

MONTHLY REPORT SEPTEMBER 2015

The net issuance was HUF 771.1 billion; out of which net HUF-denominated issuance was HUF 1,355.8 billion and net foreign currency denominated issuance was HUF -584.8 billion in 2015.

HUF billion	2014		2015		Change	
	December	%	September	%	HUF billion	%
HUF denominated debt	14,612.0	61.2	15,967.9	63.7	1,355.8	9.3
Loans	623.3	2.6	661.2	2.6	37.9	6.1
Government bonds	9,989.0	41.8	10,766.3	43.0	777.3	7.8
Retail securities	2,411.1	10.1	3,153.9	12.6	742.8	30.8
Discount treasury bills	1,588.6	6.7	1,386.5	5.5	-202.1	-12.7
Foreign exchange denominated debt	8,957.9	37.5	8,336.2	33.3	-621.7	-6.9
Total	23,569.9	98.7	24,304.1	97.0	734.1	3.1
Other obligations	311.2	1.3	750.6	3.0	439.4	141.2
Total central government debt	23,881.1	100.0	25,054.6	100.0	1,173.5	4.9

The HUF denominated debt of the central government increased by HUF 1,355.8 billion in 2015. The increase in domestic debt was the result of net government bond issuance of HUF 779.8 billion, the amount of discount Treasury bills decreased by HUF 202.1 billion and the total amount of retail government securities increased by HUF 742.8 billion. The volume of HUF loans increased by HUF 37.9 billion in 2015.

The foreign currency debt of the central government decreased by HUF 621.7 billion in 2015. The domestic P€MAK and residence bond issuance was HUF 159.6 billion, the debt assumptions was HUF 1.1 billion, while the redemptions of foreign currency debt worth HUF 745.5 billion decreased the debt. The exchange rate revaluations totalling HUF 36.9 billion decreased the Hungarian Forint value of the foreign currency debt in September. The total amount of other liabilities increased by HUF 439.4 billion in 2015.

Benchmark yields

Maturity	30.12.2014.	31.08.2015.	30.09.2015.	Change in September, basis points
3-month	1.43	0.72	0.39	-33
6-month	1.54	0.68	0.38	-30
1-year	1.80	0.70	0.43	-27
3-year	2.72	2.06	1.55	-51
5-year	3.15	2.66	2.33	-33
10-year	3.60	3.64	3.28	-36
15-year	3.83	3.89	3.76	-13

Monthly OTC turnover of government securities decreased in September and reached HUF 4,772.4 billion. Primary dealers, who account for the decisive part of all secondary government securities trading, made 55% of their secondary government securities deals with non-resident investors.

The volume of non-residents' holdings of Hungarian government securities decreased altogether by HUF 112.3 billion in September and amounted to HUF 4,068.7 billion at the end of the month. This volume represented 26.6% of the total amount of domestic government securities.

The EUR/HUF exchange rate according to the National Bank of Hungary was 313.32 on the last working day of September.

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

■ GOVERNMENT SECURITIES MARKET ■

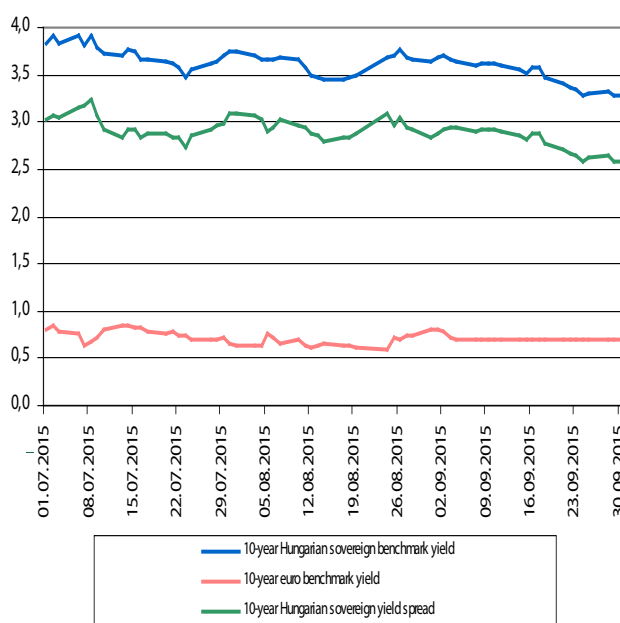
CENTRAL GOVERNMENT GROSS DEBT

HUF BILLION

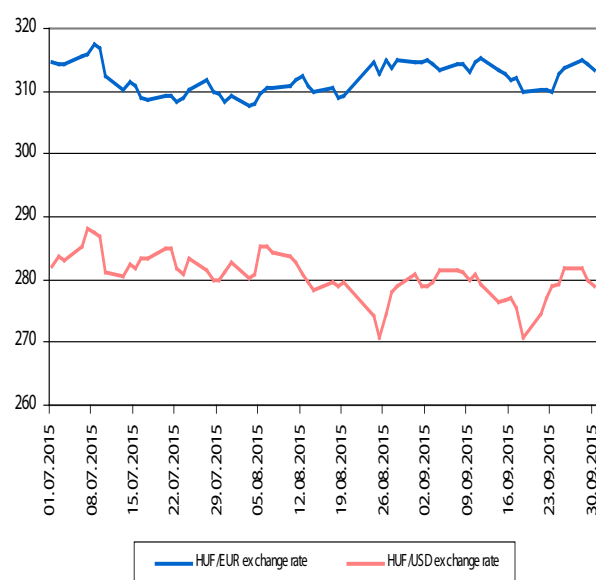
	2010	2011	2012	2013	2014	July 2015	August 2015	September 2015
1. Forint denominated debt	10,978.2	10,362.2	12,042.4	12,976.4	14,612.0	15,685.6	15,689.5	15,968.0
1.1. Loans	540.8	590.8	566.8	603.6	623.3	749.3	703.2	661.2
1.2. Government securities	10,437.4	9,771.4	11,475.6	12,372.8	13,988.7	14,936.3	14,986.3	15,306.9
1.2.1. Public issues	10,019.6	9,378.1	11,077.1	12,182.3	13,847.7	14,796.9	14,847.0	15,168.4
1.2.1.1. Bonds	7,965.8	7,353.4	8,184.1	8,588.8	9,848.0	10,446.0	10,362.8	10,627.9
1.2.1.2. Discount T-bills	1,618.2	1,540.9	1,906.5	1,904.9	1,588.6	1,359.4	1,379.0	1,386.5
1.2.1.3. Retail securities	435.7	473.8	986.6	1,688.5	2,411.1	2,991.5	3,105.2	3,154.0
1.2.2. Private placements	417.8	403.2	398.5	190.5	141.0	139.3	139.3	138.5
2. Foreign currency denominated debt*	8,842.8	10,170.4	8,326.6	8,904.9	8,957.9	8,529.8	8,616.7	8,336.2
2.1. Loans	4,292.8	4,458.1	3,312.5	2,735.6	2,164.3	2,108.0	2,071.4	1,803.3
2.1.1. Foreign loans	4,292.8	4,361.9	3,229.0	2,400.2	1,889.9	1,842.7	1,867.0	1,711.1
2.1.2. Domestic loans	0.0	96.2	83.5	335.4	274.4	265.3	204.4	92.2
2.2. Government securities	4,550.0	5,712.3	5,014.1	6,169.3	6,793.6	6,421.8	6,545.4	6,532.8
2.2.1. Issued abroad	4,550.0	5,712.3	4,924.2	5,736.9	5,844.6	5,353.0	5,446.3	5,426.0
2.2.2. Issued domestically	0.0	0.0	89.9	432.5	948.9	1,068.8	1,099.1	1,106.8
Total	19,821.0	20,532.6	20,369.0	21,881.4	23,569.9	24,215.4	24,306.2	24,304.2
Other liabilities	220.01	422.9	351.1	117.3	311.2	781.3	715.4	750.6
Total central government debt	20,041.0	20,955.5	20,720.1	21,998.6	23,881.1	24,996.7	25,021.7	25,054.7
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	11,944.7	11,881.1	12,152.9
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.

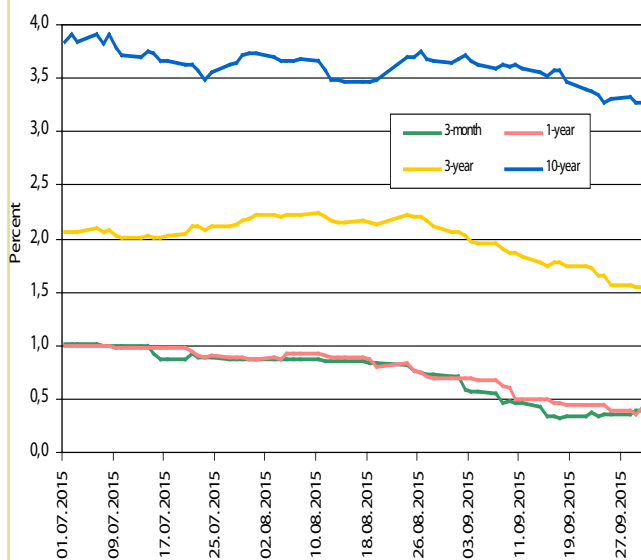
% 10-year Hungarian and eurozone benchmark yields during the last three months



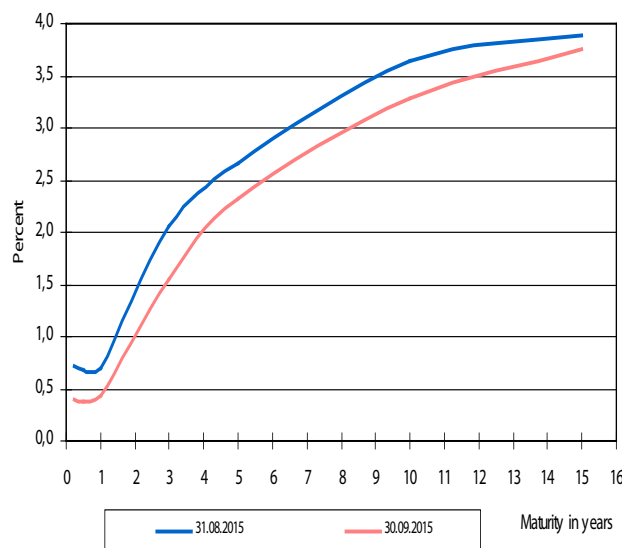
The exchange rate of the Hungarian Forint during the last three months



Benchmark yields in the past three months



Benchmark yield curves

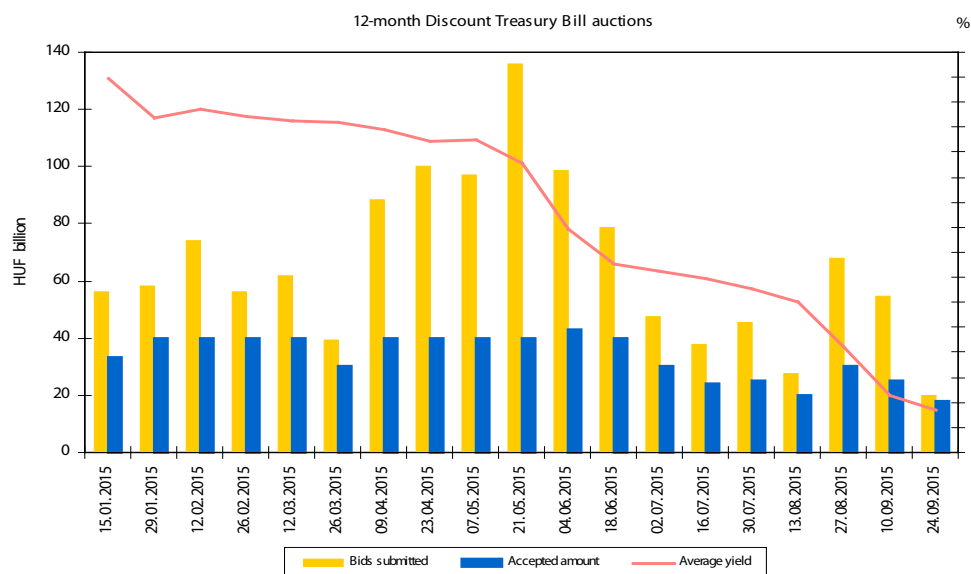
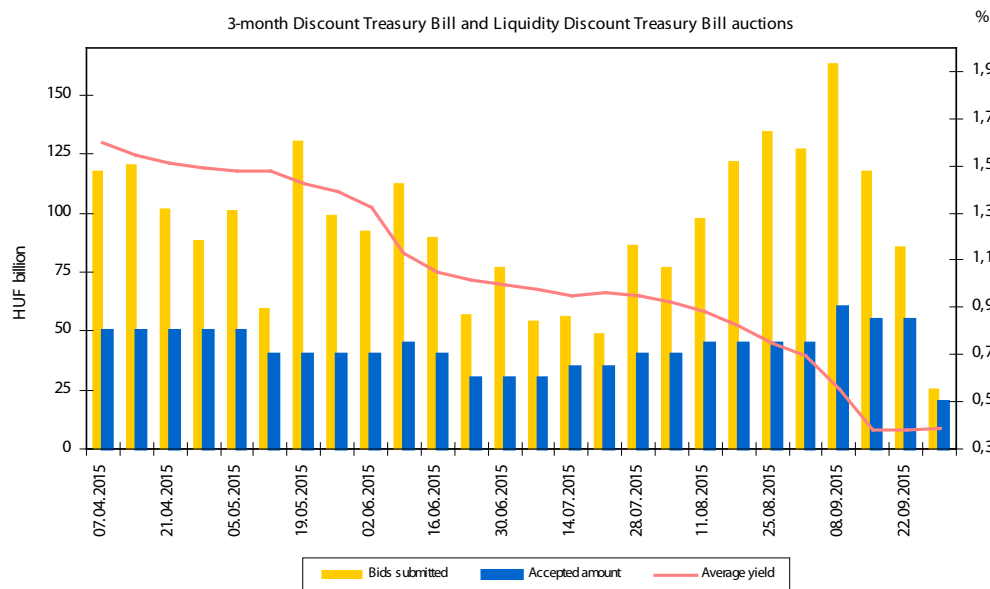


■ GOVERNMENT SECURITIES MARKET ■

DISCOUNT TREASURY BILL AUCTION RESULTS

	3-month Discount T-bills					12-month Discount T-bills	
Code of T-bills	D151209	D151216	D151223	D151230	D160106	D1600803	D160928
ISIN code	HU0000520671	HU0000520689	HU0000520317	HU0000520697	HU0000520713	HU0000520630	HU0000520705
Maturity in days	91	91	91	91	91	322	364
Date of auction	01.09.2015	08.09.2015	15.09.2015	22.09.2015	29.09.2015	10.09.2015	24.09.2015
Date of financial settlement	09.09.2015	16.09.2015	23.09.2015	30.09.2015	07.10.2015	16.09.2015	30.09.2015
Redemption date	09.12.2015	16.12.2015	23.12.2015	30.12.2015	06.01.2016	03.08.2016	28.09.2016
Maximum yield (%) - ISMA	0.70	0.58	0.43	0.40	0.44	0.55	0.50
Minimum yield (%) - ISMA	0.65	0.52	0.32	0.35	0.25	0.49	0.39
Average yield (%) - ISMA	0.70	0.56	0.38	0.38	0.39	0.53	0.47
Maximum yield (%) - EHM	0.71	0.59	0.44	0.41	0.45	0.56	0.51
Minimum yield (%) - EHM	0.66	0.53	0.32	0.35	0.25	0.50	0.40
Average yield (%) - EHM	0.71	0.57	0.39	0.39	0.40	0.54	0.48
Average selling price (%)	99.8234	99.8586	99.9040	99.9040	99.9015	99.5282	99.5270
Amount offered for sale (HUF million)	35,000.00	45,000.00	45,000.00	45,000.00	20,000.00	25,000.00	20,000.00
Amount of bids submitted (HUF million)	126,900.00	163,560.44	117,925.00	85,515.00	25,250.00	54,505.00	19,980.00
Amount of bids accepted (HUF million)	44,999.98	59,999.96	54,999.99	54,999.97	20,000.00	25,000.00	17,999.98
Bid-to-cover ratio	2.82	2.73	2.14	1.55	1.26	2.18	1.11
Bids submitted (pcs)	57	98	89	46	28	61	41
Bids accepted (pcs)	19	51	56	25	26	38	32
Market sales* (HUF million)	44,999.98	59,999.96	54,999.99	54,999.97	20,000.00	25,000.00	17,999.98
Retained on ÁKK's own account	13,500.02	18,000.04	16,500.01	16,500.03	10,000.00	7,500.00	18,000.02
Total amount issued (HUF million)	58,500.00	78,000.00	71,500.00	71,500.00	30,000.00	32,500.00	36,000.00

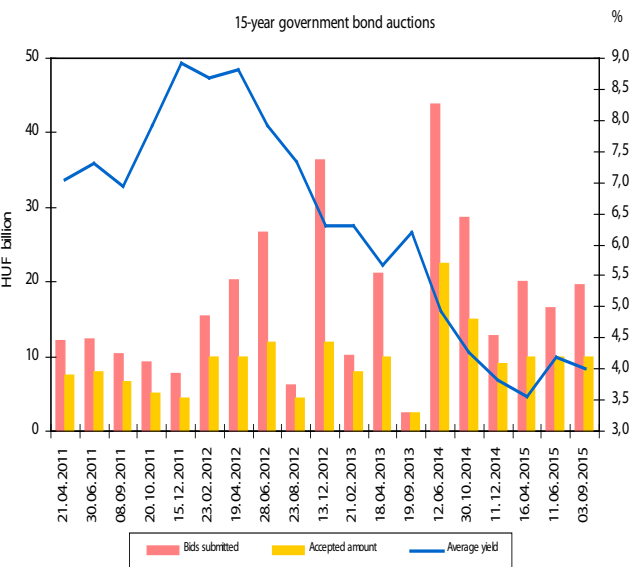
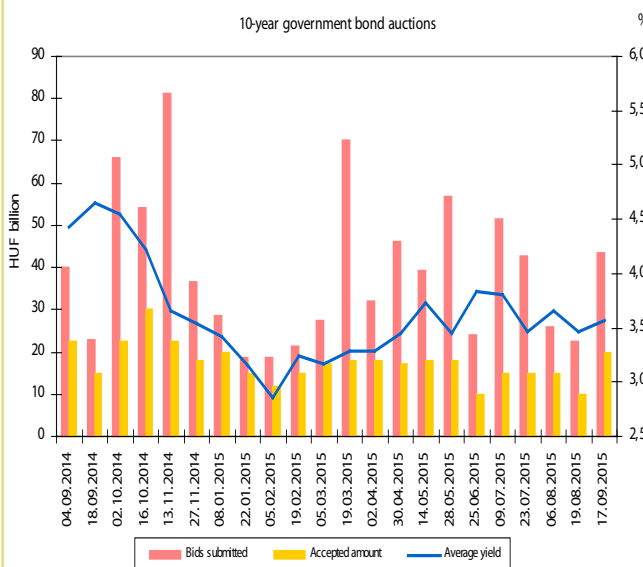
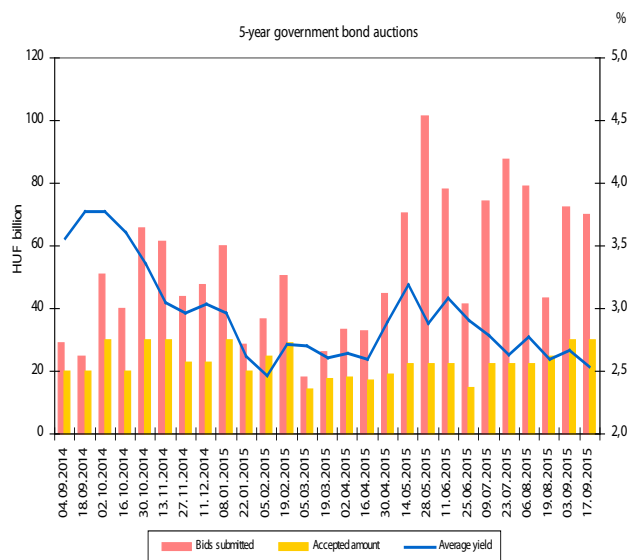
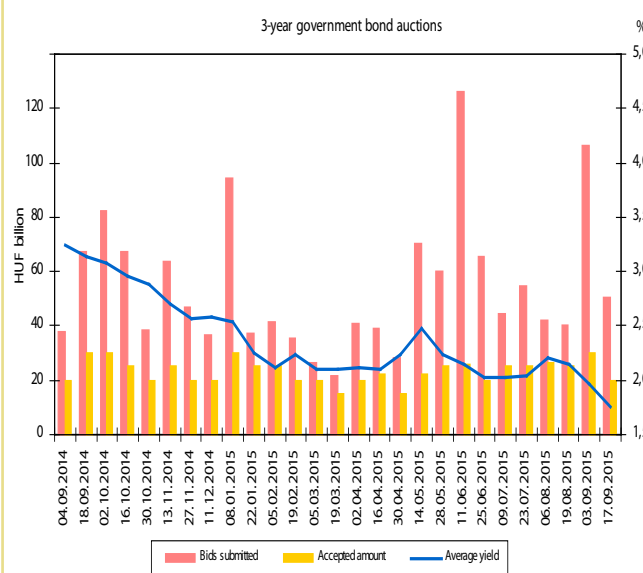
*Without issuance onto ÁKK's own account



■ GOVERNMENT SECURITIES MARKET ■

GOVERNMENT BOND AUCTION RESULTS

Government Bond	2018/C	2020/B	2031/A	2018/D	2018/C	2020/B	2025/B	2021/A
ISIN code	HU0000402979	HU0000402953	HU0000403001	HU0000402987	HU0000402979	HU0000402953	HU0000402748	HU0000402995
Maturity (in years)	3	5	15	3	3	5	10	5
Coupon (%)	2.50%	3.50%	3.25%	1.40%	2.50%	3.50%	5.50%	1.5%
Auction	18th auction	25th auction	3rd auction	10th auction	19th auction	26th auction	38th auction	9th auction
Date of auction	03.09.2015	03.09.2015	03.09.2015	10.09.2015	17.09.2015	17.09.2015	17.09.2015	24.09.2015
Date of financial settlement	09.09.2015	09.09.2015	09.09.2015	16.09.2015	23.09.2015	23.09.2015	23.09.2015	30.09.2015
Redemption date	22.06.2018	24.06.2020	22.10.2031	24.10.2018	22.06.2018	24.06.2020	24.06.2025	23.06.2021
Maximum annual yield (%) - ISMA	1.98	2.68	4.03		1.77	2.56	3.58	
Minimum annual yield (%) - ISMA	1.95	2.65	3.97		1.73	2.52	3.55	
Average annual yield (%) - ISMA	1.97	2.67	4.01		1.75	2.54	3.57	
Maximum annual yield (%) - EHM	1.98	2.68	4.03		1.77	2.56	3.58	
Minimum annual yield (%) - EHM	1.95	2.65	3.97		1.73	2.52	3.55	
Average annual yield (%) - EHM	1.97	2.66	4.00		1.74	2.54	3.57	
Maximum price (%)	101.4724	103.7691	91.5486	99.7500	102.0437	104.3290	115.8211	98.9100
Minimum price (%)	101.3911	103.6327	90.8849	99.6500	101.9358	104.1473	115.5543	98.8400
Average price (%)	101.4152	103.6936	91.1494	99.7000	101.9998	104.2317	115.6518	98.8700
Amount offered for sale (HUF million)	20,000.00	20,000.00	10,000.00	8,000.00	20,000.00	20,000.00	15,000.00	10,000.00
Amount of bids submitted (HUF million)	106,300.00	72,150.00	19,511.44	58,200.00	50,650.00	69,800.00	43,300.00	47,780.00
Amount of bids accepted (HUF million)	29,999.95	29,999.97	9,999.98	12,000.00	19,999.99	29,999.97	19,999.95	14,999.99
Bid-to-cover ratio	3.54	2.41	1.95	4.85	2.53	2.33	2.17	3.19
Bids submitted (pcs)	89	76	51	112	47	58	54	109
Bids accepted (pcs)	31	20	38	21	25	25	25	20
Tail (average price - minimum price)	0.02	0.06	0.26	0.05	0.06	0.08	0.10	0.03
Market sales (HUF million)	29,999.95	29,999.97	9,999.98	12,000.00	19,999.99	29,999.97	19,999.95	14,999.99
Non-competitive offer (HUF million)	12,000.05	12,000.03	10,000.02	0.00	8,000.01	12,000.03	8,000.05	6,000.01
Total amount sales (HUF million)	42,000.00	42,000.00	20,000.00	12,000.00	28,000.00	42,000.00	28,000.00	21,000.00



■ GOVERNMENT SECURITIES MARKET ■

GOVERNMENT SECURITIES BUY-BACK AUCTION RESULTS

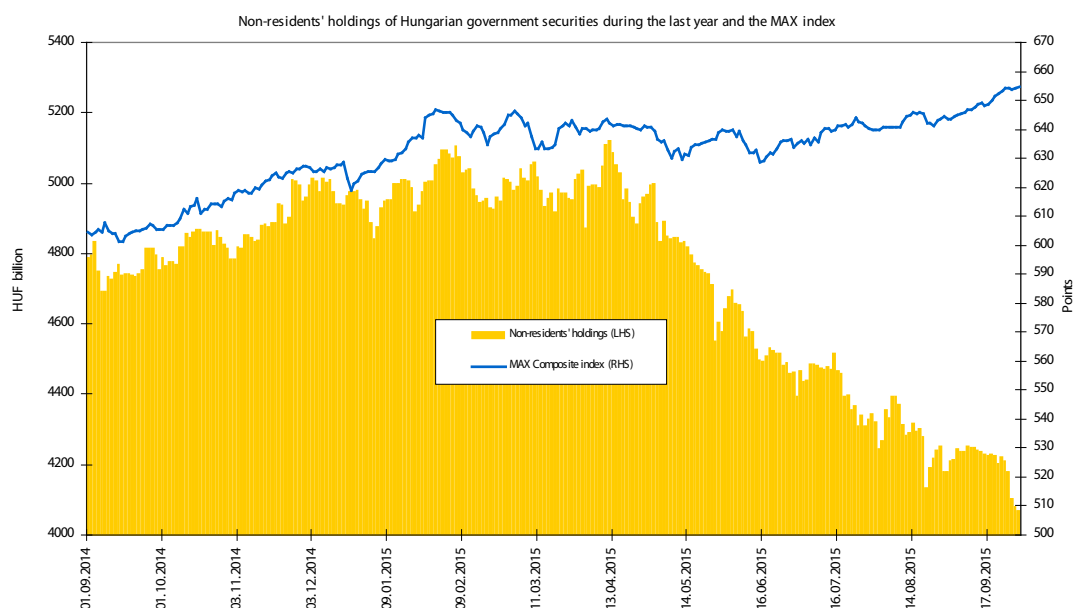
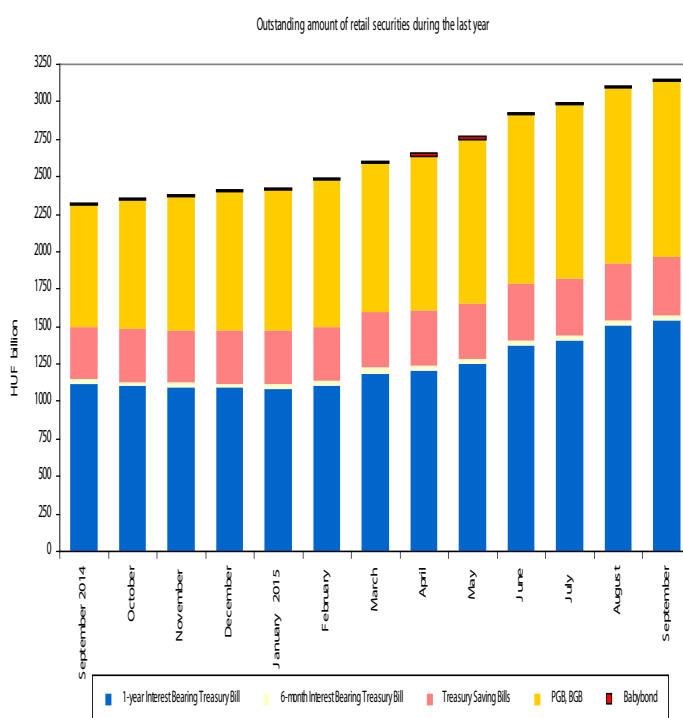
Government bond	2016/C	2016/D	2016/C	2016/D
ISIN code	HU0000402318	HU0000402623	HU0000402318	HU0000402623
Coupon (%)	5.50	5.50	5.50	5.50
Date of reverse auction	02.09.2015	02.09.2015	30.09.2015	30.09.2015
Date of financial settlement	09.09.2015	09.09.2015	07.10.2015	07.10.2015
Redemption date	12.02.2016	22.12.2016	12.02.2016	22.12.2016
Minimum annual yield (%)	0.72	0.73	0.29	0.25
Average annual yield - ISMA (%)	0.72	0.73	0.30	0.25
Average annual yield - EHM (%)	0.72	0.73	0.30	0.25
Amount of bids submitted (HUF million)	2,698.82	10,961.51	12,200.62	5,033.27
Amount of bids accepted (HUF million)	2,322.50	10,961.51	2,000.00	2,274.43

INTEREST RATE RESETS OF FLOATING RATE GOVERNMENT BONDS IN SEPTEMBER 2015

Government Bond	Date of interest rate reset	Interest period	Date of interest payment	Reset interest rate (%)	Interest payable (%)
2017/C	18.09.2015	20.09.2015 - 20.12.2015	21.12.2015	1.36	0.34
2021/A	20.09.2015	23.09.2015 - 23.12.2015	23.12.2015	1.36	0.34

OUTSTANDING AMOUNT OF RETAIL SECURITIES

Retail securities	HUF billion		Change HUF billion
	31.12.2014	30.09.2015	
1-year Interest Bearing T-bill	1,089.0	1,537.5	448.5
6-month Interest Bearing T-bill	28.8	35.1	6.3
Treasury Saving Bills	355.1	389.1	34.0
PGB, BGB	927.8	1,176.4	248.6
Babybond	10.3	15.7	5.4
Total	2,411.0	3,153.8	742.8



■ GOVERNMENT SECURITIES MARKET ■

HUNGARIAN GOVERNMENT SECURITIES INDICES

	MAX index	RMAX index	MAX Composite index	ZMAX index
Value as at 30 September 2015	683.7805	544.3202	654.7391	530.1648
Changes compared to the end of the month before	11.7332	1.3238	10.4631	0.6485
Annual yield earned on the index portfolio	8.88%	2.00%	8.14%	1.55%

Government securities with the highest secondary market turnover in September 2015

Government security	Date of redemption	Turnover (HUF billion)
2019/A	24.06.2019	876.4
2018/B	24.04.2018	800.4
2025/B	24.06.2025	765.2
2022/A	24.06.2022	746.7
2018/C	22.06.2018	618.4
2020/B	24.06.2020	503.6
2024/B	26.06.2024	459.5
2020/A	12.11.2020	346.6
2023/A	24.11.2023	220.1
2017/A	24.11.2017	194.4

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

Government bond	HUF billion	
	31.08.2015	30.09.2015
2018/C	464.71	527.72
2020/B	662.51	741.90
2025/B	759.96	782.48
2031/A	24.59	37.86

