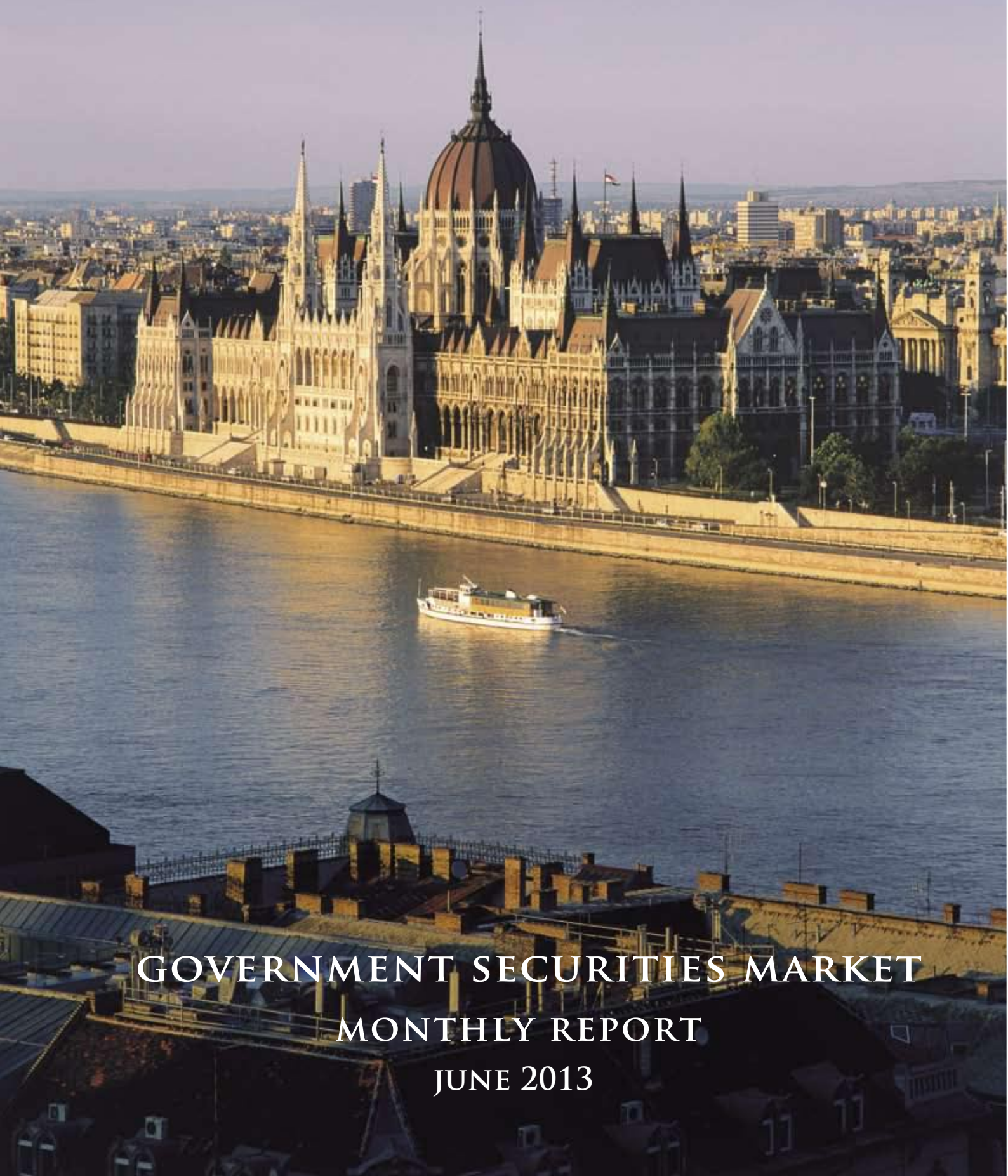




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GOVERNMENT DEBT MANAGEMENT AGENCY FTÉ LTD.



GOVERNMENT SECURITIES MARKET
MONTHLY REPORT
JUNE 2013

■ GOVERNMENT SECURITIES MARKET ■

The deficit of the central government amounted to HUF 721.7 billion in the first 6 months of 2013. The net prefinancing of cash transfers from the European Union decreased the net borrowing requirement by HUF 1.1 billion. Thus, the total net financing requirement amounted to HUF 720.6 billion in June. Net issuance was HUF 1,557.9 billion, including the sum of debt assumptions HUF 582.8 billion; out of which net HUF-denominated issuance was HUF 965.0 billion and net foreign currency denominated issuance was HUF 592.9 billion. Without debt assumptions net issuance was HUF 1,056.3 billion, out of which net HUF-denominated issuance was HUF 851.2 billion and net foreign currency denominated issuance was HUF 205.1 billion.

HUF billion	2012		2013		Change	
	December	%	June	%	HUF billion	%
Foreign exchange denominated debt	8,326.6	40.2	9,040.1	40.7	713.6	8.6
Government securities	5,014.1	24.2	5,766.4	25.9	752.3	15.0
Loans	3,312.5	16.0	3,273.7	14.7	-38.7	-1.2
HUF denominated debt	12,042.4	58.1	13,002.4	58.5	960.0	8.0
Government securities	11,475.6	55.4	12,323.8	55.4	848.2	7.4
Loans	566.8	2.7	678.6	3.1	111.8	19.7
Total	20,369.0	98.3	22,042.6	99.1	1,673.6	8.2
Other obligations	351.1	1.7	195.8	0.9	-155.3	-44.2
Total central government debt	20,720.1	100.0	22,238.4	100.0	1,518.3	7.3

The HUF denominated debt of the central government increased by HUF 960.0 billion in the first 6 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 389.4 billion, the amount of discount Treasury bills increased by HUF 201.9 billion and the total amount of retail government securities increased by HUF 334.4 billion. The stock of non-marketable government bonds decreased by HUF 77.5 billion because of redemption. The volume of HUF loans increased by HUF 111.8 billion in the first 6 months of the year.

The foreign currency debt of the central government increased by HUF 713.6 billion in the first 6 months of 2013. The foreign currency bond issuance was HUF 712.4 billion, the gross PÉMAK bond issuance was HUF 544.2 billion. The drawdown of foreign currency denominated loans worth HUF 100.4 billion increased, the debt assumptions worth HUF 418.0 billion increased, while the redemptions of foreign currency debt worth HUF 1,182.1 billion decreased the debt. The exchange rate revaluations totalling HUF 120.7 billion increased the Hungarian Forint value of the foreign currency debt in 2013.

Secondary market yields in June:

Benchmark yields

Maturity	28.12.2012.	31.05.2013.	28.06.2013.	Change, basis points
3-month	5.33	4.13	4.18	5
6-month	5.28	4.08	4.20	12
1-year	5.40	3.98	4.38	40
3-year	5.61	4.64	5.11	47
5-year	5.89	5.10	5.44	34
10-year	6.11	5.64	6.12	48
15-year	6.11	5.96	6.52	56

Monthly OTC turnover of government securities was 3 % higher in June than a month before and reached HUF 4,064.3 billion. Primary dealers, who account for the decisive part of all secondary government securities trading, made 65% of their secondary government securities deals with non-resident investors.

The volume of non-residents' holdings of Hungarian government securities increased altogether by HUF 48.7 billion in June, and amounted to HUF 5,072.3 billion at the end of the month. This volume represented 41.2% of the total amount of domestic government securities.

The EUR/HUF exchange rate according to the National Bank of Hungary was 295.16 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).

■ GOVERNMENT SECURITIES MARKET ■

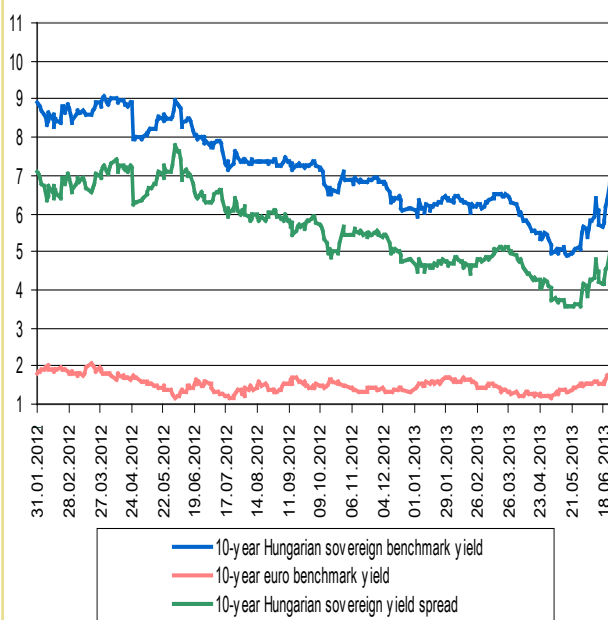
CENTRAL GOVERNMENT GROSS DEBT

HUF BILLION

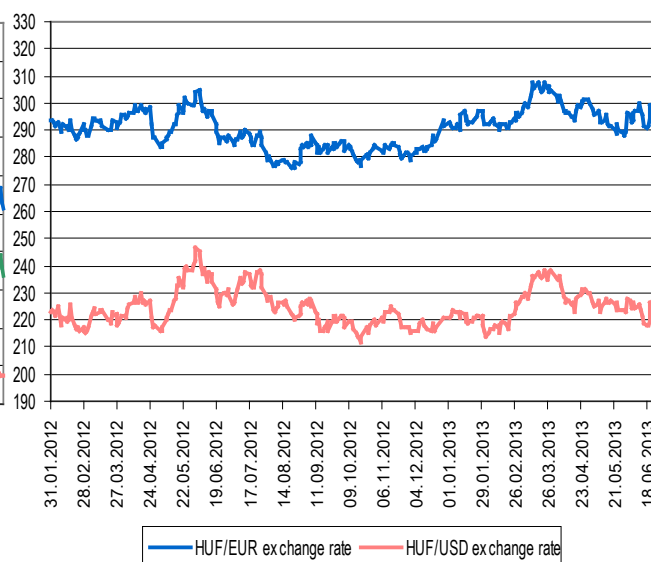
	2007	2008	2009	2010	2011	2012	April 2013	May 2013	June 2013
1. Forint denominated debt	11,103.8	11,250.6	10,476.2	10,978.2	10,362.2	12,042.4	12,551.9	12,718.9	13,002.4
1.1. Loans	145.7	219.9	438.7	540.8	590.8	566.8	564.8	564.8	678.6
1.2. Government securities	10,958.1	11,030.7	10,037.5	10,437.4	9,771.4	11,475.6	11,987.0	12,154.1	12,323.8
1.2.1. Public issues	10,465.4	10,599.7	9,613.2	10,019.6	9,378.1	11,077.1	11,666.1	11,833.1	12,002.9
1.2.1.1. Bonds	8,245.3	8,570.6	7,519.2	7,965.8	7,353.4	8,184.1	8,268.5	8,494.2	8,573.5
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	2,139.7	2,055.7	2,108.4
1.2.1.3. Retail securities	555.2	546.4	446.6	435.7	473.8	986.6	1,257.8	1,283.3	1,321.0
1.2.2. Private placements	492.7	431.0	424.3	417.8	403.2	398.5	321.0	321.0	321.0
2. Foreign currency denominated debt*	4,472.6	6,774.8	8,466.7	8,842.8	10,170.4	8,326.6	8,931.2	8,494.2	9,040.1
2.1. Loans	846.5	2,529.4	4,112.7	4,292.8	4,458.1	3,312.5	3,211.6	2,992.5	3,273.7
2.1.1. Foreign loans	838.8	2,529.4	4,112.7	4,292.8	4,361.9	3,229.0	3,141.4	2,923.5	2,915.9
2.1.2. Domestic loans	104.0	0.0	0.0	0.0	96.2	83.5	70.3	69.0	357.8
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	70.3	69.0	357.8
2.2. Government securities	3,626.1	4,245.5	4,354.0	4,550.0	5,712.3	5,014.1	5,719.6	5,789.3	5,766.4
2.2.1. Issued abroad	3,626.1	4,245.5	4,354.0	4,550.0	5,712.3	4,924.2	5,394.8	5,301.2	5,274.9
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	5,394.8	5,301.2	5,274.9
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	324.7	488.1	491.5
Total	15,576.4	18,025.4	18,942.9	19,821.0	20,532.6	20,369.0	21,483.1	21,500.7	22,042.6
Other liabilities	9.1	78.5	20.1	220.01	422.9	351.1	273.8	264.8	195.8
Total central government debt	15,585.5	18,103.9	18,963.1	20,041.0	20,955.5	20,720.1	21,756.9	21,765.4	22,238.4
Marketable HUF debt (1.2.1.1+1.2.2+1.2.2.2)	10,402.9	10,484.0	9,623.3	10,001.8	9,297.6	10,489.1	10,729.2	10,870.9	11,002.9
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.

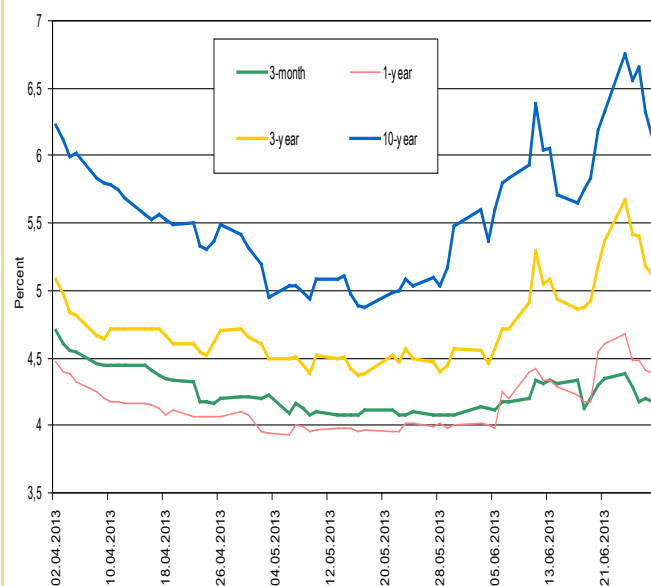
% 10-year Hungarian and eurozone benchmark yields during the last year



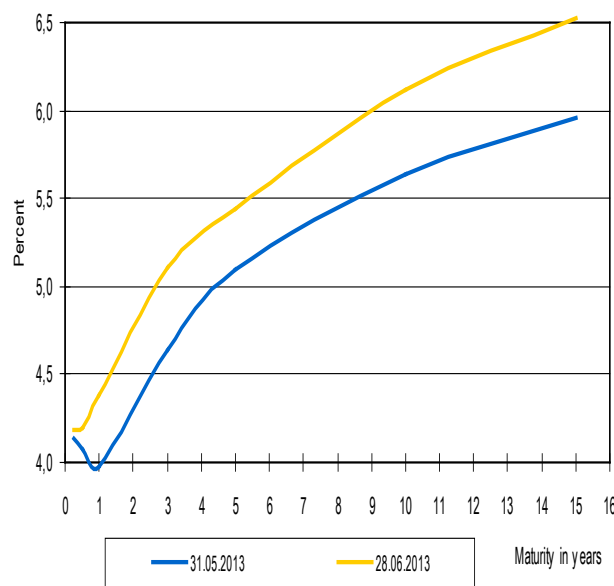
The exchange rate of the Hungarian Forint during the last year



Benchmark yields in the past three months

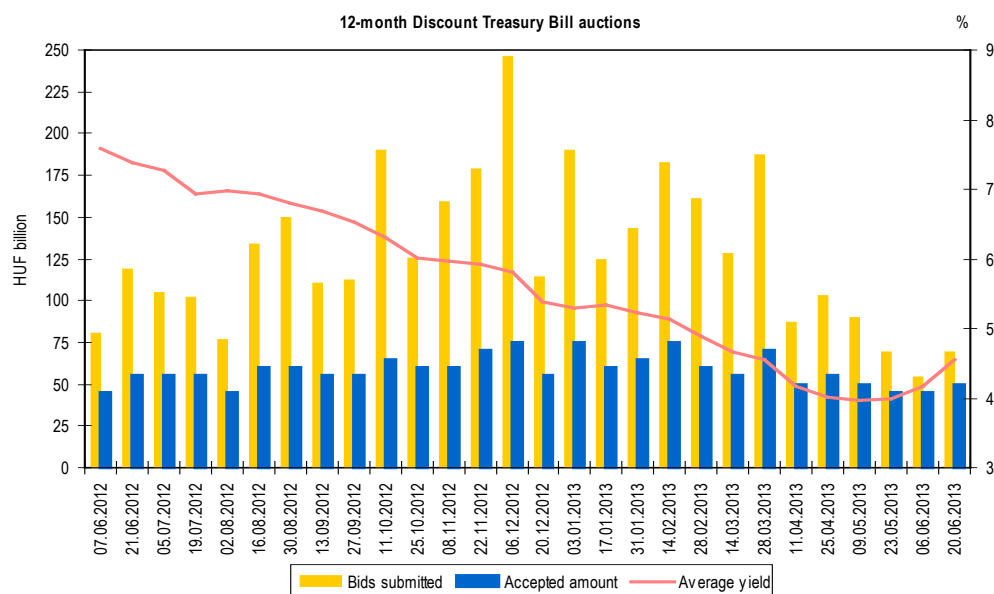
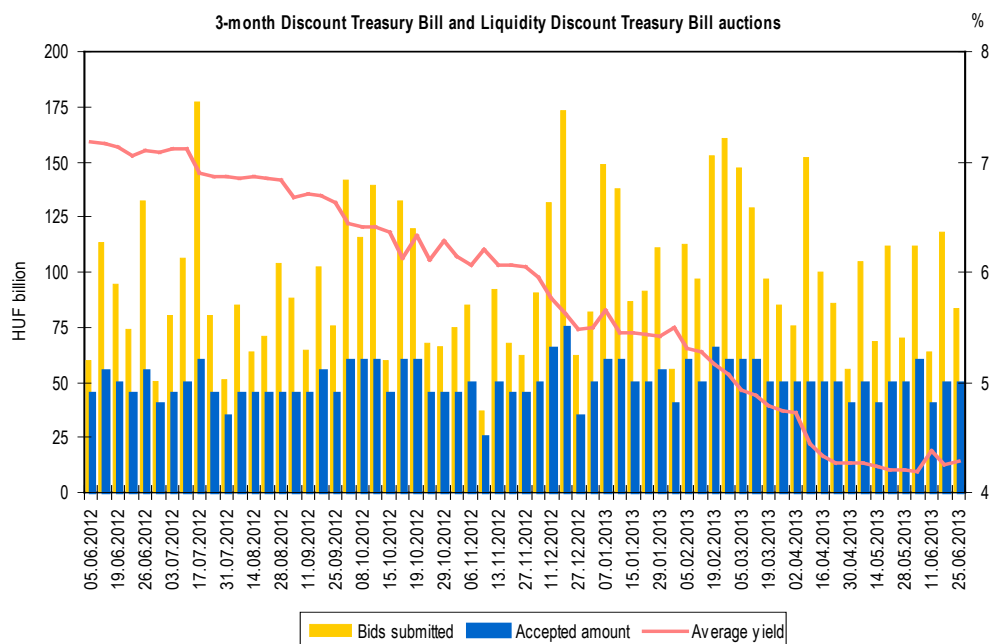


Benchmark yield curves



DISCOUNT TREASURY BILL AUCTION RESULTS

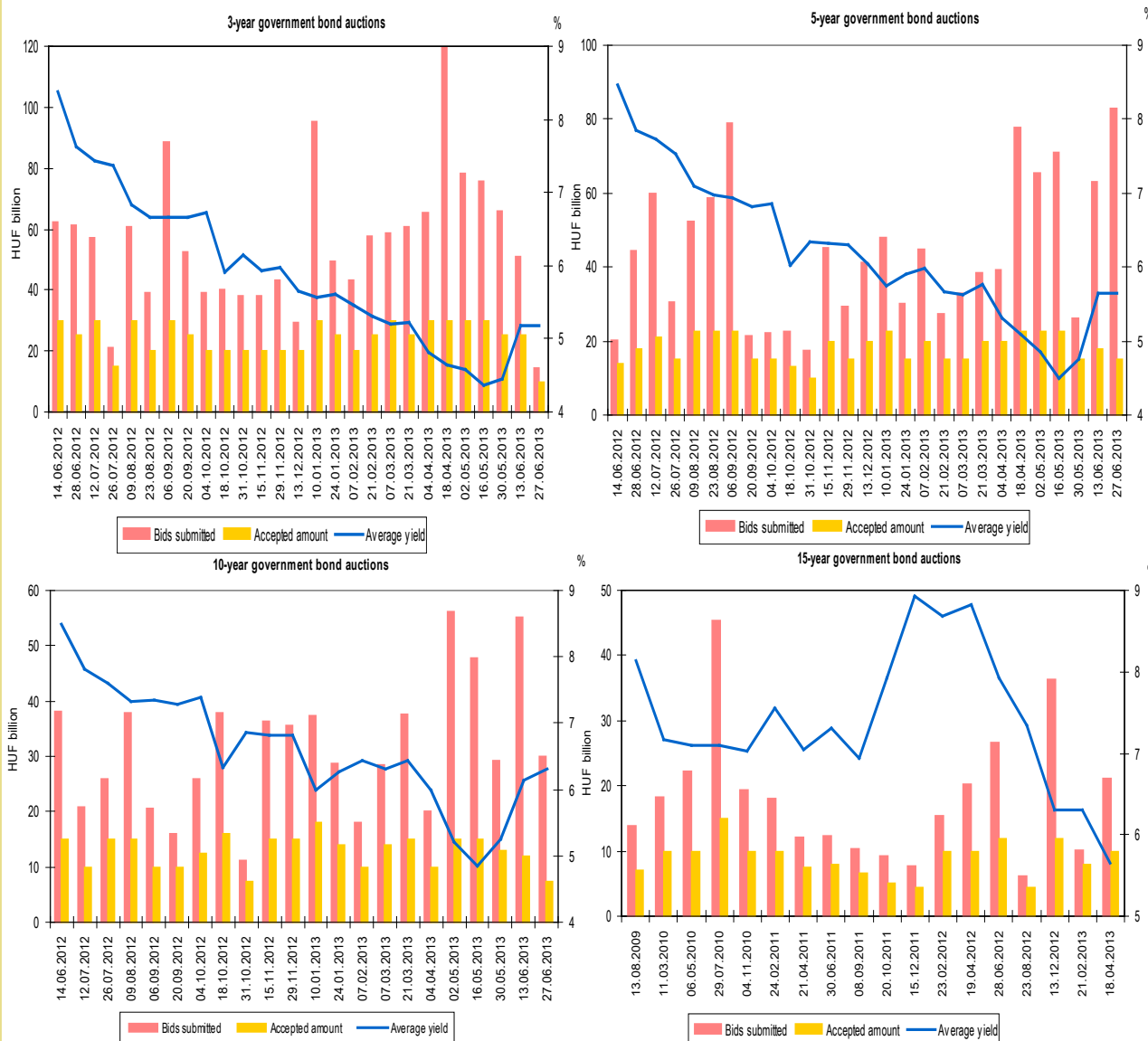
	3-month Discount T-bills				12-month Discount T-bills	
Code of T-bills	D130911	D130918	D130925	D131002	D140430	D140625
ISIN code	HU0000519509	HU0000519111	HU0000519517	HU0000519533	HU0000519442	HU0000519525
Maturity in days	91	91	91	91	322	364
Date of auction	04.06.2013	11.06.2013	18.06.2013	25.06.2013	06.06.2013	20.06.2013
Date of financial settlement	12.06.2013	19.06.2013	26.06.2013	03.07.2013	12.06.2013	26.06.2013
Redemption date	11.09.2013	18.09.2013	25.09.2013	02.10.2013	30.04.2014	25.06.2014
Maximum yield, (%) - ISMA	4.23	4.47	4.29	4.33	4.21	4.62
Minimum yield (%) - ISMA	4.14	4.30	4.23	4.24	4.01	4.42
Average yield (%) - ISMA	4.19	4.38	4.26	4.28	4.16	4.56
Maximum yield, (%) - EHM	4.29	4.53	4.35	4.39	4.27	4.68
Minimum yield (%) - EHM	4.20	4.36	4.29	4.30	4.07	4.48
Average yield (%) - EHM	4.25	4.44	4.32	4.34	4.22	4.62
Average selling price (%)	98.9520	98.9050	98.9346	98.9297	96.4126	95.5925
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)	111,615.00	63,893.15	118,070.00	83,838.46	54,071.00	69,170.00
Amount of bids accepted (HUF million)	59,999.94	39,999.99	49,999.95	49,999.97	44,999.99	49,999.98
Bid-to-cover ratio	1.86	1.60	2.36	1.68	1.20	1.38
Bids submitted (pcs)	113	81	129	107	110	117
Bids accepted (pcs)	66	67	70	59	97	82
Market sales* (HUF million)	59,999.94	39,999.99	49,999.95	49,999.97	44,999.99	49,999.98
Retained on ÁKK's own account	18,000.06	12,000.01	15,000.05	15,000.03	13,500.01	50,000.02
Total amount issued (HUF million)	78,000.00	52,000.00	65,000.00	65,000.00	58,500.00	100,000.00



GOVERNMENT BOND AUCTION RESULTS

Government Bond	2019/B	2016/D	2018/A	2023/A	2016/D	2018/A	2023/A
ISIN code	HU0000402649	HU0000402623	HU0000402631	HU0000402383	HU0000402623	HU0000402631	HU0000402383
Maturity (in years)	5	3	5	10	3	5	10
Coupon (%)	5.47%	5.50%	5.50%	6.00%	5.50%	5.50%	6.00%
Auction	6th auction	12th auction	12th auction	39th auction	13th auction	13th auction	40th auction
Date of auction	06.06.2013	13.06.2013	13.06.2013	13.06.2013	27.06.2013	27.06.2013	27.06.2013
Date of financial settlement	12.06.2013	19.06.2013	19.06.2013	19.06.2013	03.07.2013	03.07.2013	03.07.2013
Redemption date	20.05.2019	22.12.2016	20.12.2018	24.11.2023	22.12.2016	20.12.2018	24.11.2023
Maximum annual yield (%) - ISMA		5.20	5.68	6.17	5.24	5.65	6.35
Minimum annual yield (%) - ISMA		5.14	5.59	6.00	5.10	5.60	5.48
Average annual yield (%) - ISMA		5.18	5.65	6.14	5.19	5.65	6.31
Maximum annual yield (%) - EHM		5.20	5.68	6.17	5.24	5.65	6.35
Minimum annual yield (%) - EHM		5.14	5.59	6.00	5.10	5.60	5.48
Average annual yield (%) - EHM		5.18	5.65	6.14	5.19	5.65	6.31
Maximum price (%)	95.9100	101.1017	99.5540	99.9571	101.2152	99.5099	104.0009
Minimum price (%)	95.5000	100.9119	99.1393	98.6760	100.7768	99.2807	97.3505
Average price (%)	95.5500	100.9633	99.2823	98.8952	100.9366	99.2906	97.6082
Amount offered for sale (HUF million)	7,000.00	18,000.00	12,000.00	8,000.00	12,000.00	10,000.00	5,000.00
Amount of bids submitted (HUF million)	7,812.00	51,130.00	63,195.00	55,084.05	14,350.00	83,074.00	29,979.85
Amount of bids accepted (HUF million)	4,499.98	24,999.90	17,999.97	11,999.98	9,999.99	14,999.93	7,499.99
Bid-to-cover ratio	1.74	2.05	3.51	4.59	1.44	5.54	4.00
Bids submitted (pcs)	23	58	99	96	40	79	87
Bids accepted (pcs)	17	36	33	36	38	26	25
Tail (average price - minimum price)	0.05	0.05	0.14	0.22	0.16	0.01	0.26
Market sales* (HUF million)	4,499.98	24,999.90	17,999.97	11,999.98	9,999.99	14,999.93	7,499.99
Non-competitive offer (HUF million)	0.02	0.10	0.03	0.02	0.01	6,000.07	0.01
Total amount issued (HUF million)	4,500.00	25,000.00	18,000.00	12,000.00	10,000.00	21,000.00	7,500.00

*Without issuance onto ÁKK's own account

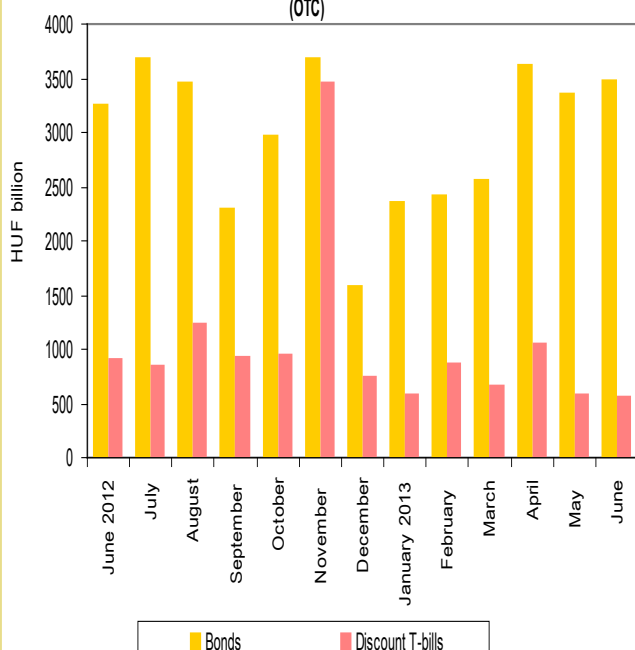


■ GOVERNMENT SECURITIES MARKET ■

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	12.06.2013	12.06.2013	26.06.2013	26.06.2013
Date of financial settlement	19.06.2013	19.06.2013	03.07.2013	03.07.2013
Redemption date	24.10.2013	12.02.2014	24.10.2013	12.02.2014
Minimum annual yield (%)	4.15	4.10	4.16	4.00
Average annual yield - ISMA (%)	4.18	4.15	4.19	4.05
Average annual yield - EHM (%)	4.12	4.12	4.13	4.02
Amount of bids submitted (HUF million)	8,570.51	13,634.45	9,511.00	11,952.18
Amount of bids accepted (HUF million)	8,570.51	12,598.75	3,511.00	8,952.18

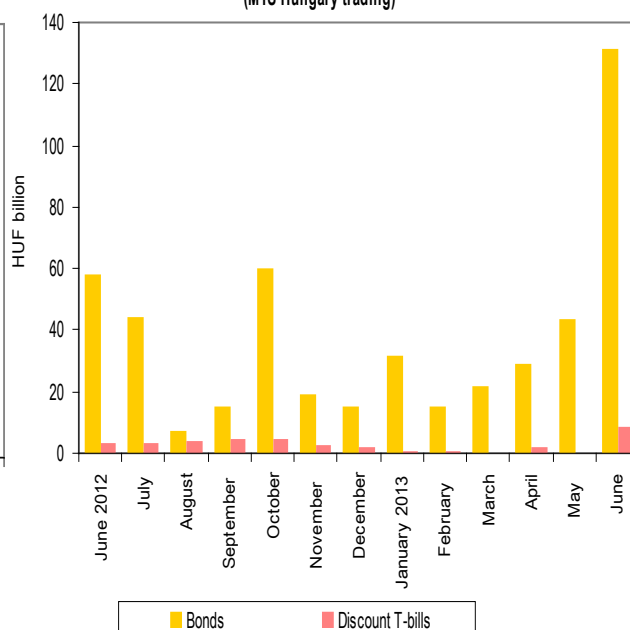
Secondary market trading of Hungarian government securities

(OTC)

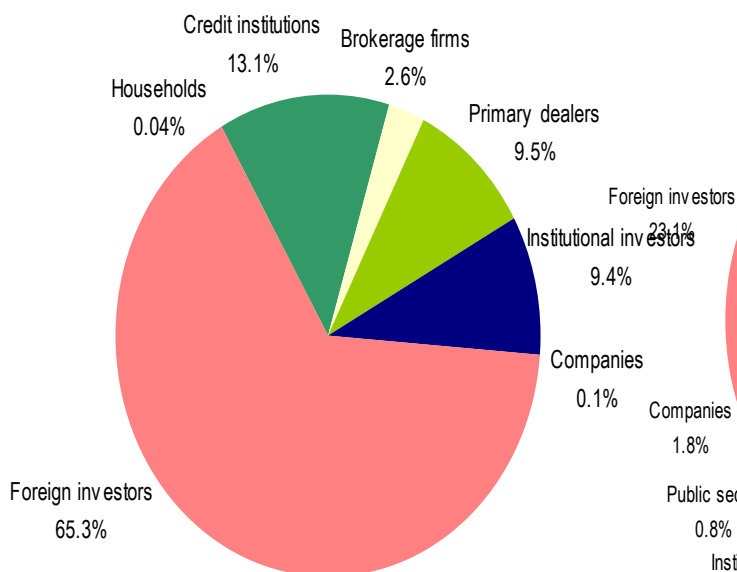


Secondary market trading of Hungarian government securities

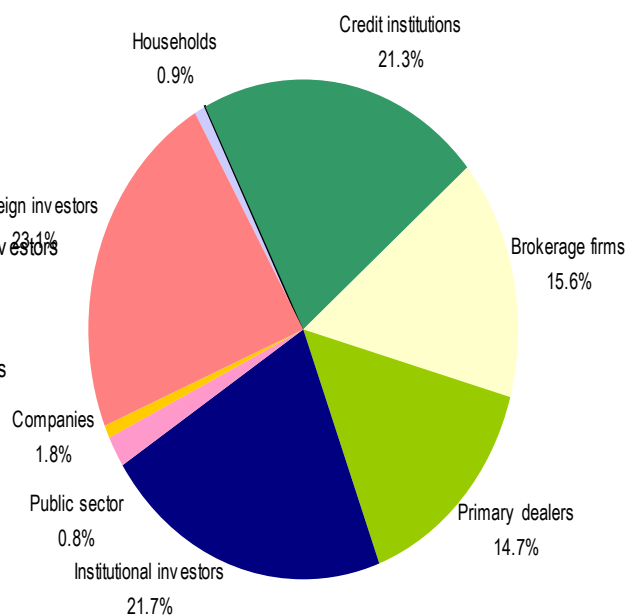
(MTS Hungary trading)



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



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



■ GOVERNMENT SECURITIES MARKET ■

INTEREST RATE RESETS OF FLOATING RATE GOVERNMENT BONDS IN JUNE 2013

Government Bond	Date of interest rate reset	Interest period	Date of interest payment	Reset interest rate (%)	Interest payable (%)
2013/C	20.06.2013	20.06.2013	20.12.2013	4.80	2.44
2014/B	20.06.2013	20.06.2013	20.12.2013	4.80	2.44
2015/B	19.06.2013	22.06.2013	23.12.2013	4.26	2.17

HUNGARIAN GOVERNMENT SECURITIES INDICES

	MAX index	RMAX index	MAX Composite index	ZMAX index
Value as at 28 June 2013	548.1346	505.9322	537.9543	501.2188
Changes compared to the end of the month before	-7.0603	1.1918	-5.2378	1.5106
Annual yield earned on the index portfolio	14.82%	7.43%	13.64%	6.26%

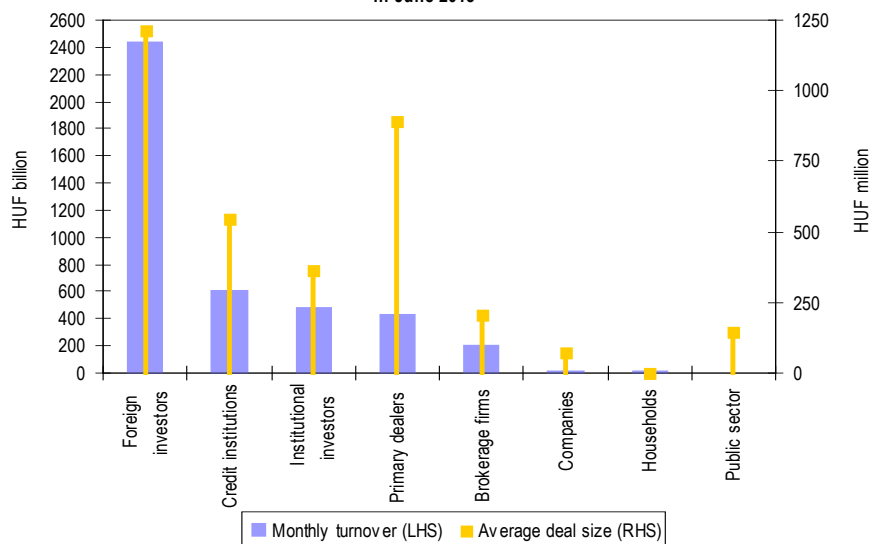
Government securities with the highest secondary market turnover in June 2013

Government security	Date of redemption	Turnover (HUF billion)
2023/A	24.11.2023	576.2
2018/A	20.12.2018	417.9
2022/A	24.06.2022	412.7
2017/A	24.11.2017	380.4
2015/C	24.08.2015	336.7
2015/A	12.02.2015	312.4
2016/D	22.12.2016	219.0
2020/A	12.11.2020	193.5
2017/B	24.02.2017	185.2
D140430	30.04.2014	176.8

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

Government bond	31.05.2013	28.06.2013
2016/D	354.06	414.21
2018/A	271.18	282.90
2023/A	418.43	448.20
2028/A	117.64	117.81

Primary dealers' trading with different investor groups in June 2013



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

