ÁKK: Fulfilment of the 2025 Financing Plan in the first three quarters of 2025

Budapest, 1 October 2025.

The fulfilment of the 2025 Financing Plan is favourable, the financial conditions for the operation of the state are ensured, financing of the state debt is stable. Until 30 September, 114.8% of the HUF 4,626 billion 2025 planned net issuance was completed in the amount of HUF 5,309 billion. The HUF 683 billion issued amount above the net financing need will cover maturities falling due during the remainder of the year. Until the end of the third quarter, 84.4% of the planned HUF 19,526 billion gross issuance (taking into account maturities) was completed.

The deficit of the central government and the renewal of maturing state debt is financed by retail securities, HUF institutional government securities and loans, FX institutional government securities and loans. Table 1 sets forth the weights of these three segments in the 2025 gross and net financing plan:

Table 1: The shares of the three financing segments in the current 2025 financing plan

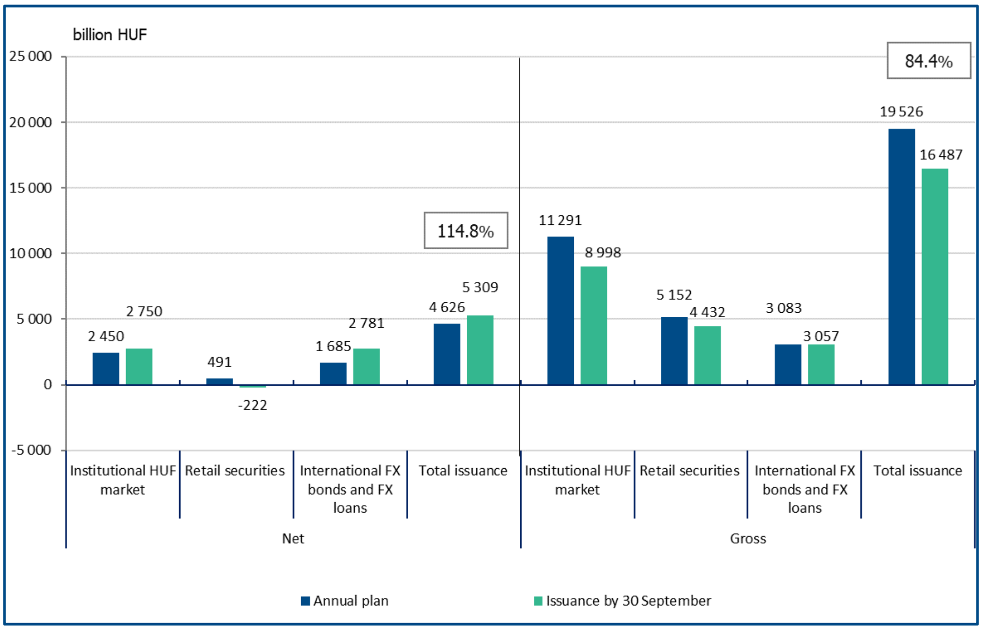
	Net plan		Gross plan	
	billion HUF	%	billion HUF	%
Retail securities	491	10.6	5 152	26.4
HUF institutional securities and debts	2 450	53.0	11 291	57.8
FX instituional securities and debts	1 685	36.4	3 083	15.8
TOTAL	**4 626**	**100.0**	**19 526**	**100.0**

Source: ÁKK

Until 30 September, net issuance amounted to HUF 5,309 billion equalling 114.8% of the HUF 4,626 billion full-year net issuance plan. (Figure 1) During the first three quarters of the year, contribution to net financing was almost equal in case of HUF and FX institutional instruments reaching HUF 2,750 billion and HUF 2,781 billion, respectively (see Figure 1!). The contribution of retail securities was negative (HUF -222 billion). It was the consequence of a technical effect: the maturity and interest payment of series 2025/N Bonus MÁP (with a stock of HUF 442 billion) fell on the last day of the quarter. Corrected for this one-off item, the net financing contribution of retail securities turns positive in the amount to HUF 220 billion. Based on patterns observed in the past, customers reinvest approximately the 70% of the paid sum in government securities following maturities. Consequently, the stock of retail securities is going to increase significantly in the coming period. It is also important to emphasize that the stock of institutional government bonds held by the households increased by nearly 500 billion HUF in the first three quarters.

Gross issuance reached HUF 16,487 billion equalling 84.4% of the HUF 19,526 billion full year planned amount. Until the end of September, 86.0% of the planned gross issuance was completed in case of retail securities. Completion rate reached 79.7% in case of HUF institutional financing and 99.2% in case of FX institutional financing. This implies, the completion ratio exceeds the proportional 75% for the three quarters of the year in case of not only the aggregated gross financing but also in case of all three segments, each.

Figure 1: Fulfilment of gross and net financing plan until 30 Septmeber



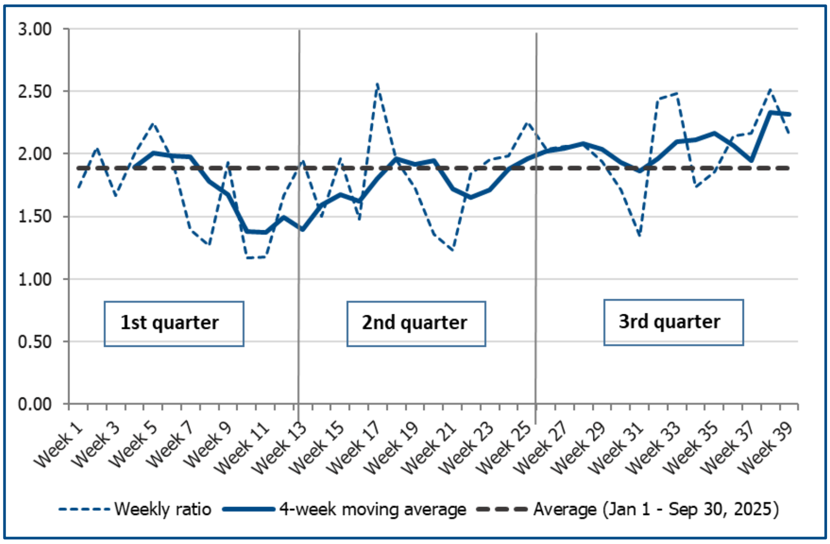
Source: ÁKK

HUF Institutional Market

On the HUF institutional market, net issuance amounted to HUF 2,750 billion in the first three quarters, exceeding the full-year planned amount by HUF 300 billion. On this market, gross issuance amounted to HUF 8,998 billion. Long-term financing from this market consists of HUF bonds and HUF loans. Funds from these loans and securities with maturities exceeding one year finance the state on a protracted basis. In case of *institutional HUF bonds*, 76.7% of planned gross issuance was completed until the end of the third quarter. Until 30 September, 83.7% of the planned yearly gross issuance was completed in case of short-term discount treasury bills serving primarily liquidity management purposes. In case of HUF loans, the contribution to net financing was positive and amounted to HUF 40 billion against the planned negative contribution in the amount of HUF 35 billion.

Demand on institutional HUF bond auctions was strong. By the end of the third quarter, Hungarian bond auctions drew outstanding market demand. On auctions completed during the first three quarters of the year, demand amounted to HUF 4,815 billion against an offered amount of HUF 1,622 billion. ÁKK accepted demand in the amount of HUF 2,554 billion implying a bid-to-cover ratio of 1.89. Including non-competitive sales, ÁKK issued institutional securities in the amount of HUF 2,908 billion. In addition, the debt manager exchanged securities in the amount of HUF 655 billion for securities with longer maturities on switch bond auctions during the first nine months of the year. Demand on auctions increased over time as evidenced by the 4-week moving average of bid-to-cover ratios (Figure 2). The indicator expresses the ratio of the value of bids submitted and accepted at auctions.

Figure 2: Bid-to-cover ratios in the first three quarters

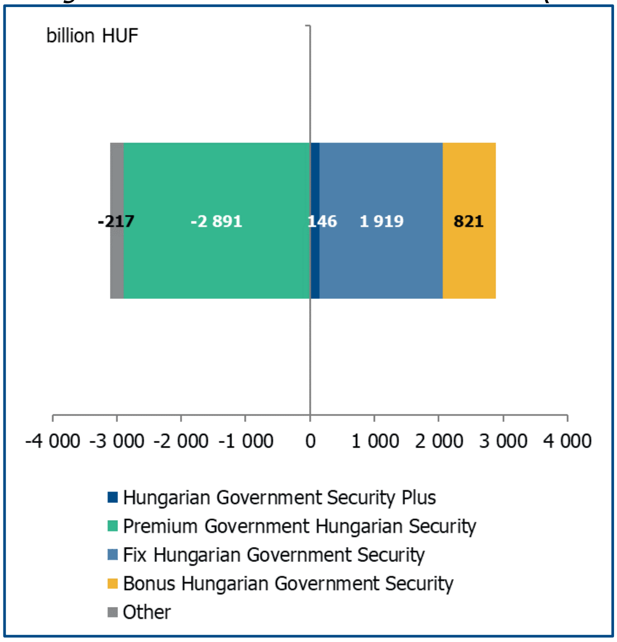


Source: ÁKK

Retail Market

Based on the experience of the first nine months, Hungarian citizens' trust towards government securities prevailed. The stock of retail securities and institutional securities held by households reached HUF 13,136 billion by the end of September. This amount, however, should be corrected for the stock of BMÁP maturing on the last day of the quarter in the amount of HUF 442 billion. The end-of-third-quarter value exceeds the value observed at the end of 2024 by 244 billion forints, while the adjusted value exceeds it by 686 billion forints. In 2025, the market of retail securities changed significantly caused primarily by the gradual repricing of PMÁP. Driven by the significant deceleration of inflation, retail investors turned to fixed-rate securities and floating rate securities linked to market yields (Figure 3).

Figure 3: Rebalancing on the retail securities market in 2025 (net change of stock)



Source: ÁKK

During the first three quarters of the year, households were buying not only retail securities, but also institutional securities. During the first three quarters, the stock owned by households increased by HUF 134 billion in case of institutional bonds and by HUF 359 billion in case of discount treasury bills. Combined, these purchases increased the stock of government securities investments of households by more than HUF 490 billion on face value. By the end of September, the number of customers owning retail securities amounted to 1,389,080 implying a decrease of 1.61% relative to the end of 2024.

Effective as of 1 October, ÁKK renewed the conditions of certain retail product taking into account the experiences of recent years. On the retail market, average remaining time to maturity decreased during the past few years from roughly 4 years to roughly 3 years. Consequently, lengthening the duration and prioritizing predictable, fixed interest rates played a key role in the elaboration of the new retail portfolio in order to support the setup of a healthier debt structure. On 1 October, FixMÁP, MÁPPlus, BMÁP and PMÁP retail securities were renewed. The interest rate of the 5-year FixMÁP increased by 0.5 percentage points; as a result, the 7.0% annual fixed yield of this product is the highest among retail securities. The interest rates of MÁPPlus increased by 0.75 percentage points for each interest period. The new 5-year series pays fixed step-up rates starting at 6.5% and gradually increasing to 7.5% by the end of the life of the bond. BMÁP is available with a 6-year maturity and a starting annual interest rate of 6.85%. The tenor of PMÁP remains 10 years and pays interest rates exceeding inflation.

FX Market

Until 30 September, 165.1% of the planned HUF 1,685 billion net financing plan was completed in case of FX bonds and FX loans. Long-term international bond auctions contributed the majority of the HUF 2,781 billion net issuance in the amount of HUF 2,608 billion. FX loans contributed HUF 177 billion. In case of ECP programme, maturities of short-term FX securities exceeded the issued amount by HUF 4 billion; as a result, this item decreased net FX issuance by HUF 4 billion in this period.

Regarding gross issuance, completion was favourable. Of the HUF 3,083 billion planned full-year gross international issuance HUF 3,057 billion was completed until 30 September implying a completion rate close to 100%. In case of international bond issuance, completion rate exceeded 100%. On international bond auctions issuance reached HUF 2,699 billion exceeding the HUF 2,636 billion planned amount. In case of ECP programme, the HUF 180 billion gross issuance was also fully completed. The completion rate for FX loans amounted to 67% by the end of September.

FX bond auctions during this year were highly successful. ÁKK executed issuances in three different currencies with multiple times oversubscription. The oversubscriptions and successful FX issuances indicate that there is sustained strong confidence in our country and the Hungarian economy — among both Western and Eastern investors. Following the EUR 2.5 billion bond issuance (of which EUR 1.0 billion was green bond) in January, a USD 4 billion bond issuance (with maturities of 5, 10 and 30 years) took place in June. In July, Panda bonds denominated in Chinese Renminbi equalling EUR 595 million were issued. In case of the USD denominated bond issuance, total demand was outstanding and exceeded USD 14 billion. The Hungarian Panda bond was the largest and longest maturity sovereign issuance on the Chinese onshore market. The combined presence of Western (EUR, USD) and Eastern (Renminbi) currencies confirms that international investors treat Hungary as a reliable partner on the global financial stage, despite global challenges.

International funds raised contributed to the increase of liquid reserves enhancing the stability of budget and financing in the current uncertain international environment. In addition to smaller sized bonds denominated in JPY and CNY a EUR 1 billion FX bond will mature in the autumn. Consequently, FX debt relative to total debt will be close to the 30% benchmark. Debt issued in three currencies amplifies the diversification efforts of ÁKK, but 99% of Hungarian FX debt is still denominated in EUR due to swaps. FX issuances increase the flexibility of debt management and the amount of intra-year liquid reserves. Depending on market conditions, this enables optimisation of debt structure and further debt instrument buy-backs during the remainder of the year.

Debt Management Indicators

The risk profile of the debt is in line with the main benchmark indicators derived from the internal risk model of ÁKK. As of 30 September, debt owned by households (including retail securities and institutional securities held by households) amounted to 21.4% of total debt. The FX proportion of the central government debt is currently 30.7%, but it still remains below the long-term historical average. Within FX debt, the share of EUR denominated instruments is close to 100%. Within total debt, the share of fixed-rate instruments is 72.6%. Regarding the total debt, average remaining time to maturity (ATM) reached 5.5 years, average remaining time to re-pricing (ATR) amounted to 4.8 years. ÁKK considers sustainable financing important; the share of green bonds relative to total debt is 4.7% currently.

Conceptual overview of state debt financing

Net financing means the required new funding of the central government for a given time period (typically for one year). It can be realised in the form of government securities issuance or loans. In case of a net financing need, expenditures exceed revenues necessitating new fuds to be raised. Net financing capacity in turn imply a surplus in the budget; consequently, the state debt can decrease.

Gross financing consists of the net financing and the funds needed to cover the refinancing of maturing state debt (that is renewing of government securities and loans falling due). Gross financing tells how much government securities the state has to issue and/or how much loans the government has to take in a given year in order to cover the actual deficit in addition to the maturing elements of existing debt stock.

Gross and net financing need can be partitioned based on debt type (retail securities, FX bonds etc.). Notice that maturing debt in a given segment (retail market) can be renewed on a different market (e.g. institutional market).

H-1013 Budapest, Krisztina tér 2. | Postal address: H-1253 Budapest, PO BOX. 85. | E-mail: press@akk.hu
Registered at the Budapest Capital City Court (Hungary), Registration No.: 01-10-044549