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GOVERNMENT DEBT MANAGEMENT AGENCY PTE LTD.

GOVERNMENT SECURITIES MARKET

MONTHLY REPORT

JUNE 2012

The deficit of the central government amounted to HUF 519.5 billion in June. The net prefinancing of cash transfers from the European Union decreased the net borrowing requirement by HUF 74.8 billion. Thus, the total net financing requirement amounted to HUF 444.7 billion in 2012. Net issuance was HUF 295.5 billion; out of which net HUF-denominated issuance was HUF 781.8 billion and net foreign currency denominated issuance was HUF -486.3 billion.

	2011		2012		Change	
HUF billion	December	%	June	%	HUF billion	%
Foreign exchange denominated debt	10,170.4	48.5	8,934.7	43.3	-1,235.7	-12.1
Government securities	5,712.3	27.3	5,257.2	25.5	-455.1	-8.0
Loans	4,458.1	21.3	3,677.5	17.8	-780.6	-17.5
HUF denominated debt	10,362.2	49.4	11,149.1	54.1	786.9	7.6
Government securities	9,771.4	46.6	10,560.3	51.2	788.9	8.1
Loans	590.8	2.8	588.8	2.9	-2.0	-0.3
Total	20,532.6	98.0	20,083.8	97.4	-448.8	-2.2
Other obligations	422.9	2.0	537.8	2.6	114.9	27.2
Total central government debt	20,955.5	100.0	20,621.6	100.0	-333.9	-1.6

The HUF denominated debt of the central government increased by HUF 786.9 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 464.5 billion, the amount of discount Treasury bills increased by HUF 152.5 billion and the total amount of retail government securities increased by HUF 172.7 billion.

The foreign currency debt of the central government decreased by HUF 1,235.7 billion in 2012. The redemptions of foreign currency debt worth HUF 486.3 billion decreased the debt. The exchange rate revaluations totalling HUF 749.4 billion decreased the Hungarian Forint value of the foreign currency debt in 2012.

Secondary market yields in June:

Benchmark yields

Maturity	30.12.2011.	31.05.2012.	29.06.2012.	Change, basis points
3-month	7.55	7.10	7.08	-2
6-month	7.60	7.28	7.05	-23
1-year	7.95	7.55	7.28	-27
3-year	9.06	8.49	7.55	-94
5-year	9.64	8.65	7.80	-85
10-year	9.75	8.71	7.90	-81
15-year	9.76	8.65	7.89	-76

Monthly OTC turnover of government securities was 21 % lower in June than a month before and reached HUF 4,182.3 billion. Primary dealers, who account for the decisive part of all secondary government securities trading, made 61% of their secondary government securities deals with non-resident investors.

The volume of non-residents' holdings of Hungarian government securities decreased altogether by HUF 24.1 billion in June, and amounted to HUF 4,252.5 billion at the end of the month. This volume represented 40.3% of the total amount of domestic government securities.

The EUR/HUF exchange rate according to the National Bank of Hungary was 288.22 on the last working day of June.

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

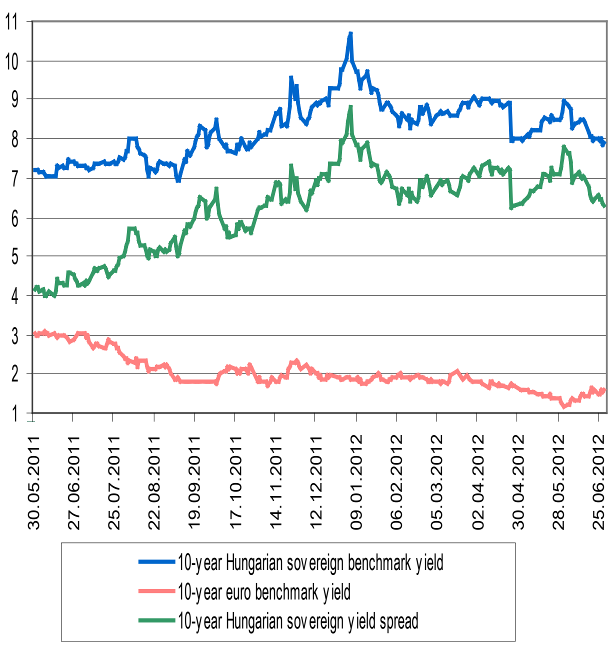
CENTRAL GOVERNMENT GROSS DEBT

HUF BILLION

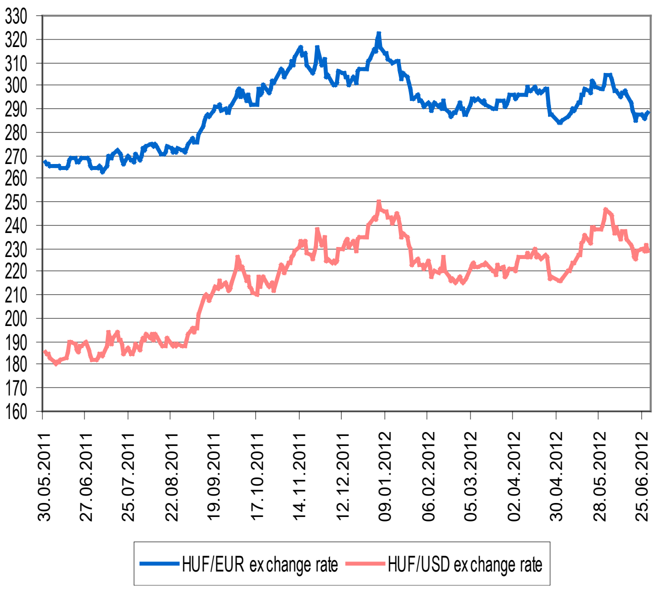
	2006	2007	2008	2009	2010	2011	Apr 2012	May 2012	June 2012
1. Forint denominated debt	10,552.3	11,103.8	11,250.6	10,476.2	10,978.2	10,362.2	11,186.4	11,295.4	11,149.1
1.1. Loans	356.4	145.7	219.9	438.7	540.8	590.8	588.8	588.8	588.8
1.2. Government securities	10,195.9	10,958.1	11,030.7	10,037.5	10,437.4	9,771.4	10,597.6	10,706.6	10,560.3
1.2.1. Public issues	9,667.5	10,465.4	10,599.7	9,613.2	10,019.6	9,378.1	10,195.2	10,304.2	10,157.9
1.2.1.1. Bonds	7,244.2	8,245.3	8,570.6	7,519.2	7,965.8	7,353.4	7,765.8	7,974.6	7,818.0
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	1,875.6	1,725.4	1,693.4
1.2.1.3. Retail securities	667.4	555.2	546.4	446.6	435.7	473.8	553.8	604.1	646.5
1.2.2. Private placements	528.4	492.7	431.0	424.3	417.8	403.2	402.4	402.4	402.4
2. Foreign currency denominated debt*	4,124.4	4,472.6	6,774.8	8,466.7	8,842.8	10,170.4	9,179.1	9,412.6	8,934.7
2.1. Loans	803.7	846.5	2,529.4	4,112.7	4,292.8	4,458.1	3,932.7	3,933.8	3,677.5
2.1.1. Foreign loans	700.1	838.8	2,529.4	4,112.7	4,292.8	4,361.9	3,848.3	3,845.7	3,593.5
2.1.2. Domestic loans	103.6	104.0	0.0	0.0	0.0	96.2	84.4	88.1	84.0
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	84.4	88.1	84.0
2.2. Government securities	3,320.7	3,626.1	4,245.5	4,354.0	4,550.0	5,712.3	5,246.4	5,478.8	5,257.2
2.2.1. Issued abroad	3,320.7	3,626.1	4,245.5	4,354.0	4,550.0	5,712.3	5,246.4	5,478.8	5,257.2
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	5,246.4	5,478.8	5,257.2
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	0.0
Total	14,676.7	15,576.4	18,025.4	18,942.9	19,821.0	20,532.6	20,365.5	20,708.0	20,083.8
Other liabilities	29.0	9.1	78.5	20.1	220.01	422.9	377.5	472.9	537.8
Total central government debt	14,705.7	15,585.5	18,103.9	18,963.1	20,041.0	20,955.5	20,742.9	21,180.9	20,621.6
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*	*10,043.8*	*10,102.4*	*9,913.8*
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

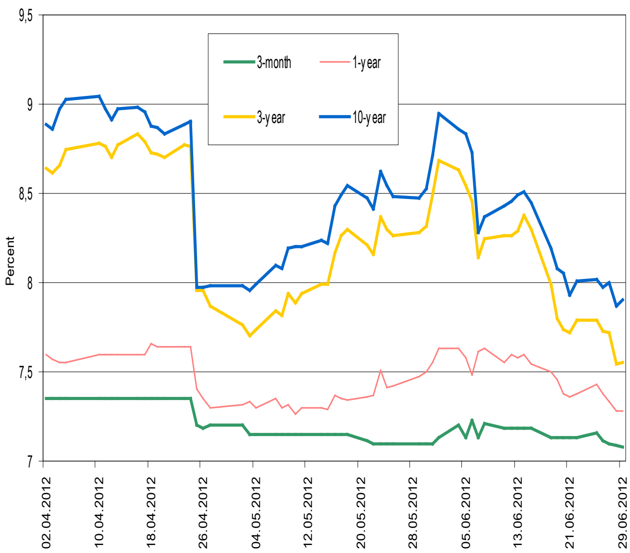
10-year Hungarian and eurozone benchmark yields during the last year



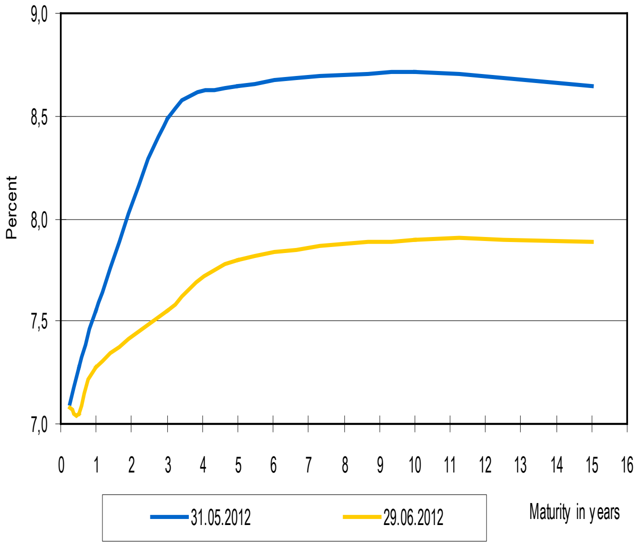
The exchange rate of the Hungarian Forint during the last year



Benchmark yields in the past three months



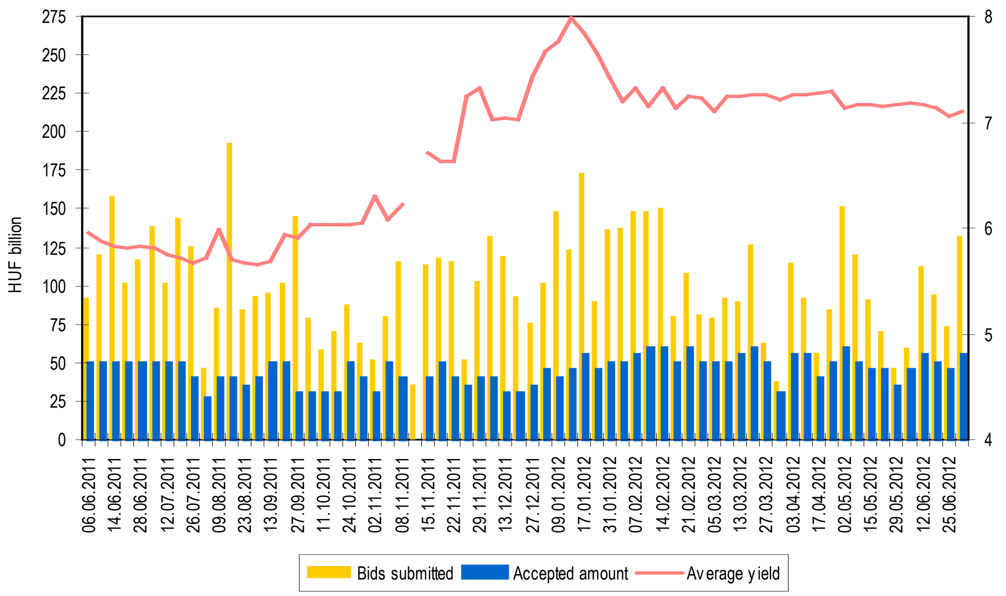
Benchmark yield curves



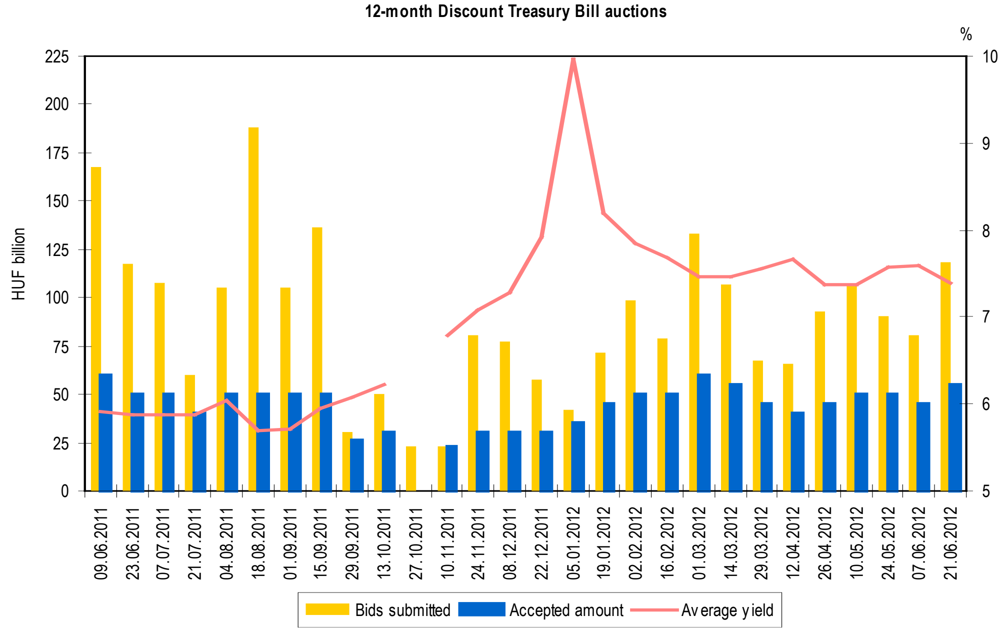
DISCOUNT TREASURY BILL AUCTION RESULTS

	Liquidity Discount T-bills	3-month Discount T-bills				12-month Discount T-bills	
Code of T-bills	D120815	D120912	D120919	D120926	D121003	D130529	D130529
ISIN code	HU0000518931	HU0000518972	HU0000518980	HU0000518998	HU0000519004	HU0000518956	HU0000518956
Maturity in days	49	91	91	91	91	350	336
Date of auction	25.06.2012	05.06.2012	12.06.2012	19.06.2012	26.06.2012	07.06.2012	21.06.2012
Date of financial settlement	27.06.2012	13.06.2012	20.06.2012	27.06.2012	04.07.2012	13.06.2012	27.06.2012
Redemption date	15.08.2012	12.09.2012	19.09.2012	26.09.2012	03.10.2012	29.05.2013	29.05.2013
Maximum yield, (%) - ISMA	7.10	7.21	7.19	7.17	7.14	7.63	7.41
Minimum yield (%) - ISMA	7.02	7.09	7.12	7.00	7.01	7.53	7.34
Average yield (%) - ISMA	7.06	7.18	7.17	7.14	7.10	7.58	7.39
Maximum yield, (%) - EHM	7.20	7.31	7.29	7.27	7.24	7.74	7.51
Minimum yield (%) - EHM	7.12	7.19	7.22	7.10	7.11	7.63	7.44
Average yield (%) - EHM	7.16	7.28	7.27	7.24	7.20	7.69	7.49
Average selling price (%)	99.0482	98.2174	98.2198	98.2272	98.2369	93.1364	93.5477
Amount offered for sale (HUF million)	45,000.00	45,000.00	45,000.00	45,000.00	45,000.00	45,000.00	45,000.00
Amount of bids submitted (HUF million)	74,036.27	59,722.19	113,106.36	94,713.53	132,277.51	80,271.06	118,458.42
Amount of bids accepted (HUF million)	44,999.97	45,000.00	54,999.95	49,999.97	54,999.96	44,999.92	54,999.93
Bid-to-cover ratio	1.65	1.33	2.06	1.89	2.41	1.78	2.15
Bids submitted (pcs)	70	91	86	111	113	106	127
Bids accepted (pcs)	50	65	61	78	31	68	39
Market sales* (HUF million)	44,999.97	45,000.00	54,999.95	49,999.97	54,999.96	44,999.92	54,999.93
Retained on ÁKK's own account	0.03	13,500.00	16,500.05	15,000.03	16,500.04	13,500.08	27,500.07
Total amount issued (HUF million)	45,000.00	58,500.00	71,500.00	65,000.00	71,500.00	58,500.00	82,500.00

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



12-month Discount Treasury Bill auctions

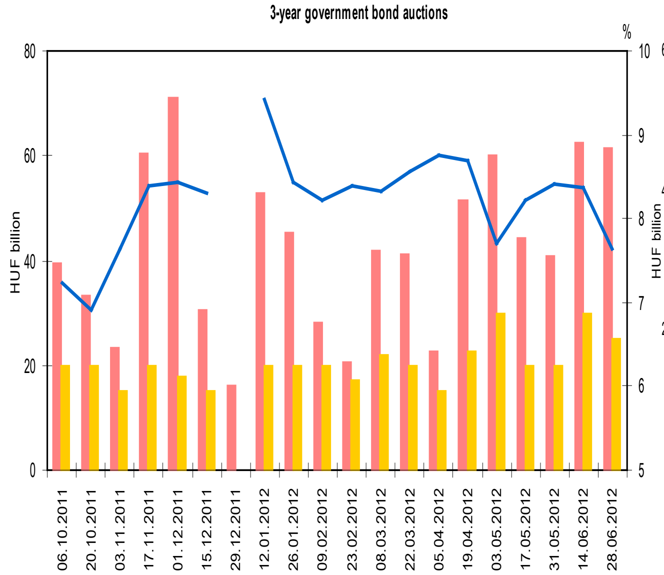


GOVERNMENT BOND AUCTION RESULTS

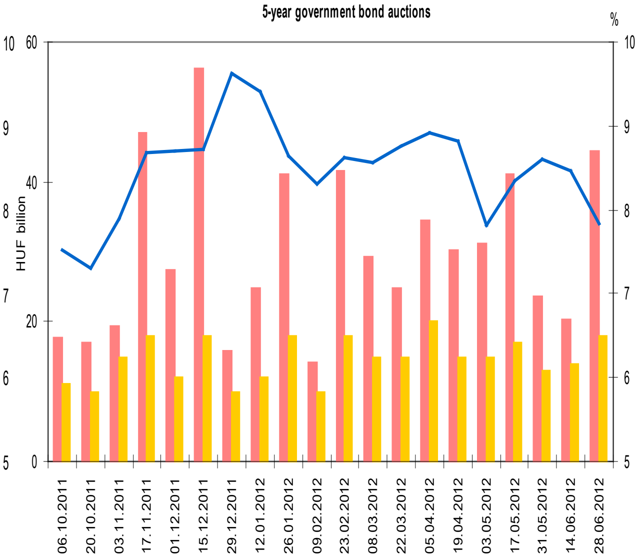
Government Bond	2015/B	2015/C	2017/A	2022/A	2015/C	2017/A	2028/A
ISIN code	HU0000402482	HU0000402581	HU0000402037	HU0000402524	HU0000402581	HU0000402037	HU0000402532
Maturity (in years)	3	3	5	10	3	5	15
Coupon (%)	5.44%	7.75%	6.75%	7.00%	7.75%	6.75%	6.75%
Auction	21st auction	10th auction	38th auction	30th auction	11th auction	39th auction	9th auction
Date of auction	07.06.2012	14.06.2012	14.06.2012	14.06.2012	28.06.2012	28.06.2012	28.06.2012
Date of financial settlement	13.06.2012	20.06.2012	20.06.2012	20.06.2012	04.07.2012	04.07.2012	04.07.2012
Redemption date	22.12.2015	24.08.2015	24.11.2017	24.06.2022	24.08.2015	24.11.2017	24.10.2028
Maximum annual yield (%) - ISMA		8.40	8.50	8.52	7.65	7.85	7.94
Minimum annual yield (%) - ISMA		8.30	8.40	8.48	7.60	7.80	7.87
Average annual yield (%) - ISMA		8.37	8.47	8.50	7.63	7.84	7.92
Maximum annual yield (%) - EHM		8.40	8.49	8.52	7.65	7.84	7.93
Minimum annual yield (%) - EHM		8.30	8.39	8.48	7.60	7.79	7.86
Average annual yield (%) - EHM		8.37	8.47	8.50	7.63	7.83	7.91
Maximum price (%)	95.3000	98.5192	92.9678	90.2705	100.4044	95.4576	89.8542
Minimum price (%)	95.0600	98.2529	92.5655	90.0255	100.2690	95.2503	89.2717
Average price (%)	95.1000	98.3255	92.6732	90.1244	100.3288	95.2898	89.4705
Amount offered for sale (HUF million)	5,000.00	20,000.00	14,000.00	11,000.00	18,000.00	12,000.00	8,000.00
Amount of bids submitted (HUF million)	18,850.00	62,383.18	20,410.31	38,100.00	61,389.30	44,420.42	26,681.84
Amount of bids accepted (HUF million)	7,499.99	29,999.95	13,999.95	14,999.97	24,999.91	17,999.94	11,999.98
Bid-to-cover ratio	2.51	2.08	1.46	2.54	2.46	2.47	2.22
Bids submitted (pcs)	50	97	57	46	84	63	51
Bids accepted (pcs)	22	45	42	23	41	37	34
Tail (average price - minimum price)	0.04	0.07	0.11	0.10	0.06	0.04	0.20
Market sales* (HUF million)	7,499.99	29,999.95	13,999.95	14,999.97	24,999.91	17,999.94	11,999.98
Non-competitive offer (HUF million)	2,460.00	0.00	0.00	0.00	8,957.30	6,198.74	4,000.00
Total amount issued (HUF million)	7,500.00	42,000.00	14,000.00	15,000.00	35,000.00	25,200.00	24,000.00

*Without issuance onto ÁKK's own account

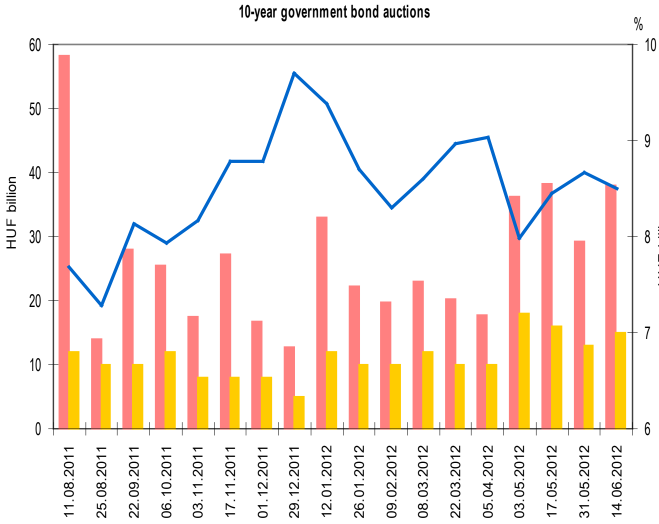
3-year government bond auctions



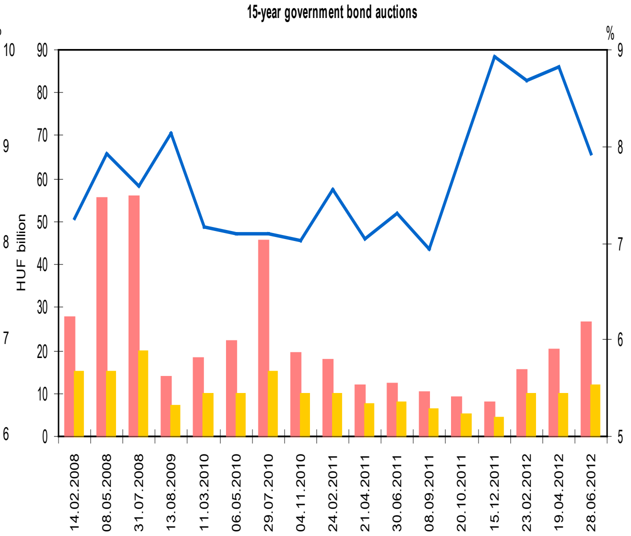
5-year government bond auctions



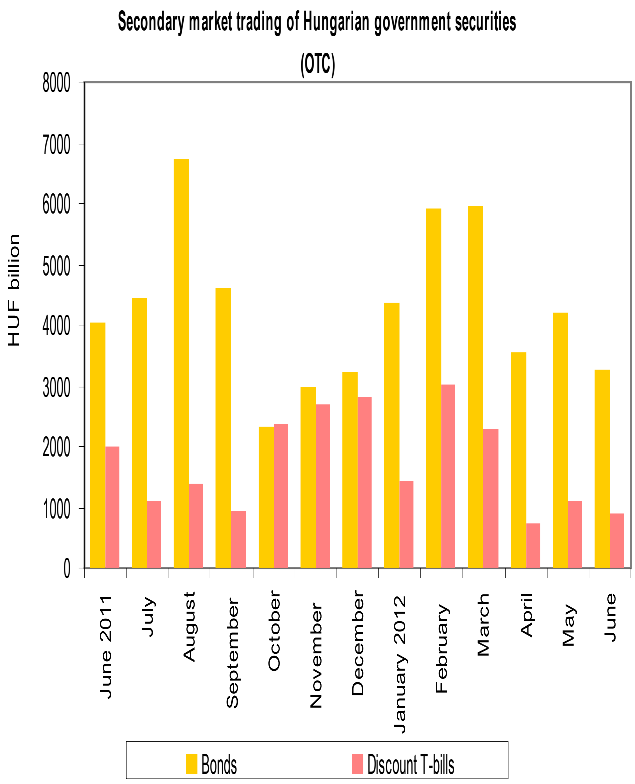
10-year government bond auctions

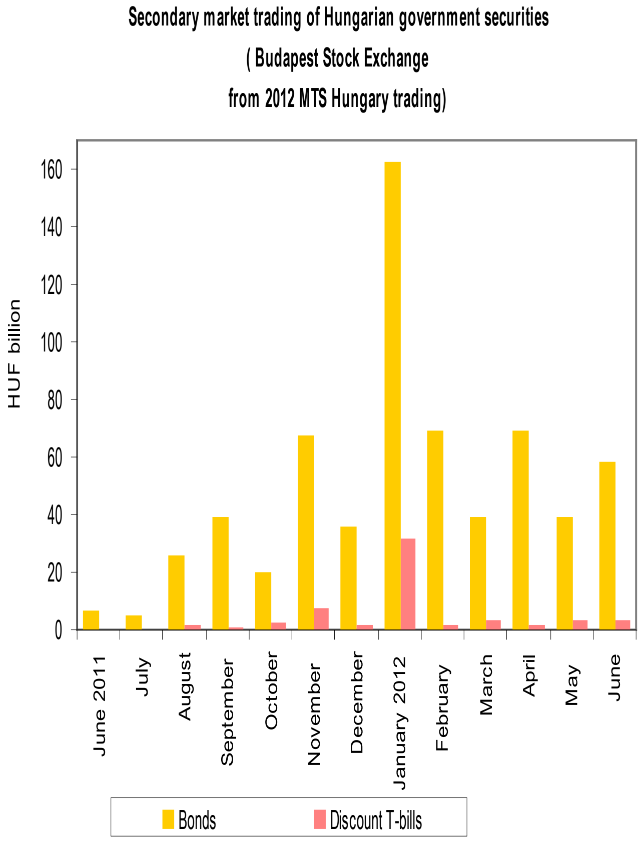


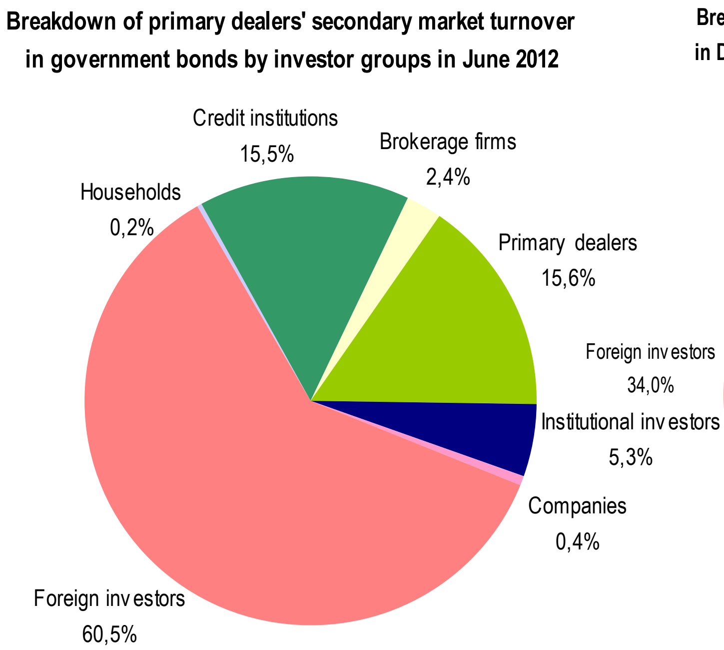
15-year government bond auctions

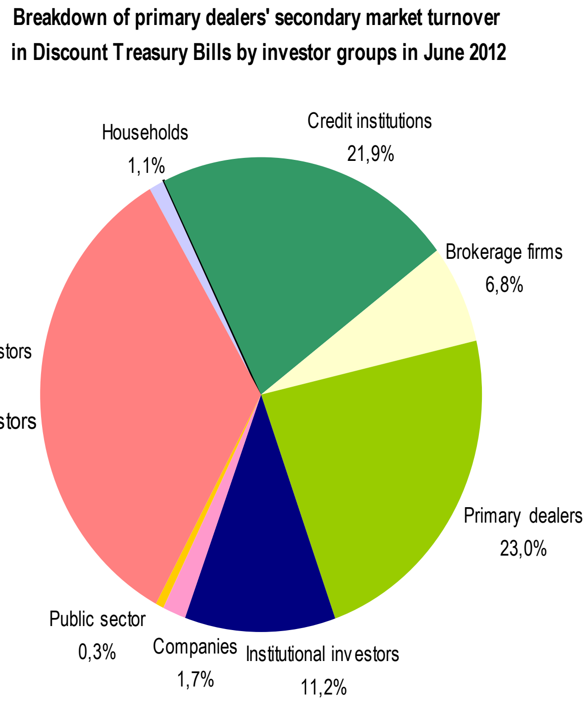


Bids submitted | Accepted amount | Average yield


Secondary market trading of Hungarian government securities
(OTC)
HUF billion
8000
7000
6000
5000
4000
3000
2000
1000
0
June 2011
July
August
September
October
November
December
January 2012
February
March
April
May
June
Bonds
Discount T-bills


Secondary market trading of Hungarian government securities
(Budapest Stock Exchange
from 2012 MTS Hungary trading)
HUF billion
160
140
120
100
80
60
40
20
0
June 2011
July
August
September
October
November
December
January 2012
February
March
April
May
June
Bonds
Discount T-bills


Breakdown of primary dealers' secondary market turnover
in government bonds by investor groups in June 2012
Credit institutions
15,5%
Brokerage firms
2,4%
Households
0,2%
Primary dealers
15,6%
Institutional investors
5,3%
Companies
0,4%
Foreign investors
60,5%


Breakdown of primary dealers' secondary market turnover
in Discount Treasury Bills by investor groups in June 2012
Households
1,1%
Credit institutions
21,9%
Brokerage firms
6,8%
Foreign investors
34,0%
Primary dealers
23,0%
Public sector
0,3%
Companies
1,7%
Institutional investors
11,2%

INTEREST RATE RESETS OF FLOATING RATE GOVERNMENT BONDS IN JUNE 2012

Government Bond	Date of interest rate reset	Interest period		Date of interest payment	Reset interest rate (%)	Interest payable (%)
2013/C	20.06.2012	20.06.2012	20.12.2012	20.12.2012	7,30	3,71
2014/B	20.06.2012	20.06.2012	20.12.2012	20.12.2012	7,30	3,71
2015/B	19.06.2012	22.06.2012	22.12.2012	27.12.2012	7,17	3,64
2016/A	29.06.2012	30.06.2012	30.09.2012	01.10.2012	8,00	2,02

HUNGARIAN GOVERNMENT SECURITIES INDICES

	MAX index	RMAX index	MAX Composite index	ZMAX index
Value as at 30 June 2012	477.3791	471.0111	473.3741	471.7757
Changes compared to the end of the month before	15.4115	3.3413	13.3122	2.6756
Annual yield earned on the index portfolio	5.07%	6.22%	5.38%	6.62%

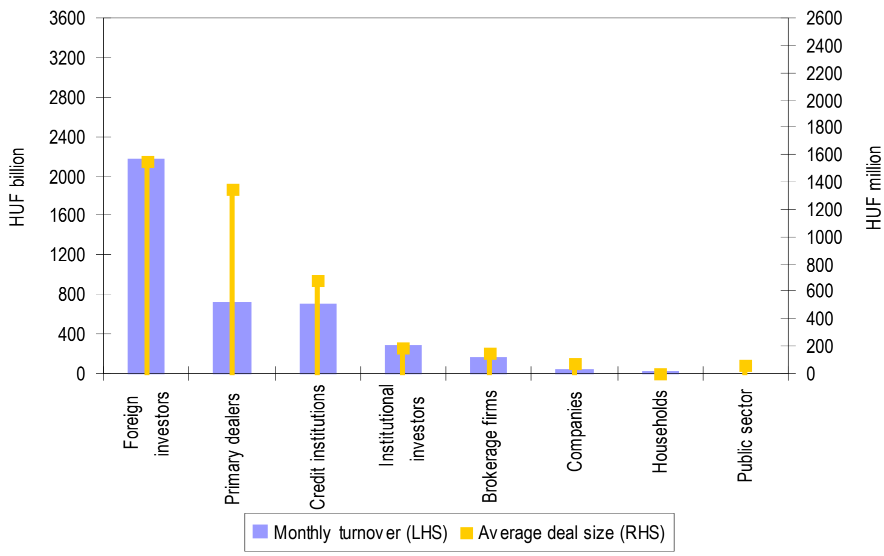
Government securities with the highest secondary market turnover in June 2012

Government security	Date of redemption	Turnover (HUF billion)
2015/C	24.08.2015	434.0
2022/A	24.06.2022	333.2
2017/A	24.11.2017	281.7
2012/C	24.10.2012	267.3
2017/B	24.02.2017	257.2
2014/D	22.08.2014	207.1
2014/C	12.02.2014	175.5
D120822	22.08.2012	169.0
2015/A	12.02.2015	165.3
D130529	29.05.2013	160.5

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

	HUF billion	
Government bond	31.05.2012	29.06.2012
2015/C	202.38	261.22
2017/A	618.49	643.32
2022/A	352.98	381.41
2028/A	62.92	62.64

Primary dealers' trading with different investor groups in June 2012



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