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GOVERNMENT DEBT MANAGEMENT AGENCY
PRIVATE COMPANY LIMITED BY SHARES

FINANCING OF THE CENTRAL GOVERNMENT AND THE PUBLIC DEBT IN 2008

1. Financing in 2007
2. Main features of the financing plan for 2008

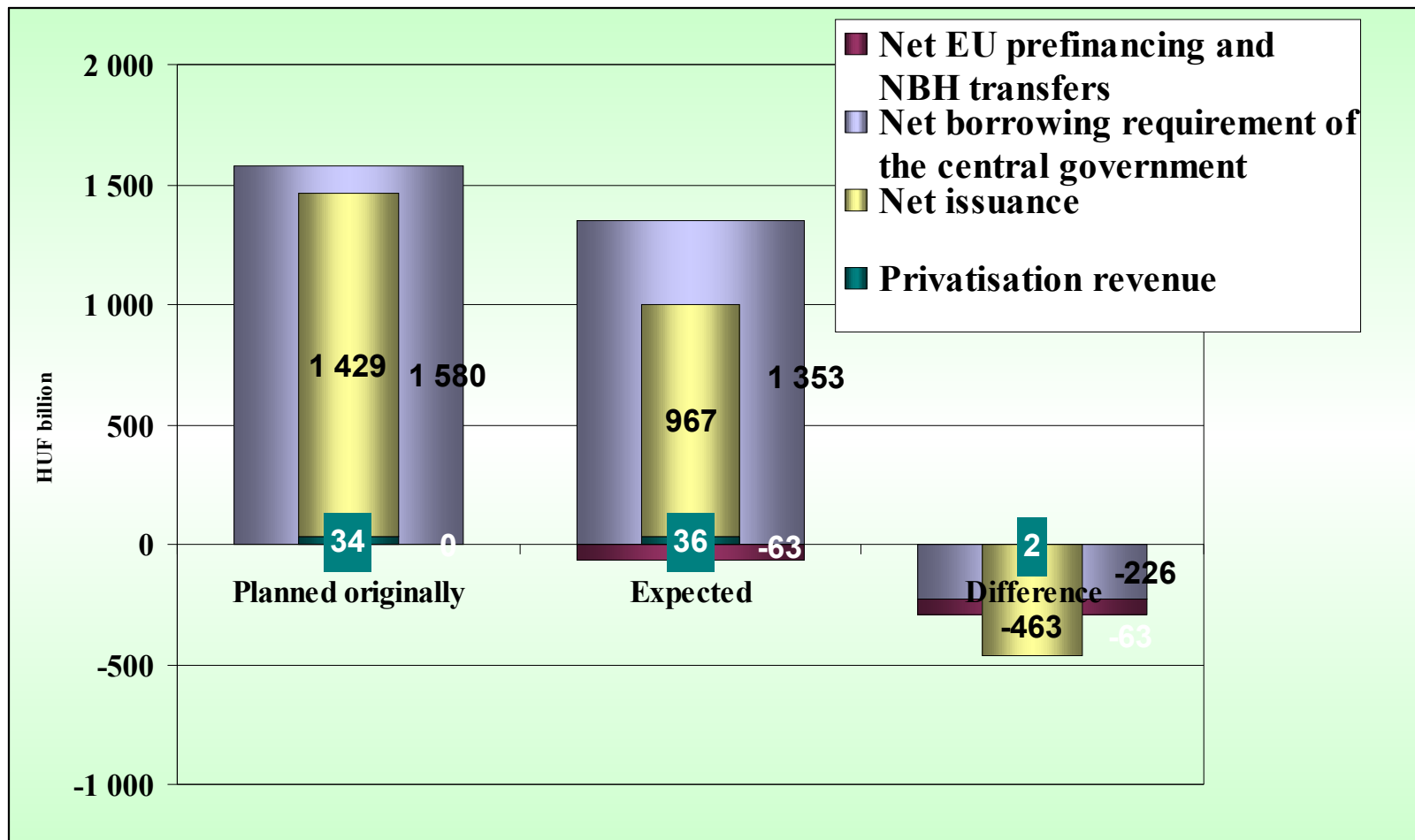
Presented by:

dr. László András Borbély

Deputy CEO – General Affairs

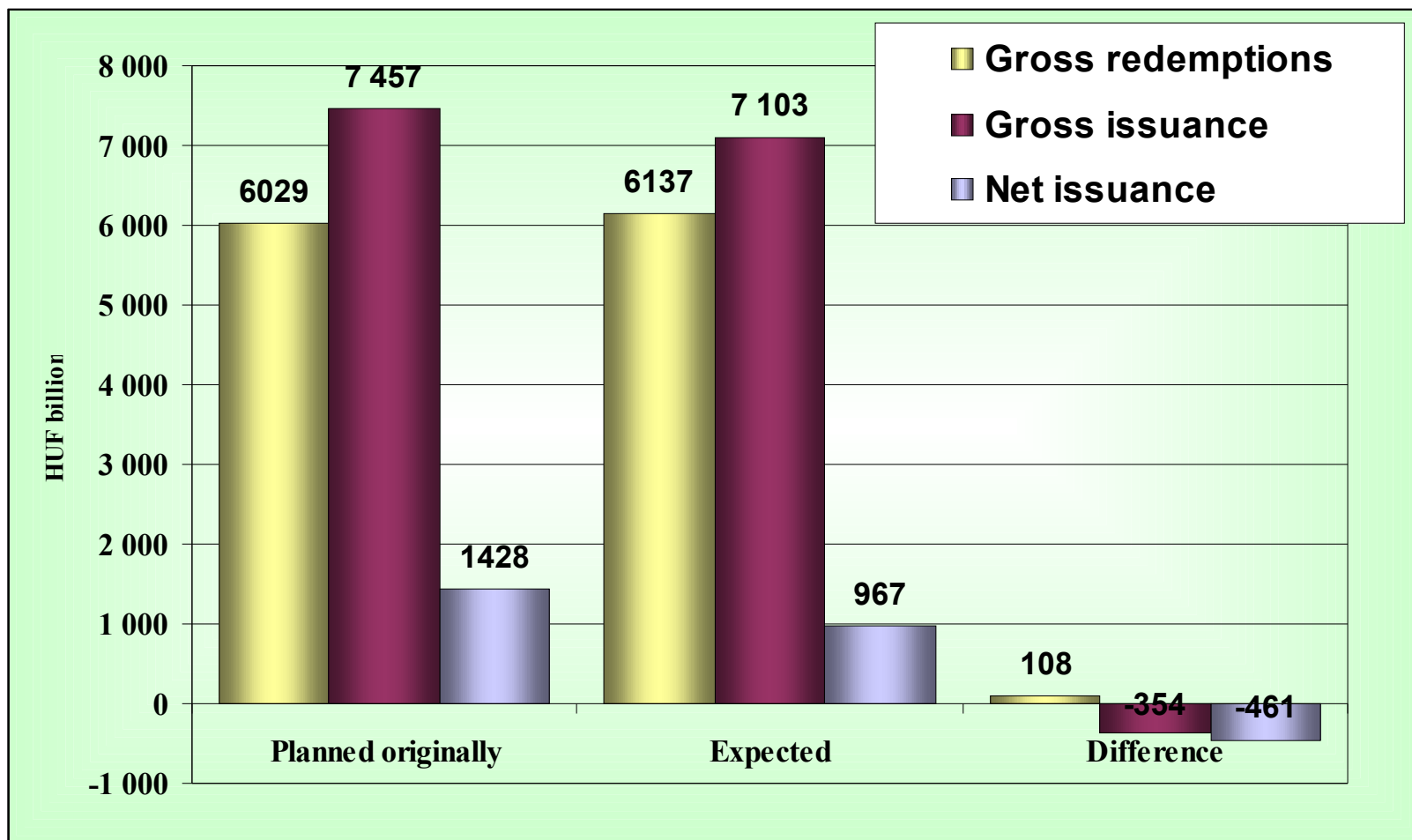
Expected outturn of financing in 2007

Financing requirements in 2007



Lower financing requirement, significantly decreasing foreign currency denominated debt and Treasury Bill issuance.

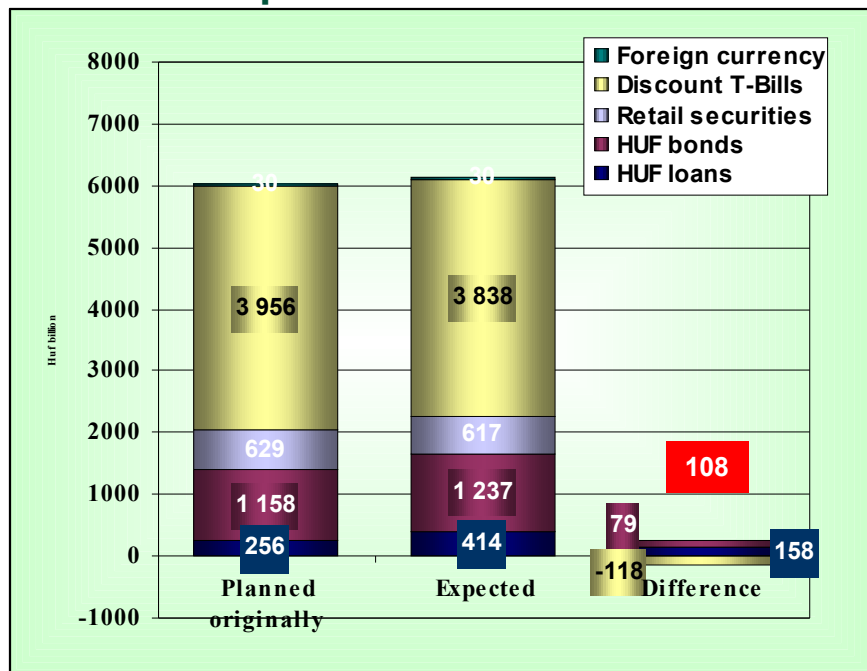
Debt transactions in 2007



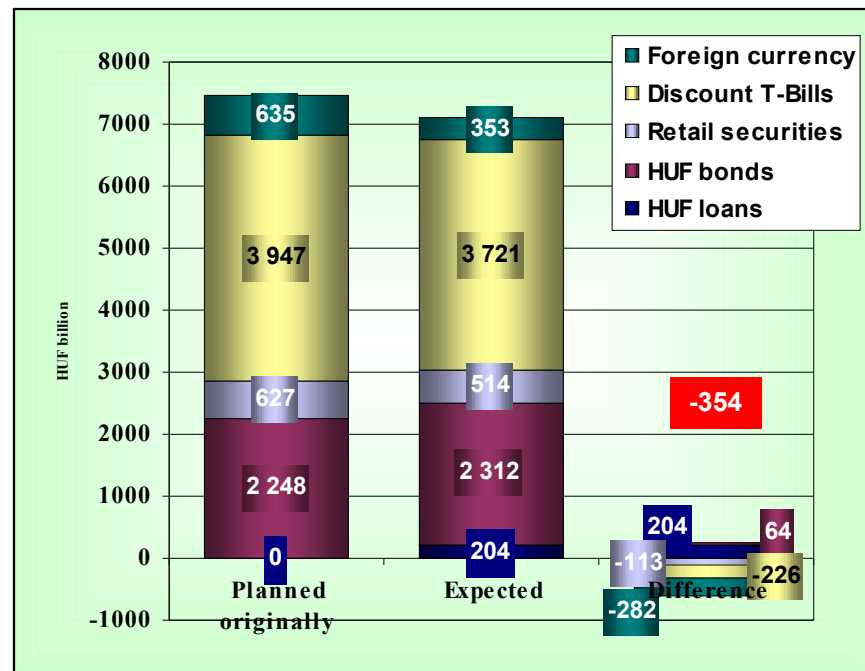
Significantly decreasing issuance.

Structure of redemptions and issuance in 2007

Gross redemptions in 2007

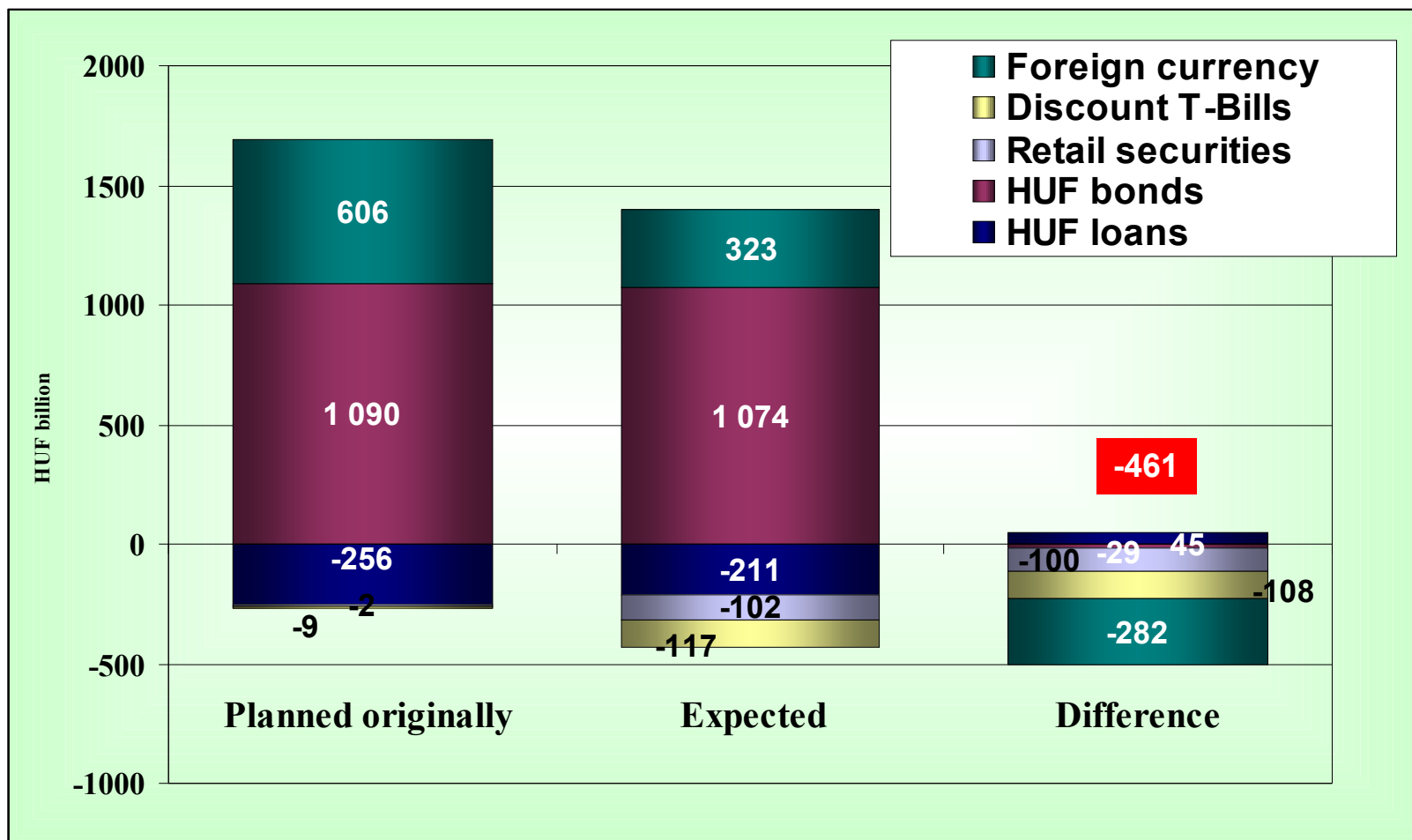


Gross issuance in 2007



The increase in both the issuance and redemptions mainly caused by Discount Treasury Bills and HUF loans.

Structure of net issuance in 2007



Decreasing HUF and foreign currency issuance is expected.

Main features of the 2008 financing plan

The borrowing requirements in 2008

The borrowing requirements

HUF billion

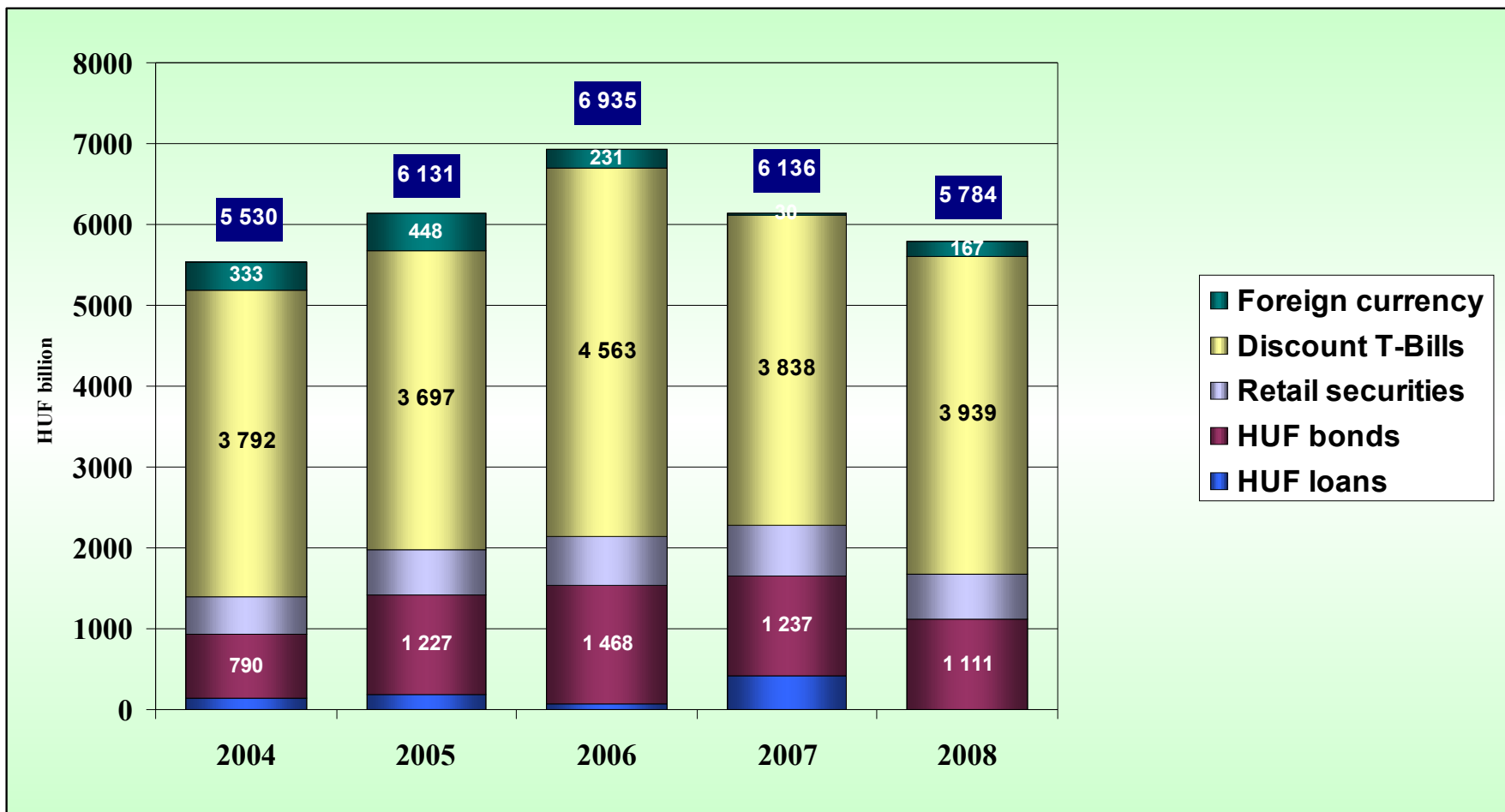
	2003	2004	2005	2006	2007*	2008**
Deficit of the central government budget (excl. privatisation revenues)	733,6	921,7	545,0	1959,2	1417,4	1101,0
<i>of which: debt assumptions</i>		31,6	180,3	415,9	58,2	0,0
Financing requirements of the Social Security Fund	345,1	422,9	469,8	124,7	0,5	-2,0
Financing requirements of the extrabudgetary funds	-18,8	-27,9	-30,4	-50,1	-64,5	-4,9
Net borrowing requirement	1059,9	1316,7	984,5	2033,8	1353,4	1094,1
Capital transfers to the NBH	82,9	0,0	1,1	14,8	20,6	1,4
Privatisation revenues and capital transfers	-42,0	-166,5	0,0	-268,7	-36,3	0,0
Net prefinancing of EU transfers		12,8	169,0	35,8	-83,5	23,1
Total net borrowing requirement	1100,8	1163,0	1154,6	1815,7	1254,2	1118,6
Redemptions	5492,4	5530,9	6150,7	6907,4	6136,5	5783,7
Gross borrowing requirement	6593,2	6693,9	7305,3	8723,2	7390,7	6902,4

* Expected ** Appropriation

Decreasing gross and net financing requirement.

Gross HUF 575 (623) billion and net HUF 93 (111) billion financing requirement monthly.

The structure of redemptions



Decreasing HUF bond and HUF loan redemptions, increasing foreign currency debt redemptions.

Principles, volume and composition of gross issuance

The main objective of public debt management

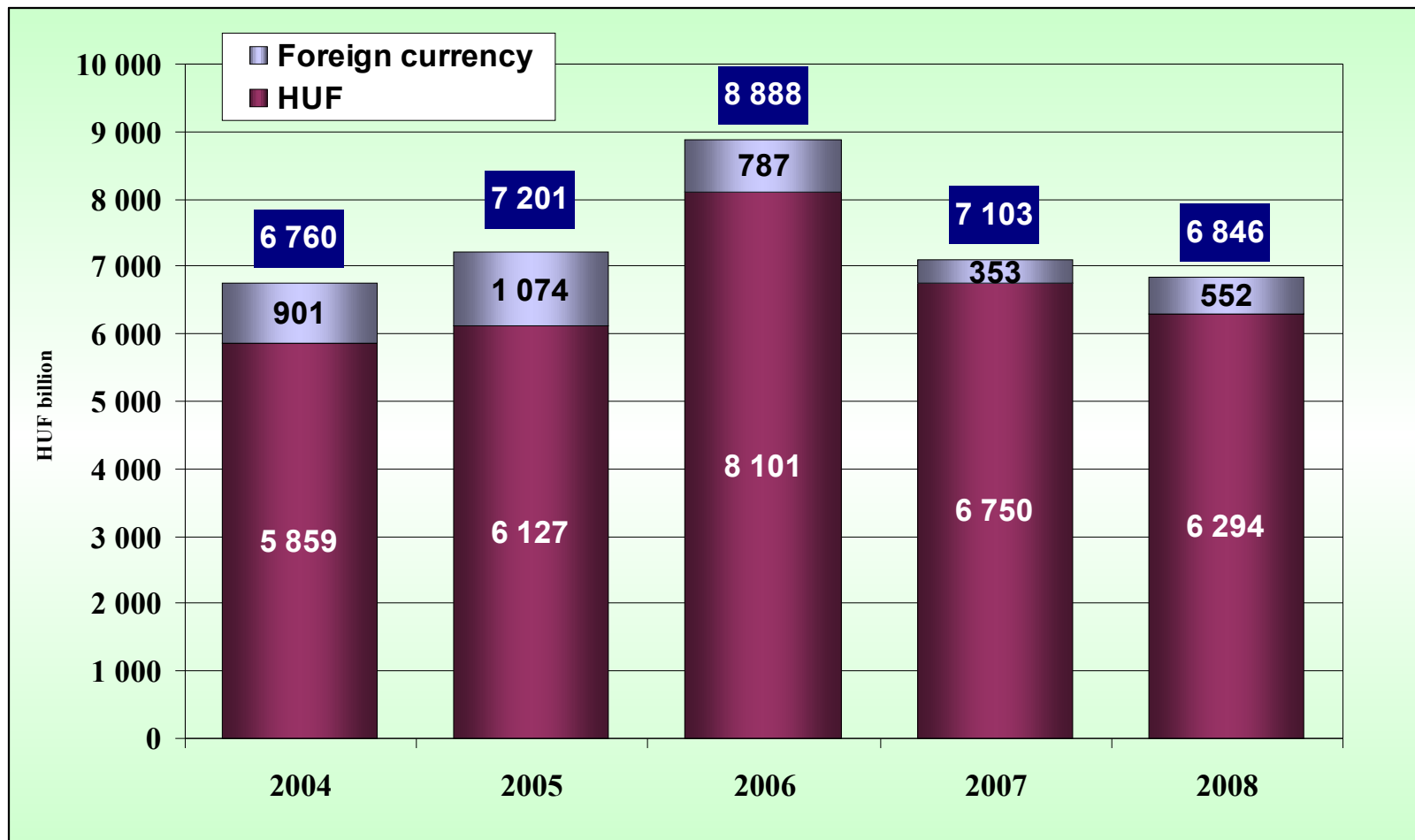
To finance in the given macroeconomic environment in an integrated manner, with minimal costs in the long term and by running acceptable risks.

The main principles of public debt management

- strategic behaviour in the domestic market (simplicity, transparency, liquidity),
- benchmark size issues in the foreign currency markets (according to the market standards), widening the investor base,
- stable HUF/FX debt ratio (kept in a range),
- active management of the temporarily free cash funds of the state (liquidity management),
- compliance with benchmarks.

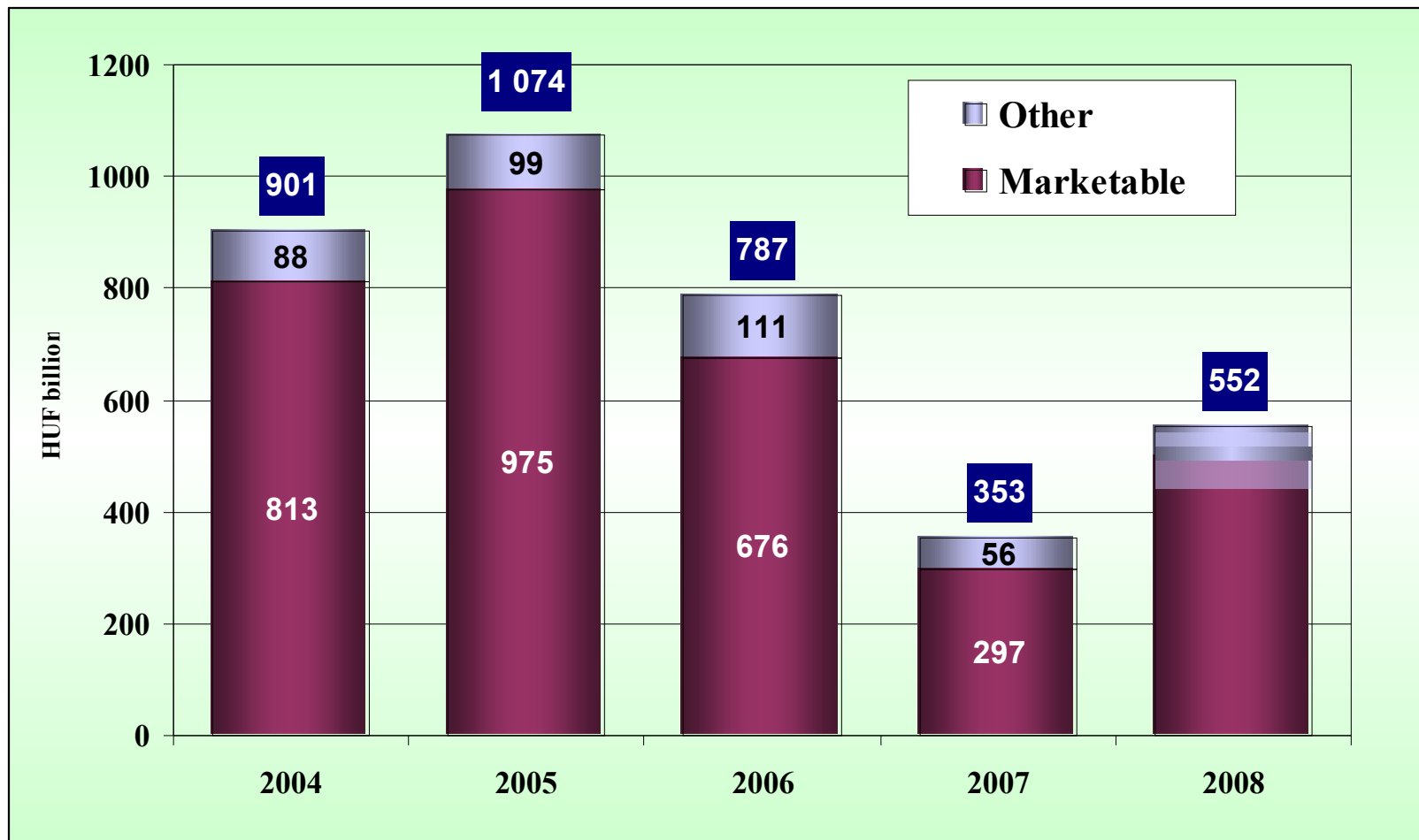
1. HUF debt / FX debt ratio,
2. fixed / floating HUF debt ratio,
3. HUF debt duration,
4. currency composition within FX debt,
5. fixed / floating FX debt ratio,
6. optimal balance of the Single Treasury Account (STA).

Breakdown of gross issuance



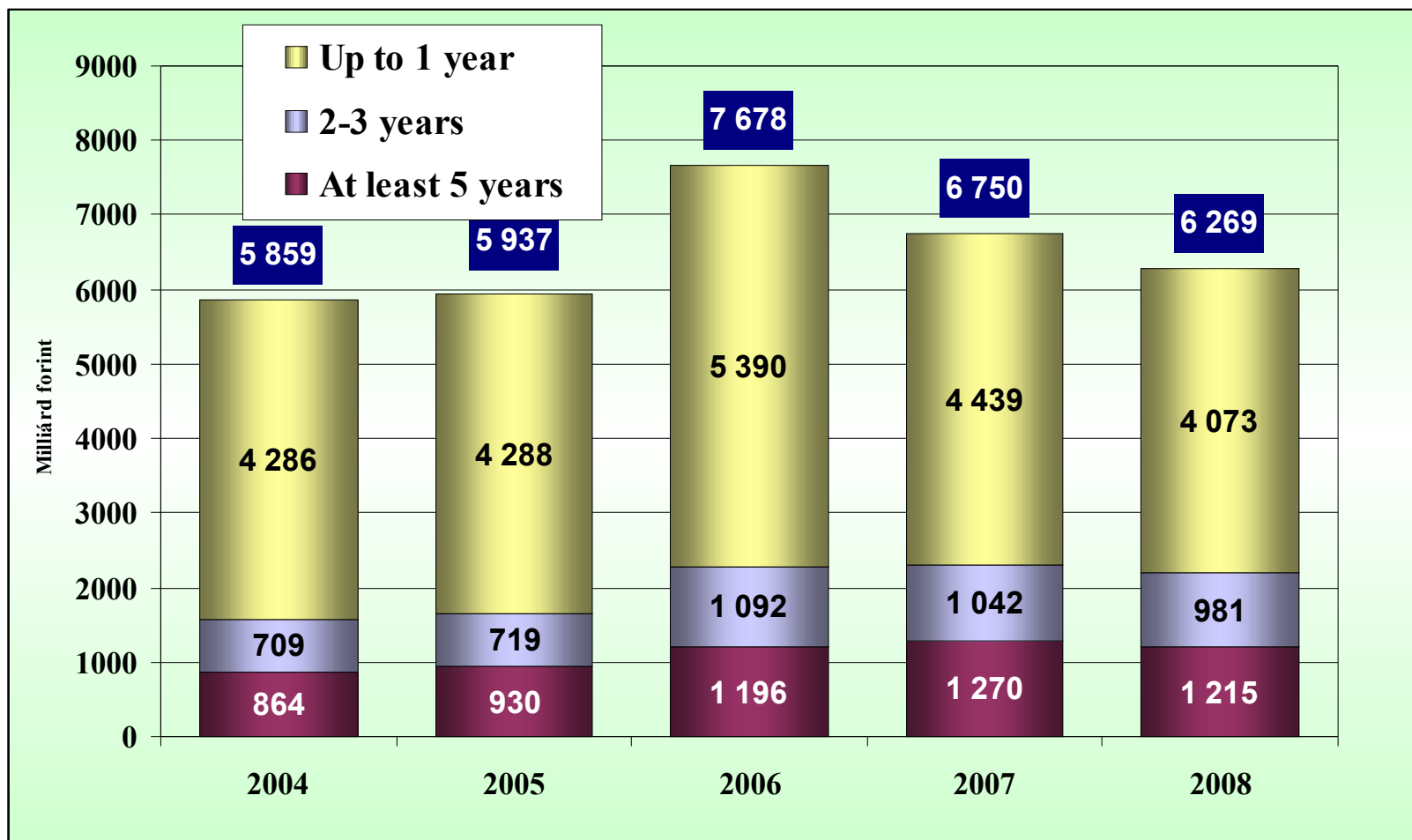
Decreasing gross issuance in 2008.

Gross foreign currency issuance



Increasing issuance of marketable debt in 2008.

Gross domestic market issuance

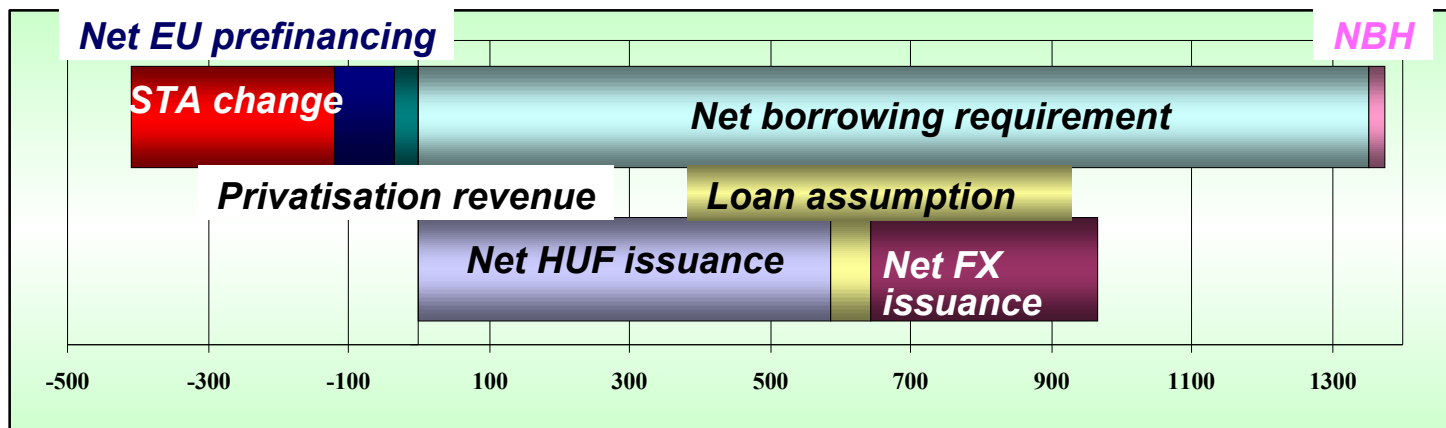


The issuance of bonds remains unchanged, the issuance of Treasury bills significantly decreases in 2008.

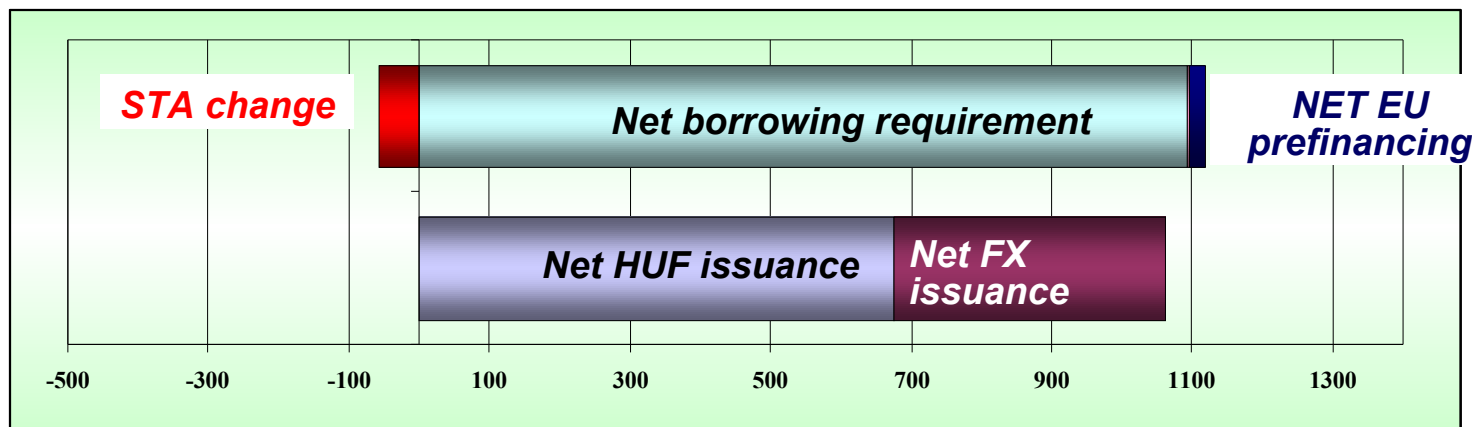
Net issuance

Composition of net financing

2007.

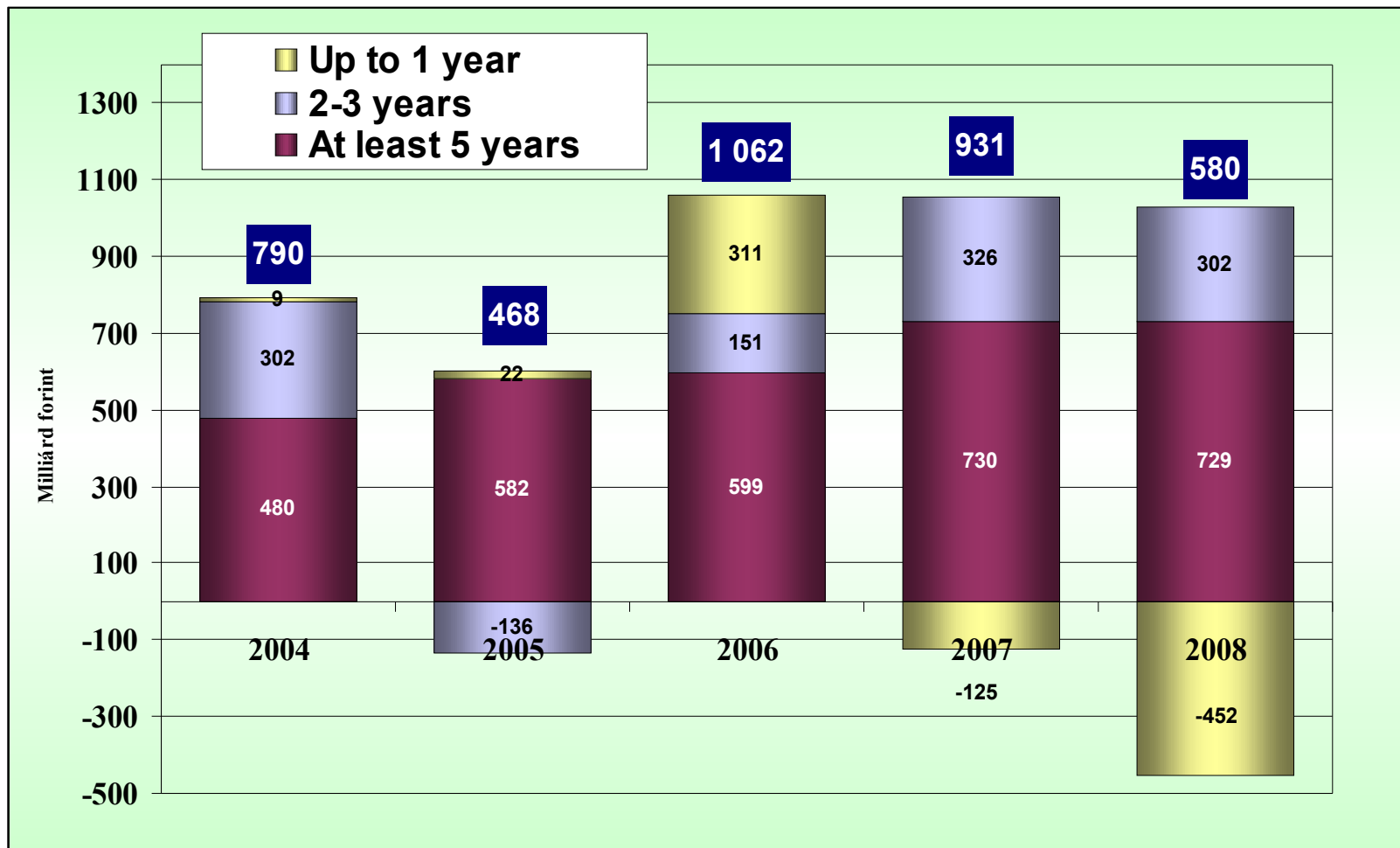


2008.



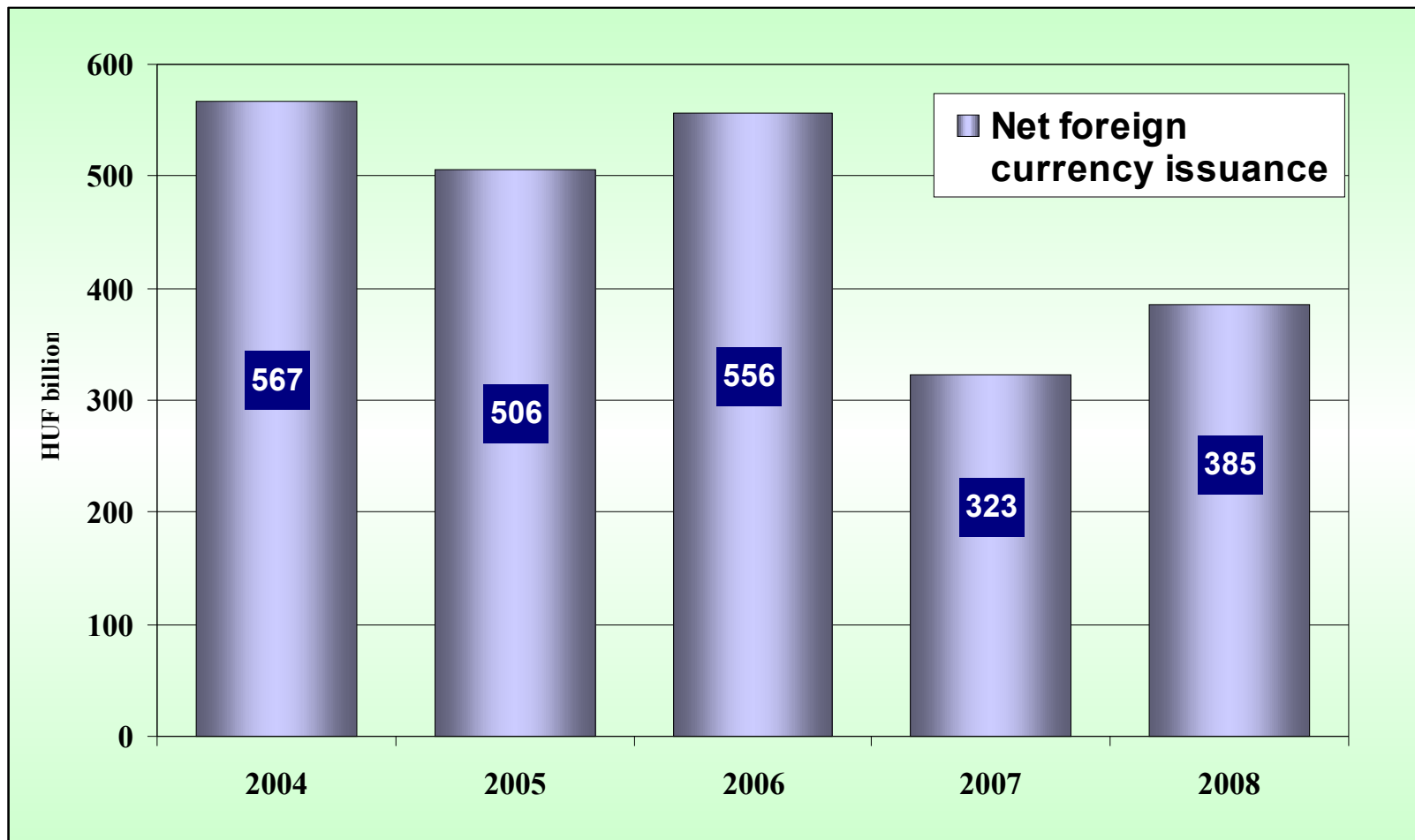
Total net issuance: HUF 967 billion in 2007, HUF 1063 billion in 2008.

Net domestic market issuance



Net issuance decreases by 40% in 2008.

Net foreign currency issuance



Slight increase in 2008.

Changes in next year's financing

Government bonds

- The number of auctions decreases from 46 to 30.
- 6-week auction cycle, the 5-year and 10-year auctions held separately.
- Auction sizes increase; more concentrated and more competitive primary market.
- As a result of less frequent auctions the role of the secondary market increases.
- The size of government bond series increases: instead of the current HUF 500 billion HUF 750 billion in the case of the 5-year and the 10-year government bonds.

Discount T-bills

- The elimination of the 6-month T-bills from July; the outstanding volume matures until the end of 2008.
- The number of auctions decreases from 104 to 78.
- Because of the declining deficit the role of short-term financing decreases resulting in lower refinancing and interest rate risk.

The current auction calendar

1st week	2nd week	3rd week	4th week	5th week	6th week	7th week	8th week	9th week	10th week	11th week	12th week
3-month DTB	3-month DTB	3-month DTB	3-month DTB	3-month DTB	3-month DTB	3-month DTB	3-month DTB	3-month DTB	3-month DTB	3-month DTB	3-month DTB
	6-month DTB		6-month DTB		6-month DTB		6-month DTB		6-month DTB		6-month DTB
	12-month DTB		12-month DTB		12-month DTB		12-month DTB		12-month DTB		12-month DTB
3-year bond				3-year bond				3-year bond			
		5-year bond				5-year bond				5-year bond	
		10-year bond				10-year bond				10-year bond	
				15-year bond							

The old system: 34 auctions in 12 weeks.

The auction calendar effective after July 1, 2008

1st week	2nd week	3rd week	4th week	5th week	6th week	7th week	8th week	9th week	10th week	11th week	12th week
3-month DTB	3-month DTB	3-month DTB	3-month DTB	3-month DTB	3-month DTB	3-month DTB	3-month DTB	3-month DTB	3-month DTB	3-month DTB	3-month DTB
	12-month DTB		12-month DTB		12-month DTB		12-month DTB		12-month DTB		12-month DTB
3-year bond						3-year bond					
		5-year bond						5-year bond			
				10-year bond						10-year bond	
						15-year bond					

The old system: 34 auctions in 12 weeks.

The new system: 25 auctions in 12 weeks.

108 auctions instead of 150 each year.

Summary

- Decreasing gross and net borrowing requirements.
- Smaller redemption in HUF bonds, higher FX debt redemptions.
- Decreasing gross issuance in HUF, increasing gross issuance in FX.
- Decreasing total net issuance.
- Compliance with benchmarks.
- Modified auction calendar and increasing size of individual series in order to enhance the primary and the secondary market.

Thank you for your attention!