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GOVERNMENT DEBT MANAGEMENT AGENCY FTÉ LTD.

A wide-angle photograph of the Hungarian Parliament Building (Országház) in Budapest, Hungary, situated along the Danube River. The building's large central dome and Gothic architecture are prominent. A small boat is visible on the river in the foreground. The city skyline is visible in the background under a clear sky.

GOVERNMENT SECURITIES MARKET
MONTHLY REPORT
MARCH 2013

■ GOVERNMENT SECURITIES MARKET ■

The deficit of the central government amounted to HUF 495.9 billion in the first 3 months of 2013. The net prefinancing of cash transfers from the European Union decreased the net borrowing requirement by HUF 34.7 billion. Thus, the total net financing requirement amounted to HUF 461.2 billion in March. Net issuance was HUF 643.9 billion; out of which net HUF-denominated issuance was HUF 399.3 billion and net foreign currency denominated issuance was HUF 244.6 billion.

HUF billion	2012		2013		Change	
	December	%	March	%	HUF billion	%
Foreign exchange denominated debt	8,326.6	48.5	8,867.8	41.3	641.2	7.7
Government securities	5,014.1	27.3	5,769.2	26.6	755.1	15.1
Loans	3,312.5	21.3	3,198.7	14.7	-113.8	-3.4
HUF denominated debt	12,042.4	49.4	12,436.9	57.3	394.4	3.3
Government securities	11,475.6	46.6	11,871.0	54.7	395.4	3.4
Loans	566.8	2.8	565.8	2.6	-1.0	-0.2
Total	20,369.0	98.0	21,404.7	98.7	1,035.7	5.1
<i>Other obligations</i>	351.1	2.0	287.7	1.3	-63.3	-18.0
Total central government debt	20,720.1	100.0	21,692.4	100.0	972.3	4.7

The HUF denominated debt of the central government increased by HUF 394.4 billion in the first 3 months of 2013 (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 44.4 billion, the amount of discount Treasury bills increased by HUF 237.2 billion and the total amount of retail government securities increased by HUF 190.4 billion.

The foreign currency debt of the central government increased by HUF 641.2 billion in the first 3 months of 2013. The foreign currency bond issue increased the debt by HUF 712.4 billion, the P€MAK bond issuance also increased the debt by HUF 342.0 billion, the drawdown of foreign currency denominated loans worth HUF 43.0 billion increased, while the redemptions of foreign currency debt worth HUF 852.9 billion decreased the debt. The exchange rate revaluations totalling HUF 396.7 billion increased the Hungarian Forint value of the foreign currency debt in 2013.

Secondary market yields in March:

Benchmark yields

Maturity	28.12.2012.	28.02.2013.	28.03.2013.	Change, basis points
3-month	5.33	4.93	4.71	-22
6-month	5.28	4.93	4.63	-30
1-year	5.40	4.91	4.58	-33
3-year	5.61	5.30	5.12	-18
5-year	5.89	5.66	5.61	-5
10-year	6.11	6.25	6.27	2
15-year	6.11	6.33	6.43	10

Monthly OTC turnover of government securities was 2 % lower in March than a month before and reached HUF 3,240.0 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 2.5 billion in March, and amounted to HUF 4,837.2 billion at the end of the month. This volume represented 40.7% of the total amount of domestic government securities.

The EUR/HUF exchange rate according to the National Bank of Hungary was 304.30 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).

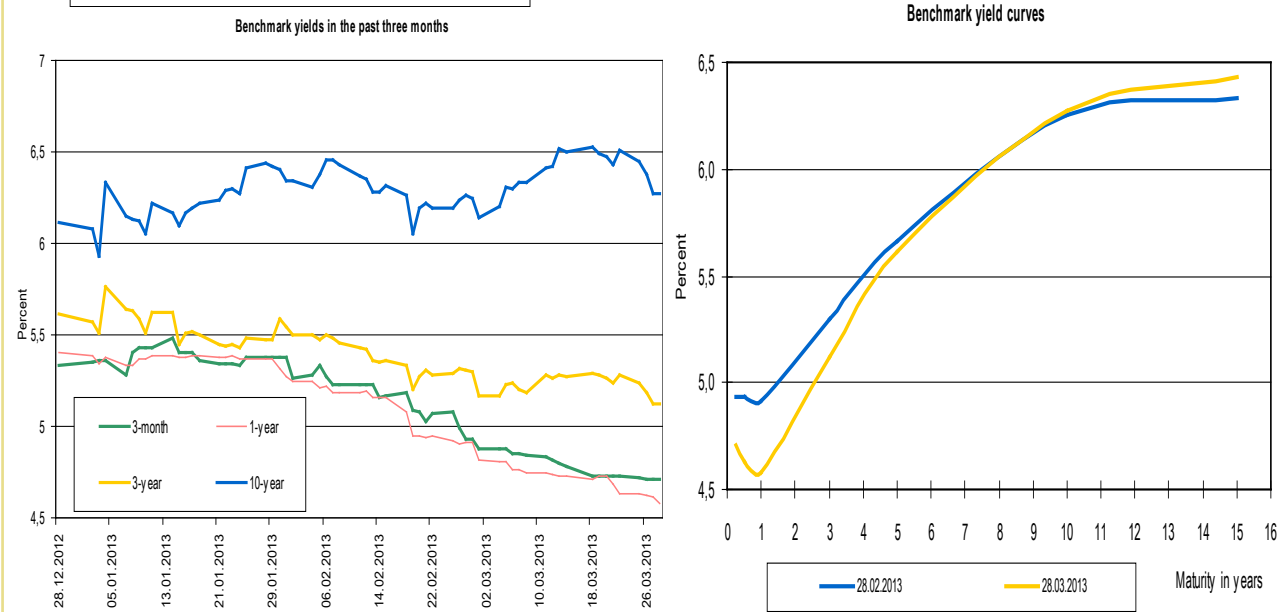
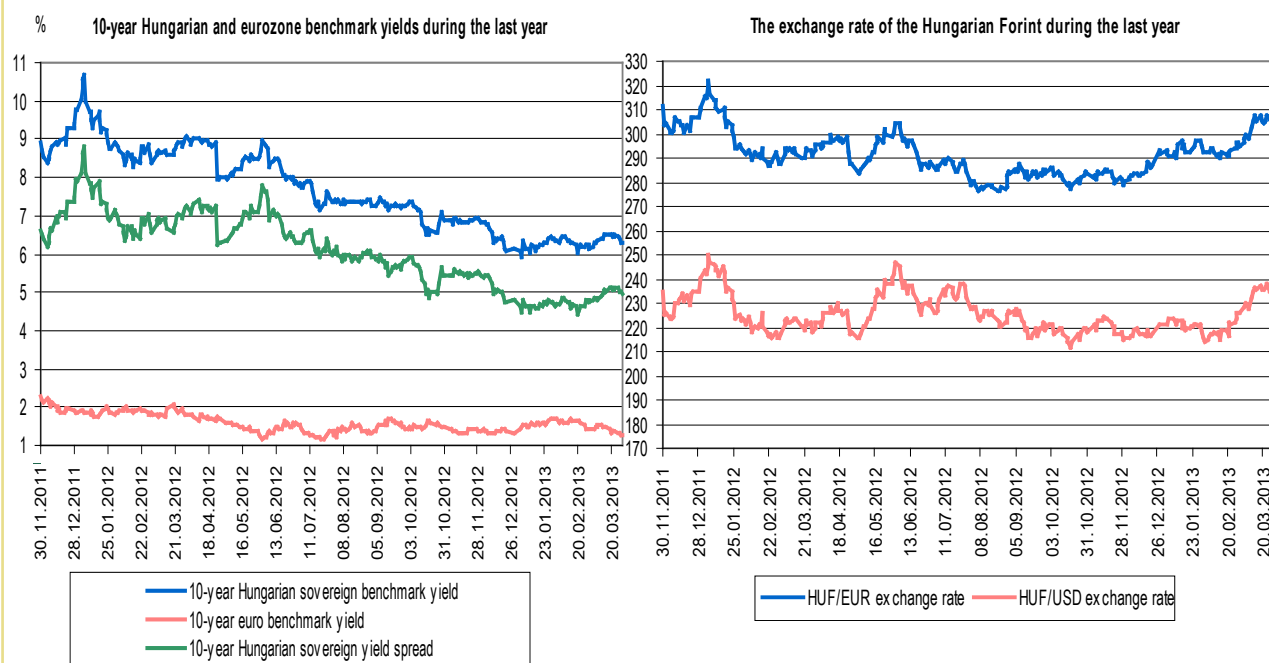
■ GOVERNMENT SECURITIES MARKET ■

CENTRAL GOVERNMENT GROSS DEBT

HUF BILLION

	2007	2008	2009	2010	2011	2012	January 2013	February 2013	March 2013
1. Forint denominated debt	11,103.8	11,250.6	10,476.2	10,978.2	10,362.2	12,042.4	12,446.3	12,350.5	12,436.9
1.1. Loans	145.7	219.9	438.7	540.8	590.8	566.8	565.8	565.8	565.8
1.2. Government securities	10,958.1	11,030.7	10,037.5	10,437.4	9,771.4	11,475.6	11,880.4	11,784.7	11,871.0
1.2.1. Public issues	10,465.4	10,599.7	9,613.2	10,019.6	9,378.1	11,077.1	11,482.0	11,386.2	11,549.2
1.2.1.1. Bonds	8,245.3	8,570.6	7,519.2	7,965.8	7,353.4	8,184.1	8,336.2	8,190.5	8,228.5
1.2.1.2. Discount T-bills	1,664.9	1,482.4	1,647.3	1,618.2	1,540.9	1,906.5	2,096.4	2,085.8	2,143.7
1.2.1.3. Retail securities	555.2	546.4	446.6	435.7	473.8	986.6	1,049.4	1,109.9	1,177.0
1.2.2. Private placements	492.7	431.0	424.3	417.8	403.2	398.5	398.5	398.5	321.8
2. Foreign currency denominated debt*	4,472.6	6,774.8	8,466.7	8,842.8	10,170.4	8,326.6	8,463.7	9,034.1	8,967.8
2.1. Loans	846.5	2,529.4	4,112.7	4,292.8	4,458.1	3,312.5	3,127.2	3,172.2	3,198.7
2.1.1. Foreign loans	838.8	2,529.4	4,112.7	4,292.8	4,361.9	3,229.0	3,058.0	3,101.5	3,126.9
2.1.2. Domestic loans	104.0	0.0	0.0	0.0	96.2	83.5	69.3	70.7	71.8
2.1.2.1. Raised from National Bank of Hungary (NBH)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
2.1.2.2. Other loans	7.7	0.0	0.0	0.0	96.2	83.5	69.3	70.7	71.8
2.2. Government securities	3,626.1	4,245.5	4,354.0	4,550.0	5,712.3	5,014.1	5,336.5	5,862.0	5,769.2
2.2.1. Issued abroad	3,626.1	4,245.5	4,354.0	4,550.0	5,712.3	4,924.2	4,942.9	5,432.3	5,471.6
2.2.1.1. Foreign currency bonds	3,626.1	4,245.4	4,354.0	4,550.0	5,712.3	4,924.2	4,942.9	5,432.3	5,471.6
2.2.1.2. Kingdom of Hungary 1924 issues	0.0	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	89.9	393.6	429.7	297.5
Total	15,576.4	18,025.4	18,942.9	19,821.0	20,532.6	20,369.0	20,910.0	21,384.6	21,404.7
Other liabilities	9.1	78.5	20.1	220.01	422.9	351.1	277.8	245.4	287.7
Total central government debt	15,585.5	18,103.9	18,963.1	20,041.0	20,955.5	20,720.1	21,187.8	21,630.0	21,692.4
Marketable HUF debt (1.2.1.1+1.2.1.2.+1.2.2.)	10,402.9	10,484.0	9,623.3	10,001.8	9,297.6	10,489.1	10,831.1	10,674.8	10,694.0
Gross debt/GDP	61.3%	68.2%	74.0%	75.3%	75.1%	73.3%			

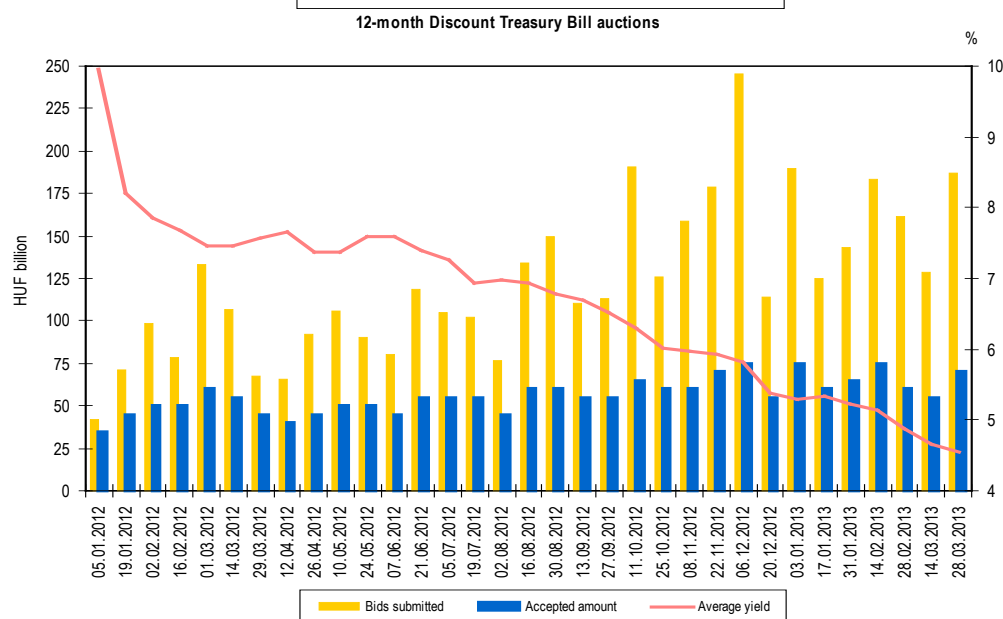
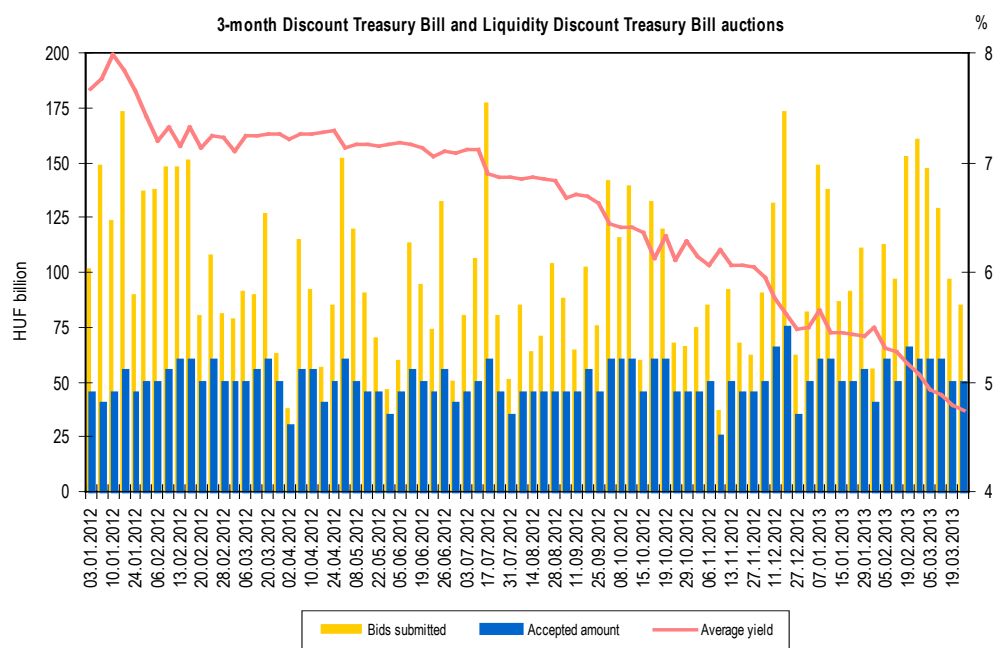
*Foreign exchange debt is recorded at the mid exchange rate of the NBH at the end of the year/month.



■ GOVERNMENT SECURITIES MARKET ■

DISCOUNT TREASURY BILL AUCTION RESULTS

	3-month Discount T-bills				12-month Discount T-bills	
Code of T-bills	D130612	D130619	D130626	D130703	D140305	D140305
ISIN code	HU0000519376	HU0000519384	HU0000519392	HU0000519400	HU0000519350	HU0000519350
Maturity in days	91	91	91	91	350	336
Date of auction	05.03.2013	12.03.2013	19.03.2013	26.03.2013	14.03.2013	28.03.2013
Date of financial settlement	13.03.2013	20.03.2013	27.03.2013	03.04.2013	20.03.2013	03.04.2013
Redemption date	12.06.2013	19.06.2013	26.06.2013	03.07.2013	05.03.2014	05.03.2014
Maximum yield, (%) - ISMA	4.96	4.90	4.82	4.77	4.72	4.58
Minimum yield (%) - ISMA	4.85	4.78	4.66	4.67	4.55	4.51
Average yield (%) - ISMA	4.93	4.88	4.79	4.74	4.66	4.55
Maximum yield, (%) - EHM	5.03	4.97	4.89	4.84	4.79	4.64
Minimum yield (%) - EHM	4.92	4.85	4.72	4.73	4.61	4.57
Average yield (%) - EHM	5.00	4.95	4.86	4.81	4.72	4.61
Average selling price (%)	98.7691	98.7815	98.8037	98.8160	95.6658	95.9263
Amount offered for sale (HUF million)	50,000.00	50,000.00	50,000.00	50,000.00	50,000.00	50,000.00
Amount of bids submitted (HUF million)	147,233.96	129,029.55	96,597.45	85,204.63	128,390.56	187,140.36
Amount of bids accepted (HUF million)	60,000.00	59,999.98	49,999.96	49,999.95	54,999.97	69,999.93
Bid-to-cover ratio	2.45	2.15	1.93	1.70	2.33	2.67
Bids submitted (pcs)	148	107	136	95	117	98
Bids accepted (pcs)	69	53	73	58	46	35
Market sales* (HUF million)	60,000.00	59,999.98	49,999.96	49,999.95	54,999.97	69,999.93
Retained on ÁKK's own account	18,000.00	18,000.02	15,000.04	15,000.05	55,000.03	21,000.07
Total amount issued (HUF million)	78,000.00	78,000.00	65,000.00	65,000.00	110,000.00	91,000.00



■ GOVERNMENT SECURITIES MARKET ■

GOVERNMENT BOND AUCTION RESULTS

Government Bond	2016/D	2018/A	2023/A	2019/B	2016/D	2018/A	2023/A
ISIN code	HU0000402623	HU0000402631	HU0000402383	HU0000402649	HU0000402623	HU0000402631	HU0000402383
Maturity (in years)	3	5	10	5	3	5	10
Coupon (%)	5.50%	5.50%	6.00%	5.47%	5.50%	5.50%	6.00%
Auction	5th auction	5th auction	33rd auction	3rd auction	6th auction	6th auction	34th auction
Date of auction	07.03.2013	07.03.2013	07.03.2013	14.03.2013	21.03.2013	21.03.2013	21.03.2013
Date of financial settlement	13.03.2013	13.03.2013	13.03.2013	20.03.2013	27.03.2013	27.03.2013	27.03.2013
Redemption date	22.12.2016	20.12.2018	24.11.2023	20.05.2019	22.12.2016	20.12.2018	24.11.2023
Maximum annual yield (%) - ISMA	5.20	5.65	6.35		5.24	5.78	6.46
Minimum annual yield (%) - ISMA	5.19	5.59	6.27		5.20	5.74	6.42
Average annual yield (%) - ISMA	5.20	5.63	6.30		5.22	5.77	6.44
Maximum annual yield (%) - EHM	5.20	5.65	6.35		5.24	5.78	6.46
Minimum annual yield (%) - EHM	5.19	5.59	6.27		5.20	5.74	6.42
Average annual yield (%) - EHM	5.20	5.63	6.30		5.21	5.77	6.44
Maximum price (%)	101.0268	99.5537	97.9020	95.6500	100.9803	98.8383	96.7859
Minimum price (%)	100.9931	99.2657	97.3018	95.4500	100.8466	98.6490	96.4903
Average price (%)	100.9933	99.3540	97.6621	95.5100	100.9235	98.6899	96.6229
Amount offered for sale (HUF million)	20,000.00	15,000.00	10,000.00	7,000.00	20,000.00	15,000.00	10,000.00
Amount of bids submitted (HUF million)	58,560.00	32,760.00	28,442.00	30,510.00	60,700.00	38,452.00	37,650.00
Amount of bids accepted (HUF million)	29,999.97	14,999.96	13,999.98	10,499.99	24,999.98	19,999.97	14,999.96
Bid-to-cover ratio	1.95	2.18	2.03	2.91	2.43	1.92	2.51
Bids submitted (pcs)	76	84	79	51	77	68	84
Bids accepted (pcs)	20	46	31	20	32	32	32
Tail (average price - minimum price)	0.00	0.09	0.36	0.06	0.08	0.04	0.13
Market sales* (HUF million)	29,999.97	14,999.96	13,999.98	10,499.99	24,999.98	19,999.97	14,999.96
Non-competitive offer (HUF million)	10,853.14	3,734.53	2,658.01	3,479.99	5,541.16	6,336.64	5,139.95
Total amount issued (HUF million)	60,000.00	30,000.00	28,000.00	21,000.00	35,000.00	40,000.00	21,000.00

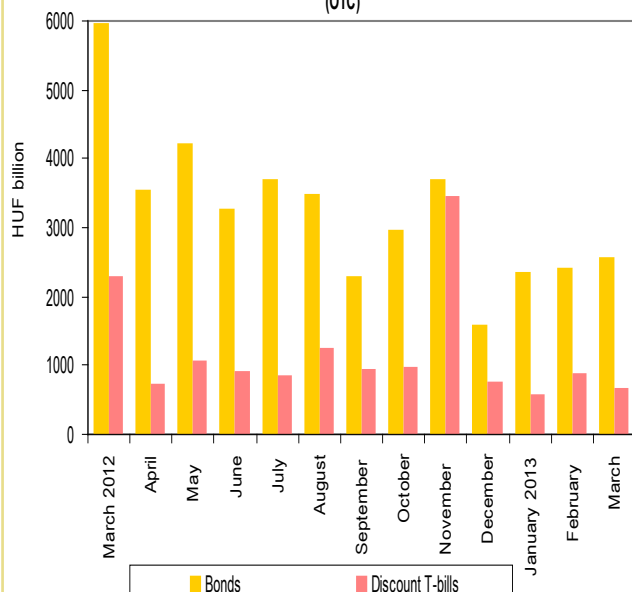
*Without issuance onto ÁKK's own account



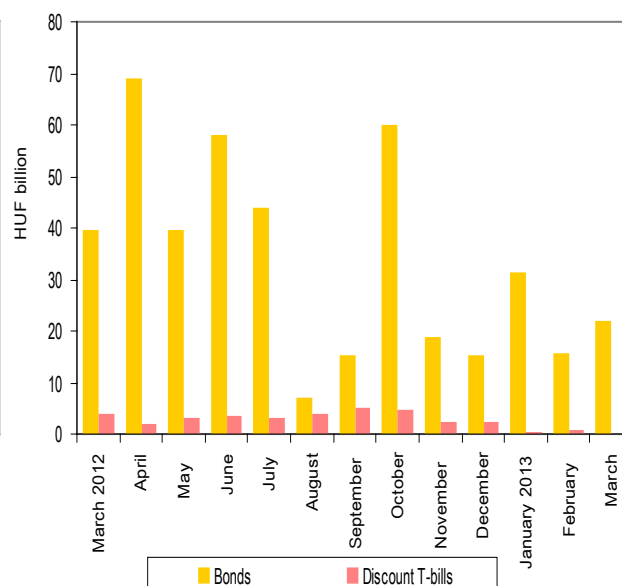
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Government bond	2013/E	2014/C	2013/E	2014/C
ISIN code	HU0000402466	HU0000402193	HU0000402466	HU0000402193
Coupon (%)	7.50	5.50	7.50	5.50
Date of reverse auction	06.03.2013	06.03.2013	20.03.2013	20.03.2013
Date of financial settlement	13.03.2013	13.03.2013	27.03.2013	27.03.2013
Redemption date	24.10.2013	12.02.2014	24.10.2013	12.02.2014
Minimum annual yield (%)	4.75	4.66	4.65	4.65
Average annual yield - ISMA (%)	4.76	4.71	4.67	4.66
Average annual yield - EHM (%)	4.72	4.70	4.63	4.65
Amount of bids submitted (HUF million)	9,784.48	73,819.11	6,657.33	15,432.44
Amount of bids accepted (HUF million)	8,694.41	62,879.11	1,757.33	7,610.20

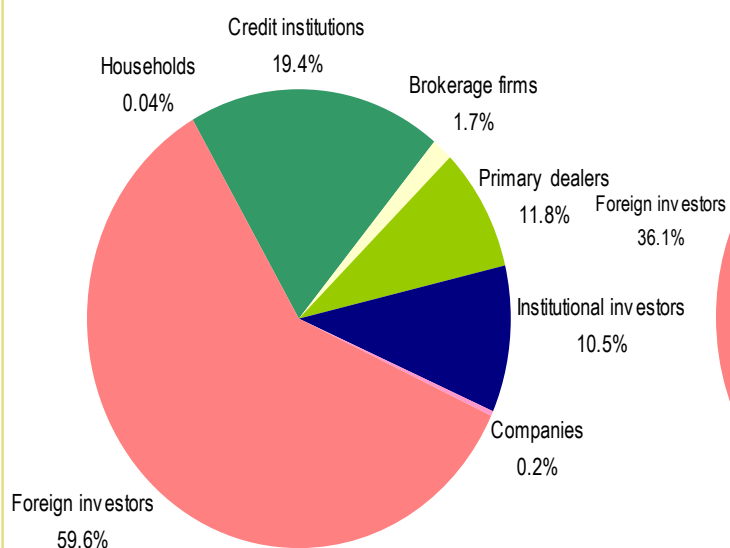
Secondary market trading of Hungarian government securities
(OTC)



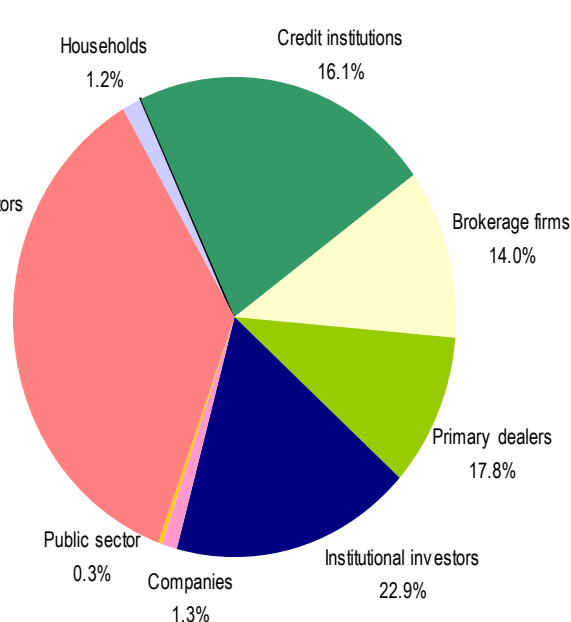
Secondary market trading of Hungarian government securities
(MTS Hungary trading)



Breakdown of primary dealers' secondary market turnover
in government bonds by investor groups in March 2013



Breakdown of primary dealers' secondary market turnover
in Discount Treasury Bills by investor groups in March 2013



■ GOVERNMENT SECURITIES MARKET ■

INTEREST RATE RESETS OF FLOATING RATE GOVERNMENT BONDS IN MARCH 2013

Government Bond	Date of interest rate reset	Interest period	Date of interest payment	Reset interest rate (%)	Interest payable (%)
2017/I	01.03.2013	05.03.2013	05.03.2014	05.03.2014	7.70
2015/K	17.03.2013	19.03.2013	19.03.2014	19.03.2014	7.70

HUNGARIAN GOVERNMENT SECURITIES INDICES

	MAX index	RMAX index	MAX Composite index	ZMAX index
Value as at 31 March 2013	539.8191	499.4266	530.2017	495.5031
Changes compared to the end of the month before	4.1608	2.9171	3.9774	2.1702
Annual yield earned on the index portfolio	19.30%	8.20%	17.47%	7.01%

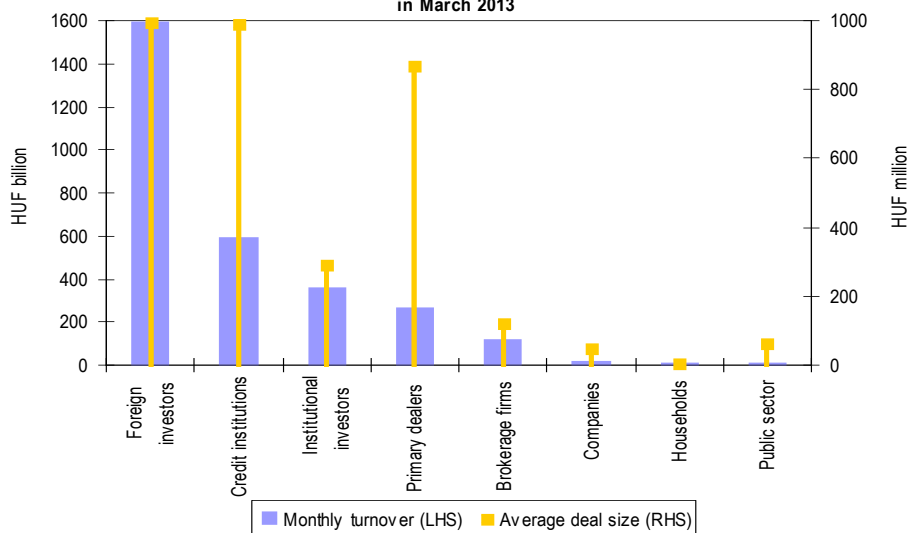
Government securities with the highest secondary market turnover in March 2013

Government security	Date of redemption	Turnover (HUF billion)
2017/A	24.11.2017	320.3
2022/A	24.06.2022	306.2
2023/A	24.11.2023	239.0
2020/A	12.11.2020	178.3
2017/B	24.02.2017	169.9
2016/D	22.12.2016	165.7
D140108	08.01.2014	150.7
2018/A	20.12.2018	145.3
2019/A	24.06.2019	141.1
2014/C	12.02.2014	132.4

The outstanding volume of government bonds with benchmark status at the end of March 2013

Government bond	HUF billion	HUF billion
	28.02.2013	31.03.2013
2016/D	118.78	190.68
2018/A	81.84	127.30
2023/A	329.37	366.33
2028/A	106.51	106.58

Primary dealers' trading with different investor groups in March 2013



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

