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# The Financing of the Central Government and the Public Debt in 2011

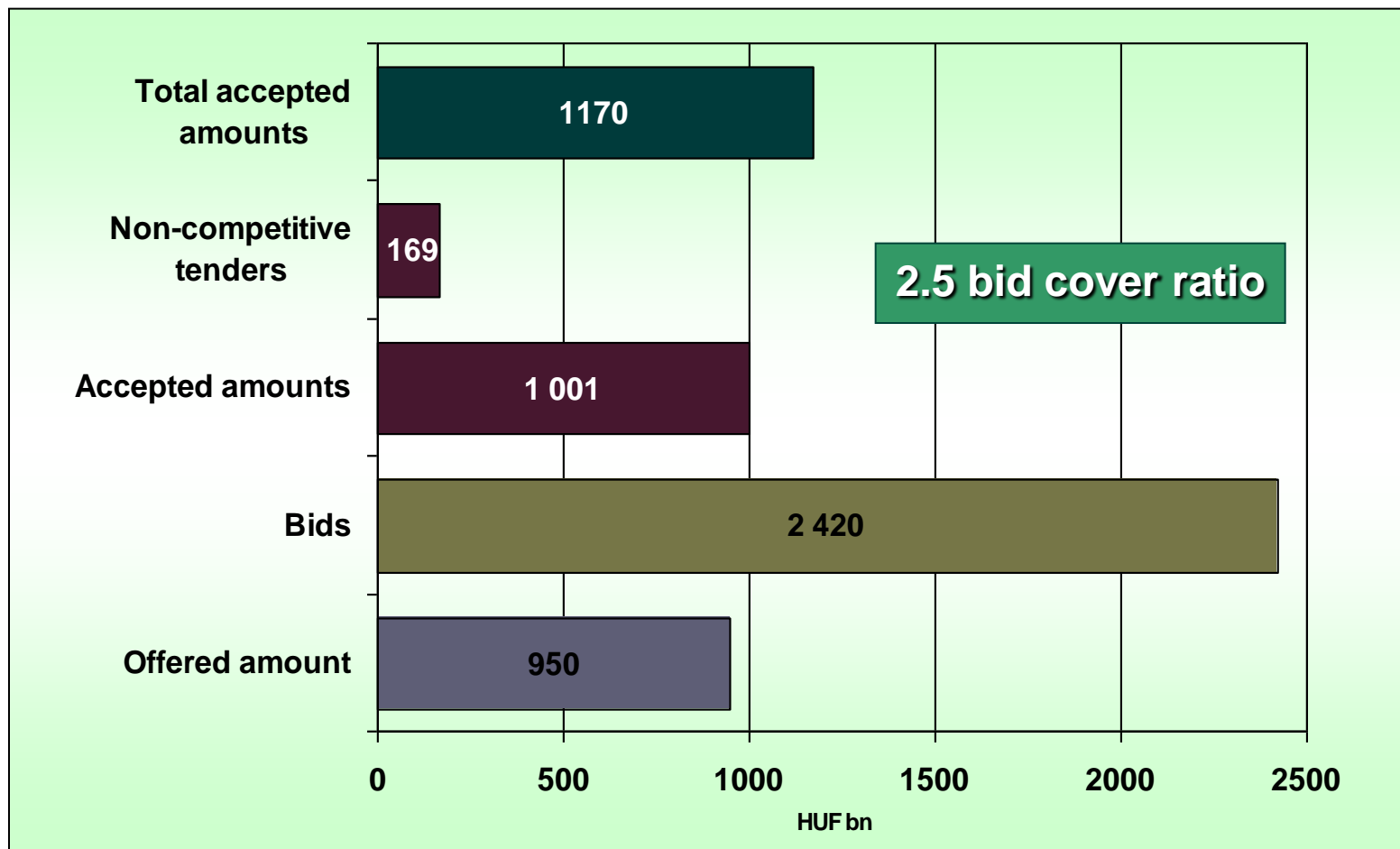
Preliminary version

## Main characteristics of financing in 2010

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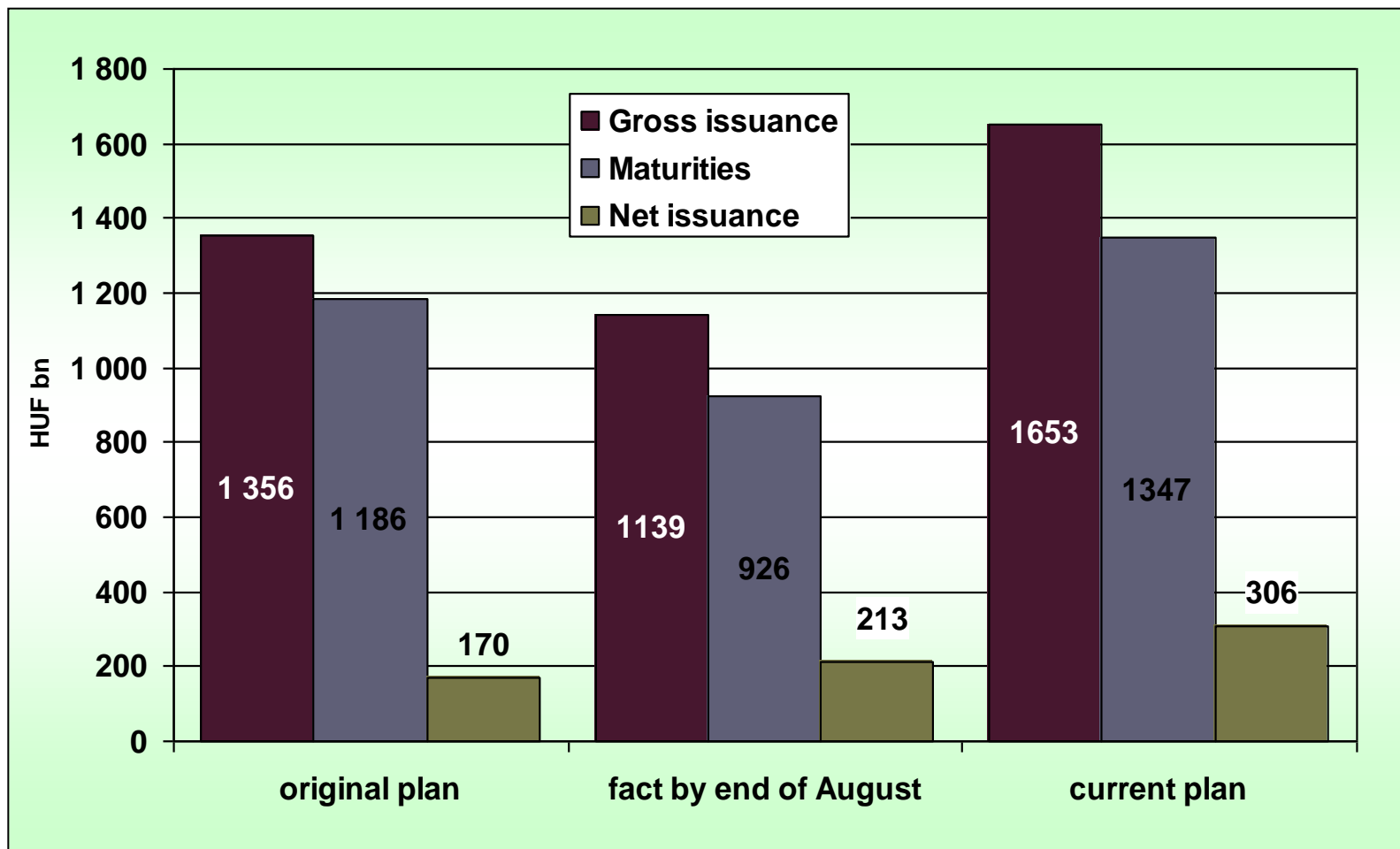
- public sector deficit remains at 3.8% of GDP
- modest net issuance plan of HUF 472 bn
  - bond sales at auctions increased by HUF 220 bn over the plan till mid-September
- USD 2 bn Global bond issuance in January, redemptions in July and September
- domestic issuance plan based on local investors' demand
- increased net bond issuance plan – based on the extra issuance, part of which finances the early redemptions of bonds maturing in 2011

# The results of the domestic bond auctions till the middle of September



HUF 220 bn over the plan

# Bond issuance in 2010



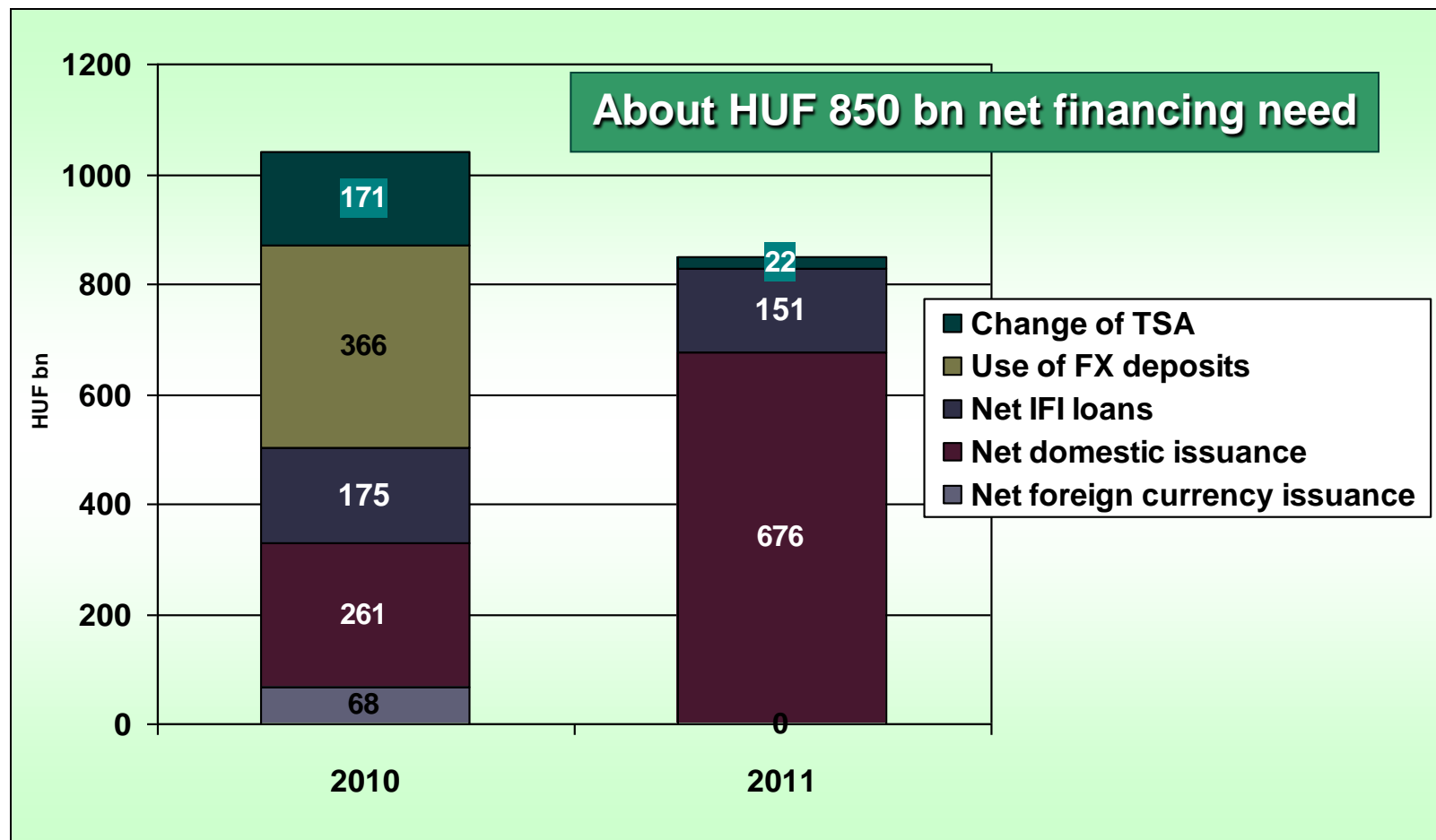
**Redemptions increased due to buyback and exchange auctions**

## Main characteristics of financing in 2011

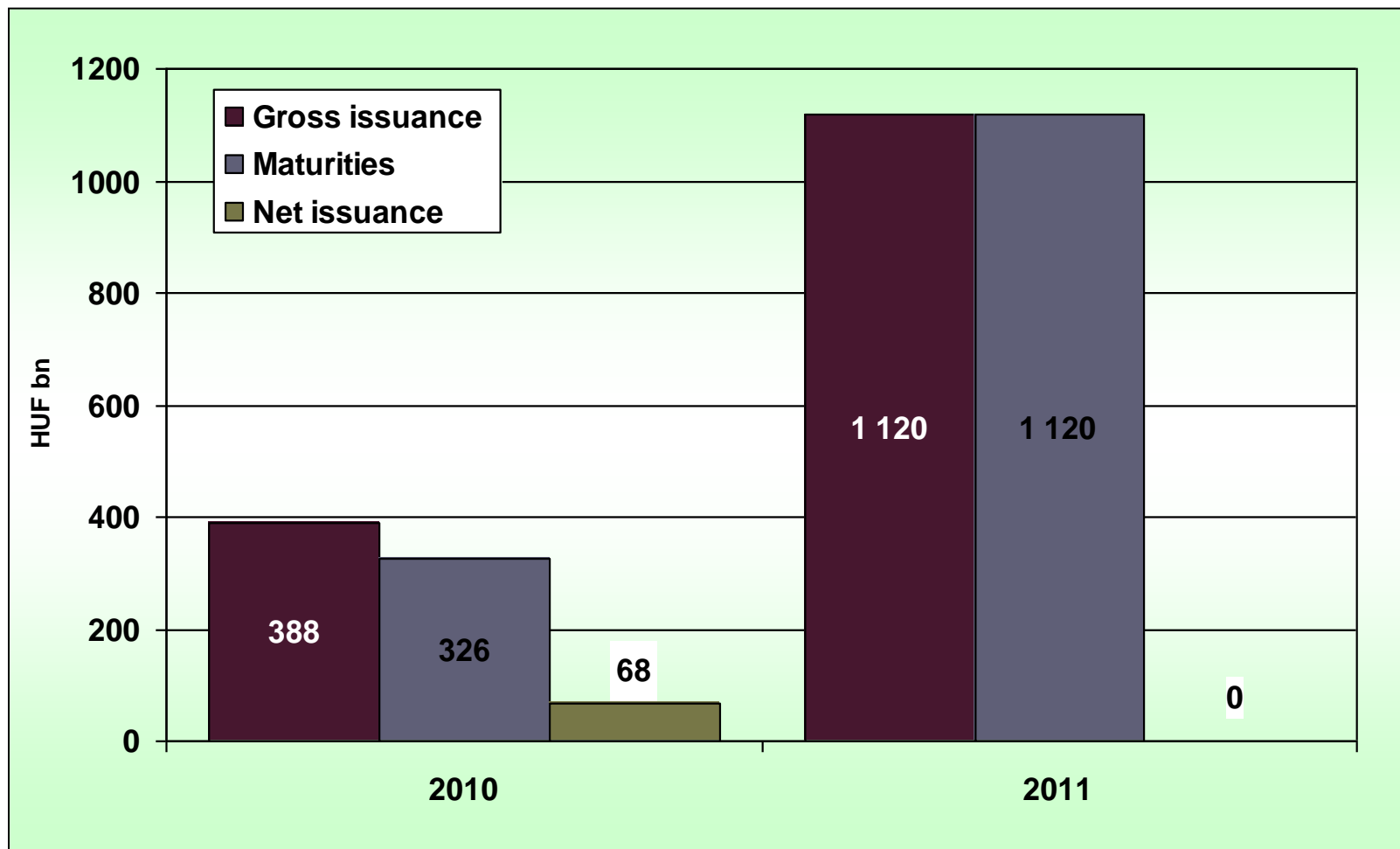
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- public sector deficit will be below 3.0% of GDP
- financing of the central government deficit will be realized mainly on the domestic securities market
- declining share of foreign currency debt
- HUF 828 bn net issuance plan
  - HUF 676 bn net domestic government securities issuance
    - HUF 530 bn net domestic bond issuance
  - zero net foreign currency bond issuance
    - EUR 4 bn maturities (including EC loan)
    - EUR 4 bn international bond issuance
  - about HUF 150 bn net IFI loans
- increasing the reserves to EUR 3 bn

# Financing of the central government

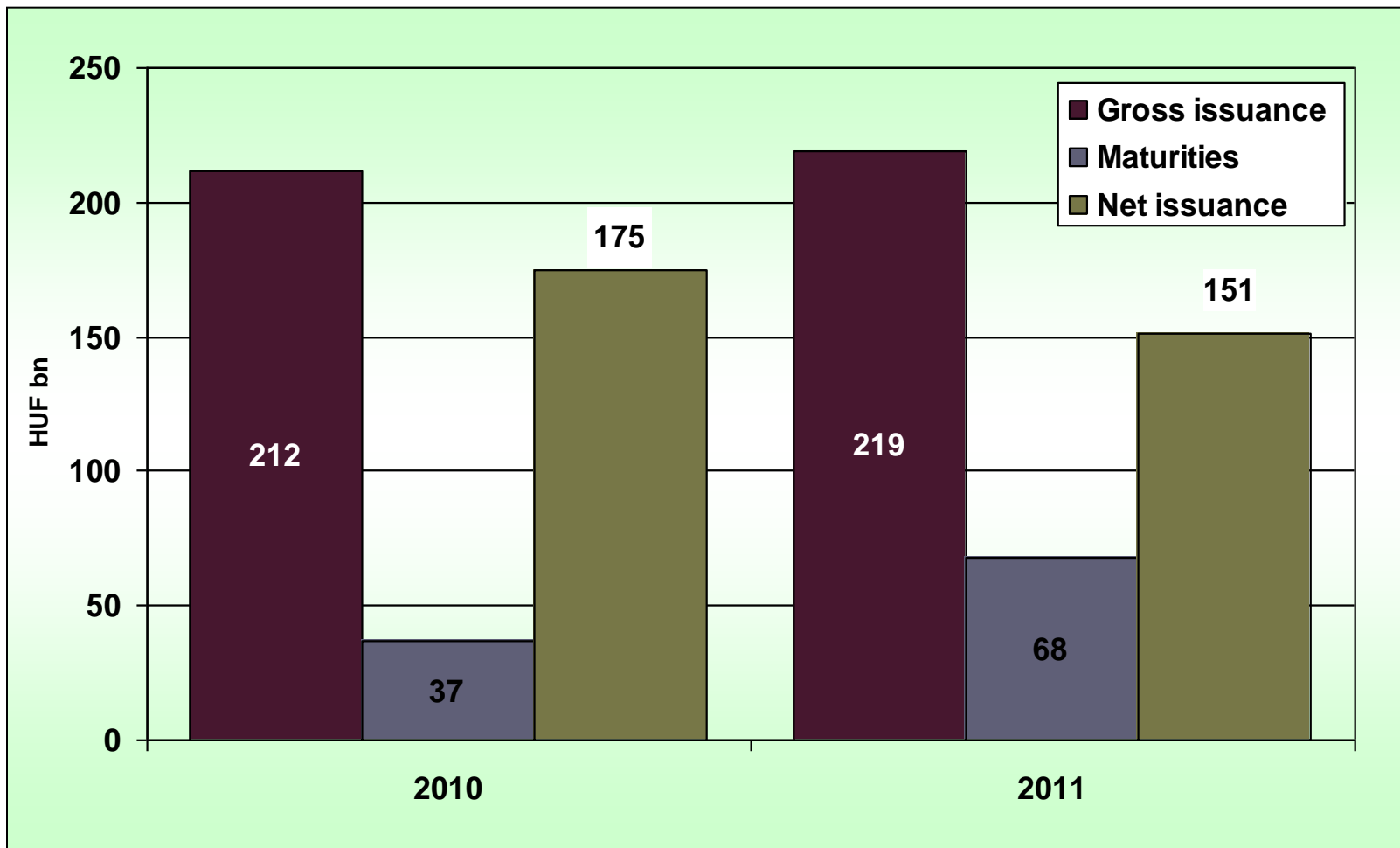


## International issuance plan



**Maturities will increase because of the EC loan**

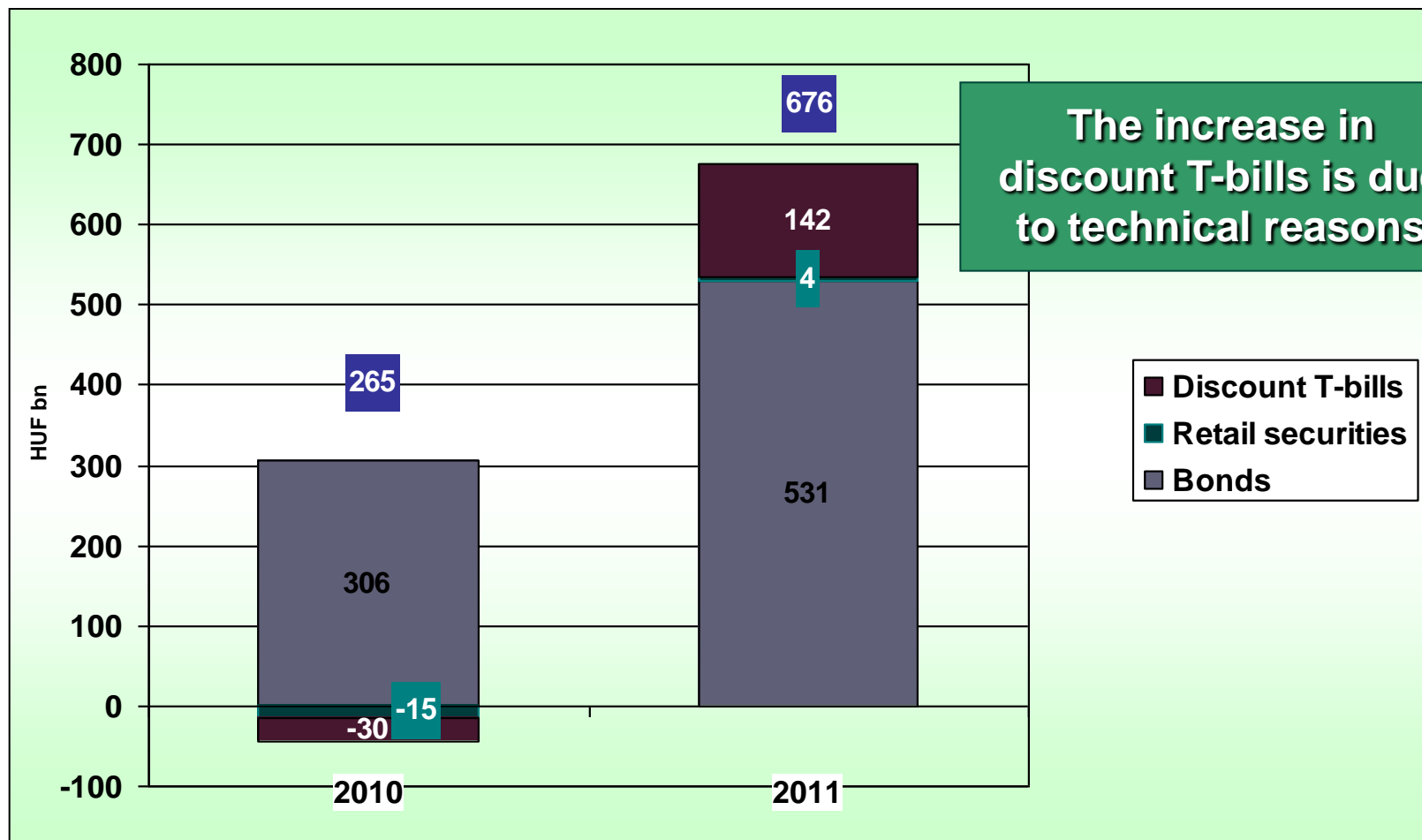
# Net loans from International Financial Institutions (EIB, CEB)



The currency of the drawdowns will be decided later



# Net domestic issuance plan

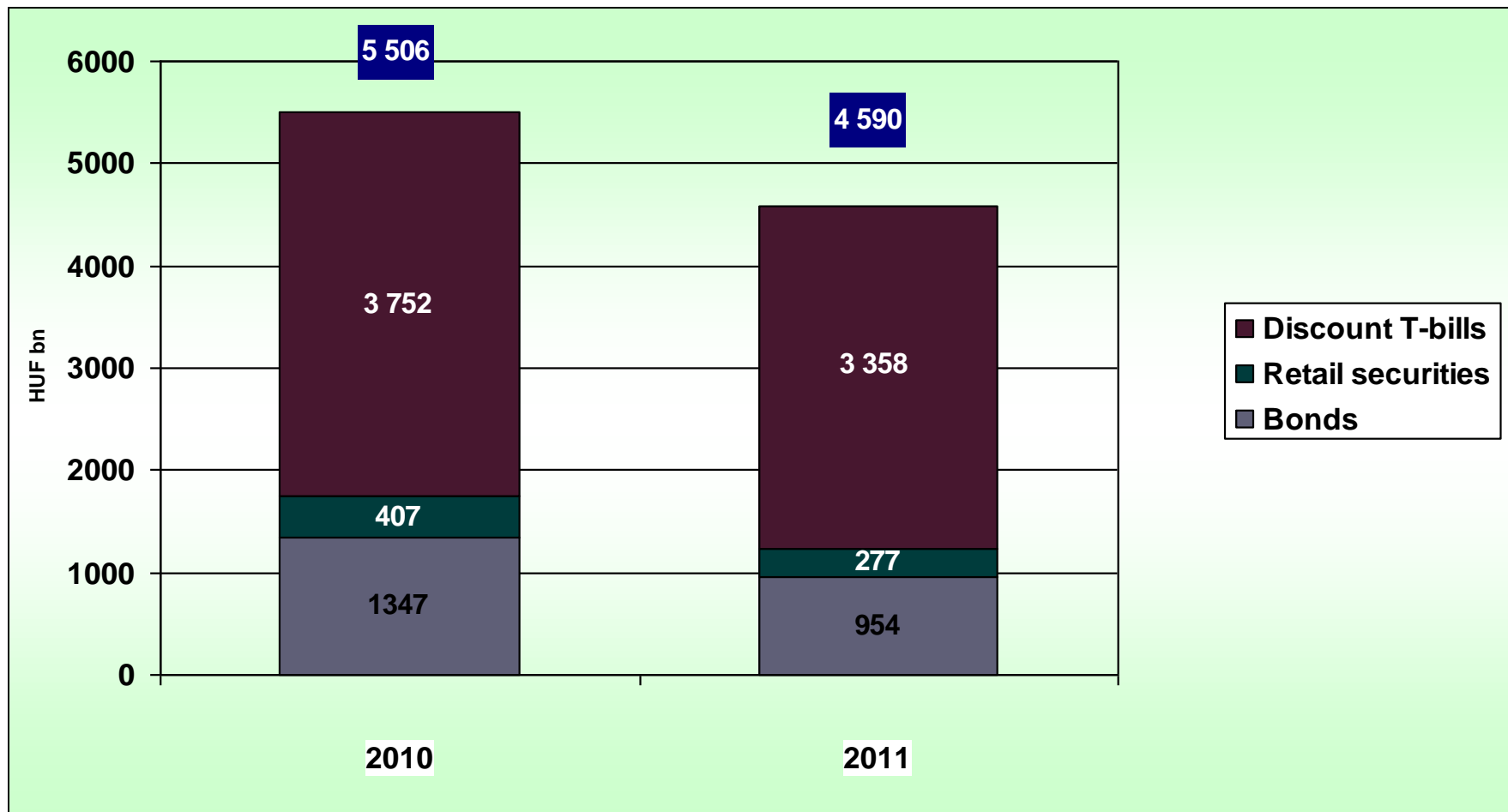


The increase in discount T-bills is due to technical reasons

- Discount T-bills
- Retail securities
- Bonds

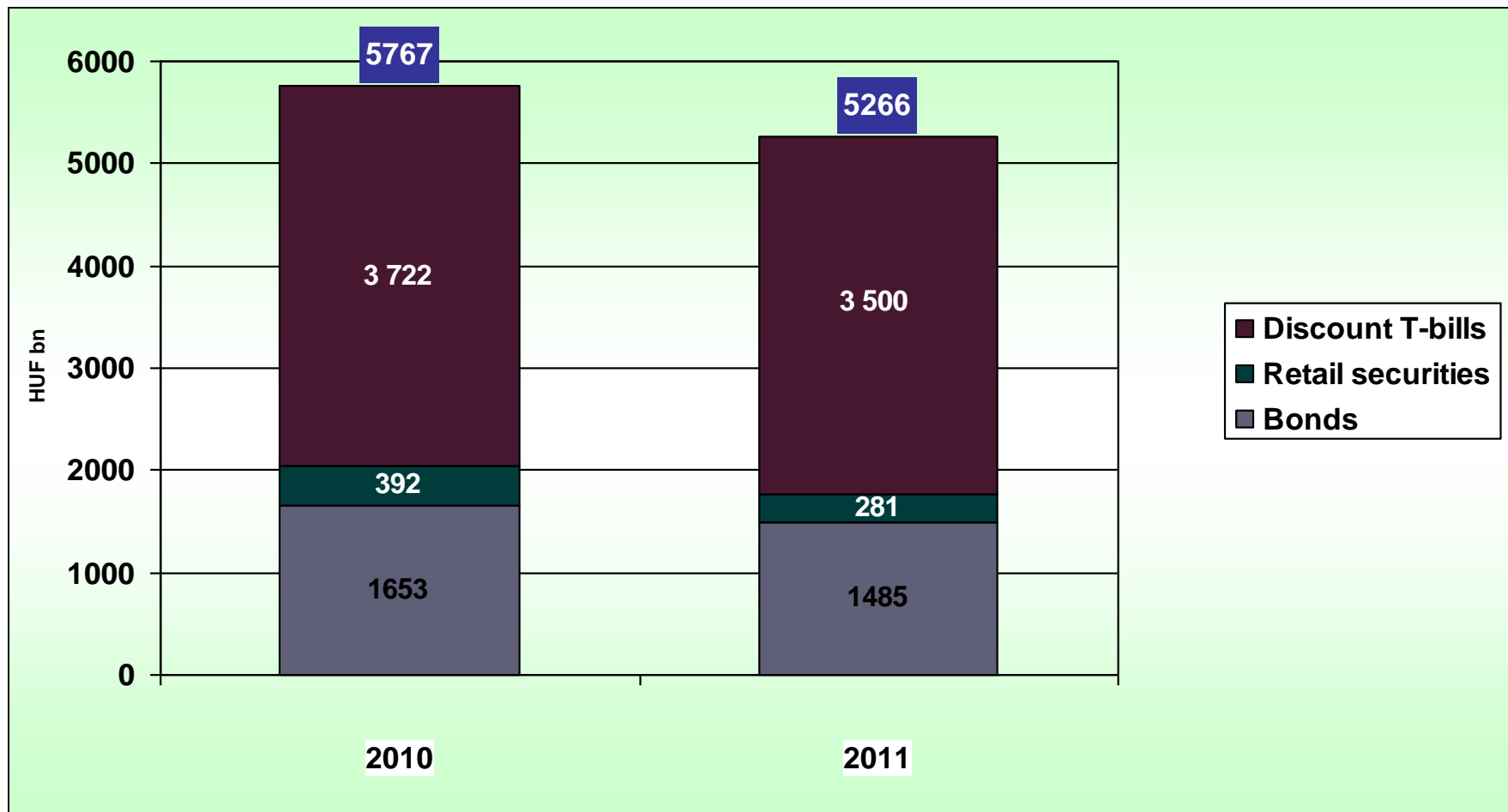
Increasing net bond issuance

# Gross domestic redemptions



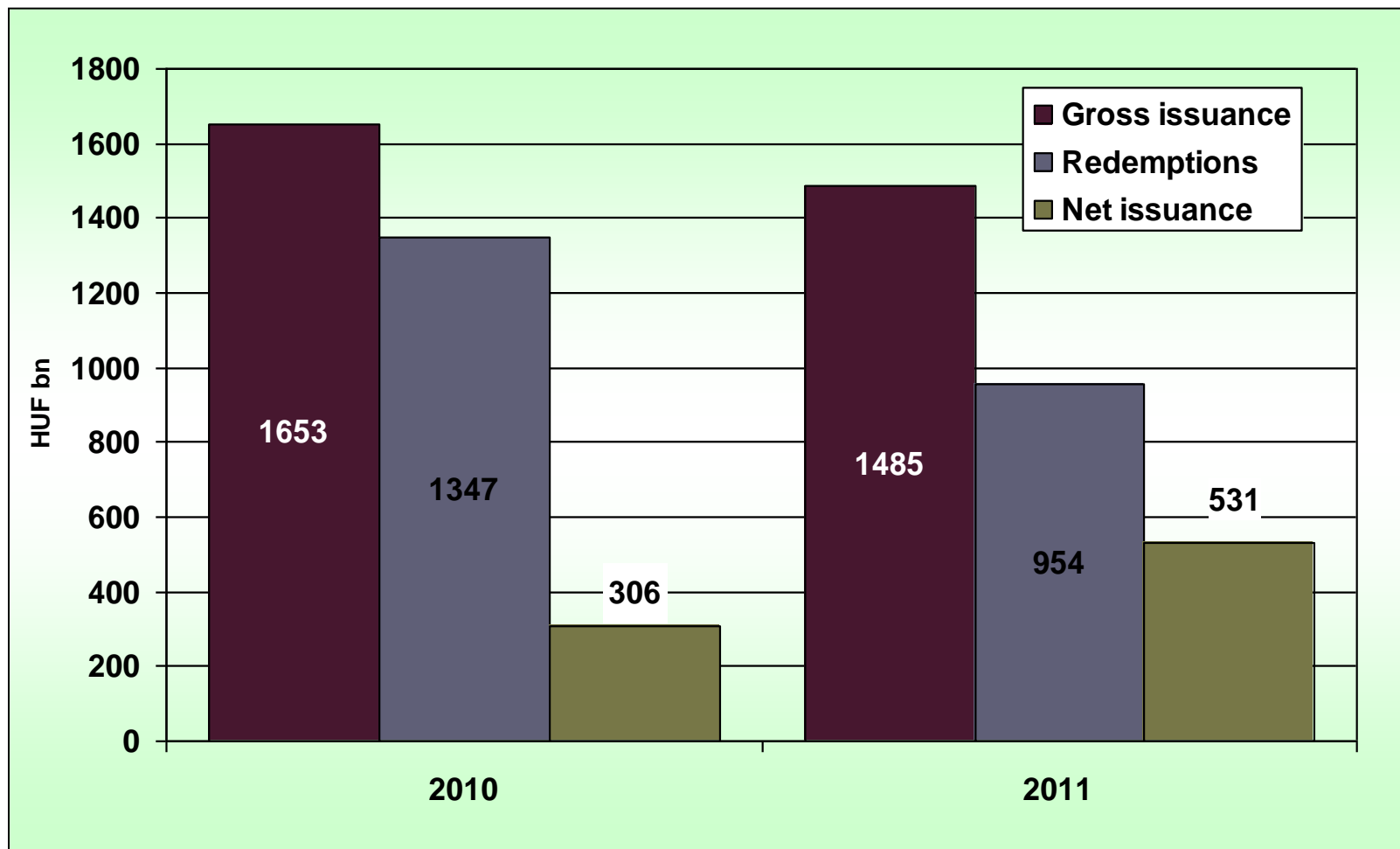
**Lower amount of redemptions**

# Gross domestic issuance



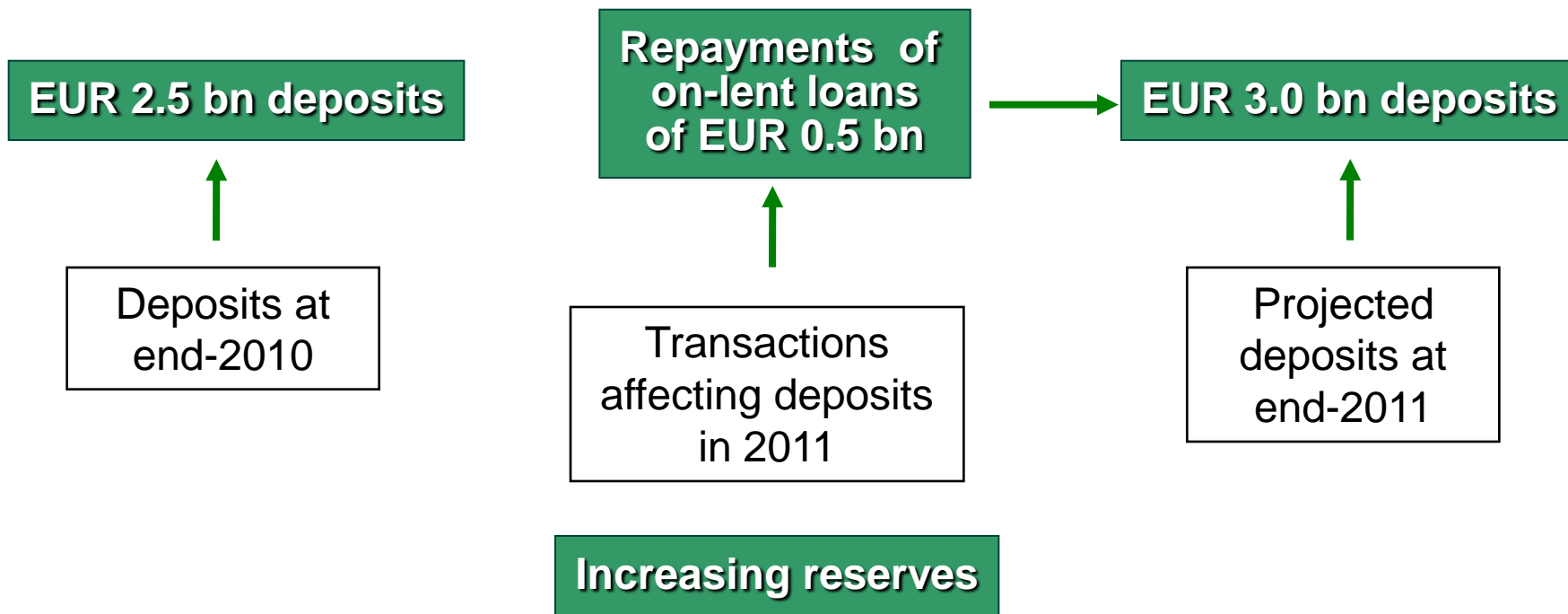
**Lower gross domestic issuance in 2011**

## Domestic bond issuance



Lower bond redemptions and issuance

# Foreign currency deposits in 2011



# Conclusions

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- substantial free reserves
- unchanged auctioned amounts of bonds in 2011
- decreasing gross and increasing net domestic bond issuance
- EUR 4 bn international bond maturity and issuance

**Thank you for your attention!**