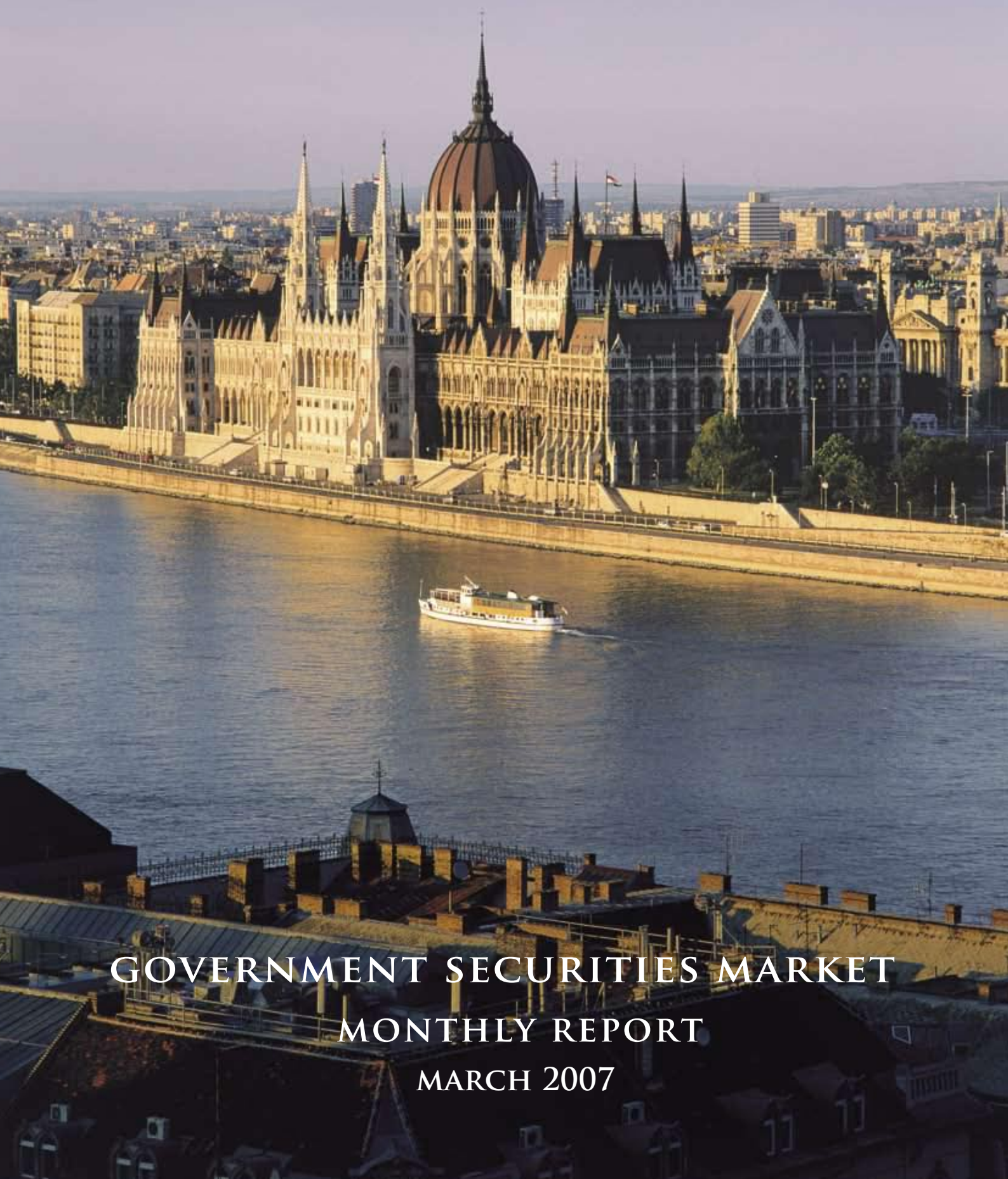




GOVERNMENT SECURITIES MARKET
MONTHLY REPORT
MARCH 2007

■ GOVERNMENT SECURITIES MARKET ■

The deficit of the central government amounted to HUF 704.3 billion in the first three months of 2007 without debt-assumption. The cash inflows worth HUF 83.3 billion from the EAGGF fund of the European Union decreased, the capital transfers to the NBH worth HUF 20.6 billion increased the net borrowing requirement. Thus the total net borrowing requirement was HUF 641.6 billion in Q1 2007. Net issuance was HUF 595.2 billion, out of which net HUF-denominated issuance was HUF 340.3 billion, net foreign currency denominated issuance was HUF 254.9 billion in the first three months of 2007.

The HUF-denominated debt of the central government increased by HUF 340.1 billion till the end of March (the difference between net change and net issuance was caused by change in the stock of matured but unclaimed securities). Out of the increase in government debt, government bonds accounted for HUF 477.6 billion, while discount Treasury bills' and retail government securities' stock decreased by HUF 28.0 billion and HUF 3.1 billion respectively. The stock of non-marketable government bonds decreased by HUF 0.2 billion because of redemption. In March there took place debt-assumption worth HUF 58.2 billion and prepayment worth HUF 164.3 billion. Thus the stock of HUF-denominated loans dropped by HUF 106.1 billion to HUF 250.3 billion in the period.

The foreign currency debt of the central government increased by HUF 171.2 billion till the end of March. The HUF 258.5 billion worth of issuance increased, redemptions of foreign currency loans worth HUF 3.6 billion and exchange rate gains totalling HUF 83.6 billion decreased the Hungarian forint value of the foreign currency debt.

Secondary market yields decreased on all maturities in March. The 1-year yield fell by 67 basis points to 7.50%, the 3-year yield dropped by 51 basis points and stood at 7.30%, the 10-year benchmark yield came down to 6.68% after decreasing by 32 basis points.

Monthly OTC turnover of government securities was 66% higher in March than a month before and reached HUF 5,300.2 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.

Non-resident holdings of Hungarian government securities increased altogether by HUF 22.3 billion and amounted to HUF 3,084.7 billion at the end of March. This represented 30.9% of domestic government bonds and discount Treasury bills.

The EUR/HUF exchange rate according to the Hungarian National Bank was 247.83 at the last working day of March.

The credit rating of the long-term foreign currency debt of the Republic of Hungary at 31 March 2007 was: BBB+ (Standard & Poor's); A2 (Moody's); BBB+ (Fitch).

■ GOVERNMENT SECURITIES MARKET ■

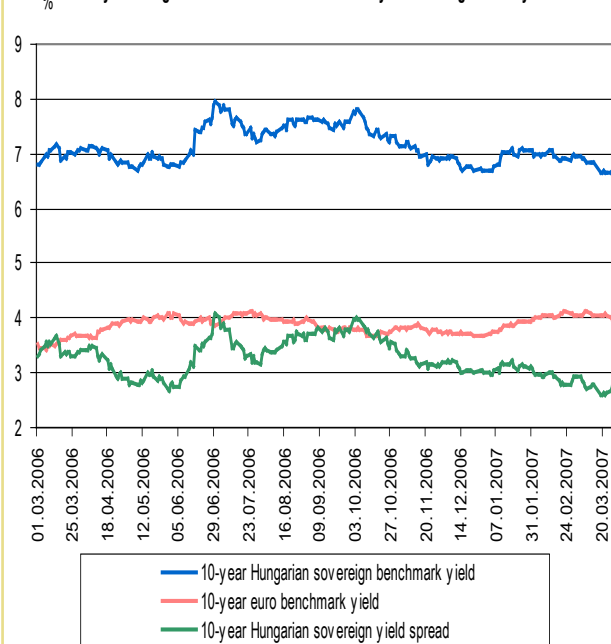
CENTRAL GOVERNMENT GROSS DEBT

HUF BILLION

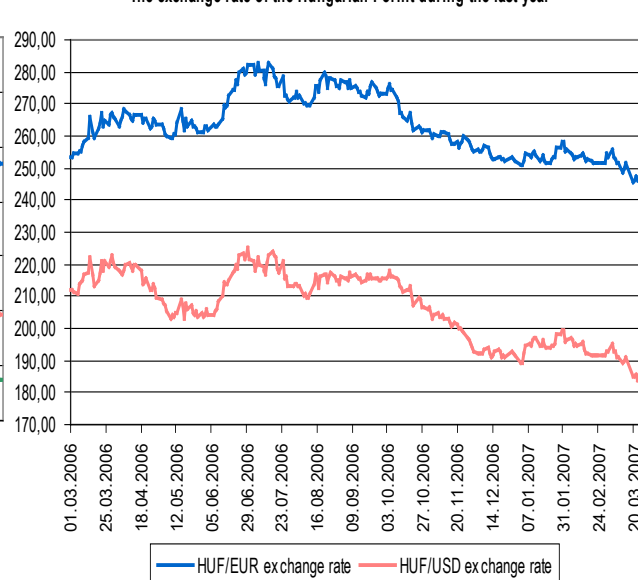
	2001	2002	2003	2004	2005	2006	Jan 2007	Feb 2007	Mar 2007
1. Forint denominated debt	5,397.4	6,956.9	8,008.7	8,608.8	9,153.5	10,552.3	10,711.6	10,740.8	10,892.4
1.1. Loans	228.3	353.2	117.9	4.7	0.8	356.4	356.4	356.4	250.3
1.2. Government securities	5,169.1	6,603.7	7,890.8	8,604.2	9,152.7	10,195.9	10,355.2	10,384.4	10,642.1
1.2.1. Public issues	4,360.0	5,826.3	7,131.5	7,860.6	8,418.8	9,667.5	9,826.8	9,856.3	10,114.0
1.2.1.1. Bonds	2,782.0	3,829.2	5,056.5	5,768.9	6,299.1	7,244.2	7,326.2	7,408.8	7,721.8
1.2.1.2. Discount T-bills	1,033.3	1,436.8	1,541.4	1,463.3	1,530.9	1,755.9	1,835.8	1,783.8	1,727.9
1.2.1.3. Retail securities	544.7	560.3	533.5	628.4	588.7	667.4	664.8	663.7	664.3
1.2.2. Private placements	809.1	777.4	759.3	743.6	733.9	528.4	528.4	528.1	528.1
2. Foreign currency denominated debt*	2,322.1	2,267.3	2,579.0	2,983.5	3,590.7	4,124.4	4,214.6	4,416.3	4,295.6
2.1. Loans	1,410.4	1,394.3	1,084.1	916.8	720.6	803.7	818.3	808.0	785.9
2.1.1. Foreign loans	317.8	461.9	598.8	528.9	616.9	700.1	712.4	703.4	684.2
2.1.2. Domestic loans	1,092.6	932.3	485.3	387.8	103.8	103.6	105.9	104.6	101.7
2.1.2.1. Raised from National Bank of Hungary (NBH)	1,092.6	849.6	466.5	355.7	96.1	95.9	98.1	96.8	94.2
2.1.2.2. Other loans	0.0	82.8	18.8	32.2	7.7	7.7	7.9	7.8	7.5
2.2. Government securities	911.7	873.0	1,494.9	2,066.8	2,870.1	3,320.7	3,396.2	3,608.3	3,509.7
2.2.1. Issued abroad	911.7	873.0	1,494.9	2,066.8	2,870.1	3,320.7	3,396.2	3,608.3	3,509.7
2.2.1.1. Foreign currency bonds	911.5	872.9	1,494.7	2,066.7	2,870.0	3,320.6	3,396.2	3,608.2	3,509.6
2.2.1.2. Kingdom of Hungary 1924 issues	0.3	0.2	0.1	0.1	0.1	0.1	0.1	0.1	0.1
2.2.2. Issued domestically	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total	7,719.5	9,224.2	10,587.7	11,592.4	12,744.2	14,676.7	14,926.2	15,157.1	15,188.1
Other liabilities					21.4	29.0	24.7	25.6	25.4
Total central government debt					12,765.6	14,705.7	14,950.8	15,182.7	15,213.5
Marketable HUF debt (1.2.1.1+1.2.1.2.+1.2.2.)	4,624.4	6,043.4	7,357.3	7,975.8	8,563.9	9,528.4	9,690.4	9,720.7	9,977.8
Gross debt/GDP	50.5%	53.6%	55.9%	56.0%	58.0%	62.4%			

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

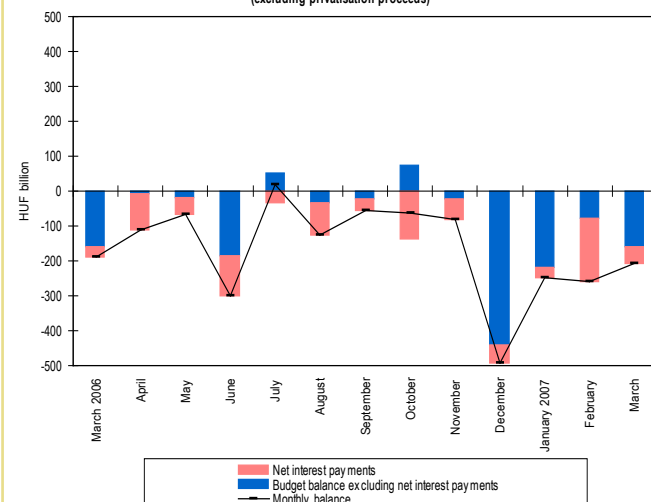
% 10-year Hungarian and eurozone benchmark yields during the last year



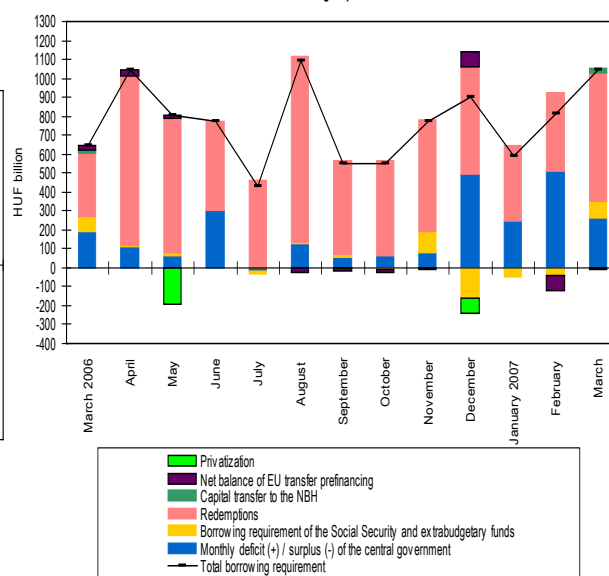
The exchange rate of the Hungarian Forint during the last year



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



Gross borrowing requirement

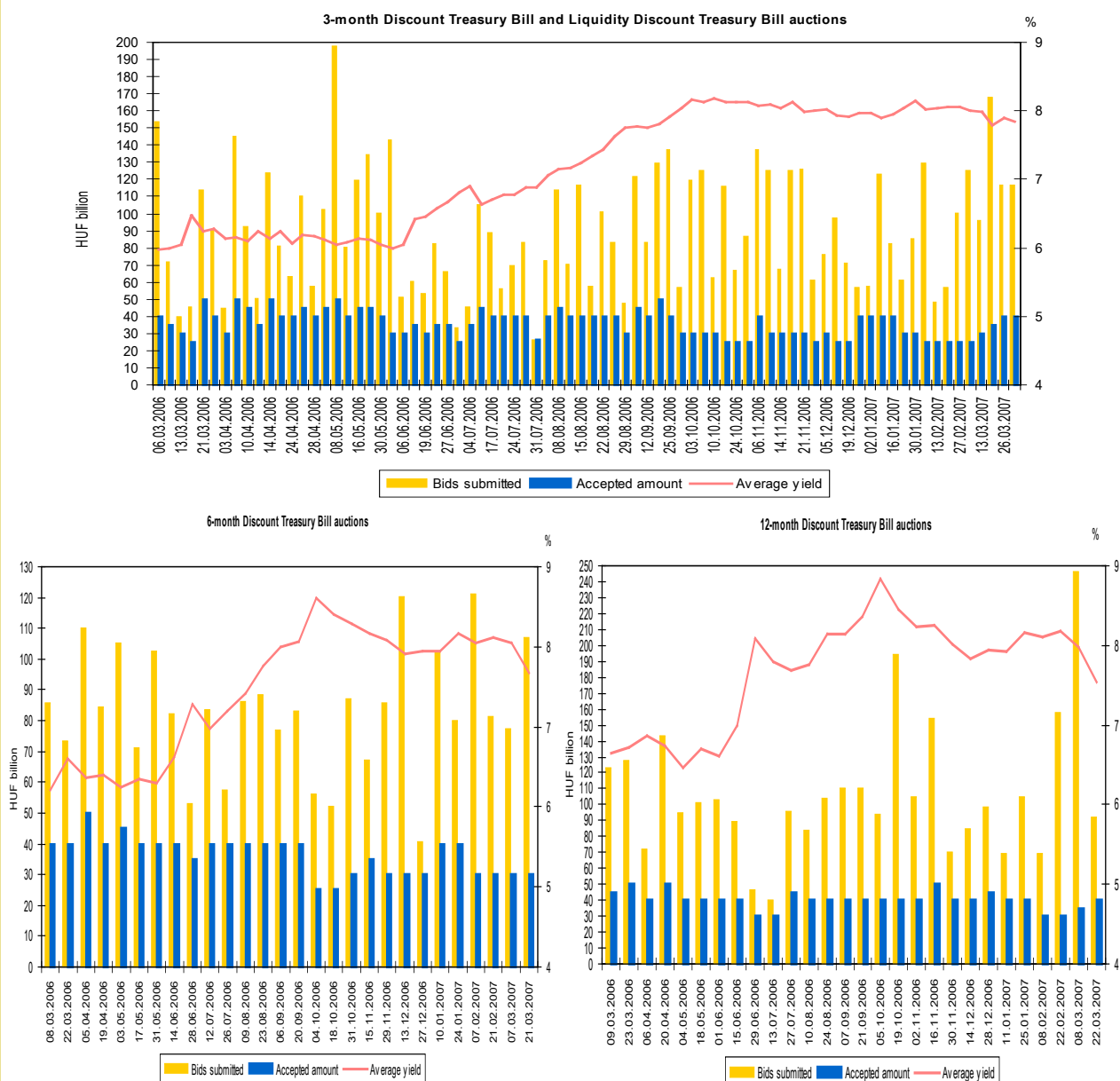


■ GOVERNMENT SECURITIES MARKET ■

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	D070523	D070613	D070620	D070627	D070704	D070829	D070829	D080312	D080312	
ISIN code	HU0000516190	HU0000516216	HU0000516232	HU0000516240	HU0000515109	HU0000516182	HU0000516182	HU0000516224	HU0000516224	
Maturity in days	56	91	91	91	91	168	154	364	350	
Date of auction	26.03.2007	06.03.2007	13.03.2007	20.03.2007	27.03.2007	07.03.2007	21.03.2007	08.03.2007	22.03.2007	
Date of financial settlement	28.03.2007	14.03.2007	21.03.2007	28.03.2007	04.04.2007	14.03.2007	28.03.2007	14.03.2007	28.03.2007	
Redemption date	23.05.2007	13.06.2007	20.06.2007	27.06.2007	04.07.2007	29.08.2007	29.08.2007	12.03.2008	12.03.2008	
Maximum yield, (%) - ISMA	7.90	8.02	8.00	7.80	7.85	8.06	7.68	7.98	7.56	
Minimum yield (%) - ISMA	7.81	7.90	7.93	7.78	7.71	7.99	7.65	7.95	7.50	
Average yield (%) - ISMA	7.90	8.00	7.99	7.79	7.84	8.04	7.68	7.98	7.53	
Maximum yield, (%) - EHM	8.01	8.13	8.11	7.91	7.96	8.17	7.79	8.09	7.67	
Minimum yield (%) - EHM	7.92	8.01	8.04	7.89	7.82	8.10	7.65	8.06	7.60	
Average yield (%) - EHM	8.01	8.11	8.10	7.90	7.95	8.15	7.79	8.09	7.63	
Average selling price (%)	98.7864	98.0179	98.0203	98.0689	98.0567	96.3837	96.8192	92.5338	93.1786	
Amount offered for sale (HUF million)	40,000.00	25,000.00	25,000.00	30,000.00	40,000.00	30,000.00	30,000.00	30,000.00	30,000.00	
Amount of bids submitted (HUF million)	117,021.32	125,125.01	96,359.96	168,283.90	116,661.25	77,368.23	107,223.88	246,773.07	91,698.23	
Amount of bids accepted (HUF million)	39,999.96	24,999.93	29,999.96	34,999.92	39,999.90	29,999.90	29,999.98	34,999.91	39,999.96	
Bid-to-cover ratio	2.93	5.01	3.21	4.81	2.92	2.58	3.57	7.05	2.29	
Bids submitted (pcs)	66	130	72	118	115	118	119	189	95	
Bids accepted (pcs)	24	63	38	36	47	53	22	32	54	
Market sales* (HUF million)	39,999.96	24,999.93	29,999.96	34,999.92	39,999.90	29,999.90	29,999.98	34,999.91	39,999.96	
Retained on ÁKK's own account (HUF million)	0.04	2,500.07	3,000.04	3,500.08	4,000.10	6,000.10	6,000.02	10,500.09	8,000.04	
Total amount issued (HUF million)	40,000.00	27,500.00	33,000.00	38,500.00	44,000.00	36,000.00	36,000.00	45,500.00	48,000.00	

*Without issuance onto ÁKK's own account

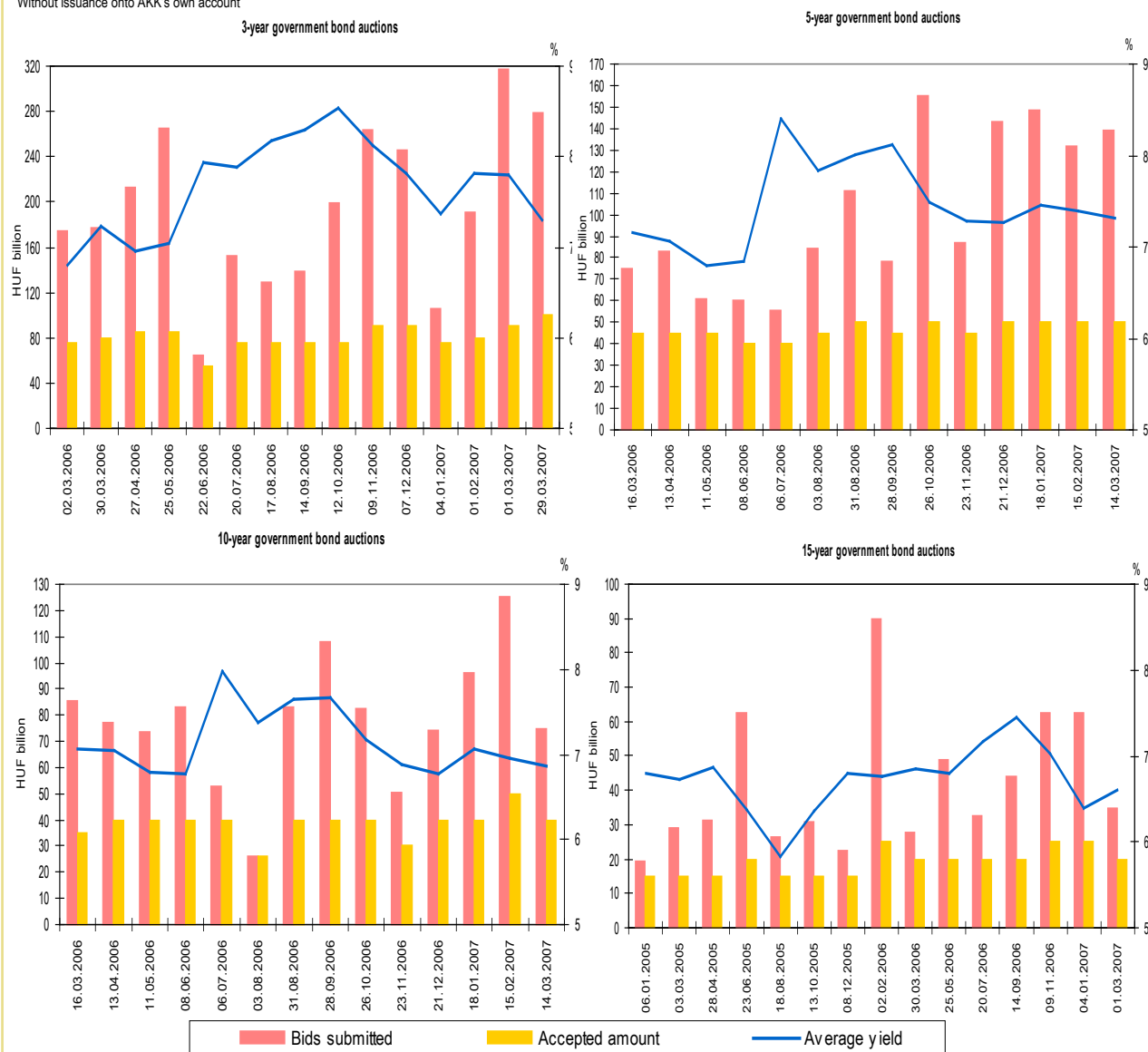


■ GOVERNMENT SECURITIES MARKET ■

GOVERNMENT BOND AUCTION RESULTS

Government Bond	2010/C	2023/A	2012/B	2017/B	2010/C
ISIN code	HU0000402391	HU0000402383	HU0000402367	HU0000402375	HU0000402391
Maturity (in years)	3	15	5	10	3
Coupon (%)	6.75%	6.00%	7.25%	6.75%	6.75%
Auction	3rd auction	2nd auction	7th auction	7th auction	4th auction
Date of auction	01.03.2007	01.03.2007	14.03.2007	14.03.2007	29.03.2007
Date of financial settlement	07.03.2007	07.03.2007	21.03.2007	21.03.2007	04.04.2007
Redemption date	12.04.2010	24.11.2023	12.06.2012	24.02.2017	12.04.2010
Maximum annual yield (%) - ISMA	7.83	6.64	7.32	6.87	7.32
Minimum annual yield (%) - ISMA	7.80	6.56	7.29	6.85	7.28
Average annual yield (%) - ISMA	7.80	6.60	7.31	6.86	7.30
Maximum annual yield (%) - EHM	7.82	6.64	7.31	6.86	7.31
Minimum annual yield (%) - EHM	7.79	6.56	7.28	6.84	7.27
Average annual yield (%) - EHM	7.79	6.60	7.30	6.85	7.30
Maximum price (%)	97.2181	94.4130	99.8263	99.2821	98.6084
Minimum price (%)	97.1399	93.6503	99.6998	99.1420	98.5044
Average price (%)	97.2124	93.9983	99.7547	99.2075	98.5444
Amount offered for sale (HUF million)	75,000.00	20,000.00	45,000.00	40,000.00	75,000.00
Amount of bids submitted (HUF million)	317,540.00	34,800.00	139,125.00	74,700.00	278,950.00
Amount of bids accepted (HUF million)	89,999.95	19,999.97	49,999.99	39,999.95	99,999.91
Bid-to-cover ratio	3.53	1.74	2.78	1.87	2.79
Bids submitted (pcs)	153	88	93	53	206
Bids accepted (pcs)	25	60	27	20	82
Tail (average price - minimum price)	0.07	0.35	0.05	0.07	0.04
Market sales* (HUF million)	89,999.95	19,999.97	49,999.99	39,999.95	99,999.91
Retained on ÁKK's own account (HUF million)	1,500.05	4,000.03	0.01	0.05	0.09
Total amount issued (HUF million)	91,500.00	24,000.00	50,000.00	40,000.00	100,000.00

*Without issuance onto ÁKK's own account

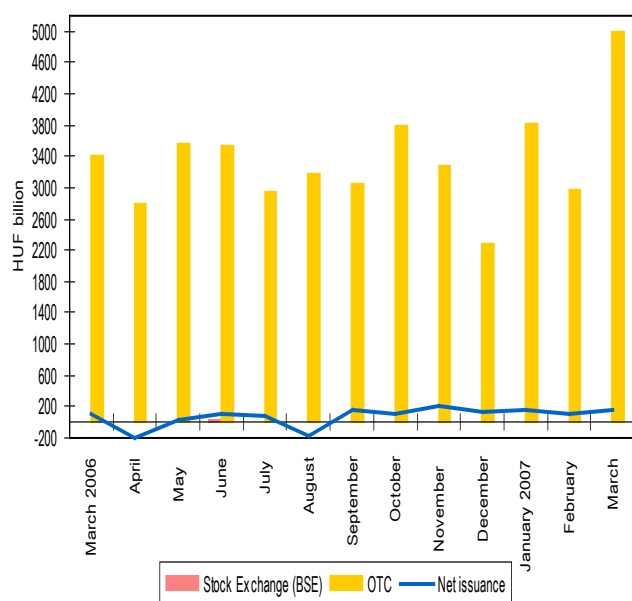


■ GOVERNMENT SECURITIES MARKET ■

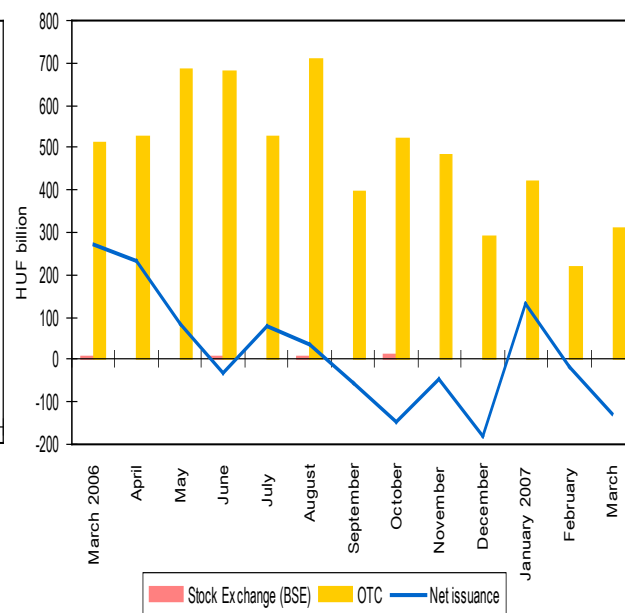
GOVERNMENT BOND BUY-BACK AUCTION RESULTS

Government bond	2007/D	2007/G
ISIN code	HU0000402052	HU0000402250
Coupon (%)	6.25%	9.25%
Date of reverse auction	14.03.2007	14.03.2007
Date of financial settlement	21.03.2007	21.03.2007
Redemption date	12.06.2007	12.10.2007
Minimum annual yield (%)	8.20	8.04
Average annual yield (%)	8.20	8.12
Amount of bids submitted (HUF million)	6,406.32	22,275.72
Amount of bids accepted (HUF million)	1,022.32	20,675.72

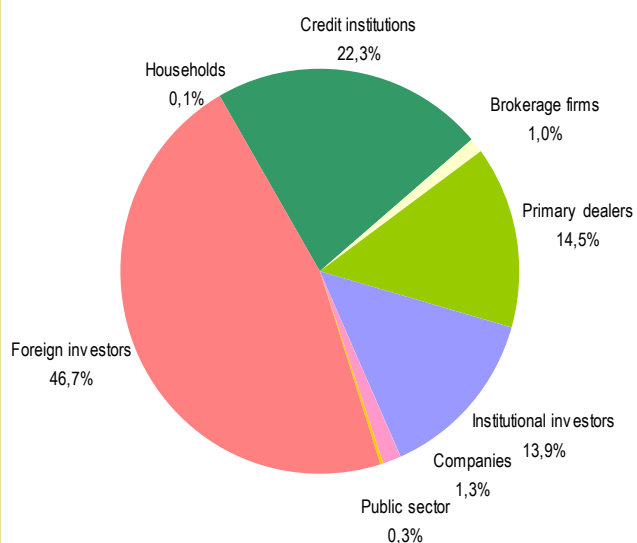
Secondary market trading of government bonds



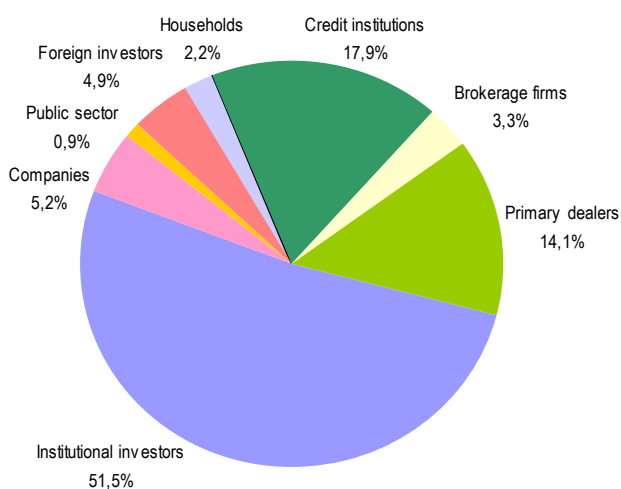
Secondary market trading of Discount Treasury Bills



Breakdown of primary dealers' secondary market turnover in government bonds by investor groups in March 2007

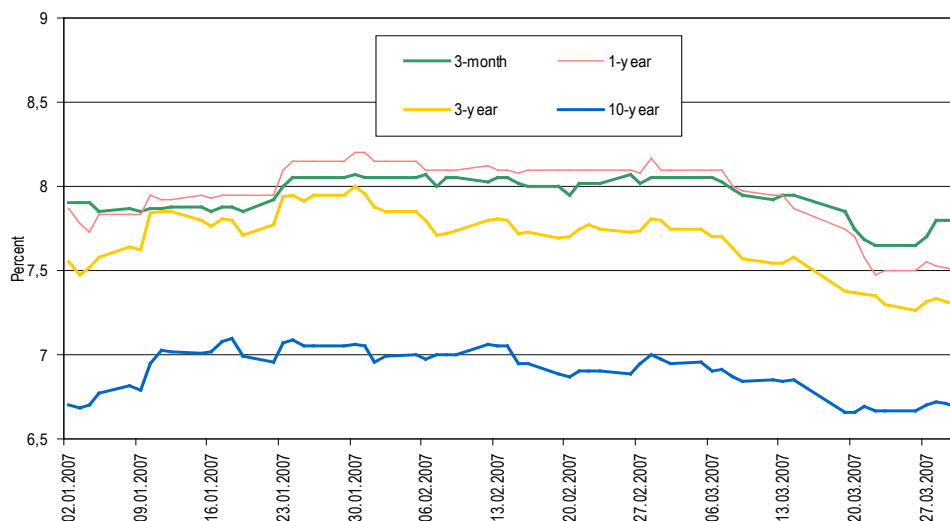


Breakdown of primary dealers' secondary market turnover in Discount Treasury Bills by investor groups in March 2007



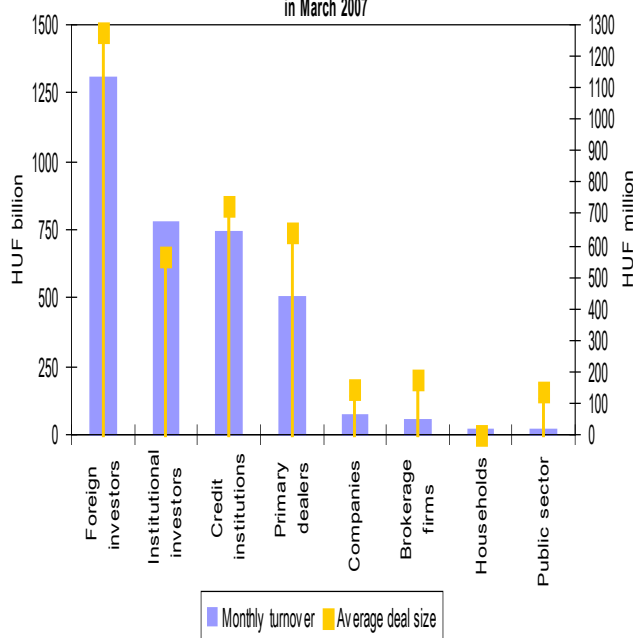
■ GOVERNMENT SECURITIES MARKET ■

Benchmark yields in the past three months

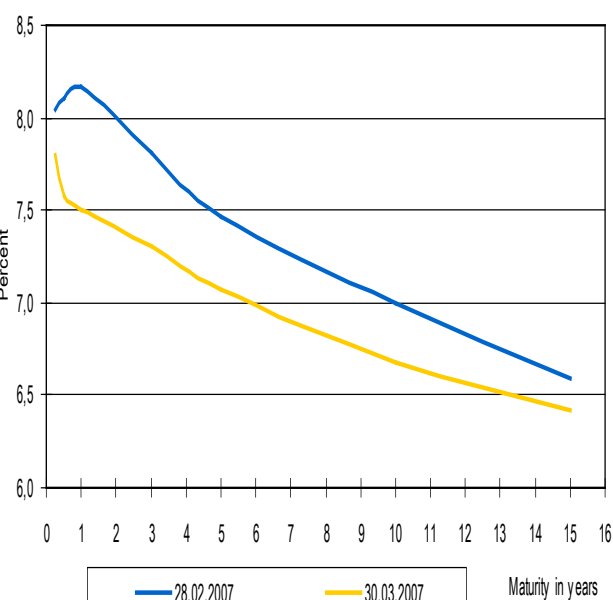


Primary dealers' trading with different investor groups

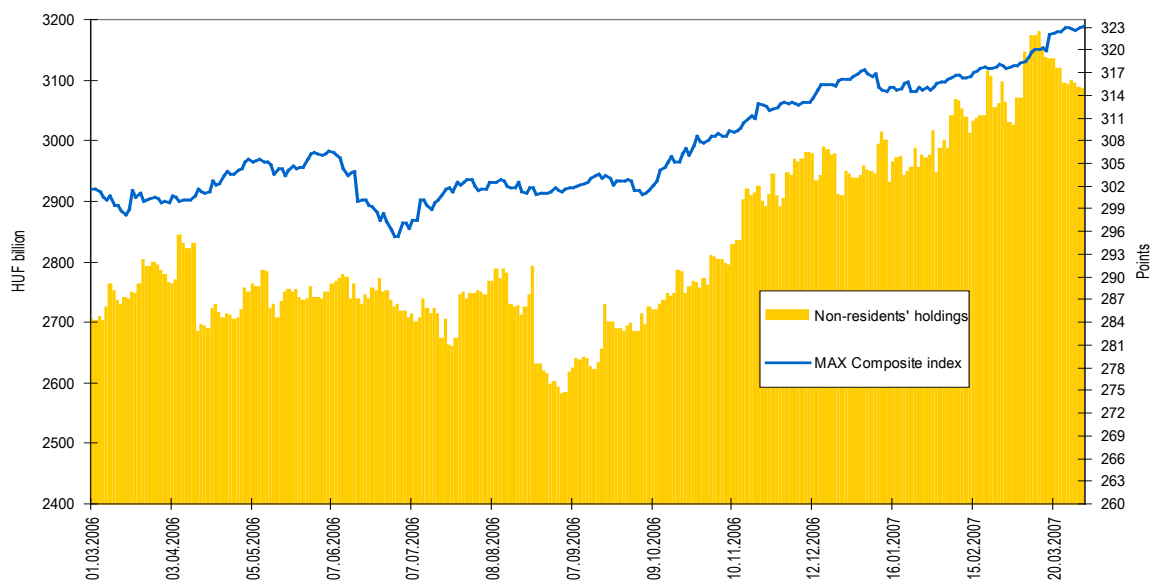
in March 2007



Benchmark yield curves



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



■ GOVERNMENT SECURITIES MARKET ■

INTEREST RATE RESETS OF FLOATING RATE GOVERNMENT BONDS IN MARCH 2007

Government Bond	Date of interest rate reset	Interest period	Date of interest payment	Reset interest rate (%)	Interest payable (%)
2013/A	19.03.2007	20.03.2007	20.09.2007	8.00	-

HUNGARIAN GOVERNMENT SECURITIES INDICES

	MAX index	RMAX index	MAX Composite index	ZMAX index
Value as at 30 March 2007	328.0946	321.5497	323.0965	323.7444
Changes compared to the end of the month before	6.1525	2.9112	5.6079	2.4680
Annual yield earned on the index portfolio	7.90%	7.26%	7.68%	7.48%

Government securities with the highest secondary market turnover in March 2007

Government security	Date of redemption	Turnover (HUF billion)
2010/C	12.04.2010	540.8
2009/F	12.08.2009	486.1
2012/B	12.06.2012	349.0
D071121	21.11.2007	291.4
2017/B	24.02.2017	262.5
2016/C	12.02.2016	210.0
2011/B	12.10.2011	204.5
2009/E	24.04.2009	152.4
2008/D	24.04.2008	118.7
2007/G	12.10.2007	116.6

The outstanding volume of government bonds with benchmark status at the end of March 2007

Government bond	HUF billion	
	28.02.2007	30.03.2007
2010/C	155.10	245.15
2012/B	290.06	340.08
2017/B	240.01	280.02
2023/A	25.00	45.00

PRIMARY DEALERS - AS AT 30 MARCH 2007

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