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GOVERNMENT DEBT MANAGEMENT AGENCY PTE LTD.

GOVERNMENT SECURITIES MARKET

MONTHLY REPORT

FEBRUARY 2011

The deficit of the central government amounted to HUF 556.6 billion in first two months of 2011. The net balance of transfers from the European Union (EU) worth HUF 266.5 billion decreased the financing requirement. Thus, the total net borrowing requirement amounted to HUF 290.1 billion in 2011. Net issuance was HUF 441.5 billion; out of which net HUF-denominated issuance was HUF 442.1 billion and net foreign currency denominated issuance was HUF -0.6 billion.

	2010		2011		Change	
HUF billion	December	%	February	%	HUF billion	%
Foreign exchange denominated debt	8,842.8	44.1	8,629.8	43.4	-213.0	-2.4
Government securities	4,550.0	22.7	4,445.4	22.3	-104.6	-2.3
Loans	4,292.8	21.4	4,184.4	21.1	-108.4	-2.5
HUF denominated debt	10,978.2	54.8	11,419.5	55.6	441.3	4.0
Government securities	10,437.4	52.1	10,878.7	52.9	441.3	4.2
Loans	540.8	2.7	540.8	2.7	0.0	0.0
Total	19,821.0	98.9	20,049.3	99.0	228.3	1.2
Other obligations	220.0	1.1	172.1	1.0	-47.9	-21.8
Total central government debt	20,041.0	100.0	20,221.4	100.0	180.4	0.9
Out of the international loan program was placed in NBH or in commercial banks	974.1		936.2		-37.9	

The HUF denominated debt of the central government increased by HUF 441.3 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 122.2 billion, the amount of discount Treasury bills increased by HUF 303.4 billion and the total amount of retail government securities increased by HUF 15.7 billion.

The foreign currency debt of the central government decreased by HUF 213.0 billion in first two months. Redemptions of foreign currency debt worth HUF 0.6 billion decreased the debt, while exchange rate revaluations totalling HUF 212.4 billion decreased the Hungarian Forint value of the foreign currency debt in 2011.

Out of the international loan program HUF 936.2 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 172.1 billion in February 2011.

Secondary market yields in February:

Benchmark yields

Maturity	31.12.2010.	31.01.2011.	28.02.2011.	Change, basis points
3-month	5.76	5.80	5.88	8
6-month	6.15	5.70	5.89	19
1-year	6.33	5.93	5.87	-6
3-year	7.72	6.87	6.74	-13
5-year	7.85	7.11	6.98	-13
10-year	7.95	7.32	7.25	-7
15-year	7.94	7.33	7.26	-7

Monthly OTC turnover of government securities was 63 % higher in February than a month before and reached HUF 4,534.0 billion. Primary dealers, who account for the decisive part of all secondary government securities trading, made 64% of their secondary government securities deals with non-resident investors.

The volume of non-residents' holdings of Hungarian government securities increased altogether by HUF 158.7 billion in February, and amounted to HUF 2,782.7 billion at the end of the month. This volume represented 26.7% 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 272.34 on the last working day of February.

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

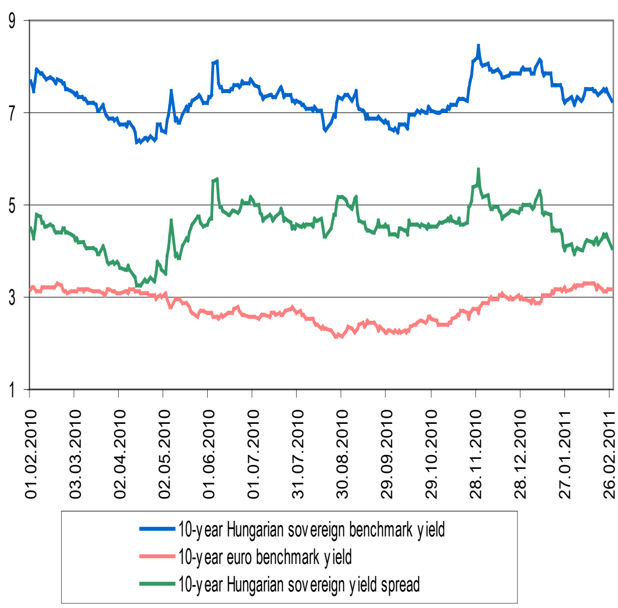
CENTRAL GOVERNMENT GROSS DEBT

HUF BILLION

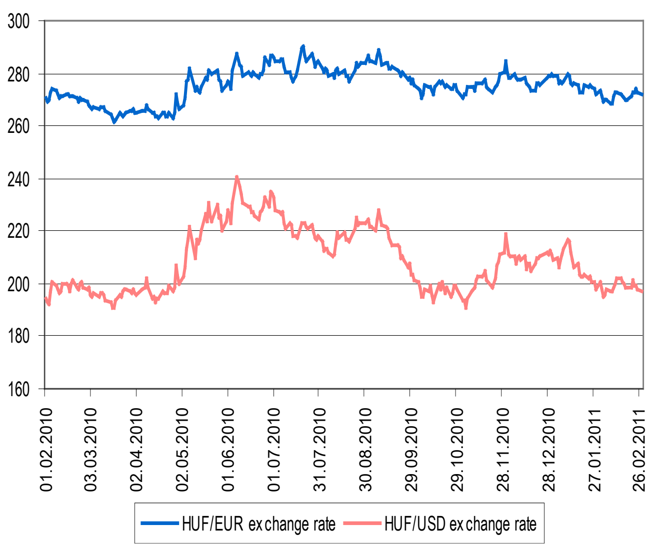
	2004	2005	2006	2007	2008	2009	December 2010	January 2011	February 2011
1. Forint denominated debt	8,608.8	9,153.5	10,552.3	11,103.8	11,250.6	10,476.2	10,978.2	11,110.1	11,419.5
1.1. Loans	4.7	0.8	356.4	145.7	219.9	438.7	540.8	540.8	540.8
1.2. Government securities	8,604.2	9,152.7	10,195.9	10,958.1	11,030.7	10,037.5	10,437.4	10,569.3	10,878.7
1.2.1. Public issues	7,860.6	8,418.8	9,667.5	10,465.4	10,599.7	9,613.2	10,019.6	10,151.5	10,460.9
1.2.1.1. Bonds	5,768.9	6,299.1	7,244.2	8,245.3	8,570.6	7,519.2	7,965.8	8,077.0	8,087.9
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	1,618.2	1,629.0	1,921.6
1.2.1.3. Retail securities	628.4	588.7	667.4	555.2	546.4	446.6	435.7	445.5	451.3
1.2.2. Private placements	743.6	733.9	528.4	492.7	431.0	424.3	417.8	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	8,842.8	8,672.8	8,629.8
2.1. Loans	916.8	720.6	803.7	846.5	2,529.4	4,112.7	4,292.8	4,211.7	4,184.4
2.1.1. Foreign loans	528.9	616.9	700.1	838.8	2,529.4	4,112.7	4,292.8	4,211.7	4,184.4
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	4,550.0	4,461.1	4,445.4
2.2.1. Issued abroad	2,066.8	2,870.1	3,320.7	3,626.1	4,245.5	4,354.0	4,550.0	4,461.1	4,445.4
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	4,550.0	4,461.0	4,445.4
2.2.1.2. Kingdom of Hungary 1924 issues	0.1	0.1	0.1	0.0	0.0	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	11,592.4	12,744.2	14,676.7	15,576.4	18,025.4	18,942.9	19,821.0	19,782.9	20,049.3
Other liabilities		21.4	29.0	9.1	78.5	20.1	220.01	204.72	172.1
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
Foreign currency deposits from the international loan program placed at the NBH					*1,483.6*	*1,124.8*	*974.1*	*944.5*	*936.2*
Government debt adjusted with foreign currency deposits					16,620.3	17,838.3	19,066.9	19,043.1	19,285.2
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*	*10,001.8*	*10,123.8*	*10,427.4*
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.

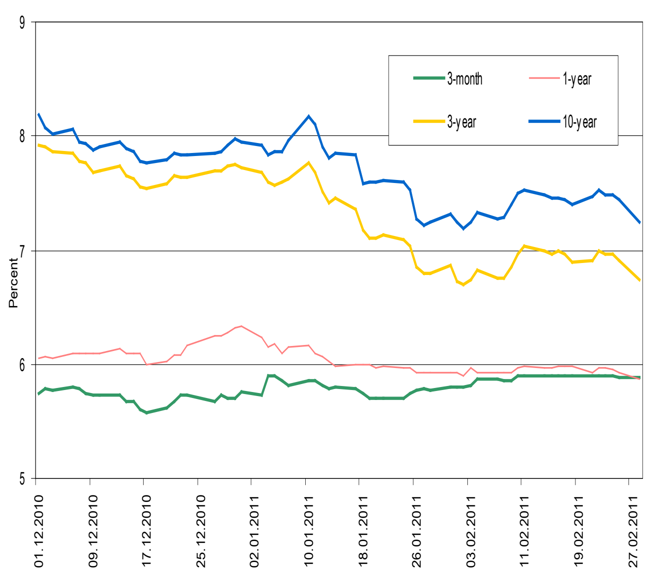
10-year Hungarian and eurozone benchmark yields during the last year



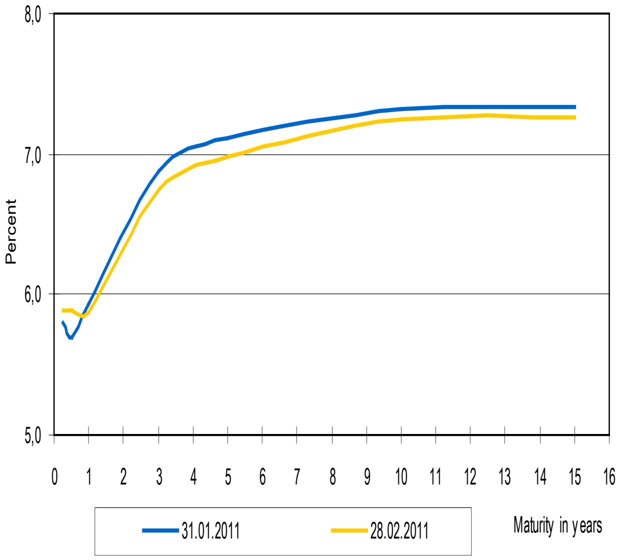
The exchange rate of the Hungarian Forint during the last year



Benchmark yields in the past three months



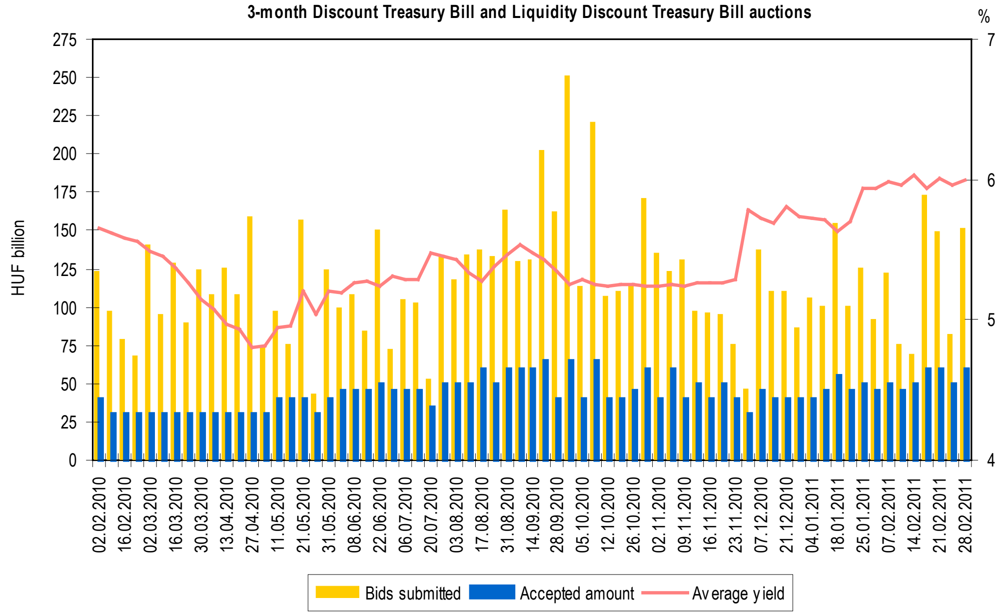
Benchmark yield curves



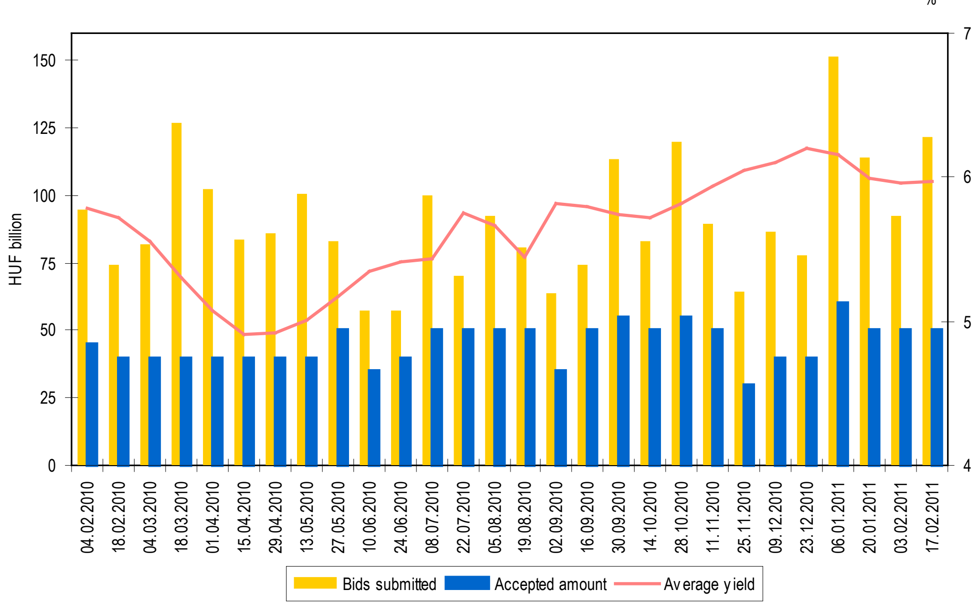
DISCOUNT TREASURY BILL AUCTION RESULTS

	Liquidity Discount T-bills				3-month Discount T-bills				12-month Discount T-bills	
Code of T-bills	D110323	D110330	D110413	D110420	D110511	D110518	D110525	D110601	D120111	D120111
ISIN code	HU0000518196	HU0000518204	HU0000518204	HU0000518220	HU0000518261	HU0000518279	HU0000518287	HU0000517909	HU0000518253	HU0000518253
Maturity in days	42	42	35	49	91	91	91	91	336	322
Date of auction	07.02.2011	14.02.2011	21.02.2011	28.02.2011	01.02.2011	08.02.2011	15.02.2011	22.02.2011	03.02.2011	17.02.2011
Date of financial settlement	09.02.2011	16.02.2011	23.02.2011	02.03.2011	09.02.2011	16.02.2011	23.02.2011	02.03.2011	09.02.2011	23.02.2011
Redemption date	23.03.2011	30.03.2011	30.03.2011	20.04.2011	11.05.2011	18.05.2011	25.05.2011	01.06.2011	11.01.2012	11.01.2012
Maximum yield, (%) - ISMA	6.04	6.05	6.03	6.00	5.96	6.00	5.97	5.97	6.00	5.99
Minimum yield (%) - ISMA	5.75	5.97	5.99	5.97	5.81	5.85	5.86	5.86	5.88	5.90
Average yield (%) - ISMA	5.98	6.03	6.01	6.00	5.94	5.96	5.96	5.96	5.96	5.97
Maximum yield, (%) - EHM	6.12	6.13	6.11	6.08	6.04	6.08	6.05	6.05	6.08	6.07
Minimum yield (%) - EHM	5.83	6.05	6.07	6.05	5.89	5.93	5.94	5.94	5.96	5.98
Average yield (%) - EHM	6.06	6.11	6.09	6.08	6.02	6.04	6.04	6.04	6.04	6.05
Average selling price (%)	99.3072	99.3014	99.4191	99.1899	98.5207	98.5158	98.5158	98.5158	94.7305	94.9309
Amount offered for sale (HUF million)	50,000.00	50,000.00	50,000.00	50,000.00	45,000.00	45,000.00	50,000.00	50,000.00	50,000.00	50,000.00
Amount of bids submitted (HUF million)	122,209.38	69,480.00	149,700.00	151,700.00	92,300.61	75,633.06	82,490.51	82,490.51	92,025.00	121,184.00
Amount of bids accepted (HUF million)	49,999.99	49,999.99	59,999.96	59,999.99	44,999.97	44,999.98	49,999.98	49,999.98	49,999.90	49,999.91
Bid-to-cover ratio	2.44	1.39	2.50	2.53	2.05	1.68	1.65	1.65	1.84	2.42
Bids submitted (pcs)	43	26	56	46	96	80	79	79	124	126
Bids accepted (pcs)	22	20	25	13	57	54	36	36	73	62
Market sales* (HUF million)	49,999.99	49,999.99	59,999.96	59,999.99	44,999.97	44,999.98	49,999.98	49,999.98	49,999.90	49,999.91
Retained on ÁKK's own account	0.01	0.01	0.04	0.01	13,500.03	13,500.02	15,000.02	15,000.02	15,000.10	15,000.09
Total amount issued (HUF million)	50,000.00	50,000.00	60,000.00	60,000.00	58,500.00	58,500.00	65,000.00	65,000.00	65,000.00	65,000.00

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



12-month Discount Treasury Bill auctions

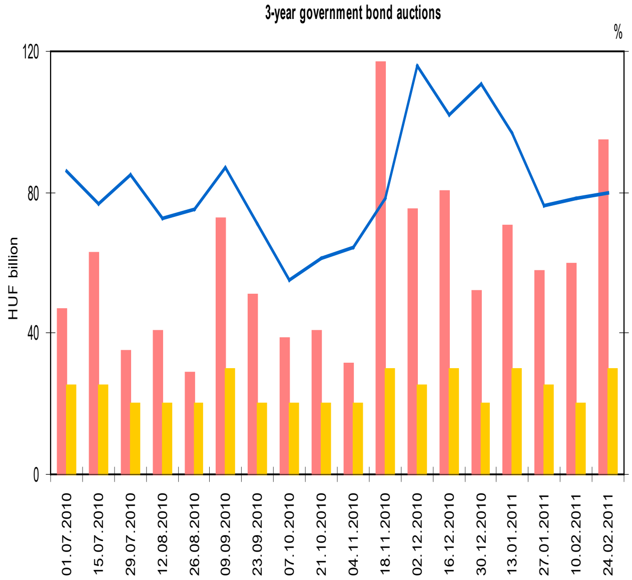


GOVERNMENT BOND AUCTION RESULTS

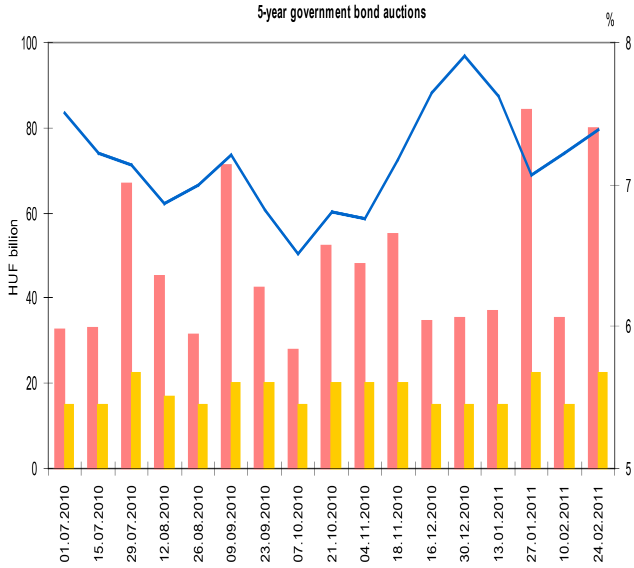
Government Bond	2015/B	2014/D	2016/C	2022/A	2014/D	2017/B	2028/A
ISIN code	HU0000402482	HU0000402516	HU0000402318	HU0000402524	HU0000402516	HU0000402375	HU0000402532
Maturity (in years)	5	3	5	10	3	5	15
Coupon (%)	5.44%	6.75%	5.50%	7.00%	6.75%	6.75%	6.75%
Auction	7th auction	3rd auction	35th auction	3rd auction	4th auction	18th auction	1st auction
Date of auction	03.02.2011	10.02.2011	10.02.2011	10.02.2011	24.02.2011	24.02.2011	24.02.2011
Date of financial settlement	09.02.2011	16.02.2011	16.02.2011	16.02.2011	02.03.2011	02.03.2011	02.03.2011
Redemption date	22.12.2015	22.08.2014	12.02.2016	24.06.2022	22.08.2014	24.02.2017	22.10.2028
Maximum annual yield (%) - ISMA		6.98	7.25	7.54	7.00	7.40	7.57
Minimum annual yield (%) - ISMA		6.90	7.15	7.47	6.98	7.38	7.52
Average annual yield (%) - ISMA		6.96	7.22	7.51	6.99	7.39	7.55
Maximum annual yield (%) - EHM		6.97	7.25	7.53	6.99	7.39	7.56
Minimum annual yield (%) - EHM		6.89	7.15	7.46	6.97	7.37	7.51
Average annual yield (%) - EHM		6.96	7.22	7.51	6.99	7.38	7.54
Maximum price (%)	96.3500	99.5867	93.2721	96.5262	99.3458	97.0346	92.6665
Minimum price (%)	96.0000	99.3460	92.8834	96.0174	99.2864	96.9425	92.2144
Average price (%)	96.1000	99.3945	92.9894	96.2280	99.3023	96.9829	92.4182
Amount offered for sale (HUF million)	5,000.00	20,000.00	15,000.00	15,000.00	20,000.00	15,000.00	10,000.00
Amount of bids submitted (HUF million)	12,650.00	59,707.50	35,552.10	35,510.00	94,670.00	79,915.00	17,965.00
Amount of bids accepted (HUF million)	4,999.97	20,000.00	14,999.98	14,999.98	29,999.99	22,499.98	9,999.97
Bid-to-cover ratio	2.53	2.99	2.37	2.37	3.16	3.55	1.80
Bids submitted (pcs)	34	89	52	52	81	80	54
Bids accepted (pcs)	18	37	39	39	15	18	32
Tail (average price - minimum price)	0.10	0.05	0.11	0.21	0.02	0.04	0.20
Market sales* (HUF million)	4,999.97	20,000.00	14,999.98	14,999.98	29,999.99	22,499.98	9,999.97
Non-competitive offer (HUF million)	0.00	1,137.00	918.00	200.00	9,733.00	5,645.00	3,119.00
Total amount issued (HUF million)	5,000.00	40,000.00	15,000.00	30,000.00	45,000.00	45,000.00	20,000.00

*Without issuance onto ÁKK's own account

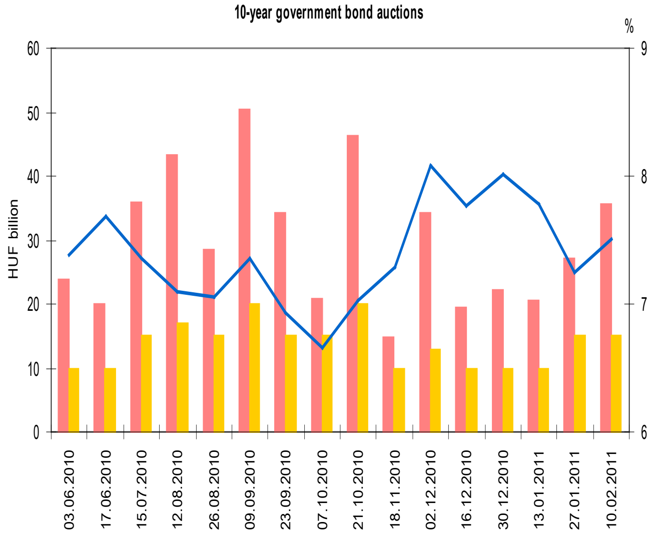
3-year government bond auctions



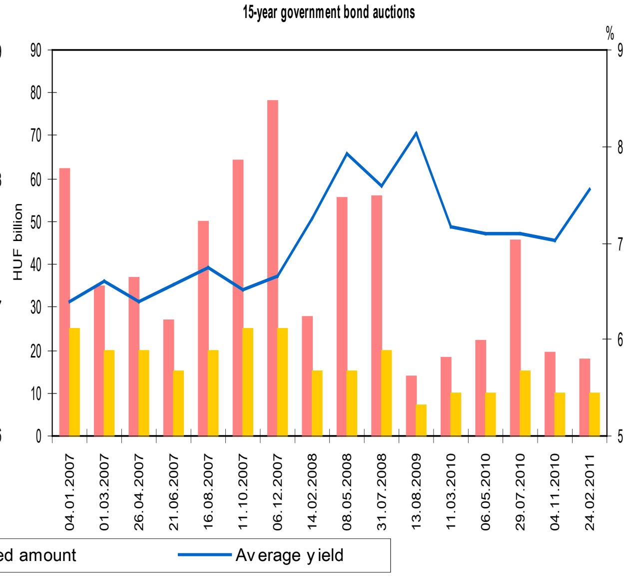
5-year government bond auctions



10-year government bond auctions



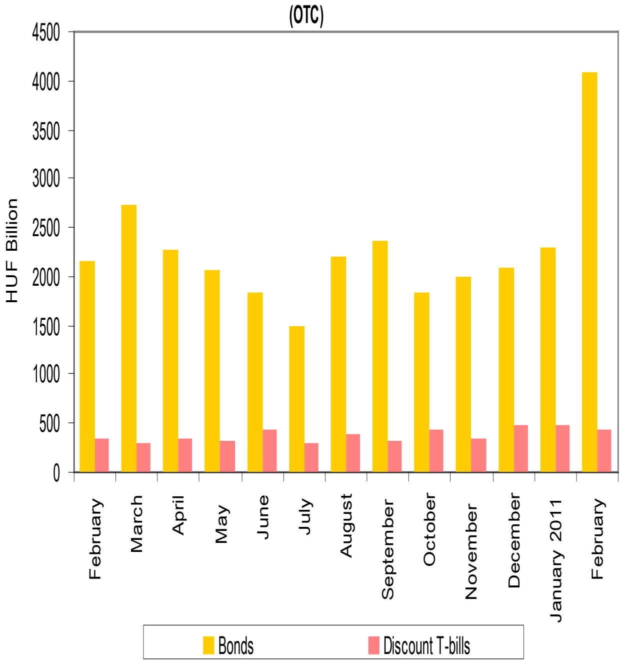
15-year government bond auctions



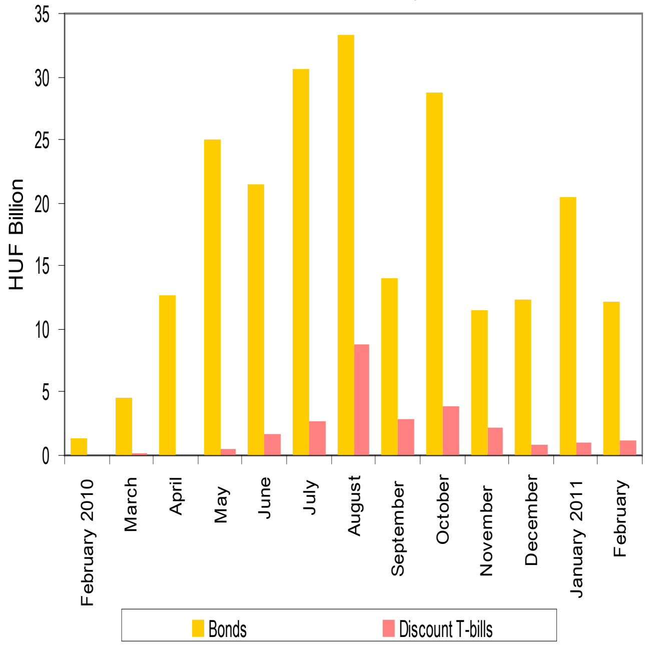
GOVERNMENT SECURITIES BUY-BACK AUCTION RESULTS

Government bond	2011/B
ISIN code	HU0000402334
Coupon (%)	6.00
Date of reverse auction	23.02.2011
Date of financial settlement	02.03.2011
Redemption date	12.10.2011
Minimum annual yield (%)	0.00
Average annual yield - ISMA (%)	0.00
Average annual yield - EHM (%)	0.00
Amount of bids submitted (HUF million)	7,402.88
Amount of bids accepted (HUF million)	0.00

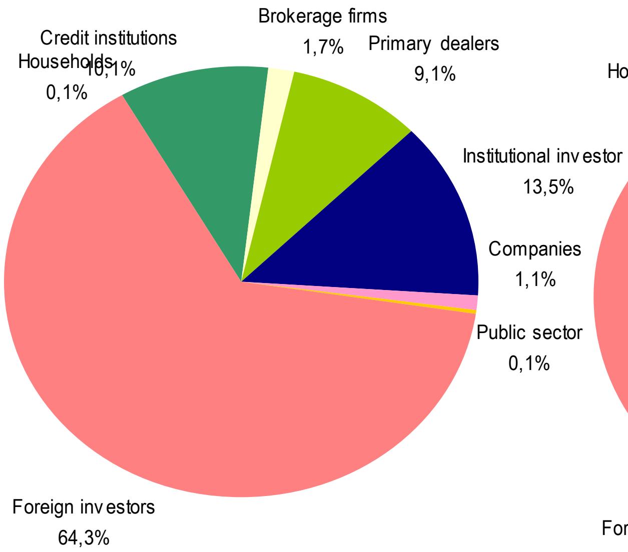
Secondary market trading of Hungarian government securities (OTC)



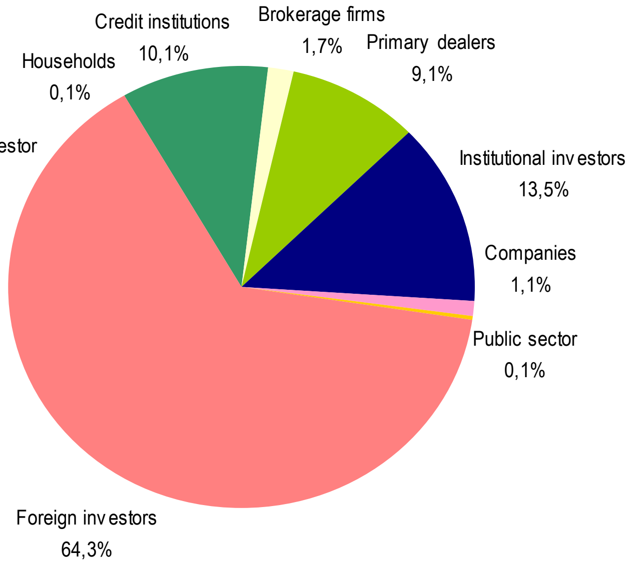
Secondary market trading of Hungarian government securities (Budapest Stock Exchange)



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



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



INTEREST RATE RESETS OF FLOATING RATE GOVERNMENT BONDS IN FEBRUARY 2011

Government Bond	Date of interest rate reset	Interest period		Date of interest payment	Reset interest rate (%)	Interest payable (%)
2026/B	28.02.2011	28.02.2011	28.08.2011	29.08.2011	6.53	3.28

HUNGARIAN GOVERNMENT SECURITIES INDICES

	MAX index	RMAX index	MAX Composite index	ZMAX index
Value as at 28 February 2011	443.5785	434.6105	438.8543	433.6737
Changes compared to the end of the month before	4.5075	1.8687	4.1282	1.7467
Annual yield earned on the index portfolio	7.41%	5.44%	7.37%	5.44%

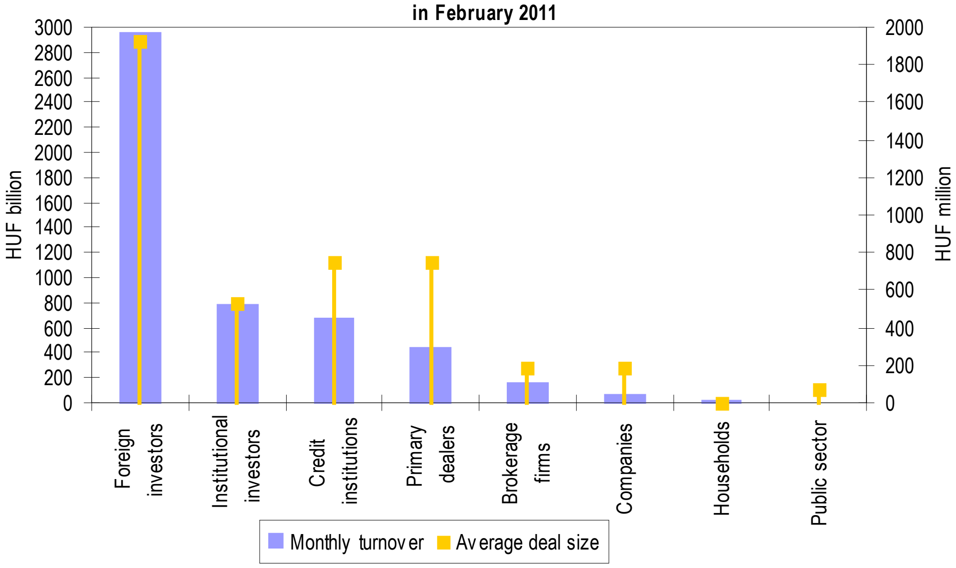
Government securities with the highest secondary market turnover in February 2011

Government security	Date of redemption	Turnover (HUF billion)
2014/C	12.02.2014	1 090.3
2012/B	12.06.2012	468.5
2016/C	12.02.2016	437.6
2020/A	12.11.2020	405.3
2015/A	12.02.2015	312.8
2013/D	12.02.2013	274.9
2017/B	24.02.2017	263.0
2014/D	22.08.2014	253.1
2012/C	24.10.2012	226.6
2013/E	24.10.2013	224.8

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

	HUF billion	
Government bond	31.01.2011	28.02.2011
2014/D	31.99	87.30
2016/C	817.51	864.10
2022/A	10.77	46.06
2023/A	282.69	282.73

Primary dealers' trading with different investor groups in February 2011



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