ÁKK

GOVERNMENT DEBT MANAGEMENT AGENCY PTE LTD.

GOVERNMENT SECURITIES MARKET

MONTHLY REPORT

NOVEMBER 2007

The deficit of the central government - without debt assumption - amounted to HUF 1281.2 billion in the first eleven months of 2007. The cash inflows worth HUF 202.2 billion from the EAGGF fund of the European Union decreased, while the capital transfer to the NBH worth HUF 20.6 billion increased the net borrowing requirement. Thus the total net borrowing requirement amounted to HUF 1099.6 billion till the end of November. Net issuance was HUF 1003.1 billion, out of which net HUF denominated issuance was HUF 574.3 billion, net foreign currency denominated issuance was HUF 428.8 billion in the first eleven months of the year. The privatisation revenues from the FHB (a Hungarian mortgage bank) in the amount of HUF 67 billion and the inflows from the EU for non-agricultural development purposes also increased the liquidity of the STA.

The HUF denominated debt of the central government increased by HUF 572.6 billion till the end of November (the difference between net change and net issuance was caused by the change in the stock of matured but unclaimed securities). Government bonds accounted for HUF 928.3 billion, while the stock of Discount Treasury bills and retail government securities decreased by HUF 90.3 billion and HUF 103.1 billion respectively. The stock of non-marketable government bonds decreased by HUF 6.9 billion due to redemption. In the above period debt assumption took place in the amount of HUF 58.2 billion, loan prepayment amounted to HUF 334.0 billion and loans in Hungarian Forint were drawn in the amount of HUF 120.5 billion from international financial institutions. These transactions resulted in the drop of the stock of HUF denominated loans by HUF 155.4 billion to HUF 201.1 billion by the end of November.

The foreign currency debt of the central government increased by HUF 443.8 billion till the end of November. The redemptions of foreign currency loans worth HUF 39.9 billion decreased, while the HUF 297.1 billion bond issuance, the drawdown of foreign currency denominated loans worth HUF 172.4 billion and the exchange rate losses totalling HUF 14.9 billion increased the Hungarian Forint value of the foreign currency debt.

Secondary market benchmark yields increased on all maturities in November. The 1-year yield increased by 20 basis points to 7.27%, the 3-year and 10-year yield increased by 40 and 27 basis points to 7.33% and 6.83% respectively.

Monthly OTC turnover of government securities was 11% lower in November than a month before and reached HUF 4,301.5 billion. Primary dealers, who account for the decisive part of all secondary government securities trading, made 44% of their secondary government securities deals with non-resident investors.

Non-resident holdings of Hungarian government securities decreased altogether by HUF 72.4 billion and amounted to HUF 3,172.0 billion at the end of November. This represented 30.6% of domestic government bonds and Discount Treasury bills.

The EUR/HUF exchange rate according to the Hungarian National Bank was 253.43 on the last working day of November.

The credit rating of the long-term foreign currency debt of the Republic of Hungary was BBB+ (Standard & Poor's); A2 (Moody's); BBB+ (Fitch) on 30 November 2007.

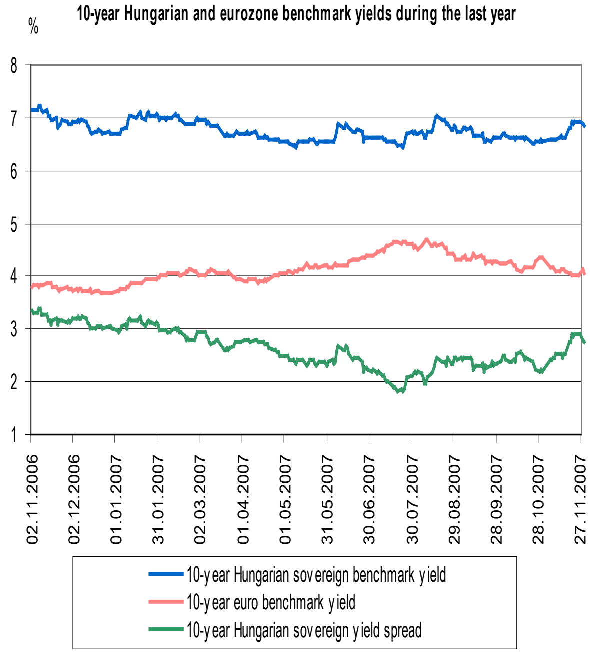
CENTRAL GOVERNMENT GROSS DEBT

HUF BILLION

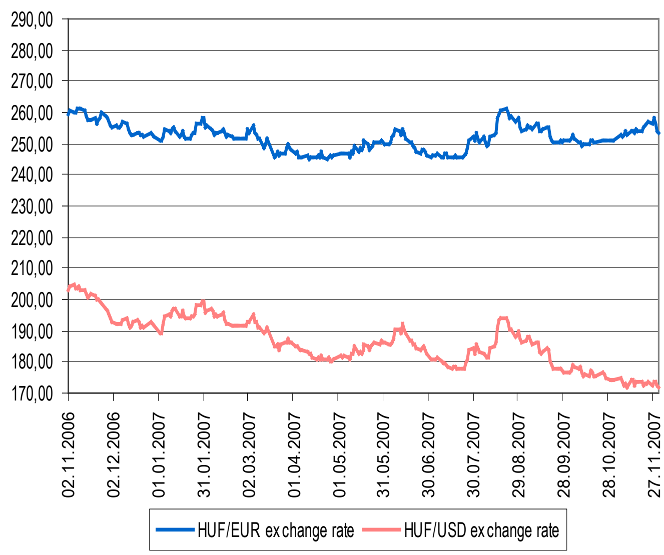
	2001	2002	2003	2004	2005	2006	September 2007	October 2007	November 2007
1. Forint denominated debt	5,397.4	6,956.9	8,008.7	8,608.8	9,153.5	10,552.3	11,006.9	10,997.7	11,125.0
1.1. Loans	228.3	353.2	117.9	4.7	0.8	356.4	159.1	201.1	201.1
1.2. Government securities	5,169.1	6,603.7	7,890.8	8,604.2	9,152.7	10,195.9	10,847.8	10,796.6	10,923.9
1.2.1. Public issues	4,360.0	5,826.3	7,131.5	7,860.6	8,418.8	9,667.5	10,325.5	10,275.1	10,402.4
1.2.1.1. Bonds	2,782.0	3,829.2	5,056.5	5,768.9	6,299.1	7,244.2	8,064.8	8,059.7	8,172.5
1.2.1.2. Discount T-bills	1,033.3	1,436.8	1,541.4	1,463.3	1,530.9	1,755.9	1,679.1	1,643.9	1,665.6
1.2.1.3. Retail securities	544.7	560.3	533.5	628.4	588.7	667.4	581.6	571.5	564.3
1.2.2. Private placements	809.1	777.4	759.3	743.6	733.9	528.4	522.3	521.5	521.5
2. Foreign currency denominated debt*	2,322.1	2,267.3	2,579.0	2,983.5	3,590.7	4,124.4	4,437.8	4,526.8	4,568.2
2.1. Loans	1,410.4	1,394.3	1,084.1	916.8	720.6	803.7	886.6	932.4	940.9
2.1.1. Foreign loans	317.8	461.9	598.8	528.9	616.9	700.1	783.6	829.3	836.9
2.1.2. Domestic loans	1,092.6	932.3	485.3	387.8	103.8	103.6	102.9	103.1	104.0
2.1.2.1. Raised from National Bank of Hungary (NBH)	1,092.6	849.6	466.5	355.7	96.1	95.9	95.3	95.5	96.3
2.1.2.2. Other loans	0.0	82.8	18.8	32.2	7.7	7.7	7.6	7.6	7.7
2.2. Government securities	911.7	873.0	1,494.9	2,066.8	2,870.1	3,320.7	3,551.2	3,594.4	3,627.3
2.2.1. Issued abroad	911.7	873.0	1,494.9	2,066.8	2,870.1	3,320.7	3,551.2	3,594.4	3,627.3
2.2.1.1. Foreign currency bonds	911.5	872.9	1,494.7	2,066.7	2,870.0	3,320.6	3,551.1	3,594.3	3,627.2
2.2.1.2. Kingdom of Hungary 1924 issues	0.3	0.2	0.1	0.1	0.1	0.1	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	0.0
Total	7,719.5	9,224.2	10,587.7	11,592.4	12,744.2	14,676.7	15,444.6	15,524.5	15,693.1
Other liabilities					21.4	29.0	18.9	18.9	19.0
Total central government debt					12,765.6	14,705.7	15,463.5	15,543.4	15,712.1
Marketable HUF debt (1.2.1.1+1.2.1.2.+1.2..2.)	*4,624.4*	*6,043.4*	*7,357.3*	*7,975.8*	*8,563.9*	*9,528.4*	*10,266.2*	*10,225.1*	*10,359.6*
Gross debt/GDP	*50.5%*	*53.6%*	*55.9%*	*56.0%*	*57.9%*	*61.9%*			

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

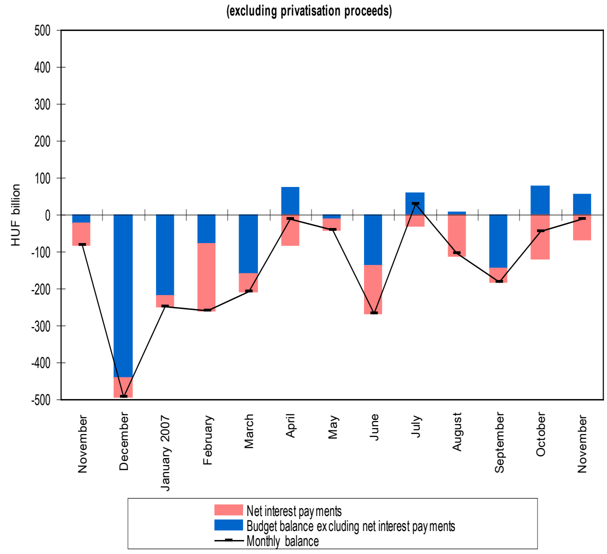
10-year Hungarian and eurozone benchmark yields during the last year



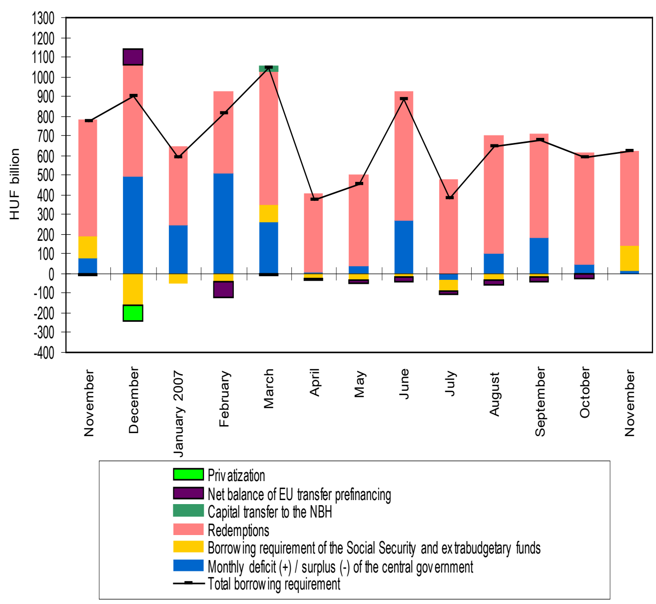
The exchange rate of the Hungarian Forint during the last year



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



Gross borrowing requirement

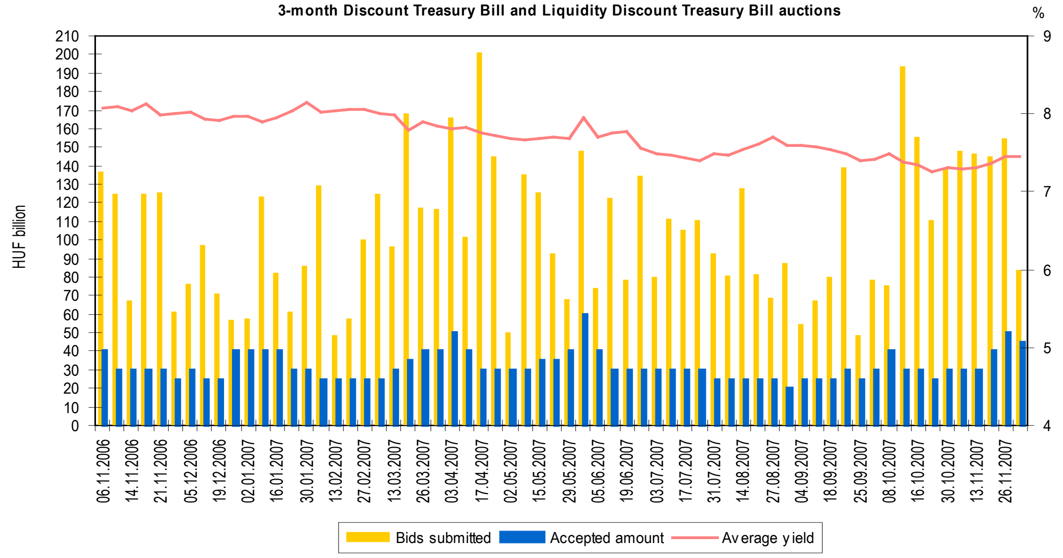


DISCOUNT TREASURY BILL AUCTION RESULTS

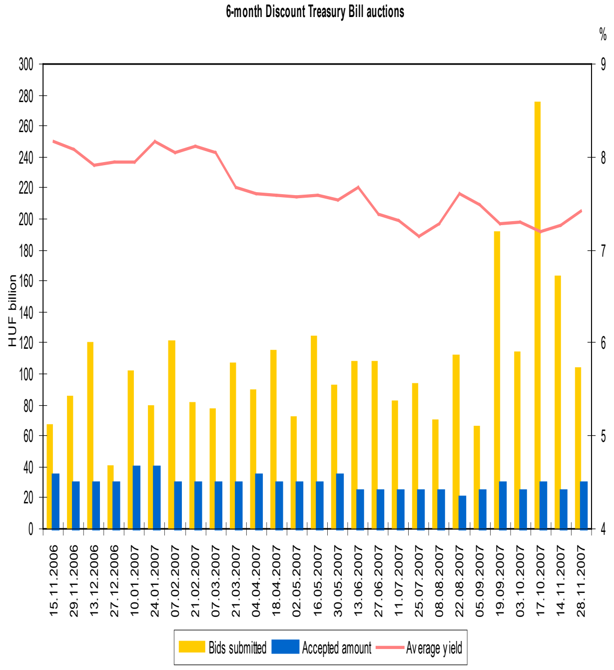
	Liquidity Discount T-Bills	3-month Discount T-bills				6-month Discount T-bills		12-month Discount T-bills	
Code of T-bills	D071227	D080213	D080220	D080227	D080305	D080604	D080604	D081022	D081022
ISIN code	HU0000516497	HU0000516422	HU0000516588	HU0000516604	HU0000516612	HU0000516596	HU0000516596	HU0000516554	HU0000516554
Maturity in days	29	91	91	91	91	196	182	336	322
Date of auction	26.11.2007	06.11.2007	13.11.2007	20.11.2007	27.11.2007	14.11.2007	28.11.2007	15.11.2007	29.11.2007
Date of financial settlement	28.11.2007	14.11.2007	21.11.2007	28.11.2007	05.12.2007	21.11.2007	05.12.2007	21.11.2007	05.12.2007
Redemption date	27.12.2007	13.02.2008	20.02.2008	27.02.2008	05.03.2008	04.06.2008	04.06.2008	22.10.2008	22.10.2008
Maximum yield, (%) - ISMA	7.50	7.31	7.34	7.38	7.49	7.28	7.43	7.27	7.37
Minimum yield (%) - ISMA	7.40	7.28	7.25	7.32	7.40	7.25	7.36	7.23	7.33
Average yield (%) - ISMA	7.46	7.30	7.32	7.36	7.46	7.27	7.41	7.25	7.36
Maximum yield, (%) - EHM	7.60	7.41	7.44	7.48	7.59	7.38	7.53	7.37	7.47
Minimum yield (%) - EHM	7.50	7.38	7.35	7.42	7.50	7.35	7.46	7.33	7.43
Average yield (%) - EHM	7.56	7.40	7.42	7.46	7.56	7.37	7.51	7.35	7.46
Average selling price (%)	99.4026	98.1882	98.1833	98.1735	98.1492	96.1926	96.3891	93.6622	93.8235
Amount offered for sale (HUF m)	40,000.00	30,000.00	30,000.00	30,000.00	45,000.00	25,000.00	30,000.00	40,000.00	45,000.00
Amount of bids submitted (HUF m)	154,368.50	147,922.79	146,848.67	145,233.16	83,630.04	163,340.00	104,385.04	138,469.95	136,340.00
Amount of bids accepted (HUF m)	49,999.96	29,999.93	29,999.96	39,999.95	45,000.00	24,999.93	29,999.97	44,999.93	44,999.94
Bid-to-cover ratio	3.09	4.93	4.89	3.63	1.86	6.53	3.48	3.08	3.03
Bids submitted (pcs)	54	153	141	103	76	118	79	97	91
Bids accepted (pcs)	53	52	54	43	53	36	21	34	44
Market sales* (HUF million)	49,999.96	29,999.93	29,999.96	39,999.95	45,000.00	24,999.93	29,999.97	44,999.93	44,999.94
Retained on ÁKK's own account	0.04	3,000.07	3,000.04	4,000.05	4,500.00	7,500.07	6,000.03	9,000.07	9,000.06
Total amount issued (HUF million)	50,000.00	33,000.00	33,000.00	44,000.00	49,500.00	32,500.00	36,000.00	54,000.00	54,000.00

*Without issuance onto ÁKK's own account

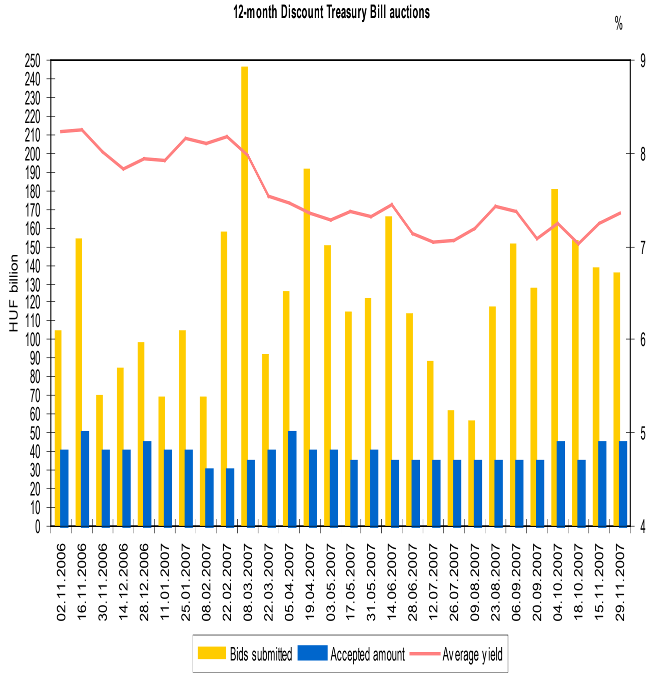
3-month Discount Treasury Bill and Liquidity Discount Treasury Bill auctions



6-month Discount Treasury Bill auctions



12-month Discount Treasury Bill auctions

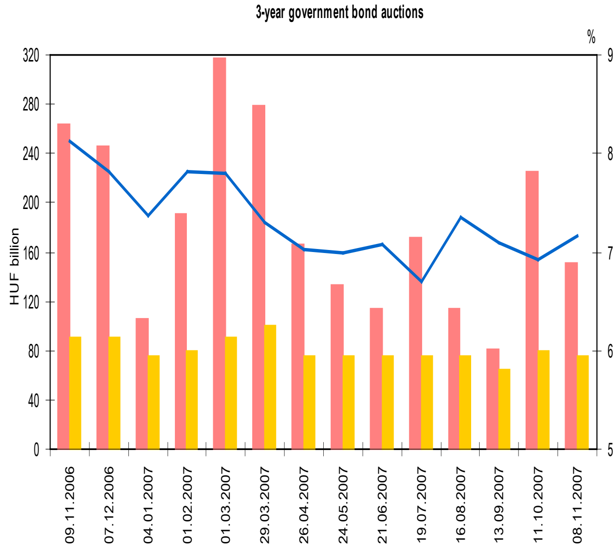


GOVERNMENT BOND AUCTION RESULTS

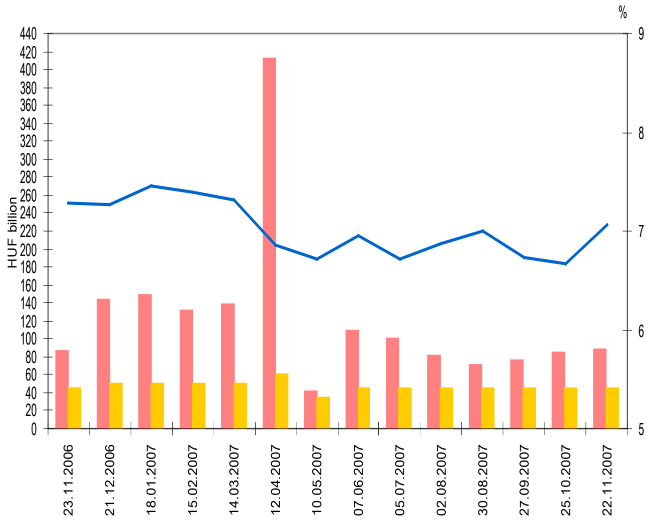
Government Bond	2010/D	2012/C	2017/B
ISIN code	HU0000402409	HU0000402417	HU0000402375
Maturity (in years)	3	5	10
Coupon (%)	6.25%	6.00%	6.75%
Auction	6th auction	5th auction	6th auction
Date of auction	08.11.2007	22.11.2007	22.11.2007
Date of financial settlement	14.11.2007	28.11.2007	28.11.2007
Redemption date	24.08.2010	24.10.2012	24.02.2017
Maximum annual yield (%) - ISMA	7.19	7.06	6.93
Minimum annual yield (%) - ISMA	7.04	7.03	6.90
Average annual yield (%) - ISMA	7.16	7.05	6.92
Maximum annual yield (%) - EHM	7.18	7.07	6.94
Minimum annual yield (%) - EHM	7.03	7.04	6.91
Average annual yield (%) - EHM	7.15	7.06	6.93
Maximum price (%)	97.9781	95.7915	98.8918
Minimum price (%)	97.6156	95.6739	98.6933
Average price (%)	97.6867	95.7303	98.7810
Amount offered for sale (HUF million)	75,000.00	45,000.00	40,000.00
Amount of bids submitted (HUF million)	150,962.05	88,100.00	100,180.00
Amount of bids accepted (HUF million)	74,999.94	44,999.97	39,999.95
Bid-to-cover ratio	2.01	1.96	2.50
Bids submitted (pcs)	137	62	104
Bids accepted (pcs)	96	17	29
Tail (average price - minimum price)	0.07	0.06	0.09
Market sales* (HUF million)	74,999.94	44,999.97	39,999.95
Retained on ÁKK's own account (HUF million)	0.06	0.03	0.05
Total amount issued (HUF million)	75,000.00	45,000.00	40,000.00

*Without issuance onto ÁKK's own account

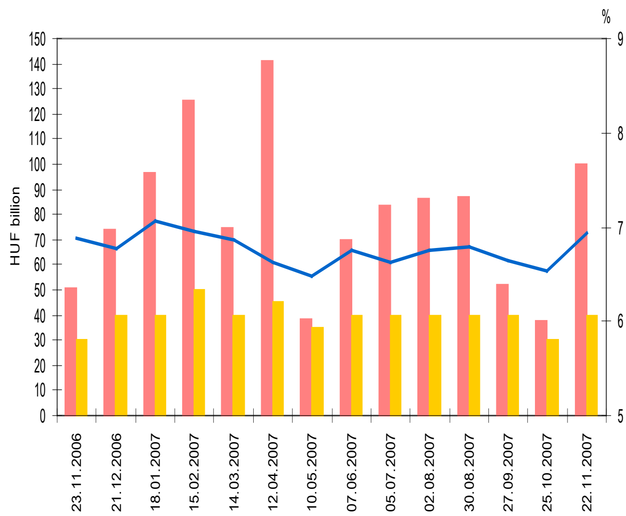
3-year government bond auctions



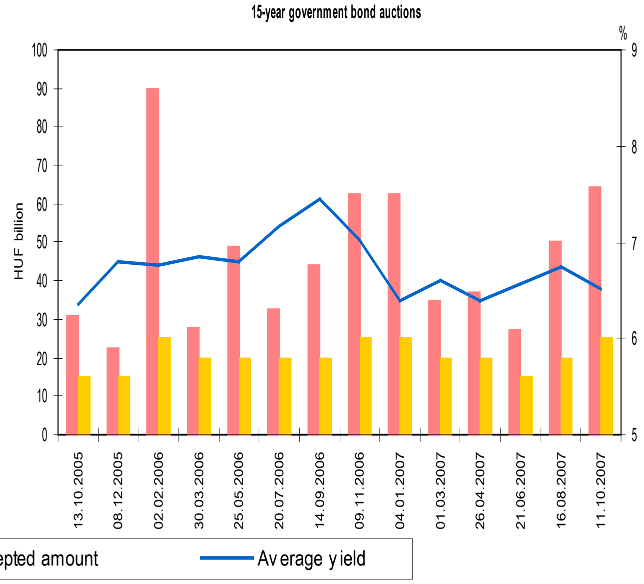
5-year government bond auctions



10-year government bond auctions



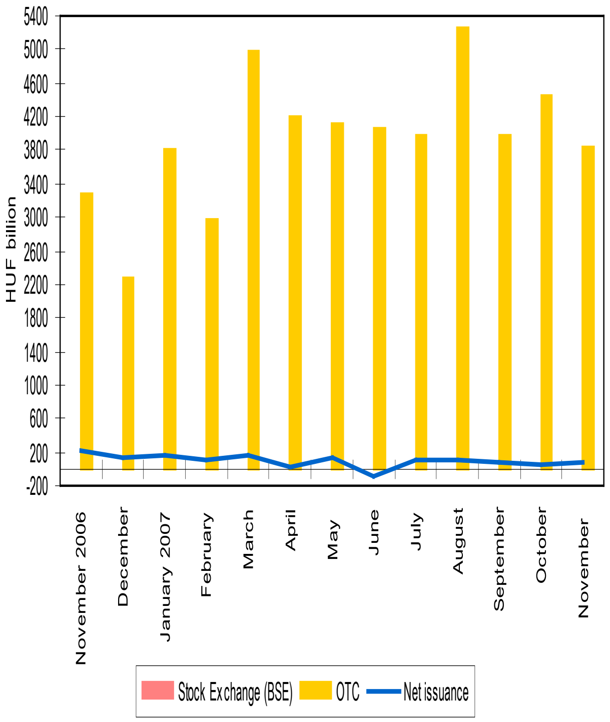
15-year government bond auctions



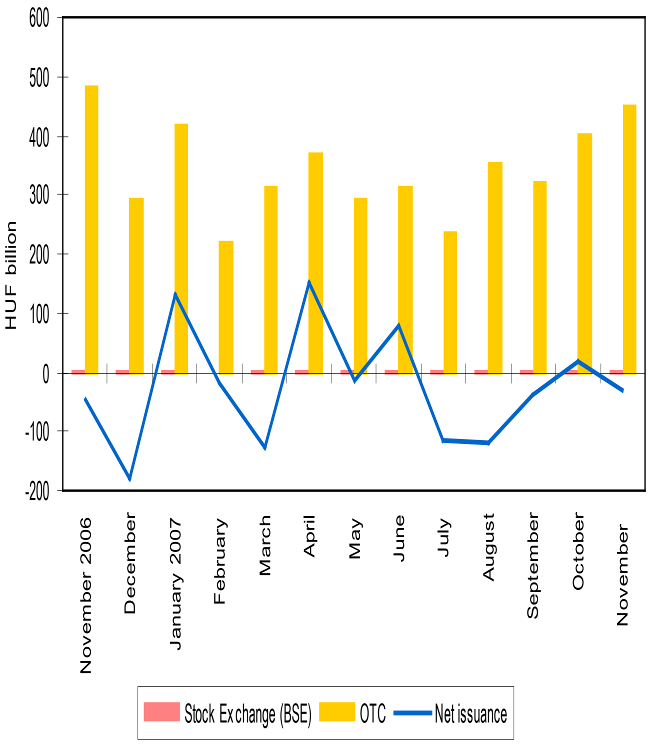
GOVERNMENT BOND BUY-BACK AUCTION RESULTS

Government bond	2008/C	2008/E	2008/C	2008/E
ISIN code	HU0000402102	HU0000402300	HU0000402102	HU0000402300
Coupon (%)	6.25%	6.50%	6.25%	6.50%
Date of reverse auction	07.11.2007	07.11.2007	21.11.2007	21.11.2007
Date of financial settlement	14.11.2007	14.11.2007	28.11.2007	28.11.2007
Redemption date	12.06.2008	12.08.2008	12.06.2008	12.08.2008
Minimum annual yield (%)	7.35	7.25	7.43	7.36
Average annual yield (%)	7.36	7.29	7.44	7.36
Amount of bids submitted (HUF million)	27,524.24	33,394.28	14,672.81	61,066.11
Amount of bids accepted (HUF million)	17,212.73	31,994.28	3,150.00	19,999.98

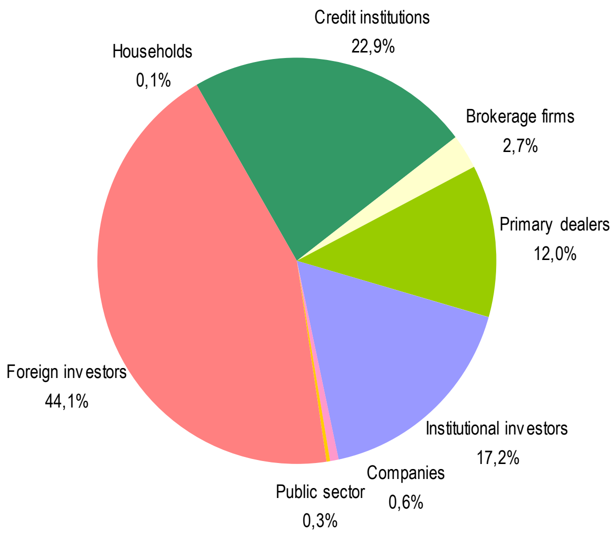
Secondary market trading of government bonds



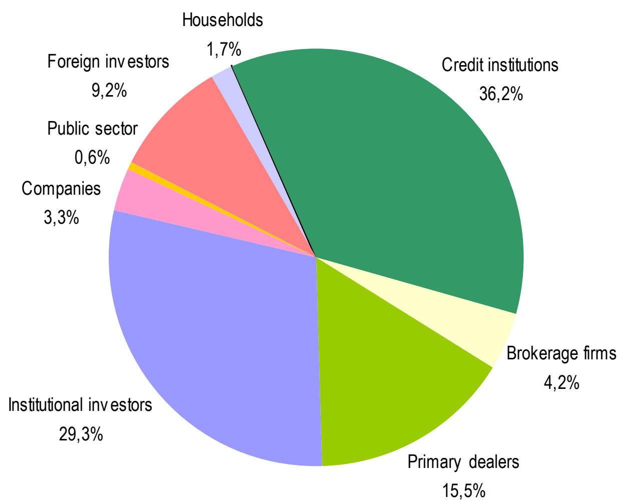
Secondary market trading of Discount Treasury Bills

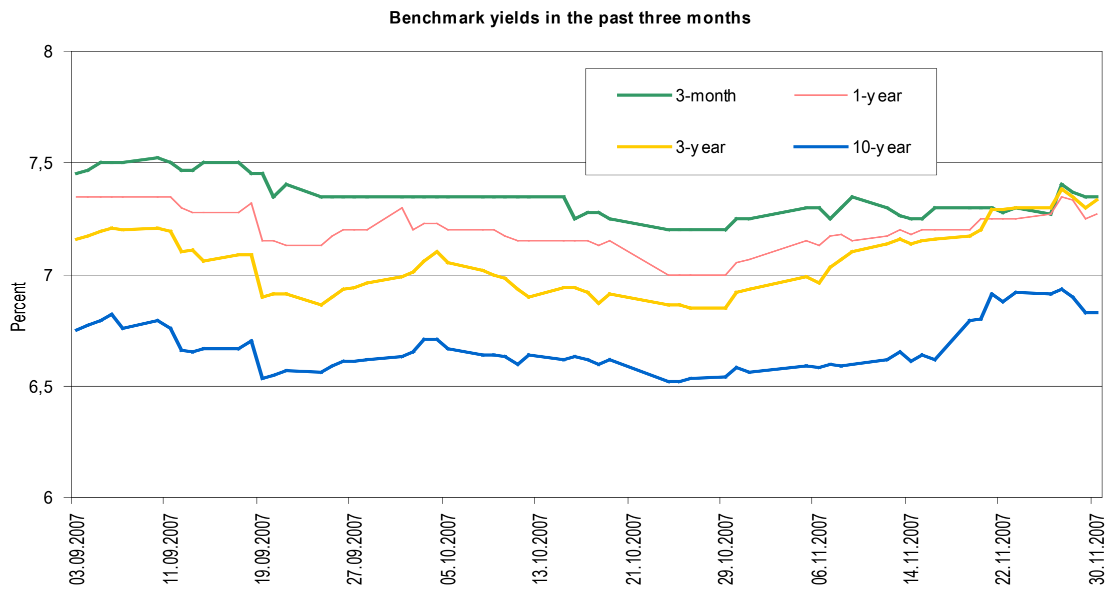


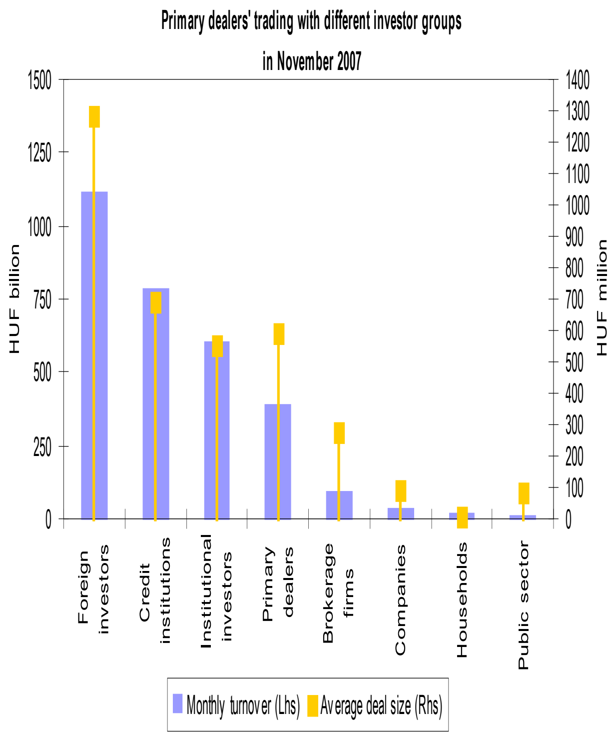
Breakdown of primary dealers' secondary market turnover in government bonds by investor groups in November 2007

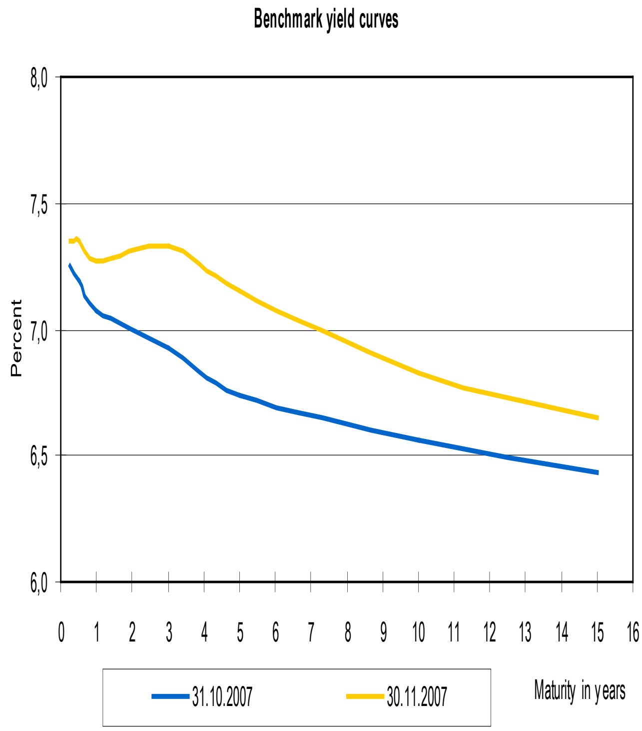


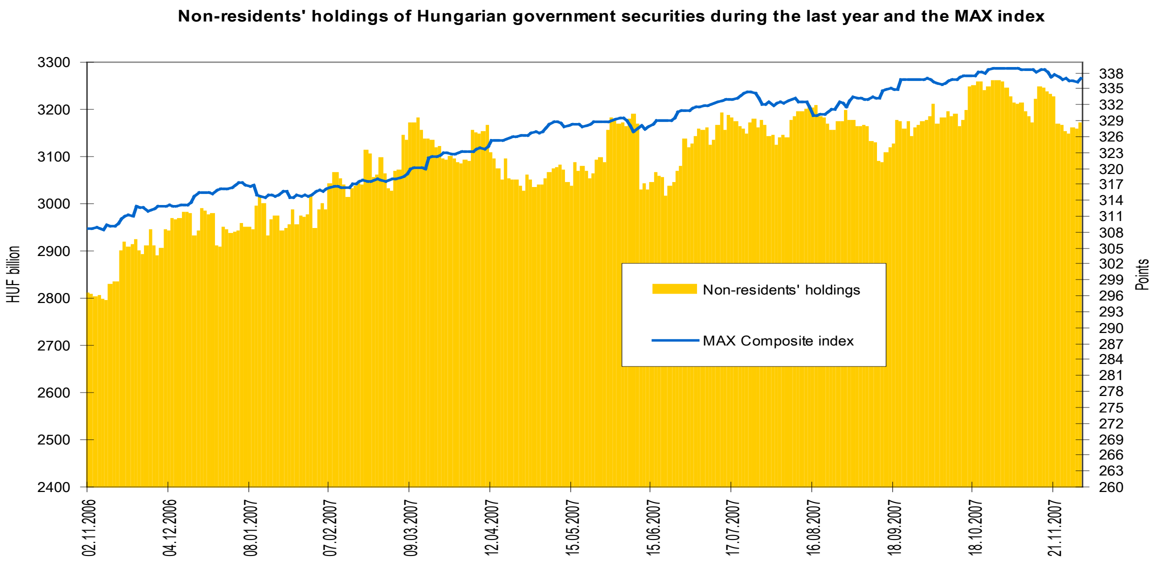
Breakdown of primary dealers' secondary market turnover in Discount Treasury Bills by investor groups in November 2007




Benchmark yields in the past three months
Percent
3-month
1-year
3-year
10-year
8
7,5
7
6,5
6
03.09.2007
11.09.2007
19.09.2007
27.09.2007
05.10.2007
13.10.2007
21.10.2007
29.10.2007
06.11.2007
14.11.2007
22.11.2007
30.11.2007


Primary dealers' trading with different investor groups in November 2007
HUF billion
HUF million
Foreign investors
Credit institutions
Institutional investors
Primary dealers
Brokerage firms
Companies
Households
Public sector
Monthly turnover (Lhs)
Average deal size (Rhs)


Benchmark yield curves
Percent
8,0
7,5
7,0
6,5
6,0
31.10.2007
30.11.2007
Maturity in years


Non-residents' holdings of Hungarian government securities during the last year and the MAX index
HUF billion
Points
Non-residents' holdings
MAX Composite index
02.11.2006
04.12.2006
08.01.2007
07.02.2007
09.03.2007
12.04.2007
15.05.2007
15.06.2007
17.07.2007
16.08.2007
18.09.2007
18.10.2007
21.11.2007

INTEREST RATE RESETS OF FLOATING RATE GOVERNMENT BONDS IN NOVEMBER 2007

Government Bond	Date of interest rate reset	Interest period		Date of interest payment	Reset interest rate (%)	Interest payable (%)
2014/A	31.10.2007	02.11.2007	02.05.2008	05.05.2008	7.50	3.79

HUNGARIAN GOVERNMENT SECURITIES INDICES

	MAX index	RMAX index	MAX Composite index	ZMAX index
Value as at 30 November 2007	342.3601	337.4615	337.5321	340.3496
Changes compared to the end of the month before	-2.0413	1.6053	-1.3600	1.8078
Annual yield earned on the index portfolio	7.79%	7.89%	7.85%	7.98%

Government securities with the highest secondary market turnover in November 2007

Government security	Date of redemption	Turnover (HUF billion)
2010/D	24.08.2010	326.9
2017/B	24.02.2017	315.7
2010/C	12.04.2010	300.7
2012/B	12.06.2012	269.0
2009/F	12.08.2009	228.2
2012/C	24.10.2012	224.8
D081022	22.10.2008	163.6
2008/E	12.08.2008	125.7
D080312	12.03.2008	106.9
20013/D	12.02.2013	95.3

The outstanding volume of government bonds with benchmark status at the end of November 2007

	HUF billion	
Government bond	30.10.2007	30.11.2007
2010/D	370.73	445.77
2012/C	180.07	225.08
2017/B	590.13	630.14
2023/A	125.04	125.04

PRIMARY DEALERS - AS AT 30 NOVEMBER 2007

Primary dealers:		Primary dealers for retail securities:
CIB Bank Zrt.	ING Bank Zrt.	CIB Bank Zrt.
CITIBANK Zrt.	Kereskedelmi és Hitelbank Nyrt.	HVB Bank Hungary Zrt.
Deutsche Bank Zrt.	Magyar Külkereskedelmi Bank Nyrt.	Kereskedelmi és Hitelbank Nyrt.
Dresdner Bank AG (Frankfurt)	Magyar Takarékszövetkezeti Bank Zrt.	Magyar Takarékszövetkezeti Bank Zrt.
ERSTE Bank Befektetési Magyarország Zrt.	Országos Takarékpénztár és Kereskedelmi Bank Nyrt	Országos Takarékpénztár és Kereskedelmi Bank Nyrt.
UniCredit Bank Hungary Zrt.		the branch network of the Hungarian State Treasury