

Dear Customer/future Customer!

UniCredit is among the first banks in the Hungarian market to offer account keeping and payment services in Chinese yuan in order to enable our customers to administer their payments connected to commercial transactions in yuan with their business partners.

## **General information**

The second largest national economy of the world, China—in parallel with implementing a more relaxed exchange rate policy and a gradual opening of money markets—actively supports strengthening the role of yuan in international trade and finances.

According to the latest surveys, Chinese yuan ranks already 7th in global payments, and experts expect it to come up to third place in the near future, due to gradual liberalisation and of course to its role in the global economy.

The official currency of the People's Republic of China is renminbi (RMB), the primary unit of which is yuan (CNY).

Currently in practice (account keeping, execution of payments) the currency code CNY can be used.

## **What type of payments can be administered in yuan?**

If the payment order is launched from, or if its destination is in the territory of the People's Republic of China, then transactions related to trade (export/import of goods and services), capital, donation, dividend, tax, scholarship may be fulfilled.

Pursuant to the currently effective regulations, private individuals cannot receive international transfers in CNY in the People's Republic of China. Please, submit your transfer orders accordingly.

Outside China, payments in yuan are not subject to any restrictions.

## **Special conditions**

As a consequence of the aforementioned restrictions, Chinese financial authorities reserve the right to stop and check payment orders at random. Depending on the direction of the payment order, it is always the beneficiary who must present or provide the documentation certifying the trade transaction underlying the payment.

If the beneficiary fails to present the documents, or if these fail to prove that the payment is connected to the export/import of goods or services, the authorities (may) refuse executing the payment. The special conditions are set out by the bank in a Declaration. In the absence of a document "Declaration for payment orders to be performed in CNY" the bank shall refuse fulfilling the payment order. For further information on the Declaration, please contact your account manager.

## Why is it worth?

Contracts denominated in yuan may mean not negligible administrative relief and cost saving for Chinese partners, therefore foreign exporters/importers who are able to administer their payment transactions may get significant competitive advantage over the enterprises who still trade (typically) in US dollars or euros with their Chinese partners. The sooner you are ready to make payments in yuan, the larger increase of your partnerships you will experience!

## Advantages for Hungarian enterprises

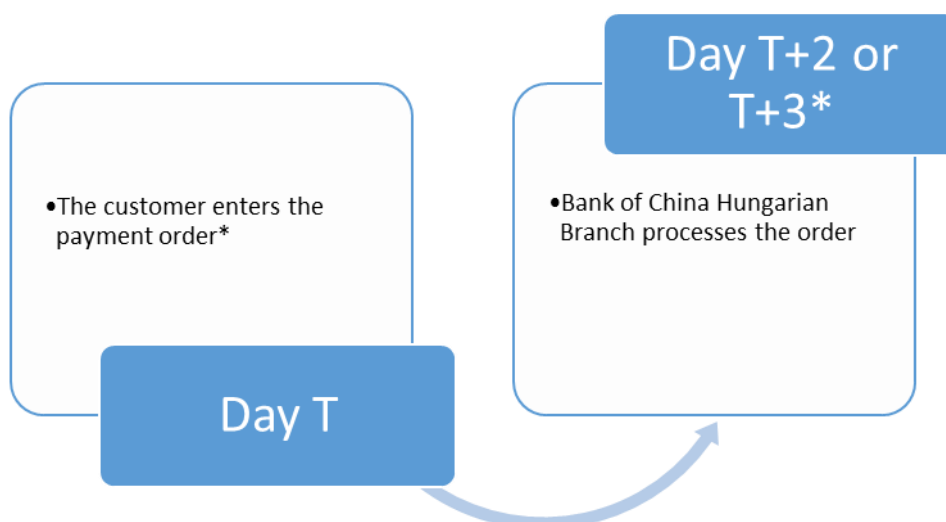
- More transparent pricing
- Improvement and growth of partnerships
- Decrease of exchange rate risk
- Access to a wider Chinese supplier base
- The advantages for Chinese enterprises may be quite significant, which may also be shared with the foreign partner (e.g. in the form of price discounts)

## Advantages for Chinese enterprises

- Decrease of exchange rate risk and the related costs
- More simple tax refund process
- More transparent pricing
- More simple settlement
- No more conversions

## Order of execution

Entering a yuan payment order **with or without conversion** (if the customer has an account kept in yuan)



\*The cut-off times depending on the order format are included in the condition list of our bank.

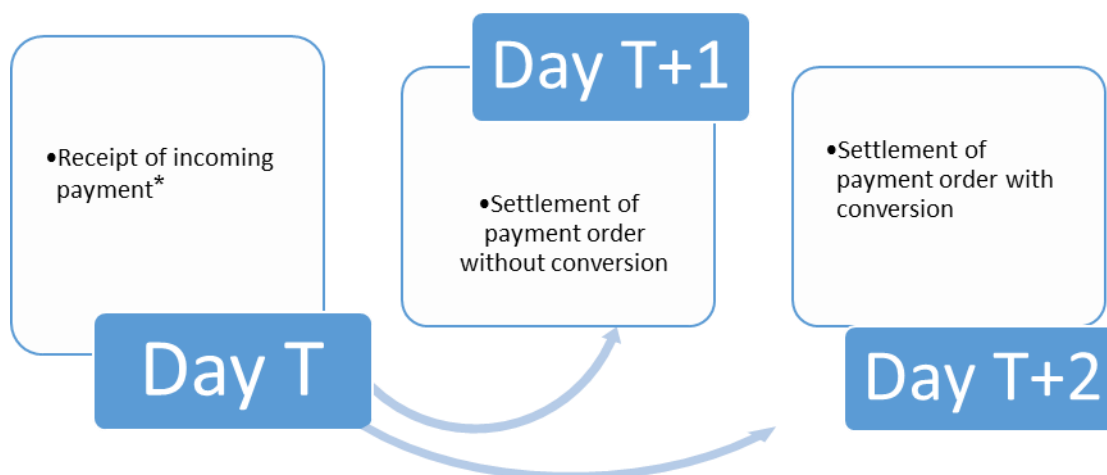
\*\*In the case of payment orders requiring conversion, in addition to the counter-value converted into the currency of the account to be debited, the Bank shall also block an exchange rate buffer of maximum 4% to cover potential exchange rate changes. (General Business Conditions 4.14)

### Precise identification of the reason for the payment order and the beneficiary

Please identify the reason for the payment in English in the narrative box of the payment order. Please write “goods” or “trade” in the case of commodities, or “service”, “capital”, “donation”, “dividend”, “tax”, “scholarship” as appropriate.

Identifying the name of the beneficiary in full and accurately is of outstanding importance in the People’s Republic of China, therefore you should write the full name of your partner in the field “name of beneficiary,” or if there is not enough space there, continuously in the field “address of beneficiary”. Please use the „ADD\_” (address) code in front of the beneficiary’s address in order to be able to clearly separate the name and address of the beneficiary.

### Incoming yuan payments



## Treasury transactions in yuan

### Spot conversion

Over a certain amount our Clients have the opportunity to make yuan FX conversions vs HUF or vs any G10 currencies with treasury department.

- minimum transaction amount: 50.000 EUR equivalent in yuan
- hours: from 8AM till 5PM, till 4PM on Fridays,
- earliest value date:
  - in case of client selling CNY already credited to client's current account: T+0
  - in case of client buying CNY (till noon / after noon on the trading day): T+1/T+2

### Forward transaction

Our Clients also have the opportunity to deal FX Forward or FX swap transactions in yuan vs HUF or vs any G10 currencies.

- minimum transaction amount: 50.000 EUR equivalent in yuan
- tenor: the forward market is liquid typically up to 2 years, however, transactions up to 3 years are also possible

### Advantages of forward transactions

- the forward rate is known in advance, spot rate movements do not influence the forward rate after the deal has been concluded., enabling Clients to fully hedge their FX risk.
- no additional transaction cost to close the deal is free of charge
- the counter value of the cash-flow is known in advance, which helps financial planning
- the maturity date can be moved in time via an fx swap transaction in case of changes in the Client's expected cash-flows

### Preconditions for trading a forward transaction

- Treasury Master Agreement with EMIR documentation
- Properly filled-in MIFID (Markets in Financial Instruments Directive) questionnaire
- LEI (Legal Entity Identifier) code
- Approved settlement and pre-settlement limits

### Be among the first!

If you wish to learn more about all this, please visit your appointed account manager, who shall be pleased to be at your disposal with further information. We are looking forward to your call!

UniCredit Bank Hungary Zrt.