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GOVERNMENT DEBT MANAGEMENT AGENCY PTE LTD.

GOVERNMENT SECURITIES MARKET

MONTHLY REPORT

MARCH 2011

The deficit of the central government amounted to HUF 739.2 billion in first three months of 2011. The net balance of cash transfers from the European Union decreased the net borrowing requirement by HUF 221.5 billion, while the capital transfer to the National Bank of Hungary (NBH) by law increased net borrowing requirement by HUF 29.1 billion. Thus, the total net borrowing requirement amounted to HUF 546.8 billion in 2011. Net issuance was HUF 1,300.6 billion; out of which net HUF-denominated issuance was HUF 604.5 billion and net foreign currency denominated issuance was

	2010		2011		Change	
HUF billion	December	%	March	%	HUF billion	%
Foreign exchange denominated debt	8,842.8	44.1	9,097.0	43.7	254.2	2.9
Government securities	4,550.0	22.7	5,040.5	24.2	490.5	10.8
Loans	4,292.8	21.4	4,056.4	19.5	-236.3	-5.5
HUF denominated debt	10,978.2	54.8	11,581.6	55.6	603.4	5.5
Government securities	10,437.4	52.1	11,040.8	53.1	603.4	5.8
Loans	540.8	2.7	540.8	2.6	0.0	0.0
Total	19,821.0	98.9	20,678.6	99.4	857.6	4.3
Other obligations	220.0	1.1	133.4	0.6	-86.6	-39.4
Total central government debt	20,041.0	100.0	20,812.0	100.0	771.0	3.8
Out of the international loan program was placed in NBH or in commercial banks	974.1		898.3		-75.8	

The HUF denominated debt of the central government increased by HUF 603.4 billion in 2011 (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 292.4 billion, the amount of discount Treasury bills increased by HUF 299.2 billion and the total amount of retail government securities increased by HUF 12.6 billion.

The foreign currency debt of the central government increased by HUF 254.2 billion in the first three months. The foreign currency bond issue increased the debt by HUF 706.7 billion, redemptions of foreign currency debt worth HUF 10.6 billion decreased the debt, while exchange rate revaluations totalling HUF 441.9 billion decreased the Hungarian Forint value of the foreign currency debt in 2011.

Out of the international loan program HUF 898.3 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 was HUF 133.4 billion in March 2011.

Secondary market yields in March:

Benchmark yields

Maturity	31.12.2010.	28.02.2011.	31.03.2011.	Change, basis points
3-month	5.76	5.88	5.85	-3
6-month	6.15	5.89	5.87	-2
1-year	6.33	5.87	5.85	-2
3-year	7.72	6.74	6.64	-10
5-year	7.85	6.98	6.94	-4
10-year	7.95	7.25	7.19	-6
15-year	7.94	7.26	7.19	-7

Monthly OTC turnover of government securities was 18 % higher in March than a month before and reached HUF 5,346.6 billion. Primary dealers, who account for the decisive part of all secondary government securities trading, made 69% of their secondary government securities deals with non-resident investors.

The volume of non-residents' holdings of Hungarian government securities increased altogether by HUF 184.0 billion in March, and amounted to HUF 2,966.7 billion at the end of the month. This volume represented 28.0% 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 265.78 on the last working day of March.

The credit rating of the long-term foreign currency debt of the Republic of Hungary is as follows on the last working day of March: BBB- (Standard & Poor's); Baa3 (Moody's); BBB- (Fitch).

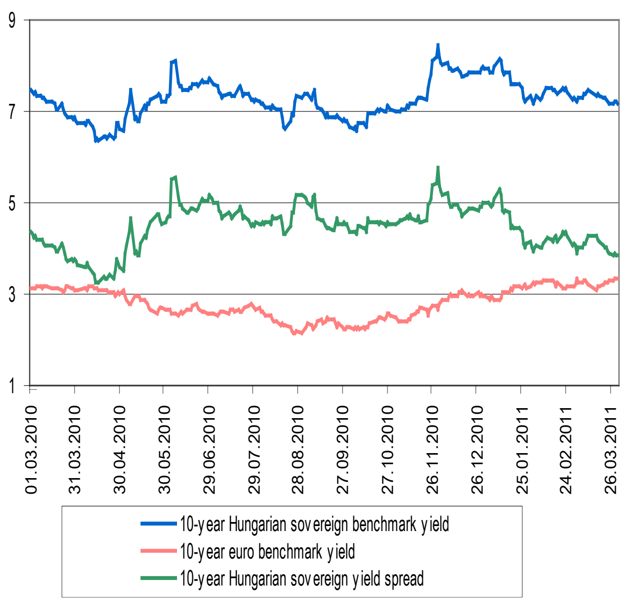
CENTRAL GOVERNMENT GROSS DEBT

HUF BILLION

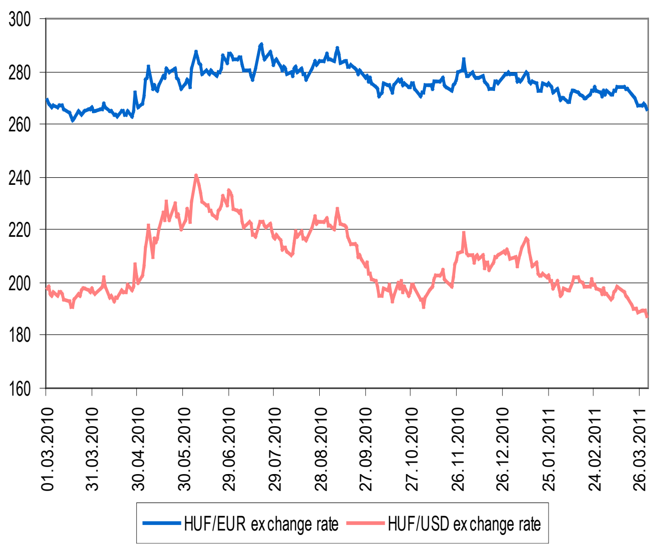
	2005	2006	2007	2008	2009	2010	January 2011	February 2011	March 2011
1. Forint denominated debt	9,153.5	10,552.3	11,103.8	11,250.6	10,476.2	10,978.2	11,110.1	11,419.5	11,581.6
1.1. Loans	0.8	356.4	145.7	219.9	438.7	540.8	540.8	540.8	540.8
1.2. Government securities	9,152.7	10,195.9	10,958.1	11,030.7	10,037.5	10,437.4	10,569.3	10,878.7	11,040.8
1.2.1. Public issues	8,418.8	9,667.5	10,465.4	10,599.7	9,613.2	10,019.6	10,151.5	10,460.9	10,623.8
1.2.1.1. Bonds	6,299.1	7,244.2	8,245.3	8,570.6	7,519.2	7,965.8	8,077.0	8,087.9	8,258.2
1.2.1.2. Discount T-bills	1,530.9	1,755.9	1,664.9	1,482.4	1,647.3	1,618.2	1,629.0	1,921.6	1,917.4
1.2.1.3. Retail securities	588.7	667.4	555.2	546.4	446.6	435.7	445.5	451.3	448.2
1.2.2. Private placements	733.9	528.4	492.7	431.0	424.3	417.8	417.8	417.8	417.0
2. Foreign currency denominated debt*	3,590.7	4,124.4	4,472.6	6,774.8	8,466.7	8,842.8	8,672.8	8,629.8	9,097.0
2.1. Loans	720.6	803.7	846.5	2,529.4	4,112.7	4,292.8	4,211.7	4,184.4	4,056.4
2.1.1. Foreign loans	616.9	700.1	838.8	2,529.4	4,112.7	4,292.8	4,211.7	4,184.4	4,056.4
2.1.2. Domestic loans	103.8	103.6	104.0	0.0	0.0	0.0	0.0	0.0	0.0
2.1.2.1. Raised from National Bank of Hungary (NBH)	96.1	95.9	0.0	0.0	0.0	0.0	0.0	0.0	0.0
2.1.2.2. Other loans	7.7	7.7	7.7	0.0	0.0	0.0	0.0	0.0	0.0
2.2. Government securities	2,870.1	3,320.7	3,626.1	4,245.5	4,354.0	4,550.0	4,461.1	4,445.4	5,040.5
2.2.1. Issued abroad	2,870.1	3,320.7	3,626.1	4,245.5	4,354.0	4,550.0	4,461.1	4,445.4	5,040.5
2.2.1.1. Foreign currency bonds	2,870.0	3,320.6	3,626.1	4,245.4	4,354.0	4,550.0	4,461.0	4,445.4	5,040.5
2.2.1.2. Kingdom of Hungary 1924 issues	0.1	0.1	0.0	0.0	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	0.0
Total	12,744.2	14,676.7	15,576.4	18,025.4	18,942.9	19,821.0	19,782.9	20,049.3	20,678.6
Other liabilities	21.4	29.0	9.1	78.5	20.1	220.01	204.72	172.1	133.4
Total central government debt	12,765.6	14,705.7	15,585.5	18,103.9	18,963.1	20,041.0	19,987.6	20,221.4	20,812.0
Foreign currency deposits from the international loan program placed at the				*1,483.6*	*1,124.8*	*974.1*	*944.5*	*936.2*	*898.3*
Government debt adjusted with foreign currency deposits				16,620.3	17,838.3	19,066.9	19,043.1	19,285.2	19,913.7
Marketable HUF debt (1.2.1.1+1.2.1.2.+1.2..2.)	*8,563.9*	*9,528.4*	*10,402.9*	*10,484.0*	*9,623.3*	*10,001.8*	*10,123.8*	*10,427.4*	*10,592.6*
Gross debt/GDP	*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.

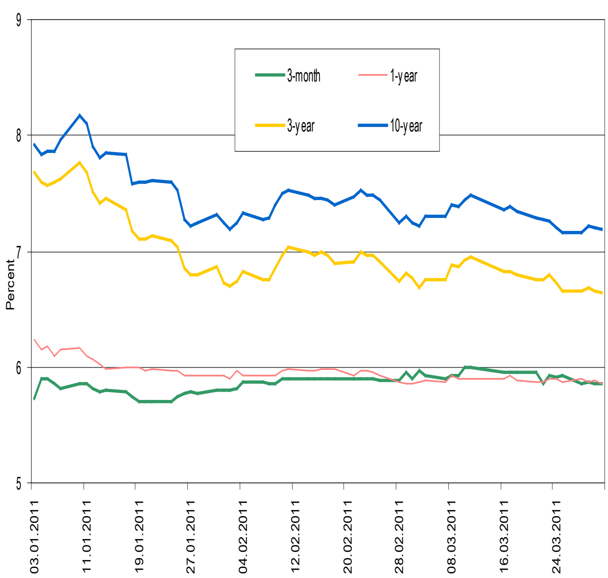
10-year Hungarian and eurozone benchmark yields during the last year



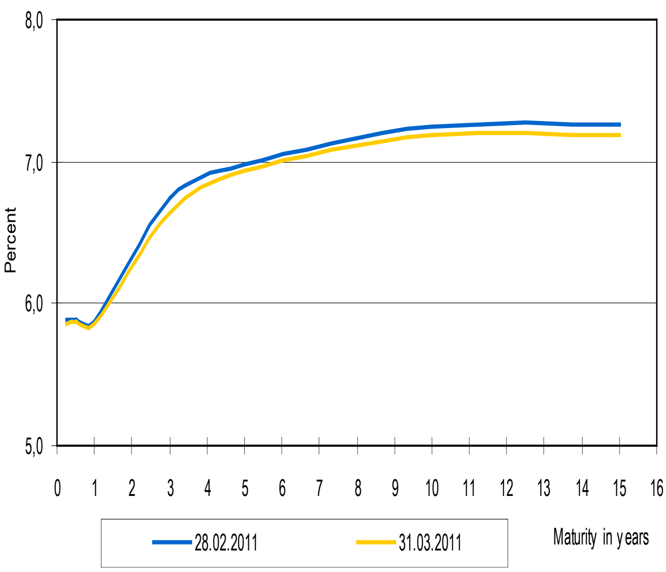
The exchange rate of the Hungarian Forint during the last year



Benchmark yields in the past three months



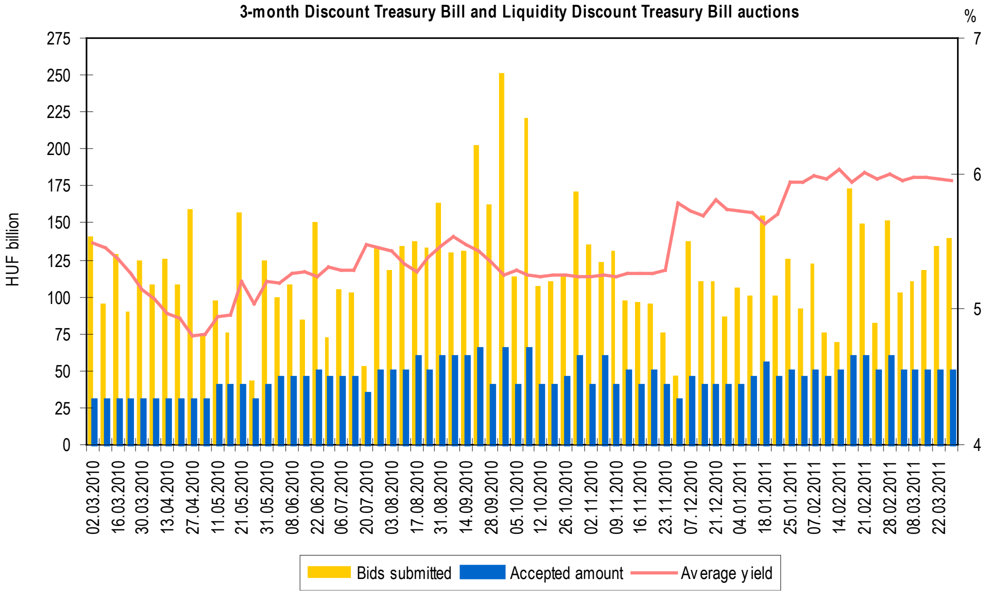
Benchmark yield curves



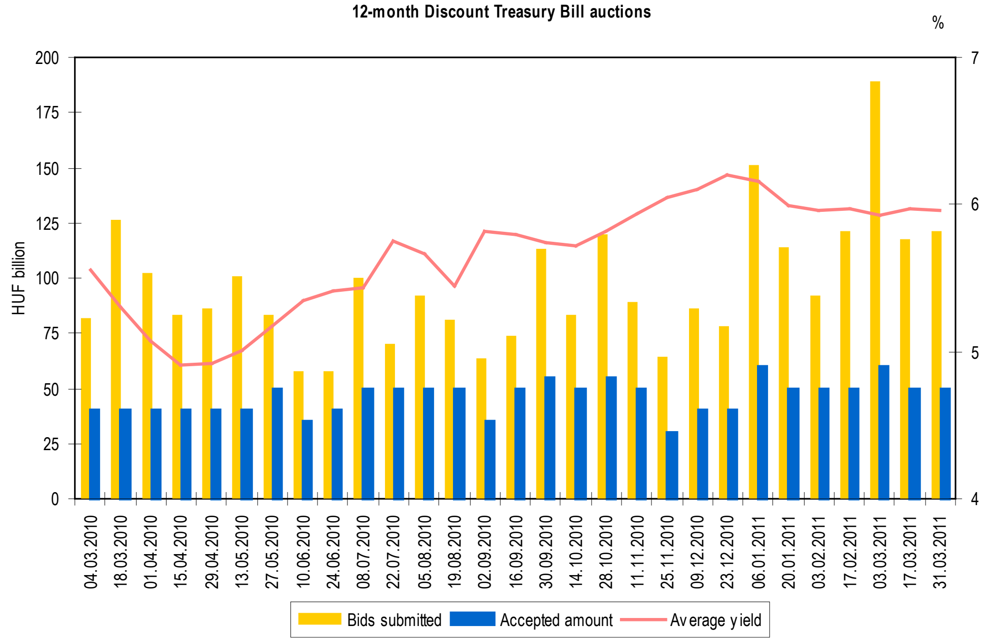
DISCOUNT TREASURY BILL AUCTION RESULTS

	3-month Discount T-bills					12-month Discount T-bills		
Code of T-bills	D110608	D110615	D110622	D110629	D110706	D120307	D120307	D120307
ISIN code	HU0000518295	HU0000518311	HU0000518329	HU0000518337	HU0000518345	HU0000518303	HU0000518303	HU0000518303
Maturity in days	91	91	91	91	91	364	350	336
Date of auction	01.03.2011	08.03.2011	16.03.2011	22.03.2011	29.03.2011	03.03.2011	17.03.2011	31.03.2011
Date of financial settlement	09.03.2011	16.03.2011	23.03.2011	30.03.2011	06.04.2011	09.03.2011	23.03.2011	06.04.2011
Redemption date	08.06.2011	15.06.2011	22.06.2011	29.06.2011	06.07.2011	07.03.2012	07.03.2012	07.03.2012
Maximum yield, (%) - ISMA	5.99	6.00	5.99	5.98	5.97	5.96	5.99	5.98
Minimum yield (%) - ISMA	5.89	5.85	5.90	5.90	5.90	5.90	5.90	5.92
Average yield (%) - ISMA	5.95	5.97	5.98	5.96	5.95	5.93	5.97	5.96
Maximum yield, (%) - EHM	6.07	6.08	6.07	6.06	6.05	6.04	6.07	6.06
Minimum yield (%) - EHM	5.97	5.93	5.98	5.98	5.98	5.98	5.98	6.00
Average yield (%) - EHM	6.03	6.05	6.06	6.04	6.03	6.01	6.05	6.04
Average selling price (%)	98.5183	98.5134	98.5109	98.5158	98.5183	94.3433	94.5142	94.7305
Amount offered for sale (HUF million)	50,000.00	50,000.00	50,000.00	50,000.00	50,000.00	50,000.00	50,000.00	50,000.00
Amount of bids submitted (HUF million)	103,337.28	109,902.57	118,539.84	134,572.84	139,900.14	188,725.00	117,333.84	121,329.59
Amount of bids accepted (HUF million)	49,999.99	49,999.97	49,999.95	49,999.93	49,999.96	59,999.98	49,999.90	49,999.91
Bid-to-cover ratio	2.07	2.20	2.37	2.69	2.80	3.15	2.35	2.43
Bids submitted (pcs)	71	107	72	101	75	115	112	115
Bids accepted (pcs)	58	82	39	69	41	37	54	64
Market sales* (HUF million)	49,999.99	49,999.97	49,999.95	49,999.93	49,999.96	59,999.98	49,999.90	49,999.91
Retained on ÁKK's own account	15,500.01	15,000.03	15,000.05	15,000.07	15,000.04	18,000.02	15,000.10	15,000.09
Total amount issued (HUF million)	65,000.00	65,000.00	65,000.00	65,000.00	65,000.00	78,000.00	65,000.00	65,000.00

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



12-month Discount Treasury Bill auctions

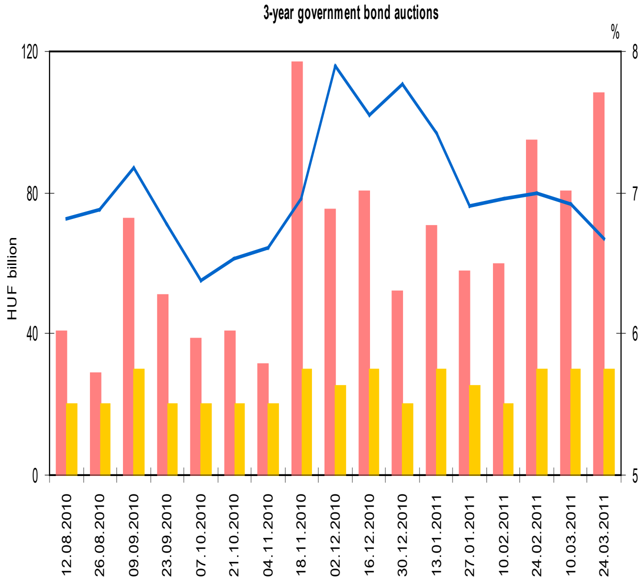


GOVERNMENT BOND AUCTION RESULTS

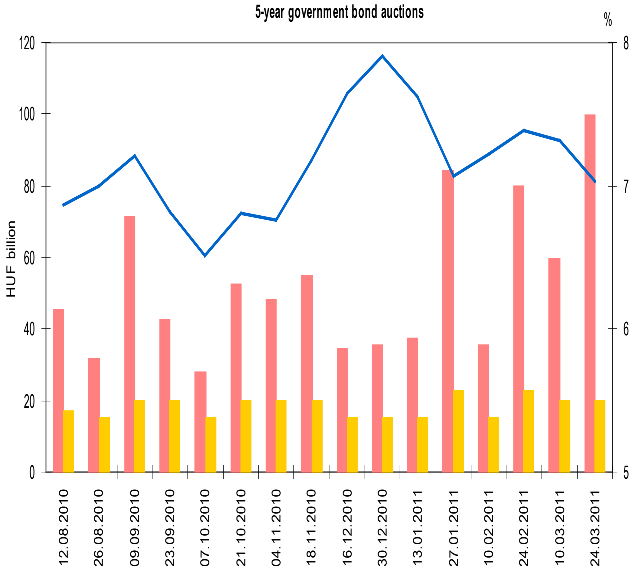
Government Bond	2015/B	2014/D	2017/B	2022/A	2014/D	2017/B	2022/A	2015/B
ISIN code	HU0000402482	HU0000402516	HU0000402375	HU0000402524	HU0000402516	HU0000402375	HU0000402524	HU0000402482
Maturity (in years)	5	3	5	10	3	5	10	5
Coupon (%)	5.44%	6.75%	6.75%	7.00%	6.75%	6.75%	7.00%	5.44%
Auction	8th auction	5th auction	19th auction	4th auction	6th auction	20th auction	5th auction	9th auction
Date of auction	03.03.2011	10.03.2011	10.03.2011	10.03.2011	24.03.2011	24.03.2011	24.03.2011	31.03.2011
Date of financial settlement	09.03.2011	16.03.2011	16.03.2011	16.03.2011	30.03.2011	30.03.2011	30.03.2011	06.04.2011
Redemption date	22.12.2015	22.08.2014	24.02.2017	24.06.2022	22.08.2014	24.02.2017	24.06.2022	22.12.2015
Maximum annual yield (%) - ISMA		6.94	7.33	7.47	6.68	7.05	7.22	
Minimum annual yield (%) - ISMA		6.89	7.29	7.40	6.68	7.00	7.18	
Average annual yield (%) - ISMA		6.92	7.31	7.44	6.68	7.03	7.20	
Maximum annual yield (%) - EHM		6.93	7.32	7.46	6.67	7.04	7.21	
Minimum annual yield (%) - EHM		6.89	7.28	7.39	6.67	6.99	7.17	
Average annual yield (%) - EHM		6.91	7.30	7.44	6.67	7.03	7.19	
Maximum price (%)	96.5000	99.6121	97.4555	97.0375	100.2285	98.8043	98.6625	96.5500
Minimum price (%)	96.2000	99.4644	97.2712	96.5271	100.2285	98.5710	98.3645	96.4500
Average price (%)	96.3200	99.5283	97.3725	96.7134	100.2285	98.6496	98.5214	96.5000
Amount offered for sale (HUF million)	5,000.00	20,000.00	15,000.00	10,000.00	20,000.00	15,000.00	10,000.00	5,000.00
Amount of bids submitted (HUF million)	34,550.00	80,180.00	59,715.00	30,840.00	108,125.00	99,855.00	30,300.00	24,720.00
Amount of bids accepted (HUF million)	6,999.92	29,999.98	19,999.95	14,999.99	30,000.00	19,999.96	15,000.00	7,499.97
Bid-to-cover ratio	4.94	2.67	2.99	2.06	3.60	4.99	2.02	3.30
Bids submitted (pcs)	64	115	79	81	83	105	67	54
Bids accepted (pcs)	25	45	35	44	13	28	40	18
Tail (average price - minimum price)	0.12	0.06	0.10	0.19	0.00	0.08	0.16	0.05
Market sales* (HUF million)	6,999.92	29,999.98	19,999.95	14,999.99	30,000.00	19,999.96	15,000.00	7,499.97
Non-competitive offer (HUF million)	1,409.00	3,452.00	1,434.00	1,187.00	11,120.00	7,121.00	4,684.00	2,222.00
Total amount issued (HUF million)	7,000.00	30,000.00	28,000.00	30,000.00	42,000.00	28,000.00	30,000.00	15,000.00

*Without issuance onto ÁKK's own account

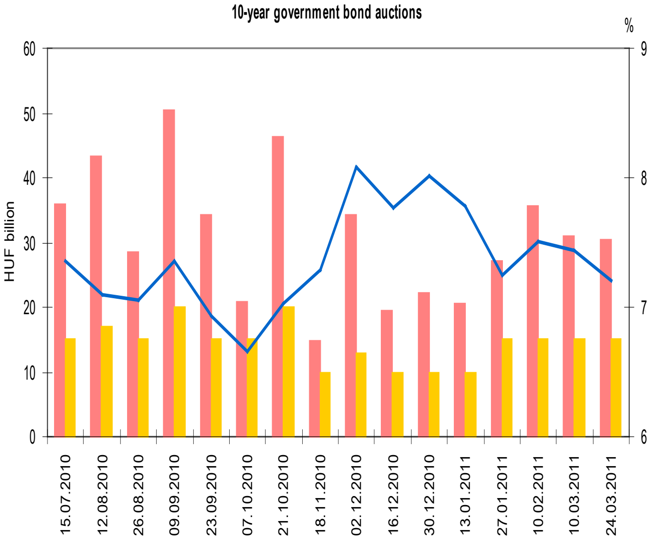
3-year government bond auctions



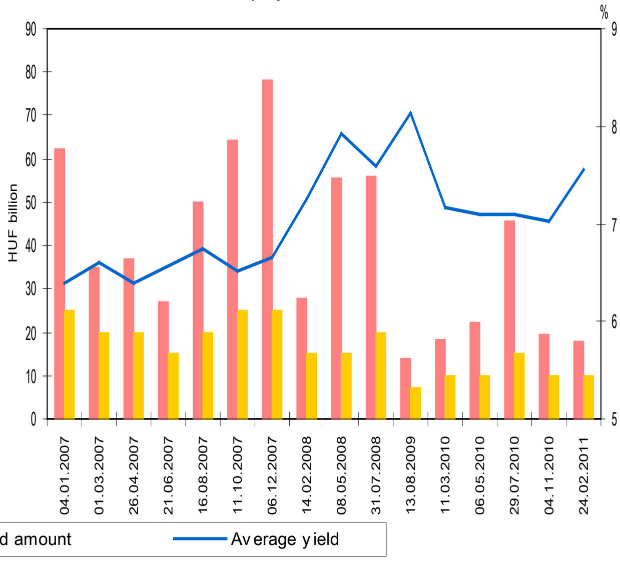
5-year government bond auctions



10-year government bond auctions



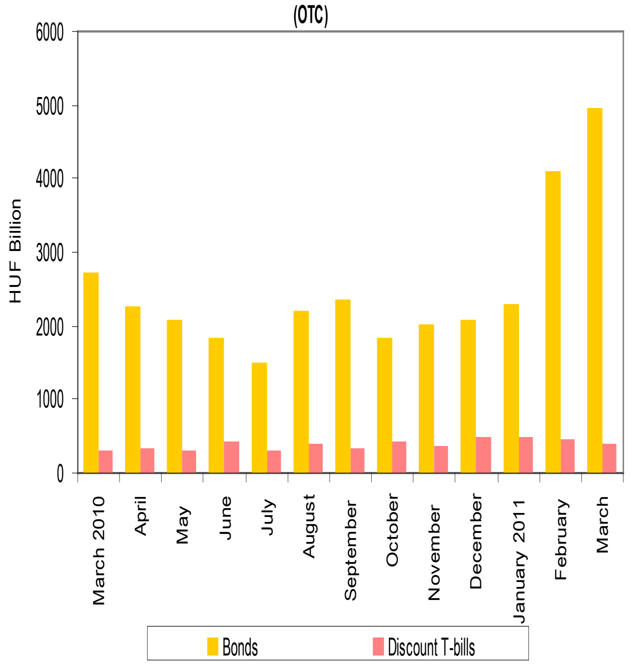
15-year government bond auctions



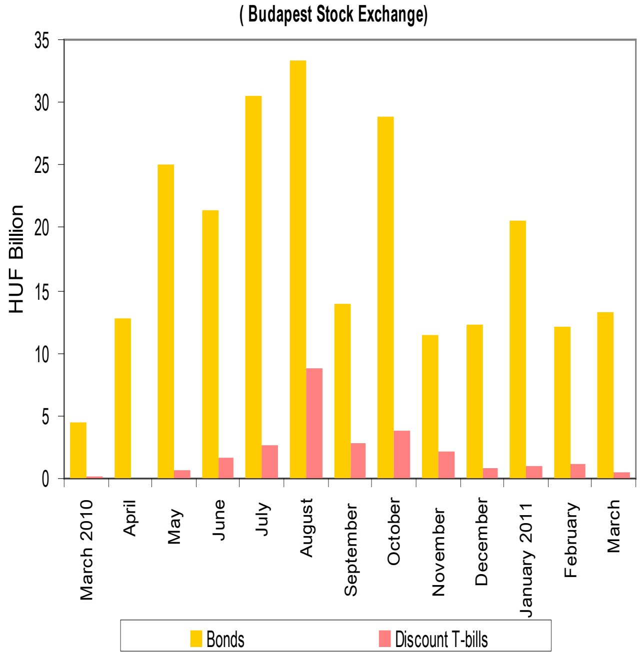
GOVERNMENT SECURITIES BUY-BACK AUCTION RESULTS

Government bond	2011/B	2011/B
ISIN code	HU0000402334	HU0000402334
Coupon (%)	6.00	6.00
Date of reverse auction	09.03.2011	23.03.2011
Date of financial settlement	16.03.2011	30.03.2011
Redemption date	12.10.2011	12.10.2011
Minimum annual yield (%)	5.80	5.85
Average annual yield - ISMA (%)	5.83	5.85
Average annual yield - EHM (%)	5.76	5.77
Amount of bids submitted (HUF million)	6,300.84	20,403.19
Amount of bids accepted (HUF million)	4,975.31	2,309.58

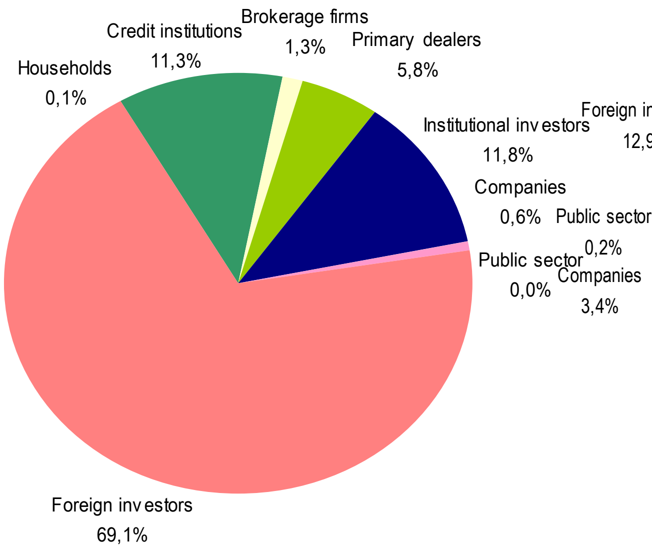
Secondary market trading of Hungarian government securities (OTC)



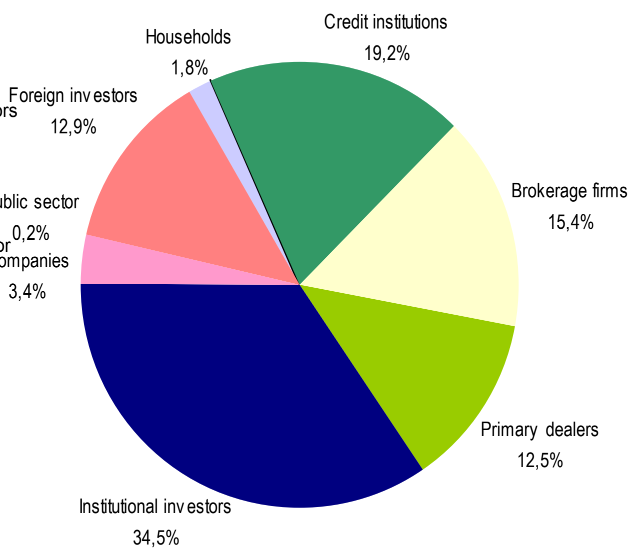
Secondary market trading of Hungarian government securities (Budapest Stock Exchange)



Breakdown of primary dealers' secondary market turnover in government bonds by investor groups in March 2011



Breakdown of primary dealers' secondary market turnover in Discount Treasury Bills by investor groups in March 2011



INTEREST RATE RESETS OF FLOATING RATE GOVERNMENT BONDS IN MARCH 2011

Government Bond	Date of interest rate reset	Interest period		Date of interest payment	Reset interest rate (%)	Interest payable (%)
2013/A	18.03.2011	20.03.2011	20.09.2011	20.09.2011	5.60	2.86
2016/A	31.12.2010	31.03.2011	30.06.2011	30.06.2011	5.25	1.31

HUNGARIAN GOVERNMENT SECURITIES INDICES

	MAX index	RMAX index	MAX Composite index	ZMAX index
Value as at 31 March 2011	448.4502	436.9373	443.3223	436.0170
Changes compared to the end of the month before	4.8717	2.3268	4.4680	2.3433
Annual yield earned on the index portfolio	4.95%	5.34%	5.42%	5.47%

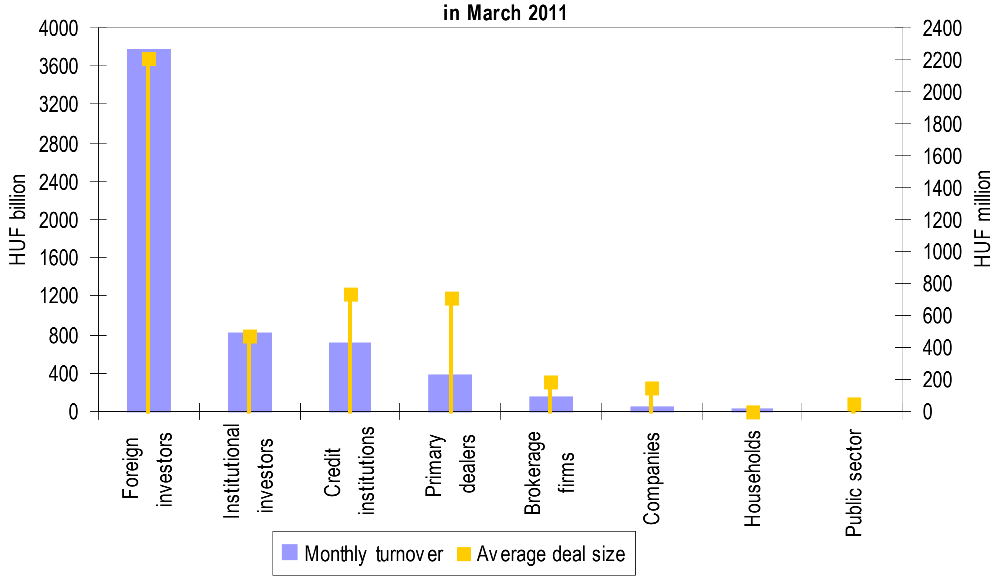
Government securities with the highest secondary market turnover in March 2011

Government security	Date of redemption	Turnover (HUF billion)
2014/C	12.02.2014	1 576.4
2016/C	12.02.2016	542.9
2012/B	12.06.2012	463.5
2020/A	12.11.2020	453.6
2017/B	24.02.2017	431.1
2013/E	24.10.2013	394.8
2014/D	22.08.2014	330.9
2013/D	12.02.2013	291.6
2015/A	12.02.2015	276.4
2019/A	24.06.2019	258.7

The outstanding volume of government bonds with benchmark status at the end of March 2011

Government bond	HUF billion 28.02.2011	HUF billion 31.03.2011
2014/D	87.30	201.63
2017/B	669.36	746.11
2022/A	46.06	81.96
2023/A	282.73	282.74

Primary dealers' trading with different investor groups in March 2011



Non-residents' holdings of Hungarian government securities during the last year and the MAX index