



Disclosure according to Pillar 3

Risk Report

K&H Banking Group and
K&H Bank Zrt.

For the Second Quarter of 2022 Financial Year

Tartalomjegyzék

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Disclosure requirements

K&H Banking Group and K&H Bank Zrt. committed itself to conform to the requirements of Pillar 3 defined in Chapter 8 of 575/2013/EU Regulation of the European Parliament, of the Council (CRR) and in Article 122 of the Hpt.¹ and the 7/2022. (IV.22.)² recommendation of the Hungarian National Bank. K&H prepares this “Risk Report” for such purposes, containing the information required by law.

K&H did not take the opportunity to mitigate the impact on own funds during the adoption of IFRS 9 International Financial Reporting Standard by (EU) 2017/2395 Regulation of the European Parliament and of the Council and Recommendation 6/2022 (IV.22.) of the Hungarian National Bank and the own funds, capital adequacy and leverage ratios of the bank already reflect the amount of unrealised gains or losses on government securities measured at fair value through other comprehensive income and also the full impact of IFRS 9 or similar bookings based on an expected credit loss model as required.

K&H publishes its “Risk Report” five times a year (only once for the full year), simultaneously with the disclosure of the “Annual Report” and makes it also accessible in Hungarian (and in English) on the K&H corporate website (www.kh.hu). As the K&H Bank Zrt is a systematically important institution on the Hungarian market, the bank also publishes half yearly and quarterly reports in a simplified form.

Overview of RWAs and capital requirements as of 30th of June 2022:

¹ Act CCXXXVII of 2013 on “credit institutions and financial enterprises” (Hpt.)

² Note: The recommendation reduced the midyear publishing requirements compared to previous year.

Also Based on the notification of the Hungarian National Bank EBA/GL/2020/07 received on 28.02.2022, the extension of the reporting and disclosure requirements for exposures in relation to the measures taken in response to the Covid19 crisis is not considered appropriate in Hungarian jurisdiction. For this reason, K&H will not disclose data on exposures subject to the measures taken in response to the COVID-19 crisis.

EU KM1 - Key metrics

1. Table Template EU KM1 - Key metrics template (K&H Group)

		30/06/2022	31/12/2021	30/06/2021
Available own funds (amounts)				
1	Common Equity Tier 1 (CET1) capital	358 920	365 716	362 050
2	Tier 1 capital	358 920	365 716	362 050
3	Total capital	402 119	409 806	407 392
Risk-weighted exposure amounts				
4	Total risk-weighted exposure amount	2 397 588	2 263 749	2 272 715
Capital ratios (as a percentage of risk-weighted exposure amount)				
5	Common Equity Tier 1 ratio (%)	14,97%	16,16%	15,93%
6	Tier 1 ratio (%)	14,97%	16,16%	15,93%
7	Total capital ratio (%)	16,77%	18,10%	17,93%
Additional own funds requirements to address risks other than the risk of excessive leverage (as a percentage of risk-weighted exposure amount)				
EU 7a	Additional own funds requirements to address risks other than the risk of excessive leverage (%)	0,89%	0,75%	0,75%
EU 7b	of which: to be made up of CET1 capital (percentage points)	2,00%	1,68%	1,68%
EU 7c	of which: to be made up of Tier 1 capital (percentage points)	0,67%	0,56%	0,56%
EU 7d	Total SREP own funds requirements (%)	11,55%	10,99%	10,99%
Combined buffer requirement (as a percentage of risk-weighted exposure amount)				
8	Capital conservation buffer (%)	2,50%	2,50%	2,50%
EU 8a	Conservation buffer due to macro-prudential or systemic risk identified at the level of a Member State (%)	0,00%	0,00%	0,00%
9	Institution specific countercyclical capital buffer (%)	0,00%	0,00%	0,00%
EU 9a	Systemic risk buffer (%)	0,00%	0,00%	0,00%
10	Global Systemically Important Institution buffer (%)	0,00%	0,00%	0,00%
EU 10a	Other Systemically Important Institution buffer	0,25%	0,00%	0,00%
11	Combined buffer requirement (%)	2,75%	2,50%	2,50%
EU 11a	Overall capital requirements (%)	14,31%	13,49%	13,49%
12	CET1 available after meeting the total SREP own funds requirements (%)	210 312	228 707	225 575
Leverage ratio				
13	Leverage ratio total exposure measure	4 905 101	4 219 473	4 905 101
14	Leverage ratio %	7,38%	8,67%	7,38%
Additional own funds requirements to address the risk of excessive leverage (as a percentage of total exposure measure)				
EU 14a	Additional own funds requirements to address the risk of excessive leverage (%)	1,69%	1,69%	1,69%
EU 14b	of which: to be made up of CET1 capital (percentage points)	3,00%	3,00%	3,00%
EU 14c	Total SREP leverage ratio requirements (%)			
Leverage ratio buffer and overall leverage ratio requirement (as a percentage of total exposure measure)				
EU 14d	Leverage ratio buffer requirement (%)	0,00%	0,00%	0,00%
EU 14e	Overall leverage ratio requirements (%)	3,00%	3,00%	3,00%
Liquidity Coverage Ratio				
15	Total high-quality liquid assets (HQLA) (Weighted value - average)	602 986	789 187	1 120 068
EU 16a	Cash outflows - Total weighted value	1 154 487	1 201 276	1 056 978
EU 16b	Cash inflows - Total weighted value	1 490 417	1 199 206	509 401
16	Total net cash outflows (adjusted value)	288 622	300 318	547 576
17	Liquidity coverage ratio (%)	209%	263%	205%
Net Stable Funding Ratio				
18	Total available stable funding	3 867 867	3 744 548	3 214 632
19	Total required stable funding	2 294 996	2 183 584	1 993 747
20	NSFR ratio (%)	169%	171%	161%

2. Table: Template EU KM1 - Key metrics template (values in HUF million, K&H Bank)

		30/06/2022	31/12/2021	30/06/2021
Available own funds (amounts)				
1	Common Equity Tier 1 (CET1) capital	355 267	363 196	349 369
2	Tier 1 capital	355 267	363 196	349 369
3	Total capital	398 446	407 242	394 690
Risk-weighted exposure amounts				
4	Total risk-weighted exposure amount	2 425 232	2 302 925	2 302 925
Capital ratios (as a percentage of risk-weighted exposure amount)				
5	Common Equity Tier 1 ratio (%)	14,65%	15,77%	15,17%
6	Tier 1 ratio (%)	14,65%	15,77%	15,17%
7	Total capital ratio (%)	16,43%	17,68%	17,14%
Additional own funds requirements to address risks other than the risk of excessive leverage (as a percentage of risk-weighted exposure amount)				
EU 7a	Additional own funds requirements to address risks other than the risk of excessive leverage (%)	0,00%	0,00%	0,00%
EU 7b	of which: to be made up of CET1 capital (percentage points)	0,00%	0,00%	0,00%
EU 7c	of which: to be made up of Tier 1 capital (percentage points)	0,00%	0,00%	0,00%
EU 7d	Total SREP own funds requirements (%)	8,00%	8,00%	8,00%
Combined buffer requirement (as a percentage of risk-weighted exposure amount)				
8	Capital conservation buffer (%)	2,50%	2,50%	2,50%
EU 8a	Conservation buffer due to macro-prudential or systemic risk identified at the level of a Member State (%)	0,00%	0,00%	0,00%
9	Institution specific countercyclical capital buffer (%)	0,00%	0,00%	0,00%
EU 9a	Systemic risk buffer (%)	0,00%	0,00%	0,00%
10	Global Systemically Important Institution buffer (%)	0,00%	0,00%	0,00%
EU 10a	Other Systemically Important Institution buffer	0,00%	0,00%	0,00%
11	Combined buffer requirement (%)	2,50%	2,50%	2,50%
EU 11a	Overall capital requirements (%)	10,50%	10,50%	10,50%
12	CET1 available after meeting the total SREP own funds requirements (%)	204 427	222 978	210 456
Leverage ratio				
13	Leverage ratio total exposure measure	4 886 931	4 262 510	4 996 330
14	Leverage ratio %	7,27%	8,52%	6,99%
Additional own funds requirements to address the risk of excessive leverage (as a percentage of total exposure measure)				
EU 14a	Additional own funds requirements to address the risk of excessive leverage (%)	1,69%	1,69%	1,69%
EU 14b	of which: to be made up of CET1 capital (percentage points)	3,00%	3,00%	3,00%
EU 14c	Total SREP leverage ratio requirements (%)			
Leverage ratio buffer and overall leverage ratio requirement (as a percentage of total exposure measure)				
EU 14d	Leverage ratio buffer requirement (%)	0,00%	0,00%	0,00%
EU 14e	Overall leverage ratio requirements (%)	3,00%	3,00%	3,00%
Liquidity Coverage Ratio				
15	Total high-quality liquid assets (HQLA) (Weighted value - average)	604 490	789 556	1 120 068
EU 16a	Cash outflows - Total weighted value	1 166 656	1 220 459	1 059 855
EU 16b	Cash inflows - Total weighted value	1 490 411	1 199 195	509 389
16	Total net cash outflows (adjusted value)	291 664	305 115	550 465
17	Liquidity coverage ratio (%)	207%	259%	203%
Net Stable Funding Ratio				
18	Total available stable funding	3 834 414	3 730 676	3 040 567
19	Total required stable funding	2 360 159	2 227 667	2 019 764
20	NSFR ratio (%)	162%	167%	151%