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GOVERNMENT DEBT MANAGEMENT AGENCY PTE LTD.

GOVERNMENT SECURITIES MARKET

MONTHLY REPORT

FEBRUARY 2008

The deficit of the central government amounted to HUF 182.1 billion in first two months of 2008. The prefinancing of cash transfers from the EU's EAGGF fund decreased the net borrowing requirement by HUF 9.9 billion. The total net financing requirement of HUF 172.2 billion was met by a net issuance of HUF 185.2 billion (ca. EUR 0.7 billion1) out of which net domestic currency issuance was HUF 222.1 billion and net foreign exchange issuance totalled HUF –36.9 billion.

The HUF denominated debt of the central government increased by HUF 221.9 billion till the end of February (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 215.4 billion, discount Treasury bills for HUF 26.8 billion, while retail government securities decreased by HUF 20.1 billion. The stock of domestic loans remained unchanged.

The foreign currency debt of the central government increased by HUF 118.3 billion till the end of February. The redemptions of foreign currency loans was HUF 42.3 billion, the drawdown of foreign currency denominated loans worth HUF 5.4 billion. Exchange rate losses of HUF 155.3 billion increased the HUF value of the foreign currency debt compared to the end of last year.

Short-term secondary and 10-year and 15-year yields increased by 57-98 basis points in February, while the 3-year and 5-year yields increased by 128-133 basis points. The 1-year yield increased to 8.30% by 88 basis points, the 3-year yield increased by 128 bps and amounted to 8.75%, the 10-year benchmark yield reached 8.18% at the end of February after increasing by 98 basis points.

Monthly OTC turnover of government securities was 12% higher in February than a month before and reached HUF 6,818.3 billion. Primary dealers, who account for the decisive part of all secondary government securities trading, made 44% of their secondary government securities deals with non-resident investors.

The volume of non-residents' holdings of Hungarian government securities decreased altogether by HUF 119.4 in February, and amounted to HUF 3,330.1 billion at the end of the month. This volume represented 31.3% of the total amount of domestic government bonds and discount Treasury bills.

The EUR/HUF exchange rate according to the Hungarian National Bank was 262.17 at the last working day of February.

The credit rating of the long-term foreign currency debt of the Republic of Hungary is as follows: BBB+ (Standard & Poor's); A2 (Moody's); BBB+ (Fitch).

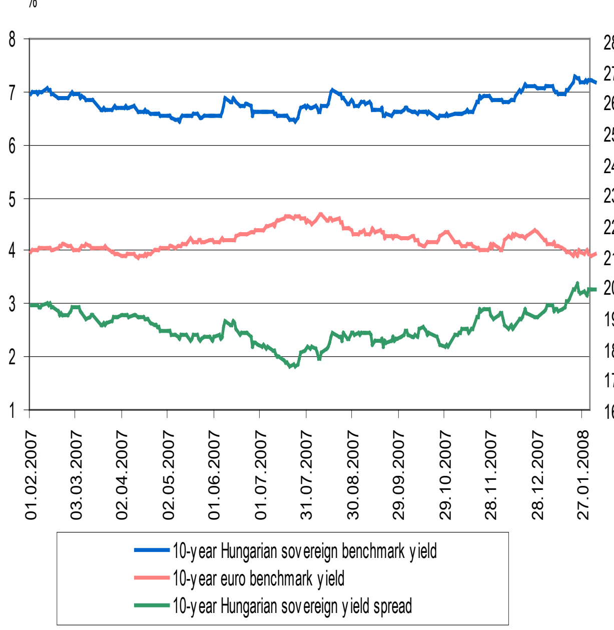
CENTRAL GOVERNMENT GROSS DEBT

HUF BILLION

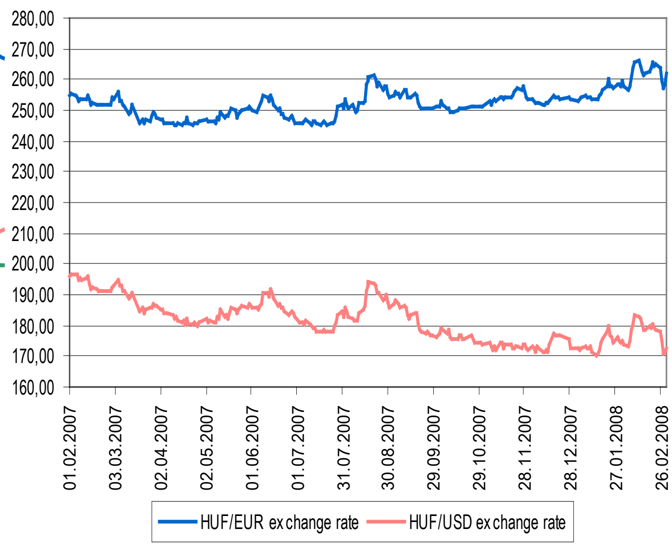
	2001	2002	2003	2004	2005	2006	December 2007	January 2008	February 2008
1. Forint denominated debt	5,397.4	6,956.9	8,008.7	8,608.8	9,153.5	10,552.3	11,103.8	11,277.1	11,325.7
1.1. Loans	228.3	353.2	117.9	4.7	0.8	356.4	145.7	145.7	145.7
1.2. Government securities	5,169.1	6,603.7	7,890.8	8,604.2	9,152.7	10,195.9	10,958.1	11,131.4	11,180.0
1.2.1. Public issues	4,360.0	5,826.3	7,131.5	7,860.6	8,418.8	9,667.5	10,465.4	10,638.8	10,687.5
1.2.1.1. Bonds	2,782.0	3,829.2	5,056.5	5,768.9	6,299.1	7,244.2	8,245.3	8,378.7	8,460.7
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	1,664.9	1,715.6	1,691.7
1.2.1.3. Retail securities	544.7	560.3	533.5	628.4	588.7	667.4	555.2	544.5	535.0
1.2.2. Private placements	809.1	777.4	759.3	743.6	733.9	528.4	492.7	492.7	492.5
2. Foreign currency denominated debt*	2,322.1	2,267.3	2,579.0	2,983.5	3,590.7	4,124.4	4,472.6	4,557.4	4,591.0
2.1. Loans	1,410.4	1,394.3	1,084.1	916.8	720.6	803.7	846.5	843.0	838.6
2.1.1. Foreign loans	317.8	461.9	598.8	528.9	616.9	700.1	838.8	835.1	830.6
2.1.2. Domestic loans	1,092.6	932.3	485.3	387.8	103.8	103.6	104.0	7.9	8.0
2.1.2.1. Raised from National Bank of Hungary (NBH)	1,092.6	849.6	466.5	355.7	96.1	95.9	0.0	0.0	0.0
2.1.2.2. Other loans	0.0	82.8	18.8	32.2	7.7	7.7	7.7	7.9	8.0
2.2. Government securities	911.7	873.0	1,494.9	2,066.8	2,870.1	3,320.7	3,626.1	3,714.4	3,752.4
2.2.1. Issued abroad	911.7	873.0	1,494.9	2,066.8	2,870.1	3,320.7	3,626.1	3,714.4	3,752.4
2.2.1.1. Foreign currency bonds	911.5	872.9	1,494.7	2,066.7	2,870.0	3,320.6	3,626.1	3,714.4	3,752.3
2.2.1.2. Kingdom of Hungary 1924 issues	0.3	0.2	0.1	0.1	0.1	0.1	0.0	0.0	0.0
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	15,576.4	15,834.5	15,916.6
Other liabilities					21.4	29.0	9.1	19.1	15.4
Total central government debt					12,765.6	14,705.7	15,585.5	15,853.6	15,932.1
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*	*10,402.9*	*10,586.9*	*10,645.0*
Gross debt/GDP	*50.5%*	*53.6%*	*55.9%*	*56.0%*	*57.9%*	*61.9%*	*61.0%*		

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

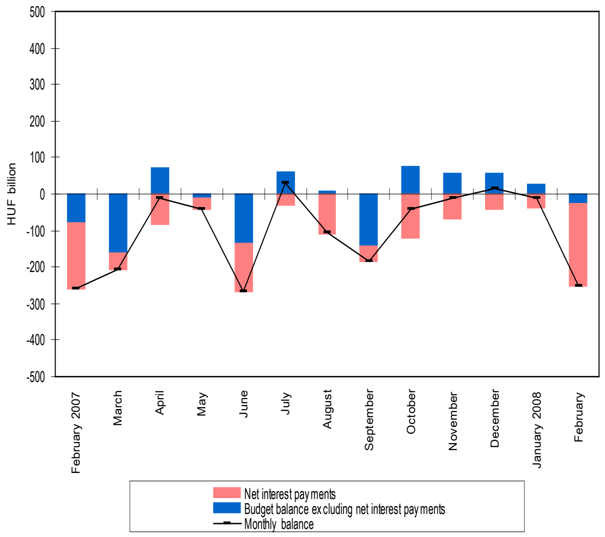
10-year Hungarian and eurozone benchmark yields during the last year



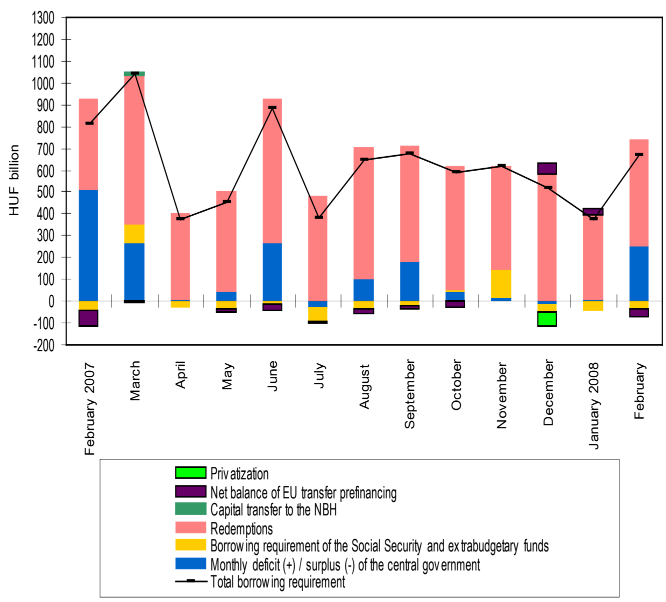
The exchange rate of the Hungarian Forint during the last year



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



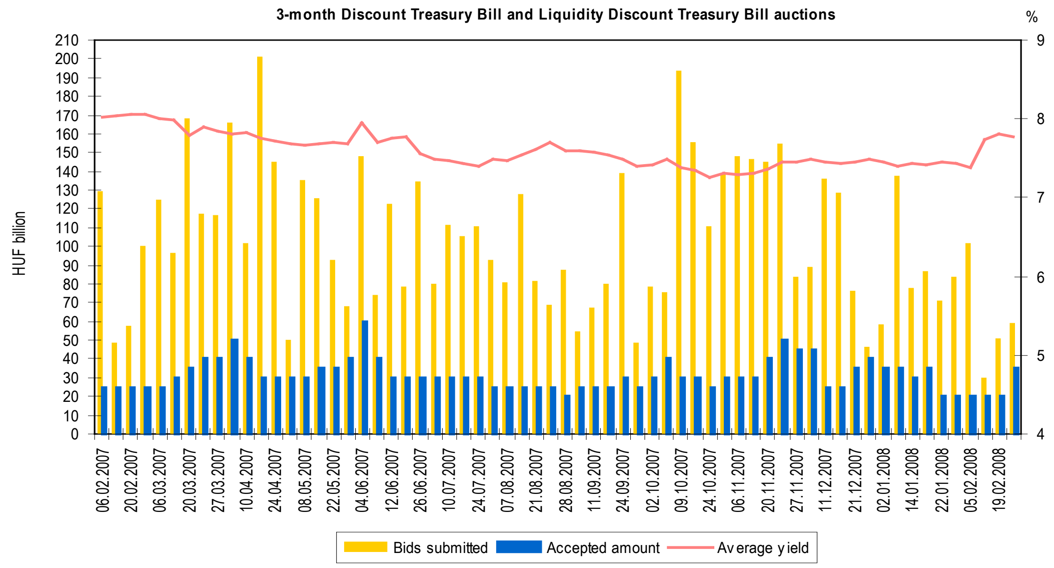
Gross borrowing requirement

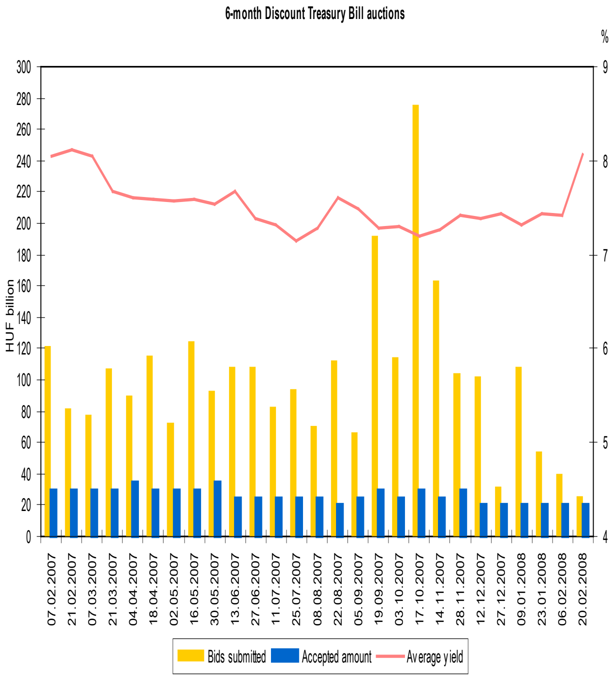


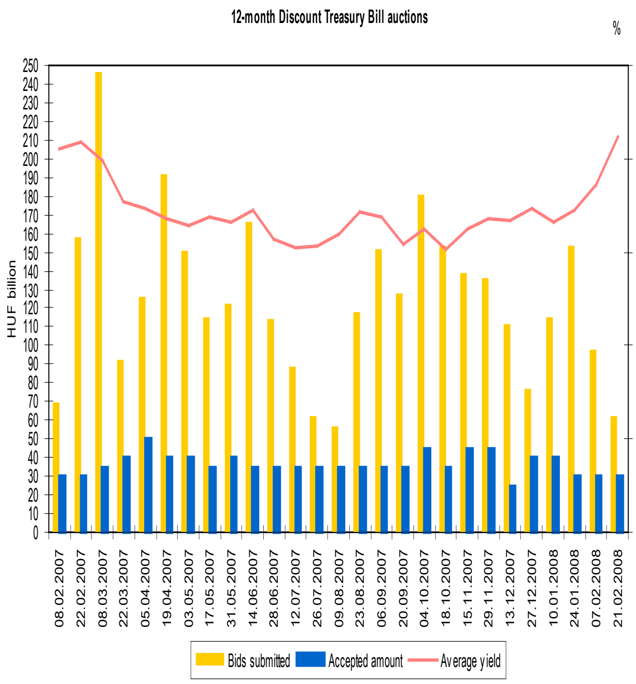
DISCOUNT TREASURY BILL AUCTION RESULTS

	3-month Discount T-bills				6-month Discount T-bills		12-month Discount T-bills	
Code of T-bills	D080514	D080521	D080528	D080604	D080730	D080730	D090128	D090128
ISIN code	HU0000516703	HU0000516711	HU0000516729	HU0000516596	HU0000516679	HU0000516679	HU0000516778	HU0000516778
Maturity in days	91	91	91	91	168	154	350	336
Date of auction	05.02.2008	12.02.2008	19.02.2008	26.02.2008	06.02.2008	20.02.2008	07.02.2008	21.02.2008
Date of financial settlement	13.02.2008	20.02.2008	27.02.2008	05.03.2008	13.02.2008	27.02.2008	13.02.2008	27.02.2008
Redemption date	14.05.2008	21.05.2008	28.05.2008	04.06.2008	30.07.2008	30.07.2008	28.01.2009	28.01.2009
Maximum yield, (%) - ISMA	7.41	7.79	7.84	7.81	7.47	8.12	7.80	8.26
Minimum yield (%) - ISMA	7.35	7.49	7.74	7.65	7.25	7.90	7.44	8.15
Average yield (%) - ISMA	7.39	7.74	7.81	7.77	7.42	8.07	7.73	8.23
Maximum yield, (%) - EHM	7.51	7.90	7.95	7.92	7.57	8.23	7.91	8.37
Minimum yield (%) - EHM	7.45	7.59	7.85	7.76	7.35	8.01	7.54	8.26
Average yield (%) - EHM	7.49	7.85	7.92	7.88	7.52	8.18	7.84	8.34
Average selling price (%)	98.1662	98.0810	98.0640	98.0737	96.6532	96.6630	93.0100	92.8666
Amount offered for sale (HUF m)	20,000.00	20,000.00	20,000.00	35,000.00	20,000.00	20,000.00	30,000.00	30,000.00
Amount of bids submitted (HUF m)	101,266.63	295,590.01	50,973.08	58,912.98	40,072.25	25,948.10	97,678.66	62,410.67
Amount of bids accepted (HUF m)	19,999.98	19,999.99	19,999.98	34,999.98	19,999.98	19,999.99	29,999.94	29,999.99
Bid-to-cover ratio	5.06	1.48	2.55	1.68	2.00	1.30	3.26	2.08
Bids submitted (pcs)	88	56	75	69	70	46	124	82
Bids accepted (pcs)	31	34	33	51	34	38	80	29
Market sales* (HUF million)	19,999.98	19,999.99	19,999.98	34,999.98	19,999.98	19,999.99	29,999.94	29,999.99
Retained on ÁKK's own account	2,000.02	2,000.01	2,000.02	3,500.02	4,000.02	4,000.01	9,000.06	6,000.01
Total amount issued (HUF million)	22,000.00	22,000.00	22,000.00	38,500.00	24,000.00	24,000.00	39,000.00	36,000.00

*Without issuance onto ÁKK's own





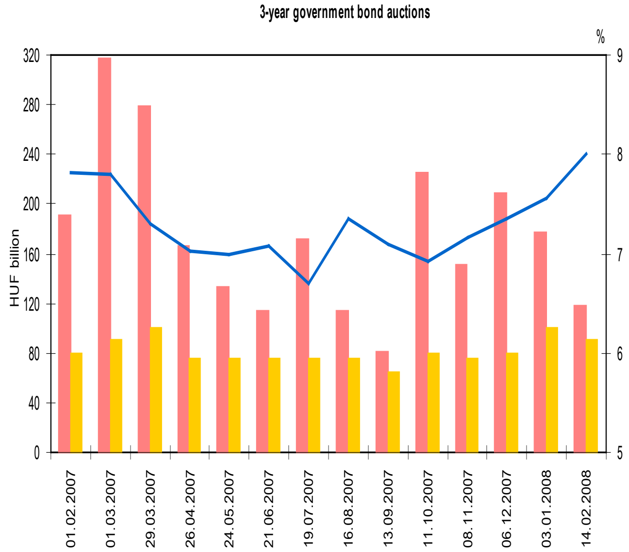


GOVERNMENT BOND AUCTION RESULTS

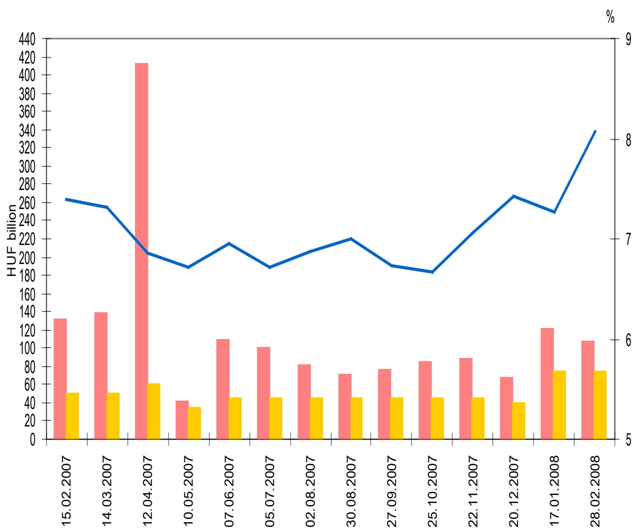
Government Bond	2011/C	2023/A	2012/C
ISIN code	HU0000402425	HU0000402383	HU0000402417
Maturity (in years)	3	15	5
Coupon (%)	6.75%	6.00%	6.00%
Auction	2nd auction	8th auction	8th auction
Date of auction	14.02.2008	14.02.2008	28.02.2008
Date of financial settlement	20.02.2008	20.02.2008	05.03.2008
Redemption date	22.04.2011	24.11.2023	24.10.2012
Maximum annual yield (%) - ISMA	8.05	7.27	8.10
Minimum annual yield (%) - ISMA	7.89	7.20	8.03
Average annual yield (%) - ISMA	8.00	7.25	8.07
Maximum annual yield (%) - EHM	8.05	7.26	8.09
Minimum annual yield (%) - EHM	7.89	7.19	8.02
Average annual yield (%) - EHM	8.00	7.24	8.06
Maximum price (%)	96.9365	88.8673	92.3369
Minimum price (%)	96.5138	88.2730	92.0877
Average price (%)	96.6431	88.4615	92.2090
Amount offered for sale (HUF million)	100,000.00	20,000.00	75,000.00
Amount of bids submitted (HUF million)	118,208.56	27,700.00	107,403.00
Amount of bids accepted (HUF million)	89,999.94	14,999.93	74,999.92
Bid-to-cover ratio	1.31	1.85	1.43
Bids submitted (pcs)	117	58	86
Bids accepted (pcs)	96	40	67
Tail (average price - minimum price)	0.13	0.19	0.12
Market sales* (HUF million)	89,999.94	14,999.93	74,999.92
Retained on ÁKK's own account (HUF million)	10, 000.06	3,000.07	0.08
Total amount issued (HUF million)	100,000.00	18,000.00	75,000.00

*Without issuance onto ÁKK's own account

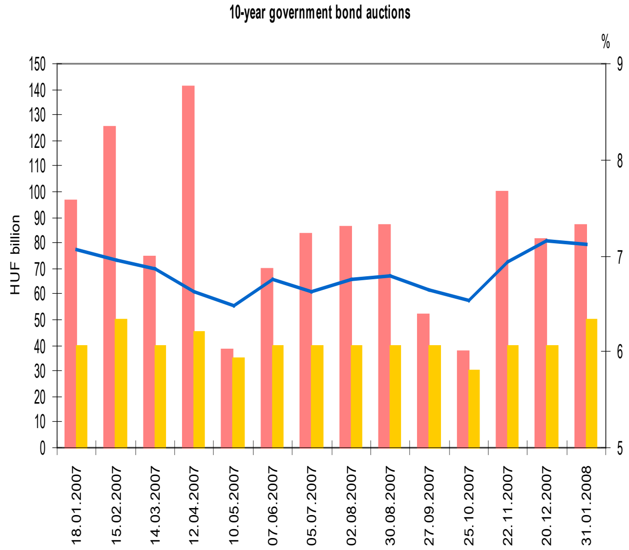
3-year government bond auctions



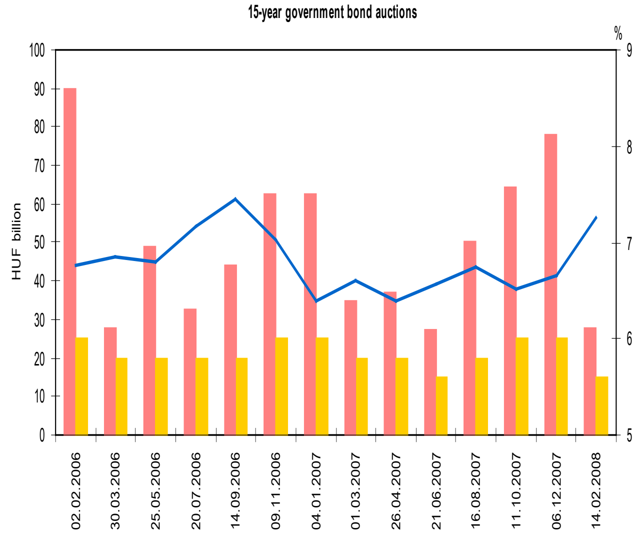
5-year government bond auctions



10-year government bond auctions



15-year government bond auctions

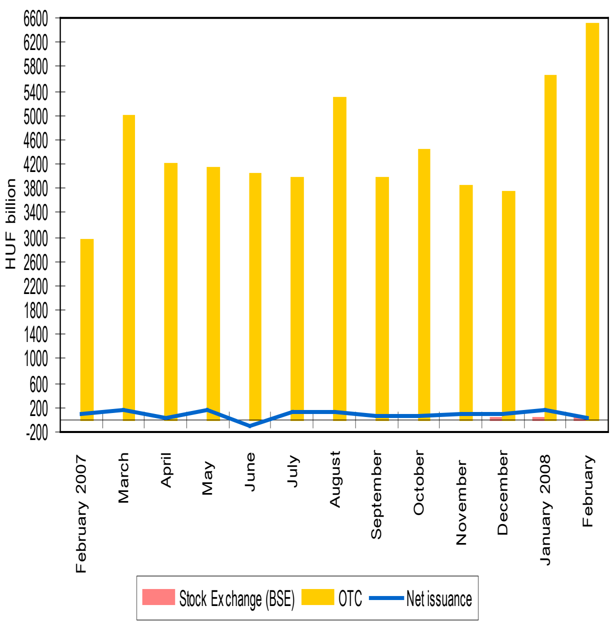


Bids submitted | Accepted amount | Average yield

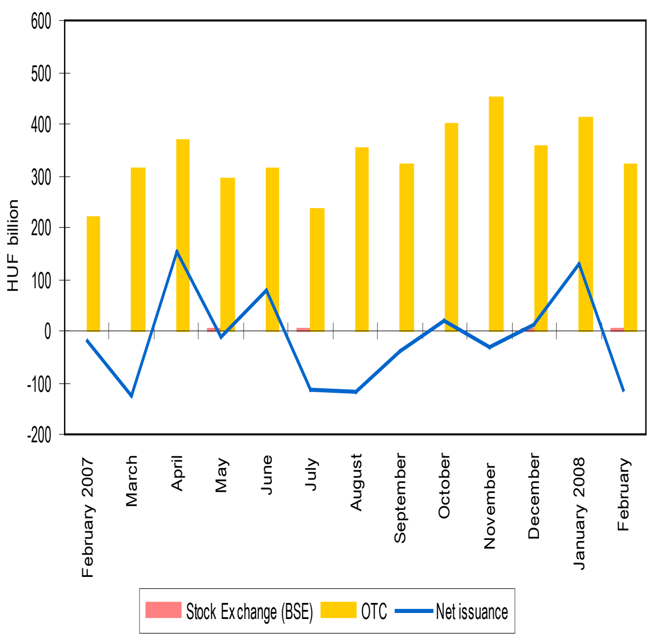
GOVERNMENT BOND BUY-BACK AUCTION RESULTS

Government bond	2008/C	2008/E	2009/E	2008/E	2009/E
ISIN code	HU0000402102	HU0000402300	HU0000402326	HU0000402300	HU0000402326
Coupon (%)	6.25%	6.50%	6.25%	6.50%	6.25%
Date of reverse auction	13.02.2008	13.02.2008	13.02.2008	27.02.2008	27.02.2008
Date of financial settlement	20.02.2008	20.02.2008	20.02.2008	05.03.2008	05.03.2008
Redemption date	12.06.2008	12.08.2008	24.04.2009	12.08.2008	24.04.2009
Minimum annual yield (%)	7.95	7.90	8.00	8.00	8.05
Average annual yield (%)	7.96	7.93	8.01	8.01	8.06
Amount of bids submitted (HUF million)	1,136.94	8,992.53	69,504.98	9,217.12	33,817.80
Amount of bids accepted (HUF million)	536.94	3,497.53	28,209.98	1,610.69	14,569.92

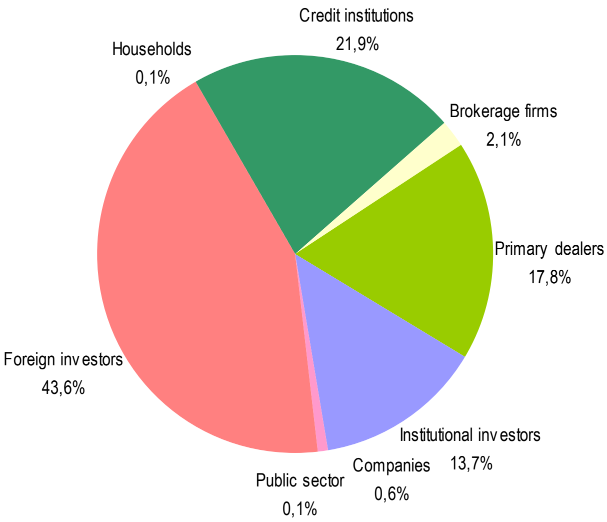
Secondary market trading of government bonds



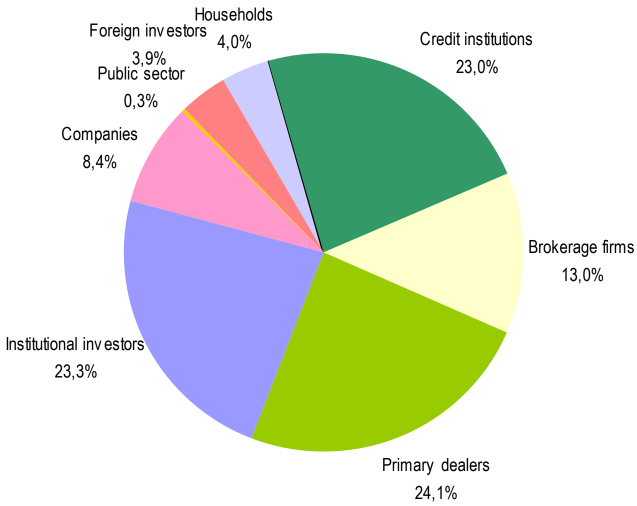
Secondary market trading of Discount Treasury Bills



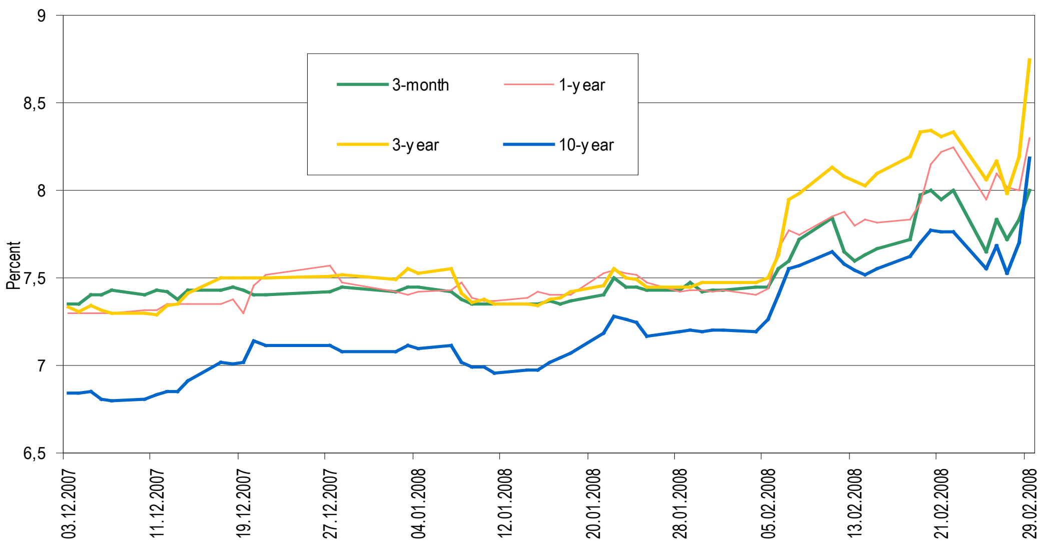
Breakdown of primary dealers' secondary market turnover in government bonds by investor groups in February 2008



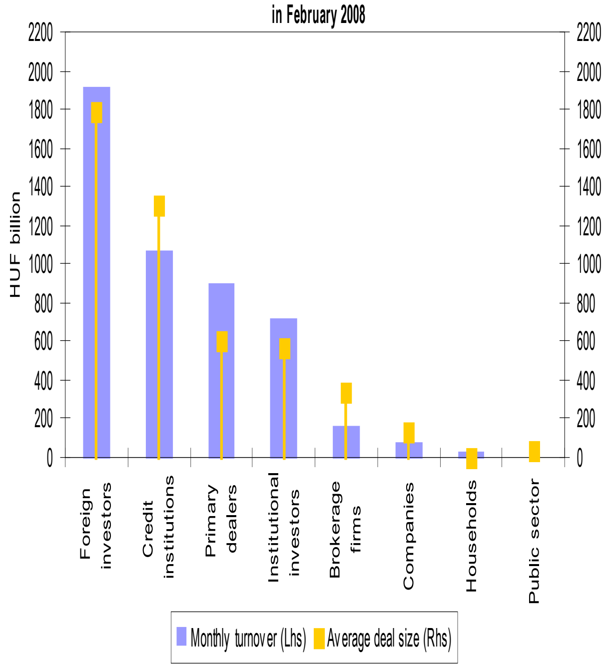
Breakdown of primary dealers' secondary market turnover in Discount Treasury Bills by investor groups in February 2008



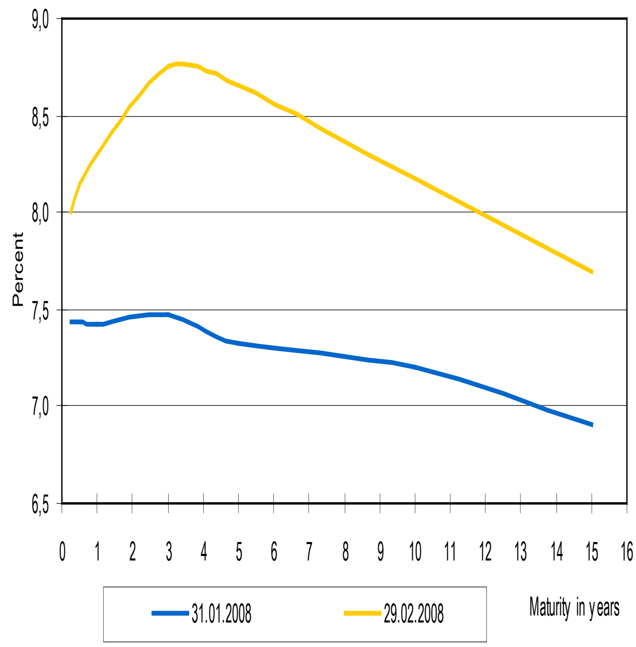
Benchmark yields in the past three months



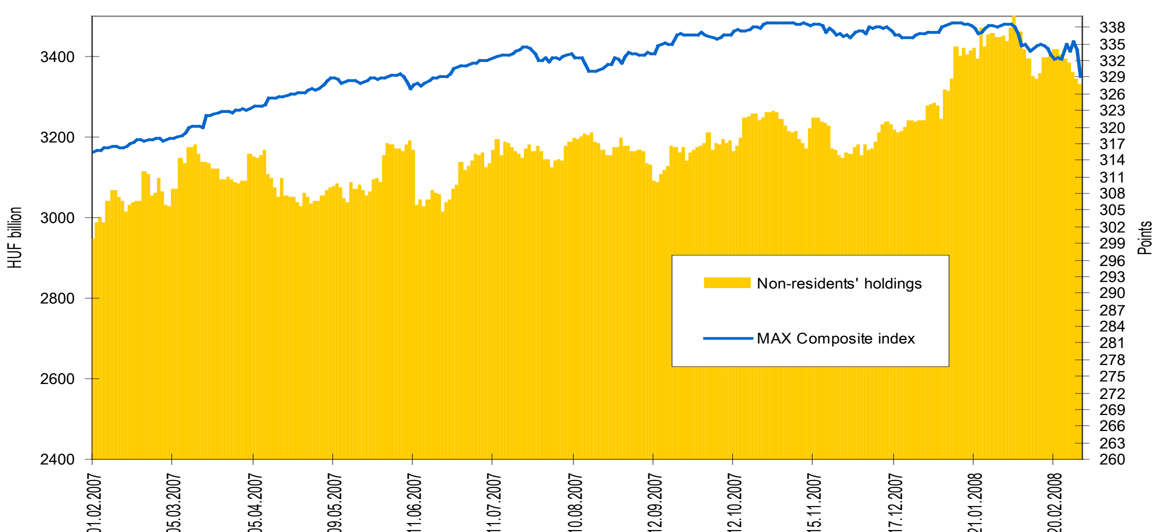
Primary dealers' trading with different investor groups in February 2008



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 FEBRUARY 2008

Government Bond	Date of interest rate reset	Interest period		Date of interest payment	Reset interest rate (%)	Interest payable (%)
2026/A	27.02.2008	28.02.2008	28.08.2008	28.08.2008	7.40	3.74
2008/B	11.02.2008	12.02.2008	12.08.2008	12.08.2008	7.45	3.77
2009/A	11.02.2008	12.02.2008	12.08.2008	12.08.2008	7.45	3.77
2010/A	11.02.2008	12.02.2008	12.08.2008	12.08.2008	7.45	3.77

HUNGARIAN GOVERNMENT SECURITIES INDICES

	MAX index	RMAX index	MAX Composite index	ZMAX index
Value as at 29 February 2008	331.7373	342.2702	329.2100	346.1426
Changes compared to the end of the month before	-11.0515	0.8843	-9.3219	1.6065
Annual yield earned on the index portfolio	2.94%	7.34%	3.59%	7.67%

Government securities with the highest secondary market turnover in February 2008

Government security	Date of redemption	Turnover (HUF billion)
2010/D	24.08.2010	780.4
2017/B	24.02.2017	615.4
2012/B	12.06.2012	435.7
2012/C	24.10.2012	370.9
2010/C	12.04.2010	364.3
2011/C	22.04.2011	279.6
2009/F	12.08.2009	251.3
2009/E	24.04.2009	207.0
2011/B	12.10.2011	161.8
2009/D	12.10.2009	157.0

The outstanding volume of government bonds with benchmark status at the end of February 2008

	HUF billion	
Government bond	31.01.2008	29.02.2008
2011/C	100.09	190.16
2012/C	340.10	340.12
2017/B	670.14	670.14
2023/A	150.05	165.05

PRIMARY DEALERS - AS AT 29 FEBRUARY 2008

Primary dealers:		Primary dealers for retail securities:
CIB Bank Zrt.	Magyar Külkereskedelmi Bank Zrt.	CIB Bank Zrt.
CITIBANK Zrt.	Magyar Takarékszövetkezeti Bank Zrt.	HVB 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 Zrt.	UniCredit Bank Hungary Zrt.	Országos Takarékpénztár és Kereskedelmi Bank Nyrt.
Kereskedelmi és Hitelbank Zrt.		the branch network of the Hungarian State Treasury