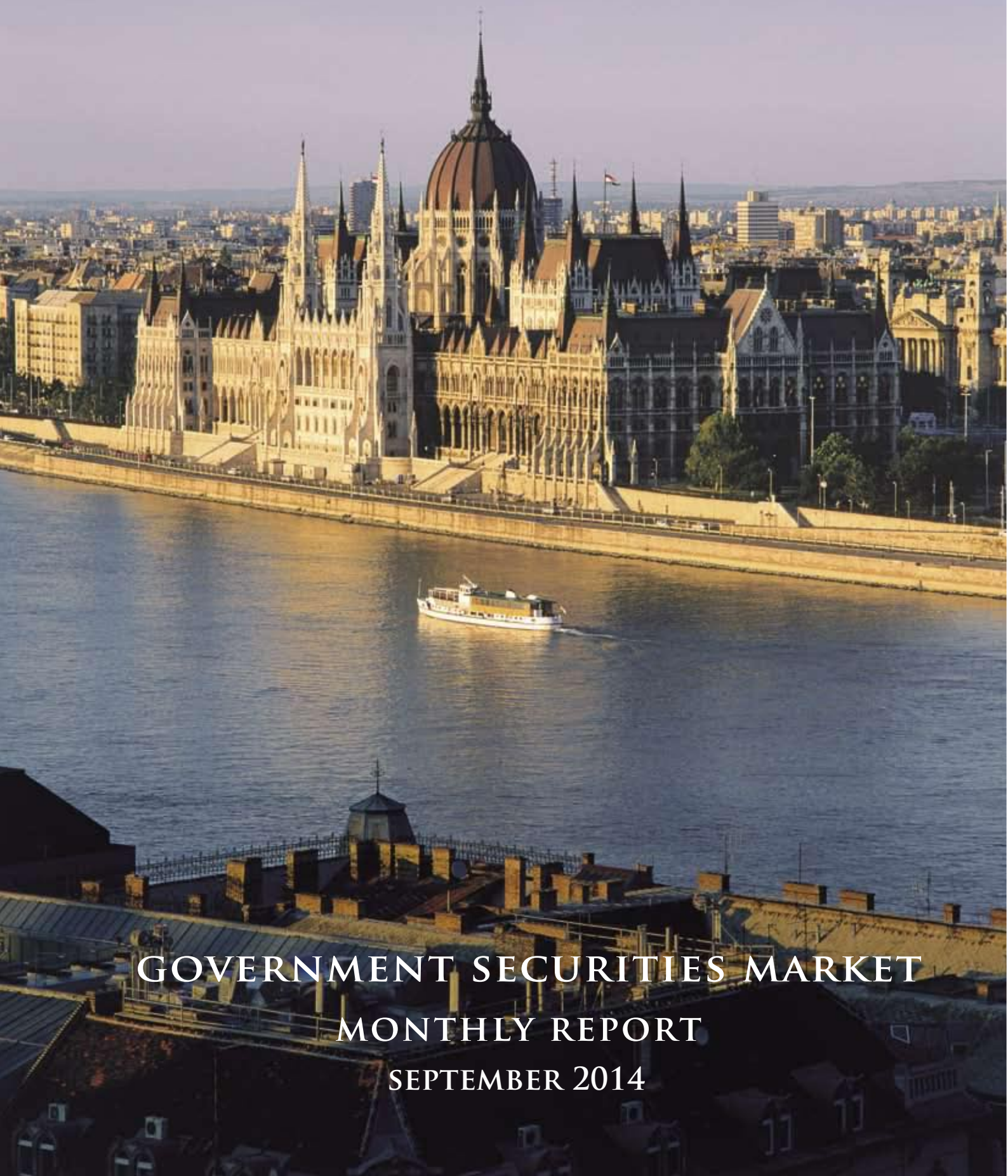




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GOVERNMENT DEBT MANAGEMENT AGENCY FTÉ LTD.



GOVERNMENT SECURITIES MARKET
MONTHLY REPORT
SEPTEMBER 2014

■ GOVERNMENT SECURITIES MARKET ■

The deficit of the central government amounted to HUF 844.6 billion in September. The net prefinancing of cash transfers from the European Union decreased the net borrowing requirement by HUF 343.8 billion. Thus, the total net financing requirement amounted to HUF 500.8 billion in 2014. Net issuance was HUF 2,044.1 billion, including the sum of debt assumptions HUF 436.7 billion; out of which net HUF-denominated issuance was HUF 1,731.8 billion and net foreign currency denominated issuance was HUF 312.3 billion. Without debt assumptions net issuance was HUF 1,724.3 billion, out of which net HUF-denominated issuance was HUF 1,689.5 billion and net foreign currency denominated issuance was HUF 34.8 billion.

HUF billion	2013		2014		Change	
	December	%	September	%	HUF billion	%
Foreign exchange denominated debt	8,904.9	40.2	9,617.0	39.3	712.1	8.0
Government securities	6,169.3	24.2	6,658.9	27.2	489.6	7.9
Loans	2,735.6	16.0	2,958.1	12.1	222.5	8.1
HUF denominated debt	12,976.4	58.1	14,708.2	60.1	1,731.8	13.3
Government securities	12,372.8	55.4	14,046.8	57.4	1,674.0	13.5
Loans	603.6	2.7	661.3	2.7	57.8	9.6
Total	21,881.4	98.3	24,325.2	99.4	2,443.9	11.2
Other obligations	117.3	1.7	147.2	0.6	30.0	25.6
Total central government debt	21,998.6	100.0	24,472.5	100.0	2,473.9	11.2

The HUF denominated debt of the central government increased by HUF 1,731.8 billion in 2014. The increase in domestic debt was the result of net government bond issuance of HUF 883.1 billion, the amount of discount Treasury bills increased by HUF 187.9 billion and the total amount of retail government securities increased by HUF 635.1 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 57.8 billion in 2014.

The foreign currency debt of the central government increased by HUF 712.1 billion in 2014. The foreign currency bond issue increased the debt by HUF 678.8 billion, the PÉMAK and residence bond issuance was HUF 368.3 billion, the drawdown of foreign currency denominated loans was HUF 48.0 billion. The debt assumptions worth HUF 294.1 billion increased, while the redemptions of foreign currency debt worth HUF 1,076.8 billion decreased the debt. The exchange rate revaluations totalling HUF 399.8 billion increased the Hungarian Forint value of the foreign currency debt in 2014.

Benchmark yields

Maturity	31.12.2013.	31.08.2014.	30.09.2014.	Change, basis points
3-month	2.87	1.52	1.34	-18
6-month	2.95	1.52	1.45	-7
1-year	3.05	1.76	1.58	-18
3-year	4.04	3.20	3.16	-4
5-year	4.70	3.52	3.63	11
10-year	5.70	4.45	4.63	18
15-year	6.30	4.74	4.77	3

Monthly OTC turnover of government securities increased in September and reached HUF 6,090.7 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 12.2 billion in September, and amounted to HUF 4,753.2 billion at the end of the month. This volume represented 33.8% of the total amount of domestic government securities.

The EUR/HUF exchange rate according to the National Bank of Hungary was 310.36 on the last working day of September.

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

■ GOVERNMENT SECURITIES MARKET ■

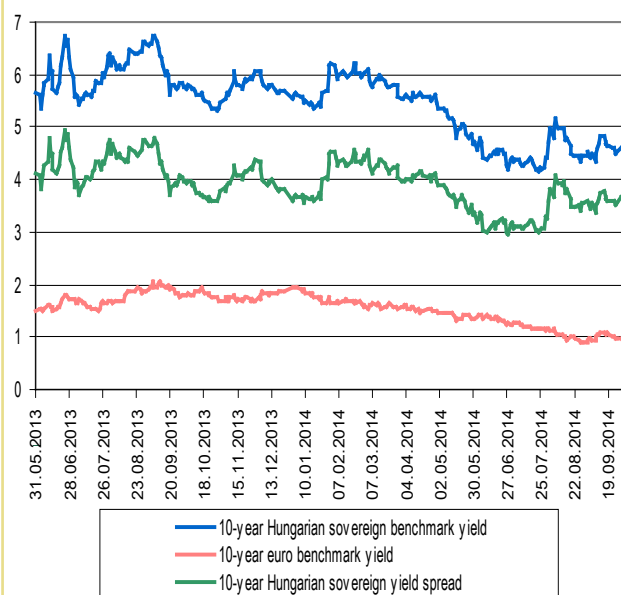
CENTRAL GOVERNMENT GROSS DEBT

HUF BILLION

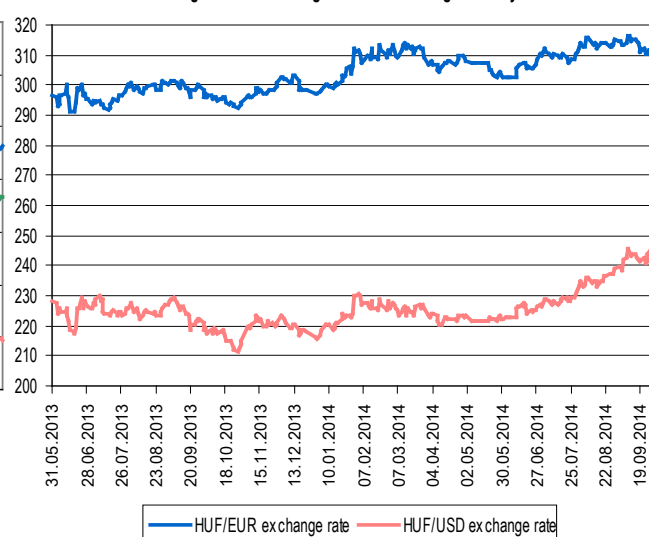
	2007	2008	2009	2010	2011	2012	2013	July 2014	Aug 2014	Sept 2014
1. Forint denominated debt	11,103.8	11,250.6	10,476.2	10,978.2	10,362.2	12,042.4	12,976.4	14,867.3	14,455.0	14,708.2
1.1. Loans	145.7	219.9	438.7	540.8	590.8	566.8	603.6	686.0	694.3	661.3
1.2. Government securities	10,958.1	11,030.7	10,037.5	10,437.4	9,771.4	11,475.6	12,372.8	14,181.3	13,760.7	14,046.8
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	14,022.0	13,601.4	13,888.4
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	9,432.5	9,296.0	9,471.9
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	2,378.3	2,082.8	2,092.8
1.2.1.3. Retail securities	555.2	546.4	446.6	435.7	473.8	986.6	1,688.5	2,211.2	2,222.6	2,323.7
1.2.2. Private placements	492.7	431.0	424.3	417.8	403.2	398.5	190.5	159.3	159.3	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	9,799.2	9,899.5	9,617.0
2.1. Loans	846.5	2,529.4	4,112.7	4,292.8	4,458.1	3,312.5	2,735.6	3,128.7	3,147.4	2,958.1
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	2,640.9	2,668.4	2,568.0
2.1.2. Domestic loans	104.0	0.0	0.0	0.0	96.2	83.5	335.4	487.9	478.9	390.1
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	6,670.4	6,752.2	6,658.9
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	5,858.9	5,920.3	5,827.9
2.2.2. Issued domestically	0.0	0.0	0.0	0.0	0.0	89.9	432.5	811.5	831.8	831.0
Total	15,576.4	18,025.4	18,942.9	19,821.0	20,532.6	20,369.0	21,881.4	24,666.5	24,354.5	24,325.2
Other liabilities	9.1	78.5	20.1	220.01	422.9	351.1	117.3	109.9	110.8	147.2
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	24,776.4	24,465.3	24,472.5
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	11,970.1	11,538.1	11,723.1
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.

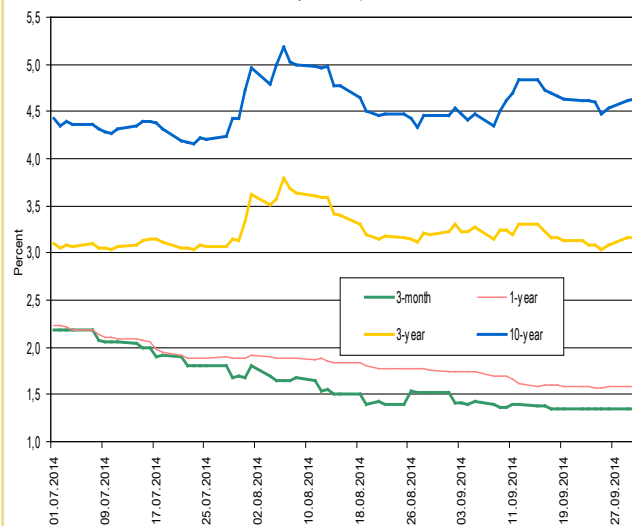
% 10-year Hungarian and eurozone benchmark yields during the last year



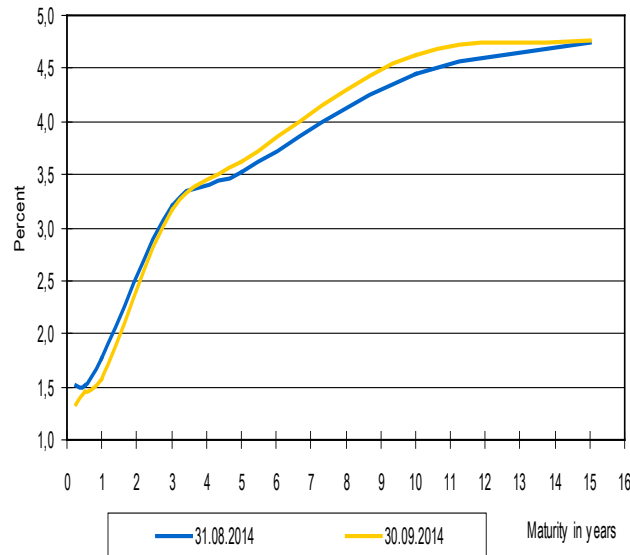
The exchange rate of the Hungarian Forint during the last year



Benchmark yields in the past three months



Benchmark yield curves

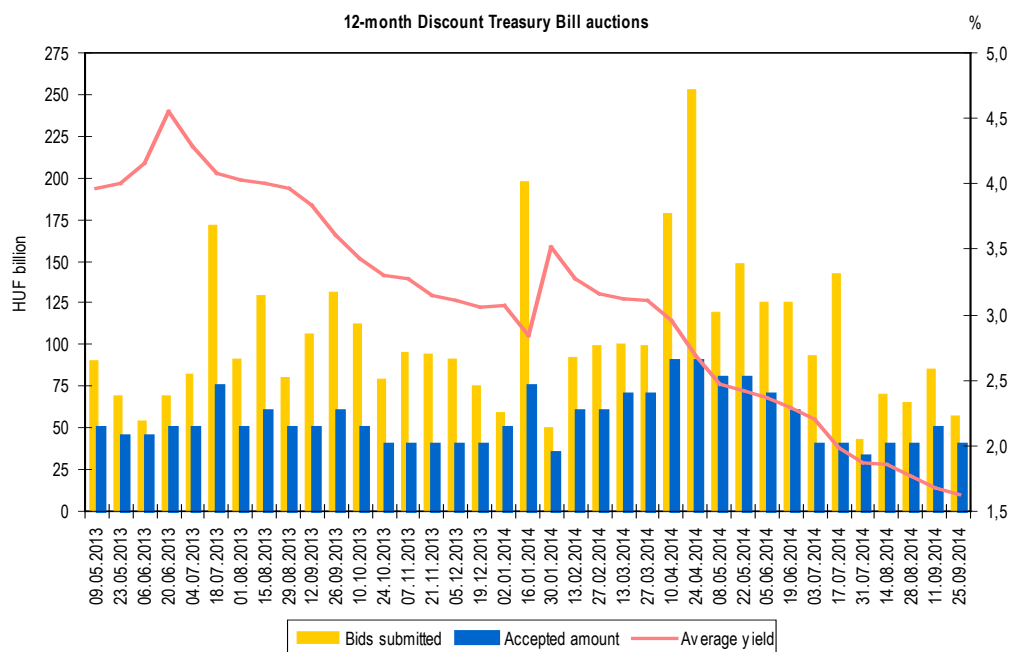
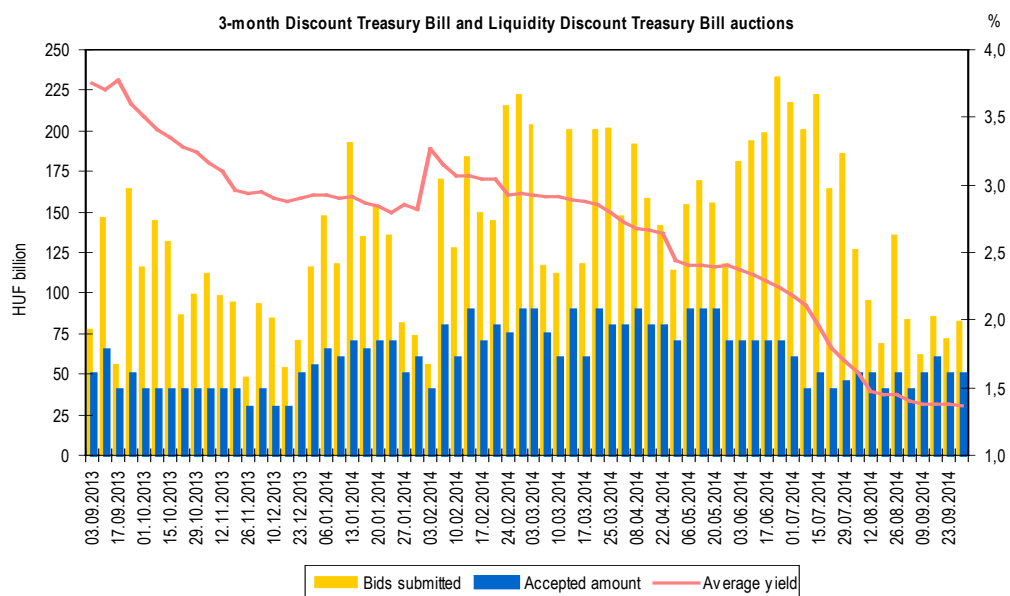


■ GOVERNMENT SECURITIES MARKET ■

DISCOUNT TREASURY BILL AUCTION RESULTS

	3-month Discount T-bills					12-month Discount T-bills	
Code of T-bills	D141210	D141217	D141223	D141230	D150107	D150916	D150916
ISIN code	HU0000520143	HU0000520150	HU0000520176	HU0000520184	HU0000520192	HU0000520168	HU0000520168
Maturity in days	91	91	90	90	91	364	350
Date of auction	02.09.2014	09.09.2014	16.09.2014	23.09.2014	30.09.2014	11.09.2014	25.09.2014
Date of financial settlement	10.09.2014	17.09.2014	24.09.2014	01.10.2014	08.10.2014	17.09.2014	01.10.2014
Redemption date	10.12.2014	17.12.2014	23.12.2014	30.12.2014	07.01.2015	16.09.2015	16.09.2015
Maximum yield (%) - ISMA	1.42	1.41	1.40	1.41	1.38	1.70	1.65
Minimum yield (%) - ISMA	1.35	1.34	1.34	1.35	1.33	1.63	1.59
Average yield (%) - ISMA	1.40	1.38	1.38	1.38	1.36	1.68	1.63
Maximum yield (%) - EHM	1.44	1.43	1.42	1.43	1.40	1.72	1.67
Minimum yield (%) - EHM	1.37	1.36	1.36	1.37	1.35	1.65	1.61
Average yield (%) - EHM	1.42	1.40	1.40	1.40	1.38	1.70	1.65
Average selling price (%)	99.6474	99.6524	99.6562	99.6562	99.6574	98.3297	98.4400
Amount offered for sale (HUF million)	40,000.00	50,000.00	50,000.00	50,000.00	40,000.00	40,000.00	40,000.00
Amount of bids submitted (HUF million)	83,500.00	61,950.00	86,050.00	72,050.00	82,204.00	85,130.00	57,550.00
Amount of bids accepted (HUF million)	39,999.98	49,999.99	59,999.90	49,999.97	49,999.99	49,999.95	39,999.97
Bid-to-cover ratio	2.09	1.24	1.43	1.44	1.64	1.70	1.44
Bids submitted (pcs)	83	59	64	81	67	73	74
Bids accepted (pcs)	35	46	40	45	48	28	52
Market sales* (HUF million)	39,999.98	49,999.99	59,999.90	49,999.97	49,999.99	49,999.95	39,999.97
Retained on ÁKK's own account	12,000.02	15,000.01	18,000.10	15,000.03	15,000.01	50,000.05	12,000.03
Total amount issued (HUF million)	52,000.00	65,000.00	78,000.00	65,000.00	65,000.00	100,000.00	52,000.00

*Without issuance onto ÁKK's own account

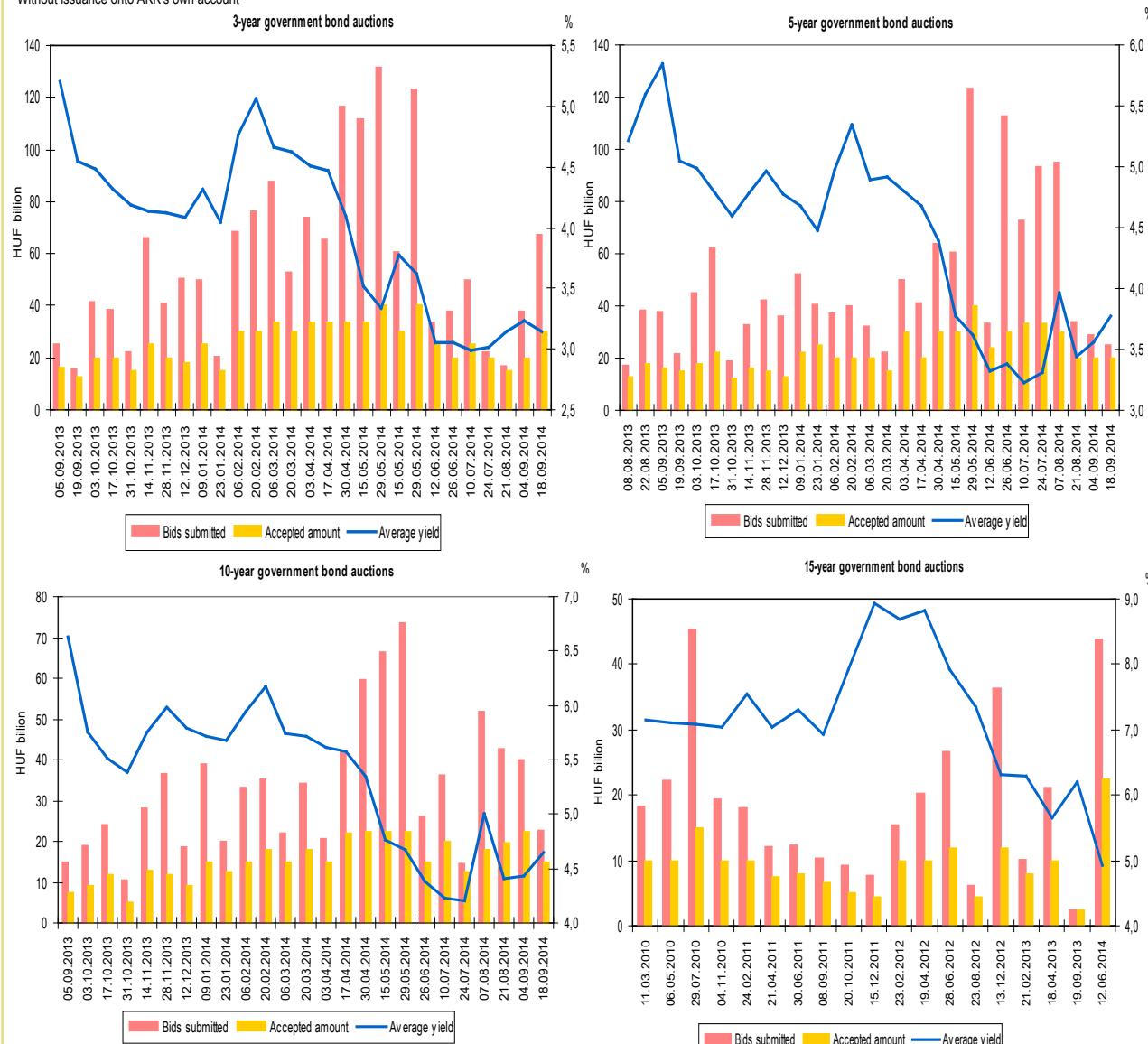


■ GOVERNMENT SECURITIES MARKET ■

GOVERNMENT BOND AUCTION RESULTS

Government Bond	2018/B	2019/A	2025/B	2017/C	2018/B	2020/B	2025/B	2017/C
ISIN code	HU0000402730	HU0000402433	HU0000402748	HU0000402821	HU0000402730	HU0000402953	HU0000402748	HU0000402821
Maturity (in years)	3	5	10	3	3	5	10	3
Coupon (%)	4.00%	6.50%	5.50%	2.43%	4.00%	3.50%	5.50%	2.09%
Auction	18th auction	78th auction	17th auction	11th auction	19th auction	1st auction	18th auction	12th auction
Date of auction	04.09.2014	04.09.2014	04.09.2014	11.09.2014	18.09.2014	18.09.2014	18.09.2014	25.09.2014
Date of financial settlement	10.09.2014	10.09.2014	10.09.2014	17.09.2014	24.09.2014	24.09.2014	24.09.2014	01.10.2014
Redemption date	25.04.2018	24.06.2019	24.06.2025	20.12.2017	25.04.2018	24.06.2020	24.06.2025	20.12.2017
Maximum annual yield (%) - ISMA	3.26	3.59	4.45		3.16	3.81	4.67	
Minimum annual yield (%) - ISMA	3.20	3.51	4.39		3.11	3.69	4.62	
Average annual yield (%) - ISMA	3.24	3.56	4.42		3.14	3.77	4.65	
Maximum annual yield (%) - EHM	3.26	3.59	4.45		3.16	3.81	4.67	
Minimum annual yield (%) - EHM	3.20	3.51	4.39		3.11	3.69	4.62	
Average annual yield (%) - EHM	3.24	3.56	4.42		3.14	3.77	4.64	
Maximum price (%)	102.6807	112.9470	109.3577	99.1000	102.9596	99.0457	107.3017	99.2500
Minimum price (%)	102.4750	112.5721	108.8226	99.0000	102.7892	98.4406	106.8673	99.1200
Average price (%)	102.5463	112.7176	109.0454	99.0300	102.8653	98.6167	107.0650	99.1600
Amount offered for sale (HUF million)	20,000.00	20,000.00	15,000.00	20,000.00	20,000.00	20,000.00	15,000.00	20,000.00
Amount of bids submitted (HUF million)	37,760.00	28,880.00	39,910.00	107,140.00	67,500.00	24,900.00	22,750.00	117,350.00
Amount of bids accepted (HUF million)	20,000.00	19,999.97	22,499.92	29,999.95	29,999.95	20,000.00	15,000.00	29,999.98
Bid-to-cover ratio	1.89	1.44	1.77	3.57	2.25	1.25	1.52	3.91
Bids submitted (pcs)	61	66	82	116	71	52	55	119
Bids accepted (pcs)	37	54	56	55	35	38	37	44
Tail (average price - minimum price)	0.07	0.15	0.22	0.03	0.08	0.18	0.20	0.04
Market sales* (HUF million)	20,000.00	19,999.97	22,499.92	29,999.95	29,999.95	20,000.00	15,000.00	29,999.98
Non-competitive offer (HUF million)	1,015.20	2,214.14	900.82	10,435.96	2,981.24	780.00	-	7,199.98
Total amount issued (HUF million)	20,000.00	20,000.00	22,500.00	42,000.00	30,000.00	40,000.00	15,000.00	42,000.00

*Without issuance onto ÁKK's own account

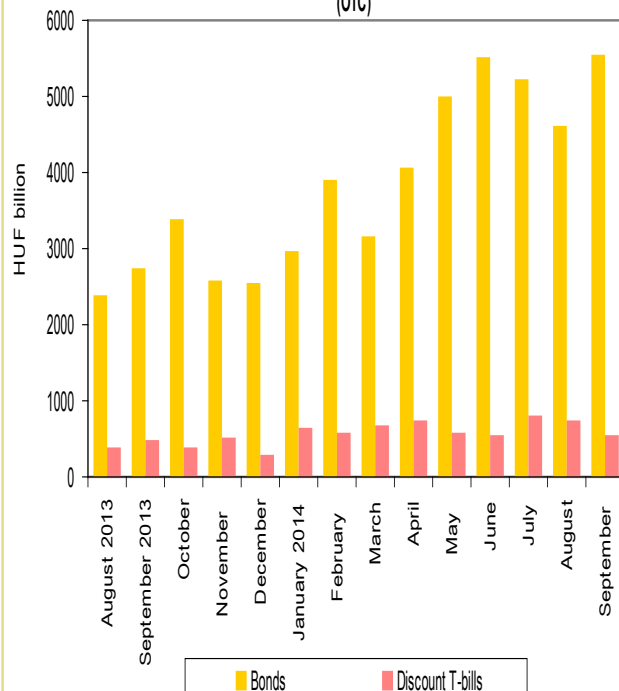


■ GOVERNMENT SECURITIES MARKET ■

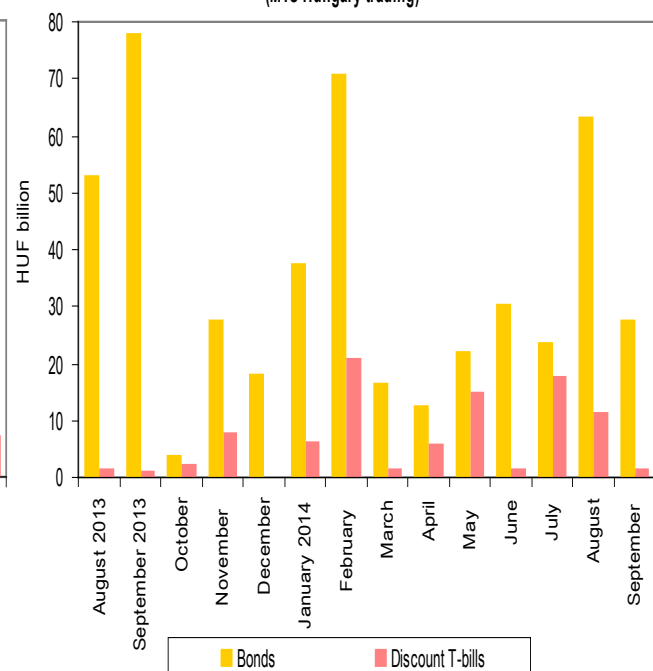
INTEREST RATE RESETS OF FLOATING RATE GOVERNMENT BONDS IN SEPTEMBER 2014

Government Bond	Date of interest rate reset	Interest period		Date of interest payment	Reset interest rate (%)	Interest payable (%)
2017/C	18.09.2014	20.09.2014	20.12.2014	22.12.2014	2.09	0.53
2016/A	29.09.2014	30.09.2014	31.12.2014	31.12.2014	2.50	0.63

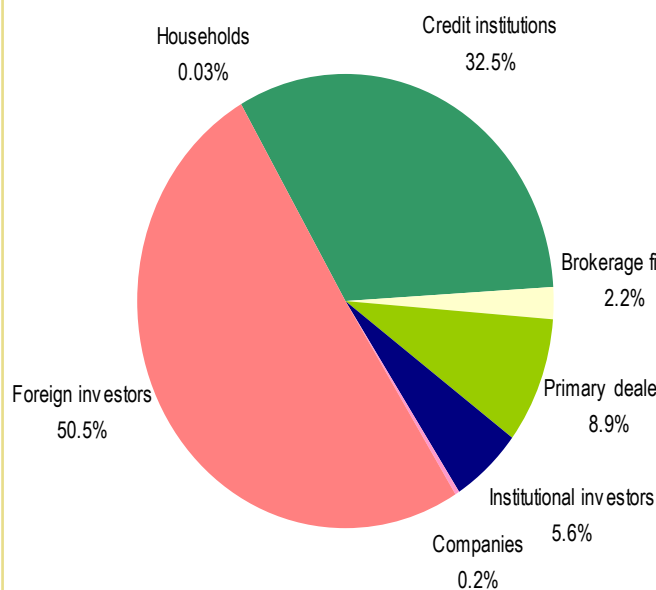
Secondary market trading of Hungarian government securities (OTC)



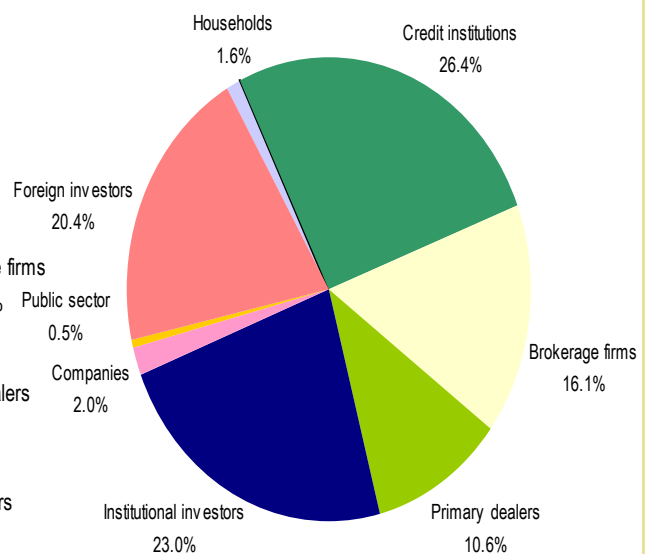
Secondary market trading of Hungarian government securities (MTS Hungary trading)



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



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



■ GOVERNMENT SECURITIES MARKET ■

HUNGARIAN GOVERNMENT SECURITIES INDICES

	MAX index	RMAX index	MAX Composite index	ZMAX index
Value as at 30 September 2014	628.0095	533.6474	605.4355	522.0881
Changes compared to the end of the month before	0.3904	1.3327	0.5469	0.6928
Annual yield earned on the index portfolio	11.44%	4.10%	9.94%	3.01%

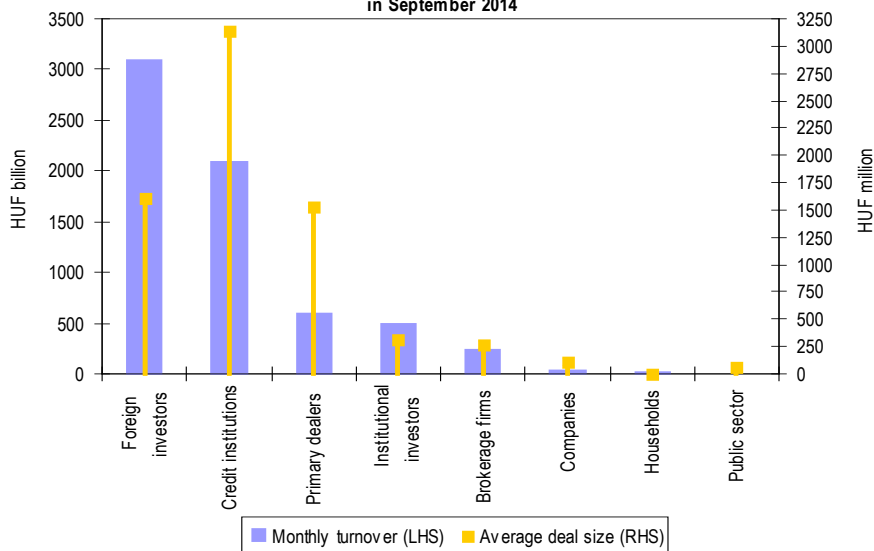
Government securities with the highest secondary market turnover in September 2014

Government security	Date of redemption	Turnover (HUF billion)
2019/A	24.06.2019	1,122.2
2023/A	24.11.2023	563.1
2015/A	12.02.2015	553.7
2025/B	24.06.2025	539.8
2017/A	24.11.2017	489.6
2022/A	24.06.2022	449.9
2016/D	22.12.2016	389.8
2016/C	12.02.2016	373.8
2020/A	12.11.2020	341.2
2017/B	24.02.2017	241.0

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

Government bond	31.08.2014	30.09.2014
2018/B	556.78	610.32
2019/A	1,165.99	1,187.06
2025/B	325.12	363.35
2028/A	151.13	150.94

Primary dealers' trading with different investor groups in September 2014



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

