



GOVERNMENT DEBT MANAGEMENT AGENCY PTE LTD.

Á | K | K

# GOVERNMENT SECURITIES MARKET

MONTHLY REPORT  
DECEMBER 2021



The Central Government Debt increased by HUF 4,012.7 billion to HUF 40,697.0 billion in 2021. Total net issuance was HUF 3,800.8 billion; out of which net HUF denominated issuance was HUF 2,884.0 billion and net foreign currency denominated issuance was HUF 916.8 billion in 2021.

## CENTRAL GOVERNMENT DEBT

| (HUF billion)                     | 2020     |       | 2021     |        | Change      |        |
|-----------------------------------|----------|-------|----------|--------|-------------|--------|
|                                   | December | %     | December | %      | HUF billion | %      |
| HUF denominated debt              | 29,237.3 | 79.7  | 32,121.2 | 78.93  | 2,884.0     | 9.86   |
| Loans                             | 1,161.6  | 3.2   | 1,307.7  | 3.21   | 146.1       | 12.58  |
| Government bonds                  | 18,245.8 | 49.7  | 20,220.0 | 49.68  | 1,974.2     | 10.82  |
| Retail securities                 | 9,171.7  | 25.0  | 10,010.2 | 24.60  | 838.5       | 9.14   |
| Discount treasury bills           | 658.2    | 1.8   | 583.2    | 1.43   | -75.0       | -11.39 |
| Foreign exchange denominated debt | 7,318.2  | 19.9  | 8,395.2  | 20.63  | 1,076.9     | 14.72  |
| Total                             | 36,555.5 | 99.6  | 40,516.4 | 99.56  | 3,960.9     | 10.84  |
| Other obligations                 | 128.8    | 0.4   | 180.6    | 0.44   | 51.8        | 40.20  |
| Total central government debt     | 36,684.3 | 100.0 | 40,697.0 | 100.00 | 4,012.7     | 10.94  |

The HUF denominated debt of the central government increased by HUF 2,884.0 billion in 2021. The increase in domestic debt was the result of the net market government bond issuance of HUF 2,013.4 billion and the decrease of discount treasury bills by HUF 75.0 billion. The redemption of non-market government bonds also reduced the debt by HUF 39.2 billion, as a result of that the outstanding amount of non marketable debt was zero at the end of 2021. The total amount of retail government securities further increased by HUF 838.5 billion. The majority of the demand for retail government securities was the sale of the 5-year long Hungarian Government Security Plus. The volume of HUF loans increased by HUF 146.1 billion in 2021.

The foreign currency debt of the central government increased by HUF 1,076.9 billion in 2021. The increase is mainly due to the foreign currency bond issues. Three foreign currency bonds were issued in September, 10-year foreign currency bond USD 2.25 billion (HUF 671.4 billion), 30-year foreign currency bond USD 2 billion (HUF 596.8 billion) and 7-year foreign currency bond EUR 1 billion (HUF 352.9 billion), its coupon was the lowest one that ever achieved by Hungary during euro bond issues. In December, Hungary's first foreign sovereign Green Panda Bond was issued on the Chinese bond market for 1 billion renminbi (HUF 51 billion).

The drawdown of foreign currency loans further increased the foreign currency debt by HUF 183.0 billion and the issuance of domestic foreign currency bonds grew by HUF 124.6 billion. The exchange rate revaluations totalling HUF 160.1 billion increased the Hungarian forint value of the foreign currency debt. Foreign currency debt was decreased by the redemptions of foreign currency bond by HUF 699.0 billion, the domestic foreign currency bond repayments by HUF 218.9 billion and the foreign currency loan redemptions by HUF 144.9 billion. The total amount of other liabilities increased by HUF 51.8 billion in 2021.

## BENCHMARK YIELDS

| Maturity | 30.12.2020 | 30.11.2021 | 30.12.2021 | Change in December basis point |
|----------|------------|------------|------------|--------------------------------|
| 3-month  | 0.28       | 2.78       | 2.16       | -62                            |
| 6-month  | 0.33       | 2.91       | 2.61       | -30                            |
| 1-year   | 0.39       | 2.96       | 3.57       | 61                             |
| 3-year   | 0.70       | 4.11       | 4.19       | 8                              |
| 5-year   | 1.36       | 4.14       | 4.35       | 21                             |
| 10-year  | 2.08       | 4.33       | 4.51       | 18                             |
| 15-year  | 2.25       | 4.3        | 4.72       | 42                             |
| 20-year  | 2.47       | 4.31       | 4.75       | 44                             |

Monthly OTC turnover of government securities decreased by 4% to HUF 7,866.6 billion in December. Primary dealers, who account for the decisive part of all secondary government securities trading, made 51% of their secondary government securities deals with non-resident investors.

The volume of non-residents' holdings of Hungarian government securities decreased altogether by HUF 389.4 billion in December and amounted to HUF 4,149.5 billion at the end of December. This volume represented 13.5% of the total amount of domestic government securities.

The EUR/HUF exchange rate according to the National Bank of Hungary was 369.0 on the last working day of December.

The credit rating of the long-term foreign currency debt of Hungary is as follows on the last working day of December:

BBB (Standard & Poor's);  
Baa2 (Moody's);  
BBB (Fitch).

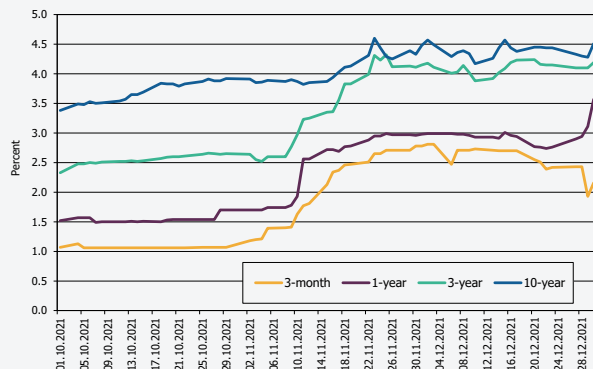
# CENTRAL GOVERNMENT GROSS DEBT

HUF BILLION

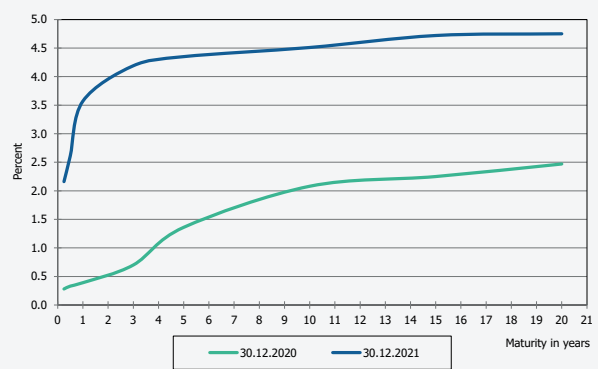
|                                             | 2016     | 2017     | 2018     | 2019     | 2020     | 2021<br>October | 2021<br>November | 2021<br>December |
|---------------------------------------------|----------|----------|----------|----------|----------|-----------------|------------------|------------------|
| 1. Forint denominated debt                  | 18,430.9 | 20,689.4 | 22,796.0 | 24,357.1 | 29,237.3 | 31,349.8        | 31,586.5         | 32,121.2         |
| 1.1. Loans                                  | 865.0    | 1,041.1  | 1,167.7  | 1,208.1  | 1,161.6  | 1,156.8         | 1,203.7          | 1,307.7          |
| 1.2. Government securities                  | 17,565.8 | 19,648.3 | 21,628.3 | 23,149.0 | 28,075.7 | 30,193.0        | 30,382.8         | 30,813.5         |
| 1.2.1. Public issues                        | 17,526.7 | 19,609.2 | 21,589.1 | 23,109.8 | 28,036.5 | 30,153.8        | 30,343.6         | 30,813.5         |
| 1.2.1.1. Bonds                              | 11,562.4 | 11,767.1 | 12,836.1 | 13,378.5 | 18,206.6 | 19,847.5        | 19,891.5         | 20,220.0         |
| 1.2.1.2. Discount T-bills                   | 896.4    | 1,039.2  | 1,237.3  | 657.3    | 658.2    | 528.6           | 590.4            | 583.2            |
| 1.2.1.3. Retail securities                  | 5,067.9  | 6,802.9  | 7,515.7  | 9,074.0  | 9,171.7  | 9,777.7         | 9,861.8          | 10,010.2         |
| 1.2.2. Private placements                   | 39.2     | 39.2     | 39.2     | 39.2     | 39.2     | 39.2            | 39.2             | 0.0              |
| 2. Foreign currency denominated debt*       | 6,256.5  | 5,782.5  | 5,724.8  | 5,121.2  | 7,318.2  | 8,359.6         | 8,452.9          | 8,395.2          |
| 2.1. Loans                                  | 1,101.6  | 929.1    | 795.0    | 825.4    | 1,291.1  | 1,358.2         | 1,338.7          | 1,345.2          |
| 2.1.1. Foreign loans                        | 1,097.6  | 929.1    | 795.0    | 825.4    | 1,291.1  | 1,358.2         | 1,338.7          | 1,345.2          |
| 2.1.2. Domestic loans                       | 4.0      | 0.0      | 0.0      | 0.0      | 0.0      | 0.0             | 0.0              | 0.0              |
| 2.2. Government securities                  | 5,154.9  | 4,853.5  | 4,929.8  | 4,295.8  | 6,027.1  | 7,001.4         | 7,114.2          | 7,049.9          |
| 2.2.1. Issued abroad                        | 4,618.9  | 4,145.9  | 4,246.2  | 3,713.5  | 5,481.3  | 6,524.2         | 6,598.6          | 6,594.9          |
| 2.2.2. Issued domestically                  | 536.0    | 707.6    | 683.6    | 582.3    | 545.9    | 477.2           | 515.5            | 455.0            |
| Total                                       | 24,687.4 | 26,472.0 | 28,520.7 | 29,478.3 | 36,555.5 | 39,709.4        | 40,039.4         | 40,516.4         |
| Other liabilities                           | 742.70   | 274.20   | 167.40   | 203.70   | 128.80   | 138.90          | 194.10           | 180.60           |
| Total central government debt               | 25,430.0 | 26,746.2 | 28,688.2 | 29,682.0 | 36,684.3 | 39,848.3        | 40,233.4         | 40,697.0         |
| Marketable HUF debt (1.2.1.1+1.2.1.2+1.2.2) | 12,498.0 | 12,845.5 | 14,112.6 | 14,075.0 | 18,904.0 | 20,415.3        | 20,521.1         | 20,803.2         |
| Gross debt/GDP                              | 70.2%    | 68.1%    | 66.1%    | 62.4%    | 76.4%    |                 |                  |                  |

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

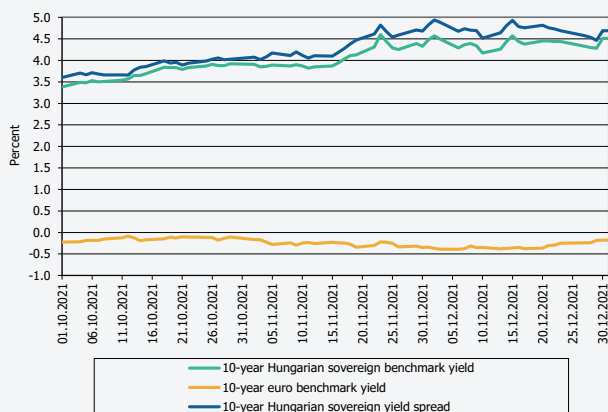
Benchmark yields



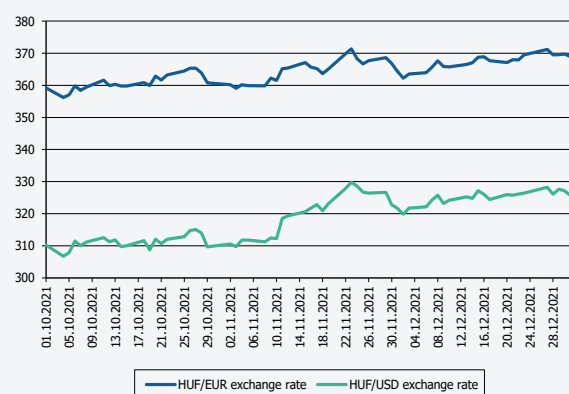
Benchmark yield curves



10-year Hungarian and eurozone benchmark yields



The exchange rate of the Hungarian Forint

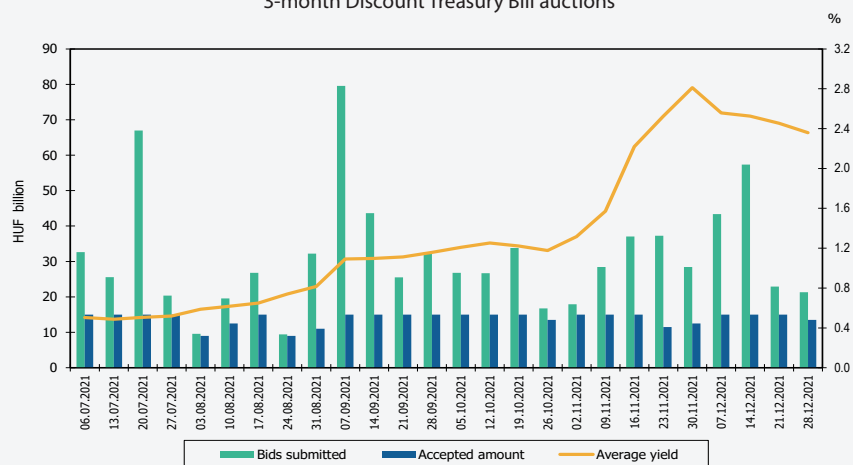


## DISCOUNT TREASURY BILL AUCTION RESULTS

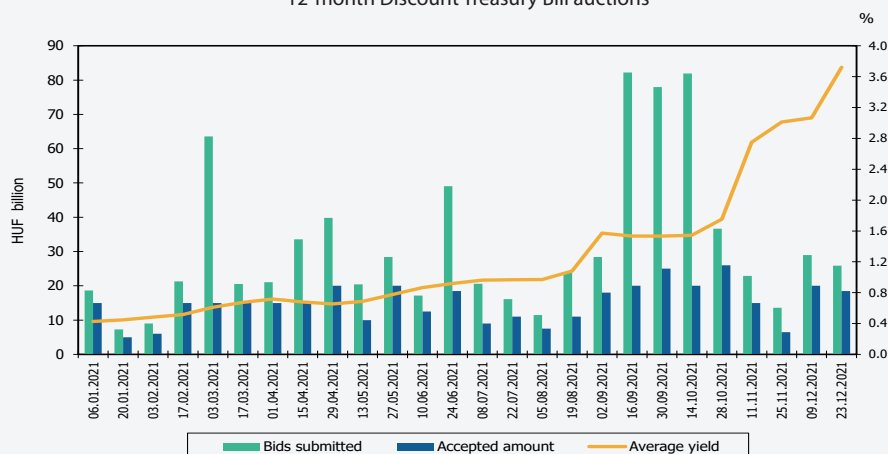
|                                             | 3-month Discount T-bills |              |              |              | 12-month Discount T-bills |              |
|---------------------------------------------|--------------------------|--------------|--------------|--------------|---------------------------|--------------|
| Code of T-bills                             | D220316                  | D220323      | D220330      | D220406      | D221019                   | D221228      |
| ISIN code                                   | HU0000523923             | HU0000523931 | HU0000523949 | HU0000523915 | HU0000523857              | HU0000523956 |
| Maturity in days                            | 91                       | 91           | 91           | 91           | 308                       | 364          |
| Date of auction                             | 07.12.2021               | 14.12.2021   | 21.12.2021   | 28.12.2021   | 09.12.2021                | 23.12.2021   |
| Date of financial settlement                | 15.12.2021               | 22.12.2021   | 29.12.2021   | 05.01.2022   | 15.12.2021                | 29.12.2021   |
| Redemption date                             | 16.03.2022               | 23.03.2022   | 30.03.2022   | 06.04.2022   | 19.10.2022                | 28.12.2022   |
| Maximum yield (%) - ISMA                    | 2.65                     | 2.55         | 2.55         | 2.55         | 3.30                      | 3.80         |
| Minimum yield (%) - ISMA                    | 2.49                     | 2.45         | 2.25         | 2.32         | 2.90                      | 3.50         |
| Average yield (%) - ISMA                    | 2.56                     | 2.52         | 2.45         | 2.36         | 3.07                      | 3.72         |
| Maximum yield (%) - EHM                     | 2.69                     | 2.59         | 2.59         | 2.59         | 3.35                      | 3.85         |
| Minimum yield (%) - EHM                     | 2.52                     | 2.48         | 2.28         | 2.35         | 2.94                      | 3.55         |
| Average yield (%) - EHM                     | 2.59                     | 2.56         | 2.49         | 2.39         | 3.11                      | 3.77         |
| Average selling price (%)                   | 99.3574                  | 99.3658      | 99.3837      | 99.4071      | 97.4441                   | 96.3725      |
| Amount offered for sale (HUF million)       | 15,000.00                | 15,000.00    | 15,000.00    | 20,000.00    | 20,000.00                 | 20,000.00    |
| Amount of bids submitted (HUF million)      | 43,360.00                | 57,354.30    | 22,932.80    | 21,341.00    | 28,992.60                 | 25,860.00    |
| Amount of bids accepted (HUF million)       | 14,999.99                | 14,999.97    | 14,999.98    | 13,500.00    | 20,000.00                 | 18,499.99    |
| Bid-to-cover ratio                          | 2.89                     | 3.82         | 1.53         | 1.07         | 1.45                      | 1.40         |
| Bids submitted (pcs)                        | 42                       | 61           | 36           | 14           | 26                        | 20           |
| Bids accepted (pcs)                         | 17                       | 16           | 28           | 8            | 24                        | 15           |
| Market sales* (HUF million)                 | 14,999.99                | 14,999.97    | 14,999.98    | 13,500.00    | 20,000.00                 | 18,499.99    |
| Retained on ÁKK's own account (HUF million) | 3,000.01                 | 3,000.03     | 3000.02      | 3000.00      | 1000.00                   | 18,500.01    |
| Total amount issued (HUF million)           | 18,000.00                | 18,000.00    | 18,000.00    | 16,500.00    | 21,000.00                 | 37,000.00    |

\* Without issuance onto ÁKK's own account

### 3-month Discount Treasury Bill auctions



### 12-month Discount Treasury Bill auctions

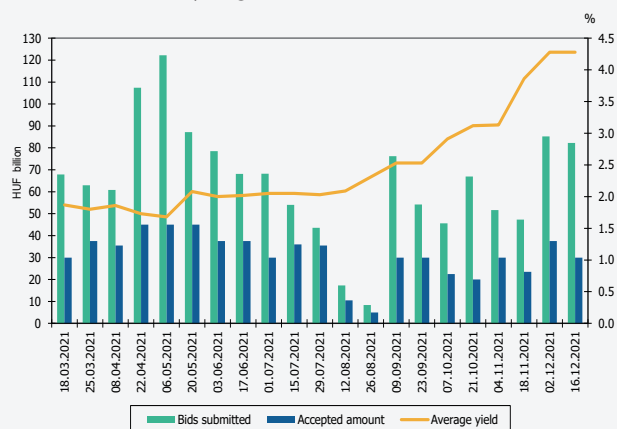


## GOVERNMENT BOND AUCTION RESULTS

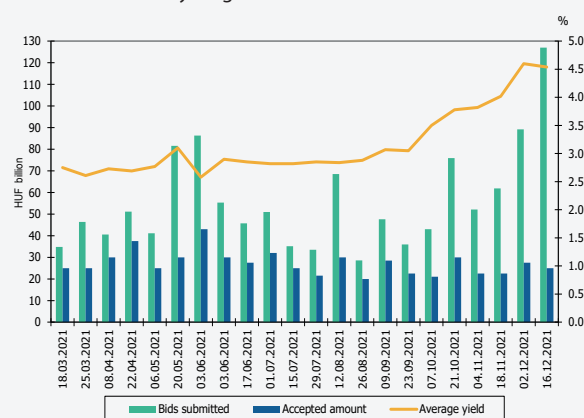
| Government Bond                          | 2026/F       | 2033/A       | 2041/A       |
|------------------------------------------|--------------|--------------|--------------|
| ISIN code                                | HU0000404934 | HU0000404744 | HU0000404165 |
| Maturity (in years)                      | 5            | 10           | 20           |
| Coupon                                   | 1.50%        | 2.25%        | 3.00%        |
| Auction                                  | 24th auction | 35th auction | 30th auction |
| Date of auction                          | 02.12.2021   | 02.12.2021   | 02.12.2021   |
| Date of financial settlement             | 08.12.2021   | 08.12.2021   | 08.12.2021   |
| Redemption date                          | 26.08.2026   | 20.04.2033   | 25.04.2041   |
| Maximum annual yield (%) - ISMA          | 4.29         | 4.61         | 4.65         |
| Minimum annual yield (%) - ISMA          | 4.27         | 4.57         | 4.60         |
| Average annual yield (%) - ISMA          | 4.28         | 4.60         | 4.62         |
| Maximum annual yield (%) - EHM           | 4.29         | 4.61         | 4.65         |
| Minimum annual yield (%) - EHM           | 4.27         | 4.57         | 4.60         |
| Average annual yield (%) - EHM           | 4.28         | 4.60         | 4.62         |
| Maximum price (%)                        | 88.3910      | 79.7733      | 79.7519      |
| Minimum price (%)                        | 88.3100      | 79.4391      | 79.2200      |
| Average price (%)                        | 88.3523      | 79.5196      | 79.5181      |
| Amount offered for sale (HUF million)    | 25,000.00    | 20,000.00    | 10,000.00    |
| Amount of bids submitted (HUF million)   | 85,245.00    | 89,175.00    | 15,500.00    |
| Amount of bids accepted (HUF million)    | 37,500.00    | 27,500.00    | 10,000.00    |
| Bid-to-cover ratio                       | 2.27         | 3.24         | 1.55         |
| Bids submitted (pcs)                     | 45           | 64           | 24           |
| Bids accepted (pcs)                      | 16           | 30           | 17           |
| Tail (%) (average price - minimum price) | 0.04         | 0.08         | 0.30         |
| Market sales (HUF million)               | 37,500.00    | 27,500.00    | 10,000.00    |
| Non-competitive offer (HUF million)      | 14,440.00    | 10,360.00    | 0.00         |
| Total amount sales (HUF million)         | 51,940.00    | 37,860.00    | 10,000.00    |

| Government Bond                          | 2029/B       | 2026/F       | 2033/A       | 2038/A       |
|------------------------------------------|--------------|--------------|--------------|--------------|
| ISIN code                                | HU0000404926 | HU0000404934 | HU0000404744 | HU0000403555 |
| Maturity (in years)                      | 8            | 5            | 10           | 15           |
| Coupon                                   | 0.75%        | 1.50%        | 2.25%        | 3.00%        |
| Auction                                  | 19th auction | 25th auction | 36th auction | 48th auction |
| Date of auction                          | 09.12.2021   | 16.12.2021   | 16.12.2021   | 16.12.2021   |
| Date of financial settlement             | 15.12.2021   | 22.12.2021   | 22.12.2021   | 22.12.2021   |
| Redemption date                          | 22.08.2029   | 26.08.2026   | 20.04.2033   | 27.10.2038   |
| Maximum annual yield (%) - ISMA          | -            | 4.30         | 4.56         | 4.61         |
| Minimum annual yield (%) - ISMA          | -            | 4.25         | 4.48         | 4.57         |
| Average annual yield (%) - ISMA          | -            | 4.28         | 4.54         | 4.59         |
| Maximum annual yield (%) - EHM           | -            | 4.30         | 4.56         | 4.61         |
| Minimum annual yield (%) - EHM           | -            | 4.25         | 4.48         | 4.57         |
| Average annual yield (%) - EHM           | -            | 4.28         | 4.54         | 4.59         |
| Maximum price (%)                        | 97.5500      | 88.5481      | 80.5134      | 81.8191      |
| Minimum price (%)                        | 97.1200      | 88.3610      | 79.9023      | 81.4121      |
| Average price (%)                        | 97.3600      | 88.4232      | 80.0576      | 81.5646      |
| Amount offered for sale (HUF million)    | 10,000.00    | 30,000.00    | 25,000.00    | 15,000.00    |
| Amount of bids submitted (HUF million)   | 21,042.34    | 82,230.00    | 126,971.32   | 29,950.00    |
| Amount of bids accepted (HUF million)    | 10,000.00    | 30,000.00    | 24,999.98    | 15,000.00    |
| Bid-to-cover ratio                       | 2.10         | 2.74         | 5.08         | 2.00         |
| Bids submitted (pcs)                     | 27           | 48           | 75           | 38           |
| Bids accepted (pcs)                      | 17           | 29           | 20           | 25           |
| Tail (%) (average price - minimum price) | 0.24         | 0.06         | 0.16         | 0.15         |
| Market sales (HUF million)               | 10,000.00    | 30,000.00    | 24,999.98    | 15,000.00    |
| Non-competitive offer (HUF million)      | 0.00         | 11,348.00    | 7,759.98     | 3,680.00     |
| Total amount sales (HUF million)         | 10,000.00    | 41,348.00    | 32,759.96    | 18,680.00    |

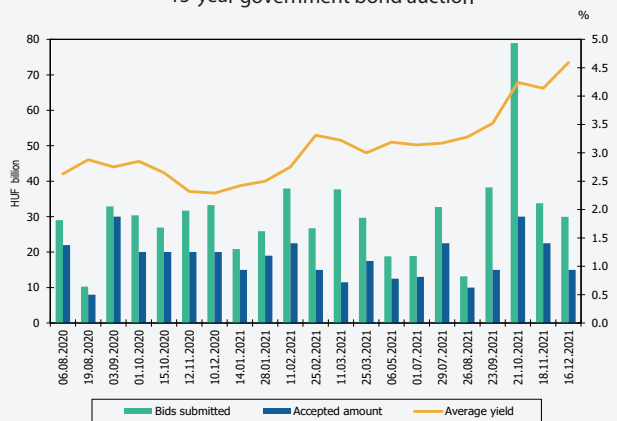
5-year government bond auctions



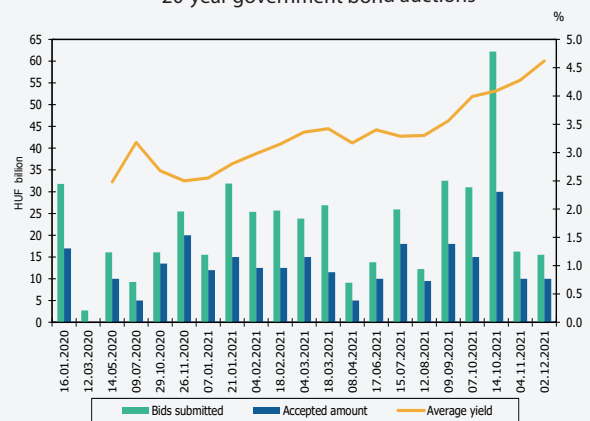
10-year government bond auctions



15-year government bond auction



20-year government bond auctions

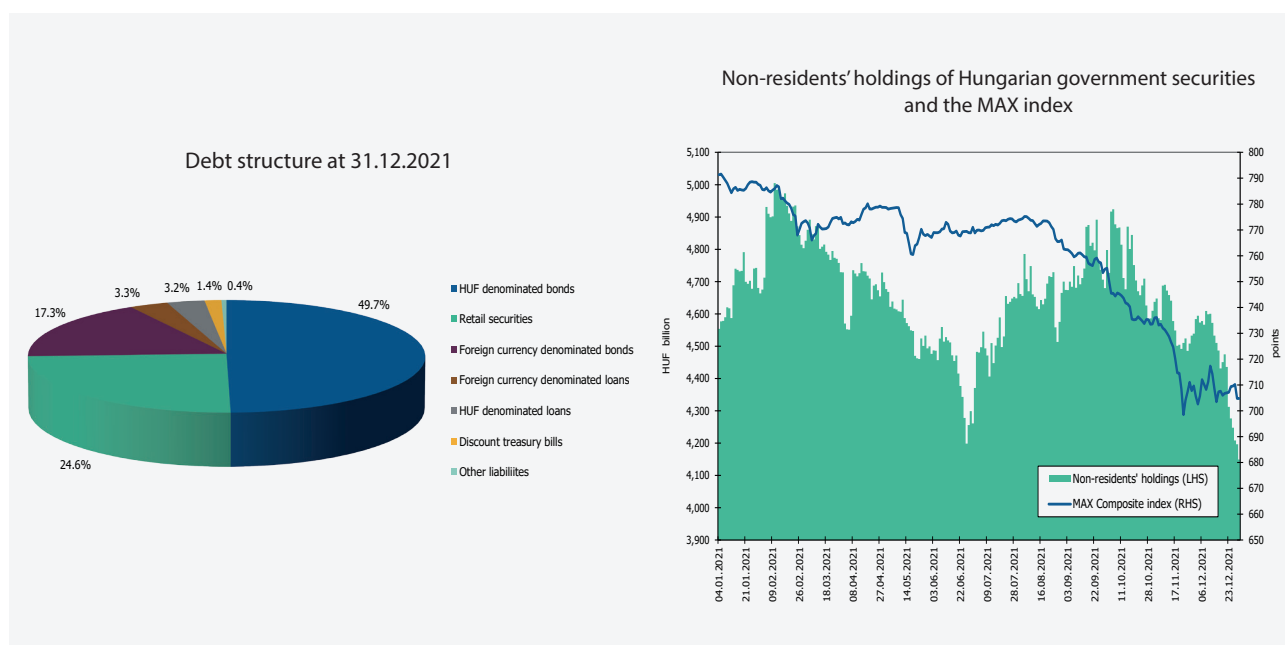


## INTEREST RATE RESETS OF FLOATING RATE GOVERNMENT BONDS IN DECEMBER 2021

| Government bond | Date of interest rate reset | Interest period |            | Date of interest payment | Reset interest rate | Interest payable |
|-----------------|-----------------------------|-----------------|------------|--------------------------|---------------------|------------------|
| 2024/K          | 14.12.2021                  | 20.12.2021      | 20.12.2022 | 20.12.2022               | 4.05%               | 4.05%            |

## OUTSTANDING AMOUNT OF RETAIL SECURITIES

| Retail securities                                           | HUF billion    |                 |              |
|-------------------------------------------------------------|----------------|-----------------|--------------|
|                                                             | 31.12.2020     | 31.12.2021      | Change       |
| 1-year Hungarian Government Security / 1MÁP                 | 1,088.4        | 1,001.6         | -86.8        |
| Treasury Saving Bills / KTJ                                 | 320.9          | 234.7           | -86.1        |
| Hungarian Government Security Plus / MÁP Plusz              | 5,221.2        | 6,361.5         | 1,140.3      |
| Premium Hungarian Government Security / PMÁP                | 2,310.0        | 2,202.7         | -107.2       |
| Bonus and 2-year Hungarian Government Security / BMÁP, 2MÁP | 120.9          | 60.8            | -60.0        |
| Babybond                                                    | 110.3          | 148.8           | 38.5         |
| <b>Total</b>                                                | <b>9,171.6</b> | <b>10,010.2</b> | <b>838.6</b> |



## HUNGARIAN GOVERNMENT SECURITIES INDICES

|                                                 | MAX index | RMAX index | MAX Composite index | ZMAX index | HMAX index |
|-------------------------------------------------|-----------|------------|---------------------|------------|------------|
| Value as at 30.12.2021                          | 742.1397  | 553.7033   | 704.7616            | 540.5013   | 88.1261    |
| Changes compared to the end of the month before | -5.8232   | 464.5284   | -4.8986             | -11.1726   | -451.2629  |
| Annual yield earned on the index portfolio (%)  | -11.36    | -0.60      | -10.80              | 0.39       | -13.50     |

Government bonds with the highest secondary market turnover in December 2021

| Government bond | Date of redemption | Turnover (HUF billion) |
|-----------------|--------------------|------------------------|
| 2029/B          | 22.08.2029         | 593.6                  |
| 2026/E          | 22.04.2026         | 537.6                  |
| 2033/A          | 20.04.2033         | 497.3                  |
| 2026/F          | 26.08.2026         | 420.1                  |
| 2024/C          | 24.10.2024         | 409.3                  |
| 2030/A          | 21.08.2030         | 311.9                  |
| 2027/A          | 27.10.2027         | 287.5                  |
| 2023/C          | 23.08.2023         | 279.0                  |
| 2023/A          | 24.11.2023         | 235.3                  |
| 2031/A          | 22.10.2031         | 232.6                  |

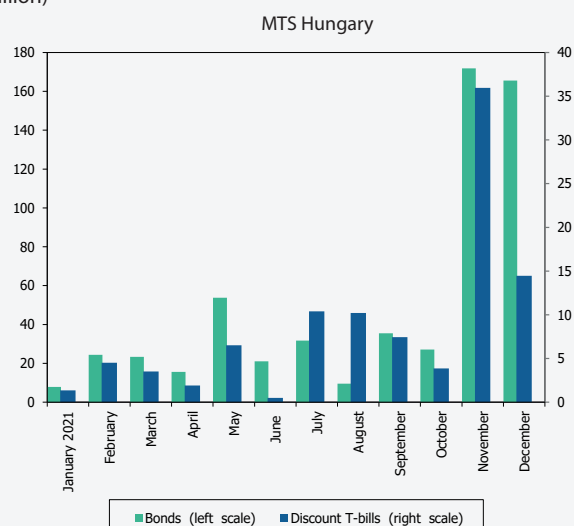
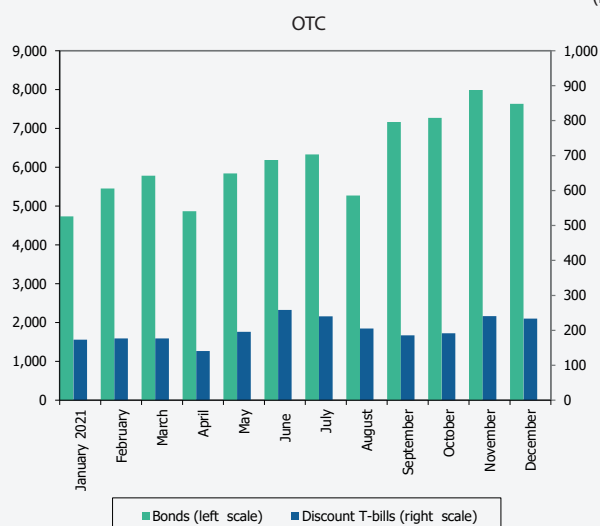
The outstanding volume of government bonds with benchmark status at the end of December 2021

| Government bond | HUF billion |            |
|-----------------|-------------|------------|
|                 | 30.11.2021  | 31.12.2021 |
| 2024/C          | 1,138.28    | 1,138.42   |
| 2026/F          | 845.27      | 768.09     |
| 2033/A          | 1,107.82    | 1,182.17   |
| 2038/A          | 766.09      | 784.84     |
| 2041/A          | 380.03      | 415.24     |

The outstanding volume of the three largest government bonds at the end of December 2021

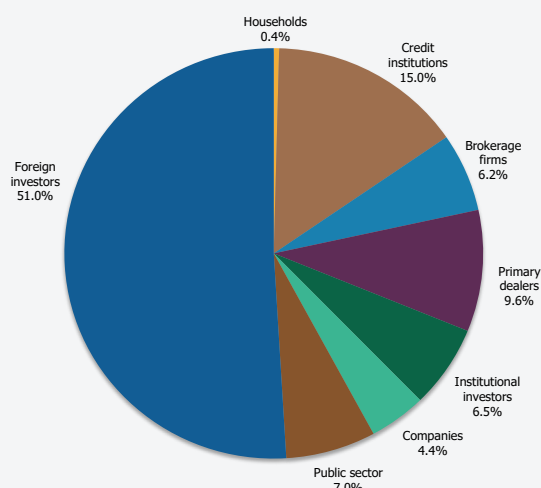
| Government bond | HUF billion |
|-----------------|-------------|
| 2031/A          | 1,473.26    |
| 2025/C          | 1,349.13    |
| 2027/A          | 1,255.24    |

Secondary market trading of Hungarian government securities (HUF billion)



Breakdown of primary dealers' secondary market turnover by investor groups in December 2021

Government Bonds



Discount Treasury Bills

