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GOVERNMENT DEBT MANAGEMENT AGENCY PTE LTD.

GOVERNMENT SECURITIES MARKET

MONTHLY REPORT

MARCH 2008

The deficit of the central government amounted to HUF 508.1 billion in first three months of 2008. The capital transfers to the NBH worth HUF 2.8 billion increased the net borrowing requirement. The prefinancing of cash transfers from the EU's EAGGF fund decreased the net borrowing requirement by HUF 45.5 billion. The total net financing requirement of HUF 465.4 billion was met by a net issuance of HUF 459.1 billion (ca. EUR 1.8 billion1) out of which net domestic currency issuance was HUF 373.0 billion and net foreign exchange issuance totalled HUF 86.1 billion.

The HUF denominated debt of the central government increased by HUF 372.6 billion in the first quarter of 2008 (the difference between the total net change and the net issuance was caused by the change in the volume of matured but unclaimed securities). Out of the increase in domestic debt, government bonds accounted for HUF 342.7 billion, discount Treasury bills for HUF 53.6 billion, while retail government securities decreased by HUF 22.7 billion. The stock of domestic loans remained unchanged.

The foreign currency debt of the central government increased by HUF 190.9 billion till the end of March. The redemptions of foreign currency loans was HUF 44.6 billion, the drawdown of foreign currency denominated loans worth HUF 130.7 billion. Exchange rate revaluation of HUF 104.8 billion increased the HUF value of the foreign currency debt compared to the end of last year.

Short-term secondary yields increased by 50-72 basis points in March, while the 1-3 year and 5-year yields increased by 87-121 basis points. The 1-year yield increased to 9.17% by 87 basis points, the 3-year yield increased by 121 bps and amounted to 9.96%, the 10-year benchmark yield reached 8.56% at the end of March after increasing by 38 basis points.

Monthly OTC turnover of government securities was 2% lower in March than a month before and reached HUF 6,668.5 billion. Primary dealers, who account for the decisive part of all secondary government securities trading, made 41% of their secondary government securities deals with non-resident investors.

The volume of non-residents' holdings of Hungarian government securities decreased altogether by HUF 63.2 in March, and amounted to HUF 3,266.9 billion at the end of the month. This volume represented 30.2% of the total amount of domestic government bonds and discount Treasury bills.

The EUR/HUF exchange rate according to the Hungarian National Bank was 259.36 on the last working day of March.

The credit rating of the long-term foreign currency debt of the Republic of Hungary is as follows: BBB+ (Standard & Poor's); A2 (Moody's); BBB+ (Fitch).

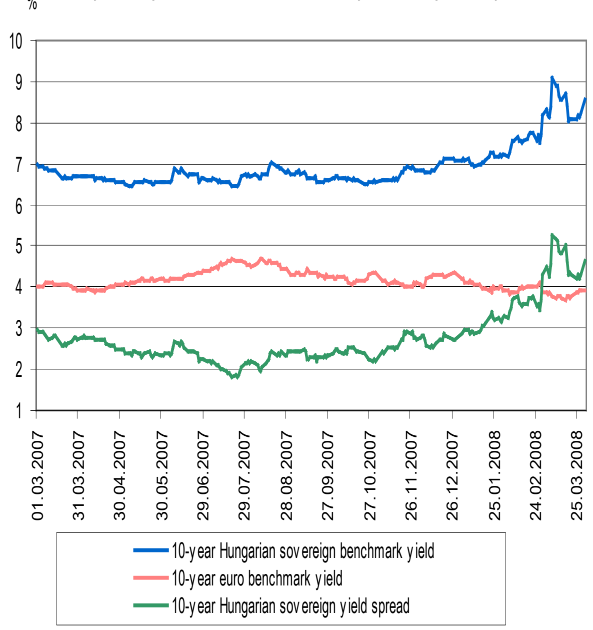
CENTRAL GOVERNMENT GROSS DEBT

HUF BILLION

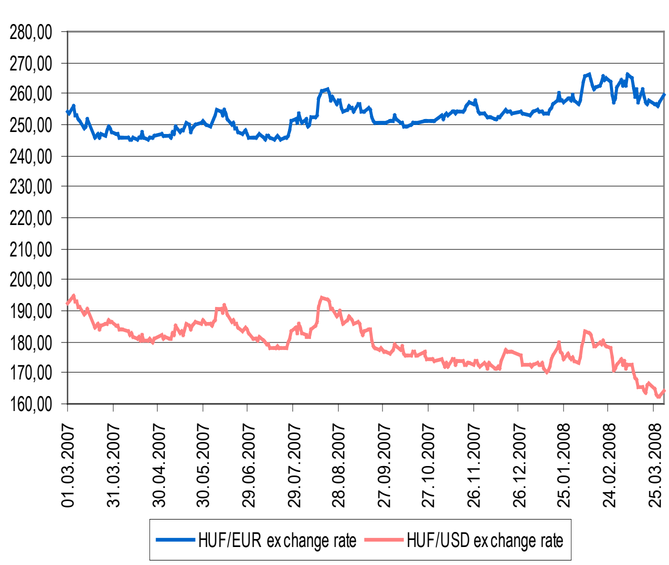
	2002	2003	2004	2005	2006	2007	January 2008	February 2008	March 2008
1. Forint denominated debt	6,956.9	8,008.7	8,608.8	9,153.5	10,552.3	11,103.8	11,277.1	11,325.7	11,476.4
1.1. Loans	353.2	117.9	4.7	0.8	356.4	145.7	145.7	145.7	145.7
1.2. Government securities	6,603.7	7,890.8	8,604.2	9,152.7	10,195.9	10,958.1	11,131.4	11,180.0	11,330.7
1.2.1. Public issues	5,826.3	7,131.5	7,860.6	8,418.8	9,667.5	10,465.4	10,638.8	10,687.5	10,839.7
1.2.1.1. Bonds	3,829.2	5,056.5	5,768.9	6,299.1	7,244.2	8,245.3	8,378.7	8,460.7	8,588.0
1.2.1.2. Discount T-bills	1,436.8	1,541.4	1,463.3	1,530.9	1,755.9	1,664.9	1,715.6	1,691.7	1,718.5
1.2.1.3. Retail securities	560.3	533.5	628.4	588.7	667.4	555.2	544.5	535.0	532.5
1.2.2. Private placements	777.4	759.3	743.6	733.9	528.4	492.7	492.7	492.5	491.7
2. Foreign currency denominated debt*	2,267.3	2,579.0	2,983.5	3,590.7	4,124.4	4,472.6	4,557.4	4,591.0	4,663.5
2.1. Loans	1,394.3	1,084.1	916.8	720.6	803.7	846.5	843.0	838.6	951.4
2.1.1. Foreign loans	461.9	598.8	528.9	616.9	700.1	838.8	835.1	830.6	943.5
2.1.2. Domestic loans	932.3	485.3	387.8	103.8	103.6	104.0	7.9	8.0	7.9
2.1.2.1. Raised from National Bank of Hungary (NBH)	849.6	466.5	355.7	96.1	95.9	0.0	0.0	0.0	0.0
2.1.2.2. Other loans	82.8	18.8	32.2	7.7	7.7	7.7	7.9	8.0	7.9
2.2. Government securities	873.0	1,494.9	2,066.8	2,870.1	3,320.7	3,626.1	3,714.4	3,752.4	3,712.2
2.2.1. Issued abroad	873.0	1,494.9	2,066.8	2,870.1	3,320.7	3,626.1	3,714.4	3,752.4	3,712.2
2.2.1.1. Foreign currency bonds	872.9	1,494.7	2,066.7	2,870.0	3,320.6	3,626.1	3,714.4	3,752.3	3,712.1
2.2.1.2. Kingdom of Hungary 1924 issues	0.2	0.1	0.1	0.1	0.1	0.0	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	9,224.2	10,587.7	11,592.4	12,744.2	14,676.7	15,576.4	15,834.5	15,916.6	16,139.9
Other liabilities				21.4	29.0	9.1	19.1	15.4	15.3
Total central government debt				12,765.6	14,705.7	15,585.5	15,853.6	15,932.1	16,155.1
Marketable HUF debt (1.2.1.1+1.2.1.2.+1.2..2.)	*6,043.4*	*7,357.3*	*7,975.8*	*8,563.9*	*9,528.4*	*10,402.9*	*10,586.9*	*10,645.0*	*10,798.2*
Gross debt/GDP	*53.6%*	*55.9%*	*56.0%*	*57.9%*	*61.9%*	*61.4%*			

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

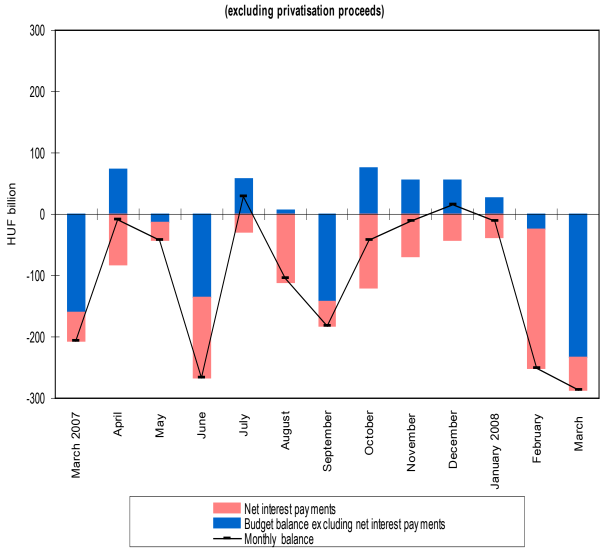
10-year Hungarian and eurozone benchmark yields during the last year



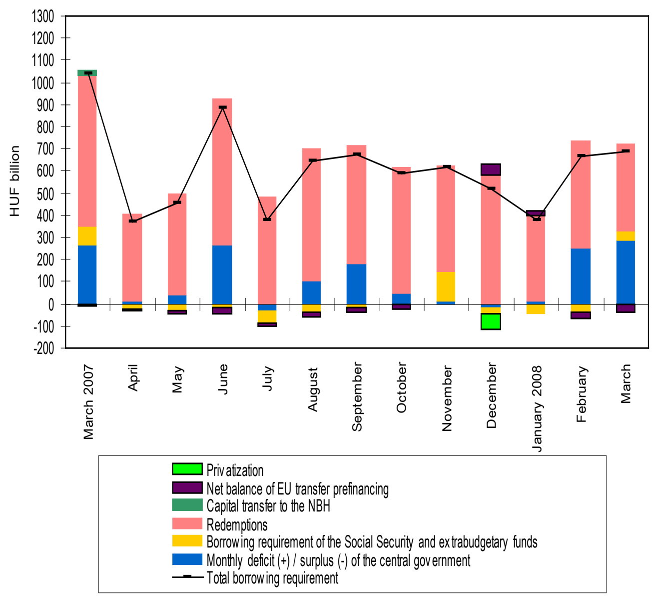
The exchange rate of the Hungarian Forint during the last year



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



Gross borrowing requirement

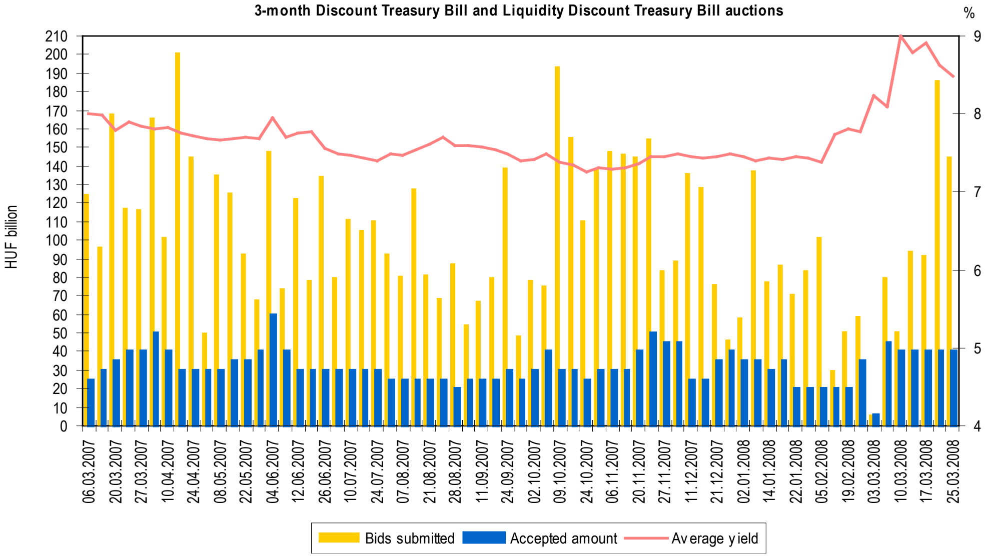


DISCOUNT TREASURY BILL AUCTION RESULTS

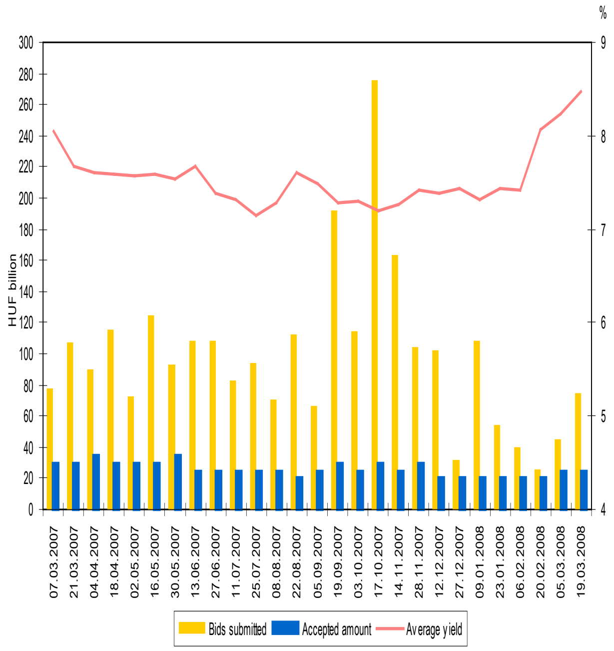
	Liquidity Discount T-bills			3-month Discount T-bills				6-month Discount T-bills		12-month Discount T-bills	
Code of T-bills	D080423	D080423	D080423	D080611	D080618	D080625	D080702	D080924	D080924	D090128	D090128
ISIN code	HU0000516687	HU0000516687	HU0000516687	HU0000516737	HU0000516745	HU0000516752	HU0000516380	HU0000516760	HU0000516760	HU0000516778	HU0000516778
Maturity in days	49	42	35	91	91	91	91	196	182	322	308
Date of auction	03.03.2008	10.03.2008	17.03.2008	04.03.2008	11.03.2008	18.03.2008	25.03.2008	05.03.2008	19.03.2008	06.03.2008	20.03.2008
Date of financial settlement	05.03.2008	12.03.2008	19.03.2008	12.03.2008	19.03.2008	26.03.2008	02.04.2008	12.03.2008	26.03.2008	13.02.2008	26.03.2008
Redemption date	23.04.2008	23.04.2008	23.04.2008	11.06.2008	18.06.2008	25.06.2008	02.07.2008	24.09.2008	24.09.2008	28.01.2009	28.01.2009
Maximum yield, (%) - ISMA	8.50	9.10	8.95	8.14	8.99	8.70	8.52	8.30	8.60	8.58	8.82
Minimum yield (%) - ISMA	7.85	8.70	8.59	7.99	8.45	8.50	8.47	8.14	8.30	8.30	8.50
Average yield (%) - ISMA	8.24	8.99	8.90	8.09	8.78	8.63	8.49	8.23	8.47	8.51	875
Maximum yield, (%) - EHM	8.62	9.23	9.07	8.25	9.11	8.82	8.64	8.42	8.72	8.70	8.94
Minimum yield (%) - EHM	7.96	8.82	8.71	8.10	8.57	8.62	8.59	8.25	7.42	8.42	8.62
Average yield (%) - EHM	8.35	9.11	9.02	8.20	8.90	8.75	8.61	8.34	8.59	8.63	8.87
Average selling price (%)	98.8909	98.9621	99.1421	97.9960	97.8288	97.8651	97.8990	95.7114	95.8938	92.9267	93.0353
Amount offered for sale (HUF m)	40,000.00	40,000.00	40,000.00	35,000.00	40,000.00	40,000.00	40,000.00	20,000.00	25,000.00	35,000.00	40,000.00
Amount of bids submitted (HUF m)	6,200.00	50,620.00	92,077.00	80,244.83	94,238.68	185,810.30	145,322.01	45,195.04	74,518.98	48,762.97	74,125.95
Amount of bids accepted (HUF m)	6,200.00	39,999.98	39,999.98	44,999.97	39,999.99	39,999.99	39,999.98	24,999.99	24,999.98	34,999.99	39,999.99
Bid-to-cover ratio	1.00	1.27	2.30	1.78	2.36	4.65	3.63	1.81	2.98	1.39	1.85
Bids submitted (pcs)	10	26	51	114	87	89	99	95	73	85	100
Bids accepted (pcs)	10	21	21	74	62	36	20	58	48	63	68
Market sales* (HUF million)	6,200.00	39,999.98	39,999.98	44,999.97	39,999.99	39,999.99	39,999.98	24,999.99	24,999.98	34,999.99	39,999.99
Retained on ÁKK's own account	0.00	0.02	0.02	4,500.03	4,000.01	4,000.01	4,000.02	7,500.01	5,000.02	7,000.01	8,000.01
Total amount issued (HUF million)	6,200.00	40,000.00	40,000.00	49,500.00	44,000.00	44,000.00	44,000.00	32,500.00	30,000.00	42,000.00	48,000.00

*Without issuance onto ÁKK's own account

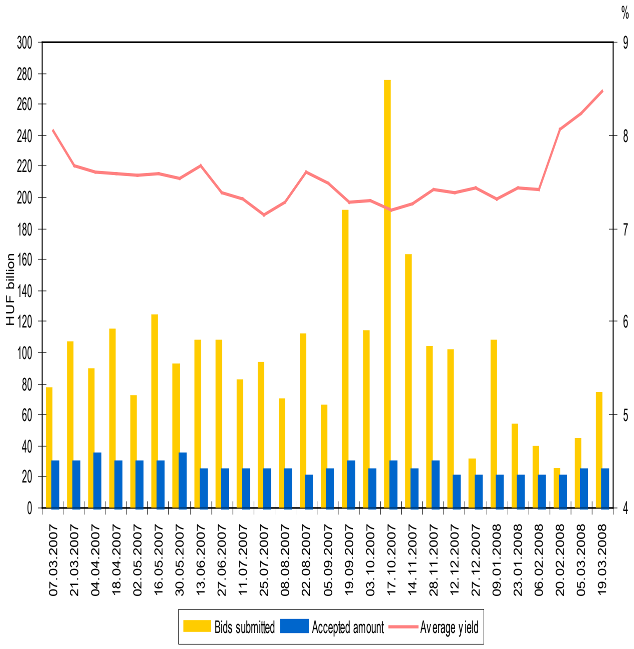
3-month Discount Treasury Bill and Liquidity Discount Treasury Bill auctions



6-month Discount Treasury Bill auctions



6-month Discount Treasury Bill auctions

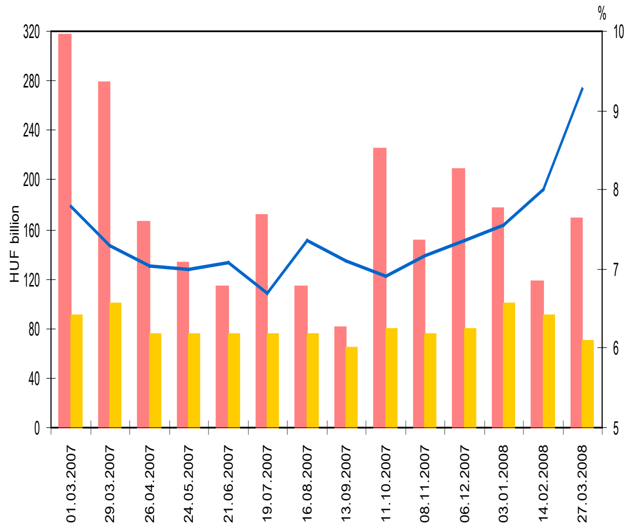


GOVERNMENT BOND AUCTION RESULTS

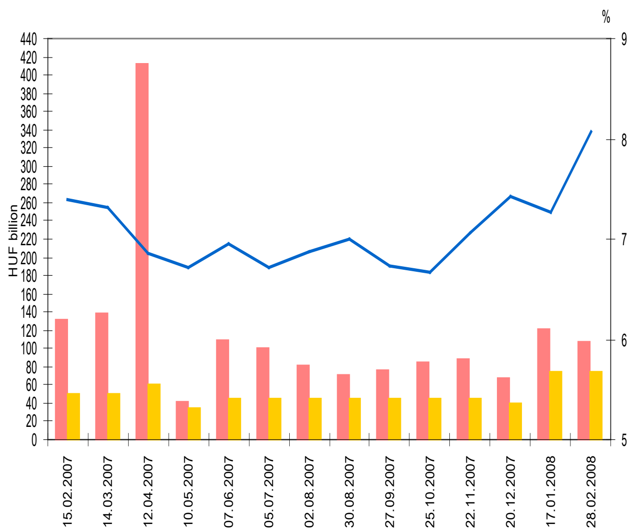
Government Bond	2011/C	2019/A
ISIN code	HU0000402425	HU0000402433
Maturity (in years)	3	10
Coupon (%)	6.75%	6.50%
Auction	3rd auction	2nd auction
Date of auction	27.03.2008	13.03.2008
Date of financial settlement	02.04.2008	19.03.2008
Redemption date	22.04.2011	24.06.2019
Maximum annual yield (%) - ISMA	9.30	8.72
Minimum annual yield (%) - ISMA	9.20	8.58
Average annual yield (%) - ISMA	9.28	8.62
Maximum annual yield (%) - EHM	9.30	8.71
Minimum annual yield (%) - EHM	9.20	8.57
Average annual yield (%) - EHM	9.28	8.61
Maximum price (%)	93.7318	85.3843
Minimum price (%)	93.4874	84.5046
Average price (%)	93.5426	85.1403
Amount offered for sale (HUF million)	70,000.00	40,000.00
Amount of bids submitted (HUF million)	169,452.82	140,220.00
Amount of bids accepted (HUF million)	69,999.90	39,999.96
Bid-to-cover ratio	2.42	3.51
Bids submitted (pcs)	167	118
Bids accepted (pcs)	95	38
Tail (average price - minimum price)	0.06	0.64
Market sales* (HUF million)	69,999.90	39,999.96
Retained on ÁKK's own account (HUF million)	0.10	8,000.04
Total amount issued (HUF million)	70,000.00	48,000.00

*Without issuance onto ÁKK's own account

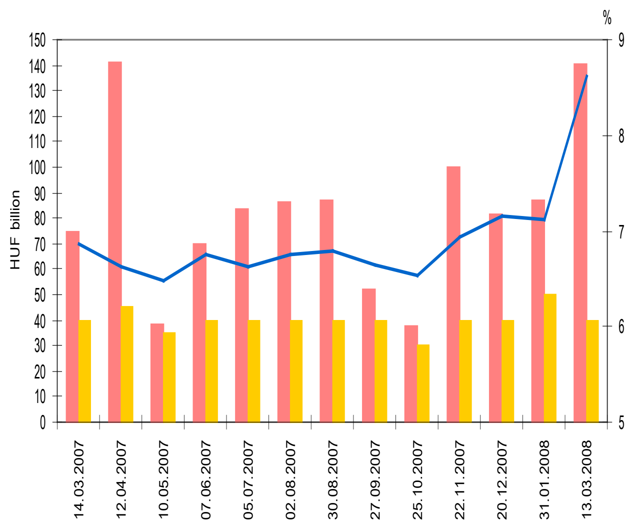
3-year government bond auctions



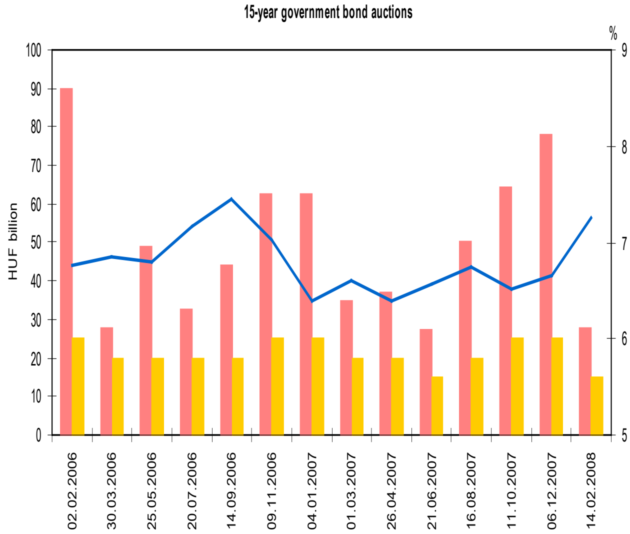
5-year government bond auctions



10-year government bond auctions



15-year government bond auctions

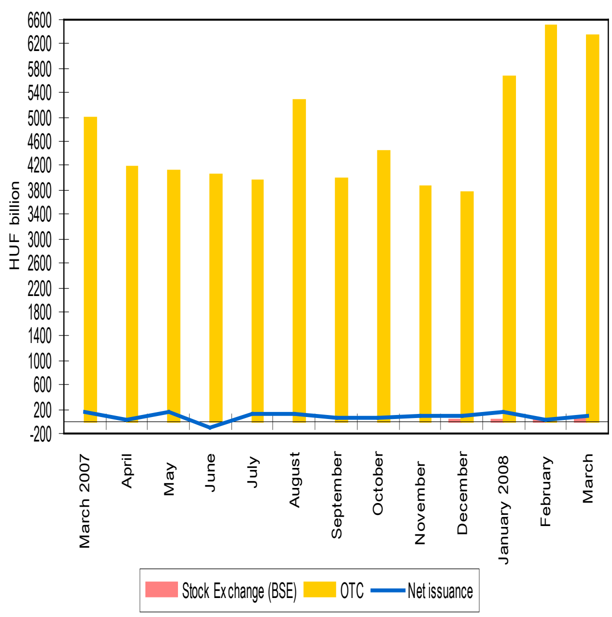


Bids submitted | Accepted amount | Average yield

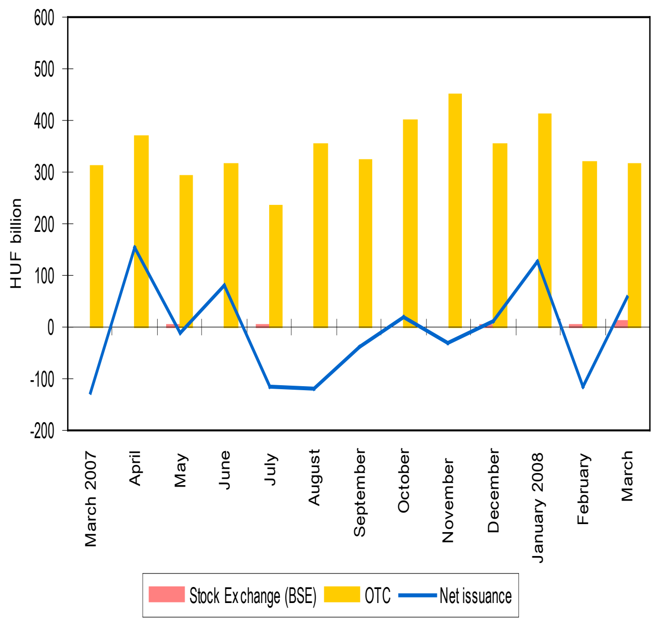
GOVERNMENT BOND BUY-BACK AUCTION RESULTS

Government bond	2008/E	2009/E
ISIN code	HU0000402300	HU0000402326
Coupon (%)	6.50%	6.25%
Date of reverse auction	12.03.2008	12.03.2008
Date of financial settlement	19.03.2008	19.03.2008
Redemption date	12.08.2008	24.04.2009
Minimum annual yield (%)	8.90	9.21
Average annual yield (%)	8.94	9.31
Amount of bids submitted (HUF million)	4,200.35	21,160.08
Amount of bids accepted (HUF million)	1,040.35	3,160.08

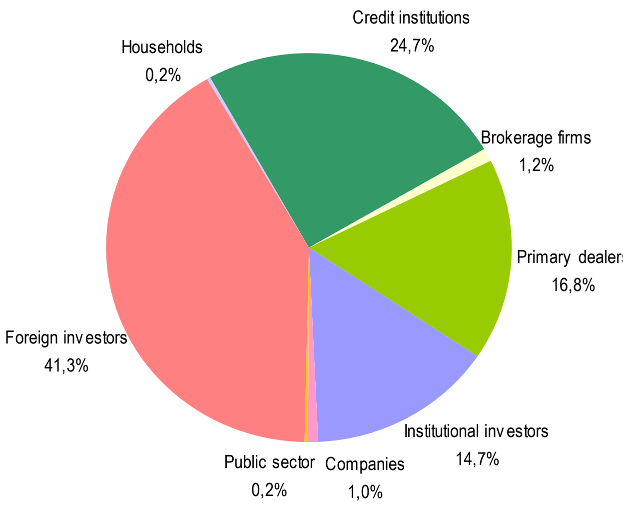
Secondary market trading of government bonds



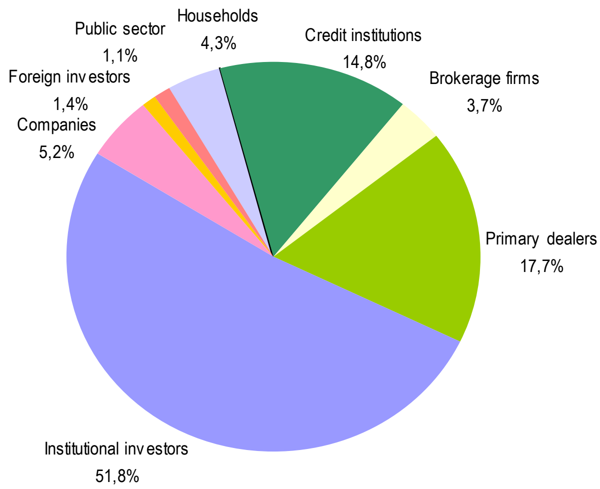
Secondary market trading of Discount Treasury Bills

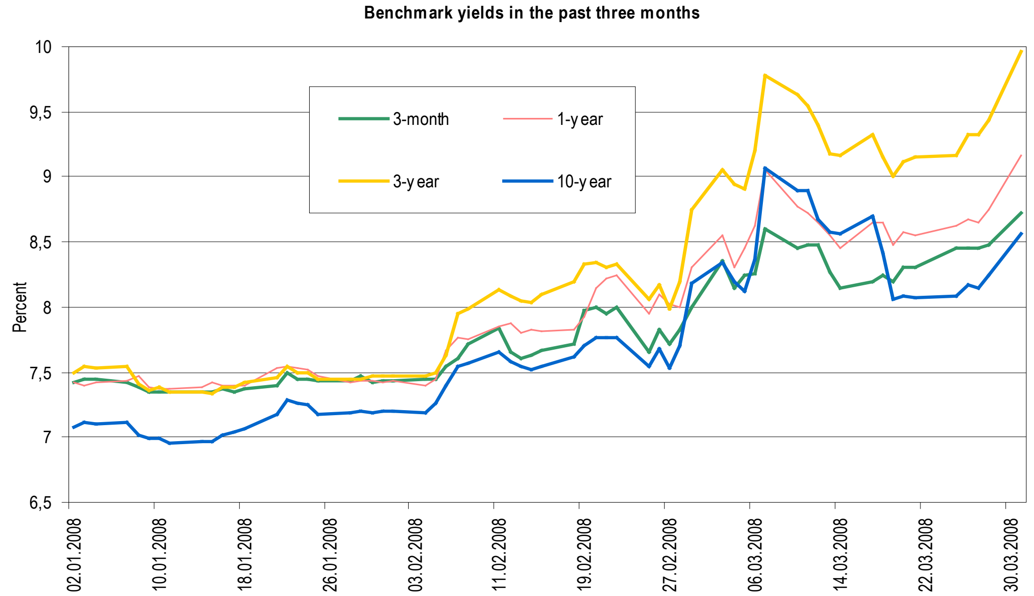


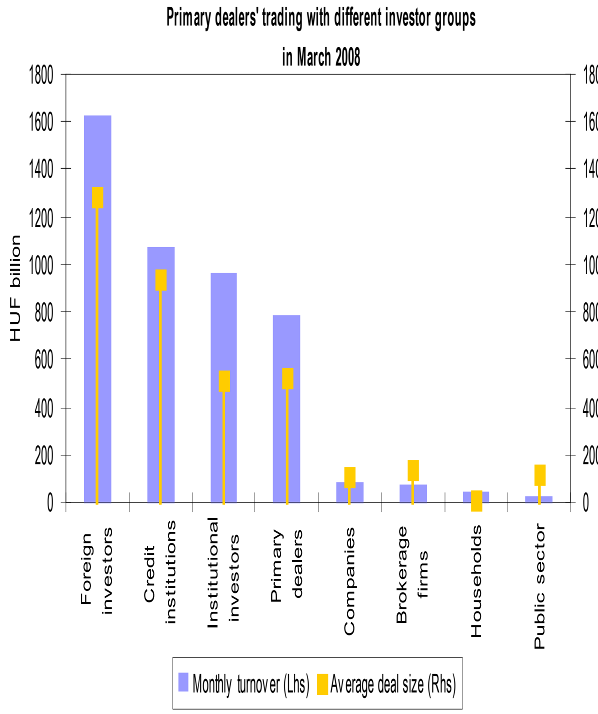
Breakdown of primary dealers' secondary market turnover in government bonds by investor groups in March 2008

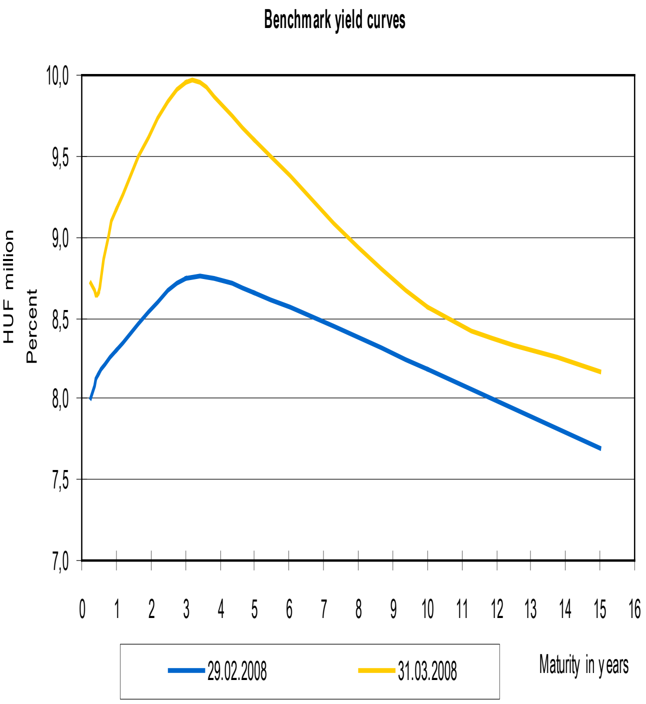


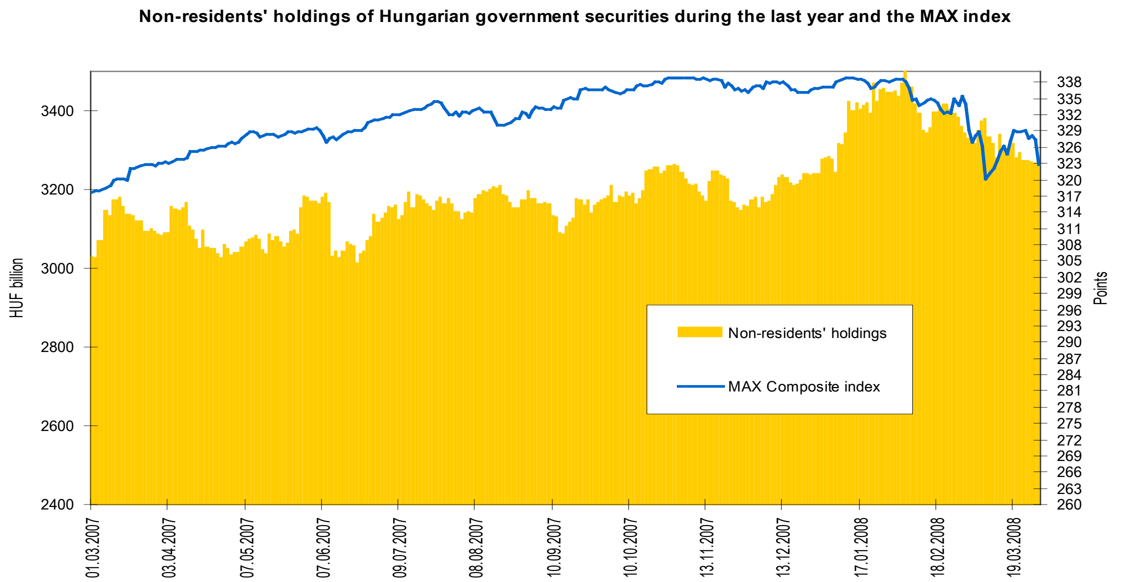
Breakdown of primary dealers' secondary market turnover in Discount Treasury Bills by investor groups in March 2008




Benchmark yields in the past three months
3-month
1-year
3-year
10-year
Percent
10
9,5
9
8,5
8
7,5
7
6,5
02.01.2008
10.01.2008
18.01.2008
26.01.2008
03.02.2008
11.02.2008
19.02.2008
27.02.2008
06.03.2008
14.03.2008
22.03.2008
30.03.2008


Primary dealers' trading with different investor groups in March 2008
HUF billion
HUF million
Foreign investors
Credit institutions
Institutional investors
Primary dealers
Companies
Brokerage firms
Households
Public sector
Monthly turnover (Lhs)
Average deal size (Rhs)


Benchmark yield curves
Percent
29.02.2008
31.03.2008
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
01.03.2007
03.04.2007
07.05.2007
07.06.2007
09.07.2007
08.08.2007
10.09.2007
10.10.2007
13.11.2007
13.12.2007
17.01.2008
18.02.2008
19.03.2008

INTEREST RATE RESETS OF FLOATING RATE GOVERNMENT BONDS IN MARCH 2008

Government Bond	Date of interest rate reset	Interest period		Date of interest payment	Reset interest rate (%)	Interest payable (%)
2013/A	19.03.2008	20.03.2008	20.09.2008	20.03.2009	7.60	-
2008/A	01.03.2008	31.03.2008	30.06.2008	30.06.2008	7.75	1.93

HUNGARIAN GOVERNMENT SECURITIES INDICES

	MAX index	RMAX index	MAX Composite index	ZMAX index
Value as at 31 March 2008	324.1924	343.1753	322.8721	347.9621
Changes compared to the end of the month before	-7.5449	0.9051	-6.3379	1.8195
Annual yield earned on the index portfolio	-1.18%	6.69%	-0.07%	7.44%

Government securities with the highest secondary market turnover in March 2008

Government security	Date of redemption	Turnover (HUF billion)
2012/C	24.10.2012	680.1
2017/B	24.02.2017	467.8
2010/D	24.08.2010	390.8
2010/C	12.04.2010	365.7
2011/C	22.04.2011	294.9
2012/B	12.06.2012	223.5
2011/B	12.10.2011	151.5
2014/C	12.02.2014	148.0
2013/D	12.02.2013	123.4
2015/A	12.02.2015	121.3

The outstanding volume of government bonds with benchmark status at the end of March 2008

Government bond	HUF billion 29.02.2008	HUF billion 31.03.2008
2011/C	190.16	190.41
2012/C	340.12	415.13
2019/A	50.02	90.02
2023/A	165.05	165.08

PRIMARY DEALERS - AS AT 31 MARCH 2008

Primary dealers:		Primary dealers for retail securities:
CIB Bank Zrt.	Magyar Külkereskedelmi Bank Zrt.	CIB Bank Zrt.
CITIBANK Zrt.	Magyar Takarékszövetkezeti Bank Zrt.	HVB 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 Zrt.	UniCredit Bank Hungary Zrt.	Országos Takarékpénztár és Kereskedelmi Bank Nyrt.
Kereskedelmi és Hitelbank Zrt.		the branch network of the Hungarian State Treasury