



A CREDITSAFE GUIDE THROUGH HUNGARY

- Economics
- Main Competitors
- Business Tips & Tricks
- Data Availability





HUNGARY

Hungary is a country in Central Europe, crossed from north to south by the Danube and bordered by Austria, Slovakia, Ukraine, Romania, Serbia, Croatia and Slovenia. Hungary is a member of the United Nations, the European Union, NATO and the Visegrád Group.

Population: 9.771.827



Capital city: Budapest

Official EU languages:
Hungarian

EU member since: 1 May 2004

Currency: Hungarian forint (HUF). Hungary is currently in the process of introducing the euro

Schengen: Member of the Schengen area since 21 December 2007



VISION STATEMENT KBC



To become the undisputed leader in the area of innovation in Hungary.

We are aiming to raise profitability by targeting income through vigorous client acquisition in all banking segments and through more intensive cross-selling. We also aim to expand our insurance activities substantially, primarily through sales at bank branches and, for non-life insurance, via both online and traditional brokers.



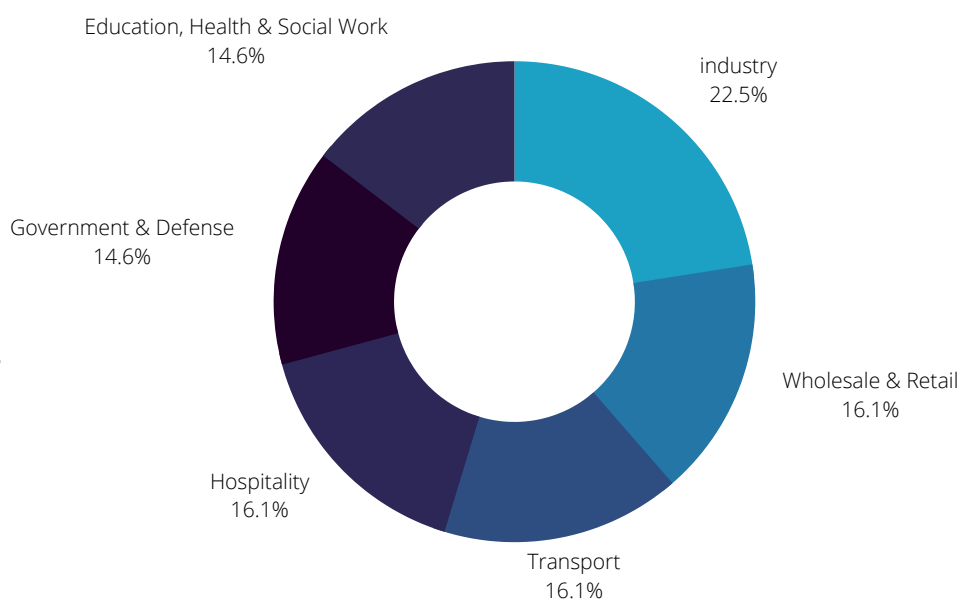


ECONOMICS

The main sectors of the Hungarian economy are industry (25.9%), wholesale and retail, transport and hospitality (18.5%), government, defence, education, health and social work (16.8%).

Trading with other EU countries accounted for 82% of exports (Germany 27%, Romania, Slovakia, Austria and Italy 5% each). The main export countries outside the EU were the USA and Ukraine (2% each).

75% of Hungary's imports came from EU countries (Germany 25%, Austria 6% and Poland and the Netherlands 5% each). 6% came from China and 5% from Russia.



HUNGARY WAS ALSO RECENTLY AFFECTED BY THE COVID-19 CORONAVIRUS. THE NUMBER OF INFECTIONS IS INCREASING, AND SO ARE THE PREVENTIVE MEASURES TAKEN BY THE HUNGARIAN AUTHORITIES TO COUNTERACT THE SPREAD. THESE MEASURES MAY HAVE AN IMPACT ON ECONOMIC ACTIVITIES AND ON BUSINESS TRIPS TO HUNGARY.





CORPORATE SOCIAL RESPONSIBILITY & SUSTAINABILITY

It is important to know that, first of all, the corporate culture is competitive and market-oriented. The Hungarian government generally takes a passive approach to sustainable business and prefers an implicit policy where proactive companies take initiatives. Its especially the multinational companies present are working on sustainable business.

Hungarian entrepreneurs focus themselves on compliance with the applicable legislation, ethical behaviour and environmental management. Hungarian companies recognise the potential of sustainable business, but are convinced that this must be supported by economic incentives and an appropriate regulatory environment. Furthermore, the Hungarian entrepreneurs do not see differences in culture or differences in attitudes between staff and management as a barrier to sustainable entrepreneurship.

In order to comply with EU directives, the government has planned some new measures. These plans are financed by European Union cohesion funds and emphasise waste treatment and collection, water purification and conservation of natural resources.

In conclusion, the attention for sustainable business in Hungary focuses mainly on 3 themes:

- 1.** the financial commitment of companies in local social, cultural and environmental activities;
- 2.** the commitment of companies to a social dialogue on working conditions and restructuring;
- 3.** The welfare policy towards the company's employees.





FAVOURABLE INDUSTRIES

Hungary remains an attractive market for entrepreneurs, with opportunities for innovative and profitable products and solutions. Within the Hungarian **biotech** sector, the life sciences sector plays a key role in Hungary's future development & growth.

1. Food industry

The food industry is the third largest industrial sector in the country. It processes 65% of the raw materials produced by Hungarian agriculture into quality food. Hungary is an agri-food country, a serious exporter, and its self-sufficiency amounts to about 120% of basic food supplies.

It plays an important role in the creation of Hungarian gastronomic ingredients and cultural traditional dishes. Hungarian dishes are of high quality and they are world-famous.





2. Agriculture



Agriculture is still one of the most important sectors in the Hungarian market. Continuous maintenance and development of the industry, confirmed by high-quality agro-industrial products, is crucial for its economy.

The domestic agriculture and food industry is constantly able to supply the population with food. In terms of domestic business, about three-quarters of the food are local Hungarian products.

Agricultural machinery market

The country is one of the largest providers of agricultural machinery in Western Europe.

The state continuously supports the renewal and modernisation of machinery through new tenders.

The investments are aimed at technological modernisation and increasing efficiency, such as innovative mechanical solutions, modernisation of the machinery parks and the construction of a complete IT support system.





3. Transport & Logistics



Hungary's strategic position in the heart of the Europe continent - as well as its significant role as one of the main transport hubs in the Central European region - gives Hungary an increasingly important role as a global distribution centre.

Hungary is part of the Pan-European Transport Network and is located at the crossroads of four Pan-European and two European Rail Traffic Management Systems roads, giving it a strategic advantage and access to all parts of Europe. As a result, Hungary is playing an increasingly important role in the field of transport in Europe.

Companies can benefit from Hungary's excellent transport infrastructure and renowned logistics sector, as it is an important EU connection.





4. Biotech

Hungary is an attractive country for biotech investors, as the biotechnology industry is a key sector in the country's economic plans. A realistic estimation: the entire Hungarian biotech sector could become a medium-sized European biotech region by 2030, compared with other EU countries.

In Central and Eastern Europe, Hungary has always been at the forefront of this sector, being the first former Soviet country with an organised biotechnology industry. The Hungarian Biotechnology Association (HBA) supports all kinds of investment initiatives, from partnerships, support packages and fundings to organised mobility for its employees, with the necessary support from the authorities.

Most of the national biotechnology is provided by red biotechnology or research in the medical field. Further support for the sector is needed in the areas of technology transfer, taxation of stock options and infrastructure. Continuous strengthening of the sector is needed in the areas of technology transfer, taxation of stock options and infrastructure.

Hungary has a lot of experience in the pharmaceutical industry. Many big pharmaceutical companies (Sanofi, Teva, Servier, GSK, AstraZeneca, BMS) are present in Hungary with branches or distribution centres supplying not only Hungary, but also Central and Eastern Europe, Ukraine, Russia and the Balkan countries.

Employee shortages, as in many other sectors, are also a problem for biotechnology companies. Moreover, research is slowed down by the very strict regulation of Genetically Modified Organisms (GMO's).





MAIN COMPETITORS KBC

An overview of the banking competitors for KBC on the Hungarian market:



OTP Bank

OTP Bank offers commercial banking services in Hungary, Bulgaria, Russia, Ukraine, Croatia, Romania, Slovakia, Serbia, and Montenegro. It provides currency exchange, private banking, insurance, personal and mortgage loans, and Internet banking services. Based out of Budapest, the bank manages a network of 1.530 branches and employs around 33,000 staff.

K&H Bank

The financial institution provides various banking products and services to retail, private, and corporate clients in Hungary. It offers a full range of financial products, including account management, investments, savings, loans, bank guarantees, bank card services, custody management, treasury, project financing, private banking services, as well as investment fund management, leasing, securities trading, factoring, and life and pension insurance. Headquartered in Budapest, the bank maintains a 4.000-strong workforce and oversees a network of 204 branches.

Erste Bank

Erste Bank offers a range of banking and other financial services to retail and corporate customers in Austria, Central and Eastern Europe, and in other parts of the world. The bank's operations comprise Retail, Corporates, Intragroup Elimination, Asset/Liability Management, Local Corporate Centre, Savings Banks, Group Markets, and Group Corporate Centre segments.

Budapest Hitel Bank

The bank serves private individuals, business organizations, and corporate customers in Hungary. It offers credit and leasing facilities for the purchase of new and second-hand cars, and equipment financing through its network of 94 branches. It currently employs around 3,000 staff.

CIB Bank

CIB Bank provides retail and corporate banking services to companies, institutions, municipalities, private entrepreneurs, and retail customers in Hungary and other countries. With around 2,000 staff, the bank is headquartered in Budapest.



MKB Bank

Headquartered in Budapest City, MKB Bank was established in 1950. The bank operates through Corporate Banking and Institutional Banking segments and employs around 2,000 individuals.

Raiffeisen Bank

Raiffeisen Bank was founded in 1986 as Unicbank. The bank comprises Retail and Private, Corporate, Bank and Treasury, and Other segments. With around 2,500 employees, it is headquartered in Budapest.

The bank serves individuals, corporations, governments, local municipalities, social institutions, and residual items. It offers lending and deposit-taking services, credit card loans, as well as loans provided against securities deposited as collateral. It also provides project and structured finance products, syndicated loans, bank card facilities, and various investment services. In addition, it also offers investment products, cash management, online factoring, legal and tax consultancy services, and payment, mobile banking, and Internet banking services.

UniCredit Bank

Established in 1990, UniCredit Bank offers various banking products and services to small and medium-sized enterprises, private customers, and large corporations in Hungary. It operates through CIB, Retail, Private Banking, and Others segments. The bank serves 400,000 customers through a network of 55 branches. Based out of Budapest, it employs around 1,700 staff.

BNP Paribas Bank

Founded in 1990, BNP Paribas Bank is one of the first joint-venture banks in Hungary. The bank offers institutional and corporate banking, securities, asset management, insurance, real estate, vehicle management, financial and operating leases, and real estate investment services for corporations and institutions.

Based out of Budapest, BNP Paribas became the sole shareholder in BNP Paribas, Hungary Branch, in 2001.





BUSINESS TIPS & TRICKS



Each country has its own customs, traditions and cultures. However, these are not unimportant elements to keep in mind when doing international business or when you are about to explore new international markets. Therefore, we would like to give you a list of short, original, fun and practical tips that you should not ignore when you are sitting around the table with your new international business partner.

- Hungarian is the official language. This language barrier remains the rule and is very important. For some regions and provinces, an interpreter will be a necessity. Furthermore, the commercial languages are usually English or German.
- In Hungary, it is a tradition to mention first the family name and then the first name, not without significance for telephone conversations and/or correspondence.
- It is advisable to respect the agreements that were made punctually. The Hungarian business partner is also punctual and usually spontaneously reports any delays.
- The Hungarian entrepreneur often had to launch his business under difficult circumstances. This also explains why the offices do not always look attractive, especially in the countryside.
- Gifts are certainly not necessary, but a little treat can certainly contribute to a more pleasant atmosphere.
- In Hungary, the tradition of Name Day is still very widespread, and it can be useful to congratulate the business partner on that day and perhaps even present him with a gift.
- Hungarians love to dine, which explains the importance they attach to gastronomy.
- Clothing habits are very similar to the European norm, although the scorching summer heat gives rise to less formalism.



DATA AVAILIBLITY CREDITSAFE

With 23 offices across 13 countries, Creditsafe offers a truly global solution for your data, risk and credit management.

Offering company credit reports, information & data on more than 365 million companies across 160 countries worldwide, Creditsafe provides the most accurate and up-to-date company information available in an easy-to-use and uniform format for companies of all sizes.

Our ongoing investment in the creation and innovation of the world's most predictive credit score cards ensures that our customers know and understand the potential credit risks they could face. With this credit scoring model, we are able to predict 81% of bankruptcies 12 months before they occur in Belgium and an average of 70% on an international scale.

All major credit insurance companies endorse Creditsafe, which means that our credit scores and credit limits are among the most reliable in the industry.



To make it easier for you when doing business internationally, all of the Creditsafe credit reports have a uniform international credit score. This allows you to compare credit scores (and the solvency) of companies around the world. By using the same score bandwidth and risk descriptions for all countries, we simplify the comparison of credit reports even further for you.

Our international credit score is set up in a simple way and ranges from a credit score A to E. Companies with an A-score represent the lowest credit risk, D is the highest credit risk and where an E-score cannot be assessed, because there is insufficient or outdated (financial) company data.



DATA AVAILIBLITY

HUNGARY



- Number of company reports in the online Creditsafe database : **2.778.019**
- Number of active companies : **1.019.295**

- Complete Company Information, if official and available : **Yes**
- Historical data available : **Yes**
- Credit rating & limit on all companies? : **Yes**
- What is the credit rating intended to predict ? :
E.g. Insolvency risk within one year, ability to pay, etc.
- Is Payment data included : **Yes**

- How often is the data updated ?
 - Financial data: **4-8 times/year (only registered companies)**
 - Negative data: **daily (only registered companies)**
 - Collection data, shareholders data, registration data: **weekly (only registered companies)**

- What type of negative data is available ?
 - Bankruptcies/Insolvencies : **Yes**
 - Court Cases/ Actions : **Yes**
 - Debt to state / Debt Collection cases : **Yes**
 - Any other negative data specific to this country : **Tax debtors**

- How often is this negative data updated ?
 - Bankruptcies/Insolvencies : **Daily**
 - Court Cases/ Actions : **Weekly**
 - Debt Collection cases : **Daily**
 - Tax debtors : **Quarterly**

- What version of activity codes are used in the reports? **NACE.**
- What company ID numbers are available (e.g. local registration number, VAT number, etc.)?
First eight digits of VAT

- If fresh investigation is needed, do we contact companies via a telephone interview or site visits at regular intervals ? **We contact companies via telephone interview.**



DATA AVAILIBLITY HUNGARY



Regulations/ Legal requirements :

Which types of company have to file financial data?

The registered companies are obliged by law to publish their financial statements.

The following companies are not obliged by law to publish their financial statements:

1. not registered companies (for example: foundations, local governments, private entrepreneurs)
2. registered company, but commercial representative office of foreign-registered company, branch of foreign company and the requested company is under EVA (this may be limited partnership or unlimited partnership)



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Furthermore, to compile this document, we have made use of a number of online sources, which you can find in the overview below.

- *The Creditsafe Database - Creditsafe*
- *KBC Group : Mission Statement - KBC - www.kbc.be*
- *Flanders Investment & Trade: Country search : Hungary - Vlaanderen (Flanders) Government - <https://www.flandersinvestmentandtrade.com/>*
- *Belgian Foreign Trade Agency: Country search : Hungary - Belgium BFT Agency - <https://www.abh-ace.be/>*
- *Corporate Finance Institute : top banks Hungary - CFI - <https://corporatefinanceinstitute.com/resources/careers/companies/top-banks-in-hungary/>*
- *The European Union: Search for member countries: Hungary - Europa EU - <https://europa.eu/european-union/about-eu/countries/member-countries>*

THANK YOU

CREDITSAFE BELGIUM
STEENWEG OP ZELLIK 12, 1082 BRUSSEL
0032 (0)2 481 88 60
INFO@CREDITSAFE.BE
WWW.CREDITSAFE.COM/BE

CREDITSAFE CANADA
77 CITY CENTRE DRIVE W TOWER SUITE 300,
MISSISSAUGA, ONTARIO, L5B 1M5
(+1)888-918-0152
INFO@CREDITSAFE.CA
WWW.CREDITSAFE.COM/CA

CREDITSAFE FRANCE
122 RUE DE TOURCOING, 59100 ROUBAIX
0 810 600 397
CONTACT@CREDITSAFE.FR
WWW.CREDITSAFE.COM/FR

CREDITSAFE GERMANY
SCHREIBERHAUER STRASSE 30, 10317 BERLIN
030 - 473 929 000
INFO@CREDITSAFEBE.COM
WWW.CREDITSAFE.COM/DE

CREDITSAFE IRELAND
UNIT 1 H, BLOCK 71, THE PLAZA,
PARKWEST FACILITIES COMPLEX,
NANGOR ROAD, DUBLIN 12, IRELAND
01 898 3200
INFO@CREDITSAFE.IE
WWW.CREDITSAFE.COM/IE

CREDITSAFE ITALY
CREDITSAFE ITALIA SRL, VIA PANTANO 2, 20122 MILANO
011/19 46 46 00
ITALIAINFO@CREDITSAFE.IT
WWW.CREDITSAFE.COM/IT

CREDITSAFE JAPAN
1-8, KAMIGOFUKU-MACHI, HAKATA-KU,
FUKUOKA-SHI JAPAN
03-5797-7376
INFO@CREDITSAFE.CO.JP
WWW.CREDITSAFE.COM/JP

CREDITSAFE NETHERLANDS
JAN PIETERSZ. COENSTRAAT 10, 2595 WP DEN HAAG
070-38 44 600
INFO@CREDITSAFE.NL
WWW.CREDITSAFE.COM/NL

CREDITSAFE NORWAY
ØSTERDALSGATA 1,
0658 OSLO,
NORWAY
800 24 722
INFO@CREDITSAFE.NO
WWW.CREDITSAFE.COM/NO

CREDITSAFE SWEDEN
CREDITSAFE I SVERIGE AB,
BOX 320,
401 25 GÖTEBORG
031-725 50 00
INFO@CREDITSAFE.SE
WWW.CREDITSAFE.COM/SE

CREDITSAFE UK
BRYN HOUSE, CAERPHILLY BUSINESS PARK,
VAN ROAD, CAERPHILLY, CF83 3GR
HEAD OFFICE - 02920 886 500
LONDON OFFICE - 0203 626 0062
HELP@CREDITSAFEUK.COM
WWW.CREDITSAFE.COM/GB

CREDITSAFE USA
4635 CRACKERSPORT RD, ALLENTOWN, PA 18104
(855)551-6903
USPAINFO@CREDITSAFE.COM
WWW.CREDITSAFE.COM/US

