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GOVERNMENT DEBT MANAGEMENT AGENCY PTE LTD.

A wide-angle photograph of the Hungarian Parliament Building (Országház) in Budapest, Hungary, situated along the Danube River. The building's large central dome and Gothic architecture are prominent. A small boat is visible on the river in the foreground. The city skyline is visible in the background under a clear sky.

GOVERNMENT SECURITIES MARKET
MONTHLY REPORT
NOVEMBER 2012

■ GOVERNMENT SECURITIES MARKET ■

The deficit of the central government amounted to HUF 698.0 billion in November. The net prefinancing of cash transfers from the European Union increased the net borrowing requirement by HUF 159.9 billion. Thus, the total net financing requirement amounted to HUF 857.9 billion in 2012. Net issuance was HUF 730.7 billion; out of which net HUF-denominated issuance was HUF 1,953.9 billion and net foreign currency denominated issuance was HUF -1,223.2 billion.

HUF billion	2011		2012		Change	
	December	%	November	%	HUF billion	%
Foreign exchange denominated debt	10,170.4	48.5	7,967.9	38.6	-2,202.6	-21.7
Government securities	5,712.3	27.3	4,768.4	23.1	-943.9	-16.5
Loans	4,458.1	21.3	3,199.5	15.5	1,258.6	-28.2
HUF denominated debt	10,362.2	49.4	12,285.9	59.5	1,923.7	18.6
Government securities	9,771.4	46.6	11,719.1	56.7	1,947.7	19.9
Loans	590.8	2.8	566.8	2.7	-24.0	-4.1
Total	20,532.6	98.0	20,253.7	98.1	-278.9	-1.4
<i>Other obligations</i>	422.9	2.0	399.7	1.9	-23.2	-5.5
Total central government debt	20,955.5	100.0	20,653.5	100.0	-302.1	-1.4

The HUF denominated debt of the central government increased by HUF 1,923.7 billion in 2012. The difference between the net change in the debt stock and the net issuance was caused by withdrawing from the market HUF 31.1 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 782.8 billion, the amount of discount Treasury bills increased by HUF 715.6 billion and the total amount of retail government securities increased by HUF 451.8 billion.

The foreign currency debt of the central government decreased by HUF 2,202.6 billion in 2012. The drawdown of foreign currency denominated loans worth HUF 49.7 increased, the P€MAK bond issuance also increased the debt by HUF 29.2 billion, while the redemptions of foreign currency debt worth HUF 1,302.1 billion decreased the debt, out of which 0,1 HUF bn of Hungarian foreign currency government bonds were in the possession of the Pension Reform and Debt Reduction Fund. The exchange rate revaluations totalling HUF 979.3 billion decreased the Hungarian Forint value of the foreign currency debt in 2012.

Secondary market yields in November:

Benchmark yields

Maturity	30.12.2011.	31.10.2012.	30.11.2012.	Change, basis points
3-month	7.55	6.05	5.88	-17
6-month	7.60	5.97	5.84	-13
1-year	7.95	6.02	5.88	-14
3-year	9.06	6.17	5.96	-21
5-year	9.64	6.35	6.31	-4
10-year	9.75	6.88	6.82	-6
15-year	9.76	6.95	6.88	-7

Monthly OTC turnover of government securities was 41 % lower in November than a month before and reached HUF 2,350.6 billion. Primary dealers, who account for the decisive part of all secondary government securities trading, made 49% of their secondary government securities deals with non-resident investors.

The volume of non-residents' holdings of Hungarian government securities increased altogether by HUF 122.4 billion in November, and amounted to HUF 4,962.2 billion at the end of the month. This volume represented 42.3% of the total amount of domestic government securities.

The EUR/HUF exchange rate according to the National Bank of Hungary was 280.35 on the last working day of November.

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

■ GOVERNMENT SECURITIES MARKET ■

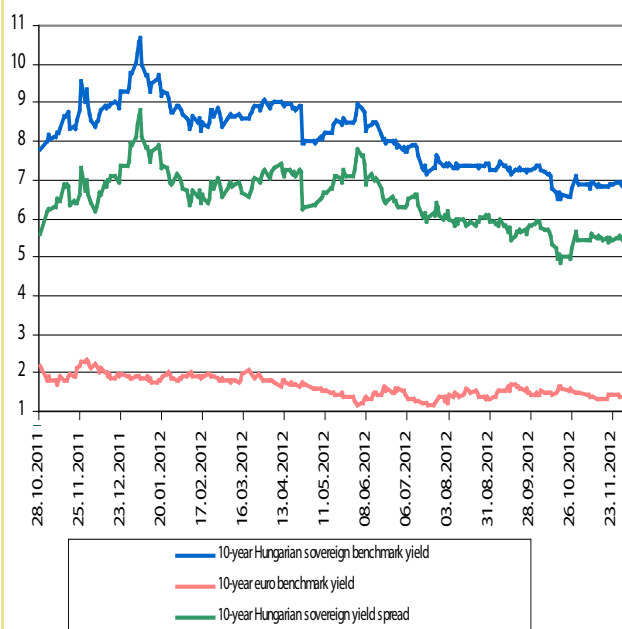
CENTRAL GOVERNMENT GROSS DEBT

HUF BILLION

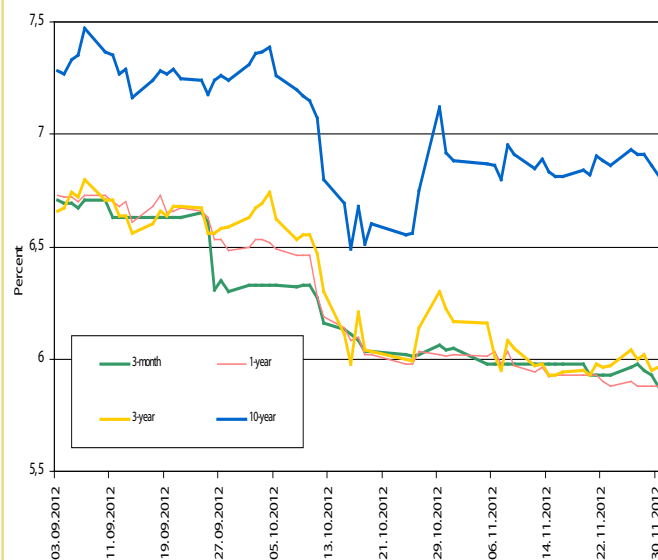
	2006	2007	2008	2009	2010	2011	September 2012	October 2012	November 2012
1. Forint denominated debt	10,552.3	11,103.8	11,250.6	10,476.2	10,978.2	10,362.2	11,799.6	11,970.9	12,285.9
1.1. Loans	356.4	145.7	219.9	438.7	540.8	590.8	587.8	576.8	566.8
1.2. Government securities	10,195.9	10,958.1	11,030.7	10,037.5	10,437.4	9,771.4	11,211.8	11,394.1	11,719.1
1.2.1. Public issues	9,667.5	10,465.4	10,599.7	9,613.2	10,019.6	9,378.1	10,810.2	10,993.4	11,318.3
1.2.1.1. Bonds	7,244.2	8,245.3	8,570.6	7,519.2	7,965.8	7,353.4	8,274.4	8,067.9	8,136.2
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	1,727.1	2,056.4	2,256.5
1.2.1.3. Retail securities	667.4	555.2	546.4	446.6	435.7	473.8	808.7	869.1	925.6
1.2.2. Private placements	528.4	492.7	431.0	424.3	417.8	403.2	401.6	400.7	400.7
2. Foreign currency denominated debt*	4,124.4	4,472.6	6,774.8	8,466.7	8,842.8	10,170.4	8,457.9	8,471.5	7,967.9
2.1. Loans	803.7	846.5	2,529.4	4,112.7	4,292.8	4,458.1	3,378.9	3,395.5	3,199.5
2.1.1. Foreign loans	700.1	838.8	2,529.4	4,112.7	4,292.8	4,361.9	3,297.1	3,313.7	3,118.6
2.1.2. Domestic loans	103.6	104.0	0.0	0.0	0.0	96.2	81.9	81.8	80.9
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	81.9	81.8	80.9
2.2. Government securities	3,320.7	3,626.1	4,245.5	4,354.0	4,550.0	5,712.3	5,078.9	5,076.0	4,768.4
2.2.1. Issued abroad	3,320.7	3,626.1	4,245.5	4,354.0	4,550.0	5,712.3	5,078.9	5,076.0	4,739.2
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	5,078.9	5,076.0	4,739.2
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	29.2
Total	14,676.7	15,576.4	18,025.4	18,942.9	19,821.0	20,532.6	20,257.5	20,442.4	20,253.7
Other liabilities	29.0	9.1	78.5	20.1	220.01	422.9	396.4	386.7	399.7
Total central government debt	14,705.7	15,585.5	18,103.9	18,963.1	20,041.0	20,955.5	20,653.9	20,829.1	20,653.5
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	10,403.1	10,525.0	10,793.4
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 year/month.

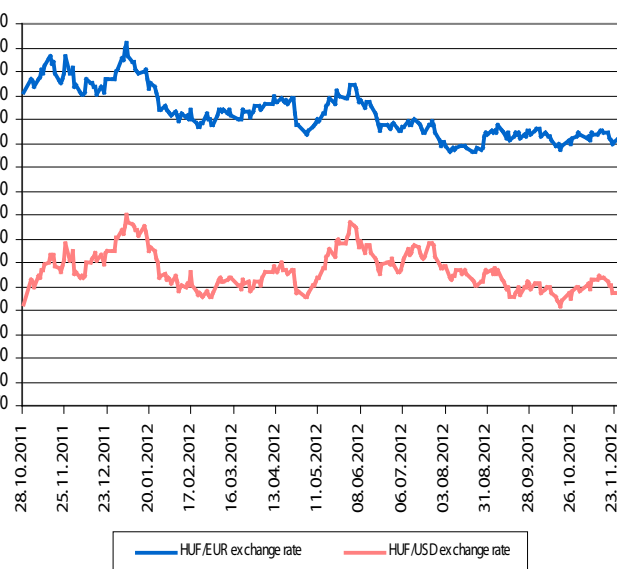
% 10-year Hungarian and eurozone benchmark yields during the last year



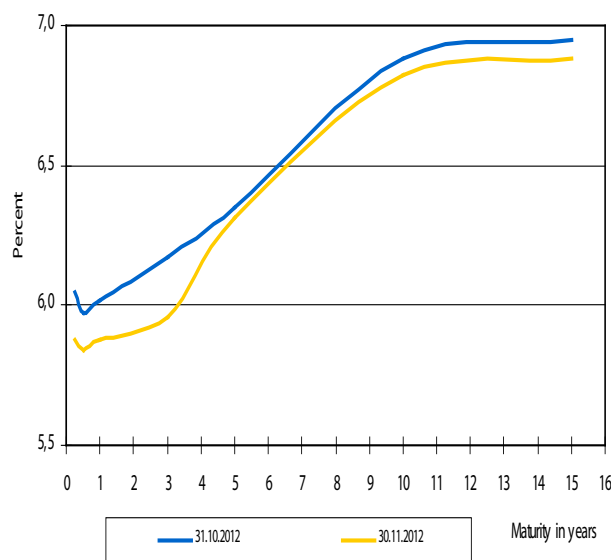
Benchmark yields in the past three months



The exchange rate of the Hungarian Forint during the last year



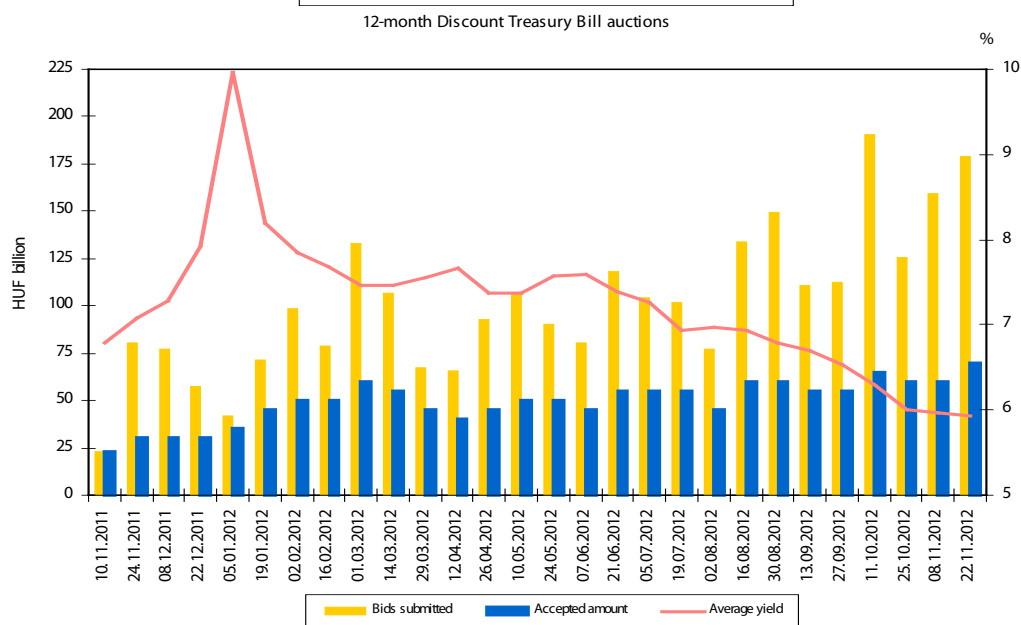
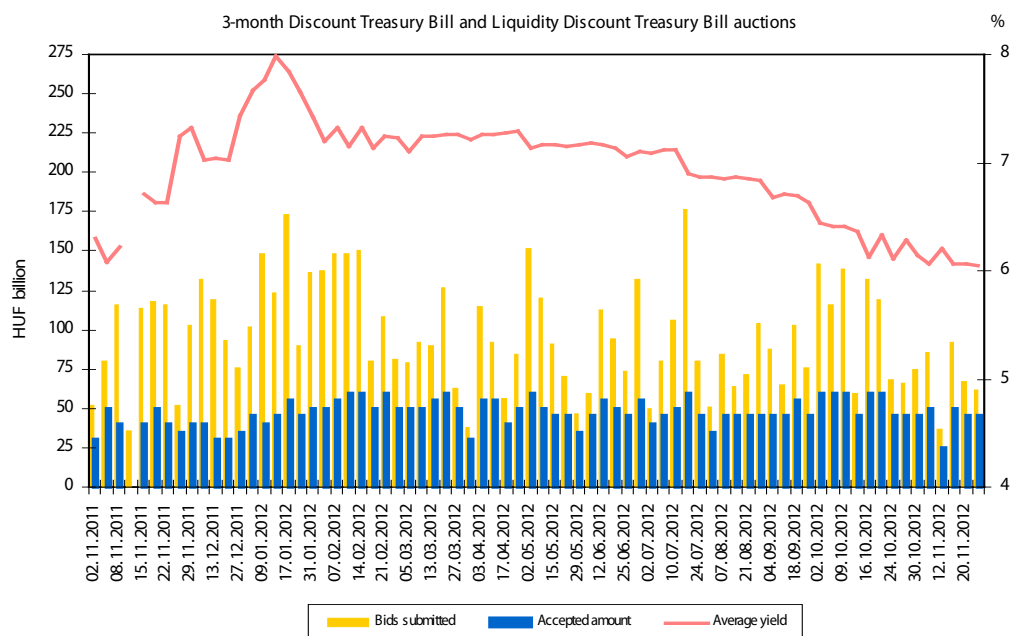
Benchmark yield curves



■ GOVERNMENT SECURITIES MARKET ■

DISCOUNT TREASURY BILL AUCTION RESULTS

	Liquidity Discount T-bills	3-month Discount T-bills				12-month Discount T-bills	
Code of T-bills	D121227	D130213	D130220	D130227	D130306	D131113	D131113
ISIN code	HU0000518782	HU0000519194	HU0000518865	HU0000519210	HU0000519228	HU0000519202	HU0000519202
Maturity in days	43	91	91	91	91	364	350
Date of auction	12.11.2012	06.11.2012	13.11.2012	20.11.2012	27.11.2012	08.11.2012	22.11.2012
Date of financial settlement	14.11.2012	14.11.2012	21.11.2012	28.11.2012	05.12.2012	14.11.2012	28.11.2012
Redemption date	27.12.2012	13.02.2013	20.02.2013	27.02.2013	06.03.2013	13.11.2013	13.11.2013
Maximum yield, (%) - ISMA	6.25	6.11	6.10	6.10	6.08	6.04	5.93
Minimum yield (%) - ISMA	6.10	6.00	5.97	6.00	5.99	5.90	5.90
Average yield (%) - ISMA	6.21	6.06	6.06	6.06	6.05	5.97	5.93
Maximum yield, (%) - EHM	6.34	6.19	6.18	6.18	6.16	6.12	6.01
Minimum yield (%) - EHM	6.18	6.08	6.05	6.08	6.07	5.98	5.98
Average yield (%) - EHM	6.30	6.14	6.14	6.14	6.13	6.05	6.01
Average selling price (%)	99.2637	98.4913	98.4913	98.4913	98.4937	94.3073	94.5490
Amount offered for sale (HUF million)	50,000.00	50,000.00	50,000.00	50,000.00	50,000.00	45,000.00	50,000.00
Amount of bids submitted (HUF million)	36,900.00	85,011.00	92,337.47	67,363.58	61,994.14	159,065.72	179,104.00
Amount of bids accepted (HUF million)	24,999.98	49,999.99	49,999.98	44,999.94	44,999.98	59,999.95	69,999.94
Bid-to-cover ratio	1.48	1.70	1.85	1.50	1.38	2.65	2.56
Bids submitted (pcs)	28	82	101	102	100	116	123
Bids accepted (pcs)	25	32	60	72	80	56	32
Market sales* (HUF million)	24,999.98	49,999.99	49,999.98	44,999.94	44,999.98	59,999.95	69,999.94
Retained on ÁKK's own account	0.02	15,000.01	15,000.02	13,500.06	13,500.02	60,000.05	21,000.06
Total amount issued (HUF million)	25,000.00	65,000.00	65,000.00	58,500.00	58,500.00	120,000.00	91,000.00



■ GOVERNMENT SECURITIES MARKET ■

GOVERNMENT BOND AUCTION RESULTS

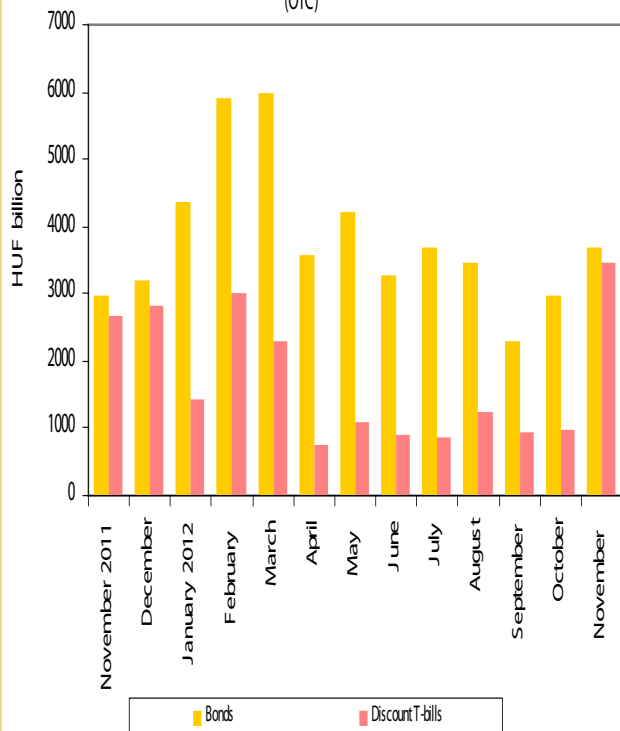
Government Bond	2015/B	2015/C	2017/A	2022/A	2015/C	2017/A	2022/A
ISIN code	HU0000402482	HU0000402581	HU0000402037	HU0000402524	HU0000402581	HU0000402037	HU0000402524
Maturity (in years)	3	3	5	10	3	5	10
Coupon (%)	7.17%	7.75%	6.75%	7.00%	7.75%	6.75%	7.00%
Auction	26th auction	21st auction	49th auction	39th auction	22nd auction	50th auction	40th auction
Date of auction	08.11.2012	15.11.2012	15.11.2012	15.11.2012	29.11.2012	29.11.2012	29.11.2012
Date of financial settlement	14.11.2012	21.11.2012	21.11.2012	21.11.2012	05.12.2012	05.12.2012	05.12.2012
Redemption date	22.12.2015	24.08.2015	24.11.2017	24.06.2022	24.08.2015	24.11.2017	24.06.2022
Maximum annual yield (%) - ISMA		5.95	6.32	6.82	6.00	6.33	6.85
Minimum annual yield (%) - ISMA		5.88	6.27	6.78	5.94	6.26	6.80
Average annual yield (%) - ISMA		5.93	6.32	6.82	5.97	6.30	6.82
Maximum annual yield (%) - EHM		5.95	6.32	6.82	6.00	6.33	6.85
Minimum annual yield (%) - EHM		5.88	6.27	6.78	5.94	6.26	6.80
Average annual yield (%) - EHM		5.93	6.31	6.81	5.97	6.30	6.82
Maximum price (%)	97.6500	104.5932	102.0083	101.4596	104.3777	102.0330	101.3152
Minimum price (%)	97.5000	104.4138	101.7964	101.1816	104.2262	101.7384	100.9695
Average price (%)	97.5800	104.4592	101.8152	101.2010	101.3058	101.8547	101.1537
Amount offered for sale (HUF million)	5,000.00	20,000.00	15,000.00	10,000.00	20,000.00	15,000.00	10,000.00
Amount of bids submitted (HUF million)	20,000.00	38,100.00	45,300.00	36,271.00	43,500.00	29,175.00	35,550.00
Amount of bids accepted (HUF million)	7,499.99	19,999.97	19,999.97	14,999.96	19,999.97	14,999.97	14,999.96
Bid-to-cover ratio	2.67	1.91	2.27	2.42	2.18	1.95	2.37
Bids submitted (pcs)	26	63	62	65	53	49	63
Bids accepted (pcs)	14	36	25	23	37	29	36
Tail (average price - minimum price)	0.08	0.05	0.02	0.02	-2.92	0.12	0.18
Market sales* (HUF million)	7,499.99	19,999.97	19,999.97	14,999.96	19,999.97	14,999.97	14,999.96
Non-competitive offer (HUF million)	1,000.00	6,578.45	6,389.84	3,294.93	161.29	1,287.05	1,203.12
Total amount issued (HUF million)	10,500.00	20,000.00	20,000.00	15,000.00	20,000.00	15,000.00	15,000.00

*Without issuance onto ÁKK's own account

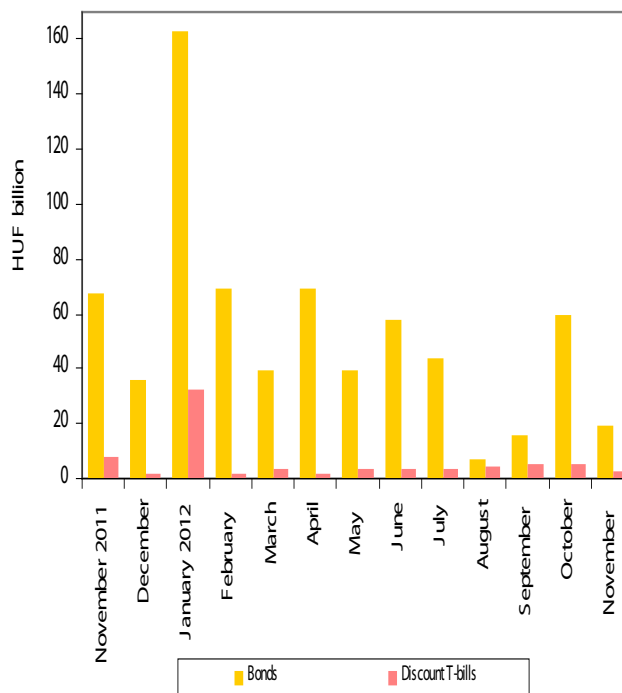


■ GOVERNMENT SECURITIES MARKET ■

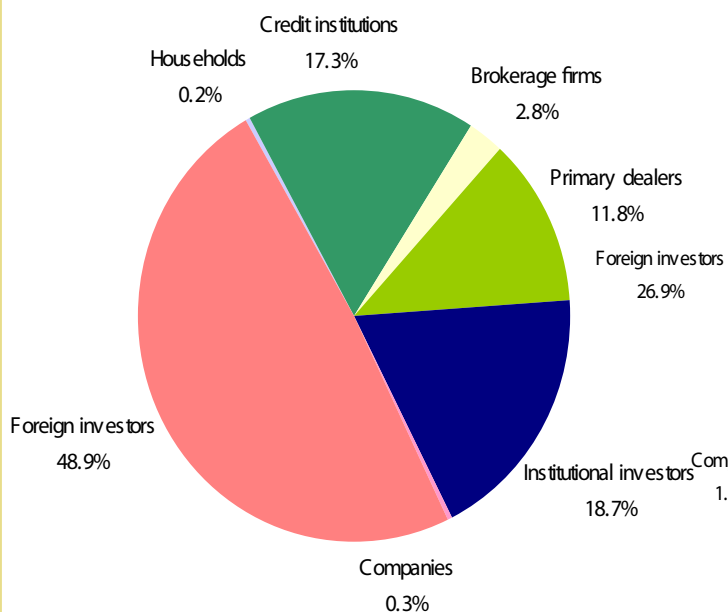
Secondary market trading of Hungarian government securities
(OTC)



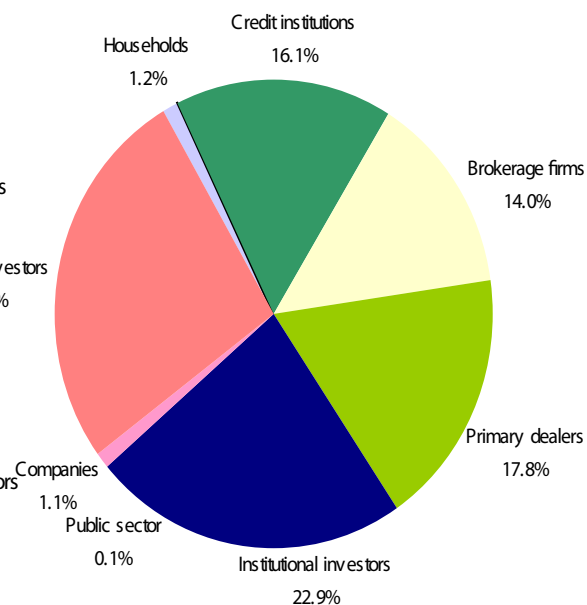
Secondary market trading of Hungarian government securities
(Budapest Stock Exchange
from 2012 MTS Hungary trading)



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



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



■ GOVERNMENT SECURITIES MARKET ■

INTEREST RATE RESETS OF FLOATING RATE GOVERNMENT BONDS IN NOVEMBER 2012

Government Bond	Date of interest rate reset	Interest period		Date of interest payment	Reset interest rate (%)	Interest payable (%)
2014/A	02.11.2012	02.11.2012	02.05.2013	20.03.2013	6.80	3.42
2016/I	25.11.2012	28.11.2012	28.11.2013	28.11.2013	9.50	9.50
2015/L	26.11.2012	28.11.2012	28.11.2013	28.11.2013	8.50	8.50

HUNGARIAN GOVERNMENT SECURITIES INDICES

	MAX index	RMAX index	MAX Composite index	ZMAX index
Value as at 30 November 2012	514.4288	487.3060	507.1882	485.9888
Changes compared to the end of the month before	3.9052	2.4051	3.6215	2.2559
Annual yield earned on the index portfolio	16.10%	8.25%	14.95%	7.42%

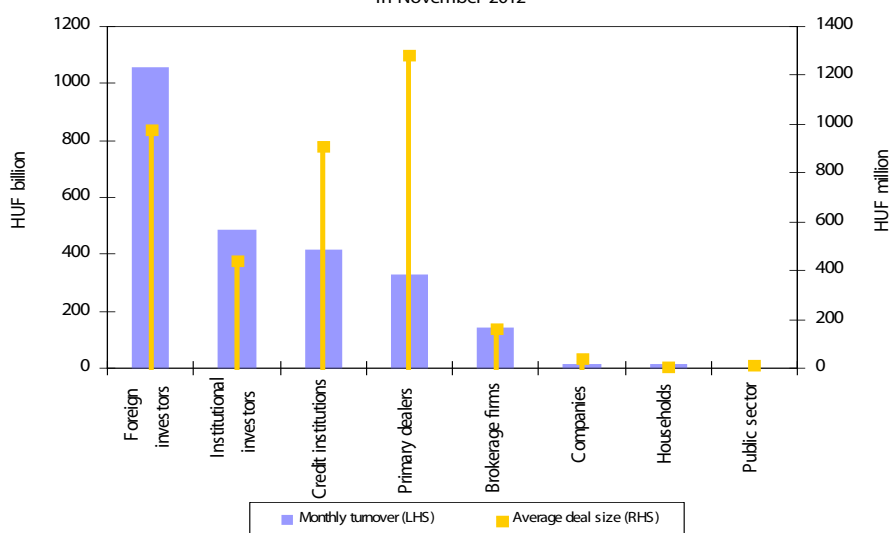
Government securities with the highest secondary market turnover in November 2012

Government security	Date of redemption	Turnover (HUF billion)
2017/A	24.11.2017	366.6
2015/C	24.08.2015	286.8
2022/A	24.06.2022	260.8
2014/C	12.02.2014	144.8
2017/B	24.02.2017	136.4
D121227	27.12.2012	128.4
2020/A	12.11.2020	122.2
D131113	13.11.2013	98.6
2014/D	22.08.2014	90.4
2019/A	24.06.2019	86.1

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

Government bond	31.10.2012	30.11.2012
2015/C	544.60	598.93
2017/A	866.86	903.76
2022/A	490.79	517.11
2028/A	82.80	82.83

Primary dealers' trading with different investor groups in November 2012



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

