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GOVERNMENT DEBT MANAGEMENT AGENCY PTE LTD.

GOVERNMENT SECURITIES MARKET

MONTHLY REPORT

NOVEMBER 2013

The deficit of the central government amounted to HUF 876.3 billion in the first 11 months of 2013. The net prefinancing of cash transfers from the European Union decreased the net borrowing requirement by HUF 18.1 billion. Thus, the total net financing requirement amounted to HUF 858.2 billion in November. Net issuance was HUF 1,657.9 billion, including the sum of debt assumptions HUF 590.7 billion; out of which net HUF-denominated issuance was HUF 1,031.4 billion and net foreign currency denominated issuance was HUF 626.5 billion. Without debt assumptions net issuance was HUF 1,156.4 billion, out of which net HUF-denominated issuance was HUF 917.6 billion and net foreign currency denominated issuance was HUF 238.7 billion.

	2012		2013		Change	
HUF billion	December	%	November	%	HUF billion	%
Foreign exchange denominated debt	8,326.6	40.2	9,249.3	41.2	922.8	11.1
Government securities	5,014.1	24.2	6,506.3	29.0	1,492.2	29.8
Loans	3,312.5	16.0	2,743.0	12.2	-569.5	-17.2
HUF denominated debt	12,042.4	58.1	13,068.8	58.2	1,026.4	8.5
Government securities	11,475.6	55.4	12,425.0	55.3	949.4	8.3
Loans	566.8	2.7	643.8	2.9	77.0	13.6
Total	20,369.0	98.3	22,318.2	99.4	1,949.2	9.6
Other obligations	351.1	1.7	135.1	0.6	-215.9	-61.5
Total central government debt	20,720.1	100.0	22,453.3	100.0	1,733.3	8.4

The HUF denominated debt of the central government increased by HUF 1,026.4 billion in the first 11 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 361.3 billion, the amount of discount Treasury bills increased by HUF 14.6 billion and the total amount of retail government securities increased by HUF 652.7 billion. The stock of non-marketable government bonds decreased by HUF 79.2 billion because of redemption. The volume of HUF loans increased by HUF 77.0 billion in the first 11 months of the year.

The foreign currency debt of the central government increased by HUF 922.8 billion in the first 11 months of 2013. The foreign currency bond issuance was HUF 1,151.9 billion, the gross P€MAK and residence bond issuance was HUF 723.9 billion.The drawdown of foreign currency denominated loans worth HUF 170.9 billion increased, the debt assumptions worth HUF 418.0 billion increased, while the redemptions of foreign currency debt worth HUF 1,838.3 billion decreased the debt. The exchange rate revaluations totalling HUF 296.3 billion increased the Hungarian Forint value of the foreign currency debt in 2013.

Benchmark yields

Maturity	28.12.2012.	31.10.2013.	29.11.2013.	Change, basis points
3-month	5.33	3.30	2.85	-45
6-month	5.28	3.23	3.00	-23
1-year	5.40	3.31	3.14	-17
3-year	5.61	4.21	4.23	2
5-year	5.89	4.65	5.07	42
10-year	6.11	5.45	6.07	62
15-year	6.11	6.08	6.58	50

Monthly OTC turnover of government securities was 18 % lower in November than a month before and reached HUF 3,090.7 billion. Primary dealers, who account for the decisive part of all secondary government securities trading, made 57% of their secondary government securities deals with non-resident investors.

The volume of non-residents' holdings of Hungarian government securities decreased altogether by HUF 7.1 billion in November, and amounted to HUF 4,936.8 billion at the end of the month. This volume represented 39.7% of the total amount of domestic government securities.

The EUR/HUF exchange rate according to the National Bank of Hungary was 300.94 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

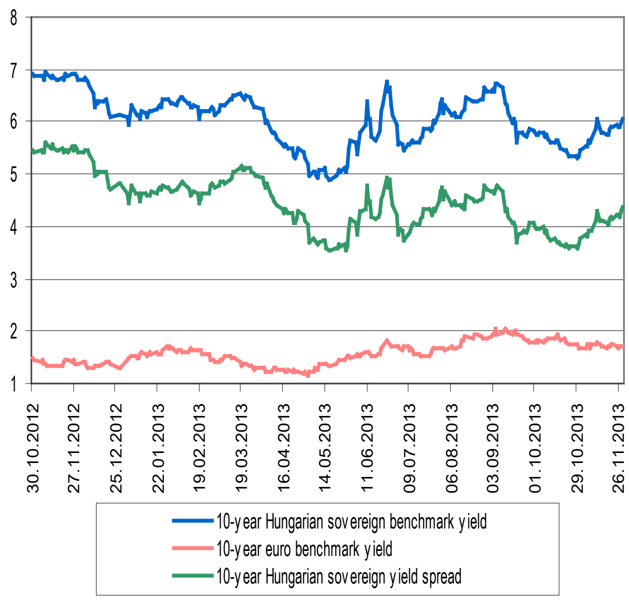
HUF BILLION

	2007	2008	2009	2010	2011	2012	September 2013	October 2013	November 2013
1. Forint denominated debt	11,103.8	11,250.6	10,476.2	10,978.2	10,362.2	12,042.4	13,347.7	13,199.8	13,068.8
1.1. Loans	145.7	219.9	438.7	540.8	590.8	566.8	662.2	644.2	643.8
1.2. Government securities	10,958.1	11,030.7	10,037.5	10,437.4	9,771.4	11,475.6	12,685.5	12,555.6	12,425.0
1.2.1. Public issues	10,465.4	10,599.7	9,613.2	10,019.6	9,378.1	11,077.1	12,366.3	12,236.4	12,105.7
1.2.1.1. Bonds	8,245.3	8,570.6	7,519.2	7,965.8	7,353.4	8,184.1	8,758.1	8,509.9	8,545.4
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	2,040.7	2,129.1	1,921.1
1.2.1.3. Retail securities	555.2	546.4	446.6	435.7	473.8	986.6	1,567.4	1,597.4	1,639.2
1.2.2. Private placements	492.7	431.0	424.3	417.8	403.2	398.5	319.3	319.3	319.3
2. Foreign currency denominated debt*	4,472.6	6,774.8	8,466.7	8,842.8	10,170.4	8,326.6	8,608.2	8,593.4	9,249.3
2.1. Loans	846.5	2,529.4	4,112.7	4,292.8	4,458.1	3,312.5	2,726.3	2,691.5	2,743.0
2.1.1. Foreign loans	838.8	2,529.4	4,112.7	4,292.8	4,361.9	3,229.0	2,383.3	2,354.7	2,398.7
2.1.2. Domestic loans	104.0	0.0	0.0	0.0	96.2	83.5	342.9	336.9	344.3
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	342.9	336.9	344.3
2.2. Government securities	3,626.1	4,245.5	4,354.0	4,550.0	5,712.3	5,014.1	5,881.9	5,901.8	6,506.3
2.2.1. Issued abroad	3,626.1	4,245.5	4,354.0	4,550.0	5,712.3	4,924.2	5,334.2	5,263.1	5,823.7
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	5,334.2	5,263.1	5,823.7
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	547.7	638.7	682.6
Total	15,576.4	18,025.4	18,942.9	19,821.0	20,532.6	20,369.0	21,955.9	21,793.2	22,318.2
Other liabilities	9.1	78.5	20.1	220.01	422.9	351.1	129.5	125.1	135.1
Total central government debt	15,585.5	18,103.9	18,963.1	20,041.0	20,955.5	20,720.1	22,085.4	21,918.3	22,453.3
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*	*11,118.1*	*10,958.3*	*10,785.8*
Gross debt/GDP	*61.3%*	*68.2%*	*74.0%*	*75.6%***	*75.8%***	*73.9%***			

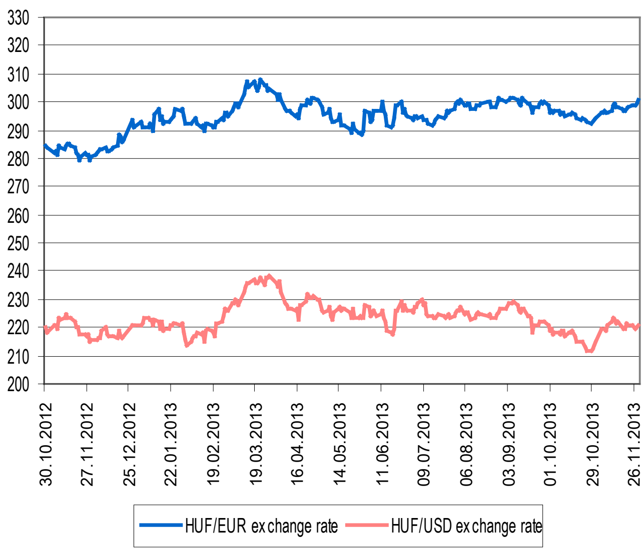
*Foreign exchange debt is recorded at the mid exchange rate of the NBH at the end of the year/month.

**With revised GDP data.

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

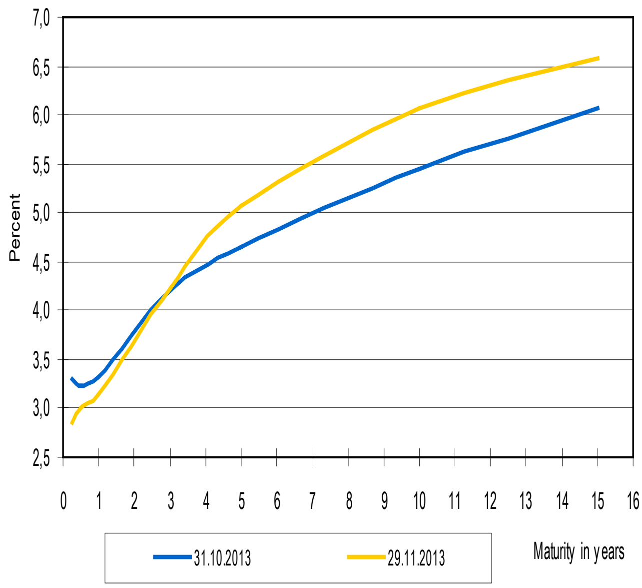


The exchange rate of the Hungarian Forint during the last year



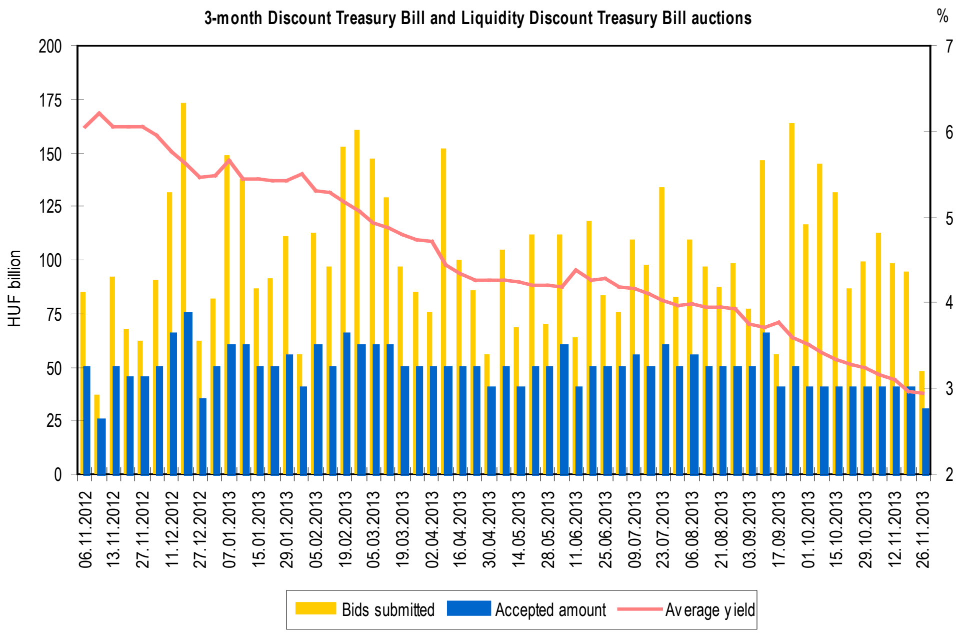
Benchmark yields in the past three months

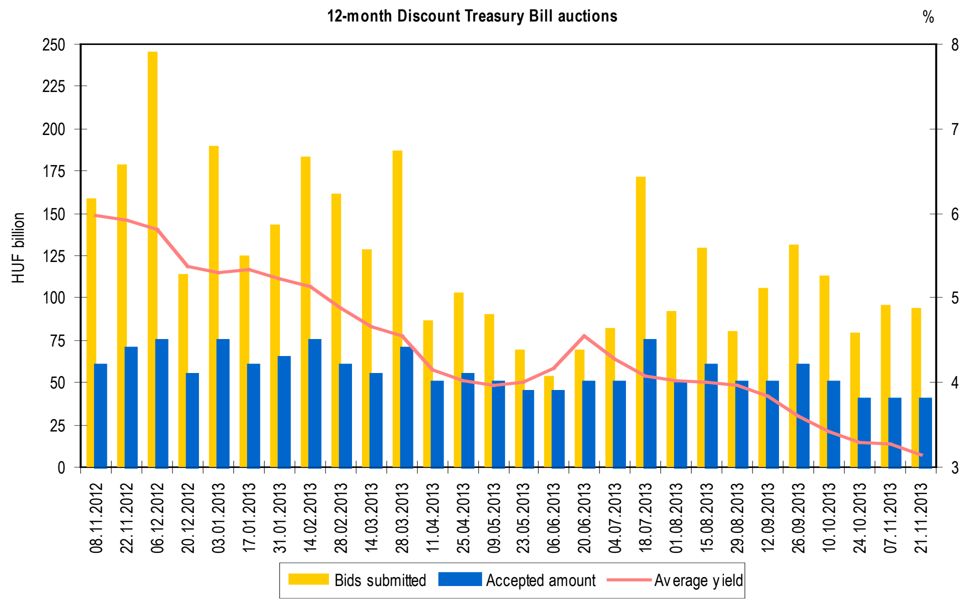
Benchmark yield curves



DISCOUNT TREASURY BILL AUCTION RESULTS

	3-month Discount T-bills				12-month Discount T-bills	
Code of T-bills	D140212	D140219	D140226	D140305	D141015	D141015
ISIN code	HU0000519723	HU0000519731	HU0000519749	HU0000519350	HU0000519681	HU0000519681
Maturity in days	91	91	91	91	336	322
Date of auction	05.11.2013	12.11.2013	19.11.2013	26.11.2013	07.11.2013	21.11.2013
Date of financial settlement	13.11.2013	20.11.2013	27.11.2013	04.12.2013	13.11.2013	27.11.2013
Redemption date	12.02.2014	19.02.2014	26.02.2014	05.03.2014	15.10.2014	15.10.2014
Maximum yield, (%) - ISMA	3.17	3.12	2.99	2.98	3.30	3.17
Minimum yield (%) - ISMA	3.12	3.06	2.90	2.83	3.24	3.11
Average yield (%) - ISMA	3.16	3.10	2.97	2.94	3.28	3.15
Maximum yield, (%) - EHM	3.21	3.16	3.03	3.02	3.35	3.21
Minimum yield (%) - EHM	3.16	3.10	2.94	2.87	3.29	3.15
Average yield (%) - EHM	3.20	3.14	3.01	2.98	3.33	3.19
Average selling price (%)	99.2076	99.2225	99.2548	99.2623	97.0296	97.2597
Amount offered for sale (HUF million)	40,000.00	40,000.00	40,000.00	40,000.00	40,000.00	40,000.00
Amount of bids submitted (HUF million)	112,317.42	98,733.19	94,462.45	48,260.03	95,350.00	94,022.82
Amount of bids accepted (HUF million)	39,999.93	39,999.88	39,999.97	29,999.99	39,999.92	39,999.97
Bid-to-cover ratio	2.81	2.47	2.36	1.61	2.38	2.35
Bids submitted (pcs)	130	125	91	58	89	111
Bids accepted (pcs)	48	55	38	45	41	49
Market sales* (HUF million)	39,999.93	39,999.88	39,999.97	29,999.99	39,999.92	39,999.97
Retained on ÁKK's own account	24,000.07	12,000.12	12,000.03	9,000.01	12,000.08	12,000.03
Total amount issued (HUF million)	64,000.00	52,000.00	52,000.00	39,000.00	52,000.00	52,000.00

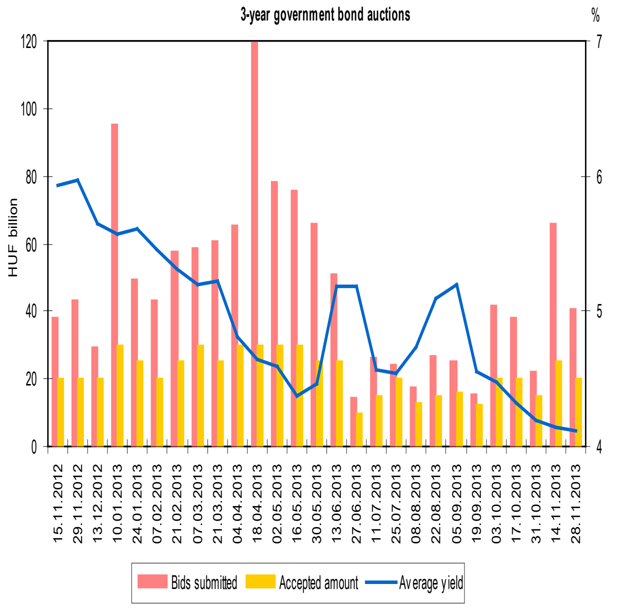


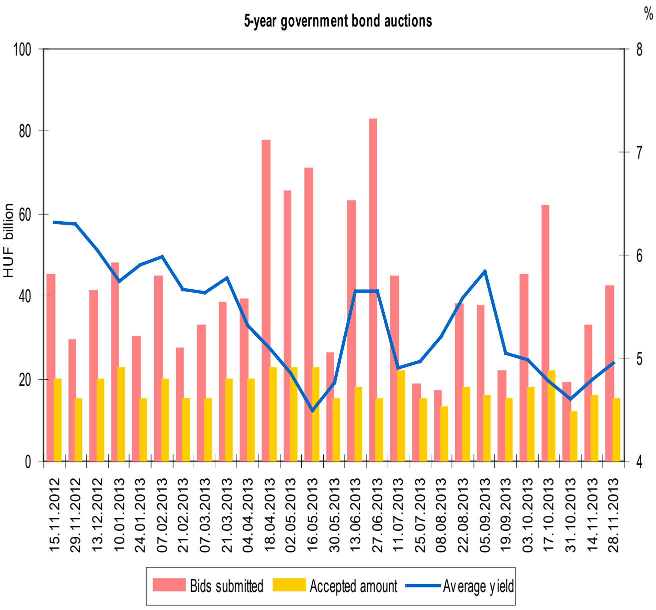


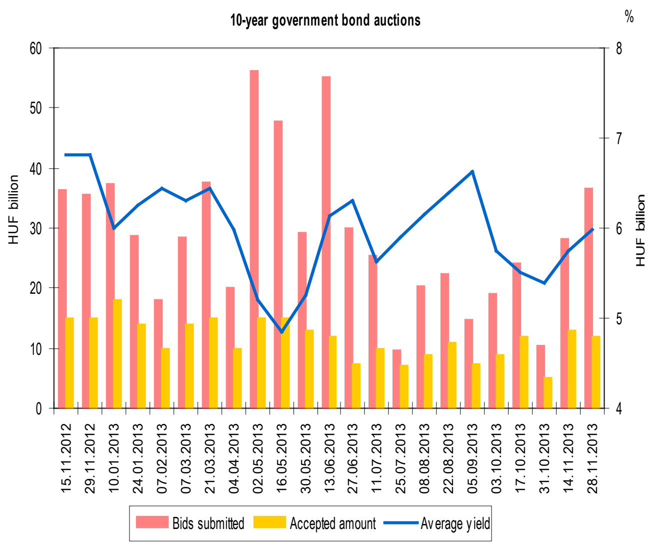
GOVERNMENT BOND AUCTION RESULTS

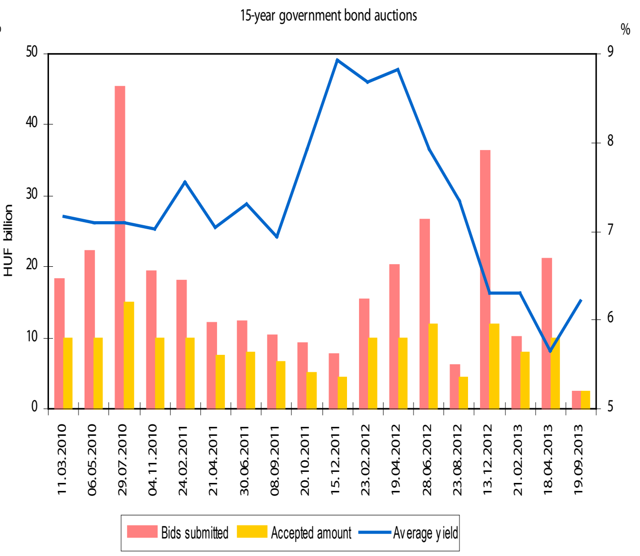
Government Bond	2019/B	2016/D	2018/A	2023/A	2016/D	2018/A	2023/A
ISIN code	HU0000402649	HU0000402623	HU0000402631	HU0000402383	HU0000402623	HU0000402631	HU0000402383
Maturity (in years)	3	3	5	10	3	5	10
Coupon (%)	5.47%	5.50%	5.50%	6.00%	5.50%	5.50%	6.00%
Auction	11th auction	23rd auction	23rd auction	49th auction	24th auction	24th auction	50th auction
Date of auction	07.11.2013	14.11.2013	14.11.2013	14.11.2013	28.11.2013	28.11.2013	28.11.2013
Date of financial settlement	13.11.2013	20.11.2013	20.11.2013	20.11.2013	04.12.2013	04.12.2013	04.12.2013
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		4.16	4.80	5.77	4.15	4.98	6.00
Minimum annual yield (%) - ISMA		4.13	4.75	5.70	4.08	4.91	5.95
Average annual yield (%) - ISMA		4.14	4.79	5.75	4.12	4.96	5.98
Maximum annual yield (%) - EHM		4.16	4.80	5.77	4.15	4.98	6.00
Minimum annual yield (%) - EHM		4.13	4.75	5.70	4.08	4.91	5.95
Average annual yield (%) - EHM		4.14	4.79	5.75	4.11	4.95	5.98
Maximum price (%)	95.5000	103.8857	103.3061	102.2398	103.9877	102.5727	100.3635
Minimum price (%)	95.3000	103.7981	103.0805	101.7110	103.7856	102.2620	99.9954
Average price (%)	95.4200	103.8535	103.1129	101.8510	103.8864	102.3624	100.1327
Amount offered for sale (HUF million)	5,000.00	17,000.00	12,000.00	9,000.00	18,000.00	12,000.00	8,000.00
Amount of bids submitted (HUF million)	8,350,00	65,830.00	32,767.98	28,160.00	40,720,00	42,410.00	36,519.28
Amount of bids accepted (HUF million)	4,999.98	24,999.99	15,999.97	12,999.96	19,999.99	14,999.96	11,999.96
Bid-to-cover ratio	1.67	2.63	2.05	2.17	2.04	2.83	3.04
Bids submitted (pcs)	23	73	60	82	65	84	67
Bids accepted (pcs)	16	21	30	40	47	37	30
Tail (average price - minimum price)	0.12	0.06	0.03	0.14	0.10	0.10	0.14
Market sales* (HUF million)	4,999.98	24,999.99	15,999.97	12,999.96	19,999.99	14,999.96	11,999.96
Non-competitive offer (HUF million)	976.92	2,622.66	2,457.85	1,668.03	4,123..30	4,855.42	4,026.43
Total amount issued (HUF million)	7,000.00	35,000.00	22,400.00	13,000.00	28,000.00	21,000.00	12,000.00

*Without issuance onto ÁKK's own account



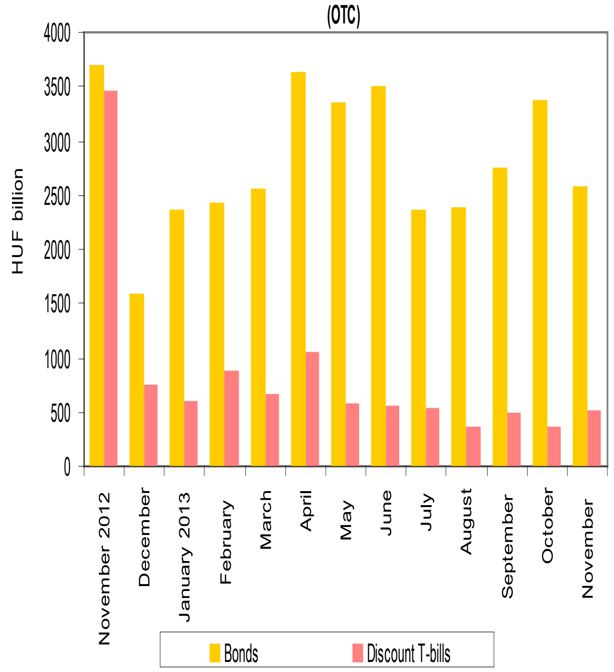




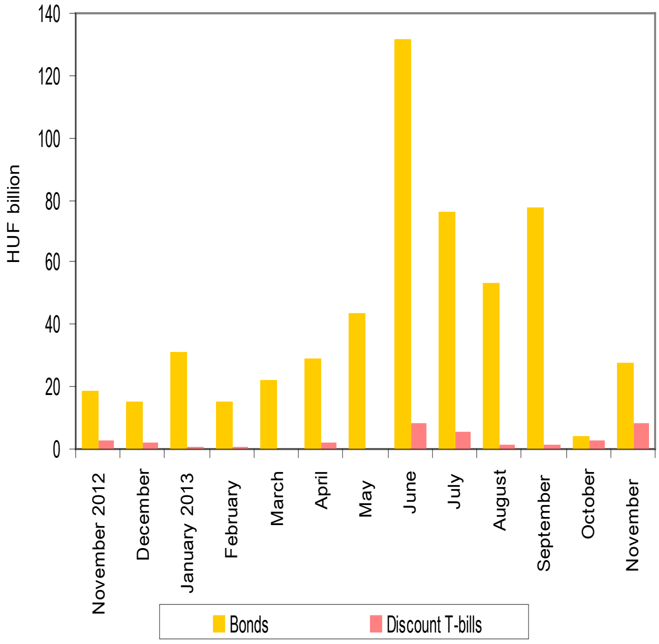


Government bond	2014/D	2015/A	2014/D	2015/A
ISIN code	HU0000402516	HU0000402268	HU0000402516	HU0000402268
Coupon (%)	6.75	8.00	6.75	8.00
Date of reverse auction	13.11.2013	13.11.2013	27.11.2013	27.11.2013
Date of financial settlement	20.11.2013	20.11.2013	04.12.2013	04.12.2013
Redemption date	22.08.2014	12.02.2015	22.08.2014	12.02.2015
Minimum annual yield (%)	3,08	3,25	3,00	3,03
Average annual yield - ISMA (%)	3.08	3.27	3.00	3.06
Average annual yield - EHM (%)	3.07	3.27	2.99	3.06
Amount of bids submitted (HUF million)	6,468.19	82,803.01	3,812.10	43,936.91
Amount of bids accepted (HUF million)	5,832.93	54,000.00	812.10	42,436.91

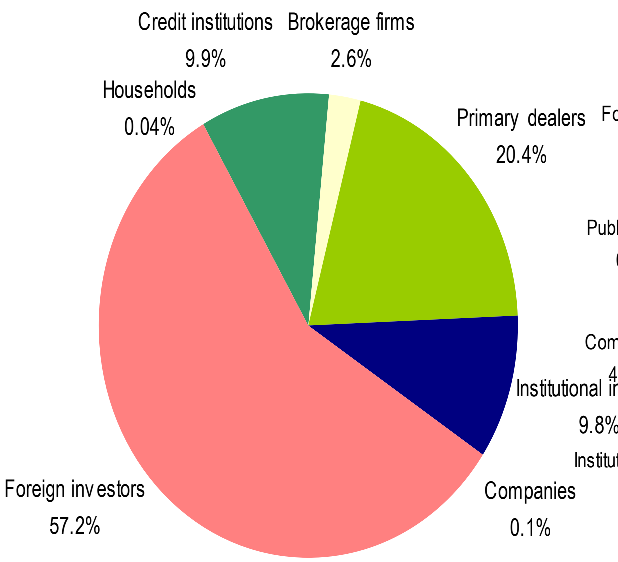
Secondary market trading of Hungarian government securities (OTC)



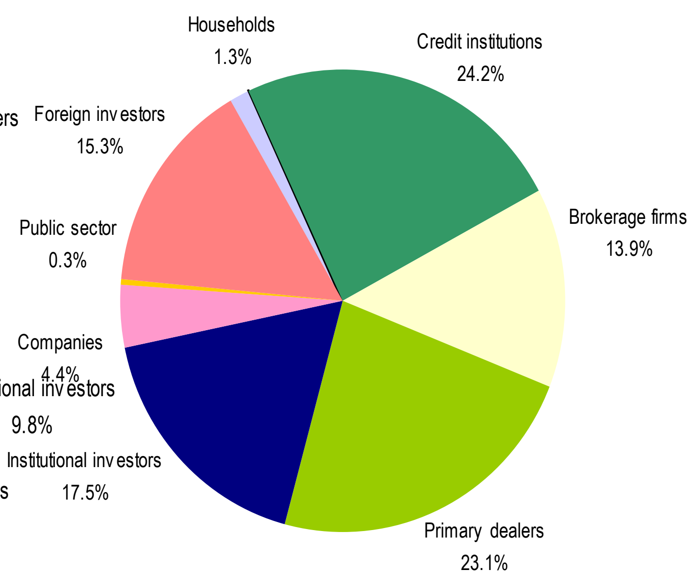
Secondary market trading of Hungarian government securities (MTS Hungary trading)



Breakdown of primary dealers' secondary market turnover in government bonds by investor groups in November 2013



Breakdown of primary dealers' secondary market turnover in Discount Treasury Bills by investor groups in November 2013



INTEREST RATE RESETS OF FLOATING RATE GOVERNMENT BONDS IN NOVEMBER 2013

Government Bond	Date of interest rate reset	Interest period		Date of interest payment	Reset interest rate (%)	Interest payable (%)
2014/A	01.11.2013	02.11.2013	02.05.2014	02.05.2014	3.90	1.96
2016/I	26.11.2013	28.11.2013	28.11.2014	28.11.2014	4.40	4.40
2019/B	17.11.2013	20.11.2013	20.05.2014	20.05.2014	3.17	1.59
2015/L	26.11.2013	28.11.2013	28.11.2014	28.11.2014	3.40	3.40
2032/S	29.11.2013	02.12.2013	02.12.2014	02.12.2014	8.70	8.70

HUNGARIAN GOVERNMENT SECURITIES INDICES

	MAX index	RMAX index	MAX Composite index	ZMAX index
Value as at 29 November 2013	569.5176	517.3501	556.0008	510.2561
Changes compared to the end of the month before	-4.8403	2.2748	-3.6255	1.5080
Annual yield earned on the index portfolio	10.77%	6.19%	9.68%	5.02%

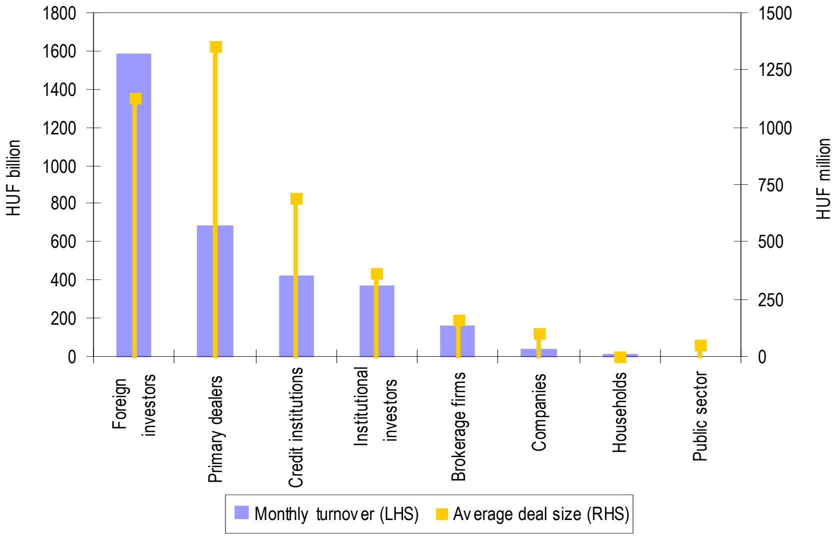
Government securities with the highest secondary market turnover in November 2013

Government security	Date of redemption	Turnover (HUF billion)
2023/A	24.11.2023	757.9
2016/D	22.12.2016	431.7
2018/A	20.12.2018	248.7
D141015	15.10.2014	175.3
2017/A	24.11.2017	165.0
2020/A	12.11.2020	161.3
2015/A	12.02.2015	133.4
2019/A	24.06.2019	132.9
2022/A	24.06.2022	117.1
2015/C	24.08.2015	114.3

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

	HUF billion	
Government bond	31.10.2013	29.11.2013
2016/D	572.55	616.11
2018/A	466.69	498.19
2023/A	531.53	551.86
2028/A	120.41	120.59

Primary dealers' trading with different investor groups in November 2013



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