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GOVERNMENT DEBT MANAGEMENT AGENCY PTE LTD.

GOVERNMENT SECURITIES MARKET

MONTHLY REPORT

SEPTEMBER 2007

The deficit of the central government - without debt assumption - amounted to HUF 1086.0 billion in the first three quarters of 2007. The cash inflows worth HUF 176.0 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 930.6 billion till the end of September. Net issuance was HUF 801.7 billion, out of which net HUF-denominated issuance was HUF 455.0 billion, net foreign currency denominated issuance was HUF 346.7 billion in the first nine 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 454.6 billion till the end of September (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 820.6 billion, while the stock of discount Treasury bills and retail government securities decreased by HUF 76.8 billion and HUF 85.9 billion respectively. The stock of non-mar ketable government bonds decreased by HUF 6.0 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 78.5 billion from international financial institutions. These transactions resulted in the drop of the stock of HUF denominated loans by HUF 197.4 billion to HUF 159.1 billion by the end of September.

The foreign currency debt of the central government increased by HUF 313.3 billion till the end of September. The HUF 258.5 billion bond issuance, the drawdown of foreign currency denominated loans worth HUF 124.4 billion increased, while the exchange rate gains totalling HUF 33.4 billion and the redemptions of foreign currency loans worth HUF 36.1 billion decreased the Hungarian Forint value of the foreign currency debt.

Secondary market benchmark yields decreased on all maturities in September. The 1-year yield decreased by 8 basis points to 7.20%, the 3-year and 10-year yield decreased by 18 and 13 basis points to 6.96% and 6.62% respectively.

Monthly OTC turnover of government securities was 23% lower in September than a month before and reached HUF 4,302.6 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.

Non-resident holdings of Hungarian government securities decreased altogether by HUF 3.8 billion and amounted to HUF 3,173.7 billion at the end of September. This represented 30.9% of domestic government bonds and discount Treasury bills.

The EUR/HUF exchange rate according to the Hungarian National Bank was 250.76 on the last working day of September.

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 September 2007.

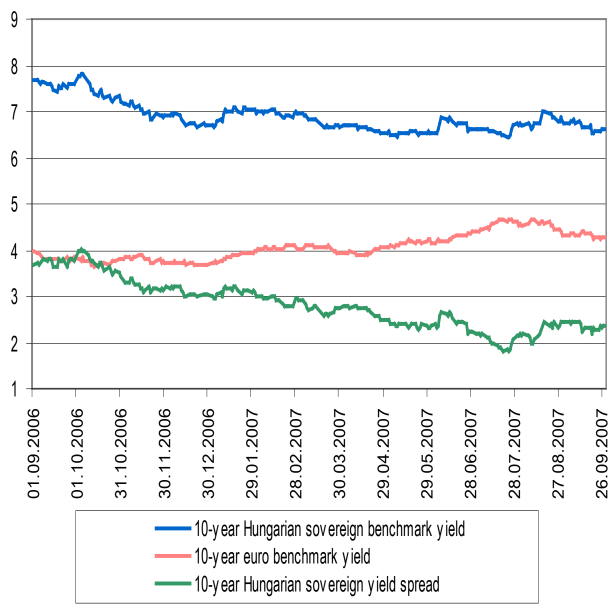
CENTRAL GOVERNMENT GROSS DEBT

HUF BILLION

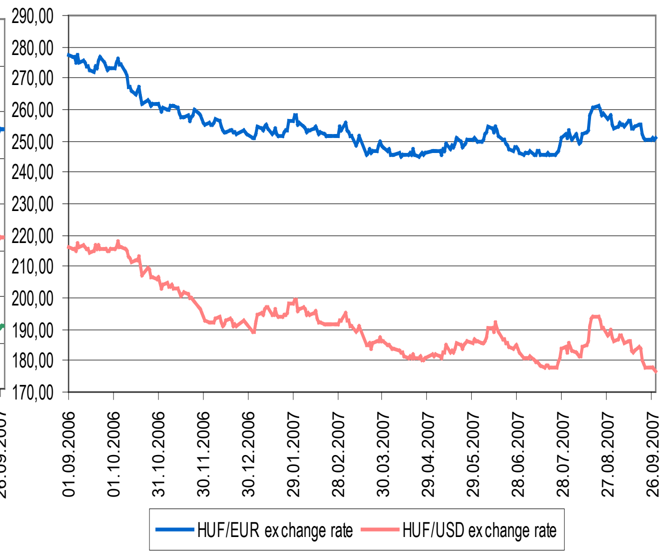
	2001	2002	2003	2004	2005	2006	July 2007	August 2007	September 2007
1. Forint denominated debt	5,397.4	6,956.9	8,008.7	8,608.8	9,153.5	10,552.3	11,070.8	11,030.6	11,006.9
1.1. Loans	228.3	353.2	117.9	4.7	0.8	356.4	252.1	252.1	159.1
1.2. Government securities	5,169.1	6,603.7	7,890.8	8,604.2	9,152.7	10,195.9	10,818.7	10,778.5	10,847.8
1.2.1. Public issues	4,360.0	5,826.3	7,131.5	7,860.6	8,418.8	9,667.5	10,292.2	10,256.2	10,325.5
1.2.1.1. Bonds	2,782.0	3,829.2	5,056.5	5,768.9	6,299.1	7,244.2	7,834.1	7,947.4	8,064.8
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	1,830.0	1,712.8	1,679.1
1.2.1.3. Retail securities	544.7	560.3	533.5	628.4	588.7	667.4	628.1	596.1	581.6
1.2.2. Private placements	809.1	777.4	759.3	743.6	733.9	528.4	526.4	522.3	522.3
2. Foreign currency denominated debt*	2,322.1	2,267.3	2,579.0	2,983.5	3,590.7	4,124.4	4,433.7	4,505.6	4,437.8
2.1. Loans	1,410.4	1,394.3	1,084.1	916.8	720.6	803.7	883.2	907.7	886.6
2.1.1. Foreign loans	317.8	461.9	598.8	528.9	616.9	700.1	780.3	803.4	783.6
2.1.2. Domestic loans	1,092.6	932.3	485.3	387.8	103.8	103.6	102.9	104.3	102.9
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	96.6	95.3
2.1.2.2. Other loans	0.0	82.8	18.8	32.2	7.7	7.7	7.6	7.7	7.6
2.2. Government securities	911.7	873.0	1,494.9	2,066.8	2,870.1	3,320.7	3,550.5	3,597.9	3,551.2
2.2.1. Issued abroad	911.7	873.0	1,494.9	2,066.8	2,870.1	3,320.7	3,550.5	3,597.9	3,551.2
2.2.1.1. Foreign currency bonds	911.5	872.9	1,494.7	2,066.7	2,870.0	3,320.6	3,550.4	3,597.9	3,551.1
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	15,504.4	15,536.2	15,444.6
Other liabilities					21.4	29.0	25.1	27.3	18.9
Total central government debt					12,765.6	14,705.7	15,529.5	15,563.5	15,463.5
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*	*10,190.6*	*10,182.5*	*10,266.2*
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.

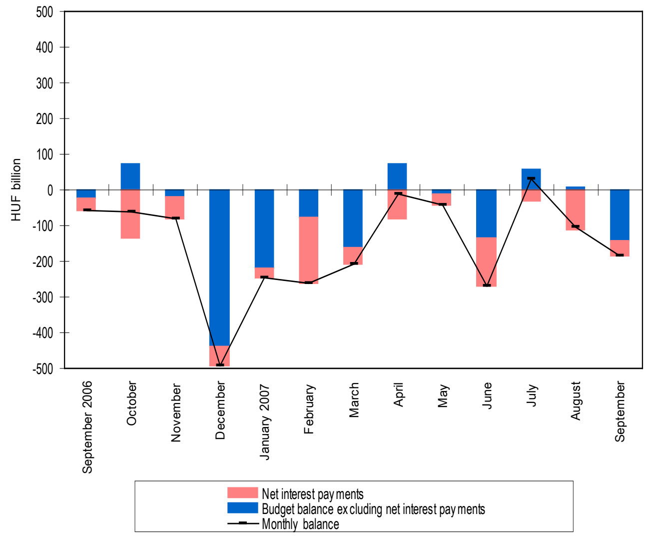
10-year Hungarian and eurozone benchmark yields during the last year



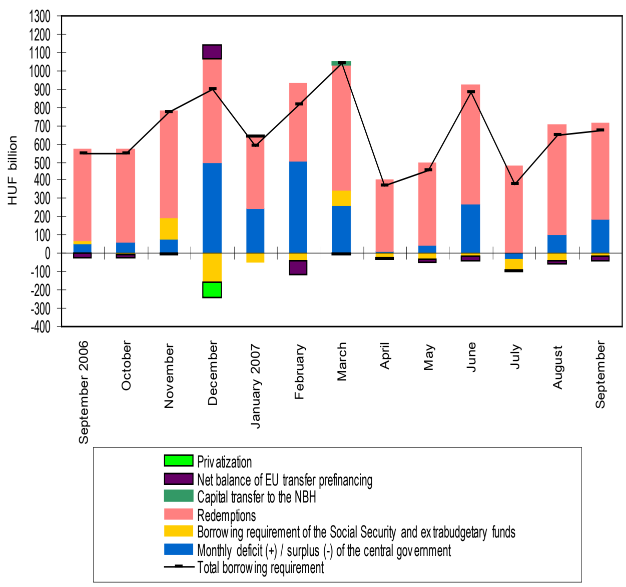
The exchange rate of the Hungarian Forint during the last year



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



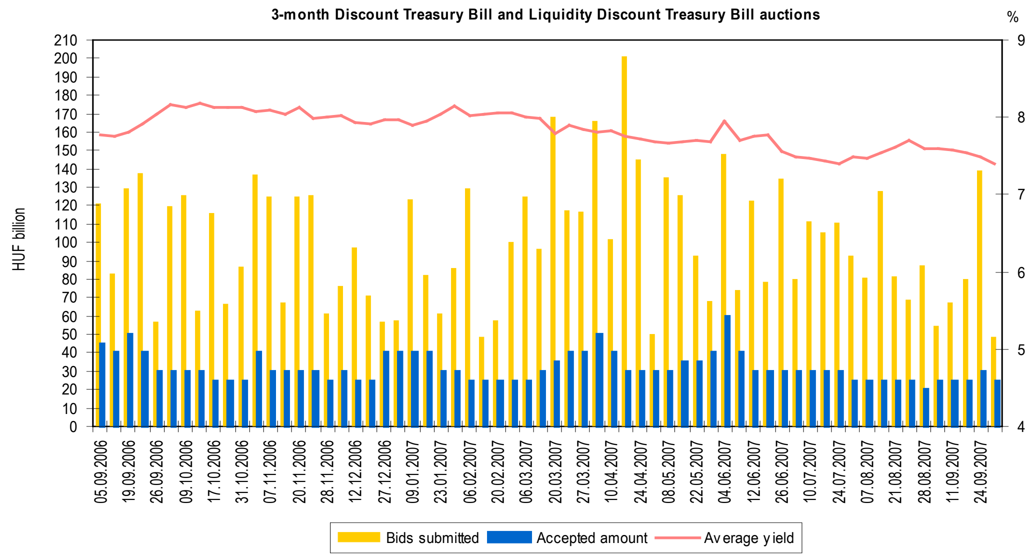
Gross borrowing requirement

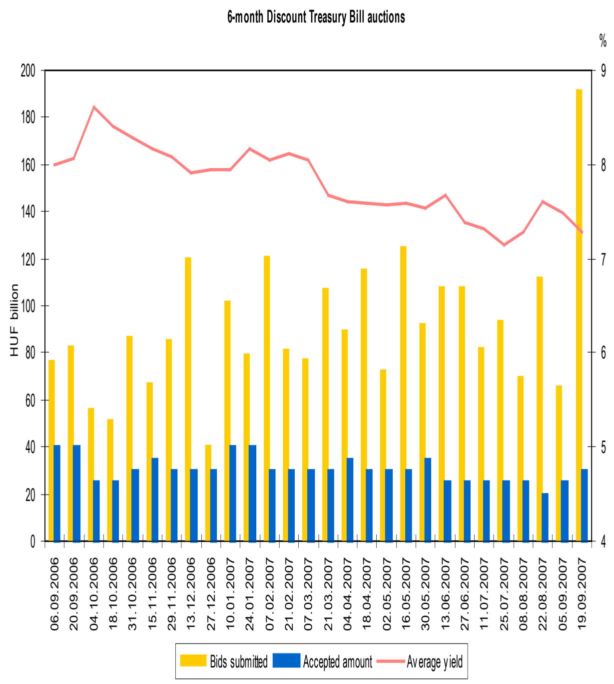


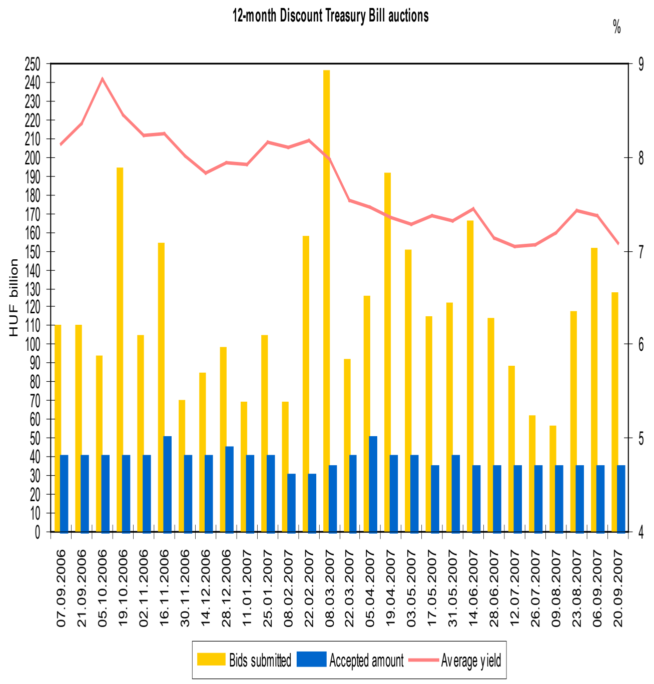
DISCOUNT TREASURY BILL AUCTION RESULTS

	Liquidity Discount T-Bills	3-month Discount T-bills				6-month Discount T-bills		12-month Discount T-bills	
Code of T-bills	D071107	D071212	D071219	D071227	D080102	D080213	D080409	D080827	D080827
ISIN code	HU0000516430	HU0000516489	HU0000516349	HU0000516497	HU0000516521	HU0000516422	HU0000516513	HU0000516463	HU0000516463
Maturity in days	42	91	91	92	91	154	196	350	336
Date of auction	24.09.2007	04.09.2007	11.09.2007	18.09.2007	25.09.2007	05.09.2007	19.09.2007	06.09.2007	20.09.2007
Date of financial settlement	26.09.2007	12.09.2007	19.09.2007	26.09.2007	03.10.2007	12.09.2007	26.09.2007	12.09.2007	26.09.2007
Redemption date	07.11.2007	12.12.2007	19.12.2007	27.12.2007	02.01.2008	13.02.2008	09.04.2008	27.08.2008	27.08.2008
Maximum yield, (%) - ISMA	7.50	7.60	7.59	7.55	7.42	7.54	7.29	7.38	7.13
Minimum yield (%) - ISMA	7.47	7.50	7.48	7.51	7.20	7.47	7.20	7.29	7.04
Average yield (%) - ISMA	7.50	7.59	7.57	7.53	7.39	7.49	7.28	7.37	7.08
Maximum yield, (%) - EHM	7.60	7.71	7.70	7.65	7.52	7.64	7.39	7.48	7.23
Minimum yield (%) - EHM	7.57	7.60	7.58	7.61	7.30	7.57	7.30	7.39	7.14
Average yield (%) - EHM	7.60	7.70	7.68	7.63	7.49	7.59	7.38	7.47	7.18
Average selling price (%)	99.1326	98.1175	98.1224	98.1020	98.1662	96.8954	96.1876	93.3138	93.8016
Amount offered for sale (HUF million)	30,000.00	25,000.00	25,000.00	25,000.00	25,000.00	25,000.00	25,000.00	35,000.00	35,000.00
Amount of bids submitted (HUF million)	138,849.51	54,639.77	67,034.46	80,295.00	48,908.15	65,986.03	191,763.63	151,889.01	127,911.35
Amount of bids accepted (HUF million)	29,999.97	24,999.96	24,999.92	24,999.97	24,999.95	24,999.95	29,999.99	34,999.96	34,999.91
Bid-to-cover ratio	4.63	2.19	2.68	3.21	1.96	2.64	6.39	4.34	3.65
Bids submitted (pcs)	44	90	107	111	86	96	111	121	118
Bids accepted (pcs)	12	49	60	41	66	38	18	26	44
Market sales* (HUF million)	29,999.97	24,999.96	24,999.92	24,999.97	24,999.95	24,999.95	29,999.99	34,999.96	34,999.91
Retained on ÁKK's own account (HUF m.)	0.03	2,500.04	2,500.08	2,500.03	2,500.05	5,000.05	9,000.01	7,000.04	7,000.09
Total amount issued (HUF million)	30,000.00	27,500.00	27,500.00	27,500.00	27,500.00	30,000.00	39,000.00	42,000.00	42,000.00

*Without issuance onto ÁKK's own account





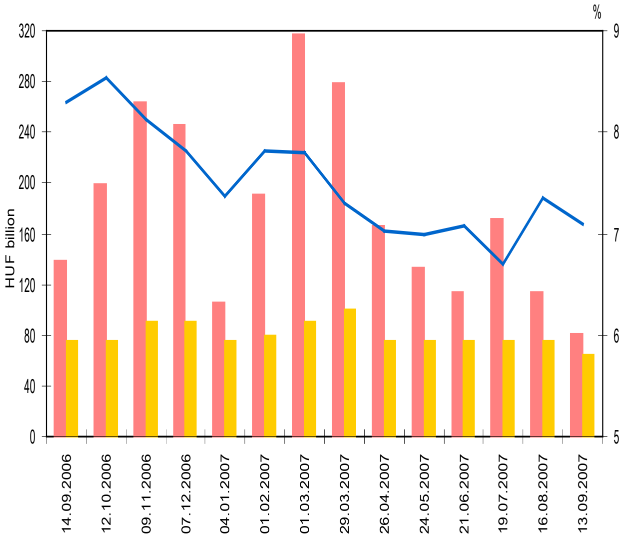


GOVERNMENT BOND AUCTION RESULTS

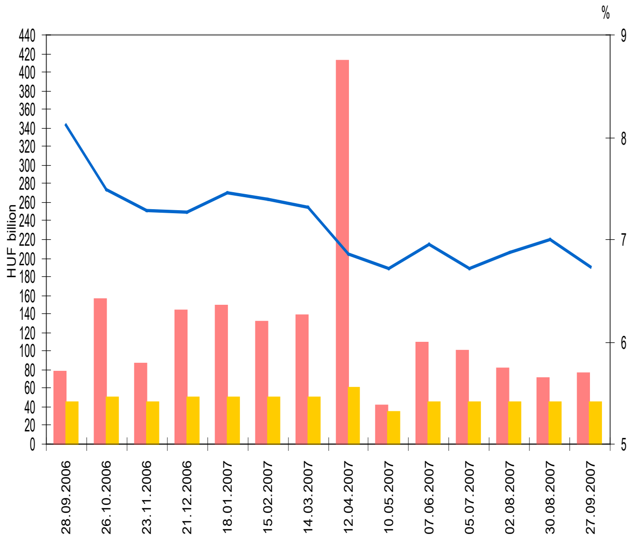
Government Bond	2010/D	2012/C	2017/B
ISIN code	HU0000402409	HU0000402417	HU0000402375
Maturity (in years)	3	5	10
Coupon (%)	6.25%	6.00%	6.75%
Auction	4th auction	3rd auction	13th auction
Date of auction	13.09.2007	27.09.2007	27.09.2007
Date of financial settlement	19.09.2007	03.10.2007	03.10.2007
Redemption date	24.08.2010	24.10.2012	24.02.2017
Maximum annual yield (%) - ISMA	7.15	6.76	6.67
Minimum annual yield (%) - ISMA	7.04	6.71	6.60
Average annual yield (%) - ISMA	7.10	6.74	6.64
Maximum annual yield (%) - EHM	7.14	6.75	6.66
Minimum annual yield (%) - EHM	7.03	6.70	6.59
Average annual yield (%) - EHM	7.09	6.74	6.64
Maximum price (%)	97.8950	97.0489	100.9743
Minimum price (%)	97.6162	96.8446	100.4933
Average price (%)	97.7438	96.9147	100.6754
Amount offered for sale (HUF million)	75,000.00	45,000.00	40,000.00
Amount of bids submitted (HUF million)	80,586.00	76,955.00	52,188.45
Amount of bids accepted (HUF million)	64,999.95	44,999.95	39,999.97
Bid-to-cover ratio	1.24	1.71	1.30
Bids submitted (pcs)	93	83	70
Bids accepted (pcs)	81	58	62
Tail (average price - minimum price)	0.13	0.07	0.18
Market sales* (HUF million)	64,999.95	44,999.95	39,999.97
Retained on ÁKK's own account (HUF million)	0.05	9,000.05	0.03
Total amount issued (HUF million)	65,000.00	54,000.00	40,000.00

*Without issuance onto ÁKK's own account

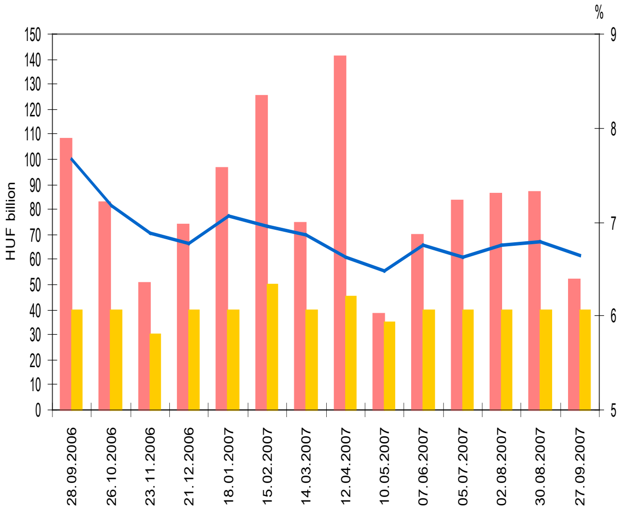
3-year government bond auctions



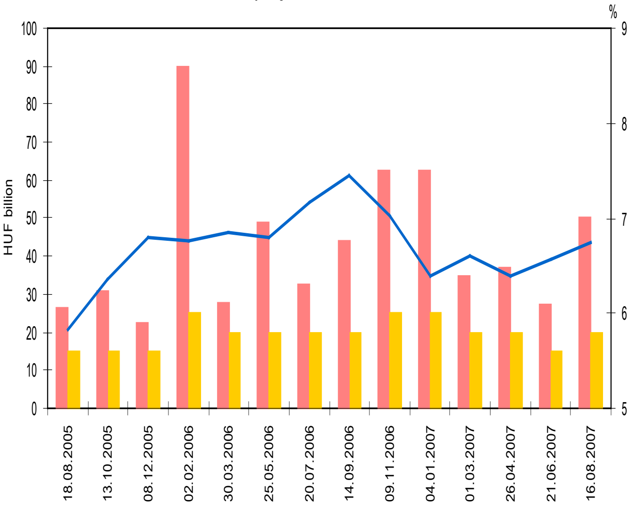
5-year government bond auctions

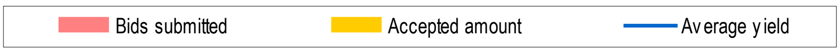


10-year government bond auctions



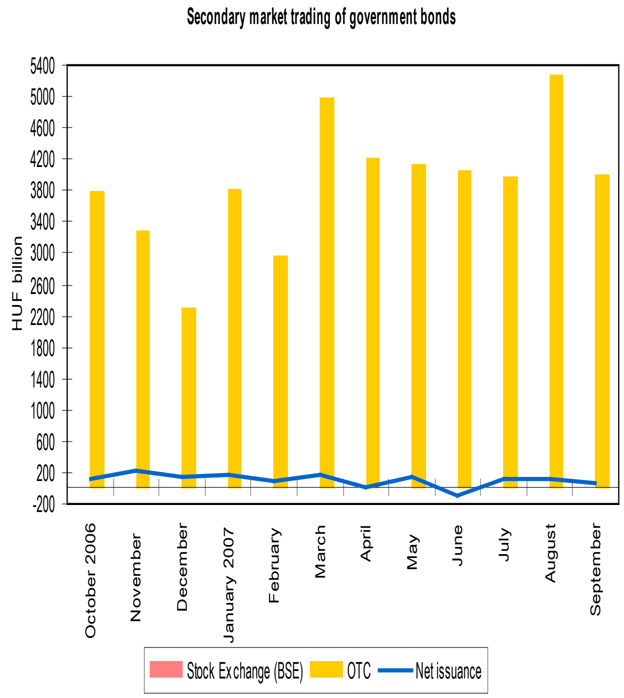
15-year government bond auctions

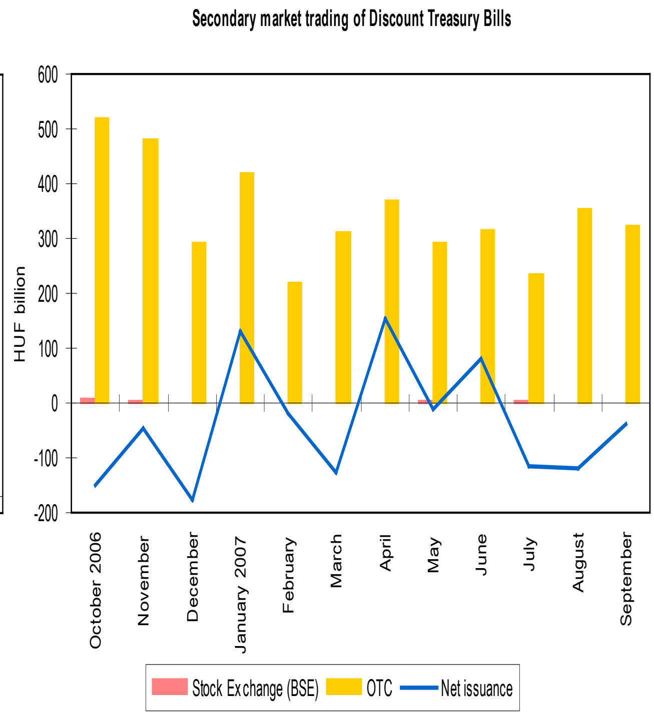


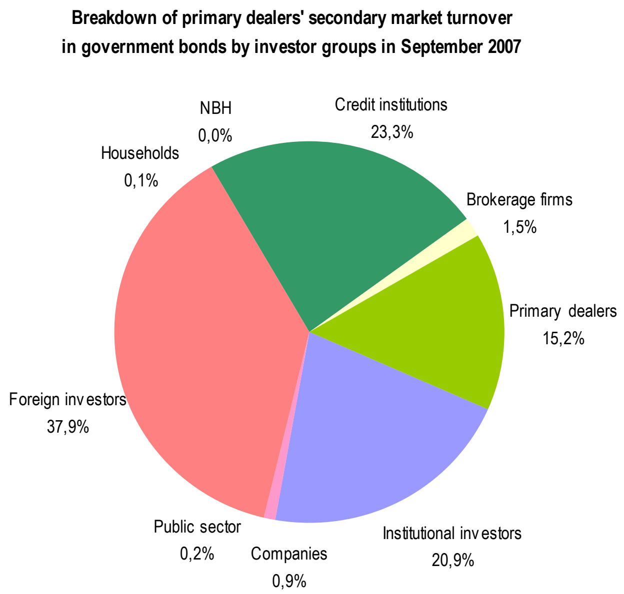


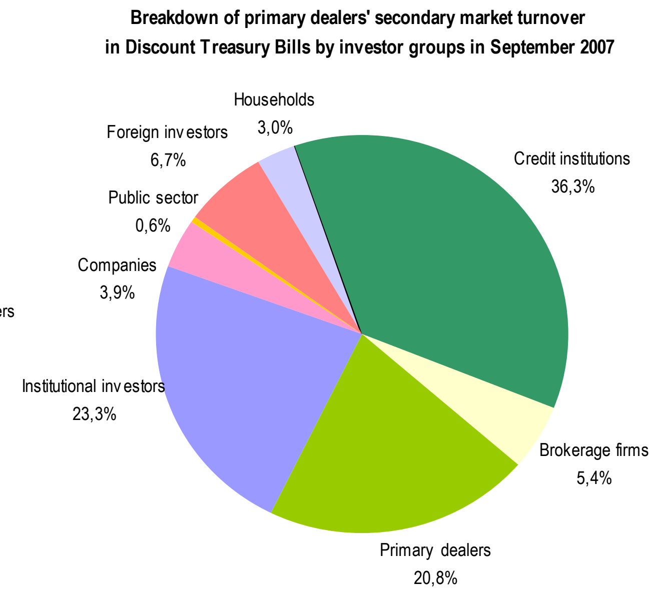
GOVERNMENT BOND BUY-BACK AUCTION RESULTS

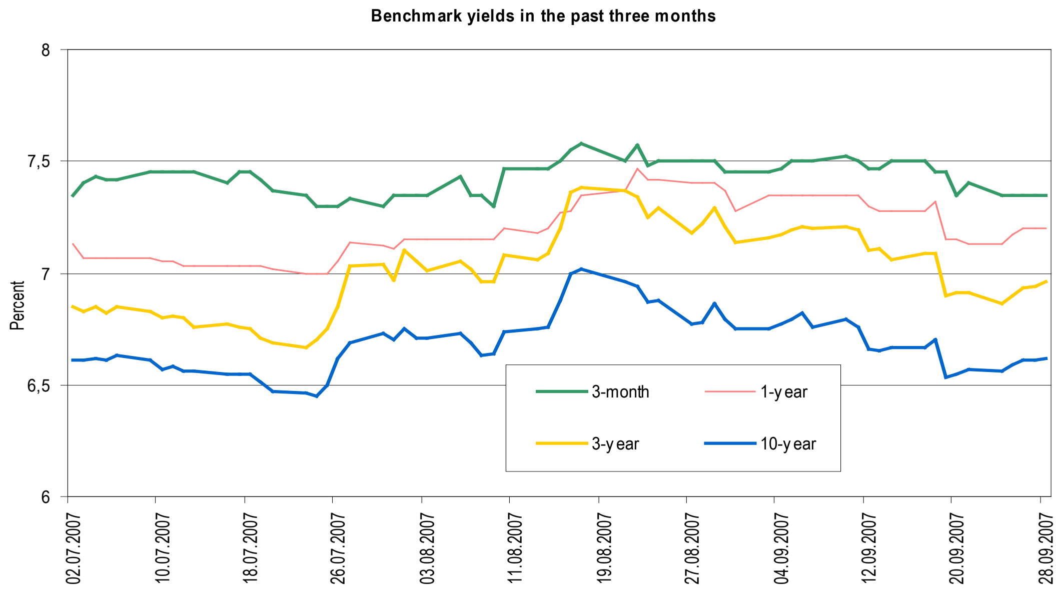
Government bond	2008/C	2008/D
ISIN code	HU0000402102	HU0000402276
Coupon (%)	6.25%	7.25%
Date of reverse auction	12.09.2007	12.09.2007
Date of financial settlement	19.09.2007	19.09.2007
Redemption date	12.06.2008	24.04.2008
Minimum annual yield (%)	7.36	7.37
Average annual yield (%)	7.38	7.40
Amount of bids submitted (HUF million)	26,594.59	17,372.23
Amount of bids accepted (HUF million)	11,686.69	17,372.23

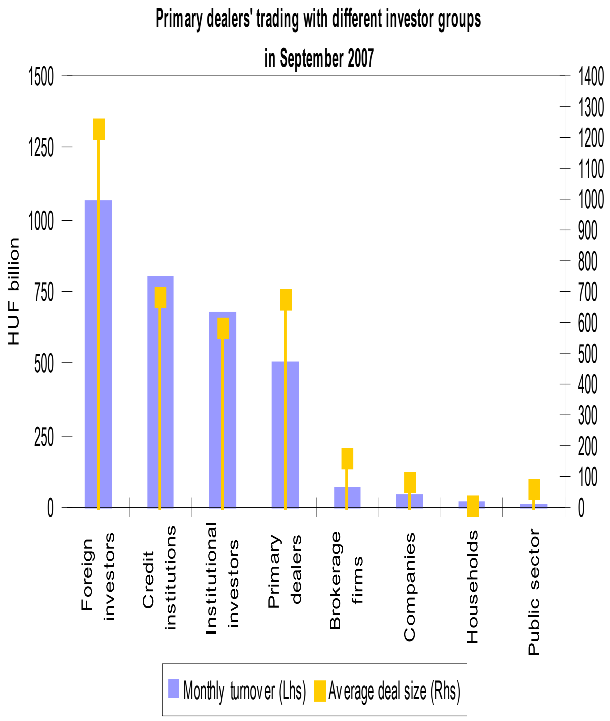


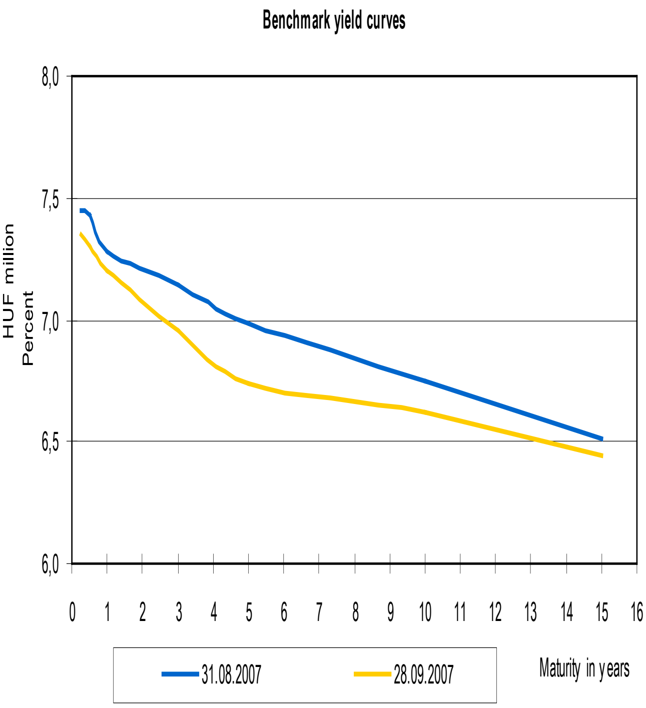


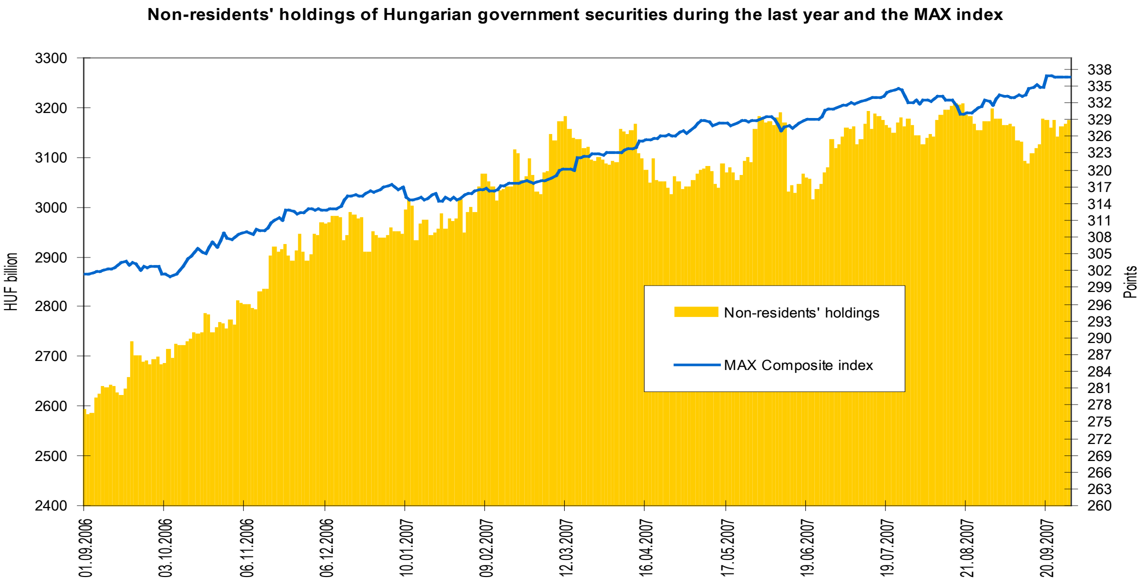





Benchmark yields in the past three months
Percent
3-month
1-year
3-year
10-year
02.07.2007
10.07.2007
18.07.2007
26.07.2007
03.08.2007
11.08.2007
19.08.2007
27.08.2007
04.09.2007
12.09.2007
20.09.2007
28.09.2007


Primary dealers' trading with different investor groups in September 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
31.08.2007
28.09.2007
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
01.09.2006
03.10.2006
06.11.2006
06.12.2006
10.01.2007
09.02.2007
12.03.2007
16.04.2007
17.05.2007
19.06.2007
19.07.2007
21.08.2007
20.09.2007

INTEREST RATE RESETS OF FLOATING RATE GOVERNMENT BONDS IN SEPTEMBER 2007

Government Bond	Date of interest rate reset	Interest period		Date of interest payment	Reset interest rate (%)	Interest payable (%)
2013/A	19.09.2007	20.09.2007	20.03.2008	20.03.2008	7.60	7.93

HUNGARIAN GOVERNMENT SECURITIES INDICES

	MAX index	RMAX index	MAX Composite index	ZMAX index
Value as at 28 September 2007	342.5680	333.5718	336.9869	336.1272
Changes compared to the end of the month before	4.0459	2.0112	3.5995	1.9209
Annual yield earned on the index portfolio	10.00%	8.25%	11.29%	8.16%

Government securities with the highest secondary market turnover in September 2007

Government security	Date of redemption	Turnover (HUF billion)
2012/B	12.06.2012	480.4
2017/B	24.02.2017	472.2
2010/D	24.08.2010	306.3
2009/F	12.08.2009	231.7
2010/C	12.04.2010	128.8
2016/C	12.02.2016	123.4
2010/B	12.10.2010	117.1
D080827	27.08.2008	101.1
2008/D	24.04.2008	98.7
2009/C	24.06.2009	86.4

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

	HUF billion	
Government bond	31.08.2007	28.09.2007
2010/D	225.33	290.44
2012/C	45.01	90.03
2017/B	480.12	520.13
2023/A	100.02	100.03

PRIMARY DEALERS - AS AT 30 SEPTEMBER 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