

## The Underwriting of Hungary's Green Bonds

On Friday 11<sup>th</sup> September, 2020, Hungary successfully launched Green Bonds (“the Green Bonds”) in the Samurai market making them the first Sovereign to issue a Green Samurai. Daiwa Securities Co. Ltd., a wholly owned subsidiary of Daiwa Securities Group Inc., acted as a Joint Lead Manager and managed the documentation for this issuance. Daiwa (\*1) has acted as a bookrunner on 28 out of the total 35 deals which were issued by Hungary or Magyar Nemzeti Bank in the Yen market since 1985 (\*2). For the issuance this time, Hungary issued four tranches (3, 5, 7 and 10 years) with the total issue amount of JPY 62.7 billion. And, the 7-year and 10-year tranches are Green Bonds.

Hungary is strongly committed to fight climate change and biodiversity loss in line with international efforts. Hungary created a Green Bond Framework (\*3) (“this Framework”) which was published in May 2020. The net proceeds from the issuance of the Green Bonds are intended to be allocated to finance or refinance, in whole or in part, expenditure within Hungary's central government budget contributing to Hungary's transition to a low carbon, climate-resilient and environmentally sustainable economy, as described in this Framework.

The Green Bonds saw demand from a wide variety of investors, and the total issue amount across the 7-year and 10-year tranches reached JPY 20 billion. The investors mainly consisted of life insurers, asset managers, regional banks, shinkins and offshore accounts.

Daiwa Securities Group has proven strong initiatives on addressing social issues through its continuous efforts in product development and provision for more than ten years. To accelerate our initiatives, Daiwa established the SDGs Promotion Committee chaired by Seiji Nakata (President and CEO) and recently assigned Keiko Tashiro (Deputy President) as the Head of SDGs. The distribution of the Green Bond is one of our ongoing efforts to achieve SDGs and to create a sustainable society.

### Summary Terms of the Green Bonds

Issuer	Hungary			
Issue Amount (JPY billion)	22.7	20.0	15.5	4.5
Maturity	3 years	5 years	7 years (Green)	10 years (Green)
Coupon	0.52%	0.74%	1.03%	1.29%
Lead Manager	Daiwa Securities Co. Ltd. (Docs) and two other banks			

\*1 Daiwa includes Daiwa Securities SMBC Co. Ltd..

\*2 Data from Refinitiv Eikon

\*3 This Framework can be accessed at <https://akk.hu/download?path=2f0f8982-980b-42f0-9030-0556da1222c7.pdf>