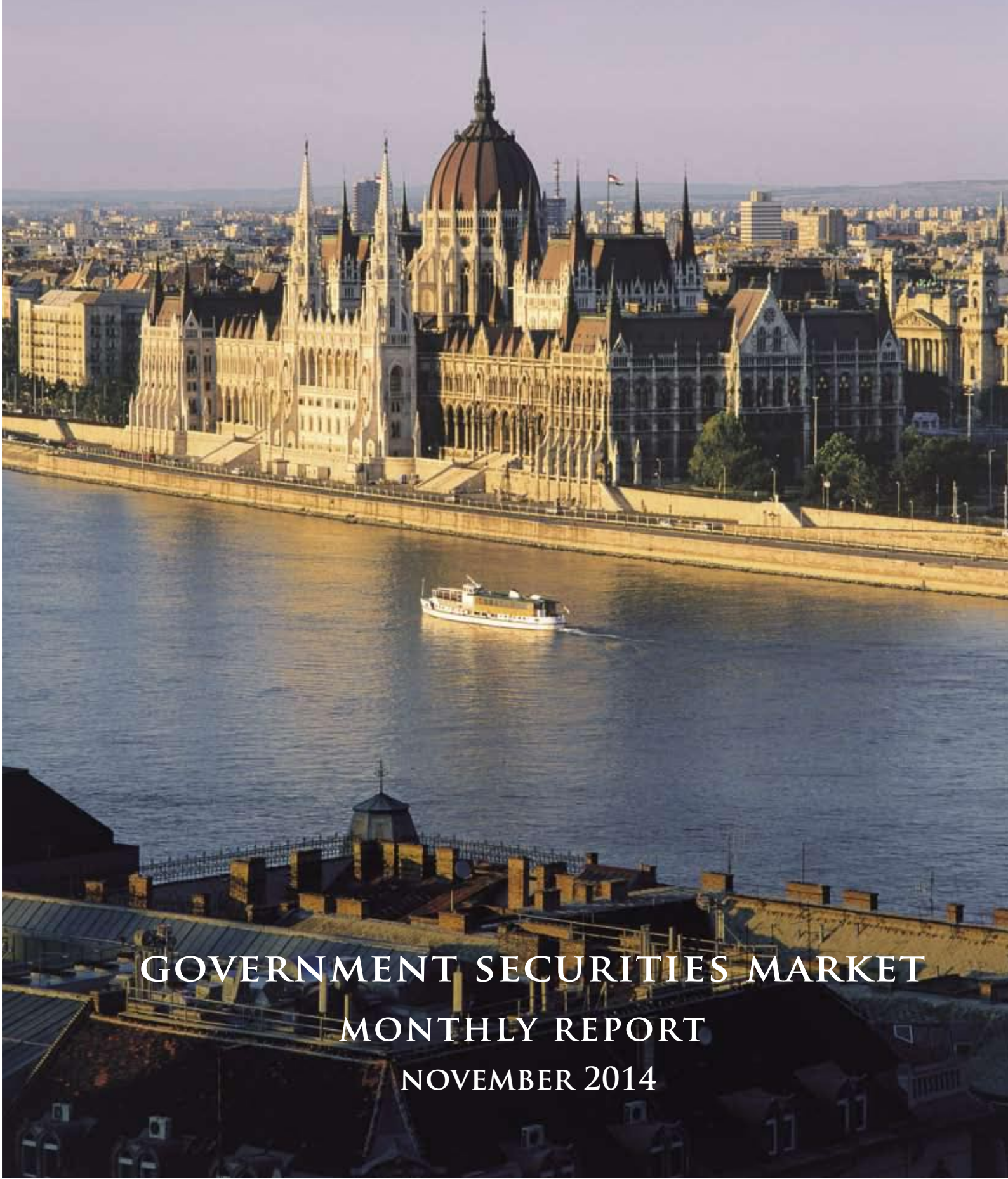




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GOVERNMENT DEBT MANAGEMENT AGENCY PTE LTD.



GOVERNMENT SECURITIES MARKET
MONTHLY REPORT
NOVEMBER 2014

■ GOVERNMENT SECURITIES MARKET ■

The deficit of the central government amounted to HUF 713.7 billion in November. The net prefinancing of cash transfers from the European Union decreased the net borrowing requirement by HUF 4.4 billion. Thus, the total net financing requirement amounted to HUF 709.3 billion in 2014. Net issuance was HUF 1,490.0 billion, including the sum of debt assumptions HUF 436.7 billion; out of which net HUF-denominated issuance was HUF 1,841.1 billion and net foreign currency denominated issuance was HUF -351.1 billion. Without debt assumptions net issuance was HUF 1,170.2 billion, out of which net HUF denominated issuance was HUF 1,798.8 billion and net foreign currency denominated issuance was HUF -628.6 billion.

HUF billion	2013		2014		Change	
	December	%	November	%	HUF billion	%
Foreign exchange denominated debt	8,904.9	40.5	8,866.1	37.1	38.8	-0.4
Government securities	6,169.3	28.0	6,638.2	27.8	468.9	7.6
Loans	2,735.6	12.4	2,227.9	9.3	-507.7	-18.6
HUF denominated debt	12,976.4	59.0	14,817.5	62.0	1,841.1	14.2
Government securities	12,372.8	56.2	14,159.4	59.2	1,786.5	14.4
Loans	603.6	2.7	858.1	2.8	54.6	9.0
Total	21,881.4	99.5	23,683.7	99.0	1,802.3	8.2
Other obligations	117.3	0.5	230.9	1.0	113.3	96.9
Total central government debt	21,998.6	100.0	23,914.5	100.0	1,915.9	8.7

The HUF denominated debt of the central government increased by HUF 1,841.1 billion in 2014. The increase in domestic debt was the result of net government bond issuance of HUF 1,201.0 billion, the amount of discount Treasury bills decreased by HUF 71.9 billion and the total amount of retail government securities increased by HUF 689.5 billion. The stock of non-marketable government bonds decreased by HUF 32.1 billion because of redemption. The volume of HUF loans increased by HUF 54.6 billion in 2014.

The foreign currency debt of the central government decreased by HUF 38.8 billion in 2014. The foreign currency bond issue increased the debt by HUF 678.8 billion, the PÉMAK and residence bond issuance was HUF 461.2 billion, the drawdown of foreign currency denominated loans was HUF 48.1 billion. The debt assumptions worth HUF 294.1 billion increased, while the redemptions of foreign currency debt worth HUF 1,833.4 billion decreased the debt. The exchange rate revaluations totalling HUF 312.3 billion increased the Hungarian Forint value of the foreign currency debt in 2014.

Benchmark yields

Maturity	31.12.2013.	31.10.2014.	30.11.2014.	Change, basis points
3-month	2.87	1.71	1.64	-7
6-month	2.95	1.73	1.64	-9
1-year	3.05	1.70	1.68	-2
3-year	4.04	2.82	2.54	-28
5-year	4.70	3.29	2.97	-32
10-year	5.70	3.90	3.52	-38
15-year	6.30	4.17	3.83	-34

Monthly OTC turnover of government securities decreased in November and reached HUF 5,020.3 billion. Primary dealers, who account for the decisive part of all secondary government securities trading, made 58% of their secondary government securities deals with non-resident investors.

The volume of non-residents' holdings of Hungarian government securities increased altogether by HUF 161.7 billion in November, and amounted to HUF 4,947.1 billion at the end of the month. This volume represented 34.9% of the total amount of domestic government securities.

The EUR/HUF exchange rate according to the National Bank of Hungary was 307.45 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 ■

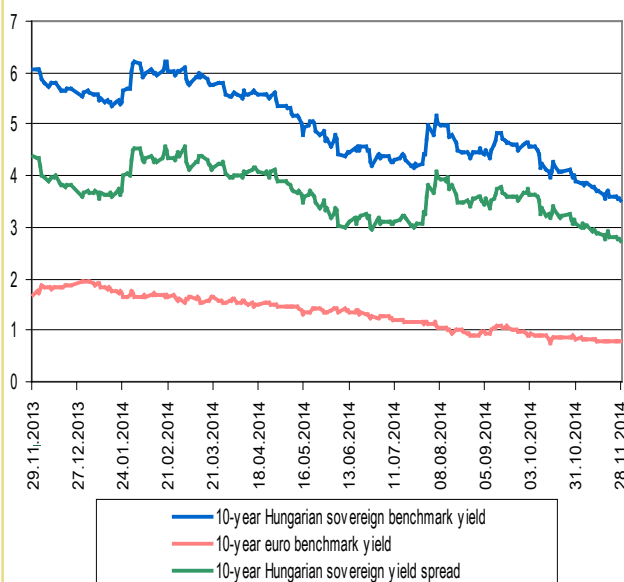
CENTRAL GOVERNMENT GROSS DEBT

HUF BILLION

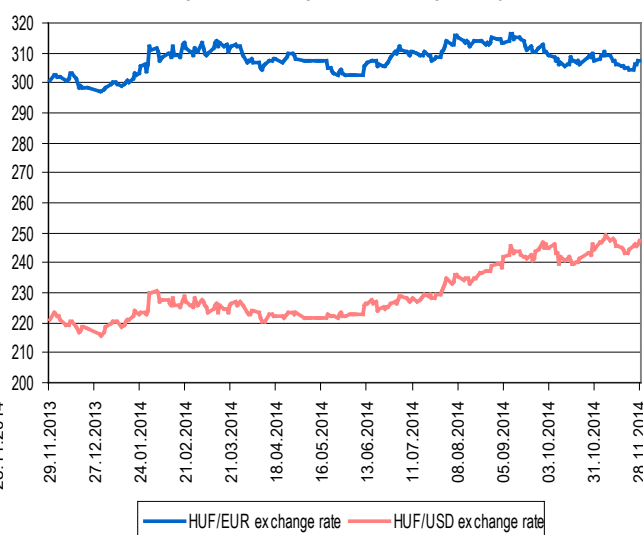
	2007	2008	2009	2010	2011	2012	2013	Sept 2014	Oct 2014	Nov 2014
1. Forint denominated debt	11,103.8	11,250.6	10,476.2	10,978.2	10,362.2	12,042.4	12,976.4	14,708.2	14,967.4	14,817.5
1.1. Loans	145.7	219.9	438.7	540.8	590.8	566.8	603.6	661.3	659.7	658.1
1.2. Government securities	10,958.1	11,030.7	10,037.5	10,437.4	9,771.4	11,475.6	12,372.8	14,046.8	14,307.7	14,159.4
1.2.1. Public issues	10,465.4	10,599.7	9,613.2	10,019.6	9,378.1	11,077.1	12,182.3	13,888.4	14,149.3	14,000.9
1.2.1.1. Bonds	8,245.3	8,570.6	7,519.2	7,965.8	7,353.4	8,184.1	8,588.8	9,471.9	9,693.7	9,789.9
1.2.1.2. Discount T-bills	1,664.9	1,482.4	1,647.3	1,618.2	1,540.9	1,906.5	1,904.9	2,092.8	2,101.7	1,833.0
1.2.1.3. Retail securities	555.2	546.4	446.6	435.7	473.8	986.6	1,688.5	2,323.7	2,353.8	2,378.1
1.2.2. Private placements	492.7	431.0	424.3	417.8	403.2	398.5	190.5	158.4	158.4	158.4
2. Foreign currency denominated debt*	4,472.6	6,774.8	8,466.7	8,842.8	10,170.4	8,326.6	8,904.9	9,617.0	9,546.3	8,866.1
2.1. Loans	846.5	2,529.4	4,112.7	4,292.8	4,458.1	3,312.5	2,735.6	2,958.1	2,898.7	2,227.9
2.1.1. Foreign loans	838.8	2,529.4	4,112.7	4,292.8	4,361.9	3,229.0	2,400.2	2,568.0	2,518.7	1,901.6
2.1.2. Domestic loans	104.0	0.0	0.0	0.0	96.2	83.5	335.4	390.1	379.9	326.3
2.2. Government securities	3,626.1	4,245.5	4,354.0	4,550.0	5,712.3	5,014.1	6,169.3	6,658.9	6,647.6	6,638.2
2.2.1. Issued abroad	3,626.1	4,245.5	4,354.0	4,550.0	5,712.3	4,924.2	5,736.9	5,827.9	5,768.4	5,733.5
2.2.2. Issued domestically	0.0	0.0	0.0	0.0	0.0	89.9	432.5	831.0	879.2	904.7
Total	15,576.4	18,025.4	18,942.9	19,821.0	20,532.6	20,369.0	21,881.4	24,325.2	24,513.7	23,683.7
Other liabilities	9.1	78.5	20.1	220.01	422.9	351.1	117.3	147.2	222.2	230.9
Total central government debt	15,585.5	18,103.9	18,963.1	20,041.0	20,955.5	20,720.1	21,998.6	24,472.5	24,736.0	23,914.5
Marketable HUF debt (1.2.1.1+1.2.1.2.+1.2.2.)	10,402.9	10,484.0	9,623.3	10,001.8	9,297.6	10,489.1	10,684.2	11,723.1	11,953.8	11,781.3
Gross debt/GDP	61.3%	68.2%	74.0%	75.6%	75.8%	73.9%	75.7%			

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

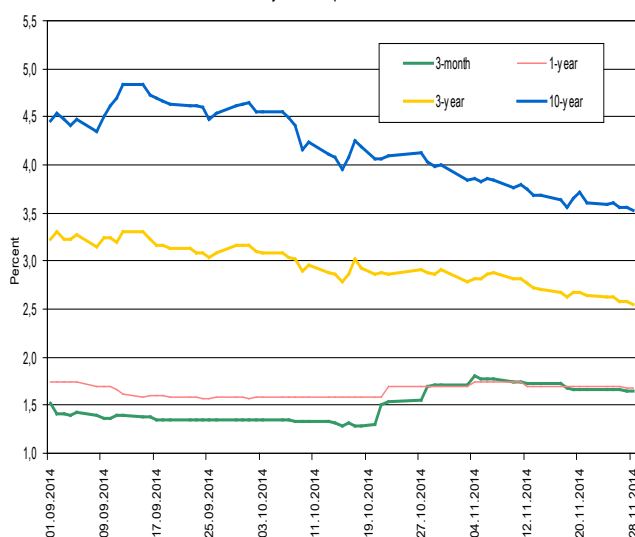
% 10-year Hungarian and eurozone benchmark yields during the last year



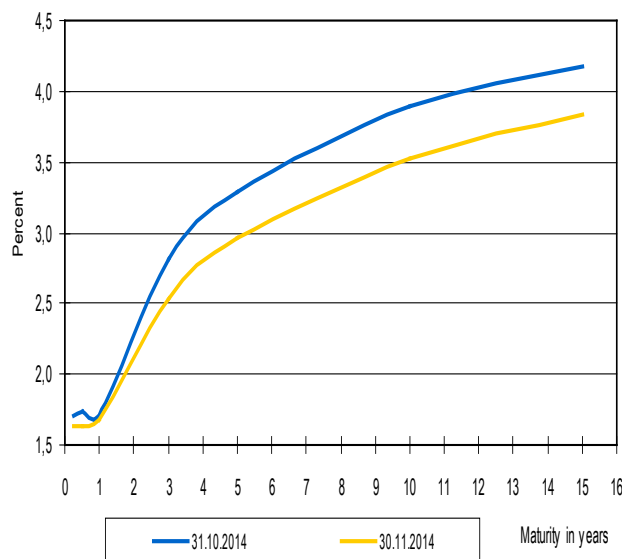
The exchange rate of the Hungarian Forint during the last year



Benchmark yields in the past three months



Benchmark yield curves

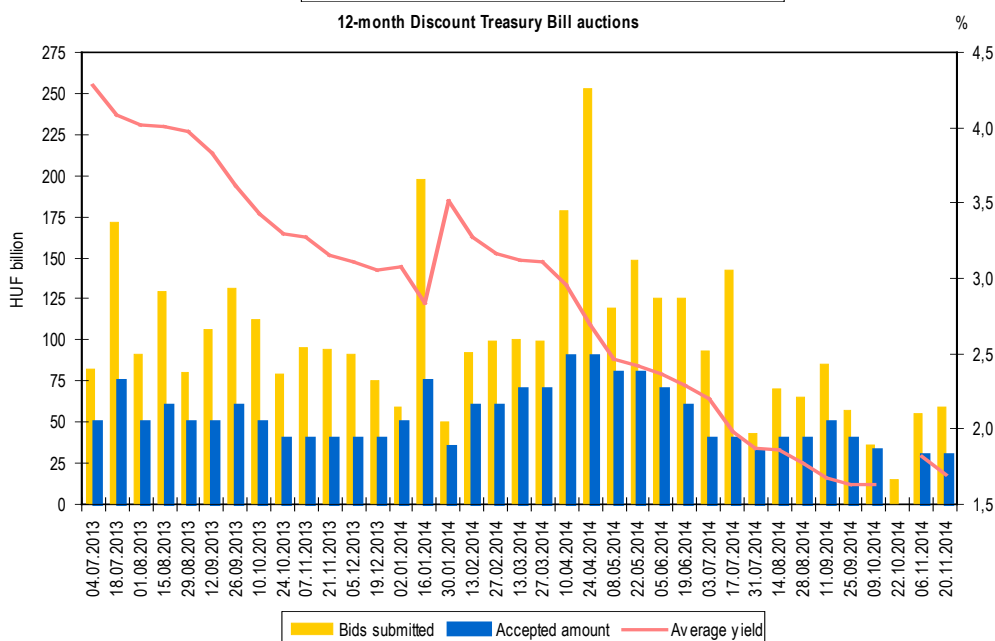
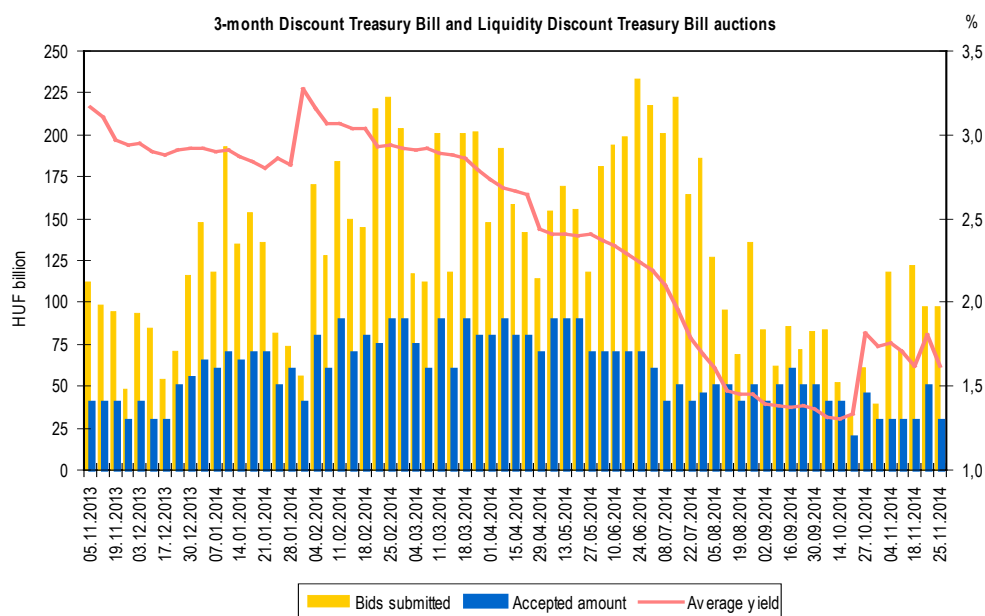


■ GOVERNMENT SECURITIES MARKET ■

DISCOUNT TREASURY BILL AUCTION RESULTS

	Liquidity Discount T.Bills	3-month Discount T-bills				12-month Discount T-bills	
Code of T-bills	D141230	D150211	D150218	D150225	D150304	D151111	D151111
ISIN code	HU0000520184	HU0000520325	HU0000520259	HU0000520267	HU0000520275	HU0000520242	HU0000520242
Maturity in days	34	91	91	91	91	364	350
Date of auction	24.11.2014	04.11.2014	11.11.2014	18.11.2014	25.11.2014	06.11.2014	20.11.2014
Date of financial settlement	26.11.2014	12.11.2014	19.11.2014	26.11.2014	03.12.2014	12.11.2014	26.11.2014
Redemption date	30.12.2014	11.02.2014	18.02.2015	25.02.2015	04.03.2015	11.11.2015	11.11.2015
Maximum yield (%) - ISMA	1.91	1.78	1.73	1.63	1.65	1.85	1.74
Minimum yield (%) - ISMA	1.74	1.74	1.65	1.59	1.54	1.75	1.62
Average yield (%) - ISMA	1.81	1.76	1.71	1.62	1.62	1.82	1.70
Maximum yield (%) - EHM	1.94	1.80	1.75	1.65	1.67	1.88	1.76
Minimum yield (%) - EHM	1.76	1.76	1.67	1.61	1.56	1.77	1.64
Average yield (%) - EHM	1.84	1.78	1.73	1.64	1.64	1.85	1.72
Average selling price (%)	99.8293	99.5571	99.5696	99.5922	99.5922	98.1930	98.3741
Amount offered for sale (HUF million)	50,000.00	30,000.00	30,000.00	30,000.00	30,000.00	30,000.00	30,000.00
Amount of bids submitted (HUF million)	97,900.00	118,350.00	71,400.00	122,360.78	97,540.83	54,710.00	58,754.00
Amount of bids accepted (HUF million)	50,000.00	29,999.97	29,999.97	29,999.97	29,999.96	30,000.00	29,999.97
Bid-to-cover ratio	1.96	3.95	2.38	4.08	3.25	1.82	1.96
Bids submitted (pcs)	54	117	79	124	111	91	76
Bids accepted (pcs)	29	21	33	29	43	60	44
Market sales* (HUF million)	50,000.00	29,999.97	29,999.97	29,999.97	29,999.96	30,000.00	29,999.97
Retained on ÁKK's own account	15,000.00	30,000.03	9,000.03	9,000.03	9,000.04	30,000.00	9,000.03
Total amount issued (HUF million)	65,000.00	60,000.00	39,000.00	39,000.00	39,000.00	60,000.00	39,000.00

*Without issuance onto ÁKK's own account

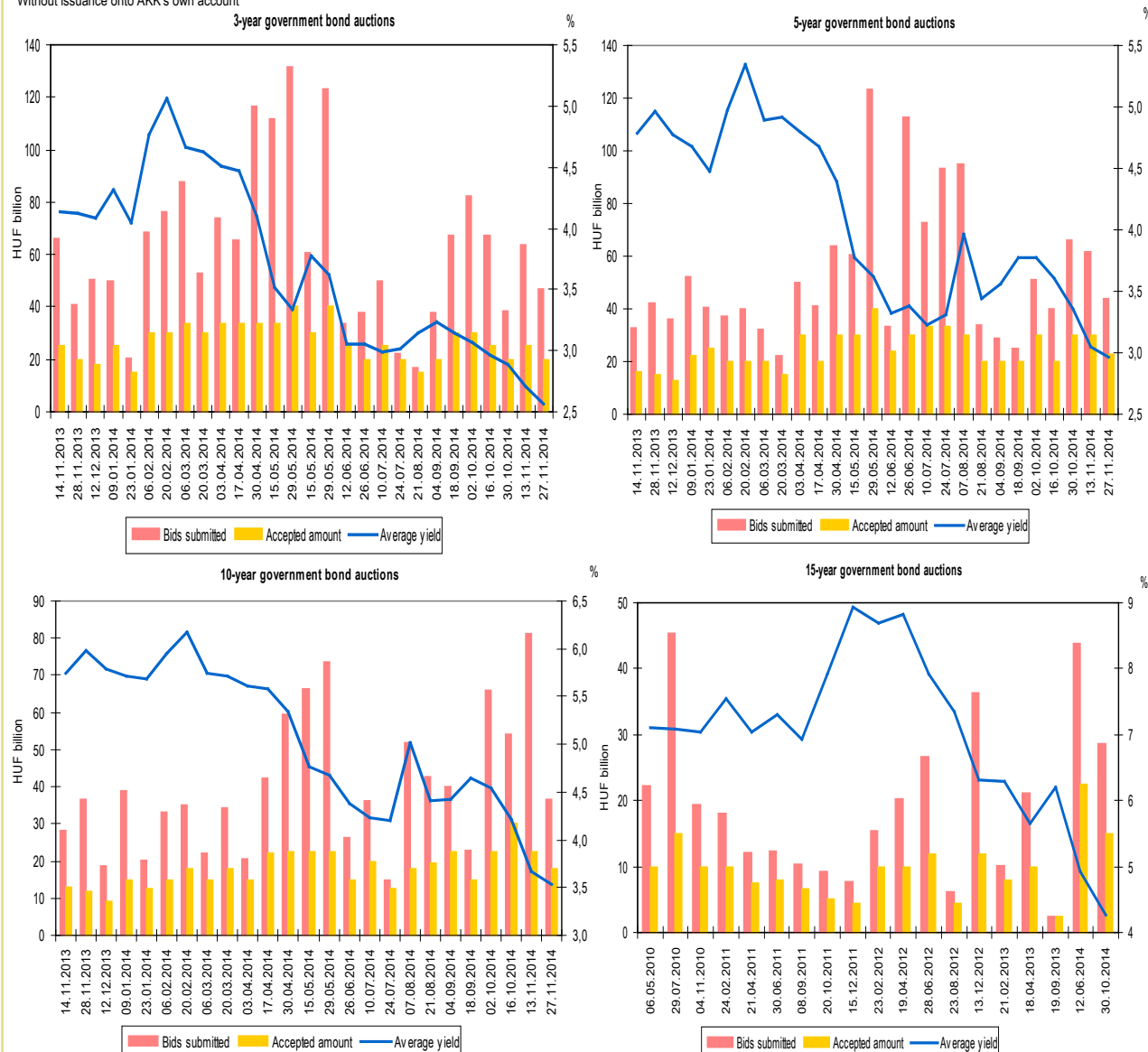


■ GOVERNMENT SECURITIES MARKET ■

GOVERNMENT BOND AUCTION RESULTS

Government Bond	2017/C	2018/B	2020/B	2025/B	2019/B	2018/B	2020/B	2025/B
ISIN code	HU0000402821	HU0000402730	HU0000402953	HU0000402748	HU0000402649	HU0000402730	HU0000402953	HU0000402748
Maturity (in years)	3	3	5	10	5	3	5	10
Coupon (%)	2.09%	4.00%	3.50%	5.50%	2.41%	4.00%	3.50%	5.50%
Auction	14th auction	23rd auction	5th auction	21st auction	27th auction	24th auction	6th auction	22nd auction
Date of auction	06.11.2014	13.11.2014	13.11.2014	13.11.2014	20.11.2014	27.11.2014	27.11.2014	27.11.2014
Date of financial settlement	12.11.2014	19.11.2014	19.11.2014	19.11.2014	26.11.2014	03.12.2014	03.12.2014	03.12.2014
Redemption date	20.12.2017	25.04.2018	24.06.2020	24.06.2025	20.05.2019	25.04.2018	24.06.2020	24.06.2025
Maximum annual yield (%) - ISMA		2.72	3.06	3.67		2.57	2.99	3.55
Minimum annual yield (%) - ISMA		2.67	3.01	3.66		2.52	2.93	3.51
Average annual yield (%) - ISMA		2.70	3.05	3.66		2.56	2.97	3.54
Maximum annual yield (%) - EHM		2.72	3.06	3.67		2.57	2.99	3.55
Minimum annual yield (%) - EHM		2.67	3.01	3.66		2.52	2.93	3.51
Average annual yield (%) - EHM		2.70	3.04	3.66		2.56	2.96	3.54
Maximum price (%)	99.3200	104.2918	102.4938	115.8981	97.2500	104.7423	102.8877	117.2814
Minimum price (%)	99.2000	104.1253	102.2364	115.8032	97.0500	104.5765	102.5794	116.8975
Average price (%)	99.2500	104.1808	102.3008	115.8750	97.0900	104.6032	102.6933	116.9671
Amount offered for sale (HUF million)	20,000.00	20,000.00	20,000.00	15,000.00	10,000.00	20,000.00	20,000.00	15,000.00
Amount of bids submitted (HUF million)	76,220.68	63,700.00	61,580.00	81,060.00	45,416.13	46,882.35	43,800.00	36,750.00
Amount of bids accepted (HUF million)	29,999.98	24,999.98	29,999.96	22,499.98	14,999.98	20,000.00	22,999.97	17,999.96
Bid-to-cover ratio	2.54	2.55	2.05	3.60	3.03	2.34	1.90	2.04
Bids submitted (pcs)	80	62	80	70	81	61	65	71
Bids accepted (pcs)	27	37	45	21	35	28	36	36
Tail (average price - minimum price)	0.05	0.06	0.06	0.07	0.04	0.03	0.11	0.07
Market sales* (HUF million)	29,999.98	24,999.98	29,999.96	22,499.98	14,999.98	20,000.00	22,999.97	17,999.96
Non-competitive offer (HUF million)	4,448.92	8,725.88	10,859.96	8,039.98	-	5,848.70	3,118.84	1,236.97
Total amount issued (HUF million)	42,000.00	35,000.00	60,000.00	31,500.00	21,000.00	20,000.00	23,000.00	25,200.00

*Without issuance onto ÁKK's own account

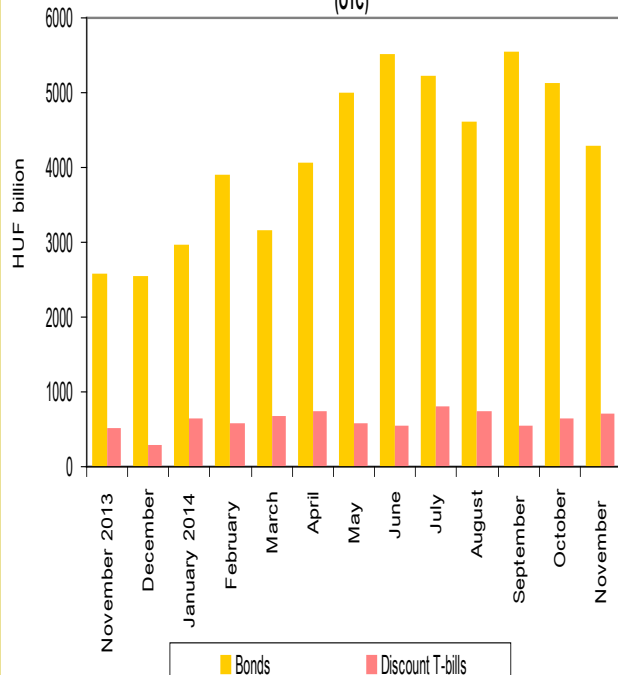


■ GOVERNMENT SECURITIES MARKET ■

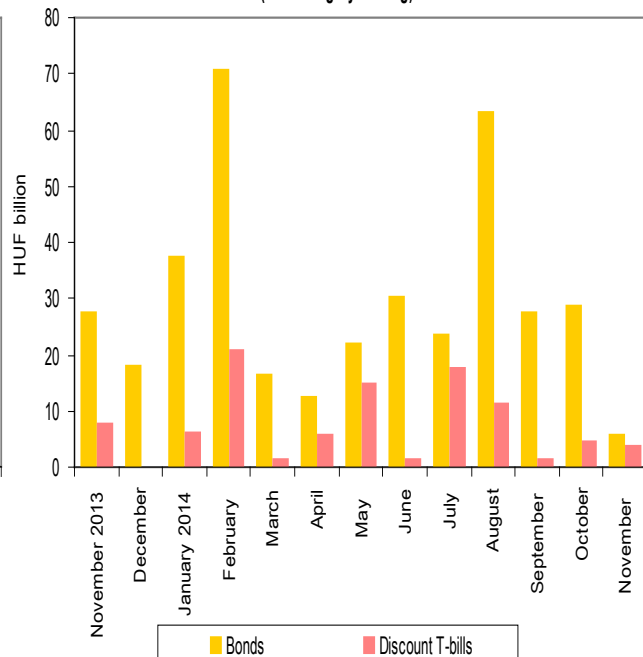
INTEREST RATE RESETS OF FLOATING RATE GOVERNMENT BONDS IN NOVEMBER 2014

Government Bond	Date of interest rate reset	Interest period	Date of interest payment	Reset interest rate (%)	Interest payable (%)	
2016/I	26.11.2014	28.11.2014	28.11.2015	30.11.2015	3.50	3.50
2019/B	17.11.2014	20.11.2014	20.05.2015	20.05.2015	1.74	0.87
2015/L	26.11.2014	28.11.2014	28.11.2015	30.11.2015	2.50	2.50

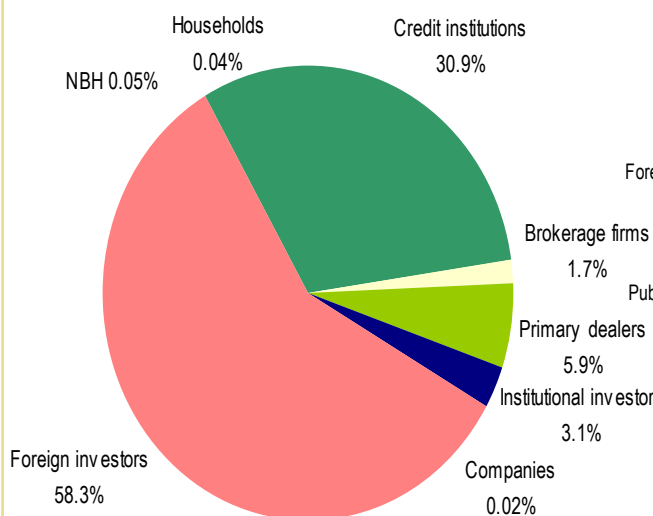
Secondary market trading of Hungarian government securities (OTC)



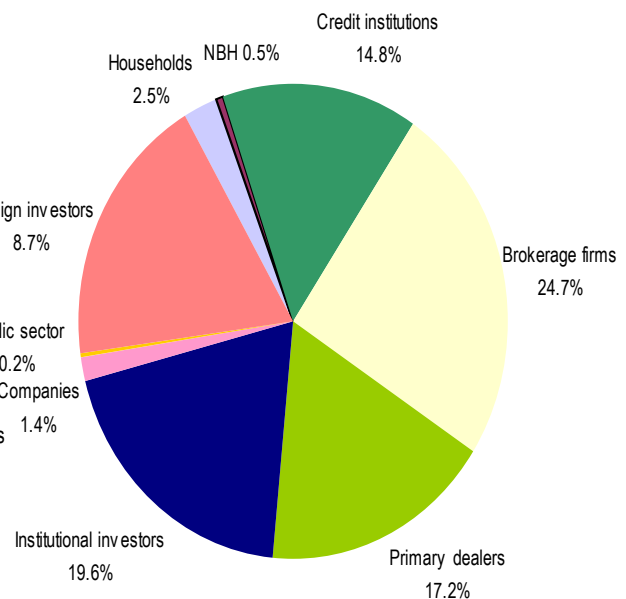
Secondary market trading of Hungarian government securities (MTS Hungary trading)



Breakdown of primary dealers' secondary market turnover in government bonds by investor groups in November 2014



Breakdown of primary dealers' secondary market turnover in Discount Treasury Bills by investor groups in November 2014



■ GOVERNMENT SECURITIES MARKET ■

HUNGARIAN GOVERNMENT SECURITIES INDICES

	MAX index	RMAX index	MAX Composite index	ZMAX index
Value as at 30 November 2014	654.1741	534.8920	627.0564	523.1329
Changes compared to the end of the month before	13.3868	0.9395	11.3368	0.7049
Annual yield earned on the index portfolio	14.52%	3.39%	12.49%	2.53%

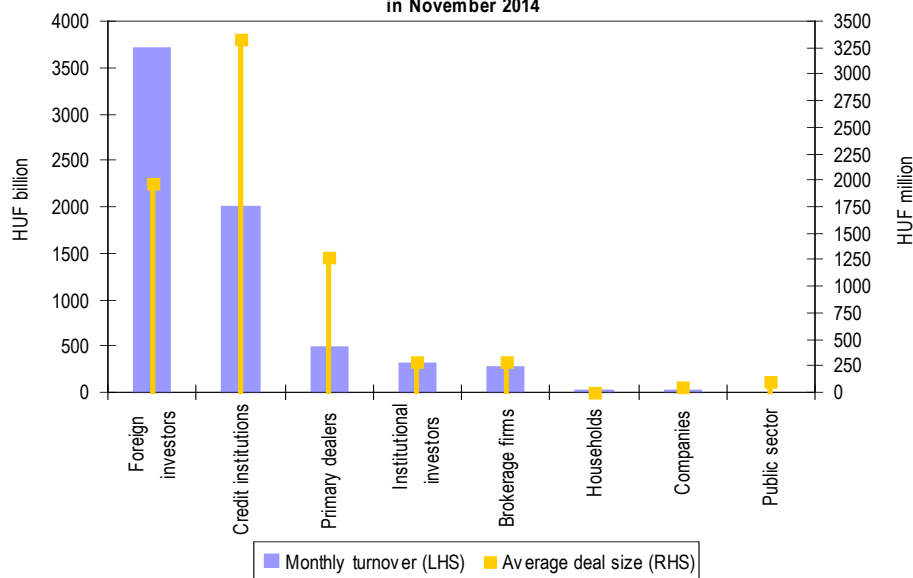
Government securities with the highest secondary market turnover in November 2014

Government security	Date of redemption	Turnover (HUF billion)
2019/A	24.06.2019	861.3
2017/A	24.11.2017	829.9
2022/A	24.06.2022	798.6
2023/A	24.11.2023	724.0
2025/B	24.06.2025	640.9
2020/A	12.11.2020	359.5
2016/D	22.12.2016	352.3
2018/B	25.04.2018	283.3
2016/C	12.02.2016	248.1
2017/B	24.02.2017	228.8

The outstanding volume of government bonds with benchmark status at the end of November 2014

Government bond	HUF billion	
	31.10.2014	30.11.2014
2018/B	677.14	733.69
2020/B	78.19	156.14
2025/B	424.57	455.48
2028/A	151.06	171.31

Primary dealers' trading with different investor groups in November 2014



Non-residents' holdings of Hungarian government securities during the last year and the MAX index

