

GOVERNMENT SECURITIES MARKET

MONTHLY REPORT MARCH 2016

The net issuance was HUF 871.2 billion; out of which net HUF-denominated issuance was HUF 1,078.1 billion and net foreign currency denominated redemption was HUF 207.0 billion in 2016.

(HUF billion)	2015		2016		Change	
	December	%	March	%	HUF billion	%
HUF denominated debt	16,207.9	65.6%	17,286.1	67.9%	1,078.1	6.7%
Loans	694.1	2.8%	844.5	3.3%	150.4	21.7%
Government bonds	11,094.9	44.9%	11,031.7	43.3%	-63.2	-0.6%
Retail securities	3,517.4	14.2%	4,066.8	16.0%	549.4	15.6%
Discount treasury bills	901.6	3.7%	1,343.0	5.3%	441.4	49.0%
Foreign exchange denominated debt	7,735.8	31.3%	7,554.5	29.7%	-181.3	-2.3%
Total	23,943.7	96.9%	24,840.6	97.5%	896.8	3.7%
<i>Other obligations</i>	756.0	3.1%	632.4	2.5%	-123.6	-16.3%
Total central government debt	24,699.7	100.0%	25,473.0	100.0%	773.3	3.1%

The HUF denominated debt of the central government increased by HUF 1,078.1 billion in 2016. The increase in domestic debt was the result of net government bond redemption of HUF 53.3 billion, the amount of discount Treasury bills increased by HUF 441.4 billion and the total amount of retail government securities increased by HUF 549.4 billion. The stock of non-marketable government bonds decreased by HUF 9.8 billion. The volume of HUF loans increased by HUF 150.4 billion in 2016.

The foreign currency debt of the central government decreased by HUF 181.3 billion in 2016. The domestic PÉMAK and residence bond issuance was HUF 20.6 billion, while the redemptions of foreign currency debt worth HUF 227.6 billion decreased the debt. The exchange rate revaluations totalling HUF 25.7 billion increased the Hungarian Forint value of the foreign currency debt in March. The total amount of other liabilities decreased by HUF 123.6 billion in 2016.

BENCHMARK YIELDS

Maturity	29.01.2016	29.02.2016	31.03.2016	Change in March basis point
3-month	0.93	0.94	1.00	6
6-month	0.95	0.99	0.99	0
1-year	0.96	1.00	0.99	-1
3-year	1.93	1.87	1.51	-36
5-year	2.44	2.32	2.05	-27
10-year	3.48	3.27	2.94	-33
15-year	3.71	3.56	3.23	-33

Monthly OTC turnover of government securities decreased to HUF 3,885.8 billion in March. Primary dealers, who account for the decisive part of all secondary government securities trading, made 77% of their secondary government securities deals with non-resident investors.

The volume of non-residents' holdings of Hungarian government securities decreased altogether by HUF 70.2 billion in March and amounted to HUF 3,609.8 billion at the end of the month. This volume represented 22.0% of the total amount of domestic government securities.

The EUR/HUF exchange rate according to the National Bank of Hungary was 314.16 on the last working day of March.

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

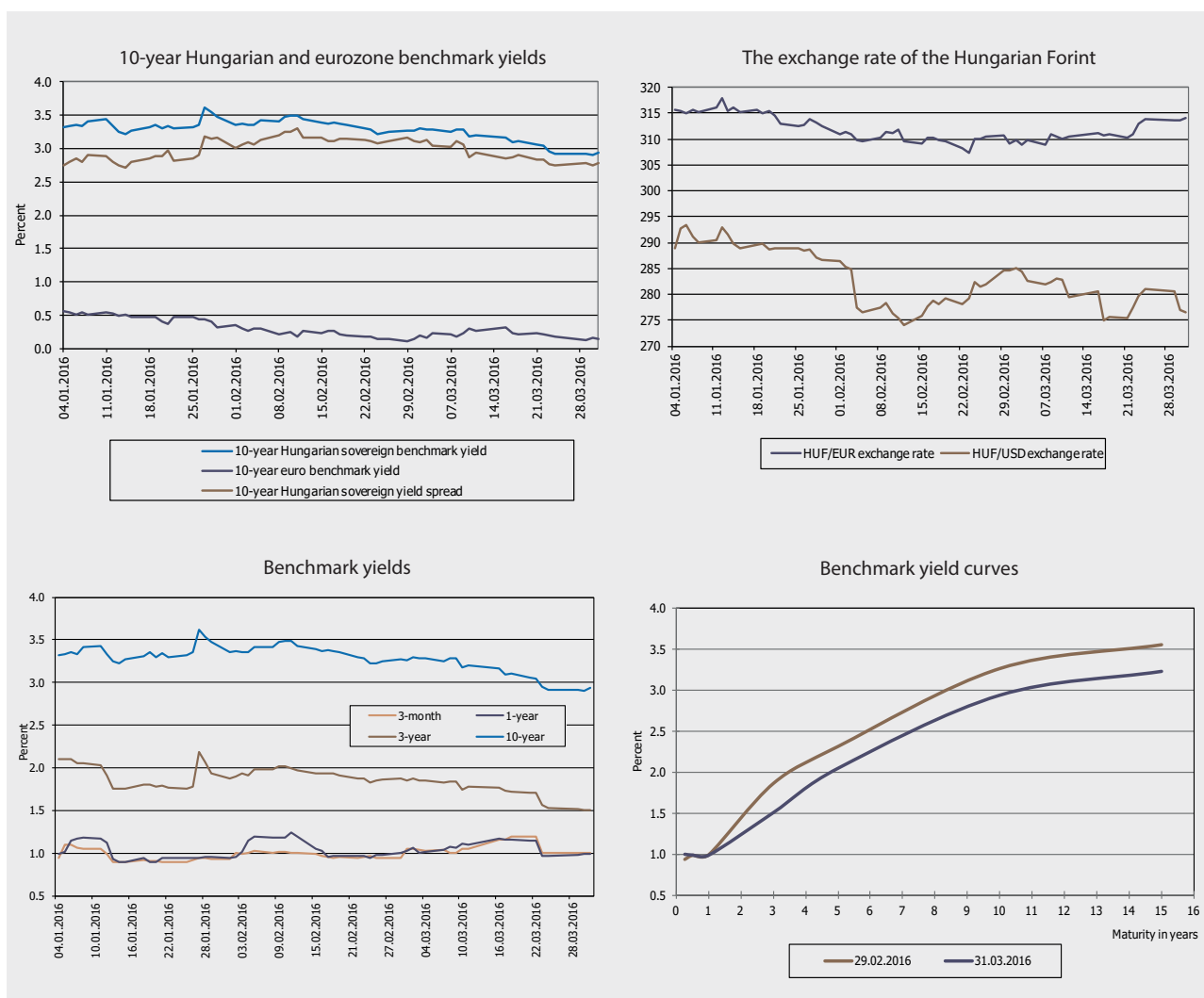
GOVERNMENT SECURITIES MARKET

CENTRAL GOVERNMENT GROSS DEBT

HUF BILLION

	2011	2012	2013	2014	2015	2016 January	2016 February	2016 March
1. Forint denominated debt	10,362.2	12,042.4	12,976.4	14,612.0	16,207.9	16,649.8	16,554.3	17,286.1
1.1. Loans	590.8	566.8	603.6	623.3	694.1	736.6	736.6	844.5
1.2. Government securities	9,771.4	11,475.6	12,372.8	13,988.7	15,513.8	15,913.2	15,817.7	16,441.5
1.2.1. Public issues	9,368.1	11,077.1	12,182.3	13,847.7	15,462.3	15,870.7	15,775.2	16,399.8
1.2.1.1. Bonds	7,353.4	8,184.1	8,588.8	9,848.0	11,043.4	10,959.4	10,667.3	10,990.1
1.2.1.2. Discount T-bills	1,540.9	1,906.5	1,904.9	1,588.6	901.6	1,204.2	1,140.8	1,343.0
1.2.1.3. Retail securities	473.8	986.6	1,688.5	2,411.1	3,517.4	3,707.0	3,967.1	4,066.8
1.2.2. Private placements	403.2	398.5	190.5	141.0	51.5	42.5	42.5	41.7
2. Foreign currency denominated debt*	10,170.4	8,326.6	8,904.9	8,957.9	7,735.8	7,727.1	7,689.7	7,554.5
2.1. Loans	4,458.1	3,312.5	2,735.6	2,164.3	1,696.8	1,692.3	1,682.9	1,698.9
2.1.1. Foreign loans	4,337.9	3,229.0	2,400.2	1,889.9	1,614.2	1,610.0	1,601.4	1,617.9
2.1.2. Domestic loans	0.0	83.5	335.4	274.4	82.6	82.3	81.5	81.0
2.2. Government securities	5,712.3	5,014.1	6,169.3	6,793.6	6,039.0	6,034.9	6,006.8	5,855.6
2.2.1. Issued abroad	5,712.3	4,924.2	5,736.9	5,844.6	5,198.9	5,187.4	5,159.8	4,992.1
2.2.2. Issued domestically	0.0	89.9	432.5	948.9	840.1	847.5	847.1	863.5
Total	20,532.6	20,369.0	21,881.4	23,569.9	23,943.7	24,376.9	24,244.0	24,840.6
Other liabilities	422.89	351.10	117.30	311.20	756.00	803.40	707.10	632.40
Total central government debt	20,955.5	20,720.1	21,998.6	23,881.1	24,699.7	25,180.3	24,951.1	25,473.0
Marketable HUF debt (1.2.1.1+1.2.1.2+1.2.2)	9,297.6	10,489.1	10,684.2	11,577.6	11,996.5	12,206.1	11,850.6	12,374.8
Gross debt/GDP	74.7%	72.6%	73.7%	74.2%	73.3%			

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



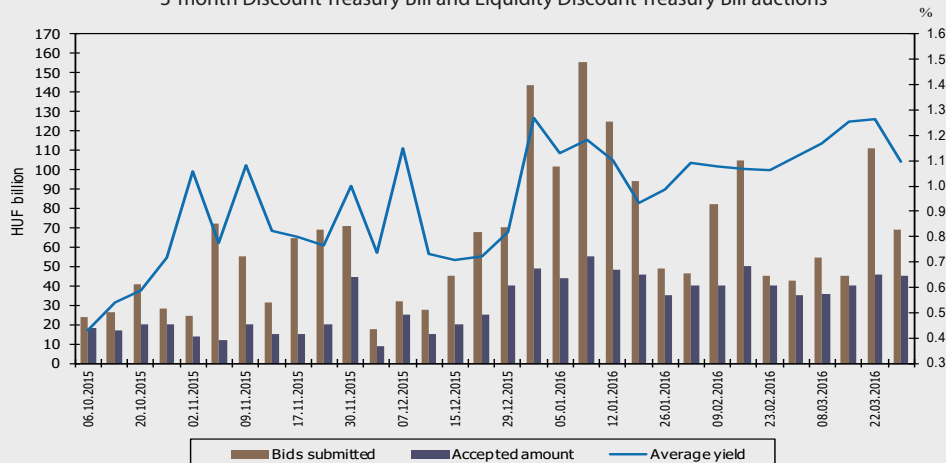
GOVERNMENT SECURITIES MARKET

DISCOUNT TREASURY BILL AUCTION RESULTS

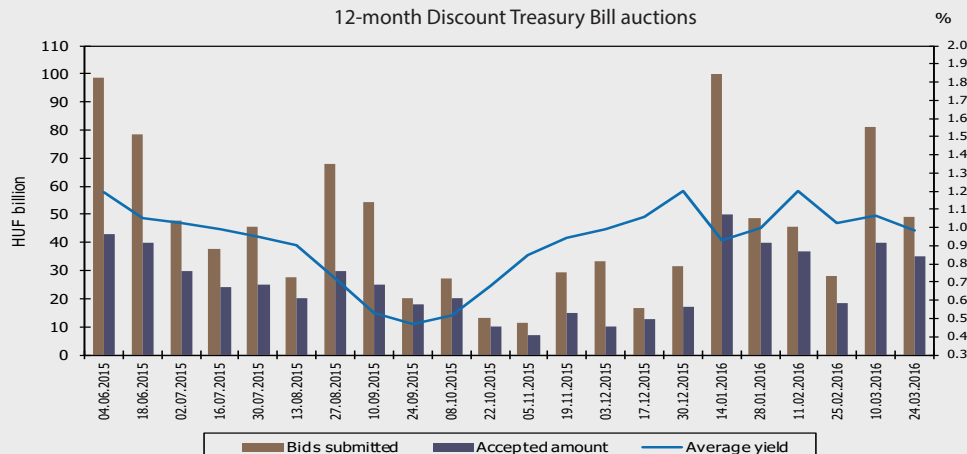
	3-month Discount T-bills					12-month Discount T-bills	
Code of T-bills	D160608	D160615	D160622	D160629	D160706	D170316	D170316
ISIN code	HU0000520580	HU0000520937	HU0000520952	HU0000520960	HU0000520978	HU0000520945	HU0000520945
Maturity in days	91	91	91	91	91	365	351
Date of auction	01.03.2016	08.03.2016	16.03.2016	22.03.2016	29.03.2016	10.03.2016	24.03.2016
Date of financial settlement	09.03.2016	16.03.2016	23.03.2016	30.03.2016	06.04.2016	16.03.2016	30.03.2016
Redemption date	08.06.2016	15.06.2016	22.06.2016	29.06.2016	06.07.2016	16.03.2017	16.03.2017
Maximum yield (%) - ISMA	1.15	1.20	1.30	1.28	1.13	1.10	1.02
Minimum yield (%) - ISMA	1.05	1.10	1.15	1.21	1.00	1.03	0.92
Average yield (%) - ISMA	1.12	1.17	1.26	1.27	1.10	1.07	0.99
Maximum yield (%) - EHM	1.17	1.22	1.32	1.30	1.15	1.12	1.03
Minimum yield (%) - EHM	1.06	1.12	1.17	1.23	1.01	1.04	0.93
Average yield (%) - EHM	1.14	1.19	1.28	1.29	1.12	1.08	1.00
Average selling price (%)	99.7177	99.7051	99.6825	99.6800	99.7227	98.9268	99.0440
Amount offered for sale (HUF million)	40,000.00	40,000.00	40,000.00	40,000.00	40,000.00	40,000.00	40,000.00
Amount of bids submitted (HUF million)	42,800.00	54,340.00	45,327.00	111,015.00	69,110.00	80,900.00	49,300.00
Amount of bids accepted (HUF million)	34,999.96	35,999.97	40,000.00	45,999.95	44,999.95	39,999.97	34,999.95
Bid-to-cover ratio	1.22	1.51	1.13	2.41	1.54	2.02	1.41
Bids submitted (pcs)	65.00	77.00	76.00	128.00	82.00	93.00	110.00
Bids accepted (pcs)	57.00	64.00	67.00	60.00	52.00	39.00	85.00
Market sales* (HUF million)	34,999.96	35,999.97	40,000.00	45,999.95	44,999.95	39,999.97	34,999.95
Retained on ÁKK's own account (HUF mil-	10,500.04	10,800.03	12,000.00	13,800.05	13,500.05	40,000.03	35000.05
Total amount issued (HUF million)	45,500.00	46,800.00	52,000.00	59,800.00	58,500.00	80,000.00	70,000.00

* Without issuance onto ÁKK's own account

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



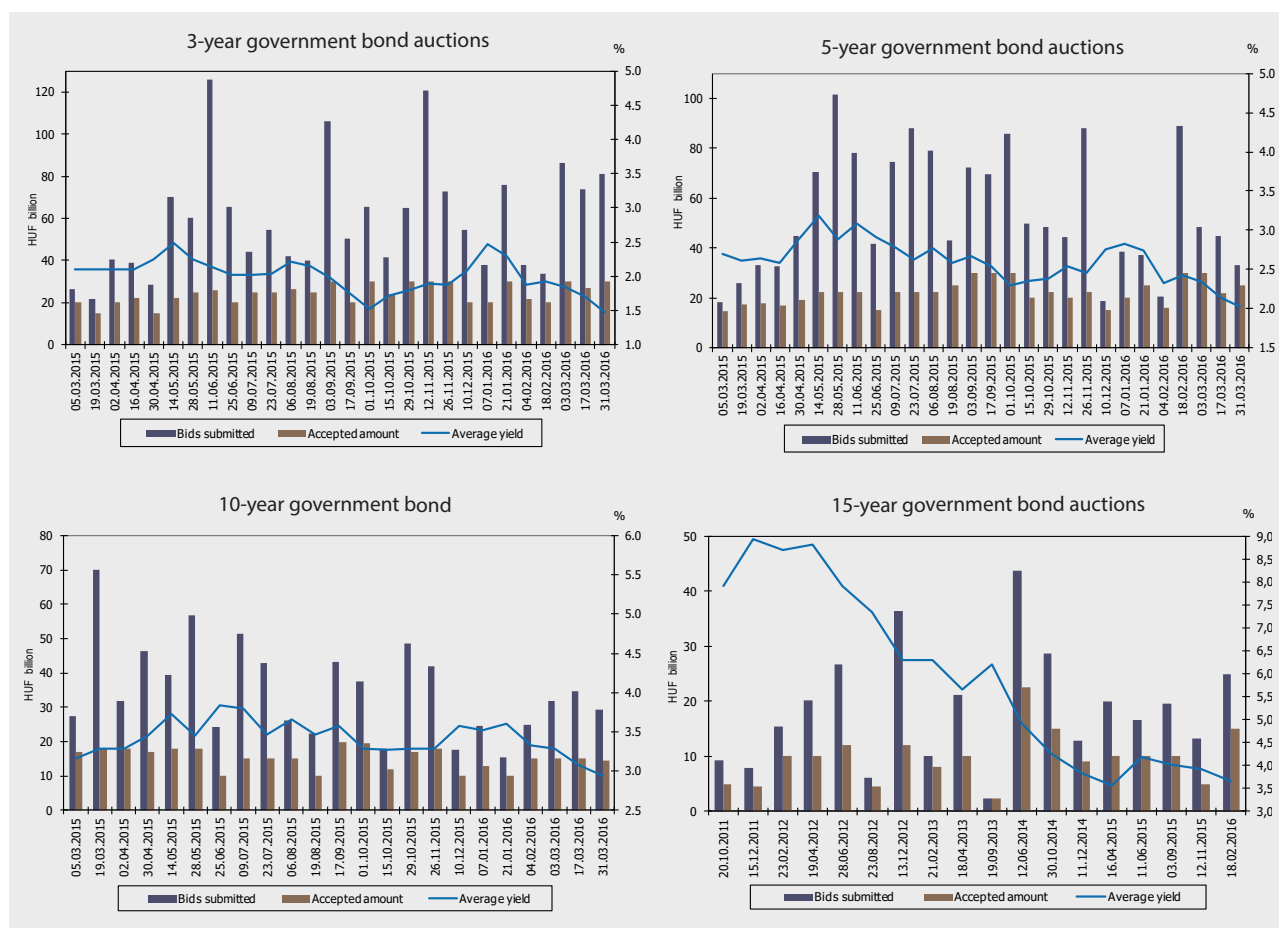
12-month Discount Treasury Bill auctions



GOVERNMENT SECURITIES MARKET

GOVERNMENT BOND AUCTION RESULTS

Government Bond	2019/C	2021/B	2027/A	2019/D	2019/C	2021/B	2027/A	2021/A	2019/C	2021/B	2027/A
ISIN code	HU0000403092	HU0000403100	HU0000403118	HU0000403126	HU0000403092	HU0000403100	HU0000403118	HU0000402995	HU0000403092	HU0000403100	HU0000403118
Maturity (in years)	3	5	10	3	3	5	10	5	3	5	10
Coupon (%)	2.00%	2.50%	3.00%	1.35%	2.00%	2.50%	3.00%	1.34%	2.00%	2.50%	3.00%
Auction	5. auction	5. auction	4. auction	3. auction	6. auction	6. auction	5. auction	14. auction	7. auction	7. auction	6. auction
Date of auction	03.03.2016	03.03.2016	03.03.2016	10.03.2016	17.03.2016	17.03.2016	17.03.2016	24.03.2016	31.03.2016	31.03.2016	31.03.2016
Date of financial settlement	09.03.2016	09.03.2016	09.03.2016	16.03.2016	23.03.2016	23.03.2016	23.03.2016	30.03.2016	06.04.2016	06.04.2016	06.04.2016
Redemption date	30.10.2019	27.10.2021	27.10.2027	28.08.2019	30.10.2019	27.10.2021	27.10.2027	23.06.2021	30.10.2019	27.10.2021	27.10.2027
Maximum annual yield (%) - ISMA	1.86	2.35	3.30		1.71	2.15	3.09		1.49	2.05	2.95
Minimum annual yield (%) - ISMA	1.83	2.32	3.27		1.68	2.09	3.06		1.47	2.00	2.93
Average annual yield (%) - ISMA	1.85	2.34	3.29		1.70	2.14	3.08		1.48	2.03	2.94
Maximum annual yield (%) - EHM	1.86	2.35	3.30		1.71	2.15	3.09		1.49	2.05	2.95
Minimum annual yield (%) - EHM	1.83	2.32	3.27		1.68	2.09	3.06		1.47	2.00	2.93
Average annual yield (%) - EHM	1.85	2.34	3.29		1.70	2.14	3.08		1.48	2.03	2.93
Maximum price (%)	100.5942	100.9443	97.4228	98.8400	101.1100	102.1472	99.4215	97.6700	101.8277	102.6078	100.6769
Minimum price (%)	100.4891	100.7868	97.1413	98.7600	101.0052	101.8299	99.1338	97.4000	101.7579	102.3435	100.4826
Average price (%)	100.5189	100.8442	97.2710	98.8000	101.0511	101.8890	99.2075	97.5500	101.7802	102.4341	100.6236
Amount offered for sale (HUF million)	20,000.00	20,000.00	10,000.00	5,000.00	20,000.00	20,000.00	10,000.00	5,000.00	20,000.00	20,000.00	12,000.00
Amount of bids submitted (HUF million)	86,320.00	48,395.00	31,795.00	11,600.00	73,830.00	44,660.00	34,620.00	8,750.00	80,920.00	33,045.00	29,463.00
Amount of bids accepted (HUF million)	30,000.00	30,000.00	14,999.93	5,000.00	27,000.00	21,999.95	14,999.94	5,000.00	29,999.95	24,999.95	14,499.97
Bid-to-cover ratio	2.88	1.61	2.12	2.32	2.73	2.03	2.31	1.75	2.70	1.32	2.03
Bids submitted (pcs)	59	61	66	28	46	56	62	20	65	38	49
Bids accepted (pcs)	22	28	37	16	18	33	33	15	23	23	20
Tail (average price - minimum price)	0.03	0.06	0.13	0.04	0.05	0.06	0.07	0.15	0.02	0.09	0.14
Market sales (HUF million)	30,000.00	30,000.00	14,999.93	5,000.00	27,000.00	21,999.95	14,999.94	5,000.00	29,999.95	24,999.95	14,499.97
Non-competitive offer (HUF million)	12,000.00	30,000.00	15,000.07	5,000.00	10,800.00	8,800.05	15,000.06	0.00	12,000.05	10,000.05	14,500.03
Total amount sales (HUF million)	42,000.00	60,000.00	30,000.00	10,000.00	37,800.00	30,800.00	30,000.00	5,000.00	42,000.00	35,000.00	29,000.00



GOVERNMENT SECURITIES MARKET

GOVERNMENT SECURITIES BUY-BACK AUCTION RESULTS

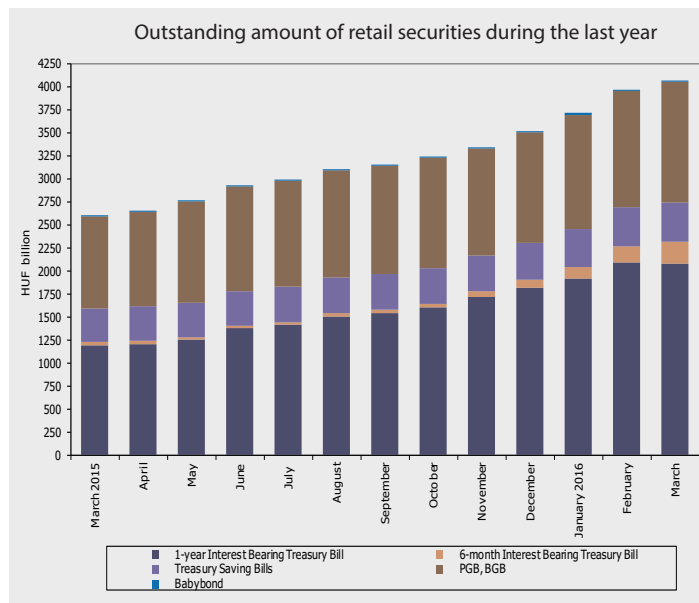
Government bond	2017/B	2017/A	2017/B	2017/A	2017/B	2017/A
ISIN code	HU0000402375	HU0000402037	HU0000402375	HU0000402037	HU0000402375	HU0000402037
Coupon (%)	0.07	0.07	0.07	0.07	0.07	0.07
Date of reverse auction	02.03.2016	02.03.2016	16.03.2016	16.03.2016	30.03.2016	30.03.2016
Date of financial settlement	09.03.2016	09.03.2016	23.03.2016	23.03.2016	06.04.2016	06.04.2016
Redemption date	24.02.2017	24.11.2017	24.02.2017	24.11.2017	24.02.2017	24.11.2017
Minimum annual yield (%)	0.90	1.24	0.00	1.10	0.84	0.86
Average annual yield- ISMA (%)	0.91	1.25	0.00	1.12	0.86	0.86
Average annual yield - EHM (%)	0.91	1.25	0.00	1.12	0.86	0.86
Amount of bids submitted (HUF million)	32,896.54	62,276.91	18,730.74	49,948.36	16,438.40	40,236.23
Amount of bids accepted (HUF million)	22,316.55	39,038.45	0.00	49,948.36	15,838.40	25,436.23

INTEREST RATE RESETS OF FLOATING RATE GOVERNMENT BONDS IN MARCH 2016

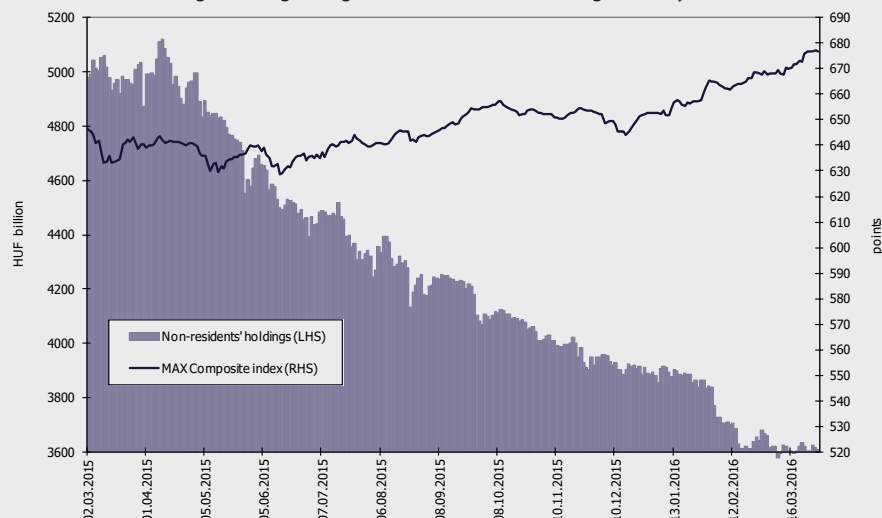
Government bond	Date of interest rate reset	Interest period		Date of interest payment	Reset interest rate	Interest payable
2017/I	03.03.2016	05.03.2016	05.03.2017	06.03.2017	4.90%	4.90%
2017/C	18.03.2016	20.03.2016	20.06.2016	20.06.2016	1.34%	0.34%
2017/A	20.03.2016	23.03.2016	23.06.2016	23.06.2016	1.34%	0.34%
2019/L	29.03.2016	04.04.2016	21.10.2016	21.10.2016	2.75%	1.50%
2021/I	29.03.2016	04.04.2016	20.10.2016	20.10.2016	3.25%	1.77%

OUTSTANDING AMOUNT OF RETAIL SECURITIES

Retail securities	HUF billion		Change
	31.12.2015	31.03.2016	HUF billion
1-year Interest Bearing	1,816.0	2,075.9	259.9
6-month Interest Bearing	81.0	243.0	162.0
Treasury Saving Bills	403.4	415.3	11.9
PGB, BGB	1,198.3	1,311.9	113.6
Babybond	18.6	20.6	2.0
Total	3,517.3	4,066.7	549.4



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 March 2016	708.0682	545.1716	676.7386	531.5303
Changes compared to the end of the month before	10.0555	0.4403	8.9090	0.3419
Annual yield earned on the index portfolio	6.14%	1.38%	5.86%	1.02%

Government bonds with the highest secondary market turnover in March 2016

Government bond	Date of redemption	Turnover (HUF billion)
2018/C	22.06.2018	587,5
2018/B	25.04.2018	519,4
2025/B	24.06.2025	418,8
2017/A	24.11.2017	241,9
2024/B	26.06.2024	233,6
2021/B	27.10.2021	229,1
2019/A	24.06.2019	185,4
2020/B	24.06.2020	181,5
2027/A	27.10.2027	169,2
2023/A	24.11.2023	165,2

The outstanding volume of government bonds with benchmark status at the end of March 2016

Government bond	HUF billion	
	29.02.2016	31.03.2016
2019/C	106.22	180.62
2021/B	111.41	181.36
2027/A	39.22	74.81
2031/A	61.85	61.88

