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**TERMS AND CONDITIONS
OF THE OPERATIONS OF THE CENTRAL BANK IN FORINT AND FOREIGN CURRENCY MARKETS**

TABLE OF CONTENTS

INTRODUCTION	2
I. DEFINITIONS	3
II. GENERAL CONDITIONS	6
III. SECURITIES TRANSACTIONS	16
III.A. General conditions for securities transactions	16
III.B. Outright purchase/sale of securities	16
III.C. Auctions announced for bills of own issue	18
IV. SHORT-TERM CENTRAL BANK FORINT DEPOSITS	19
IV.A. General deposit conditions	19
IV.B. Standing deposit facility	19
IV.C. Deposit tenders and quick tenders	20
V. COLLATERALISED CENTRAL BANK LOANS	22
V.A. General conditions for collateralised loans	22
V.B. Standing collateralised lending facility	24
V.C. Collateralised loan tenders and quick tenders	25
VI. TERMS AND CONDITIONS FOR OPERATIONS BETWEEN FORINT AND OTHER CURRENCIES, AND IN FOREIGN CURRENCIES	27
VI.A. FX swap transactions conducted by the MNB	27
VI.B. Spot foreign exchange transactions in forint and other currencies	30
VI.C. Foreign currency deposit transactions	31
VII. ANNEXES	32

INTRODUCTION

The Magyar Nemzeti Bank (hereinafter referred to as 'MNB' or central bank) conducts Money Market Operations within the framework of monetary policy with a view to implementing an effective transmission of central bank interest rates, to assist banks' liquidity management and contribute to banking sector stability. Efforts made to improve the effectiveness of financial intermediary operations and to enhance competition in the money market foster the achievement of the central bank's objectives.

The central bank strives to devise its monetary policy instruments in a simple and transparent structure, and in view of cost-efficiency and the principle of equal treatment.

From 19 December 2018 the key policy instrument of the MNB is the minimum reserves. The notice about the minimum reserves can be found on the MNB's website (www.mnb.hu).

The MNB provides overnight deposits and collateralised loans to its members of the group of counterparties to help the liquidity management activities of credit institutions, and hence to smooth volatility of interbank interest rates.

The members of the group of monetary policy counterparties may offer performing securities, Corporate receivables and Liquidity absorbing deposit as eligible collateral. The details of the measure and the terms for the eligible collaterals are included in the Terms and Conditions for the Operations of the Central Bank in Forint and Foreign Currency Markets (hereinafter: Terms and Conditions. The acceptance ratio is included in the Notice on Risk management parameters applied to eligible collateral accepted by the MNB, Annex 5 to the Terms and Conditions.

With a view to attaining its monetary policy goals and supporting the liquidity management tasks of the banking sector, the MNB uses the elements of its set of monetary policy instruments regularly or on an ad hoc basis. In order to manage the surplus forint liquidity, it may hold deposit tenders and quick tenders as well as foreign currency liquidity providing FX swap tenders and it may also decide to announce auctions for securities of own issue. The expansion of the banking sector's forint liquidity may be achieved primarily by collateralised loan transactions, forint liquidity providing FX swap tenders and securities transactions.

The MNB may also perform foreign exchange market operations in the form of spot purchase/sales, other FX swap transactions or the acceptance of currency deposits. The Terms and Conditions do not cover all money and foreign exchange market operations performed by the MNB; the rules pertaining to money and foreign exchange market operations not regulated here are laid down in separate notices.

Within the framework of its money market operations, the MNB shall transact with resident credit institutions that meet the particular eligibility criteria specified for the various instruments, and beyond these particular conditions – except the overnight collateralised loan instrument – with Money Market Counterparties commissioned to be quoting banks according to the fixing procedure of the Budapest Interbank Offered Rate (hereinafter the BUBOR Regulation) who undertake and meet their obligations arising from the BUBOR Regulation.

Each Money Market Counterparty shall participate directly in VIBER or BKR for entering into any deal with the MNB on the forint market, and have a securities settlement account at the national CSD (KELER Zrt.) for loan and securities transaction, unless otherwise specified in the separate notes on the rules on Money Market Operations not covered by the Terms and Conditions. The framework of Corporate receivables pledged to the MNB is governed by mortgage contracts.

I. DEFINITIONS

For the purposes of these Terms and Conditions:

1. **'Offer/Bid'** means a declaration related to the conclusion of the Money Market Operation in the manner specified by the MNB in the Business Terms and Conditions and in the Notice.
2. **'Liquidity providing instruments'** means central bank operations within the scope of Money Market Operations for supplying liquidity (e.g. collateralised central bank loans).
3. **'Government securities'** means debt securities issued by Hungary, the European Union, a Member State of the European Union - including a government department, an agency, or a special purpose vehicle of the Member State -, in the case of a federal Member State of the European Union, a member of the federation, a common special purpose vehicle for several Member States, an international financial institution established by two or more Member States which has the purpose of mobilizing funding and provide financial assistance to the benefit of its members that are experiencing or threatened by severe financing problems, or the European Investment Bank.
4. **'Auction'** means a method of trading where the MNB provides an opportunity – subject to specific conditions – to the counterparty to make an offer. Where so required by the prescribed conditions (for example the volume of issue is maximised), the purchase offers submitted compete against one another. In this case – unless the conditions of the specific auction do not specify differently –, Offers are accepted as arranged in sequence, according to the relevant regulations at the price offered (multiple rate auction).
5. **'Business conditions for maintaining bank accounts'** means the currently effective Business Terms and Conditions for bank accounts managed by the Magyar Nemzeti Bank and for settlement of forint and foreign exchange transactions.
6. **'Acceptance value'** means the value of collateral in forint, calculated by the MNB according to its collateral valuation principles, at which the MNB accepts the collateral as collateral for Money Market Operations.
7. **'Acceptance ratio'** means a risk control measure applied by the MNB used to multiply the initial value of collateral to indicate the value at which the MNB will ultimately accept the collateral in question (acceptance value).
8. **'Resident credit institution'** means credit institutions registered in Hungary, also non-resident credit institutions established in any Member State of the European Economic Area by way of their Hungarian branches, and the Hungarian branches of non-resident credit institutions established outside the European Economic Area.
9. **'ICS'** means the Interbank Clearing System.
10. **'Collateral'** means the instrument classified by the Terms and Conditions as eligible collateral, provided to secure the Collateralised loan transaction, i.e. securities or Liquidity Absorbing Deposits pledged in favour of the MNB as collateral and Corporate receivables encumbered by a lien registered in favour of the MNB.
11. **Collateral portfolio:** the aggregate of the Collaterals provided by the Counterparty.
12. **'Enforcement of collateral'** means the direct legal enforcement of the claim against collateral on a stock of securities and stock of liquidity absorbing deposits and the enforcement of mortgage against outstanding Corporate receivables pledged as collateral for Collateralised loans that were cancelled by the MNB for failure to comply with the Minimum account balance requirement specified in the Business conditions for maintaining bank accounts.
13. **'Collateral value'** means the sum of the Acceptance values at the Pooled collateral valuation, the Acceptance value of the Collateral Portfolio.

14. **'Collateralised loan'** means the loan granted by the MNB secured by Collateral.

15. **'Payment after payment (PaP) principle'** means in case of Money Market Operations in which payments are due in both forint and foreign currencies the MNB shall only meet its obligations stemming from these transactions after the Counterparty has made its payment due by no later than 1:00 p.m. (CET) on the value date.

16. **'Information sheet'** means the document published on the MNB's website, containing the terms and conditions applicable to the debt securities issued by the MNB, as specified in Act CXX of 2001 on the Capital Markets (hereinafter: Capital Markets Act).

17. **Affiliates** mean enterprises

- a) that are engaged in a legal relationship of qualifying holding as defined in Act CCXXXVII of 2013 on Credit Institutions and Financial Enterprises (hereinafter: Credit Institutions Act), with the proviso that, upon calculating the indirect holding, instead of applying the calculation method set forth in Schedule No. 3 of the Act, the MNB shall, for each enterprise, inspect the existence of equity holdings or voting rights of at least 10 per cent (that is, in the event of a qualifying holding between enterprises 'A' and 'B', as well as between enterprises 'B' and 'C', for the purposes of this concept, enterprises 'A' and 'C' shall be considered affiliates);
- b) where an enterprise holds a qualifying holding as calculated under Point a) both in the Counterparty and in the enterprise that issued the security or Corporate receivables pledged by the Counterparty in favour of the MNB; and
- c) that are members of the Integration Organisation of Cooperative Credit Institutions.

For the purposes of point a) and point b), if the Hungarian Government has a qualifying holding in more than one enterprises, the enterprises concerned need not be deemed affiliated to one another merely on the ground of the Hungarian Government's qualifying holding; the affiliated nature shall be established irrespective of the qualifying holding of the Hungarian Government.

18. **'Initial price'** means the gross (net price + cumulative interest) market price of assets that is most representative, or in the absence of this, the price calculated by the MNB with the yield curve estimation method, or the face value. The MNB shall define the initial price for groups of assets separately.

19. **Liquidity absorbing deposit:** a deposit specified in the Notice on the terms and conditions for the variable rate, maximum 6-months deposit tender.

20. **'Minimum account balance'** means the minimum account balance specified in the Business conditions for maintaining bank accounts.

21. **'MNB-limit'** means the maximum volume of transactions determined by the MNB for each individual counterparty, relying on the credit rating of international credit assessment institutions.

22. **'Corporate receivable'** means the receivable which meets the conditions set out in point II. 6.6. of the Terms and Conditions.

23. **'End-of-day collateral revaluation'** means the revaluation of collateral at the end-of-day closing based on the principles laid down in Annex 1 to the Business conditions for maintaining bank accounts, using the collateral value published by the MNB.

24. **'Public offer'** means the document related to the debt securities issued by the MNB, complying with the provisions of the Capital Markets Act.

25. **'Pooled collateral valuation'** means the method of collateral valuation performed in accordance with Annex 1 to the Terms and Conditions for maintaining bank accounts, where it is assessed whether the total value of the Collateral portfolio provides coverage for all Collateralised loans.

26. **Group of counterparties**: all Money Market Counterparties.

27. **'Liquidity absorbing instruments'** means central bank operations within the scope of the Money Market Operations, offering investment opportunities to Money Market Counterparties (e.g. in central bank deposits).

28. **'Money Market Counterparty '** means a domestic Credit Institution complying with the conditions for the potential counterparty in Money Market Operations specified in the Business Terms and Conditions and in the Notice, with whom the MNB is ready to conclude Money Market Operations.

29. **'Money Market Operation'** means the Liquidity Providing or Liquidity Absorbing Instrument specified in the Business Terms and Conditions and in the Notice.

30. **'Special collateral revaluation'** means an intraday collateral revaluation conducted by the MNB, by the entitlement conferred in the Terms and Conditions, where the Initial prices and Acceptance ratios may differ from the values communicated upon the End-of-day collateral revaluation.

31. **'SWIFT'** is a financial communication system operated by the Society for Worldwide Interbank Financial Telecommunication.

32. **'Regulated market'** is a concept defined in the Capital Market Act.

33. **'Notice'** means the document published on the MNB's website and containing the terms and conditions for Money Market Operations; matters not regulated in the notice are governed by the Terms and Conditions.

34. **'Tender procedure'** means the procedure aimed at calling for bids related to Money Market operations specified by the MNB and at making the bids. If necessitated by the prescribed terms and conditions, the Offers received by the MNB compete with each other. In this case, unless the conditions of the tender notice do not specify differently, Offers are accepted as arranged in sequence, according to the relevant regulations at the price offered (multiple rate tender).

35. **'Encrypted, signed email'** means an electronic message sent via an encrypted channel (TLS), that contains the advanced electronic signatures – either qualified, or certified with a qualified certificate – of the authorised signatories of the sending party recorded in the company register, or contains an AVDH (Identification Based Document Authentication) certification.

36. **'Counterparty'** means the Money Market Counterparty with whom the MNB concluded one or several Money Market Operations and/or which provided the MNB with Collateral as well the Domestic Credit Institutions excluded from the Group of Counterparties in accordance with the provisions of these Business Terms and Conditions.

37. **'Residual maturity'** means the period between the conclusion of the Money Market Operation until its maturity.

38. **'VIBER'** is an acronym, stands for the Real-Time Gross Settlement System in Hungary.

II. GENERAL CONDITIONS

1. The MNB shall perform the following Money Market Operations in accordance with its Terms and Conditions:
 - buying and selling of Hungarian Government and other type of securities on the secondary market,
 - distribution of self-issued bonds,
 - providing short-term collateralised loans,
 - acceptance of short-term forint deposits,
 - FX transactions resulting from FX swap transactions,
 - spot currency conversion transactions, and
 - foreign currency deposit transactions.
2. In addition to what is contained in Point 1, the MNB may conduct any other type of transactions in accordance with Points 3-21 under the II. General Provisions of the Terms and Conditions and within the framework of the MNB Act.
3. The MNB provides the opportunity to participate in the Money market operations to Money Market Counterparties.
4. The MNB concludes Money Market Operations only with those Money Market Counterparties that have sent a Declaration, with the content specified in Annex 1, to the forexdesk@mnb.hu and the dktit@mnb.hu email addresses in the form of an electronic document supplied with qualified electronic signature or advanced security electronic signature with qualified certificate. The Money Market Counterparty shall inform the MNB on any change in the data reported in the Declaration in accordance with the above.
5. Unless stated otherwise in these Terms and Conditions or in the Notice for the relevant Money market operation, Tenders and quick tenders shall be evaluated as described below:

5.1. Variable rate Tenders and quick tenders:

5.1.1. The evaluation of Offers begins with sorting the interest rate offers and arranging them in a sequence. Offers will be satisfied until the quantity offered by the MNB is exhausted in a growing sequence beginning with the lowest interest rate offer for deposit Tenders, and in a decreasing sequence beginning with the highest interest rate offer for collateralised loan Tenders, cumulated according to the quantity offered by the counterparty. Unless the conditions of the tender notice do not specify differently, all of the Offers are accepted at the offered price (multiple rate Tender). The MNB may also announce uniform price Tender, where all accepted Offers will be completed at an accepted price level which is most favourable to the Money Market Counterparties.

5.1.2. If several Offers contain the same interest rate offer as the highest accepted interest rate for deposit Tenders and the lowest accepted interest rate for Collateralised loan tenders, the remaining quantity determined according to the quantities to be satisfied shall be allocated as described in the Tender notice among the competitive offers containing the same interest rate until the total quantity is exhausted.

5.1.3. Following the receipt of Offers, in light of their contents, the MNB may alter the quantity offered at the time of accepting the Offers.

5.2. Fixed rate Tenders and quick tenders:

5.2.1. If there is no maximum in the offered quantity all Offers will be satisfied. If the quantity offered is maximised and if the total of the Offers does not exceed the quantity offered, all Offers will be satisfied. If the total of the Offers exceeds the quantity offered, the Offers will be satisfied according to the allocation procedure described in the tender notice until the total quantity is exhausted.

5.2.2. Following the receipt of Offers, in light of their contents, the MNB may alter the quantity offered.

5.3. Free Tenders and quick tenders

5.3.1. The evaluation of Offers begins with sorting the interest rate offers and arranging them in a sequence. Offers will be arranged in a growing sequence beginning with the lowest interest rate offer for deposit Tenders and in a decreasing sequence beginning with the highest interest rate offer for collateralised loan tenders, cumulated according to the quantity offered. Depending on the Offers, the MNB shall satisfy the Offers based on the cumulated quantity or the interest rates offered in the Offers.

5.3.2. If several Offers contain the same interest rate offer as the highest accepted interest rate for deposit Tenders and the lowest accepted interest rate for collateralised loan tenders, the remaining quantity determined according to the quantities to be satisfied shall be allocated as described in the Tender notice among the competitive Offers containing the same interest rate until the total quantity is exhausted.

6. Eligible collateral

6.1. The MNB shall accept securities as collateral for Collateralised loan transactions provided that they are owned by the Counterparty and kept on securities settlement account at KELER Zrt. and pledged in favour of the MNB as deposit and satisfy other criteria specified in the Terms and Conditions.

- The collateral may be accepted until the 3rd working day before maturity, unless claim by the MNB against collateral is valid. The securities pledged as collateral are stated at HUF 0 (zero) acceptance value from the end-of-day revaluation performed on the 3rd working day preceding the maturity.
- Registered securities issued in Hungary and outside Hungary may be accepted as collateral. Bearer securities issued in Hungary are eligible collaterals. Bearer securities issued outside Hungary may be accepted as collateral when issued under the New Global Note structure; the Classic Global Note structure shall not be eligible.

6.1.1. Forint or foreign currency-denominated Government securities issued by the Hungarian Government and forint and foreign currency-denominated bonds issued by the National Deposit Insurance Fund and the Investor Protection Fund under joint and several guarantee provided by the Hungarian State holding the security.

6.1.2. Forint or foreign currency-denominated marketable covered bonds issued by a mortgage credit institution specified in the Mortgage Credit Institution and Mortgage Bond Act, listed on a Regulated market or a non-regulated market recognised by the MNB.

6.1.3. Forint or foreign currency-denominated marketable bonds meeting the following requirements:

- Listed on a Regulated market or a non-regulated market recognised by the MNB.
- The issuer of a forint-denominated bond shall be a legal person registered in Hungary or in any Member State of the European Economic Area or an international financial institution registered in the European Economic Area; the issuer of a foreign currency-denominated bond shall be a legal person registered in Hungary.
- The issuer, the issue or the issue guarantor shall have a long term credit rating at least equal to that of securities issued by the Hungarian Government by at least one credit rating agency accepted by the MNB. (If the long term credit ratings of Hungarian foreign currency-denominated and forint-denominated Government securities are different, the MNB shall take into consideration the lower credit rating. In the case of the issuer and the issue guarantor, the MNB shall take into consideration the credit rating corresponding to the denomination of the issue, if available.) If securities issued by the Hungarian Government have a higher rating than 'BBB-' ('Baa3'), the issuer, the issue or the issue guarantor shall have minimum 'BBB-' ('Baa3') long term credit rating by at least one credit rating agency accepted by the MNB. (The MNB accepts the ratings of issuers, issues and issue guarantees of Moody's, S&P, Fitch as well as other

rating agencies listed on its website.) In the case of securities with maturity of less than one year if the issuer, the issue or the issue guarantor have only short term credit rating, the issuer, the issue or the issue guarantor shall have a short term credit rating at least equal to that of published on the official website of the MNB.

- May not establish a right to acquire another security or other financial instrument through conversion or exercising the right in such security.

6.1.4. Eligible bonds, in addition to those referred to in point 6.1.3, are (i) bonds in compliance with the criteria in the documentation of the Bond Funding for Growth Scheme and (ii) bonds belonging to a series purchased by the MNB under the Bond Funding for Growth Scheme or acquired upon issuance.

6.1.5. The MNB accepts as a collateral – from all Counterparties other than the issuer of such securities – all securities in the case of which the Hungarian State provides joint and several guarantee for the fulfilment of the payment obligations arising from those in accordance with the statutory provisions from the central budget.

6.2. Securities excluded from the range of eligible collaterals, particularly the securities issued by the Counterparty and its related companies:

6.2.1 The MNB shall not accept securities issued by the MNB as a collateral.

6.2.2 The MNB shall not accept from Counterparties securities of own issue or issued by Affiliates as collateral.

6.2.3 The MNB shall not accept from Counterparties securities issued by a special employee share ownership program (Special ESOP) organisation under the section 6.1.4., which holds an ownership interest in that Counterparty or its affiliates.

6.2.4 The MNB shall not accept securities as collaterals from Counterparties if the Counterparty provides partial or full guarantee or undertakes an equivalent obligation regarding the payment obligation originating from the securities or to be satisfied by the issuer.

6.3. The MNB accepts as a collateral from the Counterparty, regardless of the restrictions specified in Section 6.2, the mortgage bonds the issuer of which publishes the transparency report with the content and in the format specified in the Annex to the Notice on the Risk management parameters applied to collaterals accepted by the MNB, based on the data of the previous quarter by the end of the respective quarter, and also ensures that the transparency reports for at least four quarters preceding the respective quarter are also available there. Following the publication of the report the MNB shall have the right to verify the issuer requirement and, in order to verify the Covered Bond Transparency Report, also to invite the Counterparty to provide information in connection with data disclosed therein. Such information shall complement the Covered Bond Transparency Report concerned. If the data disclosed in the Covered Bond Transparency Report continue to be incomplete, contradictory and there is doubt with regard to their robustness despite such request by the MNB, the restriction referred to in point 6.2 shall be applied, i.e. the MNB shall not accept on a temporary basis as collateral such securities from the Counterparty and its affiliated company.

6.4. The MNB shall accept as eligible collateral assets other than securities issued by the Hungarian Government which are traded on a Regulated market or a non-regulated market accepted by the MNB as well as securities referred to in section 6.1.1. (where such securities are deemed marketable only to a limited extent among organisations classified as institutional investors under Capital Market Act), as of the fifth business day at the latest following notification to the MNB where the notification to the MNB of the name and ISIN code of the security needs to be conducted by the issuer or the Counterparty holding the security. The notification shall be delivered in an electronic document format with qualified electronic signature or advanced electronic signature with qualified certificate to the fedeletek@mnb.hu address. Related to the Bond Funding for Growth Scheme,

the Mortgage Bond Purchase Programme, as well as the Green Mortgage Bond Purchase Programme and the Mortgage Bond Rollover Facility, the MNB registers the security on the list of eligible collateral upon purchase.

- 6.5. The issuer or Counterparty may propose an expansion of the list of non-regulated markets accepted by the MNB and that of credit rating agencies accepted by the MNB in an electronic document format with qualified electronic signature or advanced electronic signature with qualified certificate to the fedezetek@mnb.hu address. The MNB may decide, at its own discretion, to expand the list of eligible non-regulated markets and eligible credit rating agencies, which it shall immediately notify to the issuer or Counterparty with no obligation to state the reasons.
- 6.6. As a security for its receivables from collateralised loans, the MNB accepts the following Corporate receivables pledged to the MNB up to the amount specified in the mortgage contract as the Scope of liability assumed through pledged property as long as they satisfy the following conditions:
 - (i) they are receivables from business association debtors that are not subject to the Acts specified in Article 39 of the MNB Act, have a registered seat in Hungary, not classified as an affiliate of a financial institution according to the Terms and Conditions, not being subject to bankruptcy, liquidation, dissolution, involuntary de-registration proceedings,
 - (ii) qualify as performing exposure, but not restructured,
 - (iii) in any currency and with any term,
 - (iv) meet the terms of Corporate receivables defined in the Terms and Conditions and the mortgage contract,
 - (v) originate from a loan contract and concluded by the Counterparty as creditor, pursuant to Credit Institutions Act (where the loan contract and its collateral contracts are governed by Hungarian law, and which contains no provision for jurisdiction other than Hungarian jurisdiction and the language of the contract - or a certified translation thereof - is Hungarian or English),
 - (vi) not refinanced by MNB in any phases of NHP (Funding for Growth Scheme),
 - (vii) receivables with existing exposure of at least HUF 1 billion.

The receivable arising from refinancing loan contracts granted to ultimate debtors identifiable individually for the purpose of relending shall be regarded as Corporate receivables and the MNB accepts them as collaterals securing its receivables from collateralised loans, if the obligee of the receivable is credit institution – not including mortgage credit institutions – and its obligor is also a credit institution, and otherwise the receivable satisfies the conditions set forth in sub-points (i)-(vii). The Counterparty may pledge its receivable from its refinancing loan contract as a collateral for the central bank's receivables from collateralised loans only up to the amount in respect of which the debtor of the refinancing loan contract has no outstanding receivable from the Counterparty under any title, i.e. amount of the Counterparty's outstanding receivable from the refinancing loan contract shall be always reduced by the outstanding receivable of the debtor of the refinancing loan contract from the Counterparty under any title.

A receivable against a legal person, that otherwise meets the conditions set out in the subsection (i) – (vii), and the payment obligation arising from this obligation is secured by 100% individual state guarantee as per the Article 92 (1) of Act CXCV of 2011 on Public Finances, is considered as a corporate receivable.

- 6.7. The Counterparty shall supply data on the Corporate receivables pledged to the MNB – by sending in the underlying data of corporate loan contracts in the table presented in Annex 3 , via the '*viber*' channel of the *GIROHáló GIROFile* service – provided the following conditions are met:
 - (i) both the Corporate receivables and the corporate loan contract meet the conditions specified in the mortgage contract and in the Terms and Conditions,

- (ii) the Corporate receivables are not used as security for any other loan, neither in full, nor in parts, neither Counterparties, nor third parties have any right to them, and they are free from any litigation, incumbrances and claims,
- (iii) in relation to the Corporate receivables, no third party has any right that would limit or exclude the establishment of a mortgage for the benefit of the MNB and the exercising of the resulting satisfaction right,
- (iv) the Counterparty guarantees that in the case of the transfer of the Corporate receivables, the collateral due to it can be enforced by the MNB, too, therefore it agrees to refrain from any legal statement – and holds the agreement of the corporation to do the same – that would terminate the MNB's satisfaction right originating from the Corporate receivables or may have an adverse effect on that.
- (v) if the Corporate receivable is secured by a mortgage, the subordinated lien has been registered in the appropriate register for the benefit of the MNB.
- (vi) if the Corporate receivable is a receivable stemming from a refinancing loan contract specified in Section 6.6, the Counterparty has, on the one hand, the commitment of the debtor of the refinancing loan contract – as Counterparty – that it shall not pledge to the MNB as corporate receivable the loan receivables pledged to the benefit of the Counterparty as a collateral for the refinancing loans contract, and on the other hand, its declaration to the effect that by pledging the receivable from the refinancing loan contract to the MNB, the loan receivables pledged to the Counterparty to secure the receivables from the refinancing loan contract are encumbered by the MNB's subordinated lien.

If the Counterparty subsequently establishes a mortgage as security for the Corporate receivable, it shall immediately proceed to register the MNB's subordinated lien and send to the MNB a document credibly certifying the registration of it.

If a Mortgage Contract exists between the Counterparty and the MNB on 1 September 2023, the Counterparty shall fulfil its obligations under the Terms and Conditions with respect to the MNB's subordinated liens existing on 1 September 2023 by 31 December 2023 and the parties shall proceed to amend the mortgage contract between them.

If the corporate receivable satisfies the conditions specified in Business Terms and Conditions and in the Mortgage Contract, the MNB shall notify the Counterparty that it regards the Corporate Receivable as accepted within 10 working days after the first data supply on the respective corporate receivable. Until such notification, the acceptance value of the Corporate Receivable shall be 0 (zero) forint. The acceptance value shall increase to exceed 0 (zero) forint on the first working day after sending the notification on the acceptance of the Corporate Receivable, or on the first working day following the expiry the 10-working day deadline, at the latest. If during the 10-working day deadline or at any time during the regular verification of the compliance of the Corporate Receivables the MNB notifies the Counterparty that the Corporate Receivable does not comply with the conditions specified in the Business Terms and Conditions and in the Mortgage Contract and calls upon the Counterparty to submit additional documents to confirm compliance, the MNB may, in its records, attach to the respective Corporate Receivable a collateral value of 0 (forint) until such time as compliance with the Business Terms and Conditions and the Mortgage Contract can be established based on the additional documents. The amount specified in the Mortgage Contract as Scope of liability assumed through pledged property shall be determined by the value of the Counterparty's Corporate receivables that meet the conditions set out in the Terms and Conditions and the Counterparty's liquidity management processes.

If the corporate receivable is a receivable from the refinancing loan contract specified in Section 6.6, the Counterparty shall perform data reporting by submitting the table in Annex 3 through the '*viber*' channel of the *GIROHalo GIROFile* service

- a) in respect of the Corporate receivables pledged to the MNB in the way that as the data related to the outstanding (current) balance of the Corporate receivables in the table in Annex 3, it reduces the amount

of the current receivable from the refinancing loan by the amount of any outstanding cash receivable, irrespective of the due date, of the debtor of the refinancing loan from the Counterparty,

b) and also in respect of the data of the loan receivables securing the corporate receivable pledged to the MNB.

The MNB is entitled to exclude the corporate receivable securing the central bank receivables from collateralised loans from the scope of eligible collaterals at any time, if it does not find it proven that the obligee of the receivable from the refinancing loan contract or the debtor of the refinancing loan is entitled to pledge the respective corporate receivable to the MNB.

6.8. The Counterparty shall make sure that the collateral available to it under the corporate loan contract can be enforced by the MNB or a third person – when the mortgage on the Corporate receivables and its mortgage and subordinated lien security over the Corporate receivable is enforced by the MNB – in a case when the MNB acquires the pledged asset at collateral value and according to the principles specified in the document titled ‘Risk management parameters to be applied for collateral accepted by the MNB’ or a third party acquires it. The Counterparty shall not make any statement that would terminate the MNB’s or third party’s right to satisfaction from the Corporate receivables, or would have an adverse effect on that. It shall also take all the necessary steps to ensure that the Corporate receivables can be collected, including the enforcement of collateral, too. Based on all that, the Counterparty shall not accept a collateral to secure the Corporate receivables if the collateral cannot be enforced by the MNB or a third party on the transfer of the Corporate receivables. When the mortgage is enforced, the extent of the coverage of the Corporate receivables may not be lower than it was at the time of extending the corporate loan to the Counterparty.

6.9. If an earlier created mortgage – that secures other bank receivables, too, in addition to Corporate receivables – is also available to the Counterparty to secure the Corporate receivables, a separate new mortgage – that can be transferred to the MNB - covering the Corporate receivables shall be recorded for the Counterparty and a subordinated lien for the benefit of the MNB on the Corporate receivable and the new mortgage. In addition, the following conditions shall be met:

- (i) the new mortgage created to secure the Corporate receivables and a subordinated lien registered in favour of the MNB takes precedence over the earlier mortgage, and the approval for the change in ranks (with other documents required for the registration) shall be submitted to the mortgage records;
- (ii) if the above provisions cannot be applied, it is also possible, if the mortgage and the subordinated lien are registered in favour of the MNB to record the mortgage with the next available ranking, provided the loan collateral value of the pledge is high enough to cover – in addition to receivables related to the mortgage, subordinated lien and possible other mortgages – the Corporate receivables of this ranking, too.

6.10. The Counterparty and the corporation may modify the collateral behind the Corporate receivables of the Counterparty during the term of their contract, if

- (i) the conditions specified in points 6.6. to 6.9. still apply, and
- (ii) the modification will not have an adverse impact on the MNB, or
- (iii) the rate of the coverage of the Corporate receivables of the Counterparty will not change.

6.11. By supplying the necessary data, the Counterparty guarantees that all the conditions specified in the mortgage contract and in the Terms and Conditions exist both at the time of the data supply and continuously during the period in which the mortgage or subordinated lien for the benefit of the MNB is in force on the Corporate receivables. The money market customer is authorized by the corporation to transfer the data of the corporate loan contract to the MNB for the examination of the match between the Corporate receivables and the corporate loan contract and the mortgage contract and the Terms and Conditions. The basic rules applicable to the

examination of the fulfilment of the conditions set forth in the Terms and Conditions and in the Notice by the MNB are included in Annex 4.

- 6.12. The Counterparty shall send the following items to the MNB through the MNB's 'Electronic system for the reception of authenticated data' (ERA system), NHP KKV (Funding for Growth Scheme, SME) documentation service, on a new form
 - (i) on the working day following the data supply, the corporate loan contract reported in the data supply and its collateral contracts,
 - (ii) on the working day following the data supply, all the documents related to the Corporate receivables that may be required for their possible enforcement by the MNB. They will include the Counterparty's statement confirming that in case the MNB enforces its mortgage on the Corporate receivables by selling the Corporate receivables, and if the Corporate receivables are secured by a mortgage, too, for the Counterparty, the approvals required for the transfer of the mortgage or the pledge on movable assets will be issued to the new holder of the Corporate receivables, together with the statements on the transfer in the records,
 - (iii) within 1 month of the submission of the data supply, the obligors of the Corporate receivables pledged to the MNB are informed about the mortgage recorded for the MNB.
 - (iv) if the Corporate receivable is also secured by a lien in favour of the Counterparty, on the business day following the data supply, a document providing credible evidence of the registration of the subordinated lien in favour of the MNB on the Corporate receivables and the mortgage securing it, unless the subordinated lien has been registered in the mortgage register.
- 6.13. If, in relation to a corporate loan contract or Corporate receivables already reported in the data supply, the data specified in Annex 3 are modified or the conditions specified in the mortgage contract, the Terms and Conditions do not exist, the Counterparty shall immediately inform the MNB about this fact through the '*viber*' channel of the GIROHáló GIROFile service. Regardless of whether the data specified in Annex 3 are modified in respect of the corporate loan contract or corporate receivable already reported in the data supply, the Counterparty shall send to the MNB through the '*viber*' channel of the GIROHáló GIROFile service all data supplies specified in Annex 3 containing Corporate receivables pledged in favour of the MNB under a mortgage contract one month after the last data supply (if this day is not a working day, on the following working day).
- 6.14. The MNB accepts the Liquidity absorbing deposit pledged in favour of the MNB as a collateral securing its receivables from Collateralised loan transactions.
- 6.15. The groups of instruments that are eligible as collateral and the related Acceptance ratios are available at the REUTERS RISKCONTROL page. The [official website of the MNB \(www.mnb.hu\)](http://www.mnb.hu) contains an itemised list of eligible collateral, eligible non-regulated markets and accepted credit rating agencies.
- 6.16. Eligible non-regulated markets constitute non-regulated markets recognised by the MNB with regard to forint or foreign currency-denominated government securities issued by the Hungarian Government or forint and foreign currency-denominated bonds issued under joint and several guarantee provided by the Hungarian State. In all other cases, the MNB may decide at its own discretion at the initiative of the issuer or the Counterparty.
- 6.17. The MNB reserves the right to exclude any securities or Corporate receivables from the pool of eligible collateral without any justification.
- 6.18. With regards to the securities specified in 6.1.1. the MNB has the following powers:
 - 6.18.1 The MNB reserves the right to exclude securities deemed marketable only to a limited extent among organisations classified as institutional investors under the Capital Market Act out of the securities issued by the Hungarian Government, from the pool of eligible collateral, based on the assessment of the liability of the Counterparty, in the

case of Counterparties, if, based on the available data, the MNB finds that the Counterparty and a member of the group under consolidated supervision is entitled to a collateral relationship which was entered into after 4 October 2019 and in this relationship the collateral itself is a security issued by the Hungarian Government and deemed marketable only to a limited extent among organisations classified as institutional investors under the Capital Market Act. The MNB shall notify the Counterparty of the ban.

6.18.2. The MNB reserves the right to exclude securities deemed marketable only to a limited extent among organisations classified as institutional investors under the Capital Market Act out of the securities issued by the Hungarian Government, from the pool of eligible collateral, based on the assessment of the liability of the Counterparty, in the case of a Counterparty, if based on the available data, the MNB finds that after 4 October 2019, the Counterparty , except transactions existing on 4 October 2019,

- a) offers a service defined as lending in Act CCXXXVII of 2013 on Credit Institutions and Financial Enterprises,
- b) concludes a transaction defined as financial instrument in Act CXXXVIII of 2007 on Investment Firms and Commodity Dealers, and on the Regulations Governing their Activities (hereinafter: Investment Firms Act),
- c) concludes a transaction defined as investment loan in the Investment Firms Act (excluding deferred payment arrangement as defined in the Investment Firms Act) and
- d) sells a product or other instrument combined with the services, transactions specified in sections a)-c) above,

with the explicit objective, laid out in the related agreement, other documents or commercial communication, to purchase securities issued by the Hungarian Government and deemed marketable only to a limited extent among organisations classified as institutional investors under the Capital Market Act, to which any collateral type relationship (collateral and lien in particular) is connected, and its subject is a security issued by the Hungarian Government and deemed marketable only to a limited extent among organisations classified as institutional investors under the Capital Market Act. The MNB shall notify the Counterparty of the ban.

7. The parties shall agree the conditions of the Money Market Operation through the Refinitiv Auction System, Refinitiv FX Trading (code: HUNB) or the Bloomberg systems or by sending encrypted and signed emails to forexdesk@mnb.hu. In the case of Foreign Currency Deposit transactions, deals can be also concluded, in addition to the Refinitiv and Bloomberg systems, over recorded telephone lines and by sending encrypted and signed emails to MMandColl@mnb.hu. On the contrary, for Auctions and Tenders – unless the related Notice states otherwise - offers may be submitted via Refinitiv Auction System as well as by encrypted fax or encrypted, signed email to forexdesk@mnb.hu. Exceptions are deposits with overnight maturity under the standing deposit facility, for which requests may be submitted via SWIFT MT298 SMT550 message, the overnight collateralised loans, which may be initiated by SWIFT MT298 SMT500 message, in the form and manner specified in the business conditions applicable to the keeping of bank accounts. The MNB shall record the deals concluded over the phone. Any deals made over the phone shall be confirmed in writing sent by fax or SWIFT. Counterparties are required to send this confirmation by 6:45 p.m. (CET) on the trade date. Procedures in derogation from the above are contained under the particular provisions for Money Market Operations.
8. Offers not meeting the contents and format requirements stipulated in the Terms and Conditions and in the Notices and Offers arriving with a delay shall be invalid.
9. Offers submitted by encrypted fax shall be signed by the authorised signatories recorded in the company register. The MNB shall accept Offers sent by fax or in encrypted and signed emails only if all data and information on the offer form is legible. In the case of individual Offers, the time of arrival shall be as follows:
 - if the offer is sent in encrypted fax, the time recorded by the fax machine of the MNB,
 - with regard to offers submitted via GiroHáló, the time when the message containing the Offer arrives in the MNB,
 - in the case of offers submitted in encrypted and signed emails, the times of their arrivals at the forexdesk@mnb.hu or at the MMandColl@mnb.hu address.

10. Bidders shall remain committed to their Offers until receiving notice from the other party as to the partial or full rejection or acceptance of the Offer. Procedures for the amendment of Offers are contained in the provisions of the Terms and Conditions pertaining to each Money Market Operation and the relevant Notices.
11. In the absence of a special arrangement, the MNB shall send a confirmation to counterparties on forint deposits on the day of trading in a documented format (in connection with O/N deposits, the MT298 SMT550 SWIFT message, in connection with other deposits with a maturity over one day MT320 SWIFT message or password-protected email).
12. The MNB shall send a confirmation to its Counterparties on Collateralised loans with a maturity of over one day and up to one year on the trade date in documented form (MT320 SWIFT message or fax), and on Collateralised loans with a maturity over one year in a password-protected email. In the case of collateralised loans under the standing collateralised lending facility the Customer is notified of the fact that the loan is made available by means of an MT581 message, or if the loan application is refused, the Customer is notified of the refusal and of its reasons in the same manner as the application was submitted.
13. The MNB shall confirm concluded spot foreign exchange transactions by sending a MT300 SWIFT message, and concluded foreign currency deposit transactions by sending a MT320 SWIFT message or by password-protected email confirmation by the business day that follows the trade day.
14. The MNB reserves the right to suspend the participation of the Money Market Counterparties in both forint and foreign exchange Money Market Operations for a fixed period or indefinitely, without any justification.
15. The Counterparty may not cancel any deal concluded with the MNB within the scope of the present Terms and Conditions on its own accord. The MNB may terminate the transaction in the event of any default, delay or non-performance of any payment obligation of the Counterparty, or in the event of any default, delay or non-performance of the Counterparty's payment obligations under any other transaction with the MNB or any other event occurs which entitles the MNB to terminate any other transaction under the contractual provisions applicable to it, as well as in the cases set out in the Terms and Conditions and the Business conditions for maintaining bank accounts. Upon termination, all claims arising from transaction, together with any additional claims, shall expire on the day following receipt of the notice of termination. The MNB may terminate the Money Market operation upon the Counterparty's exclusion from the Group of Counterparties, simultaneously with the notification under Section II.18, in which case the termination shall take effect on the day specified in the notification. If the MNB terminates the Money Market Operation due to the exclusion of the Counterparty from the Group of Counterparties, all receivables arising from the Money Market Operation, including incidental charges, shall become overdue on the day specified in the notice on the exclusion from the Group of Counterparties. Upon exclusion from the Group of Counterparties, the MNB and the Counterparty may terminate the Money Market Operation by mutual consent at any time.
16. Upon the lapse of the Money Market operation through termination or by mutual consent, the parties – unless otherwise agreed – shall offset their payment obligations to each other and settle those by netting, paying only difference to each other.
17. The Counterparty shall be excluded from the Group of Counterparties by the MNB's separate decision adopted within its scope of duties specified in Article 4(1) of the MNB Act, if due to the launch of a litigious or non-litigious court procedure, administrative procedure, the application of a statutory measure, the omission of the Counterparty or the contractual legal declaration made by the Counterparty the maintenance of its membership in the Group of Counterparties is no longer justified in monetary policy terms, particularly upon the occurrence of any event
 - a) based on which the MNB is entitled to terminate any other monetary policy transactions concluded with the Counterparty based on the applicable contractual provision,
 - b) i.e. a measure under Article 185(2)cf) of the Credit Institutions Act or any other supervisory measure is applied against the Counterparty, which limits the Counterparty's business activity, rights and obligation to such a significant degree as a result of which the Counterparty no longer satisfies the institutional conditions of inclusion in the Group of Counterparties, its compliance with the legislative conditions governing such an institution is significantly limited, or

- c) a payment restriction, dissolution or winding-up procedure is brought against the Counterparty, and
- d) its VIBER (real-time gross settlement system) membership lapses or it is terminated by the MNB or by the Counterparty.

18. If the Counterparty is excluded from the Group of Counterparties in line with point 17, the Counterparty shall not conclude Money Market Operations. The MNB shall inform the Counterparty on the termination of its membership in the Group of Counterparties and the date thereof. The MNB may charge the Counterparty excluded from the Group of Counterparties with the expense incurred as a result of the exclusion.

19. The MNB reserves the right to ban any counterparty defaulting upon the obligations toward the MNB from all or specific types of operations, temporarily or permanently, and to charge the related expenses to the counterparty in question. If the Counterparty appointed as a quoting bank refuses to perform its obligations arising from the BUBOR Regulation, or, based on the data available, the MNB finds that the Counterparty defaulted thereupon on multiple occasions, with the exception of overnight collateralised loans and based on the assessment of the liability of the Counterparty, the MNB shall be entitled to ban – even multiple times, if the conditions occur repeatedly – the Counterparty from the range of eligible counterparties allowed to participate in Money Market Operations for a period of maximum 3 months. The MNB shall notify the Counterparty of the ban. In the event of any delay of the counterparty the MNB shall proceed in accordance with the Business conditions for maintaining bank accounts in connection with Money Market Operations where it is possible.

20. To secure its receivables (e.g. principal amount, interest, commission, fee, special fee, cost) originating from its monetary policy activities and arising from its Money Market Operations the MNB is entitled to a claim against collateral on the balance on the Customer's bank account managed by the MNB for the Customer as collateral security. When exercising this claim against collateral right, the MNB is entitled to reduce the balance on the Customer's bank account by the amounts of its receivables arising from the Liquidity-providing or Liquidity-absorbing operations concluded with the Customer. The collateral is created on the basis of Terms and Conditions, by the agreement on Active transactions and Passive transactions.

21. The outstanding receivables of the MNB originating from Money Market Operations shall be treated as originating from the transactions defined under Article 18 of Act CXXXIX/2013 on the Magyar Nemzeti Bank ('MNB Act'). Therefore in accordance with Article 160 (4) of the MNB Act, the MNB may satisfy its claims from the bank accounts held with it by the counterparties in question in the order of claims prior to the accomplishment of transfers to authorities and transfers based on warrants for payment.

22. Parties may agree to derogate from the Terms and Conditions by mutual consent fixed in a separate agreement.

23. The MNB reserves the right to unilaterally amend the Terms and Conditions and the Notices. The MNB shall notify Counterparties concerning the amendment of the Terms and Conditions 5 days before the amendment takes effect, 4 days in the case of the Notices, and shall send a copy of the amended Terms and Conditions or Notices. The MNB is entitled to unilaterally modify Annex 3, and that modification shall come into force at the earliest on the 5th day following its publication. The MNB shall not be bound by this advance notification obligation upon the amendment of the Notice on the Risk management parameters applied to collaterals accepted by the MNB.

24. The matters not regulated in the Terms and Conditions shall be governed by the provisions of Act V of 2013 on the Civil Code of the Republic of Hungary, Capital Market Act, MNB Act, MNB decrees, other applicable statutory provisions, and the provisions of standards on money and foreign exchange markets.

III. SECURITIES TRANSACTIONS

III.A. GENERAL CONDITIONS FOR SECURITIES TRANSACTIONS

1. Offers for securities transactions may be presented by the associates notified to the Bank of Money Market Counterparties or by the authorised associates of the MNB.
2. Settlement of securities transactions is carried out in accordance with the relevant regulations and procedural order of KELER Zrt.
3. By submitting the offer the seller warrants that the securities are free from litigation, claims, encumbrances and shortfall.
4. The MNB shall enter into any deals with securities between the day of issue and the fourth clearing house business day before maturity.
5. In the event of a financial settlement fail on the date of settlement for reasons attributable to the Counterparty, the MNB shall have the option to apply the sanctions listed in Points 15 and 16 under Chapter II. General Provisions, and may cancel the securities transaction in question.

III.B. OUTRIGHT PURCHASE/SALE OF SECURITIES

Description of transaction	Outright purchase/sale of securities
Date of notice/invitation	Occasionally
Contents of notice/invitation	—
Eligible counterparties	Money Market Counterparties subject to reserve requirements with KELER securities account
Proposed by	Money Market Counterparty /MNB
Business hours for receiving Offers	As described in the notice
Content and formal requirements for Offers	According to relevant KELER regulations
Number of Offers accepted from any bidder	No restrictions
Transaction limit	Minimum 10 million HUF at nominal value
Corrections	Not interpretable
Allocation procedure	—
Acceptance measure	—
Date and place of announcements, description	—
Financial settlement / date of settlement	T or T+1 or T+2

1. The MNB shall conclude the purchase transaction for Hungarian Government, covered bonds or other type of securities owned by the Money Market Counterparty. The securities shall be held at KELER Zrt. on securities accounts or sub-accounts and are in unrestrained possession of the counterparty, and are separate from the securities owned by others.
2. In the absence of notice, the MNB may enter into a buyback transaction regarding mortgage bonds held by MNB which are maturing within 7 months at the date of the transaction. The buyback needs to be requested by a Money Market Counterparty via email to forexdesk@mnb.hu. The transaction shall be concluded on the 5th business day following the receipt of the Counterparty's request. The buyback transaction can be only requested by the Counterparty who issued the given series of mortgage bonds or by the Counterparty acting on its behalf and certifying this fact to the MNB in a credible manner. The price of the transaction is set by the MNB and sent to the Money Market Counterparty on the 2nd business day following the initial request via email. The Money Market

Counterparty is entitled to accept or refuse the price offered by the MNB on the 2nd following business day at the latest. The securities repurchase transaction is created by accepting the Offer.

3. The MNB reserves the rights to apply different conditions for the buyback transactions or to reject the request of Money Market Counterparties as per the 2. point and notify the Money Market Counterparty about this decision on the 2nd business day following the initial request at the latest.

III.C. AUCTIONS ANNOUNCED FOR BILLS OF OWN ISSUE

1. The MNB issues dematerialised bills denominated in forint, and sell them by way of Auction.
2. The detailed rules of the Auction shall be set out in the Information Sheet and in the Call for Bid published by the MNB.
3. The MNB shall publish the Information sheet on its website, the Public Offer on its website and on the respective pages of Refinitive and Bloomberg.

IV. SHORT-TERM CENTRAL BANK FORINT DEPOSITS

IV.A. GENERAL DEPOSIT CONDITIONS

1. The MNB can accept deposits between 1 to 365 days of maturity from the Money Market Counterparties
2. The fixed-term deposits cannot be recalled before the original date of maturity
3. Interest is calculated according to the following formula:

$$\frac{\text{amount of deposit} \times \text{interest rate \%} \times \text{interest day-count}}{36000}$$

4. The order placed by the depositor Money Market Counterparty shall be also regarded as an authorisation for the MNB to debit the deposit to be placed with it to the Money Market Counterparty's bank account held with the MNB in accordance with the Business conditions for maintaining bank accounts on the appropriate value date.
5. The MNB will not execute the transaction if the account and the intra-day credit line amount specified in the bank account management terms and conditions do not provide sufficient cover for it.
6. Upon maturity the MNB shall credit the amount of deposit plus interest to the bank account of the depositor Counterparty.
7. The issues not regulated in this chapter shall be governed by the provisions of the Business conditions for maintaining bank accounts.

IV.B. STANDING DEPOSIT FACILITY

Description of transaction	Standing deposit facility
Date and place of notice/invitation	Standing facility
Eligible counterparties	Money Market Counterparties subject to reserve requirements with direct VIBER membership
Proposed by	Money Market Counterparty
Business hours for receiving Offers	On business days between 8:30 a.m. and 6:15 p.m. (CET), on Saturdays qualified as business days, between 08:30 and 15:15.
content and formal requirements for Offers	In SWIFT MT298 SMT550 message specified in Annex 9 to the Business conditions for maintaining bank accounts or in a form specified in Annex 12 of the Business conditions for maintaining bank accounts and in the manner specified in the Business conditions for maintaining bank accounts
Number of Offers accepted from any bidder	No restrictions
Transaction limit	No restrictions
Corrections	Not allowed
Financial settlement / date of settlement	T (transaction date)

1. In the event of any extraordinary modification of VIBER business hours Offers are accepted understanding deposit facilities until 15 minutes past the closing of VIBER.

IV.C. DEPOSIT TENDERS AND QUICK TENDERS

The MNB applies two different tender procedures: Tenders and quick tenders, subject to the following conditions:

Description of transaction	Deposit tender	Deposit quick tender
Date and place of notice/invitation	Latest by 9:00 a.m. (CET) on the day of the Tender on Reuters NBHK and Bloomberg NBH5 pages	Latest by 4:00 p.m. (CET) on the day of the quick tender on Reuters NBHK and Bloomberg NBH5 pages
Contents of notice/invitation	Date, type, maturity, quantity of Tender and/or interest rate conditions consistent with the type of Tender, type of allocation	
Eligible counterparties	Money Market Counterparties subject to reserve requirements with directVIBER membership	
Proposed by	MNB	
Business hours for receiving Offers	On the day of the Tender between 09:00 and 12:00 noon (CET)	As described in the tender notice
Content and formal requirements for Offers	Via Refinitiv Auction System, encrypted fax or encrypted, signed email (in case of fax or encrypted, signed email the tender-offer form attached as Annex 2 shall be used) in accordance with Point 7 under the General Conditions.	
Number of Offers accepted from any bidder	For variable rate and free Tenders 5, for fixed rate Tenders 1	1
Transaction limit	At least HUF 10 million per Offer, which may be increased by integral multiples of HUF 1 million	At least HUF 500 million per offer, which may be increased by integral multiples of HUF 10 million
Corrections	Before the deadline for submission of Offers, on a new Offer form with the indication 'Amendment', showing all offers; previous Offers will be abolished	Before the deadline for submission of Offers, on a new Offer form with the indication 'Amendment', showing all offers; previous Offers will be abolished
Acceptance measure	HUF 1 million	
Date and place of announcements	Latest by 3:00 p.m. (CET) on the day of the Tender, on the official MNB website and on the Reuters NBHK and Bloomberg NBH5 pages	Latest by 6:00 p.m. (CET) on the day of the quick tender, on the official MNB website and on the Reuters NBHK and Bloomberg NBH5 pages
Description of announcements	- Tender conditions as contained in the tender notice	
	- amount of Offers submitted	
	- amount of Offers accepted	
	- highest, lowest and average interest approved for the type of Tender, where applicable	

Financial settlement / date of settlement	T (same as the trade date)	
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V. COLLATERALISED CENTRAL BANK LOANS

V.A. GENERAL CONDITIONS FOR COLLATERALISED LOANS

1. The MNB provides loans to Money Market Counterparties in the context of Collateralised loan transactions against collateral in the form of securities, Liquidity absorbing deposits and the outstanding receivables of corporations owned by the Money Market Counterparty with value established according to the rules of Pooled collateral valuation and pledged as collateral to the benefit of the MNB and blocked at KELER Zrt. in favour of the MNB by the Money Market Counterparty. The procedure for the valuation of the collaterals shall be defined by the MNB.
2. The MNB determines the Collateral value of the Collateral portfolio on each working day based on the rules of End-of-day collateral revaluation, the Terms and Conditions, Notices and the terms of bank account management. At the end of every business day, the MNB compares the stock of outstanding Collateralised loans with the Collateral value of the Collateral portfolio. At the MNB's request, the Counterparty shall provide additional Collateral if the Collateral value drops below the revalued Collateralised loan value.
3. The MNB reserves the right to revalue the Collateral portfolio at any time during the day (Special collateral revaluation), during which the MNB may deviate in the process of the revaluation from the predetermined Initial prices and Acceptance ratios announced earlier and used during the previous End-of-day collateral revaluation.
4. The MNB may amend the risk management tools (Acceptance ratio) unilaterally at any item by amending the Notice on the Risk management parameters applied to collaterals accepted by the MNB (Annex 5 to the Terms and Conditions). The MNB shall notify Money Market Counterparties and market participants of any changes in the central bank's risk control measures and their effective date on the official MNB website and on the designated page of Reuters.
5. If the MNB finds that in the case of an already accepted Collateral the conditions prescribed for the application of the Acceptance ratio as specified in the Notice on the Risk management parameters applied to collaterals accepted by the MNB are no longer satisfied – including also the case when an obligation that may be fulfilled either by the Counterparty or by a third party in connection with the securities collateral is not fulfilled – the MNB has the right to modify the Acceptance ratio applicable to the Collateral provided by the Counterparty through special revaluation or exclude the respective Collateral from the range of collaterals.
6. By concluding Collateralised loan, the Money Market Counterparty guarantees that the securities and Liquidity absorbing deposits pledged as collateral are free and clear of litigation, claims, encumbrances and legal defects, and Corporate receivables are free and clear from litigation, claims and encumbrances.
7. The interest on securities and Corporate receivables provided as collateral for the Collateralised loan for the duration of the Transaction is due to the Counterparty.
8. Securities denominated in forint and in currencies different from forint will be accepted by the MNB until the third business day – until the collateral valuation at the end of the business day – before maturity, as collateral. Corporate receivables are accepted as collateral up to 1 month before their maturity date specified in the corporate loan contract. The MNB accepts Liquidity absorbing deposits as collateral until the End-of-day collateral revaluation due on the 1st working day preceding the maturity.
9. The Counterparty undertakes to repay on the value date of the repayment obligation arising from the Collateralised loan transaction the loan amount indicated in the agreement plus interest.
10. Upon the collateral assessment of the Collateralised loans, the MNB shall take into consideration the current Collaterals securing the Collateralised loan transaction to be repaid. The MNB takes the securities and corporate receivable(s) representing collateral for the Collateralised loan repaid by the Counterparty into account as the collateral for the Collateralised loan concluded on the day of settlement of the central bank claim arising from the Collateralised loan.

11. If a central bank receivable from an overnight or longer maturity Collateralised loan is not repaid in accordance with the contractual conditions applicable to the transaction in question (because the funds available on the Counterparty's account are insufficient – excluding the Collaterals securing the Collateralised loan – or the Counterparty did not apply for a new Collateralised loan for the repayment), the MNB, at its own discretion and without being required to state the reasons for its decision, subject to satisfying the conditions stipulated in the Business conditions for maintaining bank accounts shall extend – also in the absence of a specific new loan application of the Counterparty – an overnight collateralised loan under Section V.B of the Terms and Conditions corresponding to the amount of the receivable from the expiring Collateralised loan transaction. The Counterparty shall provide the MNB with Collateral to secure this overnight collateralised loan. The MNB shall notify the Counterparty of the disbursement of such overnight collateralised loan. If the sum of the Counterparty's available Collateral portfolio and the Collateral portfolio securing the expiring Collateralised loan transaction falls short of the amount of the receivable from the overnight collateralised loan granted, the MNB shall prescribe a Minimum Balance for the Counterparty.
12. If at the End-of-day or Special collateral revaluation the balance of the Counterparty's outstanding Collateralised loan transactions exceeds the Collateral value of the Collateral Portfolio, the Counterparty shall be requested to provide additional collateral. If the Counterparty fails to provide additional collateral to the benefit of the MNB, the MNB shall define a Minimum account balance for the Counterparty. If by (CET)12:00 noon (CET) of the following business day the Counterparty fails to comply with the Minimum account balance requirement of the previous day and the balance of its bank account does not reach the value of the Minimum account balance, the MNB shall have the right to cancel all loans of the Counterparty with immediate effect. Upon termination, all claims arising from the loan, together with the related charges, shall become due and payable on the day following the receipt of the notice of termination. The MNB shall be entitled to exercise its lien on the securities portfolio and the Liquidity absorbing deposits and the pledge on Corporate receivables (Enforcement of collateral).
13. Upon the Enforcement of collateral, the MNB shall see to acquiring the pledged securities through direct enforcement immediately, transferring the Liquidity absorbing deposit account balances to the MNB and to the enforcement of its lien over Corporate receivables at its choice. The MNB shall open a separate account for central bank's claims originating from the cancelled Collateralised loan contracts. The MNB shall record all cash flow occurred in connection with the collaterals in the course of enforcing its claims (deposits, payments, including the income from the sale of the securities or receivables to any extent) on this account.
14. The Counterparty is aware of the rights of the MNB in the enforcement of the collateral, as specified by the MNB Act. In the enforcement of the collateral, the MNB exercises its rights originating from the collateral and defined by the MNB Act on the basis of any receivables related to the performance of its central bank functions, by way of direct satisfaction.
15. The MNB is entitled to satisfy its matured receivables from the Counterparty from the assets and collateral available to the MNB, in a sequence defined by the MNB.
16. Until final financial settlement with the Counterparty daily interest shall be accrued on the current balance of the account, recording the central bank's receivables from the Collateralised loan transactions, specified in point 13. The interest rate charged for the receivables of the MNB shall be the double of the prevailing central bank base rate, while the interest on the MNB's debt shall be calculated at the prevailing central bank base rate. The interest shall be booked at the time of final financial settlement.
17. In the context of the enforcement of pledged securities, final financial settlement with the counterparty is executed upon the sale of the enforced securities or upon their maturity if the sale failed. If the proceeds from the sale of securities exceed the total amount due by the Counterparty, the MNB shall credit the difference to Counterparty's bank account. If the money received does not cover the total amount due by the Counterparty, the MNB shall debit the difference to the Counterparty's bank account. If the difference cannot be recovered, the MNB shall record the amount as an outstanding receivable from the Counterparty. The interest rate charged on this outstanding receivable is the double of the prevailing central bank base rate.

18. The final settlement with the Counterparty upon the enforcement of the lien on the Liquidity absorbing deposits and on the pledged Corporate receivables shall be governed by the provisions of Act V of 2013 on the Civil Code.
19. The matters not regulated in this chapter shall be governed by the Business conditions for maintaining bank accounts.

V.B. STANDING COLLATERALISED LENDING FACILITY

1. The MNB grants an overnight collateralised loan to the Counterparty, to be disbursed at the end of the VIBER business day with value date corresponding to the deal date (T), secured by the Collateral portfolio.
2. The Counterparty shall be entitled to repay the overnight collateralised loan during VIBER business hours. After VIBER business hours the MNB shall be entitled to recover the loan amount plus interest from Counterparty's bank account.
3. In the event of any extraordinary modification of VIBER business hours Offers are accepted under collateralised lending facility until 15 minutes past the closing of VIBER.
4. If the Counterparty appointed as a quoting bank refuses to undertake or to perform its obligations arising from the BUBOR Regulation, upon the Counterparty's receipt of the MNB's notice thereon, the MNB shall offer the overnight collateralised loan to the Counterparty against an interest rate 200 basis points higher than the announced interest rate.

Description of transaction	Standing collateralised lending facility
Date and place of notice/invitation	Standing facility
Eligible counterparties	Money Market Counterparties subject to reserve requirements with direct VIBER membership and with KELER securities account, who specify directly their bank accounts maintained at the MNB or the accounts maintained under their own GIRO-code in order to transfer by the KELER Zrt. the sum of money stemming from the maturing securities, in the case of forint denominated securities pledged in favour of the MNB
Proposed by	Money Market Counterparty
Business hours for receiving Offers	On business days between 8:30 a.m. and 6:15 p.m. (CET), on Saturdays qualified as business days, between 8:30 a.m. and 3:15 p.m. (CET)
Content and formal requirements for Offers	After a prior notice is given by phone, by way of an MT298 SMT500 SWIFT message specified in Annex 9 to the Business conditions for maintaining bank accounts or in a form specified in Annex 5 to the Business conditions for maintaining bank accounts and in the manner specified in the Business conditions for maintaining bank accounts
Number of Offers accepted from any bidder	No restrictions
Transaction limit	The minimum value specified in the MNB notice entitled 'Information on the central bank's collateral assessment system' constituting Annex 1 to the Business conditions for maintaining bank accounts.
Corrections	Not allowed

Financial settlement / date of settlement	T
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V.C. COLLATERALISED LOAN TENDERS AND QUICK TENDERS

1. The MNB also concludes Collateralised Loan transactions within the framework of Tenders and the MNB may also execute the Collateralised transactions concluded in this way even if the Collateral portfolio is insufficient. In this case, as a result of the collateral revaluation, the MNB shall specify a Minimum balance for the Counterparty in accordance with the Business conditions for maintaining bank accounts (Point V.A.10).
2. The Money Market Counterparty shall receive a confirmation on the conclusion of the Collateralised loan transaction on the date of the Tender in a SWIFT MT320 message or password-protected PDF sent by email.
3. The Counterparty shall make no prepayments for the Collateralised Loan transaction.

The MNB applies two different Tender procedures: tenders and quick tenders, subject to the following conditions:

Description of transaction	Collateralised loan tender	Collateralised loan quick tender
Date and place of notice/invitation	At or before 11:30 (CET) on the day of the Tender on Reuters COLLATLOAN and Bloomberg NBH7 pages	At or before 11:30 (CET) on the day of the Tender on Reuters COLLATLOAN and Bloomberg NBH7 pages
Contents of notice/invitation	Date, type, maturity, quantity of Tender and/or interest rate conditions consistent with the type of tender, type of allocation and date of settlement	
Eligible counterparties	Money Market Counterparties subject to reserve requirements with direct VIBER membership and with KELER securities account, who specify directly their bank accounts maintained at the MNB or the accounts maintained under their own GIRO-code in order to transfer by the KELER Zrt. the sum of money stemming from the maturing securities, in the case of forint denominated securities pledged in favour of the MNB	Money Market Counterparties subject to reserve requirements with direct VIBER membership and with KELER securities account, who specify directly their bank accounts maintained at the MNB or the accounts maintained under their own GIRO-code in order to transfer by the KELER Zrt. the sum of money stemming from the maturing securities, in the case of forint denominated securities pledged in favour of the MNB
Proposed by	MNB	
Business hours for receiving Offers	As specified in the tender notice	45 minutes following the quick tender notice
Content and formal requirements for Offers	Via Refinitiv Auction System, encrypted fax or encrypted, signed email (in case of fax or encrypted, signed email the tender-offer form attached as Annex 2 shall be used) in accordance with Point 7 under the General Conditions.	

Number of Offers accepted from any bidder	As specified in the tender notice	1
Transaction limit	At least HUF 100 million per offer, which may be increased by integral multiples of HUF 10 million	At least HUF 500 million per offer, which may be increased by integral multiples of HUF 10 million
Corrections	Before the deadline for submission the last received Offer shall be accepted for processing	Before the deadline for submission the last received Offer shall be accepted for processing
Acceptance measure	HUF 1 million	
Date and place of announcements	On the Refinitiv COLLATLOAN and Bloomberg NBH7 pages and on the official MNB website	On the day of quick tender 45 minutes following the final deadline on Reuters and Bloomberg pages specified in the notice and on the official MNB website
Description of announcements	- Tender conditions as contained in the notice	
	- amount of Offers submitted	
	- amount of Offers accepted	
	- highest, lowest and average interest approved for the type of Tender, where applicable	
Financial settlement / date of settlement	T, T+1 or T+2	T (same as the trade date)

VI. TERMS AND CONDITIONS FOR OPERATIONS BETWEEN FORINT AND OTHER CURRENCIES, AND IN FOREIGN CURRENCIES

VI.A. FX SWAP TRANSACTIONS CONDUCTED BY THE MNB

1. The MNB shall apply the prevailing exchange rate in the starting leg of the transactions.
2. In relation to those operations when the MNB receives forint in the starting leg of the transaction, the MNB shall maintain a margin account to the Counterparty in forints and shall reevaluate the Counterparty's all existing FX swap transactions associated with the foreign currency liquidity providing of the MNB, on a daily basis according to the prevailing foreign exchange rate. In respect of these operations the sum of the amount on the forint leg increased by interest, and the amount on the margin account (collectively: forint margin) shall reach every day the minimum amount defined by the process described in the Notice announced by the MNB regarding the current type of transaction. The current balance of the margin account shall serve as collateral to cover the claim of the MNB arising from the FX-swap transaction of the central bank. If the forint margin of a Counterparty does not reach the required amount upon the daily revaluation, the MNB, while simultaneously notifying the Counterparty (via MT900 swift message), will debit the Counterparty's bank account at the MNB by the amount needed to restore the required margin and will credit the amount to the margin account of the Counterparty. If the forint margin exceeds the required amount upon the daily revaluation, the MNB will subtract the amount in excess of the required margin from the Counterparty's margin account and add to its bank account at the MNB, while simultaneously notifies the Counterparty (via VIBER MT202 swift message). The balance on the Counterparty's margin account turns negative when the MNB incurs an obligation to place margin on the same account. The MNB remunerates the Counterparty's positive balance on the margin account at the prevailing central bank base rate, with interest settled on the Counterparty's bank account at the MNB on the last working day of the month. The Counterparty pays interest to the MNB at the prevailing central bank base rate for the negative balance on the Counterparty's margin account, with interest debited by the MNB to the Counterparty's bank account at the MNB on the last working day of the month. If the FX rates or yields change in the market by more than the usual extent, the MNB reserves the right – up to the extent of the changes – to modify the margin values defined according to the process described in the Notice published by the MNB on the given transaction type, even within the same day, to reflect exceptional market conditions, of which the MNB shall notify the Counterparties.
3. The MNB shall reevaluate the Counterparty's all existing FX swap transactions associated with the forint liquidity providing of the MNB, on a daily basis according to the prevailing foreign exchange. The value of each leg is determined by charging pro rata interest on the initial amounts. The foreign currency amount is converted into forint at the official exchange rate quoted by the MNB on the given day. By placing collateral, the Counterparty and the MNB ensure that the value of the MNB's claim in the HUF leg and the MNB's liability in the FX leg calculated as described in the Notice – considering the value of the collateral – is equal. Details of the required collateral placement are set out in the Notice for the relevant FX swap transaction.
4. All mutual obligations between the MNB and the Counterparty arising from any maturing as well as new transactions conducted under all FX swap tenders of the MNB, which are for the same value date and denominated in the same currency, will be offset and settled on a net basis, by paying the resulting balance. In the case of operations where there is a delay in fulfilment upon maturity, unless the MNB provides otherwise, the Counterparty shall keep the collateral amount defined by the MNB, compliant with the current market conditions on the margin account, until the amount belonging to the maturity leg of the FX swap operation has been received or the MNB has terminated the operation.
5. The MNB shall be entitled to terminate the FX swap transaction in the event of the Counterparty's default or late performance or non-performance, a result of which, all claims arising from the FX swap transaction, including additional charges, shall become due on the day following receipt of the termination notice, and - taking into account monetary policy considerations - the MNB shall determine in its termination notice the settlement method by choosing one of the following two options:

- a) the MNB and the Counterparty shall mutually set off their payment obligations (taking into account the nominal value and interest) arising from the terminated central bank FX swap transaction(s) in the same currency, settle them on a net basis and pay each other only the difference in the respective currency; or
- b) the MNB shall convert the foreign currency payment obligations (including nominal value and interest) resulting from the terminated central bank FX swap transaction(s) into forint on the basis of the prevailing foreign exchange rates and the parties shall mutually set off their payment obligations in forint resulting from the terminated central bank FX swap transaction(s), on a net basis, and shall pay each other only the value of the difference.

6. In relation to the FX swap transactions conducted by the MNB (including the event of termination), the MNB may apply the Payment after payment principle, meaning that the MNB shall meet any of its payment obligation stemming from these transactions only after the Counterparty's performance of its payment obligation. Furthermore, if several maturing FX swap transactions of the Counterparty are due on the relevant value date, in the absence of notifications (sent via email to tbo@mnb.hu) to act otherwise – MNB shall meet any of its payment obligations after all payment obligations related to the maturing FX swaps are met.
7. Relating to its FX swap transactions, the MNB shall apply fixed, variable or free Tenders.
8. The MNB publishes the Notice of the various types of transactions on the official MNB website and also announces the detailed conditions of each Tender as an invitation at designated Reuters and Bloomberg pages.

Description of transaction	FX swap tender of the MNB
Contents of notice/invitation	Time for submission of Offers, date of settlement of the starting and maturing legs (value date and maturity date), , the current spot exchange rate used in the transactions, maximum or minimum acceptable swap point and maximum offered amount or the price of the foreign exchange liquidity expressed in swap point
Date and place of notice/invitation	On the designated Reuters and Bloomberg pages defined in the Notice
Eligible counterparties	Those Money Market Counterparties subject to reserve requirements with direct VIBER membership, that comply with conditions set out in the Notice
Proposed by	MNB
Business hours for receiving Offers	As specified in the Notice
Content and formal requirements for Offers	Offers may be submitted via Refinitiv Auction System, encrypted fax or encrypted, signed email with the content described in the Notice
Content of Notice beyond the aforementioned	<ul style="list-style-type: none"> • Allocation procedure • Number of Offers accepted from any bidder • Transaction limit • Corrections • Date and place of announcements, description • Settlement date of the starting leg (value date) • Conditions of completion of the payment obligations toward the MNB

VI.B. SPOT FOREIGN EXCHANGE TRANSACTIONS IN FORINT AND OTHER CURRENCIES

Description of transaction	<i>Spot foreign exchange transactions</i>
Date of notice/invitation	During business hours
Contents of notice/invitation	Conversion Offer or invitation
Eligible counterparties	Money Market Counterparties with an MNB bank account and with a SWIFT code, and non-resident credit institutions with MNB-limit and SWIFT code
Proposed by	Money Market Counterparty /MNB
Business hours for receiving Offers	From 9:00 a.m. to 5:00 p.m. (CET)
Number of Offers accepted from any bidder	No restrictions
Transaction limit	No restrictions
Corrections	Not allowed
Financial settlement / date of settlement	T+2

1. Forint payment may be made to the forint accounts specified by the Money Market Counterparty, managed by the MNB, identified in terms of name of bank, premise, and account number (the latter if applicable).
2. Payment in foreign currencies
 - a) will be made to the accounts the Money Market Counterparty has designated at the time of the transaction indicating the bank, business establishment, and account number specification where applicable, or
 - b) based on the list containing the Money Market Counterparty's standing correspondent accounts for conversion between foreign currencies and forint under the Terms and Conditions (Standard Settlement Instructions).

The selected a) or b) method shall not be alternated in the Counterparty's spot foreign exchange market operations.

3. The notification or the modification of the list containing the standing correspondent accounts referred to in 2.b) (Standard Instructions) shall be sent to the MNB Directorate Money and Foreign Exchange Market indicating the currency, the bank, business establishment and the account number specification where applicable, and the value date at least 7 (seven) business days before the value date, in writing with the authorised signature affixed, or SWIFT by an authenticated SWIFT message or email in password-protected PDF format. The correspondent accounts indicated by the Money Market Counterparty may not be altered on a case-by-case basis. The standing correspondent accounts of the MNB under the Terms and Conditions relating to forint and foreign currency conversions are contained on the official MNB website.

VI.C. FOREIGN CURRENCY DEPOSIT TRANSACTIONS

Description of transaction	<i>Foreign currency deposit transactions</i>
Date of notice/invitation	Standing facility
Contents of notice/invitation	—
Eligible counterparties	Resident banks and specialised credit institutions
Proposed by	Money Market Counterparty
Business hours for receiving Offers	Between 8:30 a.m. and 4:00 p.m. (CET) O/N - daily, from 8:30 a.m. to 12:00 noon (CET), in case of EUR or USD to 4:00 p.m. (CET)
Number of Offers accepted from any bidder	No restrictions
Transaction limit	Minimum EUR 3 million or equivalent in another convertible currency (2.) rounded to 100,000
Corrections/opening	Not allowed
Maturity	Maximum 1 year
Financial settlement / date of settlement	T+2; in case of T/N: T+1; in case of O/N: T

1. The interest rate will be established at the time of contracting in tune with current trends on international money markets.
2. A transaction may be executed in a convertible currency in which the MNB has an account relationship and which the MNB gives information of at the time of concluding the transaction.

VII. ANNEXES

Annex 1

DECLARATION

We, the undersigned as the Money Market Counterparty of the Magyar Nemzeti Bank (hereinafter: MNB) hereby

- declare to understand the Terms and Conditions of the operations of the central bank in forint and foreign currency markets (hereinafter: Terms and Conditions)
- acknowledge that the above Terms and Conditions shall comprise a part – unless otherwise agreed – of the individual contracts to be concluded in connection with forint and foreign exchange transactions,
- acknowledge that the MNB has the right to unilaterally alter the above Terms and Conditions, upon notifying the Money Market Counterparty in advance.

Particulars of the KELER Zrt. securities account:

KELER securities account number, type, and sub-account number:

.....

Budapest,..... 20

.....

Authorised signature of Money Market Counterparty

TENDER OFFER FORM¹

- FOR DEPOSIT TENDERS
- FOR COLLATERALISED LOAN TENDER

.....

name of bidder

Concerning the period from to the amount we propose to conclude with the MNB:

No.	Amount (million HUF)	Offered/expected interest ² /spread ³ (%) ⁴
1.
2.
3.
4.
5.

.....

date

authorised signature

¹ Clearly indicate the type of transaction (e.g. by circling).

² For 360 days, rounded to two decimal places.

³ For Liquidity absorbing deposits insert the spread in this column.

⁴ Does not apply to fixed rate Tenders. If, in the case of a fixed rate Tender, the offered/expected rate is announced, it shall not be taken into consideration and the offered quantity shall be valid at the fixed rate announced by the MNB.

Expansion of the scope of eligible collateral with Corporate receivables

01. Data of Corporate receivables offered for collateral*

N. o.			Information on the corporation					Information on the receivables																	
	Reference date	GIRO code of reporting party	Type of data supply	KSH (HCSO) No. of corporation	Sector of corporation	Name of corporation	Seat of corporation	Loan contract ID	Disbursed tranche ID	CRS ID of loan contract	Date of loan contract	Disbursement date	Loan maturity	Loan amount in loan contract	Amount of the disbursed tranche of the loan	Current loan amount	Type of collateral	Ratio of collateral provided by the state	Start date of oldest delivery	Date of restructuring	Funds in arrears	Reason for removal from eligible collaterals	Currency type ISO code	Date of due principal repayment	Amount of due principal repayment
01																									
02																									
...																									
n																									

* Technical notes: The data supply shall be submitted in CSV separated by semicolon (in comma separated value format, but with .NVH extension). The naming of documents submitted through the GIROHáló GIROfile 'viber' channel shall follow the PTRGGGEEHHNNSS.nvh naming convention, which is structured as the following: PTR – fixed character line; GGG – the GIRO code of the data supplier; EEHHNN – the date of the data supply; SS – serial number of the data supply, which has the default value of 01 which shall be increased in case of resubmission of the data within the same value day. The MNB processes the data supplied until 11 a.m. on working days until the closing of the VIBER on that day. The data supply shall be submitted without the header of the table, and the data related to the receivables shall be separated by ';

Field	Set of values	Explanation
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<i>Reference number</i>	Numerical	In the report for the given day the unique identifier of the respective corporate receivable, may be freely changed in time.
<i>Reference date</i>	Date in the following format: YYYY/MM/DD	Reference date of the data
<i>GIRO code of reporting party</i>	3-character GIRO code	GIRO code of reporting bank.
<i>Type of data supply</i>	NEW	New corporate receivable: New receivable added to the data supply. This is the way to report a corporate receivable that was already included in the data supply earlier, but was removed for a temporary period.
	UPDATED	Modified corporate receivable: One of the characteristics of the receivable reported in the previous data supply changed.
	UNCHANGED	Unchanged corporate receivable: A receivable included in the previous data supply with the same contents.
	WITHDRAW	Corporate receivable flagged for removal from collaterals. If the MNB does not approve the abolition of the corporate receivable as collateral, it shall notify the Counterparty to this effect in writing on the day of the data supply, and then the Counterparty shall be obliged to supply data on this corporate receivable on a continuous basis. If the MNB approves the abolition of the corporate receivable as collateral and the Counterparty has removed it from the collaterals (flagged it as 'Withdraw'), the respective corporate receivable shall not be included in the next report.
<i>KSH master number of the corporation</i>	8 numeric characters / 20 characters	KSH (HCSO) master number of corporation (including the debtor of the corporate receivable and the debtor of the refinancing loan contract) (first eight characters of tax number), as numeric data. LEI number if the KSH number is not available.
<i>Sector of corporation</i>	1 character	In relation to the classification of the corporate sector, the provisions in point I.A.4. of Annex 2 of MNB Decree on the data supply obligation for the performance of the basic tasks of the Magyar Nemzeti Bank shall apply. Fill in according to the code list.
<i>Name of corporation</i>		Name of corporation
<i>Seat of corporation</i>	Address of the seat of the corporation	Seat of corporation
<i>ID of loan contract</i>		The ID on the loan contract for the Corporate receivable or, in its absence, the unique contract ID used by the data provider. When submitting the documents in

	accordance with section 6.12 of the Terms and Conditions it must be also specified in the ERA system (EFORM comment field)
<i>Disbursed tranche ID</i>	When the loan constituting the corporate receivable is disbursed in tranches, the unique identifier used by the data provider for the respective tranche, being the unique identifier in HITREG (INSTR.INSTR_AZON).
<i>KHR ID of loan contract</i>	Unique contract ID of the contract on the corporate receivable, as applied in the CRS.
<i>Date of loan contract</i>	Date in the following format: YYYY/MM/DD The date of signing the loan contract on the corporate receivable. If the contract on the corporate receivable was signed by the parties on different days, as specified in the contract, the date of the latest signature on the contract on the corporate receivable.
<i>Disbursement date</i>	Date in the following format: YYYY/MM/DD The disbursement date. If disbursement is made in several parts, the date of disbursing the given part shall be specified.
<i>Loan maturity</i>	Date in the following format: YYYY/MM/DD The maturity date specified in the loan contract on the corporate receivable.
<i>Loan amount in loan contract</i>	The total loan amount specified in the contract on the corporate receivable. When the disbursement is in several parts, the full amount is entered here.
<i>Current outstanding balance of the corporate receivable</i>	The corporate receivable value increased by the disbursed amounts and decreased by the principal repayments. If the expected repayment is not received by the data supplier, the value of the column cannot be reset.

<i>The collateral securing the loan</i>	<p>A: financial collateral B: tangible collateral on real estate C: tangible collateral on movable assets D: financial leasing E: tangible collateral on receivables F: credit or bank guarantee, or factored receivables G: joint and several guarantee, NFA repurchase right H: loan derivatives X: New lien created for security purposes since last reporting</p>	As the type of the corporate receivable, it should be listed in the sequence of the importance of the collateral. It has to be filled in according to the code list. In the case of multiple types of collateral, the codes of individual collateral shall be entered one after the other, without adding spaces. The code X is required if a new mortgage has been created since the last reporting to secure the corporate receivable in question. If code X is indicated, a credible proof of the registration of the MNB's subordinated lien, as specified in point II.6.12 (iv) of the Terms and Conditions, must be provided on the working day following the submission of the data.
<i>Ratio of collaterals provided by the state</i>	Provided as a percentage ratio rounded to whole number on a scale of 0-100 without percent sign.	Percentage ratio of the individual state guarantee undertaken by the government pursuant to Article 92(1) of Act CXXV of 2011 on Public Finances (or of the collateral deemed equivalent by the MNB) projected on the nominal value of the corporate receivable secured by it (disbursed tranche).
<i>Start date of oldest delay</i>	Date in the following format: YYYY/MM/DD	The calendar date of the oldest delay shall be entered here. The day following the repayment date specified in the contract on the corporate receivable, if the amount is not received on the bank account specified by the data supplier. The data supply shall be performed from the 5 th working day following the start of the delay.
<i>Date of restructuring</i>	Date in the following format: YYYY/MM/DD	The planned calendar date of the restructuring shall be specified.
<i>Reason for removal from the collaterals</i>	NE: the corporate receivable does not meet the requirements of the MNB OT: other	In the case of Corporate receivables flagged for removal from the collaterals in the type of data supply, the reason for initiating for cancelling the mortgage pledged to the MNB must be indicated here.
<i>Principal in arrears</i>		The principal in arrears
<i>Currency ISO code</i>		Currency code of the principal amount of the corporate receivable
<i>Date of due principal repayment</i>	Date in the following format: YYYY/MM/DD	Date of the next principal repayment

<i>Amount of due principal repayment</i>	Amount of the next principal repayment, in integer currency. Use the currency type that was specified in the currency type ISO code field.
<i>ID of the refinancing loan contract</i>	This field is to be filled in the case of 6.7 b). The unique contract ID of the refinancing loan contract applied by the reporting entity. (The 'Loan contract ID' field reported in the case of refinancing loan contracts).

Notice on the acceptance of corporate loans as collateral

The terms of accepting corporate loans as collateral by the Magyar Nemzeti Bank (MNB) are regulated by

- the Terms and Conditions), and
- the mortgage contract concluded with Counterparties.

The Counterparty shall send the data supply (Data Supply) defined in Annex 3 of the Terms and Conditions when

- Corporate receivables are offered as collateral,
- the MNB requests a modification or clarification in connection with Corporate receivables offered as collateral, and
- in the case of changes in Corporate receivables already accepted as collateral and affecting the data in previous data supplies, or in the case of non-compliance with any condition specified in the Terms and Conditions.

It is necessary to supply new data when at least one parameter – included in the data supply – of at least one receivable has changed compared to the previous report. Irrespective of whether or not any change has occurred during the 30 calendar days after the latest data supply in any parameter of the corporate receivable reported formerly to the MNB through the data supply, one month after the submission of the data supply (or if it is not a working day, on the first working day thereafter) all data supplies that contain Corporate receivables pledged to the MNB under a mortgage arrangement must be submitted to the MNB. In these cases, unchanged items also need to be reported (marked as UNCHANGED).

The MNB reserves the right to assess at any time after the notification on the compliance of the Corporate receivable specified in Section 6.7 of the Business Terms and Conditions whether the Corporate receivables have complied with the conditions specified in the Business Terms and Conditions either at the time of the first data supply or later, irrespective of the fact that it has notified the Counterparty of the compliance. The MNB is entitled to exclude Corporate receivables not meeting the terms defined in the Terms and Conditions from the pool of collateral, therefore – regarding already accepted collateral, too – if the MNB finds it justified, then based on other data available to it or based on publicly available information, the MNB may ask the Counterparty to certify the compliance (Compliance) with the terms specified in the Terms and Conditions and in the mortgage contract in connection with the submitted corporate loans, or may exclude the receivables from the pool of eligible collateral. If the Counterparty does not certify Compliance within the deadline specified by the MNB, the MNB may exclude the given Corporate receivables from the pool of eligible collateral.

This notice describes the above procedure of the MNB, and offers guidance to Counterparties on the options available to them to certify Compliance.

The MNB regularly checks compliance and examines whether the data supply is consistent with the HITREG and with the documents provided to the MNB, and checks compliance with those points of the Terms and Conditions that can be verified from the HITREG and other central bank databases, regular data supplies and public databases (e.g. Opten database, records of supervised institutions). As a condition of accepting Corporate receivables as collateral, the MNB requires the data included in the data supply to be consistent with the data stored in the HITREG, the documents provided to the MNB, other central bank databases, regular data supplies and public databases. Should there be a

contradiction between the data supply and such databases, that may be considered by the MNB as information giving reason to question Compliance. For example, in the case of the KHR identifier, the MNB expects it to be included in the HITREG; it also requires the currency type of the receivables in the data supply to be identical with the currency type in the HITREG.

Based on the foregoing it is essential that the Counterparty ensures

- (i) the consistency of its HITREG data supply with its data supply under Annex 3 to the Terms and Conditions and with the documentation provided to the MNB;
- (ii) the unambiguous mapping of the receivables reported in HITREG and in the data supply under Annex 3.

If, in the course of the inspection, the MNB obtains any information about a corporate receivable that gives reason to question Compliance, the following order of procedures shall be followed.

- (1) If the MNB finds in the respect of the Corporate receivables offered in the Data Supply that the lack of Compliance is significant, the MNB records the given receivables with 0 collateral value until the Counterparty certifies Compliance by submitting additional documents.
- (2) If the MNB finds in the respect of the Corporate receivables offered in the Data Supply that the lack of Compliance is not significant or of technical nature, the MNB accepts the given receivables as collateral, but demands the Counterparty to certify Compliance beyond reasonable doubt, if necessary by submitting additional documents or correcting the data in the Data Supply. If the Counterparty does not certify Compliance within the deadline set in the relevant notice, the MNB records the given Corporate receivables with 0 collateral value until the Counterparty certifies Compliance by submitting additional documents. If the MNB learns that the receivable securing the corporate receivable qualifying as receivable from a refinancing loan contract, offered to it as collateral, has already been pledged by another Counterparty to the MNB, the MNB will call upon the Counterparty providing the collateral earlier to proceed as described in this point.

In both cases specified in points 1) and 2), if the certification of the Compliance of Corporate receivables may be completed by submitting documents other than the documents specified in section 6.12 of the Terms and Conditions, the Counterparty may submit the documents in the 'Electronic system for the reception of authenticated data' (ERA) system. The MNB accepts the receivables as collateral at the latest on the 2nd working day following the submission of the missing documents, provided that the missing documents certify Compliance beyond reasonable doubt and after the uploading of the document to the ERA system, the Counterparty informs the MNB about it in email (fedezetek@mnb.hu).

In both cases specified in points 1) and 2), if the certification of the Compliance of Corporate receivables can be completed by re-sending the Data Supply, the MNB – in case of receipt until 11 a.m. – accepts Corporate receivables as collateral at collateral values corresponding to the acceptance rate specified in the document titled 'Risk management parameters applied for collateral accepted by the MNB' on the day of receiving the new Data Supplies, provided that the corrected Data Supplies certify compliance beyond reasonable doubt.

- (3) If the lack of Compliance can be attributed to the fact that the Counterparty did not provide the MNB with the documents specified in section 6.12 of the Terms and Conditions within the deadline, the MNB may exclude the given corporate receivable from the pool of eligible collateral in the following cases:

- The documents specified in sections 6.12. i) ii) and iv) of the Terms and Conditions do not arrive on the working day following the Data Supply through the ERA system, and the Counterparty does not submit the documents on the working day following the MNB's notice, either. The submission of the missing documents to the ERA system shall be indicated at the fedezetek@mnb.hu address too.

- The documents specified in section 6.12. iii) of the Terms and Conditions do not arrive in the month following the Data Supply through the ERA system, and the Counterparty does not submit the documents within five working days of the MNB's notice, either. The submission of the missing documents to the ERA system shall be indicated at the fedezetek@mnb.hu address, too.

Receivables excluded this way may be added again to the pool of eligible collateral at the latest on the 2nd working day following the submission of the missing documents through the ERA system and sending the relevant notice in email.

The MNB draws Counterparties' attention to the fact that – without affecting the procedures defined in the Terms and Conditions of bank account management in the case of insufficient funds – receivables already accepted but not reaching Compliance shall not be excluded by the MNB from the pool of eligible collateral, but shall be recorded as collateral with 0 value until the Counterparty is able to provide any other acceptable collateral that meets the Terms and Conditions.

Please send your questions about the technical guide to the fedezetek@mnb.hu address.

NOTICE

**ON RISK MANAGEMENT PARAMETERS APPLIED TO ELIGIBLE COLLATERAL
ACCEPTED BY THE MNB FROM 1 AUGUST 2023**

The MNB has set the size of new haircuts (i.e. those applied for the first time in the end-of-day revaluation of eligible securities on 31 July 2023) in effect from 1 August 2023 by residual maturity and security categories as follows:

Table 1: Baseline haircut table

Maturity (years)	L1			L2			L3			L4			L5	L6			L7			L8	L9
	Fixed	Zero	Fixed	Zero	Var.	Fixed	Zero	Var.													
0-0.5	1.0%	1.0%	2.0%	2.0%	2.0%	2.5%	2.5%	2.5%	2.0%	2.0%	2.0%	40%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	3.5%	10%	
0.5-1	1.5%	1.5%	2.5%	2.5%	2.5%	3.0%	3.0%	3.0%	2.5%	2.5%	2.5%		6.5%	6.5%	6.5%	6.5%	6.5%	6.5%	5.5%		
1-3	3.0%	3.0%	5.5%	5.5%	3.0%	6.5%	7.0%	3.5%	5.0%	5.0%	2.5%		9.0%	9.0%	8.0%	9.5%	9.5%	8.5%	13.5%	20%	
3-5	4.5%	5.0%	8.5%	9.5%	3.0%	11.0%	12.0%	4.5%	7.5%	8.5%	2.5%		11.5%	11.5%	9.0%	12.0%	12.0%	10.0%	23.0%	30%	
5-7	6.0%	7.0%	11.5%	13.0%	3.5%	14.0%	16.5%	5.5%	10.0%	12.0%	2.5%		13.0%	13.5%	10.5%	14.5%	14.5%	11.5%	32.5%	40%	
7-10	8.0%	10.5%	15.5%	19.5%	4.0%	19.5%	24.5%	6.5%	13.5%	18.0%	3.0%		16.0%	16.5%	12.5%	17.5%	18.0%	14.0%	47.5%	50%	
10-	10.0%	15.0%	20.0%	28.5%	5.0%	26.0%	35.5%	8.5%	17.0%	25.5%	3.0%		20.5%	21.5%	15.5%	23.0%	24.0%	18.0%	52.5%	60%	

Table 2: Green securities haircut table

Maturity (years)	L1			L2			L3			L4			L6			L7			L8
	Fixed	Zero	Fixed	Zero	Var.	Fixed	Zero	Var.											
0-0.5	1.0%	1.0%	1.5%	1.5%	1.5%	2.0%	2.0%	2.0%	1.5%	1.5%	1.5%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	3,0%	
0.5-1	1.0%	1.0%	2.0%	2.0%	2.0%	2.5%	2.5%	2.5%	2.0%	2.0%	2.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	4,5%	
1-3	2.5%	2.5%	4.5%	4.5%	2.5%	5.0%	5.5%	3.0%	4.0%	4.0%	2.0%	7.0%	7.0%	6.5%	7.5%	7.5%	7.0%	11,0%	
3-5	3.5%	4.0%	7.0%	7.5%	2.5%	9.0%	9.5%	3.5%	6.0%	7.0%	2.0%	9.0%	9.0%	7.0%	9.5%	9.5%	8.0%	18,5%	
5-7	5.0%	5.5%	9.0%	10.5%	3.0%	11.0%	13.0%	4.5%	8.0%	9.5%	2.0%	10.5%	11.0%	8.5%	11.5%	11.5%	9.0%	27,5%	
7-10	6.5%	8.5%	12.5%	15.5%	3.0%	15.5%	19.5%	5.0%	11.0%	14.5%	2.5%	13.0%	13.0%	10.0%	14.0%	14.5%	11.0%	42,5%	
10-	8.0%	12.0%	16.0%	23.5%	4.0%	21.0%	30.5%	7.0%	13.5%	20.5%	2.5%	16.5%	17.0%	12.5%	18.5%	19.0%	14.5%	47,5%	

Table 3: L9 supplementary table

Classification		L9
Currency	HUF	+0pp
	EUR	+5pp
	Other	+6pp
Credit risk (IFRS)	Stage1	+0pp
	Stage2	+30pp

where

Security category L1: comprises Hungarian government securities for which primary dealers provide two-way quotes on a continuous basis as well as securities previously belonging to this category but excluded as they were nearing maturity, and highly liquid publicly issued forint-denominated fixed or zero coupon Hungarian government securities with a residual maturity of maximum three months.

Security category L2: comprises forint-denominated corporate bonds and mortgage bonds, bonds issued by the National Deposit Insurance Fund and the Investor Protection Fund under the unconditional payment guarantee of the Hungarian State, as well as the securities where the payment obligations arising from the security are covered by the Hungarian State's unconditional payment guarantee to the debit of the central budget in accordance with the

provisions of the law, in conformity with 6.1.3 of the Terms and Conditions, with contracted market makers accepted by the MNB.

The Counterparty or the issuer may initiate at the MNB the (re)allocation of the securities to category L2 by describing the requirement and sending the relevant documents to fedezetek@mnb.hu in the form of an electronic document supplied with qualified electronic signature or with advanced electronic signature based on a qualified certificate. The MNB makes the decision on the classification of the securities to Security category L2 considering in particular the following securities liquidity aspects:

- number of market makers;
- independence of the market makers from the issuer;
- minimum quote size (the volume at the given price for which the market maker commits to conclude deals);
- maximum simultaneous bid and offer yield spread of the quotes;
- mandatory minimum quotation hours.

If based on the documentation submitted by the Counterparty the MNB accepts the quote for the securities and thereby the classification of the securities to Security category L2, the MNB will determine the applied acceptance ratio based on the haircuts applicable to Security category L2 from the sixth working day after the submission of the documents confirming the quote, at the latest.

Security category L3: comprises unquoted – or the quotes of which are not accepted by the MNB – forint-denominated corporate bonds and mortgage bonds, bonds issued by the National Deposit Insurance Fund and the Investor Protection Fund under the unconditional payment guarantee of the Hungarian State, as well as the securities, where the payment obligations arising from the security are covered by the Hungarian State's unconditional payment guarantee to the debit of the central budget in accordance with the provisions of the law, in conformity with 6.1.3 of the Terms and Conditions.

Security category L4: comprises forint-denominated Hungarian government securities not included in category L1. The variable coupon and inflation-indexed forint-denominated government securities are included in this category.

Security category L5: comprises forint and foreign currency-denominated securities according to point 6.1.1. of the Terms and Conditions with limited marketability with institutional investors under the Act on Capital Market.

Security category L6: comprises Hungarian government securities denominated in currencies other than the forint. In the case of Hungarian government securities denominated in currencies other than the euro, a 1 percentage point additional haircut is added to those applied to security category L6.

Security category L7: comprises corporate bonds denominated in currencies other than the forint. In the case of corporate bonds denominated in currencies other than the euro, a 1 percentage point additional haircut is added to those applied to security category L7.

Security category L8: comprises securities in conformity with 6.1.4 of the Terms and Conditions.

Asset category L9: comprises assets in conformity with 6.6 of the Terms and Conditions.

In the case of eligible collaterals the Baseline haircut table (Table 1) is to be used. If other special conditions also exist, the supplementary haircut tables should be used as well. (Tables 2 and 3)

- Green securities (Table 2): Haircut table to be applied to green securities.

Green securities are securities that comply with the sustainable finance guidelines set by an international organisation under MNB Decree No 22/2022 (VI. 11.) on regulating the maturity match of credit institutions' mortgage-backed assets and liabilities (hereinafter: Decree) and such compliance is certified by an external party – independent of the issuer – included in the list publicly disclosed by that international organisation,

and the MNB accepts the certificate of compliance. Conditions for applying the haircut table applicable to Green securities specified in the Terms and Conditions:

- With the exception of securities defined in Section I.6.1.1 of the Terms and Conditions, after 1 January 2023 the issuer shall publish yearly on its website an allocation report defined in the sustainable finance guidelines prescribed by the international organisation under the Decree.
- With the exception of securities defined in Section I.6.1.1 of the Terms and Conditions, after 1 January 2023 the issuer shall publish on its website an impact report in accordance with the sustainable finance guidelines prescribed by the international organisation under the Decree. (a) in the case of securities issued after 1 January 2023 for the financing of individual projects and investments, two impact reports shall be published (e.g. certain BGS bonds). The first impact report shall be published prior to the implementation of the project or investment (upon issuance or within one year after issuance, based on preliminary data), while the second impact report shall be published after the completion of the investment. In the case of securities issued before 1 January 2023 for the financing of individual projects and investments the impact report shall be published after the completion of the investment. (b) In the case of portfolio funding, which involves the issuance of several green securities and funds several projects, the issuer shall publish annual impact reports. (e.g. mortgage bonds).
- In the case of mortgage bonds, the application of the haircut is conditional upon – in addition to the allocation report and the impact report – the publication of the transparency report defined in Section II.6.3 of the Terms and Conditions.

The issuer or the Counterparty may initiate the acceptance of the securities as Green securities by describing the requirement and sending the relevant certificates to fedezetek@mnb.hu in the form of an electronic document supplied with qualified electronic signature or with advanced electronic signature based on a qualified certificate. If based on the submitted documentation the MNB accepts the classification of the securities as green, MNB will determine the applied acceptance ratios based on the haircuts applicable to Green securities from the sixth working day after the submission of the relevant documents, at the latest.

The issuer or the Counterparty shall notify the MNB of the publication and the availability of the allocation report and the impact report in the same way.

- Climate risk preferential haircut:
 - in respect of securities that do not qualify as Green securities or as securities specified in Section I.6.1.1. of the Terms and Conditions, a 10 percent haircut discount up to a maximum of 2 percentage points should be applied, if the issuer publishes on its website a climate risk report concerning the operation of the issuer with a content that is in line with the climate risk report specified by certain international standards or legislative norms and updates such report at least annually. The MNB regards as such, among other, the reports that are in line with the provisions of Regulation 2019/2088/EU of the European Parliament and of the Council on sustainability-related disclosures in the financial services sector (SFDR), the Proposal for a Corporate Sustainability Reporting Directive (CSRD) and the Task Force on Climate-related Financial Disclosures (TFCD). The issuer or Counterparty shall notify the MNB of the publication and availability of the climate risk report as prescribed for the Green securities. Following this notification the MNB shall define the applied acceptance ratios based on the climate risk preferential haircut from the sixth working day, at the latest.

- Corporate receivables (Table 3): The haircut applied in L9 is calculated as the sum of three factors. The supplementary haircut depending on credit quality and on the currency (Table 3) is added to the baseline haircut depending on the maturity (Table 1)

When defining the acceptance value of the Liquidity Absorbing Deposit, the MNB applies 0 percent haircut.

A bond is a zero coupon bond if it has only one cash flow element.

Inflation-indexed bonds are treated as fixed coupon securities according to the type of interest.

The initial price underlying the acceptance ratios – depending on the market of the given securities group – is the discounted reference gross bid market price of the security on the business day preceding the settlement day of the central bank transaction or the price calculated on the basis of the yield curve estimated by the MNB (fair-value). The acceptance ratios of the assets in L9 asset category and the Liquidity absorbing deposit are calculated based on the accepted outstanding nominal amount.

Annex

MORTGAGE BOND TRANSPARENCY REPORT (see the [MNB's website](#))