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GOVERNMENT DEBT MANAGEMENT AGENCY PTE LTD.

GOVERNMENT SECURITIES MARKET

MONTHLY REPORT

JANUARY 2010

The sufficit of the central government amounted to HUF 34.6 billion in January. The net balance of transfers from the EAGGF fund of the European Union (EU) worth HUF 69.4 billion decreased the net borrowing requirement. Thus, the total net borrowing requirement amounted to HUF –104.0 billion in January. Net issuance was HUF 369.6 billion; out of which net HUF-denominated issuance was HUF -15.1 billion and net foreign currency denominated issuance was HUF 384.7 billion.

	2009		2010		Change	
HUF billion	December	%	January	%	HUF billion	%
Foreign exchange denominated debt	8,466.7	44.6	8,891.2	45.8	424.5	5.0
Government securities	4,354.0	23.0	4,742.9	24.5	388.9	8.9
Loans	4,112.7	21.7	4,148.3	21.4	35.6	0.9
HUF denominated debt	10,476.2	55.2	10,461.9	53.9	-14.3	-0.1
Government securities	10,037.5	52.9	10,023.2	51.7	-14.3	-0.1
Loans	438.7	2.3	438.7	2.3	0.0	0.0
Total	18,942.9	99.9	19,353.2	99.8	410.2	2.2
Other obligations	20.1	0.1	41.7	0.2	21.5	107.0
Total central government debt	18,963.1	100.0	19,394.8	100.0	431.8	2.3
Out of the international loan program was placed in NBH or in commercial banks	1,124.8		1,164.4		39.6	

The HUF denominated debt of the central government decreased by HUF 14.3 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 increase in domestic debt was the result of net government bond issuance of HUF 107.1 billion, while discount Treasury bills decreased by HUF 124.4 billion and retail government securities increased by HUF 3.0 billion.

The foreign currency debt of the central government increased by HUF 424.5 billion in January. The USD 2 billion foreign currency bond issue increased the debt by HUF 387.3 billion, redemptions of foreign currency loans worth HUF 2.6 billion decreased and the exchange rate revaluations totalling HUF 39.8 billion increased the Hungarian Forint value of the foreign currency debt in January.

Out of the international loan program HUF 1,164.4 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 increased by HUF 21.5 billion in January.

Secondary market yields decreased on all maturities in January.

Benchmark yields

Maturity	31.12.2008.	31.12.2009.	29.01.2010.	Change, basis points
3-month	9.30	6.07	5.80	-27
6-month	8.96	6.08	5.85	-23
1-year	8.95	6.05	5.73	-32
3-year	9.57	7.41	7.04	-37
5-year	9.43	7.59	7.33	-26
10-year	8.28	7.99	7.66	-33
15-year	7.70	7.90	7.64	-26

Monthly OTC turnover of government securities was 12 % lower in January than a month before and reached HUF 2,363 billion. Primary dealers, who account for the decisive part of all secondary government securities trading, made 26% of their secondary government securities deals with non-resident investors.

The volume of non-residents' holdings of Hungarian government securities increased altogether by HUF 126.0 billion in January, and amounted to HUF 2,282 billion at the end of the month. This volume represented 23.8% 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 270.90 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 December: BBB- (Standard & Poor's); Baa1 (Moody's); BBB (Fitch).

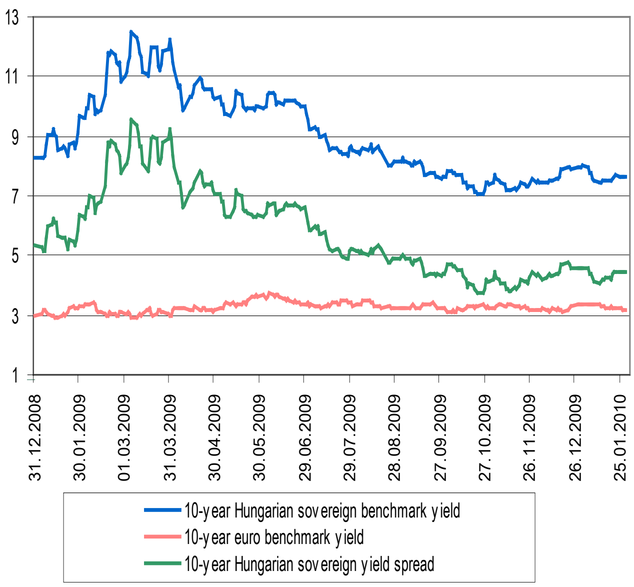
CENTRAL GOVERNMENT GROSS DEBT

HUF BILLION

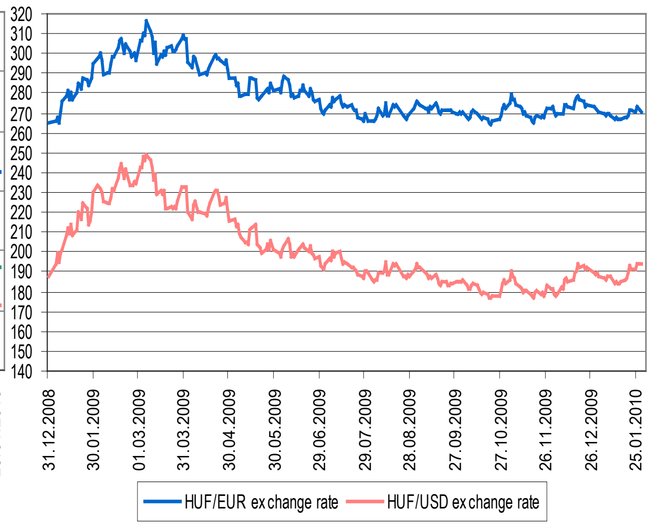
	2004	2005	2006	2007	2008	November 2009	December 2009	January 2010
1. Forint denominated debt	8,608.8	9,153.5	10,552.3	11,103.8	11,250.6	10,574.8	10,476.2	10,461.9
1.1. Loans	4.7	0.8	356.4	145.7	219.9	401.9	438.7	438.7
1.2. Government securities	8,604.2	9,152.7	10,195.9	10,958.1	11,030.7	10,172.9	10,037.5	10,023.2
1.2.1. Public issues	7,860.6	8,418.8	9,667.5	10,465.4	10,599.7	9,746.3	9,613.2	9,598.9
1.2.1.1. Bonds	5,768.9	6,299.1	7,244.2	8,245.3	8,570.6	7,523.9	7,551.7	7,626.3
1.2.1.2. Discount T-bills	1,463.3	1,530.9	1,755.9	1,664.9	1,482.4	1,785.7	1,647.3	1,522.9
1.2.1.3. Retail securities	628.4	588.7	667.4	555.2	546.4	436.7	414.2	449.6
1.2.2. Private placements	743.6	733.9	528.4	492.7	431.0	426.6	424.3	424.3
2. Foreign currency denominated debt*	2,983.5	3,590.7	4,124.4	4,472.6	6,774.8	8,444.5	8,466.7	8,891.2
2.1. Loans	916.8	720.6	803.7	846.5	2,529.4	4,044.7	4,112.7	4,148.3
2.1.1. Foreign loans	528.9	616.9	700.1	838.8	2,529.4	4,044.7	4,112.7	4,148.3
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	4,399.9	4,354.0	4,742.9
2.2.1. Issued abroad	2,066.8	2,870.1	3,320.7	3,626.1	4,245.5	4,399.9	4,354.0	4,742.9
2.2.1.1. Foreign currency bonds	2,066.7	2,870.0	3,320.6	3,626.1	4,245.4	4,399.8	4,354.0	4,742.8
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
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	19,019.3	18,942.9	19,353.2
Other liabilities		21.4	29.0	9.1	78.5	13.2	20.1	41.7
Total central government debt		12,765.6	14,705.7	15,585.5	18,103.9	19,032.5	18,963.1	19,394.8
Foreign currency deposits from the international loan program placed at the NBH					*1,483.6*	*1,031.4*	*1,124.8*	*1,164.4*
Government debt adjusted with foreign currency deposits					16,620.3	18,001.1	17,838.3	18,230.4
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*	*9,736.2*	*9,623.3*	*9,573.6*
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.

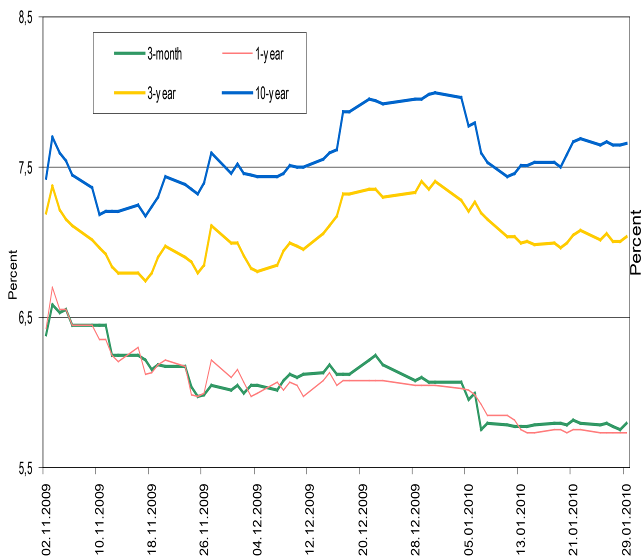
% 10-year Hungarian and eurozone benchmark yields during the last year



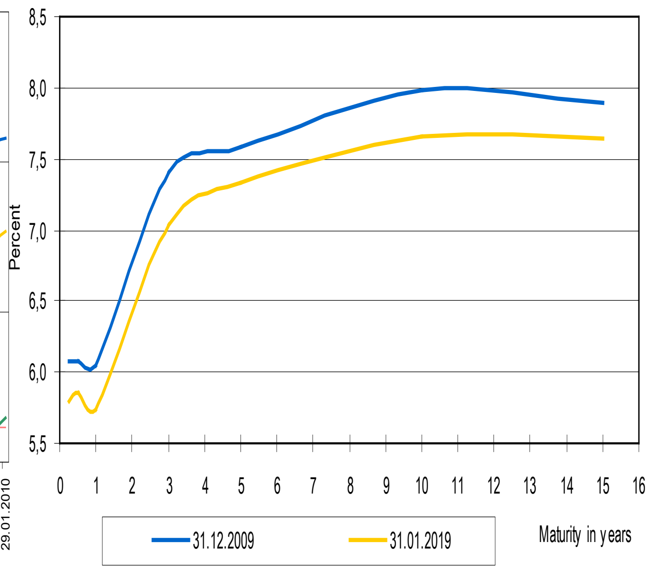
The exchange rate of the Hungarian Forint during the last year



Benchmark yields in the past three months



Benchmark yield curves

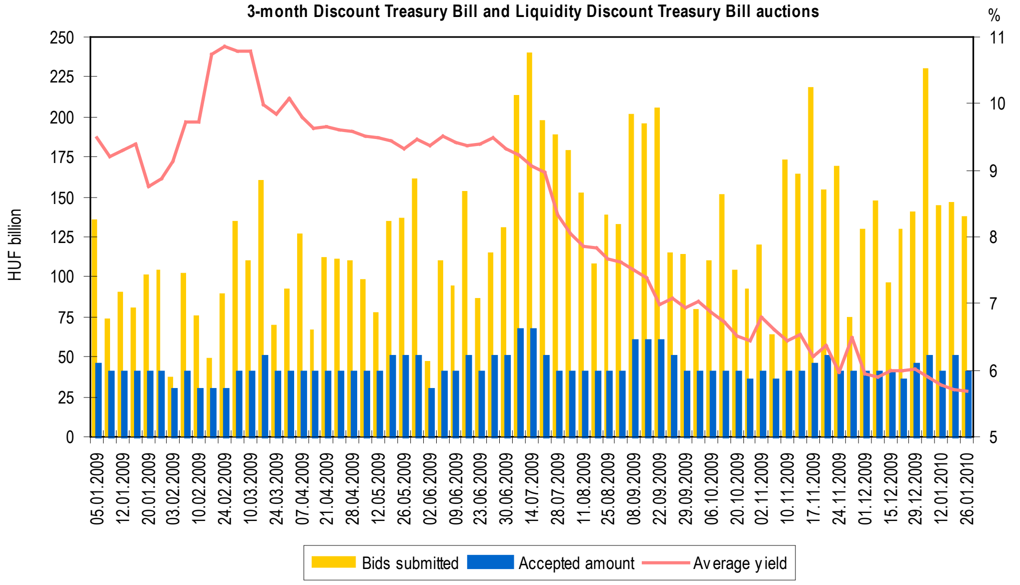


DISCOUNT TREASURY BILL AUCTION RESULTS

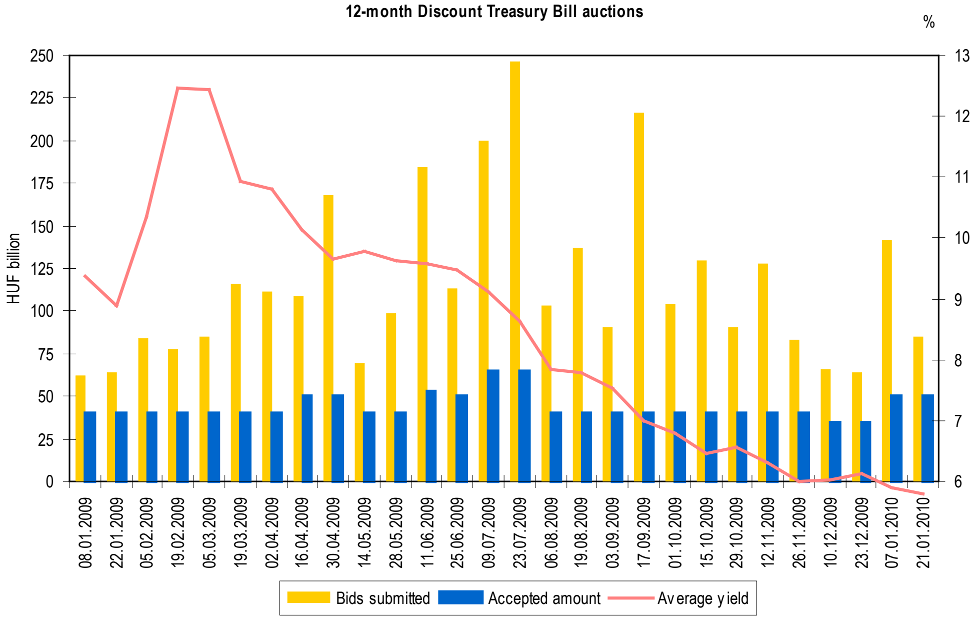
	3-month Discount T-bills				12-month Discount T-bills	
Code of T-bills	D100414	D100421	D100428	D100505	D101215	D101215
ISIN code	HU0000517693	HU0000517701	HU0000517719	HU0000517412	HU0000517677	HU0000517677
Maturity in days	91	91	91	91	336	322
Date of auction	05.01.2010	12.01.2010	19.01.2010	26.01.2010	07.01.2010	21.01.2010
Date of financial settlement	13.01.2010	20.01.2010	27.01.2010	03.02.2010	13.01.2010	27.01.2010
Redemption date	14.04.2010	21.04.2010	28.04.2010	05.05.2010	15.12.2010	15.12.2010
Maximum yield, (%) - ISMA	5.93	5.80	5.72	5.72	5.91	5.95
Minimum yield (%) - ISMA	5.85	5.76	5.65	5.60	5.87	5.68
Average yield (%) - ISMA	5.91	5.78	5.70	5.70	5.90	5.81
Maximum yield, (%) - EHM	6.01	5.88	5.80	5.80	5.99	6.03
Minimum yield (%) - EHM	5.93	5.84	5.73	5.68	5.95	5.76
Average yield (%) - EHM	5.99	5.86	5.78	5.78	5.98	5.89
Average selling price (%)	98.5281	98.5600	98.5796	98.5796	94.7807	95.0600
Amount offered for sale (HUF million)	40,000.00	40,000.00	40,000.00	40,000.00	50,000.00	50,000.00
Amount of bids submitted (HUF million)	229,870.00	144,962.76	146,812.05	138,103.18	141,232.97	84,936.00
Amount of bids accepted (HUF million)	49,999.94	39,999.98	49,999.95	39,999.95	49,999.98	49,999.99
Bid-to-cover ratio	4.60	3.62	2.94	3.45	2.82	1.70
Bids submitted (pcs)	199	107	133	120	130	117
Bids accepted (pcs)	65	20	50	52	29	63
Market sales* (HUF million)	49,999.94	39,999.98	49,999.95	39,999.95	49,999.98	49,999.99
Retained on ÁKK's own account	15,000.06	12,000.02	15,000.05	12,000.05	15,000.02	15,000.01
Total amount issued (HUF million)	65,000.00	52,000.00	65,000.00	52,000.00	65,000.00	65,000.00

*Without issuance onto ÁKK's own account

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



12-month Discount Treasury Bill auctions

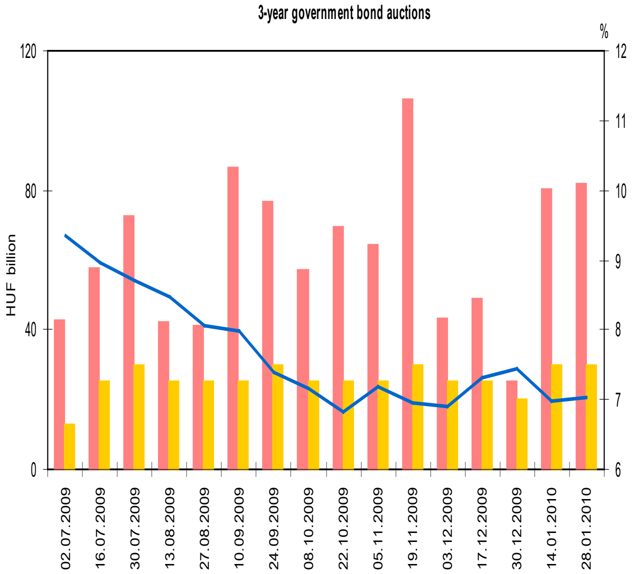


GOVERNMENT BOND AUCTION RESULTS

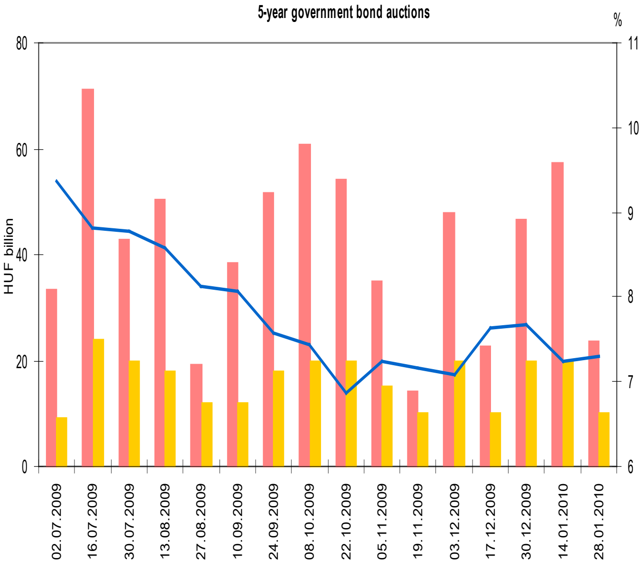
Government Bond	2013/E	2015/A	2019/A	2013/E	2015/A	2019/A
ISIN code	HU0000402466	HU0000402268	HU0000402433	HU0000402466	HU0000402268	HU0000402433
Maturity (in years)	3	5	10	3	5	10
Coupon (%)	7.50%	8.00%	6.50%	7.50%	8.00%	6.50%
Auction	11th auction	37th auction	27th auction	12th auction	38th auction	28th auction
Date of auction	14.01.2010	14.01.2010	14.01.2019	28.01.2010	28.01.2010	28.01.2010
Date of financial settlement	20.01.2010	20.02.2010	20.01.2010	03.02.2010	03.02.2010	03.02.2010
Redemption date	24.10.2013	12.02.2015	24.06.2019	24.10.2013	12.02.2015	24.06.2019
Maximum annual yield (%) - ISMA	6.99	7.27	7.50	7.07	7.33	7.76
Minimum annual yield (%) - ISMA	6.94	7.22	7.45	6.70	7.20	7.68
Average annual yield (%) - ISMA	6.97	7.25	7.48	7.04	7.30	7.71
Maximum annual yield (%) - EHM	6.98	7.27	7.50	7.06	7.33	7.76
Minimum annual yield (%) - EHM	6.93	7.22	7.45	6.70	7.20	7.68
Average annual yield (%) - EHM	6.97	7.25	7.47	7.04	7.30	7.71
Maximum price (%)	101.7530	103.1962	93.6694	102.5110	103.2694	92.2500
Minimum price (%)	101.5904	102.9861	93.3533	101.3137	102.7274	91.7562
Average price (%)	101.6491	103.0699	93.4854	101.4080	102.8458	92.0394
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)	80,191.73	57,220.00	21,441.38	81,651.90	23,765.31	17,260.00
Amount of bids accepted (HUF million)	29,999.94	19,999.96	9,999.96	29,999.93	10,000.00	9,999.98
Bid-to-cover ratio	2.67	2.86	2.14	2.72	2.38	1.73
Bids submitted (pcs)	94	77	55	85	42	37
Bids accepted (pcs)	43	31	34	38	16	23
Tail (average price - minimum price)	0.06	0.08	0.13	0.09	0.12	0.28
Market sales* (HUF million)	29,999.94	19,999.96	9,999.99	29,999.93	10,000.00	9,999.98
Non-competitive offer (HUF million)	3,586.00	460.00	255.00	7,357.00	0.00	0.00
Total amount issued (HUF million)	30,000.00	20,000.00	10,000.00	30,000.00	10,000.00	10,000.00

*Without issuance onto ÁKK's own account

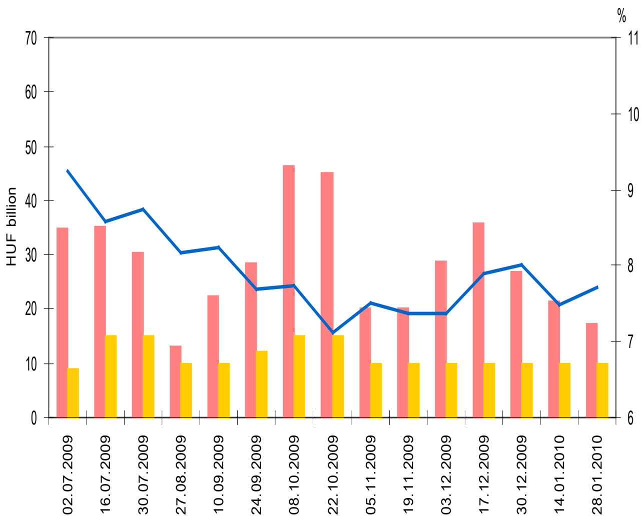
3-year government bond auctions



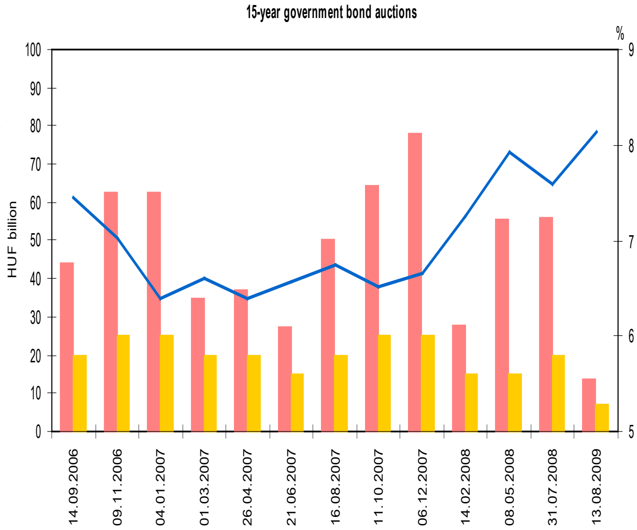
5-year government bond auctions



10-year government bond auctions



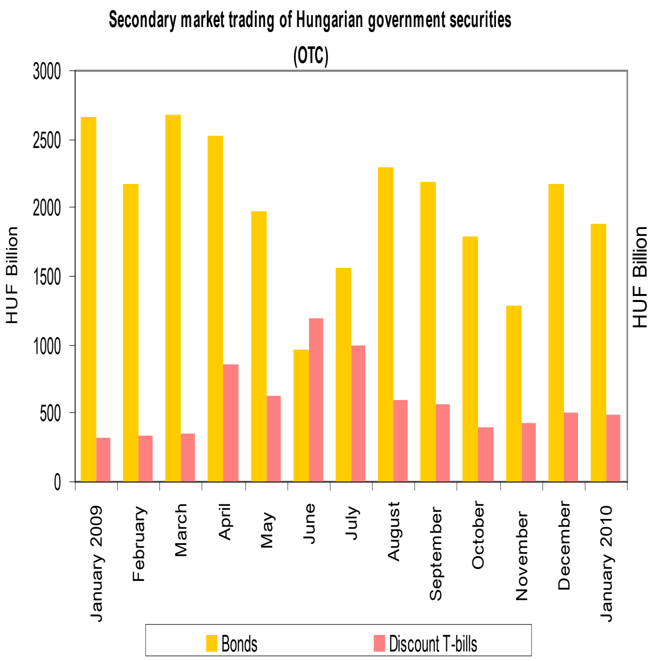
15-year government bond auctions

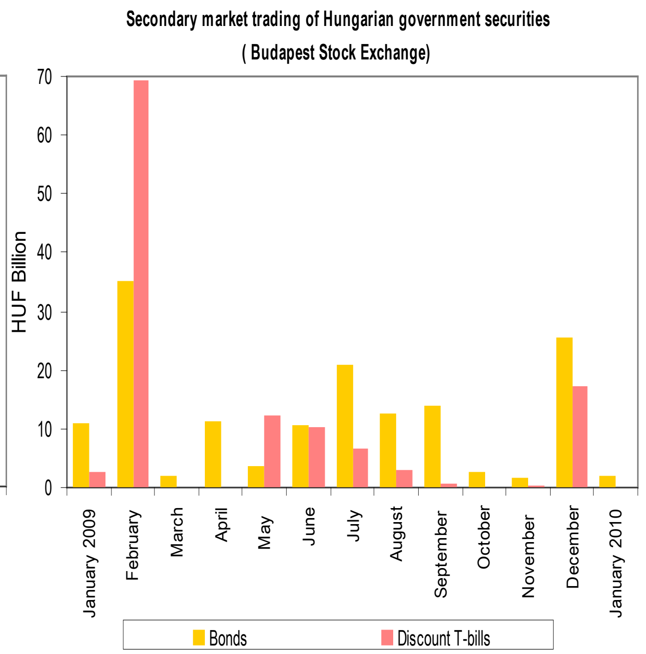


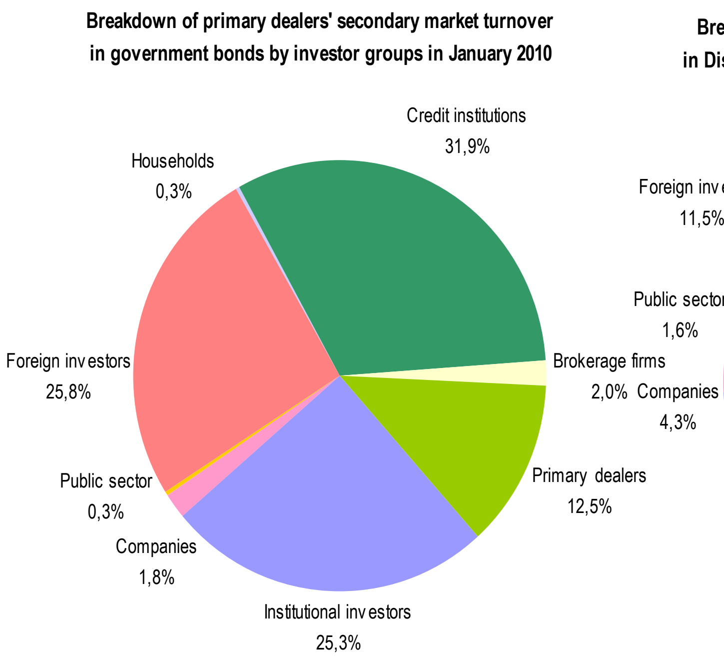
Bids submitted Accepted amount Average yield

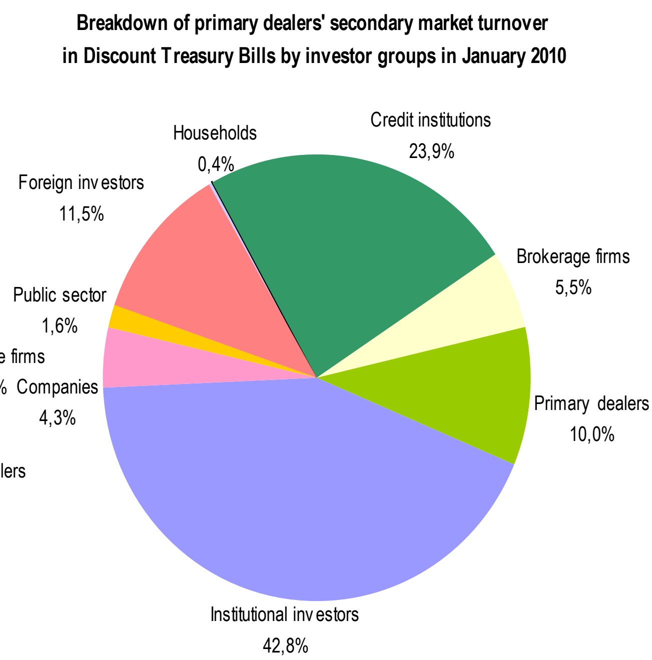
GOVERNMENT SECURITIES BUY-BACK AUCTION RESULTS

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	13.01.2010	13.01.2010	27.01.2010	27.01.2010
Date of financial settlement	20.01.2010	20.01.2010	03.02.2010	03.02.2010
Redemption date	12.04.2010	24.08.2010	12.04.2010	24.08.2010
Minimum annual yield (%)	5.85	5.85	5.80	5.80
Average annual yield - ISMA (%)	5.86	5.85	5.83	5.80
Average annual yield - EHM (%)	5.73	5.78	5.70	5.73
Amount of bids submitted (HUF million)	36,524.68	43,014.28	22,842.78	43,799.36
Amount of bids accepted (HUF million)	14,518.44	3,020.34	1,404.06	12,826.72









GOVERNMENT SECURITIES MARKET

INTEREST RATE RESETS OF FLOATING RATE GOVERNMENT BONDS IN JANUARY 2010

Government Bond	Date of interest rate reset	Interest period		Date of interest payment	Reset interest rate (%)	Interest payable (%)
2016/B	31.12.2009	02.01.2010	02.07.2010	02.07.2010	6.29	3.16
2012/I	18.01.2010	25.01.2010	25.01.2011	25.01.2011	11.60	11.60

HUNGARIAN GOVERNMENT SECURITIES INDICES

	MAX index	RMAX index	MAX Composite index	ZMAX index
Value as at 31 January 2010	406.9977	409.9018	403.5230	409.2710
Changes compared to the end of the month before	7.6630	2.3154	6.5577	1.7792
Annual yield earned on the index portfolio	17.64%	10.81%	16.86%	8.96%

Government securities with the highest secondary market turnover in January 2010

Government security	Date of redemption	Turnover (HUF billion)
2015/A	12.02.2015	347.4
2019/A	24.06.2019	287.6
2017/B	24.02.2017	233.1
2013/D	12.02.2013	188.7
D101215	15.12.2010	171.6
2013/E	24.10.2013	143.7
2011/C	22.04.2011	110.7
2014/C	12.02.2014	104.2
2012/B	12.06.2012	101.8
2012/C	24.10.2012	100.6

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

	HUF billion	
Government bond	31.12.2009	31.01.2010
2013/E	285.22	336.45
2015/A	704.56	751.27
2019/A	483.54	507.26
2023/A	204.20	204.21