

# ■ GOVERNMENT SECURITIES MARKET ■

## MONTHLY REPORT OCTOBER 2015

The net issuance was HUF 915.1 billion; out of which net HUF-denominated issuance was HUF 1,506.4 billion and net foreign currency denominated issuance was HUF -591.2 billion in 2015.

HUF billion	2014		2015		Change	
	December	%	October	%	HUF billion	%
HUF denominated debt	14,612.0	61.2	16,118.4	64.2	1,506.4	10.3
Loans	623.3	2.6	679.9	2.7	56.6	9.1
Government bonds	9,989.0	41.8	10,839.5	43.2	850.5	8.5
Retail securities	2,411.1	10.1	3,237.4	12.9	826.3	34.3
Discount treasury bills	1,588.6	6.7	1,361.7	5.4	-227.0	-14.3
Foreign exchange denominated debt	8,957.9	37.5	8,235.3	32.8	-722.6	-8.1
Total	23,569.9	98.7	24,353.7	97.0	783.8	3.3
<i>Other obligations</i>	311.2	1.3	745.8	3.0	434.6	139.7
Total central government debt	23,881.1	100.0	25,099.5	100.0	1,218.4	5.1

The HUF denominated debt of the central government increased by HUF 1,506.4 billion in 2015. The increase in domestic debt was the result of net government bond issuance of HUF 853.0 billion, the amount of discount Treasury bills decreased by HUF 227.0 billion and the total amount of retail government securities increased by HUF 826.3 billion. The volume of HUF loans increased by HUF 56.6 billion in 2015.

The foreign currency debt of the central government decreased by HUF 722.6 billion in 2015. The domestic PÉMAK and residence bond issuance was HUF 170.3 billion, the debt assumptions was HUF 1.1 billion, while the redemptions of foreign currency debt worth HUF 762.6 billion decreased the debt. The exchange rate revaluations totalling HUF 131.4 billion decreased the Hungarian Forint value of the foreign currency debt in October. The total amount of other liabilities increased by HUF 434.6 billion in 2015.

### Benchmark yields

Maturity	30.12.2014.	30.09.2015.	31.10.2015.	Change in September, basis points
3-month	1.43	0.39	0.74	35
6-month	1.54	0.38	0.66	28
1-year	1.80	0.43	0.74	31
3-year	2.72	1.55	1.83	28
5-year	3.15	2.33	2.44	11
10-year	3.60	3.28	3.35	7
15-year	3.83	3.76	3.80	4

Monthly OTC turnover of government securities increased in October and reached HUF 4,999.6 billion. Primary dealers, who account for the decisive part of all secondary government securities trading, made 60% of their secondary government securities deals with non-resident investors.

The volume of non-residents' holdings of Hungarian government securities decreased altogether by HUF 59.1 billion in October and amounted to HUF 4,009.6 billion at the end of the month. This volume represented 26.0% of the total amount of domestic government securities.

The EUR/HUF exchange rate according to the National Bank of Hungary was 309.77 on the last working day of October.

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

# ■ GOVERNMENT SECURITIES MARKET ■

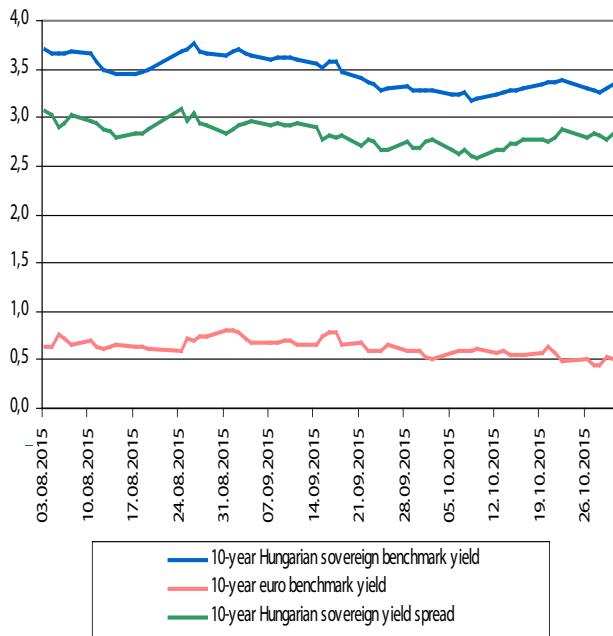
## CENTRAL GOVERNMENT GROSS DEBT

HUF BILLION

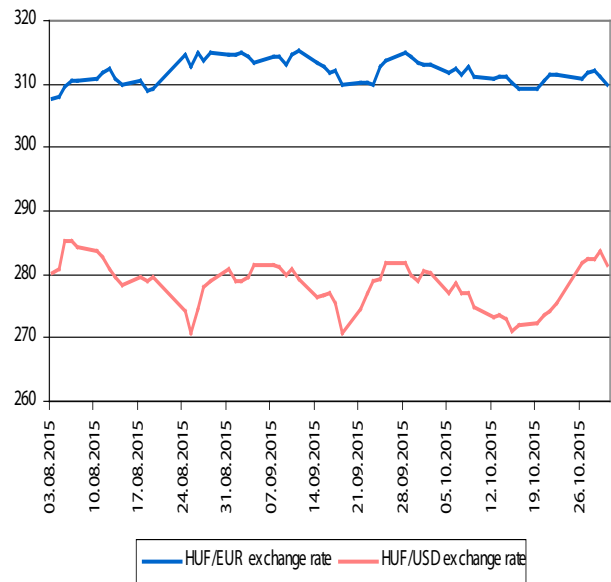
	2010	2011	2012	2013	2014	August 2015	September 2015	October 2015
1. Forint denominated debt	10,978.2	10,362.2	12,042.4	12,976.4	14,612.0	15,689.5	15,968.0	16,118.4
1.1. Loans	540.8	590.8	566.8	603.6	623.3	703.2	661.2	679.9
1.2. Government securities	10,437.4	9,771.4	11,475.6	12,372.8	13,988.7	14,986.3	15,306.9	15,438.6
1.2.1. Public issues	10,019.6	9,378.1	11,077.1	12,182.3	13,847.7	14,847.0	15,168.4	15,300.1
1.2.1.1. Bonds	7,965.8	7,353.4	8,184.1	8,588.8	9,848.0	10,362.8	10,627.9	10,701.0
1.2.1.2. Discount T-bills	1,618.2	1,540.9	1,906.5	1,904.9	1,588.6	1,379.0	1,386.5	1,361.7
1.2.1.3. Retail securities	435.7	473.8	986.6	1,688.5	2,411.1	3,105.2	3,154.0	3,237.4
1.2.2. Private placements	417.8	403.2	398.5	190.5	141.0	139.3	138.5	138.5
2. Foreign currency denominated debt*	8,842.8	10,170.4	8,326.6	8,904.9	8,957.9	8,616.7	8,336.2	8,235.3
2.1. Loans	4,292.8	4,458.1	3,312.5	2,735.6	2,164.3	2,071.4	1,803.3	1,768.9
2.1.1. Foreign loans	4,292.8	4,361.9	3,229.0	2,400.2	1,889.9	1,867.0	1,711.1	1,685.5
2.1.2. Domestic loans	0.0	96.2	83.5	335.4	274.4	204.4	92.2	83.3
2.2. Government securities	4,550.0	5,712.3	5,014.1	6,169.3	6,793.6	6,545.4	6,532.8	6,466.4
2.2.1. Issued abroad	4,550.0	5,712.3	4,924.2	5,736.9	5,844.6	5,446.3	5,426.0	5,361.7
2.2.2. Issued domestically	0.0	0.0	89.9	432.5	948.9	1,099.1	1,106.8	1,104.8
<b>Total</b>	<b>19,821.0</b>	<b>20,532.6</b>	<b>20,369.0</b>	<b>21,881.4</b>	<b>23,569.9</b>	<b>24,306.2</b>	<b>24,304.2</b>	<b>24,353.7</b>
Other liabilities	220.01	422.9	351.1	117.3	311.2	715.4	750.6	745.8
<b>Total central government debt</b>	<b>20,041.0</b>	<b>20,955.5</b>	<b>20,720.1</b>	<b>21,998.6</b>	<b>23,881.1</b>	<b>25,021.7</b>	<b>25,054.7</b>	<b>25,099.5</b>
<i>Marketable HUF debt (1.2.1.1+1.2.1.2.+1.2.2.)</i>	<i>10,001.8</i>	<i>9,297.6</i>	<i>10,489.1</i>	<i>10,684.2</i>	<i>11,577.6</i>	<i>11,881.1</i>	<i>12,152.9</i>	<i>12,201.2</i>
<i>Gross debt/GDP</i>	<i>74.4%</i>	<i>74.7%</i>	<i>72.6%</i>	<i>73.7%</i>	<i>74.9%</i>			

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

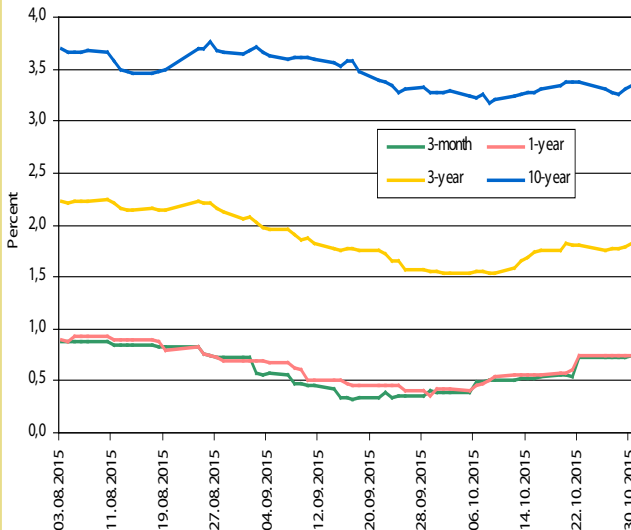
10-year Hungarian and eurozone benchmark yields during the last three months



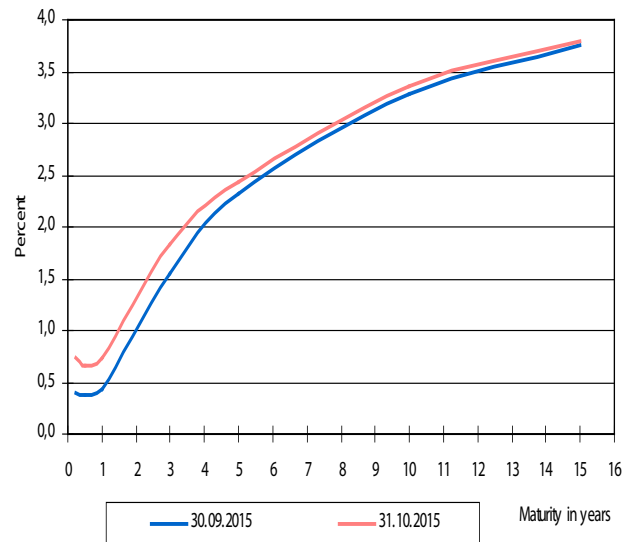
The exchange rate of the Hungarian Forint during the last three months



Benchmark yields in the past three months



Benchmark yield curves

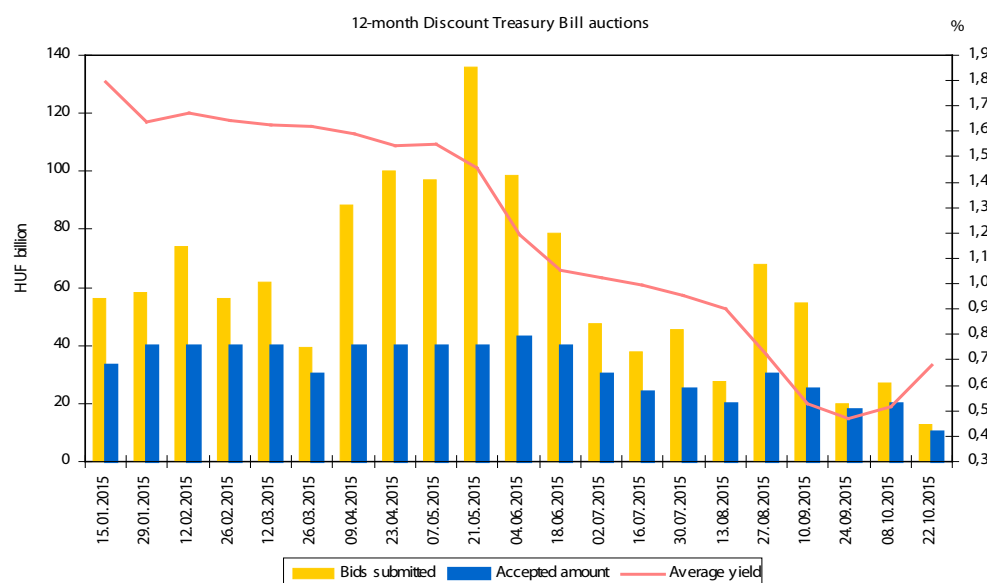
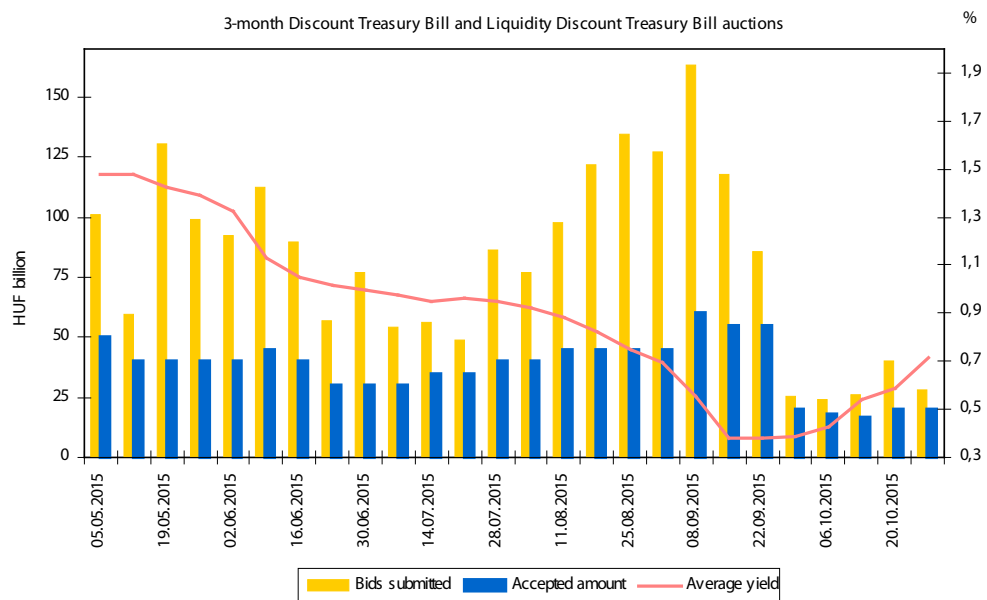


# GOVERNMENT SECURITIES MARKET

## DISCOUNT TREASURY BILL AUCTION RESULTS

Code of T-bills	3-month Discount T-bills				12-month Discount T-bills	
	D160113	D160120	D160127	D160203	D160928	D160928
ISIN code	HU0000520721	HU0000520739	HU0000520747	HU0000520754	HU0000520705	HU0000520705
Maturity in days	91	91	91	91	350	336
Date of auction	06.10.2015	13.10.2015	20.10.2015	27.10.2015	08.10.2015	22.10.2015
Date of financial settlement	14.10.2015	21.10.2015	28.10.2015	04.11.2015	14.10.2015	28.10.2015
Redemption date	13.01.2015	20.01.2016	27.01.2016	03.02.2016	28.09.2016	28.09.2016
Maximum yield (%) - ISMA	0.47	0.58	0.61	0.74	0.55	0.76
Minimum yield (%) - ISMA	0.39	0.44	0.54	0.63	0.45	0.57
Average yield (%) - ISMA	0.43	0.54	0.59	0.72	0.51	0.68
Maximum yield (%) - EHM	0.48	0.59	0.62	0.75	0.56	0.77
Minimum yield (%) - EHM	0.40	0.45	0.55	0.64	0.46	0.58
Average yield (%) - EHM	0.44	0.55	0.60	0.73	0.52	0.69
Average selling price (%)	99.8914	99.8637	99.8511	99.8183	99.5066	99.3693
Amount offered for sale (HUF million)	20,000.00	20,000.00	20,000.00	20,000.00	20,000.00	20,000.00
Amount of bids submitted (HUF million)	23,840.00	26,102.00	40,463.13	27,992.00	27,000.00	13,000.00
Amount of bids accepted (HUF million)	18,000.00	16,999.99	19,999.97	19,999.98	19,999.97	10,000.00
Bid-to-cover ratio	1.32	1.54	2.02	1.40	1.35	1.30
Bids submitted (pcs)	42	58	67	42	44	20
Bids accepted (pcs)	23	45	39	34	30	18
Market sales* (HUF million)	18,000.00	16,999.99	19,999.97	19,999.98	19,999.97	10,000.00
Retained on ÁKK's own account	9,000.00	10,200.01	10,000.03	10,000.02	20,000.03	10,000.00
Total amount issued (HUF million)	27,000.00	27,200.00	30,000.00	30,000.00	40,000.00	20,000.00

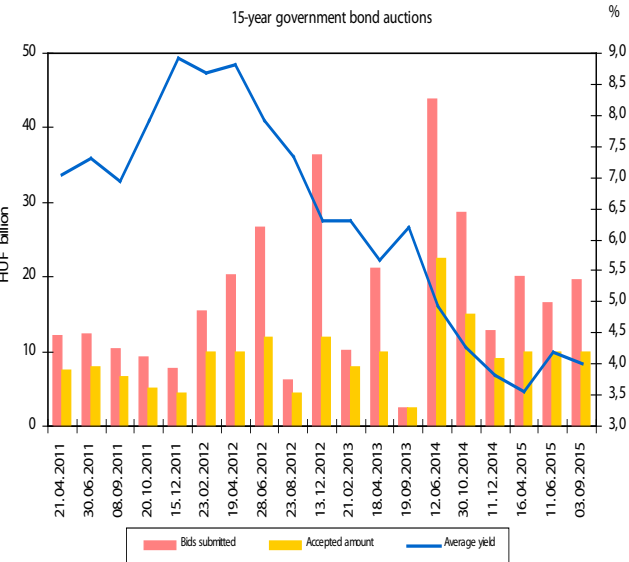
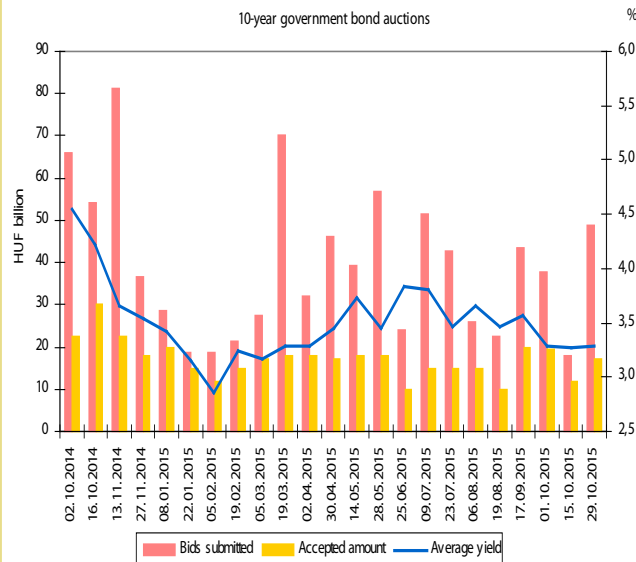
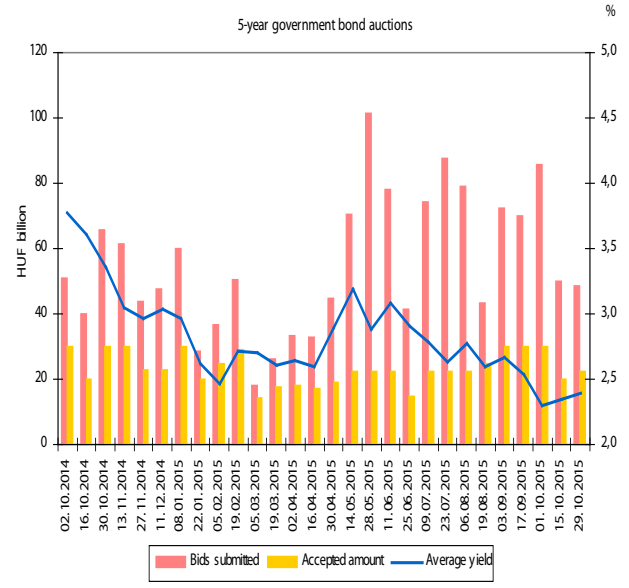
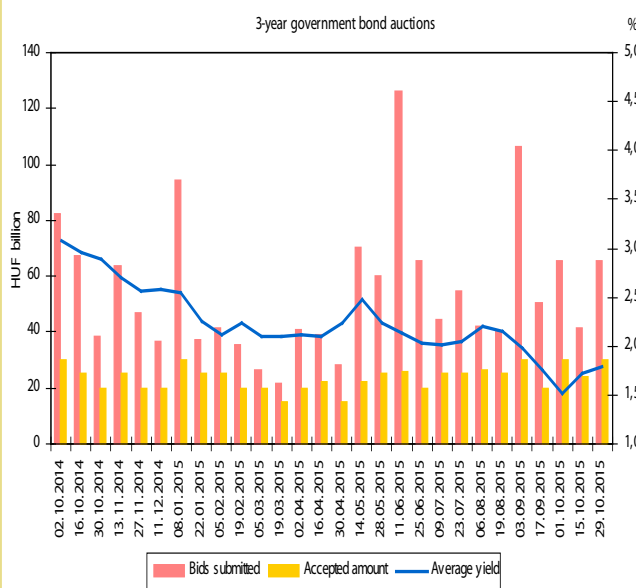
\*Without issuance onto ÁKK's own account



# ■ GOVERNMENT SECURITIES MARKET ■

## GOVERNMENT BOND AUCTION RESULTS

Government Bond	2018/C	2020/B	2025/B	2018/D	2018/C	2020/B	2025/B	2021/A	2018/C	2020/B	2025/B
ISIN code	HU0000402979	HU0000402953	HU0000402748	HU0000402987	HU0000402979	HU0000402953	HU0000402748	HU0000402995	HU0000402979	HU0000402953	HU0000402748
Maturity (in years)	3	5	10	3	3	5	10	5	3	5	10
Coupon (%)	2.50%	3.50%	5.50%	1.35%	2.50%	3.50%	5.50%	1.36%	2.50%	3.50%	5.50%
Auction	20th auction	27th auction	39th auction	11th auction	21st auction	28th auction	40th auction	10th auction	22nd auction	29th auction	41st auction
Date of auction	01.10.2015	01.10.2015	01.10.2015	08.10.2015	15.10.2015	15.10.2015	15.10.2015	22.10.2015	29.10.2015	29.10.2015	29.10.2015
Date of financial settlement	07.10.2015	07.10.2015	07.10.2015	14.10.2015	21.10.2015	21.10.2015	21.10.2015	28.10.2015	04.11.2015	04.11.2015	04.11.2015
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	22.06.2018	24.06.2020	24.06.2025
Maximum annual yield (%) - ISMA	1.54	2.31	3.30		1.73	2.35	3.29		1.80	2.40	3.32
Minimum annual yield (%) - ISMA	1.49	2.27	3.26		1.70	2.32	3.25		1.77	2.36	3.25
Average annual yield (%) - ISMA	1.52	2.30	3.29		1.72	2.35	3.27		1.79	2.39	3.29
Maximum annual yield (%) - EHM	1.54	2.31	3.30		1.73	2.35	3.29		1.80	2.40	3.32
Minimum annual yield (%) - EHM	1.49	2.27	3.26		1.70	2.32	3.25		1.77	2.36	3.25
Average annual yield (%) - EHM	1.52	2.30	3.29		1.72	2.34	3.27		1.78	2.38	3.29
Maximum price (%)	102.6571	105.4315	118.3776	100.6500	102.0660	105.1623	118.4055	99.3000	101.8556	104.9423	118.3423
Minimum price (%)	102.5229	105.2487	118.0132	100.5500	101.9872	105.0266	118.0421	99.0500	101.7781	104.7632	117.7096
Average price (%)	102.5870	105.2916	118.1148	100.5900	102.0171	105.0430	118.1920	99.1100	101.8157	104.8298	117.9417
Amount offered for sale (HUF million)	20,000.00	20,000.00	15,000.00	12,000.00	20,000.00	15,000.00	12,000.00	20,000.00	20,000.00	15,000.00	12,000.00
Amount of bids submitted (HUF million)	65,550.00	85,800.00	37,600.00	33,150.00	41,300.00	49,900.00	17,900.00	27,350.00	65,200.00	48,500.00	48,700.00
Amount of bids accepted (HUF million)	29,999.97	29,999.96	19,500.00	17,999.98	23,999.97	19,999.96	11,999.97	12,000.00	29,999.96	22,499.97	16,999.99
Bid-to-cover ratio	2.19	2.86	1.93	1.84	1.72	2.50	1.49	2.28	2.17	2.16	2.86
Bids submitted (pcs)	49	65	57	43	43	54	38	39	51	49	54
Bids accepted (pcs)	25	27	31	29	25	17	26	20	22	29	28
Tail (average price - minimum price)	0.06	0.04	0.10	0.04	0.03	0.02	0.15	0.06	0.04	0.07	0.23
Market sales (HUF million)	29,999.97	29,999.96	19,500.00	17,999.98	23,999.97	19,999.96	11,999.97	12,000.00	29,999.96	22,499.97	16,999.99
Non-competitive offer (HUF million)	0.03	0.04	0.00	7,200.02	0.03	8,000.04	4,800.03	4,800.00	12,000.04	9,000.03	0.01
Total amount sales (HUF million)	30,000.00	30,000.00	19,500.00	25,200.00	24,000.00	28,000.00	16,800.00	16,800.00	42,000.00	31,500.00	17,000.00



# ■ GOVERNMENT SECURITIES MARKET ■

## GOVERNMENT SECURITIES BUY-BACK AUCTION RESULTS

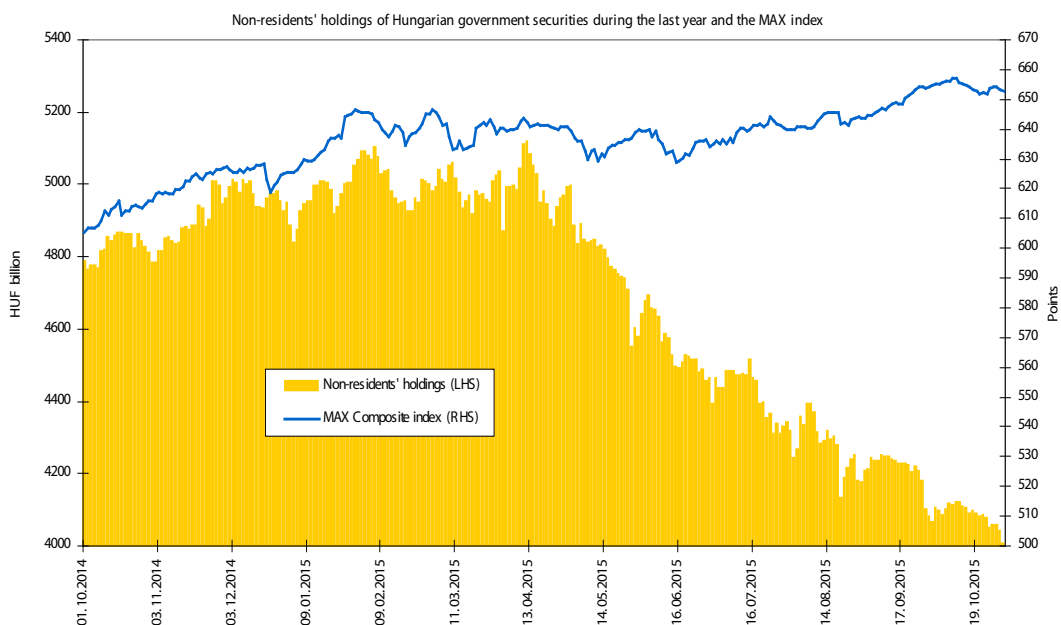
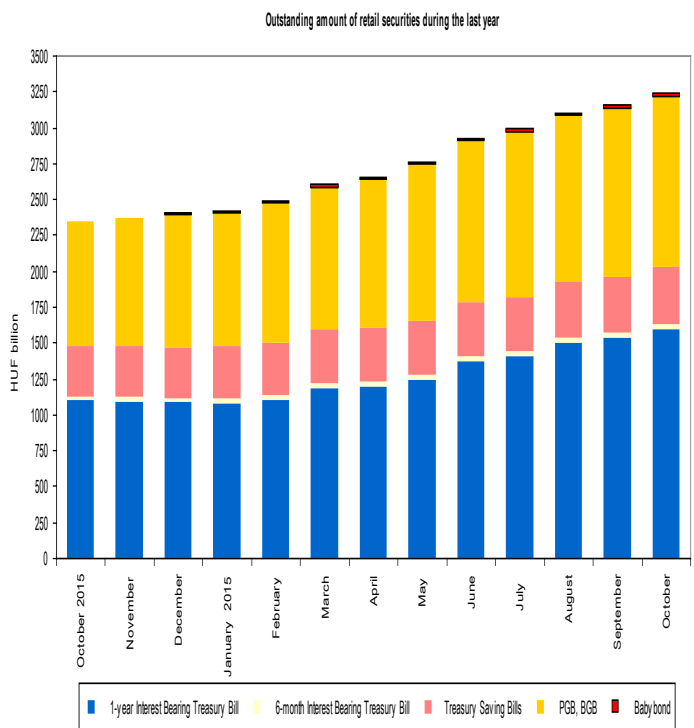
Government bond	2016/C	2016/D	2016/C	2016/D
ISIN code	HU0000402318	HU0000402623	HU0000402318	HU0000402623
Coupon (%)	5.50	5.50	5.50	5.50
Date of reverse auction	14.10.2015	14.10.2015	28.10.2015	28.10.2015
Date of financial settlement	21.10.2015	21.10.2015	04.11.2015	04.11.2015
Redemption date	12.02.2016	22.12.2016	12.02.2016	22.12.2016
Minimum annual yield (%)	0.38	0.45	0.45	0.50
Average annual yield - ISMA (%)	0.43	0.49	0.47	0.51
Average annual yield - EHM (%)	0.43	0.49	0.47	0.51
Amount of bids submitted (HUF million)	12,752.96	12,454.55	3,494.31	4,976.95
Amount of bids accepted (HUF million)	12,752.96	10,362.45	3,494.31	4,976.95

## INTEREST RATE RESETS OF FLOATING RATE GOVERNMENT BONDS IN OCTOBER 2015

Government Bond	Date of interest rate reset	Interest period	Date of interest payment	Reset interest rate (%)	Interest payable (%)	
2018/D	21.10.2015	24.10.2015	24.01.2016	25.01.2016	1.35	0.35
2026/B	22.10.2015	24.10.2015	24.04.2016	25.04.2016	0.49	0.25
2026/C	22.10.2015	24.10.2015	24.04.2016	25.04.2016	0.49	0.25

## OUTSTANDING AMOUNT OF RETAIL SECURITIES

Retail securities	HUF billion		Change HUF billion
	31.12.2014	31.10.2015	
1-year Interest Bearing T-bill	1,089.0	1,601.1	512.1
6-month Interest Bearing T-bill	28.8	37.0	8.2
Treasury Saving Bills	355.1	394.1	39.0
PGB, BGB	927.8	1,188.8	261.0
Babybond	10.3	16.2	5.9
<b>Total</b>	<b>2,411.0</b>	<b>3,237.3</b>	<b>826.3</b>



# ■ GOVERNMENT SECURITIES MARKET ■

## HUNGARIAN GOVERNMENT SECURITIES INDICES

	MAX index	RMAX index	MAX Composite index	ZMAX index
Value as at 31 October 2015	681.536	543.7917	652.6385	530.0489
Changes compared to the end of the month before	-2.3269	-0.5285	-2.1006	-0.1159
Annual yield earned on the index portfolio	6.35%	1.84%	6.00%	1.46%

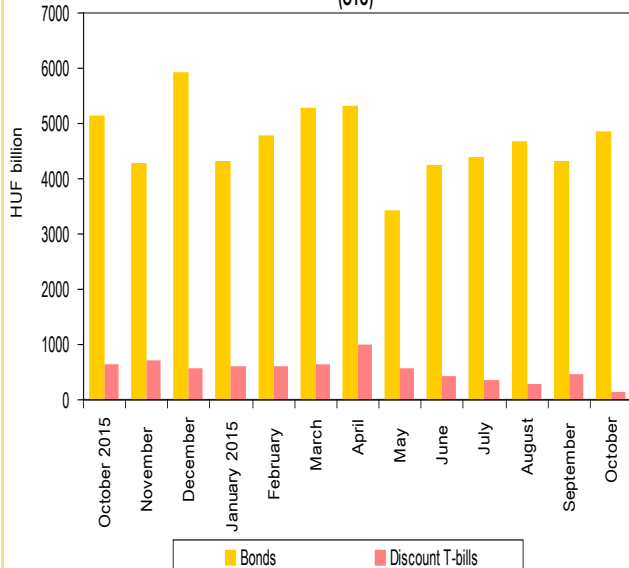
### Government securities with the highest secondary market turnover in October 2015

Government security	Date of redemption	Turnover (HUF billion)
2019/A	24.06.2019	892.3
2025/B	24.06.2025	773.7
2018/B	25.04.2018	680.3
2020/B	24.06.2020	602.1
2023/A	24.11.2023	531.7
2022/A	24.06.2022	470.1
2018/C	22.06.2018	411.0
2020/A	12.11.2020	365.1
2024/B	26.06.2024	264.6
2017/A	24.11.2017	190.7

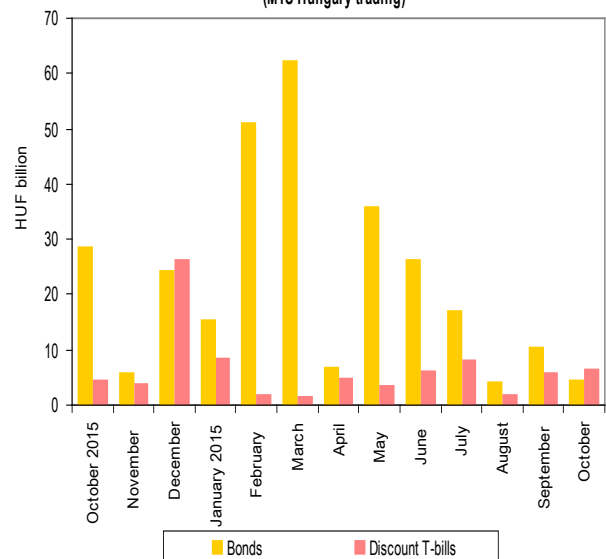
### The outstanding volume of government bonds with benchmark status at the end of October 2015

Government bond	HUF billion	
	30.09.2015	31.10.2015
2018/C	527.72	593.69
2020/B	741.90	803.93
2025/B	782.48	820.53
2031/A	37.86	37.92

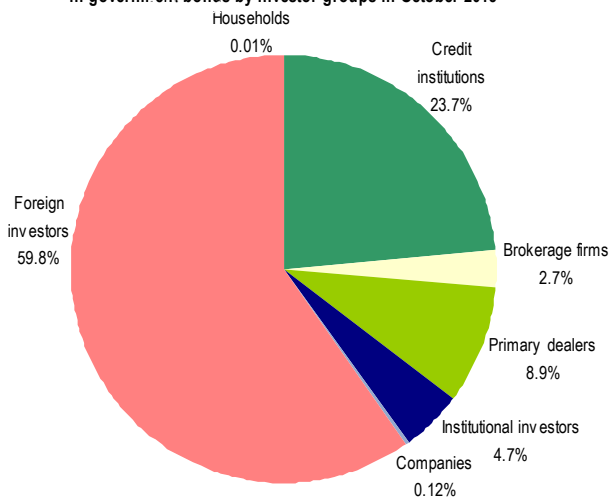
Secondary market trading of Hungarian government securities (OTC)



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



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



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

