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GOVERNMENT DEBT MANAGEMENT AGENCY PTE LTD.

GOVERNMENT SECURITIES MARKET

MONTHLY REPORT

JUNE 2010

The deficit of the central government amounted to HUF 1,032.6 billion in the first six months of 2010. The net balance of transfers from the European Union (EU) worth HUF 55.9 billion decreased the net borrowing requirement. Privatisation revenues amounted to HUF 30.0 billion, which decreased the financing requirement. Thus, the total net borrowing requirement amounted to HUF 946.7 billion in 2010. Net issuance was HUF 564.3 billion; out of which net HUF-denominated issuance was HUF 196.1 billion and net foreign currency denominated issuance was HUF 368.2 billion.

	2009		2010		Change	
HUF billion	December	%	June	%	HUF billion	%
Foreign exchange denominated debt	8,468.5	44.7	9,478.2	46.3	1,009.7	11.9
Government securities	4,354.0	23.0	5,012.3	24.5	658.3	15.1
Loans	4,114.5	21.7	4,465.9	21.8	351.4	8.5
HUF denominated debt	10,476.2	55.2	10,677.4	52.2	201.2	1.9
Government securities	10,037.5	52.9	10,192.2	49.8	154.7	1.5
Loans	438.7	2.3	485.2	2.4	46.5	10.6
Total	18,944.8	99.9	20,155.7	98.5	1,210.9	6.4
Other obligations	20.1	0.1	314.8	1.5	294.7	1,466.2
Total central government debt	18,964.9	100.0	20,470.5	100.0	1,505.6	7.9
Out of the international loan program was placed in NBH or in commercial banks	1,124.8		1,214.8		90.0	

The HUF denominated debt of the central government increased by HUF 201.2 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 281.2 billion, while discount Treasury bills decreased by HUF 112.4 billion and the total amount of retail government securities decreased by HUF 12.3 billion. The HUF 46.5 billion increase in the volume of HUF loans in the first six 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 1,009.7 billion in 2010. The foreign currency bond issue increased the debt by HUF 387.3 billion, redemptions of foreign currency debt worth HUF 19.1 billion decreased the debt, while exchange rate revaluations totalling HUF 641.5 billion increased the Hungarian Forint value of the foreign currency debt in 2010.

Out of the international loan program HUF 1,214.8 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 294.7 billion in 2010. Secondary market yields increased on all maturities in June.

Benchmark yields

Maturity	31.12.2009.	31.05.2010.	30.06.2010.	Change, basis points
3-month	6.07	5.00	5.35	35
6-month	6.08	4.95	5.35	40
1-year	6.05	5.05	5.48	43
3-year	7.41	6.19	7.13	94
5-year	7.59	6.73	7.43	70
10-year	7.99	7.23	7.69	46
15-year	7.90	7.25	7.62	37

Monthly OTC turnover of government securities was 5 % lower in June than a month before and reached HUF 2,270.6 billion. Primary dealers, who account for the decisive part of all secondary government securities trading, made 38% of their secondary government securities deals with non-resident investors.

The volume of non-residents' holdings of Hungarian government securities decreased altogether by HUF 96.1 billion in June, and amounted to HUF 2,185.7 billion at the end of the month. This volume represented 22.4% 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 286.46 at the last working day of June.

The credit rating of the long-term foreign currency debt of the Republic of Hungary is as follows at the last working day of June: BBB- (Standard & Poor's); Baa1 (Moody's); BBB (Fitch).

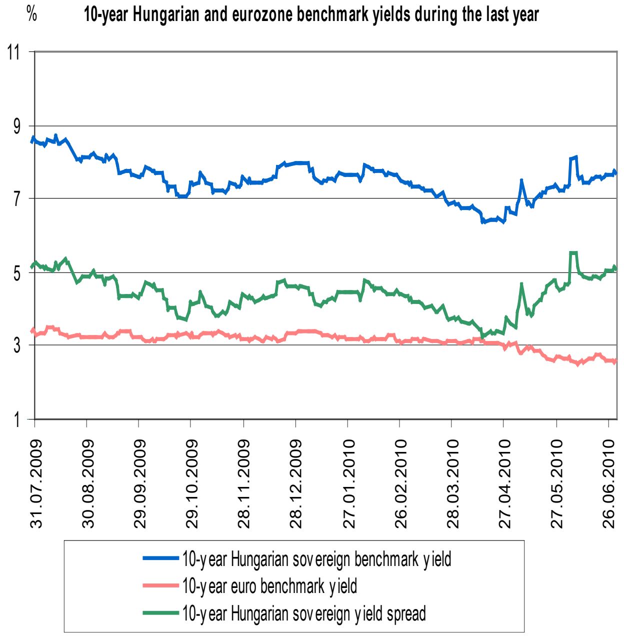
CENTRAL GOVERNMENT GROSS DEBT

HUF BILLION

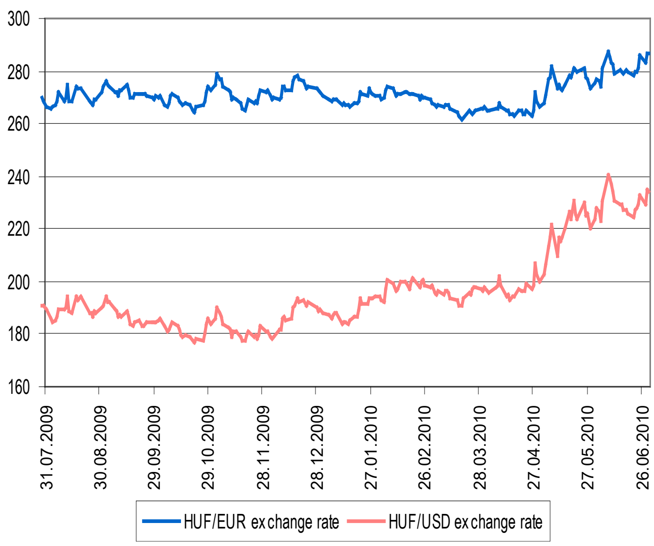
	2004	2005	2006	2007	2008	2009	April 2009	May 2010	June 2010
1. Forint denominated debt	8,608.8	9,153.5	10,552.3	11,103.8	11,250.6	10,476.2	10,554.4	10,572.5	10,677.4
1.1. Loans	4.7	0.8	356.4	145.7	219.9	438.7	438.7	485.2	485.2
1.2. Government securities	8,604.2	9,152.7	10,195.9	10,958.1	11,030.7	10,037.5	10,115.7	10,087.3	10,192.2
1.2.1. Public issues	7,860.6	8,418.8	9,667.5	10,465.4	10,599.7	9,613.2	9,692.3	9,663.8	9,769.6
1.2.1.1. Bonds	5,768.9	6,299.1	7,244.2	8,245.3	8,570.6	7,519.2	7,815.0	7,705.3	7,800.4
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	1,436.5	1,520.5	1,534.9
1.2.1.3. Retail securities	628.4	588.7	667.4	555.2	546.4	446.6	440.8	438.0	434.3
1.2.2. Private placements	743.6	733.9	528.4	492.7	431.0	424.3	423.5	423.5	422.6
2. Foreign currency denominated debt*	2,983.5	3,590.7	4,124.4	4,472.6	6,774.8	8,466.7	8,746.6	9,109.6	9,478.2
2.1. Loans	916.8	720.6	803.7	846.5	2,529.4	4,112.7	4,085.4	4,291.8	4,465.9
2.1.1. Foreign loans	528.9	616.9	700.1	838.8	2,529.4	4,112.7	4,085.4	4,291.8	4,465.9
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	4,661.2	4,817.8	5,012.3
2.2.1. Issued abroad	2,066.8	2,870.1	3,320.7	3,626.1	4,245.5	4,354.0	4,661.2	4,817.8	5,012.3
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	4,661.2	4,817.7	5,012.2
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	19,301.0	19,682.0	20,155.7
Other liabilities		21.4	29.0	9.1	78.5	20.1	110.2	251.3	314.8
Total central government debt		12,765.6	14,705.7	15,585.5	18,103.9	18,963.1	19,411.2	19,933.4	20,470.5
Foreign currency deposits from the international loan program placed at the NBH					*1,483.6*	*1,124.8*	*1,211.9*	*1,318.8*	*1,214.8*
Government debt adjusted with foreign currency deposits					16,620.3	17,838.3	18,199.3	18,614.6	19,255.7
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*	*9,674.9*	*9,649.2*	*9,757.9*
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.

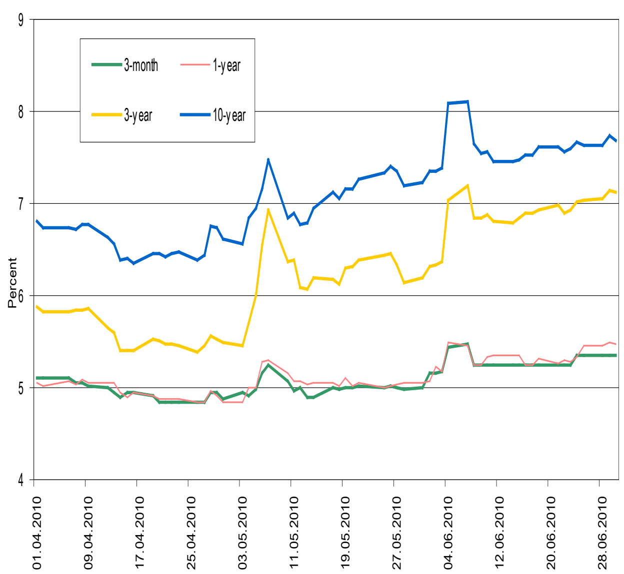
10-year Hungarian and eurozone benchmark yields during the last year



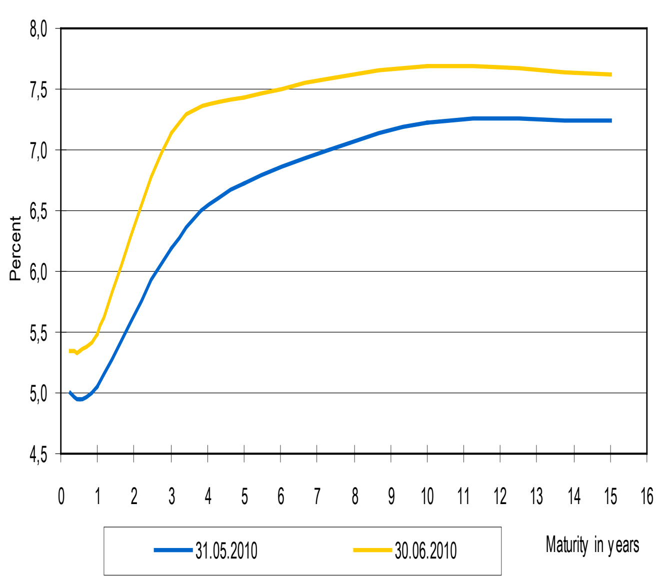
The exchange rate of the Hungarian Forint during the last year



Benchmark yields in the past three months



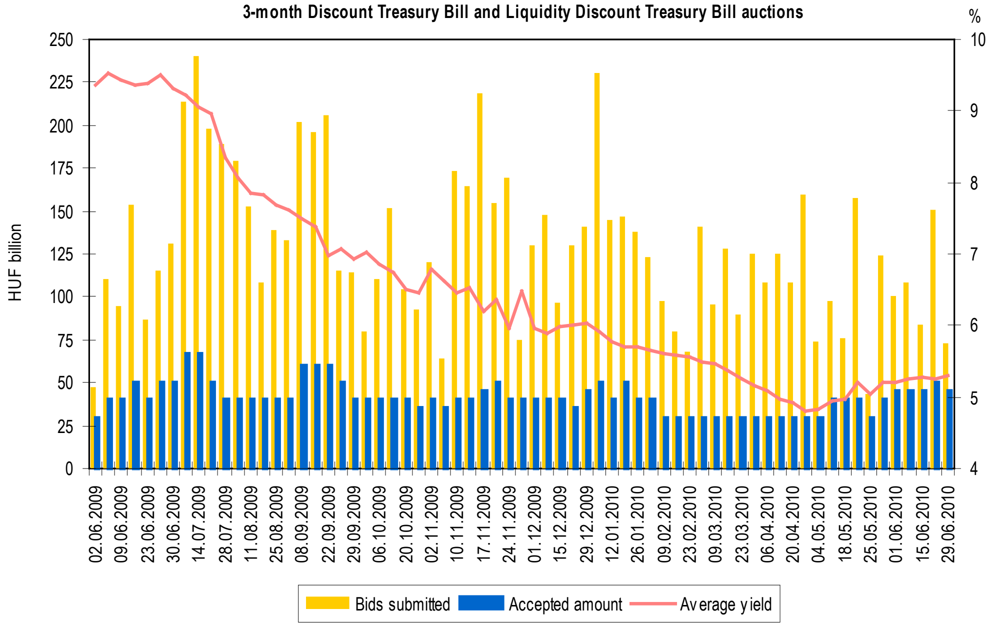
Benchmark yield curves

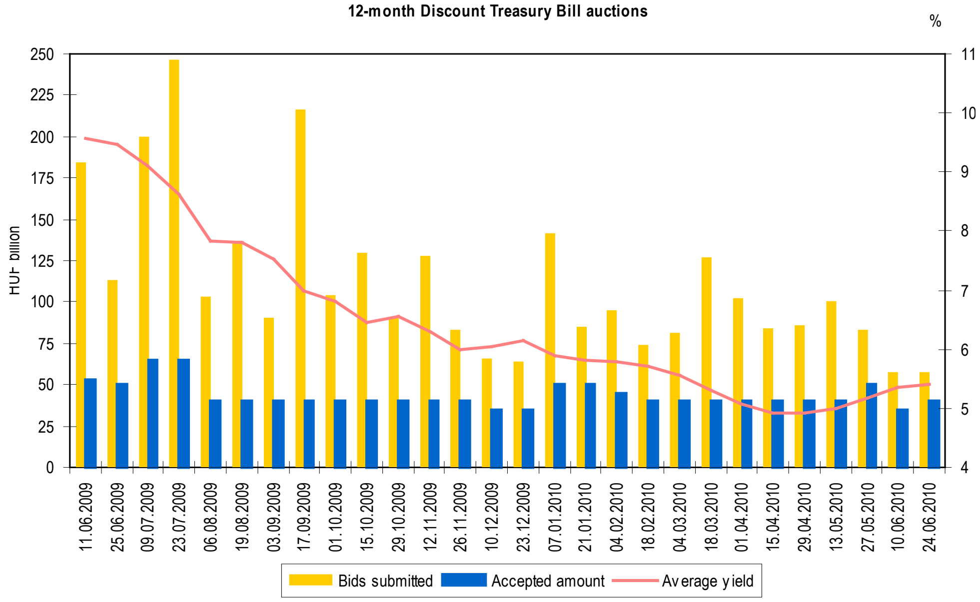


DISCOUNT TREASURY BILL AUCTION RESULTS

	3-month Discount T-bills					12-month Discount T-bills	
Code of T-bills	D100908	D100915	D100922	D100929	D101006	D110601	D110601
ISIN code	HU0000517917	HU0000517826	HU0000517925	HU0000517933	HU0000517941	HU0000517909	HU0000517909
Maturity in days	91	91	91	91	91	350	336
Date of auction	01.06.2010	08.06.2010	15.06.2010	22.06.2010	29.06.2010	10.06.2010	24.06.2010
Date of financial settlement	09.06.2010	16.06.2010	23.06.2010	30.06.2010	07.07.2010	16.06.2010	30.06.2010
Redemption date	08.09.2010	15.09.2010	22.09.2010	29.09.2010	06.10.2010	01.06.2011	01.06.2011
Maximum yield, (%) - ISMA	5.24	5.30	5.30	5.26	5.34	5.42	5.50
Minimum yield (%) - ISMA	4.95	5.13	5.25	5.19	5.25	5.22	5.22
Average yield (%) - ISMA	5.19	5.26	5.28	5.24	5.31	5.35	5.41
Maximum yield, (%) - EHM	5.31	5.37	5.37	5.33	5.41	5.50	5.58
Minimum yield (%) - EHM	5.02	5.20	5.32	5.26	5.32	5.29	5.29
Average yield (%) - EHM	5.26	5.33	5.35	5.31	5.38	5.42	5.49
Average selling price (%)	98.7051	98.6878	98.6829	98.6928	98.6755	95.0558	95.1934
Amount offered for sale (HUF million)	45,000.00	45,000.00	45,000.00	45,000.00	45,000.00	50,000.00	50,000.00
Amount of bids submitted (HUF million)	99,964.06	108,669.85	83,939.85	150,479.50	72,955.37	57,310.00	57,505.10
Amount of bids accepted (HUF million)	44,999.99	44,999.94	44,999.96	49,999.92	44,999.94	34,999.98	39,999.96
Bid-to-cover ratio	2.22	2.41	1.87	3.01	1.62	1.64	1.44
Bids submitted (pcs)	82	101	103	141	116	65	70
Bids accepted (pcs)	51	59	64	58	58	54	68
Market sales* (HUF million)	44,999.99	44,999.94	44,999.96	49,999.92	44,999.94	34,999.98	39,999.96
Retained on ÁKK's own account	13,500.01	13,500.06	13,500.04	15,000.08	13,500.06	10,500.02	12,000.04
Total amount issued (HUF million)	58,500.00	58,500.00	58,500.00	65,000.00	58,500.00	45,500.00	52,000.00

*Without issuance onto ÁKK's own account

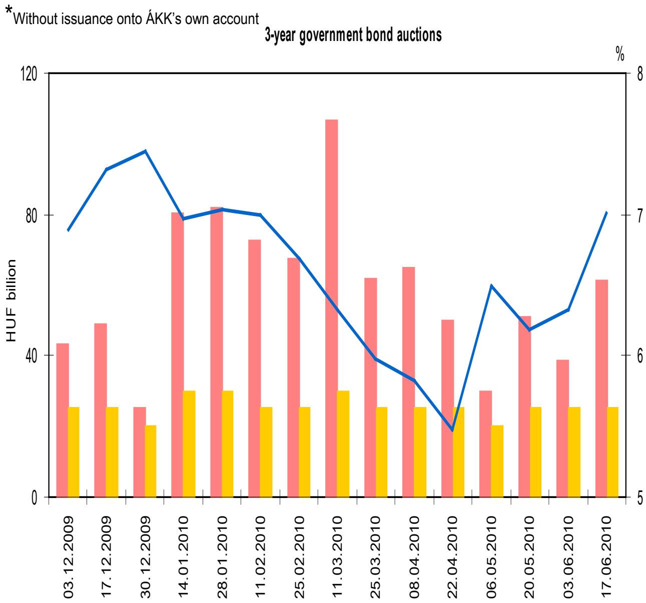


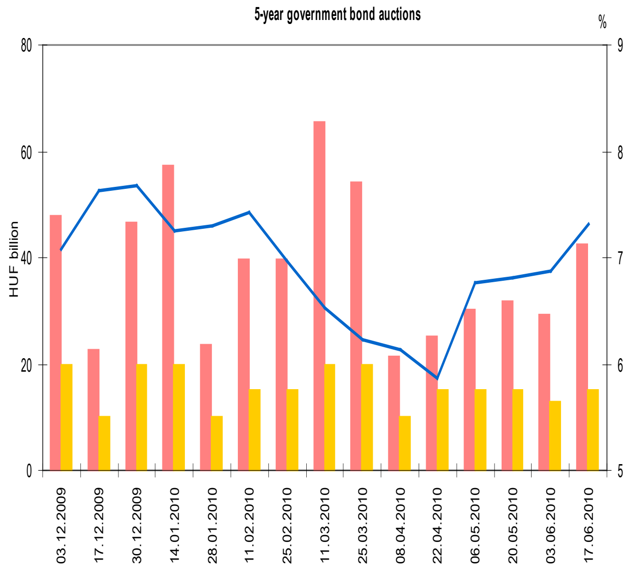


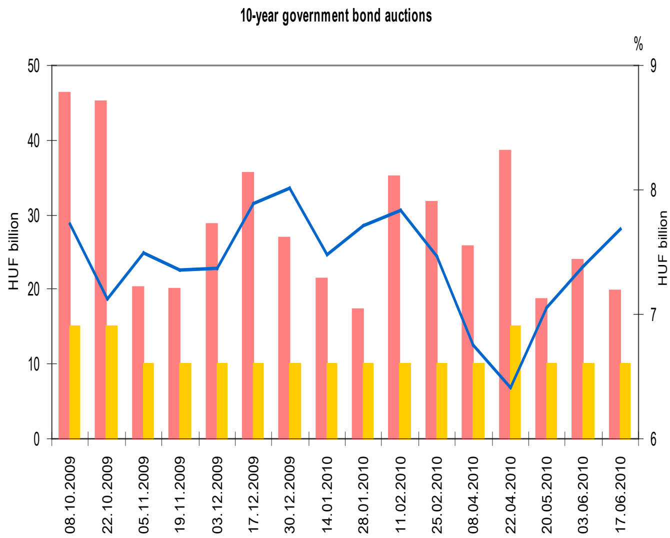
GOVERNMENT BOND AUCTION RESULTS

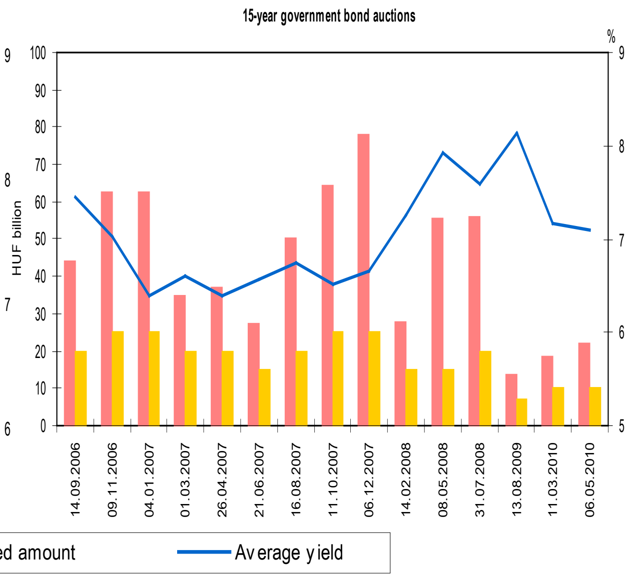
Government Bond	2013/E	2016/C	2019/A	2013/E	2016/C	2020/A
ISIN code	HU0000402466	HU0000402318	HU0000402433	HU0000402466	HU0000402318	HU0000402235
Maturity (in years)	3	5	10	3	5	10
Coupon (%)	7.50%	5.50%	6.50%	7.50%	5.50%	7,50%
Auction	21st auction	17th auction	34th auction	22nd auction	18th auction	20th auction
Date of auction	03.06.2010	03.06.2010	03.06.2010	17.06.2010	17.06.2010	17.06.2010
Date of financial settlement	09.06.2010	09.06.2010	09.06.2010	23.06.2010	23.06.2010	23.06.2010
Redemption date	24.10.2013	12.02.2016	24.06.2019	24.10.2013	12.02.2016	12.11.2020
Maximum annual yield (%) - ISMA	6.39	6.90	7.41	7.03	7.32	7.69
Minimum annual yield (%) - ISMA	6.26	6.84	7.32	6.97	7.32	7.35
Average annual yield (%) - ISMA	6.33	6.87	7.38	7.01	7.32	7.68
Maximum annual yield (%) - EHM	6.38	6.90	7.41	7.02	7.32	7.69
Minimum annual yield (%) - EHM	6.25	6.84	7.32	6.96	7.32	7.34
Average annual yield (%) - EHM	6.33	6.87	7.38	7.00	7.32	7.67
Maximum price (%)	103.6172	93.8240	94.7031	101.4745	91.7832	101.0006
Minimum price (%)	103.2227	93.5603	94.1450	101.2991	91.7832	98.6074
Average price (%)	103.4006	93.6870	94.3325	101.3715	91.7832	98.6811
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)	38,705.00	29,300.00	23,960.00	61,529.39	42,572.10	19,909.54
Amount of bids accepted (HUF million)	24,999.99	13,000.00	10,000.00	24,999.99	14,999.98	9,999.97
Bid-to-cover ratio	1.55	2.25	2.40	2.46	2.84	1.99
Bids submitted (pcs)	48	36	46	68	59	45
Bids accepted (pcs)	42	14	23	30	10	20
Tail (average price - minimum price)	0.18	0.13	0.19	0.07	0.00	0.07
Market sales* (HUF million)	24,999.99	13,000.00	10,000.00	24,999.99	14,999.98	9,999.97
Non-competitive offer (HUF million)	0.00	2,400.00	1,635.00	9,510.00	5,441.00	3,021.00
Total amount issued (HUF million)	25,000.00	19,500.00	10,000.00	25,000.00	30,000.00	20,000.00

*Without issuance onto ÁKK's own account



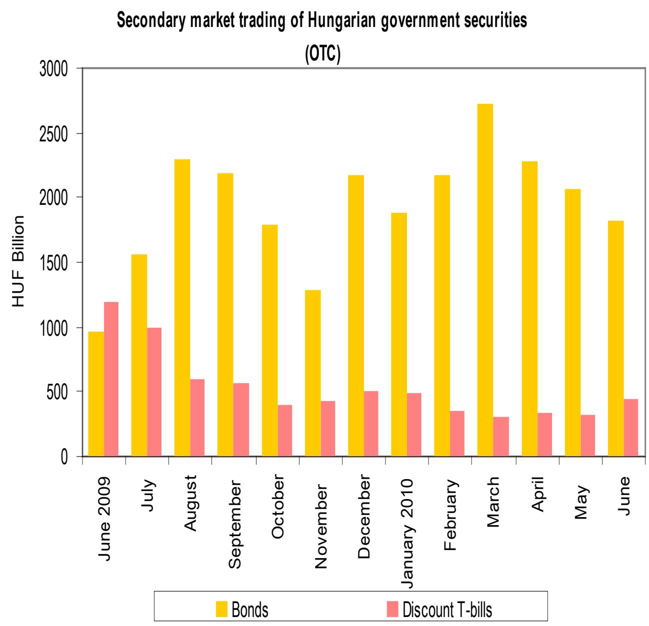


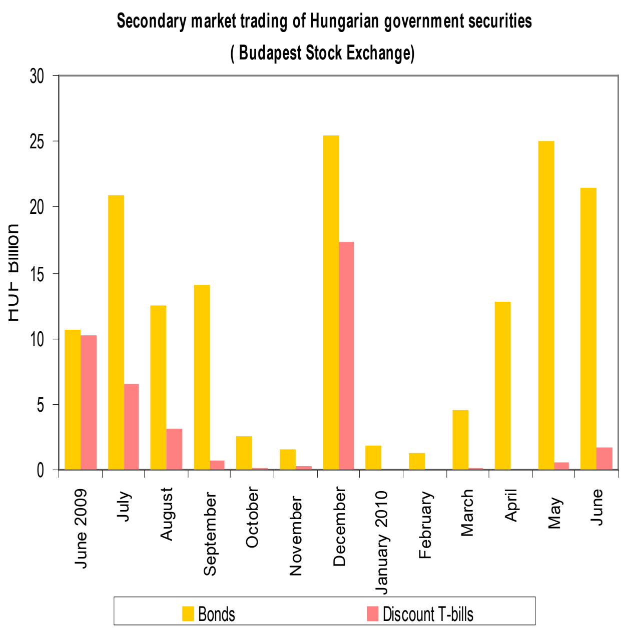


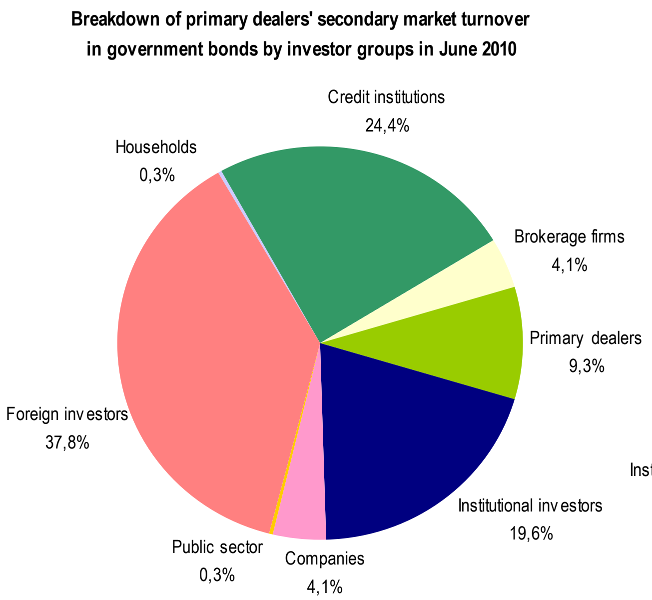


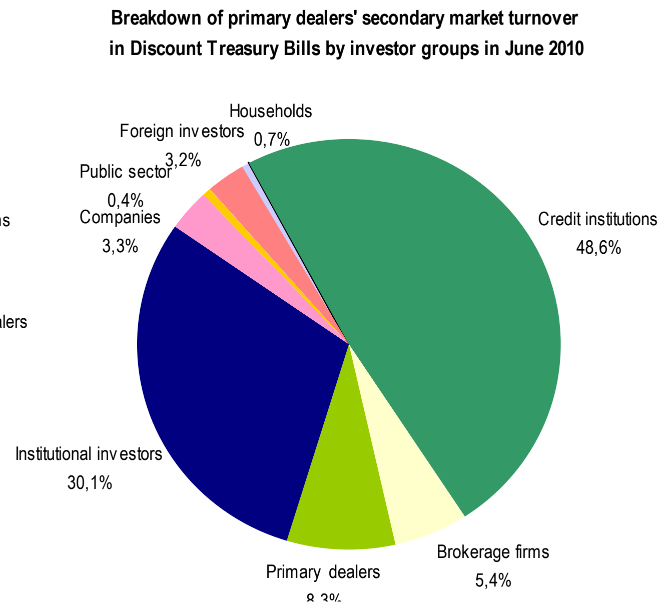
GOVERNMENT SECURITIES BUY-BACK AUCTION RESULTS

Government bond	2010/B	2010/D	2010/B	2010/D	2010/B	2010/D
ISIN code	HU0000402292	HU0000402409	HU0000402292	HU0000402409	HU0000402292	HU0000402409
Coupon (%)	6.75	6.25	6.75	6.25	6.75	6.25
Date of reverse auction	02.06.2010	02.06.2010	16.06.2010	16.06.2010	30.06.2010	30.06.2010
Date of financial settlement	09.06.2010	09.06.2010	23.06.2010	23.06.2010	07.07.2010	07.07.2010
Redemption date	12.10.2010	24.08.2010	12.10.2010	24.08.2010	12.10.2010	24.08.2010
Minimum annual yield (%)	5.23	5.23	5.37	5.37	0.00	5.51
Average annual yield - ISMA (%)	5.24	5.24	5.39	5.39	0.00	5.52
Average annual yield - EHM (%)	5.15	5.13	5.29	5.27	0.00	5.39
Amount of bids submitted (HUF million)	5,855.36	8,168.26	7,885.00	3,702.50	2,086.20	6,187.19
Amount of bids accepted (HUF million)	2,914.10	8,168.26	4,840.99	3,253.69	0.00	5,643.86









INTEREST RATE RESETS OF FLOATING RATE GOVERNMENT BONDS IN JUNE 2010

Government Bond	Date of interest rate reset	Interest period		Date of interest payment	Reset interest rate (%)	Interest payable (%)
2013/C	18.06.2010	20.06.2010	20.12.2010	20.12.2010	5.40	2.75
2014/B	18.06.2010	20.06.2010	20.12.2010	20.12.2010	5.40	2.75
2015/B	18.12.2009	22.06.2010	22.12.2010	22.12.2010	5.24	2.66
2016/A	30.03.2010	30.06.2010	30.09.2010	30.09.2010	4.50	1.13

HUNGARIAN GOVERNMENT SECURITIES INDICES

	MAX index	RMAX index	MAX Composite index	ZMAX index
Value as at 30 June 2010	417.2932	419.2531	414.2142	418.6322
Changes compared to the end of the month before	-8.7731	0.7589	-6.6956	1.5215
Annual yield earned on the index portfolio	16.49%	8.83%	15.39%	7.23%

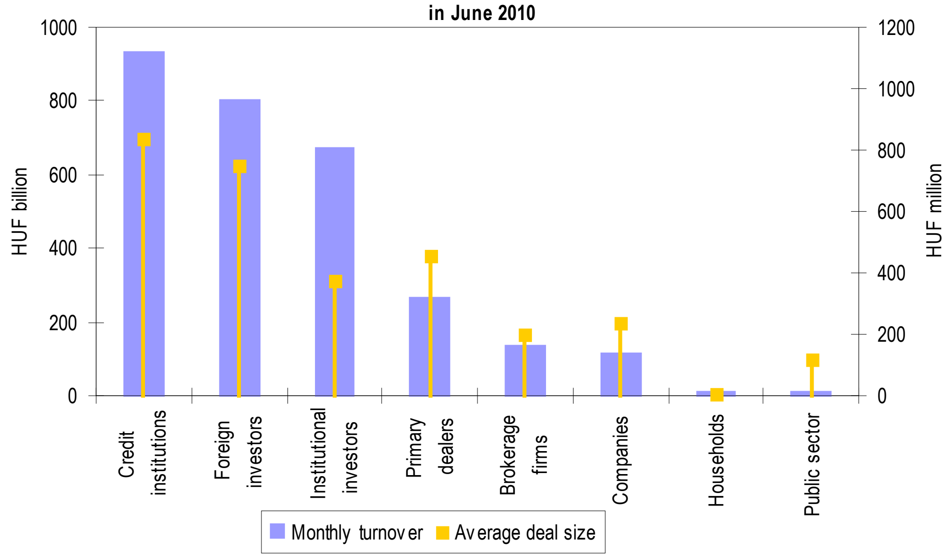
Government securities with the highest secondary market turnover in June 2010

Government security	Date of redemption	Turnover (HUF billion)
2013/E	24.10.2013	351.7
2015/A	12.02.2015	325.7
D110714	14.07.2010	203.8
2019/A	24.06.2019	199.8
2017/B	24.02.2017	185.5
2016/C	12.02.2016	173.5
D110406	06.04.2011	141.8
2012/B	12.06.2012	131.6
2020/A	12.11.2020	125.3
D101020	20.10.2010	114.8

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

Government bond	HUF billion 31.05.2010	HUF billion 30.06.2010
2013/E	614.10	673.68
2016/C	474.05	510.02
2020/A	314.21	327.61
2023/A	224.29	224.34

Primary dealers' trading with different investor groups in June 2010



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