DISCLAIMER

The Hungarian language version of this offering circular shall be the exclusively legally binding and controlling in each and every respect (i.e. for the purpose of the placement, for the rights and obligations arising from Discount Treasury Bills, etc.). The following English translation is not an official translation and serves information purposes only.

Any use of this English translation may only be performed at the own risk and responsibility of the user.

The Issuer and ÁKK Zrt. shall not assume any responsibility or liability for the correctness, completeness and accuracy of the English translation. Furthermore, the Issuer and ÁKK Zrt. shall not take any responsibility or liability for damages, losses, costs or other consequences - whether direct or indirect - arising from the use of or related to this English translation of the offering circular.

The non-binding English translation is as follows:

OFFERING CIRCULAR

ON THE PUBLIC ISSUANCE OF DISCOUNT TREASURY BILLS

THE BELOW OFFERING CIRCULAR HAS BEEN PREPARED ON THE BASIS OF THE REQUEST OF THE ISSUER FOR THE PURPOSE OF PROVIDING INFORMATION TO THE INVESTORS ON THE TERMS AND CONDITIONS OF PLACEMENT AND TRADING

Budapest, 2nd January 2025

Released: on 23th December 2024

GENERAL INFORMATION AND ISSUANCE AUTHORISATION

In the name of the Hungarian State (hereinafter: the "Issuer"), the Minister responsible for public finances, issues discount treasury bills with the designation of Discount Treasury Bills (hereinafter: the "Discount Treasury Bill") pursuant to the authorisation of the act on the annual central budget of Hungary and the authorisation of the Act CXCV of 2011 on Public Finances, in order to finance the central budget deficit and the renewal of debt of central subsystem of public finances. The Minister responsible for public finances performs this task through the Government Debt Management Agency Pte. Ltd. (hereinafter: "ÁKK") in accordance with the provisions of Act CXCIV of 2011 on the Economic Stability of Hungary.

Pursuant to the legal authorisation above as well as the authorisation granted in the frame of the annual financing plan, which is the Financing Plan of 2025 upon the entry into force of the Offering Circular, approved by the minister responsible for the public finances on the basis of the Act CXCIV of 2011 on Economic Stability of Hungary, the placement of the Discount Treasury Bills takes place based on the applicable decision made by the Financing Committee of ÁKK.

This offering circular (hereinafter: the "Offering Circular") contains the general terms and conditions of placement and trading of Discount Treasury Bills to be issued at public auctions in HUF in Hungary by the Issuer in accordance with the relevant provisions of Act CXX of 2001 on the Capital Market (hereinafter: the Capital Market Act).

This Offering Circular is not to be considered as a prospectus or base prospectus under Article 1 (2) (b) of Regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017 on the prospectus to be published when securities are offered to the public or admitted to trading and amending Directive 2003/71/EK (hereinafter: the "Prospectus Regulation") and this Offering Circular is not covered by the Prospectus Regulation.

This Offering Circular has not been presented to any securities supervisory authority other than the Hungarian securities market supervisory authority (National Bank of Hungary, hereinafter: "NBH").

The laws of certain countries may limit the distribution of this Offering Circular, or the offer for sale, sale, marketing of the Discount Treasury Bill.

The Issuer and ÁKK have not and will not initiate any proceeding for the authorisation of the public offering of the Discount Treasury Bills or the publication of this Offering Circular in a country other than Hungary, which provides for an authorisation obligation or other similar restrictions for this purpose.

The Issuer and ÁKK are not responsible for this Offering Circular being lawfully distributable or publishable outside of Hungary, or the Discount Treasury Bill(s) being lawfully advertisable, offerable - directly or indirectly - for acquisition or sale/purchase/exchange under the laws of any other country or in accordance with the exceptions specified by such laws.

Therefore especially the Discount Treasury Bills have not been and will not be registered under the Securities Act of 1993 of the United States of America (hereinafter: the "U.S. Securities Act") and in accordance with the tax laws. The Discount Treasury Bills are offered outside of the United States of America - in accordance with the so-called Regulation S of the U.S. Securities Act - therefore - thus, except for certain transactions being an exception to the registration requirements of the U.S. Securities Act - the Discount Treasury Bills may not be offered, sold or transmitted within the United States of America and to U.S. persons. The Dealers are to undertake to sell the Discount Treasury Bills outside of the United States of America in accordance with the relevant provisions of the U.S.

Securities Act. The definitions used in this section comply with the definitions used in the relevant provisions of the U.S. Securities Act.

There are also restrictions in the United Kingdom in connection with the offer and the sale of the Discount Treasury Bills. As this document has not been approved by the authority specified in the Act of 2000 on Financial Services and Markets of the United Kingdom (hereinafter: the "Financial Services and Markets Act") in accordance with such Act, therefore in the United Kingdom Discount Treasury Bills may only be offered in accordance with the Financial Services and Markets Act and this Offering Circular may only be distributed in accordance with the above Act.

The Issuer orders the readers of this Offering Circular to make inquiries regarding such restrictions and to observe them. If the offer for sale of the Discount Treasury Bill is unlawful in any country, or the purchase or acquisition of the Discount Treasury Bill by any person is against the law, this Offering Circular may not be accepted as an offer and may not be used for the purpose of an offer in connection with the sale of the Discount Treasury Bill.

The Issuer and ÁKK have not authorised anyone to provide information or to make any statement in addition to the content of this Offering Circular or the material approved by the Issuer or ÁKK for this purpose. If that would nevertheless happen, it should be regarded as the Issuer or ÁKK has not approved such information or statement.

All references to forint contained in this Offering Circular concern the official currency of Hungary.

THE PURPOSE OF PLACEMENT

The amount flowing from the placement to the respective account of the Issuer is intended to cover the short-term resource needs of the central budget and to finance part of the central budget deficit. In the case of exchange auction, the purpose of the placement is to renew maturing government debt (and at the same time to extend the maturity of the debt and smooth the maturity profile).

GENERAL TERMS AND CONDITIONS OF PLACEMENT

The characteristics of Discount Treasury Bills
In accordance with Government Decree No. 286/2001 (XII.26.) on Treasury Bills and the Capital Market Act, the Discount Treasury Bills are registered, non-interest-bearing securities, which may be issued at a price under par value or at par value or above par value.
The Discount Treasury Bill represents a direct, general and unconditional undertaking of the Hungarian State to pay the face value of the Discount Treasury Bill in the specified time and way against the payment of the offering price or in case of an exchange auction against the transfer of the Discount Treasury Bill(s) to be transferred to the Issuer in exchange for the Discount Treasury Bill.
The payment of the face value of the Discount Treasury Bill is charged to the central budget and the debt service expenses of the central budget. Claims against the Issuer based on the Discount Treasury Bill do not lapse.

Purchasers and transfer of Discount Treasury Bills
Discount Treasury Bills may be purchased and transferred by natural and legal persons, other entities without legal personality.

Non-residents may acquire and transfer the Discount Treasury Bill in accordance with the effective foreign exchange laws and the possible restrictions of the Issuer.
The effective foreign exchange laws apply to the payments by or to the foreign exchange non-residents in connection with the Discount Treasury Bills.
In this respect the laws of other countries may also include restrictions, therefore the Issuer calls upon the readers of this Offering Circular to make inquiries regarding such restrictions and to observe them.

Target market of investors
The Issuer intends to comply with the laws and regulations prescribing the definition of the target market of investors and, within such market, the target group of investors when defined the group of persons entitled to purchase Discount Treasury Bills as set forth above, as extensive as possible and without limitation, in accordance with the fact that the investors interested in short term investments which – stemming from the character of the Issuer – have low risk, and – in certain cases – the investors interested in financial instruments serving liquidity management purposes, following the actual financial market trends, are the targets of the Issuer.

Issuance and face value of Discount Treasury Bills
Discount Treasury Bills are issued as dematerialised securities under the Capital Market Act.

The face value of the Discount Treasury Bills is HUF 10.000 that is ten thousand Hungarian forints.

THE METHOD OF PUBLIC OFFERING

The Discount Treasury Bill is sold through auctions, on the basis of which the consideration of the issued Discount Treasury Bill(s) shall be performed by paying money or by the transfer of right of ownership (free and clear of all suits, claims and encumbrances and any other restrictions) ofa specified number of Discount Treasury Bills of a series other than the series of the issued Discount Treasury Bills, as determined in advance by ÁKK. Based on the above, in the former case the type of auction is a ‘classic auction’ and in the latter case is an ‘exchange auction’.

The dealers (hereinafter: the “Primary Dealers”) having concluded a Primary Dealer Contract with ÁKK on the placement and trading of government securities may participate directly at the actions. The detailed rules of the participation at the auctions and the conduction of the auctions are contained in the “**Business conditions of the placement of Discount Treasury Bills at auctions**” Annex A to this Offering Circular (hereinafter: the “Business Conditions”). The names and registered seats of the Primary Dealers are included in Annex B/1 to this Offering Circular.

The maturity of the Discount Treasury Bills up to the 135th calendar day calculated as from the date of the settlement and are referred to as 3 (three) months Discount Treasury Bills in this Offering Circular.

The maturity of the Discount Treasury Bills up to the 224th calendar day calculated as from the date of the settlement and are referred to as 6 (six) months Discount Treasury Bills in this Offering Circular.

The maturity of the Discount Treasury Bills up to the 365th calendar day calculated as from the date of the first settlement (issuance) are referred to as 12 (twelve) months Discount Treasury Bills in this Offering Circular.

Discount Treasury Bills with a residual maturity of up to 90 calendar days from the settlement date, originally issued with a residual maturity of 3 (three) or 12 (twelve) months, issued for a series of Discount Treasury Bills by way of additional placement, with a maturity of less than 91 (ninety-one) days are referred to as Liquidity Discount Treasury Bills in this Offering Circular.

ÁKK organises the auctions of the Discount Treasury Bills with 6- month (six-month) and 12-month (twelve-month) residual maturity biweekly, and of the Discount Treasury Bills with 3-month (three-month) residual maturity and the exchange auctions every week, and the auctions of the Liquidity Discount Treasury Bill are organised occasionally, on the basis of the decision of ÁKK.

ÁKK reserves the right to organise the 3, 6 and 12- month Discount Treasury Bills auctions and the exchange auctions at different frequency from the above.

ÁKK publishes the serial number, the ISIN-code of the Discount Treasury Bills to be issued, the terms and conditions of the placement of the given series or part of series - including especially the type of auction (classic auction or exchange auction), and for both types of auctions the announced amount at the auction, the date of the auction, the issuance (performance) and the maturity, the terms of repayment and redemption, in the case of an exchange auction, the serial number and ISIN code of the Discount Treasury Bill(s) serving as consideration, the deadline for submitting the bids, - in public offering (hereinafter: the "Public Offering") at least 3 (three) working days prior to the date of the auction.

ÁKK reserves the right to define the total amount of the issuance - in accordance with the provisions of the Business Conditions - on the basis of the received bids. ÁKK reserves the right to accept bids submitted at auctions of Discount Treasury Bills which are placed at a discount, at par value or above par value or calculated with a yield of such prices.

ADDITIONAL PLACEMENT

The Issuer and ÁKK reserve the right to issue from time to time further Discount Treasury Bills incorporating the same rights in all respects - except for the date of placement - as the given series of the Discount Treasury Bills, which constitute the same series as the given Discount Treasury Bills series.

PLACEMENT OF DISCOUNT TREASURY BILLS AS DEMATERIALISED SECURITIES

Discount Treasury Bills are issued as dematerialised securities under the authorisation of the Capital Market Act.

The dematerialised Discount Treasury Bill is an aggregate data created, recorded, transmitted and registered electronically in accordance with the Capital Market Act and other laws, including in an identifiable manner all constituent requirements - specified by laws - of the securities, except for the name of the owner, the data serving the identification and the serial number of the securities. The Discount Treasury Bills are registered for the Primary dealers on the securities accounts held by the KELER Central Depository Ltd. (hereinafter: "KELER") and for the customers on the securities accounts held by the investment companies (in connection with the application of this Offering Circular including also the credit institutions providing investment services or ancillary services and the Hungarian State Treasury as well).

ÁKK authorises KELER to transfer the amount to be credited to each Primary Dealer, that is to credit on the date of financial performance the adequate amount of the issued Discount Treasury Bills on the securities accounts of the Primary Dealers held at KELER, provided that the consideration of the credits (the purchase price or the amount of Discount Treasury Bills serving as consideration) is available on the bank account of the Primary dealer. The Primary Dealers may then order the crediting of the dematerialised securities on the securities accounts of the dematerialized owners or the authorised account holders. Thereafter the dematerialised Discount Treasury Bills are registered and traded on the securities accounts.

A dematerialised Discount Treasury Bill is transferred by debiting and crediting on the securities account.

The investors may enter into securities account and client account contracts with an investment company, as securities account holder - being entitled to the trading of dematerialised securities - selected by them. The general terms of business of the given account holder is applicable regarding the authorisations to be given to the account holder by the investors.

SECONDARY MARKET OF THE DISCOUNT TREASURY BILLS

The Discount Treasury Bills – except for the Discount Treasury Bills with 92 (ninety-two) days or even shorter residual maturity – are listed on the Budapest Stock Exchange (hereinafter: "BSE") on the date of the settlement in a simplified procedure in accordance with the contract concluded by and between the Budapest Stock Exchange Plc. (hereinafter: "BSE Plc.") and ÁKK.

The trading with the Discount Treasury Bills is proceeded on the BSE in accordance with the rules of procedure of BSE Plc. The settlement is due on the second (T+2) working day as from the date of the transaction in accordance with the general terms of business of KELER.

Prior to the first placement, from the date of KELER's confirmation of acceptance for settlement (which is generally the second business day preceding of the first placement) the Discount Treasury Bills with the exception of the ones with an original maturity of more than 92 (ninety-two) days are listed on the multilateral trading system called "MTS Hungary" operated by MTS S.p.A., where at least 5 (five) of the assigned Primary Dealers quote two-way (bid and offer) prices on trading days – 4 (four) hours at least on a daily basis unless otherwise provided – from the day on which the series is first designated as a Benchmark Discount Treasury Bills according to the special procedures in force at any given time for the determination of the benchmark yields in the Hungarian government bond market.

On the multilateral trading system called "MTS Hungary", the trading with the Discount Treasury Bills is proceeded in accordance with the rules and regulations of MTS S.p.A. Settlement is due on the second business day after the trade (T+2) according to the general terms of business of KELER.

Discount Treasury Bills with an original maturity of more than 92 (ninety-two) days will be also listed on the regulated market called "Bond Vision Market" operated by MTS S.p.A. on the day of their admission to the multilateral trading facility "MTS Hungary" . On the regulated market called "Bond Vision Market", the trading with Discount Treasury Bills is proceeded in accordance with the regulation of MTS S.p.A for Bond Vision Market.

The Hungarian State Treasury records daily buying and selling prices in respect of the series of the Discount Treasury Bills, therefore the Discount Treasury Bills may also can be purchased up to the available stock of each Discount Treasury Bill series or sold during maturity in the Treasury offices of the Hungarian State Treasury, in accordance with the provisions of its general terms of business. The address of the Treasury and district offices of the Hungarian State Treasury is listed in Annex B/2 to this Offering Circular.

The Issuer does not redeem Discount Treasury Bills before maturity.

PAYMENTS IN CONNECTION WITH DISCOUNT TREASURY BILLS

ÁKK performs the tasks of the main paying agent in connection with the Discount Treasury Bills. (These tasks do not include the paying agent's tasks provided for in the tax laws.)

ÁKK pays the repayment (face value) to the investors with the involvement of KELER and the investment companies. At the conclusion of the securities account contract the investor is to provide for the method of payment of the due amounts.
ÁKK pays the face value of the Discount Treasury Bills registered on securities accounts at KELER on the basis of the registration provided by KELER by transfer to the securities account holders. The issuer and ÁKK are not responsible for the consequences arising from the possible breach of contract by the account holders.

Payments due on bank holidays
If the payment of any amount in connection with the maturity of the Discount Treasury Bills is due on a date, which is not a working day in Hungary, the payment date - unless otherwise provided by ÁKK - is the next working day. For this time period the investor is not entitled to further interest, or any other amount.
A day is to be considered as a working day, on which the investment companies are open for public in Hungary, and KELER and the National Bank of Hungary have a settlement date.

TAXATION

The Issuer reminds the readers of this Offering Circular that the information on the tax accounting or tax consequences contained in this Offering Circular can only be judged on the basis of the specific circumstances of the investor concerned and may change in the future. Thus, in particular, but without limitation, the tax liability of the income earned by the investor through the Discount Treasury Bills is influenced by the person of the investor, his tax residence (domestic or foreign), the title of the income (*eg.* interest income, income from long-term investment, or so-called other consolidated income generated on the NYESZ-R account).

In case of an investor falling under the scope of Act CXVII of 1995 on the Personal Income Tax - which has been amended several times - ("Personal Income Tax Act") the securities account managers are considered to be disbursers, so they may have tax deduction, tax return and tax payment obligations with regard to the payment based on the Discount Treasury Bills.

In case of investors with domestic tax residence, the tax liability is determined on the basis of the Hungarian legislation in force.

In case of foreign tax-resident investors, the tax liability is determined in accordance with the double taxation treaty in force between the country of residence and Hungary, on the basis of the investor's tax residence certificate - and, if necessary - by the so-called beneficiary declaration.

Specific provisions of the Personal Income Tax Act are applicable to the taxation of the Stock Exchange transactions.

On the basis of the Personal Income Tax Act, Discount Treasury Bills, as publicly offered and traded securities incorporating a loan relationship as specified in Act CXX of 2001 on the Capital Market, and at the same time being a debt security issued by the Hungarian state, which is also marketed to the retail market as an investor target market, from which interest income[1] does not qualify as income in the case of Discount Treasury Bill series issued after 1 June 2019, and thus exempted from paying interest tax. (Pursuant to Section 97 of the Personal Income Tax Act, in the case of series of Discount Treasury Bills issued before the previous date (*ie.* if the date of issue of the given series is prior to this date), the provisions of the Personal Income Tax Act applicable to the given series shall apply.)

In accordance with the foregoing, the relevant series of Discount Treasury Bills issued after 1 June 2019 are also exempted from the obligation to pay the social contribution tax set out in Government Decree 205/2023 (V.31.) on the different application of Act LII of 2018 on Social Contribution Tax during the state of emergency.

At the same time, the Issuer draws attention to that, if the investor wishes to keep the Discount Treasury Bills on a long-term investment securities account, in the event of an interruption before the end of the five-year commitment period, a personal income tax liability will arise depending on the length of the commitment period in accordance with the provisions of the Personal Income Tax Act on long-term investment.

The taxation takes place in accordance with the current applicable tax laws.

The Issuer and ÁKK suggest to the investors having interest in Discount Treasury Bills to request an expert's opinion on the question how the consequences of purchasing, owning and transferring of the Discount Treasury Bill effect their taxation.

ANNOUNCEMENTS

ÁKK publishes the announcements in connection with the placement of the Discount Treasury Bills on the website of BSE (www.bet.hu) and on its own websites (www.akk.hu and in case of classic auction: www.allampapir.hu as well) and on the website operated by NBH (kozzetetelek.mnb.hu). If the announcement is not published on the same day on the listed websites, the date of publication of the earlier published announcement is considered as the day of publication.

GOVERNING LAW, DISPUTE RESOLUTION

The laws of Hungary - in particular the provisions of the Government Decree No. 286/2001 (XII.26.) on Treasury Bills, the Government Decree No. 285/2001 (XII.26.) on Bonds, the Capital Market Act, and Act -V of -2013 on the Civil Code, and the respective provisions of other legal rules replacing such acts - are applicable to the conditions of the placement of Discount Treasury Bills.

Any future legal dispute between the Issuer, ÁKK and the owner(s) of the Discount Treasury Bill(s) in connection with legal relationships arising from the Discount Treasury Bill, as securities falls within the competence of ordinary courts.

[1] On the basis of the Personal Income Tax Act, the part of the revenue specified in accordance with the rules applicable to capital gain received by the private individual upon the transfer or redemption (maturity) of the Discount Treasury Bills is to be considered as interest income and is subject to taxation, independently from how it is split between the items cleared as net conversion value and accumulated yield.

EFFECT

This Offering Circular enters into effect on 2nd January 2025, with the condition that its provisions are applicable to the Discount Treasury Bill series to be issued based on Public Offering announced on or after 23th December 2024.

Budapest, 23th December 2024

Annexes:

Annex A: Business Conditions
Annex B: List of the dealers

ISSUER
is the Hungarian State, in the name of which the minister responsible for public finances is entitled to act.
The minister responsible for public finances exercises this power via the Government Debt Management Agency Private Company Limited by Shares (registered seat: 1013 Budapest, Krisztina tér 2.)

Annex A of the Offering Circular

Effective: as of 2nd January 2025

BUSINESS CONDITIONS OF PLACEMENT OF DISCOUNT TREASURY BILLS AT AUCTIONS

These business conditions for auctions specify the terms and conditions of the sale of the Liquidity Discount Treasury Bills, and Discount Treasury Bills with 3-month, 6-month and 12-month residual maturity (hereinafter jointly: the "Discount Treasury Bills") at actions, issued by the Hungarian State (hereinafter: the "Issuer") and the rules of procedure of the auction.
All participants are obliged to observe the effective laws, in particular the provisions of Act CXX of 2001 on the Capital Market (hereinafter: the "Capital Market Act") and Act LVII of 1996 on the Prohibition of Unfair and Restrictive Market Practices, and act in accordance with transaction customs and fair competition in the course of the auction.

1. General provisions

1.1. The Issuer places the Discount Treasury Bills at auctions announced by the Government Debt Management Agency Private Company Limited by Shares (hereinafter: "ÁKK"). The type of the auction is classic auction or exchange auction, depending on whether the consideration of the issued Discount Treasury Bills is paid in cash (classic auction), or is to be settled by transferring the ownership free from any lawsuits, encumbrances, claims or any other restrictions of a determined number of Discount Treasury Bill(s) of series other than the series of the issued Discount Treasury Bills (exchange auction) to the Issuer, as specified in advance by ÁKK.

1.2. The Discount Treasury Bills series are issued and marketed by the Issuer as dematerialised securities.

1.3.1. The auctions take place on the board of auction (hereinafter: the "Board of Auction") operating in the frame of the MMTS1 Auction trading system (hereinafter: the "Trading System") operated by the BSE Plc.. The operation and use of the Board of Auction is contained in the current regulation of the BSE Plc. on Auction trading rules applicable on the Board of Auction in Trading System MMTS1 (currently the Decision 174/2024 of the CEO of BSE; the respective effective regulation hereinafter: " Rules of the BSE Plc. on the Auction trading").

1.3.2. The capitalised terms in these Business Conditions - unless specifically provided otherwise - have the meaning specified in the regulation titled "Rules of the BSE Plc. on the Auction trading".

1.3.3.Regarding the issues not specified in these Business Conditions the provisions of the regulation titled "The rules of the BSE Plc. on the Auction trading" applicable to the Board of Auction - including also the possible further rules of procedure referred to therein - and the applicable Hungarian laws are to be applied.

1.4. The dealers having entered into a Primary Dealer Contract with ÁKK regarding the placement and trading of the government securities issued by the Hungarian State (hereinafter: the "Primary Dealers") may directly participate at the auction. The Primary Dealers participating at the auction undertake to put out the Offering Circular of the Discount Treasury Bills - together with its annexes - in the customer area of their sales branches and to provide the investors with them for review.

1.5. The Primary Dealers participating at the auction are to certify the authenticity of the offers and data submitted at all times to the Trading System via e-mail and via fax by a single authorised signature of the statement in accordance with Annex 2 of these Business Conditions. The Rules on Technical Connection in Book IV of General Terms and Conditions of Stock Exchange" of BSE Plc. (hereinafter: the "Rules of Technical Connection") as effective respectively and provides for the rules of operation of the Trading System and the rights and obligations of the operator, which is to be observed by the Primary Dealers and as it is effective respectively.

1.6.1. In the case of both types of auction ÁKK publishes the Public Offering on the website of BSE (www.bet.hu) and on its own websites (www.akk.hu) and on the website operated by NBH (kozzetelek.mnb.hu) wherein it announces - in particular - , the series of Discount Treasury Bills to be sold at auction, type of issue, ISIN-code of the Discount Treasury Bills to be sold, the terms and conditions of sale, including the type of auction, the date of auction, the amount announced for sale at the auction (hereinafter this is to be considered as the announced amount), the settlement date, the terms of redemption, the range of customers of the Discount Treasury Bills and the date of maturity of the securities. In the case of classic auction the given series of the Discount Treasury Bill, the announced amount, the date of the auction and the settlement date is announced on the day of the auction on the Board of Auction of the Trading System.

1.6.2. In the case of exchange auctions, in addition to those data specified in point 1.6.1., ÁKK also announces the series of Discount Treasury Bills serving as consideration. For one Discount Treasury Bills to be issued, ÁKK may specify one or more different Discount Treasury Bills series as consideration. The price of the Discount Treasury Bill(s) in different series than the series of the Discount Treasury Bill (s) to be sold, and to be transferred in exchange for the Discount Treasury Bill (s) to be sold is to be specified by ÁKK in accordance with the rules of a specific procedure and is announced on the day of the auction at 9:55 a.m. on the website of BSE (www.bet.hu), on its own website (www.akk.hu) and through electric media (currently LSEG (formerly Refinitiv) and Bloomberg). The series of the Discount Treasury Bill to be sold at the auction, the series of the Discount Treasury Bill(s) serving as consideration, the announced amount, the date of the auction and the settlement date is published on the day of the auction on the Board of Auction of the Trading System.

1.7.1. In the case of both types of auction ÁKK reserves the right to deviate from the announced amount and to specify the amount of all concerned Discount Treasury Bill series to be offered for sale at the auction on the day of the auction at the latest (hereinafter this is to be considered as the offered amount), which may result in the amendment of the amount announced for sale at the auction by maximum + 100 percent in case if the amount of the valid bids submitted at auction reaches the amount announced for sale at the auction. ÁKK especially reserves the right to suspend the application of the restriction contained in the previous sentence.

If the amount of the valid bids submitted at the auction does not reach the amount announced for sale at the auction, the Issuer reserves the right to define the amount to be offered for sale at the auction on the basis of the amount of the valid bids submitted at the auction, and decide whether to accept or reject all or part of the valid bids received.

1.7.2. Furthermore in the case of both types of auction ÁKK reserves the right to declare the auction ineffective on the basis of the received bids. In case of an ineffective auction the total amount of the bids is rejected.

1.8. In accordance with paragraph (3) of Section 13. of the Stability Act ÁKK reserves the right – in connection with the auction (in the case of both auction types) or independently thereof - to increase the amount issued for the purposes of market maintenance and trading in the Treasury offices of the Hungarian State Treasury.

1.9. The completion and settlement of bids accepted at the auctions of the Discount Treasury Bills with 3-month, 6-month and 12-month residual maturity is due on Wednesday of the week following the auction unless otherwise provided by ÁKK. The settlement of the exchange auctions and the auctions of the Liquidity Discount Treasury Bills is due on the Wednesday following the day of the auction unless otherwise provided by ÁKK.

2. Rules for submission of the bids

2.1. In accordance with Subsection (1) of Section (47) of the Capital Market Act in the course of the placement, the auction purchase offer statement of the investor regarding the acquisition of the Discount Treasury Bill is only valid in the form of a written, printed or electronic document fixed with qualified electronic signature with the content specified by the relevant laws, and submitted through the Trading System, as the trading system approved by NBH as supervisory authority, which may be submitted or forwarded in total on the Board of Auction to ÁKK in the form specified by the Trading System and by observing the specified substantive requirements.

The auction is held with a non-public Order Book.

2.2. The Primary Dealer is obliged to check by 10.00 a.m. at the latest on the day of the auction that the Board of Auction used by it is functioning. The Primary Dealer is obliged to report in writing to ÁKK to the e-mail address aukcio@akk.hu and at the same time notify BSE Plc. in writing by e-mail to trading@bse.hu by the below time the fact of the breakdown of the Board of Auction specified in the Rules of Technical Connection of BSE, if the breakdown cannot be fixed by 10.15 a.m. Subsequent to the receipt of the written report on the breakdown by ÁKK the concerned Primary Dealer may submit its bid in the form in accordance with Annex 1 of these Business Conditions, duly signed, primarily by e-mail, scanned (e-mail address: aukcio@akk.hu) or, if this is not possible, by fax (fax number: +36 1 488-9425) or delivery in person to the official room of ÁKK (1013 Budapest, Krisztina tér 2., floor III., room 310.) on the day of the auction by 10.40 a.m. The bids submitted in the above way are registered by ÁKK into the register. Those bids are considered as received by ÁKK which have been fixed with the impression of the document receiver used and authenticated by ÁKK. The impression of the document receiver indicates the time, corresponding to the following:

a) in case of being sent by an e-mail message, the time automatically indicated in the e-mail acknowledgment message sent by the receiving system;
b) in the case of a fax, the time indicated on the fax confirmation;
c) in case of personal delivery, when the bids of the Primary Dealer delivered to personnel of ÁKK.

If the Primary Dealer is not able to connect to the Trading System on its installed workstation, the bid(s) delivered by the Primary Dealer as described above are to be registered by ÁKK on behalf of the Primary Dealer into the Trading System, whereby the Primary Dealer is bound during the time period open for the bids specified in Sections 2.7. and 2.8. of these Business Conditions. The Primary Dealer is obliged to send the original copy of the bid submitted by e-mail or fax to ÁKK within 3 working days following so submitted.

2.3. If the central auction system operated by BSE Plc. is affected by a technical error and the Board of Auction of the Trading System is not available to any Primary Dealer by 10.30 a.m. of the day of the auction, the Primary Dealer may deliver its offer duly signed, primarily by e-mail, scanned (e-mail address: aukcio@akk.hu) or, if this is not possible, by fax (fax number: +36 1 488-9425) or delivery in person to the official room of ÁKK (1013 Budapest, Krisztina tér 2., floor III., room 310.) in the form complying with Annex 1 of these Business Conditions by 11.00 a.m. of the day of the auction. ÁKK performs the evaluation of this bids, the conduction of the auction in its self- developed auction system (the evaluation system of which corresponds at all times with the Board of Auction of the Trading System) in compliance with the relevant provisions of these Business Conditions, and ÁKK prepares duly signed certificates of the accepted bids, which are to be sent to the Primary Dealers by e-mail on the day of the auction.

2.4. The bids have to be submitted at the auctions by number considering the face value of HUF 10,000, one bid can be submitted for minimum 100, that is one hundred Discount Treasury Bills with the face value of HUF 10,000 (for the face value of HUF 1,000,000, that is one million Hungarian forints).

2.5. The bids submitted through the Board of Auction of the Trading System have to include the series and the amount of the Discount Treasury Bills intended to be purchased and the indication of the expected yield up to maximum two decimal places or the indication of the expected price up to four decimal places. In the case of an exchange auction, in addition to the above, the bids submitted must also include the serial number of the Discount Treasury Bill(s) to be used as consideration, which the Primary Dealers must select from the series of Discount Treasury Bill(s) predefined by the ÁKK Zrt. pursuant to Section 1.6.2., in such a way that only one series of Discount Treasury Bill to be used as consideration may be specified in one bid. If the evaluation of the auction is done by ÁKK according to the case described in point 2.3 of this Business Conditions, the bids placed at auction always have to include the expected price up to four decimal places, in the case of exchange auction, the bid must also include the serial number of the Discount Treasury Bill to be used as consideration. The evaluation will be done according of the above in all cases.

2.6. The bids made on behalf of clients and those of own-account have to be submitted separately. In case of a bid of own-account the 0999-99999-H account type, and in case of a bid made on behalf of clients the 0999-9999999 account type has to be indicated.

2.7. The auction has a competitive and a non-competitive phase. In the competitive phase of the auction only bids indicating prices and yields can be submitted between 10.30^{00} and 10.54^{59} a.m. of the day of the auction. During the period of the competitive phase specified for bids collection the submitted competitive bids may be freely withdrawn or amended. The system-timer of the Trading System is governing all deadlines in connection with the Board of Auction.

2.8. In the case of both types of auction in the non-competitive phase of the auction each Primary Dealer may submit bids for the minimum face value of HUF 1,000,000, that is one million Hungarian forints, and the maximum face value of HUF 200,000,000, that is two hundred million Hungarian forints, and if the announced amount reaches or exceeds HUF 20,000,000,000, that is twenty billion Hungarian forints, then for the maximum face value of HUF 500,000,000, that is five hundred million Hungarian forints, without indicating any price or yield for the total nominal value of the Discount Treasury Bill series to be issued. The so-called non-competitive bids indicating no prices or no yields can be submitted between 10.55^{00} and 10.59^{59} a.m. of the day of the auction. During the period of the non-competitive phase specified for bid collection the submitted non-competitive bids may be freely withdrawn or amended.

2.9. The bids, which have been submitted incompletely or incorrectly, and the bids arriving after the specified times, are not accepted by ÁKK, thus such bids are not included in the auction.

3. The criteria of the evaluation of the auction

3.1. The evaluation of the submitted bids takes place in all cases on the basis of a price of four decimal places, namely the bids with yield indications submitted by a Primary Dealer are also evaluated according to respective price levels related to such yield levels in the Trading System operated by BSE. The Primary Dealer is bound to its auction bid after the closing of the periods of bids collection specified in Sections 2.7 and 2.8 of these Business Conditions until its bid is not rejected, or partially or wholly accepted by ÁKK.

3.2. In the course of the evaluation the bids submitted by the same Primary Dealer on the same price levels (including - in case of yield levels are indicated by a Primary Dealer - the respective price levels related to such yield levels in the Trading System operated by BSE in accordance with point 3.1), such as the bids of own-account and those made on behalf of the clients are to be considered as separate bids.

3.3. Valid bids on the Board of Auction of one bidder are taken into consideration starting from the bid with the highest expected price (including - in case of expected yield is indicated by a Primary Dealer - the respective price related to such yield level in the Trading System operated by BSE in accordance with point 3.1) - after all non-competitive bids have been satisfied - down to the value - calculated on face value – of the amount offered for sale at the auction.

3.4. Under Section 3.3. of these Business Conditions the following bidders are to be considered as one bidder: if one of them has such a direct or indirect ownership in the other that ensures a voting right of over 10 percent, or if they have a direct or indirect owner that has voting rights of over 50 percent in both bidders. Exceptions may be made for those cases where, based on the individual decision of ÁKK, there is credible evidence that the ownership relationship between the bidders as described above does not influence the business decisions of the bidders regarding the auction, and/or the bidders do not engage in any concerted behaviour or cooperation in any way in their individual and strategic decisions regarding the government debt securities market (either in the primary or secondary government debt securities market), and there is no information transfer between them regarding the auction bids. Upon the request of ÁKK the bidders are obliged to provide written information and undertaking declarations regarding their ownership relationship and on the above, and give their consent to ÁKK to check these and any other relevant information and procedures in connection with this Section.

3.5. The so-called non-competitive bids are accepted on the weighted avarage price of the competitive bids accepted at the given auction.

3.6. If the amount of the valid bids exceeds the amount of the Discount Treasury Bills offered for sale at the auction, the remaining treasury bills are distributed among the bids competing on the price level relating to the accepted amount on the basis of the **principal of proportionate distribution**. (On the basis of the base face value, the remaining Discount Treasury Bills are accepted among the bids competing on the price level relating to the accepted amount in the proportion of the offered face value. The incidentally remaining amount is credited on the account of the Issuer.)

3.7. The evaluation of the auction bids takes place by means of sorting performed by the Board of Auction on the basis of their expected price. The valid bids, started from the bid with the highest expected price - considering the provisions of Sections 3.2. - 3.6 of these Business Conditions - are accepted until the amount of the treasury bills offered for sale is not sold. The non-competitive bids precede the bids with yield and price indication. On the basis of the accepted bids the sale takes place on the price indicated by the bidder (including - in case of expected yield is indicated by a Primary Dealer - the respective price related to such yield level in the Trading System operated by BSE in accordance with point 3.1), and on the average price as specified in Section 3.5. of these Business Conditions in case of non-competitive bids.

3.8. The formula for calculating the purchase price relating to the accepted bid(s) is following:

$$\text{Price (\%)} = \frac{100}{1 + (\textit{yield}/100) \times (\text{remaining\_days}/360)}$$

The formula for calculating the yield of the Discount Treasury Bills:

$$\text{Yield (\%)} = \frac{100 - \textit{price}}{\textit{price}} \times \frac{\textit{360}}{\textit{remaining\_}\text{days}} \times 100$$

3.9. In the case of both types of auction ÁKK accepts non-competitive bids only up to 50 percent of the amount offered for the auction sale. If the amount of the non-competitive bids exceeds 50 percent of the amount offered for the auction sale, the Discount Treasury Bill amount amounting up to 50 percent of the amount offered for the auction sale is to be distributed among the non-competitive bids on the basis of the principal of proportionate distribution.

3.10. In the case of exchange auction the calculation of the amount of the Discount Treasury Bills - of a different series than the series of the Discount Treasury Bill(s) to be marketed - related to the accepted bid(s), to be transferred in exchange for the Discount Treasury Bill(s) to be sold takes place on the basis of the below formula:

Amount of the Discount Treasury Bills serving as consideration (number) =

= the amount of the Discount Treasury Bills accepted by ÁKK from the given bid (number) X the price of the given bid / the price of the Discount Treasury Bills serving as consideration specified in accordance with Section 1.6.2. of these Business Conditions.

The amount calculated as consideration in accordance with the above is rounded to the closest integer number in accordance with the general rules of rounding.

4. Announcement of the allotment results, information

The Primary Dealers having bids which have been accepted at the auction receive a confirmation - save the case specified in Section 2.3 of these Business Conditions - regarding their accepted bids and the prices and yields of such bids through the Trading System at $11.30^{\underline{00}}$ a.m. on the day of the auction. In the case of an exchange auction, in addition to the above, ÁKK informs the Primary Dealers about the serial number, total nominal value, the quantity, exchange rate, exchange rate value of the accepted and issued Discount Treasury Bills and the Discount Treasury Bills serving as consideration. ÁKK publishes the summary information regarding the accepted bids submitted for the auction - including the total accepted amount, the issued amount of the series/part of series, the accepted maximum, minimum and average price and yield and in the case of an exchange auction, in addition to the above, the series of the Discount Treasury Bill(s) serving as consideration, the price and the total accepted par value of the series - through electronic medium (currently: LSEG (formerly Refinitiv) and Bloomberg) and on its website (www.akk.hu).

5. Settlement, crediting on the securities accounts

5.1. Settlement of the classic auction

5.1.1 The settlement of the financial consideration of the accepted bids takes place in accordance with the provisions of the General Terms of Business of KELER Ltd. General Business Rules and the related KELER's Depository Announcement - No. 9-20 Detailed Presentation of Settlement Orders applicable to primary market transactions. Accordingly the purchase prices of the Discount Treasury Bills calculated in accordance with the above are settled on the date of financial settlement by debiting the bank accounts held at KELER of the Primary Dealers submitting the bids, and the payment account of the commercial bank held at NBH - following the check of funds – and crediting the unified treasury account under a DVP-type order. (The Primary Dealers have to submit a statement regarding the BIC code used in the KELER Ltd. This may only be amended upon the prior written notification of ÁKK.) Simultaneously with the debiting of the bank accounts KELER credits the Discount Treasury Bills on the respective accounts of the Primary Dealers.

5.2. Settlement of the exchange auction

5.2.1. The settlement of the Discount Treasury Bills amounts to be transferred in exchange for the value of the accepted bids calculated at the relevant price takes place in accordance with the provisions of the KELER Ltd. General Business Rules and the related KELER's Depository Announcement - No. 9-20 Detailed Presentation of Settlement Orders applicable to the rules for linked securities account transfers (FOP type order). Accordingly the Discount Treasury Bill(s) to be marketed and the Discount Treasury Bill amounts to be given in exchange are settled on the date of settlement by debiting the securities accounts held at KELER of the Primary Dealers submitting the bids - following the examination of the cover - and crediting the securities account held at KELER in favour of the Issuer. (The Primary Dealers have to submit a statement regarding the BIC code used in the KELER Ltd, if they intend to use a securities account at the exchange auction other then that used at the classic auction. This may be amended only upon a prior written declaration sent to ÁKK.) Simultaneously with the debiting of the securities accounts KELER credits the Discount Treasury Bills to be marketed on the respective accounts of the Primary Dealers.

5.3. General provisions

5.3.1. The Issuer and ÁKK are not responsible for the damages and other consequences arising from the late performance of the Primary Dealer's client to the Primary Dealer.

5.3.2. If the settlement does not take place due to inadequate funds, the not performed items - at the original price, without interest on late payments - are automatically included by KELER in its settlement system in the case of classic auction within 3 working days as from the original settlement date, however, in the case of an exchange auction, the Primary Dealers are obliged to provide the linked securities transfer transactions described in clause 5.2.1 to KELER Zrt. even after the original settlement date, but for a maximum of 3 working days. KELER informs ÁKK on the actual settlement day, and ÁKK defines the amount of default interest accordingly. The default interest rate is the central bank base rate +8%. The Primary Dealer is obliged to pay the interest on late payments on the basis of the notification sent by ÁKK to the "Revenues from forint debts" account of the Hungarian State Treasury, number 10032000-01031403.

5.3.3.1. In the case of classic auction the unsecured transaction is not completed within 3 working days as from the settlement, ÁKK considers as the bidder having cancelled the transaction. For the case of cancellation ÁKK stipulates a penalty amounting to 10 percent of the unpaid purchase price increased with the interest on late payments, which is to be paid within 8 days, upon the notification of ÁKK to the account number indicated in the notification.

5.3.3.2. If in the case of exchange auction the uncovered transaction is not completed within 3 working days as from the settlement, ÁKK considers as the bidder having cancelled the transaction. For the case of cancellation ÁKK stipulates a penalty amounting to 10 percent of the value of the Discount Treasury Bills amount serving as consideration calculated at price defined in Section 1.6.2. of these Business Conditions increased with the interest on late payments, which is to be paid within 8 days, upon the notification of ÁKK to the account number indicated in the notification.

5.3.4. In case of non-performance of the payment or securities transfer obligation ÁKK disqualifies the bidder from the participation at the auction (Discount Treasury Bills, Green Hungarian Government Bonds and Hungarian Government Bonds in both classic and exchange auctions) until the day of the actual performance. The bidder may participate in the auction only if the bidder has fulfilled all payment and securities transfer obligations relating to the auctions (including Non-competitive tender transactions) no later than the day before the auction.

5.3.5 In the case described in point 5.3.3.1. and 5.3.3.2. ÁKK may exclude the bidder from participating in the auction for up to 1 month.

6. Other provisions

6.1. ÁKK may suspend the participation at the auction of those participants for a period of 3 months at the most, who have significantly distracted the order of the auction.

In particular the following events are considered as significantly distracting the order of the auction:

a) insider trading, market influence prohibited by the Capital Market Act or other applicable laws, or any other conduct, which is capable of the unfair influence of the yields evolved at the auction;
b) malicious, concerted practices of several participants, which are capable of the unfair diversion of the market yields.

6.2. In case of repeated occurrence of the acts described in Section 6.1. ÁKK may disqualify from the participation at the auction the concerned participant for half year at the most.

Annexes:

Annex no. 1:	Template of Auction bid
Annex no. 2:	Statement

Annex no. 1

AUCTION BID

Name of the bidder

Contact person

Phone number

At the auction on………….. (date) announced by ÁKK regarding the auction purchase of the Discount Treasury Bills series number_.................................. with a face value of HUF 10,000 per item we hereby submit the below bid(s):

Bids made with price indication:

Amount (item)	Price (%)	Account Number	Settlement date	Serial number of Discount Treasury Bills serving as consideration*

Non-competitive bid (item):

Amount (item)	Account Number	Serial number of Discount Treasury Bills serving as consideration*

For this auction purchase bid the provisions of "Business conditions of the placement of Discount Treasury Bills at auctions " effective as from 2nd January 2025 ("Business Conditions") are applicable.
We have read, understood and accepted as binding the Offering Circular and the Business Conditions in respect of our bid.
* To be filled out only in case of exchange auctions

………………..
Date

………………………..
Authorised signature

Annex no. 2

Statement*

Undersigned,

Company name: ______________________________________

Registered seat: ______________________________________

Company registration number: ______________________________________

as Primary Dealer accept that

a) in case of auction bids delivered to Government Debt Management Agency Ltd. (hereinafter: "ÁKK") through the Board of Auction of Budapest Stock Exchange Plc. on the basis of the business conditions of the placement of Hungarian Government Bonds, Green Hungarian Government Bonds and Discount Treasury Bills effective as from 2nd January 2025 at auctions ("Business Conditions") ÁKK considers the bids appearing on the terminal connected to its own Trading System as the bids of the Primary Dealers;
b) in case the auction bids delivered to ÁKK through the email, fax or in person due to the non-function of the Trading System, ÁKK considers the bids received through the email, fax or in person as the bids of the Primary Dealers;
c) the Issuer and ÁKK are not responsible for the damages and other consequences arising from the failure of the data-transmission and communications systems.

Signing this statement supplements the authorised signature of the Primary Dealer on the auction bids.
This statement in unconditional and may be amended or withdrawn only upon the prior written consent of ÁKK.
All capitalised terms used in this statement have the meaning specified in the Business Conditions and the Transaction Rules.

Budapest, ________________________20__

____
Primary Dealer's
authorised signature

* to be completed only on one occasion after entry into force

Annex B of the Offering Circular

Annex B/1 of the Offering Circular

Primary Dealers

BNP Paribas
registered seat: 16 boulevard des Italiens 75009 Paris, France

CIB Bank Ltd.
registered seat: 1024 Budapest, Petrezselyem utca 2-8.

Citibank Europe Plc.
registered seat: 1 Dublin, North Wall Quay 1., Ireland

Deutsche Bank AG
registered seat: Frankfurt am Main 60368, Taunusanlage 12., Germany

ERSTE Befektetési Ltd.
registered seat: 1138 Budapest, Népfürdő u. 24-26.

Goldman Sachs Bank Europe SE
registered seat: Marienturm, Taunusanlage 9-10, D-60329 Frankfurt am Main, Germany

ING Bank N.V.
registered seat: NL-1081, Amsterdam, Amstelveenseweg 500, The Netherlands

J.P. Morgan SE
registered seat: Taunustor 1 D-60310 Frankfurt am Main, Germany

K&H Bank Ltd.
registered seat: 1095 Budapest, Lechner Ödön fasor 9.

MBH Bank Plc.
registered seat: 1056 Budapest, Váci utca 38.

OTP Bank Plc.
registered seat: 1051 Budapest, Nádor u. 16.

Raiffeisen Bank Ltd.
registered seat: 1133 Budapest, Váci út 116-118.

Treasury and district offices of the Hungarian State Treasury

Treasury Office of the Regional Directory / District offices	***Address / Mailing address / Contact details***
Treasury Offices of the Regional Directory of Budapest and Pest County	*Office:* 1081 Budapest, Fiumei út 19/A (bejárat az Alföldi utca felöl) 1115 Budapest, Bartók Béla út 120- 122. 1139 Budapest, Váci út 71. 1054 Budapest, Hold utca 4. *Point of Sale:* 1015 Budapest, Hattyú utca 14.
Treasury Office of the Regional Directory of Baranya County	7621 Pécs, Apáca utca 6.
Treasury Office of the Regional Directory of Bács-Kiskun County	6000 Kecskemét, Szabadság tér 1.
Treasury Office of the Regional Directory of Békés County	5600 Békéscsaba, Dózsa György utca 1.
Treasury Office of the Regional Directory of Borsod-Abaúj-Zemplén County	3525 Miskolc, Hősök tere 3.
Treasury Office of the Regional Directory of Csongrád County	6720 Szeged, Vár utca 5.
Treasury Office of the Regional Directory of Fejér County	8000 Székesfehérvár, Ősz utca 11-13.
Treasury Office of the Regional Directory of Győr-Moson-Sopron County	9022 Győr, Czuczor Gergely utca 26.
Treasury Office of the Regional Directory of Hajdú-Bihar County	4025 Debrecen, Hatvan utca 15.
Treasury Office of the Regional Directory of Heves County	3300 Eger, Eszterházy tér 5.
Treasury Office of the Regional Directory of Jász-Nagykun-Szolnok County	5000 Szolnok, Magyar út 8. *Point of Sale:* 5300 Karcag, Kossuth tér 1. földszint
Treasury Office of the Regional Directory of Komárom-Esztergom County	2800 Tatabánya, Fő tér 32.
Treasury Office of the Regional Directory of Nógrád County	3100 Salgótarján, Rákóczi út 15.
Treasury Office of the Regional Directory of Somogy County	7400 Kaposvár, Széchenyi tér 4.
Treasury Office of the Regional Directory of Szabolcs-Szatmár-Bereg County	4400 Nyíregyháza, Széchenyi út 3/A.
Treasury Office of the Regional Directory of Tolna County	7100 Szekszárd, Augusz Imre utca 7.
Treasury Office of the Regional Directory of Vas County	9700 Szombathely, Széll Kálmán utca 20.
Treasury Office of the Regional Directory of Veszprém County	8200 Veszprém, Brusznyai Árpád utca 1.
Treasury Office of the Regional Directory of Zala County	8900 Zalaegerszeg, Dísz tér 7.