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GOVERNMENT DEBT MANAGEMENT AGENCY PTE LTD.

GOVERNMENT SECURITIES MARKET

MONTHLY REPORT

OCTOBER 2013

The deficit of the central government amounted to HUF 887.7 billion in the first 10 months of 2013. The net prefinancing of cash transfers from the European Union decreased the net borrowing requirement by HUF 126.7 billion. Thus, the total net financing requirement amounted to HUF 761.0 billion in October. Net issuance was HUF 1,324.4 billion, including the sum of debt assumptions HUF 590.7 billion; out of which net HUF-denominated issuance was HUF 1,162.4 billion and net foreign currency denominated issuance was HUF 162.1 billion. Without debt assumptions net issuance was HUF 822.9 billion, out of which net HUF-denominated issuance was HUF 1,048.6 billion and net foreign currency denominated issuance was HUF -225.7 billion.

	2012		2013		Change	
HUF billion	December	%	October	%	HUF billion	%
Foreign exchange denominated debt	8,326.6	40.2	8,593.4	39.2	266.8	3.2
Government securities	5,014.1	24.2	5,901.8	26.9	887.7	17.7
Loans	3,312.5	16.0	2,691.5	12.3	-620.9	-18.7
HUF denominated debt	12,042.4	58.1	13,199.8	60.2	1,157.4	9.6
Government securities	11,475.6	55.4	12,555.6	57.3	1,080.1	9.4
Loans	566.8	2.7	644.2	2.9	77.3	13.6
Total	20,369.0	98.3	21,793.2	99.4	1,424.2	7.0
Other obligations	351.1	1.7	125.1	0.6	-225.9	-64.4
Total central government debt	20,720.1	100.0	21,918.3	100.0	1,198.3	5.8

The HUF denominated debt of the central government increased by HUF 1,157.4 billion in the first 10 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 325.8 billion, the amount of discount Treasury bills increased by HUF 222.6 billion and the total amount of retail government securities increased by HUF 610.8 billion. The stock of non-marketable government bonds decreased by HUF 79.2 billion because of redemption. The volume of HUF loans increased by HUF 77.3 billion in the first 10 months of the year.

The foreign currency debt of the central government increased by HUF 266.8 billion in the first 10 months of 2013. The foreign currency bond issuance was HUF 712.4 billion, the gross P€MAK and residence bond issuance was HUF 694.3 billion.The drawdown of foreign currency denominated loans worth HUF 170.9 billion increased, the debt assumptions worth HUF 418.0 billion increased, while the redemptions of foreign currency debt worth HUF 1,833.6 billion decreased the debt. The exchange rate revaluations totalling HUF 104.8 billion increased the Hungarian Forint value of the foreign currency debt in 2013.

Benchmark yields

Maturity	28.12.2012.	30.09.2013.	31.10.2013.	Change, basis points
3-month	5.33	3.55	3.30	-25
6-month	5.28	3.62	3.23	-39
1-year	5.40	3.60	3.31	-29
3-year	5.61	4.55	4.21	-34
5-year	5.89	5.08	4.65	-43
10-year	6.11	5.83	5.45	-38
15-year	6.11	6.42	6.08	-34

Monthly OTC turnover of government securities was 16 % higher in October than a month before and reached HUF 3,757.7 billion. Primary dealers, who account for the decisive part of all secondary government securities trading, made 63% of their secondary government securities deals with non-resident investors.

The volume of non-residents' holdings of Hungarian government securities increased altogether by HUF 41.5 billion in October, and amounted to HUF 4,944.0 billion at the end of the month. This volume represented 39.4% of the total amount of domestic government securities.

The EUR/HUF exchange rate according to the National Bank of Hungary was 294.50 on the last working day of October.

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

CENTRAL GOVERNMENT GROSS DEBT

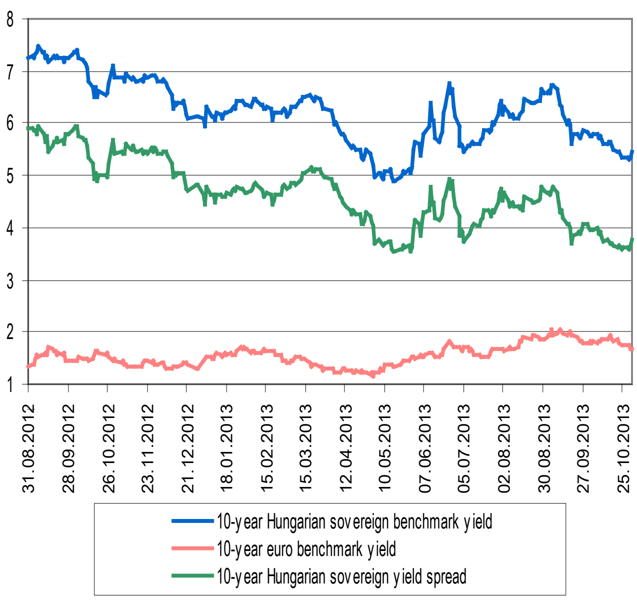
HUF BILLION

	2007	2008	2009	2010	2011	2012	August 2013	September 2013	October 2013
1. Forint denominated debt	11,103.8	11,250.6	10,476.2	10,978.2	10,362.2	12,042.4	13,370.0	13,347.7	13,199.8
1.1. Loans	145.7	219.9	438.7	540.8	590.8	566.8	693.7	662.2	644.2
1.2. Government securities	10,958.1	11,030.7	10,037.5	10,437.4	9,771.4	11,475.6	12,676.3	12,685.5	12,555.6
1.2.1. Public issues	10,465.4	10,599.7	9,613.2	10,019.6	9,378.1	11,077.1	12,356.2	12,366.3	12,236.4
1.2.1.1. Bonds	8,245.3	8,570.6	7,519.2	7,965.8	7,353.4	8,184.1	8,720.1	8,758.1	8,509.9
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	2,177.1	2,040.7	2,129.1
1.2.1.3. Retail securities	555.2	546.4	446.6	435.7	473.8	986.6	1,459.0	1,567.4	1,597.4
1.2.2. Private placements	492.7	431.0	424.3	417.8	403.2	398.5	320.1	319.3	319.3
2. Foreign currency denominated debt*	4,472.6	6,774.8	8,466.7	8,842.8	10,170.4	8,326.6	8,628.0	8,608.2	8,593.4
2.1. Loans	846.5	2,529.4	4,112.7	4,292.8	4,458.1	3,312.5	2,721.7	2,726.3	2,691.5
2.1.1. Foreign loans	838.8	2,529.4	4,112.7	4,292.8	4,361.9	3,229.0	2,369.7	2,383.3	2,354.7
2.1.2. Domestic loans	104.0	0.0	0.0	0.0	96.2	83.5	352.1	342.9	336.9
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	352.1	342.9	336.9
2.2. Government securities	3,626.1	4,245.5	4,354.0	4,550.0	5,712.3	5,014.1	5,906.3	5,881.9	5,901.8
2.2.1. Issued abroad	3,626.1	4,245.5	4,354.0	4,550.0	5,712.3	4,924.2	5,371.4	5,334.2	5,263.1
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	5,371.4	5,334.2	5,263.1
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	534.8	547.7	638.7
Total	15,576.4	18,025.4	18,942.9	19,821.0	20,532.6	20,369.0	21,998.0	21,955.9	21,793.2
Other liabilities	9.1	78.5	20.1	220.01	422.9	351.1	132.8	129.5	125.1
Total central government debt	15,585.5	18,103.9	18,963.1	20,041.0	20,955.5	20,720.1	22,130.8	22,085.4	21,918.3
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*	*11,217.3*	*11,118.1*	*10,958.3*
Gross debt/GDP	*61.3%*	*68.2%*	*74.0%*	*75.6%***	*75.8%***	*73.9%***			

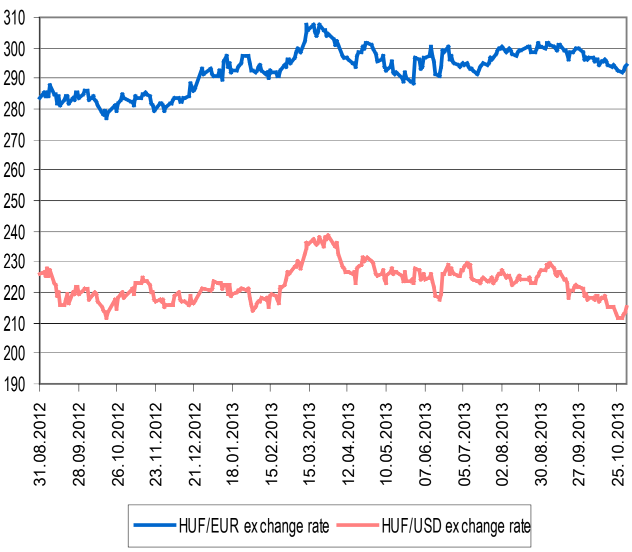
*Foreign exchange debt is recorded at the mid exchange rate of the NBH at the end of the year/month.

**With revised GDP data.

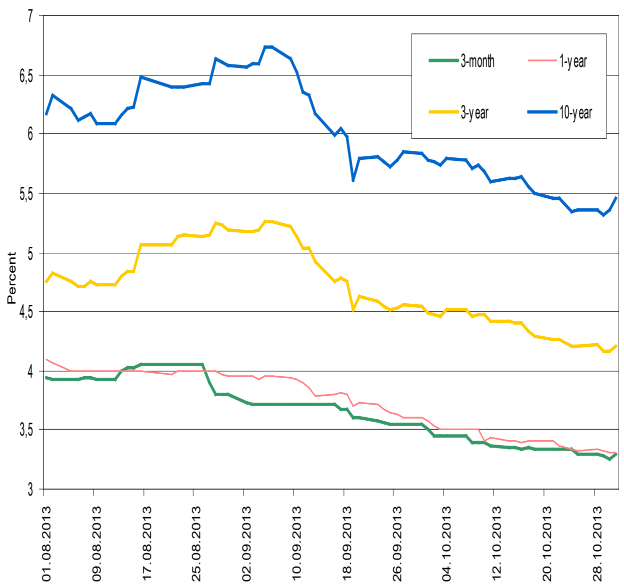
10-year Hungarian and eurozone benchmark yields during the last year

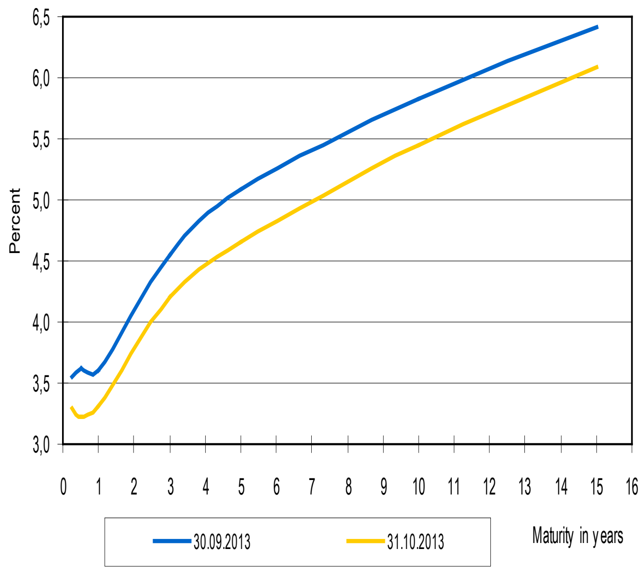


The exchange rate of the Hungarian Forint during the last year



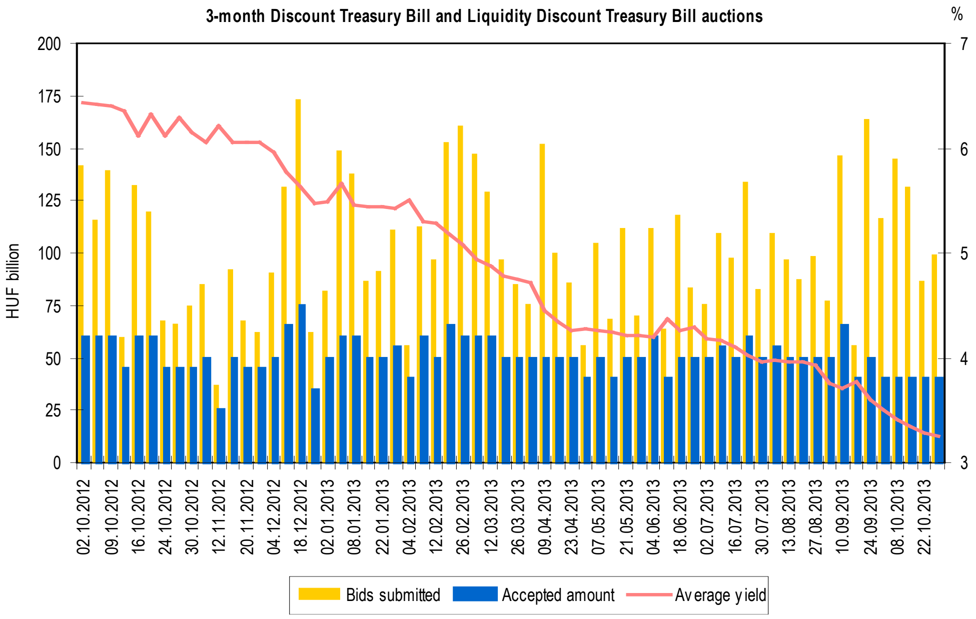
Benchmark yields in the past three months

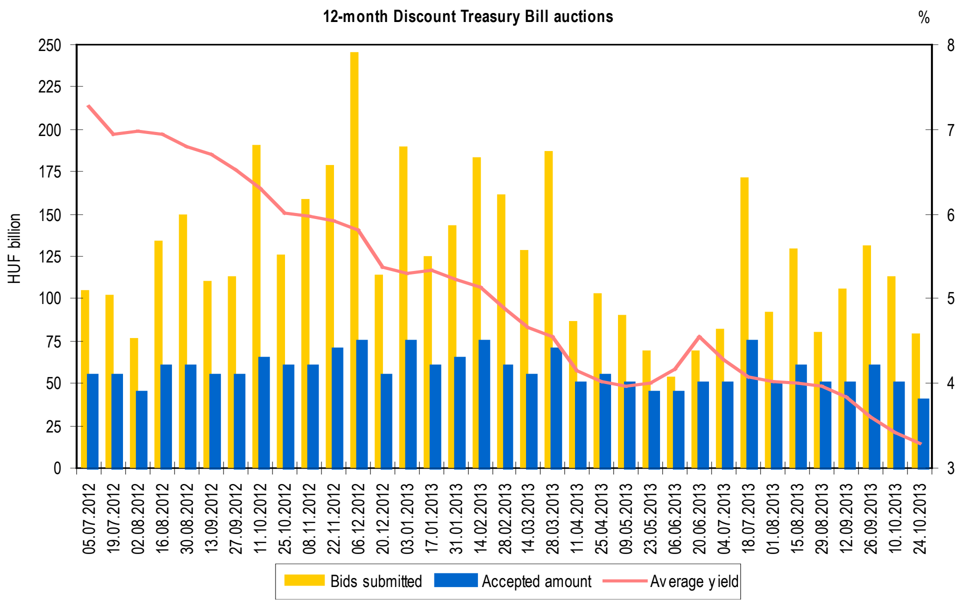




DISCOUNT TREASURY BILL AUCTION RESULTS

	3-month Discount T-bills					12-month Discount T-bills	
Code of T-bills	D140108	D140115	D140122	D140129	D140205	D141015	D141015
ISIN code	HU0000519285	HU0000519673	HU0000519699	HU0000519707	HU0000519715	HU0000519681	HU0000519681
Maturity in days	91	91	90	91	91	364	350
Date of auction	01.10.2013	08.10.2013	15.10.2013	22.10.2013	29.10.2013	10.10.2013	24.10.2013
Date of financial settlement	09.10.2013	16.10.2013	24.10.2013	30.10.2013	06.11.2013	16.10.2013	30.10.2013
Redemption date	08.01.2014	15.01.2014	22.01.2014	29.01.2014	05.02.2014	15.10.2014	15.10.2014
Maximum yield, (%) - ISMA	3.53	3.44	3.35	3.30	3.27	3.44	3.34
Minimum yield (%) - ISMA	3.49	3.38	3.32	3.25	3.20	3.38	3.25
Average yield (%) - ISMA	3.51	3.41	3.35	3.28	3.25	3.42	3.30
Maximum yield, (%) - EHM	3.58	3.49	3.40	3.35	3.32	3.49	3.39
Minimum yield (%) - EHM	3.54	3.43	3.37	3.30	3.24	3.43	3.30
Average yield (%) - EHM	3.56	3.46	3.40	3.33	3.30	3.47	3.35
Average selling price (%)	99.1206	99.1454	99.1695	99.1777	99.1852	96.6576	96.8914
Amount offered for sale (HUF million)	40,000.00	40,000.00	40,000.00	40,000.00	40,000.00	50,000.00	40,000.00
Amount of bids submitted (HUF million)	116,565.57	144,670.59	131,654.72	86,361.20	99,137.26	112,800.00	79,390.00
Amount of bids accepted (HUF million)	39,999.96	39,999.97	39,999.90	39,999.96	39,999.89	49,999.97	39,999.93
Bid-to-cover ratio	2.91	3.62	3.29	2.16	2.48	2.26	1.98
Bids submitted (pcs)	113	153	115	109	120	123	98
Bids accepted (pcs)	38	45	35	45	75	36	51
Market sales* (HUF million)	39,999.96	39,999.97	39,999.90	39,999.96	39,999.89	49,999.97	39,999.93
Retained on ÁKK's own account	12,000.04	12,000.03	12,000.10	12,000.04	12,000.11	50,000.03	12,000.07
Total amount issued (HUF million)	52,000.00	52,000.00	52,000.00	52,000.00	52,000.00	100,000.00	52,000.00

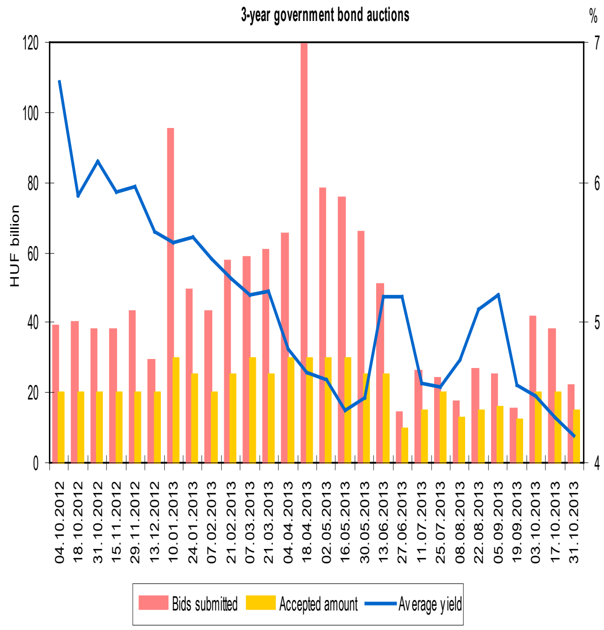


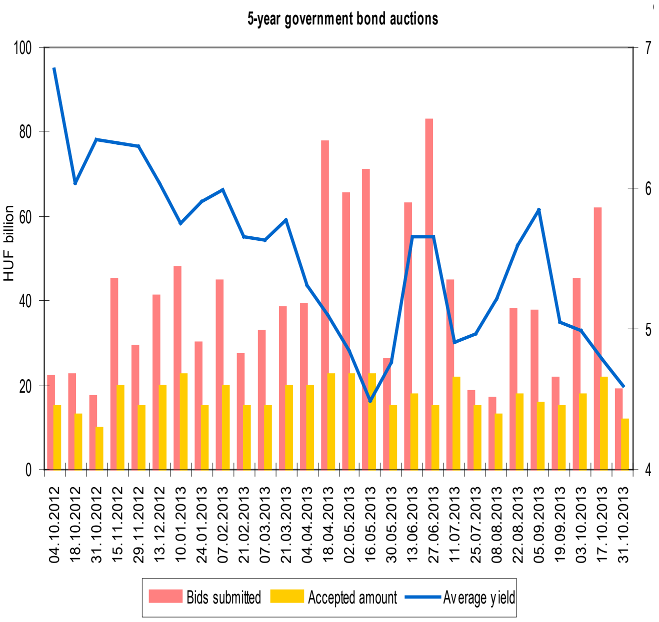


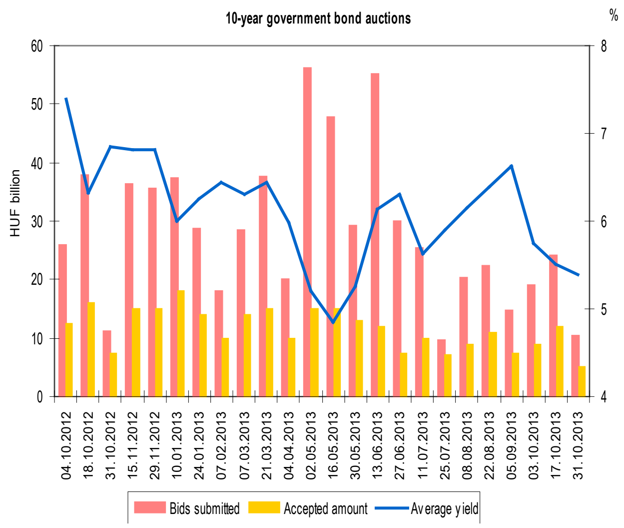
GOVERNMENT BOND AUCTION RESULTS

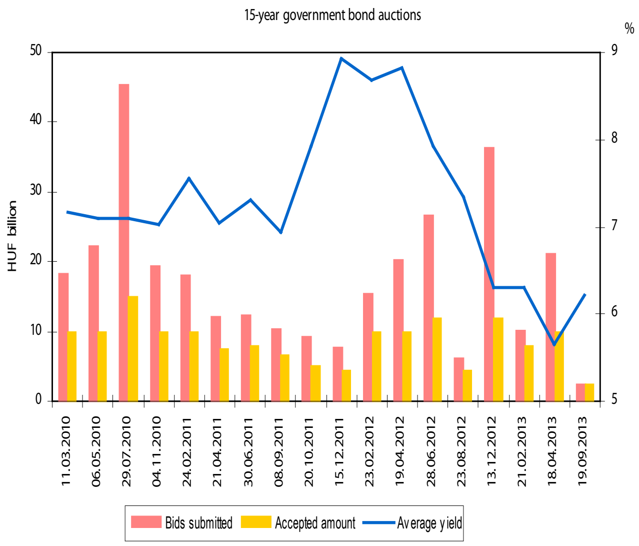
Government Bond	2016/D	2018/A	2023/A	2016/D	2018/A	2023/A	2016/D	2018/A	2023/A
ISIN code	HU0000402623	HU0000402631	HU0000402383	HU0000402623	HU0000402631	HU0000402383	HU0000402623	HU0000402631	HU0000402383
Maturity (in years)	3	5	10	3	5	10	3	5	10
Coupon (%)	5.50%	5.50%	6.00%	5.50%	5.50%	6.00%	5.50%	5.50%	6.00%
Auction	20th auction	20th auction	46th auction	21st auction	21st auction	47th auction	22nd auction	22nd auction	48th auction
Date of auction	03.10.2013	03.10.2013	03.10.2013	17.10.2013	17.10.2013	17.10.2013	31.10.2013	31.10.2013	31.10.2013
Date of financial settlement	09.10.2013	09.10.2013	09.10.2013	24.10.2013	24.10.2013	24.10.2013	06.11.2013	06.11.2013	06.11.2013
Redemption date	22.12.2016	20.12.2018	24.11.2023	22.12.2016	20.12.2018	24.11.2023	22.12.2016	20.12.2018	24.11.2023
Maximum annual yield (%) - ISMA	4.51	5.01	5.77	4.34	4.80	5.54	4.21	4.63	5.43
Minimum annual yield (%) - ISMA	4.44	4.96	5.70	4.30	4.76	5.48	4.13	4.56	5.36
Average annual yield (%) - ISMA	4.48	4.99	5.75	4.32	4.78	5.51	4.19	4.60	5.39
Maximum annual yield (%) - EHM	4.51	5.01	5.77	4.34	4.80	5.54	4.21	4.63	5.43
Minimum annual yield (%) - EHM	4.44	4.96	5.70	4.30	4.76	5.48	4.13	4.56	5.36
Average annual yield (%) - EHM	4.48	4.99	5.75	4.31	4.78	5.51	4.19	4.59	5.38
Maximum price (%)	103.0816	102.4013	102.2424	103.4616	103.2973	103.9360	103.9283	104.1941	104.8675
Minimum price (%)	102.8726	102.1738	101.7088	103.3429	103.1144	103.4701	103.6922	103.8729	104.3195
Average price (%)	102.9557	102.2556	101.8740	103.4121	103.1889	103.7130	103.7554	104.0315	104.6625
Amount offered for sale (HUF million)	16,000.00	12,000.00	9,000.00	18,000.00	15,000.00	10,000.00	20,000.00	15,000.00	10,000.00
Amount of bids submitted (HUF million)	41,500,00	45,200.00	19,000.00	38,300.00	62,070.31	24,100.00	22,365,87	19,153.40	10,500.00
Amount of bids accepted (HUF million)	19,999.97	18,000.00	8,999.99	19,999.97	21,999.94	11,999.95	14,999.99	12,000.00	5,000.00
Bid-to-cover ratio	2.08	2.51	2.11	1.92	2.82	2.01	1.49	1.60	2.10
Bids submitted (pcs)	53	68	50	42	72	45	36	33	41
Bids accepted (pcs)	34	28	17	27	33	26	23	19	19
Tail (average price - minimum price)	0.08	0.08	0.17	0.07	0.07	0.24	0.06	0.16	0.34
Market sales* (HUF million)	19,999.97	18,000.00	8,999.99	19,999.97	21,999.94	11,999.95	14,999.99	12,000.00	5,000.00
Non-competitive offer (HUF million)	6,705.36	6,560.00	3,199.99	4,335.38	7,815.33	1,266.91	0.00	0.00	0.00
Total amount issued (HUF million)	20,000.00	18,000.00	9,000.00	28,000.00	30,800.00	12,000.00	15,000.00	12,000.00	5,000.00

*Without issuance onto ÁKK's own account

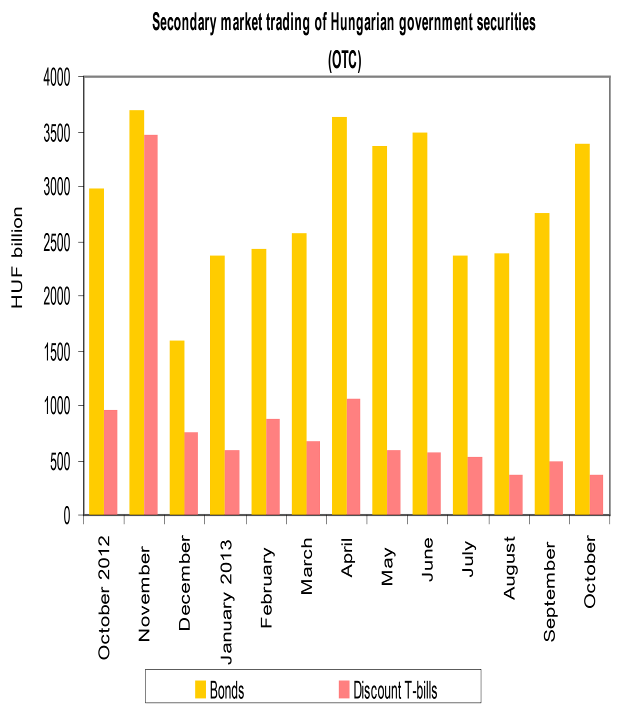


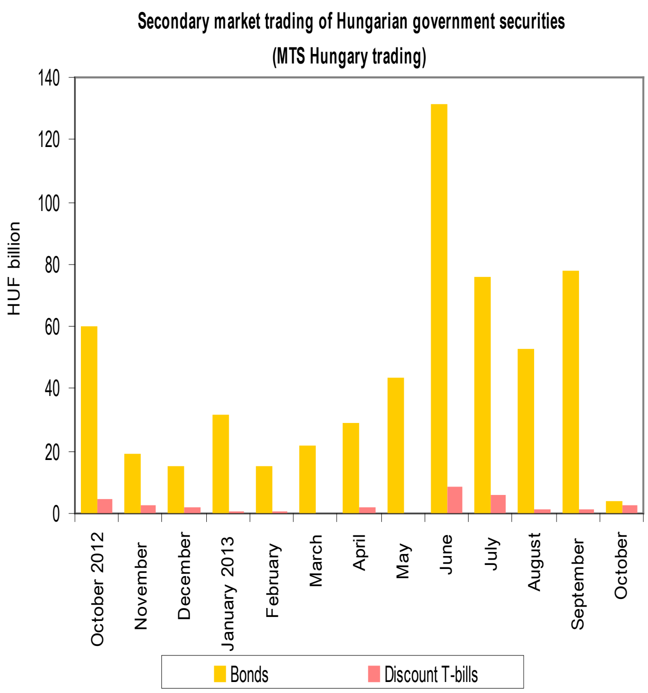


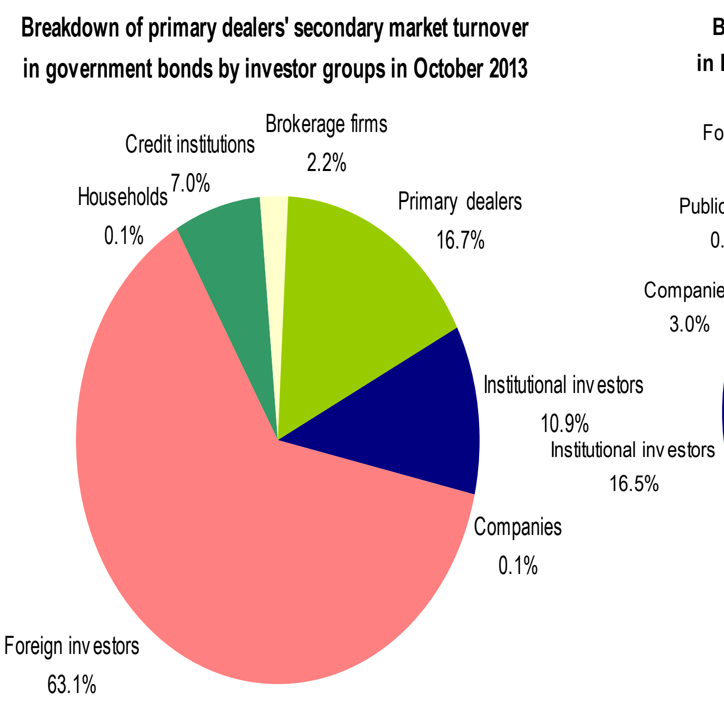


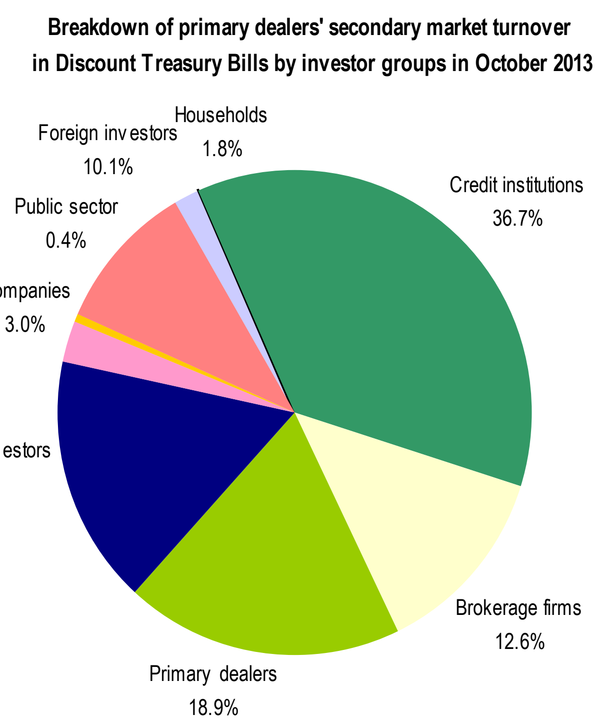


Government bond	2014/C	2014/D	2014/C	2014/D	2014/C	2014/D
ISIN code	HU0000402193	HU0000402516	HU0000402193	HU0000402516	HU0000402193	HU0000402516
Coupon (%)	5.50	6.75	5.50	6.75	5.50	6.75
Date of reverse auction	02.10.2013	02.10.2013	16.10.2013	16.10.2013	30.10.2013	30.10.2013
Date of financial settlement	09.10.2013	09.10.2013	24.10.2013	24.10.2013	06.11.2013	06.11.2013
Redemption date	12.02.2014	22.08.2014	12.02.2014	22.08.2014	12.02.2014	22.08.2014
Minimum annual yield (%)	3,40	3,48	3,35	3,46	3,20	3,38
Average annual yield - ISMA (%)	3.41	3.48	3.35	3.46	3.21	3.38
Average annual yield - EHM (%)	3.37	3.47	3.31	3.45	3.17	3.37
Amount of bids submitted (HUF million)	1,610.67	1,098.69	3,353.95	5,332.28	893.94	2,961.42
Amount of bids accepted (HUF million)	1,600.00	1,098.69	2,375.86	2,312.28	700.00	1,261.66









INTEREST RATE RESETS OF FLOATING RATE GOVERNMENT BONDS IN OCTOBER 2013

Government Bond	Date of interest rate reset	Interest period		Date of interest payment	Reset interest rate (%)	Interest payable (%)
2026/C	24.10.2013	24.10.2013	24.04.2014	24.04.2014	3.70	1.87
2026/B	24.10.2013	24.10.2013	24.04.2014	24.04.2014	3.70	4.33

HUNGARIAN GOVERNMENT SECURITIES INDICES

	MAX index	RMAX index	MAX Composite index	ZMAX index
Value as at 31 October 2013	574.3579	515.0753	559.6263	508.7481
Changes compared to the end of the month before	10.8260	2.4695	8.9403	1.9226
Annual yield earned on the index portfolio	12.50%	6.22%	11.13%	5.17%

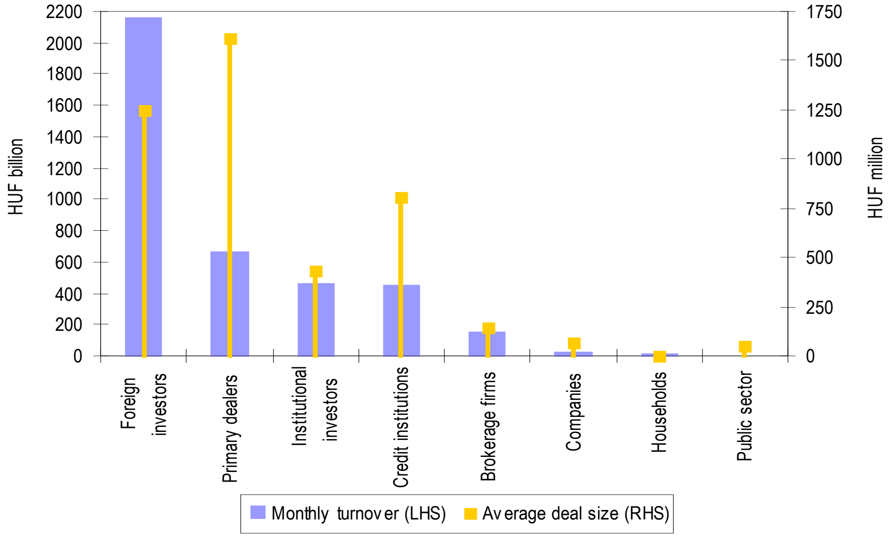
Government securities with the highest secondary market turnover in October 2013

Government security	Date of redemption	Turnover (HUF billion)
2023/A	24.11.2023	980.8
2016/D	22.12.2016	472.1
2018/A	20.12.2018	295.3
2017/A	24.11.2017	263.6
2015/A	12.02.2015	204.9
2019/A	24.06.2019	196.4
2022/A	24.06.2022	174.7
2015/C	24.08.2015	170.3
2020/A	12.11.2020	151.1
2017/B	24.02.2017	126.9

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

Government bond	HUF billion 30.09.2013	HUF billion 31.10.2013
2016/D	521.04	572.55
2018/A	411.87	466.69
2023/A	505.82	531.53
2028/A	120.30	120.41

Primary dealers' trading with different investor groups in October 2013



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