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ÁLLAMADÓSSÁG KEZELŐ KÖZPONT RT.

GOVERNMENT SECURITIES MARKET

MONTHLY REPORT

▪ JANUARY 2006 ▪

The deficit of the central government amounted to HUF 140.4 billion in January 2006. The prefinancing of cash transfers from the EU's EAGGF fund increased the net borrowing requirement by HUF 4.9 billion. The total net financing requirement was met by a net issuance of HUF 380.3 billion (ca. EUR 1.5 billion), out of which net domestic currency issuance was HUF 133.5 billion (ca. EUR 0.5 billion) and net foreign exchange issuance totalled HUF 246.8 billion (ca. EUR 1.0 billion).

The HUF denominated debt of the central government increased by HUF 133.2 billion in January (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 66.6 billion, discount Treasury bills for HUF 51.9 billion, while retail government securities for HUF 14.7 billion. The stock of domestic loans remained unchanged.

The foreign currency debt of the central government increased by HUF 244.6 billion in the month. The foreign currency bond issue increased the debt by HUF 250.4 billion, while the redemptions of foreign currency loans decreased it by HUF 3.6 billion. Exchange rate gains of HUF 2.2 billion decreased the HUF value of the foreign currency debt compared to the end of last year.

At the end of January 2006, 69.6% of the domestic government securities were fixed rate, 30.4% floating rate securities, compared to 69.0% and 31.0% at the end of 2005, which means that the proportion of fixed rate securities increased in January.

In January all yields decreased with the exception of the shortest and longest maturities. International factors had a benign effect on yield movements, at the same time, however, Standard and Poor's changed the rating outlook of the Republic's foreign currency debt from stable to negative, which prompted a rise in yields. The 3-month benchmark yield increased by 7 basis points (bps), the 15-year rose by 5 bps. Yields fell by 2-14 basis points on other maturities. The 1-year yield dropped to 6.30% by 14 basis points, the 3-year yield declined by 10 bps and amounted to 6.85%, while the 10-year benchmark yield reached 6.95% at the end of January after decreasing by 2 basis points.

Monthly OTC turnover of government securities was 45% higher in January than a month before and reached HUF 3,231.7 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.

The volume of non-residents' holdings of Hungarian government securities increased altogether by HUF 49.5 in January, and amounted to HUF 2587.9 billion at the end of the month. This volume represented 29.8% of the total amount of domestic government bonds and discount Treasury bills.

The HUF/EUR mid exchange rate at the end of January 2006 was 252.43

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

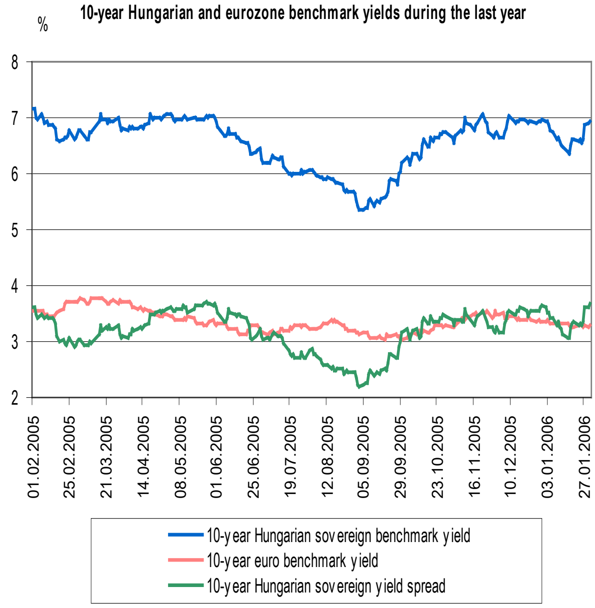
CENTRAL GOVERNMENT GROSS DEBT

HUF BILLION

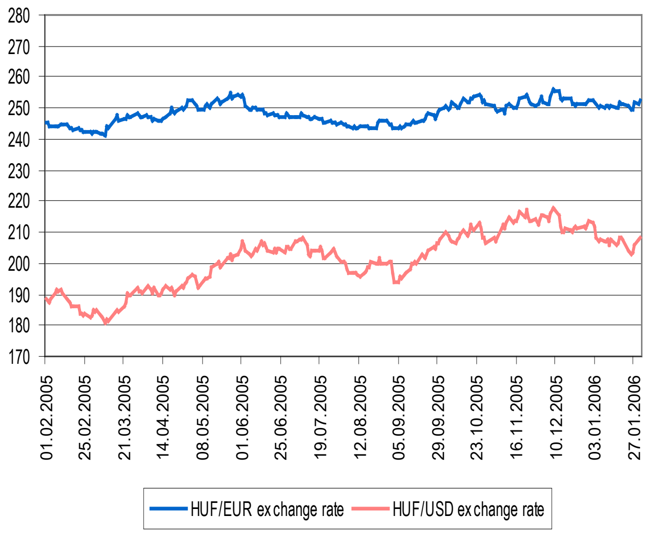
	1999	2000	2001	2002	2003	2004	Nov 2005	Dec 2005	Jan 2006
1. Forint denominated debt	4,350.2	4,717.5	5,397.4	6,956.9	8,008.7	8,608.8	9,314.6	9,153.5	9,286.7
1.1. Loans	380.2	303.8	228.3	353.2	117.9	4.7	1.1	0.8	0.8
1.1.1. Foreign loans	0.0	0.0	0.0	1.7	1.4	1.1	1.1	0.8	0.8
1.1.2. Domestic loans	380.2	303.8	228.3	351.5	116.5	3.5	0.0	0.0	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. Other loans	17.8	14.3	10.9	207.5	45.3	3.5	0,0	0,0	0,0
1.2. Government securities	3,970.0	4,413.6	5,169.1	6,603.7	7,890.8	8,604.2	9,313.5	9,152.7	9,285.8
1.2.1. Public issues	3,116.8	3,582.4	4,360.0	5,826.3	7,131.5	7,860.6	8,574.8	8,418.8	8,629.9
1.2.1.1. Bonds	1,790.8	2,221.2	2,782.0	3,829.2	5,056.5	5,768.9	6,206.8	6,299.1	6,443.7
1.2.1.2. Discount T-bills	826.7	837.9	1,033.3	1,436.8	1,541.4	1,463.3	1,784.5	1,530.9	1,582.8
1.2.1.3. Retail securities	499.3	523.3	544.7	560.3	533.5	628.4	583.5	588.7	603.4
1.2.2. Private placements	853.2	831.3	809.1	777.4	759.3	743.6	738.7	733.9	655.9
2. Foreign currency denominated debt*	2,536.2	2,508.8	2,322.1	2,267.3	2,579.0	2,983.5	3,798.9	3,590.7	3,835.3
2.1. Loans	1,929.6	1,772.8	1,410.4	1,394.3	1,084.1	916.8	930.8	720.6	716.2
2.1.1. Foreign loans	361.2	368.8	317.8	461.9	598.8	528.9	619.9	616.9	612.6
2.1.2. Domestic loans	1,568.4	1,404.0	1,092.6	932.3	485.3	387.8	310.9	103.8	103.6
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	289.0	96.1	96.0
2.1.2.2. Other loans	0.0	0.0	0.0	82.8	18.8	32.2	21.9	7.7	7.7
2.2. Government securities	606.7	736.0	911.7	873.0	1,494.9	2,066.8	2,868.1	2,870.1	3,119.1
2.2.1. Issued abroad	587.1	715.7	911.7	873.0	1,494.9	2,066.8	2,868.1	2,870.1	3,119.1
2.2.1.1. Foreign currency bonds	586.8	715.4	911.5	872.9	1,494.7	2,066.7	2,868.1	2,870.0	3,119.0
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	13,113.5	12,744.2	13,121.9
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*	*8,730.0*	*8,563.9*	*8,682.4*
Gross debt/GDP	*60.4%*	*54.4%*	*51.5%*	*54.5%*	*56.8%*	*56.8%*		*58.5%*	

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

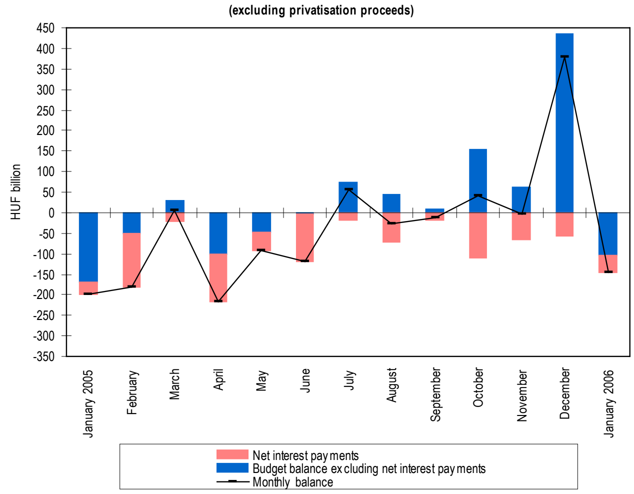
10-year Hungarian and eurozone benchmark yields during the last year



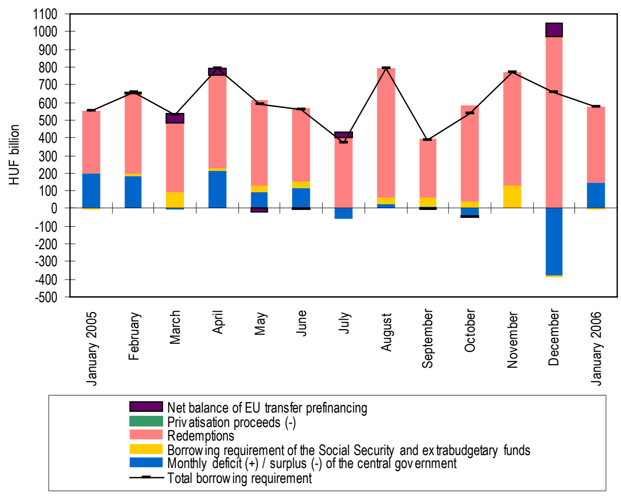
The exchange rate of the Hungarian Forint during the last year



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



Gross borrowing requirement

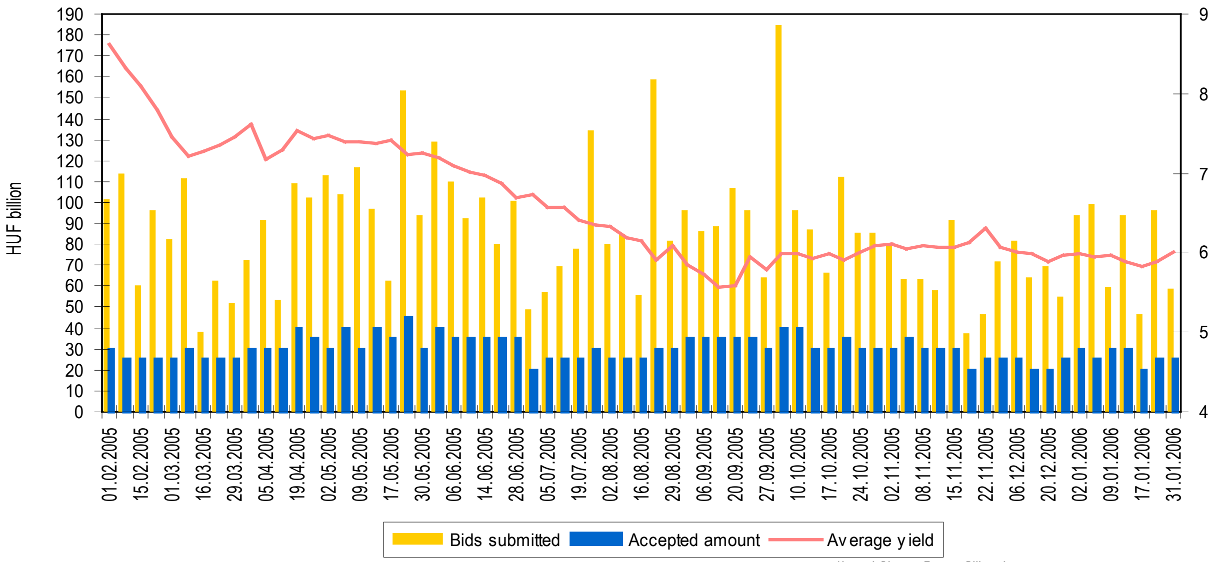


DISCOUNT TREASURY BILL AUCTION RESULTS

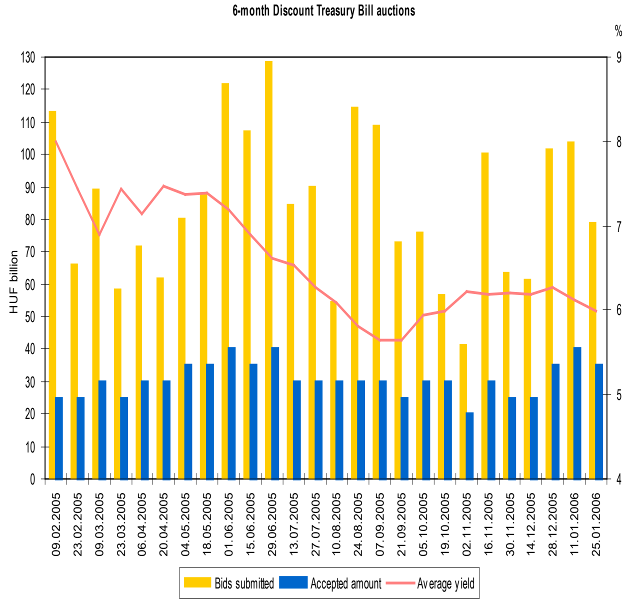
	Liquidity Discount T-bills		3-month Discount T-bills					6-month Discount T-bills		12-month Discount T-bills	
Code of T-bills	D060222	D060222	D060412	D060419	D060426	D060503	D060510	D060802	D060802	D061220	D061220
ISIN code	HU0000515531	HU0000515531	HU0000515465	HU0000515614	HU0000515630	HU0000515648	HU0000515267	HU0000515622	HU0000515622	HU0000515580	HU0000515580
Maturity in days	49	42	91	91	91	91	91	196	182	336	322
Date of auction	02.01.2006	09.01.2006	03.01.2006	10.01.2006	17.01.2006	24.01.2006	31.01.2006	11.01.2006	25.01.2006	12.01.2006	26.01.2006
Date of financial settlement	04.01.2006	11.01.2006	11.01.2006	18.01.2006	25.01.2006	01.02.2006	08.02.2006	18.01.2006	01.02.2006	18.01.2006	01.02.2006
Redemption date	22.02.2006	22.02.2006	12.04.2006	19.04.2006	26.04.2006	03.05.2006	10.05.2006	02.08.2006	02.08.2006	20.12.2006	20.12.2006
Maximum yield (%) - ISMA	5.98	5.97	5.97	5.91	5.85	5.92	6.04	6.14	6.02	6.27	6.20
Minimum yield (%) - ISMA	5.97	5.89	5.75	5.75	5.80	5.75	5.75	6.00	5.95	6.20	6.00
Average yield (%) - ISMA	5.98	5.97	5.95	5.90	5.84	5.90	6.01	6.12	5.99	6.26	6.19
Maximum yield (%) - EHM	6.06	6.05	6.05	5.99	5.93	6.00	6.12	6.23	6.10	6.36	6.29
Minimum yield (%) - EHM	6.05	5.97	5.83	5.83	5.88	5.83	5.83	6.08	6.03	6.29	6.08
Average yield (%) - EHM	6.06	6.05	6.03	5.98	5.92	5.98	6.09	6.21	6.07	6.35	6.28
Average selling price (%)	99.1926	99.3083	98.5183	98.5305	98.5453	98.5305	98.5035	96.7754	97.0607	94.4799	94.7538
Amount offered for sale (HUF million)	30,000.00	30,000.00	25,000.00	25,000.00	25,000.00	25,000.00	25,000.00	35,000.00	35,000.00	40,000.00	40,000.00
Amount of bids submitted (HUF million)	94,000.00	59,874.00	99,559.53	93,585.41	46,178.76	96,334.98	58,683.99	103,872.96	79,064.50	157,252.75	96,028.65
Amount of bids accepted (HUF million)	29,999.98	29,999.97	24,999.95	29,999.99	19,999.95	24,999.93	24,999.94	39,999.92	34,999.96	44,999.93	39,999.82
Bid-to-cover ratio	3.13	2.00	3.98	3.12	2.31	3.85	2.35	2.60	2.26	3.49	2.40
Bids submitted (pcs)	63	45	124	125	87	129	99	169	124	159	135
Bids accepted (pcs)	14	19	31	45	53	53	71	101	86	43	66
Market sales* (HUF million)	29,999.98	29,999.97	24,999.95	29,999.99	19,999.95	24,999.93	24,999.94	39,999.92	34,999.96	44,999.93	39,999.82
Retained on ÁKK's own account (HUF million)	0.02	0.03	2,500.05	3,000.01	2,000.05	2,500.07	2,500.06	12,000.08	7,000.04	9,000.07	8,000.18
Total amount issued (HUF million)	30,000.00	30,000.00	27,500.00	33,000.00	22,000.00	27,500.00	27,500.00	52,000.00	42,000.00	54,000.00	48,000.00

* Without issuance onto ÁKK's own account

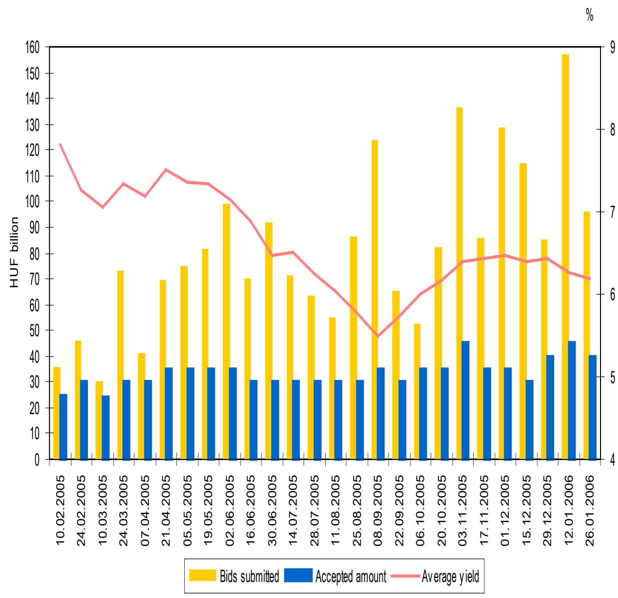
3-month Discount Treasury Bill and Liquidity Discount Treasury Bill auctions



6-month Discount Treasury Bill auctions



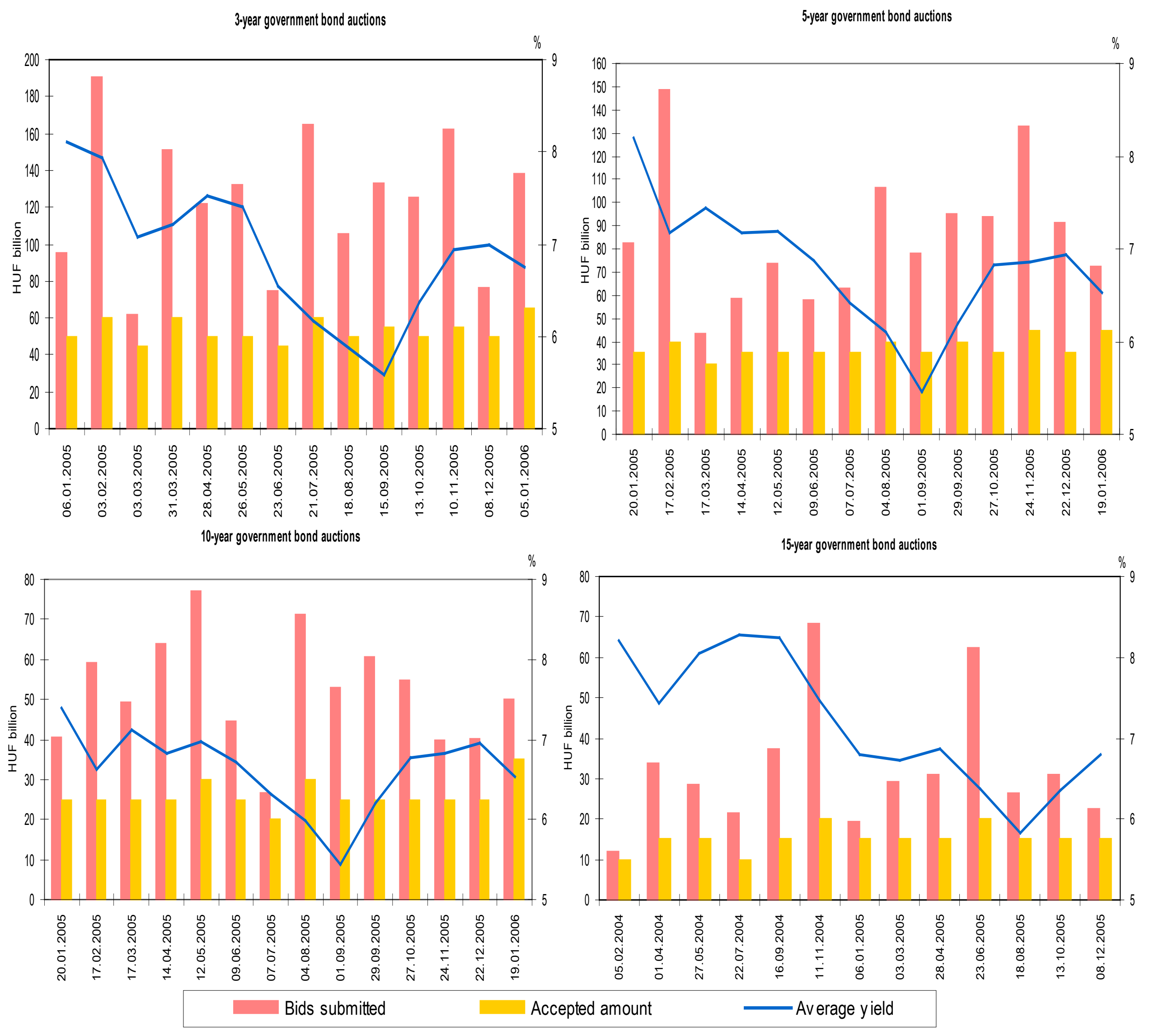
12-month Discount Treasury Bill auctions



GOVERNMENT BOND AUCTION RESULTS

Government Bond	2009/E	2011/B	2016/C
ISIN code	HU0000402326	HU0000402334	HU0000402318
Maturity (in years)	3	5	10
Coupon (%)	6.25%	6.00%	5.50%
Auction	1st auction	1st auction	5th auction
Date of auction	05.01.2006	19.01.2006	19.01.2006
Date of financial settlement	11.01.2006	25.01.2006	25.01.2006
Redemption date	24.04.2009	12.10.2011	12.02.2016
Maximum annual yield (%) - ISMA	6.78	6.55	6.57
Minimum annual yield (%) - ISMA	6.72	6.50	6.49
Average annual yield (%) - ISMA	6.75	6.53	6.54
Maximum annual yield (%) - EHM	6.77	6.55	6.57
Minimum annual yield (%) - EHM	6.71	6.50	6.49
Average annual yield (%) - EHM	6.75	6.53	6.53
Maximum price (%)	98.6922	97.7092	92.8584
Minimum price (%)	98.5227	97.4809	92.3100
Average price (%)	98.6035	97.5502	92.5414
Amount offered for sale (HUF million)	65,000.00	45,000.00	35,000.00
Amount of bids submitted (HUF million)	138,338.60	72,560.00	49,900.00
Amount of bids accepted (HUF million)	64,999.84	44,999.92	34,999.99
Bid-to-cover ratio	2.13	1.61	1.43
Bids submitted (pcs)	156	152	86
Bids accepted (pcs)	104	117	73
Tail (average price - minimum price)	0.08	0.07	0.23
Market sales* (HUF million)	64,999.84	44,999.92	34,999.99
Retained on ÁKK's own account (HUF million)	19,500.16	13,500.08	7,000.01
Total amount issued (HUF million)	84,500.00	58,500.00	42,000.00

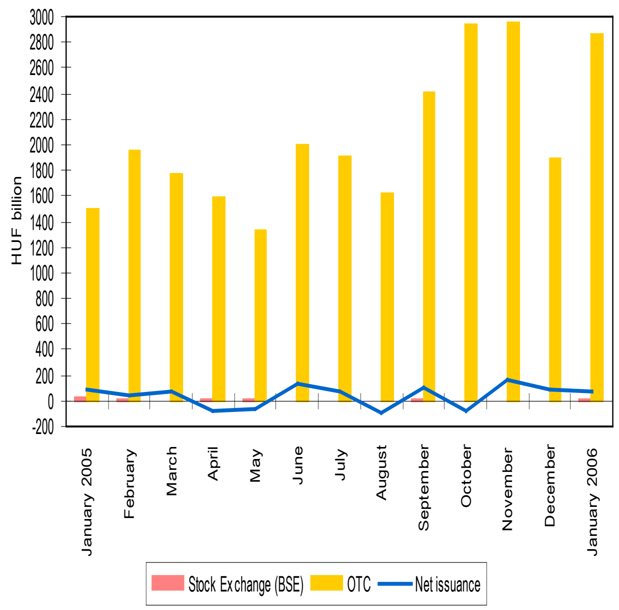
*Without issuance onto ÁKK's own account



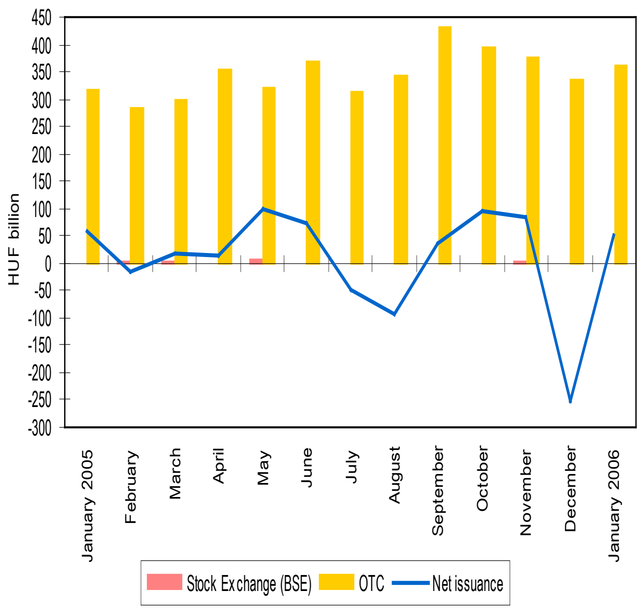
GOVERNMENT BOND BUY-BACK AUCTION RESULTS

Government bond	2006/D	2007/C	2007/E	2008/B	2009/A	2010/A
ISIN code	HU0000401591	HU0000401609	HU0000401609	HU0000401526	HU0000401625	HU0000401633
Coupon (%)	floating rate	floating rate	floating rate	floating rate	floating rate	floating rate
Date of reverse auction	31.01.2006	31.01.2006	31.01.2006	31.01.2006	31.01.2006	31.01.2006
Date of financial settlement	07.02.2006	07.02.2006	07.02.2006	07.02.2006	07.02.2006	07.02.2006
Redemption date	12.08.2006	12.08.2007	12.08.2007	12.08.2008	12.08.2009	12.08.2010
Minimum annual yield (%)	99.00	99.00	99.00	99.00	99.00	99.00
Average annual yield (%)	99.00	99.00	99.00	99.00	99.00	99.00
Amount of bids submitted (HUF million)	102.26	120.04	120.04	158.83	46.40	46.40
Amount of bids accepted (HUF million)	106.26	120.04	120.04	158.83	46.40	46.40

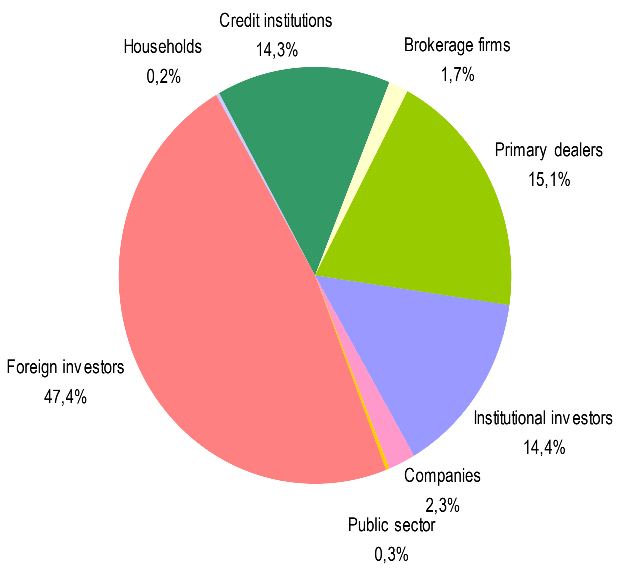
Secondary market trading of government bonds



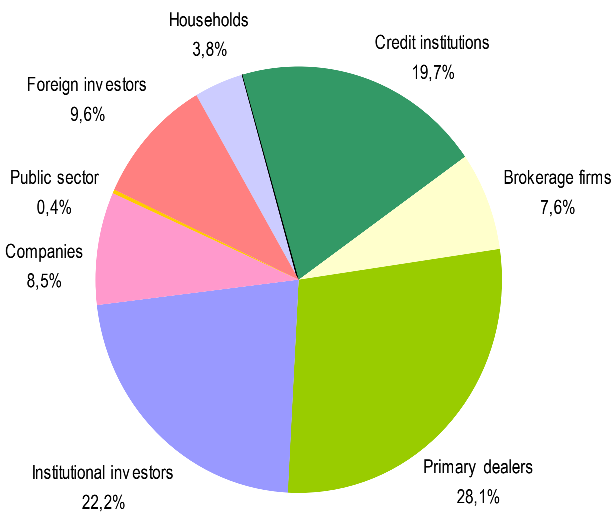
Secondary market trading of Discount Treasury Bills



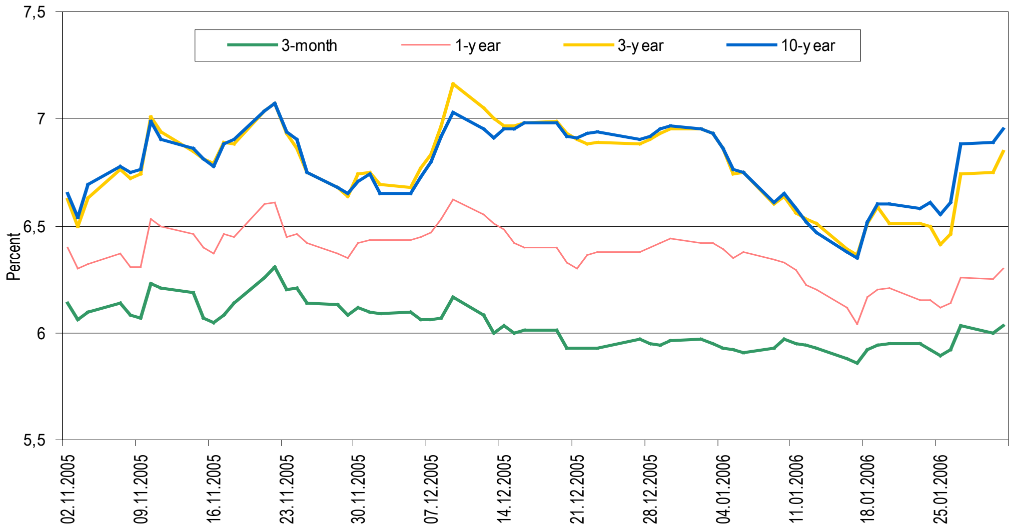
Breakdown of primary dealers' secondary market turnover in government bonds by investor groups in January 2006



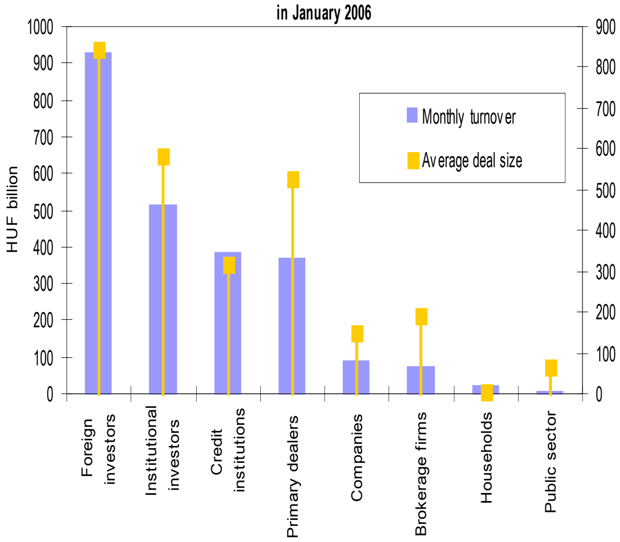
Breakdown of primary dealers' secondary market turnover in Discount Treasury Bills by investor groups in January 2006



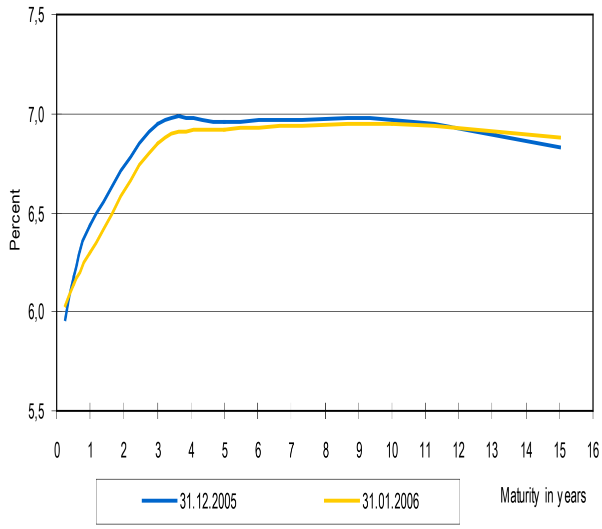
Benchmark yields in the past three months



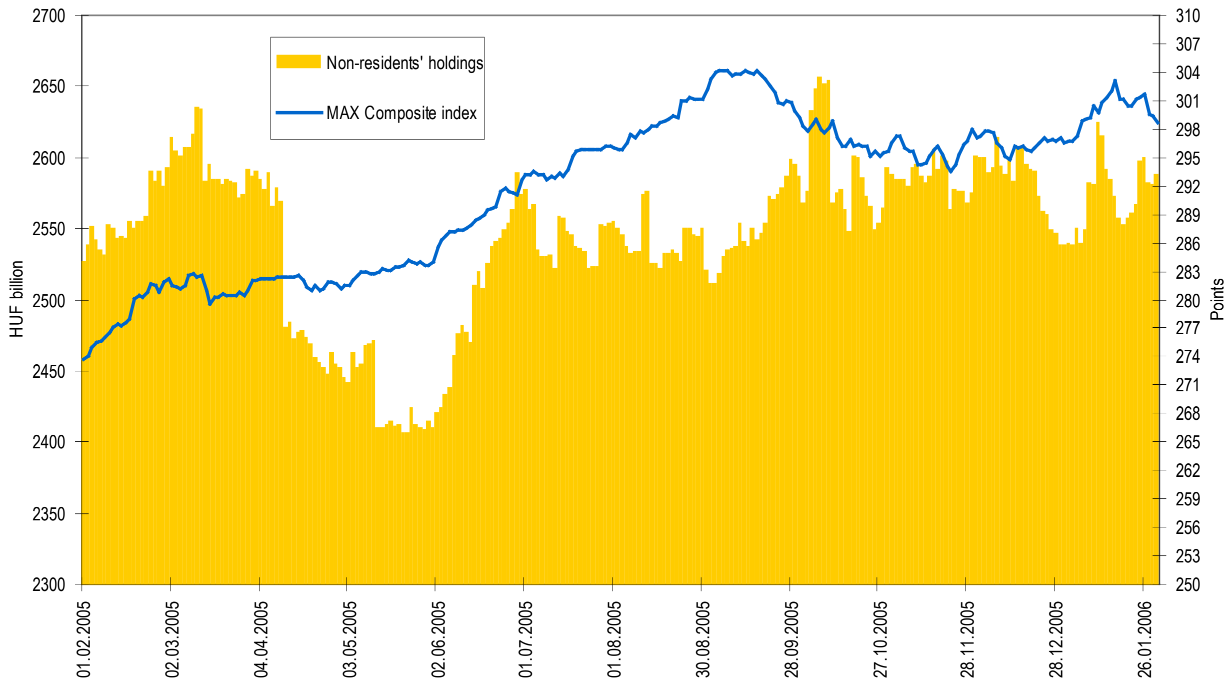
Primary dealers' trading with different investor groups in January 2006



Benchmark yield curves



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



INTEREST RATE RESETS OF FLOATING RATE GOVERNMENT BONDS IN JANUARY 2006

Government Bond	Date of interest rate reset	Interest period		Date of interest payment	Reset interest rate (%)	Interest payable (%)
2006/C	23.01.2006	24.01.2006	24.07.2006	24.07.2006	6.10	6.60
2008/A	23.01.2006	24.01.2006	24.04.2006	24.04.2006	6.19	3.02
2016/B	01.01.2006	02.01.2006	02.07.2006	03.07.2006	6.12	3.08

HUNGARIAN GOVERNMENT SECURITIES INDICES

	MAX index	RMAX index	MAX Composite index	ZMAX index
Value as at 31 January 2006	302.9618	297.2729	298.7604	298.3930
Changes compared to the end of the month before	2.4497	1.7853	2.2942	1.5936
Annual yield earned on the index portfolio	9.64%	8.12%	9.41%	7.37%

Government securities with the highest secondary market turnover in January 2006

Government security	Date of redemption	Turnover (HUF billion)
2010/B	12.10.2010	422.6
2008/E	12.08.2008	284.6
2015/A	12.02.2015	201.6
2016/C	12.02.2016	177.7
D061220	20.12.2006	176.2
2007/F	12.04.2007	136.7
2007/G	12.10.2007	125.3
2009/E	24.04.2009	123.4
D060607	07.06.2006	94.4
2014/C	12.02.2014	92.0

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

	HUF billion	
Government bond	31.12.2005	31.12.2005
2008/E	367.47	367.26
2010/B	371.96	370.83
2016/C	100.30	136.25
2020/A	196.00	196.21

PRIMARY DEALERS - AS AT 31 JANUARY 2006

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