

■ GOVERNMENT SECURITIES MARKET ■

MONTHLY REPORT AUGUST 2015

The net issuance was HUF 740.8 billion; out of which net HUF-denominated issuance was HUF 1,077.4 billion and net foreign currency denominated issuance was HUF -336.6 billion in 2015.

HUF billion	2014		2015		Change	
	December	%	August	%	HUF billion	%
HUF denominated debt	14,612.0	61.2	15,689.5	62.7	1,077.4	7.4
Loans	623.3	2.6	703.2	2.8	79.9	12.8
Government bonds	9,989.0	41.8	10,502.1	42.0	513.1	5.1
Retail securities	2,411.1	10.1	3,105.2	12.4	694.1	28.8
Discount treasury bills	1,588.6	6.7	1,379.0	5.5	-209.6	-13.2
Foreign exchange denominated debt	8,957.9	37.5	8,616.7	34.4	-341.2	-3.8
Total	23,569.9	98.7	24,306.2	97.1	736.3	3.1
Other obligations	311.2	1.3	715.4	2.9	404.3	129.9
Total central government debt	23,881.1	100.0	25,021.7	100.0	1,140.6	4.8

The HUF denominated debt of the central government increased by HUF 1,077.4 billion in 2015. The increase in domestic debt was the result of net government bond issuance of HUF 514.8 billion, the amount of discount Treasury bills decreased by HUF 209.6 billion and the total amount of retail government securities increased by HUF 694.1 billion. The volume of HUF loans increased by HUF 79.9 billion in 2015.

The foreign currency debt of the central government decreased by HUF 341.2 billion in 2015. The domestic P€MAK and residence bond issuance was HUF 147.8 billion, the debt assumptions was HUF 1.1 billion, while the redemptions of foreign currency debt worth HUF 485.5 billion decreased the debt. The exchange rate revaluations totalling HUF 4.6 billion decreased the Hungarian Forint value of the foreign currency debt in August. The total amount of other liabilities increased by HUF 404.3 billion in 2015.

Benchmark yields

Maturity	30.12.2014.	31.07.2015.	31.08.2015.	Change in August, basis points
3-month	1.43	0.88	0.72	-16
6-month	1.54	0.88	0.68	-20
1-year	1.80	0.87	0.70	-17
3-year	2.72	2.22	2.06	-16
5-year	3.15	2.84	2.66	-18
10-year	3.60	3.74	3.64	-10
15-year	3.83	3.98	3.89	-9

Monthly OTC turnover of government securities increased in August and reached HUF 4,976.3 billion. Primary dealers, who account for the decisive part of all secondary government securities trading, made 65% of their secondary government securities deals with non-resident investors.

The volume of non-residents' holdings of Hungarian government securities decreased altogether by HUF 138.9 billion in August, and amounted to HUF 4,181.0 billion at the end of the month. This volume represented 27.9% of the total amount of domestic government securities.

The EUR/HUF exchange rate according to the National Bank of Hungary was 314.49 on the last working day of August.

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

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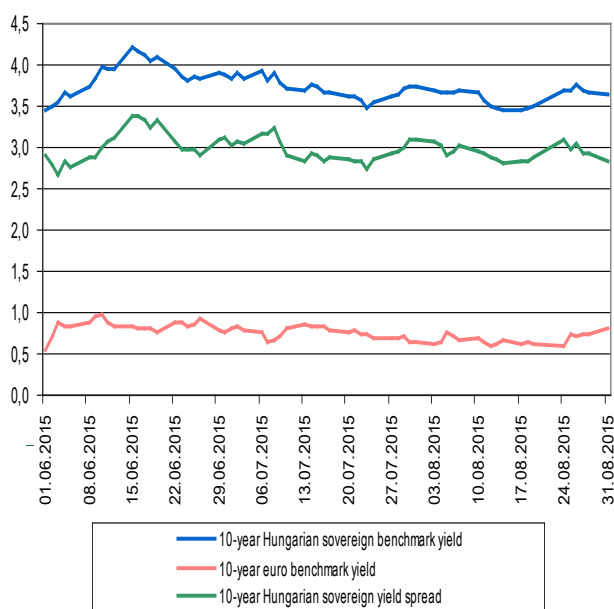
CENTRAL GOVERNMENT GROSS DEBT

HUF BILLION

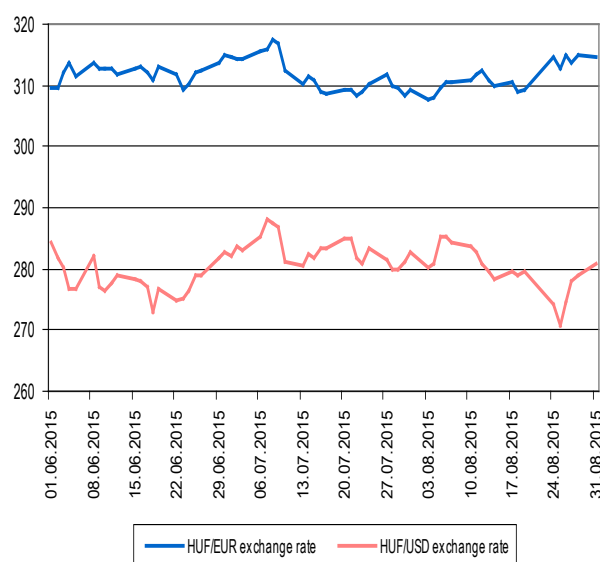
	2010	2011	2012	2013	2014	June 2015	July 2015	August 2015
1. Forint denominated debt	10,978.2	10,362.2	12,042.4	12,976.4	14,612.0	15,668.2	15,685.6	15,689.5
1.1. Loans	540.8	590.8	566.8	603.6	623.3	768.3	749.3	703.2
1.2. Government securities	10,437.4	9,771.4	11,475.6	12,372.8	13,988.7	14,899.9	14,936.3	14,986.3
1.2.1. Public issues	10,019.6	9,378.1	11,077.1	12,182.3	13,847.7	14,760.6	14,796.9	14,847.0
1.2.1.1. Bonds	7,965.8	7,353.4	8,184.1	8,588.8	9,848.0	10,294.0	10,446.0	10,362.8
1.2.1.2. Discount T-bills	1,618.2	1,540.9	1,906.5	1,904.9	1,588.6	1,540.0	1,359.4	1,379.0
1.2.1.3. Retail securities	435.7	473.8	986.6	1,688.5	2,411.1	2,926.6	2,991.5	3,105.2
1.2.2. Private placements	417.8	403.2	398.5	190.5	141.0	139.3	139.3	139.3
2. Foreign currency denominated debt*	8,842.8	10,170.4	8,326.6	8,904.9	8,957.9	8,705.4	8,529.8	8,616.7
2.1. Loans	4,292.8	4,458.1	3,312.5	2,735.6	2,164.3	2,150.1	2,108.0	2,071.4
2.1.1. Foreign loans	4,292.8	4,361.9	3,229.0	2,400.2	1,889.9	1,878.8	1,842.7	1,867.0
2.1.2. Domestic loans	0.0	96.2	83.5	335.4	274.4	271.3	265.3	204.4
2.2. Government securities	4,550.0	5,712.3	5,014.1	6,169.3	6,793.6	6,555.3	6,421.8	6,545.4
2.2.1. Issued abroad	4,550.0	5,712.3	4,924.2	5,736.9	5,844.6	5,477.5	5,353.0	5,446.3
2.2.2. Issued domestically	0.0	0.0	89.9	432.5	948.9	1,077.8	1,068.8	1,099.1
Total	19,821.0	20,532.6	20,369.0	21,881.4	23,569.9	24,373.6	24,215.4	24,306.2
Other liabilities	220.01	422.9	351.1	117.3	311.2	701.3	781.3	715.40
Total central government debt	20,041.0	20,955.5	20,720.1	21,998.6	23,881.1	25,074.9	24,996.7	25,021.7
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	11,973.3	11,944.7	11,881.1
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.

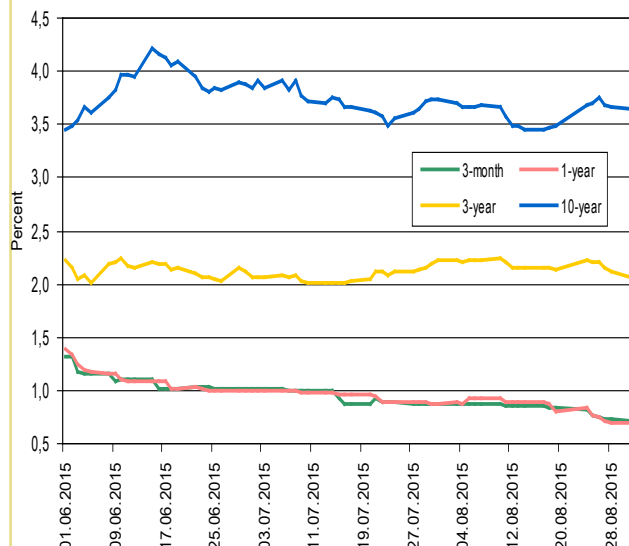
% 10-year Hungarian and eurozone benchmark yields during the last three months



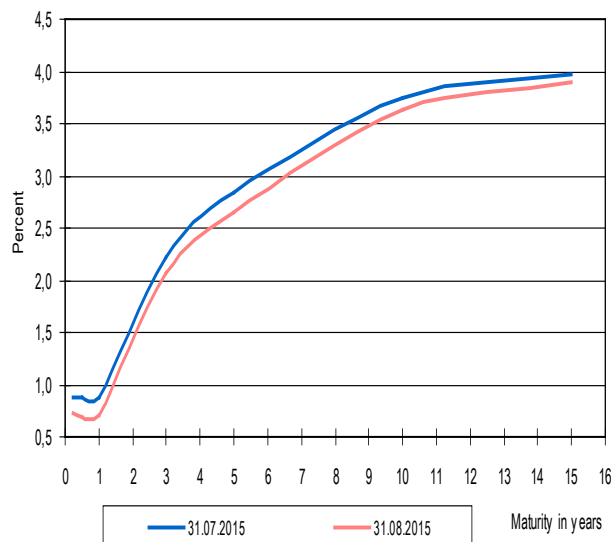
The exchange rate of the Hungarian Forint during the last three months



Benchmark yields in the past three months



Benchmark yield curves

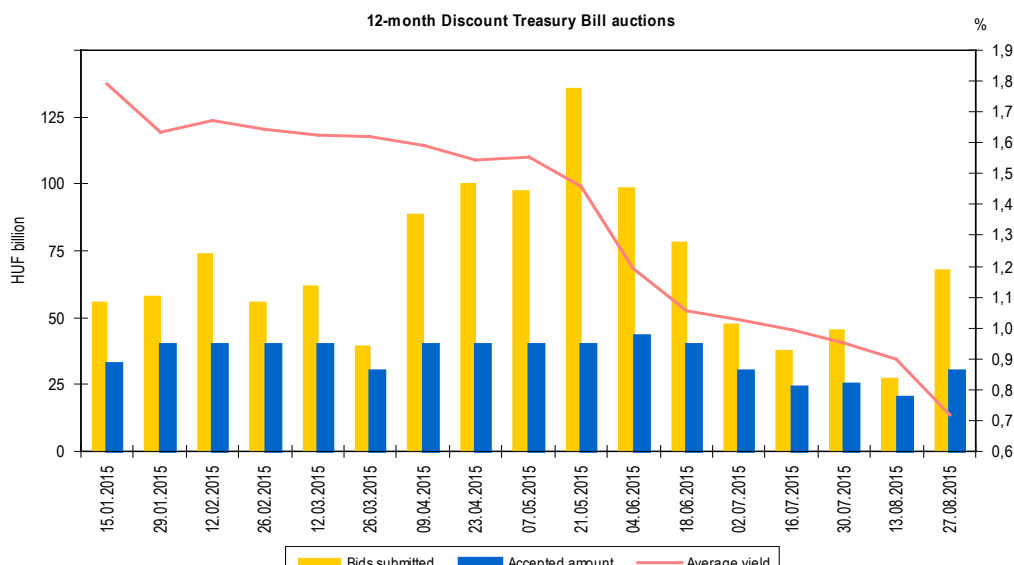
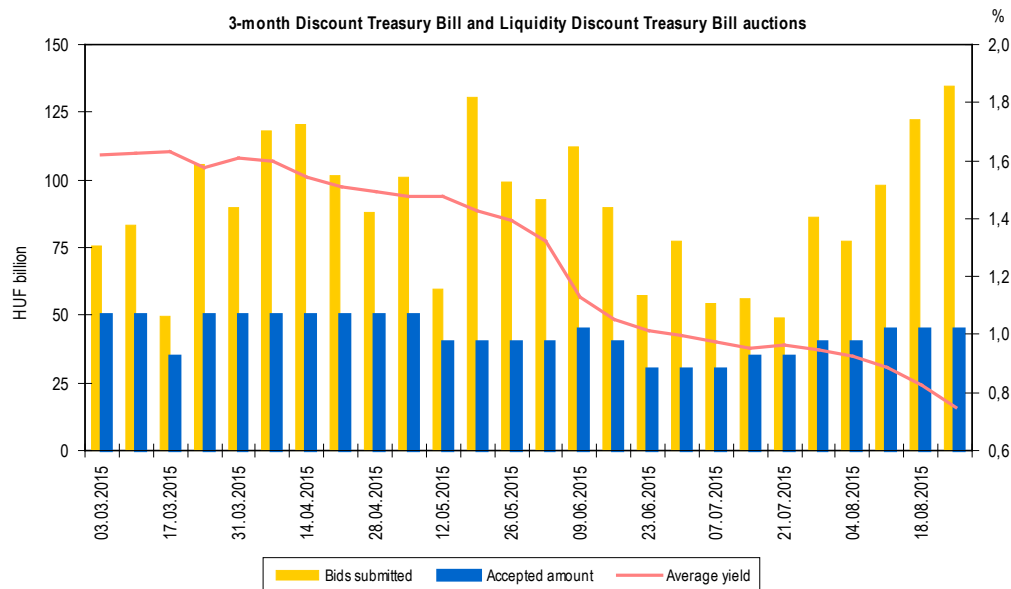


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DISCOUNT TREASURY BILL AUCTION RESULTS

	3-month Discount T-bills				12-month Discount T-bills	
Code of T-bills	D151111	D151118	D151125	D151202	D160803	D160803
ISIN code	HU0000520242	HU0000520648	HU0000520655	HU0000520663	HU0000520630	HU0000520630
Maturity in days	91	91	91	91	350	336
Date of auction	04.08.2015	11.08.2015	18.08.2015	25.08.2015	13.08.2015	27.08.2015
Date of financial settlement	12.08.2015	19.08.2015	26.08.2015	02.09.2015	19.08.2015	02.09.2015
Redemption date	11.11.2015	18.11.2015	25.11.2015	02.12.2015	03.08.2016	03.08.2016
Maximum yield (%) - ISMA	0.94	0.89	0.84	0.76	0.93	0.74
Minimum yield (%) - ISMA	0.89	0.85	0.80	0.74	0.84	0.69
Average yield (%) - ISMA	0.92	0.88	0.82	0.75	0.90	0.72
Maximum yield (%) - EHM	0.95	0.90	0.85	0.77	0.94	0.75
Minimum yield (%) - EHM	0.90	0.86	0.81	0.75	0.85	0.70
Average yield (%) - EHM	0.93	0.89	0.83	0.76	0.91	0.73
Average selling price (%)	99.7680	99.7780	99.7932	99.8108	99.1326	99.3325
Amount offered for sale (HUF million)	35,000.00	35,000.00	35,000.00	35,000.00	25,000.00	25,000.00
Amount of bids submitted (HUF million)	77,186.78	97,950.00	122,050.00	134,790.00	27,400.00	68,000.00
Amount of bids accepted (HUF million)	39,999.93	44,999.99	44,999.92	44,999.97	19,999.98	29,999.98
Bid-to-cover ratio	1.93	2.18	2.71	3.00	1.37	2.27
Bids submitted (pcs)	74	62	82	61	62	63
Bids accepted (pcs)	48	28	47	16	50	25
Market sales* (HUF million)	39,999.93	44,999.99	44,999.92	44,999.97	19,999.98	29,999.98
Retained on ÁKK's own account	12,000.07	13,500.01	13,500.08	13,500.03	20,000.02	30,000.02
Total amount issued (HUF million)	52,000.00	58,500.00	58,500.00	58,500.00	40,000.00	60,000.00

*Without issuance onto ÁKK's own account

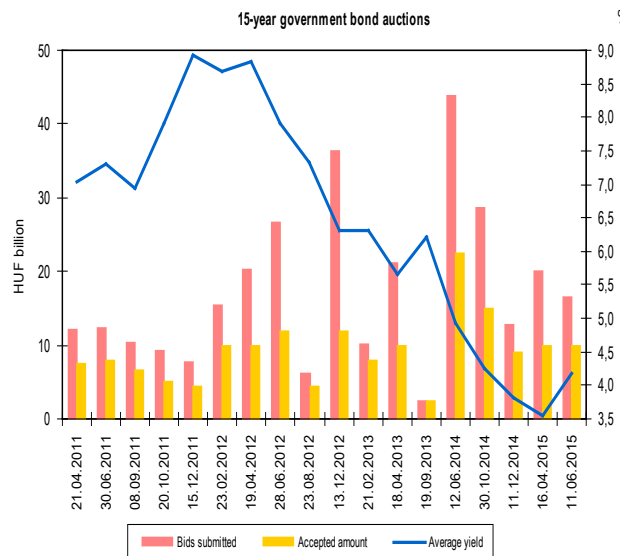
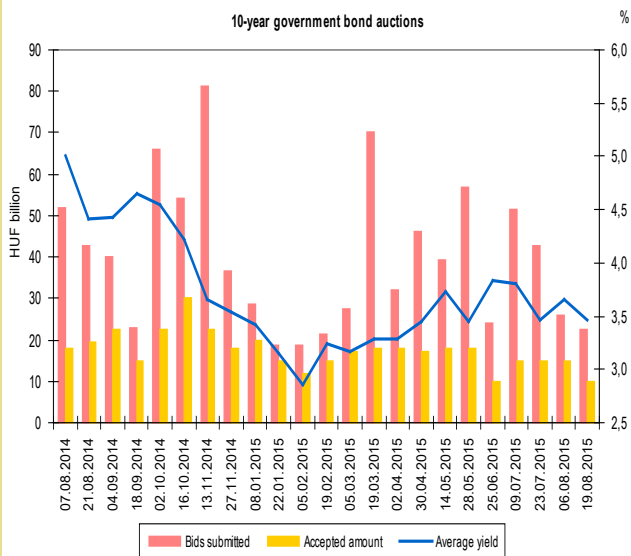
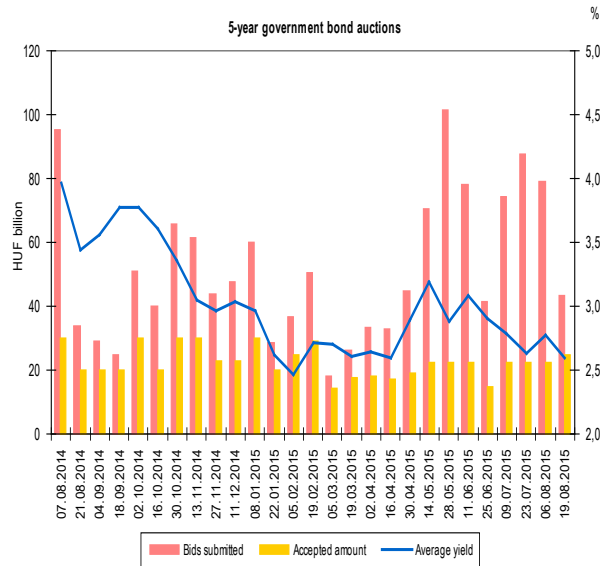
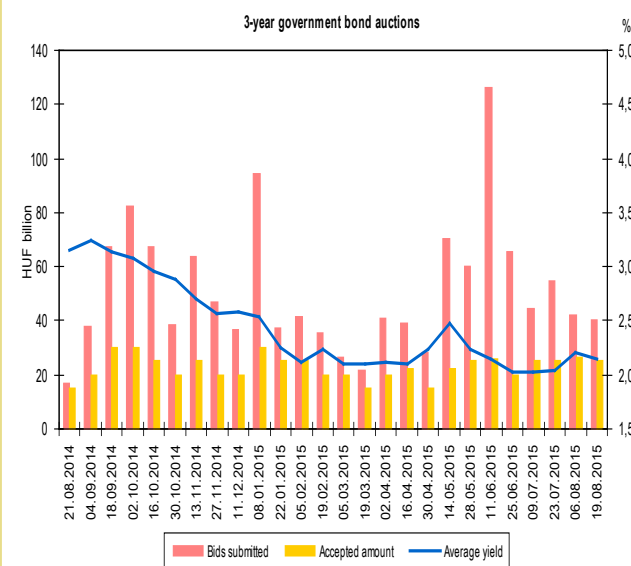


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GOVERNMENT BOND AUCTION RESULTS

Government Bond	2018/C	2020/B	2025/B	2018/D	2018/C	2020/B	2025/B	2021/A
ISIN code	HU0000402979	HU0000402953	HU0000402748	HU0000402987	HU0000402979	HU0000402953	HU0000402748	HU0000402995
Maturity (in years)	3	5	10	3	3	5	10	5
Coupon (%)	2.50%	3.50%	5.50%	1.40%	2.50%	3.50%	5.50%	2.02%
Auction	16th auction	23rd auction	36th auction	9th auction	17th auction	24th auction	37th auction	8th auction
Date of auction	06.08.2015	06.08.2015	06.08.2015	13.08.2015	19.08.2015	19.08.2015	19.08.2015	27.08.2015
Date of financial settlement	12.08.2015	12.08.2015	12.08.2015	19.08.2015	26.08.2015	26.08.2015	26.08.2015	02.09.2015
Redemption date	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	2.24	2.79	3.67		2.16	2.61	3.48	
Minimum annual yield (%) - ISMA	2.19	2.75	3.63		2.13	2.55	3.44	
Average annual yield (%) - ISMA	2.21	2.77	3.66		2.15	2.59	3.46	
Maximum annual yield (%) - EHM	2.24	2.79	3.67		2.16	2.61	3.48	
Minimum annual yield (%) - EHM	2.19	2.75	3.63		2.13	2.55	3.44	
Average annual yield (%) - EHM	2.21	2.76	3.65		2.15	2.59	3.46	
Maximum price (%)	100.8473	103.3673	115.2668	99.4500	100.9993	104.2582	116.9216	98.2300
Minimum price (%)	100.7094	103.1837	114.9102	99.3600	100.9174	103.9820	116.5597	98.1300
Average price (%)	100.7885	103.2926	115.0307	99.4000	100.9452	104.0789	116.7241	98.1800
Amount offered for sale (HUF million)	20,000.00	15,000.00	10,000.00	10,000.00	20,000.00	20,000.00	10,000.00	6,000.00
Amount of bids submitted (HUF million)	41,875.12	79,000.04	26,100.00	23,150.00	40,066.66	43,235.99	22,365.00	20,100.00
Amount of bids accepted (HUF million)	26,500.00	22,499.99	14,999.98	12,500.00	24,999.97	24,999.96	10,000.00	9,000.00
Bid-to-cover ratio	1.58	3.51	1.74	1.85	1.60	1.73	2.24	2.23
Bids submitted (pcs)	43	64	46	27	44	46	41	28
Bids accepted (pcs)	26	16	30	14	26	29	26	14
Tail (average price - minimum price)	0.08	0.11	0.12	0.04	0.03	0.10	0.16	0.05
Market sales* (HUF million)	26,500.00	22,499.99	14,999.98	12,500.00	24,999.97	24,999.96	10,000.00	9,000.00
Non-competitive offer (HUF million)	0.00	9,000.01	0.02	0.00	10,000.03	10,000.04	4,000.00	0.00
Total amount issued (HUF million)	26,500.00	31,500.00	15,000.00	12,500.00	35,000.00	35,000.00	14,000.00	9,000.00

*Without issuance onto ÁKK's own account



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GOVERNMENT SECURITIES BUY-BACK AUCTION RESULTS

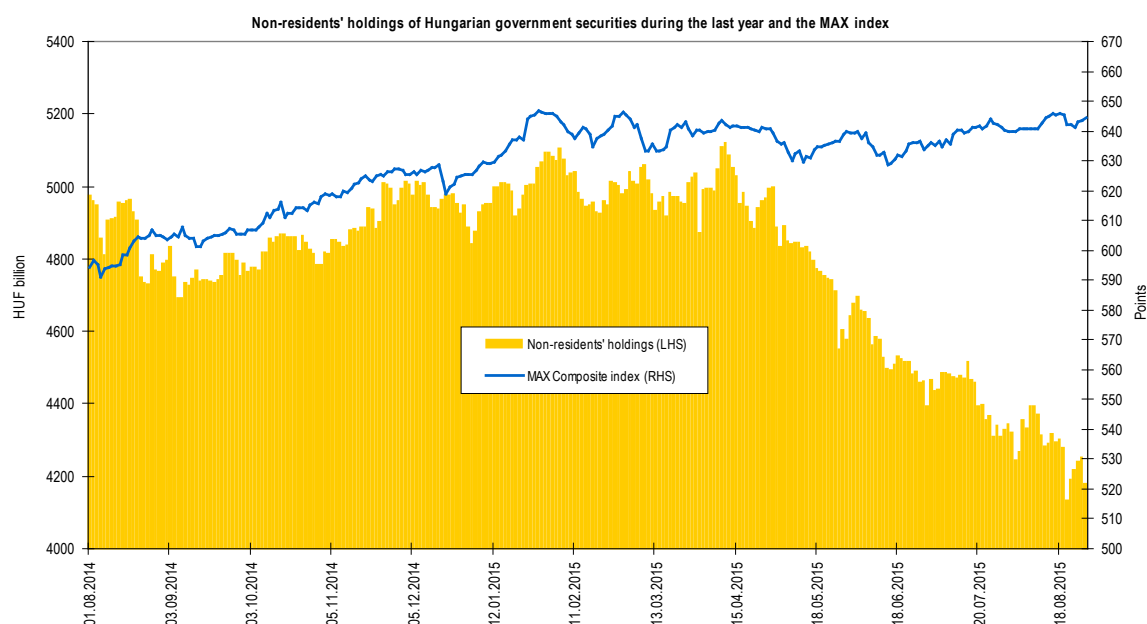
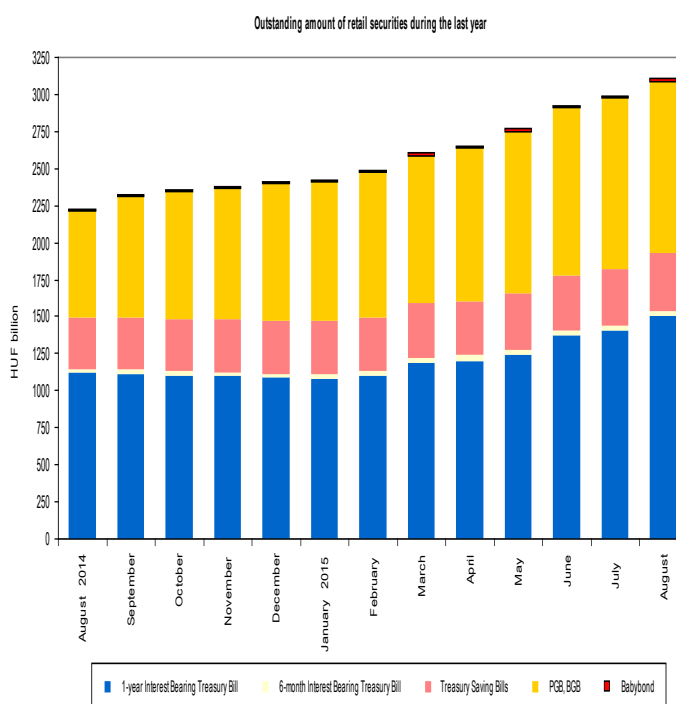
Government bond	2016/C	2016/D
ISIN code	HU0000402318	HU0000402623
Coupon (%)	5.50	5.50
Date of reverse auction	05.08.2015	05.08.2015
Date of financial settlement	12.08.2015	12.08.2015
Redemption date	12.02.2016	22.12.2016
Minimum annual yield (%)	0.87	0.90
Average annual yield - ISMA (%)	0.87	0.90
Average annual yield - EHM (%)	0.87	0.90
Amount of bids submitted (HUF million)	9,312.68	27,582.20
Amount of bids accepted (HUF million)	9,213.90	17,914.65

INTEREST RATE RESETS OF FLOATING RATE GOVERNMENT BONDS IN AUGUST 2015

Government Bond	Date of interest rate reset	Interest period	Date of interest payment	Reset interest rate (%)	Interest payable (%)
2020/J	24.08.2015	26.08.2015 - 26.08.2016	26.08.2016	3.50	3.50
2024/N	24.08.2015	26.08.2015 - 26.08.2016	26.08.2016	3.47	3.53
2026/A	28.08.2015	28.08.2015 - 28.02.2016	29.02.2016	0.96	0.49

OUTSTANDING AMOUNT OF RETAIL SECURITIES

Retail securities	HUF billion		Change HUF billion
	31.12.2014	31.08.2015	
1-year Interest Bearing T-bill	1,089.0	1,502.8	413.8
6-month Interest Bearing T-bill	28.8	36.0	7.2
Treasury Saving Bills	355.1	386.5	31.4
PGB, BGB	927.8	1,164.6	236.7
Babybond	10.3	15.2	4.9
Total	2,411.0	3,105.1	694.1



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HUNGARIAN GOVERNMENT SECURITIES INDICES

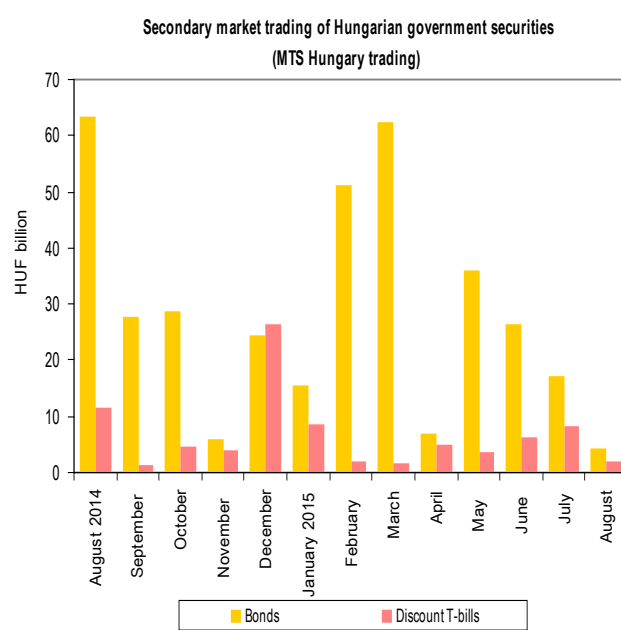
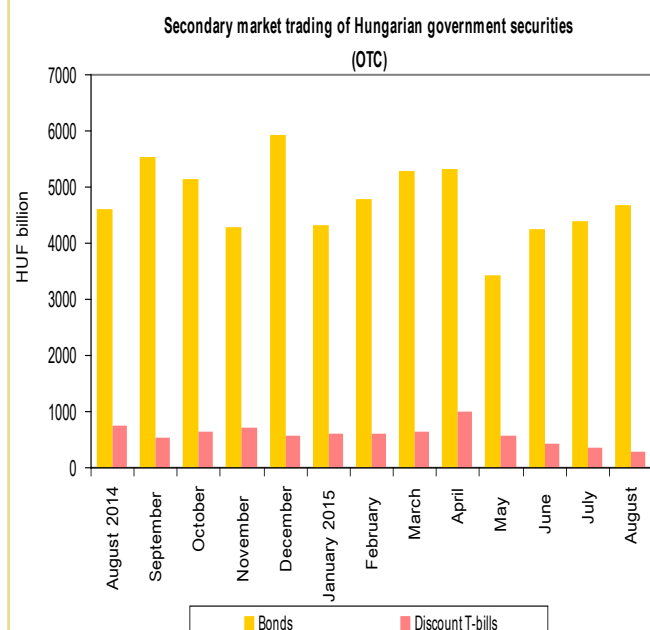
	MAX index	RMAX index	MAX Composite index	ZMAX index
Value as at 31 August 2015	672.0473	542.9964	644.2760	529.5163
Changes compared to the end of the month before	5.1662	0.8808	4.6202	0.4904
Annual yield earned on the index portfolio	7.04%	2.00%	6.48%	1.55%

Government securities with the highest secondary market turnover in August 2015

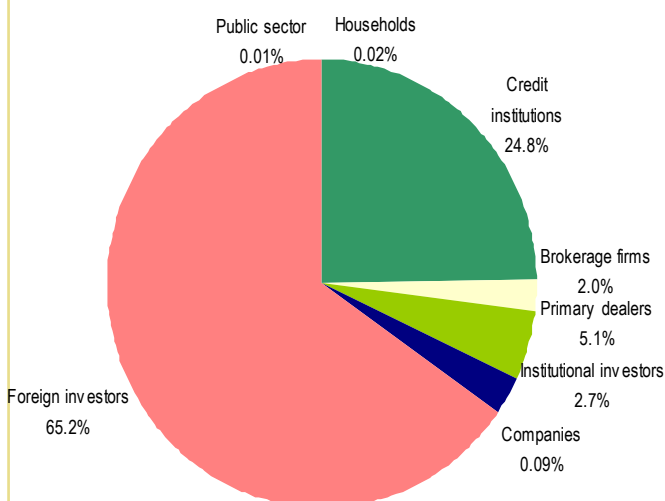
Government security	Date of redemption	Turnover (HUF billion)
2019/A	24.06.2019	928.5
2022/A	24.06.2022	746.1
2017/B	24.02.2017	634.5
2025/B	24.06.2025	605.0
2018/B	25.04.2018	435.5
2017/A	24.11.2017	394.8
2020/A	12.11.2020	278.8
2020/B	24.06.2020	245.1
2023/A	24.11.2023	229.7
2018/A	20.12.2018	128.1

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

Government bond	HUF billion	
	31.07.2015	31.08.2015
2018/C	404.11	464.71
2020/B	601.61	662.51
2025/B	733.01	759.96
2031/A	24.59	24.59



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



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

