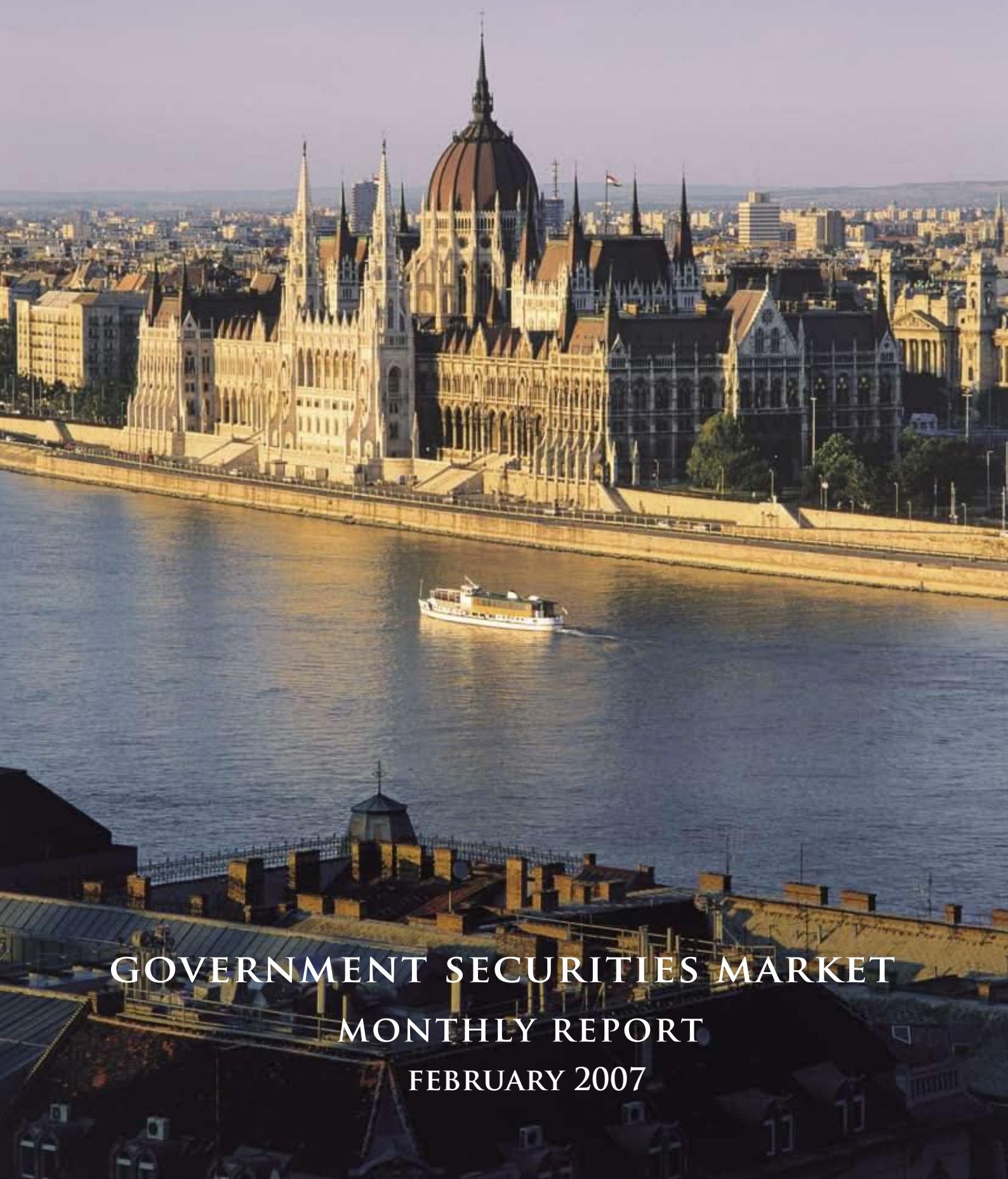




GOVERNMENT SECURITIES MARKET  
MONTHLY REPORT  
FEBRUARY 2007

## ■ GOVERNMENT SECURITIES MARKET ■

The deficit of the central government amounted to HUF 413.1 billion in the first two months of 2007. The cash transfers from the EAGGF fund of the European Union decreased the net borrowing requirement by HUF 73.7 billion. The total net financing requirement of HUF 339.4 billion was met by net issuance of HUF 446.1 billion (ca. EUR 1.75 billion) out of which net domestic currency issuance was HUF 191.3 billion and net foreign exchange issuance totalled HUF 254.8 billion.

The HUF-denominated debt of the central government increased by HUF 188.5 billion till the end of February (the difference between the total net change and the net issuance was caused by the change in the stock of matured but unclaimed securities). Out of the increase in government debt, government bonds accounted for HUF 164.6 billion, discount Treasury bills for HUF 27.9 billion, while retail government securities' decrease accounted for HUF 3.8 billion. The stock of non-marketable government bonds decreased by HUF 0.2 billion because of redemption.

The foreign currency debt of the central government increased by HUF 291.9 billion till the end of February. Redemptions of foreign currency loans worth of HUF 3.6 billion decreased, the HUF 258.5 billion worth of issuance and exchange rate losses of HUF 37.0 billion increased the Hungarian forint value of the foreign currency debt.

Secondary market yields decreased on all maturities in February. The 1-year yield fell to 8.17% by 3 basis points, the 3-year yield dropped by 15 basis points and amounted to 7.81%, the 10-year benchmark yield reached 7.00% after decreasing by 5 basis points.

Monthly OTC turnover of government securities was 25% lower in February than a month before and reached HUF 3,186 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.

Non-resident holdings of Hungarian government securities increased altogether by HUF 46.6 billion in February and amounted to HUF 3,062 billion at the end of the February. This represented 31.5% of the total amount of domestic government bonds and discount Treasury bills.

The EUR/HUF exchange rate according to the Hungarian National Bank was 254.79 at the last working day of February.

The credit rating of the long-term foreign currency debt of the Republic of Hungary at 28 February 2007 was: BBB+ (Standard & Poor's); A2 (Moody's); BBB+ (Fitch).

# ■ GOVERNMENT SECURITIES MARKET ■

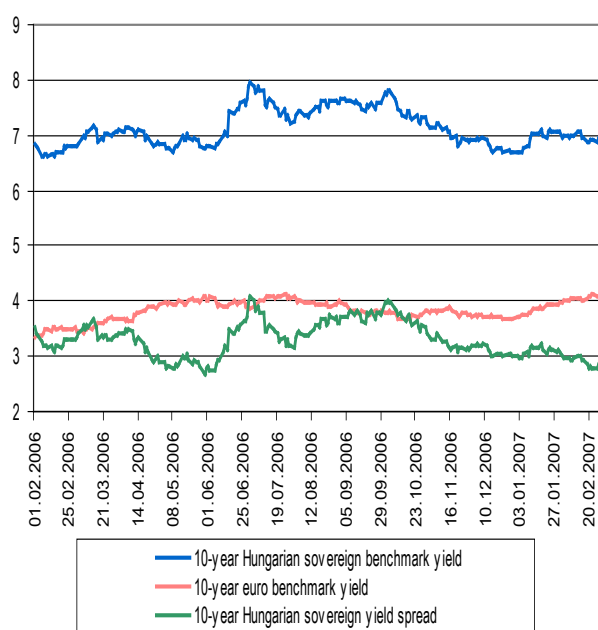
## CENTRAL GOVERNMENT GROSS DEBT

HUF BILLION

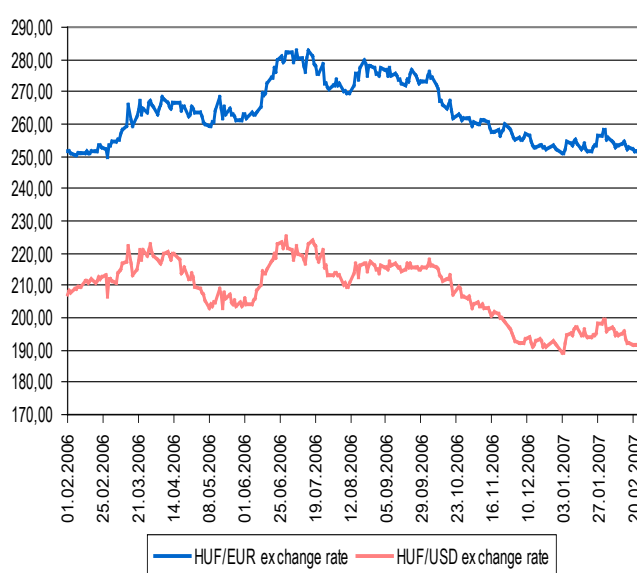
|                                                     | 2000    | 2001    | 2002    | 2003     | 2004     | 2005     | Dec 2006 | Jan 2007 | Feb 2007 |
|-----------------------------------------------------|---------|---------|---------|----------|----------|----------|----------|----------|----------|
| 1. Forint denominated debt                          | 4,717.5 | 5,397.4 | 6,956.9 | 8,008.7  | 8,608.8  | 9,153.5  | 10,552.3 | 10,711.6 | 10,740.8 |
| 1.1. Loans                                          | 303.8   | 228.3   | 353.2   | 117.9    | 4.7      | 0.8      | 356.4    | 356.4    | 356.4    |
| 1.2. Government securities                          | 4,413.6 | 5,169.1 | 6,603.7 | 7,890.8  | 8,604.2  | 9,152.7  | 10,195.9 | 10,355.2 | 10,384.4 |
| 1.2.1. Public issues                                | 3,582.4 | 4,360.0 | 5,826.3 | 7,131.5  | 7,860.6  | 8,418.8  | 9,667.5  | 9,826.8  | 9,856.3  |
| 1.2.1.1. Bonds                                      | 2,221.2 | 2,782.0 | 3,829.2 | 5,056.5  | 5,768.9  | 6,299.1  | 7,244.2  | 7,326.2  | 7,408.8  |
| 1.2.1.2. Discount T-bills                           | 837.9   | 1,033.3 | 1,436.8 | 1,541.4  | 1,463.3  | 1,530.9  | 1,755.9  | 1,835.8  | 1,783.8  |
| 1.2.1.3. Retail securities                          | 523.3   | 544.7   | 560.3   | 533.5    | 628.4    | 588.7    | 667.4    | 664.8    | 663.7    |
| 1.2.2. Private placements                           | 831.3   | 809.1   | 777.4   | 759.3    | 743.6    | 733.9    | 528.4    | 528.4    | 528.1    |
| 2. Foreign currency denominated debt*               | 2,508.8 | 2,322.1 | 2,267.3 | 2,579.0  | 2,983.5  | 3,590.7  | 4,124.4  | 4,214.6  | 4,416.3  |
| 2.1. Loans                                          | 1,772.8 | 1,410.4 | 1,394.3 | 1,084.1  | 916.8    | 720.6    | 803.7    | 818.3    | 808.0    |
| 2.1.1. Foreign loans                                | 368.8   | 317.8   | 461.9   | 598.8    | 528.9    | 616.9    | 700.1    | 712.4    | 703.4    |
| 2.1.2. Domestic loans                               | 1,404.0 | 1,092.6 | 932.3   | 485.3    | 387.8    | 103.8    | 103.6    | 105.9    | 104.6    |
| 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     | 95.9     | 98.1     | 96.8     |
| 2.1.2.2. Other loans                                | 0.0     | 0.0     | 82.8    | 18.8     | 32.2     | 7.7      | 7.7      | 7.9      | 7.8      |
| 2.2. Government securities                          | 736.0   | 911.7   | 873.0   | 1,494.9  | 2,066.8  | 2,870.1  | 3,320.7  | 3,396.2  | 3,608.3  |
| 2.2.1. Issued abroad                                | 715.7   | 911.7   | 873.0   | 1,494.9  | 2,066.8  | 2,870.1  | 3,320.7  | 3,396.2  | 3,608.3  |
| 2.2.1.1. Foreign currency bonds                     | 715.4   | 911.5   | 872.9   | 1,494.7  | 2,066.7  | 2,870.0  | 3,320.6  | 3,396.2  | 3,608.2  |
| 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 | 14,676.7 | 14,926.2 | 15,157.1 |
| Other liabilities                                   |         |         |         |          |          | 21.4     | 29.0     | 24.7     | 25.6     |
| Total central government debt                       |         |         |         |          |          | 12,765.6 | 14,705.7 | 14,950.8 | 15,182.7 |
| 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  | 9,528.4  | 9,690.4  | 9,720.7  |
| Gross debt/GDP                                      | 53.4%   | 50.5%   | 53.6%   | 55.9%    | 56.0%    | 58.0%    | 62.4%    |          |          |

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

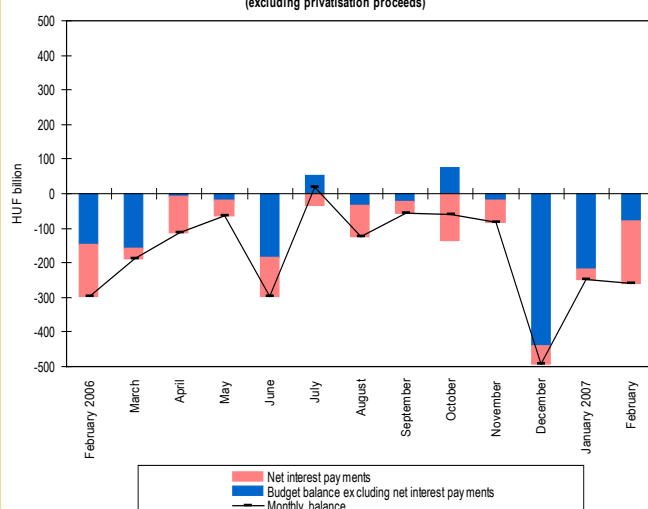
% 10-year Hungarian and eurozone benchmark yields during the last year



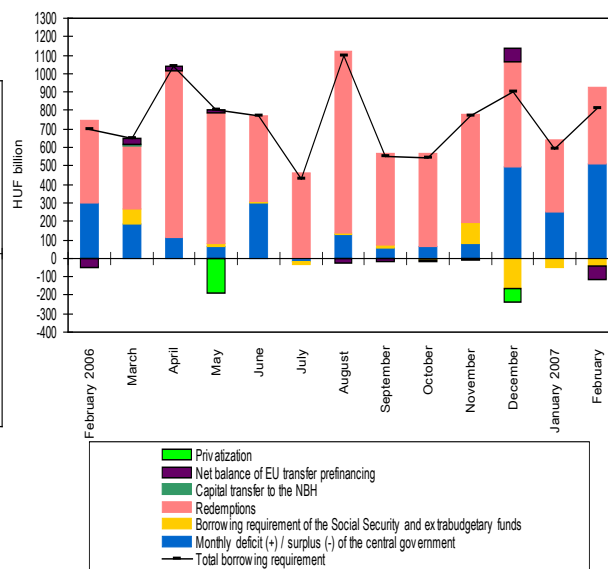
The exchange rate of the Hungarian Forint during the last year



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



Gross borrowing requirement

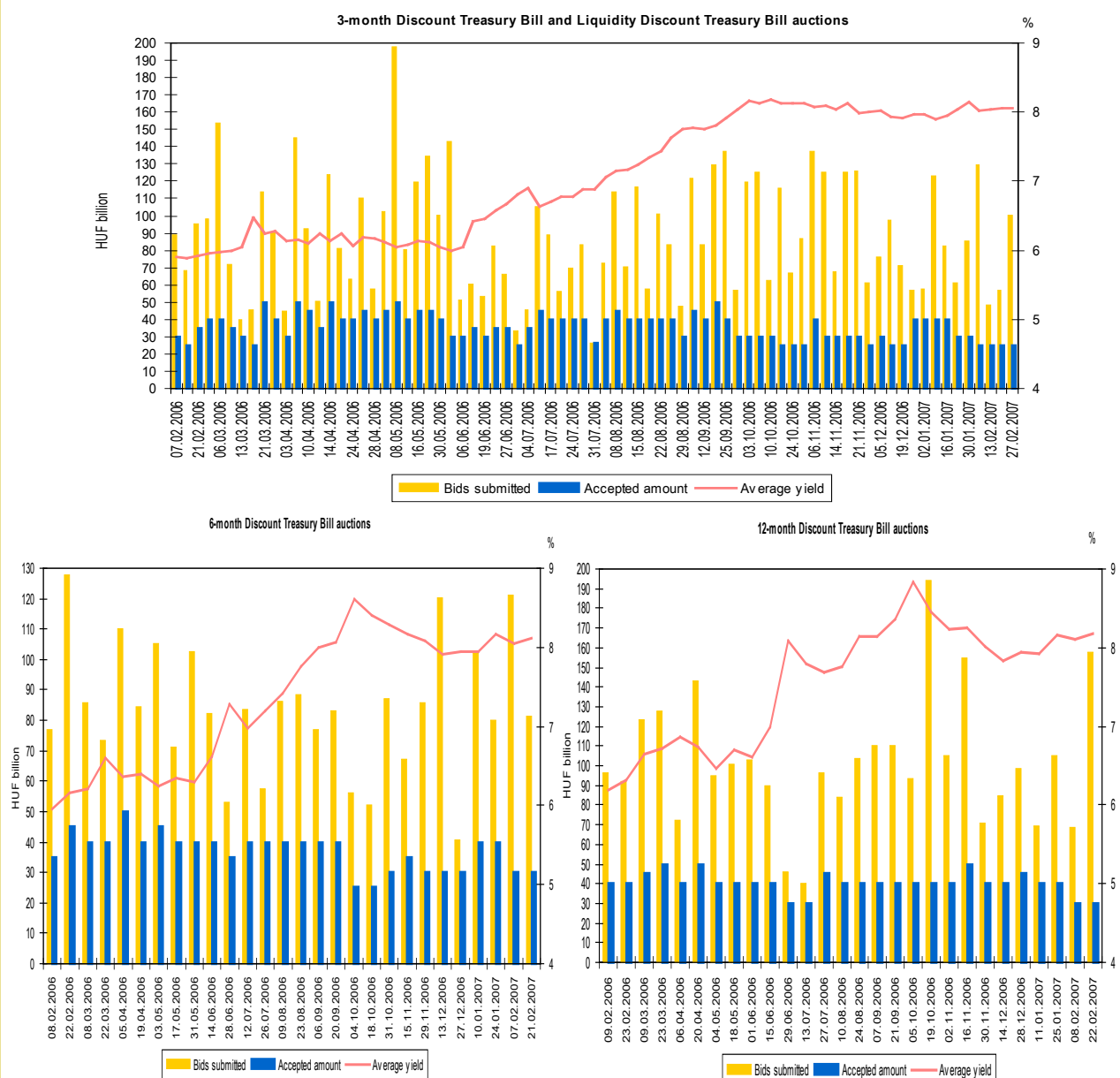


# ■ GOVERNMENT SECURITIES MARKET ■

## DISCOUNT TREASURY BILL AUCTION RESULTS

|                                             | 3-month Discount T-bills |              |              |              | 6-month Discount T-bills |              | 12-month Discount T-bills |              |
|---------------------------------------------|--------------------------|--------------|--------------|--------------|--------------------------|--------------|---------------------------|--------------|
| Code of T-bills                             | D070516                  | D070523      | D070530      | D070606      | D070829                  | D070829      | D080116                   | D080116      |
| ISIN code                                   | HU0000516174             | HU0000516190 | HU0000516208 | HU0000515820 | HU0000516182             | HU0000516182 | HU0000516141              | HU0000516141 |
| Maturity in days                            | 91                       | 91           | 91           | 91           | 196                      | 182          | 336                       | 322          |
| Date of auction                             | 06.02.2007               | 13.02.2007   | 20.02.2007   | 27.02.2007   | 07.02.2007               | 21.02.2007   | 08.02.2007                | 22.02.2007   |
| Date of financial settlement                | 14.02.2007               | 21.02.2007   | 28.02.2007   | 07.03.2007   | 14.02.2007               | 28.02.2007   | 14.02.2007                | 28.02.2007   |
| Redemption date                             | 16.05.2007               | 23.05.2007   | 30.05.2007   | 06.06.2007   | 29.08.2007               | 29.08.2007   | 16.01.2008                | 16.01.2008   |
| Maximum yield, (%) - ISMA                   | 8.02                     | 8.07         | 8.08         | 8.07         | 8.06                     | 8.14         | 8.13                      | 8.18         |
| Minimum yield (%) - ISMA                    | 7.96                     | 7.98         | 7.96         | 8.00         | 8.00                     | 8.01         | 8.01                      | 8.16         |
| Average yield (%) - ISMA                    | 8.01                     | 8.03         | 8.06         | 8.05         | 8.04                     | 8.11         | 8.11                      | 8.17         |
| Maximum yield, (%) - EHM                    | 8.13                     | 8.18         | 8.19         | 8.18         | 8.17                     | 8.25         | 8.24                      | 8.29         |
| Minimum yield (%) - EHM                     | 8.07                     | 8.09         | 8.07         | 8.11         | 8.11                     | 8.12         | 8.12                      | 8.27         |
| Average yield (%) - EHM                     | 8.12                     | 8.14         | 8.17         | 8.16         | 8.15                     | 8.22         | 8.22                      | 8.28         |
| Average selling price (%)                   | 98.0154                  | 98.0106      | 98.0033      | 98.0057      | 95.8062                  | 96.0614      | 92.9633                   | 93.1900      |
| Amount offered for sale (HUF million)       | 25,000.00                | 25,000.00    | 25,000.00    | 25,000.00    | 30,000.00                | 30,000.00    | 30,000.00                 | 30,000.00    |
| Amount of bids submitted (HUF million)      | 129,326.85               | 48,555.44    | 57,232.25    | 100,510.76   | 121,036.31               | 81,449.02    | 68,964.87                 | 157,636.00   |
| Amount of bids accepted (HUF million)       | 24,999.92                | 24,999.92    | 24,999.97    | 24,999.87    | 29,999.92                | 29,999.95    | 29,999.94                 | 29,999.92    |
| Bid-to-cover ratio                          | 5.17                     | 1.94         | 2.29         | 4.02         | 4.03                     | 2.71         | 2.30                      | 5.25         |
| Bids submitted (pcs)                        | 116                      | 117          | 101          | 111          | 116                      | 126          | 133                       | 155          |
| Bids accepted (pcs)                         | 33                       | 84           | 72           | 51           | 43                       | 51           | 70                        | 32           |
| Market sales* (HUF million)                 | 24,999.92                | 24,999.92    | 24,999.97    | 24,999.87    | 29,999.92                | 29,999.95    | 29,999.94                 | 29,999.92    |
| Retained on ÁKK's own account (HUF million) | 2,500.08                 | 2,500.08     | 2,500.03     | 2,500.13     | 9,000.08                 | 6,000.05     | 6,000.06                  | 6,000.08     |
| Total amount issued (HUF million)           | 27,500.00                | 27,500.00    | 27,500.00    | 27,500.00    | 39,000.00                | 36,000.00    | 36,000.00                 | 36,000.00    |

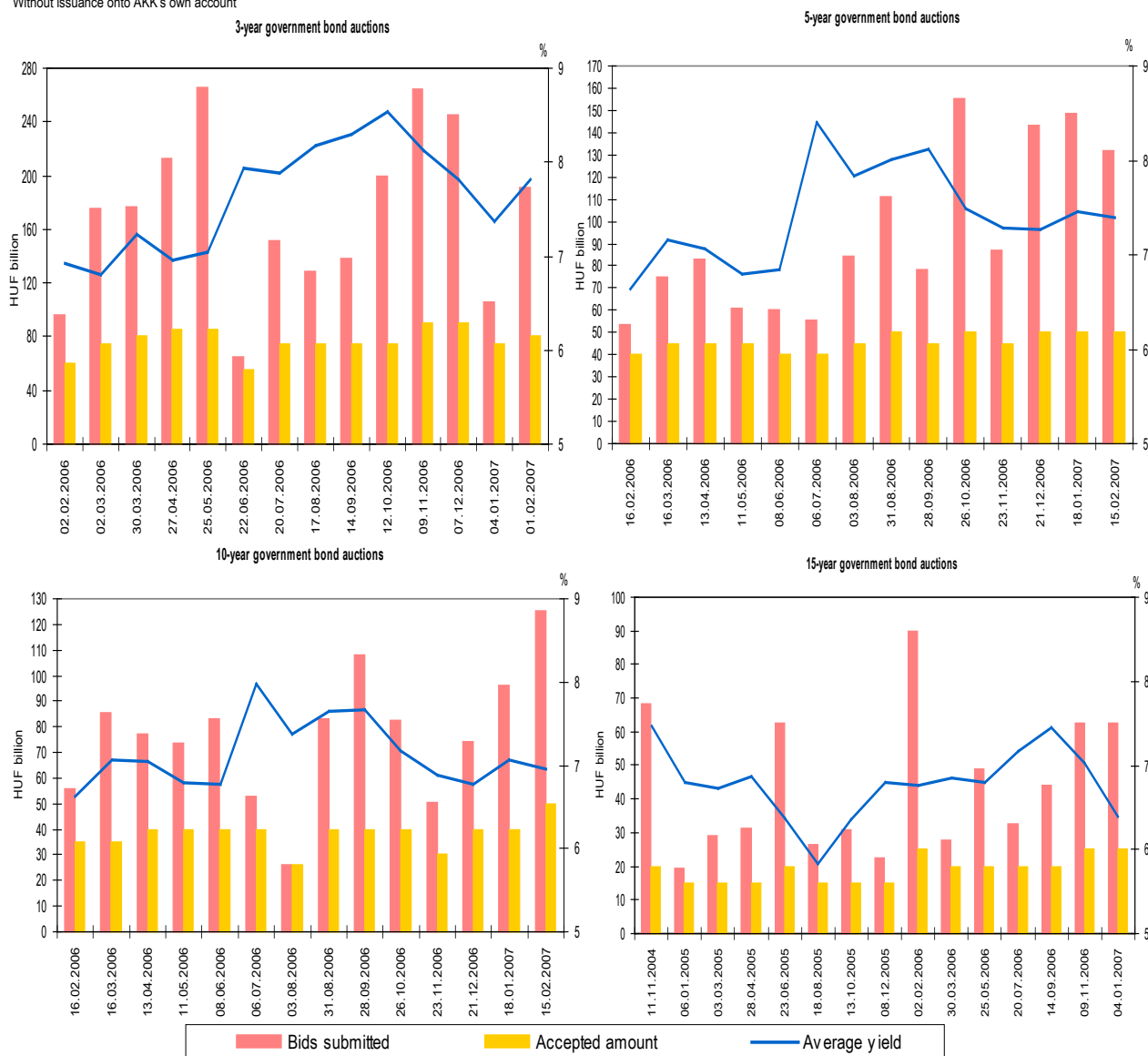
\*Without issuance onto ÁKK's own account



## GOVERNMENT BOND AUCTION RESULTS

| Government Bond                             | 2010/C       | 2012/B       | 2017/B       |
|---------------------------------------------|--------------|--------------|--------------|
| ISIN code                                   | HU0000402391 | HU0000402367 | HU0000402375 |
| Maturity (in years)                         | 3            | 5            | 10           |
| Coupon (%)                                  | 6.75%        | 7.25%        | 6.75%        |
| Auction                                     | 2nd auction  | 6th auction  | 6th auction  |
| Date of auction                             | 01.02.2007   | 15.02.2007   | 15.02.2007   |
| Date of financial settlement                | 07.02.2007   | 21.02.2007   | 21.02.2007   |
| Redemption date                             | 12.04.2010   | 12.06.2012   | 24.02.2017   |
| Maximum annual yield (%) - ISMA             | 7.83         | 7.42         | 6.97         |
| Minimum annual yield (%) - ISMA             | 7.77         | 7.38         | 6.94         |
| Average annual yield (%) - ISMA             | 7.81         | 7.40         | 6.96         |
| Maximum annual yield (%) - EHM              | 7.82         | 7.41         | 6.96         |
| Minimum annual yield (%) - EHM              | 7.76         | 7.37         | 6.93         |
| Average annual yield (%) - EHM              | 7.80         | 7.39         | 6.95         |
| Maximum price (%)                           | 97.2514      | 99.4439      | 98.6570      |
| Minimum price (%)                           | 97.0916      | 99.2742      | 98.4477      |
| Average price (%)                           | 97.1485      | 99.3536      | 98.5385      |
| Amount offered for sale (HUF million)       | 75,000.00    | 45,000.00    | 40,000.00    |
| Amount of bids submitted (HUF million)      | 191,570.00   | 131,861.77   | 125,419.89   |
| Amount of bids accepted (HUF million)       | 79,999.93    | 49,999.94    | 49,999.97    |
| Bid-to-cover ratio                          | 2.39         | 2.64         | 2.51         |
| Bids submitted (pcs)                        | 151          | 107          | 86           |
| Bids accepted (pcs)                         | 100          | 56           | 26           |
| Tail (average price - minimum price)        | 0.06         | 0.08         | 0.09         |
| Market sales* (HUF million)                 | 79,999.93    | 49,999.94    | 49,999.97    |
| Retained on ÁKK's own account (HUF million) | 16,000.07    | 0.06         | 0.03         |
| Total amount issued (HUF million)           | 96,000.00    | 50,000.00    | 50,000.00    |

\*Without issuance onto ÁKK's own account

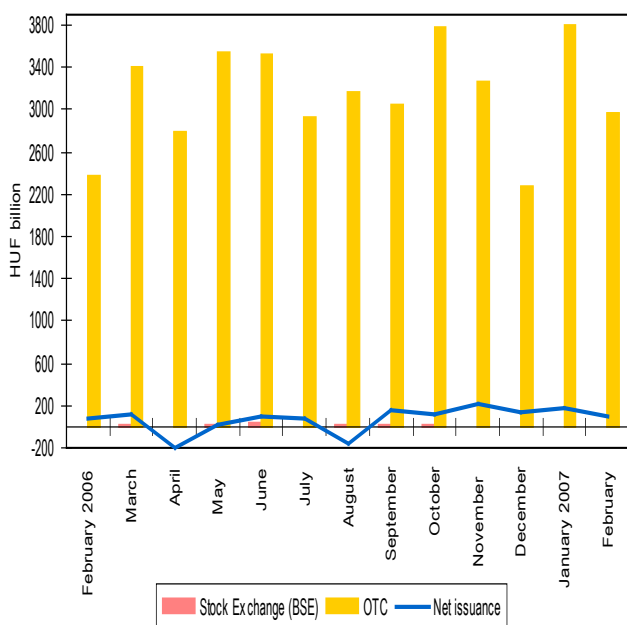


# ■ GOVERNMENT SECURITIES MARKET ■

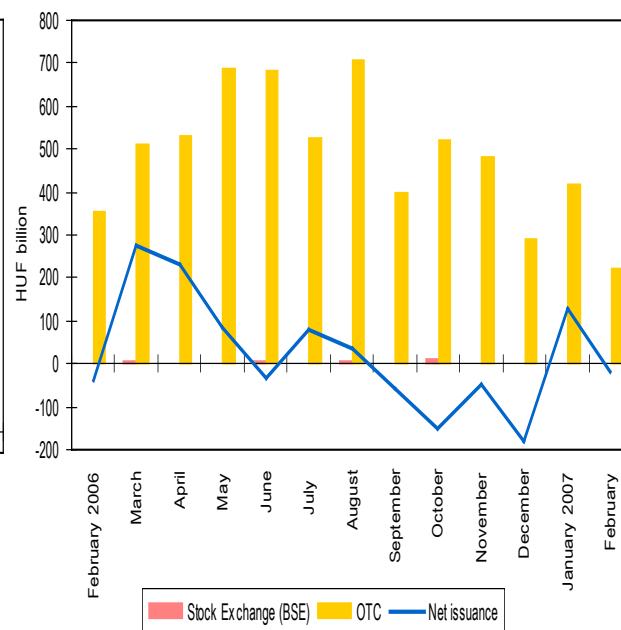
## GOVERNMENT BOND BUY-BACK AUCTION RESULTS

| Government bond                        | 2007/D       | 2007/G       | 2007/D       | 2007/G       |
|----------------------------------------|--------------|--------------|--------------|--------------|
| ISIN code                              | HU0000402052 | HU0000402250 | HU0000402052 | HU0000402250 |
| Coupon (%)                             | 6.25%        | 9.25%        | 6.25%        | 9.25%        |
| Date of reverse auction                | 14.02.2007   | 14.02.2007   | 28.02.2007   | 28.02.2007   |
| Date of financial settlement           | 21.02.2007   | 21.02.2007   | 07.03.2007   | 07.03.2007   |
| Redemption date                        | 12.06.2007   | 12.10.2007   | 12.06.2007   | 12.10.2007   |
| Minimum annual yield (%)               | 8.25         | 8.25         | 8.20         | 8.25         |
| Average annual yield (%)               | 8.30         | 8.29         | 8.25         | 8.26         |
| Amount of bids submitted (HUF million) | 8,094.14     | 33,749.83    | 6,456.00     | 4,843.23     |
| Amount of bids accepted (HUF million)  | 5,094.14     | 19,249.83    | 6,456.00     | 4,393.23     |

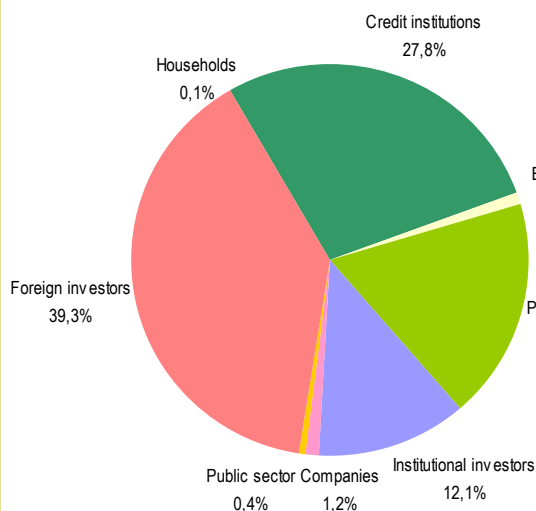
Secondary market trading of government bonds



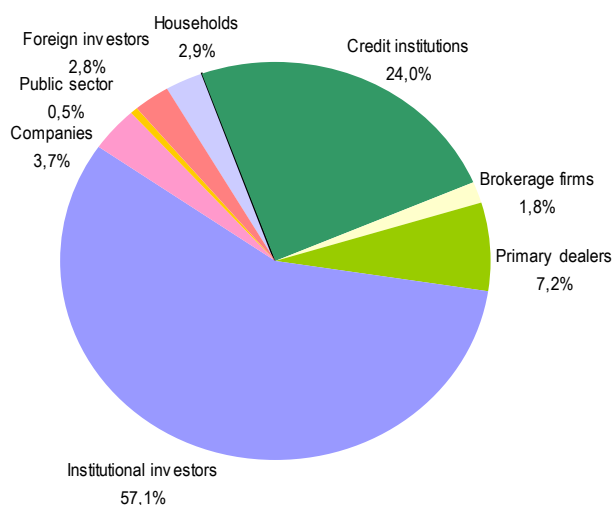
Secondary market trading of Discount Treasury Bills



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

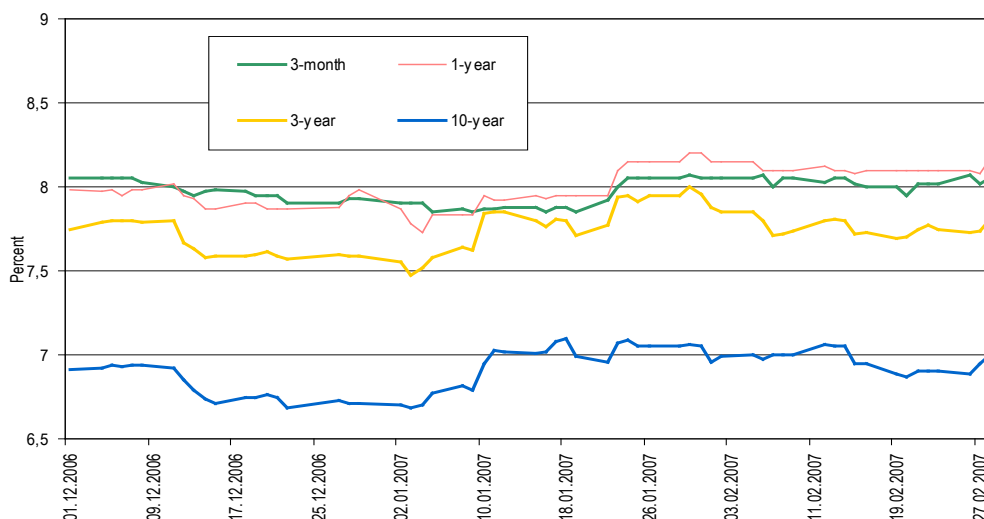


Breakdown of primary dealers' secondary market turnover in Discount Treasury Bills by investor groups in February 2007



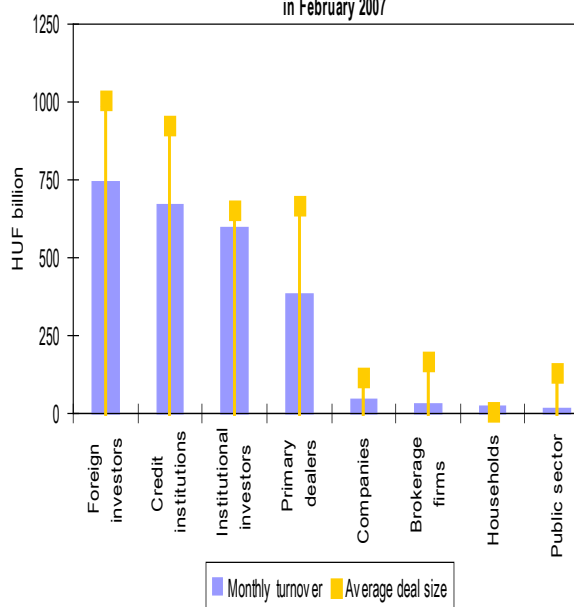
# ■ GOVERNMENT SECURITIES MARKET ■

Benchmark yields in the past three months

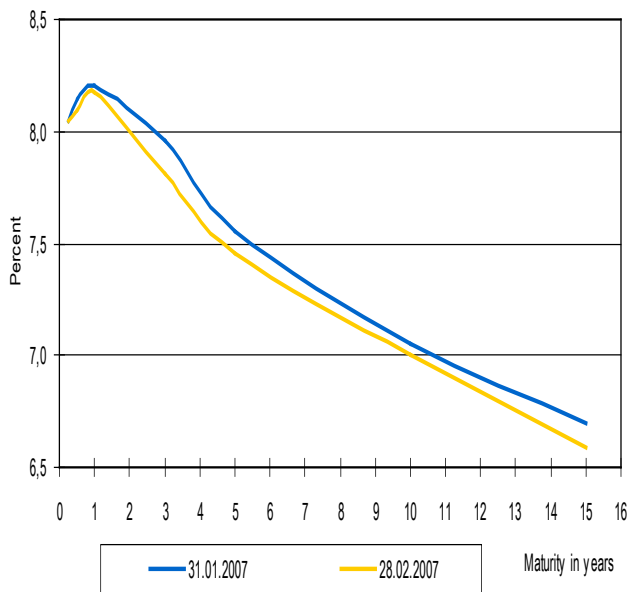


Primary dealers' trading with different investor groups

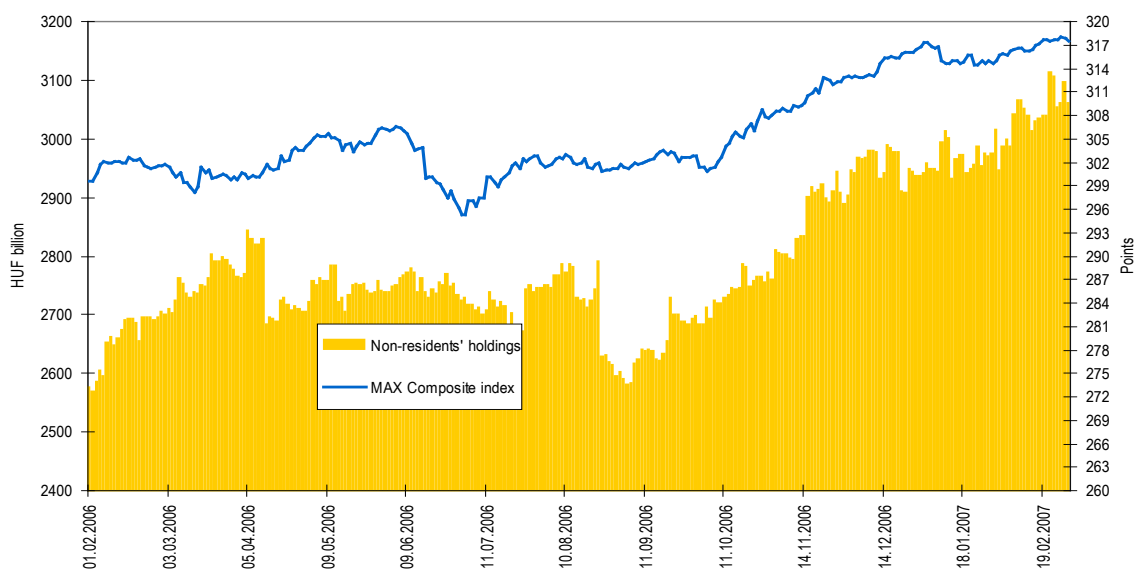
in February 2007



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 FEBRUARY 2007

| Government Bond | Date of interest rate reset |  | Interest period |            | Date of interest payment | Reset interest rate (%) | Interest payable (%) |
|-----------------|-----------------------------|--|-----------------|------------|--------------------------|-------------------------|----------------------|
| 2026/A          | 27.02.2007                  |  | 28.02.2007      | 28.08.2007 | 28.08.2007               | 8.02                    | 4.03                 |
| 2008/B          | 09.02.2007                  |  | 12.02.2007      | 12.08.2007 | 13.08.2007               | 8.03                    | 4.04                 |
| 2007/C          | 09.02.2007                  |  | 12.02.2007      | 12.08.2007 | 13.08.2007               | 8.03                    | 4.04                 |
| 2009/A          | 09.02.2007                  |  | 12.02.2007      | 12.08.2007 | 13.08.2007               | 8.03                    | 4.04                 |
| 2010/A          | 09.02.2007                  |  | 12.02.2007      | 12.08.2007 | 13.08.2007               | 8.03                    | 4.04                 |
| 2007/E          | 09.02.2007                  |  | 12.02.2007      | 12.08.2007 | 13.08.2007               | 8.03                    | 4.04                 |

## HUNGARIAN GOVERNMENT SECURITIES INDICES

|                                                 | MAX index | RMAX index | MAX Composite index | ZMAX index |
|-------------------------------------------------|-----------|------------|---------------------|------------|
| Value as at 28 February 2007                    | 321.9421  | 318.6385   | 317.4886            | 321.2764   |
| Changes compared to the end of the month before | 2.6704    | 2.0608     | 2.5231              | 2.0065     |
| Annual yield earned on the index portfolio      | 5.20%     | 6.68%      | 5.31%               | 7.16%      |

### Government securities with the highest secondary market turnover in February 2007

| Government security | Date of redemption | Turnover (HUF billion) |
|---------------------|--------------------|------------------------|
| 2016/C              | 12.02.2016         | 263.1                  |
| 2011/B              | 12.10.2011         | 259.6                  |
| 2012/B              | 12.06.2012         | 257.2                  |
| 2009/F              | 12.08.2009         | 229.5                  |
| D071121             | 21.11.2007         | 188.4                  |
| 2010/C              | 12.04.2010         | 177.7                  |
| 2009/E              | 24.04.2009         | 148.7                  |
| D070926             | 26.09.2007         | 138.5                  |
| 2017/B              | 24.02.2017         | 108.1                  |
| D080116             | 16.01.2008         | 84.8                   |

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

| Government bond | HUF billion |            |
|-----------------|-------------|------------|
|                 | 31.01.2007  | 28.02.2007 |
| 2010/C          | 75.05       | 155.10     |
| 2012/B          | 240.06      | 290.06     |
| 2017/B          | 190.01      | 240.01     |
| 2023/A          | 25.00       | 25.00      |

## PRIMARY DEALERS - AS AT 28 FEBRUARY 2007

| Primary dealers:                         |                                                   | Primary dealers for retail securities:             |
|------------------------------------------|---------------------------------------------------|----------------------------------------------------|
| CIB Bank Zrt.                            | ING Bank Zrt.                                     | CIB Bank Zrt.                                      |
| CITIBANK Zrt.                            | Kereskedelmi és Hitelbank Nyrt.                   | HVB 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 |