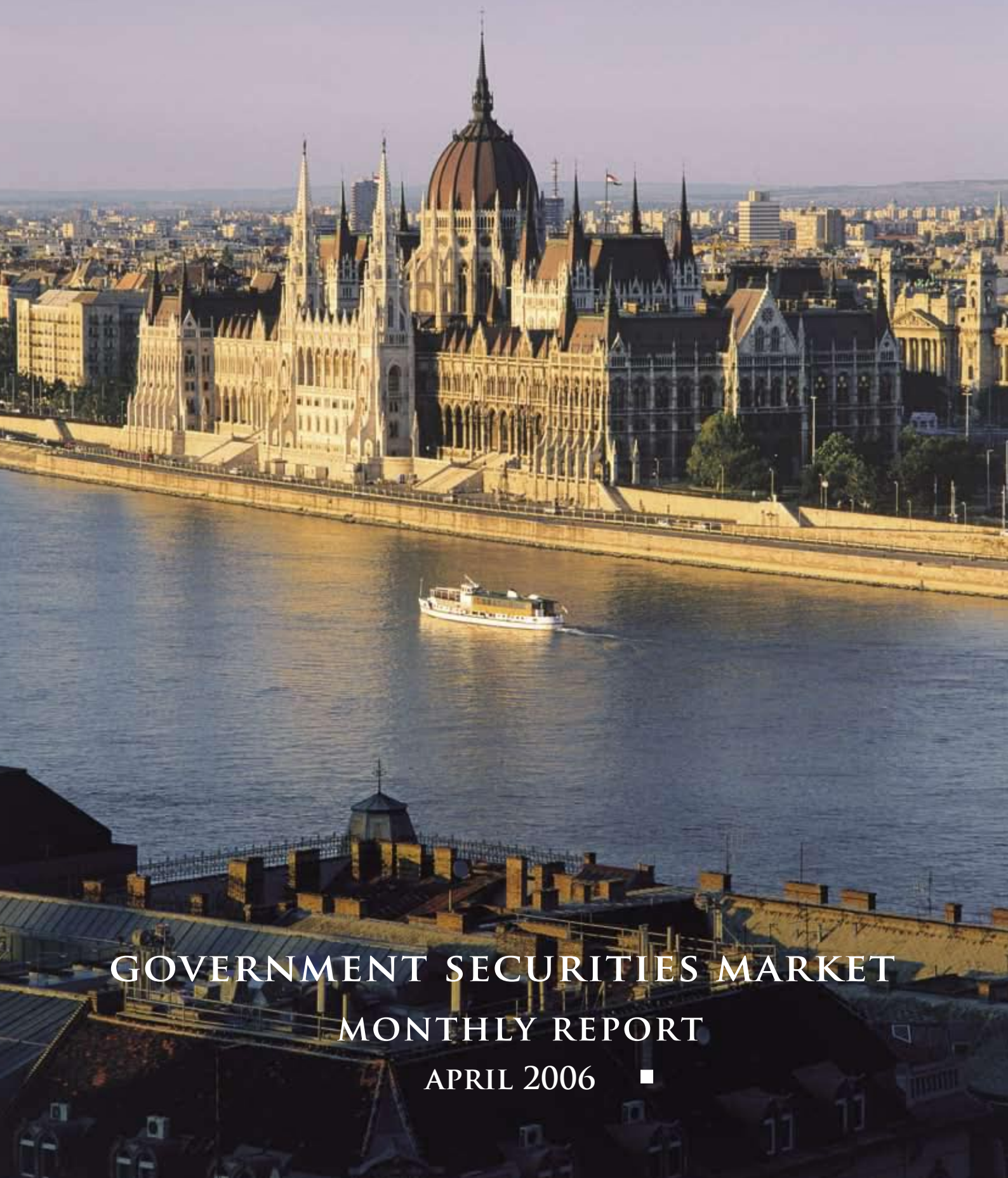




GOVERNMENT SECURITIES MARKET
MONTHLY REPORT
APRIL 2006 ■

■ GOVERNMENT SECURITIES MARKET ■

The deficit of the central government amounted to HUF 904.2 billion in the first four months of 2006. The net prefinancing of cash transfers from the EU's EAGGF fund increased the net borrowing requirement by HUF 15.1 billion, as did the capital transfer to the National Bank of Hungary (NBH) by law by HUF 14.8 billion. The total net financing requirement was met by a net issuance of HUF 1005.4 billion (ca. EUR 3.9 billion), out of which net domestic currency issuance was HUF 614.1 billion (ca. EUR 2.4 billion) and net foreign exchange issuance totalled HUF 391.3 billion (ca. EUR 1.5 billion).

The HUF denominated debt of the central government increased by HUF 614.1 billion until the end of April. Out of the increase in domestic debt, government bonds accounted for HUF 70.7 billion, discount Treasury bills for HUF 516.9 billion and retail government securities for HUF 26.6 billion. The stock of domestic loans remained unchanged.

The foreign currency debt of the central government increased by HUF 559.1 billion in the first four months of the year. The foreign currency bond issues increased the debt by HUF 538.2 billion, loan draw-downs by HUF 44.4 billion, while the redemptions of foreign currency bonds amounted to HUF 186.7 billion and that of foreign currency loans reached HUF 4.6 billion. Exchange rate losses of HUF 167.9 billion increased the HUF value of the foreign currency debt compared to the end of last year.

At the end of April 2006, 66.6% of the domestic government securities were fixed rate, 33.4% floating rate securities, compared to 69.0% and 31.0% at the end of 2005, which means that the proportion of fixed rate securities decreased due to the rise in the stock of discount Treasury bills.

Secondary market yields decreased on all maturities in April. T-bill yields declined by 12-25 basis points and bond yields fell by 24-39 basis points, reflecting improving global risk appetite and decreasing uncertainty about the parliamentary elections. In the course of the month the 1-year yield decreased by 22 basis points to 6.58%, the 3-year yield fell by 39 bps and amounted to 6.88%, while the 10-year benchmark yield reached 6.84% at the end of April after decreasing by 27 basis points.

Monthly OTC turnover of government securities was 15.2% lower in April than a month before and reached HUF 3313.3 billion. Primary dealers, who account for the decisive part of all secondary government securities trading, made 46% of their secondary government securities deals with non-resident investors.

The volume of non-residents' holdings of Hungarian government securities decreased altogether by HUF 58.3 in April, and amounted to HUF 2706.3 billion at the end of the month. This volume represented 29.6% of the total amount of domestic government bonds and discount Treasury bills.

The HUF/EUR mid exchange rate at the end of April 2006 was 263.61

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

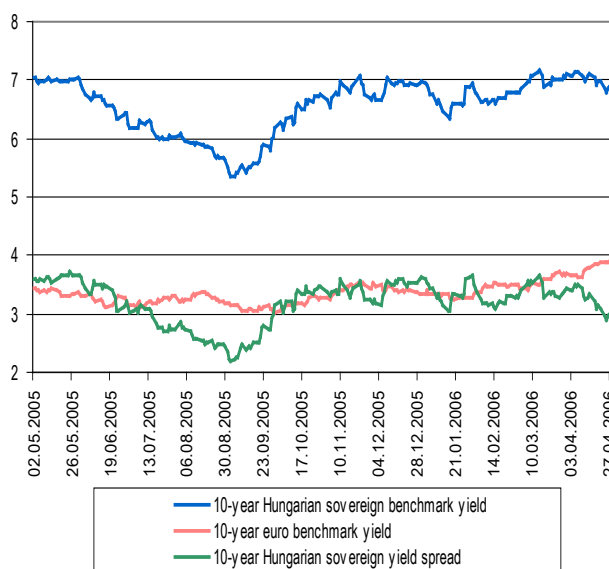
■ GOVERNMENT SECURITIES MARKET ■

CENTRAL GOVERNMENT GROSS DEBT

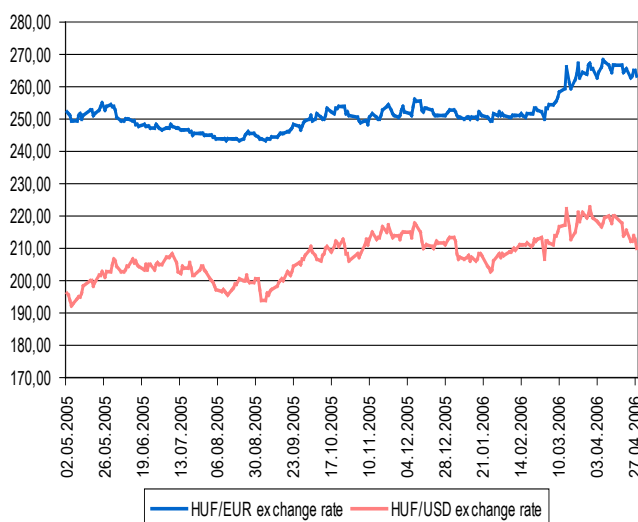
HUF BILLION

	2000	2001	2002	2003	2004	2005	Feb 2006	Mar 2006	Apr 2006
1. Forint denominated debt	4,717.5	5,397.4	6,956.9	8,008.7	8,608.8	9,153.5	9,322.4	9,735.8	9,767.6
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	9,321.6	9,735.0	9,766.8
1.2.1. Public issues	3,582.4	4,360.0	5,826.3	7,131.5	7,860.6	8,418.8	8,705.2	9,119.4	9,151.3
1.2.1.1. Bonds	2,221.2	2,782.0	3,829.2	5,056.5	5,768.9	6,299.1	6,558.2	6,668.7	6,488.2
1.2.1.2. Discount T-bills	837.9	1,033.3	1,436.8	1,541.4	1,463.3	1,530.9	1,542.2	1,817.9	2,047.8
1.2.1.3. Retail securities	523.3	544.7	560.3	533.5	628.4	588.7	604.8	612.9	615.3
1.2.2. Private placements	831.3	809.1	777.4	759.3	743.6	733.9	616.4	615.5	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	3,838.6	4,367.1	4,149.8
2.1. Loans	1,772.8	1,410.4	1,394.3	1,084.1	916.8	720.6	716.8	799.1	792.3
2.1.1. Foreign loans	368.8	317.8	461.9	598.8	528.9	616.9	613.1	690.0	684.0
2.1.2. Domestic loans	1,404.0	1,092.6	932.3	485.3	387.8	103.8	103.7	109.0	108.2
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	100.9	100.2
2.1.2.2. Other loans	0.0	0.0	82.8	18.8	32.2	7.7	7.7	8.1	8.0
2.2. Government securities	736.0	911.7	873.0	1,494.9	2,066.8	2,870.1	3,121.8	3,568.1	3,357.6
2.2.1. Issued abroad	715.7	911.7	873.0	1,494.9	2,066.8	2,870.1	3,121.8	3,568.1	3,357.6
2.2.1.1. Foreign currency bonds	715.4	911.5	872.9	1,494.7	2,066.7	2,870.0	3,121.7	3,568.0	3,357.5
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	13,161.0	14,102.9	13,917.4
Mark-to-market deposits placed at ÁKK Rt.						21.4	27.4	27.4	14.5
Total central government debt						12,765.6	13,188.3	14,130.4	13,931.9
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	8,716.7	9,122.1	9,151.5
Gross debt/GDP	54.4%	51.5%	54.5%	56.8%	56.7%	58.6%			

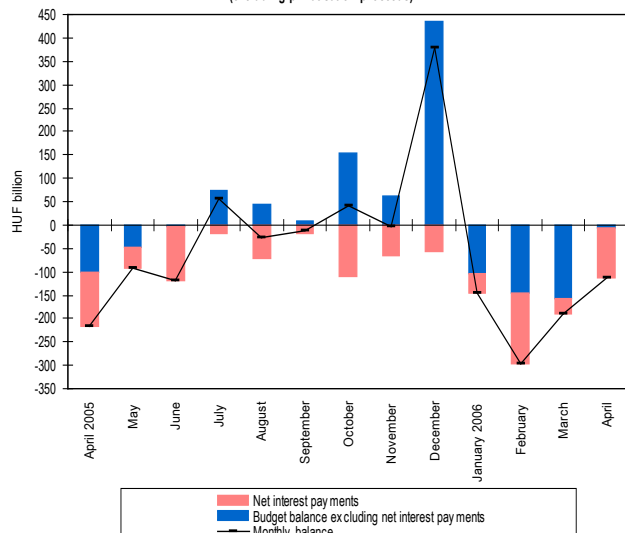
% 10-year Hungarian and eurozone benchmark yields during the last year



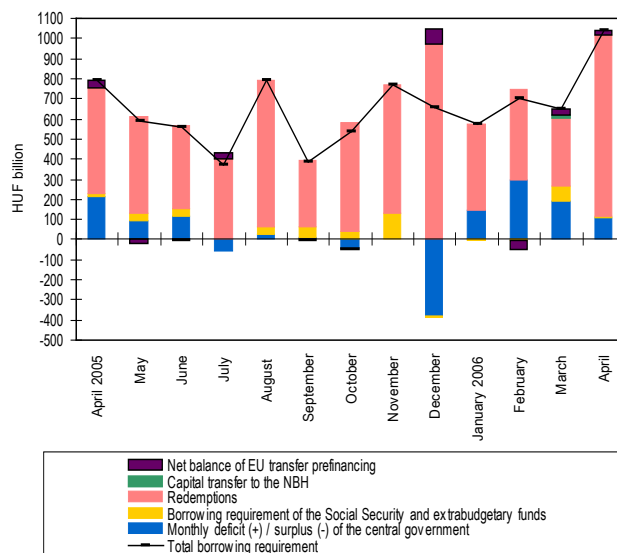
The exchange rate of the Hungarian Forint during the last year



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



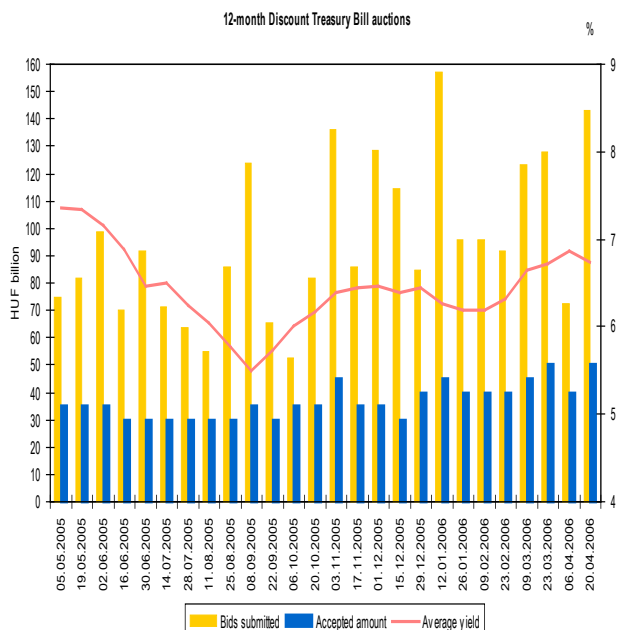
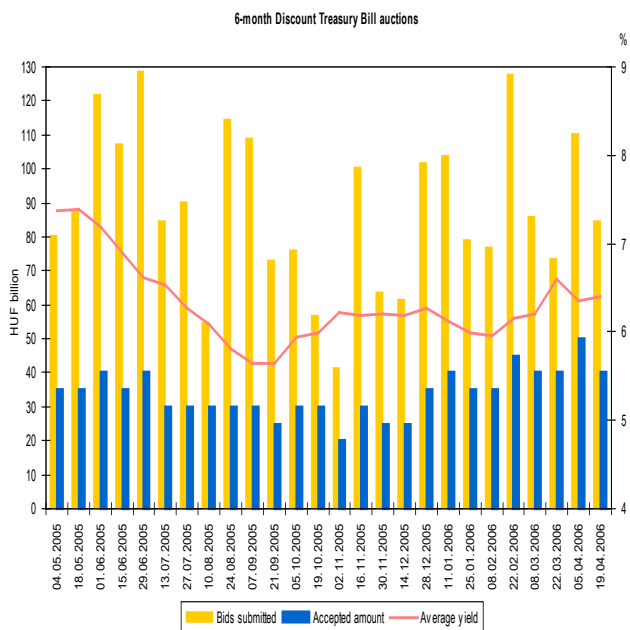
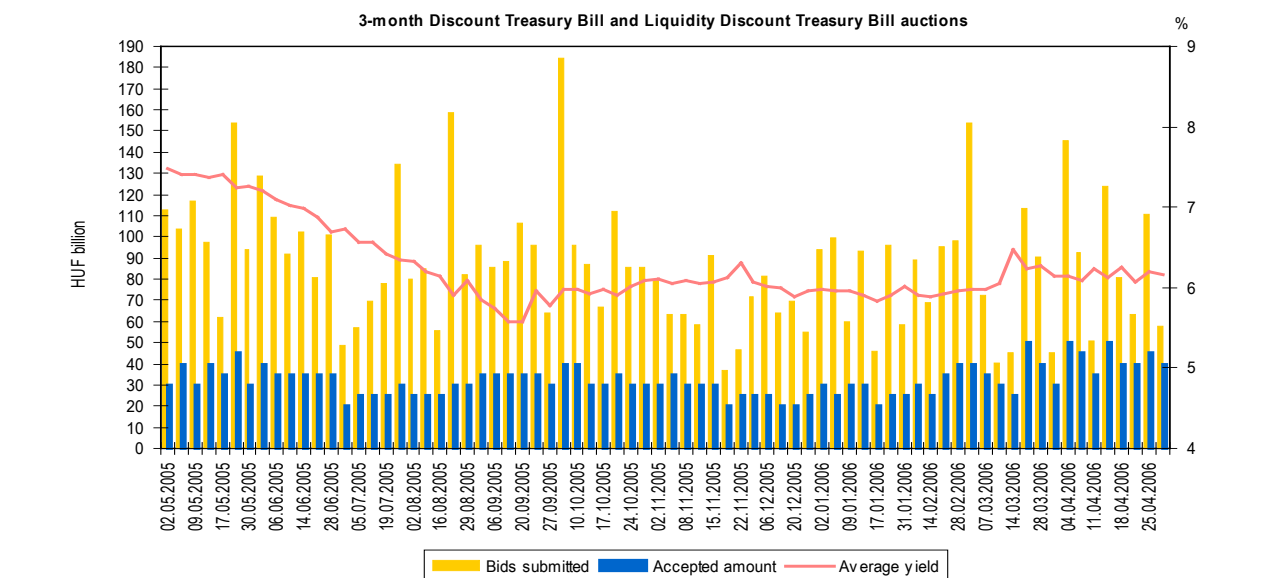
Gross borrowing requirement



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	D060524	D060524	D060524	D060621	D060621	D060712	D060719	D060726	D060802	D060927	D060927	D070328	D070328
ISIN code	HU0000515671	HU0000515671	HU0000515671	HU0000515713	HU0000515713	HU0000515739	HU0000515754	HU0000515762	HU0000515622	HU0000515705	HU0000515705	HU0000515747	HU0000515747
Maturity in days	49	42	35	56	49	91	91	91	91	168	154	350	336
Date of auction	03.04.2006	10.04.2006	14.04.2006	24.04.2006	28.04.2006	04.04.2006	11.04.2006	18.04.2006	25.04.2006	05.04.2006	19.04.2006	06.04.2006	20.04.2006
Date of financial settlement	05.04.2006	12.04.2006	19.04.2006	26.04.2006	03.05.2006	12.04.2006	19.04.2006	26.04.2006	03.05.2006	12.04.2006	26.04.2006	12.04.2006	26.04.2006
Redemption date	24.05.2006	24.05.2006	24.05.2006	21.06.2006	21.06.2006	12.07.2006	19.07.2006	26.07.2006	02.08.2006	27.09.2006	27.09.2006	08.03.2007	28.03.2007
Maximum yield (%) - ISMA	6.16	6.15	6.17	6.11	6.20	6.18	6.27	6.27	6.21	6.38	6.42	6.91	6.75
Minimum yield (%) - ISMA	6.05	6.02	6.11	6.01	6.07	6.10	6.14	6.05	6.05	6.30	6.25	6.60	6.55
Average yield (%) - ISMA	6.14	6.09	6.13	6.07	6.17	6.15	6.23	6.25	6.19	6.36	6.39	6.87	6.74
Maximum yield (%) - EHM	6.25	6.24	6.26	6.19	6.29	6.27	6.36	6.36	6.30	6.47	6.51	7.01	6.84
Minimum yield (%) - EHM	6.13	6.10	6.19	6.09	6.15	6.18	6.23	6.13	6.13	6.39	6.34	6.69	6.74
Average yield (%) - EHM	6.23	6.17	6.22	6.15	6.26	6.24	6.32	6.34	6.28	6.45	6.48	6.97	6.83
Average selling price (%)	99.1712	99.2945	99.4076	99.0646	99.1672	98.4692	98.4496	98.4447	98.4594	97.1176	97.3392	93.7390	94.0816
Amount offered for sale (HUF million)	30,000.00	40,000.00	40,000.00	40,000.00	40,000.00	40,000.00	40,000.00	40,000.00	40,000.00	40,000.00	40,000.00	40,000.00	40,000.00
Amount of bids submitted (HUF million)	45,000.00	92,700.00	124,150.00	63,400.00	57,800.00	145,154.63	50,486.04	80,848.72	110,513.55	110,141.83	84,611.70	72,204.53	143,213.10
Amount of bids accepted (HUF million)	29,999.99	44,999.98	50,000.00	39,999.97	39,999.98	49,999.94	34,999.98	39,999.96	44,999.93	49,999.90	39,999.96	39,999.96	49,999.92
Bid-to-cover ratio	1.50	2.06	2.48	1.59	1.45	2.90	1.44	2.02	2.46	2.2	2.12	1.81	2.86
Bids submitted (pcs)	33	50	58	40	26	166	88	107	118	148	115	130	140
Bids accepted (pcs)	28	50	15	24	25	75	73	66	62	89	65	91	62
Market sales* (HUF million)	29,999.99	44,999.98	50,000.00	39,999.97	39,999.98	49,999.94	34,999.98	39,999.96	44,999.93	49,999.90	39,999.96	39,999.96	49,999.92
Retained on AKK's own account (HUF m.)	0.01	0.02	0.00	0.03	0.02	5,000.06	3,500.02	4,000.04	4,500.07	10,000.10	8,000.04	12,000.04	10,000.08
Total amount issued (HUF million)	30,000.00	45,000.00	50,000.00	40,000.00	40,000.00	55,000.00	38,500.00	44,000.00	49,500.00	60,000.00	48,000.00	52,000.00	60,000.00

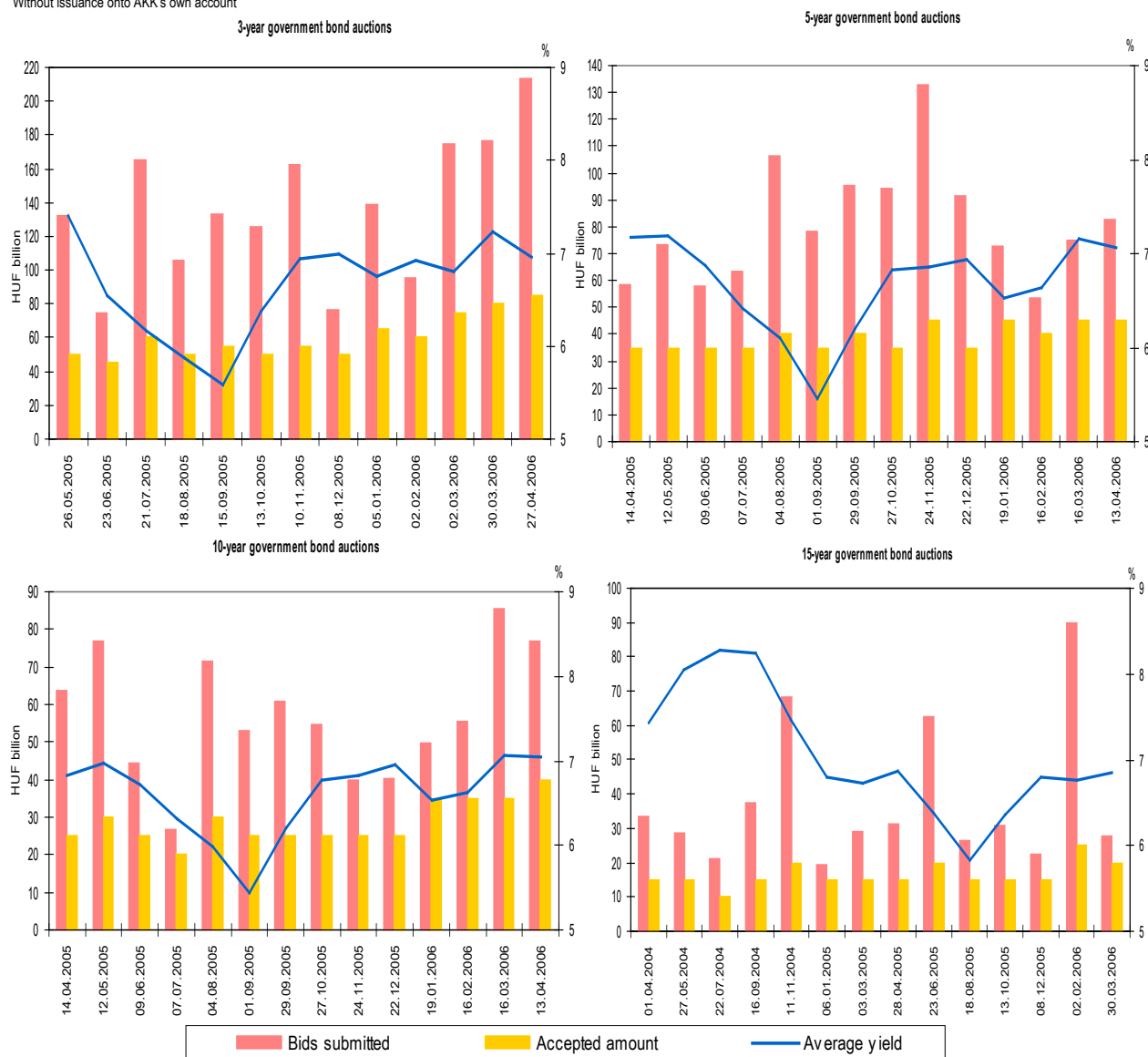
* Without issuance onto AKK's own account



GOVERNMENT BOND AUCTION RESULTS

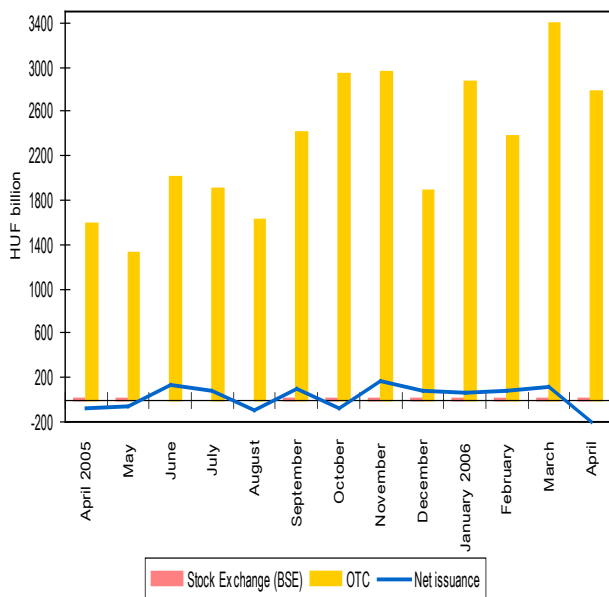
Government Bond	2011/B	2016/C	2009/E
ISIN code	HU0000402334	HU0000402318	HU0000402326
Maturity (in years)	5	10	3
Coupon (%)	6.00%	5.50%	6.25%
Auction	4th auction	8th auction	5th auction
Date of auction	13.04.2006	13.04.2006	27.04.2006
Date of financial settlement	19.04.2006	19.04.2006	03.05.2006
Redemption date	12.10.2011	12.02.2016	24.04.2009
Maximum annual yield (%) - ISMA	7.08	7.07	6.97
Minimum annual yield (%) - ISMA	7.02	7.02	6.80
Average annual yield (%) - ISMA	7.06	7.05	6.96
Maximum annual yield (%) - EHM	7.08	7.07	6.96
Minimum annual yield (%) - EHM	7.02	7.02	6.79
Average annual yield (%) - EHM	7.05	7.05	6.95
Maximum price (%)	95.4878	89.4422	98.5572
Minimum price (%)	95.2306	89.1204	98.1185
Average price (%)	95.3308	89.2341	98.1495
Amount offered for sale (HUF million)	45,000.00	40,000.00	70,000.00
Amount of bids submitted (HUF million)	82,683.00	76,905.50	213,038.29
Amount of bids accepted (HUF million)	44,999.94	39,999.81	84,999.85
Bid-to-cover ratio	1.84	1.92	2.51
Bids submitted (pcs)	89	115	190
Bids accepted (pcs)	51	70	87
Tail (average price - minimum price)	0.10	0.11	0.03
Market sales* (HUF million)	44,999.94	39,999.81	84,999.85
Retained on ÁKK's own account (HUF million)	9,000.06	0.19	0.15
Total amount issued (HUF million)	54,000.00	40,000.00	85,000.00

*Without issuance onto ÁKK's own account

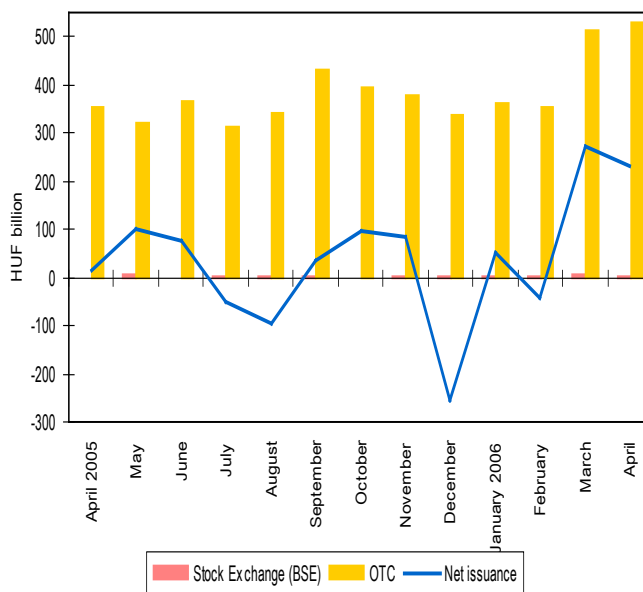


■ GOVERNMENT SECURITIES MARKET ■

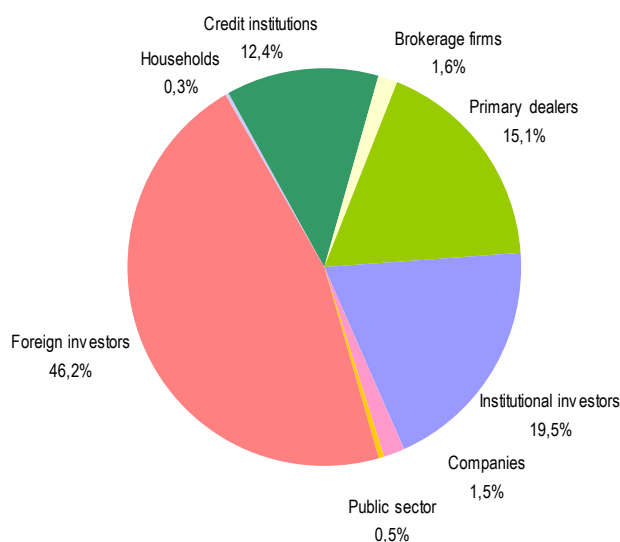
Secondary market trading of government bonds



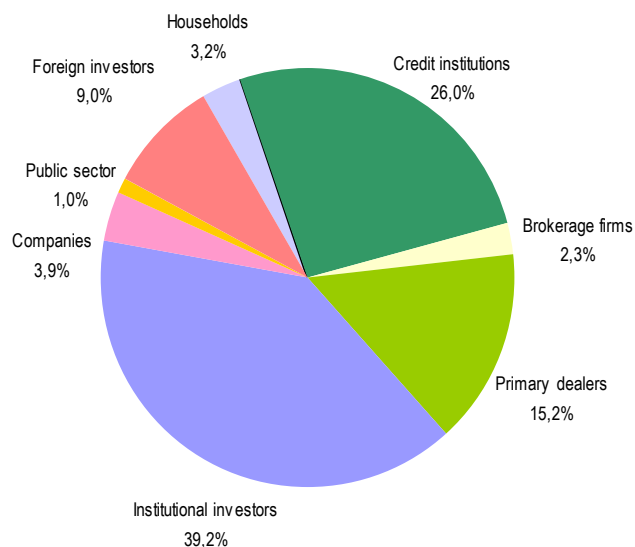
Secondary market trading of Discount Treasury Bills



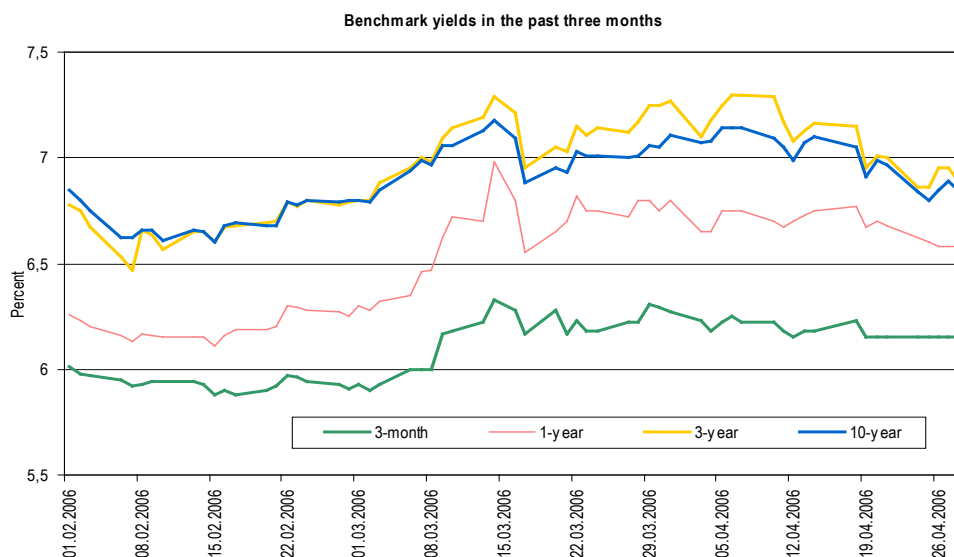
Breakdown of primary dealers' secondary market turnover in government bonds by investor groups in April 2006



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

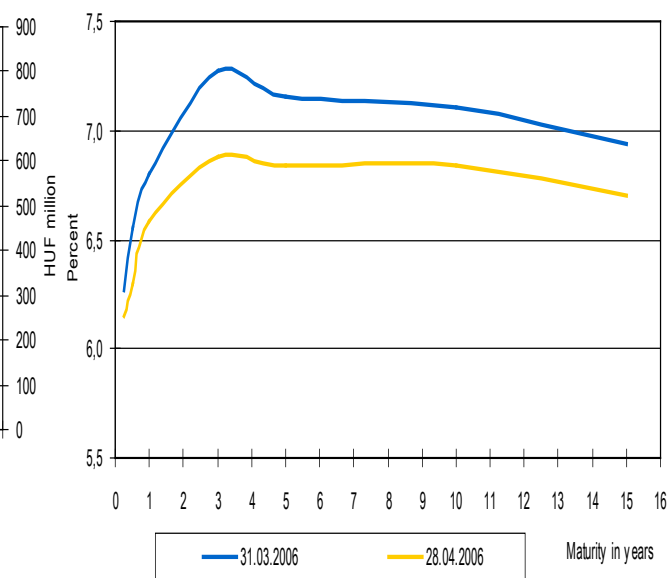
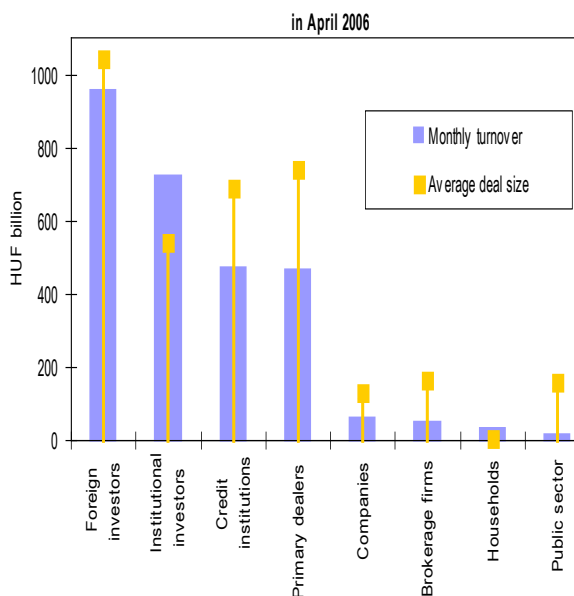


■ GOVERNMENT SECURITIES MARKET ■

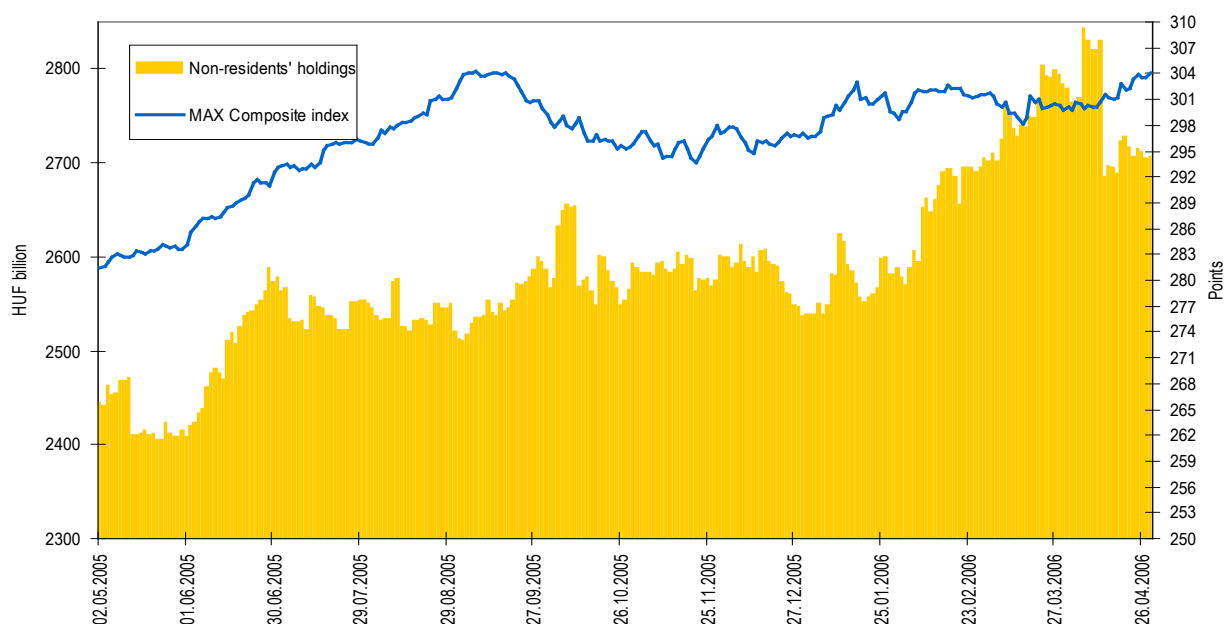


Primary dealers' trading with different investor groups

Benchmark yield curves



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



■ GOVERNMENT SECURITIES MARKET ■

INTEREST RATE RESETS OF FLOATING RATE GOVERNMENT BONDS IN APRIL 2006

Government Bond	Date of interest rate reset	Interest period		Date of interest payment	Reset interest rate (%)	Interest payable (%)
2026/B	21.04.2006	24.04.2006	24.10.2006	24.04.2007	6.32	-
2026/C	21.04.2006	24.04.2006	24.10.2006	24.10.2006	6.32	6.07
2008/A	21.04.2006	24.04.2006	24.07.2006	24.10.2006	6.39	-

HUNGARIAN GOVERNMENT SECURITIES INDICES

	MAX index	RMAX index	MAX Composite index	ZMAX index
Value as at 28 April 2006	308.5652	301.6228	304.0354	302.8384
Changes compared to the end of the month before	4.9212	1.7660	4.3260	1.5552
Annual yield earned on the index portfolio	7.99%	7.18%	7.92%	6.76%

Government securities with the highest secondary market turnover in April 2006

Government security	Date of redemption	Turnover (HUF billion)
2009/E	24.04.2009	477.7
2011/B	12.10.2011	184.3
D060927	27.09.2006	179.2
D060524	24.05.2006	167.5
2008/E	12.08.2008	161.9
2010/B	12.10.2010	147.6
D070328	28.03.2007	142.0
2016/C	12.02.2016	141.4
2013/C	20.12.2013	139.8
2007/G	12.10.2007	81.8

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

Government bond	HUF billion	
	31.03.2006	30.04.2006
2009/E	200.63	283.65
2011/B	133.21	177.14
2016/C	208.85	246.78
2020/A	223.68	242.44

PRIMARY DEALERS - AS AT 30 APRIL 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