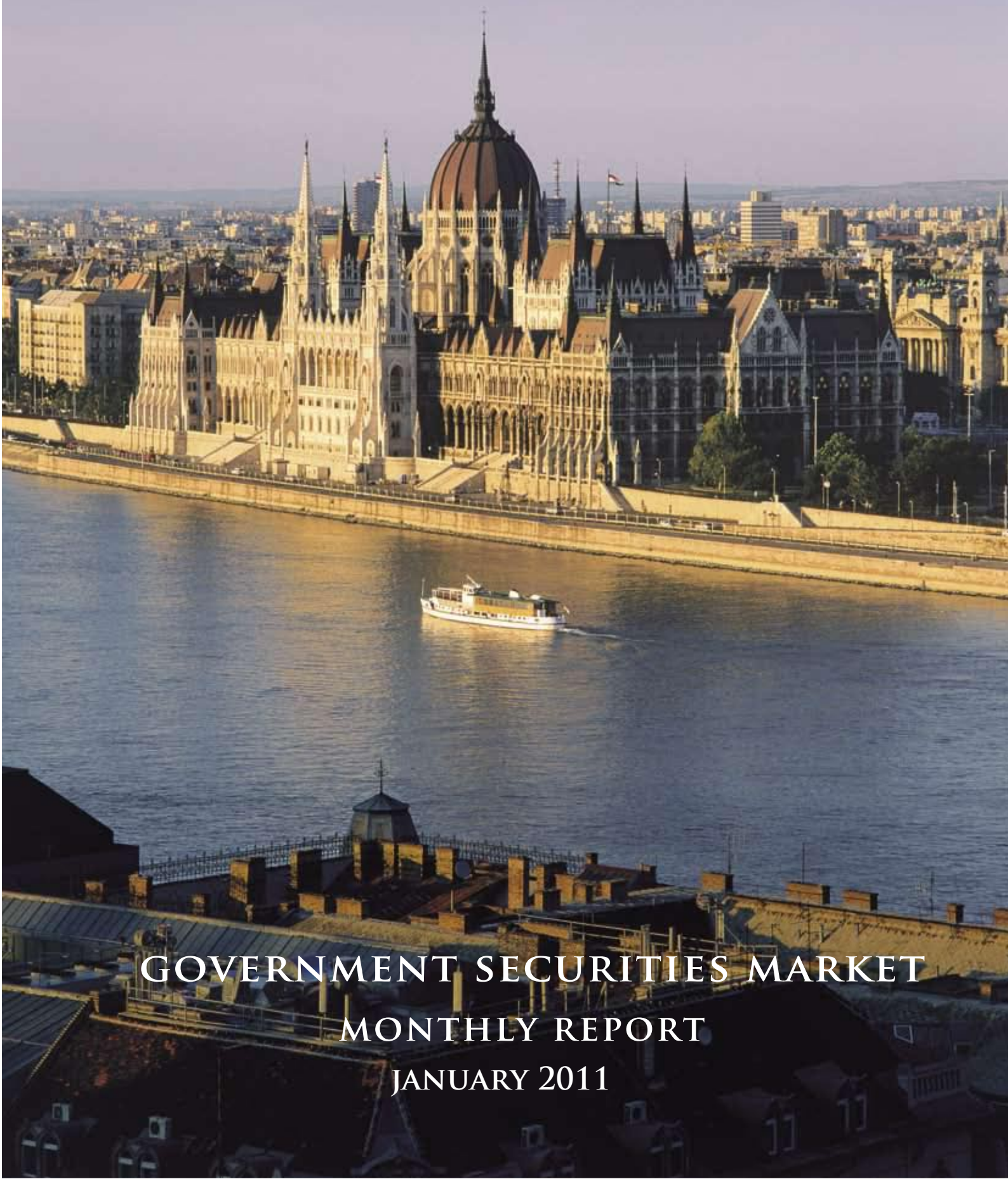




Á · K · K

GOVERNMENT DEBT MANAGEMENT AGENCY PTE LTD.



GOVERNMENT SECURITIES MARKET
MONTHLY REPORT
JANUARY 2011

■ GOVERNMENT SECURITIES MARKET ■

The deficit of the central government amounted to HUF 120.3 billion in January. The net balance of transfers from the European Union (EU) worth HUF 90.8 billion decreased the financing requirement. Thus, the total net borrowing requirement amounted to HUF 29.5 billion in January. Net issuance was HUF 131.1 billion; out of which net HUF-denominated issuance was HUF 131.7 billion and net foreign currency denominated issuance was HUF -0.6 billion.

HUF billion	2010		2011		Change	
	December	%	January	%	HUF billion	%
Foreign exchange denominated debt	8,842.8	44.1	8,672.8	43.4	-170.0	-1.9
Government securities	4,550.0	22.7	4,461.1	22.3	-89.0	-2.0
Loans	4,292.8	21.4	4,211.7	21.1	-81.0	-1.9
HUF denominated debt	10,978.2	54.8	11,110.1	55.6	131.9	1.2
Government securities	10,437.4	52.1	10,569.3	52.9	131.9	1.3
Loans	540.8	2.7	540.8	2.7	0.0	0.0
Total	19,821.0	98.9	19,782.9	99.0	-38.1	-0.2
Other obligations	220.0	1.1	204.7	1.0	-15.3	-7.0
Total central government debt	20,041.0	100.0	19,987.6	100.0	-53.4	-0.3
Out of the international loan program was placed in NBH or in commercial banks	974.1		944.5		-29.6	

The HUF denominated debt of the central government increased by HUF 131.9 billion in January (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 111.3 billion, the amount of discount Treasury bills increased by HUF 10.8 billion and the total amount of retail government securities increased by HUF 9.8 billion.

The foreign currency debt of the central government decreased by HUF 170.0 billion in January. Redemptions of foreign currency debt worth HUF 0.6 billion decreased the debt, while exchange rate revaluations totalling HUF 169.4 billion decreased the Hungarian Forint value of the foreign currency debt in January.

Out of the international loan program HUF 944.5 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 204.7 billion in January 2011.

Secondary market yields in January:

Benchmark yields

Maturity	31.12.2010.	31.12.2010.	31.01.2011.	Change, basis points
3-month	5.76	5.76	5.80	4
6-month	6.15	6.15	5.70	-45
1-year	6.33	6.33	5.93	-40
3-year	7.72	7.72	6.87	-85
5-year	7.85	7.85	7.11	-74
10-year	7.95	7.95	7.32	-63
15-year	7.94	7.94	7.33	-61

Monthly OTC turnover of government securities was 8 % higher in January than a month before and reached HUF 2,776 billion. Primary dealers, who account for the decisive part of all secondary government securities trading, made 54% of their secondary government securities deals with non-resident investors.

The volume of non-residents' holdings of Hungarian government securities increased altogether by HUF 91.3 billion in January, and amounted to HUF 2,624 billion at the end of the month. This volume represented 25.9% 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 273.30 on the last working day of January.

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

■ GOVERNMENT SECURITIES MARKET ■

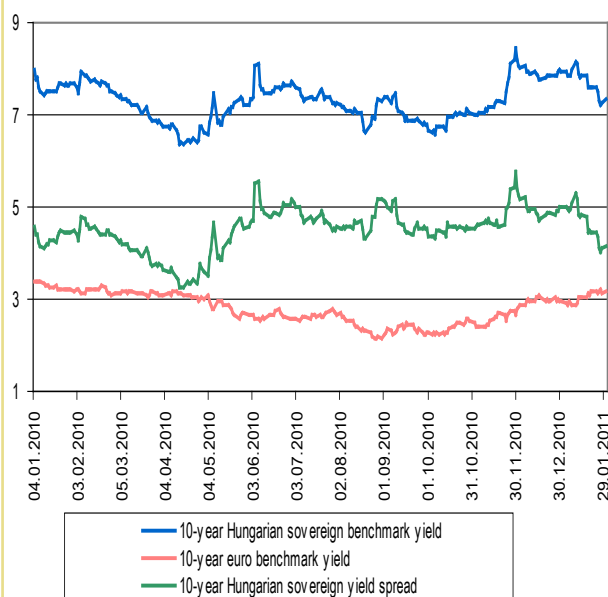
CENTRAL GOVERNMENT GROSS DEBT

HUF BILLION

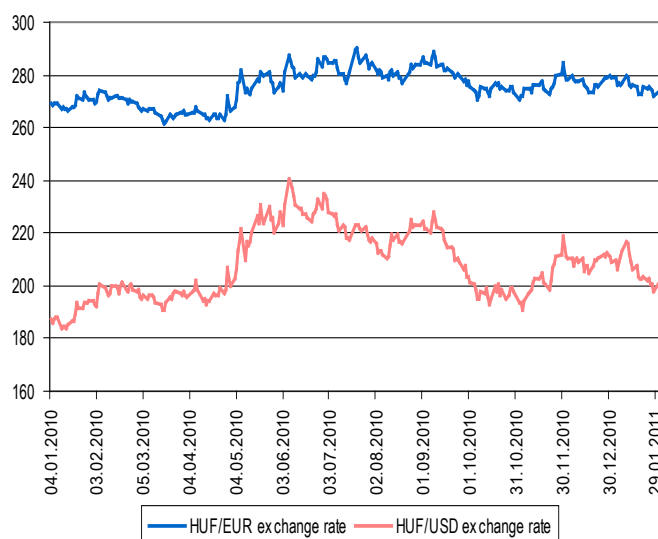
	2004	2005	2006	2007	2008	2009	November 2010	December 2010	January 2011
1. Forint denominated debt	8,608.8	9,153.5	10,552.3	11,103.8	11,250.6	10,476.2	11,253.3	10,978.2	11,110.1
1.1. Loans	4.7	0.8	356.4	145.7	219.9	438.7	540.8	540.8	540.8
1.2. Government securities	8,604.2	9,152.7	10,195.9	10,958.1	11,030.7	10,037.5	10,694.5	10,437.4	10,569.3
1.2.1. Public issues	7,860.6	8,418.8	9,667.5	10,465.4	10,599.7	9,613.2	10,274.4	10,019.6	10,151.5
1.2.1.1. Bonds	5,768.9	6,299.1	7,244.2	8,245.3	8,570.6	7,519.2	7,842.9	7,965.8	8,077.0
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	1,997.2	1,618.2	1,629.0
1.2.1.3. Retail securities	628.4	588.7	667.4	555.2	546.4	446.6	434.3	435.7	445.5
1.2.2. Private placements	743.6	733.9	528.4	492.7	431.0	424.3	420.1	417.8	417.8
2. Foreign currency denominated debt*	2,983.5	3,590.7	4,124.4	4,472.6	6,774.8	8,466.7	9,041.2	8,842.8	8,672.8
2.1. Loans	916.8	720.6	803.7	846.5	2,529.4	4,112.7	4,396.7	4,292.8	4,211.7
2.1.1. Foreign loans	528.9	616.9	700.1	838.8	2,529.4	4,112.7	4,396.7	4,292.8	4,211.7
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	4,644.5	4,550.0	4,461.1
2.2.1. Issued abroad	2,066.8	2,870.1	3,320.7	3,626.1	4,245.5	4,354.0	4,644.5	4,550.0	4,461.1
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	4,644.4	4,550.0	4,461.0
2.2.1.2. Kingdom of Hungary 1924 issues	0.1	0.1	0.1	0.0	0.0	0.1	0.1	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	11,592.4	12,744.2	14,676.7	15,576.4	18,025.4	18,942.9	20,276.6	19,821.0	19,782.9
Other liabilities		21.4	29.0	9.1	78.5	20.1	188.3	220.1	204.72
Total central government debt		12,765.6	14,705.7	15,585.5	18,103.9	18,963.1	20,464.9	20,041.0	19,987.6
Foreign currency deposits from the international loan program placed at the NBH					1,483.6	1,124.8	1,006.6	974.1	944.5
Government debt adjusted with foreign currency deposits					16,620.3	17,838.3	19,458.2	19,066.9	19,043.1
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	10,260.2	10,001.8	10,123.8
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.

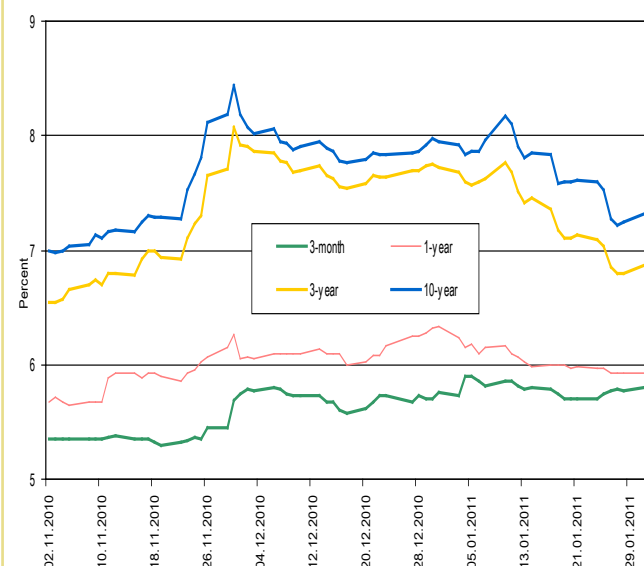
% 10-year Hungarian and eurozone benchmark yields during the last year



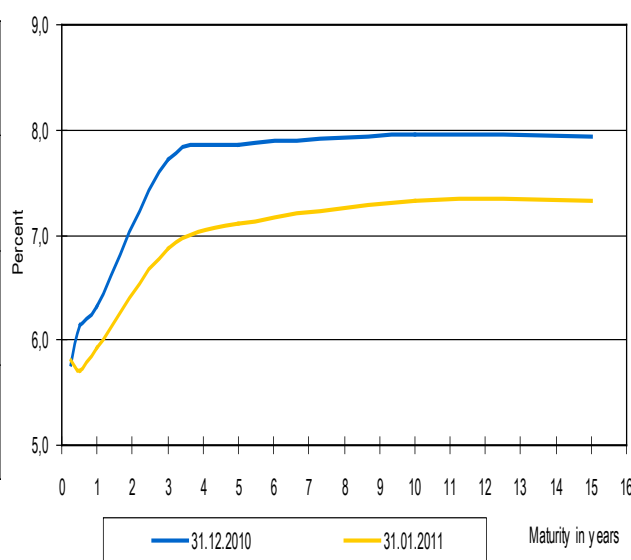
The exchange rate of the Hungarian Forint during the last year



Benchmark yields in the past three months



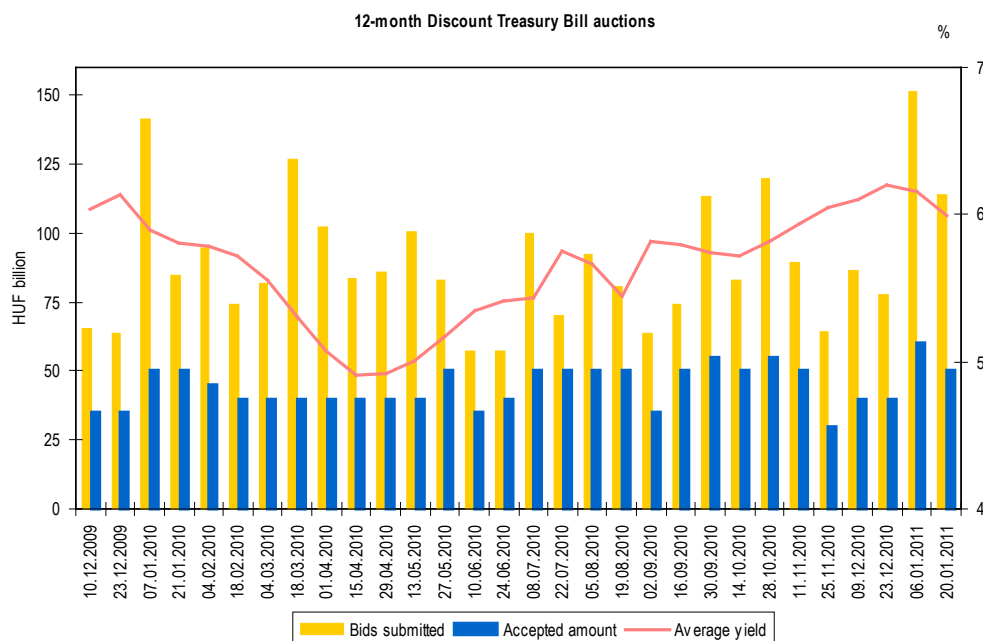
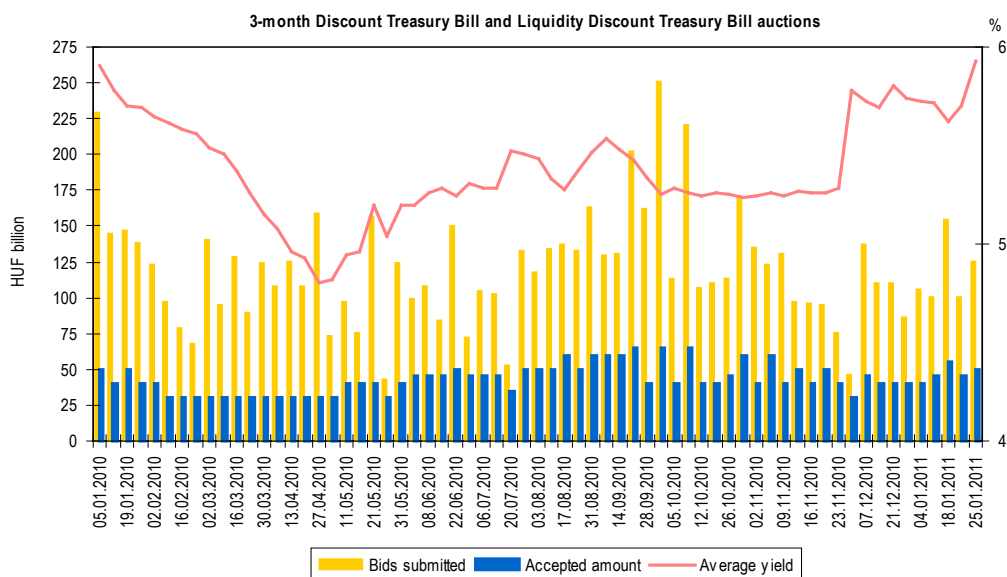
Benchmark yield curves



■ GOVERNMENT SECURITIES MARKET ■

DISCOUNT TREASURY BILL AUCTION RESULTS

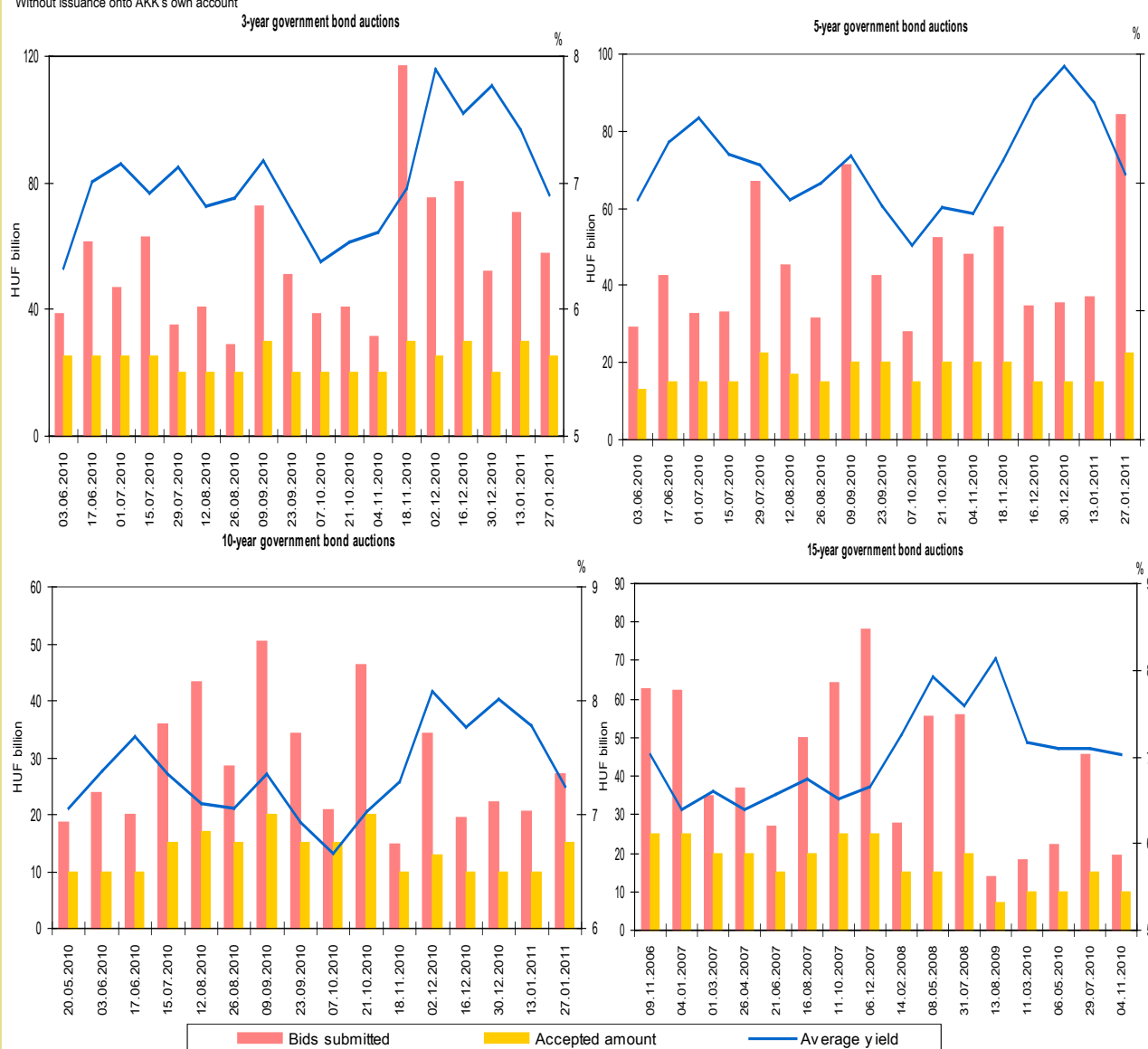
	3-month Discount T-bills				12-month Discount T-bills	
Code of T-bills	D110413	D110420	D110427	D110504	D120111	D120111
ISIN code	HU0000518212	HU0000518220	HU0000518238	HU0000518246	HU0000518253	HU0000518253
Maturity in days	91	91	91	91	364	350
Date of auction	04.01.2011	11.01.2011	18.01.2011	25.01.2011	06.01.2011	20.01.2011
Date of financial settlement	12.01.2011	19.01.2011	26.01.2011	02.02.2011	12.01.2011	26.01.2011
Redemption date	13.04.2011	20.04.2011	27.04.2011	04.05.2011	11.01.2012	11.01.2012
Maximum yield, (%) - ISMA	5.76	5.73	5.68	5.97	6.17	6.04
Minimum yield (%) - ISMA	5.65	5.67	5.53	5.73	6.14	5.89
Average yield (%) - ISMA	5.72	5.71	5.63	5.93	6.16	5.99
Maximum yield, (%) - EHM	5.84	5.81	5.76	6.05	6.26	6.12
Minimum yield (%) - EHM	5.73	5.75	5.61	5.81	6.23	5.97
Average yield (%) - EHM	5.80	5.79	5.71	6.01	6.25	6.07
Average selling price (%)	98.5747	98.5772	98.5968	98.5232	94.1367	94.4969
Amount offered for sale (HUF million)	40,000.00	40,000.00	45,000.00	45,000.00	50,000.00	50,000.00
Amount of bids submitted (HUF million)	106,005.26	100,649.18	154,339.81	125,839.61	151,305.00	113,738.22
Amount of bids accepted (HUF million)	39,999.98	44,999.97	54,999.97	49,999.96	59,999.99	49,999.92
Bid-to-cover ratio	2.65	2.24	2.81	2.52	2.52	2.27
Bids submitted (pcs)	93	105	111	113	155	133
Bids accepted (pcs)	56	49	64	60	21	87
Market sales* (HUF million)	39,999.98	44,999.97	54,999.97	49,999.96	59,999.99	49,999.92
Retained on ÁKK's own account	12,000.02	13,500.03	16,500.03	15,000.04	18,000.01	15,000.08
Total amount issued (HUF million)	52,000.00	58,500.00	71,500.00	65,000.00	78,000.00	65,000.00



GOVERNMENT BOND AUCTION RESULTS

Government Bond	2015/B	2014/D	2016/C	2022/A	2014/D	2016/C	2022/A
ISIN code	HU0000402482	HU0000402516	HU0000402318	HU0000402524	HU0000402516	HU0000402318	HU0000402524
Maturity (in years)	5	3	5	10	3	5	10
Coupon (%)	5.44%	6.75%	5.50%	7.00%	6.75%	5.50%	7.00%
Auction	6th auction	1st auction	33rd auction	1st auction	2nd auction	34th auction	2nd auction
Date of auction	06.01.2011	13.01.2011	13.01.2011	13.01.2011	27.01.2011	27.01.2011	27.01.2011
Date of financial settlement	12.01.2011	19.01.2011	19.01.2011	19.01.2011	02.02.2011	02.02.2011	02.02.2011
Redemption date	22.12.2015	22.08.2014	12.02.2016	24.06.2022	22.08.2014	12.02.2016	24.06.2022
Maximum annual yield (%) - ISMA		7.46	7.65	7.79	6.92	7.08	7.27
Minimum annual yield (%) - ISMA		7.38	7.60	7.75	6.88	7.05	7.23
Average annual yield (%) - ISMA		7.42	7.62	7.78	6.90	7.07	7.25
Maximum annual yield (%) - EHM		7.45	7.65	7.78	6.91	7.08	7.26
Minimum annual yield (%) - EHM		7.37	7.60	7.74	6.87	7.05	7.22
Average annual yield (%) - EHM		7.42	7.62	7.77	6.90	7.07	7.24
Maximum price (%)	96.9500	98.1346	91.4216	94.5066	99.6505	93.6190	98.3028
Minimum price (%)	96.0000	97.8943	91.2293	94.2225	99.5289	93.5008	98.0038
Average price (%)	96.3100	98.0018	91.3257	94.3002	99.5874	93.5335	98.1769
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
Amount of bids submitted (HUF million)	13,430.00	70,344.58	37,121.80	20,600.00	57,702.51	84,300.006	27,000.00
Amount of bids accepted (HUF million)	4,000.00	29,999.97	14,999.97	9,999.95	24,999.97	22,499.99	15,000.00
Bid-to-cover ratio	3.36	2.34	2.47	2.06	2.31	3.75	1.80
Bids submitted (pcs)	31	127	72	70	97	82	55
Bids accepted (pcs)	23	53	35	34	36	23	23
Tail (average price - minimum price)	0.31	0.11	0.10	0.08	0.06	0.03	0.17
Market sales* (HUF million)	4,000.00	29,999.97	14,999.97	9,999.95	24,999.97	22,499.99	15,000.00
Non-competitive offer (HUF million)	0.00	30,000.03	0.03	10,000.05	25,000.03	0.01	15,000.00
Total amount issued (HUF million)	4,000.00	60,000.00	15,000.00	20,000.00	50,000.00	22,500.00	30,000.00

*Without issuance onto ÁKK's own account

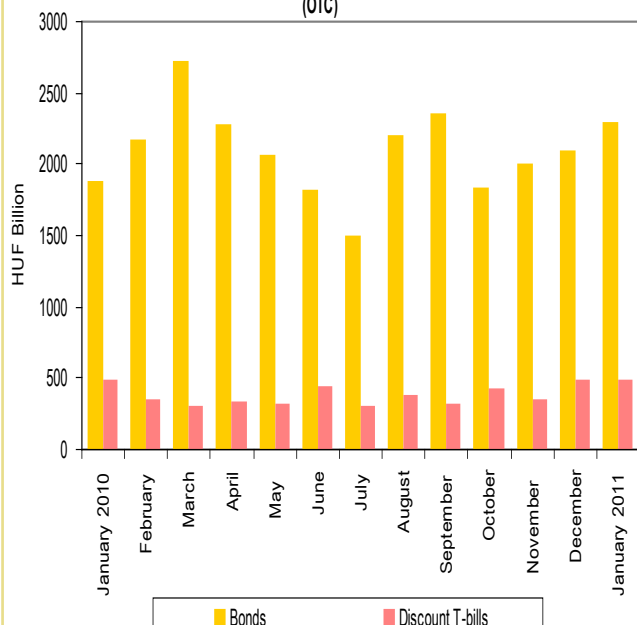


■ GOVERNMENT SECURITIES MARKET ■

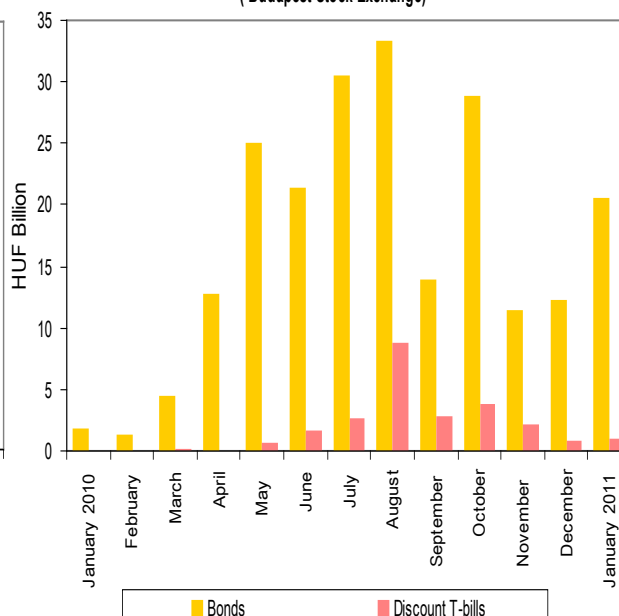
GOVERNMENT SECURITIES BUY-BACK AUCTION RESULTS

Government bond	2011/B	2011/C
ISIN code	HU0000402334	HU0000402425
Coupon (%)	6.00	6.75
Date of reverse auction	12.01.2011	12.01.2011
Date of financial settlement	19.01.2011	19.01.2011
Redemption date	12.10.2011	22.04.2011
Minimum annual yield (%)	6.00	0.00
Average annual yield - ISMA (%)	6.00	0.00
Average annual yield - EHM (%)	5.95	0.00
Amount of bids submitted (HUF million)	5,089.04	1,172.50
Amount of bids accepted (HUF million)	1,389.04	0.00

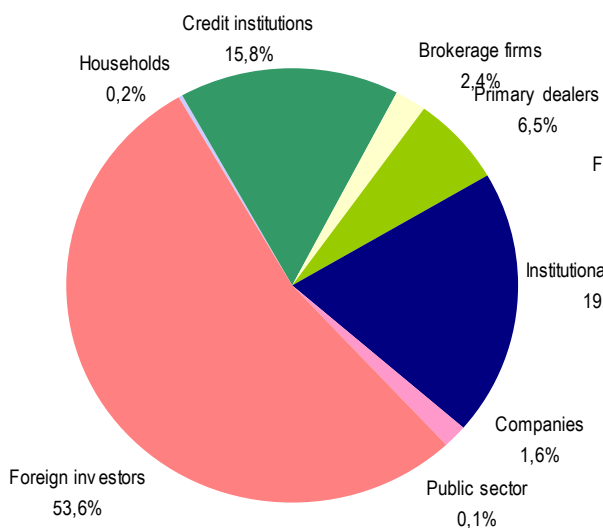
Secondary market trading of Hungarian government securities
(OTC)



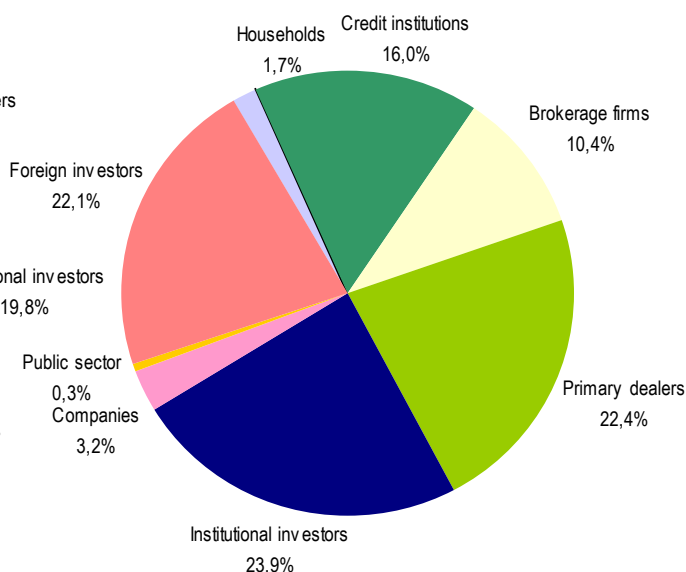
Secondary market trading of Hungarian government securities
(Budapest Stock Exchange)



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



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



■ GOVERNMENT SECURITIES MARKET ■

INTEREST RATE RESETS OF FLOATING RATE GOVERNMENT BONDS IN JANUARY 2011

Government Bond	Date of interest rate reset	Interest period		Date of interest payment	Reset interest rate (%)	Interest payable (%)
2016/B	31.12.2010	02.01.2011	02.07.2011	04.07.2011	5.34	2.68
2012/I	18.01.2011	25.01.2011	25.01.2012	25.01.2012	10.70	10.70
2013/I	18.01.2011	25.01.2011	25.01.2012	25.01.2012	7.70	7.70

HUNGARIAN GOVERNMENT SECURITIES INDICES

	MAX index	RMAX index	MAX Composite index	ZMAX index
Value as at 31 January 2011	439.0710	432.7418	434.7261	431.9270
Changes compared to the end of the month before	14.1795	2.6149	12.1109	1.8680
Annual yield earned on the index portfolio	7.84%	5.54%	7.69%	5.51%

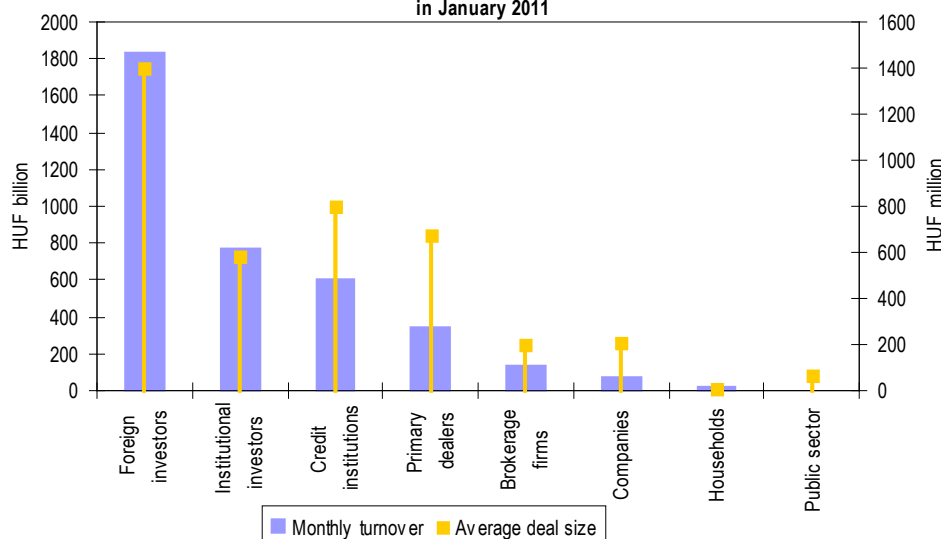
Government securities with the highest secondary market turnover in January 2011

Government security	Date of redemption	Turnover (HUF billion)
2014/C	12.02.2014	635.4
2013/D	12.02.2013	398.1
2020/A	12.11.2020	367.6
2016/C	12.02.2016	357.5
2012/B	12.06.2012	283.9
2013/E	24.10.2013	195.5
2015/A	12.02.2015	195.1
D110406	06.04.2011	188.0
2019/A	24.06.2019	184.7
2012/C	24.10.2012	177.4

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

Government bond	HUF billion	
	31.12.2010	31.01.2011
2014/C	782.97	804.96
2016/C	780.07	817.51
2020/A	508.82	521.28
2023/A	282.67	282.69

Primary dealers' trading with different investor groups in January 2011



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

