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GOVERNMENT DEBT MANAGEMENT AGENCY PTE LTD.

GOVERNMENT SECURITIES MARKET

MONTHLY REPORT

SEPTEMBER 2010

The deficit of the central government amounted to HUF 1090.7 billion in the first nine months of 2010. The net balance of transfers from the European Union (EU) worth HUF 104.8 billion decreased the net borrowing requirement. Privatisation revenues amounted to HUF 30.1 billion, which decreased the financing requirement. Thus, the total net borrowing requirement amounted to HUF 955.8 billion in 2010. Net issuance was HUF 577.8 billion; out of which net HUF-denominated issuance was HUF 547.5 billion and net foreign currency denominated issuance was HUF 30.3 billion.

	2009		2010		Change	
HUF billion	December	%	September	%	HUF billion	%
Foreign exchange denominated debt	8,468.5	44.7	8,781.6	43.8	313.1	3.7
Government securities	4,354.0	23.0	4,526.8	22.6	172.8	4.0
Loans	4,114.5	21.7	4,254.8	21.2	140.3	3.4
HUF denominated debt	10,476.2	55.2	11,024.3	55.0	548.0	5.2
Government securities	10,037.5	52.9	10,483.4	52.3	445.9	4.4
Loans	438.7	2.3	540.8	2.7	102.1	23.3
Total	18,944.8	99.9	19,805.9	98.8	861.1	4.5
Other obligations	20.1	0.1	247.2	1.2	227.1	1,129.9
Total central government debt	18,964.9	100.0	20,053.1	100.0	1,088.2	5.7
Out of the international loan program was placed in NBH or in commercial banks	1,124.8		957.6		-167.2	

The HUF denominated debt of the central government increased by HUF 548.0 billion in 2010 (the difference between the total net change and the net issuance was caused by the change in the volume of matured but unclaimed securities). The increase in domestic debt was the result of net government bond issuance of HUF 341.7 billion and discount Treasury bills increased by HUF 126.9 billion, while the total amount of retail government securities decreased by HUF 18.4 billion. The HUF 102.1 billion increase in the volume of HUF loans in the first nine months of the year was the result of drawdowns of international project financing loans in Hungarian Forints.

The foreign currency debt of the central government increased by HUF 313.1 billion in 2010. The foreign currency bond issue increased the debt by HUF 387.3 billion, redemptions of foreign currency debt worth HUF 358.0 billion decreased the debt, while exchange rate revaluations totalling HUF 282.8 billion increased the Hungarian Forint value of the foreign currency debt in 2010.

Out of the international loan program HUF 957.6 billion was placed in the National Bank of Hungary as foreign currency deposits or in commercial banks as loans. The total amount of other liabilities was HUF 247.2 billion in September 2010.

Secondary market yields in September:

Benchmark yields

Maturity	31.12.2009.	31.08.2010.	30.09.2010.	Change, basis points
3-month	6.07	5.52	5.35	-17
6-month	6.08	5.58	5.50	-8
1-year	6.05	5.60	5.73	13
3-year	7.41	7.36	6.44	-92
5-year	7.59	7.45	6.53	-92
10-year	7.99	7.62	6.79	-83
15-year	7.90	7.52	6.76	-76

Monthly OTC turnover of government securities was 4 % higher in September than a month before and reached HUF 2,688.7 billion. Primary dealers, who account for the decisive part of all secondary government securities trading, made 41% of their secondary government securities deals with non-resident investors.

The volume of non-residents' holdings of Hungarian government securities increased altogether by HUF 140.5 billion in September, and amounted to HUF 2,378.4 billion at the end of the month. This volume represented 23.7% of the total amount of domestic government bonds and discount Treasury bills.

The EUR/HUF exchange rate according to the National Bank of Hungary was 277.33 at the last working day of September.

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

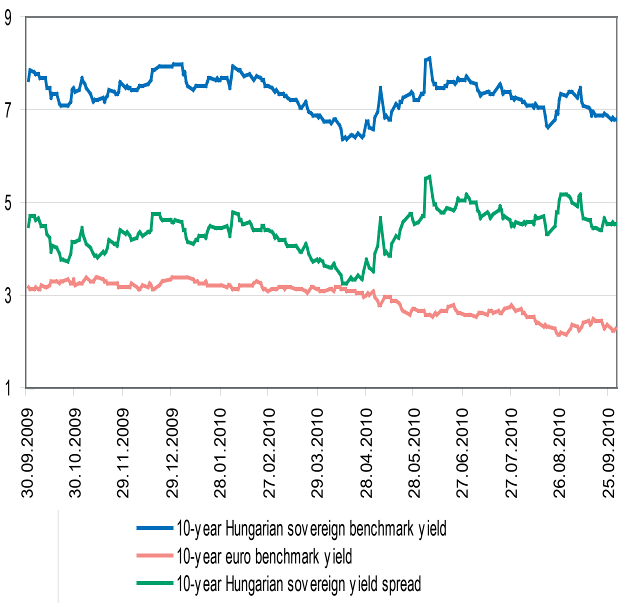
CENTRAL GOVERNMENT GROSS DEBT

HUF BILLION

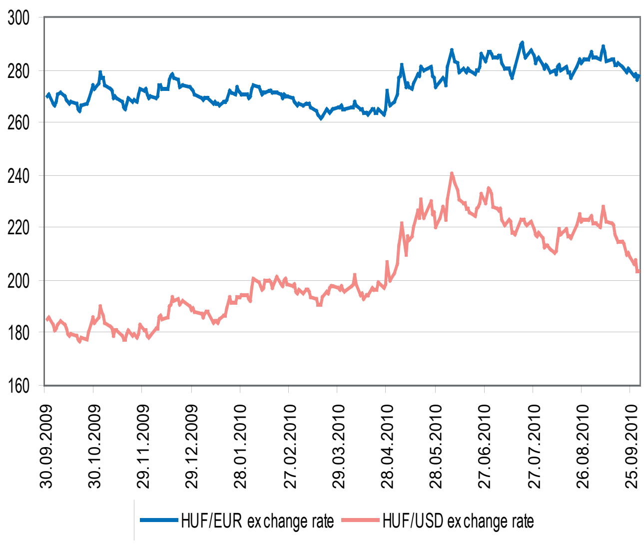
	2004	2005	2006	2007	2008	2009	July 2010	August 2010	September 2010
1. Forint denominated debt	8,608.8	9,153.5	10,552.3	11,103.8	11,250.6	10,476.2	10,824.6	10,742.5	11,024.3
1.1. Loans	4.7	0.8	356.4	145.7	219.9	438.7	485.2	540.8	540.8
1.2. Government securities	8,604.2	9,152.7	10,195.9	10,958.1	11,030.7	10,037.5	10,339.3	10,201.7	10,483.4
1.2.1. Public issues	7,860.6	8,418.8	9,667.5	10,465.4	10,599.7	9,613.2	9,916.7	9,780.8	10,063.4
1.2.1.1. Bonds	5,768.9	6,299.1	7,244.2	8,245.3	8,570.6	7,519.2	7,897.0	7,731.0	7,860.9
1.2.1.2. Discount T-bills	1,463.3	1,530.9	1,755.9	1,664.9	1,482.4	1,647.3	1,587.9	1,616.6	1,774.2
1.2.1.3. Retail securities	628.4	588.7	667.4	555.2	546.4	446.6	431.8	433.2	428.2
1.2.2. Private placements	743.6	733.9	528.4	492.7	431.0	424.3	422.6	420.9	420.1
2. Foreign currency denominated debt*	2,983.5	3,590.7	4,124.4	4,472.6	6,774.8	8,466.7	9,304.6	9,422.3	8,781.6
2.1. Loans	916.8	720.6	803.7	846.5	2,529.4	4,112.7	4,393.1	4,460.7	4,254.8
2.1.1. Foreign loans	528.9	616.9	700.1	838.8	2,529.4	4,112.7	4,393.1	4,460.7	4,254.8
2.1.2. Domestic loans	387.8	103.8	103.6	104.0	0.0	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	0.0
2.1.2.2. Other loans	32.2	7.7	7.7	7.7	0.0	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	4,354.0	4,911.5	4,961.6	4,526.8
2.2.1. Issued abroad	2,066.8	2,870.1	3,320.7	3,626.1	4,245.5	4,354.0	4,911.5	4,961.6	4,526.8
2.2.1.1. Foreign currency bonds	2,066.7	2,870.0	3,320.6	3,626.1	4,245.4	4,354.0	4,911.4	4,961.5	4,526.8
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	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	11,592.4	12,744.2	14,676.7	15,576.4	18,025.4	18,942.9	20,129.2	20,164.8	19,805.9
Other liabilities		21.4	29.0	9.1	78.5	20.1	279.8	285.0	247.2
Total central government debt		12,765.6	14,705.7	15,585.5	18,103.9	18,963.1	20,408.9	20,449.8	20,053.1
Foreign currency deposits from the international loan program placed at the NBH					*1,483.6*	*1,124.8*	*1,167.1*	*1,200.8*	*957.6*
Government debt adjusted with foreign currency deposits					16,620.3	17,838.3	19,241.8	19,249.0	19,095.5
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*	*9,623.3*	*9,907.5*	*9,768.5*	*10,055.2*
Gross debt/GDP	*56.0%*	*57.9%*	*61.8%*	*61.3%*	*68.2%*	*72.7%*			

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

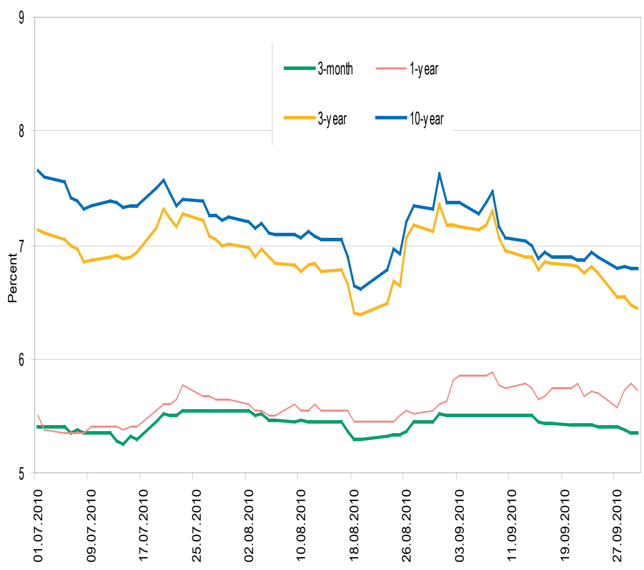
10-year Hungarian and eurozone benchmark yields during the last year



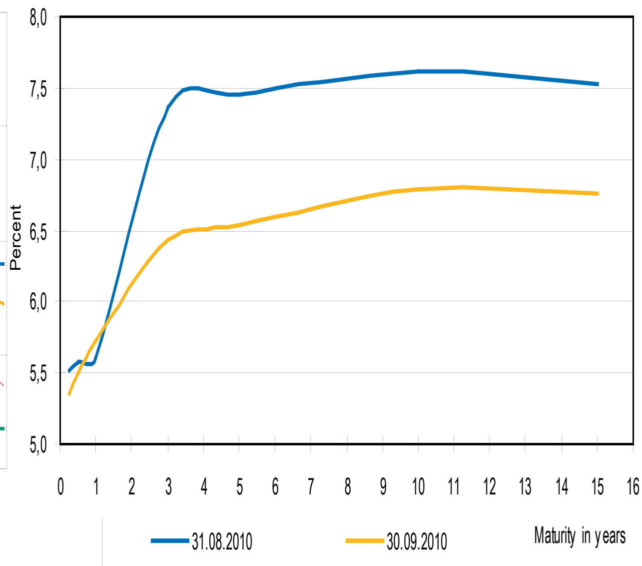
The exchange rate of the Hungarian Forint during the last year



Benchmark yields in the past three months



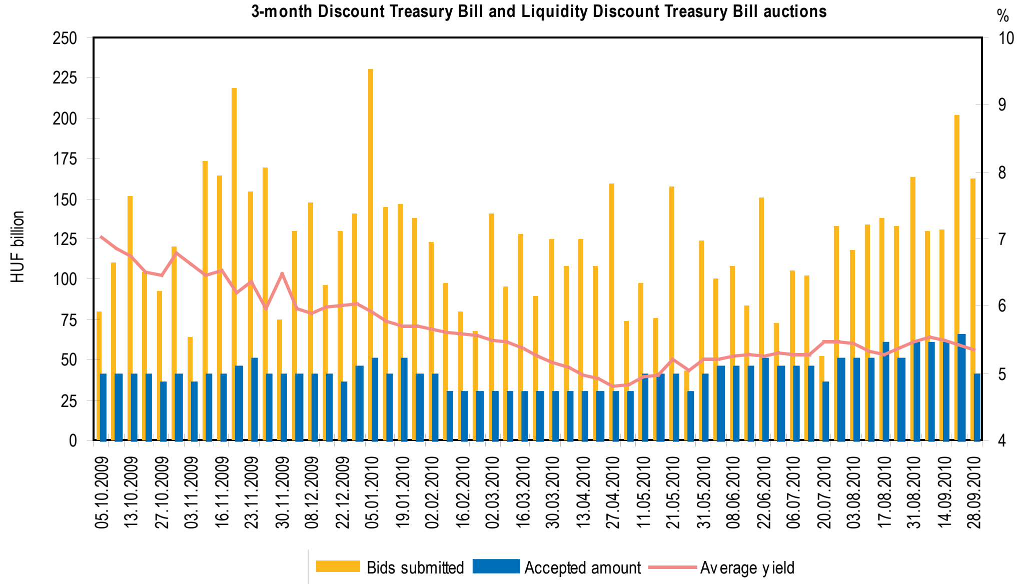
Benchmark yield curves



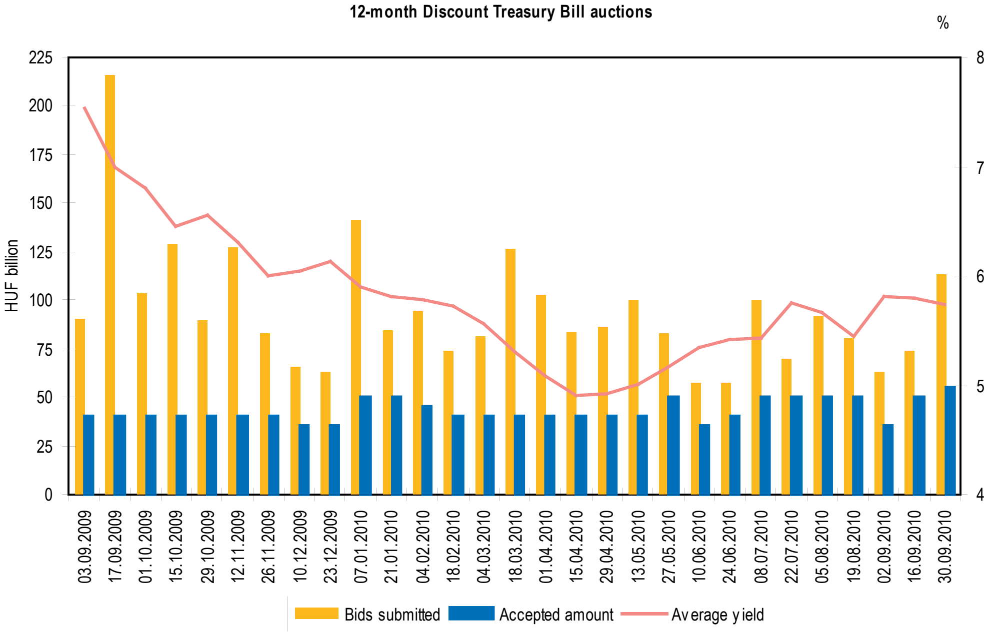
DISCOUNT TREASURY BILL AUCTION RESULTS

	3-month Discount T-bills				12-month Discount T-bills		
Code of T-bills	D101215	D101222	D101229	D110105	D110727	D110921	D110921
ISIN code	HU0000517677	HU0000518048	HU0000518063	HU0000518071	HU0000517974	HU0000518055	HU0000518055
Maturity in days	91	91	91	91	322	364	350
Date of auction	07.09.2010	14.09.2010	21.09.2010	28.09.2010	02.09.2010	16.09.2010	30.09.2010
Date of financial settlement	15.09.2010	22.09.2010	29.09.2010	06.10.2010	08.09.2010	22.09.2010	06.10.2010
Redemption date	15.12.2010	22.12.2010	29.12.2010	05.01.2011	27.07.2011	21.09.2011	21.09.2011
Maximum yield, (%) - ISMA	5.57	5.50	5.45	5.37	5.92	5.85	5.78
Minimum yield (%) - ISMA	5.45	5.39	5.37	5.27	5.57	5.71	5.66
Average yield (%) - ISMA	5.53	5.48	5.43	5.34	5.82	5.80	5.74
Maximum yield, (%) - EHM	5.65	5.58	5.53	5.44	6.00	5.93	5.86
Minimum yield (%) - EHM	5.53	5.47	5.44	5.34	5.65	5.79	5.74
Average yield (%) - EHM	5.61	5.56	5.51	5.41	5.90	5.88	5.82
Average selling price (%)	98.6214	98.6337	98.6460	98.6681	95.0519	94.4604	94.7144
Amount offered for sale (HUF million)	50,000.00	50,000.00	50,000.00	40,000.00	50,000.00	50,000.00	50,000.00
Amount of bids submitted (HUF million)	129,538.27	131,076.50	201,983.57	162,591.47	63,400.00	73,871.94	113,172.00
Amount of bids accepted (HUF million)	59,999.94	59,999.98	64,999.94	39,999.97	35,000.00	49,999.92	54,999.93
Bid-to-cover ratio	2.16	2.18	3.11	4.06	1.81	1.48	2.06
Bids submitted (pcs)	150	139	152	101	75	156	117
Bids accepted (pcs)	69	66	68	35	62	123	86
Market sales* (HUF million)	59,999.94	59,999.98	64,999.94	39,999.97	35,000.00	49,999.92	54,999.93
Retained on ÁKK's own account	18,000.06	18,000.02	19,500.06	12,000.03	10,500.00	15,000.08	16,500.07
Total amount issued (HUF million)	78,000.00	78,000.00	84,500.00	52,000.00	45,500.00	65,000.00	71,500.00

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



12-month Discount Treasury Bill auctions

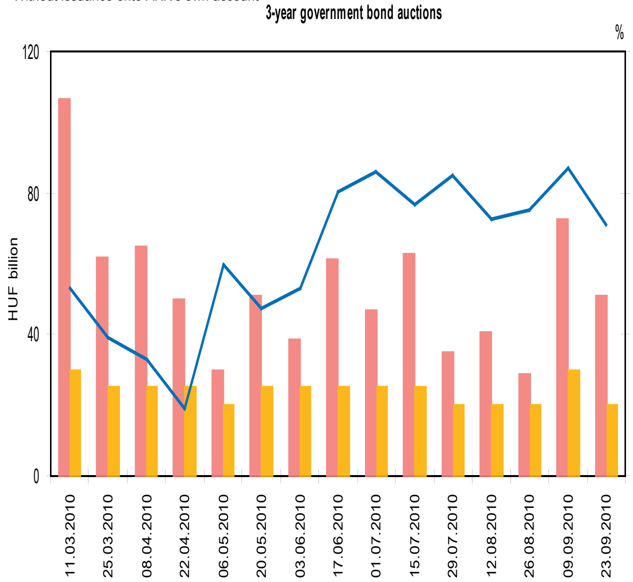


GOVERNMENT BOND AUCTION RESULTS

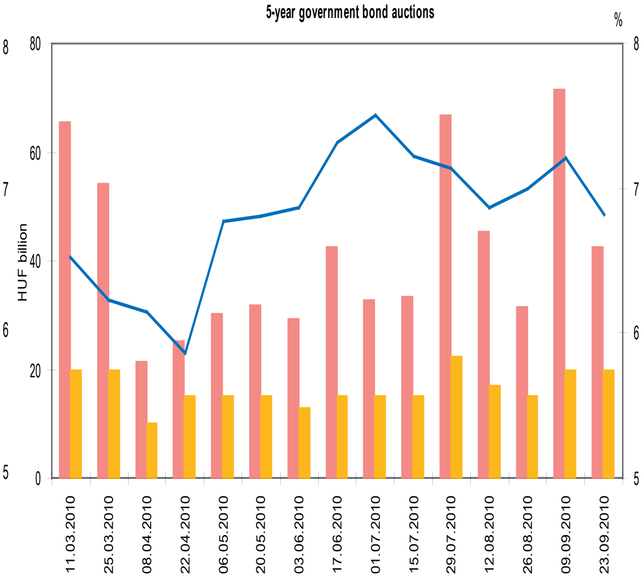
Government Bond	2014/C	2016/C	2020/A	2014/C	2016/C	2020/A
ISIN code	HU0000402193	HU0000402318	HU0000402235	HU0000402193	HU0000402318	HU0000402235
Maturity (in years)	3	5	10	3	5	10
Coupon (%)	5.50%	5.50%	7.50%	5.50%	5.50%	7.50%
Auction	27th auction	24th auction	24th auction	28th auction	25th auction	25th auction
Date of auction	09.09.2010	09.09.2010	09.09.2010	23.09.2010	23.09.2010	23.09.2010
Date of financial settlement	15.09.2010	15.09.2010	15.09.2010	29.09.2010	29.09.2010	29.09.2010
Redemption date	12.02.2014	12.02.2016	12.11.2020	12.02.2014	12.02.2016	12.11.2020
Maximum annual yield (%) - ISMA	7.22	7.25	7.36	6.80	6.85	6.95
Minimum annual yield (%) - ISMA	7.15	7.20	7.31	6.76	6.78	6.89
Average annual yield (%) - ISMA	7.18	7.21	7.35	6.78	6.82	6.93
Maximum annual yield (%) - EHM	7.21	7.25	7.35	6.79	6.85	6.94
Minimum annual yield (%) - EHM	7.14	7.20	7.30	6.75	6.78	6.88
Average annual yield (%) - EHM	7.17	7.20	7.34	6.78	6.82	6.93
Maximum price (%)	95.1108	92.5507	101.2943	96.2678	94.3500	104.3159
Minimum price (%)	94.9119	92.3435	100.9418	96.1534	94.0546	103.8776
Average price (%)	95.0376	92.5216	101.0224	96.1966	94.1804	104.0081
Amount offered for sale (HUF million)	20,000.00	15,000.00	15,000.00	20,000.00	15,000.00	15,000.00
Amount of bids submitted (HUF million)	72,425.00	71,453.68	50,460.00	51,141.40	42,394.00	34,170.00
Amount of bids accepted (HUF million)	29,999.98	19,999.98	19,999.98	19,999.92	19,999.99	14,999.95
Bid-to-cover ratio	2.41	3.57	2.52	2.56	2.12	2.28
Bids submitted (pcs)	81	75	79	95	73	63
Bids accepted (pcs)	26	21	30	37	39	39
Tail (average price - minimum price)	0.13	0.18	0.08	0.04	0.13	0.13
Market sales* (HUF million)	29,999.98	19,999.98	19,999.98	19,999.92	19,999.99	14,999.95
Non-competitive offer (HUF million)	11,041.00	7,120.00	7,191.00	1,306.00	0.00	0.00
Total amount issued (HUF million)	42,000.00	20,000.00	20,000.00	28,000.00	28,000.00	21,000.00

*Without issuance onto ÁKK's own account

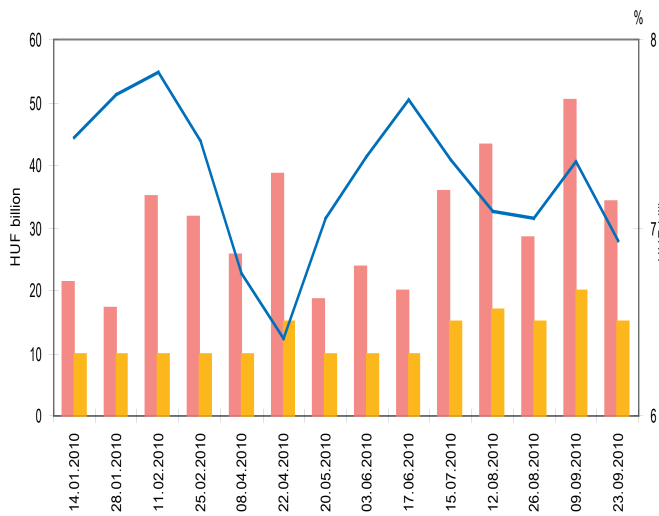
3-year government bond auctions



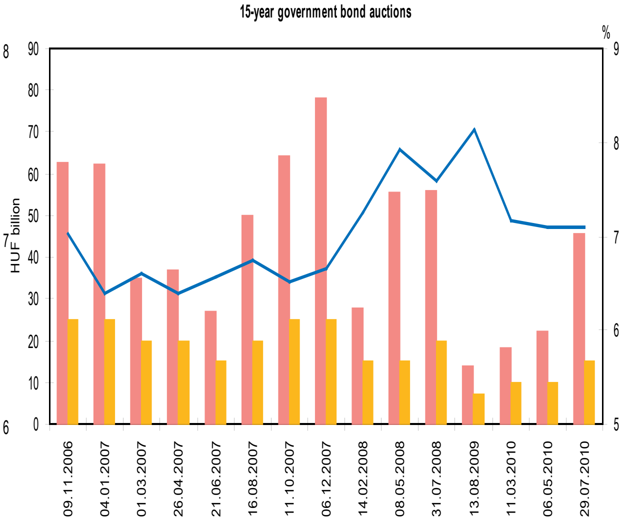
5-year government bond auctions



10-year government bond auctions



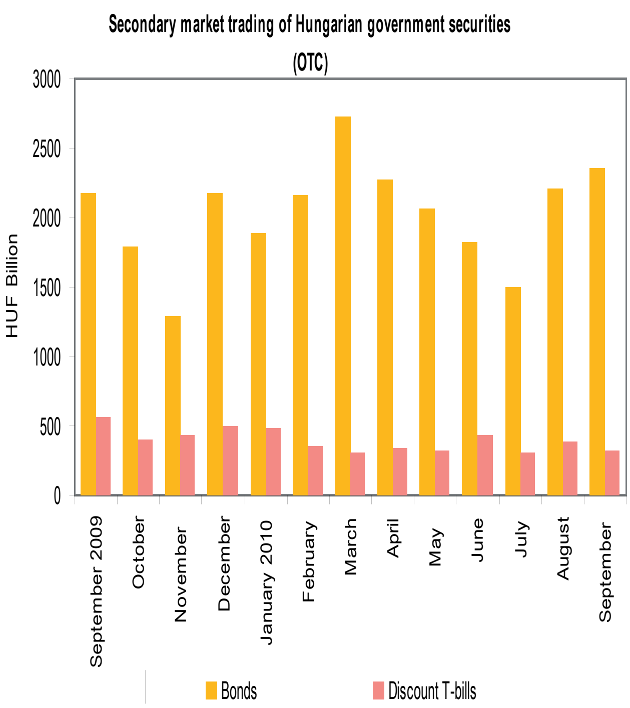
15-year government bond auctions

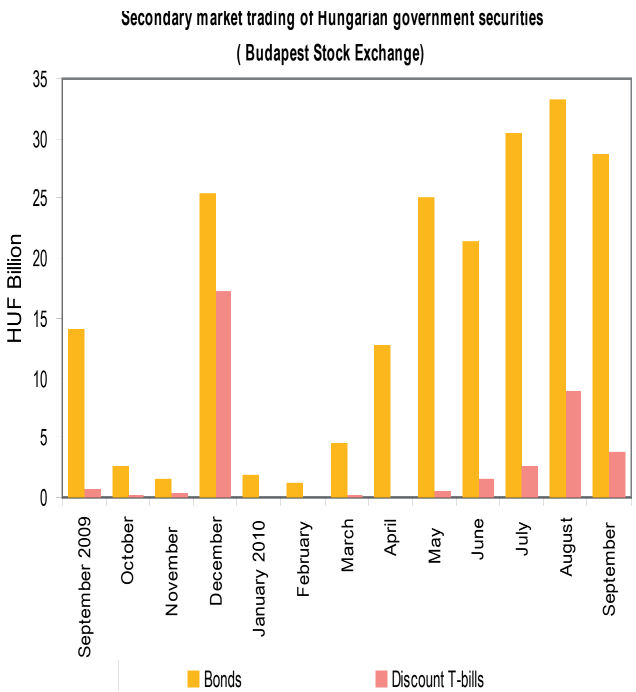


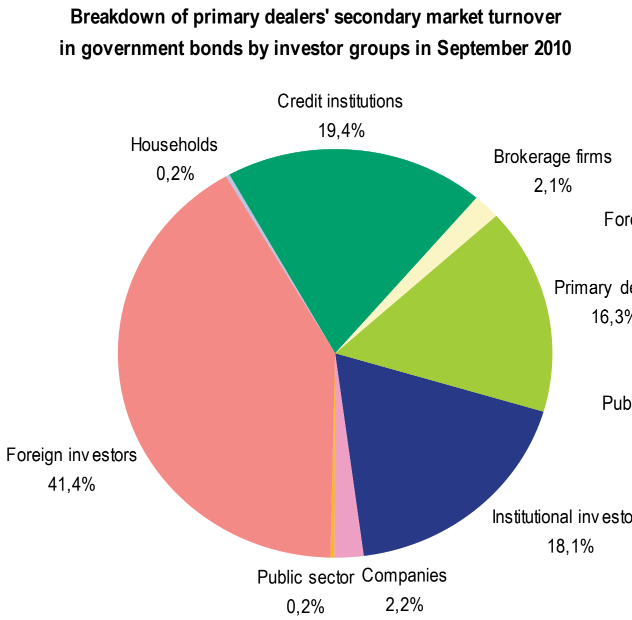
Bids submitted Accepted amount Average yield

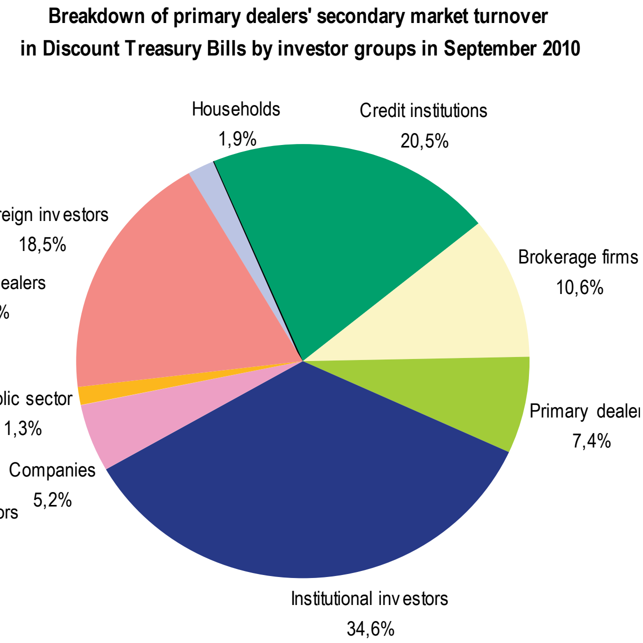
GOVERNMENT SECURITIES BUY-BACK AUCTION RESULTS

Government bond	2011/A	2011/C	2011/A	2011/C
ISIN code	HU0000401922	HU0000402425	HU0000401922	HU0000402425
Coupon (%)	7.50	6.75	7.50	6.75
Date of reverse auction	08.09.2010	08.09.2010	22.09.2010	22.09.2010
Date of financial settlement	15.09.2010	15.09.2010	29.09.2010	29.09.2010
Redemption date	12.02.2011	22.04.2011	12.02.2011	22.04.2011
Minimum annual yield (%)	5.81	5.88	5.55	5.59
Average annual yield - ISMA (%)	5.81	5.97	5.56	5.62
Average annual yield - EHM (%)	5.67	5.90	5.42	5.55
Amount of bids submitted (HUF million)	26,018.00	11,003.94	7,019.89	8,248.56
Amount of bids accepted (HUF million)	2,206.00	5,119.81	1,622.53	6,123.37









INTEREST RATE RESETS OF FLOATING RATE GOVERNMENT BONDS IN SEPTEMBER 2010

Government Bond	Date of interest rate reset	Interest period		Date of interest payment	Reset interest rate (%)	Interest payable (%)
2013/A	17.09.2010	20.09.2010	20.03.2011	21.03.2011	5.30	5.78
2016/A	29.06.2010	30.09.2010	31.12.2010	31.12.2010	5.00	1.26

HUNGARIAN GOVERNMENT SECURITIES INDICES

	MAX index	RMAX index	MAX Composite index	ZMAX index
Value as at 30 September 2010	437.7646	425.1493	432.1605	424.2097
Changes compared to the end of the month before	15.4998	2.4281	13.2450	1.9908
Annual yield earned on the index portfolio	10.75%	6.59%	10.30%	6.08%

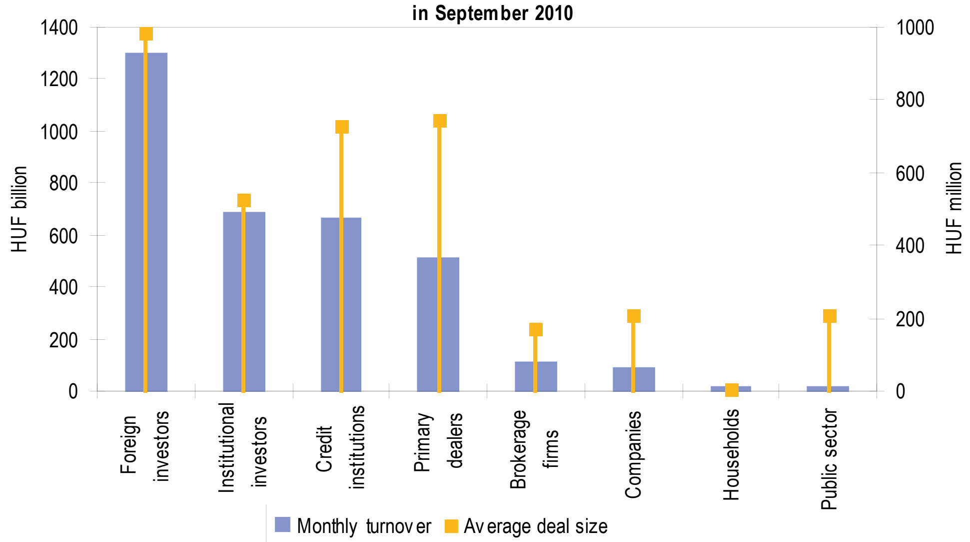
Government securities with the highest secondary market turnover in September 2010

Government security	Date of redemption	Turnover (HUF billion)
2014/C	12.02.2014	476.6
2015/A	12.02.2015	384.2
2016/C	12.02.2016	339.9
2020/A	12.11.2020	322.9
2013/E	24.10.2013	302.3
2019/A	24.06.2019	296.4
2017/B	24.02.2017	204.1
2023/A	24.11.2023	152.5
2013/D	12.02.2013	150.2
2012/C	24.10.2012	92.1

The outstanding volume of government bonds with benchmark status at the end of September 2010

	HUF billion	
Government bond	31.08.2010	30.09.2010
2014/C	520.13	602.49
2016/C	593.22	655.41
2020/A	368.51	425.72
2023/A	255.98	255.99

Primary dealers' trading with different investor groups in September 2010



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