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GOVERNMENT DEBT MANAGEMENT AGENCY PTE LTD.

GOVERNMENT SECURITIES MARKET

MONTHLY REPORT

JULY 2012

The deficit of the central government amounted to HUF 440.4 billion in July. The net prefinancing of cash transfers from the European Union decreased the net borrowing requirement by HUF 10.2 billion. Thus, the total net financing requirement amounted to HUF 430.2 billion in 2012. Net issuance was HUF 596.8 billion; out of which net HUF-denominated issuance was HUF 1164.2 billion and net foreign currency denominated issuance was HUF -567.4 billion.

	2011		2012		Change	
HUF billion	December	%	July	%	HUF billion	%
Foreign exchange denominated debt	10,170.4	48.5	8,574.4	41.3	-1,596.0	-15.7
Government securities	5,712.3	27.3	4,989.8	24.1	-722.5	-12.6
Loans	4,458.1	21.3	3,584.6	17.3	-873.5	-19.6
HUF denominated debt	10,362.2	49.4	11,528.1	55.6	1 165.9	11.3
Government securities	9,771.4	46.6	10,940.3	52.7	1 168.9	12.0
Loans	590.8	2.8	587.8	2.8	-3.0	-0.5
Total	20,532.6	98.0	20,102.6	96.9	-430.1	-2.1
Other obligations	422.9	2.0	642.3	3.1	219.4	51.9
Total central government debt	20,955.5	100.0	20,744.9	100.0	-210.6	-1.0

The HUF denominated debt of the central government increased by HUF 1,165.9 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 619.5 billion, the amount of discount Treasury bills increased by HUF 306.1 billion and the total amount of retail government securities increased by HUF 245.0 billion.

The foreign currency debt of the central government decreased by HUF 1,596.0 billion in 2012. The drawdown of foreign currency denominated loans worth HUF 17.2 increased, while the redemptions of foreign currency debt worth HUF 584.6 billion decreased the debt. The exchange rate revaluations totalling HUF 1,028.6 billion decreased the Hungarian Forint value of the foreign currency debt in 2012.

Secondary market yields in July:

Benchmark yields

Maturity	30.12.2011.	29.06.2012.	31.07.2012.	Change, basis points
3-month	7.55	7.08	6.83	-25
6-month	7.60	7.05	6.83	-22
1-year	7.95	7.28	6.98	-30
3-year	9.06	7.55	7.18	-37
5-year	9.64	7.80	7.29	-51
10-year	9.75	7.90	7.37	-53
15-year	9.76	7.89	7.38	-51

Monthly OTC turnover of government securities was 9 % higher in July than a month before and reached HUF 4,551.6 billion. Primary dealers, who account for the decisive part of all secondary government securities trading, made 53% of their secondary government securities deals with non-resident investors.

The volume of non-residents' holdings of Hungarian government securities decreased altogether by HUF 290.7 billion in July, and amounted to HUF 4,543.2 billion at the end of the month. This volume represented 41.5% of the total amount of domestic government securities.

The EUR/HUF exchange rate according to the National Bank of Hungary was 278.73 on the last working day of July.

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

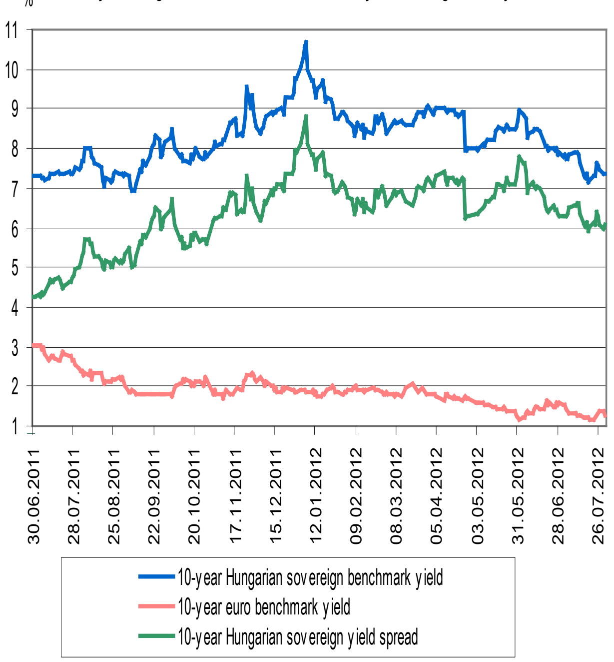
CENTRAL GOVERNMENT GROSS DEBT

HUF BILLION

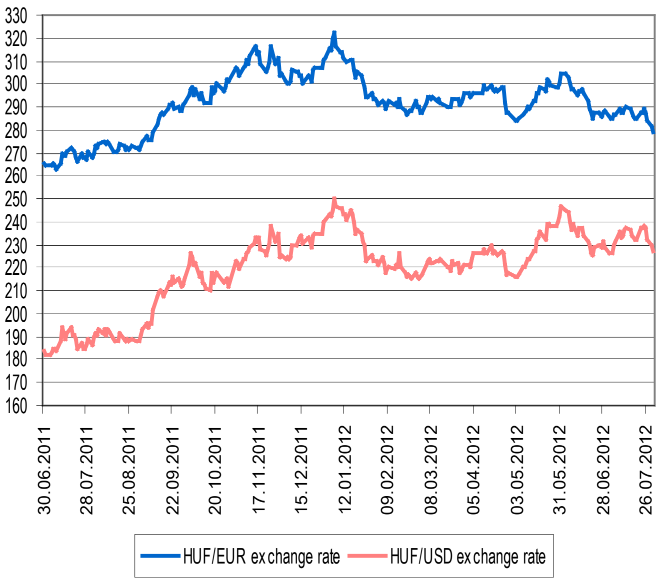
	2006	2007	2008	2009	2010	2011	May 2012	June 2012	July 2012
1. Forint denominated debt	10,552.3	11,103.8	11,250.6	10,476.2	10,978.2	10,362.2	11,295.4	11,149.1	11,528.1
1.1. Loans	356.4	145.7	219.9	438.7	540.8	590.8	588.8	588.8	587.8
1.2. Government securities	10,195.9	10,958.1	11,030.7	10,037.5	10,437.4	9,771.4	10,706.6	10,560.3	10,940.3
1.2.1. Public issues	9,667.5	10,465.4	10,599.7	9,613.2	10,019.6	9,378.1	10,304.2	10,157.9	10,538.7
1.2.1.1. Bonds	7,244.2	8,245.3	8,570.6	7,519.2	7,965.8	7,353.4	7,974.6	7,818.0	7,973.0
1.2.1.2. Discount T-bills	1,755.9	1,664.9	1,482.4	1,647.3	1,618.2	1,540.9	1,725.4	1,693.4	1,847.0
1.2.1.3. Retail securities	667.4	555.2	546.4	446.6	435.7	473.8	604.1	646.5	718.8
1.2.2. Private placements	528.4	492.7	431.0	424.3	417.8	403.2	402.4	402.4	401.6
2. Foreign currency denominated debt*	4,124.4	4,472.6	6,774.8	8,466.7	8,842.8	10,170.4	9,412.6	8,934.7	8,574.4
2.1. Loans	803.7	846.5	2,529.4	4,112.7	4,292.8	4,458.1	3,933.8	3,677.5	3,584.6
2.1.1. Foreign loans	700.1	838.8	2,529.4	4,112.7	4,292.8	4,361.9	3,845.7	3,593.5	3,503.8
2.1.2. Domestic loans	103.6	104.0	0.0	0.0	0.0	96.2	88.1	84.0	80.8
2.1.2.1. Raised from National Bank of Hungary (NBH)	95.9	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
2.1.2.2. Other loans	7.7	7.7	0.0	0.0	0.0	96.2	88.1	84.0	80.8
2.2. Government securities	3,320.7	3,626.1	4,245.5	4,354.0	4,550.0	5,712.3	5,478.8	5,257.2	4,989.8
2.2.1. Issued abroad	3,320.7	3,626.1	4,245.5	4,354.0	4,550.0	5,712.3	5,478.8	5,257.2	4,989.8
2.2.1.1. Foreign currency bonds	3,320.6	3,626.1	4,245.4	4,354.0	4,550.0	5,712.3	5,478.8	5,257.2	4,989.8
2.2.1.2. Kingdom of Hungary 1924 issues	0.1	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	0.0	0.0	0.0	0.0
Total	14,676.7	15,576.4	18,025.4	18,942.9	19,821.0	20,532.6	20,708.0	20,083.8	20,102.6
Other liabilities	29.0	9.1	78.5	20.1	220.01	422.9	472.9	537.8	642.3
Total central government debt	14,705.7	15,585.5	18,103.9	18,963.1	20,041.0	20,955.5	21,180.9	20,621.6	20,744.9
Marketable HUF debt (1.2.1.1+1.2.1.2.+1.2..2.)	*9,528.4*	*10,402.9*	*10,484.0*	*9,623.3*	*10,001.8*	*9,297.6*	*10,102.4*	*9,913.8*	*10,221.6*
Gross debt/GDP	*61.8%*	*61.3%*	*68.2%*	*72.7%*	*74.9%*	*74.4%*			

*Foreign exchange debt is recorded at the mid exchange rate of the NBH at the end of the

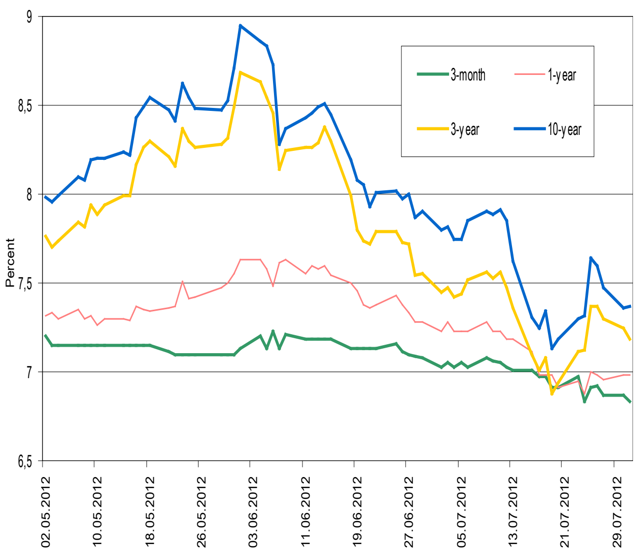
10-year Hungarian and eurozone benchmark yields during the last year



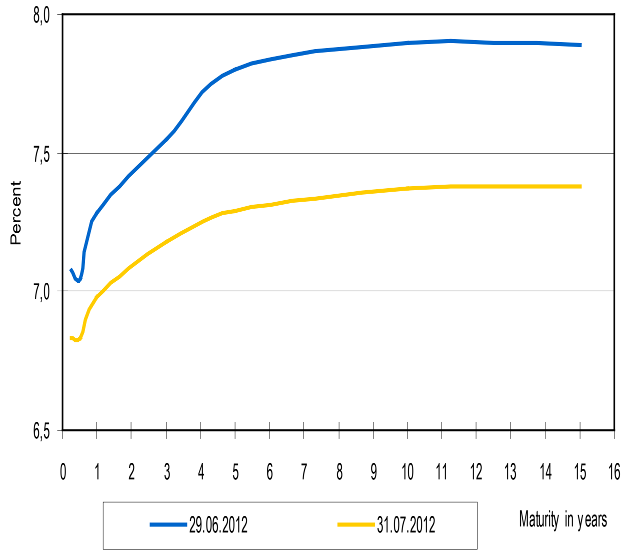
The exchange rate of the Hungarian Forint during the last year



Benchmark yields in the past three months



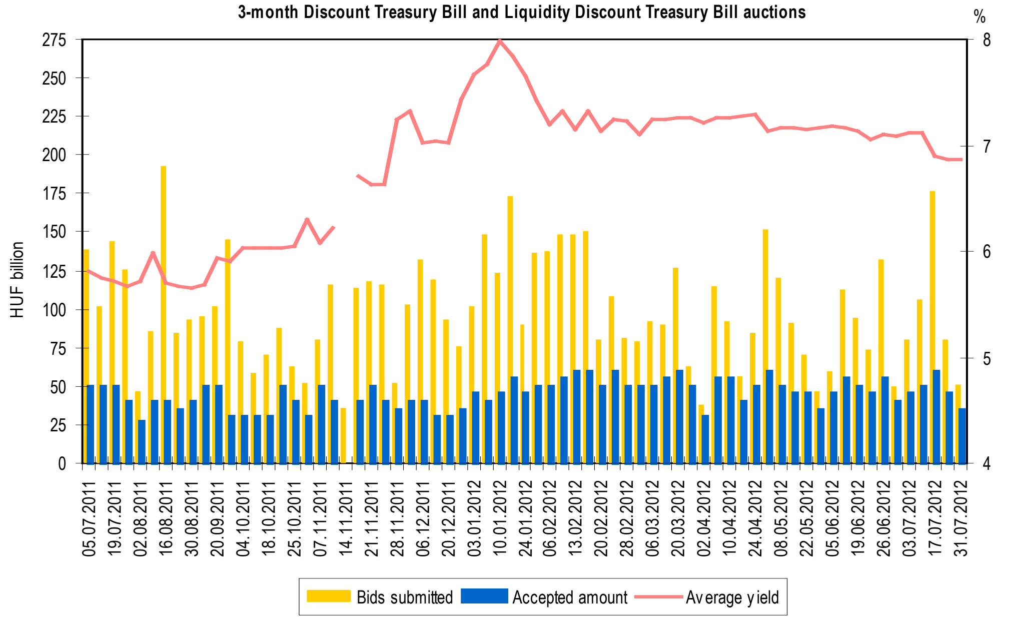
Benchmark yield curves



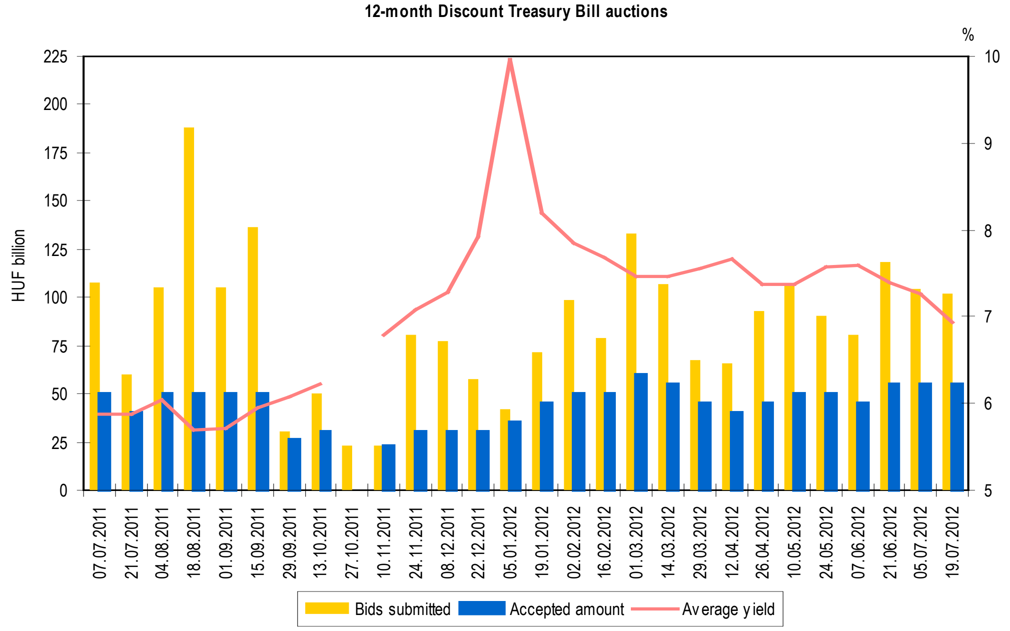
DISCOUNT TREASURY BILL AUCTION RESULTS

	Liquidity Discount T-bills	3-month Discount T-bills					12-month Discount T-bills	
Code of T-bills	D120829	D121010	D121017	D121024	D121031	D121207	D130529	D130724
ISIN code	HU0000518949	HU0000519012	HU0000518626	HU0000519020	HU0000519053	HU0000519004	HU0000518956	HU0000519038
Maturity in days	56	91	91	91	91	91	322	364
Date of auction	02.07.2012	03.07.2012	10.07.2012	17.07.2012	24.07.2012	31.07.2012	05.07.2012	19.07.2012
Date of financial settlement	04.07.2012	11.07.2012	18.07.2012	25.07.2012	01.08.2012	08.08.2012	11.07.2012	25.07.2012
Redemption date	29.08.2012	10.10.2012	17.10.2012	24.10.2012	31.10.2012	07.11.2012	29.05.2013	24.07.2013
Maximum yield, (%) - ISMA	7.10	7.14	7.13	6.90	6.90	6.90	7.29	6.97
Minimum yield (%) - ISMA	7.03	7.00	6.10	6.85	6.83	6.79	7.19	6.87
Average yield (%) - ISMA	7.08	7.11	7.11	6.89	6.86	6.87	7.26	6.93
Maximum yield, (%) - EHM	7.20	7.24	7.23	7.00	7.00	7.00	7.39	7.07
Minimum yield (%) - EHM	7.13	7.10	6.18	6.95	6.93	6.88	7.29	6.97
Average yield (%) - EHM	7.18	7.21	7.21	6.99	6.96	6.97	7.36	7.03
Average selling price (%)	98.9107	98.2345	98.2345	98.2882	98.2955	98.2931	93.9023	93.4518
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)	50,223.69	80,097.98	106,121.19	176,896.74	80,453.45	51,206.38	104,641.31	101,806.44
Amount of bids accepted (HUF million)	39,999.94	44,999.89	49,999.91	59,999.98	44,999.97	34,999.97	54,999.93	55,000.00
Bid-to-cover ratio	1.26	1.78	2.12	2.95	1.79	1.46	1.90	1.85
Bids submitted (pcs)	50	107	105	125	90	79	156	138
Bids accepted (pcs)	43	81	59	23	36	62	97	78
Market sales* (HUF million)	39,999.94	44,999.89	49,999.91	59,999.98	44,999.97	34,999.97	54,999.93	55,000.00
Retained on ÁKK's own account	0.06	13,500.11	15,000.09	18,000.02	13,500.03	10,500.03	16,500.07	55,000.00
Total amount issued (HUF million)	40,000.00	58,500.00	65,000.00	78,000.00	58,500.00	45,500.00	71,500.00	110,000.00

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



12-month Discount Treasury Bill auctions



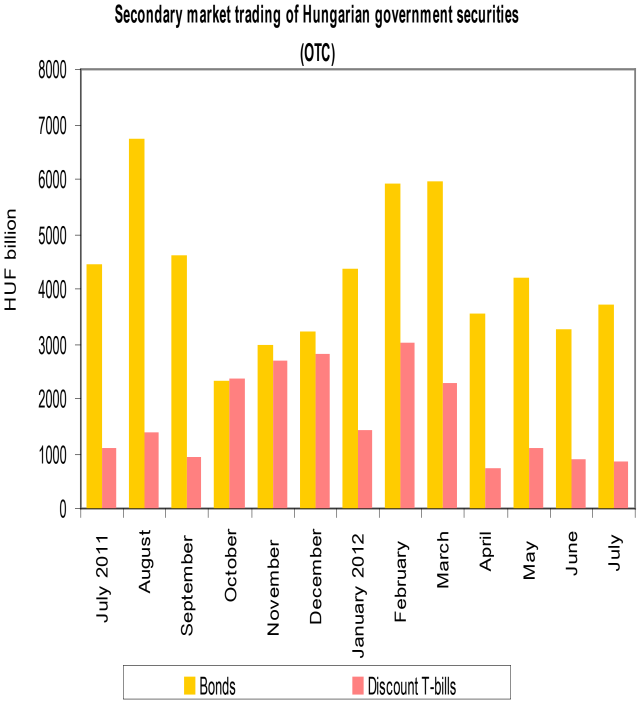
GOVERNMENT BOND AUCTION RESULTS

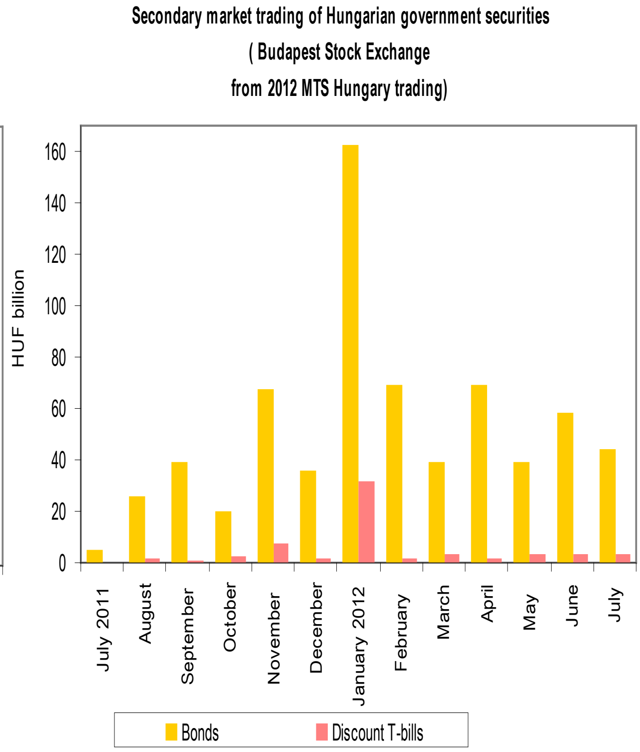
Government Bond	2015/B	2015/C	2017/A	2022/A	2015/C	2017/A	2022/A
ISIN code	HU0000402482	HU0000402581	HU0000402037	HU0000402524	HU0000402581	HU0000402037	HU0000402524
Maturity (in years)	3	3	5	10	3	5	10
Coupon (%)	5.44%	7.75%	6.75%	7.00%	7.75%	6.75%	7.00%
Auction	22nd auction	12th auction	40th auction	31st auction	13rd auction	41st auction	32nd auction
Date of auction	05.07.2012	12.07.2012	12.07.2012	12.07.2012	26.07.2012	26.07.2012	26.07.2012
Date of financial settlement	11.07.2012	18.07.2012	18.07.2012	18.07.2012	01.08.2012	01.08.2012	01.08.2012
Redemption date	22.12.2015	24.08.2015	24.11.2017	24.06.2022	24.08.2015	24.11.2017	24.06.2028
Maximum annual yield (%) - ISMA		7.46	7.75	7.84	7.39	7.54	7.62
Minimum annual yield (%) - ISMA		7.39	7.69	7.77	7.26	7.43	7.53
Average annual yield (%) - ISMA		7.44	7.73	7.82	7.36	7.53	7.61
Maximum annual yield (%) - EHM		7.46	7.74	7.84	7.39	7.53	7.62
Minimum annual yield (%) - EHM		7.39	7.68	7.77	7.26	7.42	7.53
Average annual yield (%) - EHM		7.44	7.72	7.81	7.36	7.52	7.61
Maximum price (%)	95.7500	100.9632	95.9412	94.7864	101.2996	97.0489	96.3693
Minimum price (%)	95.4000	100.7743	95.6925	94.3316	100.9514	96.5895	95.7737
Average price (%)	95.5400	100.8160	95.7860	94.4823	101.0368	96.6324	95.8209
Amount offered for sale (HUF million)	5,000.00	20,000.00	14,000.00	10,000.00	20,000.00	15,000.00	11,000.00
Amount of bids submitted (HUF million)	19,350.00	57,000.03	59,930.00	20,825.30	21,250.00	30,680.00	26,004.10
Amount of bids accepted (HUF million)	7,499.97	29,999.97	21,000.00	9,999.98	15,000.00	15,000.00	14,999.94
Bid-to-cover ratio	2.58	1.90	2.85	2.08	1.42	2.05	1.73
Bids submitted (pcs)	62	72	67	46	61	77	67
Bids accepted (pcs)	26	37	23	23	48	44	36
Tail (average price - minimum price)	0.14	0.04	0.09	0.15	0.09	0.04	0.05
Market sales* (HUF million)	7,499.97	29,999.97	21,000.00	9,999.98	15,000.00	15,000.00	14,999.94
Non-competitive offer (HUF million)	2,088.14	570.82	560.00	560.00	0.00	5,177.80	5,124.80
Total amount issued (HUF million)	7,500.00	42,000.00	29,400.00	14,000.00	15,000.00	15,000.00	15,000.00

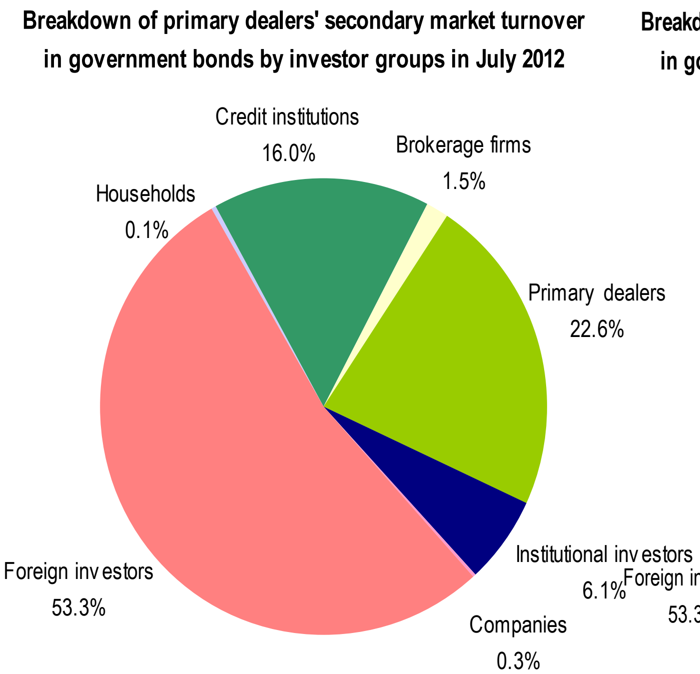
*Without issuance onto ÁKK's own account

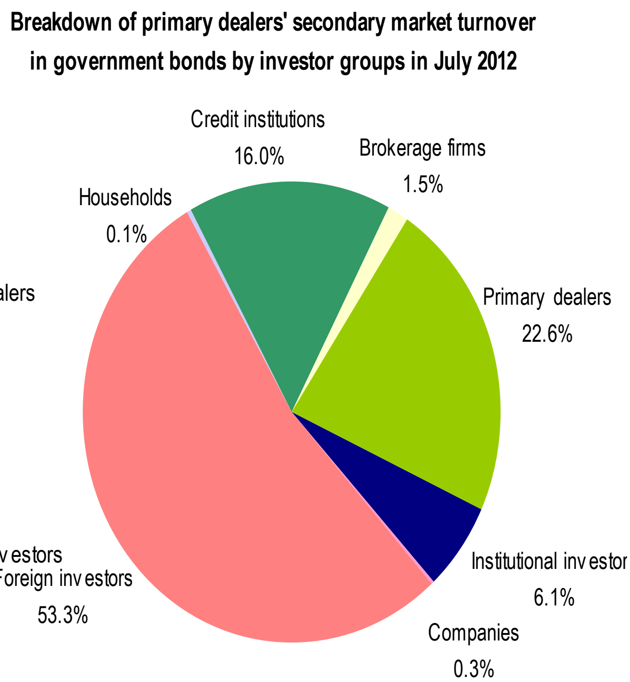
GOVERNMENT SECURITIES BUY-BACK AUCTION RESULTS

Government bond	2013/D	2013/E	2013/D	2013/E
ISIN code	HU0000402045	HU0000402466	HU0000402045	HU0000402466
Coupon (%)	6.75	7.50	6.75	7.50
Date of reverse auction	11.07.2012	11.07.2012	25.07.2012	25.07.2012
Date of financial settlement	18.07.2012	18.07.2012	01.08.2012	01.08.2012
Redemption date	12.02.2013	24.10.2013	12.02.2013	24.10.2013
Minimum annual yield (%)	7.15	7.15	6.95	6.85
Average annual yield - ISMA (%)	7.17	7.15	6.95	6.89
Average annual yield - EHM (%)	7.04	7.15	6.82	6.89
Amount of bids submitted (HUF million)	1,957.12	4,350.74	2,286.53	14,145.45
Amount of bids accepted (HUF million)	1,883.62	4,090.15	435.18	13,245.45









INTEREST RATE RESETS OF FLOATING RATE GOVERNMENT BONDS IN JULY 2012

Government Bond	Date of interest rate reset	Interest period		Date of interest payment	Reset interest rate (%)	Interest payable (%)
2016/B	25.06.2012	02.07.2012	02.01.2013	02.01.2013	7,15	3,65

HUNGARIAN GOVERNMENT SECURITIES INDICES

	MAX index	RMAX index	MAX Composite index	ZMAX index
Value as at 31 July 2012	488.2923	474.5413	483.1572	474.6887
Changes compared to the end of the month before	10.9132	3.5302	9.7831	2.9130
Annual yield earned on the index portfolio	7.00%	6.52%	7.09%	6.78%

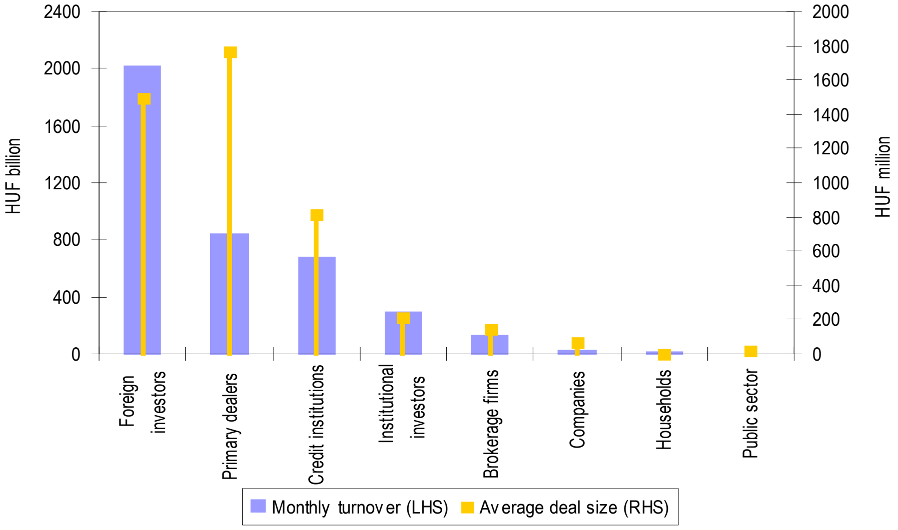
Government securities with the highest secondary market turnover in July 2012

Government security	Date of redemption	Turnover (HUF billion)
2017/A	24.11.2017	537.5
2015/C	24.08.2015	457.2
2022/A	24.06.2022	363.6
D130529	29.05.2013	348.8
2014/C	12.02.2014	212.6
2019/A	24.06.2019	171.0
2012/C	24.10.2012	170.9
2017/B	24.02.2017	155.6
2020/A	12.11.2020	154.2
2014/D	22.08.2014	146.0

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

	HUF billion	
Government bond	29.06.2012	31.07.2012
2015/C	261.22	326.29
2017/A	643.32	689.40
2022/A	381.41	392.27
2028/A	62.64	78.65

Primary dealers' trading with different investor groups in July 2012



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