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GOVERNMENT DEBT MANAGEMENT AGENCY PTE LTD.

GOVERNMENT SECURITIES MARKET

MONTHLY REPORT

JULY 2013

The deficit of the central government amounted to HUF 851.2 billion in the first 7 months of 2013. The net prefinancing of cash transfers from the European Union increased the net borrowing requirement by HUF 63.9 billion. Thus, the total net financing requirement amounted to HUF 915.1 billion in July. Net issuance was HUF 1,670.0 billion, including the sum of debt assumptions HUF 582.8 billion; out of which net HUF-denominated issuance was HUF 1,076.5 billion and net foreign currency denominated issuance was HUF 593.5 billion. Without debt assumptions net issuance was HUF 1,168.5 billion, out of which net HUF-denominated issuance was HUF 962.7 billion and net foreign currency denominated issuance was HUF 205.7 billion.

	2012		2013		Change	
HUF billion	December	%	July	%	HUF billion	%
Foreign exchange denominated debt	8,326.6	40.2	9,189.9	40.9	863.3	10.4
Government securities	5,014.1	24.2	5,875.8	26.1	861.7	17.2
Loans	3,312.5	16.0	3,314.1	14.7	1.6	0.0
HUF denominated debt	12,042.4	58.1	13,113.9	58.4	1 071.5	8.9
Government securities	11,475.6	55.4	12,419.9	55.3	944.3	8.2
Loans	566.8	2.7	694.0	3.1	127.2	22.4
Total	20,369.0	98.3	22,303.8	99.2	1,934.8	9.5
Other obligations	351.1	1.7	170.4	0.8	-180.7	-51.5
Total central government debt	20,720.1	100.0	22,474.2	100.0	1,754.2	8.5

The HUF denominated debt of the central government increased by HUF 1,071.5 billion in the first 7 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 462.0 billion, the amount of discount Treasury bills increased by HUF 135.2 billion and the total amount of retail government securities increased by HUF 425.5 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 127.2 billion in the first 7 months of the year.

The foreign currency debt of the central government increased by HUF 863.3 billion in the first 7 months of 2013. The foreign currency bond issuance was HUF 712.4 billion, the gross P€MAK bond issuance was HUF 557.8 billion.The drawdown of foreign currency denominated loans worth HUF 100.4 billion increased, the debt assumptions worth HUF 418.0 billion increased, while the redemptions of foreign currency debt worth HUF 1,195.0 billion decreased the debt. The exchange rate revaluations totalling HUF 269.8 billion increased the Hungarian Forint value of the foreign currency debt in 2013.

Secondary market yields in July:

Benchmark yields

Maturity	28.12.2012.	28.06.2013.	31.07.2013.	Change, basis points
3-month	5.33	4.18	3.95	-23
6-month	5.28	4.20	3.96	-24
1-year	5.40	4.38	4.09	-29
3-year	5.61	5.11	4.92	-19
5-year	5.89	5.44	5.45	1
10-year	6.11	6.12	6.41	29
15-year	6.11	6.52	6.91	39

Monthly OTC turnover of government securities was 29 % lower in July than a month before and reached HUF 2,896.8 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 decreased altogether by HUF 77.6 billion in July, and amounted to HUF 4,994.7 billion at the end of the month. This volume represented 40.2% of the total amount of domestic government securities.

The EUR/HUF exchange rate according to the National Bank of Hungary was 300.05 on the last working day of July.

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

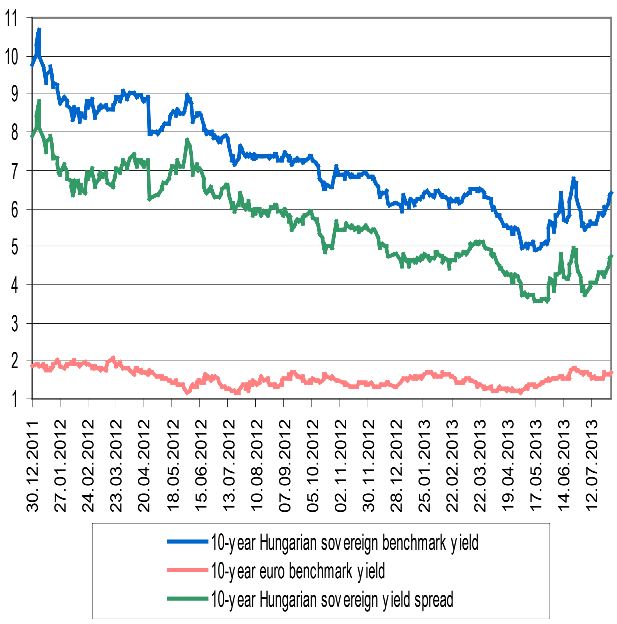
CENTRAL GOVERNMENT GROSS DEBT

HUF BILLION

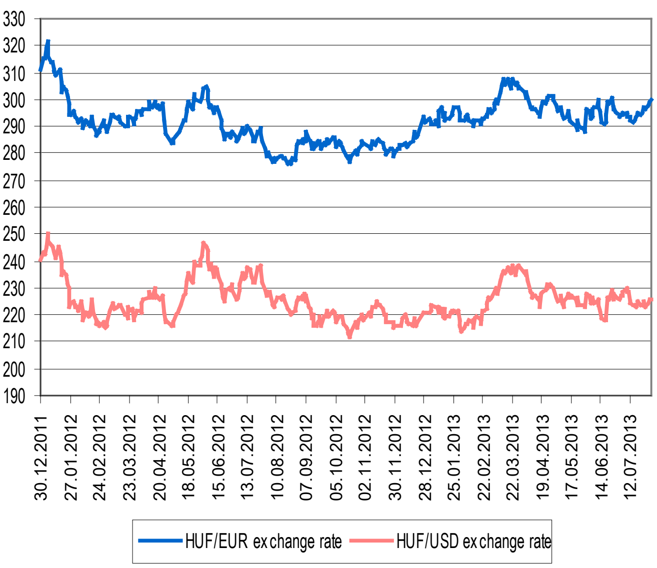
	2007	2008	2009	2010	2011	2012	May 2013	June 2013	July 2013
1. Forint denominated debt	11,103.8	11,250.6	10,476.2	10,978.2	10,362.2	12,042.4	12,718.9	13,002.4	13,113.9
1.1. Loans	145.7	219.9	438.7	540.8	590.8	566.8	564.8	678.6	694.0
1.2. Government securities	10,958.1	11,030.7	10,037.5	10,437.4	9,771.4	11,475.6	12,154.1	12,323.8	12,419.9
1.2.1. Public issues	10,465.4	10,599.7	9,613.2	10,019.6	9,378.1	11,077.1	11,833.1	12,002.9	12,099.8
1.2.1.1. Bonds	8,245.3	8,570.6	7,519.2	7,965.8	7,353.4	8,184.1	8,494.2	8,573.5	8,646.1
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	2,055.7	2,108.4	2,041.6
1.2.1.3. Retail securities	555.2	546.4	446.6	435.7	473.8	986.6	1,283.3	1,321.0	1,412.1
1.2.2. Private placements	492.7	431.0	424.3	417.8	403.2	398.5	321.0	321.0	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	8,494.2	9,040.1	9,189.9
2.1. Loans	846.5	2,529.4	4,112.7	4,292.8	4,458.1	3,312.5	2,992.5	3,273.7	3,314.1
2.1.1. Foreign loans	838.8	2,529.4	4,112.7	4,292.8	4,361.9	3,229.0	2,923.5	2,915.9	2,962.5
2.1.2. Domestic loans	104.0	0.0	0.0	0.0	96.2	83.5	69.0	357.8	351.6
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	69.0	357.8	351.6
2.2. Government securities	3,626.1	4,245.5	4,354.0	4,550.0	5,712.3	5,014.1	5,789.3	5,766.4	5,875.8
2.2.1. Issued abroad	3,626.1	4,245.5	4,354.0	4,550.0	5,712.3	4,924.2	5,301.2	5,274.9	5,362.3
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	5,301.2	5,274.9	5,362.3
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	488.1	491.5	513.5
Total	15,576.4	18,025.4	18,942.9	19,821.0	20,532.6	20,369.0	21,500.7	22,042.6	22,303.8
Other liabilities	9.1	78.5	20.1	220.01	422.9	351.1	264.8	195.8	170.4
Total central government debt	15,585.5	18,103.9	18,963.1	20,041.0	20,955.5	20,720.1	21,765.4	22,238.4	22,474.2
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*	*10,870.9*	*11,002.9*	*11,007.8*
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.

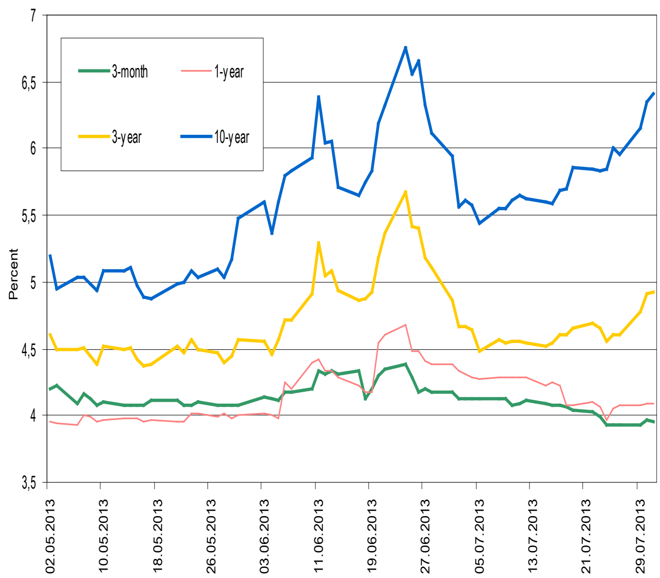
% 10-year Hungarian and eurozone benchmark yields during the last year



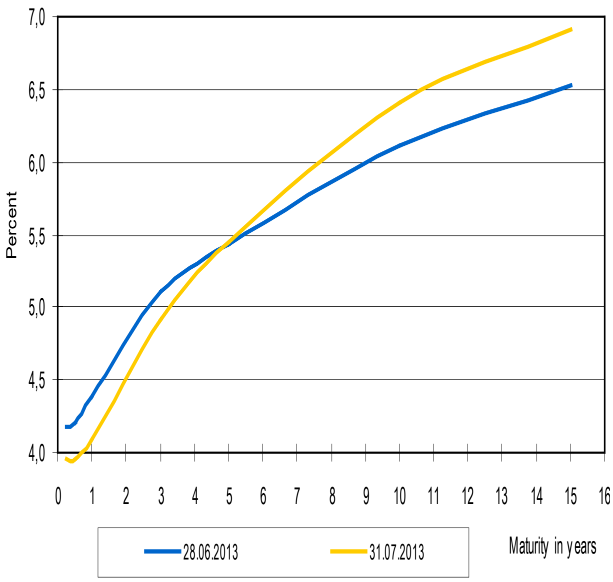
The exchange rate of the Hungarian Forint during the last year



Benchmark yields in the past three months



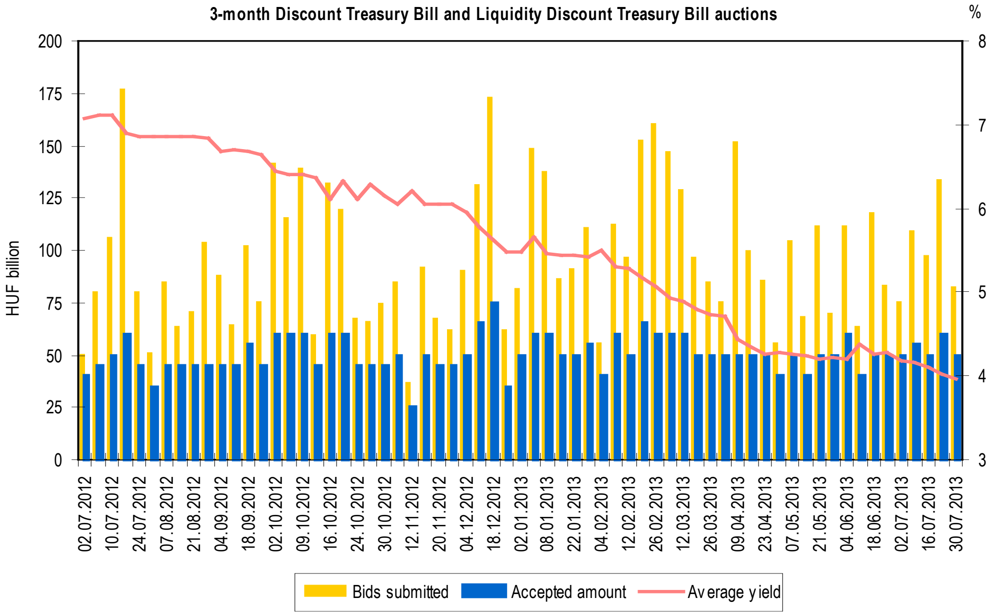
Benchmark yield curves



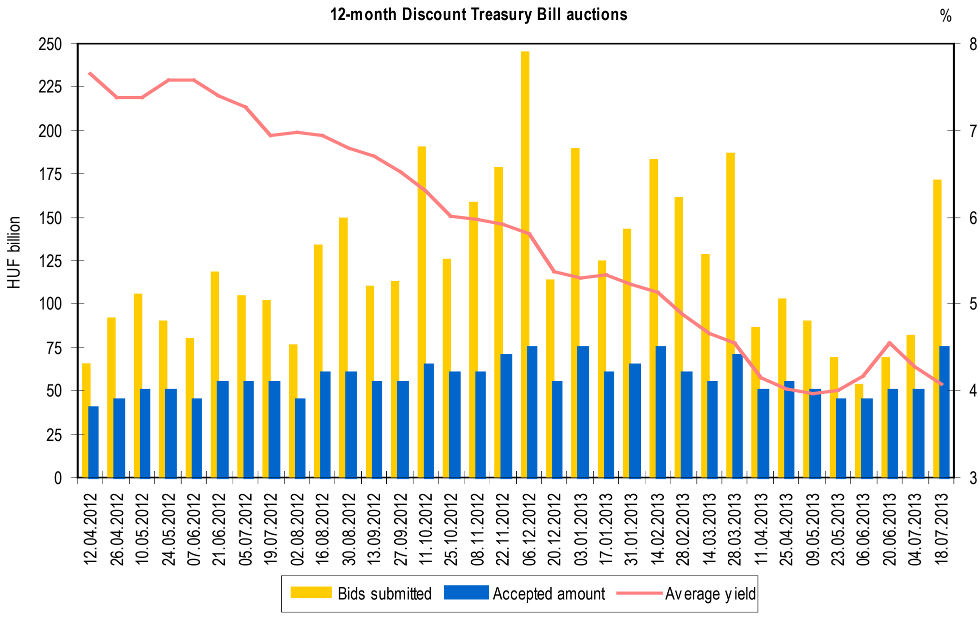
DISCOUNT TREASURY BILL AUCTION RESULTS

	3-month Discount T-bills					12-month Discount T-bills	
Code of T-bills	D131009	D131016	D131024	D131030	D131106	D140625	D140625
ISIN code	HU0000519541	HU0000519558	HU0000519566	HU0000519574	HU0000519582	HU0000519525	HU0000519525
Maturity in days	91	91	92	91	91	350	336
Date of auction	02.07.2013	09.07.2013	16.07.2013	23.07.2013	30.07.2013	04.07.2013	18.07.2013
Date of financial settlement	10.07.2013	17.07.2013	24.07.2013	31.07.2013	07.08.2013	10.07.2013	24.07.2013
Redemption date	09.10.2013	16.10.2013	24.10.2013	30.10.2013	06.11.2013	25.06.2014	25.06.2014
Maximum yield, (%) - ISMA	4.21	4.18	4.13	4.05	4.05	4.34	4.10
Minimum yield (%) - ISMA	4.14	4.10	4.09	3.98	3.90	4.20	4.07
Average yield (%) - ISMA	4.19	4.16	4.11	4.02	3.97	4.28	4.08
Maximum yield, (%) - EHM	4.27	4.24	4.19	4.11	4.11	4.40	4.16
Minimum yield (%) - EHM	4.20	4.16	4.15	4.04	3.95	4.26	4.13
Average yield (%) - EHM	4.25	4.22	4.17	4.08	4.03	4.34	4.14
Average selling price (%)	98.9520	98.9594	98.9606	98.9941	99.0064	96.0051	96.3317
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)	75,280.84	109,682.59	97,972.91	133,986.40	82,925.54	81,850.00	171,400.00
Amount of bids accepted (HUF million)	49,999.94	54,999.95	49,999.93	59,999.92	49,999.95	49,999.99	74,999.97
Bid-to-cover ratio	1.51	1.99	1.96	2.23	1.66	1.64	2.29
Bids submitted (pcs)	107	122	129	132	89	93	86
Bids accepted (pcs)	66	64	49	79	56	60	19
Market sales* (HUF million)	49,999.94	54,999.95	49,999.93	59,999.92	49,999.95	49,999.99	74,999.97
Retained on ÁKK's own account	15,000.06	16,500.05	15,000.07	18,000.08	15,000.05	15,000.01	22,500.03
Total amount issued (HUF million)	65,000.00	71,500.00	65,000.00	78,000.00	65,0000.00	65,000.00	97,500.00

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



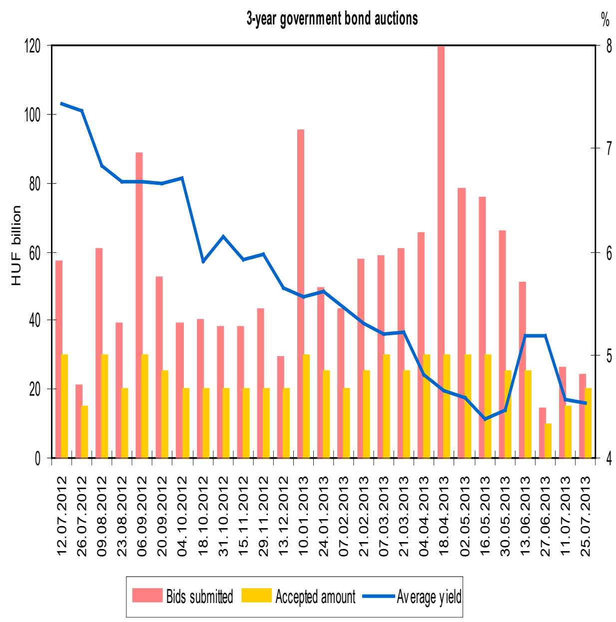
12-month Discount Treasury Bill auctions

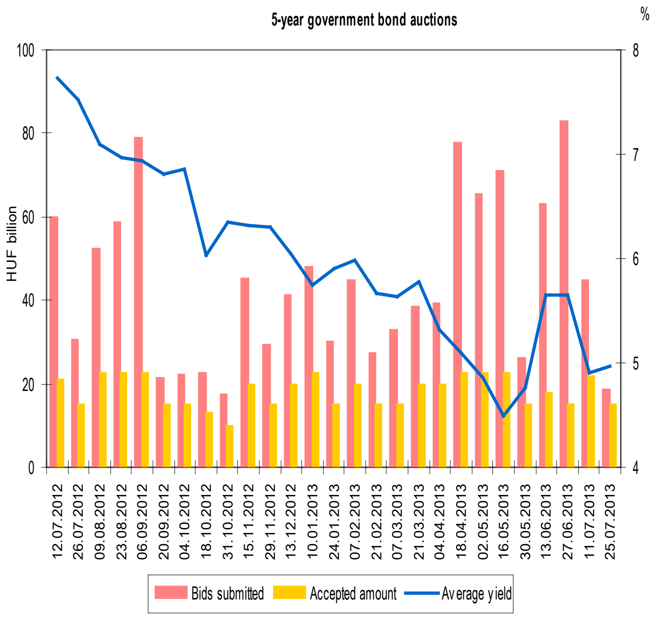


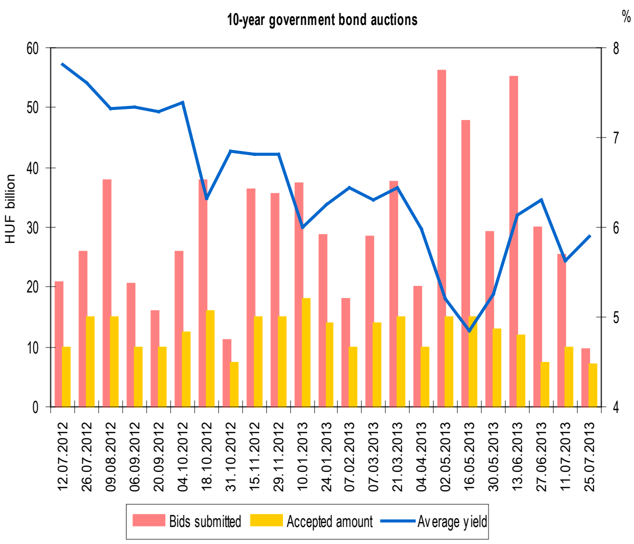
GOVERNMENT BOND AUCTION RESULTS

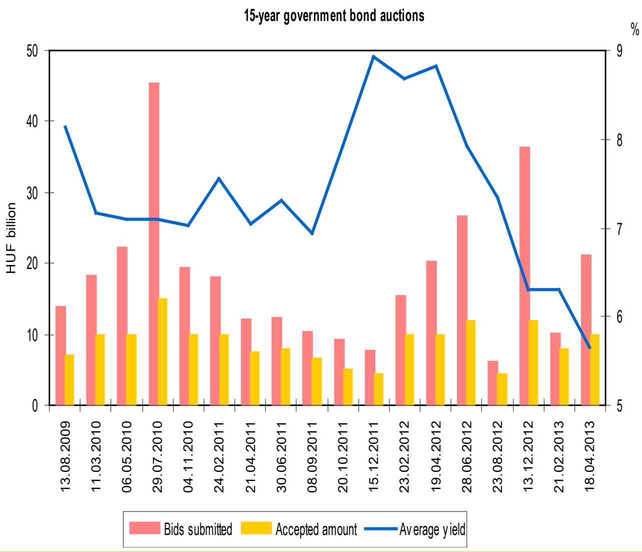
Government Bond	2019/B	2016/D	2018/A	2023/A	2016/D	2018/A	2023/A
ISIN code	HU0000402649	HU0000402623	HU0000402631	HU0000402383	HU0000402623	HU0000402631	HU0000402383
Maturity (in years)	5	3	5	10	3	5	10
Coupon (%)	5.47%	5.50%	5.50%	6.00%	5.50%	5.50%	6.00%
Auction	7th auction	14th auction	14th auction	41st auction	15th auction	15th auction	42nd auction
Date of auction	04.07.2013	11.07.2013	11.07.2013	11.07.2013	25.07.2013	25.07.2013	25.07.2013
Date of financial settlement	10.07.2013	17.07.2013	17.07.2013	17.07.2013	31.07.2013	31.07.2013	31.07.2013
Redemption date	20.05.2019	22.12.2016	20.12.2018	24.11.2023	22.12.2016	20.12.2018	24.11.2023
Maximum annual yield (%) - ISMA		4.60	4.93	5.65	4.58	5.00	5.92
Minimum annual yield (%) - ISMA		4.50	4.88	5.61	4.46	4.91	5.83
Average annual yield (%) - ISMA		4.57	4.91	5.63	4.54	4.97	5.90
Maximum annual yield (%) - EHM		4.60	4.93	5.65	4.58	5.00	5.92
Minimum annual yield (%) - EHM		4.50	4.88	5.61	4.46	4.91	5.83
Average annual yield (%) - EHM		4.57	4.90	5.63	4.53	4.96	5.89
Maximum price (%)	95.6000	103.0906	102.8680	102.9641	103.1847	102.7085	101.2539
Minimum price (%)	95.1000	102.7726	102.6304	102.6507	102.8067	102.2847	100.5672
Average price (%)	95.2200	102.8533	102.7407	102.7752	102.9434	102.4431	100.7336
Amount offered for sale (HUF million)	5,000.00	18,000.00	15,000.00	10,000.00	20,000.00	15,000.00	10,000.00
Amount of bids submitted (HUF million)	15,805.00	26,250,00	44,850.00	25,503.17	24,050.00	18,560.00	9,765.00
Amount of bids accepted (HUF million)	7,499.99	15,000.00	21,999.97	9,999.99	19,999.99	14,999.98	6,999.98
Bid-to-cover ratio	2.11	1.75	2.04	2.55	1.20	1.24	1.40
Bids submitted (pcs)	41	53	58	70	36	35	36
Bids accepted (pcs)	26	39	30	23	31	27	27
Tail (average price - minimum price)	0.12	0.08	0.11	0.12	0.14	0.16	0.17
Market sales* (HUF million)	7,499.99	15,000.00	21,999.97	9,999.99	19,999.99	14,999.98	6,999.98
Non-competitive offer (HUF million)	2,305.87	0.00	4,800.39	633.33	0.00	0.00	0.00
Total amount issued (HUF million)	7,500.00	15,000.00	30,800.00	14,000.00	20,000.00	15,000.00	7,000.00

*Without issuance onto ÁKK's own account

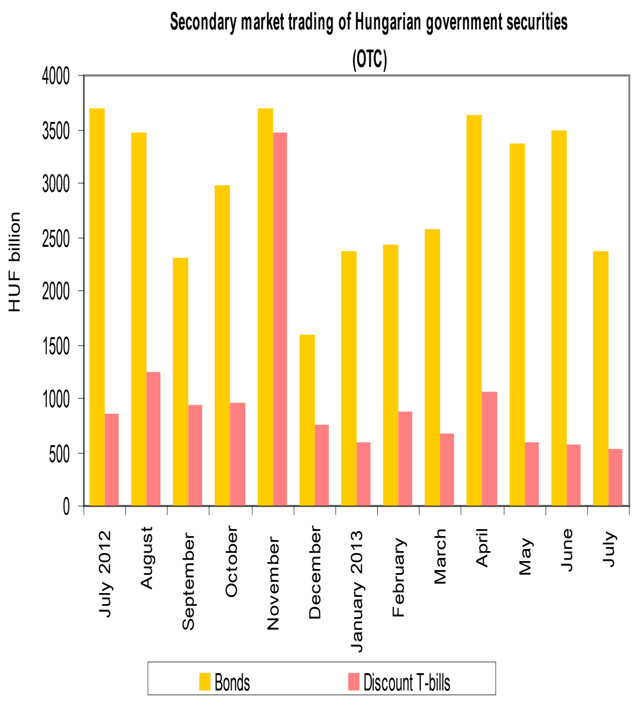


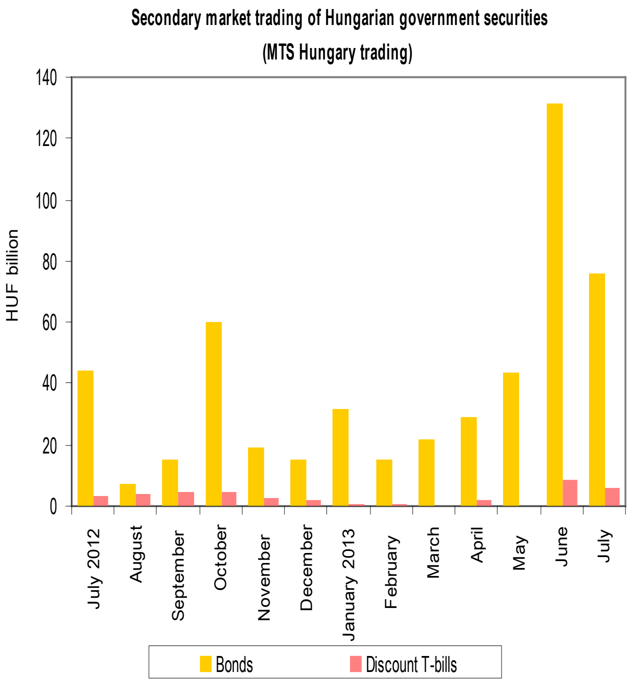


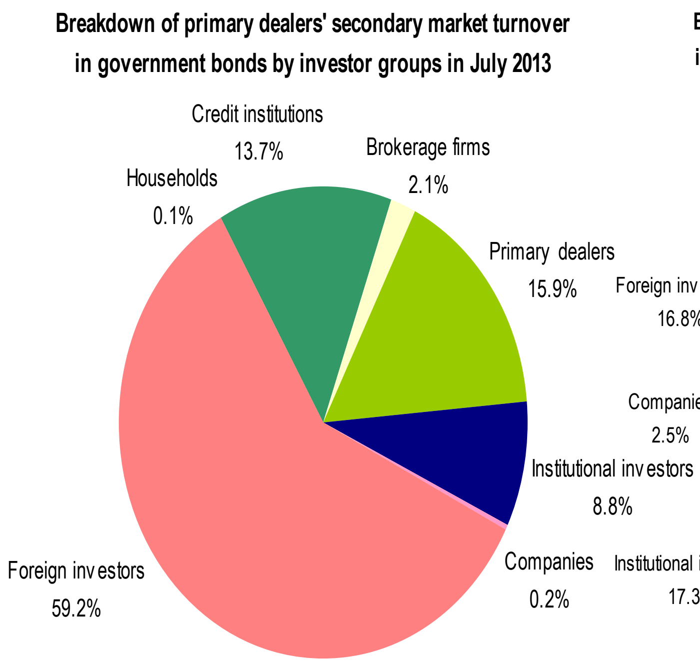


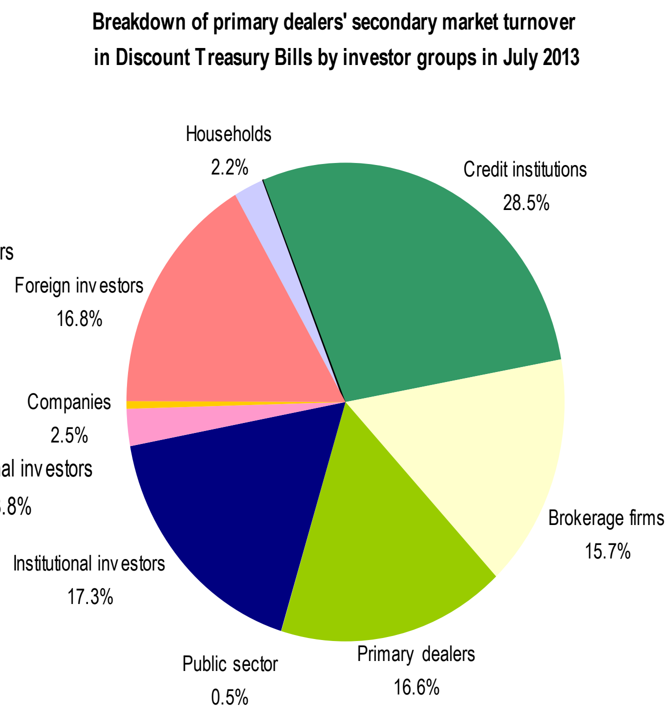


Government bond	2013/E	2014/C	2013/E	2014/C
ISIN code	HU0000402466	HU0000402193	HU0000402466	HU0000402193
Coupon (%)	7.50	5.50	7.50	5.50
Date of reverse auction	10.07.2013	10.07.2013	24.07.2013	24.07.2013
Date of financial settlement	17.07.2013	17.07.2013	31.07.2013	31.07.2013
Redemption date	24.10.2013	12.02.2014	24.10.2013	12.02.2014
Minimum annual yield (%)	4.01	3,87	4.00	3,81
Average annual yield - ISMA (%)	4.04	3.90	4.01	3.81
Average annual yield - EHM (%)	3.98	3.87	3.95	3.78
Amount of bids submitted (HUF million)	24,841.78	4,946.11	26,297.78	17,918.49
Amount of bids accepted (HUF million)	14,841.78	4,946.11	21,419.11	14,818.49









INTEREST RATE RESETS OF FLOATING RATE GOVERNMENT BONDS IN JULY 2013

Government Bond	Date of interest rate reset	Interest period		Date of interest payment	Reset interest rate (%)	Interest payable (%)
2016/B	25.06.2013	02.07.2013	02.01.2014	02.01.2014	4.23	2.16
2016/A	01.07.2013	30.06.2013	30.09.2013	30.09.2013	4.75	1.20

HUNGARIAN GOVERNMENT SECURITIES INDICES

	MAX index	RMAX index	MAX Composite index	ZMAX index
Value as at 31 July 2013	549.3821	507.9854	539.0946	503.1245
Changes compared to the end of the month before	1.2475	2.0532	1.1403	1.9057
Annual yield earned on the index portfolio	12.51%	7.05%	11.58%	5.99%

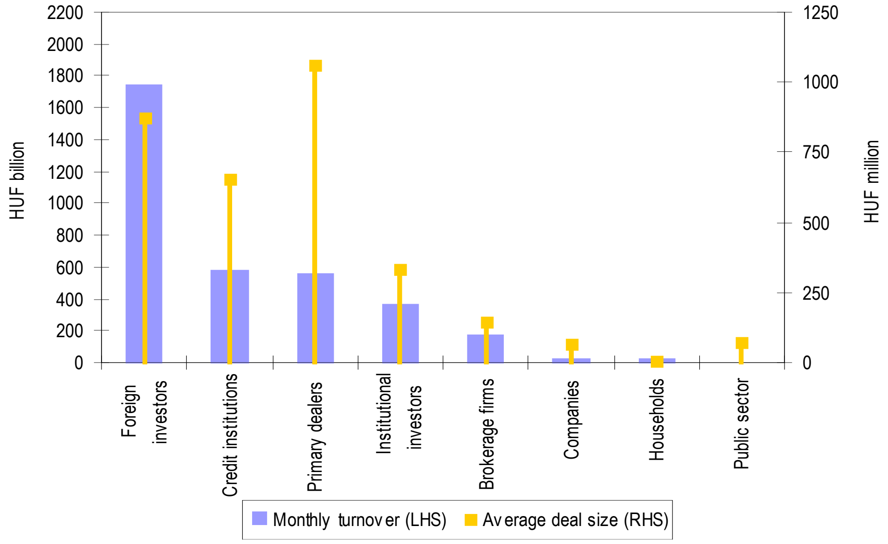
Government securities with the highest secondary market turnover in July 2013

Government security	Date of redemption	Turnover (HUF billion)
2023/A	24.11.2023	876.2
2018/A	20.12.2018	271.2
2022/A	24.06.2022	242.1
2016/D	22.12.2016	200.7
2017/B	24.02.2017	151.6
2020/A	12.11.2020	143.4
D131113	13.11.2013	138.7
2015/A	12.02.2015	131.6
2015/C	24.08.2015	127.5
D140625	25.06.2014	125.1

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

	HUF billion	
Government bond	28.06.2013	31.07.2013
2016/D	414.21	460.13
2018/A	282.90	345.47
2023/A	448.20	474.02
2028/A	117.81	117.87

Primary dealers' trading with different investor groups in July 2013



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