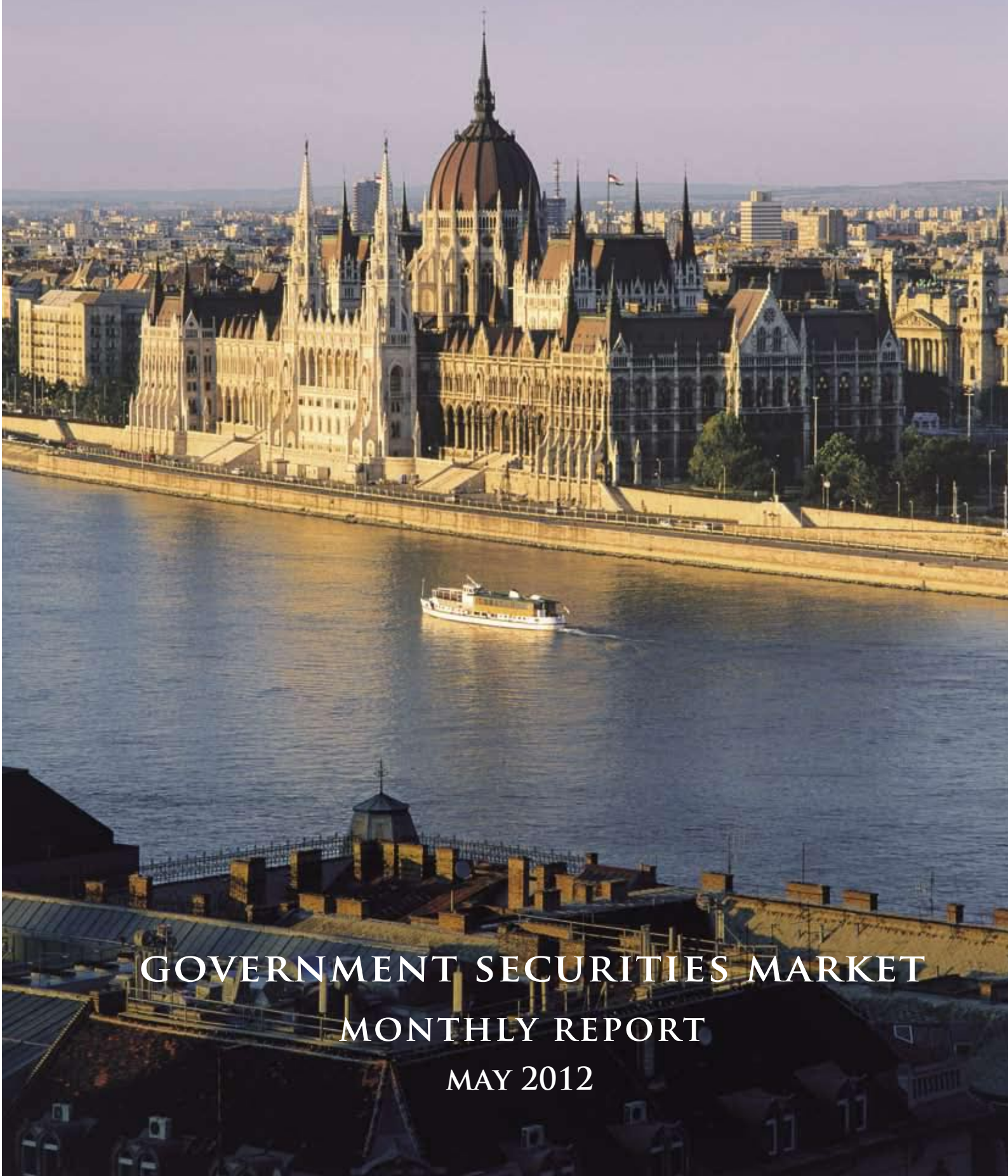




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GOVERNMENT DEBT MANAGEMENT AGENCY PTE LTD.



GOVERNMENT SECURITIES MARKET
MONTHLY REPORT
MAY 2012

■ GOVERNMENT SECURITIES MARKET ■

The deficit of the central government amounted to HUF 345.6 billion in May. The net prefinancing of cash transfers from the European Union decreased the net borrowing requirement by HUF 20.1 billion. Thus, the total net financing requirement amounted to HUF 325.5 billion in 2012. Net issuance was HUF 532.5 billion; out of which net HUF-denominated issuance was HUF 932.1 billion and net foreign currency denominated issuance was HUF -399.6 billion.

HUF billion	2011		2012		Change	
	December	%	May	%	HUF billion	%
Foreign exchange denominated debt	10,170.4	48.5	9,412.6	44.4	-757.8	-7.5
Government securities	5,712.3	27.3	5,478.8	25.9	-233.5	-4.1
Loans	4,458.1	21.3	3,933.8	18.6	-524.3	-11.8
HUF denominated debt	10,362.2	49.4	11,295.4	53.3	933.2	9.0
Government securities	9,771.4	46.6	10,706.6	50.5	935.2	9.6
Loans	590.8	2.8	588.8	2.8	-2.0	-0.3
Total	20,532.6	98.0	20,708.0	97.8	-175.4	0.9
Other obligations	422.9	2.0	472.9	2.2	50.0	11.8
Total central government debt	20,955.5	100.0	21,180.9	100.0	225.4	1.1

The HUF denominated debt of the central government increased by HUF 933.2 billion in 2012 (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 621.2 billion, the amount of discount Treasury bills increased by HUF 184.5 billion and the total amount of retail government securities increased by HUF 130.3 billion.

The foreign currency debt of the central government decreased by HUF 757.8 billion in 2012. The redemptions of foreign currency debt worth HUF 399.6 billion decreased the debt. The exchange rate revaluations totalling HUF 358.2 billion decreased the Hungarian Forint value of the foreign currency debt in 2012.

Secondary market yields in May:

Benchmark yields

Maturity	30.12.2011.	27.04.2012.	31.05.2012.	Change, basis points
3-month	7.55	7.20	7.10	-10
6-month	7.60	7.20	7.28	8
1-year	7.95	7.30	7.55	25
3-year	9.06	7.87	8.49	62
5-year	9.64	7.95	8.65	70
10-year	9.75	7.98	8.71	73
15-year	9.76	7.94	8.65	71

Monthly OTC turnover of government securities was 23 % higher in May than a month before and reached HUF 5,307.4 billion. Primary dealers, who account for the decisive part of all secondary government securities trading, made 66% of their secondary government securities deals with non-resident investors.

The volume of non-residents' holdings of Hungarian government securities increased altogether by HUF 8.6 billion in May, and amounted to HUF 4,276.6 billion at the end of the month. This volume represented 39.9% of the total amount of domestic government securities.

The EUR/HUF exchange rate according to the National Bank of Hungary was 300.37 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 March: BB+ (Standard & Poor's); Ba1 (Moody's); BB+ (Fitch).

■ GOVERNMENT SECURITIES MARKET ■

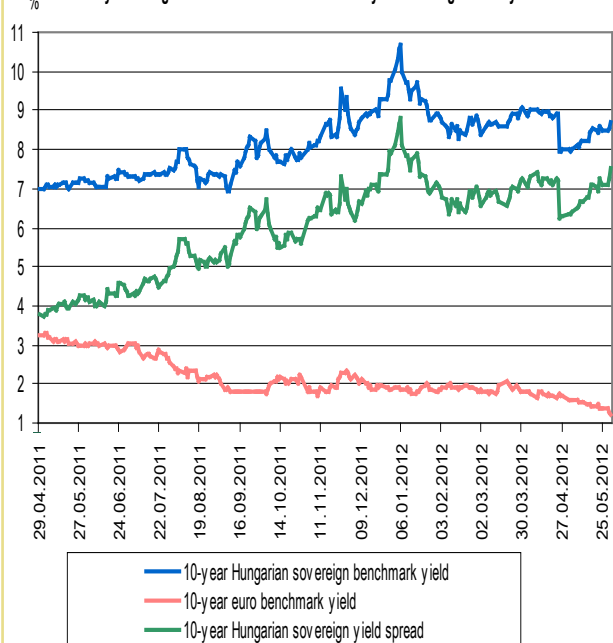
CENTRAL GOVERNMENT GROSS DEBT

HUF BILLION

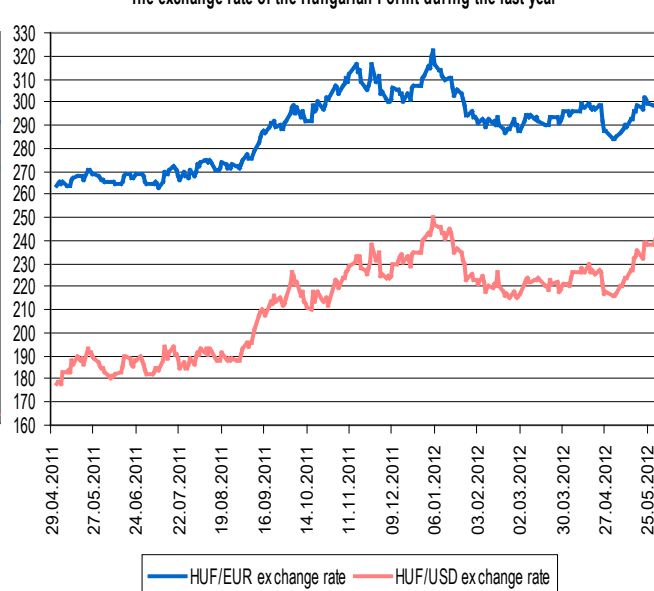
	2006	2007	2008	2009	2010	2011	Mar 2012	Apr 2012	May 2012
1. Forint denominated debt	10,552.3	11,103.8	11,250.6	10,476.2	10,978.2	10,362.2	11,060.8	11,186.4	11,295.4
1.1. Loans	356.4	145.7	219.9	438.7	540.8	590.8	589.8	588.8	588.8
1.2. Government securities	10,195.9	10,958.1	11,030.7	10,037.5	10,437.4	9,771.4	10,471.0	10,597.6	10,706.6
1.2.1. Public issues	9,667.5	10,465.4	10,599.7	9,613.2	10,019.6	9,378.1	10,067.7	10,195.2	10,304.2
1.2.1.1. Bonds	7,244.2	8,245.3	8,570.6	7,519.2	7,965.8	7,353.4	7,680.8	7,765.8	7,974.6
1.2.1.2. Discount T-bills	1,755.9	1,664.9	1,482.4	1,647.3	1,618.2	1,540.9	1,868.0	1,875.6	1,725.4
1.2.1.3. Retail securities	667.4	555.2	546.4	446.6	435.7	473.8	519.0	553.8	604.1
1.2.2. Private placements	528.4	492.7	431.0	424.3	417.8	403.2	403.2	402.4	402.4
2. Foreign currency denominated debt*	4,124.4	4,472.6	6,774.8	8,466.7	8,842.8	10,170.4	9,427.7	9,179.1	9,412.6
2.1. Loans	803.7	846.5	2,529.4	4,112.7	4,292.8	4,458.1	4,035.9	3,932.7	3,933.8
2.1.1. Foreign loans	700.1	838.8	2,529.4	4,112.7	4,292.8	4,361.9	3,949.2	3,848.3	3,845.7
2.1.2. Domestic loans	103.6	104.0	0.0	0.0	0.0	96.2	86.7	84.4	88.1
2.1.2.1. Raised from National Bank of Hungary (NBH)	95.9	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
2.1.2.2. Other loans	7.7	7.7	0.0	0.0	0.0	96.2	86.7	84.4	88.1
2.2. Government securities	3,320.7	3,626.1	4,245.5	4,354.0	4,550.0	5,712.3	5,391.8	5,246.4	5,478.8
2.2.1. Issued abroad	3,320.7	3,626.1	4,245.5	4,354.0	4,550.0	5,712.3	5,391.8	5,246.4	5,478.8
2.2.1.1. Foreign currency bonds	3,320.6	3,626.1	4,245.4	4,354.0	4,550.0	5,712.3	5,391.8	5,246.4	5,478.8
2.2.1.2. Kingdom of Hungary 1924 issues	0.1	0.0	0.0	0.0	0.0	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	14,676.7	15,576.4	18,025.4	18,942.9	19,821.0	20,532.6	20,488.5	20,365.5	20,708.0
Other liabilities	29.0	9.1	78.5	20.1	220.01	422.9	338.3	377.5	472.9
Total central government debt	14,705.7	15,585.5	18,103.9	18,963.1	20,041.0	20,955.5	20,826.8	20,742.9	21,180.9
Marketable HUF debt (1.2.1.1+1.2.1.2.+1.2.2.)	9,528.4	10,402.9	10,484.0	9,623.3	10,001.8	9,297.6	9,952.0	10,043.8	10,102.4
Gross debt/GDP	61.8%	61.3%	68.2%	72.7%	74.9%	74.4%			

*Foreign exchange debt is recorded at the mid exchange rate of the NBH at the end of the

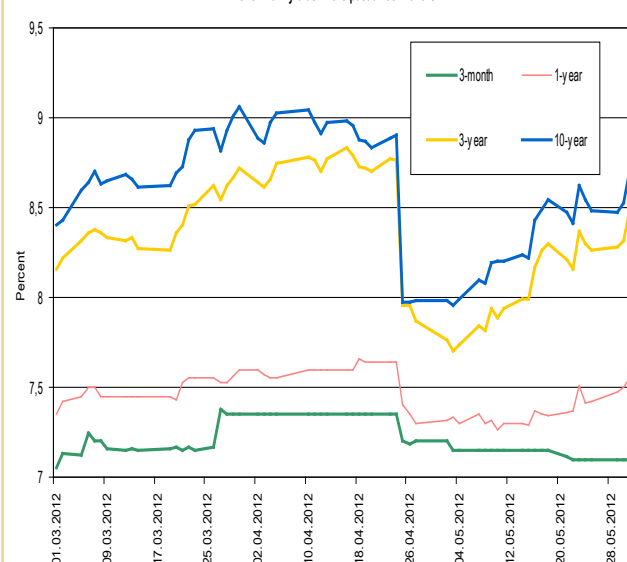
10-year Hungarian and eurozone benchmark yields during the last year



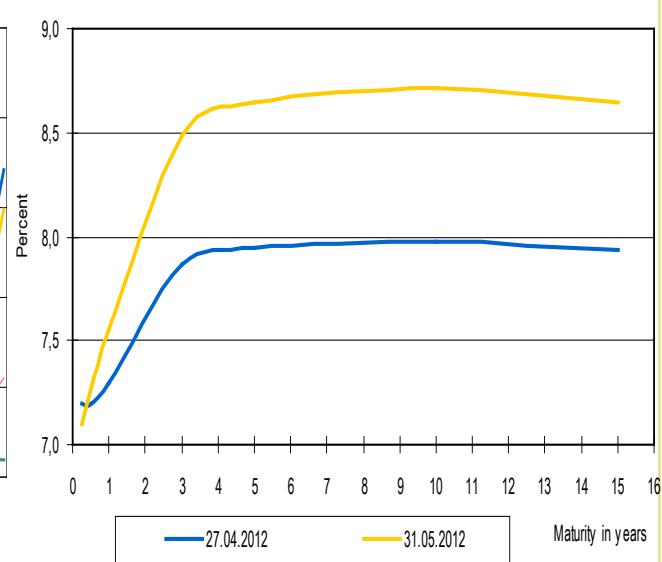
The exchange rate of the Hungarian Forint during the last year



Benchmark yields in the past three months



Benchmark yield curves

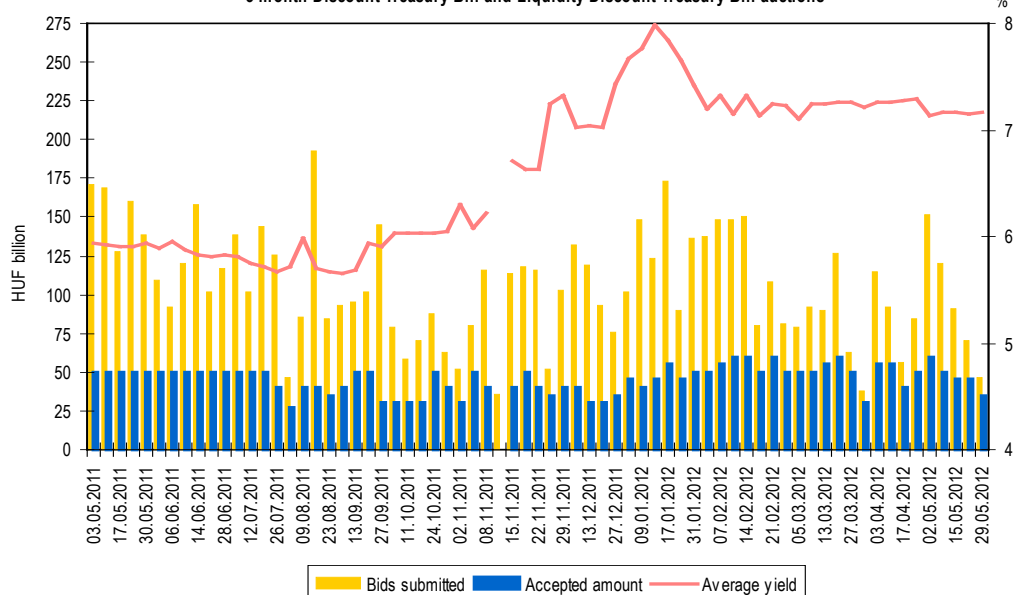


■ GOVERNMENT SECURITIES MARKET ■

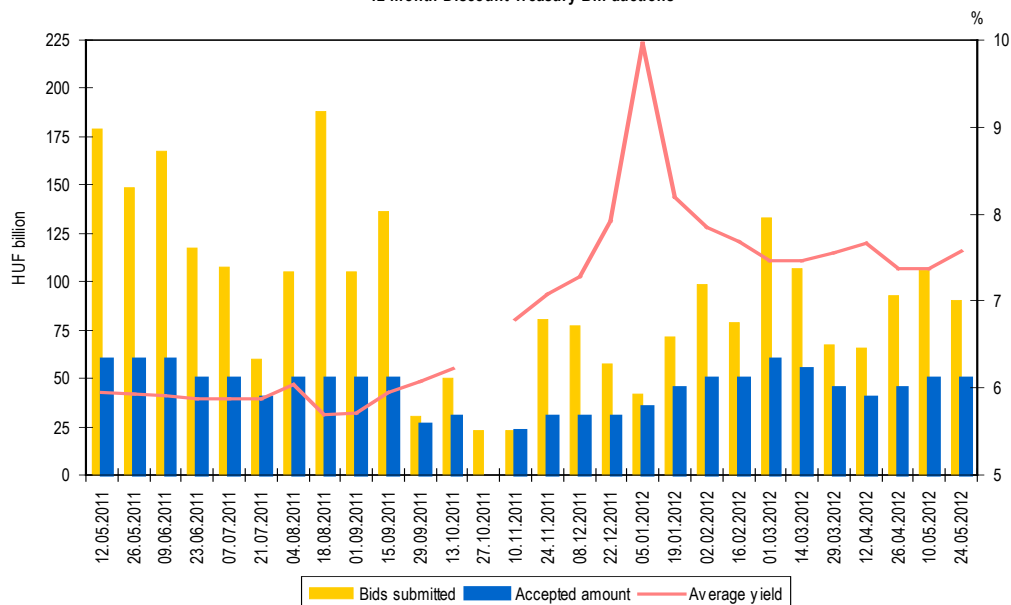
DISCOUNT TREASURY BILL AUCTION RESULTS

	3-month Discount T-bills					12-month Discount T-bills	
Code of T-bills	D120808	D120815	D120822	D120829	D120905	D130417	D130529
ISIN code	HU0000518923	HU0000518931	HU0000518543	HU0000518949	HU0000518964	HU0000518899	HU0000518956
Maturity in days	91	91	91	91	91	336	364
Date of auction	02.05.2012	08.05.2012	15.05.2012	22.05.2012	29.05.2012	10.05.2012	24.05.2012
Date of financial settlement	09.05.2012	16.05.2012	23.05.2012	30.05.2012	06.06.2012	16.05.2012	30.05.2012
Redemption date	08.08.2012	15.08.2012	22.08.2012	29.08.2012	05.09.2012	17.04.2013	29.05.2013
Maximum yield, (%) - ISMA	7.17	7.19	7.18	7.18	7.20	7.41	7.63
Minimum yield (%) - ISMA	7.00	7.00	7.12	7.11	7.14	7.32	7.47
Average yield (%) - ISMA	7.14	7.16	7.16	7.15	7.17	7.38	7.58
Maximum yield, (%) - EHM	7.27	7.29	7.28	7.28	7.30	7.51	7.74
Minimum yield (%) - EHM	7.10	7.10	7.22	7.21	7.24	7.42	7.57
Average yield (%) - EHM	7.24	7.26	7.26	7.25	7.27	7.48	7.69
Average selling price (%)	98.2272	98.2223	98.2223	98.2247	98.2198	93.5559	92.8814
Amount offered for sale (HUF million)	50,000.00	45,000.00	45,000.00	45,000.00	45,000.00	45,000.00	45,000.00
Amount of bids submitted (HUF million)	152,022.40	119,794.59	90,663.26	70,263.44	46,641.37	105,793.78	90,550.00
Amount of bids accepted (HUF million)	59,999.99	49,999.94	44,999.99	44,999.94	34,999.99	49,999.93	49,999.97
Bid-to-cover ratio	2.53	2.40	2.01	1.56	1.33	2.12	1.81
Bids submitted (pcs)	121	125	97	82	65	159	136
Bids accepted (pcs)	49	73	57	53	49	80	95
Market sales* (HUF million)	59,999.99	49,999.94	44,999.99	44,999.94	34,999.99	49,999.93	49,999.97
Retained on ÁKK's own account	18,000.01	15,000.06	13,500.01	13,500.06	10,500.01	15,000.07	25,000.03
Total amount issued (HUF million)	78,000.00	65,000.00	58,500.00	58,500.00	45,500.00	65,000.00	75,000.00

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	2015/C	2017/A	2022/A	2015/B	2015/C	2017/A	2022/A	2015/C	2017/A	2022/A
ISIN code	HU0000402581	HU0000402037	HU0000402524	HU0000402482	HU0000402581	HU0000402037	HU0000402524	HU0000402581	HU0000402037	HU0000402524
Maturity (in years)	3	5	10	3	3	5	10	3	5	10
Coupon (%)	7.75%	6.75%	7.00%	5.44%	7.75%	6.75%	7.00%	7.75%	6.75%	7.00%
Auction	7th auction	35th auction	27th auction	20th auction	8th auction	36th auction	28th auction	9th auction	37th auction	29th auction
Date of auction	03.05.2012	03.05.2012	03.05.2012	10.05.2012	17.05.2012	17.05.2012	17.05.2012	31.05.2012	31.05.2012	31.05.2012
Date of financial settlement	09.05.2012	09.05.2012	09.05.2012	16.05.2012	23.05.2012	23.05.2012	23.05.2012	06.06.2012	06.06.2012	06.06.2012
Redemption date	24.08.2015	24.11.2017	24.06.2022	22.12.2015	24.08.2015	24.11.2017	24.06.2022	24.08.2015	24.11.2017	24.06.2022
Maximum annual yield (%) - ISMA	7.71	7.85	7.99		8.25	8.40	8.49	8.48	8.65	8.72
Minimum annual yield (%) - ISMA	7.67	7.80	7.90		8.19	8.31	8.41	8.26	8.50	8.65
Average annual yield (%) - ISMA	7.70	7.82	7.98		8.22	8.35	8.45	8.42	8.61	8.66
Maximum annual yield (%) - EHM	7.71	7.84	7.99		8.25	8.39	8.49	8.48	8.64	8.72
Minimum annual yield (%) - EHM	7.67	7.79	7.90		8.19	8.30	8.41	8.26	8.49	8.65
Average annual yield (%) - EHM	7.69	7.82	7.97		8.22	8.34	8.44	8.42	8.61	8.66
Maximum price (%)	100.2406	95.3527	93.8534	95.2100	98.7969	93.2566	90.6359	98.6153	92.5232	89.1982
Minimum price (%)	100.1280	95.1408	93.2690	95.0000	98.6330	92.8886	90.1410	98.0239	91.9208	88.7754
Average price (%)	100.1679	95.2573	93.3536	95.0900	98.7053	93.1011	90.4054	98.1751	92.0671	89.1157
Amount offered for sale (HUF million)	20,000.00	15,000.00	12,000.00	5,000.00	18,000.00	13,000.00	11,000.00	17,000.00	13,000.00	10,000.00
Amount of bids submitted (HUF million)	60,135.00	31,210.00	36,160.00	19,298.98	44,250.00	41,000.00	38,140.00	41,019.76	23,710.76	29,325.74
Amount of bids accepted (HUF million)	29,999.96	14,999.98	17,999.98	7,499.98	19,999.97	16,999.99	15,999.99	19,999.96	12,999.99	12,999.99
Bid-to-cover ratio	2.00	2.08	2.01	2.57	2.21	2.41	2.38	2.05	1.82	2.26
Bids submitted (pcs)	61	57	44	48	61	53	65	71	67	72
Bids accepted (pcs)	26	29	22	24	35	21	25	44	40	26
Tail (average price - minimum price)	0.04	0.12	0.08	0.09	0.07	0.21	0.26	0.15	0.15	0.34
Market sales* (HUF million)	29,999.96	14,999.98	17,999.98	7,499.98	19,999.97	16,999.99	15,999.99	19,999.96	12,999.99	12,999.99
Non-competitive offer (HUF million)	11 200.00	3 887.73	446.76	2 432.46	2 641.48	3 675.00	166.00	32.41	0.00	0.00
Total amount issued (HUF million)	42,000.00	21,000.00	25,200.00	10,500.00	28,000.00	23,800.00	16,000.00	20,000.00	13,000.00	13,000.00

*Without issuance onto ÁKK's own account

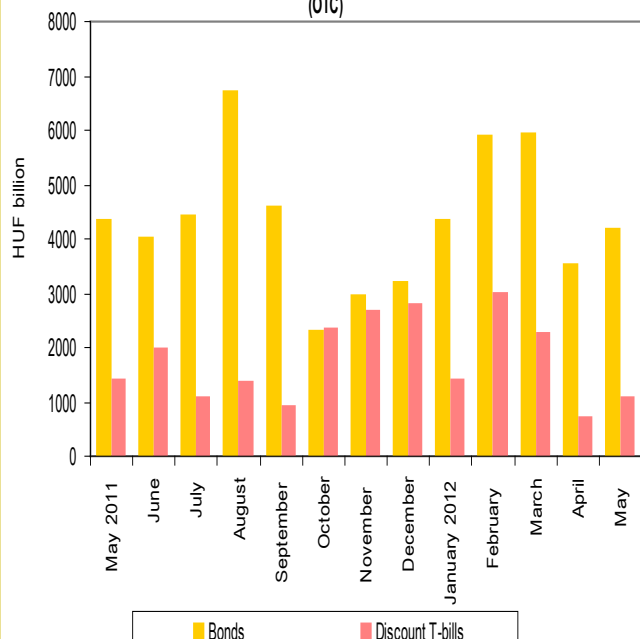


■ GOVERNMENT SECURITIES MARKET ■

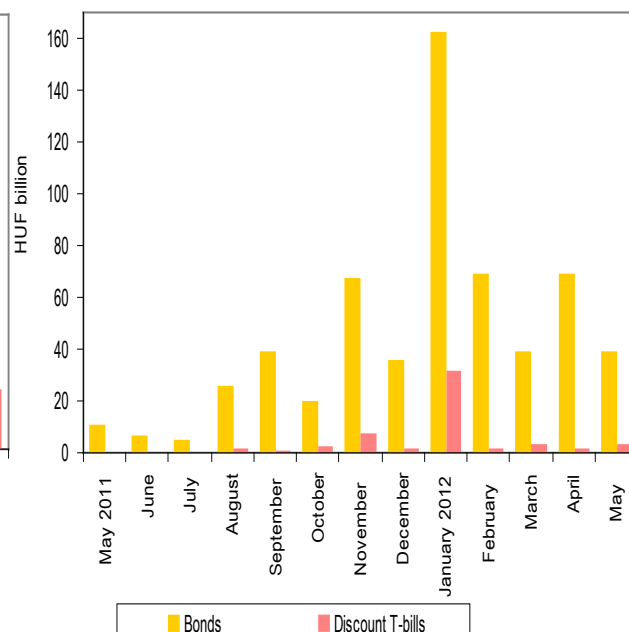
GOVERNMENT SECURITIES BUY-BACK AUCTION RESULTS

Government bond	2012/C	2013/D	2012/C	2013/D
ISIN code	HU0000402417	HU0000402045	HU0000402417	HU0000402045
Coupon (%)	6.00	6.75	6.00	6.75
Date of reverse auction	02.05.2012	02.05.2012	16.05.2012	16.05.2012
Date of financial settlement	09.05.2012	09.05.2012	23.05.2012	23.05.2012
Redemption date	24.10.2012	12.02.2013	24.10.2012	12.02.2013
Minimum annual yield (%)	0.00	7.10	0.00	7.38
Average annual yield - ISMA (%)	0.00	7.14	0.00	7.46
Average annual yield - EHM (%)	0.00	7.06	0.00	7.37
Amount of bids submitted (HUF million)	842.24	8,043.49	4,128.45	19,208.98
Amount of bids accepted (HUF million)	0.00	5,043.49	0.00	11,171.82

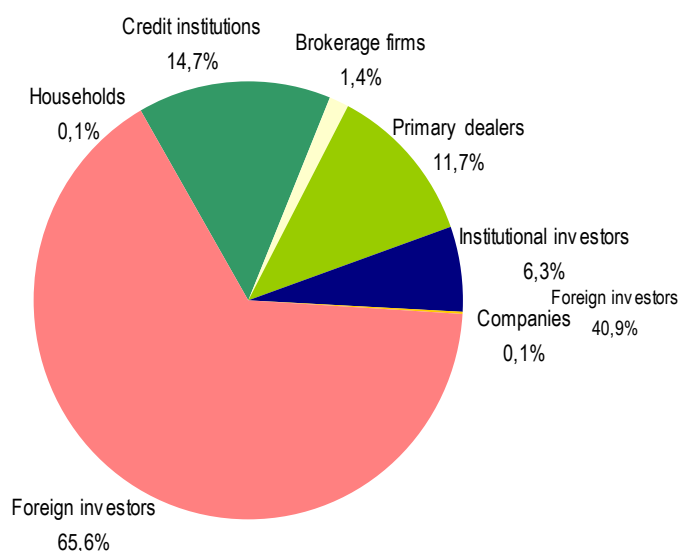
Secondary market trading of Hungarian government securities
(OTC)



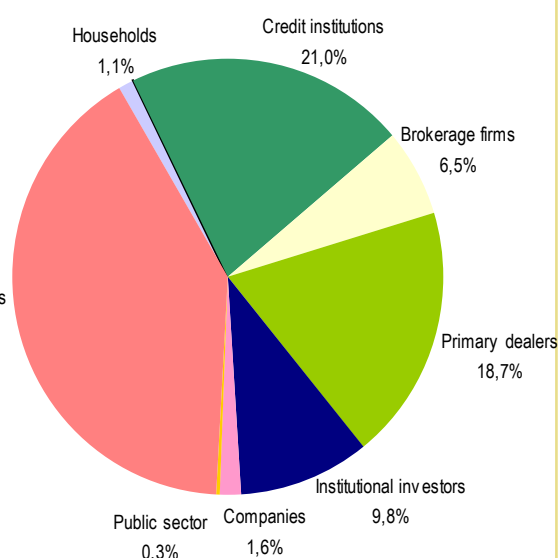
Secondary market trading of Hungarian government securities
(Budapest Stock Exchange
from 2012 MTS Hungary trading)



Breakdown of primary dealers' secondary market turnover
in government bonds by investor groups in May 2012



Breakdown of primary dealers' secondary market turnover
in Discount Treasury Bills by investor groups in May 2012



■ GOVERNMENT SECURITIES MARKET ■

INTEREST RATE RESETS OF FLOATING RATE GOVERNMENT BONDS IN MAY 2012

Government Bond	Date of interest rate reset	Interest period		Date of interest payment	Reset interest rate (%)	Interest payable (%)
20214/A	02.05.2012	02.05.2012	02.11.2012	05.11.2012	7.20	3.68

HUNGARIAN GOVERNMENT SECURITIES INDICES

	MAX index	RMAX index	MAX Composite index	ZMAX index
Value as at 31 May 2012	461.9676	467.6698	460.0619	469.1001
Changes compared to the end of the month before	-6.4640	2.3732	-4.9120	2.9050
Annual yield earned on the index portfolio	1.98%	6.03%	2.74%	6.57%

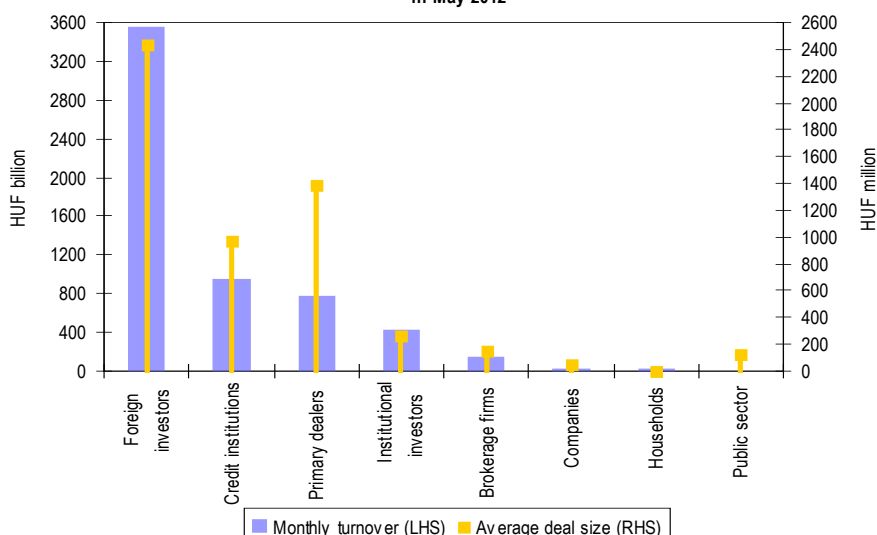
Government securities with the highest secondary market turnover in May 2012

Government security	Date of redemption	Turnover (HUF billion)
2014/C	12.02.2014	1,189.7
2014/D	22.08.2014	815.9
2015/C	24.08.2015	551.2
2022/A	24.06.2022	344.8
2017/A	24.11.2017	318.8
2012/B	12.06.2012	230.6
D120822	22.08.2012	224.9
D130417	17.04.2013	216.7
2017/B	24.02.2017	170.2
D121017	17.10.2012	169.4

The outstanding volume of government bonds with benchmark status at the end of May 2012

Government bond	30.04.2012	31.05.2012
2015/C	137.90	202.38
2017/A	578.24	618.49
2022/A	318.14	352.98
2028/A	62.74	62.92

Primary dealers' trading with different investor groups in May 2012



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

