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GOVERNMENT DEBT MANAGEMENT AGENCY PTE LTD.

GOVERNMENT SECURITIES MARKET

MONTHLY REPORT

NOVEMBER 2011

The deficit of the central government amounted to HUF 1,255.7 billion in first eleven months of 2011. The net prefinancing of cash transfers from the European Union decreased the net borrowing requirement by HUF 280.6 billion, while the capital transfer to the National Bank of Hungary (NBH) by law increased net borrowing requirement by HUF 29.1 billion. Privatisation revenues amounted to HUF 36.7 billion, which decreased the financing requirement. Thus, the total net borrowing requirement amounted to HUF 967.5 billion in 2011. Net issuance was HUF 1,428.8 billion; out of which net HUF-denominated issuance was HUF 803.2 billion and net foreign currency denominated issuance was HUF 625.6 billion.

	2010		2011		Change	
HUF billion	December	%	November	%	HUF billion	%
Foreign exchange denominated debt	8,842.8	44.1	10,641.7	49.7	1,799.0	20.3
Government securities	4,550.0	22.7	5,709.2	26.6	1 159.2	25.5
Loans	4,292.8	21.4	4,932.5	23.0	639.8	14.9
HUF denominated debt	10,978.2	54.8	10,433.6	48.7	-544.6	-5.0
Government securities	10,437.4	52.1	9,892.8	46.2	-544.6	-5.2
Loans	540.8	2.7	540.8	2.5	0.0	0.0
Total	19,821.0	98.9	21,075.4	98.4	1 254.4	6.3
Other obligations	220.0	1.1	350.7	1.5	130.7	59.4
Total central government debt	20,041.0	100.0	21,426.1	100.0	1 385.1	6.9
Out of the international loan program was placed in NBH or in commercial banks	974.1		1 099.4		125.3	

The HUF denominated debt of the central government decreased by HUF 544.6 billion in 2011. The difference between the net change in the debt stock and the net issuance was caused by withdrawing from the market HUF 1,352.4 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 457.7 billion, the amount of discount Treasury bills increased by HUF 312.7 billion and the total amount of retail government securities increased by HUF 35.6 billion. The withdrawal from the market of government securities worth HUF 1,352.4 bn decreased the outstanding volume of government bonds by HUF 1,133.3 bn and the outstanding volume of discount T-bills by HUF 219.1 bn.

The foreign currency debt of the central government increased by HUF 1,799.0 billion in first eleven months. The foreign currency bond issue increased the debt by HUF 1063.0 billion and the drawdown of foreign currency denominated loans worth HUF 196.4 increased, while redemptions of foreign currency debt worth HUF 633.9 billion decreased the debt, out of which EUR 7.4 million of Hungarian foreign currency government bonds were in the possession of the Pension Reform and Debt Reduction Fund. The exchange rate revaluations totalling HUF 1,175.1 billion increased the Hungarian Forint value of the foreign currency debt in 2011.

Out of the international loan program HUF 1,099.4 billion was placed in the National Bank of Hungary as foreign currency deposits or in commercial banks as loans. The total amount of other liabilities was HUF 350.7 billion in November 2011.

Secondary market yields:

Benchmark yields

Maturity	31.12.2010.	31.10.2011.	30.11.2011.	Change, basis points
3-month	5.76	6.10	6.78	68
6-month	6.15	6.20	7.58	138
1-year	6.33	6.35	7.67	132
3-year	7.72	7.08	8.83	175
5-year	7.85	7.40	8.87	147
10-year	7.95	7.79	8.92	113
15-year	7.94	7.81	8.91	110

Monthly OTC turnover of government securities was 20 % higher in November than a month before and reached HUF 5,654.8 billion. Primary dealers, who account for the decisive part of all secondary government securities trading, made 37% of their secondary government securities deals with non-resident investors.

The volume of non-residents' holdings of Hungarian government securities decreased altogether by HUF 107.2 billion in November, and amounted to HUF 3,744.6 billion at the end of the month. This volume represented 37.9% of the total amount of domestic government securities.The EUR/HUF exchange rate according to the National Bank of Hungary was 311.58 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: BBB- (Standard & Poor's); Ba1 (Moody's); BBB- (Fitch).

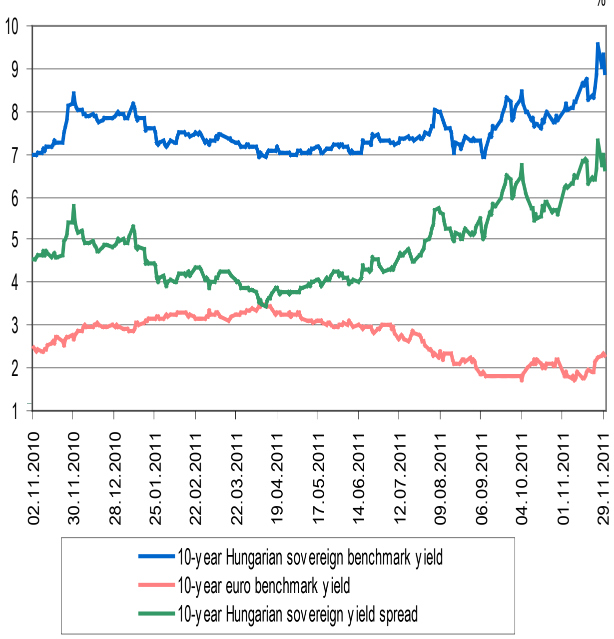
CENTRAL GOVERNMENT GROSS DEBT

HUF BILLION

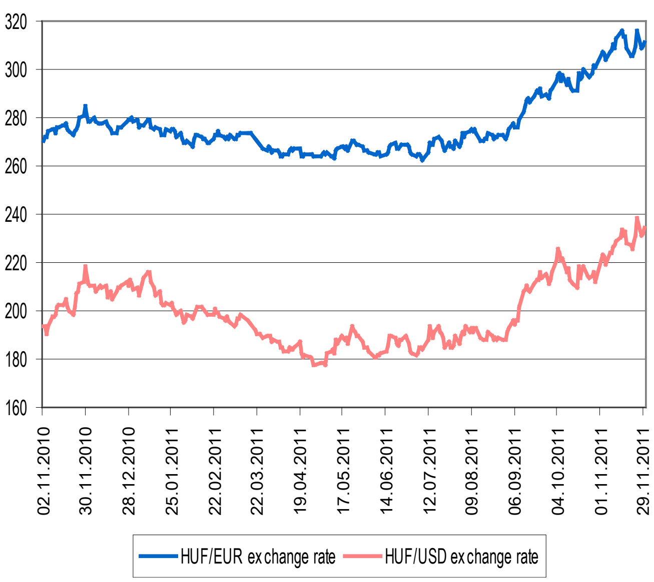
	2005	2006	2007	2008	2009	2010	Sept 2011	Oct 2011	Nov 2011
1. Forint denominated debt	9,153.5	10,552.3	11,103.8	11,250.6	10,476.2	10,978.2	10,423.5	10,227.4	10,433.6
1.1. Loans	0.8	356.4	145.7	219.9	438.7	540.8	540.8	540.8	540.8
1.2. Government securities	9,152.7	10,195.9	10,958.1	11,030.7	10,037.5	10,437.4	9,882.7	9,686.6	9,892.8
1.2.1. Public issues	8,418.8	9,667.5	10,465.4	10,599.7	9,613.2	10,019.6	9,467.4	9,271.3	9,477.5
1.2.1.1. Bonds	6,299.1	7,244.2	8,245.3	8,570.6	7,519.2	7,965.8	7,423.8	7,218.5	7,290.3
1.2.1.2. Discount T-bills	1,530.9	1,755.9	1,664.9	1,482.4	1,647.3	1,618.2	1,581.4	1,588.3	1,715.9
1.2.1.3. Retail securities	588.7	667.4	555.2	546.4	446.6	435.7	462.2	464.5	471.3
1.2.2. Private placements	733.9	528.4	492.7	431.0	424.3	417.8	415.3	415.3	415.3
2. Foreign currency denominated debt*	3,590.7	4,124.4	4,472.6	6,774.8	8,466.7	8,842.8	10,269.6	10,228.0	10,641.7
2.1. Loans	720.6	803.7	846.5	2,529.4	4,112.7	4,292.8	4,628.0	4,714.5	4,932.5
2.1.1. Foreign loans	616.9	700.1	838.8	2,529.4	4,112.7	4,292.8	4,628.0	4,714.5	4,932.5
2.1.2. Domestic loans	103.8	103.6	104.0	0.0	0.0	0.0	0.0	0.0	0.0
2.1.2.1. Raised from National Bank of Hungary (NBH)	96.1	95.9	0.0	0.0	0.0	0.0	0.0	0.0	0.0
2.1.2.2. Other loans	7.7	7.7	7.7	0.0	0.0	0.0	0.0	0.0	0.0
2.2. Government securities	2,870.1	3,320.7	3,626.1	4,245.5	4,354.0	4,550.0	5,641.6	5,543.5	5,709.2
2.2.1. Issued abroad	2,870.1	3,320.7	3,626.1	4,245.5	4,354.0	4,550.0	5,641.6	5,513.5	5,709.2
2.2.1.1. Foreign currency bonds	2,870.0	3,320.6	3,626.1	4,245.4	4,354.0	4,550.0	5,641.5	5,513.5	5,709.2
2.2.1.2. Kingdom of Hungary 1924 issues	0.1	0.1	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	12,744.2	14,676.7	15,576.4	18,025.4	18,942.9	19,821.0	20,693.1	20,455.4	21,075.4
Other liabilities	21.4	29.0	9.1	78.5	20.1	220.01	375.5	311.7	350.7
Total central government debt	12,765.6	14,705.7	15,585.5	18,103.9	18,963.1	20,041.0	21,068.6	20,767.0	21,426.1
Foreign currency deposits and on-lent a loans				*1,483.6*	*1,124.8*	*974.1*	*442.8*	*448.1*	*1 099.4*
Government debt adjusted with foreign currency deposits				16,620.3	17,838.3	19,066.9	20,625.8	20,319.0	20,326.7
Marketable HUF debt (1.2.1.1+1.2.1.2.+1.2..2.)	*8,563.9*	*9,528.4*	*10,402.9*	*10,484.0*	*9,623.3*	*10,001.8*	*9,420.5*	*9,222.1*	*9,421.6*
Gross debt/GDP	*57.9%*	*61.8%*	*61.3%*	*68.2%*	*72.7%*	*73.9%*			

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

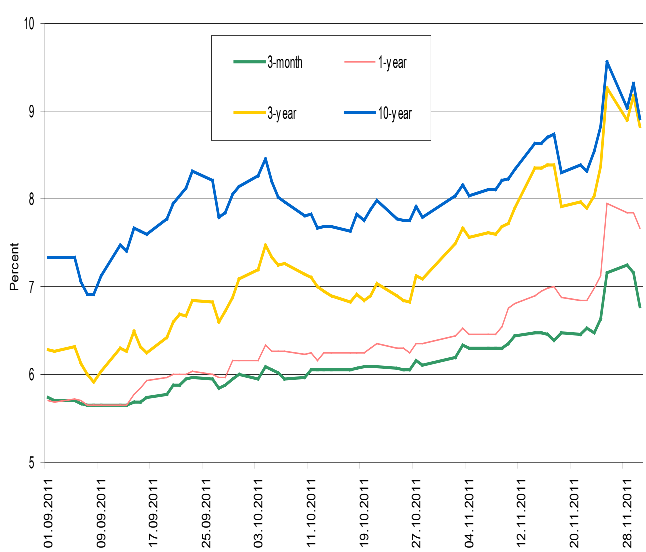
10-year Hungarian and eurozone benchmark yields during the last year



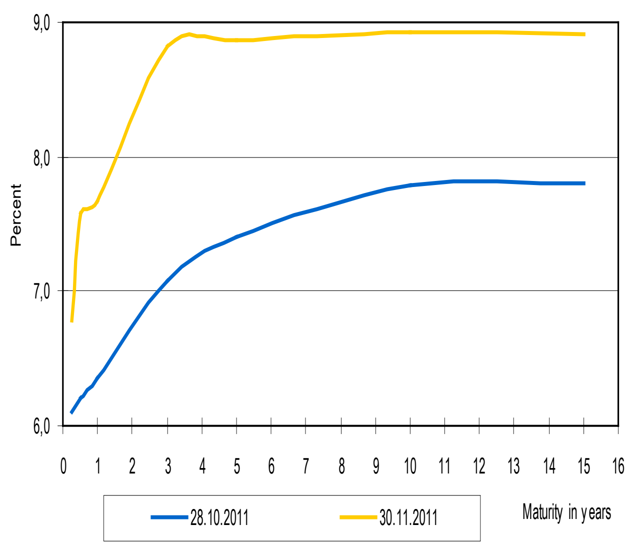
The exchange rate of the Hungarian Forint during the last year



Benchmark yields in the past three months



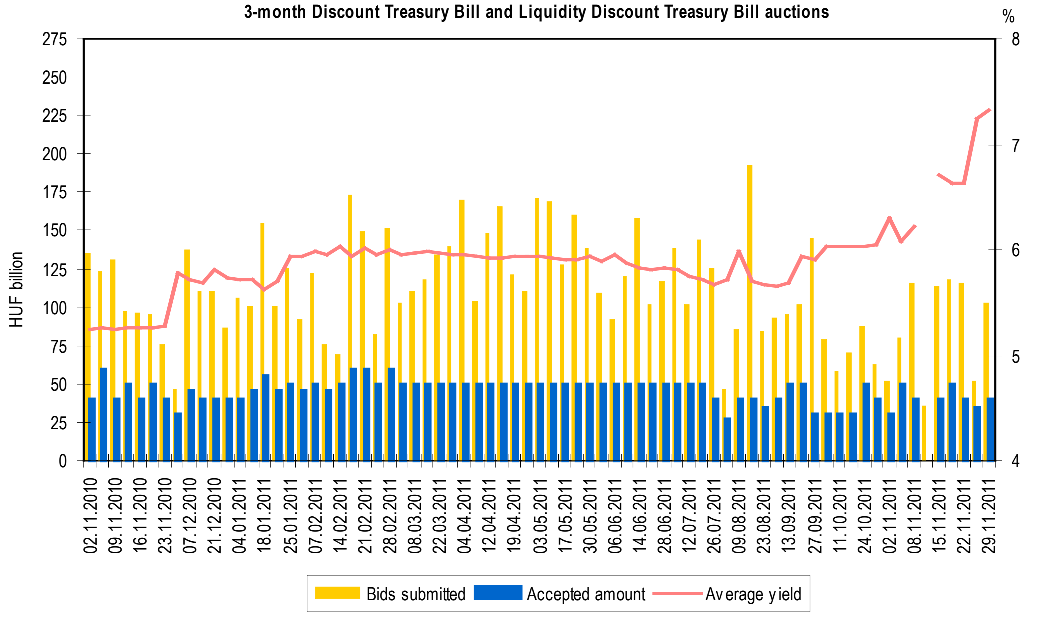
Benchmark yield curves



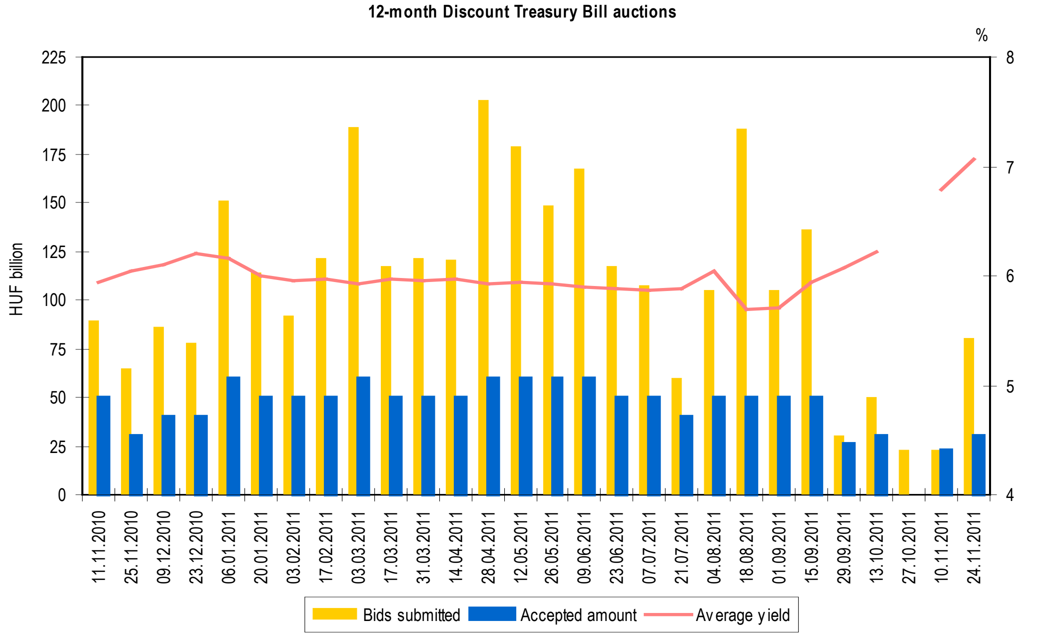
DISCOUNT TREASURY BILL AUCTION RESULTS

	Liquidity Discount T-bills				3-month Discount T-bills					12-month Discount T-bills	
Code of T-bills	D111221	D111228	D111228	D111228	D120208	D120215	D120222	D120229	D120307	D121017	D121017
ISIN code	HU0000518584	HU0000518592	HU0000518592	HU0000518592	HU0000518659	HU0000518667	HU0000518675	HU0000518683	HU0000518303	HU0000518626	HU0000518626
Maturity in days	42	42	35	28	91	91	91	91	91	336	322
Date of auction	07.11.2011	14.11.2011	21.11.2011	28.11.2011	02.11.2011	08.11.2011	15.11.2011	22.11.2011	29.11.2011	10.11.2011	23.11.2011
Date of financial settlement	09.11.2011	16.11.2011	23.11.2011	30.11.2011	09.11.2011	16.11.2011	23.11.2011	30.11.2011	07.12.2011	16.11.2011	30.11.2011
Redemption date	21.12.2011	28.12.2011	28.12.2011	28.12.2011	08.02.2012	15.02.2012	22.02.2012	29.02.2012	07.03.2012	17.10.2012	17.10.2012
Maximum yield, (%) - ISMA	6.10	0.00	6.75	7.50	6.45	6.25	7.08	6.74	7.41	7.19	7.20
Minimum yield (%) - ISMA	6.00	0.00	6.25	6.74	6.05	6.10	6.44	6.25	6.78	6.53	7.00
Average yield (%) - ISMA	6.07	0.00	6.63	7.24	6.30	6.23	6.71	6.63	7.32	6.79	7.07
Maximum yield, (%) - EHM	6.18	0.00	6.84	7.60	6.54	6.34	7.18	6.83	7.51	7.29	7.30
Minimum yield (%) - EHM	6.08	0.00	6.34	6.83	6.13	6.18	6.53	6.34	6.87	6.62	7.10
Average yield (%) - EHM	6.15	0.00	6.72	7.34	6.39	6.32	6.80	6.72	7.42	6.88	7.17
Average selling price (%)	99.2968	0.0000	99.3595	99.4400	98.4325	98.4496	98.3322	98.3517	98.1833	94.0403	94.0524
Amount offered for sale (HUF million)	50,000.00	50,000.00	50,000.00	50,000.00	40,000.00	40,000.00	40,000.00	40,000.00	40,000.00	40,000.00	30,000.00
Amount of bids submitted (HUF million)	80,240.30	35,657.31	117,537.34	52,256.87	51,713.96	116,201.43	113,780.24	116,102.06	103,192.75	23,006.35	80,394.24
Amount of bids accepted (HUF million)	49,999.98	0.00	49,999.99	34,999.98	29,999.98	39,999.95	40,000.00	39,999.96	39,999.99	23,006.35	30,000.00
Bid-to-cover ratio	1.60	-	2.35	1.49	1.72	2.91	2.84	2.90	2.58	1.00	2.68
Bids submitted (pcs)	47	35	84	48	74	160	107	140	148	79	110
Bids accepted (pcs)	15	0	51	32	64	54	62	77	72	79	23
Market sales* (HUF million)	49,999.98	0.00	49,999.99	34,999.98	29,999.98	39,999.95	40,000.00	39,999.96	39,999.99	23,006.35	30,000.00
Retained on ÁKK's own account	0.02	0.00	0.01	0.02	9,000.02	12,000.05	12,000.00	12,000.04	12,000.01	6,901.90	30,000.00
Total amount issued (HUF million)	50,000.00	0.00	50,000.00	35,000.00	39,000.00	52,000.00	52,000.00	52,000.00	52,000.00	29,908.25	60,000.00

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



12-month Discount Treasury Bill auctions

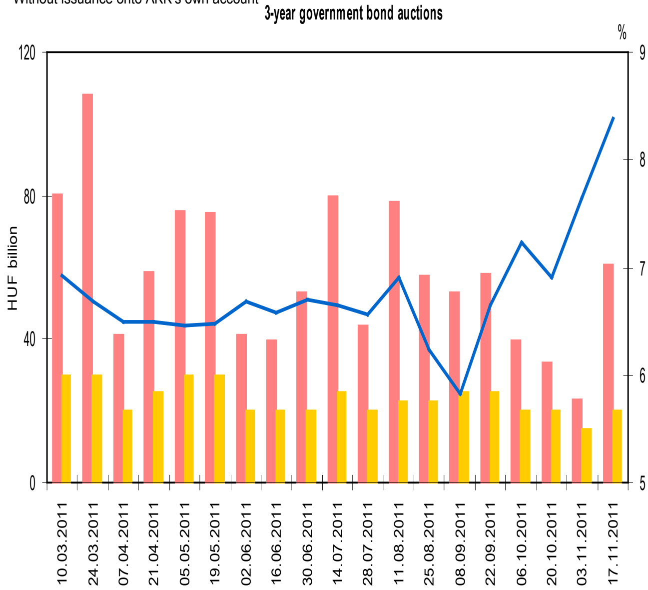


GOVERNMENT BOND AUCTION RESULTS

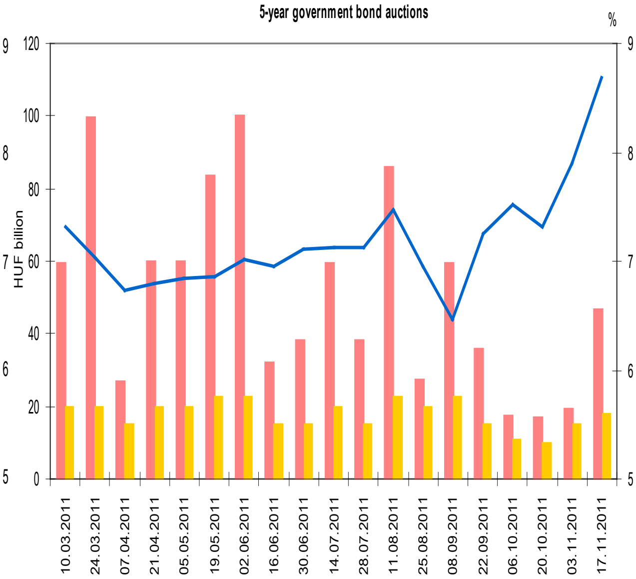
Government Bond	2014/D	2017/A	2022/A	2014/D	2017/A	2022/A
ISIN code	HU0000402516	HU0000402037	HU0000402524	HU0000402516	HU0000402037	HU0000402524
Maturity (in years)	3	5	10	3	5	10
Coupon (%)	6.75%	6.75%	7.00%	6.75%	6.75%	7.00%
Auction	22nd auction	22nd auction	17th auction	23rd auction	23rd auction	18th auction
Date of auction	03.11.2011	03.11.2011	03.11.2011	17.11.2011	17.11.2011	17.11.2011
Date of financial settlement	09.11.2011	09.11.2011	09.11.2011	23.11.2011	23.11.2011	23.11.2011
Redemption date	22.08.2014	24.11.2017	24.06.2022	22.08.2014	24.11.2017	24.06.2022
Maximum annual yield (%) - ISMA	7.69	7.95	8.18	8.40	8.70	8.80
Minimum annual yield (%) - ISMA	7.35	7.80	8.14	8.35	8.66	8.76
Average annual yield (%) - ISMA	7.65	7.90	8.17	8.38	8.68	8.78
Maximum annual yield (%) - EHM	7.68	7.94	8.17	8.39	8.69	8.79
Minimum annual yield (%) - EHM	7.34	7.79	8.13	8.34	8.65	8.75
Average annual yield (%) - EHM	7.65	7.90	8.16	8.37	8.67	8.78
Maximum price (%)	98.4969	95.0798	92.0298	96.1617	91.3236	88.0977
Minimum price (%)	97.6796	94.4039	91.7675	96.0463	91.1528	87.8509
Average price (%)	97.7646	94.6154	91.8578	96.0925	91.2360	87.9478
Amount offered for sale (HUF million)	20,000.00	15,000.00	8,000.00	15,000.00	15,000.00	8,000.00
Amount of bids submitted (HUF million)	23,301.00	19,360.00	17,430.00	60,534.13	46,956.76	27,366.98
Amount of bids accepted (HUF million)	14,999.99	15,000.00	7,999.98	19,999.94	17,999.96	7,999.96
Bid-to-cover ratio	1.55	1.29	2.18	3.03	2.61	3.42
Bids submitted (pcs)	40	39	42	95	71	71
Bids accepted (pcs)	25	34	25	32	31	26
Tail (average price - minimum price)	0.09	0.21	0.09	0.05	0.08	0.10
Market sales* (HUF million)	14,999.99	15,000.00	7,999.98	19,999.94	17,999.96	7,999.96
Non-competitive offer (HUF million)	0.00	0.00	1,459.00	5,436.00	4,623.0	2,621.00
Total amount issued (HUF million)	15,000.00	21,000.00	8,000.00	28,000.00	25,200.00	11,200.00

*Without issuance onto ÁKK's own account

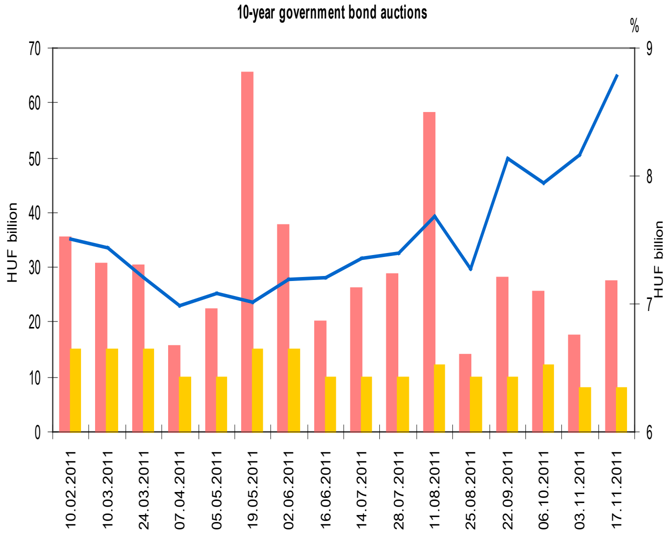
3-year government bond auctions



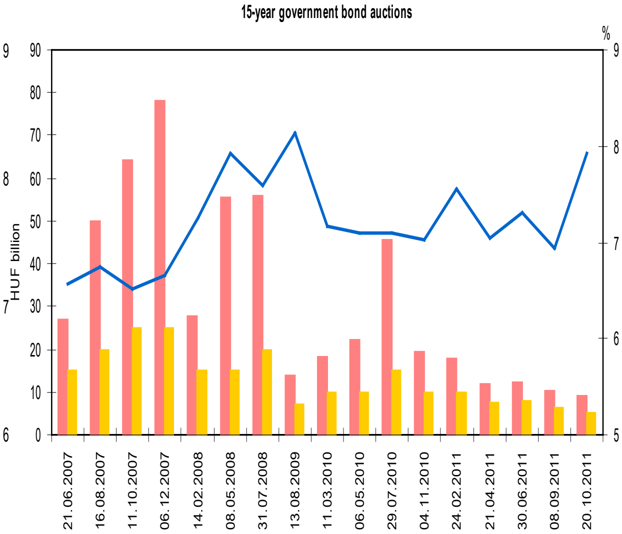
5-year government bond auctions



10-year government bond auctions



15-year government bond auctions

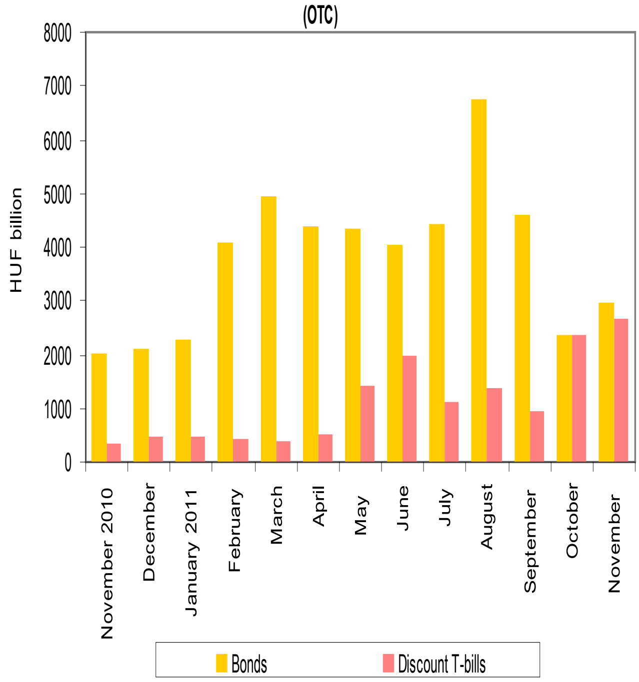


Bids submitted | Accepted amount | Average yield

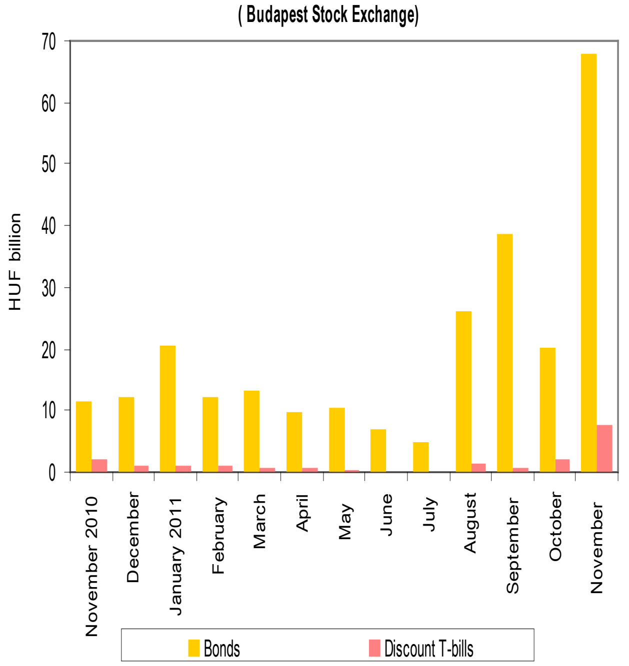
GOVERNMENT SECURITIES BUY-BACK AUCTION RESULTS

Government bond	2012/B	2012/C	2012/B	2012/C	2011/B	2012/C
ISIN code	HU0000402367	HU0000402417	HU0000402367	HU0000402417	HU0000402367	HU0000402417
Coupon (%)	7.25	6.00	7.25	6.00	7.25	6.00
Date of reverse auction	02.11.2011	02.11.2011	16.11.2011	16.11.2011	30.11.2011	30.11.2011
Date of financial settlement	09.11.2011	09.11.2011	23.11.2011	23.11.2011	07.12.2011	07.12.2011
Redemption date	12.06.2012	24.10.2012	12.06.2012	24.10.2012	12.06.2012	24.10.2012
Minimum annual yield (%)	6.49	6.69	7.20	7.30	0.00	0.00
Average annual yield - ISMA (%)	6.54	6.72	7.22	7.33	0.00	0.00
Average annual yield - EHM (%)	6.44	6.69	7.09	7.29	0.00	0.00
Amount of bids submitted (HUF million)	19,628.81	21,526.24	29,664.93	14,170.82	10,646.50	16,988.61
Amount of bids accepted (HUF million)	5,092.54	10,804.17	10,695.11	2,382.98	0.00	0.00

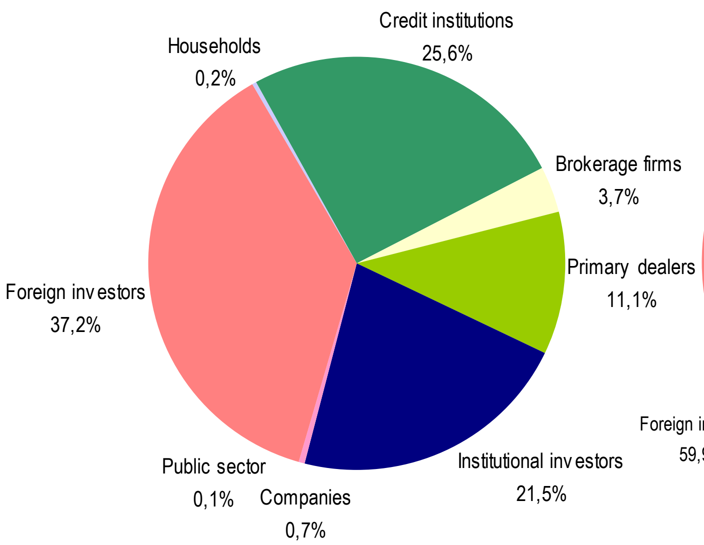
Secondary market trading of Hungarian government securities (OTC)



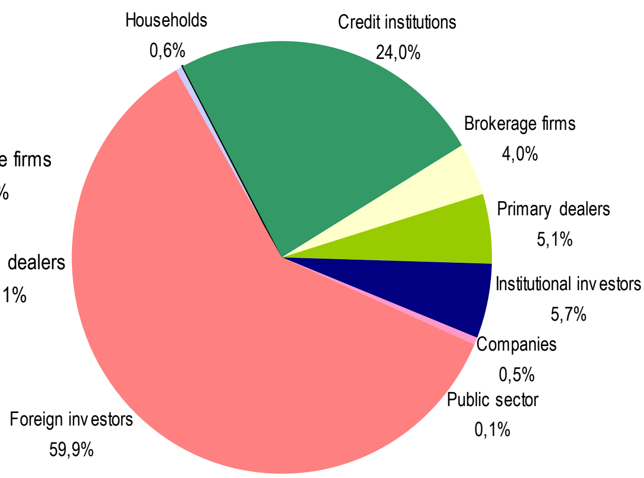
Secondary market trading of Hungarian government securities (Budapest Stock Exchange)



Breakdown of primary dealers' secondary market turnover in government bonds by investor groups in November 2011



Breakdown of primary dealers' secondary market turnover in Discount Treasury Bills by investor groups in November 2011



INTEREST RATE RESETS OF FLOATING RATE GOVERNMENT BONDS IN NOVEMBER 2011

Government Bond	Date of interest rate reset	Interest period		Date of interest payment	Reset interest rate (%)	Interest payable (%)
2014/A	31.10.2011	02.11.2011	02.05.2012	02.05.2012	5.80	2.93

HUNGARIAN GOVERNMENT SECURITIES INDICES

	MAX index	RMAX index	MAX Composite index	ZMAX index
Value as at 30 November 2011	438.0992	449.3885	436.9876	452.1760
Changes compared to the end of the month before	-19.7363	-1.3838	-16.4673	1.4288
Annual yield earned on the index portfolio	5.34%	5.06%	5.33%	5.69%

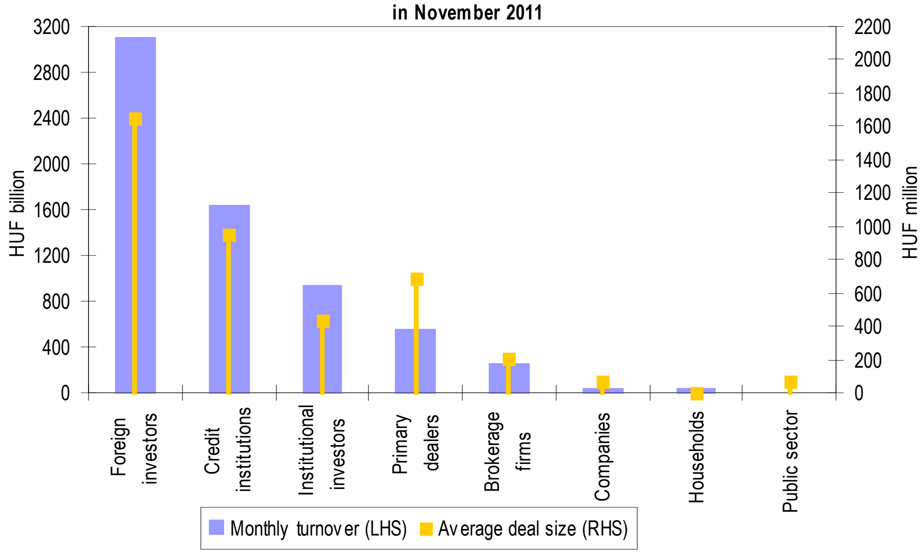
Government securities with the highest secondary market turnover in November 2011

Government security	Date of redemption	Turnover (HUF billion)
D120502	02.05.2012	1,288.7
2016/C	12.02.2016	603.0
D120627	27.06.2012	478.2
2019/A	24.06.2019	388.6
D120822	22.08.2012	362.8
2014/D	22.08.2014	355.9
2013/E	24.10.2013	281.5
2017/A	24.11.2017	273.1
2015/A	12.02.2015	256.3
2013/D	12.02.2013	251.1

The outstanding volume of government bonds with benchmark status at the end of November 2011

	HUF billion	
Government bond	31.10.2011	30.11.2011
2014/D	521.86	562.34
2017/A	343.51	381.18
2022/A	210.20	230.36
2028/A	36.39	36.50

Primary dealers' trading with different investor groups in November 2011



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