The EIB in Hungary in 2014

In Hungary, as in the other EU Member States, the EIB supports investment projects in order to reduce disparities in regional development, strengthen economic competitiveness and increase living standards and the quality of life. In 2014 EIB loan signatures amounted to EUR 756m, bringing the funds provided by the Bank to EUR 6.1bn for projects promoting European objectives in Hungary over the past five years (2010 –2014). Financing projects contributing to economic progress in EU-assisted areas remains the key activity of the EIB. The territory of Hungary consists mostly of regions fully qualifying for EIB loans as well as allocations from the European Union’s Structural and Cohesion Funds.

EIB lending by sector in Hungary from 2010 to 2014 (in EUR m)

- Energy: 10%
- Transport, telecommunications: 20%
- Water, sewerage, solid waste, urban development: 11%
- Industry, services, agriculture: 20%
- Education, health: 12%
- Small and medium-scale projects: 27%

Strategic infrastructure sector strengthened

In 2014 the EIB loan provided a loan of EUR 100m to finance the extension, upgrading and improvement of the reliability of vital parts of energy infrastructure in Hungary – both high voltage lines and gas storage equipment. The efficient performance of these facilities and their adjustment to the increasing demand for supply are important for strengthening the competitiveness of the Hungarian economy and creating new employment opportunities.

Loans for SMEs and midcaps

In 2014, the Bank signed intermediated loans amounting to EUR 350m with three partner financing institutions operating in Hungary. These credit lines were granted in application of the EIB’s priority of supporting Europe’s SMEs and helping to reduce the impact of the current economic crisis by improving SMEs’ and mid-size companies’ access to medium and long-term funds on advantageous financial terms.
Support for innovation

In 2014 the Bank provided a EUR 56.4m loan in Hungary in support of the research and development activities on brake systems for rail and commercial vehicles of the company Knorr-Bremse – a leading supplier of brake technology to the truck and rail industries. This project is expected to help increase passenger and pedestrian safety and improve the energy efficiency of rail and commercial vehicles.

Co-financing with EU funds

In 2014 the EIB provided EUR 184m for the rehabilitation of the railway sector, which will co-finance with EU funds projects with a total cost of EUR 1.2bn. The individual sub-projects are located throughout Hungary. They are focused on the rehabilitation and reconstruction of various TEN-T railway lines, purchase of 42 Electric Multiple Units for commuter railway traffic around Budapest and installation of a GSM-R system on certain TEN-T corridors. This project is contributing to improving the efficiency, comfort and safety of the railway system and will thus enhance the attractiveness of rail transport. As a result, the operation will have a beneficial impact on rail transport demand and sustainable long distance transport in Hungary.

Last year the Bank provided EUR 30m to finance the improvement and upgrading of municipal infrastructure in Pécs (southern Hungary), with the aim of fostering the city’s economic development, increasing the quality of life of its inhabitants and enhancing its attractiveness to investors.

Signatures in Hungary 2010-2014

<table>
<thead>
<tr>
<th>Year</th>
<th>Signature (in EUR m)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010</td>
<td>1682</td>
</tr>
<tr>
<td>2011</td>
<td>1399</td>
</tr>
<tr>
<td>2012</td>
<td>1594</td>
</tr>
<tr>
<td>2013</td>
<td>710</td>
</tr>
<tr>
<td>2014</td>
<td>756, +6%</td>
</tr>
</tbody>
</table>

The European Investment Fund

The European Investment Fund (EIF) is the specialist arm of the EIB providing risk financing solutions to financial intermediaries to support SMEs and midcaps and foster innovation in Europe. In 2014, it committed EUR 3.3bn in support of business, through which approximately EUR 14bn of capital will be mobilised.

By business line, the EIF committed a total of EUR 1.65bn for equity in 74 early and growth stage funds, which raised a total of EUR 8.3bn. On the guarantees side, it committed EUR 1.6bn in 60 transactions, which acted as a catalyst in attracting EUR 5.6bn of new loans for SMEs. The EIF’s support for micro-enterprises totalled EUR 51m, generating a loan volume of EUR 133m.

Overall, more than 175,000 SMEs and midcaps were supported by the EIF in 2014.

In Hungary in 2014, the EIF committed EUR 5m in a single guarantee operation, which aims to raise EUR 10m.

For more information: www.eif.org/hungary.
Support for Trifolium Hungary Kft.

The final beneficiary of an EIB intermediated loan, Trifolium Hungary Kft., is a leading exhibition construction company that plans and builds exclusive premium-category stands and arranges all related activities. The EIB funds, amounting to EUR 200,000, supported the maintenance and upgrading of equipment essential for the continuous growth of the company and the excellence of the services rendered. Additionally, the funds significantly reduced the enhanced liquidity need deriving from the increased demand from our esteemed clients.

Extreme Light research Infrastructure

This project consists of the design, construction and equipping of a state-of-the-art laser research facility in Szeged, in what is a brownfield development of a former Soviet military camp. This facility is part of the pan-European ELI network, with complementary research centres located in the Czech Republic and Romania.

This research infrastructure investment is a flagship knowledge economy project and the first operation in Hungary financed under InnovFin – more specifically the InnovFin Large Projects product. The project is labelled as Strategic European Research Infrastructure by the EU Research Council and is included in the EU Partnership Agreement with Hungary.

The EIB loan will not only facilitate ground-breaking scientific research in a number of areas (ranging from material science and nanotechnology to medicine), but also contribute to close pan-European cooperation and exchange between R&D institutions and scientists. Furthermore, on a national Hungarian level, it will contribute to the growth of the local economy and strengthen the position of specific R&D in the country and the region, further supporting the objective of EU convergence.
The EIB at a glance

The EIB is the EU’s long-term lending institution and is owned by the EU Member States. It makes long-term finance available for sound investment, contributing to growth, jobs, regional convergence and climate action in Europe and beyond.

To maximise growth and job creation, the EIB targets four priority areas: innovation and skills, SMEs, climate action and strategic infrastructure across the EU.

The EIB has delivered on the commitment made to the Member States to mobilise EUR 180bn of additional investment across Europe over the period 2013-2015. In the first two years following the EUR 10bn increase in the EIB’s capital decided by the Member States in 2012, the EIB Group has already provided finance amounting to more than EUR 150bn, supporting overall investment of around EUR 450bn. This includes both regular financing and additional activities following the 2013 capital increase.

Since 2008, the European Investment Bank Group has provided almost EUR 500bn for investment in projects throughout Europe. The EU bank finances a third of project costs on average, and EIB loans have mobilised around EUR 1.5tn over this period.

For further information on the EIB in Hungary: [www.eib.org/hungary](http://www.eib.org/hungary)

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