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GOVERNMENT DEBT MANAGEMENT AGENCY PTE LTD.

GOVERNMENT SECURITIES MARKET

MONTHLY REPORT

January 2009

The sufficit of the central government amounted to HUF 37.9 billion in January. The net balance of transfers from the EAGGF fund of the European Union (EU) worth HUF 13.8 billion increased the net borrowing requirement. Thus, the total net borrowing requirement amounted to HUF –24.1 billion in January. Net issuance was HUF 5.8 billion; out of which net HUF-denominated issuance was HUF -14.0 billion and net foreign currency denominated issuance was HUF 19.8 billion. Out of the international loan program HUF 1,588.5 billion was placed in the National Bank of Hungary in the form of foreign currency deposits at the end of the month. The total amount of other liabilities increased by HUF 7.2 billion in January.

The HUF denominated debt of the central government decreased by HUF 11.9 billion in January (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 decrease in domestic debt was the result of net government bond issuance of HUF 42.7 billion, while discount Treasury bills increased by HUF 39.1 billion and retail government securities decreased by HUF 8.3 billion.

The foreign currency debt of the central government increased by HUF 874.7 billion in January. The drawdown of foreign currency denominated loans was HUF 22.6 billion, redemptions of foreign currency loans worth HUF 2.8 billion decreased and exchange rate losses totalling HUF 854.8 billion increased the Hungarian Forint value of the foreign currency debt in January.

Short-term secondary market yields increased by 32-47 basis points, while long term yields increased by 95-163 basis points in January. The 1-year yield increased by 47 bps to 9.42%, the 3-year yield increased by 95 bps to 10.52%, the 10-year benchmark yield reached 9.66% at the end of January after increasing by 138 basis points.

Monthly OTC turnover of government securities was 24 % higher in January than a month before and reached HUF 2,993 billion. Primary dealers, who account for the decisive part of all secondary government securities trading, made 32% of their secondary government securities deals with non-resident investors.

The volume of non-residents' holdings of Hungarian government securities increased altogether by HUF 214.9 in January, and amounted to HUF 2,674 billion at the end of the month. This volume represented 25.5% of the total amount of domestic government bonds and discount Treasury bills.

In reaction to market developments, the Government Debt Management Agency Pte. Ltd. (ÁKK) did not hold T-bond auction in January.

The EUR/HUF exchange rate according to the National Bank of Hungary was 294.93 at the last working day of January.

The credit rating of the long-term foreign currency debt of the Republic of Hungary is as follows at the last working day of January: BBB (Standard & Poor's); A3 (Moody's); BBB (Fitch).

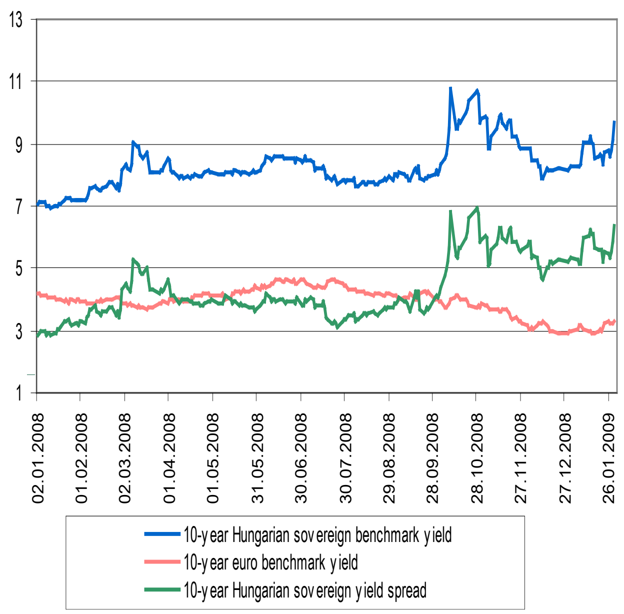
CENTRAL GOVERNMENT GROSS DEBT

HUF BILLION

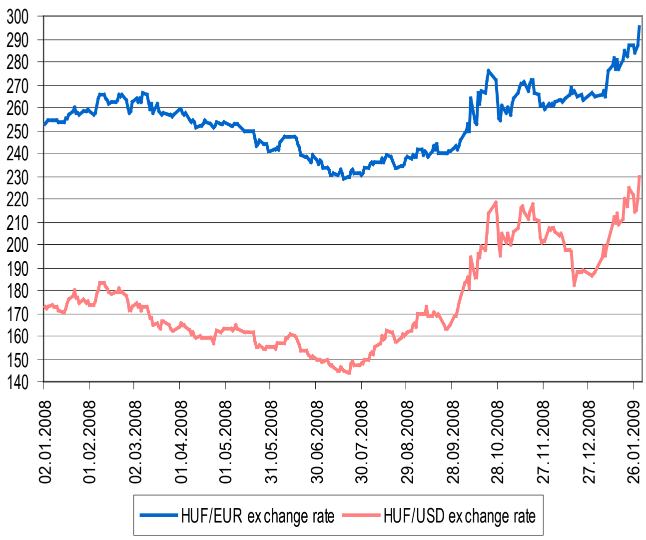
	2003	2004	2005	2006	2007	November 2008	December 2008	January 2009
1. Forint denominated debt	8,008.7	8,608.8	9,153.5	10,552.3	11,103.8	11,415.5	11,250.6	11,238.6
1.1. Loans	117.9	4.7	0.8	356.4	145.7	183.5	219.9	219.9
1.2. Government securities	7,890.8	8,604.2	9,152.7	10,195.9	10,958.1	11,232.0	11,030.7	11,018.7
1.2.1. Public issues	7,131.5	7,860.6	8,418.8	9,667.5	10,465.4	10,798.8	10,599.7	10,587.8
1.2.1.1. Bonds	5,056.5	5,768.9	6,299.1	7,244.2	8,245.3	8,721.8	8,570.6	8,528.0
1.2.1.2. Discount T-bills	1,541.4	1,463.3	1,530.9	1,755.9	1,664.9	1,541.0	1,482.4	1,521.5
1.2.1.3. Retail securities	533.5	628.4	588.7	667.4	555.2	536.0	546.4	538.3
1.2.2. Private placements	759.3	743.6	733.9	528.4	492.7	433.2	431.0	431.0
2. Foreign currency denominated debt*	2,579.0	2,983.5	3,590.7	4,124.4	4,472.6	6,272.2	6,774.8	7,649.5
2.1. Loans	1,084.1	916.8	720.6	803.7	846.5	2,110.0	2,529.4	2,920.6
2.1.1. Foreign loans	598.8	528.9	616.9	700.1	838.8	2,110.0	2,529.4	2,920.6
2.1.2. Domestic loans	485.3	387.8	103.8	103.6	104.0	0.0	0.0	0.0
2.1.2.1. Raised from National Bank of Hungary (NBH)	466.5	355.7	96.1	95.9	0.0	0.0	0.0	0.0
2.1.2.2. Other loans	18.8	32.2	7.7	7.7	7.7	0.0	0.0	0.0
2.2. Government securities	1,494.9	2,066.8	2,870.1	3,320.7	3,626.1	4,162.2	4,245.5	4,728.9
2.2.1. Issued abroad	1,494.9	2,066.8	2,870.1	3,320.7	3,626.1	4,162.2	4,245.5	4,728.9
2.2.1.1. Foreign currency bonds	1,494.7	2,066.7	2,870.0	3,320.6	3,626.1	4,162.2	4,245.4	4,728.8
2.2.1.2. Kingdom of Hungary 1924 issues	0.1	0.1	0.1	0.1	0.0	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
Total	10,587.7	11,592.4	12,744.2	14,676.7	15,576.4	17,687.7	18,025.4	18,888.1
Other liabilities			21.4	29.0	9.1	56.5	78.5	85.8
Total central government debt			12,765.6	14,705.7	15,585.5	17,744.2	18,103.9	18,973.9
Foreign currency deposits from the international loan program placed at the NBH						*1,267.7*	*1,483.6*	*1,588.5*
Government debt adjusted with foreign currency deposits						16 476,5	16 620,3	17 385,4
Marketable HUF debt (1.2.1.1+1.2.1.2.+1.2..2.)	*7,357.3*	*7,975.8*	*8,563.9*	*9,528.4*	*10,402.9*	*10,696.0*	*10,484.0*	*10,480.4*
Gross debt/GDP	*55.9%*	*56.0%*	*57.9%*	*61.8%*	*61.3%*			

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

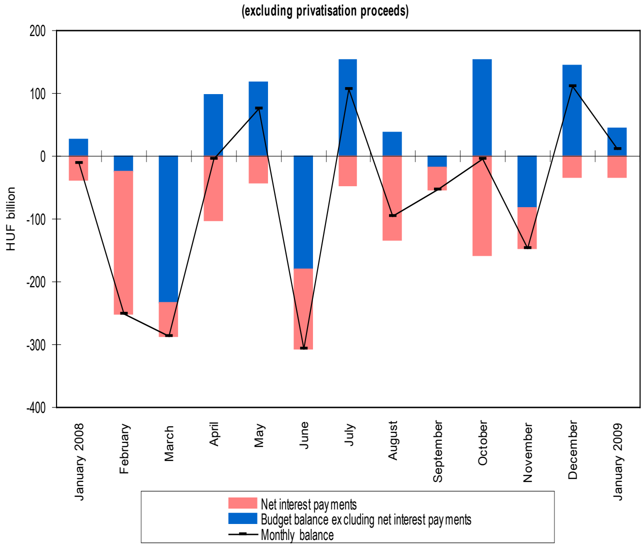
10-year Hungarian and eurozone benchmark yields during the last year



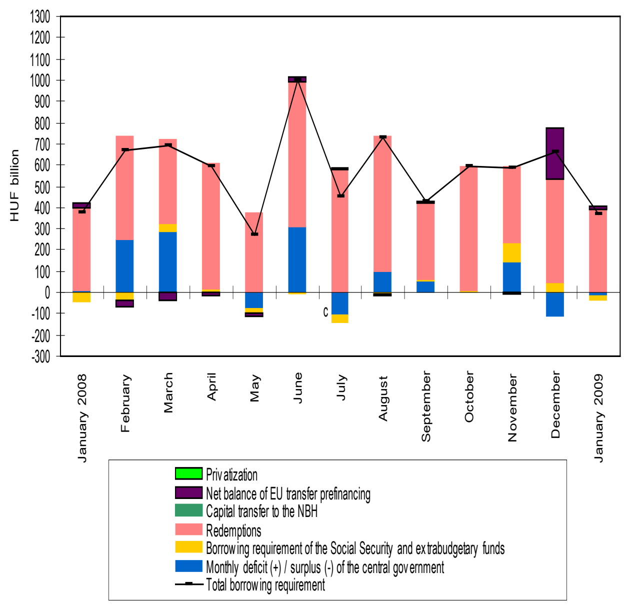
The exchange rate of the Hungarian Forint during the last year



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



Gross borrowing requirement

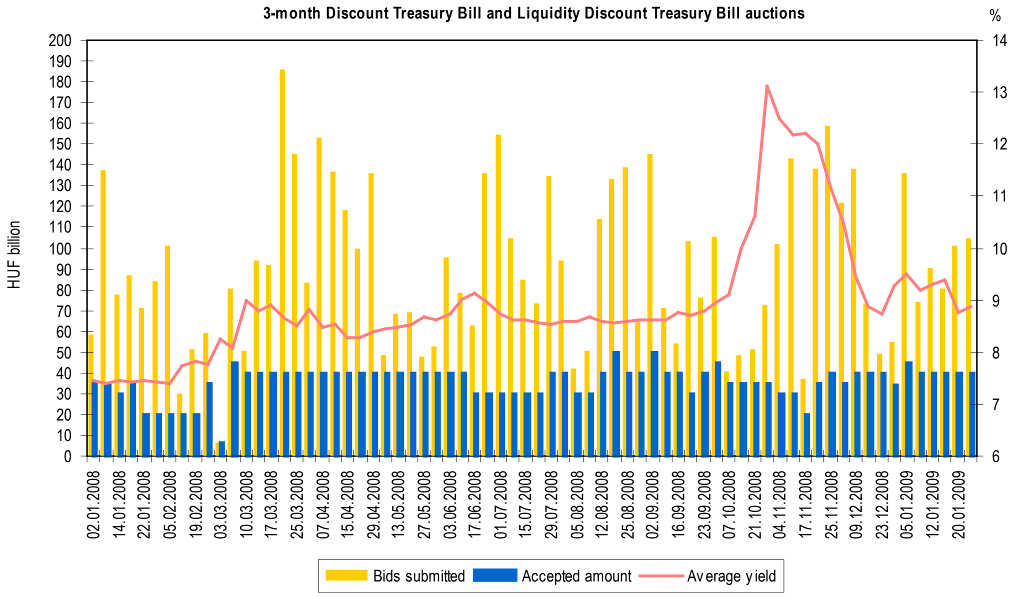


DISCOUNT TREASURY BILL AUCTION RESULTS

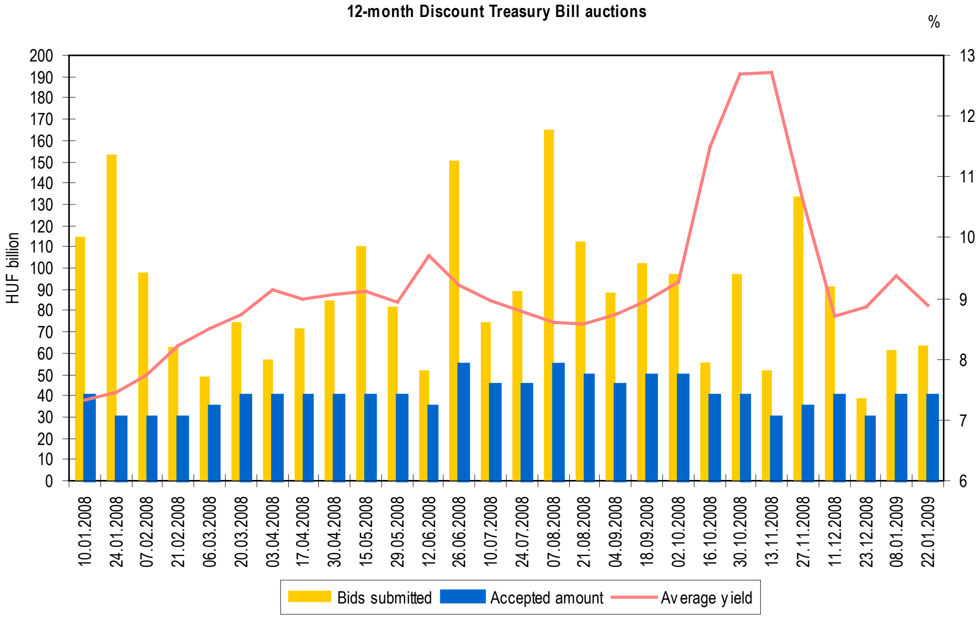
	Liquidity Discount T-bills		3-month Discount T-bills				12-month Discount T-bills	
Code of T-bills	D090225	D090225	D090415	D090422	D090429	D090506	D100113	D100113
ISIN code	HU0000517099	HU0000517099	HU0000517115	HU0000517172	HU0000517180	HU0000517198	HU0000517271	HU0000517271
Maturity in days	49	42	91	91	91	91	364	350
Date of auction	05.01.2009	12.01.2009	06.01.2009	13.01.2009	20.01.2009	27.01.2009	08.01.2009	22.01.2009
Date of financial settlement	07.01.2009	14.01.2009	14.01.2009	21.01.2009	28.01.2009	04.02.2009	14.01.2009	28.01.2009
Redemption date	25.02.2009	25.02.2009	15.04.2009	22.04.2009	29.04.2009	06.05.2009	13.01.2010	13.01.2010
Maximum yield, (%) - ISMA	9.50	9.30	9.25	9.40	8.90	8.98	9.50	8.98
Minimum yield (%) - ISMA	9.47	9.30	8.90	9.40	8.50	8.40	9.10	8.75
Average yield (%) - ISMA	9.50	9.30	9.20	9.40	8.75	8.88	9.38	8.90
Maximum yield, (%) - EHM	9.63	9.43	9.38	9.53	9.02	9.10	9.63	9.10
Minimum yield (%) - EHM	9.60	9.43	9.02	9.53	8.62	8.52	9.23	8.87
Average yield (%) - EHM	9.63	9.43	9.33	9.53	8.87	9.00	9.51	9.02
Average selling price (%)	98.7235	98.9266	97.7273	97.6790	97.8361	97.8046	91.3374	92.0363
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)	135,790.00	90,518.34	74,304.41	80,275.69	100,917.61	104,462.76	61,677.00	63,744.30
Amount of bids accepted (HUF million)	44,999.98	40,000.00	39,999.95	40,000.00	39,999.98	40,000.00	39,999.94	39,999.97
Bid-to-cover ratio	3.02	2.26	1.86	2.01	2.52	2.61	1.54	1.59
Bids submitted (pcs)	42	17	76	58	93	102	111	105
Bids accepted (pcs)	13	5	39	8	15	42	88	71
Market sales* (HUF million)	44,999.98	40,000.00	39,999.95	40,000.00	39,999.98	40,000.00	39,999.94	39,999.97
Retained on ÁKK's own account	0.02	0.00	12,000.05	12,000.00	12,000.02	12,000.00	12,000.06	12,000.03
Total amount issued (HUF million)	45,000.00	40,000.00	52,000.00	52,000.00	52,000.00	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



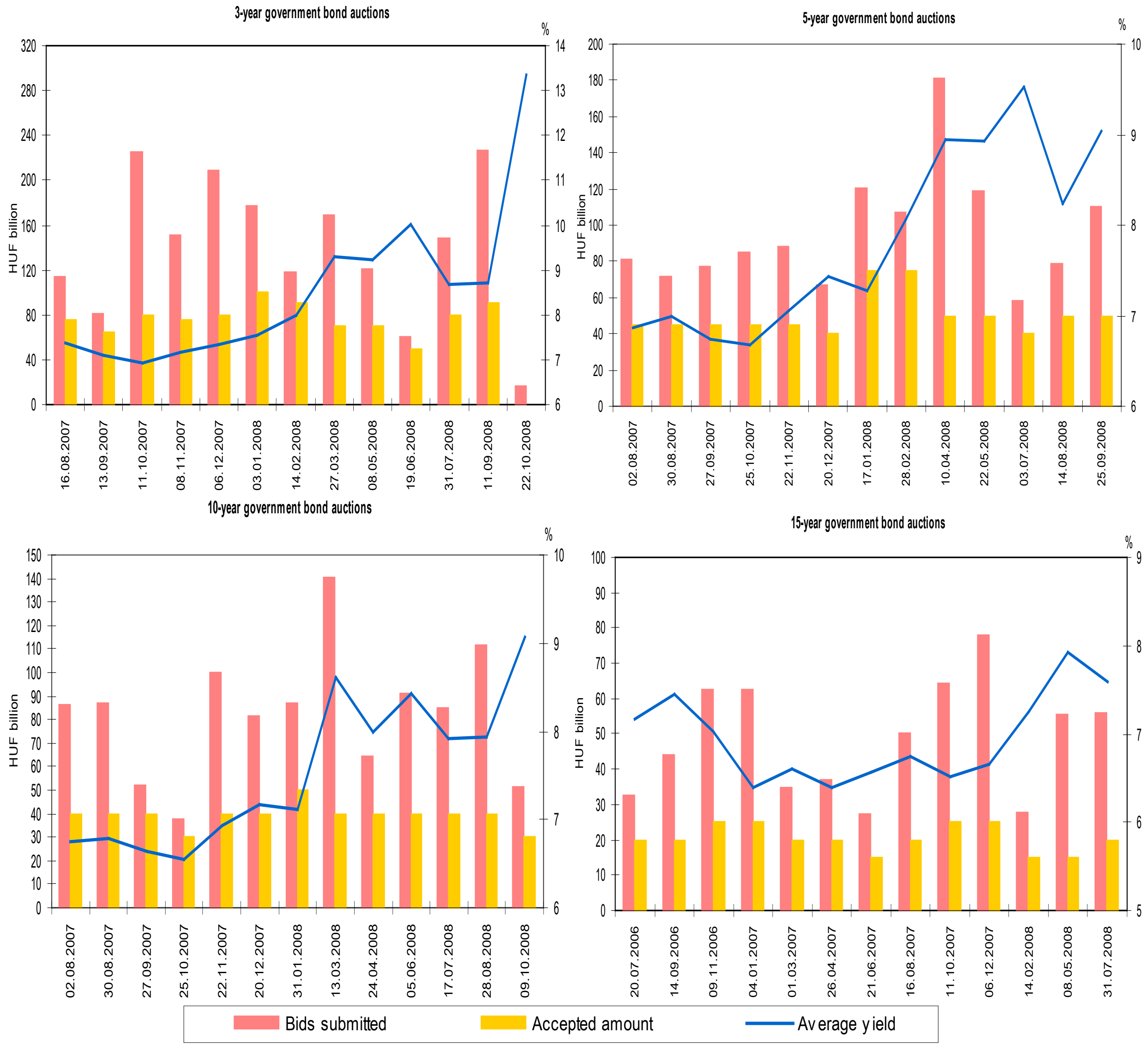
12-month Discount Treasury Bill auctions



GOVERNMENT BOND AUCTION RESULTS

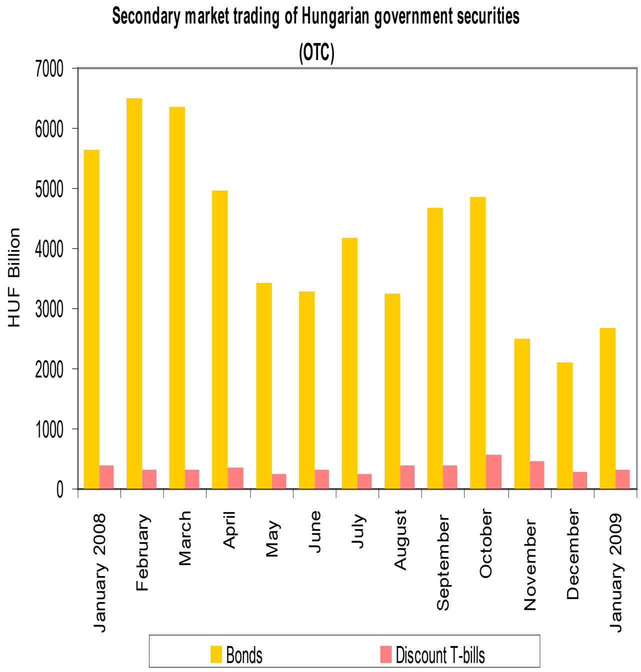
Government Bond	
ISIN code	
Maturity (in years)	In reaction to market developments,
Coupon (%)	the Government Debt Management Agency Pte. Ltd. (ÁKK)
Auction	did not hold T-bond auction
Date of auction	in January.
Date of financial settlement	
Redemption date	
Maximum annual yield (%) - ISMA	
Minimum annual yield (%) - ISMA	
Average annual yield (%) - ISMA	
Maximum annual yield (%) - EHM	
Minimum annual yield (%) - EHM	
Average annual yield (%) - EHM	
Maximum price (%)	
Minimum price (%)	
Average price (%)	
Amount offered for sale (HUF million)	
Amount of bids submitted (HUF million)	
Amount of bids accepted (HUF million)	
Bid-to-cover ratio	
Bids submitted (pcs)	
Bids accepted (pcs)	
Tail (average price - minimum price)	
Market sales* (HUF million)	
Retained on ÁKK's own account (HUF million)	
Total amount issued (HUF million)	

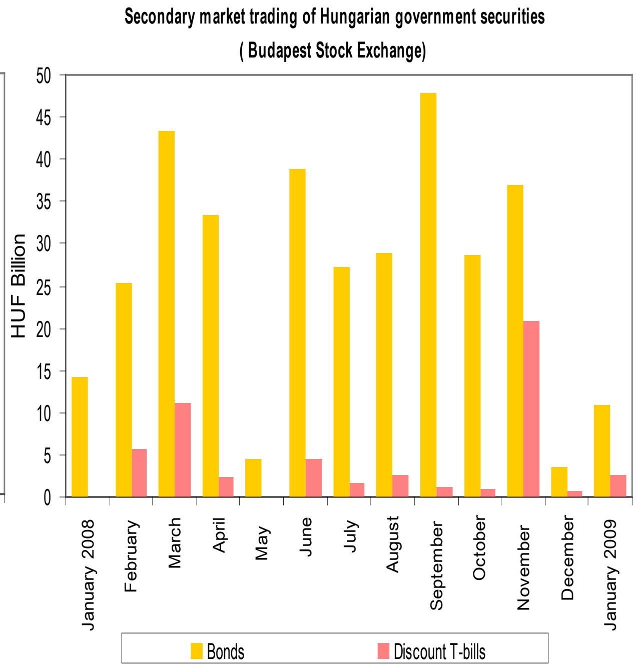
*Without issuance onto ÁKK's own account

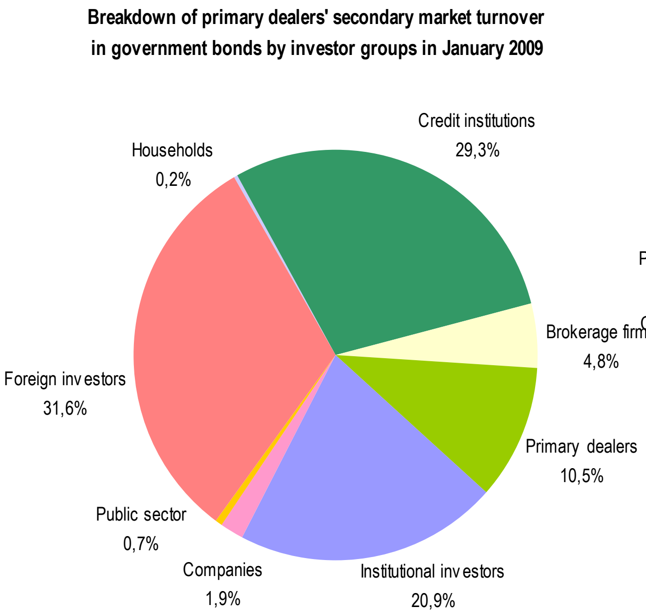


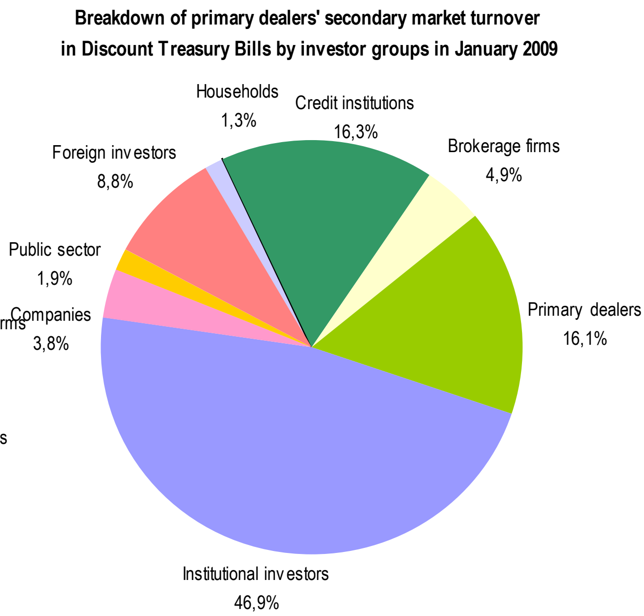
GOVERNMENT SECURITIES BUY-BACK AUCTION

Government bond	2009/D	2009/F	2010/C
ISIN code	HU0000402243	HU0000402359	HU0000402391
Coupon (%)	8.25	6.50	6.75
Date of reverse auction	14.01.2009	14.01.2009	14.01.2009
Date of financial settlement	21.01.2009	21.01.2009	21.01.2009
Redemption date	12.10.2009	12.08.2009	12.04.2010
Minimum annual yield (%)	9.48	9.48	0.00
Average annual yield - ISMA (%)	9.50	9.50	0.00
Average annual yield - EHM (%)	9.38	9.31	0.00
Amount of bids submitted (HUF million)	29,500.50	25,260.50	8,399.39
Amount of bids accepted (HUF million)	19,000.00	11,560.00	0.00

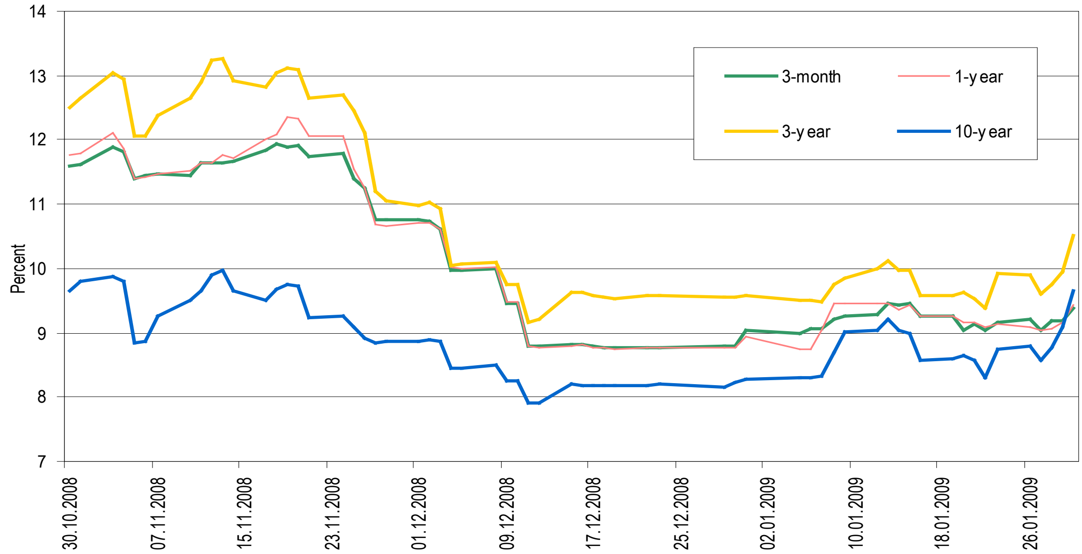




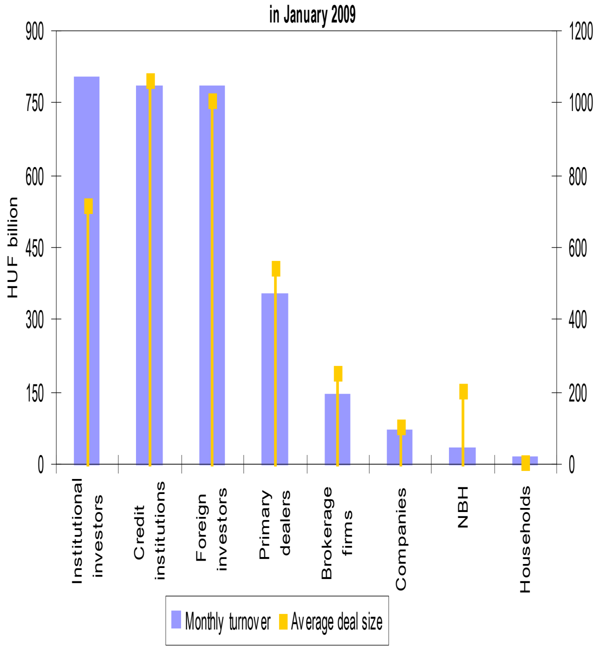




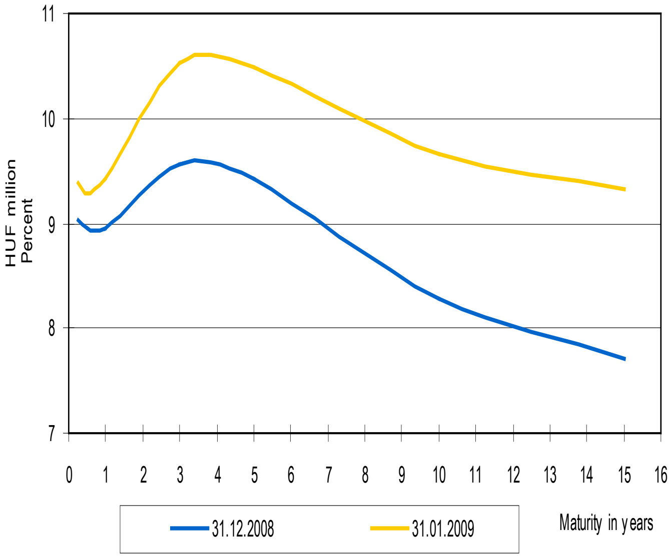
Benchmark yields in the past three months



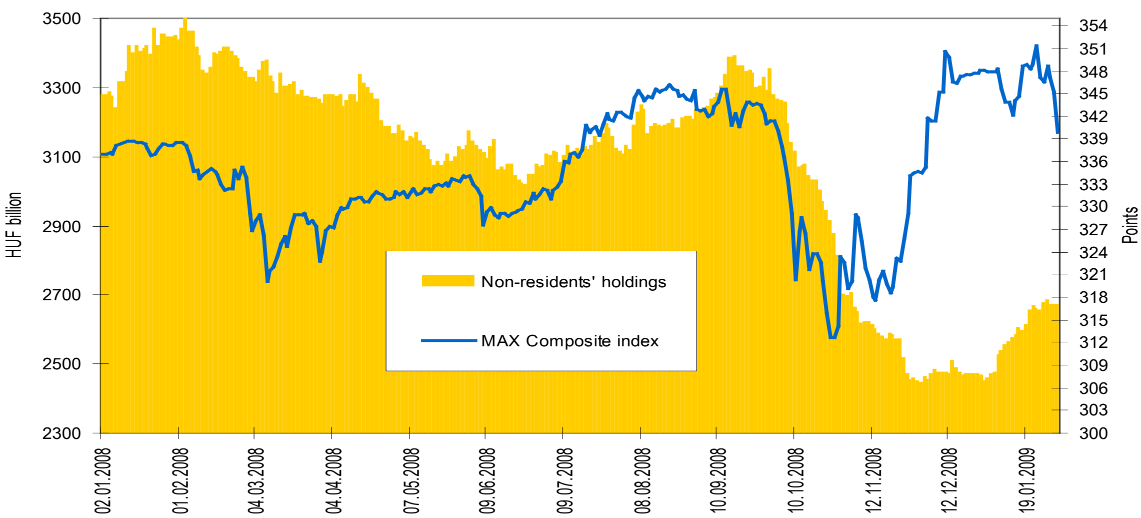
Primary dealers' trading with different investor groups in January 2009



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 JANUARY 2008

Government Bond	Date of interest rate reset	Interest period		Date of interest payment	Reset interest rate (%)	Interest payable (%)
2016/B	31.12.2008	02.01.2009	02.07.2009	02.07.2009	11.89	5.98

HUNGARIAN GOVERNMENT SECURITIES INDICES

	MAX index	RMAX index	MAX Composite index	ZMAX index
Value as at 31 January 2009	339.1990	369.5446	339.9204	375.4980
Changes compared to the end of the month before	-10.6710	1.6549	-7.9339	2.4807
Annual yield earned on the index portfolio	-1.05%	8.25%	0.41%	8.99%

Government securities with the highest secondary market turnover in January 2008

Government security	Date of redemption	Turnover (HUF billion)
2017/B	24.02.2017	421.2
2012/C	24.10.2012	376.0
2011/C	22.04.2011	241.3
2019/A	24.06.2019	175.0
2010/D	24.08.2010	124.8
D090225	25.02.2009	121.3
2014/C	12.02.2014	112.8
D090603	03.06.2009	110.2
2010/C	12.04.2010	108.8
2012/B	12.06.2012	99.2

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

	HUF billion	
Government bond	31.12.2008	31.01.2009
2011/C	555.72	555.81
2012/C	656.06	656.14
2019/A	280.17	280.18
2023/A	200.09	200.10

PRIMARY DEALERS - AS AT 31 JANUARY 2009

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 N.V.	UniCredit Bank Hungary Zrt.	Országos Takarékpénztár és Kereskedelmi Bank Nyrt.
Kereskedelmi és Hitelbank Zrt.		the branch network of the Hungarian State Treasury