DEBT MANAGEMENT OUTLOOK

2005

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CONTENTS

INTRODUCTION

The public debt management strategy of the Republic of Hungary has undergone significant changes since the start of 2005. While the main objective of debt management remains unchanged, the targets obtained from the new VaR (Value-at-Risk) and CfaR (Cash-flow-at-Risk) risk management models have been modified: the benchmarks for the Hungarian Forint (HUF) / foreign currency composition, the fixed/floating mix and the duration of the HUF debt have all been changed. This is part of the preparation of public debt management for Hungary's planned accession to the Economic and Monetary Union.

Similarly to previous years, this Debt Management Outlook provides detailed information about the 2005 financing plan of the central government and the strategic concepts behind it. It presents the main instruments of funding and their effect on the composition of debt, explains the principles of liquidity management, the main risk factors, and includes the 2005 issuance calendar.

I. THE INSTITUTIONAL FRAMEWORK AND TASKS OF DEBT MANAGEMENT

Financing the deficit and managing the debt of the central government and the temporarily free cash funds of the state are the tasks of the Minister of Finance.[1] The Minister of Finance carries out these tasks through the Government Debt Management Agency Ltd. (ÁKK Rt.)

The activities of ÁKK Rt. include the following tasks:

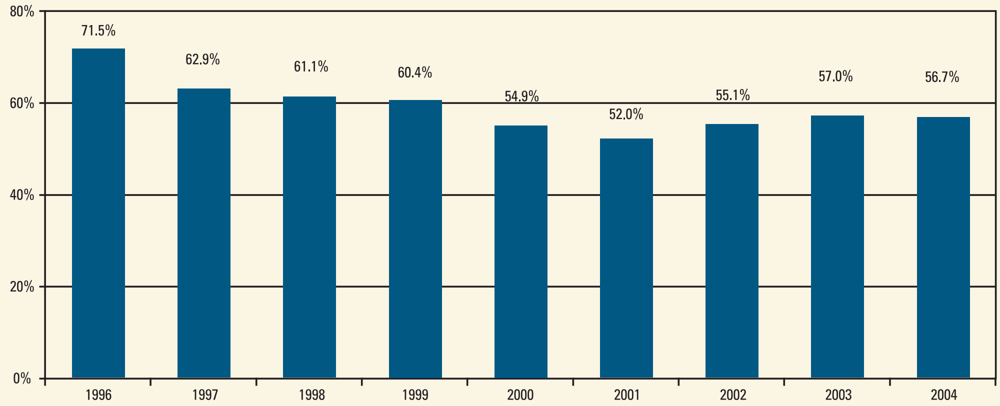
- Elaboration of the long-term financing strategy, which sets the objectives of debt management and defines the instruments of implementation;
- The drawing up of the annual and medium term financing plans of the central budget;
- The implementation of all necessary financing operations in the domestic and international markets in accordance with the financing plan (organisation and settlement of auctions and subscriptions, foreign bond issuances and foreign currency loan borrowings);
- Handling and management of the temporarily free cash funds of the state;
- Dissemination of information and publication of analyses on the financing of the government debt and the developments in the government securities market - the present Debt Management Outlook also serves that objective.

[1] A detailed description of the legal and institutional background of the government debt management and the tasks of ÁKK Rt. can be found on ÁKK Rt.'s website, www.akk.hu

II. THE GOVERNMENT DEBT AT THE END OF 2004

According to preliminary data, the debt of the central government[2] was HUF 11,592 billion at the end of 2004, which amounted to 56.7% of the GDP. This means that the debt/GDP ratio decreased slightly in 2004, i.e. the growth trend that had characterised the central government in the past few years came to a halt.

THE CENTRAL GOVERNMENT DEBT AS A PERCENTAGE OF GDP



ÁKK Rt. had set the following main strategic targets for 2004:

- To increase the foreign currency denominated issuance in order to reduce tension in the domestic market;
- To increase the proportion of fixed rate government securities within HUF debt and
- To increase the duration of the HUF debt.

The main targets set for 2004 were realised fully. At the end of the year 2004 the structure of the debt was as follows:

- The proportion of HUF denominated debt within the total amount of debt was 74.3% while that of foreign currency denominated debt amounted to 25.7%. The ratio of foreign currency denominated debt had been 24.4% at the end of 2003; the increase in 2004 was due to a significant amount of net foreign currency denominated issuance.
- Within the HUF denominated debt, the ratio of fixed rate debt increased in 2004. At the end of the year, the ratio of fixed rate debt components was 67.3%, with 32.7% in floating rate debt, which compares to proportions of 62.6% and 37.4%, respectively, at the end of 2003.
- The duration of the HUF denominated debt increased from 2.09 years at the end of 2003 to 2.28 years at the end of 2004. The average term-to-maturity of the foreign currency denominated debt portfolio increased from 3.25 years at the end of 2003 to 4.0 years at the end of 2004.
- After the swap transactions performed, 100% of the foreign currency denominated debt was due in euro at the end of 2004, which means that the exchange rate risk was limited to the fluctuations of the HUF-euro exchange rate.

[2] This term refers to the range of public debt managed by ÁKK Rt. (i.e. that of the central government). It is non-consolidated debt, does not include the debt of the local municipalities and other public sector debt components.

III. DEBT MANAGEMENT STRATEGY

In accordance with international practice, the objective of government debt management is to finance the borrowing requirements of the central government in an integrated manner, with minimal costs in the long term and by running acceptable risks. ÁKK Rt. intends to achieve that objective in the changed macroeconomic environment by having introduced new performance indicators (benchmarks).

The set of benchmark targets previously in use has been adjusted and extended as of 2005. Performance indicators have been defined as regards the composition of the total government debt, they are as follows:

- The benchmark defined for the proportion of HUF denominated debt within the total debt is 68-75%. The proportion of foreign currency denominated debt thus should fall in the 25-32% range.
- In accordance with the strategic objective, after swap transactions, all foreign currency denominated debt should be 100% in euro. This means that the exchange rate risk is limited to the fluctuations of the HUF-euro exchange rate.
- In the case of HUF denominated debt, the objective is to keep the high proportion of fixed rate debt elements or to even increase it. The benchmark defined for the proportion of fixed rate debt within the HUF denominated debt is 61-83%, meaning a share of 17-39% for the floating rate debt elements. According to the strategy, the proportions of fixed and floating rate components within foreign currency denominated debt should be 66% and 34%, respectively.
- In order to reduce refinancing risk, the target duration range for the HUF denominated debt is 2.5 years +/- 0.5 year.
- So as to keep the amount of liquid cash reserves available on the Single Treasury Account (STA) at a secure and stable level, the optimal end-of-the-day balance of the STA has been defined, and the objective is to keep the fluctuations of the STA balance within a +/- HUF 50 billion range around the optimal level.

ÁKK Rt. shows strategic behaviour in its financing activities in the year 2005 as well, so it has set a fixed issuance calendar, it will offer relatively constant amounts at its auctions and plans to issue large, liquid series of government bonds.

IV. THE FINANCING REQUIREMENTS IN 2005

The gross cash-based borrowing requirement planned for 2005 is made up by the deficit of the central government, other net financing items and debt redemptions.

THE PLANNED BORROWING REQUIREMENTS OF THE CENTRAL GOVERNMENT

The deficit of the central government is composed of the balances of the central government budget, the Social Security funds and the extrabudgetary funds in the given year.

As a result of Hungary's European Union membership, special emphasis is given to the various ESA'95 deficit figures that indicate the economic effects of the general government, and are compiled on an accrual basis. The consolidated accrual-based balance of the central government, the Social Security funds and the extrabudgetary funds together is planned to reach HUF 998 billion, or 4.5 per cent[3] of the GDP in 2005.

From the point of view of financing, however, cash-based indicators are relevant. On cash-flow basis the deficit of the central government budget – excluding debt assumptions – is expected to reach HUF 609.4 billion, the deficit of the Social Security funds is projected at HUF 340.4 billion, whereas the planned annual surplus of the extrabudgetary funds is HUF 18.4 billion.

Therefore, in 2005, the deficit of the central government calculated on cash basis is expected at HUF 931.4 billion, or 4.2% of the GDP, which shows a large decrease relative to the HUF 1,252.4 billion (6.1% of the GDP, preliminary data) for 2004 both in nominal and percentage terms.

As an extraordinary financing item a capital transfer of HUF 15.0 billion to the National Bank of Hungary (NBH) is projected in 2005 to cover – according to the law – the exchange rate losses on FX reserves.

The planned net balance of the pre-financing of the agricultural subsidies from the EU EAGGF Fund is expected at HUF 48.3 billion in 2005, which will reduce the total net borrowing requirement.

The Budget Act estimates privatisation revenues of HUF 101.3 billion in 2005, which also reduce the total net borrowing requirement.

The total net borrowing requirement on cash basis is projected to reach HUF 796.8 billion in 2005, which is 27 per cent lower than the HUF 1,098.7 billion in 2004 (preliminary data).

HUF billion

	2004[1]	2005[2]
Balance of the central government (excluding privatisation revenues and debt assumptions)	-857.4	-609.4
Financing requirement of the Social Security Funds	-422.9	-340.4
Financing requirement of the extrabudgetary funds	27.9	18.4
Net borrowing requirement	-1 252.4	-931.4
Funds covering the exchange rate losses of the NBH	0.0	-15.0
Privatisation revenues	166.5	101.3
Pre-financing and reimbursement of direct European Union subsidies	-12.8	48.3
Total net borrowing requirement	-1098.7	-796.8
Redemptions	-5530.9	-6078.0
Gross borrowing requirement	-6629.6	-6874.8

[1] *Preliminary*
[2] *Projection*

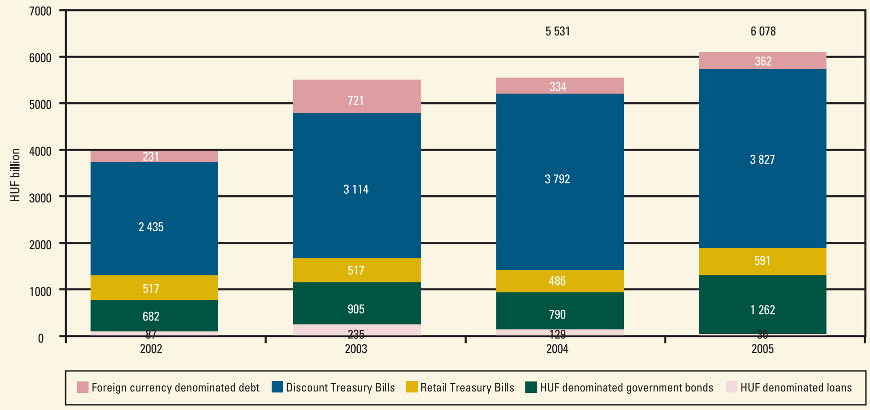
REDEMPTIONS

Gross debt redemptions are expected to total HUF 6,078 billion in 2005, which is higher by HUF 547 billion (almost 10%) than the total of redemptions in 2004. HUF 5,716 billion will be spent on the repayment of HUF denominated debt and HUF 362 billion on the repayment of foreign currency denominated debt in 2005.

[3]The 3.8% annual accrual-based deficit indicator published by the Ministry of Finance for 2005 also includes the accrual-based balances of ÁPV Rt. (the Hungarian Privatisation and State Holding Company), the local municipalities and other public sector institutions, and it is also adjusted by private pension fund contributions, as approved by Eurostat.

IV. THE FINANCING REQUIREMENTS IN 2005

BREAKDOWN OF REDEMPTIONS



Repayments of originally over-the-year debt elements will total HUF 1,298 billion in the case of HUF denominated and HUF 362 billion in the case of foreign currency denominated debt. The redemption of HUF denominated bonds will reach HUF 1,262 billion, higher by HUF 472 billion than in the last year. Retail bonds will account for HUF 40 billion out of that amount. Moreover, HUF 36 billion will be paid on the repayment of loans. As the planned deficit of the central government is going to decrease in 2005, the higher refinancing need of redemptions is not expected to generate financing tension in the domestic market.

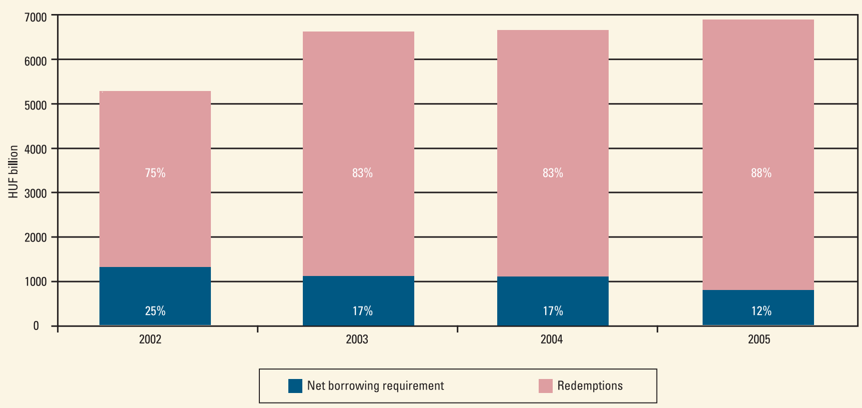
Foreign currency denominated repayments will also increase in 2005, but the rate of increase will be much lower than that of the redemption of HUF government bonds.

The planned total redemption of within-the-year debt components is HUF 4,418 billion in 2005, which, in contrast with the trend of the previous years, represents only a minor increase.

At the end of 2004, prepayments of both HUF and foreign currency denominated debt took place, which modified the planned redemption figures for 2005. Therefore, relative to the figures disclosed in December 2004, the redemption of HUF denominated loans decreased by HUF 2.75 billion while that of foreign currency denominated loans decreased by HUF 80.3 billion for 2005.

Redemptions included, the total gross borrowing requirement for 2005 will exceed that of the previous year by HUF 245 billion (by almost 4%) and will total HUF 6,874.8 billion.

DEVELOPMENT OF THE GROSS BORROWING REQUIREMENT



V. FINANCING IN 2005

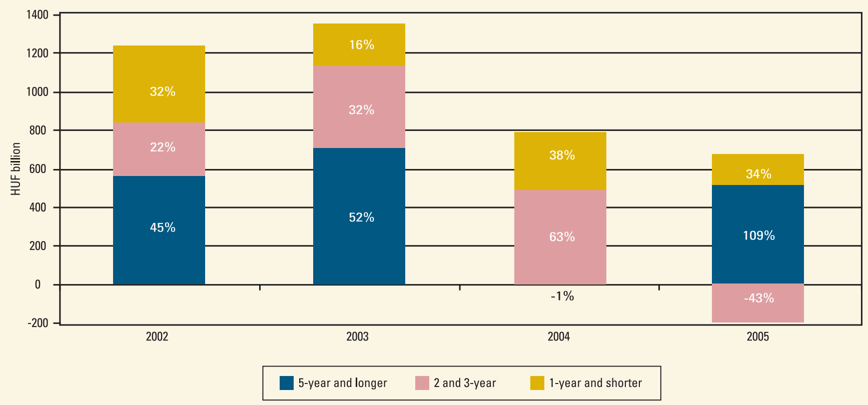
PLANNED NET ISSUANCE

The total net issuance planned for 2005 is HUF 1,037 billion. Out of that amount, net HUF denominated issuance is expected at HUF 429 billion and net foreign exchange denominated issuance at HUF 608 billion. That currency composition of issuance is in conformity with the benchmark defined for the proportions of HUF and foreign currency debt and will result in the share of foreign currency denominated debt reaching the middle of the benchmark range by the end of 2005.

During the year as a whole, the individual debt components within the net HUF denominated issuance will develop as follows:
- The planned net issuance of government bonds is HUF 307 billion, a significant reduction compared to the HUF 782 billion in 2004;
- The net issuance of Discount Treasury Bills is expected to total HUF 90 billion in 2005, which will be slightly higher than the total of net issuance in the previous year for technical reasons;
- ÁKK Rt. expects the sales of retail Treasury Bills to increase in 2005, so the total of their net issuance is projected at HUF 68 billion, somewhat lower than the net issuance of HUF 87 billion in 2004;
- No borrowing of HUF denominated loans is planned for 2005; hence their net issuance will be HUF -36 billion in 2005.

In line with strategic objectives, the issue of 5-year and longer government bonds will play an important role within the net issuance in the domestic market.

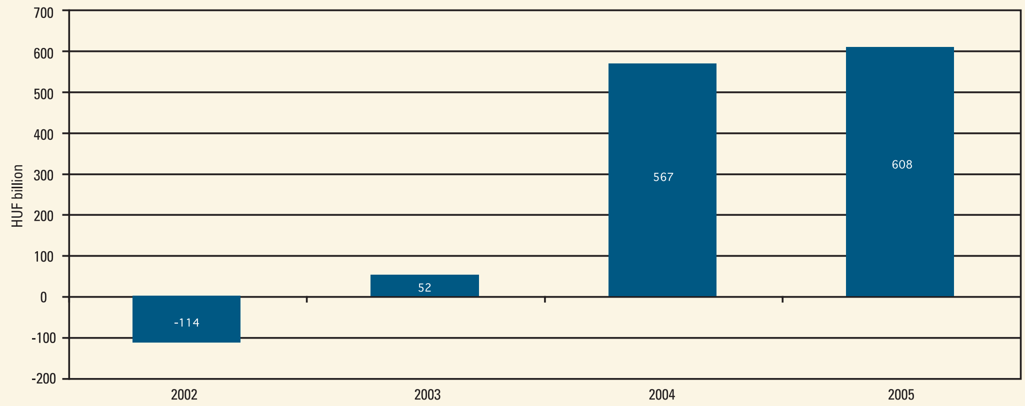
NET DOMESTIC MARKET ISSUANCE



V. FINANCING IN 2005

As in 2004, there will be positive net foreign currency denominated issuance in 2005 too; the total is expected to reach HUF 608 billion in 2005, an increase of HUF 41 billion over the net issuance in 2004.

NET FOREIGN CURRENCY DENOMINATED BORROWING



Within the net FX issuance, borrowing from the international money and capital markets will amount to HUF 548.7 billion, approximately EUR 2.2 billion. This figure was HUF 505 billion, i.e. EUR 2 billion in 2004. The net amount of loans drawn down from international financial institutions will be HUF 59.3 billion in 2005, about the same as in 2004.

Based on the planned net foreign currency denominated issuance, the total foreign exchange denominated debt is expected to be 29% of total debt at the end of 2005, which is near the middle of the benchmark range set for the share of foreign currency denominated debt.

V. FINANCING IN 2005

THE STRUCTURE OF GROSS ISSUANCE

The total gross issuance planned for 2005 is HUF 7,114 billion (up by HUF 353 billion from 2004). Within that amount, HUF 6,144 is accounted for by Forint denominated issuance (86%), while HUF 970 billion will be in foreign currency denominated borrowing (14%). The domestic market will remain the most important source of financing for the Republic of Hungary in 2005. The HUF 6,144 billion total gross domestic issuance planned for 2005 is 5% higher than the same figure for 2004. Out of that, government bonds account for 25%, Discount Treasury Bills for 64% and retail government securities for 11%. HUF denominated loans will not be raised in 2005.

Primary auction sales of government bonds are expected to total HUF 1,515 billion, which is practically equal to the previous year's issuance of HUF 1,486 billion. 42% of those bonds will have a tenor of 3 years, while 58% will have a tenor of 5 years or more, which represents a slight shift towards securities with longer maturities relative to the previous year. The practically unchanged amount of primary market sales in 2005 will be the result of decreased net issuance accompanied by increased redemption. The net sales of government bonds will drop significantly relative to the HUF 782 billion figure for 2004, to HUF 307 billion.

The government bonds, all fixed rate securities, are expected to be issued in the following series:

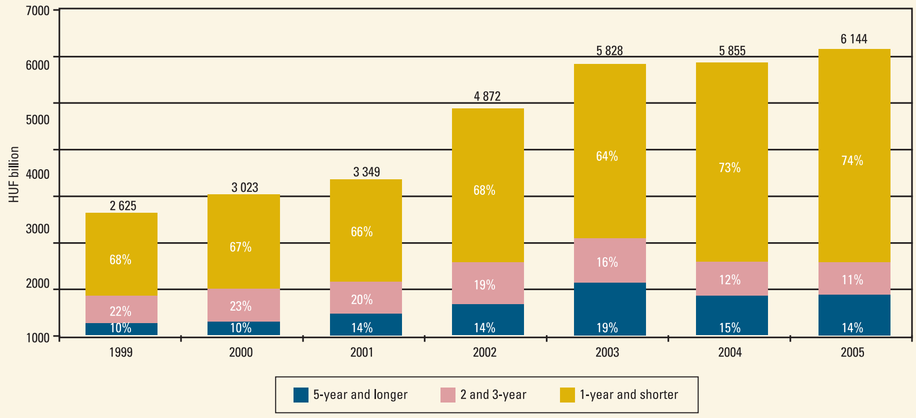
- 3-year government bonds in 2 series, totalling HUF 640 billion (EUR 2.5 billion);
- 5-year government bonds also in 2 series, totalling HUF 450 billion (EUR 1.8 billion), which, taking issuances in other years into account, will eventually reach volumes of HUF 300 billion (EUR 1.2 billion) per series;
- 10-year government bonds in 1 series, totalling HUF 320 billion (EUR 1.3 billion);
- And 15-year government bonds also in 1 series, totalling HUF 105 billion (EUR 0.4 billion) in 2005.

The issuance calendar will not change in 2005; government bond auctions will be scheduled as usual. (For more details, see the “Issuance calendar” section.)

Discount Treasury Bills are planned to be sold in an amount of HUF 3,917 billion in 2005, an increase of HUF 203 billion compared to the gross issuance in 2004. Issuance of Discount Treasury Bills will continue to play a liquidity management role in 2005 in addition to the purpose of refinancing.

As in the previous year, 3-month, 6-month and 12-month term-to-maturity Discount Treasury Bills will be sold in accordance with the issuance calendar, which is the same as in 2004 (for more details, see the “Issuance calendar” section). The issue of Discount Treasury Bills with less than 3-month term-to-maturity will serve liquidity management purposes; they will be sold as required by the short-term liquidity position.

GROSS DOMESTIC MARKET ISSUANCE



V. FINANCING IN 2005

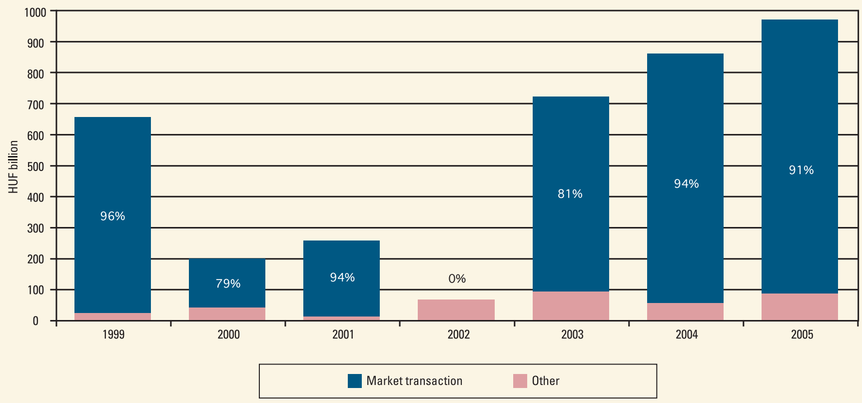
The financing plan projects increased issuance of retail government securities in 2005, the planned total is HUF 699 billion. This represents a growth of HUF 69 billion relative to the previous year.
Interest-bearing Treasury Bills will account for 51% of the total retail paper issuance in 2005. The 1-year Treasury Savings Bills sold through the network of the Hungarian Post Office will account for 43% of the total issuance. According to their tenor, the 2-year Treasury Savings Bills are considered to be government bonds, but as regards their target market, they are retail government securities. Their gross issuance planned for 2005 is HUF 40 billion. It is important to emphasize, however, that the total amount and structure of retail government securities issuance may diverge from the plan as a result of changes in demand.

Foreign currency financing is executed mainly through borrowing in the international capital markets, based on the following principles:

- ÁKK Rt. intends to conduct transactions primarily in the euro bond market;
- The objective is to widen the base of investors; in order to achieve that objective, issues in other markets may also take place;
- ÁKK Rt. aims at launching series with benchmark status according to the standards in the given market.

Based on these principles, the gross issuance of foreign currency denominated bonds is planned to total EUR 3.5 billion in 2005. In addition, it is expected that approximately EUR 343 million will be borrowed in project financing loans advanced by international financial institutions.

GROSS FOREIGN CURRENCY DENOMINATED BORROWING



According to the financing plan, the larger part of the total annual FX issuance will be realised in the first half of 2005. The bonds issued will have a minimum tenor of 5 years; the volume of the series will be set according to benchmark size standards in the given market. When determining the currency and the interest rate of the issues, ÁKK Rt. takes the current market demand into account. In order to comply with the benchmarks regarding the currency and the fixed/floating rate composition ÁKK Rt. performs hedging (swap) transactions.

VI. LIQUIDITY MANAGEMENT

One of the strategic objectives stipulated for 2005 is to keep the amount of liquid cash reserves on the Single Treasury Account (STA) at a secure and stable level by determining an optimal end-of-the-day balance of the STA and keeping the fluctuations of the STA balance within a +/- HUF 50 billion range around the optimal level. In order to smoothen the fluctuations, ÁKK Rt. will continue to use the instruments of active liquidity management introduced in 2004. They are as follows:

- Issuance of instruments with a tenor shorter than 3 months (liquidity discount T-bills);
- More active use of bond buy-backs;
- Active adjustment of the amount of discount T-bills offered at auctions in order to manage the liquidity of the STA;
- Use of active and passive repo transactions to tailor the end-of-the-day balance of the STA into the targeted band.

In addition, the instruments of liquidity management – similar to international practice – are complemented by a stand-by loan facility with the main target of balancing of differences in the timing of foreign exchange payments associated with EU transfers and foreign currency denominated debt transactions.

In the case of liquidity discount T-bills, the issuance calendar includes the possible days of auctions, but ÁKK Rt. decides upon the actual announcement and the amount offered and accepted on the basis of the current liquidity situation. In addition, the tenor of these instruments is not constant either, it is generally 6 weeks, but variations of 1 or 2 weeks are possible. For the purpose of liquidity management, the quantities offered and accepted of the "traditional" 3, 6 and 12-month discount T-bills and bond buy-backs can vary intensely as well.

VII. FACTORS THAT MAY CHANGE THE ISSUANCE STRUCTURE

The financing programme was prepared on the basis of information available by the middle of January 2005. Therefore, it may happen that the structure of issuance changes during the year, mainly due to the factors outlined below. Information about the development and trends of most of these factors is available to all stakeholders in the government security market. Continuous monitoring of that information will make it easier for all concerned to track any changes in the financing and issuance plans.

Possible reasons for changes:

- Changes in the volume of the borrowing requirements of the central government and in their distribution over the year;
- Changes in foreign and domestic demand for HUF denominated government securities, to which the Issuer will react by adapting the issuance structure. This, in the case of more permanent trends, may mean adjustment of the amounts offered and/or accepted at auctions;
- The Issuer expects retail sales to increase, however, ÁKK Rt. is rather passive in this market, it accepts the demand for these securities. This may result in sales that are either significantly lower or significantly higher than projected.

This publication is available on the website of ÁKK Rt. at www.akk.hu or www.allampapir.hu. The website also provides further information concerning the current developments in the government securities market.

VIII. ISSUANCE CALENDAR

ISSUANCE CALENDAR OF GOVERNMENT BONDS IN 2005

Government Bond	Date of auction	Date of settlement	Date of maturity*
3-year	06.01.2005	12.01.2005	24.04.2008
	03.02.2005	09.02.2005	24.04.2008
	03.03.2005	09.03.2005	24.04.2008
	31.03.2005	06.04.2005	24.04.2008
	28.04.2005	04.05.2005	24.04.2008
	26.05.2005	01.06.2005	24.04.2008
	23.06.2005	29.06.2005	12.08.2008
	21.07.2005	27.07.2005	12.08.2008
	18.08.2005	24.08.2005	12.08.2008
	15.09.2005	21.09.2005	12.08.2008
	13.10.2005	19.10.2005	12.08.2008
	10.11.2005	16.11.2005	12.08.2008
	08.12.2005	14.12.2005	12.08.2008

Government Bond	Date of auction	Date of settlement	Date of maturity*
5-year	20.01.2005	26.01.2005	12.10.2009
	17.02.2005	23.02.2005	12.10.2009
	17.03.2005	23.03.2005	12.10.2009
	14.04.2005	20.04.2005	12.10.2010
	12.05.2005	18.05.2005	12.10.2010
	09.06.2005	15.06.2005	12.10.2010
	07.07.2005	13.07.2005	12.10.2010
	04.08.2005	10.08.2005	12.10.2010
	01.09.2005	07.09.2005	12.10.2010
	29.09.2005	05.10.2005	12.10.2010
	27.10.2005	02.11.2005	12.10.2010
	24.11.2005	30.11.2005	12.10.2010
	22.12.2005	28.12.2005	12.10.2010

Government Bond	Date of auction	Date of settlement	Date of maturity*
10-year	20.01.2005	26.01.2005	12.02.2015
	17.02.2005	23.02.2005	12.02.2015
	17.03.2005	23.03.2005	12.02.2015
	14.04.2005	20.04.2005	12.02.2015
	12.05.2005	18.05.2005	12.02.2015
	09.06.2005	15.06.2005	12.02.2015
	07.07.2005	13.07.2005	12.02.2015
	04.08.2005	10.08.2005	12.02.2015
	01.09.2005	07.09.2005	12.02.2015
	29.09.2005	05.10.2005	12.02.2015
	27.10.2005	02.11.2005	12.02.2015
	24.11.2005	30.11.2005	12.02.2015
	22.12.2005	28.12.2005	12.02.2015

Government Bond	Date of auction	Date of settlement	Date of maturity*
15-year	06.01.2005	12.01.2005	12.11.2020
	03.03.2005	09.03.2005	12.11.2020
	28.04.2005	04.05.2005	12.11.2020
	23.06.2005	29.06.2005	12.11.2020
	18.08.2005	24.08.2005	12.11.2020
	13.10.2005	19.10.2005	12.11.2020
	08.12.2005	14.12.2005	12.11.2020

** The Issuer may change the bond series offered for sale depending on the targeted volume*

VIII. ISSUANCE CALENDAR

ISSUANCE CALENDAR OF DISCOUNT TREASURY BILLS IN 2005

Discount T-bill	Code	Date of auction	Date of settlement	Date of maturity
6-month	D050706	12.01.2005	19.01.2005	06.07.2005
	D050706	26.01.2005	02.02.2005	06.07.2005
	D050831	09.02.2005	16.02.2005	31.08.2005
	D050831	23.02.2005	02.03.2005	31.08.2005
	D050831	09.03.2005	16.03.2005	31.08.2005
	D050831	23.03.2005	30.03.2005	31.08.2005
	D051026	06.04.2005	13.04.2005	26.10.2005
	D051026	20.04.2005	27.04.2005	26.10.2005
	D051026	04.05.2005	11.05.2005	26.10.2005
	D051026	18.05.2005	25.05.2005	26.10.2005
	D051221	01.06.2005	08.06.2005	21.12.2005
	D051221	15.06.2005	22.06.2005	21.12.2005
	D051221	29.06.2005	06.07.2005	21.12.2005
	D051221	13.07.2005	20.07.2005	21.12.2005
	D060215	27.07.2005	03.08.2005	15.02.2006
	D060215	10.08.2005	17.08.2005	15.02.2006
	D060215	24.08.2005	31.08.2005	15.02.2006
	D060215	07.09.2005	14.09.2005	15.02.2006
	D060412	21.09.2005	28.09.2005	12.04.2006
	D060412	05.10.2005	12.10.2005	12.04.2006
	D060412	19.10.2005	26.10.2005	12.04.2006
	D060412	02.11.2005	09.11.2005	12.04.2006
	D060607	16.11.2005	23.11.2005	07.06.2006
	D060607	30.11.2005	07.12.2005	07.06.2006
	D060607	14.12.2005	21.12.2005	07.06.2006

Discount T-bill	Code	Date of auction	Date of settlement	Date of maturity
12-month	D060118	13.01.2005	19.01.2005	18.01.2006
	D060118	27.01.2005	02.02.2005	18.01.2006
	D060118	10.02.2005	16.02.2005	18.01.2006
	D060118	24.02.2005	02.03.2005	18.01.2006
	D060316	10.03.2005	16.03.2005	16.03.2006
	D060316	24.03.2005	30.03.2005	16.03.2006
	D060316	07.04.2005	13.04.2005	16.03.2006
	D060316	21.04.2005	27.04.2005	16.03.2006
	D060510	05.05.2005	11.05.2005	10.05.2006
	D060510	19.05.2005	25.05.2005	10.05.2006
	D060510	02.06.2005	08.06.2005	10.05.2006
	D060510	16.06.2005	22.06.2005	10.05.2006
	D060705	30.06.2005	06.07.2005	05.07.2006
	D060705	14.07.2005	20.07.2005	05.07.2006
	D060705	28.07.2005	03.08.2005	05.07.2006
	D060705	11.08.2005	17.08.2005	05.07.2006
	D060830	25.08.2005	31.08.2005	30.08.2006
	D060830	08.09.2005	14.09.2005	30.08.2006
	D060830	22.09.2005	28.09.2005	30.08.2006
	D060830	06.10.2005	12.10.2005	30.08.2006
	D061025	20.10.2005	26.10.2005	25.10.2006
	D061025	03.11.2005	09.11.2005	25.10.2006
	D061025	17.11.2005	23.11.2005	25.10.2006
	D061025	01.12.2005	07.12.2005	25.10.2006
	D061220	15.12.2005	21.12.2005	20.12.2006

3-month Discount T-bills are auctioned every Tuesday, settlement is on the Wednesday of the following week

VIII. ISSUANCE CALENDAR

Discount Treasury Bills

Types	3, 6 and 12-month Bills; liquidity discount Treasury Bills
Coupon payment frequency	Zero coupon security
Sales method	Auction
Transfer of ownership (first day of interest accrual)	Settlement date
Average amount sold (based on 2004 sales)	3-month - HUF 32 billion, 6-month - HUF 31 billion, 12-month - HUF 32 billion, Liquidity DTB - HUF 23 billion.
Stock exchange listing*	On the day of settlement
Minimum denomination	HUF 10,000
Form	Dematerialised
Eligible investors	Both residents and non-residents
Availability	At auctions: by order to primary dealers
	On the secondary market: among others, from primary dealers and in the branch network of the Hungarian State Treasury

** The 3-month Discount Treasury Bill is not listed on the Stock Exchange*

Government Bonds

Types	3, 5, 10 and 15-year fixed rate
Coupon payment frequency	Semi-annual and annual (issues after 2001 pay only annually)
Sales method	Auction
Transfer of ownership (first day of interest accrual)	Settlement date
Average amount sold (based on 2004 sales)	3-year - HUF 49 billion, 5-year - HUF 33 billion 10-year - HUF 26 billion, 15-year - HUF 14 billion.
Stock exchange listing	On the day of settlement
Minimum denomination	HUF 10,000
Form	Dematerialised
Eligible investors	Both residents and non-residents
Availability	At auctions: by order to primary dealers
	On the secondary market: among others, from primary dealers and in the branch network of the Hungarian State Treasury

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