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GOVERNMENT DEBT MANAGEMENT AGENCY PTE LTD.

GOVERNMENT SECURITIES MARKET

MONTHLY REPORT

OCTOBER 2010

The balance of the central government amounted to HUF -1135.5 billion in the first ten months of 2010. The net balance of transfers from the European Union (EU) worth HUF 2.8 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 1,102.6 billion in 2010. Net issuance was HUF 598.6 billion; out of which net HUF-denominated issuance was HUF 568.3 billion and net foreign currency denominated issuance was HUF 30.3 billion.

	2009		2010		Change	
HUF billion	December	%	October	%	HUF billion	%
Foreign exchange denominated debt	8,468.5	44.7	8,665.9	43.6	197.4	2.3
Government securities	4,354.0	23.0	4,467.4	22.5	113.4	2.6
Loans	4,114.5	21.7	4,198.5	21.1	83.9	2.0
HUF denominated debt	10,476.2	55.2	11,045.5	55.5	569.3	5.4
Government securities	10,037.5	52.9	10,504.7	52.8	467.2	4.7
Loans	438.7	2.3	540.8	2.7	102.1	23.3
Total	18,944.8	99.9	19,711.4	99.1	766.6	4.0
Other obligations	20.1	0.1	184.4	0.9	164.3	817.4
Total central government debt	18,964.9	100.0	19,895.7	100.0	930.9	4.9
Out of the international loan program was placed in NBH or in commercial banks	1,124.8		940.7		-184.1	

The HUF denominated debt of the central government increased by HUF 569.3 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 278.0 billion and net discount Treasury bills issuance of HUF 207.4 billion, while the total amount of retail government securities decreased by HUF 14.1 billion. The HUF 102.1 billion increase in the volume of HUF loans in the first ten 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 197.4 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 167.1 billion increased the Hungarian Forint value of the foreign currency debt in 2010.

Out of the international loan program HUF 940.7 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 164.3 billion in October 2010.

Secondary market yields in October:

Benchmark yields

Maturity	31.12.2009.	30.09.2010.	31.10.2010.	Change, basis points
3-month	6.07	5.35	5.35	0
6-month	6.08	5.50	5.45	-5
1-year	6.05	5.73	5.77	4
3-year	7.41	6.44	6.60	16
5-year	7.59	6.53	6.81	28
10-year	7.99	6.79	7.03	24
15-year	7.90	6.76	7.02	26

Monthly OTC turnover of government securities was 15 % lower in October than a month before and reached HUF 2,278.8 billion. Primary dealers, who account for the decisive part of all secondary government securities trading, made 42% of their secondary government securities deals with non-resident investors.

The volume of non-residents' holdings of Hungarian government securities increased altogether by HUF 75.5 billion in October, and amounted to HUF 2,454.0 billion at the end of the month. This volume represented 24.4% 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 273.69 at the last working day of October.

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).

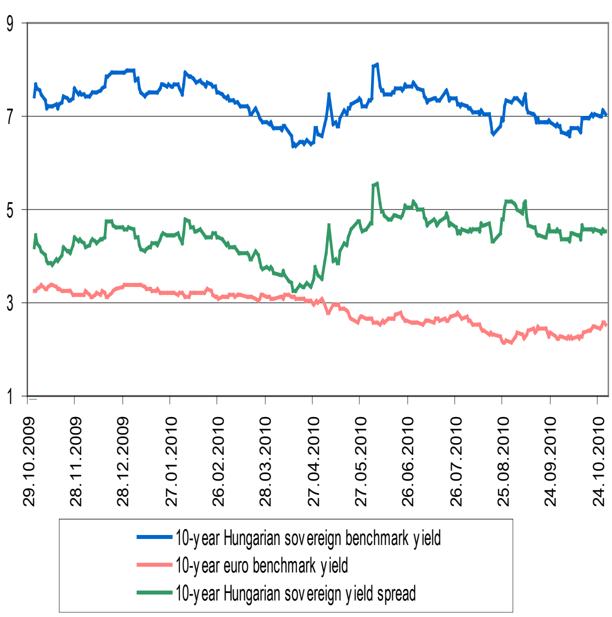
CENTRAL GOVERNMENT GROSS DEBT

HUF BILLION

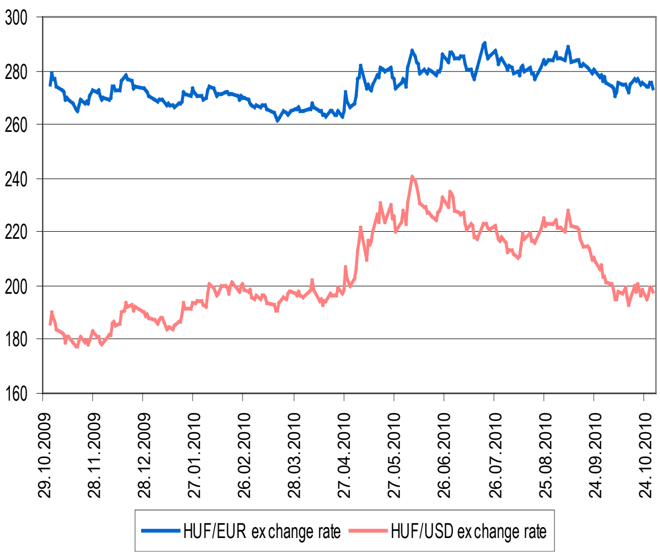
	2004	2005	2006	2007	2008	2009	August 2010	September 2010	October 2010
1. Forint denominated debt	8,608.8	9,153.5	10,552.3	11,103.8	11,250.6	10,476.2	10,742.5	11,024.3	11,045.5
1.1. Loans	4.7	0.8	356.4	145.7	219.9	438.7	540.8	540.8	540.8
1.2. Government securities	8,604.2	9,152.7	10,195.9	10,958.1	11,030.7	10,037.5	10,201.7	10,483.4	10,504.7
1.2.1. Public issues	7,860.6	8,418.8	9,667.5	10,465.4	10,599.7	9,613.2	9,780.8	10,063.4	10,084.6
1.2.1.1. Bonds	5,768.9	6,299.1	7,244.2	8,245.3	8,570.6	7,519.2	7,731.0	7,860.9	7,797.3
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	1,616.6	1,774.2	1,854.8
1.2.1.3. Retail securities	628.4	588.7	667.4	555.2	546.4	446.6	433.2	428.2	432.6
1.2.2. Private placements	743.6	733.9	528.4	492.7	431.0	424.3	420.9	420.1	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	9,422.3	8,781.6	8,665.9
2.1. Loans	916.8	720.6	803.7	846.5	2,529.4	4,112.7	4,460.7	4,254.8	4,198.5
2.1.1. Foreign loans	528.9	616.9	700.1	838.8	2,529.4	4,112.7	4,460.7	4,254.8	4,198.5
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	4,961.6	4,526.8	4,467.4
2.2.1. Issued abroad	2,066.8	2,870.1	3,320.7	3,626.1	4,245.5	4,354.0	4,961.6	4,526.8	4,467.4
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	4,961.5	4,526.8	4,467.3
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	20,164.8	19,805.9	19,711.4
Other liabilities		21.4	29.0	9.1	78.5	20.1	285.0	247.2	184.4
Total central government debt		12,765.6	14,705.7	15,585.5	18,103.9	18,963.1	20,449.8	20,053.1	19,895.7
Foreign currency deposits from the international loan program placed at the NBH					*1,483.6*	*1,124.8*	*1,200.8*	*957.6*	*940.7*
Government debt adjusted with foreign currency deposits					16,620.3	17,838.3	19,249.0	19,095.5	18,955.0
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*	*9,768.5*	*10,055.2*	*10,072.1*
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.

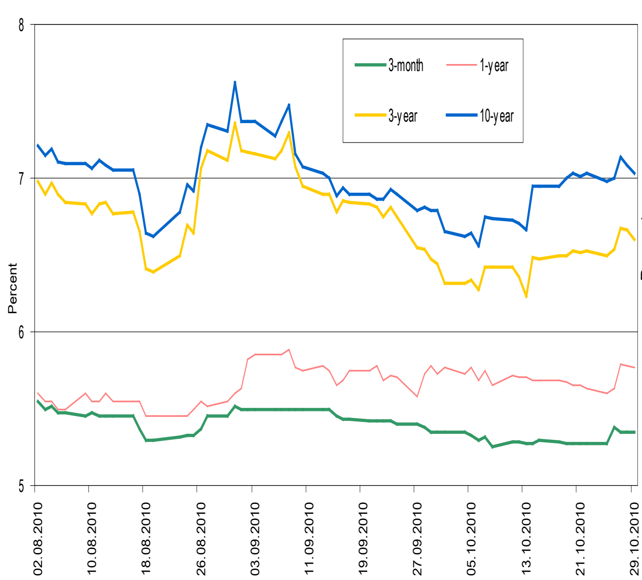
10-year Hungarian and eurozone benchmark yields during the last year



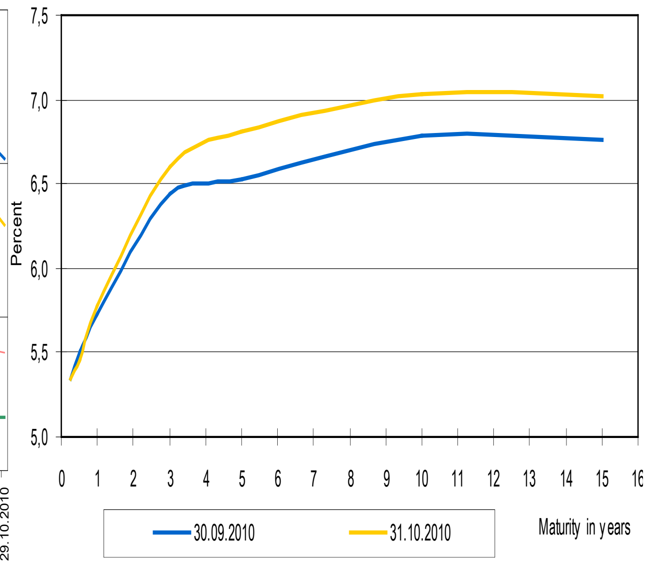
The exchange rate of the Hungarian Forint during the last year



Benchmark yields in the past three months

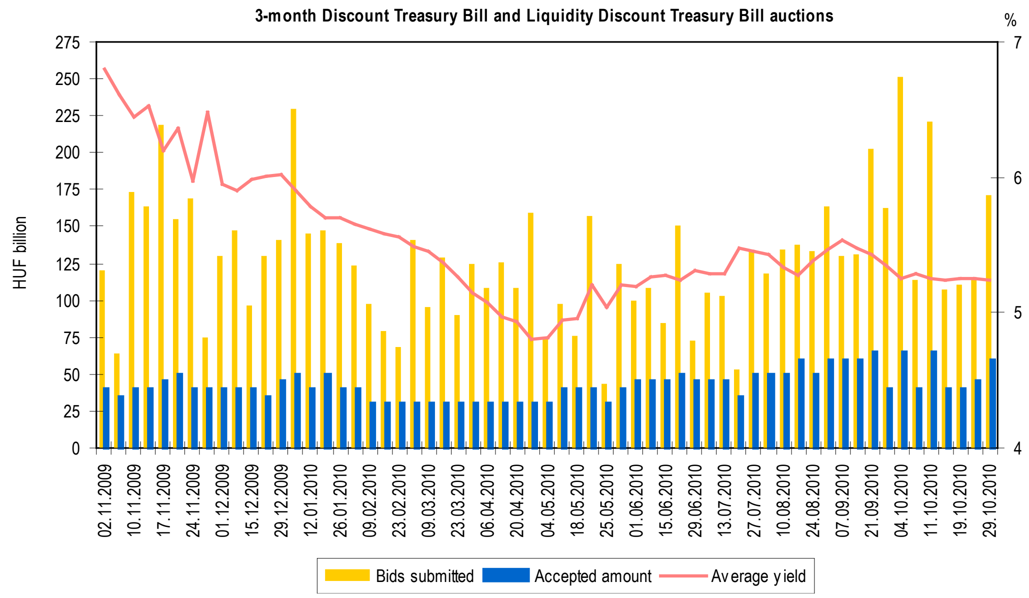


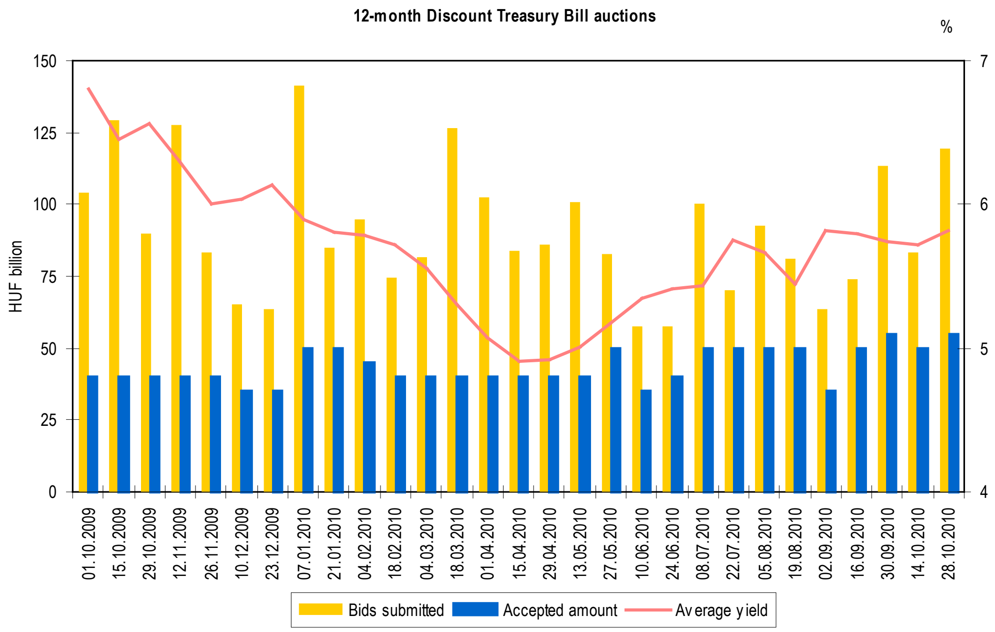
Benchmark yield curves



DISCOUNT TREASURY BILL AUCTION RESULTS

	Liquidity Discount T-bills			3-month Discount T-bills				12-month Discount T-bills	
Code of T-bills	D101124	D101124	D101222	D110112	D110119	D110126	D110202	D110921	D110921
ISIN code	HU0000518014	HU0000518014	HU0000518048	HU0000518089	HU0000518097	HU0000517735	HU0000518113	HU0000518055	HU0000518055
Maturity in days	49	42	49	91	91	91	91	336	322
Date of auction	04.10.2010	11.10.2010	29.10.2010	05.10.2010	12.10.2010	19.10.2010	26.10.2010	14.10.2010	28.10.2010
Date of financial settlement	06.10.2010	13.10.2010	03.11.2010	13.10.2010	20.10.2010	27.10.2010	03.11.2010	20.10.2010	03.11.2010
Redemption date	24.11.2010	24.11.2010	22.12.2010	13.01.2011	19.01.2011	26.01.2011	02.02.2011	21.09.2011	21.09.2011
Maximum yield, (%) - ISMA	5.27	5.27	5.25	5.31	5.27	5.28	5.27	5.76	5.85
Minimum yield (%) - ISMA	5.16	5.20	5.19	5.25	5.20	5.19	5.20	5.63	5.63
Average yield (%) - ISMA	5.25	5.26	5.24	5.28	5.24	5.26	5.25	5.72	5.82
Maximum yield, (%) - EHM	5.34	5.34	5.32	5.38	5.34	5.35	5.34	5.84	5.93
Minimum yield (%) - EHM	5.23	5.27	5.26	5.32	5.27	5.26	5.27	5.71	5.71
Average yield (%) - EHM	5.32	5.33	5.31	5.35	5.31	5.33	5.32	5.80	5.90
Average selling price (%)	99.2905	99.3901	99.2918	98.6829	98.6928	98.6878	98.6903	94.9319	95.0519
Amount offered for sale (HUF million)	50,000.00	50,000.00	50,000.00	40,000.00	40,000.00	40,000.00	40,000.00	50,000.00	50,000.00
Amount of bids submitted (HUF million)	251,300.00	221,400.00	170,090.00	113,958.27	107,588.06	110,517.04	114,088.06	83,022.00	119,510.51
Amount of bids accepted (HUF million)	64,999.97	64,999.96	59,999.97	39,999.94	39,999.92	39,999.94	44,999.91	49,999.97	54,999.92
Bid-to-cover ratio	3.87	3.41	2.83	2.85	2.69	2.76	2.54	1.66	2.17
Bids submitted (pcs)	89	68	62	143	110	100	108	94	175
Bids accepted (pcs)	28	33	21	63	56	65	56	70	97
Market sales* (HUF million)	64,999.97	64,999.96	59,999.97	39,999.94	39,999.92	39,999.92	44,999.91	49,999.97	54,999.92
Retained on ÁKK's own account	0.03	0.04	0.03	12,000.06	12,000.08	12,000.08	13,500.09	15,000.03	16,500.08
Total amount issued (HUF million)	65,000.00	65,000.00	60,000.00	52,000.00	52,000.00	52,000.00	58,500.00	65,000.00	71,500.00



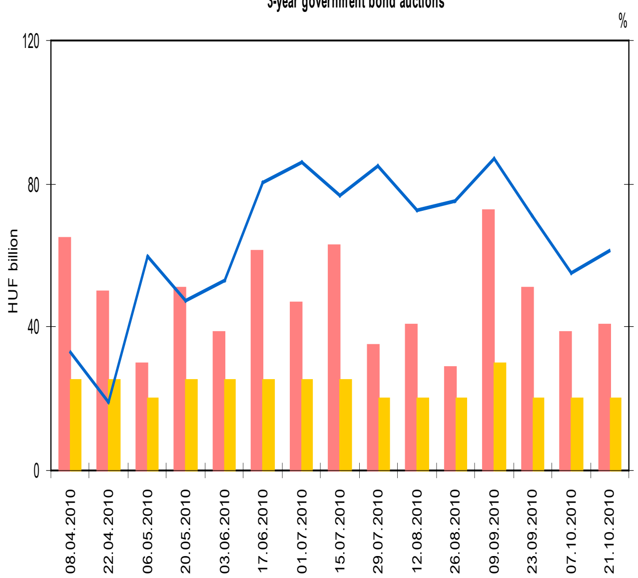


GOVERNMENT BOND AUCTION RESULTS

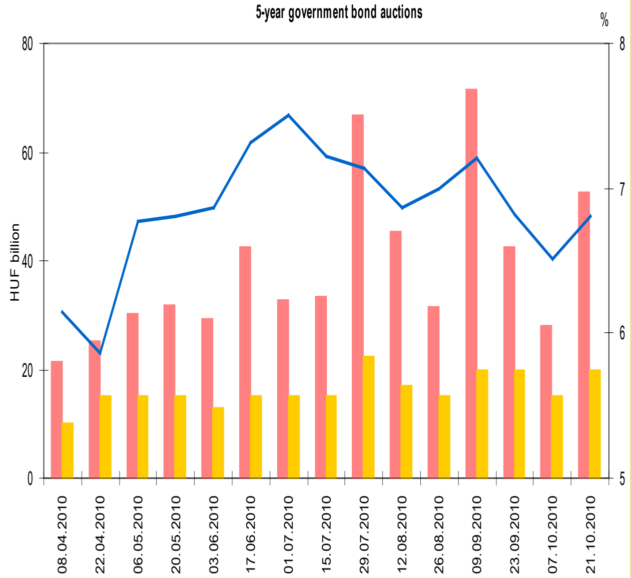
Government Bond	2014/C	2016/C	2020/A	2015/B	2014/C	2016/C	2020/A
ISIN code	HU0000402193	HU0000402318	HU0000402235	HU0000402482	HU0000402193	HU0000402318	HU0000402235
Maturity (in years)	3	5	10	5	3	5	10
Coupon (%)	5.50%	5.50%	7.50%	5.44%	5.50%	5.50%	7.50%
Auction	29th auction	26th auction	26th auction	3rd auction	30th auction	27th auction	27th auction
Date of auction	07.10.2010	07.10.2010	07.10.2010	14.10.2010	21.10.2010	21.10.2010	21.10.2010
Date of financial settlement	13.10.2010	13.10.2010	13.10.2010	20.10.2010	27.10.2010	27.10.2010	27.10.2010
Redemption date	12.02.2014	12.02.2016	12.11.2020	22.12.2015	12.02.2014	12.02.2016	12.11.2020
Maximum annual yield (%) - ISMA	6.41	6.54	6.70		6.55	6.83	7.06
Minimum annual yield (%) - ISMA	6.35	6.47	6.61		6.40	6.79	7.00
Average annual yield (%) - ISMA	6.38	6.51	6.66		6.53	6.81	7.03
Maximum annual yield (%) - EHM	6.40	6.54	6.69		6.54	6.83	7.05
Minimum annual yield (%) - EHM	6.34	6.47	6.60		6.39	6.79	6.99
Average annual yield (%) - EHM	6.38	6.50	6.66		6.53	6.81	7.03
Maximum price (%)	97.4782	95.7000	106.3842	97.5000	97.3640	94.3797	103.5118
Minimum price (%)	97.3056	95.4012	105.7123	96.6500	96.9387	94.2129	103.0804
Average price (%)	97.3863	95.5444	105.9824	96.9800	96.9928	94.2774	103.2886
Amount offered for sale (HUF million)	20,000.00	15,000.00	15,000.00	7,000.00	20,000.00	15,000.00	15,000.00
Amount of bids submitted (HUF million)	38,785.74	27,950.00	20,780.00	25,700.00	40,877.00	52,475.31	46,353.00
Amount of bids accepted (HUF million)	19,999.97	14,999.98	14,999.97	7,000.00	19,999.95	19,999.95	19,999.97
Bid-to-cover ratio	1.94	1.86	1.39	3.67	2.04	2.62	2.32
Bids submitted (pcs)	88	43	47	33	99	78	63
Bids accepted (pcs)	51	29	32	10	57	31	39
Tail (average price - minimum price)	0.08	0.14	0.27	0.33	0.05	0.06	0.21
Market sales* (HUF million)	19,999.97	14,999.98	14,999.97	7,000.00	19,999.95	19,999.95	19,999.97
Non-competitive offer (HUF million)	478.00	213.00	0.00	2,200.00	6,994.00	7,258.00	7,354.00
Total amount issued (HUF million)	24,000.00	15,000.00	15,000.00	14,000.00	28,000.00	20,000.00	28,000.00

*Without issuance onto ÁKK's own account

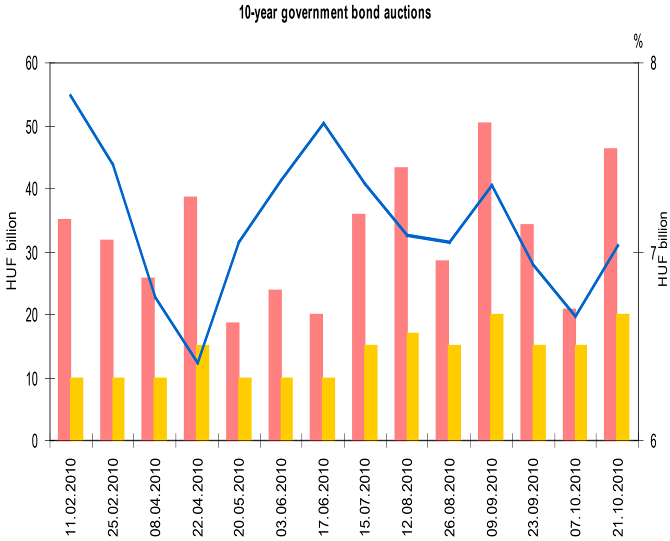
3-year government bond auctions



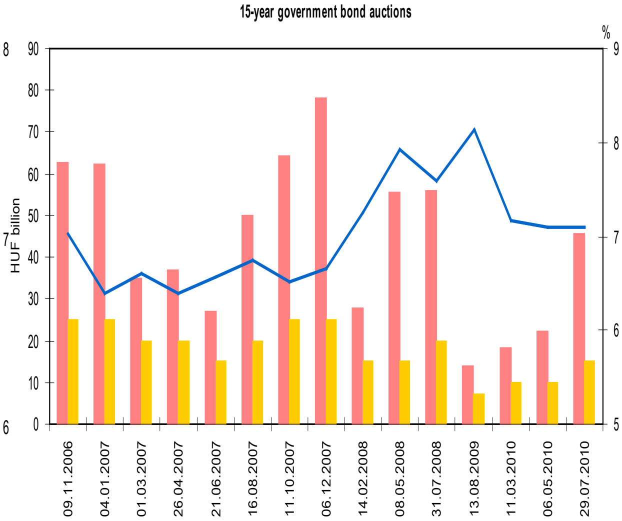
5-year government bond auctions



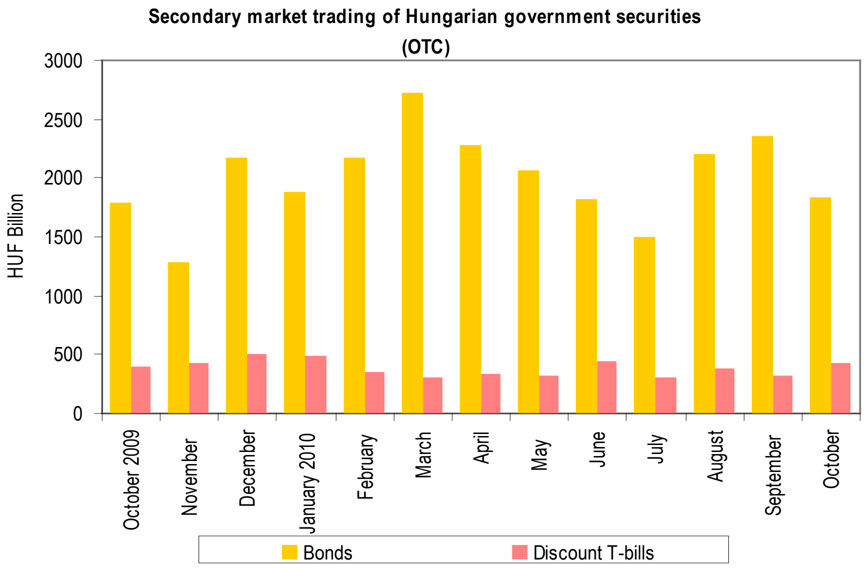
10-year government bond auctions

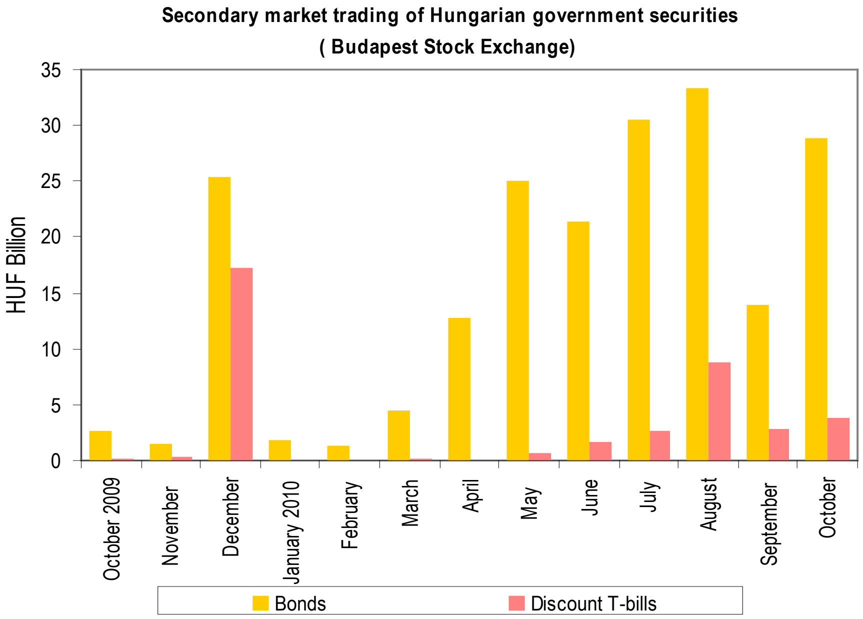


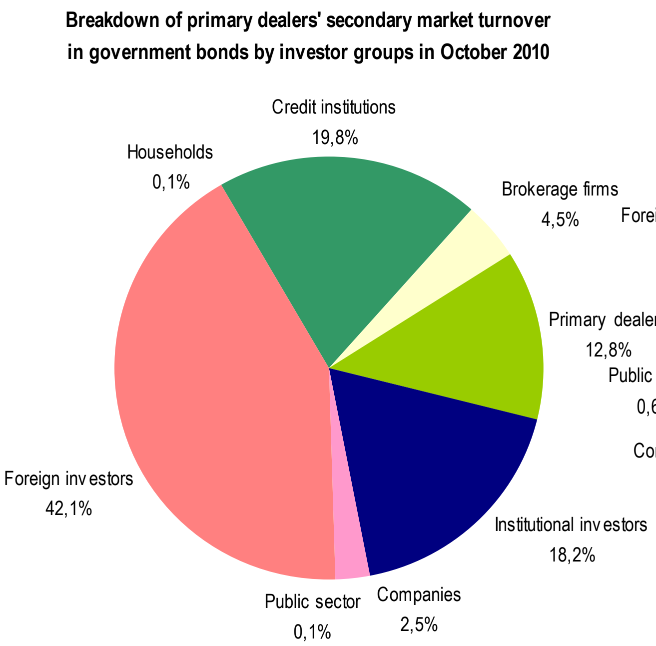
15-year government bond auctions

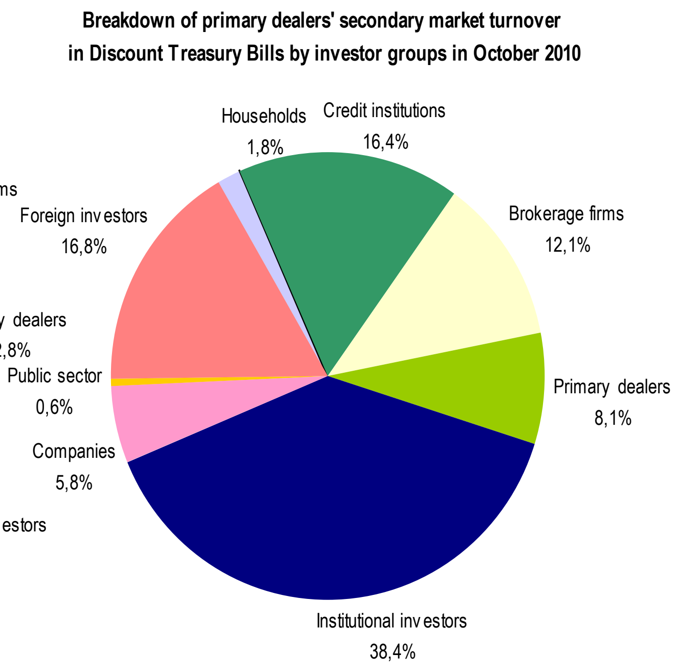


Bids submitted | Accepted amount | Average yield


Secondary market trading of Hungarian government securities
(OTC)
HUF Billion
3000
2500
2000
1500
1000
500
0
October 2009
November
December
January 2010
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
35
30
25
20
15
10
5
0
October 2009
November
December
January 2010
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 2010
Credit institutions
19,8%
Households
0,1%
Brokerage firms
4,5%
Primary dealers
12,8%
Institutional investors
18,2%
Companies
2,5%
Public sector
0,1%
Foreign investors
42,1%


Breakdown of primary dealers' secondary market turnover
in Discount Treasury Bills by investor groups in October 2010
Households
1,8%
Credit institutions
16,4%
Brokerage firms
12,1%
Foreign investors
16,8%
Primary dealers
8,1%
Public sector
0,6%
Companies
5,8%
Institutional investors
38,4%

INTEREST RATE RESETS OF FLOATING RATE GOVERNMENT BONDS IN OCTOBER 2010

Government Bond	Date of interest rate reset	Interest period		Date of interest payment	Reset interest rate (%)	Interest payable (%)
2026/C	25.10.2010	24.10.2010	24.04.2011	26.04.2011	5.45	2.76
2026/B	22.10.2010	24.10.2010	24.04.2011	26.04.2011	5.45	5.48

HUNGARIAN GOVERNMENT SECURITIES INDICES

	MAX index	RMAX index	MAX Composite index	ZMAX index
Value as at 31 October 2010	437.1476	427.1432	431.9879	426.1322
Changes compared to the end of the month before	-0.6170	1.9939	-0,1726	1.9225
Annual yield earned on the index portfolio	9.41%	6.28%	9.15%	5.85%

Government securities with the highest secondary market turnover in October 2010

Government security	Date of redemption	Turnover (HUF billion)
2015/A	12.02.2015	287.8
2020/A	12.11.2020	267.6
2017/B	24.02.2017	238.0
2019/A	24.06.2019	206.1
2016/C	12.02.2016	186.9
2013/E	24.10.2013	169.1
2013/D	12.02.2013	149.9
2014/C	12.02.2014	149.2
2012/C	24.10.2012	122.1
D110921	21.09.2011	116.1

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

	HUF billion	
Government bond	30.09.2010	30.10.2010
2014/C	602.49	649.99
2016/C	655.41	698.03
2020/A	425.72	468.08
2023/A	255.99	270.00