



## **Notice on the terms and conditions of the three-year floating rate collateralised loan transaction linked to the central bank base rate**

### *I. Description of the transaction and access conditions*

The Magyar Nemzeti Bank (MNB) is introducing a three-year floating rate collateralised lending facility linked to the central bank base rate starting from 16 June 2014 under the terms and conditions set out in this Notice. The facility is aimed at providing forint liquidity to manage market turmoil and mitigate the impact of such turmoil.

The three-year floating rate collateralised lending facility linked to the central bank base rate forms part of the MNB's potential set of instruments and accordingly is not announced on a regular basis. The MNB decides on the activation of the instrument depending on the prevailing financial market conditions; accordingly, it continuously monitors and evaluates the systemic liquidity position of relevant markets.

The loan has a term of 156 weeks. The MNB announces tenders with no quantitative restrictions, but reserves the right to apply such restrictions to specific tenders at its discretion. In the latter scenario, the MNB satisfies bids using the card allocation method. The MNB announces the tenders on an ad-hoc basis, and they are open to resident credit institutions (Counterparties) subject to reserve requirements with direct VIBER or BKR membership and holding a KELER securities account. The MNB reserves the right to declare any tender unsuccessful. The interest rate of the loan is the average central bank base rate prevailing during the term of the loan. Interest payment is due every two weeks, the first one in the second week following disbursement and the last one upon maturity or simultaneously with the repayment of the total principal amount in case of prepayment. The Counterparty pays a variable interest rate based on the interest rate computation algorithm of the actual number of days/360.

Counterparties have the option of repaying the loan in one lump sum on any interest payment day (every two weeks) following the 104th week after disbursement, subject to the condition that an advance notice of prepayment is given to the MNB at least one week prior to the prepayment through any of the transaction channels defined for bidding in these terms of tender.

Settlements, including interest payments, are performed following the closing of VIBER. Once concluded, the MNB may satisfy the transaction even if the securities collateral is insufficient, in which case the Counterparty is given a minimum balance account restriction in line with the MNB's business terms for maintaining bank accounts upon collateral revaluation.

The "Terms and Conditions of the Operations of the Central Bank in Forint and Foreign Currency Markets" shall govern the transaction terms not specified herein.

### *II. Detailed parameters and technical criteria*

<b>Type of transaction</b>	Three-year floating rate collateralised loan transaction linked to the central bank base rate
<b>Date and place of notice/invitation</b>	On Reuters COLLATLOAN, Bloomberg NBH16 and the MNB website on the day of the tender

<b>Notice/invitation content</b>	Time of the tender, settlement date and loan maturity date (of offered quantity in case of quantitative restrictions)
<b>Eligible counterparties</b>	Resident credit institutions (subject to reserve requirements) with direct VIBER or BKR membership and holding a KELER securities account
<b>Maturity</b>	156 weeks
<b>Proposed by</b>	MNB
<b>Business hours for receiving offers</b>	As per the Notice
<b>Content and formal requirements for offers</b>	Via Reuters Dealing or fax, containing the information specified in Annex 2 of the tender-bid form
<b>Number of bids accepted from any bidder per maturity</b>	1
<b>Offer limit</b>	At least HUF 100 million, an integer multiple of HUF 10 million
<b>Corrections</b>	The last bid is valid among the amended bids submitted within the window of acceptance.
<b>Bid increment</b>	HUF 1 million
<b>Date and place of announcements</b>	As per the Notice
<b>Contents of announcements</b>	Amount of bids submitted, amount of bids accepted
<b>Financial settlement / date of settlement</b>	Transaction date (T)
<b>Day of interest payment</b>	Every two weeks following disbursement, last payment due on the day of loan repayment

The "Terms and Conditions of the Operations of the Central Bank in Forint and Foreign Currency Markets" shall govern any matters not regulated herein.

Budapest, 10 June 2014