BUSINESS CONDITIONS

FOR REPO TRANSACTION CONCLUDED FOR THE PURPOSE OF MANAGING THE HUNGARIAN STATE'S TEMPORARY FREE FINANCIAL ASSETS

Date of entry into force: 23 April 2026

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1. The purpose of repo transactions to be concluded under these business conditions

The Government Debt Management Agency Private Limited Company by Shares (hereinafter as: ÁKK), pursuant to the Subpoint d) of Article 13 (1) of Act No. CXCIV of 2011 on the economic stability of Hungary, concludes delivery repo transactions (hereinafter as: liquidity repo transactions) in the course of the efficient management of the state's temporarily free financial assets (this activity hereinafter as: „liquidity management").

2. Partners

Contractual partners („Repo Partner") qualified as acceptable by ÁKK for this purpose under special conditions are entitled to conclude liquidity repo transactions.

3. Regulation of the contractual relationship

The requirement for the participation in the liquidity repo transaction is the acceptance, mutual signature and observance of the European Master Agreement (EMA) framework agreement (January 2001 edition) and its relevant annexes supported by the European Banking Federation (FBE) and recognised by the Hungarian Banking Federation (together: „Contract").

4. Date of market entry of ÁKK

If necessary, on any working day as described in Section 14. (A working day is the day on which the banks are open for the public in Hungary, as well as KELER and the National Bank of Hungary (NBH) hold a settlement date.)

5. Type of the transaction to be concluded

Liquidity repo transactions may be either repo or reverse transactions. In the former case ÁKK is the seller of the government security, in the latter case ÁKK is the buyer of the government security regarding the first leg of the repo transaction. In both cases only delivery repo may be concluded (transfer of ownership of a government security and a repurchase obligation at a defined or to be defined future date, at a specified repurchase price, simultaneously with the conclusion of the contract, where the purchaser acquires the government security being the subject of the transaction and may freely dispose of it during the maturity of the transaction).

6. Maturity

In the framework of liquidity repo transactions ÁKK concludes 1-day (Overnight, Tomnext and Spotnext repo), and 1-week, i.e. 7-day (Spotweek repo) repo transactions.

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7. The interest rate of liquidity repo transactions

The interest rate of a given liquidity repo transaction shall be the interest rate submitted by a given Repo Partner in accordance with Section 15.

8. Government securities being the subject of liquidity repo transactions

8.1 <u>In case of repo</u>

In the framework of a liquidity repo transaction ÁKK sells exclusively government securities (hereinafter referred to as: "Government securities being the subject of repo") to be issued or issued publicly in Hungary via auction by the Hungarian State, denominated in HUF and included in the Primary Dealer and Non-PD Market Maker price quotation[1], the term-to-maturity of which exceeds 92 days at the time of the conclusion of the transaction, subject to the restriction in Section 11.3.

8.2 <u>In case of reverse repo</u>

ÁKK accepts any government security (hereinafter referred to as: „Government securities being the subject of reverse repo") be issued or issued publicly in Hungary via auction by the Hungarian State, denominated in HUF in case of a reverse liquidity repo transaction subject to the restriction in Section 11.3.

9. Determination of funds (calculating the starting price of the government security)

9.1 <u>Repo</u>

The determination of funds takes place on the basis of the best **ask price**, as set out in the Rules of Procedure for the fixing of the best bid and ask yields/prices of Government Securities, as determined for the given Government Security series and published by ÁKK at the latest in time (as these prices are displayed on the Bloomberg GDMA/9 and GDMA/10 pages as well as on the LSEG Workspace (previously: Refinitiv Eikon) HUBONDAKK, HUBONDAKK2, HUBONDAKK3 and HUBONDAKK4 pages between 9.30 – 10.00 a.m. as well as between 2.00 – 2.30 p.m. on the trade date). If there is no price quotation for the given Government Security series on the trade date, the determination of funds shall take place on the basis of the best ask price published by ÁKK at the latest in time, taking into account the following.

- The level of the margin applied by the Repo Partner may not exceed the level of the relevant haircuts applied by ÁKK for reverse repos (from this aspect, Discount Treasury Bills shall be considered equivalent to bonds with a term-to-maturity of less than 1 year.

[1] Under price quotation, the price quoting obligation of Primary Dealers or Non-PD Market Makers is to be understood, who have cocluded a Primary Dealer Contract or a Market Maker Contract with ÁKK.

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- The level of the starting price shall be the gross price corresponding to the sum of the net price, the margin (considered as a percentage point) and the accrued interest for the starting day of the repo transaction.

9.2 Reverse repo

9.2.1 In case of Government securities being the subject of reverse repo, under price quotation

The determination of funds takes place on the basis of the best **bid price**, as set out in the Rules of Procedure for the fixing of the best bid and ask yields/prices of Government Securities, as determined for the given Government Security series and published by ÁKK at the latest in time (as these prices are displayed on the Bloomberg GDMA/9 and GDMA/10 pages as well as on the LSEG Workspace HUBONDAKK, HUBONDAKK2, HUBONDAKK3 and HUBONDAKK4 pages between 9.30 – 10.00 a.m. as well as between 2.00 – 2.30 p.m. on the trade date). If there is no price quotation for the given Government Security series on the trade date, the determination of funds shall take place on the basis of the best bid price published by ÁKK at the latest in time, taking into account the haircuts in the table below.

ÁKK haircut				
Term-to-maturity of fixed-rate bonds/ interest period of floating-rate bond	<1 year	1-3 years	3-7 years	>7 years
1-day repo	0,0%	0,5%	0,75%	1,0%
1-week repo	0,0%	1,0%	1,5%	2,0%

The level of the starting price shall be the gross price corresponding to the sum of the net price, the haircut (considered as a percentage point) and the accrued interest for the starting day of the repo transaction.

9.2.2 In case of government securities being the subject of Reverse repo, not under price quotation

The starting price is the price determined between the last HUFONIA rate available on the website of NBH at the time of the call for bids by ÁKK and the average of the best bid and ask prices for the current 3-month benchmark Discount Treasury Bill published by ÁKK at the latest in time, based on the term-to-maturity of the given government security, based on the yield calculated by the linear interpolation method and applying the haircuts (considered as a percentage point) below.

ÁKK haircut	
1-day repo	0,6%
1-week repo	1,5%

10 Determination of the repurchase price of the government security being the subject of the repo transaction

The determination of the repurchase price takes place on the basis of the starting price, such that the difference between the selling and repurchase price of the Government Security, being

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the subject of the repo, comprises the interest rate of the repo, taking into account a 360-day year.

11 Special provisions for government securities with interest payments or interest rate fixing during the term of the repo

If the collateral for the repo transaction is a government security that pays interest during the term of the repo transaction, the partners must indicate to the ÁKK at the time of concluding the transaction which of the following methods they choose for the settlement of interest payments.

11.1 Payment on the interest payment day

In this case, on the interest coupon date, the buyer of the government security transfers the full amount of the coupon corresponding to the nominal value specified in the repo transaction back to the seller of the government security as a transaction independent of the repo transaction.

11.2 Payment at the maturity of the repo transaction

In this case, on the coupon payment date, the buyer of the government security does not transfer the coupon amount back to the seller of the government security, instead, it occurs at the maturity of the repo transaction, being applied to the repo transaction's maturity price. The amount payable by the seller of the government security for repurchasing the government security - including the repo interest - shall be reduced by the coupon amount and the amount accrued from the coupon payment date until the maturity date of the repo transaction, and shall be paid at the maturity of the repo transaction. The interest accrued between the coupon payment and the maturity of the repo is calculated by ÁKK using the repo interest rate.

The interest payment settlement method chosen by the partner shall be recorded by ÁKK in its internal system, and the parameters of the repo transaction shall be detailed accordingly in the deal ticket.

11.3 Exclusions

- Government securities whose ownership identification date (E-2 day) carried out by KELER Ltd. prior to coupon payment falls within the term of the repo transaction, but the coupon payment date itself falls after the maturity of the repo transaction, shall be excluded from the collateral of repo transactions.

- Floating-rate government securities for which the interest rate for the next interest period is determined during the term of the repo transaction are excluded from the collateral for repo transactions.

12 Lot size, trading size

The minimum lot size is a government security of a face value of HUF 1,000,000,000, i.e. one billion Hungarian forints.

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The trading size must correspond to a whole multiple of 1 billion Hungarian forints.

13 Settlement date

Unless otherwise provided by ÁKK, the starting leg of the repo transactions shall be settled on the below working days, taking into account the trade date („T"):

Overnight repo:	T+0
Tomnext repo:	T+1
Spotnext repo:	T+2
Spotweek repo:	T+2

14 Limits

Counterparty limits: ÁKK sets up an individual counterparty limit for each Repo Partner.

15 The procedure of the transaction

The transaction takes place in all cases at ÁKK's initiative.

ÁKK concludes its liquidity repo transactions in the framework of a call for bids.

The fact and parameters of the repo calls for bids shall be determined only at the announcement of the given call for bids.

If a call for bids takes place on the given working day, ÁKK requests the bids from the Repo Partners between 10.05-10.15 a.m. in case of Tomnext, Spotnext and Spotweek repos, while between 3.45-3.55 p.m., on Friday (or on the last working day of the week) between 2.35-2.45 p.m. in case of Overnight repos.

The call for bids includes the type of the repo (repo or reverse repo) and the tenor, the total amount to be borrowed or lent and the maturity, if so decided by ÁKK, as well as the lot size, if it is different from that specified in Section 12.

In each case, the contacted Repo Partners may submit only one bid per call for bids, which has to include the type of the repo (repo or reverse repo), the tenor, the amount to be concluded and the repo interest, as well as – where the underlying government security pays interest during the term of the repo – the indication of the interest settlement method pursuant to Sections 11.1 or 11.2. Bids submitted by Repo Partners are binding until the notification of the acceptance or rejection of the bid by ÁKK, but no later than 10.25 a.m. in case of Tomnext, Spotnext and Spotweek repos, until 4.05 p.m. from Monday to Thursday (if none of them are the last working day of the week) and until 2.55 p.m. on Friday (or on the last working day of the week) in case of Overnight repos, on the day of the day of the call for bids.

The received offers will be ranked by ÁKK according to the repo rate, and it may accept them in accordance with the provisions of these Business Conditions, or it may reject them in whole or in part.

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After the decision, ÁKK informs the bidders without delay, but no later than 10.25 a.m. in case of Tomnext, Spotnext and Spotweek repos, until 4.05 p.m. from Monday to Thursday (if none of them are the last working day of the week) and until 2.55 p.m. on Friday (or on the last working day of the week) in case of Overnight repos of their possible transactions, starting from the bidder having the best accepted bid in the order of the repo rate offered.

Transactions shall be confirmed in accordance with the provisions of the Contract.

If, for any reason, ÁKK is unable to send the above notification on the day of the call for bids by 10.25 a.m. in case of Tomnext, Spotnext and Spotweek repos, by 4.05 p.m. from Monday to Thursday (if none of them are the last working day of the week) and by 2.55 p.m. on Friday (or on the last working day of the week) in case of Overnight repos, all bids shall be invalidated. Subject to the decision of ÁKK, a possible new call for bids may take place on the same day, at a later time, but the above provisions shall apply mutatis mutandis.

16 The venue of the call for bids, the notification and the transaction

The call for bids, the notification and the transaction as defined by ÁKK may take place on the following platforms: on Bloomberg, on LSEG FX Trading, or by e-mail.

The primary communication platform is Bloomberg, in other cases ÁKK shall inform Repo Partners about the platform applied.

17 Consequences of non-performance

In the event of non-performance the relevant provisions of the Contract are applicable.

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