GOVERNMENT SECURITIES MARKET

MONTHLY REPORT
APRIL 2016

The net issuance was HUF 704.5 billion; out of which net HUF-denominated issuance was HUF 1,325.5 billion and net foreign currency denominated redemption was HUF 621.0 billion in 2016.

CENTRAL GOVERNMENT DEBT

	2015		2016		Change	
(HUF billion)	December	%	April	%	HUF billion	%
HUF denominated debt	16,207.9	65.6%	17,533.4	69.5%	1,325.5	8.2%
Loans	694.1	2.8%	844.5	3.3%	150.4	21.7%
Government bonds	11,094.9	44.9%	11,163.9	44.2%	69.0	0.6%
Retail securities	3,517.4	14.2%	4,249.8	16.8%	732.4	20.8%
Discount treasury bills	901.6	3.7%	1,275.2	5.1%	373.6	41.4%
Foreign exchange denominated debt	7,735.8	31.3%	7,084.7	28.1%	-651.1	-8.4%
Total	23,943.7	96.9%	24,618.1	97.5%	674.4	2.8%
Other obligations	756.0	3.1%	626.9	2.5%	-129.1	-17.1%
Total central government debt	24,699.7	100.0%	25,245.0	100.0%	545.3	2.2%

The HUF denominated debt of the central government increased by HUF 1,325.5 billion in 2016. The increase in domestic debt was the result of net government bond issuance of HUF 78.8 billion, the amount of discount Treasury bills increased by HUF 373.6 billion and the total amount of retail government securities increased by HUF 732.4 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 651.1 billion in 2016. The Dim Sum bond issue increased the debt by HUF 42.3 billion, the domestic P€MAK and residence bond issuance was HUF 33.6 billion, while the redemptions of foreign currency debt worth HUF 696.8 billion decreased the debt. The exchange rate revaluations totalling HUF 30.1 billion decreased the Hungarian Forint value of the foreign currency debt in April. The total amount of other liabilities decreased by HUF 129.1 billion in 2016.

BENCHMARK YIELDS

Maturity	29.02.2016	31.03.2016	29.04.2016	Change in March basis point
3-month	0.94	1.00	0.90	-10
6-month	0.99	0.99	0.90	-9
1-year	1.00	0.99	0.88	-11
3-year	1.87	1.51	1.63	12
5-year	2.32	2.05	2.25	20
10-year	3.27	2.94	3.32	38
15-year	3.56	3.23	3.55	32

Monthly OTC turnover of government securities increased to HUF 4,151.0 billion in April. Primary dealers, who account for the decisive part of all secondary government securities trading, made 84% of their secondary government securities deals with non-resident investors.

The volume of non-residents' holdings of Hungarian government securities decreased altogether by HUF 6.5 billion in April and amounted to HUF 3,603.3 billion at the end of the month. This volume represented 21.6% of the total amount of domestic government securities.

The EUR/HUF exchange rate according to the National Bank of Hungary was 311.76 on the last working day of April.

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

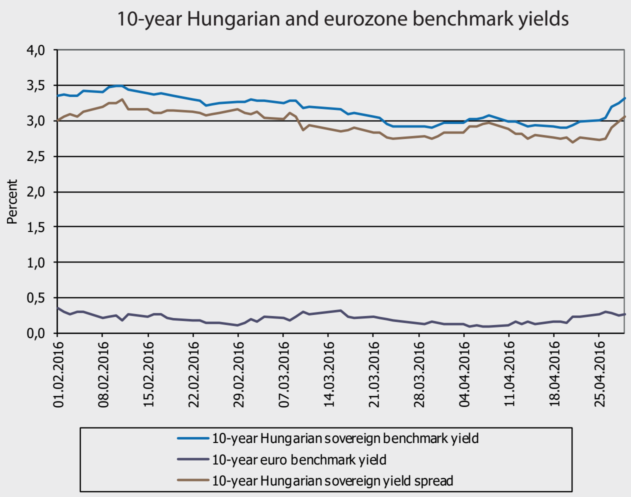
GOVERNMENT SECURITIES MARKET

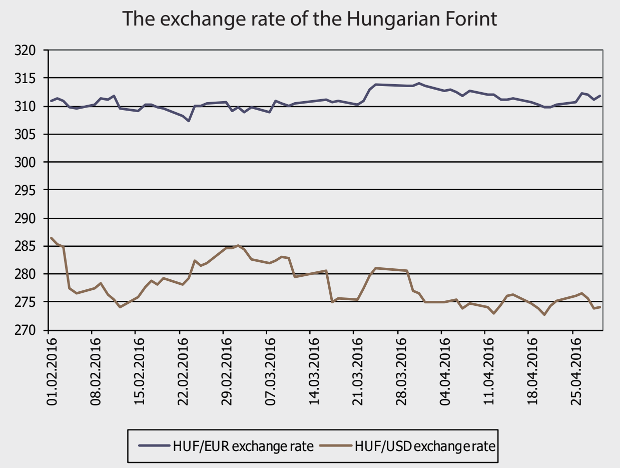
CENTRAL GOVERNMENT GROSS DEBT

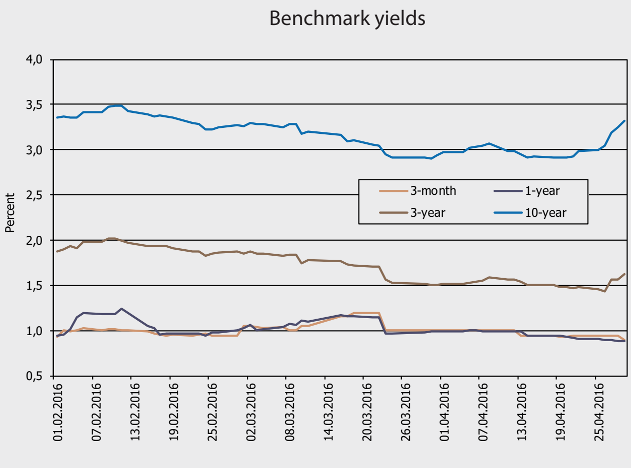
HUF BILLION

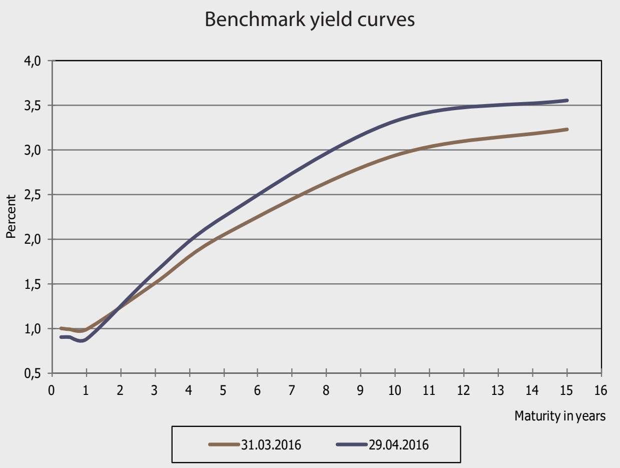
	2011	2012	2013	2014	2015	2016 February	2016 March	2016 April
1. Forint denominated debt	10,362.2	12,042.4	12,976.4	14,612.0	16,207.9	16,554.3	17,286.1	17,533.4
1.1. Loans	590.8	566.8	603.6	623.3	694.1	736.6	844.5	844.5
1.2. Government securities	9,771.4	11,475.6	12,372.8	13,988.7	15,513.8	15,817.7	16,441.5	16,688.9
1.2.1. Public issues	9,368.1	11,077.1	12,182.3	13,847.7	15,462.3	15,775.2	16,399.8	16,647.2
1.2.1.1. Bonds	7,353.4	8,184.1	8,588.8	9,848.0	11,043.4	10,667.3	10,990.1	11,122.2
1.2.1.2. Discount T-bills	1,540.9	1,906.5	1,904.9	1,588.6	901.6	1,140.8	1,343.0	1,275.2
1.2.1.3. Retail securities	473.8	986.6	1,688.5	2,411.1	3,517.4	3,967.1	4,066.8	4,249.8
1.2.2. Private placements	403.2	398.5	190.5	141.0	51.5	42.5	41.7	41.7
2. Foreign currency denominated debt*	10,170.4	8,326.6	8,904.9	8,957.9	7,735.8	7,689.7	7,554.5	7,084.7
2.1. Loans	4,458.1	3,312.5	2,735.6	2,164.3	1,696.8	1,682.9	1,698.9	1,218.3
2.1.1. Foreign loans	4,337.9	3,229.0	2,400.2	1,889.9	1,614.2	1,601.4	1,617.9	1,137.9
2.1.2. Domestic loans	0.0	83.5	335.4	274.4	82.6	81.5	81.0	80.4
2.2. Government securities	5,712.3	5,014.1	6,169.3	6,793.6	6,039.0	6,006.8	5,855.6	5,866.4
2.2.1. Issued abroad	5,712.3	4,924.2	5,736.9	5,844.6	5,198.9	5,159.8	4,992.1	4,996.6
2.2.2. Issued domestically	0.0	89.9	432.5	948.9	840.1	847.1	863.5	869.8
Total	20,532.6	20,369.0	21,881.4	23,569.9	23,943.7	24,244.0	24,840.6	24,618.1
Other liabilities	422.89	351.10	117.30	311.20	756.00	707.10	632.40	626.90
Total central government debt	20,955.5	20,720.1	21,998.6	23,881.1	24,699.7	24,951.1	25,473.0	25,245.0
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	11,850.6	12,374.8	12,439.1
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.









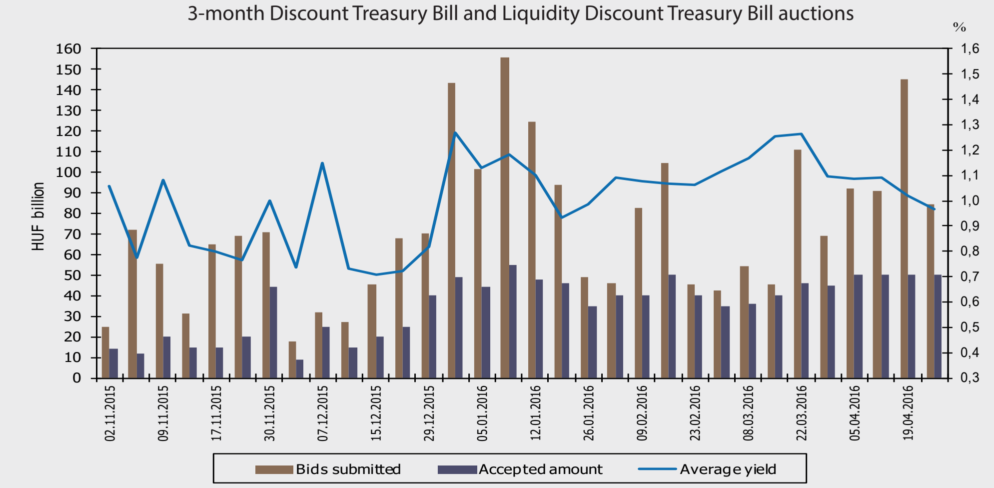
GOVERNMENT SECURITIES MARKET

DISCOUNT TREASURY BILL AUCTION RESULTS

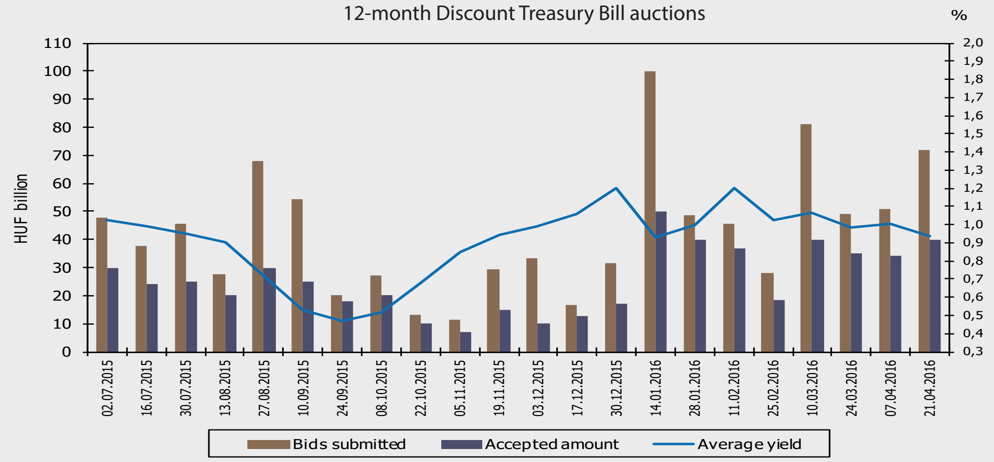
	3-month Discount T-bills				12-month Discount T-bills	
Code of T-bills	D160713	D160720	D160727	D160803	D170316	D170316
ISIN code	HU0000521117	HU0000521109	HU0000521091	HU0000520630	HU0000520945	HU0000520945
Maturity in days	91	91	91	91	337	323
Date of auction	05.04.2016	12.04.2016	19.04.2016	26.04.2016	07.04.2016	21.04.2016
Date of financial settlement	13.04.2016	20.04.2016	27.04.2016	04.05.2016	13.04.2016	27.04.2016
Redemption date	13.07.2016	20.07.2016	27.07.2016	03.08.2016	16.03.2017	16.03.2017
Maximum yield (%) - ISMA	1.10	1.10	1.03	0.99	1.03	0.97
Minimum yield (%) - ISMA	1.02	1.00	0.95	0.91	0.97	0.89
Average yield (%) - ISMA	1.09	1.09	1.02	0.97	1.01	0.94
Maximum yield (%) - EHM	1.12	1.12	1.04	1.00	1.04	0.98
Minimum yield (%) - EHM	1.03	1.01	0.96	0.92	0.98	0.90
Average yield (%) - EHM	1.11	1.11	1.03	0.98	1.02	0.95
Average selling price (%)	99.7252	99.7252	99.7428	99.7554	99.0634	99.1637
Amount offered for sale (HUF million)	40,000.00	40,000.00	40,000.00	40,000.00	40,000.00	40,000.00
Amount of bids submitted (HUF million)	91,908.40	90,795.00	145,220.00	84,240.00	50,619.00	71,810.15
Amount of bids accepted (HUF million)	49,999.91	49,999.92	49,999.93	49,999.95	33,999.98	39,999.93
Bid-to-cover ratio	1.84	1.82	2.90	1.68	1.49	1.80
Bids submitted (pcs)	139.00	119.00	119.00	100.00	74.00	95.00
Bids accepted (pcs)	73.00	73.00	43.00	68.00	54.00	59.00
Market sales* (HUF million)	49,999.91	49,999.92	49,999.93	49,999.95	33,999.98	39,999.93
Retained on ÁKK's own account (HUF mil-	15,000.09	15,000.08	15,000.07	15,000.05	10,200.02	0.07
Total amount issued (HUF million)	65,000.00	65,000.00	65,000.00	65,000.00	44,200.00	40,000.00

* Without issuance onto ÁKK's own account

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



12-month Discount Treasury Bill auctions

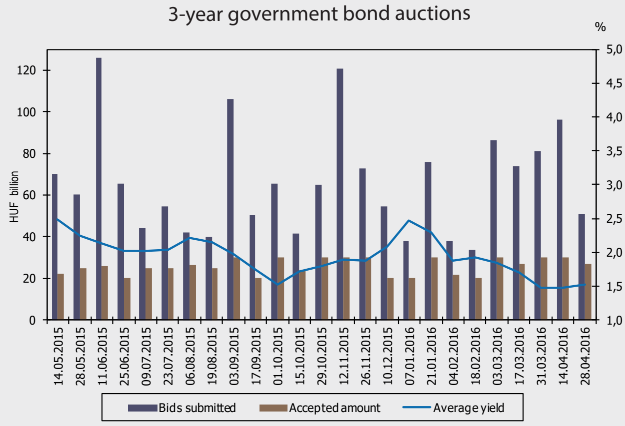


GOVERNMENT SECURITIES MARKET

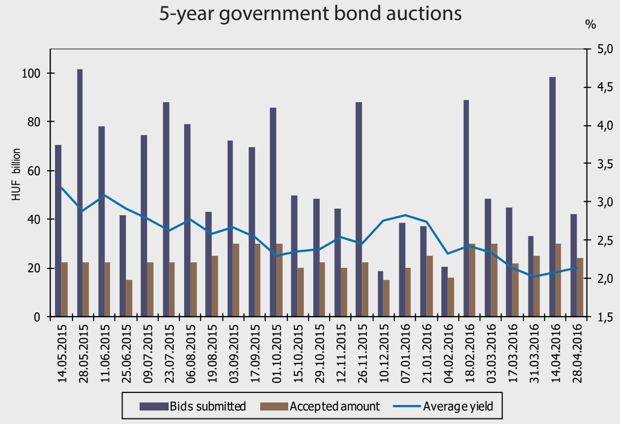
GOVERNMENT BOND AUCTION RESULTS

Government Bond	2019/D	2019/C	2021/B	2031/A	2019/C	2021/B	2027/A
ISIN code	HU0000403126	HU0000403092	HU0000403100	HU0000403001	HU0000403092	HU0000403100	HU0000403118
Maturity (in years)	3	3	5	15	3	5	10
Coupon (%)	1.35%	2.00%	2.50%	3.25%	2.00%	2.50%	3.00%
Auction	4. auction	8. auction	8. auction	6. auction	9. auction	9. auction	7. auction
Date of auction	07.04.2016	14.04.2016	14.04.2016	14.04.2016	28.04.2016	28.04.2016	28.04.2016
Date of financial settlement	13.04.2016	20.04.2016	20.04.2016	20.04.2016	04.05.2016	04.05.2016	04.05.2016
Redemption date	28.08.2019	30.10.2019	27.10.2021	22.10.2031	30.10.2019	27.10.2021	27.10.2027
Maximum annual yield (%) - ISMA		1.48	2.08	3.26	1.54	2.16	3.23
Minimum annual yield (%) - ISMA		1.46	2.07	3.23	1.51	2.09	3.20
Average annual yield (%) - ISMA		1.48	2.08	3.25	1.53	2.14	3.23
Maximum annual yield (%) - EHM		1.48	2.08	3.26	1.54	2.16	3.23
Minimum annual yield (%) - EHM		1.46	2.07	3.23	1.51	2.09	3.20
Average annual yield (%) - EHM		1.48	2.08	3.25	1.53	2.14	3.23
Maximum price (%)	98.2500	101.8428	102.2231	100.2281	101.6524	102.1042	98.1006
Minimum price (%)	97.8000	101.7738	102.1707	99.8668	101.5501	101.7413	97.8198
Average price (%)	98.0100	101.7886	102.1820	99.9594	101.5876	101.8422	97.8327
Amount offered for sale (HUF million)	5,000.00	20,000.00	20,000.00	10,000.00	20,000.00	20,000.00	10,000.00
Amount of bids submitted (HUF million)	7,600.00	96,100.00	98,420.00	30,303.14	50,700.00	42,001.00	18,905.00
Amount of bids accepted (HUF million)	5,000.00	29,999.96	29,999.93	14,999.95	27,000.00	23,999.98	13,000.00
Bid-to-cover ratio	1.52	3.20	3.28	2.02	1.88	1.75	1.45
Bids submitted (pcs)	13	63	73	56	39	37	31
Bids accepted (pcs)	10	21	30	32	12	15	11
Tail (average price - minimum price)	0.21	0.01	0.01	0.09	0.04	0.10	0.01
Market sales (HUF million)	5,000.00	29,999.96	29,999.93	14,999.95	27,000.00	23,999.98	13,000.00
Non-competitive offer (HUF million)	0.00	8,841.34	10,992.91	4,558.87	3,200.00	1,103.97	0.00
Total amount sales (HUF million)	5,000.00	38,841.30	40,992.84	19,558.82	30,200.00	25,103.95	13,000.00

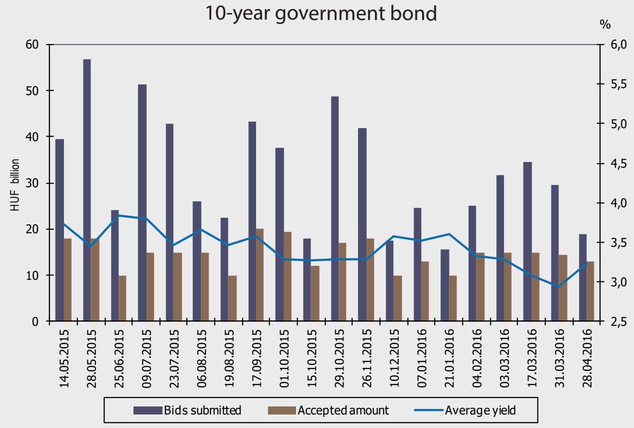
3-year government bond auctions



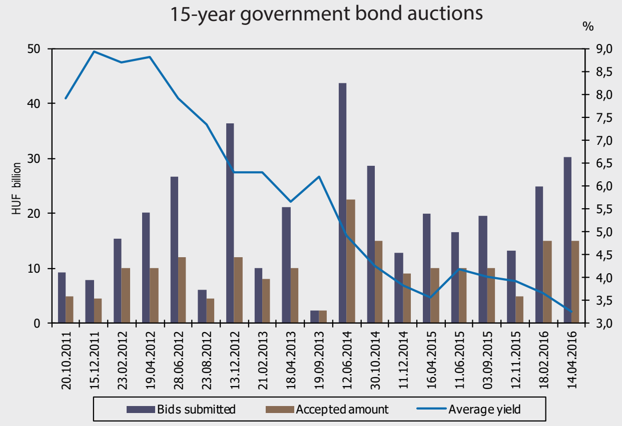
5-year government bond auctions



10-year government bond



15-year government bond auctions



GOVERNMENT SECURITIES MARKET

GOVERNMENT SECURITIES BUY-BACK AUCTION RESULTS

Government bond	2017/B	2017/A	2017/B	2017/A
ISIN code	HU0000402375	HU0000402037	HU0000402375	HU0000402037
Coupon (%)	6.75	6.75	6.75	6.75
Date of reverse auction	13.04.2016	13.04.2016	27.04.2016	27.04.2016
Date of financial settlement	20.04.2016	20.04.2016	04.05.2016	04.05.2016
Redemption date	24.02.2017	24.11.2017	24.02.2017	24.11.2017
Minimum annual yield (%)	0.88	0.88	0.00	0.79
Average annual yield- ISMA (%)	0.90	0.89	0.00	0.82
Average annual yield - EHM (%)	0.90	0.89	0.00	0.82
Amount of bids submitted (HUF million)	29,412.12	67,447.51	200.70	28,087.67
Amount of bids accepted (HUF million)	16,254.07	15,980.35	0.00	26,305.66

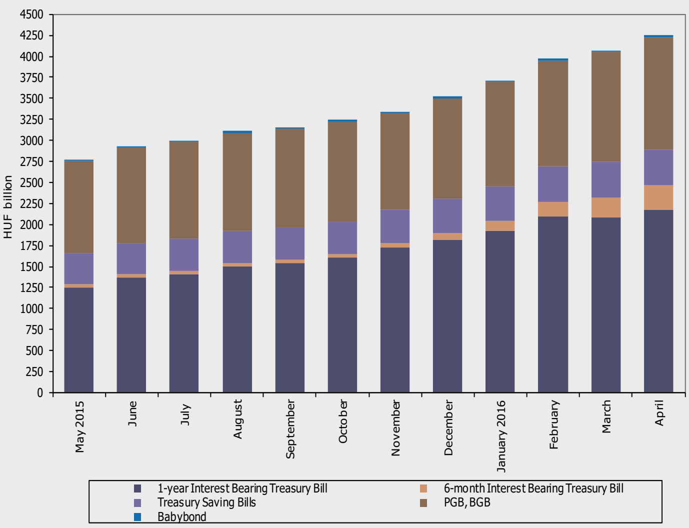
INTEREST RATE RESETS OF FLOATING RATE GOVERNMENT BONDS IN APRIL 2016

Government bond	Date of interest rate reset	Interest period		Date of interest payment	Reset interest rate	Interest payable
2018/N	18.04.2016	20.04.2016	20.04.2017	20.04.2017	2.78%	2.82%
2018/O	18.04.2016	20.04.2016	20.04.2017	20.04.2017	2.78%	2.82%
2018/D	21.04.2016	24.04.2016	24.07.2016	25.07.2016	1.20%	0.30%
2018/I	22.04.2016	25.04.2016	25.04.2017	25.04.2017	3.00%	3.00%
2020/I	22.04.2016	24.04.2016	24.04.2017	24.04.2017	4.00%	4.00%
2026/B	22.04.2016	24.10.2016	24.10.2016	24.10.2016	1.19%	0.60%
2026/C	22.04.2016	24.04.2016	24.10.2016	24.10.2016	1.19%	0.60%

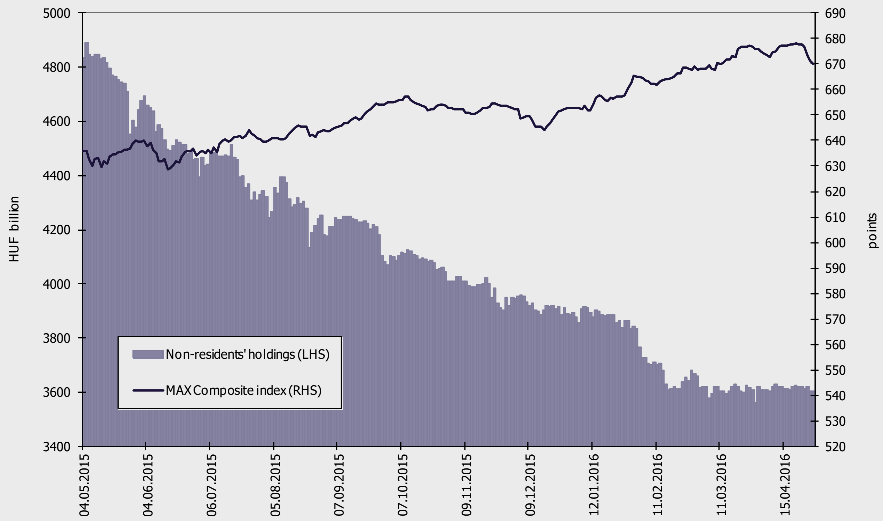
OUTSTANDING AMOUNT OF RETAIL SECURITIES

Retail securities	HUF billion		Change
	31.12.2015	29.04.2016	HUF billion
1-year Interest Bearing	1,816.0	2,170.4	354.5
6-month Interest Bearing	81.0	293.1	212.0
Treasury Saving Bills	403.4	419.2	15.7
PGB, BGB	1,198.3	1,345.7	147.4
Babybond	18.6	21.4	2.8
Total	3,517.3	4,249.8	732.4

Outstanding amount of retail securities during the last year



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 29 April 2016	700.2906	545.6267	669.9819	532.0720
Changes compared to the end of the month before	-7.7776	0.4551	-6.7567	0.5417
Annual yield earned on the index portfolio	4.93%	1.35%	4.77%	1.00%

Government bonds with the highest secondary market turnover in April 2016

Government bond	Date of redemption	Turnover (HUF billion)
2018/C	22.06.2018	544.3
2025/B	24.06.2025	541.6
2018/B	25.04.2018	536.2
2022/A	24.06.2022	412.8
2021/B	27.10.2021	401.2
2019/A	24.06.2019	259.3
2020/B	24.06.2020	242.1
2020/A	12.11.2020	232.3
2027/A	27.10.2027	199.8
2017/A	24.11.2017	175.5

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

Government bond	HUF billion	
	31.03.2016	30.04.2016
2019/C	180.62	256.95
2021/B	181.36	249.06
2027/A	74.81	90.47
2031/A	61.88	81.43