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GOVERNMENT DEBT MANAGEMENT AGENCY PTE LTD.

GOVERNMENT SECURITIES MARKET

MONTHLY REPORT

SEPTEMBER 2009

The deficit of the central government amounted to HUF 1059.2 billion in the first nine months of 2009. The net balance of transfers from the EAGGF fund of the European Union (EU) worth HUF 246.2 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 812.4 billion in the first nine months. Net issuance was HUF 922.2 billion; out of which net HUF-denominated issuance was HUF –156.6 billion and net foreign currency denominated issuance was HUF 1,078.8 billion. Out of the international loan program HUF 1,116.8 billion was placed in the National Bank of Hungary as foreign currency deposits. The total amount of other liabilities decreased by HUF 67.9 billion in 2009.

The HUF denominated debt of the central government decreased by HUF 154.7 billion in 2009, which is the sum of the HUF 795.8 billion increase in the volume of HUF loans and the HUF 950.5 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 –1,038.4 billion, while discount Treasury bills increased by HUF 176.5 billion and retail government securities decreased by HUF 84.2 billion. The HUF 795.8 billion increase in the volume of HUF loans in the first nine months of the year was the result of drawdowns of IMF/EC loans and international project financing loans in Hungarian Forints.

The foreign currency debt of the central government increased by HUF 1,073.9 billion in 2009. The HUF 267.9 billion bond issuance and the drawdown of foreign currency denominated loans was HUF 1,140.1 billion, out of which the loans from the international loan package (IMF, EC) amounted to HUF 1,026.8 billion, while loans from international financial institutions amounted to HUF 113.3 billion. Redemptions of foreign currency loans worth HUF 75.6 billion and redemptions of foreign currency government bonds worth HUF 253.6 billion decreased, while exchange rate revaluations totalling HUF 5.0 billion decreased the Hungarian Forint value of the foreign currency debt in 2009.

Short-term secondary market yields decreased by 83-92 basis points, while long-term yields decreased by 49-88 basis points in September. The 1-year yield decreased by 92 bps to 6.75%, the 3-year yield decreased by 88 bps to 7.18% and the 10-year benchmark yield reached 7.63% at the end of September after decreasing by 51 basis points.

Monthly OTC turnover of government securities was 9 % lower in September than a month before and reached HUF 2,748 billion. Primary dealers, who account for the decisive part of all secondary government securities trading, made 25 % of their secondary government securities deals with non-resident investors.

The volume of non-residents' holdings of Hungarian government securities increased altogether by HUF 34.1 billion in September, and amounted to HUF 2,411.8 billion at the end of the month. This volume represented 25.1% 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 270.36 at the last working day of September 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 September: BBB- (Standard & Poor's); Baa1 (Moody's); BBB (Fitch).

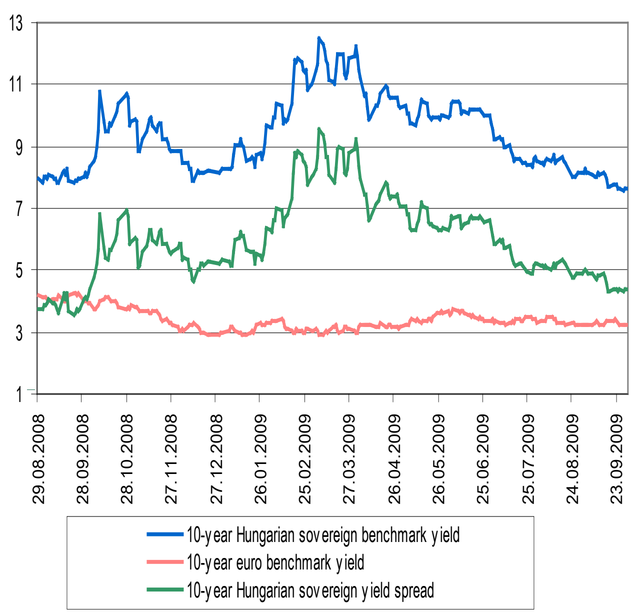
CENTRAL GOVERNMENT GROSS DEBT

HUF BILLION

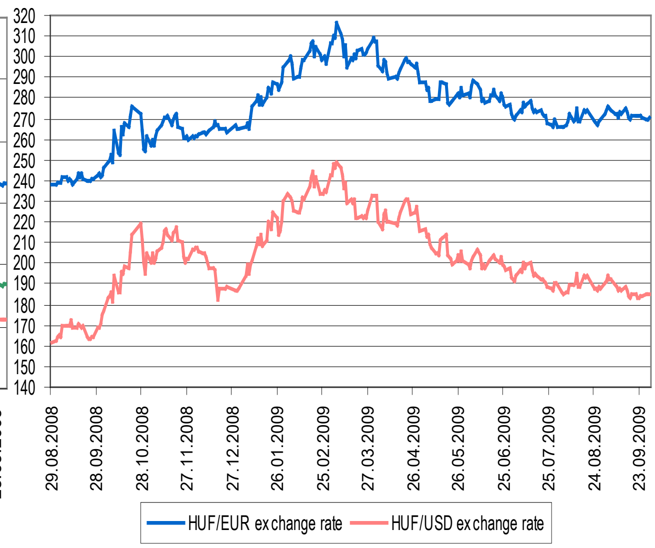
	2004	2005	2006	2007	2008	July 2009	August 2009	September 2009
1. Forint denominated debt	8,608.8	9,153.5	10,552.3	11,103.8	11,250.6	11,214.4	10,968.5	11,095.9
1.1. Loans	4.7	0.8	356.4	145.7	219.9	1 022.9	1 022.9	1 015.7
1.2. Government securities	8,604.2	9,152.7	10,195.9	10,958.1	11,030.7	10,191.5	9,945.5	10,080.2
1.2.1. Public issues	7,860.6	8,418.8	9,667.5	10,465.4	10,599.7	9,762.2	9,518.1	9,653.6
1.2.1.1. Bonds	5,768.9	6,299.1	7,244.2	8,245.3	8,570.6	7,660.5	7,388.8	7,532.2
1.2.1.2. Discount T-bills	1,463.3	1,530.9	1,755.9	1,664.9	1,482.4	1,621.2	1,649.4	1,658.9
1.2.1.3. Retail securities	628.4	588.7	667.4	555.2	546.4	480.5	479.9	462.5
1.2.2. Private placements	743.6	733.9	528.4	492.7	431.0	429.2	427.4	426.6
2. Foreign currency denominated debt*	2,983.5	3,590.7	4,124.4	4,472.6	6,774.8	7,751.1	7,908.1	7,848.7
2.1. Loans	916.8	720.6	803.7	846.5	2,529.4	3,445.9	3,512.6	3,480.0
2.1.1. Foreign loans	528.9	616.9	700.1	838.8	2,529.4	3,445.9	3,512.6	3,480.0
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	4,305.2	4,395.5	4,368.7
2.2.1. Issued abroad	2,066.8	2,870.1	3,320.7	3,626.1	4,245.5	4,305.2	4,395.5	4,368.7
2.2.1.1. Foreign currency bonds	2,066.7	2,870.0	3,320.6	3,626.1	4,245.4	4,305.2	4,395.5	4,368.7
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	18,965.5	18,876.6	18,944.6
Other liabilities		21.4	29.0	9.1	78.5	16.1	12.6	10.6
Total central government debt		12,765.6	14,705.7	15,585.5	18,103.9	18,981.6	18,889.2	18,944.6
Foreign currency deposits from the international loan program placed at the NBH					*1,483.6*	*1,105.7*	*1,120.6*	*1,116.8*
Government debt adjusted with foreign currency deposits					16 620,3	17 875,9	17 768,6	17 838,4
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*	*9,711.0*	*9,465.6*	*9,617.7*
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.

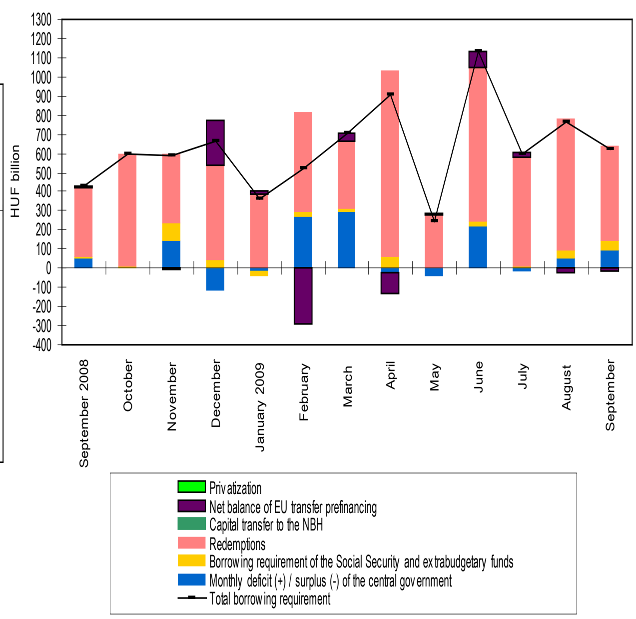
% 10-year Hungarian and eurozone benchmark yields during the last year



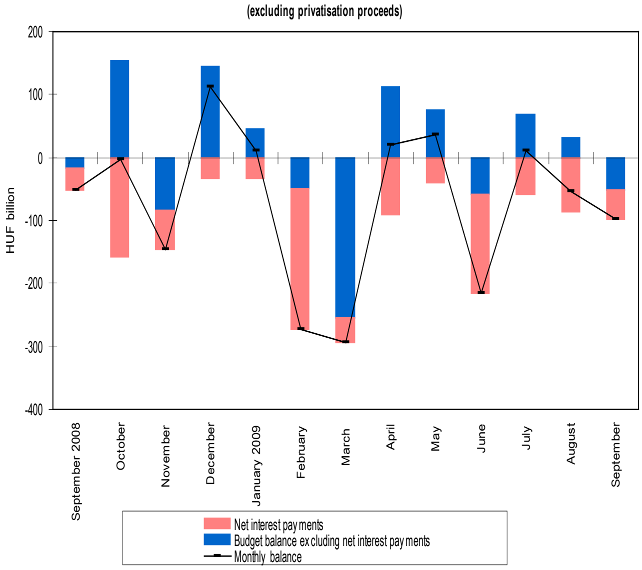
The exchange rate of the Hungarian Forint during the last year



Gross borrowing requirement



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

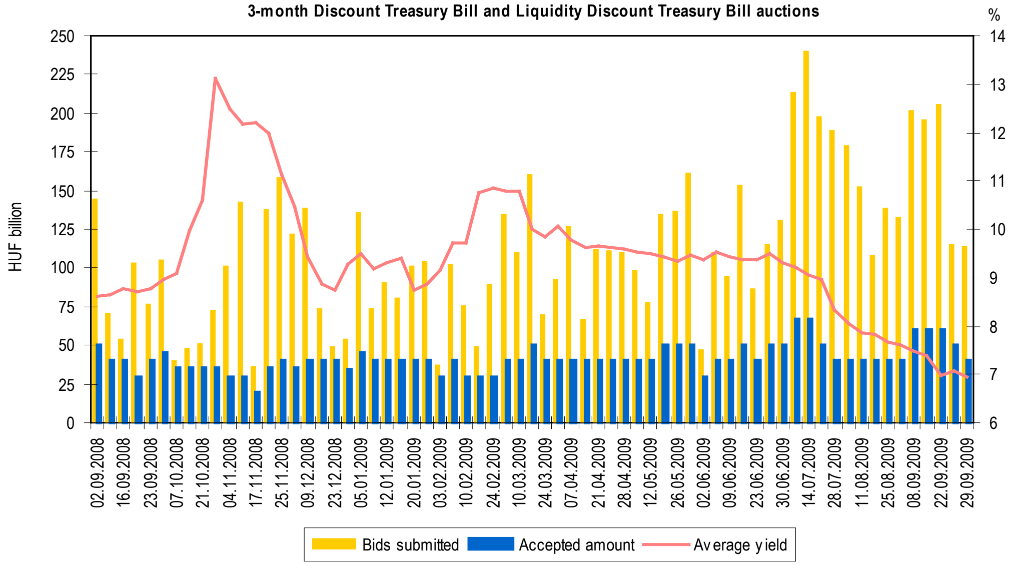


DISCOUNT TREASURY BILL AUCTION RESULTS

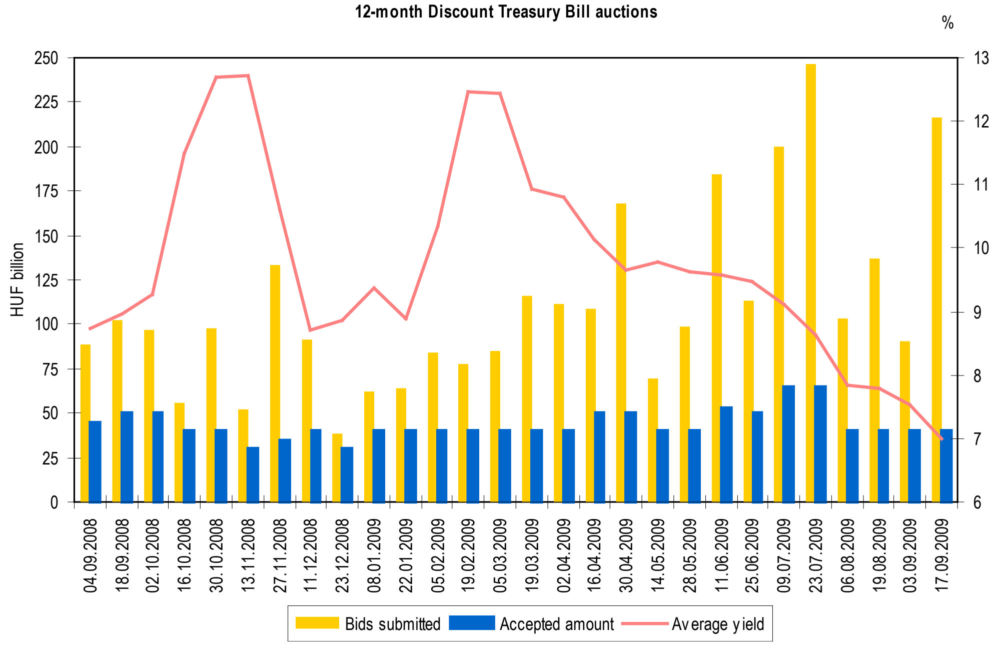
	Liquidity Discount T-bills	3-month Discount T-bills					12-month Discount T-bills	
Code of T-bills	D091125	D091209	D091216	D091223	D091230	D100106	D100825	D100825
ISIN code	HU0000517487	HU0000517511	HU0000517529	HU0000517537	HU0000517545	HU0000517552	HU0000517495	HU0000517495
Maturity in days	56	91	91	91	91	91	350	336
Date of auction	28.09.2009	01.09.2009	08.09.2009	15.09.2009	22.09.2009	29.09.2009	03.09.2009	17.09.2009
Date of financial settlement	30.09.2009	09.09.2009	16.09.2009	23.09.2009	30.09.2009	07.10.2009	09.09.2009	23.09.2009
Redemption date	25.11.2009	09.12.2009	16.12.2009	23.12.2009	30.12.2009	06.01.2010	25.08.2010	25.08.2010
Maximum yield, (%) - ISMA	7.15	7.64	7.54	7.40	6.99	6.97	7.60	7.02
Minimum yield (%) - ISMA	7.03	7.56	7.47	7.29	6.95	6.80	7.40	6.98
Average yield (%) - ISMA	7.07	7.62	7.50	7.38	6.98	6.94	7.54	6.99
Maximum yield, (%) - EHM	7.25	7.75	7.64	7.50	7.09	7.07	7.71	7.12
Minimum yield (%) - EHM	7.13	7.67	7.57	7.39	7.05	6.89	7.50	7.08
Average yield (%) - EHM	7.17	7.73	7.60	7.48	7.08	7.04	7.64	7.09
Average selling price (%)	98.9122	98.1102	98.1394	98.1687	98.2662	98.2760	93.1701	93.8756
Amount offered for sale (HUF million)	40,000.00	40,000.00	50,000.00	50,000.00	50,000.00	40,000.00	40,000.00	40,000.00
Amount of bids submitted (HUF million)	115,300.00	133,325.97	202,196.59	195,717.71	206,175.17	114,169.00	90,181.00	216,261.13
Amount of bids accepted (HUF million)	49,999.99	39,999.96	59,999.97	59,999.97	59,999.97	39,999.97	39,999.95	39,999.96
Bid-to-cover ratio	2.31	3.33	3.37	3.26	3.44	2.85	2.25	5.41
Bids submitted (pcs)	27	107	126	149	96	102	126	162
Bids accepted (pcs)	9	39	41	40	24	46	75	30
Market sales* (HUF million)	49,999.99	39,999.96	59,999.97	59,999.97	59,999.97	39,999.97	39,999.95	39,999.96
Retained on ÁKK's own account	0.01	12,000.04	18,000.03	18,000.03	18,000.03	12,000.03	12,000.05	12,000.04
Total amount issued (HUF million)	50,000.00	52,000.00	78,000.00	78,000.00	78,000.00	52,000.00	52,000.00	52,000.00

*Without issuance onto ÁKK's own account

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



12-month Discount Treasury Bill auctions

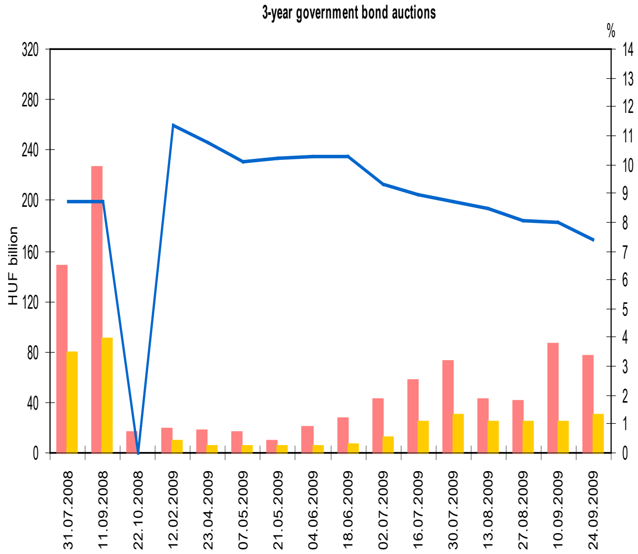


GOVERNMENT BOND AUCTION RESULTS

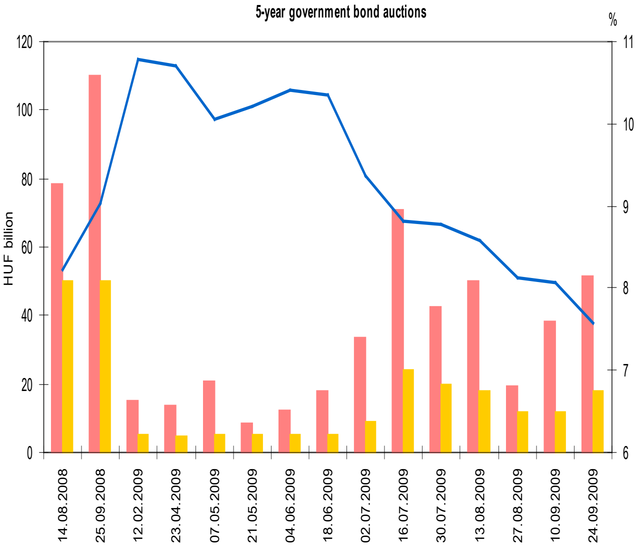
Government Bond	2013/E	2015/A	2019/A	2013/E	2015/A	2019/A
ISIN code	HU0000402466	HU0000402268	HU0000402433	HU0000402466	HU0000402268	HU0000402433
Maturity (in years)	3	5	10	3	5	10
Coupon (%)	7.50%	8.00%	6.50%	7.50%	8.00%	6.50%
Auction	2nd auction	28th auction	18th auction	3nd auction	27th auction	17th auction
Date of auction	10.09.2009	10.09.2009	10.09.2009	24.09.2009	27.08.2009	27.08.2009
Date of financial settlement	16.09.2009	16.09.2009	16.09.2009	30.09.2009	02.09.2009	02.09.2009
Redemption date	24.10.2013	12.02.2015	24.06.2019	24.10.2013	12.02.2015	24.06.2019
Maximum annual yield (%) - ISMA	8.03	8.10	8.27	7.41	8.18	8.20
Minimum annual yield (%) - ISMA	7.95	8.00	8.19	7.40	8.01	8.07
Average annual yield (%) - ISMA	7.99	8.07	8.24	7.40	8.12	8.18
Maximum annual yield (%) - EHM	8.02	8.10	8.27	7.41	8.18	8.20
Minimum annual yield (%) - EHM	7.94	8.00	8.19	7.40	8.01	8.07
Average annual yield (%) - EHM	7.98	8.07	8.24	7.40	8.11	8.17
Maximum price (%)	98.5003	99.9255	88.8832	100.3555	99.8809	89.5938
Minimum price (%)	98.2326	99.5002	88.3995	100.3214	99.1556	88.7992
Average price (%)	98.3678	99.6304	88.5691	100.3478	99.4282	88.9467
Amount offered for sale (HUF million)	20,000.00	12,000.00	10,000.00	25,000.00	18,000.00	12,000.00
Amount of bids submitted (HUF million)	86,650.00	38,400.00	22,517.00	76,700.00	19,360.91	13,177.38
Amount of bids accepted (HUF million)	24,999.97	11,999.99	9,999.98	30,000.00	11,999.99	9,999.98
Bid-to-cover ratio	3.47	3.20	2.25	2.56	1.61	1.32
Bids submitted (pcs)	95	52	43	70	45	39
Bids accepted (pcs)	38	16	23	18	32	28
Tail (average price - minimum price)	0.14	0.13	0.17	0.03	0.27	0.15
Market sales* (HUF million)	24,999.97	11,999.99	9,999.98	30,000.00	11,999.99	9,999.98
Non-competitive offer (HUF million)	280.00	636.00	568.00	11,200.00	6,432.00	107.00
Total amount issued (HUF million)	50,000.00	16,800.00	12,000.00	60,000.00	12,000.00	10,000.00

*Without issuance onto ÁKK's own account

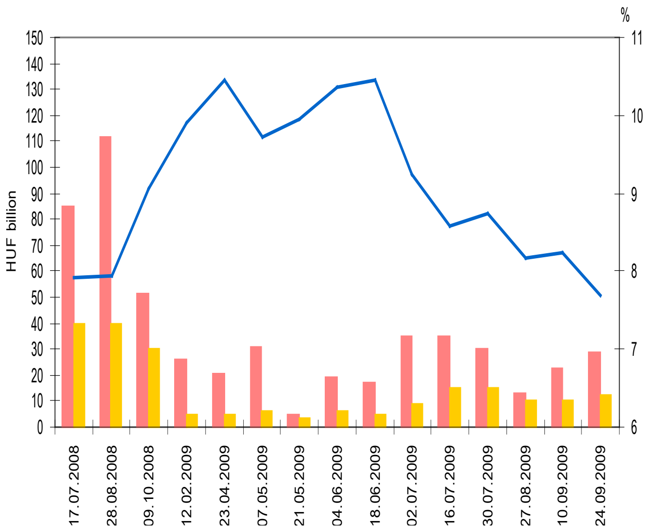
3-year government bond auctions



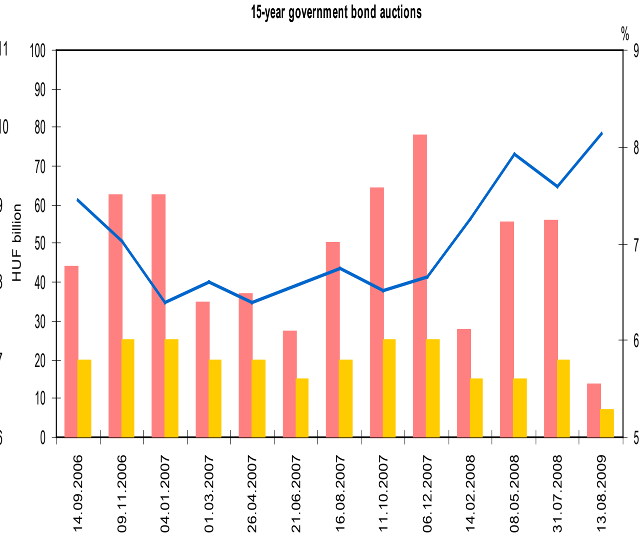
5-year government bond auctions



10-year government bond auctions



15-year government bond auctions

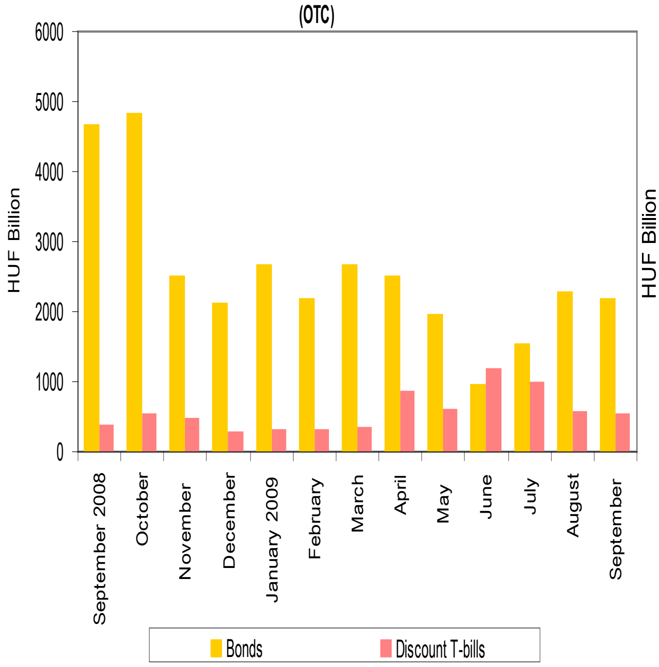


Bids submitted   Accepted amount   Average yield

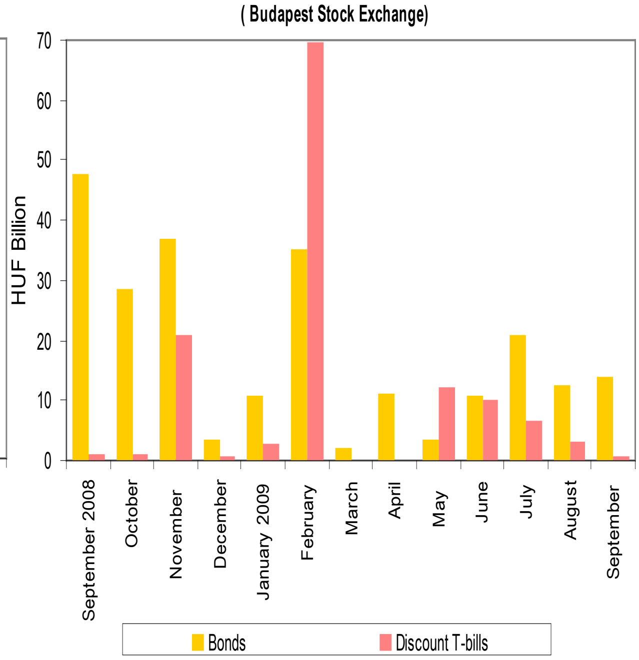
GOVERNMENT SECURITIES BUY-BACK AUCTION

Government bond	2010/C	2010/D	2010/C	2010/D
ISIN code	HU0000402391	HU0000402409	HU0000402391	HU0000402409
Coupon (%)	6.75	6.25	6.75	6.25
Date of reverse auction	09.09.2009	09.09.2009	23.09.2009	23.09.2009
Date of financial settlement	16.09.2009	16.09.2009	30.09.2009	30.09.2009
Redemption date	12.04.2010	24.08.2010	12.04.2010	24.08.2010
Minimum annual yield (%)	7.60	7.62	7.05	7.05
Average annual yield - ISMA (%)	7.61	7.62	7.06	7.06
Average annual yield - EHM (%)	7.49	7.60	6.95	7.04
Amount of bids submitted (HUF million)	5,076.79	6,000.00	4,919.88	13,440.90
Amount of bids accepted (HUF million)	4,091.79	4,000.00	2,298.58	2,935.09

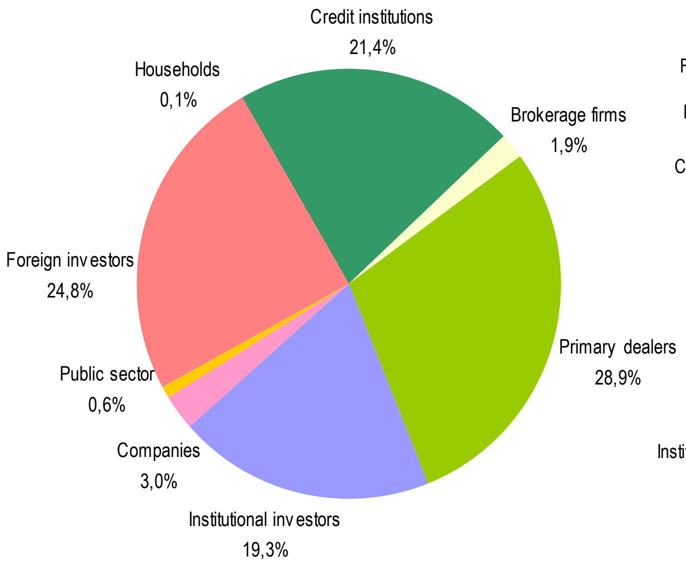
Secondary market trading of Hungarian government securities (OTC)



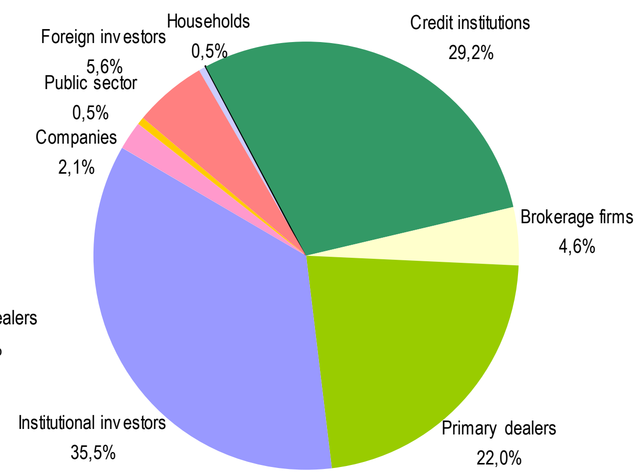
Secondary market trading of Hungarian government securities (Budapest Stock Exchange)



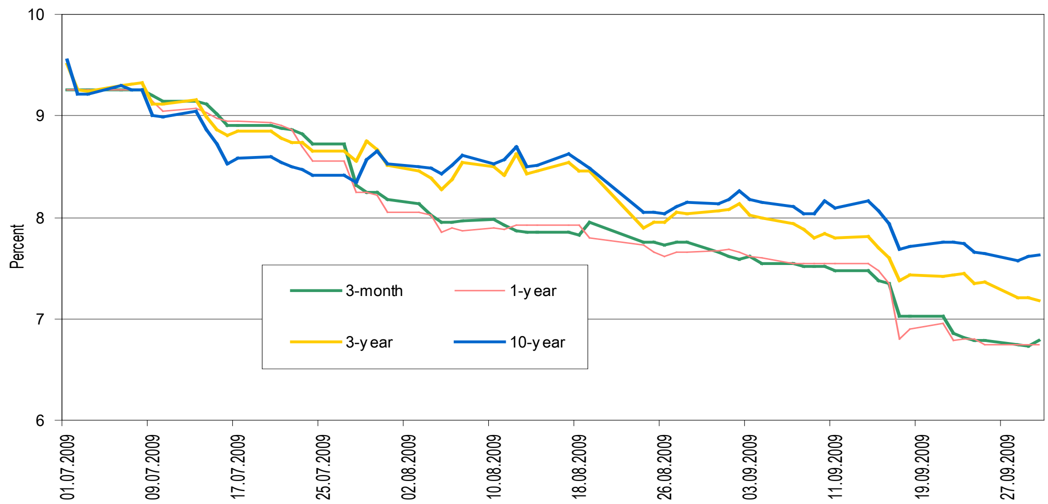
Breakdown of primary dealers' secondary market turnover in government bonds by investor groups in September 2009



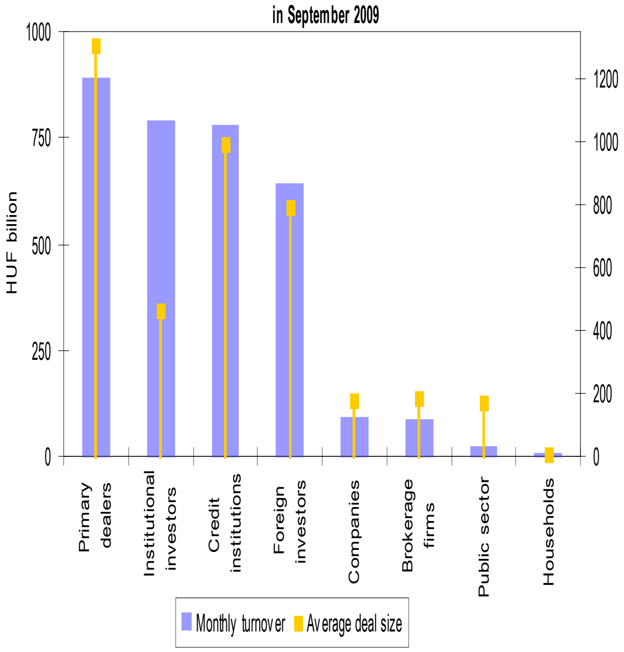
Breakdown of primary dealers' secondary market turnover in Discount Treasury Bills by investor groups in September 2009



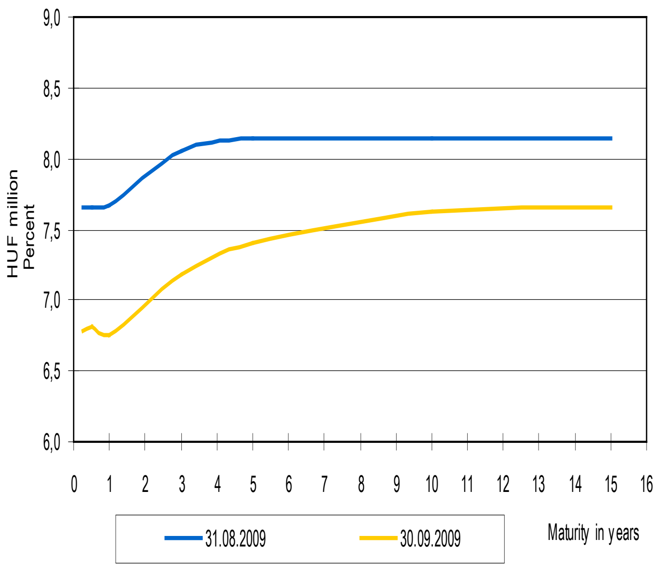
Benchmark yields in the past three months



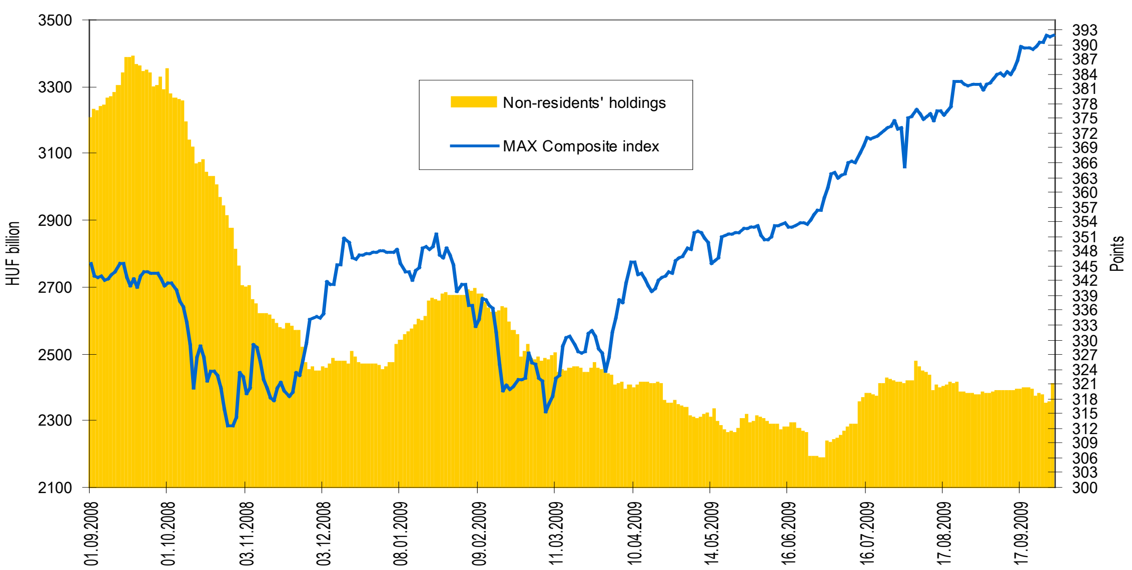
Primary dealers' trading with different investor groups in September 2009



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 SEPTEMBER 2009

Government Bond	Date of interest rate reset	Interest period		Date of interest payment	Reset interest rate (%)	Interest payable (%)
2013/A	18.09.2009	20.09.2009	20.03.2010	22.03.2010	8.90	9.63
2016/A	29.06.2009	30.09.2009	31.12.2009	31.12.2009	7.00	1.76

HUNGARIAN GOVERNMENT SECURITIES INDICES

	MAX index	RMAX index	MAX Composite index	ZMAX index
Value as at 30 September 2009	395.2890	398.8676	391.7897	399.9056
Changes compared to the end of the month before	11.5637	4.5343	9.9944	2.9322
Annual yield earned on the index portfolio	15.38%	11.36%	14.89%	10.10%

Government securities with the highest secondary market turnover in September 2009

Government security	Date of redemption	Turnover (HUF billion)
2015/A	12.02.2015	285.3
2019/A	24.06.2019	261.3
D091216	16.12.2009	237.3
2011/C	22.04.2011	212.0
2013/E	22.08.2013	198.9
2013/D	12.02.2013	185.0
2014/C	12.02.2014	167.6
2011/B	12.10.2011	137.3
2017/B	24.02.2017	136.3
2010/D	24.08.2010	122.7

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

	HUF billion	
Government bond	31.08.2009	30.09.2009
2013/D	590.53	590.53
2015/A	538.47	587.56
2019/A	367.04	399.71
2023/A	208.33	208.33

PRIMARY DEALERS - AS AT 30 SEPTEMBER 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