

Chinese – Hungarian financial relationship

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One Belt One Road Initiative – Financial Cooperation

→ Belt and Road Initiative: a tool to create „an open, inclusive, and balanced regional economic cooperation framework that benefits all”

Several examples of cooperation in the finance area:

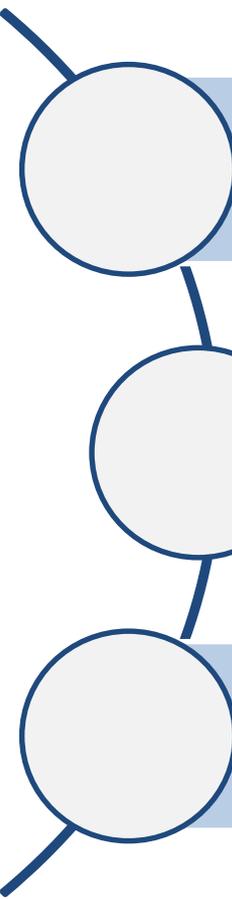
Finance cooperation agreement concluded between Chinese Development Bank and MFB: promotion of foreign investments in Hungary, target EUR 1 billion

China-CEE Investment Cooperation Fund, jointly established by Eximbank of Hungary and China Eximbank: USD 350 million investment in energy, utilities, communications, infrastructure and finance sectors

Follow-up: Investment Cooperation Fund 2, USD 1 billion

Capital market development

Membership of Hungary in the Asian Infrastructure Investment Bank



Hungary joined AIIB as its 56th member state in June 2017.

For the first time, Hungary is part of a multilateral financial institution devoted to Asia's development.

Ambitious goals: AIIB wants to be a game changer in funding the huge infrastructure gap in Asia and beyond.

A fresh track record of the AIIB from a Hungarian perspective

As of last year-end, AIIB has approved 24 development projects and total lending of \$4.2 billion for a diverse set of countries in the mandated sectors.

Beyond its shareholding role, Hungary, through certain competencies, is eager to contribute to success stories in infrastructure and business development in Asia.



Budapest–Belgrade Railway Link: improving connectivity

Aim:

- High-speed railway connection between the Mediterranean port of Piraeus and Central and Western Europe

Purpose:

- facilitating trade between Europe and Asia
- improving infrastructure of the CEE region
- promoting technical and financial cooperation between China and the CEE countries inside and outside EU

Joint development project of China, Hungary and Serbia:

- over 350km dual-track railway, speed up to 160km/h
- travel time halved
- according to EU standards



Budapest–Belgrade Railway Link: current situation

International treaty completed in February 2016

Hungarian–Chinese joint venture established as project manager

Procurement process:

- over 30 participants
- 2 applications by Asian–European–Hungarian consortia

Financing:

- 85% to be covered by a loan facility of China Eximbank
- 15% to be covered by other sources
- agreement on major financing conditions

Expected completion in 2023

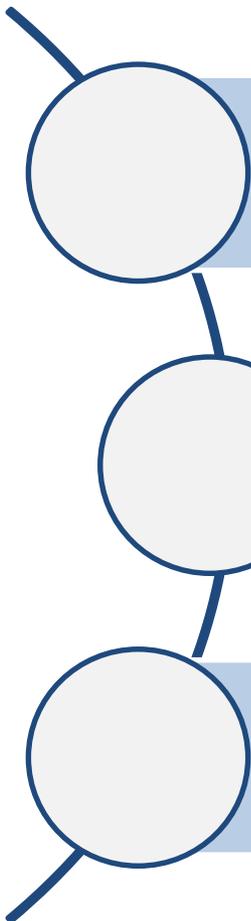
Hungary as an investor in the SINO-CEE Fund

Hungary, through Eximbank, joined the SINO-CEE Fund, a financial cooperation platform jointly proposed by China and the 16 countries of Central and Eastern Europe, in November 2017, by contributing €50 million.

The Fund is aimed at leveraging its €10 billion potential investment size in key traditional and innovative industries in CEE, Europe and beyond.



Expectations vis-a-vis the SINO-CEE Fund



A new phase of cooperation through stronger economic and commercial ties between China and CEE, including Hungary.

A partnership bringing viable investment opportunities that create additional space for our companies.

Performing market-driven investment standards and professional management of the Fund, resulting in real investments and long-term financial returns for investors.

Successful dim sum and Panda bond issuance on the Chinese market

	Offshore RMB issuance (dim sum bond)	Onshore RMB issuance (Panda bond)
Date of issuance	14 April 2016	26 July 2017
Demand	2.6-times	2.0-times
Face value	RMB 1 bn (EUR 0.14 bn, HUF 43 bn)	RMB 1 bn (EUR 0.13 bn, HUF 43 bn)
Maturity	3 yrs	3 yrs
Original annual interest rate (RMB)	6.25%	4.85%
Annual interest rate after swap (EUR)	2.14%	0.68%

Source: ÁKK (Government Debt Management Agency), MNE



Thank you for your attention!

