

■ GOVERNMENT SECURITIES MARKET ■

MONTHLY REPORT MAY 2015

The net issuance was HUF 488.8 billion; out of which net HUF-denominated issuance was HUF 756.0 billion and net foreign currency denominated issuance was HUF -267.2 billion in 2015.

HUF billion	2014		2015		Change	
	December	%	May	%	HUF billion	%
HUF denominated debt	14,612.0	61.2	15,368.1	62.2	756.0	5.2
Loans	623.3	2.6	792.4	3.2	169.1	27.1
Government bonds	9,989.0	41.8	10,328.9	41.8	339.8	3.4
Retail securities	2,411.1	10.1	2,765.9	11.2	354.8	14.7
Discount treasury bills	1,588.6	6.7	1,480.9	6.0	-107.7	-6.8
Foreign exchange denominated debt	8,957.9	37.5	8,548.1	34.6	-409.8	-4.6
Total	23,569.9	98.7	23,916.1	96.8	346.2	1.5
Other obligations	311.2	1.3	784.1	3.2	472.9	152.0
Total central government debt	23,881.1	100.0	24,700.2	100.0	819.1	3.4

The HUF denominated debt of the central government increased by HUF 756.0 billion in 2015. The increase in domestic debt was the result of net government bond issuance of HUF 340.7 billion, the amount of discount Treasury bills decreased by HUF 107.7 billion and the total amount of retail government securities increased by HUF 354.8 billion. The volume of HUF loans increased by HUF 169.1 billion in 2015.

The foreign currency debt of the central government decreased by HUF 409.8 billion in 2015. The domestic PÉMAK and residence bond issuance was HUF 113.6 billion, the debt assumptions was HUF 1.1 billion, while the redemptions of foreign currency debt worth HUF 381.9 billion decreased the debt. The exchange rate revaluations totalling HUF 142.6 billion decreased the Hungarian Forint value of the foreign currency debt in May. The total amount of other liabilities increased by HUF 472.9 billion in 2015.

Benchmark yields

Maturity	30.12.2014.	30.04.2015.	31.05.2015.	Change in May, basis points
3-month	1.43	1.54	1.31	-23
6-month	1.54	1.44	1.29	-15
1-year	1.80	1.50	1.39	-11
3-year	2.72	2.22	2.23	1
5-year	3.15	2.88	2.80	-8
10-year	3.60	3.44	3.40	-4
15-year	3.83	3.68	3.50	-18

Monthly OTC turnover of government securities decreased in May and reached HUF 4,012.5 billion. Primary dealers, who account for the decisive part of all secondary government securities trading, made 50% of their secondary government securities deals with non-resident investors.

The volume of non-residents' holdings of Hungarian government securities decreased altogether by HUF 310.6 billion in May, and amounted to HUF 4,578.5 billion at the end of the month. This volume represented 31.4% of the total amount of domestic government securities.

The EUR/HUF exchange rate according to the National Bank of Hungary was 309.40 on the last working day of May.

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

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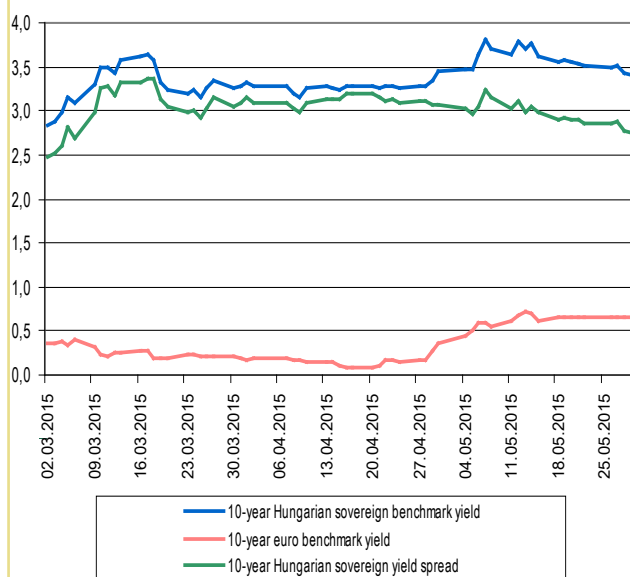
CENTRAL GOVERNMENT GROSS DEBT

HUF BILLION

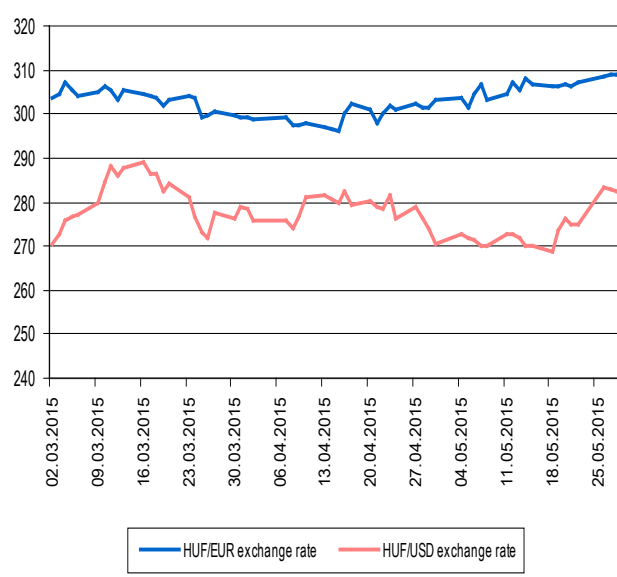
	2010	2011	2012	2013	2014	March 2015	April 2015	May 2015
1. Forint denominated debt	10,978.2	10,362.2	12,042.4	12,976.4	14,612.0	15,351.3	15,337.8	15,368.1
1.1. Loans	540.8	590.8	566.8	603.6	623.3	732.8	772.8	792.4
1.2. Government securities	10,437.4	9,771.4	11,475.6	12,372.8	13,988.7	14,618.5	14,565.0	14,575.7
1.2.1. Public issues	10,019.6	9,378.1	11,077.1	12,182.3	13,847.7	14,478.3	14,424.8	14,435.5
1.2.1.1. Bonds	7,965.8	7,353.4	8,184.1	8,588.8	9,848.0	9,950.1	10,106.3	10,188.7
1.2.1.2. Discount T-bills	1,618.2	1,540.9	1,906.5	1,904.9	1,588.6	1,925.7	1,664.8	1,480.9
1.2.1.3. Retail securities	435.7	473.8	986.6	1,688.5	2,411.1	2,602.5	2,653.7	2,765.9
1.2.2. Private placements	417.8	403.2	398.5	190.5	141.0	140.2	140.2	140.2
2. Foreign currency denominated debt*	8,842.8	10,170.4	8,326.6	8,904.9	8,957.9	8,245.0	8,368.0	8,548.1
2.1. Loans	4,292.8	4,458.1	3,312.5	2,735.6	2,164.3	2,056.4	2,073.4	2,116.8
2.1.1. Foreign loans	4,292.8	4,361.9	3,229.0	2,400.2	1,889.9	1,796.6	1,810.8	1,848.4
2.1.2. Domestic loans	0.0	96.2	83.5	335.4	274.4	259.8	262.6	268.4
2.2. Government securities	4,550.0	5,712.3	5,014.1	6,169.3	6,793.6	6,188.6	6,294.6	6,431.3
2.2.1. Issued abroad	4,550.0	5,712.3	4,924.2	5,736.9	5,844.6	5,209.9	5,278.2	5,383.9
2.2.2. Issued domestically	0.0	0.0	89.9	432.5	948.9	978.7	1,016.4	1,047.4
Total	19,821.0	20,532.6	20,369.0	21,881.4	23,569.9	23,596.3	23,705.8	23,916.1
Other liabilities	220.01	422.9	351.1	117.3	311.2	774.2	831.2	784.1
Total central government debt	20,041.0	20,955.5	20,720.1	21,998.6	23,881.1	24,370.5	24,537.0	24,700.2
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	12,016.0	11,911.3	11,809.8
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.

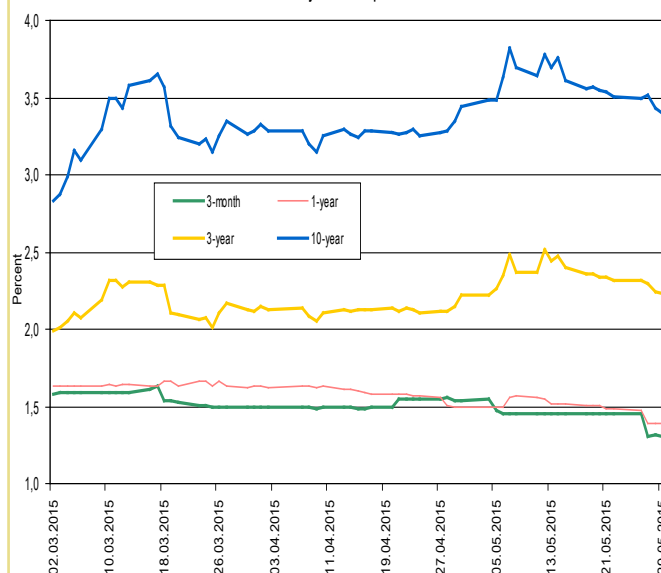
% 10-year Hungarian and eurozone benchmark yields during the last three months



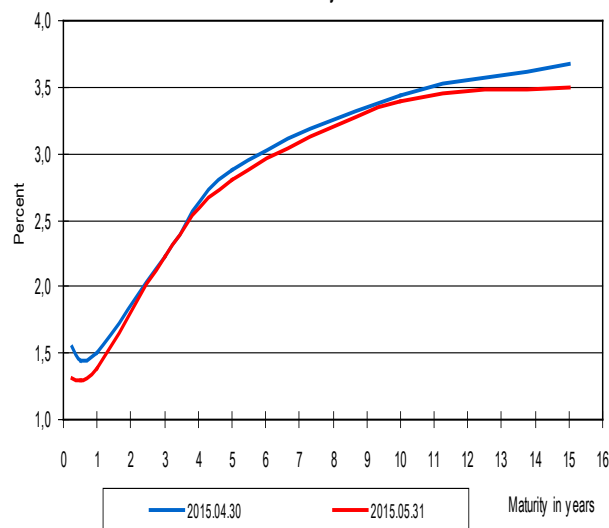
The exchange rate of the Hungarian Forint during the last three months



Benchmark yields in the past three months



Benchmark yield curves

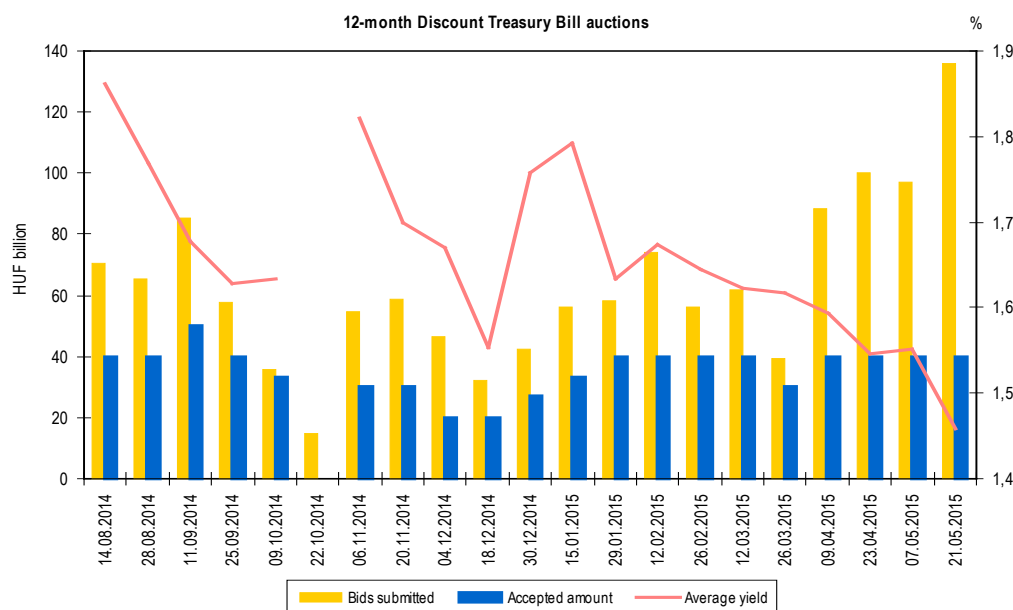
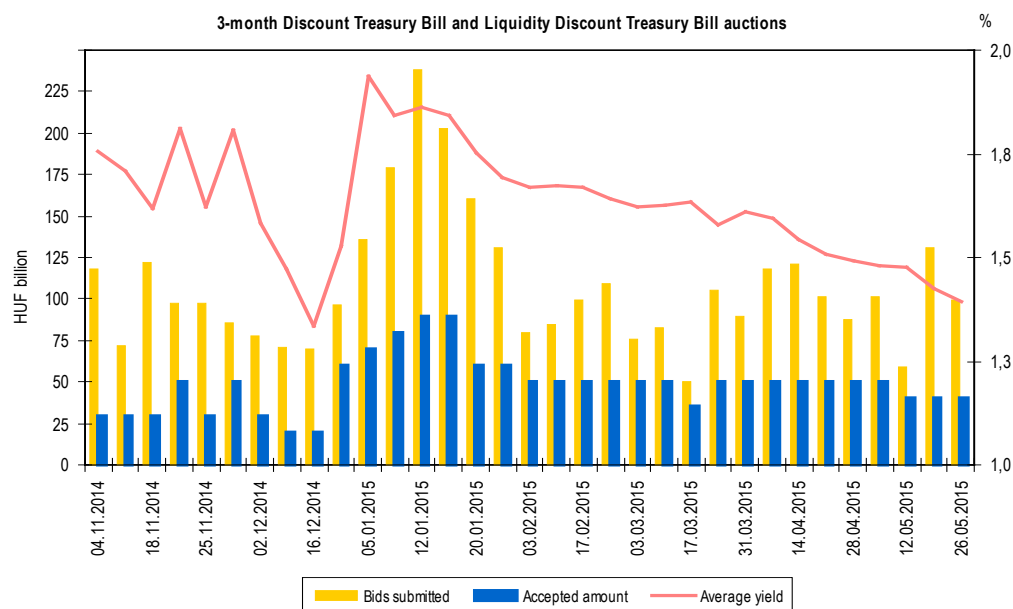


■ GOVERNMENT SECURITIES MARKET ■

DISCOUNT TREASURY BILL AUCTION RESULTS

	3-month Discount T-bills				12-month Discount T-bills	
Code of T-bills	D150812	D150819	D150826	D150902	D160413	D160413
ISIN code	HU0000520499	HU0000520507	HU0000520515	HU0000520523	HU0000520572	HU0000520572
Maturity in days	91	91	91	91	336	322
Date of auction	05.05.2015	12.05.2015	19.05.2015	26.05.2015	07.05.2015	21.05.2015
Date of financial settlement	13.05.2015	20.05.2015	27.05.2015	03.06.2015	13.05.2015	27.05.2015
Redemption date	12.08.2015	19.08.2015	26.08.2015	02.09.2015	13.04.2016	13.04.2016
Maximum yield (%) - ISMA	1.49	1.49	1.43	1.40	1.58	1.49
Minimum yield (%) - ISMA	1.45	1.45	1.41	1.35	1.54	1.40
Average yield (%) - ISMA	1.48	1.48	1.43	1.39	1.55	1.46
Maximum yield (%) - EHM	1.51	1.51	1.45	1.42	1.60	1.51
Minimum yield (%) - EHM	1.47	1.47	1.43	1.37	1.56	1.42
Average yield (%) - EHM	1.50	1.50	1.45	1.41	1.57	1.48
Average selling price (%)	99.6273	99.6273	99.6398	99.6499	98.5740	98.7109
Amount offered for sale (HUF million)	50,000.00	40,000.00	40,000.00	40,000.00	40,000.00	40,000.00
Amount of bids submitted (HUF million)	100,916.78	59,360.00	130,722.20	99,260.00	97,200.00	135,958.70
Amount of bids accepted (HUF million)	49,999.93	39,999.93	39,999.96	39,999.94	39,999.99	39,999.96
Bid-to-cover ratio	2.02	1.48	3.27	2.48	2.43	3.40
Bids submitted (pcs)	82	71	80	85	68	106
Bids accepted (pcs)	56	53	24	36	18	43
Market sales* (HUF million)	49,999.93	39,999.93	39,999.96	39,999.94	39,999.99	39,999.96
Retained on ÁKK's own account	15,000.07	12,000.07	12,000.04	12,000.06	12,000.01	12,000.04
Total amount issued (HUF million)	65,000.00	52,000.00	52,000.00	52,000.00	52,000.00	52,000.00

*Without issuance onto ÁKK's own account



■ GOVERNMENT SECURITIES MARKET ■

GOVERNMENT BOND AUCTION RESULTS

Government Bond	2018/D	2018/C	2020/B	2025/B	2021/A	2018/C	2020/B	2025/B
ISIN code	HU0000402987	HU0000402979	HU0000402953	HU0000402748	HU0000402995	HU0000402979	HU0000402953	HU0000402748
Maturity (in years)	3	3	5	10	5	3	5	10
Coupon (%)	2.10%	2.50%	3.50%	5.50%	2.10%	2.50%	3.50%	5.50%
Auction	5th auction	10th auction	17th auction	31st auction	5th auction	11th auction	18th auction	32nd auction
Date of auction	07.05.2015	14.05.2015	14.05.2015	14.05.2015	21.05.2015	28.05.2015	28.05.2015	28.05.2015
Date of financial settlement	13.05.2015	20.05.2015	20.05.2015	20.05.2015	27.05.2015	03.06.2015	03.06.2015	03.06.2015
Redemption date	24.10.2018	22.06.2018	24.06.2020	24.06.2025	23.06.2021	22.06.2018	24.06.2020	24.06.2025
Maximum annual yield (%) - ISMA		2.50	3.21	3.76		2.27	2.90	3.47
Minimum annual yield (%) - ISMA		2.45	3.17	3.70		2.17	2.85	3.42
Average annual yield (%) - ISMA		2.48	3.19	3.73		2.24	2.88	3.45
Maximum annual yield (%) - EHM		2.50	3.21	3.76		2.27	2.90	3.47
Minimum annual yield (%) - EHM		2.45	3.17	3.70		2.17	2.85	3.42
Average annual yield (%) - EHM		2.48	3.19	3.73		2.23	2.88	3.45
Maximum price (%)	99.4000	100.1486	101.5307	114.9291	98.4500	100.9657	103.0226	117.4474
Minimum price (%)	99.1000	100.0016	101.3436	114.3873	98.3000	100.6721	102.7861	116.9847
Average price (%)	99.2700	100.0663	101.4292	114.6549	98.3500	100.7702	102.8617	117.1559
Amount offered for sale (HUF million)	10,000.00	15,000.00	15,000.00	12,000.00	10,000.00	20,000.00	15,000.00	12,000.00
Amount of bids submitted (HUF million)	18,200.00	70,204.36	70,621.35	39,450.00	22,400.00	60,150.00	101,300.00	56,700.00
Amount of bids accepted (HUF million)	10,000.00	22,499.96	22,499.98	17,999.97	12,000.00	24,999.98	22,499.95	17,999.96
Bid-to-cover ratio	1.82	3.12	3.14	2.19	1.87	2.41	4.50	3.15
Bids submitted (pcs)	25	60	63	60	23	58	79	55
Bids accepted (pcs)	15	34	31	36	12	24	29	24
Tail (average price - minimum price)	0.17	0.06	0.09	0.27	0.05	0.10	0.08	0.17
Market sales* (HUF million)	10,000.00	22,499.96	22,499.98	16,999.97	12,000.00	24,999.98	22,499.95	17,999.96
Non-competitive offer (HUF million)	10,000.00	9,000.04	9,000.02	7,200.03	12,000.00	0.02	0.05	7,200.04
Total amount issued (HUF million)	20,000.00	31,500.00	31,500.00	25,200.00	24,000.00	25,000.00	22,500.00	25,200.00

*Without issuance onto ÁKK's own account



■ GOVERNMENT SECURITIES MARKET ■

GOVERNMENT SECURITIES BUY-BACK AUCTION RESULTS

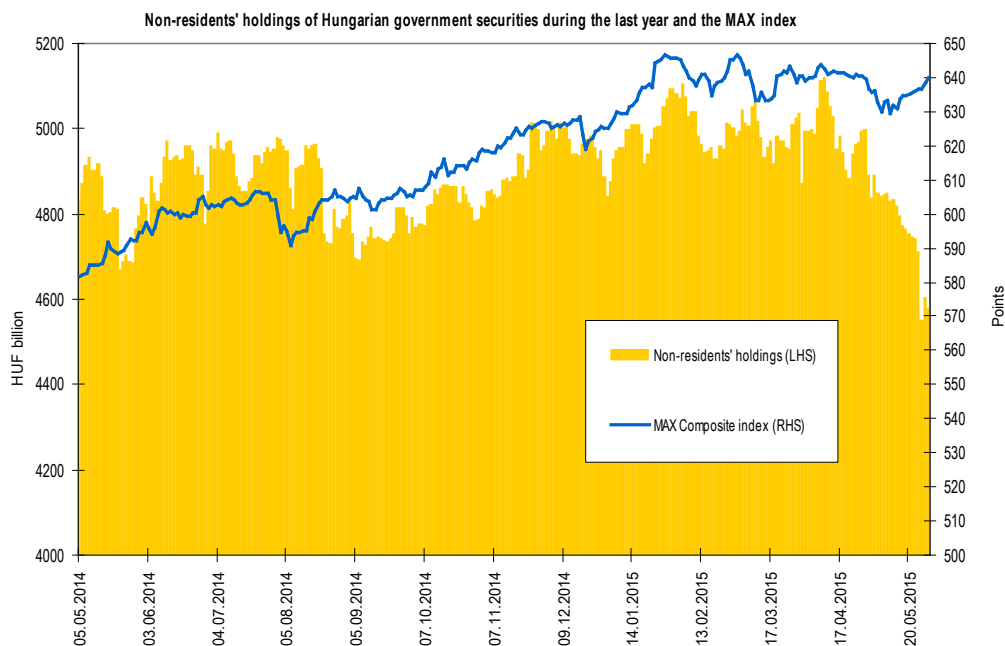
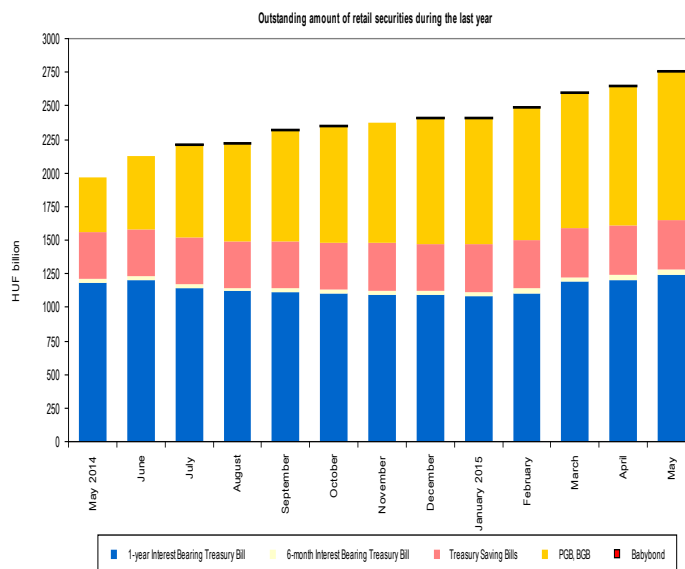
Government bond	2016/C	2016/D	2016/C	2016/D
ISIN code	HU0000402318	HU0000402623	HU0000402318	HU0000402623
Coupon (%)	5.50	5.50	5.50	5.50
Date of reverse auction	13.05.2015	13.05.2015	27.05.2015	27.05.2015
Date of financial settlement	20.05.2015	20.05.2015	03.06.2015	03.06.2015
Redemption date	12.02.2016	22.12.2016	12.02.2016	22.12.2016
Minimum annual yield (%)		1.53		1.45
Average annual yield - ISMA (%)		1.55		1.45
Average annual yield - EHM (%)		1.55		1.45
Amount of bids submitted (HUF million)	1,064.00	48,298.63	4,037.24	21,210.17
Amount of bids accepted (HUF million)	0.00	31,414.69	0.00	21,210.17

INTEREST RATE RESETS OF FLOATING RATE GOVERNMENT BONDS IN MAY 2015

Government Bond	Date of interest rate reset	Interest period	Date of interest payment	Reset interest rate (%)	Interest payable (%)
2017/J	08.05.2015	10.05.2015 - 10.05.2016	10.05.2016	3,00	3,00
2017/K	08.05.2015	10.05.2015 - 10.05.2016	10.05.2016	3,00	3,00
2017/L	08.05.2015	10.05.2015 - 10.05.2016	10.05.2016	3,00	3,00
2018/K	13.05.2015	13.05.2015 - 21.11.2015	23.11.2015	3,00	1,58
2020/J	13.05.2015	13.05.2015 - 26.08.2015	10.05.2016	3,50	1,01
2019/B	17.05.2015	20.05.2015 - 20.11.2015	20.11.2015	1,48	0,76
2020/N	18.05.2015	20.05.2015 - 20.05.2016	20.05.2016	4,07	4,14
2020/O	18.05.2015	20.05.2015 - 20.05.2016	20.05.2016	4,07	4,14

OUTSTANDING AMOUNT OF RETAIL SECURITIES

Retail securities	HUF billion		Change
	31.12.2014	31.05.2015	HUF billion
1-year Interest Bearing T-bill	1,089.0	1,246.4	157.4
6-month Interest Bearing T-bill	28.8	34.2	5.4
Treasury Saving Bills	355.1	371.7	16.6
PGB, BGB	927.8	1,099.8	171.9
Babybond	10.3	13.8	3.5
Total	2,411.0	2,765.8	354.8



■ GOVERNMENT SECURITIES MARKET ■

HUNGARIAN GOVERNMENT SECURITIES INDICES

	MAX index	RMAX index	MAX Composite index	ZMAX index
Value as at 31 May 2015	667.3513	539.6629	639.7669	527.6289
Changes compared to the end of the month before	3.2071	1.2307	3.0116	0.8222
Annual yield earned on the index portfolio	8.28%	2.32%	7.56%	1.87%

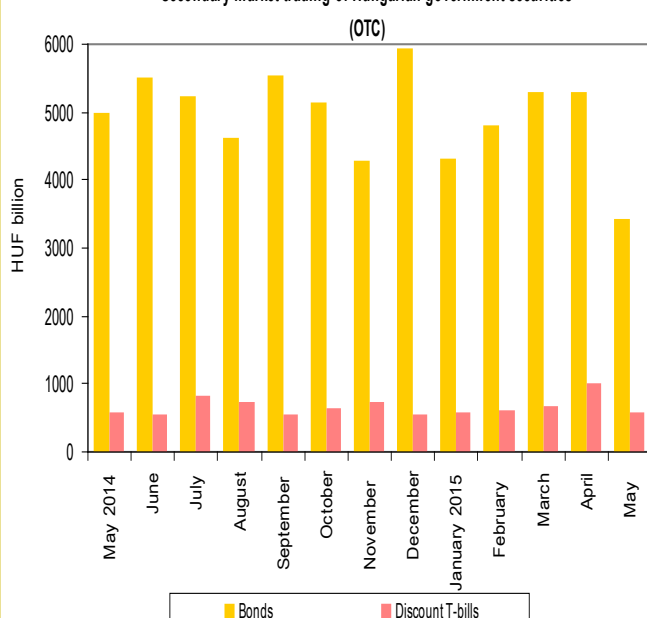
Government securities with the highest secondary market turnover in May 2015

Government security	Date of redemption	Turnover (HUF billion)
2019/A	24.06.2019	773.2
2022/A	24.06.2022	739.9
2017/A	24.11.2017	718.5
2023/A	24.11.2023	696.1
2020/B	24.06.2020	540.5
2025/B	24.06.2025	530.5
2016/D	22.12.2016	325.0
2028/A	22.10.2028	261.2
2017/B	24.02.2017	236.3
2018/A	20.12.2018	233.5

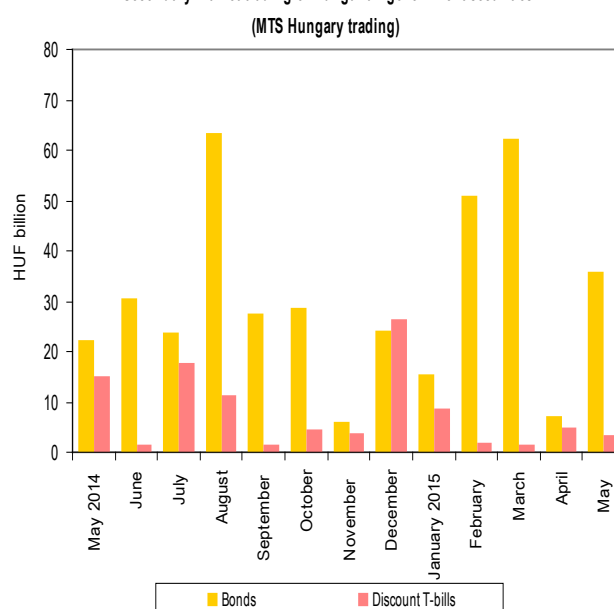
The outstanding volume of government bonds with benchmark status at the end of May 2015

Government bond	HUF billion	
	30.04.2015	31.05.2015
2018/C	209.93	252.48
2020/B	401.80	457.84
2025/B	611.13	655.93
2031/A	11.27	11.32

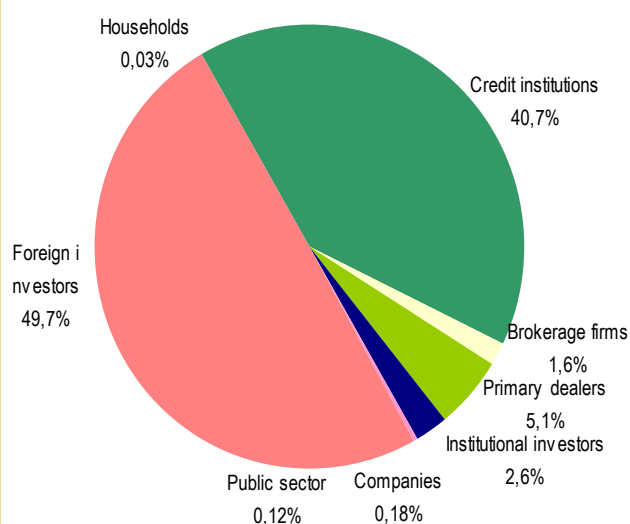
Secondary market trading of Hungarian government securities (OTC)



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



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



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

