



INFORMATION SHEET

**FOR THE PURPOSES OF THE PUBLIC OFFERING OF ITS DISCOUNT BILL, THE
MAGYAR NEMZETI BANK**

– AS ISSUER –

**PUBLISHES THE FOLLOWING INFORMATION SHEET
TO INFORM INVESTORS
OF THE GENERAL TERMS AND CONDITIONS AND THE RULES
RELATING TO THE PUBLIC OFFERING AND DISTRIBUTION**

Budapest, 30 January 2023

GENERAL INFORMATION

The information sheet below (hereinafter: "Information Sheet") contains information for investors on the conditions of the issuance and distribution of the bill denominated in forint, complying with the conditions set out in the Information Sheet (hereinafter: Discount Bill) of the Magyar Nemzeti Bank (hereinafter: MNB) – acting within its duties specified in Article 41 (1) of the Fundamental Law of Hungary and in Article 4 (1) of Act CXXXIX of 2013 on the Magyar Nemzeti Bank (hereinafter: MNB Act) – based on Article 18 c) of the MNB Act and Section 12/B(8)b) of Act CXX of 2001 on Capital Markets (hereinafter: Capital Market Act).

The Information Sheet shall not qualify either as a prospectus within the meaning of the Capital Markets Act, or as an investment recommendation, investment analysis or investment advice within the meaning of Act CXXXVIII of 2007 on Investment Firms and Commodity Exchange Service Providers and the Rules of Activities they may Perform. Pursuant to Article 1(2)(b) of Regulation 2017/1129/EU, the issuance of the Discount Bill is not subject to the obligation to publish a prospectus.

The Discount Bill shall be issued only in Hungary.

The Information Sheet has not been filed with any securities supervisory authority, and the Discount Bill has not been and will not be registered under the laws of any other jurisdiction.

The MNB has not authorised any other person to provide any information or make any representations other than that contained in the Information Sheet or in documents approved by the MNB for that purpose. Any information other than that in the Information Sheet or in the documents referred to shall not be deemed to have been approved by the MNB. The MNB shall not be liable for any costs or damages suffered by any third party, directly or indirectly, in respect of any negotiations, recommendations or fees relating to the contents of the Information Sheet.

ISSUER

The issuer of the Discount Bill is the MNB.

The MNB is the central bank of Hungary. The MNB is a member of the European System of Central Banks.

Registered office of the MNB: 1013 Budapest, Krisztina krt. 55., Hungary

PURPOSE OF THE ISSUANCE, DECISION UNDERLYING THE ISSUANCE

The Discount Bill is issued by the MNB within the scope of its fundamental duties, as defined in Section 4(1) of the MNB Act, in accordance with Article 18c) of the MNB Act, first and foremost for the purposes of enforcing the monetary policy, in addition, to ease foreign exchange swap market tensions, and to mitigate the market impact of the deleveraging of non-resident clients of domestic credit institutions of key importance for the foreign exchange swap market, on the basis of the decisions of the Monetary Council dd. 9 August 2022 and of the MNB's Board of Directors dd. 21 September 2022.

Pursuant to Article 17 of the MNB Act, the MNB independently formulates – within the framework of the MNB Act – its monetary policy and the instruments to enforce such policy, the MNB decided on the terms and conditions of the Discount Bill considering the monetary policy developments.

THE DISCOUNT BILL AND INHERENT RIGHTS

CHARACTERISTICS OF THE DISCOUNT BILL

The Discount Bill is a registered, dematerialised debt security denominated in Hungarian forint, the legal tender of Hungary, issued in accordance with the Capital Markets Act and Government Decree 285/2001 (XII. 26.) on Bills.

The MNB reserves the right to issue from time to time additional Discount Bills representing identical rights and obligations as those of the Discount Bills issued on a specified date, except for the date of issue, and which constitute identical series.

The Discount Bill is a commitment of the MNB to repaying the nominal value of the Discount Bill to the holder of the Discount Bill in a lump sum at maturity. The receivable from the MNB based on a Discount Bill shall not lapse.

The Discount Bill is a non-interest-bearing instrument; it is sold at the offer price specified in accordance with the provisions of the section on price setting (zero coupon bill).

Nominal value of the Discount Bill: HUF 1,000,000

METHOD OF PRICE SETTING

The price of the Discount Bill, expressed as a percentage of the nominal value, is determined according to the following formula, to four decimal places:

$$\text{price} = \frac{100}{1 + \frac{i}{100} \times \frac{t}{360}}$$

where: i annual yield (in percentage form, to two decimal places)

t actual maturity in days

PRODUCTION OF THE DISCOUNT BILL

The Discount Bill will be issued in dematerialised form in accordance with the Capital Markets Act. The Discount Bill shall be originated and registered on the securities account kept by KELER Central Depository Ltd. (hereinafter referred to as "KELER"), i.e. the company that keeps the central securities account.

BUYERS AND TRANSFER OF THE DISCOUNT BILL

The Discount Bill may only be purchased by domestic credit institutions with direct VIBER membership and a securities account with KELER, subject to minimum reserve requirement, i.e. credit institutions with registered office in Hungary, foreign credit institutions with registered office in the European Economic Area and with a branch office in Hungary through their branch office in Hungary, and Hungarian branch offices of foreign credit institutions with registered office outside the European Economic Area (hereinafter referred to as "Money Market Counterparty").

The MNB, in its capacity as an issuer, does not restrict the transfer of the Discount Bill. Upon the transfer of the Discount Bill, all rights inherent in the Discount Bill shall devolve upon the new holder. The Discount Bill does not carry any right to acquire any other securities or financial instrument by conversion or by exercising the right represented by it.

On the other hand, the distribution of the Information Sheet and the issuance of the Discount Bill may be subject to legal restrictions in certain jurisdictions. The MNB does not allege that the Information Sheet may be lawfully distributed in any jurisdiction in accordance with the applicable laws or regulations or that the Discount Bills may be issued or purchased in any other jurisdiction. The MNB assumes no liability for the lawfulness of any issuance in any country other than Hungary in accordance with the legal or other requirements applicable there. The MNB has not taken any action outside Hungary that would facilitate the distribution of the Discount Bill or the Information Sheet.

The Discount Bill shall be transferred by debiting and crediting securities accounts.

PUBLIC OFFERING OF THE DISCOUNT BILL

RULES PERTAINING TO THE PUBLIC OFFERING

The Discount Bill will be issued through a fixed rate auction, which will be open only for Money Market Counterparties.

The MNB shall issue the Discount Bill on its own.

The MNB shall publish a public offer on the issuance of the Discount Bill (hereinafter: Public Offer) on its website www.mnb.hu no later than one hour prior to the auction start time on the auction day. The MNB will also publish the key data of the Public Offer on Refinitiv NBHJ and Bloomberg NBH5.

In the Public Offer, the MNB shall disclose the serial number and ISIN code of the Discount Bills to be issued, the terms and conditions of the issuance of the respective series or tranche of the Discount Bills, including in particular the volume of the issue, the tenor and maturity date of the Discount Bill, the date of issue, the starting and closing dates of the auction, the time of the announcement of the results, the deadline for financial settlement and the issue price.

RULES GOVERNING THE BIDS

The Money Market Counterparty may submit through the Bloomberg AUPD trading system an unconditional bid during the period open for bids set out in the Public Offer or by means of an electronic instrument with qualified electronic signature submitted in an encrypted and signed email specified in the prevailing provisions of the "Terms and Conditions of the Operations of the Central Bank in Forint and Foreign Currency Markets" in accordance with the form "Auction Bid to Buy Discount Bills" attached as Annex 1 hereto. The MNB shall not be liable for any damages or other consequences resulting from the failure of the trading system. The MNB will only accept bids submitted by encrypted, signed e-mail, if all data specified in the bid form are clearly legible. In the case of bids submitted by encrypted signed e-mail, the date and time of receipt shall be date and time when the e-mail is received at the address of forexdesk@mnb.hu or MMandColl@mnb.hu.

A Money Market Counterparty may submit one bid in the auction for an amount of at least HUF 100 million corresponding to an integral multiple of the nominal value.

Bids may be modified or withdrawn up to the closing time of the auction, provided that the relevant declaration is received by the MNB. An amended bid in the Bloomberg AUPD trading system and – when amending a bid submitted in the form of an encrypted signed e-mail – the resubmission of the form specified in Annex 1 hereto with the amended content, shall constitute a declaration of amendment. When the bid is amended, the previous bid shall lapse. The Money Market Counterparty shall be bound by its bid until such time as its bid is accepted or rejected in full or in part by the MNB. Incomplete or incorrectly submitted bids, not modified by the closing time of the auction, as well as late bids, shall not be accepted by the MNB and those shall not participate in the auction.

EVALUATION OF THE AUCTION

The MNB reserves the right to determine the total volume of the issue on the basis of the bids received, as specified in the Information Sheet.

The MNB may also decide to accept or reject all or part of the bids received by accepting bids departing from the planned volume of the issue as announced in the Public Offer by not more than 100 percent. If the MNB does not accept all bids received, it will decide on the acceptance of the bids in accordance with the principle of card allocation.

The MNB reserves the right to declare any auction unsuccessful, depending on the bids received, if the received bids jeopardise the realisation of the MNB's monetary policy objectives, in particular the objectives of the Discount Bill issuance. In the event of an unsuccessful auction, the issuance will fall through, all bids will be rejected and the MNB will notify the Money Market Counterparties of this as described in the section on the information on the result of the issuance.

METHOD OF ALLOCATION

If the volume of bills under the bids received by the MNB exceeds the planned amount of the issuance as announced in the Public Offer, the allocation will be made according to the principle of card allocation.

INFORMATION ON THE RESULT OF THE ISSUANCE

The MNB will publish information on the results of the issuance on the auction day, at latest two hours after the auction closing time, on Refinitiv NBHJ and Bloomberg NBH5 and on the MNB's website (www.mnb.hu), indicating the ISIN code of the Discount Bill, the date of the financial settlement and the amount of the accepted bids. The MNB shall notify the Money Market Counterparties of the acceptance of bids on the day of the auction, at latest two hours after the closing time of the auction, in the same way as the bid has been submitted, i.e. on the Refinitiv NBHJ and Bloomberg NBH5 site, or by a confirmation sent in the form of an instrument with qualified electronic signature, in an encrypted and signed email specified in the prevailing provisions of the "Terms and Conditions of the Operations of the Central Bank in Forint and Foreign Currency Markets".

RULES PERTAINING TO FINANCIAL SETTLEMENT

The purchase price shall be payable in forint on the value date (working day) of the financial settlement.

The Money Market Participant shall provide coverage for the consideration for the Discount Bills on its settlement account held with the MNB by the Financial Settlement Date specified in the Public Offer, at the latest and shall take all necessary measures and give all necessary orders for the settlement of the Discount Bill issue through DVP.

If the financial settlement is not or not properly fulfilled due to the fault of the Money Market Counterparty, the transaction shall be deemed frustrated, and the MNB will regard it as withdrawal of the Money Market Counterparty from the transaction and it shall cancel the transaction. In this case, the MNB is entitled to exclude the Money Market Counterparty from its clientele for securities transactions or for all types of transactions, for a limited or indefinite period of time. The Discount Bill issued but not sold due to the frustration of the sale transaction shall continue to be registered on the securities account of the MNB held with KELER.

The amount of the issued Discount Bill corresponding to the bid accepted by the MNB shall be credited to the securities account of the Money Market Counterparty fulfilling its payment obligation with KELER simultaneously with the financial settlement.

REDEMPTION RULES

Based on the Discount Bill, the MNB shall credit the amount due at maturity to the bank account of the holder of the Discount Bill with the MNB or transfer it to the investment service provider's customer account held in favour of the holder of the Discount Bill on the maturity date.

If the maturity date falls on a non-working day, the MNB shall make payment on the working day following the due date to the holder of the Discount Bill, who shall not claim any interest or other payments due as a result of such delay.

SECONDARY MARKET DISTRIBUTION

Investment service providers do not undertake any obligation to sell the bills to investors. They participate in secondary market trading at their discretion and set the price independently.

NOTICES

The Issuer will publish notices relating to the Discount Bill on its website (www.mnb.hu).

GOVERNING LAW, COMPETENT COURT

The terms and conditions applicable to the issuance of the Discount Bill shall be governed by the laws of Hungary, in particular by Government Decree No. 285/2001 (XII. 26.) on Bills, the Capital Markets Act, Act V of 2013 on the Civil Code, and the MNB Act. The matters not regulated by the Information Sheet shall be governed by the prevailing provisions of the "Terms and Conditions of the Operations of the Central Bank in Forint and Foreign Currency Markets" published on the MNB's website (www.mnb.hu).

Any dispute that may arise in the future from the legal relationship between the MNB and the holder of the Discount Bill shall fall within the exclusive competence of the Metropolitan Court of Budapest, also considering the provisions of Article 161 of the MNB Act.

VALIDITY

The Information Sheet shall enter into force on 30 January 2023 and its provisions shall apply to Discount Bills to be issued after that date.

This is an unofficial English translation of the Information sheet, together with the Public Offer and the annexes hereto, the originals are made and executed in Hungarian language. In case of any difference in meaning between the

Hungarian language original version and any translation thereof, the Hungarian language original version shall be applicable.

MAGYAR NEMZETI BANK

AS ISSUER

AUCTION BID TO BUY DISCOUNT BILLS

Name of Money Market Counterparty:.....

Securities account number of the Money Market Counterparty:

The unconditional bid of the Money Market Counterparty for purchasing the Discount Bill with ISIN code is as follows:

..... nominal value (HUF millions)

By signing this auction bid on behalf of the Money Market Counterparty, we declare that the Money Market Counterparty intends to participate in the auction of the Discount Bill to be issued by the MNB as set out in the MNB's Public Offer related to the auction dd. 20...

This bid shall be governed by the provisions of the Information Sheet as applicable.

By signing this bid, we declare that we have read, understood and acknowledged the Information Sheet and the Public Offer and by participating in the auction we accept the provisions of those as binding on us.

Date:

.....

authorised signature of the Money Market Counterparty