GOVERNMENT SECURITIES MARKET MONTHLY REPORT

APRIL 2005

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The deficit of the central government amounted to HUF 709.9 billion in the first four months of 2005. The pre-financing of cash transfers from the EU's EAGGF fund increased the net borrowing requirement by HUF 97.8 billion, as did the HUF 1.1 billion capital transfer to the National Bank of Hungary (NBH) by law in March. The total net financing requirement was met by a net issuance of HUF 768.3 billion (ca. EUR 3.1 billion) in these four months, out of which net domestic currency issuance was HUF 324.0 billion (ca. EUR 1.3 billion) and net foreign exchange issuance totalled HUF 444.3 billion (ca. EUR 1.8 billion).

The HUF denominated debt of the central government increased by HUF 323.6 billion up to the end of April 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 256.6 billion, discount Treasury bills for HUF 72.8 billion. The stock of retail government securities decreased by HUF 2.4 billion, while that of domestic loans by HUF 3.5 billion.

The foreign currency debt of the central government increased by HUF 444.3 billion in the first four 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 81.3 billion and exchange rate losses of HUF 97.8 billion decreased the HUF value of the foreign currency debt.

At the end of April 2005, 67.0% of the domestic government securities were fixed rate, 33.0% 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 this year.

Secondary market yields increased in April. This was due to the change in the international investors' behaviour and regional effects. In the secondary market, the 3-month yield rose by 14 basis points to 7.46%, the 6 and 12-month yields increased by 19-24 bps. The long-term yields showed an increase of 21-32 basis points. The 3-year yield rose by 32 basis points and amounted to 7.54%, while the 10-year benchmark yield reached 7.06% at the end of April after an increase of 28 basis points.

Monthly OTC turnover of government securities was HUF 1943.9 billion, which was slightly less than a month before. Primary dealers, who account for the decisive part of all secondary government securities trading, made 37% of their secondary government securities deals with non-resident investors.

The volume of non-residents' holdings of Hungarian government securities decreased altogether by HUF 134.5 billion in April due to bond redemptions, and amounted to HUF 2451.9 billion at the end of the month. This volume represented 29.5% of the total amount of domestic government bonds and discount Treasury bills at the end of the month.

The HUF/EUR mid exchange rate at the end of April 2005 was 252.66

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

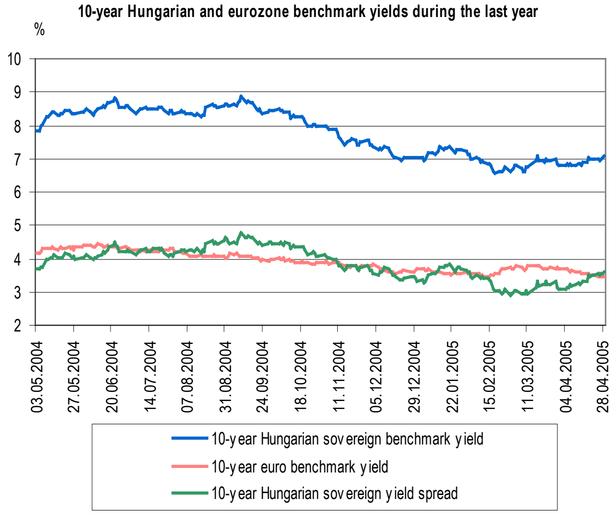
CENTRAL GOVERNMENT GROSS DEBT

HUF BILLION

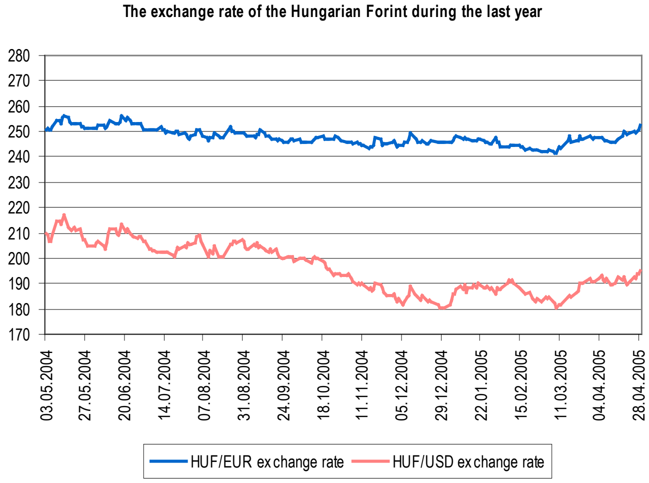
	1999	2000	2001	2002	2003	2004	Feb. 2005	March 2005	Apr. 2005
1. Forint denominated debt	4,350.2	4,717.5	5,397.4	6,956.9	8,008.7	8,608.8	8,801.1	8,876.4	8,932.4
1.1. Loans	380.2	303.8	228.3	353.2	117.9	4.7	3.4	3.4	1.1
1.1.1. Foreign loans	0.0	0.0	0.0	1.7	1.4	1.1	1.1	1.1	1.1
1.1.2. Domestic loans	380.2	303.8	228.3	351.5	116.5	3.5	2.2	2.2	0.0
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	0,0
1.2. Government securiries	3,970.0	4,413.6	5,169.1	6,603.7	7,890.8	8,604.2	8,797.7	8,873.0	8,931.3
1.2.1. Public issues	3,116.8	3,582.4	4,360.0	5,826.3	7,131.5	7,860.6	8,055.5	8,131.3	8,189.6
1.2.1.1. Bonds	1,790.8	2,221.2	2,782.0	3,829.2	5,056.5	5,768.9	5,916.8	5,979.2	6,027.4
1.2.1.2. Discount T-bills	826.7	837.9	1,033.3	1,436.8	1,541.4	1,463.3	1,498.4	1,523.1	1,536.1
1.2.1.3. Retail securities	499.3	523.3	544.7	560.3	533.5	628.4	640.0	629.0	626.0
1.2.2. Private placements	853.2	831.3	809.1	777.4	759.3	743.6	742.6	741.7	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	3,379.7	3,450.2	3,525.6
2.1. Loans	1,929.6	1,772.8	1,410.4	1,394.3	1,084.1	916.8	824.1	841.3	858.8
2.1.1. Foreign loans	361.2	368.8	317.8	461.9	598.8	528.9	515.4	526.1	536.7
2.1.2. Domestic loans	1,568.4	1,404.0	1,092.6	932.3	485.3	387.8	308.8	315.2	322.2
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	277.1	282.9	289.1
2.1.2.2. Others loans	0.0	0.0	0.0	82.8	18.8	32.2	31.7	32.3	33.0
2.2. Government securiries	606.7	736.0	911.7	873.0	1,494.9	2,066.8	2,555.6	2,608.9	2,666.8
2.2.1. Issued abroad	587.1	715.7	911.7	873.0	1,494.9	2,066.8	2,555.6	2,608.9	2,666.8
2.2.1.1. Foreign currency bonds	586.8	715.4	911.5	872.9	1,494.7	2,066.7	2,555.5	2,608.8	2,666.7
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	12,180.8	12,326.6	12,458.0
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*	*8,157.7*	*8,244.0*	*8,305.2*
Gross debt/GDP	*60.4%*	*54.9%*	*52.0%*	*55.1%*	*57.5%*	*57.0%*			

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

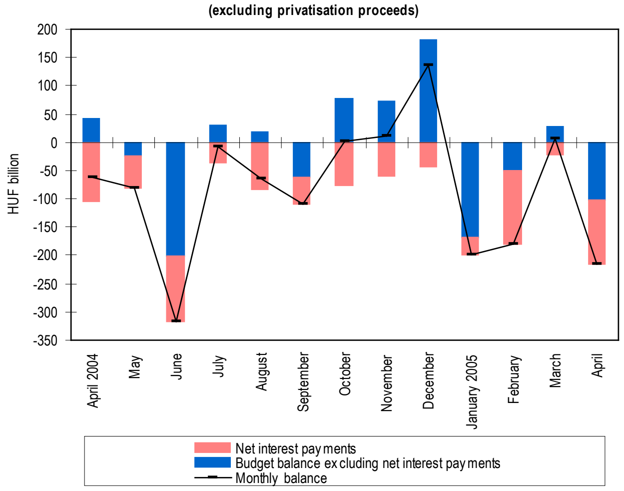
10-year Hungarian and eurozone benchmark yields during the last year



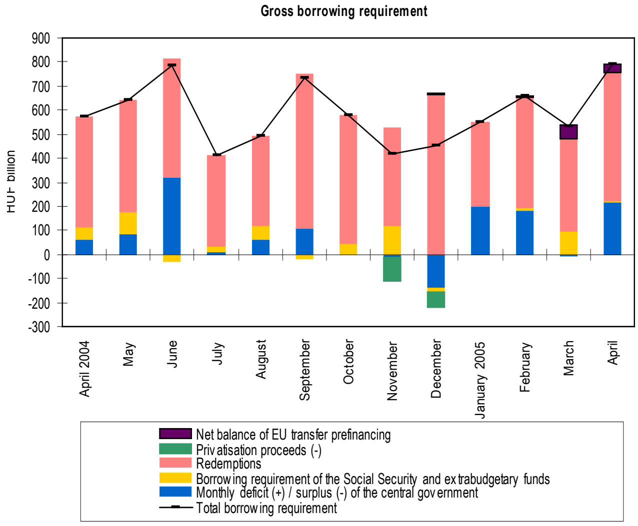
The exchange rate of the Hungarian Forint during the last year



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



Gross borrowing requirement

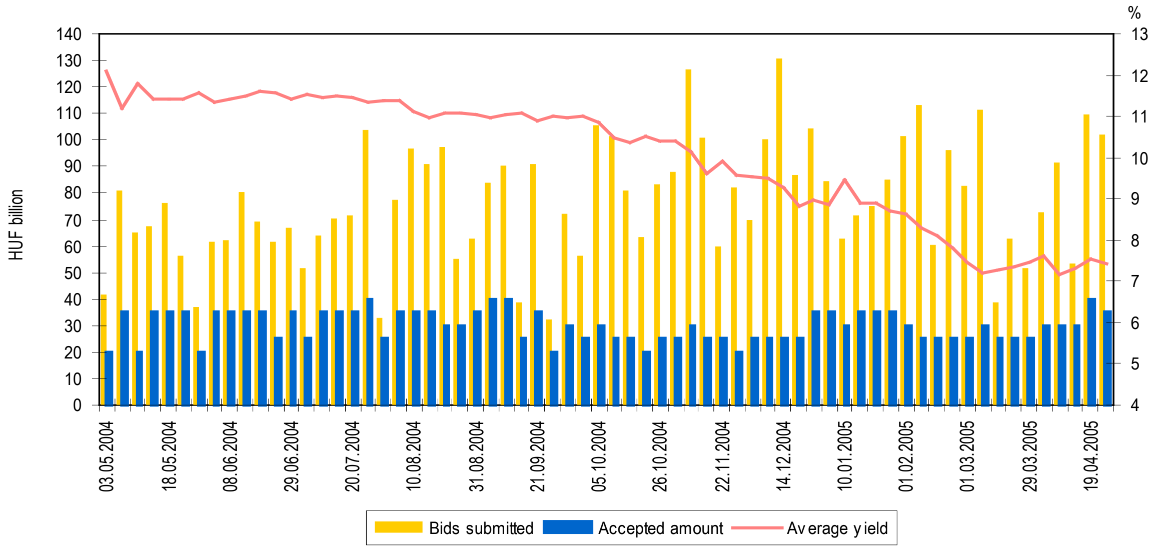


DISCOUNT TREASURY BILL AUCTION RESULTS

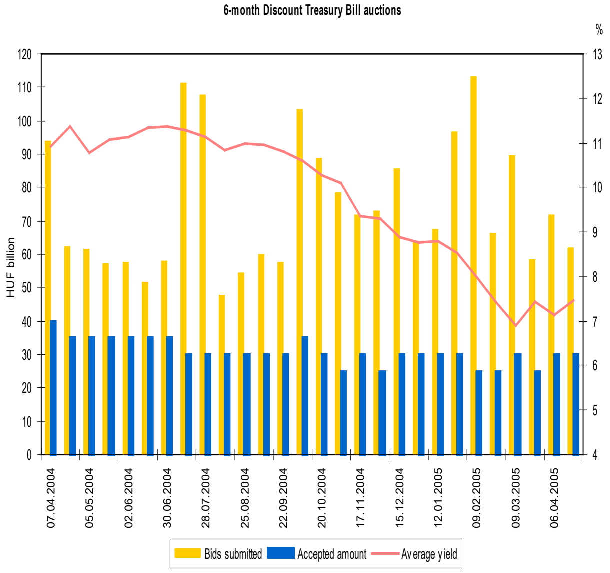
	Liquidity Discount T-bills	3-month Discount T-bills				6-month Discount T-bills		12-month Discount T-bills	
Code of T-bills	D050525	D050713	D050720	D050727	D050803	D051026	D051026	D060316	D060316
Maturity in days	49	91	91	91	91	196	182	337	323
Date of auction	04.04.2005	05.04.2005	12.04.2005	19.04.2005	26.04.2005	06.04.2005	20.04.2005	07.04.2005	21.04.2005
Date of financial settlement	06.04.2005	13.04.2005	20.04.2005	27.04.2005	04.05.2005	13.04.2005	27.04.2005	13.04.2005	27.04.2005
Redemption date	25.05.2005	13.07.2005	20.07.2005	27.07.2005	03.08.2005	26.10.2005	26.10.2005	16.03.2006	16.03.2006
Maximum yield (%) - ISMA	7.69	7.25	7.34	7.55	7.45	7.16	7.49	7.21	7.53
Minimum yield (%) - ISMA	7.50	7.15	7.05	7.42	7.35	7.09	7.42	7.09	7.05
Average yield (%) - ISMA	7.61	7.17	7.30	7.53	7.43	7.15	7.47	7.18	7.51
Maximum yield (%) - EHM	7.80	7.35	7.44	7.65	7.55	7.26	7.59	7.31	7.63
Minimum yield (%) - EHM	7.60	7.25	7.19	7.52	7.45	7.19	7.52	7.19	7.15
Average yield (%) - EHM	7.72	7.27	7.40	7.63	7.53	7.25	7.57	7.28	7.61
Average selling price (%)	98.9748	98.2198	98.1882	98.1321	98.1565	96.2531	96.3609	93.7020	93.6872
Amount offered for sale (HUF million)	25,000.00	25,000.00	30,000.00	30,000.00	35,000.00	30,000.00	30,000.00	35,000.00	35,000.00
Amount of bids submitted (HUF million)	72,800.00	91,647.83	53,196.47	109,483.13	102,066.90	71,823.45	62,015.65	40,843.75	69,561.65
Amount of bids accepted (HUF million)	30,000.00	29,999.97	29,999.98	39,999.94	34,999.90	29,999.91	29,999.93	29,999.97	34,999.92
Bid-to-cover ratio	2.43	3.05	1.77	2.74	2.92	2.39	2.07	1.36	1.99
Bids submitted (pcs)	82	157	105	165	137	165	152	132	146
Bids accepted (pcs)	20	50	67	86	60	96	88	101	104
Market sales* (HUF million)	30,000.00	29,999.97	29,999.98	39,999.94	34,999.90	29,999.91	29,999.93	29,999.97	34,999.92
Retained on ÁKK's own account (HUF million)	0.00	3,000.03	3,000.02	4,000.06	3,500.10	9,000.09	3,000.07	3,000.03	3,500.08
Total amount issued (HUF million)	30,000.00	33,000.00	33,000.00	44,000.00	38,500.00	39,000.00	33,000.00	33,000.00	38,500.00

* Without issuance onto ÁKK's own account

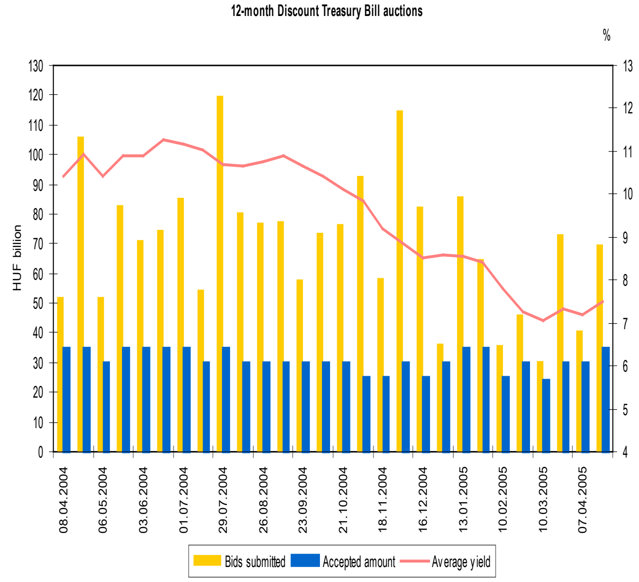
3-month Discount Treasury Bill and Liquidity Discount Treasury Bill auctions



6-month Discount Treasury Bill auctions



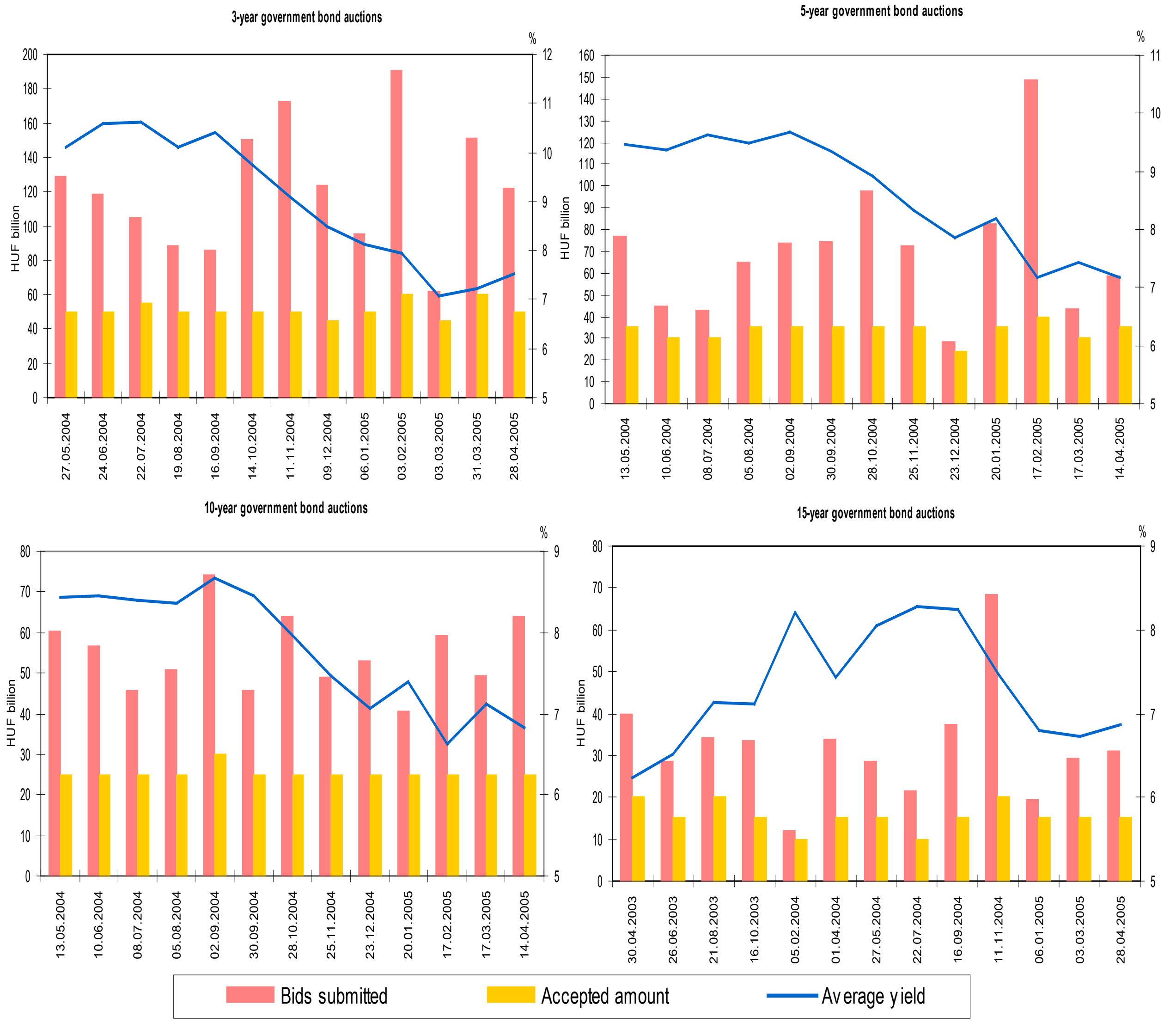
12-month Discount Treasury Bill auctions

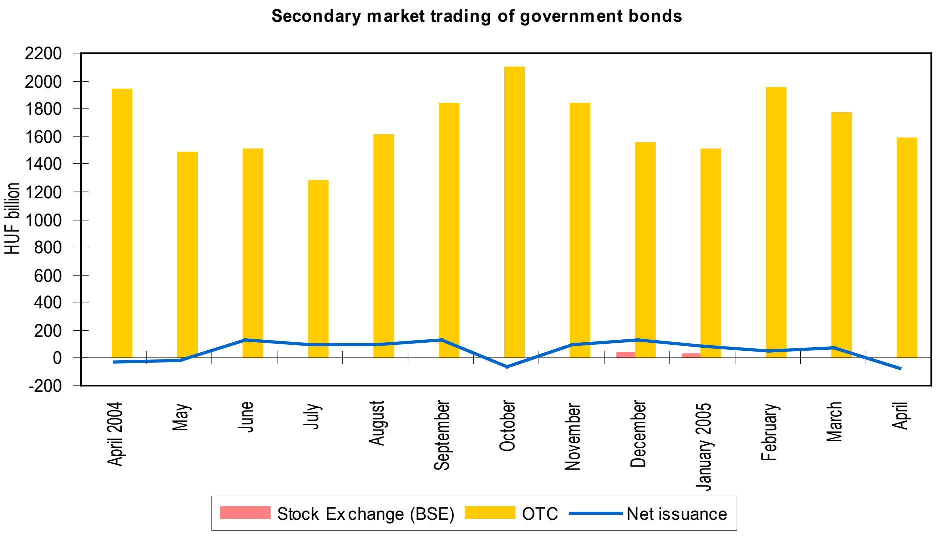


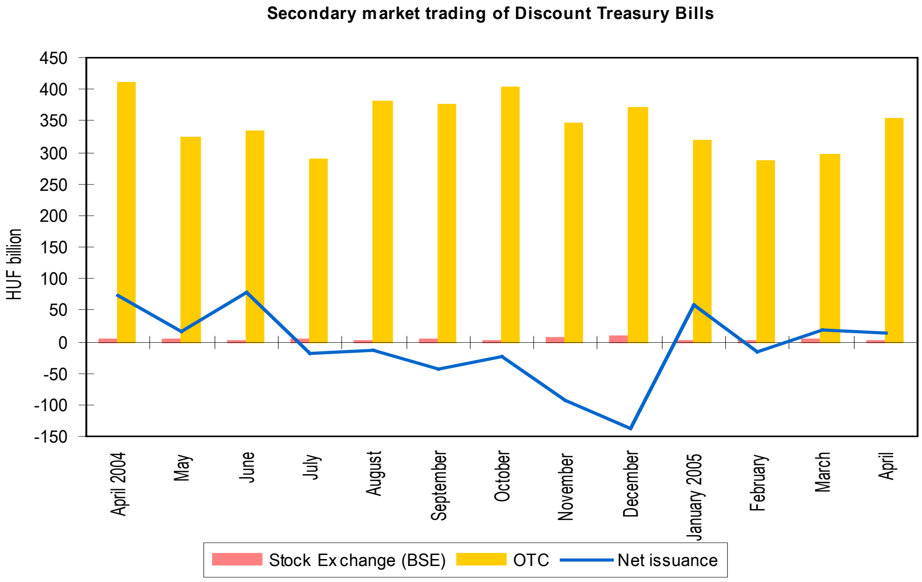
GOVERNMENT BOND AUCTION RESULTS

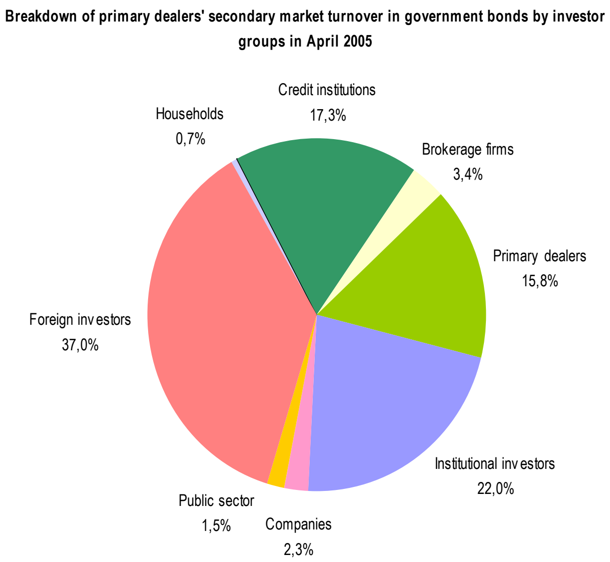
Government Bond	2010/B	2015/A	2020/A	2008/D
ISIN coda	HU0000402292	HU0000402268	HU0000402235	HU0000402276
Maturity (in years)	5	10	15	3
Coupon (%)	6.75%	8.00%	7.50%	7.25%
Auction	1st auction	11th auction	9th auction	5th auction
Date of auction	14.04.2005	14.04.2005	28.04.2005	28.04.2005
Date of financial settlement	20.04.2005	20.04.2005	04.05.2005	04.05.2005
Redemption date	12.10.2010	12.02.2015	12.11.2020	24.04.2008
Maximum annual yield (%) - ISMA	7.20	6.87	6.89	7.53
Minimum annual yield (%) - ISMA	7.13	6.78	6.81	7.48
Average annual yield (%) - ISMA	7.18	6.82	6.87	7.52
Maximum annual yield (%) - EHM	7.20	6.87	6.89	7.52
Minimum annual yield (%) - EHM	7.13	6.78	6.81	7.47
Average annual yield (%) - EHM	7.17	6.81	6.86	7.51
Maximum price (%)	98.3843	108.5044	106.4275	99.3997
Minimum price (%)	98.0802	107.8411	105.6446	99.2713
Average price (%)	98.1749	108.2184	105.8593	99.2979
Amount offered for sale (HUF million)	35,000.00	25,000.00	15,000.00	50,000.00
Amount of bids submitted (HUF million)	58,695.00	63,882.22	31,111.18	122,302.50
Amount of bids accepted (HUF million)	34,999.91	24,999.91	14,999.93	49,999.93
Bid-to-cover ratio	1.68	2.56	2.07	2.45
Bids submitted (pcs)	129	102	120	146
Bids accepted (pcs)	94	32	69	68
Tail (average price - minimum price)	0.09	0.38	0.21	0.03
Market sales* (HUF million)	34,999.91	24,999.91	14,999.93	49,999.93
Retained on ÁKK's own account (HUF million)	10,500.09	0.09	3,000.07	0,07
Total amount issued (HUF million)	45,500.00	25,000.00	18,000.00	50,000.00

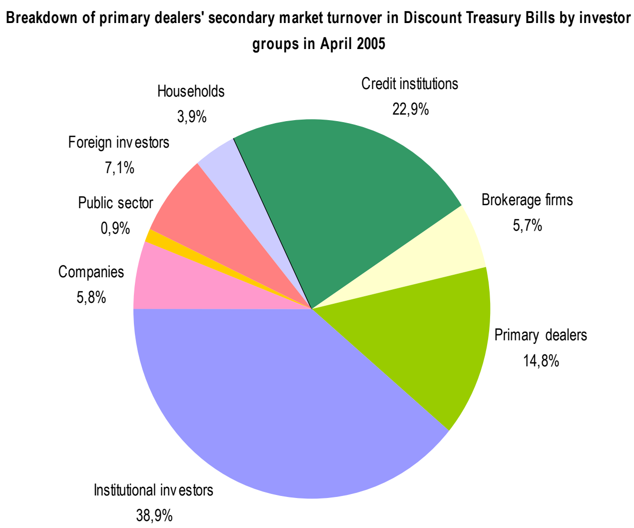
*Without issuance onto ÁKK's own account




Secondary market trading of government bonds
HUF billion
2200
2000
1800
1600
1400
1200
1000
800
600
400
200
0
-200
April 2004
May
June
July
August
September
October
November
December
January 2005
February
March
April
Stock Exchange (BSE)
OTC
Net issuance

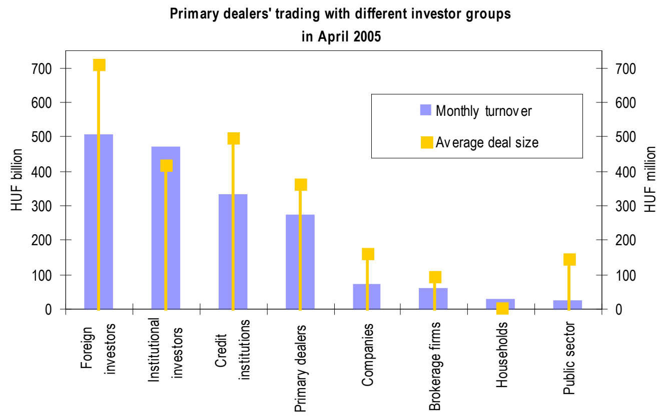

Secondary market trading of Discount Treasury Bills
HUF billion
450
400
350
300
250
200
150
100
50
0
-50
-100
-150
April 2004
May
June
July
August
September
October
November
December
January 2005
February
March
April
Stock Exchange (BSE)
OTC
Net issuance

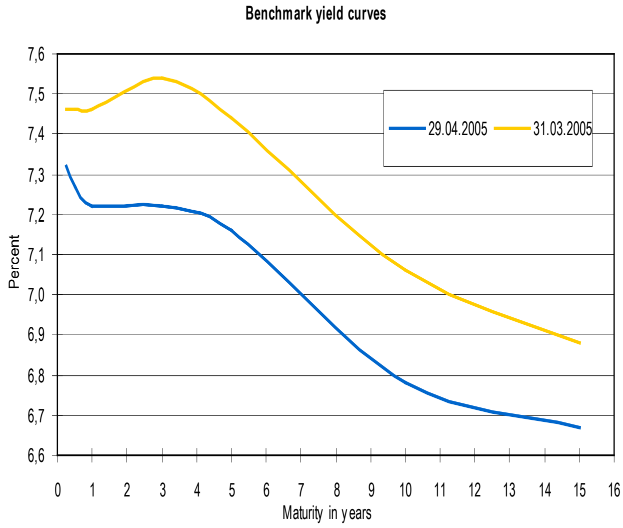

Breakdown of primary dealers' secondary market turnover in government bonds by investor groups in April 2005
Credit institutions 17,3%
Households 0,7%
Brokerage firms 3,4%
Primary dealers 15,8%
Foreign investors 37,0%
Institutional investors 22,0%
Public sector 1,5%
Companies 2,3%

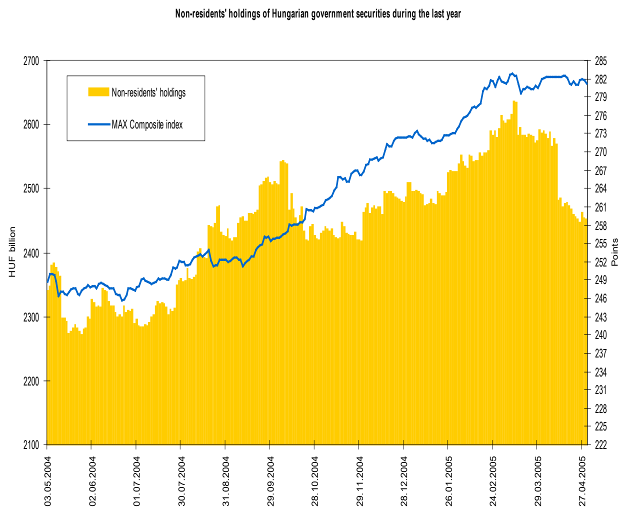

Breakdown of primary dealers' secondary market turnover in Discount Treasury Bills by investor groups in April 2005
Households 3,9%
Credit institutions 22,9%
Foreign investors 7,1%
Public sector 0,9%
Brokerage firms 5,7%
Companies 5,8%
Primary dealers 14,8%
Institutional investors 38,9%

Government securities with the highest secondary market turnover in April 2005

Government security	Date of redemption	Turnover (HUF billion)
2008/D	24.04.2008	171.4
2015/A	12.02.2015	149.1
2009/D	12.10.2009	124.2
2007/G	12.10.2007	115.6
D060316	16.03.2006	99.1
2007/F	12.04.2007	90.0
2006/F	12.04.2006	79.3
2013/C	20.12.2013	73.4
2008/C	12.06.2008	67.6
2009/C	24.06.2009	65.3







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

Government bond	HUF billion 31.03.2005	HUF billion 30.04.2005
2008/D	156.07	237.08
2009/D	364.67	364.83
2015/A	256.08	281.65
2020/A	115.57	115.49

HUNGARIAN GOVERNMENT SECURITIES INDICES

	MAX index	RMAX index	MAX Composite index	ZMAX index
Value as at 30 April 2005	285.117	281.3706	281.2017	283.6802
Changes compared to the end of the month before	1.1611	-1.2022	0.7453	-1.4732
Annual yield earned on the index portfolio	14.48%	11.60%	13.68%	10.92%

EVENTS CALENDAR - JUNE 2005

Week 23			1	2	3	4	5
			Wednesday	**Thursday**	**Friday**	**Sat.**	**Sun.**
Discount T-bill public offer			3 - month DKJ				
Discount T-bill auction			D051221	D060510			
Discount T-bill auction settlement			D050831				
Discount T-bill redemption			D050601				
Liquidity Discount T-bill auction settlement			Upon decision of the Issuer				
Interest Bearing T-bill subscription				K2006/12			
Interest Bearing T-bill redemption				K2005/11			
Government Bond public offer				5 and 10 -year Bonds			
Government Bond auction settlement			3 -year Bond				
Government Bond buyback auction settlement			2 Bond series				
Week 24	6	7	8	9	10	11	12
	Monday	**Tuesday**	**Wednesday**	**Thursday**	**Friday**	**Sat.**	**Sun.**
Discount T-bill public offer			3, 6 and 12-month DKJs				
Discount T-bill auction		D050914		D060316			
Discount T-bill auction settlement			D050907/D051221/D060510				
Discount T-bill redemption			D050608				
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 subscription			K2006/12				
Interest Bearing T-bill public offer		K2006/11					
Government Bond auction				5 and 10 -year Bonds			
Government Bond buyback auction			2 Bond series				
Week 25	13	14	15	16	17	18	19
	Monday	**Tuesday**	**Wednesday**	**Thursday**	**Friday**	**Sat.**	**Sun.**
Discount T-bill public offer			3 -month DKJ				
Discount T-bill auction		D050921	D051221	D060510			
Discount T-bill auction settlement			D050914				
Discount T-bill redemption			D050615				
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 subscription			K2006/13				
Interest Bearing T-bill redemption			K2005/12				
Government Bond public offer				3 and 15-year Bonds			
Government Bond auction settlement			5 and 10 -year Bonds				
Government Bond buyback auction settlement			2 Bond series				
Government Bond interest payment	2007/B, 2007/D, 2008/C						
Week 26	20	21	22	23	24	25	26
	Monday	**Tuesday**	**Wednesday**	**Thursday**	**Friday**	**Sat.**	**Sun.**
Discount T-bill public offer			3, 6 and 12-month DKJs				
Discount T-bill auction		D050928					
Discount T-bill auction settlement			D050921/D051221/D060510				
Discount T-bill redemption			D050622				
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		K2006/14					
Interest Bearing T-bill subscription			K2006/13				
Government Bond auction				3 and 15-year Bonds			
Government Bond buyback auction			2 Bond series				
Government Bond interest payment	2005/A, 2013/C, 2014/B				2009/C		
Government Bond redemption	2005/A quarterly						
Week 27	27	28	29	30			
	Monday	**Tuesday**	**Wednesday**	**Thursday**			
Discount T-bill public offer			3 -month DKJ				
Discount T-bill auction		D051005	D051221	D060705			
Discount T-bill auction settlement			D050928				
Discount T-bill redemption			D050629				
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 public offer							
Interest Bearing T-bill subscription			K2006/14				
Interest Bearing T-bill redemption			**K2005/13**				
Government Bond public offer				5 and 10-year Bonds			
Government Bond auction settlement			3 and 15-year Bonds				
Government Bond buyback auction settlement			2 Bond series				
Government Bond interest payment				**2016/A**			
Government Bond redemption				**2016/A quarterly**			

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 APRIL 2005

Government Bond	Date of interest rate reset	Interest period		Date of interest payment	Reset interest rate (%)	Interest payable (%)
2026/B	22.04.2005	24.04.2005	24.10.2005	24.04.2006	7.24	
2026/C	22.04.2005	24.04.2005	24.10.2005	24.10.2005	7.24	9.20
2008/C	22.04.2005	24.04.2005	24.07.2005	24.10.2005	7.14	

PRIMARY DEALERS - AS AT 30 APRIL 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