

# GOVERNMENT SECURITIES MARKET

## MONTHLY REPORT

April 2021

The Central Government Debt increased by HUF 347.8 billion to HUF 37,032.1 billion in April 2021. Total net issuance was HUF 448.0 billion; out of which net HUF denominated issuance was HUF 903.4 billion and net foreign currency denominated issuance was HUF -455.4 billion in 2021.

### CENTRAL GOVERNMENT DEBT

| (HUF billion)                     | 2020     |       | 2021     |       | Change      |       |
|-----------------------------------|----------|-------|----------|-------|-------------|-------|
|                                   | December | %     | April    | %     | HUF billion | %     |
| HUF denominated debt              | 29,237.3 | 79.7  | 30,140.7 | 81.4  | 903.4       | 3.1   |
| Loans                             | 1,161.6  | 3.2   | 1,156.8  | 3.1   | -4.8        | -0.4  |
| Government bonds                  | 18,245.8 | 49.7  | 18,898.3 | 51.0  | 652.5       | 3.6   |
| Retail securities                 | 9,171.7  | 25.0  | 9,533.8  | 25.7  | 362.1       | 3.9   |
| Discount treasury bills           | 658.2    | 1.8   | 551.8    | 1.5   | -106.4      | -16.2 |
| Foreign exchange denominated debt | 7,318.2  | 19.9  | 6,772.3  | 18.3  | -545.9      | -7.5  |
| Total                             | 36,555.5 | 99.6  | 36,913.0 | 99.7  | 357.5       | 1.0   |
| <i>Other obligations</i>          | 128.8    | 0.4   | 119.1    | 0.3   | -9.7        | -7.6  |
| Total central government debt     | 36,684.3 | 100.0 | 37,032.1 | 100.0 | 347.8       | 0.9   |

The HUF denominated debt of the central government increased by HUF 903.4 billion in 2021. The increase in domestic debt was the result of the net government bond issuance of HUF 652.5 billion and the decrease of discount Treasury bills by HUF 106.4 billion. The total amount of retail government securities further increased by HUF 362.1 billion. The majority of the demand for retail government securities was the sale of the 5-year long Hungarian Government Securities Plus. The volume of HUF loans decreased by HUF 4.8 billion in 2021.

The foreign currency debt of the central government decreased by HUF 545.9 billion in 2021. The decrease was mainly due to the redemptions of foreign currency bond by HUF 527.7 billion and the domestic foreign currency bond repayments by HUF 8.9 billion. The exchange rate revaluations totalling HUF 90.5 billion decreased the Hungarian forint value of the foreign currency debt. The drawdown of foreign currency loans increased the foreign currency debt by HUF 130.8 billion and the issuance of domestic foreign currency bonds grew by HUF 8.1 billion. The total amount of other liabilities decreased by HUF 9.7 billion in 2021.

### BENCHMARK YIELDS

| Maturity | 30.12.2020 | 31.03.2021 | 30.04.2021 | Change in April<br>basis point |
|----------|------------|------------|------------|--------------------------------|
| 3-month  | 0.28       | 0.61       | 0.39       | -22                            |
| 6-month  | 0.33       | 0.63       | 0.50       | -13                            |
| 1-year   | 0.39       | 0.69       | 0.62       | -7                             |
| 3-year   | 0.70       | 1.43       | 1.25       | -18                            |
| 5-year   | 1.36       | 1.91       | 1.73       | -18                            |
| 10-year  | 2.08       | 2.71       | 2.74       | 3                              |
| 15-year  | 2.25       | 3.07       | 3.17       | 10                             |
| 20-year* | 2.47       | 3.19       | 3.28       | 9                              |

Monthly OTC turnover of government securities decreased by 16% to HUF 5,007.9 billion in April. Primary dealers, who account for the decisive part of all secondary government securities trading, made 62% of their secondary government securities deals with non-resident investors.

The volume of non-residents' holdings of Hungarian government securities increased altogether by HUF 106.9 billion in April and amounted to HUF 4,676.9 billion at the end of April. This volume represented 16.1% of the total amount of domestic government securities.

The EUR/HUF exchange rate according to the National Bank of Hungary was 359.59 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: BBB (Standard & Poor's); Baa3 (Moody's); BBB (Fitch).

# GOVERNMENT SECURITIES MARKET

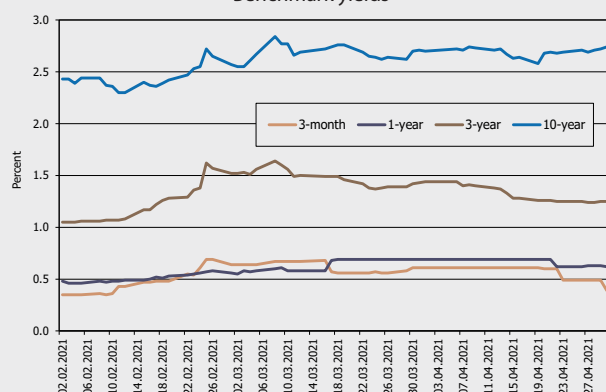
## CENTRAL GOVERNMENT GROSS DEBT

HUF BILLION

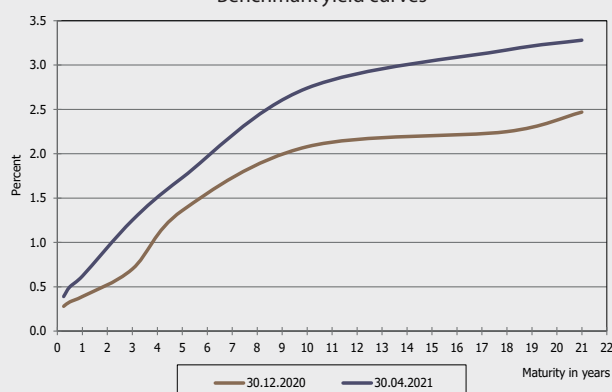
|                                             | 2016     | 2017     | 2018     | 2019     | 2020     | 2021<br>February | 2021<br>March | 2021<br>April |
|---------------------------------------------|----------|----------|----------|----------|----------|------------------|---------------|---------------|
| 1. Forint denominated debt                  | 18,430.9 | 20,689.4 | 22,796.0 | 24,357.1 | 29,237.3 | 29,491.7         | 30,229.6      | 30,140.7      |
| 1.1. Loans                                  | 865.0    | 1,041.1  | 1,167.7  | 1,208.1  | 1,161.6  | 1,156.8          | 1,156.8       | 1,156.8       |
| 1.2. Government securities                  | 17,565.8 | 19,648.3 | 21,628.3 | 23,149.0 | 28,075.7 | 28,334.8         | 29,072.8      | 28,983.8      |
| 1.2.1. Public issues                        | 17,526.7 | 19,609.2 | 21,589.1 | 23,109.8 | 28,036.5 | 28,295.7         | 29,033.6      | 28,944.7      |
| 1.2.1.1. Bonds                              | 11,562.4 | 11,767.1 | 12,836.1 | 13,378.5 | 18,206.6 | 18,337.7         | 18,928.8      | 18,859.1      |
| 1.2.1.2. Discount T-bills                   | 896.4    | 1,039.2  | 1,237.3  | 657.3    | 658.2    | 603.2            | 629.2         | 551.8         |
| 1.2.1.3. Retail securities                  | 5,067.9  | 6,802.9  | 7,515.7  | 9,074.0  | 9,171.7  | 9,354.8          | 9,475.6       | 9,533.8       |
| 1.2.2. Private placements                   | 39.2     | 39.2     | 39.2     | 39.2     | 39.2     | 39.2             | 39.2          | 39.2          |
| 2. Foreign currency denominated debt*       | 6,256.5  | 5,782.5  | 5,724.8  | 5,121.2  | 7,318.2  | 7,327.5          | 6,907.4       | 6,772.3       |
| 2.1. Loans                                  | 1,101.6  | 929.1    | 795.0    | 825.4    | 1,291.1  | 1,386.3          | 1,418.6       | 1,358.0       |
| 2.1.1. Foreign loans                        | 1,097.6  | 929.1    | 795.0    | 825.4    | 1,291.1  | 1,386.3          | 1,418.6       | 1,358.0       |
| 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  | 5,941.3          | 5,488.8       | 5,414.4       |
| 2.2.1. Issued abroad                        | 4,618.9  | 4,145.9  | 4,246.2  | 3,713.5  | 5,481.3  | 5,398.1          | 4,947.4       | 4,877.5       |
| 2.2.2. Issued domestically                  | 536.0    | 707.6    | 683.6    | 582.3    | 545.9    | 543.2            | 541.4         | 536.9         |
| Total                                       | 24,687.4 | 26,472.0 | 28,520.7 | 29,478.3 | 36,555.5 | 36,819.2         | 37,137.0      | 36,913.0      |
| Other liabilities                           | 742.70   | 274.20   | 167.40   | 203.7    | 128.8    | 130.0            | 136.0         | 119.1         |
| Total central government debt               | 25,430.0 | 26,746.2 | 28,688.2 | 29,682.0 | 36,684.3 | 36,949.2         | 37,273.0      | 37,032.1      |
| 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 | 18,980.1         | 19,597.2      | 19,450.1      |
| Gross debt/GDP                              | 70.3%    | 68.2%    | 66.2%    | 62.5%    | 76.8%    |                  |               |               |

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

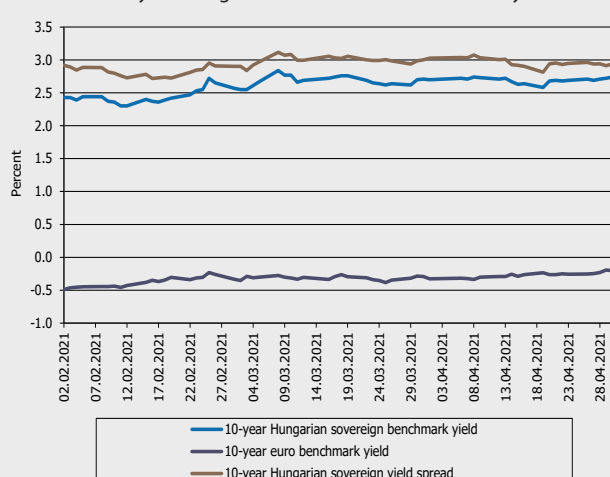
Benchmark yields



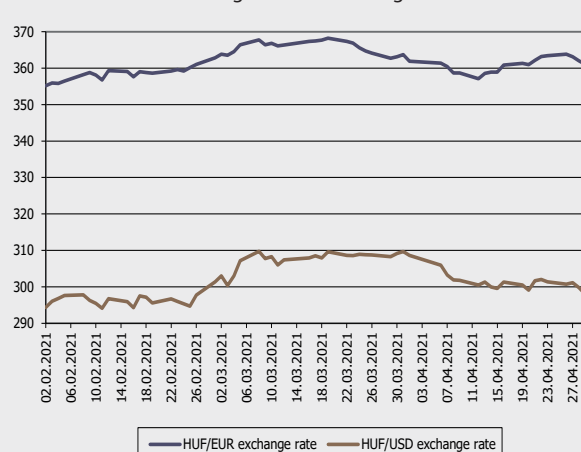
Benchmark yield curves



10-year Hungarian and eurozone benchmark yields



The exchange rate of the Hungarian Forint



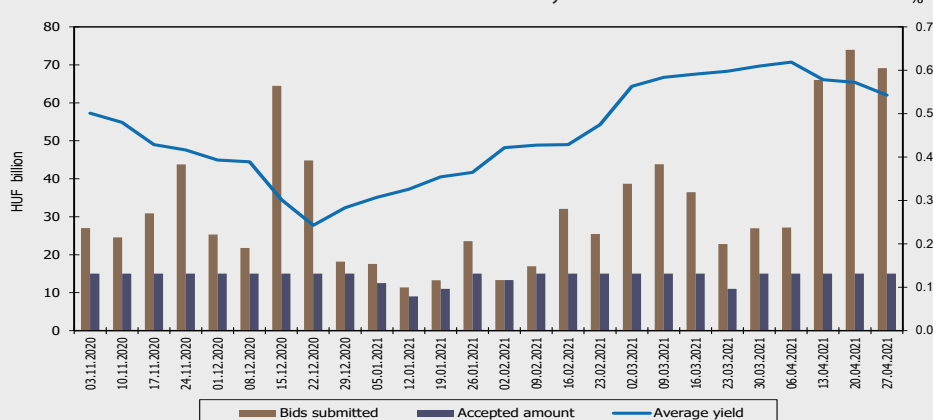
# GOVERNMENT SECURITIES MARKET

## DISCOUNT TREASURY BILL AUCTION RESULTS

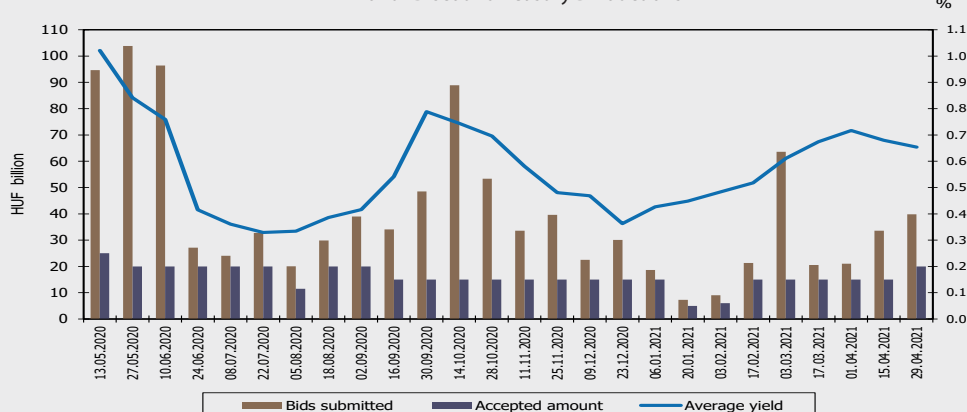
|                                             | 3-month<br>Discount T-bills |              |              |              | 12-month<br>Discount T-bills |              |              |
|---------------------------------------------|-----------------------------|--------------|--------------|--------------|------------------------------|--------------|--------------|
| Code of T-bills                             | D210714                     | D210721      | D210728      | D210804      | D220309                      | D220309      | D220504      |
| ISIN code                                   | HU0000523576                | HU0000523584 | HU0000523592 | HU0000523600 | HU0000523469                 | HU0000523469 | HU0000523626 |
| Maturity in days                            | 91                          | 91           | 91           | 91           | 336                          | 322          | 364          |
| Date of auction                             | 06.04.2021                  | 13.04.2021   | 20.04.2021   | 27.04.2021   | 01.04.2021                   | 15.04.2021   | 29.04.2021   |
| Date of financial settlement                | 14.04.2021                  | 21.04.2021   | 28.04.2021   | 05.05.2021   | 07.04.2021                   | 21.04.2021   | 05.05.2021   |
| Redemption date                             | 14.07.2021                  | 21.07.2021   | 28.07.2021   | 04.08.2021   | 09.03.2022                   | 09.03.2022   | 04.05.2022   |
| Maximum yield (%) - ISMA                    | 0.65                        | 0.58         | 0.58         | 0.56         | 0.74                         | 0.70         | 0.68         |
| Minimum yield (%) - ISMA                    | 0.59                        | 0.57         | 0.55         | 0.52         | 0.70                         | 0.61         | 0.60         |
| Average yield (%) - ISMA                    | 0.62                        | 0.58         | 0.57         | 0.54         | 0.72                         | 0.68         | 0.65         |
| Maximum yield (%) - EHM                     | 0.66                        | 0.59         | 0.59         | 0.57         | 0.75                         | 0.71         | 0.69         |
| Minimum yield (%) - EHM                     | 0.60                        | 0.58         | 0.56         | 0.53         | 0.71                         | 0.62         | 0.61         |
| Average yield (%) - EHM                     | 0.63                        | 0.59         | 0.58         | 0.55         | 0.73                         | 0.69         | 0.66         |
| Average selling price (%)                   | 99.8438                     | 99.8540      | 99.8555      | 99.8630      | 99.3352                      | 99.3958      | 99.3431      |
| Amount offered for sale (HUF million)       | 15,000.00                   | 15,000.00    | 15,000.00    | 15,000.00    | 15,000.00                    | 15,000.00    | 20,000.00    |
| Amount of bids submitted (HUF million)      | 27,150.00                   | 66,027.04    | 73,952.09    | 69,134.64    | 21,043.31                    | 33,580.00    | 39,800.00    |
| Amount of bids accepted (HUF million)       | 14,999.98                   | 14,999.99    | 14,999.99    | 14,999.97    | 14,999.98                    | 15,000.00    | 20,000.00    |
| Bid-to-cover ratio                          | 1.81                        | 4.40         | 4.93         | 4.61         | 1.40                         | 2.24         | 1.99         |
| Bids submitted (pcs)                        | 25                          | 38           | 46           | 45           | 30                           | 30           | 38           |
| Bids accepted (pcs)                         | 15                          | 11           | 15           | 19           | 22                           | 18           | 27           |
| Market sales* (HUF million)                 | 14,999.98                   | 14,999.99    | 14,999.99    | 14,999.97    | 14,999.98                    | 15,000.00    | 20,000.00    |
| Retained on ÁKK's own account (HUF million) | 4,500.02                    | 3,000.01     | 3,000.01     | 1,500.03     | 15,000.02                    | 15,000.00    | 20,000.00    |
| Total amount issued (HUF million)           | 19,500.00                   | 18,000.00    | 18,000.00    | 16,500.00    | 30,000.00                    | 30,000.00    | 40,000.00    |

\* Without issuance onto ÁKK's own account

3-month Discount Treasury Bill auctions



12-month Discount Treasury Bill auctions



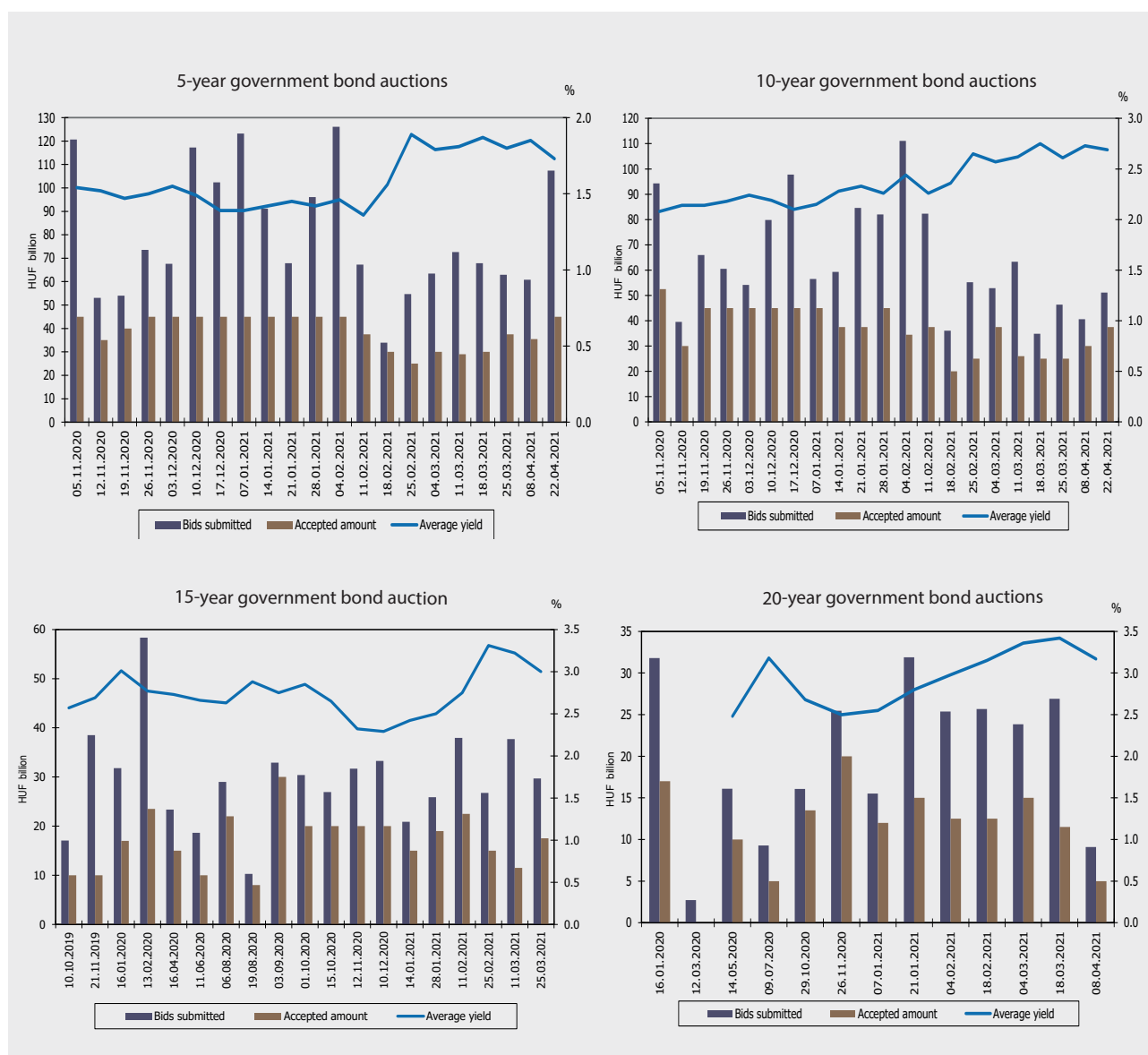
# GOVERNMENT SECURITIES MARKET

## GOVERNMENT BOND AUCTION RESULTS

| Government Bond                          | 2027/B       | 2026/F       | 2033/A       | 2041/A       | 2027/B       |
|------------------------------------------|--------------|--------------|--------------|--------------|--------------|
| ISIN code                                | HU0000404157 | HU0000404934 | HU0000404744 | HU0000404165 | HU0000404157 |
| Maturity (in years)                      | 6            | 5            | 10           | 20           | 6            |
| Coupon                                   | 0.16%        | 1.50%        | 2.25%        | 3.00%        | 0.16%        |
| Auction                                  | 28th auction | 7th auction  | 18th auction | 17th auction | 29th auction |
| Date of auction                          | 01.04.2021   | 08.04.2021   | 08.04.2021   | 08.04.2021   | 15.04.2021   |
| Date of financial settlement             | 07.04.2021   | 14.04.2021   | 14.04.2021   | 14.04.2021   | 21.04.2021   |
| Redemption date                          | 22.04.2027   | 26.08.2026   | 20.04.2033   | 25.04.2041   | 22.04.2027   |
| Maximum annual yield (%) - ISMA          | -            | 1.89         | 2.75         | 3.17         | -            |
| Minimum annual yield (%) - ISMA          | -            | 1.83         | 2.72         | 3.16         | -            |
| Average annual yield (%) - ISMA          | -            | 1.86         | 2.73         | 3.17         | -            |
| Maximum annual yield (%) - EHM           | -            | 1.88         | 2.75         | 3.17         | -            |
| Minimum annual yield (%) - EHM           | -            | 1.83         | 2.72         | 3.15         | -            |
| Average annual yield (%) - EHM           | -            | 1.85         | 2.73         | 3.16         | -            |
| Maximum price (%)                        | 98.6000      | 98.3273      | 95.2500      | 97.7020      | 98.5600      |
| Minimum price (%)                        | 98.3900      | 98.0480      | 94.8905      | 97.5020      | 98.4300      |
| Average price (%)                        | 98.4800      | 98.1996      | 95.1133      | 97.5708      | 98.4800      |
| Amount offered for sale (HUF million)    | 20,000.00    | 25,000.00    | 30,000.00    | 15,000.00    | 20,000.00    |
| Amount of bids submitted (HUF million)   | 68,550.00    | 60,840.00    | 40,579.70    | 9,100.00     | 76,850.00    |
| Amount of bids accepted (HUF million)    | 30,000.00    | 35,500.00    | 30,000.00    | 5,000.00     | 29,999.98    |
| Bid-to-cover ratio                       | 2.29         | 1.71         | 1.35         | 1.82         | 2.56         |
| Bids submitted (pcs)                     | 45           | 49           | 46           | 23           | 51           |
| Bids accepted (pcs)                      | 20           | 24           | 26           | 8            | 27           |
| Tail (%) (average price - minimum price) | 0.09         | 0.15         | 0.22         | 0.07         | 0.05         |
| Market sales (HUF million)               | 30,000.00    | 35,500.00    | 30,000.00    | 5,000.00     | 29,999.98    |
| Non-competitive offer (HUF million)      | 10,600.00    | 12,360.00    |              |              | 11,807.84    |
| Total amount sales (HUF million)         | 40,600.00    | 47,860.00    | 30,000.00    | 5,000.00     | 41,807.82    |

| Government Bond                          | 2026/F       | 2033/A       | 2051/G       | 2027/B       |
|------------------------------------------|--------------|--------------|--------------|--------------|
| ISIN code                                | HU0000404934 | HU0000404744 | HU0000404991 | HU0000404157 |
| Maturity (in years)                      | 5            | 10           | 30           | 6            |
| Coupon                                   | 1.50%        | 2.25%        | 4.00%        | 0.16%        |
| Auction                                  | 8th auction  | 19th auction | 1st auction  | 30th auction |
| Date of auction                          | 22.04.2021   | 22.04.2021   | 22.04.2021   | 29.04.2021   |
| Date of financial settlement             | 28.04.2021   | 28.04.2021   | 28.04.2021   | 05.05.2021   |
| Redemption date                          | 26.08.2026   | 20.04.2033   | 28.04.2051   | 22.04.2027   |
| Maximum annual yield (%) - ISMA          | 1.74         | 2.71         | 3.74         | -            |
| Minimum annual yield (%) - ISMA          | 1.72         | 2.66         | 3.60         | -            |
| Average annual yield (%) - ISMA          | 1.73         | 2.69         | 3.69         | -            |
| Maximum annual yield (%) - EHM           | 1.74         | 2.71         | 3.74         | -            |
| Minimum annual yield (%) - EHM           | 1.72         | 2.66         | 3.60         | -            |
| Average annual yield (%) - EHM           | 1.73         | 2.68         | 3.69         | -            |
| Maximum price (%)                        | 98.8882      | 95.8603      | 107.2655     | 98.9000      |
| Minimum price (%)                        | 98.7630      | 95.3476      | 104.5493     | 98.5600      |
| Average price (%)                        | 98.8171      | 95.5931      | 105.5073     | 98.6800      |
| Amount offered for sale (HUF million)    | 30,000.00    | 25,000.00    | 20,000.00    | 20,000.00    |
| Amount of bids submitted (HUF million)   | 107,380.50   | 51,118.87    | 140,724.67   | 47,720.00    |
| Amount of bids accepted (HUF million)    | 45,000.00    | 37,500.00    | 30,000.00    | 29,999.99    |
| Bid-to-cover ratio                       | 2.39         | 1.36         | 4.69         | 1.59         |
| Bids submitted (pcs)                     | 67           | 55           | 189          | 47           |
| Bids accepted (pcs)                      | 18           | 43           | 35           | 40           |
| Tail (%) (average price - minimum price) | 0.05         | 0.25         | 0.96         | 0.12         |
| Market sales (HUF million)               | 45,000.00    | 37,500.00    | 30,000.00    | 29,999.99    |
| Non-competitive offer (HUF million)      | 11,160.00    | 6,954.00     | 11,200.00    | 4,500.00     |
| Total amount sales (HUF million)         | 56,160.00    | 44,454.00    | 41,200.00    | 34,499.99    |

# GOVERNMENT SECURITIES MARKET



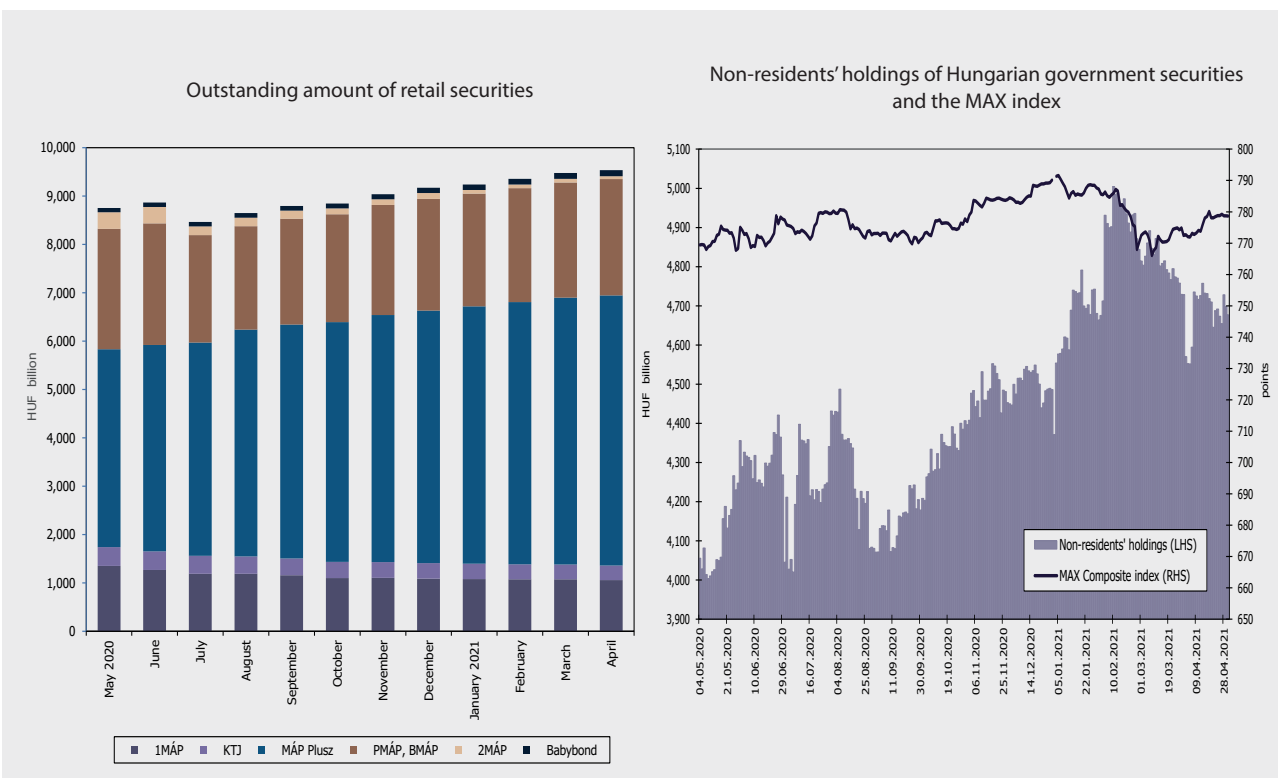
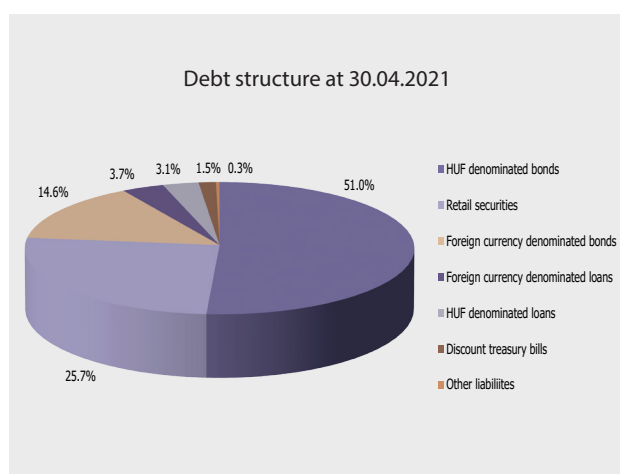
## INTEREST RATE RESETS OF FLOATING RATE GOVERNMENT BONDS IN APRIL 2021

| Government bond | Date of interest rate reset | Interest period |            | Date of interest payment | Reset interest rate | Interest payable |
|-----------------|-----------------------------|-----------------|------------|--------------------------|---------------------|------------------|
| 2022/O          | 23.04.2021                  | 27.04.2021      | 27.04.2022 | 27.04.2022               | 2.92%               | 2.96%            |
| 2022/P          | 23.04.2021                  | 27.04.2021      | 27.04.2022 | 27.04.2022               | 2.92%               | 2.96%            |
| 2023/B          | 23.04.2021                  | 26.04.2021      | 26.07.2021 | 26.07.2021               | 0.79%               | 0.20%            |
| 2024/O          | 20.04.2021                  | 24.04.2021      | 24.04.2022 | 25.04.2022               | 3.42%               | 3.47%            |
| 2024/P          | 20.04.2021                  | 24.04.2021      | 24.04.2022 | 25.04.2022               | 3.42%               | 3.47%            |
| 2026/B          | 23.04.2021                  | 24.04.2021      | 24.10.2021 | 25.10.2021               | 0.59%               | 0.30%            |
| 2027/B          | 19.04.2021                  | 22.04.2021      | 22.07.2021 | 22.07.2021               | 0.79%               | 0.20%            |

# GOVERNMENT SECURITIES MARKET

## OUTSTANDING AMOUNT OF RETAIL SECURITIES

| Retail securities                                           | HUF billion |            |        |
|-------------------------------------------------------------|-------------|------------|--------|
|                                                             | 31.12.2020  | 30.04.2021 | Change |
| 1-year Hungarian Government Security / 1MÁP                 | 1,088.4     | 1,060.5    | -27.9  |
| Treasury Saving Bills / KTJ                                 | 320.9       | 298.0      | -22.9  |
| Hungarian Government Security Plus / MÁP Plusz              | 5,221.2     | 5,588.7    | 367.5  |
| Premium Hungarian Government / PMÁP                         | 2,310.0     | 2,402.7    | 92.7   |
| Bonus and 2-year Hungarian Government Security / BMÁP, 2MÁP | 120.9       | 61.2       | -59.7  |
| Babybond                                                    | 110.3       | 122.7      | 12.4   |
| Total                                                       | 9,171.6     | 9,533.7    | 362.1  |



## HUNGARIAN GOVERNMENT SECURITIES INDICES

|                                                 | MAX index | RMAX index | MAX Composite index | ZMAX index | HMAX index |
|-------------------------------------------------|-----------|------------|---------------------|------------|------------|
| Value as at 30.04.2021                          | 824.5700  | 557.1673   | 778.6434            | 539.2192   | 99.7307    |
| Changes compared to the end of the month before | 6.5296    | 0.4201     | 5.9549              | 0.4726     | 0.8558     |
| Annual yield earned on the index portfolio (%)  | 0.96      | 0.87       | 0.96                | 0.66       | 0.32       |

# GOVERNMENT SECURITIES MARKET

**Government bonds with the highest secondary market turnover in April 2021**

| Government bond | Date of redemption | Turnover (HUF billion) |
|-----------------|--------------------|------------------------|
| 2027/B          | 22.04.2027         | 410.0                  |
| 2026/F          | 26.08.2026         | 302.4                  |
| 2027/A          | 27.10.2027         | 289.2                  |
| 2033/A          | 20.04.2033         | 279.3                  |
| 2026/E          | 22.04.2026         | 243.1                  |
| 2025/C          | 26.11.2025         | 214.7                  |
| 2030/A          | 21.08.2030         | 192.0                  |
| 2029/A          | 23.05.2029         | 170.2                  |
| 2023/C          | 23.08.2023         | 143.4                  |
| 2031/A          | 22.10.2031         | 130.3                  |

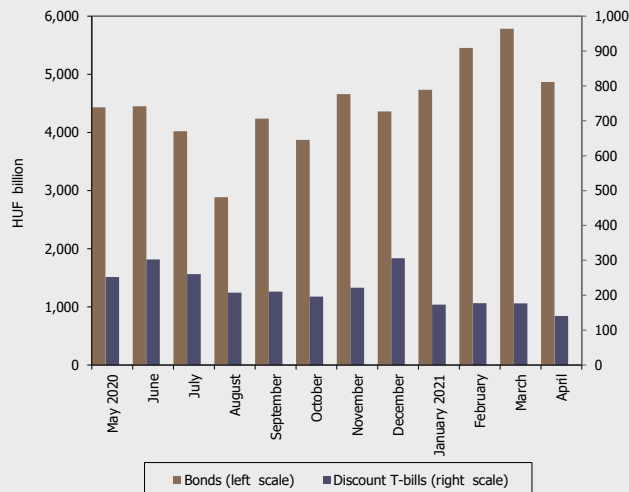
**The outstanding volume of government bonds with benchmark status at the end of April 2021**

| Government bond | HUF billion |            |
|-----------------|-------------|------------|
|                 | 31.03.2021  | 30.04.2021 |
| 2024/C          | 1,136.63    | 1,136.94   |
| 2026/F          | 215.47      | 319.80     |
| 2033/A          | 586.35      | 661.06     |
| 2038/A          | 559.27      | 572.45     |
| 2041/A          | 200.67      | 205.71     |

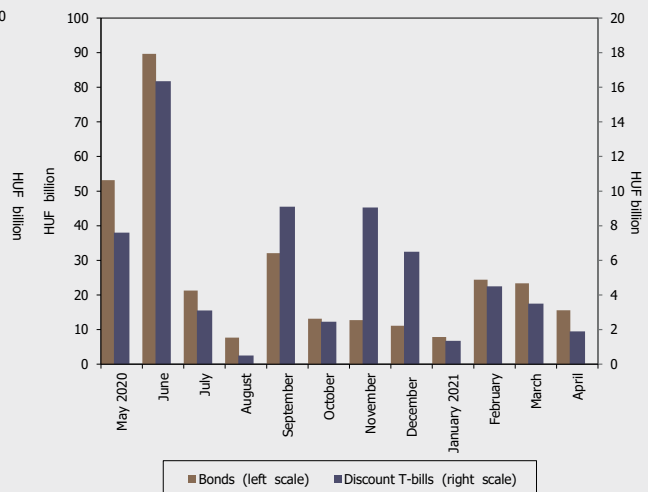
**The outstanding volume of the three largest government bonds at the end of April 2021**

| Government bond | HUF billion |
|-----------------|-------------|
| 2031/A          | 1,332.25    |
| 2026/E          | 1,247.85    |
| 2027/A          | 1,236.90    |

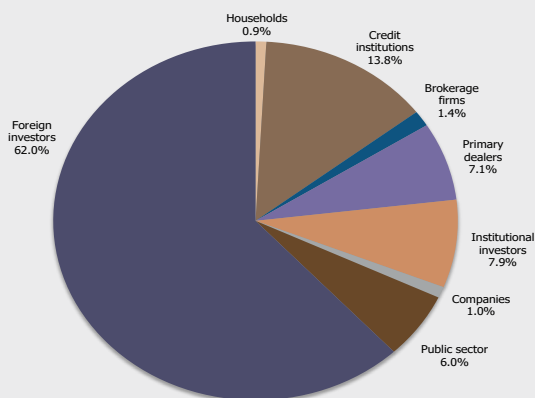
**Secondary market trading of Hungarian government securities (OTC)**



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



**Breakdown of primary dealers' secondary market turnover in Government Bonds by investor groups in April 2021**



**Breakdown of primary dealers' secondary market turnover in Discount Treasury Bills by investor groups in April 2021**

