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GOVERNMENT DEBT MANAGEMENT AGENCY PTE LTD.

GOVERNMENT SECURITIES MARKET

MONTHLY REPORT

MAY 2009

The deficit of the central government amounted to HUF 568.7 billion in five months of 2009. The net balance of transfers from the EAGGF fund of the European Union (EU) worth HUF 328.1 billion decreased the net borrowing requirement. Privatisation revenues amounted to HUF 0.2 billion, which decreased the financing requirement. Thus, the total net borrowing requirement amounted to HUF 240.4 billion in first five months. Net issuance was HUF 639.0 billion; out of which net HUF-denominated issuance was HUF 492.0 billion and net foreign currency denominated issuance was HUF 147.0 billion. Out of the international loan program HUF 1,507.0 billion was placed in the National Bank of Hungary as of foreign currency deposits at the end of May. The total amount of other liabilities decreased by HUF 31.1 billion in 2009.

The HUF denominated debt of the central government increased by HUF 492.4 billion in 2009, which is the sum of the HUF 1,081.8 billion increase in the volume of HUF loans and the HUF 589.4 billion decrease in the volume of government securities (the difference between the total net change and the net issuance was caused by the change in the volume of matured but unclaimed securities). Net government bond issuance was of HUF -588.6 billion, while discount Treasury bills increased by HUF 223.3 billion and retail government securities decreased by HUF 37.3 billion. The HUF 1,081.8 billion increase in the volume of HUF loans in the first five months of the year was the result of drawdowns of IMF/EU loans and project financing loans in Hungarian Forints. In order to decrease the share of foreign currency debt within the total debt – which had seen substantial increase due to unfavourable exchange rate movements – a part of the loans drawn down in 2009 was converted to HUF via FX swaps in an amount of HUF 1,012.3 billion.

The foreign currency debt of the central government increased by HUF 487.1 billion in 2009. The drawdown of foreign currency denominated loans was HUF 356.6 billion, out of which the loans from the international loan package (IMF, EC) amounted to HUF 295.2 billion, while loans from international financing institutions amounted to HUF 61.4 billion. Redemptions of foreign currency loans worth HUF 60.5 billion and redemptions of foreign currency government bonds worth HUF 149.0 billion decreased, while exchange rate revaluations totalling HUF 340.1 billion increased the Hungarian Forint value of the foreign currency debt in 2009.

Short-term secondary market yields decreased by 17-64 basis points, while long-term yields decreased by 29-40 basis points in May. The 1-year yield decreased by 64 bps to 9.38%, the 3-year yield decreased by 36 bps to 10.03% and the 10-year benchmark yield reached 9.97% at the end of May after decreasing by 29 basis points.

Monthly OTC turnover of government securities was 23 % lower in May than a month before and reached HUF 2,593 billion. Primary dealers, who account for the decisive part of all secondary government securities trading, made 28 % of their secondary government securities deals with non-resident investors.

The volume of non-residents' holdings of Hungarian government securities decreased altogether by HUF 54.3 billion in May, and amounted to HUF 2,292.4 billion at the end of the month. This volume represented 23.0% of the total amount of domestic government bonds and discount Treasury bills.

In order to stabilize the secondary market, the Government Debt Management Agency Pte. Ltd. (ÁKK) held several T-bond buy-back auctions in 2009, repurchasing a substantial amount of bonds, totalling HUF 547.1 billion in the four months of 2009. After successfully stabilizing the domestic government securities market ÁKK restarted its regular bond auction a program in late April.

ÁKK will use more flexible issuance methods as a reaction to the changed situation in the international and domestic government securities markets from May. Normal auction issuance will be supplemented – as in several other countries – with a special window for Primary Dealers to buy more of the same securities at the average auction price after the auction. In that way ÁKK will provide more investors with the possibility to buy Hungarian government bonds if there is ample demand for them.

The EUR/HUF exchange rate according to the National Bank of Hungary was 281.56 at the last working day of May 2009.

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

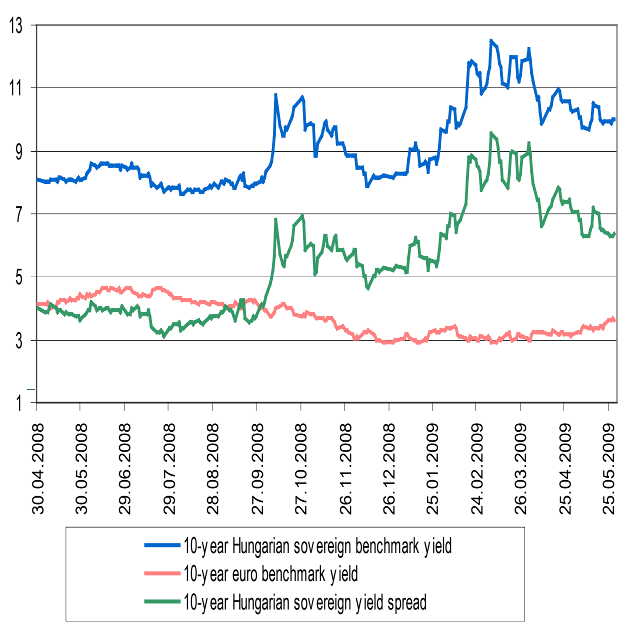
CENTRAL GOVERNMENT GROSS DEBT

HUF BILLION

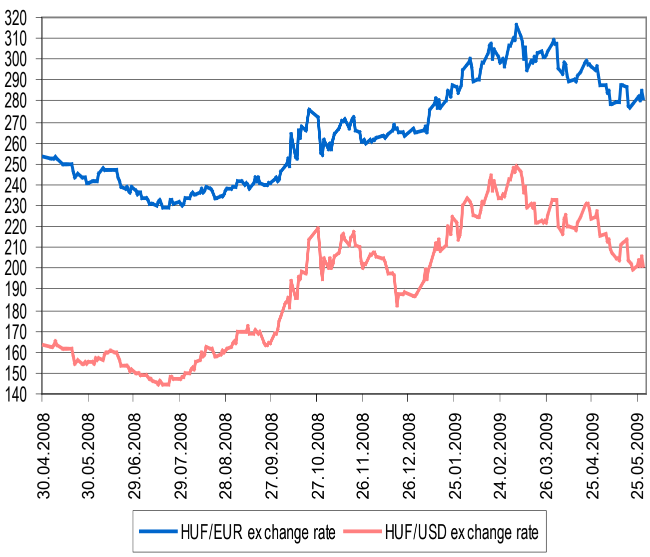
	2004	2005	2006	2007	2008	March 2009	April 2009	May 2009
1. Forint denominated debt	8,608.8	9,153.5	10,552.3	11,103.8	11,250.6	11,947.4	11,744.9	11,742.9
1.1. Loans	4.7	0.8	356.4	145.7	219.9	980.6	1 383.9	1 301.7
1.2. Government securities	8,604.2	9,152.7	10,195.9	10,958.1	11,030.7	10,966.8	10,361.1	10,441.2
1.2.1. Public issues	7,860.6	8,418.8	9,667.5	10,465.4	10,599.7	10,536.7	9,931.0	10,011.1
1.2.1.1. Bonds	5,768.9	6,299.1	7,244.2	8,245.3	8,570.6	8,418.6	7,834.2	7,796.0
1.2.1.2. Discount T-bills	1,463.3	1,530.9	1,755.9	1,664.9	1,482.4	1,592.9	1,577.1	1,705.8
1.2.1.3. Retail securities	628.4	588.7	667.4	555.2	546.4	525.2	519.7	509.3
1.2.2. Private placements	743.6	733.9	528.4	492.7	431.0	430.1	430.1	430.1
2. Foreign currency denominated debt*	2,983.5	3,590.7	4,124.4	4,472.6	6,774.8	8,426.1	7,405.8	7,262.0
2.1. Loans	916.8	720.6	803.7	846.5	2,529.4	3,622.8	2,939.5	2,888.2
2.1.1. Foreign loans	528.9	616.9	700.1	838.8	2,529.4	3,622.8	2,939.5	2,888.2
2.1.2. Domestic loans	387.8	103.8	103.6	104.0	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
2.1.2.2. Other loans	32.2	7.7	7.7	7.7	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	4,803.4	4,466.3	4,373.7
2.2.1. Issued abroad	2,066.8	2,870.1	3,320.7	3,626.1	4,245.5	4,803.4	4,466.3	4,373.7
2.2.1.1. Foreign currency bonds	2,066.7	2,870.0	3,320.6	3,626.1	4,245.4	4,803.3	4,466.2	4,373.7
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
2.2.2. Issued domestically	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	20,373.5	19,150.8	19,004.9
Other liabilities		21.4	29.0	9.1	78.5	73.9	54.9	47.5
Total central government debt		12,765.6	14,705.7	15,585.5	18,103.9	20,447.4	19,205.6	19,052.4
Foreign currency deposits from the international loan program placed at the NBH					*1,483.6*	*2,081.2*	*1,538.9*	*1,507.0*
Government debt adjusted with foreign currency deposits					16 620,3	18 366,2	17 666,7	17 545,4
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*	*10,441.6*	*10,441.6*	*9,931.9*
Gross debt/GDP	*56.0%*	*57.9%*	*61.8%*	*61.3%*	*68.4%*			

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

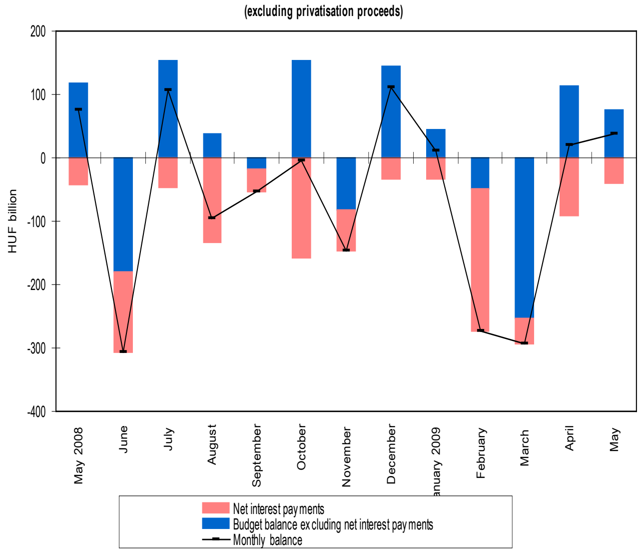
% 10-year Hungarian and eurozone benchmark yields during the last year



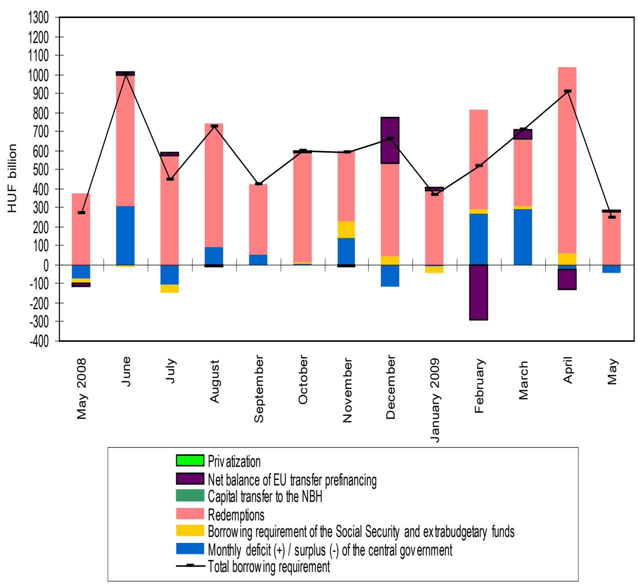
The exchange rate of the Hungarian Forint during the last year



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



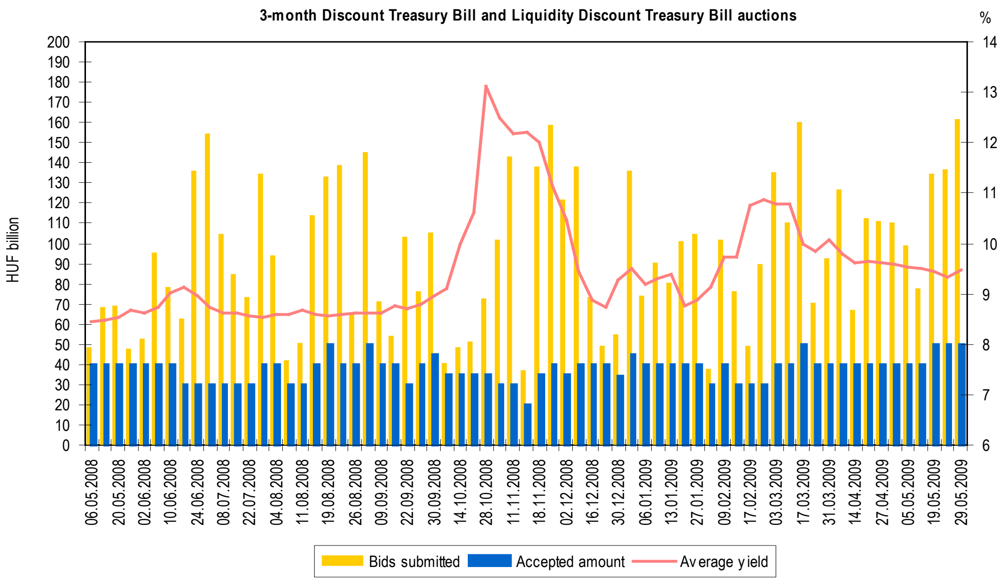
Gross borrowing requirement

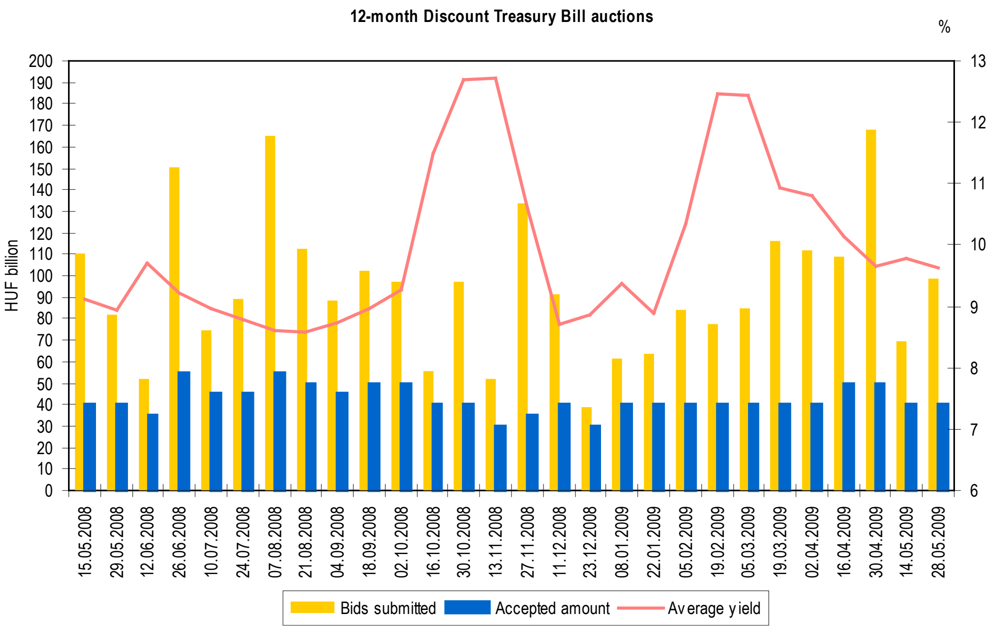


DISCOUNT TREASURY BILL AUCTION RESULTS

	Liquidity Discount T-bills	3-month Discount T-bills				12-month Discount T-bills	
Code of T-bills	D090715	D090812	D090819	D090826	D090902	D100505	D100505
ISIN code	HU0000517305	HU0000517339	HU0000517347	HU0000517354	HU0000517362	HU0000517412	HU0000517412
Maturity in days	42	91	91	91	91	350	336
Date of auction	28.05.2009	05.05.2009	12.05.2009	19.05.2009	26.05.2009	14.05.2009	28.05.2009
Date of financial settlement	03.06.2009	13.05.2009	20.05.2009	27.05.2009	03.06.2009	20.05.2009	03.06.2009
Redemption date	17.06.2009	12.08.2009	19.08.2009	26.08.2009	02.09.2009	05.05.2010	05.05.2010
Maximum yield, (%) - ISMA	9.50	9.55	9.54	9.44	9.37	9.90	9.75
Minimum yield (%) - ISMA	9.34	9.00	9.40	9.25	9.03	9.58	9.39
Average yield (%) - ISMA	9.46	9.52	9.49	9.43	9.33	9.79	9.64
Maximum yield, (%) - EHM	9.63	9.68	9.67	9.57	9.50	10.04	9.89
Minimum yield (%) - EHM	9.47	9.13	9.53	9.38	9.16	9.71	9.52
Average yield (%) - EHM	9.59	9.65	9.62	9.56	9.46	9.93	9.77
Average selling price (%)	98.9084	97.6501	97.6573	97.6718	97.6959	91.3091	91.7454
Amount offered for sale (HUF million)	40,000.00	40,000.00	40,000.00	40,000.00	40,000.00	40,000.00	40,000.00
Amount of bids submitted (HUF million)	161,300.00	98,750.71	77,740.20	134,651.83	136,471.74	69,200.72	98,815.62
Amount of bids accepted (HUF million)	49,999.97	39,999.94	39,999.98	49,999.986	49,999.98	39,999.96	39,999.96
Bid-to-cover ratio	3.23	2.47	1.94	2.69	2.73	1.73	2.47
Bids submitted (pcs)	57	123	109	91	146	121	138
Bids accepted (pcs)	36	68	54	26	50	76	81
Market sales* (HUF million)	49,999.97	39,999.94	39,999.98	49,999.98	49,999.98	39,999.96	39,999.96
Retained on ÁKK's own account	0.03	12,000.06	12,000.02	15,000.02	15,000.02	12,000.04	12,000.04
Total amount issued (HUF million)	50,000.00	52,000.00	52,000.00	65,000.00	65,000.00	52,000.00	52,000.00

*Without issuance onto ÁKK's own account



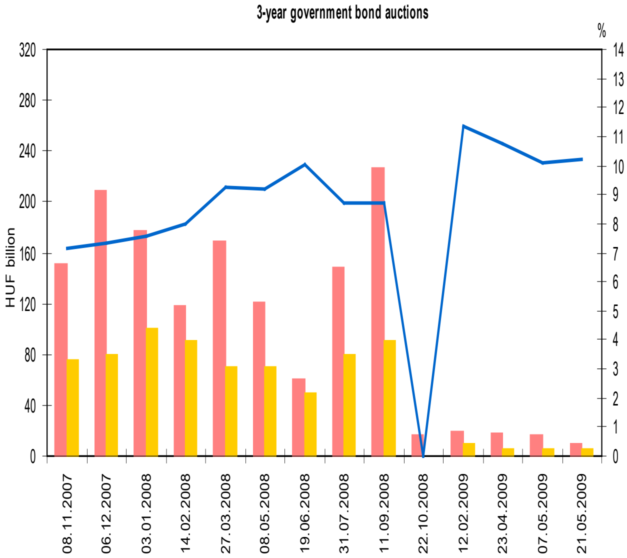


GOVERNMENT BOND AUCTION RESULTS

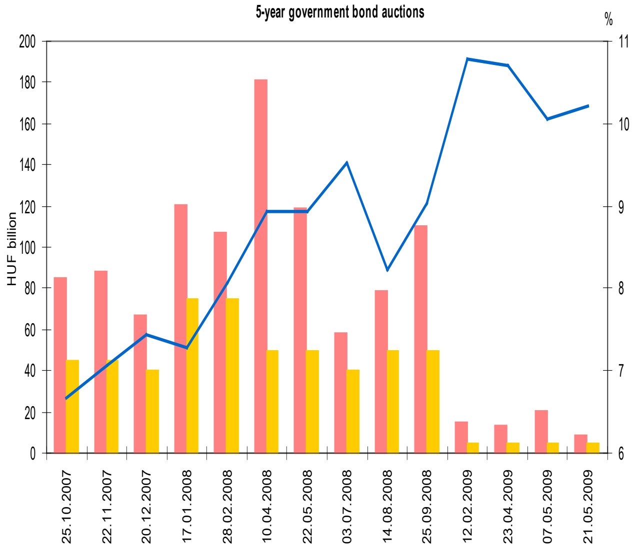
Government Bond	2013/D	2015/A	2019/A	2013/D	2015/A	2019/A
ISIN code	HU0000402045	HU0000402268	HU0000402433	HU0000402045	HU0000402268	HU0000402433
Maturity (in years)	3	5	10	3	5	10
Coupon (%)	6.75%	8.00%	6.50%	6.75%	8.00%	6.50%
Auction	16th auction	19th auction	10th auction	17th auction	20th auction	11th auction
Date of auction	07.05.2009	07.05.2009	07.05.2009	21.05.2009	21.05.2009	21.05.2009
Date of financial settlement	13.05.2009	13.05.2009	13.05.2009	27.05.2009	27.05.2009	27.05.2009
Redemption date	12.02.2013	12.02.2015	24.06.2019	12.02.2013	12.02.2015	24.06.2019
Maximum annual yield (%) - ISMA	10.12	10.09	9.72	10.24	10.27	9.98
Minimum annual yield (%) - ISMA	10.10	9.95	9.72	10.13	10.15	9.90
Average annual yield (%) - ISMA	10.05	10.05	9.72	10.21	10.21	9.95
Maximum annual yield (%) - EHM	10.11	10.09	9.71	10.23	10.27	9.97
Minimum annual yield (%) - EHM	10.04	9.95	9.71	10.12	10.15	9.89
Average annual yield (%) - EHM	10.09	10.05	9.71	10.20	10.20	9.94
Maximum price (%)	90.0261	91.6874	79.8040	89.8823	90.9301	78.9000
Minimum price (%)	89.8300	91.1297	79.8040	89.5778	90.4594	78.4784
Average price (%)	89.8879	91.3060	79.8040	89.6709	90.6969	78.6490
Amount offered for sale (HUF million)	5,000.00	5,000.00	5,000.00	5,000.00	5,000.00	5,000.00
Amount of bids submitted (HUF million)	16,400.00	20,600.00	30,650.00	9,550.00	8,350.00	4,918.95
Amount of bids accepted (HUF million)	4,999.99	4,999.98	6,500.00	5,000.00	5,000.00	3,500.00
Bid-to-cover ratio	3.28	4.12	4.72	1.91	1.67	1.41
Bids submitted (pcs)	49	45	50	40	25	20
Bids accepted (pcs)	20	17	12	27	15	12
Tail (average price - minimum price)	0.06	0.18	0.00	0.09	0.24	0.17
Market sales* (HUF million)	4,999.99	4,999.98	6,500.00	5,000.00	5,000.00	3,500.00
Non-competitive offer (HUF million)	1,123.00	1,101.00	1,800.00	5,000.00	0.00	0.00
Total amount issued (HUF million)	10,000.00	10,000.00	13,000.00	10,000.00	5,000.00	3,500.00

*Without issuance onto ÁKK's own account

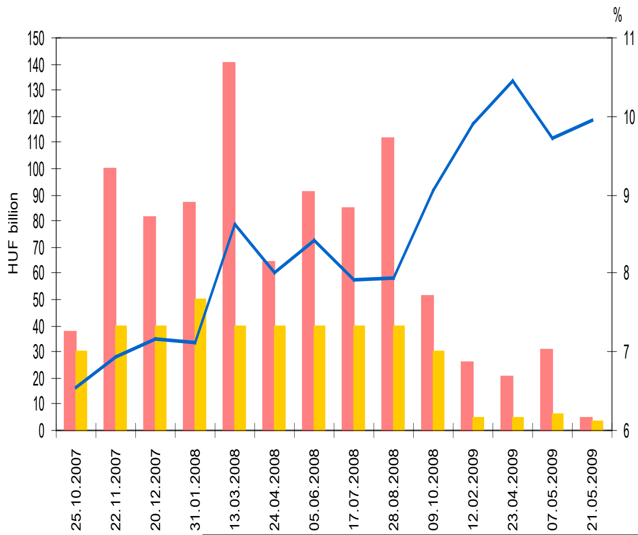
3-year government bond auctions



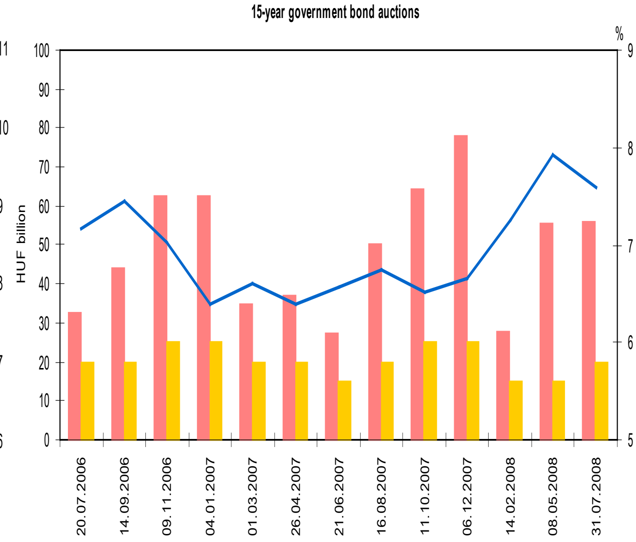
5-year government bond auctions



10-year government bond auctions



15-year government bond auctions

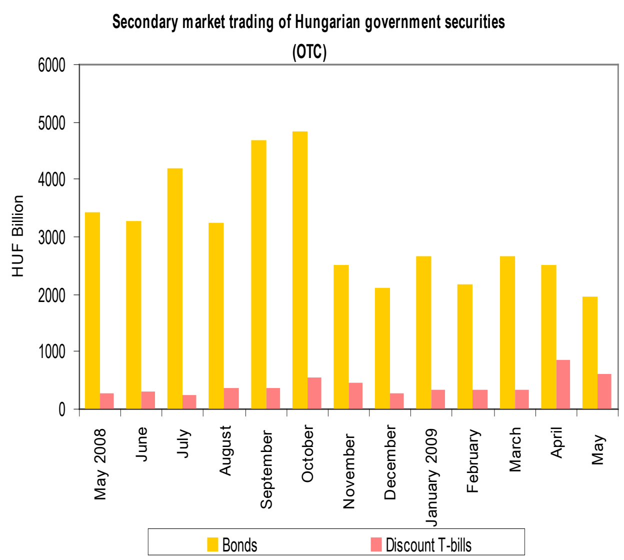


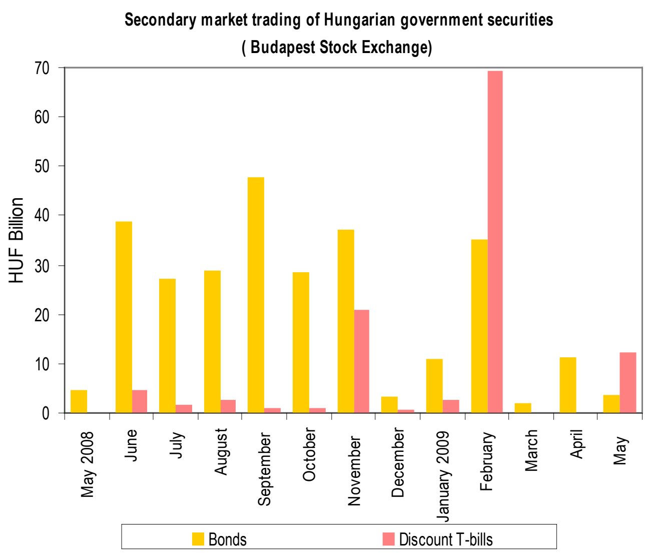
Bids submitted | Accepted amount | Average yield

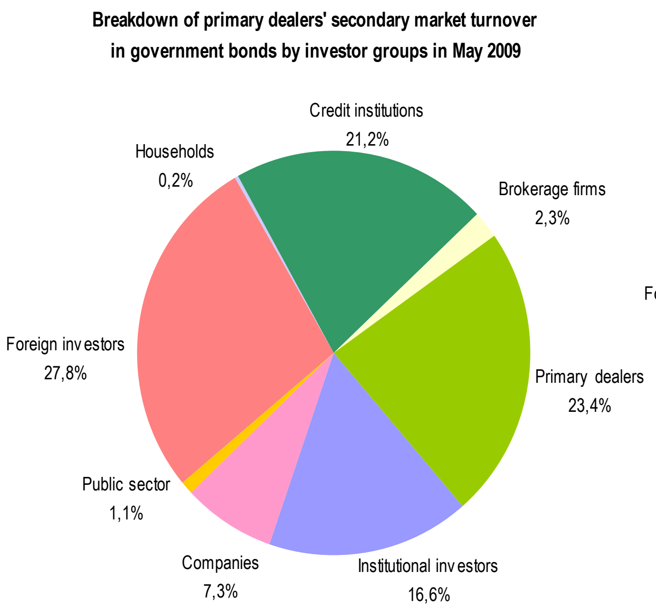
GOVERNMENT SECURITIES BUY-BACK AUCTION

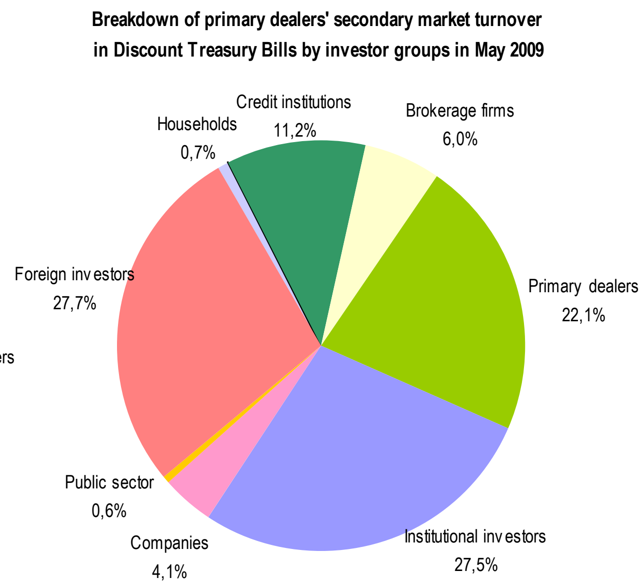
Government bond	2010/D	2011/C	2012/B	2010/C	2011/B	2012/C
ISIN code	HU0000402409	HU0000402425	HU0000402367	HU0000402391	HU0000402334	HU0000402417
Coupon (%)	6.25	6.75	7.25	6.75	6.00	6.00
Date of reverse auction	06.05.2009	06.05.2009	06.05.2009	13.05.2009	13.05.2009	13.05.2009
Date of financial settlement	13.05.2009	13.05.2009	13.05.2009	20.05.2009	20.05.2009	20.05.2009
Redemption date	24.08.2010	22.04.2011	12.06.2012	12.04.2010	12.10.2011	24.10.2012
Minimum annual yield (%)	9.88	10.20	10.29	9.75	10.00	10.13
Average annual yield - ISMA (%)	9.91	10.23	10.33	9.80	10.06	10.17
Average annual yield - EHM (%)	9.91	10.23	10.32	9.75	10.06	10.16
Amount of bids submitted (HUF million)	24,113.43	17,591.18	36,862.52	7,264.07	19,823.04	42,074.00
Amount of bids accepted (HUF million)	5,048.18	5,495.86	6,474.97	6,761.49	7,702.09	10,861.58

Government bond	2010/D	2011/C	2012/B	2010/C	2012/C
ISIN code	HU0000402409	HU0000402425	HU0000402367	HU0000402391	HU0000402417
Coupon (%)	6.25	6.75	7.25	6.75	6.00
Date of reverse auction	20.05.2009	20.05.2009	20.05.2009	27.05.2009	27.05.2009
Date of financial settlement	27.05.2009	27.05.2009	27.05.2009	03.06.2009	03.06.2009
Redemption date	24.08.2010	22.04.2011	12.06.2012	12.04.2010	24.10.2012
Minimum annual yield (%)	9.65	9.90	10.10	9.61	9.75
Average annual yield - ISMA (%)	9.66	9.91	10.13	9.75	9.78
Average annual yield - EHM (%)	9.66	9.91	10.12	9.68	9.77
Amount of bids submitted (HUF million)	4,298.38	5,987.94	22,309.56	11,250.51	15,005.50
Amount of bids accepted (HUF million)	3,600.00	1,179.00	11,303.56	9,914.07	2,005.50

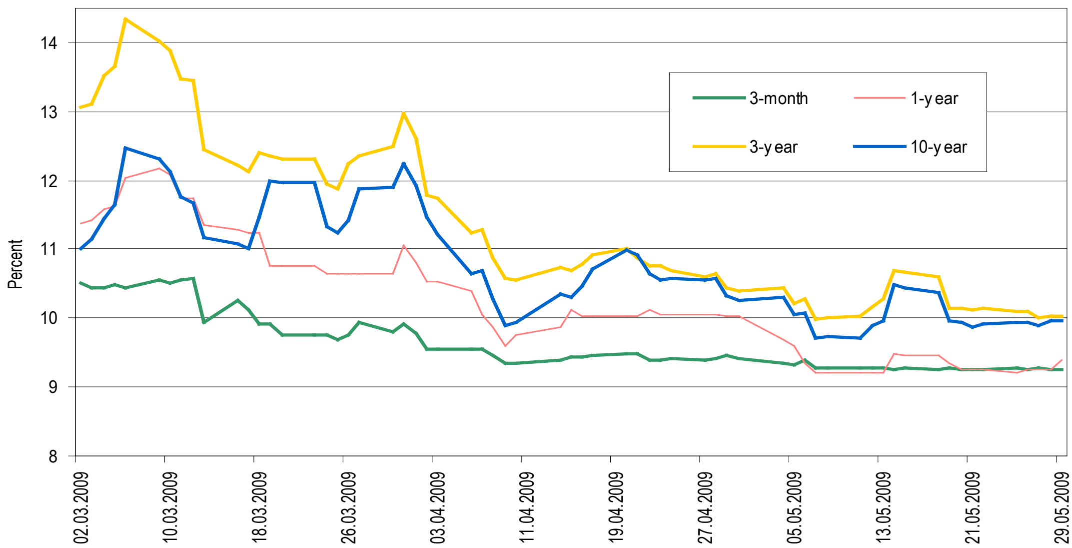




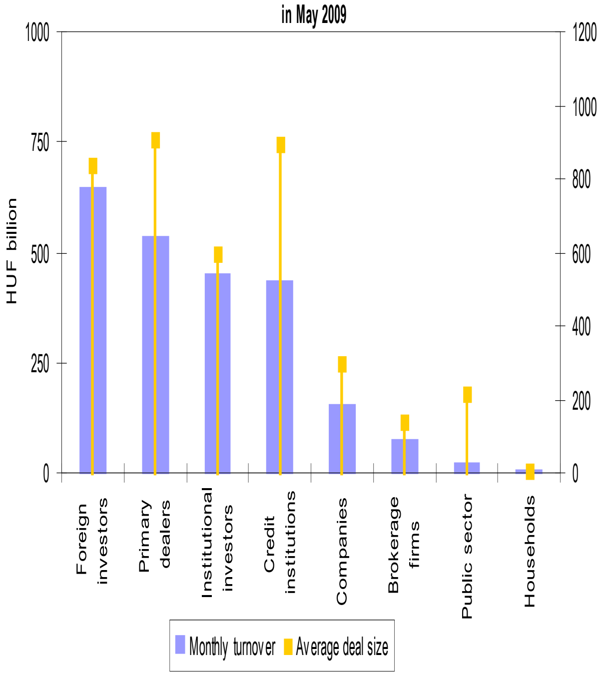




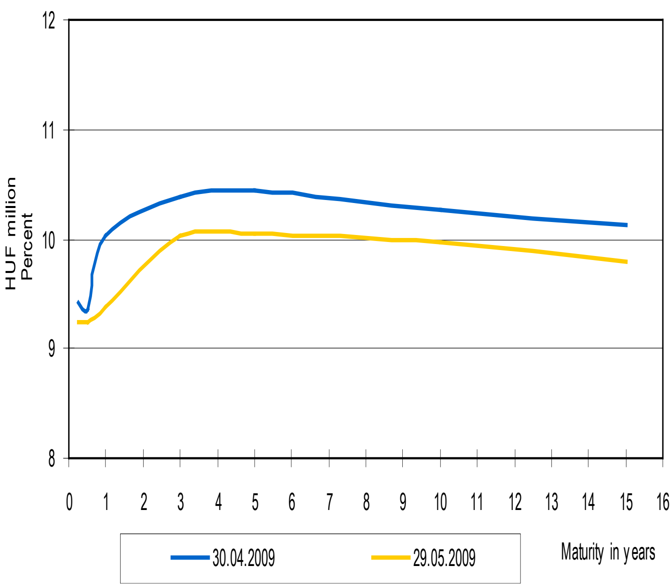
Benchmark yields in the past three months



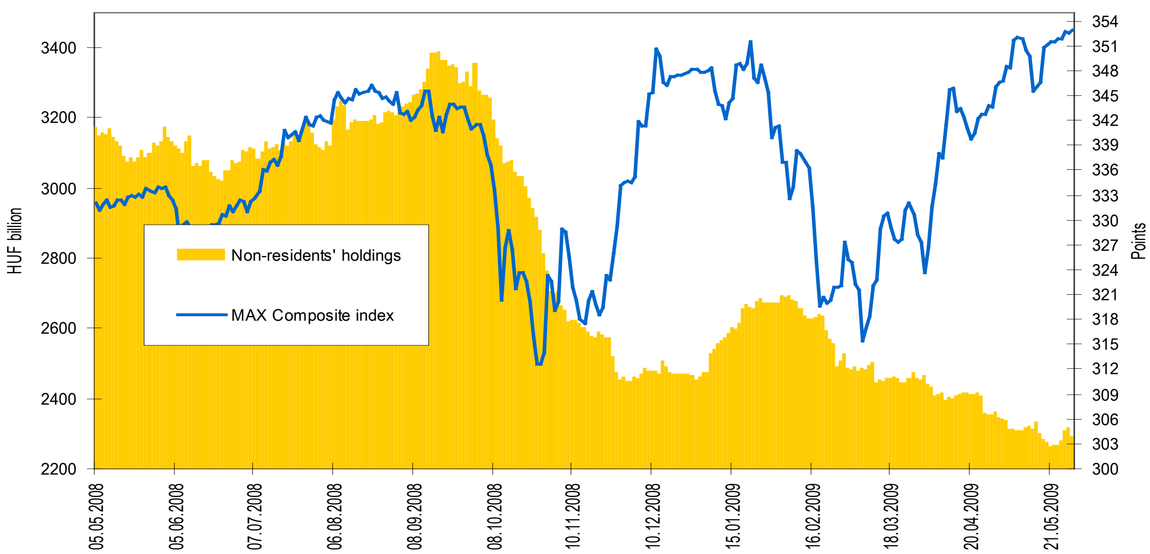
Primary dealers' trading with different investor groups in May 2009



Benchmark yield curves



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



INTEREST RATE RESETS OF FLOATING RATE GOVERNMENT BONDS IN MAY 2009

Government Bond	Date of interest rate reset	Interest period		Date of interest payment	Reset interest rate (%)	Interest payable (%)
2014/A	30.04.2009	02.05.2009	02.11.2009	02.11.2009	10.00	5.11

HUNGARIAN GOVERNMENT SECURITIES INDICES

	MAX index	RMAX index	MAX Composite index	ZMAX index
Value as at 29 May 2009	351.4162	382.2150	352.8692	387.6301
Changes compared to the end of the month before	7.1870	3.3264	6.3488	2.9921
Annual yield earned on the index portfolio	4.51%	9.62%	5.64%	9.82%

Government securities with the highest secondary market turnover in May 2009

Government security	Date of redemption	Turnover (HUF billion)
2011/C	22.04.2011	195.8
2009/D	12.10.2009	195.6
2017/B	24.02.2017	177.8
2011/B	12.10.2011	156.1
2019/A	24.06.2019	124.0
2012/C	24.10.2012	109.5
2012/B	12.06.2012	104.9
2010/D	24.08.2010	101.1
D090923	23.09.2009	94.7
D100310	10.03.2010	90.1

The outstanding volume of government bonds with benchmark status at the end of May 2009

	HUF billion	
Government bond	30.04.2009	29.05.2009
2013/D	442.76	453.90
2015/A	425.42	436.57
2019/A	290.28	302.08
2023/A	200.66	200.67

PRIMARY DEALERS - AS AT 31 MAY 2009

Primary dealers:		Primary dealers for retail securities:
CIB Bank Zrt.	Magyar Külkereskedelmi Bank Zrt.	CIB Bank Zrt.
CITIBANK Europe Plc.	Magyar Takarékszövetkezeti Bank Zrt.	UniCredit Bank Hungary Zrt.
Deutsche Bank Zrt.	Országos Takarékpénztár és Kereskedelmi Bank Nyrt	Kereskedelmi és Hitelbank Zrt.
ERSTE Bank Befektetési Magyarország Zrt.	Raiffeisen Bank Zrt.	Magyar Takarékszövetkezeti Bank Zrt.
ING Bank N.V.	UniCredit Bank Hungary Zrt.	Országos Takarékpénztár és Kereskedelmi Bank Nyrt.
Kereskedelmi és Hitelbank Zrt.		the branch network of the Hungarian State Treasury