GOVERNMENT SECURITIES MARKET MONTHLY REPORT

MARCH 2005

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The deficit of the central government amounted to HUF 483.8 billion in the first three months of 2005. The pre-financing of cash transfers from the EU's EAGGF fund increased the net borrowing requirement by HUF 64.6 billion, as did the HUF 1.1 billion transfer to the National Bank of Hungary (NBH) by law, covering the exchange rate losses of the bank. The total net financing requirement was met by a net issuance of HUF 713.8 billion (ca. EUR 2.9 billion) in these three months, out of which net domestic currency issuance was HUF 268.4 billion (ca. EUR 1.1 billion) and net foreign exchange issuance totalled HUF 445.4 billion (ca. 1.8 EUR billion).

The HUF denominated debt of the central government increased by HUF 267.5 billion up to the end of March 2005 (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 208.4 billion, discount Treasury bills for HUF 59.9 billion, while retail government securities for HUF 0.5 billion. The stock of domestic loans decreased by HUF 1.3 billion.

The foreign currency debt of the central government increased by HUF 466.7 billion in the first two months of the year. Foreign currency bond issues increased the debt by HUF 525.3 billion, while the redemptions of foreign exchange loans amounting to HUF 79.9 billion and exchange rate gains of HUF 21.3 billion decreased the HUF value of the foreign currency debt.

At the end of March 2005, 67.3% of the domestic government securities were fixed rate, 32.7% floating rate securities, compared to 66.7% and 33.4% at the end of 2004, which shows a small increase in the proportion of fixed rate securities in the first three months of 2005.

Secondary market yields increased in March, with the exception of the 3-month maturity. At the beginning of the month the yields declined, but by mid-March a substantial correction took place, which offset the decreases, except in the case of the shortest maturity. In the secondary market, the 3-month yield declined by 10 basis points to 7.32%, while on the 6 and 12-month maturities a small 2-8 bps increase took place. The long-term yields showed an increase of 11-26 basis points. The 1-year yield increased by 8 basis points to 7.22%, the 3-year yield rose by 22 basis points and amounted to 7.22%, while the 10-year benchmark yield reached 6.78% at the end of March after decreasing by 16 basis points.

Monthly OTC turnover of government securities was lower by 8% in March than in the month before and reached HUF 2161.4 billion. Primary dealers, who account for the decisive part of all secondary government securities trading, made 35% of their secondary government securities deals with non-resident investors.

The volume of non-residents' holdings of Hungarian government securities increased altogether by HUF 6.5 billion in March, and amounted to HUF 2586.4 billion at the end of the month. This volume represented 31.4% of the total amount of domestic government bonds and discount Treasury bills.

The HUF/EUR mid exchange rate at the end of March 2005 was 247.18

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

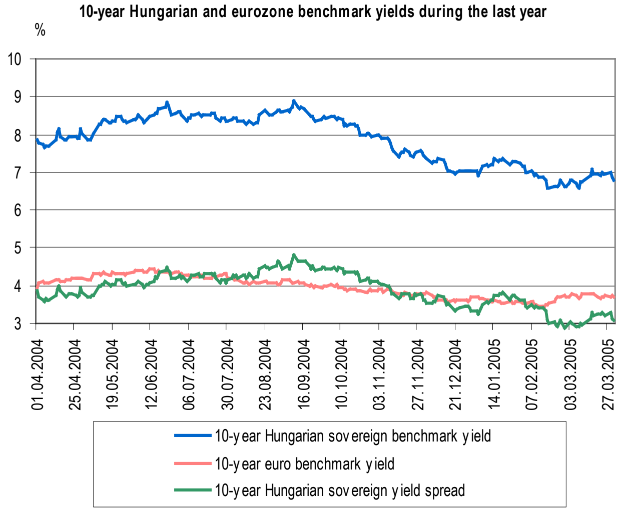
CENTRAL GOVERNMENT GROSS DEBT

HUF BILLION

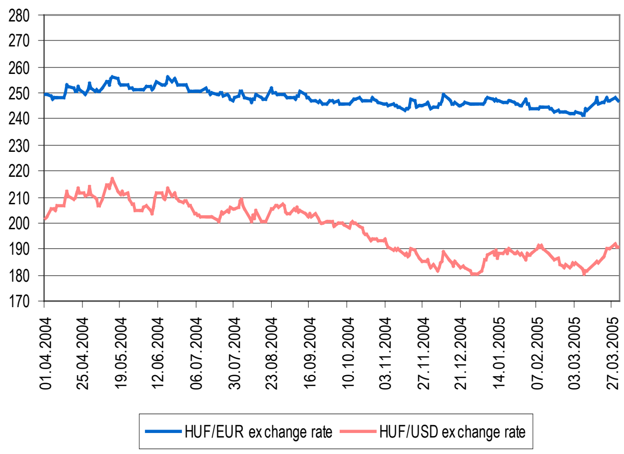
	1999	2000	2001	2002	2003	2004	Jan. 2005	Feb. 2005	March 2005
1. Forint denominated debt	4,350.2	4,717.5	5,397.4	6,956.9	8,008.7	8,608.8	8,783.5	8,801.1	8,876.4
1.1. Loans	380.2	303.8	228.3	353.2	117.9	4.7	3.4	3.4	3.4
1.1.1. Foreign loans	0.0	0.0	0.0	1.7	1.4	1.1	1.1	1.1	1.1
1.1.2. Domestic loans	380.2	303.8	228.3	351.5	116.5	3.5	2.2	2.2	2.2
1.1.2.1. Raised from National Bank of Hungary (NBH)	362.4	289.5	217.4	144.0	71.2	0.0	0.0	0.0	0.0
1.1.2.2. Others loans	17.8	14.3	10.9	207.5	45.3	3.5	2.2	2.2	2,2
1.2. Government securiries	3,970.0	4,413.6	5,169.1	6,603.7	7,890.8	8,604.2	8,780.1	8,797.7	8,873.0
1.2.1. Public issues	3,116.8	3,582.4	4,360.0	5,826.3	7,131.5	7,860.6	8,036.5	8,055.5	8,131.3
1.2.1.1. Bonds	1,790.8	2,221.2	2,782.0	3,829.2	5,056.5	5,768.9	5,886.7	5,916.8	5,979.2
1.2.1.2. Discount T-bills	826.7	837.9	1,033.3	1,436.8	1,541.4	1,463.3	1,520.4	1,498.4	1,523.1
1.2.1.3. Retail securities	499.3	523.3	544.7	560.3	533.5	628.4	629.4	640.0	629.0
1.2.2. Private placements	853.2	831.3	809.1	777.4	759.3	743.6	743.6	742.6	741.7
2. Foreign currency denominated debt*	2,536.2	2,508.8	2,322.1	2,267.3	2,579.0	2,983.5	2,977.2	3,379.7	3,450.2
2.1. Loans	1,929.6	1,772.8	1,410.4	1,394.3	1,084.1	916.8	912.4	824.1	841.3
2.1.1. Foreign loans	361.2	368.8	317.8	461.9	598.8	528.9	524.9	515.4	526.1
2.1.2. Domestic loans	1,568.4	1,404.0	1,092.6	932.3	485.3	387.8	387.5	308.8	315.2
2.1.2.1. Raised from National Bank of Hungary (NBH)	1,568.4	1,404.0	1,092.6	849.6	466.5	355.7	355.3	277.1	282.9
2.1.2.2. Others loans	0.0	0.0	0.0	82.8	18.8	32.2	32.1	31.7	32.3
2.2. Government securities	606.7	736.0	911.7	873.0	1,494.9	2,066.8	2,064.8	2,555.6	2,608.9
2.2.1. Issued abroad	587.1	715.7	911.7	873.0	1,494.9	2,066.8	2,064.8	2,555.6	2,608.9
2.2.1.1. Foreign currency bonds	586.8	715.4	911.5	872.9	1,494.7	2,066.7	2,064.8	2,555.5	2,608.8
2.2.1.2. Kingdom of Hungary 1924 issues	0.3	0.3	0.3	0.2	0.1	0.1	0.1	0.1	0.1
2.2.2. Issued domestically	19.6	20.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total	6,886.4	7,226.2	7,719.5	9,224.2	10,587.7	11,592.4	11,760.7	12,180.8	12,326.6
Marketable HUF debt (1.2.1.1+1.2.1.2.+1.2..2.)	*3,470.7*	*3,890.4*	*4,624.4*	*6,043.4*	*7,357.3*	*7,975.8*	*8,150.7*	*8,157.7*	*8,244.0*
Gross debt/GDP	*60.4%*	*54.9%*	*52.0%*	*55.1%*	*57.0%*	*57.3%*			

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

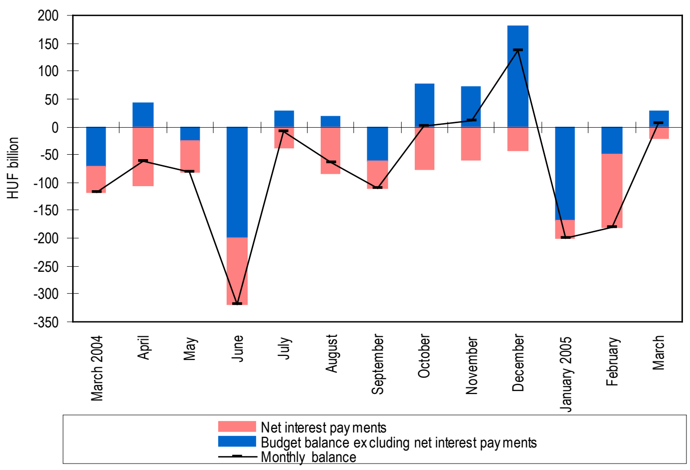
10-year Hungarian and eurozone benchmark yields during the last year



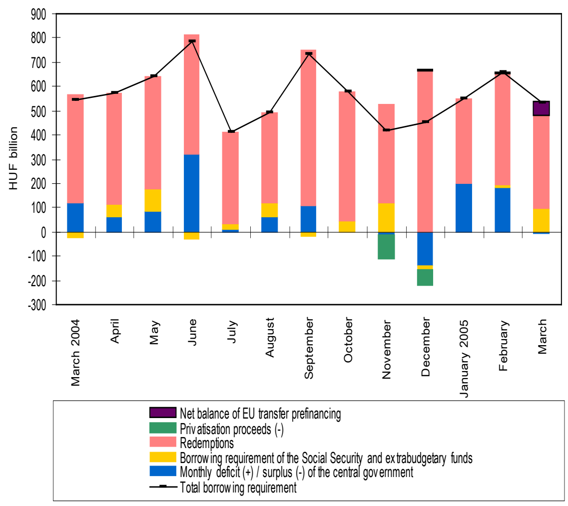
The exchange rate of the Hungarian Forint during the last year



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



Gross borrowing requirement

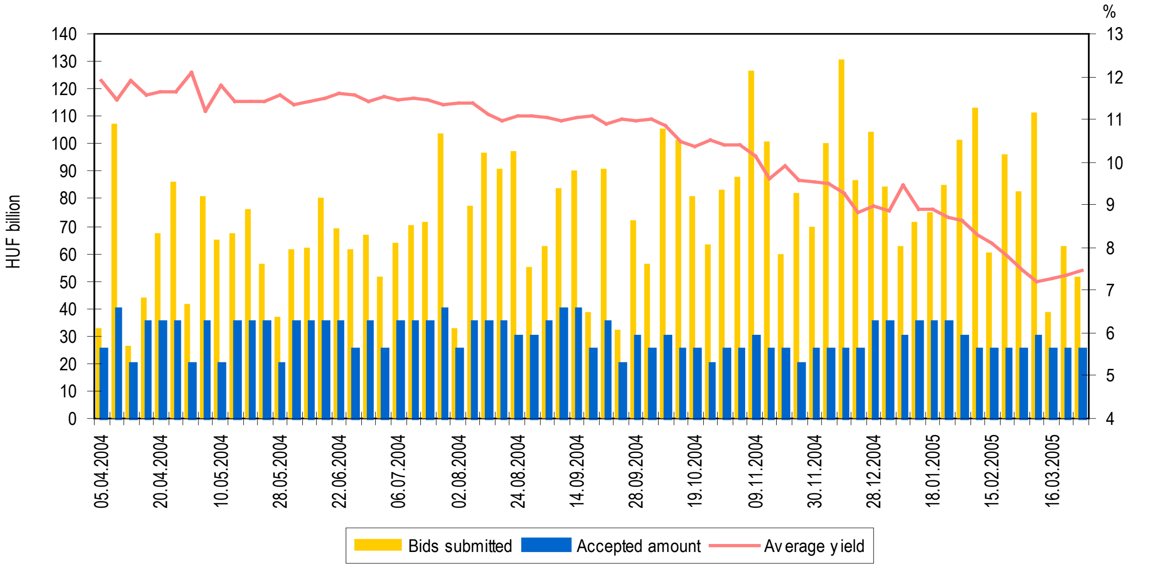


DISCOUNT TREASURY BILL AUCTION RESULTS

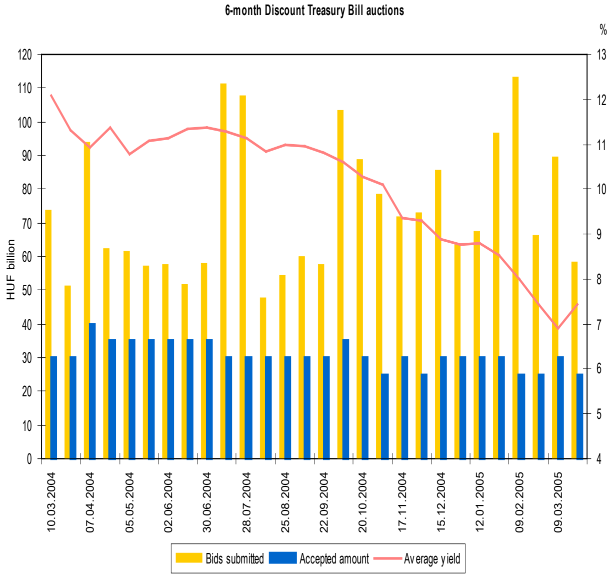
	3-month Discount T-bills					6-month Discount T-bills		12-month Discount T-bills	
Code of T-bills	D050608	D050615	D050622	D050629	D050706	D050831	D050831	D060316	D060316
Maturity in days	91	91	91	91	91	168	154	365	351
Date of auction	01.03.2005.	08.03.2005.	16.03.2005.	22.03.2005.	29.03.2005.	09.03.2005.	23.03.2005.	10.03.2005.	24.03.2005.
Date of financial settlement	09.03.2005.	16.03.2005.	23.03.2005.	30.03.2005.	06.04.2005.	16.03.2005.	30.03.2005.	16.03.2005.	30.03.2005.
Redemption date	08.06.2005.	15.06.2005.	22.06.2005.	29.06.2005.	06.07.2005.	31.08.2005.	31.08.2005.	16.03.2006.	16.03.2006.
Maximum yield (%) - ISMA	7.47	7.22	7.32	7.39	7.47	6.94	7.46	7.10	7.39
Minimum yield (%) - ISMA	7.30	7.15	7.10	7.10	7.15	6.85	7.00	6.80	7.28
Average yield (%) - ISMA	7.45	7.21	7.28	7.36	7.45	6.90	7.43	7.05	7.34
Maximum yield (%) - EHM	7.57	7.32	7.42	7.49	7.57	7.04	7.56	7.20	7.49
Minimum yield (%) - EHM	7.40	7.25	7.20	7.20	7.25	6.95	7.10	6.89	7.38
Average yield (%) - EHM	7.55	7.31	7.38	7.46	7.55	7.00	7.53	7.15	7.44
Average selling price (%)	98.1516	98.2101	98.1930	98.1735	98.1516	96.8804	96.9195	93.3289	93.3215
Amount offered for sale (HUF million)	25,000.00	25,000.00	25,000.00	25,000.00	25,000.00	25,000.00	25,000.00	30,000.00	30,000.00
Amount of bids submitted (HUF million)	82,650.11	111,429.74	38,530.19	62,719.55	51,565.33	89,484.35	58,530.72	30,173.01	73,075.96
Amount of bids accepted (HUF million)	25,000.00	29,999.88	24,999.98	24,999.97	24,999.95	29,999.90	24,999.91	23,999.97	29,999.96
Bid-to-cover ratio:	3.31	3.71	1.54	2.51	2.06	2.98	2.34	1.26	2.44
Bids submitted (pcs)	134	161	84	123	97	133	117	84	166
Bids accepted (pcs)	41	43	52	55	55	82	67	80	95
Market sales* (HUF million)	25,000.00	29,999.88	24,999.98	24,999.97	24,999.95	29,999.90	24,999.91	23,999.97	29,999.96
Retained on ÁKK's own account (HUF million)	2,500.00	3,000.12	2,500.02	2,500.03	2,500.05	3,000.10	2,500.09	7,000.03	3,000.04
Total amount issued (HUF million)	27,500.00	33,000.00	27,500.00	27,500.00	27,500.00	33,000.00	27,500.00	31,000.00	33,000.00

* Without issuance onto ÁKK's own account

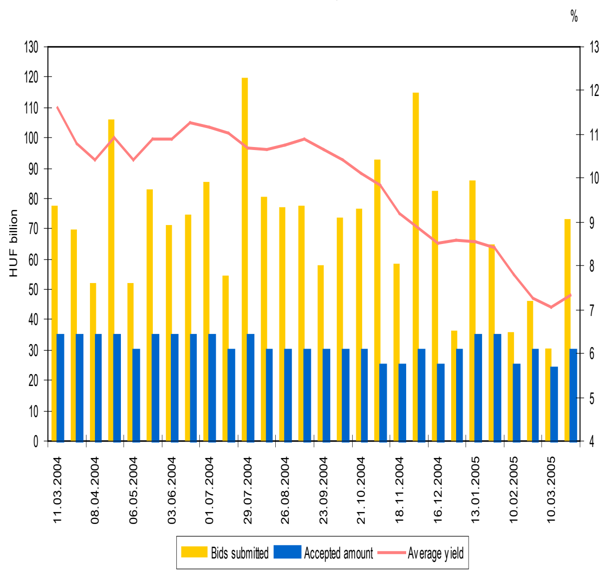
3-month Discount Treasury Bill and Liquidity Discount Treasury Bill auctions



6-month Discount Treasury Bill auctions



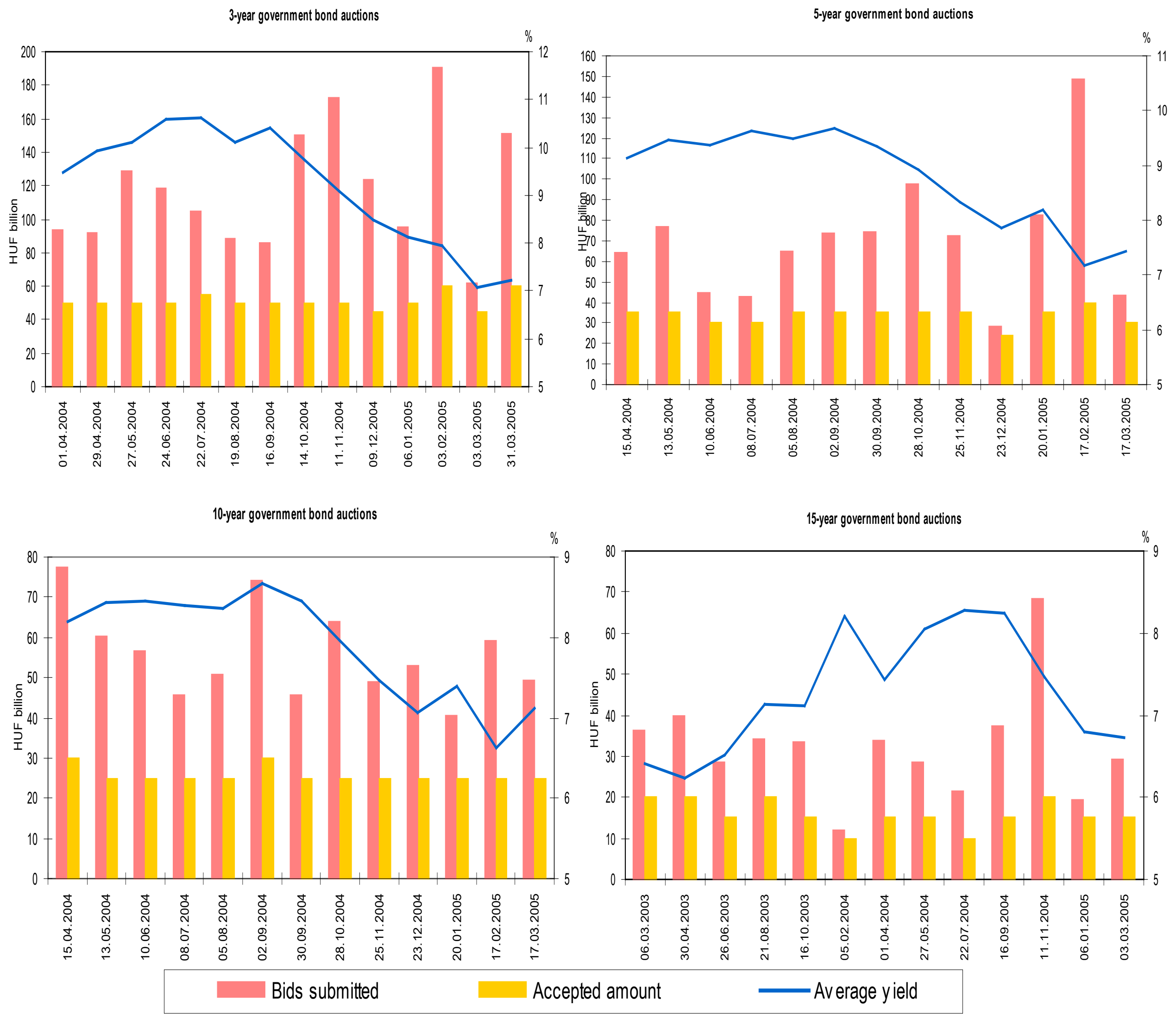
12-month Discount Treasury Bill auctions



GOVERNMENT BOND AUCTION RESULTS

Government Bond	2008/D	2020/A	2009/D	2015/A	2008/D
ISIN coda	HU0000402276	HU0000402235	HU0000402243	HU0000402268	HU0000402276
Maturity (in years)	3	15	5	10	3
Coupon (%)	7.25%	7.50%	8.25%	8.00%	7.25%
Auction	3rd auction	8th auction	9th auction	10th auction	4th auction
Date of auction	03.03.2005.	03.03.2005.	17.03.2005.	17.03.2005.	31.03.2005.
Date of financial settlement	09.03.2005.	09.03.2005.	23.03.2005.	23.03.2005.	06.04.2005.
Redemption date	24.04.2008.	12.11.2020.	12.10.2009.	12.02.2015.	24.04.2008.
Maximum annual year (%) - ISMA	7.10	6.76	7.50	7.15	7.24
Minimum annual year (%) - ISMA	7.03	6.55	7.39	7.08	7.18
Average annual year (%) - ISMA	7.07	6.73	7.44	7.12	7.22
Maximum annual year (%) - EHM	7.09	6.76	7.50	7.15	7.23
Minimum annual year (%) - EHM	7.02	6.55	7.39	7.08	7.17
Average annual year (%) - EHM	7.06	6.72	7.43	7.12	7.21
Maximum price (%)	100.6199	109.0886	103.1553	106.3639	100.1957
Minimum price (%)	100.4290	106.9684	102.7337	105.8586	100.0364
Average price (%)	100.5099	107.2947	102.9685	106.0665	100.1023
Amount offered for sale (HUF million)	50,000.00	15,000.00	35,000.00	25,000.00	50,000.00
Amount of bids submitted (HUF million)	61,970.00	29,253.00	43,750.00	49,260.00	150,925.00
Amount of bids accepted (HUF million)	44,999.91	15,000.00	29,999.98	25,000.00	59,999.91
Bid-to-cover ratio	1.38	1.95	1.46	1.97	2.52
Bids submitted (pcs)	118	50	72	82	193
Bids accepted (pcs)	77	39	66	54	133
Tail (average price - minimum price)	0.08	0.33	0.23	0.21	0.07
Market sales* (HUF million)	44,999.91	15,000.00	29,999.98	25,000.00	59,999.91
Retained on ÁKK's own account (HUF million)	3,000.09	3,000.00	0.02	0.00	0,09
Total amount issued (HUF million)	48,000.00	18,000.00	30,000.00	25,000.00	60,000.00

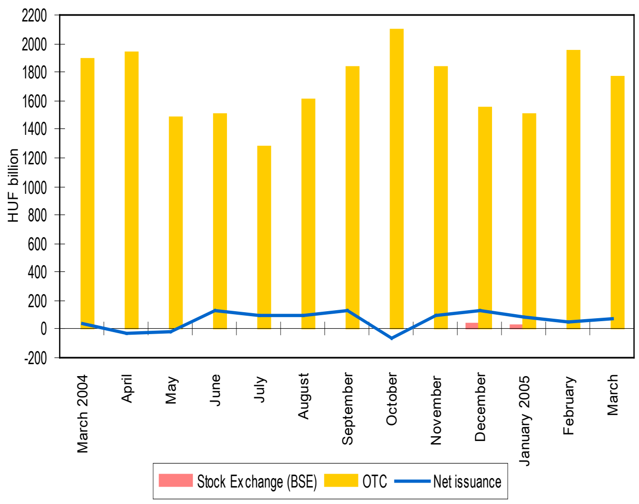
*Without issuance onto ÁKK's own account



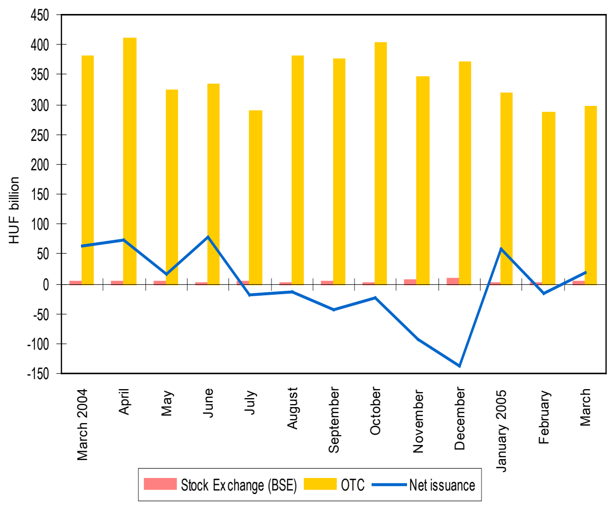
GOVERNMENT BOND REVERSE AUCTION RESULTS

Government bond	2005/I	2005/H	2005/I	2005/H
ISIN code	HU0000402086	HU0000402078	HU0000402086	HU0000402078
Coupon (%)	8.50%	7.00%	8.50%	7.00%
Date of reverse auction	02.03.2005.	02.03.2005.	16.03.2005.	16.03.2005.
Redemption date	09.03.2005.	09.03.2005.	23.03.2005.	23.03.2005.
Date of financial settlement	12.10.2005.	12.08.2005.	12.10.2005.	12.08.2005.
Minimum annual yield (%)	7.30	7.35	7.25	7.40
Average annual yield (%) - ISMA	7.30	7.36	7.29	7.41
Amount of bids submitted (HUF million)	17,636.95	9,264.51	9,559.62	3,614.32
Amount of bids accepted (HUF million)	1,079.95	8,349.87	9,349.05	2,507.32

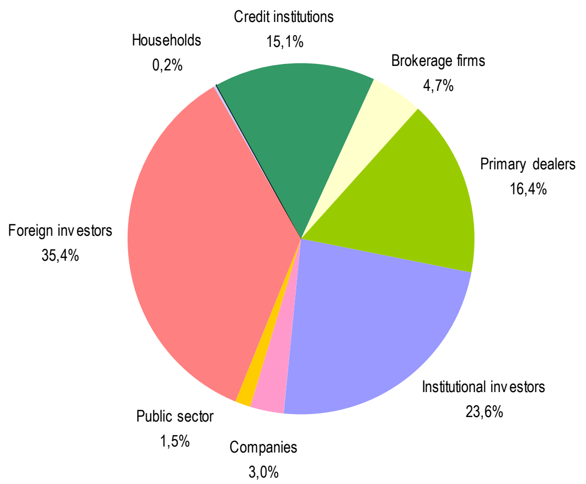
Secondary market trading of government bonds



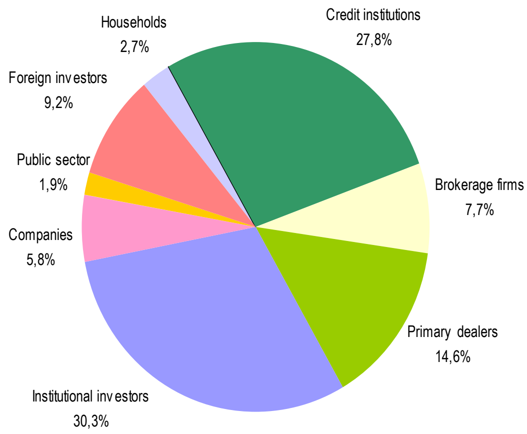
Secondary market trading of Discount Treasury Bills



Breakdown of primary dealers' secondary market turnover in government bonds by investor groups in March 2005



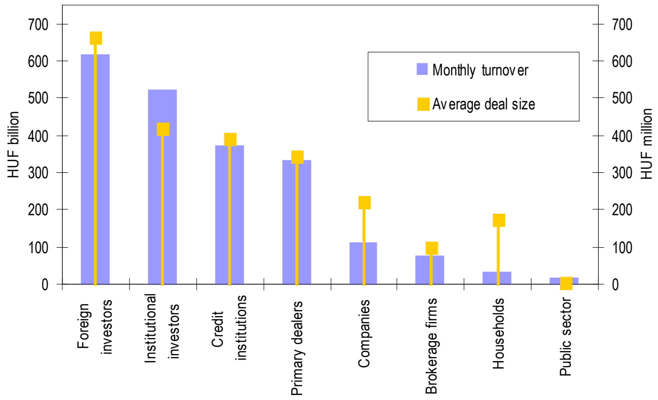
Breakdown of primary dealers' secondary market turnover in Discount Treasury Bills by investor groups in March 2005



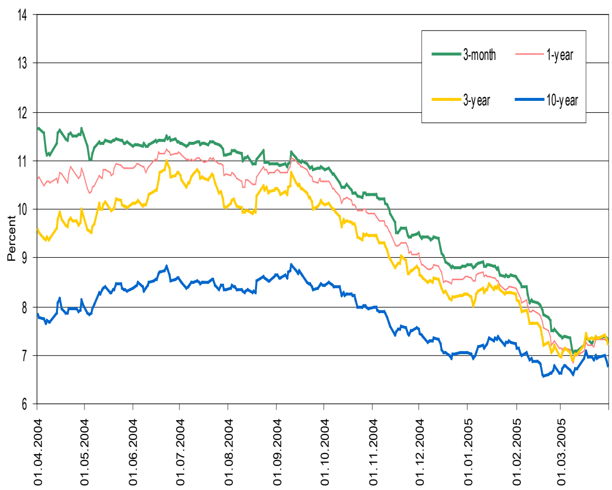
Government securities with the highest secondary market turnover in March 2005

Government security	Date of redemption	Turnover (HUF billion)
2009/D	12.10.2009.	181.3
2008/D	24.04.2008.	165.8
2007/F	12.04.2007.	156.1
2006/F	12.04.2006.	144.1
2015/A	12.02.2015.	123.8
2013/C	20.12.2013.	122.3
2006/G	24.08.2006.	118.9
2007/G	12.10.2007.	72.3
2013/D	12.02.2013.	71.1
D051123	23.11.2005.	66.8

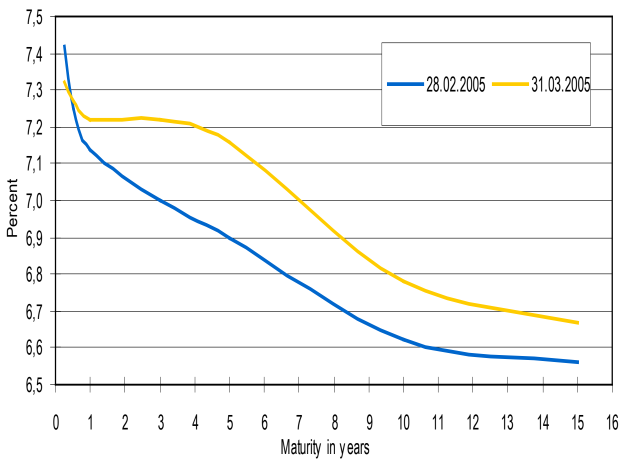
Primary dealers' trading with different investor groups in March 2005



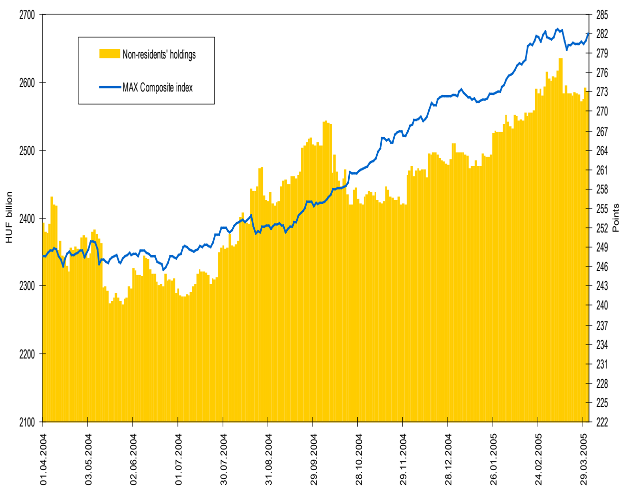
Benchmark yields during the last year



Benchmark yield curves



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



The outstanding volume of government bonds with benchmark status at the end of March 2005

Government bond	HUF billion 28.02.2005.	31.03.2005.
2008/D	111.31	156,07
2009/D	334.57	364,67
2015/A	230.76	256,08
2020/A	98.52	115,57

HUNGARIAN GOVERNMENT SECURITIES INDICES

	MAX index	RMAX index	MAX Composite index	ZMAX index
Value as at 31 March 2005	286,2781	280,1684	281,9470	282,207
Changes compared to the end of the month before	-0,1985	1,7811	0,1543	1,8595
Annual yield earned on the index portfolio	14,48%	11,94%	13,72%	11,37%

EVENTS CALENDAR - MAY 2005

Week 19	2	3	4	5	6	7	8
	Monday	**Tuesday**	**Wednesday**	**Thursday**	**Friday**	**Sat.**	**Sun.**
Discount T-bill public offer			3 - month DKJ				
Discount T-bill auction		D050810	D051026	D060510			
Discount T-bill auction settlement			D050803				
Discount T-bill redemption			D050504				
Liquidity Discount T-bill public offer	Upon decision of the Issuer				Upon decision of the Issuer		
Liquidity Discount T-bill auction	Upon decision of the Issuer						
Liquidity Discount T-bill auction settlement			Upon decision of the Issuer				
Interest Bearing T-bill subscription			K2006/10				
Interest Bearing T-bill redemption			K2005/09				
Government Bond public offer				5 and 10 -year Bonds			
Government Bond auction settlement			3 and 15-year Bonds				
Government Bond interest payment	2014/A						
Week 20	9	10	11	12	13	14	15
	Monday	**Tuesday**	**Wednesday**	**Thursday**	**Friday**	**Sat.**	**Sun.**
Discount T-bill public offer			3, 6 and 12-month DKJs				
Discount T-bill auction		D050817		D060316			
Discount T-bill auction settlement			D050810/D051026/D060510				
Discount T-bill redemption			D050511				
Liquidity Discount T-bill auction	Upon decision of the Issuer				Upon decision of the Issuer		
Liquidity Discount T-bill auction settlement			Upon decision of the Issuer				
Interest Bearing T-bill subscription			K2006/10				
Interest Bearing T-bill public offer		K2006/11					
Government Bond auction				5 and 10 -year Bonds			
Government Bond interest payment				2005/E, 2006/E			
Government Bond redemption		2005/G		2005/E			
Week 21	16	17	18	19	20	21	22
	Monday	**Tuesday**	**Wednesday**	**Thursday**	**Friday**	**Sat.**	**Sun.**
Discount T-bill public offer			3 -month DKJ				
Discount T-bill auction		D050824	D051026	D060510			
Discount T-bill auction settlement			D050817				
Discount T-bill redemption			D050518				
Liquidity Discount T-bill auction settlement			Upon decision of the Issuer				
Interest Bearing T-bill subscription			K2006/11				
Interest Bearing T-bill redemption			K2005/10				
Government Bond public offer				3 -year Bonds			
Government Bond auction settlement			5 and 10 -year Bonds				
Week 22	23	24	25	26	27	28	29
	Monday	**Tuesday**	**Wednesday**	**Thursday**	**Friday**	**Sat.**	**Sun.**
Discount T-bill public offer			3, 6 and 12-month DKJs				
Discount T-bill auction		D050831					
Discount T-bill auction settlement			D050824/D051026/D060510				
Discount T-bill redemption			D050525				
Liquidity Discount T-bill public offer	Upon decision of the Issuer						
Liquidity Discount T-bill auction	Upon decision of the Issuer						
Liquidity Discount T-bill auction settlement			Upon decision of the Issuer				
Interest Bearing T-bill public offer		K2006/12					
Interest Bearing T-bill subscription			K2006/11				
Government Bond auction				3 -year Bond			
Government Bond reverse auction			2 Bond series				
Week 23	30	31					
	Monday	**Tuesday**					
Discount T-bill auction		D050907					
Liquidity Discount T-bill public offer	Upon decision of the Issuer						
Liquidity Discount T-bill auction	Upon decision of the Issuer						
Interest Bearing T-bill subscription	K2006/12						

Key to serial numbers:

Discount T-bills, (DKJ) - D + the last two digits of the year of redemption and month, day of redemption
Interest Bearing T-bisll - The serial number denotes the year of redemption.
Government Bonds - The serial number denotes the year of redemption.

INTEREST RATE RESETS OF FLOATING RATE GOVERNMENT BONDS IN MARCH 2005

Government Bond	Date of interest rate reset	Interest period		Date of interest payment	Reset interest rate (%)	Interest payable (%)
2013/A	19.03.2005.	20.03.2005.	20.09.2005.	20.03.2006.	9.20	
2016/A	30.03.2005.	31.03.2005.	30.06.2005.	30.06.2005.	6.50	1.6

PRIMARY DEALERS - AS AT 31 MARCH 2005

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