ÁKK: Fulfilment of the 2026 Financing Plan in the second quarter of 2026

Budapest, 1 July 2026.

During the second quarter of the year outstanding auction demand and significant decrease of yields characterised the government securities market. As a result, the fulfilment of the 2026 Financing Plan of the Government Debt Management Agency Pte. Ltd. ("ÁKK") exceeded the prorated until the end of the first half of the year. Supporting market sentiment and strong investor demand enabled ÁKK to finance the government debt and build up additional liquid reserves with yield levels lower than typical levels in the previous periods. The financial conditions for the operation of the state are ensured, financing of the public debt is stable. The prorated fulfilment ratio of the HUF 5,445 billion net financing need reached 108% for the first half of the year. During the first six months of the year, 124% of the amount planned for the same period was completed in case of retail government securities. Completion rate was 159% in case of HUF institutional financing and 60% in case of FX institutional financing. The structure of the financing is balanced, reserves are at an optimal level. As a clear signal of market trust, all three major rating agencies kept Hungary in the investment grade category.

Outstanding demand on the local currency market and significant decrease of yields were characteristic for the second quarter of the year resulting in the fulfilment of the 2026 financing plan exceeding the prorated extent. In this document, ÁKK exhibits the fulfilment of the 2026 financing plan announced on 10 December, 2025. If the 2026 budget is amended, it will also necessitate a review of the financing plan. ÁKK was able to accumulate liquid reserves during the time of budget revision with decreasing debt financing costs exploiting outstanding demand for Hungarian government bonds and the consequently decreasing yield levels.

According to the financing plan of ÁKK covering the year 2026, the net financing need of the central government is HUF 5,455 billion covered by a net issuance of equal size. Retail securities, HUF institutional government securities and loans, and FX institutional government securities and loans will finance the deficit of the central government and the renewal of maturing debt in the structure set forth in the following table:

Table 1: Distribution of the three financing pillar in the current 2026 financing plan

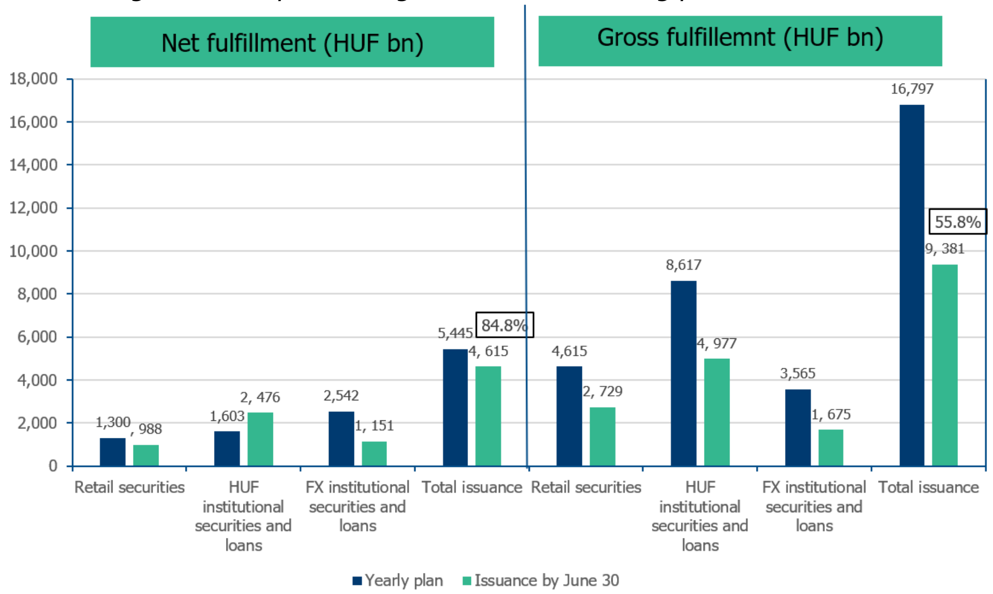
	Net financing plan		Gross financing plan	
	HUF billion	**%**	**HUF billion**	**%**
(1) Retail securities	1,300	23.9	4,615	27.5
(2) HUF institutional securities and loans	1,603	29.4	8,617	51.3
(3) FX institutional securities and loans	2,542	46.7	3,565	21.2
Total issuance	5,445	100.0	16,797	100.0

Note: For methodological remarks, see the text box at the end of the document!
Source: ÁKK

Of the HUF 5,455 billion planned net financing for the ongoing year, HUF 4,615 billion was completed until 30 June, equalling 108% of the planned amount for the first half of the year covering 85% of the net financing need for the whole year. (Figure 1) The contribution of HUF and FX institutional instruments amounted to HUF 3,627 billion. In case of retail securities, the net issuance amounted to HUF 988 billion in the first half of the year.

Gross issuance in the first half of the year reached HUF 9,381 billion, equalling 55.8% of the HUF 16,797 billion planned amount. Until the end of June, 59.1% of the planned yearly gross issuance was completed in case of retail securities. The completion rate was 57.8% in case of HUF institutional financing and 47.0% in case of FX institutional financing. Consequently, completion rates exceeded the prorated value planned for the first half of the year in case of aggregate level and local currency segment; in case of FX financing, the level was close to the prorated value.

Figure 1: Completion of gross and net financing plan until 30 June



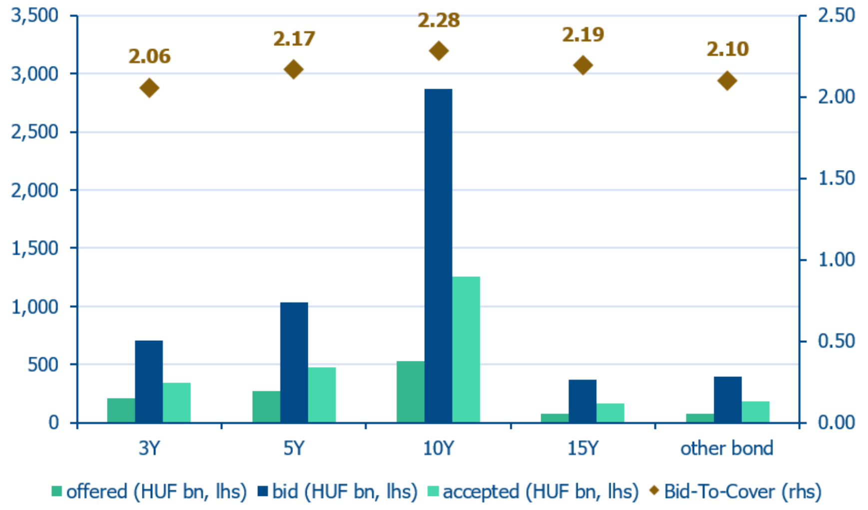
Source: ÁKK

HUF Institutional Market

During the first half of the year, net issuance on the HUF institutional market amounted to HUF 2,476 billion. Gross issuance on this submarket reached HUF 4,977 billion. On the long run, financing contribution of the institutional market consists of HUF bonds and loans. Securities and loans with maturities of more than one year are safe and long-term financing sources for the state. In case of institutional HUF bonds, 73% of the planned full year gross issuance was completed until the end of June. In case of short-term treasury bills maturing after 31 December, 2026 – serving primarily as a liquidity management tool – 28% of the gross issuance planned for the whole year was completed until 30 June. The low ratio is the consequence of the fact that during the first half of the year, ÁKK has mainly issued treasury bills maturing prior to the end of the ongoing year. ÁKK has not taken loans denominated in until the end of the second quarter.

On institutional HUF market, investor sentiment improved significantly during the second quarter of the year. As a result, demand on HUF bonds and treasury bills auctions increased and at the same time, yields decreased. On government bond auctions completed in the first half of the year, demand amounted to HUF 5,374 billion against an offered amount of HUF 1,155 billion; of this amount, ÁKK accepted HUF 2,433 billion. Including non-competitive sales, ÁKK issued institutional government bonds in the amount of HUF 2,878 billion. In addition, the government debt manager exchanged short-term securities (maturing in 2026) for long-term securities (tenor exceeding one year) in the amount of HUF 917 billion during the first six months via switch auctions. In case of treasury bills auctions, bid-to-cover averaged 1.63. In case of bonds, bid-to-cover ratio averaged 2.21 in the first half of the year. Past years average was 2 indicating healthy demand; during the first half of the year the ratio exceeded significantly this mark not only on an aggregate level, but also on each tenor (see Figure 2).

Figure 1: Auction demand and bid-to-cover ratios on each tenor in the first half of the year



Source: ÁKK

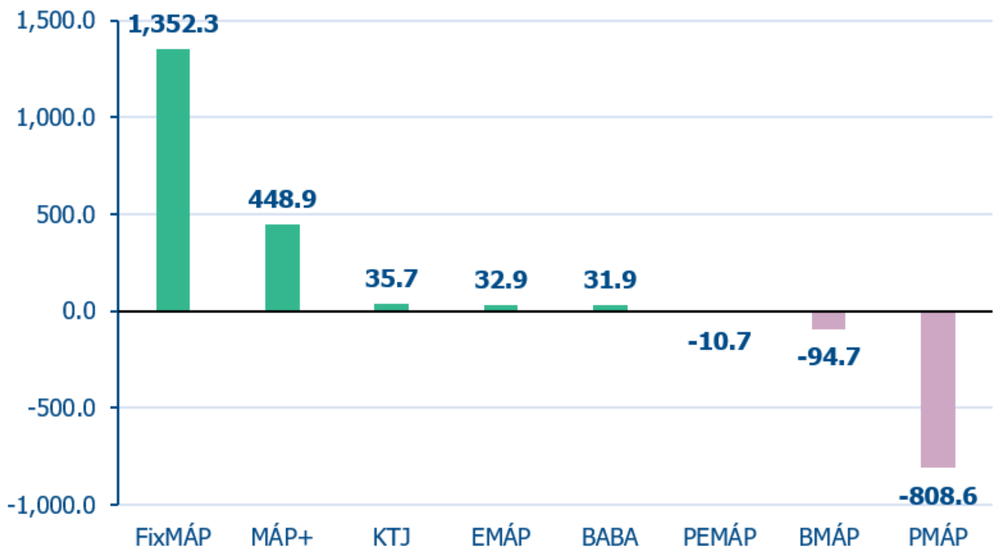
Retail Market

Based on the first six months' experience, government securities remained one of the most important investment instruments of Hungarian households. The stock of retail securities and institutional securities owned by households amounted to HUF 14,390 billion by the end of June, exceeding the stock by the end of the last year by HUF 943 billion. The structure and volatility of the retail debt portfolio, maintaining the stability and predictability of retail market affect significantly the costs of debt management.

In addition to retail government securities, households possess institutional government securities, too. By the end of the second quarter the stock of institutional bonds owned by households decreased by HUF 29 billion, the stock of treasury bills fell by HUF 22 billion. Combined, these transactions decreased the stock of government securities investments owned by households on face value by HUF 51 billion.

In line with the strategic goals of ÁKK announced in last October, the weight of fixed-rate government securities relative to the retail portfolio continued increasing. The longer maturity of recently issued securities, and prioritisation of predictable, fixed interest contributed significantly to the improvement of the debt structure. The goal was to promote fixed rate government securities against floating rate notes. As a result, the stock of PMÁP decreased by HUF 809 billion since the end of 2025; at the same time, the stock of FixMÁP increased by HUF 1,352 billion. (See Figure 3) The share of fixed-rate instrument within the stock of retail government securities increased from 44.1% by the start of the year to 54.9% by the end of the second quarter.

Figure 3: Net change of stock of retail securities (between 1 January 2026 and 30 June 2026)



Source: ÁKK

FX Market

Regarding international FX financing, 46% of the HUF 2,541 billion full year net financing planned amount was completed until 30 June, equalling 60% of the net issuance planned for the first half of the year. International FX bond issuance formed the bulk of the net issuance in the amount of HUF 1,547 billion. The EUR 3 billion bond issuance in early January and the USD 1.2 billion tap issuance of USD bonds laid down the foundations of safe debt management as early as the beginning of the year. Multiple times oversubscription rates, successful FX bond deals and all three main credit rating agencies maintaining Hungary's investment grade rating indicate persistently strong confidence towards the Hungarian economy among international investors.

In terms of gross issuance, completion was favourable. Until 30 June, gross international issuance in the amount of HUF 1,675 billion was completed equalling 47% of the HUF 3,565 billion total planned issuance for the whole year. Within this, 59.2% of the international bond issuance plan was completed. Completion rate in case of FX loans was 13.9% by the end of June. This falls behind the prorated planned amount.

International issuances contributed to the build-up of liquid reserves enhancing the stability of the financing and the budget during the uncertain global environment of the first half of the year. The completed and planned issuances support ÁKK's pursuit of diversification, however 100% of Hungarian FX debt remains denominated in euro as a result of cross currency swap agreements. FX issuances enhance the flexibility of debt management and increase the amount of intra-year liquid reserves. These steps facilitate the optimisation of debt structure depending on market conditions.

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 June, debt owned by households amounted to 22.5% of total debt. The FX proportion of the central government debt is currently 28.3%, remaining below the long-term historical average and within the optimal tolerance band determined by ÁKK. Within total debt, the share of fixed-rate instruments is 74.9%. Regarding 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 pays extra attention to sustainable financing; the share of green bonds relative to total debt was 4.95% by the end of the second quarter.

Regarding FX debt share, ÁKK set the medium-term target at 30% (implying no change) that is close to historical average with a +/- 3 percentage points tolerance band granting the stability of the debt financing and the necessary flexibility in order to be able to react efficiently to the changes of global market environment. Regarding the share of government securities owned by households relative to total debt, the benchmark band remains 20%-25%. Taking into account the changing investment behaviour of households, the stock of institutional government securities owned by households will be included starting with the ongoing year.

Table 2. Fulfillment of the debt management benchmarks as of June 30, 2026

Benchmark	90 days moving avg.	Criteria	Fulfillment
Share of Fixed-rate Debt	74.9%	between 70% - 90%	✓
Average Time to Maturity (years)	5.5	>= 5.5	✓
Average Time to Re-fixing (years)	4.8	>=4.5	✓
Share of FX Debt	28.3%	between 27% - 33%	✓
EUR share of FX debt (after swaps)	100.0%	>= 95%	✓
Share of Securities Owned by Households	22.5%	>= 20%	✓

ÁKK welcomes any questions related to this topic at email address press@akk.hu, and will respond each in writing.

ÁKK Zrt.

Methodological Remarks

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 implies 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).

Financing plan is compiled following the approval of the state budget, normally around November of the given year. Following the end of the year, it can be modified because the approval of the financing plan predates the closing of the fiscal year. Relative to the financing plan announced on 10 December 2025, the planned discount treasury bill issuance increased by HUF 405.4 billion driven by the higher than planned 2025 issuance (not yet known when the financing plan was compiled).

In line with OECD methodology, the financing plan and table 1 of this announcement only covers treasury bill issuance with maturities beyond the end of the year. The planned amount of treasury bill issuance with maturities before 31 December 2026 – managing temporary liquidity needs driven by the fluctuation of state financing position – is HUF 4,021 billion.