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GOVERNMENT DEBT MANAGEMENT AGENCY PTE LTD.

GOVERNMENT SECURITIES MARKET

MONTHLY REPORT

AUGUST 2012

The deficit of the central government amounted to HUF 562.7 billion in August. The net prefinancing of cash transfers from the European Union decreased the net borrowing requirement by HUF 0.6 billion. Thus, the total net financing requirement amounted to HUF 562.1 billion in 2012. Net issuance was HUF 384.0 billion; out of which net HUF-denominated issuance was HUF 1119.8 billion and net foreign currency denominated issuance was HUF -735.8 billion.

HUF billion	2011 December	2011 %	2012 August	2012 %	Change HUF billion	Change %
Foreign exchange denominated debt	10,170.4	48.5	8,546.2	41.6	-1,624.2	-16.0
Government securities	5,712.3	27.3	5,075.5	24.7	-636.8	-11.1
Loans	4,458.1	21.3	3,470.6	16.9	-987.5	-22.2
HUF denominated debt	10,362.2	49.4	11,484.8	55.9	1 122.6	10.8
Government securities	9,771.4	46.6	10,897.0	53.0	1 125.6	11.5
Loans	590.8	2.8	587.8	2.9	-3.0	-0.5
Total	20,532.6	98.0	20,031.0	97.5	-501.6	-2.4
Other obligations	422.9	2.0	513.2	2.5	90.3	21.4
Total central government debt	20,955.5	100.0	20,544.2	100.0	-411.3	-2.0

The HUF denominated debt of the central government increased by HUF 1,122.6 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 774.2 billion, the amount of discount Treasury bills increased by HUF 54.9 billion and the total amount of retail government securities increased by HUF 298.2 billion.

The foreign currency debt of the central government decreased by HUF 1,624.3 billion in 2012. The drawdown of foreign currency denominated loans worth HUF 17.2 increased, while the redemptions of foreign currency debt worth HUF 753.0 billion decreased the debt. The exchange rate revaluations totalling HUF 888.4 billion decreased the Hungarian Forint value of the foreign currency debt in 2012.

Secondary market yields in August:

Benchmark yields

Maturity	30.12.2011.	31.07.2012.	31.08.2012.	Change, basis points
3-month	7.55	6.83	6.71	-12
6-month	7.60	6.83	6.66	-17
1-year	7.95	6.98	6.73	-25
3-year	9.06	7.18	6.69	-49
5-year	9.64	7.29	6.94	-35
10-year	9.75	7.37	7.25	-12
15-year	9.76	7.38	7.32	-6

Monthly OTC turnover of government securities was 4 % higher in August than a month before and reached HUF 4,730.5 billion. Primary dealers, who account for the decisive part of all secondary government securities trading, made 53% of their secondary government securities deals with non-resident investors.

The volume of non-residents' holdings of Hungarian government securities decreased altogether by HUF 180.8 billion in August, and amounted to HUF 4,724.0 billion at the end of the month. This volume represented 43.4% of the total amount of domestic government securities.

The EUR/HUF exchange rate according to the National Bank of Hungary was 283.52 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).

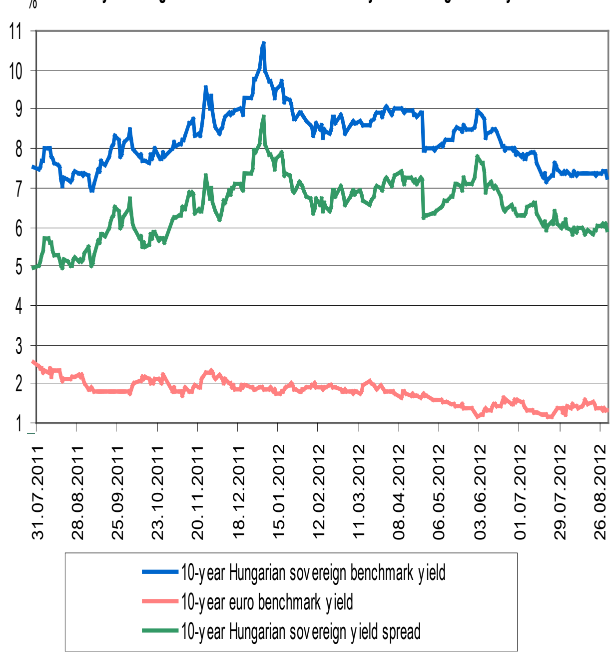
CENTRAL GOVERNMENT GROSS DEBT

HUF BILLION

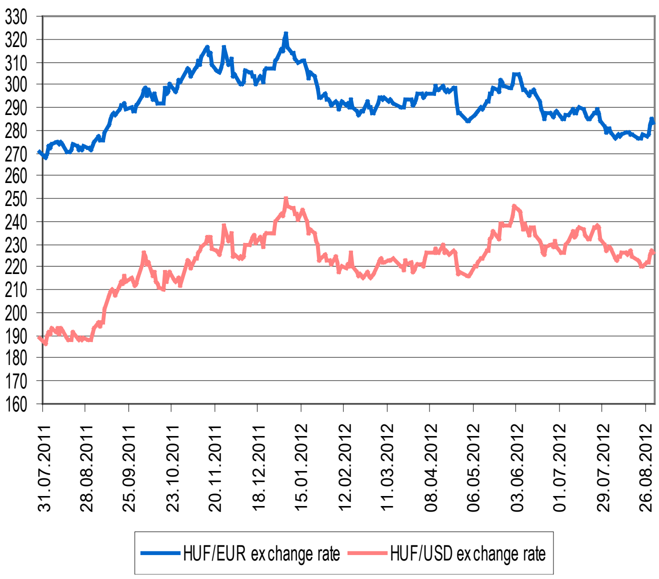
	2006	2007	2008	2009	2010	2011	June 2012	July 2012	August 2012
1. Forint denominated debt	10,552.3	11,103.8	11,250.6	10,476.2	10,978.2	10,362.2	11,149.1	11,528.1	11,484.8
1.1. Loans	356.4	145.7	219.9	438.7	540.8	590.8	588.8	587.8	587.8
1.2. Government securities	10,195.9	10,958.1	11,030.7	10,037.5	10,437.4	9,771.4	10,560.3	10,940.3	10,897.0
1.2.1. Public issues	9,667.5	10,465.4	10,599.7	9,613.2	10,019.6	9,378.1	10,157.9	10,538.7	10,495.4
1.2.1.1. Bonds	7,244.2	8,245.3	8,570.6	7,519.2	7,965.8	7,353.4	7,818.0	7,973.0	8,127.6
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	1,693.4	1,847.0	1,595.8
1.2.1.3. Retail securities	667.4	555.2	546.4	446.6	435.7	473.8	646.5	718.8	772.0
1.2.2. Private placements	528.4	492.7	431.0	424.3	417.8	403.2	402.4	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	8,934.7	8,574.4	8,546.2
2.1. Loans	803.7	846.5	2,529.4	4,112.7	4,292.8	4,458.1	3,677.5	3,584.6	3,470.7
2.1.1. Foreign loans	700.1	838.8	2,529.4	4,112.7	4,292.8	4,361.9	3,593.5	3,503.8	3,388.4
2.1.2. Domestic loans	103.6	104.0	0.0	0.0	0.0	96.2	84.0	80.8	82.2
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	84.0	80.8	82.2
2.2. Government securities	3,320.7	3,626.1	4,245.5	4,354.0	4,550.0	5,712.3	5,257.2	4,989.8	5,075.5
2.2.1. Issued abroad	3,320.7	3,626.1	4,245.5	4,354.0	4,550.0	5,712.3	5,257.2	4,989.8	5,075.5
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	5,257.2	4,989.8	5,075.5
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	20,083.8	20,102.6	20,031.0
Other liabilities	29.0	9.1	78.5	20.1	220.01	422.9	537.8	642.3	513.2
Total central government debt	14,705.7	15,585.5	18,103.9	18,963.1	20,041.0	20,955.5	20,621.6	20,744.9	20,544.2
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*	*9,913.8*	*10,221.6*	*10,125.0*
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

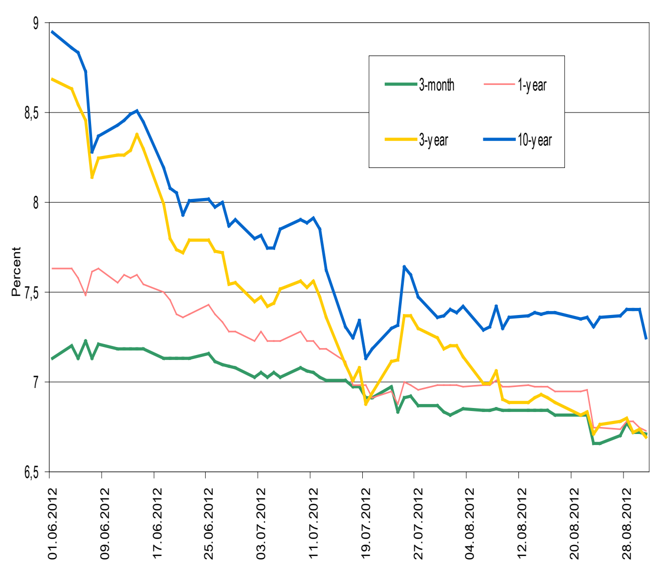
10-year Hungarian and eurozone benchmark yields during the last year



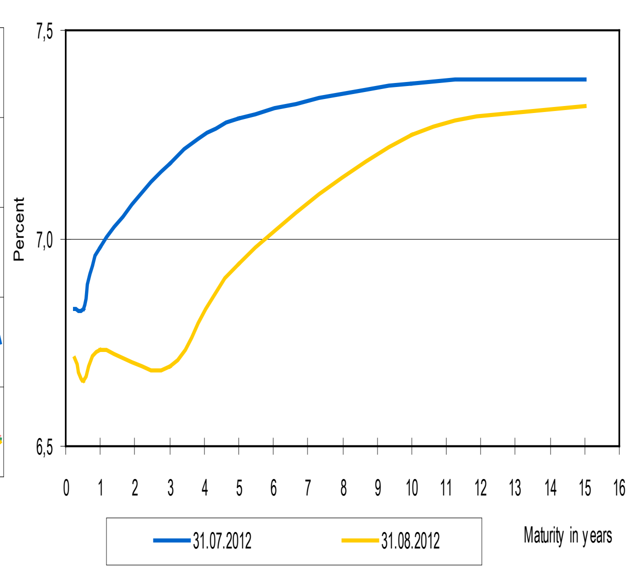
The exchange rate of the Hungarian Forint during the last year



Benchmark yields in the past three months



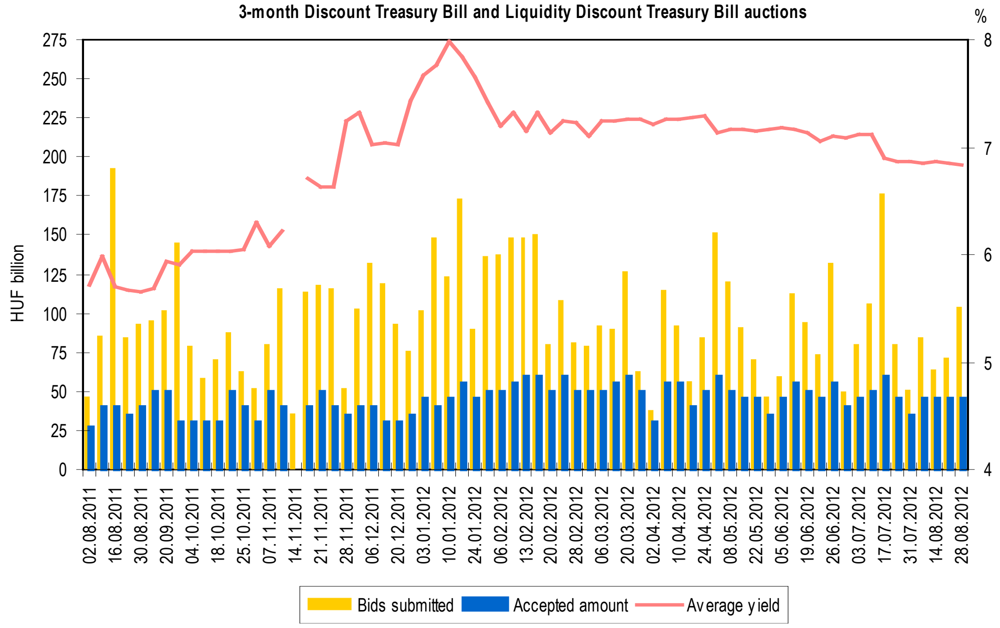
Benchmark yield curves



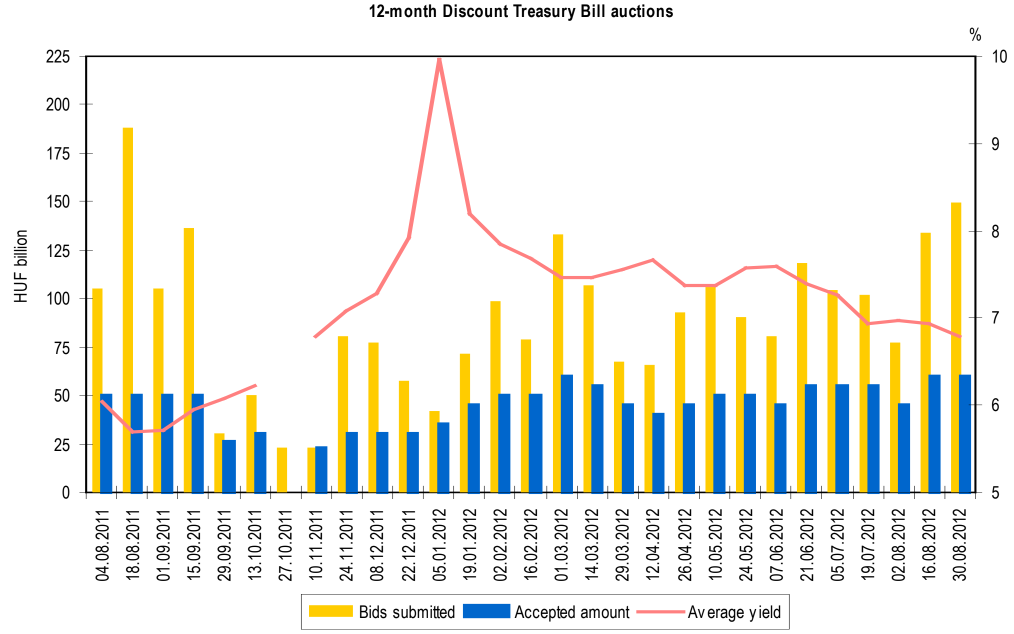
DISCOUNT TREASURY BILL AUCTION RESULTS

	3-month Discount T-bills				12-month Discount T-bills		
Code of T-bills	D121114	D121121	D121128	D121205	D130724	D130724	D130724
ISIN code	HU0000519079	HU0000519087	HU0000519095	HU0000519103	HU0000519038	HU0000519038	HU0000519038
Maturity in days	91	91	91	91	350	336	322
Date of auction	07.08.2012	14.08.2012	21.08.2012	28.08.2012	02.08.2012	16.08.2012	30.08.2012
Date of financial settlement	15.08.2012	22.08.2012	29.08.2012	05.09.2012	08.08.2012	22.08.2012	05.09.2012
Redemption date	14.11.2012	21.11.2012	28.11.2012	05.12.2012	24.07.2013	24.07.2013	24.07.2013
Maximum yield, (%) - ISMA	6.88	6.90	6.89	6.85	7.01	6.98	6.82
Minimum yield (%) - ISMA	6.80	6.82	6.82	6.75	6.91	6.90	6.71
Average yield (%) - ISMA	6.85	6.87	6.85	6.84	6.98	6.94	6.79
Maximum yield, (%) - EHM	6.98	7.00	6.99	6.95	7.11	7.08	6.91
Minimum yield (%) - EHM	6.89	6.91	6.91	6.84	7.01	7.00	6.80
Average yield (%) - EHM	6.95	6.97	6.95	6.93	7.08	7.04	6.88
Average selling price (%)	98.2979	98.2931	98.2979	98.3004	93.6451	93.9167	94.2745
Amount offered for sale (HUF million)	45,000.00	45,000.00	45,000.00	45,000.00	45,000.00	45,000.00	45,000.00
Amount of bids submitted (HUF million)	84,771.50	64,147.21	71,131.01	104,314.47	76,959.89	134,039.00	149,755.00
Amount of bids accepted (HUF million)	44,999.97	44,999.98	44,999.96	44,999.92	44,999.98	59,999.96	59,999.93
Bid-to-cover ratio	1.88	1.43	1.58	2.32	1.71	2.23	2.50
Bids submitted (pcs)	79	97	73	93	110	106	108
Bids accepted (pcs)	35	71	57	48	73	36	53
Market sales* (HUF million)	44,999.97	44,999.98	44,999.96	44,999.92	44,999.98	59,999.96	59,999.93
Retained on ÁKK's own account	13,500.03	13,500.02	13,500.04	13,500.08	13,500.02	18,000.04	18,000.07
Total amount issued (HUF million)	58,500.00	58,500.00	58,500.00	58,500.00	58,500.00	78,000.00	78,000.00

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



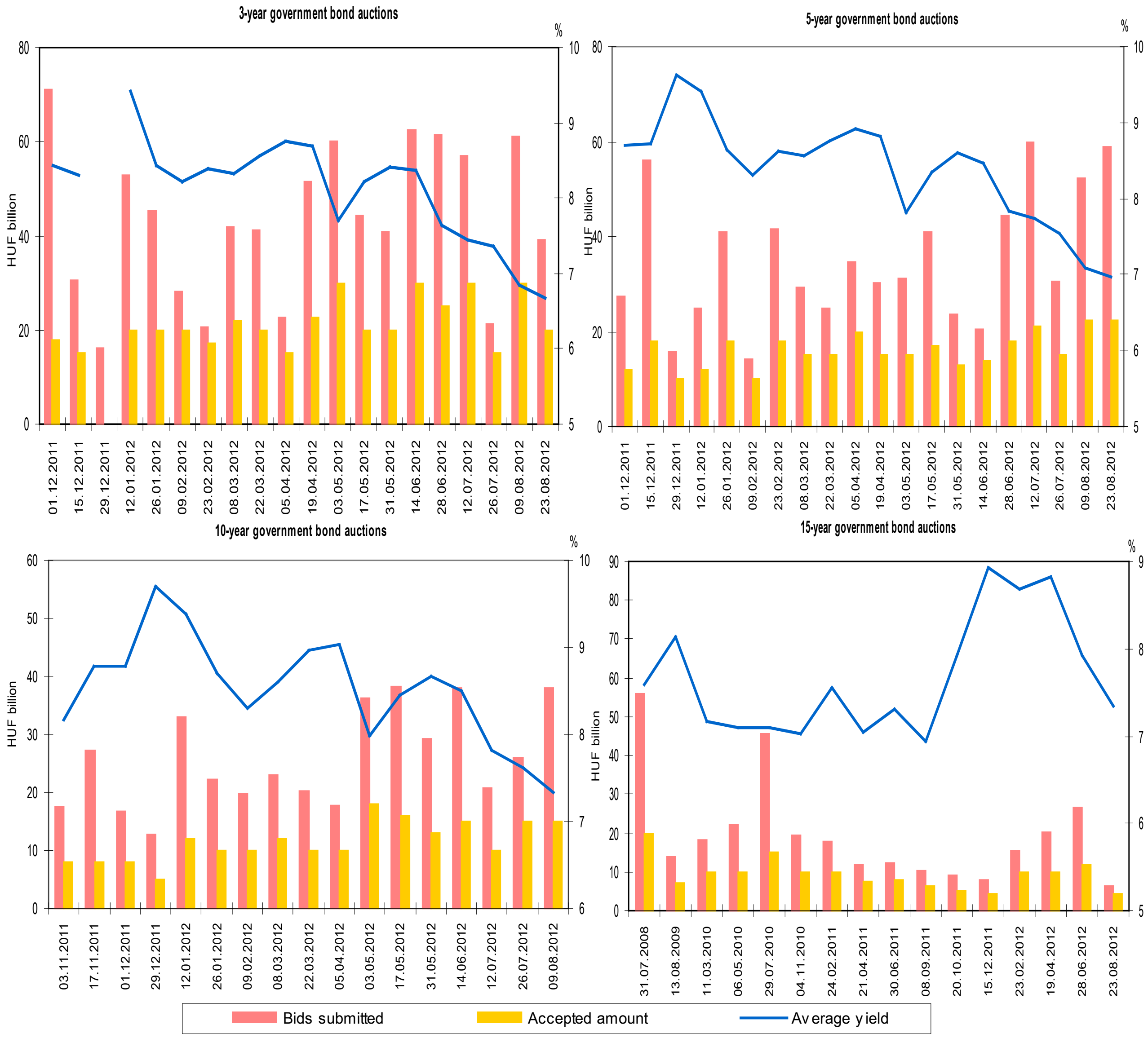
12-month Discount Treasury Bill auctions



GOVERNMENT BOND AUCTION RESULTS

Government Bond	2015/B	2015/C	2017/A	2022/A	2015/C	2017/A	2028/A	2015/B
ISIN code	HU0000402482	HU0000402581	HU0000402037	HU0000402524	HU0000402581	HU0000402037	HU0000402532	HU0000402482
Maturity (in years)	3	3	5	10	3	5	15	3
Coupon (%)	5.44%	7.75%	6.75%	7.00%	7.75%	6.75%	6.75%	5.44%
Auction	23rd auction	14th auction	42nd auction	33rd auction	15th auction	43rd auction	10th auction	24th auction
Date of auction	02.08.2012	09.08.2012	09.08.2012	09.08.2012	23.08.2012	23.08.2012	23.08.2012	30.08.2012
Date of financial settlement	08.08.2012	15.08.2012	15.08.2012	15.08.2012	29.08.2012	29.08.2012	29.08.2012	05.09.2012
Redemption date	22.12.2015	24.08.2015	24.11.2017	24.06.2022	24.08.2015	24.11.2017	22.10.2028	22.12.2015
Maximum annual yield (%) - ISMA		6.90	7.15	7.35	6.72	7.00	7.36	
Minimum annual yield (%) - ISMA		6.79	7.04	7.29	6.61	6.92	7.29	
Average annual yield (%) - ISMA		6.84	7.09	7.33	6.67	6.97	7.34	
Maximum annual yield (%) - EHM		6.90	7.15	7.35	6.72	7.00	7.36	
Minimum annual yield (%) - EHM		6.79	7.04	7.29	6.61	6.92	7.29	
Average annual yield (%) - EHM		6.84	7.08	7.32	6.67	6.97	7.33	
Maximum price (%)	96.9000	102.5432	98.7116	97.9801	102.9973	99.2326	94.9405	97.3000
Minimum price (%)	96.6000	102.2467	98.2449	97.5747	102.7023	98.8927	94.3144	96.7000
Average price (%)	96.6900	102.4190	98.5009	97.7238	102.8248	99.0078	94.5288	96.8600
Amount offered for sale (HUF million)	6,000.00	20,000.00	15,000.00	10,000.00	20,000.00	15,000.00	9,000.00	5,000.00
Amount of bids submitted (HUF million)	19,540.00	60,952.00	52,400.00	37,914.00	39,162.47	58,876.00	6,150.00	12,760.00
Amount of bids accepted (HUF million)	8,999.98	29,999.98	22,499.98	14,999.97	19,999.97	22,499.94	4,500.00	6,000.00
Bid-to-cover ratio	2.17	2.03	2.33	2.53	1.96	2.62	1.37	2.13
Bids submitted (pcs)	55	73	69	57	53	78	29	32
Bids accepted (pcs)	30	17	30	30	35	49	22	23
Tail (average price - minimum price)	0.09	0.17	0.26	0.15	0.12	0.12	0.21	0.16
Market sales* (HUF million)	8,999.98	29,999.98	22,499.98	14,999.97	19,999.97	22,499.94	4,500.00	6,000.00
Non-competitive offer (HUF million)	921.82	2,217.71	7,991.27	5, 089.90	3,318.58	5,172.37	0.00	260.00
Total amount issued (HUF million)	9,000.00	30,000.00	31,500.00	21,000.00	20,000.00	31,500.00	9,000.00	8,400.00

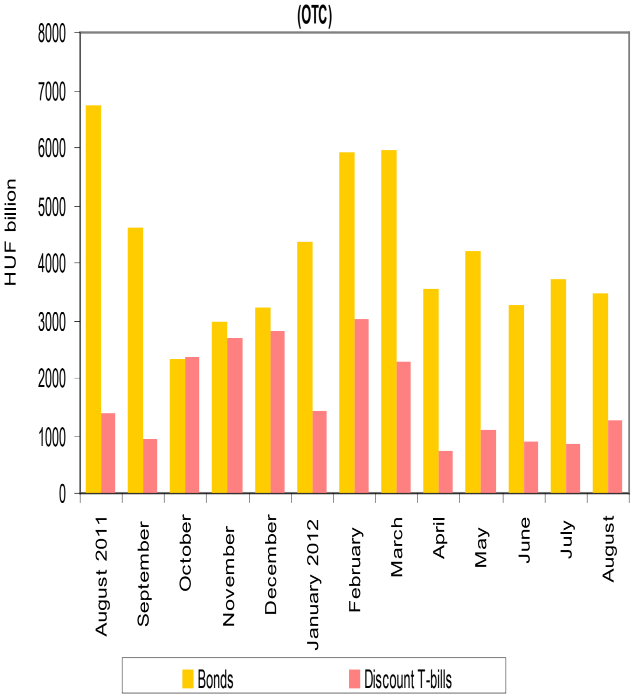
*Without issuance onto ÁKK's own account



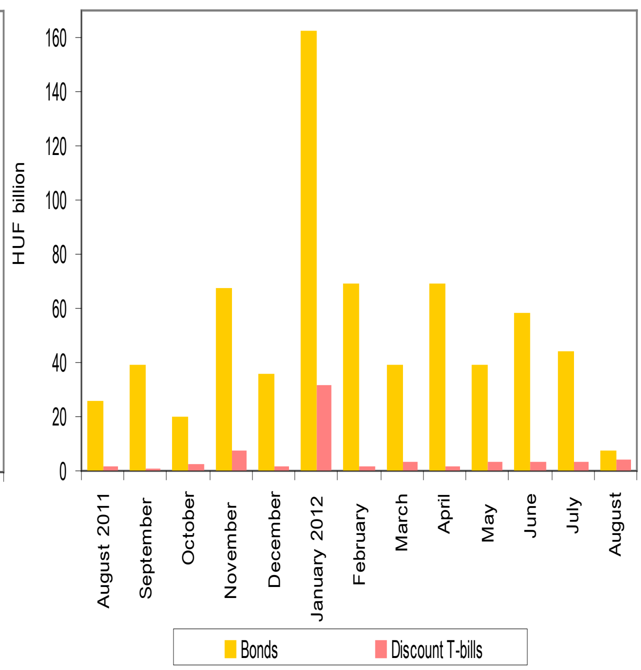
GOVERNMENT SECURITIES BUY-BACK AUCTION RESULTS

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	08.08.2012	08.08.2012	22.08.2012	22.08.2012
Date of financial settlement	15.08.2012	15.08.2012	29.08.2012	29.08.2012
Redemption date	12.02.2013	24.10.2013	12.02.2013	24.10.2013
Minimum annual yield (%)	6.74	6.70	0,00	0.00
Average annual yield - ISMA (%)	6.84	6.73	0.00	0.00
Average annual yield - EHM (%)	6.71	6.73	0.00	0.00
Amount of bids submitted (HUF million)	21,442.68	17,302.54	5,983.00	6,600.00
Amount of bids accepted (HUF million)	20,742.68	17,302.54	0.00	0.00

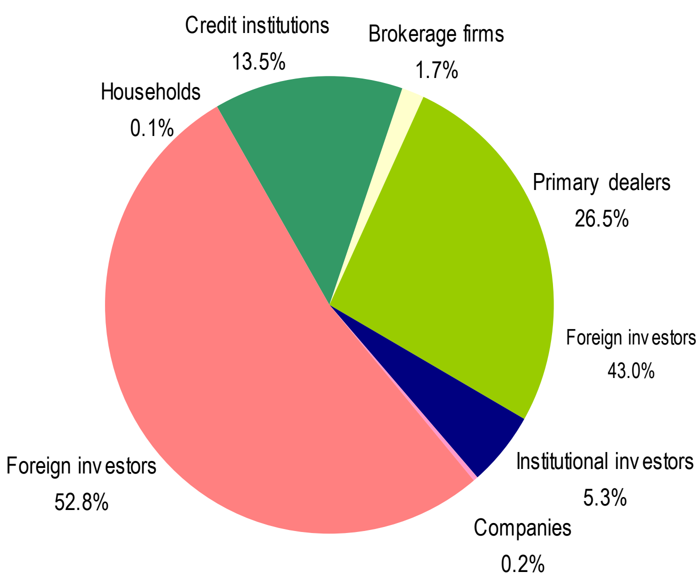
Secondary market trading of Hungarian government securities (OTC)



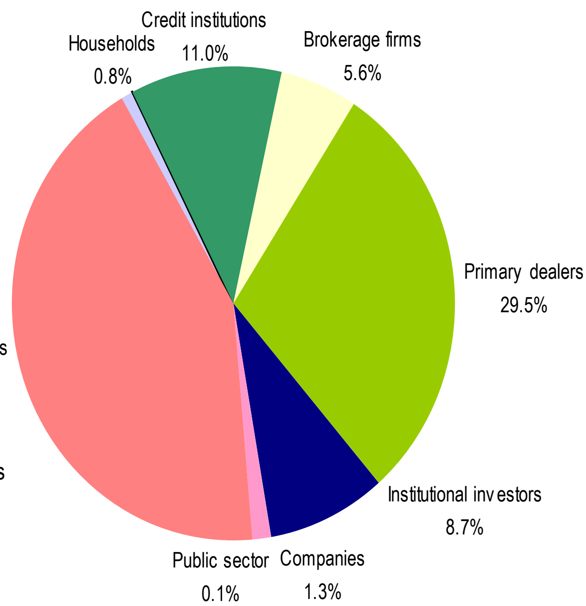
Secondary market trading of Hungarian government securities (Budapest Stock Exchange from 2012 MTS Hungary trading)



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



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



INTEREST RATE RESETS OF FLOATING RATE GOVERNMENT BONDS IN AUGUST 2012

Government Bond	Date of interest rate reset	Interest period		Date of interest payment	Reset interest rate (%)	Interest payable (%)
2026/A	28.08.2012	28.08.2012	28.08.2012	28.02.2013	6,97	7,46
2013/J	23.08.2012	26.08.2012	26.08.2012	26.08.2012	8,80	8,80
2014/I	08.08.2012	11.08.2012	11.08.2013	12.08.2013	8,60	8,60

HUNGARIAN GOVERNMENT SECURITIES INDICES

	MAX index	RMAX index	MAX Composite index	ZMAX index
Value as at 31 August 2012	495.5693	477.9693	489.8250	477.7672
Changes compared to the end of the month before	7.2770	3.4280	6.6678	3.0785
Annual yield earned on the index portfolio	7.26%	6.69%	7.31%	6.92%

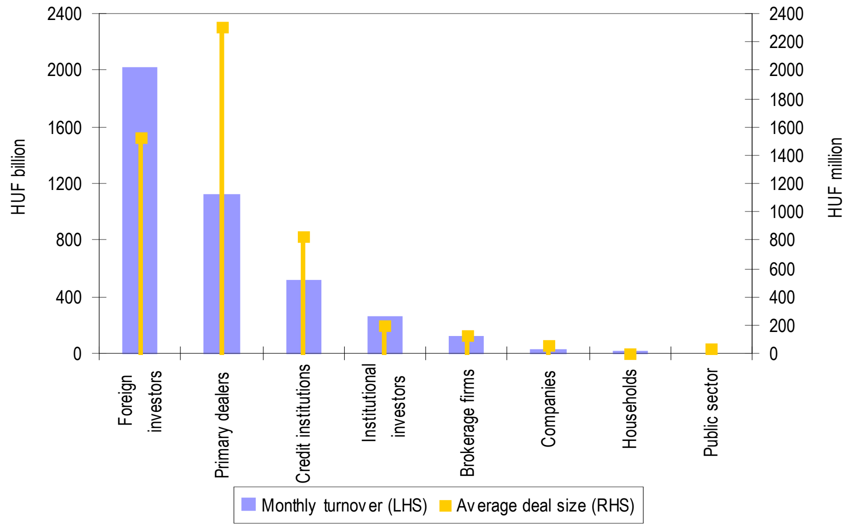
Government securities with the highest secondary market turnover in August 2012

Government security	Date of redemption	Turnover (HUF billion)
2015/C	24.08.2015	452.3
D130529	29.05.2013	347.5
2017/A	24.11.2017	334.4
2012/C	24.10.2012	327.5
2022/A	24.06.2022	267.5
D120926	26.09.2012	236.5
2014/D	22.08.2014	230.8
D130724	24.07.2013	190.6
2015/B	22.12.2015	166.0
2028/A	22.10.2028	165.4

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

	HUF billion	
Government bond	31.07.2012	31.08.2012
2015/C	326.29	397.60
2017/A	689.40	768.40
2022/A	392.27	432.80
2028/A	78.65	83.30

Primary dealers' trading with different investor groups in August 2012



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