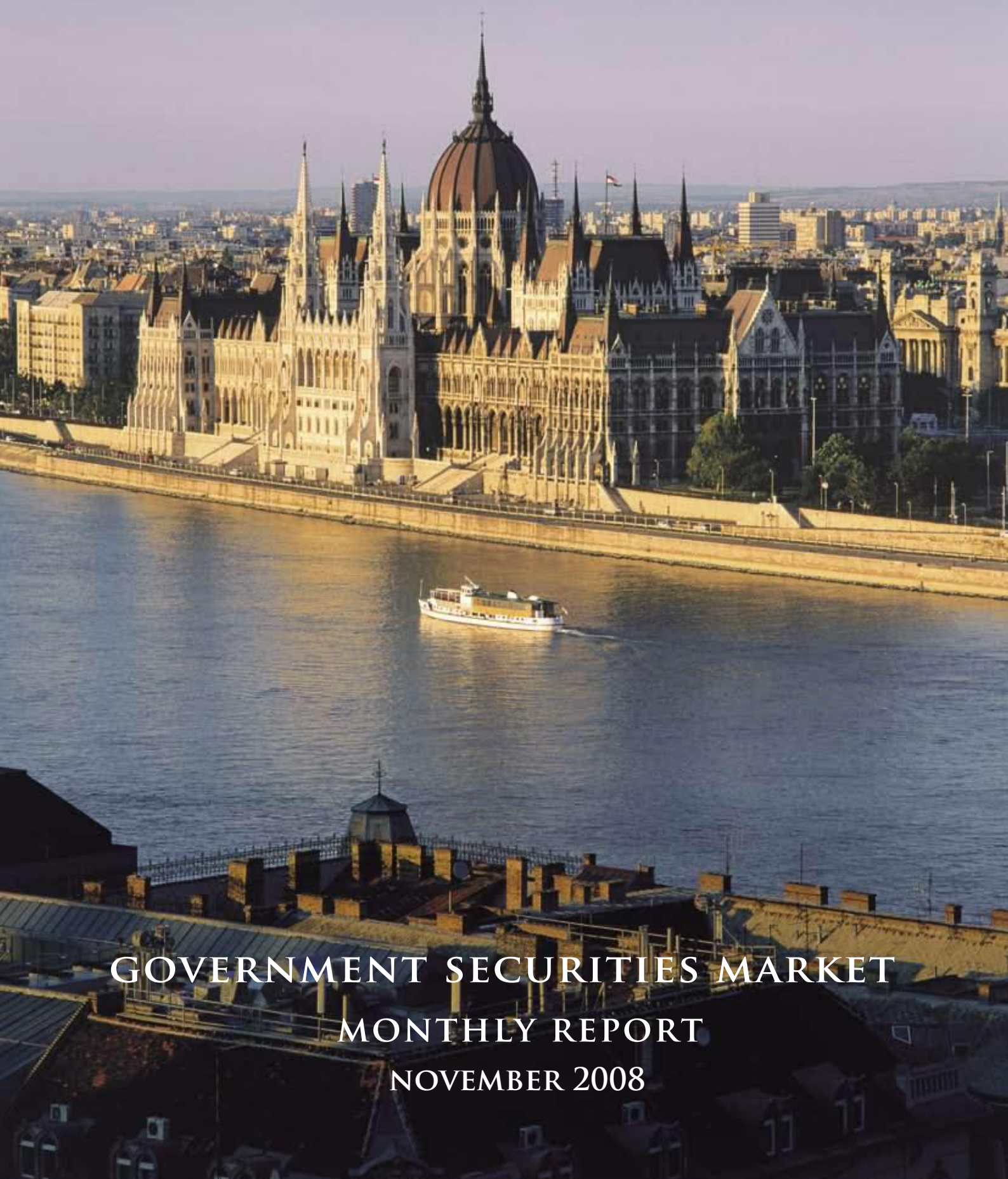




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GOVERNMENT DEBT MANAGEMENT AGENCY PTE LTD.



GOVERNMENT SECURITIES MARKET
MONTHLY REPORT
NOVEMBER 2008

■ GOVERNMENT SECURITIES MARKET ■

The deficit of the central government amounted to HUF 975.7 billion in the first eleven 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 decreased the net borrowing requirement by HUF 230.6 billion. The total net financing requirement of HUF 747.9 billion was met by a net issuance of HUF 719.1 billion (ca. EUR 2.8 billion) out of which net domestic currency issuance was HUF 312.4 billion and net foreign exchange issuance totalled HUF 406.7 billion. Additionally, HUF 1,300.8 billion worth of loans were drawn down from the international loan package and placed as foreign currency deposits at the National Bank of Hungary. The total amount of outstanding other liabilities increased by HUF 47.4 billion in the first eleven months of 2008.

The HUF denominated debt of the central government increased by HUF 311.7 billion in the first eleven months 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 476.5 billion, while discount Treasury bills for HUF 123.9 billion and retail government securities decreased by HUF 19.2 billion. The stock of domestic loans increased by HUF 37.8 billion.

The foreign currency debt of the central government increased by HUF 1799.6 billion in the first eleven months of 2008. The HUF 426.4 billion bond issuance and the drawdown of foreign currency denominated loans worth HUF 1578.4 increased, out of which loans worth HUF 147.7 billion (equalling EUR 574.5 million) were drawn down from international financing institutions and HUF 1,300.8 billion worth of loans were drawn down from the international loan package which amount was placed as foreign currency deposits at the National Bank of Hungary. The rest of the loan drawdowns were made up by foreign currency operations to finance the marked-to-market deposit placements in connection with swap transactions. While redemptions of foreign currency loans worth HUF 297.3 billion decreased and exchange rate losses totalling HUF 92.1 billion increased the Hungarian Forint value of the foreign currency debt.

Short-term secondary market yields decreased by 87-114 basis points, while the long term yields decreased by 26-161 basis points in November. The 1-year yield decreased by 114 bps to 10.66%, the 3-year yield decreased by 161 bps to 11.05%, the 10-year benchmark yield reached 8.86% at the end of November after decreasing by 93 basis points.

Monthly OTC turnover of government securities was 45 % lower in November than a month before and reached HUF 2,981 billion. Primary dealers, who account for the decisive part of all secondary government securities trading, made 30% of their secondary government securities deals with non-resident investors.

The volume of non-residents' holdings of Hungarian government securities decreased altogether by HUF 242.6 in November, and amounted to HUF 2,461 billion at the end of the month. This volume represented 23.0% of the total amount of domestic government bonds and discount Treasury bills.

The issuance of the 6-month discount T-bill auctions was suspended by the decision of ÁKK, the last auction was held on 11 June 2008. In reaction to market developments, the Government Debt Management Agency Pte. Ltd. (ÁKK) did not hold T-bond auction in November.

The EUR/HUF exchange rate according to the Hungarian National Bank was 259.59 at the last working day of October.

The credit rating of the long-term foreign currency debt of the Republic of Hungary is as follows at the last working day of November: BBB (Standard & Poor's); A3 (Moody's); BBB (Fitch).

■ GOVERNMENT SECURITIES MARKET ■

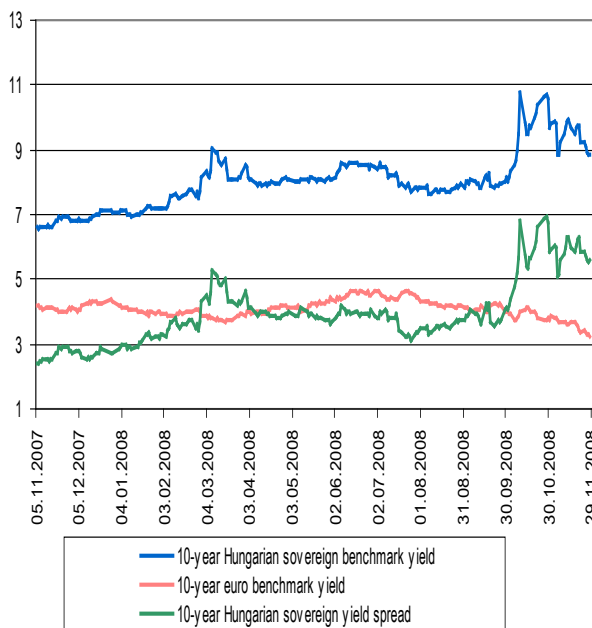
CENTRAL GOVERNMENT GROSS DEBT

HUF BILLION

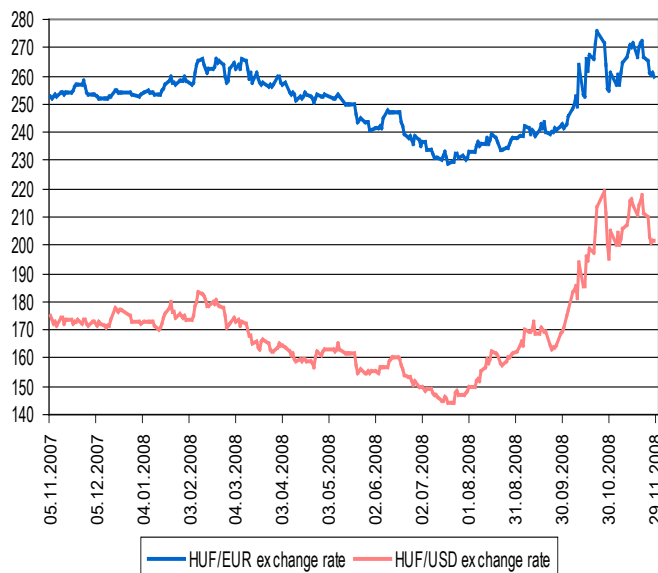
	2002	2003	2004	2005	2006	2007	September 2008	October 2008	November 2008
1. Forint denominated debt	6,956.9	8,008.7	8,608.8	9,153.5	10,552.3	11,103.8	11,322.3	11,281.0	11,415.5
1.1. Loans	353.2	117.9	4.7	0.8	356.4	145.7	145.5	183.5	183.5
1.2. Government securities	6,603.7	7,890.8	8,604.2	9,152.7	10,195.9	10,958.1	11,176.8	11,097.5	11,232.0
1.2.1. Public issues	5,826.3	7,131.5	7,860.6	8,418.8	9,667.5	10,465.4	10,688.6	10,664.3	10,798.8
1.2.1.1. Bonds	3,829.2	5,056.5	5,768.9	6,299.1	7,244.2	8,245.3	8,424.3	8,538.1	8,721.8
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	1,723.7	1,588.2	1,541.0
1.2.1.3. Retail securities	560.3	533.5	628.4	588.7	667.4	555.2	540.5	538.0	536.0
1.2.2. Private placements	777.4	759.3	743.6	733.9	528.4	492.7	488.2	433.2	433.2
2. Foreign currency denominated debt*	2,267.3	2,579.0	2,983.5	3,590.7	4,124.4	4,472.6	4,650.3	5,000.0	6,272.2
2.1. Loans	1,394.3	1,084.1	916.8	720.6	803.7	846.5	751.4	813.6	2,110.0
2.1.1. Foreign loans	461.9	598.8	528.9	616.9	700.1	838.8	751.4	813.6	2,110.0
2.1.2. Domestic loans	932.3	485.3	387.8	103.8	103.6	104.0	0.0	0.0	0.0
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	0.0	0.0	0.0
2.2. Government securities	873.0	1,494.9	2,066.8	2,870.1	3,320.7	3,626.1	3,899.0	4,186.5	4,162.2
2.2.1. Issued abroad	873.0	1,494.9	2,066.8	2,870.1	3,320.7	3,626.1	3,899.0	4,186.5	4,162.2
2.2.1.1. Foreign currency bonds	872.9	1,494.7	2,066.7	2,870.0	3,320.6	3,626.1	3,898.9	4,186.4	4,162.2
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	15,972.7	16,281.0	17,687.7
Other liabilities				21.4	29.0	9.1	7.0	7.6	56.5
Total central government debt				12,765.6	14,705.7	15,585.5	15,979.7	16,288.6	17,744.2
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	10,613.8	10,559.5	10,696.0
Gross debt/GDP	53.6%	55.9%	56.0%	57.9%	61.8%	61.3%			

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

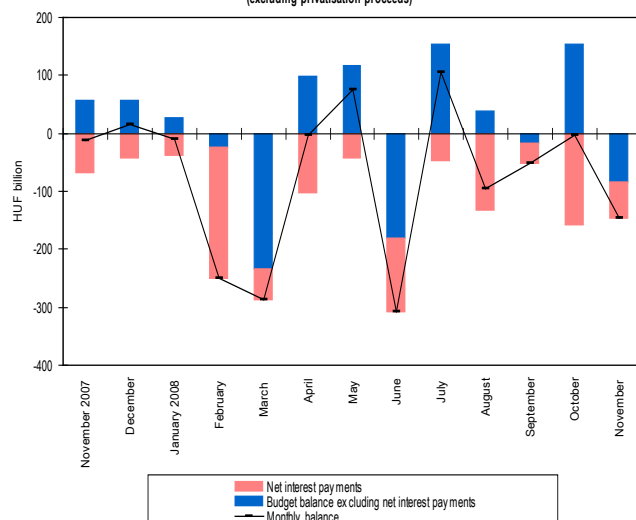
% 10-year Hungarian and eurozone benchmark yields during the last year



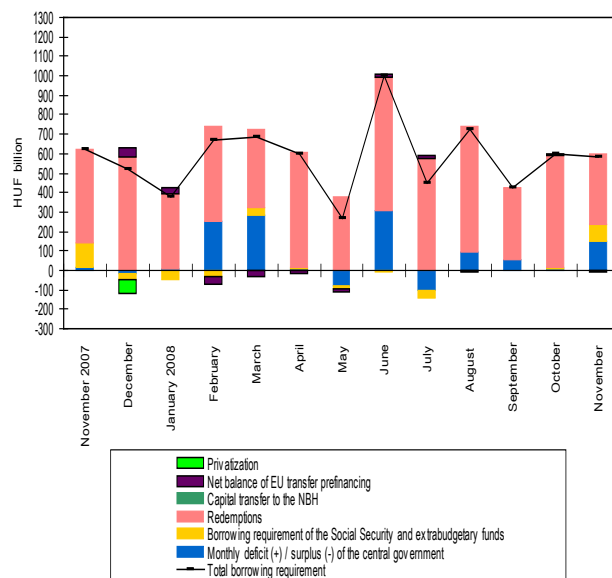
The exchange rate of the Hungarian Forint during the last year



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



Gross borrowing requirement

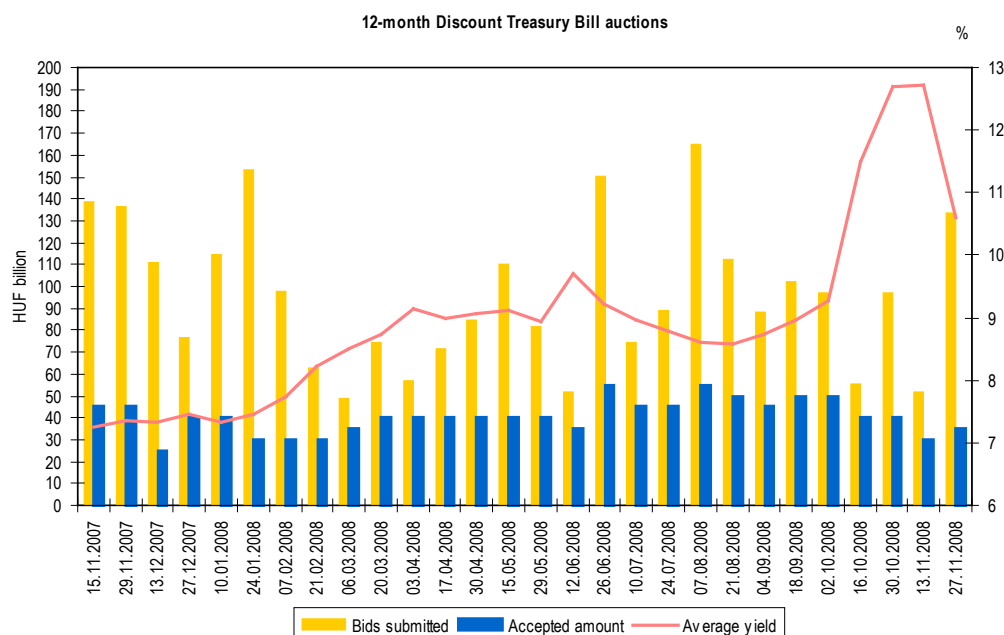
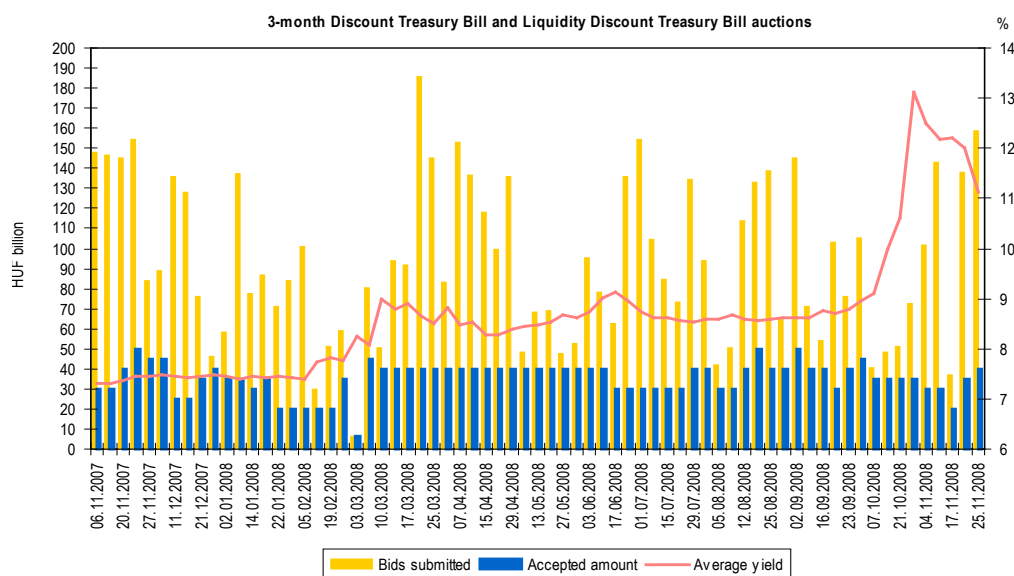


■ GOVERNMENT SECURITIES MARKET ■

DISCOUNT TREASURY BILL AUCTION RESULTS

	Liquidity Discount T-bills	3-month Discount T-bills				12-month Discount T-bills	
Code of T-bills	D081231	D090211	D090218	D090225	D090204	D091118	D091118
ISIN code	HU0000517008	HU0000517073	HU0000517081	HU0000517099	HU0000517107	HU0000517164	HU0000517164
Maturity in days	42	91	91	91	91	364	350
Date of auction	17.11.2008	04.11.2008	11.11.2008	18.11.2008	25.11.2008	13.11.2008	27.11.2008
Date of financial settlement	19.11.2008	12.11.2008	19.11.2008	26.11.2008	03.12.2008	19.11.2008	03.12.2008
Redemption date	31.12.2008	11.02.2009	18.02.2009	25.02.2009	04.03.2009	18.11.2009	18.11.2009
Maximum yield, (%) - ISMA	12.35	12.50	12.25	12.00	11.20	13.20	10.80
Minimum yield (%) - ISMA	11.50	12.00	11.75	11.90	10.99	11.98	10.12
Average yield (%) - ISMA	12.19	12.50	12.18	11.99	11.12	12.72	10.61
Maximum yield, (%) - EHM	12.52	12.67	12.42	12.17	11.36	13.38	10.95
Minimum yield (%) - EHM	11.66	12.17	11.91	12.07	11.14	12.15	10.26
Average yield (%) - EHM	12.36	12.67	12.35	12.16	11.27	12.90	10.76
Average selling price (%)	98.5978	96.9371	97.0131	97.0584	97.2660	88.6043	90.6493
Amount offered for sale (HUF m)	30,000.00	30,000.00	30,000.00	30,000.00	30,000.00	30,000.00	30,000.00
Amount of bids submitted (HUF m)	36,730.04	101,804.34	142,820.72	137,871.70	158,607.34	51,752.00	133,486.68
Amount of bids accepted (HUF m)	20,000.00	29,999.96	29,999.99	34,999.98	39,999.98	29,999.98	35,000.00
Bid-to-cover ratio	1.84	3.39	4.76	3.94	3.97	1.73	3.81
Bids submitted (pcs)	59	118	161	87	100	106	117
Bids accepted (pcs)	24	24	42	15	17	65	33
Market sales* (HUF million)	20,000.00	29,999.96	29,999.99	34,999.98	39,999.98	29,999.98	35,000.00
Retained on ÁKK's own account	0.00	9,000.04	9,000.01	10,500.02	12,000.02	9,000.02	10,500.00
Total amount issued (HUF million)	20,000.00	39,000.00	39,000.00	45,500.00	52,000.00	39,000.00	45,500.00

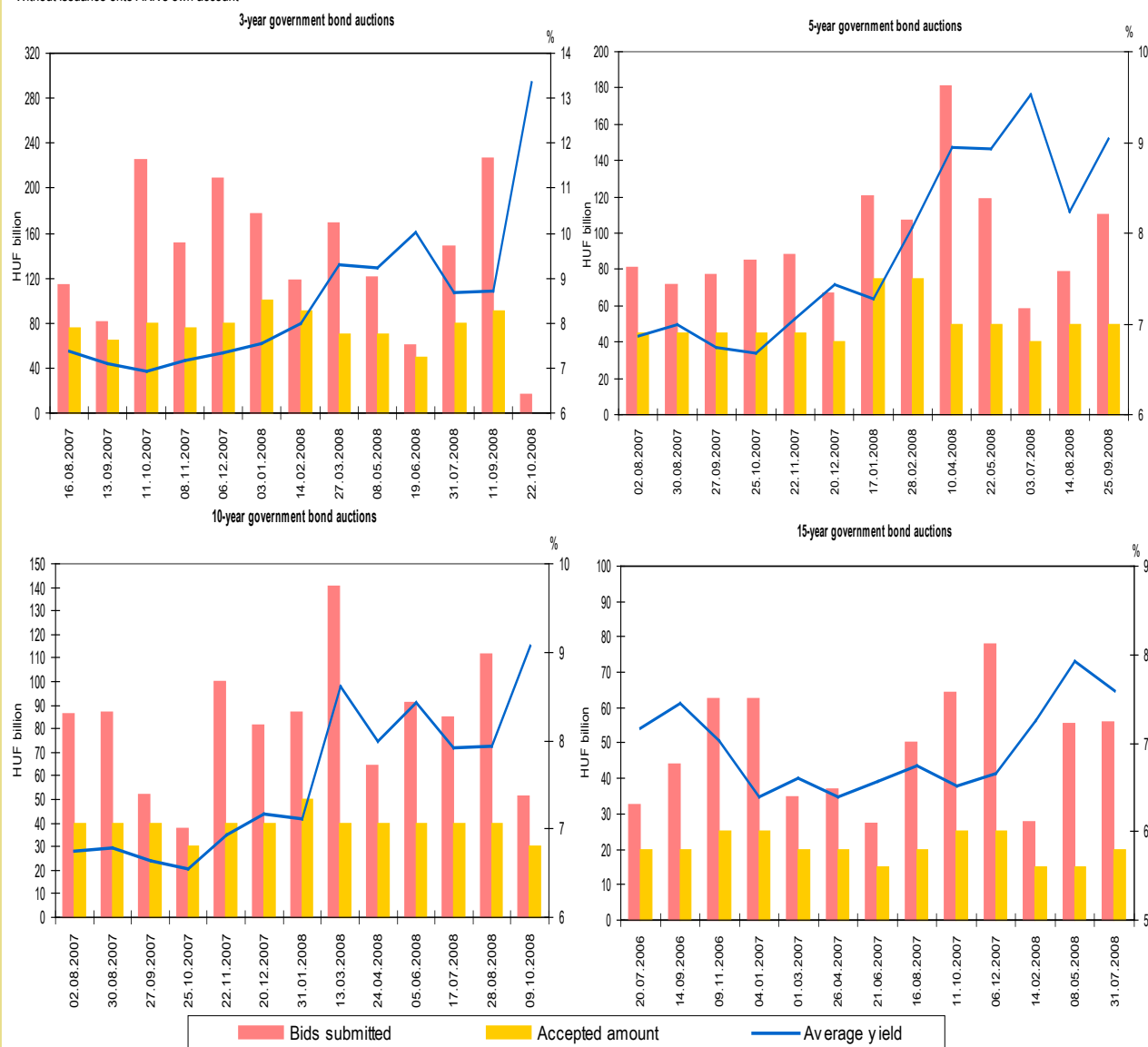
*Without issuance onto ÁKK's own account



GOVERNMENT BOND AUCTION RESULTS

Government Bond	
ISIN code	
Maturity (in years)	In reaction to market developments,
Coupon (%)	the Government Debt Management Agency Pte. Ltd. (ÁKK)
Auction	did not hold T-bond auction
Date of auction	in November.
Date of financial settlement	
Redemption date	
Maximum annual yield (%) - ISMA	
Minimum annual yield (%) - ISMA	
Average annual yield (%) - ISMA	
Maximum annual yield (%) - EHM	
Minimum annual yield (%) - EHM	
Average annual yield (%) - EHM	
Maximum price (%)	
Minimum price (%)	
Average price (%)	
Amount offered for sale (HUF million)	
Amount of bids submitted (HUF million)	
Amount of bids accepted (HUF million)	
Bid-to-cover ratio	
Bids submitted (pcs)	
Bids accepted (pcs)	
Tail (average price - minimum price)	
Market sales* (HUF million)	
Retained on ÁKK's own account (HUF million)	
Total amount issued (HUF million)	

*Without issuance onto ÁKK's own account



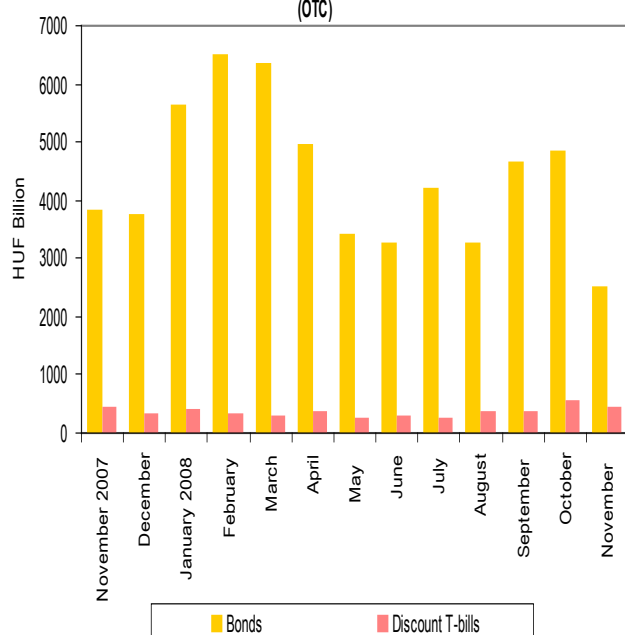
■ GOVERNMENT SECURITIES MARKET ■

GOVERNMENT SECURITIES BUY-BACK AUCTION

Government bond	2009/C	2009/F
ISIN code	HU0000402219	HU0000402359
Coupon (%)	7.00	6.50
Date of reverse auction	26.11.2008	26.11.2008
Date of financial settlement	03.12.2008	03.12.2008
Redemption date	24.06.2009	12.08.2009
Minimum annual yield (%)	11.50	11.50
Average annual yield - ISMA (%)	11.58	11.58
Average annual yield - EHM (%)	11.30	11.38
Amount of bids submitted (HUF million)	5,021.96	25,235.21
Amount of bids accepted (HUF million)	1,075.51	6,555.58

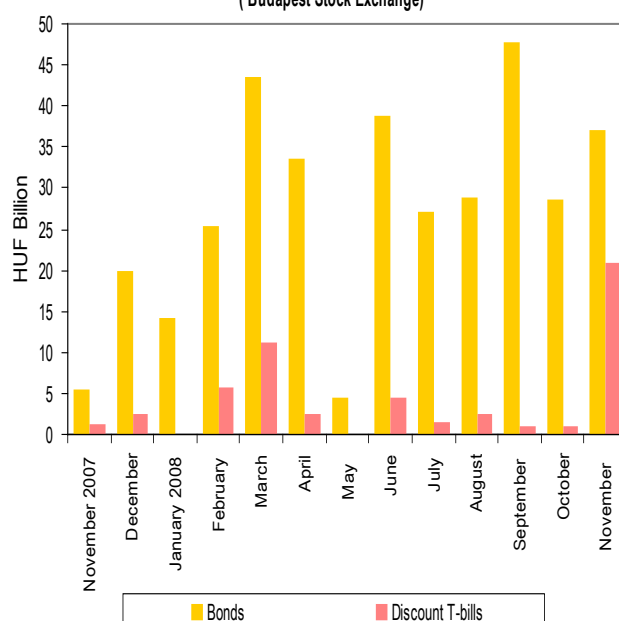
Secondary market trading of Hungarian government securities

(OTC)

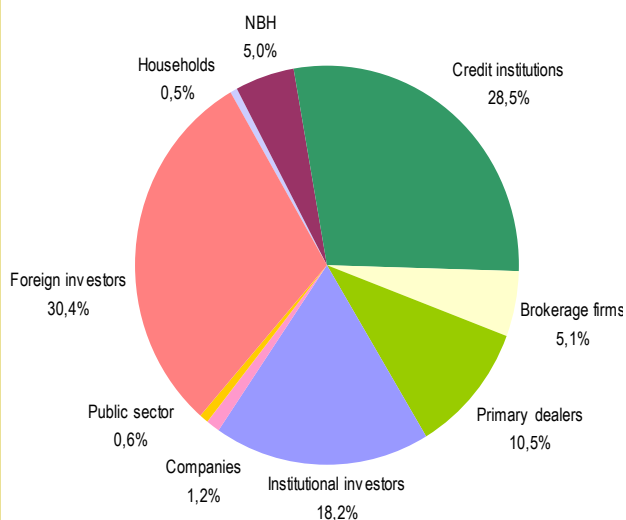


Secondary market trading of Hungarian government securities

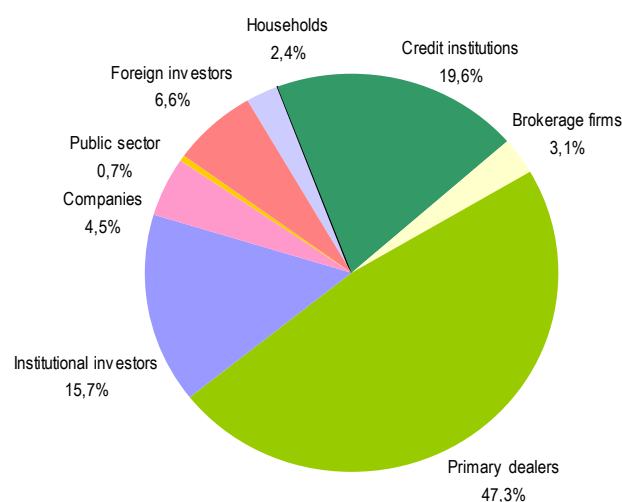
(Budapest Stock Exchange)



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

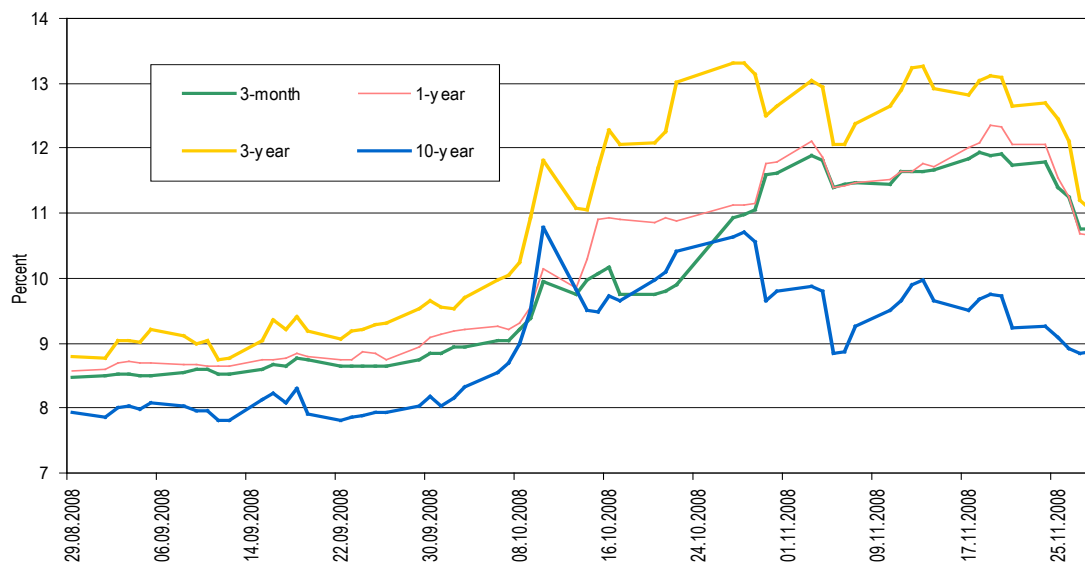


Breakdown of primary dealers' secondary market turnover in Discount Treasury Bills by investor groups in November 2008

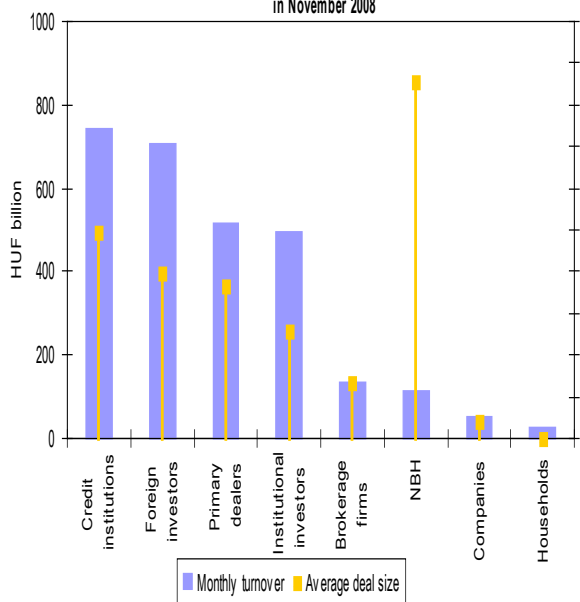


■ GOVERNMENT SECURITIES MARKET ■

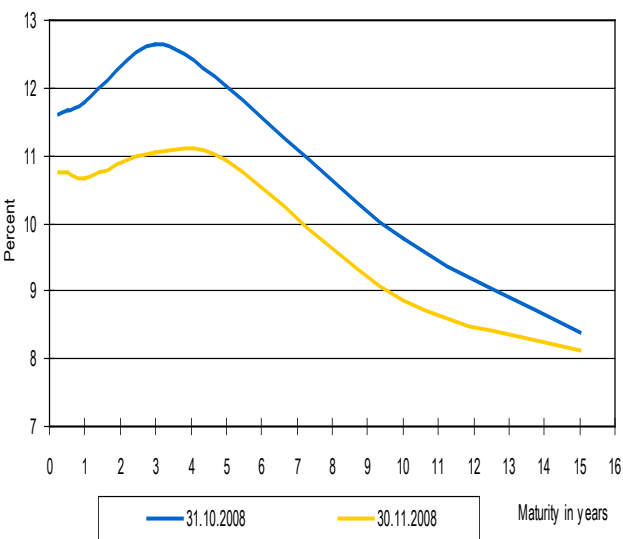
Benchmark yields in the past three months



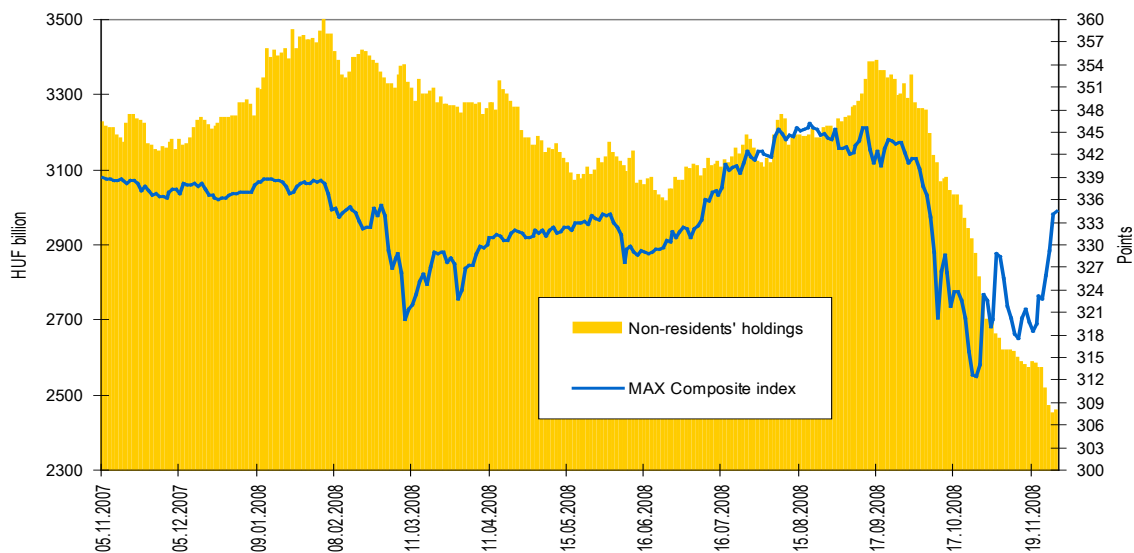
Primary dealers' trading with different investor groups in November 2008



Benchmark yield curves



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



■ GOVERNMENT SECURITIES MARKET ■

INTEREST RATE RESETS OF FLOATING RATE GOVERNMENT BONDS IN NOVEMBER 2008

Government Bond	Date of interest rate reset	Interest period	Date of interest payment	Reset interest rate (%)	Interest payable (%)
2014/A	31.10.2008	02.11.2008 02.05.2009	04.05.2009	9.00	4.53

HUNGARIAN GOVERNMENT SECURITIES INDICES

	MAX index	RMAX index	MAX Composite index	ZMAX index
Value as at 30 November 2008	334.2162	361.0663	334.4590	368.6299
Changes compared to the end of the month before	14.0730	6.3140	11.8496	4.0305
Annual yield earned on the index portfolio	-2.22%	7.01%	-0.77%	8.33%

Government securities with the highest secondary market turnover in November 2008

Government security	Date of redemption	Turnover (HUF billion)
2012/C	24.10.2012	357.1
2011/C	22.04.2011	282.4
2010/D	24.08.2010	206.6
2017/B	24.02.2017	185.7
2019/A	24.06.2019	130.8
2009/F	12.08.2009	115.8
D090408	08.04.2009	78.5
2010/C	12.04.2010	75.5
2010/B	12.10.2010	75.1
2013/D	12.02.2013	74.7

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

Government bond	31.10.2008	30.11.2008
2011/C	555.51	555.61
2012/C	655.65	656.03
2019/A	280.15	280.17
2023/A	200.08	200.09

PRIMARY DEALERS - AS AT 30 NOVEMBER 2008

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