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GOVERNMENT DEBT MANAGEMENT AGENCY PTE LTD.

GOVERNMENT SECURITIES MARKET

MONTHLY REPORT

NOVEMBER 2006

The deficit of the central government amounted to HUF 1,701 billion in the first eleven months of 2006. The net prefinancing of cash transfers from the EU's EAGGF fund decreased the net borrowing requirement by HUF 41 billion, however, the capital transfer to the National Bank of Hungary (NBH) increased the financing needs by HUF 15 billion. Total net funding need was decreased by privatisation revenues of HUF 190 billion. The total net financing requirement of HUF 1,425 billion (ca. EUR 5.6 billion) was met by a net issuance of HUF 1,635 billion (ca. EUR 6.4 billion) out of which net domestic currency issuance was HUF 1,052 billion (ca. EUR 4.1 billion) and net foreign exchange issuance totalled HUF 583 billion (ca. EUR 2.3 billion).

The domestic debt of the central government increased by HUF 1,052 billion until the end of November. Out of the increase in domestic debt, marketable government bonds accounted for HUF 777 billion, discount Treasury bills for HUF 394 billion and retail government securities for HUF 82 billion. The stock of non-marketable bonds decreased by HUF 201 billion.

The foreign currency debt of the central government increased by HUF 621 billion in the first eleven months of the year. The foreign currency bond issues increased the debt by HUF 676 billion, loan draw-downs by HUF 111 billion, while the redemptions of foreign currency bonds amounted to HUF 187 billion and that of foreign currency loans reached HUF 17 billion. Exchange rate losses of HUF 38 billion increased the HUF value of the foreign currency debt compared to the end of last year.

Secondary market yields decreased in November on all maturities, T-bill yields fell by 10-30 basis points, bond yields by 29-34 basis points. The 3-year yield decreased by 29 basis points and amounted to 7,75%, the 10-year benchmark yield decreased by 32 basis points and amounted to 6.90%

Monthly OTC turnover of government securities was 13% lower in November than a month before and reached HUF 3,751 billion. Primary dealers, who account for the decisive part of all secondary government securities trading, made 41% of their secondary government securities deals with non-resident investors.

The volume of non-residents' holdings of Hungarian government securities increased altogether by HUF 143 billion in November, and amounted to HUF 2,904 billion at the end of the month. This volume represented 30.5% of the total amount of domestic government bonds and discount Treasury bills.

The HUF/EUR mid exchange rate at the end of November 2006 was 255.98.

The credit rating of the long-term foreign currency debt of the Republic of Hungary is as follows:BBB+ (Standard & Poor's); A1 (Moody's); BBB+ (Fitch).

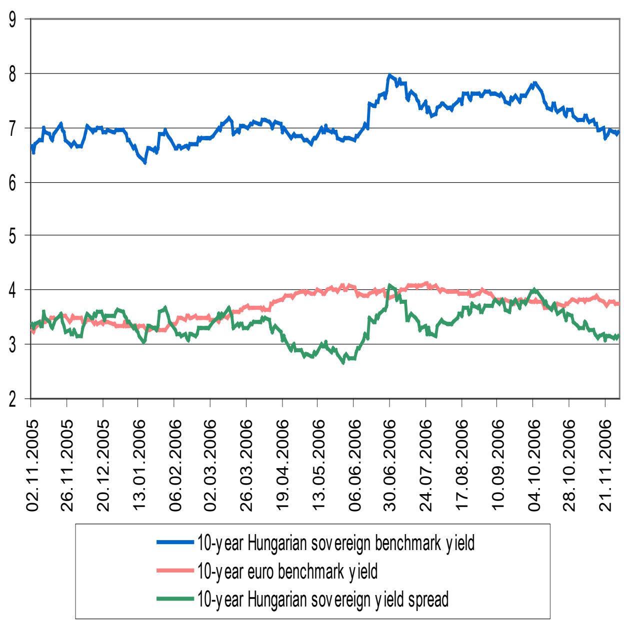
CENTRAL GOVERNMENT GROSS DEBT

HUF BILLION

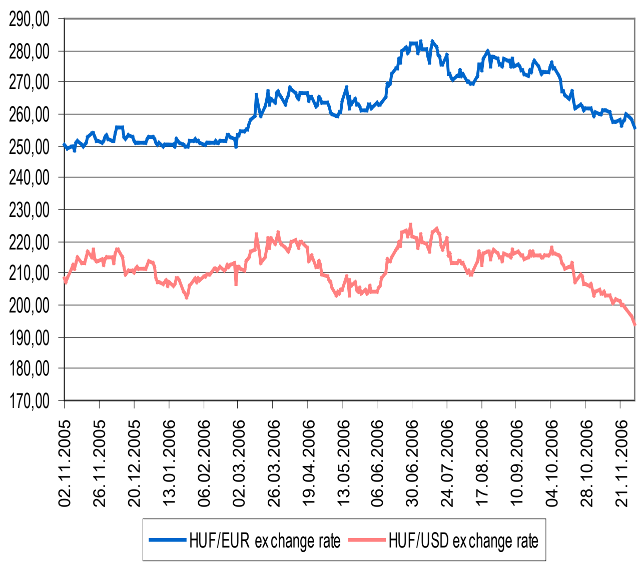
	2000	2001	2002	2003	2004	2005	Sep 2006	Oct 2006	Nov 2006
1. Forint denominated debt	4,717.5	5,397.4	6,956.9	8,008.7	8,608.8	9,153.5	10,106.8	10,014.9	10,205.5
1.1. Loans	303.8	228.3	353.2	117.9	4.7	0.8	0.8	0.8	0.8
1.2. Government securities	4,413.6	5,169.1	6,603.7	7,890.8	8,604.2	9,152.7	10,105.9	10,014.0	10,204.7
1.2.1. Public issues	3,582.4	4,360.0	5,826.3	7,131.5	7,860.6	8,418.8	9,571.9	9,480.9	9,671.5
1.2.1.1. Bonds	2,221.2	2,782.0	3,829.2	5,056.5	5,768.9	6,299.1	6,753.5	6,817.0	7,076.3
1.2.1.2. Discount T-bills	837.9	1,033.3	1,436.8	1,541.4	1,463.3	1,530.9	2,145.2	1,987.8	1,924.8
1.2.1.3. Retail securities	523.3	544.7	560.3	533.5	628.4	588.7	673.2	676.0	670.4
1.2.2. Private placements	831.3	809.1	777.4	759.3	743.6	733.9	534.0	533.2	533.2
2. Foreign currency denominated debt*	2,508.8	2,322.1	2,267.3	2,579.0	2,983.5	3,590.7	4,493.7	4,312.9	4,211.6
2.1. Loans	1,772.8	1,410.4	1,394.3	1,084.1	916.8	720.6	873.6	845.2	823.2
2.1.1. Foreign loans	368.8	317.8	461.9	598.8	528.9	616.9	761.3	737.6	718.2
2.1.2. Domestic loans	1,404.0	1,092.6	932.3	485.3	387.8	103.8	112.3	107.6	105.1
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	104.0	99.6	97.3
2.1.2.2. Other loans	0.0	0.0	82.8	18.8	32.2	7.7	8.3	8.0	7.8
2.2. Government securities	736.0	911.7	873.0	1,494.9	2,066.8	2,870.1	3,620.2	3,467.7	3,388.4
2.2.1. Issued abroad	715.7	911.7	873.0	1,494.9	2,066.8	2,870.1	3,620.2	3,467.7	3,388.4
2.2.1.1. Foreign currency bonds	715.4	911.5	872.9	1,494.7	2,066.7	2,870.0	3,620.1	3,467.6	3,888.3
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	14,600.5	14,327.7	14,417.1
Mark-to-market deposits placed at ÁKK Rt.						21.4	6.6	6.3	6.1
Total central government debt						12,765.6	14,607.1	14,334.0	14,423.3
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*	*9,432.7*	*9,338.0*	*9,534.3*
Gross debt/GDP	*54.4%*	*51.5%*	*54.5%*	*56.8%*	*56.7%*	*58.6%*			

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

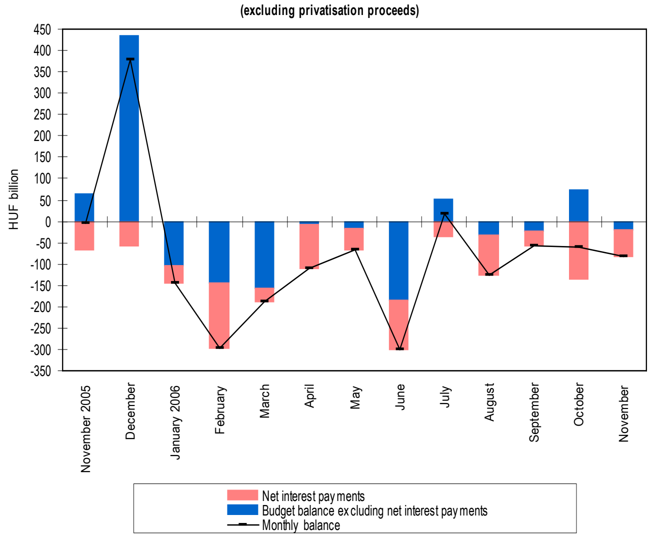
10-year Hungarian and eurozone benchmark yields during the last year



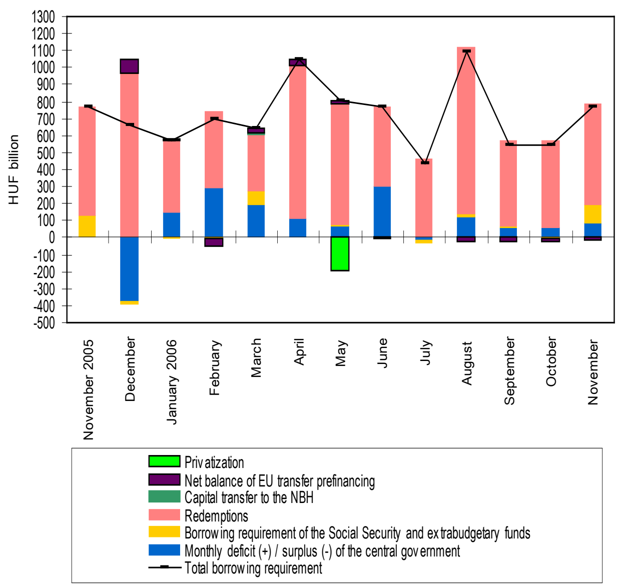
The exchange rate of the Hungarian Forint during the last year



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



Gross borrowing requirement

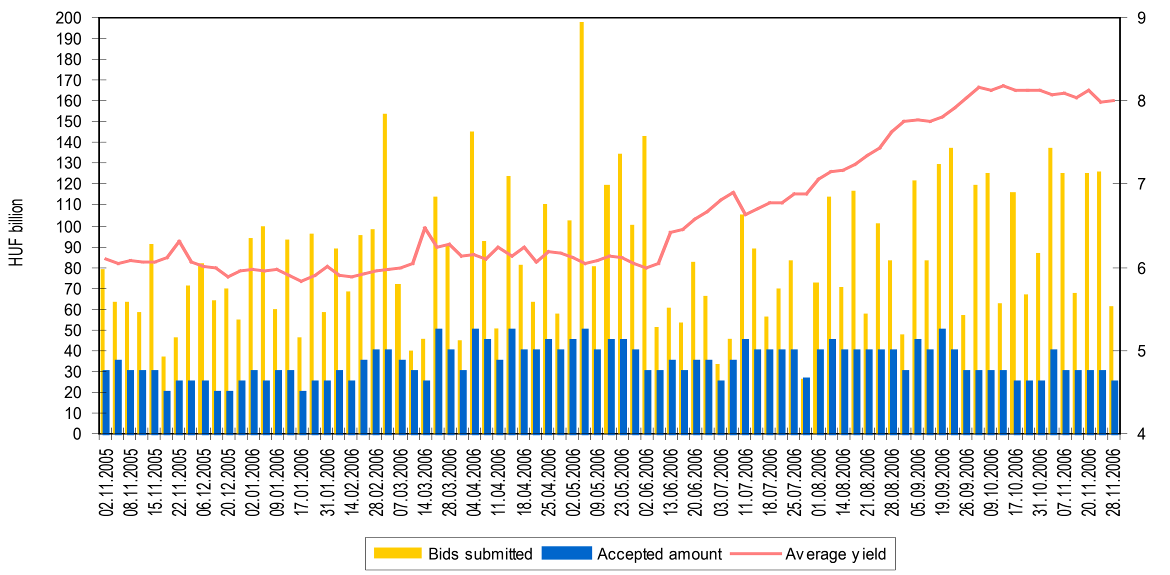


DISCOUNT TREASURY BILL AUCTION RESULTS

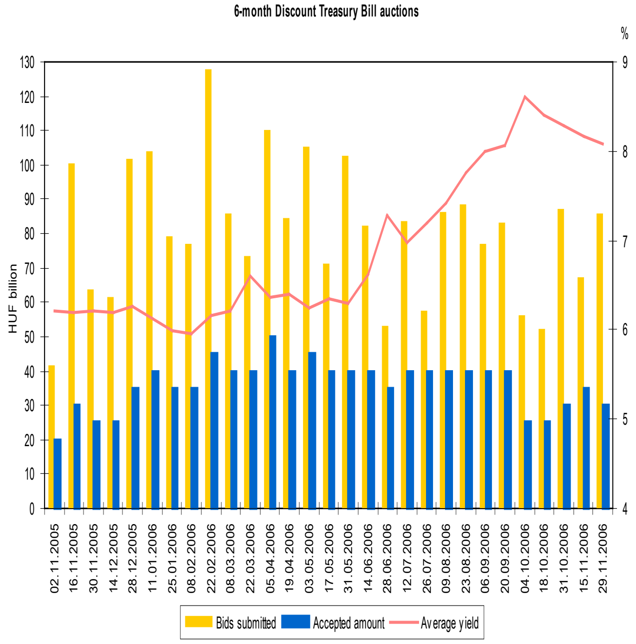
	Liquidity Discount T-Bills		3-month Discount T-bills				6-month Discount T-bills		12-month Discount T-bills		
Code of T-bills	D061227	D061227	D070214	D070221	D070228	D070307	D070509	D070509	D070926	D071121	D071121
ISIN code	HU0000515960	HU0000515960	HU0000515663	HU0000516059	HU0000516075	HU0000516083	HU0000516026	HU0000516026	HU0000515978	HU0000516067	HU0000516067
Maturity in days	49	35	91	91	91	91	168	154	322	364	350
Date of auction	06.11.2006	20.11.2006	07.11.2006	14.11.2006	21.11.2006	28.11.2006	15.11.2006	29.11.2006	02.11.2006	16.11.2006	30.11.2006
Date of financial settlement	08.11.2006	22.11.2006	15.11.2006	22.11.2006	19.11.2006	06.12.2006	22.11.2006	06.12.2006	08.11.2006	22.11.2006	06.12.2006
Redemption date	27.12.2006	27.12.2006	14.02.2007	21.02.2007	28.02.2007	07.03.2007	09.05.2007	09.05.2007	26.09.2007	21.11.2007	21.11.2007
Maximum yield, (%) - ISMA	8.10	8.20	8.10	8.08	7.98	8.02	8.21	8.10	8.28	8.29	8.05
Minimum yield (%) - ISMA	7.80	7.98	7.89	7.92	7.96	7.98	8.07	7.90	8.04	8.21	7.96
Average yield (%) - ISMA	8.08	8.14	8.09	8.04	7.98	8.01	8.17	8.08	8.24	8.25	8.02
Maximum yield, (%) - EHM	8.21	8.31	8.21	8.19	8.09	8.13	8.32	8.21	8.39	8.41	8.16
Minimum yield (%) - EHM	7.91	8.09	8.00	8.03	8.07	8.09	8.18	8.01	8.15	8.32	8.07
Average yield (%) - EHM	8.19	8.25	8.20	8.15	8.09	8.12	8.28	8.19	8.35	8.36	8.13
Average selling price (%)	98.9122	99.2148	97.9960	98.0081	98.0227	98.0154	96.3274	96.6590	93.1357	92.3006	92.7668
Amount offered for sale (HUF million)	30,000.00	30,000.00	30,000.00	30,000.00	30,000.00	25,000.00	35,000.00	30,000.00	40,000.00	40,000.00	40,000.00
Amount of bids submitted (HUF million)	137,053.10	125,020.00	124,953.12	67,441.58	125,743.90	61,388.52	67,293.65	85,893.71	105,175.37	154,481.39	70,495.57
Amount of bids accepted (HUF million)	39,999.96	29,999.93	29,999.97	29,999.93	29,999.95	24,999.94	34,999.88	29,999.90	39,999.91	49,999.99	39,999.98
Bid-to-cover ratio	3.43	4.17	4.17	2.25	4.19	2.46	1.92	2.86	2.63	3.09	1.76
Bids submitted (pcs)	84	86	125	111	98	87	110	97	121	146	83
Bids accepted (pcs)	24	52	19	85	20	52	74	59	48	27	72
Market sales* (HUF million)	39,999.96	29,999.93	29,999.97	29,999.93	29,999.95	24,999.94	34,999.88	29,999.90	39,999.91	49,999.99	39,999.98
Retained on ÁKK's own account	0.04	0.07	3,000.03	3,000.07	3,000.05	2,500.06	7,000.12	6,000.10	8,000.09	15,000.01	8,000.02
Total amount issued (HUF million)	40,000.00	30,000.00	33,000.00	33,000.00	33,000.00	27,500.00	42,000.00	36,000.00	48,000.00	65,000.00	48,000.00

*Without issuance onto ÁKK's own account

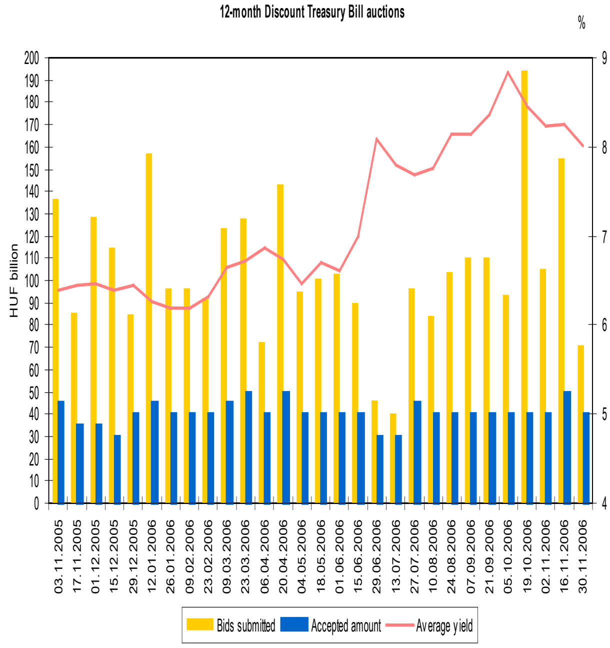
3-month Discount Treasury Bill and Liquidity Discount Treasury Bill auctions



6-month Discount Treasury Bill auctions



12-month Discount Treasury Bill auctions

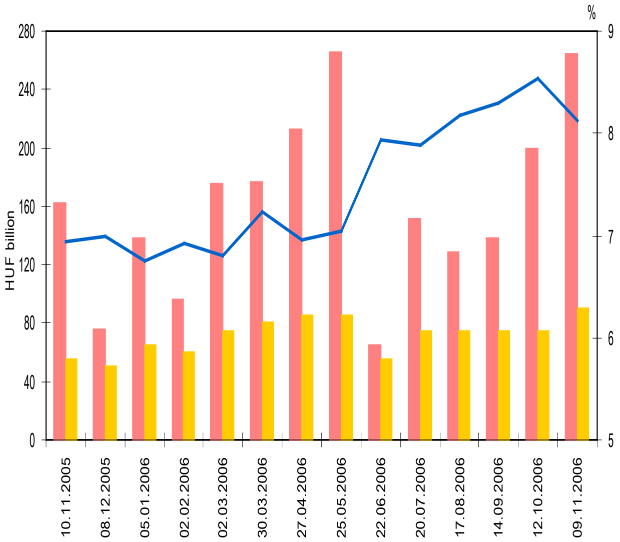


GOVERNMENT BOND AUCTION RESULTS

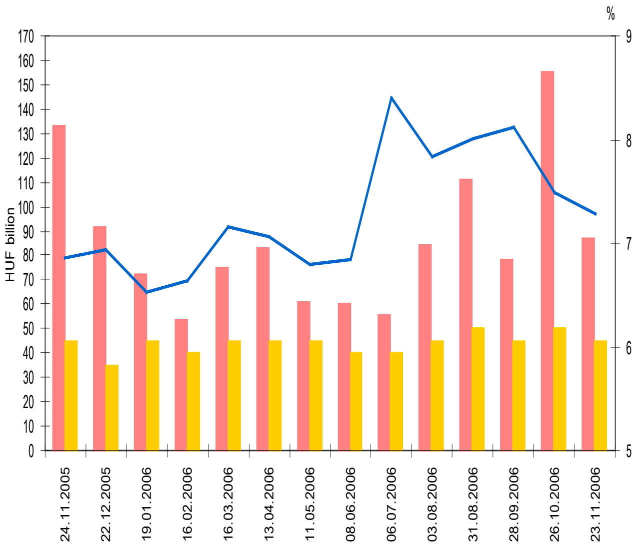
Government Bond	2009/F	2020/A	2012/B	2017/B
ISIN code	HU0000402359	HU0000402235	HU0000402367	HU0000402375
Maturity (in years)	3	15	5	10
Coupon (%)	6.50%	7.50%	7.25%	6.75%
Auction	6th auction	21th auction	3th auction	3th auction
Date of auction	09.11.2006	09.11.2006	23.11.2006	23.11.2006
Date of financial settlement	15.11.2006	15.11.2006	29.11.2006	29.11.2006
Redemption date	12.08.2009	12.11.2020	12.06.2012	24.02.2017
Maximum annual yield (%) - ISMA	8.15	7.03	7.32	6.94
Minimum annual yield (%) - ISMA	8.10	7.00	7.24	6.85
Average annual yield (%) - ISMA	8.13	7.02	7.28	6.89
Maximum annual yield (%) - EHM	8.14	7.02	7.31	6.83
Minimum annual yield (%) - EHM	8.09	6.99	7.23	6.84
Average annual yield (%) - EHM	8.12	7.01	7.28	6.88
Maximum price (%)	96.1097	104.3692	100.0686	99.3000
Minimum price (%)	95.9938	104.0995	99.7150	98.6590
Average price (%)	96.0383	104.1893	99.8747	99.0147
Amount offered for sale (HUF million)	75,000.00	20,000.00	45,000.00	40,000.00
Amount of bids submitted (HUF million)	263,950.00	62,552.00	87,150.00	50,650.00
Amount of bids accepted (HUF million)	89,999.89	24,999.99	44,999.95	29,999.99
Bid-to-cover ratio	2.93	2.50	1.94	1.69
Bids submitted (pcs)	135	75	125	93
Bids accepted (pcs)	63	16	106	81
Tail (average price - minimum price)	0.04	0.09	0.16	0.36
Market sales* (HUF million)	89,999.89	24,999.99	44,999.95	29,999.99
Retained on ÁKK's own account (HUF million)	0.11	0.01	9,000.05	6,000.01
Total amount issued (HUF million)	90,000.00	25,000.00	54,000.00	36,000.00

*Without issuance onto ÁKK's own account

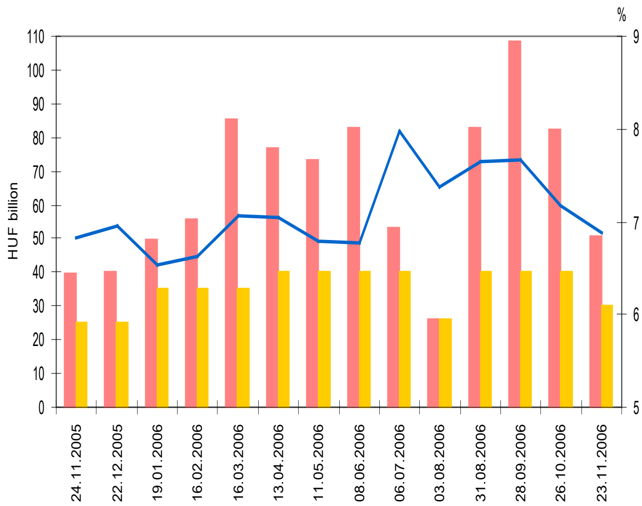
3-year government bond auctions



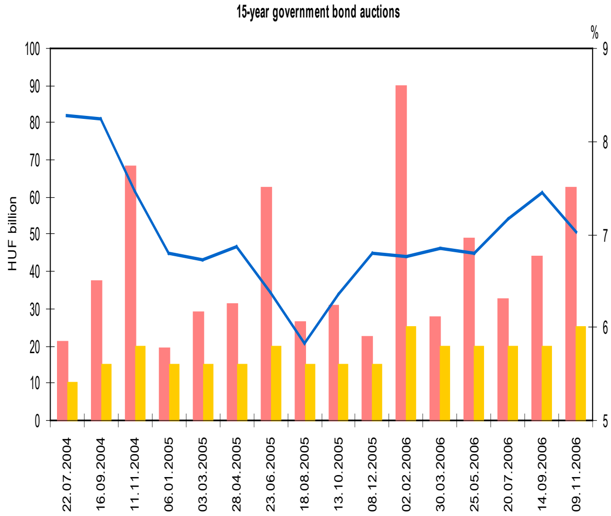
5-year government bond auctions



10-year government bond auctions



15-year government bond auctions

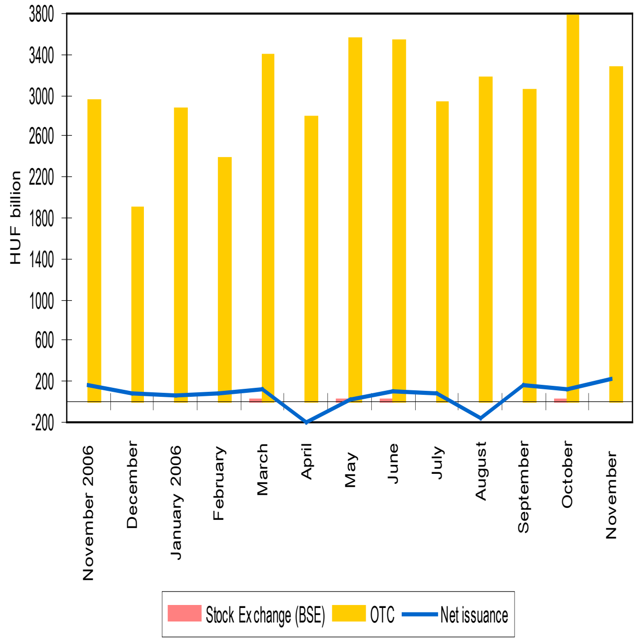


Bids submitted Accepted amount Average yield

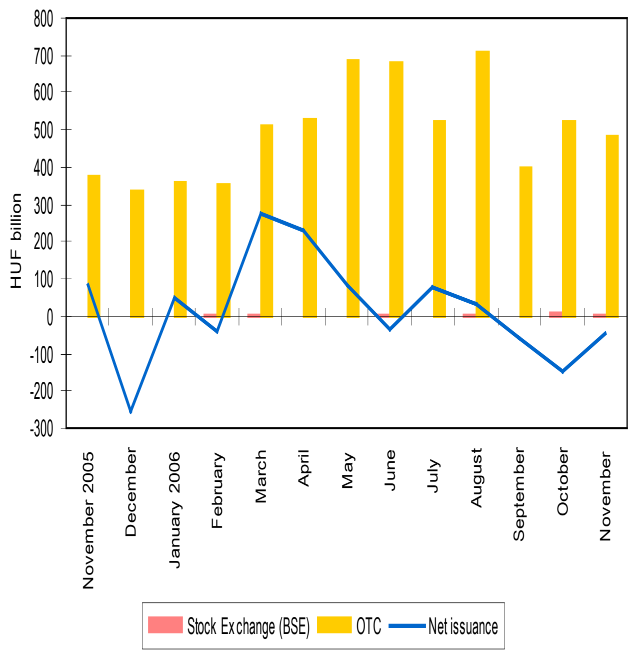
GOVERNMENT BOND BUY-BACK AUCTION RESULTS

Government bond	2007/D	2007/F	2007/D	2007/F
ISIN code	HU0000402052	HU0000402227	HU0000402052	HU0000402227
Coupon (%)	6.25%	9.00%	6.25%	9.00%
Date of reverse auction	08.11.2006	08.11.2006	22.11.2006	22.11.2006
Date of financial settlement	15.11.2006	15.11.2006	29.11.2006	29.11.2006
Redemption date	12.06.2007	12.04.2007	12.06.2007	12.04.2007
Minimum annual yield (%)	8.40	8.40	8.15	8.15
Average annual yield (%)	8.44	8.44	8.15	8.15
Amount of bids submitted (HUF million)	71,300.13	24,019.46	53,233.12	15,841.62
Amount of bids accepted (HUF million)	18,881.87	8,694.46	19,999.97	9,999.96

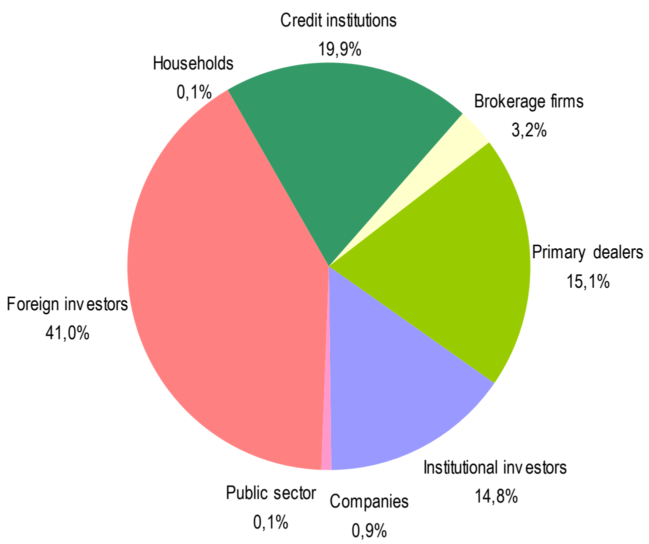
Secondary market trading of government bonds



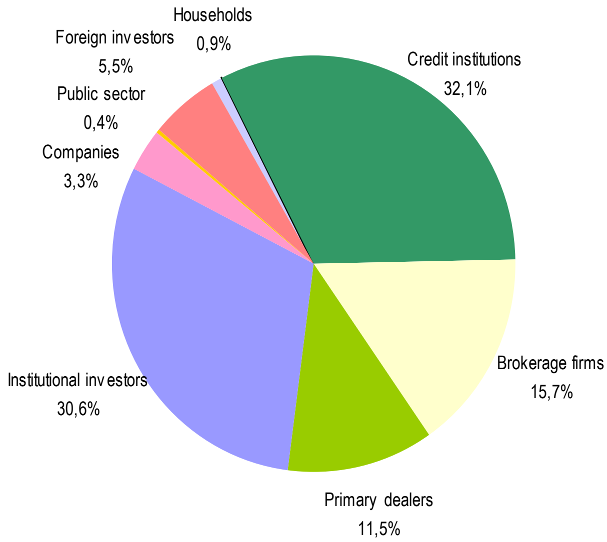
Secondary market trading of Discount Treasury Bills

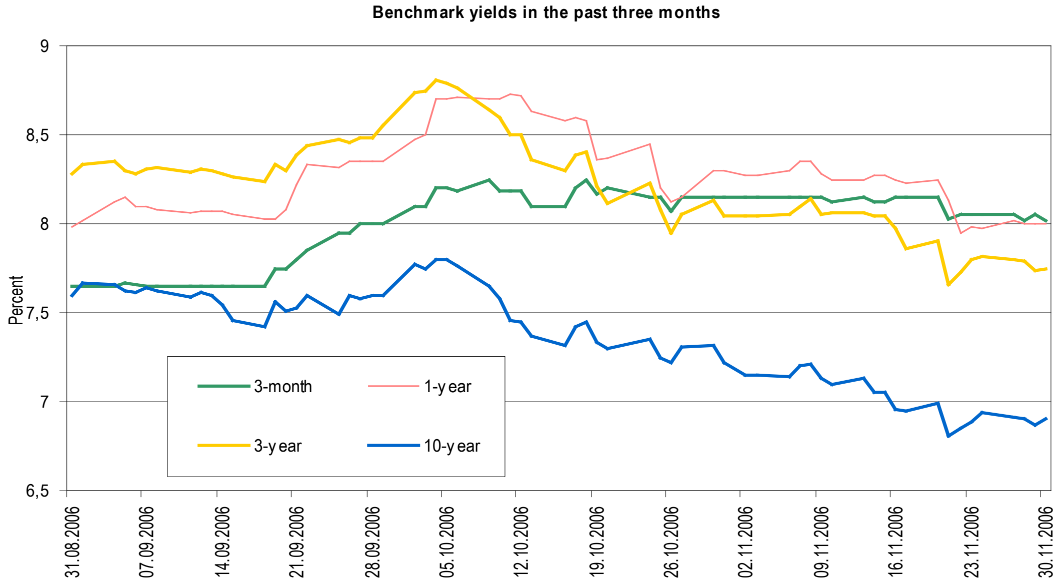


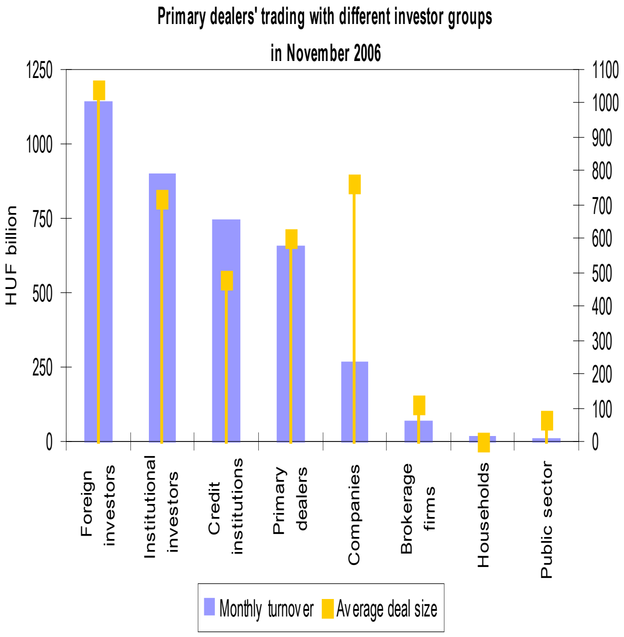
Breakdown of primary dealers' secondary market turnover in government bonds by investor groups in November 2006

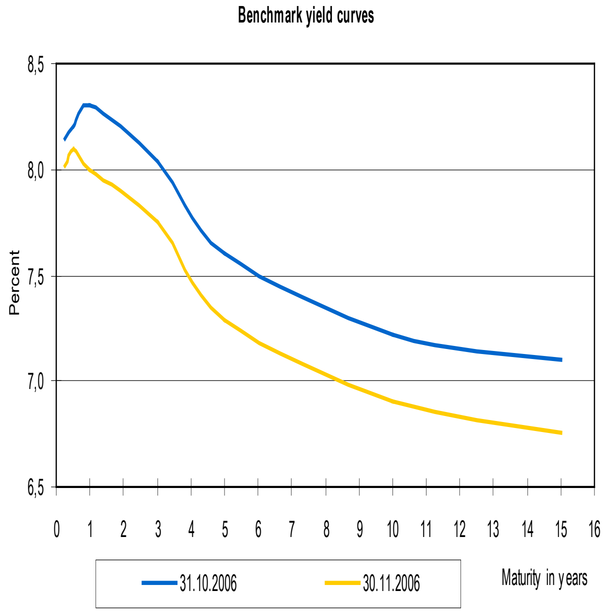


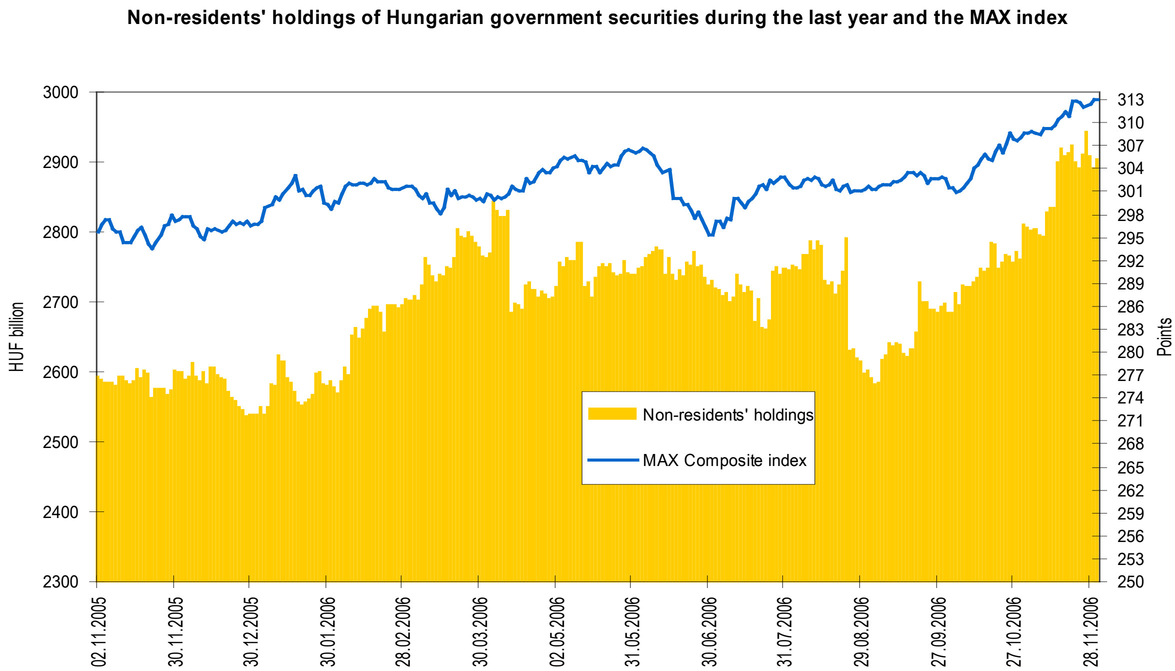
Breakdown of primary dealers' secondary market turnover in Discount Treasury Bills by investor groups in November 2006




Benchmark yields in the past three months
Percent
9
8,5
8
7,5
7
6,5
3-month
1-year
3-year
10-year
31.08.2006
07.09.2006
14.09.2006
21.09.2006
28.09.2006
05.10.2006
12.10.2006
19.10.2006
26.10.2006
02.11.2006
09.11.2006
16.11.2006
23.11.2006
30.11.2006


Primary dealers' trading with different investor groups in November 2006
HUF billion
HUF million
Foreign investors
Institutional investors
Credit institutions
Primary dealers
Companies
Brokerage firms
Households
Public sector
Monthly turnover
Average deal size


Benchmark yield curves
Percent
8,5
8,0
7,5
7,0
6,5
Maturity in years
31.10.2006
30.11.2006


Non-residents' holdings of Hungarian government securities during the last year and the MAX index
HUF billion
Points
Non-residents' holdings
MAX Composite index
02.11.2005
30.11.2005
30.12.2005
30.01.2006
28.02.2006
30.03.2006
02.05.2006
31.05.2006
30.06.2006
31.07.2006
29.08.2006
27.09.2006
27.10.2006
28.11.2006

INTEREST RATE RESETS OF FLOATING RATE GOVERNMENT BONDS IN NOVEMBER 2006

Government Bond	Date of interest rate reset	Interest period		Date of interest payment	Reset interest rate (%)	Interest payable (%)
2014/A	31.10.2006	02.11.2006	02.05.2007	02.05.2007	7.00	3.52

HUNGARIAN GOVERNMENT SECURITIES INDICES

	MAX index	RMAX index	MAX Composite index	ZMAX index
Value as at 30 November 2006	317.6048	312.7885	312.9769	315.1877
Changes compared to the end of the month before	5.8087	2.4022	5.0013	2.224
Annual yield earned on the index portfolio	5.17%	6.45%	5.33%	6.80%

Government securities with the highest secondary market turnover in November 2006

Government security	Date of redemption	Turnover (HUF billion)
2009/F	12.08.2009	403.2
2016/C	12.02.2016	302.6
D070926	26.09.2007	270.9
2011/B	12.10.2011	197.7
2012/B	12.06.2012	188.3
D061227	27.12.2006	144.3
2015/A	12.02.2015	138.4
2017B	24.02.2017	133.1
2007/D	12.06.2007	113.9
D061220	20.12.2006	98.9

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

	HUF billion	
Government bond	31.10.2006	30.11.2006
2009/F	357.63	447.64
2011/B	395.80	395.81
2016/C	432.43	432.47
2020/A	300.71	325.68

PRIMARY DEALERS - AS AT 30 NOVEMBER 2006

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.
HVB Bank Hungary Zrt.		the branch network of the Hungarian State Treasury