GOVERNMENT SECURITIES MARKET

MONTHLY REPORT
NOVEMBER 2015

The net issuance was HUF 1,107.7 billion; out of which net HUF-denominated issuance was HUF 1,760.2 billion and net foreign currency denominated issuance was HUF -652.5 billion in 2015.

	2014		2015		Change	
(HUF billion)	December	%	November	%	HUF billion	%
HUF denominated debt	14,612.0	61.2%	16,372.2	64.2%	1,760.2	12.0%
Loans	623.3	2.6%	697.1	2.7%	73.8	11.8%
Government bonds	9,989.0	41.8%	11,103.9	43.5%	1,114.9	11.2%
Retail securities	2,411.1	10.1%	3,336.3	13.1%	925.2	38.4%
Discount treasury bills	1,588.6	6.7%	1,234.9	4.8%	-353.7	-22.3%
Foreign exchange denominated debt	8,957.9	37.5%	8,219.2	32.2%	-738.7	-8.2%
Total	23,569.9	98.7%	24,591.4	96.4%	1,021.5	4.3%
Other obligations	311.2	1.3%	913.7	3.6%	602.6	193.7%
Total central government debt	23,881.1	100.0%	25,505.1	100.0%	1,624.0	6.8%

The HUF denominated debt of the central government increased by HUF 1,760.2 billion in 2015. The increase in domestic debt was the result of net government bond issuance of HUF 1,117.4 billion, the amount of discount Treasury bills decreased by HUF 353.7 billion and the total amount of retail government securities increased by HUF 925.2 billion. The volume of HUF loans increased by HUF 73.8 billion in 2015.

The foreign currency debt of the central government decreased by HUF 738.7 billion in 2015. The domestic P€MAK and residence bond issuance was HUF 174.0 billion, the debt assumptions was HUF 1.1 billion, while the redemptions of foreign currency debt worth HUF 827.5 billion decreased the debt. The exchange rate revaluations totalling HUF 86.2 billion decreased the Hungarian Forint value of the foreign currency debt in November. The total amount of other liabilities increased by HUF 602.6 billion in 2015.

BENCHMARK YIELDS

Maturity	30.12.2014	31.10.2015	30.11.2015	Change in November basis point
3-month	1.43	0.74	0.79	5
6-month	1.54	0.66	0.80	14
1-year	1.80	0.74	0.95	21
3-year	2.72	1.83	1.91	8
5-year	3.15	2.44	2.47	3
10-year	3.60	3.35	3.29	-6
15-year	3.83	3.8	3.87	7

Monthly OTC turnover of government securities decreased in November and reached HUF 4,243.7 billion. Primary dealers, who account for the decisive part of all secondary government securities trading, made 66% of their secondary government securities deals with non-resident investors.

The volume of non-residents' holdings of Hungarian government securities decreased altogether by HUF 90.0 billion in November and amounted to HUF 3,919.6 billion at the end of the month. This volume represented 25.0% of the total amount of domestic government securities.

The EUR/HUF exchange rate according to the National Bank of Hungary was 311.45 on the last working day of November.

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

GOVERNMENT SECURITIES MARKET

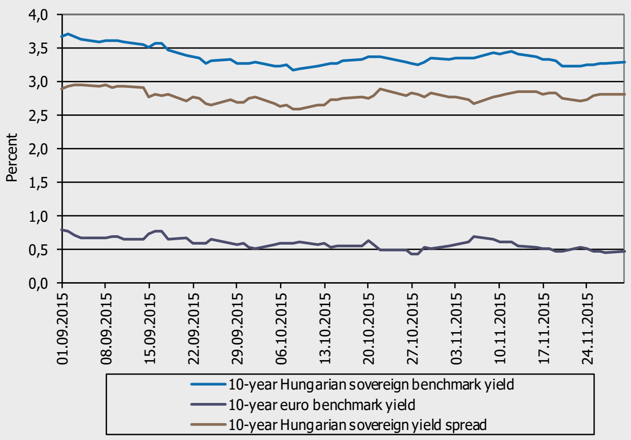
CENTRAL GOVERNMENT GROSS DEBT

HUF BILLION

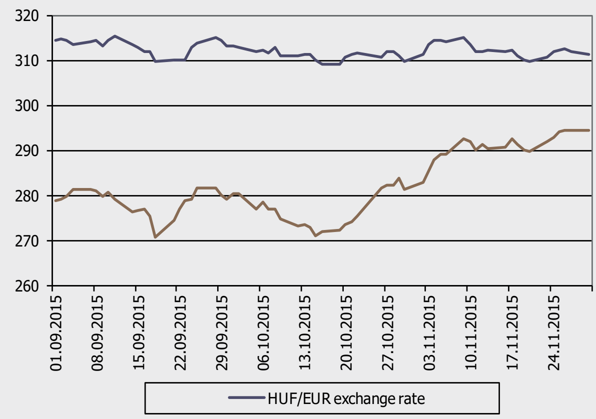
	2010	2011	2012	2013	2014	2015. September	2015. October	2015. November
1. Forint denominated debt	10,978.2	10,362.2	12,042.4	12,976.4	14,612.0	15,968.0	16,118.4	16,372.2
1.1. Loans	540.8	590.8	566.8	603.6	623.3	661.2	679.9	697.1
1.2. Government securities	10,437.4	9,771.4	11,475.6	12,372.8	13,988.7	15,306.9	15,438.6	15,675.1
1.2.1. Public issues	10,019.6	9,368.1	11,077.1	12,182.3	13,847.7	15,168.4	15,300.1	15,536.6
1.2.1.1. Bonds	7,965.8	7,353.4	8,184.1	8,588.8	9,848.0	10,627.9	10,701.0	10,965.4
1.2.1.2. Discount T-bills	1,618.2	1,540.9	1,906.5	1,904.9	1,588.6	1,386.5	1,361.7	1,234.9
1.2.1.3. Retail securities	435.7	473.8	986.6	1,688.5	2,411.1	3,154.0	3,237.4	3,336.3
1.2.2. Private placements	417.8	403.2	398.5	190.5	141.0	138.5	138.5	138.5
2. Foreign currency denominated debt*	8,842.8	10,170.4	8,326.6	8,904.9	8,957.9	8,336.2	8,235.3	8,219.2
2.1. Loans	4,292.8	4,458.1	3,312.5	2,735.6	2,164.3	1,803.3	1,768.9	1,719.7
2.1.1. Foreign loans	4,292.8	4,337.9	3,229.0	2,400.2	1,889.9	1,711.1	1,685.5	1,636.3
2.1.2. Domestic loans	3,526.9	0.0	83.5	335.4	274.4	92.2	83.3	83.3
2.2. Government securities	4,550.0	5,712.3	5,014.1	6,169.3	6,793.6	6,532.8	6,466.4	6,499.5
2.2.1. Issued abroad	4,550.0	5,712.3	4,924.2	5,736.9	5,844.6	5,426.0	5,361.7	5,385.1
2.2.2. Issued domestically	0.0	0.0	89.9	432.5	948.9	1,106.8	1,104.8	1,114.4
Total	19,821.0	20,532.6	20,369.0	21,881.4	23,569.9	24,304.2	24,353.7	24,591.4
Other liabilities	220.01	422.89	351.10	117.30	311.20	750.60	745.80	913.70
Total central government debt	20,041.0	20,955.5	20,720.1	21,998.6	23,881.1	25,054.7	25,099.5	25,505.1
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	12,152.9	12,201.2	12,338.8
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.

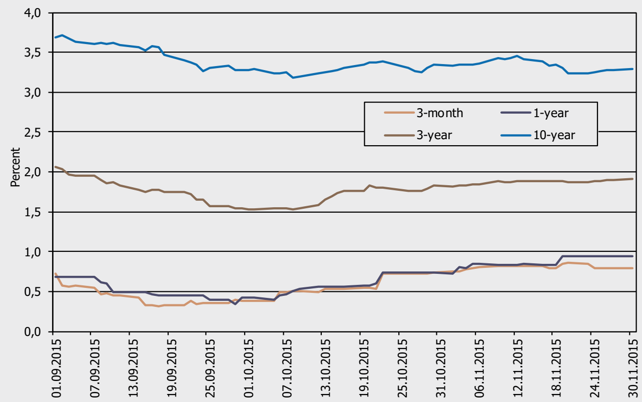
10-year Hungarian and eurozone benchmark yields during the last three months



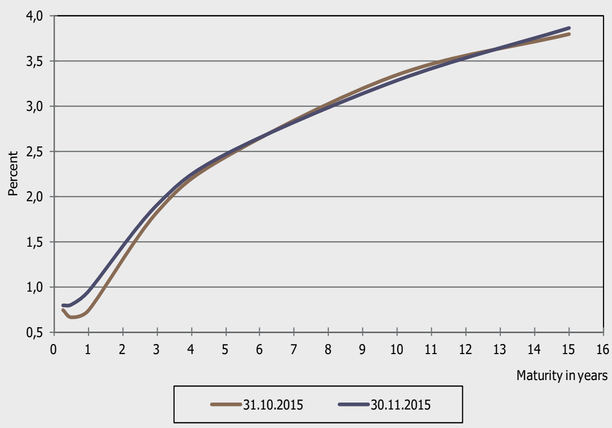
The exchange rate of the Hungarian Forint during the last three months



Benchmark yields in the past three months



Benchmark yield curves



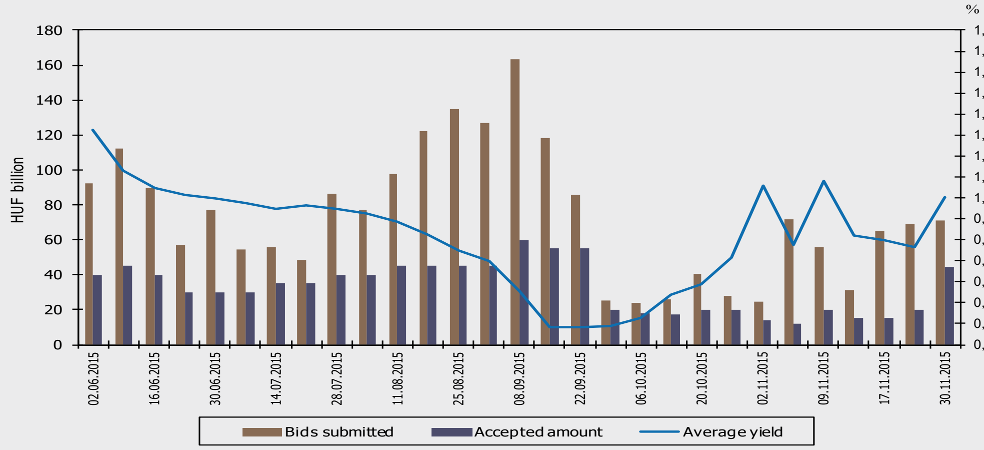
GOVERNMENT SECURITIES MARKET

DISCOUNT TREASURY BILL AUCTION RESULTS

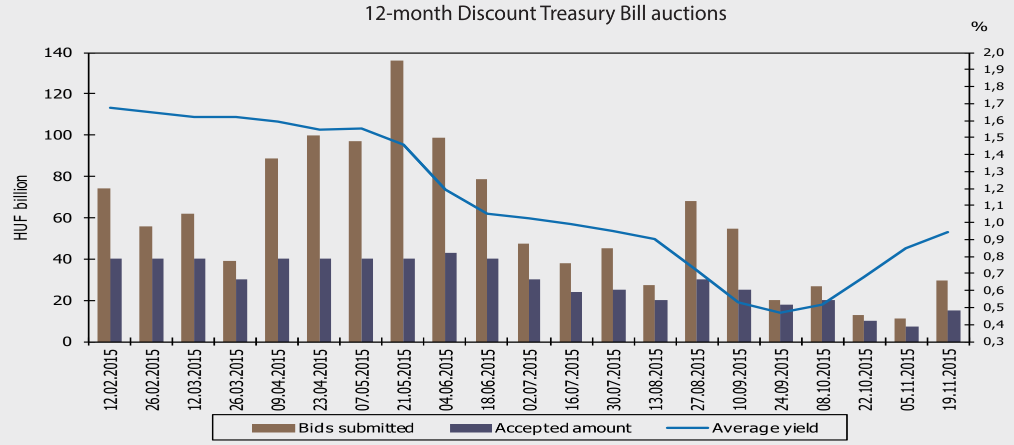
	3-month Discount T-bills				12-month Discount T-bills	
Code of T-bills	D160210	D160217	D160224	D160302	D160928	D160928
ISIN code	HU0000520762	HU0000520390	HU0000520770	HU0000520796	HU0000520705	HU0000520705
Maturity in days	91	91	91	91	322	308
Date of auction	03.11.2015	10.11.2015	17.11.2015	24.11.2015	05.11.2015	19.11.2015
Date of financial settlement	11.11.2015	18.11.2015	25.11.2015	02.12.2015	11.11.2015	25.11.2015
Redemption date	10.02.2016	17.02.2016	24.02.2016	02.03.2016	28.09.2016	28.09.2016
Maximum yield (%) - ISMA	0.79	0.85	0.80	0.78	0.88	0.98
Minimum yield (%) - ISMA	0.76	0.71	0.79	0.76	0.79	0.90
Average yield (%) - ISMA	0.78	0.82	0.80	0.77	0.85	0.95
Maximum yield (%) - EHM	0.80	0.86	0.81	0.79	0.89	0.99
Minimum yield (%) - EHM	0.77	0.72	0.80	0.77	0.80	0.91
Average yield (%) - EHM	0.79	0.83	0.81	0.78	0.86	0.96
Average selling price (%)	99.8032	99.7932	99.7982	99.8057	99.2455	99.1938
Amount offered for sale (HUF million)	15,000.00	15,000.00	15,000.00	15,000.00	20,000.00	20,000.00
Amount of bids submitted (HUF million)	72,000.00	31,430.00	64,910.00	69,090.00	11,180.00	29,300.00
Amount of bids accepted (HUF million)	12,000.00	15,000.00	15,000.00	19,999.98	7,000.00	15,000.00
Bid-to-cover ratio	6.00	2.10	4.33	3.45	1.60	1.95
Bids submitted (pcs)	78.00	36.00	55.00	62.00	35.00	34.00
Bids accepted (pcs)	16.00	29.00	15.00	21.00	25.00	26.00
Market sales* (HUF million)	12,000.00	15,000.00	15,000.00	19,999.98	7,000.00	15,000.00
Retained on ÁKK's own account (HUF million)	12,000.00	4,500.00	10,000.00	10,000.02	7,000.00	15,000.00
Total amount issued (HUF million)	24,000.00	19,500.00	25,000.00	30,000.00	14,000.00	30,000.00

* Without issuance onto ÁKK's own account

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



12-month Discount Treasury Bill auctions

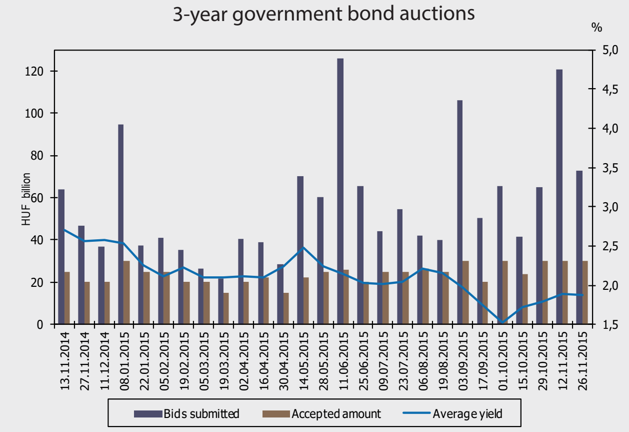


GOVERNMENT SECURITIES MARKET

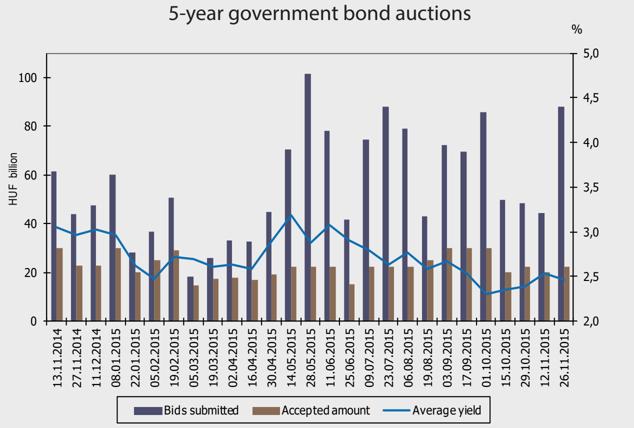
GOVERNMENT BOND AUCTION RESULTS

Government Bond	2018/D	2018/C	2020/B	2031/A	2021/A	2018/C	2020/B	2025/B
ISIN code	HU0000402987	HU0000402979	HU0000402953	HU0000403001	HU0000402995	HU0000402979	HU0000402953	HU0000402748
Maturity (in years)	3	3	5	15	5	3	5	10
Coupon (%)	1.35%	2.50%	3.50%	3.25%	2.10%	2.50%	3.50%	5.50%
Auction	12. auction	23. auction	30. auction	4. auction	11. auction	24. auction	31. auction	42. auction
Date of auction	05.11.2015	12.11.2015	12.11.2015	12.11.2015	19.11.2015	26.11.2015	26.11.2015	26.11.2015
Date of financial settlement	11.11.2015	18.11.2015	18.11.2015	18.11.2015	25.11.2015	02.12.2015	02.12.2015	02.12.2015
Redemption date	24.10.2018	22.06.2018	24.06.2020	22.10.2031	23.06.2021	22.06.2018	24.06.2020	24.06.2025
Maximum annual yield (%) - ISMA		1.90	2.55	3.94		1.90	2.46	3.30
Minimum annual yield (%) - ISMA		1.87	2.51	3.89		1.80	2.45	3.25
Average annual yield (%) - ISMA		1.89	2.54	3.92		1.88	2.46	3.28
Maximum annual yield (%) - EHM		1.90	2.55	3.94		1.90	2.46	3.30
Minimum annual yield (%) - EHM		1.87	2.51	3.89		1.80	2.45	3.25
Average annual yield (%) - EHM		1.89	2.54	3.91		1.87	2.46	3.27
Maximum price (%)	100.2000	101.5746	104.2390	92.5026	99.1600	101.7270	104.4683	118.2163
Minimum price (%)	100.0500	101.4984	104.0628	91.9468	98.7500	101.4767	104.4244	117.7673
Average price (%)	100.1300	101.5295	104.1145	92.2159	98.9900	101.5368	104.4328	117.9808
Amount offered for sale (HUF million)	10,000.00	20,000.00	20,000.00	10,000.00	8,000.00	20,000.00	15,000.00	12,000.00
Amount of bids submitted (HUF million)	11,650.00	120,958.26	44,274.00	13,150.00	13,100.00	72,800.00	88,200.00	41,950.00
Amount of bids accepted (HUF million)	5,000.00	29,999.95	19,999.98	5,000.00	6,999.99	29,999.96	22,500.00	17,999.95
Bid-to-cover ratio	2.33	4.03	2.21	2.63	1.87	2.43	3.92	2.33
Bids submitted (pcs)	27	76	60	39	23	52	62	46
Bids accepted (pcs)	15	28	20	20	17	34	17	34
Tail (average price - minimum price)	0.08	0.03	0.05	0.27	0.24	0.06	0.01	0.21
Market sales (HUF million)	5,000.00	29,999.95	19,999.98	5,000.00	6,999.99	29,999.96	22,500.00	17,999.95
Non-competitive offer (HUF million)	0.00	12,000.05	0.02	5,000.00	0.01	0.04	9,000.00	0.05
Total amount sales (HUF million)	5,000.00	42,000.00	20,000.00	10,000.00	7,000.00	30,000.00	31,500.00	18,000.00

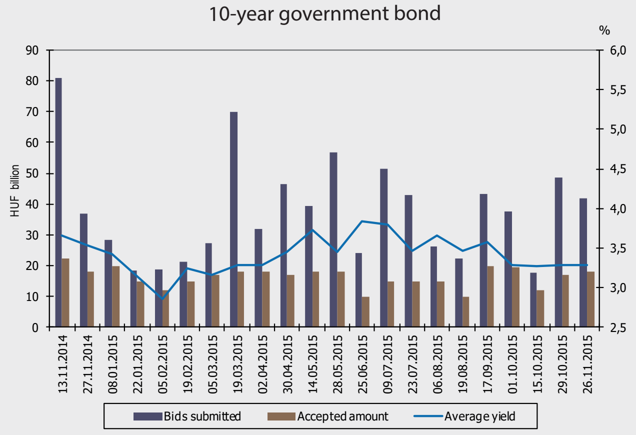
3-year government bond auctions



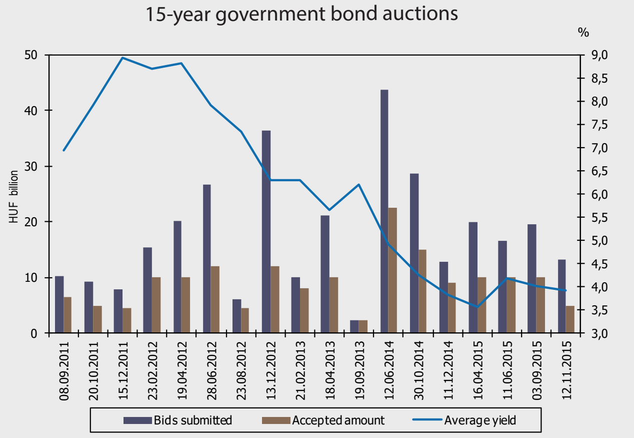
5-year government bond auctions



10-year government bond



15-year government bond auctions



GOVERNMENT SECURITIES MARKET

GOVERNMENT SECURITIES BUY-BACK AUCTION RESULTS

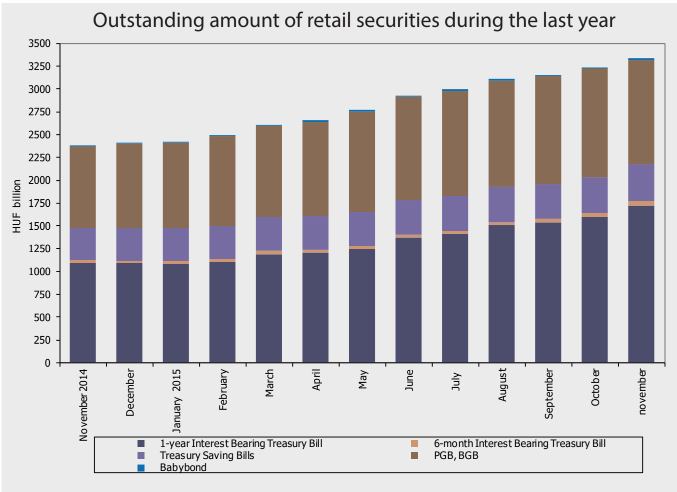
Government bond	2016/C	2016/D	2016/D	2017/B
ISIN code	HU0000402318	HU0000402623	HU0000402623	HU0000402375
Coupon (%)	0.06	0.06	0.06	0.07
Date of reverse auction	11.11.2015	11.11.2015	25.11.2015	25.11.2015
Date of financial settlement	18.11.2015	18.11.2015	02.12.2015	02.12.2015
Redemption date	12.02.2016	22.12.2016	22.12.2016	24.02.2017
Minimum annual yield (%)	0.70	0.00	0.73	0.00
Average annual yield- ISMA (%)	0.72	0.00	0.73	0.00
Average annual yield - EHM (%)	0.72	0.00	0.73	0.00
Amount of bids submitted (HUF million)	7,800.00	36.92	1,674.23	11,035.47
Amount of bids accepted (HUF million)	6,800.00	0.00	1,174.23	0.00

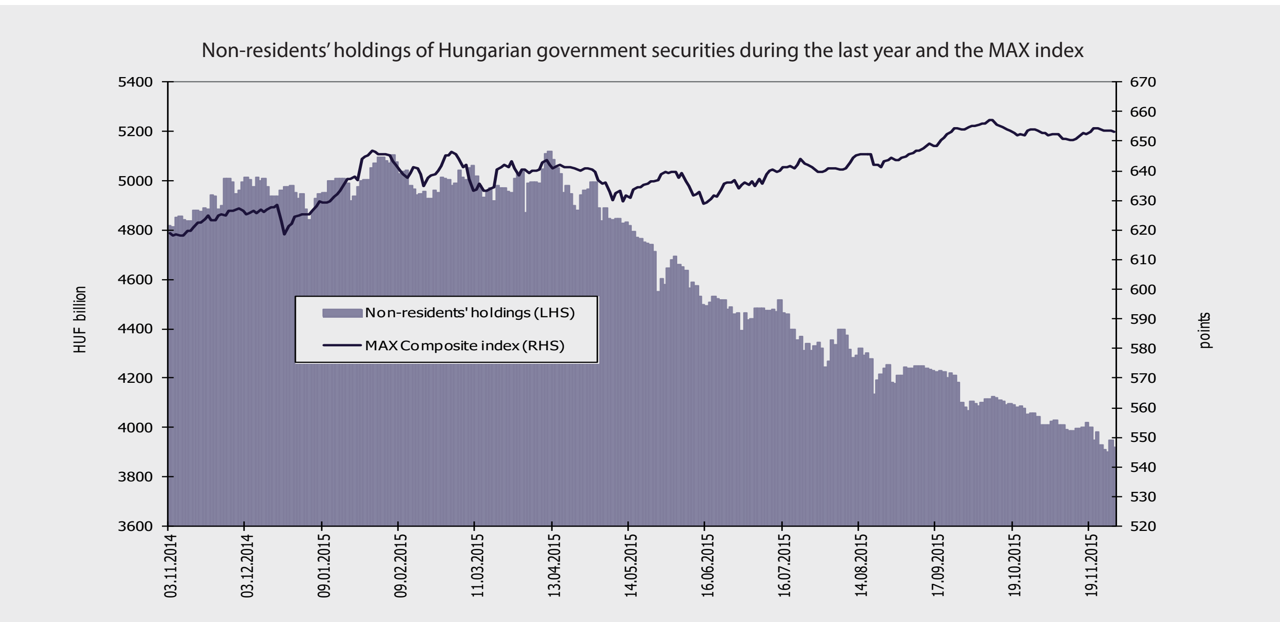
INTEREST RATE RESETS OF FLOATING RATE GOVERNMENT BONDS IN NOVEMBER 2015

Government bond	Date of interest rate reset	Interest period		Date of interest payment	Reset interest rate (%)	Interest payable (%)
2016/I	26.11.2015	28.11.2015	28.11.2016	28.11.2016	3.60	3.60
2018/K	19.11.2015	21.11.2015	21.11.2016	21.11.2016	3.00	3.00
2019/B	17.11.2015	20.11.2015	20.05.2016	20.05.2016	0.80	0.40
2032/S	30.11.2015	02.12.2015	02.12.2016	02.12.2016	3.00	3.00

OUTSTANDING AMOUNT OF RETAIL SECURITIES

Retail securities	HUF billion		Change
	31.12.2014	30.11.2015	HUF billion
1-year Interest Bearing T- Bill	1,089.0	1,719.0	630.0
6-month Interest Bearing	28.8	51.7	22.9
Treasury Saving Bills	355.1	397.5	42.4
PGB, BGB	927.8	1,151.4	223.5
Babybond	10.3	16.7	6.4
Total	2,411.0	3,336.2	925.2





GOVERNMENT SECURITIES MARKET

HUNGARIAN GOVERNMENT SECURITIES INDICES

	MAX index	RMAX index	MAX Composite	ZMAX index
Value as at 30 November 2015	682.1582	543.6547	653.3521	530.2860
Changes compared to the end of the month before	0.7046	-0.1370	0.7136	0.2371
Annual yield earned on the index portfolio	4.25%	1.63%	4.17%	1.36%

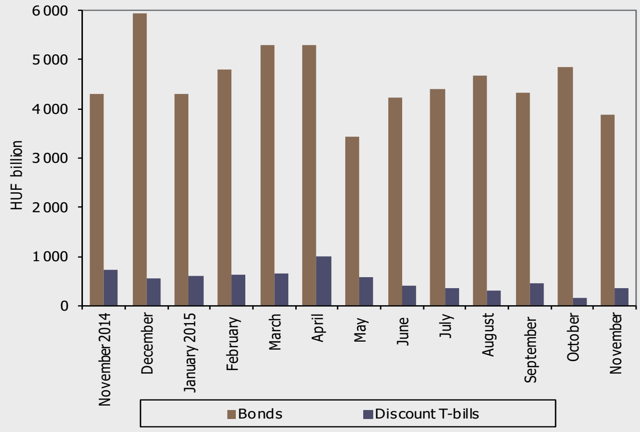
Government bonds with the highest secondary market turnover in November 2015

Government bond	Date of redemption	Turnover (HUF billion)
2018/B	25.04.2018	1,104.8
2022/A	24.06.2022	674.3
2025/B	24.06.2025	604.3
2019/A	24.06.2019	509.2
2018/C	22.06.2018	395.3
2023/A	24.11.2023	333.8
2020/B	24.06.2020	274.5
2017/B	24.02.2017	240.3
2017/A	24.11.2017	150.3
2018/A	20.12.2018	126.3

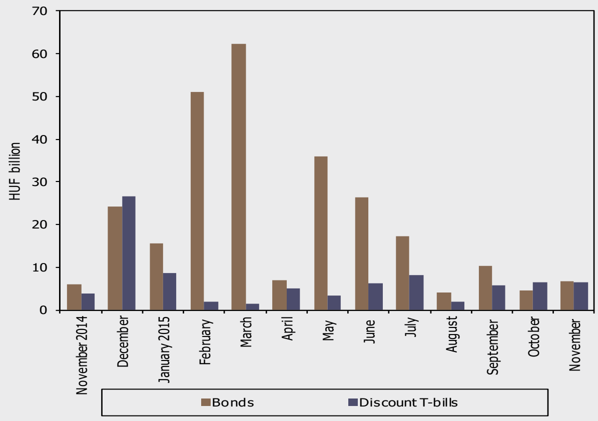
The outstanding volume of government bonds with benchmark status at the end of November 2015

Government bond	HUF billion	
	31.10.2015	30.11.2015
2018/C	593.69	667.29
2020/B	803.93	857.87
2025/B	820.53	838.29
2031/A	37.92	43.15

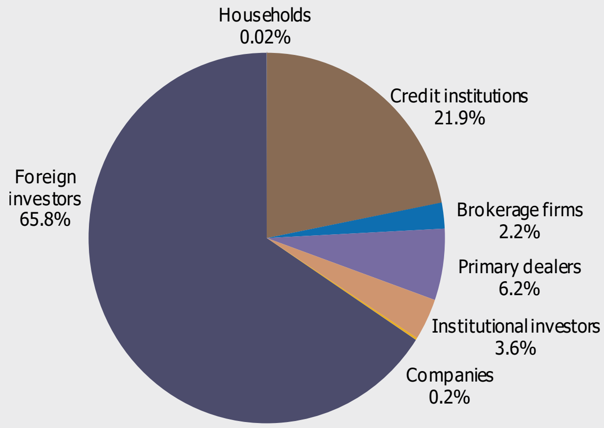
Secondary market trading of Hungarian government securities (OTC)



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



Breakdown of primary dealers' secondary market turnover in Government Bonds by investor groups in November 2015



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