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GOVERNMENT DEBT MANAGEMENT AGENCY PTE LTD.

GOVERNMENT SECURITIES MARKET

MONTHLY REPORT

OCTOBER 2009

The deficit of the central government amounted to HUF 1047.7 billion in the first ten months of 2009. The net balance of transfers from the EAGGF fund of the European Union (EU) worth HUF 95.8 billion decreased the net borrowing requirement. Privatisation revenues amounted to HUF 0.8 billion, which decreased the financing requirement. Thus, the total net borrowing requirement amounted to HUF 951.1 billion in the first ten months. Net issuance was HUF 943.2 billion; out of which net HUF-denominated issuance was HUF –147.7 billion and net foreign currency denominated issuance was HUF 1,090.9 billion. Out of the international loan program HUF 1,117.9 billion was placed in the National Bank of Hungary as foreign currency deposits. The total amount of other liabilities decreased by HUF 67.2 billion in 2009.

The HUF denominated debt of the central government decreased by HUF 147.3 billion in 2009, which is the sum of the HUF 786.3 billion increase in the volume of HUF loans and the HUF 933.6 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 –1,114.2 billion, while discount Treasury bills increased by HUF 280.1 billion and retail government securities decreased by HUF 95.1 billion. The HUF 786.3 billion increase in the volume of HUF loans in the first ten 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 1,130.1 billion in 2009. The HUF 267.9 billion bond issuance and the drawdown of foreign currency denominated loans was HUF 1,152.2 billion, out of which the loans from the international loan package (IMF, EC) amounted to HUF 1,036.4 billion, while loans from international financial institutions amounted to HUF 115.8 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 39.2 billion increased the Hungarian Forint value of the foreign currency debt in 2009.

Short-term secondary market yields decreased by 30-47 basis points, while long-term yields decreased by 18-26 basis points in October, but the 3-year yield increased 2 basis points. The 1-year yield decreased by 30 bps to 6.45%, the 3-year yield increased by 2 bps to 7.20% and the 10-year benchmark yield reached 7.38% at the end of October after decreasing by 25 basis points.

Monthly OTC turnover of government securities was 20 % lower in October than a month before and reached HUF 2,190 billion. Primary dealers, who account for the decisive part of all secondary government securities trading, made 37 % of their secondary government securities deals with non-resident investors.

The volume of non-residents' holdings of Hungarian government securities decreased altogether by HUF 145.7 billion in October, and amounted to HUF 2,266.1 billion at the end of the month. This volume represented 23.5% 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 272.50 at the last working day of October 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 October: BBB- (Standard & Poor's); Baa1 (Moody's); BBB (Fitch).

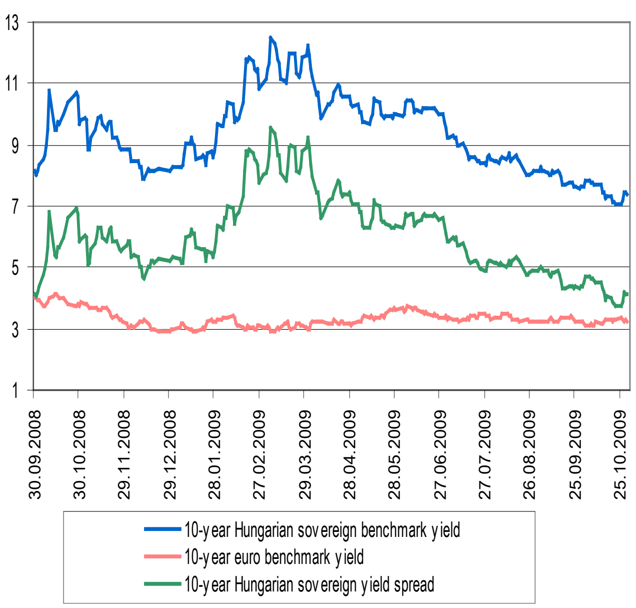
CENTRAL GOVERNMENT GROSS DEBT

HUF BILLION

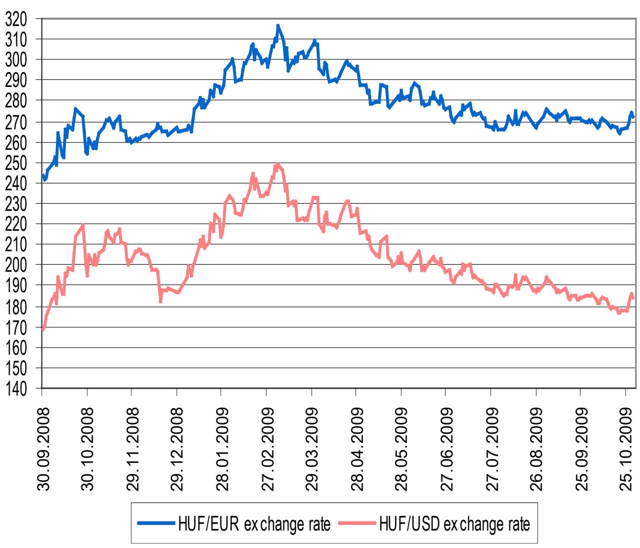
	2004	2005	2006	2007	2008	August 2009	September 2009	October 2009
1. Forint denominated debt	8,608.8	9,153.5	10,552.3	11,103.8	11,250.6	10,968.5	11,095.9	11,103.2
1.1. Loans	4.7	0.8	356.4	145.7	219.9	1 022.9	1 015.7	1 006.2
1.2. Government securities	8,604.2	9,152.7	10,195.9	10,958.1	11,030.7	9,945.5	10,080.2	10,097.0
1.2.1. Public issues	7,860.6	8,418.8	9,667.5	10,465.4	10,599.7	9,518.1	9,653.6	9,670.4
1.2.1.1. Bonds	5,768.9	6,299.1	7,244.2	8,245.3	8,570.6	7,388.8	7,532.2	7,456.4
1.2.1.2. Discount T-bills	1,463.3	1,530.9	1,755.9	1,664.9	1,482.4	1,649.4	1,658.9	1,762.5
1.2.1.3. Retail securities	628.4	588.7	667.4	555.2	546.4	479.9	462.5	451.6
1.2.2. Private placements	743.6	733.9	528.4	492.7	431.0	427.4	426.6	426.6
2. Foreign currency denominated debt*	2,983.5	3,590.7	4,124.4	4,472.6	6,774.8	7,908.1	7,848.7	7,904.9
2.1. Loans	916.8	720.6	803.7	846.5	2,529.4	3,512.6	3,480.0	3,501.7
2.1.1. Foreign loans	528.9	616.9	700.1	838.8	2,529.4	3,512.6	3,480.0	3,501.7
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	4,395.5	4,368.7	4,403.3
2.2.1. Issued abroad	2,066.8	2,870.1	3,320.7	3,626.1	4,245.5	4,395.5	4,368.7	4,403.3
2.2.1.1. Foreign currency bonds	2,066.7	2,870.0	3,320.6	3,626.1	4,245.4	4,395.5	4,368.7	4,403.2
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	18,876.6	18,944.6	19,008.2
Other liabilities		21.4	29.0	9.1	78.5	12.6	10.6	11.3
Total central government debt		12,765.6	14,705.7	15,585.5	18,103.9	18,889.2	18,944.6	19,019.5
Foreign currency deposits from the international loan program placed at the NBH					*1,483.6*	*1,120.6*	*1,116.8*	*1,117.9*
Government debt adjusted with foreign currency deposits					16 620,3	17 768,6	17 838,4	17 901,6
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*	*9,465.6*	*9,617.7*	*9,645.4*
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.

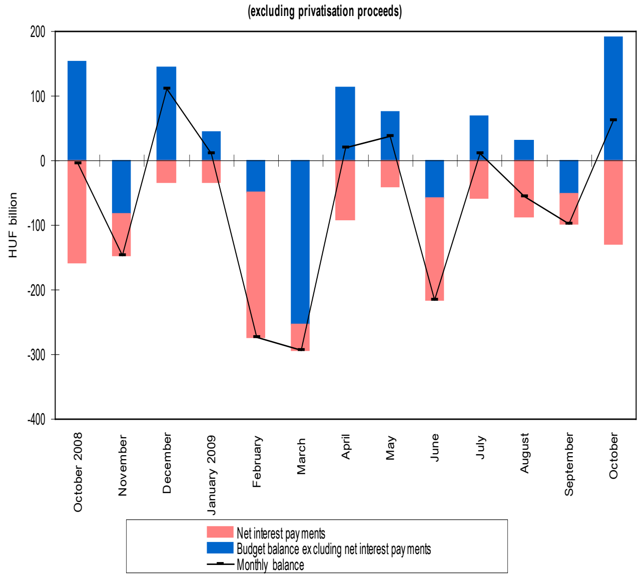
10-year Hungarian and eurozone benchmark yields during the last year



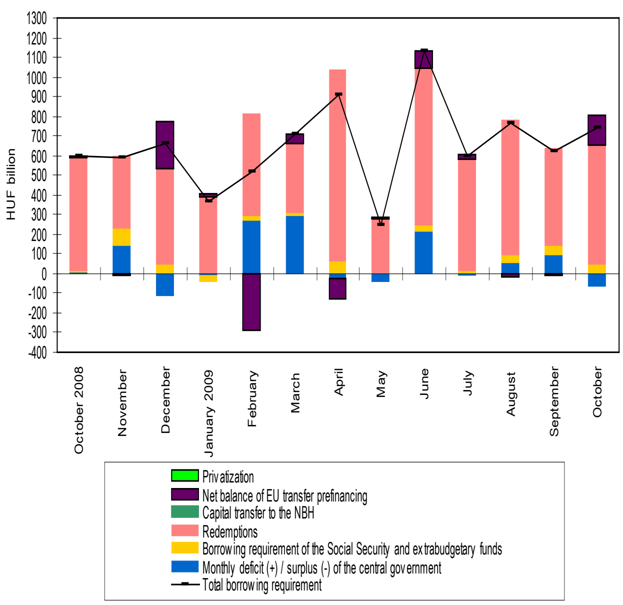
The exchange rate of the Hungarian Forint during the last year



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



Gross borrowing requirement

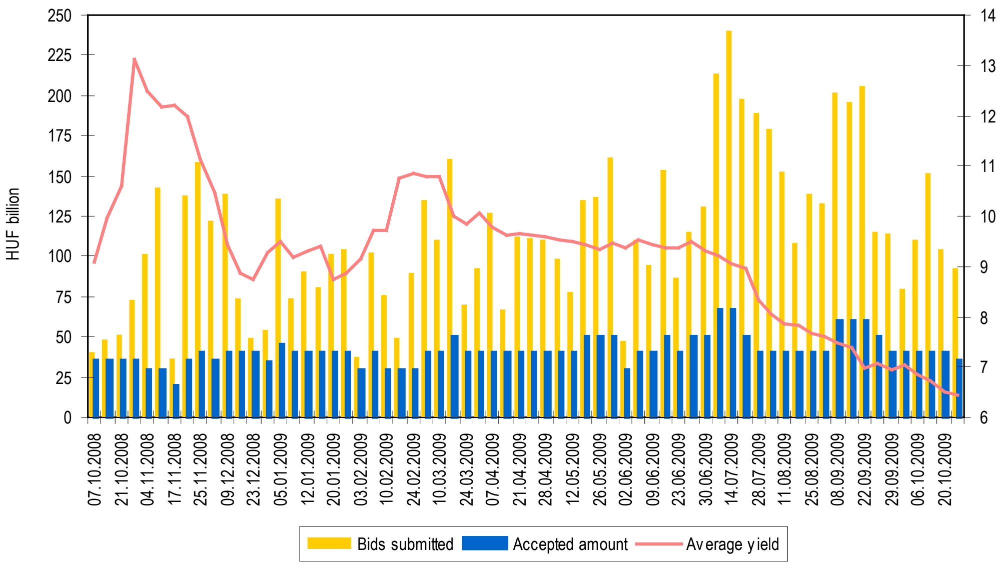


DISCOUNT TREASURY BILL AUCTION RESULTS

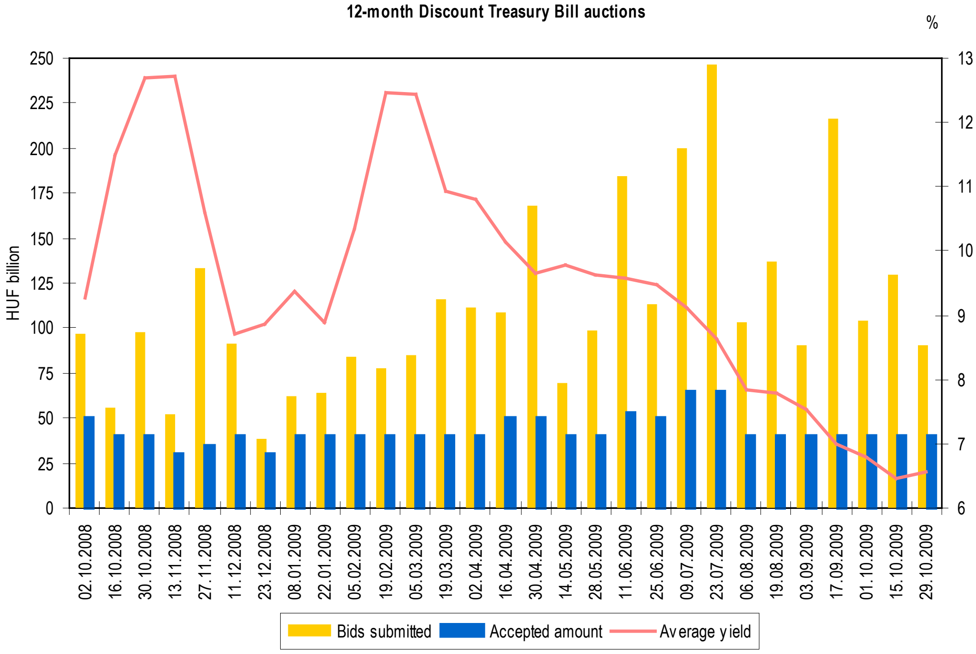
	Liquidity Discount T-bills	3-month Discount T-bills				12-month Discount T-bills		
Code of T-bills	D091202	D100113	D100120	D100127	D100203	D100825	D101020	D101020
ISIN code	HU0000517503	HU0000517271	HU0000517560	HU0000517578	HU0000517586	HU0000517495	HU0000517669	HU0000517669
Maturity in days	56	91	91	91	91	322	364	350
Date of auction	05.10.2009	06.10.2009	13.10.2009	20.10.2009	27.10.2009	01.10.2009	15.10.2009	29.10.2009
Date of financial settlement	07.10.2009	14.10.2009	21.10.2009	28.10.2009	04.11.2009	07.10.2009	21.10.2009	04.11.2009
Redemption date	02.12.2009	13.01.2010	20.01.2010	27.01.2010	03.02.2010	25.08.2010	20.10.2010	20.10.2010
Maximum yield, (%) - ISMA	7.08	6.86	6.77	6.54	6.48	6.83	6.51	6.60
Minimum yield (%) - ISMA	6.98	6.78	6.65	6.34	6.35	6.73	6.39	6.49
Average yield (%) - ISMA	7.03	6.86	6.73	6.51	6.45	6.80	6.46	6.56
Maximum yield, (%) - EHM	7.18	6.99	6.86	6.63	6.57	6.92	6.60	6.69
Minimum yield (%) - EHM	7.08	6.87	6.74	6.43	6.44	6.82	6.48	6.58
Average yield (%) - EHM	7.13	6.96	6.82	6.60	6.54	6.89	6.55	6.65
Average selling price (%)	98.9183	98.2955	98.3273	98.3811	98.3957	94.2665	93.8687	94.0046
Amount offered for sale (HUF million)	40,000.00	40,000.00	40,000.00	40,000.00	40,000.00	40,000.00	40,000.00	40,000.00
Amount of bids submitted (HUF million)	79,500.00	109,746.72	151,512.92	104,003.59	92,301.27	103,787.00	129,215.34	89,883.20
Amount of bids accepted (HUF million)	39,999.97	39,999.96	39,999.95	39,999.96	34,999.98	39,999.96	39,999.97	39,999.89
Bid-to-cover ratio	1.99	2.74	3.79	2.60	2.64	2.59	3.23	2.25
Bids submitted (pcs)	37	88	148	124	96	149	147	134
Bids accepted (pcs)	19	53	72	51	37	67	37	95
Market sales* (HUF million)	39,999.97	39,999.96	39,999.95	39,999.96	34,999.98	39,999.96	39,999.97	39,999.89
Retained on ÁKK's own account	0.03	12,000.04	12,000.05	12,000.04	10,500.02	12,000.04	12,000.03	12,000.11
Total amount issued (HUF million)	40,000.00	52,000.00	52,000.00	52,000.00	45,500.00	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

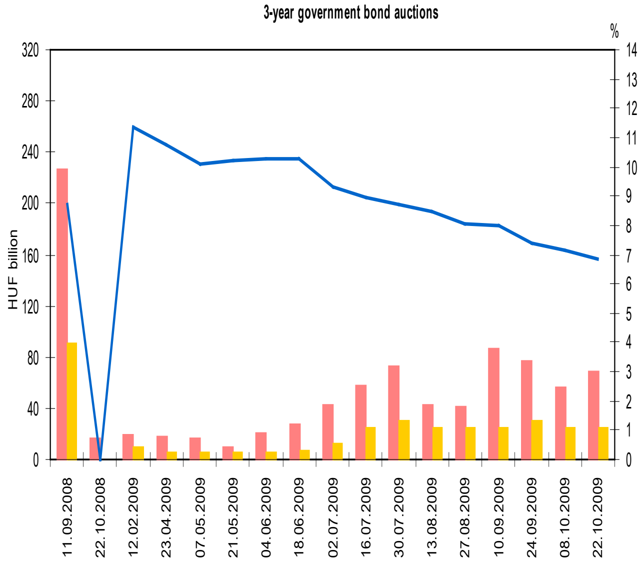


GOVERNMENT BOND AUCTION RESULTS

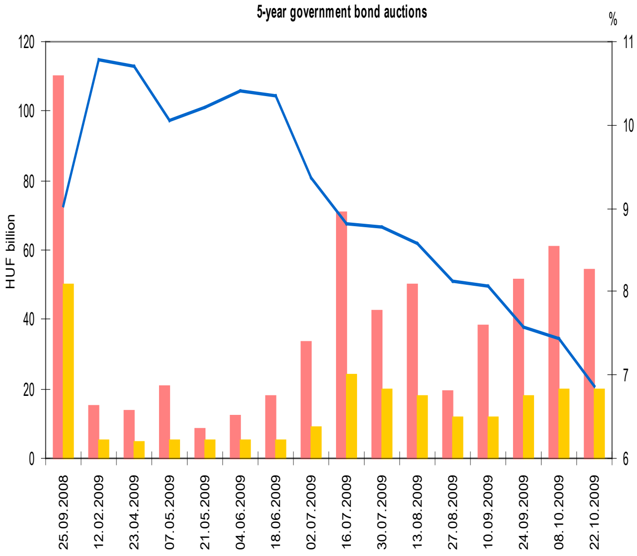
Government Bond	2013/E	2015/A	2019/A	2013/E	2015/A	2019/A
ISIN code	HU0000402466	HU0000402268	HU0000402433	HU0000402466	HU0000402268	HU0000402433
Maturity (in years)	3	5	10	3	5	10
Coupon (%)	7.50%	8.00%	6.50%	7.50%	8.00%	6.50%
Auction	4th auction	30th auction	20th auction	7nd auction	31th auction	21th auction
Date of auction	08.10.2009	08.10.2009	08.10.2009	22.10.2009	22.10.2009	22.10.2009
Date of financial settlement	14.10.2009	14.10.2009	14.10.2009	28.10.2009	28.10.2009	28.10.2009
Redemption date	24.10.2013	12.02.2015	24.06.2019	24.10.2013	12.02.2015	24.06.2019
Maximum annual yield (%) - ISMA	7.17	7.44	7.74	6.86	6.87	7.14
Minimum annual yield (%) - ISMA	7.15	7.43	7.73	6.80	6.86	7.13
Average annual yield (%) - ISMA	7.16	7.43	7.73	6.82	6.86	7.13
Maximum annual yield (%) - EHM	7.17	7.44	7.74	6.86	6.87	7.14
Minimum annual yield (%) - EHM	7.15	7.43	7.73	6.80	6.86	7.13
Average annual yield (%) - EHM	7.16	7.43	7.73	6.81	6.86	7.13
Maximum price (%)	101.1952	102.3726	91.7686	102.3734	104.8663	95.6580
Minimum price (%)	101.1268	102.3291	91.7057	102.1668	104.8217	95.5918
Average price (%)	101.1561	102.3523	91.7402	102.3105	104.8460	95.6290
Amount offered for sale (HUF million)	25,000.00	15,000.00	10,000.00	25,000.00	15,000.00	10,000.00
Amount of bids submitted (HUF million)	56,950.00	60,900.00	46,427.09	69,310.34	54,180.00	45,220.00
Amount of bids accepted (HUF million)	25,000.00	20,000.00	15,000.00	24,999.97	20,000.00	15,000.00
Bid-to-cover ratio	2.28	3.05	3.10	2.77	2.71	3.01
Bids submitted (pcs)	61	75	55	78	75	81
Bids accepted (pcs)	13	10	11	34	12	12
Tail (average price - minimum price)	0.03	0.02	0.03	0.14	0.02	0.04
Market sales* (HUF million)	25,000.00	20,000.00	15,000.00	24,999.97	20,000.00	15,000.00
Non-competitive offer (HUF million)	9,240.00	7,360.00	5,320.00	10,000.03	7,200.00	5,200.00
Total amount issued (HUF million)	50,000.00	28,000.00	21,000.00	35,000.00	28,000.00	21,000.00

*Without issuance onto ÁKK's own account

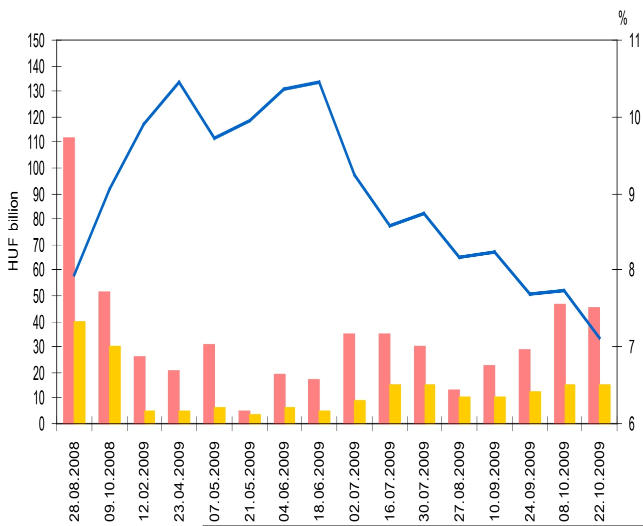
3-year government bond auctions



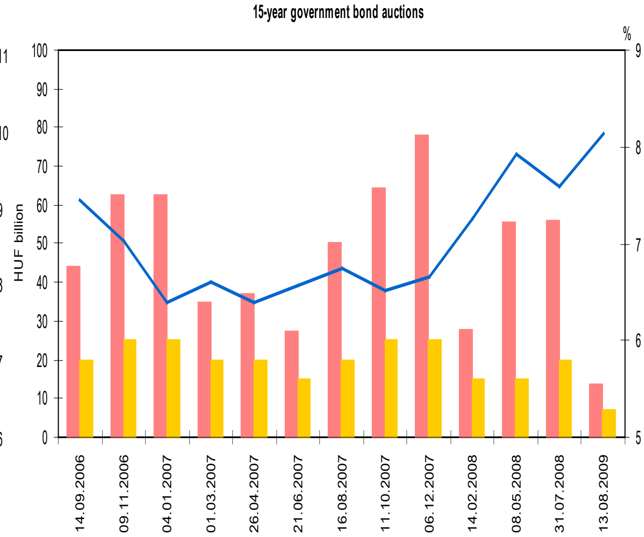
5-year government bond auctions



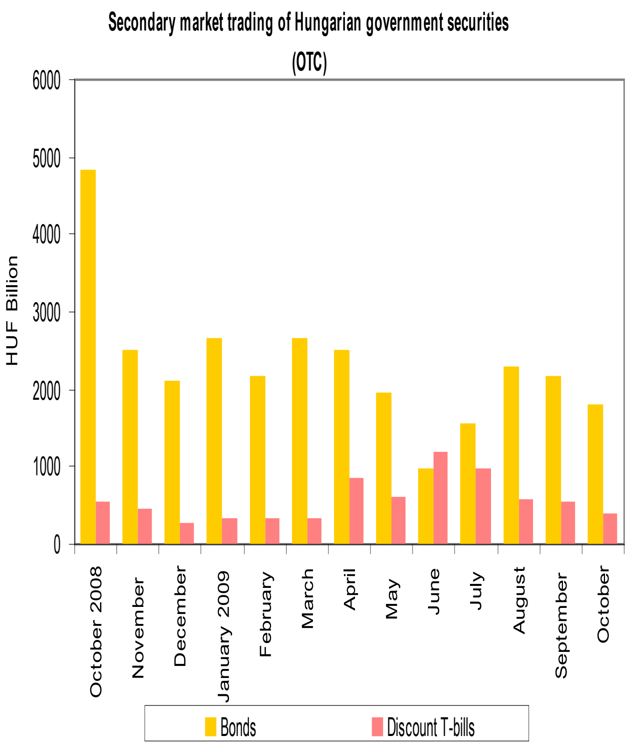
10-year government bond auctions



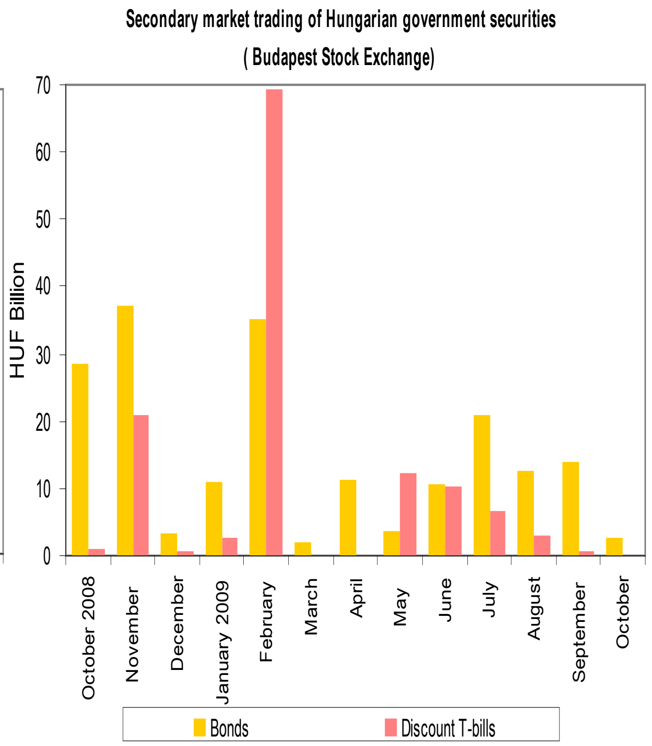
15-year government bond auctions



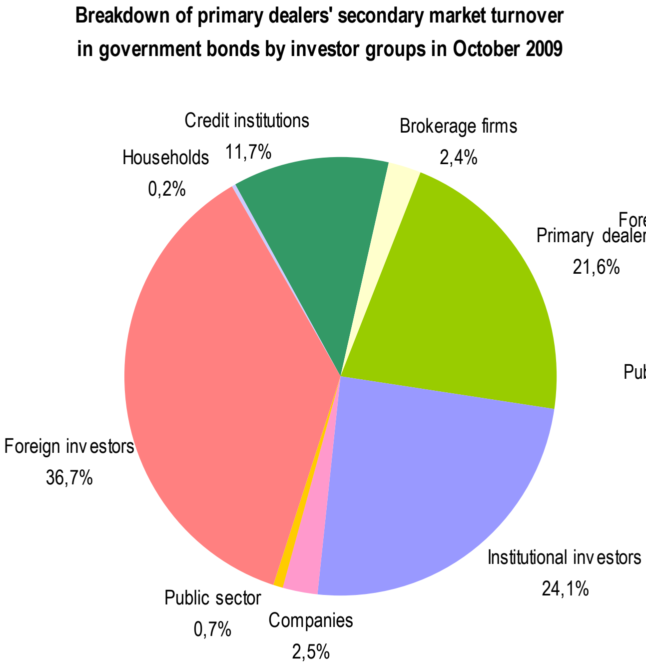
Bids submitted Accepted amount Average yield



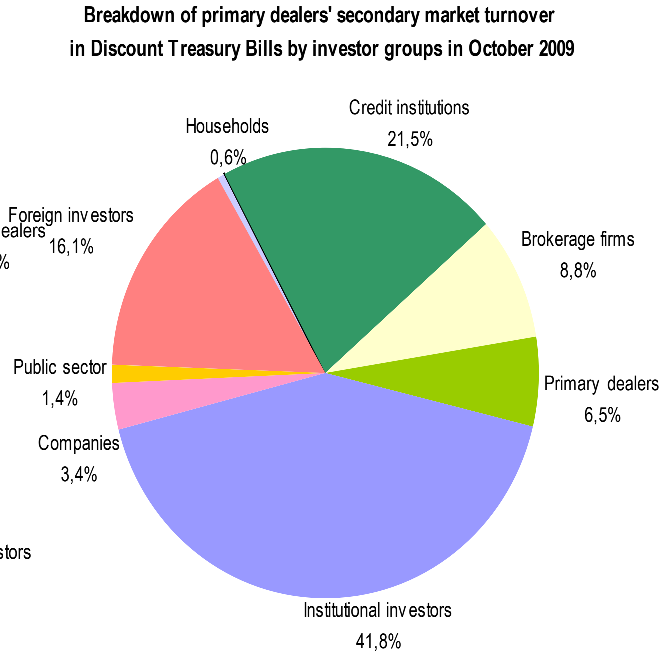
Secondary market trading of Hungarian government securities
(OTC)
HUF Billion
6000
5000
4000
3000
2000
1000
0
October 2008
November
December
January 2009
February
March
April
May
June
July
August
September
October
Bonds
Discount T-bills



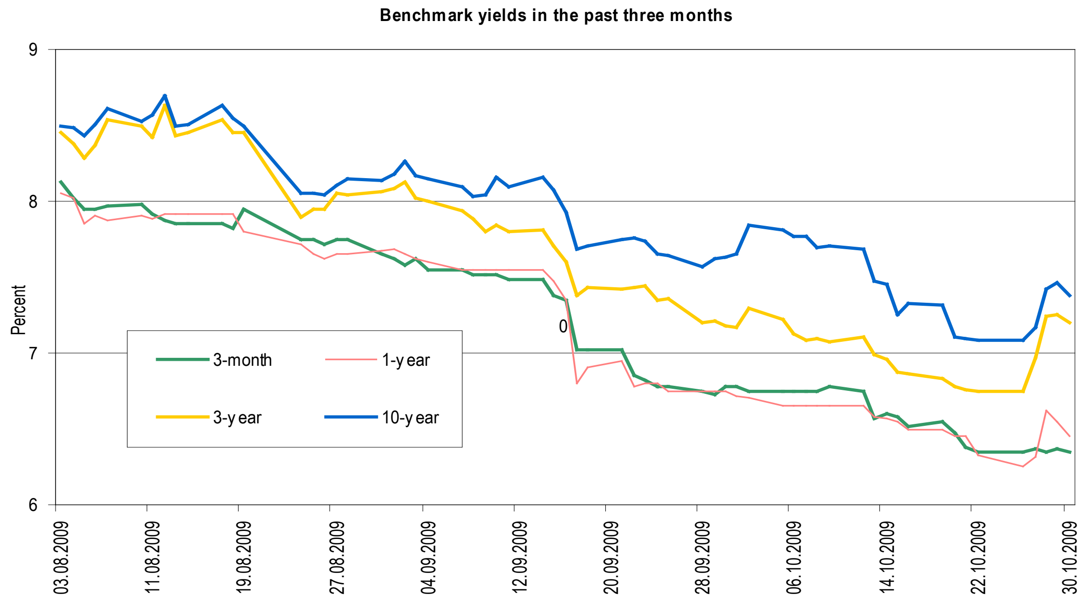
Secondary market trading of Hungarian government securities
(Budapest Stock Exchange)
HUF Billion
70
60
50
40
30
20
10
0
October 2008
November
December
January 2009
February
March
April
May
June
July
August
September
October
Bonds
Discount T-bills



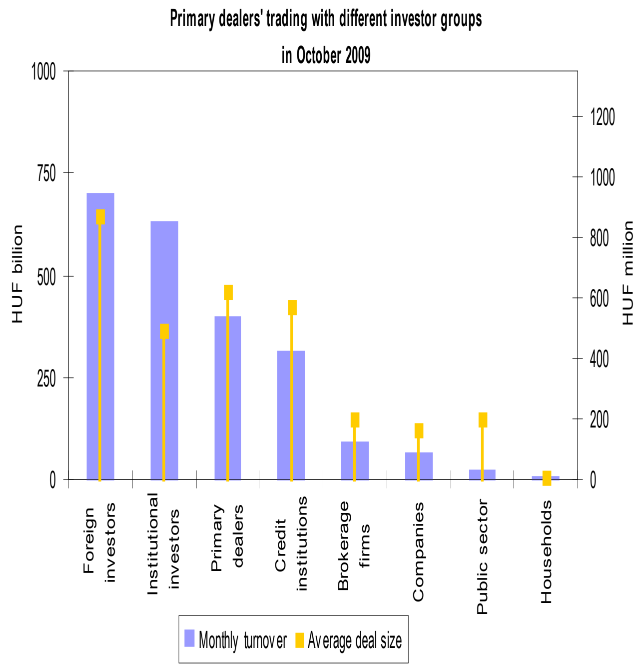
Breakdown of primary dealers' secondary market turnover
in government bonds by investor groups in October 2009
Credit institutions 11,7%
Brokerage firms 2,4%
Households 0,2%
Primary dealers 21,6%
Foreign investors 36,7%
Institutional investors 24,1%
Public sector 0,7%
Companies 2,5%



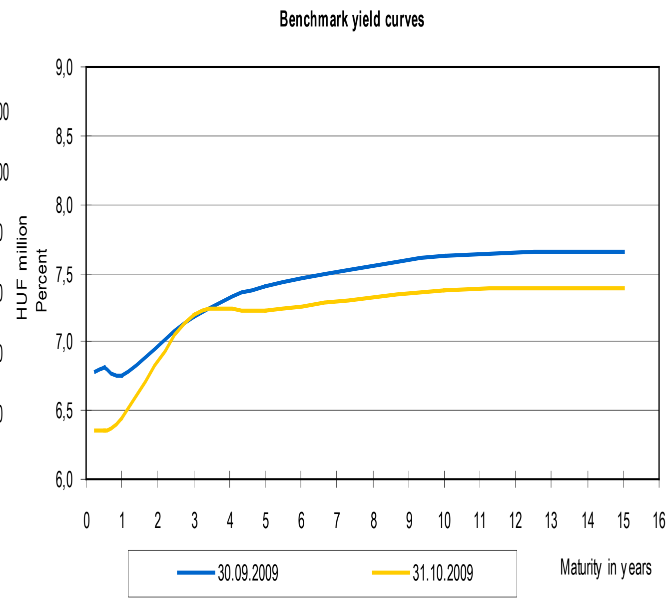
Breakdown of primary dealers' secondary market turnover
in Discount Treasury Bills by investor groups in October 2009
Credit institutions 21,5%
Households 0,6%
Foreign investors 16,1%
Brokerage firms 8,8%
Public sector 1,4%
Primary dealers 6,5%
Companies 3,4%
Institutional investors 41,8%



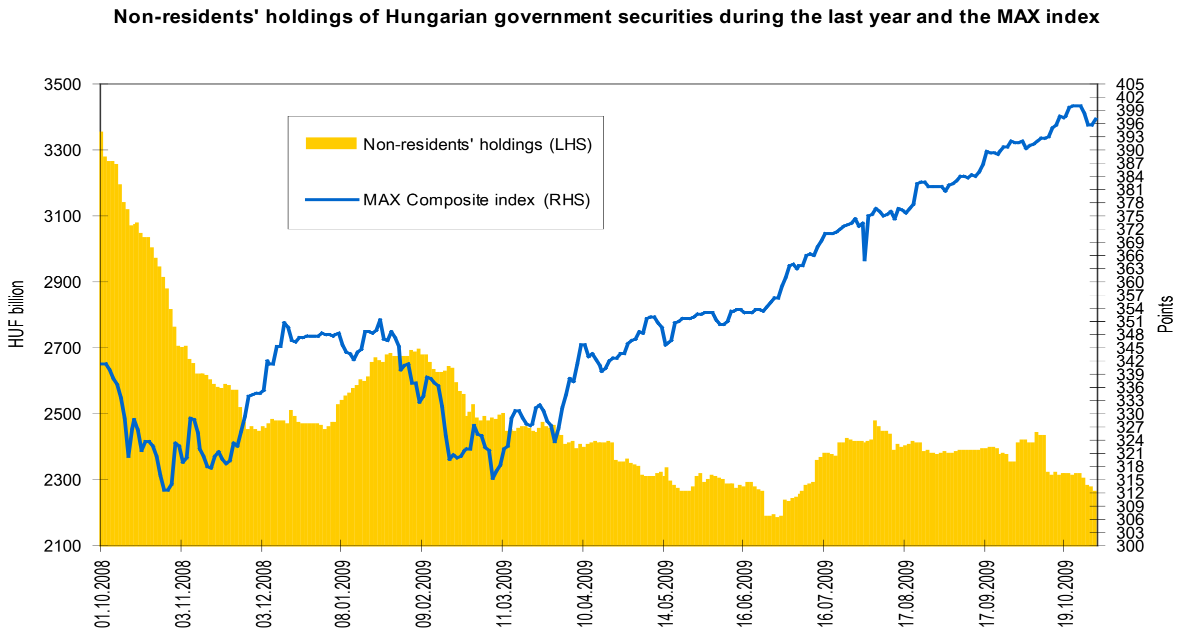
Benchmark yields in the past three months
Percent
3-month
1-year
3-year
10-year
03.08.2009
11.08.2009
19.08.2009
27.08.2009
04.09.2009
12.09.2009
20.09.2009
28.09.2009
06.10.2009
14.10.2009
22.10.2009
30.10.2009



Primary dealers' trading with different investor groups in October 2009
HUF billion
HUF million
Foreign investors
Institutional investors
Primary dealers
Credit institutions
Brokerage firms
Companies
Public sector
Households
Monthly turnover
Average deal size



Benchmark yield curves
Percent
30.09.2009
31.10.2009
Maturity in years



Non-residents' holdings of Hungarian government securities during the last year and the MAX index
HUF billion
Points
Non-residents' holdings (LHS)
MAX Composite index (RHS)
01.10.2008
03.11.2008
03.12.2008
08.01.2009
09.02.2009
11.03.2009
10.04.2009
14.05.2009
16.06.2009
16.07.2009
17.08.2009
17.09.2009
19.10.2009

INTEREST RATE RESETS OF FLOATING RATE GOVERNMENT BONDS IN OCTOBER 2009

Government Bond	Date of interest rate reset	Interest period		Date of interest payment	Reset interest rate (%)	Interest payable (%)
2026/C	22.10.2009	24.10.2009	24.04.2010	26.04.2010	7.28	3.68
2026/B	22.10.2009	24.10.2009	24.04.2010	26.04.2010	7.28	8.91

HUNGARIAN GOVERNMENT SECURITIES INDICES

	MAX index	RMAX index	MAX Composite index	ZMAX index
Value as at 31 October 2009	401.1774	402.0828	397.1269	402.5920
Changes compared to the end of the month before	5.8884	3.2152	5.3372	2.6864
Annual yield earned on the index portfolio	24.97%	13.35%	22.83%	10.43%

Government securities with the highest secondary market turnover in October 2009

Government security	Date of redemption	Turnover (HUF billion)
2015/A	12.02.2015	237.6
2013/D	12.02.2013	216.1
2019/A	24.06.2019	200.7
2017/B	24.02.2017	188.6
2013/E	22.08.2013	101.4
2011/C	22.04.2011	92.2
2014/C	12.02.2014	83.8
2012/C	24.10.2012	74.8
D091202	02.12.2009	71.0
D091216	16.12.2009	70.3

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

	HUF billion	
Government bond	30.09.2009	31.10.2009
2013/E	93.61	162.11
2015/A	587.56	642.33
2019/A	399.71	440.27
2023/A	208.33	208.35

PRIMARY DEALERS - AS AT 31 OCTOBER 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