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GOVERNMENT DEBT MANAGEMENT AGENCY PTE LTD.

GOVERNMENT SECURITIES MARKET

MONTHLY REPORT

AUGUST 2013

The deficit of the central government amounted to HUF 961.2 billion in the first 8 months of 2013. The net prefinancing of cash transfers from the European Union increased the net borrowing requirement by HUF 126.3 billion. Thus, the total net financing requirement amounted to HUF 1,087.5 billion in August. Net issuance was HUF 1,357.5 billion, including the sum of debt assumptions HUF 584.5 billion; out of which net HUF-denominated issuance was HUF 1,332.6 billion and net foreign currency denominated issuance was HUF 24.9 billion. Without debt assumptions net issuance was HUF 855.9 billion, out of which net HUF-denominated issuance was HUF 1,218.8 billion and net foreign currency denominated issuance was HUF -362.9 billion.

	2012		2013		Change	
HUF billion	December	%	August	%	HUF billion	%
Foreign exchange denominated debt	8,326.6	40.2	8,628.0	39.0	301.4	3.6
Government securities	5,014.1	24.2	5,906.3	26.7	892.2	17.8
Loans	3,312.5	16.0	2,721.7	12.3	-590.7	-17.8
HUF denominated debt	12,042.4	58.1	13,370.0	60.4	1,327.6	11.0
Government securities	11,475.6	55.4	12,676.3	57.3	1,200.7	10.5
Loans	566.8	2.7	693.7	3.1	126.9	22.4
Total	20,369.0	98.3	21,998.0	99.4	1,629.0	8.0
Other obligations	351.1	1.7	132.8	0.6	-218.3	-62.2
Total central government debt	20,720.1	100.0	22,130.8	100.0	1,410.7	6.8

The HUF denominated debt of the central government increased by HUF 1,327.6 billion in the first 8 months of 2013 (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 536.0 billion, the amount of discount Treasury bills increased by HUF 270.6 billion and the total amount of retail government securities increased by HUF 472.4 billion. The stock of non-marketable government bonds decreased by HUF 78.3 billion because of redemption. The volume of HUF loans increased by HUF 126.9 billion in the first 8 months of the year.

The foreign currency debt of the central government increased by HUF 301.4 billion in the first 8 months of 2013. The foreign currency bond issuance was HUF 712.4 billion, the gross P€MAK and residence bond issuance was HUF 578.2 billion.The drawdown of foreign currency denominated loans worth HUF 145.2 billion increased, the debt assumptions worth HUF 418.0 billion increased, while the redemptions of foreign currency debt worth HUF 1,828.9 billion decreased the debt. The exchange rate revaluations totalling HUF 276.5 billion increased the Hungarian Forint value of the foreign currency debt in 2013.

Benchmark yields

Maturity	28.12.2012.	31.07.2013.	31.08.2013.	Change, basis points
3-month	5.33	3.95	3.80	-15
6-month	5.28	3.96	3.86	-10
1-year	5.40	4.09	3.95	-14
3-year	5.61	4.92	5.19	27
5-year	5.89	5.45	5.79	34
10-year	6.11	6.41	6.58	17
15-year	6.11	6.91	7.03	12

Monthly OTC turnover of government securities was 5 % lower in August than a month before and reached HUF 2,765.3 billion. Primary dealers, who account for the decisive part of all secondary government securities trading, made 63% of their secondary government securities deals with non-resident investors.

The volume of non-residents' holdings of Hungarian government securities decreased altogether by HUF 48.6 billion in August, and amounted to HUF 4,946.1 billion at the end of the month. This volume represented 39.0% of the total amount of domestic government securities.

The EUR/HUF exchange rate according to the National Bank of Hungary was 300.56 on the last working day of August.

The credit rating of the long-term foreign currency debt of the Republic of Hungary is as follows on the last working day of August: BB (Standard & Poor's); Ba1 (Moody's); BB+ (Fitch).

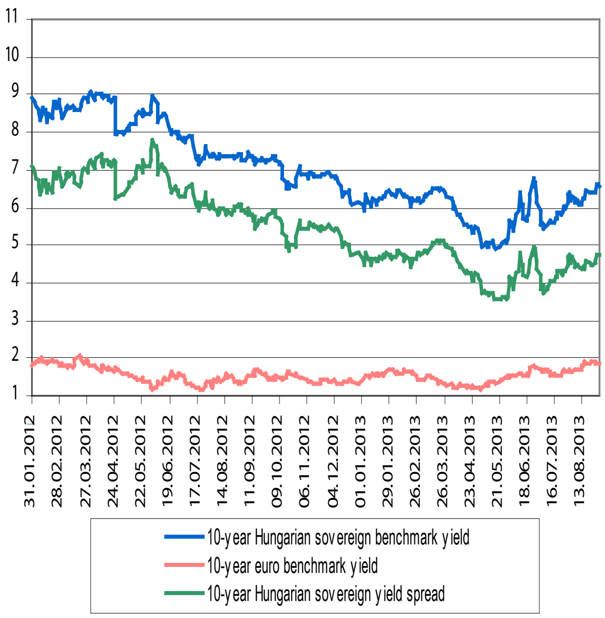
CENTRAL GOVERNMENT GROSS DEBT

HUF BILLION

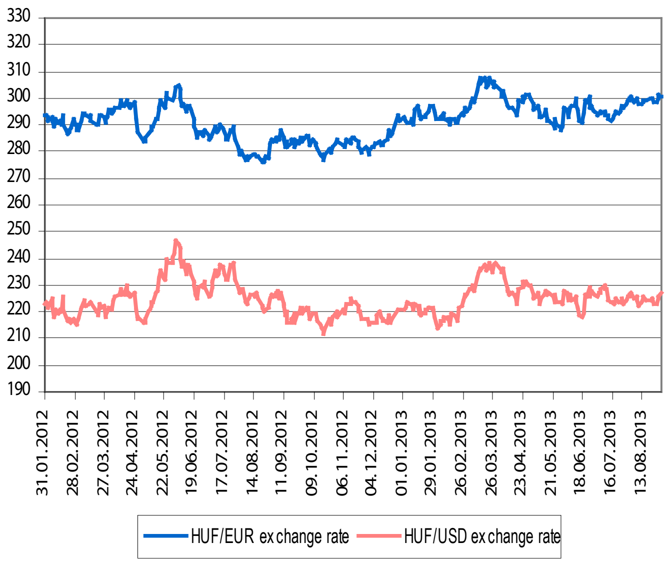
	2007	2008	2009	2010	2011	2012	June 2013	July 2013	August 2013
1. Forint denominated debt	11,103.8	11,250.6	10,476.2	10,978.2	10,362.2	12,042.4	13,002.4	13,113.9	13,370.0
1.1. Loans	145.7	219.9	438.7	540.8	590.8	566.8	678.6	694.0	693.7
1.2. Government securities	10,958.1	11,030.7	10,037.5	10,437.4	9,771.4	11,475.6	12,323.8	12,419.9	12,676.3
1.2.1. Public issues	10,465.4	10,599.7	9,613.2	10,019.6	9,378.1	11,077.1	12,002.9	12,099.8	12,356.2
1.2.1.1. Bonds	8,245.3	8,570.6	7,519.2	7,965.8	7,353.4	8,184.1	8,573.5	8,646.1	8,720.1
1.2.1.2. Discount T-bills	1,664.9	1,482.4	1,647.3	1,618.2	1,540.9	1,906.5	2,108.4	2,041.6	2,177.1
1.2.1.3. Retail securities	555.2	546.4	446.6	435.7	473.8	986.6	1,321.0	1,412.1	1,459.0
1.2.2. Private placements	492.7	431.0	424.3	417.8	403.2	398.5	321.0	320.1	320.1
2. Foreign currency denominated debt*	4,472.6	6,774.8	8,466.7	8,842.8	10,170.4	8,326.6	9,040.1	9,189.9	8,628.0
2.1. Loans	846.5	2,529.4	4,112.7	4,292.8	4,458.1	3,312.5	3,273.7	3,314.1	2,721.7
2.1.1. Foreign loans	838.8	2,529.4	4,112.7	4,292.8	4,361.9	3,229.0	2,915.9	2,962.5	2,369.7
2.1.2. Domestic loans	104.0	0.0	0.0	0.0	96.2	83.5	357.8	351.6	352.1
2.1.2.1. Raised from National Bank of Hungary (NBH)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
2.1.2.2. Other loans	7.7	0.0	0.0	0.0	96.2	83.5	357.8	351.6	352.1
2.2. Government securities	3,626.1	4,245.5	4,354.0	4,550.0	5,712.3	5,014.1	5,766.4	5,875.8	5,906.3
2.2.1. Issued abroad	3,626.1	4,245.5	4,354.0	4,550.0	5,712.3	4,924.2	5,274.9	5,362.3	5,371.4
2.2.1.1. Foreign currency bonds	3,626.1	4,245.4	4,354.0	4,550.0	5,712.3	4,924.2	5,274.9	5,362.3	5,371.4
2.2.1.2. Kingdom of Hungary 1924 issues	0.0	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	89.9	491.5	513.5	534.8
Total	15,576.4	18,025.4	18,942.9	19,821.0	20,532.6	20,369.0	22,042.6	22,303.8	21,998.0
Other liabilities	9.1	78.5	20.1	220.01	422.9	351.1	195.8	170.4	132.8
Total central government debt	15,585.5	18,103.9	18,963.1	20,041.0	20,955.5	20,720.1	22,238.4	22,474.2	22,130.8
Marketable HUF debt (1.2.1.1+1.2.1.2.+1.2..2.)	*10,402.9*	*10,484.0*	*9,623.3*	*10,001.8*	*9,297.6*	*10,489.1*	*11,002.9*	*11,007.8*	*11,217.3*
Gross debt/GDP	*61.3%*	*68.2%*	*74.0%*	*75.3%*	*75.1%*	*73,3%*			

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

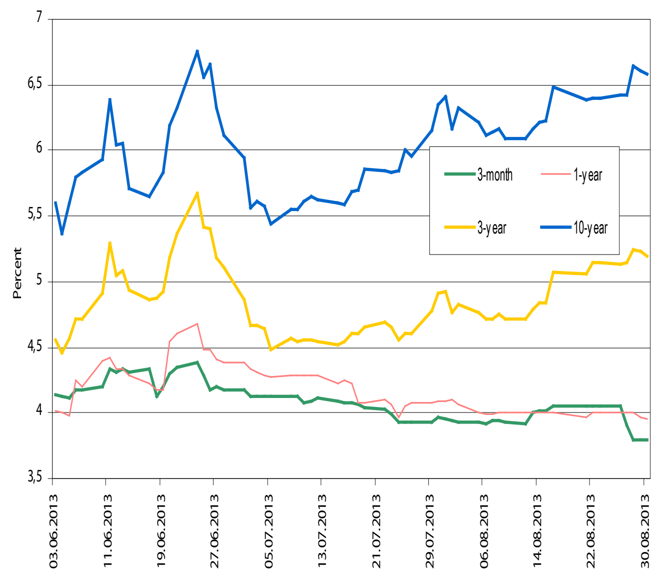
10-year Hungarian and eurozone benchmark yields during the last year



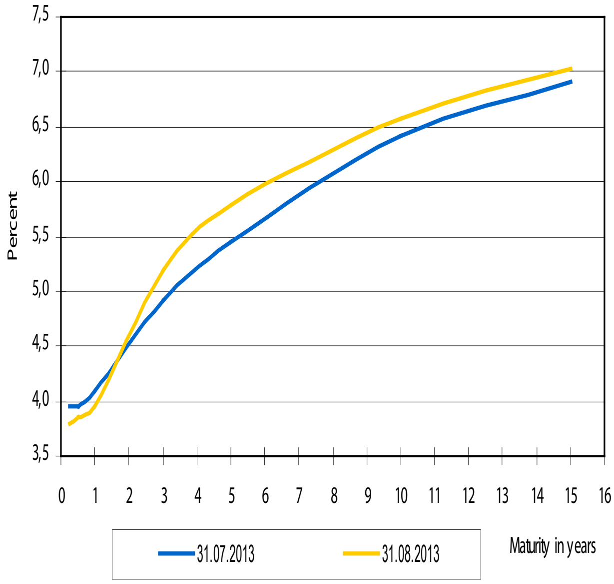
The exchange rate of the Hungarian Forint during the last year



Benchmark yields in the past three months



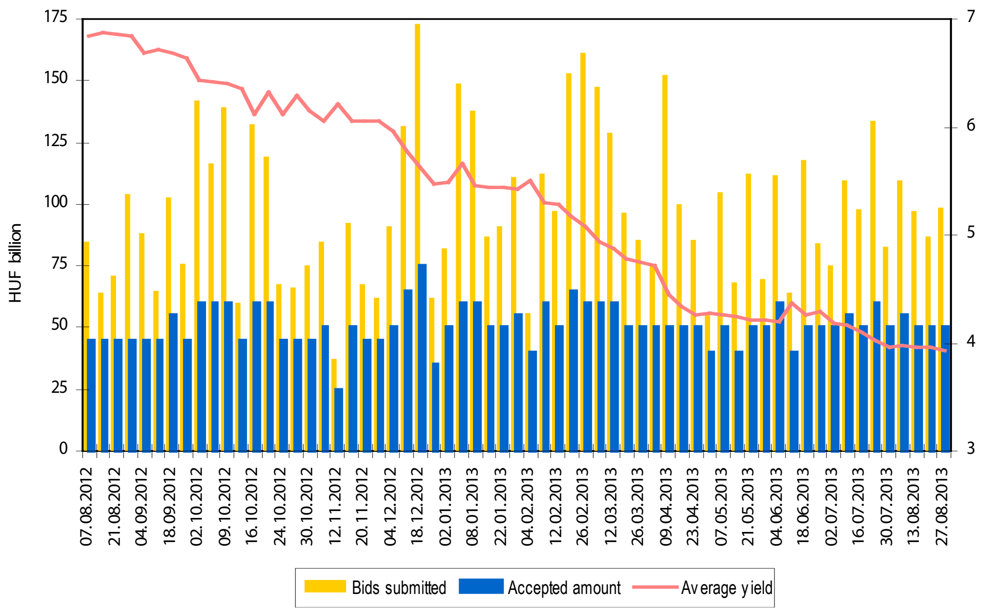
Benchmark yield curves



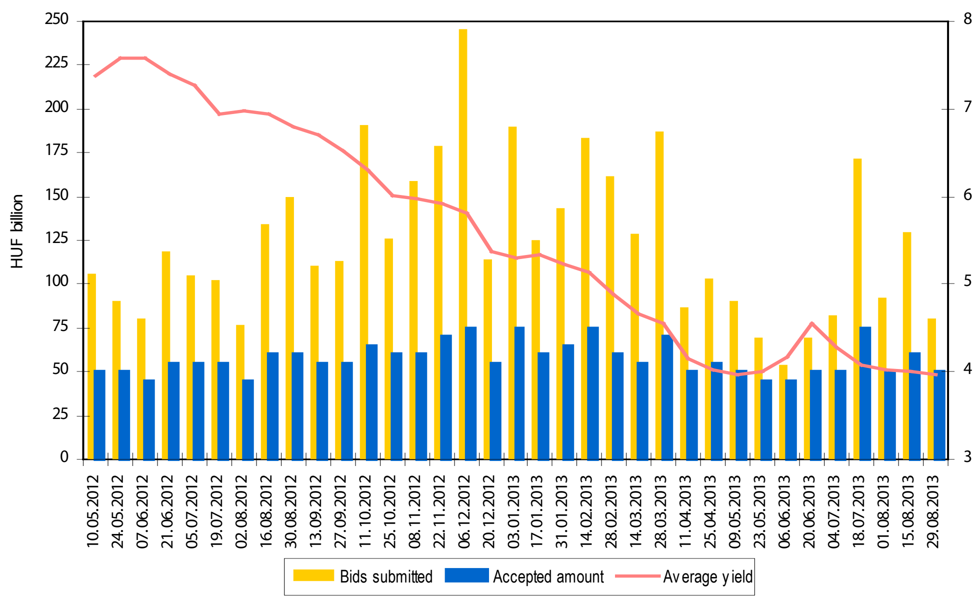
DISCOUNT TREASURY BILL AUCTION RESULTS

	3-month Discount T-bills				12-month Discount T-bills		
Code of T-bills	D131106	D131113	D131120	D131127	D140625	D140806	D140806
ISIN code	HU0000519582	HU0000519202	HU0000519590	HU0000519616	HU0000519525	HU0000519608	HU0000519608
Maturity in days	91	91	91	91	322	350	336
Date of auction	30.07.2013	06.08.2013	13.08.2013	21.08.2013	01.08.2013	15.08.2013	29.08.2013
Date of financial settlement	07.08.2013	14.08.2013	21.08.2013	28.08.2013	07.08.2013	21.08.2013	04.09.2013
Redemption date	06.11.2013	13.11.2013	20.11.2013	27.11.2013	25.06.2014	06.08.2014	06.08.2014
Maximum yield, (%) - ISMA	4.05	4.00	3.97	4.00	4.07	4.04	4.00
Minimum yield (%) - ISMA	3.90	3.95	3.94	3.89	3.97	3.97	3.91
Average yield (%) - ISMA	3.97	3.98	3.96	3.95	4.02	4.01	3.97
Maximum yield, (%) - EHM	4.11	4.06	4.03	4.06	4.13	4.10	4.06
Minimum yield (%) - EHM	3.95	4.00	3.99	3.94	4.03	4.03	3.96
Average yield (%) - EHM	4.03	4.04	4.02	4.00	4.08	4.07	4.03
Average selling price (%)	99.0064	99.0040	99.0089	99.0114	96.5291	96.2477	96.4271
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)	82,925.54	109,650.00	97,165.00	87,042.30	91,700.00	129,352.64	80,150.00
Amount of bids accepted (HUF million)	49,999.95	54,999.87	49,999.91	49,999.97	49,999.96	59,999.98	49,999.95
Bid-to-cover ratio	1.66	1.99	1.94	1.74	1.83	2.16	1.60
Bids submitted (pcs)	89	118	109	102	96	138	96
Bids accepted (pcs)	56	66	46	65	49	40	61
Market sales* (HUF million)	49,999.95	54,999.87	49,999.91	49,999.97	49,999.96	59,999.98	49,999.95
Retained on ÁKK's own account	15,000.05	16,500.13	15,000.09	15,000.03	15,000.04	60,000.02	15,000.05
Total amount issued (HUF million)	65,000.00	71,500.00	65,000.00	65,0000.00	65,000.00	120,000.00	65,000.00

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



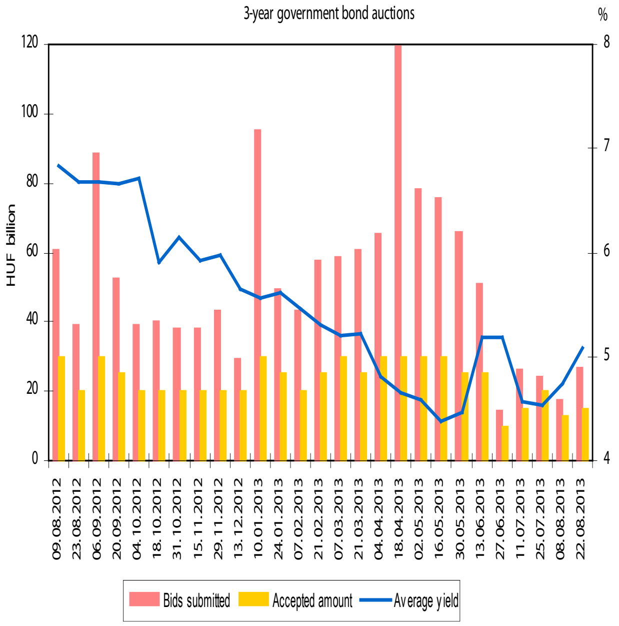
12-month Discount Treasury Bill auctions

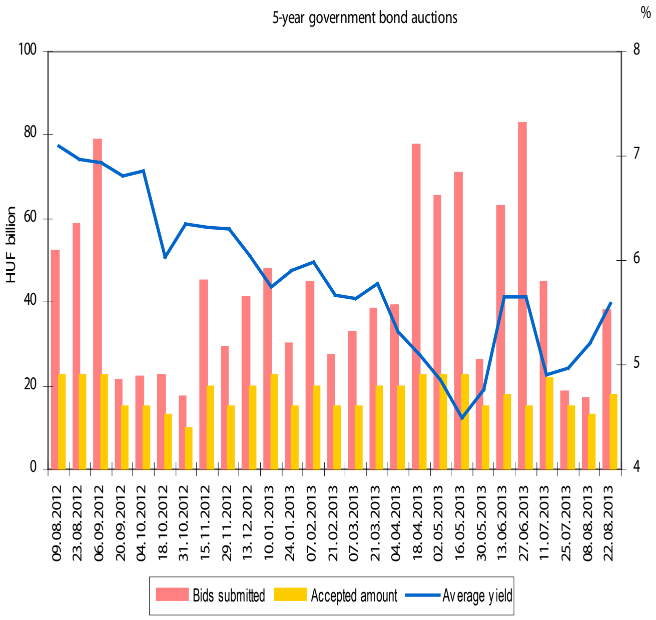


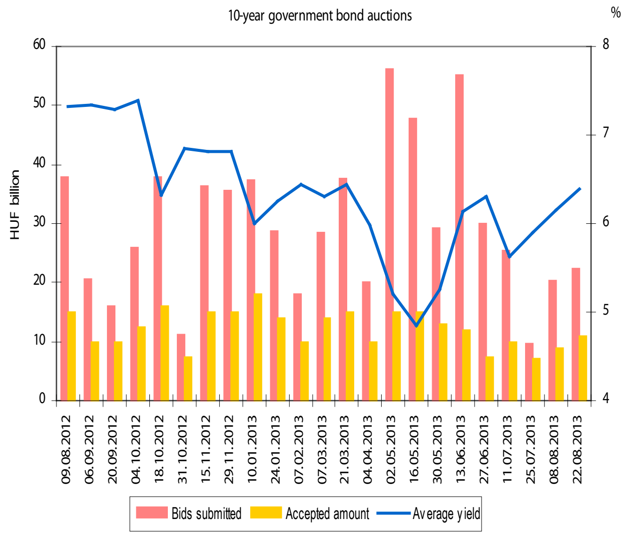
GOVERNMENT BOND AUCTION RESULTS

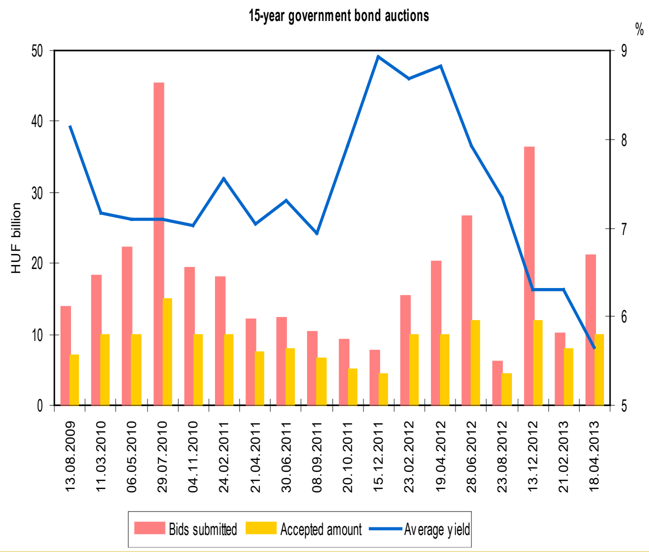
Government Bond	2019/B	2016/D	2018/A	2023/A	2016/D	2018/A	2023/A	2019/B
ISIN code	HU0000402649	HU0000402623	HU0000402631	HU0000402383	HU0000402623	HU0000402631	HU0000402383	HU0000402649
Maturity (in years)	5	3	5	10	3	5	10	5
Coupon (%)	5.47%	5.50%	5.50%	6.00%	5.50%	5.50%	6.00%	5.47%
Auction	8th auction	16th auction	16th auction	43rd auction	17th auction	17th auction	44th auction	9th auction
Date of auction	01.08.2013	08.08.2013	08.08.2013	08.08.2013	22.08.2013	22.08.2013	22.08.2013	29.08.2013
Date of financial settlement	07.08.2013	14.08.2013	14.08.2013	14.08.2013	28.08.2013	28.08.2013	28.08.2013	04.09.2013
Redemption date	20.05.2019	22.12.2016	20.12.2018	24.11.2023	22.12.2016	20.12.2018	24.11.2023	20.05.2019
Maximum annual yield (%) - ISMA		4.79	5.25	6.19	5.12	5.60	6.39	
Minimum annual yield (%) - ISMA		4.68	5.15	6.09	5.08	5.58	6.38	
Average annual yield (%) - ISMA		4.74	5.21	6.16	5.09	5.59	6.39	
Maximum annual yield (%) - EHM		4.79	5.25	6.19	5.12	5.60	6.39	
Minimum annual yield (%) - EHM		4.68	5.15	6.09	5.08	5.58	6.38	
Average annual yield (%) - EHM		4.74	5.21	6.15	5.09	5.59	6.39	
Maximum price (%)	95.5000	102.4673	101.5738	99.2911	101.2264	99.6124	97.1712	95.8000
Minimum price (%)	95.2100	102.1274	101.1125	98.5496	101.1060	99.5227	97.0990	95.5000
Average price (%)	95.2800	102.2785	101.2861	98.7975	101.1971	99.5491	97.1351	95.6500
Amount offered for sale (HUF million)	5,000.00	18,000.00	13,000.00	9,000.00	15,000.00	12,000.00	8,000.00	5,000.00
Amount of bids submitted (HUF million)	16,100.00	17,480,00	17,250.00	20,245.00	27,000.00	38,290.00	22,460.00	9,790.00
Amount of bids accepted (HUF million)	7,500.00	13,000.00	12,999.98	8,999.98	14,999.99	17,999.98	11,000.00	4,999.99
Bid-to-cover ratio	2.15	1.34	1.33	2.25	1.80	2.13	2.04	1.96
Bids submitted (pcs)	21	43	46	54	34	48	52	22
Bids accepted (pcs)	12	39	35	35	12	13	7	13
Tail (average price - minimum price)	0.07	0.15	0.17	0.25	0.09	0.03	0.04	0.15
Market sales* (HUF million)	7,500.00	13,000.00	12,999.98	8,999.98	14,999.99	17,999.98	11,000.00	4,999.99
Non-competitive offer (HUF million)	400.00	0.00	0.00	707.91	3,493.33	3,115.70	3,000.00	14.28
Total amount issued (HUF million)	10,500.00	13,000.00	13,000.00	9,000.00	15,000.00	18,000.00	11,000.00	7,000.00

*Without issuance onto ÁKK's own account



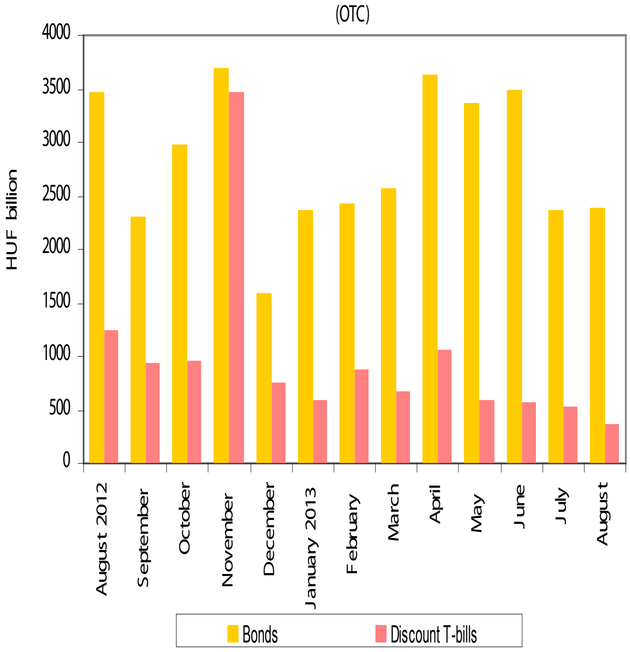




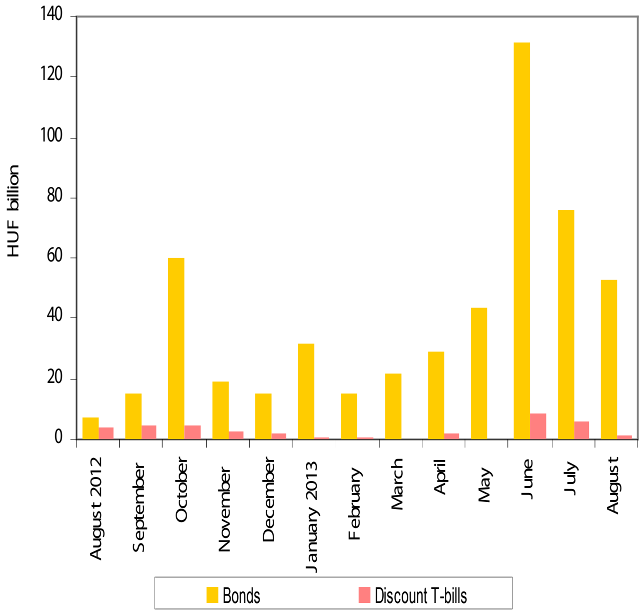


Government bond	2014/C	2014/D	2014/C	2014/D
ISIN code	HU0000402193	HU0000402516	HU0000402193	HU0000402516
Coupon (%)	5.50	6.75	5.50	6.75
Date of reverse auction	07.08.2013	07.08.2013	21.08.2013	21.08.2013
Date of financial settlement	14.08.2013	14.08.2013	28.08.2013	28.08.2013
Redemption date	12.02.2014	22.08.2014	12.02.2014	22.08.2014
Minimum annual yield (%)	3,84	3,92	3,98	0,00
Average annual yield - ISMA (%)	3.85	3.93	3.98	0.00
Average annual yield - EHM (%)	3.81	3.93	3.94	0.00
Amount of bids submitted (HUF million)	13,324.34	42,033.92	4,160.38	12,124.26
Amount of bids accepted (HUF million)	4,640.81	25,378.08	2,360.39	0.00

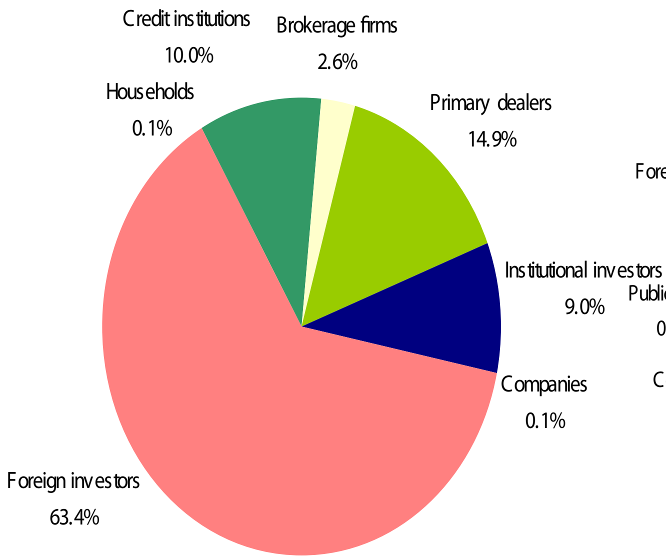
Secondary market trading of Hungarian government securities (OTC)



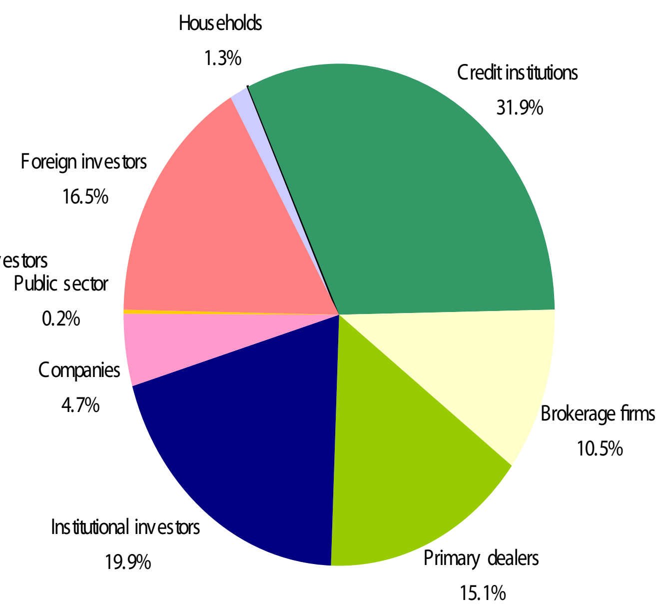
Secondary market trading of Hungarian government securities (MTS Hungary trading)



Breakdown of primary dealers' secondary market turnover in government bonds by investor groups in August 2013



Breakdown of primary dealers' secondary market turnover in Discount Treasury Bills by investor groups in August 2013



INTEREST RATE RESETS OF FLOATING RATE GOVERNMENT BONDS IN AUGUST 2013

Government Bond	Date of interest rate reset	Interest period		Date of interest payment	Reset interest rate (%)	Interest payable (%)
2026/A	28.08.2013	28.08.2013	28.02.2014	28.02.2014	4.09	4.83
2014/I	09.08.2013	11.08.2013	11.08.2014	11.08.2014	4.90	4.90

HUNGARIAN GOVERNMENT SECURITIES INDICES

	MAX index	RMAX index	MAX Composite index	ZMAX index
Value as at 31 August 2013	547.1718	509.9936	537.4921	505.0859
Changes compared to the end of the month before	-2.2103	2.0082	-1.6025	1.9614
Annual yield earned on the index portfolio	10.76%	6.74%	10.03%	5.74%

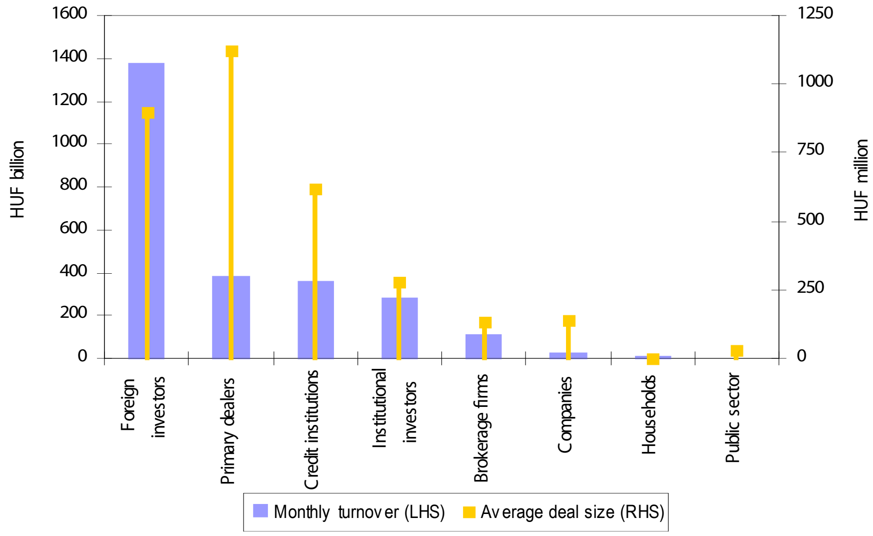
Government securities with the highest secondary market turnover in August 2013

Government security	Date of redemption	Turnover (HUF billion)
2023/A	24.11.2023	532.0
2018/A	20.12.2018	294.6
2016/D	22.12.2016	193.4
2020/A	12.11.2020	139.0
2022/A	24.06.2022	131.1
D131113	13.11.2013	118.0
2015/C	24.08.2015	117.2
2017/B	24.02.2017	108.0
2015/A	12.02.2015	95.7
D140625	25.06.2014	83.8

The outstanding volume of government bonds with benchmark status at the end of August 2013

	HUF billion	
Government bond	31.07.2013	31.08.2013
2016/D	460.13	492.23
2018/A	345.47	380.39
2023/A	474.02	498.10
2028/A	117.87	117.93

Primary dealers' trading with different investor groups in August 2013



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