

COVID-19 recovery support drives EIB Group investments in Hungary to record high levels



- The European Investment Bank Group invested €767 million in Hungary in 2020, a record high volume in the last five years.
- The EIB, a part of the EIB Group, provided €757.5 million; total EIB investments in the country reach €22.8 billion.
- The EIF, the other arm of the EIB Group specialised in SME support, provided €9.5 million in guarantees to Hungarian financial institutions.
- EFSI is expected to mobilise some €406 million in investment in the Hungarian economy.

The European Investment Bank Group (EIB Group) provided €767 million in loans and guarantees to its clients in Hungary in 2020 or 0.57% of Hungary's GDP. The EU bank channelled the majority of the funds into faster COVID-19 recovery of Hungarian SMEs and mid-caps, as well as the recovery of the public healthcare sector from the pandemic.

The EIB also supported the Hungarian Government with loans covering Hungary's participation in projects financed by the European Union and the modernisation of power distribution in south-east Hungary.

The two parts of the EIB Group, the European Investment Bank (EIB) and the European Investment Fund (EIF), invested €757.5 million and €9.5 million respectively, making 2020 a record year for the EIB in Hungary in the past five years.

EIB Vice-President Teresa Czerwinska, who is in charge of operations in Hungary, said: "In the past year, the EU bank has responded to the challenges presented by the COVID-19 pandemic and increased the volume of our investments in the Hungarian economy. We have unlocked vital new sources of financing for SMEs and mid-caps to make sure they can continue to provide jobs and income for Hungarians and drive forward the national economy. We have also supported key healthcare infrastructure further strengthening Hungary's ability to tackle the pandemic. With the challenges of post-COVID recovery and opportunities from EU-led initiatives such as the European Green Plan, I look forward to further extending the EIB's support for the economic and social development of Hungary."

Deputy Prime Minister and Finance Minister in the Hungarian Government Mihály Varga said: "The exceptionally good relations existing between the European Investment Bank and Hungary were further strengthened during the state of danger. The Bank provided very remarkable support help in health protection by refinancing budgetary expenditures, and in boosting investments—both in the public and in the private sector—with the help of increased credit lines and flexible lending practices."

EIB focuses on COVID-19 recovery, energy distribution and support for EU-financed projects

EIB lending in Hungary totalled €757.5 million through six operations signed in 2020. The Bank provided €275 million to unlock new sources of financing for the country's SMEs available via Eximbank Hungary, the Hungarian Development Bank (MFB), SG Eszközfinanszírozás Magyarország Zrt. and SG Eszközüzlet Magyarország Kft, and €120 million for modernisation of MVM's power distribution network in south-east Hungary including the introduction of smart e-meters and modern bird protection measures. The EU bank lent an additional €200 million to the Government of Hungary for national participation in EU-financed projects. The loan will help support improvements in services, telecoms, education and urban development, and provide additional backing to Hungarian SMEs and mid-caps.

The EU bank invested €162.5 million to support AEEK, the national hospital management agency, and scale up the Hungarian healthcare sector's response to the COVID-19 pandemic. The loan covered the procurement of medical supplies, personal protective equipment, and mobile units.

These activities brought total EIB investments in Hungary to €22.8 billion (since the beginning of operations in the country), with €11.22 billion invested in the last decade alone.

EIF provides guarantees to four Hungarian banks strengthening the innovation and competitiveness of Hungarian SMEs

The EIF contributed to the local economy to the tune of €9.5 million by providing guarantees to local financial institutions, strengthening their ability to fuel the economic and social development of Hungary without jeopardising the stability of the national financial sector.

Over the past five years, the EIF has invested some €396 million in equity operations, guarantees and innovative financing in Hungary.

EIB Advisory Services help attract new funds to Hungary

Through the activities of its advisory services, the EIB provided valuable technical assistance to faster economic and social development in Hungary. These projects included European Investment Advisory Hub support for the Hungarian Development Bank (MFB)'s deployment of local advisory services; the preparation of a bus fleet renewal action plan; and the preparation of large railway and urban transport, water and wastewater, roads, energy, and solid waste projects. EIB Advisory Services also provided grants to Hungary's public sector for project development.

One of the EIB's advisory services, the European Local Energy Assistance or ELENA facility, contributed €5 million in grants for project development services and helped mobilise investments amounting to approximately €233 million for energy efficiency improvements in Hungary. Among the ELENA-supported projects is the KaposGrid project in West Hungary, which enables modernisation of the power grid with a Smart Grid Centre along with energy

efficiency measures for public buildings and street lighting, building-integrated PV, and batteries for storage.

About the European Investment Bank in Hungary:

Total EIB lending commitments in Hungary since the start of the EU bank's operations in the country stand at €22.8 billion. The EIB has invested in all key sectors of the Hungarian economy, including transport, education, telecommunications, environmental protection, SME support, energy infrastructure, manufacturing and services. A key component of the EU bank's activity in the country is the promotion of small and medium-sized enterprises by increasing their access to long-term financing through local financial institutions.