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GOVERNMENT DEBT MANAGEMENT AGENCY PTE LTD.

GOVERNMENT SECURITIES MARKET

MONTHLY REPORT

SEPTEMBER 2012

The deficit of the central government amounted to HUF 549.8 billion in September. The net prefinancing of cash transfers from the European Union decreased the net borrowing requirement by HUF 42.5 billion. Thus, the total net financing requirement amounted to HUF 507.3 billion in 2012. Net issuance was HUF 614.3 billion; out of which net HUF-denominated issuance was HUF 1,437.4 billion and net foreign currency denominated issuance was HUF -823.1 billion.

	2011		2012		Change	
HUF billion	December	%	September	%	HUF billion	%
Foreign exchange denominated debt	10,170.4	48.5	8,457.9	41.0	-1,712.5	-16.8
Government securities	5,712.3	27.3	5,078.9	24.6	-633.4	-11.1
Loans	4,458.1	21.3	3,379.0	16.4	1,079.1	-24.2
HUF denominated debt	10,362.2	49.4	11,799.6	57.1	1 437.4	13.9
Government securities	9,771.4	46.6	11,211.8	54.3	1 440.4	14.7
Loans	590.8	2.8	587.8	2.8	-3.0	-0.5
Total	20,532.6	98.0	20,257.5	98.1	-275.2	-1.3
Other obligations	422.9	2.0	396.4	1.9	-26.5	-6.3
Total central government debt	20,955.5	100.0	20,653.9	100.0	-301.6	-1.4

The HUF denominated debt of the central government increased by HUF 1,437.4 billion in 2012 . The increase in domestic debt was the result of net government bond issuance of HUF 921.0 billion, the amount of discount Treasury bills increased by HUF 186.2 billion and the total amount of retail government securities increased by HUF 334.9 billion.

The foreign currency debt of the central government decreased by HUF 1,712.5 billion in 2012. The drawdown of foreign currency denominated loans worth HUF 17.2 increased, while the redemptions of foreign currency debt worth HUF 840.3 billion decreased the debt. The exchange rate revaluations totalling HUF 889.4 billion decreased the Hungarian Forint value of the foreign currency debt in 2012. Secondary market yields were in September:

Benchmark yields

Maturity	30.12.2011.	31.08.2012.	30.09.2012.	Change, basis points
3-month	7.55	6.71	6.30	-41
6-month	7.60	6.66	6.42	-24
1-year	7.95	6.73	6.48	-25
3-year	9.06	6.69	6.59	-10
5-year	9.64	6.94	6.72	-22
10-year	9.75	7.25	7.24	-1
15-year	9.76	7.32	7.30	-2

Monthly OTC turnover of government securities was 31 % lower in September than a month before and reached HUF 3,241.1 billion. Primary dealers, who account for the decisive part of all secondary government securities trading, made 45% of their secondary government securities deals with non-resident investors.

The volume of non-residents' holdings of Hungarian government securities decreased altogether by HUF 115.7 billion in September, and amounted to HUF 4,839.7 billion at the end of the month. This volume represented 43.2% of the total amount of domestic government securities.

The EUR/HUF exchange rate according to the National Bank of Hungary was 283.71 on the last working day of September.

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

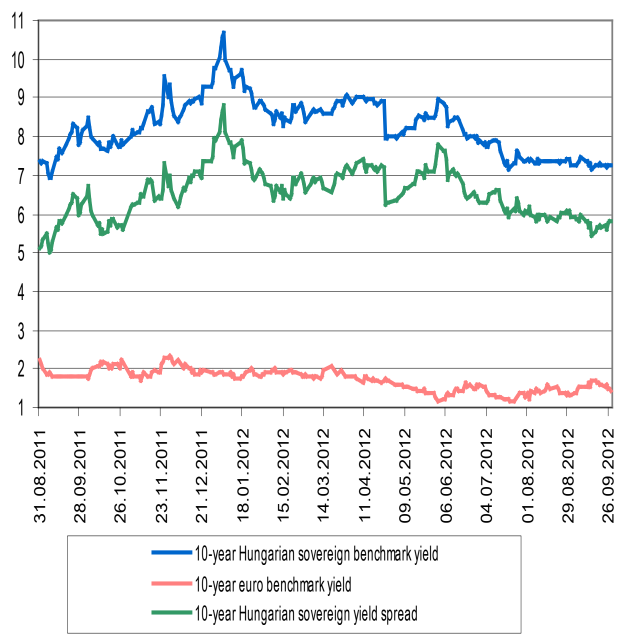
CENTRAL GOVERNMENT GROSS DEBT

HUF BILLION

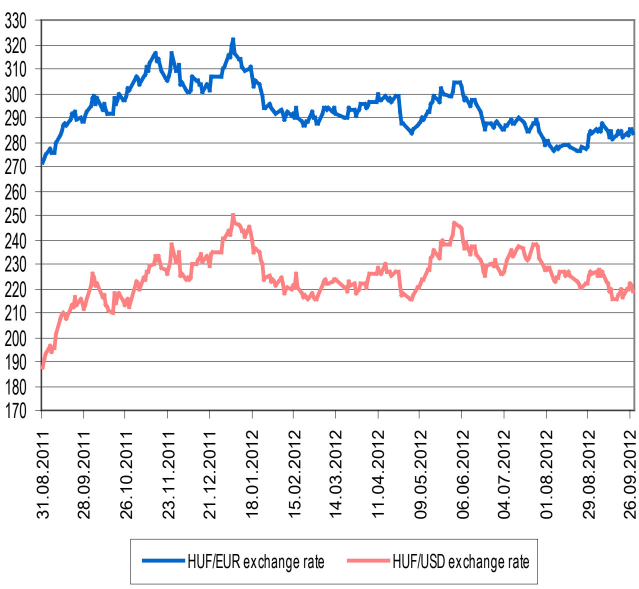
	2006	2007	2008	2009	2010	2011	July 2012	August 2012	September 2012
1. Forint denominated debt	10,552.3	11,103.8	11,250.6	10,476.2	10,978.2	10,362.2	11,528.1	11,484.8	11,799.6
1.1. Loans	356.4	145.7	219.9	438.7	540.8	590.8	587.8	587.8	587.8
1.2. Government securities	10,195.9	10,958.1	11,030.7	10,037.5	10,437.4	9,771.4	10,940.3	10,897.0	11,211.8
1.2.1. Public issues	9,667.5	10,465.4	10,599.7	9,613.2	10,019.6	9,378.1	10,538.7	10,495.4	10,810.2
1.2.1.1. Bonds	7,244.2	8,245.3	8,570.6	7,519.2	7,965.8	7,353.4	7,973.0	8,127.6	8,274.4
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	1,847.0	1,595.8	1,727.1
1.2.1.3. Retail securities	667.4	555.2	546.4	446.6	435.7	473.8	718.8	772.0	808.7
1.2.2. Private placements	528.4	492.7	431.0	424.3	417.8	403.2	401.6	401.6	401.6
2. Foreign currency denominated debt*	4,124.4	4,472.6	6,774.8	8,466.7	8,842.8	10,170.4	8,574.4	8,546.2	8,457.9
2.1. Loans	803.7	846.5	2,529.4	4,112.7	4,292.8	4,458.1	3,584.6	3,470.7	3,378.9
2.1.1. Foreign loans	700.1	838.8	2,529.4	4,112.7	4,292.8	4,361.9	3,503.8	3,388.4	3,297.1
2.1.2. Domestic loans	103.6	104.0	0.0	0.0	0.0	96.2	80.8	82.2	81.9
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	80.8	82.2	81.9
2.2. Government securities	3,320.7	3,626.1	4,245.5	4,354.0	4,550.0	5,712.3	4,989.8	5,075.5	5,078.9
2.2.1. Issued abroad	3,320.7	3,626.1	4,245.5	4,354.0	4,550.0	5,712.3	4,989.8	5,075.5	5,078.9
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	4,989.8	5,075.5	5,078.9
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	20,102.6	20,031.0	20,257.5
Other liabilities	29.0	9.1	78.5	20.1	220.01	422.9	642.3	513.2	396.4
Total central government debt	14,705.7	15,585.5	18,103.9	18,963.1	20,041.0	20,955.5	20,744.9	20,544.2	20,653.9
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*	*10,221.6*	*10,125.0*	*10,403.1*
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

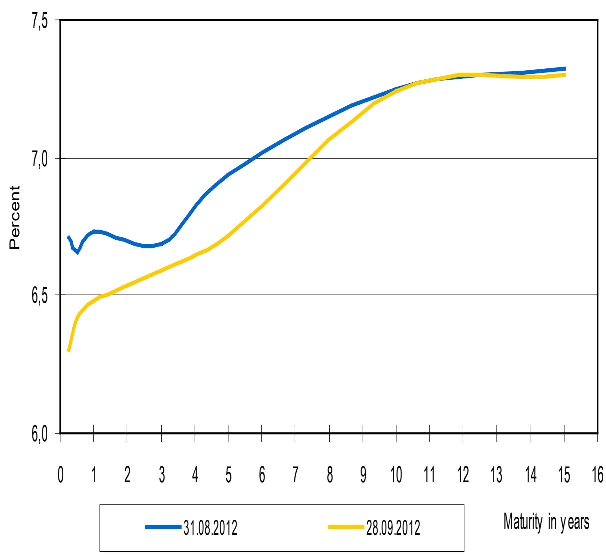


The exchange rate of the Hungarian Forint during the last year



Benchmark yields in the past three months

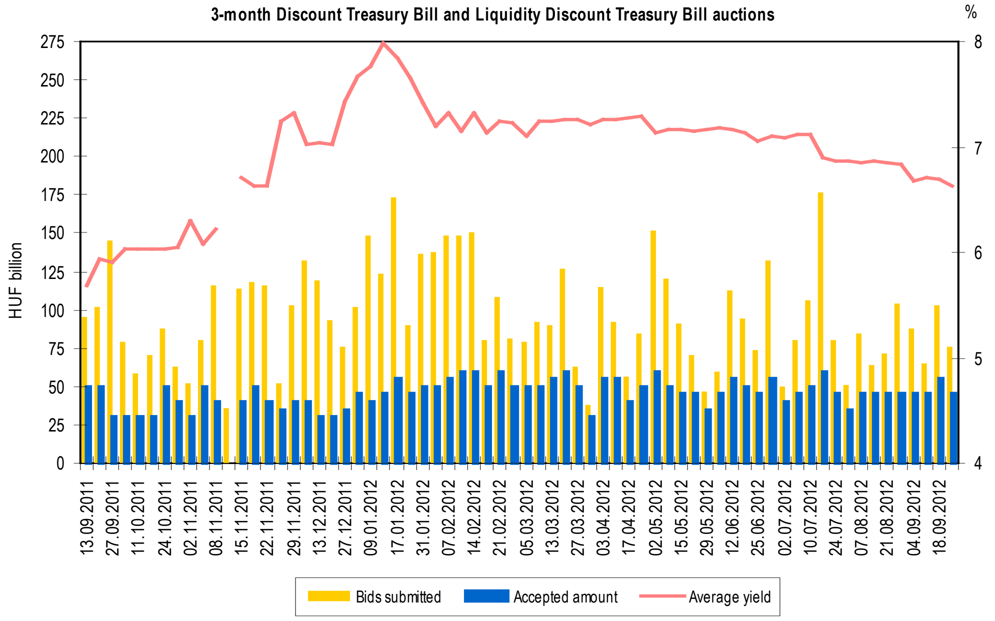
Benchmark yield curves



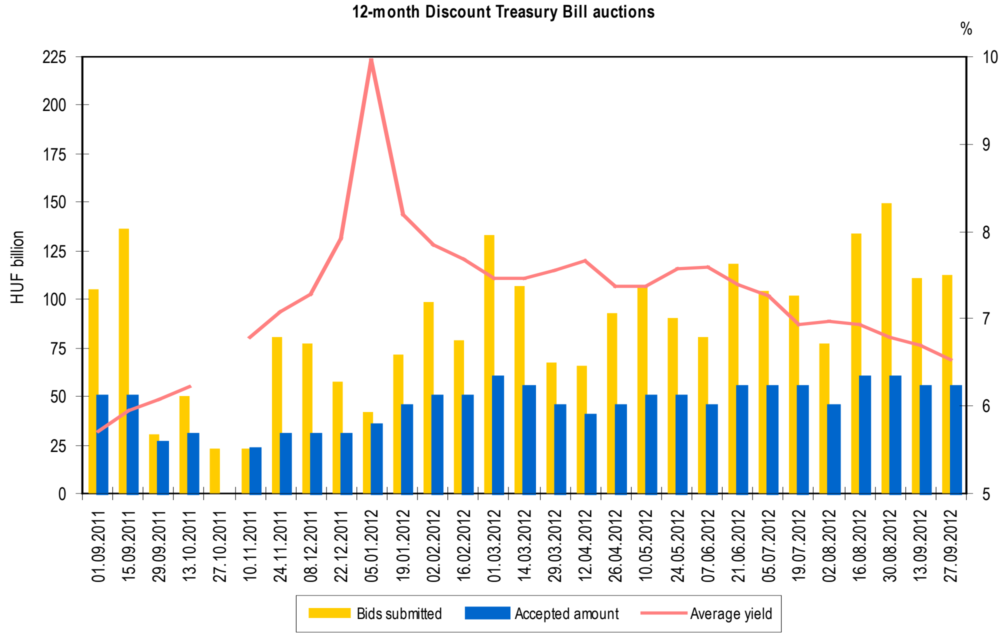
DISCOUNT TREASURY BILL AUCTION RESULTS

	3-month Discount T-bills				12-month Discount T-bills	
Code of T-bills	D121212	D121219	D121227	D130102	D130918	D130918
ISIN code	HU0000518709	HU0000519046	HU0000518782	HU0000519137	HU0000519111	HU0000519111
Maturity in days	91	91	92	91	364	350
Date of auction	04.09.2012	11.09.2012	18.09.2012	25.09.2012	13.09.2012	27.09.2012
Date of financial settlement	12.09.2012	19.09.2012	26.09.2012	03.10.2012	19.09.2012	03.10.2012
Redemption date	12.12.2012	19.12.2012	27.12.2012	02.01.2013	18.09.2013	18.09.2013
Maximum yield, (%) - ISMA	6.75	6.73	6.72	6.65	6.72	6.57
Minimum yield (%) - ISMA	6.60	6.67	6.65	6.58	6.65	6.48
Average yield (%) - ISMA	6.68	6.71	6.69	6.63	6.70	6.53
Maximum yield, (%) - EHM	6.84	6.82	6.81	6.74	6.81	6.66
Minimum yield (%) - EHM	6.69	6.76	6.74	6.67	6.74	6.57
Average yield (%) - EHM	6.77	6.80	6.78	6.72	6.79	6.62
Average selling price (%)	98.3395	98.3322	98.3191	98.3517	93.6554	94.0304
Amount offered for sale (HUF million)	45,000.00	45,000.00	45,000.00	45,000.00	45,000.00	45,000.00
Amount of bids submitted (HUF million)	87,889.67	64,640.00	102,532.30	75,625.04	110,467.96	112,816.64
Amount of bids accepted (HUF million)	44,999.88	44,999.93	54,999.93	44,999.95	54,999.91	54,999.96
Bid-to-cover ratio	1.95	1.44	1.86	1.68	2.01	2.05
Bids submitted (pcs)	109	74	104	99	119	117
Bids accepted (pcs)	63	49	64	51	62	64
Market sales* (HUF million)	44,999.88	44,999.93	54,999.93	44,999.95	54,999.91	54,999.96
Retained on ÁKK's own account	13,500.12	13,500.07	16,500.07	13,500.05	55,000.09	16,500.04
Total amount issued (HUF million)	58,500.00	58,500.00	71,500.00	58,500.00	110,000.00	71,500.00

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



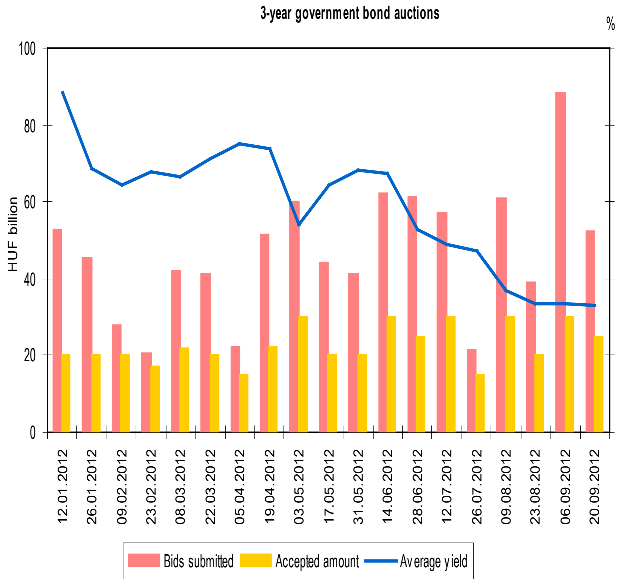
12-month Discount Treasury Bill auctions

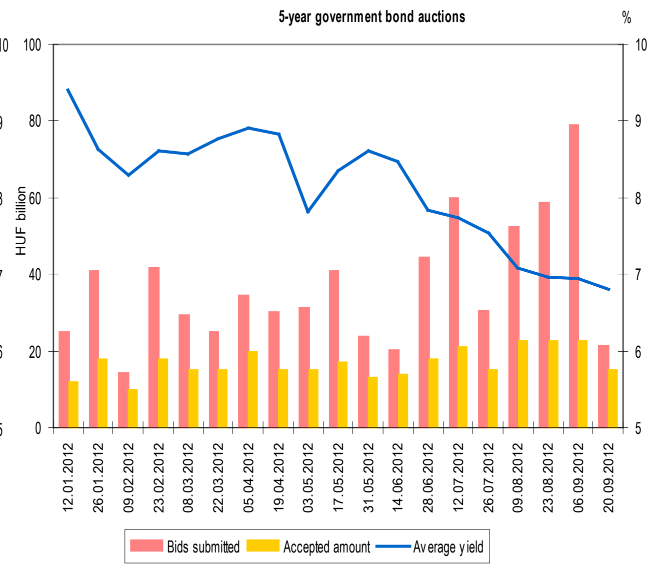


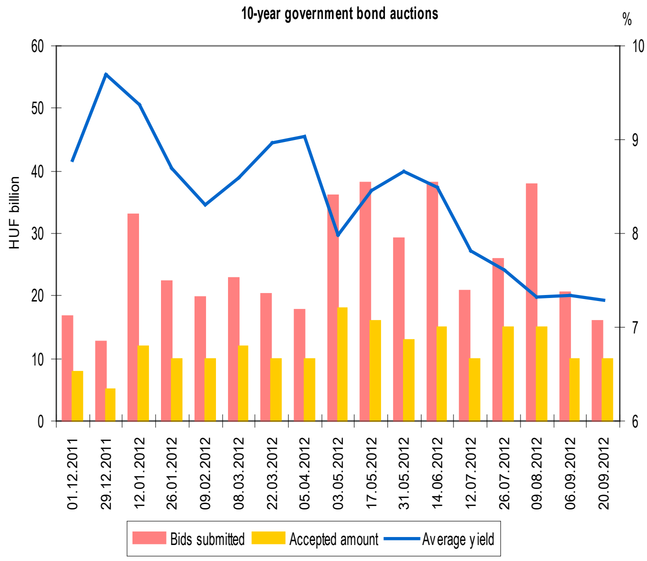
GOVERNMENT BOND AUCTION RESULTS

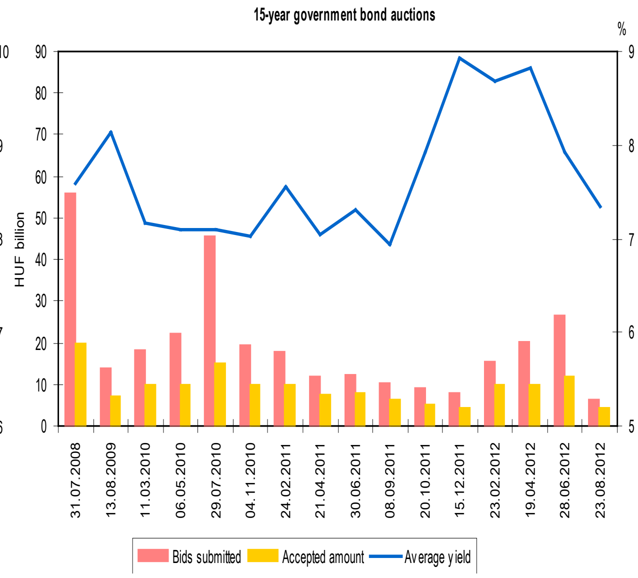
Government Bond	2015/C	2017/A	2022/A	2015/C	2017/A	2022/A	2015/B
ISIN code	HU0000402581	HU0000402037	HU0000402524	HU0000402581	HU0000402037	HU0000402524	HU0000402482
Maturity (in years)	3	5	10	3	5	10	3
Coupon (%)	7.75%	6.75%	7.00%	7.75%	6.75%	7.00%	7.17%
Auction	16th auction	44th auction	34th auction	17th auction	45th auction	35th auction	24th auction
Date of auction	06.09.2012	06.09.2012	06.09.2012	20.09.2012	20.09.2012	20.09.2012	27.09.2012
Date of financial settlement	12.09.2012	12.09.2012	12.09.2012	26.09.2012	26.09.2012	26.09.2012	03.10.2012
Redemption date	24.08.2015	24.11.2017	24.06.2022	24.08.2015	24.11.2017	24.06.2022	22.12.2015
Maximum annual yield (%) - ISMA	6.69	6.95	7.38	6.68	6.83	7.31	
Minimum annual yield (%) - ISMA	6.65	6.93	7.26	6.65	6.78	7.24	
Average annual yield (%) - ISMA	6.67	6.94	7.34	6.66	6.81	7.28	
Maximum annual yield (%) - EHM	6.69	6.95	7.38	6.68	6.83	7.31	
Minimum annual yield (%) - EHM	6.65	6.93	7.26	6.65	6.78	7.24	
Average annual yield (%) - EHM	6.67	6.94	7.34	6.66	6.80	7.27	
Maximum price (%)	102.8474	99.7996	98.1815	102.8054	99.8427	98.3163	97.1500
Minimum price (%)	102.7413	99.1150	97.3747	102.7267	99.6312	97.8450	97.1100
Average price (%)	102.7893	99.1574	97.6156	102.7674	99.7284	98.0641	97.1100
Amount offered for sale (HUF million)	20,000.00	15,000.00	10,000.00	20,000.00	15,000.00	10,000.00	5,000.00
Amount of bids submitted (HUF million)	88,449.43	79,150.00	20,600.00	52,450.00	21,300.00	16,100.00	20,305.00
Amount of bids accepted (HUF million)	29,999.97	22,499.97	9,999.96	24,999.98	14,999.97	10,000.00	7,500.00
Bid-to-cover ratio	2.95	3.52	2.06	2.10	1.42	1.61	2.71
Bids submitted (pcs)	76	87	62	55	51	42	34
Bids accepted (pcs)	25	22	48	19	36	26	11
Tail (average price - minimum price)	0.05	0.04	0.24	0.04	0.10	0.22	0.00
Market sales* (HUF million)	29,999.97	22,499.97	9,999.96	24,999.98	14,499.97	10,000.00	7,500.00
Non-competitive offer (HUF million)	9,665.41	2,587.16	766.45	4,407.40	0.00	0.00	2,436.00
Total amount issued (HUF million)	60,000.00	45,000.00	14,000.00	50,000.00	30,000.00	10,000.00	10,500.00

*Without issuance onto ÁKK's own account



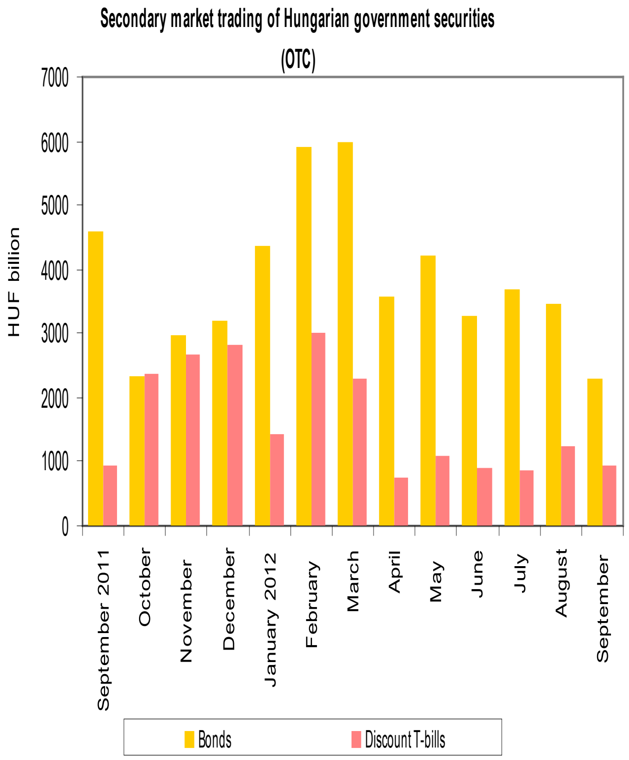


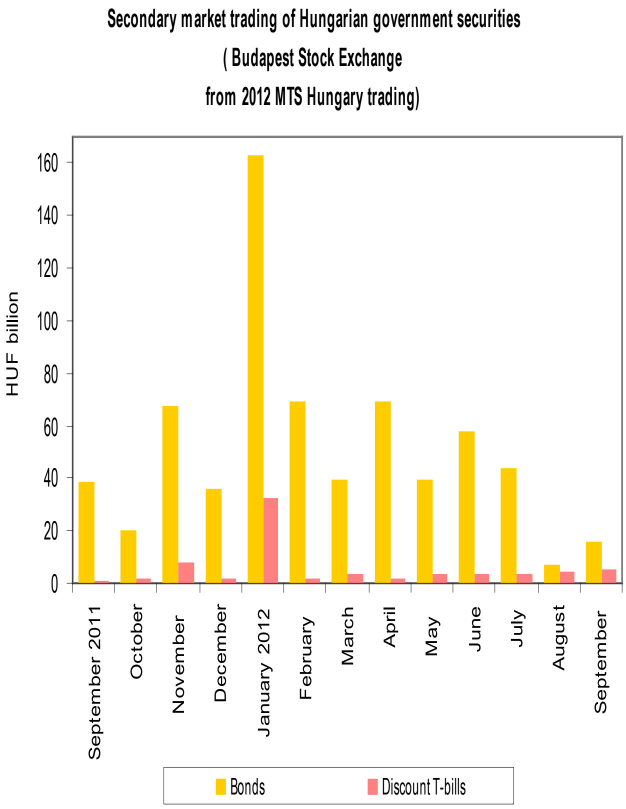


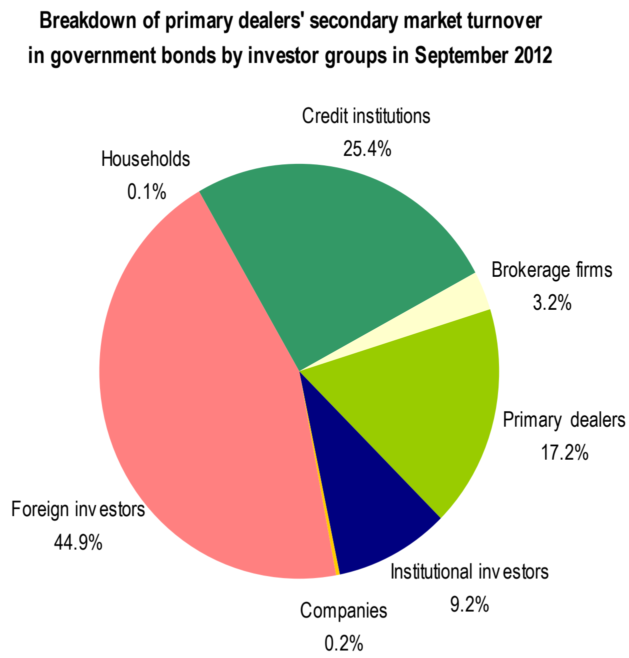


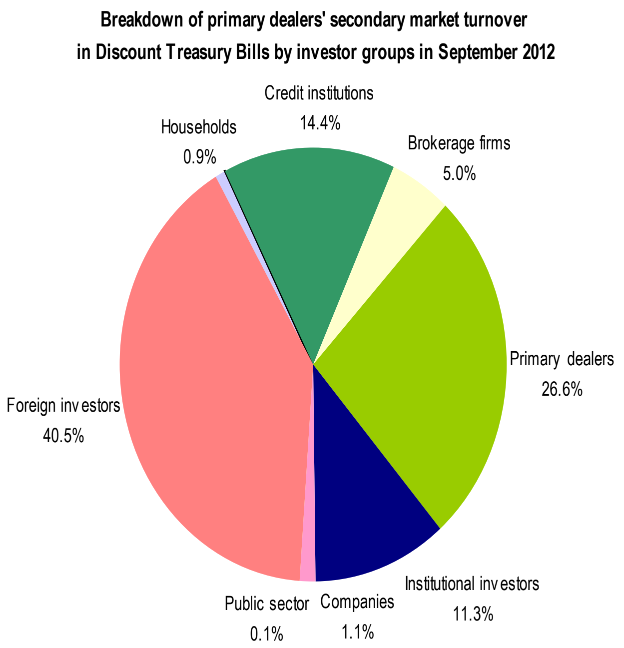
GOVERNMENT SECURITIES BUY-BACK AUCTION RESULTS

Government bond	2013/D	2013/E	2013/D	2013/E
ISIN code	HU0000402045	HU0000402466	HU0000402045	HU0000402466
Coupon (%)	6.75	7.50	6.75	7.50
Date of reverse auction	05.09.2012	05.09.2012	19.09.2012	19.09.2012
Date of financial settlement	12.09.2012	12.09.2012	26.09.2012	26.09.2012
Redemption date	12.02.2013	24.10.2013	12.02.2013	24.10.2013
Minimum annual yield (%)	6.60	6.55	6,60	6.45
Average annual yield - ISMA (%)	6.62	6.58	6.60	6.45
Average annual yield - EHM (%)	6.48	6.58	6.45	6.45
Amount of bids submitted (HUF million)	15,442.03	8,969.10	3,679.96	5,120.13
Amount of bids accepted (HUF million)	10,312.03	3,969.10	2,300.00	2,120.13









INTEREST RATE RESETS OF FLOATING RATE GOVERNMENT BONDS IN SEPTEMBER 2012

Government Bond	Date of interest rate reset	Interest period		Date of interest payment	Reset interest rate (%)	Interest payable (%)
2013/A	20.09.2012	20.09.2012	20.03.2013	20.03.2013	7,10	7,15

HUNGARIAN GOVERNMENT SECURITIES INDICES

	MAX index	RMAX index	MAX Composite index	ZMAX index
Value as at 30 September 2012	500.5343	480.9739	494.4738	480.5563
Changes compared to the end of the month before	4.9650	3.0046	4.6488	2.7891
Annual yield earned on the index portfolio	10.14%	7.10%	9.82%	7.12%

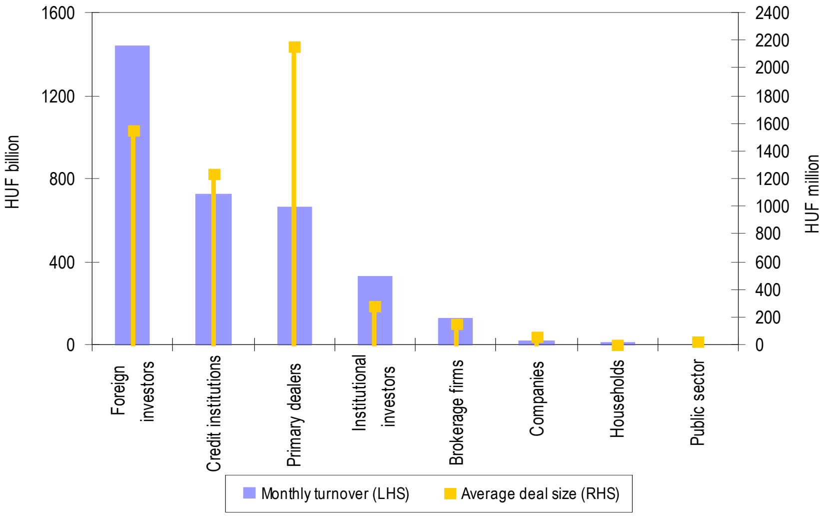
Government securities with the highest secondary market turnover in September 2012

Government security	Date of redemption	Turnover (HUF billion)
2017/A	24.11.2017	537.5
2015/C	24.08.2015	457.2
2022/A	24.06.2022	363.6
D130529	29.05.2013	348.8
2014/C	12.02.2014	212.6
2019/A	24.06.2019	171.0
2012/C	24.10.2012	170.9
2017/B	24.02.2017	155.6
2020/A	12.11.2020	154.2
2014/D	22.08.2014	146.0

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

Government bond	HUF billion 31.08.2012	HUF billion 30.09.2012
2015/C	397.60	467.11
2017/A	768.40	809.02
2022/A	432.80	453.78
2028/A	83.30	83.35

Primary dealers' trading with different investor groups in September 2012



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