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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 is a large, ornate Gothic Revival structure with a prominent central dome and multiple spires. The river is in the foreground, with a small white boat visible. The city skyline is visible in the background under a clear sky.

GOVERNMENT SECURITIES MARKET
MONTHLY REPORT
MARCH 2012

■ GOVERNMENT SECURITIES MARKET ■

The deficit of the central government amounted to HUF 514.7 billion in March. The net prefinancing of cash transfers from the European Union increased the net borrowing requirement by HUF 28.4 billion. Thus, the total net financing requirement amounted to HUF 543.1 billion in March. Net issuance was HUF 476.9 billion; out of which net HUF-denominated issuance was HUF 698.5 billion and net foreign currency denominated issuance was HUF -221.6 billion.

HUF billion	2011		2012		Change	
	December	%	March	%	HUF billion	%
Foreign exchange denominated debt	10,170.4	48.5	9,427.7	45.3	-742.7	-7.3
Government securities	5,712.3	27.3	5,391.8	25.9	-320.5	-5.6
Loans	4,458.1	21.3	4,035.9	19.4	-422.2	-9.5
HUF denominated debt	10,362.2	49.4	11,060.8	53.1	698.6	6.7
Government securities	9,771.4	46.6	10,471.0	50.3	699.6	7.2
Loans	590.8	2.8	589.8	2.8	-1.0	-0.2
Total	20,532.6	98.0	20,488.5	98.4	-44.1	-0.2
<i>Other obligations</i>	422.9	2.0	338.3	1.6	-84.6	-20.0
Total central government debt	20,955.5	100.0	20,826.8	100.0	-128.7	-0.6

The HUF denominated debt of the central government increased by HUF 698.6 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 327.3 billion, the amount of discount Treasury bills increased by HUF 327.1 billion and the total amount of retail government securities increased by HUF 45.2 billion.

The foreign currency debt of the central government decreased by HUF 742.7 billion in 2012. The redemptions of foreign currency debt (the first installment of the loan from the International Monetary Fund) worth HUF 221.6 billion decreased the debt. The exchange rate revaluations totalling HUF 521.1 billion decreased the Hungarian Forint value of the foreign currency debt in 2012.

Secondary market yields in March:

Benchmark yields

Maturity	30.12.2011.	29.02.2012.	30.03.2012.	Change, basis points
3-month	7.55	7.08	7.35	27
6-month	7.60	7.30	7.40	10
1-year	7.95	7.52	7.60	8
3-year	9.06	8.27	8.72	45
5-year	9.64	8.42	8.93	51
10-year	9.75	8.57	9.06	49
15-year	9.76	8.55	8.97	42

Monthly OTC turnover of government securities was 7 % lower in March than a month before and reached HUF 8,274.5 billion. Primary dealers, who account for the decisive part of all secondary government securities trading, made 68% of their secondary government securities deals with non-resident investors.

The volume of non-residents' holdings of Hungarian government securities increased altogether by HUF 236.1 billion in March, and amounted to HUF 4,209.4 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 295.60 on the last working day of March.

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

■ GOVERNMENT SECURITIES MARKET ■

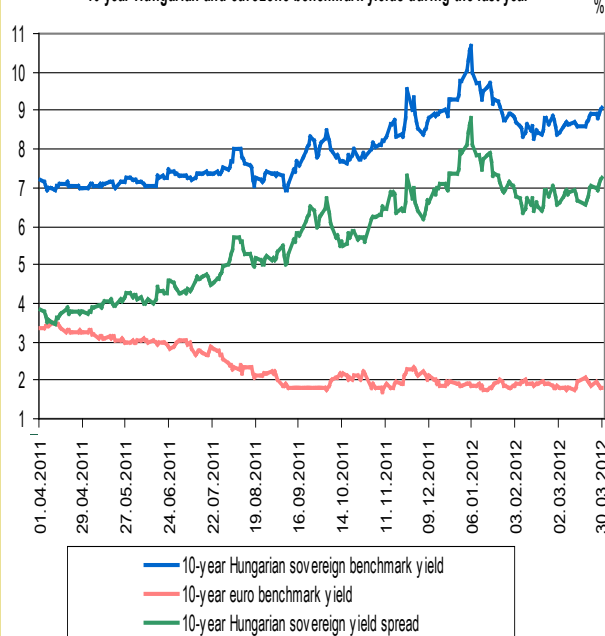
CENTRAL GOVERNMENT GROSS DEBT

HUF BILLION

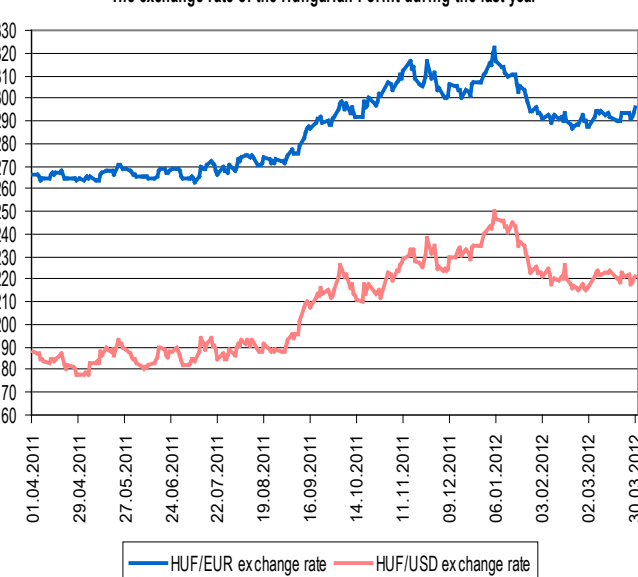
	2006	2007	2008	2009	2010	2011	Jan 2012	Feb 2012	Mar 2012
1. Forint denominated debt	10,552.3	11,103.8	11,250.6	10,476.2	10,978.2	10,362.2	10,493.3	10,903.8	11,060.8
1.1. Loans	356.4	145.7	219.9	438.7	540.8	590.8	589.8	589.8	589.8
1.2. Government securities	10,195.9	10,958.1	11,030.7	10,037.5	10,437.4	9,771.4	9,903.5	10,314.0	10,471.0
1.2.1. Public issues	9,667.5	10,465.4	10,599.7	9,613.2	10,019.6	9,378.1	9,500.3	9,910.8	10,067.7
1.2.1.1. Bonds	7,244.2	8,245.3	8,570.6	7,519.2	7,965.8	7,353.4	7,475.1	7,556.5	7,680.8
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	1,564.1	1,866.0	1,868.0
1.2.1.3. Retail securities	667.4	555.2	546.4	446.6	435.7	473.8	461.1	488.2	519.0
1.2.2. Private placements	528.4	492.7	431.0	424.3	417.8	403.2	403.2	403.2	403.2
2. Foreign currency denominated debt*	4,124.4	4,472.6	6,774.8	8,466.7	8,842.8	10,170.4	9,587.3	9,286.9	9,427.7
2.1. Loans	803.7	846.5	2,529.4	4,112.7	4,292.8	4,458.1	4,197.0	3,967.1	4,035.9
2.1.1. Foreign loans	700.1	838.8	2,529.4	4,112.7	4,292.8	4,361.9	4,110.7	3,881.9	3,949.2
2.1.2. Domestic loans	103.6	104.0	0.0	0.0	0.0	96.2	86.3	85.2	86.7
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	86.3	85.2	86.7
2.2. Government securities	3,320.7	3,626.1	4,245.5	4,354.0	4,550.0	5,712.3	5,390.3	5,319.8	5,391.8
2.2.1. Issued abroad	3,320.7	3,626.1	4,245.5	4,354.0	4,550.0	5,712.3	5,390.3	5,319.8	5,391.8
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	5,390.3	5,319.8	5,391.8
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	20,080.6	20,190.7	20,488.5
Other liabilities	29.0	9.1	78.5	20.1	220.01	422.9	446.0	392.7	338.3
Total central government debt	14,705.7	15,585.5	18,103.9	18,963.1	20,041.0	20,955.5	20,526.7	20,583.5	20,826.8
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	9,442.4	9,825.8	9,952.0
Gross debt/GDP	61.8%	61.3%	68.2%	72.7%	73.9%	75.3%			

*Foreign exchange debt is recorded at the mid exchange rate of the NBH at the end of the

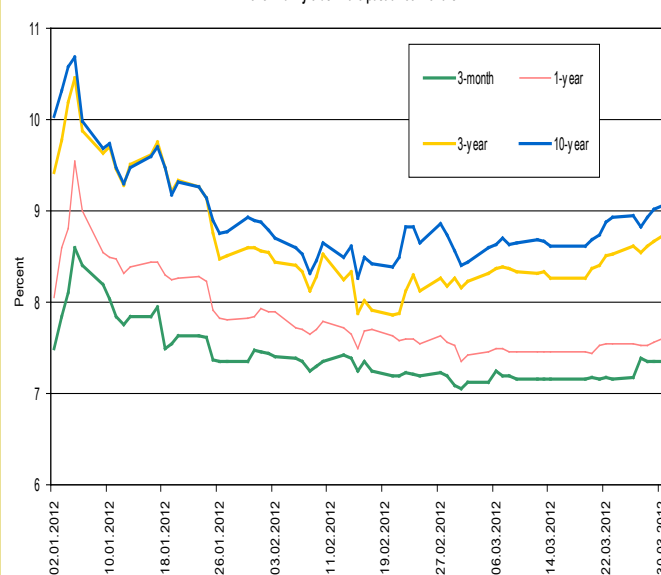
10-year Hungarian and eurozone benchmark yields during the last year



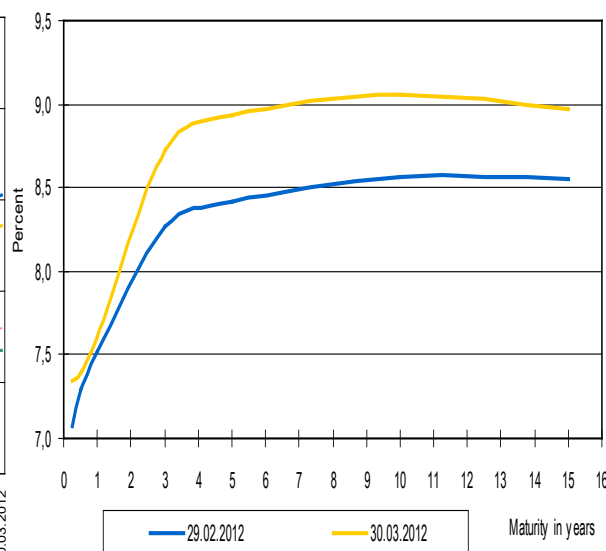
The exchange rate of the Hungarian Forint during the last year



Benchmark yields in the past three months



Benchmark yield curves

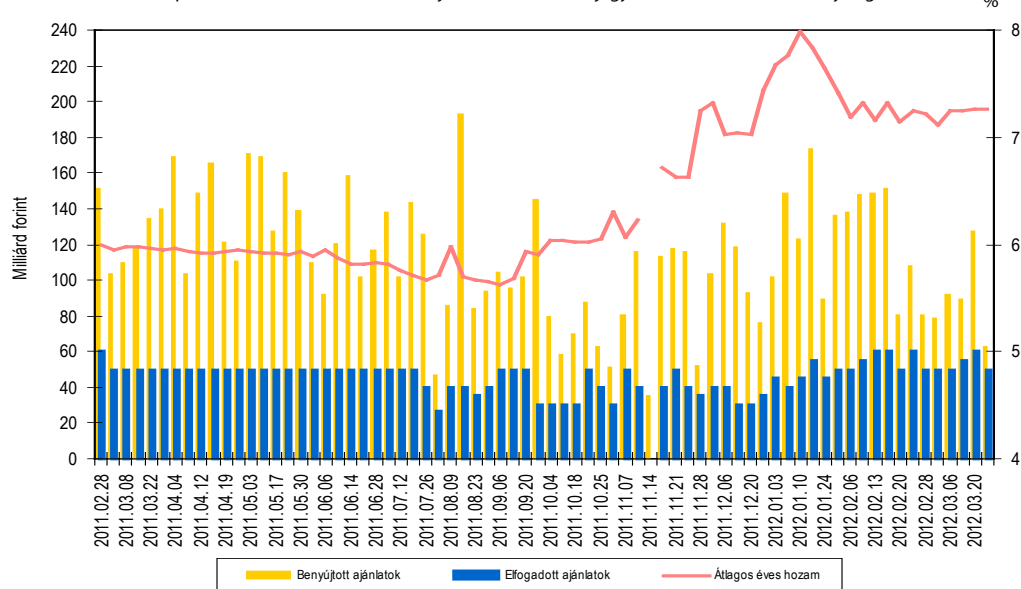


■ GOVERNMENT SECURITIES MARKET ■

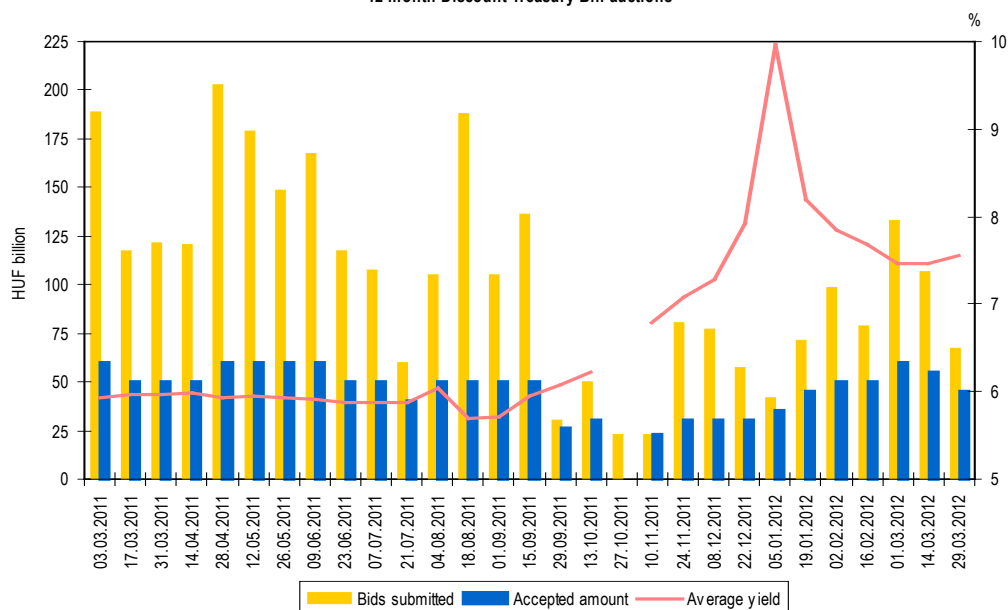
DISCOUNT TREASURY BILL AUCTION RESULTS

	Liquidity Dis- count T-bills	3-month Discount T-bills					12-month Discount T-bills		
Code of T-bills	D120425	D120613	D120620	D120627	D120704	D130220	D130220	D130220	
ISIN code	HU0000518766	HU0000518832	HU0000518840	HU0000518378	HU0000518857	HU0000518865	HU0000518865	HU0000518865	
Maturity in days	49	91	91	91	91	350	336	322	
Date of auction	05.03.2012	06.03.2012	13.03.2012	20.03.2012	27.03.2012	01.03.2012	14.03.2012	29.03.2012	
Date of financial settlement	07.03.2012	14.03.2012	21.03.2012	28.03.2012	04.04.2012	07.03.2012	21.03.2012	04.04.2012	
Redemption date	25.04.2012	13.06.2012	20.06.2012	27.06.2012	04.07.2012	20.02.2013	20.02.2013	20.02.2013	
Maximum yield, (%) - ISMA	7.18	7.29	7.29	7.28	7.29	7.50	7.50	7.61	
Minimum yield (%) - ISMA	6.99	7.21	7.18	7.22	7.18	7.35	7.40	7.47	
Average yield (%) - ISMA	7.11	7.25	7.25	7.26	7.26	7.46	7.47	7.56	
Maximum yield, (%) - EHM	7.28	7.39	7.39	7.38	7.39	7.60	7.60	7.72	
Minimum yield (%) - EHM	7.09	7.31	7.28	7.32	7.28	7.45	7.50	7.57	
Average yield (%) - EHM	7.21	7.35	7.35	7.36	7.36	7.56	7.57	7.67	
Average selling price (%)	99.0415	98.2003	98.2003	98.1979	98.1979	93.2377	93.4824	93.6663	
Amount offered for sale (HUF million)	50,000.00	50,000.00	50,000.00	50,000.00	50,000.00	45,000.00	45,000.00	45,000.00	
Amount of bids submitted (HUF million)	79,007.00	91,731.81	89,808.65	127,155.56	63,220.07	133,261.48	107,077.69	67,417.60	
Amount of bids accepted (HUF million)	49,999.96	49,999.98	54,999.92	59,999.91	49,999.92	59,999.97	54,999.95	44,999.96	
Bid-to-cover ratio	1.58	1.83	1.63	2.12	1.26	2.22	1.95	1.50	
Bids submitted (pcs)	63	110	108	113	89	191	132	121	
Bids accepted (pcs)	39	60	59	65	72	101	92	83	
Market sales* (HUF million)	49,999.96	49,999.98	54,999.92	59,999.91	49,999.92	59,999.97	54,999.95	44,999.96	
Retained on ÁKK's own account	0.04	15,000.02	16,500.08	18,000.09	15,000.08	18,000.03	16,500.05	45,000.04	
Total amount issued (HUF million)	50,000.00	65,000.00	71,500.00	78,000.00	65,000.00	78,000.00	71,500.00	90,000.00	

3 hónap és rövidebb hátralévő futamidejű diszkont kincstárjegy aukciók hozam- és mennyiségi adatai



12-month Discount Treasury Bill auctions



GOVERNMENT BOND AUCTION RESULTS

Government Bond	2015/C	2017/A	2022/A	2015/C	2017/A	2022/A
ISIN code	HU0000402581	HU0000402037	HU0000402524	HU0000402581	HU0000402037	HU0000402524
Maturity (in years)	3	5	10	3	5	10
Coupon (%)	7.75%	6.75%	7.00%	7.75%	6.75%	7.00%
Auction	3rd auction	31st auction	23rd auction	4th auction	32nd auction	25th auction
Date of auction	08.03.2012	08.03.2012	08.03.2012	22.03.2012	22.03.2012	22.03.2012
Date of financial settlement	14.03.2012	14.03.2012	14.03.2012	28.03.2012	28.03.2012	28.03.2012
Redemption date	24.08.2015	24.11.2017	24.06.2022	24.08.2015	24.11.2017	24.06.2022
Maximum annual yield (%) - ISMA	8.35	8.60	8.62	8.58	8.79	8.99
Minimum annual yield (%) - ISMA	8.28	8.50	8.54	8.52	8.64	8.87
Average annual yield (%) - ISMA	8.32	8.57	8.60	8.56	8.76	8.96
Maximum annual yield (%) - EHM	8.35	8.59	8.61	8.58	8.78	8.98
Minimum annual yield (%) - EHM	8.28	8.49	8.53	8.52	8.63	8.86
Average annual yield (%) - EHM	8.31	8.56	8.59	8.55	8.76	8.96
Maximum price (%)	98.5140	92.2895	89.6761	97.8430	91.7492	87.6930
Minimum price (%)	98.3142	91.8749	89.1814	97.6749	91.1362	86.9761
Average price (%)	98.4093	92.0195	89.3255	97.7448	91.2451	87.1501
Amount offered for sale (HUF million)	18,000.00	12,000.00	10,000.00	18,000.00	15,000.00	10,000.00
Amount of bids submitted (HUF million)	42,005.00	29,404.17	22,929.78	41,350.51	24,814.13	20,330.00
Amount of bids accepted (HUF million)	21,999.95	14,999.96	11,999.99	19,999.95	14,999.96	10,000.00
Bid-to-cover ratio	1.91	1.96	1.91	2.07	1.65	2.03
Bids submitted (pcs)	94	80	70	80	71	64
Bids accepted (pcs)	46	45	32	34	42	35
Tail (average price - minimum price)	0.10	0.14	0.14	0.07	0.11	0.17
Market sales* (HUF million)	21,999.95	14,999.96	11,999.99	19,999.95	14,999.96	10,000.00
Non-competitive offer (HUF million)	6,607.33	4,617.61	3,113.77	5,501.32	3,522.06	3,067.00
Total amount issued (HUF million)	44,000.00	15,000.00	16,800.00	40,000.00	15,000.00	10,000.00

*Without issuance onto ÁKK's own account



■ GOVERNMENT SECURITIES MARKET ■

GOVERNMENT SECURITIES BUY-BACK AUCTION RESULTS

Government bond	2012/C
ISIN code	HU0000402417
Coupon (%)	6.00
Date of reverse auction	22.02.2012
Date of financial settlement	29.02.2012
Redemption date	24.10.2012
Minimum annual yield (%)	7.50
Average annual yield - ISMA (%)	7.50
Average annual yield - EHM (%)	7.38
Amount of bids submitted (HUF million)	11,445.39
Amount of bids accepted (HUF million)	1,924.48

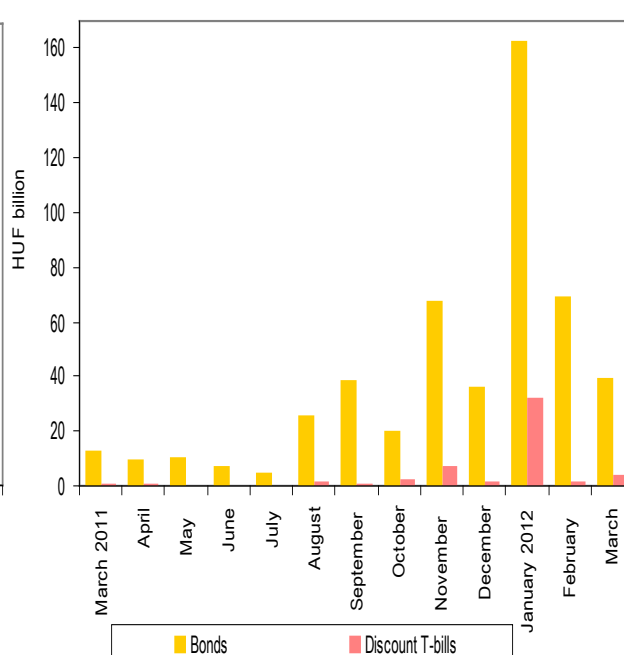
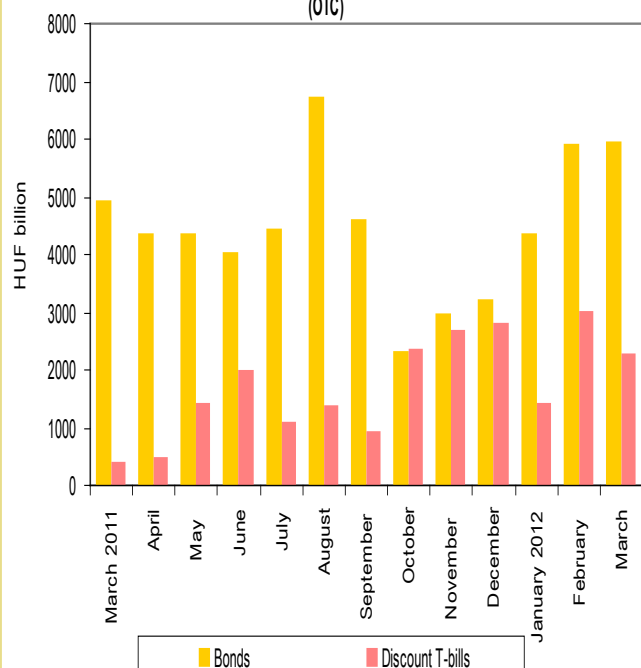
Secondary market trading of Hungarian government securities

(Budapest Stock Exchange

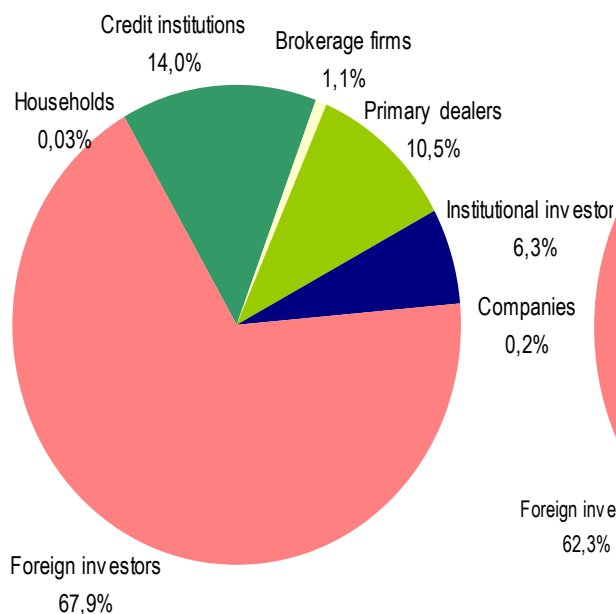
from 2012 MTS Hungary trading

Secondary market trading of Hungarian government securities

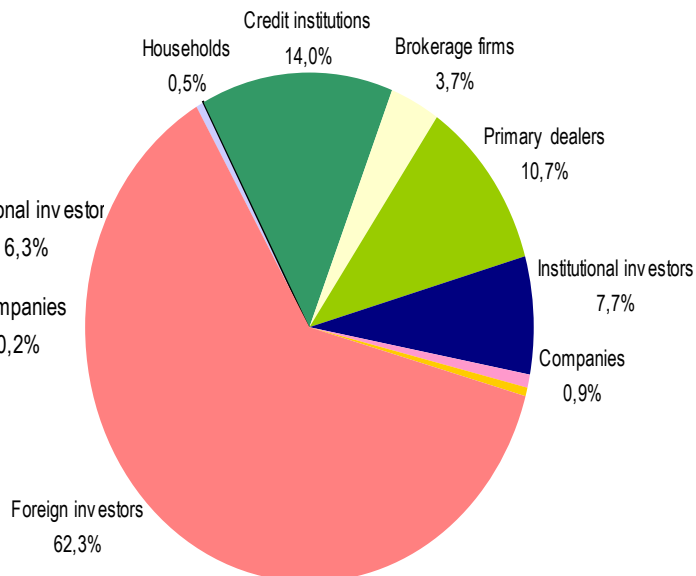
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Breakdown of primary dealers' secondary market turnover in government bonds by investor groups in March 2012



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



■ GOVERNMENT SECURITIES MARKET ■

INTEREST RATE RESETS OF FLOATING RATE GOVERNMENT BONDS IN MARCH 2012

Government Bond	Date of interest rate reset	Interest period	Date of interest payment	Reset interest rate (%)	Interest payable (%)
2013/A	20.03.2012	20.03.2012	20.09.2012	7.00	3.58
2016/A	30.03.2012	31.03.2012	30.06.2012	8.00	1.99

HUNGARIAN GOVERNMENT SECURITIES INDICES

	MAX index	RMAX index	MAX Composite index	ZMAX index
Value as at 30 March 2012	450.7488	461.4777	449.8764	463.3454
Changes compared to the end of the month before	-4.1826	3.3007	-2.7988	2.8098
Annual yield earned on the index portfolio	0.51%	5.62%	1.48%	6.27%

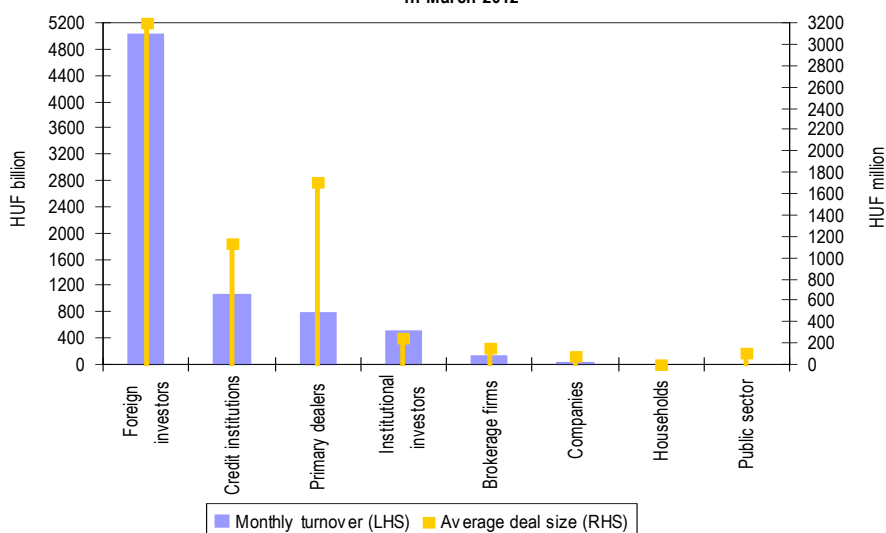
Government securities with the highest secondary market turnover in March 2012

Government security	Date of redemption	Turnover (HUF billion)
2014/C	12.02.2014	1,330.2
2014/D	22.08.2014	866.4
2017/A	24.11.2017	683.1
2013/D	12.02.2013	588.6
D120822	22.08.2012	447.2
2012/B	12.06.2012	443.1
D120502	02.05.2012	400.2
D121017	17.10.2012	257.1
2017/B	24.02.2017	234.6
2022/A	24.06.2022	229.1

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

Government bond	HUF billion	
	29.02.2012	31.03.2012
2015/C	37.00	91.61
2017/A	493.52	532.29
2022/A	276.80	305.28
2028/A	50.07	50.23

Primary dealers' trading with different investor groups in March 2012



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

