



GOVERNMENT DEBT MANAGEMENT AGENCY PTE LTD.

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GOVERNMENT SECURITIES MARKET

MONTHLY REPORT
FEBRUARY 2022



The Central Government Debt increased by HUF 1,237.1 billion to HUF 41,934.2 billion in 2022. Total net issuance was HUF 1,188.3 billion; out of which net HUF denominated issuance including repos was HUF 942.7 billion and net foreign currency denominated issuance was HUF 245.5 billion in 2022.

CENTRAL GOVERNMENT DEBT

(HUF billion)	2021		2022		Change	
	December	%	February	%	HUF billion	%
HUF denominated debt	32,121.2	78.9	33,064.0	78.8	942.7	2.9
Loans	1,307.7	3.2	1,305.4	3.1	-2.3	-0.2
Government bonds	20,220.0	49.7	20,659.7	49.3	439.7	2.2
Retail securities	10,010.3	24.6	10,224.1	24.4	213.9	2.1
Discount treasury bills	583.2	1.4	874.7	2.1	291.5	50.0
Foreign exchange denominated debt	8,395.2	20.6	8,669.3	20.7	274.1	3.3
Total	40,516.4	99.6	41,733.3	99.5	1,216.9	3.0
Other obligations	180.6	0.4	200.9	0.5	20.3	11.2
Total central government debt	40,697.0	100.0	41,934.2	100.0	1,237.1	3.0

The HUF denominated debt of the central government increased by HUF 942.7 billion in 2022. The increase in domestic debt was the result of the net government bond issuance of HUF 439.7 billion and the increase of discount Treasury bills by HUF 291.5 billion. The total amount of retail government securities further increased by HUF 213.9 billion. The majority of the demand for retail government securities was the sale of Premium Hungarian Government Securities with a maturity of more than one year. The volume of HUF loans decreased by HUF 2.3 billion in 2022.

The foreign currency debt of the central government increased by HUF 274.1 billion in 2022. The increase is mainly due to the foreign currency bond issues. In February, Japanese yen-denominated Samurai bonds were issued in total amount of HUF 205.4 billion (75.3 billion yen). Four series with different maturities, one of them is 3-year long traditional foreign currency bond and three of them are 5-7-10-year long green foreign currency bonds, which further broadened Hungary's relations with Japanese green investors. Foreign currency debt was also increased by the issuance of domestic foreign currency bonds by HUF 44.2 billion and decreased by the redemptions of domestic foreign currency bonds worth HUF 2.6 billion. The exchange rate revaluations totalling HUF 28.6 billion increased the Hungarian forint value of the foreign currency debt. The total amount of other liabilities increased by HUF 20.3 billion in 2022.

BENCHMARK YIELDS

Maturity	30.12.2021	31.01.2022	28.02.2022	Change in February basis point
3-month	2.16	3.76	4.93	117
6-month	2.61	3.95	4.98	103
1-year	3.57	4.25	5.06	81
3-year	4.19	4.53	5.20	67
5-year	4.35	4.69	5.21	52
10-year	4.51	4.88	5.24	36
15-year	4.72	5.02	5.29	27
20-year	4.75	5.13	5.35	22

Monthly OTC turnover of government securities decreased by 28% to HUF 6,861.7 billion in February. Primary dealers, who account for the decisive part of all secondary government securities trading, made 78% of their secondary government securities deals with non-resident investors.

The volume of non-residents' holdings of Hungarian government securities increased altogether by HUF 86.8 billion in February and amounted to HUF 4,848.1 billion at the end of February. This volume represented 15.3% of the total amount of domestic government securities.

The EUR/HUF exchange rate according to the National Bank of Hungary was 369.8 on the last working day of February.

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

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

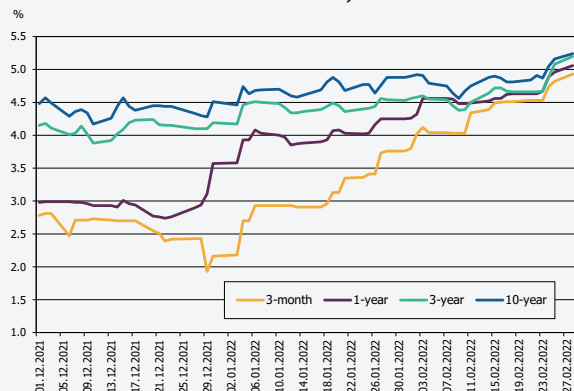
CENTRAL GOVERNMENT GROSS DEBT

HUF BILLION

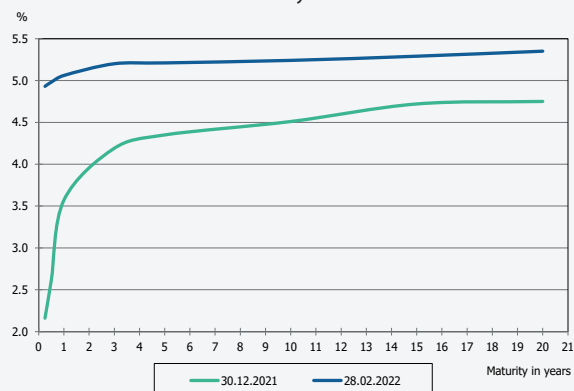
	2016	2017	2018	2019	2020	2021 December	2022 January	2022 February
1. Forint denominated debt	18,430.9	20,689.4	22,796.0	24,357.1	29,237.3	32,121.2	32,322.5	33,064.0
1.1. Loans	865.0	1,041.1	1,167.7	1,208.1	1,161.6	1,307.7	1,305.4	1,305.4
1.2. Government securities	17,565.8	19,648.3	21,628.3	23,149.0	28,075.7	30,813.5	31,017.0	31,758.5
1.2.1. Public issues	17,526.7	19,609.2	21,589.1	23,109.8	28,036.5	30,813.5	20,081.8	20,659.7
1.2.1.1. Bonds	11,562.4	11,767.1	12,836.1	13,378.5	18,206.6	20,220.0	20,081.8	20,659.7
1.2.1.2. Discount T-bills	896.4	1,039.2	1,237.3	657.3	658.2	583.2	777.4	874.7
1.2.1.3. Retail securities	5,067.9	6,802.9	7,515.7	9,074.0	9,171.7	10,010.2	10,157.8	10,224.1
1.2.2. Private placements	39.2	39.2	39.2	39.2	39.2	0.0	0.0	0.0
2. Foreign currency denominated debt*	6,256.5	5,782.5	5,724.8	5,121.2	7,318.2	8,395.2	8,170.5	8,669.3
2.1. Loans	1,101.6	929.1	795.0	825.4	1,291.1	1,345.2	1,305.5	1,348.2
2.1.1. Foreign loans	1,097.6	929.1	795.0	825.4	1,291.1	1,345.2	1,305.5	1,348.2
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	7,049.9	6,865.0	7,321.1
2.2.1. Issued abroad	4,618.9	4,145.9	4,246.2	3,713.5	5,481.3	6,594.9	6,400.4	6,822.1
2.2.2. Issued domestically	536.0	707.6	683.6	582.3	545.9	455.0	464.5	499.1
Total	24,687.4	26,472.0	28,520.7	29,478.3	36,555.5	40,516.4	40,493.0	41,733.3
Other liabilities	742.70	274.20	167.40	203.70	128.80	180.60	144.30	200.90
Total central government debt	25,430.0	26,746.2	28,688.2	29,682.0	36,684.3	40,697.0	40,637.3	41,934.2
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	20,803.2	20,859.2	21,534.4
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.

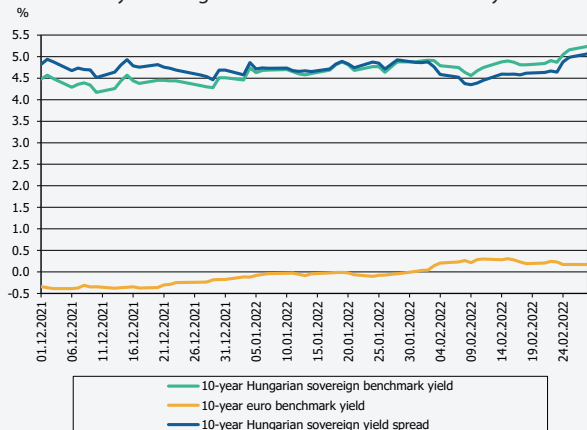
Benchmark yields



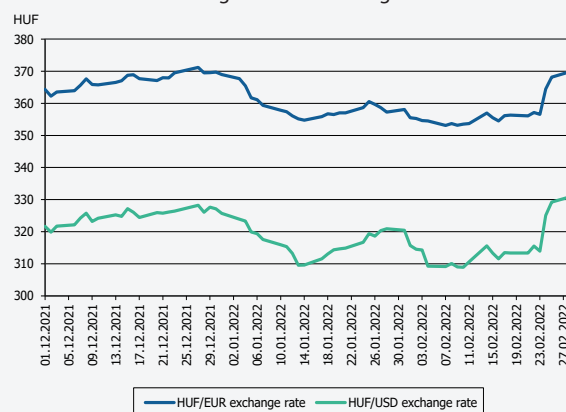
Benchmark yield curves



10-year Hungarian and eurozone benchmark yields



The exchange rate of the Hungarian Forint

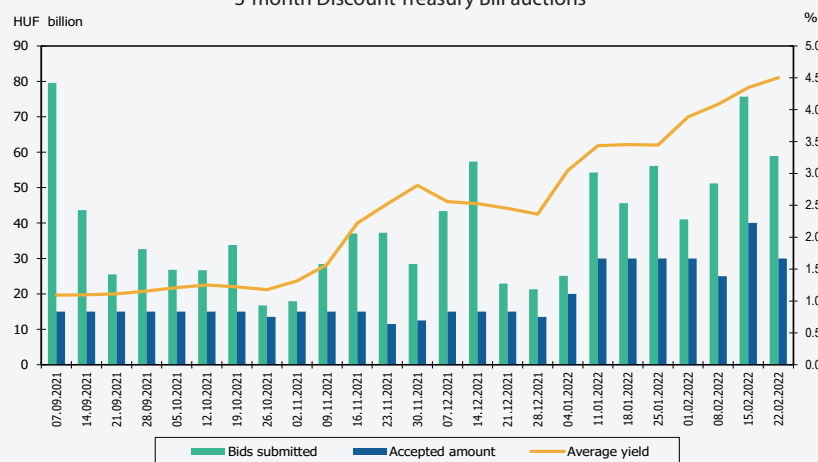


DISCOUNT TREASURY BILL AUCTION RESULTS

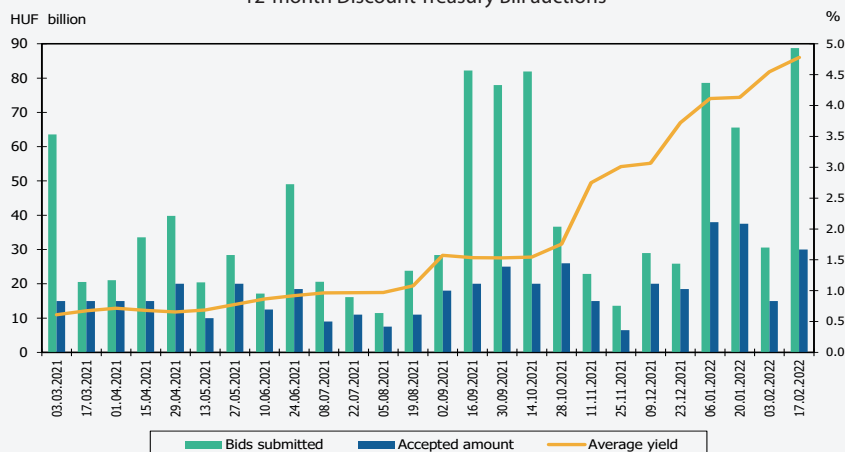
	3-month Discount T-bills				12-month Discount T-bills	
Code of T-bills	D220511	D220518	D220525	D220601	D221228	D230222
ISIN code	HU0000524004	HU0000524012	HU0000524020	HU0000524046	HU0000523956	HU0000524038
Maturity in days	91	91	91	91	322	364
Date of auction	01.02.2022	08.02.2022	15.02.2022	22.02.2022	03.02.2022	17.02.2022
Date of financial settlement	09.02.2022	16.02.2022	23.02.2022	02.03.2022	09.02.2022	23.02.2022
Redemption date	11.05.2022	18.05.2022	25.05.2022	01.06.2022	28.12.2022	22.02.2023
Maximum yield (%) - ISMA	4.05	4.20	4.45	4.55	4.65	4.89
Minimum yield (%) - ISMA	3.60	3.90	3.95	4.10	4.30	4.50
Average yield (%) - ISMA	3.89	4.08	4.35	4.50	4.55	4.78
Maximum yield (%) - EHM	4.11	4.26	4.51	4.61	4.71	4.96
Minimum yield (%) - EHM	3.65	3.95	4.00	4.16	4.36	4.56
Average yield (%) - EHM	3.94	4.14	4.41	4.56	4.61	4.85
Average selling price (%)	99.0268	98.9782	98.9133	98.8752	96.0921	95.3907
Amount offered for sale (HUF million)	30,000.00	30,000.00	30,000.00	30,000.00	30,000.00	30,000.00
Amount of bids submitted (HUF million)	41,059.30	51,170.92	75,656.40	58,933.28	30,570.00	88,744.45
Amount of bids accepted (HUF million)	29,999.99	24,999.98	39,999.99	29,999.98	15,000.00	30,000.00
Bid-to-cover ratio	1.37	2.05	1.89	1.96	2.04	2.96
Bids submitted (pcs)	33	32	45	42	20	61
Bids accepted (pcs)	32	24	16	23	13	38
Market sales* (HUF million)	29,999.99	24,999.98	39,999.99	29,999.98	15,000.00	30,000.00
Retained on ÁKK's own account (HUF million)	3,000.01	3,000.02	3,000.01	3,000.02	15,000.00	30,000.00
Total amount issued (HUF million)	33,000.00	28,000.00	43,000.00	33,000.00	30,000.00	60,000.00

* Without issuance onto ÁKK's own account

3-month Discount Treasury Bill auctions



12-month Discount Treasury Bill auctions

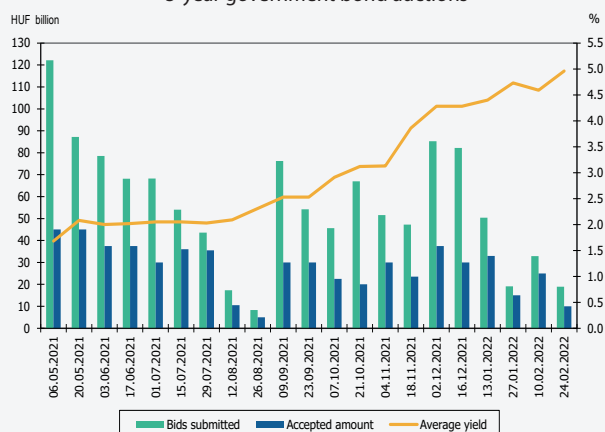


GOVERNMENT BOND AUCTION RESULTS

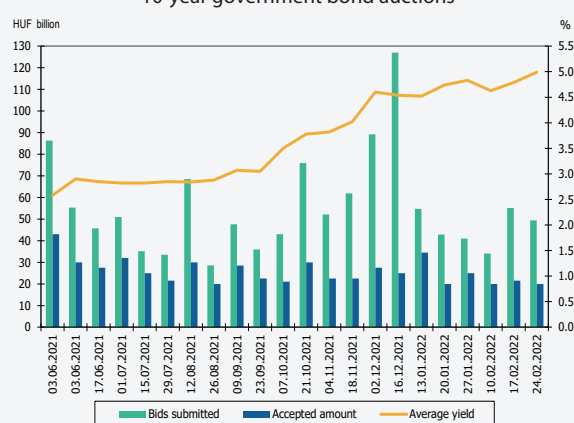
Government Bond	2029/B	2028/B	2032/A	2038/A
ISIN code	HU0000404926	HU0000405543	HU0000405550	HU0000403555
Maturity (in years)	7	5	10	15
Coupon	2.45%	4.50%	4.75%	3.00%
Auction	24th auction	3rd auction	3rd auction	50th auction
Date of auction	03.02.2022	10.02.2022	10.02.2022	10.02.2022
Date of financial settlement	09.02.2022	16.02.2022	16.02.2022	16.02.2022
Redemption date	22.08.2029	23.03.2028	24.11.2032	27.10.2038
Maximum annual yield (%) - ISMA	-	4.62	4.65	4.79
Minimum annual yield (%) - ISMA	-	4.53	4.58	4.72
Average annual yield (%) - ISMA	-	4.59	4.63	4.77
Maximum annual yield (%) - EHM	-	4.62	4.65	4.79
Minimum annual yield (%) - EHM	-	4.53	4.58	4.72
Average annual yield (%) - EHM	-	4.58	4.63	4.76
Maximum price (%)	97.4000	99.8200	101.4250	80.4191
Minimum price (%)	97.1700	99.3511	100.8372	79.7282
Average price (%)	97.2500	99.5311	101.0024	79.9467
Amount offered for sale (HUF million)	40,000.00	25,000.00	20,000.00	15,000.00
Amount of bids submitted (HUF million)	142,420.00	32,890.00	34,050.00	13,845.77
Amount of bids accepted (HUF million)	60,000.00	24,999.98	19,999.99	9,999.98
Bid-to-cover ratio	2.37	1.32	1.70	1.38
Bids submitted (pcs)	64	24	26	25
Bids accepted (pcs)	33	22	17	17
Tail (%) (average price - minimum price)	0.08	0.18	0.17	0.22
Market sales (HUF million)	60,000.00	24,999.98	19,999.99	9,999.98
Non-competitive offer (HUF million)	16,572.77	4,918.20	4,012.90	0.00
Total amount sales (HUF million)	76,572.77	29,918.18	24,012.89	9,999.98

Government Bond	2029/B	2032/G	2028/B	2032/A	2041/A
ISIN code	HU0000404926	HU0000405535	HU0000405543	HU0000405550	HU0000404165
Maturity (in years)	7	10	5	10	20
Coupon	4.59%	4.50%	4.50%	4.75%	3.00%
Auction	25th auction	2nd auction	4th auction	4th auction	32nd auction
Date of auction	17.02.2022	17.02.2022	24.02.2022	24.02.2022	24.02.2022
Date of financial settlement	23.02.2022	23.02.2022	02.03.2022	02.03.2022	02.03.2022
Redemption date	22.08.2029	27.05.2032	23.03.2028	24.11.2032	25.04.2041
Maximum annual yield (%) - ISMA	-	4.80	4.98	5.02	5.17
Minimum annual yield (%) - ISMA	-	4.78	4.95	4.96	5.14
Average annual yield (%) - ISMA	-	4.79	4.96	4.99	5.15
Maximum annual yield (%) - EHM	-	4.80	4.98	5.02	5.16
Minimum annual yield (%) - EHM	-	4.78	4.95	4.96	5.14
Average annual yield (%) - EHM	-	4.79	4.96	4.98	5.15
Maximum price (%)	97.4000	97.7861	97.6645	98.2910	74.3100
Minimum price (%)	97.2200	97.6282	97.5129	97.8028	74.0200
Average price (%)	97.2800	97.6863	97.5995	98.0685	74.1605
Amount offered for sale (HUF million)	25,000.00	15,000.00	25,000.00	20,000.00	10,000.00
Amount of bids submitted (HUF million)	83,950.00	55,182.00	18,900.00	49,430.00	9,550.00
Amount of bids accepted (HUF million)	34,500.00	21,499.97	10,000.00	19,999.98	5,000.00
Bid-to-cover ratio	2.43	2.57	1.89	2.47	1.91
Bids submitted (pcs)	45	65	22	47	21
Bids accepted (pcs)	15	28	10	20	9
Tail (%) (average price - minimum price)	0.06	0.06	0.09	0.27	0.14
Market sales (HUF million)	34,500.00	21,499.97	10,000.00	19,999.98	5,000.00
Non-competitive offer (HUF million)	13,000.00	6,195.72	0.00	0.00	0.00
Total amount sales (HUF million)	47,500.00	27,695.69	10,000.00	19,999.98	5,000.00

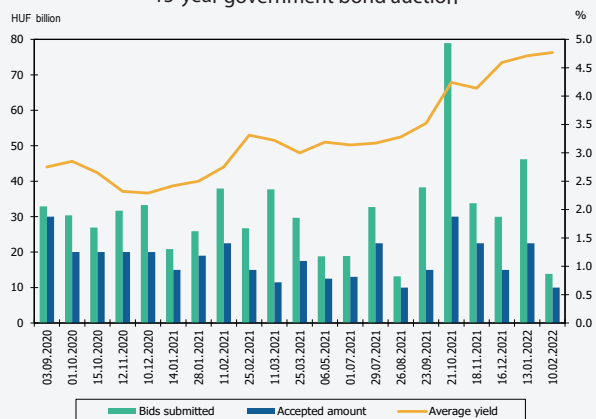
5-year government bond auctions



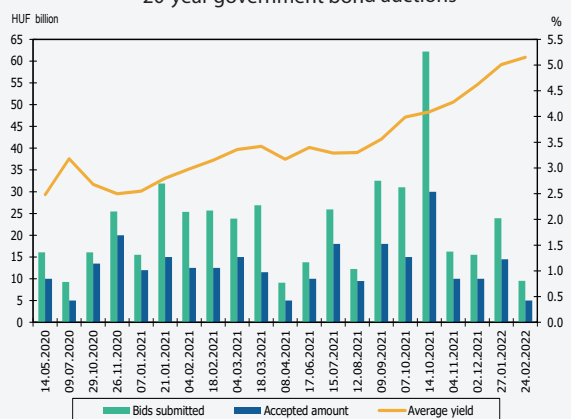
10-year government bond auctions



15-year government bond auction



20-year government bond auctions

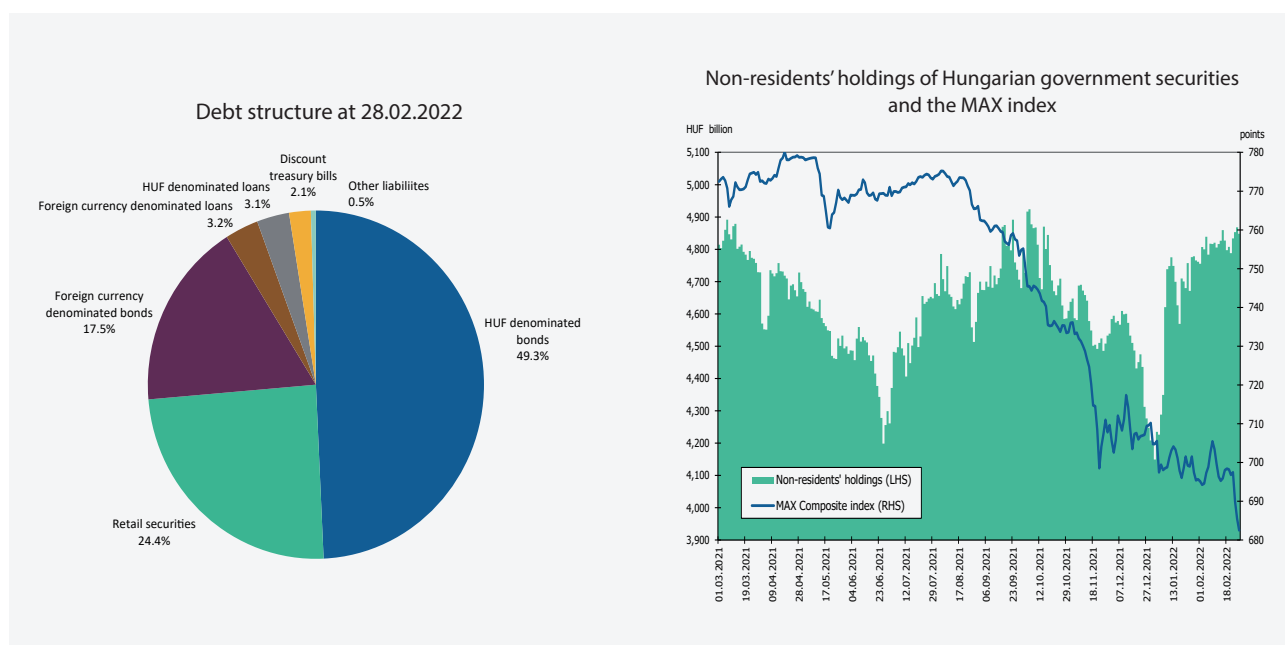
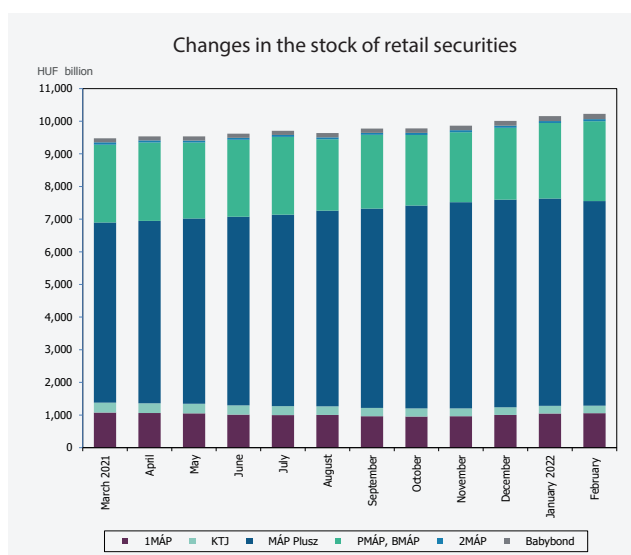


INTEREST RATE RESETS OF FLOATING RATE GOVERNMENT BONDS IN FEBRUARY 2022

Government bond	Date of interest rate reset	Interest period		Date of interest payment	Reset interest rate	Interest payable
2023/K	09.02.2022	15.02.2022	15.02.2023	15.02.2023	6.10%	6.10%
2024/I	15.02.2022	21.02.2022	21.02.2023	21.02.2023	6.80%	6.80%
2025/I	15.02.2022	20.02.2022	20.02.2023	20.02.2023	6.50%	6.50%
2029/B	17.02.2022	22.02.2022	22.05.2022	23.05.2022	4.59%	1.13%

OUTSTANDING AMOUNT OF RETAIL SECURITIES

Retail securities	HUF billion		
	31.12.2021	28.02.2022	Change
1-year Hungarian Government Security / 1MÁP	1,001.6	1,059.0	57.4
Treasury Saving Bills / KTJ	234.7	230.0	-4.7
Hungarian Government Security Plus / MÁP Plusz	6,361.5	6,264.4	-97.1
Premium Hungarian Government Security / PMÁP	2,202.7	2,449.0	246.2
Bonus and 2-year Hungarian Government Security / BMÁP	60.8	60.6	-0.3
Babybond	148.8	161.1	12.3
Total	10,010.2	10,224.1	213.9



HUNGARIAN GOVERNMENT SECURITIES INDICES

	MAX index	HMAX index	MAX Composite index	RMAX index	ZMAX index
Value as at 28.02.2022	717.1582	84.6212	682.5109	550.7402	539.8265
Changes compared to the end of the month before	-14.8556	-1.8481	-13.1718	-1.2123	-0.0239
Annual yield earned on the index portfolio (%)	-12.35	-14.48	-11.68	-1.04	0.23

Government bonds with the highest secondary market turnover in February 2022

Government bond	Date of redemption	Turnover (HUF billion)
2033/A	20.04.2033	546.4
2026/E	22.04.2026	426.7
2031/A	22.10.2031	205.8
2026/F	26.08.2026	197.9
2032/A	24.11.2032	185.5
2025/C	26.11.2025	180.9
2027/A	27.10.2027	165.2
2029/B	22.08.2029	161.3
2024/C	24.10.2024	142.0
2024/B	26.06.2024	131.4

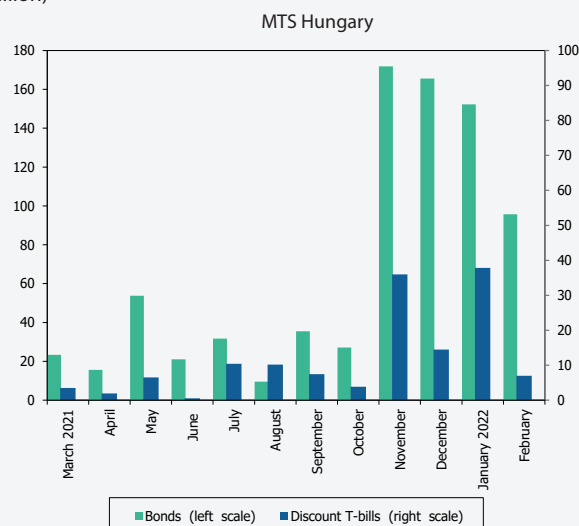
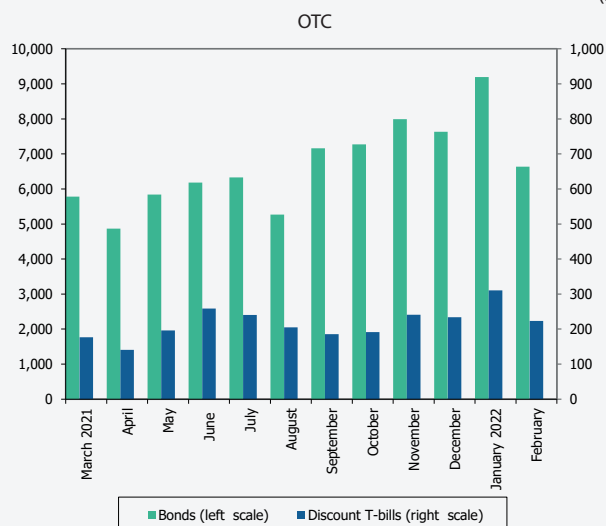
The outstanding volume of government bonds with benchmark status at the end of February 2022

Government bond	HUF billion	
	31.01.2022	28.02.2022
2025/C	1,350.39	1,350.36
2026/F - 2028/B	768.85	82.58
2033/A - 2032/A	1,202.36	97.13
2038/A	813.41	823.41
2041/A	415.24	431.50

The outstanding volume of the three largest government bonds at the end of February 2022

Government bond	HUF billion
2031/A	1,487.24
2025/C	1,350.36
2027/A	1,255.21

Secondary market trading of Hungarian government securities (HUF billion)



Breakdown of primary dealers' secondary market turnover by investor groups in February 2022

