



Press Release No. 09/36  
FOR IMMEDIATE RELEASE  
February 16, 2009

International Monetary Fund  
Washington, D.C. 20431 USA

**IMF Announces Staff-Level Agreement with Hungary  
on First Review of Stand-By Arrangement**

An International Monetary Fund (IMF) mission issued the following statement in Budapest today at the end of the first review under Hungary's Stand-By Arrangement with the IMF:

“An IMF mission, led by Mr. James Morsink, held discussions with the Hungarian authorities during February 4-16, 2009 and reached a staff-level agreement with the authorities on a package of policies that aims at completing the first review under the Stand-By Arrangement. The mission worked in close cooperation with a parallel mission from the European Commission carried out in the context of the European Union balance of payments assistance.

“In the weeks ahead, IMF staff and the authorities will work together to finalize a Letter of Intent, with a view to allowing the IMF Executive Board to consider the completion of the first review under the arrangement in late March. The completion of this review will enable Hungary to draw an amount equivalent to SDR 2.1 billion (about €2.5 billion).

“The Hungarian authorities have implemented the policies described in their previous Letter of Intent of November 2008. The quantitative performance criteria and indicative target for December 2008 were all met. Inflation was broadly as envisaged under the program. The structural performance criterion and benchmarks were also all met.

“Looking forward, the key objectives of the program remain to improve fiscal sustainability and preserve the stability of the financial sector. The worsening global environment implies a downward revision of Hungary's macroeconomic outlook and therefore the need for additional policy measures. Important measures in the fiscal area will reduce the government's immediate financing needs relative to 2008 and contribute to restoring debt sustainability over the medium term. In the financial sector, the core measures aim to maintain ample liquidity and strong levels of capital in the banking system.

“The continued success of the policy package will be a shared responsibility between all stakeholders in the country and the international community. The IMF, in close coordination with the European Union and the World Bank, will continue assisting the Hungarian authorities on how to adapt to the current global financial turmoil and to catalyze financing as needed.”