

## **SPECIAL TERMS AND CONDITIONS OF THE HUNGARIAN STATE TREASURY FOR THE TRADING OF GOVERNMENT SECURITIES ISSUED IN EURO CURRENCY**

The Hungarian State Treasury (hereinafter referred to as the Distributor) participates in the trading of government securities issued in euro by the Government Debt Management Agency Private Company Limited by Shares, representing the Hungarian State (hereinafter referred to as ÁKK Zrt.). The general terms and conditions related to the trading are contained in the Prospectus of ÁKK Zrt. The Distributor informs prospective investors about the special terms and conditions of the trading (which primarily arise from the Distributor's special legal status and the resources at its disposal) and makes these terms available to them as contractual conditions as follows:

### ***Eligible Persons for using the service of the Distributor***

The Distributor provides the trading of government securities issued in euro among both resident and non-resident natural persons. In the case of non-resident natural persons, the Distributor will only enter into a securities account contract with an adult who has full legal capacity.

Resident natural persons is able to use their existing securities accounts at the Distributor to purchase securities, with the provision that they must give a separate due date instruction regarding the payment of interest and principal on the government securities issued in euro.

### ***Identification Documents Required for Non-Resident Natural Persons***

Non-resident natural persons are required to present the following identification documents: passport or identification document, a document proving the right of residence, or a residence permit. In the absence of these, other documents suitable for establishing permanent residence or habitual residence are required, along with a certified Hungarian translation of these documents. Additionally, an official document proving the address in Hungary is necessary if their residence or habitual residence is in Hungary. The Distributor will make photocopies of these documents based on the Anti-Money Laundering Act (Pmt.).

### ***Methods of Settlement for Purchasing Government Securities Issued in Euro***

#### **a) Settlement by Bank Transfer**

The purchase of government securities can be made once the collateral for the purchase, based on the euro-denominated bank transfer initiated by the client, is available in euro in the client's account held by the Distributor.

### **Mandatory Content Elements for Collateral Transfers**

<b>Beneficiary Account IBAN Format (for euro transfers initiated from abroad or domestically)*</b>	HU18 1901 7004 8810 4264 7010 0001
<b>Beneficiary Account Number (for euro transfers initiated domestically only)*</b>	19017004-88104264-70100001
<b>Beneficiary Name</b>	Magyar Államkincstár
<b>Beneficiary Address</b>	1054 Budapest, Hold u. 4.
<b>Beneficiary Bank Identifier Code (SWIFT BIC)</b>	MANEHUHB
<b>Beneficiary Bank Name</b>	Magyar Nemzeti Bank

<b>Beneficiary Bank Address</b>	1054 Budapest, Szabadság tér 8-9.
<b>References</b>	** The first eight characters: the 8-digit securities account number of the purchaser of the relevant securities.
	The name of the securities account holder.

\*For euro transfers initiated domestically, both formats can be used; however, their costs may differ. We recommend that you inquire about the potential costs of the transfer from your account-holding financial institution in advance. Both account number formats are suitable exclusively for receiving euro transfers; transfers in any other currency will not be accepted. The credited euro amount will be posted to the customer's own client account on the T+1 business day following the crediting to the Distributor's account at the Hungarian National Bank.

\*\*Correct indication of this number is a prerequisite for identification.

In the case if the client indicates incorrectly the "beneficiary account" number on their transfer, the receiving bank will return the funds. The Distributor accepts no liability for any damages incurred by the client as a result. If the transfer initiated by the client cannot be identified by the Distributor (e.g., incorrect or incomplete securities account number), the amount will be returned to the sender's bank account on the business day following its receipt.

The Distributor draws the attention of prospective investors to the fact that the time it takes for their bank transfer to arrive at the Distributor is significantly influenced by the practices of the sending commercial banks.

#### **b) Settlement by Bank Card**

Government securities issued in euro can also be purchased with a bank card. For bank card payments, the charge is made in euro. In case of conversion, the cardholder's bank performs the exchange at the exchange rate set by the bank.

#### **c) Settlement by Cash**

For cash purchases of government securities issued in euro, if the cash deposit and investment recording on the securities account occur on the same day by 15:30 from Monday to Thursday, by 13:30 on Friday, or by 12:00 on a day moved due to a public holiday, the investment will be completed on the next business day following the recording. If the recording occurs after these times, the investment will be completed on the second business day following the recording. Clients must deposit the investment amount in euro, as the Distributor does not exchange currencies. The cash denominations should be arranged so that the deposit can be made without needing change. According to the Terms of Business (Announcement), the customer service centre's of the government securities distribution offices accept up to 10 coins of the same denomination, with the smallest accepted denomination being 1.00 euro. Principal payment is made on the date published in the Public Offer issued by ÁKK Zrt., exclusively by bank transfer to the bank account specified by the client. The Distributor does not pay interest and principal in cash.

#### *Method of Interest and Principal Payment*

The client must provide instructions regarding the method of interest and principal payment, indicating whether the amounts due should be transferred to the account specified by the client or credited to the client account associated with their securities account. In the absence of instructions, the Distributor will credit the amount to the client account associated with the client's securities account.

#### *Early Redemption*

The Distributor redeems government securities issued in euro for the client upon written notification at the exchange rate set by ÁKK Zrt., transferred to the bank account specified by the client. If the request is submitted from Monday to Thursday by 16:00 on the day of submission, by 14:00 on Friday, or by 12:00 on a day moved due to a public holiday, the financial settlement of the redemption will occur on the same day, at the buy rate specified by ÁKK Zrt. for the next business day. If the request is submitted from Monday to Thursday after 16:00, on Friday after 14:00, or after 12:00 on a day moved due to a public holiday, the financial settlement of the redemption will occur on the next business day following the submission, at the buy rate specified by ÁKK Zrt. for the next business

day. The buy rates specified by ÁKK Zrt. are for the redemption of government securities issued in euro up to the value limit published in the Announcement, which forms an annex to the Distributor's current Terms of Business. Proof of entitlement must be submitted before the early redemption of government securities issued in euro.

#### *Transfer*

Transfer of government securities issued in euro (securities transfer) is possible only if a Hungarian commercial bank is able to accept the securities, and the client has paid the fee specified in the Announcement to the Distributor in Hungarian forints before initiation. The Distributor does not facilitate transfers abroad.

#### *Conversion*

The stock of government securities issued in euro held by the Distributor can be transferred to another securities account designated by the client or to another client's securities account held by the Distributor, according to the client's instructions.

#### *Taxation for Non-Resident Natural Persons*

The Distributor calculates the withholding tax based on the client's tax residency status at the time of interest accrual/interest payment. In the absence of proof of Hungarian tax residency required for tax exemption, the Distributor withholds the withholding tax according to the prevailing Hungarian tax laws.

Proof of tax residency and, if necessary, a beneficial owner declaration must be presented in Hungarian, translated by an officially certified translator appointed by the National Translation and Translation Certification Office in Hungary. The client may be subject to taxation differently for tax residency purposes if they are tax residents of an EU member state or another country outside the European Union.

#### *a) Taxation for Private Individuals Residing in EU Member States or Countries Covered by EU Interest Information Exchange Agreements*

According to Act XCII of 2003 on the Rules of Taxation, the Distributor must provide data to the tax authority regarding interest income paid/credited to private individuals residing in another EU member state (including countries covered by EU interest information exchange agreements). The interest income falling under the scope of data provision is not subject to withholding tax if the client has provided valid proof of residency to the Distributor.

#### *b) Taxation for Private Individuals Residing Outside the European Union (and Countries Covered by EU Interest Information Exchange Agreements)*

For clients who are tax residents of a country outside the European Union, taxation is based on the Double Taxation Avoidance Agreement between the two countries if the necessary documents (proof of residency and, if necessary, beneficial owner declaration) are available.

Proof of tax residency can be provided with a copy of the document issued by the foreign tax authority translated into Hungarian. If necessary, a beneficial owner declaration may also be required to comply with the agreement. Tax residency must be confirmed once per tax year, even if there have been no changes to the tax residency since the previously submitted proof of tax residency.

In the absence of a bilateral agreement between the two countries or if the required documents for the agreement are not available, the withholding tax rate is 15%. If the deducted tax rate is higher than the tax rate applicable under the international agreement (e.g., if the foreign individual does not provide the necessary documents to the Distributor until the payment), the foreign individual may claim a tax refund from the National Tax and Customs Administration by submitting proof of residency and certification from the Distributor.

#### *Data Provision*

The Distributor is obliged to provide data to the state tax authority regarding private individuals residing in another EU member state, including relevant data on both clients who received interest

payments/credits and the interest income itself. The determination of tax residency for the relevant clients at the Distributor is based on the following records:

- Hungarian translation of the proof of residency issued by the tax authority of the country of residency, or
- Permanent address, or
- Passport, ID card, or any other document issued by the authority of the country of residency for the purpose of identifying individuals.

Any matters not regulated in these Special Terms and Conditions are governed by the Distributor's current Terms of Business, Announcement, Public Offer for the issuance of government securities in euro issued by ÁKK Zrt., and Information Memorandum. Under no circumstances may the client use the Distributor's services for purposes involving the commission of a crime.

**Effective from: 8th January 2024.**

**Hungarian State Treasury**