



HUNGARY, AS A BRIDGE BETWEEN EAST AND WEST

HISTORY



In the forefront
of integration

LOCATION



Heart of Europe

BANKING



Budapest, a
financial hub in
CEE

PROFIT



High return on
foreign direct
investments

LABOUR



Highly qualified
labor force

STABILITY



Stable business
environment

IN THE FOREFRONT OF INTEGRATION

Hungary was step ahead of CEE countries



People Republic of China was recognized first by Hungary in CEE region in Oct 1949



Mixed economy (New Economic Mechanism) introduced in 1968



Second liberalization round opened up the economy after 1979 – permitting small-scale private enterprises



IMF membership in 1982 (early discussion in 1967)

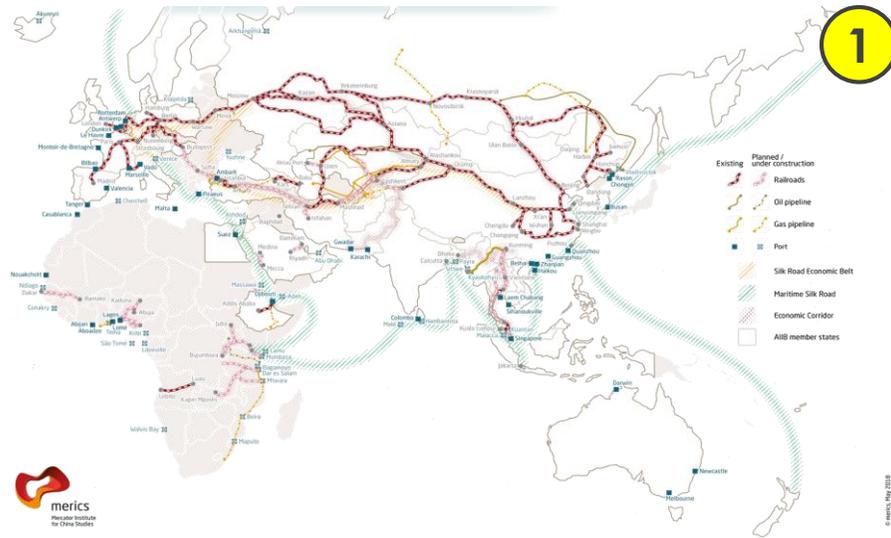


Two-tier banking system 1987 – foundation of Raiffeisen Bank (formerly Unicbank)



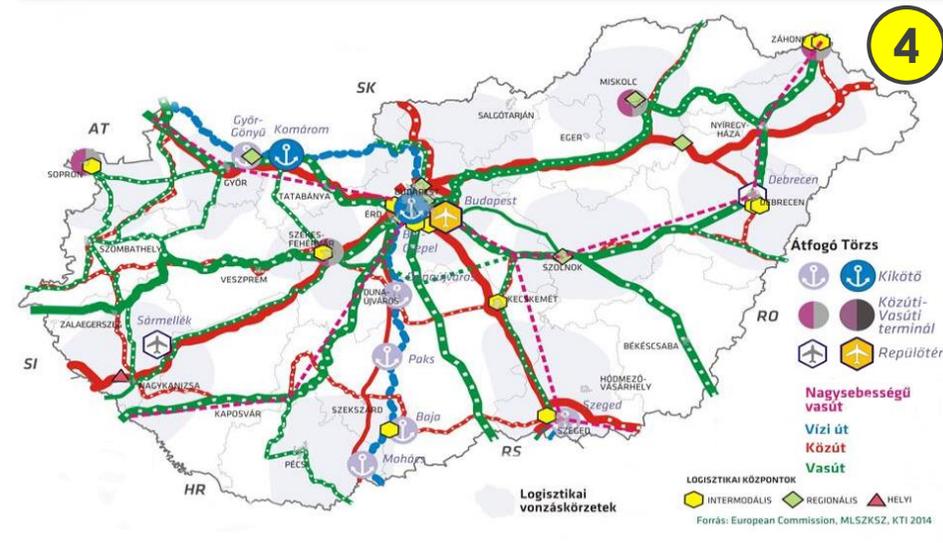
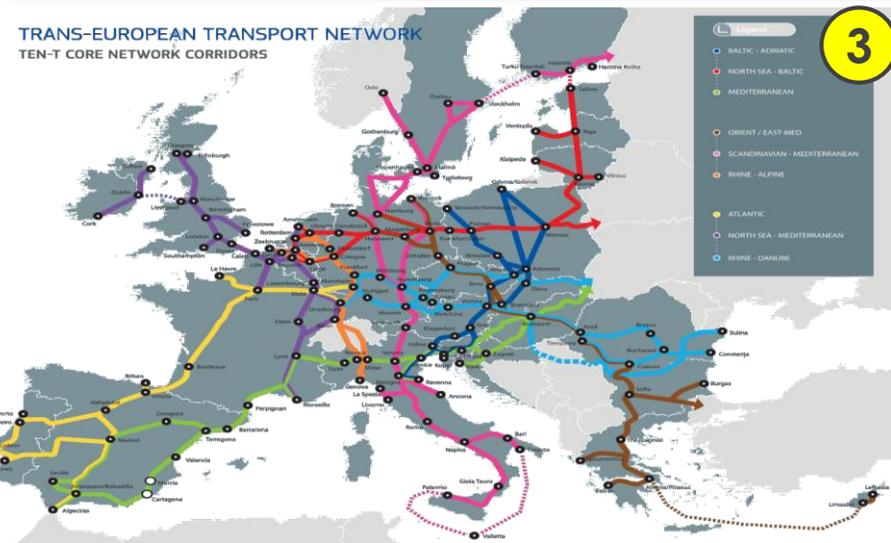
Privatization started in 1990

HEART OF EUROPE



Source: Belt and Road Portal, China's National Development and Reform Commission

Bloomberg



BUDAPEST, A FINANCIAL HUB IN CEE



RBI

Nr of Countries: 15
Headquarte: Vienna



ERSTE

Nr of Countries: 7
Headquarter: Vienna



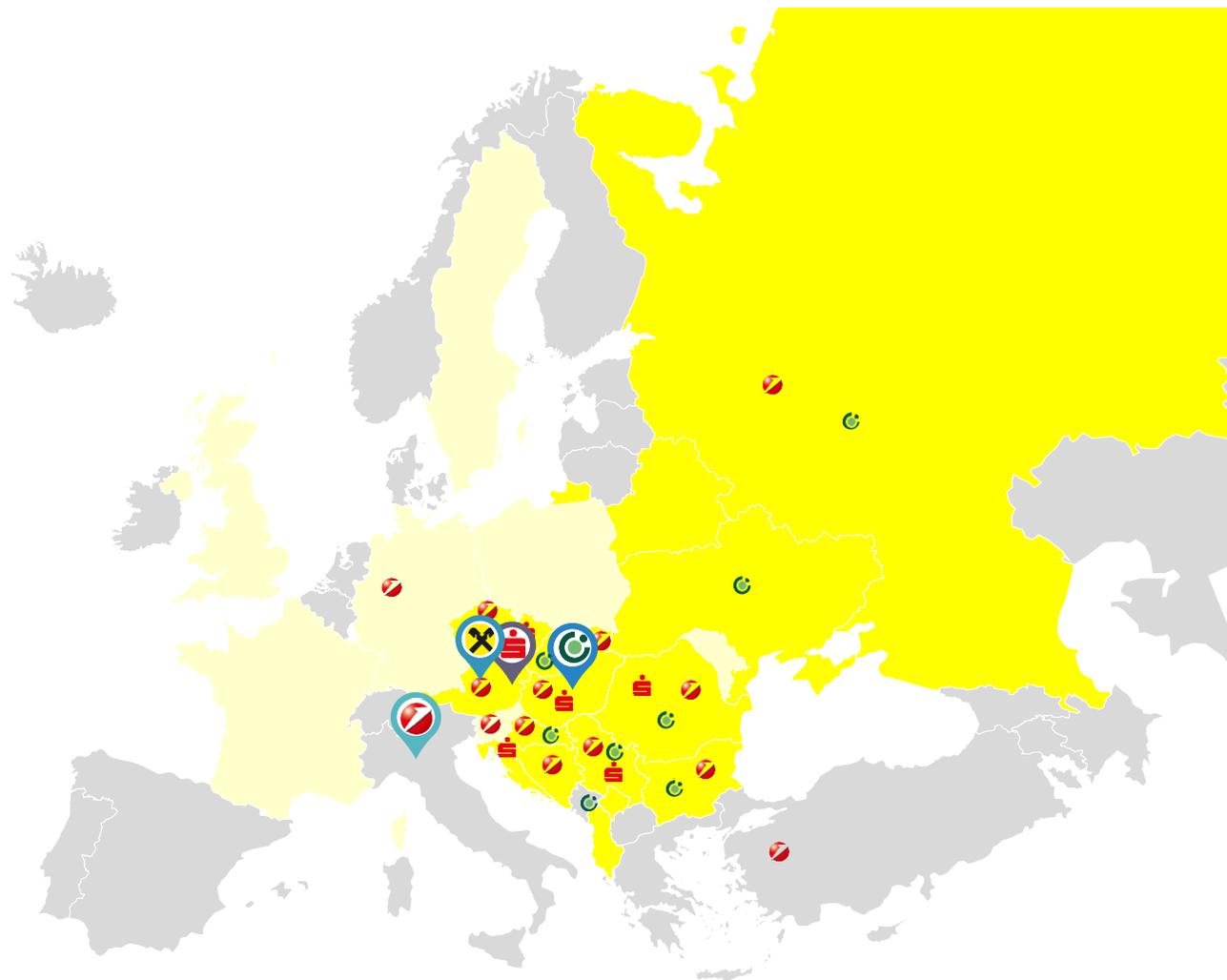
UNICREDIT

Nr of Countries: 14
Headquarter: Milano



OTP

Nr of Countries: 9
Headquarter: Budapest



RBI Network Bank
 RBI Representative office

HIGH RETURN ON FOREIGN DIRECT INVESTMENTS



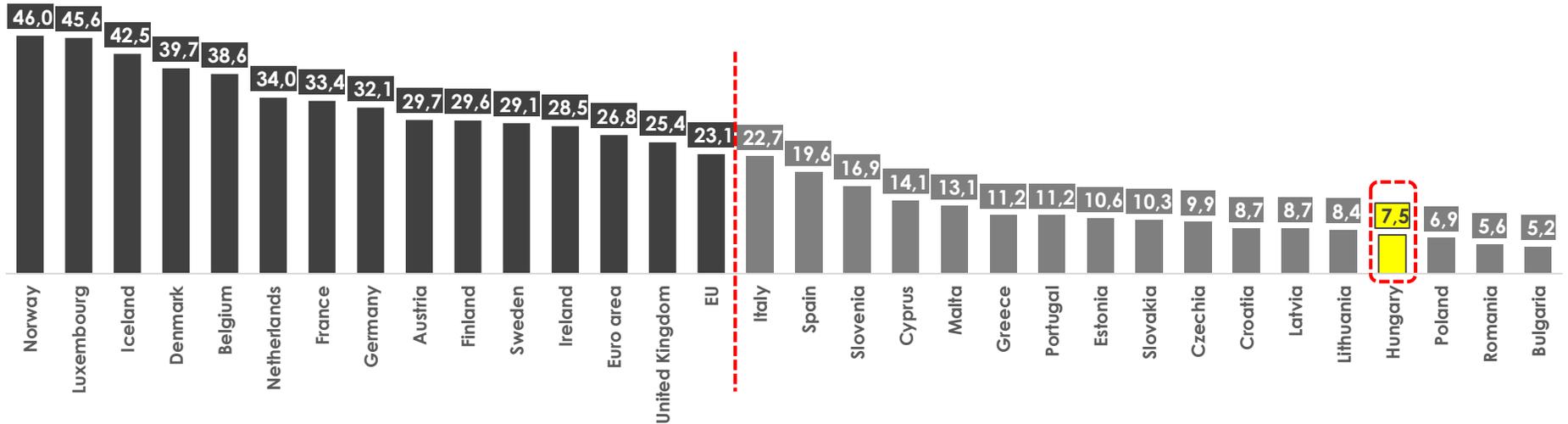
Top 10 foreign companies	Industry	Revenue (EUR mio, 2017)	Profit (EUR mio, 2017)
 Audi Hungária Zrt	Automotive	7 550	364,7
 Robert Bosch Elektronika	Electronics, information and telecom	3 868	75,2
 Mercedes-Benz Manufacturing Hungary Kft	Automotive	3 554	64,4
 GE Infrastructure Hungary Holding Kft.	Manufacturing	2 297	311,3
 Samsung Electronics Magyar Zrt.	Electronics, information and telecom	2 239	359,9
 Magyar Suzuki Zrt.	Automotive	2 101	86,0
 Tesco-Global Áruházak Zrt.	Retail trade	2 019	56,7
 Flextronics International Kft.	Electronics, information and telecom	1 913	0,7
 Borsodchem Zrt.	Chemical industry	1 683	409,0
 SPAR Magyarország Kft.	Retail trade	1 539	62,5

HIGHLY QUALIFIED AND STILL RELATIVELY CHEAP LABOUR

Several successful SSCs stories



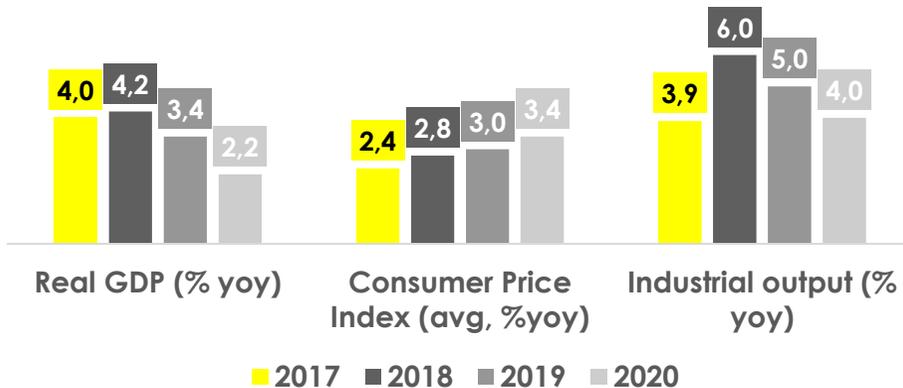
Compensation of employees per hour worked (EUR, 2017)



Period	SSCs founded in Hungary
1990-2000	HP, P&G, Accenture, IBM Transcom, Sykes
2001-2010	Alcoa, Tata, Diageo, British Telecom, E-sense, GE, AVIS, IBM, Exxon Mobil, Avaya, Getronics, Citygroup, Visteon, Cemex, SAP, KLM, Morgan Stanley, Roche, National Instruments, BUW, Vodafone, Cognizant, NCR, Celanese, Nokia, Lexmark, Sapa
From 2011	Grundfos, Esab, Merlin, Tetrapak, AIG, DHL, Helleman, Emirates, Eaton, Unicef, Blackrock



Economy

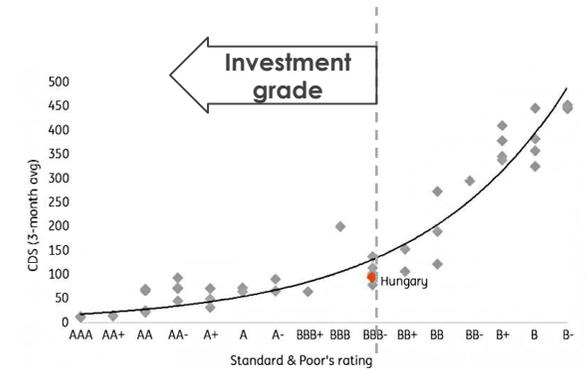


Politics

- ❑ FIDESZ re-elected – 2/3 majority – stable government
- ❑ Outstanding and sustainable results from unorthodox economical reforms
- ❑ Positive sentiment toward Banking sector
- ❑ Promises kept: strong relationships with key business partners

CDS vs Ratings: upgrades were already priced in

- ❑ Feb 22, 2019
Fitch
BBB / Positive
- ❑ Feb 15, 2019
S&P
BBB / Stable
- ❑ Nov 23, 2018
Moody's
Baa3 / Stable



Source: Bloomberg, ING

Infrastructure*

- ❑ 76,75% internet users, percent of population – international internet bandwidth 37,03 kbit/s
- ❑ 123,76 mobile subscribers, per 100 people – mobile network coverage 99%
- ❑ 26,07 mio airline passengers
- ❑ Railroad quality (1 – low; 7 – high): 3,8
- ❑ Roads quality (1 – low; 7 – high): 4,22
- ❑ Economic globalization index (0-100; economic flows and restriction to trade and capital): 82,37