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GOVERNMENT DEBT MANAGEMENT AGENCY PTE LTD.

GOVERNMENT SECURITIES MARKET

MONTHLY REPORT

JUNE 2011

The deficit of the central government amounted to HUF 1,036.1 billion in the first six months of 2011. The net prefinancing of cash transfers from the European Union decreased the net borrowing requirement by HUF 231.3 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 833.9 billion in 2011. Net issuance was HUF 1,430.1 billion; out of which net HUF-denominated issuance was HUF 629.5 billion and net foreign currency denominated issuance was HUF 800.7 billion.

	2010		2011		Change	
HUF billion	December	%	June	%	HUF billion	%
Foreign exchange denominated debt	8,842.8	44.1	9,196.0	47.0	353.2	4.0
Government securities	4,550.0	22.7	5,131.3	26.2	581.3	12.8
Loans	4,292.8	21.4	4,064.7	20.8	-228.1	-5.3
HUF denominated debt	10,978.2	54.8	10,264.3	52.4	-713.9	-6.5
Government securities	10,437.4	52.1	9,723.5	49.7	-713.9	-6.8
Loans	540.8	2.7	540.8	2.8	0.0	0.0
Total	19,821.0	98.9	19,460.3	99.4	-360.7	-1.8
Other obligations	220.0	1.1	117.7	0.6	-102.4	-46.5
Total central government debt	20,041.0	100.0	19,577.9	100.0	-463.1	-2.3
Out of the international loan program was placed in NBH or in commercial banks	974.1		889.7		-84.4	

The HUF denominated debt of the central government decreased by HUF 713.9 billion in 2011. The difference between the net change in the debt stock and the net issuance was caused by withdrawing from the market HUF 1,342.7 bn of government securities that were handed over to the state by the Pension Reform and Debt Reduction Fund and also 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 195.0 billion, the amount of discount Treasury bills increased by HUF 414.3 billion and the total amount of retail government securities increased by HUF 21.5 billion. The withdrawal from the market of government securities worth HUF 1,342.7 bn decreased the outstanding volume of government bonds by HUF 1,125.2 bn and the outstanding volume of discount T-bills by HUF 217.5 bn.

The foreign currency debt of the central government increased by HUF 353.2 billion in first six months. The foreign currency bond issue increased the debt by HUF 1063.0 billion and the drawdown of foreign currency denominated loans worth HUF 22.5 increased, while redemptions of foreign currency debt worth HUF 284.9 billion decreased the debt, out of which EUR 7.4 million of Hungarian foreign currency government bonds were in the possession of the Pension Reform and Debt Reduction Fund. By the end of June there was a redemption of HUF 0.3 bn from this stock. The exchange rate revaluations totalling HUF 447.5 billion decreased the Hungarian Forint value of the foreign currency debt in 2011.

Out of the international loan program HUF 889.7 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 117.7 billion in June 2011.

Secondary market yields in June:

Benchmark yields

Maturity	31.12.2010.	31.05.2011.	30.06.2011.	Change, basis points
3-month	5.76	5.90	5.85	-5
6-month	6.15	5.92	5.83	-9
1-year	6.33	5.95	5.82	-13
3-year	7.72	6.60	6.67	7
5-year	7.85	6.98	7.08	10
10-year	7.95	7.19	7.31	12
15-year	7.94	7.21	7.30	9

Monthly OTC turnover of government securities was 4 % higher in June than a month before and reached HUF 6,023.3 billion. Primary dealers, who account for the decisive part of all secondary government securities trading, made 59% of their secondary government securities deals with non-resident investors.

The volume of non-residents' holdings of Hungarian government securities increased altogether by HUF 234.8 billion in June, and amounted to HUF 3,487.5 billion at the end of the month. This volume represented 37.6% 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 265.61 on the last working day of June.

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

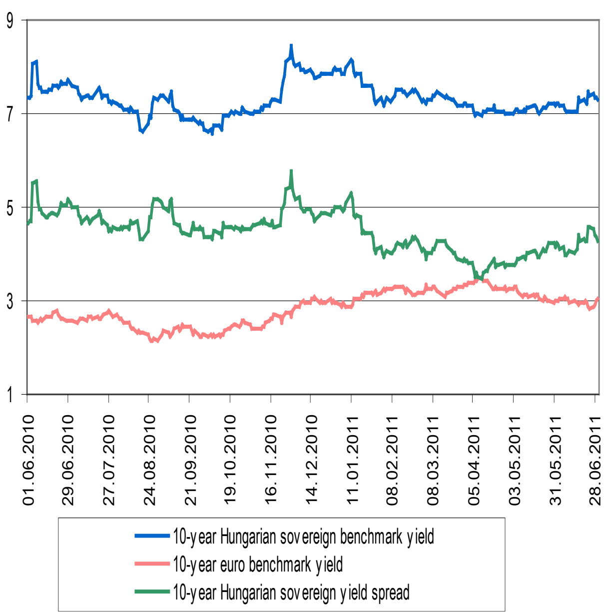
CENTRAL GOVERNMENT GROSS DEBT

HUF BILLION

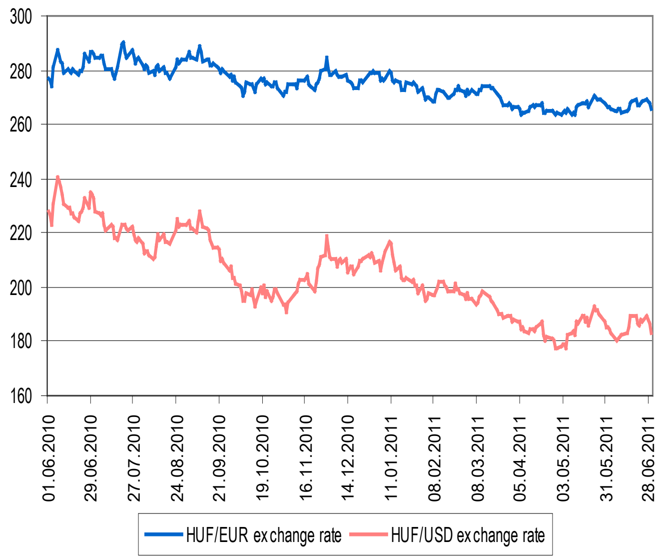
	2005	2006	2007	2008	2009	2010	April 2011	May 2011	June 2011
1. Forint denominated debt	9,153.5	10,552.3	11,103.8	11,250.6	10,476.2	10,978.2	11,332.3	11,493.8	10,2464.3
1.1. Loans	0.8	356.4	145.7	219.9	438.7	540.8	540.8	540.8	540.8
1.2. Government securities	9,152.7	10,195.9	10,958.1	11,030.7	10,037.5	10,437.4	10,791.4	10,593.0	9,723.5
1.2.1. Public issues	8,418.8	9,667.5	10,465.4	10,599.7	9,613.2	10,019.6	10,374.5	10,536.0	9,307.3
1.2.1.1. Bonds	6,299.1	7,244.2	8,245.3	8,570.6	7,519.2	7,965.8	7,988.0	8,085.0	7,035.6
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	1,932.0	1,994.3	1,814.5
1.2.1.3. Retail securities	588.7	667.4	555.2	546.4	446.6	435.7	454.5	456.7	457.2
1.2.2. Private placements	733.9	528.4	492.7	431.0	424.3	417.8	417.0	417.0	416.2
2. Foreign currency denominated debt*	3,590.7	4,124.4	4,472.6	6,774.8	8,466.7	8,842.8	9,143.8	9,505.7	9,196.0
2.1. Loans	720.6	803.7	846.5	2,529.4	4,112.7	4,292.8	4,040.9	4,085.0	4,064.7
2.1.1. Foreign loans	616.9	700.1	838.8	2,529.4	4,112.7	4,292.8	4,040.9	4,085.0	4,064.7
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	5,102.9	5,420.7	5,131.3
2.2.1. Issued abroad	2,870.1	3,320.7	3,626.1	4,245.5	4,354.0	4,550.0	5,102.9	5,420.7	5,131.3
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	5,102.9	5,420.7	5,131.3
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	20,476.1	20,999.5	19,460.3
Other liabilities	21.4	29.0	9.1	78.5	20.1	220.01	76.3	116.9	117.7
Total central government debt	12,765.6	14,705.7	15,585.5	18,103.9	18,963.1	20,041.0	20,552.4	21,116.5	19,577.9
Foreign currency deposits from the international loan program placed at the NBH				*1,483.6*	*1,124.8*	*974.1*	*875.3*	*898.1*	*889.7*
Government debt adjusted with foreign currency deposits				16,620.3	17,838.3	19,066.9	19,677.1	20,218.4	18,688.2
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*	*10,337.0*	*10,496.3*	*9,266.3*
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.

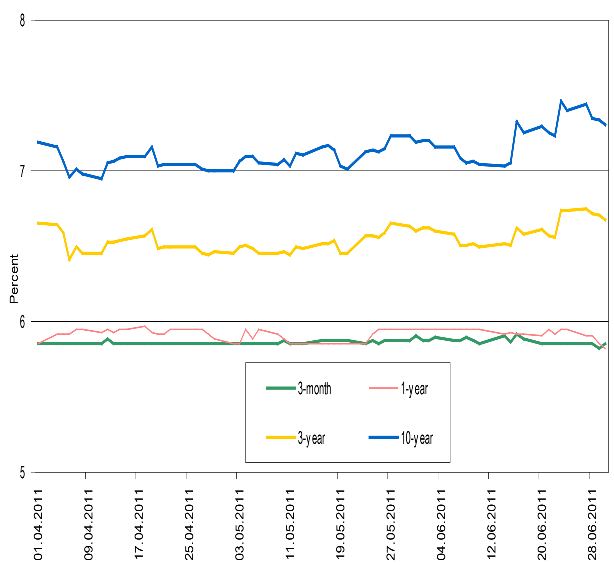
10-year Hungarian and eurozone benchmark yields during the last year



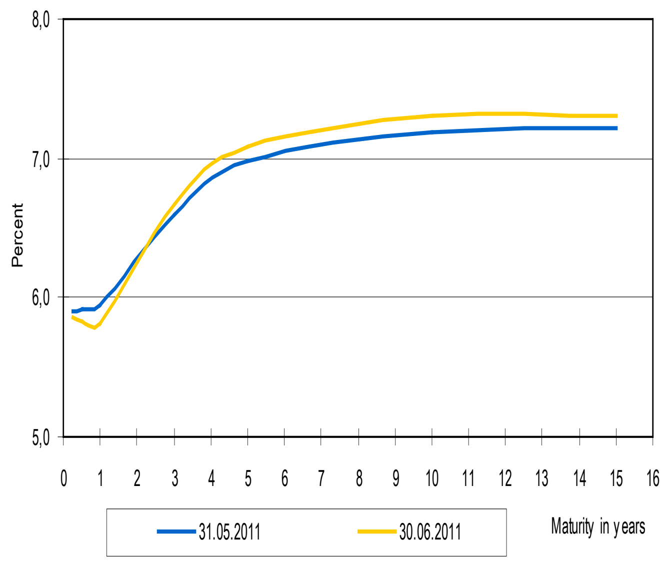
The exchange rate of the Hungarian Forint during the last year



Benchmark yields in the past three months



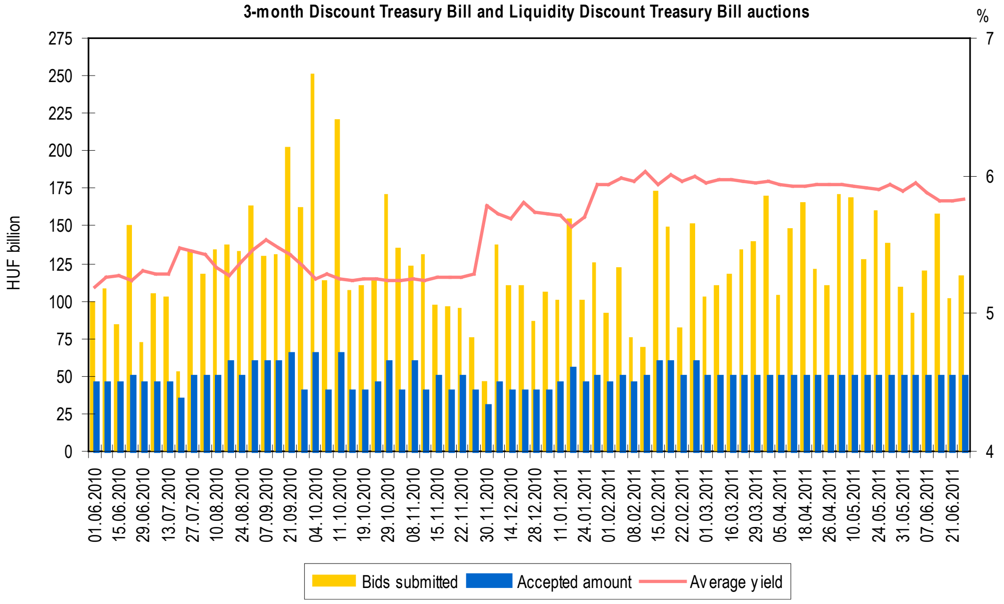
Benchmark yield curves



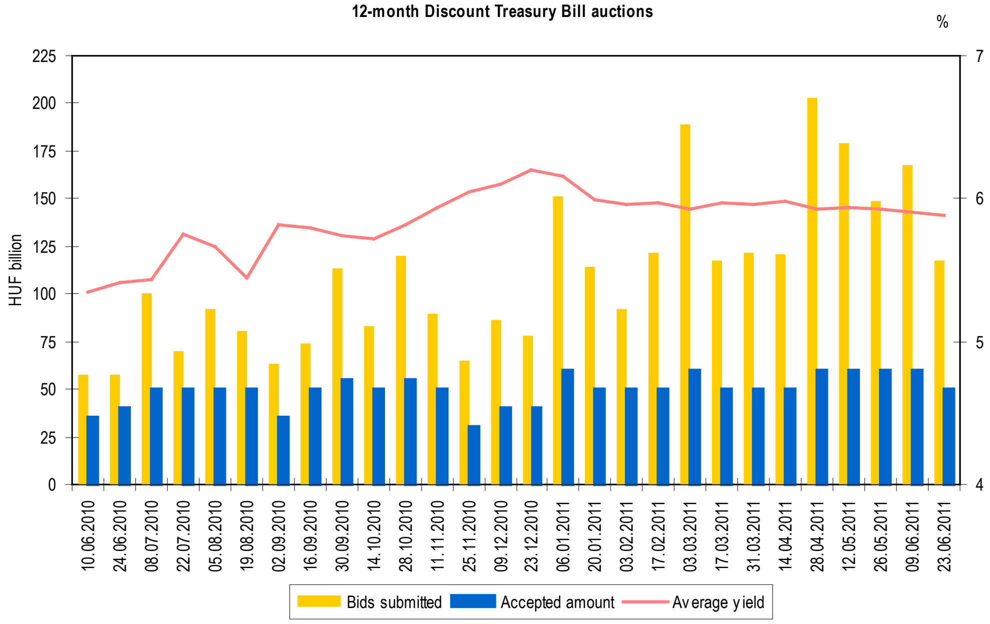
DISCOUNT TREASURY BILL AUCTION RESULTS

	Liquidity Discount T-bills	3-month Discount T-bills				12-month Discount T-bills	
Code of T-bills	D110720	D110914	D110921	D110928	D111005	D120502	D120627
ISIN code	HU0000518477	HU0000518477	HU0000518055	HU0000518386	HU0000518360	HU0000518451	HU0000518378
Maturity in days	42	91	91	91	91	322	364
Date of auction	06.06.2011	07.06.2011	14.06.2011	21.06.2011	28.06.2011	09.06.2011	23.06.2011
Date of financial settlement	08.06.2011	15.06.2011	22.06.2011	29.06.2011	06.07.2011	15.06.2011	29.06.2011
Redemption date	20.07.2011	14.09.2011	21.09.2011	28.09.2011	05.10.2011	02.05.2012	27.06.2012
Maximum yield, (%) - ISMA	6.00	5.89	5.82	5.86	5.85	5.91	5.90
Minimum yield (%) - ISMA	5.88	5.85	5.82	5.77	5.80	5.87	5.85
Average yield (%) - ISMA	5.95	5.88	5.82	5.81	5.83	5.90	5.88
Maximum yield, (%) - EHM	6.08	5.97	5.90	5.94	5.93	5.99	5.98
Minimum yield (%) - EHM	5.96	5.93	5.90	5.85	5.88	5.95	5.93
Average yield (%) - EHM	6.03	5.96	5.90	5.89	5.91	5.98	5.96
Average selling price (%)	99.3106	98.5354	98.5502	98.5526	98.5477	94.9873	94.3883
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
Amount of bids submitted (HUF million)	91,801.00	120,166.54	158,540.76	102,040.60	116,783.30	167,596.60	117,556.24
Amount of bids accepted (HUF million)	49,999.99	49,999.94	50,000.00	49,999.99	49,999.97	59,999.94	49,999.97
Bid-to-cover ratio	1.84	2.40	3.17	2.04	2.34	2.79	2.35
Bids submitted (pcs)	34	82	78	82	76	107	95
Bids accepted (pcs)	34	30	13	51	50	27	41
Market sales* (HUF million)	49,999.99	49,999.94	50,000.00	49,999.99	49,999.97	59,999.94	49,999.97
Retained on ÁKK's own account	0.01	15,000.06	15,000.00	15,000.01	15,000.03	18,000.06	15,000.03
Total amount issued (HUF million)	50,000.00	65,000.00	65,000.00	65,000.00	65,000.00	78,000.00	65,000.00

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



12-month Discount Treasury Bill auctions

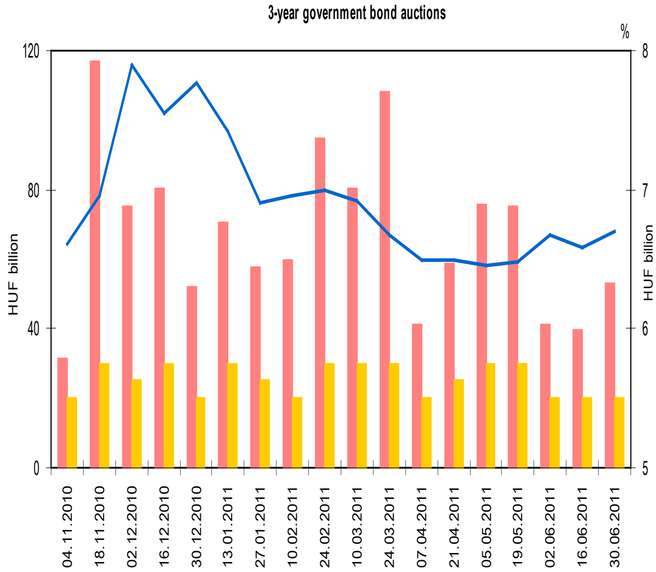


GOVERNMENT BOND AUCTION RESULTS

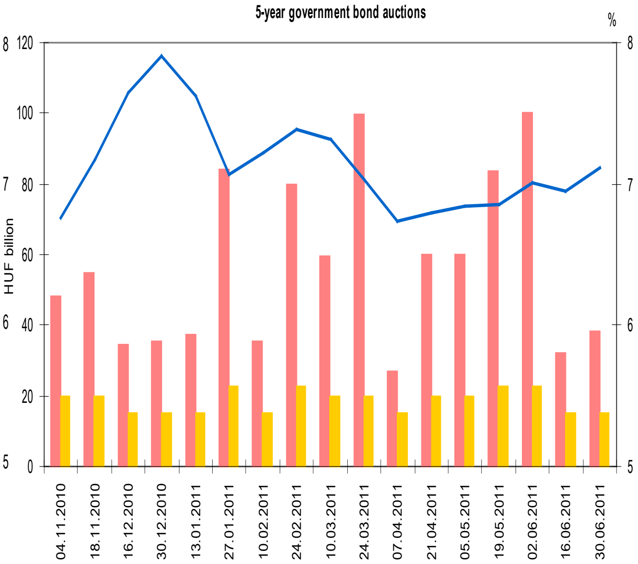
Government Bond	2014/D	2017/B	2022/A	2014/D	2017/B	2022/A	2014/D	2017/A	2028/A
ISIN code	HU0000402516	HU0000402375	HU0000402524	HU0000402516	HU0000402375	HU0000402524	HU0000402516	HU0000402037	HU0000402532
Maturity (in years)	3	5	10	3	5	10	3	5	15
Coupon (%)	6.75%	6.75%	7.00%	6.75%	6.75%	7.00%	6.75%	6.75%	6.75%
Auction	11th auction	25th auction	9th auction	12th auction	26th auction	10th auction	13th auction	13th auction	3rd auction
Date of auction	02.06.2011	02.06.2011	02.06.2011	16.06.2011	16.06.2011	16.06.2011	30.06.2011	30.06.2011	30.06.2011
Date of financial settlement	08.06.2011	08.06.2011	08.06.2011	22.06.2011	22.06.2011	22.06.2011	06.07.2011	06.07.2011	06.07.2011
Redemption date	22.08.2014	24.02.2017	24.06.2022	22.08.2014	24.02.2017	24.06.2022	22.08.2014	24.11.2017	22.10.2028
Maximum annual yield (%) - ISMA	6.70	7.02	7.20	6.60	7.00	7.24	6.71	7.13	7.32
Minimum annual yield (%) - ISMA	6.61	7.00	7.16	6.55	6.91	7.17	6.65	7.00	7.28
Average annual yield (%) - ISMA	6.68	7.01	7.19	6.58	6.95	7.21	6.70	7.11	7.31
Maximum annual yield (%) - EHM	6.69	7.01	7.19	6.59	6.99	7.23	6.70	7.12	7.31
Minimum annual yield (%) - EHM	6.60	6.99	7.15	6.54	6.90	7.16	6.64	6.99	7.27
Average annual yield (%) - EHM	6.67	7.01	7.18	6.57	6.94	7.20	6.69	7.11	7.30
Maximum price (%)	100.3976	98.8080	98.8067	100.5591	99.2199	98.7340	100.2767	98.6927	94.8818
Minimum price (%)	100.1448	98.7174	98.5113	100.4197	98.8112	98.2195	100.1119	98.0481	94.5105
Average price (%)	100.2114	98.7413	98.6001	100.4767	99.0306	98.4566	100.1498	98.1318	94.6258
Amount offered for sale (HUF million)	20,000.00	15,000.00	10,000.00	20,000.00	15,000.00	10,000.00	20,000.00	15,000.00	10,000.00
Amount of bids submitted (HUF million)	41,385.36	100,030.00	37,630.00	39,540.00	31,926.00	20,102.00	53,301.93	38,420.45	12,430.00
Amount of bids accepted (HUF million)	19,999.95	22,499.98	14,999.98	19,999.95	14,999.97	9,999.97	19,999.96	14,999.99	7,999.99
Bid-to-cover ratio	2.07	4.45	2.51	1.98	2.13	2.01	2.67	2.56	1.55
Bids submitted (pcs)	61	55	41	59	61	50	61	63	36
Bids accepted (pcs)	40	14	28	34	49	36	27	36	16
Tail (average price - minimum price)	0.07	0.02	0.09	0.06	0.22	0.24	0.04	0.08	0.12
Market sales* (HUF million)	19,999.95	22,499.98	14,999.98	19,999.95	14,999.97	9,999.97	19,999.96	14,999.99	7,999.99
Non-competitive offer (HUF million)	7,400.00	5,440.00	5,600.00	0.00	0.00	0.00	3,680.00	2,025.00	0.00
Total amount issued (HUF million)	28,000.00	31,500.00	22,500.00	20,000.00	15,000.00	10,000.00	20,000.00	30,000.00	16,000.00

*Without issuance onto ÁKK's own account

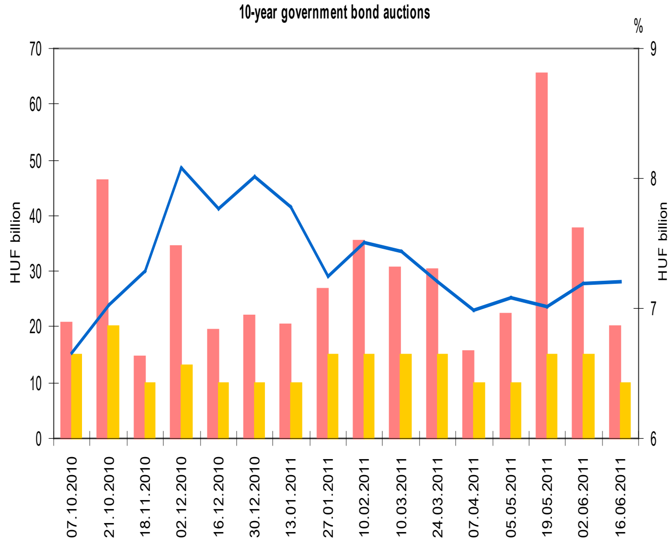
3-year government bond auctions



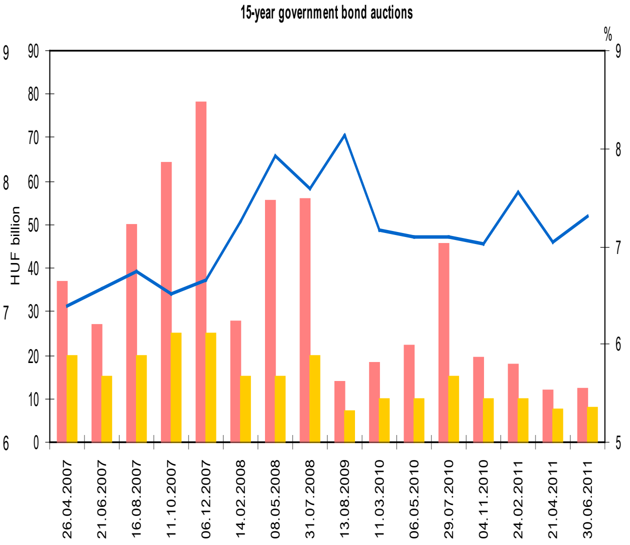
5-year government bond auctions



10-year government bond auctions



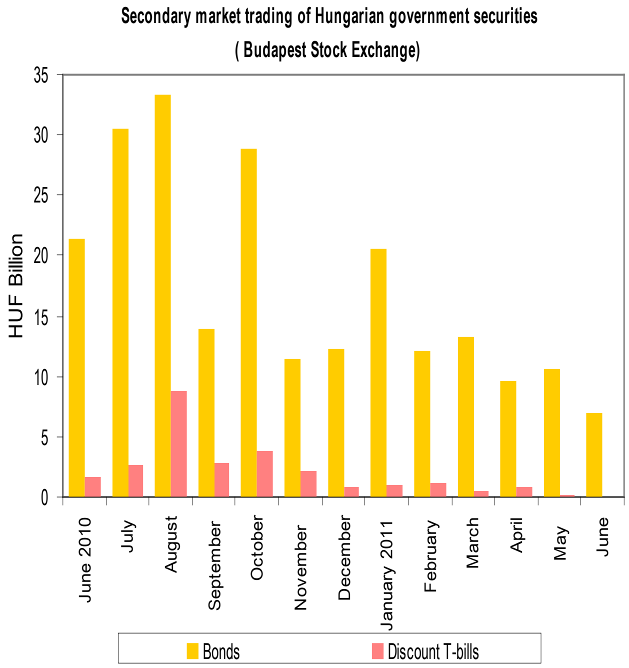
15-year government bond auctions

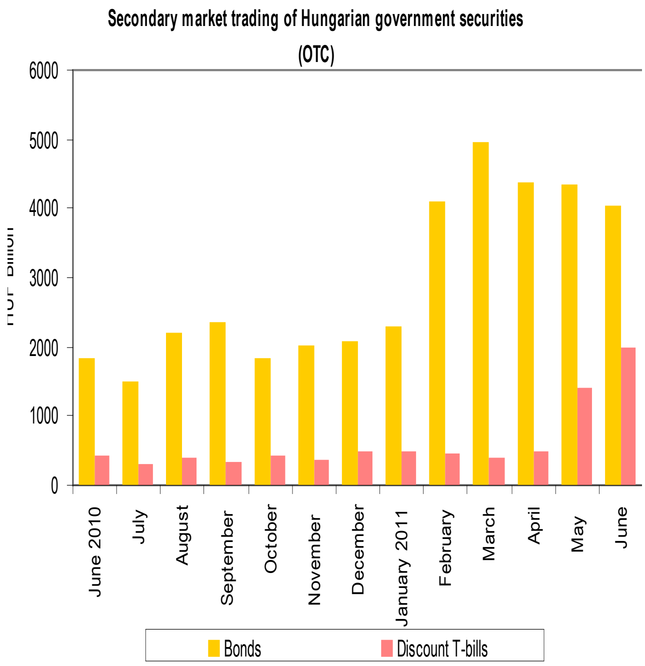


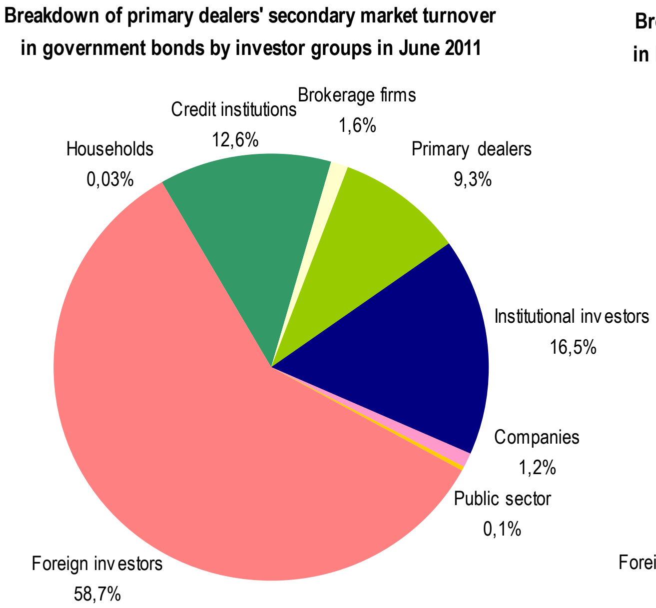
Bids submitted | Accepted amount | Average yield

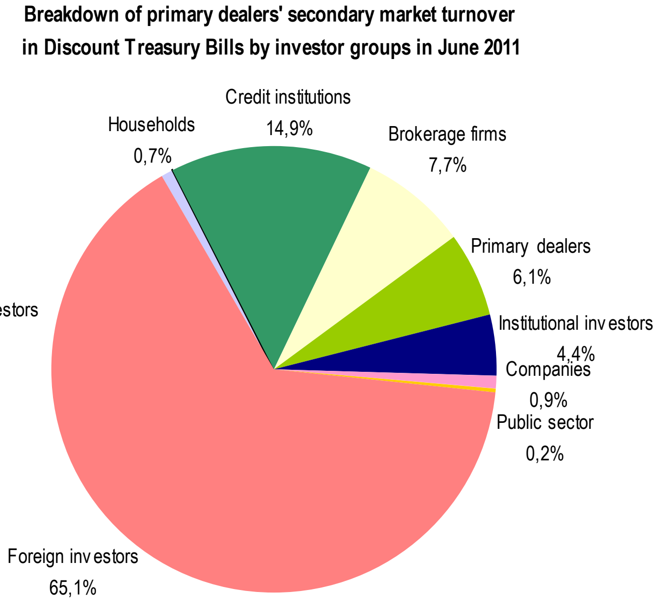
GOVERNMENT SECURITIES BUY-BACK AUCTION RESULTS

Government bond	2011/B	2012/B	2011/B	2012/B	2011/B	2012/B
ISIN code	HU0000402334	HU0000402367	HU0000402334	HU0000402367	HU0000402334	HU0000402367
Coupon (%)	6.00	7.25	6.00	7.25	6.00	7.25
Date of reverse auction	01.06.2011	01.06.2011	15.06.2011	15.06.2011	29.06.2011	29.06.2011
Date of financial settlement	08.06.2011	08.06.2011	22.06.2011	22.06.2011	06.07.2011	06.07.2011
Redemption date	12.10.2011	12.06.2012	12.10.2011	12.06.2012	12.10.2011	12.06.2012
Minimum annual yield (%)	5.90	5.80	0.00	0.00	5.80	5.77
Average annual yield - ISMA (%)	5.91	5.82	0.00	0.00	5.84	5.83
Average annual yield - EHM (%)	5.80	5.80	0.00	0.00	5.72	5.80
Amount of bids submitted (HUF million)	8,168.98	25,954.45	8,938.86	17,632.51	19,511.21	32,376.27
Amount of bids accepted (HUF million)	1,769.43	15,954.45	0.00	0.00	10,802.12	21,715.89









INTEREST RATE RESETS OF FLOATING RATE GOVERNMENT BONDS IN JUNE 2011

Government Bond	Date of interest rate reset	Interest period		Date of interest payment	Reset interest rate (%)	Interest payable (%)
2013/C	17.06.2011	20.06.2011	20.12.2011	20.12.2011	5.90	3.00
2014/B	17.06.2011	20.06.2011	20.12.2011	20.12.2011	5.90	3.00
2015/B	17.06.2011	22.06.2011	22.12.2011	22.12.2011	5.86	2.98
2016/A	29.06.2011	30.06.2011	30.09.2011	30.09.2011	5.25	1.32

HUNGARIAN GOVERNMENT SECURITIES INDICES

	MAX index	RMAX index	MAX Composite index	ZMAX index
Value as at 30 June 2011	454.3254	443.4159	449.1876	442.4747
Changes compared to the end of the month before	1.1785	2.4639	1.2997	2.3964
Annual yield earned on the index portfolio	8.87%	5.76%	8.44%	5.70%

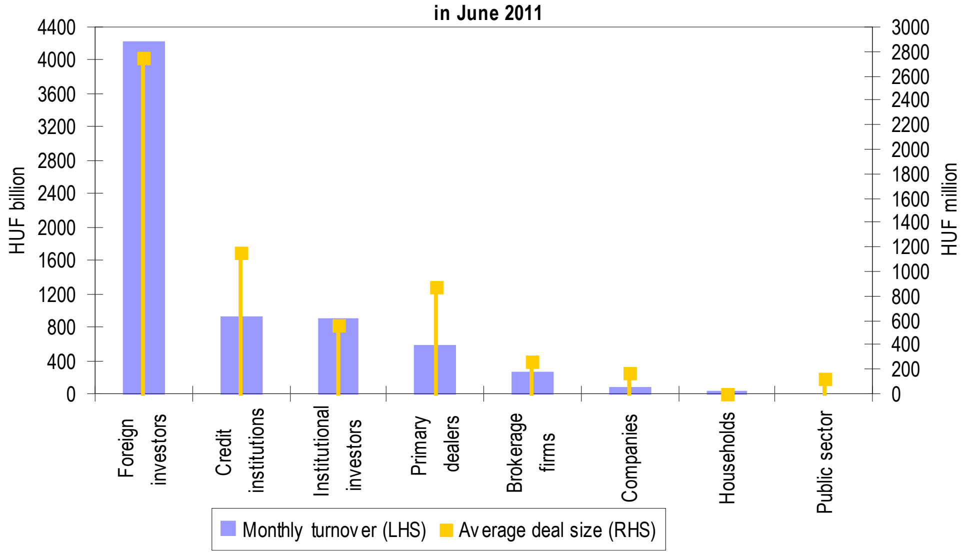
Government securities with the highest secondary market turnover in June 2011

Government security	Date of redemption	Turnover (HUF billion)
D120502	02.05.2012	1,303.5
2020/A	12.11.2020	801.0
2014/C	12.02.2014	790.0
2019/A	24.06.2019	548.1
2014/D	22.08.2014	532.0
2013/E	24.10.2013	495.6
2017/B	24.02.2017	457.4
2016/C	12.02.2016	452.1
D110727	27.07.2011	243.7
2022/B	24.06.2022	203.0

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

Government bond	HUF billion 31.05.2011	30.06.2011
2014/D	325.31	296.77
2017/B	839.54	748.48
2022/A	122.69	140.16
2028/A	20.64	16.85

Primary dealers' trading with different investor groups in June 2011



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