MEMBER BANKS OF THE HUNGARIAN BANKING ASSOCIATION

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ABSTRACT

In its 30 years of existence, the Hungarian Banking Association has witnessed an extraordinary evolution in the banking sector.[1] During this period, a total of 93 banks were registered in Hungary (in the form of companies limited by shares or branches), typically 40 to 50 operating at the same time. It was only for special reasons that the number of banks exceeded that upper limit, while it fell below 40 only during the transformation spurt after the introduction of the two-tier banking system, during the post-transition bank foundation fever up until 1991, and – seemingly – by surprise, during the bank sector boom in the early 2000s. The development and the continuous change of the institutional background has been driven by domestic processes in the field of banking, economy and regulation alike, by the consequences of international structural developments (mergers, strategic partnerships and their dissolution) at the level of Hungarian subsidiary banks as well as by the individual development paths of certain banks. The length of this paper does not allow for a comprehensive in-depth analysis of all these motivators, but we consider that presenting the development of each member bank of the Banking Association within a common framework, focussing mainly on current members, would be informative.

JEL codes: G21, N94

Keywords: history of the banking sector, banking history, banking sector entries and exits, bank mergers, competition

1 For the purposes of this article, banks and specialised credit institutions under Act CXII of 1996 on Credit Institutions and Financial Enterprises are regarded as part of the banking sector, not including KELER, which performs non-banking activities. Although the current supervisory statistics also reckon with financial enterprises which are similar to credit institutions from a prudential perspective (mainly guarantee institutions, i.e. GHG (Creditguarantee Co. Ltd.), AVGHA (Rural Credit Guarantee Foundation), MV (Venture Finance Hungary Private Limited Company) from 2008 on, these are not included in this article.

1 A BRIEF OVERVIEW OF 30 YEARS' EVOLUTION IN THE BANKING SECTOR

An assessment of the Hungarian Banking Association's 30 years of existence is not possible without considering the changes that took place in the financial sector in the 1980s. Hungary's integration into international finance and opening up to the private sector, accompanied by rising demand for financial services, pushed its monolithic financial structure to its limits. By the mid-1980s, policy makers decided on the introduction of the two-tier banking system and the liberalisation of domestic financial services to corporate clients.[2] As a result, a number of large banks came into existence by the end of the decade. The joint ventures founded by foreign banks (Citibank, Raiffeisen) in response to the first signs of liberalisation, and the more and more bank-like activities and expanding authorisations of sectoral funds which had been springing up from the beginning of the 1980s[3] marked significant bottom-up developments in the banking sector. Such sectoral funds made up the majority of small- and medium-sized institutions by the end of the decade.

The transformation of the system of financial institutions and mass incorporation into companies limited by shares as a consequence of the adoption of new company legislation, in addition to continued liberalisation – gradually extended to the finances of local governments and retail clients – which went hand in hand with political transformation culminated in a wave of new bank foundations or expansion of the networks of existing banks.

It is against this background that we come to the date of foundation of the Hungarian Banking Association, registered by the Budapest-Capital Company Court in February 1989.[4]

This period of expansion was ended in 1991–92 by a credit and capital crisis of the Hungarian economy – and practically the whole Eastern Bloc as a result of the collapse of the Comecon – which emerged from the transition and the developments and faults it gave rise to in the banking sector, in addition to other sectoral evolutionary and regulatory processes (the quality of the inherited debtor portfolio[5], the involvement of large debtor state companies in the ownership structure of banks, undercapitalization, the Basel capital requirement, the new bankruptcy act providing for mandatory 'self-bankruptcy'[6], etc.). The crisis was followed in 1993–94 by state programmes for the consolidation of loans and

2 Müller, J. – Kovács, T. – Kovács, L. (2014)
3 Várhegyi (1992)
4 Müller, J. – Kovács, T. – Kovács, L. (2014)
5 See Király (1995)
6 See in detail in Bonin, John P. – Schaffer, Mark E. (1996)

then banks and debtors, involving the exchange of loans for government bonds and extensive write-offs as well as the recapitalisation of 8 banks (Agrobank, Dunabank, Iparbankház, Mezőbank, Takarékbank, Budapest Bank, K&H, MHB)[7]. The effects of the crisis described above were barely felt by most foreign-owned subsidiaries, established shortly before as greenfield investment, and joint venture banks. They continued to grow successfully in the first half of the 1990s owing to adequate capital and favourable competitive positions.[8] During this period, foreign professional ownership in joint venture banks was growing steadily, in many cases with a change of strategic investor.

While the consolidation programmes demanded considerable budgetary resources, they gave a green light to the sale of state property, which still amounted to two-thirds of the total subscribed capital of the sector in this period.[9] Privatisation was targeted at strategic investors, who – based on experience from the previous five years – were able to provide the required capital and improve bank operations. It was only in an insignificant number of cases, for strategic considerations of the national economy that privatisation happened otherwise (see, for example, the privatisation of OTP, which commenced somewhat earlier and took longer to complete in comparison with other large banks). Privatisation at large took place between 1995 and 1997, when large banks were typically sold for a price significantly exceeding the face value of their shares.[10] The EBRD's role as catalyst should be highlighted, which, by assuming part of the risks of strategic investors, acquired a temporary shareholding in several banks (BB, K&H, MKB). By the end of the privatisation process, public ownership in sectoral institutions dropped to around 20%, while foreign ownership rose from the previous 16% to over 60%.[11] This defined the ownership structure decisively for the upcoming almost one and a half decades, and soon a core set of strategic investors emerged, who are still present, and have changed mainly due to acquisitions by the parent bank and the dynamics of strategic co-operations.

Privatisation was followed by a ten-year period of intensive growth in the banking sector, which was observable not only quantitatively but also in significant developments in the product portfolio and banking infrastructure. The domestic banking sector evolved into a fully-fledged member of the modern European banking community.[12] Apart from subjects specifically concerning banking operations, the literature on this period focuses on the depth of bank mediation and its effect on economic performance, the competitive or oligopolistic nature

7 See Király (1995)
8 See in detail in Várhegyi (1995)
9 Várhegyi (1998)
10 Ábel, I. – Szakadát, L. (1997)
11 Várhegyi (2001)
12 Müller, J. – Kovács, T. – Kovács, L. (2014)

of the banking sector, and retrospective measurements of earlier expectations regarding foreign ownership.

During this period of expansion, there was intense competition between foreign-owned large banks, which had undergone significant development. While overall, they could not threaten the market leadership of OTP Group, they meant serious competition in certain sub-markets. By the second half of the period, price competition was complemented by strong risk-based competition[13]: foreign currency loans proliferated and lending conditions became less stringent for all client groups. On the retail side, lending based purely on collateral and an unhealthily low level of own contribution became widespread.

Another important process and event of the period was Hungary's accession to the EU. Apart from regulatory matters, two other significant effects of the accession on the banking sector should be mentioned. Firstly, the Treaty of Accession laid down an obligation for Hungary to join the euro zone, for which several target dates were set by the governments of the period. In that situation, introducing funding in EUR was a reasonable step for both competitive and risk considerations. Second, there was a fear of the mass conversion of domestic banks into branches due to the freedom of establishment, which, however, failed to materialize, given the fierce competition of the time. It was only moderately observable even after the onset of the crisis.

The economy was in a particularly vulnerable state when it was hit by the 2008 crisis. One of the main reasons for this was the high level of indebtedness and the foreign currency structure of the private sector. Financial markets froze almost immediately, but the liquidity-enhancing measures of the central bank, and the government's resort to EU and IMF assistance and reassuring statements about the protection of deposits managed to achieve relative calm.[14] Foreign strategic shareholders provided the capital needed to ensure secure operation and did not remove any source of funding in this early period, which came in many cases from the public resources of their own state.[15] Banks owned or controlled by Hungarian entities were bailed out by the Hungarian state, using the international loan mentioned above.[16] OTP only requested early-repaid EUR funding, while FHB also received a capital injection on top of that. Recession in 2009 and its consequences for debtors foreshadowed long-term deterioration in the banking sector's performance. It stretched to 'seven lean years' for banks as a result of the measures the government imposed on them after the 2010 elections. Of these measures, sector-specific public dues in the form a special tax on credit institutions (2010)

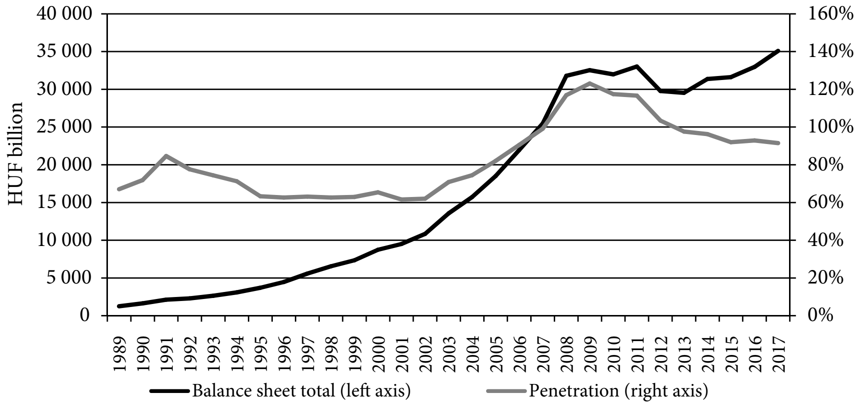
13 For a detailed discussion from a retail perspective see Király, Júlia – Nagy, Márton (2008)
14 Banai, Á. – Király, J. – Nagy, M. (2010)
15 Vienna Initiative 1-2
16 See Act CIV of 2008 on Promoting the Stability of the Financial Intermediary System

and a financial transaction levy are the most noteworthy. The former brought in HUF 120 billion annually upon introduction[17] and one third of that amount today. The latter measure was planned to raise revenues of HUF 130 billion in the first year[18], but 150% of the target amount was collected each year from 2013 on. Another important one-off burden was put on banks by programmes for saving foreign currency loan borrowers. First, the early repayment of loans at discounted rates in 2012 absorbed 10% of bank capital and finally one fourth of it was used up by settlement in 2015. In addition, other measures were introduced, which imposed a somewhat smaller financial but considerable operational burden (exchange rate caps 1 and 2, the Hungarian National Asset Management Ltd). As a result of all these measures, banks reached out to two thirds of the clients having problems.[19] A series of savings cooperatives going bankrupt had a significant indirect effect.[20] This was partly the cause and – owing to the mandatory screenings – partly the effect of the formation of a new integration of savings cooperatives, established on the basis of legislative provisions instead of mutual agreement. As a result of the associated compensation claims, exaggerated by the Buda-Cash and Quaestor affairs, the National Deposit Insurance Fund and the Investor Protection Fund[21] accumulated significant debt in addition to their loss of assets by 2015. Most of that deficit and the required level of assets had to be and is still being replenished by the banking sector.

In 2016, the evolution of the banking sector arrived in its current stage, characterised by a more resilient economy, much more complex regulatory and supervisory systems, new challenges posed by digitalisation, and profitability that seems to outperform the banking sectors of the EU.[22] After macro-financial balance had been restored in the then prevailing circumstances, the obligations undertaken as part of the agreement concluded with the EBRD helped to re-establish normal relations between the government and the banking sector and opened up an opportunity for a prosperous and competitive period to commence.

17 Kovács, L. (2012)
18 As above.
19 Kovács, L. (2014)
20 Kovács, L. (2015)
21 The situation was made even more difficult by an increase of the coverage limit of NDIF after the Questor affair, to a level that may be called generous even by EU standards.
22 Szentpéteri, Ádám – Becsei, András – Dányi, Zsolt – Bógyi, Attila (2017)

Chart 1
Development of the balance sheet total of the banking sector and banking penetration



Source: Király (1995), Várhegyi (2002), annual reports by the ÁPTF (State Financial Supervisory Authority), statistics by PSZÁF (Hungarian Financial Supervisory Authority) and MNB (Magyar Nemzeti Bank, the central bank of Hungary), KSH (Hungarian Central Statistical Office)

2 DEVELOPMENT OF MEMBERS OF THE HUNGARIAN BANKING ASSOCIATION, 1989–2018[23]

The following chapters discuss the most important events in the history of the banks which have been present on the Hungarian market in the last 30 years, together with their role and relative weight in the banking sector. For lack of space, only the most important developments could be mentioned. Currently operating institutions are presented based on major stages of development of the banking sector during the period under review and the order of their entry into the Hungarian market. Institutions which are no longer operating or are currently not members of the Association will be introduced in the last chapter.

23 For the following sections of this paper, I have drawn extensively upon banking material (descriptions and financial data) published in the Hungarian Financial and Stock Exchange Almanacs. Information and data published in reports and elsewhere by the State Financial Supervisory Authority, the Hungarian Financial Supervisory Authority and MNB are also featured frequently. Therefore, no specific reference will be made to these sources hereafter.

Table 1
Bank rankings (1989–2017) [24]

	1989	1990	1991	1992	1993	1994	1995	1996
1	OTP	OTP	OTP	OTP	OTP	OTP	OTP	OTP
2	MHB	MHB	MHB	MHB	MHB	MHB	MKB	Postabank
3	MKB	MKB	MKB	K&H	K&H	MKB	CIB	K&H
4	K&H	K&H	K&H	MKB	MKB	K&H	Postabank	MKB
5	BB	BB	BB	BB	Posta-bank	Postabank	K&H	CIB
6	CIB	CIB	Posta-bank	Posta-bank	BB	BB	MHB	MHB
7	Citibank	Posta-bank	CIB	CIB	CIB	CIB	BB	BB
8	Posta-bank	IEB	Takarék-bank	Takarék-bank	IEB	IEB	Unic-bank	Credit-anstalt
9	Takarék-bank	Takarék-bank	Citibank	IEB	IBUSZ Bank	Unic-bank	Credit-anstalt	Unicbank
10	IEB	Unic-bank	IEB	Mező-bank	Takarék-bank	Credit-anstalt	ING	Mezőbank
11	Agro-bank	Agro-bank	IBUSZ Bank	IBUSZ Bank	Citibank	Citibank	IEB	Citibank
12	Unic-bank	Credit-anstalt	Unic-bank	Unic-bank	Unic-bank	Takarék-bank	Citibank	MFB
13	Mező-bank	ÁÉB	Credit-anstalt	Citibank	Mező-bank	ING	Commerz-bank	IEB
14	ÁÉB	Mező-bank	Mező-bank	Agro-bank	Agro-bank	Commerz-bank	MFB	ING
15	ÁVB	Citibank	Agro-bank	ÁÉB	Credit-anstalt	Mező-bank	Takarék-bank	Commerz-bank

24 For compiling the information and data presented in all the tables below, we have considered the consolidated data of institutions in the banking sector belonging to a given banking group in the given year.

	1997	1998	1999	2000	2001	2002	2003	2004
1	OTP	OTP	OTP	OTP	OTP	OTP	OTP	OTP
2	K&H	MKB	MKB	MKB	K&H	K&H	K&H	K&H
3	MKB	K&H	CIB	CIB	MKB	MKB	MKB	MKB
4	Posta-bank	CIB	K&H	K&H	CIB	CIB	CIB	CIB
5	CIB	Postabank	ABN AMRO	Raiffeisen	HVB Bank	HVB Bank	Raiffei-sen	Erste
6	ABN AMRO	ABN AMRO	Postabank	BB	Raiffeisen	Raiffei-sen	HVB Bank	Raiffei-sen
7	BB	BB	BB	Posta-bank	Postabank	MFB	MFB	HVB Bank
8	Raiffei-sen Unicbank	BA-CA	BA-CA	ÁÉB	MFB	Posta-bank	Erste	MFB
9	MFB	MFB	Raiffeisen	BA-CA	ÁÉB	Erste	Posta-bank	BB
10	Credit-anstalt	Raiffeisen Unicbank	ÁÉB	Citibank	BB	BB	BB	FHB
11	ÁÉB	ÁÉB	Citibank	MFB	Citibank	Citi-bank	Citi-bank	Citi-bank
12	Citibank	Citibank	MFB	Erste	Erste	ÁÉB	ING	ING
13	ING	Erste	ING	Hypo Vereinsbank	ING	ING	FHB	ÁÉB
14	IEB	IEB	Hypo Vereinsbank	IEB	IEB	IEB	ÁÉB	IEB
15	Mező-bank	Hypo Vereinsbank	Erste	ING	Commerz-bank	Taka-rék-bank	IEB	Taka-rék-bank

	2005	2006	2007	2008	2009	2010	2011	2012
1	OTP	OTP	OTP	OTP	OTP	OTP	OTP	OTP
2	K&H	K&H	K&H	K&H	K&H	K&H	Erste	Erste
3	MKB	CIB	MKB	CIB	MKB	Erste	K&H	K&H
4	CIB	MKB	CIB	MKB	Erste	MKB	MKB	MKB
5	Erste	Erste	Raiffeisen	Raiffeisen	CIB	CIB	CIB	CIB
6	Raiffeisen	Raiffeisen	Erste	Erste	Raiffeisen	Raiffeisen	Raiffeisen	Raiffeisen

	2005	**2006**	**2007**	**2008**	**2009**	**2010**	**2011**	**2012**
7	HVB Bank	HVB Bank	UniCredit	UniCredit	UniCredit	UniCredit	UniCredit	UniCredit
8	MFB	MFB	MFB	MFB	MFB	MFB	MFB	MFB
9	BB	BB	BB	BB	FHB	FHB	FHB	FHB
10	FHB	Citibank	FHB	FHB	BB	BB	BB	BB
11	Citibank	FHB	Citibank	Citibank	Citibank	Citibank	Citibank	Citibank
12	ING	IEB	ING	BNP Paribas	BNP Paribas	BNP Paribas	Volks-bank	Volks-bank
13	Takarék-bank	Volks-bank	Volks-bank	Volks-bank	Volks-bank	AXA	AXA	AXA
14	IEB	Takarék-bank	IEB	ING	AXA	Volks-bank	BNP Paribas	Takarék-bank
15	Volks-bank	ÁÉB	Takarék-bank	Takarék-bank	Takarék-bank	ING	ING	ING

	2013	**2014**	**2015**	**2016**	**2017**
1	OTP	OTP	OTP	OTP	OTP
2	K&H	K&H	UniCredit	UniCredit	K&H
3	Erste	UniCredit	K&H	K&H	UniCredit
4	CIB	Raiffeisen	Raiffeisen	Erste	Erste
5	MKB	Erste	MKB	MKB	Bank of China
6	UniCredit	MKB	Erste	Raiffeisen	Raiffeisen
7	Raiffeisen	CIB	CIB	CIB	MKB
8	FHB	FHB	MFB	Bank of China	CIB
9	MFB	MFB	BB	MFB	Takarékbank
10	Citibank	BB	FHB	BB	MFB
11	BB	Takarékbank	EXIM	EXIM	BB
12	ING	Citibank	Bank of China	Citibank	EXIM
13	Sberbank	EXIM	Takarékbank	FHB	Citibank
14	Takarékbank	ING	Citibank	Takarékbank	Fundamenta
15	EXIM	Sberbank	ING	ING	ING

2.1 Banks present during the transition (until 1988)[25]

2.1.1 OTP Group (27.2%)[26]

OTP Group, which was the market leader during the introduction of the two-tier banking system, managed to retain this position over the last three decades. It has remained the No 1 bank of the Hungarian banking sector as a result of organic internal development – rarely engaging in bank or portfolio purchases and sales of greater magnitude – and by establishing a diversified and stable international bank network through successive regional acquisitions from the 2000s.

Országos Takarékpénztár Nemzeti Vállalat (Hungarian National Savings Bank Company) was established in 1949 to collect savings deposits from retail clients, which were used mainly for lending to the state. Its scope of activities were extended gradually to include other retail services (first campaign-like and then more extensive retail lending, the organisation of gambling games from 1957 and retail currency and foreign exchange transactions from 1964), financial services to councils (the local governments of the Socialist period) from 1971 and then the issue of bank securities from 1983. It has been authorised to provide corporate financial services in 1989 and financial transactions associated with foreign trade from 1990.

In 1990, it was incorporated as a company limited by shares, fully owned by the state. Upon its transformation, most non-banking activities were removed from its service portfolio.

Due to its capital position, it was in no need to participate in the loan and bank consolidation programmes, and the dilution of its ownership structure started already in 1992. This, however, did not affect majority public ownership in the bank in the first years. The bank's key role in the retail market gave rise to economic and political concerns about its privatisation to strategic investors.[27] As a result, foreign investors were offered only a package ensuring minority interest in 1995 (for a price of 120% the face value of shares). One third of the bank was sold to domestic and foreign investors, 6% to bank employees and 25% was retained by the state. The bank's shares were then listed on the stock exchange. 'Denationalisation' was continued gradually and finished in 1999, with a single preferred share ensuring special voting rights reserved for the state until 2007.

It has started to establish its domestic network of companies already in 1990, jointly with its conversion into a company limited by shares and rationalisation

25 The following banks also belong here based on their date of foundation, but are discussed under a different heading due their merger into other entities, restructuring or cessation of activities: ÁÉB, Innofinance Merchant Bank, Ybl Bank, Iparbankház and Dunabank.

26 Hereafter, the market share calculated on the basis of 2017 balance sheet totals is inserted after the name of each bank.

27 See Várhegyi (1998)

of its activities. A subsidiary company specialised in real property investing and management continues to support its banking activities. The most significant step in its expansion was the takeover of *Merkantil Bank* in 1995, founded by K&H Bank in 1988 and specialised mainly in vehicle finance. In 1997, it set up a specialised credit institution, *OTP Lakás-takarékpénztár* (OTP Housing Savings & Loans), followed by *OTP Jelzálogbank* (OTP Mortgage Bank) in 2002 in response to the home loan boom.

In addition to its organic development, expansion abroad also helped OTP secure its leading position. Regional expansion began in 2002 with the purchase of a Slovakian bank, followed by a series of bank acquisitions in Central and Eastern Europe. The Bank appeared in 2003 in Bulgaria, in 2004 in Romania, in 2005 in Croatia, and in 2006 in Serbia, Ukraine, Russia and Montenegro, completing several acquisitions in some of the countries.

These acquisitions were accompanied by only one sale within its banking business: the insurance subsidiary of the bank was sold to the French Groupama S.A. in 2008. However, a strategic partnership was maintained between the two institutions through a long-term cooperation agreement. As a result of this deal, OTP was able to stabilise its capital position in the then prevailing situation from the purchase price and its own income, and did not have to resort to state bailout, apart from foreign currency funds. For this, it had to make commitments concerning its lending activities and admit a member delegated by the state to its Supervisory Committee. The Bank was relieved from these constraints in 2010 by accelerated repayment of the requested loan.

2.1.2 K&H Group (8.9%)

Országos Kereskedelmi és Hitelbank (National Commercial and Credit Bank) was established upon the introduction of the two-tier banking system, taking over MNB's commercial client portfolio in agriculture, food industry, internal trade and tourism. Upon its foundation, in addition to a 75% shareholding of the state, 25% of the bank was owned by the most significant large debtor companies. It founded several specialized subsidiary banks in the early stage of its operation: *Merkantil Bank* in 1988, which it sold to OTP in 1995, *Portfolio Bank* in 1990, merged as part of consolidation, and *Kvantum Bank* in 1991, which was converted into a financial enterprise in 2000. In 1993, it purchased *IBUSZ BANK* from its founders (IBUSZ and ÁB AEGON)[28], which it merged after the bank consolidation programme in 1996.

28 As an interesting fact, IBUSZ Bank was the first to issue debit cards.

It participated in the loan consolidation programme, and received a capital raise of almost HUF 40 billion as well as subordinated loan capital as part of the bank consolidation programme.

It was the last state-owned bank to be privatised, starting from 1997. As a first step of privatisation, the EBRD strengthened the bank's capital position by a subordinated loan capital contribution, which was converted into shares after the privatisation tender had been closed. As part of the tender, a consortium of the Belgian Kredietbank and the Ireland-based insurance company Irish Life acquired a 10% minority shareholding in K&H. It was after a capital increase by these two companies that the bank finally became a joint venture bank with majority foreign ownership. KBC Bank and Insurance Group, established after a bank acquisition by Kredietbank, became its majority owner by acquiring almost 80% of the shares in 1999.

In 2001, there was a merger between K&H and *ABN AMRO Magyar Bank*. 59% of the newly formed bank was owned by KBC, which had purchased the shares of the other strategic investors, and 40% by the Dutch ABN AMRO. After the merger, it was the second largest banking group after OTP Group, except for 4 years (2011–12 and 2015-16).

From 2007, it has been fully owned by KBC.[29]

Magyar Hitel Bank (Hungarian Credit Bank) – ABN AMRO Magyar Bank (ABN AMRO Hungarian Bank)

Magyar Hitel Bank (MHB) was also established upon the introduction of the two-tier banking system, taking over the client portfolio of MNB in industry, transport and services. It had the second highest balance sheet total after OTP from 1989 to 1994. It was involved in the foundation of two joint venture banks, MHB-Daewoo Bank and Leumi Credit-Bank. During the consolidation of banks, it sold the former, while the latter was liquidated after a failed attempt at reorganisation and the taking over or purchase of its deposits.[30] Its market share had been decreasing continuously before consolidation (from 19% to 10%) and its assets declined further as a result of the loan consolidation programme, reducing its market share to around 5% until its privatisation.

As part of the bank consolidation programme, it was bailed out by a capital injection of almost HUF 60 billion and a subordinated loan capital contribution of HUF 6 billion.[31] After consolidation, close to 90% of its shares were sold to

29 As an interesting fact, bank cards with microchips were issued first in Hungary in 2002 by K&H Bank.

30 SAO (1996)

31 Ábel, I. – Szakadát, L. (1997)

the Dutch ABN AMRO in 1996 at a price of 225% the face value of the shares.[32] The parent bank increased MHB's capital significantly in several steps, and in the following year, merged it with its Hungarian subsidiary (*see below*).

ABN AMRO Bank

It was launched in 1993 as a greenfield investment of the Dutch ABN AMRO as sole owner. As an independent business unit, it had quadrupled its market share, which, however, was below 1% even after its merger with the successor bank of MHB.

2.1.3 Erste Group (6.7%)

Mezőbank (Agricultural Bank) was founded as a financial institution for development purposes by 1400 agricultural cooperatives at the end of 1986. The bank was operating as a medium-sized commercial bank from the beginning of 1989. By 1993, it has lost its capital and took part in the loan and bank consolidation programmes, resulting in almost 90% state-ownership by 1995. Prior to consolidation, it was 10th to 15th based on its size. *Agrobank*, an institution of a similar profile which was founded in 1987 and underwent resolution in 1995 after it had become insolvent, was merged into Mezőbank in 1996. As a result of the merger, the market share of Mezőbank doubled, but this was enough only for 10th place.

During its privatisation, the Austrian Erste Group acquired 84% of its shares in 1997, and increased its shareholding further in the following years by capital increases (to 94% in 1998, and to almost 100% in 2001 and 2002). After the acquisition of full ownership, the bank's name was changed to that of the parent group.

Under new ownership, it developed organically and increased its market share in the following years to almost 4%.

In 2003, the parent bank purchased *Postabank* from the Hungarian state and merged it one year later into its Hungarian subsidiary, which thereby became one of the five largest Hungarian banks, with a market share exceeding 7%. Its rate of growth was continuously above the market average until 2012, but afterwards, its market share of almost 10% gradually decreased to 6% by 2015, which can be seen as a new turning point.

32 At a purchase price of HUF 14 billion, see Ábel, I. – Szakadát, L. (1997)

Postabank and Takarékpénztár (Post Bank and Savings Bank)

One of the iconic banks of the 90s. Its development path was broken by the bank run by depositors in 1997, followed by prolonged state-led consolidation and a portfolio clean-up.

It was established in 1988 as a joint venture bank with minority foreign ownership and participation by Magyar Posta (Hungarian Post) in order to use the network of the latter for banking services.

It was growing continuously until 1996, when it was second among Hungarian banks with a market share of 8.5% (back in 1989, it was only 1.4%). Competing banks, which emerged stronger from privatisation, and bad policy decisions put an end to that growth. Then, in 1997, as a result of the mass withdrawal of deposits, it lost its capital and had to resort to state bailout in 1998. Its market share declined gradually to 3%, until its repeated privatisation to Erste in 2003.

PK Bank (Bank of the Centre of Financial Institutions)

Its legal predecessor, Pénzintézeti Központ (Centre of Financial Institutions) was founded in 1916 as a cooperative, mainly for banking supervision. Due to its public responsibilities, it continued to carry out certain financial and public authority tasks even after its nationalisation. It became a company limited by shares in 1992 and obtained a banking licence in 1995. It continued its activities afterwards under the name Pénzintézeti Központ (PK) Bank. *Investbank* (which was founded in 1991 and in 1993 merged the assets of *Innofinance Merchant Bank*, established in 1980 and operating as a bank since 1988) was merged into it in the same year. It purchased the state-owned *Polgári Bank*[33] in 1997. Within the same year, it was privatised to a Hungarian financial consortium led by the insurance company Atlasz Biztosító and financed by Postabank. Postabank took over the acquired shareholding later that year. It was only after these transactions that Polgári Bank was merged into it and it changed its name to Polgári Kereskedelmi (PK) Bank (Civil Commercial Bank). Disruption in the business of its parent bank in 1997 initiated a long period of stagnation for the bank. Finally, its portfolio was taken over by Postabank in 2001 and it continued as a financial enterprise after it had returned its banking licence in 2002. In 2004, it was sold by Postabank.

2.1.4 Raiffeisen Bank (6.2%)

It was founded under the name Unicbank in 1986 by OTP, Központi Váltó és Hitelbank (Central Bank of Bills of Exchange and Credits) and non-agricultural cooperatives as Hungarian investors, and 15-15% foreign participation by the Austrian Raiffeisen, Washington-based IFC and the German DG Bank. DG

33 For the background, see the section on Budapest Bank.

Bank's stake was purchased by Raiffeisen in 1990. In the first period of its development, it was active in the market of corporate clients, mainly in Budapest. With a market share of around 1% it was a mid-sized player, raking 10th to 12th among banks. After its development came to a halt, the Austrian Raiffeisen acquired controlling ownership in it by further purchases during 1991 and 1992. Afterwards, they reached out to the countryside. By doing so, the market share of the bank increased to 2–3% and it became one of the top 10 banks. Majority ownership and expansion were accompanied by a change of name of the Hungarian bank to Raiffeisen Unicbank in 1997 and to Raiffeisen Bank in 1999. Still in 1999, the next step was to extend the renamed bank's activities to retail clients. As a result, its market share was growing gradually from the beginning of the 2000s and peaked at 7–8% by the mid-2000s, securing the bank 5th to 6th place in the ranking. Raiffeisen is the single large bank in Hungary which grew almost exclusively by organic development and did not acquire any other bank.

2.1.5 MKB (5.9%)

It was founded in 1950, as part of the former monolithic banking system, to carry out financial activities for foreign trade, particularly to support international payments.

When the two-tier banking system was introduced, it obtained a commercial banking licence and ranked among the top three banks, or was right behind them, in every year until 2012. It was developing mostly organically, with scarcely any major acquisitions. Probably its only bank purchase worthy of mentioning was the acquisition and absorption of *Konzumbank* in 2003. Its market share of 15% at the end of the 1980s dropped to 8–9% during the period of consolidation and remained at that level until 2011. Afterwards, it was gradually losing ground to the current 5.9%.

Of the five large state-owned banks, MKB was the first to be privatised. 25% of its shares were acquired by the German Bayerische Landesbank (BLB) and 16% by EBRD between late 1994 and mid-1995. In the following year, BLB acquired majority ownership by a capital increase and buying out Hungarian shareholders, which it continued to increase year by year until the mid-2000s. After the financial crisis of 2008, BLB entered into an agreement with the Commission of the European Union in exchange for financial assistance from the state in 2012. In accordance with the agreement, it had to give up its stake in MKB in addition to other business interests (it was from that point on, that the marginalisation of the bank was noticeable in figures). As a result, the bank returned to public ownership in 2014, and after its reorganisation, its shares were acquired by private investors with Hungarian ties in 2016.

Konzumbank

The bank was founded in 1986, mainly by ÁFÉSZs (General Consumer and Sales Cooperatives). It was involved in the loan consolidation programme, and while it was subject to a smaller capital increase by the state, it was in no need of bank consolidation measures in a strict sense. The Hungarian Investment and Development Bank (now Hungarian Development Bank or MFB) acquired majority ownership of the bank by a capital increase in 1995. *Corvinbank*, established in 1988 as an industrial development bank to support the National Technical Development Committee and operating from 1992 as a commercial bank, was merged into it in 1997.

2.1.6 CIB Bank (4.8%)

Közép-európai Nemzetközi Bank Rt. (Central European International Bank Ltd or CIB), the predecessor of the bank, was founded in 1979 as a USD-based foreign exchange bank. In accordance with its licence, it pursued its activities exclusively in foreign currencies until 1995. Its shares were held in addition to Magyar Nemzeti Bank (34%) by six leading European and Japanese banking houses, having equal shareholdings.

With the opening of the financial market, demand arose from its clients for HUF transactions. In response, the subsidiary *CIB Hungária Bank* was founded in 1988.

For regulatory reasons, MNB sold its shareholding in 1997. As part of the sale, one of the shareholders, Banca Commerciale Italiana Group bought out all the other investors, except for the Japanese one, acquiring 95% of all shares. It finally acquired 100% ownership in 1999.

After the complete liberalisation of foreign exchanges, it was no longer reasonable to separate its operations by currency, and therefore, the subsidiary bank was merged in early 1998.

The next change in the bank's structure was the absorption of *Inter-Európa Bank* in 2008, as a logical consequence of the 2007 merger of the two parent banks (Banca Intesa Group and Sanpaolo IMI).

During this period, the bank had been on an unbroken path of development until the 2008 crisis (it was not involved in the loan and bank consolidation programmes). However, the consequences of the crisis left their mark on the bank's asset and market share figures from the 2010s. At a constantly above-average rate of growth, its initial market share of close to 4% was doubled by the end of the 1990s and maintained at around 8–9% until 2012. From that year, it has declined gradually to the current level.

Inter-Európa Bank (Inter-Europe Bank)

It was founded in 1981 by MKB and several state-owned foreign trade companies as Interinvest Külkereskedelmi Fejlesztési Hitelintézet (Interinvest Foreign Trade Credit Institute for Development) and obtained a licence for banking activities, including the collection of deposits relatively soon, in 1985. It became a joint venture bank in 1989, when San Paolo di Torino Bank acquired a minority shareholding of 23% in it. It was listed on the stock exchange in 1994 as the first among Hungarian banks. Afterwards, the parent bank has gradually increased its shareholding to become majority owner. A public offering in 2003 was an important step in this process, enabling the parent bank to acquire 86% of the shares. During its operation, the bank maintained a market share of 1–2%, which was enough to rank 8th among Hungarian banks in the first half of the '90s. However, due to new entrants and competition, it could barely make into to the top 15 banks in the 2000s.

2.1.7 Budapest Bank (2.9%)

Budapest Bank was also founded upon the introduction of the two-tier banking system and received the infrastructure and mining company portfolio of MNB. It established other banks within the banking group, then set up *Reálbank* as an independent subsidiary in 1989, which it sold in 1993 to Hungarian private investors. In the same year, it founded *Polgári Bank*, which took over the banking operations and responsibilities of the liquidated *Ybl Bank*.[34] Polgári Bank, however, was sold to the state in 1996 by its new owner (GE), exercising the option granted in the contract on the bank's privatisation.

As part of the bank consolidation programme, it received subordinated loan capital in order to ensure the success of its privatisation.

After consolidation, the US-based General Electric Capital and EBRD purchased 27.5% and 32.5% of the shares of Budapest Bank, respectively. Exercising its option, GE increased its holding to acquire almost 100% ownership in the bank in 2001.

At the end of the 1980s, it was still the 5th largest bank, with a market share of 8%, which gradually shrank and stopped at around 3% by the beginning of the 2000s.

In early 2015, Corvinus Zrt., owned by MFB, purchased all of GE Capital's shares in the bank for USD 700 million.

2.1.8 Citibank (1.7%)

It was established in 1985 by greenfield investment as a joint venture bank with majority foreign ownership. It was the first institution to provide fully-fledged

34 Parliament of Hungary (1997)

financial services offered by commercial banks. In 1992, Citibank Overseas bought out the Hungarian minority shareholder and become the sole owner of the bank. In the first ten years of its operation, it was active in the corporate segment, targeting large companies. It started to offer retail services in 1995, which increased its market share to over 2%. It took over *Európai Kereskedelmi Bank* in 1998 and by integrating the acquired bank's activities, launched its SME business. This increased its market share further to 2.5%. In 2000, it purchased the bank card business of ING Bank – which ING originally took over from *Dunabank* in 1996 – together with its SME business and network of branches. This enabled the bank to offer countrywide services and its market share to grow by an additional 1%. However, a period of slow and fluctuating recession followed. The bank hit rock-bottom in 2009, when it was transformed into a branch and its market share dropped below 2%. After a brief upswing and lengthy preparation, it sold its retail business to Erste Bank in 2017, whereby its market share dropped below 2% again.

2.1.9 Gránitbank (0.9%)

Általános Vállalkozási Bank (General Enterprise Bank) was established in 1985 as a specialised financial institution. It became a bank in 1988 but was among the first institutions to fail due to a bill of exchange transaction in 1992. It was rescued by Westdeutsche Landesbank that acquired an almost 60% holding in it. In the next year, the parent bank almost become the bank's sole owner (although it acquired full ownership only in 2000) and changed its name to WestLB Hungaria. Until the end of 2009, its market share reached 1% only at the turn of the 2000s, but it gradually lost ground from 2002. It was owned for a short time by Wallis at the beginning of 2010, when its name was changed to Milton Bank. At the time, its size was barely above 4 basis points. It was taken over in the middle of the same year by Magyar Tőketársaság Zrt. (Hungarian Capital Company Co. Ltd), which sold its shareholding to EPM Kft. in 2015. In the new era that followed, the bank gradually extended the scope of its activities, basically from scratch, and increased its market share to above 1%.

2.2 Banks founded in the early post-transition period (1989–94)[35]

2.2.1 UniCredit Group (8.7%)

Creditanstalt Rt. was founded in 1990 by converting the representative office of its parent bank, in which the Austrian state had majority ownership, into a bank. Budapest Bank acquired a minority shareholding of 25% in the newly established bank. One year later, the parent bank purchased the stake of Budapest Bank and became sole owner. After the Austrian state sold its holding in the parent bank to Bank Austria in 1997, the two banks merged in the following year and as a consequence, the Hungarian bank also obtained the name BA-CA (Bank Austria Creditanstalt) in 1998. During this period, the bank developed organically and grew continuously, reaching a market share of 4% by the end of the decade, which meant 8th place in the bank ranking.

The Hungarian Hypo Bank was established with full ownership of its German founder bearing the same name in 1993. It was the first large German bank offering universal banking services to enter the Hungarian market. The parent set up a mortgage bank to support its activities in Hungary in 1998. In the same year, the parent bank merged with Bayerische Vereinsbank. As a result of the merger, the Hungarian commercial bank was renamed HypoVereinsbank and the mortgage bank HVB Jelzálogbank (HVB Mortgage Bank). The Group grew into a mid-sized bank by the turn of the century: the aggregate market share of the two institutions did not reach 2.5%.

In 2000, the German parent banking group acquired the Austrian parent banking group, however, the two entities were not merged. Instead, the Austrian group was made responsible for the markets of the Eastern European region. Accordingly, in Hungary, HypoVereinsbank was taken over by BankAustria AG, which subsequently merged the two Hungarian subsidiaries to establish HVB Bank Hungary, which has become the 5th largest bank, with a market share of almost 6%.

While it managed to increase its market share slightly, paradoxically, it slid back to 9th place until 2007.

In 2005, there was a second merger between the parent institutions. Subsequently, the Hungarian members of the Group adopted the name 'UniCredit' in 2007.

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35 The following banks also belong here based on their date of foundation, but are discussed under a different heading due their merger into other entities, restructuring or cessation of activities: Ingatlanbank, Reálbank, Európai Kereskedelmi Bank, Portfolio Bank, Leumi Hitel-Bank, IBUSZ Bank, Kvantum Bank, Nomura Bank, Crédit Lyonnais Bank (later the Hungarian branch of Credit Agricole), Rákóczi Bank, Polgári Bank, ABN AMRO Bank, HypoVereinsbank, BKD Bank (later BNP Dresdner, BNP Paribas and Premier Bank), IC Bank (later Banco Popolare), ING Bank (currently a branch).

The crisis reduced the market share of the Group for a short period, but it was increasing again from 2010. From 2015, it was around 9%, which secured 2nd to 3rd place for the bank in the bank ranking.

2.2.2 Takarékbank Group (Savings Banks Group) (4.6%)

Magyar Takarékszövetkezeti Bank (Bank of Hungarian Savings Cooperatives) was established by savings cooperatives in 1989. The aim of its founders was to set up a competitive and to some extent controllable institution to use their funds. These criteria were no longer guaranteed by OTP, which had fulfilled that role earlier. The above function as the central bank of savings cooperatives was made official in 1993 by the Agreement on the Integration of Savings Cooperatives, which entrusted the bank with the necessary rights. Before consolidation, it was a strong mid-sized bank but lost practically all of its capital by 1993. For that reason, it participated in the loan and bank consolidation programmes and passed into 2/3 state ownership. Until its privatisation, its performance has deteriorated significantly; its assets were basically stagnating and accordingly, its market share declined markedly. The bank's struggles were ended by its privatisation and a capital increase in 1997, when DG (later DZ) Bank, an institution fulfilling a similar function in Germany (and owner of Unicbank until 1990), acquired a holding of above 70% in the bank for a significant premium and on condition that the savings cooperatives taking part in the integration – who then became minority owners – received a 'golden' (special) share, giving them a right of veto in strategic decisions.[36]

In 2003, the savings cooperatives entered into a three-year contract with the majority owner, giving them an option to acquire the majority of the shares of the bank until 2006. They exercised this option in 2004. By 2005, 63% of the bank was owned again by the savings cooperatives and DZ Bank became minority shareholder. This minority (1/3) holding was sold to MFB in 2012. It remained a mid-sized bank even during German ownership, with a market share below 2%.

After the new integration of savings cooperatives (Integration Organisation of Cooperative Credit Institutions or SZHISZ) had been established with great ambition, heavy cross-ownership developed between the bank, Magyar Posta and FHB Group. The bank gained some impetus and increased its market share to 2.5%. At the end of 2016, Takarék Group became the majority owner of FHB Group and engaged in its reorganisation, also including the rationalisation of the activities of group members. By now, it is the 9th largest institution and its market share is close to 5%.

36 Ábel I. – Szakadát, L. (1997)

FHB Jelzálogbank (FHB Mortgage Bank)
and FHB Kereskedelmi Bank (FHB Commercial Bank)
FHB Jelzálogbank was set up in 1997 after the adoption of the act on mortgage banks with the purpose of developing the corresponding markets (long-term loans, bonds and real estate). Initially, 37% of its shares were owned by the Hungarian state, 48% by MFB and the rest by three other banks. In the early years of its operation, it was supporting the implementation of the government's housing development plans with its activities, and from 2001, it benefited from the upsurge in subsidised housing loans. As a result, its market share reached 2.5% by 2004.

It was privatised and listed at the same time on the stock exchange in 2003, however, the state remained its majority owner. FHB Kereskedelmi Bank was founded by Jelzálogbank in 2006. At the same time, it entered into strategic partnership with Allianz that had purchased the completely drained Dresdner Bank together with its banking licence to launch *Allianz Bank*. Under this partnership, Allianz Bank was eventually purchased by FHB Jelzálogbank and merged into FHB Kereskedelmi Bank in 2011. During this period, it managed to increase its market share by 1 percentage point in total by 2014. 2015 marked a turning point in its development, when its market share began to decrease to the current level.

2.2.3 MFB (3.4%)
Magyar Befektetési és Fejlesztési Rt. (Hungarian Investment and Development Bank Ltd) was founded in 1991 by organisations with public ties. It has obtained a licence as a specialised financial institution only in 1993 and has been operating since then as an investment and development bank, mainly for the promotion of economic policy objectives. From 1995, it has engaged in extending Japanese, German and EU credits in Hungary, and later acquired a shareholding in regional development companies and Rákóczi Bank. In the same year, it took over Pénzintézeti Központ from the Ministry of Finance and has become a shareholder of Investbank and Konzumbank. Investbank was merged into PK Bank during that year, Konzumbank was sold to MKB in 2003 and thereby commercial banking activities were discontinued within the MFB Group. Its operation is regulated by a special law from 2001.

2.2.4 EXIM Bank (2.7%)
It was founded in 1994 based on an authorisation conferred by a special law, to continue certain tasks (export finance and insurance) of Exportgarancia Rt. (Export Guarantee Ltd). It has been a member of the MFB Group since its foundation.

2.2.5 Sberbank (1%)

It was founded in 1992 by the German Volksbank Group. Its ownership structure kept changing until it was sold by Volksbank, which, however, was always its majority owner. It started its activities one year after its foundation. The bank grew slowly to reach a market share of 1% by 2001. In 2007, it obtained a broad portfolio and network from Általános Értékforgalmi Bank, which increased its market share by a few tenths of a percentage, but it has not reached 2% to the present day. In 2012, its parent bank operating the regional network was sold by Volksbank to the Russian Sberbank. In the following year, the Hungarian bank obtained the group's name, just like its parent bank. After it was taken over, its market share started to decrease steadily, and now it is again around the 1% threshold.

2.2.6 Commerzbank (0.8%)

It opened a representative office in Budapest in 1991 and obtained a commercial banking licence in 1993. It developed continuously until the end of the 1990s into a mid-sized bank with a market share of 2%. It reaped below-average benefits from the market boom during the first decade of the 2000s. Its market share decreased gradually and reached a stable level of around 1% from the middle of the 2010s. In its case, conversion into a branch in 2008 happened in a special way as it took place in parallel with the absorption of Dresdner Bank as a result of mergers between the parent banks: Commerzbank AG established its Hungarian branch, merged the assets of the branch of Dresdner Bank and transferred the whole to the Hungarian subsidiary of Commerzbank. It is still operating in the Hungarian market as a company limited by shares.

2.2.7 KDB Bank (0.6%)

MHB-Daewoo Bank was established jointly by the Korean Daewoo Securities and Magyar Hitelbank in 1989 as the successor of Investrade Kft., after it had been reorganised. MHB's shares were purchased by the Korean parent bank in 1995, which thereby became its sole owner. The Daewoo conglomerate (or as it is called in Korea 'chaebol') went bankrupt during the crisis in Asia in 1997. It escaped liquidation by a state bail-out but had to split off activities not related to its main activities in exchange. As a consequence, Korean Development Bank (KDB), which lead the resolution of the conglomerate, took over the ownership of the Hungarian subsidiary in 2002. In the following year, the Hungarian bank adopted the name of its new owner. It assumed a central role among the European businesses of KDB in 2013, which entailed another change of its name.

Until the disruption of the Daewoo conglomerate, the bank could steadily achieve growth above the market average and its market share was close to 1%. Thereafter, it was constantly decreasing and dropped below 0.5% until its acquisition by the new owner. It could exceed that threshold only temporarily and for a short time during the period until 2013. In 2013, it managed to increase its market share by a few tenths of a percentage and maintain it at that level.

2.2.8 Deutsche Bank (0.3%)

It was founded by its parent bank, bearing the same name, as sole owner in 1995. Its main aim was lending to corporate clients, which is still dominant among its activities. Its rate of growth was above the market average and its market share was increasing to almost above 1% until the first years of the 2000s. However, a period came when it shrank slowly to 0.5% until the bank became a branch. Its market share was halved by the conversion and has remained at that level until the present day, making it a small-sized bank.

2.2.9 NHB Bank (0.2%)

It was founded under the name Kultúrbank ('Cultural Bank') with majority foreign joint ownership in 1990. In 1992, the French IndoSuez Group acquired a 64% majority stake in the bank, which adopted its name later that year. As it could not transcend its small-banking limits, the French owner sold its shareholding in 1995 to the Greek Bank of Athen, which was already a member of the Korean Hanwha Group. The bank was renamed after the Korean Group instead of its parent bank. In the following year, Korean members of Hanwha became its majority owners, leaving the Greek member with a minority stake, which was also sold to the majority owners over a few years. The bank's performance did not improve relative to the market average after the takeover and was even deteriorating from 2003 on to a level which is low even in nominal terms (hardly exceeding HUF 10 billion). In 2013, it was purchased by a group of Hungarian investors and was renamed evoBank. Another change of ownership followed in the year after, but the bank remained in Hungarian ownership. After this period, it started to grow more rapidly, nearly quadrupling its market share, which however, is still well below 1%. MNB temporarily restricted the bank's activities in December 2018.

2.2.10 Porsche Bank (0.2%)

It was established in 1994 as a bank specialized in vehicle finance for Volkswagen Group products by the Austrian Porsche Bank AG, having a similar profile. Its operation is restricted to these activities even today. It managed to increase its market share to some extent during the car market boom in the last years of the 1990s and the first five years of the 2000s, but it was far below the 1% threshold. Its market share even started to decline in the following years and was approximately halved during the crisis.

2.3 New entrants during the period of consolidation of the banking market and privatisation (1995–1999)[37]

2.3.1 Fundamenta (1.4%)

Upon the entry into force of the act on building societies, there were already two institutions of the kind waiting for the possibility to start their activities. These were founded in the previous year with majority foreign ownership but several participating Hungarian banks. A third institution with a similar profile was established shortly afterwards.

Fundamenta was founded by Bausparkasse Schwabisch Hall AG (86%) and Takarékbank (14%) in 1996. In 2001, the German shareholder purchased the shares of Takarékbank and became the sole owner.

Lakáskassza Ltp. (Home Savings Accounts Building Society) was established in 1996 with Hungarian banks and insurance companies (Postabank, Creditanstalt, Volksbank, Providencia and Generali) as 75% majority owners and minority (25%) Austrian and German ownership (Wüstenrot and EA-Generali). Wüstenrot Group acquired controlling majority in Lakáskassza in 2000 and subsequently the institution took the name Lakáskassza-Wüstenrot.

The two competing building societies were neck and neck, and were increasing their market share continuously with a rate of growth above the market average, until their merger in 2002. Fundamenta was ahead in increasing its assets while Lakáskassza was more profitable as it could make profit already after its fourth year of operation.

Otthon Lakástakarékpénztár ('Home' Building Society) was established in 1998 with Dies Bausparkasse as majority owner. Konzumbank and Erste Bank also held a stake in the fund. It was merged into Lakáskassza-Wüstenrot Ltp. in 2002. It could not reach a significant market share during its independent years of operation and was making loss continuously.

In 2002, the two building societies with majority foreign ownership merged. The previous shares in capital were kept in the ownership structure of the new entity, which adopted the name of both constituent funds. The institution formed by the merger was on a path of continuous development and has a market share today of

37 The following banks also belong here based on their date of foundation, but are discussed under a different heading due their merger into other entities, restructuring or cessation of activities: Lakáskassza-Wüstenrot, GMAC Bank, Rabobank, Société Générale Bank, Credigen Bank (later Quaestor Bank), OTP Lakástakarék, FHB Jelzálogbank (now Takarék Jelzálogbank), Otthon Lakástakarék, HypoVereinz Jelzálogbank (now UniCredit Jelzálogbank).

almost 1.5%. To be able to remain so successful in the future, it will likely have to revise its business model after the state premium on home savings was withdrawn in October 2018.

2.3.2 Cetelem Bank (0.3%)
It was founded in 1996 by the French Le Cetelem Group, specialised in consumer credit (50%), and by MFB and then MFB subsidiary Konzumbank (25-25%), to pursue activities similar to those of its foreign stakeholder in Hungary. In 1999, the parent bank became a member of BNP Paribas Group, and partly as a consequence of the merger, it bought out the Hungarian stakeholders one year later. The bank gained new impetus and quadrupled its market share in five years (which was still below 0.5%). After the previous loss-making period, from that point on, it always made a profit. It obtained a licence to provide the full range of financial services in 2003. This, however, did not help it maintain its market share, which has been decreasing ever since.[38]

2.4 New entrants during the boom (2000-2007)[39]
2.4.1 Bank of China (6.2%)
The Chinese financial institution established its Hungarian subsidiary in 2003. It played a marginal role in the Hungarian market until 2013 and its market share was far below 1%. 2014 brought a significant turning point, when its parent bank entered into strategic cooperation with the Government of Hungary and established a branch in Budapest in addition to its commercial bank. Since then, its regional activities have been controlled from its Hungarian business units. As a result, and especially due to the growth of its branch and the extraordinary pace at which its market share increased, it has evolved into one of the large banks present in the Hungarian market.

2.4.2 Oberbank AG Hungarian branch (0.4%)
Linz-based Oberbank AG established a Hungarian branch in 2007. It has been undergoing above-average growth within Hungary since its entry into the market and built a market share of close to 0.5% by the end of 2017.

38 As an interesting fact, online personal loans were offered first by Cetelem from 2006.
39 The following banks also belong here based on their date of foundation, but are discussed under a different heading due their merger into other entities, restructuring or cessation of activities: Dresdner Bank (later a branch), OTP Jelzálogbank, AXA Bank, Allianz Bank, FHB Kereskedelmi Bank (now Takarék Kereskedelmi Bank), Kinizsi Bank.

2.4.3 Cofidis (0.2%)

The French Cofidis S.A. launched its Hungarian branch in 2005. It has been growing at a rate slightly above the average and could not build up momentum from the absorption at the end of 2016 of *Banif Plusz Bank*, founded in 2006.

2.4.4 Sopron Bank Burgenland (0.2%)

The Austrian founder established the Hungarian subsidiary under the name EB und Hypo Bank Burgenland-Sopron Rt. in 2003. It has been following a regional strategy in Hungary, with a presence limited to Western and Eastern Hungary and Budapest. It was for a long time the only bank having its headquarters in the countryside. Its parent bank was privatised in 2006 and was later integrated into GRAWE Group. In 2016, the then parent bank transferred its shareholding in the bank to a holding it fully owned. In line with its regional role, its market share was growing at a moderate rate to 0.3% by the end of the 2000s and has been declining from then on.

2.5 Late entrants (from 2008)[40]

2.5.1 MagNet Bank (0.4%)

HBW Express Bank was established in 2008, when the savings cooperative founded in 1995 and bearing the same name was converted into a bank. During the conversion, the Spanish Caja Navarra Savings Bank acquired a shareholding of 30% by a capital increase. Its name was changed to MagNet Bank in 2010. In 2013, in two significant steps, it took over and merged the Hungarian branch of *Banco Popolare* and at the same time the Spanish shareholder was bought out. Thereby, the bank returned to sole Hungarian ownership. By the end of 2017, it increased its market share to almost 0.5% by continuous growth and a profit on its banking operations.

Banco Popolare Bank

Nemzetközi Kereskedelmi Bank (International Commercial Bank, IC Bank) was established in 1993 by seven Malaysian private investors. It was the smallest commercial bank in Hungary for a long time. It was purchased by Banco Popolare Group in 2007. Afterwards, the market share of the bank almost doubled within a year but was thwarted by the crisis. The Italian owner soon decided to sell the bank.

40 The following banks also belong here based on their date of foundation, but are discussed under a different heading due their merger into other entities, restructuring or cessation of activities: Bank Sal. Oppenheim branch, BNP Paribas and BNP Paribas Securities branches, Commerzbank branch, Fortis Bank branch, HBW Express Bank (now MagNet Bank), SPE Bank (later Széchenyi Bank), BRB Bank, DRB Bank, ÉRB Bank, Dél-Dunántúli Takarék Bank, Erste Lakástakarékpénztár, Pannon Takarék, Bank of China branch, Erste Jelzálogbank, K&H Jelzálogbank.

2.5.2 Duna Takarék Bank (Danube Savings Bank) (0.2%)

The Győr-based Duna Takarékszövetkezet (Danube Savings Cooperative) was converted in 2013 into Duna Takarék Bank, and so did not become part of the integration led by SZHISZ. It did not manage to achieve significant development during its years of operation, but could maintain its market share and mostly made a profit.

2.5.3 Aegon Lakástakarékpénztár (Aegon Building Society) 0.1%

Aegon Lakástakarékpénztár started its activities in 2013. It could build up its market by continuous growth, however, it was always making loss. The withdrawal of the state premium on home savings in October 2018 has made its future uncertain.

2.5.4 Mohácsi Takarék Bank (Mohács Savings Bank) (0.1%)

The successor savings cooperative, founded in 1958, was converted into a commercial bank in 2008. It increased its market share slowly until 2014, however, it gradually declined in the following years.

2.5.5 Polgári Bank (Civil Bank) (0.1%)

Polgári Takarék (Civil Savings Cooperative), established in 1972, was converted into a commercial bank in 2013, and just as Duna Takarék Bank, avoided participation in the SZHISZ-led integration of savings cooperatives. Interestingly, a bank had already been founded under that name. Currently, it is the smallest commercial bank in Hungary operating in the form of a company limited by shares.

2.6 A brief overview of banks outside the scope of representation of the Hungarian Banking Association

Általános Értékforgalmi **Bank (General Banking and Trust Co.)**

The institution, originally established in 1922 (Hungarian Supervisory Bank of Industry and Commerce), has been operating under this name since 1952. It obtained a commercial banking licence in 1987, when its shareholders were the Hungarian state (75%) and Hungarian banks (OTP, ÁVB; 25%). In 1990, the stakes of the participating banks and 25% of the shareholding of the state was sold to the international CEDC Group[41] and the bank became a joint venture. It was not involved in the bank consolidation programme, but lost significant capital in 1995. One year later, it was privatised to the Russian Gazprom Bank, which recapitalised it. Under new ownership, its market share increased two and

41 CEDC – Central European Development Corporation.

a half times to almost 4% by the turn of the century; however, it shrank back gradually and was only around 1% when the assets and the network of the bank was transferred to Volksbank in 2007. Its situation was not improved by its owner either, who sold its stake in the bank in several tranches between 2004 and 2006 to a company in which its CEO had holdings. It was converted into an investment firm in 2007, after the transaction with Volksbank.

AXA Bank

The majority ownership of EuroDirekt Országos Takarékszövetkezet (EuroDirekt National Savings Cooperative), mainly providing online services, was acquired in 2003 by Mortgage Holding S. A., which converted it into a commercial bank specialised in mortgage loans under the name *Ella Bank* in 2004. It was purchased by the Belgian AXA Group in 2007 and its name was changed in 2008 to AXA Bank. In the following year, it was merged into the parent bank and continued operation as a branch. After the change of ownership, it was developing rapidly and increased its market share 3-fold to almost 2% within three years.

Due to its activities, it was hit especially hard by the government's measures introduced in response to the crisis, and consequently lost ground on the market. In 2016, it transferred its assets to OTP and withdrew from Hungary.

Banco Primus

Portuguese-French Banco Primus established its branch in 2007. It has been providing financial services from 2008, specialising mainly in auto loans. They have not been extending new loans since the end of 2011 due to the difficulties of the founder. The branch only manages the existing loan portfolio.

BNP Paribas Hungarian branch

BKD Bank was established in 1990 as a joint venture bank of the French BNP, the German Dresdner and K&H. In the interest of its consolidation, K&H sold its shareholding already in 1995 to the other two banks, which thereby became 50-50% owners and renamed the bank BNP-Dresdner Bank. In its first 10 years of operation, it managed to increase its market share slightly above 1%. In 2001, Dresdner Bank also withdrew and BNP Paribas became the sole owner of the bank. However, the streamlined profile did not bring any notably improvement in its market share. In 2006 BNP established its Hungarian branch. Most of the assets of the Hungarian bank were transferred to the branch, but it was withdrawn from the market only in 2008. By that date, BNP has finished building its Hungarian structures (including the Hungarian branch of BNP Paribas Securities), however, it could not make substantial progress in terms of its market share.

Crédit Agricole Bank Hungarian branch

Credit Lyonnais Bank was established in 1992 by its parent bank of the same name. With its market share below 0.5%, it was a minor player in this period. In 2003, Crédit Agricole took over Credit Lyonnais, which had lost its capital. As a consequence, the Hungarian subsidiary was also renamed 'Calyon' in 2004. After the takeover, it gained some impetus and its market share reached 1%, however, it fell back again to around 0.5% from 2007 on. In 2008, it was converted into a branch, but it did not fare better against its competitors. Following in the footsteps of its owner, it adopted the name 'Crédit Agricole' in 2010. It withdrew from the Hungarian market in 2012.

Quaestor Bank

Credigen Bank, specialised in consumer loans, was founded in 1999 by the French Sofinco S.A. (owned by Crédit Agricole Group) and Euroleasing. Sofinco was initially a 85% shareholder but became sole owner in 2000, the year in which the bank effectively started operation. Its market share was negligible throughout its years of operation. It was purchased on the brink of failure by Quaestor Group in 2015 and did not pursue actual banking activities thereafter. It was wound up at the end of 2018.

DRB Banking Group

BRB BUDA Regionális Bank Zrt. (BRB BUDA Regional Bank Co. Ltd)
Dél-Dunántúli Takarék Bank Zrt. (South-Transdanubia Savings Bank Co. Ltd)
DRB Dél-Dunántúli Regionális Bank Zrt. (DRB South-Transdanubia Regional Bank Co. Ltd)
ÉRB Észak-magyarországi *Regionális Bank Zrt. (ÉRB North-Hungary Regional Bank Co. Ltd)*

DRB Bank was established in 2009 from a savings cooperative based in Siklós. Its size remained constant even in nominal terms until the formation of the banking group in 2013. The other members of the group were also small-size banks, converted from savings cooperatives in 2013 to avoid the integration led by SZHISZ. The Group developed close ties with the brokerage firm Buda Cash, which collapsed in 2015, and dragged down with it the member institutions of the Group as well, which are currently in liquidation.

Dunabank (Danube Bank)

It was established in 1987 as a subsidiary of MHB. It was converted into a company limited by shares and obtained a banking licence in 1989. Upon conversion, one-third of its shares were acquired by the state and the remaining two-thirds by private investors. It suffered significant losses during the transition crisis and could not avoid involvement in the loan and bank consolidation programmes. It could not fully reorganise its activities and went into liquidation in 1997.

Európai Kereskedelmi Bank (European Commercial Bank)

A joint venture bank founded in 1990 by two Hungarian (OTP, MKB) and two foreign banks (Bank Austria and a Lombard savings cooperative), having equal shareholdings. It was the first Hungarian banking business of Bank Austria. The shareholders acquired the shares of MKB one year later and bought out OTP as well in 1993. It achieved above-average growth until 1997, however, its market share was only 1%. As a result of the merger between Bank Austria and Creditanstalt in 1998, Bank Austria obtained another Hungarian business which performed better and they decided to sell the bank to the Hungarian subsidiary of Citibank. It was merged into Citibank after the transaction.

GMAC Bank

It was founded as *Opel Bank* in 1996 by GMAC Detroit, with the express aim to provide finance for the trade of brands in the GM Group. It assumed the name of the parent institution for a short period in 2002, but soon discontinued banking activity and carried on as a financial enterprise.

ING Bank Hungarian branch

It was established by the sole owner Dutch parent bank in 1991. By 1997, it reached a market share of 2% by increasing its assets at an above-average pace. This was facilitated by the taking over of the assets and complete operations of *Dunabank* in 1996, which enabled the branch to extend its so far exclusively corporate profile with retail services. It kept that market share until 2006, except for a transient fluctuation caused by the sale of its bank card business in 2000. In the following period, its market share was changing between 1% and 2%, which was not affected by its conversion into a branch in 2008.

Ingatlanbank (Real Estate Bank)

It was established in 1989 to finance real estate projects. Upon foundation, 70% of its shares were held by commercial banks. It had to exit the market quietly in 1991.

Iparbankház (Banking House of Industries)

It started operation in 1984 as 'Industrial Cooperatives Development Bank'. It changed its legal form to a company limited by shares in 1987, but obtain a full banking licence only in 1990, when it also adopted the name 'Iparbankház'. It was involved in the bank consolidation programme in 1993, but the attempt at the reorganisation of its activities failed. It discontinued its banking activities and returned its licence in 1996.

Kinizsi Bank

It was converted into a bank in 2007 from a Nagyvázsony-based savings cooperative founded in 1958. It could not increase its market share during its operation as a bank, and was transformed into an investment firm after returning its banking licence in 2019.

Leumi Hitel-Bank (Leumi Credit Bank)

It was founded in 1990 by Israel-based Leumi Bank and MHB as 50%-50% shareholders. It was the only joint venture bank which sustained considerable capital losses during the transition crisis. In 1995, Leumi sold its holding in the bank to MHB, which tried to reorganise and sell it. However, the attempt failed and the bank returned its licence.

Nomura Magyar Befektetési Bank (Nomura Hungarian Investment Bank)

It was founded in 1991 with Japanese majority ownership. It could not operate successfully as a bank and withdrew from the market in 1999, converted into an investment firm.

Rabobank

The Dutch Rabobank established its Hungarian subsidiary in 1997. It could not develop into a major player and its market share remained below 0.5%. Furthermore, it was constantly making loss. Therefore, its parent bank left the banking market in 2002, after conversion into a financial enterprise.

Rákóczi Bank

It was founded in 1992 by public sector entities and MFB as major shareholder. It was the first bank that had its headquarters outside the capital, in Miskolc. From 1994, local governments were also involved in its ownership structure. It remained a minor player on the market and its shareholders decided to convert it into a regional development company in 2000.

Reálbank (Real Bank)

It was founded by Budapest Bank in 1989 by splitting off a directorate. In 1993, BB sold its shareholding to retail investors. In the following years, the bank's portfolio deteriorated and it lost its capital. It was taken over by the National Deposit Insurance Fund in 1998 and was wound up in 1999.

Société Générale Bank

After selling the shareholding it had in CIB Bank since its foundation in 1998, the French bank of the same decided to continue its activities on the Hungarian market with a fully owned subsidiary. However, it could not reach a significant market share and after several loss-making years in a row, it closed its Hungarian business, liquidated in 2002.

Széchenyi Kereskedelmi Bank (Széchenyi Commercial Bank)

It was founded in 2008 as *SPE Bank* by a company of Hungarian investors incorporated in the Cayman Islands. It obtained a banking licence one year later. In 2010, a company incorporated in Hungary acquired full ownership of the bank. It was renamed twice in a short period: first Helikon Bank and then Széchenyi Bank. In 2013, the state purchased a holding of 49% in the bank, in parallel with its investment in Gránit Bank. However, bringing the rise of its activities to a sharp halt, its operation became completely unviable one year later. In 2014, MNB withdrew its banking licence and had it liquidated.

3 AFTERWORD

It is not easy to draw conclusions regarding the 30-year evolution of the banking sector on the basis of the individual development of banks. Diverse events have drawn the general lines of the sector's recent history.

It has been through two periods of consolidation. While it needed assistance from the state to cope with the first, it was able to recover from the second by relying mainly on its own resources and even paid a large contribution to the recovery of the entire country in the form of sector-specific taxes.

The sector was characterised by entries and exits during the entire period under review, however, these were balanced, and therefore, the number of institutions participating in the sector was around the current number for most of the period. This is intended as a factual statement, and we do not wish to evaluate whether this number is too high or too low (i.e. whether banking fees are high because there are diseconomies of scale in the banking sector, or because it is oligopolistic, as the literature suggests, while some contest that the prices are high at all). In any case, the existence of strong competition seems to be corroborated by the variability observable in bank rankings.

It is also unquestionable that Hungary's banking sector is led by banks which are highly integrated into the banking system of the European Union. This, in turn, forecasts that we will be able to give account of an overall properly functioning and competitive banking sector also at the next anniversary.

ANNEX

MAIN BANKING GROUPS, THEIR MARKET SHARE AND PROFITABILITY

Consolidated data of OTP Group

	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002
Market share	33.5%	34.4%	31.7%	33.6%	31.6%	30.6%	29.4%	28.5%	26.3%	25.7%	25.0%	23.2%	23.6%	25.1%
RoA	1.5%	2.2%	0.3%	0.2%	0.1%	0.7%	0.7%	0.9%	1.2%	1.4%	1.7%	1.8%	1.9%	2.1%
RoE	57.2%	55.1%	7.6%	4.2%	2.2%	19.0%	16.4%	20.6%	27.3%	29.7%	31.2%	28.7%	26.9%	25.8%

Consolidated data of K&H Group

	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002
Market share	11.4%	11.8%	10.2%	10.5%	8.8%	7.5%	6.8%	8.1%	8.1%	7.9%	7.4%	7.1%	11.9%	11.1%
RoA	2.3%	3.0%	1.4%	-0.4%	-19.3%	0.4%	0.8%	0.9%	0.3%	-0.6%	-1.8%	-0.3%	-0.5%	0.5%
RoE	23.5%	32.2%	16.1%	-5.0%	-333.3%	10.8%	16.0%	17.0%	4.1%	-8.2%	-34.7%	-6.4%	-8.1%	8.8%

2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
26.2%	25.8%	25.8%	26.7%	27.1%	25.0%	27.7%	26.1%	26.8%	28.1%	28.4%	29.2%	27.1%	26.5%	27.2%
2.6%	3.7%	3.3%	3.7%	2.1%	1.0%	1.6%	1.4%	1.7%	0.8%	1.6%	-1.4%	0.0%	2.6%	3.1%
31.0%	41.7%	35.4%	36.3%	19.9%	9.9%	15.9%	12.1%	14.0%	5.8%	11.3%	-11.1%	0.3%	20.5%	20.6%

2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
10.4%	10.2%	10.2%	9.6%	9.3%	10.0%	9.4%	10.0%	8.8%	8.3%	8.7%	7.9%	8.2%	8.7%	8.7%
0.2%	1.6%	1.0%	0.6%	1.5%	0.5%	0.6%	0.9%	0.1%	1.0%	0.8%	-0.6%	1.3%	1.7%	1.4%
3.2%	21.8%	13.4%	8.5%	21.4%	8.3%	10.5%	19.4%	3.0%	14.6%	10.1%	-8.0%	16.4%	19.9%	15.7%

Consolidated data of Erste Group

	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002
Market share	0.7%	0.9%	1.3%	1.3%	1.3%	1.1%	1.1%	2.2%	2.0%	2.1%	2.2%	2.3%	2.9%	3.6%
RoA	3.6%	4.4%	1.3%	-3.3%	-24.5%	-0.1%	-1.5%	0.9%	0.1%	-3.1%	0.0%	0.2%	0.0%	0.3%
RoE	13.7%	21.4%	11.7%	-47.5%	-1085.2%	-386.7%	-1147.9%	30.5%	3.3%	-67.6%	1.0%	4.1%	1.0%	6.1%

Data of Raiffeisen Bank

	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002
Market share	0.9%	1.3%	1.3%	1.3%	1.4%	1.6%	2.1%	2.5%	3.0%	3.0%	3.5%	4.0%	4.9%	5.0%
RoA	3.9%	3.9%	4.2%	4.2%	4.7%	5.9%	7.6%	6.3%	3.9%	2.9%	1.9%	1.7%	2.0%	1.7%
RoE	26.0%	39.1%	54.4%	40.0%	35.7%	43.9%	59.4%	50.6%	33.2%	24.6%	17.4%	17.7%	21.8%	18.8%

Data of MKB Bank

	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002
Market share	15.0%	14.2%	11.1%	9.5%	9.1%	8.9%	8.9%	7.8%	8.2%	9.2%	9.2%	9.1%	9.5%	8.9%
RoA	1.9%	2.4%	0.8%	0.5%	0.1%	0.2%	1.6%	2.2%	2.2%	1.5%	0.9%	1.1%	1.5%	1.1%
RoE	46.0%	58.1%	18.6%	11.0%	1.5%	2.7%	22.3%	27.8%	22.3%	15.0%	10.8%	13.1%	18.2%	13.0%

2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
3.8%	7.1%	7.8%	8.0%	7.8%	8.2%	8.6%	9.2%	9.7%	9.3%	7.8%	6.3%	6.1%	6.5%	6.7%
0.4%	0.8%	1.5%	1.3%	1.2%	1.1%	0.7%	0.1%	-4.8%	-0.4%	-0.7%	-4.3%	-1.1%	1.6%	3.5%
9.1%	16.0%	28.2%	23.1%	22.0%	21.8%	14.4%	2.8%	-94.3%	-6.9%	-9.8%	-50.3%	-12.1%	14.7%	24.0%

2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
6.1%	6.9%	6.9%	7.3%	8.1%	8.4%	7.6%	7.5%	7.1%	7.1%	6.3%	6.9%	6.3%	6.1%	6.2%
1.6%	1.5%	1.3%	1.5%	1.3%	0.9%	0.2%	-0.4%	-3.2%	-2.7%	-1.6%	-5.8%	0.4%	0.9%	1.4%
20.6%	23.4%	21.5%	25.3%	22.3%	17.5%	3.2%	-7.8%	-72.8%	-69.3%	-30.5%	-188.5%	9.8%	11.5%	15.4%

2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
8.4%	9.3%	8.9%	8.4%	8.9%	8.5%	8.9%	8.6%	8.2%	7.8%	6.4%	6.2%	6.2%	6.4%	5.9%
1.2%	1.3%	1.1%	0.6%	1.1%	0.0%	0.0%	-4.0%	-4.1%	-3.5%	-0.3%	-2.3%	-3.3%	0.5%	1.5%
15.2%	17.9%	16.3%	9.0%	12.9%	0.3%	0.1%	-60.2%	-101.9%	-89.8%	-4.6%	-25.7%	-42.4%	7.9%	20.8%

Data of CIB Bank

	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002
Market share	3.5%	3.7%	3.9%	4.0%	4.6%	6.0%	7.3%	6.9%	6.1%	5.9%	7.6%	7.8%	8.1%	7.7%
RoA	1.6%	2.4%	3.0%	2.9%	3.5%	4.4%	5.3%	3.2%	3.3%	1.9%	1.4%	1.7%	1.3%	1.2%
RoE	23.1%	42.2%	64.5%	45.0%	40.1%	116.9%	74.3%	25.1%	27.4%	18.4%	15.5%	20.4%	15.7%	15.9%

Data of Budapest Bank

	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002
Market share	7.2%	6.4%	6.9%	7.2%	6.0%	6.3%	5.8%	5.1%	4.5%	4.1%	4.0%	3.9%	3.4%	3.1%
RoA	2.1%	3.2%	-0.1%	0.1%	-8.4%	0.9%	1.4%	2.4%	1.3%	1.0%	0.4%	0.5%	0.8%	1.9%
RoE	24.7%	43.8%	-0.9%	1.0%	-243.6%	218.7%	22.8%	19.8%	10.7%	9.2%	3.7%	5.5%	9.0%	18.0%

2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
7.8%	7.6%	8.0%	8.5%	8.9%	9.6%	8.4%	7.8%	7.6%	7.2%	6.6%	5.8%	5.5%	5.1%	4.8%
1.1%	1.5%	1.1%	1.0%	0.9%	1.0%	0.2%	-0.6%	-2.1%	-5.5%	-5.2%	-3.7%	-1.3%	0.4%	1.3%
15.3%	20.8%	16.3%	16.2%	16.5%	17.0%	2.2%	-6.8%	-25.2%	-67.6%	-60.3%	-39.7%	-14.4%	4.0%	10.6%

2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
2.8%	2.8%	2.9%	3.1%	3.2%	2.9%	2.8%	2.8%	2.8%	3.1%	3.0%	2.8%	3.0%	3.0%	2.9%
1.9%	2.5%	1.1%	0.6%	2.1%	1.4%	1.1%	0.9%	0.5%	1.0%	1.1%	-2.4%	1.7%	1.1%	1.4%
16.3%	21.2%	9.6%	6.5%	22.5%	14.5%	10.5%	7.6%	3.9%	7.8%	7.6%	-16.7%	13.7%	8.8%	10.6%

Consolidated data of BA-CA (Creditanstalt), Hypo Bank Group and UniCredit Group

BA-CA, was renamed HVB, later UniCredit

	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002
Market share	0.9%	1.3%	0.9%	1.0%	1.5%	2.1%	2.6%	2.8%	3.5%	4.0%	3.7%	5.8%	5.6%
RoA	5.0%	0.5%	1.4%	1.1%	2.5%	2.7%	2.5%	1.6%	1.8%	1.5%	1.8%	1.4%	1.3%
RoE	54.1%	5.2%	11.0%	8.0%	18.4%	20.5%	21.7%	17.2%	22.1%	19.9%	21.1%	14.4%	14.0%

Hypo Vereins Bank

	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000
Market share				0.2%	0.4%	0.6%	0.9%	1.5%	2.0%	2.3%	2.1%
RoA				-2.6%	0.0%	1.7%	1.1%	0.5%	0.0%	-0.7%	1.0%
RoE				-12.3%	0.1%	10.6%	7.5%	3.3%	0.3%	-6.2%	9.4%

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
	5.9%	6.4%	6.0%	6.4%	6.4%	6.0%	5.8%	5.3%	5.7%	6.0%	6.4%	7.5%	9.4%	9.2%	8.7%
	1.3%	2.1%	1.5%	1.3%	1.2%	1.5%	0.6%	0.7%	0.7%	1.3%	0.5%	0.5%	2.0%	1.5%	1.6%
	14.9%	24.4%	17.6%	16.7%	17.5%	22.4%	9.3%	9.1%	8.8%	15.4%	4.8%	5.3%	25.4%	17.4%	16.3%

Consolidated data of FHB Goup and Takarékbank Group

Takarékbank, Takarékbank Group in 2017

	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002
Market share	1.4%	1.5%	1.7%	2.1%	1.4%	1.3%	1.1%	1.5%	1.7%	1.7%	1.6%	1.3%	1.4%	1.6%
RoA	2.6%	2.7%	1.9%	0.3%	-25.7%	0.2%	0.6%	0.9%	0.8%	0.3%	0.1%	0.4%	0.8%	0.5%
RoE	37.1%	46.6%	44.2%	8.2%	-1435.2%	18.9%	18.8%	29.3%	21.4%	7.0%	1.8%	8.9%	17.5%	11.9%

FHB Group

									1997	1998	1999	2000	2001	2002
Market share									0.1%	0.1%	0.1%	0.2%	0.4%	1.1%
RoA									0.0%	-6.6%	-11.8%	-10.7%	-2.2%	0.6%
RoE									0.0%	-10.0%	-32.7%	-37.4%	-10.8%	7.8%

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
	1.2%	1.3%	1.5%	1.2%	1.2%	1.2%	1.2%	1.2%	1.1%	1.3%	1.6%	2.6%	2.5%	1.9%	4.6%
	0.4%	0.5%	0.4%	0.4%	0.4%	0.2%	0.4%	0.2%	0.1%	0.1%	0.1%	0.3%	0.4%	0.4%	0.0%
	10.8%	14.0%	12.9%	13.9%	13.4%	7.1%	11.6%	4.4%	3.2%	1.3%	1.7%	11.9%	18.1%	15.2%	0.4%

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	
	2.3%	2.6%	2.6%	2.5%	2.7%	2.7%	3.2%	3.5%	3.6%	3.6%	3.8%	3.7%	2.8%	2.4%	
	1.9%	2.3%	1.6%	1.3%	0.6%	0.6%	0.4%	-1.9%	-0.8%	-0.2%	-0.1%	-2.7%	-0.6%	-1.6%	
	46.9%	57.8%	36.8%	24.1%	10.0%	12.3%	4.9%	-22.0%	-10.8%	-2.4%	-1.0%	-39.2%	-8.7%	-17.6%	

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