

■ GOVERNMENT SECURITIES MARKET ■

MONTHLY REPORT JULY 2015

The net issuance was HUF 797.4 billion; out of which net HUF-denominated issuance was HUF 1073.6 billion and net foreign currency denominated issuance was HUF -276.2 billion in 2015.

HUF billion	2014		2015		Change	
	December	%	July	%	HUF billion	%
HUF denominated debt	14,612.0	61.2	15,685.6	62.8	1,073.6	7.3
Loans	623.3	2.6	749.3	3.0	126.0	20.2
Government bonds	9,989.0	41.8	10,585.3	42.3	596.3	6.0
Retail securities	2,411.1	10.1	2,991.5	12.0	580.4	24.1
Discount treasury bills	1,588.6	6.7	1,359.4	5.4	-229.2	-14.4
Foreign exchange denominated debt	8,957.9	37.5	8,529.8	34.1	-428.1	-4.8
Total	23,569.9	98.7	24,215.4	96.9	645.5	2.7
Other obligations	311.2	1.3	781.3	3.1	470.2	151.1
Total central government debt	23,881.1	100.0	24,996.7	100.0	1,115.6	4.7

The HUF denominated debt of the central government increased by HUF 1073.6 billion in 2015. The increase in domestic debt was the result of net government bond issuance of HUF 598.0 billion, the amount of discount Treasury bills decreased by HUF 229.2 billion and the total amount of retail government securities increased by HUF 580.4 billion. The volume of HUF loans increased by HUF 126.0 billion in 2015.

The foreign currency debt of the central government decreased by HUF 428.1 billion in 2015. The domestic PÉMAK and residence bond issuance was HUF 136.2 billion, the debt assumptions was HUF 1.1 billion, while the redemptions of foreign currency debt worth HUF 413.5 billion decreased the debt. The exchange rate revaluations totalling HUF 151.9 billion decreased the Hungarian Forint value of the foreign currency debt in July. The total amount of other liabilities increased by HUF 470.2 billion in 2015.

Benchmark yields

Maturity	30.12.2014.	30.06.2015.	31.07.2015.	Change in June, basis points
3-month	1.43	1.01	0.88	-13
6-month	1.54	1.02	0.88	-14
1-year	1.80	0.99	0.87	-12
3-year	2.72	2.11	2.22	11
5-year	3.15	2.98	2.84	-14
10-year	3.60	3.88	3.74	-14
15-year	3.83	4.16	3.98	-18

Monthly OTC turnover of government securities increased in July and reached HUF 4,745.3 billion. Primary dealers, who account for the decisive part of all secondary government securities trading, made 51% of their secondary government securities deals with non-resident investors.

The volume of non-residents' holdings of Hungarian government securities decreased altogether by HUF 74.0 billion in July, and amounted to HUF 4,319.9 billion at the end of the month. This volume represented 28.9% of the total amount of domestic government securities.

The EUR/HUF exchange rate according to the National Bank of Hungary was 309.11 on the last working day of July.

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

■ GOVERNMENT SECURITIES MARKET ■

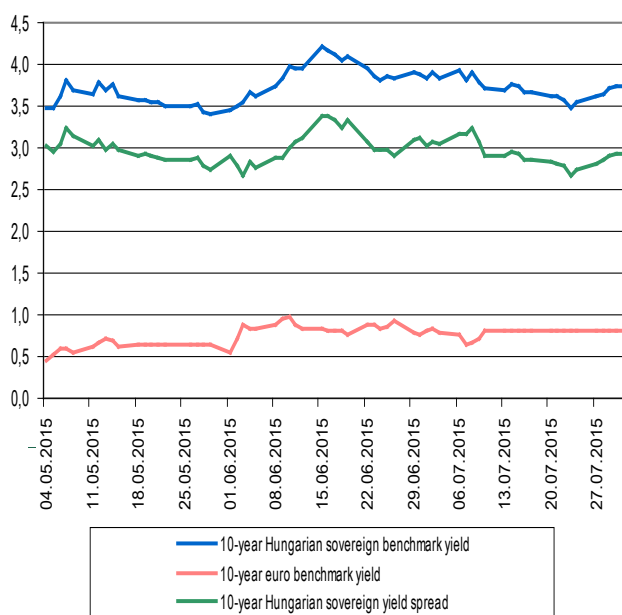
CENTRAL GOVERNMENT GROSS DEBT

HUF BILLION

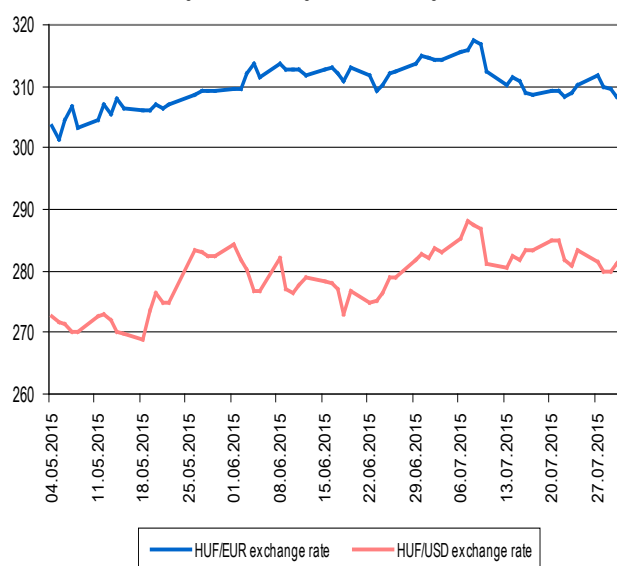
	2010	2011	2012	2013	2014	May 2015	June 2015	July 2015
1. Forint denominated debt	10,978.2	10,362.2	12,042.4	12,976.4	14,612.0	15,368.1	15,668.2	15,685.6
1.1. Loans	540.8	590.8	566.8	603.6	623.3	792.4	768.3	749.3
1.2. Government securities	10,437.4	9,771.4	11,475.6	12,372.8	13,988.7	14,575.7	14,899.9	14,936.3
1.2.1. Public issues	10,019.6	9,378.1	11,077.1	12,182.3	13,847.7	14,435.5	14,760.6	14,796.9
1.2.1.1. Bonds	7,965.8	7,353.4	8,184.1	8,588.8	9,848.0	10,188.7	10,294.0	10,446.0
1.2.1.2. Discount T-bills	1,618.2	1,540.9	1,906.5	1,904.9	1,588.6	1,480.9	1,540.0	1,359.4
1.2.1.3. Retail securities	435.7	473.8	986.6	1,688.5	2,411.1	2,765.9	2,926.6	2,991.5
1.2.2. Private placements	417.8	403.2	398.5	190.5	141.0	140.2	139.3	139.3
2. Foreign currency denominated debt*	8,842.8	10,170.4	8,326.6	8,904.9	8,957.9	8,548.1	8,705.4	8,529.8
2.1. Loans	4,292.8	4,458.1	3,312.5	2,735.6	2,164.3	2,116.8	2,150.1	2,108.0
2.1.1. Foreign loans	4,292.8	4,361.9	3,229.0	2,400.2	1,889.9	1,848.4	1,878.8	1,842.7
2.1.2. Domestic loans	0.0	96.2	83.5	335.4	274.4	268.4	271.3	265.3
2.2. Government securities	4,550.0	5,712.3	5,014.1	6,169.3	6,793.6	6,431.3	6,555.3	6,421.8
2.2.1. Issued abroad	4,550.0	5,712.3	4,924.2	5,736.9	5,844.6	5,383.9	5,477.5	5,353.0
2.2.2. Issued domestically	0.0	0.0	89.9	432.5	948.9	1,047.4	1,077.8	1,068.8
Total	19,821.0	20,532.6	20,369.0	21,881.4	23,569.9	23,916.1	24,373.6	24,215.4
Other liabilities	220.01	422.9	351.1	117.3	311.2	784.1	701.3	781.3
Total central government debt	20,041.0	20,955.5	20,720.1	21,998.6	23,881.1	24,700.2	25,074.9	24,996.7
Marketable HUF debt (1.2.1.1+1.2.1.2.+1.2.2.)	10,001.8	9,297.6	10,489.1	10,684.2	11,577.6	11,809.8	11,973.3	11,944.7
Gross debt/GDP	74.4%	74.7%	72.6%	73.7%	74.9%			

*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 three months



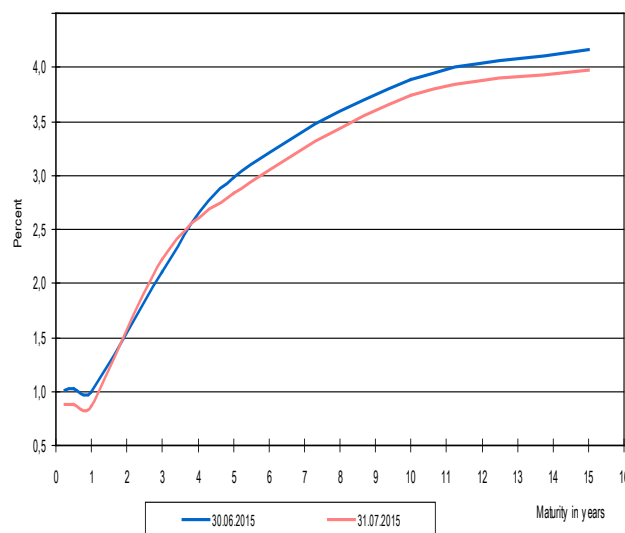
The exchange rate of the Hungarian Forint during the last three months



Benchmark yields in the past three months



Benchmark yield curves

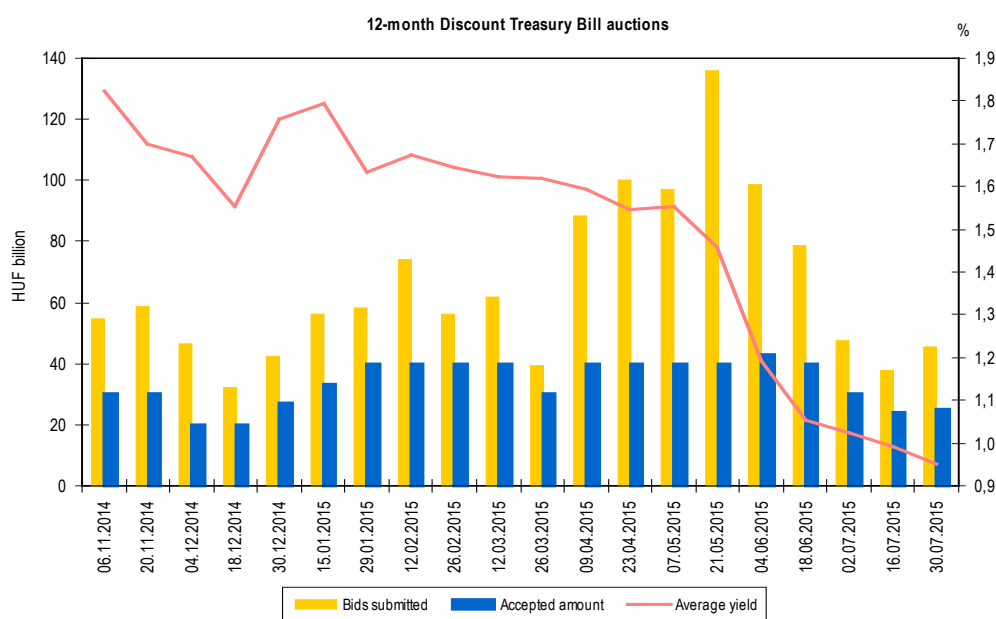
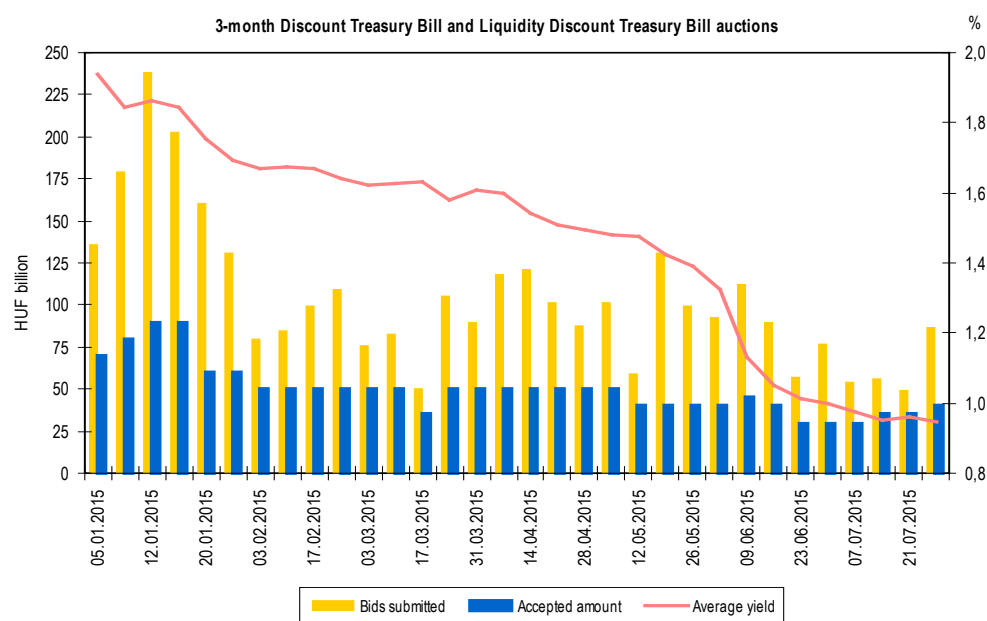


■ GOVERNMENT SECURITIES MARKET ■

DISCOUNT TREASURY BILL AUCTION RESULTS

	3-month Discount T-bills				12-month Discount T-bills		
Code of T-bills	D151014	D151021	D151028	D151104	D160608	D160608	D160803
ISIN code	HU0000520564	HU0000520606	HU0000520614	HU0000520622	HU0000520580	HU0000520580	HU0000520630
Maturity in days	91	91	91	91	336	322	364
Date of auction	07.07.2015	14.07.2015	21.07.2015	28.07.2015	02.07.2015	16.07.2015	30.07.2015
Date of financial settlement	15.07.2015	22.07.2015	29.07.2015	05.08.2015	08.07.2015	22.07.2015	05.08.2015
Redemption date	14.10.2015	21.10.2015	28.10.2015	04.11.2015	08.06.2016	08.06.2016	03.08.2016
Maximum yield (%) - ISMA	1.00	0.98	0.98	0.96	1.05	1.02	1.00
Minimum yield (%) - ISMA	0.93	0.91	0.92	0.89	1.00	0.92	0.90
Average yield (%) - ISMA	0.97	0.95	0.96	0.95	1.02	0.99	0.95
Maximum yield (%) - EHM	1.01	0.99	0.99	0.97	1.06	1.03	1.01
Minimum yield (%) - EHM	0.94	0.92	0.93	0.90	1.01	0.93	0.91
Average yield (%) - EHM	0.98	0.96	0.97	0.96	1.03	1.00	0.96
Average selling price (%)	99.7554	99.7604	99.7579	99.7604	99.0570	99.1223	99.0486
Amount offered for sale (HUF million)	30,000.00	35,000.00	35,000.00	35,000.00	30,000.00	30,000.00	25,000.00
Amount of bids submitted (HUF million)	54,285.00	55,952.19	48,750.00	96,352.00	47,686.29	37,900.00	45,400.00
Amount of bids accepted (HUF million)	29,999.94	34,999.96	34,999.96	39,999.96	29,999.97	24,000.00	24,999.95
Bid-to-cover ratio	1.81	1.6	1.39	2.16	1.59	1.58	1.82
Bids submitted (pcs)	45	73	64	77	62	60	57
Bids accepted (pcs)	29	55	43	48	51	49	38
Market sales* (HUF million)	29,999.94	34,999.96	34,999.96	39,999.96	29,999.97	24,000.00	24,999.95
Retained on ÁKK's own account	15,000.06	17,500.04	17,500.04	12,000.04	30,000.03	7,200.00	25,000.05
Total amount issued (HUF million)	45,000.00	52,500.00	52,500.00	52,000.00	60,000.00	31,200.00	50,000.00

*Without issuance onto ÁKK's own account

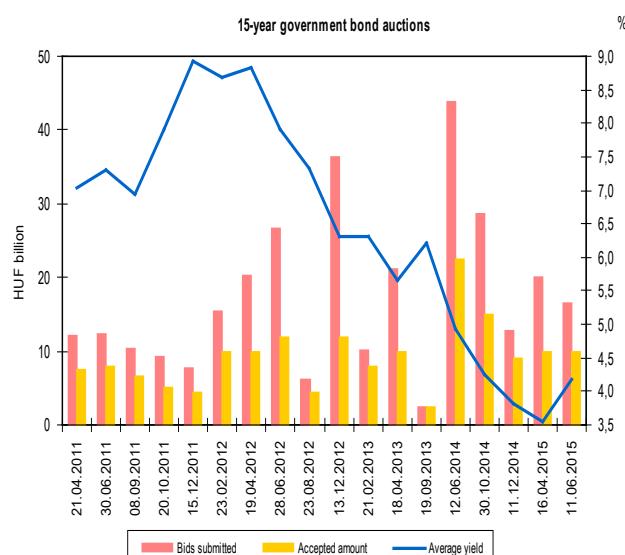
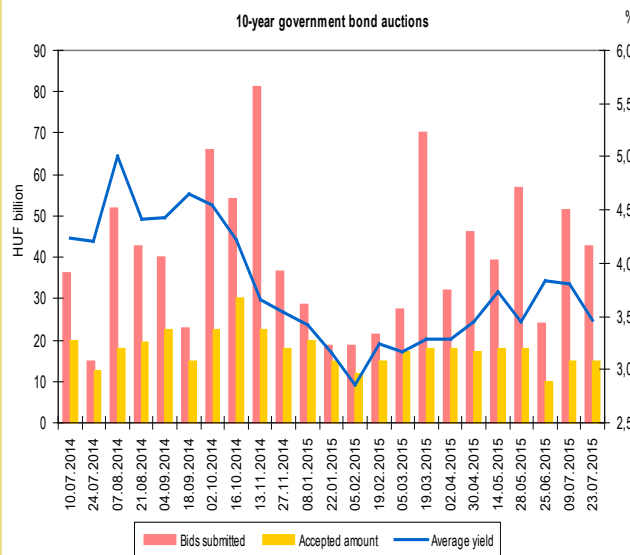
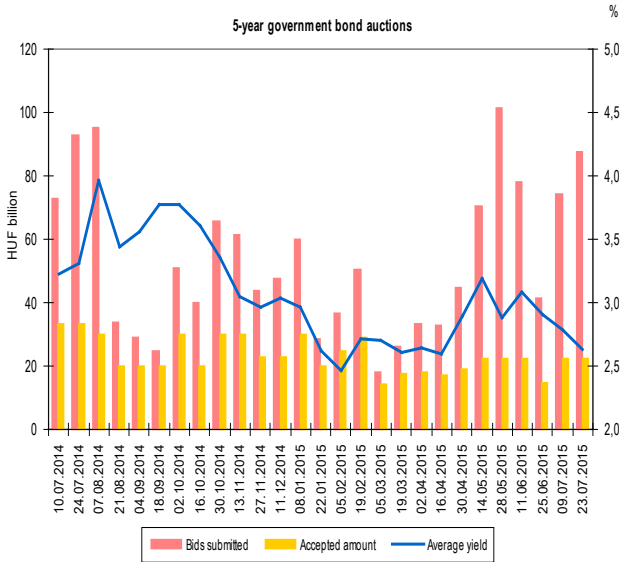
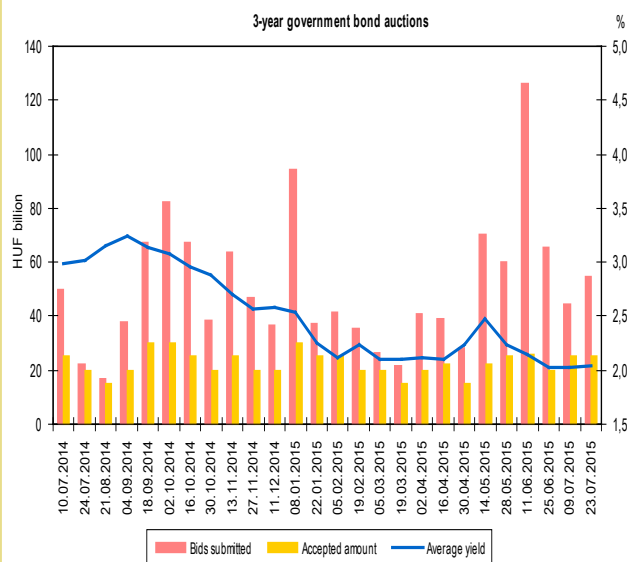


■ GOVERNMENT SECURITIES MARKET ■

GOVERNMENT BOND AUCTION RESULTS

Government Bond	2021/A	2018/C	2020/B	2025/B	2018/D	2018/C	2020/B	2025/B	2021/A
ISIN code	HU0000402995	HU0000402979	HU0000402953	HU0000402748	HU0000402979	HU0000402979	HU0000402953	HU0000402748	HU0000402995
Maturity (in years)	5	3	5	10	3	3	5	10	5
Coupon (%)	2.02%	2.50%	3.50%	5.50%	1.82%	2.50%	3.50%	5.50%	2.02%
Auction	6. auction	14. auction	21. auction	34. auction	8. auction	15. auction	22. auction	35. auction	7. auction
Date of auction	02.07.2015	09.07.2015	09.07.2015	09.07.2015	16.07.2015	23.07.2015	23.07.2015	23.07.2015	30.07.2015
Date of financial settlement	08.07.2015	15.07.2015	15.07.2015	15.07.2015	22.07.2015	29.07.2015	29.07.2015	29.07.2015	05.08.2015
Redemption date	23.06.2021	22.06.2018	24.06.2020	24.06.2025	24.10.2018	22.06.2018	24.06.2020	24.06.2025	23.06.2021
Maximum annual yield (%) - ISMA		2.05	2.80	3.82		2.07	2.65	3.47	
Minimum annual yield (%) - ISMA		1.99	2.78	3.78		2.02	2.62	3.45	
Average annual yield (%) - ISMA		2.02	2.79	3.80		2.04	2.63	3.46	
Maximum annual yield (%) - EHM		2.05	2.80	3.82		2.07	2.65	3.47	
Minimum annual yield (%) - EHM		1.99	2.78	3.78		2.02	2.62	3.45	
Average annual yield (%) - EHM		2.02	2.79	3.80		2.04	2.63	3.46	
Maximum price (%)	98.3500	101.4397	103.2801	114.0324	99.3800	101.3362	103.9973	116.9465	98.2500
Minimum price (%)	98.2000	101.2686	103.1871	113.6786	99.2800	101.1956	103.8575	116.7642	97.9900
Average price (%)	98.3000	101.3517	103.2347	113.8497	99.3100	101.2695	103.9419	116.8287	98.1400
Amount offered for sale (HUF million)	10,000.00	20,000.00	15,000.00	10,000.00	10,000.00	20,000.00	15,000.00	10,000.00	8,000.00
Amount of bids submitted (HUF million)	15,800.00	44,300.00	74,500.00	51,300.00	11,500.00	54,700.00	87,800.00	42,830.00	8,100.00
Amount of bids accepted (HUF million)	10,000.00	24,999.98	22,499.98	14,999.95	7,500.00	24,999.94	22,500.00	14,999.97	6,000.00
Bid-to-cover ratio	1.58	1.77	3.31	3.42	1.53	2.19	3.90	2.86	1.35
Bids submitted (pcs)	18	29	55	53	24	47	59	59	19
Bids accepted (pcs)	17	19	12	28	17	33	22	23	17
Tail (average price - minimum price)	0.10	0.08	0.05	0.17	0.03	0.07	0.08	0.06	0.15
Market sales* (HUF million)	10,000.00	24,999.98	22,499.98	14,999.95	7,500.00	24,999.94	22,500.00	14,999.97	6,000.00
Non-competitive offer (HUF million)	10,000.00	5,000.02	9,000.02	6,000.05	0.00	10,000.06	9,000.00	6,000.03	0.00
Total amount issued (HUF million)	20,000.00	30,000.00	31,500.00	21,000.00	7,500.00	35,000.00	31,500.00	21,000.00	6,000.00

*Without issuance onto ÁKK's own account



■ GOVERNMENT SECURITIES MARKET ■

GOVERNMENT SECURITIES BUY-BACK AUCTION RESULTS

Government bond	2016/C	2016/D	2016/C	2016/D
ISIN code	HU0000402318	HU0000402623	HU0000402318	HU0000402623
Coupon (%)	5.50	5.50	5.50	5.50
Date of reverse auction	08.07.2015	08.07.2015	22.07.2015	22.07.2015
Date of financial settlement	15.07.2015	15.07.2015	29.07.2015	29.07.2015
Redemption date	12.02.2016	22.12.2016	12.02.2016	22.12.2016
Minimum annual yield (%)	0.95	0.95	0.86	0.90
Average annual yield - ISMA (%)	0.95	0.95	0.90	0.90
Average annual yield - EHM (%)	0.95	0.95	0.90	0.90
Amount of bids submitted (HUF million)	5,136.18	5,530.39	11,820.87	4,579.80
Amount of bids accepted (HUF million)	3,000.75	663.09	11,444.55	1,579.80

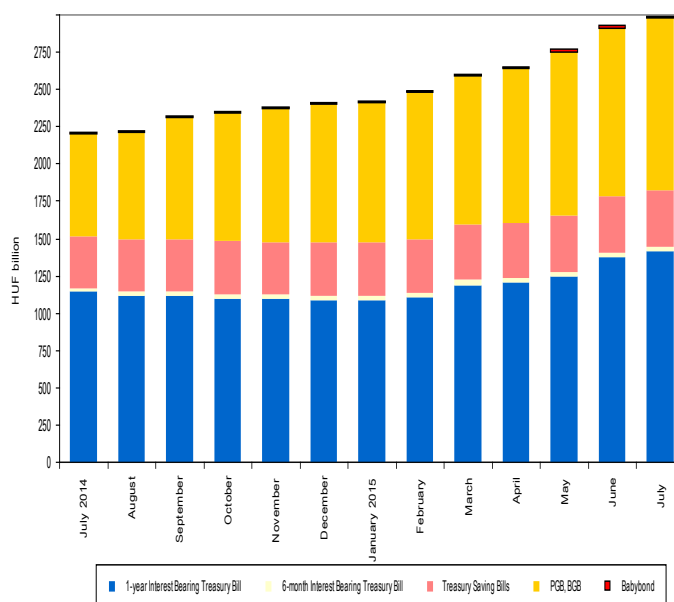
INTEREST RATE RESETS OF FLOATING RATE GOVERNMENT BONDS IN JULY 2015

Government Bond	Date of interest rate reset	Interest period	Date of interest payment	Reset interest rate (%)	Interest payable (%)
2018/J	02.07.2015	05.07.2015	05.07.2016	3.00	3.00
2020/P	20.07.2015	22.07.2015	22.07.2016	3.58	3.64
2018/P	21.07.2015	23.07.2015	23.07.2016	2.33	2.37
2020/R	21.07.2015	23.07.2015	25.07.2016	3.08	3.13
2018/D	21.07.2015	24.07.2015	24.10.2015	1.40	0.36

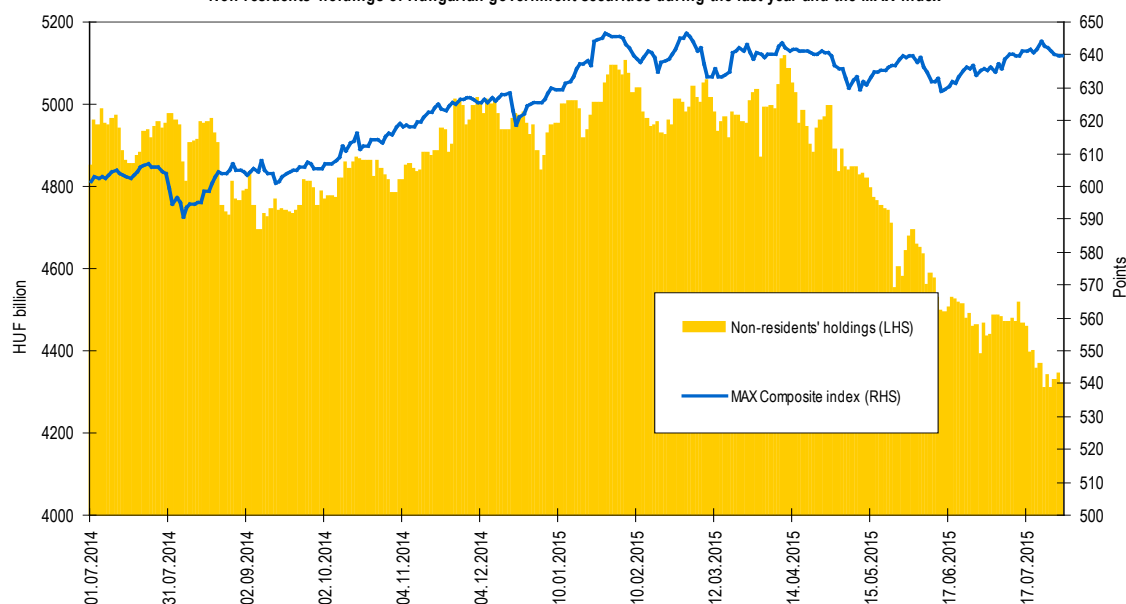
OUTSTANDING AMOUNT OF RETAIL SECURITIES

Retail securities	HUF billion		Change
	31.12.2014	31.07.2015	HUF billion
1-year Interest Bearing T-bill	1,089.0	1,410.5	321.5
6-month Interest Bearing T-bill	28.8	33.1	4.3
Treasury Saving Bills	355.1	381.7	26.6
PGB, BGB	927.8	1,151.4	223.6
Babybond	10.3	14.8	4.5
Total	2,411.0	2,991.5	580.4

Outstanding amount of retail securities during the last year



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



■ GOVERNMENT SECURITIES MARKET ■

HUNGARIAN GOVERNMENT SECURITIES INDICES

	MAX index	RMAX index	MAX Composite index	ZMAX index
Value as at 31 July 2015	666.8811	542.1156	639.6558	529.0259
Changes compared to the end of the month before	4.9504	0.8595	4.4166	0.6523
Annual yield earned on the index portfolio	7.35%	2.10%	6.72%	1.64%

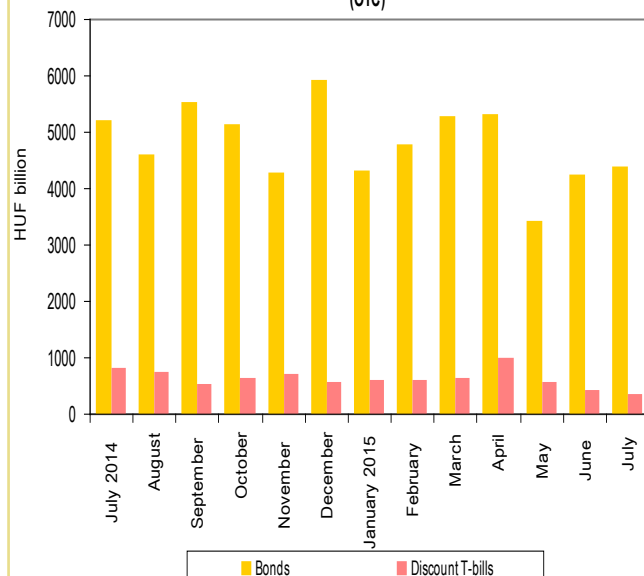
Government securities with the highest secondary market turnover in July 2015

Government security	Date of redemption	Turnover (HUF billion)
2022/A	24.06.2022	1,359.0
2025/B	24.06.2025	1,007.7
2019/A	24.06.2019	800.1
2023/A	24.11.2023	683.0
2018/B	25.04.2018	641.2
2020/B	24.06.2020	634.6
2020/A	12.11.2020	627.4
2017/A	24.11.2017	435.3
2017/B	24.02.2017	372.7
2024/B	26.06.2024	260.6

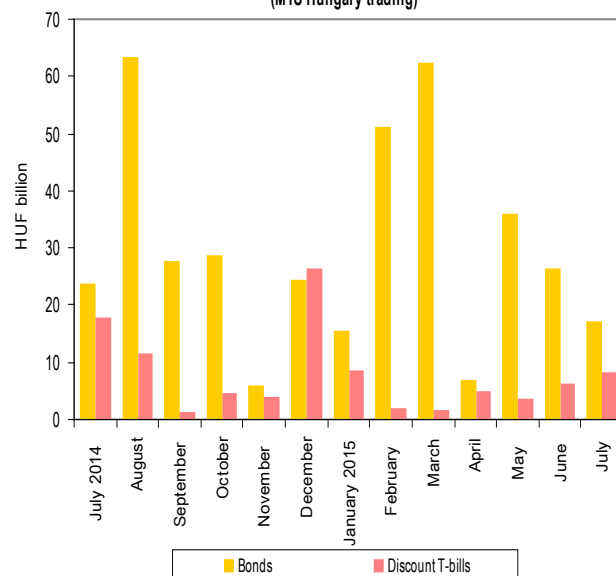
The outstanding volume of government bonds with benchmark status at the end of July 2015

Government bond	HUF billion	
	30.06.2015	31.07.2015
2018/C	317.61	404.11
2020/B	519.20	601.61
2025/B	680.63	733.01
2031/A	24.52	24.59

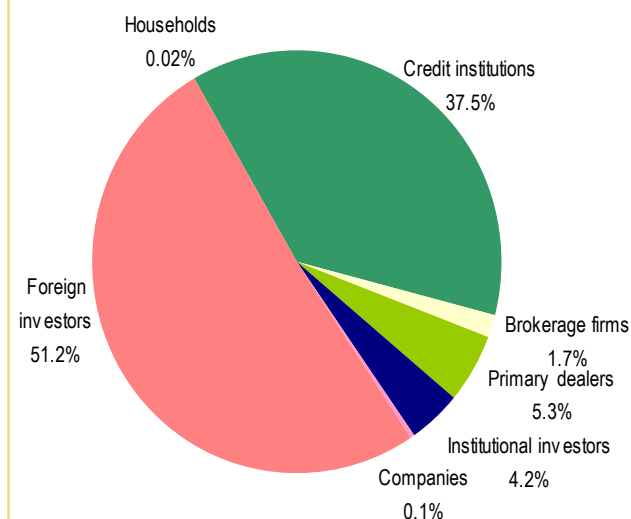
Secondary market trading of Hungarian government securities (OTC)



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



Breakdown of primary dealers' secondary market turnover in government bonds by investor groups in July 2015



Breakdown of primary dealers' secondary market turnover in Discount Treasury Bills by investor groups in July 2015

