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GOVERNMENT DEBT MANAGEMENT AGENCY PTE LTD.

GOVERNMENT SECURITIES MARKET

MONTHLY REPORT

MAY 2010

The deficit of the central government amounted to HUF 735.4 billion in the first five months of 2010. The net balance of transfers from the European Union (EU) worth HUF 60.7 billion decreased the net borrowing requirement. Privatisation revenues amounted to HUF 30.0 billion, which decreased the financing requirement. Thus, the total net borrowing requirement amounted to HUF 644.7 billion in 2010. Net issuance was HUF 466.8 billion; out of which net HUF-denominated issuance was HUF 95.6 billion and net foreign currency denominated issuance was HUF 371.2 billion.

	2009		2010		Change	
HUF billion	December	%	May	%	HUF billion	%
Foreign exchange denominated debt	8,468.5	44.7	9,109.5	45.7	641.0	7.6
Government securities	4,354.0	23.0	4,817.8	24.2	463.8	10.7
Loans	4,114.5	21.7	4,291.8	21.5	177.3	4.3
HUF denominated debt	10,476.2	55.2	10,572.5	53.0	96.3	0.9
Government securities	10,037.5	52.9	10,087.3	50.6	49.8	0.5
Loans	438.7	2.3	485.2	2.4	46.5	10.6
Total	18,944.8	99.9	19,682.0	98.7	737.3	3.9
Other obligations	20.1	0.1	251.3	1.3	231.2	1,150.2
Total central government debt	18,964.9	100.0	19,933.4	100.0	968.5	5.1
Out of the international loan program was placed in NBH or in commercial banks	1,124.8		1,318.8		194.0	

The HUF denominated debt of the central government increased by HUF 96.3 billion in 2010 (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 186.1 billion, while discount Treasury bills decreased by HUF 126.9 billion and the total amount of retail government securities decreased by HUF 8.6 billion. The HUF 46.5 billion increase in the volume of HUF loans in the first five months of the year was the result of drawdowns of international project financing loans in Hungarian Forints.

The foreign currency debt of the central government increased by HUF 641.0 billion in 2010. The foreign currency bond issue increased the debt by HUF 387.3 billion, redemptions of foreign currency debt worth HUF 16.1 billion decreased the debt, while exchange rate revaluations totalling HUF 269.9 billion increased the Hungarian Forint value of the foreign currency debt in 2010. Out of the international loan program HUF 1,318.8 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 increased by HUF 231.2 billion in 2010.

Secondary market yields increased on all maturities in May.

Benchmark yields

Maturity	31.12.2009.	30.04.2010.	31.05.2010.	Change, basis points
3-month	6.07	4.88	5.00	12
6-month	6.08	4.85	4.95	10
1-year	6.05	4.85	5.05	20
3-year	7.41	5.50	6.19	69
5-year	7.59	6.04	6.73	69
10-year	7.99	6.62	7.23	61
15-year	7.90	6.66	7.25	59

Monthly OTC turnover of government securities was 9 % lower in May than a month before and reached HUF 2,393.4 billion. Primary dealers, who account for the decisive part of all secondary government securities trading, made 37% of their secondary government securities deals with non-resident investors.

The volume of non-residents' holdings of Hungarian government securities decreased altogether by HUF 59.4 billion in May, and amounted to HUF 2,281.8 billion at the end of the month. This volume represented 23.6% 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 275.34 at the last working day of May.

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).

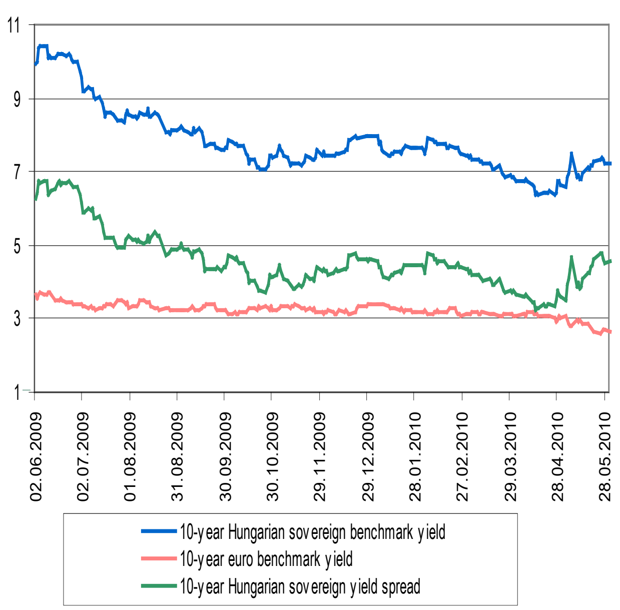
CENTRAL GOVERNMENT GROSS DEBT

HUF BILLION

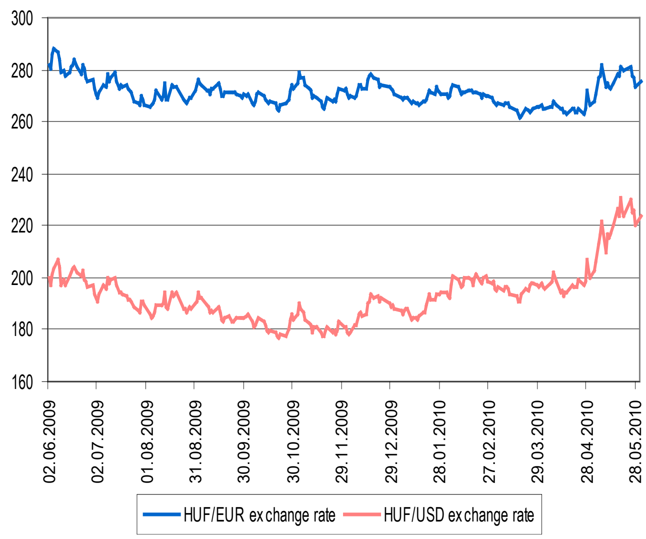
	2004	2005	2006	2007	2008	2009	March 2009	April 2010	May 2010
1. Forint denominated debt	8,608.8	9,153.5	10,552.3	11,103.8	11,250.6	10,476.2	10,554.4	10,470.5	10,572.5
1.1. Loans	4.7	0.8	356.4	145.7	219.9	438.7	438.7	438.7	485.2
1.2. Government securities	8,604.2	9,152.7	10,195.9	10,958.1	11,030.7	10,037.5	10,115.7	10,031.8	10,087.3
1.2.1. Public issues	7,860.6	8,418.8	9,667.5	10,465.4	10,599.7	9,613.2	9,692.3	9,608.3	9,663.8
1.2.1.1. Bonds	5,768.9	6,299.1	7,244.2	8,245.3	8,570.6	7,519.2	7,815.0	7,642.0	7,705.3
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	1,436.5	1,529.8	1,520.5
1.2.1.3. Retail securities	628.4	588.7	667.4	555.2	546.4	446.6	440.8	436.5	438.0
1.2.2. Private placements	743.6	733.9	528.4	492.7	431.0	424.3	423.5	423.5	423.5
2. Foreign currency denominated debt*	2,983.5	3,590.7	4,124.4	4,472.6	6,774.8	8,466.7	8,746.6	8,741.5	9,109.6
2.1. Loans	916.8	720.6	803.7	846.5	2,529.4	4,112.7	4,085.4	4,082.3	4,291.8
2.1.1. Foreign loans	528.9	616.9	700.1	838.8	2,529.4	4,112.7	4,085.4	4,082.3	4,291.8
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	4,661.2	4,659.2	4,817.8
2.2.1. Issued abroad	2,066.8	2,870.1	3,320.7	3,626.1	4,245.5	4,354.0	4,661.2	4,659.2	4,817.8
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	4,661.2	4,659.2	4,817.7
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	0.1
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	19,301.0	19,212.0	19,682.0
Other liabilities		21.4	29.0	9.1	78.5	20.1	110.2	111.2	251.3
Total central government debt		12,765.6	14,705.7	15,585.5	18,103.9	18,963.1	19,411.2	19,323.1	19,933.4
Foreign currency deposits from the international loan program placed at the NBH					*1,483.6*	*1,124.8*	*1,211.9*	*1,218.9*	*1,318.8*
Government debt adjusted with foreign currency deposits					16,620.3	17,838.3	18,199.3	18,104.2	18,614.6
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*	*9,674.9*	*9,595.2*	*9,649.2*
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.

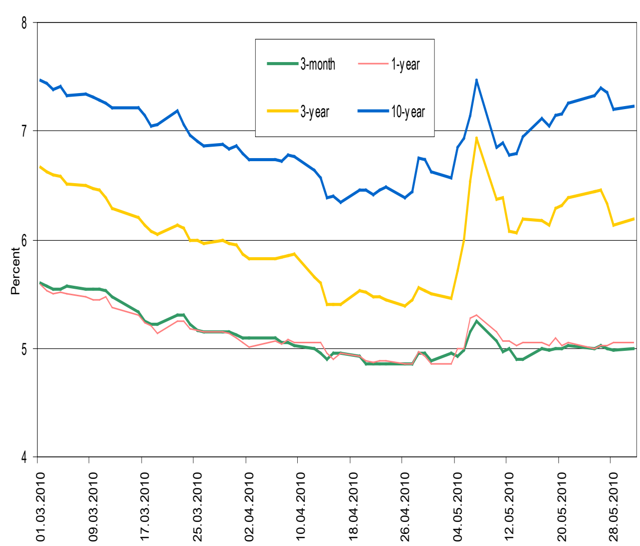
10-year Hungarian and eurozone benchmark yields during the last year



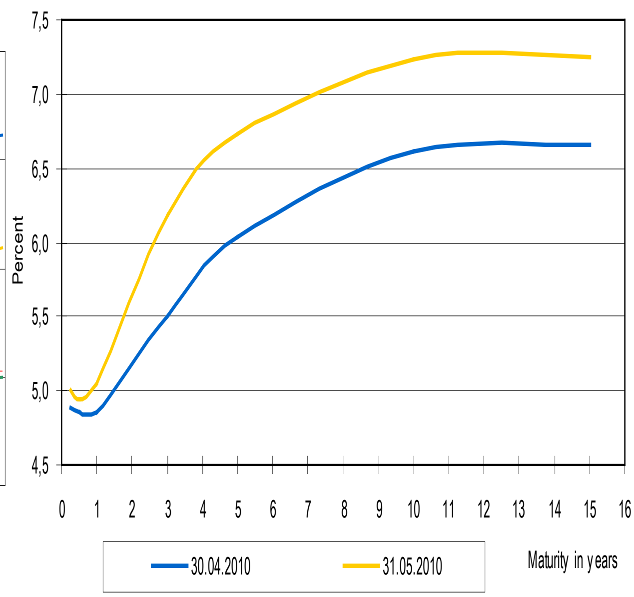
The exchange rate of the Hungarian Forint during the last year



Benchmark yields in the past three months



Benchmark yield curves

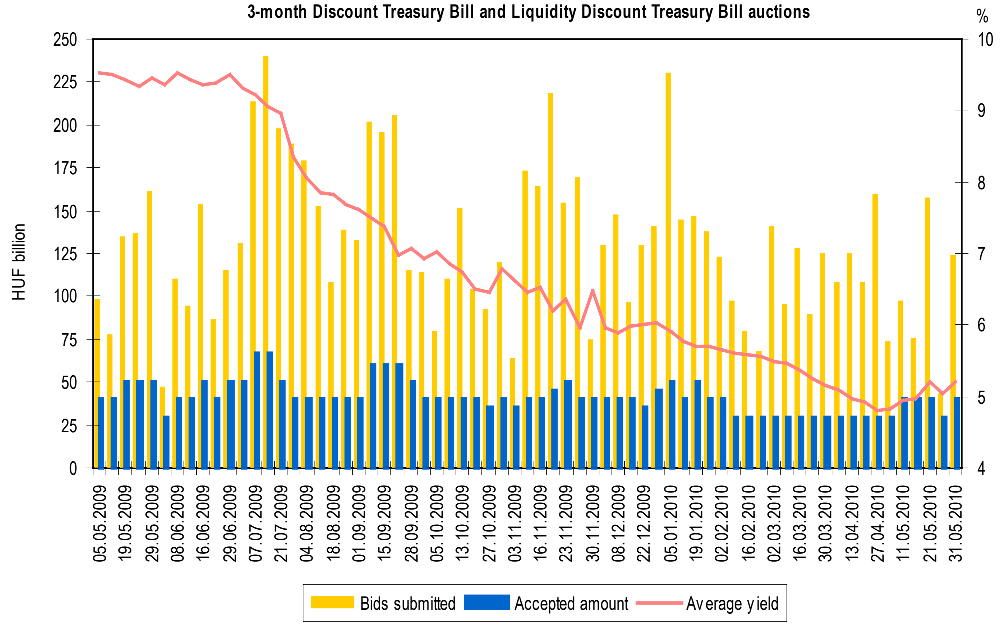


DISCOUNT TREASURY BILL AUCTION RESULTS

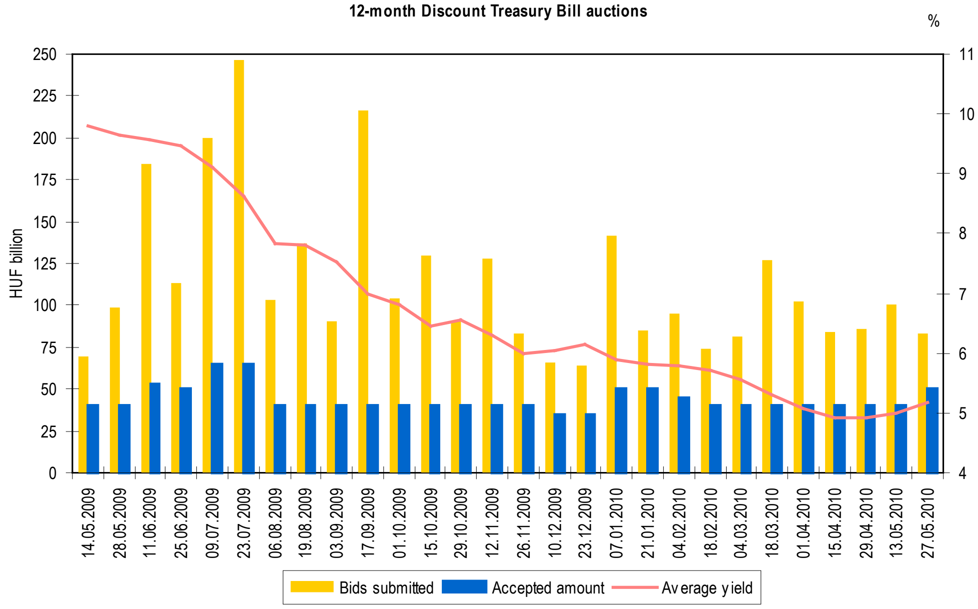
	Liquidity Discount T-bills		3-month Discount T-bills				12-month Discount T-bills	
Code of T-bills	D100714	D100714	D100811	D100818	D100825	D100901	D110406	D110601
ISIN code	HU0000517834	HU0000517834	HU0000517875	HU0000517883	HU0000517495	HU0000517891	HU0000517818	HU0000517909
Maturity in days	49	42	91	91	91	91	322	364
Date of auction	21.05.2010	31.05.2010	04.05.2010	11.05.2010	18.05.2010	25.05.2010	13.05.2010	27.05.2010
Date of financial settlement	26.05.2010	02.06.2010	12.05.2010	19.05.2010	26.05.2010	02.06.2010	19.05.2010	02.06.2010
Redemption date	14.07.2010	14.07.2010	11.08.2010	18.08.2010	25.08.2010	01.09.2010	06.04.2011	01.06.2011
Maximum yield, (%) - ISMA	5.20	5.20	4.84	4.97	4.99	5.10	5.04	5.22
Minimum yield (%) - ISMA	5.18	5.18	4.78	4.84	4.88	4.89	4.90	5.01
Average yield (%) - ISMA	5.20	5.20	4.82	4.94	4.96	5.04	5.01	5.17
Maximum yield, (%) - EHM	5.27	5.27	4.91	5.04	5.06	5.17	5.11	5.29
Minimum yield (%) - EHM	5.25	5.25	4.85	4.91	4.95	4.96	4.97	5.08
Average yield (%) - EHM	5.27	5.27	4.89	5.01	5.03	5.11	5.08	5.24
Average selling price (%)	99.2972	99.3970	98.7963	98.7667	98.7617	98.7420	95.7110	95.0322
Amount offered for sale (HUF million)	40,000.00	40,000.00	30,000.00	30,000.00	40,000.00	45,000.00	40,000.00	50,000.00
Amount of bids submitted (HUF million)	157,000.00	124,400.00	73,470.00	97,670.79	76,250.00	43,500.00	100,550.00	82,900.00
Amount of bids accepted (HUF million)	40,000.00	39,999.99	29,999.96	39,999.97	39,999.96	29,999.98	39,999.98	50,000.00
Bid-to-cover ratio	3.93	3.11	2.45	2.44	1.91	1.45	2.51	1.66
Bids submitted (pcs)	37	20	124	105	88	65	86	104
Bids accepted (pcs)	8	7	53	63	55	59	45	69
Market sales* (HUF million)	40,000.00	39,999.99	29,999.96	39,999.97	39,999.96	29,999.98	39,999.98	50,000.00
Retained on ÁKK's own account	0.00	0.01	9,000.04	12,000.03	12,000.04	9,000.02	12,000.02	15,000.00
Total amount issued (HUF million)	40,000.00	40,000.00	39,000.00	52,000.00	52,000.00	39,000.00	52,000.00	65,000.00

*Without issuance onto ÁKK's own account

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



12-month Discount Treasury Bill auctions

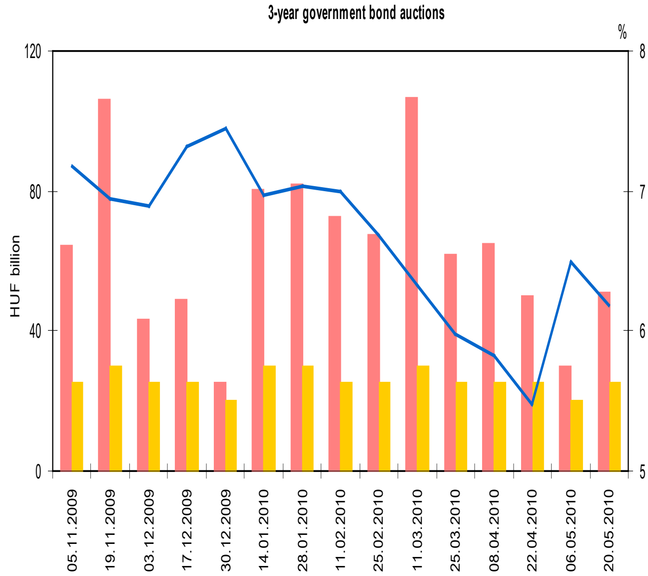


GOVERNMENT BOND AUCTION RESULTS

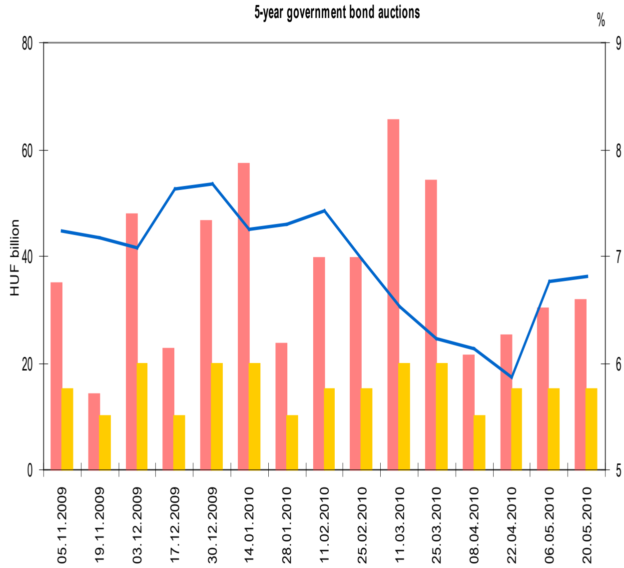
Government Bond	2013/E	2016/C	2023/A	2013/E	2016/C	2019/A
ISIN code	HU0000402466	HU0000402318	HU0000402383	HU0000402466	HU0000402318	HU0000402433
Maturity (in years)	3	5	15	3	5	10
Coupon (%)	7.50%	5.50%	6.00%	7.50%	5.50%	6,50%
Auction	19th auction	15th auction	12th auction	20th auction	16th auction	33rd auction
Date of auction	06.05.2010	06.05.2010	06.05.2010	20.05.2010	20.05.2010	20.05.2010
Date of financial settlement	12.05.2010	12.05.2010	12.05.2010	26.05.2010	26.05.2010	26.05.2010
Redemption date	24.10.2013	12.02.2016	24.11.2023	24.10.2013	12.02.2016	24.06.2019
Maximum annual yield (%) - ISMA	6.58	6.85	7.11	6.25	6.84	7.09
Minimum annual yield (%) - ISMA	6.37	6.69	7.10	6.14	6.76	7.04
Average annual yield (%) - ISMA	6.50	6.77	7.10	6.18	6.81	7.05
Maximum annual yield (%) - EHM	6.57	6.85	7.11	6.24	6.84	7.09
Minimum annual yield (%) - EHM	6.36	6.69	7.10	6.14	6.76	7.04
Average annual yield (%) - EHM	6.49	6.77	7.10	6.18	6.81	7.04
Maximum price (%)	103.3483	94.4324	90.5776	104.0226	94.1476	96.4490
Minimum price (%)	102.7017	93.7175	90.4979	103.6836	93.7927	96.1298
Average price (%)	102.9615	94.0631	90.5441	103.8894	93.9210	96.4064
Amount offered for sale (HUF million)	25,000.00	15,000.00	10,000.00	25,000.00	15,000.00	10,000.00
Amount of bids submitted (HUF million)	29,700.00	30,200.00	22,235.00	50,950.00	31,950.00	18,692.00
Amount of bids accepted (HUF million)	20,000.00	14,999.97	10,000.00	24,999.96	14,999.96	10,000.00
Bid-to-cover ratio	1.49	2.01	2.22	2.04	2.13	1.87
Bids submitted (pcs)	51	64	29	46	47	41
Bids accepted (pcs)	44	27	12	24	28	17
Tail (average price - minimum price)	0.26	0.35	0.05	0.21	0.13	0.28
Market sales* (HUF million)	20,000.00	14,999.97	10,000.00	24,999.96	14,999.96	10,000.00
Non-competitive offer (HUF million)	0.00	216.00	0.00	0.00	0.00	0.00
Total amount issued (HUF million)	20,000.00	22,500.00	20,000.00	25,000.00	18,000.00	10,000.00

*Without issuance onto ÁKK's own account

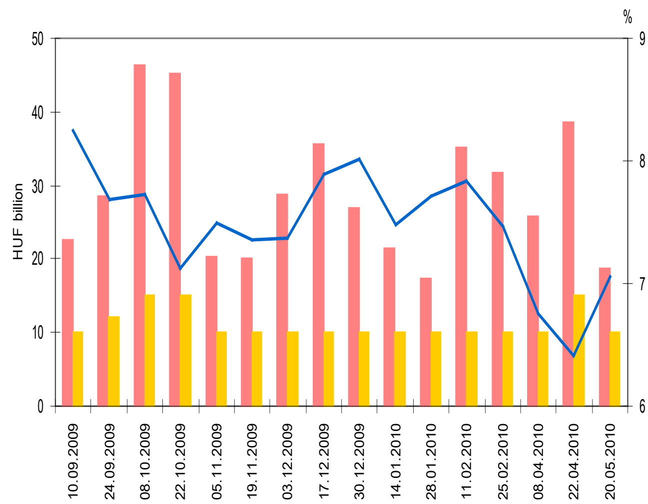
3-year government bond auctions



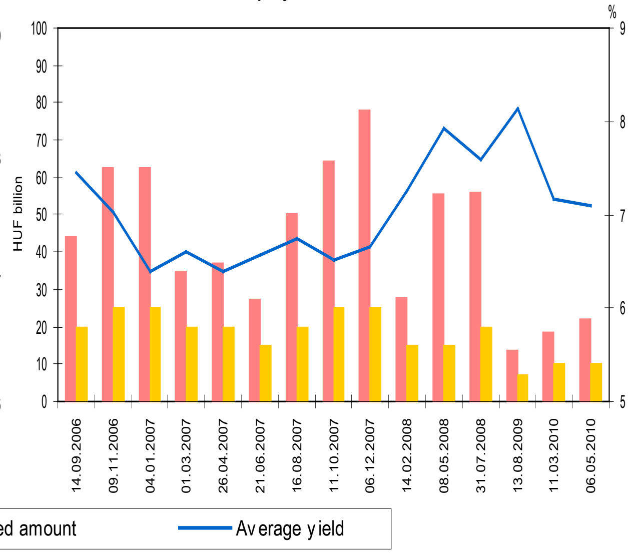
5-year government bond auctions



10-year government bond auctions

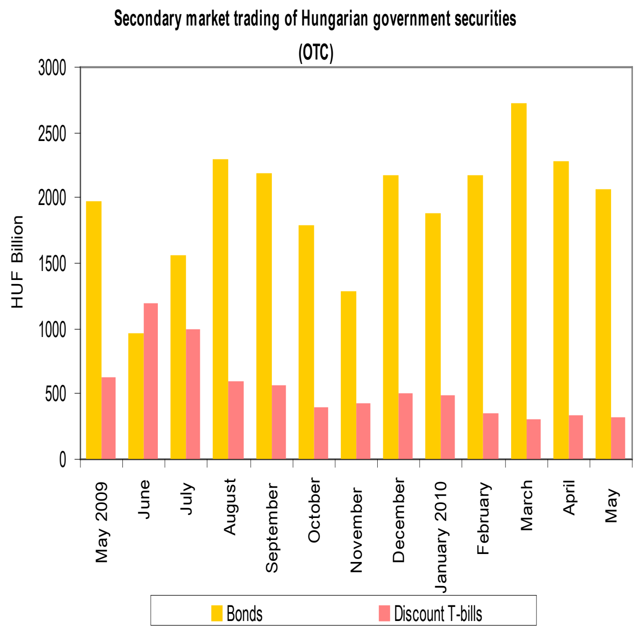


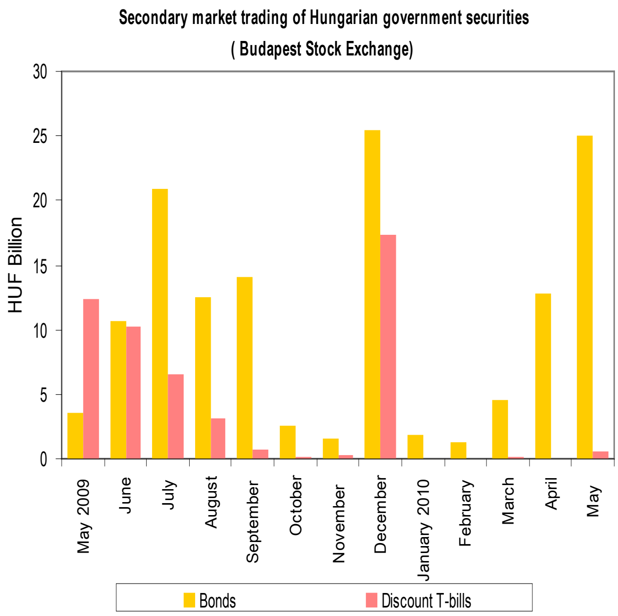
15-year government bond auctions

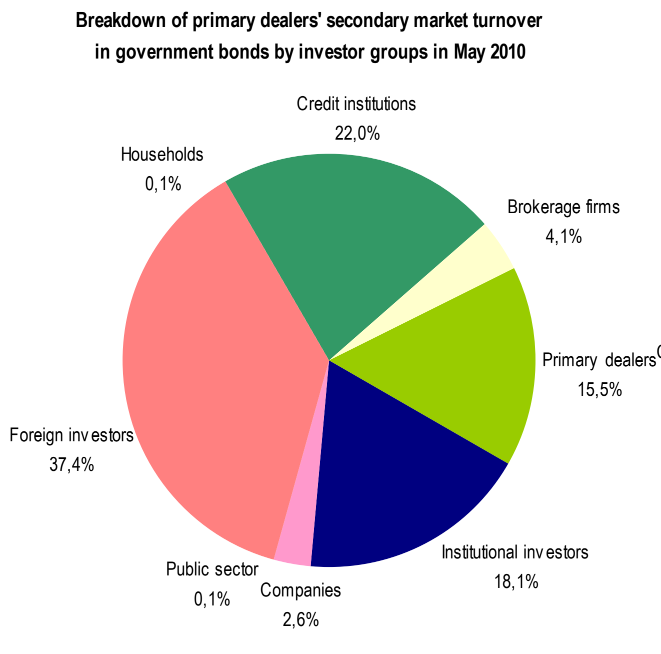


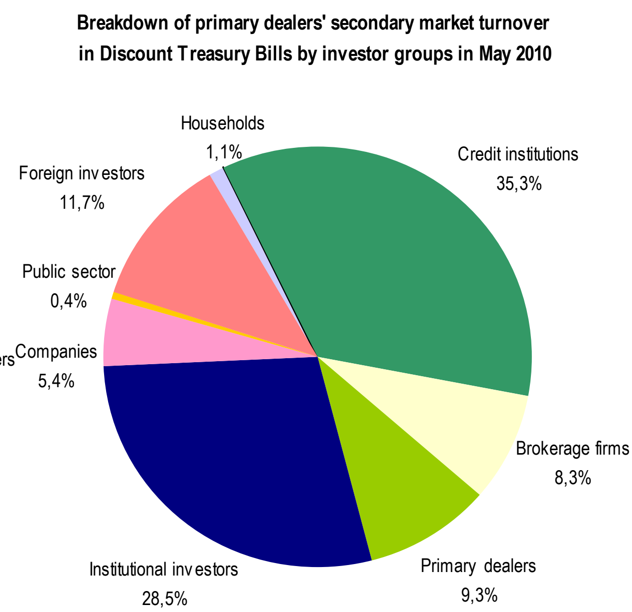
GOVERNMENT SECURITIES BUY-BACK AUCTION RESULTS

Government bond	2010/B	2010/D	2010/B	2010/D
ISIN code	HU0000402292	HU0000402409	HU0000402292	HU0000402409
Coupon (%)	6.75	6.25	6.75	6.25
Date of reverse auction	05.05.2010	05.05.2010	19.05.2010	19.05.2010
Date of financial settlement	12.05.2010	12.05.2010	26.05.2010	26.05.2010
Redemption date	12.10.2010	24.08.2010	12.10.2010	24.08.2010
Minimum annual yield (%)	5.10	5.10	5.15	5.13
Average annual yield - ISMA (%)	5.11	5.13	5.15	5.13
Average annual yield - EHM (%)	5.04	5.04	5.07	5.03
Amount of bids submitted (HUF million)	18,753.08	16,739.89	12,112.18	7,942.61
Amount of bids accepted (HUF million)	11,985.84	12,136.97	1,387.22	3,015.39









INTEREST RATE RESETS OF FLOATING RATE GOVERNMENT BONDS IN MAY 2010

Government Bond	Date of interest rate reset	Interest period		Date of interest payment	Reset interest rate (%)	Interest payable (%)
2014/A	30.04.2010	02.05.2010	02.11.2010	02.11.2010	5.70	2.91

HUNGARIAN GOVERNMENT SECURITIES INDICES

	MAX index	RMAX index	MAX Composite index	ZMAX index
Value as at 31 May 2010	426.0663	418.4942	420.9098	417.1107
Changes compared to the end of the month before	-8.3805	1.1669	-5.8291	1.6493
Annual yield earned on the index portfolio	21.13%	9.44%	19.18%	7.56%

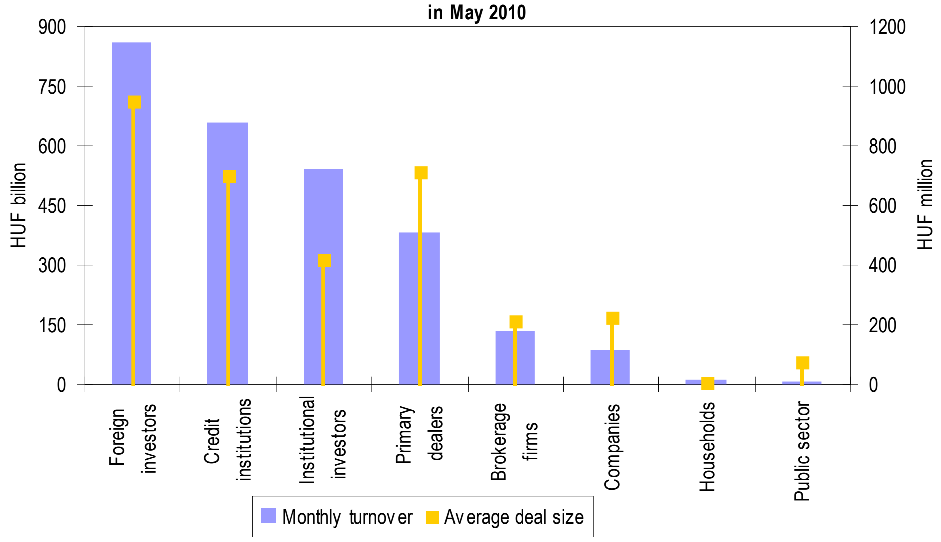
Government securities with the highest secondary market turnover in May 2010

Government security	Date of redemption	Turnover (HUF billion)
2015/A	12.02.2015	358.1
2013/E	24.10.2013	337.6
2019/A	24.06.2019	337.2
2017/B	24.02.2017	153.2
2014/C	12.02.2014	151.1
2016/C	12.02.2016	140.1
2012/B	12.06.2012	104.5
2011/C	22.04.2011	95.7
D110714	14.07.2010	94.3
2011/B	12.10.2011	93.0

The outstanding volume of government bonds with benchmark status at the end of May 2010

	HUF billion	
Government bond	30.04.2010	31.05.2010
2013/E	569.09	614.10
2016/C	443.82	474.05
2019/A	566.62	576.68
2023/A	214.28	224.29

Primary dealers' trading with different investor groups in May 2010



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