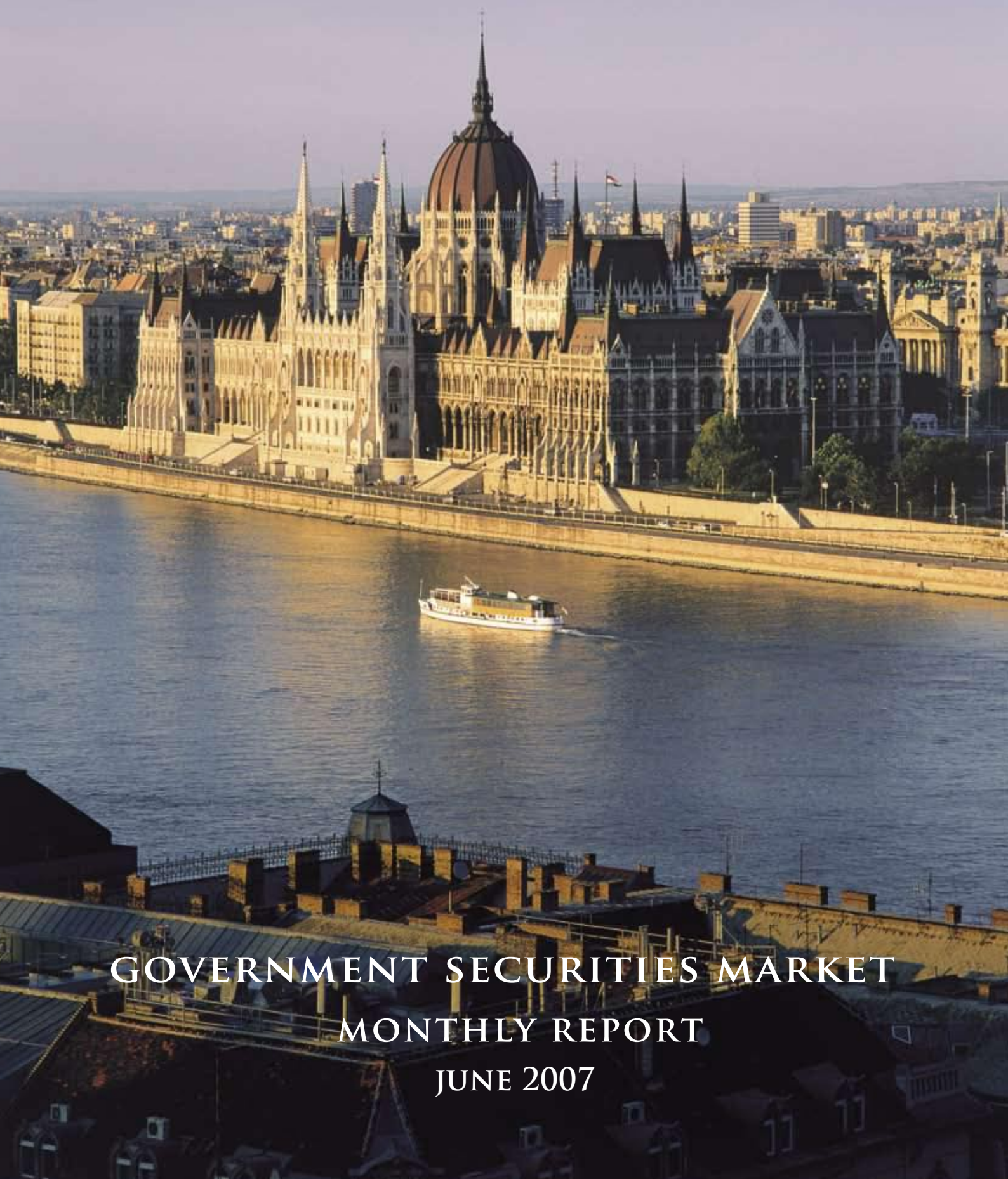




GOVERNMENT SECURITIES MARKET
MONTHLY REPORT
JUNE 2007

■ GOVERNMENT SECURITIES MARKET ■

The deficit of the central government amounted to HUF 945.5 billion in the first half of 2007 without debt-assumption. The cash inflows worth HUF 124.2 billion from the EAGGF fund of the European Union decreased, while the capital transfer to the NBH worth HUF 20.6 billion increased the net borrowing requirement. Thus the total net borrowing requirement amounted to HUF 841.9 billion till the end of June. Net issuance was HUF 883.7 billion, out of which net HUF-denominated issuance was HUF 536.5 billion, net foreign currency denominated issuance was HUF 347.2 billion in the first six months of the year.

The HUF-denominated debt of the central government increased by HUF 534.8 billion till the end of June (the difference between net change and net issuance was caused by the change in the stock of matured but unclaimed securities). Out of the increase of government debt, government bonds and discount Treasury bills accounted for HUF 517.3 billion and HUF 146.4 billion respectively, while the stock of retail government securities decreased by HUF 23.5 billion. The stock of non-marketable government bonds decreased by HUF 1.1 billion due to redemption. In the above period debt-assumption took place in the amount of HUF 58.2 billion, loan prepayment amounted to HUF 241.0 billion and two loans were drawn in the amount of HUF 63.0 billion and HUF 15.5 billion respectively from international financial institutions. These transactions resulted in the drop of the stock of HUF-denominated loans by HUF 104.3 billion to HUF 252.1 billion.

The foreign currency debt of the central government increased by HUF 227.7 billion till the end of June. The HUF 258.5 billion bond issuance and the drawdown of foreign currency denominated loans worth HUF 103.9 increased, while redemptions of foreign currency loans worth HUF 15.2 billion and exchange rate gains totalling HUF 119.5 billion decreased the Hungarian Forint value of the foreign currency debt.

Secondary market benchmark yields up to the 5-year tenor dropped by 6-20 basis points in June. The 1-year yield fell by 12 basis points to 7.18%, the 3-year yield dropped by 10 basis points to 6.88%, the 10-year benchmark yield increased by 9 basis points to 6.63%.

Monthly OTC turnover of government securities was 1% lower in June than a month before and reached HUF 4,368.5 billion. Primary dealers, who account for the decisive part of all secondary government securities trading, made 51% of their secondary government securities deals with non-resident investors.

Non-resident holdings of Hungarian government securities increased altogether by HUF 65.0 billion and amounted to HUF 3,117.4 billion at the end of June. This represented 30.6% of domestic government bonds and discount Treasury bills.

The EUR/HUF exchange rate according to the Hungarian National Bank was 245.90 on the last working day of June.

The credit rating of the long-term foreign currency debt of the Republic of Hungary was BBB+ (Standard & Poor's); A2 (Moody's); BBB+ (Fitch) on 30 June 2007.

■ GOVERNMENT SECURITIES MARKET ■

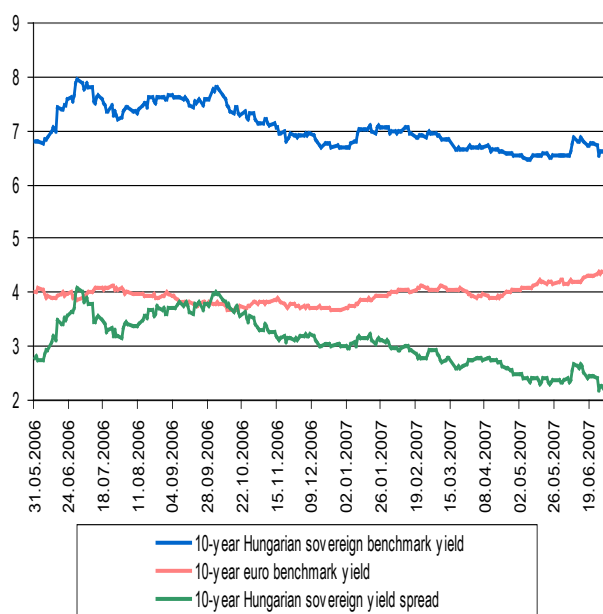
CENTRAL GOVERNMENT GROSS DEBT

HUF BILLION

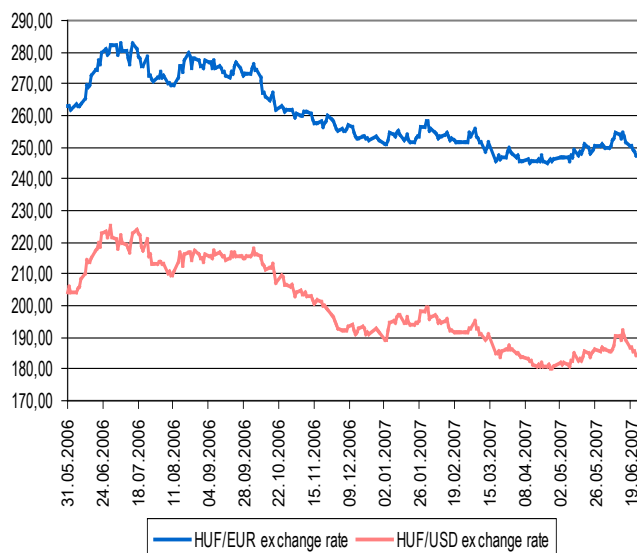
	2001	2002	2003	2004	2005	2006	Apr 2007	May 2007	Jun 2007
1. Forint denominated debt	5,397.4	6,956.9	8,008.7	8,608.8	9,153.5	10,552.3	10,848.9	10,997.3	11,087.1
1.1. Loans	228.3	353.2	117.9	4.7	0.8	356.4	250.3	313.3	252.1
1.2. Government securities	5,169.1	6,603.7	7,890.8	8,604.2	9,152.7	10,195.9	10,598.6	10,684.0	10,835.0
1.2.1. Public issues	4,360.0	5,826.3	7,131.5	7,860.6	8,418.8	9,667.5	10,071.3	10,156.7	10,307.7
1.2.1.1. Bonds	2,782.0	3,829.2	5,056.5	5,768.9	6,299.1	7,244.2	7,622.6	7,683.8	7,761.5
1.2.1.2. Discount T-bills	1,033.3	1,436.8	1,541.4	1,463.3	1,530.9	1,755.9	1,787.0	1,825.0	1,902.3
1.2.1.3. Retail securities	544.7	560.3	533.5	628.4	588.7	667.4	661.7	648.0	644.0
1.2.2. Private placements	809.1	777.4	759.3	743.6	733.9	528.4	527.3	527.3	527.3
2. Foreign currency denominated debt*	2,322.1	2,267.3	2,579.0	2,983.5	3,590.7	4,124.4	4,265.2	4,331.0	4,352.1
2.1. Loans	1,410.4	1,394.3	1,084.1	916.8	720.6	803.7	775.5	785.6	869.7
2.1.1. Foreign loans	317.8	461.9	598.8	528.9	616.9	700.1	674.4	682.8	768.8
2.1.2. Domestic loans	1,092.6	932.3	485.3	387.8	103.8	103.6	101.2	102.8	101.0
2.1.2.1. Raised from National Bank of Hungary (NBH)	1,092.6	849.6	466.5	355.7	96.1	95.9	93.7	95.2	93.5
2.1.2.2. Other loans	0.0	82.8	18.8	32.2	7.7	7.7	7.5	7.6	7.5
2.2. Government securities	911.7	873.0	1,494.9	2,066.8	2,870.1	3,320.7	3,489.7	3,545.4	3,482.4
2.2.1. Issued abroad	911.7	873.0	1,494.9	2,066.8	2,870.1	3,320.7	3,489.7	3,545.4	3,482.4
2.2.1.1. Foreign currency bonds	911.5	872.9	1,494.7	2,066.7	2,870.0	3,320.6	3,489.7	3,545.3	3,482.3
2.2.1.2. Kingdom of Hungary 1924 issues	0.3	0.2	0.1	0.1	0.1	0.1	0.1	0.1	0.1
2.2.2. Issued domestically	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total	7,719.5	9,224.2	10,587.7	11,592.4	12,744.2	14,676.7	15,114.2	15,328.3	15,439.2
Other liabilities					21.4	29.0	25.3	25.5	25.0
Total central government debt					12,765.6	14,705.7	15,139.5	15,353.7	15,464.1
Marketable HUF debt (1.2.1.1+1.2.1.2.+1.2.2.)	4,624.4	6,043.4	7,357.3	7,975.8	8,563.9	9,528.4	9,936.9	10,036.1	10,191.0
Gross debt/GDP	50.5%	53.6%	55.9%	56.0%	57.9%	61.9%			

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

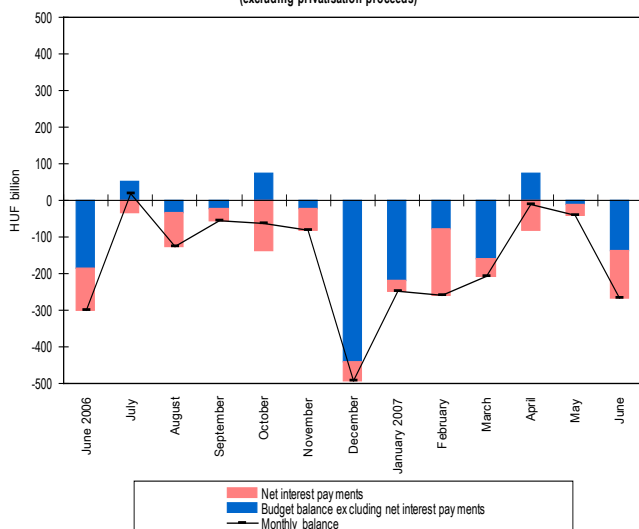
10-year Hungarian and eurozone benchmark yields during the last year



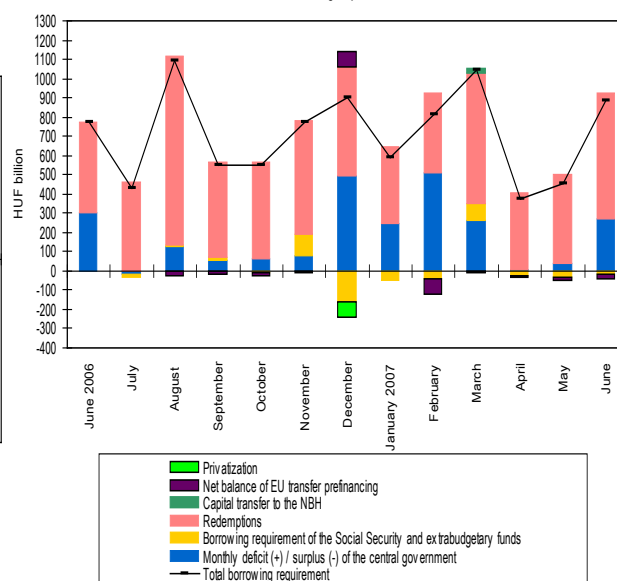
The exchange rate of the Hungarian Forint during the last year



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



Gross borrowing requirement



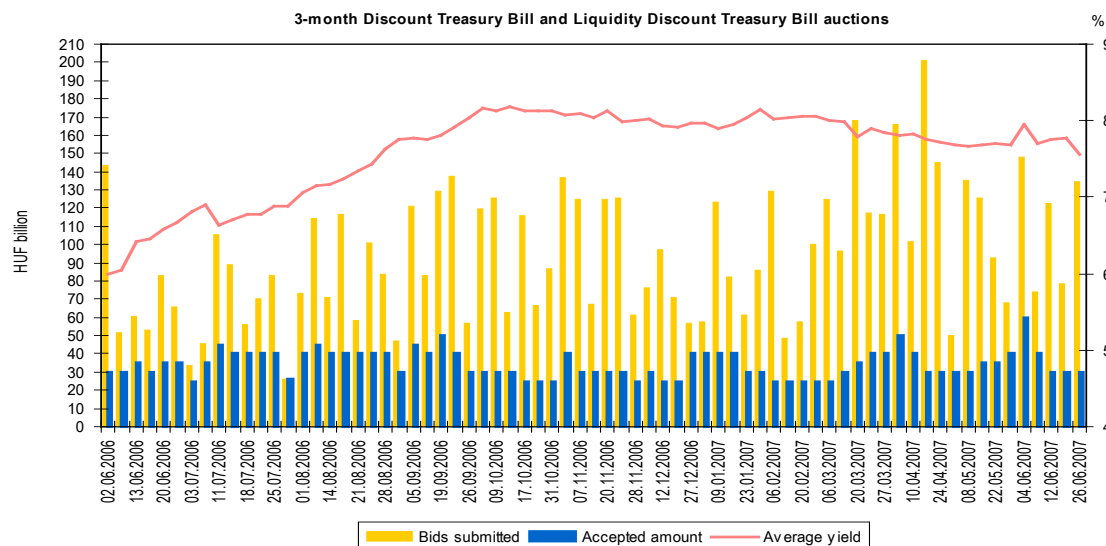
■ GOVERNMENT SECURITIES MARKET ■

DISCOUNT TREASURY BILL AUCTION RESULTS

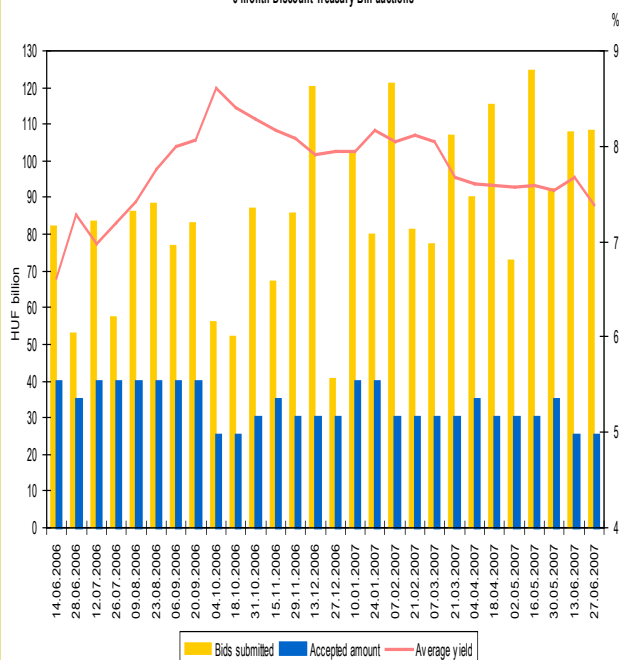
	Liquidity Dis- count T-Bills	3-month Discount T-bills				6-month Discount T-bills		12-month Discount T-bills	
Code of T-bills	D070718	D070912	D070919	D070926	D071003	D071219	D071219	D080507	D080702
ISIN code	HU0000516273	HU0000516356	HU0000516364	HU0000516978	HU0000516372	HU0000516349	HU0000516349	HU0000516307	HU0000516380
Maturity in days	42	91	91	91	91	182	168	322	364
Date of auction	04.06.2007	05.06.2007	12.06.2007	19.06.2007	26.06.2007	13.06.2007	27.06.2007	14.06.2007	28.06.2007
Date of financial settlement	06.06.2007	13.06.2007	20.06.2007	27.06.2007	04.07.2007	20.06.2007	04.07.2007	20.06.2007	04.07.2007
Redemption date	18.07.2007	12.09.2007	19.09.2007	26.09.2007	03.10.2007	19.12.2007	19.12.2007	07.05.2008	02.07.2008
Maximum yield (%) - ISMA	7.96	7.72	7.78	7.79	7.58	7.69	7.40	7.45	7.16
Minimum yield (%) - ISMA	7.85	7.65	7.69	7.70	7.50	7.60	7.30	7.38	7.10
Average yield (%) - ISMA	7.95	7.70	7.76	7.77	7.55	7.67	7.39	7.44	7.14
Maximum yield (%) - EHM	8.07	7.83	7.89	7.90	7.69	7.80	7.50	7.55	7.26
Minimum yield (%) - EHM	7.96	7.76	7.80	7.81	7.60	7.71	7.40	7.48	7.20
Average yield (%) - EHM	8.06	7.81	7.87	7.88	7.65	7.78	7.49	7.54	7.24
Average selling price (%)	99.0810	98.0908	98.0762	98.0737	98.1273	96.2671	96.6663	93.7605	93.2668
Amount offered for sale (HUF million)	50,000.00	40,000.00	30,000.00	30,000.00	30,000.00	25,000.00	25,000.00	35,000.00	35,000.00
Amount of bids submitted (HUF million)	147,709.00	73,945.31	122,705.75	78,205.00	134,546.75	107,910.40	108,265.79	165,920.28	114,394.34
Amount of bids accepted (HUF million)	59,999.99	39,999.94	29,999.90	29,999.95	29,999.97	24,999.91	24,999.88	34,999.91	34,999.92
Bid-to-cover ratio	2.46	1.85	4.09	2.61	4.48	4.32	4.33	4.74	3.27
Bids submitted (pcs)	54	96	130	100	111	116	128	157	137
Bids accepted (pcs)	15	57	54	59	57	63	49	39	72
Market sales* (HUF million)	59,999.99	39,999.94	29,999.90	29,999.95	29,999.97	24,999.91	24,999.88	34,999.91	34,999.92
Retained on AKK's own account (HUF m.)	0.00	4,000.06	3,000.10	3,000.05	3,000.03	5,000.09	5,000.12	7,000.09	10,500.08
Total amount issued (HUF million)	60,000.00	44,000.00	33,000.00	33,000.00	33,000.00	30,000.00	30,000.00	42,000.00	45,500.00

*Without issuance onto AKK's own account

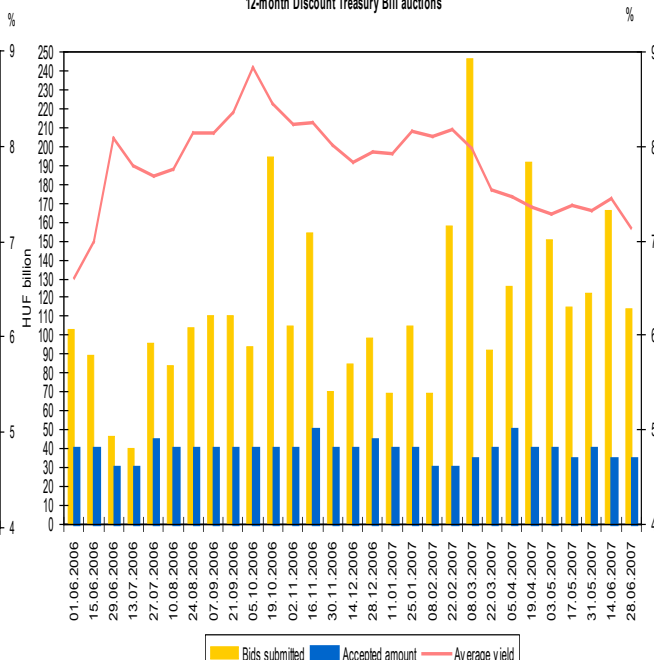
3-month Discount Treasury Bill and Liquidity Discount Treasury Bill auctions



6-month Discount Treasury Bill auctions



12-month Discount Treasury Bill auctions

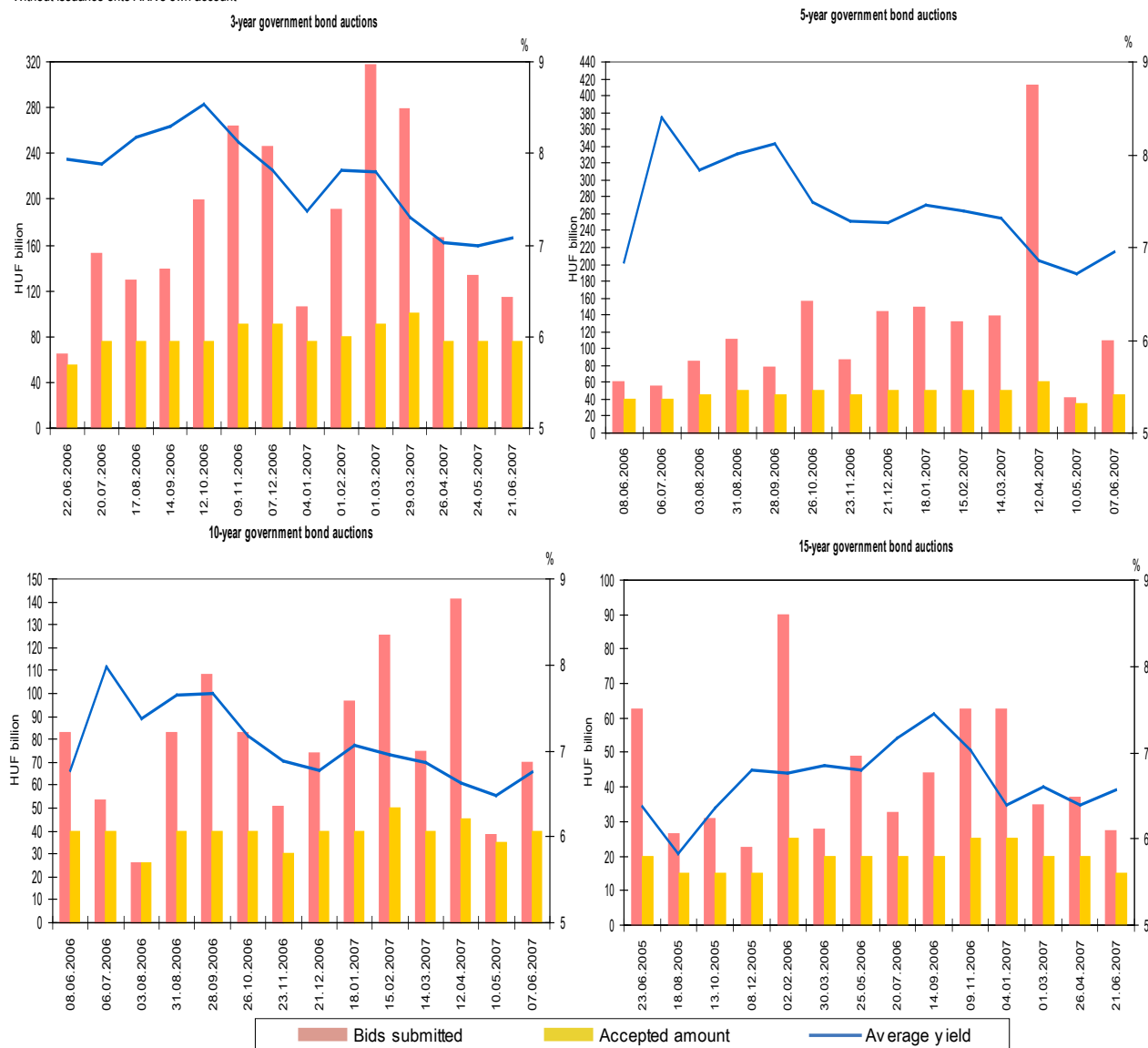


■ GOVERNMENT SECURITIES MARKET ■

GOVERNMENT BOND AUCTION RESULTS

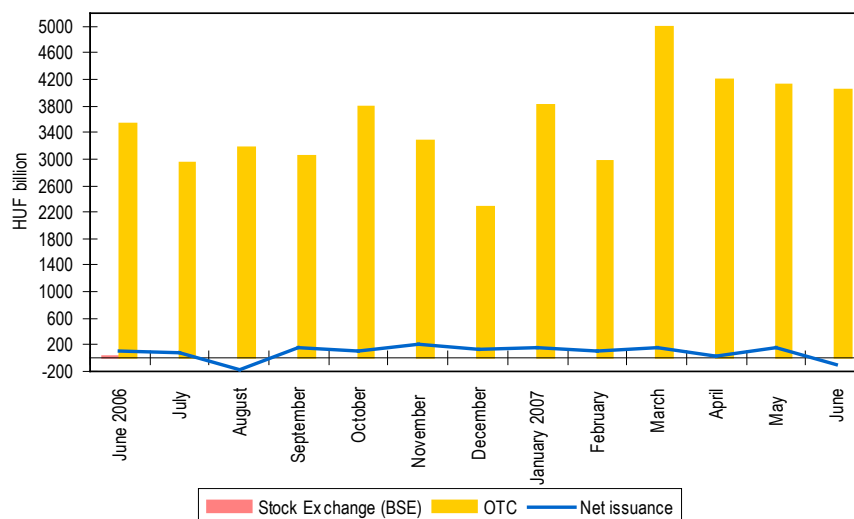
Government Bond	2012/B	2017/B	2010/D	2023/A
ISIN code	HU0000402367	HU0000402375	HU0000402409	HU0000402383
Maturity (in years)	5	10	3	15
Coupon (%)	7.25%	6.75%	6.25%	6.00%
Auction	10th auction	10th auction	1st auction	4th auction
Date of auction	07.06.2007	07.06.2007	21.06.2007	21.06.2007
Date of financial settlement	13.06.2007	13.06.2007	27.06.2007	27.06.2007
Redemption date	12.06.2012	24.02.2017	24.08.2010	24.11.2023
Maximum annual yield (%) - ISMA	6.98	6.79	7.12	6.60
Minimum annual yield (%) - ISMA	6.92	6.71	7.03	6.50
Average annual yield (%) - ISMA	6.96	6.76	7.08	6.56
Maximum annual yield (%) - EHM	6.97	6.78	7.11	6.60
Minimum annual yield (%) - EHM	6.91	6.70	7.02	6.50
Average annual yield (%) - EHM	6.95	6.76	7.07	6.55
Maximum price (%)	101.3547	100.2329	97.8174	95.0209
Minimum price (%)	101.1065	99.6761	97.5738	94.0700
Average price (%)	101.2032	99.8676	97.6773	94.4525
Amount offered for sale (HUF million)	45,000.00	40,000.00	75,000.00	20,000.00
Amount of bids submitted (HUF million)	108,369.00	69,744.00	114,650.00	27,131.00
Amount of bids accepted (HUF million)	44,999.94	39,999.96	74,999.98	14,999.99
Bid-to-cover ratio	2.41	1.74	1.53	1.81
Bids submitted (pcs)	110	79	123	55
Bids accepted (pcs)	70	61	112	48
Tail (average price - minimum price)	0.10	0.19	0.10	0.38
Market sales* (HUF million)	44,999.94	39,999.96	74,999.98	14,999.99
Retained on ÁKK's own account (HUF million)	0.06	0.04	22.555,02	3.000,01
Total amount issued (HUF million)	45,000.00	40,000.00	97,500.00	18,000.00

*Without issuance onto ÁKK's own account

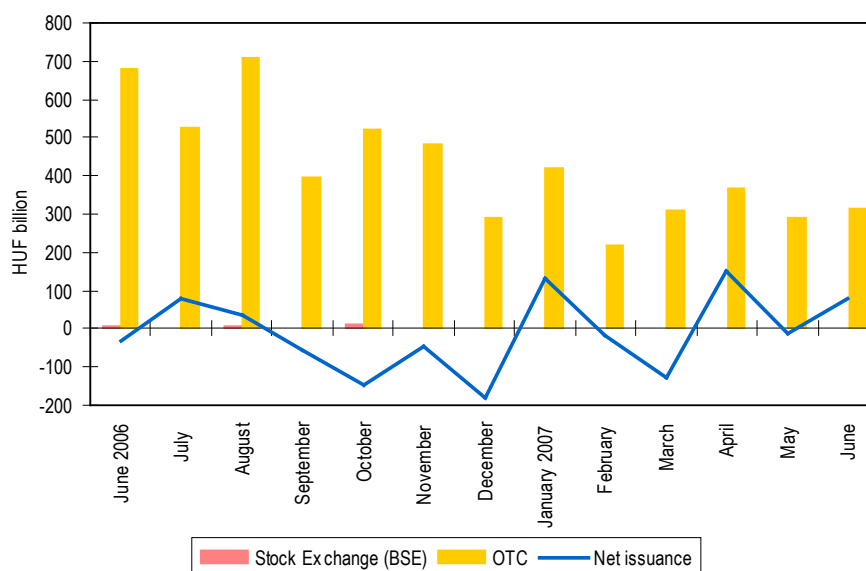


■ GOVERNMENT SECURITIES MARKET ■

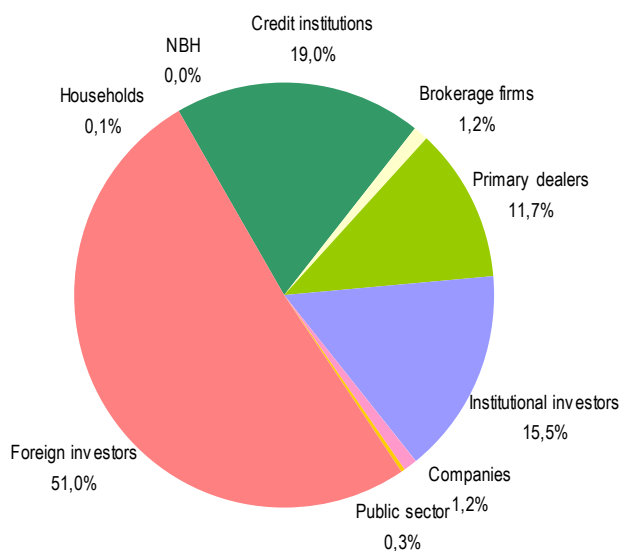
Secondary market trading of government bonds



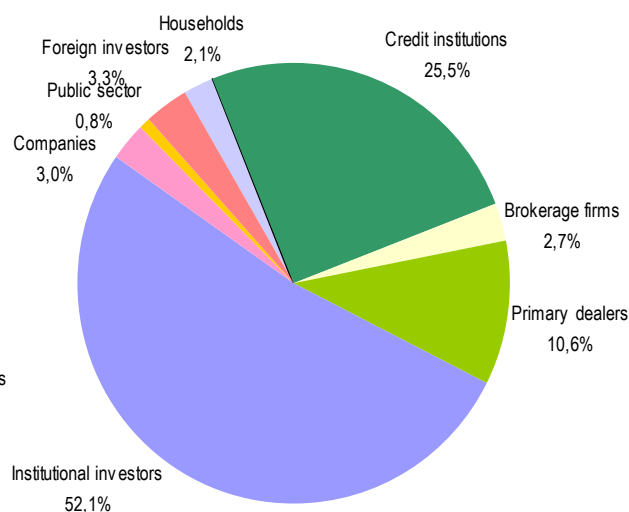
Secondary market trading of Discount Treasury Bills



Breakdown of primary dealers' secondary market turnover in government bonds by investor groups in June 2007

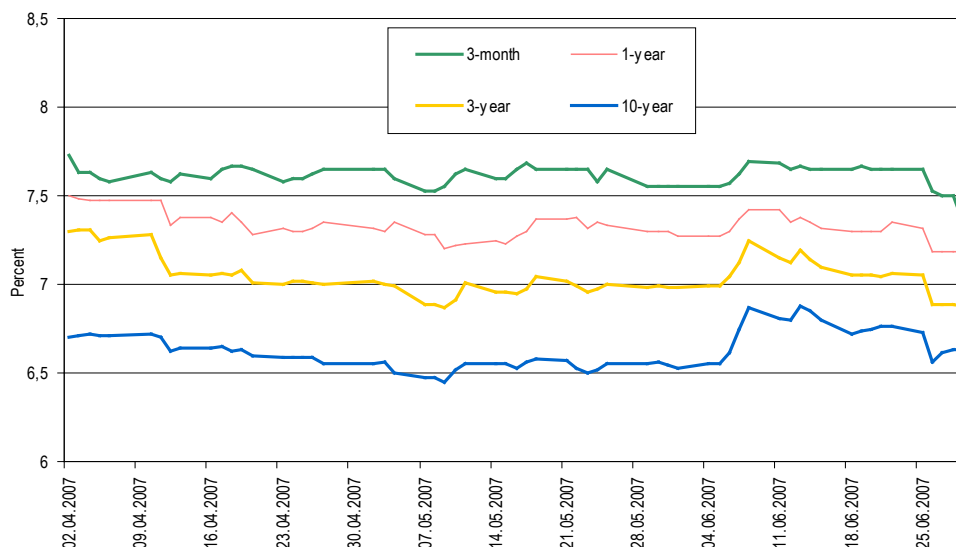


Breakdown of primary dealers' secondary market turnover in Discount Treasury Bills by investor groups in June 2007



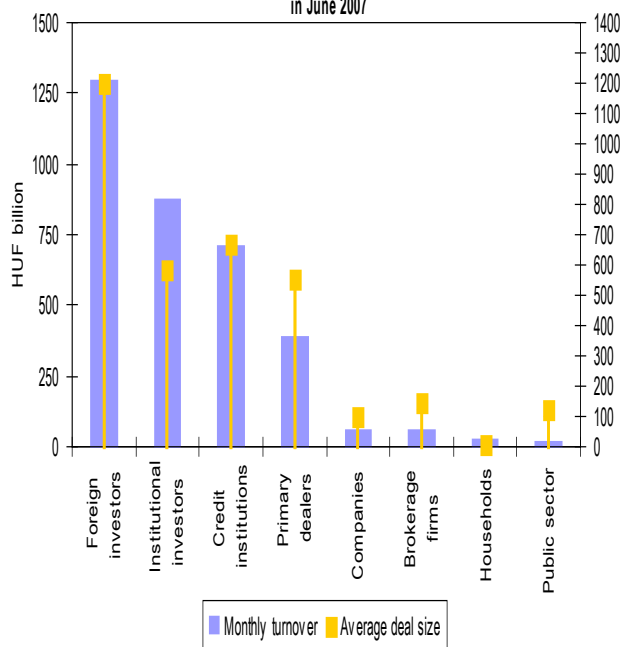
■ GOVERNMENT SECURITIES MARKET ■

Benchmark yields in the past three months

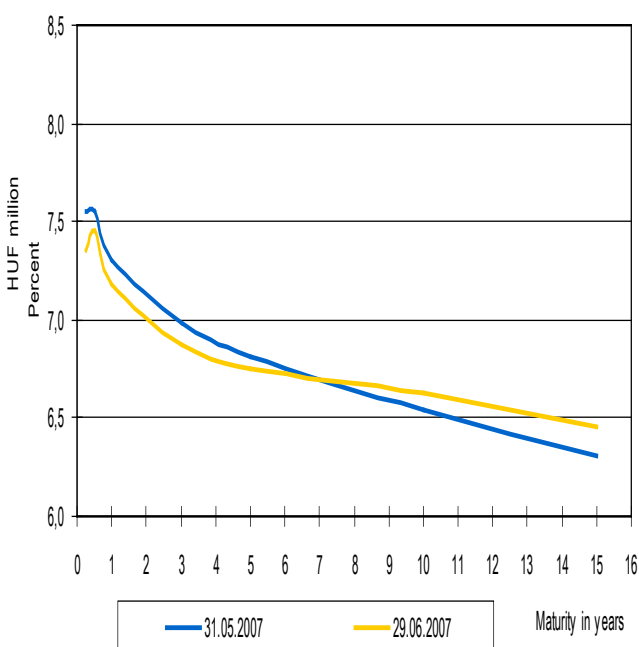


Primary dealers' trading with different investor groups

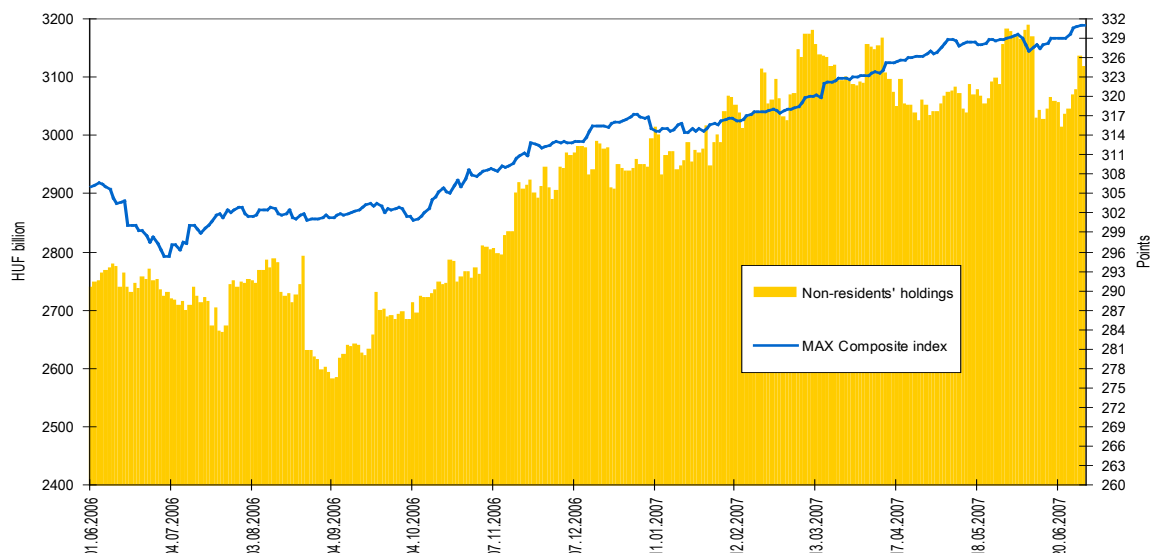
in June 2007



Benchmark yield curves



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



■ GOVERNMENT SECURITIES MARKET ■

INTEREST RATE RESETS OF FLOATING RATE GOVERNMENT BONDS IN JUNE 2007

Government Bond	Date of interest rate reset	Interest period		Date of interest payment	Reset interest rate (%)	Interest payable (%)
2007/B	11.06.2007	12.06.2007	12.12.2007	12.12.2007	7.56	3.84
2013/C	19.06.2007	20.06.2007	20.12.2007	20.12.2007	7.90	4.02
2014/B	19.06.2007	20.06.2007	20.12.2007	20.12.2007	7.90	4.02

HUNGARIAN GOVERNMENT SECURITIES INDICES

	MAX index	RMAX index	MAX Composite index	ZMAX index
Value as at 29 June 2007	336.3585	327.8594	330.9907	330.0169
Changes compared to the end of the month before	1.9824	2.1722	1.9961	2.0448
Annual yield earned on the index portfolio	12.59%	8.25%	11.72%	7.99%

Government securities with the highest secondary market turnover in June 2007

Government security	Date of redemption	Turnover (HUF billion)
2012/B	12.06.2012	522.1
2010/C	12.04.2010	273.6
2009/F	12.08.2009	243.9
D080507	07.05.2008	226.9
2015/A	12.02.2015	220.1
D070718	18.07.2007	200.1
2017/B	24.02.2017	190.9
D080312	12.03.2008	178.1
2016/C	12.02.2016	151.7
2011/B	12.10.2011	148.4

The outstanding volume of government bonds with benchmark status at the end of June 2007

Government bond	HUF billion	
	31.05.2007	30.06.2007
2010/C	496.68	497.03
2012/B	435.17	480.27
2017/B	360.07	400.10
2023/A	65.01	80.02

PRIMARY DEALERS - AS AT 30 JUNE 2007

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