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GOVERNMENT DEBT MANAGEMENT AGENCY PTE LTD.

GOVERNMENT SECURITIES MARKET

MONTHLY REPORT

JULY 2009

The deficit of the central government amounted to HUF 815.8 billion in the first seven months of 2009. The net balance of transfers from the EAGGF fund of the European Union (EU) worth HUF 213.4 billion decreased the net borrowing requirement. Privatisation revenues amounted to HUF 0.6 billion, which decreased the financing requirement. Thus, the total net borrowing requirement amounted to HUF 601.8 billion in first seven months. Net issuance was HUF 996.1 billion; out of which net HUF-denominated issuance was HUF –39.5 billion and net foreign currency denominated issuance was HUF 1,035.6 billion. Out of the international loan program HUF 1,105.7 billion was placed in the National Bank of Hungary as of foreign currency deposits at the end of July. The total amount of other liabilities decreased by HUF 62.4 billion in 2009.

The HUF denominated debt of the central government decreased by HUF 36.1 billion in 2009, which is the sum of the HUF 803.0 billion increase in the volume of HUF loans and the HUF 839.2 billion decrease in the volume of government securities (the difference between the total net change and the net issuance was caused by the change in the volume of matured but unclaimed securities). Net government bond issuance was of HUF -910.1 billion, while discount Treasury bills increased by HUF 138.8 billion and retail government securities decreased by HUF 66.1 billion. The HUF 803.0 billion increase in the volume of HUF loans in the first seven months of the year was the result of drawdowns of IMF/EU loans and project financing loans in Hungarian Forints. In order to decrease the share of foreign currency debt within the total debt – which had seen substantial increase due to unfavourable exchange rate movements – a part of the loans drawn down in 2009 was converted to HUF via FX swaps in an amount of HUF 733.5 billion.

The foreign currency debt of the central government increased by HUF 976.2 billion in 2009. The HUF 267.9 billion bond issuance and the drawdown of foreign currency denominated loans was HUF 1091.1 billion, out of which the loans from the international loan package (IMF, EC) amounted to HUF 977.8 billion, while loans from international financing institutions amounted to HUF 113.3 billion. Redemptions of foreign currency loans worth HUF 69.8 billion and redemptions of foreign currency government bonds worth HUF 253.6 billion decreased, while exchange rate revaluations totalling HUF 59.4 billion decreased the Hungarian Forint value of the foreign currency debt in 2009.

Short-term secondary market yields decreased by 100-123 basis points, while long-term yields decreased by 121-143 basis points in July. The 1-year yield decreased by 123 bps to 8.05%, the 3-year yield decreased by 124 bps to 8.51% and the 10-year benchmark yield reached 8.53% at the end of July after decreasing by 121 basis points.

Monthly OTC turnover of government securities was 18 % higher in July than a month before and reached HUF 2,546 billion. Primary dealers, who account for the decisive part of all secondary government securities trading, made 30 % of their secondary government securities deals with non-resident investors.

The volume of non-residents' holdings of Hungarian government securities increased altogether by HUF 220.7 billion in July, and amounted to HUF 2,409.8 billion at the end of the month. This volume represented 24.8% of the total amount of domestic government bonds and discount Treasury bills.

After successfully stabilizing the domestic government securities market ÁKK restarted its regular bond auction a program in late April.

ÁKK uses more flexible issuance methods as a reaction to the changed situation in the international and domestic government securities markets from May. Normal auction issuance will be supplemented – as in several other countries – with a special window for Primary Dealers to buy more of the same securities at the average auction price after the auction. In that way ÁKK will provide more investors with the possibility to buy Hungarian government bonds if there is ample demand for them.

The EUR/HUF exchange rate according to the National Bank of Hungary was 266.43 at the last working day of July 2009.

The credit rating of the long-term foreign currency debt of the Republic of Hungary is as follows at the last working day of July: BBB- (Standard & Poor's); Baa1 (Moody's); BBB (Fitch).

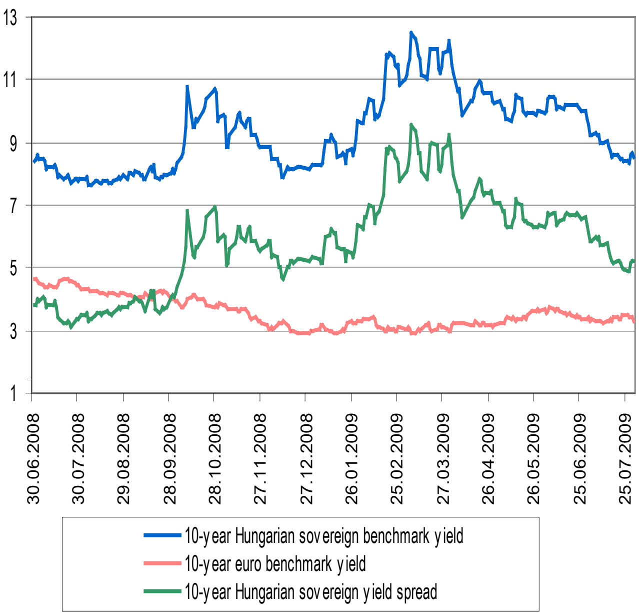
CENTRAL GOVERNMENT GROSS DEBT

HUF BILLION

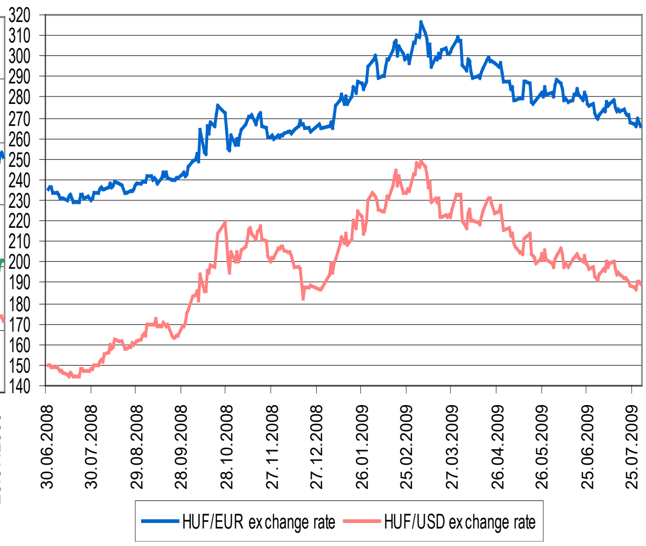
	2004	2005	2006	2007	2008	May 2009	June 2009	July 2009
1. Forint denominated debt	8,608.8	9,153.5	10,552.3	11,103.8	11,250.6	11,742.9	11,439.9	11,214.4
1.1. Loans	4.7	0.8	356.4	145.7	219.9	1 301.7	1 036.7	1 022.9
1.2. Government securities	8,604.2	9,152.7	10,195.9	10,958.1	11,030.7	10,441.2	10,403.8	10,191.5
1.2.1. Public issues	7,860.6	8,418.8	9,667.5	10,465.4	10,599.7	10,011.1	9,974.6	9,762.2
1.2.1.1. Bonds	5,768.9	6,299.1	7,244.2	8,245.3	8,570.6	7,796.0	7,779.0	7,660.5
1.2.1.2. Discount T-bills	1,463.3	1,530.9	1,755.9	1,664.9	1,482.4	1,705.8	1,695.1	1,621.2
1.2.1.3. Retail securities	628.4	588.7	667.4	555.2	546.4	509.3	500.5	480.5
1.2.2. Private placements	743.6	733.9	528.4	492.7	431.0	430.1	429.2	429.2
2. Foreign currency denominated debt*	2,983.5	3,590.7	4,124.4	4,472.6	6,774.8	7,262.0	7,222.4	7,751.1
2.1. Loans	916.8	720.6	803.7	846.5	2,529.4	2,888.2	3,092.7	3,445.9
2.1.1. Foreign loans	528.9	616.9	700.1	838.8	2,529.4	2,888.2	3,092.7	3,445.9
2.1.2. Domestic loans	387.8	103.8	103.6	104.0	0.0	0.0	0.0	0.0
2.1.2.1. Raised from National Bank of Hungary (NBH)	355.7	96.1	95.9	0.0	0.0	0.0	0.0	0.0
2.1.2.2. Other loans	32.2	7.7	7.7	7.7	0.0	0.0	0.0	0.0
2.2. Government securities	2,066.8	2,870.1	3,320.7	3,626.1	4,245.5	4,373.7	4,129.7	4,305.2
2.2.1. Issued abroad	2,066.8	2,870.1	3,320.7	3,626.1	4,245.5	4,373.7	4,129.7	4,305.2
2.2.1.1. Foreign currency bonds	2,066.7	2,870.0	3,320.6	3,626.1	4,245.4	4,373.7	4,129.7	4,305.2
2.2.1.2. Kingdom of Hungary 1924 issues	0.1	0.1	0.1	0.0	0.0	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
Total	11,592.4	12,744.2	14,676.7	15,576.4	18,025.4	19,004.9	18,662.4	18,965.5
Other liabilities		21.4	29.0	9.1	78.5	47.5	13.1	16.1
Total central government debt		12,765.6	14,705.7	15,585.5	18,103.9	19,052.4	18,675.5	18,981.6
Foreign currency deposits from the international loan program placed at the NBH					*1,483.6*	*1,507.0*	*1,131.2*	*1,105.7*
Government debt adjusted with foreign currency deposits					16 620,3	17 545,4	17 544,3	17 875,9
Marketable HUF debt (1.2.1.1+1.2.1.2.+1.2..2.)	*7,975.8*	*8,563.9*	*9,528.4*	*10,402.9*	*10,484.0*	*9,931.9*	*9,903.3*	*9,711.0*
Gross debt/GDP	*56.0%*	*57.9%*	*61.8%*	*61.3%*	*68.4%*			

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

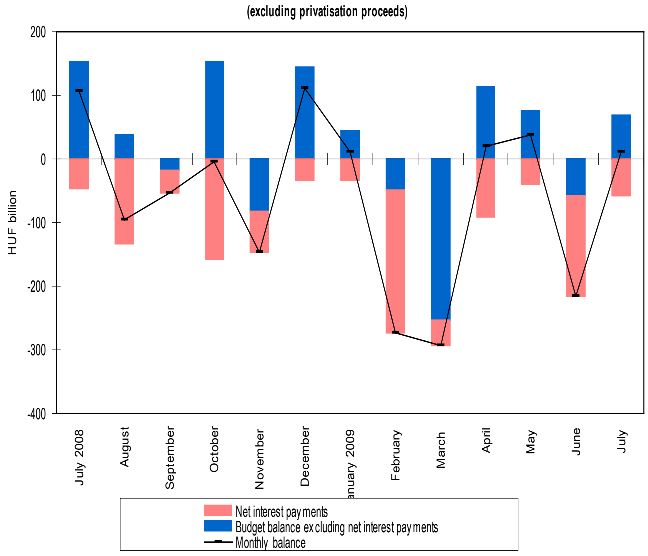
10-year Hungarian and eurozone benchmark yields during the last year



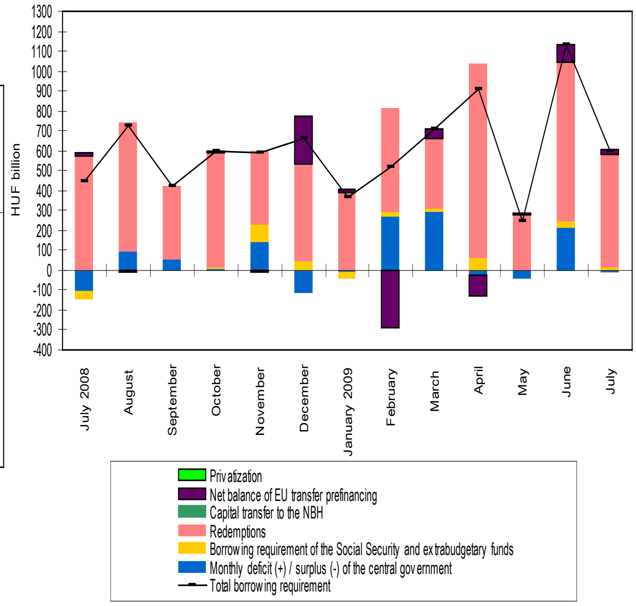
The exchange rate of the Hungarian Forint during the last year



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



Gross borrowing requirement

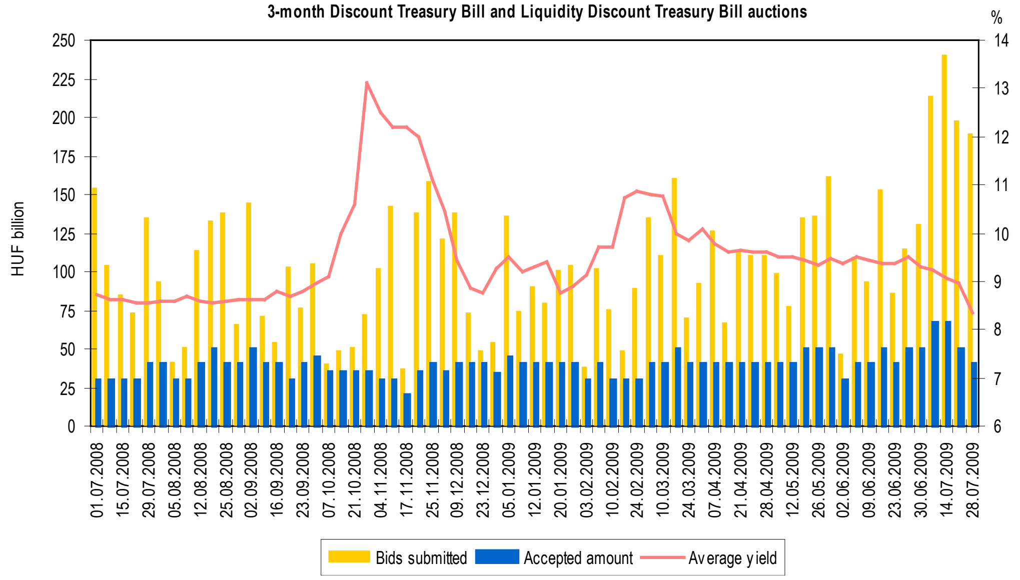


DISCOUNT TREASURY BILL AUCTION RESULTS

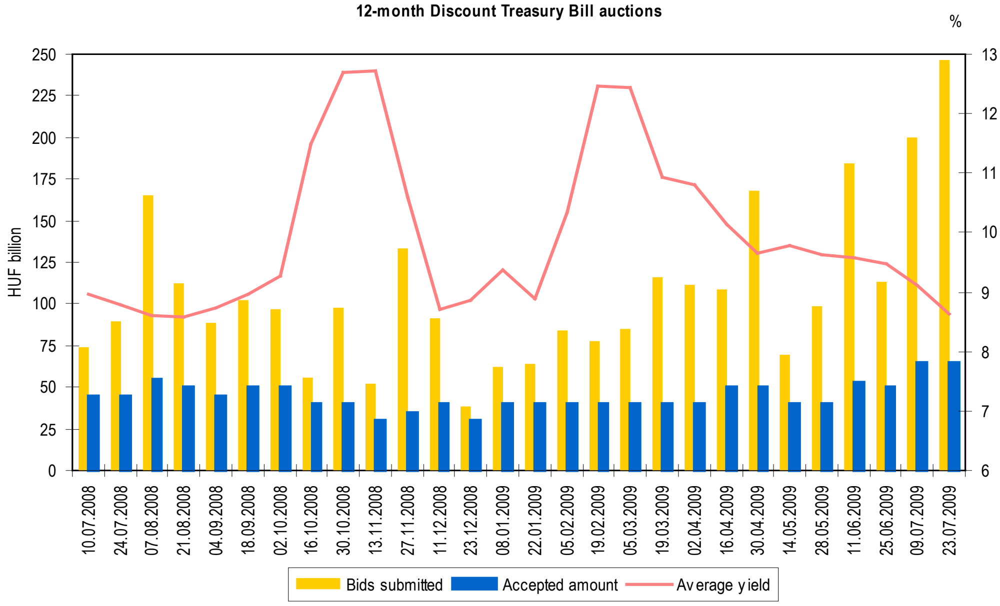
	3-month Discount T-bills				12-month Discount T-bills	
Code of T-bills	D091014	D091021	D091028	D091104	D100630	D100630
ISIN code	HU0000517438	HU0000517446	HU0000517453	HU0000517461	HU0000517420	HU0000517420
Maturity in days	91	91	91	91	350	336
Date of auction	07.07.2009	14.07.2009	21.07.2009	28.07.2009	09.07.2009	23.07.2009
Date of financial settlement	15.07.2009	22.07.2009	29.07.2009	05.08.2009	15.07.2009	29.07.2009
Redemption date	14.10.2009	21.10.2009	28.10.2009	04.11.2009	30.06.2010	30.06.2010
Maximum yield, (%) - ISMA	9.23	9.10	8.99	8.40	9.15	8.70
Minimum yield (%) - ISMA	9.19	8.97	8.85	8.22	9.05	8.58
Average yield (%) - ISMA	9.23	9.06	8.96	8.34	9.11	8.63
Maximum yield, (%) - EHM	9.16	9.23	9.12	8.52	9.28	8.82
Minimum yield (%) - EHM	9.12	9.09	8.97	8.33	9.18	8.70
Average yield (%) - EHM	9.16	9.19	9.08	8.46	9.24	8.75
Average selling price (%)	97.7201	97.7611	97.7853	97.9354	91.8637	92.5457
Amount offered for sale (HUF million)	50,000.00	50,000.00	50,000.00	40,000.00	50,000.00	50,000.00
Amount of bids submitted (HUF million)	213,327.85	240,328.91	197,785.88	189,210.00	200,104.47	246,381.19
Amount of bids accepted (HUF million)	66,999.96	66,999.97	49,999.95	39,999.97	64,999.96	64,999.95
Bid-to-cover ratio	3.18	3.59	3.96	4.73	3.08	3.79
Bids submitted (pcs)	118	114	121	99	121	127
Bids accepted (pcs)	25	56	45	32	33	42
Market sales* (HUF million)	66,999.96	66,999.97	49,999.95	39,999.97	64,999.96	64,999.95
Retained on ÁKK's own account	20,100.04	20,100.03	15,000.05	12,000.03	19,500.04	19,500.05
Total amount issued (HUF million)	87,100.00	87,100.00	65,000.00	52,000.00	84,500.00	84,500.00

*Without issuance onto ÁKK's own account

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



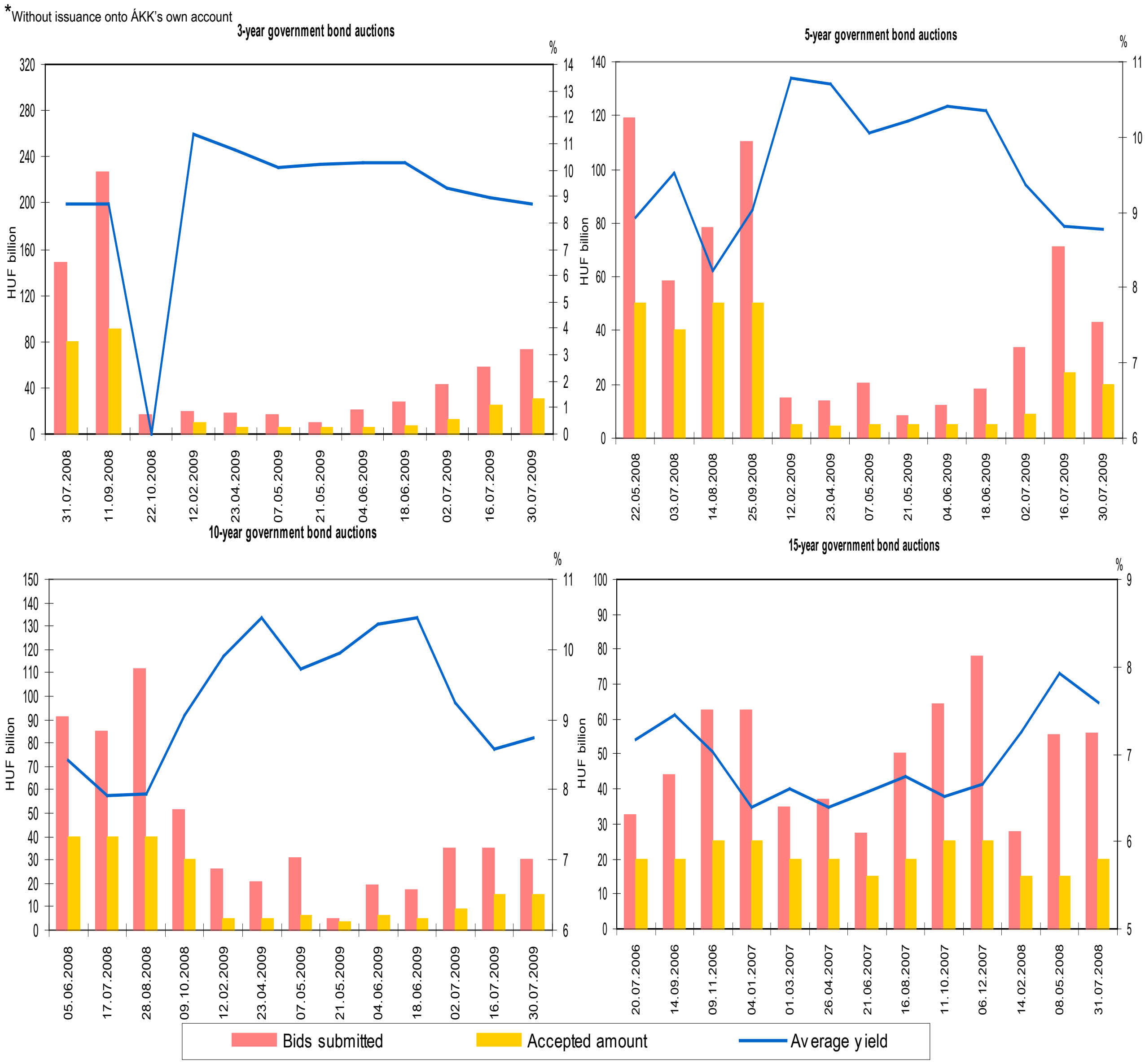
12-month Discount Treasury Bill auctions



GOVERNMENT BOND AUCTION RESULTS

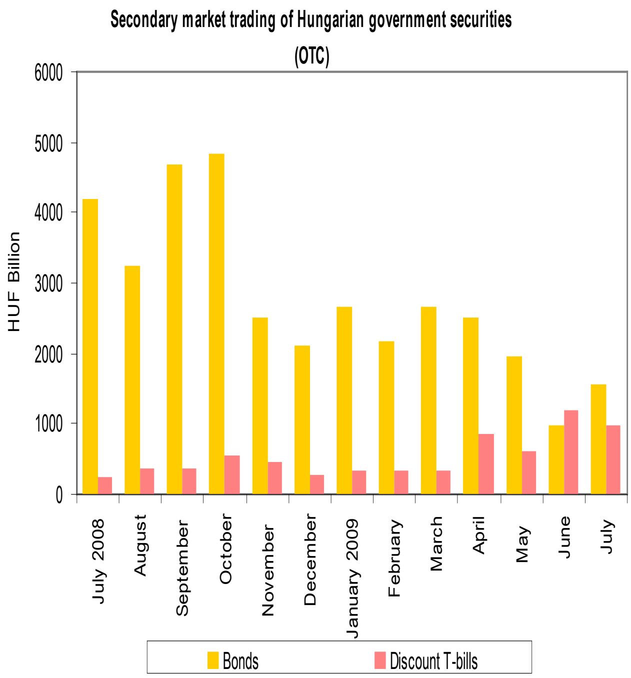
Government Bond	2013/D	2015/A	2019/A	2013/D	2015/A	2019/A	2013/D	2015/A	2019/A
ISIN code	HU0000402045	HU0000402268	HU0000402433	HU0000402045	HU0000402268	HU0000402433	HU0000402045	HU0000402268	HU0000402433
Maturity (in years)	3	5	10	3	5	10	3	5	10
Coupon (%)	6.75%	8.00%	6.50%	6.75%	8.00%	6.50%	6.75%	8.00%	6.50%
Auction	20th auction	23th auction	14th auction	21th auction	24th auction	15th auction	22th auction	25th auction	16th auction
Date of auction	02.07.2009	02.07.2009	02.07.2009	16.07.2009	16.07.2009	16.07.2009	30.07.2009	30.07.2009	30.07.2009
Date of financial settlement	08.07.2009	08.07.2009	08.07.2009	22.07.2009	22.07.2009	22.07.2009	05.08.2009	05.08.2009	05.08.2009
Redemption date	12.02.2013	12.02.2015	24.06.2019	12.02.2013	12.02.2015	24.06.2019	12.02.2013	12.02.2015	24.06.2019
Maximum annual yield (%) - ISMA	9.35	9.43	9.25	9.00	8.87	8.62	8.74	8.83	8.78
Minimum annual yield (%) - ISMA	9.33	9.26	9.23	8.89	8.75	8.55	8.71	8.74	8.70
Average annual yield (%) - ISMA	9.34	9.37	9.24	8.96	8.81	8.58	8.71	8.78	8.73
Maximum annual yield (%) - EHM	9.34	9.43	9.24	8.99	8.87	8.61	8.73	8.83	8.77
Minimum annual yield (%) - EHM	9.32	9.26	9.22	8.88	8.75	8.54	8.70	8.74	8.69
Average annual yield (%) - EHM	9.33	9.36	9.24	8.95	8.81	8.58	8.71	8.78	8.73
Maximum price (%)	92.3327	94.5949	82.6868	93.6309	96.7220	86.6272	94.1937	96.7797	85.7714
Minimum price (%)	92.2768	93.9044	82.5753	93.3210	96.2222	86.2137	94.1092	96.4063	85.3064
Average price (%)	92.3041	94.1588	82.6193	93.4375	96.4517	86.4292	94.1867	96.5973	85.5888
Amount offered for sale (HUF million)	10,000.00	7,000.00	7,000.00	25,000.00	18,000.00	12,000.00	25,000.00	18,000.00	12,000.00
Amount of bids submitted (HUF million)	42,520.00	33,400.00	34,965.00	57,790.00	71,085.00	35,080.00	72,570.00	42,763.91	30,380.00
Amount of bids accepted (HUF million)	12,999.98	8,999.99	8,999.99	25,000.00	23,999.97	14,999.99	29,499.99	19,999.99	14,999.98
Bid-to-cover ratio	3.27	3.71	3.89	2.31	2.96	2.34	2.42	2.14	2.03
Bids submitted (pcs)	38	46	39	65	76	41	56	52	56
Bids accepted (pcs)	13	20	11	34	24	18	16	34	28
Tail (average price - minimum price)	0.03	0.25	0.04	0.12	0.23	0.22	0.08	0.19	0.28
Market sales* (HUF million)	12,999.98	8,999.99	8,999.99	25,000.00	23,999.97	14,999.99	29,999.99	19,999.99	14,999.98
Non-competitive offer (HUF million)	466.70	300.50	304.00	25 000.00	590.20	529.20	1 124.00	717.80	15 000.02
Total amount issued (HUF million)	26,000.00	18,000.00	18,000.00	50,000.00	48,000.00	30,000.00	60,000.00	40,000.00	30,000.00

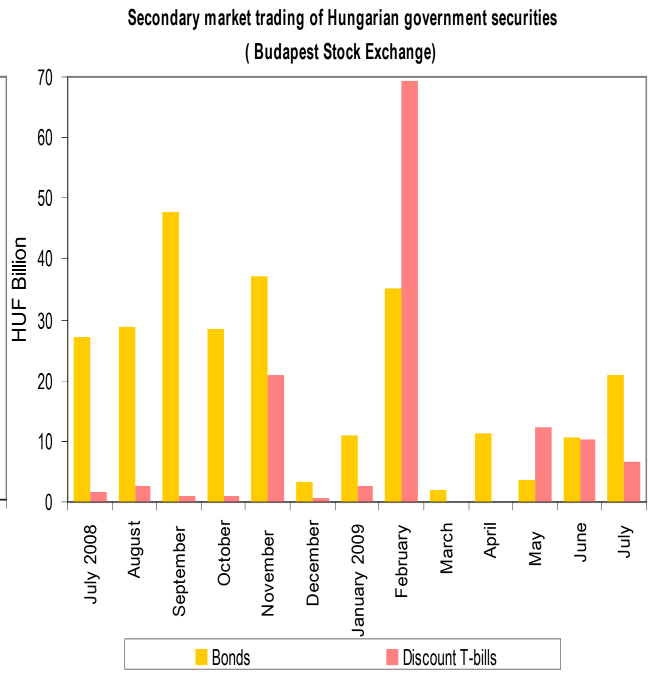
*Without issuance onto ÁKK's own account

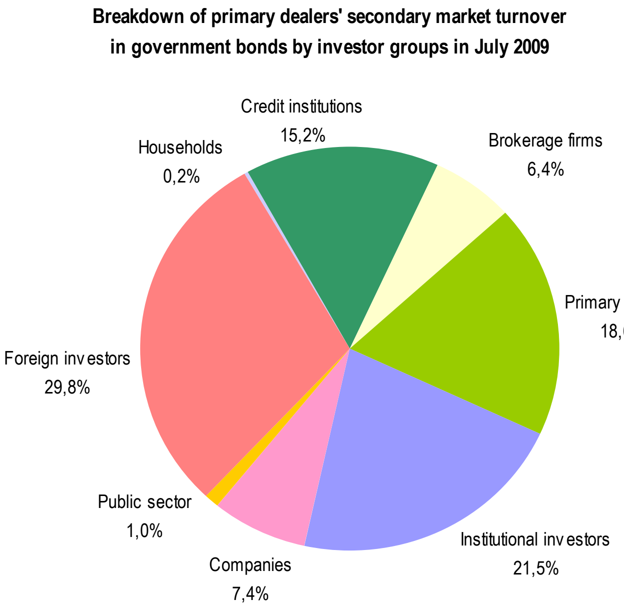


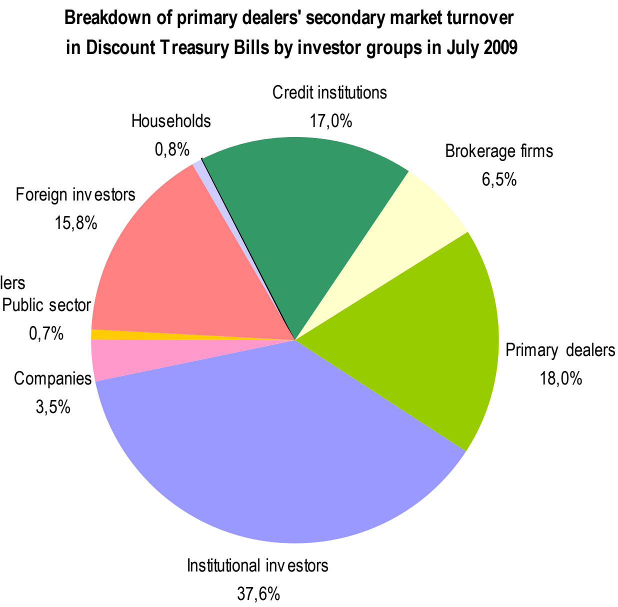
GOVERNMENT SECURITIES BUY-BACK AUCTION

Government bond	2009/D	2010/D	2009/D	2010/C
ISIN code	HU0000402243	HU0000402409	HU0000402243	HU0000402391
Coupon (%)	8.25	6.25	8.75	6.75
Date of reverse auction	01.07.2009	01.07.2009	14.07.2009	14.07.2009
Date of financial settlement	08.07.2009	08.07.2009	22.07.2009	22.07.2009
Redemption date	12.10.2009	24.08.2010	12.10.2009	12.04.2010
Minimum annual yield (%)	9.50	9.15	9.60	8.95
Average annual yield - ISMA (%)	9.60	9.16	9.62	8.95
Average annual yield - EHM (%)	9.28	9.16	9.28	8.84
Amount of bids submitted (HUF million)	3,612.34	7,148.66	5,304.51	11,629.16
Amount of bids accepted (HUF million)	2,578.00	4,248.66	534.34	10,919.00

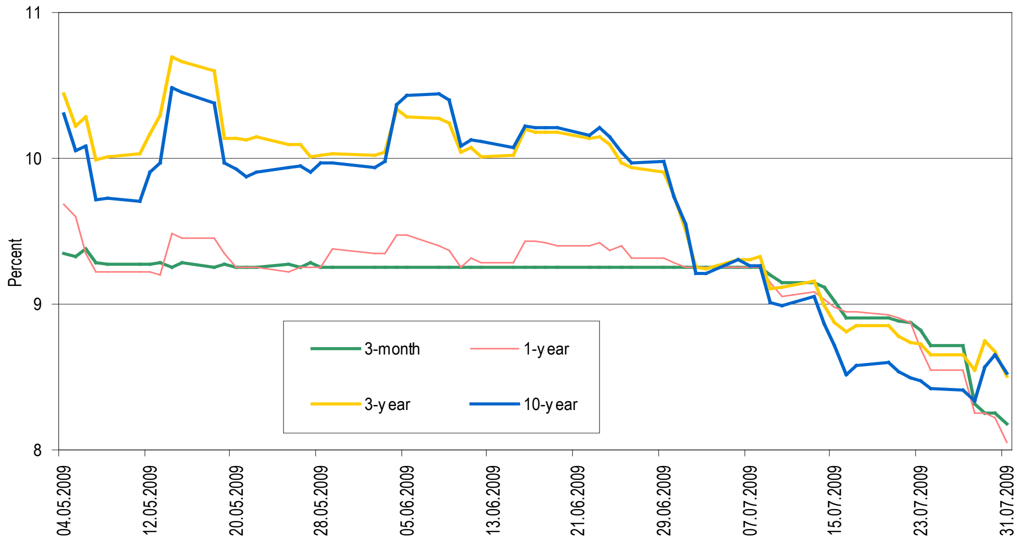




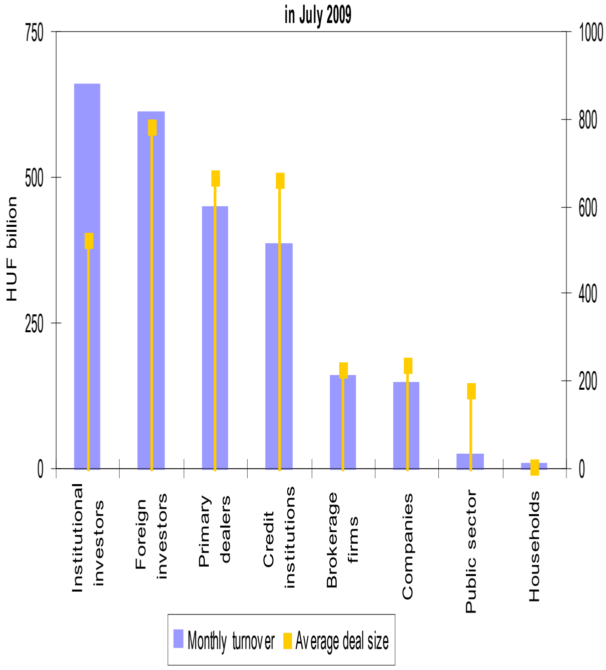




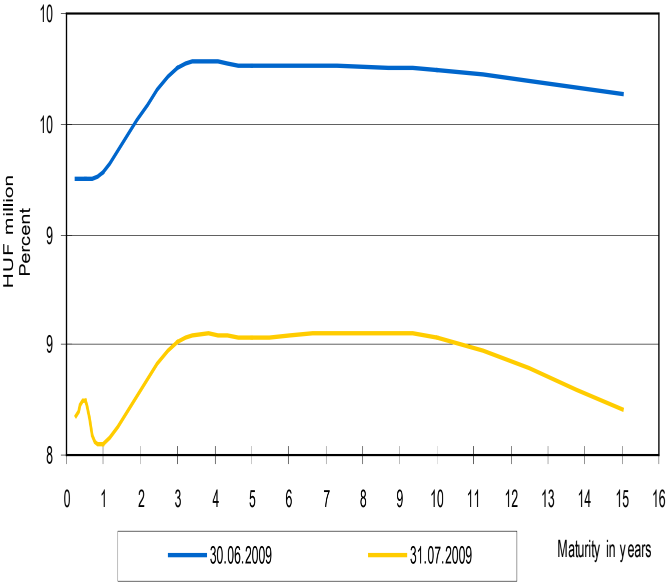
Benchmark yields in the past three months



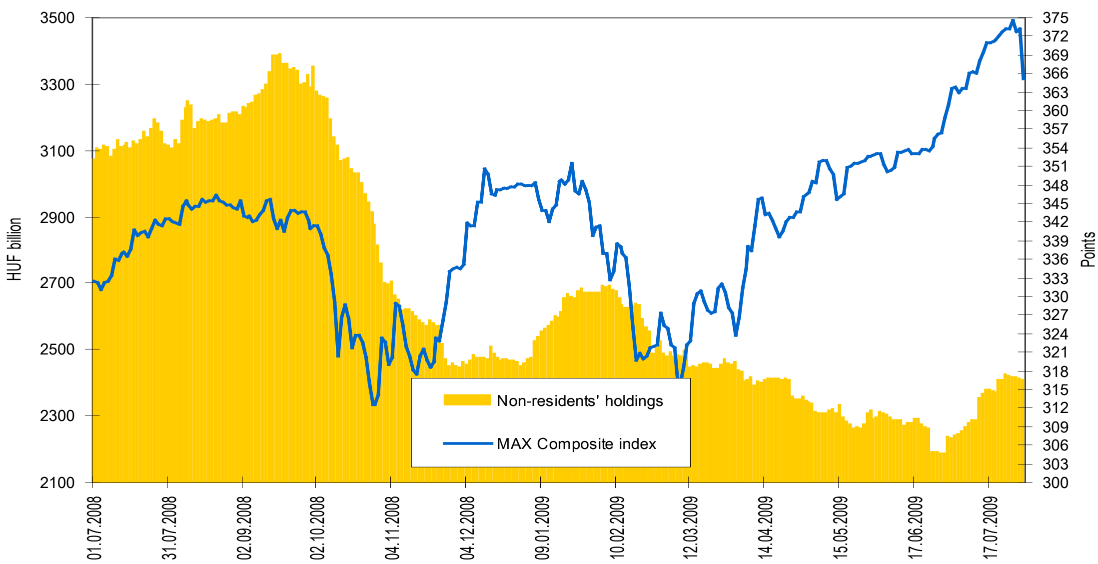
Primary dealers' trading with different investor groups in July 2009



Benchmark yield curves



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



INTEREST RATE RESETS OF FLOATING RATE GOVERNMENT BONDS IN JULY 2009

Government Bond	Date of interest rate reset	Interest period		Date of interest payment	Reset interest rate (%)	Interest payable (%)
2016/B	01.07.2009	02.07.2009	02.01.2010	04.01.2010	9.44	4.82

HUNGARIAN GOVERNMENT SECURITIES INDICES

	MAX index	RMAX index	MAX Composite index	ZMAX index
Value as at 31 July 2009	375.4677	390.6896	374.2547	394.2035
Changes compared to the end of the month before	17.2325	5.4423	15.2896	3.7864
Annual yield earned on the index portfolio	8.68%	10.21%	9.27%	9.99%

Government securities with the highest secondary market turnover in July 2009

Government security	Date of redemption	Turnover (HUF billion)
2019/A	24.06.2019	207.0
2011/C	22.04.2011	190.5
2015/A	12.02.2015	178.6
D100630	30.06.2010	160.7
2017/B	24.02.2017	148.6
2013/D	12.02.2013	137.9
D091014	14.10.2009	105.8
2012/B	12.06.2012	91.6
2012/C	24.10.2012	88.2
2014/C	12.02.2014	76.5

The outstanding volume of government bonds with benchmark status at the end of July 2009

	HUF billion	
Government bond	30.06.2009	31.07.2009
2013/D	469.57	521.60
2015/A	448.43	490.40
2019/A	315.11	347.45
2023/A	200.75	200.76

PRIMARY DEALERS - AS AT 31 JULY 2009

Primary dealers:		Primary dealers for retail securities:
CIB Bank Zrt.	Magyar Külkereskedelmi Bank Zrt.	CIB Bank Zrt.
CITIBANK Europe Plc.	Magyar Takarékszövetkezeti Bank Zrt.	UniCredit Bank Hungary Zrt.
Deutsche Bank Zrt.	Országos Takarékpénztár és Kereskedelmi Bank Nyrt	Kereskedelmi és Hitelbank Zrt.
ERSTE Bank Befektetési Magyarország Zrt.	Raiffeisen Bank Zrt.	Magyar Takarékszövetkezeti Bank Zrt.
ING Bank N.V.	UniCredit Bank Hungary Zrt.	Országos Takarékpénztár és Kereskedelmi Bank Nyrt.
Kereskedelmi és Hitelbank Zrt.		the branch network of the Hungarian State Treasury