GOVERNMENT SECURITIES MARKET

The deficit of the central government amounted to HUF 483.8 billion in the first quarter of 2005. The pre-financing of cash transfers from the EU's EAGGF fund increased the net borrowing requirement by HUF 64.6 billion, as did the HUF 1.1 billion capital transfer to the National Bank of Hungary (NBH) by law. The total net financing requirement of HUF 549.5 billion (ca. EUR 2.2 billion) was met by a net issuance of HUF 713.8 billion (ca. EUR 2.9 billion) in this quarter, out of which net domestic issuance was HUF 268.4 billion (ca. EUR 1.1 billion) and net foreign exchange issuance totalled HUF 445.4 billion (ca. 1.8 EUR billion).

The average term-to-maturity of the HUF debt portfolio was 3.42 years, while that of the foreign currency debt portfolio was 6.57 years at the end of March. This means a slight decrease in the case of the HUF debt compared to the 3.46 years at the end of 2004 and an increase in the case of the foreign exchange debt from the 5.65 years at the end of the previous year.

Benchmark government securities yields followed a decreasing trend until mid-March, then started to rise slightly. The National Bank of Hungary cut its base rate three times in the first quarter of the year, by 175 basis points overall. Treasury bill yields were lower by 140-153 basis points by the end of the quarter compared to the end of the previous year, while benchmark government bond yields declined by 14-104 basis points. At the end of March the 1-year yield was 7.22%, the 3-year yield also 7.22%, while the 10-year yield was 6.78%.

In the first quarter of 2005 a new T-bond series gained benchmark status: the 3-year 2008/D bond took the place of the 2007/G in February. The size of the previous 3-year benchmark series reached HUF 350 billion (EUR 1.4 billion), which was in line with the Issuer's target to build up large series that ensure sufficient liquidity in the secondary market.

Quarterly OTC turnover of government securities in the first quarter of 2005 was lower by 7% than in the previous quarter, it amounted to HUF 6118 billion. Primary dealers, which account for the decisive part of all secondary government securities trading, made 38% of their secondary government securities deals with non-resident investors.

The volume of non-residents' holdings of Hungarian government securities reached a new all-time high in mid-March by amounting to HUF 2635 billion, which was followed by a slight decrease. Non-residents' holdings increased by HUF 76.5 billion over the quarter to HUF 2586.4 billion, which represented 31.4% of the total volume of domestic government bonds and discount Treasury bills at the end of March 2005.

In the first quarter of the year the Republic of Hungary issued two foreign currency bonds. In January, a 10-year fixed rate Global bond in an amount of USD 1.5 billion (EUR 1.2 billion) was issued, the lead managers of the deal were Deutsche Bank and Morgan Stanley. In February, a EUR 1 billion, 15-year fixed rate bond was sold, the lead managers were ABN AMRO and UBS.

The Government Debt Management Agency Ltd. (ÁKK Rt.) held a press conference on 10 February 2005 about the activity of primary dealers in 2004, where it awarded the most active primary dealers and also gave a presentation to the market participants on financing in 2004. The materials of the press conference can be found on ÁKK Rt.'s website (www.akk.hu).

The HUF/EUR mid exchange rate at the end of March 2005 was 247.18

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

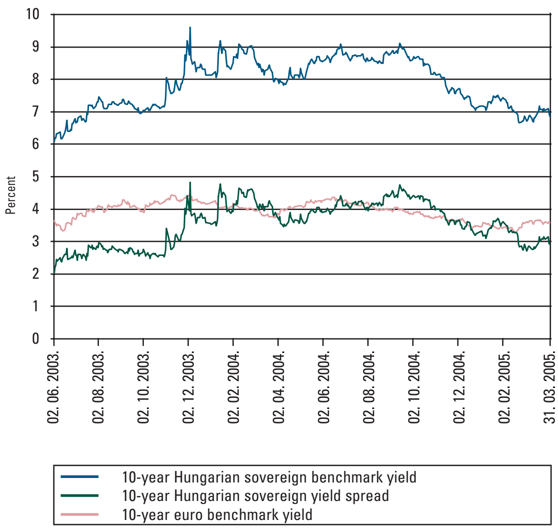
MACROECONOMIC INDICATORS

	1998	1999	2000	2001	2002	2003	2004	Jan. 2005	Feb. 2005	March 2005
GDP growth (YoY)	4.9	4.2	5.2	3.8	3.5	3.5	4.0			
Industrial production[1]	12.5	10.4	18.1	3.6	2.8	5.9	8.3	2.8		
Unemployment rate (%)	7.8	7.0	6.4	5.7	5.9	5.9	6.1			
Consumer price index (yearly change)[2]	10.3	11.2	10.1	6.8	4.8	5.7	5.5	4.1	3.2	3.5
Consumer price index (yearly average)	14.2	10.0	9.8	9.2	5.3	4.7	6.8			
Consumer price index (monthly change)								0.7	0.4	0.7
Producer price index (yearly change)[2]	8.0	7.1	12.4	-0.4	-1.3	6.2	1.6	3.8	3.1	
Producer price index (yearly average)	12.2	5.0	11.6	5.2	-1.8	2.4	3.5			
Producer price index (monthly change)								0.7	0.0	
Net lending position of households (HUF Bn)[3]	943.3	776.2	791.7	756.7	457.5	41.1	371.1			
Current account of balance of payments (EUR M)[4]	-3,026.1	-3,531.4	-4,380.0	-3,612.5	-4,973.7	-6,575.5	-7,123.0			
Net direct investments (EUR M)[5]	2,742.9	2,871.7	2,334.0	3,992.2	2,889.0	562.0	2,940.0			
Balance of the central government budget (HUF Bn)[6]	-333.9	-337.2	-367.8	-402.9	-957,7 7	-727.9	-857.4	-199.1	-379.0	-372.0
Central government gross debt (HUF Bn)	6,165.8	6,886.4	7,226.2	7,719.5	9,224.2	10,587.7	11,592.4	11,760.7	12,180.8	12,326.6
Central government gross debt (per cent of GDP)	61.1%	60.4%	54.9%	52.0%	55.1%	57.0%	57.3%			
Net foreign debt (EUR M)[8]	7,401.5	7,344.4	9,686.8	8,398.1	11,871.0	16,606.0	20,122.1			
Net foreign debt (per cent of GDP)	17.7%	16.3%	19.1%	14.5%	17.2%	22.7%	25.1%			
HUF/USD mid exchange rate at the end of period	219.03	252.52	284.73	279.03	225.16	221.12	180.29	185.75	182.59	190.81
HUF/EUR mid exchange rate at the end of period	255.70	254.92	264.94	246.33	235.90	265.03	245.93	247.43	242.13	247.18

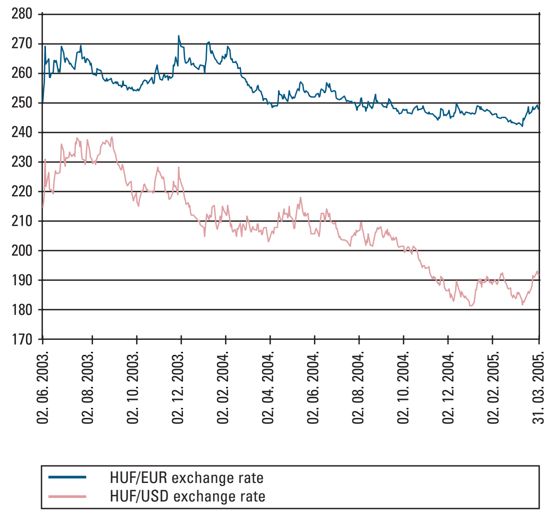
Source: Central Statistical Office, National Bank of Hungary (NBH), Ministry of Finance

[1] Same period of previous year = 100%, working-days adjusted
[2] In case of yearly data: December / previous December; otherwise: month/same month of the previous year
[3] Non-consolidated data
[4] Data compiled in accordance with the new methodology used by the NBH from 2004
[5] Including intercompany loans
[6] Excluding privatisation proceeds
[7] Excluding debt assumptions and bond-transfers amounting to HUF 512.05 billion at the end of 2002
[8] Excluding intercompany loans

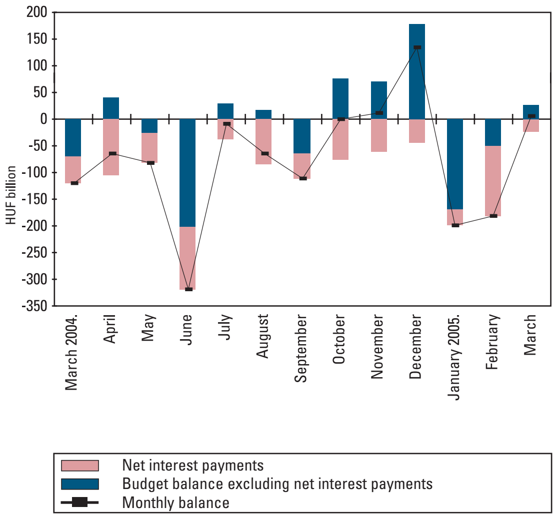
10-year Hungarian and eurozone benchmark yields



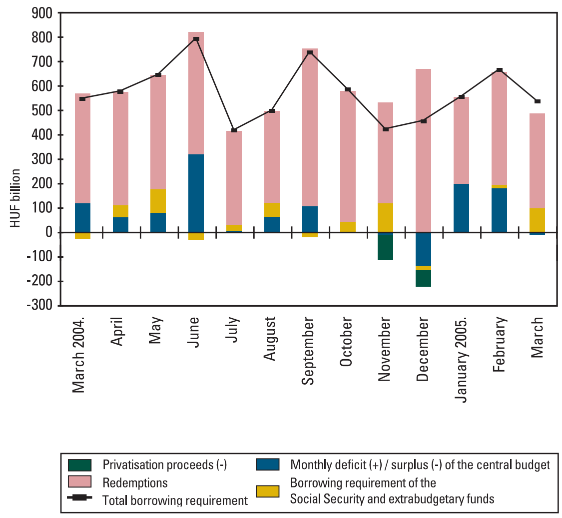
The exchange rate of the Hungarian Forint



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



Gross borrowing requirement



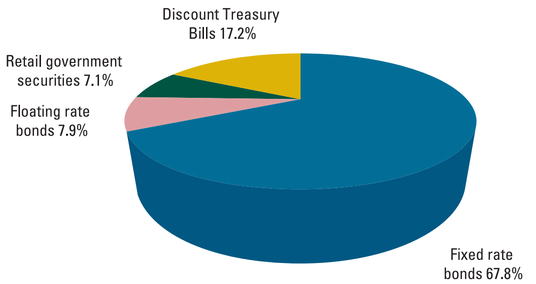
CENTRAL GOVERNMENT GROSS DEBT

HUF billion

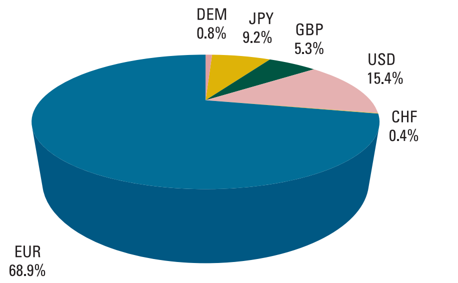
	1998	1999	2000	2001	2002	2003	2004	Jan. 2005	Febr. 2005	March 2005
1. Forint denominated debt	3,733.9	4,350.2	4,717.5	5,397.4	6,956.9	8,008.7	8,608.8	8,783.5	8,801.1	8,876.4
1.1. Loans	435.0	380.2	303.8	228.3	353.2	117.9	4.7	3.4	3.4	3.4
1.1.1. Foreign loans	0.0	0.0	0.0	0.0	1.7	1.4	1.1	1.1	1.1	1.1
1.1.2. Domestic loans	435.0	380.2	303.8	228.3	351.5	116.5	3.5	2.2	2.2	2.2
1.1.2.1. Raised from National Bank of Hungary (NBH)	434.9	362.4	289.5	217.4	144.0	71.2	0.0	0.0	0.0	0.0
1.1.2.2. Other loans	0.1	17.8	14.3	10.9	207.5	45.3	3.5	2.2	2.2	2.2
1.2. Government securities	3,299.0	3,970.0	4,413.6	5,169.1	6,603.7	7,890.8	8,604.2	8,780.1	8,797.7	8,873.0
1.2.1. Public issues	2,432.8	3,116.8	3,582.4	4,360.0	5,826.3	7,131.5	7,860.6	8,036.5	8,055.2	8,131.3
1.2.1.1. Bonds	1,386.5	1,790.8	2,221.2	2,782.0	3,829.2	5,056.5	5,768.9	5,886.7	5,916.8	5,979.2
1.2.1.2. Discount T-bills	689.9	826.7	837.9	1,033.3	1,436.8	1,541.4	1,463.3	1,520.4	1,498.4	1,523.1
1.2.1.3. Retail securities	356.5	499.3	523.3	544.7	560.3	533.5	628.4	629.4	640.0	629.0
1.2.2. Private placements	866.1	853.2	831.3	809.1	777.4	759.3	743.6	743.6	742.6	741.7
2. Foreign currency denominated debt*	2,431.9	2,536.2	2,508.8	2,322.1	2,267.3	2,579.0	2,983.5	2,977.2	3,379.7	3,450.2
2.1. Loans	2,367.8	1,929.6	1,772.8	1,410.4	1,394.3	1,084.1	916.8	912.4	824.1	841.3
2.1.1. Foreign loans	249.6	361.2	368.8	317.8	461.9	598.8	528.9	524.9	515.4	526.1
2.1.2. Domestic loans	2,118.2	1,568.4	1,404.0	1,092.6	932.3	485.3	387.8	387.5	308.8	315.2
2.1.2.1. Raised from National Bank of Hungary (NBH)	2,118.2	1,568.4	1,404.0	1,092.6	849.6	466.5	355.7	355.3	277.1	282.9
2.1.2.2. Other loans	0.0	0.0	0.0	0.0	82.8	18.8	32.2	32.1	31.7	32.3
2.2. Government securities	64.0	606.7	736.0	911.7	873.0	1,494.9	2,066.8	2,064.8	2,555.6	2,608.9
2.2.1. Issued abroad	44.4	587.1	715.7	911.7	873.0	1,494.9	2,066.8	2,064.8	2,555.6	2,608.9
2.2.1.1. Foreign currency bonds	43.8	586.8	715.4	911.5	872.9	1,494.7	2,066.7	2,064.8	2,555.5	2,608.8
2.2.1.2. Kingdom of Hungary 1924 issues	0.6	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	19.6	20.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total	6,165.8	6,886.4	7,226.2	7,719.5	9,224.2	10,587.7	11,592.4	11,760.7	12,180.8	12,326.6
Gross debt/GDP	61.1%	60.4%	54.9%	52.0%	55.1%	57.0%	57.3%			

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

Composition of HUF government securities as at 31.03.2005

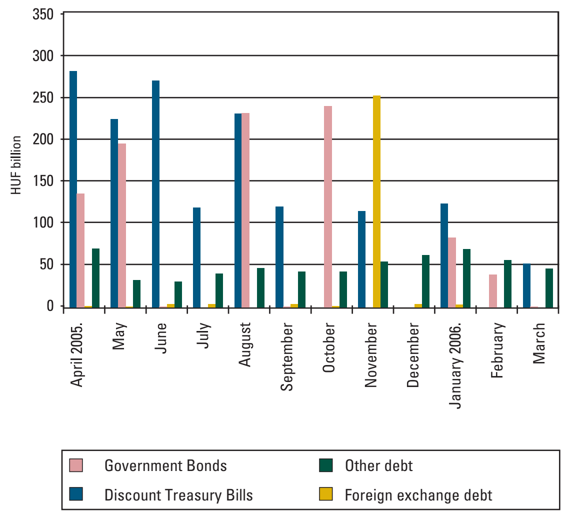


Currency composition of the foreign exchange debt portfolio as at 31.03.2005 *

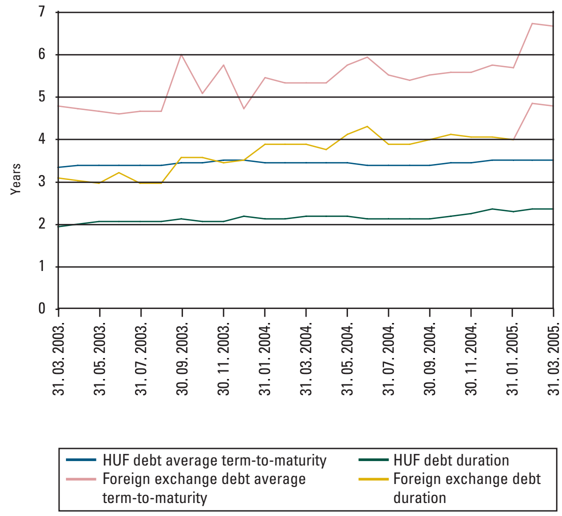


*** Composition before swaps. By using cross-currency swaps, 99.99% of the actual foreign exchange debt of the central government was due in euros.**

Maturity profile of the central government gross debt over the next 12 months, as at 31.03.2005



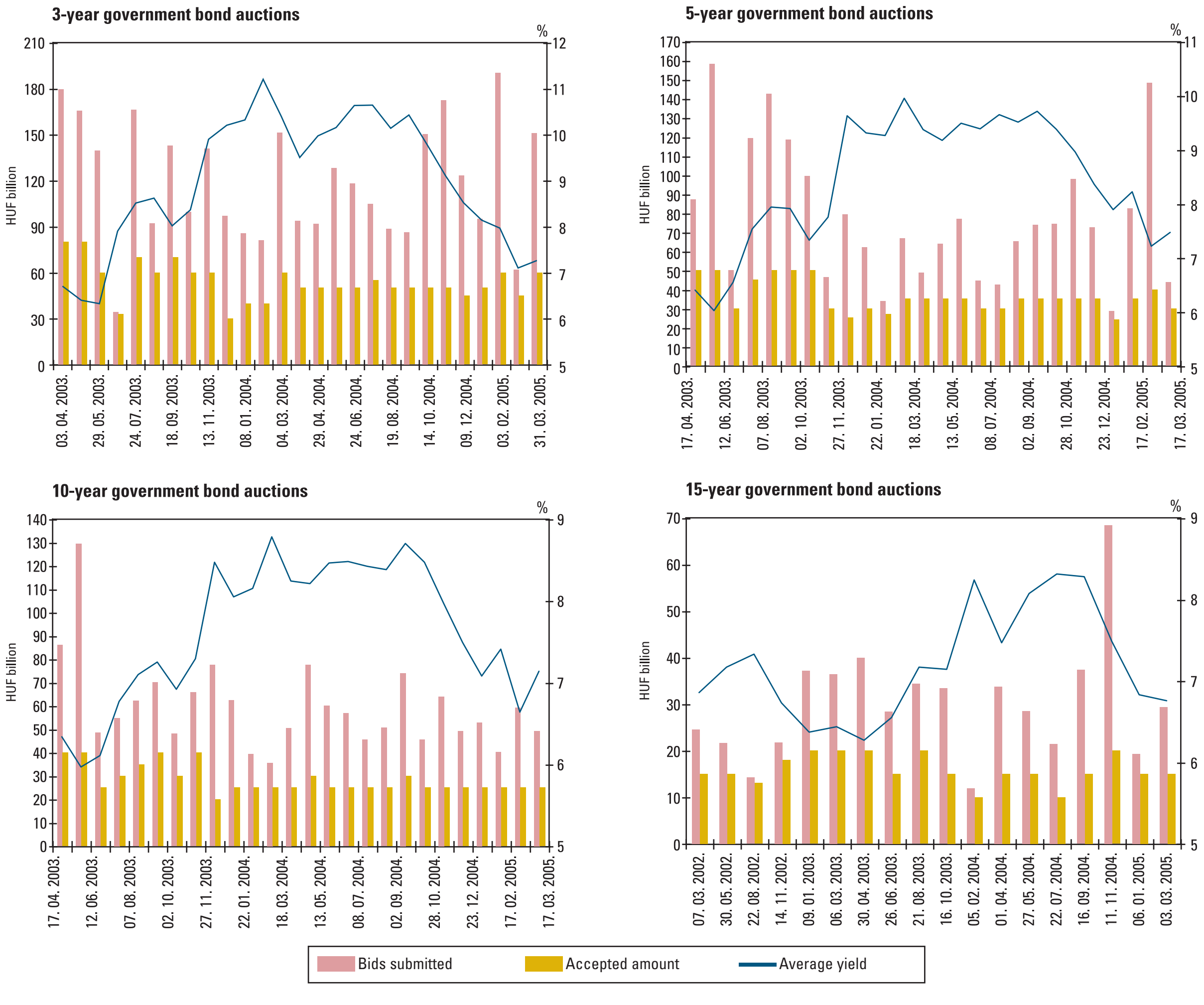
Duration and average term-to-maturity of the HUF and foreign currency debt portfolios



GOVERNMENT BOND AUCTION RESULTS

Government Bond	2008/D	2020/A	2009/D	2015/A	2008/D	2009/D	2015/A	2008/D	2020/A	2009/D	2015/A	2008/D
ISIN code	HU0000402276	HU0000402235	HU0000402243	HU0000402268	HU0000402276	HU0000402243	HU0000402268	HU0000402276	HU0000402235	HU0000402243	HU0000402268	HU0000402276
Maturity (in years)	3	15	5	10	3	5	10	3	15	5	10	3
Coupon (%)	7.25%	7.50%	8.25%	8.00%	7.25%	8.25%	8.00%	7.25%	7.50%	8.25%	8.00%	7.25%
Auction	1. auction	7. auction	9. auction	8. auction	2. auction	10. auction	9. auction	3. auction	8. auction	9. auction	10. auction	4. auction
Date of auction	06.01.2005	06.01.2005	20.01.2005	20.01.2005	03.02.2005	17.02.2005	17.02.2005	03.03.2005	03.03.2005	17.03.2005	17.03.2005	31.03.2005
Date of financial settlement	12.01.2005	12.01.2005	26.01.2005	26.01.2005	09.02.2005	23.02.2005	23.02.2005	09.03.2005	09.03.2005	23.03.2005	23.03.2005	06.04.2005
Date of redemption	24.04.2008	12.11.2020	12.10.2009	12.02.2015	24.04.2008	12.10.2009	12.02.2015	24.04.2008	12.11.2020	12.10.2009	12.02.2015	24.04.2008
Maximum annual yield (%) - ISMA	8.14	6.84	8.21	7.41	7.94	7.20	6.66	7.10	6.76	7.50	7.15	7.24
Minimum annual yield (%) - ISMA	8.04	6.68	8.15	7.36	7.90	7.16	6.60	7.03	6.55	7.39	7.08	7.18
Average annual yield (%) - ISMA	8.11	6.80	8.19	7.39	7.93	7.18	6.62	7.07	6.73	7.44	7.12	7.22
Maximum annual yield (%) - EHM	8.13	6.84	8.21	7.41	7.93	7.20	6.66	7.09	6.76	7.50	7.15	7.23
Minimum annual yield (%) - EHM	8.03	6.68	8.15	7.36	7.89	7.16	6.60	7.02	6.55	7.39	7.08	7.17
Average annual yield (%) - EHM	8.11	6.80	8.18	7.39	7.92	7.18	6.62	7.06	6.72	7.43	7.12	7.21
Maximum price (%)	97.8578	107.8323	100.3124	104.4378	98.2606	104.1070	109.9884	100.6199	109.0886	103.1553	106.3639	100.1957
Minimum price (%)	97.5846	106.2300	100.0845	104.0819	98.1527	103.9495	109.5333	100.4290	106.9684	102.7337	105.8586	100.0364
Average price (%)	97.6573	106.5984	100.1494	104.2176	98.1898	104.0286	109.8130	100.5099	107.2947	102.9685	106.0665	100.1023
Amount offered for sale (HUF million)	50,000.00	15,000.00	35,000.00	25,000.00	50,000.00	35,000.00	25,000.00	50,000.00	15,000.00	35,000.00	25,000.00	50,000.00
Amount of bids submitted (HUF million)	95,205.00	19,297.80	82,450.00	40,369.07	190,303.00	148,575.00	59,240.00	61,970.00	29,253.00	43,750.00	49,260.00	150,925.00
Amount of bids accepted (HUF million)	49,999.94	14,999.98	34,999.93	24,999.95	59,999.85	39,999.95	25,000.00	44,999.91	15,000.00	29,999.98	25,000.00	59,999.91
Bid-to-cover ratio	1.90	1.29	2.36	1.61	3.17	3.71	2.37	1.38	1.95	1.46	1.97	2.52
Bids submitted (pcs)	185	61	122	71	203	123	86	118	50	72	82	193
Bids accepted (pcs)	127	52	73	48	70	38	36	77	39	66	54	133
Tail (average price - minimum price)	0.07	0.37	0.06	0.14	0.04	0.08	0.28	0.08	0.33	0.23	0.21	0.07
Market sales* (HUF million)	49,999.94	14,999.98	34,999.93	24,999.95	59,999.85	39,999.95	25,000.00	44,999.91	15,000.00	29,999.98	25,000.00	59,999.91
Retained on ÁKK's own account (HUF million)	15,000.06	3,000.02	0.07	0.05	12,000.15	0.05	0.00	3,000.09	3,000.00	0.02	0.00	0.09
Total amount issued (HUF million)	65,000.00	18,000.00	35,000.00	25,000.00	72,000.00	40,000.00	25,000.00	48,000.00	18,000.00	30,000.00	25,000.00	60,000.00

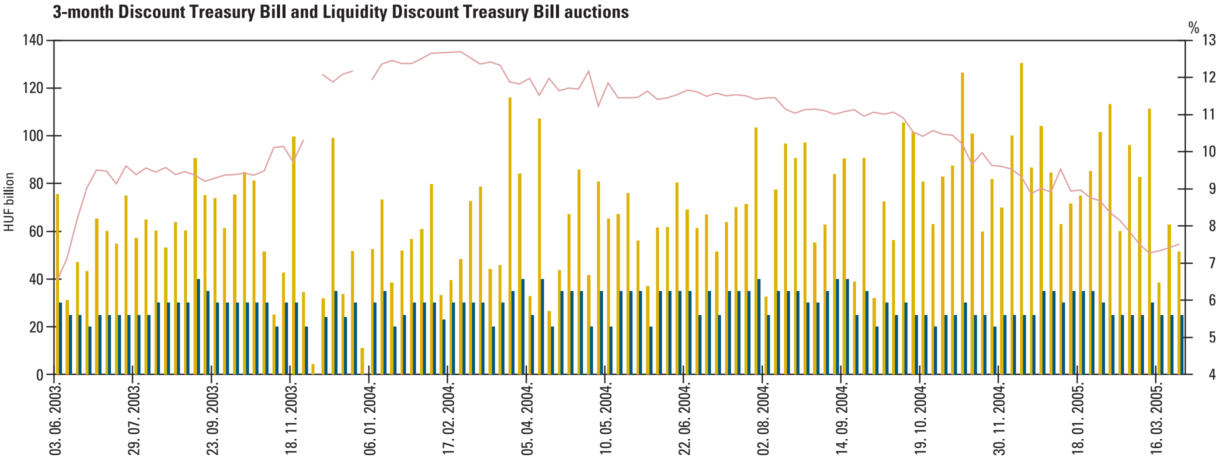
* Without issuance onto ÁKK's own account



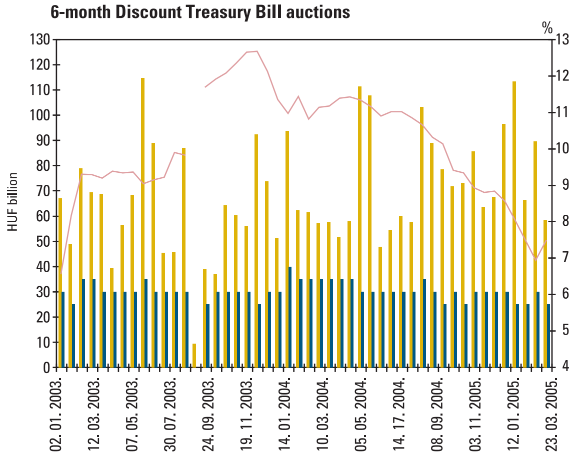
GOVERNMENT BOND BUY-BACK AUCTION RESULTS

Government bond	2005/E	2005/I	2005/E	2005/I	2005/I	2005/H	2005/I	2005/H	2005/I	2005/H	2005/I	2005/H
ISIN code	HU0000401682	HU0000402086	HU0000401682	HU0000402086	HU0000402086	HU0000402078	HU0000402086	HU0000402078	HU0000402086	HU0000402078	HU0000402086	HU0000402078
Coupon (%)	9.25%	8.50%	9.25%	8.50%	8.50%	7.00%	8.50%	7.00%	8.50%	7.00%	8.50%	7.00%
Date of buy-back auction	05.01.2005	05.01.2005	19.01.2005	19.01.2005	02.02.2005	02.02.2005	16.02.2005	16.02.2005	02.03.2005	02.03.2005	16.03.2005	16.03.2005
Date of redemption	12.01.2005	12.01.2005	26.01.2005	26.01.2005	09.02.2005	09.02.2005	23.02.2005	23.02.2005	09.03.2005	09.03.2005	23.03.2005	23.03.2005
Date of financial settlement	12.05.2005	12.10.2005	12.05.2005	12.10.2005	12.12.2005	12.08.2005	12.10.2005	12.08.2005	12.10.2005	12.08.2005	12.10.2005	12.08.2005
Minimum annual yield (%)	8.99	8.61	9.00	8.66	8.44	8.60	7.92	-	7.30	7.35	7.25	7.40
Average annual yield (%) - ISMA	9.00	8.63	9.01	8.68	8.48	8.62	7.97	-	7.30	7.36	7.29	7.41
Amount of bids submitted (HUF million)	25,923.42	51,336.88	28,792.35	36,790.09	28,880.99	38,000.76	23,308.16	25,257.96	17,636.95	9,264.51	9,559.62	3,614.32
Amount of bids accepted (HUF million)	8,810.94	11,908.48	12,620.16	8,802.94	28,880.99	29,586.12	18,308.16	0.00	1,079.95	8,349.87	9,349.05	2,507.32
Bids submitted (pcs)	11	27	15	27	18	19	16	17	19	11	10	8
Bids accepted (pcs)	6	9	11	13	18	13	13	0	3	7	9	6

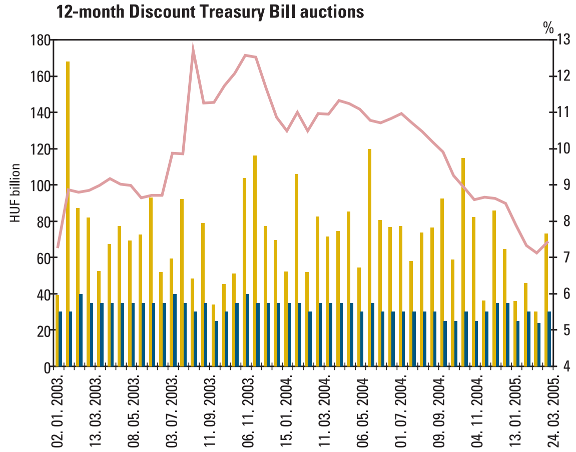
3-month Discount Treasury Bill and Liquidity Discount Treasury Bill auctions



6-month Discount Treasury Bill auctions



12-month Discount Treasury Bill auctions

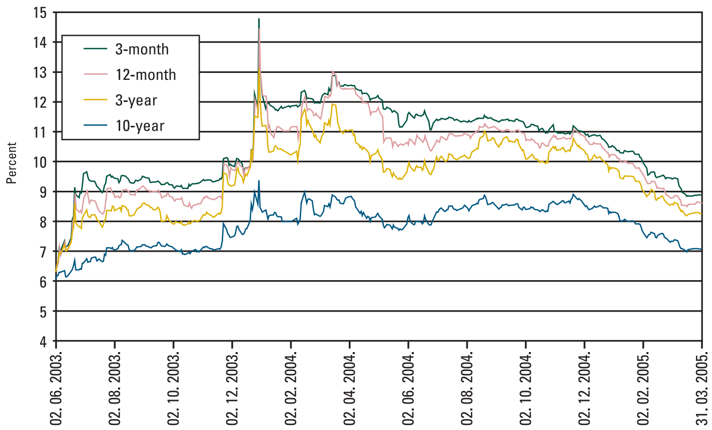


Bids submitted | Accepted amount | Average yield

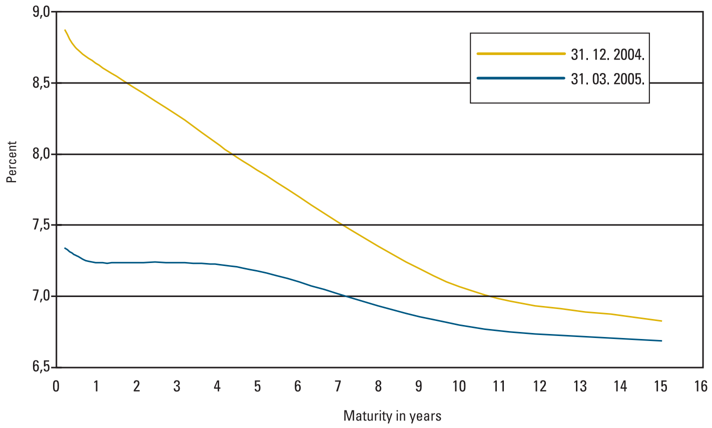
INTEREST RATE RESETS OF FLOATING RATE GOVERNMENT BONDS IN Q1 2005

Government Bond	Date of interest rate reset	Interest period	Date of interest payment	Reset interest rate (%)	Interest payable (%)
2008/A		24.10.2004 - 24.01.2005		10.78	
	17.01.2005	24.01.2005 - 24.04.2005	25.04.2005	8.81	4.95
2006/B	23.01.2005	24.01.2005 - 24.07.2005	24.01.2006	9.04	
2006/C		24.07.2004 - 24.01.2005		11.37	
2005/K	09.02.2005	10.02.2005 - 10.05.2005	10.05.2005	2.64	0.65
2026/A	25.02.2005	28.02.2005 - 28.08.2005	28.02.2006	8.75	
2006/A	25.02.2005	28.02.2005 - 28.08.2005	28.02.2006	8.75	
2008/B	11.02.2005	12.02.2005 - 12.08.2005	12.08.2005	8.75	4.37
2006/D	11.02.2005	12.02.2005 - 12.08.2005	12.08.2005	8.75	4.37
2007/C	11.02.2005	12.02.2005 - 12.08.2005	12.08.2005	8.75	4.37
2009/A	11.02.2005	12.02.2005 - 12.08.2005	12.08.2005	8.75	4.37
2010/A	11.02.2005	12.02.2005 - 12.08.2005	12.08.2005	8.75	4.37
2005/F	23.02.2005	24.02.2005 - 24.08.2005	24.08.2005	8.75	4.37
2007/E	11.02.2005	12.02.2005 - 12.08.2005	12.08.2005	8.75	4.37
2013/A	19.03.2005	20.03.2005 - 20.09.2005	20.03.2006	9.20	
2016/A	30.03.2005	31.03.2005 - 30.06.2005	30.06.2005	6.50	1.62

Benchmark yields



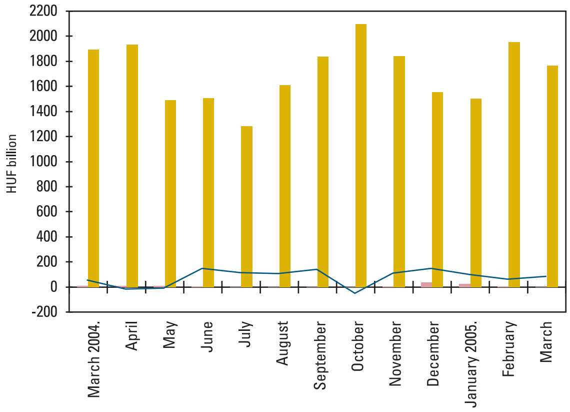
Benchmark yield curves



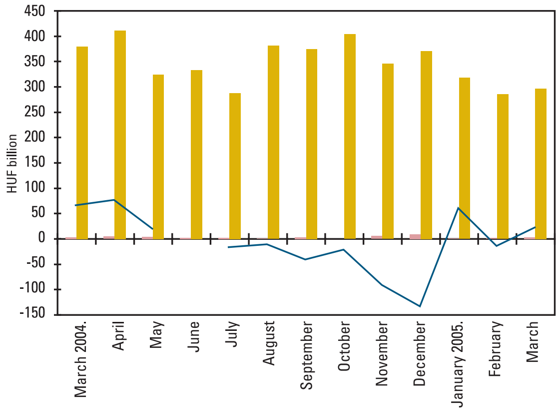
PRIMARY DEALERS - AS AT 31 MARCH 2005

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

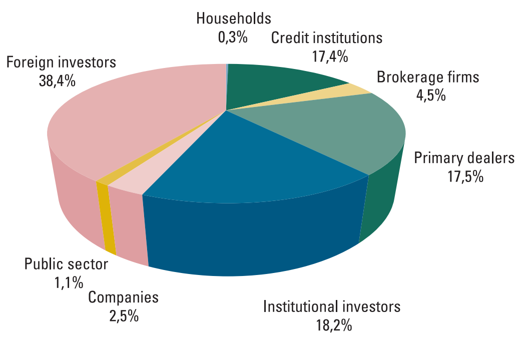
Secondary market trading of government bonds



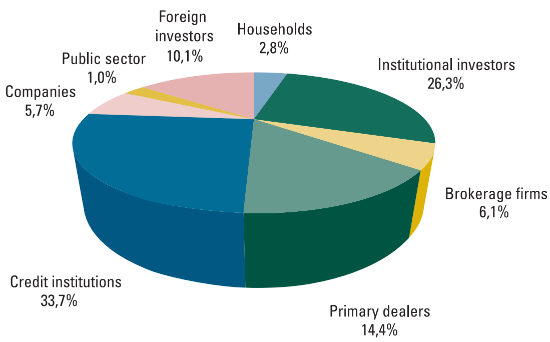
Secondary market trading of Discount Treasury Bills



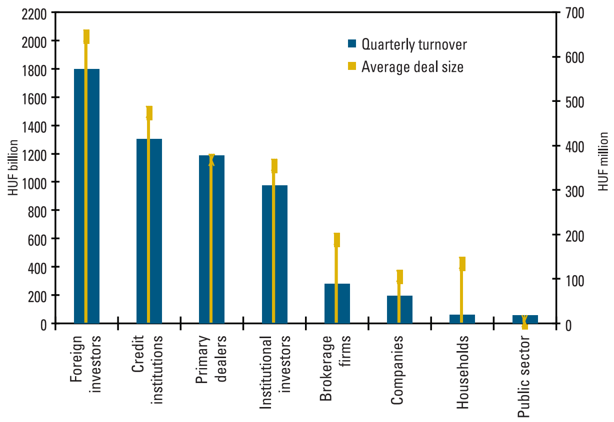
Breakdown of primary dealers' secondary market turnover in government bonds by investor groups in Q1 2005



Breakdown of primary dealers' secondary market turnover in Discount Treasury Bills by investor groups in Q1 2005

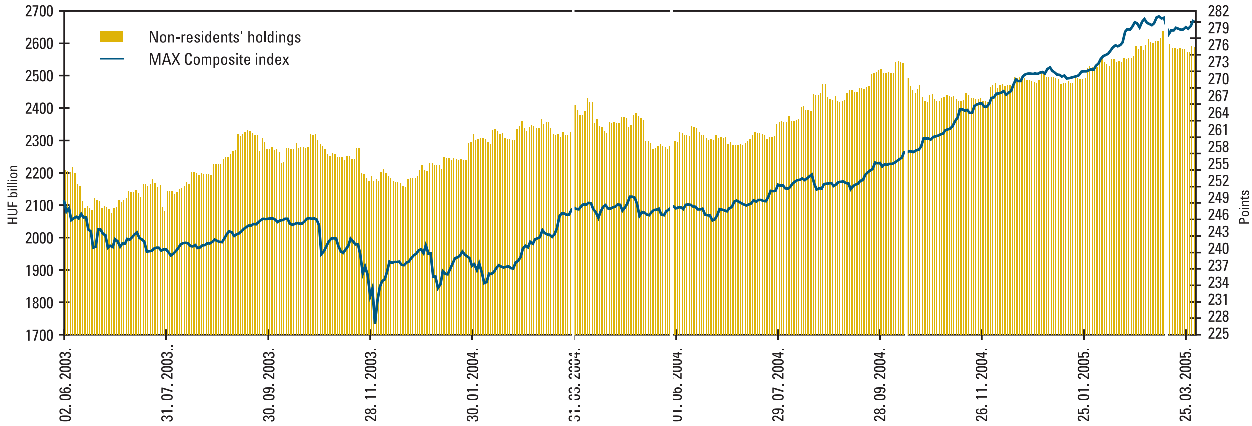


Primary dealers' trading with different investor groups in Q1 2005



GOVERNMENT SECURITIES WITH THE HIGHEST TURNOVER ON THE SECONDARY MARKET IN Q1 2005

Government security	Date of redemption	Turnover (HUF billion)
2007/G	12.10.2007	575.3
2009/D	12.10.2009	479.1
2015/A	12.02.2015	374.4
2014/C	12.02.2014	266.8
2006/G	24.08.2006	263.6
2008/C	12.06.2008	250.4
2013/D	12.02.2013	225.3
2006/F	12.04.2006	206.7
D050608	08.06.2005	203.6
2009/C	24.06.2009	191.6



HUNGARIAN GOVERNMENT SECURITIES INDICES

	Value of the index				Annual yield earned on the index portfolio			
	MAX index	RMAX index	MAX Composite index	ZMAX index	MAX index	RMAX index	MAX Composite index	ZMAX index
31.12.2004	276.3192	272.8398	272.6112	275.7551	13.98%	12.07%	13.40%	11.90%
31.01.2005	276.3283	274.9579	273.0577	277.8997	15.87%	12.50%	14.99%	11.92%
28.02.2005	286.4766	278.3873	281.7927	280.3475	19.33%	12.97%	17.86%	11.88%
31.03.2005	286.2781	280.1684	281.9470	282.2070	14.48%	11.94%	13.72%	11.37%

AMOUNT OUTSTANDING OF BENCHMARK GOVERNMENT BOND SERIES IN Q1 2005

	HUF billion		
Government Bond	31.01.2005	28.02.2005	31.03.2005
2008/D	50.25	111.31	156.07
2009/D	294.80	334.57	364.67
2015/A	205.55	230.76	256.08
2020/A	100.36	98.52	115.57

REUTERS PAGES (CODES)

Main page: HUTREASURY

Auction results are available from 12.00 (CET)	
HUISSUE	Publication of the following issues and reverse auctions
HUAUCTION01	Discount T-bill auction results
HUAUCTION02	Government Bond auction results

Secondary market data	
HUBONDFIX	Benchmark yield fixing (updated at 14.30 CET)
HUBEST 3,4,5	Best secondary market quotations
HUBONDAKK, HUBONDAKK4	Best morning secondary market quotations
HUBONDAKK2, HUBONDAKK3	Best afternoon secondary market quotations
HUBONDINDEX	Hungarian Government Total Return Index (MAX), updated at 16.00 CET
HUBONDINDEX2	Benchmark Indices for Government Bonds BMX3Y-15Y (updated at 16.00 CET)
.HUMAXBOND	Hungarian Government Total Return Index (MAX) statistics

Other	
HUFLOATER	Interest rate reset of floating rate bonds
HUINDEXED	Accrued interest and capital uplift (inflation adjusted capital) of the
	index-linked government bond on a daily basis
HUBONDINFO	List of authorised dealers (contacts)

FURTHER INFORMATION PAGES:

Bloomberg pages (code): GDMA
Telerate pages (codes): 47184-47190
Homepage: www.akk.hu, www.allampapir.hu