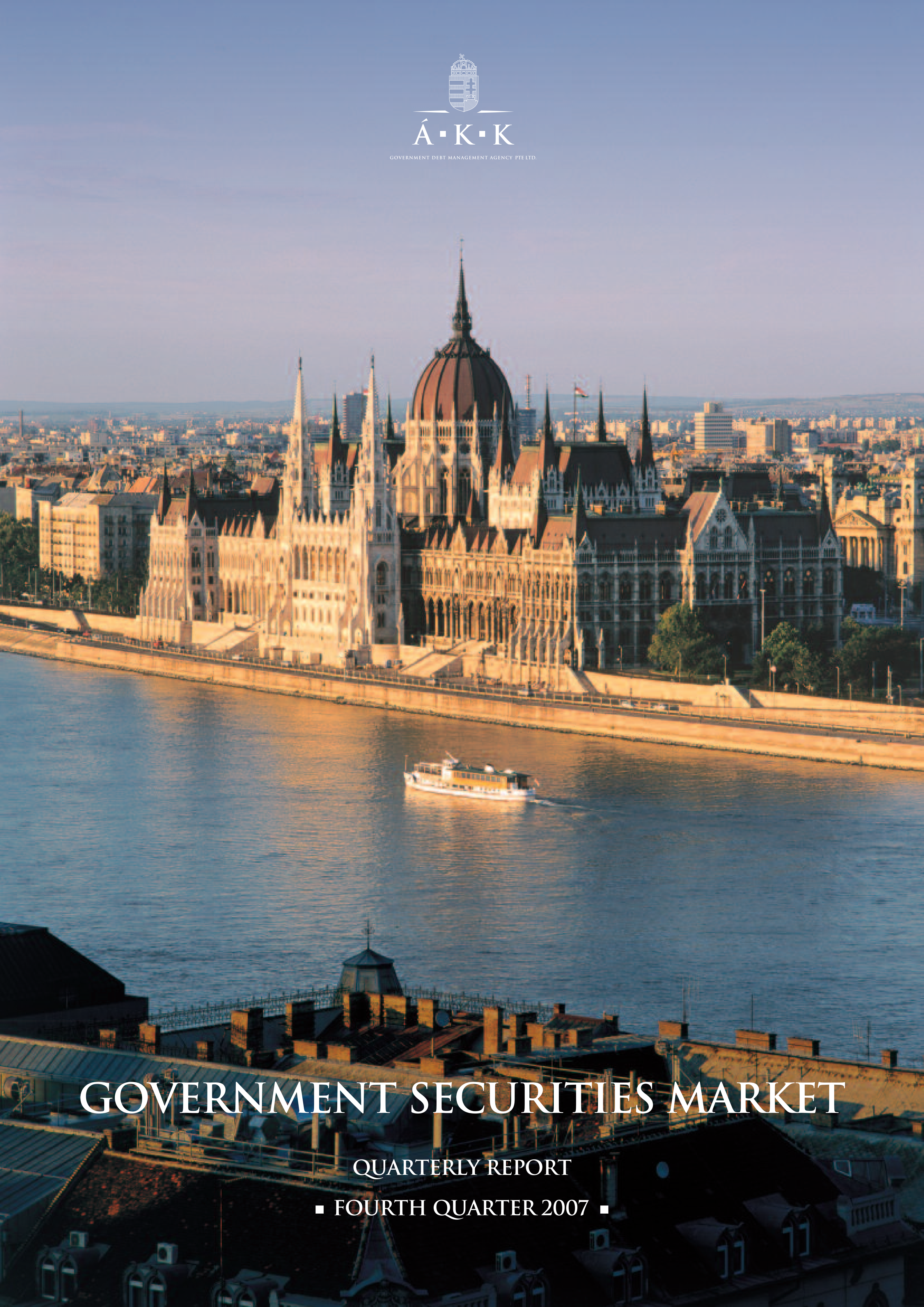

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GOVERNMENT DEBT MANAGEMENT AGENCY PTE LTD.

GOVERNMENT SECURITIES MARKET

QUARTERLY REPORT

▪ FOURTH QUARTER 2007 ▪

GOVERNMENT SECURITIES MARKET

The deficit of the central government without debt assumption amounted to HUF 1233.2 billion in 2007. The cash inflows worth HUF 152.9 billion from the EAGGF fund of the European Union decreased, the capital transfers to the National Bank of Hungary worth HUF 20.6 billion increased the net borrowing requirement. The total net borrowing requirement was HUF 1033.6 billion till the end of Q4 2007. Net issuance was HUF 887.6 billion, out of which net HUF denominated issuance was HUF 553.3 billion, net foreign currency denominated issuance was HUF 334.3 billion. 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.

ÁKK set up benchmarks to maintain optimal cost-risk characteristics of public debt. The 90-day moving average values of those benchmarks at the end of Q4 were as follows:

- The proportion of HUF and foreign currency denominated debt was 71.6% and 28.4% respectively.
- Almost 100% of the foreign currency debt was denominated in euro.
- The fixed-floating mix of the foreign currency portfolio was 65.4%-34.6% respectively.
- The fixed-floating mix of HUF denominated debt was 73.0% and 27.0% respectively.
- The duration of HUF denominated debt was 2.8 years.

These values were in line with ÁKK's benchmark targets.

The base rate of the NBH had not changed and remained at 7.50% during the fourth quarter of 2007. The 3-month benchmark yield increased by 10 basis points(bps), the 6-month increased by 16 basis points, the 12-month increased by 27 bps during Q4 2007. At the end of December the 1-year benchmark yield stood at 7.47%, the 3-year yield at 7.52% and the 10-year yield at 7.08%.

OTC turnover of government securities was 6% lower than in the previous quarter and reached HUF 13,286 billion. Primary dealers, who account for the decisive part of all secondary government securities trading, made 41% of their secondary government securities deals with non-resident investors.

Non-resident holdings of Hungarian government securities increased altogether by HUF 67.5 billion in Q4 and amounted to HUF 3,241.3 billion at the end of December 2007. This represented 31.2% of domestic government bonds and discount Treasury bills.
Due to the better than expected deficit of the central government loans raised in 1997 from the National Bank of Hungary were prepayed in Q4 in the amount of HUF 97 billion.

The EUR/HUF exchange rate according to the Hungarian National Bank was 253.35 on the last working day of December.

The credit rating of the long-term foreign currency denominated debt of the Republic of Hungary was BBB+ (Standard & Poor's); A2 (Moody's); BBB+ (Fitch) on 31 December 2007.

MACROECONOMIC INDICATORS

	1999	2000	2001	2002	2003	2004	2005	2006	October 2007	November 2007	December 2007
GDP growth (yearly average) [1 9]	4.2	5.1	4.6	3.8	4.1	4.6	4.3	4.0			
Industrial production [1]	10.4	18.1	3.6	2.8	5.9	8.3	7.3	10.1	5.9	5.5	
Unemployment rate (%, 3-month average)	7.0	6.4	5.7	5.9	5.9	6.1	7.2	7.5			
Consumer price index (yearly change) [2]	11.2	10.1	6.8	4.8	5.7	5.5	3.3	6.5	6.7	7.1	7.4
Consumer price index (yearly average)	10.0	9.8	9.2	5.3	4.7	6.8	3.6	3.9			
Consumer price index (monthly change)									0.8	0.6	0.4
Producer price index (yearly change) [2]	7.1	12.4	-0.4	-1.3	6.2	1.6	4.5	4.5	-1.4	0.4	
Producer price index (yearly average)	5.0	11.6	5.2	-1.8	2.4	3.5	4.3	6.5			
Producer price index (monthly change)									0.3	0.7	
Net lending position of households (HUF Bn) [3]	796.1	776.3	799.6	454.4	38.1	498.6	918.8	752.9			
Current account of balance of payments (EUR M) [4]	-3,531.4	-4,352.5	-3,576.5	-4,929.2	-5,933.0	-6,915.5	-6,013.3	-5,834.7			
Net direct investments (EUR M) [5]	2,871.7	2,334.0	3,992.2	2,889.4	424.1	2,741.3	4,395.2	2,766.8			
Balance of the central government budget (HUF Bn) [6]	-337.2	-367.8	-402.9	-957.7 [7]	-733.6	-890.0	-545.0	-1,959.2	-1,392.6	-1,404.7	-1,389.9
Central government gross debt (HUF Bn)	6,886.4	7,226.2	7,719.5	9,224.2	10,587.7	11,592.4	12,765.6	14,705.7	15,543.4	15,712.1	15,585.5
Central government gross debt (per cent of GDP)	60.4%	53.4%	50.5%	53.6%	55.9%	56.0%	57.9%	61.9%			60.6%
Net foreign debt (EUR M) [8]	7,344.4	9,686.8	8,398.1	11,519.8	16,122.6	21,184.8	24,889.2	30,966.2			
Net foreign debt (per cent of GDP)	16.3%	19.1%	14.5%	16.5%	21.6%	25.7%	28.0%	34.4%			
HUF/USD mid exchange rate at the end of period	252.52	284.73	279.03	225.16	207.92	180.29	213.58	191.62	174.01	171.78	172.61
HUF/EUR mid exchange rate at the end of period	254.92	264.94	246.33	235.90	262.23	245.93	252.73	252.30	251.13	253.43	253.35

Source: Central Statistical Office, National Bank of Hungary (NBH), Ministry of Finance

[1] Same period of previous year = 100%, working-days adjusted

[2] In case of yearly data: December / previous December; otherwise: month/same month of the previous year

[3] Non-consolidated data

[4] Data compiled in accordance with the new methodology used by the NBH from 2004

[5] Including intercompany loans

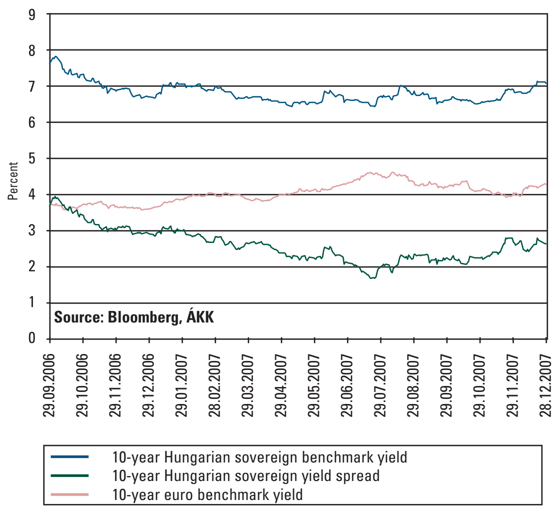
[6] Excluding privatisation proceeds and transfers to the NBH

[7] Excluding debt assumptions and bond-transfers amounting to HUF 512.05 billion at the end of 2002

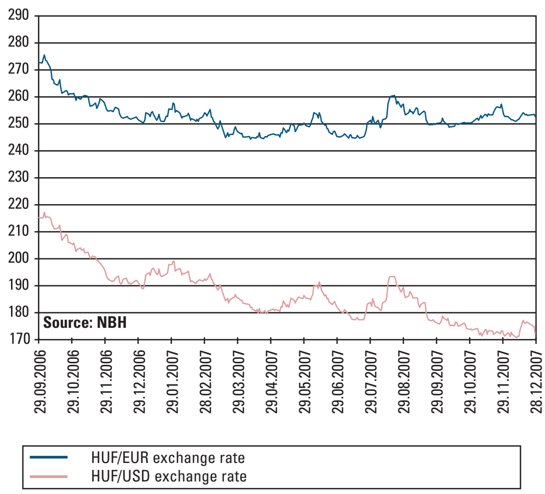
[8] Excluding intercompany loans

[9] FISIM with new methodology as from 2001

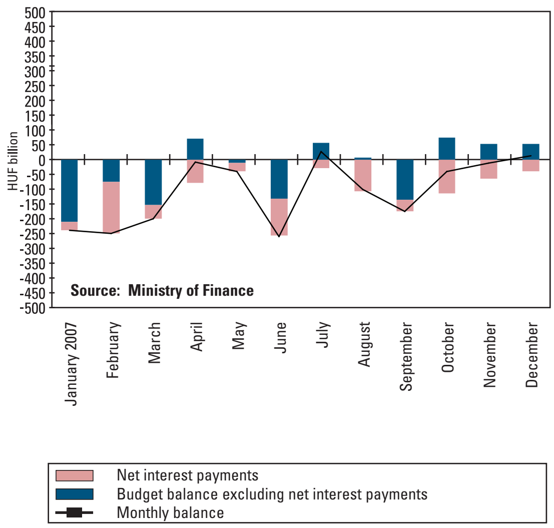
10-year Hungarian and eurozone benchmark yields



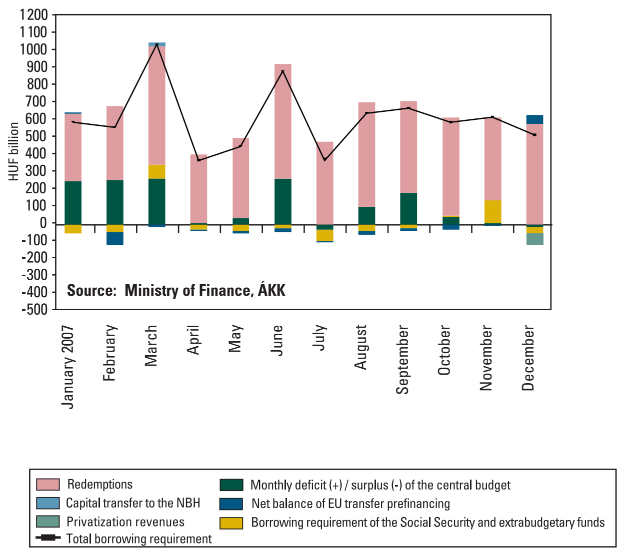
The exchange rate of the Hungarian Forint



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



Gross borrowing requirement



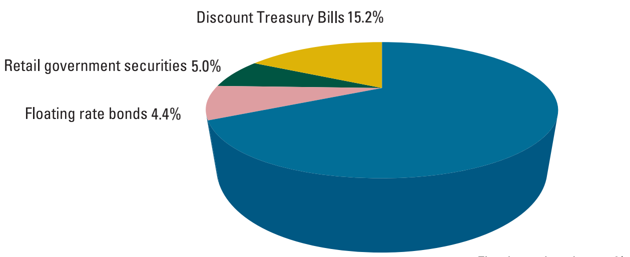
CENTRAL GOVERNMENT GROSS DEBT

	1998	1999	2000	2001	2002	2003	2004	2005	2006	October 2007	November 2007	December 2007
1. Forint denominated debt	3,733.9	4,350.2	4,717.5	5,397.4	6,956.9	8,008.7	8,608.8	9,153.5	10,552.3	10,997.7	11,125.0	11,103.8
1.1. Loans	435.0	380.2	303.8	228.3	353.2	117.9	4.7	0.8	356.4	201.1	201.1	145.7
1.1.1. Foreign loans	0.0	0.0	0.0	0.0	1.7	1.4	1.1	0.8	0.5	121.0	121.0	145.7
1.1.2. Domestic loans	435.0	380.2	303.8	228.3	351.5	116.5	3.5	0.0	355.9	80.0	80.0	0.0
1.1.2.1. Raised from National Bank of Hungary (NBH)	434.9	362.4	289.5	217.4	144.0	71.2	0.0	0.0	0.0	0.0	0.0	0.0
1.1.2.2. Other loans	0.1	17.8	14.3	10.9	207.5	45.3	3.5	0.0	0.0	0.0	0.0	0.0
1.2. Government securities	3,299.0	3,970.0	4,413.6	5,169.1	6,603.7	7,890.8	8,604.2	9,152.7	10,195.9	10,796.6	10,923.9	10,958.1
1.2.1. Public issues	2,432.8	3,116.8	3,582.4	4,360.0	5,826.3	7,131.5	7,860.6	8,418.8	9,667.5	10,275.1	10,402.4	10,465.4
1.2.1.1. Bonds	1,386.5	1,790.8	2,221.2	2,782.0	3,829.2	5,056.5	5,768.9	6,299.1	7,244.2	8,059.7	8,172.5	8,245.3
1.2.1.2. Discount T-bills	689.9	826.7	837.9	1,033.3	1,436.8	1,541.4	1,463.3	1,530.9	1,755.9	1,643.9	1,665.6	1,664.9
1.2.1.3. Retail securities	356.5	499.3	523.3	544.7	560.3	533.5	628.4	588.7	667.4	571.5	564.3	555.2
1.2.2. Private placements	866.1	853.2	831.3	809.1	777.4	759.3	743.6	733.9	528.4	521.5	521.5	492.7
2. Foreign currency denominated debt*	2,431.9	2,536.2	2,508.8	2,322.1	2,267.3	2,579.0	2,983.5	3,590.7	4,124.4	4,526.8	4,568.2	4,472.6
2.1. Loans	2,367.8	1,929.6	1,772.8	1,410.4	1,394.3	1,084.1	916.8	720.6	803.7	932.4	940.9	846.5
2.1.1. Foreign loans	249.6	361.2	368.8	317.8	461.9	598.8	528.9	616.9	700.1	829.3	836.9	838.8
2.1.2. Domestic loans	2,118.2	1,568.4	1,404.0	1,092.6	932.3	485.3	387.8	103.8	103.6	103.1	104.0	7.7
2.1.2.1. Raised from National Bank of Hungary (NBH)	2,118.2	1,568.4	1,404.0	1,092.6	849.6	466.5	355.7	96.1	95.9	95.5	96.3	0.0
2.1.2.2. Other loans	0.0	0.0	0.0	0.0	82.8	18.8	32.2	7.7	7.7	7.6	7.7	7.7
2.2. Government securities	64.0	606.7	736.0	911.7	873.0	1,494.9	2,066.8	2,870.1	3,320.7	3,594.4	3,627.3	3,626.1
2.2.1. Issued abroad	44.4	587.1	715.7	911.7	873.0	1,494.9	2,066.8	2,870.1	3,320.7	3,594.4	3,627.3	3,626.1
2.2.1.1. Foreign currency bonds	43.8	586.8	715.4	911.5	872.9	1,494.7	2,066.7	2,870.0	3,320.6	3,594.3	3,627.2	3,626.1
2.2.1.2. Kingdom of Hungary 1924 issues	0.6	0.3	0.3	0.3	0.2	0.1	0.1	0.1	0.1	0.0	0.0	0.0
2.2.2 Issued domestically	19.6	19.6	20.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total	6,165.8	6,886.4	7,226.2	7,719.5	9,224.2	10,587.7	11,592.4	12,744.2	14,676.7	15,524.5	15,693.1	15,576.4
Other liabilities								21.4	29.0	19.0	19.0	9.1
Total central government debt								12,765.6	14,705.7	15,543.4	15,712.1	15,585.5
Gross debt/GDP	61.1%	60.4%	53.4%	50.5%	53.6%	55.9%	56.0%	57.9%	61.9%			60.6%

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

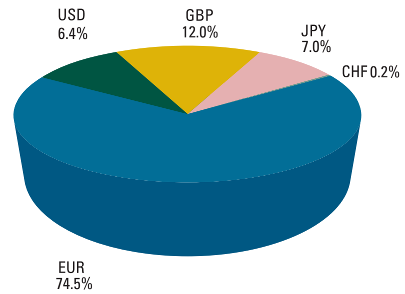
Source: ÁKK

Composition of HUF government securities as at 31. 12. 2007.



Source: ÁKK

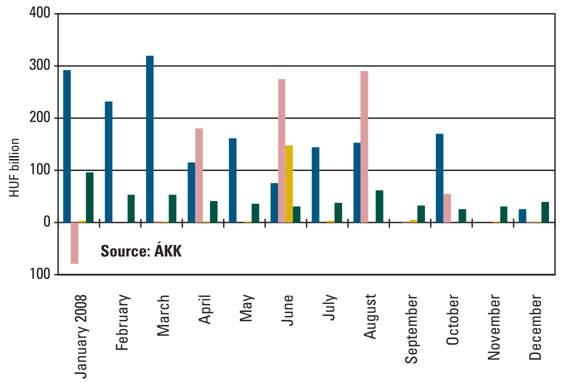
Currency composition of the foreign exchange debt portfolio as at 31. 12. 2007*



Source: ÁKK

*** Composition before swaps. By using cross-currency swaps, 99.99% of the actual foreign exchange debt of the central government was due in euros.**

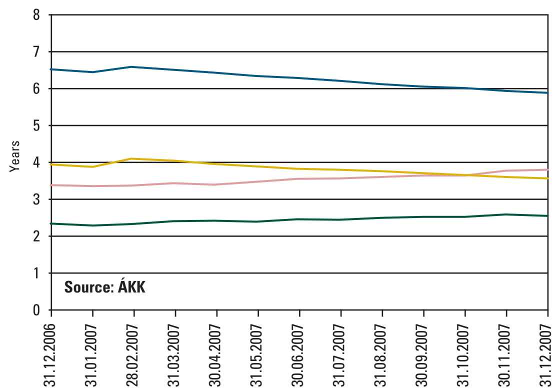
Maturity profile of the central government gross debt over the next 12 months, as at 31.12.2007 *



*Negative maturity is caused by reverse repos.

Government Bonds — Other debt — Discount Treasury Bills — Foreign exchange debt

Duration and average term-to-maturity of the HUF and foreign currency debt portfolios



HUF debt average term-to-maturity — HUF debt duration — Foreign exchange debt average term-to-maturity — Foreign exchange debt duration

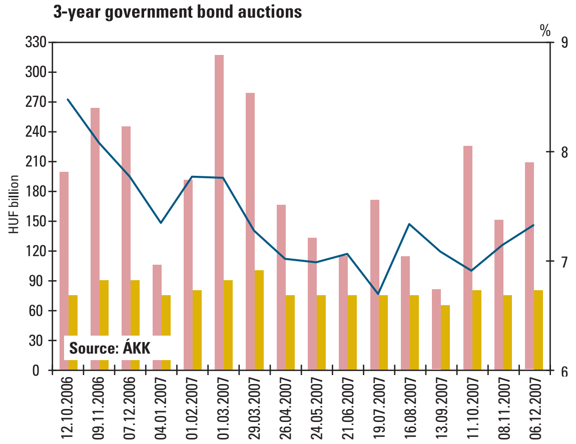
GOVERNMENT BOND AUCTION RESULTS

Government Bond	2010/D	2023/A	2012/C	2017/B	2010/D	2012/C	2017/B	2010/D	2023/A	2012/C	2017/B
ISIN code	HU0000402409	HU0000402383	HU0000402417	HU0000402375	HU0000402409	HU0000402417	HU0000402375	HU0000402409	HU0000402383	HU0000402417	HU0000402375
Maturity (in years)	3	15	5	10	3	5	10	3	15	5	10
Coupon (%)	6.25%	6.00%	6.00%	6.75%	6.25%	6.00%	6.75%	6.25%	6.00%	6.00%	6.75%
Auction	5. auction	6. auction	4. auction	4. auction	6. auction	5. auction	6. auction	7. auction	7. auction	6. auction	6. auction
Date of auction	11.10.2007	11.10.2007	25.10.2007	25.10.2007	08.11.2007	22.11.2007	22.11.2007	06.12.2007	06.12.2007	20.12.2007	20.12.2007
Date of financial settlement	17.10.2007	17.10.2007	31.10.2007	31.10.2007	14.11.2007	28.11.2007	28.11.2007	12.12.2007	12.12.2007	27.12.2007	27.12.2007
Date of redemption	24.08.2010	24.11.2023	24.10.2012	24.02.2017	24.08.2010	24.10.2012	24.02.2017	24.08.2010	24.11.2023	24.10.2012	24.02.2017
Maximum annual yield (%) - ISMA	6.92	6.53	6.68	6.56	7.19	7.06	6.93	7.36	6.65	7.46	7.18
Minimum annual yield (%) - ISMA	6.90	6.49	6.65	6.50	7.04	7.03	6.90	7.33	6.63	7.38	7.14
Average annual yield (%) - ISMA	6.92	6.52	6.67	6.54	7.16	7.05	6.92	7.35	6.65	7.43	7.16
Maximum annual yield (%) - EHM	6.91	6.53	6.67	6.55	7.18	7.07	6.94	7.35	6.64	7.45	7.17
Minimum annual yield (%) - EHM	6.89	6.49	6.64	6.49	7.03	7.04	6.91	7.32	6.62	7.37	7.13
Average annual yield (%) - EHM	6.91	6.51	6.66	6.53	7.15	7.06	6.93	7.34	6.64	7.42	7.16
Maximum price (%)	98.2834	95.1825	97.3148	101.6610	97.9781	95.7915	98.8918	97.3416	93.9017	94.5323	97.4098
Minimum price (%)	98.2336	94.8040	97.1933	101.2474	97.6156	95.6739	98.6933	97.2714	93.7168	94.2287	97.1521
Average price (%)	98.2440	94.9404	97.2505	101.4175	97.6867	95.7303	98.7810	97.3023	93.7311	94.3351	97.2660
Amount offered for sale (HUF million)	75,000.00	20,000.00	45,000.00	40,000.00	75,000.00	45,000.00	40,000.00	80,000.00	20,000.00	45,000.00	40,000.00
Amount of bids submitted (HUF million)	225,633.75	64,150.00	84,750.00	37,350.00	150,962.05	88,100.00	100,180.00	208,980.00	78,062.54	67,050.00	81,477.00
Amount of bids accepted (HUF million)	79,999.92	24,999.89	44,999.95	29,999.94	74,999.94	44,999.97	39,999.95	79,999.95	24,999.96	39,999.98	39,999.96
Bid-to-cover ratio	2.82	2.57	1.88	1.25	2.01	1.96	2.50	2.61	3.12	1.68	2.04
Bids submitted (pcs)	154	97	77	55	137	62	104	88	59	55	57
Bids accepted (pcs)	33	40	26	48	96	17	29	51	23	32	30
Tail (average price - minimum price)	0.01	0.14	0.06	0.17	0.07	0.06	0.09	0.03	0.01	0.11	0.11
Market sales* (HUF million)	79,999.92	24,999.89	44,999.95	29,999.94	74,999.94	44,999.97	39,999.95	79,999.95	24,999.96	39,999.98	39,999.96
Retained on ÁKK's own account (HUF million)	0.08	5,000.11	8,500.05	0.06	0.06	0.03	0.05	0.05	5,000.04	0.02	0.04
Total,amount issued (HUF million)	80,000.00	30,000.00	53,500.00	30,000.00	75,000.00	45,000.00	40,000.00	80,000.00	30,000.00	40,000.00	40,000.00

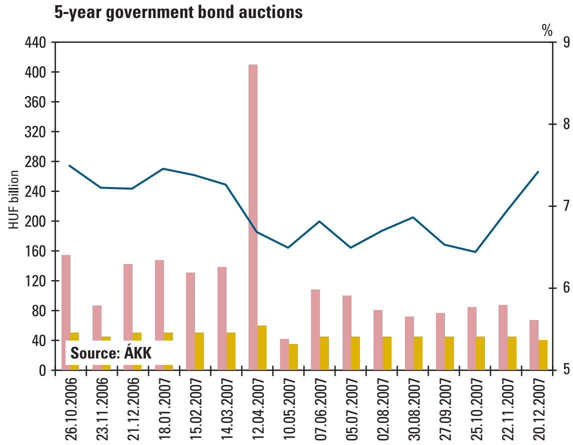
Without issuance onto ÁKK's own account.

Source: ÁKK

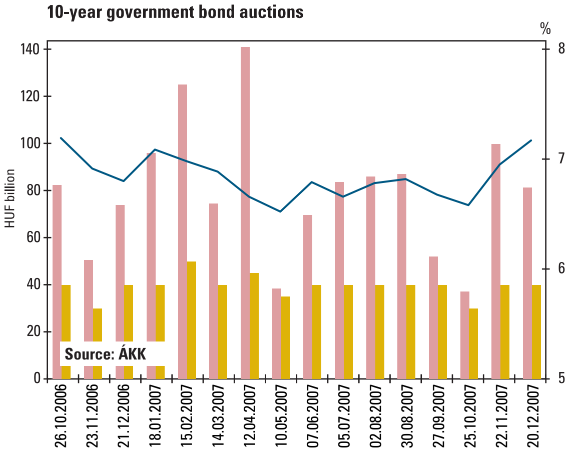
3-year government bond auctions



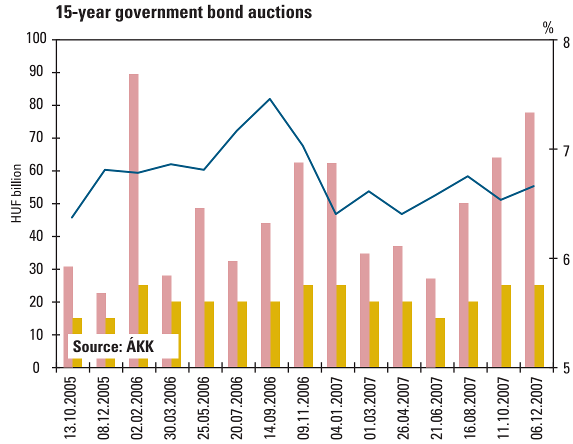
5-year government bond auctions



10-year government bond auctions



15-year government bond auctions

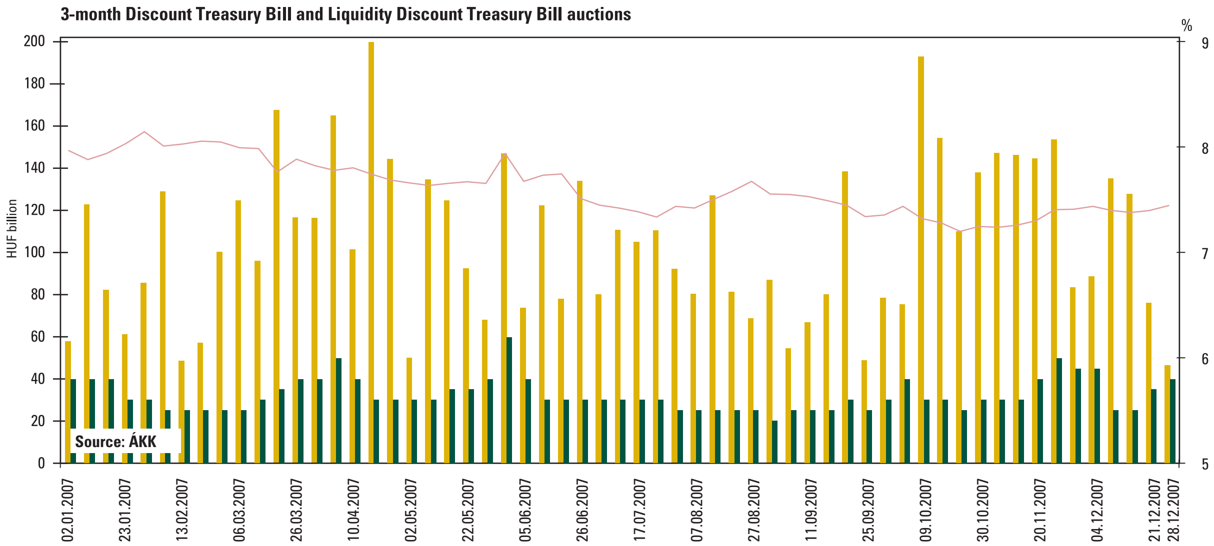


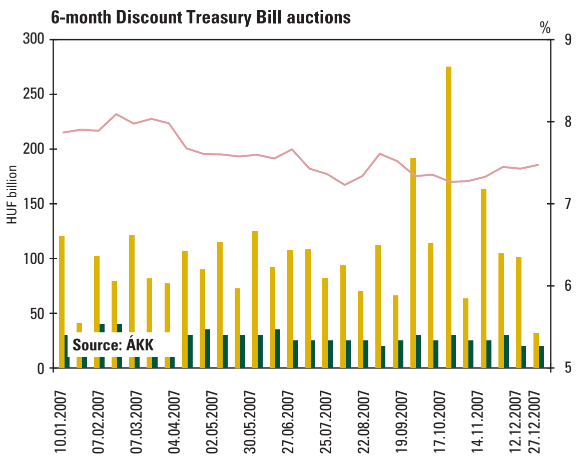
Bids submitted | Accepted amount | Average yield

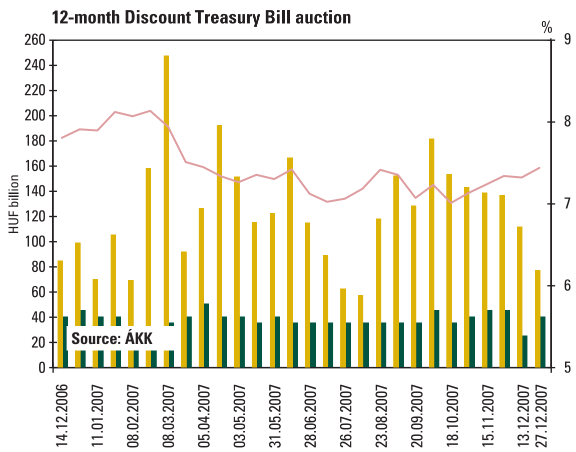
GOVERNMENT BOND BUY-BACK AUCTION RESULTS

Government bond	2008/C	2008/E	2008/C	2008/E	2008/C	2008/E	2008/C	2008/E
ISIN code	HU0000402102	HU0000402300	HU0000402102	HU0000402300	HU0000402102	HU0000402300	HU0000402102	HU0000402300
Coupon (%)	6.25%	6.50%	6.25%	6.50%	6.25%	6.50%	6.25%	6.50%
Date of buy-back auction	07.11.2007	07.11.2007	21.11.2007	21.11.2007	05.12.2007	05.12.2007	19.12.2007	19.12.2007
Date of financial settlement	14.11.2007	14.11.2007	28.11.2007	28.11.2007	12.12.2007	12.12.2007	27.12.2007	27.12.2007
Date of redemption	12.06.2008	12.08.2008	12.06.2008	12.08.2008	12.06.2008	12.08.2008	12.06.2008	12.08.2008
Minimum annual yield (%)	7.35	7.25	7.43	7.36	7.50	7.46	7.48	7.45
Average annual yield (%) - ISMA	7.36	7.29	7.44	7.36	7.52	7.49	7.50	7.46
Amount of bids submitted (HUF million)	27,524.24	33,394.28	14,672.81	61,066.11	18,338.49	41,066.94	6,203.58	13,687.42
Amount of bids accepted (HUF million)	17,212.73	31,994.28	3,150.00	19,999.98	17,321.57	23,962.55	6,203.58	9,687.42
Bids submitted (pcs)	29	24	18	33	14	19	9	16
Bids accepted (pcs)	16	21	3	6	12	13	9	13

Source: ÁKK







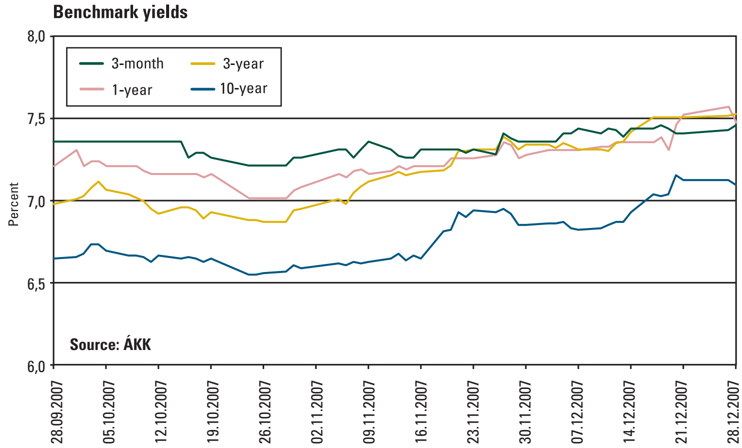
Bids submitted | Accepted amount | Average yield

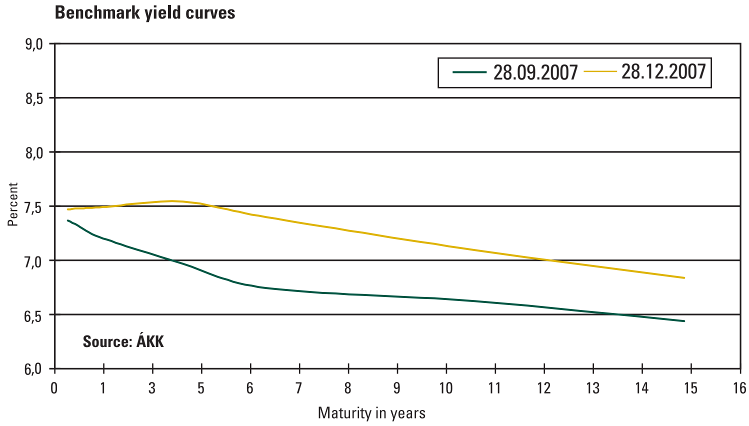
DETERMINATION OF INTEREST RATE FOR FLOATING RATE GOVERNMENT BONDS IN Q4 2007

Government Bond	Date of determination rate reset	Interest period		Date of interest payment	Applicable interest rate (%)	Interest payable (%)
2026/B	19.10.2007	24.10.2007	24.04.2008	24.04.2008	7,45%	7,80%
2026/C	24.10.2007	24.10.2007	24.04.2008	24.04.2008	7,45%	-
2008/A	19.10.2007	24.10.2007	24.01.2008	24.01.2008	7,35%	-
2016/A*	01.10.2007	30.09.2007	31.12.2007	02.01.2008	6,50%	1,64%
2014/A	31.10.2007	02.11.2007	02.05.2008	05.05.2008	7,50%	3,79%
2013/C	19.12.2007	20.12.2007	20.06.2008	20.06.2008	7,40%	3,76%
2014/B	19.12.2007	20.12.2007	20.06.2008	20.06.2008	7,40%	3,76%
2016/A*	29.12.2007	31.12.2007	31.03.2008	31.03.2008	6,50%	1,60%
2016/B	29.12.2007	02.01.2008	02.07.2008	02.07.2008	7,37%	3,73%

Source: ÁKK

* Determination of interest rate takes place quarterly, while payment of interest semiannualy

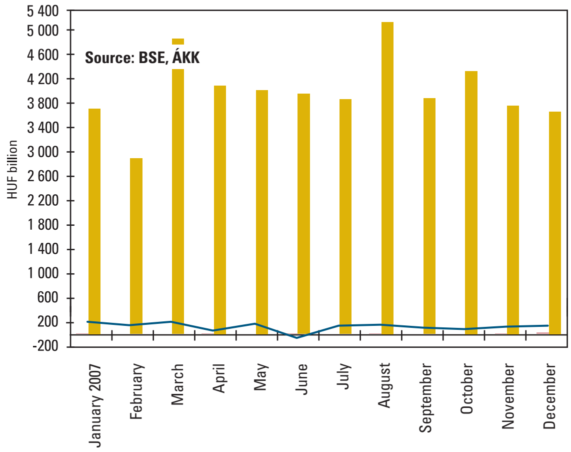




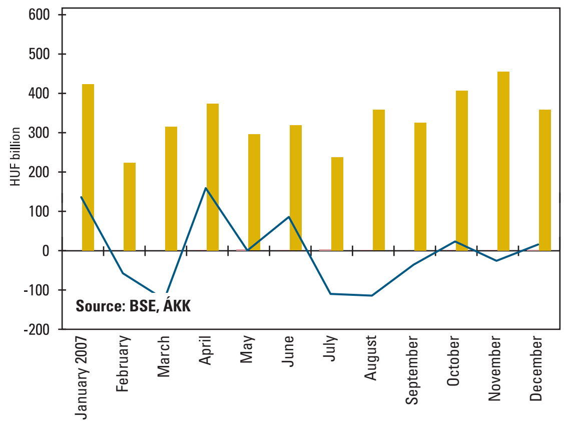
PRIMARY DEALERS - AS AT 29 DECEMBER 2007

Primary dealers:		Primary dealers for retail securities:
CIB Bank Zrt.	ING Bank (Magyarország) Zrt.	CIB Bank Zrt.
CITIBANK Zrt.	Kereskedelmi és Hitelbank Zrt.	UniCredit Bank Hungary Zrt.
Deutsche Bank ZRt.	MKB Bank Nyrt.	Kereskedelmi és Hitelbank Nyrt.
Dresdner Bank AG	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

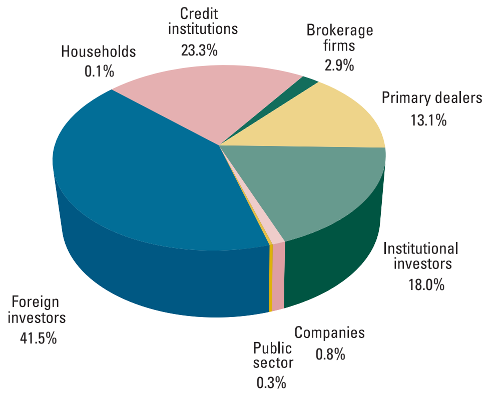
Secondary market trading of government bonds



Secondary market trading of Discount Treasury Bills

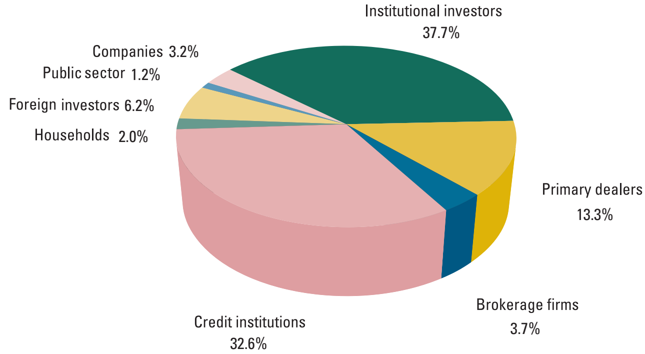


Breakdown of primary dealers' secondary market turnover in government bonds by investor groups in Q4 2007



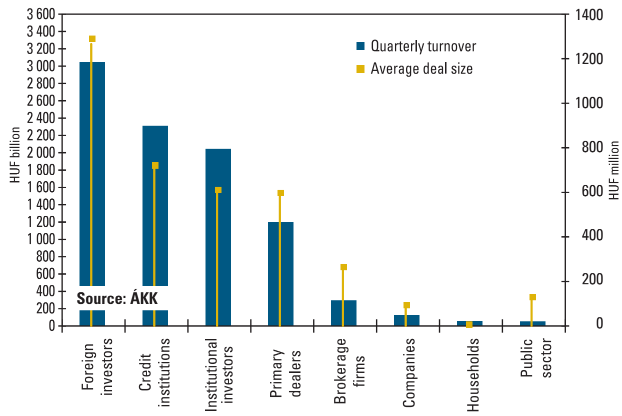
Source: ÁKK

Breakdown of primary dealers' secondary market turnover in Discount Treasury Bills by investor groups in Q4 2007



Source: ÁKK

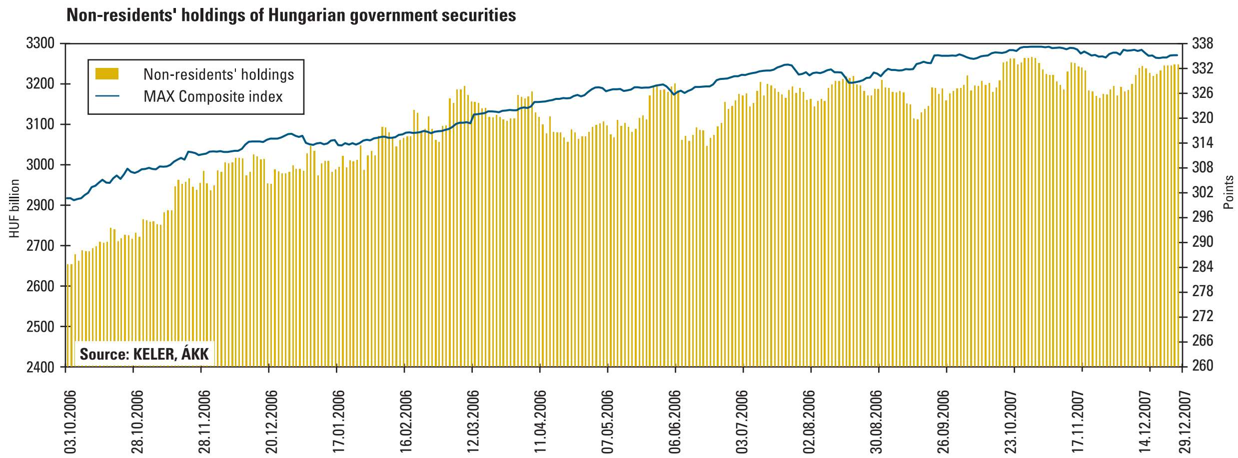
Primary dealers' trading with different investor groups in Q4 2007



Government securities with the highest turnover on the secondary market in Q4 2007

Government security	Date of redemption	Turnover (HUF billion)
2017/B	24.02.2017	927.0
2010/D	24.08.2010	898.7
2012/B	12.06.2012	727.5
2010/C	12.04.2010	691.0
2009/F	12.08.2009	636.9
2012/C	24.10.2012	522.6
D080312	12.03.2008	416.9
D081022	22.10.2008	304.2
2013/D	12.02.2013	299.8
2008/E	12.08.2008	270.9

Source: ÁKK



HUNGARIAN GOVERNMENT SECURITIES INDICES

	Value of the index				Annual yield earned on the index portfolio			
	MAX index	RMAX index	MAX Composite index	ZMAX index	MAX index	RMAX index	MAX Composite index	ZMAX index
28.09.2007	342.5680	333.5718	336.9869	336.1272	12.00%	8.25%	11.29%	8.16%
31.10.2007	344.4014	335.8562	338.8921	338.5418	10.46%	8.21%	10.04%	8.17%
30.11.2007	342.3601	337.4615	337.5321	340.3496	7.79%	7.89%	7.85%	7.98%
28.12.2007	341.0465	339.2166	336.7548	342.3664	6.22%	7.69%	6.52%	7.91%

Source: ÁKK

OUTSTANDING AMOUNT OF BENCHMARK GOVERNMENT BOND SERIES IN Q4 2007

	HUF billion		
Government Bond	**31. 10. 2007**	**30.11. 2007**	**28. 12. 2007**
2010/D	370,73	445,77	525,80
2012/C	180,07	225,08	265,09
2017/B	590,13	630,14	670,14
2023/A	125,04	125,04	150,05

Source: ÁKK

REUTERS PAGES (CODES)

Main page: HUTREASURY

Auction results are available from 12.00 (CET)	
HUISSUE	Publication of the following issues and reverse auctions
HUAUCTION01	Discount T-bill auction results
HUAUCTION02	Government Bond auction results

Secondary market data	
HUBONDFIX	Benchmark yield fixing (updated at 14.00 CET)
HUBEST 3,4,5	Best secondary market quotations
HUBONDAKK, HUBONDAKK4	Best morning secondary market quotations
HUBONDAKK2, HUBONDAKK3	Best afternoon secondary market quotations
HUBONDINDEX	Hungarian Government Total Return Index (MAX), updated at 16.00 CET
HUBONDINDEX2	Benchmark Indices for Government Bonds BMX3Y-15Y (updated at 16.00 CET)
.HUMAXBOND	Hungarian Government Total Return Index (MAX) statistics

Other	
HUFLOATER	Interest rate reset of floating rate bonds
HUINDEXED	Accrued interest and capital uplift (inflation adjusted capital) of the index-linked government bond on a daily basis
HUBONDINFO	List of authorised dealers (contacts)

FURTHER INFORMATION PAGES:

Bloomberg pages (code): GDMA

Homepage: www.akk.hu, www.allampapir.hu

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