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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
JANUARY 2012

■ GOVERNMENT SECURITIES MARKET ■

The surplus of the central government amounted to HUF 109.4 billion in January. The net prefinancing of cash transfers from the European Union decreased the net borrowing requirement by HUF 65.5 billion. Thus, the total net financing requirement was negative and amounted to HUF 43.9 billion in January. Net issuance was HUF 123.0 billion; out of which net HUF-denominated issuance was HUF 128.6 billion and net foreign currency denominated issuance was HUF -5.6 billion.

HUF billion	2011		2012		Change	
	December	%	January	%	HUF billion	%
Foreign exchange denominated debt	10,170.4	48.5	9,587.3	46.7	-583.1	-5.7
Government securities	5,712.3	27.3	5,390.3	26.3	-322.0	-5.6
Loans	4,458.1	21.3	4,197.0	20.4	-261.1	-5.9
HUF denominated debt	10,362.2	49.4	10,493.2	51.1	131.1	1.3
Government securities	9,771.4	46.6	9,903.5	48.2	132.1	1.4
Loans	590.8	2.8	589.8	2.9	-1.0	-0.2
Total	20,532.6	98.0	20,080.6	97.8	-452.0	-2.2
<i>Other obligations</i>	422.9	2.0	446.0	2.2	23.1	5.5
Total central government debt	20,955.5	100.0	20,526.7	100.0	-428.9	-2.0

The HUF denominated debt of the central government increased by HUF 131.1 billion in January (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 121.7 billion, the amount of discount Treasury bills increased by HUF 23.2 billion and the total amount of retail government securities decreased by HUF 12.7 billion.

The foreign currency debt of the central government decreased by HUF 583.1 billion in January. The redemptions of foreign currency debt worth HUF 5.6 billion decreased the debt. The exchange rate revaluations totalling HUF 577.5 billion decreased the Hungarian Forint value of the foreign currency debt in January.

Secondary market yields in January:

Benchmark yields

Maturity	31.12.2010.	30.12.2011.	31.01.2012.	Change, basis points
3-month	5.76	7.55	7.48	-7
6-month	6.15	7.60	7.49	-11
1-year	6.33	7.95	7.85	-10
3-year	7.72	9.06	8.60	-46
5-year	7.85	9.64	8.83	-81
10-year	7.95	9.75	8.89	-86
15-year	7.94	9.76	8.86	-90

Monthly OTC turnover of government securities was 19 % lower in January than a month before and reached HUF 5,804.9 billion. Primary dealers, who account for the decisive part of all secondary government securities trading, made 60% of their secondary government securities deals with non-resident investors.

The volume of non-residents' holdings of Hungarian government securities increased altogether by HUF 96.7 billion in January, and amounted to HUF 3,893.5 billion at the end of the month. This volume represented 39.3% of the total amount of domestic government securities.

The EUR/HUF exchange rate according to the National Bank of Hungary was 293.70 on the last working day of January.

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).

■ GOVERNMENT SECURITIES MARKET ■

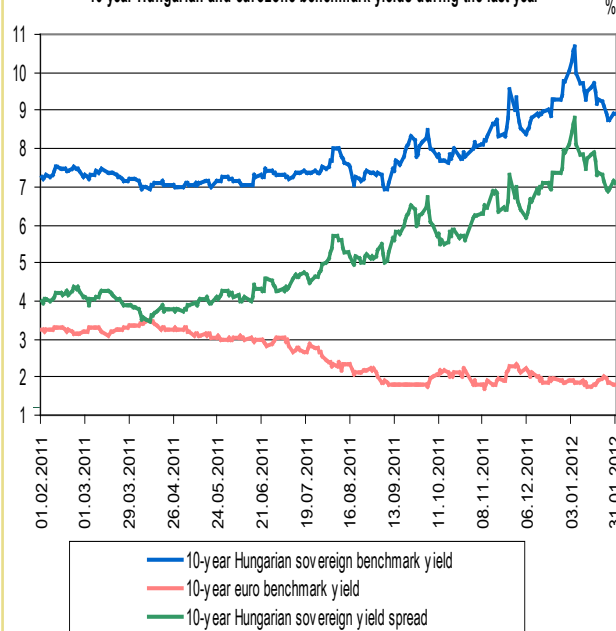
CENTRAL GOVERNMENT GROSS DEBT

HUF BILLION

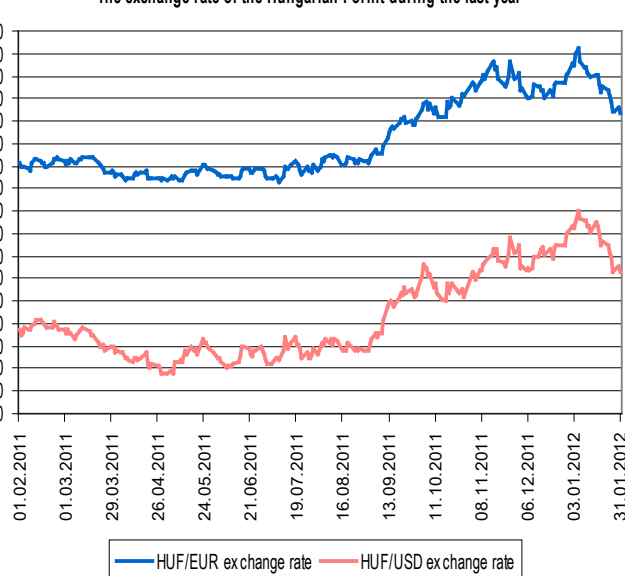
	2005	2006	2007	2008	2009	2010	Nov 2011	Dec 2011	Jan 2012
1. Forint denominated debt	9,153.5	10,552.3	11,103.8	11,250.6	10,476.2	10,978.2	10,433.6	10,362.2	10,493.3
1.1. Loans	0.8	356.4	145.7	219.9	438.7	540.8	540.8	590.8	589.8
1.2. Government securities	9,152.7	10,195.9	10,958.1	11,030.7	10,037.5	10,437.4	9,892.8	9,771.4	9,903.5
1.2.1. Public issues	8,418.8	9,667.5	10,465.4	10,599.7	9,613.2	10,019.6	9,477.5	9,378.1	9,500.3
1.2.1.1. Bonds	6,299.1	7,244.2	8,245.3	8,570.6	7,519.2	7,965.8	7,290.3	7,353.4	7,475.1
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	1,715.9	1,540.9	1,564.1
1.2.1.3. Retail securities	588.7	667.4	555.2	546.4	446.6	435.7	471.3	473.8	461.1
1.2.2. Private placements	733.9	528.4	492.7	431.0	424.3	417.8	415.3	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	10,641.7	10,170.4	9,587.3
2.1. Loans	720.6	803.7	846.5	2,529.4	4,112.7	4,292.8	4,932.5	4,458.1	4,197.0
2.1.1. Foreign loans	616.9	700.1	838.8	2,529.4	4,112.7	4,292.8	4,932.5	4,361.9	4,110.7
2.1.2. Domestic loans	103.8	103.6	104.0	0.0	0.0	0.0	0.0	96.2	86.3
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	96.2	86.3
2.2. Government securities	2,870.1	3,320.7	3,626.1	4,245.5	4,354.0	4,550.0	5,709.2	5,712.3	5,390.3
2.2.1. Issued abroad	2,870.1	3,320.7	3,626.1	4,245.5	4,354.0	4,550.0	5,709.2	5,712.3	5,390.3
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	5,709.2	5,712.3	5,390.3
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	21,075.4	20,532.6	20,080.6
Other liabilities	21.4	29.0	9.1	78.5	20.1	220.1	350.7	422.9	446.0
Total central government debt	12,765.6	14,705.7	15,585.5	18,103.9	18,963.1	20,041.0	21,426.1	20,955.5	20,526.7
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	9,421.6	9,297.6	9,442.4
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.

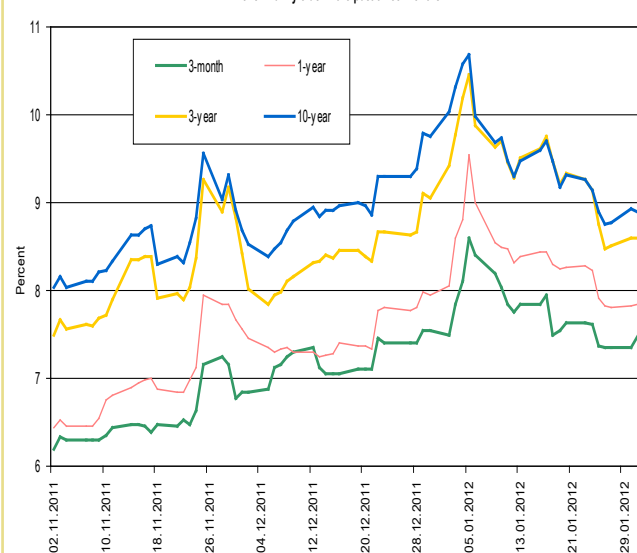
10-year Hungarian and eurozone benchmark yields during the last year



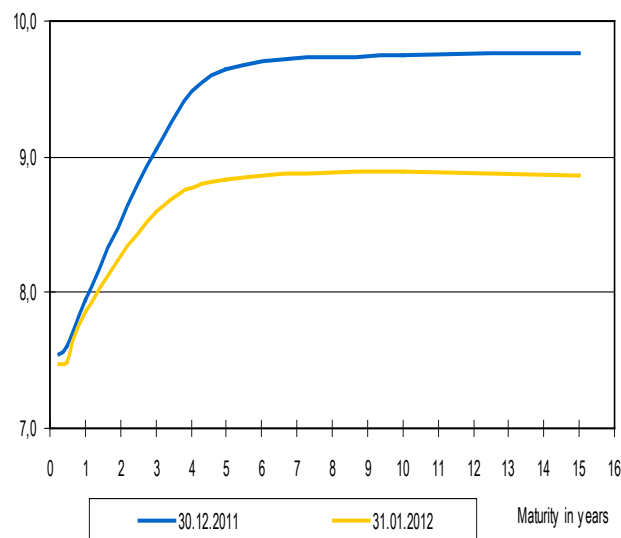
The exchange rate of the Hungarian Forint during the last year



Benchmark yields in the past three months



Benchmark yield curves

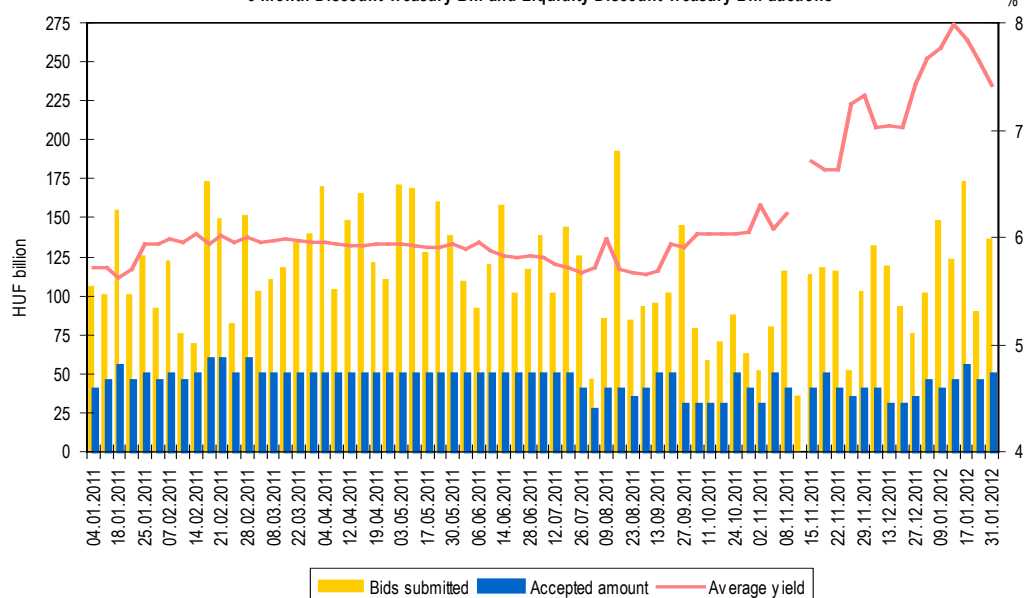


■ GOVERNMENT SECURITIES MARKET ■

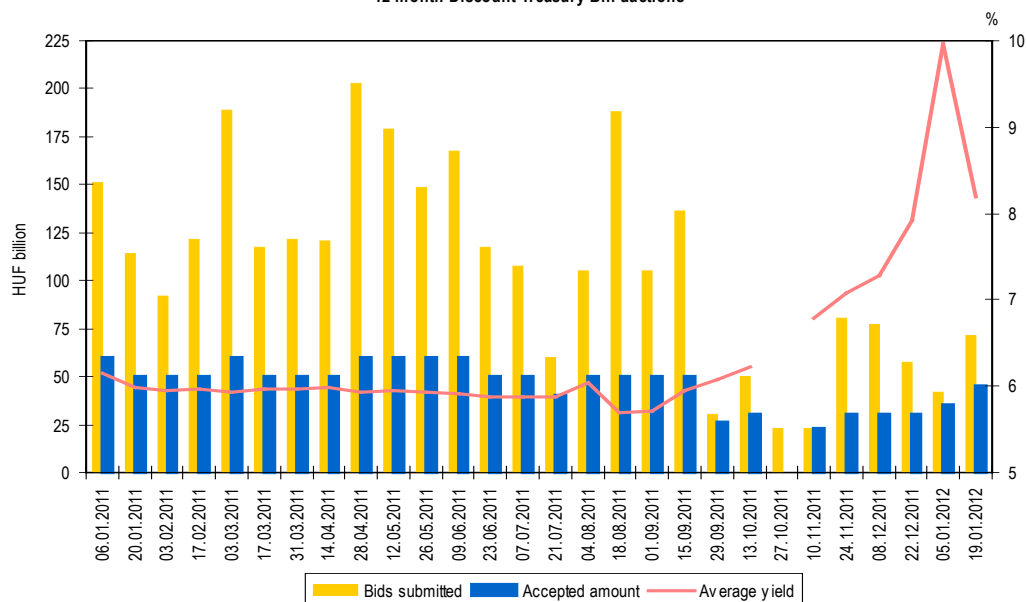
DISCOUNT TREASURY BILL AUCTION RESULTS

	Liquidity Discount T-bills	3-month Discount T-bills					12-month Discount T-bills	
Code of T-bills	D120222	D120411	D120418	D120425	D120502	D120509	D121227	D121227
ISIN code	HU0000518675	HU0000518741	HU0000518758	HU0000518766	HU0000518451	HU0000518774	HU0000518782	HU0000518782
Maturity in days	42	91	91	91	91	91	351	337
Date of auction	09.01.2012	03.01.2012	10.01.2012	17.01.2012	24.01.2012	31.01.2012	05.01.2012	19.01.2012
Date of financial settlement	11.01.2012	11.01.2012	18.01.2012	25.01.2012	01.02.2012	08.02.2012	11.01.2012	25.01.2012
Redemption date	22.02.2012	11.04.2012	18.04.2012	25.04.2012	02.05.2012	09.05.2012	27.12.2012	27.12.2012
Maximum yield, (%) - ISMA	7.88	7.85	8.05	7.90	7.73	7.45	10.50	8.30
Minimum yield (%) - ISMA	7.55	7.42	7.68	7.50	7.45	7.20	9.00	8.00
Average yield (%) - ISMA	7.77	7.67	7.98	7.84	7.65	7.41	9.96	8.19
Maximum yield, (%) - EHM	7.99	7.96	8.16	8.01	7.84	7.55	10.65	8.42
Minimum yield (%) - EHM	7.65	7.52	7.79	7.60	7.55	7.30	9.12	8.11
Average yield (%) - EHM	7.88	7.78	8.09	7.95	7.76	7.51	10.10	8.30
Average selling price (%)	99.1016	98.0981	98.0227	98.0567	98.1029	98.1614	91.1486	92.8792
Amount offered for sale (HUF million)	40,000.00	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)	148,476.00	101,415.12	123,434.03	173,392.22	89,532.78	136,656.95	41,620.20	71,316.51
Amount of bids accepted (HUF million)	39,999.98	44,999.99	44,999.97	54,999.96	44,999.99	49,999.98	35,000.00	44,999.98
Bid-to-cover ratio	3.71	2.25	2.74	3.15	1.99	2.73	1.19	1.58
Bids submitted (pcs)	123	121	135	162	122	111	53	74
Bids accepted (pcs)	44	59	65	47	55	61	45	50
Market sales* (HUF million)	39,999.98	44,999.99	44,999.97	54,999.96	44,999.99	49,999.98	35,000.00	44,999.98
Retained on ÁKK's own account	0.02	13,500.01	13,500.03	16,500.04	13,500.01	15,000.02	35,000.00	13,500.02
Total amount issued (HUF million)	40,000.00	58,500.00	58,500.00	71,500.00	58,500.00	65,000.00	70,000.00	58,500.00

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



12-month Discount Treasury Bill auctions



GOVERNMENT BOND AUCTION RESULTS

Government Bond	2014/D	2017/A	2022/A	2015/B	2014/D	2017/A	2022/A
ISIN code	HU0000402516	HU0000402037	HU0000402524	HU0000402482	HU0000402516	HU0000402037	HU0000402524
Maturity (in years)	3	5	10	5	3	5	10
Coupon (%)	6.75%	6.75%	7.00%	5.44%	6.75%	6.75%	7.00%
Auction	27th auction	27th auction	21st auction	18th auction	28th auction	28th auction	22nd auction
Date of auction	12.01.2012	12.01.2012	12.01.2012	19.01.2012	26.01.2012	26.01.2012	26.01.2012
Date of financial settlement	18.01.2012	18.01.2012	18.01.2012	25.01.2012	01.02.2012	01.02.2012	01.02.2012
Redemption date	22.08.2014	24.11.2017	24.06.2022	22.12.2015	22.08.2014	24.11.2017	24.06.2022
Maximum annual yield (%) - ISMA	9.42	9.42	9.41		8.45	8.65	8.72
Minimum annual yield (%) - ISMA	9.36	9.40	9.35		8.35	8.60	8.64
Average annual yield (%) - ISMA	9.41	9.41	9.38		8.44	8.64	8.70
Maximum annual yield (%) - EHM	9.41	9.41	9.40		8.44	8.64	8.71
Minimum annual yield (%) - EHM	9.35	9.39	9.34		8.34	8.59	8.63
Average annual yield (%) - EHM	9.40	9.40	9.38		8.43	8.63	8.69
Maximum price (%)	94.1537	88.4380	84.6821	94.9000	96.3836	91.7645	88.9709
Minimum price (%)	94.0262	88.3577	84.3346	94.0000	96.1670	91.5551	88.4776
Average price (%)	94.0540	88.3843	84.4901	94.2600	96.1956	91.5951	88.5963
Amount offered for sale (HUF million)	15,000.00	10,000.00	8,000.00	5,000.00	15,000.00	12,000.00	8,000.00
Amount of bids submitted (HUF million)	52,785.64	24,809.00	32,934.55	4,400.00	45,416.29	41,032.00	22,362.00
Amount of bids accepted (HUF million)	19,999.98	11,999.97	11,999.99	2,999.99	19,999.97	18,000.00	9,999.98
Bid-to-cover ratio	2.64	2.07	2.74	1.47	2.27	2.28	2.24
Bids submitted (pcs)	81	52	59	17	88	57	50
Bids accepted (pcs)	29	17	21	12	32	21	30
Tail (average price - minimum price)	0.03	0.03	0.16	0.26	0.03	0.04	0.12
Market sales* (HUF million)	19,999.98	11,999.97	11,999.99	2,999.99	19,999.97	18,000.00	9,999.98
Non-competitive offer (HUF million)	7,275.55	4,159.99	4,080.00	0.01	2,052.92	216.00	0.00
Total amount issued (HUF million)	28,000.00	16,800.00	16,800.00	3,000.00	28,000.00	25,200.00	14,000.00

*Without issuance onto ÁKK's own account

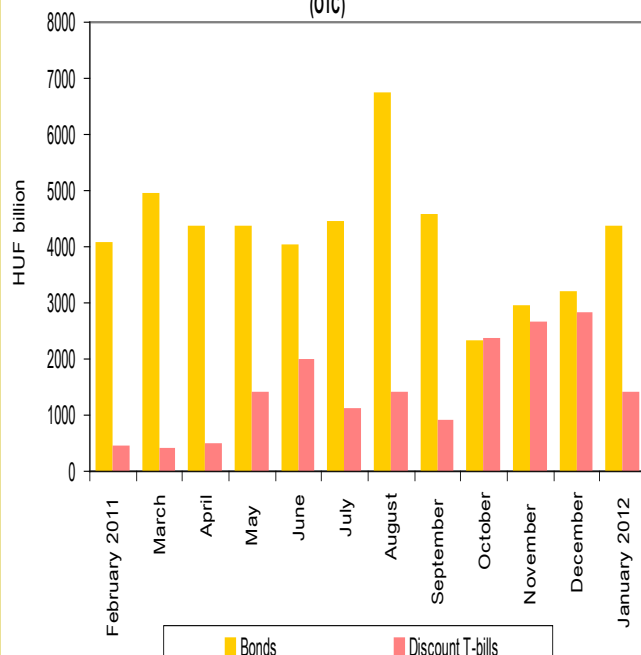


■ GOVERNMENT SECURITIES MARKET ■

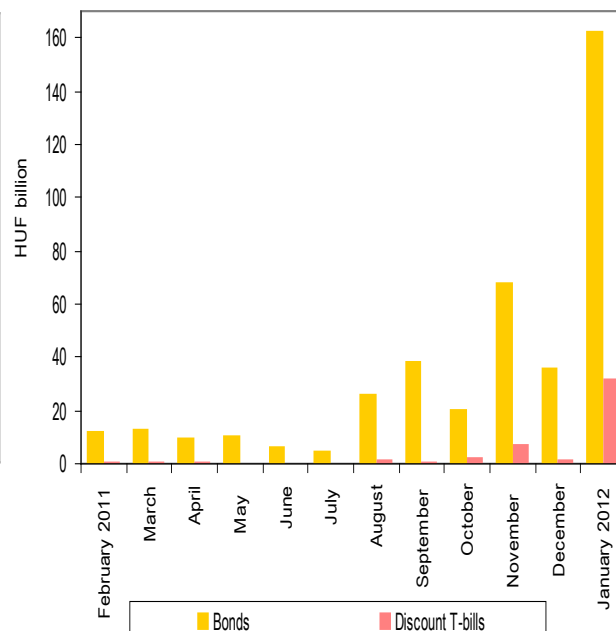
GOVERNMENT SECURITIES BUY-BACK AUCTION RESULTS

Government bond	2012/B	2012/C
ISIN code	HU0000402367	HU0000402417
Coupon (%)	7.25	6.00
Date of reverse auction	25.01.2012	25.01.2012
Date of financial settlement	01.02.2012	01.02.2012
Redemption date	12.06.2012	24.10.2012
Minimum annual yield (%)	7.40	7.50
Average annual yield - ISMA (%)	7.43	7.58
Average annual yield - EHM (%)	7.24	7.48
Amount of bids submitted (HUF million)	18,651.74	16,845.94
Amount of bids accepted (HUF million)	13,416.20	11,745.94

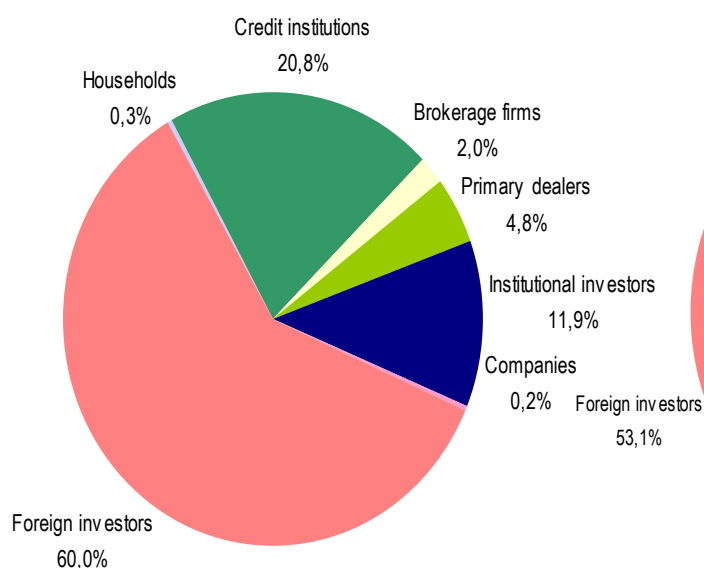
Secondary market trading of Hungarian government securities
(OTC)



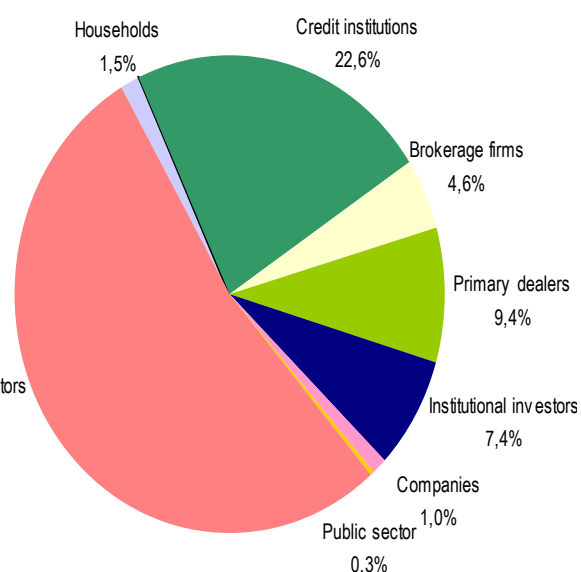
Secondary market trading of Hungarian government securities
(Budapest Stock Exchange)
From 2012 MTS Hungary trading



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



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



■ GOVERNMENT SECURITIES MARKET ■

INTEREST RATE RESETS OF FLOATING RATE GOVERNMENT BONDS IN JANUARY 2012

Government Bond	Date of interest rate reset	Interest period	Date of interest payment	Reset interest rate (%)	Interest payable (%)
2016/B	26.12.2011	02.01.2012	02.07.2012	6.53	3.30
2013/I	22.01.2012	25.01.2012	25.01.2013	7.10	7.10

HUNGARIAN GOVERNMENT SECURITIES INDICES

	MAX index	RMAX index	MAX Composite index	ZMAX index
Value as at 31 January 2012	445.5975	455.7977	444.2959	457.6856
Changes compared to the end of the month before	13.7354	3.4545	11.9311	3.0021
Annual yield earned on the index portfolio	1.49%	5.33%	2.20%	5.96%

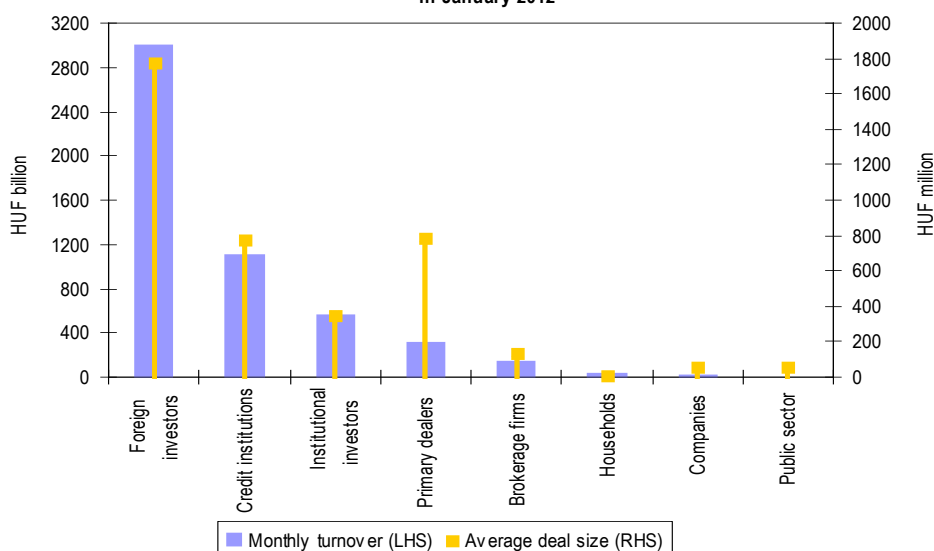
Government securities with the highest secondary market turnover in January 2012

Government security	Date of redemption	Turnover (HUF billion)
2014/D	22.08.2014	770.3
2014/C	12.02.2014	502.3
2016/C	12.02.2016	447.9
2022/A	24.06.2022	300.9
D120627	27.06.2012	292.6
2017/A	24.11.2017	260.2
2015/A	12.02.2015	237.2
2013/E	24.10.2013	202.9
2012/B	12.06.2012	197.6
2019/A	24.06.2019	182.2

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

Government bond	HUF billion	
	30.12.2011	31.01.2012
2014/D	606.30	636.57
2017/A	419.13	446.58
2022/A	240.37	256.32
2028/A	41.12	40.03

Primary dealers' trading with different investor groups in January 2012



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

