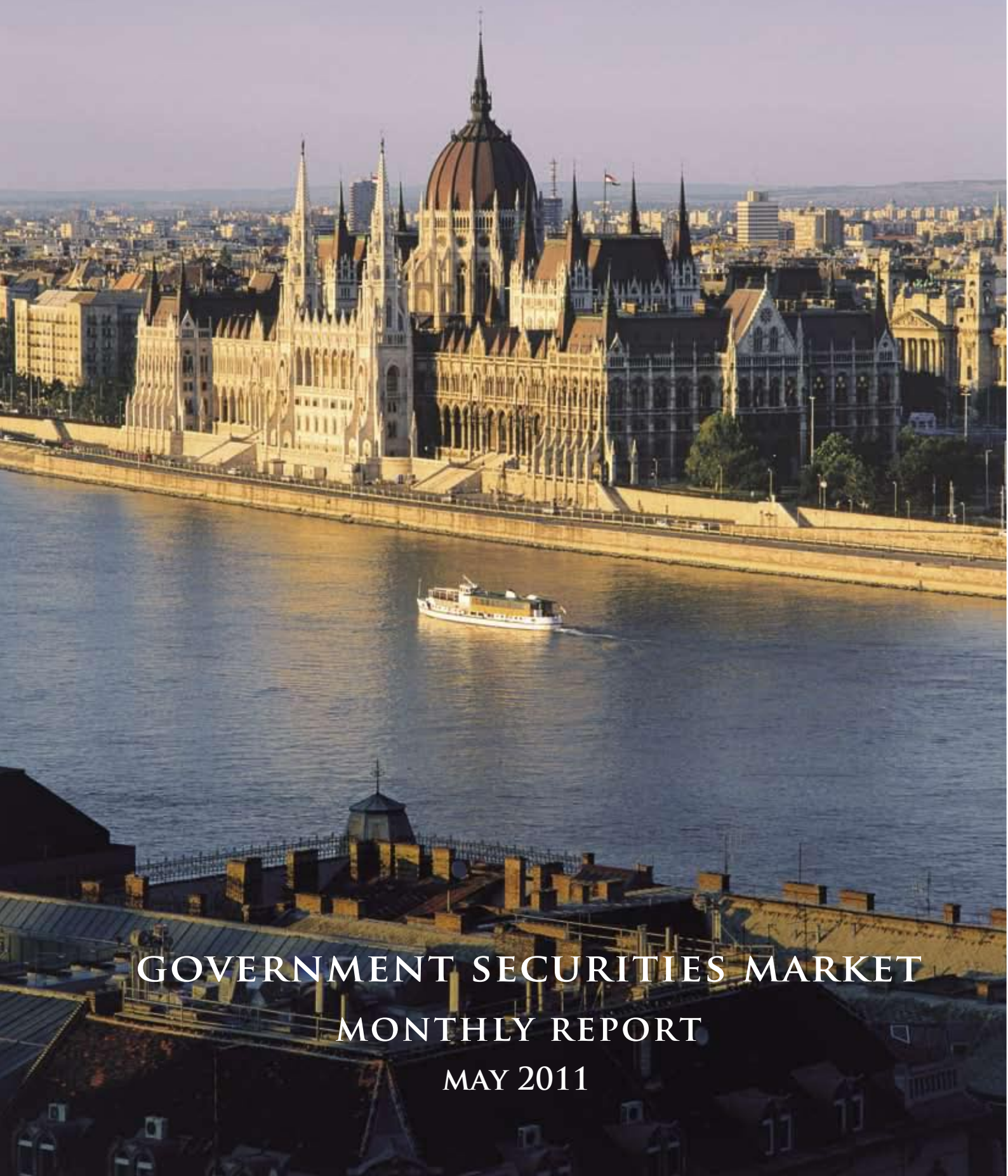




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GOVERNMENT DEBT MANAGEMENT AGENCY FTÉ LTD.



GOVERNMENT SECURITIES MARKET
MONTHLY REPORT
MAY 2011

■ GOVERNMENT SECURITIES MARKET ■

The deficit of the central government amounted to HUF 727.6 billion in first five months of 2011. The net prefinancing of cash transfers from the European Union decreased the net borrowing requirement by HUF 216.1 billion, while the capital transfer to the National Bank of Hungary (NBH) by law increased net borrowing requirement by HUF 29.1 billion. Thus, the total net borrowing requirement amounted to HUF 540.6 billion in 2011. Net issuance was HUF 1,587.9 billion; out of which net HUF-denominated issuance was HUF 516.8 billion and net foreign currency denominated issuance was HUF 1,071.1 billion.

HUF billion	2010		2011		Change	
	December	%	May	%	HUF billion	%
Foreign exchange denominated debt	8,842.8	44.1	9,505.7	45.0	662.9	7.5
Government securities	4,550.0	22.7	5,420.7	25.7	870.7	19.1
Loans	4,292.8	21.4	4,085.0	19.3	-207.7	-4.8
HUF denominated debt	10,978.2	54.8	11,493.8	54.4	515.6	4.7
Government securities	10,437.4	52.1	10,953.0	51.9	515.6	4.9
Loans	540.8	2.7	540.8	2.6	0.0	0.0
Total	19,821.0	98.9	20,999.5	99.4	1 178.5	5.9
Other obligations	220.0	1.1	116.9	0.6	-103.1	-46.9
Total central government debt	20,041.0	100.0	21,116.5	100.0	1 075.4	5.4
Out of the international loan program was placed in NBH or in commercial banks	974.1		898.1		-76.0	

The HUF denominated debt of the central government increased by HUF 515.6 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 119.3 billion, the amount of discount Treasury bills increased by HUF 376.1 billion and the total amount of retail government securities increased by HUF 21.0 billion.

The foreign currency debt of the central government increased by HUF 662.9 billion in first five months. The foreign currency bond issue increased the debt by HUF 1,063.0 billion and the drawdown of foreign currency denominated loans worth HUF 22.5 increased, while redemptions of foreign currency debt worth HUF 14.5 billion decreased the debt and the exchange rate revaluations totalling HUF 408.1 billion decreased the Hungarian Forint value of the foreign currency debt in 2011.

Out of the international loan program HUF 898.1 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 116.9 billion in May 2011.

Secondary market yields in May:

Benchmark yields

Maturity	31.12.2010.	29.04.2011.	31.05.2011.	Change, basis points
3-month	5.76	5.85	5.90	5
6-month	6.15	5.85	5.92	7
1-year	6.33	5.88	5.95	7
3-year	7.72	6.46	6.60	14
5-year	7.85	6.76	6.98	22
10-year	7.95	7.00	7.19	19
15-year	7.94	7.00	7.21	21

Monthly OTC turnover of government securities was 19 % higher in May than a month before and reached HUF 5,780.7 billion. Primary dealers, who account for the decisive part of all secondary government securities trading, made 67% of their secondary government securities deals with non-resident investors.

The volume of non-residents' holdings of Hungarian government securities increased altogether by HUF 164.2 billion in May, and amounted to HUF 3,252.7 billion at the end of the month. This volume represented 31.0% 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 266.78 on the last working day of May.

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

■ GOVERNMENT SECURITIES MARKET ■

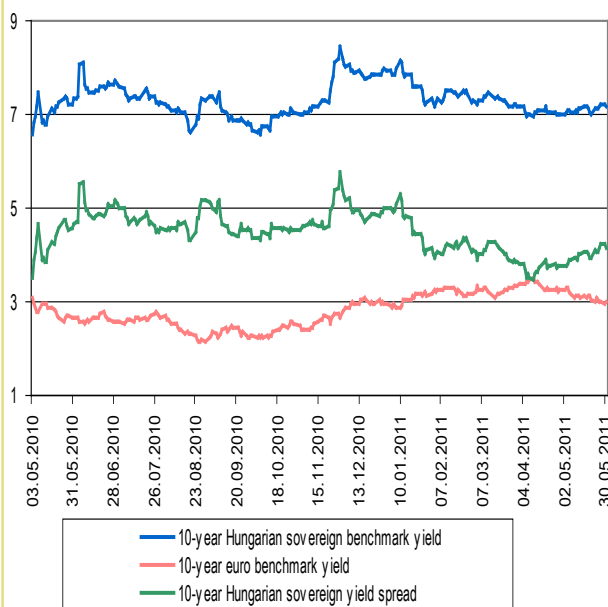
CENTRAL GOVERNMENT GROSS DEBT

HUF BILLION

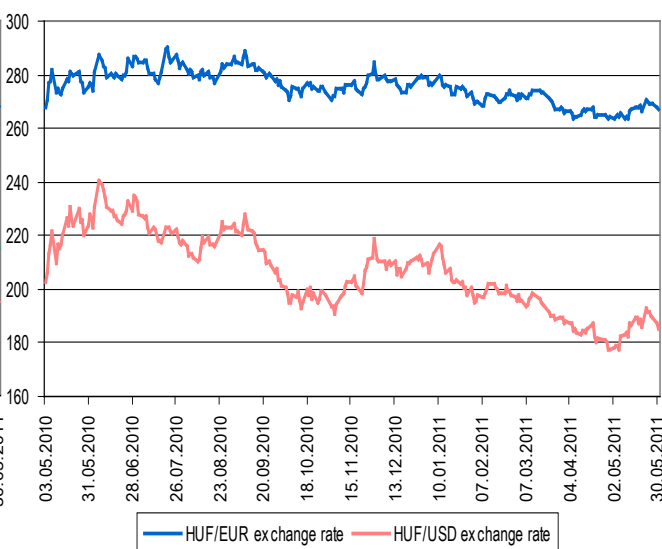
	2005	2006	2007	2008	2009	2010	March 2011	April 2011	May 2011
1. Forint denominated debt	9,153.5	10,552.3	11,103.8	11,250.6	10,476.2	10,978.2	11,581.6	11,332.3	11,493.8
1.1. Loans	0.8	356.4	145.7	219.9	438.7	540.8	540.8	540.8	540.8
1.2. Government securities	9,152.7	10,195.9	10,958.1	11,030.7	10,037.5	10,437.4	11,040.8	10,791.4	10,593.0
1.2.1. Public issues	8,418.8	9,667.5	10,465.4	10,599.7	9,613.2	10,019.6	10,623.8	10,374.5	10,536.0
1.2.1.1. Bonds	6,299.1	7,244.2	8,245.3	8,570.6	7,519.2	7,965.8	8,258.2	7,988.0	8,085.0
1.2.1.2. Discount T-bills	1,530.9	1,755.9	1,664.9	1,482.4	1,647.3	1,618.2	1,917.4	1,932.0	1,994.3
1.2.1.3. Retail securities	588.7	667.4	555.2	546.4	446.6	435.7	448.2	454.5	456.7
1.2.2. Private placements	733.9	528.4	492.7	431.0	424.3	417.8	417.0	417.0	417.0
2. Foreign currency denominated debt*	3,590.7	4,124.4	4,472.6	6,774.8	8,466.7	8,842.8	9,097.0	9,143.8	9,505.7
2.1. Loans	720.6	803.7	846.5	2,529.4	4,112.7	4,292.8	4,056.4	4,040.9	4,085.0
2.1.1. Foreign loans	616.9	700.1	838.8	2,529.4	4,112.7	4,292.8	4,056.4	4,040.9	4,085.0
2.1.2. Domestic loans	103.8	103.6	104.0	0.0	0.0	0.0	0.0	0.0	0.0
2.1.2.1. Raised from National Bank of Hungary (NBH)	96.1	95.9	0.0	0.0	0.0	0.0	0.0	0.0	0.0
2.1.2.2. Other loans	7.7	7.7	7.7	0.0	0.0	0.0	0.0	0.0	0.0
2.2. Government securities	2,870.1	3,320.7	3,626.1	4,245.5	4,354.0	4,550.0	5,040.5	5,102.9	5,420.7
2.2.1. Issued abroad	2,870.1	3,320.7	3,626.1	4,245.5	4,354.0	4,550.0	5,040.5	5,102.9	5,420.7
2.2.1.1. Foreign currency bonds	2,870.0	3,320.6	3,626.1	4,245.4	4,354.0	4,550.0	5,040.5	5,102.9	5,420.7
2.2.1.2. Kingdom of Hungary 1924 issues	0.1	0.1	0.0	0.0	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	12,744.2	14,676.7	15,576.4	18,025.4	18,942.9	19,821.0	20,678.6	20,476.1	20,999.5
Other liabilities	21.4	29.0	9.1	78.5	20.1	220.1	133.4	76.3	116.9
Total central government debt	12,765.6	14,705.7	15,585.5	18,103.9	18,963.1	20,041.0	20,812.0	20,552.4	21,116.5
Foreign currency deposits from the international loan program placed at the				1,483.6	1,124.8	974.1	898.3	875.3	898.1
Government debt adjusted with foreign currency deposits				16,620.3	17,838.3	19,066.9	19,913.7	19,677.1	20,218.4
Marketable HUF debt (1.2.1.1+1.2.1.2+1.2.2.)	8,563.9	9,528.4	10,402.9	10,484.0	9,623.3	10,001.8	10,592.6	10,337.0	10,496.3
Gross debt/GDP	57.9%	61.8%	61.3%	68.2%	72.7%	73.9%			

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

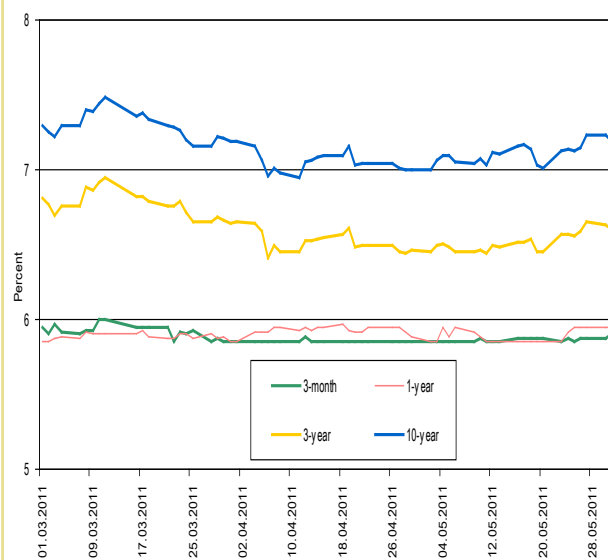
% 10-year Hungarian and eurozone benchmark yields during the last year



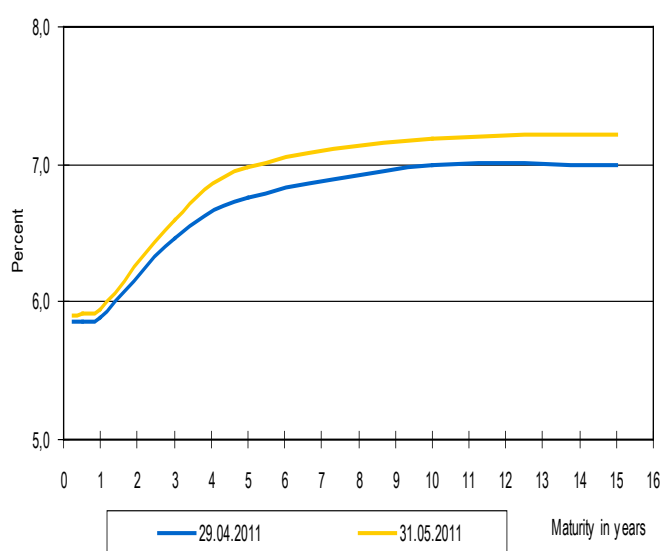
The exchange rate of the Hungarian Forint during the last year



Benchmark yields in the past three months



Benchmark yield curves

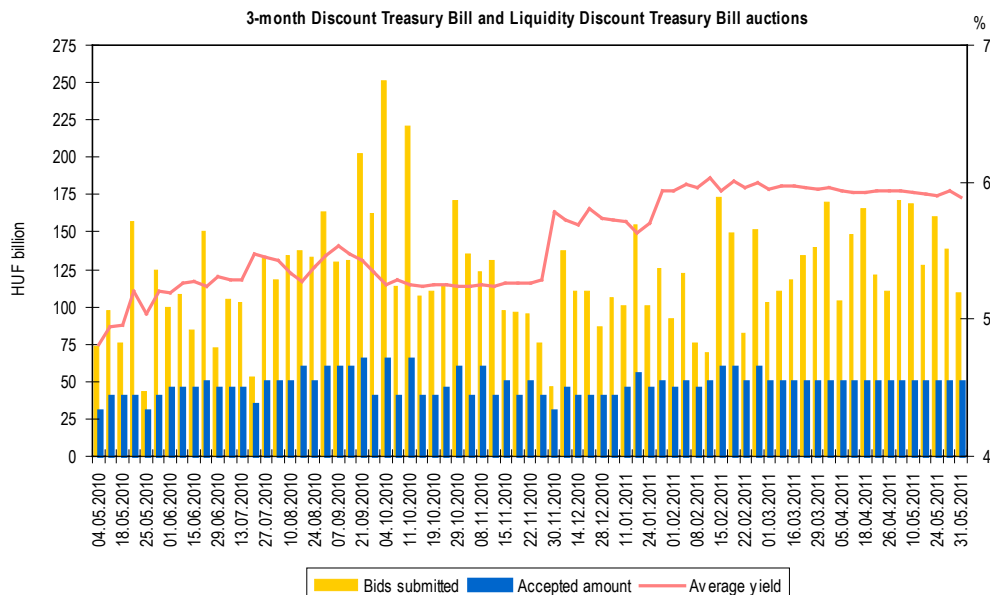


■ GOVERNMENT SECURITIES MARKET ■

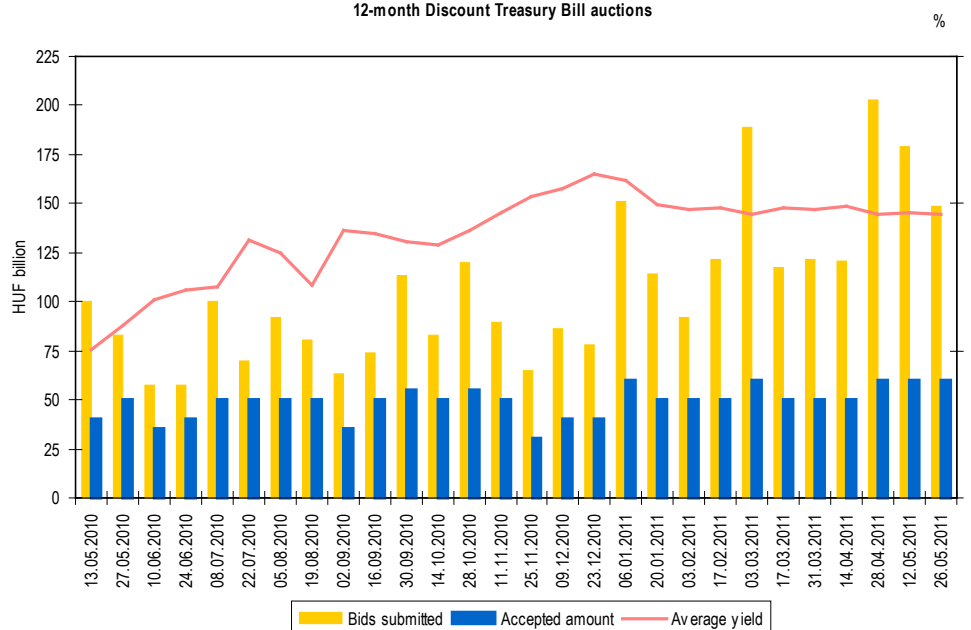
DISCOUNT TREASURY BILL AUCTION RESULTS

	Liquidity Discount T-bills	3-month Discount T-bills					12-month Discount T-bills	
Code of T-bills	D110720	D110810	D110817	D110824	D110831	D110907	D120502	D120502
ISIN code	HU0000518477	HU0000518444	HU0000518436	HU0000518428	HU0000518410	HU0000518402	HU0000518451	HU0000518451
Maturity in days	49	91	91	91	91	91	350	336
Date of auction	30.05.2011	03.05.2011	10.05.2011	17.05.2011	24.05.2011	31.05.2011	12.05.2011	26.05.2011
Date of financial settlement	01.06.2011	11.05.2011	18.05.2011	25.05.2011	01.06.2011	08.06.2011	18.05.2011	01.06.2011
Redemption date	20.07.2011	10.08.2011	17.08.2011	24.08.2011	31.08.2011	07.09.2011	02.05.2012	02.05.2012
Maximum yield, (%) - ISMA	5.96	5.95	5.93	5.93	5.92	5.90	5.96	5.94
Minimum yield (%) - ISMA	5.90	5.85	5.90	5.89	5.85	5.89	5.90	5.90
Average yield (%) - ISMA	5.94	5.93	5.92	5.91	5.90	5.89	5.94	5.93
Maximum yield, (%) - EHM	6.04	6.03	6.01	6.01	6.00	5.98	6.04	6.02
Minimum yield (%) - EHM	5.98	5.93	5.98	5.97	5.93	5.97	5.98	5.98
Average yield (%) - EHM	6.02	6.01	6.00	5.99	5.98	5.97	6.02	6.01
Average selling price (%)	99.1980	98.5232	98.5256	98.5281	98.5305	98.5330	94.5403	94.7556
Amount offered for sale (HUF million)	50,000.00	50,000.00	50,000.00	50,000.00	50,000.00	50,000.00	50,000.00	50,000.00
Amount of bids submitted (HUF million)	138,963.91	170,748.93	168,957.21	127,242.03	159,912.66	109,680.54	178,919.74	148,878.01
Amount of bids accepted (HUF million)	49,999.98	49,999.94	49,999.93	49,999.92	49,999.92	49,999.97	59,999.95	59,999.94
Bid-to-cover ratio	2.78	3.41	3.38	2.54	3.20	2.19	2.98	2.48
Bids submitted (pcs)	54	92	78	84	101	75	125	128
Bids accepted (pcs)	34	56	28	43	41	24	51	48
Market sales* (HUF million)	49,999.98	49,999.94	49,999.93	49,999.92	49,999.92	49,999.97	59,999.95	59,999.94
Retained on ÁKK's own account	0.02	15,000.06	15,000.07	15,000.08	15,000.08	15,000.03	18,000.05	18,000.06
Total amount issued (HUF million)	50,000.00	65,000.00	65,000.00	65,000.00	65,000.00	65,000.00	78,000.00	78,000.00

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



12-month Discount Treasury Bill auctions



■ GOVERNMENT SECURITIES MARKET ■

GOVERNMENT BOND AUCTION RESULTS

Government Bond	2014/D	2017/B	2022/A	2014/D	2017/B	2022/A	2015/B
ISIN code	HU0000402516	HU0000402375	HU0000402524	HU0000402516	HU0000402375	HU0000402524	HU0000402482
Maturity (in years)	3	5	10	3	5	10	5
Coupon (%)	6.75%	6.75%	7.00%	6.75%	6.75%	7.00%	5.44%
Auction	9th auction	23rd auction	7th auction	10th auction	24th auction	8th auction	10th auction
Date of auction	05.05.2011	05.05.2011	05.05.2011	19.05.2011	19.05.2011	19.05.2011	26.05.2011
Date of financial settlement	11.05.2011	11.05.2011	11.05.2011	25.05.2011	25.05.2011	25.05.2011	01.06.2011
Redemption date	22.08.2014	24.02.2017	24.06.2022	22.08.2014	24.02.2017	24.06.2022	22.12.2015
Maximum annual yield (%) - ISMA	6.48	6.86	7.11	6.50	6.84	7.03	
Minimum annual yield (%) - ISMA	6.45	6.78	7.04	6.41	6.85	7.02	
Average annual yield (%) - ISMA	6.46	6.84	7.08	6.48	6.86	7.02	
Maximum annual yield (%) - EHM	6.47	6.85	7.10	6.49	6.86	7.02	
Minimum annual yield (%) - EHM	6.44	6.77	7.03	6.40	6.84	7.01	
Average annual yield (%) - EHM	6.46	6.83	7.08	6.48	6.86	7.02	
Maximum price (%)	100.8722	99.8238	99.7040	100.9750	99.4960	99.8519	96.8100
Minimum price (%)	100.7855	99.4517	99.1793	100.7175	99.4036	99.7767	96.8100
Average price (%)	100.8290	99.5631	99.3680	100.7687	99.4301	99.8210	96.8100
Amount offered for sale (HUF million)	20,000.00	15,000.00	10,000.00	20,000.00	15,000.00	10,000.00	5,000.00
Amount of bids submitted (HUF million)	75,743.61	60,182.49	22,490.00	74,951.00	83,510.00	65,450.00	31,011.00
Amount of bids accepted (HUF million)	29,999.94	19,999.92	10,000.00	29,999.94	22,499.91	15,000.00	7,499.98
Bid-to-cover ratio	2.52	3.01	2.25	2.50	3.71	4.36	4.13
Bids submitted (pcs)	96	86	53	99	79	65	51
Bids accepted (pcs)	34	45	37	38	32	16	14
Tail (average price - minimum price)	0.04	0.11	0.19	0.05	0.03	0.04	0.00
Market sales* (HUF million)	29,999.94	19,999.92	10,000.00	29,999.94	22,499.91	15,000.00	7,499.98
Non-competitive offer (HUF million)	3,437.00	778.00	730.00	6,953.00	7,937.00	4,960.00	2,200.00
Total amount issued (HUF million)	42,000.00	28,000.00	14,000.00	42,000.00	33,750.00	30,000.00	15,000.00

*Without issuance onto ÁKK's own account

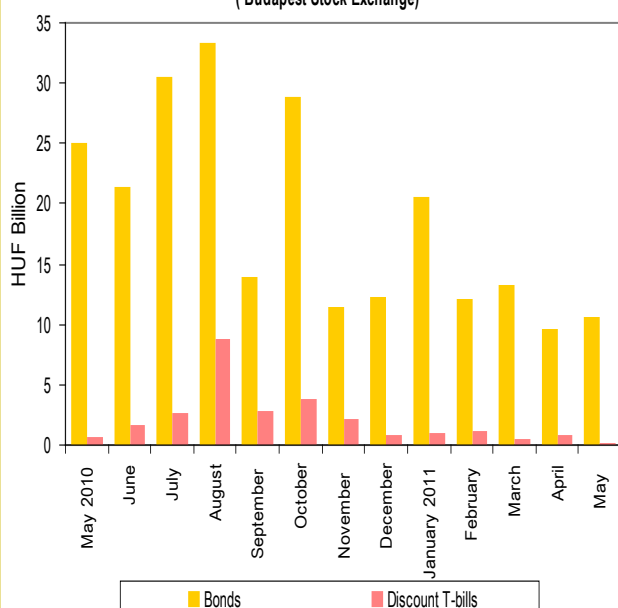


■ GOVERNMENT SECURITIES MARKET ■

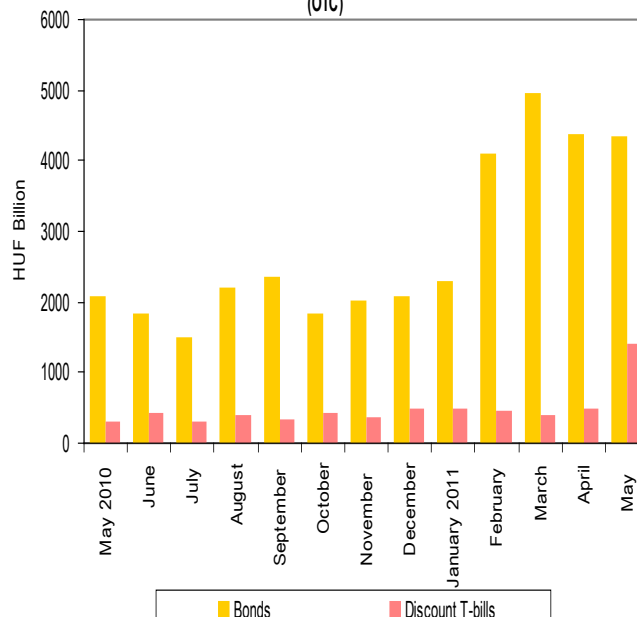
GOVERNMENT SECURITIES BUY-BACK AUCTION RESULTS

Government bond	2011/B	2012/B	2011/B	2012/B
ISIN code	HU0000402334	HU0000402367	HU0000402334	HU0000402367
Coupon (%)	6.00	7.25	6.00	7.25
Date of reverse auction	04.05.2011	04.05.2011	18.05.2011	18.05.2011
Date of financial settlement	11.05.2011	11.05.2011	25.05.2011	25.05.2011
Redemption date	12.10.2011	12.06.2012	12.10.2011	12.06.2012
Minimum annual yield (%)	5.90	5.94	5.90	5.83
Average annual yield - ISMA (%)	5.92	5.96	5.91	5.90
Average annual yield - EHM (%)	5.82	5.94	5.81	5.88
Amount of bids submitted (HUF million)	15,180.73	10,161.52	19,664.29	37,438.81
Amount of bids accepted (HUF million)	1,505.63	5,909.15	2,077.79	34 438.81

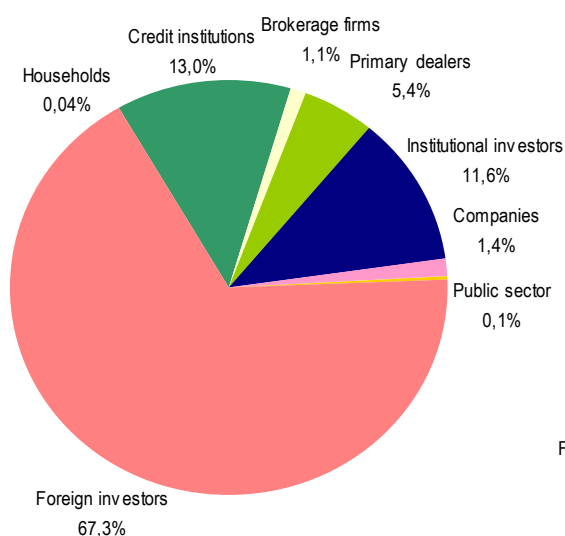
Secondary market trading of Hungarian government securities
(Budapest Stock Exchange)



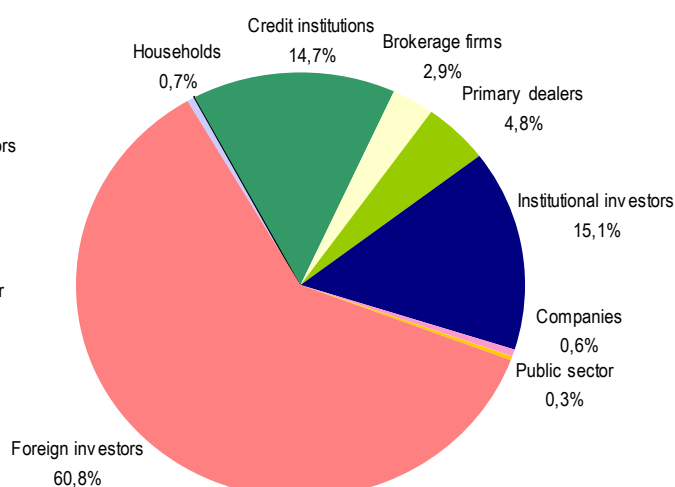
Secondary market trading of Hungarian government securities
(OTC)



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



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



■ GOVERNMENT SECURITIES MARKET ■

INTEREST RATE RESETS OF FLOATING RATE GOVERNMENT BONDS IN MAY 2011

Government Bond	Date of interest rate reset	Interest period	Date of interest payment	Reset interest rate (%)	Interest payable (%)
2014/A	29.04.2011	02.05.2011 02.11.2011	12.11.2011	5.80	2.96

HUNGARIAN GOVERNMENT SECURITIES INDICES

	MAX index	RMAX index	MAX Composite index	ZMAX index
Value as at 31 May 2011	453.1469	440.9520	447.8879	440.0783
Changes compared to the end of the month before	0.1317	2.0308	0.3758	1.9666
Annual yield earned on the index portfolio	6.36%	5.37%	6.41%	5.51%

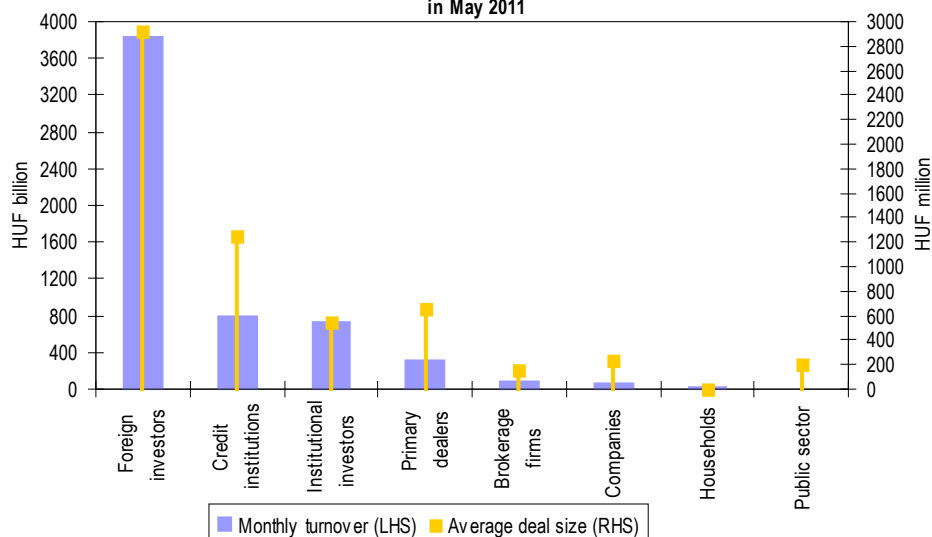
Government securities with the highest secondary market turnover in May 2011

Government security	Date of redemption	Turnover (HUF billion)
D120502	02.05.2012	1,031.8
2014/C	12.02.2014	810.3
2012/B	12.06.2012	607.5
2016/C	12.02.2016	463.6
2014/D	22.08.2014	422.3
2019/A	24.06.2019	400.7
2017/B	24.02.2017	328.3
2013/E	24.10.2013	311.0
2015/A	12.02.2015	291.8
2020/A	12.11.2020	233.4

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

Government bond	HUF billion
2014/D	254.91
2017/B	788.27
2022/A	91.97
2028/A	20.64

Primary dealers' trading with different investor groups in May 2011



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

