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GOVERNMENT DEBT MANAGEMENT AGENCY PTE LTD.

GOVERNMENT SECURITIES MARKET

MONTHLY REPORT

FEBRUARY 2012

The deficit of the central government amounted to HUF 283.0 billion in February. The net prefinancing of cash transfers from the European Union increased the net borrowing requirement by HUF 135.6 billion. Thus, the total net financing requirement was positive and amounted to HUF 418.6 billion in February. Net issuance was HUF 360.7 billion; out of which net HUF-denominated issuance was HUF 541.0 billion and net foreign currency denominated issuance was HUF -180.3 billion.

	2011		2012		Change	
HUF billion	December	%	February	%	HUF billion	%
Foreign exchange denominated debt	10,170.4	48.5	9,286.9	45.1	-883.5	-8.7
Government securities	5,712.3	27.3	5,319.8	25.8	-392.6	-6.9
Loans	4,458.1	21.3	3,967.1	19.3	-491.0	-11.0
HUF denominated debt	10,362.2	49.4	10,903.8	53.0	541.6	5.2
Government securities	9,771.4	46.6	10,314.0	50.1	542.6	5.6
Loans	590.8	2.8	589.8	2.9	-1.0	-0.2
Total	20,532.6	98.0	20,190.7	98.1	-341.9	-1.7
Other obligations	422.9	2.0	392.7	1.9	-30.2	-7.1
Total central government debt	20,955.5	100.0	20,583.5	100.0	-372.1	-1.8

The HUF denominated debt of the central government increased by HUF 541.6 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 203.1 billion, the amount of discount Treasury bills increased by HUF 325.1 billion and the total amount of retail government securities increased by HUF 14.5 billion.

The foreign currency debt of the central government decreased by HUF 883.5 billion in 2012. The redemptions of foreign currency debt (the first installment of the loan from Monetry Fund) worth HUF 180.3 billion decreased the debt. The exchange rate revaluations totalling HUF 703.2 billion decreased the Hungarian Forint value of the foreign currency debt in 2012.

Secondary market yields in February:

Benchmark yields

Maturity	30.12.2011.	31.01.2012.	29.02.2012.	Change, basis points
3-month	7.55	7.48	7.08	-40
6-month	7.60	7.49	7.30	-19
1-year	7.95	7.85	7.52	-33
3-year	9.06	8.60	8.27	-33
5-year	9.64	8.83	8.42	-41
10-year	9.75	8.89	8.57	-32
15-year	9.76	8.86	8.55	-31

Monthly OTC turnover of government securities was 54 % higher in February than a month before and reached HUF 8,931.4 billion. Primary dealers, who account for the decisive part of all secondary government securities trading, made 73% of their secondary government securities deals with non-resident investors.

The volume of non-residents' holdings of Hungarian government securities increased altogether by HUF 79.9 billion in February, and amounted to HUF 3,973.3 billion at the end of the month. This volume represented 38.5% of the total amount of domestic government securities.

The EUR/HUF exchange rate according to the National Bank of Hungary was 289.88 on the last working day of February.

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

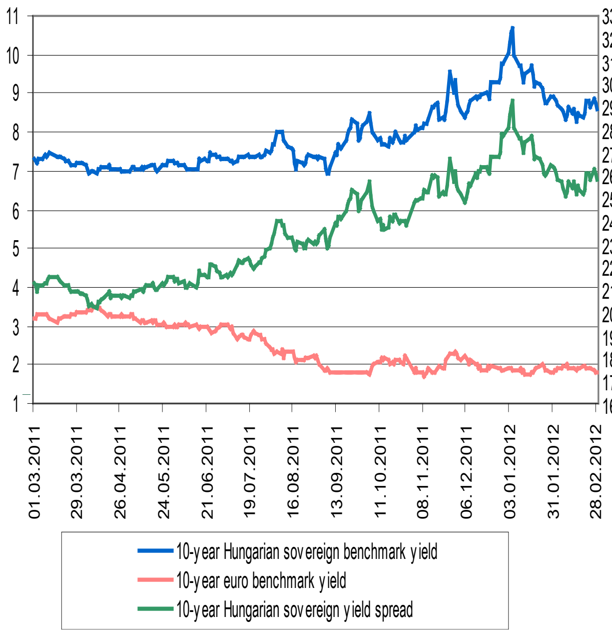
CENTRAL GOVERNMENT GROSS DEBT

HUF BILLION

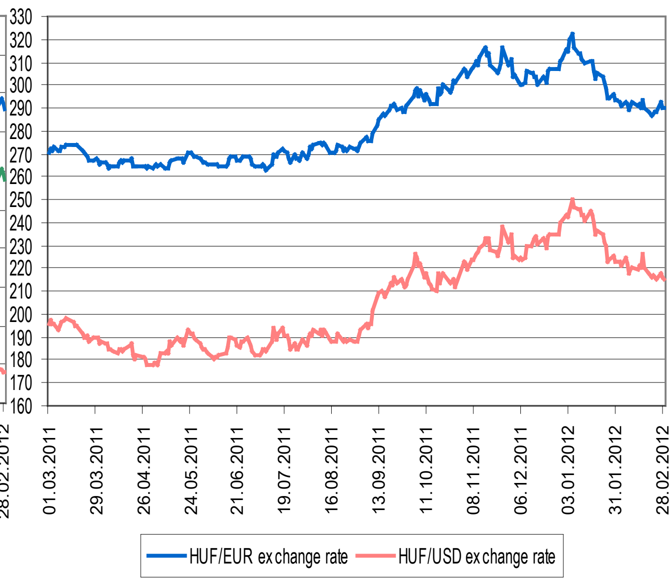
	2005	2006	2007	2008	2009	2010	Dec 2011	Jan 2012	Feb 2012
1. Forint denominated debt	9,153.5	10,552.3	11,103.8	11,250.6	10,476.2	10,978.2	10,362.2	10,493.3	10,903.8
1.1. Loans	0.8	356.4	145.7	219.9	438.7	540.8	590.8	589.8	589.8
1.2. Government securities	9,152.7	10,195.9	10,958.1	11,030.7	10,037.5	10,437.4	9,771.4	9,903.5	10,314.0
1.2.1. Public issues	8,418.8	9,667.5	10,465.4	10,599.7	9,613.2	10,019.6	9,378.1	9,500.3	9,910.8
1.2.1.1. Bonds	6,299.1	7,244.2	8,245.3	8,570.6	7,519.2	7,965.8	7,353.4	7,475.1	7,556.5
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	1,540.9	1,564.1	1,866.0
1.2.1.3. Retail securities	588.7	667.4	555.2	546.4	446.6	435.7	473.8	461.1	488.2
1.2.2. Private placements	733.9	528.4	492.7	431.0	424.3	417.8	403.2	403.2	403.2
2. Foreign currency denominated debt*	3,590.7	4,124.4	4,472.6	6,774.8	8,466.7	8,842.8	10,170.4	9,587.3	9,286.9
2.1. Loans	720.6	803.7	846.5	2,529.4	4,112.7	4,292.8	4,458.1	4,197.0	3,967.1
2.1.1. Foreign loans	616.9	700.1	838.8	2,529.4	4,112.7	4,292.8	4,361.9	4,110.7	3,881.9
2.1.2. Domestic loans	103.8	103.6	104.0	0.0	0.0	0.0	96.2	86.3	85.2
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	96.2	86.3	85.2
2.2. Government securities	2,870.1	3,320.7	3,626.1	4,245.5	4,354.0	4,550.0	5,712.3	5,390.3	5,319.8
2.2.1. Issued abroad	2,870.1	3,320.7	3,626.1	4,245.5	4,354.0	4,550.0	5,712.3	5,390.3	5,319.8
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	5,712.3	5,390.3	5,319.8
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	20,532.6	20,080.6	20,190.7
Other liabilities	21.4	29.0	9.1	78.5	20.1	220.01	422.9	446.0	392.7
Total central government debt	12,765.6	14,705.7	15,585.5	18,103.9	18,963.1	20,041.0	20,955.5	20,526.7	20,583.5
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*	*9,297.6*	*9,442.4*	*9,825.8*
Gross debt/GDP	*57.9%*	*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 year/month.

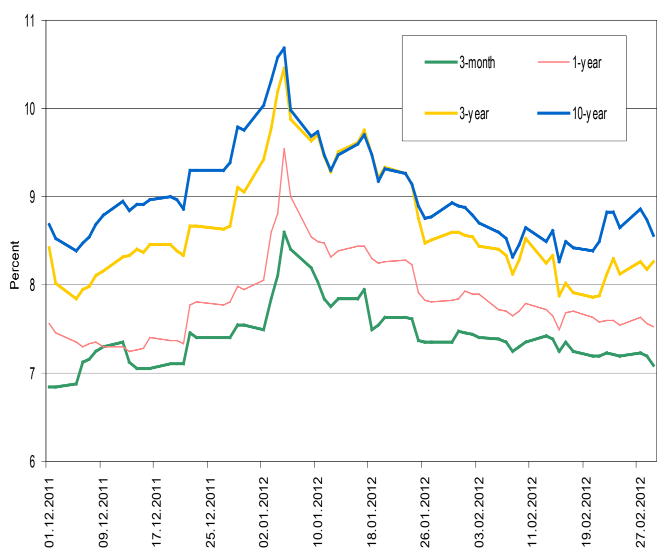
10-year Hungarian and eurozone benchmark yields during the last year



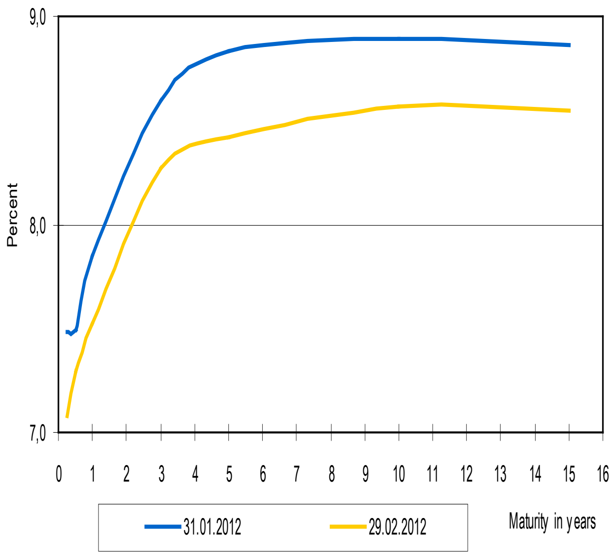
The exchange rate of the Hungarian Forint during the last year



Benchmark yields in the past three months



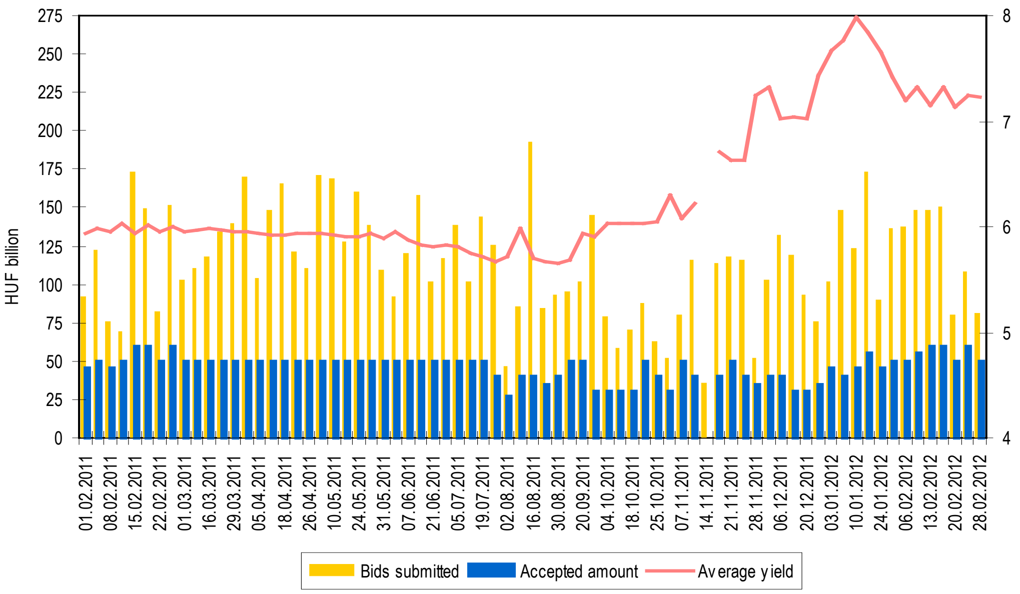
Benchmark yield curves



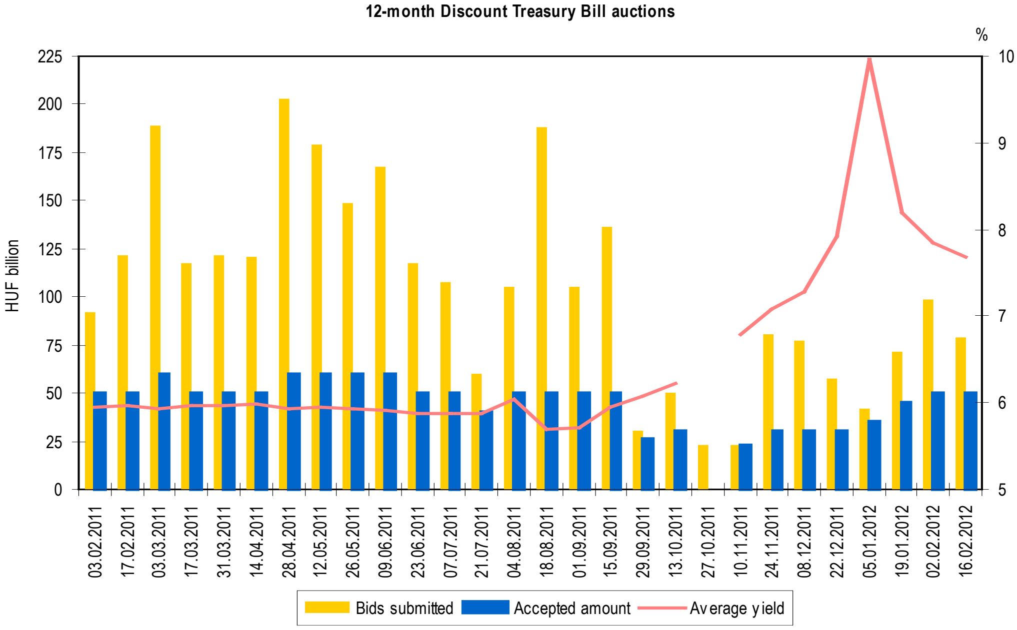
DISCOUNT TREASURY BILL AUCTION RESULTS

	Liqudity Discount T-bills			3-month Discount T-bills				12-month Discount T-bills	
Code of T-bills	D120321	D120321	D120418	D120516	D120523	D120530	D120606	D121227	D121227
ISIN code	HU0000518717	HU0000518717	HU0000518758	HU0000518790	HU0000518808	HU0000518816	HU0000518824	HU0000518782	HU0000518782
Maturity in days	42	35	56	91	91	91	91	323	309
Date of auction	06.02.2012	13.02.2012	20.02.2012	07.02.2012	14.02.2012	21.02.2012	28.02.2012	02.02.2012	16.02.2012
Date of financial settlement	08.02.2012	15.02.2012	22.02.2012	15.02.2012	22.02.2012	29.02.2012	07.03.2012	08.02.2012	22.02.2012
Redemption date	21.03.2012	21.03.2012	18.04.2012	16.05.2012	23.05.2012	30.05.2012	06.06.2012	27.12.2012	27.12.2012
Maximum yield, (%) - ISMA	7.29	7.19	7.19	7.38	7.37	7.27	7.27	7.89	7.76
Minimum yield (%) - ISMA	7.10	7.09	7.08	7.25	7.20	7.15	7.14	7.77	7.59
Average yield (%) - ISMA	7.19	7.15	7.14	7.32	7.32	7.24	7.22	7.85	7.69
Maximum yield, (%) - EHM	7.39	7.29	7.29	7.48	7.47	7.37	7.37	8.00	7.87
Minimum yield (%) - EHM	7.20	7.19	7.18	7.35	7.30	7.25	7.24	7.88	7.70
Average yield (%) - EHM	7.29	7.25	7.24	7.42	7.42	7.34	7.32	7.96	7.80
Average selling price (%)	99.1681	99.3097	98.9015	98.1833	98.1833	98.2028	98.2077	93.4202	93.8081
Amount offered for sale (HUF million)	40,000.00	50,000.00	50,000.00	45,000.00	50,000.00	50,000.00	50,000.00	45,000.00	50,000.00
Amount of bids submitted (HUF million)	138,000.00	148,376.50	80,161.00	148,142.89	151,026.25	107,775.79	80,823.21	98,440.05	78,774.00
Amount of bids accepted (HUF million)	49,999.98	60,000.00	49,999.98	54,999.95	59,999.97	59,999.93	49,999.94	49,999.99	50,000.00
Bid-to-cover ratio	2.76	2.47	1.60	2.69	2.52	1.80	1.62	1.97	1.58
Bids submitted (pcs)	89	124	63	145	155	114	104	100	125
Bids accepted (pcs)	33	51	44	58	63	65	78	36	85
Market sales* (HUF million)	49,999.98	60,000.00	49,999.98	54,999.95	59,999.97	59,999.93	49,999.94	49,999.99	50,000.00
Retained on ÁKK's own account	0.02	0.00	0.02	16,500.05	18,000.03	18,000.07	15,000.06	15,000.01	15,000.00
Total amount issued (HUF million)	50,000.00	60,000.00	50,000.00	71,500.00	78,000.00	78,000.00	65,000.00	65,000.00	65,000.00

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



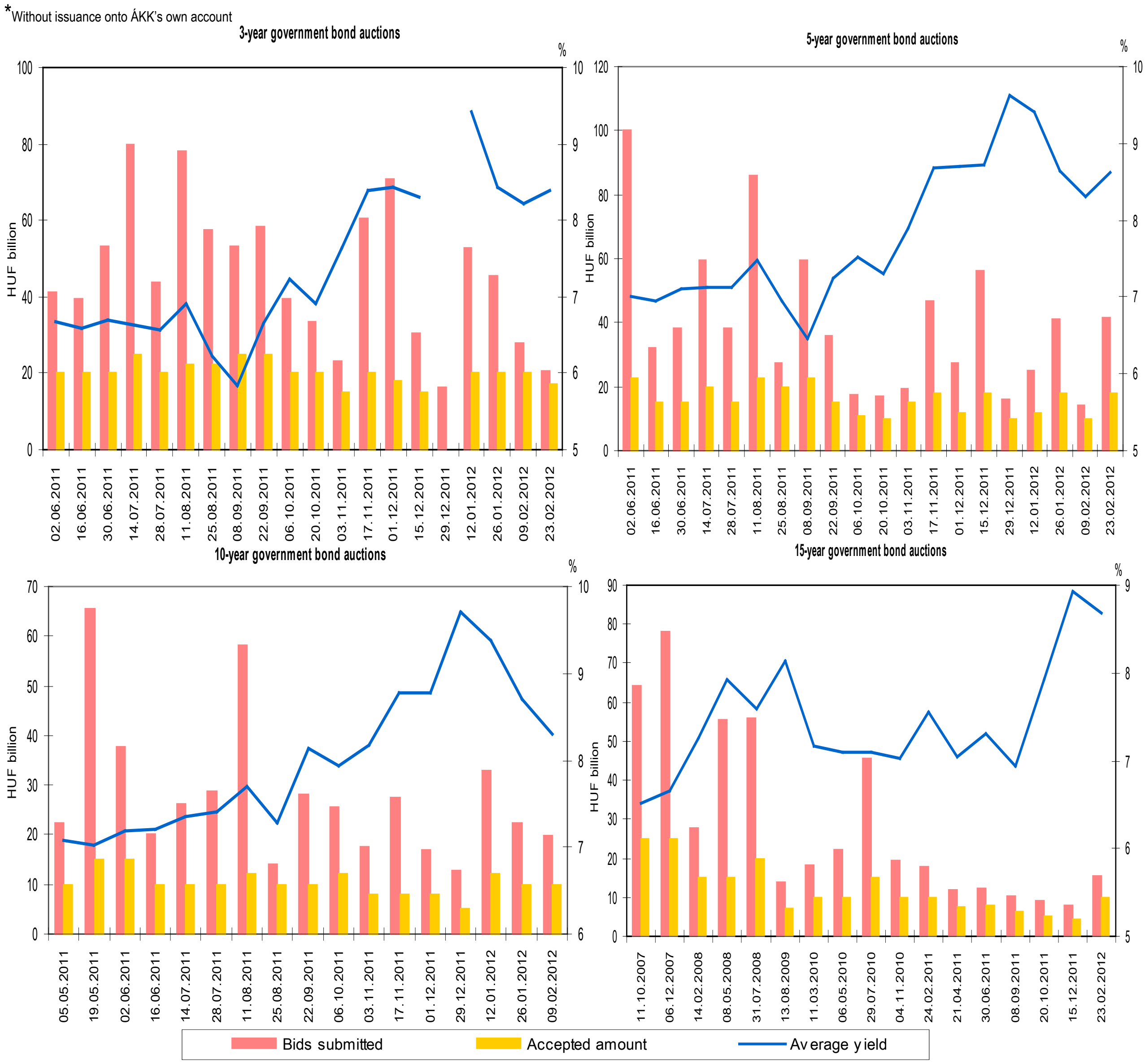
12-month Discount Treasury Bill auctions



GOVERNMENT BOND AUCTION RESULTS

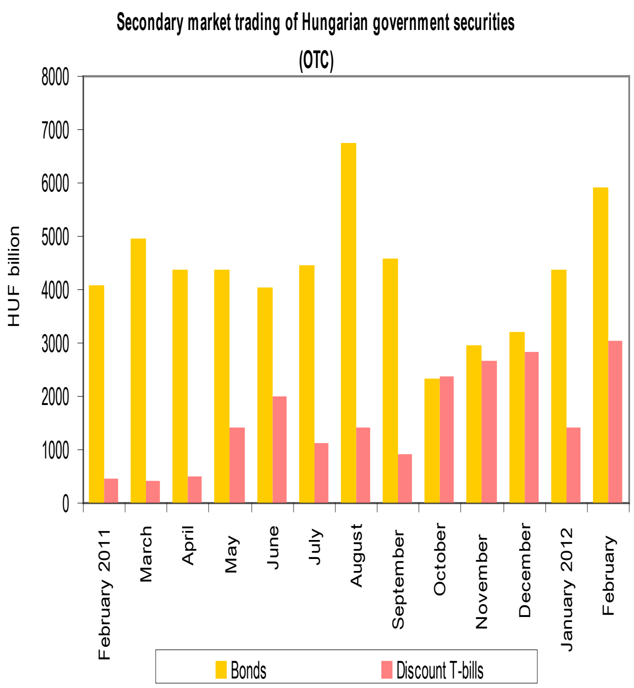
Government Bond	2015/C	2017/A	2022/A	2015/C	2017/A	2028/A
ISIN code	HU0000402581	HU0000402037	HU0000402524	HU0000402581	HU0000402037	HU0000402532
Maturity (in years)	3	5	10	3	5	15
Coupon (%)	7.75%	6.75%	7.00%	7.75%	6.75%	6.75%
Auction	1st auction	29th auction	22nd auction	2nd auction	30th auction	7th auction
Date of auction	09.02.2012	09.02.2012	09.02.2012	23.02.2012	23.02.2012	23.02.2012
Date of financial settlement	15.02.2012	15.02.2012	15.02.2012	29.02.2012	29.02.2012	29.02.2012
Redemption date	24.08.2015	24.11.2017	24.06.2022	24.08.2015	24.11.2017	22.10.2028
Maximum annual yield (%) - ISMA	8.26	8.33	8.34	8.42	8.64	8.73
Minimum annual yield (%) - ISMA	8.00	8.25	8.29	8.32	8.50	8.55
Average annual yield (%) - ISMA	8.22	8.30	8.30	8.40	8.62	8.69
Maximum annual yield (%) - EHM	8.26	8.32	8.33	8.42	8.63	8.72
Minimum annual yield (%) - EHM	8.00	8.24	8.28	8.32	8.49	8.54
Average annual yield (%) - EHM	8.21	8.29	8.30	8.39	8.61	8.69
Maximum price (%)	99.3254	93.2764	91.1962	98.3941	92.2538	84.2577
Minimum price (%)	98.5638	92.9363	90.8780	98.1066	91.6712	82.8867
Average price (%)	98.6910	93.0757	91.1182	98.1764	91.7465	83.1738
Amount offered for sale (HUF million)	20,000.00	15,000.00	8,000.00	20,000.00	12,000.00	10,000.00
Amount of bids submitted (HUF million)	28,037.77	14,270.66	19,853.00	20,550.24	41,660.42	15,501.15
Amount of bids accepted (HUF million)	19,999.97	10,000.00	9,999.99	16,999.96	17,999.97	9,999.99
Bid-to-cover ratio	1.40	1.43	1.99	1.21	2.31	1.55
Bids submitted (pcs)	101	49	40	60	84	51
Bids accepted (pcs)	65	35	21	44	41	34
Tail (average price - minimum price)	0.13	0.14	0.24	0.07	0.08	0.29
Market sales* (HUF million)	19,999.97	10,000.00	9,999.99	16,999.96	17,999.97	9,999.99
Non-competitive offer (HUF million)	0.00	0.00	0.00	0.00	0.00	0.00
Total amount issued (HUF million)	40,000.00	10,000.00	10,000.00	34,000.00	18,000.00	20,000.00

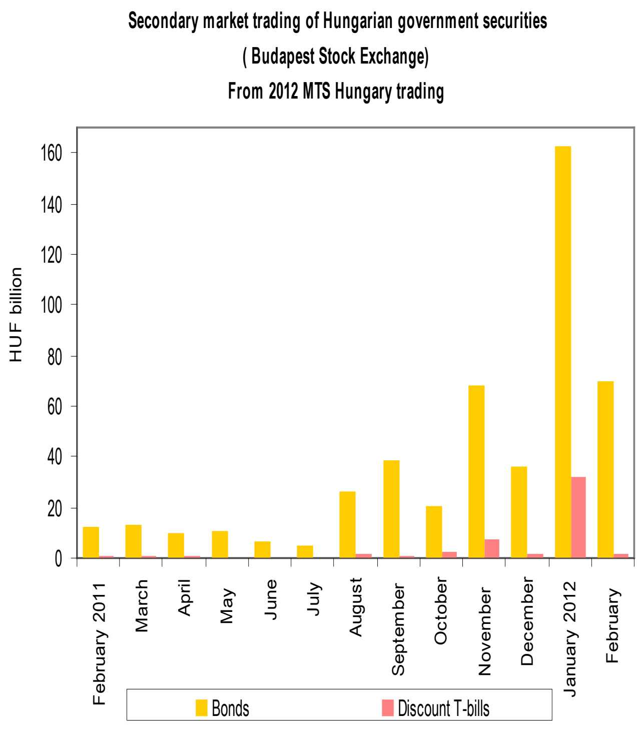
*Without issuance onto ÁKK's own account

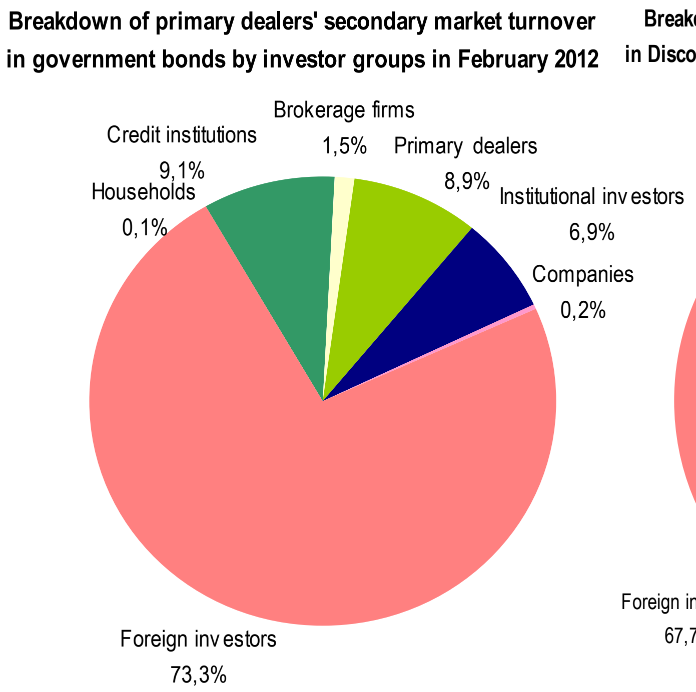


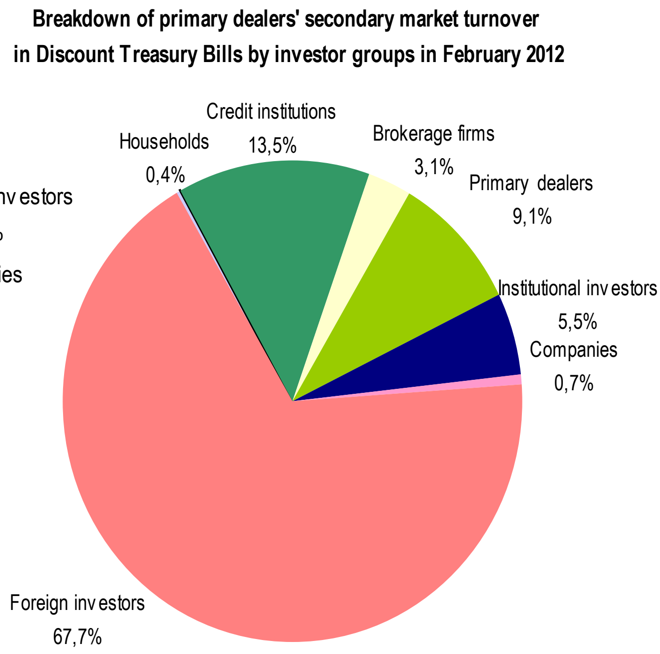
GOVERNMENT SECURITIES BUY-BACK AUCTION RESULTS

Government bond	2012/B	2012/C	2012/B	2012/C
ISIN code	HU0000402367	HU0000402417	HU0000402367	HU0000402417
Coupon (%)	7.25	6.00	7.25	6.00
Date of reverse auction	08.02.2012	08.02.2012	22.02.2012	22.02.2012
Date of financial settlement	15.02.2012	15.02.2012	29.02.2012	29.02.2012
Redemption date	12.06.2012	24.10.2012	12.06.2012	24.10.2012
Minimum annual yield (%)	7.31	7.34	7.30	7.50
Average annual yield - ISMA (%)	7.31	7.34	7.35	7.50
Average annual yield - EHM (%)	7.12	7.24	7.14	7.38
Amount of bids submitted (HUF million)	31,618.67	20,587.95	15,717.16	11,445.39
Amount of bids accepted (HUF million)	10,179.93	5,000.00	12,617.16	1,924.48









INTEREST RATE RESETS OF FLOATING RATE GOVERNMENT BONDS IN FEBRUARY 2012

Government Bond	Date of interest rate reset	Interest period		Date of interest payment	Reset interest rate (%)	Interest payable (%)
2026/A	27.02.2012	28.02.2012	28.02.2012	28.08.2012	7.71	3.90

HUNGARIAN GOVERNMENT SECURITIES INDICES

	MAX index	RMAX index	MAX Composite index	ZMAX index
Value as at 29 February 2012	454.9314	459.1770	452.6752	460.5356
Changes compared to the end of the month before	9.3339	3.3793	8.3793	2.8500
Annual yield earned on the index portfolio	2.64%	5.61%	3.22%	6.16%

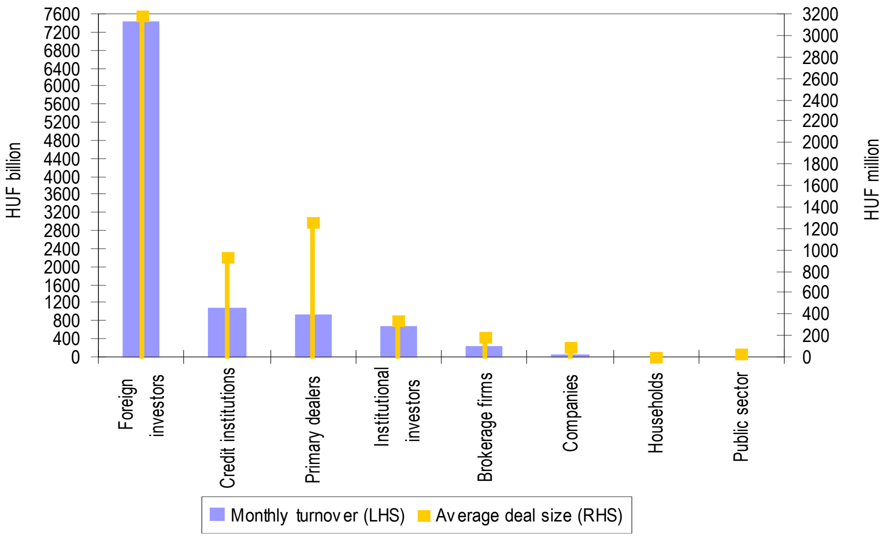
Government securities with the highest secondary market turnover in February 2012

Government security	Date of redemption	Turnover (HUF billion)
2014/C	12.02.2014	1,804.3
D120502	02.05.2012	1,534.3
2014/D	22.08.2014	1,432.4
2017/A	24.11.2017	821.8
D120307	07.03.2012	536.4
2013/D	12.02.2013	484.6
2016/C	12.02.2016	388.9
2020/A	12.11.2020	332.3
2022/A	24.06.2022	309.5
2019/A	24.06.2019	247.3

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

Government bond	31.01.2012 (HUF billion)	29.02.2012 (HUF billion)
2014/D	636.57	659.44
2017/A	446.58	493.52
2022/A	256.32	276.80
2028/A	40.03	50.07

Primary dealers' trading with different investor groups in February 2012



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