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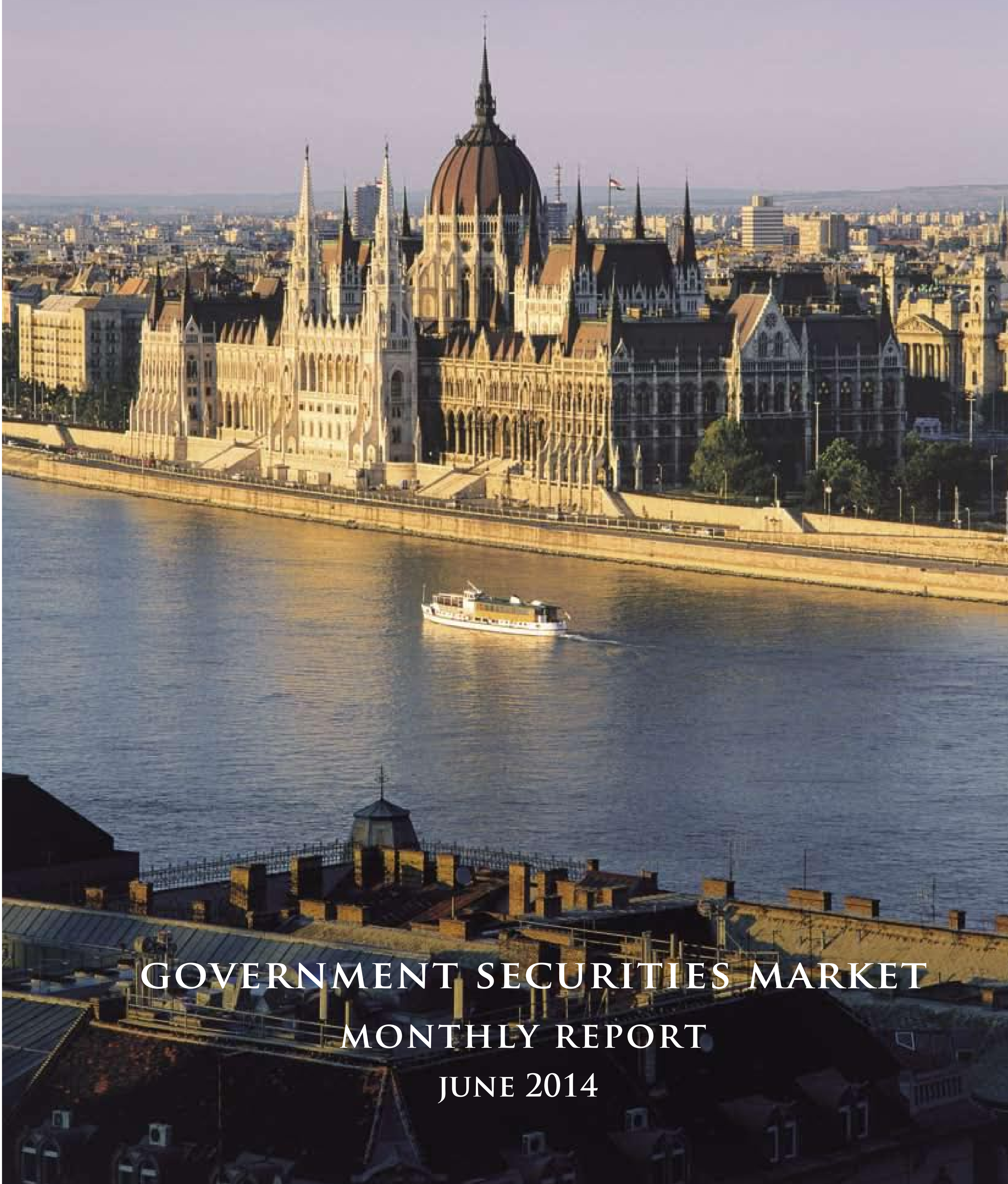
GOVERNMENT DEBT MANAGEMENT AGENCY PTE LTD.



GOVERNMENT SECURITIES MARKET

MONTHLY REPORT

JUNE 2014

The deficit of the central government amounted to HUF 813.7 billion in June. The net prefinancing of cash transfers from the European Union decreased the net borrowing requirement by HUF 290.1 billion. Thus, the total net financing requirement amounted to HUF 523.6 billion in 2014. Net issuance was HUF 2,405.1 billion, including the sum of debt assumptions HUF 436.7 billion; out of which net HUF-denominated issuance was HUF 1,653.4 billion and net foreign currency denominated issuance was HUF 751.8 billion. Without debt assumptions net issuance was HUF 2,085.4 billion, out of which net HUF-denominated issuance was HUF 1,611.0 billion and net foreign currency denominated issuance was HUF 474.3 billion.

	2013		2014		Change	
HUF billion	December	%	June	%	HUF billion	%
Foreign exchange denominated debt	8,904.9	40.2	10,051.3	40.6	1,146.4	12.9
Government securities	6,169.3	24.2	6,926.4	27.9	757.1	12.3
Loans	2,735.6	16.0	3,125.0	12.6	389.3	14.2
HUF denominated debt	12,976.4	58.1	14,629.8	59.0	1 653.4	12.7
Government securities	12,372.8	55.4	13,942.1	56.2	1 569.3	12.7
Loans	603.6	2.7	687.7	2.8	84.1	13.9
Total	21,881.4	98.3	24,681.1	99.6	2,799.8	12.8
Other obligations	117.3	1.7	105.8	0.4	-11.5	-9.8
Total central government debt	21,998.6	100.0	24,786.9	100.0	2,788.3	12.7

The HUF denominated debt of the central government increased by HUF 1,653.4 billion in 2014. The increase in domestic debt was the result of net government bond issuance of HUF 633.0 billion, the amount of discount Treasury bills increased by HUF 525.5 billion and the total amount of retail government securities increased by HUF 442.1 billion. The stock of non-marketable government bonds decreased by HUF 31.2 billion because of redemption. The volume of HUF loans increased by HUF 84.1 billion in 2014.

The foreign currency debt of the central government increased by HUF 1,146.4 billion in 2014. The foreign currency bond issue increased the debt by HUF 678.8 billion, the P€MAK and residence bond issuance was HUF 336.0 billion, the drawdown of foreign currency denominated loans was HUF 48.0 billion. The debt assumptions worth HUF 294.1 billion increased, while the redemptions of foreign currency debt worth HUF 605.0 billion decreased the debt. The exchange rate revaluations totalling HUF 394.6 billion increased the Hungarian Forint value of the foreign currency debt in 2014.

Benchmark yields

Maturity	31.12.2013.	30.05.2014.	30.06.2014.	Change, basis points
3-month	2.87	2.37	2.23	-14
6-month	2.95	2.36	2.22	-14
1-year	3.05	2.35	2.23	-12
3-year	4.04	3.36	3.07	-29
5-year	4.70	3.66	3.33	-33
10-year	5.70	4.71	4.39	-32
15-year	6.30	5.13	4.82	-31

Monthly OTC turnover of government securities was 9 % higher in June than a month before and reached HUF 6,070.2 billion. Primary dealers, who account for the decisive part of all secondary government securities trading, made 58% of their secondary government securities deals with non-resident investors.

The volume of non-residents' holdings of Hungarian government securities decreased altogether by HUF 62.6 billion in June, and amounted to HUF 4,774.4 billion at the end of the month. This volume represented 34.2% of the total amount of domestic government securities.

The EUR/HUF exchange rate according to the National Bank of Hungary was 310.19 on the last working day of June.

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

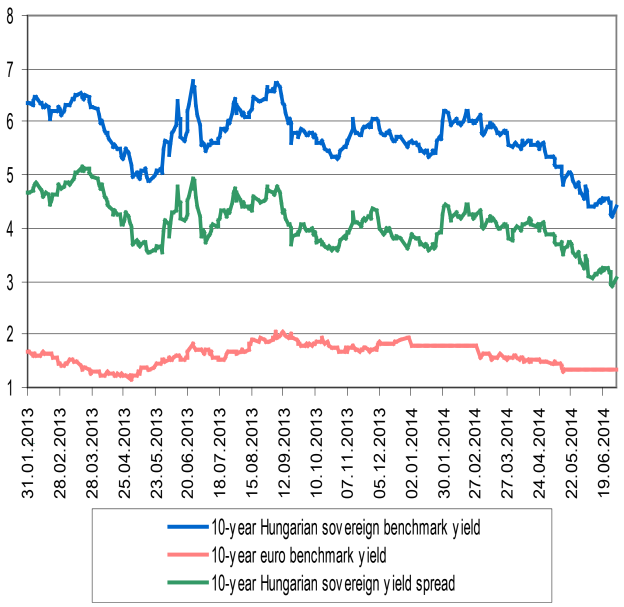
CENTRAL GOVERNMENT GROSS DEBT

HUF BILLION

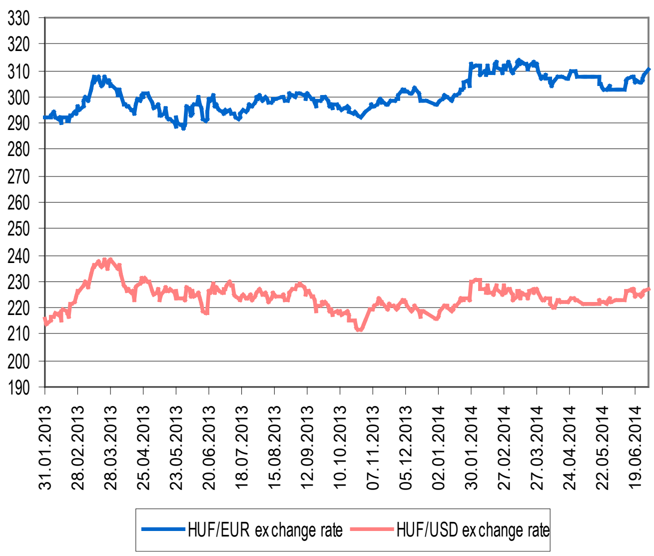
	2007	2008	2009	2010	2011	2012	2013	April 2014	May 2014	June 2014
1. Forint denominated debt	11,103.8	11,250.6	10,476.2	10,978.2	10,362.2	12,042.4	12,976.4	14,259.3	14,375.0	14,629.8
1.1. Loans	145.7	219.9	438.7	540.8	590.8	566.8	603.6	698.7	691.5	687.7
1.2. Government securities	10,958.1	11,030.7	10,037.5	10,437.4	9,771.4	11,475.6	12,372.8	13,560.6	13,683.4	13,942.1
1.2.1. Public issues	10,465.4	10,599.7	9,613.2	10,019.6	9,378.1	11,077.1	12,182.3	13,370.9	13,523.3	13,782.8
1.2.1.1. Bonds	8,245.3	8,570.6	7,519.2	7,965.8	7,353.4	8,184.1	8,588.8	8,857.8	8,962.3	9,221.8
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	1,904.9	2,612.6	2,593.1	2,430.4
1.2.1.3. Retail securities	555.2	546.4	446.6	435.7	473.8	986.6	1,688.5	1,900.5	1,967.9	2,130.6
1.2.2. Private placements	492.7	431.0	424.3	417.8	403.2	398.5	190.5	189.7	160.1	159.3
2. Foreign currency denominated debt*	4,472.6	6,774.8	8,466.7	8,842.8	10,170.4	8,326.6	8,904.9	10,232.6	9,842.6	10,051.3
2.1. Loans	846.5	2,529.4	4,112.7	4,292.8	4,458.1	3,312.5	2,735.6	3,146.7	3,091.9	3,125.0
2.1.1. Foreign loans	838.8	2,529.4	4,112.7	4,292.8	4,361.9	3,229.0	2,400.2	2,645.9	2,601.3	2,626.7
2.1.2. Domestic loans	104.0	0.0	0.0	0.0	96.2	83.5	335.4	500.7	490.7	498.3
2.2. Government securities	3,626.1	4,245.5	4,354.0	4,550.0	5,712.3	5,014.1	6,169.3	7,085.9	6,750.7	6,926.4
2.2.1. Issued abroad	3,626.1	4,245.5	4,354.0	4,550.0	5,712.3	4,924.2	5,736.9	6,312.0	5,980.0	6,127.8
2.2.2. Issued domestically	0.0	0.0	0.0	0.0	0.0	89.9	432.5	773.9	770.6	798.6
Total	15,576.4	18,025.4	18,942.9	19,821.0	20,532.6	20,369.0	21,881.4	24,491.8	24,217.6	24,681.1
Other liabilities	9.1	78.5	20.1	220.01	422.9	351.1	117.3	94.8	100.1	105.8
Total central government debt	15,585.5	18,103.9	18,963.1	20,041.0	20,955.5	20,720.1	21,998.6	24,586.6	24,317.6	24,786.9
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*	*10,684.2*	*11,660.1*	*11,715.5*	*11,811.5*
Gross debt/GDP	*61.3%*	*68.2%*	*74.0%*	*75.6%*	*75.8%*	*73.9%*	*75.7%*			

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

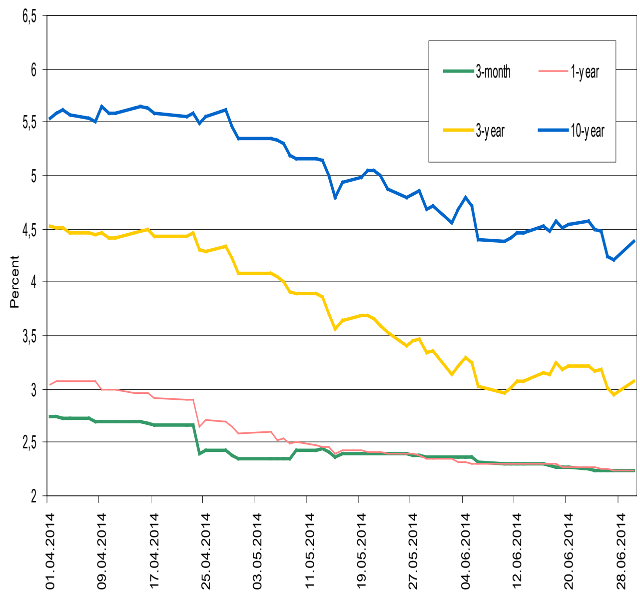
% 10-year Hungarian and eurozone benchmark yields during the last year



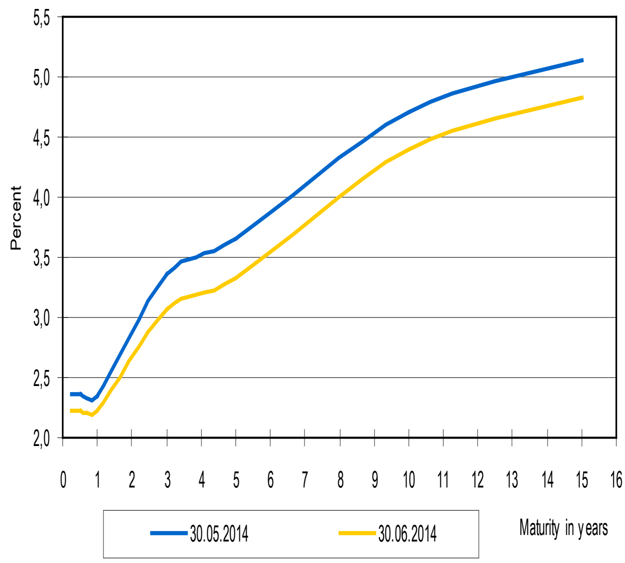
The exchange rate of the Hungarian Forint during the last year



Benchmark yields in the past three months



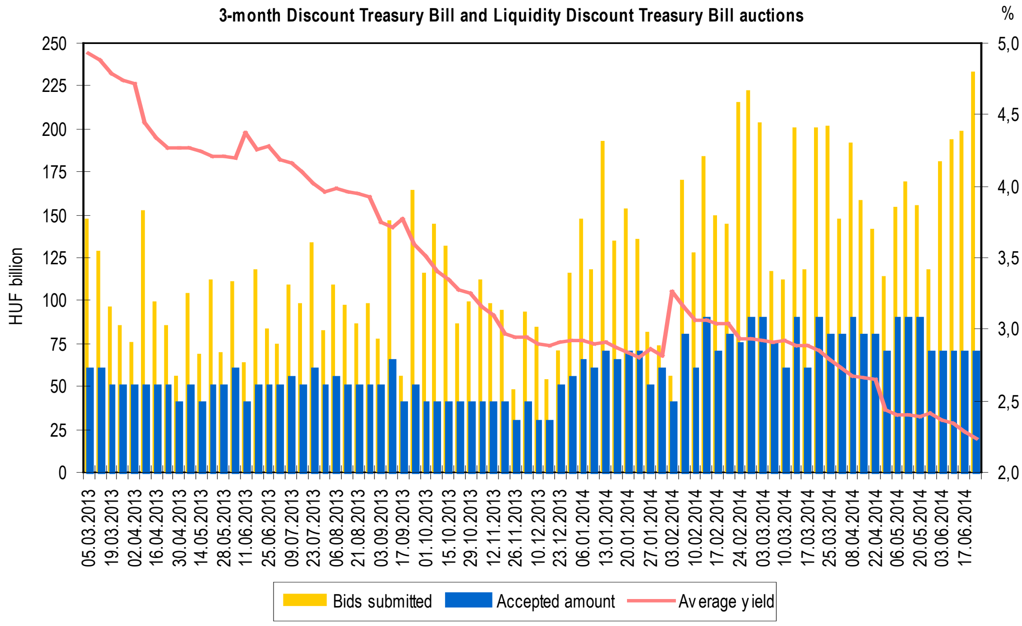
Benchmark yield curves

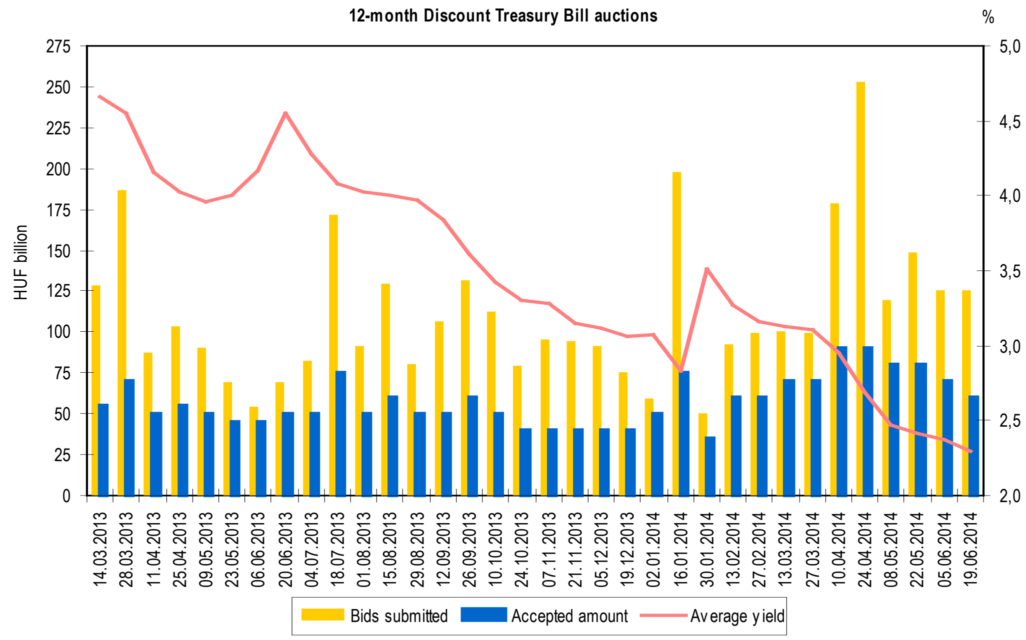


DISCOUNT TREASURY BILL AUCTION RESULTS

	3-month Discount T-bills				12-month Discount T-bills	
Code of T-bills	D140910	D140917	D140924	D141001	D150527	D150527
ISIN code	HU0000520028	HU0000520036	HU0000520044	HU0000520051	HU0000520002	HU0000520002
Maturity in days	91	91	91	91	350	336
Date of auction	03.06.2014	10.06.2014	17.06.2014	24.06.2014	05.06.2014	19.06.2014
Date of financial settlement	11.06.2014	18.06.2014	25.06.2014	02.07.2014	11.06.2014	25.06.2014
Redemption date	10.09.2014	17.09.2014	24.09.2014	01.10.2014	27.05.2015	27.05.2015
Maximum yield (%) - ISMA	2.39	2.35	2.30	2.25	2.39	2.31
Minimum yield (%) - ISMA	2.33	2.30	2.25	2.20	2.30	2.23
Average yield (%) - ISMA	2.37	2.34	2.29	2.24	2.37	2.29
Maximum yield (%) - EHM	2.42	2.38	2.33	2.28	2.42	2.34
Minimum yield (%) - EHM	2.36	2.33	2.28	2.23	2.33	2.26
Average yield (%) - EHM	2.40	2.37	2.32	2.27	2.40	2.32
Average selling price (%)	99.4045	99.4120	99.4245	99.4370	97.7477	97.9074
Amount offered for sale (HUF million)	60,000.00	60,000.00	60,000.00	60,000.00	60,000.00	60,000.00
Amount of bids submitted (HUF million)	180,717.00	194,000.00	198,857.00	232,950.00	125,520.00	125,095.00
Amount of bids accepted (HUF million)	69,999.93	69,999.95	69,999.90	69,999.88	69,999.93	59,999.93
Bid-to-cover ratio	2.58	2.77	2.84	3.33	1.79	2.08
Bids submitted (pcs)	103	97	140	125	127	120
Bids accepted (pcs)	57	39	59	49	73	67
Market sales* (HUF million)	69,999.93	69,999.95	69,999.90	69,999.88	69,999.93	59,999.93
Retained on ÁKK's own account	21,000.07	21,000.05	21,000.10	21,000.12	21,000.07	0.07
Total amount issued (HUF million)	91,000.00	91,000.00	91,000.00	91,000.00	91,000.00	60,000.00

*Without issuance onto ÁKK's own account

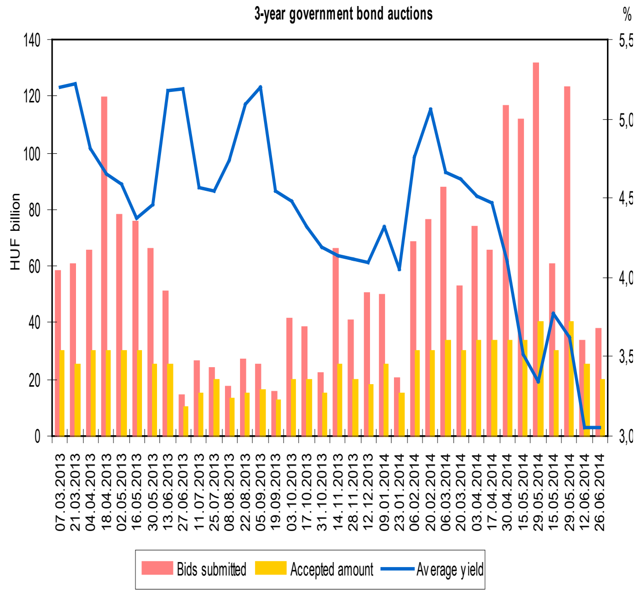


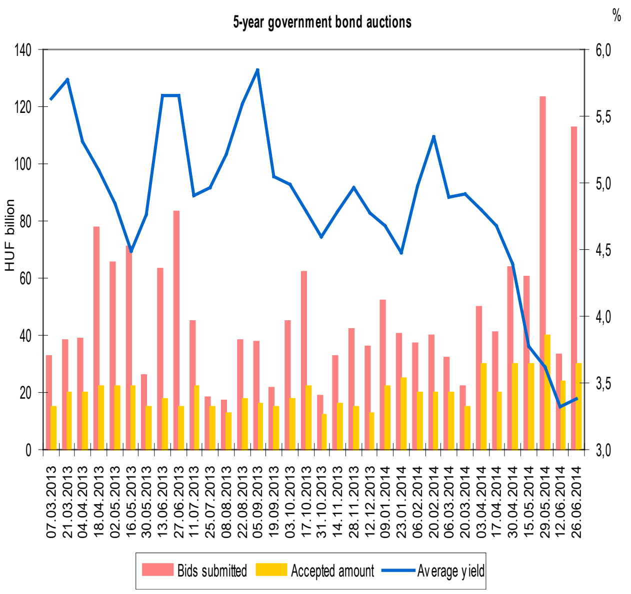


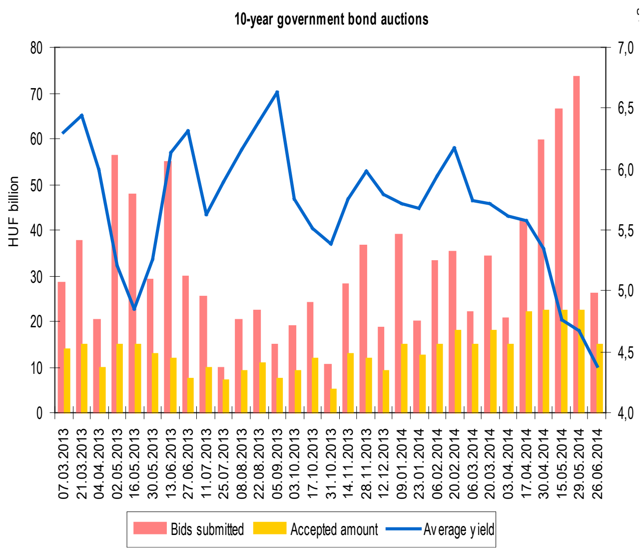
GOVERNMENT BOND AUCTION RESULTS

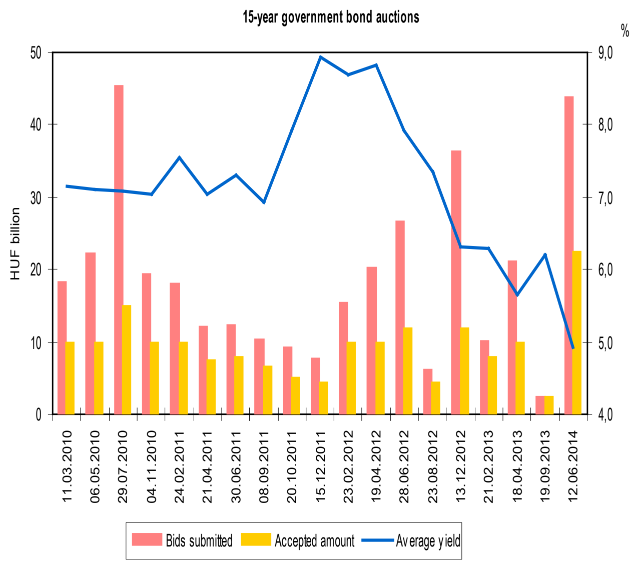
Government Bond	2017/C	2019/B	2018/B	2019/A	2028/A	2017/C	2019/B	2018/B	2019/A	2025/B
ISIN code	HU0000402821	HU0000402433	HU0000402730	HU0000402433	HU0000402532	HU0000402821	HU0000402433	HU0000402730	HU0000402433	HU0000402748
Maturity (in years)	3	5	3	5	15	3	5	3	5	10
Coupon (%)	2.65%	2.41%	4.00%	6.50%	6.75%	2.65%	2.41%	4.00%	6.50%	5.50%
Auction	4th auction	19th auction	12th auction	72nd auction	15th auction	5th auction	20th auction	13th auction	73rd auction	12th auction
Date of auction	05.06.2014	05.06.2014	12.06.2014	12.06.2014	12.06.2014	19.06.2014	19.06.2014	26.06.2014	26.06.2014	26.06.2014
Date of financial settlement	11.06.2014	11.06.2014	18.06.2014	18.06.2014	18.06.2014	25.06.2014	25.06.2014	02.07.2014	02.07.2014	02.07.2014
Redemption date	20.12.2017	20.05.2019	25.04.2018	24.06.2019	22.10.2028	20.12.2017	20.05.2019	25.04.2018	24.06.2019	24.06.2025
Maximum annual yield (%) - ISMA			3.08	3.37	4.95			3.05	3.40	4.42
Minimum annual yield (%) - ISMA			3.00	3.26	4.90			3.05	3.37	4.36
Average annual yield (%) - ISMA			3.05	3.32	4.93			3.05	3.38	4.38
Maximum annual yield (%) - EHM			3.08	3.37	4.95			3.05	3.40	4.42
Minimum annual yield (%) - EHM			3.00	3.26	4.90			3.05	3.37	4.36
Average annual yield (%) - EHM			3.05	3.31	4.92			3.05	3.38	4.38
Maximum price (%)	98.8000	96.7500	103.5799	114.7716	118.7100	98.8900	97.1100	103.3629	114.1248	109.7781
Minimum price (%)	98.6000	96.5500	103.2866	114.2254	118.1435	98.7100	96.8500	103.3629	113.9775	109.2337
Average price (%)	98.6700	96.6000	103.3892	114.4888	118.4156	98.7900	96.9500	103.3629	114.0645	109.5875
Amount offered for sale (HUF million)	30,000.00	15,000.00	30,000.00	30,000.00	15,000.00	20,000.00	20,000.00	25,000.00	20,000.00	15,000.00
Amount of bids submitted (HUF million)	32,061,54	50,927.86	33,700,00	33,345,00	43,772,80	59,667,00	52,250.00	38,050.00	112,715.00	26,230,00
Amount of bids accepted (HUF million)	22,999.99	21,499.95	24,999.95	23,999.94	22,499.99	29,999.98	29,999.99	20,000.00	29,999.96	14,999.96
Bid-to-cover ratio	1.39	2.37	1.35	1.39	1.95	1.99	1.74	1.90	3.76	1.75
Bids submitted (pcs)	42	84	63	65	60	68	67	56	74	57
Bids accepted (pcs)	33	44	46	44	32	39	54	14	32	31
Tail (average price - minimum price)	0.07	0.05	0.10	0.26	0.27	0.08	0.10	0.00	0.09	0.35
Market sales* (HUF million)	22,999.99	21,499.95	24,999.95	23,999.94	22,499.99	29,999.98	29,999.99	20,000.00	29,999.96	14,999.96
Non-competitive offer (HUF million)	0.00	7,601.86	0.00	0.00	8,115.54	3,441.22	5,610.00	3,920.00	10,834.34	4,260.36
Total amount issued (HUF million)	23,000.00	30,100.00	25,000.00	24,000.00	31,500.00	30,000.00	42,000.00	20,000.00	30,000.00	15,000.00

*Without issuance onto ÁKK's own account



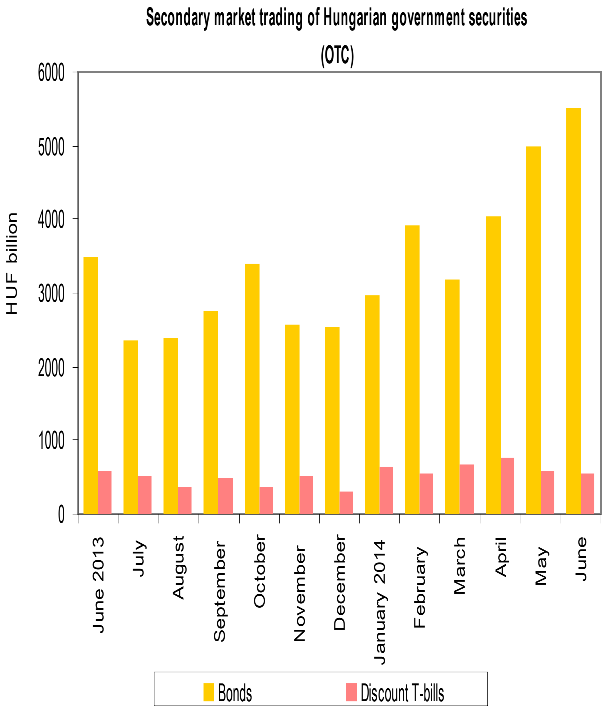


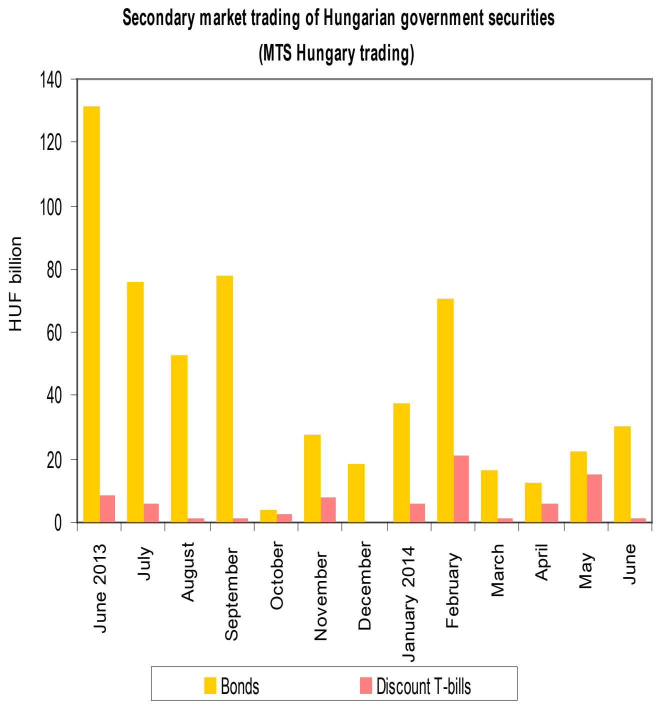


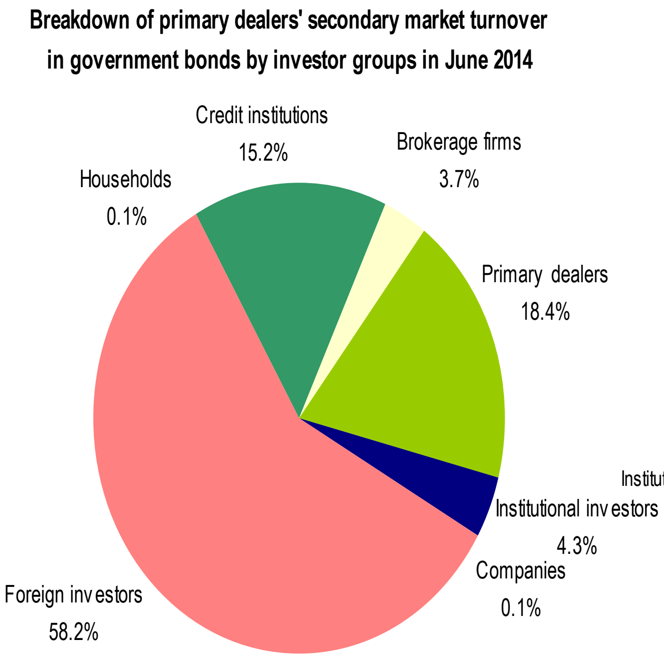


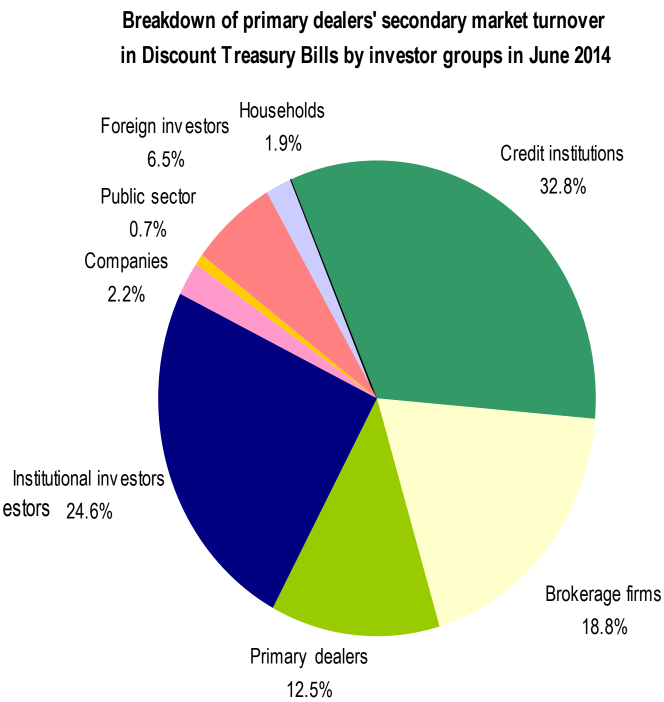
INTEREST RATE RESETS OF FLOATING RATE GOVERNMENT BONDS IN JUNE 2014

Government Bond	Date of interest rate reset	Interest period		Date of interest payment	Reset interest rate (%)	Interest payable (%)
2014/B	20.06.2014	20.06.2014	20.12.2014	22.12.2014	2.70	1.37
2015/B	18.06.2014	22.06.2014	22.12.2014	22.12.2014	2.33	1.18
2017/C	18.06.2014	20.06.2014	20.09.2014	22.09.2014	2.43	0.62
2016/A	30.06.2014	30.06.2014	30.09.2014	30.09.2014	2.90	0.73









HUNGARIAN GOVERNMENT SECURITIES INDICES

	MAX index	RMAX index	MAX Composite index	ZMAX index
Value as at 30 June 2014	625.5118	528.8730	602.5803	519.0672
Changes compared to the end of the month before	9.5900	1.4017	8.0695	1.1196
Annual yield earned on the index portfolio	14.04%	4.51%	11.95%	3.54%

Government securities with the highest secondary market turnover in June 2014

Government security	Date of redemption	Turnover (HUF billion)
2019/A	24.06.2019	1,050.7
2023/A	24.11.2023	1,034.0
2015/A	12.02.2015	719.4
2022/A	24.06.2022	597.6
2020/A	12.11.2020	584.7
2017/A	24.11.2017	478.6
2018/B	25.04.2018	401.8
2015/C	24.08.2015	344.2
2016/D	22.12.2016	309.9
2025/B	24.06.2025	307.5

The outstanding volume of government bonds with benchmark status at the end of June 2014

	HUF billion	
Government bond	30.05.2014	30.06.2014
2018/B	363.00	443.80
2019/A	926.08	1,005.69
2025/B	201.06	232.11
2028/A	120.86	151.45