

Unofficial translation, for the official version  
please consider the Hungarian one



## **Notice on the conditions of the fixed-rate collateralised loan instrument with maturities of 3, 6 and 12 months as well as 3 and 5 years**

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

The Magyar Nemzeti Bank introduces fixed-rate collateralised loan instrument (collateralised loan instrument) under the terms and conditions stipulated in the Notice from 25 March 2020 until further notice. The purpose of the instrument is to provide liquidity on longer maturities. The MNB announces the tenders for the collateralised loan instrument on Wednesdays on a weekly basis; departure from this schedule may be permitted in exceptional cases.

The collateralised loan shall be repaid in lump sum, upon the expiry of the following tenors: 13 weeks, 26 weeks, 52 weeks, 156 weeks or 260 weeks. The tenor starts on the day of the loan disbursement. On each tender day, the MNB may announce the collateralised loan instrument for several maturities. The MNB announces tenders with or without quantitative restrictions; in the latter case, it reserves the right to apply quantitative restrictions for specific tenders upon accepting the bids. Upon applying quantitative restriction, in the event of excess demand the MNB satisfies the bids using the rules of card allocation. The tender is open to resident credit institutions, subject to reserve requirements, with direct VIBER (RTGS), IBS (BKR) and KELER membership (Counterparty). Depending on the liquidity trends and the submitted bids, the MNB is entitled to diverge from the announced volume both upwards and downwards, or to declare the tender unsuccessful.

The interest rate of the loan shall be the fixed interest published in the announcement of the tender. Interest payment is due quarterly: for the first time one quarter following disbursement and for the last time upon maturity or simultaneously with the prepayment of the total principal amount. The Counterparty shall pay interest calculated based on the actual/360 interest calculation algorithm.

Counterparties may repay the loan in a lump sum after 31 December 2020, as long as they notify the MNB of their intention to make a prepayment at least two working days in advance through any of the transactions channels specified in this Notice for the submission of bids.

Settlements, including interest payments, are performed following the VIBER cut-off time, and they are conditional upon the Counterparty's providing the necessary cover for the value date as a standing facility. The collateralised loan shall be disbursed on the fifth working day after the trade date (T+5). In exceptional cases the day of the disbursement may differ from this, which the MNB

shall specifically indicate in the announcement of the tender. The MNB will disburse the concluded collateralised loan transactions even if the collateral in the form of securities or corporate receivable is insufficient, subject to blocking the Counterparty's Minimum balance specified in the business terms and conditions applicable to accounting-keeping.

## *II. Detailed parameters and technical criteria*

<b>Description of transaction</b>	Fixed-rate collateralised loan instrument with maturities of 3, 6 and 12 months as well as 3 and 5 years
<b>Date and place of notice/tender invitation</b>	On Reuters COLLATLOAN and COLLATLOAN2, Bloomberg NBH716 and the MNB website on the day of the tender
<b>Notice/tender invitation content</b>	Date and time of the tender, tenor, settlement date, maturity date and fixed interest rate of the loan (and offered quantity in the case of quantitative restrictions)
<b>Eligible counterparties</b>	Resident credit institutions (subject to reserve requirements) with direct VIBER or BKR membership
<b>Maturity period</b>	13 weeks, 26 weeks, 52 weeks, 156 weeks or 260 weeks. The tenor starts on the day of the loan disbursement.
<b>Initiator</b>	MNB
<b>Business hours for receiving bids</b>	As per the tender invitation
<b>Content and formal requirements for bids</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>Bid limit</b>	At least HUF 100 million, an integer multiple of HUF 10 million
<b>Adjustments</b>	Of the amended bids received within the deadline for submission the bid received last shall be accepted for processing
<b>Bid increment</b>	HUF 1 million
<b>Method of allocation</b>	Card allocation
<b>Date and place of announcements</b>	As per the tender invitation

<b>Contents of announcements</b>	Amount of bids accepted
<b>Financial settlement / date of settlement</b>	Fifth working day after the trade day (T+5)
<b>Day of interest payment</b>	Every three months following disbursement, last payment is due on the day of repaying the collateralised loan.

The issues not regulated in this Notice shall be governed by the “Terms and conditions of the operations of the central bank in forint and foreign currency markets”.

Budapest, 24 March 2020

MAGYAR NEMZETI BANK