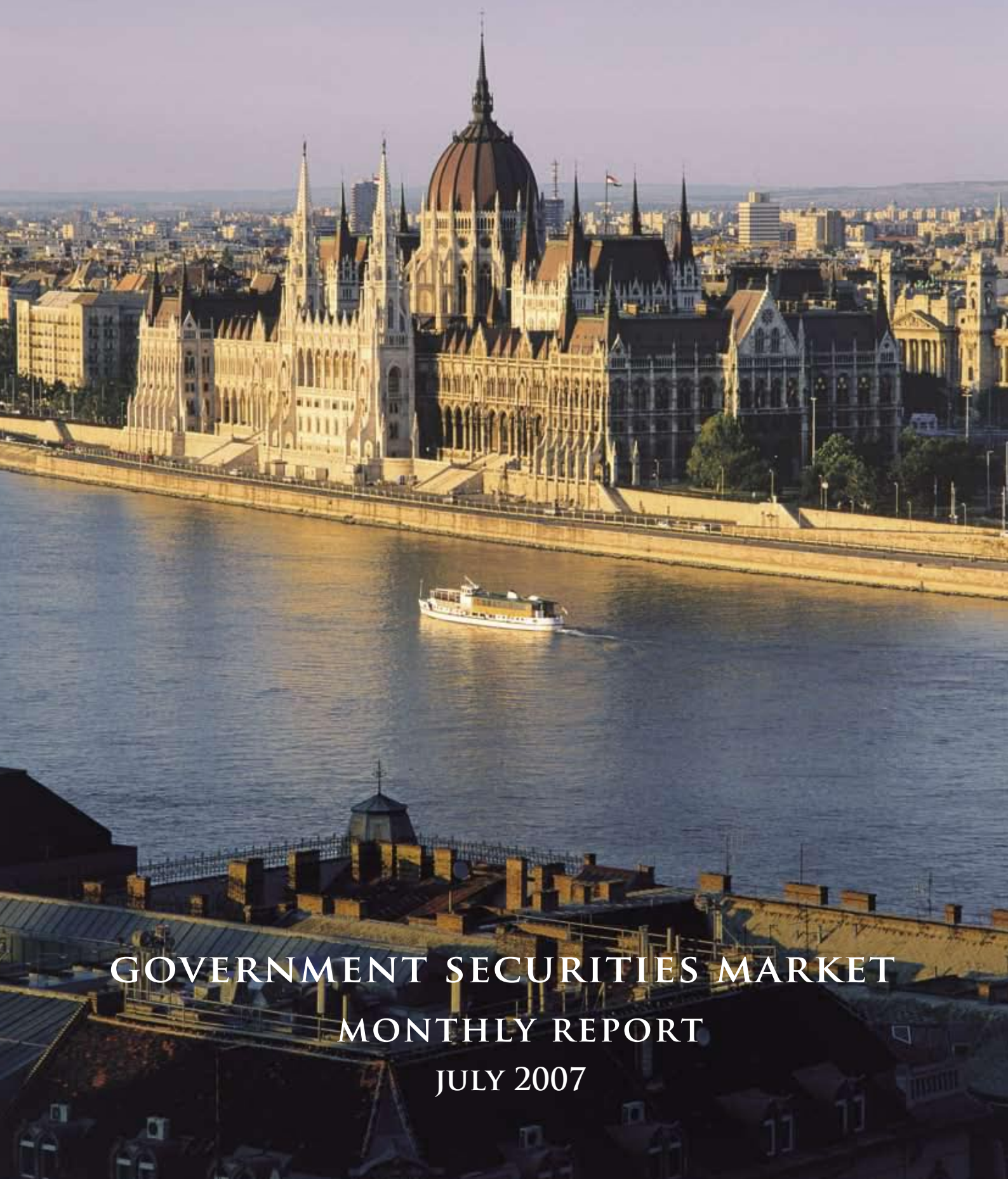




GOVERNMENT SECURITIES MARKET
MONTHLY REPORT
JULY 2007

■ GOVERNMENT SECURITIES MARKET ■

The deficit of the central government amounted to HUF 854.9 billion in the first seven months of 2007 without debt-assumption. The cash inflows worth HUF 134.5 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 741.0 billion till the end of July. Net issuance was HUF 864.2 billion, out of which net HUF-denominated issuance was HUF 520.6 billion, net foreign currency denominated issuance was HUF 343.6 billion in the first seven months of the year.

The HUF-denominated debt of the central government increased by HUF 518.5 billion till the end of July (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 590.0 billion and HUF 74.1 billion respectively, while the stock of retail government securities decreased by HUF 39.4 billion. The stock of non-marketable government bonds decreased by HUF 1.9 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 loans were drawn in the amount of HUF 78.5 billion 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 309.2 billion till the end of July. 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 18.8 billion and exchange rate gains totalling HUF 34.4 billion decreased the Hungarian Forint value of the foreign currency debt.

Secondary market benchmark yields remained approximately the same in July. The 1-year yield fell by 7 basis points to 7.11%, the 3-year and 10-year yield increased by 9-7 basis points to 6.97%-6.70% respectively.

Monthly OTC turnover of government securities was 4% lower in July than a month before and reached HUF 4,200.3 billion. Primary dealers, who account for the decisive part of all secondary government securities trading, made 47% of their secondary government securities deals with non-resident investors.

Non-resident holdings of Hungarian government securities increased altogether by HUF 24.6 billion and amounted to HUF 3,142.0 billion at the end of July. This represented 30.8% of domestic government bonds and discount Treasury bills.

The EUR/HUF exchange rate according to the Hungarian National Bank was 250.71 on the last working day of July.

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 31 July 2007.

■ GOVERNMENT SECURITIES MARKET ■

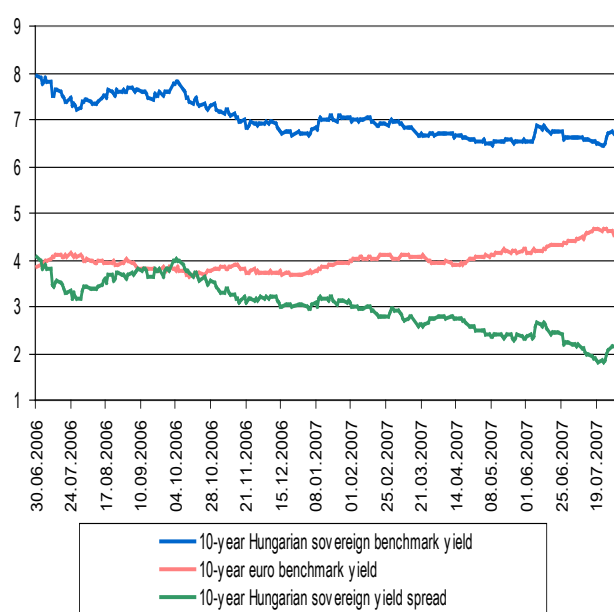
CENTRAL GOVERNMENT GROSS DEBT

HUF BILLION

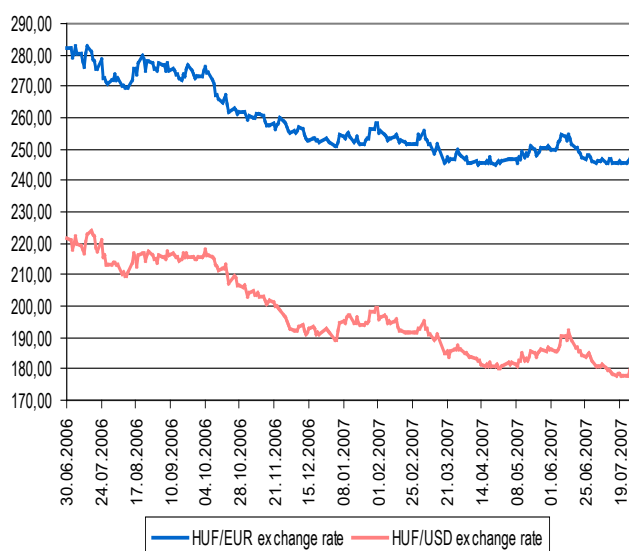
	2001	2002	2003	2004	2005	2006	May 2007	June 2007	July 2007
1. Forint denominated debt	5,397.4	6,956.9	8,008.7	8,608.8	9,153.5	10,552.3	10,997.3	10,087.1	11,070.8
1.1. Loans	228.3	353.2	117.9	4.7	0.8	356.4	313.3	252.1	252.1
1.2. Government securities	5,169.1	6,603.7	7,890.8	8,604.2	9,152.7	10,195.9	10,684.0	10,835.0	10,818.7
1.2.1. Public issues	4,360.0	5,826.3	7,131.5	7,860.6	8,418.8	9,667.5	10,156.7	10,307.7	10,292.2
1.2.1.1. Bonds	2,782.0	3,829.2	5,056.5	5,768.9	6,299.1	7,244.2	7,683.8	7,761.5	7,834.1
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	1,825.0	1,902.3	1,830.0
1.2.1.3. Retail securities	544.7	560.3	533.5	628.4	588.7	667.4	648.0	644.0	628.1
1.2.2. Private placements	809.1	777.4	759.3	743.6	733.9	528.4	527.3	527.3	526.4
2. Foreign currency denominated debt*	2,322.1	2,267.3	2,579.0	2,983.5	3,590.7	4,124.4	4,331.0	4,352.1	4,433.7
2.1. Loans	1,410.4	1,394.3	1,084.1	916.8	720.6	803.7	785.6	869.7	883.2
2.1.1. Foreign loans	317.8	461.9	598.8	528.9	616.9	700.1	682.8	768.8	780.3
2.1.2. Domestic loans	1,092.6	932.3	485.3	387.8	103.8	103.6	102.8	101.0	102.9
2.1.2.1. Raised from National Bank of Hungary (NBH)	1,092.6	849.6	466.5	355.7	96.1	95.9	95.2	93.5	95.3
2.1.2.2. Other loans	0.0	82.8	18.8	32.2	7.7	7.7	7.6	7.5	7.6
2.2. Government securities	911.7	873.0	1,494.9	2,066.8	2,870.1	3,320.7	3,545.4	3,482.4	3,550.5
2.2.1. Issued abroad	911.5	872.9	1,494.7	2,066.7	2,870.0	3,320.6	3,545.3	3,482.3	3,550.4
2.2.1.1. Foreign currency bonds	911.5	872.9	1,494.7	2,066.7	2,870.0	3,320.6	3,545.3	3,482.3	3,550.4
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	0.0
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	15,328.3	15,439.2	15,504.4
Other liabilities					21.4	29.0	25.5	25.0	25.1
Total central government debt					12,765.6	14,705.7	15,353.7	15,464.1	15,529.5
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	10,036.1	10,191.0	10,190.6
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.

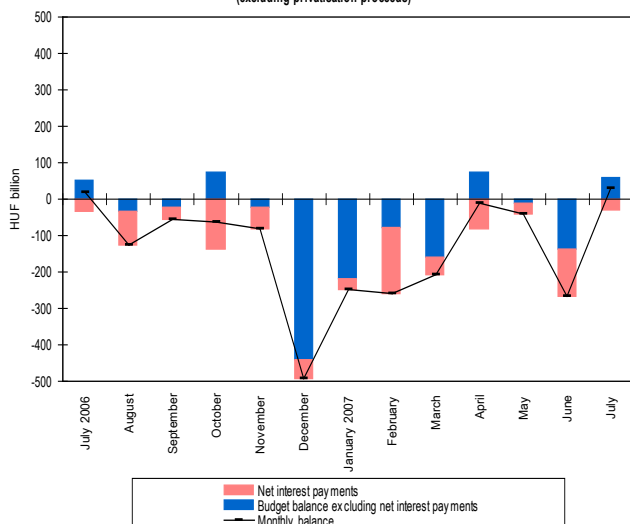
10-year Hungarian and eurozone benchmark yields during the last year



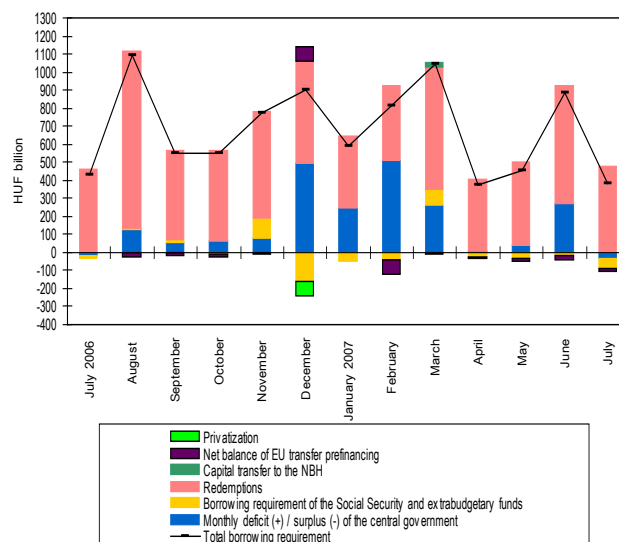
The exchange rate of the Hungarian Forint during the last year



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



Gross borrowing requirement



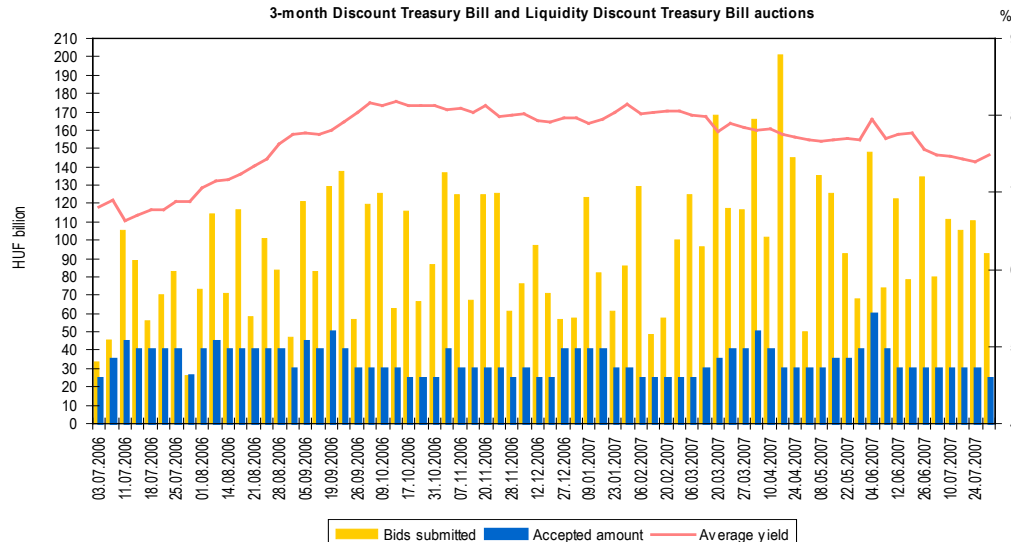
■ GOVERNMENT SECURITIES MARKET ■

DISCOUNT TREASURY BILL AUCTION RESULTS

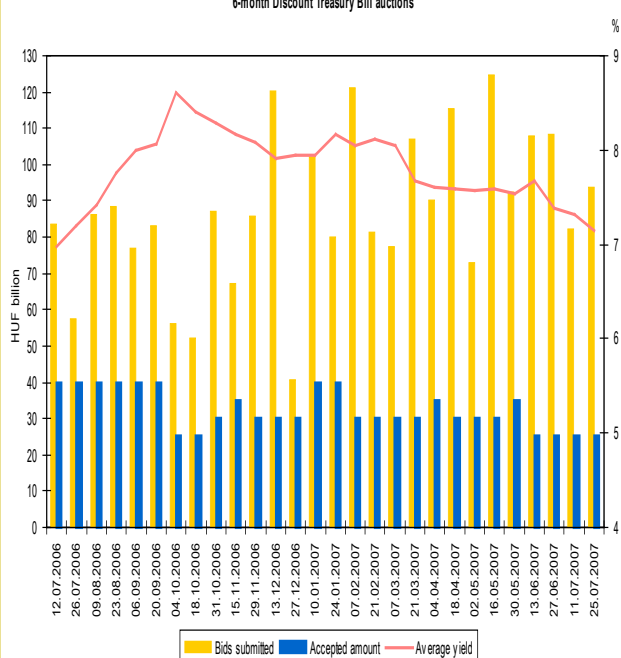
	3-month Discount T-bills					6-month Discount T-bills		12-month Discount T-bills	
Code of T-bills	D071010	D071017	D071024	D071031	D071107	D071219	D080213	D080702	D080702
ISIN code	HU0000516398	HU0000516406	HU0000516265	HU0000516414	HU0000516430	HU0000516349	HU0000516422	HU0000516380	HU0000516380
Maturity in days	91	91	91	91	91	154	196	350	336
Date of auction	03.07.2007	10.07.2007	17.07.2007	24.07.2007	31.07.2007	11.07.2007	25.07.2007	12.07.2007	26.07.2007
Date of financial settlement	11.07.2007	18.07.2007	25.07.2007	01.08.2007	08.08.2007	18.07.2007	01.08.2007	18.07.2007	01.08.2007
Redemption date	10.10.2007	17.10.2007	24.10.2007	31.10.2007	07.11.2007	19.12.2007	13.02.2008	02.07.2008	02.07.2008
Maximum yield (%) - ISMA	7.51	7.49	7.45	7.40	7.50	7.33	7.17	7.07	7.12
Minimum yield (%) - ISMA	7.40	7.43	7.39	7.33	7.38	7.30	7.08	7.00	7.00
Average yield (%) - ISMA	7.49	7.47	7.44	7.39	7.48	7.31	7.15	7.04	7.07
Maximum yield (%) - EHM	7.61	7.59	7.55	7.50	7.60	7.43	7.27	7.17	7.22
Minimum yield (%) - EHM	7.50	7.53	7.49	7.43	7.48	7.40	7.18	7.10	7.10
Average yield (%) - EHM	7.59	7.57	7.54	7.49	7.58	7.41	7.25	7.14	7.17
Average selling price (%)	98.1419	98.1467	98.1540	98.1662	98.1443	96.9678	96.2531	93.5940	93.8098
Amount offered for sale (HUF million)	30,000.00	30,000.00	30,000.00	30,000.00	25,000.00	25,000.00	25,000.00	35,000.00	35,000.00
Amount of bids submitted (HUF million)	80,239.56	111,269.42	105,404.50	110,795.96	92,395.88	82,304.78	93,885.00	88,602.61	62,262.50
Amount of bids accepted (HUF million)	29,999.97	29,999.83	29,999.84	29,999.96	24,999.95	24,999.99	24,999.97	34,999.88	35,000.00
Bid-to-cover ratio	2.67	3.71	3.51	3.69	3.70	3.29	3.76	2.53	1.78
Bids submitted (pcs)	102	126	123	110	76	110	99	127	101
Bids accepted (pcs)	56	77	69	62	47	21	39	82	91
Market sales* (HUF million)	29,999.97	29,999.83	29,999.84	29,999.96	24,999.95	24,999.99	24,999.97	34,999.88	35,000.00
Retained on AKK's own account (HUF m.)	9,000.03	3,000.17	3,000.16	3,000.04	2,500.05	5,000.01	7,500.03	7,000.12	7,000.00
Total amount issued (HUF million)	39,000.00	33,000.00	33,000.00	33,000.00	27,500.00	30,000.00	32,500.00	42,000.00	42,000.00

*Without issuance onto AKK's own account

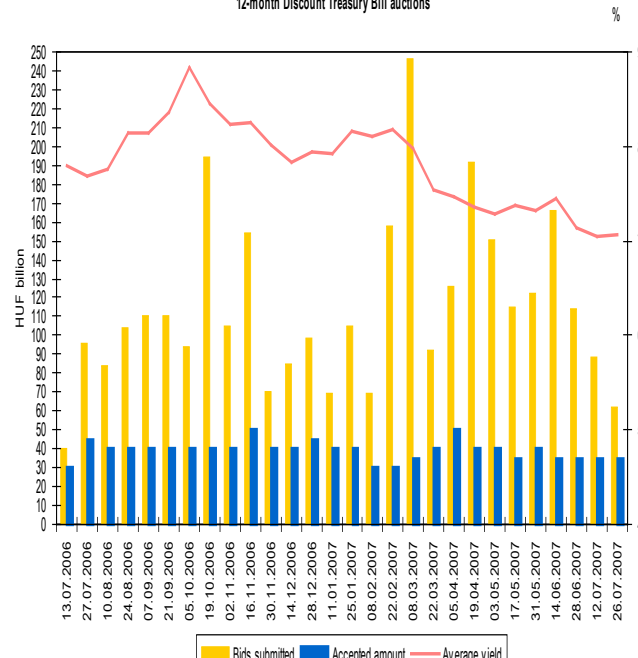
3-month Discount Treasury Bill and Liquidity Discount Treasury Bill auctions



6-month Discount Treasury Bill auctions



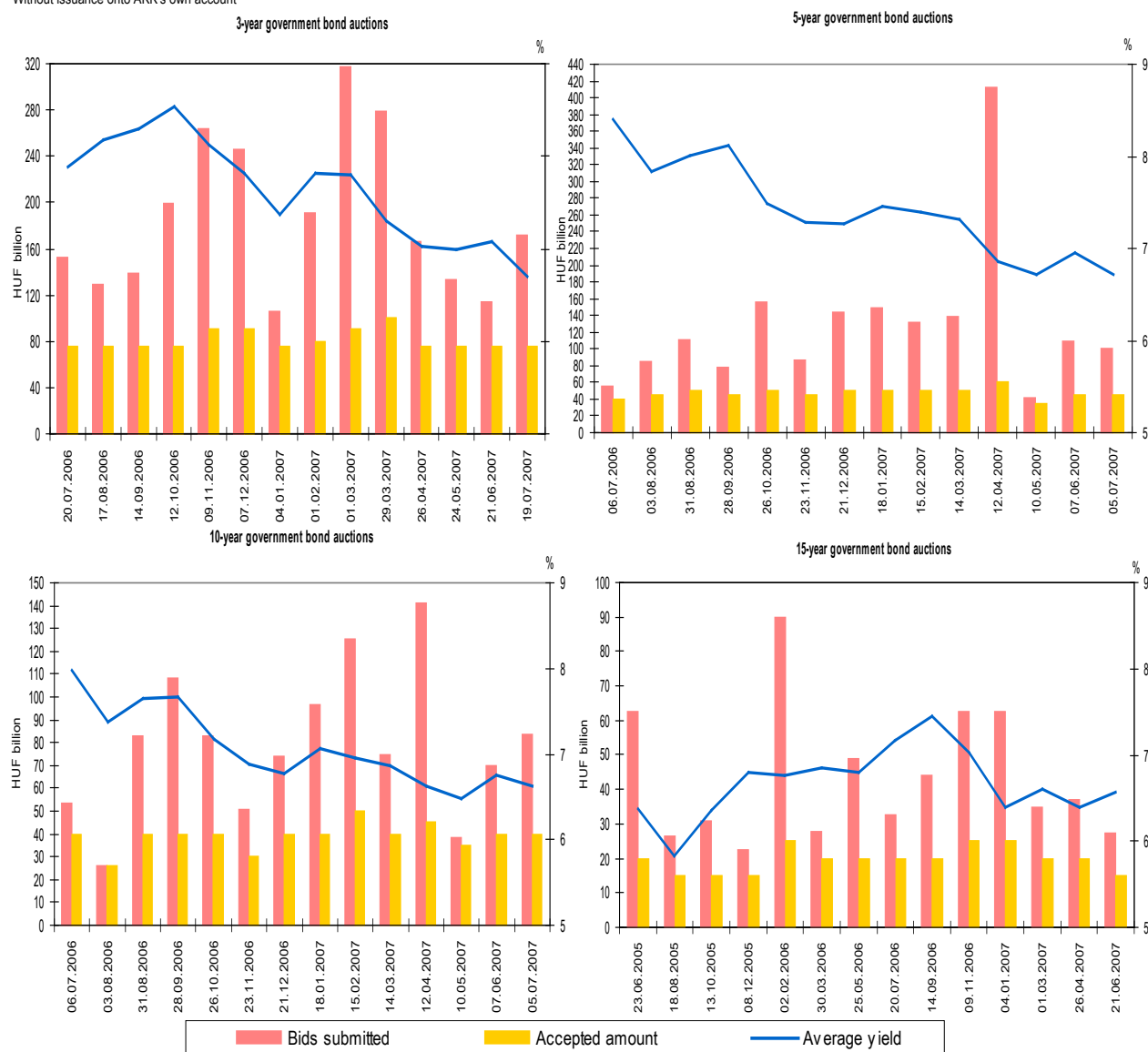
12-month Discount Treasury Bill auctions



GOVERNMENT BOND AUCTION RESULTS

Government Bond	2012/B	2017/B	2010/D
ISIN code	HU0000402367	HU0000402375	HU0000402409
Maturity (in years)	5	10	3
Coupon (%)	7.25%	6.75%	6.25%
Auction	11th auction	11th auction	2nd auction
Date of auction	05.07.2007	05.07.2007	19.07.2007
Date of financial settlement	11.07.2007	11.07.2007	25.07.2007
Redemption date	12.06.2012	24.02.2017	24.08.2010
Maximum annual yield (%) - ISMA	6.72	6.63	6.72
Minimum annual yield (%) - ISMA	6.70	6.59	6.68
Average annual yield (%) - ISMA	6.71	6.62	6.70
Maximum annual yield (%) - EHM	6.71	6.62	6.71
Minimum annual yield (%) - EHM	6.69	6.58	6.67
Average annual yield (%) - EHM	6.70	6.61	6.69
Maximum price (%)	102.2257	101.0639	98.7844
Minimum price (%)	102.1430	100.7835	98.6769
Average price (%)	102.1758	100.8496	98.7271
Amount offered for sale (HUF million)	45,000.00	40,000.00	75,000.00
Amount of bids submitted (HUF million)	100,464.32	83,826.00	171,365.05
Amount of bids accepted (HUF million)	44,999.91	39,999.95	74,999.92
Bid-to-cover ratio	2.23	2.10	2.28
Bids submitted (pcs)	134	128	152
Bids accepted (pcs)	64	80	105
Tail (average price - minimum price)	0.03	0.07	0.05
Market sales* (HUF million)	44,999.91	39,999.95	74,999.92
Retained on ÁKK's own account (HUF million)	0.09	0.05	15,000.08
Total amount issued (HUF million)	45,000.00	40,000.00	90,000.00

*Without issuance onto ÁKK's own account

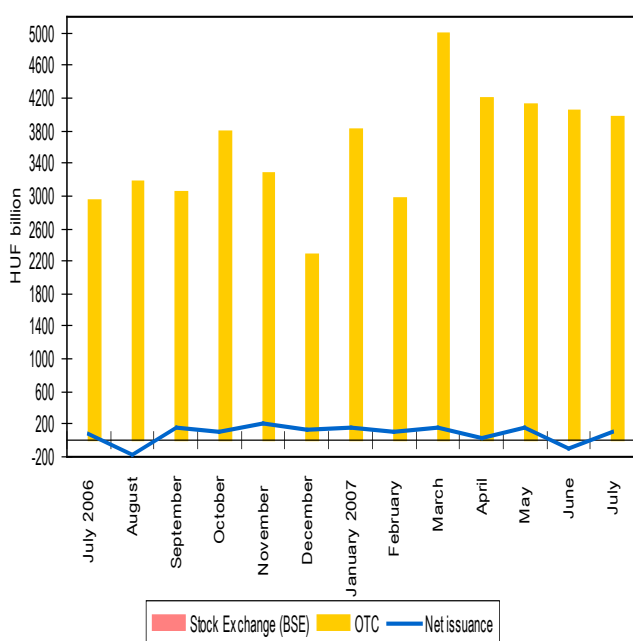


■ GOVERNMENT SECURITIES MARKET ■

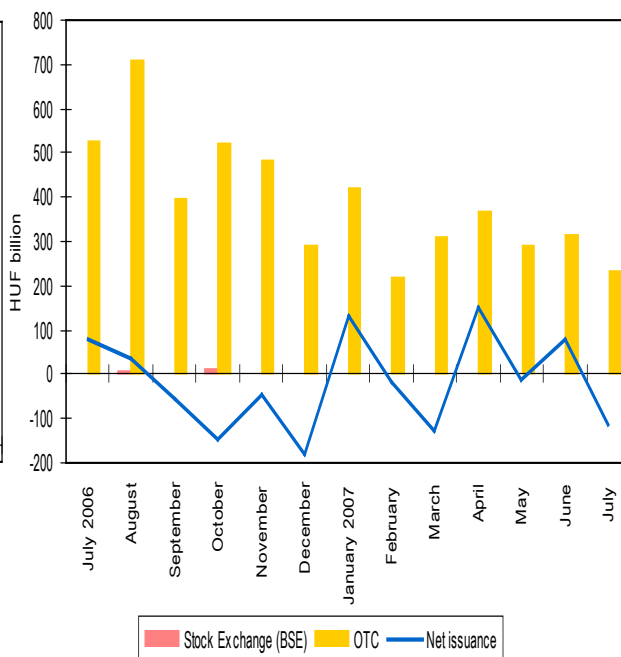
GOVERNMENT BOND BUY-BACK AUCTION RESULTS

Government bond	2008/D	2007/G	2008/D	2008/C
ISIN code	HU0000402276	HU0000402250	HU0000402276	HU0000402102
Coupon (%)	7.25%	9.25%	7.25%	6.25%
Date of reverse auction	04.07.2007	04.07.2007	18.07.2007	18.07.2007
Date of financial settlement	11.07.2007	11.07.2007	25.07.2007	25.07.2007
Redemption date	24.04.2008	12.10.2007	24.04.2008	12.06.2008
Minimum annual yield (%)	7.14	7.61	7.05	7.05
Average annual yield (%)	7.15	7.63	7.06	7.05
Amount of bids submitted (HUF million)	55,578.48	21,362.20	38,954.85	37,992.57
Amount of bids accepted (HUF million)	10,114.41	11,091.20	29,430.00	5,103.69

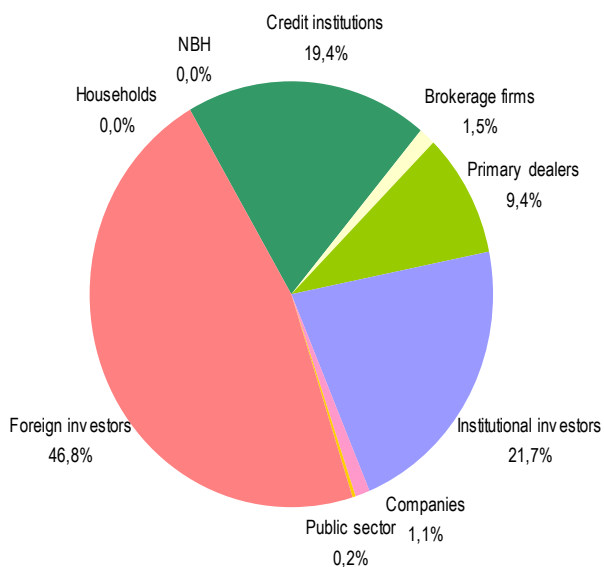
Secondary market trading of government bonds



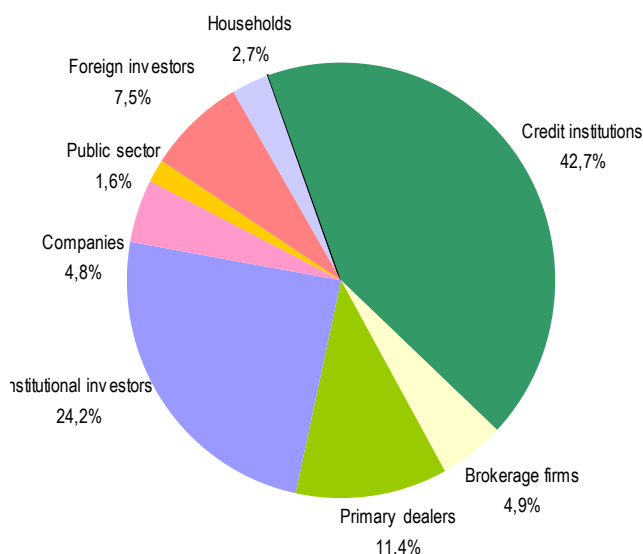
Secondary market trading of Discount Treasury Bills



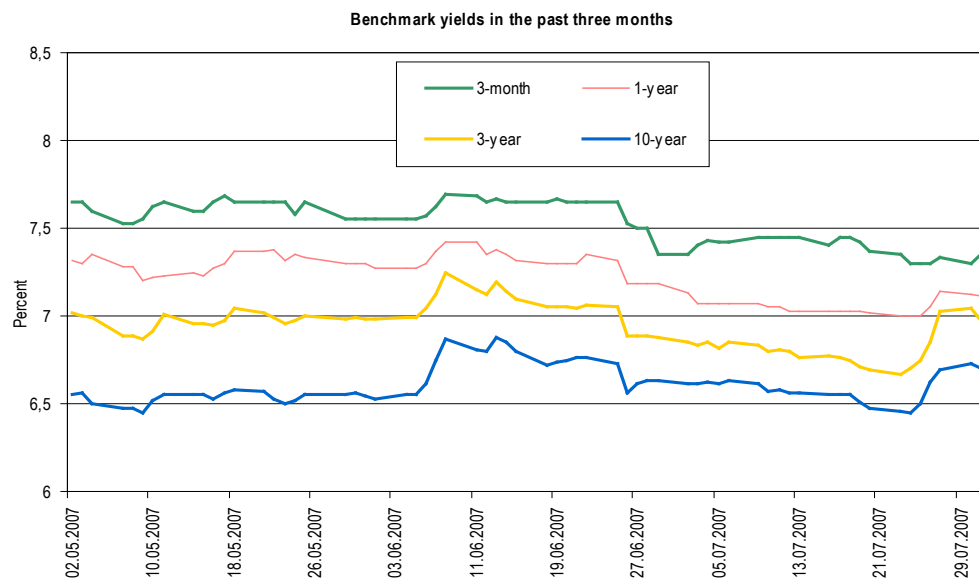
Breakdown of primary dealers' secondary market turnover in government bonds by investor groups in July 2007



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

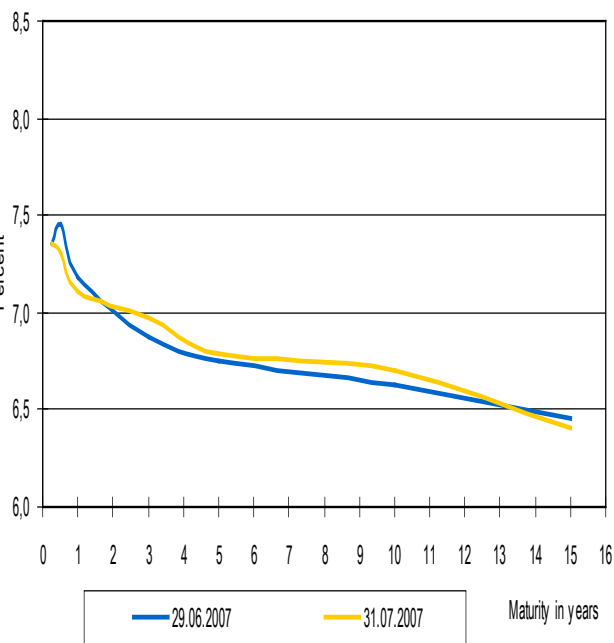
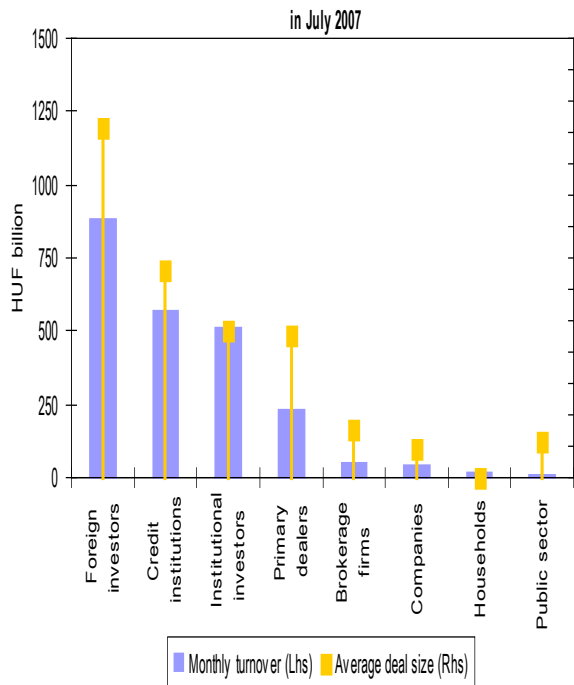


■ GOVERNMENT SECURITIES MARKET ■

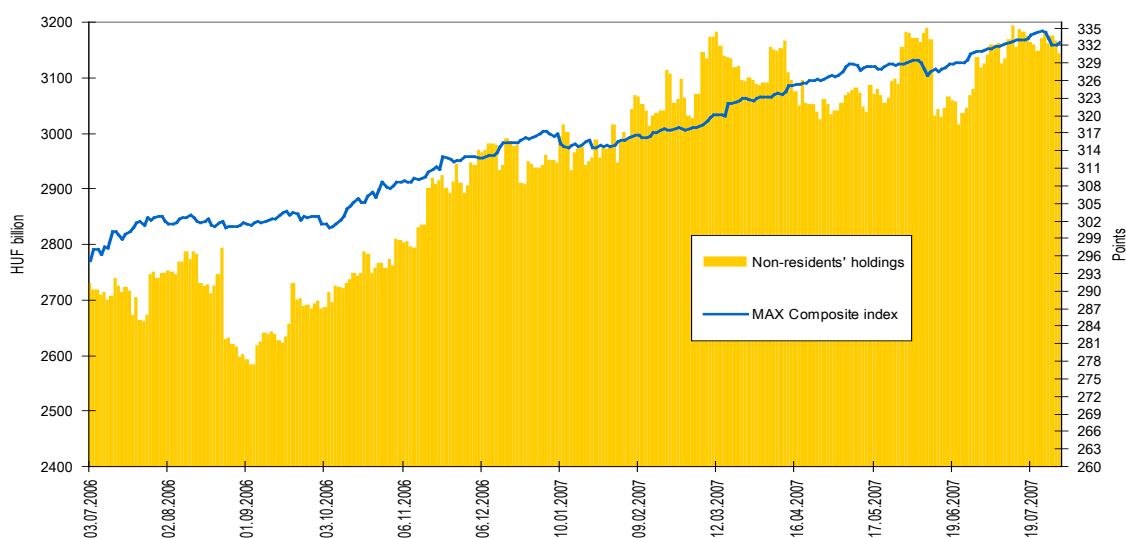


Primary dealers' trading with different investor groups

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 JULY 2007

Government Bond	Date of interest rate reset	Interest period	Date of interest payment	Reset interest rate (%)	Interest payable (%)
2016/B	29.06.2007	02.07.2007	02.01.2008	7.70	3.94
2016/A	30.03.2007	02.07.2007	30.09.2007	6.75	1.70
2008/A	23.07.2007	24.07.2007	24.10.2007	7.46	3.87

HUNGARIAN GOVERNMENT SECURITIES INDICES

	MAX index	RMAX index	MAX Composite index	ZMAX index
Value as at 31 July 2007	337.8597	329.8609	332.5506	332.0775
Changes compared to the end of the month before	1.5012	2.0015	1.5599	2.0606
Annual yield earned on the index portfolio	10.20%	7.94%	9.81%	8.01%

Government securities with the highest secondary market turnover in July 2007

Government security	Date of redemption	Turnover (HUF billion)
2012/B	12.06.2012	350.3
2017/B	24.02.2017	182.2
2010/C	12.04.2010	178.4
2009/F	12.08.2009	162.0
D080507	07.05.2008	152.7
2016/C	12.02.2016	132.5
2010/D	24.08.2010	125.8
2008/D	24.04.2008	119.1
2015/A	12.02.2015	111.0
2008/C	12.06.2008	110.5

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

	HUF billion	
Government bond	30.06.2007	31.07.2007
2010/D	75.00	150.07
2012/B	480.27	525.30
2017/B	400.10	440.10
2023/A	80.02	80.02

PRIMARY DEALERS - AS AT 31 JULY 2007

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