

GOVERNMENT SECURITIES MARKET

MONTHLY REPORT

December 2020

The Central Government Debt increased by HUF 7,002.4 billion to HUF 36,684.3 billion by December 2020. Total net issuance was HUF 6,530.2 billion; out of which net HUF-denominated issuance was HUF 4,880.2 billion and net foreign currency denominated issuance was HUF 1,650.0 billion in 2020.

CENTRAL GOVERNMENT DEBT

(HUF billion)	2019		2020		Change	
	December	%	December	%	HUF billion	%
HUF denominated debt	24,357.1	82.1	29,237.3	79.7	4,880.2	20.0
Loans	1,208.1	4.1	1,161.6	3.2	-46.5	-3.8
Government bonds	13,417.7	45.2	18,245.8	49.7	4,828.1	36.0
Retail securities	9,074.0	30.6	9,171.7	25.0	97.7	1.1
Discount treasury bills	657.3	2.2	658.2	1.8	0.9	0.1
Foreign exchange denominated debt	5,121.2	17.3	7,318.2	19.9	2,197.0	42.9
Total	29,478.3	99.3	36,555.5	99.6	7,077.2	24.0
Other obligations	203.7	0.7	128.8	0.4	-74.8	-36.7
Total central government debt	29,682.0	100.0	36,684.3	100.0	7,002.4	23.6

The HUF denominated debt of the central government increased by HUF 4,880.2 billion in 2020. The increase in domestic debt was the result of the net government bond issuance of HUF 4,828.1 billion and the increase of discount Treasury bills by HUF 0.9 billion. The total amount of retail government securities increased by HUF 97.7 billion. Despite the significant increase in the stock held by households, the moderate growth figure is due to the maturity of retail government securities held by non-retail investors, who are not allowed to reinvest. The majority of the demand for retail government securities was the sale of the 5-year long Hungarian Government Securities Plus. The stock of non-marketable government bonds hasn't changed. The volume of HUF loans decreased by HUF 46.5 billion in 2020.

The foreign currency debt of the central government increased by HUF 2,197.0 billion in 2020. The foreign currency debt was increased by the EUR 1 billion (HUF 353.6 billion) 6-year foreign currency bonds and the EUR 1 billion (HUF 353.6 billion) 12-year foreign currency bonds issued in April. Hungary's first international green bond was issued in the amount of EUR 1.5 billion (HUF 518.4 billion) in June. In September, the Samurai bonds were issued in the total amount of JPY 62.7 billion (HUF 180.3 billion). In November, EUR 2.5 billion (HUF 895.2 billion) bonds were issued for the purpose of pre-financing for 2021, a 10-year and a 30-year bond EUR 1.25-1.25 billion. Foreign currency debt was further increased by the issuance of domestic foreign currency bonds by HUF 50.2 billion and the drawdown of foreign currency loans by HUF 456.4 billion. The exchange rate revaluations totalling HUF 547.0 billion increased the Hungarian forint value of the foreign currency debt. The redemptions of foreign currency bonds and loans worth HUF 1,158.0 billion. The total amount of other liabilities decreased by HUF 74.8 billion in 2020.

BENCHMARK YIELDS

Maturity	31.12.2019	30.11.2020	30.12.2020	Change in December basis point
3-month	-0.01	0.29	0.28	-1
6-month	0.01	0.36	0.33	-3
1-year	0.02	0.48	0.39	-9
3-year	0.28	0.98	0.70	-28
5-year	1.17	1.49	1.36	-13
10-year	2.01	2.19	2.08	-11
15-year	2.80	2.37	2.25	-12
20-year*	-	2.51	2.47	-4

*The 20-year Hungarian Government Bond was added to the list of the benchmark securities from 20 May 2020.

Monthly OTC turnover of government securities decreased by 4% to HUF 4,665.8 billion in December. Primary dealers, who account for the decisive part of all secondary government securities trading, made 53% of their secondary government securities deals with non-resident investors.

The volume of non-residents' holdings of Hungarian government securities decreased altogether by HUF 78.5 billion in December and amounted to HUF 4,371.4 billion at the end of the year. This volume represented 15.6% of the total amount of domestic government securities.

The EUR/HUF exchange rate according to the National Bank of Hungary was 365.13 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); Baa3 (Moody's); BBB (Fitch).

GOVERNMENT SECURITIES MARKET

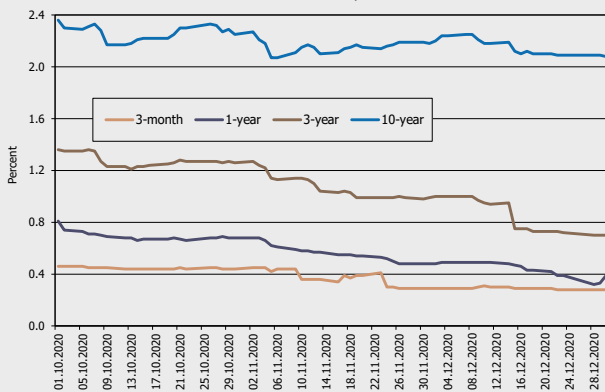
CENTRAL GOVERNMENT GROSS DEBT

HUF BILLION

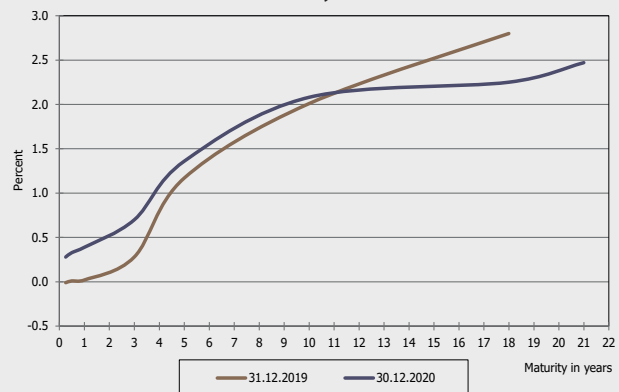
	2015	2016	2017	2018	2019	2020 October	2020 November	2020 December
1. Forint denominated debt	16,207.9	18,430.9	20,689.4	22,796.0	24,357.1	27,566.7	27,876.7	29,237.3
1.1. Loans	694.1	865.0	1,041.1	1,167.7	1,208.1	1,161.6	1,161.6	1,161.6
1.2. Government securities	15,513.8	17,565.8	19,648.3	21,628.3	23,149.0	26,405.0	26,715.1	28,075.7
1.2.1. Public issues	15,462.3	17,526.7	19,609.2	21,589.1	23,109.8	26,365.9	26,676.0	28,036.5
1.2.1.1. Bonds	11,043.4	11,562.4	11,767.1	12,836.1	13,378.5	16,860.2	16,960.5	18,206.6
1.2.1.2. Discount T-bills	901.6	896.4	1,039.2	1,237.3	657.3	659.0	678.2	658.2
1.2.1.3. Retail securities	3,517.4	5,067.9	6,802.9	7,515.7	9,074.0	8,846.7	9,037.2	9,171.7
1.2.2. Private placements	51.5	39.2	39.2	39.2	39.2	39.2	39.2	39.2
2. Foreign currency denominated debt*	7,735.8	6,256.5	5,782.5	5,724.8	5,121.2	6,314.5	7,086.1	7,318.2
2.1. Loans	1,696.8	1,101.6	929.1	795.0	825.4	1,042.3	1,020.6	1,291.1
2.1.1. Foreign loans	1,614.2	1,097.6	929.1	795.0	825.4	1,042.3	1,020.6	1,291.1
2.1.2. Domestic loans	82.6	4.0	0.0	0.0	0.0	0.0	0.0	0.0
2.2. Government securities	6,039.0	5,154.9	4,853.5	4,929.8	4,295.8	5,272.2	6,065.5	6,027.1
2.2.1. Issued abroad	5,198.9	4,618.9	4,145.9	4,246.2	3,713.5	4,604.5	5,409.2	5,481.3
2.2.2. Issued domestically	840.1	536.0	707.6	683.6	582.3	667.7	656.4	545.9
Total	23,943.7	24,687.4	26,472.0	28,520.7	29,478.3	33,881.2	34,962.9	36,555.5
Other liabilities	756.00	742.70	274.20	167.40	203.7	180.1	176.6	128.8
Total central government debt	24,699.7	25,430.0	26,746.2	28,688.2	29,682.0	34,061.2	35,139.5	36,684.3
Marketable HUF debt (1.2.1.1+1.2.1.2+1.2.2)	11,996.5	12,498.0	12,845.5	14,112.6	14,075.0	17,558.4	17,677.9	18,904.0
Gross debt/GDP	70.7%	70.3%	68.2%	66.2%	62.5%			

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

Benchmark yields

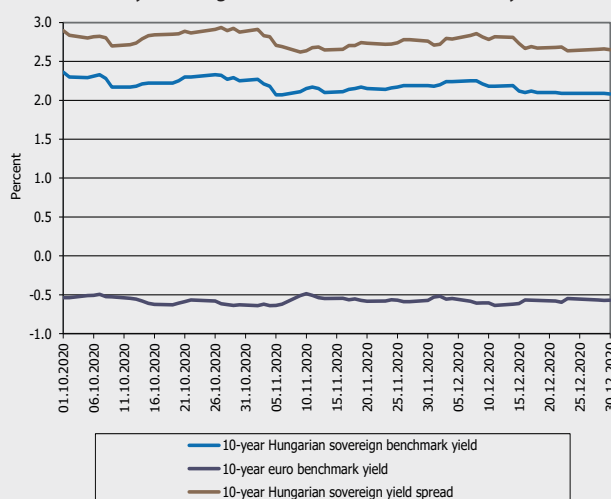


Benchmark yield curves

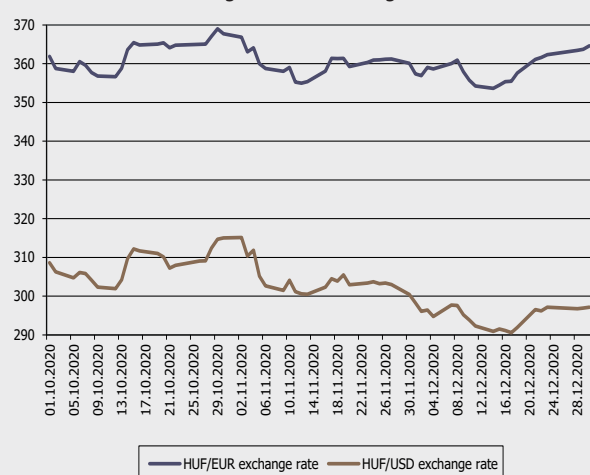


The range of reference government securities has been expanded with the 20-year government bond from 20 May 2020.

10-year Hungarian and eurozone benchmark yields



The exchange rate of the Hungarian Forint

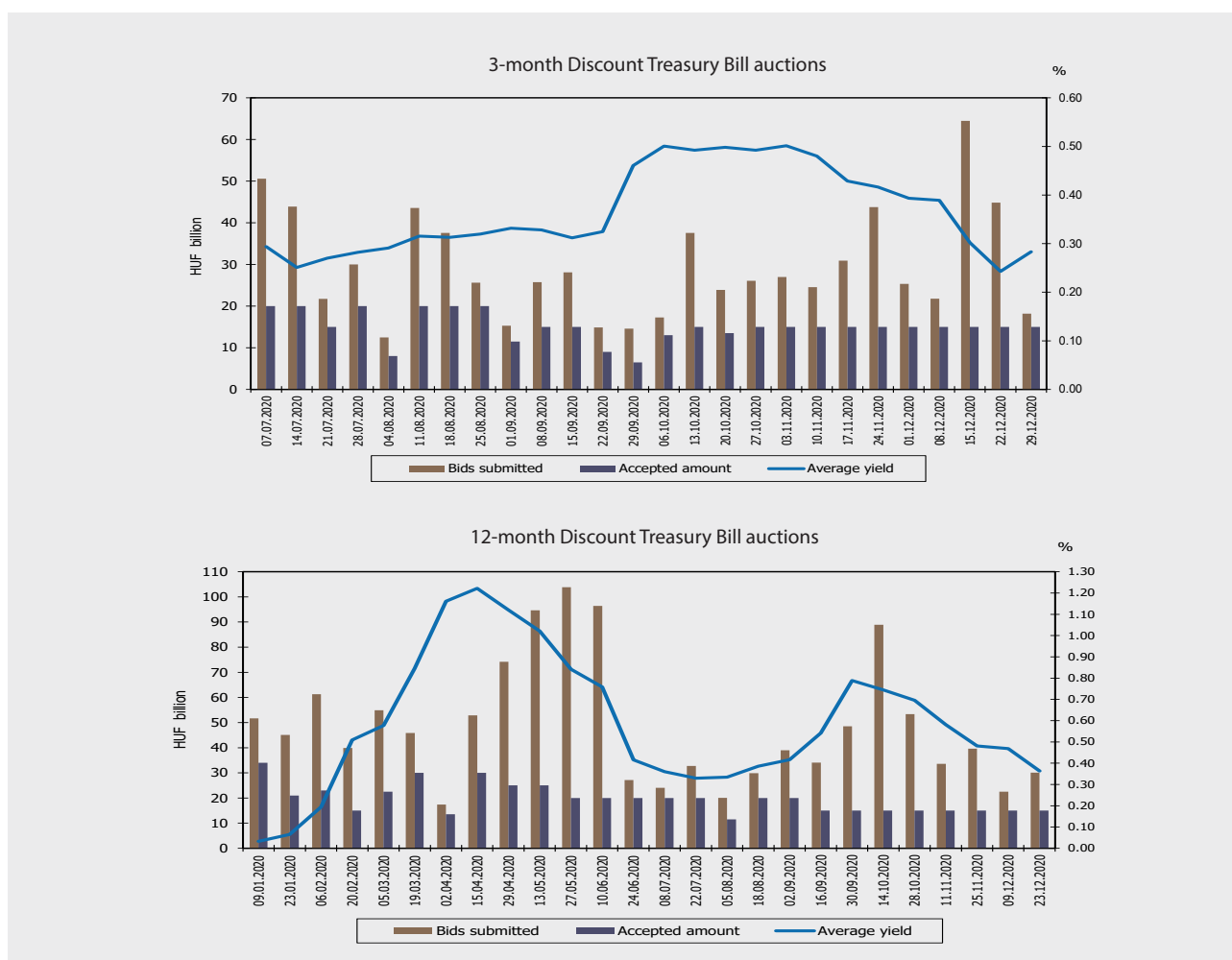


GOVERNMENT SECURITIES MARKET

DISCOUNT TREASURY BILL AUCTION RESULTS

	3-month Discount T-bills					12-month Discount T-bills	
Code of T-bills	D210310	D210317	D210324	D210331	D210407	D211020	D211229
ISIN code	HU0000523394	HU0000523402	HU0000523410	HU0000523428	HU0000523501	HU0000523329	HU0000523436
Maturity in days	91	91	91	91	91	308	364
Date of auction	01.12.2020	08.12.2020	15.12.2020	22.12.2020	29.12.2020	09.12.2020	23.12.2020
Date of financial settlement	09.12.2020	16.12.2020	23.12.2020	30.12.2020	06.01.2021	16.12.2020	30.12.2020
Redemption date	10.03.2021	17.03.2021	24.03.2021	31.03.2021	07.04.2021	20.10.2021	29.12.2021
Maximum yield (%) - ISMA	0.41	0.40	0.32	0.28	0.33	0.49	0.41
Minimum yield (%) - ISMA	0.38	0.38	0.28	0.20	0.24	0.44	0.28
Average yield (%) - ISMA	0.39	0.39	0.30	0.24	0.28	0.47	0.36
Maximum yield (%) - EHM	0.42	0.41	0.32	0.28	0.33	0.50	0.42
Minimum yield (%) - EHM	0.39	0.38	0.28	0.20	0.24	0.45	0.28
Average yield (%) - EHM	0.40	0.39	0.31	0.25	0.29	0.48	0.37
Average selling price (%)	99.9007	99.9017	99.9237	99.9386	99.9284	99.6004	99.6343
Amount offered for sale (HUF million)	15,000.00	15,000.00	15,000.00	15,000.00	15,000.00	15,000.00	15,000.00
Amount of bids submitted (HUF million)	25,322.85	21,777.75	64,466.00	44,825.00	18,200.00	22,528.70	30,114.33
Amount of bids accepted (HUF million)	14,999.99	14,999.99	15,000.00	14,999.98	15,000.00	14,999.99	15,000.00
Bid-to-cover ratio	1.69	1.45	4.30	2.99	1.21	1.50	2.01
Bids submitted (pcs)	22	17	40	40	12	28	32
Bids accepted (pcs)	17	13	14	26	11	23	22
Market sales* (HUF million)	14,999.99	14,999.99	15,000.00	14,999.98	15,000.00	14,999.99	15,000.00
Retained on ÁKK's own account (HUF million)	4,500.01	4,500.01	4,500.00	4,500.02	4,500.00	15,000.01	15,000.00
Total amount issued (HUF million)	19,500.00	19,500.00	19,500.00	19,500.00	19,500.00	30,000.00	30,000.00

* Without issuance onto ÁKK's own account



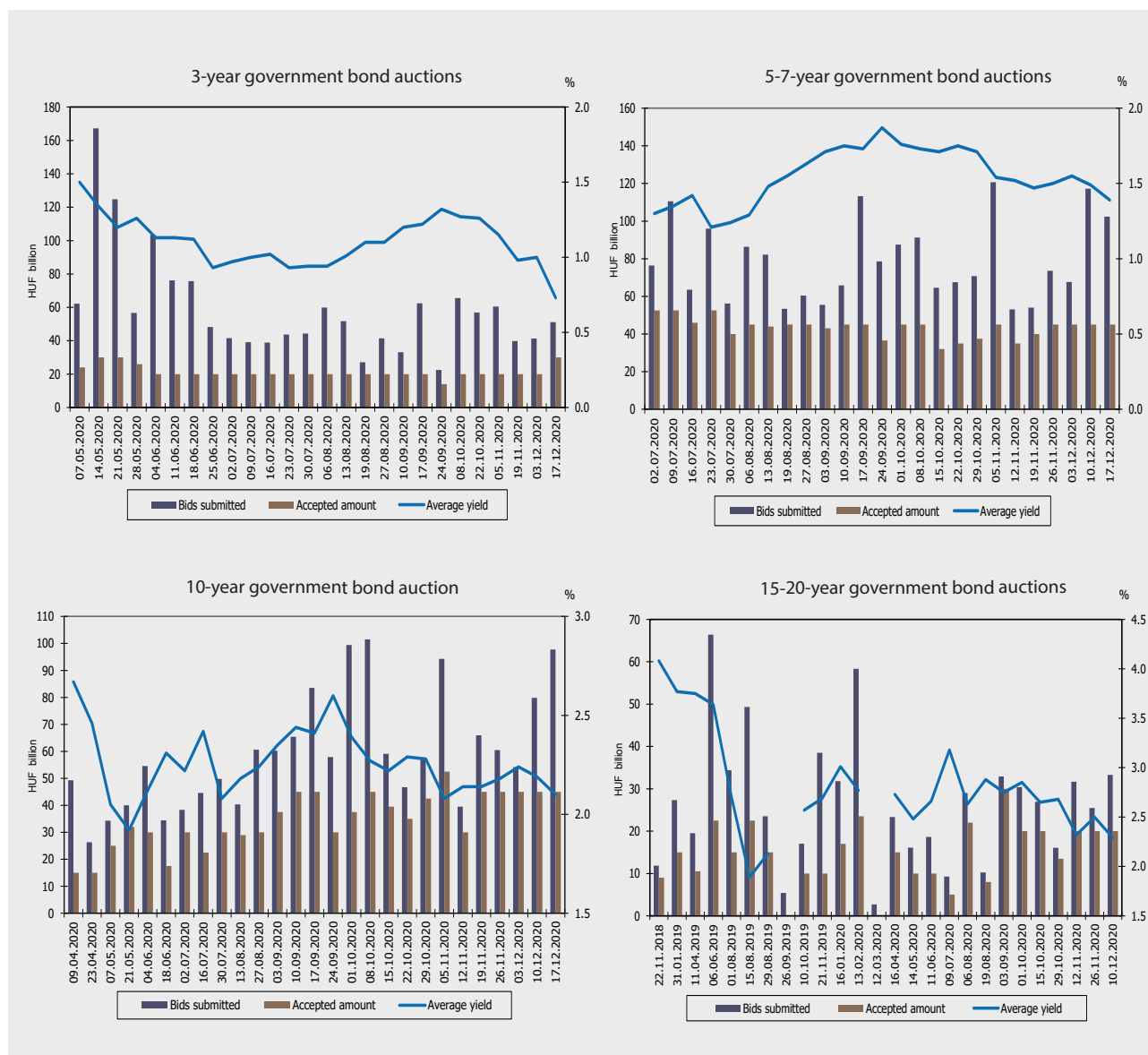
GOVERNMENT SECURITIES MARKET

GOVERNMENT BOND AUCTION RESULTS

Government Bond	2023/C	2026/E	2031/A	2027/B	2026/E
ISIN code	HU0000404280	HU0000404611	HU0000403001	HU0000404157	HU0000404611
Maturity (in years)	3	5	10	7	5
Coupon	1.50%	1.50%	3.25%	0.16%	1.50%
Auction	29th auction	15th auction	45th auction	19th auction	16th auction
Date of auction	03.12.2020	03.12.2020	03.12.2020	09.12.2020	10.12.2020
Date of financial settlement	09.12.2020	09.12.2020	09.12.2020	16.12.2020	16.12.2020
Redemption date	23.08.2023	22.04.2026	22.10.2031	22.04.2027	22.04.2026
Maximum annual yield (%) - ISMA	1.00	1.56	2.25	-	1.50
Minimum annual yield (%) - ISMA	0.99	1.53	2.21	-	1.48
Average annual yield (%) - ISMA	1.00	1.55	2.24	-	1.49
Maximum annual yield (%) - EHM	1.00	1.56	2.25	-	1.50
Minimum annual yield (%) - EHM	0.99	1.53	2.21	-	1.48
Average annual yield (%) - EHM	1.00	1.55	2.23	-	1.49
Maximum price (%)	101.3594	99.8437	109.9605	96.9700	100.1105
Minimum price (%)	101.3259	99.6904	109.5430	96.8000	99.9969
Average price (%)	101.3369	99.7370	109.6933	96.8800	100.0309
Amount offered for sale (HUF million)	20,000.00	30,000.00	30,000.00	20,000.00	30,000.00
Amount of bids submitted (HUF million)	41,303.00	67,635.00	54,149.65	51,725.00	117,230.00
Amount of bids accepted (HUF million)	19,999.99	44,999.97	44,999.98	30,000.00	44,999.97
Bid-to-cover ratio	2.07	1.50	1.20	1.72	2.61
Bids submitted (pcs)	34	52	66	55	54
Bids accepted (pcs)	18	35	52	39	21
Tail (%) (average price - minimum price)	0.01	0.05	0.15	0.08	0.03
Market sales (HUF million)	19,999.99	44,999.97	44,999.98	30,000.00	44,999.97
Non-competitive offer (HUF million)	5,679.99	15,279.98	6,393.30	11,630.00	17,347.98
Total amount sales (HUF million)	25,679.98	60,279.95	51,393.28	41,630.00	62,347.95

Government Bond	2031/A	2038/A	2023/C	2026/E	2031/A	2027/B
ISIN code	HU0000403001	HU0000403555	HU0000404280	HU0000404611	HU0000403001	HU0000404157
Maturity (in years)	10	15	3	5	10	7
Coupon	3.25%	3.00%	1.50%	1.50%	3.25%	0.16%
Auction	46th auction	27th auction	29th auction	17th auction	47th auction	20th auction
Date of auction	10.12.2020	10.12.2020	17.12.2020	17.12.2020	17.12.2020	23.12.2020
Date of financial settlement	16.12.2020	16.12.2020	23.12.2020	23.12.2020	23.12.2020	30.12.2020
Redemption date	22.10.2031	27.10.2038	23.08.2023	22.04.2026	22.10.2031	22.04.2027
Maximum annual yield (%) - ISMA	2.19	2.30	0.74	1.40	2.12	-
Minimum annual yield (%) - ISMA	2.17	2.28	0.70	1.37	2.09	-
Average annual yield (%) - ISMA	2.19	2.29	0.73	1.38	2.10	-
Maximum annual yield (%) - EHM	2.19	2.30	0.74	1.40	2.12	-
Minimum annual yield (%) - EHM	2.17	2.28	0.70	1.37	2.09	-
Average annual yield (%) - EHM	2.19	2.29	0.73	1.38	2.10	-
Maximum price (%)	110.3467	110.4725	102.1070	100.6800	111.1505	97.6500
Minimum price (%)	110.1336	110.0788	101.9975	100.5068	110.8383	97.1300
Average price (%)	110.1647	110.2387	102.0287	100.5869	110.9944	97.2500
Amount offered for sale (HUF million)	30,000.00	20,000.00	20,000.00	30,000.00	30,000.00	30,000.00
Amount of bids submitted (HUF million)	79,852.00	33,256.97	51,100.00	102,382.50	97,734.00	80,597.00
Amount of bids accepted (HUF million)	44,999.98	20,000.00	29,999.99	44,999.96	45,000.00	44,999.99
Bid-to-cover ratio	1.77	1.66	1.70	2.28	2.17	1.79
Bids submitted (pcs)	62	44	27	49	53	62.34
Bids accepted (pcs)	32	27	17	24	26	34
Tail (%) (average price - minimum price)	0.03	0.16	0.03	0.08	0.16	0.12
Market sales (HUF million)	44,999.98	20,000.00	29,999.99	44,999.96	45,000.00	44,999.99
Non-competitive offer (HUF million)	17,279.97	3,904.29	5,259.99	17,280.15	13,547.20	17,281.19
Total amount sales (HUF million)	62,279.95	23,904.29	35,259.98	62,280.11	58,547.20	62,281.18

GOVERNMENT SECURITIES MARKET



INTEREST RATE RESETS OF FLOATING RATE GOVERNMENT BONDS IN DECEMBER 2020

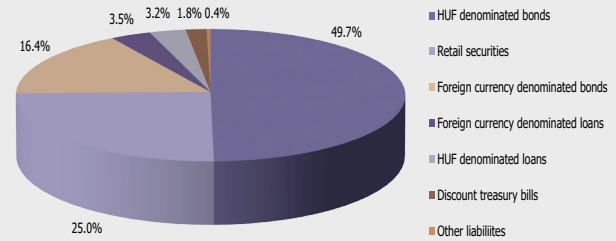
Government bond	Date of interest rate reset	Interest period		Date of interest payment	Reset interest rate	Interest payable
2021/A	20.12.2020	23.12.2020	23.03.2021	23.03.2021	0.75%	0.19%

GOVERNMENT SECURITIES MARKET

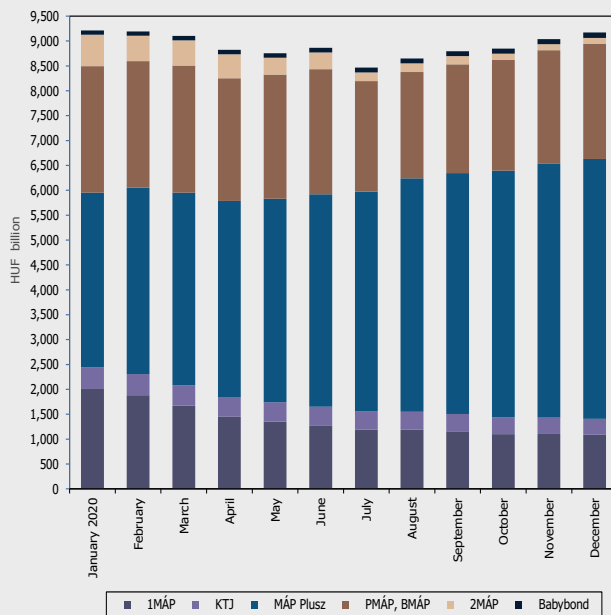
OUTSTANDING AMOUNT OF RETAIL SECURITIES

Retail securities	HUF billion		
	31.12.2019	31.12.2020	Change
1-year Hungarian Government Security / 1MÁP	2,158.0	1,088.4	-1,069.7
Treasury Saving Bills	455.1	320.9	-134.2
Hungarian Government Security Plus / MÁP Plusz	3,196.2	5,221.2	2,025.1
Premium Hungarian Government / PMÁP	2,518.3	2,310.0	-659.8
Bonus and 2-year Hungarian Government Security / BMÁP, 2MÁP	666.6	120.9	-94.3
Babybond	79.7	110.3	30.6
Total	9,074.0	9,171.6	97.7

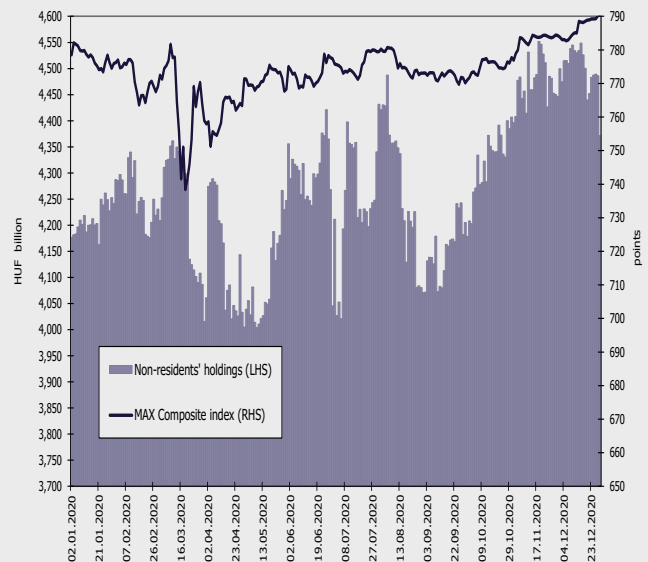
Debt structure at 31.12.2020



Outstanding amount of retail securities



Non-residents' holdings of Hungarian government securities and the MAX index



HUNGARIAN GOVERNMENT SECURITIES INDICES

	MAX index	RMAX index	MAX Composite index	ZMAX index	HMAX index*
Value as at 30.12.2020	837.2681	557.0434	790.1116	538.4060	101.8744
Changes compared to the end of the month before	6.2974	0.3686	5.6498	0.1144	0.8664
Annual yield earned on the index portfolio (%)	1.41%	0.41%	1.37%	0.44%	-

* HMAX government bond index with a maturity of over three years was introduced from 01.01.2020.

BENCHMARK INDICES**

** Government Debt Management Agency (ÁKK) discontinued the publication of BMX indices from 31 March 2020.

GOVERNMENT SECURITIES MARKET

Government bonds with the highest secondary market turnover in December 2020

Government bond	Date of redemption	Turnover (HUF billion)
2031/A	22.10.2031	395.5
2027/A	27.10.2027	352.1
2026/E	22.04.2026	323.8
2025/C	26.11.2025	237.7
2027/B	22.04.2027	231.0
2023/C	23.08.2023	153.3
2022/B	26.10.2022	139.8
2022/A	24.06.2022	134.1
2024/C	24.10.2024	105.5
2033/A	20.04.2033	99.5

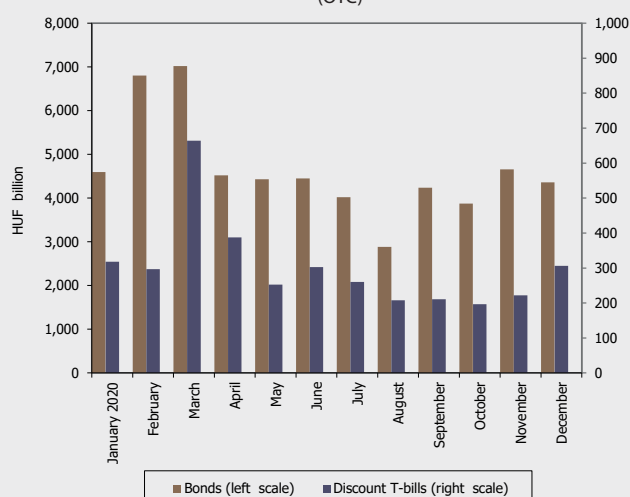
The outstanding volume of government bonds with benchmark status at the end of December 2020

Government bond	HUF billion	
	30.11.2020	31.12.2020
2023/C	723.01	784.03
2026/E	662.97	903.54
2031/A	1,105.78	1,331.99
2038/A	411.81	435.74
2041/A	88.92	108.97

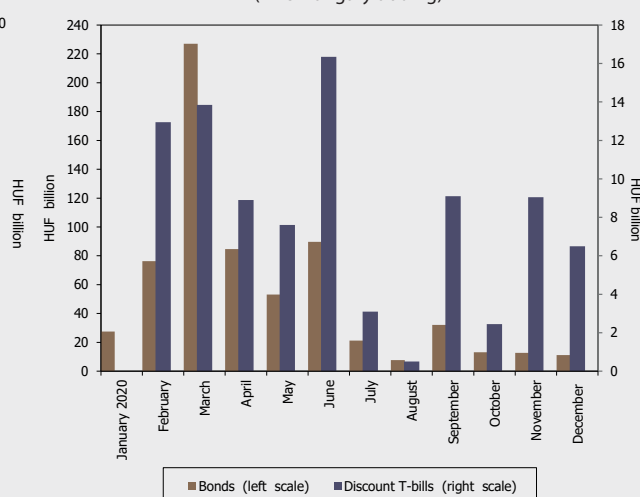
The outstanding volume of the three largest government bonds at the end of December 2020

Government bond	HUF billion
2031/A	1,331.99
2027/A	1,236.81
2025/B	1,199.70

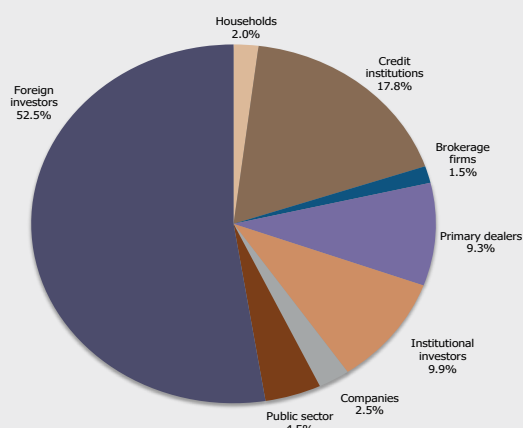
Secondary market trading of Hungarian government securities (OTC)



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



Breakdown of primary dealers' secondary market turnover in Government Bonds by investor groups in December 2020



Breakdown of primary dealers' secondary market turnover in Discount Treasury Bills by investor groups in December 2020

